Vía Célere Desarrollos Inmobiliarios, S.A.
(Sole Shareholder Company)
and subsidiaries

Auditor's report
Consolidated annual accounts at December 31, 2021
Consolidated management report

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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 sole shareholder of Vía Célere Desarrollos Inmobiliarios, S.A. (Sole Shareholder Company),

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, 2021, and the income statement, statement of comprehensive income and expenses, 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, 2021, 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, that amount to 1,071 million euros and constitute 71% of consolidated assets at December 31, 2021. The Group, as described in notes 2.4, 4.k) and 15, makes the appropriate valuation adjustments when the market value of inventories is lower than their acquisition price or production cost. This market value is based on valuations performed annually by an independent expert, applying widely accepted valuation standards as indicated in the aforementioned notes. Based on the above, the Group has recorded a net reversal of impairment on untransferred inventories amounting to 9.5 million euros in 2021. 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 objectivity of the expert by obtaining a confirmation and ascertaining their recognised 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 by the independent expert, in relation to current market conditions. To this end, we have held meetings with the Parent company's management to contrast both their assessment of the valuation of inventories and the disclosures included in note 15 to the consolidated annual accounts in this respect. 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 are detailed in note 21 and amount to 75 million euros at December 31, 2021. The Group, as described in notes 2.4, 4.n) and 21, recognises 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, 2021, the Group has generated a total of approximately 507 million euros of unused tax losses pending offset, of which an amount of 29 million euros has been capitalised at year-end, together with other deferred tax assets of 46 million euros. In order to assess the recognition and recoverability of deferred tax assets, 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 tax 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 on the Group's inventories. 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 recognition and recoverability of deferred tax assets.

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2021 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:

a) Verify only that the consolidated statement of non-financial information has been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in the consolidated management report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part 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 above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2021 financial year, and its content and presentation are in accordance with 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 IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers Auditores, S.L. (S0242)

Fernando Chamosa Valín (21402)

February 28, 2022

Vía Célere Desarrollos Inmobiliarios, S.A.U. and subsidiaries

Consolidated annual accounts and consolidated management report for the year ended 31 December 2021

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

Consolidated statement of financial position as at 31 December 2021
(in thousand euros)

Assets	Note	31.12.2021	31.12.2020
Intangible assets	8	**42**	**62**
Computer software		37	57
Goodwill	12	5	5
Property, plant and equipment	9	**2,218**	**4,717**
Land and buildings		763	3,134
Technical installations and machinery		245	619
Other fixed assets		1,185	939
Fixed assets in progress		25	25
Rights-of-use assets	11	**2,304**	**-**
Investment property	10	**102**	**110**
Land		75	75
Constructions		27	35
Investments in associates		**2,606**	**1,833**
Equity instruments	13	2,606	1,833
Non-current financial assets	14	**1,245**	**3,600**
Deposits and guarantees		1,245	3,331
Loans to third parties		-	269
Deferred tax assets	21	**74,917**	**68,635**
Total non-current assets		**83,434**	**78,957**
Inventories	15	**1,070,639**	**1,251,159**
Raw materials		319	101
Land and plots		411,532	515,242
Completed developments		99,237	152,160
Property developments in progress		558,906	582,447
Advances to suppliers		645	1,209
Trade and other receivables		**12,543**	**13,090**
Trade receivables for sales and services	14	-	119
Receivables from Group companies and associates	14 and 24	273	305
Other receivables from public authorities	21.1	6,174	7,517
Current tax receivables	21.1	69	111
Other accounts receivable	14	6,027	5,038
Current investments in associates	14 and 24	**391**	**36**
Loans to group companies		357	-
Loans to associates		34	36
Current financial investments	14	**5,527**	**9,596**
Loans to third parties		3,140	3,570
Other financial assets		2,387	6,026
Prepayments and accrued income		**4,130**	**5,263**
Cash and cash equivalents	14	**329,098**	**141,181**
Cash		13	13
Treasury		329,085	141,168
Total current assets		**1,422,328**	**1,420,325**
Total assets		**1,505,762**	**1,499,282**

Notes 1 to 27 are an integral part of the 2021 consolidated annual accounts.

Consolidated statement of financial position as at 31 December 2021
(in thousand euros)

Equity	Note	31.12.2021	31.12.2020
Capital	16.1	411,161	411,161
Share premium	16.2	650,087	736,387
Reserves		**(326,941)**	**(377,484)**
Legal reserve	16.3	38,112	30,090
Voluntary reserves		(365,053)	(407,574)
Profit for the year		**61,824**	**49,657**
Total equity attributable to the Parent Company		**796,131**	**819,721**
Total equity		**796,131**	**819,721**
Non-current provisions	17	**15,548**	**10,056**
Non-current debts	18	**295,286**	**4,039**
Bonds and other marketable securities		293,261	-
Bank borrowings		-	4,029
Other financial liabilities		2,025	10
Deferred tax liabilities	21	**4,076**	**3,014**
Total non-current liabilities		**314,910**	**17,109**
Current provisions	17	**7,547**	**11,009**
Current payables	18	**165,192**	**378,911**
Bonds and other marketable securities		28,638	1,700
Bank borrowings		135,726	376,975
Other financial liabilities		828	236
Current related party payables	18 and 24	**158**	**143**
Trade and other payables		**221,824**	**272,389**
Current payables to suppliers	18	91,981	110,220
Customer advances	18	111,146	128,718
Payables to employees	18	2,755	31
Taxes payable	21.1	12,773	28,473
Current tax liabilities	21.1	3,169	4,947
Total current liabilities		**394,721**	**662,452**
Total liabilities		**709,631**	**679,561**
Total equity and liabilities		**1,505,762**	**1,499,282**

Notes 1 to 27 are an integral part of the 2021 consolidated annual accounts.

Consolidated income statement as at 31 December 2021
(in thousand euros)

	Note	31.12.2021	31.12.2020
Revenue	23.1	**582,104**	**656,968**
Sales		582,104	656,966
Services rendered		-	2
Other Income		**2,595**	**3,845**
Change in inventories of finished goods and work in progress	23.2	**(179,843)**	**(125,664)**
Raw materials and other consumables used		**(265,846)**	**(389,123)**
Raw materials and other consumables used		(25,910)	(87,630)
Work performed by other companies		(242,958)	(295,949)
Impairment losses on RE investments	15	3,022	(5,544)
Personnel expenses	23.4	**(22,107)**	**(30,032)**
Wages, salaries and similar items		(16,998)	(24,740)
Employee benefits expense		(5,109)	(5,292)
Other expenses	23.6	**(28,256)**	**(30,033)**
Depreciation and amortization charges	8, 9, 10, and 11	**(530)**	**(402)**
Impairment losses and gains (losses) on disposal of non-current assets	23.11	**(257)**	**22**
Impairment and losses		(6)	-
Gains (losses) on disposals and other		(251)	22
OPERATING INCOME		**87,860**	**85,581**
Financial income	23.9	**796**	**467**
Marketable securities and other financial instruments		796	467
Financial costs	23.10	**(21,573)**	**(22,338)**
On payables to 3rd parties		(21,573)	(22,338)
Change in fair value of financial instruments	23.13	**-**	**(1)**
Exchange rate differences		**(5)**	**-**
NET FINANCIAL (LOSS) / INCOME		**(20,782)**	**(21,872)**
Income for the year from investments accounted for using the equity method	13	673	(646)
PROFIT BEFORE TAX		**67,751**	**63,063**
Income tax	21	(5,927)	(13,406)
PROFIT FOR THE YEAR		**61,824**	**49,657**
Earnings per share			
Basic earnings per share (euros) (Note 5)		0.90	0.72
Diluted earnings per share (euros) (Note 5)		0.90	0.72
Profit attributable to Parent Company Shareholders		**61,824**	**49,657**

Notes 1 to 27 are an integral part of the 2021 consolidated annual accounts.

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.U. AND SUBSIDIARIES

Consolidated statement of comprehensive income and expenses as at 31 December 2021

(in thousand euros)

	Year 2021	Year 2020
Consolidated profit for the year	**61,824**	**49,657**
Total recognised income and expense, net of taxes	**61,824**	**49,657**
a) Shareholders of the Parent Company	61,824	49,657

Notes 1 to 27 are an integral part of the 2021 consolidated annual accounts.

Consolidated statement of changes in equity as at 31 December 2021

(in thousand euros)

	Attributed to owners of the Company				Total
	Share Capital	Premium Issue	Legal Reserves	Other Reserves	Net Equity
Balance as at 31 December 2019	**411,161**	**736,387**	**29,908**	**(405,030)**	**772,426**
Recognised income and expenses	-	-	-	49,657	**49,657**
Distribution of income for the year 2019	-	-	182	(182)	**-**
Other changes in shareholders' equity	-	-	-	(2,362)	**(2,362)**
Balance as at 31 December 2020	**411,161**	**736,387**	**30,090**	**(357,917)**	**819,721**
Recognised income and expenses	-	-	-	61,824	**61,824**
Distribution of income for the year 2020	-	-	8,022	(8,022)	**-**
Distribution of voluntary reserves	-	(86,300)	-	-	**(86,300)**
Other changes in shareholders' equity	-	-	-	886	**886**
Balance as at 31 December 2021	**411,161**	**650,087**	**38,112**	**(303,229)**	**796,131**

Notes 1 to 27 are an integral part of the 2021 consolidated annual accounts.

Consolidated statement of cash flows as at 31 December 2021
(in thousand euros)

	Note	31.12.2021	31.12.2020
CASH FLOWS FROM/(USED) IN OPERATING ACTIVITIES			
Loss for the year		**61,824**	**49,657**
Adjustments for		**23,556**	**35,490**
Depreciation and amortisation charge	**8, 9, 10**	529	403
Impairment losses	**16**	(9,593)	(162)
Changes in provisions	**18**	11,558	6,614
Gains on derecognition and disposal of non-current assets	**23.11**	251	(22)
Finance income	**23.9**	(796)	(467)
Finance cost	**23.1**	21,573	22,338
Tax income		707	6,139
Change in fair value of financial instruments		-	1
Share of loss on investments for using the equity method	**14**	(673)	646
Changes in working capital		**154,427**	**152,137**
Inventories		203,586	176,290
Trade and other receivables		547	3,743
Trade and other payables		(40,956)	(24,384)
Other current assets and liabilities		778	1,242
Other non-current assets and liabilities		(9,528)	(4,754)
Other cash flows from/(used) in operating activities		**(46,074)**	**(29,695)**
Income taxes paid	**21**	(13,150)	(7,900)
Dividends received		-	2,600
Interest paid	**23**	(33,416)	(24,419)
Interest received	**23.9**	492	24
Total net cash flows from/(used) in operating activities		**193,733**	**207,589**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments due/proceeds from investing activities		**(967)**	**(3,661)**
Acquisition of intangible assets	**8**	(7)	(41)
Acquisition of property, plant and equipment	**9**	(960)	(617)
Other financial assets		-	(3,003)
Proceeds from sale of investments		**9,593**	**-**
Investments in associates		15	-
Investment property		2,850	-
Other financial assets		6,728	-
Total net cash flows (used in)/from investing activities		**8,626**	**(3,661)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings		143,238	285,300
Proceeds from issue of Bonds and other marketable securities	**16.1, 16.8**	300,000	-
Repayment of bank borrowings		(371,380)	(524,171)
Dividends paid		(86,300)	-
Total net cash flows from financing activities		**(14,442)**	**(238,871)**
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS		**187,917**	**(34,943)**
Cash and cash equivalents at 1 January	**14.3**	141,181	176,124
Cash and cash equivalents at 31 December	**14.3**	329,098	141,181

Notes 1 to 27 are an integral part of the 2021 consolidated annual accounts.

1. Nature, activities and composition of the Group

A. GENERAL INFORMATION

Vía Célere Desarrollos Inmobiliarios, S.A.U. (hereinafter, the Parent Company, the Company or VCDI) 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 corporate 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). On 25 March 2021 the incorporation of Vía Célere Holdco, S.L. was formalised by public deed, and holds 100% of the Vía Célere group. Due to such incorporation, the legal form changed to "Vía Célere Desarrollos Inmobiliarios, S.A.U.". On 23 November 2021, the Extraordinary General Shareholder's Meeting of the Company resolved to change its registered office and the consequent amendment to the bylaws, with the new registered office at Ulises Street, floors 6 and 7, 28043, 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.

B. INCORPORATION OF VIA CÉLERE HOLDCO, SL. THROUGH THE CONTRIBUTION OF 100% OF THE SHARES OF VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.U.

On 25 March 2021, the companies Maplesville Invest, S.L.U., Gleenwock Invest, S.L.U., Windham Spain, S.L.U., Rimbey Spain, S.L.U., Lewistown Invest, S.L.U., Barclays Bank PLC, J.P. Morgan Securities, PLC, Deutsche Bank Aktiengesellschaft, Trinity Investments Designated Activity Company, Melf B.V., Merryll Lynch International and Greencoat B.V. (hereinafter "former shareholders of Vía Célere Desarrollos Inmobiliarios, S.A.U.") executed the public deed of incorporation of Vía Célere Holdco, S.L., which was incorporated with a stake capital consisting of 60,002 stakes with a par value of 1 euro per stake and a stake premium of 6,851.46 euros per stake (see Note 18.1).

The stakes have been fully assumed by the former stakeholders of Vía Célere Desarrollos Inmobiliarios, S.A., which became a sole stakeholder company and maintained its indirect stakeholding structure and composition through its stakeholding in the Parent Company. Therefore, the investment funds managed by Värde Partners, Inc. indirectly hold 76.4% of the stake capital of the new parent company of the Vía Célere Holdco group.

The stakes have been fully assumed through a non-monetary contribution consisting of 100% of the shares of Vía Célere Desarrollos Inmobiliarios, S.A.U., being valued at 867,548 thousand euros corresponding to the consolidated book value of Vía Célere Desarrollos Inmobiliarios, S.A.U. at the date of contribution of its shares. The stake capital has a par value of 60,002 euros and, at the time of incorporation, the stake premium amounted to 411,101 thousand euros.

This transaction has generated a restructuring of the Group where Vía Célere Holdco, S.L. is the new Parent Company, while maintaining the Vía Célere Desarrollos Inmobiliarios subgroup. Vía Célere Holdco, S.L. was registered in the Companies Registry on 29 April 2021.

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 2021 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 2021, 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 2021 consolidated annual accounts, which were authorised for issue on 24 February 2022, will be approved by the shareholders at the Annual General Shareholders' Meeting without significant changes.

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

a) Changes in accounting policies and disclosures

The changes in application for the calendar year beginning on 01 January 2021 are as follows:

Amendments and/or interpretations	
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Reform of Benchmark Interest Rates	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 related to the ongoing reform of the benchmark rates (the IBORs).
Amendments to IFRS 4 Extension of the temporary exemption from application of IFRS 9	In accordance with the deferral of the effective date of IFRS 17 "Insurance Contracts", the amendment changes the expiration date for the temporary exemption in IFRS 4 "Insurance Contracts" regarding the application of IFRS 9 "Financial Instruments", requiring entities to apply IFRS 9 for annual periods beginning on or after 1 January 2023, instead of 1 January 2021.
Amendments to IFRS 16 Rent Reductions related to Covid-19	As a result of the COVID-19 pandemic, lease concessions were granted to lessees. Such concessions can take various forms, including payment holidays and deferment of lease payments. The IASB has extended by one year the application period of the practical expedient of IFRS 16 "Leases" to assist lessees in accounting for lease concessions related to COVID-19. Accordingly, this practical option applies to lease awards that occur as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: • the change in lease payments results in revised lease consideration that is substantially equal to, or less than, the consideration immediately prior to the change; • any reduction in lease payments affects only payments due through 30 June 2022; and There is no material change in other terms and conditions of the lease.

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

b) 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 01 January 2021 are:

Standards, amendments and interpretations that have not yet come into effect		
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. 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.	01 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.	01 January 2022
IFRS 3 (Amendment) "Reference to the Conceptual Framework"	The amendment consists of an update to refer to the 2018 Conceptual Framework to determine what constitutes an asset or liability in a business combination (previously referred to the 2001 CF). In addition, a new exception has been added to IFRS 3 for liabilities and contingent liabilities.	01 January 2022
Annual Improvements to IFRS - 2018-2020 Cycle	The following upgrades and modifications were completed in May 2020: • 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 allows entities that have taken this exemption to also measure cumulative translation differences using the amounts recorded by the parent company, based on the date of transition of the latter to IFRS. • IFRS 9 "Financial Instruments": Clarifies which fees should be included in the 10% test for derecognition of financial liabilities. • IAS 41 "Agriculture": This amendment removes the requirement to exclude cash flows for tax purposes when measuring fair value under IAS 41.	01 January 2022
IFRS 17 Insurance contracts	IFRS 17 replaces IFRS 4 "Insurance contracts". The new standard fundamentally changes the accounting for entities that issue insurance contracts and investment contracts with discretionary participation components. In June 2020, the IASB modified the standard, developing specific amendments and clarifications aimed at facilitating the implementation of the new standard, although the fundamental principles of the standard did not change.	01 January 2023

Standards, interpretations and amendments to existing standards that have not yet been approved for use in the European Union at the date of drafting		
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). 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.	n/a (1)
Amendments to IFRS 17	In response to some of the concerns and challenges raised in relation to the application of IFRS 17, the IASB has developed specific amendments and clarifications aimed at facilitating the implementation of the new standard, although the amendments do not change the fundamental principles of the standard.	01 January 2023
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)
Amendment to IAS 1 Presentation of financial statements	IAS 1 has been amended to improve breakdowns about accounting policies to provide more useful information to investors and other primary users of financial statements.	01 January 2023
Amendment to IAS 8	IAS 8 has been amended to help distinguish between changes in accounting estimates and changes in accounting policies.	01 January 2023
Amendment to IAS 12 Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	In certain circumstances under IAS 12, companies are exempt from recognising deferred taxes when they first recognise assets or liabilities ("initial recognition exemption"). Previously, there was some uncertainty as to whether the exemption applied to transactions such as leases and decommissioning obligations, transactions for which both an asset and a liability are recognised upon initial recognition. The amendment clarifies that the exemption does not apply and therefore, there is an obligation to recognise deferred taxes on such transactions.	01 January 2023

(1) 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.

(2) In July 2020 there was an amendment to change the effective date of the amendment to 1 January 2023. These amendments are pending approval by the European Union.

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 2020.

2.3 Basis of measurement

These 2021 consolidated annual accounts have been prepared on the historical cost basis except for the following exception, 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.

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

The information contained in these 2021 consolidated annual accounts is the responsibility of the Parent Company's Board.

These 2021 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 2021 consolidated annual accounts as a whole, are summarised below:

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

  - Impairment of inventories: assumptions used to calculate the market 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 (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 2021 amounting to 74,917 thousand euros (68,635 thousand euros as at 31 December 2020) relating to deductible temporary differences and part of the tax loss carryforwards (see Notes 4.n and 21).

  - Recognition and measurement of management incentive plan long-term: assumptions used to determine the probability of occurrence and the estimated amounts of outflows of resources (see Note 4.v).

- <u>Changes in estimates</u>

  These estimates were made on the basis of the best information available as at 31 December 2021. 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 2021 to the estimates made at the end of financial year 2020.

- <u>Determination of fair values</u>

  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: Current and non-current financial assets and liabilities.
  -

2.5 Functional and presentation currency

These consolidated annual accounts are presented in thousand 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 scope of consolidation 2021 are as follows:

Name	Audit firm	Registered Office	Activity	Thousands of Euros Cost of ownership interest (*)	Percentage of ownership interest
Copaga, S.A.U.	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid (**)	Real estate development	-	100%
Udralar, S.L.U.	PWC Spain	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid (**)	Real estate development	-	100%
Torok Investment 2015, S.L.U.	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid (**)	Real estate development	7	100%
Udrasur Inmobliaria, S.L.U.	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid (**)	Real estate development	-	100%
Douro Atlántico, S.A.	PWC Portugal	Rua Castilho nº 13 D. Building Espaço Castilho nº 6-D, Lisbon.	Real estate development	7,695	100%
Parquesoles Inversiones Inmobiliarias Y Proyectos, S.A.	PWC Portugal	Rua Castilho nº 13 D. Building Espaço Castilho nº 6-D, Lisbon.	Real estate development	7,526	100%
Maywood Invest, S.L.U.	PWC Spain	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid (**)	Real estate development	12,110	100%
Vía Célere, S.L.U.	PWC Spain	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid (**)	Real estate development	30,511	100%
Vía Célere 1, S.L.U.	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid (**)	Real estate development	-	100%
Vía Célere 2, S.L.U.	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid (**)	Real estate development	200	100%
Vía Célere Catalunya S.L.U.	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid (**)	Real estate development	12,456	100%
Vía Célere Gestión de Proyectos, S.L.U.	PWC Spain	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid (**)	Building contractor	3,329	100%
Conspace, S.L.U.	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid (**)	Building contractor	1	100%

(*) Net book value of each investee in the Parent Company as at 31 December 2021.
(**) During 2021 the registered office of these group entities was changed.

The companies included in the scope of consolidation 2020 are as follows:

Name	Audit firm	Registered Office	Activity	Thousands of Euros Cost of ownership interest (*)	Percentage of ownership interest
Copaga, S.A.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	-	100%
Udralar, S.L.U.	PWC Spain	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	-	100%
Torok Investment 2015, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	7	100%
Udrasur Inmobliaria, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	-	100%
Douro Atlántico, S.A.	PWC Portugal	Rua Castilho nº 13 D. Building Espaço Castilho nº 6-D, Lisbon.	Real estate development	7,432	100%
Parquesoles Inversiones Inmobiliarias Y Proyectos, S.A.	PWC Portugal	Rua Castilho nº 13 D. Building Espaço Castilho nº 6-D, Lisbon.	Real estate development	3,400	100%
Maywood Invest, S.L.U.	PWC Spain	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	12,110	100%
Vía Célere, S.L.U.	PWC Spain	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	30,511	100%
Vía Célere 1, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	-	100%
Vía Célere 2, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	285	100%
Vía Célere Catalunya S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	12,143	100%
Vía Célere Gestión de Proyectos, S.L.U.	PWC Spain	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Building contractor	3,329	100%
Conspace, S.L.U.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Building contractor	451	100%

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

There were no changes in the scope of consolidation in 2021 or 2020.

b) Associates

The associates included in the consolidation parameter as at 31 December 2021 and 2020 are as follows:

Name	Audit firm	Registered Office	Activity	Thousands of Euros Cost of ownership interest (*)	Percentage of ownership interest
Célere Forum Barcelona, S.L.	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid	Real estate development	2,606	50%

(*) Net book value of each investee in the Parent Company as at 31 December 2021.
(**) During 2021 the registered office of these group entities was changed.

Name	Audit firm	Registered Office	Activity	Cost of ownership interest (*)	ownership interest
Forum Barcelona, S.L.	Unaudited	C/Carlos y Guillermo Fernández Shaw nº1, Madrid	Real estate development	1,833	50%

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

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

The Parent Company's profits for the year 2021 amount to 61,466,459 euros, and the proposal for their distribution, formulated by the Board and pending approval by the Sole Shareholder, is to allocate the voluntary reserve in the amount of 55,319,813.10 euros and the legal reserve in the amount of 6,146,645-90 euros.

The distribution of the Parent Company's profit for 2020, approved by the General Shareholders' Meeting on 20 April 2021, was to allocate voluntary and legal reserves in the amount of 703,728.11 euros and 8,022,322.87 euros, respectively, as well as to offset negative results from previous years in the amount of 71,497,262.47 euros.

The amount of non-distributable reserves is limited to the balance of the legal reserve, amounting to 38,112 thousand euros at 31 December 2021 (30,090 thousand euros at 31 December 2020).

As at 31 December 2021, the Parent Company maintains limitations on the distribution of dividends as a result of certain financial covenants during the term of the Senior Secured Notes signed on 25 March 2021 (see Note 18.1.4) and the Revolving Facility Agreement (RCF) signed on 6 March 2021 (see Note 18.1.5). These debentures permit the distribution of dividends if a number of conditions are met. As at 31 December 2020, 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).

With the exception of the preceding paragraph, there are no significant limitations on the distribution of dividends, except that the total equity remaining of the Parent Company 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.

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 was 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 2021 consolidated annual account details the associates included in the consolidation parameter 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.

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 the consolidated income statement. 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. 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 2021 and 2020, the Group has not carried out any significant transaction in foreign currency.

c) Financial income and financial expenses

The Group's financial income and financial expenses include:

- interest income;
- interest expense;
- dividend income;

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 “Financial expenses" in the consolidated income statement (see Note 23.10).

e) Intangible assets

As a general rule, intangible assets are initially recognised 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) 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
Computer software	4	25%
Patents, licenses, brands and similar	10	10%

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 Board, 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 property, plant and equipment 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 2021 and 2020.

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 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 method. 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) Deposits

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 liabilities. 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.

j) Distributions to shareholders

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 " 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.

k) Inventories

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

- the Group maintains for sale in the ordinary course of its business.
- are under construction or development for sale;
- the Group expects to consume in the production process or in rendering 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 analyses annually whether there are indications of impairment with a view to making the appropriate valuation adjustments, recognising them as an expense in the consolidated income statement when the net market value of inventories is lower than their acquisition price or production cost. This market 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 completed 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.

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 consolidated 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 Board 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.

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 2021, 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 Corporate Income Tax purposes, of which the Parent Company, Vía Célere Desarrollos Inmobiliarios, S.A.U., is the head. The new Parent Company of the Group, Vía Célere Holdco, S.L., after its creation in 2021, has not yet been included in this tax group as it does not meet the requirements established in Article 58 of the Corporate Income Tax Law.

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, VCDI, records the total amount payable/(refundable) for consolidated corporate income tax with a charge /(credit) to Credits/Debts with 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 sales of goods and services rendered

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 3,386 thousand euros as at 31 December 2021 (4,307 thousand euros as at 31 December 2020) under “Inventories” to recognise the aforementioned financial component.

Fees

In some property developments there are fees for sales that are granted to a third party. These fees are normally charged to property developments within the indirect costs charged. The fees are specific to each contract and would not have been incurred if the contract had not been obtained. These fees arise at two moments: at the signing of the private purchase agreement and at the formalisation of the deed of sale. The second part of the fee 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 non-current 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 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) Right-of-Use Asset & Lease Liability - IFRS 16

The Group evaluates lease contracts and recognises a right-of-use asset and a corresponding lease liability in respect of all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and low-value leases.

Right-of-use assets are initially recognised at cost calculated as the lease payments to be made plus the initial direct costs and decommissioning costs to be considered. Subsequently, the right of use is valued at cost less accumulated amortisation and impairment losses, as applicable.

Amortisation is calculated by applying the straight-line method to the cost of the right-of-use asset and based on the term of the contract, since this is the useful life of the right-of-use asset.

The Group determines the lease term as the non-cancellable term of the lease, together with any period covered by an extension (or termination) option the exercise of which is discretionary to the Group, if there is reasonable certainty that it will (or will not) be exercised.

The annual right-of-use amortisation charge is recognised with a balancing entry in the consolidated income statement based on the years of estimated useful life, as indicated below:

	Annual percentage
Straight-line amortisation system:	
Right of use	20%

The recognition of lease liabilities is initially recorded as the present value of lease payments outstanding to date. These payments are discounted using an interest rate implicit in the lease. Subsequently, the financial liability is restated by increasing its book value based on the financial expense recorded against "Financial expenses" in the consolidated income statement, and reducing the amount based on the lease payments made. If this rate can not be determined easily, it is used the incremental borrowing rate of the lessee, being the rate that the lessee would have to pay in order to borrow the necessary funds to obtain an asset with similar value to the one that the right of use has in an economic environment comparable with similar terms, guarantees and conditions.

v) Severance indemnities and management incentive plan

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.

On 10 November 2021, VCDI's sole shareholder approved a long-term incentive plan for VCDI's Managing Director, members of VCDI's senior management and certain key VCDI employees, which expires on 31 December 2027.

Such incentive remuneration is linked to the occurrence of liquidity-generating events for stakeholders of the group, such as the distribution of dividends, partial or total transfers of stakeholdings, mergers, spin-offs, etc.

The calculation of the incentive remuneration, in the event of accrual, differs depending on the type of event that generates the right to receive the incentive and would range from 5.6 million euros to 14 million euros in the different scenarios that could give rise to the accrual of such remuneration.

As at 31 December 2021, the consolidated income statement includes the accrued amount of the plan in accordance with IFRS 2 - Share-based payment.

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:

	2021 Thousand of euros
Profit for the year attributable to Parent Company shareholders (thousands of euros)	61,824
Weighted average ordinary shares in circulation (thousands of shares)	68,527
Basic earnings per share (Euros)	**0.90**

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

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

In thousands of euros	**2021**
Shares outstanding as at 1 January	68,527
Effect of shares issued	-
Weighted average number of ordinary shares outstanding as at 31 December	**68,527**

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 inherent dilution effects of potential ordinary shares.

6. Segment reporting

At the date of preparation of these consolidated annual accounts, the Board 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

No business combinations have occurred in 2021 as well as in 2020.

8. Intangible Assets

The changes in intangible assets in 2021 and 2020 were as follows:

	Thousands of Euros			
	Computer software	**Patents, licenses, trademarks and similar**	**Goodwill**	**Total**
Cost				
1 January 2020	259	95	5	359
Additions	39	-	-	39
31 December 2020	298	95	5	398
1 January 2021	298	95	5	398
31 December 2021	298	95	5	398
Amortisation				
Accumulated as at 1 January 2020	(198)	(95)	-	(293)
Amortisation charge	(43)	-	-	(43)
Accumulated as at 31 December 2020	(241)	(95)	-	(336)
Accumulated as at 1 January 2021	(241)	(95)	-	(336)
Amortisation charge	(20)	-	-	(20)
Accumulated as at 31 December 2021	(261)	(95)	-	(356)
Net book value as at 31 December 2020	**57**	**-**	**5**	**62**
Net book value as at 31 December 2021	**37**	**-**	**5**	**42**

The cost of fully amortised assets is 249 thousand euros as at 31 December 2021 (164 thousand euros as at 31 December 2020).

The additions from 2020 of Computer software correspond entirely to the acquisition of new software for accounting and administrative use. No intangible assets were added during 2021.

No intangible assets were derecognised during 2020 or 2021.

As at 31 December 2021 and 2020, 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 2021 and 2020 were as follows:

	Thousands of Euros				
	Land and Buildings	Plant and machinery	Other property plant and equipment	Work in progress	Total
Cost					
1 January 2020	3,027	1,076	1,531	43	5,677
Additions	218	35	392	-	645
Derecognitions	-	(117)	(13)	-	(130)
Transfers	-	-	18	(18)	-
31 December 2020	3,245	994	1,928	25	6,192
1 January 2021	3,245	994	1,928	25	6,192
Additions	404	306	462	-	1,172
Derecognitions	(2,836)	(565)	(338)	-	(3,739)
31 December 2021	813	735	2,052	25	3,625
Depreciation					
Accumulated as at 1 January 2020	(73)	(395)	(775)	-	(1,243)
Depreciation charge for the year	(38)	(97)	(222)	-	(357)
Derecognitions	-	117	8	-	125
Accumulated as at 31 December 2020	(111)	(375)	(989)	-	(1,475)
Accumulated as at 1 January 2021	(111)	(375)	(989)	-	(1,475)
Depreciation charge	(41)	(145)	(167)	-	(353)
Derecognitions	102	30	289	-	421
Accumulated as at 31 December 2021	(50)	(490)	(867)	-	(1,407)
Net book value as at 31 December 2020	**3,134**	**619**	**939**	**25**	**4,717**
Net book value as at 31 December 2021	**763**	**245**	**1,185**	**25**	**2,218**

Additions in 2021 mainly correspond to the acquisition of furniture and computer equipment, as well as the construction of worksite sales huts for various developments. Additionally, it corresponds to the capitalisation of leasehold improvements made in 2021, which at 31 December 2021 amount to 218 thousand euros.

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 2021 items of property, plant and equipment with a net carrying amount of 3,318 thousand euros were derecognised, giving rise to a loss of 251 thousand euros (see Note 23.11).

The value of the derecognition relates mainly to the sale in Vía Célere Desarrollos Inmobiliarios, S.A.U. of the office located at Calle Carlos y Guillermo Fernandez Shaw No. 1 in Madrid. The net book value of this asset amounted to 2,707 thousand euros and was sold for 2,850 thousand euros, recording a gain on the sale of this asset of 143 thousand euros (see Note 23.11). The outstanding debt of 1,077 thousand euros for this asset at the date of the sale was cancelled, meaning that the total amount collected amounted to 1,173 thousand euros. Additionally, it includes the derecognition of the sales booth of the Miraflores development, belonging to the subsidiary Parquesoles S.A..

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

The cost of fully depreciated assets as at 31 December 2021 and 2020 amounts to 745 thousand euros and 619 thousand 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 has evaluated the existence of any indications that could highlight the potential impairment of the assets comprising property, plant and equipment at 31 December 2021 and 2020, concluding that there is no impairment indicator as to the carrying value of property, plant and equipment in those years.

10. Investment property

The changes in this heading in the consolidated statement of financial position in 2021 and 2020 were as follows:

	Thousands of euros		
	Land	**Constructions**	**Total**
Cost			
01 January 2020	75	41	116
31 December 2020	75	41	116
01 January 2021	75	41	116
31 December 2021	75	41	116
Amortisation			
Accumulated as at 01 January 2020	-	(4)	(4)
Amortisation for the year	-	(2)	(2)
Accumulated as at 31 December 2020	-	(6)	(6)
Accumulated as at 01 January 2021	-	(6)	(6)
Amortisation for the year	-	(2)	(2)
Accumulated as at 31 December 2021	-	(8)	(8)
Impairment			
Impairment as at 1 January 2021	-	-	-
Impairment for the year	-	(6)	(6)
Impairment as at 31 December 2021	-	(6)	(6)
Net book value as at 31 December 2020	**75**	**35**	**110**
Net book value as at 31 December 2021	**75**	**27**	**102**

As at 31 December 2021 and 2020, investment property includes a commercial space located in Valdemoro, with a carrying amount of 102 thousand euros and 110 thousand euros, respectively.

11. Rights of use

The movement in rights of use in 2021 is as follows:

	Thousands of euros		
	2021		
	Cost	**Amortisation**	**Net**
Balance as at 31 December 2020	**-**	**-**	**-**
Additions /Allocations	2,459	(155)	2,304
Balance as at 31 December 2021	**2,459**	**(155)**	**2,304**

In 2020, no rights of use were recorded since the offices were owned. After having been sold in 2021, leases for new offices have been signed (see Note 9). There is no impairment associated with the rights of use as at 31 December 2021.

12. Goodwill

As at 31 December 2021 and 2020, the Group had goodwill on consolidation generated by the business combination of Torok Investments 2015 S.L.U. amounting to 5 thousand euros.

13. Investments in associates

The detail of movements in companies accounted for using the equity method in 2021 and 2020 is as follows:

	Thousands of euros	
	Célere Forum Barcelona, S.L.	Total
Balance as at 31 December 2019	**7,733**	**7,733**
Profit for the year 2020	97	97
Distribution of reserves	(2,600)	(2,600)
Balance as at 31 December 2020	**5,230**	**5,230**
Profit for the year 2021	673	673
Balance as at 31 December 2021	**5,903**	**5,903**
Impairment		
Opening balance as at 31 December 2019	**(2,654)**	**(2,654)**
Allocation	(743)	(743)
Opening balance as at 31 December 2020	**(3,397)**	**(3,397)**
Reversal	100	100
Closing balance as at 31 December 2021	**(3,297)**	**(3,297)**
Total investment in associates as at 31 December 2020	**1,833**	**1,833**
Total investment in associates as at 31 December 2021	**2,606**	**2,606**

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

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

Célere Forum is a joint venture between Vía Célere Desarrollos Inmobiliarios, S.A.U. and AREO, S.A.R.L., whose objective is to promote the "Forum" project, in which the Group holds a 50% stake. This joint venture is structured as an independent vehicle.

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

As at 31 December 2021, there were no significant movements other than the reversal of the impairment and the result for the year 2021.

The financial information of Célere Forum as at 31 December 2021 is as follows:

	2021
	Thousands of Euros
	Célere Fórum Barcelona, S.L.
Balance sheet information	
Current assets	3,874
Current liabilities	(1,224)
Total net assets	**2,650**
Percentage of participation	50%
Participation in net assets	1,325
Fair value adjustment	4,578
Impairment	(3,297)
Carrying value of the participation	**2,606**
Profit and Loss account information	
Income from continuing operations (100%)	1,346
Total (50%)	**673**

As at 31 December 2020, it was as follows:

Description	Thousands of Euros Célere Fórum Barcelona, S.L.
Balance sheet information	
Current assets	5,235
Current liabilities	(3,932)
Total net assets	**1,303**
Percentage of participation	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**

14. Financial investments

Classification of financial investments by category

	Thousands of Euros			
	Non- current		Current	
	2021	2020	2021	2020
Amortised Cost				
Loans to group companies (Note 24)	-	-	357	-
Loans to associates (Note 24)	-	-	34	36
Financial assets	1,245	3,600	5,527	9,596
Trade receivables for sales and services	-	-	-	119
Receivables from Group companies and associates (Note 24)	-	-	273	305
Other accounts receivable	-	-	6,027	5,038
	1,245	**3,600**	**12,218**	**15,094**

As at 31 December 2021 and 2020 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 investments" as at 31 December 2021 and 2020 is as follows:

	Thousands of euros			
	Non-current		Current	
	2021	2020	2021	2020
Loans to third parties	-	269	3,140	3,570
Deposits and guarantees	1,245	3,331	2,387	6,026
	1,245	**3,600**	**5,527**	**9,596**

Loans to third parties

As at 31 December 2021 and 2020, these included mainly loans acquired by VCDI through assignment agreements with financial institutions, which were secured by mortgages on land amounting to 3,140 thousand euros and 3,570 thousand euros, respectively.

In 2021, loans amounting to 687 thousand euros (4,265 thousand euros as at 31 December 2020) were foreclosed as a result of the extrajudicial execution of mortgages.

The fair value of the underlying assets of loans to third parties amounted to 5,305 thousand euros as at 31 December 2021 and 7,505 thousand euros as at 31 December 2021.

Deposits and guarantees

Most of the deposits are the amounts retained by the banks' management companies from those buyers who do not subrogate their mortgage loans and subrogate with external financing. This withholding is applied in order to ensure that the group cancels the charge within 90 days from the date of delivery of the property.

The deposits are linked to the obtaining of permits and licenses from the City Council in the process of executing a development.

14.2. Trade and other receivables

The detail of Trade and other receivables is as follows:

	Thousands of euros	
	2021	**2020**
Associates		
Customers (Note 24)	273	305
Non-related		
Customers	-	119
Other accounts receivable	12,278	11,099
Valuation adjustments for impairment (Note 17)	(6,251)	(6,061)
	6,300	**5,462**

As at 31 December 2021, Other receivables mainly include 7,676 thousand euros receivable for penalties invoiced to construction companies for breach of contract, of which 6,251 thousand euros have been provisioned (6,061 at December 2020 of which 6,061 thousand euros were fully provisioned). During 2021, an amount of 190 thousand euros has been recognised in the consolidated income statement (2,963 thousand euros in 2020) out of the total amount of 6,251 thousand euros (see Note 17.3).

As at 31 December 2021, "Other receivables" include balances receivable from the sale of land in Vía Célere Desarrollos Inmobiliarios, S.A.U., including 3,360 thousand euros receivable from the sale of land located in Madrid and 560 thousand euros for another piece of land in Málaga sold in 2021. During 2021, 4,748 thousand euros have been collected; a balance that at 31 December 2020 was pending collection for the sale of a 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" include 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.

The detail of the composition of this balance as at 31 December 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Available cash	299,666	102,327
Restricted cash	29,432	38,854
	329,098	**141,181**

As at 31 December 2021 and 2020 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 2021, the cash available from companies accounted for using the equity method amounted to 1,111 thousand euros (400 thousand euros as at 31 December 2020).

15. Inventories

The composition of the balances of this heading in the consolidated statement of financial position as at 31 December 2021 and 2020 is as follows:

	Thousands of euros	
	2021	2020
Raw materials	319	101
Land and plots	769,967	881,883
Property developments in progress	586,280	648,687
Completed developments	110,461	159,971
Advances to suppliers	1,861	2,425
Valuation adjustments for impairment	(398,249)	(441,908)
	1,070,639	**1,251,159**

As at 31 December 2021, the detail of the net carrying value of inventories by geographical area is as follows

	Thousands of euros		
	2021		
Location	**Cost**	**Impairment**	**Net book value**
Madrid	512,205	(187,929)	324,276
Malaga	238,153	(8,824)	229,329
Valladolid	154,545	(100,694)	53,851
Barcelona	106,692	(179)	106,513
Seville	99,323	(4,844)	94,479
La Coruña	28,401	(7,239)	21,162
Valencia	86,902	-	86,902
Portugal	28,827	(18)	28,809
Other	211,979	(87,306)	124,673
	1,467,027	**(397,033)**	**1,069,994**

Note: the above breakdown does not include advances to suppliers (gross 1,861 thousand euros and net 645 thousand euros).

As at 31 December 2020, the detail of the net carrying amount of inventories by geographical area was as follows:

	Thousands of euros		
	2020		
Location	**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 suppliers (gross 2,425 and net 1,209 thousand euros).

The movement in inventories during 2021 and 2020 is as follows:

	Thousands of euros					
	Raw materials	**Lands and plots**	**Completed developments**	**Property Developments in progress**	**Advances to suppliers**	**Total**
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**
Cost as at 1 January 2021	**101**	**881,883**	**159,971**	**648,687**	**2,425**	**1,693,067**
Additions	1,047	13,822	-	251,584	8,495	274,948
Derecognitions	(829)	(22,220)	(459,125)	(7,894)	(9,059)	(499,127)
Transfers	-	(103,518)	409,615	(306,097)	-	-
Cost as at 31 December 2021	**319**	**769,967**	**110,461**	**586,280**	**1,861**	**1,468,888**
Impairment losses 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)**
Impairment losses as at 1 January 2021	**-**	**(366,641)**	**(7,811)**	**(66,240)**	**(1,216)**	**(441,908)**
Charges	-	(1,048)	(455)	(738)	-	(2,241)
Reversals	-	4,556	36,974	4,370	-	45,900
Transfers	-	4,698	(39,932)	35,234	-	-
Impairment losses as at 31 December 2021	**-**	**(358,435)**	**(11,224)**	**(27,374)**	**(1,216)**	**(398,249)**
Net book value as at 31 December 2020	**101**	**515,242**	**152,160**	**582,447**	**1,209**	**1,251,159**
Net book value as at 31 December 2021	**319**	**411,532**	**99,237**	**558,906**	**645**	**1,070,639**

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 2021 and 2020, the detail of the net carrying amount of property assets divided between short and long term is as follows:

	Thousands of euros	
	2021	**2020**
Short cycle	326,139	447,705
Long-cycle	743,855	802,245
Total inventories (excluding advances to suppliers)	**1,069,994**	**1,249,950**
Total current assets	**1,422,328**	**1,420,325**
Debt related to financing of inventories (long-term)	17,149	50,584
Debt related to financing of inventories (short-term)	142,739	326,372
Total short-term financial debt (without interest)	**159,888**	**376,956**
Total current liabilities	**394,721**	**662,452**

As at 31 December 2021, the short-cycle property developments are: Célere Punta Candor, Célere Duna Beach II, Célere Nox Patraix, Célere Mairena (Phase II), Célere Port Avenue, Célere Finestrelles, Célere Alocs, Célere Alegria Garden, Célere Citrus, Célere Blossom, Célere Vitta Nature (Phase I), Célere Nova Rivas II, Célere Nicet Patraix and Célere Austral.

As at 31 December 2020, the short-cycle property developments were: 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.

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 2021, capitalised financial expenses amounted to 15,061 thousand euros (14,249 thousand euros in 2020) (see Note 23.10). In addition, during 2021 and 2020, 3,242 thousand euros and 6,519 thousand euros relating to personnel expenses have been recorded as an increase in the value of developments in progress. External services expenses in 2020 amounted to 59 thousand euros (see Note 23.2). In 2021 there are no such expenses.

15.1. Land and plots

The balance of this account corresponds to the purchase price of various pieces of land and plots which, as at 31 December 2021 and 2020, were being prepared for urban development or were in the planning stage.

As at 31 December 2021 and 2020, the estimated surface area of the Group's land portfolio amounted to 1,704,504 square metres and 2,024,844 square metres, respectively, with approximately 62% and 76% of the land, respectively, classified as "fully authorised" developments.

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

	Total sqm	
	2021	**2020**
Madrid	705,168	803,470
Malaga	305,503	366,959
Seville	214,444	275,859
Valencia	83,345	127,805
Barcelona	47,178	59,291
Valladolid	91,616	81,464
Others	257,250	309,996
	1,704,504	**2,024,844**

The main plots included under this heading are:

- Plots in Pozuelo de Alarcón, Berrocales, Los Cerros, Guadarrama, Tres Cantos, Rivas Vaciamadrid and Getafe, in Madrid;
- Plots in 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 Sant Cugat de Valles, Esplugues de Llobregat and Vilanova I La Geltru, in Barcelona;

The main movements in 2021 were:

- Purchase of a plot in the Berrocales sector (Madrid) for 1,698 thousand euros.
- The acquisition of land through the foreclosure of the third-party loans described in Note 14.1 for an amount of 687 thousand euros, located in Tres Cantos (Madrid).
- The execution of a swap for an amount of 1,278 thousand euros of one plot in Tres Cantos (Madrid).
- Derecognitions relating to the sale of land that have generated revenues for 32,265 thousand euros. The most significant sales correspond to the divestment in Vía Célere Desarrollos Inmobiliarios, S.A.U. in a plot of land located in Marbella (Malaga) at a cost of 8,312 thousand euros and the sale of a plot of land in Villaviciosa de Odón (Madrid) at a cost of 5,778 thousand euros, for which an amount of 3,370 thousand euros is still pending collection. In addition, Maywood Invest, S.L.U. sold a plot in León (León) for 1,667 thousand euros and a plot in Adeje (Tenerife) for 3,250 thousand euros.

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 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 euros, located in Tres Cantos (Madrid).
- The execution of an exchange for an amount of 7,000 thousand 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 euros, with an associated cost of 44,981 thousand euros. The most significant sales corresponded to the divestment of 10 plots in Oeiras, in Lisbon (Portugal), for a cost of 18,313 thousand euros, the sale of two plots in Seville for a cost of 7,568 thousand euros and the sale of a development in progress in Madrid for a cost of 2,667 thousand euros.

As at 31 December 2021, the Group does not hold any “Land and Plots” as mortgaged land. As at 31 December 2020, there are certain "Land and Plots", with a net cost of 35,303 thousand euros respectively, which are mortgaged as security for the repayment of various bilateral bank loans of which 37,859 thousand euros have been drawn down (see Note 18.1.2).

15.2. Commitments to acquire land and plots

As at 31 December 2021, there were no commitments for the acquisition of land and plots, but pledge or option contracts for land and plots exercised in previous years still had outstanding obligations of 25,247 thousand euros.

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

15.3. Completed developments

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

As at 31 December 2021, the geographical distribution of the main property developments completed is as follows:

- ***Madrid*** (Célere Urbam; Célere Ensanche de Vallecas; Célere Grace; Célere Cubic III).

- ***Malaga*** (Célere Cala Serena; Célere Serenity; Célere Vega, Célere Duna Beach).
- ***Barcelona*** (Célere Els Ametllers; Célere Terram).
- ***Valladolid*** (Célere Parqueluz).
- ***Seville*** (Célere Lemos).
- ***La Coruña*** (Célere Bazán).
- ***Valencia*** (Célere Arnott, Célere Aura Malilla, Célere MT22, Célere Llum Patraix).
- ***Lisbon*** (Célere Miraflores).

As at 31 December 2020, the geographical distribution of the main property developments completed was 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).

In 2021, derecognitions amounting to 459,125 thousand euros were recorded under “Completed Developments” (510,191 thousand euros in 2020), relating to the cost of the developments delivered in the year.

The main sales in 2021 refer to the developments of Célere Bazán in Coruña, Célere Terram and Célere Els Ametllers in Barcelona, Célere Domeny (Phase I) in Girona, Célere Harmony, Célere Las Rosas, Célere River, Célere Cubic III, Célere Urbam, Célere Ensanche de Vallecas, Célere Montesori in Madrid, Célere Duna Beach, Célere Serenity, Célere Vega in Málaga, Célere Portodouro in Oporto, Célere Miraflores in Lisbon, Célere Mairena (Phase I) and Célere Lemos in Seville, Célere Llum Patraix, Célere MT22 and Célere Aura Malilla in Valencia, Célere ParqueLuz in Valladolid, Célere Cruces (Flats) and Célere Cruces (Single-family) in Vizcaya.

The main sales in 2020 were those related to the developments of Célere Las Rosas, Célere Cortijo, Célere Perales, Célere Nacari, Célere Méndez Alvaro and Célere Cubic II in Madrid, Célere Casa Banderas (Phase II), Célere Serenity, Célere Cala Serena and Célere Duna Beach in Málaga and Célere Sant Feliu in Barcelona.

As at 31 December 2021 and 2020, certain residential assets recognised under “Completed Developments” in the consolidated statement of financial position had a net cost of 58,989 thousand euros and 110,091 thousand euros, respectively, and were mortgaged to secure the repayment of various bank loans, the balances of which at those dates amounted to 24,573 thousand euros and 51,403 thousand euros, respectively (see Note 18.1.2).

15.4. Property developments in progress

The balance of this account as at 31 December 2021 and 2020 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 2021, the main developments included under this heading were:

- Residential developments Célere Eiris (Phase I and Phase II) located in La Coruña and Célere Infanta V located in Madrid, properties of the Group company "Udralar S.L.U.".
- Residential Developments Célere Finestrelles, Célere Port Avenue, Célere Alocs, Célere Citrus, Célere Parque Norte, Célere Vitta Nature (Phase I), Célere Nicet Patraix, Célere Duna Beach II, Célere Austral, Célere Finestrelles II (Phase I), Célere Nova Rivas II, Célere Nox Patraix, Célere Alegria Garden, Célere Montecillos, Célere Montecillos II, Célere Barajas (Phase III), Célere Blossom, Célere Barajas (Phase IV), Célere Palm Village, Célere Barajas (Phase I), Célere Atenea Patraix, Célere Ripagaina (Phase I), Célere Jacaranda, Célere Vitta Nature (Phase II), Célere Villaviciosa de Odón, Célere Valle Niza (Phase I), Célere Alda II, Célere Cruces II (Single-family), Célere Valle Niza (Phase II), Célere Minerva Patraix, Célere ParqueLuz II, Célere Cruces II (Flats), Célere Vega III belonging to the company "Vía Célere Desarrollos Inmobiliarios, S.A.U.".

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.U."

Of the property developments in progress as at 31 December 2021 and 2020, several, which were recognised at those dates at a net cost of 439,539 thousand euros and 377,531 thousand euros, respectively, are mortgaged to secure the repayment of bilateral loans, the balances of which at those dates amounted to 110,615 thousand euros and 177,786 thousand 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 2021 and 2020, 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 709,425 thousand euros and 762,370 thousand euros, respectively. Of the total sales commitments, as at 31 December 2021 and 2020 the Group had received advances totalling 111,146 thousand euros and 128,718 thousand 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 market value of its inventories at year-end. As at 31 December 2021 and 2020 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 2021 the Group recognised additions of 2,241 thousand euros (9,876 thousand euros in 2020) and derecognitions of 45,900 thousand euros (52,144 thousand euros in 2020). These amounts include:

- Reversals of impairment losses arising from asset deliveries amounting to 33,521 thousand euros and from the sale of land amounting to 484 thousand euros (43,031 thousand euros in 2020), which is recorded under "Changes in inventories of completed goods and work in progress" and "consumption of raw materials and other consumables".
- Impairment reversal of undelivered inventories due to portfolio asset valuation for a net amount of 9,524 thousand euros (763 thousand euros of impairment loss in 2020), which is recorded under "Changes in inventories of completed goods and work in progress" and "Impairment of real estate inventories". The

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

As at 31 December 2021 and 2020, the overall fair value of the Group's inventories resulting from the aforementioned studies amounted to 1,508,894 thousand euros and 1,759,734 thousand euros, respectively.

Savills' main assumptions in the valuation as at 31 December 2021 are as follows:

Sales price (€/m2)	***Margin***	***Internal Rate of Return***
950 - 7,863	1% - 44%	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 2021, as follows:

	Discount rate (%)
TIR (%)	**31.12.2021**
Projects in progress	7.9%
Fully authorised land	11.9%
Strategic land	15.9%
TOTAL	**12.2%**

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

Sales price (€/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**
Products in progress	8.9%
Fully authorized land	12.4%
Strategic land	15.2%
TOTAL	**12.7%**

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 Group'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:

Hypothesis	Thousands of euros	
	Discount rate Increase /(decrease)	
	1%	(1%)
Market value	1,445,860	1,573,687
Net book value	1,058,705	1,072,683

Hypothesis	Thousands of euros					
	Discount rate Increase /(decrease)					
	1%	(1%)	5%	(5%)	10%	(10%)
Market value	1,535,167	1,478,213	1,645,937	1,361,503	1,784,369	1,215,254
Net book value	1,070,600	1,062,841	1,084,748	1,040,457	1,101,067	1,002,976

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 64,793 thousand euros, and an increase of 100 basis points would result in a decrease in the valuation of 63,064 thousand euros.
- A 1% decrease in the sale price would lead to a decrease in the valuation of 30,681 thousand euros, and a 1% increase would lead to an increase in the valuation of 26,273 thousand euros.
- A 5% decrease in the sale price would lead to a decrease in the valuation of 147,391 thousand euros, and a 5% increase would lead to an increase in the valuation of 137,043 thousand euros.
- A 10% decrease in the sale price would lead to a decrease in the valuation of 293,639 thousand euros, and a 10% increase would lead to an increase in the valuation of 275,475 thousand 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 opinion of the Parent Company's management, the coverage of the policies taken out is sufficient.

16. Equity

16.1. Share capital

As at 31 December 2021 and 2020, 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. There were no increases or decreases of share capital in 2020 or 2021.

Vía Célere Holdco, S.L. holds 100% of Vía Célere Desarrollos Inmobiliarios, S.A.U. as at 31 December 2021.

The shares of Vía Célere Desarrollos Inmobiliarios, S.A.U. guarantee the senior bond issued on 25 March 2021 (See Note 18.1.4)

The Parent Company in 2020 was controlled by investment funds managed by Värde Partners, Inc. which together represented 76.4% of the shareholding until 25 March 2021, the date on which the new company Vía Célere Holdco, S.L. was incorporated, which controls 100% of the Group's shareholding (see Note 1).

The Parent Company's shareholders as at 31 December 2021 and 2020 are as follows:

	2021	
Company	**Number of shares**	**Percentage of ownership interest**
Vía Célere Holdco, S.L.	68,526,853	100.0%
	68,526,853	**100.0%**

	2020	
Company	**Number of shares**	**Percentage of ownership interest**
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%**

During 2020, there were no movements in the number of shares among shareholders or capital increases or reductions.

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.

At the Extraordinary General Shareholders' Meeting of the Parent Company Vía Célere Holdco, S.L. held on 18 November 2021, the shareholders approved the distribution of an extraordinary dividend charged to the share premium, in the amount of 86,300 thousand euros, payable in cash. It should be noted that the distribution of these reserves has been made in accordance with the limitations on the distribution of dividends included in Section 16.4. and that these have not been violated.

The share premium as at 31 December 2021 amounted to 650,087 thousand euros and in 2020 amounted to 736,387 thousand 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 38,112 thousand euros as at 31 December 2021 (2020: 30,090 thousand euros).

The Group holds other reserves in the negative amount of 365,053 thousand euros (2020: 407,574 thousand 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 euros in 2019.

16.4. Restrictions on the distribution of dividends

As at 31 December 2021, the Parent Company maintains limitations on the distribution of dividends as a result of certain financial covenants during the term of the Senior Secured Notes signed on 25 March 2021 (see Note 18.1.4) and the Revolving Facility Agreement (RCF) signed on 6 March 2021 (see Note 18.1.5). These limitations have not been breached.

As at 31 December 2020, 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). These limitations were not breached.

16.5. Own shares

As at 31 December 2021 and 2020 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 2021 and 2020 is as follows:

	Thousands of euros 2021					
	Closing balance as at 31 December 2020	Additions/ Withdrawals	Applications	Reversal	Transfers	Closing balance as at 31 December 2021
Non-current provisions						
Provisions for contingencies and expenses	10,056	3,974	(709)	(638)	2,585	15,268
Current provisions						
After-sales service	1,163	930	(181)	-	150	2,062
Provisions for bad debts	6,061	190	-	-	-	6,251
Operating provisions and others	9,846	5,936	(6,227)	(1,055)	(2,735)	5,765
	27,126	**11,030**	**(7,117)**	**(1,693)**	**-**	**29,346**

	Thousands of euros 2020					
	Closing balance as at 31 December 2019	Additions/With drawals	Applications	Reversal	Transfers	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						
After-sales service	549	960	(196)	(150)	-	1,163
Provisions for bad debts	3,254	3,253	-	(446)	-	6,061
Operating provisions and others	6,509	9,922	(3,963)	(2,622)	-	9,846
	22,459	**22,367**	**(4,754)**	**(12,946)**	**-**	**27,126**

As at 31 December 2021 and 2020, the provision for liabilities 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 2021 and 2020, the most significant procedures maintained by the Group were as follows:

- Vía Célere Desarrollos Inmobiliarios, S.A.U. has received claims from construction companies in 2021 amounting to 1,578 thousand euros, which it has provisioned (4,685 thousand euros in 2020).

- Also, in 2020, the Group's subsidiary Vía 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 a provision of 1,352 thousand euros has been made, which remains in force.

During 2020, the provision held in the amount of 7,900 was reversed, due to the fact that the procedure held by Vía Célere Desarrollos Inmobiliarios, S.A.U. for having delivered two letters of guarantee to Antigua Rehabitalia S.A., indirect subsidiary of Vía Célere Desarrollos Inmobiliarios, S.A.U. until 29 December 2017, covering two mortgage loans between Antigua Rehabitalia, S.A. and SAREB for an amount of 12,400 thousand euros in guarantee of two properties owned by Antigua Rehabitalia, S.A. located in Sector 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 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 subsidiary Vía Célere Desarrollos Inmobiliarios, S.A.U. was undergoing an inspection process 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 Célere Desarrollos Inmobiliarios are being questioned. This inspection was completed during 2021. In addition, the subsidiary Vía Célere S.L.U. received a tax claim for an amount of 200 thousand 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.

17.2. Aftermarket provision

During 2021, the Group has decided to set aside a provision for possible after-sales claims from customers for the developments delivered during 2021 in the amount of 930 thousand euros (960 thousand euros during 2020). In addition, payments applied to the post-sale provision of 181 thousand euros (196 thousand euros in 2020) were made.

17.3. Insolvency provision

As at 31 December 2021 and 2020, 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 6,251 thousand euros and 6,061 thousand euros, respectively (see Note 14.2).

17.4. Operating provisions and others

As at 31 December 2021, the Group has provisioned mainly for construction completion costs for construction services received but not yet invoiced for developments delivered in the amount of 5,306 thousand euros (5,648 thousand euros as at 31 December 2020). These provisions 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, the provisions recorded as at 31 December 2021 and 2020 reasonably cover the existing risks, not considering that significant additional losses may arise from the resolution of litigation in progress.

18. Non-current and current liabilities and trade payables

The classification of financial liabilities by category is as follows:

	Thousands of euros			
	2021		2020	
	Non-current	Current	Non-current	Current
Bank borrowings	-	135,726	4,029	376,975
Bonds and other marketable securities	293,261	28,638	-	1,700
Payable to associates	-	158	-	143
Payables to employees	-	2,755	-	31
Current payables to suppliers	-	91,981	-	110,220
Customer advances	-	111,146	-	128,718
Other financial liabilities	2,025	828	10	236
	295,286	**371,232**	**4,039**	**618,023**

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:

	Thousands of euros
	Short-term and long-term bank borrowings
Balance as at 31 December 2020	**381,003**
Proceeds from bond issuance	300,000
Funds from commercial paper programme	26,938
Funds from credit institutions	116,300
Bank borrowing returns	(371,380)
Total cash variation flows from financing activities	**71,858**
Other changes	
Financial costs	36,634
Interest payments	(33,416)
Other changes	1,546
Balance as at 31 December 2021	**457,625**

	Thousands of euros
	Short-term and long-term bank borrowings
Balance as at 31 December 2019	**606,500**
Funds from credit institutions	285,300
Bank borrowing returns	(524,171)
Total cash variation flows from financing activities	**(238,871)**
Other changes	
Financial costs	39,589
Interest payments	(24,419)
Other changes	(1,796)
Balance as at 31 December 2020	**381,003**

18.1. Non-current and current payables

18.1.1. Bank borrowings

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

Instrument	Limit	Dispose short term		Dispose long-term	Total drawn down	Maturity					
		Long-cycle	Short-cycle			2022	2023	2024	2025	2026 and rest	Total
Mortgage loans secured by inventories (see Note 18.1.2)	579,218	17,149	118,039	-	**135,188**	118,039	17,149	-	-	-	**135,188**
Credit lines	30,000	-	-	-	**-**	-	-	-	-	-	**-**
Accrued interests	-	138	4,338	-	**4,476**	4,476	-	-	-	-	**4,476**
Other loans (Note 18.1.3)	324,700	-	24,700	293,261	**317,961**	24,700	-	-	-	293,261	**317,961**
Borrowing at 12/31/2021	**933,918**	**17,287**	**147,077**	**293,261**	**457,625**	**147,215**	**17,149**	**-**	**-**	**293,261**	**457,625**

Instrument	Limit	Dispose short term		Dispose long-term	Total drawn down	Maturity					
		Long-cycle	Short-cycle			2021	2022	2023	2024	2025 and rest	Total
Mortgage loans secured by inventories (see Note 18.1.2)	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	-	173	1,546	-	**1,719**	1,719	-	-	-	-	**1,719**
Other loans (Note 18.1.3)	31,017	-	27,639	745	**28,384**	27,387	160	164	167	506	**28,384**
Borrowing at 12/31/2020	**872,797**	**50,757**	**327,918**	**4,029**	**382,705**	**327,839**	**48,002**	**5,443**	**685**	**736**	**382,704**

The total balance drawn down is shown net of the amount of unamortised fees and increased by unpaid interest. As at 31 December 2021, unamortised fees amounted to 13,559 thousand euros (9,814 thousand euros at 31 December 2020) and unpaid interest at 31 December 2021 amounted to 4,476 thousand euros and (1,719 thousand euros at 31 December 2020).

Debentures and other marketable securities in Vía Célere Desarrollos Inmobiliarios, S.A.U. include a line for the issue of promissory notes in the MARF of which the balance drawn down at 31 December 2021 is 24,700 thousand euros (1,700 thousand euros at 31 December 2020). It also includes the bond issued by Vía Célere Desarrollos Inmobiliarios, S.A.U. on 25 March 2021 with a principal amount of 300,000 thousand euros with a coupon of 5.25%. This bond matures in April 2026 (see Note 18.1.4).

Credit lines at 31 December 2020 included 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 at 31 December 2020. During the first quarter of 2021, this credit line was fully repaid.

Additionally, 4 ICO loans granted to Vía Célere Gestión de Proyectos, S.L.U. for a total amount of 12 million euros signed during 2020 and maturing between June 2021 and December 2025 were included. During the first quarter of 2021 these credit lines were fully repaid.

Credit lines at 31 December 2021 include a credit line (Revolving Facility Agreement (RCF)) in the amount of 30,000 thousand euros undrawn (see Note 18.1.5).

The debt of the company consolidated by the equity method at its percentage amounts to 315 thousand euros at 31 December 2021 and 1,663 thousand euros thousand euros at 31 December 2020.

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

18.1.2. Mortgage loans secured by inventories

“Developer loans" on developments under construction and on constructed buildings amounting to 135,188 thousand euros and "loans for the purchase of land" are defined as mortgage loans secured by inventories (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 2021 and 2020 is as follows:

	Thousands of euros	
	2021	**2020**
Loans secured by mortgages on property developments in progress	**110,615**	**177,786**
Of the Parent	101,258	150,072
Subsidiaries	9,357	27,714
Loans secured by mortgages on constructed buildings	**24,573**	**51,403**
Of the Parent	22,557	39,134
Subsidiaries	2,016	12,269
Mortgage loans secured by land and plots	**-**	**37,859**
Of the Parent	-	29,570
Subsidiaries	-	8,289
	135,188	**267,048**

The main changes in 2021 in mortgage loans on inventories relate to transactions for the repayment of these loans through the delivery of assets to secure the loans, totalling 207,436 thousand euros in 2021 (257,924 thousand euros in 2020).

The cost of capitalised interest as at 31 December 2021 and 2020 amounted to 15,061 thousand euros and 17,251 thousand euros, respectively.

The mortgage loans accrue annual interest at a variable rate (EURIBOR plus a spread aligned with market conditions). In 2021, rates were 2.00% to 3.35% (1.00% to 3.5% in 2020).

18.1.3. Senior syndicated loan

On 2 January 2019 the Parent Company signed a senior syndicated loan agreement amounting to 223,000 thousand euros as the original borrower. The Parent Company, Vía Célere, S.L.U., Maywood Invest, S.L.U. and Udralar, S.L.U., as the original guarantors, J.P. Morgan Securities PLC and Credit Suisse International as coordinators, a number of financial institutions as original lenders, and Credit Suisse International as agent and collateral agent. The initial amount was distributed by means of an Acquisition facility (loan) amounting to 185,331 thousand euros, which was fully drawn down and classified as Other Loans, and a Revolving Credit Facility (RCF) amounting to 37,669 thousand 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 made repayments of 150 million euros, leaving an outstanding balance of 73 million euros as at 31 December 2020, which was fully repaid on 25 March 2021.

The Parent Company undertook to comply with certain financial covenants during the term of the loan and related to its Financial Statements, which were complied with during the term of the loan.

18.1.4. Bond (Senior Secured Notes)

On 25 March 2021, Vía Célere Desarrollos Inmobiliarios, S.A.U. issued a senior secured bond in the amount of 300,000 thousand euros (which were fully drawn down and classified under "Bonds and other marketable securities") maturing on 1 April 2026.

The interest rate of the bond is 5.25% per annum, payable semi-annually in arrears on April 1st and October 1st of each year, commencing on 1 October 2021. Interest on the bond is accrued from and including the date of issuance of the bond and is payable in cash. As at 31 December 2021, unpaid accrued interest payable on the accrued coupon amounted to 3,938 thousand euros.

The bond, among other guarantees, is secured by the shares of Vía Célere Desarrollos Inmobiliarios, S.A.U., the stakes of Vía Célere, S.L.U. and the stakes of Maywood Invest, S.L.U.

Vía Célere Holdco, S.L. has guaranteed this senior bond since 22 April 2021.

The bond is listed on Euronext.

VCDI has assumed extraordinary expenses due to the bond issuance amounting to 7,464 thousand euros as at 31 December 2021, of which 6.739 thousand euros are still pending to be accrued.

The Company is committed to the fulfilment of certain covenants during the contract term, which have been fulfilled during 2021.

18.1.5. Super Senior Revolving Facility Agreement (RCF)

On 6 March 2021, VCDI entered into a credit facility agreement (RCF) with J.P. Morgan AG, Deutsche Bank Aktiengesellschaft, Banco Santander S.A., Banco Bilbao Vizcaya Argentaria, S.A., Banco de Sabadell, S.A. and Credit Suisse (Deutschland) Aktiengesellschaft in the amount of 30,000 thousand euros (undrawn at 31 December 2021 and classified as credit lines) maturing on 1 October 2025.

VCDI has assumed a commitment fee in the amount of 225 thousand euros as at 31 December 2021.

18.1.6. Other financial liabilities

The breakdown of other financial liabilities as at 31 December 2021 and 2020 is as follows:

	Thousands of euros			
	31.12.2021		31.12.2020	
	Non-current	Current	Non-current	Current
Lease liabilities	2,015	437	-	-
Other financial liabilities	10	391	10	236
Total other financial liabilities	2,025	828	10	236

The changes in lease receivables are as follows:

	Thousands of euros
	Lease debts
Balance as at 31 December 2020	**-**
Additions	2,431
Interests	21
Balance as at 31 December 2021	**2,452**

In 2020, there were no lease receivables recorded as the offices were owned. After being sold during 2021, leases have been signed for other offices (see Note 9).

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 is as follows:

	Thousands of euros	
	2021	2020
Current payables to suppliers	91,981	110,220
Payables to employees	2,755	31
Customer advances (Note 15.5)	111,146	128,718
	205,882	**238,969**

19. 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 companies is as follows:

	Payments made and outstanding at balance sheet date	Payments made and outstanding at balance sheet date
	2021	**2020**
	Days	**Days**
Average supplier payment period	50	64
Ratio of paid transactions	52	71
Ratio of transactions pending payment	43	32
	Amount (Euros)	**Amount (Euros)**
Total payments made	254,696,293	338,545,756
Total outstanding payments	38,482,750	43,319,115

In accordance with the ICAC Resolution, the calculation of the average supplier payment period takes into account transactions considered to be trade transactions relating to the delivery of goods or services accrued during each year, only in respect of Spanish entities.

Suppliers are defined, solely for the purposes of reporting under this Resolution, as trade payables for debts with suppliers of products or services, included under suppliers and other creditors under 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.
- Ratio of outstanding transactions: 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 maintain the average payment period in accordance with the legally established limits.

20. Financial risk management and fair value

The Company's directors have assessed the potential impacts caused by COVID-19 on the Group's financial statements as at 31 December 2021 and 2020 and concluded that there are no significant impacts.

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 2021 amounted to 6,251 thousand euros (6,061 thousand euros in 2020) (see Note 14.2). The balances of trade debts without credit risk are not included in this provision at the end of 2021 and 2020.

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 2021 and 2020 all financial liabilities, both with variable and fixed interest rates, were denominated in euros.

20.4. Market risk exposure

In order to counteract the market risk over the demand for new housing, detailed studies are carried out of the geographical areas in which the Company operates or plans to operate, thus determining the existence of sufficient demand to absorb future developments and the product to be marketed, guaranteeing the success of the developments, always adapting them to customer needs and thus ensuring commercial viability.

20.5. 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 2021 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 2021 and 2020, the tax consolidation group is as follows:

Tax Group	
2021	**2020**
Parent	**Parent**
Vía Célere Desarrollos Inmobiliarios, S.A.U.	Vía Célere Desarrollos Inmobiliarios, S.A.U
Subsidiaries	**Subsidiaries**
Copaga, S.A.U.	Copaga, S.A.U.
Udralar, S.L.U.	Udralar, S.L.U.
Udrasur Inmobiliaria, S.L.U.	Udrasur Inmobiliaria, S.L.U.
Torok Investment 2015, S.L.U.	Torok Investment 2015, S.L.U.
Vía Célere, S.L.U.	Vía Célere, S.L.U.
Vía Célere 1, S.L.U.	Vía Célere 1, S.L.U.
Vía Célere 2, S.L.U.	Vía Célere 2, S.L.U.
Vía Célere Gestión de Proyectos, S.L.U.	Vía Célere Gestión de Proyectos, S.L.U.
Conspace, S.L.U.	Conspace, S.L.U.
Vía Célere Catalunya, S.L.U.	Vía Célere Catalunya, S.L.U.
Maywood Invest, 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:

	Thousands of Euros	
	2021	**2020**
Deferred tax assets		
Deductible temporary differences	46,061	46,244
Credits in respect of loss carryforwards	28,856	22,391
	74,917	**68,635**
Current:		
VAT recoverable	6,174	7,517
Current tax receivable	69	111
	6,243	**7,628**
Total	**81,160**	**76,263**

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

	Thousands of Euros	
	2021	**2020**
Non-current:		
Deferred tax liabilities	4,076	3,014
	4,076	**3,014**
Current:		
Income tax payable (VAT)	11,377	26,720
Income tax payable (CIT)	2,850	4,946
Social security payable	310	658
Other taxes payable	1,405	1,096
	15,942	**33,420**
Total	**20,018**	**36,434**

21.2. Deferred tax assets and liabilities

The detail of the balance of the heading "Deferred tax assets" at the end of 2021 and 2020 is as follows

	Thousands of euros	
	Balance 31/12/2021	**Balance 31/12/2020**
Limitation to depreciation.	558	659
Non-deductible financial expenses	38,168	39,526
Tax loss carryforw ards	28,856	22,391
Impairment Forum	1,508	1,508
Other	2,504	2,246
Consolidation adjustments	3,323	2,305
Total	**74,917**	**68,635**

	Thousands of euros				
	Balance 31/12/2020	**Additions**	**Derecognitions**	**Transfers**	**Balance 31/12/2021**
Deferred tax assets	**68,635**	**11,761**	**(5,479)**	**-**	**74,917**

	Thousands of euros				
	Balance 31/12/2019	**Additions**	**Derecognitions**	**Transfers**	**Balance 31/12/2020**
Deferred tax assets	**75,002**	**2,557**	**(10,239)**	**1,315**	**68,635**

The detail of the heading "Deferred tax liabilities" at 31 December 2021 and 2020 is as follows:

	Thousands of euros	
	Balance 31/12/2021	**Balance 31/12/2020**
Reinvestment exemption	982	1,034
Margin elimination	59	726
Consolidation adjustments	3,035	1,254
Total	**4,076**	**3,014**

	Thousands of euros				
	Balance 31/12/2020	Additions	Derecognitions	Transfers	Balance 31/12/2021
Deferred tax liabilities	**3,014**	**2,399**	**(1,337)**	**-**	**4,076**

	Thousands of euros				
	Balance 31/12/2019	Additions	Derecognitions	Transfers	Balance 31/12/2020
Deferred tax liabilities	**12,621**	**482**	**(11,404)**	**1,315**	**3,014**

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. During 2021 the Group recovered financial expenses not deducted in previous years amounting to 5,474 thousand euros, resulting in a deferred tax write-off of 1,368 thousand euros.

- Credits for loss carryforwards. In 2020 the group compensated tax losses carryforwards amounting to 3,832 thousand euros. The balance compensated in 2021 amounted to 3,8116 thousand euros. During 2021, based on the generating income projections according to the business plan for the next years, the Group has capitalised an additional amount of tax loss carryforwards, recording a deferred tax asset of 10,240 thousand euros.

- 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.

- Other non-deductible tax provisions, during the year the Group has recorded a series of provisions that are not tax-deductible expenses in accordance with Article 14 of the Corporate Income Tax Law, for which reason it has made a positive adjustment for these items, recording the corresponding deferred tax asset.

To assess the recoverability of deferred tax assets, the Company has also taken into account the valuation of inventories at year-end 2021 carried out by Savills, which reflects a fair value of 1,508,894 thousand euros (see Note 15.6), as well as the business plan prepared by the Group for the period 2021-2031 and the development sales forecasts included in this plan, and which have been made taking into account the characteristics of the Spanish real estate sector in which the Group operates. As at 31 December 2021, the Group has signed sales contracts amounting to 709 million euros (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:

	Thousands of euros	
	2021	2020
Consolidated profit for the year	61,824	49,657
Corporate income tax	5,927	13,406
Profit before tax	**67,752**	**63,063**
Permanent differences	(3,940)	(22,410)
Temporary differences	(5,952)	3,741
Offset of tax loss carryforwards	(15,265)	(15,330)
Consolidation adjustments	480	6,648
Tax result / (Tax base)	**43,075**	**35,712**

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

	Thousands of euros	
	2021	**2020**
Balance of pre-tax income and expenses for the year	67,752	63,063
Tax at 25%	**16,938**	**15,766**
Adjustment margin TP	(2,710)	-
Assets with different fiscal value and accounting value	-	(1,631)
Prior year adjustments	(184)	(1,524)
Deductions and allowances for the current year	(28)	(28)
Deferred tax assets for the current year	(7,909)	935
Consolidation adjustments	(180)	(200)
	5,927	**13,406**

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

	Thousands of euros	
	2021	**2020**
Current tax expense /(income) and others	10,980	16,646
Deferred tax expense /(income) and others	(5,053)	(3,240)
	5,927	**13,406**

The main adjustments for permanent differences to the accounting profit for 2021 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 2021, 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 6,174 thousand euros relating to part of the loss deferred in 2017.

- The Group has reversed part of a portfolio impairment from investments in subsidiaries and equity loans recorded in different subsidiaries. As this provision is a non-deductible tax expense in accordance with the Corporate Income Tax Law, the reversal of such provisions has the nature of non-taxable income and, therefore, a negative adjustment of 6,667 thousand euros has been made in this connection.

- The Group has made a positive adjustment to the net income in order to record the adjustment of the rendered services by one of the group companies for the purpose of transfer pricing, amounting to 8.458 thousand euros.

In 2021, the main temporary tax differences in accounting profit are as follows:

- A positive adjustment of 1,288 thousand euros derived from the provision for liabilities and expenses, in accordance with the provisions of Article 14.3 of the Corporate Income Tax Law, the provision derived from implicit or tacit obligations is a non-deductible tax expense.

- Positive adjustment of 5,474 thousand euros arising from the limitation on the deductibility of financial expenses, in accordance with Article 16 of the Corporate Income Tax Law.

- A positive adjustment of 911 thousand euros derived from the provision for the guarantee of repairs and revisions, in accordance with the provisions of Article 14.9 of the Corporate Income Tax Law, this type of provision is a non-deductible tax expense.

- Negative adjustment of 401 thousand euros corresponding to the reversal of accounting amortisation expenses.

21.4. Tax deductions pending application

The legislation in force regarding Corporate Income 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 corporate 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	Thousands of euros	Description
2021	9	Deductions for donations
2021	20	Deduction for reversal of temporary measures
	29	

21.5. Tax losses carryforwards

The Group's tax loss carryforwards as at 31 December 2021 are detailed below:

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

	Thousands of euros						
Years	**Vía Célere Desarrollos Inmobiliarios S.A.U.**	**Copaga, S.A.U.**	**Udralar, S.L.U.**	**Udrasur Inmobliaria, S.L.U.**	**Torok Investment 2015, S.L.U.**	**Conspace, S.L.**	**Total**
2003	-	-	-	1	-	-	1
2004	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-
2006	-	35	-	-	-	-	35
2007	-	1	-	-	-	-	1
2008	-	62	5,874	1	-	-	5,937
2009		23	1,813	1	-	-	1,837
2010	16,489	55	1,815	-	-	-	18,359
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	150,284	-	50,466	13	-	-	200,763
2016	946	-	-	-	1,164	-	2,110
2017	5,477	-	-	-	-	250	5,727
2018	12,283	-	-	-	-	-	12,283
TOTAL	**417,399**	**312**	**71,595**	**15**	**1,164**	**250**	**490,735**

(ii) The tax group NOLs are as follows:

	Thousands of euros				
Years	**Vía Célere Desarrollos Inmobiliarios S.A.U.**	**Copaga, S.A.U.**	**Udralar, S.L.U.**	**Torok Investment 2015, S.L.U.**	**Total**
2017	15,295	799	204	207	16,505
Total	**15,295**	**799**	**204**	**207**	

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 euros. In 2021, the Group has capitalised an additional amount of tax loss carryforwards in the amount of 40,960 euros.

In summary, tax loss carryforwards generated and pending offset by Group companies amount to 507,240 thousand euros at 31 December 2021, of which 115,429 thousand euros are capitalised (89,564 thousand euros at 31 December 2020), corresponding to 28,856 thousand euros in instalments (25%) recognised as deferred tax assets (22,391 thousand euros at 31 December 2020).

21.6. Restructuring operations

On 25 March 2021, the companies Maplesville Invest, S.L.U., Gleenwock Invest, S.L.U., Windham Spain, S.L.U., Rimbey Spain, S.L.U., Lewistown Invest, S.L.U., Barclays Bank PLC, J.P. Morgan Securities, PLC, Deutsche Bank Aktiengesellschaft, Trinity Investments Designated Activity Company, Melf B.V., Merryll Lynch International and Greencoat B.V. (hereinafter "former shareholders of Vía Célere Desarrollos Inmobiliarios, S.A.U.") executed the public deed of incorporation of Vía Célere Holdco, S.L., which was incorporated with a stake capital consisting of 60,002 stakes with a par value of 1 euro per stake and a stake premium of 6,851.46 euros per stake (see Note 18.1).

The stakes have been fully assumed by the former stakeholders of Vía Célere Desarrollos Inmobiliarios, S.A., which became a sole stakeholder company and maintained its indirect stakeholding structure and composition through its stakeholding in the Parent Company. Therefore, the investment funds managed by Värde Partners, Inc. indirectly hold 76.4% of the stake capital of the new parent company of the Vía Célere Holdco group.

The stakes have been fully assumed through a non-monetary contribution consisting of 100% of the shares of Vía Célere Desarrollos Inmobiliarios, S.A.U., being valued at 867,548 thousand euros corresponding to the consolidated book value of Vía Célere Desarrollos Inmobiliarios, S.A.U. at the date of contribution of its shares. The stake capital has a par value of 60,002 euros and, at the time of incorporation, the stake premium amounted to 411,101 thousand euros.

The transaction described in the preceding paragraph is among the transactions covered by the special regime for mergers, spin-offs, contributions of assets and exchange of securities regulated in Chapter VII of Title VII of the Corporate Income Tax Law. In particular, such transactions are defined in Article 76.5 of the aforementioned Law, and therefore, the same is covered by the tax neutrality regime.

This transaction has generated a restructuring of the Group where Vía Célere Holdco, S.L. is the new Parent Company.

Therefore, and due to the fact that the Company will cease to be a parent company for the purpose of applying the special tax consolidation regime, Group No. 0258/16 will be broken with effect from 1 January 2022.

However, the directors of the new parent company Vía Célere Holdco, S.L. and its subsidiaries, currently included in Group No. 0258/16, have agreed to pay tax under the special tax consolidation regime for years beginning on or after 1 January 2022. In this regard, the corresponding notification has been made to the tax authorities of the option to be taxed under the tax consolidation regime as from 1 January 2022.

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 for Inspection
Corporate income tax	2016-2020
Value Added Tax	2018-2021
Personal income tax	2018-2021
Capital gains tax	2018-2021
Social Security	2018-2021
Non-resident income tax	2018-2021

Corporate income tax year 2021 cannot be reviewed until the tax return has been filed (July 2022).

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.

- **Vía Célere Desarrollos Inmobiliarios, S.A.U. inspection (income tax / value added tax)**

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 May 2021, the Company signed a compliance report in connection with the 2015 tax audit: The main impact of the inspection is the reduction of the amount of tax loss carryforwards by 10,164 thousand euros. Confirming an amount of 150,271 thousand euros of tax loss carryforwards generated in the aforementioned financial year.

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

- **Vía Célere, S.L.U. and Vía Célere 2, S.L. inspection**

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 corporate income tax (2013 to 2014), VAT (periods 07/2013 to 12/2014) and personal income tax (period 07/2013 to 12/2014).

During 2019, 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 euros.
2. Tax credits for double taxation: a reduction of 48 thousand 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 2016, and that coincided with those credited in the self-assessment for 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 2016. 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.

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 177,584 thousand euros (270,421 thousand euros at the end of 2020). The Parent Company's Board 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 2021 and 2020, by type of product and geographical area, is as follows:

	Spain		Portugal		Total	
	2021	2020	2021	2020	2021	2020
Revenue from sale of property developments	542,691	643,472	39,413	13,494	582,104	656,966
Revenue from property leases	-	2	-	-	-	2
	542,691	**643,474**	**39,413**	**13,494**	**582,104**	**656,968**

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 3,836 thousand euros (31 December 2020: 4,307 thousand euros).

In 2021 and 2020, the revenues correspond to:

- the sale of property developments, which amounted to 549,304 thousand euros (609,809 thousand euros in 2020).
- the sale of land amounted to 32,265 thousand euros (47,088 thousand euros in 2020)
- and sales of non-strategic assets and others, which amounted to 535 thousand euros in 2021 (69 thousand euros in 2020).

23.2. Changes in inventories and procurements

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

	Thousands of Euros	
	2021	2020
Cost of goods sold	**(469,066)**	**(510,191)**
Impairment of finished goods and work in progress	40,151	35,254
Changes in inventory of land and work in progress	**249,072**	**349,273**
Raw material capitalised	245,830	342,690
Other expenses capitalised	-	64
Personnel expenses capitalised (Note 23.4)	3,242	6,519
Total	**(179,843)**	**(125,664)**

23.3. General information on the employees

The average number of employees at the Group in 2021 and 2020, by professional category, was as follows:

	2021	2020
Group General Management	6	5
Directors and Department Heads	83	93
Technicians	93	116
Sales representatives	29	39
Administrative workers	63	80
Other personnel	26	96
	300	**429**

The distribution of the Group's staff, by professional category and gender, as at 31 December 2021 and 2020 is as follows:

	2021		2020	
	Women	Men	Women	Men
Group General Management	-	5	1	4
Directors and Department Heads	23	56	27	61
Technicians	46	42	54	47
Sales representatives	21	7	24	8
Administrative workers	41	16	46	23
Other personnel	-	5	-	53
	131	**131**	**152**	**196**

As at 31 December 2021 and 2020, the members of VCDI's Board were 5 and 5 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 2021 and 2020 is as follows:

	2021	2020
Group General Management	-	-
Directors and Department Heads	-	-
Technicians	1	1
Sales representatives	-	-
Administrative workers	1	2
Other personnel	-	1
	2	**4**

23.4. Personnel expenses

The detail is as follows:

	Thousands of euros	
	2021	2020
Wages, salaries and similar items	(16,998)	(19,283)
Employee benefits expense	(5,109)	(5,292)
Severance payments/indemnities	-	(5,457)
Total	**(22,107)**	**(30,032)**

In 2021, personnel expenses amounted to 22,107 thousand euros (30,032 thousand euros during 2020), of which 1,748 thousand euros related to internal commercial staff in 2021 (2,107 thousand euros in 2020) (this amount is allocated in the contribution margin).

On 10 November 2021, VCDI's Shareholders' Meeting approved a long-term incentive plan for the CEO, members of Senior Management and certain key employees, with an expiration date of 31 December 2027. As at 31 December 2021, the consolidated income statement includes the accrued amount of the plan, which amounts to 1,288 thousand euros.

Personnel expenses costs capitalised to "Property developments in progress" in 2021 amounted to 3,242 thousand euros (6,519 thousand euros in 2020) (see Note 23.2).

23.5. Audit Fees

The fees corresponding to the services rendered by the auditing firm, PricewaterhouseCoopers Auditores, S.L. and other services rendered by PwC Network entities, for the Group's annual accounts for the years ended 31 December 2021 and 2020, regardless of the time of invoicing, are as follows:

	Thousand euros			
	PwC Auditores, S.L.		Other entities from PwC Network	
	2021	2020	2021	2020
Audit services	190	160	15	15
Other services different from audit services (*)	148	-	102	247
Total services provided by PwC	**338**	**160**	**117**	**262**

(*) No tax services or other services required of the accounts auditor by applicable regulations have been provided during the 2021 or 2020 financial years.

The Group did not receive audit services from other auditors during the years ended 31 December 2021 and 2020.

23.6. Other expenses

The detail is as follows:

	Thousands of euros	
	2021	2020
External services	(18,856)	(18,997)
Taxes	(6,317)	(7,538)
Other expenses	(3,083)	(3,498)
Total	**(28,256)**	**(30,033)**

In 2021 the Parent Company incurred expenses for independent professional services (audit, legal and judicial consultancy, etc.) amounting to 7,219 thousand euros (7,887 thousand euros during 2020).

External services expenses capitalised as "Property developments in progress" as at 31 December 2021 amounted to 12 thousand euros (64 thousand euros in 2020).

The heading "Other Expenses" in 2021 includes a provision for bad debts amounting to 190 thousand euros, arising from the invoicing of penalties to a construction company for breach of contract (3,253 thousand euros in 2020) (See Note 17).

It also includes provisions for liabilities and expenses amounting to 3,504 thousand euros (6,340 thousand euros in 2020) (see Note 17).

In addition, in 2020 this heading included the reversal of the provision of 7,900 thousand euros, due to the Parent Company's proceedings for having delivered two letters of guarantee to Antigua Rehabitalia S.A. (see Note 17).

23.7. Compensation in kind

As at 31 December 2021 and 2020 there was no significant remuneration of this nature.

23.8. Amortisation and Depreciation

The breakdown of "Depreciation and amortization" in the income statement is as follows:

	Thousands of euros	
	2021	2020
Intangible assets (Note 8)	(20)	(43)
Property, plant and equipment (Note 9)	(353)	(357)
Investment property (Note 10)	(2)	(2)
Rights of use (Note 11)	(155)	-
Depreciated totals	**(530)**	**(402)**

23.9. Financial income

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

	Thousands of euros	
	2021	2020
Marketable securities and other	796	467
	796	**467**

23.10. Financial expenses

The detail is as follows:

	Thousands of euros	
	2021	2020
Finance cost capitalised (Note 15)	15,061	14,249
Finance cost from senior secured notes (Note 18.4)	(13,164)	-
Debt interest	(25,877)	(39,589)
Interest arising from revenue contracts	2,386	3,002
Finance cost from leasing (Note 18.1.6)	21	-
Total	**(21,573)**	**(22,338)**

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

The detail of these results is as follows:

	Thousands of euros	
	2021	2020
Gains/(losses) on disposal of property, plant and equipment (Note 9)	(251)	22
Reversal /(Allocation) Impairment of investment property (Note 10)	(6)	-
	(257)	**22**

The loss on derecognition of fixed assets mainly relates to the loss of 390 thousand euros recorded in the group subsidiary Parquesoles S.A. after the disposal of the sales booth of the Miraflores development. On the other hand, the gain on derecognition of fixed assets derived from the sale of the offices of Carlos and Guillermo Fernandez Shaw was recorded, which amounted to 143 thousand euros.

23.12. Impairment losses and gains/(losses) on disposal of financial instruments

During 2021 and 2020, 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

	Thousands of euros	
	2021	**2020**
Changes in fair value of capitalised debt	-	(1)
	-	**(1)**

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 2021 and 2020 is as follows:

	Thousands of euros	
	2021	**2020**
	Provision of services	**Provision of services**
Celere Forum Barcelona, S.L.	110	215
Via Célere Holdco S.L.	10	-
	120	**215**

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:

	2021	
	Thousands of euros	
	Current (Note 14)	**Short-term debts (Note 18)**
Célere Forum Barcelona, S.L.	261	16
Via Célere Holdco S.L.	369	-
Maplesville Invest, S.L.U	-	142
Dospuntos Asset Management S.L.U.	34	-
	664	**158**

	2020	
	Thousands of euros	
	Current (Note 15)	**Short-term debts (Note 18)**
Célere Forum Barcelona, S.L.	305	1
Maplesville Invest, S.L.U	-	142
Dospuntos Asset Management S.L.U.	36	-
	341	**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 2021 and until the date of authorisation for the formalisation of the Company's consolidated annual accounts.

As at 31 December 2021, there are five members of the Board of Directors (five men) and five members of Senior Management (five men), one of whom is a member of the Board of Directors.

During 2021, Hector Serrat resigned as a director on 29 September, and on 30 September, Timothy James Mooney was appointed to the Board of Directors. In terms of senior management personnel, in 2021 three senior management left and two joined. During 2020, two members left the Board and three new members joined.

25.1. Remuneration of the Board of Directors and Senior Management

During 2021, the members of the Board of Directors received remuneration of 150 thousand euros for their directorships. During 2020, the members of the Board of Directors received remuneration of 19 thousand euros for their directorships. Senior executives' remuneration in 2021 and 2020 amounted to 2,130 thousand euros and 2,413 thousand euros, respectively. These amounts include a director's remuneration for his executive duties. During 2021, the Company due to the long-term incentive plan's approved has registered the possible right of Senior Management, however, there has still not accrued amounting to 1,288 thousand euros.

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

In 2021 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 260 thousand euros were paid (74 thousand euros in 2020). 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 2021 and 2020 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:

<u>Timothy James Mooney</u> and his related persons have not incurred, since 30 September 2021 and up until the date of drafting of these consolidated annual accounts, in a situation of direct or indirect conflict with the interest of the Parent Company, so he has not had to abstain from intervening in the agreements or decisions. However, he is a member of the board of directors of Aelca Desarrollos Inmobiliarios, S.L., an entity with a similar purpose to that of Vía Célere Desarrollos Inmobiliarios, S.A.U. and also maintains a professional relationship with Värde Partners, Inc., the entity that manages the funds owned, directly or indirectly, by shareholders that together hold the majority of the share capital of the Parent Company.

<u>Héctor Serrat Sanz</u> and his related persons have not incurred, from 1 January 2021 and until 29 September 2021, date on which he ceases to be a member of the Board, in a situation of direct or indirect conflict with the interest of the Parent Company, so he has not had to abstain from intervening in the agreements or decisions. However, from 1 January 2021 to 29 September 2021, Héctor Serrat Sanz held responsibilities in entities whose purpose is similar to that of Vía Célere Desarrollos Inmobiliarios, S.A.U., as he was Chairman of the Board of Directors of Dospuntos Asset Management, SL. and also maintained 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's share capital. At the date

of drafting of these financial statements, Héctor Serrat Sanz does not hold any position or maintain any relationship with any entity whose corporate purpose is similar to that of Vía Célere Desarrollos Inmobiliarios, S.A.U.

Jorge Morán Sánchez and his related persons have not incurred, during 2021 and until 26 January 2022, the date on which he ceases to be a member of the Board, in a situation of direct or indirect conflict with the interest of the Parent Company, so he has not had to abstain from intervening in the agreements or decisions. However, Jorge Morán Sánchez has had responsibilities in companies whose purposes are similar to that of Vía Célere Desarrollos Inmobiliarios, S.A.U., given his status as a member of the Board 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.

Anthony Iannazzo and his related persons have not incurred, since 2021 and until the date of drafting of these consolidated annual accounts, in a situation of direct or indirect conflict with the interest of the Parent Company, so he has not had to abstain from intervening in the agreements or decisions. However, Álvaro Travesedo has had responsibilities in companies whose object is similar to that of Vía Célere Desarrollos Inmobiliarios, S.A.U., given his status as a member of the Board 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.. Furthermore, 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.

Álvaro Travesedo Julia and his related persons have not incurred, since 2021 and until the date of drafting of these consolidated annual accounts, in a situation of direct or indirect conflict with the interest of the Parent Company, so he has not had to abstain from intervening in the agreements or decisions. However, Álvaro Travesedo has had responsibilities in companies whose object is similar to that of Vía Célere Desarrollos Inmobiliarios, S.A.U. as a member of the Board 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.

José Ignacio Morales Plaza and his related persons have, during 2021 and up until the date of drafting 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 rulings 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 voting on the second ruling of the meeting of the Board of Directors of the Company dated 30 September 2021 and on the sixth ruling of the meeting of the Board of Directors of the Company dated 10 November 2021. Also, in his capacity as the individual representing the position of sole director held by the Company at various Group companies, as well as joint director of Célere Forum Barcelona, S.L., neither he nor his related persons found themselves in a situation of direct or indirect conflict with the interests of the Company in 2021 and up until the date of drafting of these consolidated annual accounts, and therefore he did not have to abstain from intervening in rulings 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 Célere.

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.

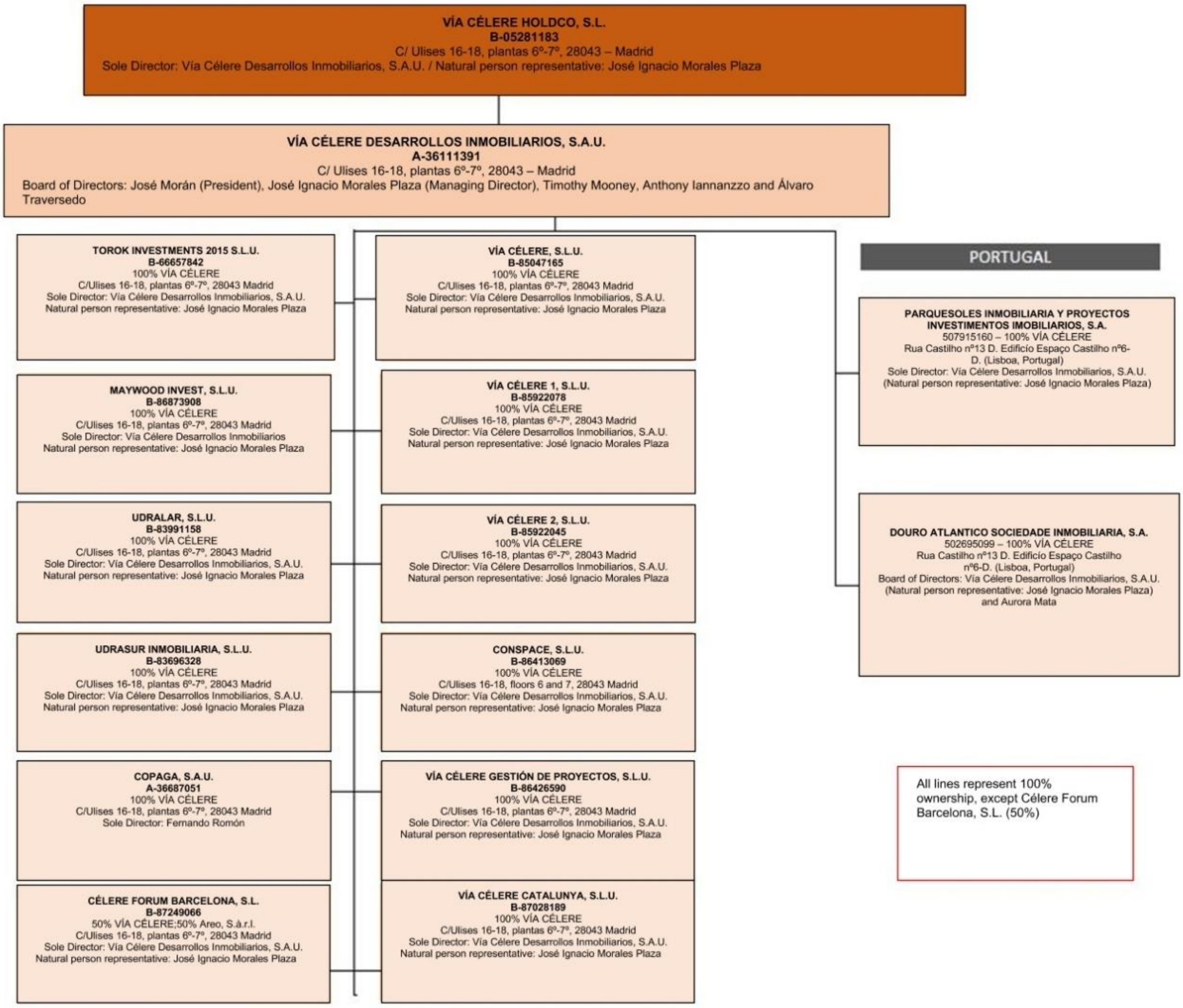
27. Events after reporting period

Between the date of the financial year-end and the date of drafting of the consolidated 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.

Consolidated management report

1. Structure and background

The corporate structure of the Via Célere Group as at 31 December 2021 is as follows:



The Parent Company in 2021 is 100% controlled by Vía Célere Holdco, S.L.

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	Date of resignation	Position
Jorge Morán Sánchez[1]	**21/10/2020**	**26/01/2022**	**Chairman**
Jose Ignacio Morales Plaza	17/07/2019	N/A	Managing Director
Héctor Serrat Sanz[2]	16/12/2020 and 26/01/2022	29/09/2021	Board Member
Anthony Clifford Lannazzo[3]	21/10/2020	N/A	Board Member
Álvaro Travesedo Julia[4]	16/12/2020	N/A	Board Member
Timothy James Mooney [1 and 3]	30/09/2021	N/A	Board Member / Chairman

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	Date of resignation	Position
Jorge Morán Sánchez [1]	21/10/2020	26/01/2022	Chairman
Jose Ignacio Morales Plaza	17/07/2019	N/A	Member / Chairman[5]
Héctor Serrat Sanz[2]	16/12/2020 and 26/01/2021	29/09/2021	Board Member

Executive Committee

The Executive Committee is set up as an internal Board. 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 Executive Committee includes the following members:

Name and surname(s)	Title	Position
Jose Ignacio Morales Plaza	Chairman	Managing Director
Miguel Ángel González Galván	Member	Managing Director of Business
Jaime Churruca Azqueta	Member	Managing Director of Finance
Aurelio Díez Ramos	Member	Managing Director of Business
Julio Garcia Soriano	Member	Managing Director of Services
Aurora Mata Toboso	Secretary	Legal Director

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 1,513,654 thousand euros, with a clear focus on property development for the sale of residential property.

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[1] On 26/01/2022, Jorge Morán resigned as a member of the Board of Directors, which also implies his resignation as Chairman of the Board of Directors and Chairman of the Executive Committee. On the same date, Timothy James Mooney was appointed as the new Chairman of the Board of Directors of the company.

[2] On 29/09/2021, Héctor Serrat resigned as a director of the company. On 26/01/2022, he was re-appointed as a director of the company by the sole shareholder and as a member of the executive committee by the board of directors.

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.

[4] Professional relationship with Greencoat, B.V., indirect shareholder of the company.

[5] On 26/01/2022, Jose Ignacio Morales Plaza was appointed Chairman of the Executive Committee by the Board of Directors.

The assets represent a total estimated buildable area of 1,704,504 square metres distributed geographically as follows:

	Total m2	
	2021	**2020**
Madrid	705,168	803,470
Malaga	305,503	366,959
Seville	214,444	275,859
Valencia	83,345	127,805
Barcelona	47,178	59,291
Valladolid	91,616	81,464
Other	257,250	309,996
	1,704,504	**2,024,844**

The main movements in 2021 were:

- Purchase of a plot in the Berrocales sector (Madrid) for 1,698 thousand euros.
- The acquisition of land through the foreclosure of the third-party loans described in Note 14.1 for an amount of 687 thousand euros, located in Tres Cantos (Madrid).
- The execution of a swap for an amount of 1,278 thousand euros in Tres Cantos (Madrid).

In addition, in 2021 the Group sold 13 plots of non-strategic land for a total of 32 million euros.

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

The Group recorded a net profit of 61,824 thousand euros in 2021. At the equity level, the Group has total assets of 1,505,762 thousand euros, equity of 796,131 thousand euros and current and non-current liabilities of 709,631 thousand euros.

Revenue and EBITDA

Revenues amounted to 582,104 thousand euros, of which 549,304 thousand euros were sales of property developments delivered during the year: 728 housing units in the Central zone, 588 housing units in the South zone, 285 housing units in the East, 227 housing units in the North and 94 housing units in Portugal and 32,265 thousand euros of land sales. The Group's EBITDA amounted to 90,549 thousand euros.

Adjusted EBITDA

The adjusted EBITDA for 2021 is 85,111 thousand euros. The main adjustments are:

- Reversal of PPA adjustment on inventory delivered amounting to 1,562 thousand euros.
- Net impairment reversal on not delivered amounting to (9,524) thousands euros.
- Elimination of non-recurring expenses amounting to 2,523 thousands euros.

Net result

In the year ended 31 December 2021, the Group recorded a net profit of 61,824 thousand euros.

Financial situation

The balance of current and non-current financial debt as at 31 December 2021 is as follows:

Instrument	Limit	Dispose short term Long-cycle	Dispose short term Short-cycle	Dispose long-term	Total drawn down
Mortgage loans secured by inventories (see Note 18.1.2)	579,218	17,149	118,039	-	**135,188**
Credit lines	30,000	-	-	-	**-**
Accrued interests	-	138	4,338	-	**4,476**
Other loans (Note 19.1.3)	324,700	-	24,700	293,261	**317,961**
Borrowing at 12/31/2021	**933,918**	**17,287**	**147,077**	**293,261**	**457,625**

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 2021, the average number of employees in Group companies was 300. The total number of employees at the end of 2021 was 262. The category and gender distribution of employees is as follows:

	2021 Women	2021 Men	2020 Women	2020 Men
Group General Management	-	5	1	4
Directors and Department Heads	23	56	27	61
Technicians	46	42	54	47
Sales representatives	21	7	24	8
Administrative workers	41	16	46	23
Other personnel	-	5	-	53
	131	**131**	**152**	**196**

The average distribution of staff by category is as follows:

	2021
Group General Management	6
Directors and Department Heads	83
Technicians	93
Sales representatives	29
Administrative workers	63
Other personnel	26
	300

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 2021, the Group arranged thirty-three developer loans for a total principal amount of 278,596 thousand euros, of which 6,348 thousand 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 disposals 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." On 25 March 2021, Vía Célere Desarrollos Inmobiliarios, S.A.U. issued a guaranteed bond with a principal amount of 300,000 thousand euros with a coupon of 5.25%. This bond matures in April 2026 (see Note 18.1.4).

Additionally, on 25 March 2021, VCDI signed a credit facility agreement (RCF) in the amount of 30,000 thousand euros (undrawn at 31 December 2021 and classified as credit facilities) which matures on 1 October 2025.

6. Key risks and risk management

The risk management policies within the different areas in which the Group operates are determined by the analysis of investments projects, 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

In order to counteract the market risk over the demand for new housing, detailed studies are carried out of the geographical areas in which the Company operates or plans to operate, thus determining the existence of sufficient demand to absorb future developments and the product to be marketed, guaranteeing the success of the developments, always adapting them to customer needs and thus ensuring commercial viability.

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 2021 and 2020 all financial liabilities with floating interest rates were denominated in euros.

In addition, the Group is exposed to this risk due to the possibility of losses in the value of the bond issued and listed on Euronext. The objective of managing this risk is to cushion the impacts on the bond caused by market fluctuations.

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 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 329,098 thousand euros of cash 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 drafting of the consolidated 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.

8. Outlook for the group in 2022

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.

For the financial year 2022, the Group aims to further optimise its land 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 2022, the Group plans to continue with its customer service policy to ensure a unique delivery experience and a high level of satisfaction.

9. Innovation

The relevant activities carried out by the Group in 2021 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 WRIKE tools for business management, and on LPS (Last Planner System) planning methodologies for our projects as this system change the traditional execution of a project improving the coordination between workstreams.

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.

In addition, during 2021, an RPA (Robotic Process Automation) technology has been implemented, which allows configuring a computer software that enables a "robot" to emulate and integrate certain actions in a digital system to execute a certain process. These "robots" execute tasks, trigger responses and communicate with other systems to operate in a wide range of actions. With the implementation of this technology, we seek to relieve the teams from performing repetitive tasks that require a lot of employee time, with an inefficient result for the production process and that are monotonous for those who perform them, without the possibility of adding value to the business.

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 reserves, 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.

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, allowing us to anticipate project problems in early stages, providing us with more reliable analyses at each stage and with greater control over the design and construction phases. 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 and planning between the trades on site. This is an approach that assumes that the person who is going to execute a certain item (the painter or the plumber, for example) commits to have their work completed by a certain date and indicates what things they need to execute it. This improves the execution time, safety on site and the quality of the final product.

10. Own shares

The Group did not carry out transactions with its own shares during 2021 and did not hold any treasury shares as at 31 December 2021.

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
	2021
	Days
Average supplier payment period	50
Ratio paid transactions	52
Ratio of transactions pending payment	43
	Amount (Euros)
Total payments made	254,696,293
Total payments pending	38,482,750

The Group's management evaluates the necessary measures to try to reduce or maintain the average payment period in accordance with the legally established limits for which the Company must formulate.

12. Statement of Non-Financial Information for the year 2021

In application of Law 11/2018, of December 28, 2018, although the Group exceeds the limits established by such Law by which it must present non-financial information regarding the 2021 financial year, it is exempt from such obligation as it is prepared by a higher-level group. Such information has therefore been included as an annex to the Consolidated Management Report for year 2021 of Vía Célere Holdco, S.L. and subsidiaries, called "Statement of Non-Financial Information of Vía Célere Holdco, S.L. for the year 2021".

The content of said report will be subject to review by an independent expert, following the provisions of the Law.

In application of Law 11/2018, of 28 December 2018, the Group exceeds the limits established by such Law by which it must present non-financial information regarding the 2021 year. Such information has been included as an annex to the Consolidated Management Report for the year 2021, called "Statement of Non-Financial Information of Vía Célere Holdco, SL for the year 2021".

The content of that report is subject to review by an independent expert, following the provisions of the Law.

13. 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 VCDI Group’s figures for the previous year for comparison purposes. The observations are as follows:

1. The development sales revenue for 2021 amounts to 549,304 thousand euros (609,809 thousand euros as at 31 December 2020) with a delivery of 1,938 units (1,932 units in 2020).
2. As at 31 December 2021, the sale of land amounted to 32,265 thousand euros (47,088 thousand euros in 2020)

The main APMs related to the Group's performance and their reconciliation to the consolidated annual accounts (in thousand euros) are as follows:

1. Revenue

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

Explanation of use: 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 2021 and 31 December 2020.

	Thousand euros	
	2021	2020
Sale of property developments - Note 23.1	549,304	609,809
Sale of land - Note 23.1	32,265	47,088
Legacy Assets disposal - Note 23.1	-	69
Services rendered	535	2
Revenue	**582,104**	**656,968**

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 2021 and 31 December 2020:

	Thousand euros	
	2021	2020
Impairment – Note 15.6	(2,241)	(9,876)
Reversal of impairment losses of inventories – Note 15.6	45,900	52,144
Impairment losses	**43,659**	**42,268**

3. Gross margin

Definition: Revenue +/- changes in inventories of completed products and work in progress - raw materials and other consumables used – internal construction personnel expenses - other non-capitalised costs

Explanation of use: the Parent's Board 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 2021 and 2020.

	Thousand euros	
	2021	2020
Sales - Note 23.1	**582,104**	**656,968**
Sale of property developments	549,304	609,809
Sale of land	32,265	47,088
Legacy Assets disposal	-	69
Others	535	2
Changes in inventory of finished goods and Work in Progress - Note 23.2	**(179,843)**	**(125,664)**
Cost of goods sold (units delivered)	*(449,627)*	*(484,540)*
Changes in inventory of land and developments in progress	*269,784*	*358,876*
Raw materials and other consumables used	**(265,846)**	**(389,123)**
Purchase of land and developments in progress	(265,846)	(389,123)
Internal commercial staff expenses (workforce) and others cost of sale (non capitalized)	**(7,761)**	**(13,459)**
Gross Margin	**128,654**	**128,722**

4. Adjusted gross margin

Definition: gross margin + 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 Board 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 by PPA as this is considered a distorting factor in accounting and the impairment endowment / reversal of impairment of finished goods and work in progress recorded prior to revenue recognition. 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 2021 and 2020:

	Thousand euros	
	2021	2020
Gross Margin	**128,654**	**128,722**
Reversal of PPA adjustment on inventory delivered	1,562	2,212
Net impairment reversal on not delivered -Note 15	(9,524)	763
Non-recurring expenses	2,250	339
Adjusted Gross Margin	**122,942**	**132,036**

5. Contribution margin

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

Explanation of use: the Parent's Board 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 2021 and 2020:

	Thousand euros	
	2021	2020
Gross Margin	**128,654**	**128,722**
Internal commercial staff expenses - Note 23.4	(1,748)	(2,107)
Other expenses, sales & marketing expenses	(15,421)	(15,448)
Contribution Margin	**111,485**	**111,167**

6. Adjusted contribution margin

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

Explanation of use: the Parent's Board 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 2021 and 2020.

	Thousand euros	
	2021	**2020**
Adjusted Gross Margin	**122,942**	**132,036**
Internal commercial staff expenses	(1,748)	(2,107)
Other expenses - Sales and marketing expenses	(15,421)	(15,448)
Non-recurring expenses	274	-
Adjusted Contribution Margin	**106,047**	**114,481**

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)* + others.

Explanation of use: the Parent's Board considers EBITDA to be a measure of the performance of its activity, since it provides an analysis of the result 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 2021 and 2020.

	Thousand euros	
	2021	**2020**
Contribution Margin	**111,485**	**111,167**
Other income	2,239	2,464
Personnel expenses (excluding internal commercial staff	(15,458)	(18,606)
Other expenses (excluding sales and marketing	(7,717)	(9,064)
Others	-	22
EBITDA	**90,549**	**85,983**

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 Board 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 2021 and 2020.

	Thousand euros	
	2021	**2020**
Adjusted Contribution Margin	**106,047**	**114,481**
Other income	2,239	2,464
Personnel expenses (excluding internal commercial staff	(15,458)	(18,606)
Other expenses (excluding sales and marketing	(7,717)	(9,064)
Non-recurring expenses	-	4,108
Adjusted EBITDA	**85,111**	**93,383**
Associate companies EBITDA (100%)	**1,628**	**576**
Adjusted EBITDA (including Forum 100%)	**86,739**	**93,959**

9. EBIT

Definition: EBITDA - amortisation expense +/- impairment and disposals of fixed assets

Explanation of use: the Parent's Board considers EBIT to be a measure of the performance of its activity, since it provides an analysis of the result 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.

The following table presents our EBIT calculations for the years ended 31 December 2021 and 2020.

	Thousand euros	
	2021	**2020**
EBITDA	**90,549**	**85,983**
Depreciation and amortisation charge	(902)	(402)
EBIT	**89,647**	**85,581**

10. Adjusted EBIT

Definition: Adjusted EBITDA - amortisation expense +/- impairment and disposals of fixed assets

Explanation of use: the Parent's Board considers adjusted EBIT a measure of the performance of its activity, since it provides an analysis of the result 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 2021 and 2020.

	Thousand euros	
	2021	**2020**
Adjusted EBITDA	**85,111**	**93,383**
Depreciation and amortisation charge	(902)	(402)
Adjusted EBIT	**84,209**	**92,981**

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: 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 net profit for the years ended 31 December 2021 and 2020.

	Thousand euros	
	2021	2020
EBIT	**89,647**	**85,581**
Net finance income/(cost)	(20,782)	(21,872)
Share of loss on investments accounted for using the Equity Method	673	(646)
Income tax	(5,927)	(13,406)
Acruals (Non-cash) and others	(1,787)	-
Net Result	**61,824**	**49,657**

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

A. Gross financial debt (Loans)

Definition: bank borrowings (classified into short-term and long-term creditors) + obligations and other marketable securities.

Explanation of use: the Parent's Board considers that the loans (Borrowings) are a measure of the performance of its activity, since they show the 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 loans for the years ended 31 December 2021 and 2020:

	Thousand euros	
	2021	2020
Non-current payables - Bank borrowings - Note 18	293,261	4,029
Current payables - Bank borrowings - Note 18	164,364	378,675
Gross Financial debt (Borrowings)	**457,625**	**382,704**

B. Net financial debt

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

Explanation of use: the Parent's Board 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 net financial debt for the years ended 31 December 2021 and 2020:

	Thousand euros	
	2021	2020
Gross Financial debt (Borrowings)	**457,625**	**382,704**
Non-current payables - Other financial liabilities - Note	-	10
Current payables - Other financial liabilities - Note 18	828	236
Cash and cash equivalents - Note 14.3	(329,098)	(141,181)
Net Financial Debt	**129,355**	**241,769**

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 Board 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 adjusted net financial debt for the years ended 31 December 2021 and 2020:

	Thousand euros	
	2021	2020
Net Financial Debt	**129,355**	**241,769**
Restricted cash - Note 14.3	29,433	38,855
Borrowings of subsidiaries integrated through Equity	315	1,663
Deferred payments for optioned land	25,247	30,000
Available cash of subsidiaries integrated through Equity	(1,111)	(400)
Deferred receivables for land sold - Note 14.2	(3,920)	(4,748)
Cash like items	-	(3,985)
Adjusted Net Financial Debt	**179,320**	**303,154**

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 leverage for the years ended 31 December 2021 and 2020:

	Thousand euros	
	2021	2020
Borrowings	**457,625**	**382,704**
Total assets	1,505,762	1,499,282
Leverage ratio	**30%**	**26%**

E. Loan to Value ("LTV")

Definition: Adjusted net financial debt /market value of the real estate portfolio 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 LTV for the years ended 31 December 2021 and 2020:

	Thousand euros	
	2021	2020
Adjusted Net Financial Debt	**179,320**	**303,154**
Portfolio market value associated to the Company´s	1,513,654	1,770,169
LTV	**12%**	**17%**

F. Loan to Cost ("LTC")

Definition: adjusted net financial debt * / (stock - advances to suppliers)

The following table presents our LTC for the years ended 31 December 2021 and 2020:

	Thousand euros	
	2021	2020 *
Adjusted Net Financial Debt	**179,320**	**303,154**
Inventories – Note 16	1,070,639	1,251,159
Advance to suppliers – Note 16	(645)	(1,209)
LTC	**17%**	**24%**

***** APM FY20, modified for comparative purposes.

G. Net financial debt / EBITDA

Definition: adjusted net financial debt/ adjusted EBITDA

The following table presents our Net financial debt / EBITDA for the years ended 31 December 2021 and 2020.

	Thousand euros	
	2021	2020
Adjusted EBITDA	**85,111**	**93,383**
Adjusted Net Financial Debt	179,320	303,154
NFD / Adjusted EBITDA	**2.11**	**3.25**

H. Interest coverage ratio

Definition: Adjusted EBITDA / Interest expense.

In the table below we present our calculations of Adjusted EBITDA / Interest Expense as at 31 December 2021 and 2020.

	Thousand euros	
	2021	2020
Interest Coverage Ratio		
Adjusted EBITDA	85,111	93,383
Interest Expenses	21,573	22,338
	3.9	**4.2**

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.U. AND SUBSIDIARIES

Signatures sheet

The directors of the Company Vía Célere Desarrollos Inmobiliarios S.A.U., on a meeting held on 23 February 2022 and complying with the requirements established in the 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 Consolidated Management Report of financial year covered between 1 January 2021 and 31 December 2021. The Directors delegate to the non-director secretary, Ms. Aurora Mata, the power to endorse these Consolidated Annual Accounts and Consolidated Management Report for the year 2021, which appear in the attached document that consists of 68 and 14 pages, respectively.

Mr. Álvaro Travesedo Julia

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.U.

Signature sheet

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Mr. Timothy James Mooney

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VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.U. AND SUBSIDIARIES

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Mr. Anthonny Iannazzo

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.U. AND SUBSIDIARIES

Signature sheet

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Mr. Hector Serrat Sanz

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.U. AND SUBSIDIARIES

Signature sheet

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Mr. Jose Ignacio Morales Plaza