

Audit Report of Healthcare Activos Yield Socimi, S.A. and subsidiaries

(Together with the consolidated annual financial statements and consolidated management report of the Healthcare Activos Yield Socimi, S.A. Group and subsidiaries corresponding to the fiscal year ended 31/12/2020)

[Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails]

KPMG Auditores, S.L.
Torre Realia
Plaça d'Europa, 41-43
08908 L'Hospitalet de Llobregat
(Barcelona)

Audit Report of Consolidated Annual Financial Statements **issued by an Independent Auditor**

To the shareholders of Healthcare Activos Yield Socimi, S.A.

Opinion

We have audited the consolidated annual financial statements of Healthcare Activos Yield Socimi, S.A. (the Parent Company) and subsidiaries (the Group), which comprise the consolidated balance sheet as of 31 December 2020, the consolidated profit and loss account, the consolidated statement of changes in equity, the consolidated cash flow statement and the consolidated annual report for the fiscal year ended on that date.

In our opinion, the accompanying consolidated annual financial statements express, in all significant aspects, a fair representation of the consolidated equity and the consolidated financial position of the Group as of 31 December 2020, as well as consolidated results and consolidated cash flows for the period ended on that date, in accordance with the applicable regulatory financial reporting framework (identified in Note 2 of the consolidated annual report) and, in particular, with the accounting principles and criteria contained therein.

Basis of the opinion

We have conducted our audit in accordance with the current regulatory standards for the auditing of accounts activity in Spain. Our responsibilities under those standards are described below in the *Auditor's responsibilities in connection with the audit of the consolidated annual financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those of independence, which are applicable to our audit of the consolidated annual financial statements in Spain as required by the regulatory standards for the auditing of accounts activity. In this sense, we have not provided services other than those of the audit of accounts nor have we encountered situations or circumstances that, in accordance with the provisions of the aforementioned regulatory standards, could have affected the necessary independence such that it may have been compromised.

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

Key Audit Matters

The most relevant aspects of the audit are those that, in our professional judgement, have been considered as the most significant risks of material misstatement in our audit of the consolidated annual financial statements for the current period. These risks have been addressed in the context of our audit of the consolidated annual financial statements as a whole, and in the formation of our opinion on them, and we do not express a separate opinion on those risks.

Valuation of Real Estate Investments (see notes 5 and 8)

The Group maintains a very significant amount of its assets in Real Estate Investments intended to obtain income. The Group submits said Investments to an annual impairment test, and in order to determine their recoverable value relies on appraisals made by independent experts. The valuation process of the Real Estate Investments has been considered a relevant aspect of our audit to the extent that the valuation techniques used often require the exercise of judgement by the managers and the use of assumptions and estimates. Any modification in such assumptions and estimates could have a significant impact on the accompanying consolidated annual financial statements.

Our audit procedures have included, among others, the analysis of any objective evidence that the book value is recoverable and the evaluation of the methodology and hypotheses used in the preparation of the appraisals used in that process, so we have involved our valuation specialists. Additionally, we have assessed whether the information disclosed in the consolidated annual financial statements complies with the requirements of the financial reporting regulatory framework applicable to the Group.

Other information: Consolidated Management Report

The other information exclusively includes the consolidated management report for the fiscal year 2020, whose formulation is the responsibility of the Parent Company' directors and does not form an integral part of the consolidated annual financial statements.

Our audit opinion on the consolidated annual financial statements does not cover the consolidated management report. Our responsibility for the consolidated management report, in accordance with the requirements of the regulatory standards for the auditing of accounts activity, consists of evaluating and reporting on the concordance of the consolidated Management Report with the consolidated annual financial statements, based on the Group's knowledge obtained in the conduct of the audit of the aforementioned accounts and without including information other than that obtained as evidence during it. Likewise, our responsibility consists of evaluating and reporting whether the content and presentation of the consolidated management report are in accordance with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are obliged to report it.

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

Responsibility of the managers in relation to the consolidated annual financial statements

The Parent Company' directors are responsible for preparing the accompanying consolidated annual financial statements, so that they express a fair representation of the consolidated equity, the consolidated financial position and the consolidated results of the Group, in accordance with the regulatory framework for financial reporting applicable to the Group in Spain, and the internal control that they deem necessary to allow the preparation of the consolidated annual financial statements free from material misstatement, whether due to fraud or error.

In the preparation of the consolidated annual financial statements, the Parent Company' directors are responsible for assessing the Group's ability to continue operating as a going concern, revealing any issues related to the company operating as a going concern and using the accounting principle of a going concern, except if the managers intend to liquidate the Group or cease operations, or there is no other realistic alternative.

Responsibilities of the auditor in relation to the audit of the consolidated annual financial statements

Our objectives are to obtain reasonable assurance that the consolidated annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report containing our opinion. Reasonable assurance is a high degree of assurance but does not guarantee that one audit conducted in accordance with the current regulatory standards for the auditing of accounts activity in Spain will always detect a material misstatement when it exists.

Misstatements may be due to fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions that users make based on the consolidated annual financial statements.

As part of an audit in accordance with the current regulatory standards for the auditing of accounts activity in Spain, we apply our professional judgement and maintain an attitude of professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement in the consolidated annual financial statements, whether due to fraud or error, we design and apply audit procedures to respond to such risks and we obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous statements or the avoidance of internal control.
- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate depending on the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.
- We evaluate whether the accounting policies applied are adequate and the reasonableness of the accounting estimates and the corresponding information disclosed by the managers of the Parent Company.

- We conclude on whether the use by the Parent Company's directors of the going concern accounting principle is adequate and, based on the audit evidence obtained, we conclude on whether or not there is any material uncertainty related to events or conditions that may generate significant doubts about the Group's ability to continue as operating as a going concern. If we conclude that there is material uncertainty, our audit report must emphasise the corresponding information disclosed in the consolidated annual financial statements or, if such disclosures are not appropriate, we must express a modified opinion. Our conclusions are based on the audit evidence obtained to date from our audit report. However, future events or conditions may be cause for the Group to cease to be a going concern.
- We evaluate the overall presentation, structure and contents of the consolidated annual financial statements, including the information disclosed, and whether the consolidated annual financial statements represent the underlying transactions and events in a way that manages to express a fair representation.
- We obtain sufficient and adequate evidence in relation to the financial information of the entities or business activities within the group in order to express an opinion on the consolidated annual financial statements. We are responsible for managing, supervising and conducting the audit of the group. We are solely responsible for our audit opinion.

We communicate with the Parent Company's directors regarding, among other issues, the scope and timing of the planned audit and significant audit findings, as well as any significant internal control deficiencies that we may identify during the course of the audit.

Among the significant risks that have been communicated to the directors of Healthcare Activos Yield Socimi, S.A., we determine those that have been of the greatest significance in the audit of the consolidated annual financial statements for the current period and that are, consequently, the risks that are considered most significant.

We describe these risks in our audit report unless the legal or regulatory provisions prohibit publicly disclosing the issue.

KPMG Auditores, S.L.

Registered in the R.O.A.C. (Registro Oficial de Auditores de Cuentas [Official Registry of Auditors])
No. S0702

**Col·legi
de Censors Jurats
de Comptes
de Catalunya**

KPMG

2021 Núm. 20/21/01552

IMPORT COL LEGIAL: 96,00 EUR

[signature]

Alejandro Núñez Pérez

Registered with R.O.A.C. No. 15732

Informé d'auditora de comptes subjecte
a la normativa d'auditoria de comptes
espanyola o internacional

6 March 2021

**HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND
SUBSIDIARY COMPANIES**

Consolidated Annual Financial Statements
and Consolidated Management Report for
the financial year ended

31 December 2020

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARY COMPANIES

Consolidated Balance Sheet

31 December 2020 and 2019

(Expressed in euros)

<i>Assets</i>	<i>Note</i>	<i>2020</i>	<i>2019</i>
Intangible assets	6	361,697	364,644
Goodwill on consolidation		4,011	–
Other intangible assets		357,686	364,644
Property, plant and equipment	7	105,025	68,423
Technical installations and other items		105,025	68,423
Investment property	8	357,646,206	291,766,662
Land		80,388,227	63,016,772
Buildings		277,257,979	228,749,890
Long-term financial investments	10	3,887,739	2,062,712
Other financial assets		2,435,307	1,955,270
Non-current accruals		1,452,432	107,442
Total non-current assets		362,000,667	294,262,441
Trade and other receivables		1,857,945	805,443
Trade receivables	10	226,942	201,144
Other receivables	10	1,600,000	33,054
Current tax assets	10 and 13	43	43
Public entities, other	10 and 13	30,960	571,202
Current accruals	10	497,011	65,136
Cash and cash equivalents		11,761,961	8,962,393
Cash		11,761,961	8,962,393
Total current assets		14,116,917	9,832,972
Total assets		376,117,584	304,095,413

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARY COMPANIES

Consolidated Balance Sheet

31 December 2020

(Expressed in euros)

<i>Equity and Liabilities</i>	<i>Note</i>	<i>2020</i>	<i>2019</i>
Shareholders' equity	12	189,940,483	151,897,880
Capital		118,713,600	114,309,600
Share premium		37,297,635	38,935,970
Other equity holders' contributions		34,518,855	19,661
Reserves in consolidated companies		(1,799,684)	(209,524)
Profit/(Loss) for the period attributable to the Parent Company		3,157,270	(1,157,827)
Interim dividend		(1,947,193)	–
Valuation adjustments	11	(1,669,766)	(342,258)
Other valuation adjustments due to hedging transactions		(1,669,766)	(342,258)
Capital grants	15	241,710	245,738
Equity		188,512,427	151,801,360
Non-current payables		181,257,042	149,213,254
Debt with financial institutions	10	175,973,354	145,883,393
Derivatives	11	1,669,766	342,258
Other financial liabilities	10	3,613,922	2,987,603
Non-current liabilities		181,257,042	149,213,254
Current payables	10	2,051,604	1,517,531
Debts with financial institutions		2,048,107	1,424,509
Other financial liabilities		3,497	93,022
Trade and other payables		4,291,944	1,398,310
Other payables	10	3,629,781	1,152,593
Current tax liabilities	10 and 13	89,521	178,071
Other debts with public entities	10 and 13	572,642	67,646
Current accruals	10	4,567	164,958
Current liabilities		6,348,115	3,080,799
Equity and liabilities		376,117,584	304,095,413

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARY COMPANIES

Consolidated Profit and Loss Statement

31 December 2020

(Expressed in euros)

	<i>Note</i>	<i>2020</i>	<i>2019</i>
Turnover	9 and 14	14,801,512	5,080,748
Services rendered		14,801,512	5,080,748
Other operating income	14	1,143,225	463,390
Non-trading and other operating income		1,143,225	463,390
Personnel expenses	14	(80,599)	–
Wages and salaries		(60,998)	–
Social security costs		(19,601)	–
Other operating expenses	14	(6,260,403)	(3,484,292)
External services		(5,970,137)	(3,355,965)
Taxes		(281,499)	(128,327)
Losses and impairment of trade receivables		(8,767)	–
Amortisation and depreciation	6, 7 and 8	(3,008,597)	(1,940,285)
Allocation of non-financial fixed assets and other subsidies	15	4,029	–
Impairments and gains/(losses) on disposal of fixed assets	8	74,893	7,131
Other gains/(losses)		13,725	1,212
Results from operating activities		6,687,785	127,904
Financial expenses	10	(3,494,606)	(1,299,062)
Change in fair value of financial instruments		-	(759)
Net financial income/(expense)		(3,494,606)	(1,299,821)
Profit/(loss) before income tax		3,193,179	(1,171,917)
Income tax expense	13	(35,909)	14,090
Consolidated profit/(loss) for the period		3,157,270	(1,157,827)
Profit/(loss) attributable to the parent company		3,157,270	(1,157,827)

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARY COMPANIES**Consolidated Statement of Changes in Equity**

31 December 2020

(Expressed in euros)

**A) Consolidated Statement of Recognised Income and Expenses
corresponding to fiscal year 2020**

	<i>2020</i>	<i>2019</i>
Consolidated profit/(loss) for the period	3,157,270	(1,157,827)
Income and expenses recognised directly in equity		
Arising from cash flow hedges	(1,327,508)	(342,258)
Total income and expenses recognised directly in consolidated equity	(1,327,508)	(342,258)
Transfers to the consolidated profit and loss account		
Grants, donations and legacies received	(4,028)	–
Total amount transferred to the consolidated profit and loss account	(4,028)	–
Total consolidated recognised income and expenses	1,825,734	(1,500,085)
Total recognised income and expenses attributable to the parent company	1,825,734	(1,500,085)

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARY COMPANIES

Consolidated Statement of Changes in Equity

31 December 2020

(Expressed in euros)

B) Total Consolidated Statement of Changes in Equity corresponding to fiscal year 2020

	Capital	Share premium	Reserves and prior period's profit and loss	(Own shares and equity units)	Other equity holders' contributions	Profit/(loss) for the period	(Interim dividend)	Valuation adjustments	Grants, donations and legacies received	TOTAL
ADJUSTED BALANCE, BEGINNING OF YEAR 2019	-	-	-	-	-	-	-	-	-	-
Total recognised income and expenses	-	-	-	-	-	(1,157,827)	-	(342,258)	-	(1,500,085)
Transactions with equity holders	114,309,600	39,252,245	(209,524)	-	19,661	-	-	-	245,738	153,617,720
Capital increases	121,089,600	74,689,342	-	-	-	-	-	-	-	195,778,942
(-) Capital reductions	-	-	-	(11,513,045)	-	-	-	-	-	(11,513,045)
(-) Distribution of dividends	-	(30,704,052)	-	-	(20,339)	-	-	-	-	(30,724,391)
Transactions with own shares and equity units	(6,780,000)	(4,733,045)	(213,045)	11,513,045	-	-	-	-	-	(213,045)
Changes in equity resulting from a business combination	-	-	3,521	-	-	-	-	-	245,738	249,259
Other transactions with equity holders or owners	-	-	-	-	40,000	-	-	-	-	40,000
Other changes in equity	-	(316,275)	-	-	-	-	-	-	-	(316,275)
BALANCE, END OF YEAR 2019	114,309,600	38,935,970	(209,524)	-	19,661	(1,157,827)	-	(342,258)	245,738	151,801,360
ADJUSTED BALANCE, BEGINNING OF YEAR 2020	114,309,600	38,935,970	(209,524)	-	19,661	(1,157,827)	-	(342,258)	245,738	151,801,360
Total recognised income and expenses	-	-	-	-	-	3,157,270	-	(1,327,508)	(4,028)	1,825,734
Transactions with equity holders	4,404,000	(1,631,710)	(432,333)	-	34,499,197	-	(1,947,193)	-	-	34,885,333
Capital increases	13,404,000	6,502,153	-	-	(4)	-	-	-	-	19,906,149
(-) Capital reductions	-	-	-	(12,481,794)	-	-	-	-	-	(12,481,794)
(-) Distribution of dividends	-	(5,091,028)	-	-	(802)	-	(1,947,193)	-	-	(7,039,022)
Transactions with own shares and equity units	(9,000,000)	(3,049,460)	(432,333)	12,481,794	-	-	-	-	-	-
Other transactions with equity holders or owners	-	-	-	-	34,500,000	-	-	-	-	34,500,000
Other changes in net equity	-	-	(1,157,827)	-	-	1,157,827	-	-	-	-
BALANCE, END OF YEAR 2020	118,713,600	37,297,635	(1,799,684)	-	34,518,855	3,157,270	(1,947,193)	(1,669,766)	241,710	188,512,427

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARIES

31 December 2020

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARY COMPANIES

Consolidated Cash Flow Statement

31 December 2020

(Expressed in euros)

	Note	2020	2019
Cash flows from operating activities			
Profit/(loss) for the period before tax		3,157,270	(1,171,917)
Adjustments to the result		6,428,310	3,231,763
Amortisation and depreciation	6, 7 and 8	3,008,597	1,940,285
Proceeds from disposals of fixed assets	8	(74,893)	(7,131)
Financial expenses	10	3,494,606	1,299,062
Change in fair value of financial instruments		–	759
Other income and expenses		–	(1,212)
Changes in operating assets and liabilities		(603,682)	1,745,904
Trade and other receivables	10	(1,052,502)	(234,198)
Other current assets	10	(431,875)	(616,381)
Trade and other payables	10	2,329,319	1,246,827
Other current liabilities	10	(160,391)	410,675
Other non-current assets and liabilities	10	(1,288,233)	938,981
Other cash flows from operating activities		(3,739,710)	(1,177,412)
Interest paid	10	(3,739,710)	(1,177,412)
Cash flows from operating activities		5,242,188	2,628,338
Cash flows from investing activities			
Payments related to investments		(68,365,400)	(294,144,383)
Intangible assets from a business combination	6	(4,011)	(368,914)
Property, plant and equipment from a business combination	7	(47,288)	(73,004)
Investment property from a business combination	8	(48,372,442)	(262,490,483)
Investment property	8	(19,941,659)	(31,211,982)
Proceeds from sale of investments		118,500	11,500
Investment property	8	118,500	11,500
Cash flows from investing activities		(68,246,900)	(294,132,883)
Cash flows from financing activities			
Proceeds from and payments for equity instruments		41,930,984	153,301,445
Issuance of equity instruments	12	54,412,778	164,568,752
Acquisition of own shares and equity units	12	(12,481,794)	(11,513,045)
Grants, donations and legacies received	15	–	245,738
Proceeds from and payments for financial liability instruments		30,918,949	147,165,493
<i>Issuance</i>	10	34,850,000	147,671,743
Debt with financial institutions		34,850,000	147,672,502
Other payables		–	(759)
<i>Redemption and repayment</i>	10	(3,931,051)	(506,250)
Debt with financial institutions		(1,365,322)	(506,250)
Other financial liabilities		(2,565,729)	–
Payments for dividends and remunerations from other equity instruments.	12	(7,045,653)	–
Cash flows from financing activities		65,804,280	300,466,938
Net increase/decrease in cash and cash equivalents		2,799,568	8,962,393
Cash and cash equivalents at beginning of the period		8,962,393	–
Cash and cash equivalents at end of year		11,761,961	8,962,393

1. General information and activity of the Group

a) Parent Company

Healthcare Activos Yield Socimi, S.A. (hereinafter the Parent Company) was incorporated on 1 February 2019 under the corporate name of Roldania Investments, S.A. before the notary Fernando Fernández Medina.

On 26 July 2019, the registered office of the Parent Company was modified, initially located at calle Nanclares de Oca, 1ºB, 28022, Madrid, to the current one located at Paseo de la Castellana 45, 6th floor, left door, 28046, Madrid [Spain].

On 1 August 2019, and with the entry of new shareholders in the Parent Company on 31 July 2019, the latter acquired 100% of the equity units of Healthcare Activos Yield, S.L.U. (see note 5).

By deed dated 9 September 2019, and effective as of 1 August 2019, Roldania Investments, S.A. absorbed Healthcare Activos Yield, S.L.U. by merger by absorption, and was renamed Healthcare Activos Yield, S.A. Subsequently, on 18 September 2019, the Company was renamed Healthcare Activos Yield Socimi, S.A. (see note 5).

On 19 September 2019, the Parent Company communicated to the State Agency of the Tax Administration the decision made on 13 September 2019 by the General Meeting of Shareholders, consisting of opting for the application of the special tax regime of the SOCIMIs established in Law 11/2009, of October 26, which regulates Publicly-traded Investment Corporations in the Real Estate Market, with effect for tax periods beginning 1 February 2019 (date of incorporation of the Company).

The Parent Company and its subsidiary companies are part of the first leading platform in Spain for specialised investment in real estate assets at the service of the healthcare sector, including nursing homes, hospitals and clinics. The purpose of the Group is to manage the promotion and execution activities of all types of real estate, urban developments or land management and development, whether for industrial, commercial or housing purposes. This will include the purchase, possession, lease, management, administration, exchange and sale of real estate assets of all kinds.

The corporate purpose of the Parent Company is within the corporate purposes required by the SOCIMI in article 2 of Law 11/2009, of October 26, which regulates the Publicly Held Investment Corporations in the Real Estate Market (SOCIMI). Likewise, the Company holds shares in the following companies:

- Healthcare Activos Financing, S.L.U., incorporated on 18 May 2018, and opted for the application of the special regime established by said Law on 13 September 2019.
- Healthcare Activos Inmobiliarios 13, S.L.U., incorporated on 19 April 2004, and opted for the application of the special regime established by said Law on 13 September 2019.
- Healthcare Activos Yield Growth, S.L.U., incorporated on 29 October 2018, and opted for the application of the special regime established by said Law on 13 September 2019. Said company holds 100% of the equity units of Maquavit Inmuebles S.L.U., acquired during the fiscal year 2020 (see note 5). As of 31 December 2020, the company acquired during this fiscal year has not opted for the application of the special regime.
- Healthcare Activos Inmobiliarios 22, S.L.U., incorporated on 18 November 2019. As of 31 December 2020, it has not opted for the application of the special regime.
- Provitae Centros Asistenciales, S.L., incorporated on 11 October 2001. As of 31 December 2020, it has not opted for the application of the special regime.

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARIES

31 December 2020

These companies owned 100% by the Company, with the exception of Provitae Centros Asistenciales, S.L., whose stake amounts to 50%, have as their main corporate purpose the acquisition of urban real estate for lease, and with the exception of the companies indicated, are subject to the same regime established for the SOCIMI in terms of mandatory statutory policy of distribution of profits.

Likewise, Law 11/2009 establishes the following investment requirements in article 3:

1. The SOCIMI must have invested, at least, 80% of the value of the asset in real estate of an urban nature intended for the lease, in land for the promotion of real estate to be used for that purpose, provided that the promotion is initiated within three years following its acquisition, as well as in shares in the capital or equity of other entities that are also intended for the acquisition and promotion of urban real estate for their lease.

This percentage will be calculated on the consolidated balance in the event that the company is the parent company of a group according to the criteria established in Article 42 of the Commercial Code, regardless of residence and the obligation to formulate consolidated annual financial statements. This group will be made up exclusively of the SOCIMI and the rest of the entities referred to in section 1 of Article 2 of said Law (companies with a main corporate purpose corresponding to the acquisition and promotion of real estate of an urban nature for its lease). This percentage is met as of 31 December 2020 and 2019.

2. Likewise, at least 80% of the income of the tax period corresponding to each fiscal year, excluding those derived from the transfer of the shares and the real estate assets both subject to the fulfilment of their main corporate purpose, once the maintenance period referred to in the following section has elapsed, must come from:
 - (a) the leasing of real estate subject to the fulfilment of its main corporate purpose with persons or entities with respect to which none of the circumstances established in Article 42 of the Commercial Code occurs, regardless of residence, and/or
 - (b) dividends or shares in profits from shares subject to the fulfilment of its main corporate purpose.

This percentage will be calculated on the consolidated result in the event that the company is the parent company of a group according to the criteria established in Article 42 of the Commercial Code, regardless of residence and the obligation to prepare consolidated annual financial statements. Said group shall be made up exclusively of the SOCIMI and the rest of the entities referred to in section 1 of Article 2 of said Law. This percentage is met as of 31 December 2020 and 2019.

3. The real estate that makes up the assets of the company must remain leased for at least three years. For the purposes of the calculation, the time that the properties have been offered under lease will be added, with a maximum of one year.

The term shall be calculated:

- (a) In the case of real estate that appears in the equity of the Company before the time of joining the regime, from the start date of the first tax period in which the special tax regime established in said Law is applied, provided that on that date the property was leased or offered under lease. Otherwise, the provisions of the following letter shall apply.
- (b) In the case of real estate promoted or acquired later by the Company, from the date on which they were leased or offered in lease for the first time.

31 December 2020

The real estate that makes up the assets of the Group at the end of the 2020 fiscal year have contracts linked with an average duration of mandatory compliance of 24 years, so they will remain leased for at least the minimum necessary period.

In the case of shares or equity interests in the capital of entities referred to in section 1 of article 2 of said Law, they must remain in the assets of the Company for at least three years from their acquisition or, where appropriate, from the beginning of the first tax period in which the special tax regime established in said Law is applied. In addition, Law 11/2009 establishes the following requirements in Articles 4 and 5:

1. The shares of the SOCIMI must be registered and be admitted for negotiation in a regulated market or in a multilateral Spanish trading system or in that of any other Member State of the European Union or the European Economic Area, or in a regulated market of any country or territory with which there is effective exchange of tax information, uninterrupted throughout the tax period. On 1 October 2020, the Company's shares were admitted for trading in the "Euronext Access" stock exchange, a regulated European market, thus complying with said requirement. In the fiscal year 2019, this requirement remained pending compliance, being nevertheless within the term provided for compliance.
2. The SOCIMI will have a minimum share capital of 5 million euros, an amount that has been exceeded by the Company, thus complying with this requirement.

Non-monetary contributions for the constitution or increase of capital made in real estate must be subject to a tax at the time of their contribution in accordance with the provisions of article 38 of the Consolidated Text of the Capital Companies Act, and for that purpose, the independent expert appointed by the Commercial Registrar must be one of the appraisal companies provided for in the mortgage market legislation. Likewise, an appraisal will be required by one of the appraisal companies indicated for non-monetary contributions made in real estate for the constitution or capital increase of the entities indicated in paragraph c) of Article 2.1 of said Law.

There may only be one class of shares, being fulfilled in the case of the Company, as shown in note 12. When the Company has opted for the special tax regime established in said Law, it must include in the company's name the indication "Sociedad Cotizada de Inversión en el Mercado Inmobiliario, Sociedad Anónima", or its abbreviation, "SOCIMI, S.A.". This requirement is met by the Company.

3. In addition, as described in Article 6 of Law 11/2009, of 26 October, which regulates Publicly-traded Investment Corporations in the Real Estate Market, the SOCIMI and entities residing in the Spanish territory in which they participate that have opted for the application of the special tax regime established by said Law, are required to distribute dividends to their shareholders, once the corresponding commercial obligations have been fulfilled, the profit obtained in the fiscal year, its distribution must be agreed upon within six months following the conclusion of each fiscal year, in the following form:
 - 100% of the profits from dividends or interests in profits distributed by the entities subject to said regime.
 - 50% of the profits arising from the transfer of real estate and shares or equity units, made after the deadlines established in the investment requirements have elapsed, with the rest of said profits being reinvested within the three years following said transfer, and failing that, must be distributed in full.
 - At least 80% of the rest of the profits obtained.

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARIES

31 December 2020

As stated in Note 7, the Parent Company has proceeded to distribute an interim dividend of the results of the fiscal year 2020, during this fiscal year, the remaining profits obtained during the fiscal year will be distributed during the first half of the fiscal year 2021.

The Parent Company obtained losses during the fiscal year 2019, so during the fiscal year 2020 it has not distributed ordinary dividends on account of the results of the fiscal year 2019.

As established in the First Transitory Provision of Law 11/2009, of 26 October, which regulates Publicly-traded Investment Corporations in the Real Estate Market, may opt to apply the special tax regime in the terms established in article 8 of said Law, even when the requirements therein are not met, provided that such requirements are met within two years following the date of the option to apply said regime.

In this regard, as of 31 December 2020 of the requirements established by Law 11/2009, of 26 October, which regulates the Publicly-traded Investment Corporations in the Market, the Company complies with all the conditions mentioned therein. As of 31 December 2019, the Company did not meet the condition of being listed on a regulated market or on a multilateral trading system, a breach that has been corrected during the fiscal year 2020.

The Parent Company is the head of a group of subsidiary entities and, in accordance with current legislation, is required to separately prepare consolidated annual financial statements.

b) Subsidiaries

Subsidiaries are considered to be those over which the Company, directly or indirectly, through dependents, exercises control, as provided for in Article 42 of the Commercial Code. Control is defined as the power to govern the financial and operating policies in order to obtain profits from their activities, considering for these purposes the potential voting rights that can be exercised or converted at the end of the financial year held by the Group or third parties.

As of 31 December 2020, the companies that are part of the Healthcare Activos Yield Socimi, S.A. Group and its subsidiaries (hereinafter the Group) are the following:

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARIES

31 December 2020

Name	Type	Address	Activity	Holding amount	% of equity holding	% of voting rights	Consolidation Method
Healthcare Activos Yield Socimi, S.A.	Parent Company	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate sales and holding of shares	-	-	-	-
Healthcare Activos Financing, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	144,544,726	100%	100%	Global Integration
Healthcare Activos 13, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	33,107,036	100%	100%	Global Integration
Healthcare Activos Yield Growth, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	27,898,562	100%	100%	Global Integration
Maquavit Inmuebles, S.L.	Subsidiary (indirect)	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Acquisition, sale, possession, promotion, rehabilitation, lease and exploitation of real estate	50,945,000	100%	100%	Global Integration
Healthcare Activos Inmobiliarios 22, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	6,000	100%	100%	Global Integration
Provitae Centros Asistenciales, S.L.	Subsidiary	Paseo de la castellana, 83-85, planta 4ª, 28046, Madrid	Activities for the promotion and execution of real estate developments	2,031,166	50%	50%	Proportional Integration

Healthcare Activos Yield Socimi, S.A. is the Parent Company of the Group, with a direct equity holding of 100% in the subsidiary companies, except in Provitae Centros Asistenciales, S.L., whose equity holding is 50%. Maquavit Inmuebles, S.L., is 100% owned by the Subsidiary Healthcare Activos Yield Growth, S.L.U.

The Group's subsidiaries are listed in Annex I of these consolidated annual financial statements.

The financial year of all the companies of the Group coincides with the calendar year, beginning on 1 January and ending on 31 December. However, as outlined in note 5, the Parent Company and its subsidiary companies have made the following acquisitions during this fiscal year, integrating into the consolidated income statement only the income and expenses produced from the date of takeover:

- The company Healthcare Activos Yield Growth, S.L.U. acquired the company Maquavit Inmuebles, S.L. on 27 October 2020. On that same date, the acquired company held 50% of the shares of the company Provitae Centros Asistenciales, S.L., which is therefore the date of takeover of both subsidiaries.
- The Parent Company acquires the company Provitae Centros Asistenciales, S.L., from the Subsidiary Maquavit Inmuebles, S.L. on 18 December 2020.
- The Parent Company acquired the company Healthcare Activos Inmobiliarios 22, S.L.U., on 23 December 2020, this being the date of takeover of the Subsidiary.

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARIES

31 December 2020

As at 31 December 2019, the companies forming part of the Healthcare Activos Yield Socimi, S.A. Group and its subsidiaries were as follows:

Name	Type	Address	Activity	% of equity holding	Holding amount	% of equity holding	% of voting rights	Consolidation Method
Healthcare Activos Yield Socimi, S.A.	Parent Company	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate sales and holding of shares	N/A	-	-	-	-
Healthcare Activos Financing, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	100%	148,294,726	100 %	100%	Global Integration
Healthcare Activos 13, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	100%	33,107,036	100 %	100%	Global Integration
Healthcare Activos Yield Growth, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	100%	3,000	100 %	100%	Global Integration

2. Basis for presentation of annual financial statements

a) Fair representation

The accompanying consolidated annual financial statements are presented in accordance with the provisions of the Commercial Code and the remaining commercial legislation, the General Accounting Plan approved by Royal Decree 1514/2007, of 16 November 2007 and by the Rules for the Formulation of the Consolidated Annual Financial Statements approved by Royal Decree 1159/2010, of 17 September and the rest of the Spanish accounting regulations that are applicable in such a way that they show a fair representation of the equity, the financial situation, the results of its transactions, the changes in equity and the cash flows of the Group corresponding to the fiscal years ended 31 December 2020 and 2019 (annual fiscal year of 11 months).

The accompanying consolidated annual financial statements for the fiscal year 2020 have been prepared from the individual accounting records of each of the companies that make up the Group and have been prepared by the Management of the Parent Company.

The consolidated annual financial statements for the 2020 financial year of the Parent Company and its subsidiary companies are pending approval by the Board of Shareholders/Joint Directors, although the management of the Parent Company considers that these statements will be approved without any modification.

b) Non-mandatory accounting principles applied

No non-mandatory accounting principles have been applied. In addition, the Parent Company's directors have formulated these consolidated annual financial statements taking into account all the accounting principles and standards of mandatory application that have a significant effect on said consolidated annual financial statements. There is no accounting principle that, being significant, has ceased to be applied.

31 December 2020

c) Critical aspects of the assessment and estimation of uncertainty

The preparation of the consolidated annual financial statements requires the application of relevant accounting estimates and the performance of judgments, estimates and hypotheses in the process of applying the Group's accounting policies. In this sense, the aspects that have implied a greater degree of judgement, complexity or in which the hypotheses and estimates are significant for the preparation of the annual financial statements refer to the estimation of the following sections:

- Impairment of intangible assets, tangible assets and real estate investments (Notes 6, 7 and 8)
- Impairment of customer insolvencies (Notes 10)

Likewise, despite the fact that the estimates made by the Managers of the Parent Company have been calculated based on the best information available as of 31 December 2020, it is possible that events that may occur in the future may force their modification in the next fiscal years. The effect on consolidated annual financial statements from the modifications that, where appropriate, derive from the adjustments to be made during the next years would be recorded prospectively.

d) Comparative information

The consolidated annual financial statements are presented for comparative purposes with each of the items of the consolidated balance sheet, the consolidated profit and loss account, the consolidated statement of changes in equity, the consolidated statement of cash flows and the consolidated annual report, in addition to the figures for fiscal year 2020, those corresponding to the previous fiscal year, which were part of the consolidated annual financial statements of the fiscal year 2019 approved by the General Meeting of Shareholders on 15 July 2020.

However, as outlined in note 1, the Parent Company was incorporated on 1 February 2019, so its fiscal year corresponding to the fiscal year 2019 corresponded to the period between 1 February 2019 and 31 December 2019.

e) Aggregation of items

The consolidated annual financial statements do not show any item that has been grouped in the consolidated balance sheet, the consolidated profit and loss account, the consolidated statement of changes in equity or the consolidated statement of cash flows.

f) Functional currency and reporting currency

The consolidated annual financial statements are presented in euros, which is the functional and presentation currency of the Group.

g) Criteria changes and correction of errors

There are no changes in criteria or corrections of errors.

31 December 2020

3. Application of results of the Parent Company

The Parent Company's proposed distribution of profit or application of losses for the 2020 period, included in the individual annual financial statements that will be submitted for approval by the General Meeting of Shareholders, is as follows:

	Basis of application	Application
<u>Basis of distribution:</u>		
Profit/(loss) for the fiscal year 2020	3,870,668	
<u>Application to:</u>		
Legal reserve		387,067
Distribution of dividends		3,483,601
TOTAL	3,870,668	3,870,668

On 10 December 2020, the Board of Directors of the Parent Company agreed to distribute to the shareholders of the Company a dividend on account of the results of the fiscal year 2020, for the amount of 1,947,193 euros.

The application of the profit or loss of the fiscal year 2019 of the Parent Company, approved by the General Meeting of Shareholders, was as follows:

	Basis of application	Application
<u>Basis of distribution:</u>		
Profit/(loss) for the fiscal year 2019	(1,393,156)	
<u>Application to:</u>		
Prior periods' losses		(1,393,156)
Total	(1,393,156)	(1,393,156)

4. Registration and valuation standards

The valuation standards used by the Group in the preparation of its consolidated annual financial statements for the year ended 31 December 2020, in accordance with those established by the General Accounting Plan, are the following:

a) Consolidation criteria applied

The consolidation has been carried out by applying the global integration method to subsidiary companies, given that the Group exercises or may exercise, directly or indirectly, its control, understood as the power to direct financial and operating policies of a company to obtain financial profits from its activities. This circumstance is generally manifested, although not only, by the direct or indirect ownership of 50% or more of the voting rights of its subsidiaries.

The subsidiaries have been consolidated by applying the global integration method. However, the subsidiary company Provitae Centros Asistenciales, S.L. was consolidated by applying the proportional integration method, as it is a 50% subsidiary company, indirectly, by the Parent Company, over which there is no control.

The income, expenses and cash flows of the subsidiaries are included in the consolidated annual financial statements since their acquisition date, which is that in which the Group effectively obtains control of them. The subsidiaries are excluded from consolidation from the date on which control is lost.

The transactions and balances maintained with subsidiaries and the unrealised profits or losses have been eliminated in the consolidation process. However, unrealised losses have been considered a value impairment indicator for the assets transferred.

The accounting policies of subsidiary companies have been adapted to the Group's accounting policies, for transactions and other events that, being similar, have occurred in similar circumstances.

The annual financial statements or financial statements of the subsidiaries used in the consolidation process refer to the same presentation date and same period as those of the Group.

b) Homogenisation

Temporary homogenisation

The accompanying consolidated annual financial statements have been established on the same date and period as the annual financial statements of the company obliged to consolidate. All group companies close their fiscal year on the same date as the consolidated annual financial statements.

When a company enters or leaves the group, the individual profit and loss account, statement of changes in equity and statement of cash flows of the aforementioned company to be included in the consolidation will refer only to the part of the fiscal year in which said company has become part of the group (see Note 5).

Evaluative homogenisation

The elements of the asset and liability, income and expenses and other items of the annual financial statements of the companies of the group, are valued following uniform methods and in accordance with the valuation principles and standards established in the Spanish Code of Commercial, consolidated text of the Capital Companies Act and Spanish General Accounting Plan and other specifically applicable legislation.

If any element of the asset or liability or any income or expense, or any other item of the annual financial statements has been assessed according to non-uniform criteria with respect to those applied in the consolidation, such element is valued again and for the sole purposes of the consolidation, according to such criteria, making the necessary adjustments, unless the result of the new valuation offers a non-relevant interest for the purposes of achieving a fair representation of the group.

Homogenisation by internal operations

When the annual financial statements of the companies of the group show that the amounts of the items derived from internal transactions do not coincide, or there is an item pending recording, the appropriate adjustments are made to carry out the corresponding deletions.

Homogenisation for aggregation

The necessary reclassifications are carried out in the structure of the annual financial statements of a group company so that it coincides with that of the consolidated annual financial statements.

c) Inter-company transactions included in the scope of consolidation

Elimination of intra-group items

The intra-group items are fully removed from the consolidated annual financial statements, once the adjustments that are made according to the homogenisation have been made. Intra-group items are understood to be credits and debts, income and expenses and cash flows between companies of the Group.

Elimination of results from internal transactions

Internal transactions are understood to be those carried out between two companies of the group from the moment in which both companies became part of the same. The results are understood to be both those included in the profit and loss account and the income and expenses directly allocated to the shareholders' equity, in accordance with the provisions of the Spanish General Accounting Plan.

The totality of the result produced by internal transactions is eliminated and deferred until it is performed against third parties outside the group. The results that are deferred are both those of the fiscal year and those of previous fiscal years produced from the acquisition date.

However, losses arising from internal transactions may indicate the existence of an impairment in value that would require, if applicable, recognition in the consolidated annual financial statements. Similarly, the profit produced from internal transactions may indicate the existence of a recovery in the value impairment of the transaction asset that had been previously recorded. Where appropriate, both items are presented in the consolidated annual financial statements according to their nature.

All of the above applies in cases where a third party acts in its own name and on behalf of a group company.

The allocation of results in the consolidated profit and loss account or, where appropriate, in the consolidated statement of recognised income and expenses will appear, when they are results made to third parties, as a lower or higher amount in the applicable items.

If any asset item is subject, for the purposes of preparing the consolidated annual financial statements, to a value adjustment, amortisation, impairment losses and results from disposal or write-off in the balance sheet, they are calculated, in the consolidated annual financial statements, on the basis of their adjusted value.

The elimination of results from internal transactions carried out in the fiscal year affects the figure of consolidated results, or the total amount of income and expenses directly allocated to shareholders' equity, while the elimination of results from internal transactions in previous years modifies the amount of equity, affecting the reserves, to adjustments for changes in value or to subsidies, donations and legacies received, that are pending allocation to the profit and loss account.

d) Business combinations

The acquisition by the Parent Company of the control of a subsidiary company constitutes a business combination to which the acquisition method applies. In subsequent consolidations, the elimination of the net investment-equity of subsidiary companies will be carried out on a general basis based on the values resulting from applying the acquisition method described below on the date of control.

Business combinations are accounted for by applying the acquisition method, for which the acquisition date is determined and the cost of the combination is calculated, recording the identifiable assets acquired and the liabilities assumed at their fair value as of that date.

The goodwill or the negative difference of the combination is determined by the difference between the fair values of the assets acquired and liabilities assumed recorded and the cost of the combination, all in reference to the date of acquisition.

The cost of the combination is determined by the addition of:

- The fair values at the date of acquisition of the assets assigned, the liabilities incurred or assumed and the equity instruments issued.
- The fair value of any contingent consideration that depends on future events or compliance with predetermined conditions.

If the business combination is performed in stages, so that prior to the acquisition date (date of takeover), there was a previous investment, the goodwill or negative difference is obtained by the difference between:

31 December 2020

- The cost of the business combination, plus the fair value on the date of acquisition of any previous stake of the acquiring company in the acquiring company and,
- The value of identifiable assets acquired less liabilities assumed, determining as indicated above.

Any profit or loss arising as a result of the fair value valuation on the date on which control of the previous stake in the acquired party is obtained, will be recognised in the profit and loss account. If the investment in this investee company has previously been valued at its fair value, the valuation adjustments pending being allocated to the result of the fiscal year will be transferred to the profit and loss account. On the other hand, it is presumed that the cost of the business combination is the best reference for estimating the fair value on the acquisition date of any previous stake.

If on the closing date of the fiscal year in which the combination occurs, the valuation processes necessary to apply the acquisition method described above cannot be concluded, this accounting is considered provisional, and it is possible to adjust said provisional values in the period necessary to obtain the required information, which in no case will be less than one year. The effects of the adjustments made in this period are posted retroactively by modifying the comparative information if necessary.

e) Intangible assets

Intangible fixed assets are initially recognised at their acquisition price and are subsequently valued at cost, minus the corresponding accumulated amortisation (calculated on the basis of their useful life) and any impairment losses incurred. The annual endowments for amortisation are calculated based on the useful life, which, in the case of the intangible assets of the Group, is calculated based on the duration of 75 years of the concession for private use to which they are related.

The Group recognises for accounting purposes any loss that may have occurred in the recorded value of these assets originating in their impairment, using as a counterpart the heading Net losses due to impairment of the profit and loss account. The criteria for recognition of impairment losses of these assets and, where appropriate, recoveries of impairment losses recorded in prior years are similar to those applied to tangible assets. In this period, no "Net impairment losses" arising from those intangible assets have been recognised.

f) Property, plant and equipment

The assets included in the tangible fixed assets are accounted for at their acquisition price that includes all the expenses necessary to put them in operating condition, or at their production cost, minus the accumulated amortisation and, where appropriate, the accumulated amount of the recognised impairment valuation corrections.

The indirect taxes levied on the items of tangible fixed assets are only included in the acquisition price or production cost when they are not directly recoverable from the Public Treasury.

The annual endowments for amortisation of the tangible assets are made with a counterpart in the profit and loss account and basically are equivalent to the amortisation percentages determined based on the years of estimated useful life, with an average of 10 years.

g) Investment property

The Group classifies under this heading the properties, including those in progress or development, intended in whole or in part to obtain income, capital gains or both, instead of for use in the production or supply of goods or services, or for administrative purposes of the Group or its sale in the ordinary course of operations.

The Group recognises and values real estate investments following the criteria established for tangible fixed assets.

The Group reclassifies tangible fixed assets under real estate investment when it ceases to use the property in the production or supply of goods or services or for administrative purposes and is intended to obtain income or capital gains or both.

31 December 2020

Amortisation is calculated by applying the linear method, on the acquisition cost of the assets minus their residual value; it being understood that the land on which the buildings and other constructions are located has an indefinite useful life and, therefore, is not subject to amortisation.

The annual endowments for amortisation of real estate assets are made with a counterpart in the profit and loss account and basically, they are equivalent to the amortisation percentages determined based on the years of estimated useful life, on average, of the different elements, according to the following breakdown:

Buildings	98-52 years
-----------	-------------

The Group applies individualised amortisation percentages to each real estate asset based on the year of construction and the years of useful life defined after the acquisition or completion of each asset, whose average of the current asset portfolio is 84 years of estimated useful life.

The Group reviews the residual value, useful life and amortisation method of the tangible fixed assets at the close of each fiscal year. The modifications in the initially established criteria are recognised as a change of estimation. In this regard, during the 2020 fiscal year, based on the current observation of the status of real estate investments and their technical situation, the Directors have reviewed and re-estimated their useful life based on a report made by an independent expert. This estimate has been made with prospective effects as of 1 January 2020 and has represented an approximate decrease in amortisation expense of 2,170,000 euros, compared to the previous fiscal year.

h) Impairment of non-current assets

The Group evaluates and determines impairment valuation corrections and reversals of impairment losses of intangible fixed assets, and real estate investments in accordance with the following procedure described and that could show the potential impairment of the value of the assets subject to amortisation or depreciation, in order to determine whether the book value of the aforementioned assets exceeds their recoverable value, understood as the highest between fair value, lower sales costs and their value in use.

Impairment losses are recognised in the consolidated profit and loss account.

The recoverable value is calculated for an individual asset, unless the asset does not generate cash inflows that are, to a large extent, independent of those corresponding to other assets or groups of assets.

The process of assessing the impairment of fixed assets is carried out by means of an "Impairment test". The procedure is as follows:

- The recoverable values are calculated for each cash generating unit, although the elements of the tangible fixed assets are usually calculated element by element. With respect to the elements of real estate investments, the Group has appraisals made by independent third parties that, through valuation procedures, have proceeded to calculate the fair value of the real estate of the Group.
- The management prepares the business plan annually for each cash generating unit.

In the event that a loss due to impairment of a cash generating unit to which all or part of a goodwill has been assigned must be recognised, the book value of the goodwill corresponding to said unit is first reduced. If the impairment exceeds the amount of the latter, in the second place, it is reduced in proportion to its book value, that of the rest of the assets of the cash generating unit, up to the limit of the highest value among the following: its fair value minus the sales costs, its value in use and zero.

When an impairment loss is subsequently reversed (a circumstance not permitted in the case of goodwill), the book value of the asset or cash generating unit increases in the revised estimation of its recoverable amount, but in such a way that the increased book value does not exceed the book value that would have been determined had no impairment loss been recognised in previous years. Said reversal of an impairment loss is recognised as income.

There is a loss due to impairment of the value of an item of fixed assets when its book value exceeds its recoverable amount, understood as the highest amount between its fair value minus sales costs and its value in use.

The calculations of the impairment of the fixed assets elements are performed individually.

i) Leases

Joint leases of land and buildings are classified as operating or financial with the same criteria as leases of another type of asset.

Income from operating leases, net of incentives granted, is recognised as income on a linear basis throughout the lease term.

Within the ordinary activity of its subsidiary companies, the Group records the lease of the properties that appear in real estate investments as its ordinary activity.

When the land has an indefinite economic life, in a joint financial lease, the components of land and building are considered separately, classifying the land as an operating lease, unless the lessee is expected to acquire the property at the end of the lease period.

The minimum payments for the lease are distributed between the land and the building in proportion to the relative fair values represented by the lease rights of both components, unless such distribution is not reliable, in which case the entire lease will be classified as financial, unless it is evidently operational.

j) Financial instruments: Assets

Initial recognition

Financial assets are recognised in the balance sheet when their acquisition is carried out and are initially recorded at fair value, including operating costs in general.

The financial assets held by the Group are classified as follows:

Financial assets held for trading

Assets whose acquisition originates with the purpose of selling them in the short term. It is initially valued at fair value and subsequently at its amortised cost.

Loans and receivables

These correspond to credits (commercial or non-commercial) originated by the Group in exchange for supplying cash, goods or services directly and whose collections are of a determined or determinable amount and that are not traded in an active market. They are subsequently valued at their amortised cost by recognising the interest accrued based on their effective interest rate in the income statement.

The Group applies impairment criteria to those customers covered by an insurance entity, to the extent that the customer debts exceed 180 days from the expiration date for the amount of the uninsured part, and to those customers not insured when they exceed 180 days from the expiration date.

Cash and cash equivalents

Under this heading of the attached balance sheet, cash is recorded in cash and banks, sight deposits and other highly liquid short-term investments that are quickly cash-realizable and have no risk of changes in value.

Investments held until maturity

Investments held until maturity are securities representing debt with a fixed maturity date, fixed or determinable collections, which are traded in an active market and which the Group has the effective intention and ability to hold until maturity, other than those classified in other categories. The valuation criteria applicable to financial instruments classified in this category are those applicable to loans and receivables.

Disposal of financial assets

The Group derecognises a financial asset, or part thereof, when the contractual rights to the cash flows of the financial asset expire or are assigned, it being necessary to substantially transfer the risks and benefits inherent in its ownership.

The disposal of a financial asset in its entirety implies the recognition of results for the difference between its book value and the sum of the consideration received, net of transaction expenses, including the assets obtained or liabilities assumed and any deferred profit or loss on consolidated recognised income and expenses in the consolidated shareholders' equity.

Impairment of the value of financial assets

A financial asset or group of financial assets is impaired and an impairment loss has occurred, if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event or events causing the loss to have an impact on the estimated future cash flows of the financial asset or group of assets, which can be reliably estimated.

The Group follows the criteria of recording the timely valuation corrections for impairment of loans and receivables and debt instruments, when there has been a reduction or delay in estimated future cash flows, caused by the debtor's insolvency.

Likewise, in the case of equity instruments, there is an impairment in value when there is a lack of recoverability of the book value of the asset due to a prolonged or significant decrease in its fair value.

k) Financial instruments: Liabilities

Financial liabilities, including trade creditors and other accounts payable, that are not classified as held for trading or as financial liabilities at fair value with changes in the profit and loss account, are initially recognised at their fair value, minus, where appropriate, transaction costs that are directly attributable to the issuance thereof. After initial recognition, liabilities classified under this category are valued at amortised cost using the effective interest rate method.

The financial liabilities, for valuation purposes, are classified into the following categories:

- **Debits and items payable:** The debits for commercial transactions, which have originated in the purchase of goods and services for traffic transactions, and the debits for non-commercial transactions, which, not being derivative instruments, have no commercial origin, have been included. These financial liabilities have been initially valued at their fair value, and subsequently, at their amortised cost.
- **Financial liabilities held for trading:** Includes liabilities issued mainly for the purpose of repurchase in the short term, liabilities that are part of a portfolio of financial instruments identified and managed jointly, when there is evidence of recent actions to obtain short-term profits, and finally derivative financial instruments that are not contracted as financial guarantees, nor have been designated as hedging instruments. These liabilities have been valued at their fair value both initially and subsequently with allocation to the profit and loss account.
- **Bank loans and overdrafts that accrue interest** are recorded for the amount received, net of direct issuance costs. Financial expenses, including premiums payable in settlement or reimbursement and direct issuance costs, are accounted for at the accrual criteria in the profit and loss account using the

effective interest method and are added to the instrument's book value to the extent that they are not settled in the period in which they occur.

Disposal and modification of financial liabilities

The Group derecognises a financial liability or a portion thereof when it has complied with the obligation contained in the liability or is legally exempted from the main liability contained in the liability either by virtue of a judicial process or by the creditor.

The difference between the book value of the financial liability or the part thereof that has been derecognised and the consideration paid – including attributable transaction costs and in which any asset assigned other than the cash or liability assumed will also be recorded – is recognised in the profit and loss account for the year in which it took place.

l) Accounting for hedging transactions

Derivative financial instruments, which meet the criteria of hedge accounting, are initially recognised at their fair value, plus, where appropriate, the transaction costs that are directly attributable to their contracting or less, where appropriate, the transaction costs that are directly attributable to the issuance thereof. However, transaction costs are subsequently recognised in income, to the extent that they are not part of the effective variation of the hedge.

At the beginning of the hedge, the Group formally designates and documents the hedging relationships, as well as the objective and strategy it assumes with respect to them. Posting of hedge transactions, is only applicable when it is expected that the hedge will be highly effective at the beginning of the hedge and in subsequent fiscal years in order to offset changes in fair value or in cash flows attributable to the hedged risk, during the period for which it was designated (prospective analysis) and the actual efficacy, is in a range of 80-125% (retrospective analysis) and can be reliably determined.

Likewise, in the hedges of the cash flows of the expected transactions, the Group evaluates whether said transactions are highly probable and whether they present an exposure to the variations in the cash flows that could ultimately affect the profit or loss of the fiscal year.

m) Own equity instruments

The Company's capital increases are recognised in consolidated own funds, provided that the registration in the Commercial Registry has occurred prior to the formulation of the consolidated annual financial statements; otherwise they are presented in the short-term debts heading of the consolidated balance sheet. Capital reductions are recognised as a reduction of consolidated equity when the decision has been made at the General Meeting of Shareholders.

n) Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank deposits on demand at credit entities. Other highly liquid short-term investments are also included under this concept, provided they are easily convertible into certain cash amounts and are subject to a negligible risk of changes in value. For that purpose, investments maturing in less than three months from the date of acquisition are included. For the purposes of the statement of cash flows, bank overdrafts payable on demand and forming part of the Group's cash management are included as cash and cash equivalents. Bank overdrafts are recognised in the consolidated balance sheet as financial liabilities for debts with credit entities

o) Corporate income tax

The expense or income for the tax on profits includes both current tax and deferred tax.

The Group does not pay tax under a consolidated tax regime, by doing so individually for each of the companies.

The differences existing between the accounting result and the tax result have been considered, this being understood as the tax base of the Corporate Tax. These differences are due to the unequal definition of income and expenses in the economic and tax spheres and to the different time criteria for income and expenses in the aforementioned spheres.

The differences are classified into:

- Permanent differences, produced between the tax base of said tax and the accounting result before taxes for the fiscal year, which do not reverse in subsequent periods, excluding the offset losses.
- Temporary differences are those derived from the different valuation – accounting and fiscal – attributed to the assets, liabilities and certain instruments of own equity of the company, to the extent that they have an impact on the future tax burden.

As described in Note 1, the company is under the SOCIMI (Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario [Public Limited Companies with Investment in the Real Estate Market]) regime regulated by Law 11/2009, of 26 October, regulating Public Limited Companies with Investment in the Real Estate Market. In this regard, in compliance with certain requirements established by said Law, the company pays a rate of 0% on Corporate Tax. Article 10 of that Law also regulates the special tax regime of partners, and particularly dividends distributed from profits or reserves on which the special tax regime established in that Law has been applied, as well as income arising from the transfer or reimbursement of capital stock of the companies opting to apply that regime.

The Board of Directors of the Company monitors compliance with the requirements established in said Law, with the objective of maintaining the tax advantages of the same, estimating that said requirements will be fulfilled in the terms and deadlines set, and recognising the corporate tax for the fiscal year in that sense.

Deferred tax assets

According to the principle of prudence, deferred tax assets will only be recognised to the extent that it is probable that the Group will have future tax profits that allow the application of these assets. Whenever the above condition is met, a deferred tax asset will be recognised in the following cases:

- a) For deductible temporary differences;
- b) For the right to offset tax losses in subsequent periods;
- c) For deductions and other unused tax advantages not yet applied for tax purposes.

The companies of the Group, in accordance with current accounting regulations, proceed to activate the tax losses estimating that they will be able to recover all those accounted for according to future financial projections that support such activation.

Deferred tax liabilities

A deferred tax liability is recognised for all taxable temporary differences, unless they arise from:

- a) The initial recognition of a goodwill. However, deferred tax liabilities related to a goodwill will be recorded provided they have not arisen from their initial recognition.

31 December 2020

- b) The initial recognition of an asset or liability in a transaction that is not a business combination and also did not affect the book result or the tax base.

Current tax assets and liabilities

The current tax is the amount that the company satisfies as a result of the tax settlements of the tax or taxes on the profit relating to a fiscal year.

The deductions and other tax advantages in the tax quota, excluding withholdings and payments on account, as well as the tax losses to be offset from previous fiscal years and effectively applied therein, will result in a lower amount of current tax. However, those deductions and other tax advantages in the tax quota that have an economic nature similar to subsidies are recorded in accordance with the provisions of the standard relating to subsidies, donations and legacies received.

In the Group there are current tax liabilities for the amount of 173,451 euros for the corporate tax debt of the subsidiaries for this fiscal year (178,071 euros in fiscal year 2019).

Valuation of current and deferred tax assets and liabilities

Current tax assets and liabilities are valued at the amounts expected to be paid or recovered by the tax authorities, in accordance with current regulations.

Deferred tax assets and liabilities shall be valued according to the types of tax expected at the time of their reversal, according to current regulations, and according to the manner in which the asset or liability is reasonably expected to be recovered or paid.

p) Income and expenses

The income and expenses are allocated based on the accrual criterion regardless of the moment in which the monetary or financial current derived from them occurs.

However, the Group only records the profits realised at the year-end closing, while foreseeable risks and losses, even if they are eventual, are accounted for as soon as they are known.

Income from the sale of goods or services is recognised at the fair value of the compensation received or to be received as a result thereof. Cash discounts, by volume or other types of discounts, as well as interest incorporated into the nominal value of the credits, are recorded as a reduction thereof.

q) Provisions and contingencies

Provisions

The liabilities covering obligations present at the date of the balance sheets arising as a result of past events from which financial damages may arise from probable materialisation for the Group are recognised as provisions, the amount and time of cancellation of which are undetermined.

No amount referring to this item appears in the Balance Sheet.

Contingent liabilities

Possible obligations arising as a result of past events, the materialisation of which is conditioned on the occurrence, or not, of one or more future events independent of the will of the Group.

The contingent liabilities are not recognised in the annual financial statements, but rather they report on them, in accordance with the requirements of the accounting regulations.

As of the balance sheet date, there are no significant contingencies as a result of past events that may result in financial losses for the Group that are not provisioned.

r) Grants, donations and legacies

Non-refundable subsidies, donations and legacies have been initially accounted for as income directly allocated to shareholders' equity and are recognised in the profit and loss account as income on a systematic and rational basis correlated with the expenses derived from the subsidy, donation or legacy.

Subsidies, donations and legacies of a monetary nature are valued at the fair value of the amount granted, and those of a non-monetary or in-kind nature are valued at the fair value of the asset received, both values being referenced at the time of recognition.

For purposes of attributing the profit and loss account, the following types of grants, donations and legacies have been distinguished:

- When they have been granted to ensure a minimum profitability or to offset operating losses, they have been allocated as income for the fiscal year in which they have been granted unless they refer to future fiscal years.
- When they have been granted to finance specific expenses, they have been allocated as expenses in the same fiscal year in which the expenses have accrued.
- When they have been granted to acquire assets or cancel liabilities, they have been allocated as income for the year to the extent that the disposal has occurred or in proportion to the allocation to the amortisation made.
- When monetary amounts have been received without allocation for a specific purpose, they have been allocated as income for the fiscal year in which they have been recognised.

s) Criteria used in transactions between related parties

Related companies are considered all those that are a partner of the Parent Company and any company directly or indirectly owned by it, as well as any company in turn related to any partner of the Parent Company.

The transactions between related parties, regardless of the degree of linkage, are accounted for in accordance with the general rules at market price. Likewise, the transfer prices are adequately supported so the Managers of the Parent Company consider that there are no significant risks for this aspect.

t) Assets of an environmental nature

Assets of an environmental nature are considered to be goods that are used for the duration of the Group's activity, whose main purpose is the minimisation of the environmental impact and the protection and improvement of the environment, including the reduction or elimination of future pollution.

Given the Group's activity, it has no responsibilities, expenses, assets, provisions or contingencies of an environmental nature that could be significant in relation to its equity, financial position or results. For this reason, specific breakdowns are not included in this consolidated annual report of the consolidated annual financial statements regarding information on environmental issues.

u) Current and non-current items

Current assets are considered to be those related to the normal operating cycle, which in general is considered to be one year, as well as other assets whose maturity, disposal or realisation is expected to occur in the short term from the closing date of the fiscal year. There are financial assets held for trading that are held under the non-current assets, despite a short-term return. Assets that do not meet these requirements are classified as non-current.

31 December 2020

Similarly, current liabilities are those related to the normal operating cycle, financial liabilities held for trading, with the exception of financial derivatives whose settlement term is greater than the year and in general all obligations whose maturity or extinction will occur in the short term. Otherwise, they are classified as non-current.

5. Business combinations and acquisition of net assets

During fiscal year 2020, the Group has acquired net assets, as detailed below, which do not constitute a business. In this transaction, the Group has assigned the acquisition cost between the assets acquired and the liabilities assumed in proportion to the relative fair values thereof on the date of purchase.

On 27 October 2020, the subsidiary company Healthcare Activos Yield Growth S.L.U., acquired 100% of the equity units in the capital of the company Maquavit Inmuebles S.L.U. from the Company Mapfre S.A. for the amount of 50,945,000 euros. At the time of the acquisition of equity units, the Maquavit Inmuebles S.L.U. Company held 50% of the equity units in the share capital of the company Provitae Centros Asistenciales S.L.

The breakdown of the acquisition cost of assets, the previous accounting value of the net assets acquired and the excess of the acquisition cost over the net assets acquired is as follows:

Cost of business acquisition	50,945,000
Previous amounts recognised out of the identifiable assets acquired and liabilities assumed:	
Property, plant and equipment	47,288
Investment property	35,263,156
Other long-term assets	1,756,643
Trade and other short-term receivables	71,111
Cash and cash equivalents	570,615
Other long-term liabilities	(320,157)
Trade and other short-term payables	(152,941)
Total identifiable net assets	37,235,714
Excess cost of the combination of the net assets acquired	13,709,286

Due to the recognition at fair value of the identifiable net assets arising from the acquisition, a difference has been made evident between the identifiable net assets and the cost of the business combination for the amount of 13,709,286 euros that has been assigned to land and constructions for amounts of 1,535,141 euros and 12,174,145 euros, respectively, based on appraisals of the investment properties made by an independent expert.

The assets acquired have contributed a net amount of the turnover and other operating income to the Group for a total amount of 438,203 euros and a net profit of 46,579 euros in the period from 1 November to 31 December 2020. If the acquisition had taken place on 1 January 2020, the net amount of the Group's turnover and other total operating income would have increased by 2,073,659 euros, and the net profit for the period would have been higher by 108,957 euros.

There is no contingent liability arising from this business combination that must be recognised. There are also no contingent consideration agreements pending settlement at the close of the fiscal year.

The Group has recognised in other operating expenses of the consolidated profit and loss account an amount of 416,521,000 euros in transaction costs.

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARIES

31 December 2020

On 23 December 2020, the Parent Company of the Group Healthcare Activos Yield Socimi S.A., acquired 100% of the equity units in the capital of the company Healthcare Activos Inmobiliarios 22, S.L.U. from the Company Healthcare Activos Investment, S.A. for an amount of 6,000 euros.

The value of net assets at the date of acquisition of the acquired company amounted to 1,989 euros. The Company has recognised as a consolidating goodwill the difference between the identifiable net assets and the business combination cost for the amount of 4,011 euros (see note 6).

The business combination carried out during the 2019 fiscal year by the Group is the one described below and took place based on the following milestones:

1. As mentioned in note 1, dated 1 August 2019, the Parent Company of the Group (on that date called Roldania Investments, S.A.), acquired 100% of the equity units in the capital of the company Healthcare Activos Yield, S.L.U. (later called Healthcare Activos Yield Socimi, S.A.) from the Company Healthcare Activos Investment, S.A. for the amount of 85,109,751 euros. At the time of the acquisition of equity units, the Company Healthcare Activos Yield, S.L.U. held 100% of the equity units in the companies Healthcare Activos Financing, S.L.U., and Healthcare Activos Yield Growth, S.L.U. Therefore, it is in this acquisition, that the Parent Company acquired control over the current group.
2. On the same date:
 - The subsidiary company Healthcare Activos Financing, S.L.U. acquired 100% of the equity units in the capital of the company Healthcare Activos Inmobiliarios 11, S.L. from Healthcare Activos Inmobiliarios 2, S.A. for the amount of 16,499,208 euros.
 - The subsidiary company Healthcare Activos Financing, S.L.U. acquired 100% of the shares of the company Healthcare Activos Inmobiliarios 2, S.A. from the Company OCM Luxembourg Healthcare Activos II S.À.R.L. for the amount of 27,457,099 euros.
 - To acquire the two companies detailed by Healthcare Activos Financing, S.L.U., the Parent Company (on that date called Roldania Investments, S.A.), previously, on 1 August 2019, made a cash contribution to the equity funds of Activos Yield, S.L.U. and the latter did likewise to Healthcare Activos Financing, S.L.U. for the amount of 46,584,949 euros.
3. On that same date, the Company Healthcare Activos Yield, S.L.U. acquired 100% of the equity units of the company Healthcare Activos Inmobiliarios 13, S.L. from Healthcare Activos Inmobiliarios 6, S.L. (depending on 100% of Healthcare Activos Financing, S.L.U.) for an amount of 33,107,036 euros.
4. By deed dated 9 September 2019 and effective 1 August 2019, the absorption merger project was approved by means of which the Parent Company of the Group (Roldania Investments, S.A.) as an absorbing company absorbed its subsidiary company Healthcare Activos Yield, S.L.U. (absorbed company).

Therefore, in a single act, a dissolution without liquidation was carried out and the whole transfer of all its assets and liabilities and universal transfer of ownership of all the rights and obligations of the absorbed company to the absorbing company.

Once the company Healthcare Activos Yield, S.L.U. was acquired, the Parent Company of the Group was renamed Healthcare Activos Yield, S.A. (hereinafter Healthcare Activos Yield Socimi, S.A.), with the group named Healthcare Activos Yield Socimi, S.A. and subsidiaries.

The merger project formalised on 1 August 2019, included, among others, the following conditions:

- The merger operation was carried out in accordance with the law on Structural Amendments (LME)
- The merger was carried out based on the balance sheet closed at 1 August 2019.
- The absorbed Company was fully owned by the absorbing Company.

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARIES

31 December 2020

- The date 1 August 2019 was determined as the date for accounting purposes of the merger following the provisions of the Registration and Valuation Standard 21.2.1.
- The merger was subjected to the tax neutrality regime resulting in the application of the Tax Regimen of Mergers in accordance with the provisions of article 89 of Law 27/2014, of 27 November, on Corporate Tax.
- The merger project was prepared and signed by the General Meeting of Shareholders of the absorbing company on 9 September 2019 and by the Sole Shareholder of the absorbed company. The merger agreement was approved on 1 August by the General Meeting of Shareholders of the absorbing company and was validly registered in the Commercial Registry of Barcelona on 14 October 2019.

The merger was a transaction between companies of the same group. Consequently, it was accounted for in accordance with standard 21 of the Spanish General Accounting Plan approved by Royal Decree 1514/2007, of 16 November and the amendments incorporated thereto by Royal Decree 1159/2010, of 17 September.

The amounts of the absorbed company, recognised as at the merger date, 1 August 2019, of the assets and liabilities for their previous accounting values are detailed below:

ASSETS		EQUITY AND LIABILITIES	
NON-CURRENT ASSETS	164,804,762	SHAREHOLDERS' EQUITY	131,698,201
Non-current investments in the Group's companies	164,804,762	Capital	3,000
Equity instruments	164,804,762	Other equity holders' contributions	131,697,726
		Prior periods' profit and loss	(1,641)
		Profit/(loss) for the period	(883)
CURRENT ASSETS	819	NON-CURRENT LIABILITIES	33,107,036
Trade and other receivables	843	Debts with Group companies, non-current	33,107,036
Cash and cash equivalents	(24)		
		CURRENT LIABILITIES	344
		Trade and other payables	344
TOTAL ASSETS	164,805,581	TOTAL EQUITY AND LIABILITIES	164,805,581

5. By deed dated 9 September 2019 and effective 1 August 2019, the Parent Company of the Group agreed to the merger by absorption by Healthcare Activos Financing, S.L.U. (absorbing company) of all of its affiliated companies (absorbed companies), which are detailed below:
- Healthcare Activos Inmobiliarios, S.L.U.
 - Healthcare Activos Inmobiliarios 3, S.L.U.
 - Healthcare Activos Inmobiliarios 4, S.L.U. (which owned 100% of Healthcare Activos Inmobiliarios 17, S.L.U.)
 - Healthcare Activos Inmobiliarios 6, S.L.U.
 - Healthcare Activos Inmobiliarios 7, S.L.U.
 - Healthcare Activos 2, S.A.
 - Healthcare Activos Inmobiliarios 11, S.L.

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARIES

31 December 2020

Therefore, in a single act, a dissolution without liquidation was carried out and the whole transfer of all its assets and liabilities and universal transfer of ownership of all the rights and obligations of the absorbed companies to the absorbing company.

The merger project formalised on 1 August 2019, included, among others, the following conditions:

- The merger was conducted in the terms with the law on Structural Amendments(LME).
- The merger was carried out based on balance sheets closed at 31 July 2019.
- The absorbed companies were fully owned by the absorbing company
- The date 1 August 2019 was determined as the date for accounting purposes of the merger following the provisions of the Registration and Valuation Standard 21.2.1.
- The merger was subjected to the tax neutrality regime resulting in the application of the Tax Regimen of Mergers in accordance with the provisions of article 89 of Law 27/2014, of 27 November, on Corporate Tax.
- The merger project was prepared and signed by the Sole Director of the absorbed companies and by the Sole Director of the absorbing company and was approved by the Sole Shareholder of the absorbing company on 1 August 2019 and validly registered in the Commercial Registry of Barcelona on 28 November 2019.

The merger is a transaction between companies of the same group. Consequently, it has been accounted for in accordance with the standard 21 of the Spanish General Accounting Plan approved by Royal Decree 1514/2007, of 16 November, and the modifications incorporated to it by Royal Decree 1159/2010, of 17 September.

6. The breakdown of the cost of the business combination, the previous book value of the net assets acquired therein and the excess of the cost over the net assets acquired was as follows:

Cost of the business combination	131,694,700
Previous amounts recognised out of the identifiable assets acquired and liabilities assumed:	
Intangible assets (note 6)	368,914
Property, plant and equipment (note 7)	73,004
Investment property (note 8)	171,169,459
Other long-term assets	2,330,947
Trade and other short-term receivables	1,162,110
Cash and cash equivalents in the acquired subsidiaries	3,777,341
Financial debt	(132,550,000)
Other long-term liabilities	(3,125,401)
Trade and other short-term payables	(2,832,698)
Total identifiable net business assets	40,373,676
Excess of the cost of the combination over the net assets acquired	91,321,024

Due to the recognition at fair value of the total net assets arising, a difference was made evident between the identifiable net assets and the cost of the business combination for the amount of 91,321,024 euros, which was assigned to land and constructions for the amounts of 20,758,354 euros and 70,562,670 euros, respectively, based on appraisals of the investment properties made by an independent expert.

The assets acquired contributed to the Group a net amount of the turnover and other operating income for a total amount of 5,544,138 euros and a net loss of 1,157,827 euros in the period from 1 August to 31 December 2019. If the acquisition had taken place on 1 February 2019, the net amount of the Group's

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARIES

31 December 2020

turnover and other total operating income would have increased by 6,502,622 euros, and the net loss for the period would have been higher by 409,818 euros.

There was no contingent liability arising from this business combination that must be recorded. There are also no contingent consideration agreements pending settlement at the close of the fiscal year.

The Group recognised in other operating expenses of the consolidated profit and loss account an amount of 1,060,000 euros of transaction costs (see note 14 d).

6. Intangible fixed assets

The breakdown of intangible fixed assets for fiscal years 2020 and 2019 is as follows:

Item	Goodwill	Administrative concessions	Total
<u>Cost</u>			
Initial balance 2020	-	368,914	368,914
Additions (note 5)	4,011	-	4,011
Disposals	-	-	-
Transfers	-	-	-
Ending balance 2020	4,011	368,914	372,925
<u>Depreciation</u>			
Initial balance 2020	-	(4,270)	(4,270)
Depreciation charge	-	(6,958)	(6,958)
Disposals	-	-	-
Transfers	-	-	-
Ending balance 2020	-	(11,228)	(11,228)
Final Net Value	4,011	357,686	361,697

Item	Goodwill	Administrative concessions	Total
<u>Cost</u>			
Initial balance 2019	-	-	-
Additions due to business combination (note 5)	-	368,914	368,914
Additions	-	-	-
Disposals	-	-	-
Transfers	-	-	-
Ending balance 2019	-	368,914	372,925
<u>Depreciation</u>			
Initial balance 2019	-	-	-
Depreciation charge	-	(4,270)	(4,270)
Disposals	-	-	-
Transfers	-	-	-
Ending balance 2019	-	(4,270)	(4,270)
Final Net Value	-	364,644	364,644

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARIES

31 December 2020

The additions for fiscal year 2020 are the result of the consolidation process with the subsidiary company Healthcare Activos Inmobiliarios 22 S.L.U. when joining the Group during fiscal year 2020 through the acquisition of 100% of its equity units from the company Healthcare Activos Investment, S.A. (see note 5). The goodwill recognised after the acquisition corresponds to the difference between the cost, which amounted to 6,000 euros, and the value of the net assets of the acquired company, which amounted to 1,989 euros at the time of the operation. Said goodwill will be amortised as of the following fiscal year for a useful life of 10 years.

The additions due to business combinations for the 2019 fiscal year were the result of the consolidation process with the subsidiary company Healthcare Activos Inmobiliarios 13 S.L. when it joined the Group (see note 5).

As of 31 December 2020, the amount registered under the heading "Other intangible fixed assets" corresponds to the administrative concession for the private use of a plot assigned by the City Council of Salou on 5 April 2005 for a period of 75 years, whose net book value as at 31 December 2020 amounts to 357,686 euros (364,644 euros at the end of fiscal year 2019).

At the end of fiscal years 2020 and 2019, the group has no recorded intangible fixed assets that are fully depreciated and still in use.

7. Property, plant and equipment

The breakdown of the tangible fixed assets for fiscal years 2020 and 2019 is as follows:

Item	Technical installations and other property, plant and equipment	Total
<u>Cost</u>		
Initial balance 2020	73,004	73,004
Additions due to business combinations (note 5)	47,288	47,288
Additions	-	-
Disposals	-	-
Transfers	-	-
Ending balance 2020	120,292	120,292
<u>Depreciation</u>		
Initial balance 2020	(4,581)	(4,581)
Depreciation charge	(10,686)	(10,686)
Disposals	-	-
Transfers	-	-
Ending balance 2020	(15,267)	(15,267)
Final Net Value	105,025	105,025

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARIES

31 December 2020

Item	Technical installations and other property, plant and equipment	Total
<u>Cost</u>		
Initial balance 2019	-	-
Additions due to business combination (note 5)	73,004	73,004
Additions	-	-
Disposals	-	-
Transfers	-	-
Ending balance 2019	73,004	73,004
<u>Depreciation</u>		
Initial balance 2019	-	-
Depreciation charge	(4,581)	(4,581)
Disposals	-	-
Transfers	-	-
Ending balance 2019	(4,581)	(4,581)
Final Net Value	68,423	68,423

The additions due to the business combination for the 2020 financial year are the result of the consolidation process of the subsidiary company Maquavit Inmuebles, S.L. when it joined the Group during the 2020 fiscal year through the acquisition of 100% of its equity units from the company Mapfre, S.A. (see note 5).

The additions due to business combinations for the 2019 fiscal year were the result of the consolidation process with the subsidiaries Healthcare Activos Inmobiliarios 13 S.L. and Healthcare Activos Financing, S.L. when joining the Group (see note 5).

At the end of fiscal year 2020, the Group has recorded fully depreciated items of property, plant and equipment for an amount of 716,689 euros (712,120 euros at the end of fiscal year 2019).

The policy of the Group consists of taking out insurances policies to cover potential risks affecting items under property, plant and equipment.. At the end of fiscal year 2020, it is estimated that there is sufficient coverage for the risks of the Group's activity.

8. Real estate investments

The composition and movement during fiscal years 2020 and 2019 in the investment property accounts have been the following:

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARIES

31 December 2020

Item	Land	Buildings	Total
<u>Cost</u>			
Initial balance 2020	63,016,772	230,681,278	293,698,050
Additions due to business combinations (note 5)	13,879,458	35,092,984	48,972,442
Additions	3,513,220	16,428,439	19,941,659
Disposals	(21,223)	(22,908)	(44,131)
Transfers	-	-	-
Ending balance 2020	80,388,227	282,179,793	362,568,020
<u>Depreciation</u>			
Initial balance 2020	-	(1,931,388)	(1,931,388)
Depreciation charge	-	(2,990,946)	(2,990,946)
Disposals	-	520	520
Transfers	-	-	-
Ending balance 2020	-	(4,921,814)	(4,924,814)
<u>Impairment</u>			
Initial balance 2020	-	-	-
Impairment charge	-	-	-
Disposals	-	-	-
Transfers	-	-	-
Ending balance 2020	-	-	-
Final Net Value	80,388,227	277,257,979	357,646,206

Item	Land	Buildings	Total
<u>Cost</u>			
Initial balance 2019	-	-	-
Additions due to business combination (note 5)	57,698,581	204,791,900	262,490,481
Additions	5,320,223	25,891,761	31,211,984
Disposals	(2,032)	(2,383)	(4,415)
Transfers	-	-	-
Ending balance 2019	63,016,772	230,681,278	293,698,050
<u>Depreciation</u>			
Initial balance 2019	-	-	-
Depreciation charge	-	(1,931,434)	(1,931,434)
Disposals	-	46	46
Transfers	-	-	-
Ending balance 2019	-	(1,931,388)	(1,931,388)
<u>Impairment</u>			
Initial balance 2019	-	-	-
Impairment charge	-	-	-
Disposals	-	-	-
Transfers	-	-	-
Ending balance 2019	-	-	-
Final Net Value	63,016,772	228,749,890	291,766,662

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARIES

31 December 2020

The additions due to business combinations for the 2020 fiscal year are the result of the consolidation process with the subsidiary company Maquavit Inmuebles, S.L. by joining the Group during fiscal year 2020 through the acquisition of 100% of its equity units by the company Mapfre, S.A., and with the subsidiary company Provitae Centros Asistenciales, S.L., given that Maquavit Inmuebles, S.L. held 50% of the equity units of said Company on the date of the aforementioned acquisition (see note 5).

Through this acquisition, the group acquired, on 27 October 2020, 4 nursing homes located in the cities of Madrid, Palma de Mallorca, Oviedo and Santiago de Compostela. These properties are leased to one of the leading European operators of the healthcare sector. The transaction also included the management of a rental and sublease contract on a nursing home located in the city of San Sebastián (leased to the same operator) as well as two land properties.

The additions of fiscal year 2020 correspond mainly to the acquisition on 9 September 2020 of a nursing home in the city of Albacete through the Subsidiary Company Healthcare Activos Financing, S.L.U. Also, additions for the period include taxes paid for the acquisition mentioned and taxes related to the acquisition made on 20 December 2019 of a hospital and five polyclinics located in the city of Cartagena.

During fiscal year 2020, the Group derecognised and sold parking places whose net book value amounted to 43,611 euros. The result obtained has been recorded under the heading "Impairment and result from disposals of fixed assets".

The additions due to business combinations for the 2019 fiscal year were the result of the consolidation process with the subsidiaries Healthcare Activos Inmobiliarios 13 S.L. and Healthcare Activos Financing, S.L. when joining the Group (see note 5).

On 20 December 2019, the Group acquired one hospital and five polyclinics located in the city of Cartagena. These properties are leased to the previous site managers.

Also, the additions for the 2019 fiscal year corresponded to the investment carried out to refurbish the nursing home of Altos Hornos (Baracaldo).

During the month of December 2019, the Group derecognised and sold a parking place whose net book value amounted to 4,369 euros. The result obtained was recorded under the heading "Impairment and result from disposals of fixed assets".

As of 31 December 2020, the Group has rent guarantee deposits received from the tenants of the properties for the amount of 3,486,055 euros (2,987,603 euros at the end of the 2019 fiscal year), recorded under the heading "Other financial liabilities of the balance sheet", pursuant to the lease contracts it maintains with them. Revenue resulting from these agreements is fully recognised in the turnover. These agreements held are characterised by having a long-term duration, with 20 years being the average of remaining years until their expiration.

The breakdown of the properties classified as investment properties, distributed by geographic location, at the end of fiscal years 2020 and 2019 is the following:

Geographical area	Net book value	
	31/12/2020	31/12/2019
North	82,611,391	62,304,749
South	71,452,453	71,319,033
Central	111,866,910	83,410,727
East	91,715,451	74,732,152
Total	357,646,206	291,766,662

31 December 2020

9. Leases and other similar operations

a) Operating leases

As lessor

The Group's main activity is the leasing of the assets owned under the heading of investment properties and the income related to their leases is recognised in the turnover.

At the end of the 2020 and 2019 fiscal years, the Group has contracts with tenants for the following minimum lease payments, in accordance with the current agreements in force, without taking into account the impact of common expenses or future increases for CPI:

Operating Leases Minimum Payments	Nominal Value	
	31/12/2020	31/12/2019
Less than 1 year	17,928,579	13,970,086
Between 1 and 5 years	72,555,156	57,846,278
Rest	225,303,987	224,729,602
Total	315,787,722	296,545,966

As lessee

At the end of the 2020 fiscal year, the Company maintains contracts with lessors for the following minimum lease payments, in accordance with the current contracts in force, without taking into account the impact of common expenses or future increases for CPI:

Operating Leases Minimum Payments	Nominal Value	
	31/12/2020	31/12/2019
Less than 1 year	139,539	-
Between 1 and 5 years	558,156	-
Rest	3,520,970	-
Total	4,218,665	-

At the end of the 2020 financial year, the Group maintains an operating lease contract resulting from the acquisition of assets after the acquisition of 100% of the equity units of the Subsidiary Company Maquavit Inmuebles, S.L. (see note 5). The acquired company maintains the management of a sublease agreement on a nursing home located in the city of San Sebastián.

10. Financial instruments

a) Financial assets by categories and classes

The breakdown of the financial assets by classes and categories is as follows:

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARIES

31 December 2020

Categories	Long-term financial instruments	
	31/12/2020	31/12/2019
Other financial assets	2,435,307	1,955,270
Long-term accruals	1,452,432	107,442
Total	3,887,739	2,062,712

As at 31 December 2020, the heading of Other long-term financial assets includes guarantees paid to public entities as guarantee for leases regarding investment properties for the amount of 2,075,356 euros (1,595,319 euros at the end of the 2019 fiscal year). It also includes 359,951 euros as at 31 December 2020 and 2019 corresponding to bank deposits in financial institutions.

As at 31 December 2020 and 2019, the long-term accruals heading corresponds to accruals arising from lack of rent (grace period) and rising rent payments of some of the long-term lease agreements mentioned in note 8. They correspond mainly to Maquavit, S.L., as a result of the acquisition of assets through which 100% of the equity units of this company were acquired (see note 5).

Categories	Short-term financial instruments	
	31/12/2020	31/12/2019
Trade and other receivables	1,826,942	234,198
Short-term accruals	497,011	65,136
Total	2,323,953	299,334

As of 31 December 2020, the heading of Trade and other receivables includes, mainly, an amount receivable from a third party for the financing of refurbishment works in one of the assets held by the Group, said amount at the time it is charged by the Group, will be paid to the lessee of the property so it is registered for the same amount in the heading of Trade and other short-term payables. In addition, it includes 30,960 euros (571,202 euros at the end of the 2019 fiscal year) as outstanding receivables from public entities by way of VAT pending to be offset (See note 13), and amounts receivable from customers for the services of the Group's usual activity.

The short-term accruals heading corresponds to ordinary anticipated expenses for the activity of the Group, as well as accruals arising from lack of rent (grace period) and deductions related to rental agreements.

Classification by maturity of financial assets

Following is a breakdown of the assets for the 2020 period that have a determined or determinable maturity, and of which the amounts that mature in each of the five years following the year-end closing and the rest until their last maturity must be reported.

Item	2021	2022	2023	2024	2025	Rest	Total
Deposits and guarantees	-	359,951	-	-	-	2,075,356	2,435,307
Long-term accruals	-	235,314	257,756	235,313	235,313	488,736	1,452,432
Trade receivables	1,857,945	-	-	-	-	-	1,857,945
Short-term accruals	497,011	-	-	-	-	-	497,011
Total	2,354,956	595,265	257,756	235,313	235,313	2,564,092	6,242,695

31 December 2020

b) Financial liabilities

The breakdown of financial liabilities by classes and categories is as follows:

Classes and Categories	Long-term financial instruments Debits and payables	
	31/12/2020	31/12/2019
Debt with financial institutions	175,973,354	145,883,393
Guarantee deposits	3,486,054	2,987,603
Derivatives (note 11)	1,669,766	342,258
Long-term accruals	127,868	-
Total	181,257,042	149,213,254

Debts with credit entities correspond to the following list of loans:

- Syndicated loan formalised by the subsidiary company Healthcare Activos Financing, S.L.U. on 1 August 2019 with the financial institution Natixis, S.A. for the amount of 175.000.000 euros, of which during fiscal year 2020 the Group has drawn down 10,350,000 euros (150,122,500 euros during fiscal year 2019). The loan is due in July 2026. As of 31 December 2020, the outstanding short-term amount of the aforementioned loan amounts to 1,805,316 euros (1,424,509 euros at the end of the 2019 fiscal year).

On 9 March 2020, the syndication of the previous loan was carried out with the banking entities detailed below, without having changed the conditions of the aforementioned loan:

Item	Percentage of shareholding
Natixis S.A., Branch in Spain	24%
Amundi Dette Senior FPE III	19%
Banco Bilbao Vizcaya Argentaria, S.A.	14%
Abanca Corporación Bancaria, S.A.	12%
Amundi Real Assets Funding SCA	12%
CaixaBank, S.A.	6%
Bankinter, S.A.	4%
Banco Pichincha España, S.A.	4%
Targobank, S.A.U.	4%

The initial loan granted, for the amount of 175,000,000 euros, consists of two tranches:

- The first of them for the amount of 135,000,000 euros was entirely used up as at 31 December 2020 and 2019.
- The second of them for an amount of 40,000,000 euros was used up as at 31 December 2019 for an amount of 15,122,500 euros and the amount of 25,472,500 euros was used up as at 31 December 2020.

During fiscal year 2020, the Group has made payments related to this loan for an amount of 1,365,322 euros (506,250 euros during fiscal year 2019).

The aforementioned loan accrues an interest rate referenced to the Euribor plus a market margin. The interest and commissions related to said loan accrued during fiscal year 2020

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARIES

31 December 2020

amount to 2,864,948 euros (1,114,464 euros during fiscal year 2019); of which as at 31 December 2020 129,943 euros (115,484 euros as at the closing of fiscal year 2019 have been accrued and not paid).

Additionally, the Group has contracted derivative financial instruments (see note 11) in relation to said loan that have accrued interest for the amount of 414,207 euros and 172,646 euros during fiscal year 2020 and 2019, respectively; of which as at 31 December 2020 19,051 euros have accrued and not been paid (16,980 euros at the end of fiscal year 2019).

The loan agreement establishes various agreements and covenants, including the fulfilment of certain financial ratios that the Board of Directors estimates are fulfilled without incident at the end of fiscal year 2020. These ratios were met at the end of the 2019 fiscal year.

Likewise, on 9 March 2020, the following principal guarantees were incorporated into the loan:

- First-ranking real estate mortgages of some of the properties owned by the Group, the responsibility of which will be 120% with respect to the guaranteed obligations. The net book value of the properties guaranteed as at 31 December 2020 amounts to 242,918,819 euros.
 - Pledge on the equity units representing 100% of the equity units of Healthcare Activos Financing S.L.U. and Healthcare Activos Inmobiliarios 13, S.L.U.
- Loan formalised by the subsidiary company Healthcare Activos Yield Growth, S.L.U. on 17 October 2020 with the financial institution Natixis, S.A. for the amount of 24,300,000 euros, of which the Group has drawn down the entirety of the loan during fiscal year 2020. As of 31 December 2020, no outstanding short-term amount of the aforementioned loan is classified because the first capital amortisation will be made during the 2022 fiscal year. Consequently, the Group has not made any payments during the 2020 financial year. The loan is due in July 2026.

The loan accrues an interest rate referenced to the Euribor plus a market margin. The interest accrued during fiscal year 2020 amounts to 153,718 euros, of which, 142,500 euros are pending payment.

The aforementioned loan accrues an interest rate referenced to the Euribor plus a market margin. The interest and commissions related to said loan accrued during fiscal year 2020 amount to 153,718 euros; of which 142,500 euros are pending payment as at 31 December 2020.

Additionally, the Group has contracted derivative financial instruments (see note 11) in relation to said loan that have accrued interest in the amount of 6,490 euros during fiscal year 2020, of which as at 31 December 2020 they have accrued and not paid the total.

The loan agreement establishes various agreements and covenants, including the fulfilment of certain financial ratios that the Board of Directors estimates are fulfilled without incident at the end of fiscal year 2020.

Likewise, the principal guarantees of the loan are:

- Pledge on the equity units representing 100% of the equity units of Healthcare Activos Yield Growth S.L.U. and Maquavit Inmuebles, S.L.
- Loan formalised by the subsidiary company Maquavit Inmuebles, S.L. on 17 October 2020 with the financial institution Natixis, S.A. for the amount of 200,000 euros, of which the Group has drawn down the entire loan during fiscal year 2020. As of 31 December 2020, no outstanding short-term amount of the aforementioned loan is classified because the first capital amortisation

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARIES

31 December 2020

will be made during the 2022 fiscal year. Consequently, the Group has not made any payment during the 2020 financial year.

The financing accrues an interest rate referenced to the Euribor plus a market margin. The interest accrued during fiscal year 2020 amounts to 1,265 euros, of which 1,173 euros are pending payment. The loan agreement establishes various agreements and covenants, including the fulfilment of certain financial ratios that the Board of Directors estimates are fulfilled without incident at the end of fiscal year 2020.

Likewise, the principal guarantees of the loan are:

- First-ranking real estate mortgages of four of the properties owned by the subsidiary company Maquavit Inmuebles S.L., the responsibility of which will be 120% with respect to the guaranteed obligations. The net book value of the properties guaranteed as at 31 December 2020 amounts to 41,386,679 euros.
- Pledge on the equity units representing 100% of the equity units of Healthcare Activos Yield Growth S.L.U. and Maquavit Inmuebles, S.L.

The balance of the heading Long-term and short-term debts with credit institutions is reduced by the formalisation expenses of the current loans, which as at 31 December 2020 amount to 5,378,685 euros (2,440,815 euros as at the end of the 2019 fiscal year). The financial expense related to the allocation of such formalisation expenses accrued during fiscal year 2020 amounts to 53,509 euros (9,188 euros during fiscal year 2019).

As at 31 December 2020 and 2019, the heading of long-term "Guarantee deposits" corresponds to guaranties received as a result of rental agreements relating to investment properties (see note 8).

Classes and Categories	Short-term financial instruments	
	Debits and payables	
	31/12/2020	31/12/2019
Debt with financial institutions	2,048,107	1,424,509
Guarantee deposits	3,000	3,000
Sundry creditors	3,629,780	1,152,593
Current tax liabilities	89,521	178,071
Other debts with public entities	572,641	67,646
Other financial liabilities	497	90,022
Short-term accruals	4,567	164,958
Total	6,348,115	3,080,799

At the end of the 2020 financial year, the heading Trade and other account payables includes 1,693,780 euros (1,027,125 euros at the end of the 2019 fiscal year) pending payment to creditors as a result of the Group's usual activity, as well as a credit balance to be paid to the lessee of a property related to refurbishment works, as detailed in Note 10 a.

In addition, it includes 746,092 euros (245,717 euros at the end of fiscal year 2019) as outstanding balances with the public entities regarding corporate income tax, personal income tax and social security (see note 13).

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARIES

31 December 2020

Classification by maturity of financial liabilities

Following is a breakdown of the financial liabilities for the 2020 fiscal year that have a determined or determinable maturity, and of which the amounts that mature in each of the five years following the year-end closing and the rest until their last maturity must be reported.

Item	2021	2022	2023	2024	2025	Rest	Total
Debt with financial institutions	2,104,533	2,543,372	3,005,803	3,468,234	3,699,450	168,578,753	183,400,145
Debt formalisation costs	(56,426)	(77,725)	(88,473)	(102,084)	(108,890)	(4,945,087)	(5,378,684)
Guarantee deposits	3,497	-	-	-	-	3,486,054	3,489,551
Derivatives (note 11)	-	-	-	-	-	1,669,766	1,669,766
Sundry creditors	3,629,781	-	-	-	-	-	3,629,781
Current tax liabilities (note 13)	89,521	-	-	-	-	-	89,521
Other debts with public entities (note 13)	572,642	-	-	-	-	-	572,642
Long-term accruals	-	4,567	4,567	4,567	4,567	109,601	127,868
Short-term accruals	4,567	-	-	-	-	-	4,567
Total	6,438,115	2,470,213	2,921,897	3,370,717	3,595,127	168,899,088	187,605,157

Following is a breakdown of the financial liabilities for the 2019 fiscal year that have a determined or determinable maturity, and of which the amounts that mature in each of the five years following the year-end closing and the rest until their last maturity must be reported.

Item	2020	2021	2022	2023	2024	Rest	Total
Debt with financial institutions	1,445,947	1,688,878	2,064,184	2,439,491	2,814,797	139,295,331	149,748,628
Debt formalisation costs	(21,438)	(27,563)	(33,688)	(39,813)	(45,938)	(2,272,375)	(2,440,815)
Guarantee deposits	3,000	-	-	-	-	2,987,603	2,990,603
Other financial liabilities	90,022	-	-	-	-	-	90,022
Derivatives (note 11)	-	-	-	-	-	342,258	342,258
Sundry creditors	1,152,593	-	-	-	-	-	1,152,593
Current tax liabilities (note 13)	178,071	-	-	-	-	-	178,071
Other debts with public entities (note 13)	67,646	-	-	-	-	-	67,646
Short-term accruals	164,958	-	-	-	-	-	164,958
Total	3,080,799	1,661,315	2,030,496	2,399,678	2,768,859	140,352,817	152,293,964

c) Information on the nature and level of risk arising from financial instruments

The management of the Group's financial risks is centralised in the Financial Management department, which has established the necessary mechanisms to control exposure to variations in interest rates and exchange rates, as well as credit and liquidity risks. The following are the main risks that impact the Group:

Credit risk

The Group has policies to ensure that sales are made to customers with an adequate credit history. The value correction for customer insolvency involves the review of individual balances based on customer credit quality, current market trends and historical analysis of aggregate insolvencies. As of 31 December 2020, the Group presents an impairment of uncollected balances for a total amount of 13,975 euros (7,316 euros at the end of the 2019 fiscal year), of which 8,767 euros have been endowed during fiscal

year 2020 under the profit and loss account heading of Losses and impairment due to commercial transactions.

31 December 2020

Liquidity risk

The Group is not significantly exposed to liquidity risk due to the maintenance of sufficient cash and the availability of financing to deal with the cash outflows necessary in its usual operations.

Market risk (includes interest rate, exchange rate and other price risks)

The Group's interest rate risk arises from long-term borrowings. External resources issued at variable rates expose the Group to cash flow interest rate risk.

11. Derivatives**a) Derivative instruments of financial hedges**

The Group contracts derivative financial instruments. The objective is to limit, through the contracting of Swaps, the fluctuation in cash flows to be disbursed for the payment referenced at variable interest rate (Euribor) in the financing contracts described in note 10 b.

As of 31 December 2020, the Group has contracted hedging instruments with the following characteristics:

Hedge	Maturity	Contracted amount	Inefficiency in results	Impact on accumulated equity	Fair value of liabilities (note 10b)
Swap	31 July 2026	135,000,000	-	1,575,966	1,575,966
Swap	31 July 2026	20,825,000	-	93,800	93,800
Total		155,825,000	-	1,669,766	1,669,766

As at 31 December 2019, the Group had contracted hedging instruments with the following characteristics:

Hedge	Maturity	Contracted amount	Inefficiency in results	Impact on accumulated equity	Fair value of liabilities (note 10 b)
Swap	31 July 2026	135,000,000	-	342,258	342,258
Total		135,000,000	-	342,258	342,258

To determine the fair value of the interest rate derivative, the Company uses an IRS valuation model made by a third party, using the long-term Euribor and Swaps market curves as inputs, in order to determine the fair value of the interest rate derivative. The Company has complied with the regulatory requirements to be able to consider derivatives as financial hedges. In order for these financial instruments to be classified as financial hedges, they must be initially designated as such, documenting said hedging relationship. The Company initially and periodically verifies throughout its life (at least at each year-end closing) that the hedging relationship is effective, that is, that it is prospectively expected that changes in fair value or cash flows of the hedged item will be almost completely offset by those of the hedge instrument and that, retrospectively, the results of the hedge have ranged from 80% to 125% with respect to the result of the hedged item.

The hedging relationships of the derivative contracted by the Group are highly effective prospectively and retrospectively, and offer 100% cumulative effectiveness from the date of designation. The interest accrued during fiscal year 2020 amounts to 420,698 euros (172,646 euros during fiscal year 2019).

12. Shareholders' equity and own funds

a) Share capital, Share premium and Shareholder contributions of the Parent Company

The Parent Company of the Group was incorporated on 1 February 2019 with an initial capital of 15,000 euros, by the Sole Shareholder at that time.

On 9 April 2020, there was a capital increase in the Parent Company for an amount of 9,150,000 euros with a share premium of 3,539,247 euros, having issued 9,150,000 shares with a nominal value of 1 euro. This capital increase was disbursed on 2 April 2020. In order to equalise the capital after said increase, a refund of the share premium is made for the amount of 6,626 euros.

As already planned since the formation of the Group on 1 August 2019, on 3 April 2020, the Parent Company acquired from one of its shareholders (Nortia Capital Investment Holding, S.L.) 9,000,000 shares of treasury shares with a nominal value of 1 euro, representing 7.873% of the share capital of the Company, for an amount of 12,481,794 euros, of which 9,000,000 euros corresponded to capital and 3,481,794 euros to share premium. This share purchase was disbursed on 3 April 2020.

Subsequently, on 19 August 2020, the Parent Company carried out a capital reduction with the amortisation of these treasury shares, reducing the capital and the share premium by amounts of 9,000,000 euros and 3,049,460 euros, respectively, generating a negative reserve for amortised capital at the end of fiscal year for an amount of 432,333 euros.

On 1 July and 27 October 2020, in proportion to its shareholding in the Company's share capital, the shareholders of the Parent Company made contributions to their own funds for the amount of 7,500,000 euros and 27,000,000 euros, respectively. These contributions were disbursed on 21 July and 22 October, respectively.

On 1 December 2020, there was a capital increase in the Parent Company for an amount of 4,254,000 euros with a share premium of 2,969,531 euros, having issued 4,254,000 shares with a par nominal of 1 euro. This increase was disbursed on 13 November 2020.

Additionally, during fiscal year 2020 the Parent Company has carried out the following dividend distributions:

- On 6 April 2020, the distribution of an extraordinary dividend in favour of the shareholders of the Company was carried out by return of the share premium for the amount of 1,531,615 euros and return of other shareholder contributions for the amount of 802 euros.
- On 15 July 2020, the distribution of an extraordinary dividend in favour of the shareholders of the Company was carried out by return of the share premium for the amount of 1,532,418 euros. Said dividend was disbursed on 16 July 2020.
- On 30 September 2020, the distribution of an extraordinary dividend in favour of the shareholders of the Company was carried out by return of the share premium for the amount of 1,607,418 euros. This dividend was disbursed on 8 October 2020.
- On 15 November 2011, an extraordinary dividend was distributed in favour of the Company's shareholders through the return of the share premium amounting to 419,577 euros, in order to equalise the capital after the capital increase of 13 November 2020. This dividend was disbursed on 24 November 2020.

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARIES

31 December 2020

- On 10 December 2020, the distribution of an extraordinary dividend in favour of the shareholders of the Company was carried out through the distribution of an interim dividend of the results of fiscal year 2020 for the amount of 1,947,193 euros. This dividend was disbursed on 29 December 2020.

During fiscal year 2019, the following milestones were carried out:

- On 31 July 2019, the disbursement of outstanding passive dividends was carried out in the amount of 45,000 euros by the Sole Shareholder Altamar Real Estate, S.L., so that the capital was fully disbursed to the amount of 60,000 euros. In addition, the sole shareholder made a contribution to the Parent Company's own funds for the amount of 40,000 euros.
- On 31 July 2019, there was the entry of new Company shareholders through the acquisition carried out by the Company of 100% of the equity units of Healthcare Activos Yield, S.L.U., (which it subsequently acquired as described in note 5). This entry is produced by a capital increase of 75,960,000 euros with a share premium of 50,640,000 euros.
- On 18 September 2019, there was a capital increase in the Parent Company for the amount of 3,000,000 euros with a share premium of 2,011,187 euros.
- On 23 November 2019, there was a capital increase in the Parent Company for the amount of 19,584,600 euros with a share premium of 13,585,982 euros. On the same date, the share premium was returned to shareholders by equalisation, for an amount of 316,275 euros.
- As already planned since the formation of the Group on 1 August 2019, on 28 November 2019, the Parent Company acquired from one of its shareholders (Nortia Capital Investment Holding, S.L.) 6,780,000 own shares with a nominal value of 1 euro, representing 8.58% of the Company's capital, for an amount of 11,513,044 euros, which 6,780,000 euros corresponded to capital and 4,733,045 euros to share premium. Subsequently, on 23 December 2019, the capital reduction by amortisation of this own shares was agreed, reducing the capital and the share premium for the amounts of 6,780,000 euros and 4,520,000 euros, respectively, generating a reserve for amortised capital at the end of fiscal year for the amount of 213,045 euros. Additionally, on 28 November 2019, there was a return of contributions to one of the Company's shareholders for an amount of 263 euros.
- On 23 December 2019, the Extraordinary and Universal General Meeting of Shareholders of the Parent Company agreed to a capital increase for the amount of 22,485,000 euros and a share premium of 8,239,127 euros. On the same date, the distribution of an extraordinary dividend in favour of the shareholders of the Company was carried out by return of the share premium, for an amount of 30,724,127 euros and the return of contributions to one of the shareholders of the Parent Company for an amount of 20,076 euros.

Consequently, and after the movements that have taken place during fiscal year 2020 and 2019 described, at the end of fiscal year 2020, the Parent Company's share capital amounted to 118,713,600 euros, represented by 118.713.600 registered equity units of 1 euros of nominal value (114,309,600 euros at the end of fiscal year 2019, represented by 114,309,600 registered equity units of 1 euros of nominal value) that are fully subscribed and paid.

Additionally, as at 31 December 2020, the share premium amounts to 37,297,635 euros (38,935,970 euros as at 31 December 2019) as a result of the described transactions.

As at 31 December 2020 and 2019, the Parent Company's shareholders are composed of 106 and 100 shareholders respectively. Those with an ownership percentage higher than 5% are listed hereinunder:

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARIES

31 December 2020

	% of ownership of total share capital	
	31/12/2020	31/12/2019
Nortia Capital Investment Holding, S.L.	15.16%	23.62%
Inmomutua Madrileña, S.L.U.	6.07%	6.30%
Altamar HA Yield Fondo de Inversión Privado (Chile)	6.07%	-
Espai D'Inversions 2005, S.L.	5.18%	-
Inversiones Odisea	-	5.25%
Other investors	67.52%	64.83%

At the end of fiscal year 2020 Inversiones Odisea held an ownership percentage lower than 5%.

b) Reserves in consolidated companies

The composition of the reserves of the Parent Company as at 31 December 2020 and 2019 is as follows:

	31/12/2020	31/12/2019
Reserves and prior years' results	(1,154,308)	3522
Redeemed capital reserve of the Parent Company	(645,376)	(213,045)
Total	(1,799,684)	(209,523)

As described in Note 12a, on 19 August 2020 and 23 December 2019, the Company has carried out a capital reduction due to the amortisation of its own shares and, consequently, a redeemed capital reserve has been generated.

The Board of Directors of the Parent Company will propose to the General Meeting of Shareholders scheduled during the first half of fiscal year 2021 to allocate part of the accumulated amount of the account Other shareholders' contributions to offset the accumulated prior years' results as at 31 December 2020.

c) Consolidated profit or loss attributable to the Parent Company

The contribution from each company included in the consolidation perimeter to the consolidated result for the period is as follows:

Company	2020 Result	2019 Result
Healthcare Activos Yield Socimi, S.A.	(3,186,654)	(1,393,156)
Healthcare Activos Financing, S.L.U.	5,478,231	245,171
Healthcare Activos Inmobiliarios 13, S.L.U.	1,180,634	(6,325)
Healthcare Activos Yield Growth, S.L.U.	(378,679)	(3,520)
Maquavit Inmuebles, S.L.	67,508	-
Provitae Centros Asistenciales, S.L.	(3,770)	-
Healthcare Activos Inmobiliarios 22, S.L.U.	-	-
Total	3,157,270	(1,157,830)

d) Valuation adjustments.

The valuation adjustments correspond to the valuation of the hedging derivatives linked to the financing obtained from the Group during fiscal year 2020 and 2019 (see note 11).

31 December 2020

13. Tax situation

a) Balances with public entities

The composition as at 31 December 2020 and 2019 of the current balances with the public entities is as follows:

Item	31/12/2020		31/12/2019	
	Debtor	Creditor	Debtor	Creditor
Taxation authorities, receivables: VAT recoverable	30,960	-	571,202	-
Taxation authorities, payables: withholding tax	-	367,135	-	67,467
Social Security bodies	-	4,010	-	179
Taxation authorities, Corporate Income Tax payable	-	89,521	-	178,071
Taxation authorities, Corporate Income Tax receivable	43	-	43	-
Other public bodies, receivables(IAE [Tax on Economic Activity])	-	201,497	-	-
Total	31,003	662,163	571,245	245,717

On 17 December 2019, the Board of Directors of the Company agreed to the acceptance from 1 January 2020 of the group of entities whose parent is the Parent Company of the Group, opting for the application of the Special Regime of the Value Added Tax of the Group of Entities, provided for in Chapter IX of Heading IX of Law 37/1992, of 28 December. The subsidiaries of this group are Healthcare Activos Financing, S.L.U., Healthcare Activos Inmobiliarios 13, S.L.U. and Healthcare Activos Yield Growth, S.L.U.

b) Tax on profits

The differences existing between the accounting result and the tax result have been considered, this being understood as the taxable base of the Corporate Income Tax. These differences are due to the unequal definition of income and expenses in the economic and tax spheres and to the different time criteria for income and expenses in the aforementioned spheres.

The differences are classified into:

- Permanent differences, produced between the taxable base of said tax and the accounting result before taxes for the fiscal year, which do not reverse in subsequent periods, excluding the offset losses.
- Temporary differences, existing between the taxable base of Corporate Income Tax and the income before taxes of the fiscal year, whose origin is in the different time criteria used to determine both magnitudes.

The tax valuation of an asset, liability or equity instrument, called a tax base, is the amount attributed to said item in accordance with the applicable tax legislation. There may be some element that has a tax base, even if it lacks book value and, therefore, is not recognised in the balance sheet.

As mentioned in note 1, dated 13 September 2019, both the Parent Company and the subsidiaries of the Group, Healthcare Activos Financing, S.L.U., Healthcare Activos Yield Growth, S.L.U., and Healthcare Activos Inmobiliarios 13, S.L.U. reported the application of the special tax regime of the SOCIMIs to the State Tax Administration Agency. The application of said regime has effects for the tax period from 1 January 2019 in said Companies. During fiscal year 2020, as detailed in note 5, the subsidiary companies Maquavit Inmuebles, S.L., Provitae Centros Asistenciales, S.L. and Healthcare Activos Inmobiliarios 22, S.L.U. have incorporated the group into the consolidation perimeter. Those companies are not subject to the special tax regime of the SOCIMIs. The impact recognised in the heading "Tax on Profits" of the profit and loss account during fiscal year 2020 is a consequence of the corporate income tax of these new companies of the perimeter and of the disposal by the subsidiary company Healthcare Activos Financing, S.L.U. of various parking places (see note 8), since the revenues produced by these operations, recognised

31 December 2020

under the heading “Impairments and gains/(losses) on disposals of fixed assets” are not applicable to the SOCIMI regime as they have not been under the lease regime for at least three years.

The impact collected in the heading “Income tax expense” of the profit and loss account during fiscal year 2019 was a consequence of the recording of the derecognition of deferred tax assets and liabilities and of the current income tax provision held by the subsidiary company Healthcare Activos Inmobiliarios 13, S.L. maintained. At the end of the 2020 fiscal year, the Group maintains an amount pending payment to public entities for Corporate Income Tax of 89,521 euros (178,071 euros at the end of the 2019 financial year).

At the end of fiscal years 2020 and 2019, the Group does not keep any amount recorded for any type of deferred assets and liabilities (including negative tax bases) or deductions related to corporate income tax.

c) Periods not yet verified by the tax authorities

According to current legal provisions, tax assessments cannot be considered definitive until they have been inspected by the tax authorities or until the statute of limitations has elapsed.

In general, for the main applicable taxes, the companies of the Group have pending inspection by the tax authorities in the last four years (the Parent Company and Healthcare Activos Growth, S.L.U. since its date of incorporation). Due to the different interpretations of the applicable tax regulations, there may be contingent liabilities, which are not susceptible to objective quantification. However, Management considers that the materialisation of these would be unlikely and in any case would be defensible, and that they would not reach significant amounts in relation to the annual financial statements and it has not been considered necessary to provide any extra provision for this heading.

14. Income and expenses

a) Turnover

The distribution of the Group’s turnover is as follows:

Item	2020	2019
Services rendered (rents)	14,801,512	5,080,748
Total	14,801,512	5,080,748

The net amount of the Company’s turnover has been entirely obtained on Spanish territory.

b) Personnel expenses

The breakdown of personnel expenses is as follows:

Item	2020	2019
Wages and Salaries	60,998	-
Social Security costs of the Company	19,245	-
Other social expenses	356	-
Total	80,599	-

31 December 2020

c) Information about employees

As of 31 December 2020, the Group has two employees, both with an administrative category, corresponding to one man and one woman. At the end of fiscal year 2020, employees with a disability greater than or equal to 33% are not listed.

As of 31 December 2019, the Group had no employees.

d) Other operating expenses

The details of the main items included in this heading are as follows:

Item	2020	2019
Leases and fees	23,257	-
Repairs and conservation	39,898	-
Independent professional services	4,658,418	2,863,078
Insurance premiums	58,000	7,452
Banking and similar services	4,268	14,612
Other services	1,186,295	470,823
Other taxes	281,500	128,327
Impairments of trade receivables	8,767	-
TOTAL	6,260,403	3,484,292

“Independent professional services” corresponds mainly to the management fees held with the managing companies of the group, as well as costs arising from the acquisition of investment properties and investments described in notes 5 and 8, respectively, as well as the costs related to the listing into the regulated stock market “Euronext Access” (see note 1).

In addition, during fiscal year 2020, the Group has incurred a total of 1,143,226 euros (463,390 euros during fiscal year 2019) included in the heading “Other services” as re-invoiced expenses to the tenants of the leased properties of the Company, whose re-invoicing is recorded in the heading “Other operating income”.

15. Capital grants

At the end of the 2020 financial year, the Group maintains an administrative concession with the Town Hall of Salou. The concession allows for the use of the land plot located in the area adjacent to the Salou nursing home, for the years that the concession was made (75 years). When the concession period ends, everything that has been built on the land will be reversed to the Town Hall. This concession comes from the business combination described in note 5 produced during fiscal year 2019.

In accordance with the recognition and measurements standards described in Note 3, in each fiscal year the proportional part of said concession will be recognised as a higher income and the value of the grant will be reduced.

The amount of grants, donations and legacies reflected in the Group's balance sheet at the end of fiscal year 2020 is 241,710 euros (245,738 euros at the end of fiscal year 2019). The pending duration of the concession described above is 60 years at the end of fiscal year 2020.

The analysis of the movement of fiscal year ended 31 December 2020 and 2019 is the following:

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARIES

31 December 2020

Item	2020	2019
Initial balance	245,738	-
Additions due to business combinations	-	245,738
Increase	-	-
Reduction	(4,028)	-
Ending balance	241,710	245,738

The Company complies with the conditions associated with the grants, donations and legacies that have been granted in the fiscal year.

**16. Information on the average period of payment to suppliers during fiscal year.
Third additional provision. Duty of information of Law 15/2010, of 5 July**

	2020	2019
Average period of payment to suppliers	30	30
Ratio of transactions paid	30	30
Ratio of transactions pending payment	30	30

	2020	2019
Total payments made	10,090,917	5,393,882
Total outstanding payments	2,681,419	1,152,593

17. Transactions with Related Parties

a) Compensation to the Board of Directors and Senior Management

During fiscal years 2020 and 2019 the Directors and Senior Management of the Company have not earned compensation. No severance pay or payments based on equity instruments have been accrued during the years ended 31 December 2020 and 2019.

No loan or advance payments have been granted to the members of the Board of Directors.

No pension obligations or life insurance have been contracted with respect to any member of the Board of Directors. However, the Group maintains liability insurance for Managers and Directors.

18. Other Information

a) Audit Fees

During fiscal year 2020, the fees related to financial statements auditing services (KPMG Auditores, S.L.) of the consolidated and individual annual financial statements of the companies included in the Group have amounted to 66,714 euros (81,830 euros during fiscal year 2019). The amounts include all fees for services rendered during the period, regardless of the time of invoicing.

On the other hand, other entities affiliated with KPMG International have invoiced the Group during fiscal year ended 31 December 2020, for professional service fees for the amount of 785,759 euros (15,000 euros during fiscal year 2019).

31 December 2020

b) Information about the environment

Given the nature of the Group's operations, it has no liabilities, expenses, assets, provisions or contingencies of an environmental nature, nor are they related to greenhouse gases that could be significant in relation to the equity, financial position and results thereof. For this reason, specific breakdowns are not included in this annual report of the financial statements regarding information on environmental issues.

c) Other Group agreements

There are no agreements of the Group that are not included in the balance sheet and on which no information has been incorporated in another note of **the financial statements** whose possible financial impact or nature of the information is significant and helps in determining the Group's financial position.

d) Information regarding conflict of interest situations for members of the Board of Directors

At the end of fiscal years 2020 and 2019, the Parent Company's directors, as well as the persons related to them, as defined in article 229 of the Capital Companies Act, and the persons related to them, who hold positions or functions in companies with the same, similar or complementary type of activity, have incurred conflicts of interest situations that have had to be reported in accordance with the provisions of art. 229 of the TRLSC (Texto Refundido de la Ley de Sociedades de Capital [Consolidated Text of the Capital Companies Act]). For these purposes, at the end of fiscal year 2020 and 2019, the members of the Board of Directors Jorge Guarner Muñoz and Alberto Fernández Sabater hold the position of Joint and Severally Delegated Board Members in the company Healthcare Activos Investment, S.A.; while, in the subsidiaries thereof, they hold the position of Joint and Several Directors.

During fiscal years 2020 and 2019, the Parent Company's directors have not carried out with it or with other companies of the group transactions outside the ordinary traffic or in conditions other than those of the market.

e) Other relevant post-closing information

On 12 January 2021, the subsidiary Healthcare Activos Financing, S.L.U. acquired 100% of the equity units of the company Hospedería Granadina, S.L. This company owns a nursing home in Granada, with a capacity of 143 beds.

The following were published on 30 January 2021: Royal Decree 1/2021, of 12 January, which modifies the General Accounting Plan approved by Royal Decree 1514/2007, of 16 November; the General Accounting Plan for Small and Medium-sized Companies approved by Royal Decree 1515/2007, of 16 November; the Standards for the Formulation of Consolidated Annual Financial Statements approved by Royal Decree 1159/2010, of 17 September; and the rules of Adaptation of the General Accounting Plan to non-profit entities approved by Royal Decree 1491/2011, of 24 October. Likewise, on 13 February 2021, the Resolution of 10 February 2021, of the Institute of Accounting and Auditing of Accounts was published, which issues rules for the registration, valuation and preparation of annual financial statements for the recognition of income for the delivery of goods and the provision of services.

The changes in the standards are applicable to fiscal years beginning on or after 1 January 2021 and focus on the criteria for recognition, valuation and breakdown of income from the delivery of goods and services, financial instruments, hedge accounting, valuation of the stock of raw materials quoted by the intermediaries that market them and the definition of fair value.

In this regard, the annual financial statements for the first fiscal year beginning on or after 1 January 2021 will be presented including comparative information, although there is no obligation to express the information from the previous fiscal year again. Comparative information will only be shown again in the event that all criteria approved by the Royal Decree can be applied without incurring a retrospective bias, without prejudice to the exceptions established in the transitional provisions.

31 December 2020

The application of standards is generally retroactive, although with alternative practical solutions. However, the application of hedge accounting is prospective, the criteria for classification of financial instruments can be applied prospectively and the criteria for income from sales and services can be applied prospectively to contracts initiated as from 1 January 2021.

The Company's Directors are carrying out an evaluation of the applicable transition options and the accounting impacts that these modifications will entail, although at the date of formulation of these individual annual financial statements they still do not have enough information to conclude on the results of this analysis.

19. Regulatory requirements arising from the status of SOCIMI, Law 11/2009

In compliance with the Reporting Obligations established in Article 11 of Law 11/2009, of 26 October, which regulates the Publicly-traded Companies with Investment in the Real Estate Market, the following aspects are indicated:

Observation requirement	Information for fiscal year 2020
a) Reserves arising from periods prior to application of the tax regime established in this Law.	There are no reserves from fiscal years prior to the application of the tax regime established by the Law
b) Reserves from fiscal years in which the tax regime established in this Law has been applied, differentiating the portion of income that comes from income subject to the tax rate of 0%, or 19%, from those that, where appropriate, have been taxed at the general tax rate.	There are no reserves from fiscal years in which the tax regime established in this Law has been applied from income, given that the Company does not have properties directly, if through its subsidiaries. Although the Company has received dividends during the fiscal year 2020 from its companies held for the amount of 5,910,000 euros, which must be taken into account in consideration of income received in compliance with its business activity.
c) Dividends distributed from profits for each fiscal year in which the tax regime established in this Law has been applicable, differentiating the portion that comes from income subject to the tax rate of 0% or 19%, from those that, where appropriate, have been taxed at the general tax rate.	The Company has carried out the distribution of an extraordinary interim dividend during fiscal year 2020 for the amount of 1,947,192 euros, being completely not subject to the special 19% tax rate.
d) In the case of distribution of dividends charged to reserves, designation of the fiscal year from which the applied reserve is applicable and whether they have been taxed at the 0%, 19% or general rate tax rate.	The Company has carried out during fiscal year 2020 distribution of results with charge to the share premium, for an amount of 5,091,831 euros, being completely not subject to the special 19% tax rate.
e) Date of the dividend distribution agreement referred to in points c) and d) above.	The distribution of dividends mentioned in letter c) was agreed on 10 December 2020.
f) Date of acquisition of the properties intended for the lease and of the equity interests in the capital of entities referred to in paragraph 1 of article 2 of this Law.	The Company does not have properties directly, if through its subsidiaries, the properties of which were acquired on 1 August, 20 December 2019, 9 September 2020 and 27 October 2020.
g) Identification of the asset that is computed within 80% referred to in paragraph 1 of article 3 of this Law.	At the end of the 2020 financial year, the assets that count within 80%, as referred to in section 1 of article 3 of the Law, are those related to properties of an urban nature intended for the lease. The net book value for which these assets are registered at the end of fiscal year 2020 of their subsidiaries, amounts to 358,415,018 euros
h) Reserves from fiscal years in which the special tax regime established in this Law has been applicable, which have been arranged in the tax period, that is not for its distribution or to offset losses, identifying fiscal year from which such reserves originate.	There are no reserves from fiscal years prior to the application of the tax regime established by the Law

31 December 2020

20. Segmented information

The Group has not informed about segmented information because net turnover corresponds entirely to investment property leasing activity.

Barcelona, 3 March 2021

Annex 1 – Subsidiary companies 2020

Company	Activity	Registered Address	Auditor	Closing date	% of effective stake of Parent Company	Capital and Premium	Reserves	Other equity holders' contributions	Profit/(Loss) from prior financial years	Interim dividend	Profit or loss	Total shareholders' equity
Healthcare Activos Financing, S.L.U.	Activities for the promotion and execution of real estate developments	Paseo de la Castellana 45, sexto piso, puerta izquierda, 28046 Madrid	KPMG Auditores, S.L.	31/12/2020	100%	3,000	-	144,417,662	-	(5,100,000)	5,122,007	144,442,669
Healthcare Activos Inmobiliarios 13, S.L.U.	Activities for the promotion and execution of real estate developments	Paseo de la Castellana 45, sexto piso, puerta izquierda, 28046 Madrid	KPMG Auditores, S.L.	31/12/2020	100%	3,430,846	82,604	8,132,914	-	(520,000)	729,134	11,855,498
Healthcare Activos Yield Growth, S.L.U.	Activities for the promotion and execution of real estate developments	Paseo de la Castellana 45, sexto piso, puerta izquierda, 28046 Madrid	KPMG Auditores, S.L.	31/12/2020	100%	3,000	-	27,890,723	-	-	(277,347)	27,616,376
Maquavit Inmuebles, S.L.	Acquisition, sale, possession, promotion, rehabilitation, lease and exploitation of real estate	Paseo de la Castellana 45, sexto piso, puerta izquierda, 28046 Madrid	KPMG Auditores, S.L.	31/12/2020	100%	34,647,567	2,109,515	-	-	(500,000)	178,978	34,436,060
Healthcare Activos Inmobiliarios 22, S.L.U.	Activities for the promotion and execution of real estate developments	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	-	31/12/2020	100%	3,000	-	3,000	(757)	-	(3,254)	1,989
Provitae centros asistenciales, S.L.	Activities for the promotion and execution of real estate developments	Paseo de la castellana, 83-85, planta 4ª, 28046, Madrid	-	31/12/2020	50%	6,314,1000	394,233	-	(1,506,652)	-	(46,886)	5,154,794

Annex 1 – Subsidiary companies 2019

Company	Activity	Registered Address	Auditor	Closing date	% of effective stake of Parent Company	Capital and Premium	Reserves	Other equity holders' contributions	Profit/(Loss) from prior financial years	Interim dividend	Profit or loss	Total shareholders' equity
Healthcare Activos Financing, S.L.U.	Activities for the promotion and execution of real estate developments	Paseo de la Castellana 45, sexto piso, puerta izquierda, 28046 Madrid	KPMG Auditores, S.L.	31/12/2019	100%	3,000	-	148,294,725	(2,031)	-	(125,031)	148,170,663
Healthcare Activos Inmobiliarios 13, S.L.U.	Activities for the promotion and execution of real estate developments	Paseo de la Castellana 45, sexto piso, puerta izquierda, 28046 Madrid	KPMG Auditores, S.L.	31/12/2019	100%	3,430,846	45,299	9,185,811	(1,098,643)	-	373,051	11,936,364
Healthcare Activos Yield Growth, S.L.U.	Activities for the promotion and execution of real estate developments	Paseo de la Castellana 45, sexto piso, puerta izquierda, 28046 Madrid	-	31/12/2019	100%	3,000	-	-	(286)	-	(4,553)	(1,839)

Consolidated Management Report

Economic evolution of the businesses

Healthcare Activos Yield Socimi, S.A. and subsidiaries is the leading platform specialising in real estate assets in the healthcare and dependence sector in Iberia, with a portfolio of leased assets carefully selected under long-term contracts with first-class operators.

During fiscal year 2019, the Group's Parent Company acquired 100% of the equity units of Healthcare Activos Yield, S.L.U., and Healthcare Activos Inmobiliarios 13, S.L., resulting in the creation of an investment vehicle valued at more than 355 million euros, a leader in the management of real estate assets in the *healthcare* sector, a market in an early stage of development in Europe and with a great growth potential. During the 2020 financial year, the Group has continued to expand its initial portfolio with the acquisition of six additional strategic assets, distributed throughout Spain in excellent locations and leased to highly reputable operators.

As of 1 August 2019, the date on which the initial *asset portfolio* was acquired, the Group reached the turnover amount of 5,080,748,000 euros in the five-month fiscal year 2019, with the turnover in fiscal year 2020 amounting to 14,801,512 euros.

At the end of fiscal year 2020 and 2019, the Group has a total of 32 assets (26 assets at the end of fiscal year 2019) with a capacity of more than 4,250 beds, carefully selected in locations with fundamental supply-demand solids. All assets are leased to reputable operators under long-term contracts.

On 1 October 2020, the shares of the Parent Company of the Group were listed in the "Euronext Access" stock market in Paris.

The COVID-19 crisis has caused serious consequences in the economy and in global securities markets. Under this situation, the healthcare and dependency sector has proven to be an essential infrastructure despite the significant threats that this pandemic entails. This crisis is testing the Group's business fundamentals, which remain solid: Excellent carefully selected locations, leases to first-class operators with high rent coverage and triple net long-term rental contracts guaranteed by the Parent Company, with fixed income and indexed to the CPI. Thanks to this, the Group's results and treasury projections have not been affected.

The Group collaborates closely with the different operators of the healthcare sector contributing to the development of projects, measures and sector regulatory framework to achieve the best treatment and care of people, thus generating sustainable and long-term value for all interest groups, although during fiscal year 2020 and 2019 the Group has not been explicitly capitalised.

Investments

At the end of fiscal year 2020, the Group has invested 363,061,237 euros in the assets described in the annual report ended 31 December 2020, and plans to increase its investments in the short term in order to expand its assets portfolio in the healthcare sector during the next fiscal year 2021, as mentioned in the subsequent events to the end of fiscal year

Research and development activities

The group has not carried out research and development activities during fiscal year 2020 and 2019.

Acquisitions of treasury stock

As already planned since the formation of the Group on 1 August 2019, on 3 April 2020 and 28 November 2019, the Parent Company acquired own shares from one of its shareholders for the amount of 12,481,794 euros and 11,513,045 euros, respectively. Subsequently, on 19 August 2020 and 23 December 2019, a capital reduction was carried out for amortisation of this own shares, reducing the capital and the premium for amounts of 9,000,000 euros and 3,049,460 euros, respectively, in fiscal year 2020 and 6,780,000 euros and 4,733,045 euros, respectively, in fiscal year 2019.

Consequently, at the end of fiscal year 2020 and 2019, the Group has no own shares.

Financial risk factors

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARIES

31 December 2020

The Group's activities do not present significant concentrations of financial risks.

Derivative financial instruments

During fiscal year 2020 and 2019, the Group has contracted derivative financial instruments in order to hedge the interest rate risk.

Average payment period

The Group's average payment period during fiscal year 2020 and 2019 has been 30 days.

Subsequent events

From the closing date of the consolidated annual financial statements until the formulation thereof, there have been no relevant events that could affect them, beyond the information indicated in note 18 e) of the annual report.

HEALTHCARE ACTIVOS YIELD SOCIMI, S.A. AND SUBSIDIARIES

In compliance with the provisions established in article 253.2 of the recast text of the Spanish Law on Capital Companies and in article 37 of Spanish Code of Commerce, the directors of *Healthcare Activos Yield Socimi, S.A.*, at their meeting held on 3 March 2021, have drawn up the consolidated financial statements and the consolidated management report for the financial year between 1 January 2020 and 31 December 2020. The consolidated financial statements consist of the consolidated balance sheet, consolidated profit and loss account, consolidated statement of changes in equity, consolidated statement of cash flows, notes to the consolidated financial statements and the management report.

Signatories:

D. Jorge Guarner Muñoz

D. Alberto Fernández Sabater

D. Fernando Olaso Echevarría

D. Miguel Zurita Goñi

Dña. Ana Forner Beltrán

D. Ignacio Manzano García