RSR SINGULAR ASSETS EUROPE SOCIMI, S.A.
(Single Shareholder Company)

2023 Management Report and Financial Statement

RSR SINGULAR ASSETS EUROPE SOCIMI, S.A.
BALANCE SHEET AT 31 December 2023
(Details expressed in euros)

ASSET	Notes	31 December 2023	31 December 2022
NON-CURRENT ASSET		**150,133,329**	**128,421,603**
Intangible fixed assets	**5**	**199,550**	**269,051**
Other intangible assets		199,550	269,051
Property, plant and equipment	**6**	**1,036,474**	**1,277,315**
Technical installations and other tangible assets		1,036,474	1,277,315
Real estate investments	**7**	**118,498,536**	**93,986,467**
Land		69,846,642	54,875,401
Constructions		48,651,894	39,111,066
Long-term investments in group companies and associates		**29,353,481**	**31,843,481**
Equity instruments	9	14,118,481	14,118,481
Loans to companies	10 a) and 17	15,235,000	17,725,000
Long-term financial investments	**10 a)**	**115,216**	**115,216**
Other financial assets		115,216	115,216
Deferred tax assets	**14**	**930,073**	**930,073**
CURRENT ASSET		**5,321,890**	**7,754,064**
Inventories		**387**	**400,000**
Advances to suppliers	**10 a)**	387	**400,000**
Trade debtors and other accounts receivables		**1,261,419**	**1,575,289**
Trade receivables for sales and services	10 a)	1,017,382	914,354
Sundry receivables	10 a)	132,759	622,158
Other loans with Public Authorities	14	111,278	38,777
Short-term investments in group companies and associates	**10 a) and 17**	**983,498**	**1,654,157**
Other financial assets with group companies		493,498	664,157
Short-term loans to companies		490,000	990,000
Short-term financial investments	**10 a)**	**67,508**	**72,857**
Other financial assets		67,508	72,857
Cash and cash equivalents	**11**	**3,009,077**	**4,051,761**
Cash flow		3,009,077	4,051,761
TOTAL ASSETS		**155,455,219**	**136,175,667**

Notes 1 to 22 of the attached report form an integral part of the financial statement at 31 December 2023.

RSR SINGULAR ASSETS EUROPE SOCIMI, S.A.
BALANCE SHEET AT 31 December 2023
(Details expressed in euros)

NET EQUITY AND LIABILITIES	Notes	31 December 2023	31 December 2022
NET EQUITY		**68,293,903**	**55,872,184**
OWN FUNDS		**68,293,903**	**55,872,184**
Capital	**13**	**7,500,000**	**7,500,000**
Authorised capital		7,500,000	7,500,000
Emission premium	**13**	**3,500,000**	**3,500,000**
Reserves		**9,556,460**	**9,450,755**
Legal and statutory	13	251,742	251,741
Other reserves		9,304,718	9,199,014
Income from previous financial years		**(10,278,572)**	**(9,125,440)**
Remainder		171,995	171,995
Losses carried over from previous financial years		(10,450,566)	(9,297,435)
Other shareholder contributions	**13**	**60,200,000**	**45,700,000**
Income from the financial year	**3**	**(2,183,985)**	**(1,153,131)**
NON-CURRENT LIABILITIES		**76,777,070**	**76,133,307**
Long-term debts	**10 b)**	**45,638,785**	**44,995,022**
Debts with credit institutions		44,274,365	44,880,602
Other financial liabilities		1,364,420	114,420
Long-term debts with group companies and associates	**10 b) and 17**	**31,138,285**	**31,138,285**
CURRENT LIABILITIES		**10,384,246**	**4,170,176**
Short-term debts	**10 b)**	**7,531,072**	**3,371,528**
Debts with credit institutions		3,630,495	2,459,132
Other financial liabilities		3,900,577	912,396
Short-term debts with group companies and associates	**10 b) and 17**	**2,764,180**	**631,911**
Trade creditors and other payables		**88,994**	**166,737**
Suppliers	10 b)	8,109	8,108
Misc. creditors	10 b)	68,807	23,235
Staff (outstanding compensations due)	10 b)	2,314	2,314
Other debts with Public Authorities	14	9,764	133,080
TOTAL LIABILITY AND NET EQUITY		**155,455,219**	**136,175,667**

Notes 1 to 22 of the attached report form an integral part of the financial statement at 31 December 2023.

RSR SINGULAR ASSETS EUROPE SOCIMI, S.A.
PROFIT AND LOSS ACCOUNT CORRESPONDING TO THE FINANCIAL YEAR

ENDING 31 DECEMBER 2023

(Details expressed in euros)

	Notes	1 January to 31 December 2023	1 January to 31 December 2022
Net turnover amount	**16 a)**	**5,525,610**	**4,607,861**
Provision of services		5,525,610	4,607,861
Personnel expenses		**(36,344)**	**(25,487)**
Wages, salaries and similar expenses		(27,523)	(19,375)
Social Security contributions		(8,821)	(6,112)
Other operating expenses	**16 b)**	**(2,375,565)**	**(1,646,982)**
Outsourced services		(1,901,792)	(1,198,722)
Taxes		(473,773)	(327,629)
Losses, impairment and changes in trading provisions		-	(120,631)
Depreciation of fixed assets	**16 c)**	**(2,178,514)**	**(2,161,850)**
Other income		**7,384**	**5,893**
OPERATING INCOME		**942,571**	**779,434**
Financial income	**16 d)**	**486,214**	**663,828**
From trade securities and other financial instruments		486,214	663,828
Financial expenses	**16 d)**	**(3,612,767)**	**(2,596,394)**
From debts with group companies and associates	17	(2,132,268)	(1,271,561)
From debts with third parties		(1,480,499)	(1,324,833)
FINANCIAL INCOME		**(3,126,553)**	**(1,932,566)**
PRE-TAX REVENUE		**(2,183,985)**	**(1,153,131)**
Income tax		**-**	**-**
INCOME FROM THE FINANCIAL YEAR	**3**	**(2,183,985)**	**(1,153,131)**

Notes 1 to 22 of the attached report form an integral part of the financial statement at 31 December 2023.

RSR SINGULAR ASSETS EUROPE SOCIMI, S.A.

STATEMENT OF CHANGES TO NET EQUITY CORRESPONDING TO THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

A) RECOGNISED EXPENSES AND INCOME STATEMENT
CORRESPONDING TO THE FINANCIAL YEAER ENDED 31 DECEMBER 2023
(Details expressed in euros)

	Notes	1 January to 31 December 2023	1 January to 31 December 2022
Income from profit and loss account	3	(2,183,985)	(1,153,131)
Income and expenses charged directly to net equity		-	-
Total income and expenses charged directly to net equity		-	-
Transfers to profit and loss account		-	-
Total transfers to profit and loss account		-	-
TOTAL RECOGNISED INCOME AND EXPENSES		(2,183,985)	(1,153,131)

Notes 1 to 22 of the attached report form an integral part of the financial statement at 31 December 2023.

RSR SINGULAR ASSETS EUROPE SOCIMI, S.A.
STATEMENT OF CHANGES TO NET EQUITY CORRESPONDING TO THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

B) TOTAL STATEMENT OF CHANGES TO NET EQUITY CORRESPONDING TO THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Details expressed in euros)

	Authorised capital (Note 13)	Emission premium	Reserves	Income from previous financial years	Other shareholder contributions (Note 13)	Income from the financial year (Note 3)	TOTAL
BALANCE AT 01/01/2022	**7,500,000**	**3,500,000**	**9,450,935**	**(7,743,595)**	**20,500,000**	**(1,381,845)**	**31,825,495**
Total recognised expenses and income						**(1,153,131)**	**(1,153,131)**
Transactions with shareholders or owners	**-**	**-**	**-**	**-**	**25,200,000**	**-**	**25,200,000**
Other transactions with shareholders or owners	-	-	-	-	25,200,000	-	25,200,000
Other variations in net equity	**-**	**-**	**(180)**	**(1,381,845)**	**-**	**1,381,845**	**(180)**
FINAL BALANCE AT 31/12/2022	**7,500,000**	**3,500,000**	**9,450,755**	**(9,125,440)**	**45,700,000**	**(1,153,131)**	**55,872,184**
Total recognised expenses and income	-	-	-	-	-	**(2,183,985)**	**(2,183,985)**
Transactions with shareholders or owners	-	-	-	-	**14,500,000**	-	**14,500,000**
Other transactions with shareholders or owners		**-**	**-**	**-**	14,500,000	**-**	14,500,000
Other variations in net equity	**-**	**-**	**105,704**	**(1,153,131)**	**-**	**1,153,131**	**105,704**
FINAL BALANCE AT 31/12/2023	**7,500,000**	**3,500,000**	**9,556,460**	**(10,278,571)**	**60,200,000**	**(2,183,985)**	**68,293,901**

Notes 1 to 22 of the attached report form an integral part of the financial statement at 31 December 2023.

RSR SINGULAR ASSETS EUROPE SOCIMI, S.A.
CASH FLOW STATEMENT CORRESPONDING TO FINANCIAL YEAR

ENDED 31 DECEMBER 2023

(Expressed in euros)

	Notes	1 January to 31 December 2023	1 January to 31 December 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Pre-tax financial year income	**3**	**(2,183,985)**	**(1,153,131)**
Adjustments of the income		**5,305,067**	**4,215,047**
Depreciation of fixed assets	5, 6 and 7	2,178,514	2,161,850
Valuation adjustments		-	120,631
Financial income	17	(486,214)	(663,828)
Financial expenses	17	3,612,767	2,596,394
Changes in working capital		**707,641**	**(62,412)**
Trade and other receivables	10 a)	313,870	374,656
Other current assets	10 a)	399,613	(553,267)
Creditors and other payables	10 b)	(77,743)	(51,703)
Other current liabilities		5,349	167,902
Other non-current liabilities		66,552	-
Other cash flows from operating activities		**(679,279)**	**(3,058,485)**
Interest paid		(1,336,151)	(3,064,381)
Interest received		656,872	5,896
Cash flows from operating activities		**3,149,443**	**(58,982)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		**(24,794,579)**	**(26,297,560)**
Property, plant and equipment	6	(76,886)	(6,617)
Real estate investments	7	(22,217,693)	(26,290,942)
Loans to group companies and associates	17	(2,500,000)	-
Proceeds from divestments		**5,498,224**	**1,020,000**
Property, plant and equipment	6	569	-
Real estate investments	7	7,655	1,020,000
Loans to group companies and associates	17	5,490,000	-
Cash flows from investing activities		**(19,296,355)**	**(25,277,560)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Collections and payments from equity instruments		**14,500,000**	**25,199,820**
Shareholder contributions	13	14,500,000	25,200,000
Other variations in equity		-	(180)
Receivables and payments from financial liability instruments		**604,226**	**1,636,388**
Emission:		**3,150,000**	**2,500,000**
Debts with credit institutions	10 b)	2,900,000	2,500,000
Other financial liabilities		250,000	-
Refund and depreciation:		**(2,545,774)**	**(863,612)**
Debts with credit institutions	10 b)	(2,545,774)	(809,253)
Debts with group companies and associates		-	(54,361)
Cash flows from financing activities		**15,104,226**	**26,836,208**
EFFECT OF CHANGES IN EXCHANGE RATES		**-**	**-**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**(1,042,685)**	**1,499,666**
Cash and cash equivalents at the beginning of the financial year	**11**	**4,051,761**	**2,552,095**
Cash and cash equivalents at the end of the financial year	**11**	**3,009,077**	**4,051,761**

RSR SINGULAR ASSETS EUROPE SOCIMI, S.A.
Report for financial year ended
31 December 2023

1) Activity

The company RSR Singular Assets Europe SOCIMI, S.A. (Single shareholder company), hereinafter the Company, was established on 30 July 2015, under the name RSR Diagonal 596 S.L. on 13 September 2018, the sole shareholder approved its transformation into a Public Limited Company, changing its name to RSR Diagonal 596, S.A.U.

Its corporate offices are located at calle José Abascal, 42 7 DC, where it operates from.

A take-over merger deed was granted between RSR Diagonal 596 S.A.U and Verrox XXI, S.L.U. and PDG 115 Apartaments Turístics S.L.U. on 13 September 2018, involving the two latter companies being taken over by the first, where the two taken over companies are wound up without going into liquidation and the block transfer of their respective assets in favour of the company taking over, as universal successor.

The merger operation has benefited from the tax neutrality regime established in Chapter VII of Title VII of Law 27/2014, dated 27 November on Corporation Tax, for which the mandatory notification to the Tax Administration in the manner and under the terms established by regulation to obtain the tax benefits established therein and in accordance with the aforementioned regulations.

The data related to said merger were included in the financial statement for the financial year ended 13 September 2018.

The sole shareholder approved the acceptance of the special SOCIMI regime on 14 September 2018 for the financial year ending on 13 September 2018 and successive ones, requesting the application of the special tax regime from the Tax Authorities on 28 September 2018 in accordance with the provisions of Law 11/2009 dated 26 October according to the wording provided in Law 16/2012 dated 27 December, regulating SOCIMI (“SOCIMI Legislation”).

For this reason, the Company’s name was changed to RSR Diagonal 596 SOCIMI S.A.U. on 14 September 2018 and a final new name change took place to its current name on 25 October 2018.

Two modifications to the financial year took place during the 2018 financial year. Following these modifications, the financial year now matches the calendar year.

The corporate purpose of the Company was modified on 14 September 2018 and according to its articles of association, it involves:

a) the acquisition and development of urban property to be leased.

b) the holding of shares in the capital of Public Limited Investment Companies Listed in the Real Estate market (SOCIMI in Spanish) or in that of any other companies not resident in Spain with the same corporate purpose as these ones and that are subject to a regime similar to the one established for SOCIMIs in terms of profit distribution mandatory, legal or statutory policy.

c) the holding of shares in the capital of other companies, resident or otherwise in Spain, whose main corporate purpose is the acquisition of urban property for leasing, and which are subject to the same regime established for SOCIMIs in terms of profit distribution mandatory, legal or statutory policy and meet the investment requirements demanded for these companies.

d) the holding of shares or stocks of Real Estate Collective Investment Institutions regulated under Law 35/2003 dated 4 November on Collective Investment Institutions, or any standard that may replace it in the future.

The Company may also perform other ancillary activities, understood to be anywhere all their income represents less than 20% of the Company's income during each tax period or any that may be considered ancillary in accordance with applicable law in every moment.

The activities comprising the corporate purpose may be fully or partially developed either indirectly through the holding of shares in companies with an identical or similar purpose.

The Company and its direct parent company belong to a group whose parent company is domiciled in Luxembourg. The Company has not prepared consolidated financial statement as it is exempt from this obligation in accordance with the provisions of current regulations.

Below is a list of the main elements that define the SOCIMI regime that applies to the Company.

SOCIMI regime

The Company is regulated by Law 11/2009 dated 26 October, amended by Law 16/2012 dated 27 December and by Law 11/2021 dated 9 July, which regulates Public Limited Investment Companies Listed in the Real Estate market.

The Company's functional and reporting currency is the euro.

The Company is a sole proprietorship, having complied with all the duties established by commercial law.

The Company's financial year corresponds to the period beginning on 1 January 2023 and ending on 31 December 2023.

2) Basis for presentation of financial statement

a) True and fair view

The financial statement, comprising the balance sheet, the profit and loss account, the statement of changes in equity, the statement of cash flows and the report, have been prepared based the Company's accounting records, applying the current legal provisions on accounting matters, specifically,

- The Code of Commerce and all other trade legislation.

- General Accounting Plan approved by Royal Decree 1514/2007 dated 16 November 2007, and any amendments approved by Royal Decree 1159/2010, dated 17 September and by Royal Decree 602/2016 dated 2 December, and the sectoral adaptation for real estate companies and by Royal Decree 1/2021 dated 12 January in order to show the true view of the assets, the financial situation, the income, changes in net equity and the cash flows corresponding to the financial year.

-Law 11/2009 dated 26 October, amended by Law 16/2012 dated 27 December and by Law 11/2021 dated 9 July, which regulates Public Limited Investment Companies Listed in the Real Estate market (SOCIMI)

- The regulations adopted by the Institute of Accounting and Accounts Auditing in the implementation of the General Accounting Plan and its additional regulations.

Unless otherwise indicated, all figures presented in this report are expressed in euros.

The financial statement prepared on 30 March 2024 by the Board of Directors will be submitted for approval by the Sole Shareholder, which is expected to be approved without any amendment. The financial statement for the year ended 31 December 2023 were approved by the Sole Shareholder on 30 June 2023.

b) Accounting principles

The financial statement has been prepared from the Company's accounting records and are presented in accordance with current commercial legislation and with the standards established in the General Accounting Plan approved by Real Decree 1514/2007 and the amendments incorporated herein, the most recent of which are those incorporated under Real Decree 1/2021, dated 12 January.

c) Critical aspects for the evaluation and estimation of uncertainty

Estimates made by the Board of Directors of the Company were used during the preparation of the attached financial statement in order to evaluate some of the assets, liabilities, income, expenses and commitments contained in the same. These estimations essentially refer to the following:

- The useful life of the property, plant and equipment, intangible fixed assets, and real estate investments (note 5, 6 and 7).

- The evaluation of possible losses owing to impairment of real estate investments (see note 4 e).

- The evaluation of possible losses due to impairment of equity instruments in group companies and associates (note 9)

These estimates have been made on the basis of the best information available up to the date of preparation of this financial statement, and there is no fact that could cause said estimates to change. Any future placement unknown at the date of preparation of these estimates could lead to modifications (upwards or downwards), which would take place prospectively, where appropriate.

d) Comparison of information

No changes have been made to the structure of the balance sheet, the profit and loss account, the statement of cash flows and the statement of changes in net worth with respect to the previous financial year.
There are no reasons that prevent the comparison of the financial statement for the financial year with those of the preceding financial year, nor that may affect future financial years.

e) Grouping of sections

Certain items from the balance sheet, profit and loss account, are presented in grouped form to facilitate their understanding. However, disaggregated information has been included in the corresponding notes of the report, insofar as significant.

f) Classification of current and non-current liabilities

Assets and liabilities are presented in the classified balance sheet between those of a current and non-current nature. For that purpose, the assets and liabilities are classified as current when they are related to the Company's normal operating cycle and are expected to be sold, used, realised or liquidated in the course of the same, are different to previous ones and their maturity, disposal or realisation that is expected to take place within one year, are held to be traded or involve cash and cash equivalents whose use is not restricted for a period exceeding one year. Otherwise, these are classified as non-current liabilities and assets.

g) Changes in accounting criteria

No changes have been made in accounting criteria.

h) Correction of errors

No error has been detected when preparing this financial statement that would have led to the restatement of the amounts included in the financial year for the 2022 financial year.

i) Relative importance.

When determining the information to be disclosed in this report on the different sections of the financial statements or other matters, the Company took into account the relative importance in relation to the financial statement for the 2023 financial year.

j) Going concern

The Company presented a negative working capital of 5,062,356 euros (3,583,888 euros in 2022) on 31 December 2023 mainly as a result of the registration of the interest associated with the loans with its sole shareholder in current liabilities (2,764.180 euros) and the debt held due to the Matute 11 active purchase (2,958,537 euros).

However, the net equity is positive, and the directors have prepared this financial statement under the going concern principle insofar as management expects to meet the current liabilities of the Company through the generation of flows deriving from its ordinary activity and payment of debts and monetary contributions from its sole shareholder.

3) Application of the income

The proposed distribution of the income for the 2023 financial year that the Board of Directors is submitting for the approval of the Sole Shareholder is as follows:

Basis of distribution	2023	2022
Profit and loss (loss)	(2,183,985)	(1,153,131)
Total	(2,183,985)	(1,153,131)
Application		
To negative income from previous financial years	(2,183,985)	(1,153,131)
Total	(2,183,985)	(1,153,131)

The Company is subject to the SOCIMI regime described in note 1 with respect to the distribution of dividends.

4) Valuation and registration standards:

Below are the main registration and valuation standards used to prepare the financial year:

a) Intangible fixed assets

As a general rule, intangible assets are recorded provided they meet the identifiability criteria and are initially valued at their acquisition price or production cost, subsequently reduced by the corresponding accumulated depreciated and any losses due to impairment that may have taken place. The following criteria in particular apply:

a.1) Rights of transfers

They are initially recorded at the acquisition price and are depreciated on a straight-line basis over 10 years, which is the estimated period during which they will contribute towards obtaining income, except when the term of the contract is shorter, in which case they are depreciated over said period.

a.2) Licenses and trademarks

Licenses and trademarks are acquired at cost less accumulated depreciation and recognised corrections for impairment. Depreciation is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives.

b) Property, plant and equipment

Property, plant and equipment is valued at its acquisition price or production cost and less the corresponding accumulated depreciation and any impairment losses that take place.

Financial expenses accrued during the construction period that are directly attributable to the acquisition or manufacture of the asset are also included, provided that a period of time greater than one year is required until they are in conditions of use.

Indirect taxes on property, plant and equipment are only included in the purchase price or production cost whenever they are not recoverable directly from the Public Treasury.

The initial estimate of the current value of the duties assumed related to the dismantling or removal and other ones associated with said asset, such as restoration costs of the place where it is located are also included as a greater value of the property, plant and equipment whenever these duties lead to the registration of provisions.

The costs of any expansion, upgrading or improvements that represent an increase in productivity, capacity or efficiency, or an extension of the useful life of the assets, are accounted for as a higher cost of the same. Maintenance and conservation costs are recorded in the profit and loss account during the financial year when they are incurred.

Any construction work performed by the Company for its own fixed assets are reflected based on the cost price of raw materials and other consumable materials, any costs directly attributable to said assets, as well as a reasonable proportion of indirect costs.

The Company depreciates its property, plant and equipment on a straight-line basis. The years of useful life applied are as follows:

Item	Years useful life
Tools	4
Other facilities	10
Furnishings	10
Information process equipment	4
Other property, plant and equipment	10

c) Impairment of non-financial assets fixed asset value

The impairment loss of an item of property, plant and equipment or an intangible asset takes place when its book value exceeds its recoverable value, understood to be the higher amount between its fair value less sales costs and its value in use.

For these purposes, the Company performs an evaluation by the end of the financial year at the very latest whether there are indications that any property, plant and equipment or an intangible asset, with an indefinite useful life, or if any cash-generating unit is impaired applying the so-called "impairment test", in which case its recoverable amount is estimated by making the corresponding value corrections.

The calculations of the impairment of property, plant and equipment are performed on an individual basis. However, whenever it is not possible to determine the recoverable amount of each individual asset, the recoverable amount of the cash-generating unit to which each item of fixed assets belongs is determined.

d) Real estate investments

This section includes the values of land, buildings and other constructions that are maintained, either to operate them on a rental basis, or to obtain a capital gain on their sale as a result of future increases in their respective market prices.

These assets are initially valued at their acquisition price and are subsequently reduced by any corresponding accumulated depreciation and impairment losses, in accordance with the criteria mentioned in Note 4 e).

Conservation and maintenance costs of the different elements comprising real estate investment are charged to the profit and loss account in the financial year when they are incurred. Otherwise, the amounts invested in improvements that contribute to increasing the capacity or efficiency or that lengthen the useful life of the assets are recorded as a greater cost of the same.

The Company depreciates real estate investments using the straight-line method, by applying annual depreciation percentages calculated on the basis of the years of estimated useful lives of the respective assets, as detailed below (average):

	Percentage of depreciation
Buildings	3%

Income and profit are recognised upon the sale of the assets and their deed to the buyers, which is the time during which the rights and duties inherent to them are transferred. Income from rentals is charged to income applying an accrual basis.

The recognition of rental expenses applies an accrual criterion, charging all maintenance, management and depreciation expenses of the rented assets to income.

The Company determines the fair value of the real estate investments on a periodic basis, taking the appraisals performed by independent experts as reference values.

e) Impairment of real estate investment value

Each financial year, the Company evaluates the possible existence of value losses that would make it necessary to reduce the carrying amounts of its real estate investments. A loss of value is deemed to exist whenever the recoverable value is less than the book value.

The recoverable values are calculated for each cash-generating unit, where said recoverable amount is determined as the greater of the fair value less sales costs and the value in use.

The following procedure has been implemented by Company Management for the performance of this test:

The recoverable value of each real estate investment is determined by an independent expert, recording any ensuing impairment loss in the profit and loss account under the heading “Impairment and income from disposal of fixed assets”.

As of 31 December 2023, the Company commissioned the independent expert Knight Frank España S.A.U., to value its real estate investments to determine the fair values of its real estate investments.

These valuations were performed using the comparison and investment methods. Our appraisal while conducting our valuation of the property was based on the classification and analysis of the most appropriate comparable investments for the valued property, as well as rental transactions, along with evidence of demand in the vicinity of the property in question. We applied data obtained from such transactions to the property, taking into account its size, location, the terms of the contract of each lessee, their strength, as well as any other material factors.

The calculations used for Discounted Cash Flows, analysing the market value as a result of the contractual rent and any potential according to use, as well as being in line with offer prices and closed prices of comparable assets We have not reflected any cost of capital and no other differential has been added on top of inflation.

The discounted cash flow method is based on 5-year projections of net income from asset rentals. A market discount rate is applied to the ensuing cash flows and an exit capitalisation rate has been applied to the flow from the last year to obtain the value of the property.

Discount rates acceptable to a potential investor were used to calculate the fair value and agreed upon with those applied by the market for properties with similar features and locations. The valuations were performed in accordance with the Valuation and Appraisal Standards published by the UK Royal Institution of Chartered Surveyors (RICS).

The main assumptions by the appraisal company when calculating the fair value of real estate assets were an equivalent capitalisation rate (equivalent yield) of between 4% and 6% for buildings and between 3.15% and 3.50% for commercial premises.

In the event of a subsequent reverse of an impairment loss, the carrying amount of the asset is increased up to the limit of the original value for which said asset was recorded prior to the recognition of said loss of value.

f) Leases and other operations of a similar nature

The Company registers any operations as financial leases through which the lessor substantially transfers any risks and rewards inherent to ownership of the asset covered by the contract to the lessee, registering the rest as operating leases. All contracts held by the Company are operating leases.

f.1) Lessor of the operating lease:

Whenever assets are leased under an operating lease, the asset is included in the balance sheet according to its nature. Lease income is recognised on a straight-line basis over the lease term.

f.2) Lessee of the operating lease:

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases Operating lease payments (net of any incentives received from the lessor) are charged to the profit and loss account for the financial year when they are accrued on a straight-line basis over the lease term.

g) Financial instruments

g.1) Financial assets

Financial assets at cost

The following are included in this valuation category in any case:
a) Investments in the equity of group, multi-group and associated companies.
b) Any other investments in equity instruments whose fair value cannot be determined by reference to a price quoted in an active market for an identical instrument, or cannot be estimated reliably, and any derivatives whose underlying assets are these investments.
c) Hybrid financial assets whose fair value cannot be reliably estimated, unless the requirements for their accounting at depreciated cost are met.
d) Contributions made as a result of a joint account contract and similar.
e) Equity loans whose interests are contingent, either because a fixed or variable interest rate is agreed subject to meeting a milestone in the borrowing company (such as obtaining profits), or because they are calculated exclusively by reference to how said company’s business progresses.
f) Any other financial asset that is initially classified in the fair value portfolio with changes in the profit and loss account whenever it is impossible to obtain a reliable estimate of its fair value.

Initial valuation

Investments included in this category will be initially valued at cost, which is equivalent to the fair value of the consideration provided plus any transaction costs that are directly attributable to the same, the latter of which is not being included in the cost of investments in group companies.

However, in cases involving an investment prior to its classification as a group, multi-group or associated company, the book value that it should have immediately before the company is classified as such is considered as the cost of said investment.

The amount of any pre-emptive subscription rights and similar that may have been acquired forms part of the initial valuation.

<u>Subsequent valuation</u>

The equity instruments included in this category are valued at their cost value less any cumulative amount of any adjustments for impairment that may have taken place.
Whenever a value must be assigned to these assets due to derecognition of the balance sheet or for any other reason, the weighted average cost method for homogeneous groups is applied, meaning these are values that have equal rights.

The amount of the cost of the rights decreases the book value of the respective assets in the event of sale of pre-emptive subscription rights and similar or segregation of the same for their exercise.

Contributions made as a result of a joint account and similar contract will be valued at cost, increased or decreased by any profit or loss, respectively, applied to the company as a non-managing participant, and less any cumulative value correction amounts for impairment.

This same criterion is applied to equity loans whose interests are contingent, either because a fixed or variable interest rate is agreed subject to meeting a milestone in the borrowing company (such as obtaining profits), or because they are calculated exclusively by reference to how said company's business progresses. If any irrevocable fixed interest is agreed on top of a contingent interest, the latter is recorded as financial income based on its accrual. Transaction costs are charged to the profit and loss account on a straight-line basis throughout the life of the equity loan.

<u>Impairment of value</u>

Any necessary value corrections will be applied by the close of the financial year whenever there is objective evidence that the book value of an investment will not be recoverable. The value correction is the different between its book value and its recoverable amount, understood as the higher amount between its fair value less sales cost and the current value of future cash flows derived from the investment, which for equity instrument purposes is calculated either by estimating those expected to be received as a result of the distribution of dividends carried out by the investee company and the sale or derecognition of the investment itself, either by estimating its share in the cash flows expected to be generated by the investee, originating both form its ordinary activity and its disposal or derecognition.

Unless there is better evidence of the recoverable amount of investments in equity instruments, the impairment loss for this class of assets is calculated based on the net worth of the investee and any unrealised capital gains existing at the valuation date, net of the tax effect. Provided that the investee company has in turn invested in another, the net worth included in the consolidated financial statement prepared applying the criteria of the Commercial Code and its implementing regulations is taken into account when determining this value.

The recognition of valuation adjustments for value impairment and its reversal, if applicable, are recorded as an expense or income, respectively, in the profit and loss account The reversal of impairment is limited to the book value of the investment that would be recognised at the reversal date if the impairment had not been recorded.

However, in the event that there had been an investment in the company prior to its classification as a group, multi-group or associated company, and prior to that classification, valuation adjustments were made directly attributed to net equity arising from such investment, these adjustments are held following the classification until the investment is disposed of or derecognised, at which time they are recorded in the profit and loss account, or until the following take place:

a) Value corrections for impairment in the case of previous value adjustments due to increases in value will be recorded against the net equity item that includes the value adjustments previously applied to the amount thereof, and any excess will be recorded in the profit and loss account. The value correction for impairment charged directly to net equity is not reversed.
b) In the case of previous valuation adjustments due to reductions in value, whenever the recoverable amount is subsequently greater than the book value of the investments, the latter is increased up to the limit of the indicated reduction in value against the item that has included the prior value adjustments, and the ensuing amount is considered the cost of the investment from that time on. However, whenever there is objective evidence of an impairment in the value of the investment, the losses accumulated directly in net equity are recognised in the profit and loss account.

Financial assets at depreciated cost

Included in this category are any financial assets, including those admitted to trading on an organised market, where the Company holds the investment in order to receive the cash flows derived from the execution of the contract, and the contractual conditions of the financial asset led to cash flows on specific dates that are solely recipients of principal and interest on the outstanding principal amount.
The contractual cash flows that solely involve repayment of principal and interest on the outstanding principal amount are inherent to an agreement for ordinary or common loans, notwithstanding the fact that the operation is agreed at a zero interest or below market rate. Loans for commercial operations and loans for non-commercial operations are included in this category:

a) Loans for commercial operations are any financial assets that originate in the sale of assets and the provision of services for the company's trade operations with deferred repayment, and
b) Loans for non-commercial transactions are any financial assets that are not derivatives or equity instruments and do not have a commercial origin and whose payments are for a determined or determinable amount, which originate from loan or credit operations granted by the company.

Initial valuation

Financial assets classified in this category are initially valued at fair value, which is the price of the transaction there is evidence to the contrary and that is equal to the fair value of the consideration delivered plus the transaction costs that are directly attributable.

However, any commercial operation loans maturing in less than one year and that do not have any explicit contractual interest rate, as well as loans to staff, dividends receivable and required disbursements on equity instruments the amount of which is expected to be paid back in the short term, are valued at their face value insofar as the effect from not updating the cash flows is not deemed to be significant.

Subsequent valuation

The financial assets included in this category will be valued at their depreciated cost. Interest accrued is recorded in the profit and loss account by applying the effective interest rate method.

However, loans with a maturity of no more than one year that are initially valued at their face value in accordance with the provisions of the previous section, continue to be valued at said amount, unless they have been impaired.

Whenever the contractual cash flows of a financial asset change due to financial difficulties on the issuer's behalf, the company analyses whether to record an impairment loss or not.

Impairment of value

The necessary value corrections are made by the close of the financial year and whenever there is objective evidence that the value of a financial asset, or a group of financial assets with similar risk features valued as a whole, has become impaired as a result of one or more events that have occurred after its initial recognition and that cause a reduction or delay in estimated future cash flows, which may be due to insolvency of the debtor.

Impairment loss of these financial assets is generally the difference between their book value and the present value of future cash flows, including any from the execution of real and personal guarantees, which are expected to be generated, discounted at the effective interest rate calculated at the time of initial recognition. The effective interest rate for variable interest rate financial assets corresponding to the financial statement closing date is used in accordance with the contractual conditions.

Value corrections due to impairment, as well as their reversal whenever the amount of said loss decreases due to causes related to a subsequent event, are recognised as an expense or income, respectively, in the profit and loss account. The reversal of impairment is limited to the book value of the asset that would be recognised at the reversal date if the impairment had not been recorded.

g.2) Financial liabilities

For valuation purposes, financial liabilities are included in some of the following categories:

a) Financial liabilities at depreciated cost:

Any debits for commercial operations and debits for non-commercial operations are generally included in this category:

a) Debits for commercial operations are any financial liabilities that originate in the purchase of assets and services for traffic operations of the company with deferred payment, and

b) Debits through non-commercial transactions are any financial liabilities that are not derivative instruments and do not have a commercial origin but that instead originate from loan or credit operations received by the company.

Equity loans that have the feature an ordinary or common loan are also included in this category notwithstanding any agreed interest rate (zero or below market).

Initial valuation

Financial liabilities included in this category are initially valued at fair value, which is the price of the transaction and is equal to the fair value of the consideration received adjusted by any transaction costs that are directly attributable.
However, any debits from commercial operations maturing within one year and that do not have a contractual interest rate, as well as any disbursements requested by third parties on shares, the amount of which is expected to be paid back in the short term, are valued at their face value when there is no significant effect from not updating the cash flows.

Subsequent valuation

The financial liabilities included in this category will be valued at their depreciated cost. Interest accrued is recorded in the profit and loss account applying the effective interest rate method.
However, debits with a maturity of no more than one year that are initially valued at their face value continue to be valued at that amount.

h) Guarantees delivered and received

The difference between the fair value of the guarantees delivered and received and the amount paid out or received is considered as an advance payment or receipt for the operating lease or provision of the service, which is charged to the profit and loss account during the lease period or during the period during which the service is provided.

Whenever this involves short-term guarantees, no discount is applied to cash flows since it has no significant effect.

i) Cash and cash equivalents

This heading includes cash on hand, current bank accounts and deposits and temporary acquisitions of assets that meet all of the following requirements:

- They are convertible into cash.
- Their maturity was not greater than three months at the time of their acquisition.
- They are not subject to any significant risk of changes in value.
- They form part of the Company's normal cash flow management policy.

j) Income tax

General regime

The income tax expense or income is calculated using the sum of current tax expense or income and the relevant portion of the deferred tax expenditure or income.

The current tax is the amount resulting from the application of the tax rate on the tax base for the financial year. The deductions and other tax benefits of the tax payment, excluding tax withholding and payments on account, as well as tax losses carried forward from previous financial years and applied effectively in the financial year shall lead to a lower tax amount.

Any deferred tax expense or income corresponds to the recognition and cancellation of deferred tax assets for deductible temporary differences, for the right to offset tax losses in subsequent financial years and for deductions and other pending unused tax benefits that are applicable and deferred tax liabilities due to taxable temporary differences.

Deferred tax assets and liabilities are valued based on the tax rates expected at the time of their reversal.

Deferred tax liabilities are recognised for all taxable temporary differences, except those arising from the initial recognition of goodwill or other assets and liabilities in a transaction that affects neither the tax income nor the accounting income and is not a business consolidation.

In accordance with the principle of prudence, deferred tax assets are only recognised to the extent that future earnings that allow their application are deemed likely. Notwithstanding the foregoing, deferred tax assets corresponding to deductible temporary differences arising from the initial recognition of assets and liabilities in any operation that does not affect either the tax income or the accounting income and is not a business combination are not recognised.

Both current and deferred tax income or expense are recorded in the profit and loss account. However, current and deferred tax assets and liabilities that are related to a transaction or event recognised directly in a net equity item are recognised with a charge or credit to that item.

At each accounting close, the recorded deferred taxes are reviewed in order to verify that they remain in force, making any appropriate corrections to the same. Recognised deferred tax assets and any not previously recognised are also evaluated, derecognising any recognised assets if their recovery is no longer likely, or registering any previously unrecognised asset of this nature insofar that its recovery with future tax profit is likely.

SOCIMI regime

On 14 September 2018, the Company notified its local Spanish Tax Authority where it has its fiscal address that it wished to avail of the special SOCIMI tax regime.

Pursuant to Law 11/2009 dated 26 October, regulating Public Limited Investment Companies Listed in the Real Estate market, companies that meet the requirements defined in regulations and opt for the application of the special tax regime provided for in said Law will be taxed at a 0% Corporation Tax rate.

Article 26 of Law 27/2014 dated 27 November on Corporation Tax will not apply in the event of tax-loss carryforwards.

The deductions and credit regime established in Chapters II, III and IV of said regulation will also be inapplicable. The provisions of Law 27/2014 on Corporation Tax will also apply for everything not covered in SOCIMI legislation.

The company will be subject to a special tax rate of 19% on the full sum of dividends or shares in profits distributed to shareholders whose shareholding in the company's share capital is equal to or greater than 5%, whenever said dividends are exempt or taxed at a tax rate of less than 10% at their shareholders' offices. This tax will be considered as a Corporate Tax payment.

The Company will be subject to a special tax rate of 15% on the sum of profits obtained during the financial year that are not distributed, for the percentage from income that has not been taxed at the general Corporation Tax rate or does not involve income covered by the reinvestment period (Law 11/2021 dated 9 July).

Failure to comply with the permanence requirement of the real estate referred to in Section 3, Article 3 of legislation regarding property will involve the taxation of all income generated by said property during all tax periods when this special tax regime would have been applied, in accordance with the general regime and the general Corporation Tax rate.

k) Transactions between related parties

Transactions between related parties, regardless of the degree of their relationship, are recorded in accordance with the general standards. Items subject to transactions are therefore generally recorded initially at their fair value. If the agreed price of a transaction is different from its fair value, the difference shall be recorded on the basis of the economic reality of the transaction. The subsequent valuation shall be made in accordance with the terms of the corresponding regulations.

l) Revenue recognition

Revenue is recognised when control of goods or services is transferred to customers. Income is recorded for the sum of the consideration that it is expected to be entitled to in exchange for the transfer of the promised assets and services arising from contracts with customers, as well as other income not arising from contracts with customers that constitutes the company's ordinary activity. The recorded amount is determined by deducting the amount for discounts, refunds, price reductions, incentives or rights delivered to customers from the sum of the consideration for the transfer of goods or services committed to customers or other income corresponding to the Company's ordinary activities as well as value added tax and other taxes directly related to the same that must be charged.

Whenever the price set in contracts with customers includes a variable consideration sum, the best variable consideration estimate is included in the price to be recognised insofar that it is highly likely for a significant reversal of the income sum recognised not to occur when the uncertainty associated with the variable consideration is subsequently resolved. The Company bases its estimates taking historical information, the type of customer, the type of transaction and the specific terms of each agreement into account.

Interest income

Interest income from financial assets valued at depreciated cost is recognised using the effective interest rate method. Whenever an account receivable suffers a loss due to value impairment, the Company reduces the book value to its recoverable amount, discounting the estimated future cash flows at the original effective interest rate of the instrument, and maintains the discount as a reduction in interest income. Interest income from loans that have suffered value impairment losses are recognised using the effective interest rate method.

Provision of services

The Company provides rental services under fixed price contracts and variable price contracts. Income from the provision of services are recognised during the financial year in which they are provided.
Income for fixed price contracts corresponding to the provision of rental services is recognised on the basis of the actual service provided up to the end of the financial year being reported on, as a proportion of the total services to be provided given that the customer receives and consumes the benefits simultaneously. This is determined based on the actual work hours incurred in relation to the total expected work hours.

Estimates on the income, cost, or degree of progress toward completion are revised if circumstances change. Any resulting increase or decrease in estimated income or cost is reflected in profit or loss for the financial year during which management becomes aware of the situation leading to the revision.
Customers pay the fixed amount based on a payment schedule in the case of fixed price contracts. A contract asset is recognised if the services provided by the Company exceed the payment. If payments exceed services rendered, a contract liability is recognised.

If circumstances arise that modify the initial estimates for ordinary income, costs or degree of progress, these estimates are reviewed. The reviews may lead to increases or decreases in estimated income and costs and are reflected in the income statement during the period when management become aware of the circumstances that have led to such a review.

Income and expenses are stated in accordance with the accrual criterion, i.e., when the actual flow of the goods and services they represent occurs, regardless of when the financial or monetary flow thereof takes place.

Income and expenses are valued at fair value of the consideration received, less any discounts and taxes.

5) Intangible fixed assets

The balances and variations taking place during financial years of the gross values, the accumulated depreciation and the value correction are:

The intangible fixed assets correspond to the licence for the Hostel located at the Paseo de Gracia building in Barcelona (note 7).

	Other intangible assets	Total
Gross values		
Balance 01.01.2022	695.000	695.000
Incoming	-	-
Disposals, deregistrations or reductions	-	-
Balance 31.12.2022	695.000	695.000
Incoming	-	-
Disposals, deregistrations or reductions	-	-
Balance 31.12.2023	695.000	695.000
Accumulated depreciation		
Balance 01.01.2022	(356.449)	(1.578.637)
Allocation to depreciation	(69.500)	(313.190)
Disposals, deregistrations or reductions	-	-
Balance 31.12.2022	(425.949)	(1.891.827)
Allocation to depreciation	(69.500)	(69.500)
Disposals, deregistrations or reductions	-	-
Balance 31.12.2023	(495.449)	(1.961.327)
Net book value at 31.12.2022	269.051	269.051
Net book value at 31.12.2023	199.550	199.550

No impairment have taken place during the financial year.

6) Property, plant and equipment

The balances and variations during the 2023 and 2022 financial years of the gross values, the accumulated depreciation and the value correction are:

	Technical installations and other tangible assets	Total
Gross values		
Balance 01.01.2022	3.162.526	3.162.526
Incoming	6.617	6.617
Disposals, deregistrations or reductions	-	-
Balance 31.12.2022	3.169.143	3.169.143
Incoming	76.886	76.886
Disposals, deregistrations or reductions	(569)	(569)
Balance 31.12.2023	3.245.460	3.245.460
Accumulated depreciation		
Balance 01.01.2022	(1.578.637)	(1.578.637)
Allocation to depreciation	(313.190)	(313.190)
Disposals, deregistrations or reductions	-	-
Balance 31.12.2022	(1.891.827)	(1.891.827)
Allocation to depreciation	(317.159)	(317.159)
Balance 31.12.2023	(2.208.986)	(2.208.986)
Net book value at 31.12.2022	1.277.315	1.277.315
Net book value at 31.12.2023	1.036.474	1.036.474

The additions for the 2023 and 2022 financial years are mainly due to maintenance and repair work on the properties.

There are several fully depreciated computer equipment, tools and other material assets for a value of 58,117 euros.

The Company has taken out insurance policies to cover any possible risks that the different fixed assets items are subject, as well as any possible claims that may be filed against it for the exercise of its activity, where these policies are believed to be sufficient to cover the risks they are subject to.

No impairments have occurred in property, plant and equipment neither in 2023 nor in 2022.

7) Real estate investments

The balances and variations during the 2023 and 2022 financial years of the gross values, the accumulated depreciation and the value correction are:

	Land	Constructions	Construcions in progress	Total
Gross values				
Balance 01.01.2022	34.950.290	44.007.963	-	78.958.253
Incoming	19.925.111	233.546	6.132.285	26.290.942
Disposals, deregistrations or reductions	-	-	-	-
Balance 31.12.2022	54.875.401	44.241.509	6.132.285	105.249.194
Incoming	14.813.556	2.601.605	8.896.418	26.311.579
Transfers	157.685	(157.685)	-	-
Disposals, deregistrations or reductions	-	(2.655)	(5.000)	(7.655)
Balance 31.12.2023	69.846.642	46.682.774	15.023.703	131.553.119
Accumulated depreciation				
Balance 01.01.2022	-	(9.483.569)	-	(9.483.569)
Allocation to depreciation	-	(1.779.159)	-	(1.779.159)
Disposals, deregistrations or reductions	-	-	-	-
Balance 31.12.2022	-	(11.262.728)	-	(11.262.728)
Allocation to depreciation	-	(1.791.855)	-	(1.791.855)
Disposals, deregistrations or reductions	-	-	-	-
Balance 31.12.2023	-	(13.054.583)	-	(13.054.583)
Net book value at 31.12.2022	54.875.401	32.978.781	6.132.285	93.986.466
Net book value at 31.12.2023	69.846.642	33.628.191	15.023.703	118.498.536

The real estate investments included in this heading are intended to be operated on a rental basis and are as follows:

a) Ronda Sant Pere 32 in Barcelona
Property purchased on 8 August 2014.

The property includes a building rented from a hotel operator and two commercial premises. One of them as is not rented as of 31 December 2023 and 2022, but there is a contract signed with the operator to incorporate these premises into the hotel and create a restaurant, increasing the annual rent once the work has been completed.

b) Avenida Diagonal 596 in Barcelona
Property purchased on 30 September 2015.

The property is composed of a building rented from a hotel operator and commercial premises that is also rented.

c) Paseo de Gracia 115 in Barcelona
Property purchased on 27 October 2015.

The property is composed of sixteen housing units for tourism purposes, an apartment, a hostel and two commercial premises. The houses for tourism purposes and the hostel are leased to a company and the apartment to a private individual. As of 31 December 2023 and 2022, the premises are also rented.

As of 31 December 2023, there still was no business licence for property 4º3ª, therefore meaning 15 are subject to be used for tourism purposes.

d) Carrer de Martínez Cubells 5 in Valencia
Property purchased on 25 March 2019.

The building is leased to a hotel operator, and the Company has a parking rental agreement in place that it subleases to the hotel operator.

Additions generated during the financial year ended 31 December 2023 correspond to improvements at the facilities and refurbishments on the bathrooms performed for a sum of 1,421,959 euros (2022: 233,546 euros).

e) Calle de las Hileras, 4 in Madrid
Property purchased on 04 February 2022.

Additions generated during the financial year ended 31 December 2023 correspond to improvements in the facilities performed for a sum of 286,489 euros.

The property is composed of a building that is currently not operational, in which maintenance work has been performed to improve its conservation and comprehensive remodelling work will take place with its opening scheduled for 2026.

f) Calle Epalza, 8 in Bilbao
Five plants acquired on 30 January 2023 that have been registered as construction in progress.

These buildings are not operational, but maintenance work has been performed to improve their conservation and comprehensive remodelling work will take place with its opening scheduled for 2026.

Nine parking spaces have also been acquired in the same property that have been registered in construction along with the capitalisable costs for a value of 306,709 euros.

g) Calle Huertas de la Villa, Bilbao
Property purchased on 24 July 2023.

Six parking spaces were acquired on 27 December 2023.

h) Plaza de Matute 11
Property acquired on 14 June 2023 that has been registered as construction in progress.

The property is composed of a building that is currently not operational, but maintenance work has been performed to improve its conservation.

The fair value of real estate investments as of 31 December 2023, calculated on the basis of the RICS valuations performed by Knight Frank España S.A.U., amounts to 222,950,000 euros (2022: 159,040,000 euros).

The income derived from rents from real estate investments amounted to 5,525,610 euros and 4,607,861 euros, respectively during the 2023 and 2022 financial years.

Operating expenses for all items related to the same also amounted to 2,375,566 euros and 1,526,351 euros, respectively.

At the end of the financial year ended 31 December 2023 and 2022, the Company did not have any contractual duty to acquire, construct or improve its real estate investments, nor did it maintain real estate investments outside of Spain.

The Company had no real estate investments that were fully depreciated at the end of the financial year ended 31 December 2023 and 2022.

The Company has taken out insurance policies to cover any possible risks to which the different elements of its real estate investments are subject, as well as any possible claims that may be filed against it for the exercise of its activity, where these policies are understood to sufficiently cover the risks they are subject to

As of 31 December 2023 and 31 December 2022, all real estate investments are delivered as a guarantee for mortgage debts, except for the one located at C/ Hileras building (purchased in 2022). The nominal outstanding amount as of 31 December 2023 is 41,230,000 euros (2022: 42,470,000 euros) (note 10 b.2).

8) Leases and other operations of a similar nature

a.1. Operational lease

The Company has leased the real estate investments described in note 7 through operating lease contracts that expire between 2024 and 2036.

Below are the minimum future fees for operating leases contracted with lessees, in accordance with the current contracts in force:

	Outstanding contributions	
	Balance 31.12.2023	Balance 31.12.2022
Less than one year	5,543,196	4,972,918
Between one and five years	43,967,881	22,310,607
More than five years	53,809,570	21,435,864
	103,320,648	48,719,389

Addenda have been signed that have led to increases in future fees during the financial year.

At the close of the 2023 and 2022 financial years, the Company in its position as lessor entered into contract with the lessors for the following minimum lease fees, in accordance with the current contracts in force, without taking into account the impact of common costs, future CPI increases, or future increases to contractually agreed rents (in euros).

	Outstanding contributions	
	2023	2022
Less than one year	73,388	67,308
Between one and five years	342,942	316,140
More than five years	345,719	328,356
	762,049	711,804

Expenses during the 31 December 2023 arising from the lease contracts signed by the Company in its position as lessee amounted to 514,771 euros (67,308 euros for the financial year ended 31 December 2022).

The amount of the operating lease and sub-lease fees recognised as an expense and income, respectively, are as follows:

	2023	2022
Sub-lease fees	48.769	46.909
	48.769	46.909

9) Equity instruments in group, multi-group and associate companies

The most significant information related to the companies from the group, multi-group and associate companies is as follows:

At 31.12. 2023

Name/Address/Activity	Share book value	% shareholding Direct	% shareholding Indirect	% voting rights Direct	% voting rights Indirect	Capital stock	Reserves	Other equity items	Operational income*	Result Net yield	Result Yield financial year Previous
RSRP Singular Assets Portugal Unipessoal (*)	8,006,000	100	-	100	-	6,000	-	8,000,000	(216,668)	(931,593)	(2,207,875)
RSRP CEDOFEITA SA (*)	2,080,000	100	-	100	-	50,000	-	2,030,000	(82,759)	(82,759)	(452,089)
RSR CEDOFEITA PALACE SA (*)	4,032,481	70	30	70	30	3,668,675	20,441	-	(66,603)	(435,711)	(505,852)
	14,118,481					3,724,675	20,441	10,030,000	(366,030)	(1,450,064)	(3,165,816)

(*) The figures have not been audited

At 31.12. 2022

Name/Address/Activity	Share book value	% shareholding Direct	% shareholding Indirect	% voting rights Direct	% voting rights Indirect	Capital stock	Reserves	Other equity items	Operating income	Result Net yield	Result Yield financial year Previous
RSRP Singular Assets Portugal Unipessoal	8,006,000	100	-	100	-	6,000	-	8,000,000	(296,643)	(970,752)	(1,237,122)
RSRP CEDOFEITA SA	2,080,000	100		100		50,000	-	2,030,000	(64,864)	(105,184)	(311,037)
RSR CEDOFEITA PALACE SA	4,032,481	70	30	70	30	3,668,675	20,441		(131,006)	(134,401)	(371,451)
	14,118,481					3,724,675	20,441	10,030,000	(427,649)	(1,210,337)	(1,919,610)

The Company has interests in the following companies as of 31 December 2023:

- RSRP Singular Assets Portugal Unipessoal Lda: a 100% holding in the share capital of the company that was established in 2019, with share capital of 6,000 euros.

  The Portuguese company specialises in the acquisition and development of urban properties for leasing purposes and is not listed on the stock market. Its registered office is located at Rua da Alegria, 783 R/C Concelho Porto Freguesia Bonfim 4000 047 Porto.

  The Company capitalised the loan outstanding payment in 2021 for a sum of 8,000,000 euros with the investee, converting it into a higher value of the Company's shareholding.

- RSRP CEDOFEITA, S.A. a 100% holding in the share capital of the company that was established in 2021, with a value of 50,000 euros.

  The Company made a payment on account on behalf of RSRP CEDOFEITA S.A. during the 2020 financial year as an advance payment required under the terms of the Great Naboo, S.A. share purchase agreement for a value of 900,000 euros. For all legal and accounting purposes, the Company classified said payment on account as additional capital contributions made in favour of the Portuguese company.

  The Company made equity contributions amounting to 1,050,000 euros during the 2021 financial year

  The Company made equity contributions amounting to 80,000 euros during the 2022 financial year.

  The Portuguese Company specialises in the operation and management of hotel, tourism, real estate and similar establishments, as well as the development, organisation of events and consultancy for hotel, tourism, real estate and similar operations. Its registered office is located at Rua da Alegria, 783 R/C Concelho Porto Freguesia Bonfim 4000 047 Porto.

- RSR CEDOFEITA PALACE SA: The Portuguese company specialises in the acquisition and development of urban properties for leasing purposes and is not listed on the stock market. Its registered office is located at Rua Augusto Rosa 79, Porto, Concelho Porto Freguesia Cedofeita, 4000 098 Porto.

As of 31 December 2023 and 2022, no impairment has been recorded in the interests in the Portuguese companies to the extent that the tacit capital gains not recorded in their balance sheet generated by the assets owned by said companies cover possible indications of impairment.

10) Financial instruments

a.1 financial assets

The book value of each of the financial instrument categories established in the standard for the registration and valuation of “Financial Instruments” except Investments in the equity of group, multi-group and associated companies (note 9), is as follows:

Long-term financial investments

	Long-term financial investments			
	Credits, derivatives and		Total	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Categories/Financial Assets at cost				
Loans to group companies (note 17)	15,235,000	17,725,000	15,235,000	17,725,000
Other long-term financial assets	115,216	115,216	115,216	115,216
	15,350,216	17,840,216	15,350,216	17,840,216

Short-term financial investments

	Short-term financial investments			
	Credits, derivatives and others		Total	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Categories/Financial Assets at depreciated cost				
Trade debtors and other accounts receivables	1,150,141	1,536,512	1,150,141	1,536,512
Short-term loans to group companies (note 17)	983,498	1,654,157	983,498	1,654,157
Short-term financial investments	67,508	72,857	67,508	72,857
Advances to suppliers	387	400,000	387	400,000
	2,201,534	3,663,526	2,201,534	3,663,526

a.1.1. Trade debtors and other accounts receivables

The details of the financial assets classified in this category at 31 December 2023 and 2022 are as follows:

Item	31/12/2023	31/12/2022
Trade receivables for sales and services	1,017,382	914,354
Sundry receivables	132,759	622,158
Total	1,150,141	1,536,512

There are overdue balances amounting to 609,363 euros (note 12).

The Customers for sale and service provision section includes 979,188 euros (2022: 800,577 euros) with group companies (note 17)

a.1.2. Maturity classification

Below are the details according to maturity of the different long-term financial assets with a determined or determinable maturity at the end of the 2023 financial year:

	2025	2026	2027	2028	Remainder	Total
Loans to group companies (note 17)	560,000	11,830,000	-	-	2,845,000	15,235,000
Other long-term financial assets	-	26,796	-	-	88,420	115,216
	560,000	11,856,796	-	-	2,933,420	15,350,216

	2024	2025	2026	2027	Remainder	Total
Loans to group companies (Note 17)	1,015,000	1,085,000	12,355,000	270,000	3,000,000	17,725,000
Other long-term financial assets	26,796	-	-	-	88,420	115,216
	1,041,796	1,085,000	12,355,000	270,000	3,088,420	17,840,216

Loans to group companies correspond to two loans granted to the investee Portuguese company, RSRP Singular Assets Portugal Unipessoal Lda for a sum of 12,880,000, and two loans granted to RSR Cedofeita Palace for a sum of 95,000 and 2,750,000 euros, respectively (note 17).

b.2. Financial liabilities

The book value of each of the financial instrument categories established in the standard for the registration and valuation of "Financial Instruments" is as follows:

	Debts with credit institutions		Derivatives and other		Total	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Categories/Financial liabilities at depreciated cost						
Long-term financial liabilities						
Long-term debts	44,274,365	44,880,602	1,364,420	114,420	45,638,785	44,995,022
Long-term debts with group companies and associates (note 17)	-	-	31,138,285	31,138,285	31,138,285	31,138,285
	44,274,365	**44,880,602**	**32,502,705**	**31,252,705**	**76,777,070**	**76,133,307**
Short-term financial liabilities						
Short-term debts	3,630,495	2,459,131	3,900,577	912,395	7,531,072	3,371,526
Short-term debts with group companies and associates (note 17)	-	-	2,764,180	631,912	2,764,180	631,912
Trade creditors and other payables	-	-	79,230	33,657	79,230	33,657
	3,630,495	**2,459,131**	**6,743,987**	**1,577,964**	**10,374,482**	**4,037,095**

b.2.1. Debts with credit institutions

The Company has granted eight loans for a total balance of 47,904,860 euros outstanding repayment at the end of 2023.

Details of debts with credit institutions are as follows:

- The Company signed a financing contract with Banco Santander for 30,000,000 euros on 23 October 2018, the purpose of which was to cancel the debt held by the Company on the date of signature, to finance the acquisition of new real estate assets for hotels, resorts, tourist apartments, residential apartments or for any other use, capable of being operated for rent in Spain or Portugal, which was guaranteed with the mortgage on the properties

This loan is guaranteed with a mortgage on the following real estate investments: (note 7):

- Ronda Sant Pere 32 in Barcelona
- Avenida Diagonal 596 in Barcelona
- Paseo de Gracia 115 in Barcelona

The loan is granted over two tranches:
Tranche A:
5,400,000 euros delivered on the date of signature.
Tranche B:
24,600,000 euros received on the following dates: 2,900,000 euros on 23 March 2019; 12,000,000 euros on 23 April 2019, and 9,700,000 euros on 23 October 2019.

The annual nominal interest rate is fixed at 2.70 % and has a grace period of 30 months (23 October 2021) with repayments made in 11 semi-annual instalments.

The loan matures on 23 October 2026.

As of 31 December 2023, a sum of 28,350,000 euros is outstanding repayment (2022: 29,100,000 euros).

The financial expenses for interest on the loan accrued during the financial year amounted to 760,110 euros (2022: 794,828 euros).

As of 31 December 2023, the sum of accrued and unpaid financial expenses amounted to 192,206 (2022: 214,253 euros)

- The Company signed a financing contract with Banco Santander for 14,000,000 euros on 22 July 2019, the purpose of which was the acquisition by the Company or its Portuguese subsidiary of resorts hotels, tourist apartments, residential apartments or for any other use, capable of being operated for rent in Spain or Portugal, which was guaranteed with the mortgage on the properties

  This loan is guaranteed with a mortgage on the following real estate investments:

  - Carrer de Martínez Cubells 5 in Valencia.

  The annual nominal interest rate is fixed at 2.6% and has a grace period until 22 April 2021 and repayment will be made in 11 semi-annual instalments.

  The loan matures on 23 October 2026.

  As of 31 December 2023, a sum of 12,880,000 euros is outstanding repayment (2022: 13,370,000 euros).

  The financial expenses for interest on the loan accrued during the financial year amounted to 342,312 euros (2022: 353,990 euros).

  The validity of the loans described above is subject to compliance with certain financial ratios (loan to value ratio, annual debt service coverage ratio and corporate loan to value) that, according to the criteria of the Company's Board of Directors, were met by 31 December 2023 and will be met during the following twelve months.

- The Company signs an ICO financing contract with Banco Santander for 1,500,000 euros on 23 June 2020, the purpose of which was to obtain liquidity to alleviate the economic effects of Covid generated by the agreed rental discounts, holding a sufficient account balance that allows it to comply with previously acquired duties.

This loan has no mortgage guarantee.

The annual nominal interest rate is fixed at 3.23% and has a grace period until 23 June 2022 and repayment will be made in monthly instalments.

The loan matures on 23 June 2026.

As of 31 December 2023, a sum of 960,051 euros is outstanding repayment (2022: 1,322,912 euros).

The financial expenses for interest on the loan accrued during the financial year amounted to 37,389 euros (2022: 47,262 euros).

- The Company signed an ICO financing agreement with Banco Santander for 500,000 euros on 29 October 2020, the purpose of which was to build a swimming pool at the Hotel Gala (Barcelona).

This loan has no mortgage guarantee.

The annual nominal interest rate is fixed at 3% and has a grace period until 30 October 2021 and repayment will be made in monthly instalments.

The loan matures on 30 October 2025.

As of 31 December 2023, a sum of 247,065 euros is outstanding repayment (2022: 360,304 euros).

The financial expenses for interest on the loan accrued during the financial year amounted to 8,500 euros (2022: 12,769 euros).

- The Company signed an ICO financing contract for 200,000 euros on 12 November 2021.

This loan has no mortgage guarantee.

The annual nominal interest rate is fixed at 1.75% and has a grace period until 15 November 2022 and repayment will be made in monthly instalments.

The loan matures on 15 October 2026.

As of 31 December 2023, a sum of 143,105 euros is outstanding repayment (2022: 191,943 euros).

The financial expenses for interest on the loan accrued during the financial year amounted to 2,969 euros (2022: 3,494 euros)

- The Company signed an ICO financing contract for 500,000 euros on 15 October 2021.

This loan has no mortgage guarantee.

The annual nominal interest rate is fixed at 1.75% and has a grace period until 15 November 2022 and repayment will be made in monthly instalments.

The loan matures on 15 October 2026.

As of 31 December 2023, a sum of 357,765 euros is outstanding repayment (2022: 479,857 euros).

The financial expenses for interest on the loan accrued during the financial year amounted to 7,424 euros (2022: 8,736 euros).

- The Company signed an ICO financing contract for 2,500,000 euros on 10 May 2022.

This loan has no mortgage guarantee.

The annual nominal interest rate is the Euribor variable rate plus 2.5% and has a grace period until 15 May 2023 and repayment will be made in monthly instalments.

The loan matures on 10 May 2027.

As of 31 December 2023, a sum of 2,175,007 euros is outstanding repayment (2022: 2,500,000 euros).

The financial expenses for interest on the loan accrued during the financial year amounted to 114,541 euros (2022: 37,153 euros).

- An ICO financing contract was signed for 1,500,000 euros on 19 April 2023.

  This loan has no mortgage guarantee.

  The annual nominal interest rate is the Euribor variable rate plus 2.1% and has a grace period until 10 June 2023 and repayment will be made in monthly instalments.

  The loan matures on 10 May 2027.

  As of 31 December 2023, a sum of 1,281,250 euros was outstanding repayment.

  The financial expenses for interest on the loan accrued during the financial year amounted to 50,875 euros.

- A credit line for 1,500,000 euros was signed on 5 May 2023.

  The annual nominal interest rate is the Euribor variable rate plus 3% and has a grace period until 05 February 2024 and repayment will be made in quarterly instalments.

  The credit line matures on 5 May 2026.

  As of 31 December 2023, a sum of 1,400,000 euros was drawn down.

  The financial expenses for interest on the available capital accrued during the financial year amounted to 51,846 euros.

The long-term debt includes a sum of 131,830 euros covering a loan administration fee and other capitalisable costs, which have been taken into account during the initial and subsequent valuation of the liability, therefore being charged to the profit and loss account under the effective interest rate method, with 66,552 euros charged to the profit and loss account for this item in 2023.

b.2.2. Other long-term financial liabilities

This heading includes one million euros as agreed upon in the purchase of the building located at Matute, 11 in Madrid.

b.2.3. Other short-term financial liabilities

An adjustment for the amount of 106,250 euros that until 2022 was included in this heading as a guarantee retained upon compliance with certain milestones by the seller related to the purchase of the property located at Ronda Sant Pere 32 in Barcelona took place in 2023. The heading also includes 3,415,982 euros corresponding to maintenance and improvement operations of assets, 51,931 euros of debts with repayment guarantees and 105,000 euros as a guarantee retained for the fulfilment of certain milestones related to the purchase of Great Naboo (RSR Cedofeita Palace).

As of 31 December 2023, a balance of 257,608 euros is also included (2022: 285,784 euros) with related group companies (note 17)

b.2.4. Trade creditors and other payables

Details of the balance sheet heading “Trade creditors and other payables” is:

Item	31.12.2023	31.12.2022
Suppliers	8,108	8,108
Misc. creditors	68,807	23,235
Staff (outstanding compensations due)	2,314	2,314
Total	79,229	33,657

For the purposes of the provisions of the second additional provision of Law 31/2014 dated 3 December, amending the Capital Companies Law and in accordance with the Resolution dated 29 February 2016 of the Institute of Accounting and Accounts Audits, details are included below with the average payment period to suppliers, ratio of operations paid, ratio of operations outstanding payment, total payments made and total payments outstanding:

	2023	2022
	Days	Days
Average period of payment to suppliers	6	8
Ratio of operations paid	3	10
Ratio of operations pending payment	133	219

	2023	2022
	Amount	Amount
Total payments made	27,497,496	3,224,194
Total outstanding payments	543,782	31,341
Total	**28,041,278**	**3,255,535**

The following information has been indicated in accordance with the new regulations required by Article 9 of Law 18/2022 dated 28 September, in addition to the above information:

Invoices amounting to 27,497,496 euros have been paid in a period less than the maximum one established in late payment regulations. This represents 99% of the total payments made.

A total of 443 invoices were paid during the 2023 financial year. 307 of them were paid within the legal limit, which represents 77% of the total invoices received.

The Company's Directors work in compliance with the law regarding the ratio of operations outstanding payment.

The entry into force of Law 31/2015 dated 3 December, amending Law 31/2014 dated 3 December, which in turn amends Law 15/2010 dated 5 July and Law 3/2004 dated 29 December, establishing measures to combat delinquency in commercial operations, establishes the duty of commercial companies to publish their average period of payment to suppliers in the report of their financial statement.

The total outstanding payments represents the balance of any invoices that have entered the administrative register. Furthermore, regarding the 2023 and 2022 financial years, the Company declared that the payment conditions agreed with all its suppliers and creditors did not exceed the legal term under any circumstances.

b.2.5 Maturity classification

Below are the details according to maturity of the different long-term financial liabilities with a determined or determinable maturity at the end of the 2023 financial year:

	2025	2026	2027	2028	Resto	Total
Long-term debts						
Debts with credit institutions	3,733,557	40,219,550	453,088	-	-	44,406,195
Other financial liabilities	1,088,420	-	-	26,000	250,000	1,364,420
Long-term debts with group companies (note 17)	12,080,921	19,030,191	27,173	-	-	31,138,285
	16,902,898	59,249,741	480,261	-	250,000	76,908,900

Below are the details according to maturity of the different long-term financial liabilities with a determined or determinable maturity at the end of the 2022 financial year:

	2024	2025	2026	2027	Resto	Total
Long-term debts						
Debts with credit institutions	2,459,837	2,692,685	39,453,656	274,424	-	44,880,602
Other financial liabilities	-	88,420	-	-	26,000	114,420
Long-term debts with group companies (note 17)	12,080,921	19,030,191	27,173	-	-	31,138,285
	14,540,758	21,811,296	39,480,829	274,424	26,000	76,133,307

11) Cash and cash equivalents

	Euros	
	31/12/2023	31/12/2022
Cash	3,009,077	4,051,761
	3,009,077	4,051,761

There is limited availability of part of the cash derived from financing contracts (note 10 b). The Company had to deposit an amount equivalent to six months of debt service during the interest period prior to each depreciation instalment. The cash with restrictions on availability as of 31 December 2023 amounts to 1,169,947 euros (1,186,273 euros as of 31 December 2022). A sum of 1,169,947 euros corresponds to the sum of the capital for 375,000 euros and the interest for 383,568 euros corresponding to the 30 million loan, plus the interest amounting to 166,378 and the capital for 245,000 euros corresponding to the 14 million euro loan.

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

a) Qualitative information

The management of the Company's financial risks is concentrated on Management of the same, which has established the necessary mechanisms to control the exposure to changes in interest rates and exchange rates, as well as in the credit and liquidity risks.

Activity with financial instruments exposes the Company to credit, market and liquidity risk.

b. Quantitative information

b.1. Credit risk

Credit risk is any risk of the counterparty to the financial instrument causing a financial loss to the Company if it defaults on an obligation. The carrying amount of financial assets represents the maximum level of exposure to credit risk.

The maximum exposure to credit risk as of 31 December was as follows:

	31.12.2023	31.12.2022
Long-term investments in group companies and associates (Note 17)	15,235,000	17,725,000
Long-term financial investments	115,216	115,216
Trade debtors and other accounts receivables (Note 10 a)	1,150,141	1,536,512
Short-term investments in group companies and associates (Note 17)	983,499	1,654,157
Short-term financial investments	67,508	72,857
Cash and other equivalent liquid assets (Note 11)	3,009,077	4,051,761
	20,560,441	25,155,503

Details by date of the age of "Trade debtors and other accounts receivable" as of 31 December is as follows:

	31.12.2023	31.12.2022
Not matured	130,072	172,864
Fewer than 30 days	286,001	185,592
Between 30 and 60 days	9,075	4,470
Between 60 and 90 days	115,630	-
More than 120 days	609,363	1,293,586
	1,150,141	1,656,512
Adjustments for impairment	-	(120,000)
Total	1,150,141	1,536,512

Of the 609,363 euros classified as more than 120 days old in 2023, 578,187 euros are with RSRP SINGULAR ASSETS PORTUGAL UNIPESSOAL LDA, RSR CEDOFEITA PALACE and RSRP CEDOFEITA S.A., companies from the group (629,819 euros in 2022).

b.2 Market risk

Market risk is any risk where changes in market prices, such as in exchange rates, interest rates or equity instrument prices, affect income or the value of financial instruments that it holds. The purpose of market risk management is to manage and control the Company's exposures to this risk within reasonable parameters while also optimising profitability.

<u>Exchange rate risk</u>

The Company operates internationally in Portugal and is therefore not exposed to exchange rate risk for currency operations.

<u>Interest rate risk</u>

The Company's policy is to minimise exposure to interest rate risk in long-term financing. As indicated in note 10 b) the largest bank loans are at a fixed rate and except for the last three that have been signed, which are at a variable rate. Loans obtained with group companies are also at a variable interest rate (note 17), therefore exposing the Company to interest rate risk in its cash flows. Directors consider the risk to which the Company is exposed in this regard to be minimal.

b.3 Liquidity risk

Liquidity risk is any risk of the Company being unable to meet its financial duties as they come due. The company's policy is to ensure that it will always have sufficient liquidity to meet its obligations when due as much as possible, both under normal conditions and during stressful situations, without incurring any unaffordable losses or risk to the Company's reputation.

The Company performs careful liquidity risk management, based on ensuring the availability of cash through financing contracts with credit institutions and with group companies, which allow the company to conduct its business plans and operations with sources of stable and secured financing.

Details of the contractual financial liability maturities is explained in note 10 b).

(i) Risk to operations

As of the date of preparation of this financial statement, the Directors do not anticipate any significant drop in the valuation of their assets. In terms of the income from the lease with the lessees, the Company has managed to close negotiations and thus guarantee the income for this financial year and following with the lessees.

(ii) Liquidity risk

The directors have performed an analysis of the current and future situation to guarantee the liquidity of the Company. The different negotiations held between the Company with lessees have allowed it to have a stable flow of income that is sufficient to cover short-term obligations.

Directors are making significant efforts to control expenses, managing to guarantee liquidity in future years.

(iii) Valuation risk

The Company's management has individually monitored the credit quality of each lessee and their payment compliance during the year.

The Company evaluates the possible impairment of real estate investments, purchasing the net book value with the fair value obtained from the valuations made by the independent expert, which no longer reflect any future impacts related to the pandemic.

Finally, it should be noted that the directors are constantly monitoring how the situation is evolving in order to successfully deal with any possible financial and non-financial impact that may occur.

13) Own funds

a) Corporate capital and emission premium

The share capital amounts to 7,500,000 euros, represented by 7,500,000 shares with a par value of 1 euro each, all of which belong to the same class, are fully subscribed and paid up, with the same granting rights to their holders.

As of 31 December 2023 and 2022, the Sole Shareholder is RSR ESTATE HOTEL

COVADONGA SARL (Luxembourg).

As of 31 December 2023 and 2022, the emission premium amounts to 3,500,000 euros.

b) Reserves

Legal reserve:

In accordance with the Capital Companies Act, the Company must allocate an amount equal to 10% of the profit for the financial year to the legal reserve until it reaches 20% of the share capital.

The legal reserve can be used to increase the share capital in the part of its balance that exceeds 10% of the already increased capital. Except as mentioned above, this reserve can only be used to offset losses and provided that there are no other significant reserves available for this purpose.

In accordance with Law 11/2009, regulating Public Limited Investment Companies Listed in the Real Estate market (SOCIMI), the legal reserve of companies that have opted to avail of the special tax regime established in this legislation may not be exceed 20 percent of the share capital. The articles of association of these companies may not establish any other non-available reserve other than the one above.

The Company's legal reserve is not fully constituted as of 31 December 2023 and 31 December 2022. The sum of the legal reserve as of 31 December 2023 amounts to 251,741 euros (251,741 euros at the end of 2022).

Voluntary reserves:

As of 31 December 2023, the voluntary reserve sum amounted to 9,304,718 (2022: 9,199,015 euros).

Merger reserves:

Arising from the takeover merger described in note 1, merger reserves were recorded for an amount of 8,357,521 euros.

c) Shareholder contributions

The minutes dated 25 May 2023 state that the Sole Shareholder approved making a monetary contribution of 14,500,000 euros by bank transfer on 1 June 2023.

The minutes dated 25 January 2022 state that the Sole Shareholder approved making a monetary contribution of 25,200,000 euros by transfer on 27 January 2022.

14) Fiscal situation

The balances with the public authorities at 31 December 2023 and 31 December 2022 are as follows

	Debtor balances		Creditor balances	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
VAT	111,278	38,777	-	131,692
Income tax withholdings	-	-	8,737	1,388
Social Security contributions	-	-	1,027	-
	111,278	38,777	9,764	133,080

The breakdown of the expenditure/(income) for Corporate Tax for the 2023 and 2022 financial years is as follows:

	2023		
	Profit and loss account		
	Increases	Decreases	Total
Income and expense balance for the financial year			(2.183.985)
Corporate Tax	-	-	-
Pre-tax balance of income and expenses from the financial year	-	-	**(2.183.985)**
Permanent differences	-	-	-
Temporary differences	2.612.767	2.266	2.610.501
Previous taxable income			**426.516**

	2022		
	Profit and loss account		
	Increases	Decreases	Total
Income and expense balance for the financial year	-	-	(1.153.131)
Corporate Tax	-	-	-
Pre-tax balance of income and expenses from the financial year	-	-	**(1.153.131)**
Permanent differences	-	-	-
Temporary differences	932.565	2.266	930.299
Previous taxable income			**(222.832)**

As of 31 December 2023, the temporary differences amount to 932,565 euros (2022: 932,565 euros) from non-deductible financial expenses as shown below:

	31.12.2023	31.12.2022
2019	802,724	802,724
2020	914,024	914,024
2021	741,009	741,009
2022	932,565	932,565
2023	2,612,767	-
Total	**6,003,089**	**3,390,322**

According to current legal provisions, tax assessments cannot be considered final until they have been inspected by the tax authorities or until the limitation period, currently established at four years, has elapsed. The Company's Board of Directors, as well as its tax advisors, believe that there are no tax contingencies of any significant amount that could arise from possible different interpretations of the tax regulations applicable to the operations carried out by the Company in the event of an inspection.

The Company is under the special regime established in Law 11/2009 dated 26 October for SOCIMIs. The Board of Directors and the Company's tax advisors believe that the Company complies with all the minimum requirements for the application of this special tax regime during this financial year. In accordance with the special SOCIMI tax regime, any returns arising from its activity that meet the required requirements are exempt.

The tax-loss carryforwards outstanding compensation are the following:

	Negative taxable income	
	31/12/2023	31/12/2022
2015	1.016.970	1.016.970
2016	735.373	735.373
2017	975.587	975.587
01/01/2018 - 13/09/2018	972.870	972.870
14/09/2018 - 31/12/2018	913.278	913.278
2019	1.476.314	1.476.314
2020	1.051.651	1.051.651
2021	643.102	643.102
2022	222.832	222.832
2023	-	-
	8.007.977	8.007.977

The Company has activated all the taxable income generated until its incorporation into the SOCIMI regime on 14 September 2018 under the heading deferred tax assets on the balance sheet. The base amount amounts to 3,700,800 euros (fee 930,073 euros).

<u>Information requirements arising from the condition of SOCIMI, Law 11/2009, amended by Law 16/2012 and by Law 11/2021</u>

a) Reserves from financial years prior to the application of the tax regime established in Law 11/2009 dated 26 October amended by Law 16/2012 dated 27 December and by Law 11/2021 dated 9 July of the Company.

The reserves generated prior to the application of the SOCIMI regime is 9,199,194 euros.

b) Reserves from financial years during which the tax regime established in this legislation, differentiating the part originating from income subject to the zero percent, 15 percent or 19 percent tax rate, with respect to any that may have been taxed at the general tax rate.

As no distributable profits have been generated since benefiting from the taxation under the special SOCIMI regime, the reserves generated under the SOCIMI regime are currently zero.

c) Dividends distributed with a charge to profit for each financial year during which the tax regime established in this legislation is applicable, differentiating the part originating from income subject to the zero percent, 15 percent or 19 percent tax rate, with respect to any that may have been taxed at the general tax rate.

Dividends have not been distributed with a charge to reserves generated under the SOCIMI regime.

d) For distribution of dividends charged to reserves, designation of the financial year for which the applied reserve applies and if they have been taxed at the tax rate of zero percent, 15 percent and 19 percent or the general rate.

No dividends have been distributed charged to reserves generated under the SOCIMI regime, nor have any dividends been generated charged to reserves generated under the general regime.

e) Date of the dividend distribution agreement referred to in letters c) and d) above

No dividend distribution agreement has been signed.

f) Date of acquisition of the properties intended for lease and of the shares in the capital of companies referred to in section 1, Article 2 of this Law.

The properties are as follows:
Ronda Sant Pere 32 (Barcelona) acquired on 8 August 2014
Avenida Diagonal 596 (Barcelona) acquired on 30 September 2015
Paseo de Gracia 115 (Barcelona) acquired on 27 October 2015
Martinez Cubells 5 (Valencia) acquired on 25 March 2019.
Hileras, 4 (Madrid) acquired on 4 February 2022.
Epalza, 8 (Bilbao) acquired on 30 January 2023.
Matute, 11 (Madrid) acquired on 14 June 2023.
Parking spaces (Epalza, Huertas de la Villa, Castaños) acquired in 2023.

The shareholdings referred to in section 1 of Article 2 of this law are as follows:
Equity shareholdings in RSRP SINGULAR ASSETS PORTUGAL UNIPESSOAL LDA acquired in July, September and December 2019.
Equity shareholdings in RSR CEDOFEITA PALACE acquired on 8 April 2021.

g) Identification of the asset that computes within the 80% referred to in section 1, Article 3 of this Law.

100% of the Company's real estate investment is composed of urban properties for lease.

- 100% holding in RSRP Singular Assets Portugal Unipessoal Lda established on 30 June 2019 with registered offices at Rua da Alegria, 783 R/C Concelho Porto Freguesia Bonfim 4000 047 Porto. The Company owns a hotel building in the city of Porto (Portugal) (note 9).

- 70% shareholding in RSR Cedofeita Palace SA with corporate address at Rua Augusto Rosa 79, Porto, Concelho Porto Freguesia Cedofeita, 4000 098 Porto. The company owns a hotel building under construction in the city of Porto (Portugal) (note 9).

h) Reserves from financial years during which the special tax regime established in this Law that have been used during the tax period apart from their distribution or to offset losses, identifying the financial year from which the reserves originate.

Income generated under the SOCIMI regime have not been available.

15) Environmental information

Given the Company's business activity, it has no responsibilities, expenses, assets or provisions or contingencies of an environmental nature that might be significant in relation to the financial statements.

16) Income and expenses

a) Net turnover amount

Below is the breakdown of the turnover:

	2023	2022
Rental income	5,525,610	4,607,861
	5,525,610	4,607,861

All rented properties are located in Spain.

b) Other operating expenses

Below is the breakdown of other operating expenses:

	2023	2022
Leases	514,771	68,660
Repairs	29,884	64,407
Professional Services	1,155,511	862,949
Transport	2,035	710
Insurance premiums	147,474	79,048
Banking Services	20,802	30,472
Supplies	1,012	-
Travel expenses	4,982	15,936
impairment loss	-	120,631
Other services	25,322	76,539
Taxes	473,774	327,629
	2,375,565	1,646,982

c) Depreciation of fixed assets

Below are the details of the depreciations:

	2023	2022
Intangible asset (note 5)	69,500	69,500
Property, plant and equipment (note 6)	317,159	313,190
Real estate investments (note 7)	1,791,855	1,779,159
	2,178,514	2,161,849

d) Financial income

The following are the details of the financial income:

	2023	2022
Financial income		
Group companies (note 17)	486,214	663,828
	486,214	663,828
Financial expenses		
Group companies (note 17)	2,132,268	1,271,561
Credit institutions	1,480,499	1,324,833
	3,612,767	2,596,394

17) Transactions with related parties

Operations were performed with the following related parties during the financial year:

Company	Relationship type
RSR Estate Hotel Covandonga SARL (Luxemburgo)	Parent company
RSRP Singular Assets Portugal Unipessoal Lda	Parent company
RSRP Cedofeita, S. A.	Parent company
RSR Cedofeita Palace SA	Parent company

Details of the operations with group, multi-group and associated companies for the 2023 and 2022 financial year is as follows:

	2023 Income- expenses	
Item	Interest charged	Interest income
Parent Company	2,132,268	-
Other group companies	-	486,214
Total group company and associates	2,132,268	486,214

	2022 Income- expenses	
Item	Interest charged	Interest income
Parent Company	1,271,561	-
Other group companies	-	663,828
Total group company and associates	1,271,561	663,828

	Services received	
	2023	2022
Caler Advisory and Asset Management, S.L. (*)	1,511,104	1,061,934

(*) Company that the Secretary and Director of the Board of Directors of the Company have direct or indirect holdings in.

Details of balance sheet balances with related parties is as follows:

At 31.12. 2023

	Parent Company	Other group companies	Total
Active			
Long-term investments:			
Equity instruments (note 9)	-	14.118.481	14.118.481
Loans to companies	-	15.235.000	15.235.000
Short-term investments:			
Equity instruments			
Investments in group and associate companies:			
Loans to companies (note 10 a)	-	490.000	490.000
Credit interest (note 10 a)	-	493.499	493.499
Customers with associates and group companies (note 10.a)	-	979.188	979.188
Liability			
Long-term debts with group companies (note 10 b)	31.138.285	-	31.138.285
Short-term debts:			
Other short-term debts (note 10 b)	-	-	-
Debt with group companies (Note 10 b)	2.764.180	-	2.764.180

At 31.12. 2022

	Parent Company	Other group companies	Total
Active			
Long-term investments:			
Equity instruments (note 9)	-	14.118.481	14.118.481
Loans to companies	-	17.725.000	17.725.000
Short-term investments:			
Equity instruments	-	-	-
Investments in group and associate companies:			
Loans to companies (note 10 a)	-	990.000	990.000
Credit interest (note 10 a)	-	664.157	664.157
Customers with associates and group companies (note 10.a)	-	800.577	800.577
Liability			
Long-term debts with group companies (note 10 b)	31.138.285	-	31.138.285
Short-term debts:			
Other short-term debts (note 10 b)	-	-	-
Debt with group companies (Note 10 b)	631,911	-	631,911

The long-term loans with the investee company RSRP Singular Assets Portugal Unipessoal LDA correspond to two contracts with the following features:

- Loan of 14,000,000 euros formalised on 26 July 2019, with a maturity of 10 years, a grace period of one year and an interest rate of 2.6% with no interest accrual for the first year.

- The loan for 5,000,000 euros formalised on 5 October 2020, with a maturity of 11 years, a grace period of one year and an interest rate of 2.7% with no interest accrual for the first year was paid off during the 2023 financial year.

The long-term loans with the investee company RSR CEDOFEITA PALACE correspond to two contracts with the following features

- Loan of 945,000 euros formalised on 6 July 2020, with a maturity of 11 years, a grace period of one year, and an interest rate equivalent to the EURIBOR + 3% with no interest accrual for the first year.
- Loan of 1,500,000 euros formalised on 26 April 2022 with a maturity of 10 years, a grace period of one year and an interest rate equivalent to the EURIBOR + 3% and no interest accrual for the first year.

Debts with Group companies correspond to the following loans:

- Loan of 15,003,020 euros formalised with RSR Estate Hotel Covadonga, SARL on 24 September 2015, with a maturity of 10 years and an interest rate of Euribor (one year) plus a differential of 3%. As of 31 December 2023, the outstanding balance for this loan is 15,003,020 euros (2022: 15,003,020 euros).

- Loan of 2,800,000 euros formalized with RSR Estate Hotel Covadonga, SARL on 28 May 2015, with a maturity of 10 years and an interest rate of Euribor (one year) plus a differential of 3%. As of 31 December 2023, the outstanding balance for this loan is 2,800,000 euros (2022: 2,800,000 euros).

The financial expenses for interest on both loans accrued during the financial year amounted to 1,220,145 euros (2022: 727,728 euros).

- Loan of 2,200,000 euros formalized with RSR Estate Hotel Covadonga, SARL on 28 May 2015, with a maturity of 10 years and an interest rate of Euribor (one year) plus a differential of 3%. As of 31 December 2023, the outstanding balance for this loan is 1,199,999 euros (2022: 1,199,999 euros).

- Loan of 19,400,000 euros formalized with RSR Estate Hotel Covadonga, SARL on 01 September 2014, with a maturity of 10 years and an interest rate of Euribor (one year) plus a differential of 3%. As of 31 December 2023, the outstanding balance for this loan is 12,053,749 euros (2022: 12,053,749 euros).

The financial expenses for interest on the loan accrued during the financial year amounted to 904,673 euros (2022: 539,572 euros).

- Loan of 537,550 euros formalized with RSR Estate Hotel Covadonga, SARL on 01 January 2016, with a maturity of 10 years and an interest rate of Euribor (one year) plus a differential of 3%. It has partial capital depreciations of 1/9 per year and a grace period of one year. As of 31 December 2023, the outstanding balance for this loan is 81,517 euros (2022: 81,517 euros).

The financial expenses for interest on the loan accrued during the financial year amounted to 7,450 euros (2022: 4,261 euros).

18) Board of Directors and Senior Management:

a) Payment to the members of the Board of Directors and Senior Management:

Members of the Board of Directors did not receive any payment as a result of their positions as directors during the year ended 31 December 2023 and 2022. Furthermore, no contribution was made by way of pension funds or plans in favour of former or current members of the Company's Board of Directors. No obligations have been contracted for these items during the year. Members of the Company's Board of Directors did not receive any payment for shares in profits or bonuses. They also received no shares or share options during the financial year, nor did they exercise any options that remain outstanding. The Company has taken out civil liability insurance for its directors.

b) Advances and loans to members of the governing body:

No advances or loans were granted to the Board of Directors during the financial year ended on 31 December 2023 and 2022.

c) Payment and loans to senior management staff:

The Company did not grant loans to the Board of Directors during the 2023 and 2022 financial years.

d) Situations of conflict of interest of the directors:

The Board of Directors is responsible for making decisions that affect the Company's economic and strategic policies.

In their duty to avoid situations of conflict of interest of the Company, directors who have held positions on the Board of Directors have complied with the obligations set forth in Article 228 of the revised text of the Capital Companies Law during the financial year. Both they and the people related to them have also refrained from becoming involved in conflict of interest provided for in Article 229 of said law, except in cases where the corresponding authorisation has been obtained.

19) Other information

The average number of employees during the financial years is as follows:

Professional category	2023	2022
Administrative employees	1	1
	1	1

The number of directors and employees at year-end, distributed by professional category, is as follows:

	At 31.12. 2023		At 31.12. 2022	
Professional category	Men	Women	Men	Women
Administrators (non-employees)	2	1	2	1
Administrative employees	1	-	1	-
Administrative employees	3	1	3	1

During the 2023 financial years, there was no direct payment accrued in favour of the directors. The Company also received different services from a company related to one of the directors (note 17).

There is no senior management as these roles are performed by the directors.

20) Audit fees

The fees accrued during the 2023 and 2022 financial years by PricewaterhouseCoopers Auditores, S.L. for account auditing services amounted to 36,480 and 34,480 euros respectively. No tax services were provided or required from the accounts' auditor under applicable regulations during the 2023 and 2022 financial years.

21) Commitments, provisions and contingencies

a) Endorsements and guarantees:

The Company had no endorsements or guarantees during the 2023 and 2022 financial years.

b) Contingencies

The Company has no contingent liabilities for litigation arising in the normal course of business from which significant liabilities are not expected to arise.

22) Subsequent events

No relevant events have occurred following the date when the financial statement was prepared.

RSR Singular Assets Europe SOCIMI, S.A.
Management report corresponding to the 2023 financial year

1. PROGRESS OF THE BUSINESSES AND COMPANY SITUATION.

The company RSR SINGULAR ASSETS EUROPE SOCIMI, S.A., was established on 30 July 2015, under the name RSR Diagonal 596 S.L. On 13 September 2018, the sole shareholder approved its transformation into a Public Limited Company, changing its name to RSR Diagonal 596, S.A.U.

A take-over merger deed was granted between RSR Diagonal 596 S.A.U and Verrox XXI, S.L.U. and PDG 115 Apartaments Turístics S.L.U. on 13 September 2018, involving the two latter companies being taken over by the first, where the two taken over companies are wound up without going into liquidation and the block transfer of their respective assets in favour of the company taking over, as universal successor.

The data related to said merger were included in the financial statement for the financial year ended 13 September 2018.

The sole shareholder approved the acceptance of the special SOCIMI regime on 14 September 2018 for the financial year ending on 13 September 2018 and successive ones, requesting the application of the special tax regime from the Tax Authorities on 28 September 2018 in accordance with the provisions of Law 11/2009 dated 26 October according to the wording provided in Law 16/2012 dated 27 December, regulating SOCIMI ("SOCIMI Legislation").

For this reason, the Company's name was changed to RSR Diagonal 596 SOCIMI S.A.U. on 14 September 2018 and a final new name change took place to its current name on 25 October 2018.

The company had holdings in a company in Portugal during the 2019 financial year (RSRP SINGULAR ASSETS PORTUGAL, UNIP. LDA), contributing 100% of its share capital, specialising in the acquisition and development of urban property for leasing and it is not listed.

The company had holdings in a company in Portugal (RSRP Cedofeita, S.A.) during the 2020 financial years, contributing 100% of its share capital, specialising in the operation and management of hotel and tourist establishments, real estate assets and similar, as well as the development, organisation of events and consultancy in the hotel, tourism, real estate and similar operating sectors.

Great Nabo (RSR Cedofeita Palace) was purchased during the 2021 financial year, contributing 70% of its share capital and specialising in the acquisition and development of property for leasing.

The building located at Calle Hileras, 4 in Madrid was purchased during the 2022 financial year.

As of 31 December 2023, the company has several real estate investments that amount to a market value of 222,950,000 euros, composed of 7 properties and several parking spaces for rental purposes, four of which are currently being rented mainly to hotel operators and three that are currently not operational.

The company has signed financing contracts during the 2023 financial year for a total amount of 3,000,000 euros, 1,500,000 corresponding to a line of credit signed with Bankinter maturing in 2026 and a loan of 1,500,000 euros with Banco Santander maturing in 2027.

There were also several contributions of funds from the shareholders during the 2023 financial year for a total sum of 14,500,000 euros.

The share price evolution remains constant at 12.98 euros per share during the 2023 and 2022 financial years, in its listing on Euronext.

The number of directors and employees at year-end, distributed by professional category, is as follows:

Professional category	At 31.12. 2023		At 31.12. 2022	
	Men	Women	Men	Women
Administrators (non-employees)	2	1	2	1
Administrative employees	1	-	1	-
Administrative employees	3	1	3	1

2. AVERAGE PAYMENT PERIOD

For the purposes of the provisions of the second additional provision of Law 31/2014 dated 3 December, amending the Capital Companies Law and in accordance with the Resolution dated 29 February 2016 of the Institute of Accounting and Accounts Audits, details are included below with the average payment period to suppliers, ratio of operations paid, ratio of operations outstanding payment, total payments made and total payments outstanding:

	2023	2022
	Days	Days
Average period of payment to suppliers	6	8
Ratio of operations paid	3	10
Ratio of operations pending payment	133	19

	2023	2022
	Amount	Amount
Total payments made	27,497,496	3,224,194
Total outstanding payments	543,782	31,341
Total	**28,041,278**	**3,255,535**

Invoices amounting to 27,497,496 euros have been paid in a period less than the maximum one established in late payment regulations. This represents 99% of the total payments made.
A total of 443 invoices were paid during the 2022 financial year. 307 of them were paid within the legal limit, which represents 77% of the total invoices received.

The Company's Directors work in compliance with the law regarding the ratio of operations outstanding payment.

3. MAIN RISKS AND UNCERTAINTIES FACED BY THE COMPANY

a) Qualitative information

The management of the Company’s financial risks is concentrated on Management of the same, which has established the necessary mechanisms to control the exposure to changes in interest rates and exchange rates, as well as in the credit and liquidity risks.

Activity with financial instruments exposes the Company to credit, market and liquidity risk.

b) Quantitative information

b.1. Credit risk

Credit risk is any risk of the counterparty to the financial instrument causing a financial loss to the Company if it defaults on an obligation. The carrying amount of financial assets represents the maximum level of exposure to credit risk.

The maximum exposure to credit risk as of 31 December was as follows:

	31.12.2023	31.12.2022
Long-term investments in group companies and associates	15,235,000	17,725,000
Long-term financial investments	115,216	115,216
Trade debtors and other accounts receivables	1,150,141	1,536,512
Short-term investments in group companies and associates	983,499	1,654,157
Short-term financial investments	67,508	72,857
Cash and cash equivalents	3,009,077	4,051,761
	20,560,441	25,155,503

Details by date of the age of "Trade debtors and other accounts receivable" as of 31 December is as follows:

	31.12.2023	31.12.2022
Not matured	130,072	172,864
Fewer than 30 days	286,001	185,592
Between 30 and 60 days	9,075	4,470
Between 60 and 90 days	115,630	-
More than 120 days	609,363	1,293,586
	1,150,141	1,656,512
Adjustments for impairment	-	(120,000)
Total	1,150,141	1,536,512

b.2 Market risk

Market risk is any risk where changes in market prices, such as in exchange rates, interest rates or equity instrument prices, affect income or the value of financial instruments that it holds. The purpose of market risk management is to manage and control the Company's exposures to this risk within reasonable parameters while also optimising profitability.

Exchange rate risk

The Company operates internationally in Portugal and is therefore not exposed to exchange rate risk for currency operations.

Interest rate risk

The Company's policy is to minimise exposure to interest rate risk in long-term financing. Loans obtained with credit institutions are at a fixed rate and the loans with group companies are at a variable interest rate. The Company is therefore exposed to interest rate risk in its cash flows.

b.3 Liquidity risk

Liquidity risk is any risk of the Company being unable to meet its financial duties as they come due. The company's policy is to ensure that it will always have sufficient liquidity to meet its obligations when due as much as possible, both under normal conditions and during stressful situations, without incurring any unaffordable losses or risk to the Company's reputation.

The Company performs careful liquidity risk management, based on ensuring the availability of cash through financing contracts with credit institutions and with group companies, which allow the company to conduct its business plans and operations with sources of stable and secured financing.

4. FORECAST EVOLUTION OF THE COMPANY

The Spanish assets have remained stable during the 2023 financial year, all operating at full capacity, making improvements to some of the assets located in Barcelona and Valencia, which has led to an increase in their value. Two new assets located in Madrid and Bilbao were also acquired during the 2023 financial year which, together with the property acquired in 2022 in Madrid, will undergo remodelling work, expected to be operating at full capacity some time in 2026.

All these factors, including the careful and conservative manner in which the company is managed, means that the company is healthy and is financially sound and solvent.
The process of expanding its portfolio internationally commenced in 2021 with the purchase of two assets in Portugal, both of which are fully operational and that has been especially relevant in the city environment, helping to maintain the particular aesthetics of where it is located, thanks to respecting all the particular features of a historical building. The assets are a benchmark in the city and have even been recognised with interior design and best remodelling project awards.

Improvement and renovation works will take place on another of the assets located in Barcelona in 2024, which will lead to an increase in its value.

5. EVENTS TAKING PLACE FOLLOWING YEAR-END

No relevant events have occurred following the date when the financial statement was prepared.

6. RESEARCH AND DEVELOPMENT ACTIVITIES

No research and development activities took place during the 2023 and 2022 financial years.

7. OWN SHARES

The Company has no own shares.

8. ENVIRONMENTAL INFORMATION

Given the activity performed by the Company, during the 2023 and 2022 financial years no work related to the protection and improvement of the environment was required or performed. The Company also had no environmental contingencies, no legal claims, no income and expenses for this item at the end of the 2023 and 2022 financial years.