RSR SINGULAR ASSETS EUROPE SOCIMI, S.A.

(Single Shareholder Company)

2022 Management Report and Financial Statement

RSR SINGULAR ASSETS EUROPE SOCIMI, S.A.
BALANCE SHEET AT 31 December 2022
(Details expressed in euros)

ASSET	Notes	31 December 2022	31 December 2021
NON-CURRENT ASSET		**128,421,603**	**106,215,894**
Intangible fixed assets	**5**	**269,051**	**338,551**
Other intangible assets		269,051	338,551
Property, plant and equipment	**6**	**1,277,315**	**1,583,889**
Technical installations and other tangible assets		1,277,315	1,583,889
Real estate investments	**7**	**93,986,467**	**69,474,684**
Land		34,950,290	34,950,290
Constructions		59,036,177	34,524,394
Long-term investments in group companies and associates		**31,843,481**	**33,773,481**
Equity instruments	9	14,118,481	14,038,481
Loans to company	10 a) and 17	17,725,000	19,735,000
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		**7,754,064**	**4,918,196**
Inventories		**400,000**	**-**
Advances to suppliers	**10 a)**	400,000	-
Trade debtors and other accounts receivables		**1,575,289**	**1,949,945**
Trade receivables for sales and services	10 a)	914,354	1,312,788
Sundry receivables	10 a)	622,158	637,050
Other loans with Public Authorities	14	38,777	107
Short-term investments in group companies and associates	**10 a) and 17**	**1,654,157**	**359,299**
Other financial assets with group companies		664,157	359,299
Short-term loans to companies		990,000	-
Short-term financial investments	**10 a)**	**72,857**	**56,856**
Other financial assets		72,857	56,856
Cash and cash equivalents	**11**	**4,051,761**	**2,552,095**
Cash flow		4,051,761	2,552,095
TOTAL ASSETS		**136,175,667**	**111,134,089**

Notes 1 to 22 of the report form an integral part of the financial statement at 31 December 2022.

RSR SINGULAR ASSETS EUROPE SOCIMI, S.A.
BALANCE SHEET AT 31 DECEMBER 2022
(Details expressed in euros)

NET EQUITY AND LIABILITIES	Notes	31 December 2022	31 December 2021
NET EQUITY		**55,872,184**	**31,825,495**
OWN FUNDS		**55,872,184**	**31,825,495**
Capital	**13**	**7,500,000**	**7,500,000**
Authorised capital		7,500,000	7,500,000
Emission premium		**3,500,000**	**3,500,000**
Reserves		**9,450,755**	**9,450,936**
Legal and statutory	13	251,741	251,742
Other reserves		9,199,014	9,199,194
Income from previous financial years		**-9,125,440**	**-7,743,595**
Remainder		171,995	171,995
Losses carried over from previous financial years		-9,297,435	-7,915,590
Other shareholder contributions	**13**	**45,700,000**	**20,500.00**
Income from the financial year	**3**	**-1,153,131**	**-1,381,846**
NON-CURRENT LIABILITIES		**76,133,307**	**75,866,860**
Long-term debts		**44,995,022**	**44,674,214**
Debts with credit institutions	10b)	44,880,602	44,559,794
Other financial liabilities	10b)	114,420	114,420
Long-term debts with group companies and associates	10b) and 18	**31,138,285**	**31,192,646**
CURRENT LIABILITIES		**4,170,176**	**3,441,734**
Short-term debts	**10b)**	**3,371,528**	**2,308,766**
Debts with credit institutions		2,459,132	1,564,272
Other financial liabilities		912,396	744,494
Short-term debts with group companies and associates	**10b) and 18**	**631,911**	**914,528**
Trade creditors and other payables		**166,737**	**218,440**
Suppliers	10b)	8,108	8,109
Misc. creditors	10b)	23,235	2,741
Staff (outstanding compensations due)	10b)	2,314	2,314
Other debts with Public Authorities	14	133,080	205,276
TOTAL LIABILITY AND NET EQUITY		**136,175,667**	**111,134,089**

Notes 1 to 22 of the report form an integral part of the financial statement at 31 December 2022.

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

ENDING 31 DECEMBER 2022

(Details expressed in euros)

	Notes	1 January to 31 December 2022	1 January to 31 December 2021
Net turnover amount	**17 a)**	**4,607,861**	**4,208,165**
Net sales		**4,607,861**	**4,208,165**
Provision of services		4,607,861	4,208,165
Personnel expenses		**-25,487**	**-39,230**
Wages, salaries and similar expenses		-19,375	-29,821
Social Security contributions		-6,112	-9,409
Other operating expenses	**17b)**	**-1,646,982**	**-1,656,477**
Outsourced services		-1,198,722	-1,330,907
Taxes		-327,629	-325,569
Losses, impairment and changes in trading provisions		-120,631	-
Depreciation of fixed assets	**17 c)**	**-2,161,850**	**-2,154,926**
Other income		**5,893**	**1,632**
OPERATING INCOME		**779,434**	**359,164**
Financial income	**17 d)**	**663,828**	**358,969**
From trade securities and other financial instruments		663,828	358,969
Financial expenses	**17 d)**	**-2,596,394**	**-2,099,978**
From debts with group companies and associates	18	-1,271,561	-781,353
From debts with third parties		-1,324,833	-1,318,625
FINANCIAL INCOME		**-1,932,566**	**-1,741,009**
PRE-TAX REVENUE		**-1,153,131**	**-1,381,845**
Income tax		**-**	**-**
INCOME FROM THE FINANCIAL YEAR	**3**	**-1,153,131**	**-1,381,845**

Notes 1 to 22 of the report form an integral part of the financial statement at 31 December 2022.

RSR SINGULAR ASSETS EUROPE SOCIMI, S.A.

STATEMENT OF CHANGES TO NET EQUITY CORRESPONDING TO THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

A) RECOGNISED EXPENSES AND INCOME STATEMENT CORRESPONDING TO THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(Details expressed in euros)

	Notes	1 January to 31 December 2022	1 January to 31 December 2021
Income from profit and loss account	**3**	**-1,153,131**	**-1,381,845**
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		**-1,153,131**	**-1,381,845**

Notes 1 to 22 of the report form an integral part of the financial statement at 31 December 2022.

RSR SINGULAR ASSETS EUROPE SOCIMI, S.A.
STATEMENT OF CHANGES TO NET EQUITY CORRESPONDING TO THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

B) TOTAL STATEMENT OF CHANGES TO NET EQUITY CORRESPONDING TO THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
(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 01/01/2021	**7,500,000**	**3,500.00**	**9,450,932**	**-5,771,537**	**15,000,000**	**-1,972,059**	**-1,381,845**
Total recognised expenses and income						**-1,381,845**	**-1,381,845**
Transactions with shareholders or owners	**-**	**-**	**-**	**-**	**5,500,000**	**-**	**5,500,000**
Other transactions with shareholders or owners	-	-	-	-	5,500,000	-	5,500,000
Other variations in net equity	-	-	3	-1,972,059	-	1,972,059	3
FINAL BALANCE AT 31/12/2021	**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**

Notes 1 to 22 of the report form an integral part of the financial statement at 31 December 2022.

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

ENDED 31 DECEMBER 2022

(Expressed in euros)

	Notes	1 January to 31 December 2022	1 January to 31 December 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Pre-tax financial year income	**3**	**(1,153,131)**	**(1,381,845)**
Adjustments of the income		**4,215,047**	**3,895,935**
Depreciation of fixed assets	5, 6 and 7	2,161,850	2,154,926
Financial income	17 d)	(663,828)	(358,969)
Valuation adjustments		120,631	-
Financial expenses	17 d)	2,596,394	2,099,978
Changes in working capital		**(62,412)**	**(651,165)**
Trade and other receivables	10 a)	374,656	(518,759)
Other current assets	10 a)	(553,267)	(65,755)
Creditors and other payables	10b)	(51,703)	(66,651)
Other current liabilities	10b)	167,902	-
Other cash flows from operating activities		**(3,058,485)**	**(1,033,783)**
Interest paid		(3,064,381)	(1,033,783)
Interest received		5,896	-
Cash flows from operating activities		**(58,982)**	**829,141**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		**(26,297,560)**	**(6,016,925)**
Property, plant and equipment	6	(6,617)	(82,715)
Real estate investments	7	(26,290,942)	(116,729)
Group companies and associates		**1,020,000**	**(5,817,481)**
Equity instruments	9 and 10	-	(5,082,481)
Loans to company	9 and 10	1,020,000	(735,000)
Cash flows from investing activities		**(25,277,560)**	**(6,016,925)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Collections and payments from equity instruments		**25,199,821**	**5,500,003**
Shareholder contributions	13	25,199,821	5,500,003
Other variations in equity			-
Receivables and payments from financial liability instruments		**2,500,000**	**170,330**
Emission:		**2,500,000**	**700,000**
Debts with credit institutions	10b)	2,500,000	700,000
Debts with group companies and associates		-	-
Refund and depreciation:		**(863,613)**	**(529,670)**
Debts with credit institutions	10b)	(809,252)	(529,670)
Debts with group companies and associates		(54,361)	-
Other financial liabilities		-	-
Cash flows from financing activities		26,836,208	5,670,333
EFFECT OF CHANGES IN EXCHANGE RATES		-	-
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**1,499,666**	**482,549**
Cash and cash equivalents at the beginning of the financial year	**11**	**2,552,095**	**2,069,546**
Cash and cash equivalents at the end of the financial year	**11**	**4,051,761**	**2,552,095**

RSR SINGULAR ASSETS EUROPE SOCIMI, S.A.
Report for financial year ended
31 December 2022

1) Activity

The company RSR Singular Assets Europe SOCIMI, S.A., 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.

At the beginning of the year, its registered officewas located at Calle General Arrando 1, 3º derecha and moved to Calle José Abascal, 42 7 DC on 28 December 2022, 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 any whose 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.

Below are the main features defining the SOCIMI regime and that must be met for the proper application of the regime:

1. Corporate purpose duty

Their main corporate purpose must involve possession of urban property for leasing purposes, ownership of shares in other SOCIMIs or companies with a similar corporate purpose and with the same dividend distribution regime, as well as in Collective Investment Institutions

2. Investment duties

- They must invest at least 80% of their assets in property for leasing purposes, in land for the development of real estate that will be used for this purpose, provided that the development begins within three years of its acquisition and in holdings in the capital of other companies with a corporate purpose similar to that of the SOCIMI.

  The value of the asset will be determined based on the average of the quarterly balance sheets for the year, with the option of choosing to replace the book value for the market value of the components of these balance sheets in order to calculate said value, which would be applied to all the balance sheets of the financial year. For these purposes, any money or credit rights originating from the transfer of said properties or shares that may have been made in the same or previous financial years will not be counted, provided that the reinvestment payment term has not elapsed as referred to in Article 6 of said Law in the latter case.

This percentage will be calculated on consolidated financial statements in the event that the company belongs to a group according to the criteria established in Article 42 of the Commercial Code, regardless of where it is domiciled and the duty to prepare a consolidated financial statement. This group will be composed exclusively of the SOCIMIs and the rest of the companies referred to in section 1, Article 2 of the Law.

- 80% of its profit during the tax period must also come from: (i) lease of real estate; and (ii) of dividends from the shares.
  This percentage will be calculated on the consolidated profit and loss account of the group to which it belongs.

The property must remain leased for at least three years (for calculation purposes, up to one year may be added to the period during which they have been offered for lease).

The term will be calculated:

a) From the start date of the first tax period during which the special tax regime established under this Law is applied in the case of property appearing in the Company's assets before the time they benefit from the regime, provided that the asset was leased or offered for lease by this date. Otherwise, the provisions of the following letter will apply.

b) From the date they were leased or offered for lease for the first time in cases involving property that the Company developed or acquired subsequently.

c) Shares or stocks of companies referred to in section 1, Article 2 of this Law must remain part of the Company's assets for at least three years from their acquisition or from the beginning of the first tax period during which the special tax regime established in this Law is applied, if applicable.

3. Duty to trade in a regulated market.

The SOCIMI must be admitted to trading on a Spanish regulated market or in any other country with an exchange of tax information. The shares must be registered. The Company has been listed on the Euronext secondary market since 3 September 2020. The Company meets all the listing requirements on said regulated market.

4. Duty to distribute income.

The Company must distribute the following as dividends, once the business requirements have been met:

- 100% of the profit from dividends or shares in profits distributed by the companies referred to in section 1, Article 2 of Law 11/2009.

- At least 50% of the profit arising from the transfer of property and shares or stocks referred to in section 1, Article 2 of Law 11/2009, performed once the minimum holding periods have elapsed, subject to compliance with its main corporate purpose. All other profit must be reinvested in other properties or shares affected by this target being met within a period of three years following the date of transmission.

- At least 80% of remaining profit obtained. Whenever dividends are distributed with a charge to reserves from the profits from a financial year during which the special tax regime has been applied, their distribution must be adopted in the manner described above.

5. Duty of information.

SOCIMIs must include the information required by the tax regulations regulating the special regime for SOCIMIs in their financial statement.

6. Minimum capital.

The minimum corporate capital has been set at 5 million euros.

The application of the special tax regime may be chosen under the terms established in Article 8 of Law, even when the requirements set forth therein are not met, provided that these requirements are met within two years following the date of the option to apply said regime.

Failure to comply with any of the above conditions will involve the Company being taxed under the general Corporation Tax regime from the period during which said non-compliance takes place, unless this is remedied during the following financial year. Apart from the fees for this tax period, the Company must also pay any difference between the fees it would have to pay under this general regime and the fees paid from applying the special tax regime during the previous taxable periods, notwithstanding any late-payment interest, surcharges and penalties that may apply.

The SOCIMI Corporate Tax rate is set at 0%. However, whenever the dividends distributed by the SOCIMI to its shareholders with a shareholding greater than 5% are exempt or are taxed at a rate of less than 10%, the SOCIMI will be subject to a special levy of 19%, which will be considered a Corporate Tax fee on the amount of the dividend distributed to said shareholders. If applicable, this special tax must be paid by the SOCIMI within a period of two months from the date of distribution of the dividend.

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 2022 and ending on 31 December 2022.

2) <u>Basis for presentation of financial statement</u>

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 11/2022 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 2023 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 2021, were approved by the Sole Shareholder on 30 June 2022.

b) Accounting principles

The financial statement has been prepared based on the Company's accounting records and are submitted in accordance with current commercial legislation and with the standards established in the General Accounting Plan approved by Royal Decree 1514/2007 and any amendments made to the same. The latter are the ones incorporated by Royal Decree 1/2021 dated 12 January, in force for the years commending on or after 1 January 2021, in order to show the true view of the assets, the financial situation and the income of the Company, as well as the veracity of the cash flows included in the cash flow statement and with Law 11/2009 dated 26 October, which regulates Public Limited Investment Companies Listed in the Real Estate market (“SOCIMI”) in relation to the information to be disclosed in the report.

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 4e).

- 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 2021 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 2022 financial year.

j) Going concern

As of 31 December 2022, the Company presents a positive working capital of 3,583,888 euros (1,476,462 euros in 2021). As a consequence of the net equity that exceeds two thirds of the share capital as of 31 December 2022, as well as income expected in the future, the directors have prepared this financial statement under the going concern principle.

3) Application of the income

The proposed distribution of the income for the 2022 financial year that the Board of Directors is submitting for the approval of the Sole Shareholder is as follows:

Base de reparto	2022	2021
Pérdidas y ganancias (pérdida)	-1.153.131	-1.381.845
Total	-1.153.131	-1.381.845
Aplicación		
A resultados negativos de ejercicios anteriores	-1.153.131	-1.381.845
Total	-1.153.131	-1.381.845

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:

Elemento	Años de vida útil
Utillaje	4
Otras instalaciones	10
Mobiliario	10
Equipos para proceso de la información	4
Otro inmovilizado material	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 deprecation 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 2022, 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 3.25% 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.

Subsequent valuation

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.

Impairment of value

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 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 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 lead 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) Credits for commercial operations are any financial assets that originate in the sale of assets and the provision of services for the company's normal business with deferred repayment, and

b) Credits through 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, loanswith 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

<u>General regime</u>

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.

<u>SOCIMI regime</u>

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 equity 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 11/2022 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.

Provision of services

The Company provides leasing services. Income from property rentals is recognised on a straight-line basis over the lease term. Whenever the Company offers incentives to its lessees, the cost of the incentives is recognised over the lease term on a straight-line basis, as a reduction in rental income. The costs related to each of the lease instalments are recognised as an expense.

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.

Dividend income

Dividend income is recognised as income in the profit and loss account whenever the right to receive payment is established, provided that the investee or any group company in which the latter has generated profit from the acquisition date for an amount greater than the own funds that are distributed. Notwithstanding the foregoing, any distributed dividends that unequivocally originate from income generated prior to the acquisition date due to the fact that amounts greater than the profits generated by the investee since the acquisition have been distributed are not recognised as income, and the investment book value is reduced.

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:

	Otro inmovilizado intangible	Total
Valores brutos		
Saldo al 01.01.2021	695.000	695.000
Entradas	-	-
Salidas, bajas o reducciones	-	-
Saldo al 31.12.2021	695.000	695.000
Entradas		
Salidas, bajas o reducciones		
Saldo al 31.12.2022	695.000	695.000
Amortización acumulada		
Saldo al 01.01.2021	(286.949)	(286.949)
Dotación a la amortización	(69.500)	(69.500)
Salidas, bajas o reducciones	-	-
Saldo al 31.12.2021	(356.449)	(356.449)
Dotación a la amortización	(69.500)	(69.500)
Salidas, bajas o reducciones	-	-
Saldo al 31.12.2022	(425.949)	(425.949)
Corrección Valorativa		
Saldo al 01.01.2021	-	-
Entradas	-	-
Salidas, bajas o reducciones	-	-
Saldo al 31.12.2021	-	-
Entradas	-	-
Salidas, bajas o reducciones	-	-
Saldo al 31.12.2022	-	-
Valor Neto Contable al 31.12.2021	338.551	338.551
Valor Neto Contable al 31.12.2022	269.051	269.051

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

6) Property, plant and equipment

The balances and variations during the 2022 and 2021 financial years of the gross values, the accumulated depreciation and the value correction are:

	Instalaciones técnicas y otro inmovilizado material	Total
Valores brutos		
Saldo al 01.01.2021	3.079.811	3.079.811
Entradas	82.715	82.715
Salidas, bajas o reducciones	-	-
Saldo al 31.12.2021	3.162.526	3.162.526
Entradas	6.617	6.617
Salidas, bajas o reducciones	-	-
Saldo al 31.12.2022	3.169.143	3.169.143
Amortización acumulada		
Saldo al 01.01.2021	(1.269.090)	(1.269.090)
Dotación a la amortización	(309.546)	(309.546)
Salidas, bajas o reducciones	-	-
Saldo al 31.12.2021	(1.578.636)	(1.578.636)
Dotación a la amortización	(313.190)	(313.190)
Salidas, bajas o reducciones	-	-
Saldo al 31.12.2022	(1.891.826)	(1.891.826)
Corrección Valorativa		
Saldo al 01.01.2021	-	-
Entradas	-	-
Salidas, bajas o reducciones		
Saldo al 31.12.2021	-	-
Entradas	-	-
Salidas, bajas o reducciones	-	-
Saldo al 31.12.2022	-	-
Valor Neto Contable al 31.12.2021	1.583.889	1.583.889
Valor Neto Contable al 31.12.2022	1.277.316	1.277.316

Additions during the 2022 financial year are mainly related to the Gala hotel restaurant project as well as the remodelling of Baños Hotel LYS.

Recognitions during the 2021 financial year are mainly related to incorporation work for the pool at the Hotel Vincci Gala in Barcelona.

There are no fully depreciated assets.

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.

7) Real estate investments

The balances and variations during the 2022 and 2021 financial years of the gross values, the accumulated depreciation and the value correction are:

	Terrenos	Construcciones	Total
Valores brutos			
Saldo al 31.12.2020	34.950.290	43.891.234	78.841.524
Entradas	-	116.729	116.729
Salidas, bajas o reducciones	-	-	-
Saldo al 31.12.2021	34.950.290	44.007.963	78.958.253
Entradas		26.290.942	26.290.942
Salidas, bajas o reducciones	-	-	-
Saldo al 31.12.2022	34.950.290	70.298.905	105.249.195
Amortización acumulada			
Saldo al 31.12.2020	-	(7.707.689)	(7.707.689)
Dotación a la amortización	-	(1.775.880)	(1.775.880)
Salidas, bajas o reducciones	-	-	-
Saldo al 31.12.2021	-	(9.483.569)	(9.483.569)
Dotación a la amortización		(1.779.159)	(1.779.159)
Salidas, bajas o reducciones	-	-	-
Saldo al 31.12.2022		(11.262.728)	(11.262.728)
Corrección Valorativa			
Saldo al 31.12.2020	-	-	-
Entradas	-	-	-
Salidas, bajas o reducciones	-	-	-
Saldo al 31.12.2021	-	-	-
Entradas	-	-	-
Salidas, bajas o reducciones	-	-	-
Saldo al 31.12.2022	-	-	-
Valor Neto Contable al 31.12.2021	34.950.290	34.524.394	69.474.684
Valor Neto Contable al 31.12.2022	34.950.290	59.036.177	93.986.467

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
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 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
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
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 2022, the premises are also rented.
As of 31 December 2022, 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.

Recognitions generated during the financial year ended 31 December 2022 correspond to improvements and refurbishments performed for a sum of 233,546 euros (2021: 116,729 euros).

As of 31 December 2022 and 31 December 2021, 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 2022 is 42,470,000 euros (2021: 43,490,000 euros) (note 10 b).

e) Calle de las Hileras, 4 in Madrid
Property purchased on 4 February 2022. The property plus its capital costs has been registered for a value of 26,057,395 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.

The fair value of investment property as of 31 December 2022, calculated on the basis of the RICS valuations performed by Knight Frank España S.A.U., amounts to 159,040,000 euros (2021: 114,050,000 euros).

The income derived from rents from real estate investments amounted to 4,607,861 euros and 4,208,165 euros, respectively during the 2022 and 2021 financial years.

Operating expenses for all items related to the same also amounted to 1,526,351 euros and 1,656,364 euros, respectively.

At the end of the financial year ended 31 December 2022 and 2021, 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 2022 and 2021.

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

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:

	Cuotas pendientes	
	Saldo al 31.12.2022	Saldo al 31.12.2021
Menos de un año	4.972.918	4.815.134
Entre uno y cinco años	22.310.607	21.527.147
Más de cinco años	21.435.864	23.014.502
	48.719.389	49.356.783

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

At the close of the 2022 and 2021 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).

	Cuotas pendientes	
	2022	2021
Menos de un año	67.308	67.309
Entre uno y cinco años	316.140	316.145
Más de cinco años	328.356	375.273
	711.804	758.727

Expenses during the 31 December 2022 arising from the lease contracts signed by the Company in its position as lessee amounted to 67,308 euros (67,309 euros for the financial year ended 31 December 2021).

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

	2022	2021
Cuotas de subarrendamiento	46.909	46.909
	46.909	46.909

9) <u>Equity instruments in group, multi-group and associate companies</u>

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

A 31.12.2022

Denominación/ Domicilio/ Actividad	Valor en libros de la participación	% participación		% derechos de voto		Capital social	Reservas	Otras partidas del patrimonio	Resultado	
		Directa	Indirecta	Directa	Indirecta				Rdo neto	Rdo ejer. Anteriores
RSRP Singular Assets Portugal Unipessoal	8.006.000	100	-	100	-	6.000	-	8.000.000	- 970.752	- 1.237.122
RSRP CEDOFEITA SA	2.080.000	100	-	100	-	50.000	-	2.030.000	- 105.184	- 311.037
RSR CEDOFEITA PALACE SA	4.032.481	70	30	70	30	3.668.675	20.441	-	- 134.401	- 371.451
	14.118.481					3.724.675	20.441	10.030.000	- 1.210.337	- 1.919.610

A 31.12.2021

Denominación/ Domicilio/ Actividad	Valor en libros de la participación	% participación		% derechos de voto		Capital social	Reservas	Otras partidas del patrimonio	Resultado	
		Directa	Indirecta	Directa	Indirecta				Rdo neto	Rdo ejer. Anteriores
RSRP Singular Assets Portugal Unipessoal	8.006.000	100	-	100	-	6.000	-	8.000.000	(745.327)	(324.694)
RSRP CEDOFEITA SA	2.000.000	100		100		50.000	-	2.030.000	(243.445)	(67.592)
RSR CEDOFEITA PALACE SA	4.032.481	70	30	70	30	3.668.675	20.441		(163.628)	(207.823)
	14.038.481					3.724.675	20.441	10.030.000	(1.152.400)	(600.109)

The Company has interests in the following companies as of 31 December 2022:

- RSRP Singular Assets Portugal Unipessoal Lda: a 100% stake in the equity of the company that was established in 2019, with a 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 has capitalised the credit outstanding payment 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% stake in the equity of the company that was established in 2021, with a share capital 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 2022, the company had shares for a value of 4,032,481 euros.

The indication of impairment of the shares in the Portuguese companies is covered with the unrealised capital gains not recorded in their balance sheet generated by the assets owned by said companies.

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, is as follows:

Long-term financial investments

	Inversiones financieras a largo plazo			
	Créditos, derivados y otros		Total	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Categorías/Activos fros. a coste amortizado				
Créditos a empresas del grupo (nota 17)	17.725.000	19.735.000	17.725.000	19.735.000
Otros activos financieros a largo plazo	115.216	115.216	115.216	115.216
	17.840.216	19.850.216	17.840.216	19.850.216

Short-term financial investments

	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Categorías/Activos fros. a coste amortizado				
Deudores comerciales y otras ctas a cobrar	1.536.512	1.949.838	1.536.512	1.949.838
Créditos a empresas grupo a corto plazo (nota 17)	1.654.157	359.300	1.654.157	359.300
Inversiones financieras a corto plazo (nota 17)	72.857	56.856	72.857	56.856
Anticipo a proveedores	400.000	0	400.000	56.856
	3.663.526	2.365.994	3.663.526	2.422.850

The heading of advances to suppliers is a reserve created for the purchase of a new asset in Bilbao, which will take place in 2023.

This section does not include debts with public authorities, the breakdown of which is included in note 14.

a.1.1. Trade debtors and other accounts receivables

The details of the financial assets classified in this category at 31 December 2022 and 2021 are as follows:

Concepto	31/12/2022	31/12/2021
Clientes por ventas y prestaciones de servicios	914.354	1.312.788
Deudores varios	622.158	637.050
Total	1.536.512	1.949.838

The Customers for sale and service provision section includes 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 2022 financial year:

	2023	2024	2025	2026	Resto	Total
Creditos a empresas del grupo	990.000	1.015.000	1.085.000	12.355.000	3.270.000	18.715.000
Otros activos financieros a largo plazo	-	26.796	-	-	88.420	115.216
	990.000	1.041.796	1.085.000	12.355.000	3.358.420	18.830.216

Credit to group companies correspond to two loans granted to the investee Portuguese company, RSRP Singular Assets Portugal Unipessoal Lda for a sum of 13,370,000 and 5,000,000 euros, and two loans granted to RSR Cedofeita Palace for a sum of

95,000 and 250,000 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:

	Short-term and long-term financial liabilities					
	Debts with credit institutions		Derivatives and other		Total	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Categories/Financial liabilities at depreciated cost						
Long-term financial liabilities						
Long-term debts	44,880,602	44,559,794	114,420	114,420	44,995,022	44,674,214
Long-term debts with group companies and associates (note 17)	-	-	31,138,285	31,192,646	31,138,285	31,192,646
	44,880,602	**44,559,794**	**31,252,705**	**31,307,066**	**76,133,307**	**75,866,860**
Short-term financial liabilities						
Short-term debts	2,459,131	1,564,272	912,395	591,885	3,371,526	2,156,157
Short-term debts with group companies and associates (note 17)		-	631,912	1,067,137	631,912	1,067,137
Trade creditors and other payables		-	166,737	13,164	166,737	13,164
	2,459,131	**1,564,272**	**1,711,044**	**1,672,186**	**4,170,175**	**3,236,458**

b.2.1. Debts with credit institutions

The Company has granted seven loans for a total balance of 47,339,734 euros outstanding repayment at the end of 2022.

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 2022, a sum of 29,100,000 euros (2021: 29,700,000 euros) was outstanding repayment.

The financial expenses for interest on the loan accrued during the financial year amounted to 794,828 euros (2021: 607,500 euros).

As of 31 December 2022, the sum of accrued and unpaid financial expenses amounted to 214,253 (2021: 218,708 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 2022, a sum of 13,370,000 euros is outstanding repayment (2021: 13,790,000 euros).

The financial expenses for interest on the loan accrued during the financial year amounted to 353,990 euros (2021: 364,000 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 2022 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 2022, a sum of 1,322,912 euros is outstanding repayment (2021: 1,500,000 euros).

The financial expenses for interest on the loan accrued during the financial year amounted to 47,262 euros (2021: 47,250 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 2022, a sum of 360,304 euros is outstanding repayment (2021: 480,341 euros).

The financial expenses for interest on the loan accrued during the financial year amounted to 12,769 euros (2021: 15,059 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 2022, a sum of 191,943 euros was outstanding repayment.

The financial expenses for interest on the loan accrued during the financial year amounted to 3,494 euros, (2021: 253 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 2022, a sum of 479,857 euros was outstanding repayment.

The financial expenses for interest on the loan accrued during the financial year amounted to 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 2022, a sum of 2,500,000 euros was outstanding repayment.

  The financial expenses for interest on the loan accrued during the financial year amounted to 37,153 euros.

  The long-term debt includes a sum of 199,536 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 66,601 euros charged to the profit and loss account for this item in 2022.

b.2.2. Other long-term financial liabilities

This item includes guarantees and deposits received.

b.2.3. Short-term debts

As of 31 December 2022 and 2021, this heading includes 106,250 euros as a guaranteeretained upon meeting of certain milestonesby the seller related to the purchase of the property located at Ronda Sant Pere 32 in Barcelona, 429,486 euros corresponding to the maintenance and improvement operations of the assets, 14,052 euros of debts with repayment guarantees and 210,000 euros as a guarantee withheld upon meeting certain milestones related to the purchase of Great Naboo (RSR Cedofeita Palace).

As of 31 December 2022, a balance of 152,608 euros is also included (2021: 152.608 euros) with related group companies and 753 euros with group companies (2021: 133,176 euros) (note 17).

b.2.4. Trade creditors and other payables

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

Concepto	31.12.2022	31.12.2021
Proveedores	8.108	8.109
Acreedores varios	23.235	2.741
Personal (remuneraciones pendientes de pago)	2.314	2.314
Total	33.657	13.164

These breakdowns do not include balances with public authorities, the breakdown of which is included in note 14.

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:

	2022	2021
	Days	Days
Average period of payment to suppliers	8	14
Ratio of operations paid	10	13
Ratio of operations pending payment	219	131

	2022	2021
	Amount	Amount
Total payments made	3,224,194	1,978,947
Total outstanding payments	31,341	17,223
Total	**3,255,535**	**1,996,170**

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 3,224,194 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 399 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 outanding 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 2022 and 2021 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. 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 2022 financial year:

	2024	2025	2026	Resto	Total
Deudas a largo plazo					
Deudas con entidades de crédito	2.459.837	2.692.685	39.453.656	274.424	44.880.602
Otros pasivos finacieros	-	88.420	-	26.000	114.420
Deudas con empresas grupo a largo plazo (nota 17)	12.080.921	19.030.191	27.173	-	31.138.285
	14.540.758	21.811.296	39.480.829	300.424	76.133.307

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 2021 financial year:

	2023	2024	2025	2026	Resto	Total
Deudas a largo plazo						
Deudas con entidades de crédito	1.897.483	1.916.156	2.132.987	38.613.168	-	44.559.794
Otros pasivos finacieros	-	-	-	-	114.420	114.420
Deudas con empresas grupo a largo plazo (nota 17)	45.293	12.099.042	19.048.312	-	-	31.192.647
	1.942.776	14.015.198	21.181.299	38.613.168	114.420	75.866.861

11) Cash and cash equivalents

	Euros	
	31/12/2022	31/12/2021
Tesorería	4.051.761	2.552.095
	4.051.761	2.552.095

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 installment. The cash with restrictions on availability as of 31 December 2022 amounts to 1,186,273 euros (1,089,984 euros as of 31 December 2021). A sum of 1,186,273 euros corresponds to the sum of the capital for 375,000 euros and the interest for 393,525 euros corresponding to the 30 million loan, plus the interest amounting to 172,748 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:

	31.12.2022	31.12.2021
Long-term investments in group companies and associates	17,725,000	19,735,000
Long-term financial investments	115,216	115,216
Trade debtors and other accounts receivables	1,536,512	1,949,838
Short-term investments in group companies and associates	1,654,157	359,299
Short-term financial investments	72,857	56,856
Cash and cash equivalents	4,051,761	2,552,095
	25,155,503	24,768,304

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

	31.12.2022	31.12.2021
Not matured	172,864	99,204
Matured but not doubtful		
Fewer than 30 days	185,592	41,594
Between 30 and 60 days	4,470	114,086
Between 60 and 90 days	-	71,902
Between 90 and 120 days	-	54,392
More than 120 days	1,293,586	1,568,660
	1,656,512	1,949,838
Doubtful	-	-
Adjustments for impairment	(120,000)	-
Total	1,536,512	1,949,838

Of the 1,293,586 euros classified as more than 120 days old in 2022, 629,819 euros are with RSRP SINGULAR ASSETS PORTUGAL UNIPESSOAL LDA and RSRP CEDOFEITA S.A., companies from the group (607,140 euros in 2021). 120,000 euros of the balance receivable more than 120 days old have also been impaired.

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.

Interest rate risk

The Company's policy is to minimise exposure to interest rate risk in long-term financing. As indicated in note 10 b) the loans obtained with credit institutions are at a fixed rate and the loans with group companies are at a variable interest rate (note 17). The Company is therefore exposed 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 maturies is explained in note 10 b).

b.4 Ukrainian War

Since February 2022, things have been shaky politically around the globe due to the war between Ukraine and Russia. These events significantly affect economic activity worldwide and therefore impact all companies' operations and financial income. Using the information available, the Company has performed an evaluation of the main impacts that the war between Ukraine and Russia has had on the financial statement, which is described below:

(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 ofthe 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 2022 and 2021, the Sole Shareholder is RSR ESTATE HOTEL COVADONGA SARL. (Luxembourg).

As of 31 December 2022 and 2021, 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 equity.

The legal reserve can be used to increase the equity 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 legal reserve is fully constituted as of 31 December 2022 and 31 December 2021. The sum of the legal reserve as of 31 December 2022 amounts to 251,741 euros (251,741 euros at the end of 2021).

Voluntary reserves:

As of 31 December 2022, the voluntary reserve sum amounted to 9,199,014 euros.

Merger reserves:

Arising from the take-over merger described in note 1. Merger reserves amounting to

8,357,521 euros were recorded.

c) Shareholder contributions

The minutes dated 20 January 2022 state that the Sole Shareholder approved making a monetary contribution of 25,200,000 euros by transfer on 27 January 2022.

The minutes dated 13 October 2021 state that the Sole Shareholder approved making a monetary contribution of 1,000,000 euros by transfer on 14 October 2021.

The minutes dated 24 January 2021 state that the Sole Shareholder approved making a monetary contribution of 2,000,000 euros by transfer on 14 October 2021.

14) Fiscal situation

The balances with the public authorities at 31 December 2022 and 31 December 2021 are as follows:

	Saldos deudores		Saldos acreedores	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
IVA	38.777	107	131.692	200.205
Retenciones IRPF	-	-	1.388	4.124
Seguridad Social	-	-	-	948
	38.777	107	133.080	205.277

The breakdown of the expenditure/(income) for Corporate Tax for the 2022 and 2021 financial years is as follows:

	2022		
	Cuenta de perdidas y ganancias		
	Aumentos	Disminuciones	Total
Saldo de ingresos y gasros del ejercicio			(1.153.131)
Impuesto sobre Sociedades	-	-	-
Saldo de ingreso y gastos del ejericio antes de impuestos	-	-	**(1.153.131)**
Diferencias permanentes	-	-	-
Diferencias temporales	932.565	2.266	930.299
Base imponible previa			**(222.832)**

	2021		
	Cuenta de perdidas y ganancias		
	Aumentos	Disminuciones	Total
Saldo de ingresos y gasros del ejercicio	-	-	(1.381.845)
Impuesto sobre Sociedades	-	-	-
Saldo de ingreso y gastos del ejericio antes de impuestos	-	-	**(1.381.845)**
Diferencias permanentes	-	-	-
Diferencias temporales	741.009	2.266	738.743
Base imponible previa			**(643.102)**

As of 31 December 2022, the temporary differences amount to 932,565 euros (2021: 741,009 euros) from non-deductible financial expenses as shown below:

	31.12.2022	31.12.2021
2019	802,724	802,724
2020	914,024	914,024
2021	741,009	741,009
2022	932,565	-
Total	**3,390,322**	**2,457,757**

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:

	Bases imponibles negativas	
	31/12/2022	31/12/2021
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	-
	8.007.977	7.785.145

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. This amounts to 3,700,800 euros.

<u>Information requirements arising from the condition of SOCIMI, Law 11/2009, amended by Law 16/2012 and by Law 11/2022</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 11/2022 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.

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% stake 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) (See 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) (See 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:

	2022	2021
Ingresos por alquileres	4.607.861	4.208.165
	4.607.861	4.208.165

All rented properties are located in Spain.

b) Other operating expenses

Below is the breakdown of other operating expenses:

	2022	2021
Arrendamientos	68.660	67.309
Reparaciones	64.407	22.053
Servicios profesionales	862.949	1.125.588
Transportes	710	767
Primas de seguros	79.048	69.430
Servicios bancarios	30.472	12.564
Pérdida por deterioro	120.631	-
Otros servicios	92.476	33.197
Tributos	327.629	325.569
	1.646.982	1.656.477

c) Depreciation of fixed assets

Below are the details of the depreciations:

	2022	2021
Inmovilizado inmaterial (nota 5)	69.500	69.500
Inmovilizado material (nota 6)	313.976	310.332
Inversiones inmobiliarias (nota 7)	1.847.873	1.775.094

d) Financial income

The following are the details of the financial income:

	2022	2021
Ingresos financieros		
Empresas del grupo (nota 17)	663.828	358.969
	663.828	358.969
Gastos financieros		
Empresas del grupo (nota 17)	1.271.561	781.353
Entidades de crédito	1.324.833	1.318.625
	2.596.394	2.099.978

17) Transactions with related parties

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

Sociedad	Tipo de vinculación
RSR Estate Hotel Covandonga SARL (Luxemburgo)	Entidad dominante
RSRP Singular Assets Portugal Unipessoal Lda	Empresa del grupo
RSRP Cedofeita, S. A.	Empresa del grupo
RSR Cedofeita Palace SA	Empresa del grupo

Details of the operations with group, multi-group and associated companies for the 2022 and 2021 financial year is as follows:

	2022 Ingresos-gastos	
Concepto	Intereses cargados	Ingresos Intereses
Entidad dominante	1.271.561	-
Otras empresas del Grupo	-	663.828
Total empresas grupo y asociadas	1.271.561	663.828

	2021 Ingresos-gastos	
Concepto	Intereses cargados	Ingresos Intereses
Entidad dominante	(781.353)	-
Otras empresas del Grupo	-	358.969
Total empresas grupo y asociadas	(781.353)	358.969

	Services received	
	2022	2021
Caler Advisory and Asset Management, S.L. (*)	1,061,934	672,630

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

The services received correspond to company management fees and real estate assets. These services include one invoice for a sum of 345,000 euros registered as the highest value of the property in Hileras.

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

Pasivo			
Deudas con empresas del grupo a largo plazo (nota 10 b)	-17.803.020	-13.335.265	-31.138.285
Deudas a corto plazo:			
Otras deudas a corto plazo (nota 10 b)			
Deudas con empresas del grupo (nota 10 b)		631.911	631.911

A 31.12.2021

	Entidad dominante	Otras empresas del gupo	Total
Activo			
Inversiones a largo plazo:			
Instrumentos de patrimonio (nota 9)	-	14.038.481	14.038.481
Créditos a empresas	-	19.735.000	19.735.000
Inversiones a corto plazo:			
Instrumentos de patrimonio	-	-	-
Deudas comerciales y otras deudas a cobrar (nota 10 a)	-	780.377	780.377
Créditos a empresas (nota 10 a)		358.969	358.969
Intereses de crédito (nota 10 a)	-	358.969	358.969
Pasivo			
Deudas con empresas del grupo a largo plazo (nota 10 b)	-17.803.020	-13.389.626	-31.192.646
Deudas a corto plazo:			
Otras deudas a corto plazo (nota 10 b)		-152.608	-152.608
Deudas con empresas del grupo (nota 10 b)	-	-914.529	-914.529

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.

- Loan of 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.

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

- 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 250,000 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 2022, the outstanding balance for this loan is 15,003,020 euros (2021: 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 2022, the outstanding balance for this loan is 2,800,000 euros (2021: 2,800,000 euros).

The financial expenses for interest on both loans accrued during the financial year amounted to 727,728 euros (2021: 495,814 euros).

- Loan of 1,199,999 euros formalised 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 2022, the outstanding balance for this loan is 1,199,999 euros (2021: 1,199,999 euros).

- Loan of 12,053,749 euros formalised 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 2022, the outstanding balance for this loan is 12,053,749 euros (2021: 12,053,749 euros).

The financial expenses for interest on the loan accrued during the financial year amounted to 539,572 euros (2021: 367,620 euros).

- Loan of 537,550 euros formalised 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 2022, the outstanding balance for this loan is 81,517 euros (2021: 135,878 euros).

The financial expenses for interest on the loan accrued during the financial year amounted to 4,261 euros (2021: 13,239 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 2022 and 2021. 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 2022 and 2021.

c) Payment and loans to senior management staff:

The Company did not grant loans to the Board of Directors during the 2022 and 2021 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:

Categoría profesional	2022	2021
Empleados de tipo adminitrativo	1	1
	1	1

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

	A 31.12.2022		A 31.12.2021	
Categoría profesional	Hombres	Mujeres	Hombres	Mujeres
Administradores (no empleados)	2	1	2	1
Empleados de tipo adminitrativo	1	-	1	-
Empleados de tipo adminitrativo	3	1	3	1

During the 2022 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 (see note 17).

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

20) Audit fees

The fees accrued during the 2022 and 2021 financial years by PricewaterhouseCoopers Auditores, S.L. for account auditing services amounted to 34,480 and 28,500 euros respectively. No tax services were provided or required from the accounts auditor under applicable regulations during the 2022 and 2021 financial years.

21) Commitments, provisions and contingencies

a) Endorsements and guarantees:

The Company had no endorsements or guarantees during the 2022 and 2021 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

The effects of the conflict between Russia and Ukraine included an increase in the price of certain raw materials and the cost of energy, as well as the implementation of sanctions, embargoes and restrictions against Russia that affect the economy in general, with a particular impact on companies with operations with and in Russia.

The extent to which this armed conflict will impact the Company's business will depend on the development of future events that cannot be reliably predicted at the date of formulation of this financial statement.

As the Company does not have any direct exposures in these countries, the Board of Directors of the Company does not expect this situation to significantly affect the financial situation despite the existing uncertainty.

Two other assets were purchased in 2023: one in Bilbao and another in Madrid. The Bilbao asset is a hotel located in the vicinity of the Guggenheim Museum, a prime location in Bilbao, where the building will be renovated to construct a hotel with a modern and unique aesthetic. The Madrid asset is located in the heart of the city, near Plaza Santa Ana.

RSR Singular Assets Europe SOCIMI, S.A.
Management report corresponding to the 2022 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 name was changed to RSR Diagonal 596 SOCIMI S.A.U. on 14 September 2018 and financially to the one it currently holds on 25 October 2018.

The company had holdings in a company in Portugal during the 2019 financial year (RSRP SINGULAR ASSETS PORTUGAL, UNIP. LDA) during the 2019 financial years, 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 also purchased during the 2021 financial year, contributing 70% of its share capital and specialising in the acquisition and development of property for leasing.

As of 31 December 2022, the company has real estate investments that amount to a market value of159,040,000 euros, composed of 5 properties for rental purposes, currently being rented mainly to hotel operators.

The company signed financing contracts for a total sum of 2,500,000 euros with Bankinter during the 2022 financial year, which are ICO guarantees that mature in 2026.

There were also several contributions of funds from the shareholders during the 2022 financial year for a total sum of 25,200,000 euros.

The share price evolution remains constant at 12.98 euros per share during the 2022 and 2021 financial years, in its listing on Euronext.

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

	A 31.12.2022		A 31.12.2021	
Categoría profesional	Hombres	Mujeres	Hombres	Mujeres
Administradores (no empleados)	2	1	2	1
Empleados de tipo adminitrativo	0	-	1	-
Empleados de tipo adminitrativo	2	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:

	2022	2021
	Days	Days
Average period of payment to suppliers	8	14
Ratio of operations paid	10	13
Ratio of operations pending payment	220	131

	2022	2021
	Amount	Amount
Total payments made	3,224,194	1,978,947
Total outstanding payments	31,341	17,223
Total	**3,255,535**	**1,996,170**

Invoices amounting to 3,224,194 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 399 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 outsanding 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:

	31.12.2022	31.12.2021
Long-term investments in group companies and associates	17,725,000	19,735,000
Long-term financial investments	115,216	115,216
Trade debtors and other accounts receivables	1,536,512	1,949,838
Short-term investments in group companies and associates	1,654,157	359,299
Short-term financial investments	72,857	56,856
Cash and cash equivalents	4,051,761	2,552,095
	25,155,503	24,711,778

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

	31.12.2022	31.12.2021
Not matured	172,864	99,204
Matured but not doubtful		
Fewer than 30 days	185,592	41,594
Between 30 and 60 days	4,470	114,086
Between 60 and 90 days	-	71,902
Between 90 and 120 days	-	54,392
More than 120 days	1,293,586	1,568,660
	1,656,512	1,949,838
Doubtful	-	-
Adjustments for impairment	(120,000)	-
Total	1,536,512	1,949,838

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.

The emergence of COVID-19 in China in January 2021 and its global expansion, including in Spain, led to the viral outbreak being classified as a pandemic by the World Health Organization in 11 March 2021. Financial markets and different

sectors of the economy suffered a slowdown due to this pandemic that continued in 2022. Company Management and Directors evaluated this situation and the consequences that it could have on the Company's business and liquidity. Below are the details of the main risks:

(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.

The 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 also 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.

4. FORECAST EVOLUTION OF THE COMPANY

The stability target of the Spanish assets purchased up to 2021 was achieved during the 2022 financial year, thanks to the 4 assets that are operating at full capacity. The asset purchased in 2022 requires remodelling work and is therefore expected to come into operation at the beginning of 2026.

The expected turnover for 2022 has been achieved, since there have no longer been business

differences due to COVID-19, and no rent reductions have been applied with the operators for this reason.
Thanks to the type of assets and the solvency of the operators with which they work, all the hotels have operated at full capacity and have recovered their pre-pandemic occupancy rates.

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, one of which is 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 asset is a reference in the city, even winning awards for its particular aesthetics. The other asset is a boutique hotel, with construction work set to be completed in 2023, and expected to open at the end of that year.
An expansion process began in 2022 with the purchase of an asset in the centre of Madrid, which will involve the building of a superior 4-star hotel with a roof top and a unique restaurant on the ground floor. This project will be a modern building that will become an inspiration with ample greenery and a 360º view from the roof top, creating a green space in the centre of Madrid that will make it stand out from the other hotels already in the area. Plans are also underway to build a rotating car park, and will be a triple-A location thanks to being located just a stone's throw from the Plaza Mayor.
Following this process, two other assets were also purchased in 2023: one in Bilbao and another in Madrid. The Bilbao asset is a hotel located in the vicinity of the Guggenheim Museum, a prime location in Bilbao, where the building will be renovated to construct a hotel with a modern and unique aesthetic. The Madrid asset is located in the heart of the city, near Plaza Santa Ana.

5. EVENTS TAKING PLACE FOLLOWING YEAR-END

The effects of the conflict between Russia and Ukraine included an increase in the price of certain raw materials and the cost of energy, as well as the implementation of sanctions, embargoes and restrictions against Russia that affect the economy in general, with a particular impact on companies with operations with and in Russia.

The extent to which this armed conflict will impact the Company's business will depend on the development of future events that cannot be reliably predicted at the date of formulation of this financial statement.

As the Company does not have any direct exposures in these countries, the Board of Directors of the Company does not expect this situation to significantly affect the financial situation despite the existing uncertainty.

Two other assets were purchased in 2023: one in Bilbao and another in Madrid. The Bilbao asset is a hotel located in the vicinity of the Guggenheim Museum, a prime location in Bilbao, where the building will be renovated to construct a hotel with a modern and unique aesthetic. The Madrid asset is located in the heart of the city, near Plaza Santa Ana.

6. RESEARCH AND DEVELOPMENT ACTIVITIES

No research and development activities took place during the 2022 and 2021 financial years.

7. OWN SHARES

The Company has no own shares.

8. ENVIRONMENTAL INFORMATION

Given the activity performed by the Company, during the 2022 and 2021 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 2022 and 2021 financial years.