

**URBANIZADORA CONSTRUCTORA  
LEVANTINA, SOCIMI, S.A.**

Annual Accounts and Director's Report  
for financial year 2023 together with  
Audit Report on the Annual Accounts  
issued by an independent auditor

19 June 2024



## **URBANIZADORA CONSTRUCTORA LEVANTINA, SOCIMI, S.A.**

**Annual Accounts corresponding to the financial year 2023  
along with the Audit Report on the Annual Accounts**

### **AUDITOR ´S REPORT ON THE ANNUAL ACCOUNTS**

#### **ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2023:**

- Balance Sheet at 31 December 2023 and 2022
- Profit Loss Account for the financial year 2023 and 2022
- Statement of Changes in Net Equity for the financial year 2023 and 2022
- Cash Flow Statement for the years 2023 and 2022
- Annual report for the financial year 2023

#### **DIRECTOR'S REPORT FOR THE YEAR 2023**

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**URBANIZADORA CONSTRUCTORA LEVANTINA, SOCIMI, S.A.**

**AUDITOR'S REPORT ON ANNUAL ACCOUNTS**

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*This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*

## **Audit report on the annual accounts issued by an independent auditor**

To Shareholders of **URBANIZADORA CONSTRUCTORA LEVANTINA, SOCIMI, S.A.**

### *Qualified Opinion*

We have audited the annual accounts of **URBANIZADORA CONSTRUCTORA LEVANTINA, SOCIMI, S.A.** (the Company), which comprise the balance sheet at 31 December 2023, the profit and loss account, the statement of changes in equity, the statement of cash flows and the report for the financial year ended on that date.

In our opinion, except for the effects of the matter described in the section *Basis for a qualified opinion* of our report, the accompanying annual accounts give, in all material respects, a true and fair view of the Company's equity and financial position as at 31 December 2023, as well as its results and cash flows for the financial year ending on said date, in accordance with the application of the regulatory framework of financial information that results (identified in note 2 a) of the report) and, in particular, with the accounting principles and criteria contained therein.

### *Basis for qualified opinion*

As indicated in note 5, the Company has recorded under the heading “Real Estate Investments” of attached balance at 31 December 2023, the cost of acquisition of buildings for rental purposes, net of depreciation, amounting to 27,869,617 euros, the fair value of which at 31 December 2023 is 320% higher than the Net book value. As indicated in notes 4 a) and b) to the attached annual accounts, in accordance with the applicable regulatory financial reporting framework, the real estate investment is initially measured at acquisition or production cost and subsequently reduced by the related accumulated depreciation and impairment losses, if any. In this respect, we have not obtained sufficient supporting documentation on the cost of certain assets amounting to 13,778,520 euros included under this heading, and we are therefore unaware of any effect this might have on the attached annual accounts.

We have performed our audit in accordance with the current regulations governing the auditing of accounts in Spain. Our responsibilities in accordance with these regulations are described later in the section *Auditor's Responsibilities relating to the audit of the annual accounts* of our report.

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We are independent of the Company in accordance with the ethical requirements, including those of independence, which are applicable to our audit of the annual accounts in Spain as required by the regulations governing the activity of auditing accounts. Accordingly, we have not provided services other than those of the audit of accounts nor have concurred situations or circumstances that, in accordance with the provisions of the aforementioned governing regulations, have compromised the necessary independence.

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

#### *Key audit matters*

The key audit matters are matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. Our audit procedures relating to these matters were designed in the context of our audit of the annual accounts as a whole, and in the formation of our opinion on these and we do not express a separate opinion on those matters.

In addition to the matter described in the *Basis for qualified opinion* section, we have determined that the matters described below are the most significant matters from the audit that should be communicated in our report.

Key Audit matters	Audit response
<i>Income recognition</i>  As indicated in note 1 of the attached report, the Company's main activity is the rental of real estate properties of own.  The recognition of income is a significant and susceptible area for inaccuracies, especially with regard to the integrity, accuracy and adequate temporary allocation, for this reason we have considered this issue as a key audit matter.	We have performed, amongst others, the following audit procedures: <ul style="list-style-type: none"><li>- Obtain an understanding of the internal controls established by the Company's Directors to assurance the integrity and accuracy of the income figure.</li><li>- Analysis of the reasonableness of the income recorded through analytical reviews of the different income concepts, comparing these with previous years.</li><li>- Review a sample of transactions to ensure that the recording of income is made based on the accrual principle.</li></ul>

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Key Audit matters	Audit response
<p><i>Tax regime applicable to SOCIMI</i></p> <p>As indicated in notes 1 b) and 2 c) of the attached report, the Company is governed, among other regulations, by Law 11/2009, of 26 October as amended by Law 16/2012, of 27 December and Law 11/2021 of 9 July, regulating Publicly Listed Investment Companies in the real estate market ("SOCIMIS law"). One of the main characteristics of this type of company is that the tax rate for Corporation Tax is set at 0%.</p> <p>The SOCIMIS Law requires the Company to comply with certain requirements in making investments, the nature of the income obtained, the permanence of real estate assets in the portfolio, as well as the distribution of dividends, under the terms and deadlines set.</p> <p>The correct application of the regulations applicable to SOCIMIS is a significant risk, since tax exemption has a significant impact on the annual accounts, so we have considered this issue as key Audit matter.</p>	<ul style="list-style-type: none"> <li>- Verification that the information included in the annual accounts is timely and sufficient.</li> </ul> <p>We have performed, amongst others, the following audit procedures:</p> <ul style="list-style-type: none"> <li>- Understanding of the requirements established in Law 11/2009, of 26 October as amended by Law 16/2012, of 27 December and Law 11/2021, of 9 July, regulating Publicly Listed Investment Companies in the real estate market.</li> <li>- Verification of the compliance requirements of minimum share capital required by SOCIMIS law.</li> <li>- Verification that the Company joined the "EURONEXT ACCESS PARIS" Market as a SOCIMI for the trading of ordinary shares issued by the Company in the Multilateral Facility of "Euronext Access" operated by Euronext Access Paris S.A.</li> <li>- Verification of the investment requirements established by SOCIMIS law.</li> <li>- Verification of the requirements for the distribution of results established in the SOCIMIS law.</li> <li>- Verification that the information included in the annual accounts is timely and sufficient, especially as established by the tax regulations that regulate the special SOCIMI regime.</li> </ul>

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*Other matters*

As indicated in note 2 d) of the attached report, the annual accounts for the financial year 2023 include comparative information for the financial year 2022, which has not been audited.

*Other information: Director's report*

The other information comprises exclusively the Director's report for financial year 2023, the formulation of which is the responsibility of the Company's Directors and does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the Director's report. Our responsibility over the Director's report, in accordance with the requirements of the regulations governing the audit activity, consists of evaluating and reporting on the consistency of the Director's report with the annual accounts based on the knowledge of the Company obtained in carrying out the audit of the aforementioned annual accounts, as well as evaluating and reporting on whether the content and presentation of the Director's report are in accordance with the applicable regulations. If based on the work we have performed, we conclude that there is a material misstatement, we would be obliged to report this.

Based on the work performed, as described in the previous paragraph, except for the limitation to the scope described in the following paragraph, the information contained in the Director's report agrees with that in the annual accounts for financial year 2023 and its content and presentation is in accordance with the applicable regulations.

As described in the section *Basis for a qualified opinion*, we have not been able to obtain enough and adequate audit evidence on the matter indicated in this section, which implies a limitation on the scope of our work. As a result, we have not been able to reach a conclusion on whether there is material misstatement in the Director's report in relation to this issue.

*The responsibility of the Directors in respect of the annual accounts*

The Directors are responsible for formulating the accompanying annual accounts, so that they give a true image of the assets, the financial situation and the results of the Company, in accordance with the regulatory framework on financial information applicable to the Entity in Spain, and of the internal control that they consider necessary to allow the preparation of the annual accounts free of material misstatement, due to fraud or error.

In the preparation of the annual accounts, the Directors are responsible for assessing the Company's ability to continue as a going concern, revealing, as appropriate, the matters related with a company in operation and using the accounting principle of a going concern except if the Directors intend to liquidate the Company or cease operations, or if there is no other realistic alternative.

*The auditor's responsibility for the audit of the annual accounts*

Our objectives are to obtain reasonable assurance that the annual accounts as a whole are free from material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

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

As part of an audit in accordance with the current regulations governing the account auditing activity in Spain, we exercise professional judgment and maintain an attitude of professional skepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement in the annual accounts, due to fraud or error, design and perform audit procedures to respond to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or circumvention of internal control.
- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and disclosures made by Directors.
- We conclude whether the use, by Directors, of the accounting principle of the company as a going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is a material uncertainty related to events or conditions that can generate significant doubts about the ability of the Company to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the corresponding information disclosed in the annual accounts or, if such disclosures are not adequate, we express a modified opinion. Our conclusions are based on the audit evidence obtained at the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern.

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

We are required to communicate with the Entity's Directors of regarding, amongst other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during the course of the audit.

Amongst the matters that have been communicated to the Entity's Directors, we determine those that have been of the greatest significance in the audit of the annual accounts of the current period and that are, consequently, the key matters of the audit.

We describe those matters in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

BDO Auditores, S.L.P.

19 June 2024

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**URBANIZADORA CONSTRUCTORA LEVANTINA, SOCIMI, S.A.**

**ANNUAL ACCOUNTS FOR FINANCIAL YEAR 2023**

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**URBANIZADORA CONSTRUCTORA LEVANTINA, SOCIMI, S.A.**

**BALANCE SHEETS AT 31 DECEMBER 2023 AND 2022**

(Stated in euros)

<b>ASSETS</b>	<b>Notes to the Report</b>	<b>2023</b>	<b>2022 (*)</b>
<b>NON-CURRENT ASSETS</b>		<b>93,021,344.17</b>	<b>62,319,142.31</b>
<b>Intangible assets</b>	<b>Note 5</b>	<b>1,325,227.32</b>	<b>1,367,077.43</b>
Technical installations and other tangible fixed assets		1,325,227.32	1,367,077.43
<b>Real estate investments</b>	<b>Note 5</b>	<b>27,869,617.11</b>	<b>27,294,086.27</b>
Investments in land and natural resources		13,045,415.83	13,045,415.83
Investments in buildings		14,824,201.28	14,248,670.44
<b>Investments in long-term group companies and associates</b>	<b>Note 9</b>	<b>33,840,581.00</b>	<b>4,043,430.00</b>
Equity instruments in group companies and associates		33,840,581.00	4,043,430.00
<b>Long-term financial investments</b>	<b>Note 8.1</b>	<b>29,985,918.74</b>	<b>29,614,548.61</b>
Equity instruments		27,456,961.89	26,506,558.18
Long-term credits		2,096,414.69	2,727,000.00
Other financial assets		432,542.16	380,990.43
<b>CURRENT ASSETS</b>		<b>10,124,599.66</b>	<b>8,741,069.89</b>
<b>Trade and other receivables</b>		<b>283,517.26</b>	<b>219,445.13</b>
Clients for sales and provision of services	<b>Note 8.2</b>	29,960.39	4,855.17
Sundry debtors	<b>Note 8.2</b>	114,303.63	214,589.96
Current tax assets	<b>Note 12</b>	139,253.24	-
<b>Short-term financial investments in group companies</b>	<b>Note 8.2</b>	<b>7,130.70</b>	<b>-</b>
Other financial assets		7,130.70	-
<b>Accruals</b>		<b>-</b>	<b>151,998.04</b>
<b>Cash and cash equivalents</b>	<b>Note 8.2</b>	<b>9,833,951.70</b>	<b>8,369,626.72</b>
<b>TOTAL ASSETS</b>		<b>103,145,943.83</b>	<b>71,060,212.20</b>

(\*) Restated, not audited

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**URBANIZADORA CONSTRUCTORA LEVANTINA, SOCIMI, S.A.**

**BALANCE SHEETS AT 31 DECEMBER 2023 AND 2022**

(Stated in euros)

<b>EQUITY AND LIABILITIES</b>	<b>Notes to the Report</b>	<b>2023</b>	<b>2022 (*)</b>
<b>EQUITY</b>		<b>99,662,634.83</b>	<b>67,651,140.69</b>
<b>Shareholders' funds</b>		<b>91,869,298.32</b>	<b>60,252,350.29</b>
<b>Share capital</b>	<b>Note 10</b>	<b>57,396,305.00</b>	<b>48,837,500.00</b>
<b>Share Premium</b>	<b>Note 10</b>	<b>21,238,346.00</b>	<b>-</b>
<b>Reserves</b>		<b>10,151,512.68</b>	<b>8,934,761.77</b>
Legal and statutory reserve	<b>Note 10</b>	4,360,484.89	6,627,334.15
Other reserves		5,791,027.79	2,307,427.62
<b>Results for the year</b>		<b>3,083,134.64</b>	<b>2,480,088.52</b>
<b>Adjustments for changes in value</b>	<b>Note 8.1</b>	<b>7,793,336.51</b>	<b>7,398,790.40</b>
Financial assets at fair value through equity		7,793,336.51	7,398,790.40
<b>NON-CURRENT LIABILITIES</b>		<b>3,138,360.57</b>	<b>2,990,291.20</b>
<b>Long-term debts</b>	<b>Note 11</b>	<b>540,581.73</b>	<b>524,027.73</b>
Other financial liabilities		540,581.73	524,027.73
<b>Deferred tax liabilities</b>	<b>Note 12</b>	<b>2,597,778.84</b>	<b>2,466,263.47</b>
<b>CURRENT LIABILITIES</b>		<b>344,948.43</b>	<b>418,780.31</b>
<b>Short-term debts</b>	<b>Note 11</b>	<b>-</b>	<b>17,789.88</b>
Other financial liabilities		-	17,789.88
<b>Short-term debts with group companies and associates</b>	<b>Note 11</b>	<b>24,368.60</b>	<b>-</b>
<b>Trade creditors and other accounts payable</b>		<b>320,579.83</b>	<b>400,942.71</b>
Suppliers	<b>Note 11</b>	16,405.35	26,047.44
Sundry creditors	<b>Note 11</b>	25.15	140.98
Current tax liabilities	<b>Note 12</b>	110,646.46	162,565.70
Other debt with the Public Administrations	<b>Note 12</b>	193,502.87	212,188.59
<b>Short-term accruals</b>		<b>-</b>	<b>47.72</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>103,145,943.83</b>	<b>71,060,212.20</b>

(\*) Restated, not audited

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**URBANIZADORA CONSTRUCTORA LEVANTINA, SOCIMI, S.A.**

**PROFIT AND LOSS ACCOUNTS FOR FINANCIAL YEARS ENDED**

**31 DECEMBER 2023 AND 2022**

(Stated in euros)

	Notes to the Report	2023	2022 (*)
<b>Net turnover</b>	<b>Note 14</b>	<b>4,935,486.56</b>	<b>4,500,372.94</b>
Provision of services		4,935,486.56	4,500,372.94
<b>Supplies</b>	<b>Note 14</b>	<b>(910,269.92)</b>	<b>(898,061.66)</b>
Consumption of goods		(910,269.92)	(898,061.66)
<b>Personnel expenses</b>	<b>Note 14</b>	<b>(690,801.41)</b>	<b>(588,043.30)</b>
Salaries, wages and others		(587,075.72)	(500,982.79)
Social charges		(103,725.69)	(87,060.51)
<b>Other operating expenses</b>	<b>Note 14</b>	<b>(668,580.03)</b>	<b>(473,387.64)</b>
External services		(428,548.28)	(308,223.82)
Taxes		(240,031.75)	(148,471.52)
Losses, impairments and changes in provisions for trade operations		-	(16,692.30)
<b>Depreciation and amortisation and of property, plant and equipment</b>	<b>Note 5</b>	<b>(484,887.73)</b>	<b>(476,689.97)</b>
<b>Extraordinary results</b>		<b>(38,600.30)</b>	<b>974.18</b>
<b>OPERATING RESULT</b>		<b>2,142,347.17</b>	<b>2,065,164.55</b>
<b>Financial income</b>		<b>982,059.23</b>	<b>1,111,209.12</b>
Participation income in equity instruments, group companies and assoc.	<b>Note 13</b>	119,064.00	583,328.71
Other income from participations in equity instruments	<b>Note 8.1</b>	484,093.18	446,175.34
Other income from marketable securities and other financial instruments	<b>Note 8.1</b>	378,902.05	81,705.07
<b>Financial expenses</b>		<b>(1.22)</b>	<b>(4.33)</b>
<b>Exchange differences</b>		<b>(7,933.66)</b>	<b>5,959.54</b>
<b>Impairment and results on disposals of financial instruments</b>	<b>Note 8.1</b>	<b>137,124.31</b>	<b>(342,433.85)</b>
<b>FINANCIAL RESULT</b>		<b>1,111,248.66</b>	<b>774,730.48</b>
<b>RESULT BEFORE TAX</b>		<b>3,253,595.83</b>	<b>2,839,895.03</b>
<b>Corporate income tax</b>	<b>Note 12</b>	<b>(170,461.19)</b>	<b>(359,806.51)</b>
<b>RESULT FOR THE YEAR</b>		<b>3,083,134.64</b>	<b>2,480,088.52</b>

(\*) Restated, not audited

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**URBANIZADORA CONSTRUCTORA LEVANTINA, SOCIMI, S.A.**

**STATEMENT OF CHANGES IN EQUITY**

(Stated in euros)

**A) ESTADOS DE INGRESOS Y GASTOS RECONOCIDOS EN LOS EJERCICIOS  
TERMINADOS EL 31 DE DICIEMBRE DE 2023 Y 2022**

	Notes to the Report	2023	2022
<b>RESULT FOR THE YEAR</b>		<b>3,083,134.64</b>	<b>2,480,088.52</b>
<b>Income and expenses recognised directly in equity</b>			
- <b>From valuation of financial instruments.</b>			
Financial assets at fair value through equity.	<b>Note 8.1</b>	526,061.48	-
Tax effect	<b>Note 12</b>	(131,515.37)	-
<b>TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY</b>		<b>394,546.11</b>	
<b>Transfers to the profit and loss account</b>			
- <b>For valuation of financial instruments.</b>			
Financial assets at fair value through equity.		-	-
Tax effect		-	-
<b>TOTAL TRANSFERS TO THE PROFIT AND LOSS ACCOUNT</b>		<b>-</b>	<b>-</b>
<b>TOTAL RECOGNIZED INCOME AND EXPENSES</b>		<b>3,477,680.75</b>	<b>2,480,088.52</b>

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**URBANIZADORA CONSTRUCTORA LEVANTINA, SOCIMI, S.A.**

**STATEMENT OF CHANGES IN EQUITY**

(Stated in euros)

**B) STATEMENT OF TOTAL CHANGES IN EQUITY IN THE FINANCIAL YEARS ENDED AT 31 DECEMBER 2023 AND 2022**

	Subscribed Share capital	Share Premium	Reserves	Result for the year	Adjustments for changes in value	Total
<b>OPENING BALANCE FOR FINANCIAL YEAR- ENDED 31 DECEMBER 2022</b>	<b>48,837,500.00</b>	<b>-</b>	<b>13,496,338.28</b>	<b>2,374,161.17</b>	<b>-</b>	<b>64,707,999.45</b>
Adjustments for errors (note 2.f)	-	-	-	-	7,398,790.40	7,398,790.40
<b>OPENING BALANCE FOR FINANCIAL YEAR- ENDED 31 DECEMBER 2022</b>	<b>48,837,500.00</b>	<b>-</b>	<b>13,496,338.28</b>	<b>2,374,161.17</b>	<b>7,398,790.40</b>	<b>72,106,789.85</b>
Total recognized income and expenses	-	-	-	2,480,088.52	-	2,480,088.52
Transactions with shareholders or owners						
Dividend distribution (note 10)	-	-	(6,935,737.68)	-	-	(6,935,737.68)
Distribution of prior year's result	-	-	2,374,161.17	(2,374,161.17)	-	-
<b>CLOSING BALANCE FOR FINANCIAL YEAR- ENDED 31 DECEMBER 2022</b>	<b>48,837,500.00</b>	<b>-</b>	<b>8,934,761.77</b>	<b>2,480,088.52</b>	<b>7,398,790.40</b>	<b>67,651,140.69</b>
<b>OPENING BALANCE FOR FINANCIAL YEAR- ENDED 31 DECEMBER 2023</b>	<b>48,837,500.00</b>	<b>-</b>	<b>8,934,761.77</b>	<b>2,480,088.52</b>	<b>7,398,790.40</b>	<b>67,651,140.69</b>
Total recognized income and expenses	-	-	-	3,083,134.64	394,546.11	3,477,680.75
Transactions with partners or owners						
Capital increases (note 10)	8,558,805.00	21,238,346.00	-	-	-	29,797,151.00
Distribution of dividends (note 10)	-	-	(1,263,337.61)	-	-	(1,263,337.61)
Distribution of prior year's result	-	-	2,480,088.52	(2,480,088.52)	-	-
<b>CLOSING BALANCE FOR FINANCIAL YEAR- ENDED 31 DECEMBER 2023</b>	<b>57,396,305.00</b>	<b>21,238,346.00</b>	<b>10,151,512.68</b>	<b>3,083,134.64</b>	<b>7,793,336.51</b>	<b>99,662,634.83</b>

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**URBANIZADORA CONSTRUCTORA LEVANTINA, SOCIMI S.A.**

**CASH FLOW STATEMENT FOR THE FINANCIAL YEARS 2023 AND 2022**

(Stated in euros)

	Notes to the Report	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Result before taxes</b>		<b>3,253,595.83</b>	<b>2,839,895.03</b>
<b>Adjustments to the result</b>		<b>(626,360.93)</b>	<b>(298,040.51)</b>
Depreciation and amortisation of property, plant and equipment	Note 5	484,887.73	476,689.97
Results from disposals and disposals of financial instruments	Note 8	(137,124.31)	342,433.85
Financial expenses		(982,059.23)	(1,111,209.12)
Financial income		1.22	4.33
Exchange differences		7,933.66	(5,959.54)
<b>Changes in current capital</b>		<b>183,623.43</b>	<b>(58,779.05)</b>
Debtors and other receivables		67,247.45	(143,478.70)
Other current assets		144,867.34	(151,998.04)
Creditors and other accounts payable		(28,443.64)	236,649.97
Other current liabilities		(47.72)	47.72
<b>Other cash flows from operating activities</b>		<b>241,522.02</b>	<b>913,963.98</b>
Payment of interest		(1.22)	(4.33)
Collection of dividends	Note 8 13	603,157.18	1,029,504.05
Collection of interest		-	81,705.07
Collection (payment) of corporation tax		(361,633.94)	(197,240.81)
<b>Cash flows from operating activities</b>		<b>3,052,380.35</b>	<b>3,397,039.45</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Payments for investments</b>		<b>(425,768.74)</b>	<b>(89,349.67)</b>
Real state investments	Note 5	(224,217.01)	(89,349.67)
Other financial assets		(201,551.73)	-
<b>Divestment charges</b>		<b>77,918.26</b>	<b>6,505,323.88</b>
Other financial assets		77,918.26	6,505,323.88
<b>Cash flows from investing activities</b>		<b>(347,850.48)</b>	<b>6,415,974.21</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Collections and payments for liabilities instruments</b>		<b>23,132.72</b>	<b>52,393.25</b>
Issue of other debt		24,368.60	54,669.70
Repayment and amortization of amounts owed to credit institutions		(1,235.88)	(2,276.45)
<b>Dividend payments and remuneration of other equity instruments</b>		<b>(1,263,337.61)</b>	<b>(6,935,737.68)</b>
Dividends	Note 10	(1,263,337.61)	(6,935,737.68)
<b>Cash flows from financing activities</b>		<b>(1,240,204.89)</b>	<b>(6,883,344.43)</b>
<b>NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>1,464,324.98</b>	<b>2,929,669.23</b>
Cash and cash equivalents at beginning of the period		8,369,626.72	5,439,957.49
Cash and cash equivalents at end of the period		9,833,951.70	8,369,626.72

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*Annual accounts of URBANIZADORA CONSTRUCTORA LEVANTINA, S.A.. – Financial year 2023 7*

## **URBANIZADORA CONSTRUCTORA LEVANTINA, SOCIMI, S.A.**

### **ANNUAL REPORT FOR FINANCIAL YEAR 2023**

#### **NOTE 1. INCORPORATION, BUSINESS ACTIVITY AND THE LEGAL REGIME OF THE COMPANY**

##### **a) Nature and principle business activities**

URBANIZADORA CONSTRUCTORA LEVANTINA, SOCIMI, S.A. (hereinafter URCOLESA or the Company) was incorporated as a public limited liability company on 7 July 1965. On 1 August 2023 corporate resolutions are raised to public by which, among others, the Company agreed to benefit from the special tax regime provided for in Law 11/2009, of 26 October, which regulates Listed Public Limited Companies. of Investment in the Real Estate Market (SOCIMI).

Its corporate purpose and business activity consist in, i) the acquisition and promotion of urban real estate for lease. The promotion activity includes the refurbishment of buildings under the terms established in Law 37/1992, of 28 December of the Value Added Tax; (ii) the holding of shares in the capital of other SOCIMIs or those of other entities resident or not in Spanish territory that have the same corporate purpose and that are subject to a regime similar to that established for the SOCIMIs in terms of mandatory, legal or statutory, profit distribution policy; (iii) the holding of shares in the capital of other entities, resident or not in Spanish territory, whose main corporate purpose is the acquisition of urban real estate for lease and that are subject to a regime similar to that established for the SOCIMIs in terms of mandatory, legal or statutory, profit distribution policy and meet the investment requirements referred to in article 3 of the SOCIMIs Law, (iv) The ownership of shares or holdings of Real Estate Investment Trusts regulated by Law 35/2003, of 4 November on Collective Investment Trusts.

Along with the economic activity derived from the main corporate purpose, the Company may also develop other accessory activities, understood as those whose income together represents less than twenty percent (20%) of the income (or, where applicable, the percentage that, at any time, establishes the SOCIMI Law - or any that replaces it for these purposes -) of the Company in each tax period.

Its main business activity is the rental of real estate on its own account.

The accounting financial year is from 1 January to 31 December of the same year.

It has its registered office in Madrid, calle Buganvilla, N°5, PC 28036.

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It is governed by its Statutes, the Capital Companies Act, and especially the application of Royal Decree 1514/2007 as amended by Royal Decree 1159/2010, which approves the General Accounting Plan, and complementary provisions of commercial legislation. The Company is also governed by Law 11/2009, of 26 October on Publicly Listed Investment Companies in the real estate market (“SOCIMI’s Act”).

Since 19 February 2024, the Company was included in the Euronext Listing Board for trading of the ordinary shares issued by the Company on the Multilateral Facility of “Euronext Access” operated by Euronext Access Paris S.A

Given the business activity in which the Company is engaged, there are no responsibilities, expenses, assets, nor provisions and contingencies of an environmental nature that could be significant in relation to equity, financial situation and results. For this reason, no specific breakdowns are included in this annual report on the financial statements regarding information on environmental matters.

#### **b) Regime of SOCIMI**

The Company is regulated by Law 11/2009, of 26 October, modified by Law 16/2012, of 27 December and Law 11/2021 of 9 July, which regulates Listed Public Investment Companies in the Real Estate Market ("LSOCIMI"). These companies have a special tax regime, having to comply, among others, with the following obligations:

1. Obligation of the corporate purpose: The company must have as main corporate purpose ownership of investment property of an urban nature for its lease, holding shares in other SOCIMI or other companies with a similar corporate purpose and with the same distribution of dividends, as well as Collective Investment Institutions.
2. Investment Obligation:
  - They must invest 80% of the assets in real estate intended for lease, in land for the development of real estate that is to be used for this purpose provided that the development is started within three years of its acquisition and in shares in the capital of other entities with a main corporate purpose such as SOCIMIs.
  - This percentage is calculated on the consolidated balance sheet in the event that the Company is the parent of a group in accordance with the criteria established in article 42 of the Commercial Code, with the independence of the residence and the obligation of Consolidated Annual Accounts. This group is exclusively integrated by SOCIMIs and by the rest of the entities that refer to section 1 of article 2 of Law 11/2009.
  - There is the option of substituting the book value of the assets for their market value. Cash or receivables arising from the transfer of such assets are not counted for these purposes, provided that the maximum reinvestment periods are not exceeded.

- Likewise, 80% of the income for the tax period, excluding that derived from the transfer of holdings and of the properties assigned in both cases to the fulfilment of the main corporate purpose, once the maintenance period established by Law 11/2009 in article 3.3 has elapsed, must come from the income corresponding to (i) the leasing of the properties; and/or (ii) the dividends from the holdings assigned to the fulfilment of the main corporate purpose. This percentage is calculated on the consolidated balance sheet in the event that the Company is the parent of a group according to the criteria established in article 42 of the Commercial Code, irrespective of residence and the obligation to prepare Consolidated Financial Statements. This group is exclusively integrated by SOCIMIs and the other entities referred to in section 1 of article 2 of Law 11/2009.
  - Real estate must remain leased for at least three years (for the purpose of calculation, up to one year may be added to the period for which it has been offered for lease). Shares must be held as assets for at least three years.
3. Obligation of negotiation in a regulated market. SOCIMIs must be admitted to a negotiation in a regulated Spanish market or in any other country where there is an exchange of tax information. The shares must be nominative.
4. Obligation to distribute results. The companies must distribute as dividends, once the mercantile requirements have been met:
- 100% of the profits from dividends or profit sharing distributed by the entities that refer to section 1 of article 2 of Law 11/2009.
  - At least 50% of the profits derived from the transfer of real estate and shares or participations that refer to section 1 of article 2 of Law 11/2009, made once the minimum holding periods have elapsed, subject to the fulfillment of its main corporate purpose. The rest of these benefits must be reinvested in other properties or participations affected by said object, within three years after the date of transmission.
  - At least 80% of the rest of the benefits obtained. When the distribution of dividends is made with a charge to reserves derived from profits of an exercise in which the special fiscal regime has been applied, its distribution is obligatorily adopted in the manner described above.
5. Information Obligation (see note 17): The SOCIMIs must include in the notes of their Annual Accounts the information required by the tax regulations that regulate the special regime of the SOCIMIs.
6. Minimum capital: The minimum share capital is set at 5 million euros.

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The special tax regime may be opted for under the terms established in Article 8 of the Law, even if the requirements of the Law are not met, provided that such requirements are met within two years from the date of option for the special tax regime.

Failure to comply with any of the above conditions would mean that URBANIZADORA CONSTRUCTORA LEVANTINA, SOCIMI, S.A. would be taxed by the general regime of Corporation Tax as of the tax period itself in which said non-compliance is manifested unless it is remedied in the following financial year. In addition, URBANIZADORA CONSTRUCTORA LEVANTINA, SOCIMI, S.A., will be required to pay, together with the quota of said tax period, the difference between the quota for said tax results from applying the general regime and the quota paid that resulted from applying the special tax regime in the previous tax periods, without prejudice to late payment interest, surcharges and penalties, where appropriate, that are applicable.

The tax rate of SOCIMIs in Corporate Tax is set at 0%. However, when the dividends that the SOCIMI distributes to its shareholders with a percentage holding greater than 5%, these are exempt or taxed at a rate lower than 10%, the SOCIMI will be subject to a special tax of 19%, which will have the consideration of share tax of Corporation Tax, on the amount of the dividend distributed to the shareholders. If applicable, this special tax must be paid by the SOCIMI within two months from the date of distribution of the dividend. For tax periods from 1 January 2023, the Company is subject to a special tax of 15% on the profits obtained in the year that are not distributed, in the part that does not come from income that has not been taxed to the general rate of corporate income tax or in the case of income covered by the reinvestment period as determined by Law 11/2021 of 9 July.

## **NOTE 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS**

### **a) True and Fair View and Regulatory framework**

These financial statements have been prepared by the Directors in accordance with the regulatory framework for financial information applicable to the Company, which is established in:

- Commercial Code and the remaining commercial legislation.
- The General Accounting Plan approved by Royal Decree 1514/2007, which was modified by Royal Decree 1159/2010, of 17 September and by Royal Decree 602/2016, of 2 December as well as with the rest of current commercial legislation.
- The mandatory standards approved by the Institute of Accounting and Account Audits developed in the General Accounting Plan and its complementary standards.
- The remainder of the Spanish accounting regulations that are applicable.

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**b) True image**

The accompanying financial statements have been obtained from the accounting records of the Company and are presented in accordance with the regulatory framework of financial information that is applicable to it and in particular, the accounting principles and criteria contained therein, so that they show a true image of equity, of the financial situation, and of the company's results during the corresponding financial year. These financial statements, which have been prepared by the Company's Directors, will be submitted for approval by the General Shareholders' Meeting, it being considered that they will be approved without modification.

**c) Critical aspects of valuation and estimation of uncertainty**

In the preparation of the attached financial statements, estimates made by the Company's Directors have been used to value some of the assets, liabilities, income, expenses and commitments that are recorded therein. Basically, these estimates refer:

- The evaluation of possible impairment losses of certain assets (note 4).
- The useful life of property, plant and equipment, intangible assets and real estate investments (note 4).
- Risks related to the adoption of the SOCIMI regime.

In relation to the risks related to the adoption of the SOCIMI regime, the Company is under the regime established in Law 11/2009, of 26 October which regulates the Publicly Listed Investment Companies in the real estate market (SOCIMI) that in practise requires the fulfilment of certain requirements for the company to be subject to a tax rate of 0% in relation to Corporation Tax. The Company's Directors performs a monitoring of compliance with the requirements established in the legislation in order to maintain the tax advantages established therein. In this regard, the Directors considers that these requirements will be met in the terms and deadlines set, and it is not necessary to record any type of result derived from the Corporation Tax.

Although these estimates have been made on the basis of the best information available at financial year-end 2023 it is possible that events may take place in the future that may require them to be modified (upwards or downwards) in the coming years, that would be carried out, where appropriate, prospectively.

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#### **d) Comparative of information**

The information contained in these annual accounts for the year 2022 is presented for comparative purposes with the information for the year 2023. As 2023 is the first year in which the Company prepares annual accounts in normal format, the items for 2022 have been adapted and certain figures have been restated to make them comparable. Some figures have also been restated and differ from the approved 2022 annual accounts due to amendments made as a result of new information obtained in 2023 (see note 2 f)).

The following amendments have been made:

	Debtor; (creditor)
Investments in lands and natural assets	13,045,415.83
Lands and natural assets	(13,045,415.83)
Investments in buildings	22,068,933.07
Buildings	(22,068,933.07)
Long-term financial investments	26,506,558.18
Short-term financial investments	(16,641,504.31)
Adjustments for value in financial assets available for sale	(7,398,790.40)
Liabilities for taxable temporary differences	(2,466,263.47)

#### **e) Grouping of items**

Certain items of the balance sheet, the profit and loss account, the statement of changes in equity and the cash flows statement are presented in a grouped form to facilitate their understanding, although, to the extent that it is significant, have included the disaggregated information in the corresponding notes of the report.

#### **f) Errors**

As indicated in note 2 d) above, in the financial year 2023, errors have been corrected as a result of new information obtained during the year, which have led to a change in equity of 7,398,790.40 euros.

#### **g) Changes in Accounting Criteria**

There have been no changes in accounting criteria.

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### **NOTE 3. APPLICATION OF RESULTS**

The Directors will submit the following distribution of 2023 results for the approval of the General Shareholders' Meeting:

	2023	2022
<b>Basis of distribution:</b>		
Profit in the year	3,083,134.64	2,480,088.52
<b>Total</b>	<b>3,083,134.64</b>	<b>2,480,088.52</b>
<b>Distribution to:</b>		
Legal reserve	308,313.46	248,008.85
Voluntary reserve	308,313.47	2,232,079.67
Dividends	2,466,507.71	-
<b>Total</b>	<b>3,083,134.64</b>	<b>2,480,088.52</b>

The General Meeting will decide on the distribution of result in accordance with the approved balance sheet, distributing dividends to the shareholders in proportion to the capital that they have disbursed, in accordance with the provisions of article 6 of the SOCIMI Law charged to profits or reserves freely available, once the legal reserve is covered and provided that the equity value is not or does not result, as a result of the distribution, less than the share capital.

Thus, once the attentions provided by the Law and Law 11/2009 are covered, the distribution of dividends charged to the profit of the year, or to freely available reserves, will be carried out in accordance with the following rules:

- a) The General Meeting must necessarily agree on the distribution of one hundred percent (100%) of the profit derived from dividends or holdings distributed by the entities referred to in article 2 of the Statutes.
- b) Likewise, it must agree on the distribution of at least fifty percent (50%) of the profit derived from the transfer of real estate and shares or holdings referred to in article 2 of these Statutes, made after the deadlines referred to in section 3 of article 3 of Law 11/2009, regarding the fulfilment of its main corporate purpose. The remainder of the profit must be reinvested in other properties or shares subject to compliance with said object, within three (3) years after the date of transmission. Failing that, said profit must be distributed in its entirety together with the profit, if any, that comes from the year in which the reinvestment period ends. If the elements subject to reinvestment are transmitted before the previous maintenance period, the profit must be fully distributed together with the profit, if any, that come from the year in which they were transmitted.

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- c) The General Meeting will distribute among all shareholders a minimum annual dividend of eighty percent (80%) of the Company's remaining distributable profit, once the provisions of sections a) and b) above have been fulfilled. The General Meeting will decide on the distribution of the financial year's result and the distribution of the profit in accordance with the provisions of the preceding paragraphs, within the first six (6) months of each financial year. Dividends will be distributed among the shareholders in the proportion corresponding to the capital they have disbursed; the payment being made on the date determined by the General Meeting itself within a maximum period of one (1) month from the date of the distribution agreement.

#### **NOTE 4. RECORDING AND VALUATION STANDARDS**

The main valuation standards used by the Company to prepare the Interim Financial Statements for financial year 2023, in accordance with the standards set forth in the General Accounting Plan, are as follows:

##### **a) Property, plant and equipment**

The value of property, plant and equipment is the purchase price net of accumulated depreciation and any accumulated adjustments due to recognised impairment, if any, according to the criteria mentioned in note 4 a).

Upkeep and maintenance expenses incurred in the financial year are charged to the Profit and Loss Account. The costs of renovating, expanding or improving property, plant and equipment are capitalised as an increase in the value of the pertinent asset if they represent an increase in the asset's capacity or productivity or a lengthening of its useful life, and the carrying amount of the items replaced is derecognised.

For those fixed assets that need a period of time greater than one year to be in conditions of use, the capitalized costs include the financial expenses that have accrued before the asset was put into operation conditions and that have been transferred by the supplier or correspond to loans or other type of external financing, specific or generic, directly attributable to the acquisition or manufacture of the same.

Depreciation of property, plant and equipment is taken on the cost values on a straight-line basis over the estimated useful lives of the various assets, as follows:

	Years of useful life
Buildings and other constructions	50
Other installations	50
Furnishings	10
Transport elements	10
Other property, plant and equipment	10

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**b) Real estate investments**

This heading includes the value of the land and buildings that are maintained to be exploited on a rental basis. These assets are valued and amortized using the criteria indicated in note 4 a) above.

**c) Leases**

Leases are classified as financial leases provided that from their conditions can be deducted that the risks and rewards inherent to ownership of the asset subject to the contract are substantially transferred to the lessee. Other leases are classified as operating leases.

– **Operating leases**

When the Company acts as lessor

Income and expenses derived from operating lease agreements are charged to the profit and loss account in the year in which they are accrued.

Likewise, the acquisition cost of the leased asset is presented in the balance sheet according to its nature, increased by the amount of directly attributable contract costs, which are recognized as an expense in the term of the contract, applying the same criteria used for the contract. recognition of lease income.

Any collection or payment that could be made when contracting an operating lease will be treated as a prepayment or payment that will be charged to income over the period of the lease, as the benefits of the leased asset are ceded or received.

**d) Financial instruments**

Financial assets

The Company records under the heading of financial instruments those contracts that give rise to a financial asset in a company and, simultaneously, to a financial liability or an equity instrument in another company.

A financial asset is any asset that is: cash, an equity instrument of another company, or entails a contractual right to receive cash or another financial asset (a debt instrument), or to exchange financial assets or liabilities with third parties under conditions potentially favourable.

### *Classification*

Financial assets, for the purposes of their valuation, are classified in one of the following categories:

1. Financial assets at fair value with changes in the profit and loss account.
2. Financial assets at depreciated cost.
3. Financial assets at fair value with changes in equity.
4. Financial assets at cost.

The financial instruments issued, incurred or assumed are classified as financial liabilities, in whole or in part, provided that, in accordance with their economic reality, these imply a direct or indirect contractual obligation for the Company to deliver cash or another asset or to exchange financial assets or liabilities with third parties under potentially unfavourable conditions.

Financial liabilities, for the purposes of their valuation, are classified in one of the following categories:

1. Financial liabilities at depreciated cost.

This treatment is applicable to the following financial instruments:

a) Financial assets:

- Cash and other equivalent liquid assets;
- Credits for trade operations: clients and sundry debtors;
- Loans to third parties: such as loans and financial credits granted, including those arising from the sale of non-current assets;
- Equity instruments of other companies acquired: shares, participations in collective investment institutions and other equity instruments;
- Other financial assets: such as deposits in credit institutions, personal loans, guarantees and deposits, dividends receivable and disbursements required on own equity instruments.

b) Financial liabilities:

- Debt for trade operations: suppliers and sundry creditors;
- Other financial liabilities: debt with third parties, such as financial loans and credits received from persons or companies that are not credit institutions, including those arising from the purchase of non-current assets, guarantees and deposits received and disbursements required by third parties on shares.

### **Financial assets at fair value with changes in the profit and loss account**

Financial assets held for trading are compulsorily included in this category. The concept of trading financial instruments generally reflects active and frequent purchases and sales with the objective of generating a profit from short-term fluctuations in price or intermediation margin.

In any case, the Company may, at the time of initial recognition, irrevocably designate a financial asset as measured at fair value through profit and loss account if doing so eliminates or significantly reduces a valuation inconsistency or asymmetry.

A financial asset is considered to be held for trading when:

- a) It is originated or acquired with the purpose of selling it in the short term (for example, debt securities, regardless of their maturity period, or listed equity instruments that are acquired to sell them in the short term).
- b) It is part, at the time of its initial recognition, of a portfolio of financial instruments identified and managed jointly for which there is evidence of recent actions to obtain profits in the short term, or
- c) It is a derivative financial instrument, provided that it is not a financial guarantee contract nor has it been designated as a hedging instrument.

### **Initial valuation**

The financial assets included in this category are initially valued at their fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration delivered. The transaction costs that are directly attributable to them are recognized in the profit and loss account for the year.

### **Subsequent valuation**

After initial recognition, the company values the financial assets included in this category at fair value with changes in the profit and loss account.

### **Financial assets at depreciated cost**

A financial asset is included in this category, even when it is admitted to trading on an organized market, if the Company maintains the investment with the aim of receiving the cash flows derived from the execution of the contract, and the contractual conditions of the financial asset give rise, on specified dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding.

The contractual cash flows that are solely collections of principal and interest on the amount of the outstanding principal are inherent to an agreement that has the nature of an ordinary or common loan, notwithstanding that the operation is agreed at a zero interest rate or at below market rates.

In classified this category are:

- a) Credits for trade operations: financial assets originating from the sale of goods and the provision of services for traffic operations, and
- b) Credits for non-trade operations: financial assets that, not being equity instruments or derivatives, do not have a trade origin, whose collections are of a determined or determinable amount.

### **Financial liabilities at depreciated cost**

Classified in this category are:

- a) Debt for trade operations: financial liabilities originated by the purchase of goods and services for traffic operations, and
- b) Debt for non-trade operations: financial liabilities that, not being derivative instruments, do not have a trade origin, but come from loan or credit operations received by the Company.

### **Initial valuation**

Initially, the financial assets and liabilities included in this category are valued at their fair value, which is the transaction price, which is equal to the fair value of the consideration given plus the transaction costs that are directly attributable to these.

Notwithstanding, what is indicated in the previous paragraph, the credits and debits for trade operations with maturity not exceeding one year and that do not have a contractual interest rate, as well as, where appropriate, advances and credits to personnel, dividends receivable and disbursements required on equity instruments, the amount of which is expected to be received in the short-term, and the disbursements required by third parties on shares, the amount of which is expected to be paid in the short-term, are valued at their nominal value when the effect of not updating the cash flows is not significant.

## **Subsequent valuation**

In subsequent valuations, both assets and liabilities are valued at depreciated cost. Accrued interest is recorded in the profit and loss account, applying the effective interest rate method. Notwithstanding the above, credits and debits maturing in no more than one year, which were initially valued at their nominal value, continue to be valued at that amount, except, in the case of credits, that have been impaired.

## **Impairment of value of financial assets at depreciated cost**

At least at financial year-end, the necessary valuation adjustments are made whenever there is objective evidence that the value of a financial asset, or of a group of financial assets with similar risk characteristics valued collectively, has been impaired as a result of one or more events that have occurred after initial recognition and that cause a reduction or delay in future estimated cash flows, that could be motivated by the insolvency of the debtor.

The loss due to impairment of the value of these financial assets is the difference between their carrying value and the current value of future cash flows, including, where appropriate, those from the execution of real and personal guarantees, which is estimated will be generated, discounted at the effective interest rate calculated at the time of initial recognition. For financial assets at a variable interest rate, the effective interest rate corresponding to the closing date of the financial statements is used in accordance with the contractual conditions. In calculating the impairment losses of a group of financial assets, models based on statistical formulas or methods may be used.

In general, the Company impairs loans maturing in more than six months.

Value corrections due to impairment, as well as their reversal when the amount of said loss decreases for reasons related to a subsequent event, are recognized as an expense or revenue respectively, in the profit and loss account. The reversal of impairment is limited to the carrying value of the asset that would be recognized on the reversal date if the impairment had not been recorded.

However, as a substitute for the current value of future cash flows, the market value of the instrument may be used, provided that it is reliable enough to be considered representative of the value that the Company could recover.

The recognition of interests of credit-impaired financial assets will follow the general rules, without prejudice to the fact that the Company must simultaneously assess whether said amount will be subject to recovery and, if applicable, record the corresponding impairment loss.

### **Financial assets at cost**

These are included in this assessment category:

- Investments in the equity of group, multi-group and associated companies.
- The remaining investments in equity instruments whose fair value cannot be determined by reference to a quoted price in an active market for an identical instrument, or cannot be estimated reliably, and the derivatives underlying these investments

### **Initial valuation**

The investments included in this category are initially valued at cost, which is equal to the fair value of the consideration given plus the transaction costs that are directly attributable to these, applying, where appropriate, in relation to the group companies, the criteria included in the particular regulations relating to operations between group companies, and the criteria for determining the cost of the combination established in the regulation on business combinations.

However, if there was an investment prior to its classification as a group, multi-group or associate company, the cost of said investment is considered to be the carrying value that it should have immediately before the company becomes classified as such.

Part of the initial valuation is the amount of preferential subscription rights and the like that, if applicable, have been acquired.

### **Subsequent valuation**

The equity instruments included in this category are valued at their cost, less, where appropriate, the accumulated amount of the valuation corrections for impairment.

When value must be assigned to these assets due to derecognition or other reason, the weighted average cost method is applied by homogeneous groups, understanding these as shares that have equal rights.

### **Value impairment**

At least at financial year-end, the necessary valuation adjustments are made whenever there is objective evidence that the carrying value of an investment is not recoverable.

The amount of the valuation adjustment is the difference between its carrying value and the recoverable amount, understood as the higher amount between its fair value less costs to sell and the present value of the future cash flows derived from the investment, which In the case of equity instruments, these are calculated either by estimating what is expected to be received as a result of the distribution of dividends made by the investee company and the disposal or derecognition of the investment therein, or by estimating of its participation in the cash flows that are expected to be generated by the investee company, both from its ordinary activities and from its disposal or derecognition.

Unless there is better evidence of the recoverable amount of investments in equity instruments, the estimate of the loss due to impairment of this class of assets is calculated based on the equity of the investee and the tacit capital gains existing at the valuation date, net of the tax effect. In determining this value, and provided that the investee company has in turn invested in another, the equity included in the consolidated financial statements prepared by applying the criteria of the Code of Commerce and its implementing regulations is taken into account.

### **Financial assets at fair value with changes in equity**

A financial asset is included in this category when the contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding, and it is not held for trading or classified as a financial asset at amortised cost. Also included in this category are investments in equity instruments that should have been included in the fair value through profit or loss financial asset category, but for which an irrevocable option to classify in this category has been exercised.

- Initial valuation: fair value, which, in the absence of evidence to the contrary, is the transaction price, which is the fair value of the consideration given, plus directly attributable transaction costs.
- Subsequent valuation: fair value, without deducting transaction costs that may be incurred on disposal. Changes in fair value are recognised directly in equity until the financial asset is derecognised or impaired, at which time the amount so recognised is taken to the income statement.
- Impairment: At least at the end of each reporting period, an impairment loss is recognised whenever there is objective evidence that a financial asset is impaired as a result of one or more events that occurred after its initial recognition and that cause either: - a delay in estimated future cash flows; or - a lack of recoverability of the carrying amount of the asset, as evidenced, for example, by a prolonged or significant decline in its fair value.

The impairment loss on these financial assets is the difference between their cost or amortised cost less any impairment loss previously recognised in the income statement and the fair value at the time of measurement. Cumulative impairment losses recognised in equity for decreases in fair value, provided that there is objective evidence of impairment in the value of the asset, are recognised in the profit and loss account.

If the fair value increases in subsequent years, the impairment loss recognised in prior years is reversed with a credit to the income statement for the year. However, if the fair value of an equity instrument increases, the fair value adjustment recognised in prior periods is not reversed with a credit to the income statement and the increase in fair value is recognised directly in equity.

### **Reclassification of Financial Assets**

When the Company changes the way in which it manages its financial assets to generate cash flows, it will reclassify all the affected assets in accordance with the criteria previously indicated. The reclassification of category is not a case of loss of balance but a change in the valuation criteria.

### **Withdrawal of Financial Instruments**

The Company derecognizes a financial asset, or part thereof, when the contractual rights over the cash flows of the financial asset expire or have been transferred and the risks and rewards inherent to its ownership have been substantially transferred, in circumstances that are evaluated by comparing the Company's exposure, before and after the transfer, to the variation in the amounts and in the timing of the net cash flows of the transferred asset. It is understood that the risks and benefits inherent to the ownership of the financial asset have been substantially transferred when its exposure to such variation ceases to be significant in relation to the total variation in the present value of the net future cash flows associated with the financial asset.

If the Company has not substantially transferred or retained the risks and benefits, the financial asset will be derecognized when control has not been retained, a situation that will be determined depending on the unilateral capacity of the assignee to transfer said asset, in full and without imposing conditions, to an unrelated third party. If the transferring company maintains control of the asset, it will continue to recognize it for the amount to which the Company is exposed to changes in the value of the transferred asset, that is, due to its continued involvement, and it will recognize an associated liability.

When the financial asset is derecognized, the difference between the consideration received net of attributable transaction costs, considering any new asset obtained less any liability assumed, and the carrying value of the financial asset, determines the gain or loss arising on derecognizing said asset, and it forms part of the result of the year in which it occurs.

The above criteria will also apply to transfers of a group of financial assets or part thereof.

The Company does not derecognize the financial assets and recognizes a financial liability for an amount equal to the consideration received, in the transfers of financial assets in which it has substantially retained the risks and benefits inherent to its ownership, such as in the discount of effects, "recourse factoring", sales of financial assets with a repurchase agreement at a fixed price or at the sale price plus interest and securitizations of financial assets in which the assigning company retains subordinated financing or other types of guarantees that absorb substantially all expected losses.

### **Withdrawal of Financial Liabilities**

The Company withdraws a financial liability, or part thereof, when the obligation has been extinguished; that is, when it has been satisfied, cancelled or has expired. It also withdraws its own financial liabilities that it acquires, even if it is with the intention of relocating these in the future.

If there is an exchange of debt instruments between a lender and a borrower, as long as these have substantially different conditions, the original financial liability will be derecognized and the new financial liability that arises will be recognised. In the same way, a substantial modification of the current conditions of a financial liability will be recorded.

The difference between the carrying value of the financial liability or of the part thereof that has been derecognized and the consideration paid, including the costs or commissions incurred and which also includes any transferred asset other than cash or assumed liability, is recognized in the profit and loss account for the financial year in which it occurs.

In the case of an exchange of debt instruments that do not have substantially different conditions, the original financial liability is not derecognized from the balance sheet. Any transaction cost or commission incurred adjusts the carrying amount of the financial liability. At that date, the depreciated cost of the financial liability is determined by applying the effective interest rate that equals the carrying value of the financial liability with the cash flows to be paid under the new conditions.

### **Deposits Delivered and received**

Deposits or guarantees constituted as collateral for certain obligations are valued at the amount actually paid, which does not differ significantly from their fair value.

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In the guarantees delivered or received for operating leases or for the provision of services, the difference between their fair value and the amount disbursed (due, for example, to the fact that the guarantee is long-term and is not remunerated) is considered as a payment or advance collection for the lease or provision of the service, which is charged to the profit and loss account during the lease period, in accordance with the provisions of the standards on leases and other operations of a similar nature, or during the period in which the services is provided, in accordance with the rule on revenue from sales and provision of services.

When estimating the fair value of the guarantees, the remaining period is taken as the minimum contractual period committed during which the amount cannot be returned, without taking into account the statistical behaviour of returns.

When the guarantee is short-term, it is not necessary to discount cash flows if its effect is not significant.

#### **e) Corporate income tax**

The expense or income from income tax includes the part related to the expense or income from the current tax and the part corresponding to the expense or income from deferred tax.

The current tax is the amount that the Company satisfies as a result of the tax payments of the income tax relating to a financial year. Deductions and other tax benefits in the tax base, excluding withholdings and payments on account, as well as the compensable tax losses of prior financial years and effectively applied in it, give rise to a lower amount of the current tax.

Deferred tax expense or income corresponds to the recognition and cancellation of deferred tax assets and liabilities. These include timing differences that are identified as those amounts that are expected to be payable or recoverable derived from the differences between the carrying amounts of assets and liabilities and their tax value, as well as the negative tax bases pending compensation and the credits for tax deductions not applied. These amounts are recorded by applying to the timing difference or credit that corresponds to the type of tax that is expected to be recovered or settled.

Deferred tax liabilities are recognized for all taxable timing differences, except those derived from the initial recognition of goodwill or other assets and liabilities in an operation that does not affect either the tax result or the accounting result and is not a business combination.

Furthermore, deferred tax assets are only recognized to the extent that it is considered probable that the Company will have future taxable profits against which they can be made effective.

Deferred tax assets and liabilities, arising from operations with direct charges or payments in equity accounts, are also accounted for in equity.

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At each accounting close, the recorded deferred tax assets are reconsidered, making the appropriate corrections to them whilst there are doubts about their future recovery. Likewise, at each close, deferred tax assets not recorded in the balance sheet are evaluated and they are subject to recognition to the extent that their recovery with future tax benefits becomes probable.

### Regime of SOCIMI

By virtue of Law 11/2009, of 26 October, modified by Law 16/2012, of 27 December and Law 11/2021 of 9 July, which regulates the Public Limited Companies of investment in the real estate market, the entities that opt for the application of the special fiscal regime foreseen in said Law will be taxed at a rate of 0% tax on Company Tax. In the case of generating negative tax bases, article 25 of the Consolidated Text of the Corporate Tax Law, approved by Royal Legislative Decree 4/2004, of 5 March, will not be applicable. Likewise, the system of deductions and bonuses established in Chapters II, III and IV of said norm will not be applicable. In everything else not foreseen in Law 11/2009, the provisions of the Consolidated Text of the Corporate Income Tax Law will be applicable.

The entity will be subject to a special tax of 19% on the total amount of the dividends or profit sharing distributed to shareholders whose shareholding in the company's capital is equal to or greater than 5%, when such dividends, at the headquarters of its partners, are exempt or taxed at a rate of less than 10%. Mentioned tax will be considered as a Tax on Companies contribution.

The application of the SOCIMI regime described above will be carried out during the year 2023, notwithstanding the fact that, during the year, the Company does not comply with all the requirements demanded by the standard for its application, since, by virtue of the Transitory Provision First of Law 11/2009 of the SOCIMI regime, the Company has a period of two years from the date of the option for the application of the regime to comply with all the requirements demanded by the standard.

That said, it is worth mentioning that on 25 July 2023, the Company adopted the decision to benefit from the regime regulated by law 11/2009, of 26 October, which regulates the Listed Companies of Investment in the Market. Real estate ("SOCIMI") with effect from 1 January 2023. This placement was communicated to the State Agency of the Tax Administration in writing dated 12 September 2023.

### **f) Income and expenses**

As indicated in note 1, the main activity of the Company consists of Renting of own real estate.

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### **Revenue recognition from sales and provision of services**

The Company recognizes the revenue for the ordinary development of its activity at the time (or as) the transfer to the client of the control of the promised goods or services takes place. At that time, the Company values the revenue for the amount that reflects the consideration to which it expects to be entitled in exchange for said goods or services.

Control of goods or service (an asset) refers to the ability to fully decide on the use of that asset and obtain substantially all of its remaining benefits. Control includes the ability to prevent other entities from deciding on the use of the asset and obtaining its benefits.

In order to apply this fundamental criterion for the accounting recording of revenue, the Company follows a complete process consisting of the following successive stages:

- a) Identify the contract (or contracts) with the client, understood as an agreement between two or more parties that creates enforceable rights and obligations for these.
- b) Identify the obligation or obligations to be fulfilled in the contract, representative of the commitments to transfer goods or provide services to a client.
- c) Determine the price of the transaction, or consideration of the contract to which the company expects to be entitled in exchange for the transfer of goods or the provision of services committed to the client.
- d) Assign the price of the transaction to the obligations to be fulfilled, which must be carried out based on the individual sale prices of each different good or service that have been committed to in the contract, or, where appropriate, following an estimate of the sale price when it is not observable independently.
- e) Recognize revenue from ordinary activities when (as) the company fulfils an obligation committed through the transfer of goods or the provision of a service; fulfilment that takes place when the client obtains control of that good or service, so that the amount of revenue recognized from ordinary activities will be the amount assigned to the satisfied contractual obligation.

For each obligation to be fulfilled (delivery of goods or provision of services) identified, the Company determines at the beginning of the contract whether the commitment assumed is fulfilled over time or at a specific moment.

### **Compliance with the obligation over time**

It is understood that the Company transfers control of an asset or service over time provided that the following criteria/s are met:

- a) The client simultaneously receives and consumes the benefits provided by the Company's activity as the entity develops it.
- b) The Company produces or improves an asset (tangible or intangible) that the client controls as the activity is carried out.
- c) The Company produces a specific asset for the client (in general, a complex technical service or installation or a particular good with unique specifications) without an alternative use and the company has an enforceable right to payment for the activity that has been completed to date.

In the case of contractual obligations that are fulfilled at a certain time, the revenue derived from their execution will be recognized on that date.

#### **g) Accruals**

The company registers in this balance sheet item, the anticipated income derived from the billing for rentals to customers.

#### **h) Severance payments**

In accordance with current legislation, the Company is obliged to pay compensation to those employees with whom, under certain conditions, it terminates their labour relations. Therefore, severance payments that are subject to reasonable quantification are recorded as an expense in the year in which the dismissal decision is taken. In the attached financial statements, no provision has been recorded for this concept, since situations of this nature are not foreseen.

#### **i) Transactions between related parties**

In general, items subject to a related party transaction are initially accounted for at fair value. The subsequent evaluation is carried out in accordance with the provisions of the corresponding standards.

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## **NOTE 5. PROPERTY PLANT AND EQUIPMENT AND REAL ESTATE INVESTMENTS**

The movement during financial years ended 31 December 2023 and 2022 in the different accounts of property, plant and equipment and their corresponding accumulated depreciation have been the following (in euros):

### 31 December 2023

	Balance at 1/01/2023	Additions	Balance at 31/12/2023
<b>At cost</b>			
Technical installations and other property, plant and equipment	2,306,178.47	-	2,306,178.47
	<b>2,306,178.47</b>	<b>-</b>	<b>2,306,178.47</b>
<b>Accumulated depreciation</b>			
Technical installations and other property, plant and equipment	(939,101.04)	(41,850.11)	(980,951.15)
	<b>(939,101.04)</b>	<b>(41,850.11)</b>	<b>(980,951.15)</b>
	<b>1,367,077.43</b>	<b>(41,850.11)</b>	<b>1,325,227.32</b>

### 31 December 2022 (\*)

	Balance at 1/01/2022	Additions	Balance at 31/12/2022
<b>At cost</b>			
Technical installations and other property, plant and equipment	2,304,420.33	1,758.14	2,306,178.47
	<b>2,304,420.33</b>	<b>1,758.14</b>	<b>2,306,178.47</b>
<b>Accumulated depreciation</b>			
Technical installations and other property, plant and equipment	(897,250.93)	(41,850.11)	(939,101.04)
	<b>(897,250.93)</b>	<b>(41,850.11)</b>	<b>(939,101.04)</b>
	<b>1,407,169.40</b>	<b>(40,091.97)</b>	<b>1,367,077.43</b>

(\*) Restated

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The movement during financial years ended 31 December 2023 and 2022 in the different Real Estate Investment accounts and their corresponding accumulated depreciation has been the following (in euros):

31 December 2023

	Balance at 01/01/2023	Additions	Balance at 31/12/2023
<b>At cost</b>			
Land and buildings	35,114,348.90	1,018,568.46	36,132,917.36
	<b>35,114,348.90</b>	<b>1,018,568.46</b>	<b>36,132,917.36</b>
<b>Accumulated depreciation</b>			
Land and buildings	(7,820,262.63)	(443,037.62)	(8,263,300.25)
	<b>(7,820,262.63)</b>	<b>(443,037.62)</b>	<b>(8,263,300.25)</b>
	<b>27,294,086.27</b>	<b>575,530.84</b>	<b>27,869,617.11</b>

31 December 2022 (\*)

	Balance at 01/01/2022	Additions	Balance at 31/12/2022
<b>At cost</b>			
Land and buildings	35,114,348.90	-	35,114,348.90
	<b>35,114,348.90</b>	<b>-</b>	<b>35,114,348.90</b>
<b>Accumulated depreciation</b>			
Land and buildings	(7,385,422.77)	(434,839.86)	(7,820,262.63)
	<b>(7,385,422.77)</b>	<b>(434,839.86)</b>	<b>(7,820,262.63)</b>
	<b>27,728,926.13</b>	<b>(434,839.86)</b>	<b>27,294,086.27</b>

(\*) Restated

Under the heading "Real estate investments" at 31 December 2023 and 2022, 18 real states properties for rent are included (see note 6).

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The breakdown between land and buildings is shown below:

Financial year 2023

	At cost 31/12/2023	Accumulated depreciation 31/12/2023	Net accounting value 31/12/2023
Land	13,045,415.83	-	13,045,415.83
Buildings	23,087,501.53	(8,263,300.25)	14,824,201.28
	<b>36,132,917.36</b>	<b>(8,263,300.25)</b>	<b>27,869,617.11</b>

Financial year 2022

	At cost 31/12/2022 (*)	Accumulated depreciation 31/12/2022	Net accounting value 31/12/2022
Land	13,045,415.83	-	13,045,415.83
Buildings	22,068,933.07	(7,820,262.63)	14,248,670.44
	<b>35,114,348.90</b>	<b>(7,820,262.63)</b>	<b>27,294,086.27</b>

(\*) Restated

In the financial year 2023 there were additions to investment property in respect of three properties amounting to 1,108,568.46 euros. There were no additions to investment property in 2022.

There has been no circumstance that has led to a significant impact that affects the current or future financial years that affect the estimates of the costs of dismantling, retirement or rehabilitation, useful lives and depreciation methods.

No financial expenses have been capitalized in financial years 2023 and 2022.

No valuation adjustments have been made to fixed assets. The Company has obtained appraisals for all investment property, the market value being 320% higher than the net book value.

At 31 December 2023 the fully depreciated tangible fixed assets amount to 340,820.89 euros (340,820.89 euros in 31 December 2022).

The Company's policy is to formalize insurance policies to cover the possible risks to which the various elements of its property, plant and equipment are subject. Management reviews annually, or when circumstance makes it necessary, the risks and the cover insured and the amounts to be insured for the following year are agreed.

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## **NOTE 6. LEASES AND OTHER OPERATIONS OF A SIMILAR NATURE**

### **6.1) Operating Leases (the Company as lessor)**

The income of the Company as a lessee amounted to 4,660,763.59 euros (4,207,639.20 euros in financial year 2022) (see note 14).

The amount of minimum future collections corresponding to the most significant non-cancellable operating leases is broken down below:

	2023	2022
Up to 1 year	3,972,765	3,737,763
Between 1 and 5 years	1,620,112	2,369,532
<b>Total</b>	<b>5,592,876</b>	<b>6,107,295</b>

In its position as lessor, the most significant operating lease contracts that the Company has are those corresponding to the assets indicated in note 5 above.

## **NOTE 7. INFORMATION ON THE NATURE AND LEVEL OF RISK OF FINANCIAL INSTRUMENTS**

The management of the Company's financial risks is centralised in its Financial Management, which has the necessary mechanisms established for controlling exposure to the variations in interest rates and exchange rates, as well as to the credit and liquidity risk. Indicated below are the main financial risks that have an impact on the Company:

### **– Credit risk:**

The Company's main financial assets are cash and cash balances, trade debtors and other accounts receivable, and investments, which represent the Company's maximum exposure to credit risk in relation to financial assets.

The Company's credit risk is mainly attributable to its trade debt. The amounts are reflected in the balance sheet, net of provisions for insolvencies, estimated by the Company's Management based on the experience of previous years and its assessment of the current economic environment.

The Company does not have a significant concentration of credit risk.

– Liquidity risk:

The detail of the maturities of financial liability instruments at financial year-ends 2023 and 2022 is shown in note 8.

In order to ensure liquidity and be able to meet all the payment commitments arising from its activity, the Company has a treasury.

– Interest rate risk:

Variations in interest rates modify the fair value of those assets and liabilities that accrue a fixed interest rate, as well as the future flows of assets and liabilities referenced to a variable interest rate.

The objective of interest rate risk management is to achieve a balance in the debt structure that makes it possible to minimize the cost of the debt over a multi-year horizon with reduced volatility in the profit and loss account.

Depending on the Company's estimates and the objectives of the debt structure, hedging operations may be carried out by contracting derivatives that mitigate these risks. Variations in interest rates modify the fair value of those assets and liabilities that accrue a fixed interest rate, as well as the future flows of assets and liabilities referenced to a variable interest rate.

– Market risk (including interest rate and other price risks):

Both the Company's cash and its financial debt are exposed to the interest rate risk, which could have an adverse effect on the financial results and on cash flows.

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## **NOTE 8. FINANCIAL ASSETS**

### **8.1. Long-term financial assets**

Details of long-term financial assets at year-end for the years ended 31 December 2023 and 2022, except for investments in Group companies and associates (Note 9), are as follows (in euros):

Class / Category	Equity Instruments		Credits, derivatives and others		Total	
	2023	2022	2023	2022	2023	2022
<b>Financial assets at fair value with changes in equity</b>						
Financial assets available for sale	27,456,961.89	26,506,558.18	-	-	27,456,961.89	26,506,558.18
<b>Assets at amortized cost</b>						
Long-term credits	-	-	2,096,414.69	2,727,000.00	2,096,414.69	2,727,000.00
Deposits constituted	-	-	432,542.16	380,990.43	432,542.16	380,990.43
	<b>27,456,961.89</b>	<b>26,506,558.18</b>	<b>2,528,956.85</b>	<b>3,107,990.43</b>	<b>29,985,918.74</b>	<b>29,614,548.61</b>

### **Assets at amortised cost**

‘Deposits posted’ corresponds to rental contract guarantees deposited in the Community of Madrid and in the Community of Valencia.

‘Long-term receivables’ includes balances arising from a portfolio of receivables. In 2023, have been collected 780,585.31 euros (or executed in lieu of payment) and have been recorded 150,000.00 euros. As a result of these transactions, income of 378,902.05 euros (81,705.07 euros in 2022) was realised.

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### **Assets at fair value through changes in equity**

The movement of the investment portfolio in the 2023 and 2022 financial years is detailed below:

#### **31 December 2023**

	<b>Acquisition Amount</b>	<b>Acquisitions for the 2023 financial year</b>	<b>Fair value at 31.12.2023</b>	<b>Change in fair value for the year</b>	<b>Change in Fair Value Since Acquisition</b>
Stock Portfolio	15,725,577.27	1,340,269.27	27,456,961.89	526,061.48	10,391,115.35
<b>Total</b>	<b>15,725,577.27</b>	<b>1,340,269.27</b>	<b>27,456,961.89</b>	<b>526,061.48</b>	<b>10,391,115.35</b>

#### **31 December 2022**

	<b>Acquisition Amount</b>	<b>Acquisitions in the 2022 financial year</b>	<b>Fair value as at 31.12.2022</b>	<b>Change in fair value for the year</b>	<b>Change in Fair Value Since Acquisition</b>
Stock Portfolio	15,735,622.03	905,882.28	26,506,558.18	-	9,865,053.87
<b>Total</b>	<b>15,735,622.03</b>	<b>905,882.28</b>	<b>26,506,558.18</b>	<b>-</b>	<b>9,865,053.87</b>

Changes in fair value are recognized in equity (net of tax effects), as follows:

	<b>Value 31.12.2023</b>	<b>Fair value 31.12.2022</b>
Fair value	10,391,115.35	9,865,053.87
Deferred tax liabilities (Note 12)	(2,597,778.84)	(2,466,263.47)
Adjustments for changes in value	(7,793,336.51)	(7,398,790.40)

In 2023, dividends were received from this portfolio of shares amounting to 484,093.18 euros (446,175.34 euros in 2022).

Likewise, profits have been obtained from the sale of shares in the amount of 137,124.31 euros (Losses of 342,433.85 euros in 2022).

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## 8.2. Short-term financial assets

The detail of the short-term financial assets at financial year-end close 31 December 2023 and 2022 is as follows (in euros):

Class / Category	Loans, derivatives and others		Total	
	2023	2022	2023	2022
<b>Assets at amortized cost</b>				
Debtors and other accounts receivable	144,264.02	219,445.13	144,264.02	219,445.13
Short-term financial investments (Note 13)	7,130.70	-	7,130.70	-
<b>Assets at fair value with changes in profit and loss</b>				
Cash and other liquid assets	9,833,951.70	8,369,626.72	9,833,951.70	8,369,626.72
	<b>9,985,346.42</b>	<b>8,589,071.85</b>	<b>9,985,346.42</b>	<b>8,589,071.85</b>

## NOTE 9. SHAREHOLDINGS IN GROUP COMPANIES AND ASSOCIATES

The breakdown of long-term financial assets at the end of the year ended 31 December 2023 and 2022 is as follows (in euros):

	2023	2022
Promoción de Viviendas Arrendamiento y Venta, SOCIMI, S.A.	33,840,581.00	4,043,430.00

As indicated in note 10, dated 24 November 2023, a capital increase has been performed through a non-cash contribution of 29,797,151.00 euros, consisting of 73.47% of the shares of the company Promoción de Viviendas Arrendamiento y Venta, SOCIMI, S.A. (PROVIARVE).

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The summary of the shareholders' equity, according to its annual accounts, of the investee company at 31 December 2023 and 2022 is as follows, in euros:

31 December 2023

Society	Balance Date	Capital Social	Reserves	Profit for the Year	Other equity items	Total Net Equity
Promoción de Viviendas Arrendamiento y Venta, SOCIMI, S.A.	31/12/2023	13.260.000,00	2.724.569,00	926.952,49	2.980.218,01	19.891.739,50

31 December 2022

Society	Balance Date	Capital Social	Reserves	Profit for the Year	Other equity items	Total Net Equity
Promoción de Viviendas Arrendamiento y Venta, SOCIMI, S.A.	31/12/2022	13.260.000,00	2.373.777,38	2.549.591,62	68.953 ,43	18.252.322,43

Society	% Part. Directa 2023	% Part. Directa 2022	Registered office	Activity
Promoción de Viviendas Arrendamiento y Venta, SOCIMI, S.A.	100%	26,53%	C/Buganvilla, 5, Madrid	Exploitation of real estate in the form of lease or other

According to the estimate and projection available to the Company's Directors, the recoverable value of the investments is higher than the carrying amount of the investments at 31 December 2023 and 2022.

Promoción de Viviendas Arrendamiento y Venta, SOCIMI, S.A. is not listed on any stock market.

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## **NOTE 10. EQUITY AND SHAREHOLDERS' FUNDS**

### **a) Share capital**

On 24 November 2023, a capital increase was carried out through a non-monetary contribution of 29,797,151.00 euros, consisting of 73.47% of the shares of the company Promoción de Viviendas Arrendamiento y Venta, SOCIMI, S.A. (PROVIARVE) (valuation carried out by an independent expert), increasing the capital by 8,558,805.00 euros, represented by 8,558,805.00 new shares at a par value of 1 euro each. In addition, these shares have a global issue premium of 2.481462606 euros each, which amounts to a total of 21,238,346 euros.

At 31 December 2023 the share capital is FIFTY SEVEN MILLION THREE HUNDRED NINETY SIX THOUSAND THREE HUNDRED AND SIXTY FIVE EUROS (57,396,305 euros) (48,837,500.00 euros at 31 December 2022), represented by 57,396,305 shares with a par value of 1 euro each, numbered consecutively from 1 to 57,396,305, both inclusive, belonging to a single class and series, conferring the same voting and economic rights as indicated in the legislation in force and in the Articles of Association.

### **b) Reserves**

According to the provisions of article 274 of the Capital Companies Act, a figure equal to 10% of the profit for the year will be allocated to the legal reserve until it reaches at least 20% of the share capital. Whilst it does not exceed the indicated limit, it may only be used for compensation of losses in the event that there are no other sufficiently available reserves for this purpose. The legal reserve amounts to 4,360,484.89 euros at 31 December 2023 (4,112,476.04 euros at 31 December 2022).

The legal reserve can only be used to cover losses and would only be distributable in the event of liquidation of the Company.

Voluntary Reserves are freely available.

### **c) Dividends**

Once the attentions foreseen by the Law and Law 11/2009 have been covered, the distribution of dividends charged to the profit for the year, or to reserves of free disposal, will be made in accordance with the following rules:

1. The General Meeting must necessarily agree on the distribution of one hundred percent (100%) of the profits derived from dividends or profit sharing distributed by the entities referred to in article 2 of the Bylaws.

2. Likewise, it must agree on the distribution of at least fifty percent (50%) of the benefits derived from the transfer of real estate and shares or participations referred to in article 2 of these Bylaws, made once the terms have expired. referred to in section 3 of article 3 of Law 11/2009, subject to compliance with its main corporate purpose. The rest of these benefits must be reinvested in other properties or participations affected by the fulfillment of said object, within three (3) years after the date of transmission. Failing that, these benefits must be distributed in full along with the benefits, if any, that come from the year in which the reinvestment term ends.

If the elements subject to reinvestment are transferred before the previous maintenance period, those benefits must be distributed in full together with the benefits, if any, that come from the year in which they were transferred.

3. The General Meeting will distribute among all the shareholders a minimum annual dividend of eighty percent (80%) of the remaining distributable profits of the Company, once the provisions of sections a) and b) above have been fulfilled. The General Meeting will resolve on the application of the result of the exercise and the distribution of the benefit in accordance with the provisions of the preceding paragraphs, within the first six (6) months of each year. Dividends will be distributed among the shareholders in the proportion corresponding to the capital they have disbursed, with payment being made on the date determined by the General Meeting itself within a maximum period of one (1) month from the date of the distribution agreement.

On 2023, the General Shareholders' Meeting agreed to distribute dividends of 1,263,337.61 euros charged to reserves.

On 2022, the General Shareholders' Meeting agreed to distribute dividends of 6,935,737.68 euros charged to reserves.

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## **NOTE 11. LONG AND SHORT-TERM FINANCIAL LIABILITIES**

The detail of long and short-term financial liabilities, at 31 December 2023 and 2022 is as follows:

2023

	Derivatives and others		Total	
	Long-term	Long-term	Short-term	Long-term
<b>Liabilities at amortized cost or cost</b>				
Bonds and deposits received	540,581.73	-	540,581.73	-
Debts with group companies and associates (note 13)	-	24,368.60	-	24,368.60
Commercial creditors and other accounts payable	-	16,430.50	-	16,430.50
	<b>540,581.73</b>	<b>40,799.10</b>	<b>540,581.73</b>	<b>40,799.10</b>

2022

	Derivatives and others		Total	
	Long-term	Long-term	Short-term	Long-term
<b>Liabilities at amortized cost or cost</b>				
Bonds and deposits received	524,027.73	-	524,027.73	-
Debts with group companies and associates (note 13)	-	26,188.42	-	26,188.42
Commercial creditors and other accounts payable	-	17,789.88	-	17,789.88
	<b>524,027.73</b>	<b>43,978.30</b>	<b>524,027.73</b>	<b>43,978.30</b>

The amount of deposits corresponds to the rental agreements indicated in note 6.

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**Information on deferred payments to suppliers. Third additional provision. “Duty of information” of Law 15/2010, of 5 July-**

Law 15/2010, of 5 July amending Law 3/2004, of 29 December that establishes measures to combat late payments in trade operations, states: “Companies must publish in a clear manner information on payment periods to its suppliers in the Annual Report on the Financial Statements”. In this regard, the Resolution of 29 January 2016, of the Institute of Accounting and Account Audits, on the information to be incorporated in the report on the financial statements in relation to the average period of payment to suppliers in trade operations, dictates the information to be included in the report in order to comply with the aforementioned Law.

Concept	2023 Days	2022 Days
Average payment period to suppliers	14	14
Ratio of paid transactions	14	14
Ratio of transactions pending payment	14	14

  

	Amount (euros)	Amount (euros)
Total payments made	1,336,459.39	1,054,689.59
Total payments pending	16,405.35	26,047.64

The information on invoices paid in a period less than the maximum established in the Insolvency Law is as follows:

	2023	2022
Monetary volume paid	1,336,459.39	1,054,689.59
Percentage of total monetary payments to suppliers	100%	100%
Number of invoices paid	1,320	1,617
Percentage of the total number of invoices paid to suppliers	100%	100%

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## **NOTE 12. PUBLIC ADMINISTRATIONS AND TAX POSITION**

### **Current balances with the Public Administrations**

The breakdown of the balances with "Public Administrations" at 31 December 2023 and 2022 is as follows:

2023

	<b>Debtor balances</b>	<b>Creditor balances</b>
Tax Authority for VAT	-	98,449.75
Tax Authority for IRPF	-	84,027.82
Social Security bodies	-	11,025.30
Deferred tax liabilities	-	2,597,778.84
Liabilities for special tax 15%	-	110,646.46
Current tax liabilities	139,253.24	-
	<b>139,253.24</b>	<b>2,901,928.17</b>

2022 (\*)

	<b>Debtor balances</b>	<b>Creditor balances</b>
Tax Authority for VAT	-	102,617.98
Tax Authority for IRPF	-	100,639.64
Social Security bodies	-	8,930.97
Deferred tax liabilities	-	2,466,263.47
Current tax liabilities	-	162,565.70
	-	<b>2,841,017.76</b>

(\*) restated

### **Reconciliation of accounting result and the taxable base**

The Corporation Tax is calculated based on the economic or accounting result, obtained by the application of generally accepted accounting principles, which does not necessarily coincide with the tax result, understood as the taxable base.

Having opted for the tax regime of the SOCIMI, the applicable rate would be 0%. However, in accordance with the provisions of article 12 of Law 11/2009, tax adjustments are taxed at the general rate pending integration into the tax base before the application of the SOCIMI regime.

As a result of the approval of Law 11/2021 of 9 July, with effect from 1 January 2021, the Company will be subject to a special tax of 15% on the profits obtained in the year that are not distributed, in the part that does not come from income that has not been taxed at the general corporate tax rate or in the case of income covered by the reinvestment period as determined by Law 11/2021 of 9 July. Said tax will be considered a Corporation tax liability.

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The reconciliation between the net amount of income and expenses for the year and the tax base for the year 2022 is as follows:

	2022
Accounting result for the year (after taxes)	2,480,088.52
Permanent differences - Corporation tax	359,806.51
Permanent differences - Dividend exemption	(583,328.71)
<b>Tax Base</b>	<b>2,256,566.32</b>

### **Breakdown of Corporate Income Tax**

The breakdown of the expense/(income) by Corporation Tax is as follows:

	2023	2022
Special tax of 15%	110,646.46	-
Current Tax	-	381,308.88
Positive adjustments in the taxation on Profit	-	(21,502.37)
Negative adjustments in the taxation on Profit	59,814.73	-
<b>Corporate Income Tax Expense/(Income)</b>	<b>170,461.19</b>	<b>359,806.51</b>

### **Financial years pending verification and inspection actions**

As established by current legislation, taxes cannot be considered definitively settled until the declarations submitted have been inspected by the tax authorities or the statute of limitations of four years has elapsed. At financial year-end 2023, the Company has the last four financial years open for inspection by the tax authorities in relation to the main taxes that apply to it. The Company's Directors considers that the settlement of the aforementioned taxes has been adequately practiced, so, even in case of discrepancies in the current legal interpretation for the tax treatment granted to the operations, the possible resulting liabilities, if materialized, would not significantly affect the attached financial statements.

As indicated in note 1, on 1 August 2023 agreements on the transformation from a limited company into SOCIMI, SOCIEDAD ANÓNIMA are raised to public. The General Meeting of Shareholders approved on 25 July 2023 that the Company avails itself of the tax regime a publicly listed investment company in the real estate market (SOCIMI) in accordance with the provisions of art. 8 and following of Law 11/2009, of 26 October regulator of the Publicly Listed Investment Companies in the Real Estate Market (SOCIMI). The information required regarding the "Information Requirements arising from the status of SOCIMI, Law 11/2009, is detailed in note 17 of these attached financial statements.

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## **NOTE 13. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

### **Balances with related parties**

The detail of debit balances with related parties as at 31 December 2023 and 2022 are as follows (Note 8):

	2023	2022
Shareholders	(9,545.50)	(9,311.88)
	<b>(9,545.50)</b>	<b>(9,311.88)</b>

### **Transactions with related parties**

The main transactions carried out with group companies and other related parties during financial years ended 31 December 2023 and 2022 were the following:

	2023	2022
Dividends received from Promoción de Viviendas Arrendamiento y Venta, SOCIMI, S.A.	119,064.00	583,328.71
Lease income	16,353.84	15,462.64

### **Retributions to the Directors and senior management**

According with the statutes of the Company, the position of director in his capacity as such is free, without prejudice to the payment of the fees that are accredited by reason of the provision of professional services or employment, as the case may be, with origin in a contractual relationship other than that derived from the position of administrator.

The Directors have not accrued any compensation for their position as administrator during the years ended 31 December 2023 and 2022.

The remuneration received by the Directors and senior management in fiscal year 2023 amounted to 426,842.76 euros (349,842.73 euros in 2022).

In financial year 2023 and 2022 the Company does not have a Civil Liability Policy for Directors and Managers.

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**Other information regarding the Company's Directors:**

No conflict situations have been revealed, directly or indirectly, in the interest of the Company, in accordance with the applicable regulations (currently, in accordance with the provisions of article 229 of the Capital Companies Act), all of this without prejudice to the information on related transactions reflected in the report.

Likewise, and in accordance with the Capital Companies Act, mentioned above, it is reported that the Directors and persons related to her, have not carried out any activity, personally or for another party, with the Company that may be considered outside the ordinary traffic that has not been done under normal market conditions.

**NOTE 14. INCOME AND EXPENSES**

**Turnover**

The net turnover corresponding to the Company's ordinary activity during the years 2023 and 2022 is as follows:

	2023	2022
Lease income (note 6)	4,660,763.59	4,207,639.20
Rebilling revenue	274,722.97	292,733.74
	<b>4,935,486.56</b>	<b>4,500,372.94</b>

The Company carries out its activity in the Autonomous Community of Madrid and in the Autonomous Community of Valencia.

**Supplies**

The amount of procurement expenses for the years 2023 and 2022 is as follows:

	2023	2022
Supplies	(910,269.92)	(898,061.66)
	<b>(910,269.92)</b>	<b>(898,061.66)</b>

**Personnel expenses**

The breakdown of staff costs for the financial years 2023 and 2022 is as follows:

	2023	2022
Wages and salaries	(587,075.72)	(500,982.79)
Social security	(103,725.69)	(87,060.51)
	<b>(690,801.41)</b>	<b>(588,043.30)</b>

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### **Operating expenses**

The breakdown of Operating expenses for the financial years 2023 and 2022 is as follows:

	2023	2022
External services	(428,548.28)	(308,223.82)
Taxes	(240,031.75)	(148,471.52)
Losses, impairment and changes in provisions for commercial transactions	-	(16,692.30)
	<b>(668,580.03)</b>	<b>(473,387.64)</b>

### **NOTE 15. OTHER INFORMATION**

The detail of the average staff by categories and gender during financial years 2023 and 2022 is as follows:

Category	31/12/2023			31/12/2022		
	Man	Women	Total	Man	Women	Total
Management	2	1	3	1	1	2
Administrative staff	7	2	9	7	2	9
<b>TOTAL</b>	<b>9</b>	<b>3</b>	<b>12</b>	<b>8</b>	<b>3</b>	<b>11</b>

The detail of the staff at 31 December 2023 and 2022 is as follows:

Category	31/12/2023			31/12/2022		
	Man	Women	Total	Man	Women	Total
Management	2	1	3	1	1	2
Administrative staff	7	2	9	7	2	9
<b>TOTAL</b>	<b>9</b>	<b>3</b>	<b>12</b>	<b>8</b>	<b>3</b>	<b>11</b>

The fees related to the auditing services provided by the Company's auditor are shown below:

	2023	2022
Auditor's fees for audit services:		
a) Annual Accounts Audit:	9,750.00	-
Auditor's fees for other different services:		
a) Others:	1,000.00	-
<b>Total</b>	<b>10,750.00</b>	<b>-</b>

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#### **NOTE 16. POST BALANCE SHEET EVENTS**

On 16 February 2024, the Company joined the EURONEXT ACCESS PARIS Market as a SOCIMI for the trading of the ordinary shares issued by the Company on the Multilateral Facility of 'Euronext Access' operated by Euronext Access Paris S.A.

There are no other relevant events that affect the Company's Annual Accounts at 31 December 2023.

#### **NOTE 17. INFORMATION REQUIREMENTS DERIVED FROM THE CONDITION OF SOCIMI, LAW 11/2009"**

According with the Law 11/2009 of SOCIMIS, the following information is detailed below:

1. The amount of Reserves from years prior to the application of the tax regime established by the SOCIMIS Law at 31 December 2023 amounts to 10,151,512.68 euros (2022: 8,934,761.77 euros).
2. There are no reserves arising from years in which the special tax regime has been applied.
3. There are no dividends distributed out of profits from years in which the tax regime established in this law has been applicable.

For tax periods from 1 January 2023 onwards, the Company is subject to a special tax of 15% on profits obtained in the year that are not distributed, in the part that does not derive from income that has not been taxed at the general corporate income tax rate or income subject to the reinvestment period as determined by Law 11/2021 of 9 July. The Company has made a provision of 110,646.46 euros (note 11).

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4. The lease properties listed in notes 5 and 6 were acquired on the following dates:

Property	Acquisition date
Property 1	1969
Property 2	1986
Property 3	2018
Property 4	2008
Property 5	1967
Property 6	1978
Property 7	1975
Property 8	1931
Property 9	1974
Property 10	2008
Property 11	1966
Property 12	1960
Property 13	1931
Property 14	1964
Property 15	1964
Property 16	2023
Property 17	2023
Property 18	2023

The 18 properties count within the 80 percent referred to in section 1 of article 3 of the SOCIMIS Law.

5. As at 31 December 2023 and 2022, no reserves arising from years in which the special tax regime provided for in this Law has been applicable have been disposed of, other than to offset losses or for distribution

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*Director's Report of URBANIZADORA CONSTRUCTORA LEVANTINA, SOCIMI, S.A. –  
Financial year 2023*

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## **URBANIZADORA CONSTRUCTORA LEVANTINA, S.A.**

### **DIRECTOR'S REPORT 2023**

#### **1. INTRODUCTION**

The Director's Report for financial year 2023 is prepared in accordance with the Capital Companies Act.

URBANIZADORA CONSTRUCTORA LEVANTINA, SOCIMI, S.A. (hereinafter URCOLESA or the Company) was incorporated in Madrid as a public limited liability company on 7 July 1965. On 1 August 2023 social agreements were raised to public by which, among others, the Company agreed to benefit from the special tax regime provided for in Law 11/2009, of 26 October, which regulates Listed Public Limited Companies. of Investment in the Real Estate Market (SOCIMI).

Its corporate purpose and business activity consist in, i) the acquisition and promotion of urban real estate for lease The promotion activity includes the refurbishment of buildings under the terms established in Law 37/1992, of 28 December of the Value Added Tax or regulation that may replace it in the future, ii) the holding of shares in the capital of other SOCIMIs or those of other entities resident or not in Spanish territory that have the same corporate purpose and that are subject to a regime similar to that established for the SOCIMIs in terms of mandatory, legal or statutory, profit distribution policy. iii) the holding of shares in the capital of other entities, resident or not in Spanish territory, whose main corporate purpose is the acquisition of urban real estate for lease and that are subject to a regime similar to that established for the SOCIMIs in terms of mandatory, legal or statutory, profit distribution policy and meet the investment requirements referred to in article 3 of the SOCIMIs Law, iv) the ownership of shares or holdings of Real Estate Investment Trusts regulated in Law 35/2003, of 4 November on Collective Investment Trusts.

Along with the economic activity derived from the main corporate purpose, the Company may also develop other accessory activities, understood as those whose income together represents less than twenty percent (20%) of the income (or, where applicable, the percentage that, at any time, establishes the SOCIMI Law - or any that replaces it for these purposes-) of the Company in each tax period.

Since 16 February 2024, the entity was included in the Euronext Listing Board for trading of the ordinary shares issued by the Company on the Multilateral Facility of "Euronext Access" operated by Euronext Access Paris S.A.

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*Director's Report of URBANIZADORA CONSTRUCTORA LEVANTINA, S.A. –  
Financial year 2023*

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## **2. EVOLUTION OF THE BUSINESS**

The evolution of the main figures of the balance sheet and the income statement has been as follows:

	2023	2022
Current Assets	10,124,599.66	8,741,069.89
Current Liabilities	344,948.43	418,780.31
Circulating	9,779,651.23	8,322,289.58
Variation	1,457,361.65	
%	18%	

	2023	2022
Turnover	4,935,486.56	4,500,372.94
Change from previous year	435,113.62	
Change from previous year %	10%	

## **3. POST BALANCE SHEET EVENTS**

On 16 February 2024, the Company joined the EURONEXT ACCESS PARIS Market as a SOCIMI for the trading of the ordinary shares issued by the Company on the Multilateral Facility of 'Euronext Access' operated by Euronext Access Paris S.A.

There are no other significant events affecting the Company's Annual Accounts at 31 December 2023.

## **4. INFORMATION ON RESEARCH AND DEVELOPMENT ACTIVITIES**

The Company has not recorded any amount for research and development expenses in the assets of the balance sheet for financial year 2023, because it has not developed any activity in this area during said year.

## **5. QUALITY AND ENVIRONMENTAL MANAGEMENT**

During financial year 2023, the Company has not incurred expenses derived from environmental activities, nor did it have environmental assets recorded in the balance sheet at 31 December 2023.

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*Director's Report of URBANIZADORA CONSTRUCTORA LEVANTINA, S.A. –  
Financial year 2023*

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## **6. INFORMATION REGARDING THE ACQUISITION OF OWN SHARES**

The Company does not currently have in its portfolio any package of its own shares nor did it have during financial year 2023 and has not accepted its own shares in pledge, nor in any kind of trade operation or legal business.

## **7. INFORMATION ON THE AVERAGE PAYMENT PERIOD TO SUPPLIERS**

At financial year-end 2023 the Company presents an Average Payment Period to Suppliers of 14 days (14 days in 2022). This complies with the provisions of Law 15/2010, of 5 July that establishes measures to combat late payments in trade operations.

## **8. USE OF FINANCIAL INSTRUMENTS**

With regard to the use of financial instruments by the company, and when it is relevant for the valuation of its assets, liabilities, financial situation and results, the Director's report will include the following:

- a) The company's financial risk management objectives and policies, including the policy applied to hedge each significant type of forecast transaction for which hedge accounting is used.
- b) The company's exposure to price risk, credit risk, liquidity risk and cash flow risk.

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**URBANIZADORA CONSTRUCTORA LEVANTINA, S.A.**

**SIGNATURE DILIGENCE**

The Financial Statements above that comprise the Balance Sheet, the Profit and Loss Account, the Statement of changes in equity, the Cash Flow Statement and the Annual Report, as well as the Director's Report, corresponding to the financial year ended on 31 December 2023, have been prepared by the Directors of the Company on 29 March 2024.

To comply with the provisions of article 253 of the Capital Companies Act, the Directors signs them below:

Madrid, 29 March 2024

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GONZALO SENRA CHOVER  
President

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JUAN SANCHEZ CHOVER  
Director

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JUAN CHOVER RIVERA  
Director

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MARIA DE LOS  
DESAMPARADOS CHOVER  
LATORRE  
Director

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CRISTINA MARIA DE LOS  
ANGELES SANCHEZ CHOVER  
Director and Vice-Secretary

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