

# **IANTE INVESTMENTS SOCIMI, S.A. and subsidiaries**

Consolidated Financial Statements and Consolidated Directors' Report for the year ended 31 December 2023



## INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

*(Translation of a report and consolidated annual accounts originally issued in Spanish and prepared in accordance with Spanish generally accepted accounting principles. In the event of a discrepancy, the Spanish-language version prevails)*

To the shareholders of Iante Investments Socimi, S.A.,:

### Opinion

We have audited the consolidated annual accounts of Iante Investments Socimi, S.A., (the Parent company) and its subsidiaries, (the Group), which comprise the consolidated balance sheet of 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated annual accounts for the year then ended.

In our opinion, the accompanying consolidated annual accounts present, in all material respects, a true and fair view of the consolidated net equity and the consolidated financial position of the Group at 31 December 2023, and of the consolidated results of its operations and consolidated cash flows for the year then ended, in accordance with the applicable framework of financial reporting standards (which is identified in note 2 to the consolidated annual accounts) and, in particular, in compliance with the accounting principles and criteria contained in that framework.

### Basis for Opinion

We conducted our audit in accordance with the current Spanish standards for auditing accounts. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are applicable to our audit of the consolidated annual accounts in Spain, as required by the regulations governing the auditing of accounts. In this regard, we have not provided any services different to the audit of accounts and no situations or circumstances have arisen that, based on the aforementioned regulations, might have affected the required independence in such a way that it could have been compromised.

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

### Most relevant audit aspects

The most relevant audit aspects of the audit are those that, in our professional judgement, were considered as the most significant material misstatement risks in our audit of the consolidated annual accounts of the current period. These risks were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

### *Recognition and Valuation of Real Estate Investments.*

As detailed in note 8 of the attached notes to the consolidated financial statements, as of 31 December 2023, the Group has registered under the heading Investments Properties real estate assets amounting to EUR 437,346 thousand of which 29,129 thousand euros are amounts paid for turnkey contracts in progress at year-end.

In the light of the regulatory framework of financial information that is applicable, Investments Properties will be valued for their cost at the time of their acquisition, either the purchase price or the cost of production. In addition, in those fixed assets who need a period of time longer than one year to be in conditions of use, the costs that have accrued before the start-up of operating conditions or that improve the useful life of real estate investments shall be included in the purchase price or cost of production. Subsequently, they will be valued at the acquisition price reduced by the accumulated depreciation and impairment losses experienced. At least at the end of the financial year, the existence of evidence of impairment must be assessed and, where appropriate, the estimation of the recoverable amount, understood as the largest amount between its fair value minus the costs of sale and its value in use, making the necessary valuation corrections, if applicable.

The relevance of the amounts recorded by the Group in the 2023 financial year under the heading of Investments Properties and the risk that any real estate investment will deteriorate, as well as the weight that said heading has on the total asset at the end of the financial year, makes us consider the registration and valuation of real estate investments as the most relevant aspect of our audit.

In this regard, we have carried out a series of audit tests, through the application, *inter alia*, of the following procedures:

- Verification of the costs capitalized by the different Group companies, as well as verification of the distribution between land and flight and the recalculation of their net book value at the closing date of the consolidated financial statements.
- We have verified that management has applied the requirements set out in the applicable financial reporting framework relating to the realization of estimates of useful lives.
- Verification of the criteria used by the Group to determine whether impairment is necessary in investments or not.
- We have obtained and reviewed the valuation reports of the main real estate investments made by independent experts, to corroborate the non-deterioration. We have reviewed the valuation model and main hypothesis made to obtain recoverable amount.
- We have evaluated the competence, capacity and independence of the experts, by obtaining a confirmation of their independence and reviewing their recognized prestige.
- We have evaluated that the information disclosed in the consolidated annual accounts is sufficient and adequate in accordance with the applicable financial reporting regulatory framework.

### **Other information: Consolidated directors' report**

Other information comprises exclusively the consolidated directors' report for the 2023 financial year. The directors of the Parent company are responsible for preparing this report, which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated directors' report. In accordance with the regulations governing the auditing of accounts, our responsibility regarding the consolidated directors' report includes evaluating and reporting on the consistency of the consolidated directors' report with the consolidated annual accounts, based on the knowledge of the Group obtained during our audit of those accounts, as well as evaluating and reporting on whether the content and presentation of the consolidated directors' report meet the requirements of the applicable regulations. If, as a result of our work, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described in the preceding paragraph, the information contained in the consolidated directors report is consistent with that disclosed in the consolidated annual accounts for the year 2023 and its content and presentation meet the requirements of the applicable regulations.

**Responsibility of the directors of the Parent company in relation to consolidated annual accounts.**

The directors of the Parent company are responsible for the preparation of the accompanying consolidated annual accounts, so that they show a true and fair view of the consolidated equity, the consolidated financial position and the consolidated results of the Group, in accordance with the framework of financial reporting standards applicable to the Group in Spain and for such internal control that they consider necessary to enable the preparation of consolidated annual accounts that are free from material misstatements, whether due to fraud or error.

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

**Auditor's responsibilities in relation to the audit of consolidated annual accounts**

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

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

As part of an audit in accordance with the regulations regulating the audit activity in force in Spain, we apply our professional judgment and maintain an attitude of professional scepticism throughout the audit. Also:

- Identify and assess the risks of material misstatement in the consolidated annual accounts, whether 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Parent company.
- Conclude on the appropriateness of the directors of the Parent company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to this in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the administrators of the Parent Company regarding, among other issues, the scope and timing of the planned audit and significant audit findings, as well as any significant deficiencies in the internal control we identified in the course of the audit.

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

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

Grant Thornton, S.L.P., Sociedad Unipersonal

ROAC nº S0231

Marta Alarcón Alejandre

ROAC nº 16086

25th June, 2024

# **IANTE INVESTMENTS SOCIMI, S.A. and subsidiaries**

Consolidated Financial Statements and Consolidated Directors' Report for the  
year ended 31 December 2023

**IANTE INVESTMENTS SOCIMI, S.A. and subsidiaries**  
**CONSOLIDATED BALANCE SHEET**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

(Figures expressed in euros)

<b>ASSETS</b>	<b>Note</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>NON-CURRENT ASSETS</b>		<b>445,699,245</b>	<b>417,840,176</b>
Intangible assets	6	563,468	464,846
Tangible fixed assets	7	195,824	205,991
Property, plant and equipment		195,824	205,991
Investment property	8	437,346,039	401,378,829
Land		212,803,723	197,903,368
Buildings		195,413,814	177,388,335
Investment property in progress		29,128,502	26,087,126
Non-current financial investments	10	7,480,584	15,652,380
Loan to third parties		950,694	634,384
Derivatives		5,241,074	14,175,609
Other financial assets		1,288,816	842,387
Goodwill	5	113,330	138,130
<b>CURRENT ASSETS</b>		<b>8,239,071</b>	<b>8,303,299</b>
Inventory		50,529	290,222
Advances to suppliers		50,529	290,222
Trade and other receivables	11	3,136,185	2,935,364
Customers from sales and services rendered	10	741,932	298,945
Receivables held with related parties	10 and 20	11,616	45,936
Other receivables	10	7,626	917
Other accounts receivable from public authorities	17	2,375,011	2,589,566
Current financial investments	10	542,174	6,846
Loans to companies	20	536,779	-
Other financial assets		5,395	6,846
Short-term accruals		1,277,021	1,058,793
Cash and other cash equivalents	13	3,233,162	4,012,074
Cash in hand and at banks		3,233,162	4,012,074
<b>TOTAL ASSETS</b>		<b>453,938,316</b>	<b>426,143,475</b>

**IANTE INVESTMENTS SOCIMI, S.A. and subsidiaries**  
**CONSOLIDATED BALANCE SHEET**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

(Figures expressed in euros)

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>EQUITY</b>			
Shareholders' equity		(33,434,115)	(11,254,555)
Share Capital		(38,690,245)	(25,970,150)
Share Premium	14.1	10,220,818	9,569,727
Reserves	14.1	12,010,881	10,513,372
Prior years' losses		(52,890,923)	(34,566,369)
Reserves in consolidated companies		(14,913,564)	(8,471,790)
Other shareholder contributions	14.2	(37,977,359)	(26,094,579)
<b>Profit/Loss for the year attributable to the parent company</b>		6,757,353	6,757,353
Consolidated profit/(loss)		(14,788,374)	(18,244,233)
Minority interest profit/(loss)		(14,752,731)	(18,229,889)
<b>Unrealised Gains (Losses) Reserve</b>		35,643	14,344
Hedging instruments		4,680,501	14,175,609
<b>Minority Interests</b>	14.5	4,680,501	14,175,609
		<b>575,629</b>	<b>539,986</b>
<b>NON-CURRENT LIABILITIES</b>		<b>463,670,689</b>	<b>418,541,029</b>
<b>Non-current payables</b>	15	<b>319,513,637</b>	<b>290,275,377</b>
Bank loans		317,021,683	288,756,474
Derivatives		560,573	--
Other financial liabilities		1,931,381	1,518,903
<b>Non-current payables to group companies and associates</b>	15 and 20	<b>144,157,052</b>	<b>128,265,652</b>
Other debts		144,157,052	128,265,652
<b>CURRENT LIABILITIES</b>		<b>23,701,742</b>	<b>18,857,001</b>
<b>Current payables</b>	15	<b>933,374</b>	<b>3,681,634</b>
Bank loans		156,050	475,464
Other financial liabilities		777,324	3,206,170
<b>Current payables to group companies and associates</b>	15 and 20	<b>20,936,813</b>	<b>13,557,178</b>
Other debts		20,936,813	13,557,178
<b>Trade and other payables</b>	16	<b>1,831,555</b>	<b>1,618,189</b>
Current income tax payable	17	9,909	-
Sundry payables	15	916,647	871,504
Staff costs (remuneration payable)	15	249,969	343,411
Other payables to Public Authorities	17	306,674	272,871
Customer advances	15	348,356	130,403
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>453,938,316</b>	<b>426,143,475</b>

**IANTE INVESTMENTS SOCIMI, S.A. and subsidiaries**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

(Figures expressed in euros)

	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b>Revenue</b>			
Services rendered	18.1	19,848,482	12,344,791
<b>Other operating income</b>	18.2	<b>1,317,587</b>	<b>1,378,441</b>
Non-core and other current operating income		1,317,587	1,378,441
<b>Personnel costs</b>	18.3	<b>(4,132,648)</b>	<b>(2,827,446)</b>
Wages, salaries and similar expenses		(4,132,648)	(2,827,446)
Social security		(3,472,673)	(2,496,087)
<b>Other operating expenses</b>	18.4	<b>(8,912,064)</b>	<b>(11,213,964)</b>
Operating expenses		(8,912,064)	(11,213,964)
Impairment losses on trade receivables		(7,605,995)	(10,520,793)
Taxes other than Income tax		(315,822)	(133,581)
<b>Depreciation and amortisation</b>	18.5	<b>(5,024,578)</b>	<b>(3,494,847)</b>
<b>Impairment and gains of non-current assets</b>	8	<b>667,167</b>	<b>518,070</b>
Impairment of non-current assets		667,167	518,070
Gains or losses on disposals and other		763,335	518,070
		(96,168)	-
<b>PROFIT/(LOSS) FROM OPERATIONS</b>		<b>3,763,946</b>	<b>(3,294,955)</b>
<b>Finance income</b>		<b>27,487</b>	<b>21,115</b>
Other financial income	19.2	27,487	21,115
<b>Financial costs</b>		<b>(19,733,558)</b>	<b>(18,263,495)</b>
On debts to Group companies and associates		(19,733,558)	(18,263,495)
On debts to third parties	19.1 and 20	(7,292,272)	(6,482,676)
	15 and 19.1	(12,441,286)	(11,780,819)
<b>Change in fair value of financial instruments</b>		<b>-</b>	<b>1,945,930</b>
Change in fair value of financial instruments		-	1,945,930
<b>Exchange differences</b>		<b>(255)</b>	<b>(22)</b>
<b>Other finance income</b>	8	<b>1,230,910</b>	<b>1,390,200</b>
Capitalization of financial costs		1,230,910	1,390,200
<b>FINANCIAL LOSS</b>		<b>(18,475,416)</b>	<b>(14,906,272)</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>(14,711,470)</b>	<b>(18,201,227)</b>
<b>Income tax</b>	17	<b>(41,261)</b>	<b>(28,662)</b>
<b>PROFIT/(LOSS) AFTER TAX FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>(14,752,731)</b>	<b>(18,229,889)</b>
<b>CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR</b>		<b>(14,752,731)</b>	<b>(18,229,889)</b>
Profit/(loss) attributable to the parent company		(14,788,374)	(18,244,233)
Profit/(loss) attributable to non-controlling interests		35,643	14,344

**IANTE INVESTMENTS SOCIMI, S.A. and subsidiaries**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

(Figures expressed in euros)

**A) CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR THE FISCAL YEAR ENDED 31 DECEMBER 2023**

	<b>2023</b>	<b>2022</b>
<b>Consolidated profit/(loss) for the year</b>	<b>(14,752,731)</b>	<b>(18,229,889)</b>
From cash flow hedges	(9,945,108)	11,972,937
<b>Total income and expenses charged to consolidated equity</b>	<b>(9,945,108)</b>	<b>11,972,937</b>
From cash flow hedges	-	1,945,930
<b>Total transfers to income statement</b>	<b>-</b>	<b>1,945,930</b>
<b>TOTAL RECOGNISED CONSOLIDATED INCOME AND EXPENSE</b>	<b>(24,247,839)</b>	<b>(4,311,022)</b>

**B) CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023**

	Share Capital	Share Premium	Reserves and Profit/(Losses) from prior years	Other shareholder contributions	Reserves in Consolidated companies	Profit/(loss) attributable to the parent	Minority Interests	Hedge Operations	TOTAL
<b>ADJUSTED BALANCE, START OF 2022</b>	<b>6,187,234</b>	<b>2,733,638</b>	<b>(5,658,517)</b>	<b>6,757,353</b>	<b>(17,110,026)</b>	<b>(11,896,675)</b>	<b>525,642</b>	<b>256,742</b>	<b>(18,204,609)</b>
Total recognised consolidated income and expenses	-	-	-	-	-	(18,244,233)	14,344	13,918,867	(4,311,022)
Other changes in equity	-	-	-	-	98,849	-	-	-	98,849
Other transactions with shareholders	3,382,493	7,779,734	-	-	-	-	-	-	11,162,227
Distribution of profit/(loss)	-	-	(2,813,273)	-	(9,083,402)	11,896,675	-	-	-
<b>2022 ENDING BALANCE</b>	<b>9,569,727</b>	<b>10,513,372</b>	<b>(8,471,790)</b>	<b>6,757,353</b>	<b>(26,094,579)</b>	<b>(18,244,233)</b>	<b>539,986</b>	<b>14,175,609</b>	<b>(11,254,555)</b>
<b>ADJUSTED BALANCE, START OF 2023</b>	<b>9,569,727</b>	<b>10,513,372</b>	<b>(8,471,790)</b>	<b>6,757,353</b>	<b>(26,094,579)</b>	<b>(18,244,233)</b>	<b>539,986</b>	<b>14,175,609</b>	<b>(11,254,555)</b>
Total recognised consolidated income and expenses	-	-	-	-	-	(14,788,374)	35,643	(9,495,108)	(24,247,839)
Other changes in equity	-	-	-	-	(80,321)	-	-	-	(80,321)
Other transactions with shareholders	651,091	1,497,509	-	-	-	-	-	-	2,148,600
Distribution of profit/(loss)	-	-	(6,441,774)	-	(11,802,459)	18,244,233	-	-	-
<b>2023 ENDING BALANCE</b>	<b>10,220,818</b>	<b>12,010,881</b>	<b>(14,913,564)</b>	<b>6,757,353</b>	<b>(37,977,359)</b>	<b>(14,788,374)</b>	<b>575,629</b>	<b>4,680,501</b>	<b>(33,434,115)</b>

**IANTE INVESTMENTS SOCIMI, S.A. and subsidiaries**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

(Figures expressed in euros)

	Note	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(7,724,118)</b>	<b>(17,050,941)</b>
Profit/(Loss) for the year before tax		(14,711,470)	(18,201,227)
<b>Adjustments to Profit/(Loss)</b>		<b>22,835,572</b>	<b>19,767,848</b>
Depreciation and amortisation	18.4	5,024,578	3,494,847
Impairment losses	8	(447,513)	(384,489)
Gains/(Losses) on derecognition and disposal of non-current assets	8	96,168	-
Finance income	19	(1,258,397)	(1,411,315)
Financial costs	19	19,733,558	18,263,495
Changes in fair value of financial instruments		-	134,170
Other income and expenses		(312,822)	(328,860)
<b>Changes in working capital:</b>		<b>(3,047,114)</b>	<b>1,572,745</b>
Debtors and other receivables		(506,412)	(1,653,679)
Other current assets		(440,734)	(115,662)
Creditors and other payables		422,468	91,550
Other current liabilities		(2,488,485)	1,584,886
Other non-current assets and liabilities		(33,951)	1,665,650
<b>Other cash flows from operating activities:</b>		<b>(12,801,106)</b>	<b>(20,190,307)</b>
Interest paid		(12,760,700)	(20,145,109)
Income tax recovered / (paid)		(40,406)	(45,198)
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		<b>(39,447,366)</b>	<b>(169,570,902)</b>
<b>Payments due to investments:</b>		<b>(39,447,366)</b>	<b>(169,570,902)</b>
Intangible assets	6	(324,292)	(526,705)
Property, plant and equipment	7	(29,118)	(70,660)
Investment property	8	(38,803,956)	(168,973,537)
Other financial assets		(290,000)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>46,392,572</b>	<b>188,345,255</b>
<b>Proceeds and payments relating to equity instruments:</b>		<b>2,148,600</b>	<b>11,162,227</b>
Issuance of equity instruments	14	2,148,600	11,162,227
<b>Proceeds and payments relating to financial liability instruments:</b>		<b>44,243,972</b>	<b>177,183,028</b>
Proceeds from bank loans	15	28,461,916	288,756,474
Proceeds from debts with group affiliates and associated companies	20	15,978,763	52,100,772
Payments related to bank loans	15	-	(125,586,417)
Payments related to debt with group affiliates and associated companies	20	(196,707)	(38,087,801)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(778,912)</b>	<b>1,723,412</b>
Cash and cash equivalents at the beginning of the year		4,012,074	2,288,662
Cash and cash equivalents at the end of the year		3,233,162	4,012,074

**IANTE INVESTMENTS SOCIMI, S.A.**  
**Notes to the Consolidated Financial Statements**  
**For the year ended 31 December 2023**

**1. Activities and general information**

**1.1. Parent Company**

The Company IANTE INVESTMENTS SOCIMI, S.A. (doing business as Iante Investments, S.A.U. until 27 March 2019), hereinafter, the “Company” or the “Parent Company”, is a Spanish company with registered address at Calle Serrano 57, Planta 2<sup>a</sup>. 28006 Madrid, with tax identification number A87870929, incorporated indefinitely by deed notarised by notary public Fernando Fernández Medina in Madrid on 6 July 2017 under number 1,911 of his protocol, registered in the Madrid Commercial Register in volume 36,179, Page 161, Section 8, Sheet M-650168, Entry 1, that conducts its activities in Madrid and acts as a portfolio company

The Company is controlled by AEREF V IBERIAN RESIDENTIAL HOLDINGS, S.a.r.l., whose parent company is AEREF V Master, S.a.r.l. The registered address of AEREF V IBERIAN RESIDENTIAL HOLDINGS, S.a.r.l. and AEREF V Master S.à.r.l. is 14-16 Avenue Pasteur L-2310, Luxembourg for both companies.

The Company has the following corporate purposes:

1. The acquisition and promotion of urban real estate properties for leasing thereof.
2. Holding of shares in the capital of other listed companies investing in the real estate market (“REITs”) or in other entities not residing in Spanish territory that have the same purpose as those and that are subject to a special regime similar to that established for the REITs in terms of mandatory, legal or statutory policies regarding profit distribution.
3. The holding of equity interests in other resident or non-resident entities in Spain whose corporate purpose is to acquire urban properties for subsequent leasing, and that operate under the same regime as that established for REITs with respect to the mandatory profit distribution policy enforced by law or by the Articles of Association, and that fulfil the investment requirements referred to in section 3 of Spanish Law 11/2009, of 26 October, regulating real estate investment trusts [REIT Act 2009, Ley 11/2009].
4. Holding shares in Real Estate Collective Investment Institutions that are regulated in Spanish Law 35/2003 of 4 November, on Collective Investment Institutions [Collective Investment Institution Act, Ley 35/2003].

In addition, the Company may also conduct other complementary activities that represent, in general, less than twenty percent (20%) of the Company’s income in each tax period (including, without limitation, real estate transactions other than those mentioned in the paragraphs [a] to [d] above), and those that may be considered ancillary in accordance with the applicable law at any time.

The Company is included under the regime regulated by the Law 11/2009, of 26 October, amended by Spanish Law 16/2012, of 27 December regulating Real Estate Investment Trusts (“REITs”), due to adhering to this special regime as of 1 January 2018.

The consolidated annual financial statements for Iante Investments SOCIMI, S.A. and subsidiaries for the year ended 31 December 2022 were prepared and issued by the Parent Company’s Directors on 31 March 2023 and were approved by the Sole Shareholder on 30 June 2023 and filed in the Commercial Register of Madrid. As of 31 December 2023, Iante Investments SOCIMI, S.A. is the Parent Company of the Iante Investments SOCIMI, S.A. and Subsidiaries Group (the “Group”) comprised of sixteen companies.

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For the purposes of preparing these consolidated financial statements, a group is considered to exist when a Parent Company has one or more subsidiaries over which the Parent Company has direct or indirect control. The accounting principles applied in preparing the Group's consolidated financial statements as well as its scope of consolidation are detailed in Notes 1.2 and 2.

**1.2. Subsidiaries**

Subsidiaries are all of the entities, including special purpose vehicles, over which the Group directly or indirectly has or may have control, which is understood as the power to govern the financial and operating policies of a business so as to obtain economic benefits from its activities. When assessing whether the Group controls another entity the existence and effect of any potential voting rights that may currently be exercised or converted are taken into account. Subsidiaries are consolidated from the date on which control passes to the Group, and are excluded from consolidation on the date on which control ceases to exist.

These companies are consolidated for the reasons included in Article 2 of the standards for the preparation of consolidated financial statements which are as follows:

1. When the Parent Company, in relation to another company (subsidiary) is in one of the following situations:
  - The parent holds the majority of voting rights.
  - The parent has the power to appoint or dismiss the majority of the directors.
  - The parent may, through agreements entered into with other shareholders, control the majority of the voting rights.
  - The parent has appointed with its votes the majority of the directors who discharge their position at the time these consolidated financial statements were prepared and during the two immediately preceding years. This situation is understood to exist when the majority of the members of the managing body of the subsidiary are members of the managing body or senior executives of the parent or of another company controlled by the parent.
2. When a Parent holds half or less of the voting rights, including when it barely has an ownership interest or does not have an ownership interest in another company, or when the management power has not been specified (special purpose vehicles), but participates in the risks and rewards of the company, or has the ability to take part in the operating and financial decisions thereof.

In compliance with section 155 of the Corporate Enterprises Act, the Parent Company has notified all of these companies that, on its own or through another subsidiary, possesses more than 10% of the capital.

As with the parent company, the financial year of all the above-mentioned subsidiaries included in the scope of consolidation ends on 31 December.

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The breakdown of the Group's subsidiaries at 31 December 2023 is as follows:

Name and address	Shares		Company holding direct stake	Date incorporated into the Group	Consolidation method	Activity
	Amount (Euros)	Nominal %				
Muflina Investments, S.L.U. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	18,870,868	100%	Iante Investments SOCIMI, S.A.	28/05/2018	Full Consolidation	Real Estate
Pinarcam Vivienda Joven Socimi S.L.U. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	2,061,446	100%	Iante Investments SOCIMI, S.A.	20/12/2018	Full Consolidation	Real Estate
Avalon Properties, S.L. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	1,784,308	55,10%	Iante Investments SOCIMI, S.A.	27/07/2018	Full Consolidation	Corporate
Dalandia Investments, S.L.U. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	8,609,000	100%	Iante Investments SOCIMI, S.A.	15/02/2019	Full Consolidation	Real Estate
Burgo de Buenavista Gestión SOCIMI, S.L.U. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	5,403,142	100%	Iante Investments SOCIMI, S.A.	21/02/2019	Full Consolidation	Real Estate
Compañía Europea de Arrendamientos Urbanos SOCIMI, S.L.U. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	15,408,303	100%	Iante Investments SOCIMI, S.A.	14/06/2019	Full Consolidation	Real Estate
Nuciva Investments, S.L.U. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	13,043,000	100%	Iante Investments SOCIMI, S.A.	15/11/2019	Full Consolidation	Real Estate
Zonko Investments, S.L.U. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	3,716,000	100%	Iante Investments SOCIMI, S.A.	08/03/2019	Full Consolidation	Real Estate
Jurisa Investments, S.L.U. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	7,701,000	100%	Iante Investments SOCIMI, S.A.	10/07/2019	Full Consolidation	Real Estate
Aracalís Investments, S.L.U. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	555,000	100%	Iante Investments SOCIMI, S.A.	22/12/2021	Full Consolidation	Real Estate
Compañía de Financiación, Explotación e Inversión, S.L.U. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	19,825,000	100%	Iante Investments SOCIMI, S.A.	07/02/2022	Full Consolidation	Real Estate
Salford Corporate Services, S.L.U. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	513,000	100%	Iante Investments SOCIMI, S.A.	13/04/2022	Full Consolidation	Real Estate
Arua Corporate Services, S.L.U. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	314,278	100%	Iante Investments SOCIMI, S.A.	01/06/2022	Full Consolidation	Real Estate
Elba Ventures & Investments, S.L.U Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid.	13,000	100%	Iante Investments SOCIMI, S.A.	08/11/2022	Full Consolidation	Real Estate
Fontana Ventures & Investments, S.L.U Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid.	13,000	100%	Iante Investments SOCIMI, S.A.	29/11/2022	Full Consolidation	Corporate

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The breakdown of the Group's subsidiaries at 31 December 2022 is as follows:

Name and address	Shares		Company holding direct stake	Date incorporated into the Group	Consolidation method	Activity
	Amount (Euros)	Nominal %				
Muflina Investments, S.L.U. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	18,570,868	100%	Iante Investments SOCIMI, S.A.	28/05/2018	Full Consolidation	Real Estate
Pinarcam Vivienda Joven Socimi S.L.U. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	2,061,446	100%	Iante Investments SOCIMI, S.A.	20/12/2018	Full Consolidation	Real Estate
Avalon Properties, S.L. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	1,784,308	55,10%	Iante Investments SOCIMI, S.A.	27/07/2018	Full Consolidation	Corporate
Dalandia Investments, S.L.U. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	8,609,000	100%	Iante Investments SOCIMI, S.A.	15/02/2019	Full Consolidation	Real Estate
Burgo de Buenavista Gestión SOCIMI, S.L.U. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	5,253,142	100%	Iante Investments SOCIMI, S.A.	21/02/2019	Full Consolidation	Real Estate
Compañía Europea de Arrendamientos Urbanos SOCIMI, S.L.U. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	15,408,303	100%	Iante Investments SOCIMI, S.A.	14/06/2019	Full Consolidation	Real Estate
Nuciva Investments, S.L.U. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	12,593,000	100%	Iante Investments SOCIMI, S.A.	15/11/2019	Full Consolidation	Real Estate
Zonko Investments, S.L.U. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	716,000	100%	Iante Investments SOCIMI, S.A.	08/03/2019	Full Consolidation	Real Estate
Jurisa Investments, S.L.U. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	7,701,000	100%	Iante Investments SOCIMI, S.A.	10/07/2019	Full Consolidation	Real Estate
Aracalís Investments, S.L.U. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	3,000	100%	Iante Investments SOCIMI, S.A.	22/12/2021	Full Consolidation	Real Estate
Compañía de Financiación, Explotación e Inversión, S.L.U. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	19,825,000	100%	Iante Investments SOCIMI, S.A.	07/02/2022	Full Consolidation	Real Estate
Salford Corporate Services, S.L.U. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	3,000	100%	Iante Investments SOCIMI, S.A.	13/04/2022	Full Consolidation	Real Estate
Arua Corporate Services, S.L.U. (*) Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	314,278	100%	Iante Investments SOCIMI, S.A.	01/06/2022	Full Consolidation	Real Estate
Elba Ventures & Investments, S.L.U Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid.	3,000	100%	Iante Investments SOCIMI, S.A.	08/11/2022	Full Consolidation	Real Estate
Fontana Ventures & Investments, S.L.U Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid.	3,000	100%	Iante Investments SOCIMI, S.A.	29/11/2022	Full Consolidation	Corporate

(\*) Audited by Grant Thornton, S.L.P.

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**1.3. REIT regime**

The Parent Company and the subsidiaries Muflina Investments SOCIMI, S.L.U., Pinarcam Vivienda Joven SOCIMI, S.L.U., Burgo de Buenavista Gestión SOCIMI, S.L.U., Jurisa Investments, S.L.U., Aria Corporate Services, S.L.U., Compañía de Financiación, Explotación e Inversión, S.L.U. and Compañía Europea de Arrendamientos Urbanos SOCIMI, S.L.U. are governed by REIT Act 2009, 11/2009 of 26 October, as amended by Spanish Law 16/2012, of 27 December, regulating REITs (REIT Act 2012). Sections 3 to 6 of that Act establish the main requirements and obligations that this type of companies must satisfy:

**Investment Requirements (Art.3)**

- a) REITs must have invested at least 80% of the value of their assets in urban properties earmarked for lease, in land to develop properties to be earmarked for that purpose, provided that development begins within three years following its acquisition, and in equity investments in other companies referred to in section 2.1 of the aforementioned Act.

This percentage is calculated based on consolidated balance sheet regardless of the place of residence and the obligation to prepare annual financial statements. Such a group must only comprise the REITs and the other entities referred to in section 2.1 of REIT Act 2009.

- b) Similarly, at least 80% of the income for the tax period for each year, excluding that arising from the disposal of shareholdings and properties used in the compliance of its main corporate purpose, once the holding period referred to below has elapsed, should come from the lease of properties and from dividends or shares in profit from these investments:

This percentage is calculated based on consolidated profit/loss regardless of the place of residence and the obligation to prepare annual financial statements. Such a group must only comprise the REITs and the other entities referred to in section 2.1 of REIT Act 2009.

- c) The properties that form part of the Group companies' assets must remain leased for at least three years. The time during which the properties have been made available for lease, up to a maximum of one year, will be included for the purposes of this calculation.

In this regard, the period will be calculated:

- For properties that are included in the Group companies' assets before the company applies the regime, from the beginning of the first tax period in which the special tax regime set forth in this Act is applied, provided that the property is leased or offered for lease at that date. Otherwise, the following letter will apply.
- For properties developed or acquired subsequently by the Group companies, from the date on which they were leased or made available for lease for the first time.

In the case of shares or investments in entities referred to in section 2.1 of this Act, they must be retained on the asset side of the Group companies' balance sheet for at least three years following their acquisition or, where applicable, from the beginning of the first tax period in which the special tax regime set forth in this Act is applied.

As established in Transitional Provision One of REIT Act 2009, as amended by REIT Act 2012, REITs may opt to apply the special tax regime in accordance with section 8 of this Act, even if they do not meet the requirements established therein, provided that such requirements are met

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within two years of the date they opt to apply the aforementioned regime.

In the event of a breach of any of the conditions, the Group companies would be switched to paying taxes under the general regime so long as the deficiency is not rectified in the year after the breach.

**Obligation to distribute profits (Section 6)**

Once the commercial and corporate requirements are fulfilled, the Group companies must distribute as dividends:

- 100% of the profit from dividends or shares in profit distributed by the entities referred to in section 2.1 of this Act.
- At least 50% of the profit generated from the transfer of property and shares or investments referred to in section 2.1 of REIT Act 2009, once the minimum holding periods have elapsed, subject to compliance of its main corporate purpose. The rest of the profit must be reinvested in other properties or shares subject to compliance with the corporate purpose of the REIT, within a period of three years following the date of transfer.
- At least 80% of the remaining profits obtained. When dividend distributions are charged to reserves generated from profits in a year in which the special tax regime applied, the distribution must necessarily be approved as set out above.

The dividend distribution resolution must be passed in the first six months after the close of each year, and the dividends must be paid out within one month of the date of the distribution resolution.

The income tax rate for REITs is 0%. However, where the dividends that the REIT distributes to its shareholders holding an ownership interest exceeding 5% are exempt from tax or are subject to a tax rate lower than 10%, the REIT will be subject to a special charge of 19%, which will be considered to be the income tax charge, on the amount of the dividend distributed to these shareholders. If deemed applicable, this special charge must be paid by the REIT within two months after the dividend distribution date.

Effective for fiscal years beginning on or after January 1, 2021, Law 11/2021, of July 9, on measures to prevent and combat tax fraud, amends section 4 of Article 9 of Law 11/2009, of October 26, which regulates Listed Real Estate Investment Companies (REITs). Specifically, a special tax rate of 15% is introduced on the amount of the profit obtained in the year that is not distributed, in the part that comes from income that has not been taxed at the general corporate income tax rate and income that does not derive from the transfer of qualifying assets, once the three-year holding period has elapsed, that have been covered by the three-year reinvestment period provided for in Article 6.1.b) of Law 16/2012, of December 27. This special tax rate will be considered as a corporate tax liability and will accrue on the day of the resolution of application of the result of the fiscal year by the General Shareholders' Meeting or equivalent body. The self-assessment and payment of the tax must be made within two months from the date of accrual.

If so required, each Group company's annual financial statements cover the information obligations provided in REIT Act 2009.

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**2. Basis of presentation of the consolidated financial statements**

**2.1. Fair presentation**

The consolidated financial statements, comprised by the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in net equity, the consolidated statement of cash flows, the consolidated directors' report and the consolidated notes to the financial statements comprising notes 1 to 27, have been prepared based on the accounting records.

These consolidated financial statements were prepared in accordance with the prevailing corporate and commercial law included in the Commercial Code amended in accordance with Spanish Law 16/2007, of 4 July, on reform and adaptation of accounting-related corporate and commercial law for international harmonisation in accordance with Union Law, Spanish Royal Decree 1514/2007, of 20 November, approving the Spanish National Chart of Accounts (Plan General de Contabilidad), and Spanish Royal Decree 1159/2010, of 17 September, approving the rules for the preparation of consolidated financial statements and its subsequent amendments and Spanish Royal Decree 602/2016, and with the Sector Adaptation for Real Estate Companies, to present fairly the Group's equity and financial position, as well as the accuracy of the cash flows included in the consolidated statement of cash flows.

Unless otherwise indicated, all amounts disclosed in the notes to these consolidated financial statements are expressed in euros.

These consolidated financial statements, which were formally prepared by the Parent's Directors, will be submitted for approval by the shareholders at the General Meeting and it is considered that they will be approved without any changes.

**2.2. Accounting principles**

The consolidated financial statements were prepared in accordance with obligatory accounting principles. All accounting principles with a significant effect on the financial statements were applied in their preparation.

**2.3. Key issues in relation to the valuation and estimation of uncertainty**

In preparing the accompanying consolidated financial statements, estimates were made by the Company's Directors in order to measure certain assets, liabilities, income, expenses and obligations reported to them. These estimates relate basically to the following:

- The useful life of investment properties (Note 4.5).
- The assessment of possible impairment losses on certain assets (Note 4.5).
- The calculation of provisions, and the likelihood of occurrence, and the amount of undetermined or contingent liabilities (Note 4.9).

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- The Parent Company and certain subsidiaries have availed themselves of the regime established under REIT Act 2009, of 26 October, amended by the REIT Act 2016, which, in practice, means that, provided certain requirements are met, the Parent Company and the subsidiaries are subject to an income tax rate of 0%. The Directors monitor compliance with the relevant legal requirements for the purpose of securing the tax advantages established therein. In this regard, the Directors consider that these requirements have been met at 31 December 2023 and 2022, and no results need to be recorded due to corporation tax (see note 4.10). The other companies not subject to the regime described above will analyse the provisions for future tax earnings that make it likely to apply assets from deferred taxes (see note 4.10).

These estimates were made based on the best information available up until the date of preparation of these consolidated financial statements, as there was no event that could change these estimates. Any future event unknown at the date of preparation might make it necessary to change these estimates (upwards or downwards), which would be recognised prospectively as appropriate.

**2.4. Comparative information**

In accordance with commercial law, with each of the items in the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and the consolidated statement of cash flows, in addition to the figures for the financial year 2023, those relating to the prior year are also submitted for comparison. The notes to the consolidated financial statements also include quantitative information from the previous year, except when an accounting standard specifically establishes that it is not necessary.

**2.5. Grouping of headings**

Certain items in the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows are grouped together to facilitate their understanding; however, whenever the amounts involved are material, the information is broken down in the related notes to the consolidated financial statements.

**2.6. Current and non-current classification**

Items due to be settled within a maximum of one year from the date of these consolidated financial statements are classified as current.

**2.7. Going-concern principle**

At the close of 2023, the Group recorded losses that have worsened its financial situation, and it had a negative consolidated working capital amounting to €15.5 million (€10.6 million in 2022), with its current liabilities including €20.9 million in debt to group companies (€13.6 million in 2022).

The Directors of the Parent Company believe that this situation is reasonable in a newly-created Group that has yet to become fully operational. Likewise, different transactions have been completed after the year-end aimed to strengthen the financial situation of the Group, having financing available both from external and group sources which allow to cover the cash needs in the near future (Note 26).

Additionally to this, as mentioned in note 8, the real estate assets owned by the Group have latent capital gains which are not reflected on an accounting basis following the accounting principles that are applicable to the Group.

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When combined with the express support from its parent company, this situation will allow the Group to normalise its financial situation in the short-term. Therefore, the consolidated financial statements have been presented based on the principle of a going concern that presumes the realisation of assets and the liquidation of liabilities in the normal course of operations.

**2.8. Changes in the scope of consolidation**

There have been no changes in the scope of consolidation during 2023. The additions to the scope of consolidation in 2022 were as follows:

Name and address	Shares		Shareholder Company	Date incorporated into the Group	Consolidation method	Activity
	Amount (Euros)	Nominal (%)				
Compañía de Financiación, Explotación e Inversión, S.L.U. Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	19,825,000	100%	Iante Investments SOCIMI, S.A.	07/02/2022	Full Consolidation	Real Estate
Salford Corporate Services, S.L.U. Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	3,000	100%	Iante Investments SOCIMI, S.A.	13/04/2022	Full Consolidation	Real Estate
Arua Corporate Services, S.L.U. Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid	314,278	100%	Iante Investments SOCIMI, S.A.	01/06/2022	Full Consolidation	Real Estate
Elba Ventures & Investments, S.L.U Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid.	3,000	100%	Iante Investments SOCIMI, S.A.	08/11/2022	Full Consolidation	Real Estate
Fontana Ventures & Investments, S.L.U Calle Serrano 57, 2 <sup>nd</sup> floor, Madrid.	3,000	100%	Iante Investments SOCIMI, S.A.	29/11/2022	Full Consolidation	Corporate

**3. Proposal for distribution of profit/(loss) from the Parent Company:**

The proposal for distribution of profits/(loss) from the Parent Company that the Board of Directors will present to the General Shareholder's meeting is as follows:

	<b>Euros</b>	<b>Euros</b>
	<b>2023</b>	<b>2022</b>
<b><u>Basis for distribution</u></b>		
Profit/(loss)	(3,462,670)	(6,442,582)
<b><u>Application</u></b>		
Prior years' losses	(3,462,670)	(6,442,582)

On June 30, 2023, the Shareholders at their General Meeting approved the application of the Parent Company's losses for the year 2022 in the amount of 6,442,582 euros against Prior years' losses.

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**4. Accounting standards and measurement bases**

The main accounting policies and measurement bases used in the preparation of the consolidated financial statements were as follows:

**4.1. Subsidiaries**

**Acquisition of control**

Acquisition by the Parent (or another Group company) of control of a subsidiary constitutes a business combination that is recognised in accordance with the acquisition method. This method requires the acquiring company to recognise, at the date of acquisition, the identifiable assets acquired and the liabilities assumed in the business combination, and, where applicable, the corresponding goodwill or negative difference. Subsidiaries are consolidated from the date on which control passes to the Group, and are excluded from consolidation on the date on which control ceases to exist.

The acquisition cost is calculated as the sum of the fair values on the date of acquisition of the assets delivered, the liabilities incurred or assumed and the equity instruments issued by the acquirer and the fair value of any contingent consideration that depends on future events or the fulfilment of certain conditions that must be recognised as an asset, liability or equity based on its nature.

The expenses related to issuing the equity instruments or the financial liabilities delivered are not part of the cost of the business combination and are recognised in accordance with the rules applicable to financial instruments. The fees paid to legal advisors and other professionals who participate in the business combination are recognised as expenses as they are incurred. The expenses incurred internally for these items and, where applicable, those incurred by the entity acquired do not form part of the cost of the business combination.

**Consolidation method**

The assets, liabilities, income, expenses, cash flows and other items of the Group companies' financial statements are fully consolidated in the Group's consolidated financial statements. This method requires the following:

Chronological homogenisation.

The consolidated financial statements are prepared on the same date and for the same period as the financial statements for the company that must be consolidated. Companies whose reporting date differs are included through interim financial statements at the same date and for the same period as the consolidated financial statements.

Appraisal homogenisation.

The assets, liabilities, income and expenses and other items in the financial statements for the Group companies were measured following uniform methods. Assets, liabilities, income or expenses that have been measured using criteria that are not consistent with those used on consolidation have been measured again, making the necessary adjustments, for the sole purpose of consolidation.

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**Aggregation.**

The various items in the individual financial statements previously standardised are aggregated according to their nature.

**Investment-equity elimination.**

The book values representing the equity instruments of the subsidiary owned, directly or indirectly, by the Parent, are offset with the proportional part of the equity items of the aforementioned subsidiary attributable to the said ownership interests, generally, based on the values obtained from applying the acquisition method described above. On consolidation in years following the acquisition of control, the excess or lack of equity generated by the subsidiary from the date of acquisition attributable to the parent is recognised on the consolidated balance sheet under reserves or valuation adjustments based on its nature.

According to the definition under section 38 of Spanish Royal Decree 1159/2010, of 17 September, approving the Standards for Preparing Consolidated Annual Financial Statements, if companies are consolidated that do not constitute an undertaking, then the equity elements of a subsidiary they should be reflected in the consolidated annual financial statements in accordance with the rules in the National Chart of Accounts for each of them, both on the date they joined the group and in subsequent years, until they are sold off or disposed of otherwise.

In this case, the book value of the stake will be distributed based on the relative fair value of the various identifiable acquired assets and the liabilities taken on, with no need to recognise goodwill or badwill.

**Minority interests.**

The portion attributable to minority interests is recorded under "Minority interests". Minority interests are valued on the basis of their effective interest in the net assets of the subsidiary after incorporation of the above adjustments.

**Elimination of intragroup items.**

All receivables, payables, income, expenses and cash flows between Group companies are eliminated. Likewise, all results arising from internal transactions are eliminated and deferred until they are realized with third parties outside the Group.

**4.2. Goodwill**

At the close of 2023 and 2022, goodwill corresponds to the positive differences between the book value of the participation and the value attributed to that participation of the fair value of the assets acquired and liabilities taken on from the companies acquired in the year.

Goodwill is allocated to the cash-generating units to which the economic benefits of the business combination are expected to flow, and any corresponding valutative adjustments are then recorded.

If an impairment loss has to be recognised for a cash-generating unit to which all or part of an item of goodwill has been allocated, the carrying amount of the goodwill relating to that unit is written down first. If the loss exceeds the carrying amount of this goodwill, the carrying amount of the other assets of the cash-generating unit is then reduced, on the basis of their carrying

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amount, down to the limit of the highest of the following values: fair value less costs to sell; value in use; and zero. Impairment loss is recorded as loss under the results from the year.

Where an impairment loss is subsequently reversed (not permitted in the specific case of goodwill), the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. These reversals of losses due to impairment are credited under consolidated profits and losses.

Goodwill is amortised linearly over ten years. Useful life is determined separately for each cash generating unit assigned goodwill.

**4.3. Intangible assets**

The assets included as intangible assets are accounted for at their acquisition price. The intangible assets are presented in the balance sheet with their costs minus the amount of the accumulated amortisation and impairment charges as of that date. Specifically, the following criteria are applied:

**Computer software**

Computer software that meets the recognition criteria are capitalised at their acquisition or preparation costs. Computer software is amortised on a straight-line basis over three years from the entry into service of each application.

The maintenance costs for computer software are accounted for as expenses when they are incurred.

**4.4. Tangible fixed assets**

Tangible fixed assets are valued at their acquisition price or production cost plus the adjustments applied as specified under the various legal provisions, the last of which was approved by Law 16/2012, of 27 December, and minus the corresponding cumulative amortisation and impairment losses.

Indirect taxes charged on tangible fixed assets are only incorporated into the acquisition price or production cost when they could not be directly refunded from the tax authorities.

The depreciation of property components is calculated by systematically distributing the amortisable amount throughout the asset's lifespan. Based on this, the amortisable amount refers to the asset's acquisition cost minus its residual value.

The depreciation of tangible fixed assets is determined by applying the following criteria:

<b>Depreciation coefficient</b>	<b>%</b>
Technical and mechanical facilities	10
Furniture and fixtures	10
Equipment for processing information	4

The Group reviews the residual value, the useful life and the basis of depreciation of the tangible fixed assets at the end of each year. The modifications made to the initially

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established criteria are recognized as a change in estimation.

#### **4.5. Investment properties**

Investment property includes land, buildings or other constructions held to earn rents or for capital appreciation upon disposal due to future increases in their respective market prices.

Investment property is initially recognised at its cost (either its acquisition price or its production cost), including directly related expenses, which include, in addition to the amount invoiced by the seller after deduction of any discounts and reductions in price, any additional and directly related expenses incurred until it is brought into operating condition.

After initial recognition, they are valued at cost, less accumulated amortization and, if applicable, the accumulated amount of impairment losses recorded.

The cost of any acquired or produced assets that need more than one year to be brought into operation condition includes the financial expenses accrued before the property meeting requirements for capitalisation was brought into operating condition.

The value of investment properties also includes the initial estimate of the present value of asset dismantling or retirement obligations and other associated costs, such as the cost of restoring assets when these obligations lead to recognising provisions.

Repairs that do not lead to a lengthening of the useful life and maintenance expenses are expensed currently. Costs from making expansions or improvements that increase an asset's productive capacity or its service life are added to the asset as increases in its value.

Where applicable, changes that arise from the residual value, useful life and the method of depreciating an asset are recognised prospectively as changes in the accounting estimates, except if it is an error.

Lands and buildings with future uses that were not defined when they were added to the Company's assets are classified as investment properties. Properties that are under construction or improvement for future use are classified as current fixed assets.

The criteria used to recognise the impairment losses on these assets and, where applicable, the reversal of impairment losses recognised in prior years are described below.

The depreciation charge for investment property is calculated using the straight-line method based on the years of estimated useful life of the assets. The annual depreciation rates applied to the respective book values, and the years of estimated useful life, are as follows:

	Annual Percentage
Buildings	2%
Furniture	10%

Tangible fixed assets in progress is not depreciated until it enters into operation, at which time it is transferred to the corresponding investment property account in view of its nature.

Turnkey contracts are contracts in which the transfer of control (and of the risks and rewards)

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takes place when the asset is delivered. The amounts initially paid on account are recorded as advances under current Investment Property in progress.

**Impairment of investment property**

An impairment loss occurs on an investment property when its carrying amount exceeds its recoverable amount, which is understood to be the higher of fair value less costs to sell and value in use. Value in use is the present value of expected future cash flows, applying risk-free market interest rates adjusted for the specific risks associated with the asset. For assets which do not generate cash flows that are largely independent of those arising from other assets or groups of assets, the recoverable amount is determined for the cash-generating units to which these assets belong.

For these purposes, least at the end of each reporting period, the Company assess as to whether there is any evidence that investment property has suffered impairment.

Impairment losses and their reversal are recorded in the income statement. Impairment losses are reversed when the circumstances giving rise to them cease to exist, except those corresponding to goodwill. The reversal of impairment is limited to the carrying amount of the asset that would appear had the corresponding value impairment not been previously recognised.

**4.6. Leases and other similar transactions**

The Company recognises those transactions for which the lessor transfers substantially all the risks and rewards incidental to ownership of the leased asset to the lessee as finance leases, and recognises all others as operating leases.

**Financial leases**

In finance lease transactions in which the Company acts as lessor, at the initial moment of the lease, a credit is recognized for the present value of the minimum lease payments receivable plus the residual value of the asset, discounted at the implicit interest rate of the contract. The difference between the credit recorded in the asset and the amount receivable, corresponding to unearned interest, is charged to the consolidated income statement for the year as it accrues, in accordance with the effective interest rate method. In addition, the Company initially derecognizes the leased asset and recognizes the difference between the fair value and the net book value of the asset.

In financial leases where the Company is the lessee, the Company records an asset on the balance sheet based on the nature of the asset referred to in the lease, and a liability for the same amount, which is either the fair value of the leased asset or the current value of the minimum agreed sums at the start of the lease, including the option to buy. Contingent instalments, the cost of services and taxes recoverable by the lessor are not included. The finance charges are allocated to the income statement for the fiscal year in which they are accrued, applying the effective interest rate. Contingent instalments are recorded as expenses in the year in which they are incurred.

The assets recorded for these types of transactions are amortised using the same criteria as those applied to all of the tangible (or intangible) assets, in view of their nature.

**Operating leases**

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Revenues and expenditures derived from operational leases are charged to the consolidated income statement in the year in which they accrued.

Also, the acquisition cost of the leased asset is presented in the consolidated balance sheet according to the nature of the asset, increased by the costs directly attributable to the lease, which are recognised as an expense over the lease term, applying the same method as that used to recognise lease income.

Expenses resulting from operating leases are recognised in the consolidated income statement in the year in which they are incurred.

Any collection or payment made under an operating lease is treated as a prepayment or collection, which is charged or credited to income over the lease term as the benefits of the leased asset are transferred or received.

#### **4.7. Financial instruments**

On initial recognition, the Company classifies financial instruments as a financial asset, a financial liability or an equity instrument, depending on the economic substance of the transaction.

A financial instrument is recognized when the Company becomes a party to the financial instrument, either as the acquirer, the holder or the issuer of the financial instrument.

##### **4.7.1. Financial assets**

The Company classifies its financial assets based on the business model applied to them and the cash flow characteristics of the instrument.

Management of the company determines the business model. It reflects the way in which each group of financial assets is jointly managed to achieve a specific business objective. The business model that the Company applies to each group of financial assets is the way in which the Company manages them in order to obtain cash flows.

When it comes to categorize the assets, the characteristics of the cash flows that accrue from them are also been considered. Specifically, it distinguishes between those financial assets whose contractual terms give rise, on specified dates, to cash flows that are collections of principal and interest on the principal amount outstanding (hereinafter, assets that meet the UPPI criterion), from all other financial assets (hereinafter, assets that do not meet the UPPI criterion).

In particular, financial assets from the company are classified as follows:

###### **4.7.1.1. Financial Assets at fair value with changes in income statement**

As a general criterion, the Company classifies its financial assets as financial assets at fair value through profit or loss, unless they have to be classified in any other category of those indicated subsequently by the applicable financial reporting framework.

In particular, financial assets held for trading are classified within this category. The Group considers that a financial asset is held for trading when:

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- It is originated or acquired with the purpose of being sold in the short term
- In the moment of its initial recognition it is part of a portfolio of financial instruments that are identified and managed together for which there is evidence of recent acts aimed at obtaining short term gains, or
- It is a derivative financial instrument, as long as it is not a financial guarantee agreement, and it has not been designated as a hedge.

In any case, the Company, at the time of initial recognition, classifies in this category any financial asset that it has designated as a financial asset at fair value through profit or loss, since this eliminates or significantly reduces a valuation inconsistency or accounting asymmetry that would arise in the case of classifying it in another category.

They are initially recorded at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration given. Transaction costs directly attributable to them are recognized as an expense in the income statement.

Subsequent to initial recognition, the Company records the assets included in this category at fair value, recording the changes in the consolidated income statement.

#### 4.7.1.2. Financial assets at amortised cost

These correspond to financial assets to which the Company applies a business model whose objective is to receive 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 only collections of principal and interest, on the principal amount outstanding, even when the asset is admitted to trading on an organized market, so they are assets that meet the UPPI criterion (financial assets whose contractual terms give rise, on specified dates, to cash flows that are collections of principal and interest on the principal amount outstanding).

The Company considers that the contractual cash flows of a financial asset are only collections of principal and interest on the principal amount outstanding, when these are those of an ordinary or common loan, regardless of whether the transaction is agreed at a zero or below-market interest rate.

In general, this category includes trade receivables and non-trade receivables:

- Trade receivables: Financial assets arising from the sale of goods and the rendering of services in connection with the company's business transactions for deferred collection.
- Receivables from non-trade operations: Those financial assets that, despite the fact that they are not equity instruments or derivatives, they do not have a commercial origin and their collections are of a determined or determinable amount, arising from loan or credit operations granted by the Company.

They are initially recorded at the fair value of the consideration given plus directly attributable transaction costs.

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Despite the facts mentioned above, trade receivables maturing within one year and which do not have a contractual interest rate are initially valued at their nominal value, provided that the effect of not discounting the cash flows is not significant, in which case they will continue to be valued subsequently at that amount, unless they are impaired.

Subsequent to initial recognition, they are valued at amortised cost. Accrued interest is recorded in the abridged income statement.

However, receivables maturing in less than one year which, in accordance with the provisions of the preceding paragraph, are initially valued at their nominal value, continue to be valued at that amount, unless they have been impaired.

When the contractual cash flows of a financial asset are modified due to the issuer's financial difficulties, the Company analyses whether an impairment loss should be recorded.

At year-end, the Company makes the appropriate impairment adjustments 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 occurring after initial recognition, which cause a reduction or delay in the collection of estimated future cash flows, which may be caused by the debtor's insolvency.

Impairment losses are recorded based on the difference between their book value and the present value at year-end of the estimated future cash flows to be generated (including those from the execution of real and/or personal guarantees), discounted at the effective interest rate calculated at the time of their initial recognition. For financial assets at variable interest rates, the Company uses the effective interest rate that, in accordance with the contractual terms of the instrument, is applicable at year-end. These adjustments are recognized in the consolidated income statement.

#### 4.7.1.3. Financial Assets at fair value with changes in equity

This category includes financial assets that, in accordance with their contractual clauses, on specified dates, generate cash flows corresponding solely to principal and interest payments on the principal amount outstanding, and are not held for trading, nor are they classified in the "financial assets at amortised cost" category.

Investments in equity instruments for which the irrevocable option for classification as "Financial assets at fair value with changes in income statement" has been exercised are also included in this category.

They are initially recorded at the fair value of the consideration given plus directly attributable transaction costs (including preferential subscription rights and similar, if any, that the Company has had to pay or has undertaken to pay in order to acquire control of the asset).

Subsequent to initial recognition, these assets are measured at fair value, without taking into account any transaction costs that the Company may incur in the event of disposal. Changes in the fair value of financial assets are recorded as income or an expense directly charged to equity until the asset is derecognized or impaired, at which time the amount recognized in equity is charged to the consolidated income statement.

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However, impairment losses and gains and losses resulting from exchange differences on monetary financial assets denominated in foreign currencies are recorded in the consolidated income statement.

Financial income (calculated using the effective interest rate method) from interest accrued on the financial instrument is recorded in the consolidated income statement. Likewise, dividends generated by the financial asset are recorded as income in the income statement, if it is undoubtedly distributing results that it has generated since the Company took control of it. Otherwise, they are recorded as a reduction in the cost of the asset.

At year-end, the Company makes the necessary impairment adjustments whenever there is objective evidence that the value of a financial asset, or group of financial assets classified in this category, with similar risk characteristics valued collectively, has deteriorated as a result of one or more events that have occurred since their initial recognition, and which have caused:

- In the case of debt instruments acquired, a reduction or delay in the estimated future cash flows resulting from the debtor's insolvency; or
- In the case of investments in equity instruments, the non-recoverability of the book value of the asset, evidenced by a prolonged or significant decline in its fair value. In any case, the Company presumes that the asset has suffered an impairment when:
  - There has been a continuous decline in its value for one and a half year or;
  - Forty percent of its market value,

without the recovery of its value and without prejudice to the recognition of an impairment loss prior to the occurrence of either of these two circumstances.

However, the valuation adjustments and results arising from exchange differences on financial assets denominated in a functional currency other than that of the Company are recorded in the income statement.

Impairment losses are recognized at the difference between their cost or amortised cost less, if applicable, any impairment loss previously recognized in the income statement, and the fair value at the time the valuation is made.

Accumulated impairment losses recognized in equity due to a decrease in fair value are recognized in the income statement. If in subsequent years the fair value increases, the valuation adjustment recognized in prior years will be reversed with a credit to the income statement for the year, unless the increase in fair value corresponds to an equity instrument, in which case, the valuation adjustment recognized in prior years will not be reversed with a credit to the income statement and the increase in fair value will be recorded directly against equity.

#### 4.7.1.4. Financial Assets at cost

This category includes the following financial assets:

- Investments in the equity of group, multi-group and associated companies.

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- The remaining investments in equity instruments whose fair value cannot be determined by reference to an active market, or cannot be reliably estimated, and derivatives whose underlying assets are of this type.
- Hybrid financial assets whose fair value cannot be reliably estimated, unless they meet the criteria to be classified as a financial asset at amortized cost.
- Contributions made to joint ventures and similar accounts.
- Participating loans whose interest is contingent, either because a fixed or variable interest rate is agreed upon, conditioned to the fulfillment of a milestone by the borrower (e.g. the obtaining of profits), or because it is calculated with reference to the evolution of the borrower's activity.
- Any financial asset that could initially be classified as a financial asset at fair value through profit or loss, when it is not possible to obtain a reliable estimate of fair value.

They are initially recorded at cost, which is equal to the fair value of the consideration given plus directly attributable transaction costs, the latter not being included in the cost of investments in group companies.

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

The initial valuation includes the amount of any preferential subscription rights and similar rights that may have been acquired.

Equity instruments classified in this category are valued at cost, less any accumulated impairment losses.

When these assets must be assigned value due to derecognition or for any other reason, the weighted average cost method is applied by homogeneous groups, which are understood to be those securities that have equal rights.

In the case of the sale of pre-emptive subscription rights and similar rights or their segregation for exercise, the amount of the cost of the rights decreases the book value of the respective assets.

Contributions made as a result of a joint venture and similar contracts are valued at cost, increased or decreased by the profit or loss, respectively, corresponding to the company as non-managing participant, and less, if applicable, the accumulated amount of valuation adjustments for impairment.

The same criterion is applied to participating loans whose interest is contingent, either because a fixed or variable interest rate is agreed upon conditional upon the achievement of a milestone in the borrower company (for example, the obtaining of profits), or because it is calculated exclusively by reference to the evolution of the company's activity. If, in addition to contingent interest, irrevocable fixed interest is agreed, the latter is recognized as finance income on an accrual basis. Transaction costs are charged to the income statement on a straight-line basis over the life of the participating loan.

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At least at year-end, the Company makes the necessary valuation adjustments whenever there is objective evidence that the carrying amount of an investment is not recoverable.

The amount of the valuation adjustment is calculated as the difference between its book value and the recoverable amount, understood as the higher of 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 is calculated either by estimating those to be recovered, or by estimating the amount to be recovered from the investment, either by estimating those expected to be received as a result of the distribution of dividends by the investee and the disposal or derecognition of the investment in the investee, or by estimating its share in the cash flows expected to be generated by the investee, both from its ordinary activities and from its disposal or derecognition.

The recognition of impairment losses and, if applicable, their reversal, will be recorded as an expense or income, respectively, in the income statement. The reversal of the impairment will be limited to the carrying amount of the investment that would have been recognized at the date of reversal if the impairment had not been recorded.

However, in the event that an investment had been made in the company, prior to its classification as a group, multi-group or associated company, and prior to that classification, valuation adjustments had been made and charged directly to equity arising from such investment, such adjustments are maintained after the classification until the disposal or derecognition of the investment, at which time they are recorded in the profit and loss account, or until the following circumstances occur:

- (a) In the case of previous valuation adjustments for increases in value, the valuation adjustments for impairment shall be recorded against the equity item that includes the valuation adjustments previously made up to the amount thereof, and the excess, if any, is recorded in the profit and loss account. The valuation adjustment for impairment charged directly to equity is not reversed.
- (b) In the case of previous valuation adjustments due to reductions in value, when the recoverable amount subsequently exceeds the carrying amount of the investments, the latter is increased, up to the limit of the aforementioned reduction in value, against the item that included the previous valuation adjustments and from that moment onwards the new amount arising is considered to be the cost of the investment. However, when there is objective evidence of impairment in the value of the investment, the accumulated losses are recognized directly in equity in the consolidated income statement.

Reclassification of financial assets

When the company changes the way in which it manages its financial assets to generate cash flows, it shall reclassify all the assets affected in accordance with the criteria established in the preceding paragraphs. The reclassification of category is not a derecognition but a change in the valuation criteria.

For these purposes, changes arising from the following circumstances are not reclassifications:

- (a) When an item that was previously a designated and effective hedging instrument in a cash flow hedge or in a hedge of the net investment in a foreign operation no longer meets

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the requirements to be considered as such.

b) When an item becomes a designated and effective hedging instrument in a cash flow hedge or in a hedge of the net investment in a foreign operation.

**Derecognition of financial assets**

Financial assets are derecognized from the balance sheet, as established in the Conceptual Accounting Framework of the Spanish National Chart of Accounts, approved by Royal Decree 1514/2007, of November 16, 2007, based on the economic reality of the transactions and not only on the legal form of the contracts that regulate them. Specifically, the derecognition of a financial asset is recorded, in whole or in part, when the contractual rights to the cash flows from the financial asset have expired or when it is transferred, provided that in such transfer substantially all the risks and rewards of ownership are transferred. The Company considers that the risks and rewards of ownership of the financial asset have been substantially transferred when its exposure to changes in cash flows is no longer significant in relation to the total change in the present value of future net cash flows associated with the financial asset.

If the Company has neither transferred nor retained substantially all the risks and rewards of the financial asset, the asset is derecognized when control is not retained. If the Company retains control of the asset, it continues to recognize it at the amount to which it is exposed to changes in the value of the transferred asset, i.e., for its continuing involvement, recognizing the associated liability.

The difference between the consideration received net of attributable transaction costs, considering any new asset obtained less any liability assumed, and the carrying amount of the financial asset transferred, plus any cumulative amount recognized directly in equity, determines the gain or loss arising on derecognition of the financial asset and forms part of the profit or loss for the year in which it arises.

The Group does not derecognize financial assets in transfers in which it retains substantially all the risks and rewards of ownership, such as bill discounting, factoring with recourse, sales of financial assets with repurchase agreements at a fixed price or at the sale price plus interest, and securitizations of financial assets in which the Companies retain subordinated financing or other types of guarantees that absorb substantially all the expected losses. In these cases, the Group recognizes a financial liability for an amount equal to the consideration received.

**4.7.2. Financial liabilities**

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

**4.7.2.1. Financial liabilities at amortised cost**

In general, the Group classifies within this category the following financial liabilities:

- Trade payables: financial liabilities arising from the purchase of goods and services in connection with the company's business operations with deferred payment; and
- Non-trade payables: financial liabilities which, not being derivative instruments, do not have a commercial origin, but arise from loan or credit operations received by the

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Group.

Participating loans that have the characteristics of an ordinary or common loan are also included in this category.

Financial liabilities at amortised cost are initially measured at fair value, being the transaction price, which is the fair value of the consideration received adjusted for directly attributable transaction costs.

However, trade payables maturing in less than one year and not bearing a contractual interest rate, as well as disbursements required by third parties on holdings, the amount of which is expected to be paid in the short term, are measured at nominal value, when the effect of not discounting cash flows is not significant.

Subsequently, financial liabilities included in this category are measured at their amortised cost. Accrued interest are recognised in the profit and loss statement using the effective interest method. However, debts maturing in less than one year that are initially valued at their nominal value continue to be valued at that amount.

#### **4.7.2.2. Financial liabilities at fair value with changes in the income statement**

This category includes financial liabilities that meet any of the following conditions:

- a) Liabilities held for trading.
- b) Those irrevocably designated from initial recognition to be carried at fair value through the income statement, because:
  - An accounting inconsistency or "accounting mismatch" with other instruments at fair value through profit or loss is eliminated or significantly reduced; or
  - A group of financial liabilities or financial assets and liabilities is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy and group information is also provided on a fair value basis to key management personnel.

#### **4.7.2.3. Non-severable hybrid financial liabilities included on an optional and irrevocable basis.**

Financial liabilities included in this category are initially measured at fair value, being the transaction price, which is the fair value of the consideration received. Transaction costs directly attributable to them are recognised in the consolidated income statement for the year.

After initial recognition, financial liabilities in this category are measured at fair value in the consolidated income statement.

In the case of renegotiation of existing debt, no material modification of the financial liability is deemed to exist when the lender of the new loan is the same as the lender of the original loan and the present value of the cash flows, including net fees, does not differ by more than 10% from the present value of the outstanding cash flows of the original liability calculated under the same method.

#### **4.7.2.4. Financial liabilities derecognition**

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The Group derecognises a financial liability when the obligation has disappeared. The Group also derecognises financial liabilities held with itself that are acquired (even when the intent is to sell them in the future).

When there is an exchange of debt instruments with a borrower, when they have substantially different conditions, the original financial liability is derecognised and the new financial liability that emerges is recognised. In the same manner is recorded a substantial modification of the current conditions of a financial liability.

The difference between the book value of the financial liability, or the part of it that is derecognised, and the consideration paid, including attributable transaction costs, and which also includes any asset given different than cash and cash equivalents or liability assumed, is recognised in the consolidated income statement of the year when it takes effect.

When there is an exchange of debt instruments that do not have substantially different conditions, the original financial liability is not derecognised from the Consolidated Balance Sheet, recording the amount of fees paid as an adjustment to its book value. The new amortised cost of the financial liability is determined applying the effective interest rate, which is such that equals the book value of the financial liability as of the date of modification with the cash flows to be paid according to the new conditions.

In this regard, it is considered that the conditions of the agreements are substantially different when the borrower is the same that granted the original loan and the current value of the cash flows of the new financial liability, including net fees, differs at least by 10% from the current value of the cash flow payments outstanding from the original loan, discounted both at the effective interest rate of the original loan. Additionally, the Group, in those cases where said difference is below 10% also considers that the conditions of the new financial instrument are substantially different when there are other types of substantial modifications of a qualitative nature, such as: change from a fixed interest rate to a variable one or viceversa, the restatement of the liability in a different currency, an ordinary loan that becomes subordinated, etc.

#### 4.7.2.5. Accounting hedges

The Group uses financial derivatives as part of its strategy to decrease its exposure to the interest rate risk. Hedge transactions performed by the Group are classified as cash flow hedges and cover the exposure to the fluctuation in the future cash flows attributable to:

- Interest rate risk, by entering in financial swaps that allow to transform part of the group financial costs rererenced to a variable rate into a fixed rate.

The Group following section 1 of the third transitory act of the Royal Decree 1/2021, dated January 12, that modifies the General Accounting Plan approved by the Royal Decree 1514/2007, from November 16, has opted to continue applying the criteria established by the previous ninth standard for accounting and valuing financial instruments for hedges. The Group, following this standard has applied this criteria to all their hedges.

The Group uses the following types of hedges, which are accounted for as follows:

- Cash flow hedges: They are those hedges covering the exposure to the fluctuation in interest rates which is attributed a specific risk associated with recognised assets or liabilities or to a likely transaction, as long as it impacts the consolidated income statement. The part of the gain or loss of the hedge instrument that is determined as an effective hedge is recognised

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temporarily as equity, being transferred to the consolidated income statement in the same period in which the transaction being hedged impacts the profits and losses, unless the hedge corresponds to a foreseen transaction that ends with the recognition of a non-financial asset or liability, in which case, the amounts recorded in equity are included in the cost of the asset or liability when it is acquired or assumed.

At the beginning of the hedging relationship, the Group performs the formal designation of such relationship between the hedging instrument and the hedged caption, documenting it. This implies formalizing the objective set by the Group for such hedging relationship and how this objective connects to the overall risk management strategy. Additionally, the Group includes within this formal documentation, the identification of the hedging instrument and the hedged caption, the risk covered and how the effectiveness of such hedging relationship is to be measured.

The Group records these hedging relationships only when:

- There is an economic relationship between the hedged caption and the hedging instrument
- The credit risk does not have a dominant effect over the changes in the value resulting from that economic relationship
- The coverage ratio of the hedging relationship, understood as the amount of the hedged caption between the amount of the hedging instrument, is the same as the coverage ratio that is used for management purposes. Nevertheless, such designation should not reflect an imbalance between the weights of the hedged caption and the hedging instrument that generates an ineffectiveness in the coverage, regardless of whether it is recognised or not, which could result in an adverse accounting result to the objective of the hedging accounting.

The Group evaluates the compliance of such requirements in the coverage relationship at its inception and subsequently in a prospective manner, at least at the end of the year or when significant changes with potential impact over its effectiveness take place.

The Group performs a qualitative evaluation of the effectiveness by performing a test of critical elements to identify potential causes of ineffectiveness in the hedge, if applicable. When the result of such test implies that there are potential causes of ineffectiveness in the hedge, a hypothetical derivative is used with matching conditions to those of the covered caption to evaluate from a quantitative standpoint the ineffectiveness of the hedging relationship.

To perform such quantitative test, the Group takes into account the temporary value of cash.

The Group only designates as hedging instruments to derivative financial instruments.

If subsequently to its designation as a hedging relationship, it ceases to meet the aforementioned requirements, or ceases to be effective, this adjusts the hedging relationship, increasing or decreasing the notional of the hedging instrument or increases or decreasing the value of the hedged caption so that it continues to be effective prospectively (rebalance). Once performed, the rebalance, the Group records as ineffective the part that remains outside of the hedging relationship, once this is redefined, recording the corresponding impact in the consolidated income statement. The part of the hedging instrument and the hedged caption that remain in the hedging relationship are recorded as such.

The Group interrupts the hedging relationship prospectively only when this ceases to meet the requirements or is ineffective even after performing the corresponding rebalance. In this case, the Group records the ineffectiveness in the consolidated income statement. In the case of the cash flow hedges, the

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accumulated amount in recognised income and expenses is not transferred to the income statement until the foreseen transaction takes place. However, the accumulated amounts in recognised income and expenses are reclassified as financial income or expenses in the moment in which the Group does not that the foreseen transaction will take place.

**4.8. Guarantees delivered and received**

The difference between the fair value of the guarantees delivered and received and the amount paid or collected is- considered to be a prepayment or advance for the operating lease or the provision of the service, which is taken to consolidated profit or loss over the lease term or over the period in which the service is provided.

In the case of short-term guarantees, cash flows are not discounted since their effect is not significative.

**4.9. Transactions in foreign currencies**

The functional currency of the Company is the euro.

Transactions expressed in foreign currencies are converted into the operational currency by applying the applicable exchange rate when the corresponding transaction was performed, recording them at the close of the financial year based on the exchange rate in force at that time.

In the particular case of monetary financial assets classified as available for sale, any exchange differences arising from changes in the exchange rate between the transaction date and the year-end date are determined as if these assets were measured at amortised cost in the foreign currency, so that the exchange differences will be those arising from changes in the amortised cost as a result of changes in exchange rates, irrespective of their fair value.

Any exchange differences that arise due to recognition of debits and credits in foreign currencies at year end are allocated directly to the consolidated income statement.

**4.10. Income taxes**

Current tax is the amount resulting from applying the tax rate to the tax base for the year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carryforwards from prior years effectively offset in the year, reducing the current income tax expense.

The deferred tax expense or income corresponds to recognition and settlement of deferred tax assets arising from deductible temporary differences, tax loss carryforwards and unused tax credits and other tax assets pending application and deferred tax liabilities arising from taxable temporary differences. Deferred tax assets and liabilities are measured at the tax rates estimated at the date of reversal.

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

In accordance with the accounting principle of prudence, deferred tax assets are only recognised to the extent that it is considered probable that taxable profits will be obtained in the future. However, deferred tax assets are not recognised from temporary deductible differences deriving from the initial recognition of assets and liabilities in a transaction that do not affect the tax result and the accounting result and that are not a business combination.

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Current tax income or expense and deferred taxes are recognised in the income statement. However, current and deferred tax assets and liabilities relating to a transaction or event that is recognised directly in equity are recognised with a charge or credit to this heading.

The deferred tax assets and liabilities recognised are reassessed at each reporting date in order to ascertain whether they still exist, and the appropriate adjustments are made. Deferred tax assets recognised and those not previously recognised are reassessed. Any assets recognised that are not likely to be recovered are derecognised while any assets of this nature that have not been recognised previously are recognised to the extent that it is probable that they will be recovered against future taxable profit.

Effective for fiscal years beginning on or after January 1, 2021, Law 11/2021, of July 9, on measures to prevent and combat tax fraud amends Article 9.4 of Law 11/2009, of October 26, which regulates Listed Real Estate Investment Companies (REITs).

Specifically, a special tax rate of 15% is introduced on the amount of the profit obtained in the year that is not distributed, in the part that comes from income that has not been taxed at the general corporate income tax rate and income that does not derive from the transfer of qualifying assets, once the three-year holding period has elapsed, that have been covered by the three-year reinvestment period provided for in Article 6.1.b) of Law 16/2012, of December 27, 2012. This special tax rate will be considered as a corporate tax liability and will accrue on the day of the resolution of application of the result of the fiscal year by the General Shareholders' Meeting or equivalent body. The self-assessment and payment of the tax must be made within two months from the date of accrual.

#### **4.11. Provisions and contingencies**

When preparing the consolidated financial statements the Company's directos made a distinction between:

##### **4.11.1. Provisions**

Credit balances covering present obligations from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain as to its amount and/or timing will be required to settle the obligations.

##### **4.11.2. Contingent liabilities**

Possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Company's control.

The consolidated financial statements include all provisions with respect to which it is considered more likely than not that the obligation will have to be settled, and they are measured at the present value of the best estimate available of the amount required to pay or transfer the obligation to a third party. Contingent liabilities are not recognised in the consolidated financial statements, but rather are disclosed in the notes.

Provisions are measured at the reporting date at the present value of the best possible estimate of the amount required to settle the obligation or to transfer it to a third party. Where discounting is used, adjustments made to provisions are recognised as interest cost on an accrual basis. For provisions with maturities of one year or less where the financing effect is insignificant, no type of discount is applied.

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The consideration to be received from a third party on settlement of the obligation is not decreased from the amount of debt, but rather is recognised as an asset, provided there are no doubts that the reimbursement will take place.

**4.12. Cash and other cash equivalents**

Cash and cash equivalents include cash and demand deposits held at banks. Also included in this category are other highly liquid short-term investments that can always be easily converted into fixed amounts of cash and whose risk of changing value is insignificant.

The Group presents payments and collections from financial liabilities and assets with a high rotation at the net amount in the statement of cash flows. For these purposes, the rotation period is considered to be high when the period between the date of acquisition and the maturity date does not exceed six months.

**4.13. Related party transactions**

Related party transactions, irrespective of the level of the relationship, are recognised in accordance with generally accepted accounting principles. Consequently, the items subject of the transaction are initially recognised at fair value.

If the price agreed upon in a transaction is differs from its fair value, the difference is recognised in accordance to the economic substance of the transaction. They are subsequently measured in accordance with the corresponding accounting principles.

**4.14. Revenues and expenses**

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

Revenue is generated mainly through the lease of real estate assets.

To determine whether revenue should be recognised, the Group follows a five-step process:

1. Identify the contract with a customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognize revenue when the performance obligation are satisfied

In all cases, the total transaction price of a contract is allocated between the different performance obligations based on their independent relative selling values. The transaction price of a contract excludes any amount collected on behalf of a third party.

Ordinary revenue is recognized in a determined moment or during time when (or as) the Group satisfies the performance obligations through the transfer of the goods or services promised to its customers.

Lease income is recognized on an accrual basis, on a straight-line basis over the estimated term of the

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lease.

**4.15. Segmented information**

The Group is presented segmented information based on the primary activities performed by the Group, the revenue and costs of which have been assessed, reviewed and discussed separately with its Governance Bodies. The segmented information is presented in Note 22 of these notes to the consolidated financial statements.

**4.16. Consolidated statement of cash flows**

The consolidated statement of cash flows has been prepared using the indirect method, and the following expressions are used with the meanings indicated below:

- Operating activities: activities that generate a group's ordinary income, and other activities that cannot be classified under investment or financing activities.
- Investment activities: activities for the acquisition, sale or other means of disposal of noncurrent assets and other investments not included under cash or cash equivalents.
- Financing activities: activities that give rise to changes in the size and composition of equity and liabilities that are not part of operating activities.

**5. Goodwill**

The details of the goodwill caption broken down by subsidiary is as follows:

<b>Company</b>	<b>2023</b>	<b>2022</b>
Avalon Properties, S.L.	247,997	247,997
	<b>247,997</b>	<b>247,997</b>
<b>Initial Amortisation</b>	(109,867)	(85,067)
Additions	(24,800)	(24,800)
Final Amortisation	<b>(136,667)</b>	<b>(109,867)</b>
<b>Net Book Value</b>	<b>113,330</b>	<b>138,130</b>

The goodwill allocated to the subsidiary Avalon Properties, S.L. arose in 2018 when the controlling stake in that subsidiary was acquired.

At the end of each financial year, it is assessed the potential impairment of Goodwill. The Group estimates that goodwill was not impaired in 2023 or in 2022.

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**6. Intangible assets**

The balances and changes in 2022 and 2021 in gross values, accumulated depreciation and impairment losses are as follows:

2023

	01/01/2023	Additions	Disposals	31/12/2023
<b><u>Gross Values</u></b>				
Patents, licenses, brands and other	2,040	-	-	2,040
Computer applications	526,705	324,292	-	850,997
	<b>528,745</b>	<b>324,292</b>	-	<b>853,037</b>
<b><u>Accumulated Amortisation</u></b>				
Patents, licenses, brands and other	(839)	(205)	-	(1,044)
Computer applications	(63,060)	(225,465)	-	(288,525)
	<b>(63,899)</b>	<b>(225,670)</b>	-	<b>(289,569)</b>
<b>Net Book Value</b>	<b>464,846</b>	<b>98,622</b>	-	<b>563,468</b>

2022

	01/01/2022	Altas	Bajas	31/12/2022
<b><u>Gross Values</u></b>				
Patents, licenses, brands and other	2,040	-	-	2,040
Computer applications	-	526,705	-	526,705
	<b>2,040</b>	<b>526,705</b>	-	<b>528,745</b>
<b><u>Accumulated Amortisation</u></b>				
Patents, licenses, brands and other	(635)	(204)	-	(839)
Computer applications	-	(63,060)	-	(63,060)
	<b>(635)</b>	<b>(63,264)</b>	-	<b>(63,899)</b>
<b>Net Book Value</b>	<b>1,405</b>	<b>463,441</b>	-	<b>464,846</b>

Additions to intangible assets in 2023 and 2022 correspond to the implementation of new customer relationship management ("CRM") and financial ("ERP") software applications.

As of December 31, 2023 and 2022, there are no fully amortized intangible assets.

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**7. Property, plant and equipment**

The balances and changes in 2023 and 2022 in gross values, accumulated depreciation and impairment losses are as follows:

2023

	01/01/2023	Additions	Disposals	31/12/2023
<b><u>Gross Values</u></b>				
Other fixtures	91,532	-	-	91,532
Furniture	92,161	-	-	92,161
Computers and electronic devices	92,865	29,118	-	121,983
	<b>276,558</b>	<b>29,118</b>	-	<b>305,676</b>
<b><u>Accumulated depreciation</u></b>				
Other fixtures	(12,986)	(9,038)	-	(22,024)
Furniture	(20,753)	(9,217)	-	(29,970)
Computers and electronic devices	(36,828)	(21,030)	-	(57,858)
	<b>(70,567)</b>	<b>(39,285)</b>	-	<b>(109,852)</b>
<b>Net Book Value</b>	<b>205,991</b>	<b>(10,167)</b>	-	<b>195,824</b>

2022

	01/01/2022	Additions	Disposals	31/12/2022
<b><u>Gross Values</u></b>				
Other fixtures	91,532	-	-	91,532
Furniture	67,422	24,739	-	92,161
Computers and electronic devices	46,944	45,921	-	92,865
	<b>205,898</b>	<b>70,660</b>	-	<b>276,558</b>
<b><u>Accumulated depreciation</u></b>				
Other fixtures	(3,693)	(9,293)	-	(12,986)
Furniture	(12,921)	(7,832)	-	(20,753)
Computers and electronic devices	(20,967)	(15,861)	-	(36,828)
	<b>(37,581)</b>	<b>(32,986)</b>	-	<b>(70,567)</b>
<b>Net Book Value</b>	<b>168,317</b>	<b>37,674</b>	-	<b>205,991</b>

Within the tangible fixed assets, the Group records mainly office furniture and computers. As of 31 December 2023, and 2022, there is no fully depreciated property plant and equipment.

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**8. Investment property**

The detail of “Investment Property” at 31 December 2023 and 2022 and the rollforward of the caption during those years is as follows:

2023

	<b>01/01/2023</b>	<b>Changes in the Group</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>31/12/2023</b>
<b><u>Cost</u></b>						
Land	197,903,368	-	14,932,287	(31,932)	-	212,803,723
Construction	187,060,720	-	21,322,627	(68,921)	738,576	209,053,002
Investment property in progress	26,087,126	-	3,779,952	-	(738,576)	29,128,502
	<b>411,051,214</b>	<b>-</b>	<b>40,034,866</b>	<b>(100,853)</b>	<b>-</b>	<b>450,985,227</b>
<b><u>Accumulated Depreciation</u></b>						
Construction	(8,909,050)	-	(4,734,823)	4,685	-	(13,639,188)
	<b>(8,909,050)</b>	<b>-</b>	<b>(4,734,823)</b>	<b>4,685</b>	<b>-</b>	<b>(13,639,188)</b>
<b><u>Impairment</u></b>						
Construction	(763,335)	-	-	763,335	-	-
	<b>(763,335)</b>	<b>-</b>	<b>-</b>	<b>763,335</b>	<b>-</b>	<b>-</b>
<b>Net Book Value</b>	<b>401,378,829</b>	<b>-</b>	<b>35,300,043</b>	<b>667,167</b>	<b>-</b>	<b>437,346,039</b>

2022

	<b>01/01/2022</b>	<b>Changes in the Group</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>31/12/2022</b>
<b><u>Cost</u></b>						
Land	100,081,655	17,080,586	226,269	-	80,514,858	197,903,368
Construction	123,658,203	-	5,112,729	-	58,289,788	187,060,720
Investment property in progress	11,335,129	2,940,249	145,003,904	(1,659,921)	(131,532,235)	26,087,126
	<b>235,074,987</b>	<b>20,020,835</b>	<b>150,342,902</b>	<b>(1,659,921)</b>	<b>7,272,411</b>	<b>411,051,214</b>
<b><u>Accumulated Depreciation</u></b>						
Construction	(5,535,253)	-	(3,373,797)	-	-	(8,909,050)
	<b>(5,535,253)</b>	<b>-</b>	<b>(3,373,797)</b>	<b>-</b>	<b>-</b>	<b>(8,909,050)</b>
<b><u>Impairment</u></b>						
Construction	(1,281,405)	-	-	518,070	-	(763,335)
	<b>(1,281,405)</b>	<b>-</b>	<b>-</b>	<b>518,070</b>	<b>-</b>	<b>(763,335)</b>
<b>Net Book Value</b>	<b>228,258,329</b>	<b>20,020,835</b>	<b>146,969,105</b>	<b>(1,141,851)</b>	<b>7,272,411</b>	<b>401,378,829</b>

Investment Properties correspond mainly to properties destined to be operated as rental housing.

Additions in 2023 correspond to the acquisitions of turnkey projects in Torrejón de Ardoz and Tetuán (Madrid) and with the investment made in projects for the refurbishment and conditioning of housing owned by the Group. Likewise, the Transfer caption includes the reclassification of balances previously recorded under Investment Property in progress as the aforementioned turnkey projects have finalized construction and started operations during the year.

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Disposals in 2023 correspond to the awarding of a unit to one of the Group tenants as a result of a raffle completed under the supervision of a Public Notary on April 2023 as part of the commercialization campaign launched. Such disposal has resulted in a negative accounting impact amounting to 96,168 euro recorded under the “Gains or losses on disposals and other” caption of the Consolidated Income Statement. Furthermore, during fiscal year 2023, the Disposals caption also includes the reversal of impairments over the investment property book value recorded in previous fiscal years amounting to 763,335 euro as a result of the appraisal of the real estate portfolio by an independent expert.

Additions in 2022 correspond to the acquisitions of turnkey projects in Valdebebas and Butarque (both in the city of Madrid), of a commercial premise at Calle San Carlos, 6 (Madrid) and the investment made in projects for the refurbishment and conditioning of housing owned by the Group.

The transfers in 2022 correspond to the definitive award of 18 homes and 19 parking spaces in Sanchinarro (Madrid) by the Madrid Court of First Instance No. 31 on May 13, 2022 as part of the foreclosure procedure of the loan previously recorded by the Group in Short-term financial investments.

Also, 2022 includes the transfer of the amounts previously recorded under Investment property in progress associated with the turnkey projects acquired during the year.

Under Changes in the Group in 2022 is included a building under refurbishment located in the Conde de Romanones 5 street (Madrid) which has been incorporated into the Group through the acquisition of the owing company of the building (Compañía de Financiación, Explotación e Inversión, S.L.).

Disposals in 2022 relate to the cancellation of a project for the acquisition of a real estate portfolio in the city of Madrid, as a result of which the costs incurred have been recorded against the external services caption in the consolidated statement of income in accordance with their nature.

The amount of financial expenses capitalized as goodwill on investment property at December 31, 2023 amounted to €1,230,910 (€1,390,200 in 2022), capitalized in the year. These expenses corresponded to interest accrued on debt with credit institutions and related parties to finance properties that are under construction or remodelling and are expected to be in operating conditions in a period of time exceeding one year.

The details of the investment properties held by the Group as of December 31, 2023 are as follows:

- 1) **San Diego:** Property located at Calle Alfredo Castro Cambra, 2 (Madrid). This property was acquired on 29 June 2018.
- 2) **Ana de Austria:** Property located at Calle Ana de Austria 101-111 (Madrid). This property was acquired on 31 August 2018.
- 3) **Aligustre:** Property located at Calle Aligustre, 43 (Madrid). This property was acquired on 31 October 2018.
- 4) **Doctor Castelo:** Property located at Calle Doctor Castelo nº22 (Madrid). This property was acquired on 31 August 2018.
- 5) **Villaverde:** Property located at Calle Vicente Carballal (Madrid). This property was acquired on 20 December 2018.

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- 6) **Arganda:** Property located at Avenida República de Argentina nº2 (Arganda del Rey). The property was incorporated to the Group as part of the acquisition of the subsidiary Pinarcam Vivienda Joven SOCIMI, S.L.U. on 20 December 2018.
- 7) **San Carlos 6:** Property located at Calle San Carlos, 6 (Madrid). The property was acquired on 7 February 2019.
- 8) **Estrella Polar I:** Property located at Calle Estrella Polar, 1 (Parla). The property was incorporated to the Group as part of the acquisition of the subsidiary Burgo de Buenavista Gestión SOCIMI, S.L.U. on 21 February 2019.
- 9) **Estrella Polar II:** Property located at Calle Estrella Polar, 2 (Parla). The property was acquired on 21 March 2019.
- 10) **Maldonado 24:** Property located at Calle Maldonado 24 (Madrid). The property was acquired on 12 April 2019.
- 11) **Santa Ana 8:** Property located at Calle Santa Ana 8 (Madrid). The property was acquired on 6 May 2019.
- 12) **Villalbilla:** Property located in Villalbilla in the Madrid province. The property was acquired on 5 September 2019.
- 13) **Alcobendas:** Property located at Calle Francisco Largo Caballero, 20 in Alcobendas in the Madrid province. The property was incorporated to the Group as part of the acquisition of the subsidiary Compañía Europea de Arrendamientos Urbanos SOCIMI, S.L.U. on 14 June 2019.
- 14) **Balcón de Europa:** Property located in Calle Lisboa, 7 de Arganda del Rey. The property was acquired on 30 December 2020.
- 15) **Arganda 1:** located at Calle San Sebastián, 29, Arganda del Rey. The property has been awarded on November 10, 2021.
- 16) **Mirador de Aldovea:** located at Calle Valle del Cabriel, 8 in Torrejón de Ardoz. The property was acquired on March 31, 2021.
- 17) **Terrazas de Alcalá:** located at Calle México, 13 in Alcalá de Henares. The property was acquired on August 30, 2021.
- 18) **Valdebebas:** located at Avenida José Antonio Corrales de Madrid. The property was acquired on July 7, 2022.
- 19) **Butarque:** located at Calle de Villaverde a Perales del Río, 9, de Madrid. The property was acquired on November 8, 2022.
- 20) **Jardines de Tetuán:** located between Calle Esperanza Carrascosa, 34 and Calle Alfalfa, 21 in Madrid. The property was acquired on February 20, 2023.
- 21) **Torrejón Guadiana:** located in calle Río Guadiana, 7 in Torrejón de Ardoz. The property was acquired on March 30, 2023.

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At December 31, 2023, the Group has signed six turnkey contracts in Vallecas (Madrid) and Cañaveral (Madrid) with a total expected acquisition price of 79.6 million euros (including advances already delivered), which may be adjusted based on the buildable area, construction delays or savings in construction costs, recorded under the caption Investment property in progress. These developments are expected to be completed in 2024 and 2025.

At December 31, 2022, the Group had signed eight turnkey contracts in Torrejón de Ardoz (Madrid), Tetuán (Madrid), Vallecas (Madrid) and Cañaveral (Madrid) with a total expected acquisition price of 116 million euros (including advances already delivered), which may be adjusted based on the buildable area, construction delays or savings in construction costs, recorded under the caption Investment property in progress. These developments are expected to be completed in 2023 and 2024.

The Group's portfolio as of 31 December 2023 has a total surface of 210,350 m<sup>2</sup> (198,124 m<sup>2</sup> as of 31 December 2022), being the occupancy as of 31 December 2023 of 91% (95% in 2022).

To determine their market value, the Company's directors have assigned an independent expert to appraise the Group's properties. The valuations have been made in accordance with the RICS Appraisal and Valuation Standards based on the Red Book edition published in 2019.

The valuation methodology used by the appraiser was the "Discounted Cash Flows". The two type of assets the Group owns were appraised (Existing Properties and Turnkey)

To estimate the market value of the properties, a Discounted Cash Flows method was adopted taking into account the projected net revenues over a 10-year period, estimating the property's expenses, the contracted rent and the market rent considered for the empty surface area. This way, the current rent generated by these properties was considered, together with their potential rent based on the market rent levels estimated for each of them, and the terms of the leases in force for them. These rents provide a given initial yield that can be compared to the profitability required by the current market in view of the assets' location, characteristics, tenants and rents. To determine the market value for this type of assets, the various usual types of costs were estimated, such as reletting fees, void period, vacancy rate, management fees, contingencies, payments, etc., over the course of their management.

As for the opening profit margin, 10-year forecasts are made. To determine the value of each property in 10 years, the previous year's net rent is capitalised in a range of 3%-4.75% profitability, in view of factors including current offers, the latest transactions in the area, the location, type, quality, condition, and the differentiation from direct competitors, in addition to the property's lease status and the average term of its leases. At that time, the property will theoretically be rented at market rents.

For turnkey assets, the appraiser made a special appraisal assumption, because turnkey assets correspond to residential property approximations under appraisal that will be delivered as finished products in the future. However, these assets were appraised on the special assumption that they are completed buildings rented with 40-50% occupancy on the appraisal date.

The fair value of the investment properties calculated based on the appraisals as of 31 December 2023 amounts to €539,413,000 (€481,478,000 in 2022) for the existing assets and €81,280,000 (€122,523,000 in 2022) for the turnkey assets as of that date.

Fair value is defined as the estimated amount for which an asset should be exchanged on the date of valuation between a willing seller and a willing buyer, after a reasonable marketing period, and wherein the parties have acted knowledgeably, prudently and without compulsion. As a result of said appraisal, it has been necessary to reverse impairment charges over Investment Properties in 2023 amounting to €763,335 (reversal of impairment charges amounting to €518,070 in 2022).

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It is the Group's policy to contract insurance policies to cover any possible risks to which the various elements of its investment properties may be subject. In the years closed 31 December 2022 and 2021, the Company's directors determined that there are no coverage deficits of these risks.

On February 10, 2020, a private agreement was notarised that granted the Group a purchase option over 14 real estate assets without having made any disbursement to date. The exercise of said purchase option was subject to the compliance of a number of conditions precedent that had not been met. During 2022, the purchase option was transferred to a company owned by the majority shareholders outside of the Iante group without accounting impact.

## **9. Operating Leases**

The Group acts as the lessor of the investment properties it owns.

The minimum future collections from operational leases contracted by tenants based on the lease agreements currently in force is as follows:

	Minimum collections	
	2023	2022
Less than one year	20,703,416	15,629,406
One to five years	73,623,401	58,146,009
More than five years	<u>27,560,502</u>	<u>21,758,097</u>
	121,887,319	95,533,512

The Group's expenses in its position as a lessee come from payment for the use of the offices of Avalon Properties, S.L.

In 2021, the lease agreement for the former corporate offices at 21 Ortega y Gasset Street, Madrid, expired and the Company moved its offices to 57 Serrano Street, Madrid, through the signing of a new lease agreement expiring on December 31, 2025.

	Minimum payments	
	2023	2022
Less than one year	262,334	236,583
One to five years	262,334	473,166
More than five years	-	-
	524,668	709,749

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**10. Financial Assets**

The breakdown of the financial assets by category as of 31 December 2023 and 31 December 2022 is as follows:

**2023**

	Non-current financial assets	Current financial assets	Total
	Receivables, derivatives and other	Receivables, derivatives and other	
Financial assets at amortised cost	2,239,510	1,303,348	3,542,858
Financial assets at fair value with changes in equity	5,241,074	-	5,241,074
	7,480,584	1,303,348	8,783,932

**2022**

	Non-current financial assets	Current financial assets	Total
	Receivables, derivatives and other	Receivables, derivatives and other	
Financial assets at amortised cost	1,476,771	352,644	1,829,415
Financial assets at fair value with changes in equity	14,175,609	-	14,175,609
	15,652,380	352,644	16,005,024

The balance recorded under “non-current financial investments” at 31 December 2023 amounting to €1,210,754 Euro (€588,401 in 2022) mainly consists of deposits received from leases that have been deposited in the Madrid Housing Institute (IVIMA). Also included are loans granted to one of the partners of Avalon Properties, S.L. (Duron Properties, S.L.U.) and the associated interest for a total amount of 950,694 euro (634,384 euro in 2022).

In addition, the Group records in long-term financial investments an amount of €5,241,074 in 2023 (€14,175,609 in 2022) corresponding to the fair value of a financial derivative instrument designated as a hedge on the EURIBOR interest rate applicable to the loan described in note 15.

In 2022, the Group cancelled the hedging derivative contracted in 2021 with Société Générale and the associated financing. As a result of this cancellation, the Group recorded a financial income of 1,945,930 euros.

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The balance recorded in short-term financial assets at amortized cost consists of the balance of receivables associated with leases amounting to 741,932 euro (298,945 euro in 2022). During 2023, an impairment charge for receivables amounting to €315,822 (€133,581 in 2022) has been recorded. Additionally, within that caption is included in 2023 a balance of derivatives receivables outstanding amounting to €536,779 which have been collected in January 2024.

At December 31, 2023 and 2022, the Directors estimate that the fair value of short-term financial assets and their carrying amount do not differ significantly.

The maturities of the financial assets are as follows:

2023	2024	2025	2026	2027	Later	Total
Derivatives	-	-	-	5,241,074	-	5,241,074
Loans to companies	536,779	-	-	-	950,694	1,487,473
Trade and other receivables	761,174	-	-	-	-	761,174
Other financial assets	5,395	-	-	-	1,288,816	1,294,211
	<b>1,303,348</b>	<b>-</b>	<b>-</b>	<b>5,241,074</b>	<b>2,239,510</b>	<b>8,783,932</b>

2022	2023	2024	2025	2026	Later	Total
Derivatives	-	-	-	-	14,175,609	14,175,609
Loans to companies	-	-	-	-	634,384	634,384
Trade and other receivables	345,798	-	-	-	-	345,798
Other financial assets	6,846	-	-	-	842,387	849,233
	<b>352,644</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,652,380</b>	<b>16,005,024</b>

## **11. Trade and other receivables**

The breakdown of “Trade and other receivables” as of 31 December 2023 and 31 December 2022 is as follows:

	<b>2023</b>	<b>2022</b>
Clients	741,932	298,945
Receivables with related parties	11,616	45,936
Other debtors	7,626	917
Other receivables from Public Administrations	2,375,011	2,589,566
<b>Total</b>	<b>3,136,185</b>	<b>2,935,364</b>

The balance of “Clients” is presented net of allowances which, as of 31 December 2023, amounted to €653,271 (€297,292 in 2022). The corresponding impairments are recorded based on the risk of possible default on collection of receivables. In 2023 impairment charges and allowances over receivables have been recorded for a total amount of €315,822 (€133,581 in 2021).

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## **12. Risk management policy**

The Group's financial risk management is centralised in its Financial Department, which has established the mechanisms required to control exposure to interest rate fluctuations and credit and liquidity risk.

The main financial risks affecting the Group are as follows:

### **12.1. Credit factors**

The Group does not have any material credit risk concentration. The Group has policies to ensure that sales are made to clients with adequate credit records. Cash transactions are only conducted with financial institutions with high credit ratings. The Group has policies to limit the amount of risk with any financial institution.

The valutative adjustment for client default entails intense judgement by Management and review of individual balances based on clients' credit worthiness, current market trends and an historical analysis of insolvencies on an aggregate level. In relation to the valutative adjustment derived from the aggregate analysis of the historical experience of unpaid, a reduction in balance volumes implies a reduction in valutative adjustments and vice versa.

### **12.2. Liquidity risk**

The Group manages liquidity risk on a prudent basis, the purpose of which is to maintain sufficient cash and availability of lines of credit.

The financing received as of 31 December 2023 and 2022 was received from credit institutions and from the ultimate parent company.

### **12.3. Interest rate risk**

Because of the current situation in the real estate sector and in order to mitigate any negative impacts that this may cause, the Group has specific measures to minimise the impacts on its financial situation.

These measures are applied based on the strategy and forecasts defined by the Group.

The financial debt is exposed to interest rate risk in its cash flows, which may have an adverse effect on the financial results and cash flows, the Group uses cash flow hedges to reduce its exposure over the interest rate risk.

## **13. Cash and cash equivalents**

The breakdown of "Cash and cash equivalents" as of 31 December 2023 and 2022 is as follows:

	2023	2022
Cash and cash equivalents	3,233,162	4,012,074

At December 31, 2023, the Group has restricted cash due to financing agreements signed with various banks amounting to €451 (€2,061 in 2022).

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**14. Shareholders' Equity**

14.1. Share Capital

Share capital amounts to €10,220,818 (€9,569,727 in 2022), represented by 10,220,818 shares (9,569,727 shares in 2022) with a par value of €1 each, represented by registered shares, all of the same class and series.

The group does not own treasury shares.

On 27 April 2020, the Company directors requested to list all the Company's shares on Euronext Access, appointing Euroclear France, S.A. as entity responsible for the accounting records of the shares.

The Parent Company has carried out capital increases during the 2023 financial year amounting to 651,091 euros of share capital (3,382,493 euros in 2022) and 1,497,509 euros of share premium (7,779,734 euros in 2022).

The majority shareholder of the Company is AEREF V Iberian Residential Holdings, S.a.r.l. with a 99.32% interest (99.28% as of December 31, 2022).

14.2 Other shareholders contributions

Other shareholder contributions amount to 6,757,353 euros in 2023 (6,757,353 euros in 2022). There were no shareholders contributions in 2023 and 2022.

14.3 Reserves and Profit/Losses from previous fiscal years

The breakdown is as follows:

	2023	2022
Negative results from previous years	(14,913,564)	(8,471,790)
Reserves in consolidated companies	(37,977,359)	(26,094,579)
	<hr/>	<hr/>
	(52,890,923)	(34,566,369)

14.4 Legal Reserve

Under the revised text of the Corporate Enterprises Act, 10% profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. This legal reserve may be used for capital increases in proportion to the amount in excess of the 10% of the capital that has already been increased. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

This reserve was not set up at the end of the financial years ended 31 December 2023 and 2022.

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**14.5 Minority Interests**

The rollforward of the minority interests caption is as follows:

Avalon Properties, S.L.	
Balance at 01.01.2022	525,642
Profit / Loss in 2022	14,344
Balance at 31.12.2022	539,986
Profit / Loss in 2023	35,643
Balance at 31.12.2023	575,629

The total balance of Minority Interests in 2023 and 2022 corresponds to the company Avalon Properties, S.L. in which the Parent Company has a 55.10% interest.

**15 Financial Liabilities**

a) Classification by category

The breakdown by category of the short and long-term financial liabilities with a determined or determinable maturity as of 31 December 2023 and 2022 is as follows:

Non-current financial liabilities								
Debt held with related parties		Bank Borrowings			Other		Total	
	31.12.23	31.12.22	31.12.23	31.12.22	31.12.23	31.12.22	31.12.23	31.12.22
Categories:								
Financial liabilities at amortised cost	144,157,052	128,265,652	317,021,683	288,756,474	1,931,381	1,518,903	463,110,116	418,541,029
Financial liabilities at fair value with changes in equity	-	-	-	-	560,573	-	560,573	-
	<b>144,157,052</b>	<b>128,265,652</b>	<b>317,021,683</b>	<b>288,756,474</b>	<b>2,491,954</b>	<b>1,518,903</b>	<b>463,670,689</b>	<b>418,541,029</b>

Current financial liabilities								
Debt held with related parties		Bank Borrowings			Other		Total	
	31.12.23	31.12.22	31.12.23	31.12.22	31.12.23	31.12.22	31.12.23	31.12.22
Categories:								
Financial liabilities at amortised cost	20,936,813	13,577,178	156,050	475,464	2,292,296	4,551,488	23,385,159	18,584,130
Financial liabilities at fair value with changes in equity	-	-	-	-	-	-	-	-
	<b>20,936,813</b>	<b>13,577,178</b>	<b>156,050</b>	<b>475,464</b>	<b>2,292,296</b>	<b>4,551,488</b>	<b>23,385,159</b>	<b>18,584,130</b>

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On June 2, 2022, the Group entered into a Facility Agreement with ING, Sucursal en España as agent bank for a maximum amount of 291 million euros in aggregate. This financing, which has a maturity of five years from its signing, bears interest at market rates.

The financing agreement includes clauses relating to compliance with ratios, both associated with the proportion of the value of the debt drawn down with respect to the real estate assets included in the "Loan to Value" perimeter and with respect to the proportion of this debt with respect to the income to be generated by the developments owned by the borrower companies "Forward Looking Interest Cover Ratio" and "Forward Looking Debt Yield". The directors consider that these clauses are complied with at December 31, 2023 and that they will be complied with during the next 12 months.

On the same date, the Company proceeded to the early cancellation of the mortgage loans held by the Companies included in the financing perimeter. As a result of this early cancellation, the Company recorded in 2022 a financial expense of 3,893,820 euros corresponding to early cancellation fees and the difference between the book value and the consideration paid for said cancellation.

The breakdown of "Bank borrowings" as of 31 December 2023 and 2022 is as follows:

<b>Bank</b>	<b>Date</b>	<b>Amount</b>	<b>Grace Period</b>	<b>Maturity</b>	<b>Interest</b>	<b>2023</b>	<b>2022</b>
Sabadell	30/05/2022	16,596,000	17 months	212 months	2,90%	9,773,661	9,891,323
Bankinter	19/01/2022	3,166,000	48 months	48 months	Euribor + 1,25%	3,108,158	3,119,028
Bankinter	26/04/2022	1,2400,000	48 months	48 months	Euribor + 1,25%	12,170,488	12,238,663
Bankinter	20/12/2022	6,100,000	48 months	48 months	Euribor + 1%	6,024,501	3,442,400
ING	02/06/2022	291,000,000	60 months	60 months	Euribor + 1,40%	285,944,875	260,065,060
<b>329,262,000</b>						<b>317,021,683</b>	<b>288,756,474</b>

The debt with banks is secured by mortgages on various properties owned by the Group, as described in note 8. At the date of preparation of the consolidated financial statements, the Group has complied with all the conditions derived from these contracts.

The breakdown of the annual maturities of the loans held with financial institutions is as follows:

	<b>2023</b>	<b>2022</b>
1 year	-	-
2 years	-	9,891,323
3 years	21,303,147	-
4 years	285,944,875	18,800,091
5 years and subsequent	9,773,661	260,065,060
	<b>317,021,683</b>	<b>288,756,474</b>

Interest expense accrued in 2023 amounted to €12,441,286 (€11,780,819 in 2022). The balance of accrued interest payable at December 31, 2023 amounts to €156,050 (€475,464 in 2022):

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**b) Classification by maturity**

The breakdown by maturity of the financial liabilities, with determined or determinable maturity at the close of 2023 is as follows:

	2024	2025	2026	2027	Later	Total
Debt with related parties	20,936,813	-	-	-	144,157,052	165,093,865
Bank Borrowings	156,050	-	21,303,147	285,944,875	9,773,661	317,177,733
Other financial liabilities	777,324	-	-	-	1,931,381	2,708,705
Derivatives	-	-	-	560,573	-	560,573
Accrued wages and salaries	249,969	-	-	-	-	249,969
Accounts payable	1,265,003	-	-	-	-	1,265,003
	<b>23,385,159</b>	<b>-</b>	<b>21,303,147</b>	<b>286,505,448</b>	<b>155,862,094</b>	<b>487,055,848</b>

The breakdown by maturity of the financial liabilities, with determined or determinable maturity at the close of 2022 is as follows:

	2023	2024	2025	2026	Later	Total
Debt with related parties	13,557,178	-	-	-	128,265,652	141,822,830
Bank Borrowings	475,464	9,891,323	-	18,800,091	260,065,060	289,231,938
Other financial liabilities	3,206,170	-	-	-	1,518,903	4,725,073
Derivatives	-	-	-	-	-	-
Accrued wages and salaries	343,411	-	-	-	-	343,411
Accounts payable	1,001,907	-	-	-	-	1,001,907
	<b>18,584,130</b>	<b>9,891,323</b>	<b>-</b>	<b>18,800,091</b>	<b>389,849,615</b>	<b>437,125,159</b>

**16 Trade and other payables**

The breakdown of trade and other payables under current liabilities is as follows:

	2023	2022
Sundry payables	916,647	871,504
Accrued wages and salaries	249,969	343,411
Current income tax payable	9,909	-
Other payables with Public Authorities	306,674	272,871
Customer Advances	348,356	130,403
	<b>1,831,555</b>	<b>1,618,189</b>

Pursuant to Additional Provision Two of Spanish Law 31/2014, of 3 December, which amended the Corporate Enterprises Act, and in accordance with the Resolution of 29 February 2016 of the Accounting and Auditing Institute, below is a detail of the average period of payment to suppliers, the ratio of transactions paid, the ratio of outstanding transactions, the total payments paid and the total outstanding payments:

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	2023	2022
Average period of payment to suppliers	16	17
Ratio of transactions settled	17	18
Ratio of transactions not yet settled	12	6
	2023	2022
Total payments made	11,403,883	12,569,605
Total payments outstanding	933,514	797,042
Payment volume < 30 días (third parties)	9,572,976	10,683,438
Invoices paid < 30 días (third parties)	15,972	13,246
Total payment volume (third parties)	11,403,883	12,569,605
Total invoices paid (third parties)	16,739	13,716
% over total payment volume	84%	85%
% over total invoices paid	95%	97%

## 17 Tax

### Current tax receivables and payables

The breakdown of the current tax receivables and payables at 31 December 2023 and 2022 is as follows:

31 December 2023			
	Receivables	Payables	
	Current	Current	
Value Added Tax	2,134,472	-	
Personal Income Tax Withholding	-	246,876	
Assets from withholdings and payments on account	240,539	-	
Current Incomet Tax payable	-	9,909	
Social Security payable	-	59,798	
	2,375,011	316,583	

31 December 2022			
	Receivables	Payables	
	Current	Current	
Value Added Tax	2,450,510	-	
Personal Income Tax Withholding	-	224,146	
Assets from withholdings and payments on account	139,056	-	
Current Incomet Tax payable	-	-	
Social Security payable	-	48,725	
	2,589,566	272,871	

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The Board of Directors unanimously resolved to have the Group avail itself of the Special Regime for group of companies under sections 163 quinques to 163 nonies of Spanish Law 37/1992 of 28 December, on VAT [VAT Act, Ley 37/1992, del IVA], and sections 61 bis to 61 sexies of Royal Decree 1624/1992, effective as of the year beginning 1 January 2019. Therefore any sums payable or receivable for Value Added Tax will be handled as payables to or receivables from Group companies as of that date. For these purposes, the corresponding communication with the above agreements was sent to the Tax Administration as stipulated under section 163 sexies five of the Spanish VAT Act on 28 December 2018, thus paying tax under the consolidated declaration regime starting in 2019.

Furthermore, on December 26, 2019, the corresponding notification of the aforementioned agreements was made to the Tax Authorities for the rest of the companies that joined the Group during 2019 in accordance with the provisions of Article 163, sexies five of the VAT Law, and consequently, from 2020, all the Group companies will be taxed under the consolidated tax return regime.

**Calculation of income tax**

Income tax is calculated on the basis of the accounting profit/loss determined by application of generally accepted accounting principles, which does not necessarily coincide with the taxable profit/tax loss.

The Group does not file under the consolidated groups of companies regime provided under Spanish Law 43/1995, and it records the corresponding income tax expenses individually.

The reconciliation between the accounting consolidated losses and the Tax Profit / (loss) for the years ended 31 December 2023 and 2022, is as follows:

2023	Tax Regime	Profit (Loss) Before Taxes	Permanent Differences	Temporary Differences	Tax Base	Income tax to be paid
Avalon Properties, S.L.	General	120,643	-	44,401	165,044	41,261
Pinarcam Vivienda Joven SOCIMI, S.L.U.	SOCIMI	(178,316)	-	-	(178,316)	-
Muflina Investment SOCIMI , S.L.U.	SOCIMI	(1,504,825)	-	1,107,332	(397,493)	-
Iante Investment SOCIMI, S.A.U.	SOCIMI	(3,462,670)	-	2,337,946	(1,124,724)	-
Compañía Europea de Arrendamientos Urbanos SOCIMI, S.L.U.	SOCIMI	(423,839)	-	-	(423,839)	-
Nuciva Investments, S.L.U.	EDAV	(2,735,595)	-	3,356,400	620,805	-
Jurisa Investments, S.L.U.	SOCIMI	(638,303)	-	404,161	(234,142)	-
Dalandia Investments, S.L.U.	EDAV	(2,179,046)	-	2,143,305	(35,741)	-
Burgo de Buenavista Gestión SOCIMI, S.L.U.	SOCIMI	(612,465)	-	-	(612,465)	-
Zonko Investments, S.L.U.	General	(1,830,316)	-	626,142	(1,204,174)	-
Aracalis Investments, S.L.U.	General	(414,728)	-	-	(414,728)	-
Arua Corporate Services, S.L.U.	SOCIMI	126,191	-	-	126,191	-
Compañía de Financiación, Explotación e Inversión, S.L.U.	SOCIMI	(210,555)	-	-	(210,555)	-
Salford Corporate Services, S.L.U	General	(196,673)	-	-	(196,673)	-
Elba Ventures & Investments, S.L.U.	General	(3,944)	4	-	(3,940)	-
Fontana Ventures & Investments, S.L.U.	General	(2,144)			(2,144)	-
<b>Total</b>						<b>41,261</b>

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2022	Tax Regime	Profit (Loss) Before Tax	Permanent Differences	Temporary Differences	Tax Base	Income tax to be paid
<b>Avalon Properties, S.L.</b>	<b>General</b>	114,788	(139)	-	114,649	28,662
<b>Pinarecam Vivienda Joven SOCIMI, S.L.U.</b>	<b>SOCIMI</b>	(319,007)	73,941	-	(245,066)	-
<b>Muflina Investment SOCIMI, S.L.U</b>	<b>SOCIMI</b>	(2,617,992)	266,983	835,386	(1,515,623)	-
<b>Iante Investment SOCIMI, S.A.U.</b>	<b>SOCIMI</b>	(6,442,582)	829,594	914,136	(4,698,852)	-
<b>Compañía Europea de Arrendamientos Urbanos SOCIMI, S.L.U.</b>	<b>SOCIMI</b>	(707,721)	47,827	-	(659,894)	-
<b>Nuciva Investments, S.L.U.</b>	<b>General</b>	(3,140,541)	225,127	915,629	(1,999,785)	-
<b>Jurisa Investments, S.L.U.</b>	<b>SOCIMI</b>	(630,284)	94,535	520,620	(15,129)	-
<b>Dalandia Investments, S.L.U.</b>	<b>EDAV</b>	(2,700,558)	421,525	2,329,068	50,035	-
<b>Burgo de Buenavista Gestión SOCIMI, S.L.U.</b>	<b>SOCIMI</b>	(755,761)	101,218	-	(654,543)	-
<b>Zonko Investments, S.L.U.</b>	<b>General</b>	(201,139)	18,657	-	(182,482)	-
<b>Aracalis Investments, S.L.U.</b>	<b>General</b>	(71,972)	-	-	(71,972)	-
<b>Arua Corporate Services, S.L.U.</b>	<b>SOCIMI</b>	(275,599)	-	-	(275,599)	-
<b>Compañía de Financiación, Explotación e Inversión, S.L.U.</b>	<b>SOCIMI</b>	(261,642)	60,538	-	(201,104)	-
<b>Salford Corporate Services, S.L.U</b>	<b>General</b>	(125,350)	-	-	(125,350)	-
<b>Elba Ventures &amp; Investments, S.L.U.</b>	<b>General</b>	(2,300)	-	-	(2,300)	-
<b>Fontana Ventures &amp; Investments, S.L.U.</b>	<b>General</b>	(1,778)	-	-	(1,778)	-
						<b>Total</b> <b>28.662</b>

The Group companies, with the exception of Nuciva Investments, S.L.U., Dalandia Investments S.L.U., Zonko Investments S.L.U, Salford Corporate Services, S.L.U., Elba Ventures & Investments, S.L.U., Fontana Ventures & Investments, S.L.U. and Avalon Properties, S.L., apply the tax regime established in Law 11/2019, of 26 October, amended by Law 16/2012, of 27 December, by which the REITs are regulated which in practice imply that under the compliance of certain requirements, the Company is taxed at a corporate income tax rate of 0%. The directors monitor the compliance of the requirements included in said regulation with the objective to safeguard the tax advantages it includes, estimating that said requirements will be complied with, and therefore not recorded any tax income or expense.

The Group Company Dalandia Investments, S.L.U. and Nuciva Investments, S.L.U. apply since 1 January 2020 the Special Regime for Entities with Home Rentals (SREHR or EDAV in Spanish). The rest of the group companies apply the general tax regime.

Temporary differences in 2023 and 2022 relate mainly to the recognition and reversal of impairment losses on investment property and adjustments due to the limitation on the deductibility of financial expenses. On the other hand, permanent differences mainly include adjustments for the limitation on the deductibility of financial expenses, hybrid asymmetries and fines and penalties.

The breakdown of the Income tax caption included in the consolidated income statement is as follows:

	2023	2022
Current taxes	41,261	28,662
Deferred taxes	-	-
Total tax expenses (income)	41,261	28,662

Deferred tax assets arising as a result of tax loss carryforwards are recognised to the extent that the Company is likely to obtain future taxable profits against which they can be offset.

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The breakdown of the tax loss carryforwards generated in the previous tax years as of 31 December 2022 and 31 December 2021 is as follows:

<b>Year</b>	<b>2023</b>	<b>2022</b>
2009	73,086	73,086
2012	20,137	20,137
2013	18,754	18,754
2014	141,545	141,545
2015	170,882	170,882
2017	199,242	199,242
2018	288,573	288,573
2019	1,532,833	1,532,833
2020	4,104,722	4,104,722
2021	3,403,546	3,403,546
2022	2,269,188	-
<b>Total</b>	<b>12,222,508</b>	<b>9,953,320</b>

**Tax Audits**

Under the current law, taxes cannot be deemed to have been definitively settled until the tax return filed have been reviewed by the tax authorities or until the four year statute of limitations period has expired.

At the close of 2023, the Group's companies have any years not time barred open to audit. The Company's directors consider that the tax returns for the aforementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax treatment afforded to certain transactions, any liabilities as might arise would not have a material effect on the accompanying financial statements.

The income tax rate for REITs is 0%. However, where the dividends that the REIT distributes to its shareholders holding an ownership interest exceeding 5% are exempt from tax or are subject to a tax rate lower than 10%, the REIT will be subject to a special charge of 19%, which will be considered to be the income tax charge, on the amount of the dividend distributed to these shareholders. If deemed applicable, this special charge must be paid by the REIT within two months after the dividend distribution date.

**IANTE INVESTMENTS SOCIMI, S.A.**  
**Notes to the Consolidated Financial Statements**  
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**18 Revenues and expenses**

18.1 Revenue

Revenue from services rendered during 2022 and 2021 were all obtained in Spain, mainly from leases of residential developments and its breakdown by subsidiary is as follows:

	2023	2022
Muflina Investments Socimi, S.L.U.	3,978,618	3,209,874
Pinarcam Vivienda Joven Socimi, S.L.U.	580,964	532,629
Compañía Europea de Arrendamientos Urbanos S.L.U.	892,254	838,406
Jurisa Investments S.L.U.	3,095,242	3,017,633
Dalandia Investments S.L.U.	3,687,694	3,352,786
Burgo de Buenavista Gestión Socimi S.L.U.	1,200,319	692,427
Cofiesa	27,090	37,462
Nuciva Investments, S.L.U.	5,334,950	663,575
Zonko Investments, S.L.U.	1,051,351	-
	<hr/>	<hr/>
	19,848,482	12,344,791

Revenue for 2023 includes €312,822 (€328,860 in 2022) related to income from the straight-line amortization of discounts included in the lease contracts which are accounted for against short-term asset accruals and expensed during the lease agreement life.

18.2 Other operating income

At December 31, 2023, the caption "Other operating income" includes the invoicing for services rendered by the company Avalon Properties, S.L. to the related company Gunile Investments, S.L.U., Ares Management Luxembourg and the group Dorsono Investments, S.L.U. for an amount of 915,451 euro (1,157,765 euro at December 31, 2022). Additionally, within that caption is included the rebilling of different expenses to the tenants of the leased units.

18.3 Personnel costs

The breakdown is as follows:

	2023	2022
Wages, salaries and similar expenses		
Wages and salaries	(3,472,673)	(2,496,087)
Social expenses		
Social security	(659,975)	(331,359)
	<hr/>	<hr/>
	(4,132,648)	(2,827,446)

**IANTE INVESTMENTS SOCIMI, S.A.**  
**Notes to the Consolidated Financial Statements**  
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**18.4 Other operating expenses**

The breakdown is as follows:

	2023	2022
Rentals and leases	322,368	253,148
Repairs and maintenance	1,119,307	1,488,047
Independent Professional Services	3,215,952	5,590,239
Insurance Premiums	616,944	448,913
Bank fees	16,320	54,451
Marketing fees	116,150	259,244
Utilities	847,416	638,752
Other services	1,351,538	1,788,019
Tax	990,247	559,590
Impairment losses on trade receivables	315,822	133,581
	<b>8,912,064</b>	<b>11,213,964</b>

**18.5 Depreciation and amortisation**

The breakdown of depreciation and amortisation is as follows:

	2023	2022
Goodwill	24,800	24,800
Intangible assets	225,670	63,264
Property, plant and equipment	39,285	32,986
Investment Properties	4,734,823	3,373,797
	<b>5,024,578</b>	<b>3,494,847</b>

**19 Financial profit / (loss)**

**19.1 Financial costs**

The breakdown is as follows:

	2023	2022
Interests on related party debts	7,292,272	6,482,676
Interests on bank borrowings	12,441,286	11,780,819
	<b>19,733,558</b>	<b>18,263,495</b>

**19.2 Finance income**

The breakdown is as follows:

	2023	2022
Other financial income	27,487	21,115
Capitalization of financial expenses	1,230,910	1,390,200
	<b>1,258,397</b>	<b>1,411,315</b>

**IANTE INVESTMENTS SOCIMI, S.A.**  
**Notes to the Consolidated Financial Statements**  
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**20 Related-party transactions**

During 2023 the Group held transactions and balances with the following related parties:

Company	Type of relation
AEREF V Iberian Residential Holdings, S.A.R.L.	Parent company
Duron Properties, S.L.U.	Other related parties
Gunile Investments, S.L.U.	Other related parties
Dorsono Investments, S.L.U.	Other related parties
Madrid Affordable Housing 2021, S.A.	Other related parties
Madrid Affordable Housing Development 2021, S.A.	Other related parties
Ares Management Luxembourg	Other related parties

The breakdown of the transactions held with related parties in 2023 and 2022 is as follows:

	2023 Revenue /(expense)			2022 Revenue/(expense)		
	Services rendered	Interest charged	Interest accrued	Services rendered	Interest charged	Interest accrued
Parent company	-	-	(7,225,215)	-	-	(6,417,839)
Other related parties	915,451	26,310	(67,057)	1,157,765	17,856	(64,837)
<b>Total related parties</b>	<b>915,451</b>	<b>26,310</b>	<b>(7,292,272)</b>	<b>1,157,765</b>	<b>17,856</b>	<b>(6,482,676)</b>

The breakdown of balances held with related parties in years 2023 and 2022 is as follows:

	Receivables		Payables	
	Clients	Non-current loans	Non-current loans	Current loans
Parent company	-	-	(143,212,219)	(20,683,083)
Other related parties	11,616	950,694	(944,833)	(253,730)
<b>Total related parties</b>	<b>11,616</b>	<b>950,694</b>	<b>(144,157,052)</b>	<b>(20,936,813)</b>

	Receivables		Payables	
	Clients	Non-current loans	Clients	Non-current loans
Parent company	-	-	(127,320,819)	(13,457,868)
Other related parties	45,936	634,384	(944,833)	(99,310)
<b>Total related parties</b>	<b>45,936</b>	<b>634,384</b>	<b>(128,265,652)</b>	<b>(13,557,178)</b>

The Group draws down from its Parent Company AEREF V Iberian Residential Holdings, S.A.R.L. through the following framework agreements held between each of the Group companies and the Parent company “Interest Bearing Credit Facility Agreement” with a ten-year maturity and an annual interest rate between 3% and 9%.

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At December 31, 2023 there was an outstanding principal balance of euro 143.21 million (euro 127.32 million in 2022). In addition, an associated financial expense of 7.2 million euros (6.4 million euros in 2022) has accrued, and this interest has been recorded as outstanding under current liabilities in the Consolidated Balance Sheet.

Additionally, at December 31, 2023 and 2022, loans granted to one of the partners of Avalon Properties, S.L. (Duron Properties, S.L.U) and the associated interest for a total amount of 950,694 euros (634,384 euros in 2022) are recorded under current assets in the Consolidated Balance Sheet. These loans accrue an interest rate of 3%.

Long-term loans with other related parties at December 31, 2023 and 2022 relate to loans received by the company Duron Properties, S.L. and part of the management team. These loans have a maturity of 10 years and accrue interest at 7%.

On July 27, 2018, a shareholders' agreement was signed between Iante Investments SOCIMI, S.A. Avalon Properties, S.L., and Duron Properties S.L. as well as a framework investment agreement ("Framework Agreement"), between AEREF V Iberian Residential Holding, SARL and Duron Properties, S.L. detailing the business agreements between the same.

That Framework Agreement specifies that Avalon Properties, S.L. is the company that will direct the operations and investments to be performed, and that to do this Avalon Properties, S.L. and the subsidiaries must sign a Management Agreement on the structure created in Spain (as described in Note 21). Under the Framework Agreement, Duron Properties S.L. must also give Aeref V Iberian Residential Holding, S.a.r.l an option to buy 49.90% of the shares in Avalon Properties, S.L. that Aeref V Iberian Residential Holding, S.a.r.l may exercise if Duron Properties, S.L. breaches any of its obligations, at a price of 1 euro, with the difference between the fair value of the shares and the one euro price being the penalty for breach. At the same time, Duron Properties, S.L. also provided Aeref V Iberian Residential Holding, S.a.r.l a sell option to sell its shares in Avalon to Duron Properties, S.L. for 1 euro per share or the net book value of the shares, whichever is greater. However, if the CEO of the company commits a breach as defined in the Framework Agreement ("Key Man Event"), the exercise price will be the shares fair market value.

Avalon Properties, S.L. bills for independent professional services based on a services agreement signed with Iante Investments SOCIMI, S.A. on 27 July 2018 for the provision of asset management and investment services, property management and supervision services and other services. In 2021, this agreement was extended to Dorsono Investments Group.

The business consists of establishing a platform in Spain to:

- (i) acquire, renovate and lease residential buildings in selected neighbourhoods of downtown Madrid within the M-30 highway, and some specific area outside of the M-30 highway.
- (ii) opportunely acquire individual units that may be sold after renovation at prices in excess of 1,000,000 euros.

The fees billed by Avalon Properties, S.L. consist of:

- **Base Quarterly Management fee**, which is broken down as follows:  
An annual management fee consisting of:

**IANTE INVESTMENTS SOCIMI, S.A.**  
**Notes to the Consolidated Financial Statements**  
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- 0.6% of the assets' purchase price plus CAPEX invested, provided that the aforementioned principal is less than €100,000,000 and subject to a minimum of 300,000 Euro during the first three years; or
- 0.4% of the assets' purchase Price plus CAPEX invested provided it is greater than €100,000,000.

For future assets purchased, the Base Management Fee will be:

- 0.3% of the assets' purchase price plus CAPEX; or
- 0.2% if the assets' purchase price plus CAPEX is greater than 100,000,000 Euro, to be paid between the exchange and the finalisation.

The Base Management Fee will be reduced by 25% (i.e., to 0.225% or 0.15%, depending on the case) if the period stipulated in the future purchase agreements for transferring the assets is greater than 24 months.

- **Acquisition fee:** an acquisition commission of 0.5% of the purchase price (excluding CAPEX) of any new asset purchased by the companies, after the purchase of the corresponding asset has been notarised, and to be paid at the end of each quarter based on the net distributable cash flows.
- **Incentive fee:** based on the financial performance of the Spanish companies and assets, which will be based on the net distributable cash flow calculated after the taxes due in Spain and Luxembourg for IANTE and GUNILE. These amounts will only be cumulative when the last asset is sold and transferred.
- **Exit fees:** 1% of the capital invested by Ares in the Spanish companies, with a limit of 800,000 euros. Once Ares has received distributions that provide it an IRR of 5% or the net distributable cash flows calculated after the taxes due in Spain and Luxembourg for the Spanish companies. The exit fees will be deducted from the incentive fee, if one is paid.

The agreement mentions fixed remuneration for the CEO guaranteed for three years.

The acquisition fee, the exit fees and the incentive fee are non-refundable.

The sums Avalon Properties S.L. billed Iante Invetsments Socimi S.A., have been eliminated from the consolidation process because the latter company is fully integrated.

The amounts accrued in 2023 by the members of the Board of Directors who perform duties as Group executives amounted to 1,087,273 euros (607,730 euros in 2022).

The Group has not provided any loans and advances to the members of its board, and it has no contractual pension and life insurance obligations.

Board members and their related parties pursuant to section 231 of the Corporate Enterprises Act have not incurred in any conflicts of interest under section 229 of the revised text of the Corporate Enterprises Act.

**IANTE INVESTMENTS SOCIMI, S.A.**  
**Notes to the Consolidated Financial Statements**  
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**21 Other information**

21.1 Staff

The average number of staff employed by the Group, distributed by category, is as follows:

	2023		
	Men	Women	Total
Directors	1	-	1
Other managers	2	1	3
Technicians and admin	14	12	26
Basic tasks	6	6	12
	<b>23</b>	<b>19</b>	<b>42</b>

	2022		
	Men	Women	Total
Directors	1	-	1
Other managers	2	1	3
Technicians and admin	5	5	10
Basic tasks	7	6	13
	<b>15</b>	<b>12</b>	<b>27</b>

The number of staff employed by the Group at the close of 2023 and 2022, is as follows:

	2023		
	Men	Women	Total
Directors	1	-	1
Other managers	2	1	3
Technicians and admin	19	14	33
Basic tasks	6	7	13
	<b>28</b>	<b>22</b>	<b>50</b>

	2022		
	Men	Women	Total
Directors	1	-	1
Other managers	2	1	3
Technicians and admin	7	6	13
Basic tasks	8	8	16
	<b>18</b>	<b>15</b>	<b>33</b>

During 2023 and 2022, there was an employee with a disability of 33% or higher.

**IANTE INVESTMENTS SOCIMI, S.A.**  
**Notes to the Consolidated Financial Statements**  
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**22 Segmented Information**

The Board of Directors of the Parent Company is the Group chief decision taking body.

Management has determined the operational segments based on the information the body reviews to allocate the Group's resources and assess its performance.

Management has identified two segments that need to be reported: Leases and Corporate.

The Leases segment focuses its activity on leasing the properties held by the Group and described in Note 8, all of which are located in the Madrid Region.

The Corporate segment focuses on administrative activities and on supporting the other segments.

The total asset and liability figures provided to the Parent Company's board of directors are assessed based on uniform criteria. These assets and liabilities are allocated based on the activities of the segment as shown in the following table (net of consolidation adjustments):

ASSETS	Euros (2023)		
	Leases	Corporate	Consolidated
<b>NON-CURRENT ASSETS</b>			
Intangible assets	-	563,468	563,468
Property plant and equipment	-	195,824	195,824
Investment properties	437,346,039	-	437,346,039
Long-term financial investments	6,529,890	950,694	7,480,584
Goodwill	-	113,330	113,330
<b>TOTAL NON-CURRENT ASSETS</b>	<b>443,875,929</b>	<b>1,823,316</b>	<b>445,699,245</b>
<b>ACTIVO CORRIENTE</b>			
Inventory	48,984	1,545	50,529
Trade and other receivables	3,124,569	11,616	3,136,185
Current financial investments	542,174	-	542,174
Short-term accruals	1,277,021	-	1,277,021
Cash and other cash equivalents	2,094,749	1,138,413	3,233,162
<b>TOTAL CURRENT ASSETS</b>	<b>7,087,497</b>	<b>1,151,574</b>	<b>8,239,071</b>
<b>TOTAL ASSETS</b>	<b>450,963,426</b>	<b>2,974,890</b>	<b>453,938,316</b>

**IANTE INVESTMENTS SOCIMI, S.A.**  
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<b>EQUITY &amp; LIABILITIES</b>	Euros (2023)		
	Leases	Corporate	Consolidated
<b>EQUITY</b>			
Share Capital	-	10,220,818	10,220,818
Other equity items	(48,085,232)	4,430,299	(43,654,933)
<b>TOTAL EQUITY</b>	<b>(48,085,232)</b>	<b>14,651,117</b>	<b>(33,434,115)</b>
 <b>NON-CURRENT LIABILITIES</b>			
Non-current debts	319,513,637	-	319,513,637
Debts to related parties	81,924,763	62,232,289	144,157,052
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>401,438,400</b>	<b>62,232,289</b>	<b>463,670,689</b>
 <b>CURRENT LIABILITIES</b>			
Current debts	933,374	-	933,374
Current loans with related parties	7,432,199	13,504,614	20,936,813
Short-term accruals and other payables	1,048,986	782,569	1,831,555
<b>TOTAL CURRENT LIABILITIES</b>	<b>9,414,559</b>	<b>14,287,183</b>	<b>23,701,742</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>362,767,727</b>	<b>91,170,589</b>	<b>453,938,316</b>

<b>ASSETS</b>	Euros (2022)		
	Leases	Corporate	Consolidated
 <b>NON-CURRENT ASSETS</b>			
Intangible assets	-	464.846	464.846
Tangible fixed assets	-	205.991	205.991
Investment properties	401.378.829	-	401.378.829
Long-term financial investments	14.963.485	688.895	15.652.380
Goodwill	-	138.130	138.130
<b>TOTAL NON-CURRENT ASSETS</b>	<b>416,342,314</b>	<b>1,497,862</b>	<b>417,840,176</b>
 <b>CURRENT ASSETS</b>			
Inventory	243.794	46.428	290.222
Trade and other receivables	2,889.428	45.936	2,935.364
Current financial investments	4.277	2.568	6.845
Short-term accruals	1,058.793	-	1,058.793
Cash and other cash equivalents	1,444.086	2,567.988	4,012.074
<b>TOTAL CURRENT ASSETS</b>	<b>5,640.378</b>	<b>2,662.920</b>	<b>8,303.298</b>
<b>TOTAL ASSETS</b>	<b>421,982,692</b>	<b>4,160,782</b>	<b>426,143,474</b>

**IANTE INVESTMENTS SOCIMI, S.A.**  
**Notes to the Consolidated Financial Statements**  
**For the year ended 31 December 2023**

<b>EQUITY &amp; LIABILITIES</b>	Euros (2022)		
	Leases	Corporate	Consolidated
<b>EQUITY</b>			
Share Capital	-	9,569,727	9,569,727
Other equity items	(30,163,203)	9,338,921	(20,824,282)
<b>TOTAL EQUITY</b>	<b>(30,163,203)</b>	<b>18,908,648</b>	<b>(11,254,555)</b>
 <b>NON-CURRENT LIABILITIES</b>			
Non-current debts	290,275,377	-	290,275,377
Debts to related parties	71,046,763	57,218,889	128,265,652
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>361,322,140</b>	<b>57,218,889</b>	<b>418,541,029</b>
 <b>CURRENT LIABILITIES</b>			
Current debts	3,681,634	-	3,681,634
Current loans with related parties	3,045,357	10,511,821	13,557,178
Short-term accruals and other payables	894,279	723,910	1,618,189
<b>TOTAL CURRENT LIABILITIES</b>	<b>7,621,270</b>	<b>11,235,731</b>	<b>18,857,001</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>338,780,207</b>	<b>87,363,268</b>	<b>426,143,475</b>

The business information provided to the Parent Company's board of directors on the consolidated income statement for 2023 and 2022 is as follows:

	Euros (2023)		
	Leases	Corporate	Consolidated
Revenue	19,848,482	-	19,848,482
Other operating income	402,136	915,451	1,317,587
Personnel costs	-	(4,132,648)	(4,132,648)
Other operating expenses	(7,424,932)	(1,487,132)	(8,912,064)
Depreciation and amortisation	(4,734,823)	(289,755)	(5,024,578)
Impairment and gains of non-current assets	667,167	-	667,167
<b>PROFIT/(LOSS) FROM OPERATIONS</b>			
Financial income	-	27,487	27,487
Financial costs	(16,629,802)	(3,103,756)	(19,733,558)
Change in fair value of financial instruments	-	-	-
Exchange differences	(255)	-	(255)
Other financial income	1,230,910	-	1,230,910
<b>FINANCIAL LOSS</b>	<b>(15,399,147)</b>	<b>(3,076,269)</b>	<b>(18,475,416)</b>
<b>PROFIT / (LOSS) BEFORE TAX</b>	<b>(6,641,117)</b>	<b>(8,070,353)</b>	<b>(14,711,470)</b>
Income tax	-	(41,261)	(41,261)
<b>PROFIT / (LOSS) FOR THE YEAR</b>	<b>(6,641,117)</b>	<b>(8,111,614)</b>	<b>(14,752,731)</b>

**IANTE INVESTMENTS SOCIMI, S.A.**  
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**For the year ended 31 December 2023**

	Euros (2022)		
	<b>Leases</b>	<b>Corporate</b>	<b>Consolidated</b>
Revenue	12,344,791	-	12,344,791
Other operating income	220,676	1,157,765	1,378,441
Personnel costs	(18,318)	(2,809,128)	(2,827,446)
Other operating expenses	(9,333,747)	(1,880,217)	(11,213,964)
Depreciation and amortisation	(3,373,797)	(121,050)	(3,494,847)
Impairment and gains of non-current assets	518,070	-	518,070
<b>PROFIT/(LOSS) FROM OPERATIONS</b>	<b>357,675</b>	<b>(3,652,630)</b>	<b>(3,294,955)</b>
Financial income	-	21,115	21,115
Financial costs	(15,627,272)	(2,636,223)	(18,263,495)
Change in fair value of financial instruments	1,945,930	-	1,945,930
Exchange differences	(22)	-	(22)
Other financial income	1,390,200	-	1,390,200
<b>FINANCIAL LOSS</b>	<b>(12,291,164)</b>	<b>(2,615,108)</b>	<b>(14,906,272)</b>
<b>PROFIT / (LOSS) BEFORE TAX</b>	<b>(11,933,489)</b>	<b>(6,267,738)</b>	<b>(18,201,227)</b>
Income tax	-	(28,662)	(28,662)
<b>PROFIT / (LOSS) FOR THE YEAR</b>	<b>(11,933,489)</b>	<b>(6,296,400)</b>	<b>(18,229,889)</b>

## **23 Guarantees**

As of 31 December 2023 the Group has no guarantees delivered to third parties. As of 31 December 2022, the Group had guarantees with third parties amounting to €8.1 million from which €6.5 million had been delivered to real estate developers of the turnkey projects mentioned in note 8 which have started operations in 2023.

## **24 Environmental information**

The Group companies have no assets nor have they incurred any expenses aimed at minimising their environmental impact and protecting and improving the environment. There are also no provisions for risks and expenses or contingencies related to protecting and improving the environment.

## **25 Fees paid to auditors**

The fees Grant Thornton, S.L. accrued during the year for audit services and other services are shown below:

	<b>2023</b>	<b>2022</b>
Audit services	85,940	83,900
Other services	-	-
	<b>85,940</b>	<b>83,900</b>

**IANTE INVESTMENTS SOCIMI, S.A.**  
**Notes to the Consolidated Financial Statements**  
**For the year ended 31 December 2023**

**26 Subsequent Events**

The main subsequent events that have taken place after the end of the fiscal year and before the preparation date of these consolidated financial statements are the following:

- During the first quarter of 2024, drawdowns were made from the “Interest Bearing Credit Facility” granted by the parent company AEREF V Iberian Residential Holdings S.A.R.L. for a total amount of €9 million.
- On January 31, 2024 and March 12, 2024, the Parent Company of the Group carried out two capital increases for an amount of €72,727 and €231,818 euros respectively by issuing 72,727 and 231,818 shares for a par value of 1 euro and a share premium of 2.30 euros, respectively.
- In March 2024, the Group formalized the acquisition of the turnkey development Cañaveral M30 described in note 8. Said acquisition was partially financed by a loan agreement “Green Facilities Agreement” with ING, Spain Branch as agent for an amount of €14 million. Said financing, which has a 5 year maturity accrues market interest rates.

**27 Disclosure requirements arising from REIT status, (REIT Act 2009)**

The disclosure requirements under section 11 of REIT Act 2009 are covered in the Parent Company's and the subsidiaries' abridged annual financial statements.

There is no other information deemed relevant that might facilitate the comprehension of the financial statements subject to filing, with the goal that they should reflect the true and fair view of the Group's equity, financial situation and results.

The Group's directors believe that the information provided here sufficiently reflects the true and fair view of the equity, financial situation and results.

CONSOLIDATED DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2023

**IANTE INVESTMENTS SOCIMI, S.A.**  
**Consolidated Directors' Report for the year ended**  
**31 December 2023**

This report includes notes on the evolution of the consolidated annual accounts of Iante Investments SOCIMI, S.A., and its subsidiaries (the "Group") and other notable events.

## **1. Situation of the Group**

### **1.1. Situation of the Group**

The Group is fully performing its economic activities, the volume and characteristics of which can be seen from its acquisition of all of the assets primarily held as residential leases in the Community of Madrid.

### **1.2. Evolution of the Consolidated Balance Sheet and Income Statement structure**

Consolidated revenue for the Group amounted to 19.8 million Euro in 2023, resulting in an increase of 61% compared to the 12.3 million Euro in 2022, as a result of the increase in the occupation rate, the acquisition of new assets during the year and the increase in average rents per unit.

Consolidated losses amounted to -14.8 million Euro in 2023 (compared to -18.2 million Euro losses in 2022) as a result of start-up costs for new assets and the larger financing costs during the year despite the improvement in the operating results.

The investment properties balance as of 31 December 2023 amounts to 437.3 million Euro (401.4 million Euro in 2022), as a result of the acquisition of new assets and the investment made both in the rehabilitation of buildings owned by the Group and in turnkey projects under construction.

Bank borrowings amounted as of 31 December 2023 to 317.2 million Euro (289.2 million Euro in 2022) and the loans payable to related parties amounted to 165.1 million Euro (141.8 million Euro in 2022), to partially finance the acquisitions of new assets, reflecting the investment effort made during the year.

## **2. Business performance**

### **2.1. Business performance**

During the year 2023, the Group, through its subsidiaries, has acquired the turnkey projects in Tetuán (Madrid) and Torrejón de Ardoz involving the incorporation to the Group of a volume of 145 homes. Additionally, during the year 2023, the Group has progressed in the refurbishment of a historic building acquired in 2022 located in the Madrid downtown area and in the ongoing turnkey projects under construction.

IANTE's rental housing portfolio has shown a very solid performance during the year in terms of the existing demand, which has been reflected in the group's capacity to substantially improve the occupancy of the assets in operation despite the difficulties existing in the market in view of the current COVID-19 pandemic situation.

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**3. Outlook for the Group**

**3.1. Revenue**

It is expected that in 2024, revenues will increase as a result of the incorporation of new housing in operation, from new assets to be acquired during the period or from existing assets currently in the rehabilitation phase that will be completed during this period. In addition, it is expected that revenues will increase because of the signing of new rental contracts for those existing homes whose contracts expire.

**3.2. Investments**

The Group is currently analysing various opportunities for adding new assets to its portfolio in 2024. The Group expects to expand its presence in the metropolitan areas of Madrid by acquiring operational assets and assets under remodelling, and by signing forward purchase agreements to acquire assets in the near future.

The Group is currently assessing various plans to reposition and remodel various assets in its portfolio. Some of these plans will be implemented and completed in 2024.

**3.3. Consolidated profit/(loss)**

The profit margin is expected to increase due to the increased occupancy and higher rents after the relevant CAPEX investments in the investment properties. Its margins are also expected to improve due to various measures that the company is analysing to reduce the operational costs associated with its assets under management.

**3.4. Financial situation**

In the immediate future, the financial situation is expected to remain at similar levels as the current year, which may be classified as acceptable.

**4. Research and development**

The Group conducted no research and development activities in 2023 and 2022.

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**5. Information on payment periods to suppliers in commercial transactions**

The details of the required disclosures on average payment periods to suppliers in commercial transactions under Spanish Law 15/2010, of 5 July, and the amendments of Spanish Law 31/2014, of 3 December and the Resolution of the Spanish Institute of Accountants and Auditors of 29 January 2016, are as follows:

	2023	2022
Average period of payment to suppliers	16	17
Ratio of transactions settled	17	18
Ratio of transactions not yet settled	12	6
	2023	2022
Total payments made	11,403,883	12,569,605
Total payments outstanding	933,514	797,042
Payment volume < 30 días (third parties)	9,572,976	10,683,438
Invoices paid < 30 días (third parties)	15,972	13,246
Total payment volume (third parties)	11,403,883	12,569,605
Total invoices paid (third parties)	16,739	13,716
% over total payment volume	84%	85%
% over total invoices paid	95%	97%

**6. Subsequent Events**

The main subsequent events that have taken place after the end of the fiscal year and before the preparation date of these consolidated financial statements are the following:

- During the first quarter of 2024, drawdowns were made from the “Interest Bearing Credit Facility” granted by the parent company AEREF V Iberian Residential Holdings S.A.R.L. for a total amount of €9 million.
- On January 31, 2024 and March 12, 2024, the Parent Company of the Group carried out two capital increases for an amount of €72,727 and €231,818 euros respectively by issuing 72,727 and 231,818 shares for a par value of 1 euro and a share premium of 2.30 euros, respectively.
- In March 2024, the Group formalized the acquisition of the turnkey development Cañaveral M30 described in note 8. Said acquisition was partially financed by a loan agreement “Green Facilities Agreement” with ING, Spain Branch as agent for an amount of €14 million. Said financing, which has a 5 year maturity accrues market interest rates.

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**7. Treasury shares**

7.1. Treasury shares at the start of the year

No treasury shares were held in the portfolio at the start of the year.

7.2. Share buyback

During the year referred to in this consolidated directors' report, the Parent Company did not buy back any of its own shares.

7.3. Disposals of treasury shares

No treasury shares were disposed of during the year referred to in this report.

7.4. Amortisation of treasury shares

No capital reductions were conducted during the financial year to pay off treasury shares held in the portfolio.

7.5. Treasury shares at the end of the year

No treasury shares were held in the portfolio at year's end.

**8. Financial instruments**

The Group's financial risk management is centralised in its Financial Department, which has established the mechanisms required to control exposure to interest rate fluctuations and credit and liquidity risk.

The main financial risks affecting the Group are as follows:

8.1. Credit factors

The Group does not have any material credit risk concentration. The Group has policies to ensure that sales are made to clients with adequate credit records. Cash transactions are only conducted with financial institutions with high credit ratings. The Group has policies to limit the amount of risk with any financial institution.

The allowance over accounts receivables entails judgement by management and review of individual balances based on clients' credit worthiness, current market trends and a historical analysis of arrears on an aggregate level. In relation to the allowance adjustment derive from the aggregate analysis of the historical experience of delinquencies, a reduction in balance volumes implies a reduction in the allowance and vice versa.

8.2. Liquidity risk

The Group manages liquidity risk on a prudent basis; the purpose of which is to maintain sufficient levels of cash.

Financing received was both with the ultimate Parent Company and from banks.

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**8.3. Interest rate risk**

As a result of the current situation in the real estate sector and in order to mitigate any negative impacts that this might cause, the Group has specific measures to minimise the impacts on its financial situation.

These measures are applied based on strategy and forecasts defined by the Group. The financial debt is exposed to interest rate risk in its cash flows, which may have an adverse effect on the financial results and cash flows, the Group uses cash flow hedges to reduce its exposure over the interest rate risk.

**9. Environment**

Because of their nature, the Group's business activities do not have a significant environmental impact.

**10. Staff**

The average number of employees of the Group in 2023 amounted to 42 (27 employees in 2022).

**AUTHORISATION OF ISSUE OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AND CONSOLIDATED DIRECTORS' REPORT BY THE BOARD OF DIRECTORS**

In compliance with the applicable regulations, the directors of Iante Investments SOCIMI, S.A. have authorised for issue the Group's consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements) and the consolidated Directors' Report for the year ended 31 December 2023.

The directors affix their signatures to the aforementioned documents, signing the page attached to the notes to the accompanying notes to the consolidated financial statements and consolidated directors' report.

Madrid, 31 March 2024

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Mr. Pablo Paramio García  
Chair

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Mr. Álvaro Urbón García Fuentes  
Board Member

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Mrs. Alicia Selvi Domínguez  
Board Member