Astickso XXI SOCIMI, S.A. and subsidiaries

Auditor's report
Consolidated annual accounts for the financial year 2023
Consolidated directors’ report

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

Independent auditor's report on the consolidated annual accounts

To the sole shareholder of Astickso XXI SOCIMI, S.A. (Unipersonal Company)

Opinion

We have audited the consolidated annual accounts of Astickso XXI SOCIMI, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2023, and the income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at 31 December 2023, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. 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 relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

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

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, in our professional judgment, were considered to be the most significant risks of material misstatement 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.

Most relevant aspects of the audit	How our audit addressed the most relevant aspects of the audit
Valuation of Investment properties As indicated in note 5 of the attached consolidated annual accounts, investment property constitutes 90% of the Group's assets. The Group, as described in note 2.7, applies the fair value model in accordance with IAS 40, and has recorded in the consolidated income statement for the year 2023 a negative change in the fair value of investment property of 12,532,547 euros, as described in note 5. The total investment property recorded in non-current assets on the consolidated balance sheet amounts to 103,392,137 euros as of December 31, 2023. The Group records the fair value of investment property based on valuations made by independent experts. The valuations are carried out in accordance with the Valuation and Valuation Standards published by the Royal Institution of Chartered Surveyors (RICS), whose methodology has been described in note 5 of the attached consolidated annual accounts. The valuers consider specific variables such as signed lease contracts. They also assume certain hypotheses regarding variables such as discount rates, estimated market rents and exit yields, arriving at a final assessment. The importance of the estimates and judgments involved in these valuations, together with the fact that a percentage difference in the valuation of a property could result in a material figure, makes the valuation of real estate investments to be considered a more relevant aspect of our audit. .	For the acquisitions of real estate investments recorded during the year, we have verified the key supporting documentation of a sample of them, such as contracts and deeds of sale, or other documents that affect the cost. Additionally, we have obtained the valuation of real estate investments carried out by independent experts hired by the management, on which we have carried out, among others, the following procedures: • Verification of the competence, capacity and independence of the expert appraiser through confirmation and confirmation of its recognized prestige in the market. • We have verified that the valuations have been carried out in accordance with accepted methodology. • Discussion of the main key assumptions of the valuation through various meetings with management, evaluating the consistency of the estimates. • Carrying out tests to verify the accuracy of the most relevant data supplied by management to the valuer. Lastly, we have evaluated the adequacy of the information disclosed in the consolidated annual accounts. The result of the procedures carried out has made it possible to reasonably achieve the audit objectives for which said procedures were designed.

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2023 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with legislation governing the audit practice, is to evaluate and report on the consistency between the consolidated management report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described in the previous paragraph, the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2023 financial year, and its content and presentation are in accordance with the applicable regulations.

Responsibility of the Parent company's directors for the consolidated annual accounts

The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent company's directors 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 aforementioned directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the 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 legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive 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 accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.

- Conclude on the appropriateness of the Parent company's directors' 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 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 fair presentation.

- Obtain sufficient and 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 Parent company's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with 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, considered to be the most significant risks.

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

PricewaterhouseCoopers Auditores, S.L. (S0242)

Rafael Pérez Guerra (20738)

26 June 2023

ASTICKSO XXI SOCIMI, S.A. (Single Shareholder Company) AND SUBSIDIARIES

Consolidated Annual Accounts at 31 December 2023
and Consolidated Directors' Report for 2023

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CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2023
(Figures in euros)

	Notes	At 31 December 2023	At 31 December 2022
NON-CURRENT ASSETS			
Investment properties	**5**	**103,392,137**	**110,020,000**
Long-term financial investments	**6**	**2,753,386**	**4,588,630**
Derivatives		2,684,047	4,391,299
Other financial assets		69,339	197,331
Deferred tax assets	**11**	**842**	**842**
Non-current trade receivables	**6**	**1,677,863**	**487,268**
TOTAL NON-CURRENT ASSETS		**107,824,228**	**115,096,740**
CURRENT ASSETS			
Trade and other receivables		**164,213**	**91,674**
Trade receivables for sales and services	6	117,089	6,043
Sundry receivables	6	-	1,320
Other credits with Public Administrations	11	47,124	84,311
Short-term financial investments	**6**	**-**	**136,414**
Other financial assets		**-**	136,414
Prepayments and accruals		**521,579**	**769,729**
Cash and cash equivalents	**7**	**5,763,616**	**2,371,029**
TOTAL CURRENT ASSETS		**6,449,408**	**3,368,846**
TOTAL ASSETS		**114,273,636**	**118,465,586**

The accompanying Notes 1 to 18 and Appendices I and II are an integral part of the consolidated annual accounts at 31 December 2023.

ASTICKSO XXI SOCIMI, S.A. (Single Shareholder Company) AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2023
(Figures in euros)

	Notes	At 31 December 2023	At 31 December 2022
EQUITY AND LIABILITIES			
EQUITY			
SHAREHOLDERS' EQUITY	**8**	**38,109,859**	**48,299,333**
Share capital		5,000,000	5,000,000
Retained earnings and other reserves		11,772,227	12,810,659
Prior years' losses		-	-
Other contributions from shareholders		35,515,558	31,532,558
Income for the year attributable to shareholders of the Parent Company		(14,177,926)	(1,043,884)
Interim dividend		-	-
Adjustments for changes in value of hedging transactions	**6**	**2,292,201**	**4,169,829**
Equity attributable to shareholders of the Parent company		**40,402,060**	**52,469,162**
TOTAL EQUITY		**40,402,060**	**52,469,162**
NON-CURRENT LIABILITIES			
Long-term debts		**72,264,490**	**65,718,834**
Bonds and marketable securities	9 and 14	7,569,000	7,569,000
Bank borrowing	9	64,273,749	57,887,233
Derivatives	6 and 9	421,741	134,609
Other financial liabilities	9	-	127,992
TOTAL NON-CURRENT LIABILITIES		**72,264,490**	**65,718,834**
CURRENT LIABILITIES			
Short-term debts		**27,995**	**8,088**
Bank borrowing	9	27,995	6,678
Other financial liabilities	9 and 14	-	1,410
Trade and other payables		**1,579,091**	**269,502**
Suppliers and other accounts payable	9	220,396	-
Trade and other accounts payable	9	1,206,645	241,443
Other debts with Public Administrations	11	152,050	28,059
TOTAL CURRENT LIABILITIES		**1,607,086**	**277,590**
TOTAL EQUITY AND LIABILITIES		**114,273,636**	**118,465,586**

The accompanying Notes 1 to 18 and Appendices I and II are an integral part of the consolidated annual accounts at 31 December 2023.

ASTICKSO XXI SOCIMI, S.A. (Single Shareholder Company) AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023
(Figures in euros)

	Notes	31 December 2023	31 December 2022
Turnover	**10**	**2,425,538**	**3,720,596**
Other operating expenses	**10**	**(1,436,831)**	**(1,374,058)**
Outsourced services		(923,016)	(928,461)
Other taxes		(513,815)	(445,597)
Variation in fair value of investment property	**5**	**(12,532,547)**	**(672,676)**
Other profits (losses)		**-**	**35,950**
OPERATING PROFIT (LOSS)		**(11,543,840)**	**1,709,812**
Financial income	**10**	**1,782,928**	**160,224**
Financial expenses	**10**	**(4,328,052)**	**(2,927,092)**
Change in the fair value of financial instruments	**6 and 10**	**(88,962)**	**19,361**
Exchange differences	**10**	**-**	**(741)**
FINANCIAL PROFIT (LOSS)		**(2,634,086)**	**(2,748,248)**
EBT		**(14,177,926)**	**(1,038,436)**
Income tax expense	11	-	(5,448)
PROFIT/(LOSS) FOR THE YEAR		**(14,177,926)**	**(1,043,884)**
Attributable to the Parent Company's Shareholders	**8**	**(14,177,926)**	**(1,043,884)**
Attributable to non-controlling interest		**-**	**-**

The accompanying Notes 1 to 18 and Appendices I and II are an integral part of the consolidated annual accounts at 31 December 2023.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023
(Figures in euros)

	Note	31 December 2023	31 December 2022
Profit/(loss) for the year	**8**	**(14,177,926)**	**(1,043,884)**
Other comprehensive income, net of taxes	**6**	**(1,877,628)**	**4,169,829**
Items that may be reclassified to profit or loss		(1,877,628)	4,169,829
Items that will not be reclassified to profit or loss		-	-
Total comprehensive income for the year attributable to shareholders of the Parent Company		**(16,055,554)**	**3,125,945**
Total comprehensive income for the year attributable to the non-controlling interest		-	-

The accompanying Notes 1 to 18 and Appendices I and II are an integral part of the consolidated annual accounts at 31 December 2023.

ASTICKSO XXI SOCIMI, S.A. (Single Shareholder Company) AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023
(Figures in euros)

	Registered Share Capital (Note 8)	Retained Earnings and Other reserves (Note 8)	Other shareholders' contributions (Note 8)	Prior years' losses (Note 8)	Consolidated income for the year (Note 8)	Interim dividend (Note 8)	Adjustments for changes in value of hedging transactions (Note 6)	TOTAL Equity attributable to shareholders of the Parent Company	TOTAL
BALANCE AT 31 DECEMBER 2021	**3,500**	**(928)**	**38,336,179**	**(1,596)**	**12,998,507**	**(185,324)**	**-**	**51,150,338**	**51,150,338**
BALANCE AT 1 JANUARY 2022	**3,500**	**(928)**	**38,336,179**	**(1,596)**	**12,998,507**	**(185,324)**	**-**	**51,150,338**	**51,150,338**
Total recognised income and expenses	**-**	**-**	**-**	**-**	**(1,043,884)**	**-**	**4,169,829**	**3,125,445**	**3,125,445**
Transactions with partners and owners	**4,996,500**	**-**	**(6,803,621)**	**-**	**-**	**-**	**-**	**(1,807,121)**	**(1,807,121)**
Capital increases/decreases	4,996,500	-	(4,996,500)	-	-	-	-	-	-
Shareholders' contributions	-	-	1,791,050	-	-	-	-	1,791,050	1,791,050
Refunds of shareholders' contributions	-	-	(3,598,171)	-	-	-	-	(3,598,171)	(3,598,171)
Other changes in equity	**-**	**12,811,587**	**-**	**1,596**	**(12,998,507)**	**185,324**	**-**	**-**	**-**
BALANCE AT 31 DECEMBER 2022	**5,000,000**	**12,810,659**	**31,532,558**	**-**	**(1,043,884)**	**-**	**4,169,829**	**52,469,162**	**52,469,162**
BALANCE AT 1 JANUARY 2023	**5,000,000**	**12,810,659**	**31,532,558**	**-**	**(1,043,884)**	**-**	**4,169,829**	**52,469,162**	**52,469,162**
Total recognised income and expenses	**-**	**-**	**-**	**-**	**(14,177,926)**	**-**	**(1,877,628)**	**(16,055,554)**	**(16,055,554)**
Transactions with shareholders and owners	**-**	**-**	**3,983,000**	**-**	**-**	**-**	**-**	**3,983,000**	**3,983,000**
Capital increases/decreases	-	-	-	-	-	-	-	-	-
Shareholders' contributions	-	-	3,983,000	-	-	-	-	3,983,000	3,983,000
Refunds of shareholders' contributions	-	-	-	-	-	-	-	-	-
Other changes in equity	**-**	**(1,038,432)**	**-**	**-**	**1,043,884**	**-**	**-**	**5,452**	**5,452**
BALANCE AT 31 DECEMBER 2023	**5,000,000**	**11,772,227**	**35,515,558**	**-**	**(14,177,926)**	**-**	**2,292,201**	**40,402,060**	**40,402,060**

The accompanying Notes 1 to 18 and Appendices I and II are an integral part of the consolidated annual accounts at 31 December 2023.

ASTICKSO XXI SOCIMI, S.A. (Single Shareholder Company) AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023
(Figures in euros)

	Note	31 December 2023	31 December 2022
A) CASH FLOW FROM OPERATING ACTIVITIES			
Earnings before tax	**11**	**(14,177,926)**	**12,993,901**
Adjustments of profit/(loss)		**13,972,168**	**(12,208,385)**
Financial revenue	10	(1,782,928)	-
Financial expenses	10	4,328,052	2,927,092
Changes in fair value of investment property	5	12,532,547	672,676
Changes in fair value of financial instruments	10	88,962	(19,361)
Exchange rate differences		-	113
Other adjustments to income/(loss)	6	(1,194,465)	(487,268)
Changes in working capital		**1,300,952**	**(79,022)**
Advances to suppliers		-	7,587
Trade and other receivables		(72,539)	270,910
Other current assets		61,350	(207,207)
Trade and other payables		1,359,536	(21,755)
Other current liabilities		(47,395)	(1,716)
Other non-current assets and liabilities		-	(69,339)
Other cash flows from operating activities		**(1,981,848)**	**(279,275)**
Interest received		1,897,133	**-**
Interest payments		(3,878,981)	(1,933,684)
Cash flows from operating activities		**(886,654)**	**(60,612)**
B) CASH FLOW FROM INVESTMENT ACTIVITIES			
Payables due to investments	**5**	**(5,863,742)**	**(2,542,676)**
Investment properties		(5,904,683)	(2,542,676)
Other financial assets		40,941	-
Receivables and payments for divestments		**-**	**-**
Changes in the perimeter		-	-
Payments for Investment Property	5	-	-
Payments for financial investments	6	-	-
Cash flows from investment activities		**(5,863,742)**	**(2,542,676)**
C) CASH FLOW FROM FINANCING ACTIVITIES			
Receipts and payments for equity instruments	**8**	**3,983,000**	**(9,224,954)**
Shareholders' contributions		3,983,000	1,791,050
Refund of shareholders' contributions		-	(11,016,004)
Receipts and payments for instruments of financial liability		**6,159,982**	**5,928,436**
Issuance of financial debt		6,159,982	24,126,914
Issuance of debt with related parties		-	-
Repayment of debt with credit institutions		-	(18,198,478)
Dividend collections and payments	**8**	**-**	**(185,324)**
Cash flows from financing activities		**10,142,982**	**(3,481,842)**
NET INCREASE / (DECREASE) IN CASH OR CASH EQUIVALENTS		**3,392,586**	**(6,085,130)**
Cash at beginning of year	**7**	**2,371,029**	**8,456,159**
Cash at end of year	**7**	**5,763,615**	**2,371,029**

The accompanying Notes 1 to 18 and Appendices I and II are an integral part of the consolidated annual accounts at 31 December 2023.

1. ACTIVITY AND GENERAL INFORMATION

Astickso XXI SOCIMI, S.A. (formerly Astickso CCI, S.L.) (hereinafter, the "Parent Company" or the "Company"), was incorporated on 14 October 2020 in Spain in accordance with the consolidated text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July (the "Corporate Enterprises Act") by public deed. The registered office of the Parent Company is located at Calle Goya, 6, Madrid.

On 20 September 2021, the Sole Shareholder of the Parent Company, exercising the powers of the General Meeting of Shareholders, decided to opt for application of the special REIT tax regime for corporate income tax purposes. In accordance with the provisions of the First Transitional Provision of Law 11/2009, of 26 October, which regulates Real Estate Investment Trusts, it is possible to opt for the application of the special tax regime under the terms established in Article 8 of this Law, even if the requirements laid down therein are not met, provided that such requirements are met within two years from the date of application of such regime. Application was made for registration under the REIT regime on 28 September 2021.

The corporate purpose of the Parent Company consists of:

a) The acquisition and promotion of natural urban real estate for leasing.

b) The holding of shares in the capital of other REITs or in the capital of other entities not resident in Spanish territory that have the same corporate purpose as the former and that are subject to a regime similar to that established for REITs in terms of the mandatory legal or statutory profit distribution policy.

c) The holding of shares in the capital of other entities, whether or not resident in Spanish territory, whose main corporate purpose is the acquisition of urban real estate for lease and which are subject to the same regime established for REITs in terms of the mandatory legal or statutory profit distribution policy and which meet the investment requirements established for these companies.

d) The holding of shares or equity units of Undertakings for Collective Investments (UCI) regulated in Law 35/2003, of 4 November, on Undertakings for Collective Investment, or the regulation that replaces it in the future.

Transformation to a Public Limited Company: listing on Euronext.

On 16 November 2022, the Board of Directors of the Parent Company decided to grant full powers to María Victoria Oliver de Querol to comply with the requirements established to formalise the preparatory activities for the listing of the Parent Company's shares on any trading system of a member state of the European Economic Area, such as Euronext Access.

This process required the preparation of a balance sheet and its explanatory notes of the Parent Company at 31 August 2022, which was audited and reviewed by the independent expert appointed by the Mercantile Registry.

In addition, to comply with the requirements for listing on Euronext Access, the Parent Company had to be transformed into a Public Limited Company. This conversion was decided on 29 December 2022 by the Sole Shareholder and required a capital increase against other shareholder contributions, so that the Parent Company, at 31 December 2022, had share capital of 5,000,000 euros (Note 8). Finally, the corporate name changed to Astickso XXI SOCIMI, S.A. Both events were registered with the Mercantile Registry on 8 February 2023.

The consolidated annual accounts of Astickso XXI SOCIMI, S.A. for the year ended 31 December 2023 were authorised for issue on 18 March 2024.

REIT Regime:

a) Regulatory regime

On 28 September 2021, the Parent Company applied to the Tax Authorities to opt for application of the regime for Real Estate Investment Trust (SOCIMI), being subject to Law 11/2009, of 26 October, as amended by Law 16/2012, of 27 December, and subsequent laws, which regulate REITs.

In the case of Castondo XXI, S.L., on 20 September 2021, the Parent Company, as Sole Shareholder, decided to opt for application of the special REIT tax regime for corporate income tax purposes. The State Tax Administration Agency was notified of its option to apply the REIT regime on 29 September 2021.

Lastly, in the case of Jaesure, S.L. and Fresierar, S.L., on 15 September 2022, the Parent Company, as Sole Shareholder, decided to opt for application of the special REIT tax regime for corporate income tax purposes and notified the State Tax Administration Agency of its decision to apply this regime.

Article 3 of Law 11/2009, of 26 October, establishes certain requirements for this type of company, as follows:

i. They must have invested at least 80% of the value of the assets in urban real estate intended for lease, in land for the development of real estate to be used for such purpose, provided that the development is started within three years after its acquisition, as well as in shares in the capital or in the equity of other entities referred to in Article 2.1 of this Law.

ii. At least 80% of the income for the tax period corresponding to each year, excluding income derived from the transfer of shares and real estate assets, both of which are used by the Parent Company to carry out its main corporate purpose, once the maintenance period referred to in the following section has elapsed, must come from the lease of real estate and from dividends or shares in profits linked to the aforementioned investments.

iii. The real estate assets of the Parent Company must be leased for at least three years. For the purposes of the computation, the time that the properties have been offered for lease will be added, with a maximum of one year.

The First Transitional Provision of the REIT Law allows application of the REIT Tax Regime under the terms established in Article 8 of the REIT Law, even if the requirements laid down therein are not met at the date of incorporation, provided that such requirements are met within two years following the date on which the REIT Tax Regime is chosen to be applied. In this regard, the Parent Company is taking the necessary actions aimed at complying with the requirements of the aforementioned regime and the Parent Company's directors estimate that all of them will be complied with within the stipulated period and, therefore, it is not necessary to record any income tax expense in the Parent Company.

The tax rate for REITs with regard to Corporation Tax is set at 0%. However, should profits be distributed to shareholders who own at least 5% of the share capital of the REIT and who are either exempt from tax or are taxed at a rate less than 10% on such dividends, then the REIT will have to pay a special corporate tax of 19% on the dividends distributed to those shareholders. Where applicable, this special taxation must be paid by the REIT within a deadline of two months from the date of dividend distribution.

Effective for years beginning on or after 1 January 2021, Law 11/2021, of 9 July, on measures to prevent and combat tax fraud amends Article 9.4 of Law 11/2009, of 26 October, which regulates Real Estate Investment Trusts (REIT). Specifically, a special tax of 15% is introduced on the amount of profit obtained in the year that is not distributed, in the part that comes from: a) income that has not been taxed at the general corporate income tax rate and, b) 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 27 December. This special levy will be considered as corporate income tax and will accrue on the date of the resolution of application of the profit for the year by the general meeting of shareholders or equivalent body. The self-assessment and payment of the tax must be made within two months from the accrual date

b) Subsidiaries

The Parent Company, Astickso XXI SOCIMI, S.A., is the parent company of a group of companies (hereinafter, the “Group”) comprising the following subsidiaries:

2023

Name	Registered office	Activity	Share %
Castondo XXI, S.L.	Calle de Goya 6, 2ª planta	Real estate	100%
Jaesure, S.L.U.	Calle de Goya 6, 2ª planta	Real estate	100%

(*) On 24 October 2023 the investee Fresierar, S.L. was liquidated.

2022

Name	Registered office	Activity	Share %
Castondo XXI, S.L.	Calle de Goya 6, 2ª planta	Real estate	100%
Jaesure, S.L.U.	Calle de Goya 6, 2ª planta	Real estate	100%
Fresierar, S.L.U. (*)	Calle de Goya 6, 2ª planta	Real estate	100%

2. BASES FOR PRESENTATION OF THE CONSOLIDATED ANNUAL ACCOUNTS

The main accounting policies adopted in the preparation of the consolidated annual accounts are described below. These policies have been applied consistently for all years presented unless otherwise indicated.

2.1 Basis of presentation

These consolidated annual accounts are the first that Astickso XXI SOCIMI, S.A. and subsidiaries (together, the Group) present under International Financial Reporting Standards as adopted by the European Union (EU-IFRS). These consolidated annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union (collectively, EU-IFRS), in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council and subsequent amendments.

The preparation of these consolidated annual accounts in accordance with IFRS-EU requires the use of certain critical accounting estimates. It also requires the Company to exercise judgment in the process of applying the Group’s accounting policies. Note 2.4 discloses areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated annual accounts.

The figures contained in these consolidated annual accounts are expressed in euros, unless otherwise indicated.

These consolidated annual accounts have been prepared under the historical cost approach, modified by the criteria for recording investment property measured at fair value and financial assets measured at fair value.

2.2 Comparability of information

For comparative purposes, the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows at 31 December 2023 are presented comparatively with information relating to 31 December 2022.

The comparative period covers the period from 1 January 2022 to 31 December 2022.

2.3 IFRS-EU standards, amendments and IFRIC interpretations issued

During 2022, the following standards and interpretations of mandatory application, already adopted by the European Union, came into force and, if applicable, have been used by the Group in the preparation of the accompanying information at 31 December 2022:

New standards, amendments and interpretations of mandatory application during the year

- IAS 16 (Amendment) - “Property, plant and equipment - Amounts received prior to intended use”.
- IAS 37 (Amendment) - “Contracts for pecuniary interest - costs of performance of a contract”.
- IFRS 3 (Amendment) - “Reference to the Conceptual Framework”.
- Annual Improvements to IFRS. Cycle 2018 - 2020: The amendments affect IFRS 1, IFRS 9 and IAS 41 and apply to annual periods beginning on or after 1 January 2022.
    - IFRS 1 “ First-time adoption of IFRS”.
    - IFRS 9 “Financial instruments”.
    - IAS 41 “Agriculture”.

The application of these amendments and interpretations has not had a significant effect on these consolidated annual accounts.

Standards, amendments and interpretations that have not yet entered into force, but may be adopted in advance:

- IFRS 17 - “Insurance contracts”.
- IFRS 17 (Amendment) - “Initial application of IFRS 17 and IFRS 9 - Comparative information”.
- IAS 1 (Amendment) - “Disclosure of accounting policies”.
- IAS 8 (Amendment) - “Definition of accounting estimates”.
- IAS 12 (Amendment) - “Deferred tax related to assets and liabilities arising from a single transaction”.

The Group has not early adopted any of the above amendments as they would not have a material effect on these consolidated annual accounts.

Standards, interpretations and amendments to existing standards that cannot be adopted in advance or have not been adopted by the European Union:

At the date of preparation of these consolidated annual accounts, the IASB and the *IFRS Interpretations Committee* have published the following standards, amendments and interpretations, which cannot be early adopted or are pending adoption by the European Union.

- IFRS 10 (Amended) and IAS 28 (Amended) - “Sale or contributions of assets between an investor and its associates or joint ventures”.
- IFRS 16 (Amendment) - “Lease liability on a sale and leaseback sale”.
- IAS 1 (Amendment) - “Non-current liabilities with covenants”.

If any of the above standards were adopted by the European Union or could be adopted in advance, the Group would apply them with the corresponding effects in its consolidated annual accounts.

As of the current date, the Group performs periodic assessments of the impact of these accounting standards, and has concluded that the impacts of these standards will not be significant.

2.4 Use of estimates

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions regarding the future. By definition, the resulting accounting estimations will rarely be the same as the corresponding actual results. Adjustments resulting from the standardisation of estimates will be prospective. Explained below are the estimations and judgements which have a significant risk of leading to a material adjustment in the book values of assets and liabilities in the following financial year.

a) <u>Fair value of investment property</u>

The Parent Company’s directors perform an assessment of the fair value of each property taking into account the most recent independent appraisals, and determine the value of a property within a range of acceptable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. When such information is not available, the Directors consider information from a number of resources including:

1) current prices in an active market for similar properties, but of a different nature, or recent prices of similar properties in less active markets, adjusted to reflect these differences;
2) discounted cash flow projections based on reliable estimates of future cash flows, and
3) capitalised rent projections based on estimated net market rents of a property, and a capitalisation rate derived from an analysis of market evidence.

In order to prepare these consolidated annual accounts at 31 December 2023, the directors have requested appraisals of all the properties by independent experts (Note 5) to reflect their market value at that date.

The appraisals of the real estate assets held by the investees have been carried out by an independent expert under the “market value” assumption, with these appraisals being carried out in accordance with the Valuation and Appraisal Standards of the Royal Institution of Chartered Surveyors of January 2022 - “Red Book”. The market value of the properties owned by the Group has been determined on the basis of valuations carried out by independent appraisers.

b) <u>Income tax</u>

The companies comprising the Group are covered by the regime established in Law 11/2009, of 26 October, which regulates Real Estate Investment Trusts (SOCIMI), which in practice means that, subject to compliance with certain requirements, they are subject to a corporate income tax rate of 0% (Note 1).

The Directors of the Company monitor compliance with the requirements established in the legislation in order to save the tax advantages established therein. In this regard, the Directors estimate that these requirements will be met within the terms and deadlines established, and that no income tax expense of any kind should be recorded in the Parent Company in relation to the regime governing REITs.

c) Business combinations

At the date of acquisition of a subsidiary, IFRS-EU require an analysis of whether a business or a pool of net assets is being acquired, which does not meet the definition of a business under IFRS 3 "Business Combinations" (Note 2.21).

When the Group acquires shares of an entity that constitutes a group of net assets, the cost is allocated to the individual identifiable assets and liabilities within the group based on their relative fair values at the acquisition date.

When the Group acquires shares of an entity that constitutes a business, at the acquisition date, the cost of the business combination is allocated to the identifiable assets, liabilities and contingent liabilities of the acquired company. These assets and liabilities are initially measured at fair value.

The excess of the cost of the business combination over the acquirer's share in the fair value of the net assets acquired is recognised as goodwill.

d) Joint arrangements and joint control

In the application of IFRS 10 and IFRS 11 on investments, the Group makes estimates and accounting judgments when determining the existence of control or joint control, and when classifying, in the case of joint arrangements, between joint ventures and joint operations.

Without prejudice to the fact that the estimation criteria are based on rational assessments and based on objective elements of analysis, it is possible that events that may occur in the future may make it necessary to modify them (upwards or downwards) in future periods; what would be done, if necessary and in accordance with IAS 8, is to prospectively recognise the change in estimate in the consolidated income statement.

2.5 Consolidation.

a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control (Appendix I). The Group controls an entity when it is exposed, or has the right, to variable returns from its involvement with the investee and has the ability to use its power over the investee to influence those returns. Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from consolidation on the date on which control ceases. Subsidiaries are fully consolidated, including all their assets, liabilities, income, expenses and cash flows in the consolidated annual accounts and eliminating intercompany transactions and balances between Group companies. The accounting policies of subsidiaries have been modified where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity and the consolidated statement of comprehensive income.

The year-end date of the subsidiaries is the same as that of the Parent Company.

b) <u>Joint Arrangements</u>

The Group applies IFRS 11 to all joint arrangements. Investments in joint arrangements under IFRS 11 are classified as joint operations or joint ventures, depending on the contractual rights and obligations of each investor.

Joint ventures imply that a venturer has direct rights to the assets, liabilities, income and expenses of the entity in which it participates. Joint ventures arise when a venturer is entitled to the results or net assets of the entity in which it has an interest and, therefore, uses the equity method to account for its share in the entity.

The proportionate share of the consolidated balance sheet and income statement items of the joint ventures are included in the consolidated balance sheet and income statement of the venturer based on its percentage share, as well as the cash flows in the consolidated statement of cash flows.

A breakdown of the identification data of the joint arrangements included in the scope of consolidation is provided in Appendix I to these notes to the consolidated annual accounts.

The year-end date of the joint ventures and joint arrangements coincides with that of the Parent Company.

<u>Relevant information on the method of action</u>

Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognise the investor's share in the profit or loss of the investee after the acquisition date.

If the ownership interest in a joint venture is reduced, but significant influence is maintained, only the proportionate share of amounts previously recognised in consolidated other comprehensive income is reclassified to consolidated profit or loss when appropriate.

The Group's share of post-acquisition gains or losses on its joint ventures is recognized in the consolidated income statement, and its share of post-acquisition movements is recognised in other consolidated comprehensive income with a corresponding adjustment to the book value of the investment. When the Group's share in the losses of a joint venture equals or exceeds its share in the joint venture, including any other uninsured long-term receivables, the Group does not recognise additional losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

At each reporting date, the Group determines whether there is any objective evidence that the value of the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of the impairment loss as the difference between the recoverable amount of the joint venture and its carrying amount and recognizes this amount under "Share of profit or loss of entities accounted for by the equity method" in the consolidated income statement.

Results from upstream and downstream transactions between the Group and its joint ventures are recognised in the Group's consolidated annual accounts only to the extent that they relate to the shares of other investors in the joint ventures unrelated to the investor. Unrealized losses are eliminated unless the transaction provides evidence of impairment of the transferred asset. The accounting policies of joint ventures have been modified when necessary to ensure consistency with the policies adopted by the Group.

Dilution results arising from investments in joint ventures are recognised in the consolidated income statement.

2.6 Segment reporting

The information on operating segments is presented in accordance with the internal information provided to the highest decision-making authority. The Board of Directors has been identified as the highest decision-making authority responsible for allocating resources and evaluating the performance of the operating segments.

2.7 Investment properties

Property held for long-term rental income or capital appreciation, or both, which is not occupied by Group companies, is classified as investment property. Investment property also includes property being constructed or developed for future use as investment property.

Investment property is initially measured at cost, including related transaction costs and financing costs, if applicable. After initial recognition, investment property is carried at fair value.

The fair value of investment property reflects, inter alia, future rental income from leases and other assumptions that market participants would consider when valuing the property under current market conditions. The determination of the fair value is described in Note 5.

Subsequent expenditures are capitalised at the carrying amount of the asset only when it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other expenses are recorded in the consolidated income statement when incurred. When part of an investment property is replaced, the cost of the replaced item is included in the book value of the property, and its fair value is reassessed.

Changes in fair value are recognised in the consolidated income statement. When the Group disposes of a property at fair value in an arm’s length transaction, the book value immediately before the sale is adjusted to the transaction price, and the adjustment is recorded in the consolidated income statement within net gain from fair value adjustment of investment property.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Their fair value at the reclassification date becomes their cost for subsequent accounting purposes.

2.8 Financial assets

a) <u>Classification</u>

The classification depends on the appraisal category which is determined on the basis of the business model and the characteristics of the contractual cash flows, and only reclassifies financial assets when and only when its business model for managing such assets changes.

The Group classifies its financial assets in the following categories: financial assets at fair value through other comprehensive income and financial assets at amortized cost.

b) <u>Measurement</u>

Acquisitions and disposals of investments are recognised on the date on which the Group undertakes to acquire or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets measured at fair value through profit or loss are initially recognised at fair value and transaction costs are charged to the consolidated income statement. Investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

For assets measured at fair value, gains and losses are recorded in consolidated profit or loss or in consolidated other comprehensive income.

c) Financial assets at amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Arises when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities exceeding 12 months from the consolidated balance sheet date, when they are classified as non-current assets.

This category also includes deposits and guarantees given to third parties. Loans and receivables are subsequently carried at amortized cost using the effective interest method. Accounts receivable that do not explicitly accrue interest are measured at their nominal value, provided that the effect of not financially updating the cash flows is not significant.

Subsequent measurement, if any, continues to be made at face value.

d) Financial assets at fair value with changes in other comprehensive income

This category includes those financial assets whose contractual conditions give rise, on specified dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding, and are not held for trading and are not classified in the “Financial assets at amortized cost” category. Investments in equity instruments for which the irrevocable option for classification as “Financial assets at fair value through other comprehensive income” has been exercised are also included in this category.

Initial measurement

Financial assets included in this category are initially measured at fair value, which is generally the transaction price, i.e. the fair value of the consideration given, plus any directly attributable transaction costs, including the amount of any pre-emptive subscription rights and similar rights acquired.

Subsequent measurement

Financial assets included in this category are measured at fair value, without deducting any transaction costs that might be incurred in their disposal. Changes in fair value are recorded directly in equity until the financial asset is derecognised or impaired, at which time the amount so recognised is taken to the income statement.

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

Interest, calculated using the effective interest rate method, and accrued dividends are also recorded in the income statement.

When these assets are to be valued due to derecognition or other reasons, the weighted average value method by homogeneous groups is applied.

In the exceptional case that the fair value of an equity instrument is no longer reliable, prior adjustments recognized directly in equity are treated in the same way as for impairment of financial assets at cost.

In the case of the sale of preferential subscription rights and similar or separation to exercise them, the amount of the cost of the rights will decrease the carrying value of the respective assets. This amount corresponds to the fair value or cost of the rights, consistent with the measurement of the associated financial assets.

e) Impairment

The impairment model requires the recognition of impairment allowances based on the expected loss model instead of only incurred credit losses.

The Group applies the simplified approach for its trade receivable, accounts receivable and other assets, most of which correspond to customers of recognized creditworthiness, recognising the expected credit loss for the entire life of the assets.

For trade accounts receivable, provided they do not contain a significant financial component, the Group applies the simplified approach, which requires recognising a loss allowance based on the expected loss model over the life of the asset at each reporting date. The Group's model considers internal information, such as the balance exposed at customers, external factors such as customer credit ratings and agency risk ratings, as well as customer-specific circumstances considering available information on past events, current conditions and prospective elements.

2.9 Financial liabilities

a) Financial liabilities at amortised cost:

This category includes debits through trade operations and debits through non-trade transactions. These third party resources are classified as current liabilities unless the Group has an unconditional right to defer their settlement for at least 12 months after the consolidated balance sheet date.

These debts are initially recognised at fair value and subsequently recorded at amortized cost using the effective interest rate method. This effective interest is the restatement rate that matches the carrying value of the instrument with the expected flow of future payments through to maturity of the liability.

Notwithstanding the above, debts owing to commercial operations whose maturity is no longer than one year and which don't have a contractual interest rate are valued, both at the time of initial recognition as well as subsequently, at their nominal value provided that the effect of not updating the cash flows is not significant.

2.10 Financial derivatives and hedge accounting

Financial derivatives are measured at their fair value, both at the initial time as well as in subsequent measurements. The method for recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if this is the case, on the nature of the hedge.

The hedging instruments are measured and recorded in line with their nature insofar as they are not, or have ceased to be, effective hedges.

In the case of derivatives that do not qualify for hedge accounting, gains and losses in their fair value are recognised immediately in the consolidated income statement.

The Group designates certain derivatives as hedges of a specific risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between the hedging instruments and the hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at inception and on an ongoing basis, of the high effectiveness of derivatives used in hedging transactions to offset changes in fair value or cash flows of hedged items.

The entire fair value of a hedging derivative is classified as a non-current asset or liability if the maturity of the remaining hedged item is greater than 12 months, and as a current asset or liability if the maturity of the remaining hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement.

Amounts accumulated in equity are reclassified to the consolidated income statement in the periods in which the hedged item affects profit or loss (e.g. when the forecast hedged sale takes place). The gain or loss relating to the effective portion of interest rate swaps hedging floating rate loans is recognised in the consolidated income statement. However, when the forecast transaction being hedged involves the recognition of a non-financial asset (e.g. inventories or property, plant and equipment), gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. Deferred amounts are recorded definitively in cost of goods sold, in the case of inventories, or in depreciation, in the case of property, plant and equipment.

When a hedging instrument matures or is sold, or when the requirements for hedge accounting are no longer met, any cumulative gain or loss accumulated in equity up to that time remains in equity and is recognized when the forecast transaction is finally recognized in the consolidated income statement. When the forecast transaction is not expected to occur, the accumulated gain or loss in equity is immediately transferred to the consolidated income statement.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and presented net in the consolidated balance sheet when there is a legally enforceable right to offset the recognized amounts and the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.12 Share capital and earnings per share

The share capital is represented by shares.

The costs of issuing new shares are presented directly against equity, as a reduction in reserves.

In the case of acquisition of the Parent Company's own shares, the consideration paid, including any directly attributable incremental cost, is deducted from equity until cancellation, reissue or disposal. When the shares are sold or once again issued, any amount received, net of any incremental cost of the transaction that is directly attributable, is included in equity.

Basic earnings per share are calculated by dividing the profit attributable to owners of the Parent Company, excluding any equity servicing costs other than ordinary shares by the weighted average number of ordinary shares outstanding during the year and excluding treasury shares.

For diluted earnings per share, the figures used in the determination of basic earnings per share are adjusted to take into account the post-tax effect of interest and other finance costs associated with the dilutive potential of ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Likewise, a contract containing an obligation for the Parent Company to purchase its own equity instruments in exchange for cash gives rise to a financial liability. This financial liability is initially recognised at the present value of the amount to be repaid, against equity. Subsequently, the financial liability is measured at amortized cost, and changes in value, both due to changes in the valuation of the liability and the financial impact, are recorded under financial expenses. If the contract expires and no cash is delivered, the carrying amount of the financial liability is reclassified to equity.

2.13 Current and deferred taxes

General regime

The expense or revenue for corporate income tax comprises the part related to expense or revenue due to current tax and the part related to expense or revenue for deferred tax.

The current tax is the amount paid by the Parent Company as a result of income tax assessments relating to a financial year. Tax relief and other tax benefits in the payment of the tax, excluding tax withholdings, prepayments and tax loss carryforwards from previous years applied effectively to this year, result in a reduction of the current tax.

The deferred tax expense or income relates to the recognition and settlement of deferred tax assets and liabilities. These include temporary differences that are identified as those amounts expected to be payable or recoverable arising from differences between the carrying amounts of assets and liabilities and their tax bases, as well as tax loss carryforwards and credits for unused tax credits. These amounts are recorded by applying the tax rates that are expected in the period when the asset is realised or the liability is settled to the temporary difference or credit.

Liabilities for deferred taxes are recognised for all temporary tax differences, except those stemming from initial recognition of goodwill or from other assets and liabilities in a transaction that does not affect either the tax result or the book result and which is not a business combination.

Moreover, deferred tax assets are only recognised to the extent that it is considered likely that the Parent Company will have future taxable profits against which it will be possible to make them effective.

Deferred tax assets and liabilities arising from operations with direct charges or credits to equity statements are also recognised with a charge to equity.

REITs Regime

In accordance with the tax regime for REITs, the Parent Company is subject to corporate income tax at 0% (Note 1).

On 20 September 2021, the Parent Company, exercising the powers of the General Meeting of Shareholders, decided to opt for the application of the special REIT tax regime for Castondo XXI, S.L. for corporate income tax purposes. The State Tax Administration Agency was notified of its option to apply the REITs regime on 29 September 2021.

On 15 September 2022, the Parent Company, exercising the powers of the General Meeting of Shareholders, decided to opt for application of the special REITs tax regime for corporate income tax purposes for Jaesure, S.L. and Fresierar, S.L. and notified the State Tax Administration Agency of its decision to apply the regime.

Pursuant to Law 11/2009, of 26 October, which regulates real estate investment trusts, entities that meet the requirements defined in the regulations and opt for the application of the special tax regime provided for in said Law will be taxed at a 0% corporate income tax rate. In the event that tax loss carryforwards are generated, Article 26 of Law 27/2014, 27 November, on Corporate Income Tax will not be applicable. Furthermore, the system of deductions and allowances set out under Chapters II, III and IV of said regulations will not apply. In all other matters not provided for in the REIT Act, the provisions of Law 27/2014, on Corporate Income Tax, will also apply.

The entity will be subject to a special tax of 19% on the full amount of dividends or shares in profits distributed to shareholders whose interest in the share capital of the entity is equal to or greater than 5%, when such dividends are exempt or taxed at a tax rate of less than 10%. This taxation will be considered as the amount of Corporation Tax.

Effective for years beginning on or after 1 January 2021, Law 11/2021, of 9 July, on measures to prevent and combat tax fraud amends Article 9.4 of Law 11/2009, of 26 October, which regulates Real Estate Investment Trusts (REIT). Specifically, a special tax of 15% is introduced on the amount of profit obtained in the year that is not distributed, in the part that comes from: a) income that has not been taxed at the general corporate income tax rate and, b) 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 27 December. This special levy will be considered as corporate income tax and will accrue on the date of the resolution of application of the profit for the year by the general meeting of shareholders or equivalent body. The self-assessment and payment of the tax must be made within two months from the accrual date.

2.14 Leases

a) When the Group is the lessee

Leases are recognised as a right-of-use asset and a corresponding liability on the date on which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Right-of-use assets that meet the definition of investment property are recognised in accordance with IAS 40.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including fixed payments in substance), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially valued at the index or rate on the commencement date;
- Amounts expected to be paid by the Group as residual value guarantees;
- The exercise price of a call option if the Group is reasonably certain that it will exercise that option, and
- Penalty payments for lease termination, if the lease term reflects the exercise by the Group of that option.

Lease payments to be made under reasonably certain extension options are also included in the valuation of the liability.

Lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If this cannot be readily determined, the incremental interest rate of the lessee's indebtedness will be used.

Lease payments are allocated between principal and finance cost. The finance cost is expensed over the lease term so as to produce a constant periodic interest rate on the remaining balance of the liability for each period.

b) <u>When the Group is the lessor</u>

Properties leased out under operating leases are included in investment property in the consolidated balance sheet. Lease income is recognised on a straight-line basis over the lease term.

2.15 Employee benefits

a) <u>Severance payments</u>

Severance benefits are paid to employees as a result of the Group's decision to terminate their employment contract before the normal retirement age or when the employee voluntarily accepts to resign in exchange for these benefits. The Group recognises these benefits when it has demonstrably committed to terminate the employment of current employees in accordance with a detailed formal plan without the possibility of withdrawal or to provide severance pay as a result of an offer made to encourage voluntary redundancy. The benefits that will not be paid within twelve months from the balance sheet date are discounted at their present value.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when the amount has been reliably estimated. No provisions are recognised for future operating losses.

Provisions are measured at the current value of disbursements expected to be necessary to settle the obligation, using an interest rate which reflects the current market evaluations of the time value of money and the specific risks of the obligation. Adjustments to the provision based on the restatement thereof are recognized as a financial expense as they accrue.

Provisions maturing in less than or equal to one year, with no significant financial effect, are not discounted. When part of the disbursement required to liquidate the provision is expected to be reimbursed by a third party, the repayment is recognised as a separate asset, provided that its receipt is virtually certain.

2.17 Revenue recognition

Revenues are recorded at the fair value of the consideration receivable and represent amounts receivable for services rendered in the ordinary course of the Group's business, less returns, rebates, discounts and value added tax.

Revenue is recognized when control of a good or service is transferred to the customer in an amount that reflects the consideration to which the entity expects to be entitled. In order to apply the above fundamental principle, the following successive steps must be followed:

- identify customer contracts;
- identify the obligations to be fulfilled;
- determine the price or consideration for the contract transaction;
- allocate the transaction price among the obligations to be fulfilled, and
- recognize revenue when (or to the extent that) the Group satisfies each committed obligation.

When contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on separate sales prices. When these are not directly observable, they are estimated on the basis of the expected cost plus margin. If the contracts include the installation of the products, revenue for such goods is recognized at the time the product is delivered, legal title to the product is transferred and the customer accepts it.

Estimates of revenues, costs or the degree of progress towards completion are reviewed if circumstances change. Any resulting increase or decrease in estimated revenues or costs is reflected in the income statement for the year in which the circumstances giving rise to the revision become known to the Group.

If the services provided by the Group exceed the payment, a contract asset is recognized. If payments exceed services rendered, a contract liability is recognized.

If circumstances arise that change the initial estimates of revenues, costs or degree of progress, these estimates are revised. Revisions could result in increases or decreases in estimated revenues and costs and are reflected in the consolidated income statement in the period in which the circumstances giving rise to such revisions become known to the Group.

a) Provision of services

The Group provides rental services. Revenues from property rentals are recognized on an accrual basis, distributing incentive income and the initial costs of the lease contracts on a straight-line basis. The costs related to each lease instalment are recognized as an expense.

b) Interest income

Income from interest is recognized using the effective interest rate method.

2.18 Dividend distribution

The distribution of dividends to the Parent Company's shareholders is recognized as a liability in the Group's consolidated annual accounts in the period in which the dividends are approved by the Parent Company's shareholders. The Parent Company is subject to the special regime for listed real estate investment trusts (REITs), which are regulated by the special tax regime established in Law 11/2009, of 26 October, as amended by Law 16/2012, of 27 December and subsequent laws, regulating REITS. The profit obtained during the year must be distributed as dividends to their shareholders, once the corresponding mercantile obligations have been fulfilled, and the distribution must be agreed upon within six months after the end of each financial year, as follows:

a) 100% of the profits from dividends or shares in profits distributed by the entities referred to in section 1 of article 2 of this Law.
b) At least 50% of the profits derived from the transfer of real estate and shares or stocks referred to in section 1 of Article 2 of this Law, carried out after the periods referred to in section 3 of Article 3 of this Law, assigned to the fulfilment of its main corporate purpose. The remainder of these profits must be reinvested in other real estate or shares used for the fulfilment of such purpose within three years from the date of transfer. Otherwise, such profits must be distributed in full together with the profits, if any, arising from the year in which the reinvestment period ends. If the reinvested items are transferred before the maintenance period, those profits must be distributed in full together with the profits, if any, to the portion of these profits attributable to years in which the company was not taxed under the special tax regime established in that Law.
c) At least 80% of the remaining profits obtained.

The dividend must be paid within one month from the date of the distribution agreement.

When the distribution of dividends is charged to reserves from profits of a year in which the special tax regime has been applied, the distribution must be adopted with the resolution referred to in the preceding section.

2.19 Environment

An environmental activity is any operation whose main purpose is to prevent, reduce or repair damage to the environment.

Costs incurred to protect and improve the environment are taken to the income statement when incurred, irrespective of when the related monetary or financial flows take place.

Possible forecasts relating to probable or certain liabilities, litigation in progress and indemnities or pending obligations of undetermined amount of environmental nature, not covered by insurance policies, are constituted at the time of the liability or obligation giving rise to compensation or payment.

Given the activity in which the Group companies are engaged, the Group has no expenses, assets or provisions for contingencies of an environmental nature that could be significant in relation to its equity, financial position and results. For this reason, no specific disclosures are included in these notes to the consolidated annual accounts with respect to information on environmental matters.

2.20 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks and other short-term, highly liquid investments with an original maturity of three months or less.

2.21 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination, with limited exceptions, are initially measured at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition basis at fair value or at the non-controlling interest's proportionate share of the net identifiable assets of the acquired entity.

Acquisition-related costs are recognized as expenses when incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity, and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the identifiable net assets acquired is recorded as goodwill. If these amounts are less than the fair value of the identifiable net assets of the acquired subsidiary, the difference is recognized directly in profit or loss as a bargain purchase.

2.22 Going concern

These consolidated annual accounts have been prepared on a going concern basis, which contemplates that the Group will realize its assets and meet its liabilities in the normal course of business.

The Parent Company's Board of Directors has prepared these consolidated annual accounts on a going concern basis, as it considers that there is no doubt about the Group's ability to generate resources through its operations, meet its short-term commitments and stabilize its liquidity.

In addition, the Group meets all the requirements at 31 December 2023 in relation to its credit facilities and has contracted and undrawn financing that allows it to borrow on a long-term basis to meet its investment commitments (see Note 9.1).

Note 9 presents an analysis of financial liabilities grouped by maturity according to the terms in effect at the consolidated balance sheet date until the maturity date stipulated in the contract. The amounts shown in the table correspond to the values resulting from the amortized cost method (carrying values), which basically coincide with the expected discounted cash flows (excluding interest accrued in the future). Balances payable within 12 months are equal to their book values, since the effect of discounting is not significant.

3. FINANCIAL RISK MANAGEMENT

The Group's activities are exposed to various financial risks: interest rate risk, credit risk and liquidity risk. The Group's global risk management programme focuses on uncertainty in the financial markets and aims to minimize potential adverse effects on the financial profitability.

Risk management is controlled by the Parent Company's Directors who identify, evaluate and hedge financial risks in accordance with the policies approved by the Board of Directors of the Parent Company. The Board provides policies for overall risk management, as well as for specific areas such as interest rate risk, liquidity risk, and investment of excess liquidity.

3.1 Financial risk management

a) Interest rate risk

The Group's interest rate risk arises from financial debt. Loans issued at variable rates expose the Group to cash flow interest rate risk, which is partially offset by cash held at variable rates. As at 31 December 2023, the Group holds certain

loans maturing in the long term, with a variable interest rate pegged to the Euribor. The Group hedges against potential interest rate increases through derivative financial instruments (Note 6).

The Group analyses its exposure to interest rate risk dynamically. Several scenarios are simulated taking into account financing alternatives. Based on these scenarios, the Group calculates the impact on the result for a given change in the interest rate (the scenarios are used only for liabilities representing the most significant positions subject to interest rate).

These analyses take into account:

- Economic environment in which it operates: design of different economic scenarios by modifying the key variables that may affect the Group (interest rates, occupancy rate of real estate investments, etc.).
- Identification of those interdependent variables and their level of linkage.
- Time frame in which the assessment is being made: the time horizon of the analysis and its possible deviations shall be taken into account.

b) Credit risk

Credit risk, understood as the impact that a default on accounts receivable may have on the consolidated income statement, is managed at Group level. The Group defines the credit risk management and analysis policy for its new customers before offering them the usual payment terms and conditions. The credit risk arises mainly from investment property rental receivables and sundry debtors. The Group evaluates and establishes the creditworthiness of its customers, taking into account their financial position, past experience and other factors. The Group considers that it does not have significant concentrations of credit risk. When it is deemed necessary to reduce credit risk, the Group requires the tenant to obtain bank guarantees for the term of the lease.

The Group maintains its cash and cash equivalents in entities with the best credit quality.

c) Liquidity risk and going concern

Cash flow forecasting is carried out by the Parent Company's directors. These monitor the Group's liquidity needs to ensure that it has sufficient cash to meet operating requirements while maintaining sufficient availability of liquidity at all times so that the Group does not default on its financial obligations.

d) Exchange rate risk

With respect to foreign exchange risk, at 31 December 2023 and 31 December 2022, the Group has no significant assets or liabilities denominated in foreign currencies and, therefore, there is no foreign currency risk.

3.2 Capital risk management

The main objectives of the Group's capital management are to ensure short- and long-term financial stability and adequate financing of investments. Debt ratios with financial institutions, calculated as: (Net financial debt / (Net financial debt + Equity)) at 31 December 2023 and 31 December 2022 are as follows:

	Euros	
	2023	**2022**
Financial debt	72,292,487	65,739,108
Less - Cash and cash equivalents	5,763,616	2,371,029
Net financial debt	**66,528,871**	**63,368,079**
Equity	40,402,060	52,469,162
Financial Debt + Equity	**112,694,547**	**118,208,270**
Ratio of indebtedness with financial entities	**59.03%**	**53.61%**

The Directors consider that the Group's level of indebtedness with financial institutions is in line with the sector in which the Group operates.

3.3 Fair value estimation

In accordance with IFRS 13, the hierarchy level at which an asset or liability is classified in its entirety (Level 1, Level 2 or Level 3) is determined on the basis of the lowest relevant input used in the valuation within the fair value hierarchy. In the event that the inputs used to measure the fair value of an asset or liability can be classified within different levels, the fair value measurement is classified in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the fair value measurement.

- Level 1: Listed prices (unadjusted) in active markets for identical assets or liabilities that are available to the entity at the measurement date.
- Level 2: Data other than listed prices included in Level 1 that are observable for the assets or liabilities, directly or indirectly through valuation techniques using observable market data.
- Level 3: Input data not observable in the market for the asset or liability.

The following table presents the Group's assets valued at fair value:

31 December 2023				**Euros**
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Long-term investment properties				
- Investment properties (Note 5)	-	-	103,392,137	103,392,137
Long-term financial assets				
- Derivatives (Note 6)	-	-	2,684,047	2,684,047
Total assets	**-**	**-**	**106,076,184**	**106,076,184**
Liabilities				
Current financial liabilities				
- Derivatives (Note 6)	-	-	421,741	421,741
Total liabilities	**-**	**-**	**421,741**	**421,741**

31 December 2022				**Euros**
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Long-term investment properties				
- Investment properties (Note 5)	-	-	110,020,000	110,020,000
Long-term financial assets				
- Derivatives (Note 6)	-	-	4,391,299	4,391,299
Total assets	**-**	**-**	**114,411,299**	**114,411,299**
Liabilities				
Current financial liabilities				
- Derivatives (Note 6)	-	-	134,609	134,609
Total liabilities	**-**	**-**	**134,609**	**134,609**

During the year ended 31 December 2023 and during the year ended 31 December 2022, there have been no transfers of levels.

4. FINANCIAL REPORTING BY SEGMENTS

The Parent Company's directors have determined the operating segments based on information reviewed by the Parent Company's Board of Directors for the purpose of allocating resources and assessing the Group's performance. The following reportable segments are identified:

31 December 2023			**Euros**
	Offices	**Others**	**Total**
Provision of services	2,425,538	-	2,425,538
Operating expenses	(1,436,831)	-	(1,436,831)
Change in fair value of investment properties	(12,532,547)	-	(12,532,547)
Operating profit (loss)	**(11,543,840)**	**-**	**(11,543,840)**
Financial revenue	1,782,928	-	1,782,928
Financial expenses	(4,328,052)	-	(4,328,052)
Variation in the fair value of financial instruments	(88,962)	-	(88,962)
Financial profit (loss)	**(2,634,086)**	**-**	**(2,634,086)**
EBT	**(14,177,926)**	**-**	**(14,177,926)**
Income taxes	-	-	-
Profit/(loss) for the year	**(14,177,926)**	**-**	**(14,177,926)**

31 December 2022			**Euros**
	Offices	**Others**	**Total**
Provision of services	3,720,596	-	3,720,596
Operating expenses	(1,374,058)	-	(1,374,058)
Change in fair value of investment properties	(672,676)	-	(672,676)
Other profits (losses)	35,950	-	35,950
Operating profit (loss)	**1,709,812**	**-**	**1,709,812**
Financial revenue	160,224	-	160,224
Financial expenses	(2,927,092)	-	(2,927,092)
Variation in the fair value of financial instruments	19,361	-	19,361
Exchange differences	(741)	-	(741)
Financial profit (loss)	**(2,748,248)**	**-**	**(2,748,248)**
EBT	**(1,038,436)**	**-**	**(1,038,436)**
Income taxes	(5,448)	-	(5,448)

31 December 2022			Euros
	Offices	Others	Total
Profit (loss) for the year	**(1,043,884)**	**-**	**(1,043,884)**

The amounts provided to the Board of Directors in respect of total assets and liabilities are measured in accordance with criteria uniform to those applied in the consolidated annual accounts. These assets and liabilities are allocated based on the segment's activities.

31 December 2023			Euros
	Offices	Others	Total
Non-current assets	**107,824,228**	**-**	**107,824,228**
Investment properties	103,392,137	-	103,392,137
Other non-current assets	4,432,091	-	4,432,091
Current assets	**6,449,407**	**-**	**6,449,407**
Non-current liabilities	**72,264,489**	**-**	**72,264,489**
Current liabilities	**1,607,086**	**-**	**1,607,086**

31 December 2022			Euros
	Offices	Others	Total
Non-current assets	**115,096,740**	**-**	**115,096,740**
Investment properties	110,020,000	-	110,020,000
Other non-current assets	5,076,740	-	5,076,740
Current assets	**3,368,846**	**-**	**3,368,846**
Non-current liabilities	**65,718,834**	**-**	**65,718,834**
Current liabilities	**277,590**	**-**	**277,590**

5. INVESTMENT PROPERTY

Investment property comprises buildings and other owned structures held for long-term rental income and not occupied by the Group. Investment property is broken down by segment as follows:

Investment properties	2023	2022
Offices	2	2
Total	**2**	**2**

The detail and movement of the items included in investment property is as follows:

	Euros
	Investment properties
Balance at 31/12/2021	**108,150,000**
Acquisitions	2,542,676
Net gain / (loss) on fair value adjustments	(672,676)
Balance at 31/12/2022	**110,020,000**
Acquisitions	5,904,684
Net gain / (loss) on fair value adjustments	(12,532,547)
Balance at 31/12/2023	**103,392,137**

During the financial years 2023 and 2022 the Group has completed the following transactions:

- Refurbishment of the asset of Castondo XXI, S.L.: the costs related to the refurbishment of the property located in Calle Lérida have been capitalized in investment property “in progress”. This restoration will be carried out in phases, so it will be kept leased in the unaffected area.

- Refurbishment of the asset of Jaesure, S.L.: the costs related to the refurbishment of the property located in Calle Retama have been capitalized in investment property “in progress”. This restoration affects the entire building, so it will be unoccupied until the works are completed.

a) Income and expenses from investment property

The following income and expenses from investment property have been recognized in the consolidated statement of income:

	Euros	
	2023	2022
Rental income (Note 10.1)	2,333,720	3,259,021
Operating expenses arising from investment property that generates rental income	(611,191)	(767,917)
	1,722,529	**2,491,104**

b) Assets under operating leases

The total amount of future minimum lease payments under operating leases is as follows:

	Euros	
	2023	**2022**
In 1 year	1,143,125	1,143,125
Between one and five years	13,717,500	12,117,125
Over five years	5,487,000	8,230,500
	20,347,625	**21,490,750**

c) Insurance

The Group takes out all the insurance policies necessary to cover possible risks that could affect investment property. Coverage of these policies is considered sufficient.

d) Mortgage guarantees.

A mortgage was taken out on the property at calle Lérida 32, Madrid, on 13 July 2021, with an outstanding balance at 31 December 2021 of 18,198,478 euros and a term of 4 years at that date, to secure the loan taken out by the Company. On 14 September 2022 the Company decided to refinance the debt in force up to that date (note 12), whereby a new mortgage has been constituted for an amount of 31,850,000 euros. As a result, the guarantee at 31 December 2023 and 2022 totals such amount.

A mortgage was taken out on the property at calle Retama 3, Madrid, on 10 December 2021, with an outstanding balance at 31 December 2023 of 37,531,038 euros (35,172,071 euros in 2022) and a term of 4 years at that date, to secure the loan taken out by the Company with a financial institution, which has a maximum limit of 55,761,227 euros (Note 9).

e) Obligations

At the date of authorisation for issue of these annual accounts, the Group has contractual obligations for the acquisition, construction or development of investment property, or for repairs, maintenance or insurance in addition to those disclosed in these notes to the consolidated annual accounts amounting to 22,663,174 euros.

f) Appraisal process

The cost and fair value of investments at 31 December 2023 and 31 December 2022 are reported below:

	Euros			
	2023		**2022**	
	Net cost value	**Fair value**	**Net cost value**	**Fair value**
Investment property	97,135,380	105,070,000	96,776,536	110,020,000

The appraisals of the real estate assets held by the investees have been carried out by an independent expert under the “market value” assumption, with these appraisals being carried out in accordance with the Valuation and Appraisal Standards of the Royal Institution of Chartered Surveyors of January

2022 - “Red Book”. The market value of the properties owned by the Group has been determined on the basis of valuations carried out by independent appraisers.

Market value is defined as the estimated amount for which an asset should be able to be exchanged at the valuation date, between a willing seller and a willing buyer, after a reasonable period of marketing, and in which both parties have acted with knowledge, prudence and without coercion.

The appraisal methodology adopted was mainly the 10-year discounted cash flow method. The residual amount at the end of year 10 is calculated by applying an exit yield or cap rate to the net income projections for year 11. Cash flows are discounted at an internal rate of return to arrive at the net present value. This internal rate is adjusted to reflect the risk associated with the investment and the assumptions made. The key variables are, therefore, income, exit yield and discount rate.

The estimated yields and discount rates depend on the type and age of the properties and their location. The properties have been appraised individually, considering each of the lease contracts in force at the end of the period and, if applicable, the foreseeable ones, based on the current market rents for the different areas, supported by comparable and transactions carried out for their calculations.

As described in Note 2.4, the Directors of the Parent Company requested an appraisal at 31 December 2023 of all investment property (2022: same situation). As a result of this valuation, a change in the fair value of the investment property has been recorded in the consolidated income statement for the year ended 31 December 2023 of a negative 12,532,547 euros (negative672,676 euros in 2022).

The following is a breakdown of average exit yields by segment:

	Average Exit Yield in 2023	**Average Exit Yield in 2022**
Offices	4.81%	4.21%

At 31 December 2023 and 2022, the following simulations were performed, in terms of exit yields, discount rates and market rent increases, on the valuations of the assets in the portfolio:

<u>At 31 December 2023 and 2022</u>

Based on the simulations performed on these appraisals, the recalculated impact on the fair value of the properties in the portfolio at 31 December 2023 of a 0.25% change in the exit yield would produce:

- in the event that the exit yield is reduced by 0.25%, the market value of such properties would be 114,439,663 euros (116,852,238 euros in 2022).
- in the event that the exit yield is increased by 0.25%, the market value of such properties would be 104,629,855 euros (103,956,074 euros in 2022).

The effect of a 10% variation in the rents considered in the appraisals of these assets would have the following impacts on consolidated assets and, by difference with the fair value of the asset, on the consolidated income statement, with respect to investment property:

- in the event of a 10% increase in market rents, the market value of these properties would be 111,551,688 euros (117,936,485 euros in 2022).
- if market rents were reduced by 10%, the market value of these properties would be 106,907,803 euros (102,115,178 euros in 2022).

The effect of a variation of 0.50% in the discount rate used in the appraisals would have the following impacts on the consolidated assets and, by difference with the fair value of the asset, on the consolidated income statement, with respect to investment property:

- if the discount rates were reduced by 0.50%, the market value of these properties would be 114,110,247 euros (115,913,179 euros in 2022).
- if the discount rates were to increase by 0.50%, the market value of these properties would be 104,578,059 euros (104,403,483 euros in 2022).

6. FINANCIAL ASSETS

The composition of financial assets at 31 December 2023 and 31 December 2022 is as follows:

				Euros
	Long-term financial assets			
	Credits, derivatives and others		**Total**	
	2023	**2022**	**2023**	**2022**
Financial assets at fair value with changes in other comprehensive income	2,684,047	4,391,299	2,684,047	4,391,299
Financial assets at amortised cost	69,339	684,599	69,339	684,599
Total long-term financial assets	**2,753,386**	**5,075,898**	**2,753,386**	**5,075,898**

				Euros
	Current financial assets			
	Credits, derivatives and others		**Total**	
	2023	**2022**	**2023**	**2022**
Financial assets at amortised cost	117,089	143,777	117,089	143,777
Total short-term financial assets	**117,089**	**143,777**	**117,089**	**143,777**

6.1 Financial assets at amortised cost

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

	Euros	
	2023	**2022**
Non-current:		
Non-current receivables	**1,677,863**	487,268
Other financial assets	69,339	197,331
	1,747,202	**684,599**
Current:		
Trade receivables for sales and services	117,089	6,043
Sundry receivables	-	1,320
Short-term financial investments	-	136,414
Total	**117,089**	**143,777**

The balance of "Non-current receivables" at the end of 2023 and 2022 corresponds to the accrued income pending billing in the long term, as a result of the linearization of lease incentives included in the contract signed by Castondo XXI, S.L. with its tenant.

The balance of long-term "Other financial assets" includes guarantees for waste management of 60,231 euros in Jaesure, S.L. and 9,108 euros in Castondo XXI, S.L., required by the Madrid City Council for works being carried out by the Group.
In addition, the year 2022 included the deposit of the tenant of Jaesure, S.L. whose contract was terminated on 31 December 2022 for an amount of 127,992 euros, which is pending receipt from IVIMA and, in turn, its return. This amount was also recorded as a liability (Note 9).

The balance of "Trade receivables for sales and services" corresponds to the amount pending payment by the tenant of Castondo XXI, S.L. at 31 December 2023 (6,043 euros in 2022).

Finally, the balance of short-term financial investments in 2022 corresponded to interest receivable on the derivatives described in the following section and balances mentioned in Note 14.

6.2 Financial assets and liabilities at fair value with changes in other comprehensive income

Below is a breakdown of the derivative financial instruments held by the Group at 31 December 2023 and 31 December 2022:

	Euros			
	2023		**2022**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Non-current portion	2,684,047	(421,741)	4,391,299	(134,609)

With the negotiation of Banco Santander's debt in 2021, the Group signed a hedging contract through two CAPs. Premiums of 45,000 euros in 2021 and 47,500 euros in 2022 were paid for these instruments. In 2022, with the refinancing of the debt (Note 9), a new CAP was signed with a purchase position and another with a sale position. The premium for the purchased CAP totalled 379,000 euros, while the premium for the sold CAP totalled 404,000 euros.

The main data associated with the CAPs are as follows:

Bank:	CAP number	Notional	Premium	CAP rate	Start date	Contract end date
SANTANDER	1	10,800,000	45,000	0%	30/09/2021	14/07/2025
SANTANDER	1	4,460,000	47,500	0%	30/12/2021	14/07/2025
SMBC	1	7,840,000	379,000	1.4725%-0.5672% (*)	30/09/2022	16/09/2025
	1	23,100,000	(404,000)	2.5000%	30/09/2022	16/09/2025
TOTAL	**4**	**46,200,000**	**67,500**	**-**	**-**	**-**

(*) From the start date to 30 June 2025, 1.4725% is applied, and between that date and 16 September 2025, 0.5672% is applied.

In addition, within the framework of the mortgage-backed debt agreement (Note 9), the subsidiary Jaesure, S.L. signed an interest rate SWAP derivative contract with Credit Agricole. The main data associated with the SWAP are as follows:

Bank:	SWAP number	Quarterly fixed rate	Notional	SWAP rate	Start date	Contract end date
CREDIT AGRICOLE	1	0.1420%	33,842,785	EURIBOR 3 months	10/12/2021	10/12/2025

Derivative strategy:

The strategy of CAP and SWAP derivatives in risk management is to hedge against interest rate fluctuations by reducing its exposure to the variability of debt-related cash flows due to the impact of the floating rate applied.

Economic relationship between the hedged item and derivatives:

The economic relationship is that the cash flows resulting from the amounts to be settled for interest based on the outstanding principal of the loan and the amounts to be settled for the derivatives are affected with opposite impacts (reduction of interest payable on the loan and increase of interest on the derivatives) and, consequently, due to the existence of derivatives, the variation of the total cash flows is not affected by the variations of both the variable rate applied to the principal of the loan and the derivatives.

Hedge ratio:

The hedge ratio for these hedging relationships will be 1:1 on a current notional basis.

Effectiveness of derivatives:

The Group has carried out studies and verifications in cooperation with experts in the field, obtaining that the percentage of effectiveness is between 100% and 101.04% at 31 December 2023 (between 99.86% and 100% at 31 December 2022) in the case of Castondo XXI, S.L.; and 100% in the case of Jaesure, S.L. at 31 December 2022. The inefficiencies detected have been recognised in the consolidated income statement in the amount of 88,962 euros in 2023 (19,361 in 2022).

In view of the foregoing, the Parent Company’s directors have concluded that the derivatives meet the requirements to be considered effective under the terms of the Spanish National Chart of Accounts.

The impact recognised in equity and assets from the valuation of the derivative is 2,292,201 euros (4,169,829 euros in 2022).

7. CASH AND CASH EQUIVALENTS

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

	Euros	
	2023	2022
Cash on hand	5,763,616	2,371,029
	5,763,616	**2,371,029**

The current accounts bear interest at market rates and are all denominated in euros.

At the date of preparation of these consolidated annual accounts, the Group is required to maintain a liquidity reserve of 741.315 euros following the refinancing of Castondo XXI, S.L. in September 2022 (Note 9), unless the conditions established in the contract are met in order to be able to draw on this balance.

8. SHARE CAPITAL, RETAINED EARNINGS AND EARNINGS PER SHARE

a) Share capital

	Euros	
	2023	2022
Registered share capital	5,000,000	5,000,000
Number of Shares	5,000,000	5,000,000
Par value per share (euros)	1	1

The Parent Company was incorporated on 14 October 2020 with a share capital of 3,500 euros, divided into 3,500 shares, each with a par value of 1 euros, cumulative and indivisible. All the shares were assumed by its Sole Shareholder, Mediterranean Search, S.L.U.

From 14 October 2020 until 17 June 2021, the Parent Company had as its Single Shareholder the entity Mediterranean Search, S.L. (Single Shareholder Company)

On 17 June 2021, by notarised deed, the Parent Company changed from the previous Single Shareholder described above to Areef 2 Sicaf S.P A.

As indicated in Note 1 to the consolidated annual accounts, in order to meet the requirements for listing on Euronext Access, the Parent Company had to be transformed into a Public Limited Company. This conversion was approved on 29 December 2022 by the Parent Company’s Sole Shareholder and required a capital increase of 4,996,500 euros from other shareholder contributions. Both events were registered in the Mercantile Registry on 8 February 2023.

Therefore, at 31 December 2023, the Parent Company has a share capital of 5,000,000 euros divided into 5,000,000 shares with a par value of 1 euro each.

b) Legal reserve

The legal reserve must be appropriated in accordance with Article 274 of the Corporate Enterprises Act, which establishes that, in any case, an amount equal to 10% of the income for the year must be transferred to the legal reserve until it reaches at least 20% of the share capital.

This reserve cannot be distributed and, if it is used to offset losses in the event of no other sufficient reserves being available for that purpose, it must be repaid through future profits. At year-end 2023, the legal reserve amounts to 700 euros.

c) Appropriation of the Parent Company's income

The proposed appropriation of the Parent Company's income to be presented to the Sole Shareholder, together with that approved for 2022, is as follows:

	Euros	
	2023	**2022**
Basis of allocation:		
Profit and loss	**7,115,047**	**(210,710)**
Allocation:		
Legal reserve	-	-
Prior years' losses	(7,115,047)	(210,710)
Interim dividend	-	-
	7,115,047	**(210,710)**

The result for 2023 shows a loss of 7,115,047 euros, which will be applied to prior years' losses.

The result for 2022 showed a loss of 210,710 euros, which was applied to prior years' losses.

Limitations for the allocation of dividends

The Parent Company is obliged to allocate 10% of the profit for the year to the legal reserve until it reaches 20% of the share capital.

Since the Group companies are included in the REIT regime (Note 1), the Parent Company is obliged to distribute as dividends to its shareholders, once the corresponding mercantile obligations have been met, the profit obtained in the year in accordance with the provisions of Article 6 of Law 11/2009, of 26 October, which regulates Real Estate Investment Trusts (REITs).

d) Distribution of income by parent company

The contribution to the results of each company comprising the Group in the year ended 31 December 2023 and 31 December 2022 is as follows:

	Euros	
	2023	**2022**
Astickso XXI SOCIMI, S.A.	(828,221)	(565,863)
Castondo XXI, S.L.	(5,832,462)	110,728
Jaesure, S.L.	(7,517,243)	(588,325)
Fresierar, S.L.	-	(424)
Total	**(14,177,926)**	**(1,043,884)**

e) Distribution of reserves by company

The contribution to the Group's reserves for the year ended 31 December 2023 and 31 December 2022 is as follows:

	Euros	
	2023	**2022**
Castondo XXI, S.L.	12,867,972	12,867,972
Jaesure, S.L.	(50,252)	(50,252)
Fresierar, S.L.	-	(5,027)
Total reserves in consolidated companies	**12,817,720**	**12,812,693**
Parent company reserves (legal reserve)	700	700
Reserves of the Parent Company (voluntary reserves and prior years' losses)	(1,046,193)	(2,734)
Total reserves in Parent Company	**(1,045,493)**	**(2,034)**

f) Shareholders' contributions

During 2023, the Parent Company received several contributions as follows, leaving a balance of 35,515,558 euros:

- On 27 March 2023 it received 358,000 euros.
- On 4 May 2023 it received 1,830,000 euros.
- On 2 August 2023 it received 1,655,000 euros.
- On 10 November 2023, it received 140,000 euros.

During 2022, in addition to the capital increase described in the first section of this note, the Parent Company has received several contributions as described below, leaving a balance of 31,532,558 euros:

- On 10 June 2022 it received 421,000 euros.
- On 29 June 2022 it repaid 360,321 euros.
- On 3 August 2022 it repaid 77,850 euros.
- On 3 August 2022 it received 277,000 euros.
- On 2 November 2022, it repaid 3,160,000 euros.
- On 3 November 2022 it received 1,093,050 euros

g) Treasury shares

The Parent Company did not hold at the beginning of the period, nor has it acquired any treasury shares in 2023 or in 2022.

h) Earnings per share

Basic earnings per share are calculated by dividing the net income/(loss) for the period attributable to owners of the Parent Company by the weighted average number of common shares outstanding during the period, excluding the weighted average number of treasury shares held during the period.

Diluted earnings per share are calculated by dividing the net profit/(loss) for the period attributable to owners of the Parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all potentially dilutive instruments.

In connection with the calculation of earnings per share, there have been no transactions involving common shares or potential common shares between the closing date of the consolidated annual accounts and the date of preparation of the consolidated annual accounts that have not been taken into account in these calculations.

Result per share

Earnings per share are calculated by dividing the profit for the period attributable to ordinary shareholders of the Parent Company by the number of ordinary shares outstanding at the end of the period, excluding treasury shares.

The detail of the calculation of earnings/(loss) per share is as follows:

	2023	2022
Income for the year attributable to equity holders of the Parent Company	(14,177,926)	(1,043,884)
No. of shares outstanding at year-end	5,000,000	5,000,000
Earnings/ (loss) per share (euros)	**(2.84)**	**(0.21)**

Basic

Basic earnings per share are calculated by dividing the profit for the period attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding at the end of the period, excluding treasury shares.

	2023	2022
Income for the year attributable to equity holders of the Parent Company	(14,177,926)	(1,043,884)
Weighted average number of shares outstanding	5,000,000	44,567
Earnings/ (loss) per share (euros)	**(2.84)**	**23.42**

Diluted:

Diluted earnings per share are calculated by adjusting the profit for the period attributable to equity holders of the Parent Company and the weighted average number of ordinary shares outstanding for all dilutive effects inherent in the potential ordinary shares, i.e. as if all potentially dilutive potential ordinary shares had been converted.

The Parent Company has no potentially dilutive shares.

9. FINANCIAL LIABILITIES

The composition of financial liabilities at 31 December 2023 and 31 December 2022 is as follows:

						Euros
	Long-term financial liabilities					
	Bank borrowing		**Debits, derivatives and other**		**Total**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Financial liabilities at amortised cost	64,273,749	57,887,233	7,569,000	7,696,992	71,842,749	65,584,225
Financial liabilities at fair value	-	-	421,741	134,609	421,741	134,609
Total long-term financial liabilities	**64,273,749**	**57,887,233**	**7,990,741**	**7,831,601**	**72,264,490**	**65,718,834**

	Current financial liabilities					Euros
	Bank borrowing		Debits, derivatives and other		Total	
	2023	2022	2023	2022	2023	2022
Financial liabilities at amortised cost	27,995	6,678	1,427,041	242,853	1,455,036	249,531
Total short-term financial liabilities	**27,995**	**6,678**	**1,427,041**	**242,853**	**1,455,036**	**249,531**

9.1 Financial liabilities at amortised cost

The detail of financial liabilities at amortised cost at 31 December 2023 and 31 December 2022 is as follows:

	Euros	
	2023	2022
Non-current:		
Debentures and bonds (Note 14)	7,569,000	7,569,000
Bank borrowing	64,273,749	57,887,233
Other financial liabilities (Note 6)	-	127,992
Current:		
Bank borrowing	27,995	6,678
Dividend payable and return of contributions (Note 14)	-	-
Debentures and bonds (Note 14)	-	-
Current account with shareholders and directors (Note 14)	-	1,410
Trade and other payables	1,427,041	241,443
Total	**73,297,785**	**65,833,756**

At 31 December 2023 Castondo XXI, S.L. has a loan with a credit institution, the principal amount of which is 27,418,304 euros (23,570,091 euros in 2022) with the new bank, which is recorded at amortised cost in the balance sheet in the amount of 26,997,951 euros in the long term (23,094,689 euros in 2022). Repayment of this financing will be at the end of the contract in 2025 and bears interest at 3-month Euribor plus a spread, which varies according to the tranches, being 1.55% per annum for the Facility and Capex tranches, and 1% per annum for the VAT tranche. It has a maximum available limit of 31,850,000 euros, divided into 3 tranches. In addition, financial expenses accrued at 31 December 2023 amount to a total of 1,450,170 euros (309,071 euros in 2022), of which 15,579 euros is pending payment (3,163 euros in 2022), including the allocation of the financial expense corresponding to the amortised cost of this liability.

In September 2022, Castondo XXI, S.L. carried out a refinancing process whereby it cancelled its debt with another financial institution and the current debt came into force.

As for Jaesure, S.L., bank borrowing was formalized with a credit institution, having four tranches for a maximum amount of 33,842,785 euros, 13,569,751 euros, 5,677,555 euros and 2,671,136 euros. Repayment of this financing will be at the end of the contract in 2025. Interest accrued on all tranches is payable quarterly, except for the VAT tranche which is payable monthly. The applicable interest rate is Euribor plus a minimum spread of 1.5% per annum.

At 31 December 2023 the balance drawn down on this debt amounted to 37,638,310 euros (35,280,716 euros in 2022) and is recorded in the balance sheet at amortised cost (37,275,798 euros in the long term). The transaction costs associated with the undrawn portion of this financing are shown under “Short-term accruals” on the asset side. This debt has accrued financial charges amounting to

2,257,190 euros (2022: 1,196,282 euros) (Note 13), leaving an amount of 12,416 euros pending payment at year-end 2023 (3,515 euros in 2022).

The aforementioned loans are tied to the Euribor plus a spread of between 1% and 1.8% per annum.

The detail of long-term and short-term bank borrowings at 31 December 2023 is as follows:

								Euros
At 31 December 2023	**Bank**	**Date of constitution**	**Maturity**	**Interest rate**	**Maximum amount financed**	**Long-term bank borrowing**	**Short-term bank borrowing**	**Total**
Mortgage loan Castondo XXI, S.L.	SMBC	14/09/2022	14/09/2025	EURIBOR + spread	31,850,000	26,997,951	15,579	27,013,530
Mortgage loan Jaesure, S.L.	Crédit Agricole	10/12/2021	10/12/2025	EURIBOR + spread	53,090,091	37,275,798	12,416	37,288,214
Total					**84,940,091**	**64,273,749**	**27,995**	**64,301,744**

The detail of long-term and short-term bank borrowing at 31 December 2022 is as follows:

								Euros
At 31 December 2022	**Bank**	**Date of constitution**	**Maturity**	**Interest rate**	**Maximum amount financed**	**Long-term bank borrowing**	**Short-term bank borrowing**	**Total**
Mortgage loan Castondo XXI, S.L.	SMBC	14/09/2022	14/09/2025	EURIBOR + spread	31,850,000	23,094,689	3,163	23,097,852
Mortgage loan Jaesure, S.L.	Crédit Agricole	10/12/2021	10/12/2025	EURIBOR + spread	53,090,091	34,792,544	3,515	34,796,059
Total					**84,940,091**	**57,887,233**	**6,678**	**57,893,911**

The maturity of financial liabilities at amortised cost in nominal terms at 31 December 2023 is as follows:

							2023
							Euros
	2024	**2025**	**2026**	**2027**	**2028**	**Subsequent years**	**Total**
Financial liabilities at amortised cost							
Bank borrowing	27,995	64,273,749	-	-	-	-	64,301,744
Bonds and debentures	-	7,569,000	-	-	-	-	7,569,000
Other financial liabilities	-	-	-	-	-	-	-
Current account with shareholders and directors	-	-	-	-	-	-	-
Trade and other payables	1,427,041	-	-	-	-	-	1,427,041
Total	**1,455,036**	**71,842,749**	**-**	**-**	**-**	**-**	**73,297,785**

The maturity of financial liabilities at amortized cost in nominal terms at 31 December 2022 is as follows:

							2022
							Euros
	2023	**2024**	**2025**	**2026**	**2027**	**Subsequent years**	**Total**
Financial liabilities at amortised cost							
Bank borrowing	6,678	-	57,887,233	-	-	-	57,893,911
Bonds and debentures	-	-	7,569,000	-	-	-	7,569,000
Other financial liabilities	-	127,992	-	-	-	-	127,992
Current account with shareholders and directors	1,410	-	-	-	-	-	1,410
Trade and other payables	241,443	-	-	-	-	-	241,443
Total	**249,531**	**127,992**	**65,456,233**	**-**	**-**	**-**	**65,833,756**

a) Undrawn lines of credit

At 31 December 2023 and 2022, the Group has no undrawn lines of credit in addition to the financing indicated above.

b) Financial ratios

The following debt agreements require compliance with certain financial ratios:

	Project LTV Ratio	**Interest Coverage Ratio (ICR)**
Mortgage loan Castondo XXI, S.L.	≤ 65%	=1.10
Mortgage loan Jaesure, S.L.	≤ 65%	=1.75

Definitions:

- Loan to Value (LTV) Project: calculated as the quotient resulting from dividing (a) outstanding debt by (b) the appraised value of the properties financed. Measures the ratio between the amount of the loan granted and the value of the property provided by the borrower as security for repayment of the loan.

- Interest Coverage Ratio (ICR): calculated as the quotient resulting from dividing (a) earnings before interest and taxes by (b) the amount of financial interest.

Failure to comply with these obligations could result, among other things, in partial early repayment of the loans described above.

At 31 December 2023 and 2022, the Directors consider that the Group is in full compliance with all terms, conditions, covenants and provisions of the financing agreements in force.

Likewise, as regards the investee Castondo XXI, S.L., the Directors consider that the aforementioned ratios were met at 31 December 2023 at the date of preparation of these consolidated annual accounts, and the forecast is that they will be met in the next 12 months.

Lastly, with respect to the investee Jaesure, S.L., the financing agreement establishes that the obligation to comply with the aforementioned financial ratios begins upon completion of the refurbishment of the asset owned by this company (Note 5). At 31 December 2023, this work has not been completed (Note 5).

c) Information on the average period for payment to suppliers. Third additional provision: "Reporting duty" of Law 15/2010, of 5 July, as amended by Law 31/2014 on the reform of the Corporate Enterprises Act.

The detail of payments for commercial transactions made during the year and pending payment at the closing of the consolidated balance sheet in relation to the maximum legal deadlines provided for in Law 15/2010, as amended by Law 31/2014, is as follows:

	2023	2022
	Days	**Days**
Average period for payment to suppliers	26	18
Ratio of transactions paid	25	18
Ratio of transactions pending payment	29	28
	Amount (euros)	**Amount (euros)**
Total payments made	1,735,726	4,723,574
Total payments pending	253,284	80,291

The calculation of the data in the above table has been made in accordance with the provisions of the resolution of 4 February 2016 of the ICAC and subsequent amendments. For the purposes of this note, the concept of trade payables includes the items of sundry suppliers and creditors for debts with suppliers of goods or services included in the scope of regularization in issues of legal payment terms.

The development of Law 15/2020 Additional Provision 3 (amended by Law 18/2022) includes that the following information must be expressly included in the notes:

- The monetary volume and number of invoices paid in a period shorter than the maximum established in the late payment regulations.
- The percentage they represent of the total invoices and of the total monetary payments to their suppliers.

	31 December 2023	31 December 2022
	Euros	**Euros**
Invoices paid before the deadline	1,075,422	3,379,359
Ratio over total paid invoices	62%	72%
	Number of invoices	**Number of invoices**
Number of invoices before the deadline	143	418
Ratio over total number of invoices	67%	71%

10. INCOMEOS AND EXPENSES

10.1 Turnover

Income from the Group's ordinary activities are distributed geographically as follows:

	Percentage		Euros	
	2023	**2022**	**2023**	**2022**
Market				
National	100%	100%	2,425,538	3,720,596
	100%	**100%**	**2,425,538**	**3,720,596**

The breakdown of turnover is as follows:

	Euros	
	2023	**2022**
Income		
Rent	2,333,720	3,259,021
Re-invoicing expenses	91,818	461,575
	2,425,538	**3,720,596**

The lease agreements entered into by the Group companies are under normal market conditions as regards their duration, maturity dates and rents.

10.2 Other operating expenses

The breakdown of "Other operating expenses" is as follows:

	Euros	
	2023	**2022**
Repairs and upkeep	(32,753)	(216,293)
Independent professional services	(669,429)	(401,794)
Insurance premiums	(156,450)	(96,041)
Banking and similar services	(8,684)	(6,033)
Advertising and publicity	(3,267)	(4,688)
Supplies	(50,071)	(42,195)
Others	(2,362)	(161,417)
Other taxes	(513,815)	(445,597)
	(1,436,831)	**(1,374,058)**

10.3 Financial profit (loss)

Interest income and expenses accrued in the year ended 31 December 2023 and 2022 are as follows:

	Euros	
	2023	2022
Financial income		
From third parties	1,782,928	160,224
Financial expenses		
Payable to third parties (1)	(3,956,762)	(2,562,571)
Interest on debts with group companies (Note 14)	(364,521)	(364,521)
Losses from L/T holdings, group companies	(6,769)	-
Change in fair value (Note 6)	**(88,962)**	**19,361**
Exchange differences	**-**	**(741)**
Total	**(2,634,086)**	**(2,748,248)**

(1) These expenses correspond to the financing described in Note 9 and other financial expenses.

11. INCOME TAX AND TAX STATUS

a) Tax assets and liabilities

At 31 December 2023 and 31 December 2022, the detail of the Group's collection rights and payment obligations with the Public Administrations is as follows:

	Euros	
	2023	2022
Non-current assets		
Deferred tax assets	842	842
	842	**842**
Current assets		
Tax authorities, receivable for VAT	47,124	84,311
	47,124	**84,311**
Payment obligations		
Tax authorities, payables for VAT	(148,587)	(9,811)
Tax authorities, payables for withholdings made	(3,463)	(18,248)
	(152,050)	**(28,059)**

b) Corporate Income Tax

The reconciliation between the net amount of income and expenses for the year and the income tax base at 31 December 2023 and 2022 is as follows:

2023			**Euros**
	Consolidated income statement		
	Increases	**Decreases**	**Total**
Balance of income and expenses for the year	-	(14,177,926)	**(14,177,926)**
Corporate Tax	-	-	**-**
Permanent differences	-	-	**-**
Short-term differences	12,532,547	-	12,532,547
Taxable base (tax result)			**(1,645,376)**

The adjustments to profit for the year relate mainly to the allocation to the consolidated income statement of the change in fair value of investment property.

2022			**Euros**
	Consolidated income statement		
	Increases	**Decreases**	**Total**
Balance of income and expenses for the year	-	(1,043,884)	**(1,043,884)**
Corporate Tax	5,448	-	**5,448**
Permanent differences	-	-	**-**
Temporary differences	355,153	(359,666)	**(4,513)**
Taxable base (tax result)			**(1,042,949)**

The adjustments to income for the year relate mainly to the allocation to the consolidated income statement of the change in fair value of investment property and internal dividends distributed within the Group.

c) Tax inspections

Under current legislation, taxes cannot be considered finally settled until the statements submitted have been inspected by the tax authorities or the four-year limitation period has elapsed. At year-end 2023 and 2022, the Group has the last four years' taxes open for review. The Parent Company's directors consider that the aforementioned taxes have been adequately settled and, therefore, even in the event of discrepancies in the interpretation of current legislation due to the tax treatment granted to the transactions, any resulting liabilities, should they materialize, would not have a significant effect on the consolidated annual accounts.

In addition, Law 34/2015, of 21 September, partially amending Law 58/2003, of 17 December, General Tax Law, establishes that the right of the Administration to initiate the procedure to verify the tax bases or quotas offset or pending offset or deductions applied or pending application, will expire ten years from the day following the day on which the regulatory period established for filing the return or self-assessment corresponding to the tax year or period in which the right to offset such bases or quotas or to apply such deductions was generated.

At the date of preparation of these consolidated annual accounts, the Group has no tax audits in progress.

12. PROVISIONS AND CONTINGENCIES

No provisions have been recorded and no contingencies have been identified at 31 December 2023 or 31 December 2022.

13. BOARD OF DIRECTORS AND OTHER REMUNERATION

a) Shares, positions and activities of Board members

Article 229 of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010 of 2 July, imposes on the Directors the duty to inform the Board of Directors of the Parent Company and, failing that, the other Directors or the Sole Shareholder of any situation of direct or indirect conflict that they may have with the interests of the Parent Company or its Group.

Similarly, the directors of the parent company must disclose any direct or indirect shareholding they or persons related to them have in any company engaged in activities that are similar, analogous or complementary to those of the Group's corporate purpose, as well as to communicate the positions or functions that they may have in the same.

In this regard, to comply with all the obligations laid down in the Corporate Enterprises Act and, in particular, with the duties imposed on the Directors, some of the Board members have made it known to the other Board members and the Sole Shareholder that they could potentially find themselves in a situation of conflict of interest due to the fact that, directly or indirectly, they hold shares in companies with the same, similar or complementary type of activity to that of the Group's companies.

It is hereby stated that all members of the Board of Directors disclose whether as of 31 December 2023 they hold direct or indirect shares in companies with the same, similar or complementary type of activity to that which constitutes the corporate purpose of the Group. However, there is no situation of conflict, direct or indirect, on their part or by persons related to them with interests in the Group.

b) Remuneration of members of the Board of Directors and senior management

During the financial year 2023, the members of the Board of Directors of the Company in their capacity as such have received remuneration in the amount of 33,125 euros (30,125 euros in 2022) and there has been no remuneration to senior management either as at 31 December 2023 or 31 December 2022.

As regards the payment of insurance premiums, the Parent Company has not taken out any insurance policies to cover the risk of death and has not taken out any civil liability policies.

The members of the Parent Company's Board of Directors and senior management have not received any shares or stock options during the year ended 31 December 2023 or during the year ended 31 December 2022, nor have they exercised any options or have any options outstanding.

The members of the Board of Directors of the Parent Company and senior management do not have any pension funds or similar obligations for their benefit established by the Group. During the year ended 31 December 2023 and the year ended 31 December 2022, there are no senior management personnel who do not belong to the Parent Company's Board of Directors.

14. OTHER OPERATIONS WITH RELATED PARTIES

The detail of balances with related entities is as follows:

	Euros	
	2023	**2022**
Short-term loans		
Areef 2 Sicaf S.P.A. (1)	-	22,209
Bonds and other marketable securities		
Areef 2 Sicaf S.P.A. (2)	(7,569,000)	(7,569,000)
Other debts with shareholders		
Areef 2 Sicaf S.P.A. (3)	-	(1,410)
Total	**(7,569,000)**	**(7,548,201)**

(1) As at 31 December 2022, balances receivable from and payable to the partner were recorded under short-term receivables. These were made up of 27,799 euros from the withholding of the dividend paid to the Sole Shareholder of the Parent Company, which must be returned by Areef 2 Sicaf, S.P.A.; 3,500 euros for the purchase of the shares in Castondo XXI, S.L. owed by the Parent Company; and 2,090 euros from a provision of funds paid by the Sole Shareholder on behalf of the Parent Company. These balances total 22,209 euros which was paid off in 2023.

(2) At 31 December 2023 and 2022, the balance recorded under Bonds and other marketable securities in the consolidated balance sheet relates to the 7,569 simple bonds with a nominal value of 1,000 euros issued by the Parent Company on 13 July 2021, and fully subscribed by the

Sole Shareholder. These bonds bear interest at a fixed annual rate of 4.75%, payable quarterly, and mature on 7 July 2025. As at 31 December 2023, accrued interest amounts to 364,521 euros (364,521 euros in 2022), which has been paid before 31 December 2023.

1,410 euros pending payment by the subsidiary Castondo XXI, S.L. to AREEF 2 SICAF, S.P.A. corresponding to a provision of funds paid by AREEF 2 SICAF, S.P.A. to one of the suppliers in the amount of 1,410 euros. This debt has been cancelled in 2023.

The detail of transactions with related parties is as follows:

	Euros	
	2023	**2022**
Financial expenses		
Areef 2 Sicaf S.P.A. (Note 10)	(364,521)	(364,521)
Total	**(364,521)**	**(364,521)**

15. REPORTING REQUIREMENTS DERIVED FROM THE STATUS OF REIT, LAW 11/2009 AND ITS SUBSEQUENT AMENDMENTS

a) Reserves from years prior to the application of the tax regime established in this Law.

Until the application of the REIT Regime, reserves of a loss of 73,333 euros were generated in the companies comprising the Group.

b) Reserves from years in which the tax regime established in this Law has been applied, differentiating the part that comes from income subject to a tax rate of 0%, 15% or 19%, with respect to that which, if applicable, has been taxed at the general tax rate.

At 31 December 2023, 2022 and 2021, with the exception of that indicated in the previous point, the remaining reserves have been generated since their inclusion in the SOCIMI regime, amounting to a loss of 1,038,432 euros, a loss of 12,811,993 euros and a loss of 1,596 euros for each year, all of which are subject to 0% taxation.

c) Dividends distributed with a charge to profits for each year in which the tax regime established in this Law has been applicable, differentiating the part that comes from income subject to the 0%, 15% or 19% tax rate, with respect to those that, if applicable, have been taxed at the general tax rate.

In 2023 and 2022, no dividends have been distributed out of profit. In 2021, an interim dividend of 185,324 euros was paid out of the profit for the year.

d) In the case of distribution of dividends charged to reserves, designation of the year from which the reserve was applied and whether they have been taxed at 0%, 15%, 19% or at the general rate.

In 2023, there have been no distributions from reserves. In 2022 and 2021, the refund of shareholders' contributions amounted to 3,598,171 euros and 7,417,833 euros, respectively.

e) Date of agreement to distribute dividends as referred to in foregoing letters c) and d).

31 December 2021, dividend in the amount of 185,324 euros and return of shareholder contributions in the amount of 7,417,833 euros. The dates of the 2022 shareholder contribution refunds have been detailed in Note 8.

f) Date of acquisition of real estate intended for lease and of shares in the capital of entities referred to in section 1 of article 2 of this Law.

Name	Acquisition date	Registered office	Activity	Fraction of capital Direct %	Fraction of capital Indirect %	Voting rights Direct %	Voting rights Indirect %
Castondo XXI, S.L.	17/06/2021	Calle Goya, 6, 2ª planta, Madrid	Real estate	100%	0%	100%	0%
Jaesure, S.L.	02/12/2021	Calle Goya, 6, 2ª planta, Madrid	Real estate	100%	0%	100%	0%

g) Identification of the assets that compute within the 80% referred to in section 1 of Article 3 of this Law.

Property	Acquisition date
Calle Lérida, 32, Madrid	13 July 2021
Calle Retama, 3, Madrid	10 December 2021

h) Reserves from years in which the tax regime applicable in this Law has been applicable, which have been disposed of in the tax period, other than for distribution or to offset losses, identifying the year from which such reserves originate.

There are none.

16. AUDITORS' FEES

The fees accrued during the years ended 31 December 2023 and 31 December 2022 by PricewaterhouseCoopers Auditores, S.L. and its network are as follows:

	Euros 2023	Euros 2022
Auditing service	71,150	81,150
Total	**71,150**	**81,150**

17. ENVIRONMENTAL INFORMATION

The Group's activities do not cause negative environmental impacts, and consequently it does not incur significant costs or investments to mitigate such possible impacts.

18. SUBSEQUENT EVENTS

From 31 December 2023 until the preparation of these consolidated annual accounts, there have been no significant subsequent events that should be disclosed in these consolidated annual account.

APPENDIX I - SUBSIDIARIES, JOINT VENTURES AND JOINT OPERATIONS INCLUDED IN THE SCOPE OF CONSOLIDATION

At 31 December 2023

Name	Main Activity Centre	Registered office	Company Holder of the Share	Share % of par value	Type of relationship	Integration Method	Activity
Castondo XXI, S.L.	Calle Goya, 6, 2ª Planta, Madrid	Calle Goya, 6, 2ª Planta, Madrid	Astickso XXI SOCIMI, S.A.	100%	Investee	Full consolidation	Real estate
Jaesure, S.L.	Calle Goya, 6, 2ª Planta, Madrid	Calle Goya, 6, 2ª Planta, Madrid	Astickso XXI SOCIMI, S.A.	100%	Investee	Full consolidation	Real estate

At 31 December 2022

Name	Main Activity Centre	Registered office	Company Holder of the Share	Share % of par value	Type of relationship	Integration Method	Activity
Castondo XXI, S.L.	Calle Goya, 6, 2ª Planta, Madrid	Calle Goya, 6, 2ª Planta, Madrid	Astickso XXI SOCIMI, S.A.	100%	Investee	Full consolidation	Real estate
Jaesure, S.L.	Calle Goya, 6, 2ª Planta, Madrid	Calle Goya, 6, 2ª Planta, Madrid	Astickso XXI SOCIMI, S.A.	100%	Investee	Full consolidation	Real estate
Fresierar, S.L.	Calle Goya, 6, 2ª Planta, Madrid	Calle Goya, 6, 2ª Planta, Madrid	Astickso XXI SOCIMI, S.A.	100%	Investee	Full consolidation	Real estate

APPENDIX II - INVESTMENT PROPERTY OWNED BY THE GROUP

Property	City	Province	Date of acquisition	Start date computation REIT REGIME	Type of asset
Calle Lérida, 32	Madrid	Madrid	13 July 2021	29 September 2021.	Offices
Calle Retama, 3	Madrid	Madrid	10 December 2021	15 September 2022.	Offices

CONSOLIDATED DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023
(Figures in euros)

Status and Activity of the Group

The Group closed the year with a loss of 14,177,926 euros (1,043,884 euros in 2022).

Income in 2023 was 2,425,538 euros (3,720,596 euros in 2022) relating to rental income.

Possible evolution of the Group

The Group is currently consolidating its businesses, which leads us to expect positive results in the coming years.

R&D ACTIVITY

In the financial years 2023 and 2022 the Group has not carried out any research and development activities.

Environmental risks

The Group's management considers that there are no contingencies related to the protection and improvement of the environment and does not consider it necessary to recognise any provision for environmental risks and expenses at 31 December 2023 and 31 December 2022.

Financial risk management

The Group's activities are exposed to various financial risks: interest rate risk, credit risk and liquidity risk. The Group's global risk management programme focuses on uncertainty in the financial markets and aims to minimize potential adverse effects on the financial profitability.

Risk management is controlled by the Parent Company's Directors who identify, evaluate and hedge financial risks in accordance with the policies approved by the Board of Directors of the Parent Company. The Board provides policies for overall risk management, as well as for specific areas such as interest rate risk, liquidity risk, and investment of excess liquidity.

a) Interest rate risk

The Group's interest rate risk arises from financial debt. Loans issued at variable rates expose the Group to cash flow interest rate risk, which is partially offset by cash held at variable rates. At 31 December 2023 and 31 December 2022, the Group has certain loans maturing in the long term, with a variable interest rate pegged to the Euribor. The Group hedges against potential interest rate increases through derivative financial instruments.

The Group analyses its exposure to interest rate risk dynamically. Several scenarios are simulated taking into account financing alternatives. Based on these scenarios, the Group calculates the impact on the result for a given change in the interest rate (the scenarios are used only for liabilities representing the most significant positions subject to interest rate).

These analyses take into account:

- Economic environment in which it operates: design of different economic scenarios by modifying the key variables that may affect the Group (interest rates, occupancy rate of real estate investments, etc.).
- Identification of those interdependent variables and their level of linkage.
- Time frame in which the assessment is being made: the time horizon of the analysis and its possible deviations shall be taken into account.

b) Credit risk

Credit risk, understood as the impact that a default on accounts receivable may have on the consolidated income statement, is managed at Group level. The Group defines the credit risk management and analysis policy for its new customers before offering them the usual payment terms and conditions. The credit risk arises mainly from investment property rental receivables and sundry debtors. The Group evaluates and establishes the creditworthiness of its customers, taking into account their financial position, past experience and other factors. The Group considers that it does not have significant concentrations of credit risk. When it is deemed necessary to reduce credit risk, the Group requires the tenant to obtain bank guarantees for the term of the lease.

The Group maintains its cash and cash equivalents in entities with the best credit quality.

c) Liquidity and going concern risk

Cash flow forecasting is carried out by the Parent Company's directors. These monitor the Group's liquidity needs to ensure that it has sufficient cash to meet operating requirements while maintaining sufficient availability of liquidity at all times so that the Group does not default on its financial obligations.

d) Exchange rate risk

With respect to foreign exchange risk, at 31 December 2023 and 31 December 2022, the Group has no significant assets or liabilities denominated in foreign currencies and, therefore, there is no foreign currency risk.

Personnel

As at 31 December 2023 and 2022 the Group has no employees.

Treasury shares

At 31 December 2023 and 2022, the Group does not have and has not carried out transactions with treasury shares.

Subsequent events

Since the closing date of the year ended 31 December 2023, there have been no significant events that could have a material effect on this consolidated directors' report and the related consolidated annual accounts.

ASTICKSO XXI SOCIMI, S.A. (Single Shareholder Company) AND SUBSIDIARY COMPANIES

FORMULATION OF THE CONSOLIDATED ANNUAL ACCOUNTS AND CONSOLIDATED DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

On 18 March 2024, and in compliance with the requirements established in Article 253 of the Corporate Enterprises Act and Article 37 of the Commercial Code, the Board of Directors of the Parent Company Astickso XXI SOCIMI, S.A. (Sole-Shareholder Company) and subsidiaries is preparing the consolidated annual accounts and consolidated directors' report for the year ended 31 December 2023, which are set out in the documents attached hereto.

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Nicola Sajeva,
holder of Foreigner's ID No.: Y8710216S
as Board Member - Chairman

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María Victoria Oliver de Querol,
holder of National ID Card No. 46128437M
as Board Member

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Luis Huete Arrieta,
holder of National ID Card No.: 05328882N
as Board Member

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Miguel Liria Plañiol,
holder of National ID Card No. 52364246P
as Board Member