Barcino Property SOCIMI S.A.

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

BARCINO PROPERTY SOCIMI, S.A.

BALANCE SHEET AT 31 DECEMBER 2023

(in euros)

ASSETS	Note	31/12/2023	31/12/2022
1 A) NON-CURRENT ASSETS		38,090,933.53	37,308,221.81
1.1 I. Intangible fixed assets	Nota 5	**2,136.79**	**2,181.78**
1.1.3 3.Patents, licences, trademarks and similar items		539.81	584.80
1.1.3 5. Computer software		1,596.98	1,596.98
1.2 II. Property, plant and equipment	Nota 5	**623.47**	**885.08**
1.2.2 2. Property, plant and equipment		623.47	885.08
1.3 III. Investment property	Nota 5	**38,047,380.06**	**37,223,954.10**
1.3.1 1. Land		21,655,710.61	22,219,012.09
1.3.2 2. Buildings		16,250,326.08	11,786,661.32
1.3.3 3. Property, plant and equipment in the course of constructior		141,343.37	3,218,280.69
1.5 IV. Non-current financial assets	Notes 6 and 8	**40,793.21**	**81,200.85**
1.5.5 5. Other financial assets		40,793.21	81,200.85
2 B) CURRENT ASSETS		1,205,718.46	1,726,811.58
2.3 III. Trade and other receivables	Nota 8	**126,184.95**	**352,924.51**
2.3.1 1. Trade receivables for sales and services		8,596.38	27,870.40
2.3.3 3. Sundry accounts receivable		117,548.16	117,868.73
2.3.5 5. Current tax assets	Nota 13	0.00	0.00
2.3.6 6. Other accounts receivable from public authorities	Nota 13	40.41	207,185.38
2.5 V. Non-current financial assets	Nota 4.7	**411,776.02**	**498,016.60**
2.5.5 5. Other financial assets		411,776.02	498,016.60
2.6 VI. Current prepayments and accrued income		**49,426.76**	**22,339.88**
2.7 VII. Cash and cash equivalents		**618,330.73**	**853,530.59**
2.7.1 1. Cash		618,330.73	853,530.59
TOTAL ASSETS		**39,296,651.99**	**39,035,033.39**

EQUITY AND LIABILITIES	Note	31/12/2023	31/12/2022
1 A) EQUITY		24,337,684.97	23,616,539.93
1.1 A-1) Shareholders' equity	Nota 9	**24,337,684.97**	**23,616,539.93**
1.1.1 I. Share capital		24,524,110.00	24,524,110.00
1.1.1.1. Registered capital		*24,524,110.00*	*24,524,110.00*
1.1.2 II. Share premium		6,347,632.78	6,347,632.78
1.1.3 III. Reserves		84,975.19	85,479.32
1.1.3.2 1. Legal reserve		78,265.95	78,265.95
1.1.3.2 2. Other reserves		*6,709.24*	*7,213.37*
1.1.4 IV. Treasury shares		(247,311.49)	(82,473.66)
1.1. 5 V. Loss from previous years		(7,258,210.09)	(6,352,719.28)
1.1.5.2 2. Prior years' losses		*(7,258,210.09)*	*(6,352,719.28)*
1.1.6 VI. Other capital contributions		1.58	1.58
1.1.7 VII. Profit/(loss) for the year		886,487.00	(905,490.81)
2 B) NON-CURRENT LIABILITIES		12,479,992.49	13,114,131.35
2.2 II. Non-current payables		**12,479,992.49**	**13,114,131.35**
2.2.2 2. Bank borrowings	Notes 10 and 11	12,429,898.79	12,745,490.81
2.2.5 5. Other financial liabilities	Notes 10 and 11	50,093.70	368,640.54
3 C) CURRENT LIABILITIES		2,478,974.53	2,304,362.11
3.3 III. Current payables		**1,836,065.17**	**1,795,998.08**
3.3.2 2. Bank borrowings	Notes 10 and 11	1,356,866.40	1,362,771.08
3.3.5 5. Other financial liabilities	Notes 10 and 11	479,198.77	433,227.00
3.5 V. Trade and other payables		**546,317.69**	**508,364.03**
3.5.3 3. Sundry accounts payable	Notes 10 and 11	321,116.95	467,823.21
3.5.6 6. Other accounts payable to public authorities	Notes 11 and 13	30,054.81	20,750.33
3.5.7 7. Customer advances	Nota 11	195,145.93	19,790.49
3.6 VI. Current prepayments and accrued income		96,591.67	0.00
TOTAL EQUITY AND LIABILITIES		**39,296,651.99**	**39,035,033.39**

The accompanying Notes 1 to 18 are an integral part of the balance sheet at 31 December 2023.

BARCINO PROPERTY SOCIMI, S.A.

STATEMENT OF PROFIT OR LOSS FOR THE YEAR 2023

(in euros)

STATEMENT OF PROFIT OR LOSS	Note	2023	2022
1. Revenue		**2,523,596.39**	**2,015,993.61**
Real estate leases	Nota 14.1	2,523,596.39	2,015,993.61
5. Other operating income		**11,148.32**	**13,633.16**
a) Other operating income		11,148.32	13,633.16
6. Staff costs		**(197,429.95)**	**(151,583.95)**
a) Wages, salaries and similar expenses		(160,554.35)	(120,128.85)
b) Employee benefit costs	Nota 14.2	(36,875.60)	(31,455.10)
7. Other operating expenses		**(1,303,596.78)**	**(1,765,282.83)**
a) Outside services	Nota 14.3	(1,185,171.29)	(1,625,433.52)
b) Taxes	Nota 14.3	(102,670.77)	(118,517.71)
c) Losses, impairment and changes in trade provisions		(15,698.50)	(14,465.10)
d) Other current operating expenses		(56.22)	(6,866.50)
8. Depreciation and amortisation charge	Nota 5	**(737,353.65)**	**(648,079.30)**
10. Excess provisions	Nota 1	**0.00**	**5,086.09**
11. Impairment and gains or losses on disposals of non-current assets		**1,439,179.32**	**(286.43)**
b) Gains or losses on disposals and other		1,439,179.32	(286.43)
12. Other income and expenses		**(662.28)**	**(12,941.54)**
PROFIT/(LOSS) FROM OPERATIONS		**1,734,881.37**	**(543,461.19)**
13. Finance income		**2,979.70**	**18.91**
From marketable securities and other financial instruments		2,979.70	18.91
From third parties		*2,979.70*	*18.91*
14. Finance costs		**(851,374.07)**	**(362,048.53)**
On debts with third parties		(851,374.07)	(362,048.53)
FINANCIAL LOSS		**(848,394.37)**	**(362,029.62)**
PROFIT/(LOSS) BEFORE TAX		**886,487.00**	**(905,490.81)**
Income tax	Nota 13	**0.00**	**0.00**
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**886,487.00**	**(905,490.81)**
PROFIT/(LOSS) FOR THE YEAR		**886,487.00**	**(905,490.81)**

The accompanying Notes 1 to 18 are an integral part of the statement of profit or loss for the year ended 31 December 2023.

BARCINO PROPERTY SOCIMI, S.A.

STATEMENT OF CHANGES IN EQUITY

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

(in euros)

	2023	2022
PROFIT/(LOSS) AS PER STATEMENT OF PROFIT OR LOSS (I)	886,487.00	(905,490.81)
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)	0	0
TOTAL TRANSFERS TO STATEMENT OF PROFIT OR LOSS (III)	0	0
TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)	886,487.00	(905,490.81)

The accompanying Notes 1 to 18 are an integral part of the statement of recognised income and expense for the year ended 31 December 2023.

BARCINO PROPERTY SOCIMI, S.A.

STATEMENT OF CHANGES IN EQUITY

B) STATEMENT OF CHANGES IN TOTAL EQUITY FOR THE YEAR 2023
(in euros)

	Registered capital	Share premium	Legal reserve	Other reserves	(Treasury shares)	Profit/(loss) from previous years	Other capital contributions	Profit/(loss) for the year	TOTAL
A. BALANCE AT 31 DECEMBER 2021	**24,524,110.00**	**6,347,632.78**	**0.00**	**7,213.37**	**(82,473.66)**	**(7,057,112.84)**	**1.58**	**782,659.51**	**24,522,030.74**
Total recognised income and expense	-	-	-	-	-	-	-	(905,490.81)	(905,490.81)
Share capital increase	-	-	-	-	-	-	-	-	0.00
Treasury share transactions	-	-	-	-	-	-	-	-	0.00
Allocation of 2021 profit/(loss)	-	-	78,265.95	-	-	704,393.56	-	(782,659.51)	0.00
B. BALANCE AT 31 DECEMBER 2022	**24,524,110.00**	**6,347,632.78**	**78,265.95**	**7,213.37**	**(82,473.66)**	**(6,352,719.28)**	**1.58**	**(905,490.81)**	**23,616,539.93**
Total recognised income and expense	-	-	-	-	-	-	-	886,487.00	886,487.00
Distribution of 2022 profit	-	-	-	-	-	(905,490.81)	-	905,490.81	0.00
Share capital increase	-	-	-	-	-	-	-	-	0.00
Treasury share transactions	-	-	-	(504.13)	(164,837.83)	-	-	-	(165,341.96)
C. BALANCE AT 31 DECEMBER 2023	**24,524,110.00**	**6,347,632.78**	**78,265.95**	**6,709.24**	**(247,311.49)**	**(7,258,210.09)**	**1.58**	**886,487.00**	**24,337,684.97**

The accompanying Notes 1 to 18 are an integral part of the statement of changes in total equity for the year 2023.

BARCINO PROPERTY SOCIMI, S.A.

STATEMENT OF CASH FLOWS FOR THE YEAR 2023

(in euros)

	Note	31/12/2023	31/12/2022
A) Other cash flows from operating activities			
1. Profit/(loss) for the year before tax		**886,487.00**	**(905,490.81)**
2. Adjustments to profit/(loss):			
a) Depreciation and amortisation charge	Nota 5	737,353.65	648,079.30
b) Impairment losses		-	-
c) Changes in provisions		-	-
d) Recognition of grants		-	-
e) Gains or losses on write-offs and disposal of non-current assets		(1,439,179.32)	(46.41)
f) Financial instruments or losses on write-offs and disposal of financial instruments		-	-
g) Finance income		(2,979.70)	(18.91)
h) Finance costs		851,374.07	362,048.53
i) Exchange differences		-	-
j) Changes in the fair value of financial instruments		-	-
k) Share of profits/losses of companies accounted for using the equity method		-	-
l) Other income and expense for (In-house work on assets)		-	-
		1,033,055.70	**104,571.70**
3. Changes in working capital			
a) Inventories		14,487.88	(60,148.99)
b) Trade and other receivables		212,251.68	36,744.28
c) Other current assets		(27,086.88)	(9,370.34)
d) Trade and other payables		43,621.78	81,671.04
e) Other current liabilities		96,591.67	-
f) Other non-current assets and liabilities		7,952.16	44,648.00
		347,818.29	**93,543.99**
4. Other cash flows from operating activities			
a) Interest paid		(771,006.34)	(281,471.56)
b) Dividends received		-	-
c) Interest received		2,979.70	18.91
d) Income tax refunded (paid)		-	-
e) Other payments (collections)		-	-
		(768,026.64)	**(281,452.65)**
5. Cash flows from operating activities		**612,847.35**	**(83,336.96)**
B) Cash flows from investing activities			
6. Payments for investments			
a) Group companies and associates		-	-
b) Intangible fixed assets		-	-
c) Property, plant and equipment		-	-
d) Investment property	Nota 5	(2,591,293.69)	(2,578,791.55)
e) Other financial assets		(442,240.72)	(370,721.65)
f) Non-current assets held for sale		-	-
g) Other assets		-	-
		(3,033,534.41)	**(2,949,513.20)**
7. Proceeds from divestments			
d) Investment property		2,468,035.75	
e) Other financial assets		568,888.94	186,766.59
		3,036,924.69	**186,766.59**
8. Net cash from investing activities		**3,390.28**	**(2,762,746.61)**
c) Cash flows from financing activities			
9. Proceeds and payments relating to equity instruments			
a) Proceeds from issue of equity instruments		(165,341.96)	-
f) Grants, donations and legacies received		-	-
		(165,341.96)	**0.00**
10. Proceeds and payments relating to financial liability instruments			
a) Issue			
1. Debt instruments and other marketable securities		-	-
2. Bank borrowings	Notes 10 and 11	2,608,059.42	2,451,940.58
3. Payables to Group companies and associates		-	-
b) Repayment and redemption of		-	-
2. Bank borrowings	Notes 10 and 11	(2,213,135.95)	(2,044,700.87)
3. Payables to Group companies and associates		-	-
4. Other payables	Notes 10 and 11	(1,081,019.00)	(262,261.35)
		(686,095.53)	**144,978.36**
11. Dividends and returns on other equity instruments paid			
a) Dividends		-	-
b) Returns on other equity instruments		-	-
		0.00	**0.00**
12. Cash flows from financing activities		**(851,437.49)**	**144,978.36**
D) Effect of foreign exchange rate changes		**0.00**	**0.00**
E) Net increase/decrease in cash and cash equivalents		**(235,199.86)**	**(2,701,105.21)**
Cash and cash equivalents at beginning of year		853,530.59	3,554,635.80
Cash and cash equivalents at end of year		618,330.73	853,530.59

The accompanying Notes 1 to 18 are an integral part of the statement of changes in total equity for the year 2023.

1. Company activities

Barcino Property SOCIMI, S.A. ("the Company") is a Spanish company with tax identification number (C.I.F.) A-66461716, incorporated for an indefinite period of time on 30 January 2015 under the name of Barcino Property, S.L. Its registered office is located at Avenida Diagonal 497, Barcelona.

On 25 May 2017, it was agreed to transform the company from a private limited liability company to a public limited liability company.

On 18 February 2016, the Company's former sole shareholder, Barcino Management, B.V., resolved that the Company would avail itself of the special regime for real estate investment trusts ("REITs") governed by Act 11/2009, of 26 October. Subsequently, on 19 February 2016, the Company formally notified the Spanish State Tax Agency that it had opted to apply the aforementioned special regime for REITs as from 1 January 2016.

The Company's purpose is as follows:

a) The acquisition and development of urban properties earmarked for lease.

b) The ownership of interests in the share capital of other REITs or other non-resident companies in Spain with a company purpose identical to that of the former, which are subject to a regime similar to that governing REITs in relation to the obligatory profit distribution policy stipulated by law or the bylaws.

c) The ownership of interests in the share capital of other companies, whether residents or non-residents in Spain, the company purpose of which is the acquisition of urban properties earmarked for lease, which are subject to the regime established for REITs in relation to the obligatory profit distribution policy stipulated by law or the bylaws, and which meet the investment requirements referred to in Article 3 of Real Estate Investment Trusts Act 11/2009, of 26 October (the "REITs Act").

d) The ownership of shares or other equity interests in collective real estate investment undertakings governed by Spanish Collective Investment Undertakings Act 35/2003, of 4 November, or any regulation that may supersede it in the future.

Together with the economic activity relating to the main company purpose, REITs may also engage in other ancillary activities, which as a whole represent less than 20% of the Company's income in each tax period, or such activities as might be considered to be ancillary under the legislation applicable at each given time.

In view of the business activity carried out by the Company, it does not have any environmental liabilities, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the financial statements.

- ***Management Agreement***

On 31 October 2017 the Company signed a management agreement (the "Management Agreement") for an initial six-year term with the company Vistalegre Property Management, S.L. (the "Manager"), which was first novated on 30 December 2019 and subsequently on 1 January 2023, when it was extended until 31 December 2025, and whereby the Manager works for the Company on a non-exclusive basis performing the following functions, among others: (i) proposing investments; (ii) structuring and negotiating the purchase transactions; (iii) managing the properties; and ultimately (iv) selling the properties acquired by the Company.

The fees paid to the Manager are as follows:

1) The management fee for the years 2023 and 2024 will consist of a fixed amount of EUR 100,000 plus VAT that, as of 2025, will be 0.9% over the net asset value (NAV), i.e. over the market price of the Company's asset portfolio arising from the annual valuation report issued by the third-party expert as per the methodology disclosed in Note 4.1, plus cash and cash equivalents less borrowings. The final amount will be applied the relevant VAT.

The aforementioned management fee is to be paid quarterly in advance. The amount accrued during 2023 totalled EUR 117,430 (EUR 100,000 on account of tax base and EUR 17,430 of non-deductible VAT). In turn, the amount accrued in 2022 totalled EUR 801,999.08 (EUR 703,076.28 for tax base and EUR 98,922.80 for non-deductible VAT). The gross asset value was established based on the RICS valuations at 31 December 2023 and 2022, respectively.

		Euros					
		2023			2022		
	Section	Tax base	Non-deductible VAT	Total accrued	Tax base	Non-deductible VAT	Total accrued
Management fee	1)	100,000.00	17,430.00	117,430.00	703,076.28	98,922.80	801,999.08

2) The sales fee will be paid whenever an asset acquired after 31 December 2022 is transferred by the Company, and which will result from applying 9% over the amount arising from the positive difference between the consideration received from the asset transfer less the asset acquisition price, less the asset acquisition cost, less the amounts paid to reform and refurbish the asset, plus the asset-generating revenue less all of the asset related expenses, including overheads and administrative and financial expenses, and excluding any provisions and amortisations since the date of acquisition thereof. At the closing of the year ended 31 December 2023, no sales fees accrued since the assets transferred by the Company were acquired prior to 31 December 2022.

3) An exit fee will be paid upon termination of the Management Agreement on its maturity date on 31 December 2025, or for whichever other reason, including the potential change of control of the Company and relevant sales of assets, defined as the sales of assets by the Company that account for more than 50% of the value of its assets, as per the latest valuation report, for a period of 18 months from the date of sale of the first asset, and the amount of which will be as follows:

    i) In case of termination of the Management Agreement due to a change of control of the Company, the exit fee will be equal to the sales fee that should be paid if all the assets acquired after 31 December 2022 were sold. The valuation of the assets will be calculated as follows:

    Valuation of assets acquired after 31 December 2022 = Valuation B

    Valuation B = Valuation I * RICS B / RICS I

    Where:

    Valuation I = implicit aggregate valuation of the transaction leading to a change of control; and

    RICS B / RICS I = RICS Valuation B in the previous year / RICS valuation of total current assets in the previous year.

    If assets have been acquired or sold in the last 12 months since the last valuation, the assets sold will be excluded from the RICS B / RICS I calculation and, if the assets have been acquired, they will be included in the RICS weighting calculation at acquisition cost.

    ii) In the event of termination of the Management Agreement due to a relevant sale of assets or for any other reason whereby the Manager is entitled to receive the exit fee pursuant to Clause 14, the sum of the following three amounts will apply:

    (i) For assets sold as part of the relevant sale of assets and which were already owned by the Company at 31 December 2022, no exit fee will be paid.

    (ii) For assets sold as part of the relevant sale of assets and which were acquired by the Company after 31 December 2022, 9% will be paid on the amount resulting from the calculation of the sales fee (paragraph 1), provided that no sales fee had been previously paid in respect thereof.

    (iii) For assets not sold as part of the relevant sale of assets: (x) if they were already owned by the Company at 31 December 2022, 9% of the positive difference between the valuation of the asset as set out in the 2022 valuation report and the valuation of the asset as per the latest valuation report; and (y) if they were acquired by the Company subsequent to 31 December 2022, 9% of the positive amount resulting from the following formula: the valuation of the asset as per the latest valuation report less the consideration for the acquisition of the asset, less the asset acquisition costs, less all the amounts relating to the asset's renovation and refurbishment.

According to the contractual conditions, the exit fee will only be paid to the Manager upon occurrence of any of the causes for termination of the agreement, regardless of whether the resulting IRR reaches 7% according to the figures set out in the valuation report.

4) Settlement of the performance fee basket as per the novation agreement dated 30 December 2019. This amount payable was recognised under the line item “Other financial liabilities” in the balance sheet at 31 December 2023 and 31 December 2022 (Note 10).

		Euros	
		31.12.2023	**31.12.2022**
	Section	Total debt	Total debt
Performance fee basket settlement	3)	277,000.00	550,000.00

The agreement entered into by the parties envisages the payment of certain amounts of compensation in the event of early termination. The amount of this compensation and the party liable for its payment depend on the reasons for the early termination of the agreement. Neither at 31 December 2023 nor at the date of preparation of these financial statements did any circumstances arise that might lead to the early termination of the Management Agreement.

REIT regime

The Company is regulated by Spanish Real Estate Investment Trusts Act 11/2009, of 26 October, as amended by Act 16/2012, of 27 December. These companies have a special tax regime and must fulfil, among others, the following obligations:

1. Company purpose obligation. They must have as their principal company purpose the ownership of urban properties earmarked for lease, the ownership of shares in other REITs or companies with a similar corporate purpose and with the same dividend pay-out scheme, as well as in Collective Investment Undertakings.

2. Investment obligation.

   - They must invest at least 80% of the value of their assets in urban properties earmarked for lease, in land to develop properties to be allocated to that purpose, provided that development begins within three years following its acquisition, and in equity investments in other companies whose corporate purpose is similar to that of REITs.

     This percentage must be calculated on the basis of the consolidated balance sheet, if the company is the parent of a group in accordance with the criteria stated in Article 42 of the Spanish Commercial Code, regardless of its place of residence and of whether or not it is obliged to prepare consolidated financial statements. Such a group must be composed exclusively of REITs and the other companies referred to in Article 2.1 of Act 11/2009.

     There is an option to replace the carrying value of the assets with their market value. Cash/collection rights arising from the transfer of such assets will not be taken into account, provided that the established maximum reinvestment periods are not exceeded.

   - Also, 80% of their income must arise from: (i) property rentals; and (ii) dividends from investments. This percentage must be calculated on the basis of the consolidated balance sheet, if the company is the parent of a group in accordance with the criteria stated in Article 42 of the Spanish Commercial Code, regardless of its place of residence and of whether or not it is obliged to prepare consolidated financial statements. Such a group must be composed exclusively of REITs and the other companies referred to in Article 2.1 of Act 11/2009.

   - The properties must remain leased for at least three years (for calculation purposes, up to one year of the period they have been offered for lease may be added). Assets must be held for a minimum period of three years.

3. Obligation to trade on a regulated market. REITs must be admitted to trading on a regulated market in Spain or in any other country with which there is exchange of tax information. The share capital of these entities must consist of registered shares.

4. Distribution of profit obligation. Once the related corporate and commercial obligations have been met, REIT companies are required to distribute dividends as follows:

   - All the profit from dividends or shares in profits paid by the entities referred to in Article 2.1 of Act 11/2009.

   - At least 50% of the profits arising from the transfer of property used to perform the REIT's corporate purposes and shares or ownership interests to which Article 2.1 of Act 11/2009 refers, once the minimum holding periods have elapsed. The remainder of these profits should be reinvested in other properties or interests related to the performance of such purpose within three years from the transfer date.

   - At least 80% of the remaining profits obtained. When dividends are distributed with a charge to reserves out of profit for a year in which the special tax regime had been applied, the distribution must be approved as set out above.

   - The legal reserve of companies that have chosen to avail themselves of the special tax regime set out in Act 11/2009 must not exceed 20% of the share capital. The bylaws of these companies may not establish any other restricted reserve.

5. Reporting obligation (Note 16). REITs must include in the notes to their financial statements the information required in the tax legislation governing the REIT special regime.

6. Minimum share capital. The minimum share capital for REITs is established at EUR 5 million.

REITs may opt to apply the special tax regime under the terms established in Article 8 of the REITs Act, even when the requirements therein are not met, provided that such requirements are fulfilled within the two-year period following the date on which the regime is applied.

Failure to meet any of the foregoing conditions will require the Company to file income tax returns under the standard tax regime from the tax period in which the aforementioned condition is not met, unless this situation is rectified in the following tax period. The Company will also be obliged to pay, together with the amount relating to the abovementioned tax period, the difference between the amount of tax payable under the general tax regime and the amount paid under the special tax regime in the previous tax periods, including any applicable late-payment interest, surcharges and penalties.

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

Act 11/2021 of 9 July, on Measures to Prevent and Combat Tax Fraud to be enforced to tax periods starting on 1 January 2021, sets out that a 15% tax is to be applied to the period's undistributed profit coming from rental income that has not been taxed at the standard Corporate Income Tax, excluding rental income within the reinvestment period provided for in Article 6.1.b of Act 11/2009. This tax will be considered as a corporate income tax charge.

The aforementioned amendment resulted in the rewording of section 4 under Article 9 of Act 11/2009, former section 4 now being section 5.

At 31 December 2023, the Company's directors considered that the Company was complying with the requirements of the REITs Act and, therefore, that the special tax regime was fully applicable.

2. Basis of presentation

2.1. Regulatory financial reporting framework applicable to the Company

These financial statements were prepared by the Company's directors in accordance with the regulatory financial reporting framework applicable to the Company, which consists of:

a) The Spanish Commercial Code and all other Spanish corporate law.

b) The Spanish National Chart of Accounts approved by Royal Decree 1514/2007 of 16 November 2007, as amended since its publication, most recently by Royal Decree 1/2021 of 12 January 2007 and its implementing regulations. The amendments set out under Royal Decree 1/2021 of 12 January 2021 were further introduced regarding the valuation criteria (fair value), classification and measurement of financial instruments, hedging accounting and revenue recognition. Said amendments are disclosed in Note 4 under the corresponding section.

c) The mandatory rules approved by the Spanish Accounting and Audit Institute (ICAC) in order to implement the Spanish National Chart of Accounts and its supplementary provisions.

d) The Spanish Real Estate Investment Trusts (SOCIMI, in Spanish) Act 11/2009 of 26 October, as amended by Act 16/2012, of 27 December.

e) All other applicable Spanish accounting legislation.

2.2. Fair presentation

The accompanying financial statements, which were obtained from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Company's equity, financial position, results and cash flows for 2023.

These financial statements will be submitted for approval by the shareholders, and it is considered that they will be approved without any changes. The financial statements for 2022 were approved at the Annual General Meeting held on 20 June 2023.

2.3. Non-mandatory accounting principles applied

No non-mandatory accounting principles were applied. Also, the directors formally prepared these financial statements taking into account all the obligatory accounting principles and standards with a material effect thereon. All mandatory accounting principles were thus applied.

2.4. Key issues in relation to the measurement and estimation of uncertainty

In preparing the accompanying financial statements estimates were made by the Company's directors in order to measure certain assets, liabilities, income, expenses and obligations reported herein. The key estimates and principles refer to:

- The useful life of investment property (Note 4.1).
- The recoverable amount of the investment property based on the appraisals performed by independent third-party valuers (Note 4.1).
- The amount of the remuneration to be received by the Manager (Note 1).
- The assumptions used in the calculation of provisions, and the assessment of litigation, obligations and contingent assets and liabilities (Note 4.6).

Although these estimates were made on the basis of the best information available at 2023 year-end, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years.

2.5. Comparative information

The information relating to 2023 included in these notes to the financial statements is presented for comparison purposes with that relating to 2022.

Pursuant to corporate law, and for comparison purposes, the amounts of each heading of the balance sheet, the statement of profit or loss, the statement of changes in equity and the statement of cash flows for 2023 are presented together with those of the previous year. The notes to the financial statements also contain quantitative disclosures from the previous year, unless an accounting standard specifically states that it is not required.

The accounting policies and valuation standards used by the Company in preparing these financial statements are the same as those applied in 2022.

2.6. Grouping of items

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

2.7. Changes in accounting policies

In 2023, there were no significant changes in accounting policies with respect to those applied in 2022.

2.8. Going-concern principle

At 31 December 2023, the Company had a working capital deficiency of EUR 1.3 million, although, of the total current liabilities of EUR 2,479 thousand, EUR 277 thousand correspond to a payable to the Manager and EUR 158 thousand to penitential deposits for three residential units sold. Two of them were sold in January 2024 and the third one in March 2024, which will result in a cash inflow of EUR 627 thousand.

The Company's directors decided to prepare these financial statements as per the going-concern principle of accounting, whereby assets are recovered and liabilities are settled in the amounts specified and according to their classification in the accompanying balance sheet. The aforementioned cash projections take into account additional liquidity –other than from its normal business– coming from new refurbished units added to the portfolio and the sale of assets. The units of two assets that have been horizontally divided are currently being marketed.

3. Allocation of profit

The Company's directors propose the following distribution of the Company's profit of EUR 886,487 reported in the statement of profit or loss for the year ended 31 December 2023:

	Euros
	2023
Basis of allocation	
Profit Loss	886,487.00
Allocation	
Legal reserve (10%)	88,648.70
Prior years' losses	797,838.30
	886,487.00

On 20 June 2023, the Annual General Meeting approved the allocation of 2022 losses in the amount of EUR 905,490.81 to the line item "Prior years' losses".

Limitations on the distribution of dividends

The Company must transfer 10% of net profit for each year to the legal reserve until the balance of this reserve reaches 20% of the share capital. This reserve cannot be distributed to the shareholders (Note 9.2).

Due to its status as a REIT, once the related corporate law obligations have been met, and as set forth in its bylaws, the Company is required to distribute the profit obtained in the year to its shareholders in the form of dividends in accordance with the provisions of Article 6 of REITs Act 11/2009 of 26 October (Note 1).

Once the legal or bylaw requirements have been met, dividends may only be distributed out of profit for the year or unrestricted reserves, provided that the value of equity is not lower than that of share capital or, as a result of this distribution, does not fall below share capital. In this connection, profit charged directly to equity cannot be distributed, either directly or indirectly. If prior years' losses reduce the Company's equity below its share capital, the profit must be used to offset these losses.

4. Accounting policies

As disclosed in Note 2, the Company applied accounting policies in accordance with the accounting principles and rules contained in the Spanish Commercial Code, implemented by the current Spanish National Chart of Accounts (2007), and all other Spanish corporate law in force at the reporting date of these financial statements. In this connection, only those accounting policies that are specific to the Company's business operations and those deemed significant according to the nature of its activities are detailed below.

4.1. Investment property

"Investment property" in the balance sheet reflects the values of the land, buildings and other structures held to earn rentals.

Investment property is initially recognised at acquisition or production cost and is subsequently reduced by the related accumulated depreciation and by any impairment losses recognised.

The Company classifies investment property into land buildings according to the cadastral value assigned to the property.

The costs of expansion, modernisation or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised, whereas upkeep and maintenance expenses are charged to the statement of profit or loss for the year in which they are incurred.

For investment property that necessarily takes a period of more than twelve months to get ready for its intended use, the capitalised costs include such borrowing costs as might have been incurred before the assets are ready for their intended use and which have been charged by the supplier or relate to loans or other funds borrowed, either specifically or in general, directly attributable to the acquisition or production of the assets. In 2023 and 2022, no borrowing costs were capitalised in this connection.

The Company depreciates its investment property by the straight-line method based on the years of estimated useful life of the assets taking into account their various components, as follows:

	Years of estimated useful life
Buildings	25-50
Facilities and equipment	10
Furniture	10
Small property, fixed assets	4

The gain or loss arising from the sale or disposal of an asset is determined as the difference between the carrying amount of the asset and its selling price, and it is recognised under "Impairment and gains or losses on disposals of non-current assets" in the statement of profit or loss.

The Company recognises the appropriate impairment losses on its investment property, if the net realisable value of the investment property is lower than its carrying amount. For the purpose of determining net realisable value, the Company's directors considered the appraisals conducted by independent third-party valuers (performed by Savills Valoraciones y Tasaciones, S.A.U.) at 31 December 2023.

The valuation basis used by the independent expert valuer is market value, and it was conducted following the Red Book "RICS Valuation (Royal Institute of Chartered Surveyors) – Professional Standards", 9th Edition, published in 2017. The definition of the VPS 4 – Valuation Practice Statement is as follows: *"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".* (IVSC – International Valuation Standard Council 2013.)

The valuation methodology employed by the independent third-party expert was based on individual valuations with inspection of the properties. Each property has been valued individually and not as part of a property portfolio. Therefore, the total valuation figure does not include any positive or negative discount/increase reflecting the hypothetical circumstance that at some point the entire portfolio would come to market. For the valuation of the units, the 10-year discounted cash flow method was adopted since they are assets that are already leased (revenue-generating properties). In this regard, the valuation was performed on the basis of a discounted cash flow considering the rental income and the costs inherent to maintaining the asset (taxes, maintenance), as well as based on an estimate of the cost of refurbishing the asset once the lease contract has ended and prior to marketing it for sale. This projection was made considering that the asset will be disposed of within ten years at a terminal value or exit price.

In relation to the terminal value or exit price, the methodology applied was the income capitalisation approach in the exit year, as well as the comparison approach, in order to obtain market references on sale in the unit's area of influence. The Income Capitalisation Methodology provides an indication of value by converting future cash flows into a single current capital value. In order to assess the market value of the property, the future sustainable yield is capitalised at a discount rate that reflects the risks and rewards inherent to the property and its marketing potential. Also, we analyse and apply evidence of like-for-like transactions in that market, if any.

The deflated discount rates applied to the Company's asset portfolio were between 5% and 6.75% for residential assets.

The properties were valued individually, taking into account each of the lease contracts in force at the end of the year. The buildings with areas that are vacant were valued on the basis of the estimated future rent, less a period for the marketing of such vacant areas and a grace period.

The key variables in the aforementioned approach are the determination of net revenue, the period of time over which the revenue is discounted, the value estimate used at the end of each period and the target internal rate of return applied to discount the cash flows.

4.2. Leases

Leases are classified as finance leases provided that it can be inferred from the conditions thereof that the risks and benefits incidental to the ownership of the asset under contract are substantially transferred to the lessee. All other leases are classified as operating leases.

The Company assesses the economic substance of the agreements granting the right of use of certain assets in order to identify any existing implicit leases. A lease agreement will be considered to exist when its performance is tied to the use of an asset or specific assets.

When a lease includes both land and building elements, the Company assesses the classification of each element as a finance or an operating lease separately. If there is no certainty that the lessee will obtain ownership of the land at the end of the lease and the building meets the requirements to be classified as finance lease, the minimum lease payments are allocated between these two elements in proportion to the relative fair values of the leasehold interests in the land element and buildings element of the lease.

The amendment of clauses in a lease agreement, other than due to the exercise of a renewal option set out therein, that may imply a different classification of the lease had it been considered at the inception of the agreement, is recognised as a new agreement for the residual term. However, changes in estimates or in circumstances do not result in a new lease classification.

At 31 December 2023 and 31 December 2022, all of the Company's leases were considered to be operating leases.

Operating leases –

Income and expenses derived from operating lease agreements are recognised in the statement of profit or loss on an accrual basis.

Any collection or payment made on entering into an operating lease represents prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

4.3. Financial instruments

(i) *Recognition and classification of financial instruments*

The Company classifies financial instruments on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument.

The Company recognises a financial instrument when it becomes a party to the contractual provisions of the instrument, either as an issuer or as a holder or acquirer thereof.

The Company recognises debt instruments as from the date when the legal right to collect or pay cash arises.

For measurement purposes, the Company classifies financial instruments into financial assets and liabilities carried at fair value through profit or loss, separating those initially classified from those held for trading and those that must be measured at fair value through profit or loss; financial assets and liabilities measured at amortised cost; financial assets measured at fair value through equity, separating equity instruments classified as such from the rest of financial assets; and financial assets measured at cost. The Company classifies financial assets at amortised cost and fair value through equity, except for designated equity instruments, in accordance with the business model and contractual cash flows. The Company classifies financial liabilities as measured at amortised cost, except for those measured at fair value through profit or loss and those held for trading.

The Company classifies a financial asset or liability as held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- Upon initial recognition, it is included in a portfolio of identified instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- It is a derivative financial instrument provided that it is not accounted for as a financial guarantee contract nor as a hedging instrument; or
- It is an obligation that the Company has to deliver financial assets borrowed by a short seller.

The Company classifies financial assets at amortised cost, even when admitted to trading, if kept within the framework of a business model aimed at holding the investment to obtain cash flows from the contract performance and the contractual provisions of the financial asset give rise, on specific dates, to cash flows representing only payments of principal and interest on the principal outstanding.

The Company classifies a financial asset at fair value through equity if its business purpose is fulfilled by obtaining contractual cash flows and selling financial assets and the financial asset's contractual terms and conditions give rise, on specific dates, to cash flows from the payment of principal and interest on the principal outstanding only.

Notwithstanding the foregoing, upon initial recognition, the Company designates equity instruments measured at fair value through equity when they are not held for trading nor do they require to be measured at cost.

The Company initially designates a financial asset at fair value through profit or loss if, by doing so, it eliminates or significantly reduces any measurement inconsistency or accounting asymmetry that would arise if assets and liabilities were measured otherwise or profit/(loss) were recognised using other bases.

The Company initially designates a financial liability at fair value through profit or loss if, by doing so, it eliminates or significantly reduces any measurement inconsistency or accounting asymmetry that would arise if assets and liabilities were measured otherwise or profit/(loss) were recognised using other bases, or if a set of financial liabilities or of financial assets and liabilities is managed –and their return assessed– on a fair value basis in accordance with a documented investment strategy or risk management strategy, and information on such a group of assets and liabilities is provided internally on the same basis to the Company's key senior management.

The Company classifies all other financial liabilities as financial liabilities at amortised cost, except for financial guarantee contracts, commitments to provide a loan at a below-market interest rate and financial liabilities resulting from the transfer of financial assets that do not qualify for derecognition or that are accounted for using the continuing-involvement method.

(ii) *Offsetting principles*

Financial assets and financial liabilities are offset only if the Company has the legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(iii) *Financial assets and liabilities at amortised cost*

At initial recognition, financial assets and liabilities at amortised cost are measured at fair value, plus or minus the transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method. Effective interest rate is the rate that exactly discounts estimated future cash flows to the net carrying amount of the financial instrument through the expected life of the instrument based on its contractual provisions and, in the case of financial assets, without considering future credit losses, except for purchased or originated credit-impaired financial assets for which the Company applies the credit-adjusted effective interest rate, therefore considering the credit losses incurred upon the purchase or origination.

Financial assets with no established interest rate, the amount of which is due or receivable in the short term and where the effect of discounting is not material, are measured at their nominal amount.

(iv) *Financial assets and liabilities measured at cost*

Investments in equity instruments with no reliable fair value measurement and derivatives linked to such investments that must be settled by delivering said unquoted equity instruments are measured at cost. Nonetheless, if the Company can obtain a reliable measurement of a financial asset or liability at any time and on an ongoing basis, they are recognised at fair value recording profit or losses depending on their classification.

Investments in this category are measured at cost, which is equivalent to the fair value of the consideration paid or received, plus or minus the transaction costs directly attributable to the Company and, where applicable, the accumulated amount of impairment losses. The initial recognition of equity instruments also includes the amount of pre-emptive subscription rights and similar rights.

(v) *Interest and dividends*

The Company recognises interest and dividends on financial assets accrued after the acquisition date as income in the statement of profit or loss.

The Company recognises interest income from financial assets at amortised cost using the effective interest method, and dividend income is recognised when the Company's right to receive payment has been established.

The carrying amount of investment property is reduced when the dividends paid out unequivocally arise from profit earned prior to the acquisition date because the amounts distributed were in excess of the profit generated by the investee or any other investee of the latter since the acquisition.

(vi) *Derecognition of financial assets*

The Company writes a financial asset off the balance sheet when:

- The contractual rights to the cash flows from the asset expire. In this regard, a financial asset is derecognised when it has expired and the Company has received the corresponding amount.

- The contractual rights to the cash flows from the financial asset have been transferred. In this case, the financial asset is derecognised when the risks and rewards of ownership have been substantially transferred. In particular, in repurchase agreements, factoring and securitisations, the financial asset is derecognised once the Company's exposure, before and after the transfer, to changes in the amounts and timing of the net cash flows of the transferred asset has been compared and it is inferred that the risks and rewards have been transferred.

(vii) *Impairment of financial assets*

Impairment of a financial asset or a set of financial assets resulting in losses is regarded to exist when there is objective evidence thereof as a result of one or more events arising after the initial recognition of the asset, and when such loss-generating event(s) have an impact on the future cash flow estimates of the financial asset or set of financial assets that can be estimated reliably.

The Company recognises any relevant impairment losses from financial assets at amortised cost when estimated future cash flows have been reduced or delayed due to the debtor's insolvency.

Also, an impairment of equity instruments occurs when the asset's carrying amount cannot be recovered due to a prolonged or significant drop in its fair value.

(viii) *Security deposits*

Security deposits received are measured following the same criteria used for financial liabilities. Security deposits granted are measured following the same criteria used for financial assets.

(ix) *Write-offs and changes of financial liabilities*

The Company derecognises a previously recognised financial liability when one of the following circumstances arises:

- The obligation has been extinguished because payment has been made to the creditor to settle the debt (through payments in cash or other goods or services), or because the debtor is legally released from any liability.

- Own financial liabilities are acquired, even if with the aim of repositioning them in the future.

- There is an exchange of debt instruments between a lender and a borrower, provided that they have substantially different terms, and the new financial liability that arises is recognised; similarly, a substantial change in the current terms of a financial liability is recorded, as indicated for debt restructurings.

Financial liabilities are derecognised as follows: the difference between the carrying amount of the financial liability (or the portion thereof that is written off) and the consideration paid, including attributable transaction costs that should also factor in any asset transferred other than cash or liabilities undertaken, is recognised through profit or loss in the period in which it occurs.

4.4. Income tax

General regime

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

The current income tax expense is the amount payable by the Company as a result of income tax settlements for a given year. Tax credits and other tax benefits, excluding tax withholdings and prepayments, and tax loss carryforwards effectively offset in the current year reduce the current income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

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

Deferred tax assets are recognised to the extent that it is considered likely that the Company will have future taxable profits against which the deferred tax assets can be offset.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognised with a balancing item in equity.

At the end of each year, deferred tax assets are reassessed, making the relevant adjustments thereto if there is doubt as to their future recovery. Also, unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits.

REIT regime

On 19 February 2016, and effective from 1 January 2016, the Company informed the tax authorities in Spain –its domicile for tax purposes– of the option exercised by its former sole shareholder for the Company to be taxed under the special REIT tax regime.

Pursuant to Spanish Real Estate Investment Trusts Act 11/2009, of 26 October, entities that meet the requirements defined in the applicable legislation and that opt to avail themselves of the special tax regime envisaged in the aforementioned Act will be taxed for income tax purposes at a tax rate of 0%. If tax losses are incurred, Article 26 of Spanish Income Tax Act 27/2014, of 27 November, will not apply. Similarly, the tax credit and tax rebate regime established in Chapters II, III and IV thereunder will not be applied. Furthermore, for all other matters not envisaged in the REITs Act, the provisions of Spanish Income Tax Act 27/2014 will apply.

Act 11/2021, of 9 July, on Measures to Prevent and Combat Tax Fraud to be enforced to tax periods starting on 1 January 2021 sets out that a 15% tax is to be applied to the period's undistributed profit coming from rental income that has not been taxed at the standard Corporate Income Tax, excluding rental income within the reinvestment period provided for in Article 6.1.b of Act 11/2009. This tax will be considered as a corporate income tax charge.

This amendment resulted in the rewording of section 4 under Article 9 of Act 11/2009, former section 4 now being section 5.

The Company will be subject to a special tax charge of 19% on the full amount of any dividends or shares in profit paid to shareholders with an ownership interest in the share capital of the entity equal to or exceeding 5%, where such dividends are exempt from tax or are subject to a tax rate of less than 10% for the shareholders. This tax will be considered as a corporate income tax charge.

The rules described in the preceding paragraph will not apply when the shareholders receiving the dividend are entities to which this Act applies.

At the closing of 2023, the directors state that the Company complies with all of the REIT regime requirements.

4.5. Revenue and expenses

The company recognises revenue in the ordinary course of business when control of the goods or services committed to customers is transferred.

In order to recognise revenue, the company carries out the following sequential process:

a) Identify the contract(s) with the customer, which shall be understood as an agreement between two or more parties that creates enforceable rights and obligations for them.

b) Identify the obligation(s) to be fulfilled in the contract, representing commitments to transfer goods or provide services to a customer.

c) Determine the transaction price, or contract consideration to which the company expects to be entitled in exchange for the transfer of goods or provision of services committed to the customer.

d) Allocate the transaction price to the obligations to be performed based on the standalone selling prices of each distinct good or service committed to in the contract or, where appropriate, based on an estimate of the selling price when the selling price is not independently observable.

e) Recognise revenue when the company fulfils a committed obligation through the transfer of a good or the rendering of a service; fulfilment occurs when the customer obtains control of that good or service, so that the amount of revenue recognised is the amount allocated to the contractual obligation fulfilled.

1. Recognition

The company recognises revenue from a contract when control over the committed goods or services (i.e. the obligation(s) to be performed) is transferred to the customer.

For each identified performance obligation, the company determines at contract inception whether the commitment is fulfilled over time or at a point in time.

Revenue from commitments that are fulfilled over time is recognised by reference to the stage of completion or progress towards complete fulfilment of the contractual obligations provided that the company has reliable information to measure the stage of completion.

For contractual obligations that are performed at a specific point in time, revenue is recognised at that date. Costs incurred in the production or manufacture of the product are accounted for as inventories.

2.1 Performance obligations satisfied over time

A company transfers control of a good or service over time, when one of the following criteria is met:

a) The client simultaneously receives and consumes the benefits provided by the company's activity as the entity develops the activity.

b) The company produces or enhances an asset that the customer controls as the activity develops.

c) The company develops a specific asset for the customer with no alternative use and the company has an enforceable right to payment for the performance to date.

2.2 Indicators of compliance with the obligation at a point in time

To identify the specific moment in which the customer obtains control of the asset, the company will consider, among others, the following indicators:

a) The customer assumes the significant risks and rewards inherent to the ownership of the asset.

b) The company has transferred physical possession of the asset.

c) The customer has received (accepted) the asset in accordance with the contractual specifications.

d) The company has a collection right on transferring the asset.

e) The customer has ownership of the asset.

3. Measurement

Ordinary revenue from the sale of goods and the provision of services will be measured at the monetary value or, where appropriate, at the fair value of the counterpart, received or expected to be received. The counterpart is the agreed price for the assets to be transferred to the customer, deducting the amount of any discount, price reduction or other similar items that the company may grant, as well as the interest incorporated into the face value of the loans.

Interest received –

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholders' right to receive payment has been established. In any case, interest and dividends on financial assets accrued after the acquisition date are recognised as income in the statement of profit or loss.

Specific lease conditions –

Leases include certain specific conditions relating to incentives or rent-free periods offered by the Company to its customers. The Company recognises the aggregate cost of the incentives granted as a reduction of the rent revenue over the lease term on a straight-line basis. The effects of the rent-free periods are recognised over the non-cancellable period of the lease.

Also, the compensation paid by the lessees to terminate their lease contracts before the end of the non-cancellable period of the lease is recognised as income in the statement of profit or loss on the payment date.

4.6. Provisions and contingencies

When preparing the financial statements, the Company's directors make a distinction between:

a) Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources that is uncertain as to its amount and/or timing will be required to settle the obligations; and

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

The financial statements include all the provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the financial statements, but rather are disclosed, unless the possibility of an outflow in settlement is deemed to be remote.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, considering the information available on the event and its consequences. Any adjustment to provisions is recognised as a financial expense on an accrual basis.

The compensation to be received from a third party on settlement of the obligation is recognised as an asset, provided that there are no doubts that the reimbursement will take place, unless there is a legal relationship whereby a portion of the risk has been externalised as a result of which the Company is not liable; in this situation, the compensation will be taken into account for the purpose of estimating the amount of the related provision that should be recognised.

4.7. Cash and cash equivalents

The heading “Cash and cash equivalents” in the balance sheet includes cash on hand, current accounts at banks, short-term deposits and reverse repurchase agreements that meet all of the following requirements:

- They can be converted to cash.
- At the date of their acquisition, they had a maturity of three months or less.
- They are not subject to a significant risk of change in value.
- They are part of the usual cash management policy of the Company.

Term deposits with a maturity term above three months from their arrangement date totalled EUR 265,316.48 at 31 December 2023 (2022: EUR 363,781.60) and were recognised under “Current financial assets”.

4.8. Current/Non-current classification

The normal operating cycle is the time between the acquisition of assets for inclusion in the Company’s various lines of business and the realisation of the related goods in the form of cash or cash equivalents.

The Company’s core activity is that of an asset-holding company and, therefore, it is considered that its normal operating cycle corresponds to the calendar year and, accordingly, assets and liabilities maturing within no more than twelve months are classified as current, and those maturing within more than twelve months are classified as non-current, with the exception of accounts receivable arising from the recognition of income relating to incentives or rent-free periods, which are recognised on a straight-line basis over the lease term and are classified as current assets.

Also, bank borrowings are classified as non-current items if the Company has the irrevocable power to meet the related payments within more than twelve months from the reporting date.

4.9 Related-party transactions

The Company performs all its transactions with related parties on an arm’s length basis. Also, the transfer prices are adequately supported and, therefore, the Company’s directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

4.10. Statement of cash flows

The following terms are used in the statement of cash flows with the meanings specified:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

- Operating activities: the principal revenue-producing activities and other activities that are not investing or financing activities.

- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of equity and borrowings that are not operating activities.

For the purpose of preparing the statement of cash flows, “Cash and cash equivalents” were considered to be cash on hand, demand bank deposits and short-term, highly liquid investments that are readily convertible to specific amounts of cash and which are subject to an insignificant risk of changes in value.

5. Intangible fixed assets – Property, plant and equipment – Investment property

The changes in these line items of the balance sheet and the most significant information thereof in 2023 and 2022 were as follows:

Intangible fixed assets

2023

	Euros				
	31/12/2022	**Additions / (Charge for the year)**	**Transfers**	**Write-offs**	**31/12/2023**
Patents, licences and trademarks	900.00	-	-	-	900.00
Computer software	1,596.98	-	-	-	1,596.98
Accumulated depreciation	(315.20)	(44.99)	-	-	(360.19)
Total	**2,181.78**	**(44.99)**	**0.00**	**0.00**	**2,136.79**

2022

	Euros				
	31/12/2021	**Additions / (Charge for the year)**	**Transfers**	**Write-offs**	**31/12/2022**
Patents, licences and trademarks	900.00		-	-	900.00
Computer software	-	1,596.98	-	-	1,596.98
Accumulated depreciation	(270.21)	(44.99)	-	-	(315.20)
Total	**629.79**	**1,551.99**	**0.00**	**0.00**	**2,181.78**

Property, plant and equipment

2023

	Euros				
	31/12/2022	**Additions / (Charge for the year)**	**Transfers**	**Write-offs**	**31/12/2023**
Computer hardware	2,899.39	-	-	-	2,899.39
Transportation items	1,661.89	-	-	-	1,661.89
Accumulated depreciation	(3,676.20)	(261.61)	-	-	(3,937.81)
Total	**885.08**	**(261.61)**	**0.00**	**0.00**	**623.47**

2022

	Euros				
	31/12/2021	**Additions / (Charge for the year)**	**Transfers**	**Write-offs**	**31/12/2022**
Computer hardware	1,853.05	1,046.34	-	-	2,899.39
Transportation items	1,994.71	-	-	(332.82)	1,661.89
Accumulated depreciation	(3,460.29)	(262.30)	-	46.39	(3,676.20)
Total	**387.47**	**784.04**	**0.00**	**(286.43)**	**885.08**

Investment property

2023

	Euros				
	31/12/2022	**Additions / (Charge for the year)**	**Transfers**	**Write-offs**	**31/12/2023**
Land and buildings:					
Cost	36,799,738.40	44,297.91	5,623,933.10	(1,261,419.57)	41,206,549.84
Investment property in progress	3,218,280.69	2,546,995.78	(5,623,933.10)		141,343.37
Accumulated depreciation	(2,794,064.99)	(737,047.05)	-	230,598.89	(3,300,513.15)
Total	**37,223,954.10**	**1,854,246.64**	**0.00**	**(1,030,820.68)**	**38,047,380.06**

2022

	Euros				
	31/12/2021	**Additions / (Charge for the year)**	**Transfers**	**Write-offs**	**31/12/2022**
Land and buildings:					
Cost	36,660,736.88		139,039.62	(38.10)	36,799,738.40
Investment property in progress	780,801.16	2,576,519.15	(139,039.62)	0.00	3,218,280.69
Accumulated depreciation	(2,146,292.98)	(647,772.01)	-		(2,794,064.99)
Total	**35,295,245.06**	**1,928,747.14**	**0.00**	**(38.10)**	**37,223,954.10**

The Company's investment property relates to properties earmarked for lease.

The main changes in investment property in 2023 were as follows:

1. The transfer of 7 residential units of Asset 3, which consists of a building with 1 commercial establishment and 12 living units. The selling price was EUR 2,470,000, the profit therefrom being recognised in the line item "Impairment and gains or losses on disposals of non-current assets" in the statement of profit or loss for 2023. The Company settled the outstanding amount of EUR 952,340.71 of the mortgage thereon.

2. Other investments for the purpose of refurbishing and fitting out the buildings owned by the Company in the amount of EUR 2,591,293.69.

In 2022, additions related to refurbishment work performed on the Company's properties amounting to EUR 2,576,519.15.

The detail of the carrying amount of the buildings held by the Company as investment property at 31 December 2023 and 2022 is as follows:

31 December 2023

	Euros				
	Gross cost			Accumulated depreciation	Net carrying amount
	Land	Buildings	Investment property in progress	Buildings	
Asset 1	426,415.00	241,573.21	-	(70,582.32)	597,405.89
Asset 2	638,820.00	966,238.39	-	(354,619.14)	1,250,439.25
Asset 3	696,143.52	536,654.74	-	(150,880.17)	1,081,918.09
Asset 4	1,870,660.00	1,041,331.94	2,779.35	(296,517.93)	2,618,253.36
Asset 5	1,534,440.00	938,110.37	-	(308,053.23)	2,164,497.14
Asset 7	1,772,192.64	1,852,342.50	-	(448,832.19)	3,175,702.95
Asset 8	1,669,140.00	3,001,895.52	-	(195,714.11)	4,475,321.41
Asset 9	998,987.35	1,024,989.81	3,870.49	(220,631.80)	1,807,215.85
Asset 10	1,604,115.00	1,852,477.18	-	(317,937.90)	3,138,654.28
Asset 11	1,520,990.10	1,245,581.23	-	(183,605.75)	2,582,965.58
Asset 12	1,579,400.00	849,676.74	-	(175,656.85)	2,253,419.89
Asset 13	2,278,575.00	750,545.05	103,457.93	(147,581.32)	2,984,996.66
Asset 14	1,645,000.00	975,428.37	31,235.60	(192,855.84)	2,458,808.13
Asset 15	3,420,832.00	4,273,994.18	-	(237,044.60)	7,457,781.58
Total	**21,655,710.61**	**19,550,839.23**	**141,343.37**	**(3,300,513.15)**	**38,047,380.06**

31 December 2022

	Euros				
	Gross cost			Accumulated depreciation	Net carrying amount
	Land	Buildings	Investment property in progress	Buildings	
Asset 1	426,415.00	241,573.21		(60,608.65)	607,379.56
Asset 2	638,820.00	966,238.39		(310,305.52)	1,294,752.87
Asset 3	1,259,445.00	1,214,606.45		(319,696.15)	2,154,355.30
Asset 4	1,870,660.00	1,041,331.94	2,779.35	(247,174.87)	2,667,596.42
Asset 5	1,534,440.00	925,985.11	907.50	(261,674.55)	2,199,658.06
Asset 7	1,772,192.64	1,856,120.94		(365,060.47)	3,263,253.11
Asset 8	1,669,140.00	663,225.25	998,732.33	(139,402.20)	3,191,695.38
Asset 9	998,987.35	976,333.41	31,565.28	(179,500.80)	1,827,385.24
Asset 10	1,604,115.00	1,848,763.19		(230,827.18)	3,222,051.01
Asset 11	1,520,990.10	1,238,709.61		(134,306.01)	2,625,393.70
Asset 12	1,579,400.00	819,519.69	4,224.93	(139,288.72)	2,263,855.90
Asset 13	2,278,575.00	697,787.76	104,941.31	(118,154.09)	2,963,149.98
Asset 14	1,645,000.00	975,428.37	31,235.60	(152,335.28)	2,499,328.69
Asset 15	3,420,832.00	1,115,102.99	2,043,894.39	(135,730.50)	6,444,098.88
Total	**22,219,012.09**	**14,580,726.31**	**3,218,280.69**	**(2,794,064.99)**	**37,223,954.10**

All the assets recognised under “Investment property” are located in Barcelona and l’Hospitalet de Llobregat.

The information on the Company’s properties broken down by use is detailed below:

	HOUSING		**OFFICES**		**COMMERCIAL PREMISES**		**TOTAL**	
	UNITS	SQUARE METRES	UNITS	SQUARE METRES	UNITS	SQUARE METRES	UNITS	SQUARE METRES
Asset 1	6	356	0	0	1	138	7	494
Asset 2	12	864	0	0	0	0	12	864
Asset 3	5	430	0	0	1	297	6	727
Asset 4	12	1,082	0	0	1	169	13	1,252
Asset 5	12	795	0	0	2	123	14	919
Asset 7	8	863	0	0	2	395	10	1,258
Asset 8	18	774	0	0	2	200	20	974
Asset 9	6	544	1	78	2	115	9	737
Asset 10	14	1,024	0	0	2	151	16	1,176
Asset 11	14	743	0	0	1	79	15	823
Asset 12	11	769	0	0	1	133	12	902
Asset 13	9	1,021	0	0	2	350	11	1,371
Asset 14	7	701	0	0	2	294	9	995
Asset 15	13	1,261	0	0	2	256	15	1,517
TOTAL	**147**	**11,228**	**1**	**78**	**21**	**2,701**	**169**	**14,007**

The average occupancy level of property available for rental during 2023 and 2022 was as follows:

Average occupancy level				
	2023		2022	
	Availability	Occupancy	Availability	Occupancy
Asset 1	100%	73%	100%	99%
Asset 2	100%	86%	100%	86%
Asset 3	88%	97%	100%	98%
Asset 4	100%	95%	99%	97%
Asset 5	100%	93%	100%	98%
Asset 7	100%	87%	100%	100%
Asset 8	31%	91%	18%	100%
Asset 9	95%	98%	81%	98%
Asset 10	100%	91%	86%	98%
Asset 11	98%	97%	94%	98%
Asset 12	95%	91%	95%	98%
Asset 13	48%	100%	48%	100%
Asset 14	100%	99%	99%	100%
Asset 15	42%	77%	8%	100%
TOTAL	**83%**	**92%**	**77%**	**97%**

In 2023 and 2022, rent revenue earned from investment property owned by the Company amounted to EUR 2,523,596.39 and EUR 2,015,993.61, respectively (Note 14.1).

At the end of 2023 and 2022, there were no restrictions on making new property investments, on the collection of rent revenue therefrom or in connection with the proceeds to be obtained from a potential disposal thereof.

Investment property is mortgaged to secure bank loans as disclosed in Notes 10 and 11.

Based on the valuation of the assets, the appraisal value of investment property totalled EUR 57,550,000 at 31 December 2023 (2022: EUR 55,070,000).

The Company takes out insurance policies to cover the possible risks to which its investment property is subject. At the end of 2023 and 2022, those properties were adequately insured against such risks.

6. Leases

At the closing of 2023 and 2022, most of the operating leases arranged by the Company could be terminated by the lessees with prior notice of between one and three months.

Future minimum payments under non-cancellable operating leases are as follows:

	Euros	
	2023	2022
Up to 1 year	10,000.00	29,000.00
Between 1 and 5 years	0.00	0.00
Over 5 years	0.00	0.00
Total	**10,000.00**	**29,000.00**

There were no contingent rents recognised as revenue in 2023 and 2022.

At the closing of 2023 the Company had received EUR 251,800.70 (EUR 50,093.70 recognised as non-current and EUR 201,707 recognised as current) from tenants in respect of security deposits and escrow accounts (2022: EUR 243,848.54 of which EUR 91,640.54 were recognised as non-current and EUR 152,208 as current), which had been placed into the corresponding Housing Institute in the amount of EUR 180,513.44 (EUR 34,053.90 recognised as non-current and EUR 146,459.54 recognised as current) (2022: EUR 200,846.54, of which EUR 66,611.54 were recognised as non-current and EUR 134,235 as current).

7. Risk management policy

The Company's activities are exposed to various financial risks: market risk, credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management programme focuses on the uncertainty of financial markets and seeks to minimise the potential adverse effects on the Company's financial profitability.

a) Market risk

Market risk arises from the potential loss caused by changes in the fair value or future cash flows of financial instruments due to changes in market prices. Market risk includes interest rate risk, foreign exchange risk and other price risks.

Both the Company's cash and its bank borrowings are exposed to this risk, which could have an adverse effect on the consolidated financial profit/(loss) and cash flows.

The interest rate risk stems from the bank borrowings disclosed in Note 11 to these financial statements, except for three that have been arranged at a fixed rate. For that reason, the Board of Directors has reviewed the impact of potential interest rate fluctuations on the Company's statement of profit or loss and liquidity.

The exposure to the floating interest rate risk entails increased mortgage payments upon the annual renewal of each loan. The aforementioned rise, however, will be offset by increased revenue from the operation of 37 new refurbished units, 3 commercial establishments and 34 residential units. Also, the current portfolio can partly counter such increase through the rent price review of the seasonal agreements expiring in 2024.

Therefore, the Board of Directors deems that this effect will not pose a material issue to the Company.

b) Credit risk

Credit risk is the risk of financial loss faced by the Company, if a customer or counterparty does not meet its contractual obligations. The Company does not have material credit risk concentrations. Also, the Company holds its cash and cash equivalents at banks with high credit ratings.

c) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company manages liquidity risk prudently, borrowing only from banks with high credit ratings.

The Company has opted to carry out the horizontal division of two of its assets with the aim of selling each one of the 22 units (2 commercial establishments and 20 dwellings) and reducing its bank borrowings.

Other risks

Tax risk

The Company has availed itself of the special tax regime for Real Estate Investment Trusts (REITs) pursuant to Article 6 under Act 11/2009, of 26 October 2009, as amended by Act 16/2012, of 27 December. Companies that have opted for the special tax regime are required to comply with the tax and legal obligations described in Note 1, including the obligation to distribute the profit for the year to shareholders in the form of dividends, once the related corporate law obligations have been met. The distribution must be approved within six months after each year-end and paid in the month following the distribution resolution date. Companies that apply this special regime must comply with other obligations that require estimates and judgements to be made by the directors (determination of taxable profit or tax loss, income test, asset test, etc.) which might involve a certain degree of complexity, above all when taking into consideration the fact that the REIT regime is relatively recent and it has been implemented mainly on the basis of rulings by the Spanish Directorate General for Taxation in response to requests for rulings submitted by various companies. In the event of non-compliance with any of the conditions, the Company would be taxed under the standard regime, if that deficiency were not remedied in the year following the non-compliance. As disclosed in Note 1, the Company is fulfilling all the obligations established under the REIT regime.

8. Financial assets

(a) Classification of financial assets by category

Financial assets, by class and category, are classified as follows:

31 December 2023

	Euros			
	Non-current		Current	
	Carrying amount	Total	Carrying amount	Total
Assets at amortised cost				
- Security deposits	40,793.21	**40,793.21**	411,776.02	**411,776.02**
- Trade and other receivables	-	**-**	117,548.16	**117,548.16**
- Trade receivables for sales and services	-	**-**	8,596.38	**8,596.38**
Total financial assets	**40,793.21**	**40,793.21**	**537,920.56**	**537,920.56**

31 December 2022

	Euros			
	Non-current		Current	
	Carrying amount	Total	Carrying amount	Total
Assets at amortised cost:				
- Security deposits	81,200.85	**81,200.85**	498,016.60	**498,016.60**
- Other financial assets with Group companies	-	**-**	-	**-**
- Trade and other receivables	-	**-**	117,868.73	**117,868.73**
- Trade receivables for sales and services	-	**-**	27,870.40	**27,870.40**
Total financial assets	**81,200.85**	**81,200.85**	**643,755.73**	**643,755.73**

At 31 December 2023 and 2022, the carrying amount of financial assets was substantially similar to their fair value.

Long-term security deposits relate to amounts delivered by tenants in respect of security deposits and escrow accounts which were placed into the corresponding Housing Institute and which will be collected should they not be renewed upon expiry of the contracts.

(b) Classification by maturity

Financial assets are classified by maturity as follows:

31 December 2023

	Euros							
	2023							
	2024	2025	2026	2027	2028	Subsequent years	Less current items	Total non-current
Assets at amortised cost								
Security deposits	411,776.02	20,441.20	2,158.00	1,400.00	0.00	16,794.01	(411,776.02)	**40,793.21**
Trade and other receivables	117,548.16						(117,548.16)	-
Trade receivables for sales and services	8,596.38						(8,596.38)	-
Total financial liabilities	**537,920.56**	**20,441.20**	**2,158.00**	**1,400.00**	**0.00**	**16,794.01**	**(537,920.56)**	**40,793.21**

31 December 2022

	Euros							
	2022							
	2023	2024	2025	2026	2027	Subsequent years	Less current items	Total non-current
Assets at amortised cost								
Security deposits	498,016.60	44,466.20	2,600.00	1,500.00	4,200.00	28,434.65	(498,016.60)	**81,200.85**
Trade and other receivables	117,868.73						(117,868.73)	-
Trade receivables for sales and services	27,870.40						(27,870.40)	-
Total financial liabilities	**643,755.73**	**44,466.20**	**2,600.00**	**1,500.00**	**4,200.00**	**28,434.65**	**(643,755.73)**	**81,200.85**

9. Equity and shareholders' equity

9.1. Share capital

The Company was incorporated on 30 January 2015 with a share capital of EUR 3,000, represented by 3,000 shares of EUR 1 par value each, numbered sequentially from 1 to 3,000, both inclusive, fully subscribed and paid-in by the founding sole shareholder.

On 11 February 2015, the Dutch company Barcino Management, B.V., a private limited liability company with registered office at Claude Debussylaan 24, Amsterdam, acquired 100% of the Company's share capital owned by the founding sole shareholder through a purchase and sale transaction.

On 1 June 2015, the former sole shareholder resolved to increase the share capital of the Company by EUR 1,857,000 through the issue of 1,857,000 new shares of EUR 1 par value each. This capital increase was executed in a public deed on 8 June 2015.

On 25 January 2016, the former sole shareholder resolved to carry out a second capital increase of EUR 3,509,616 through the issue of 3,509,616 new shares of EUR 1 par value each. This capital increase was performed with a share premium of EUR 140,385 and was executed in a public deed on 27 January 2016. As a result of this capital increase, new shareholders joined the Company, which became a public limited liability company.

On 27 April 2016, the shareholders resolved to carry out a third capital increase of EUR 923,078 through the issue of 923,078 new shares of EUR 1 par value each. This capital increase was performed with a share premium of EUR 36,923 and was executed in a public deed on 28 April 2016.

On 25 July 2016, the shareholders resolved to carry out a fourth capital increase of EUR 5,937,494 through the issue of 5,937,494 new shares of EUR 1 par value each. This capital increase was performed with a share premium of EUR 712,499 and was executed in a public deed on 28 October 2016.

On 26 June 2017, the shareholders resolved to carry out a fifth capital increase of EUR 2,147,170 through the issue of 2,147,170 new shares of EUR 1 par value each. This capital increase was performed with a share premium of EUR 697,830, fully subscribed and paid-in, and was executed in a public deed on 30 June 2017.

On 6 September 2018, a sixth capital increase amounting to EUR 6,731,747 was executed in a public deed, through the issue of 6,731,747 new shares of EUR 1 par value each. This capital increase was performed with a share premium of EUR 3,029,286, fully subscribed and paid-in.

On 18 February 2020, a seventh capital increase amounting to EUR 451,063 was executed in a public deed, through the issue of 451,063 new shares of EUR 1 par value each. This capital increase was performed with a share premium of EUR 396,935.44, fully subscribed and paid-in.

On 29 January 2021, an eighth capital increase amounting to EUR 4,297,715.90 was executed in a public deed through the conversion of loans and the issue of 2,963,942 new shares of EUR 1 par value each, fully subscribed and paid-in. This capital increase was performed with a share premium of EUR 1,333,773.90.

At 31 December 2022 and 2021, the share capital of the Company was EUR 24,524,110, and it was represented by 24,524,110 shares with a par value of EUR 1 each, all of the same class, fully subscribed and paid-in. The share premium amounted to EUR 6,347,632.78.

At 31 December 2022 and 2021, the only company that owned 10% or more of the Company's share capital was Barcino Management, B.V., with an equity interest of 40.99%.

The Company's shares have been trading in the BME Growth segment of BME MTF Equity since 27 December 2017.

9.2. Legal and other reserves

Under the Spanish Companies Act, the Company must transfer 10% of net profit for each year to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve can only be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

Under Spanish Real Estate Investment Trusts (REITs) Act 11/2009, the legal reserve of companies that have chosen to avail themselves of the special tax regime established thereunder must not exceed 20% of the share capital. The bylaws of these companies cannot provide otherwise.

At 31 December 2023 and 2022, the Company's legal reserve totalled EUR 78,265.95, representing 0.32% of the share capital.

9.3 Treasury shares

At 31 December 2023 and 2022, the Company held the following treasury shares:

31 December 2023

	No. of shares	Par value (euros)	Average acquisition price (euros)	Total acquisition cost (euros)
Treasury shares at 31 December 2023	197,408	197,408	1.253	247,311.49

31 December 2022

	No. of shares	Par value (euros)	Average acquisition price (euros)	Total acquisition cost (euros)
Treasury shares at 31 December 2022	59,477	59,477	1.387	82,473.66

In 2023, a total of 137,931 treasury shares was acquired at an average price of EUR 1,195.

10. Financial liabilities

(a) Classification of financial liabilities

Financial liabilities, by class and category, are classified as follows:

31 December 2023

	Euros			
	Non-current		Current	
	Carrying amount	Total	Carrying amount	Total
Accounts payable				
Bank borrowings:				
- Loan	12,844,599.28	**12,844,599.28**	1,356,866.40	**1,356,866.40**
- Fees reducing the loan principal	(414,700.49)	**(414,700.49)**	-	**-**
- Interest	-	**-**	-	**-**
Other financial liabilities	50,093.70	**50,093.70**	479,198.77	**479,198.77**
Trade and other payables:	-	**-**	-	**-**
- Suppliers – Group companies and associates	-	**-**	-	**-**
- Payables	-	**-**	321,116.95	**321,116.95**
- Other payables	-	**-**	195,145.93	**195,145.93**
Total financial liabilities	**12,479,992.49**	**12,479,992.49**	**2,352,328.05**	**2,352,328.05**

31 December 2022

	Euros			
	Non-current		Current	
	Carrying amount	Total	Carrying amount	Total
Financial liabilities at amortised cost				
Bank borrowings:				
- Loan	13,158,672.15	**13,158,672.15**	1,362,771.08	**1,362,771.08**
- Fees reducing the loan principal	(413,181.34)	**(413,181.34)**	-	**-**
- Interest	-	**-**	-	**-**
Other financial liabilities	368,640.54	**368,640.54**	433,227.00	**433,227.00**
Trade and other payables:	-	**-**	-	**-**
- Suppliers – Group companies and associates	-	**-**	-	**-**
- Payables	-	**-**	467,823.21	**467,823.21**
- Other payables	-	**-**	19,790.49	**19,790.49**
Total financial liabilities	**13,114,131.35**	**13,114,131.35**	**2,283,611.78**	**2,283,611.78**

At 31 December 2023 and 2022, the carrying amount of financial liabilities was substantially similar to their fair value.

11. Bank borrowings and trade payables

a) Bank borrowings

The breakdown of this line item is as follows:

31 December 2023

	Euros	
	Non-current	Current
Non-related		
Bank borrowings:	12,844,599.28	1,356,866.40
Fees reducing the loan principal	(414,700.49)	-
Interest	-	-
Interest on trading derivatives	-	-
Other financial liabilities	50,093.70	479,198.77
Total	**12,479,992.49**	**1,836,065.17**

31 December 2022

	Euros	
	Non-current	Current
Non-related		
Bank borrowings:	13,158,672.15	1,362,771.08
Fees reducing the loan principal	(413,181.34)	-
Interest		-
Interest on trading derivatives		-
Other financial liabilities	368,640.54	433,227.00
Total	**13,114,131.35**	**1,795,998.08**

At 31 December 2023, bank borrowings included 13 mortgage loan agreements, 4 Government-guaranteed loans (ICO lines) and an unsecured loan, namely:

		Outstanding amount				Accrued finance costs	
Financial institution	**Asset**	**31/12/2023**	**31/12/2022**	**Maturity**	**Interest rate**	**31/12/2023**	**31/12/2022**
Mortgage loans over investment property							
Banco Sabadell	1	101,337	125,068	20/12/2027	FIXED 2.60%	2,970	3,579
Banco Santander	2	602,229	694,577	28/02/2030	EUR 12 + 185 b.p.	27,066	13,583
Banco Santander	3	0	1,073,437	28/02/2030	EUR 12 + 185 b.p.	36,055	20,993
Banco Bilbao Vizcaya	4	939,033	1,042,250	31/12/2031	EUR 12 + 175 b.p.	50,276	20,568
Banco Santander	5	1,032,943	1,185,264	30/06/2030	EUR 12 + 185 b.p.	39,994	23,119
Banco Santander	7	1,665,029	1,824,123	31/05/2033	EUR 12 + 195 b.p.	69,168	36,901
Bankinter	8	0	0	15/06/2033	EUR 12 + 180 b.p.	0	14,686
CaixaBank	8	2,100,000	1,057,512	01/06/2039	EUR 12 + 220 b.p.	102,580	6,505
Bankinter	9	535,073	580,991	27/04/2033	EUR 12 + 180 b.p.	23,480	10,954
Bankinter	10	712,871	774,208	14/05/2033	EUR 12 + 180 b.p.	29,491	12,979
Banco Caminos	11	519,645	556,503	18/07/2034	EUR 12 + 175 b.p.	25,786	9,097
Arquia Banca	12	693,532	751,452	16/11/2033	EUR 12 + 190 b.p.	24,464	12,110
Banco Caminos	13	1,229,807	1,322,585	25/03/2034	EUR 12 + 150 b.p.	56,677	18,874
Arquia Banca	14	806,997	870,864	20/12/2033	EUR 12 + 190 b.p.	34,792	12,817
CaixaBank	15	2,145,263	1,403,637	01/11/2038	EUR 12 + 205 b.p.	119,587	20,987
Other unsecured loans							
Bankinter ICO loan		59,901	83,791	20/04/2026	EUR 12 + 160 b.p.	2,966	1,545
BBVA ICO loan		54,612	66,240	30/04/2028	FIXED 3%	1,828	2,154
Arquia Banca ICO loan		152,548	182,029	04/05/2028	EUR 12 + 250 b.p.	9,676	5,291
Banco Santander loan		396,109	523,897	03/04/2027	FIXED 1.80%	8,248	10,311
Arquia Inversión ICO loan		348,678	400,000	26/05/2027	EUR 12 + 350 b.p.	26,343	14,902
CaixaBank credit card		3,839	833				
Banco Sabadell credit card		2,011	2,030				
Banco Santander credit card		2,951	154				
Total bank borrowings		**14,104,407**	**14,521,443**			**691,447**	**271,956**

Also, the Company recognised charges pending to be debited by the bank amounting to EUR 97,058.

f) Trade and other payables

	Euros	
	31/12/2023	31/12/2022
Non-related		
Sundry accounts payable	321,116.95	467,823.21
Employees	-	-
Other accounts payable to public authorities	30,054.81	20,750.33
Advances	195,145.93	19,790.49
Total	**546,317.69**	**508,364.03**

g) Classification by maturity

Financial liabilities are classified by maturity as follows:

	Euros							
	2023							
	2024	2025	2026	2027	2028	Subsequent years	Less current items	Total non-current
Borrowings:								
Bank borrowings	1,251,008.27	1,357,867.21	1,414,082.06	1,318,505.18	1,250,360.47	7,503,784.36	(1,251,008.27)	**12,844,599.28**
Other financial liabilities	479,198.77	20,441.20	2,158.00	2,800.00	0.00	24,694.50	(479,198.77)	**50,093.70**
Trade and other payables:								
Sundry accounts payable	321,116.95						(321,116.95)	-
Employees							0.00	-
Total financial liabilities	**2,051,323.99**	**1,378,308.41**	**1,416,240.06**	**1,321,305.18**	**1,250,360.47**	**7,528,478.86**	**(2,051,323.99)**	**12,894,692.98**

	Euros							
	2022							
	2023	2024	2025	2026	2027	Subsequent years	Less current items	Total non-current
Borrowings:								
Bank borrowings	1,362,771.08	1,515,444.41	1,585,157.90	1,617,469.13	1,498,219.36	6,942,381.35	(1,362,771.08)	**13,158,672.15**
Other financial liabilities	433,227.00	338,391.20	2,600.00	1,500.00	6,100.00	20,049.34	(433,227.00)	**368,640.54**
Trade and other payables:								
Sundry accounts payable	467,823.21						(467,823.21)	-
Employees							0.00	-
Total financial liabilities	**2,263,821.29**	**1,853,835.61**	**1,587,757.90**	**1,618,969.13**	**1,504,319.36**	**6,962,430.69**	**(2,263,821.29)**	**13,527,312.69**

12. Disclosures on deferrals of payments made to suppliers. Third Additional Provision. "Disclosure obligation" provided for in Act 15/2010, of 5 July

Set forth below are the disclosures required by the Third Additional Provision of Act 15/2010, of 5 July (as amended by the Third Final Provision of Act 18/2022, of 28 September), establishing measures to combat late payment in commercial transactions and that, among others, regulates payment terms between companies or between companies and public authorities pursuant to the Spanish Accounting and Audit Institute's Resolution (ICAC) on the information to be added to the notes to financial statements in relation to the average period of payment to suppliers in commercial transactions, as published in the Official Gazette (BOE) of 19 October 2022.

Disclosures on the average period of payment to suppliers:

	2023	2022
	Days	
Average period of payment to suppliers	34.38	23.22
Ratio of transactions settled	34.20	23.44
Ratio of transactions not yet settled	46.06	19.37
	Euros	
Total payments made	3,916,048	4,045,851
Total payments outstanding	61,244.04	235,824

The detail of the invoices paid within less that the maximum statutory term established by the Act to combat late payments is as follows:

	2023	2022
Amount paid in euros	1,569,722	2,619,535
Percentage over the total amount paid to suppliers	40.08%	64.75%
Number of invoices paid	3,751	3,728
Percentage over the total number of invoices paid to suppliers	83.73%	97.57%

Pursuant to ICAC's Resolution, in order to calculate the average period of payment to suppliers, the services or goods delivered until the entry into force of Act 31/2014 of 3 December were taken into account.

For the sole purpose of the disclosures provided for in the Resolution, suppliers are considered to be the trade creditors for the supply of goods or services, and the suppliers of work performed on the Company's investment property, included in "Sundry accounts payable" under "Current liabilities" in the balance sheet.

Average period of payment to suppliers is understood as the time elapsed between the delivery of products or services by the supplier and the effective payment of the transaction.

The maximum statutory payment term applicable to the Company pursuant to Act 11/2013, of 26 July, is 30 days unless an extension thereof has been contractually agreed and provided that it does not exceed 60 days in any case whatsoever.

13. Tax matters

13.1. Current tax receivables and payables

The breakdown of the current balances with public authorities at 31 December 2023 and 2022 is as follows:

	Euros			
	31/12/2023		31/12/2022	
	Tax receivables	Tax payables	Tax receivables	Tax payables
VAT refundable			207,181.76	
VAT payable		2,991.14		
Income tax refundable	40.41		3.62	
Personal income tax withholdings payable		20,900.28		15,631.06
Accrued social security taxes payable		6,163.39		5,119.27
Other tax payables				
Total	**40.41**	**30,054.81**	**207,185.38**	**20,750.33**

The revenue from the rental of residential buildings is VAT exempted. The Company recognises the VAT relating to the expenses associated with the aforementioned rent revenue as an increase in operating expenses. In addition, the Company deducts all VAT relating to expenses associated with revenue from non-exempt activities. In the case of general expenses not associated with a specific activity, the Company opted to apply the VAT special deductible proportion rule, where the provisional percentage of non-deductible VAT on its activities is 83%.

Under current legislation, taxes cannot be deemed to be definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute-of-limitations period has expired. The Company has the last four fiscal years open for review for all the taxes applicable to it. In the opinion of the Company's directors and its tax advisors, there are no significant tax contingencies that could arise, in the event of inspection, from possible different interpretations of the tax regulations applicable to the Company's transactions.

13.2. Income tax

2023

	Euros		
	Increases	Decreases	Total
Accounting profit before tax	886,487.00		886,487.00
Permanent differences	2,211.75		2,211.75
Temporary differences			-
Tax base			**888,698.75**
Tax charge at 0%			**-**
Total income/(expense) recognised in profit or loss			**-**

2022

	Euros		
	Increases	Decreases	Total
Accounting loss before tax	(905,490.81)		(905,490.81)
Permanent differences	13,941.54		13,941.54
Temporary differences			-
Tax base			**(891,549.27)**
Tax charge at 0%			**-**
Total income/(expense) recognised in profit or loss			**-**

14. Revenue and expenses

14.1. Revenue

The breakdown of revenue by line of business for 2023 and 2022 is as follows:

Activities	Euros	
	2023	2022
Residential buildings	2,354,911.94	1,841,424.57
Non-residential buildings (offices and commercial premises)	168,684.45	174,569.04
Total	**2,523,596.39**	**2,015,993.61**

In 2023 rental income was earned fully in Spain as follows: EUR 2,025,846.83 in Barcelona (2022: EUR 1,637,138.87) and EUR 497,749.56 in L'Hospitalet de Llobregat (2022: EUR 378,854.74).

14.2. Employee benefit costs

The detail of "Employee benefit costs" in 2023 and 2022 is as follows:

	Euros	
	2023	2022
Social Security paid by the Company	36,875.60	31,455.10
Total	**36,875.60**	**31,455.10**

14.3. Other operating expenses

The breakdown of the items "External services", "Taxes", "Impairment losses" and "Other current operating expenses" in the statement of profit or loss for fiscal years 2023 and 2022 is as follows:

	Euros	
	2023	2022
Rent and royalties	6,792.53	6,420.56
Repair and upkeep costs	118,964.60	105,570.98
Independent professional services	515,497.65	1,100,780.07
Insurance premiums	26,144.98	29,384.16
Banking and similar services	12,865.22	2,597.72
Advertising, publicity and public relations	672.34	374.58
Utilities	150,418.07	116,034.02
Other expenses	353,815.90	264,271.43
Taxes other than income tax	102,670.77	118,517.71
Losses, impairment and changes in trade provisions	15,698.50	14,465.10
Other current operating expenses	56.22	6,866.50
Total	**1,303,596.78**	**1,765,282.83**

The heading "Independent professional services" includes, chiefly, the remuneration earned by the Manager in 2023 on account of management fees amounting to EUR 117,430 (2022: EUR 801,999.08), and the expenses and fees accrued on the sale of Asset 3 for EUR 163,579 (2022: EUR 0) (Note 5).

15. Related-party transactions and balances

15.1. Remuneration and other benefits of directors and senior management

During 2023 and 2022, the annual gross remuneration earned by the Company's directors totalled EUR 26,000 in each year. No credits, advance payments, guarantees, fund benefits or pension plans were granted to the Company's directors either.

There is no senior management hired at the Company. Senior management powers are exercised by the members of the Board of Directors.

At the closing of 2023 and 2022 the Company's directors were three men.

During 2023, the directors' third-party liability insurance paid totalled EUR 3,104.27 (2022: EUR 2,565.55).

15.2. Related-party transactions

a) Related-party transactions

The breakdown of related-party transactions in 2023 and 2022 is as follows:

2023

	Euros (*)
	Services received and other
Vistalegre Property Management, S.L.	117,430.00
(Note 10)	**117,430.00**

(*) Including non-recoverable VAT in the invoices received.

2022

	Euros (*)
	Services received and other
Vistalegre Property Management, S.L.	801,999.08
(Note 10)	**801,999.08**

(*) Including non-recoverable VAT in the invoices received.

The Company signed a management agreement with Vistalegre Property Management, S.L., as disclosed in Note 1 to these financial statements. In 2023, the total amount accrued on account of management fees was EUR 117,430 compared to EUR 801,999.08 in 2022.

Such remuneration paid to the Manager was recognised under "External services" in the accompanying statement of profit or loss.

b) Related-party balances

The detail of the transactions with related parties at 31 December 2023 and 31 December 2022 is as follows:

31 December 2023

	Euros		
	Other current financial liabilities	Other non-current financial liabilities	Sundry accounts payable
Vistalegre Property Management, S.L.	277,491.77	0.00	0.00
Total	**277,491.77**	**0.00**	**0.00**

31 December 2022

	Euros		
	Other current financial liabilities	Other non-current financial liabilities	Sundry accounts payable
Vistalegre Property Management, S.L.	281,019.00	277,000.00	0.00
Total	**281,019.00**	**277,000.00**	**0.00**

At 31 December 2023, the balance of "Other current financial liabilities" (at 31 December 2022 the balance of "Other current financial liabilities" and "Other non-current financial liabilities") included the amount arising from the settlement of the previous Management Agreement.

16.1. Reporting requirements arising from REIT status – Act 11/2009, amended by Act 16/2012

The detail of the reporting requirements arising from REIT status, as per Act 11/2009, amended by Act 16/2012, is as follows:

a) Reserves from years prior to the application of the tax regime established under Act 11/2009, amended by Act 16/2012, of 27 December.

   None.

b) Reserves from years in which the tax regime established in Act 11/2009, amended by Act 16/2012 of 27 December, was applied, differentiating the portion relating to income subject to tax at 0% or 19% from the portions which, where applicable, were subject to tax at the standard rate.

   Losses of EUR 905,490.81, EUR 1,470,736.10, EUR 999,836.14, EUR 1,632,573.02 and EUR 2,249,574.02 incurred in 2022, 2020, 2019, 2018 and 2017, respectively.

c) Dividends distributed with a charge to profit each year in which the tax regime set out in this Act was applied, differentiating the portion relating to income subject to tax at 0% or 19% from the portions which, where applicable, were subject to tax at the standard rate.

   Not applicable.

d) In the case of distribution of dividends with a charge to reserves, designation of the year in which the reserve distributed in the form of dividends arose and whether they were subject to the 0%, 19% or standard tax rate.

Dividends were not paid out in any fiscal year.

e) Date of the dividend payment resolution referred to in sections c) and d) above.

Dividends were not paid out with a charge to reserves in any fiscal year.

f) Date of acquisition of the properties earmarked for lease and of the investments in the share capital of entities referred to in Article 2.1 of Act 11/2009.

The detail of the properties earmarked for lease is as follows:

Property	Acquisition date
Asset 1	12/02/2015
Asset 2	29/05/2015
Asset 3	09/03/2016
Asset 4	09/03/2016
Asset 5	16/06/2016
Asset 7	20/12/2016
Asset 8	07/09/2017
Asset 9	28/12/2017
Asset 10	14/05/2018
Asset 11	13/09/2018
Asset 12	13/09/2018
Asset 13	04/10/2018
Asset 14	20/12/2018
Asset 15	12/12/2019

g) Date of acquisition of the investments in the share capital of entities referred to in Article 2.1 of Act 11/2009.

Not applicable.

h) Identification of the assets that are included in the calculation of the 80% to which Article 3.1 of Act 11/2009 refers.

At 31 December 2023 the properties described in section f) above totalled EUR 38,047,380.06 in aggregate, recognised under "Investment property" in the accompanying balance sheet and accounting for 97% of total assets.

i) Reserves from years in which the special tax regime established in Act 11/2009 was applicable that were used in the tax period for purposes other than their distribution or to offset losses, identifying the year in which the related appropriations were made.

Not applicable.

17. Other disclosures

17.1. Employees

The average number of employees, by category, in 2023 and 2022, was as follows:

Categories	2023	2022
Managers and university graduates	1.00	1.00
Clerical staff	3.47	3.00
Total	**4.47**	**4.08**

Also at 31 December 2023 and 2022, the headcount by professional category and gender was as follows:

Categories	2023		2022	
	Men	Women	Men	Women
Managers and university graduates	-	-	-	1
Clerical staff	4	-	3	-
Total	**4**	**0**	**3**	**1**

At the end of 2023 and 2022, there were no employees with a disability equal to or greater than 33%.

17.2. Fees paid to auditors

In 2023 and 2022, the fees for financial audit and other services provided by the Company's auditor Ernst & Young, S.L. or KPMG Auditores, or by firms related to the auditor as a result of a relationship of control, common ownership or common management, respectively, were as follows:

	Euros	
	2023	2022
Full-year audit services	19,500	22,900
Half-year audit services	7,500	9,500
Total audit and related services	**27,000**	**32,400**
Other attest services	0.00	0.00
Total professional services	**27,000**	**32,400**

17.3. Amendment or termination of agreements

There has been no conclusion, amendment or early termination of any agreement between the Company and any of its shareholders or directors, or any person acting on their behalf, in relation to transactions outside the ordinary course of the Company's business operations or transactions not performed on an arm's length basis.

18. Events after the reporting period

During January, the sale of two residential units of Asset 3 –the earnest money for which had been formalised in October and November 2023– was executed, with the amount collected therefrom totalling EUR 447,000.

In early February, the Company signed a deed for the horizontal division of Asset 11 in order to offer the units for sale on a standalone basis.

Also in February, two security deposit contracts were signed, one for a residential unit of Asset 3 and one for a residential unit of Asset 7. In March, a reservation was formalised for another unit of Asset 7. The security deposit and the reservation amounts received totalled EUR 55,900 and EUR 5,000, respectively. The aforementioned units are expected to be sold during the second quarter of 2024.

From the reporting date of the interim financial statements at 31 December 2023 to the date of formal preparation thereof, no other significant event occurred that made it necessary to modify the information contained in the notes thereto or which might affect the assessment of the Company by third parties.

Barcelona, 20 March 2024

Barcino Property Socimi, S.A.

Directors' Report
for the year ended
31 December 2023

Businesses and activities

During 2023 the Company completed the refurbishment work on Assets 8 and 15 bringing them into operation in the second half of the year; it also refurbished one commercial property and three new residential units, which have already come into operation. The Company's asset portfolio generated rent revenue of EUR 2,523,596.39 (2022: EUR 2,015,993.61).

In 2024, the Company plans to continue renovating 3 units of Asset 13, together with those units pending refurbishment as they become vacant, as well as to sell the units of Assets 7 and 11 while continuing its property management and rental activity.

Profit/(loss)

At 31 December 2023, the Company reported profit of EUR 886,487 by contrast with losses of EUR 905,490.81 in 2022.

The Company's Board of Directors will submit for approval by the Annual General Meeting that the aforementioned profit be allocated as follows:

a) Legal reserve (10%) ……………………………………………………. EUR 88,648.70

b) To offset prior years' losses …………………………………………… EUR 797,838.30

Exposure to credit risk

The Company's exposure to credit risk is due mainly to its accounts receivable derived from the lease of housing units and the advances paid to suppliers in relation to the refurbishment of the buildings. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the Company's directors based on a case-by-case analysis, taking into consideration prior years' experience and their assessment of the current economic environment.

Exposure to interest rate risk

Exposure to floating interest rate risk entails increased mortgage payments upon the annual renewal of each loan. The aforementioned rise, however, will be offset by increased revenue from the operation of 37 new refurbished units, 3 commercial establishments and 34 residential units. Also, the current portfolio can partly counter such increase through the rent price review of the seasonal agreements expiring in 2024.

Disclosures on deferrals of payments made to suppliers. Third Additional Provision. "Disclosure obligation" provided for in Act 15/2010, of 5 July

The Company's average payment period for settlements made in the year ended 31 December 2023 was 34 days (23 days for the period ended 31 December 2022).

In 2023, 83.73% of invoices were paid within less than the maximum statutory term established by the Act to combat late payment (2022: 97.57%).

Other disclosures

As a requirement for becoming listed on the BME Growth segment of BME MTF Equity, on 14 November 2017, the Company acquired treasury shares representing 0.079% of its share capital (113,208 shares) for EUR 150 thousand, i.e. at an average price of EUR 1.325 per share.

In 2023 the Company purchased 137,931 treasury shares. The balance of treasury shares at 31 December 2023 was 197,408 shares (2022: 59,477 shares).

No research and development activities are performed by the Company.

From the end of the reporting period to the date of formal preparation of these financial statements, no other significant event occurred that made it necessary to modify the information contained in the notes to the financial statements or which might affect the assessment of the Company by third parties.

Information on the environment

Given the business activity performed by the Company, it has no environmental liabilities, expenses, assets, provisions or contingencies that might be material to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the financial statements.

Barcino Property Socimi, S.A.

Authorisation for issue of the financial statements and directors’ report for 2023

These Financial Statements and Directors’ Report of Barcino Property Socimi, S.A. for the year ended 31 December 2023 were authorised for issue by the directors with a view to their subsequent approval by the shareholders. These Financial Statements and Directors’ Report are comprised of 43 pages.

Barcelona, 20 March 2024

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Mateu Turró Calvet

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Francesc Ventura Teixidor

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Ralph Weichelt