

**Audit Report on Consolidated Financial Statements  
issued by an Independent Auditor**

**GLOBAL PIELAGO, SOCIMI, S.A. AND SUBSIDIARIES  
Consolidated Financial Statements and  
Consolidated Management Report  
for the year ended December 31, 2023**

## **AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR**

(Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

To the Shareholders of GLOBAL PIELAGO, SOCIMI, S.A.:

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### **Opinion**

We have audited the consolidated financial statements of GLOBAL PIELAGO, SOCIMI, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in net assets, the consolidated cash flow statement, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2023 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

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### **Basis for opinion**

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

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

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## More relevant audit issues

Most relevant audit issues are those matters that, in our professional judgment, were the most significant assessed risks of material misstatements in our audit of the consolidated financial statements of the current period. These risks were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these risks.

### *Valuation of Real Estate Investments*

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**Description** The Group has registered under the heading of investment properties in the consolidated balance sheet as of December 31, 2023, assets for a net amount of 308,281 thousand euros corresponding mainly to land, buildings and other structures held for rental purposes or to obtain a capital gain on a future sale.

The Group's management determines periodically, and minimally at year end, the fair value of investment properties by reference to valuations carried out by independent experts in accordance with the valuation standards of the Royal Institution of Chartered Surveyors "RICS" standards so as to reflect the market conditions of such investments.

We have considered this area to be the most relevant aspect of our audit because the determination of the fair value of investment property requires significant estimates to be made by both, the independent expert and Group Management, involving the application of judgment in establishing the assumptions involved (in particular, the assumptions underlying the estimated rents, discount rates and exit yields used), as well as the significance of the amounts involved.

Information related to the applicable valuation standards, the methodology and the main assumptions used for the valuation of investment property, as well as the related disclosures, is detailed in Notes 3.2 and 6 of the accompanying consolidated report.

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### **Our response**

- In relation to this area, our audit procedures have included, among others:
- ▶ Understanding of the process established by Group management for identifying indications of impairment and determining the fair value of assets recorded as "Investment property" and assessment of the design and implementation of the relevant controls established in this process
  - ▶ Review of the reasonableness of the valuation models used by the independent expert, in collaboration with our specialists in real estate asset valuations, covering in particular, for a sample of the valuations performed, the mathematical analysis of the model, the identification and review of the hypotheses used, verification of the reasonableness of the rents used and/or the comparable used, the discount rates and exit yields used and the performance of comparison procedures on the valuations, if necessary.
  - ▶ Verification that the accompanying consolidated financial statements includes the related information disclosures required by the applicable financial reporting framework.

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### **Other information: consolidated management report**

Other information refers exclusively to the 2023 consolidated management report for the year ended December 31, 2023, the preparation of which is the responsibility of the Parent Company's directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. In conformity with prevailing audit regulations in Spain, our responsibility in terms of the consolidated management report is to assess and report on the consistency of the management report with the consolidated financial statements based on the knowledge of the Group obtained during the audit, and to assess and report on whether the content and presentation of the consolidated management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described in the above paragraph, the information contained in the consolidated management report is consistent with that provided in the consolidated financial statements for the year ended December 31, 2023 and its content and presentation are in conformity with applicable regulations.

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### **Responsibilities of the Parent Company's directors for the consolidated financial statements**

The directors of the Parent Company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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### **Auditor's responsibilities for the audit of the consolidated financial statements**

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

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

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of the directors' of the Parent Company use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors of the Parent Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with the director's of the Parent Company, we determine those that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the most significant assessed risks.

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

ERNST & YOUNG, S.L.  
(Registered in the Official Register of  
Auditors under No. S0530)

(signed on the original version in Spanish)

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Leire Lácar Saldías  
(Registered in the Official Register of  
Auditors under No. 23566)

May 20, 2024

## **GLOBAL PIÉLAGO, SOCIMI, S.A. and subsidiaries**

Consolidated Financial Statements for the year ended 31 December 2023,  
prepared in accordance with the International Financial Reporting Standards  
adopted by the European Union (EU - IFRS), and consolidated Directors'  
Report

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**Consolidated balance sheet at 31 December 2023. (Figures in euros)**

<b>ASSETS</b>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>NON-CURRENT ASSETS</b>		<b>308,836,512</b>	<b>254,342,831</b>
<b>Investment properties</b>	<b>6</b>	<b>308,280,851</b>	<b>251,075,200</b>
Land		166,056,162	90,877,523
Buildings		139,441,223	156,679,276
Fixed assets in progress and advances		2,783,466	3,518,401
<b>Financial derivatives</b>	<b>7.2</b>	<b>-</b>	<b>2,746,501</b>
<b>Non-current financial investments</b>	<b>7.1</b>	<b>555,661</b>	<b>521,130</b>
<b>CURRENT ASSETS</b>		<b>42,290,887</b>	<b>106,263,233</b>
<b>Inventory</b>	<b>8</b>	<b>19,334,823</b>	<b>74,202,187</b>
Supplier advances		19,334,823	74,202,187
<b>Trade and other receivables</b>		<b>966,821</b>	<b>832,191</b>
Trade receivables for sales and services	9	966,821	820,497
Other receivables from Public Entities	14	-	11,694
<b>Financial derivatives</b>	<b>7.2</b>	<b>2,145,390</b>	<b>-</b>
<b>Current financial investments</b>	<b>7.3</b>	<b>7,374,061</b>	<b>-</b>
Other financial assets (principal)		7,318,799	-
Other financial assets (interest)		55,262	-
<b>Cash and cash equivalents</b>	<b>10</b>	<b>12,469,792</b>	<b>31,228,855</b>
Cash		12,469,792	31,228,855
<b>TOTAL ASSETS</b>		<b>351,127,399</b>	<b>360,606,064</b>

Notes 1-20 are an integral part of the Consolidated Financial Statements for the year ended 31 December 2023.

**Consolidated balance sheet at 31 December 2023. (Figures in euros)**

<b>EQUITY AND LIABILITIES</b>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>EQUITY</b>		<b>199,031,419</b>	<b>163,479,542</b>
<b>CAPITAL AND RESERVES</b>		<b>199,031,419</b>	<b>163,479,542</b>
<b>Capital</b>	<b>11</b>	<b>8,830,637</b>	<b>8,335,637</b>
Registered capital		8,830,637	8,335,637
<b>Share premium</b>	<b>11</b>	<b>22,618,181</b>	<b>20,709,653</b>
<b>Other unitholder contributions</b>	<b>11</b>	<b>86,293,012</b>	<b>82,096,540</b>
<b>Prior years' profit/loss attributable to shareholders</b>		<b>52,337,573</b>	<b>20,152,043</b>
<b>Income attributable to shareholders</b>	<b>11 and 15</b>	<b>28,952,016</b>	<b>32,185,669</b>
<b>NON-CURRENT LIABILITIES</b>		<b>129,718,658</b>	<b>119,707,363</b>
<b>Non-current payables</b>		<b>129,718,658</b>	<b>119,707,363</b>
Bank borrowings	12	128,926,667	118,940,069
Other non-current payables	12	791,991	767,294
<b>CURRENT LIABILITIES</b>		<b>22,377,322</b>	<b>77,419,299</b>
<b>Current payables</b>		<b>1,746,734</b>	<b>908,358</b>
Bank borrowings	12	1,746,734	908,358
<b>Trade and other accounts payable</b>		<b>20,630,588</b>	<b>76,510,941</b>
Trade payables	13	20,629,107	76,504,573
Public Entities, other payables	14	1,481	6,368
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>351,127,399</b>	<b>360,606,204</b>

Notes 1-20 are an integral part of the Consolidated Financial Statements for the year ended 31 December 2023.

**GLOBAL PIÉLAGO, SOCIMI, S.A. and subsidiaries**

**Consolidated Income Statement for the year ended 31 December 2023  
(Figures in euros)**

INCOME STATEMENT	Notes	2023	2022
<b>CONTINUING OPERATIONS</b>			
<b>Net turnover</b>	15 b)	10,809,017	4,903,002
<b>Other operating income</b>	15 b)	187,635	212,797
<b>Other operating expenses</b>	15 c)	(11,392,584)	(7,359,059)
Outside services		(11,392,584)	(7,359,059)
<b>Variation in fair value of investment properties</b>	6	38,883,550	37,307,871
<b>PROFIT/LOSS FROM OPERATING ACTIVITIES</b>		<b>38,487,618</b>	<b>35,064,611</b>
<b>Finance income</b>	7.3 and 15	64,778	-
<b>Finance expenses</b>	15	(9,802,125)	(4,902,276)
<b>Change in fair value of financial instruments</b>	7.2	202,044	2,027,001
<b>Exchange differences</b>	15	(299)	(3,667)
<b>FINANCE INCOME/(EXPENSE)</b>		<b>(9,535,602)</b>	<b>(2,878,942)</b>
<b>PROFIT/LOSS BEFORE TAXES</b>		<b>28,952,016</b>	<b>32,185,669</b>
<b>Income tax</b>	14	-	-
<b>INCOME ATTRIBUTABLE TO SHAREHOLDERS</b>		<b>28,952,016</b>	<b>32,185,669</b>

Notes 1-20 are an integral part of the Consolidated Financial Statements for the year ended 31 December 2023.

**Consolidated comprehensive profit/loss for the year ended 31 December 2023 (Figures in euros)**

	Notes	2023	2022
<b>Profit/Loss for the year</b>		<b>28,952,016</b>	<b>32,185,669</b>
<b>Other comprehensive income:</b>			
Items to be transferred to Equity		-	-
Other comprehensive income for the period		-	-
<b>Comprehensive Income</b>		<b>28,952,016</b>	<b>32,185,669</b>
<b>Attributable to shareholders of the Parent Company</b>	<b>11 and 15</b>	<b>28,952,016</b>	<b>32,185,669</b>

Notes 1-20 are an integral part of the Consolidated Financial Statements for the year ended 31 December 2023.

## GLOBAL PIÉLAGO, SOCIMI, S.A. and subsidiaries

### Consolidated statement of changes in equity for the year ended 31 December 2023 (Figures in euros)

	Share capital	Share premium	Profit/Loss from prior years	Profit/Loss for the year	Other unitholder contributions	Total
<b>Balance at 1 January 2022</b>	<b>5,000,000</b>	<b>7,602,083</b>	<b>16,122,961</b>	<b>4,029,082</b>	<b>32,639,746</b>	<b>65,393,872</b>
<b>Total recognised income and expense</b>	-	-	-	<b>32,185,669</b>	-	<b>32,185,669</b>
<b>Other changes in equity:</b>	<b>3,335,637</b>	<b>13,107,570</b>	<b>4,029,082</b>	<b>(4,029,082)</b>	<b>49,456,794</b>	<b>65,900,001</b>
Capital increases	3,335,637	13,107,570	-	-	-	16,443,207
Shareholder contributions	-	-	-	-	49,456,794	49,488,666
Profit/Loss for the year	-	-	4,029,082	(4,029,082)	-	-
<b>Balance at 31 December 2022</b>	<b>8,335,637</b>	<b>20,709,653</b>	<b>20,152,043</b>	<b>32,185,669</b>	<b>82,096,540</b>	<b>163,479,542</b>
<b>Balance at 1 January 2023</b>	<b>8,335,637</b>	<b>20,709,653</b>	<b>20,152,043</b>	<b>32,185,669</b>	<b>82,096,540</b>	<b>163,479,542</b>
<b>Total recognised income and expense</b>	-	-	-	<b>28,952,016</b>	-	<b>28,952,016</b>
<b>Other changes in equity:</b>	<b>495,000</b>	<b>1,908,528</b>	<b>32,185,530</b>	<b>(32,185,669)</b>	<b>4,196,472</b>	<b>6,599,861</b>
Capital increases	495,000	1,940,400	-	-	-	2,435,400
Shareholder contributions	-	-	-	-	4,164,600	4,164,600
Profit/Loss for the year	-	-	32,185,669	(32,185,669)	-	-
Other changes	-	(31,872)	(139)	-	31,872	(139)
<b>Balance at 31 December 2023</b>	<b>8,830,637</b>	<b>22,618,181</b>	<b>52,337,573</b>	<b>28,952,016</b>	<b>86,293,012</b>	<b>199,031,419</b>

Notes 1-20 are an integral part of the Consolidated Financial Statements for the year ended 31 December 2023.

## GLOBAL PIÉLAGO, SOCIMI, S.A. and subsidiaries

### Consolidated cash flow statement for the year ended 31 December 2023 (in euros)

	NOTES	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit/Loss for the period before taxes</b>		<b>28,952,016</b>	<b>32,185,669</b>
From continuing operations		28,952,016	32,185,669
<b>Adjustments to profit/loss</b>		<b>(28,814,902)</b>	<b>(30,382,261)</b>
Variation in fair value of investment properties	6	(38,883,550)	(37,307,871)
Impairment corrections (+/-)	7.2	202,044	-
Finance income	15.g	64,778	2,027,001
Finance expenses	15.d.	9,802,125	4,902,276
Exchange differences	15.f.	(299)	(3,667)
<b>Changes in working capital</b>		<b>(822,865)</b>	<b>(16,194,712)</b>
Increase/(Decrease) in Inventories		54,867,364	(72,238,617)
(Increase)/Decrease in Trade and other receivables		(134,672)	(555,684)
Increase/(Decrease) in Trade and other accounts payable		(55,880,012)	65,728,526
Other non-current assets and liabilities (+/-)		324,455	(9,128,937)
<b>Cash flows from operating activities</b>		<b>(685,751)</b>	<b>(14,391,304)</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
<b>Disinvestment collections</b>	6	<b>1,427,528</b>	<b>175,499</b>
<b>Payments for investments</b>	6	<b>(27,123,690)</b>	<b>(115,583,829)</b>
Investment properties	6	(19,749,629)	(115,583,829)
Other assets	7	(7,374,061)	-
<b>Cash flows from investment activities</b>		<b>(25,696,162)</b>	<b>(115,408,330)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Collections and payments for equity instruments</b>	11	<b>6,600,000</b>	<b>65,900,001</b>
Issue of equity instruments	11	6,600,000	65,900,001
<b>Collections and payments for financial liability instruments</b>		<b>1,022,850</b>	<b>77,381,119</b>
Bank borrowings		1,022,850	77,381,119
<b>Cash flows from financing activities</b>		<b>7,622,850</b>	<b>143,281,120</b>
<b>NET INCREASE / DECREASE IN CASH OR CASH EQUIVALENTS</b>		<b>(18,759,063)</b>	<b>13,481,486</b>
Cash or equivalents at the start of the year	10	<b>31,228,855</b>	<b>17,747,369</b>
Cash or equivalents at the close of the year	10	<b>12,469,792</b>	<b>31,228,855</b>

## 1. General information

Global Piélago, SOCIMI, S.A., hereinafter the Parent Company, is a Spanish public limited company, with VAT No. A88581251, incorporated for an indefinite period under a deed granted before a Madrid notary public on 29 January 2020; it is entered on the Madrid Companies Register, volume 40,174, folio 110, sheet M713884, entry 1. Its current registered offices are located at Paseo de la Castellana, 93, 13th floor, 28046 Madrid.

The Company serves as the Parent Company of a group consisting of itself, Global Piélago, SOCIMI, S.A., Global Sauco, SOCIMI, S.L., and Global Lucanor, S.L. The Parent Company maintains full control over the operations of all subsidiaries within the Group, with a 100% ownership stake.

The Parent Company was initially incorporated as a limited liability company under said public deed executed on 29 January 2020. It was converted into a public liability company under public deed of 5 March 2020, in Madrid.

Its registered offices at the time it was incorporated were located in Calle Suero de Quiñones 34-36, 1st floor, 28002 Madrid. On 25 June 2020 it moved to its current offices, as set down in public deed, at which time its name was also changed to its current name.

During the shareholders' meeting held on 26 February 2024, a resolution was passed to relocate the registered offices of the three companies within the Group to 34 Calle Orense, 8th floor, 28020 Madrid (SPAIN). As of the date of preparation of these Financial Statements, this change in registered offices has not been recorded in the Companies Registry.

The Group's corporate purpose is:

- a) The acquisition and development of urban real estate for lease.
- b) The holding of shares in the capital of other SOCIMIs or in other companies non resident in Spain with the same corporate purpose and which are subject to a regime similar to the one established for SOCIMIs in relation to the obligatory policy on appropriation of profit stipulated by law or the bylaws.
- c) The holding of shares in the capital of other companies resident or non resident in Spain, whose main corporate purpose is the acquisition of urban real estate for lease, which are subject to the regime established for SOCIMIs in relation to the obligatory policy on distribution of dividends stipulated by law or the bylaws and meet the investment requirements referred to in Article 3 of Law on Spanish Real Estate Investment Trusts.
- d) The holding of shares or equity shares in Collective Real Estate Investment Undertakings governed by Law 35/2003, of 4 November, on Collective Investment Undertakings, or by future laws which may replace it.

In addition to the business activity deriving from the company's primary corporate purpose, SOCIMIs may also undertake ancillary activities, i.e., any activities the revenues from which account for less than 20% of the revenue in the company in any tax period, or any considered ancillary by law at any given time. The corporate purpose excludes any activities legally required to comply certain conditions not met by the Company or its bylaws.

These activities may be carried out, in whole or in part, indirectly by the Parent Company by holding shares or equity interests in companies with the same or a similar corporate purpose.

On 25 June 2020, a resolution of the General Shareholders' Meeting, resolving that the Parent Company would opt for the special regime for Spanish Real Estate Investment Trusts (SOCIMI, in Spanish), regulated by Law 11/2009 of 26 October, was executed on a public deed.

These Consolidated Financial Statements for 2023 have been prepared by the Directors and will be submitted for approval by the General Shareholders' Meeting. It is expected that they will be approved without any changes. The Consolidated Financial Statements for 2022 were approved by the Group's General Shareholders' Meeting held on 9 May 2023.

We now list the primary elements defining the SOCIMI regime which applies to the Company.

## **SOCIMI Regime**

Global Piélago SOCIMI, S.A. and its subsidiaries are governed by Law 11/2009 dated 26 October, as amended by Law 16/2012 dated 27 December, which regulates Spanish Real Estate Investment Trusts.

The primary characteristics defining the SOCIMI regime, which must be met for the regime to be applied correctly, are:

### **1. Corporate Purpose.**

- The primary corporate purpose of the company must be that of holding real estate for lease, holding interests in other SOCIMI or companies having a similar corporate purpose and the same dividend distribution regime, and in Collective Investment Undertakings.

### **2. Investment.**

- The company must invest at least 80% of its asset value in real estate for lease, in land for the development of real estate to be used for said purpose (providing that development commences within three years of its acquisition), and in interests in the capital of other companies having a similar corporate purpose to that of the company.

The asset value will be determined according to the average of the quarterly individual balance sheets for the financial year, and the company may choose to calculate that value by replacing the carrying amount with the market value of the elements comprising those balance sheets, which would be applied to all balance sheets for the financial year. This determination will not include any cash or credit rights issuing from the transmission of said properties or interests made in the same or previous years, providing, in this latter case, that the reinvestment term specified in Article 6 of the Law has not elapsed.

This percentage will be calculated on the basis of the Consolidated Financial Statements if the company is the parent of a Group according to the criteria established in Article 42 of the Spanish Code of Commerce, regardless of the place of residence and of the obligation to prepare consolidated financial statements. This group will be exclusively composed of the SOCIMIs and the rest of the companies to which Article 2.1 of the Law refers.

- Likewise, 80% of its revenues within the tax period should be obtained from: (i) real estate leasing and (ii) dividends on interests. This percentage will be calculated on the basis of the consolidated income statement if the Company is the parent of a Group of companies according to the criteria established in Article 42 of the Spanish Code of Commerce, regardless of the place of residence and of the obligation to prepare Consolidated Financial Statements. This group will be exclusively composed of the SOCIMIs and the rest of the companies to which Article 2.1 of the Law 11/2009 refers.

- Properties must be leased for at least three years (for calculation purposes, up to one year may be added from the period during which they were available for lease). Interests in the asset must be retained for at least three years.

### **3. Trading on a regulated market.**

SOCIMIs must be listed for trading on a regulated stock market in Spain or in any other country with which tax information is exchanged. Shares must be registered stocks.

On 20 April 2021 the Parent Company shares were listed for trading on the Euronext Paris Stock Exchange, and were registered shares as indicated by Law. The shares entered the regulated market at a price of 4.92 euros per share. The total number of shares was 5,000,000.

### **4. Distribution of profit.**

The Company must distribute the following dividends, after complying with the applicable business requirements:

- One hundred percent of the profits from dividends or profit sharing distributed by the companies to which Article 2.1 of Law 11/2009 refers.



- At least 50% of the profits from the transfer of real estate and public or private limited liability company shares referenced in Article 2.1 of Law 11/2009, made after the minimum holding period, subject to compliance with its primary corporate purpose. The remaining profits should be reinvested in other real estate or shares subject to the fulfilment of that purpose, within three years as of the transfer date.
- At least 80 percent of the rest of the profits obtained. When the distribution of dividends is made out of reserves from profits of a year in which the special tax regime was not applied, their distribution must be adopted as described above.

#### **5. Information.**

SOCIMIs are required to include in the Notes to the Financial Statements the information required by the tax legislation governing the special regime for SOCIMIs.

#### **6. Minimum capital.**

The minimum share capital is established at 5 million euros.

Companies may opt for the application of the special tax regime in the terms established in Article 8 of the Law, even when they do not meet the minimum requirements established therein, providing the requirements are met within two years of opting for the regime.

Failure to comply with any of said conditions will mean that the Company will be included under the general Corporate Income Tax regime from the year in which said failure comes about, unless it is remedied in the following year. Moreover, in addition to the quota for the year in question, the Company will also be required to pay the difference between the quota given by applying the general regime and the quota paid after applying the special tax regime in the previous years, in addition to any delay interest, surcharges and sanctions which may apply.

Following a resolution at the General Meeting, the Parent Company opted to apply for the SOCIMI regime and notified the Spanish Tax Agency on 25 June 2020. Subsequently, the subsidiaries applied for this regime in both 2020 and 2021.

The Company is the parent in a Group of companies and files Consolidated Financial Statements prepared in accordance with the International Financial Reporting Standards adopted by the European Union (EU – IFRS).

The transitional period ended in 2021 and the Parent Company must fulfil all the requirements of the regime. The Group's management, assisted by the opinion of its tax advisers, has conducted an assessment of compliance with the requirements of the regime, concluding that at 31 December 2023 and 2022 all requirements are met.

Failure to adhere to any of the aforementioned conditions will result in the Company being subject to taxation under the general corporate income tax regime starting from the tax period in which such non-compliance is evident. However, the non-compliance can be rectified in the following year, except for instances of non-compliance with the obligation to distribute dividends or exclusion from listing, which are irrevocable requirements. If such non-compliance persists beyond the subsequent year, the Company will be taxed under the general corporate income tax regime from the same year onwards.

The Corporate Income Tax rate for SOCIMIs was set at 0%. However, should dividends be distributed by the SOCIMI to shareholders with a shareholding of 5% or more, and these dividends are either exempt or taxed at a rate lower than 10% for said shareholders, the SOCIMI becomes liable for a special tax of 19% on the distributed dividend amount. This special tax is treated as a corporate income tax liability. Where applicable, the SOCIMI must settle this special tax within two months from its accrual date, namely the date of the dividend distribution agreement. Furthermore, effective for tax periods commencing on or after 1 January 2021, pursuant to the amendment brought forth by the second final provision of Law 11/2021, dated 9 July, a new special tax of 15% is introduced. This tax applies to profits accrued in the year that remain undistributed to shareholders, particularly on the portion derived from income not subject to the standard corporate income tax rate or income covered by the reinvestment period outlined in Article 6.1.b) of the SOCIMI Law. Where applicable, the SOCIMI must settle this special tax within two months from its accrual date, namely

the date of the dividend distribution agreement. This rate will be considered the Corporate Income Tax liability.

Effective for reporting periods commencing as of 1 January 2021, Law 11/2021, of 9 July, on measures for the prevention and fight against tax fraud amends section 9(4) of Law 11/2009, of 26 October, regulating Spanish Real Estate Investment Trusts (SOCIMIs). In particular, it introduced a special tax of 15% on the amount of undistributed profits for the year, arising from: a) income that is not taxed at the general Corporate Income Tax rate, and b) income that does not derive from the transfer of assets assigned at the end of the three-year holding period, without prejudice to the three-year reinvestment period provided for in section 6.1.b) of Law 16/2012, of 27 December. This special charge will be treated as income tax and will accrue on the day on which the General Shareholders' Meeting or equivalent body resolves to apply the profit or loss for the financial year. The self-assessment and payment of the tax must be made within two months of its accrual.

On 31 March 2023, the Group compiled the Consolidated Financial Statements for 2022, which were subsequently approved by the Group on 9 May 2023.

#### 1.1. **Subsidiaries**

The Company is the head of a corporate Group. At 31 December 2023 and 2022, it was the Parent Company of the following subsidiaries:

Company	Registered address	Activity	Holding %	Consolidation method
Global Sauco, SOCIMI, S.L. (*)	Spain	SOCIMI	100% - direct	Full Consolidation
Global Lucanor, S.L. (*)	Spain	SOCIMI	100% - direct	Full Consolidation

(\*) *Not audited.*

##### **GLOBAL SAUCO, SOCIMI, S.L.**

On 5 March 2020, in Madrid, the Parent Company acquired 100% of the stock capital of Global Sauco, SOCIMI, S.L.U. (hereinafter, "the subsidiary"), also incorporated in 2020, under public deed No. 446.

Global Sauco, SOCIMI, S.L.U. is a Spanish limited liability company, with VAT No. B88581236, incorporated for an indefinite period under a deed executed before a Madrid notary public on 29 January 2020, number 297; it is entered on the Madrid Companies Register, volume 40,174, folio 130, sheet M713886, entry 1. Its current registered offices are located at Paseo de la Castellana, 93, 13th floor, 28046 Madrid.

Its registered offices at the time it was incorporated were located in Calle Suero de Quiñones 34-36, 1st floor, 28002 Madrid. On 25 June 2020 it moved to its current offices, as set down in public deed with protocol number 2,247, at which time its name was also changed to its current name.

The subsidiary is also a SOCIMI and has the same corporate purpose as the Parent Company. On 25 June 2020, a resolution of the General Unitholders' Meeting, under which it was agreed that the Company should be ruled by the special regime for Spanish Real Estate Investment Trusts (SOCIMI, in Spanish), regulated by Law 11/2009 of 26 October, was put on public deed.

The assets held by the Group at the end of 2020 were acquired by the Subsidiary after joining the Group.

When Global Sauco, SOCIMI, S.L.U. was acquired by Global Piélagos, SOCIMI, S.A., the latter became the parent company of a corporate group, this 2020 being the first year in which Consolidated Financial Statements were filed.

##### **GLOBAL LUCANOR, S.L.**

On 2 March 2021 the Parent Company acquired 100% of the investee's shares in Madrid by public deed. Global Lucanor, S.L., hereinafter the "investee", is a Spanish private limited company, with VAT No. B42864306, incorporated for an indefinite period under a deed delivered before a Madrid notary public on 10 February 2021, under number 467 in his notarial records; it is entered on the Madrid Companies Register, tome 41,492, folio 180, sheet M735229, entry 1. Its current registered offices are located at Paseo de la Castellana, 93, 13th floor, 28046 Madrid.

Its registered offices at the time it was incorporated were located in Calle Suero de Quiñones 34-36, 1st floor, 28002 Madrid. However on 5 March 2021 its registered offices were transferred to the current ones by public deed.

The investee is also a SOCIMI and has the same corporate purpose as the Parent Company. On 5 March 2021, a resolution of the General Unitholders' Meeting, under which it was agreed that the Company should be ruled by the special regime for Spanish Real Estate Investment Trusts (SOCIMI, in Spanish), regulated by Law 11/2009 of 26 October, was put on public deed.

## **1.2 Management and Subscription Agreements**

The following is a summary of the most important points of a series of management agreements issued originally in English.

### **1.2.1. Management and investment agreement**

In June 2020, the Parent Company entered into a Management Agreement with Briks Residential, S.L. (related party) (Management Company), governing matters concerning advice, management, and the compensation to be provided to the Management Company for these services.

The agreement is made for an unlimited time and may be terminated for any of the reasons stated in Point 9 therein, including withdrawal of either party, providing they give twelve months' notice.

The services provided by the Management Company to the Parent Company and investees include:

- a) General services. Coordination in the acquisition of properties. Formulation and implementation of business plan and yearly budget. Overseeing the requirement to send reports to banks and investors. Overseeing and coordinating the annual valuations of investment properties. Overseeing the appointment of service providers. Monitoring CapEx plans for investments. Implementing sales strategies. Assisting customers with insurance decisions. Overseeing accounts books and other tax obligations.
- b) Strategic services. Advisory services in regard to investment price policy. Recommendations in relation to the business plan in order to maximise yield. Overseeing agreements with regard to the selection of service providers, and supervising their performance.
- c) Asset management services. Providing precise instructions to Property Managers in relation to managing the properties. Liaising with regulatory agencies. Coordinating the delivery of the audited Financial Statements, as well as assisting the auditors.
- d) Property management services. Keeping a database of lessees. Keeping copies of legal documents relating to the properties. Ensuring compliance with all formal obligations in relation to the properties.
- e) Maintenance and Upkeep Services. Monitoring expenses in relation to the properties and working with the Property Managers to formulate reports in relation to said monitoring. Ensuring the upkeep of the properties.
- f) Rent and expense collection services. Negotiations and agreements with lessees. Monitoring financial ratios in relation to lessees. Making lease agreements. Overseeing rent and advances paid by lessees.
- g) Reporting services. Organising meetings and conferences in relation to the management of the properties. Sending reports to the Company and shareholders. Helping with the formulation of Financial Statements and audits.
- h) Financial Advisory Services. Working with a range of service providers to monitor project costs in relation to the business plan and advise accordingly.
- i) Disposals. Providing advisory services in relation to strategy and proceedings with regard to disposing of properties, and preparing material for marketing policy elements. Coordinating the Company's service providers in sales processes.

The management agreement establishes a series of fees, as follows:

Acquisition Fee:

As owner of the properties, the investee, Global Sauco, SOCIMI, S.L. will pay the management company management fees of 0.75% of the total individual acquisition price of assets in the "Alcazar I" development, the private acquisition contract over which was signed between the parties on 7 April 2020.

With regard to the acquisition of properties not included in said development, the company which acquires the properties will pay the management acquisition fees of 0.5% the individual acquisition price to the management company.

Asset Management Fees:

The management company will be entitled to receive an annual fee equivalent to 0.5% per annum of the total sum of the acquisition price of each property owned by GLOBAL SAUCO, SOCIMI, S.L. and GLOBAL LUCANOR, S.L., along with the expenditures related to CapEx for each asset (excluding VAT).

Furthermore, the Management Company will be entitled to receive promote fees linked to the dividends distributed based on the shareholder contribution and the IRR.

## **2. Basis of preparation of the Consolidated Financial Statements**

The Consolidated Financial Statements for the financial year ended 31 December 2023 were obtained from the accounting records of the Parent Company and its subsidiaries dated 31 December 2023. The previous financial year covered the period from 1 January to 31 December 2022.

Furthermore, both Financial Statements were prepared by the Parent Company's Directors in accordance with the International Financial Reporting Standards (IFRS) and the IFRS Interpretations Committee, adopted by the European Union as Regulation (EC) No 1606/2002 of the European Parliament and of the Council and successive amendments thereto.

Comparative figures pertain to the financial year spanning from 1 January to 31 December 2022.

Financial year 2020 is the first year in which those standards were applied. The Group has applied IFRS 1 in preparing the Consolidated Financial Statements.

The Parent Company's Directors prepared the 2023 and 2022 Consolidated Financial Statements in accordance with the going concern principle.

Preparing these Consolidated Financial Statements in accordance with the IFRS requires the use of certain critical accounting estimations. It also requires that the Directors use their knowledge in the process of applying the Group's accounting policies. Note 4 to these Consolidated Financial Statements stipulates those areas which require a high degree of understanding or complexity and the areas in which hypotheses and estimations have a material effect on these Consolidated Financial Statements.

The Consolidated Financial Statements are presented in euros, which serves as the Group's functional currency.

The figures contained in these Consolidated Financial Statements are expressed in euros to two decimal places, unless otherwise indicated.

### **2.1 Consolidation perimeter**

In 2022 and 2023, the Group's Parent Company is GLOBAL PIELAGO, SOCIMI, S.A., which owns 100% of the shares of the subsidiaries GLOBAL LUCANOR, S.L. (acquired in 2021) and GLOBAL SAUCO, SOCIMI, S.L. (acquired in 2020).

No type of goodwill arises from either acquisition nor are they considered business combinations, since at the time of acquisition the companies were not active.

### **2.2 Adoption of International Financial Reporting Standards**

### Standards and interpretations approved by the European Union and becoming effective in the year

The accounting policies used in preparing these Consolidated Financial Statements remain consistent with those employed in the Consolidated Financial Statements for the year ended 31 December 2022. None of the standards, interpretations, or amendments newly applicable in this financial year have affected the Group's accounting policies. The Group intends to adopt the standards, interpretations, and amendments issued by the IASB, which are not mandatory in the European Union, upon their effective dates, if applicable. While the Group is currently evaluating their implications, based on the analyses conducted thus far, the Group anticipates that their initial implementation will not significantly impact its Consolidated Financial Statements.

### **2.3 Functional currency**

The euro is the currency in which the Consolidated Financial Statements are presented, as this is the functional currency of the environment in which the Group operates.

### **2.4 Comparison of information**

The information contained in these Consolidated Financial Statements for 2022 is presented solely and exclusively for comparative purposes with information from the year ended 31 December 2023.

### **2.5 Responsibility for the information and estimates made**

The information contained in these Consolidated Financial Statements is the responsibility of the Directors of the Parent Company. In the Group's Consolidated Financial Statements for 2023, estimates made by the Senior Management of the Group and of the consolidated entities, subsequently ratified by their Directors, have occasionally been used to quantify some of the assets, liabilities, income, expenses and commitments recorded in them. Basically these estimates refer to:

- The market value of the Group's property assets (see Note 3.2). The Group has received estimates from independent valuers at 31 December 2023.
- The fair value of certain financial instruments (Note 3.11).
- The measurement of equity provisions and contingencies (Note 3.4).
- Financial risk management and especially liquidity risk (see Note 5).
- Compliance with the requirements that regulate Spanish Real Estate Investment Trusts (see Note 1).

Changes to estimates: Although these estimates were made on the basis of the best available information at 31 December 2023 on the events analysed, events that take place in the future might make it necessary to modify these amounts (upward or downward) in coming years, which would be done, pursuant to IAS 8, on a prospective basis by recognising the effects of the change in estimate in the corresponding consolidated income statement.

### **2.6 Consolidation principles applied**

Companies over which the Group can exercise effective control by holding a majority of the voting rights in their representation and decision-making bodies and the power to govern their financial and operating policies have been fully consolidated; and, where applicable, companies over which significant influence is exercised but not a majority of the voting rights and the interest held is more than 20% have been accounted for using the equity method.

Significant influence is also deemed to exist in investments that the Group holds with a shareholding of less than 20% if it maintains representation on the Boards of Directors of such companies by persons related to the Group.

In order to bring the accounting policies and principles of the Group companies into line with those used by the Parent Company, certain uniformity adjustments were made, including the application of International Financial Reporting Standards (IFRS) to all Group and associated companies. It has not been necessary to make any timing uniformity adjustments, as the reporting periods of all Group and associated companies end on 31 December each year.

### 2.6.1 Subsidiaries

Subsidiaries are deemed to be those over which the Parent Company exercises control, directly or indirectly through subsidiaries. The Parent Company controls a subsidiary when, due to its involvement in it, it is exposed to, or entitled to, variable returns and has the ability to affect those returns through its power over it. The Parent Company has power when it has substantive rights in force that provide it with the ability to direct relevant activities. The Parent Company is exposed to, or entitled to, variable returns due to its involvement in the subsidiary when the returns it obtains due to such involvement may vary depending on the economic performance of the entity. The Financial Statements of the subsidiaries are fully consolidated with those of the Parent Company. As a result, all material balances and effects of transactions between the consolidated companies have been eliminated on consolidation. The interests of third parties in the Group's equity and results are presented under the headings "Minority interests" of the consolidated statement of financial position, of the consolidated income statement and of the consolidated statement of comprehensive income, respectively. The profit or loss of subsidiaries acquired or disposed of during the year is included in the consolidated income statements from the effective date of acquisition or until the effective date of disposal, where applicable. Note 1.1 includes information on Group companies and associates.

### 3. Accounting policies

The principal accounting policies and valuation standards adopted by the Group, in accordance with which these Consolidated Financial Statements have been formulated, were drawn up in accordance with the EU - IFRS and are given here below:

#### 3.1 Cash and cash equivalents.

The Group classifies cash and cash equivalents as cash and current, highly liquid investments that are readily convertible to cash, have an investment term of less than three months and are not subject to significant risk of changes in value. The interest associated with these transactions is accounted for as income on an accruals basis, and interest not yet due at the close of the reporting period is included as an increase in "Cash and cash equivalents" in the consolidated statement of financial position.

#### 3.2 Investment properties

The investment properties include properties under construction and development for use as investment properties, investments are made partially or totally for the purpose of generating revenues, profits or both, instead of being used in the production or supply of good or services or for immediate sale in the ordinary course of business. They correspond to land, buildings and other constructions maintained for operation under a lease scheme or for capital gains for their sale as a result of any increases of their respective market prices that may take place in the future.

The Directors of the Parent Company do not intend to dispose of these assets within the time frame, having decided to retain these assets as investment properties in the consolidated statement of financial position.

Investment properties are initially measured at cost, including related transaction costs and financing costs, if any. After their initial measuring, investment properties are given at their fair value.

Investment properties are given at their fair value at the end of the reference period and are not depreciated as established in IAS 40.

Gains and losses arising from changes in the fair value of investment property must be included in net profit or loss for the period in which they arise.

While construction is in progress, the cost of construction works and finance expenses are capitalised. When the asset is ready to be put into operation, it is measured at its fair value.

Subsequent expenses are measured at their carrying amount only when it is probable that future economic benefits attributable to the expense will flow to the entity and the costs of the elements can be measured reliably. Other repairs and maintenance to the property are entered in the expenses for the year in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is cancelled.

As stipulated in IAS 40, the Group periodically determines the fair value of investment properties in such a way that at the end of the year they reflect the actual market state of the investment property elements on said date. This fair value is determined annually based on valuations conducted by independent valuers.

### **3.3 Recognition of income**

Income and expenses are recorded according to the accrual principle, that is, at the moment the goods or services transactions represented by them take place, regardless of when actual payment or collection occurs. Lease income is evaluated at the fair value of the consideration received, less discounts and taxes.

When the Group acts as principal and is exposed to the risks associated with the transactions, the revenues are expressed in gross terms. When the Group acts as an agent and is exposed to the risks associated with the transactions, the revenues are given on a gross basis. Income is calculated at the fair value of the consideration less trade discounts, volume discounts and rebates.

#### **Revenue from rentals**

Rental revenue is recognised on a straight-line basis on the best estimate of the term of the lease. When a lease agreement ends before expected, any pending grace period or discount is entered in the final period before the end of the contract.

### **3.4 Provisions**

The provisions given in IAS 37 are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expected payments necessary to settle the obligation, using a pre-tax rate that reflects the current market value of money and the specific risks inherent in the obligation. Adjustments to update provisions are recognised as a finance expense as they are accrued.

Provisions settled within a year or less, whose financial effect is immaterial, and are not discounted. When it is expected that part of the payment necessary to settle the provision is to be made by a third party, the disbursement is recognised as an independent asset, provided its receipt is almost entirely guaranteed.

### **3.5 Corporate Income Tax**

#### **General Regime**

The income tax expense for the year is calculated by adding the current tax resulting from the application of the corresponding tax rate to the tax base in the year less all existing bonuses and deductions, to the variations in deferred tax assets and liabilities during the year. It is recognised in the consolidated income statement, except when it relates to transactions that are recognised directly in equity, in which case the related tax is also recognised in equity, and on initial recognition of business combinations in which it is recognised in the same way as the other assets and liabilities of the acquired business.

Deferred tax assets are accounted in relation with the temporary differences arising between the carrying value and the taxable base of assets and liabilities on balance sheet date. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

The tax effect of temporary differences is included in the "Deferred tax assets" and "Deferred tax liabilities" captions of the balance sheet.

The Group recognises deferred tax liabilities for all taxable temporary differences, except for, in the event, those exceptions provided in applicable legislation.

The Group recognises deferred tax assets for all deductible temporary differences, unused tax credits and tax loss carryforwards, to the extent that the Group is likely to obtain future tax profits allowing these assets to be applied, except for, in the event, the exceptions provided by applicable legislation.

At the conclusion of each reporting period, the Group evaluates both recognised and previously unrecognised deferred tax assets. Based on this assessment, the Group derecognises previously recorded deferred tax assets when recovery is no longer probable, or registers a previously unrecorded deferred tax asset to the extent that it is probable that future tax profit will enable its application.

Deferred tax assets and liabilities are measured at the tax rate expected at the time of their reversal, in accordance with approved regulations in force, and with the manner in which it may reasonably be expected to recover or pay the deferred tax asset or liability.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets or liabilities, irrespective of the expected date of realisation or settlement.

### **SOCIMI Regime**

On 25 June 2020, applying retroactively from the year commencing on its incorporation on 29 January 2020, the Parent Company notified the Regional Office of the State Tax Administration Agency corresponding to its registered offices that its shareholders had agreed to adopt the special SOCIMI tax regime.

The special SOCIMI tax regime, after being amended by Law 16/2012 of 27 December, is based on a Corporate Income Tax rate of 0%, provided a series of requirements are met.

Nevertheless, the tax is accrued in proportion to the distribution of dividends. When tax loss carryforwards are generated, the Corporate Income Tax Act 27/2014 of 27 November is not applicable. The tax deduction and bonus schemes established in Chapters II, III and IV of the legislation are also not applicable. For anything else not envisaged in the Law on Spanish Real Estate Investment Trusts, the provisions of the Spanish Corporate Income Tax Act will also be applicable.

As established in Article 9 of the Law on Spanish Real Estate Investment Trusts, the entity is subject to a special rate of 19% on the total amount of dividends or profit sharing distributed to shareholders whose holding in the share capital of the entity is equal to or greater than 5%, provided that said dividends are exempt or taxed at a rate lower than 10% at their tax residences. This rate will be considered the Corporate Income Tax liability. In this regard, the Group has established a procedure by means of which it guarantees that its shareholders confirm the payment or withholding, when applicable, of 19% of the amount of the dividend paid to the shareholders who do not comply with the aforementioned tax requirements.

Furthermore, effective for tax periods commencing on or after 1 January 2021, pursuant to the amendment brought forth by the second final provision of Law 11/2021, dated 9 July, a new special tax of 15% is introduced. This tax applies to profits accrued in the year that remain undistributed to shareholders, particularly on the portion derived from income not subject to the standard corporate income tax rate or income covered by the reinvestment period outlined in Article 6.1.b) of the SOCIMI Law. This rate will also be considered a Corporate Income Tax liability.

Said SOCIMI Regime is considered as from the year beginning on 29 January 2020, independently of whether the Company complies with all the requirements for its application as, under Provisional Disposition One of Law 11/2009 on the SOCIMI Regime, the Company has a period of two years from the time it adopts the regime to comply with the same. The Company's Directors expect that the Company will comply with the requirements before the end of the two-year period.

The proposal for the application of the results of the year of the Parent Company, as formulated by the Board of Directors of the Parent Company and pending approval by the shareholders, is to apply the losses of the year towards the negative results of previous years. The Board of Directors estimates that the loss generated in the Abridged Individual Financial Statements will be offset by the profits generated in subsequent years. Moreover, the Company's subsidiaries have not paid dividends to the Company in either 2022 or 2023.



### **Other Taxes**

The Group's primary activity is leasing residential properties in mainland Spain and the Canary Islands, whose activity is subject to VAT or the Canary Islands General Tax (IGIC). Nevertheless, as the Company also owns a series of premises, the subsidiary GLOBAL SAUCO, SOCIMI, S.L. pays tax under the special pro-rata regime and, accordingly, any VAT or IGIC paid is partially recoverable.

The taxpayer in question may deduct 100% of the tax paid in operations which entitle them to a deduction; 0% in transactions which do not, and a percentage in transactions having to do with the overall management of the business. Said deduction percentage is determined on the basis of the total volume of transactions, giving rise to the right to a deduction or not, divided by the total volume of transactions giving rise to the right to a deduction.

### **3.6 Consolidation Policies**

#### **(a) Consolidation principles applied**

The main consolidation and valuation principles applied by the Group to prepare the Consolidated Financial Statements were as follows:

1. The Consolidated Financial Statements were prepared on the basis of the accounting records of Global Piélago, SOCIMI, S.A. and its subsidiary companies. Companies are considered to be subsidiaries of the Parent Company when the latter has effective control of them, as indicated in Point 6 below;
2. The income of the subsidiary companies for the period is included in the consolidated income statement as from the effective date of acquisition or incorporation;
3. All accounts payable and receivable and other transactions between consolidated companies have been eliminated in the consolidation process;
4. When necessary, the Financial Statements of the subsidiaries are adjusted to ensure that the accounting policies used are homogeneous with those used by the Parent Company of the Group;
5. Minority interests are reported at their share of the fair values of the identifiable assets and liabilities recognised. As of the year-end, the Group does not have any minority shareholders in its subsidiaries. The interests of minority shareholders in:
  - a. The assets of the investees: these are listed under the heading "External Shareholders" in the consolidated balance sheet, under the heading "Equity";
  - b. The profit or loss for the period are given under the heading "Net income attributable to external shareholders" in the consolidated income statement.
6. The criteria followed to determine the consolidation method applicable to the Group company is Full Consolidation:
  - The full consolidation method is used to consolidate all subsidiaries, defined as companies over which the Group has control to manage financial and operating policies, generally along with an interest of more than half the voting rights. The effect of any potential voting rights that are currently exercisable or convertible at year end are considered when assessing whether the Group exercises control over a company.
  - The initial measurement of subsidiaries is performed using the acquisition method. The acquisition cost is the fair value of the assets acquired, of the equity instruments issued and liabilities incurred or assumed on the date of exchange. The identifiable assets acquired and the identifiable liabilities and contingencies assumed in a business combination are evaluated initially at their fair value on the date of acquisition, independently of the scope of the minority interests. Any acquisition costs in excess of the fair value of the Group's interest in the identifiable acquired net assets is recognised as goodwill. If the acquisition cost is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised directly in the consolidated income statement for the period.

At 31 December 2023 and 2022 all subsidiaries had been consolidated by the full consolidation method.

#### **(b) Business combination**

The Group's business combinations are accounted for by use of the acquisition accounting method, requiring judgements and estimations in allocating fair values to the assets acquired and liabilities assumed in the transaction and in allocating the acquisition price to said fair values.

To integrate the businesses into the Group's Financial Statements, current accounting standards were applied, allocating the purchase price to the assets acquired and liabilities assumed on the basis of estimating their fair value on the date of acquisition.

(c) Subsidiaries

The subsidiaries are all those companies over which the Group holds control. The existence and effect of any potential voting rights that are currently exercisable are taken into account to assess whether the Group exercises control over a company. Subsidiaries are consolidated as of the date on which the control is transferred to the Group. They are excluded from the consolidation from the date on which it ends.

The acquisition accounting method is used to account for the Group's business combinations. The price paid for the acquisition of a subsidiary consists of the fair value of the assets transferred, the liabilities incurred by the previous owners of the concern and the shares issued by the Group. The transferred consideration includes the fair value of all assets and liabilities deriving from a contingent consideration agreement.

The acquired identifiable assets and the liabilities and contingencies assumed in a business combination are evaluated initially at their fair value on the date of acquisition. For each business combination, the Group may decide to recognise any interest not controlled in the acquired concern either at its fair value or in proportion to the non-controlling interest in the amounts recognised in relation to the interest in the identifiable net assets in the acquired concern.

The related costs are entered as expenses in the year in which they are incurred.

If the business combination is done in stages, it will be established at the fair value on the date of acquisition of the interest as previously determined by the acquirer, and be re-evaluated at its fair value on the date of acquisition. Any gain or loss resulting from this second valuation will be recognised in the profit or loss for the year.

Any contingent considerations to be transferred by the Group are recognised at their fair value on the date of acquisition. Subsequent changes to the fair value of the consideration classified as an asset or liability are recognised as established in IAS 39. Transactions between companies, balances and unrealised profits resulting from intragroup transactions between associates are eliminated. Unrealised losses are also eliminated if they have been adjusted and, if the amounts submitted by the subsidiaries must be adapted to the Group's accounting practices, the corresponding measures are applied.

(d) Changes in the ownership of subsidiaries with no change in control

Transactions involving non-controlling interests resulting in no loss of control are entered as asset transactions, in other words, as transactions with the owners in their capacity as such. The difference between the fair value paid for the consideration and the corresponding acquired proportion of the carrying amount of the subsidiary's net assets are entered in equity. Gains and losses resulting from the disposal of non-controlling interests are also recognised in the equity.

(e) Disposal of subsidiaries

When the Group relinquishes control, all interests held by the Group are adjusted to their fair value on the date on which control is relinquished, recognising the change in the recognised value in the consolidated income statement. Moreover, any amounts previously recognised in other comprehensive income with regard to the investee in question are entered as if the Group had directly sold the related assets and liabilities.

### **3.7 Share capital**

Share capital consists of ordinary registered shares.

The costs of issuing new shares are entered directly into assets as a reduction in the share premium.

In the event that the Group acquires treasury shares, the consideration paid includes all directly attributable incremental costs and is deducted from equity until the shares are cancelled. When these shares are sold or reissued, all amounts received are entered directly into equity.

### 3.8 Earnings per Share

The basic earnings per share is calculated by dividing the balanced average number of ordinary shares in circulation during the year by the net profit for the year attributable to the Parent Company, not including the average number of shares in the Parent Company in the Group company portfolios.

	2023	2022
Net profit for the period attributable to the shareholders	28,952,016	32,185,669
Total number of shares in circulation	8,830,637	8,355,637
<b>Basic earnings per share (euros)</b>	<b>3.28</b>	<b>3.86</b>
<b>Diluted earnings per share (euros)</b>	<b>3.28</b>	<b>3.86</b>

### 3.9 Leases

Leases are classified as finance leases whenever the terms of the lease substantially transfer the risks and rewards incidental to ownership of the leased asset to the lessee.

All other leases are classified as operating leases. At 31 December 2023 and 2022, the Group does not possess any finance leases.

#### Operating lease

The income and expense deriving from operating lease contracts are charged to the consolidated income statement in the year in which they accrue.

Any collection that may be made when contracting an operating lease will be treated as an advance collection that will be allocated to profit or loss throughout the lease period, as the profits of the leased asset are assigned or received on a straight-line basis.

#### Evaluating the impact of IFRS 16 Leases

IFRS 16 establishes the principles for the recognition, measurement, presentation and disclosure of information for leases.

It introduced a single model for accounting for leases which requires that the assets and liabilities of all leases of over 12 months be accounted, in a manner similar to those previously classified as finance leases. In relation to the lessee's accounts, the accounting requirements in force prior to IAS 17 are substantially maintained.

In this regard, the Directors have estimated that there was no material impact on the Consolidated Financial Statements and, accordingly, no impact has been entered for the first application of said item.

#### Amendment to IFRS 16: COVID-19-related rent concessions

In April 2020 the IASB published an educational document clarifying the treatment of concessions/relief provided to lessees in relation to the exceptional situation arising as a result of the COVID-19 pandemic. As the IASB makes clear, these concessions/relief may be considered changes in the scope of a lease agreement and, therefore, amendments to contracts.

This new guidance concluded with regard to the accounting treatment to be given to the two possible situations in which a lessor may find themselves:

- Future concessions agreed for future periods: In this situation, the lessor will apply IFRS 16 and may straight-line future concessions agreed with the lessee.

The Group has recorded no impact for this situation at 31 December 2023, or at year-end 2022.

- Concessions or relief for past rent: In this situation, the lessor may recognise a credit impairment, as established in IFRS 9, or conduct the same exercise as in the previous situation.

### 3.10 Financial assets

The Group recognises a financial instrument when it becomes a party to the agreement or legal transaction in accordance with its provisions. The Group has classified its financial assets in accordance with IFRS 9 "Financial Instruments". The criterion for classifying financial assets depend both on how an entity manages its financial instruments (its business model) and the existence and characteristics of contractual cash flows from financial assets. On this basis, the asset is measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss for the period, as follows:

- If the objective of the business model is to hold a financial asset to collect contractual cash flows and, in accordance with the terms of the contract, cash flows are received at specified dates that are solely payments of principal plus interest on that principal, the financial asset is measured at amortised cost.
- If the objective of the business model is both to obtain contractual cash flows and to sell them and, in accordance with the terms of the contract, cash flows are received on specified dates that are solely payments of principal plus interest on that principal, the financial assets will be measured at fair value through other comprehensive income (equity). Outside of these scenarios, the rest of the assets shall be valued at fair value through profit or loss. All equity instruments (for example, shares) are measured in this category by default. This is because their contractual cash flows do not meet the condition of being solely principal and interest payments. Financial derivatives are also classified as financial assets at fair value through profit or loss, unless they are designated as hedging instruments.

For valuation purposes, financial assets must be classified into one of the following categories, the accounting policies of which are set out below:

- Financial assets at amortised cost: these assets are carried after initial recognition at amortised cost using the effective interest method. Said amortised cost will be reduced by any impairment losses. They will be recorded in the consolidated income statement for the period when the financial asset is derecognised or impaired, or for exchange differences. The interest calculated using the effective interest method is recognised in the income statement under the "Finance income" heading.
- Financial assets at fair value through profit or loss: financial assets at fair value through profit or loss are recognised initially and subsequently at fair value, excluding transaction costs, which are taken to the consolidated income statement. Gains or losses from changes in fair value are presented in the income statement under "Changes in fair value of financial instruments" in the period in which they arise. Any dividend or interest is also taken to financial profit or loss.
- Debt instruments at fair value through other comprehensive income: They are subsequently carried at fair value, with changes in fair value recognised in "Other comprehensive income". Interest income, impairment losses and exchange differences are recorded in the consolidated income statement. When sold or derecognised, the cumulative fair value adjustments recognised in "Other comprehensive income" are included in the income statement as "Other finance income/(expense)".
- Equity instruments at fair value through other comprehensive income: They are subsequently measured at fair value. Only dividends are taken to profit or loss unless they clearly represent a recovery of the cost of the investment. Other gains or losses are taken to "Other comprehensive income" and are never reclassified to profit/(loss).
- Financial assets at cost: Financial assets that should be classified in the above category but whose fair value cannot be reliably estimated. Impairment of financial assets: the impairment model is applicable to financial assets measured at amortised cost that include the item "Trade and other accounts receivable". The impairment model is based on a dual valuation approach, whereby there will either be an impairment allowance based on expected losses over the following 12 months or based on expected losses over the lifetime of the asset. Switching from the first approach to the second is determined by a significant deterioration in credit quality.

### 3.11 Financial liabilities

#### a) Trade and other accounts payable

This category includes trade payables and non-trade payables. These external resources are classified as current liabilities, unless the Group has the unconditional right to defer their settlement for at least 12 months after the date of the consolidated statement of financial position.

These liabilities are initially recognised at fair value, adjusted for directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method. Said effective

interest is the update rate equalling the carrying amount of the instrument with the expected flow of payments until maturity.

Notwithstanding the foregoing, trade payables maturing in less than a year and without a contractual interest rate are valued, both initially and subsequently, at their par value, when the effect of not updating the cash flows is not significant.

The Group derecognises financial liabilities when the obligations cease to exist.

When debt instruments are exchanged, provided that they have substantially different conditions, the original financial liability is derecognised and the new financial liability arising is recognised. Similarly, a substantial modification is recorded in the current conditions of a financial liability. The difference between the carrying amount of the financial liability, or the part thereof that has been derecognised, and the consideration paid, including attributable transactions costs, also including any assigned asset other than the cash or liability undertaken, is recognised in the consolidated income statement on the date it takes place.

When there is an exchange of debt instruments that do not have materially different conditions, the original financial liability is not derecognised from the consolidated statement of financial position, and the amount of fees paid are entered as an adjustment in the carrying amount. The new amortised cost of the financial liability is determined by applying the effective interest rate, which is the rate matching the carrying amount of the financial liability on the date of modification with the cash flows payable in accordance with the new conditions.

Should there be any renegotiation of existing payables, no substantial amendments of the financial liability are considered to exist when the lender of the new loan is the same party granting the initial loan and the present value of cash flows including net fees differs by less than 10% from the present value of the cash flows pending payment of the original liability, calculated using the same method.

### **3.12 Equity items of an environmental nature**

Assets of an environmental nature are those which are used with lasting effect in the Group's activities and which have as their primary purpose to minimise environmental impact and protect and improve the environment, including by reducing or eliminating pollution in the future.

The Group's activity inherently has no significant environmental impact.

### **3.13 Consolidated Cash Flow Statement**

The following expressions are used in the consolidated statement of cash flows prepared according to the indirect method in the following senses:

- Cash flows: inflows and outflows of cash and their equivalents, defined as current, highly liquid investments with low risk of changes in value.
- Operating activities: typical activities and other activities of entities making up the consolidated Group, which cannot be classified as investment or financing.
- Investment activities: activities for acquisition, sale or disposal by other means of non-current assets, and other investments not included in cash and cash equivalents.
- Financing activities: activities that cause changes in size and structure of the assets and liabilities that do not form part of the operating activities.

## **4. Estimations**

Preparing these Consolidated Financial Statements requires the Directors of the Parent Company to make judgements, estimations and assumptions which affect how accounting policies are applied and asset and liability and income and expenditure balances. The real results may differ from said estimations.

The Parent Company's Directors review these estimations on an ongoing basis. However, in view of their inherent uncertainty, there is a risk that significant adjustments may have to be made to the future in relation to the value of the affected assets and liabilities, as well as changes in the assumptions, facts and circumstances on which they are based.

To prepare these Consolidated Financial Statements, the judgements made by the Directors of the Parent Company in applying the Group's accounting principles and the main areas of uncertainty in their estimations are the following:

Fair value of investment properties

The fair value is determined by independent external valuers, using valuation techniques and assumptions, such as estimated future cash flows and estimated appropriate discount rate for said future cash flows, and also management assessments based on economic models.

Additionally, investment properties under development also require an estimation of construction costs. In this case, the fair value is determined on the basis of the most recent transactions involving properties of similar characteristics and locations as the property being assessed.

The best evidence of the fair value of investment properties on the market is their comparison with similar assets. When this information is not available, the valuer determines the fair value by applying a range of fair values. When making these judgements, the valuer uses a series of sources, including:

- i. Current prices in an active market with different types of properties, under different conditions and in different places, adjusting them to the differences with the Group's assets.
- ii. Recent prices of properties in other, less active markets, adjusting them to the changes in economic conditions since the date of the transaction.
- iii. Discounting cash flows based on estimations deriving from the terms and conditions of current rental agreements and, if possible, market price evidence for similar properties in the same place, using discount rates that reflect the uncertainty of the time factor.

Valuation and assumption techniques applied to measure fair value.

The fair value of financial assets and liabilities is determined as follows:

- The fair value of financial assets and liabilities with standard terms and conditions traded on active, liquid markets is determined in reference to market prices.
- The fair value of other financial assets and liabilities (not including derivatives) is determined using generally accepted valuation models based on discounting cash flows, using observable transaction prices on the market and quotes for similar instruments.

Financial instruments evaluated subsequently to their initial recognition at fair value are classified into levels 1 to 3, based on the degree to which the fair value is observed.

- Level 1: referenced to quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: referenced to other observable inputs (other than the quoted prices included in Level 1) for the asset or liability, whether directly (prices) or indirectly (deriving from prices).
- Level 3: referenced to valuation techniques including inputs for the asset or liability not based on observable market data (non-observable inputs).

There are no transactions in levels 1, 2 or 3.

Note 6 also provides detailed information on calculating the fair value of investment property which, according to Level 3, amounted in 2023 to 308,280,851 euros (in 2022 the amount corresponding to that level was 251,075,200 euros), without including advances for investment property.

At 2023 year-end:

	Level 1	Level 2	Level 3	Total
<b>Non-current financial investments</b>	-	-	555,661	555,661
<b>Current financial derivatives</b>		2,145,390		2,145,390
<b>Current financial investments</b>	-	-	7,374,061	7,374,061
	-	<b>2,145,390</b>	<b>7,929,722</b>	<b>10,075,112</b>

At 2022 year-end:

	Level 1	Level 2	Level 3	Total
<b>Non-current financial derivatives</b>	-	2,746,501	-	2,746,501
<b>Non-current financial investments</b>	-	-	521,130	521,130
	-	<b>2,746,501</b>	<b>521,130</b>	<b>3,267,631</b>

Additionally, in 2023, a new derivative was contracted within the existing framework agreement at GLOBAL LUCANOR, S.L.

#### Corporate Income Tax

The Parent Company is covered by the tax regime established in Law 11/2009 of 26 October on Spanish Real Estate Investment Trusts (SOCIMI), which, provided they comply with a series of requirements, pay tax at a rate of 0%.

The Parent Company's Directors monitor compliance with the applicable legal requirements to ensure that the company is entitled to the tax gains established by law.

In this regard, the Parent Company's Directors consider that said requirements will be fulfilled within the established deadlines and, accordingly, have recognised no expenditure in relation to corporate income tax.

### **5. Managing Financial Risk and Financial Instruments.**

#### **5.1 Financial risk factors**

The Group's activities are exposed to a series of financial risks. The Group's global risk management programme focuses on uncertainty in the financial markets and aims to minimise potential effects on its return on equity.

Risk management is handled by the management company Briks Residential, S.L.U.

##### **5.1.1 Market risk**

Due to the current situation of the real estate sector, and with the aim of mitigating its potential negative impacts, the Group has specific measures in place to reduce their impact on its balance sheet.

The application of these measures is subject to the results of the sensitivity analysis that the Group performs on a recurring basis. These analyses take into account:

- Economic environment in which it carries out its activity: Design of different economic scenarios modifying the key variables that can affect the group (interest rates, share prices, % occupancy of investment properties, etc.). Identification of those interdependent variables and their level of linkage.
- The time frame in which the evaluation is being done: The time horizon of the analysis and its possible deviations will be taken into account.

The Group is exposed to market risk due to possible property vacancies or downward renegotiations of lease contracts when the rental contracts expire.

This risk would directly negatively affect the measurement of the assets.

##### **5.1.2 Liquidity risk**

The liquidity risk is defined as the risk of the Group not fulfilling its obligations in relation to settled financial liabilities or other financial assets.

The Group implements a prudent liquidity risk management policy, having the sufficient liquidity to fulfil all due obligations, not just in normal market conditions, but also in times of uncertainty, without incurring unreasonable losses or endangering the reputation of the Group. At 31 December 2023, the Group had bank loans and borrowings. In 2022, the Group also had bank loans and borrowings.

### **5.1.3 Currency risk**

The Group is exposed to no risk with regard to possible exchange rate fluctuations, as it conducts all transactions in euros, its functional and accounting currency, and transactions with third parties are paid in other residual currencies.

### **5.1.4 Credit risk**

The Group has cash and deposits in Spanish banks, being thus exposed to their stability and insolvency risks.

Another credit risk lies in the possible insolvency of tenants. Accordingly, the Group selects tenants with the highest possible credit rating. However, business units are occasionally acquired with tenants in place who, already installed, could not be assessed by the Group. The Group attempts to attenuate the risk of non-payment by having tenants pay advances.

### **5.1.5. Tax risk**

As mentioned in Note 1, the Parent Company and its subsidiaries are covered by the special tax regime for Spanish Real Estate Investment Trusts (SOCIMI). Article 6 of Law 11/2009 on Spanish Real Estate Investment Trusts, as amended by Law 16/2012, establishes that dividends must be paid out to shareholders, providing certain trade obligations are fulfilled. Dividend payouts must be approved within six months of the end of the tax year, and paid within one month of their approval.

If the General Shareholders' Meeting of a SOCIMI does not approve the dividend share-out proposed by the Board of Directors, calculated in accordance with the requirements of the law, they may be infringing the law and, therefore, would be taxed in accordance with the general tax regime rather than the one that applies to SOCIMI.

### **5.1.6. Segment Financial Reporting**

The Group groups its segments based on the nature of the assets in the various areas in which it pursues its strategy. In that regard, each operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. The operating profit of each segment is regularly reviewed by the Group's management to decide on the resources to be allocated to each segment, to assess its performance and for which separate financial information is available. The Parent Company's Directors deem that the Group operates in a single segment, which is real estate, and all operations are conducted in Spain.

### **5.1.7. Environment**

The Group conducts operations with the primary goal of preventing, reducing or repairing damage to the environment as a result of its activities; see climate change management policies in Note 16. Expenses arising from environmental activities are recognised as operating expenses in the period in which they are incurred. However, the Group's activity inherently has no significant environmental impact.

### **5.1.8. Consolidated Cash Flow Statement**

The following expressions are used in the consolidated cash flow statements prepared according to the indirect method in the following senses: 1. Cash flows: inflows and outflows of cash and their equivalents, defined as current, highly liquid investments with low risk of changes in value. 2. Operating activities: typical activities and other activities of entities making up the consolidated Group, which cannot be classified as investment or financing. 3. Investment activities: activities for acquisition, sale or disposal by other means of non-current assets, and other investments not included in cash and cash equivalents. 4. Financing activities: activities that cause changes in size and structure of the assets and liabilities that do not form part of the operating activities.

## **6. Investment properties**

Investment properties include: apartments, lofts, storage rooms, parking spaces and business premises owned by the Group for long-term leases, and not occupied by Group affiliates.

The following are the movements occurring under this heading during the year in progress:



In euros	
Investment properties	
<b>Balance at 1 January 2023</b>	<b>251,075,200</b>
Line-item acquisitions/additions	19,749,629
Disposals	(1,427,528)
Investment property valuation result	38,883,550
<b>Balance at 31 December 2023</b>	<b>308,280,851</b>

The following are the changes occurring under this heading during the previous year:

In euros	
Investment properties	
<b>Balance at 1 January 2022</b>	<b>98,358,999</b>
<b>Additions of properties</b>	115,583,829
<b>Disposals</b>	(175,499)
<b>Investment property valuation result</b>	37,307,871
<b>Balance at 31 December 2022</b>	<b>251,075,200</b>

At 31 December 2023, the subsidiaries had 2,968 properties on their books. Of these, 2,307 properties belong to GLOBAL LUCANOR, S.L. and the remaining 691 to GLOBAL SAUCO, SOCIMI, S.L.

At 31 December 2022, the subsidiaries had a total of 2,709 properties on their books. Of these, 2,031 properties belong to GLOBAL LUCANOR, S.L. and the remaining 678 properties belong to GLOBAL SAUCO, SOCIMI, S.L.

From the time the Parent Company was incorporated up to 31 December 2023, the Group had performed the following transactions:

**GLOBAL SAUCO, SOCIMI, S.L. property purchases:**

In 2023 and 2022 the subsidiary Global Sauco, SOCIMI, S.L. did not acquire any property.

**GLOBAL LUCANOR, S.L. property purchases:**

Subsidiary GLOBAL LUCANOR acquired properties distributed among several portfolios on the following dates and for the amounts indicated below:

In 2022, the Group acquired a total of 1,476 properties for a total amount of 111,836,098 euros through various deeds of sale executed before the notary public of Madrid, Mr. Ignacio Paz Ares Rodríguez. The remaining amount up to the additions in 2022 corresponds to improvements made to various properties owned by the subsidiary Global Lucanor, S.L.

In 2023, the Group acquired a total of 255 properties for a total amount of 14,202,733 euros through various deeds of sale executed before the notary public of Madrid, Mr. Ignacio Paz Ares Rodríguez. The remaining amount up to the additions in 2023 corresponds to improvements made to various properties owned by the Company.

**Valuation procedure**

At 31 December 2023, the investment properties were recognised at their fair value, this being understood as their market value. The market value of the Group's investment properties at 31 December 2023, less advances on investment properties, as calculated by independent valuers, amounted to 308,280,851 euros. At 31 December 2022, this amount came to 251,075,200 euros.

The results recognised in the consolidated income statement as a result of the variation in the fair value of the investment properties amounts to 38,883,550 euros. In 2022 this amount came to 37,307,871 euros. As indicated in IFRS 13, in certain cases, the transaction price may not reflect the fair value of the asset at initial recognition. The Group's investment properties have been valued by an independent, expert valuation firm, as per the standards of the Royal Institute of Chartered Surveyors (RICS) based in England.

The approach used to calculate the market value of the investment properties is the sales comparison. This method is based on the principle of substitution, meaning that the asset is compared to others

whose value is known. The greater the similarity between them with regard to construction type, location, etc., the more reliable the result.

The primary variables that influence and affect the market, such as relative weighting, must be determined. This may be done directly or by using regression analysis applying the models. The commonly used factors are: location, build quality, build age, build status and condition, surface area and fitness for purpose.

Similar operations may include sales and lease arrangements in the area, the supply of land and buildings and the opinions of other valuers or agents. As a result, the value is determined by identifying comparable transactions for the sale and closure of operations, which are comparable in terms of location, as well as condition and functionality.

The first step towards obtaining a reliable comparison is to standardise the (comparable) unit market prices obtained, based on a series of parameters including surface area, location, asset quality/specifications, etc.; the second is the weighting of these values based on the degree of similarity between the assets being compared. These are the main factors or variables used to determine variations in the specific market, such as the correct weighting.

The entirety of the Group's assets is classified within level 3 of the hierarchies outlined in IFRS 13.

#### Advances for investment property acquisitions

In addition to the items included under the heading "Investment property", the Group presents a balance of 2,630 euros in 2023, the same balance presented at 2022 year-end, for payments made by the Group for the acquisition of properties pending acquisition based on the signing of the Alcázar I and Alcázar II private purchase-sale agreements. Furthermore, concerning the procurement and divestment of properties conducted in GLOBAL LUCANOR, S.L., the Group executed an initial payment of 18,083,129 euros for the acquisition of properties within the new portfolios. At 2022 year-end, the remaining balance stood at 72,118,989 euros.

These advances are amounts paid as earnest money, making the offers irrevocable and obliging the Group to acquire the properties in question. This notwithstanding, the final implementation of the contract is subject to a series of conditions precedent contingent on the legal, property and tax reviews being satisfactory after reviewing the corresponding legal documents.

Any unjustified failure by the Group to perform the sale contracts within the specified time, will entitle the sellers to terminate the contract and retain the advances.

#### Disposal of Properties:

In 2022, the Group disposed of properties by means of several deeds of sale. The purchase price of the properties amounted to 175,499 euros. Additionally, the total profits resulting from the sale of investment property in 2022 amounted to 210,897 euros (Note 15.b).

In 2023, the Group disposed of twenty-four properties by means of several deeds of sale. The purchase price of the properties amounted to 1,427,528 euros. The total profits resulting from the sale of investment properties in 2023 amounted to 187,635 euros. This figure comprises profits of 260,744 euros for GLOBAL LUCANOR, S.L. Conversely, GLOBAL SAUCO, SOCIMI, S.L. incurred a loss of 73,890 euros.

#### Operating leases

The revenue recognised in the year by the group has its origin in rental revenues deriving from lease agreements, as stated above.

The total amount of minimum future receivables for non-cancelled operating leases is as follows:

## Year 2023

Expiry of Leases	EUROS
Under one year	9,597,441
From one to two years	13,591,802
From two to three years	12,926,701
Over three years	12,926,701
<b>TOTAL</b>	<b>36,115,945</b>

## Year 2022

Expiry of Leases	EUROS
Under one year	5,174,703
From one to two years	7,711,353
From two to three years	6,005,199
Over three years	4,322,391
<b>TOTAL</b>	<b>23,213,646</b>

## Insurance

The Group's policy is to cover all possible risks which may affect its investment properties by taking out insurance policies having coverage considered sufficient by the Directors of the Parent Company.

### 7. Other financial assets

#### 7.1 Non-current financial investments

By virtue of the Subsidiaries operating lease agreements, at 31 December 2023 the Group recognised the sum of 554,603 euros as advances deposited with official bodies. At 31 December 2022, the amount came to 520,149 euros.

In turn and under this heading, the subsidiaries recognised certain advances to third-party service providers amounting to 1,058 euros (in 2022 the amount came to 981 euros).

#### 7.2 Financial Derivatives

This sum corresponds to three financial derivatives entered into by the subsidiaries on 12 August 2022 with the financial institution J.P. Morgan. This financial tool entails a single premium payment of 906,000 euros, enabling the subsidiaries to hedge risk of interest rate escalation concerning the mortgage loans held with J.P. Morgan.

The Group must assess impairment testing for valuation purposes using observable prices from recent transactions for the same asset being valued or using prices based on observable market data or market indices that are available and applicable.

This gives rise to a fair value hierarchy that classifies estimates into three levels:

- Level 1: Estimates that use unadjusted quoted prices in active markets for identical assets or liabilities available to the company at the valuation date.
- Level 2: Estimates that use quoted prices in active markets for similar instruments or other valuation methodologies where all significant inputs are based on directly or indirectly observable market data.
- Level 3: Estimates where a significant variable is not based on observable market data.

The fair value of the derivative financial instruments recorded by the Group is determined on a level-2 basis based on estimates that use quoted prices in active markets for similar instruments or other valuation methodologies where all significant inputs are based on directly or indirectly observable market data.

The financial instruments, CAP (confirmation of maximum interest rate option) derivatives have the following characteristics:

<b>Single premium</b>	906,000 euros
<b>Transaction date</b>	12 August 2022
<b>Maturity date</b>	14 October 2024
<b>Nominal amount</b>	2,145,390 euros
<b>CAP rate</b>	1.50%
<b>Variable rate</b>	3-month EURIBOR

At 2023 year-end, the fair value of derivatives classified as current amounted to 2,145,390 euros (compared to 2,746,501 euros recorded as non-current in 2022), with a corresponding gain of 202,044 euros recorded in the consolidated income statement (compared to 2,027,001 euros in 2022).

Subsequent to year-end, on 12 February 2024, the Group renewed the derivative contracts, extending the maturity date to 14 January 2026.

### 7.3 Current receivables

On 21 August 2023, the Group engaged in a series of promissory notes with maturities spanning 3 months, 6 months, and 9 months, each bearing varying interest rates. The particulars of the promissory notes at 31 December 2023 (with a balance of 0 euros at 31 December 2022) are outlined below.

Maturity	Maturity date	Initial amount		Accrued interest	
		LUCANOR	SAUCO	LUCANOR	SAUCO
6-month promissory note	7/02/2023	1,509,834	467,235	9,524	2,948
9-month promissory note	15/05/2023	3,257,009	2,084,721	26,090	16,700
<b>TOTAL</b>		<b>4,766,843</b>	<b>2,551,956</b>	<b>35,614</b>	<b>19,648</b>

In November 2023, Banco Sabadell repaid the 3-month promissory notes, yielding accrued and collected interest of 9,515 euros.

However, at 31 December 2023, a total principal amount of 7,318,799 euros remained outstanding. Accrued and uncollected interest amounted to 55,262 euros. Consequently, the finance income recorded in the consolidated income statement for 2023 stood at 64,778 euros.

### 8. Inventory

At 31 December 2023, the Group recorded 19,334,823 euros as supplier advances, mainly for the purchase of investment property close to year-end. At 31 December 2022, the amount was 74,202,187 euros.

### 9. Trade and other receivables

Under Trade receivables for sales and services, the Group recognises the sum of 966,821 euros as rents owed by customers (at the end of 2022 that amount came to 820,497 euros), less certain advances received from tenants, as well as what was owed for the settlement of the sales of financial rights to the third party that sold them.

During 2023, the Group recorded impairment of trade receivables totalling 938,584 euros (Note 15.c), representing the aggregate amount of trade receivables impairment at 2023 year-end (181,807 euros at 2022 year-end).

The criteria for recognising impairment meet one of the following conditions:

- A twelve-month period has transpired since the maturity of the obligation.
- The debtor is undergoing insolvency proceedings.
- The debtor is facing prosecution for misappropriation of assets.
- The obligations have been legally claimed or are under judicial or arbitration proceedings upon which their collection hinges.

## 10. Cash and cash equivalents

This heading includes cash and cash equivalents of the Group in cash, banks and short-term deposits maturing in three months or earlier. The carrying amount of these assets is equivalent to their fair value.

At 31 December 2023, the balance of "Cash and cash equivalents" came to 12,469,792 euros, of which 4,536,991 euros is fully available, while 7,932,801 euros are in pledged bank accounts. The cash balance at the end of 2022 was 31,228,855 euros, of which 25,244,729 euros was fully available, while 5,984,126 euros were in pledged bank accounts.

## 11. Equity and shareholders' equity

### Share capital and share premium

At 31 December 2023 the share capital of the Parent Company amounted to €8,830,637, represented by 8,830,637 shares, each with a par value of €1. All shares are the same class and fully subscribed and paid up. In turn, at 2022 year-end, the share capital of the Parent Company amounted to 8,335,637 euros, represented by 8,335,637 shares, each with a par value of 1 euro. All shares are the same class and fully subscribed and paid up. In addition, the share premium at 2023 year-end amounts to 22,618,181 euros (20,709,653 euros at 31 December 2022).

At 31 December 2021 the share capital of the Parent Company amounted to 5,000,000 euros, represented by 5,000,000 shares, each with a par value of 1 euro. All shares are the same class and fully subscribed and paid up. The share premium at the end of the year comes to 7,602,083 euros. Heimdall Luxembourg Holdings II S.à r.l. held 4,925,000 shares, representing 98.5% of the share capital and with a share premium of 7,488,052 euros. Welcomechance, S.L.U. held 75,000 shares, accounting for 1.5% of the share capital and with a share premium of 114,032 euros.

On 12 July 2022, a capital increase was approved by issuing 1,018,137 new shares, each with a par value of 1 euro. These shares are issued with a share premium of 3.92 euros/share; the total amount is 3,991,097.04 euros. After the abovementioned share capital increase and share premium, the shares are distributed as follows: Heimdall Luxembourg Holdings II S.à R. L holds 5,943,137 shares, representing 98.75% of the share capital. Welcomechance S.L. holds 75,000 shares, representing 1.25% of the remaining share capital.

Furthermore, during the same year 2022, on 22 November, another capital increase is carried out; increasing the capital by 1,537,500 euros, as 1,537,500 shares each with a par value of one euro are issued. These shares are issued with a share premium of 3.92 euros/share; the total amount is 6,027,000 euros. After the abovementioned share capital increase and share premium, the shares are distributed as follows: Heimdall Luxembourg Holdings II S.à R. L holds 7,480,637 shares, representing 99.01% of the share capital. Welcomechance, S.L. holds 75,000 shares, representing 0.99% of the remaining share capital.

On 21 December 2022, the Parent Company makes a third capital increase during 2022, issuing 780,000 new shares, each with a par value of 1 euro and a share premium of 3.92 euros/share, for a total amount of 3,837,600 euros. After this transaction, Heimdall Luxembourg Holdings II S.à R. L holds 8,260,637 shares representing 99.10% of the share capital. Welcomechance, S.L. retains 75,000 shares, representing 0.90% of the share capital. The latest capital increase was registered on 10 January 2023, without any modifications to the resolution approved by shareholders at their General Meeting in 2022.

Subsequently, on 29 June 2023, the Parent Company executed a capital increase, issuing 495,000 new shares, each with a par value of 1 euros and a share premium of 3.92 euros per share, culminating in a total sum of 1,940,400 euros. After this transaction, Heimdall Luxembourg Holdings II S.à R. L holds 8,755,637 shares representing 99.15% of the share capital. Welcomechance, S.L. retains 75,000 shares, representing 0.85% of the share capital.

### Legal reserve and other reserves

The Spanish Corporate Enterprises Act requires that the limited company transfers 10% of profits for the period to a legal reserve until this reserve reaches an amount equal to at least 20% of share capital. This legal reserve can be used to increase capital in the part exceeding 10% of capital after the increase. Apart from the purpose mentioned above, the legal reserve may only be used to offset

losses, providing it does not exceed 20% of the capital and taking into account the limits in place under the SOCIMI regime , provided no other sufficient reserves are available for the purpose.

Under Law 11/2009, regulating Spanish Real Estate Investment Trusts (SOCIMI), the legal reserves of companies subject to the special tax regime established therein may not exceed 20% of their share capital. The bylaws of these companies may not establish any restricted reserve other than the foregoing one.

The legal reserve will be allocated in compliance with Article 274 of the recast text of the Corporate Enterprises Act, which requires that companies in all cases transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of the share capital. It cannot be distributed and if used to offset losses because there are insufficient other reserves for this purpose, it must be replenished with future profits.

At 31 December 2023, the Group had not funded this reserve to the minimum limit established by the recast text of the Spanish Corporate Enterprises Act.

#### Unitholder contributions

At 31 December 2023, the total amount of unitholder contributions amounts to 86,293,012 euros, with 85,482,043 euros corresponding to majority shareholder Heimdall Luxembourg Holdings II, S.Á.R.L., and 819,969 euros to Welcomechance, S.L.U. Whereas, at 31 December 2022, the total amount of unitholder contributions amounted to 82,096,540 euros, with 81,317,443 euros corresponding to majority shareholder Heimdall Luxembourg Holdings II, S.á.R.L., and 779,097 euros to Welcomechance, S.L.U.

The unitholder contributions received since the incorporation of the companies have been as follows:

- Heimdall Luxembourg Holdings II, S.Á.R.L.

Date	Contributions
16/06/2023	4,164,600
21/12/2022	6,562,400
22/11/2022	12,935,500
12/07/2022	10,658,893
22/06/2022	6,698,000
15/06/2022	8,077,000
1/03/2022	4,235,500
23/11/2021	21,177,500
13/05/2021	2,758,000
16/10/2020	5,861,172
27/03/2020	2,353,478
<b>TOTAL</b>	<b>85,482,043</b>

- Welcomechance, S.L.U.

Date	Contributions
8/07/2022	31,875
30/06/2022	102,000
13/06/2022	123,000
3/03/2022	64,500
23/11/2021	322,500
13/05/2021	42,000
16/10/2020	35,838
27/03/2020	89,256
<b>TOTAL</b>	<b>810,969</b>

#### Shareholder structure

At 31 December 2023, the direct shareholders of the Group were:

- Heimdall Luxembourg Holdings II S.á R.L., majority shareholder holding 99.15% of the shares (99.01% of the shares at year-end 2022)
- Welcomechance, S.L.U., minority shareholder, holding 0.85% of the capital. (0.99% of the shares at year-end 2022).

### Earnings per Share

At 31 December 2023 and 2022, the details to be taken into account to calculate earnings/(losses) per share were:

	2023	2022
Net profit for the period attributable to the shareholders	28,952,016	32,185,669
Total number of shares in circulation	8,830,637	8,355,637
<b>Basic earnings per share (euros)</b>	<b>3.28</b>	<b>3.86</b>
<b>Diluted earnings per share (euros)</b>	<b>3.28</b>	<b>3.86</b>

### Appropriation of profit/loss

The proposed distribution of the Parent Company profit or loss to be submitted to the General Shareholders' Meeting is as follows:

APPROPRIATION OF PROFIT/LOSS	EUROS	
	2023	2022
<b>Basis of appropriation</b>		
Profit/Loss in Income Statement	(584,672)	(485,225)
<b>TOTAL</b>	<b>(584,672)</b>	<b>(485,225)</b>
<b>Appropriation</b>		
Prior years' losses	(584,672)	(485,225)
<b>TOTAL</b>	<b>(584,672)</b>	<b>(485,225)</b>

This distribution is expected to be approved by the General Shareholders' Meeting in early 2024. The distribution of profit/loss for 2022 was approved on 9 May 2023, against prior years' losses.

### Dividend distribution policy

Dividends will be paid in cash when available, and recognised as a liability in the Consolidated Financial Statements in the period in which they are approved by the shareholders of the Parent Company or the subsidiary.

After fulfilling the corresponding commercial obligations, SOCIMIs must distribute the profit obtained in the year to its shareholders, in the form of dividends, and should resolve on this distribution within six months of the end of each year as follows:

- a) 100% of the profits from dividends or profit sharing distributed by the companies to which Article 2.1 of this Law refers.
- b) At least 50% of the profits from the transfer of real estate and public or private limited liability company shares referenced in Article 2.1 of this Law, performed following the end of the periods to which Article 3.3 of this Law refers, subject to the fulfilment of its main corporate purpose. The remaining profits should be reinvested in other real estate or shares subject to the fulfilment of that purpose, within three years of the transfer date. Otherwise, these profits should be distributed in their entirety and together with any profits, as appropriate, from the year in which the reinvestment period ends. If the elements for reinvestment are transferred prior to the maintenance period, any profits should be distributed in their entirety together with any profits, as appropriate, from the year in which they were transferred. The distribution obligation does not cover, where appropriate, that part of the profits attributable to years in which the company was not taxed by the special tax regime established in this Law.
- c) At least 80% of the rest of the profits obtained.

When the distribution of dividends is made out of reserves from profits of a year in which the special tax regime was not applied, their distribution must be adopted in terms of the resolution referenced in the preceding paragraph.

The legal reserve of companies subject to the special tax regime established in the Law may not exceed 20% of their capital. The bylaws of these companies may not establish any restricted reserve other than the foregoing one.

No dividends were paid out during 2023 and 2022.

## **12. Financial liabilities**

### **12.1 Non-current payables**

Bank borrowings:

#### **GLOBAL SAUCO, SOCIMI, S.L.**

In December 2020, the Subsidiary executed a mortgage loan against certain of its investment properties, as detailed in a public deed. Over the subsequent years, the Subsidiary received several capital injections and also made repayments as the properties linked to the loan were divested. The remaining principal amount to be repaid at the end of 2020 stood at 25,530,217 euros.

The key terms of the financing agreement at the time of execution in GLOBAL SAUCO, SOCIMI, S.L. were as follows:

- The principal of the borrowing should be returned in full on its expiry date, established as 23 December 2023.
- The subsidiary shall pay the interests on the borrowing in quarterly instalments, in January, April, July and October, until the expiry date.
- The interest rate applied will be the EURIBOR rate plus a fixed market rate.
- The subsidiary undertakes to comply with a series of given financial ratios. Specifically the Loan to Value may not exceed 65% in the first 3 years of the loan, decreasing to 60% for the fourth and fifth year if the maturity date is extended. From June 2022 onwards, it must ensure that the Debit Yield ratio does not fall below 6.25% in 2022 and 2023, or 6.5% in 2024 and 6.75 in 2025, if the expiry date is extended.

On 14 July 2022, the loan that the subsidiary GLOBAL SAUCO, SOCIMI, S.L. held with VECREF for an amount of 26,065,217 euros was cancelled. Following the cancellation of the principal, the costs of arranging the loan in the amount of 1,161,219 euros were cancelled, and the full amount was recorded in the consolidated income statement.

As a result of the above cancellation, on the same day the subsidiary recorded in a public deed a loan over certain investment properties held by the subsidiary, for which it received the sum of 31,849,000 euros. As arrangement expenses for the new loan, the Group incurred a total of 447,342 euros, of which 184,883 euros was recognised in the consolidated income statement for 2022.

Throughout 2023, the Subsidiary repaid capital amounting to 716,287 euros, resulting in a remaining capital balance of 31,132,713 euros at 31 December 2023. Furthermore, the Group recognised 300,058 euros in loan arrangement expenses in the consolidated income statement for the year.

The essential terms of the financing agreement in GLOBAL SAUCO, SOCIMI, S.L. are described below:

- The loan principal was originally scheduled to be repaid in full on the maturity date of 14 January 2024 (as per the initial terms). However, during 2023, the Group requested an extension, which was approved by J. P. Morgan for a duration of 24 months, thereby extending the maturity date to 14 January 2026.
- The subsidiary shall pay the interests on the borrowing in quarterly instalments, in January, April, July and October, until the expiry date.
- The interest rate applied will be the EURIBOR rate plus a fixed market rate.
- The Subsidiary undertakes to comply with a series of given financial ratios.

#### **GLOBAL LUCANOR, S.L.**

On 24 November 2021, the Subsidiary Company executed a mortgage loan via a public deed, with an available limit of 185,000,000 euros secured against certain investment properties owned by the Company. Over previous years, various principal contributions were made, resulting in a balance of 97,881,079 euros at 31 December 2023, compared to 88,796,963 euros at the end of 2022.



The Group incurred arrangement expenses for this loan, amounting to 609,318 euros, with 450,981 euros recorded in the income statement for 2022. The Group recorded in the income statement the amount of 1,237,997 euros in 2023.

The essential terms of the financing agreement in GLOBAL LUCANOR, S.L. are described below:

- The loan principal was originally scheduled to be repaid in full on the maturity date of 14 January 2024 (as per the initial terms). However, during 2023, the Group requested an extension, which was approved by J. P. Morgan for a duration of 24 months, thereby extending the maturity date to 14 January 2026.
- The subsidiary shall pay the interests on the borrowing in quarterly instalments, in January, April, July and October, until the expiry date.
- The interest rate applied will be the EURIBOR rate plus a fixed market rate.
- The Subsidiary undertakes to comply with a series of given financial ratios.

At the end of 2022 and 2023, there were no significant differences between the fair value and the carrying amount of the bank borrowings.

Based on said borrowings, at 31 December 2023, the Group recognised the sum of 128,926,667 euros in non-current liabilities (118,940,069 euros in 2022) as principal pending repayment and 1,746,734 euros (908,358 euros in 2022) in current liabilities as accrued, unpaid interest. The Group records the outstanding principal amount and arrangement expenses in non-current liabilities, and the amount payable in the coming 12 months and accrued and unpaid interest in current liabilities.

	Balance	Arrangement expenses	Current interest
<b>2022</b>	120,645,963	1,705,894	908,358
<b>2023</b>	129,013,792	87,125	1,746,734

The interest accrued on this loan in the subsidiaries was as follows:

	2023	2022
<b>GLOBAL SAUCO, SOCIMI, S.L.</b>	2,136,228	2,706,365
<b>GLOBAL LUCANOR, S.L.</b>	6,127,842	1,284,446
<b>TOTAL</b>	<b>8,264,070</b>	<b>3,990,811</b>

Financial covenants must be covered on a quarterly basis and, at the date of these Consolidated Financial Statements, they are in compliance. The covenants are as follows: loan to cost, loan to value, debt yield, debt service coverage ratio and delinquency ratio.

The Group's loan matures on 14 January 2026.

	Mortgage Loans	Total
<b>2026</b>	130,673,401	130,673,401

#### Other non-current payables and other financial liabilities

##### a) *Other financial liabilities:*

By virtue of the Subsidiaries' operating lease agreements at 31 December 2023, the Group recognised the sum of 791,991 euros (the balance at 31 December 2022 was 767,294 euros) for deposits and additional guarantees from tenants.

### **13. Trade payables**

The carrying amount of the trade payables is equivalent to their fair value.

At 31 December 2023 the Group has an amount of 20,629,107 euros, of which 18,083,129 euros relate to invoices pending payment related to the purchase and sale of investment property. At the conclusion of the preceding year, the Group had an outstanding debt of 76,504,573 euros, with 72,118,989 euros attributed to pending invoices related to the acquisition and divestment of investment property.

Trade payables includes commercial creditors of debts for goods or services supplied, included in the "Sundry payables" items of the current liabilities.

#### 14. Public Entities and tax position

The structure of current balances with Public Entities at 31 December 2022 was as follows:

In euros	In euros	
	Accounts receivable	Accounts payable
<i>Balances with the Taxation Authorities</i>		
Withholdings from professionals (Personal Income Tax)	-	3,039
Withholdings on interest (Corporate Income Tax)	11,694	-
Value Added Tax (VAT)	-	3,329
	<b>11,694</b>	<b>6,368</b>

The structure of current balances with Public Entities at 31 December 2023 is as follows:

In euros	In euros	
	Accounts receivable	Accounts payable
<i>Balances with the Taxation Authorities</i>		
Withholdings from professionals (Personal Income Tax)	-	1,107
Value Added Tax (VAT)	-	374
	-	<b>1,481</b>

#### Corporate Income Tax calculation

The reconciliation between consolidated profit/loss and the aggregate taxable income of the companies forming the Group for 2023 and 2022 is presented below:

	EUROS	
	2023	2022
<b>Accounting profit/loss before taxes</b>	<b>28,952,016</b>	<b>32,185,669</b>
Corrections to the result	-	-
Tax loss carryforwards	-	-
<b>Tax base (tax profit/loss)</b>	<b>28,952,016</b>	<b>32,185,669</b>
Tax at 0%	-	-
<b>Withholdings</b>	-	-

The tax base given in the table is the sum of the tax bases of the Group's companies, after adjusting the consolidated profit or loss for the year by consolidation adjustments and eliminations.

Under the Law on SOCIMIs, the current Corporate Income Tax is the result of applying a rate of 0% to the tax base.

Additionally, in accordance with Article 9 of Law 11/2009 of 26 October on Spanish Real Estate Investment Trusts, Article 26 of the recast Law on Corporate Income Tax does not apply to tax losses and, accordingly, they are not accumulated to offset future years.

The Group had a credit with the Public Entities for withholdings made by the investee in relation to capitalised interests on the loan. The amount of withholding as regards capitalised interests on the loan granted in 2021 comes to 11,694 euros, whose reimbursement was requested in the 2021 Corporate Income Tax return. This amount was refunded upon notification received on 23 January 2023.

#### Years open to inspection and tax audits:

As established by legislation in force, taxes cannot be deemed as definitively settled until the tax returns filed have been audited by tax authorities or until the 4-year statute of limitations has concluded. At 2023 year-end, the Group companies' tax returns for all the years since its incorporation were open for review by the tax authorities.

The Parent Company's Directors deem that the settlements of the aforementioned taxes have been appropriately undertaken whereby, even if discrepancies arise over the existing regulatory interpretation of the tax treatment given to the transactions, any possible resulting liabilities, should they materialise, would not have a significant impact on these Consolidated Financial Statements.

Regarding the reporting obligations stemming from SOCIMI status, as per Law 11/2009, amended by Laws 16/2012 and 11/2021

The disclosure requirements arising from the SOCIMI status of the Parent Company and its subsidiaries are incorporated within the respective Notes accompanying the Individual Financial Statements.

#### 15. Income and expense

##### a) Gains in the fair value of investment properties:

The breakdown of the fair value of the investment properties is given in Note 6.

##### b) Income from investment properties

The breakdown of the income from the subsidiary's investment properties is given below.

INCOME FROM LEASES AND SALES	EUROS	
	2023	2022
Lease income	10,809,017	4,851,982
Lease rent settlements	-	51,020
Income from disposals of investment property (Note 6.)	187,635	210,897
Other income	-	1,900
<b>TOTAL</b>	<b>10,996,652</b>	<b>5,115,799</b>

Notwithstanding the foregoing, the Group considers the Net Turnover to include only the incomes deriving from its lease activities, this being the group's primary activity. Accordingly, the Net Turnover for the year 2023 is 10,809,017 euros. Meanwhile, the amount of that item at 31 December 2022 was 4,851,982 euros. All income arising from its leasing activity is generated in Spain.

##### c) Operating expense

The breakdown of this item of the consolidated income statement is as follows:

OPERATING EXPENSE	2023	2022
Independent professional services	3,560,137	2,243,870
Asset management services	1,465,308	704,486
Property management services	2,081,180	2,220,556
Impairment of trade receivables (Note 9)	938,584	181,707
Insurance premiums	426,998	-
Banking services	150,812	224,412
Sundry expenses	483,023	705,580
Property expenses	1,647,154	693,216
Taxes	639,880	385,232
<b>TOTAL</b>	<b>11,392,584</b>	<b>7,359,059</b>

Arising from the management agreement explained in Note 1.2 to the Consolidated Financial Statements, the Group has paid 1,465,308 euros in asset management services to 31 December 2023. The amount of the item at 31 December 2022 came to 704,486 euros.

##### d) Finance expenses

At 31 December 2023, the Group's total financial expenses amounted to 9,802,125 euros, pertaining to bank loans.

In contrast, the total financial expenses for 2022 amounted to 4,902,276 euros, related to the mortgage loan.

##### e) Exchange differences

Negative exchange rate differences for this financial year amounted to 299 euros. In 2022, negative exchange rate differences totalled 3,667 euros.

##### f) Finance income

At 31 December 2023, the Group's total finance income was 64,778 euros, corresponding to the interest accrued on the promissory notes issued by GLOBAL SAUCO, SOCIMI, S.L. and GLOBAL LUCANOR, S.L. (Note 7.3).

This item had no balance at 2022 year-end.

#### g) Audit fees

The fees for the auditing and review services provided by Ernst & Young, S.L. in 2023 amount to 96,405 euros. In 2022 these expenses were 109,800 euros. No non-audit services are provided.

#### h) Share in consolidated profit or loss

The Financial Statements for the period from 1 January 2021 to 31 December 2023 for the companies included in the consolidation perimeter are as follows:

Companies	In euros
<b>Full Consolidation</b>	<b>2023</b>
Global Piélagu, SOCIMI, S.A. (Parent Company)	(584,672)
Global Sauco, SOCIMI, S.L. (*)	2,376,738
Global Lucanor, S.L. (*)	27,159,950
<b>Total</b>	<b>28,952,016</b>

*\*Not audited*

The Financial Statements for the period from 1 January 2021 to 31 December 2022 for the companies included in the consolidation perimeter are as follows:

Companies	In euros
<b>Full Consolidation</b>	<b>2022</b>
Global Piélagu, SOCIMI, S.A. (Parent Company)	(485,225)
Global Sauco, SOCIMI, S.L. (*)	284,421
Global Lucanor, S.L. (*)	32,386,473
<b>Total</b>	<b>32,185,669</b>

*\*Not audited*

## 16. Other information

### Environmental information

In view of the business activities carried out by the Group, companies, they do not have any environmental liability, expense, assets, provisions or contingencies that might be material with respect to their equity, financial position or results.

Therefore, no specific disclosures relating to environmental issues are included in these Consolidated Financial Statements.

### Staff costs

At 31 December 2023 and 2022, the group companies have no employees.

### Information on deferred payments to suppliers in trade transactions

In accordance with the ICAC Resolution of 29 January 2016, regarding information to be included in the Notes to the Financial Statements in relation to the average payment period to suppliers in trade operations, the Group supplies the following information:

	2023	2022
	<b>Days</b>	<b>Days</b>
Average supplier payment period	53	60
Ratio of transactions paid	99.02%	99.37%
Ratio of outstanding payment transactions	0.98%	0.63%
	<b>Amount</b>	<b>Amount</b>

Total payments made	84,635,714	114,677,717
Total payments outstanding	836,189	726,579
Monetary volume of invoices paid in a period below the maximum established in the late payment regulations	21,158,928	28,669,429
Percentage of payments below the maximum amount paid out of the total payments made	25%	25%
Total number of invoices paid in the period	7662	5940
Number of invoices paid in a period below the maximum established in the late payment regulations	5,500	2,583
Percentage of total invoices	71.78%	43.48%

#### 17. Related party transactions and balances

At both year-end 2023 and 31 December 2022, there were no balances or open items between related companies.

The Parent Company's Directors consider that the operations with affiliate companies have been conducted under market conditions and on the basis of agreements between the parties.

The prices of related-party transactions are properly supported, so the Company Directors consider there are no risks that might cause material tax liabilities.

Transactions carried out between Group companies and related companies are generally measured initially at fair value. Where the agreed-upon price differs from fair value, the difference is recognised taking into account the economic substance of the transaction. Subsequent measurement is carried out as established in the related standards.

Regarding the management and investment contract with BRIKS RESIDENTIAL, S.L., the companies have accrued the following expenses in 2023 and 2022:

	2023	2022
<b>GLOBAL SAUCO, SOCIMI, S.L.</b>	240,091.35	201,599
<b>GLOBAL LUCANOR, S.L.</b>	954,164	755,210

#### 18. Provisions and contingencies

At 31 December 2023 and 2022, the Group had received no claims or complaints, and accordingly no contingencies or provisions were set aside.

#### 19. Information concerning conflicts of interest on the part of the Directors

##### Shareholdings, posts and activities of members of the Board of Directors

Article 229 of Spanish Corporate Enterprises Act obliges company Directors to notify the company's governing bodies of any direct or indirect conflicts of interests potentially affecting the interests of the Group companies.

Likewise, the Directors are required to notify any direct or indirect interests held by themselves or related persons in any company having a corporate purpose that is similar, analogous or complementary to that of the Company, as well as notify any positions or functions they may hold in them.

In this regard, in order to comply with the obligations established in the Spanish Corporate Enterprises Act and particularly with those established for Directors, certain members of the Board have reported that they may possibly incur in conflict of interest as they directly or indirectly hold an interest in the Management Company or in companies having a corporate purpose that is analogous or complementary to that of the Group companies.

Notwithstanding the foregoing, during the period in which the Parent Company's Directors held their positions on the Board of Directors, no resolutions were passed which could have involved a conflict with the interest of the Company and, accordingly, none was obliged to abstain from voting in order to comply with applicable legislation.

#### Remuneration to Directors and Senior Management.

In 2023, the Directors of the Company received and accrued no amounts as salaries, remuneration or expenses as directors. Neither did they receive shares or stock options in those years, and they did not exercise any options and did not have any options pending exercise.

Likewise, no contributions were made to funds or pension schemes on behalf of the Company's Board of Directors. Throughout 2022, Senior Management functions were performed by several members of the Board of Directors.

#### **20. Subsequent events**

In the opinion of the Group's Directors, no matters have come to their attention that are likely to have a material effect on these Consolidated Financial Statements subsequent to the year ended 31 December 2023.

**Consolidated Management Report for the year ended 31 December 2023.**

This Consolidated Directors Report for 2023 is filed by the Directors of the Parent Company, in compliance with Articles 253 and 262 of the recast Spanish Corporate Enterprises Act for approval by the shareholders.

**1. Situation of the Group**

Global Piélago, SOCIMI, S.A., hereinafter the Parent Company, is a Spanish public limited company, with VAT No. A88581251, incorporated for an indefinite period under a deed executed before a Madrid notary public on 29 January 2020; it is entered on the Madrid Companies Register, volume 40,174, folio 110, sheet M713884, entry 1. It has registered offices at Paseo de la Castellana, 93, 13th floor, 28046 Madrid.

The Parent Company was initially incorporated as a limited liability company under said public deed executed on 29 January 2020. It was converted into a public liability company under public deed of 5 March 2020, in Madrid.

On 5 March 2020, in Madrid, the Parent Company acquired 100% of the stock capital of Global Sauco, SOCIMI, S.L. (Hereinafter, the "subsidiary").

Global Sauco, SOCIMI, S.L. is a Spanish limited liability company, with VAT No. B88581236, incorporated for an indefinite period under a deed executed before a Madrid notary public on 29 January 2020; it is entered on the Madrid Companies Register, volume 40,174, folio 130, sheet M713886, entry 1. It has registered offices at Paseo de la Castellana, 93, 13th floor, 28046 Madrid.

On 2 March 2021 the Parent Company acquired 100% of the investee's shares in Madrid by public deed.

Global Lucanor, S.L., hereinafter the "investee", is a Spanish private limited company, with VAT No. B42864306, incorporated for an indefinite period under a deed delivered before a Madrid notary public on 10 February 2021, under number 467 in his notarial records; it is entered on the Madrid Companies Register, tome 41,492, folio 180, sheet M735229, entry 1. Its current registered offices are located at Paseo de la Castellana, 93, 13th floor, 28046 Madrid

The corporate purpose of both Group companies is that of SOCIMIs (outlined below), both being covered by said regime. On 25 June 2020, a resolution of the General Unitholders' Meetings, resolving that the Companies would opt for the special regime for Spanish Real Estate Investment Trusts (SOCIMI, in Spanish), regulated by Law 11/2009 of 26 October, was recorded in a public deed.

On 26 February 2024, the Group began the process of changing the registered office of the three companies that comprise the Group to Calle Orense, núm. 34, planta, C.P. 28020 Madrid (SPAIN).

The corporate purpose is:

- a) The acquisition and development of urban real estate for lease.
- b) The holding of shares in the capital of other SOCIMIs or in other companies non resident in Spain with the same corporate purpose and which are subject to a regime similar to the one established for SOCIMIs in relation to the obligatory policy on appropriation of profit stipulated by law or the bylaws.
- c) The holding of shares in the capital of other companies resident or non resident in Spain, whose main corporate purpose is the acquisition of urban real estate for lease, which are subject to the regime established for SOCIMIs in relation to the obligatory policy on distribution of dividends stipulated by law or the bylaws and meet the investment requirements referred to in Article 3 of Law on Spanish Real Estate Investment Trusts.
- d) The holding of shares or equity shares in Collective Real Estate Investment Undertakings governed by Law 35/2003, of 4 November, on Collective Investment Undertakings, or by future laws which may replace it.

**2. Progress of the Business**

**2.1 Business Progress and Results in 2023.**

The Parent Company (GLOBAL PIELAGO, SOCIMI, S.A.) as well as the subsidiary GLOBAL SAUCO, SOCIMI, S.A. were incorporated in 2020. The subsidiary GLOBAL LUCANOR, S.L. was incorporated in 2021.

During the year, the subsidiary GLOBAL LUCANOR, S.L. acquired a total of 255 assets, 7 of which were disposed of in 2023. While the subsidiary GLOBAL SAUCO, SOCIMI, S.L. did not acquire any properties, it transferred 17 of those it already held during the year as it deemed it profitable for the business.

Any of said assets made available for sale and not sold by 28 June 2021 were acquired by the subsidiary to form part of its investment property portfolio. The total number of assets at 31 December 2023 was 2,968 properties on the balance sheet.

In 2023, the Group had an average payment period of 60 days, which is precisely within the maximum limit of 60 days established in Law 15/2010, of 5 July, amending Law 3/2004, of 29 December (note 16).

## **2.2 Managing Financial Risk and Financial Instruments.**

In order to finance its investment property, the Group has received external financing.

Credit risk arises from potential losses caused by failure to comply with contractual obligations on the part of the Group's counterparties, in other words, the possibility of not recovering financial assets in the amount accounted for and in the period agreed.

The Group does not have any credit risk, given that it is mitigated by the advance collections from customers on a monthly basis according to the contract.

Market risk arises from potential losses due to changes in the fair value or in future cash flows of a financial instrument as a result of changes in market prices. The Group has no foreign exchange risk because it issues its invoices to customers in local currency. Invoices received are also in local currency.

With regard to liquidity risk, the company currently has financial support from the Group and its shareholders Heimdall Luxembourg Holdings II S.à r.l. and Welcomechance, S.L.U.

## **2.3 Expectations for 2024**

The Group intends to continue with its activity, obtaining revenues from its subsidiaries from their investment property leasing activities.

We justify these expectations by: The growth in the number of leased units, the re-valuation of the lease agreements and the implementation of a cost reduction plan.

Based on these expectations, the policy of the Group will be to optimise its costs and maintain an on-going control of its fund flow. The total number of assets at 2024 year-end is estimated to be approximately 5,000 properties.

## **3. Environmental Issues**

The Group's activity inherently has no significant environmental impact.

## **4. R&D&i Activities**

The Group has not conducted any research and development activities during the financial year ended 31 December 2023.

## **5. Acquisition and Disposal of Treasury Shares**

Throughout 2023, the Group has conducted no operations involving the acquisition or disposal of treasury shares.

## **6. Other Relevant Information**

The shares of the Parent Company are listed on the Euronext Paris Stock Exchange. In compliance with the legal requirements for SOCIMIs.



See all the information regarding the average payment period required by Final Provision Two of Law 31/2014, in Note 16 of the Consolidated Financial Statements.

#### **7. Subsequent events**

In the opinion of the Group's Directors, no matters have come to their attention that are likely to have a material effect on these Consolidated Financial Statements subsequent to the year ended 31 December 2023.

**Consolidated Financial Statements for the period ended 31 December 2023, prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union.**

In accordance with current legislation, the Parent Company's Directors have prepared the Consolidated Financial Statements for the period from 1 January to 31 December 2023, prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union, and which include:

- Consolidated balance sheet
- Consolidated income statement
- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Changes in Equity
- Consolidated Cash Flow Statement
- Notes to the Consolidated Financial Statements
- Consolidated Directors' Report

Madrid, 31 March 2024



Zubin Phiroze Irani



Juan Ignacio Gómez Vega



Bluseat Trust Services Spain, S.L.U. actuando Rima Yousfan Moreno  
como representante persona física