

**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, 2022**

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.:

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, 2022, the consolidated income statement, the consolidated statement of comprehensive profit/loss, the consolidated statement of changes in net equity, 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, 2022 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.

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.

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 investment properties

Description The Group's consolidated balance sheet at December 31, 2022 reflects assets valued at 251,075 thousand euros recorded under "Investment properties" that relate primarily to land, buildings, and other constructions held to earn rentals or for capital appreciation.

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.

Given that determining fair value requires Group management and independent experts to make significant estimates in applying judgments to determine the assumptions used (in particular, assumptions underlying estimated rents, discount rates, and the exit yields used), and due to the significance of the amounts involved, we determined this to be a most relevant aspect of our audit.

Information related to the applicable valuation standards, the methodology and the key assumptions used for the valuation of investment property, as well as the related disclosures, are provided in Notes 3.2 and 6 of the consolidated financial statements.

Our response

Our audit procedures related to this matter included, among others:

- ▶ Understanding the process designed by Group management to determine whether there are indications of impairment and to determine the fair value of assets recorded as "Investment properties," and assessing the design and implementation of the relevant controls in place in that process.
- ▶ Reviewing the appraisal models used by independent experts engaged by the Group to determine recoverable amounts, with the involvement of our investment properties valuation specialists, focusing especially on a sample of appraisals made, the models' mathematical coherence, and assessing the reasonableness of the rents used and/or the peers used, the discount rates and exit yields for investment properties, and performing valuation testing procedures where necessary.
- ▶ Reviewing the disclosures made in the notes to the consolidated financial statements in conformity with the applicable regulatory financial reporting framework.

Other information: consolidated management report

Other information refers exclusively to the 2022 consolidated management report, 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, 2022 and its content and presentation are in conformity with applicable regulations.

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.

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' 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 directors 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 in the original version in Spanish)

Fernando González Cuervo
(Registered in the Official Register of
Auditors under No. 21268)

April 27, 2023

GLOBAL PIÉLAGO, SOCIMI, S.A. and subsidiaries

Consolidated annual accounts for the year ended 31 December 2022, formulated in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU, and consolidated Directors' Report

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Consolidated balance sheet at 31 December 2022. (Figures in euros)

ASSETS	Notes	2022	2021
NON-CURRENT ASSETS		254,342,831	98,446,597
Investment properties	6	251,075,200	98,358,999
Financial derivatives	7	2,746,501	-
Long-term financial investments	7	521,130	87,598
CURRENT ASSETS		106,236,233	19,987,446
Inventory	8	74,202,187	1,963,570
Supplier advances		74,202,187	1,963,570
Trade debtors and other receivables		832,191	276,507
Trade receivables for sales and services	9	820,497	264,813
Other receivables from Public Entities	14	11,694	11,694
Cash and cash equivalents		31,228,855	17,747,369
Cash	10	31,228,855	17,747,369
TOTAL ASSETS		360,606,064	118,434,043

Notes 1-21 to the consolidated report are an integral part of the consolidated annual accounts for the year ended 31 December 2022.

Consolidated balance sheet at 31 December 2022. (Figures in euros)

EQUITY AND LIABILITIES	Notes	2022	2021
EQUITY		163,479,542	65,393,872
CAPITAL AND RESERVES		163,479,542	65,393,872
Capital	11	8,335,637	5,000,000
Registered capital		8,335,637	5,000,000
Share premium	11	20,709,653	7,602,083
Other shareholder contributions	11	82,096,540	32,639,746
Prior years' profit/(loss) attributed to shareholders		20,152,043	16,122,961
Income attributable to shareholders	11 and 15	32,185,669	4,029,082
NON-CURRENT LIABILITIES		119,707,363	41,897,548
Non-current payables		119,707,363	41,897,548
Bank borrowings	12	118,940,069	37,208,351
Other non-current receivables	12	767,294	4,689,197
CURRENT LIABILITIES		77,419,299	11,142,622
Short-term payables		908,358	356,682
Bank borrowings	12	908,358	356,682
Trade and other payables		76,510,941	10,785,941
Suppliers	13	76,510,941	10,764,808
Sundry payables	14	6,368	21,133
TOTAL EQUITY AND LIABILITIES		360,606,064	118,434,043

Notes 1-21 to the consolidated report are an integral part of the consolidated annual accounts for the year ended 31 December 2022.

GLOBAL PIÉLAGO, SOCIMI, S.A. and subsidiaries

Consolidated Income Statement for the year ended 31 December 2022 (Figures in euros)

INCOME STATEMENT	Notes	2022	2021
CONTINUING OPERATIONS			
Revenue	15	4,903,002	1,409,010
Supplies	15	-	(660,644)
Other operating revenues	15	212,797	1,163,516
Other operating expenses	15	(7,359,059)	(3,930,886)
Outside services		(7,359,059)	(3,930,886)
Variation in fair value of investment properties	6	37,307,871	7,928,579
Revaluation		41,924,908	9,991,800
Impairment		(6,588,709)	(2,063,221)
Impairment reversal		1,971,672	-
PROFIT/(LOSS) FROM OPERATING ACTIVITIES		35,064,611	5,909,575
Finance income		2,027,001	-
Change in fair value of financial instruments		2,027,001	-
Finance expenses	12 and 15	(4,902,276)	(1,880,493)
Translation differences		(3,667)	-
NET FINANCE EXPENSE		(2,878,942)	(1,880,493)
PROFIT/(LOSS) BEFORE TAXES		32,185,669	4,029,082
Income tax	14	-	-
INCOME ATTRIBUTABLE TO SHAREHOLDERS		32,185,669	4,029,082

Notes 1-21 to the consolidated report are an integral part of the consolidated annual accounts for the year ended 31 December 2022.

Consolidated comprehensive profit/loss for the year ended 31 December 2022 (Figures in euros)

	Notes	2022	2021
Profit/(loss) for the year		32,185,669	4,029,082

Other comprehensive income:

Items to be transferred to Net Equity		-	-
Other comprehensive income for the period		-	-

Comprehensive Income		32,185,669	4,029,082
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Attributable to shareholders of the Parent Company	11 and 15	32,185,669	4,029,082
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Notes 1-21 to the consolidated report are an integral part of the consolidated annual accounts for the year ended 31 December 2022.

GLOBAL PIÉLAGO, SOCIMI, S.A. and subsidiaries

Consolidated statement of changes in net equity for the year ended 31 December 2022 (Figures in euros)

	Share capital	Share premium	Profit/(loss) for the prior years	Profit/(loss) for the year	Other shareholder contributions	Total
Balance at 1 January 2021	5,000,000	7,602,083	-	16,122,961	8,339,746	37,064,790
Total recognised income and expense	-	-	-	4,029,082	-	4,029,082
Other changes in net equity:	-	-	16,122,961	(16,122,961)	24,300,000	24,300,000
Capital increases	-	-	-	-	-	-
Shareholder contributions	-	-	-	-	24,300,000	24,300,000
Profit/(loss) for the year	-	-	16,122,961	(16,122,961)	-	-
Balance at 31 December 2021	5,000,000	7,602,083	16,122,961	4,029,082	32,639,746	65,393,872
Balance at 1 January 2022	5,000,000	7,602,083	16,122,961	4,029,082	32,639,746	65,393,872
Total recognised income and expense	-	-	-	32,185,669	-	32,185,669
Other changes in net equity:	3,335,637	13,107,570	4,029,082	(4,029,082)	49,456,794	65,900,001
Capital increases	3,335,637	13,107,570	-	-	-	16,443,207
Shareholder contributions	-	-	-	-	49,456,794	49,456,794
Profit/(loss) for the year	-	-	4,029,082	(4,029,082)	-	-
Balance at 31 December 2022	8,335,637	20,709,653	20,152,043	32,185,669	82,096,540	163,479,542

Notes 1-21 to the consolidated report are an integral part of the consolidated annual accounts for the year ended 31 December 2022.

GLOBAL PIÉLAGO, SOCIMI, S.A. and subsidiaries

Consolidated cash flow statement for the year ended 31 December 2022 (in euros)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) for the period before taxes	32,185,669	4,029,082
From continuing operations	32,185,669	4,029,082
Adjustments to profit/(loss)	(30,382,261)	(6,048,086)
Variation in fair value of investment properties	(41,924,908)	(9,991,800)
Impairment corrections (+/-)	4,617,037	2,063,221
Finance income	2,027,001	-
Finance expenses	4,902,276	1,880,493
Exchange differences	(3,667)	-
Changes in working capital	(16,194,712)	13,416,501
Increase/(Decrease) in Inventories	(72,238,617)	1,864,551
(Increase)/Decrease in Trade and other receivables	(555,684)	1,196,227
Increase/(Decrease) in Trade and other accounts payable	65,728,526	10,231,938
Other non-current assets and liabilities (+/-)	(9,128,937)	123,785
Cash flows from operating activities	(14,391,304)	11,397,497
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Payments for investments	(115,408,330)	(42,984,542)
Investment properties	(115,408,330)	(42,984,542)
Cash flows from investment activities	(115,408,330)	(42,984,542)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections and payments for equity instruments	65,900,001	16,747,151
Issue of equity instruments	65,900,001	28,445,861
Collections and payments for financial liability instruments	77,381,119	(11,698,711)
Bank borrowings	77,381,119	(696,338)
Receivables from Group companies and associates	-	(11,002,372)
Cash flows from financing activities	143,281,120	41,047,151
NET INCREASE / DECREASE IN CASH OR CASH EQUIVALENTS	13,481,486	9,460,106

Cash or equivalents at the start of the year	17,747,369	8,287,263
Cash or equivalents at the close of the year	31,228,855	17,747,369

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 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.

The Company'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 (Listed Real Estate Investment Trusts) or in other companies non resident in Spain with the same corporate purpose and which are subject to a scheme 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 scheme 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 Listed Real Estate Investment Trusts.
- d) The holding of shares or equity interests 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 Annual General Meeting, resolving that the Company would opt for the special scheme for listed real estate investment undertakings (SOCIMI, in Spanish), regulated by Law 11/2009 of 26 October, was put on public deed.

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

SOCIMI Scheme

Global Piélago SOCIMI, S.A. is regulated by Law 11/2009 of 26 October, as amended by Law 16/2012 of 27 December, on Listed Real Estate Investment Trusts.

The primary characteristics defining the SOCIMI scheme, which must be met for the scheme 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 scheme, 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 annual accounts. This group will be exclusively composed of the SOCIMIs and the rest of the companies to which Article 2.1 of the Law refers.

The Company is the parent in a group comprising itself, Global Piélago, SOCIMI, S.A., Global Sauco, SOCIMI, S.L. and Global Lucanor, S.L.

- 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 annual accounts. 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 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. Nevertheless, at 31 December 2020, the Company shares were not listed on the stock market.

4. Distribution of gains.

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 against reserves from profits of a year in which the special tax scheme was not applied, their distribution must be adopted as described above.

5. Information.

SOCIMIs are required to include in the notes to the annual accounts the information required by the tax legislation governing the special scheme 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 scheme 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 scheme.

Failure to comply with any of said conditions will mean that the Company will be included under the general Corporate Income Tax scheme 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 scheme and the quota paid after applying the special tax scheme in the previous years, in addition to any delay interest, surcharges and sanctions which may apply.

The Parent Company and the investee, as defined below, opted to adopt the SOCIMI scheme by notifying the Spanish Tax Agency on 25 June 2020, having agreed as much at their General Meeting.

The Company is the parent in a group of companies and files consolidated annual accounts formulated in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU.

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

The Corporate Income Tax rate for SOCIMIs was set at 0%. However, when the dividends distributed by the SOCIMI to its shareholders holding more than 5% are exempt from taxation or subject to a tax rate of less than 10%, the SOCIMI will be subject to a special tax of 19%, which will be treated as a Corporate Income Tax liability, on the amount of the dividend distributed to such shareholders. Where applicable, this special charge must be paid by the SOCIMI within two months after the dividend payment date.

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 Real Estate Investment Trusts (Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario – 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 Annual General 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.

As a result, the consolidated annual accounts of the Group and the individual annual accounts of the Parent Company for 2022, prepared by its directors, which are pending approval by the Annual General Meeting, have been prepared under the SOCIMI Scheme.

The Parent Company's directors consider that the aforementioned annual accounts will be approved without material changes.

1.1. Subsidiaries

The Company is the head of a corporate group, thereby being the parent company of the following subsidiaries at 31 December 2022:

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 Annual General Meeting, under which it was agreed that the Company should be ruled by the special scheme for Listed 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 Piélago, SOCIMI, S.A., the latter became the Parent Company of a corporate group, this 2020 being the first year in which consolidated annual accounts 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 granted 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 Company. On 5 March 2021, a resolution of the Annual General Meeting, under which it was agreed that the Company should be ruled by the special scheme for Listed 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 Agreement

In June 2020, the Company signed a Management Agreement with Briks Residential, S.L. (management company), regulating aspects having to do with advisory and management services and the remuneration to be received by the management company in exchange for said activity.

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 investee 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 evaluations 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 annual accounts, 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 annual accounts 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 annual fees calculated at 0.5% of the total acquisition price of each of the Company's properties, plus the CapEx expenses over each asset (plus VAT).

Furthermore, the 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 annual accounts

The consolidated annual accounts for the financial year ended 31 December 2022 were obtained from the accounting records of the Company and its subsidiaries dated 31 December 2022. The previous financial year covered the period from 1 January to 31 December 2021.

Furthermore, both annual accounts were prepared by the 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.

The comparative figures are for the financial years from 1 January to 31 December 2022 and 2021, respectively.

The IFRS-EU are applied in the Group's consolidated annual accounts. Financial year 2020 is the first year in which those standards were applied. The Group has applied IFRS 1 in preparing the consolidated annual accounts.

The Parent Company's directors prepared the 2022 and 2021 consolidated annual accounts in accordance with the going concern principle.

Preparing these consolidated annual accounts 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 annual 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 annual accounts.

The currency in which these consolidated annual accounts are formulated is the euro, this being the currency in which the Group operates.

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

2.1 Consolidation perimeter

During the 2021 financial year, 100% of the shares in the subsidiary GLOBAL LUCANOR, S.L. were also acquired.

The 2020 financial year saw the acquisition of GLOBAL SAUCO, SOCIMI, S.L. (Note 1.1)

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

During 2022, a series of standards, amendments and interpretations came into effect. These, if applicable to the Group, are to be used in formulating the consolidated annual accounts:

Standards, Amendments and Interpretations	Description	Effective Date
Amendment of IFRS 3 Reference to Conceptual Framework	IFRS 3 is updated to align definitions of assets and liabilities in a business combination with the definitions contained in the conceptual framework. Certain clarifications are also made regarding the recording of contingent liabilities and assets.	1 January 2022
Amendment to IAS 16 Proceeds before intended use	The amendment prohibits deduction from the cost of property, plant and equipment any income obtained from the sale of items produced while the entity is preparing the asset for its intended use. Income from the sale of such samples, along with production costs, must be recorded in profit or loss.	1 January 2022
Amendment to IAS 37 Onerous contracts – Cost of fulfilling a contract	The amendment explains that the direct cost of fulfilling a contract includes the incremental costs of fulfilling that contract and an allocation of other costs that are directly related to the fulfilment of the contract.	1 January 2022
Improvements to IFRS, 2018-2020 Cycle	Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.	1 January 2022

There have been no significant impacts to the Group's consolidated financial statements deriving from the application of these standards.

Standards and interpretations issued by the IASB, not effective in the period

The following standards were not in force in 2022, either because their effective date is later than that of the consolidated annual accounts, or because they had not yet been adopted by the European Union:

Standard, interpretation or amendment	Date of adoption by the EU	Date of application in the EU	Date of application of the IASB
IFRS 17 – Insurance contracts	19 November 2021	1 January 2023	1 January 2023
IFRS 17 – Insurance contracts: first-time application of IFRS 17 and IFRS 9 – Comparative Information	8 September 2022	1 January 2023	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	2 March 2022	1 January 2023	1 January 2023

Disclosures of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	2 March 2022	1 January 2023	1 January 2023
Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction — Amendments to IAS-12	11 August 2022	1 January 2023	1 January 2023
IAS 1 Presentation of financial statements: Classification of liabilities as current or non-current	Pending	Pending	1 January 2024

The Group intends to adopt the standards, interpretations and amendments to the standards issued by the IASB but not yet mandatory in the European Union at the time these consolidated annual accounts were prepared once they take effect, if applicable. Although the Group is currently analysing the impact of this move, based on analyses conducted to date, the Group estimates that their initial application will have no material impact on its consolidated annual accounts.

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 annual accounts for 2021 is presented solely and exclusively with information from 31 December 2022 for comparative purposes.

2.5 Responsibility for the information and estimates made

The information contained in these annual accounts is the responsibility of the directors of the Parent Company. In the Group's consolidated annual accounts for 2022, 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 as of 31 December 2022.
- The fair value of certain financial instruments (Note 3.11).
- The measurement of equity provisions and contingencies (Note 3.5).
- Financial risk management and especially liquidity risk (see Note 5).
- The recovery of deferred tax assets and the tax rate applicable to temporary differences (see Note 3.6).
- Compliance with the requirements that regulate Listed Real Estate Investment Companies (see Note 1).

Changes to estimates: Although these estimates were made on the basis of the best available information at 31 December 2022 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 evaluation standards adopted by the Group, in accordance with which these consolidated annual accounts have been formulated, were drawn up in accordance with the IFRS and are given here below:

3.1 Cash and cash equivalents.

The Group classifies cash and cash equivalents as cash and short-term, 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 evaluations conducted by independent valuers.

3.4 Recognition of income

Income and expenses are recorded according to the accruals 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 Company acts as principal and is exposed to the risks associated with the transactions, the revenues are expressed in gross terms. When the Company 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.

Other revenues from sale of stocks

The recognition of sales income occurs when the significant risks and benefits inherent to the ownership of the asset sold have been transferred to the buyer, and the day-to-day management or the effective control over such asset is no longer maintained. For real-estate inventories this generally takes place upon signing the public deed of sale.

3.5 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.

Services received under the item of "Success Fees" have been carried based on the term of IFRS 2 "Share-based payments" as liabilities, at their fair value.

3.6 Corporate Income Tax

General scheme

Income tax expenses or income tax rebates include both the current and deferred tax expense or income.

Current tax expense is the tax payable by the Company as a result of income tax settlements for a given period. Tax credits and other tax benefits, excluding tax withholdings and payments on account, and tax loss carryforwards effectively utilised in the current period reduce the current income tax expense.

Deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include the temporary differences, identified as the amounts expected to be payable or recoverable, between the carrying values of assets and liabilities and their tax bases, as well as tax loss carryforwards pending offsetting and unused tax credits. These amounts are measured by applying to the corresponding temporary difference or tax asset, the tax rate at which the asset is expected to be realised or the liability is expected to be settled.

The Group recognises all deferred tax liabilities, except when the temporary difference derives from the initial recognition of the goodwill, the depreciation of which is not tax-deductible, or from the initial recognition of other assets and liabilities in operations that do not affect either the tax base or the accounting profit.

Deferred tax assets identified with temporary differences are recognised only to the extent that the consolidated companies will in the future have sufficient taxable profits against which they can be offset and when they do not proceed from the initial recognition of other

assets and liabilities in an operation that does not affect either the tax base or the accounting profit. The rest of deferred tax assets (tax loss carryforwards, temporary differences and deductions pending offsetting) are only recognised if it is considered likely that in future the consolidated companies will have sufficient tax profits against which to offset them.

Recognised deferred tax assets are reassessed at the end of each reporting period and the appropriate adjustments are made where there are doubts as to their future recoverability. Likewise, deferred tax assets not recognised on the consolidated balance sheet are also assessed at each reporting date, and are recognised if it is likely they will be recovered with future tax gains.

SOCIMI scheme

On 25 June 2020, applying retroactively from the year commencing on its incorporation on 29 January 2020, the 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 scheme.

The special SOCIMI tax scheme, after being amended by Act 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 a negative tax base is 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 Listed 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 Listed 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.

Said SOCIMI Scheme 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 Act 11/2009 on the SOCIMI Scheme, the Company has a period of two years from the time it adopts the scheme 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 annual accounts will be offset by the profits generated in subsequent years. Moreover, the Company's subsidiaries have not paid dividends to the Company in either 2021 or 2022.

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 pays tax under the special pro-rata scheme 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.

3.7 Consolidation Policies

(a) Consolidation principles applied

The main consolidation and evaluation principles applied by the Group to formulate the consolidated annual accounts were as follows:

1. The consolidated annual accounts were formulated on the basis of the accounting records of Global Piélago, SOCIMI, 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 annual accounts 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. The interests of minority shareholders are established in proportion to the fair values of recognised identifiable assets and liabilities. 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 "Net Equity";
 - b. The results for the period: these 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 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.

In 2020, the Group acquired 100% of the stock capital of Global Sauco SOCIMI, S.L. for the sum of 3,600 euros. In 2021, the Group subsequently acquired 100% of the share capital of Global Lucanor, S.L. for the sum of 3,600 euros. As outlined in Note 1.1., the acquired companies are based in Madrid and own real estate in Spain.

As the 12-month term from acquisition has not yet finalised, the accounting for this business combination will be revised in the event that any of the circumstances defined in IFRS 3 "Business Combinations" should arise.

In 2022, the assets acquired generated operating income in the amount of 5,115,799 euros (in 2021 this amount was 2,572,526 euros). The transaction expenses incurred during the period have been entered under the heading "Other operating expenses"

(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 evaluation 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 equity are entered in the 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.

3.8 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 Company 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.

3.9 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.

3.10 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 2022, the Group did not hold any finance leases.

Operating lease

The income and expense deriving from operating lease contracts are charged to the 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/(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 annual accounts 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 2022, or at year-end 2021.

- 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.

3.11 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:

1. 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.

2. 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/(loss).

3. 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)”.

4. 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).

5. 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 receivables”. 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.

3.12 Financial liabilities

a) Debits and payables

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

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.

3.13 Related party transactions

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.

3.14 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.

4. Estimations

Formulating these consolidated annual accounts 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 directors revise their estimations on a constant 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 formulate these consolidated annual accounts, the judgements made by the directors of the Parent Company in applying the accounting principles of the Group 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 assessors, using evaluation 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.

Evaluation 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 evaluation 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 properties which, according to Level 2, amounted in 2022 to 251,075,200 euros (in 2021 the amount corresponding to that level was 98,358,999 euros), without including advances for investment properties.

	Level 1	Level 2	Level 3	Total
Derivative financial asset instruments	-	2,746,501	-	2,746,501
	-	2,746,501	-	2,746,501

Corporate Income Tax

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

The directors of the Parent Company 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 directors of the Parent Company 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 2022, the Group had loans and borrowings with credit institutions. In 2021, the Group also had loans and borrowings with credit institutions.

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 is covered by the special tax scheme for Listed Real Estate Investment Trusts (SOCIMI). Article 6 of the Law on Listed Real Estate Investment Trusts 11/2009, 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 Annual General 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 scheme rather than the one that applies to SOCIMI.

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.

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.

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 short-term, 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
Balance at 1 January 2022	98,358,999
Additions of properties	115,583,829
Disposals	(175,499)
Impairment and reversal of impairment	(4,617,037)
Investment property evaluation result	41,924,908
Balance at 31 December 2022	251,075,200

In euros	
	Investment properties
Balance at 1 January 2021	49,173,300
Additions of properties	41,408,336
Disposals	(157,739)
Impairment	(2,056,698)
Investment property evaluation result	9,991,800
Balance at 31 December 2021	98,358,999

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.

At 31 December 2021, the subsidiaries had 1,243 properties on their books. Of these, 552 properties belong to GLOBAL LUCANOR, S.L. and the remaining 691 to GLOBAL SAUCO, SOCIMI, S.L.

From the time the Parent Company was incorporated up to 31 December 2022, the Group had performed the following transactions:

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

In 2021, GLOBAL SAUCO, SOCIMI, S.L. acquired a number of properties by means of deeds of sale with the aim of leasing them for a total of 35,541,552 euros. The remaining amount up to the additions in 2020 corresponds to improvements made to various properties owned by the Company.

In 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 2021, the Group acquired a total of 623 properties for a total of 35,541,552 euros before the notary public of Madrid, Mr. Ignacio Paz Ares Rodríguez, by means of several deeds of sale. The remaining amount up to the additions in 2021 corresponds to improvements made to various properties owned by the Company.

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 Company.

The details of the properties listed under this heading, in compliance with Article 11 of the Law on Listed Real Estate Investment Trusts, is included in Appendix I to these consolidated annual accounts.

Evaluation procedure

At 31 December 2022, 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 2022, less advances on investment properties, as calculated by independent valuers, amounted to 251,075,200 euros. At 31 December 2021, this amount came to 98,358,999 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 41,924,908 euros. In 2021 this amount came to 9,991,800 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).

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.

Advances on investment properties

In addition to the items included under the heading "Investment properties", the Group presents a balance of 2,630 euros in 2022, the same balance presented at year-end 2021, 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 mentioned above. Furthermore, with respect to the sale and purchase of the properties at GLOBAL LUCANOR, S.L., the Group has made an advance payment of 74,670,760 euros for the acquisition of the properties in the new portfolios.

These advances are amounts paid as earnest money, making the offers irrevocable and obliging the Company 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 2021, the Group disposed of four properties by means of several deeds of sale. The purchase price of the properties amounted to 157,739 euros. Furthermore, the total profits resulting from the sale of investment properties in 2021 amounted to 169,152 euros.

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 properties in 2022 amounted to 210,897 euros.

Income derived from investment properties

The Group has operating lease agreements in force over the properties acquired. At 31 December 2022, the Company recorded incomes of 4,903,002 euros under this item. That amount was 1,409,010 euros at the close of the 2021 financial year.

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 2021

Expiry of Leases	EUROS
Under one year	67,570
From one to two years	2,933
From two to three years	1,131
Over three years	271,123
TOTAL	342,757

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
TOTAL	23,213,646

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

By virtue of the Subsidiary's operating lease agreements, at 31 December 2022 the Group recognised the sum of 520,149 euros as advances deposited with official bodies. At 31 December 2021, the amount came to 86,618 euros.

In turn and under this heading, the subsidiary recognised certain advances to third-party service providers amounting to 981 euros (in 2021 the amount also came to 981 euros).

7.1 Non-current payables

The remaining amount, up to the total non-current financial investments for 2022, corresponds to a financial derivative arranged by the subsidiaries on 12 August 2022 with the financial institution J.P. Morgan. This financial instrument comprises the payment of a single premium amounting to 906,000 euros, which provides the company with protection against the risk of a rise in interest rates in relation to the mortgage loan that the company has with Banco Santander.

The Company 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 company 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:

Single premium	906,000 euros
Transaction date	12 August 2022
Maturity date	14 October 2024
Nominal amount	2,746,501 euros
CAP rate	1.50%
Variable rate	3-month EURIBOR

The value resulting from measuring this financial instrument at year-end 2022 is 2,746,501 euros, which is the amount shown on the Company's balance sheet at year-end. The Company has recorded a gain of 2,027,001 euros in the income statement.

8. Inventory

Supplier advances

Acquisition of financial rights

On 7 April 2020, the subsidiary entered into a private sale-purchase agreement with a non-group company (included under the Alcázar I agreement), by virtue of which it was agreed that the subsidiary would acquire the financial rights deriving from a portfolio of properties being sold by the seller.

Under said agreement, on 26 June 2020 the subsidiary paid the other party the sum of 5,917,386 euros.

The remaining amount corresponding to each asset is offset as sales are made. 25% of the initial price of unsold assets will be paid in 2022, as the company will acquire any properties not sold by that date as investment properties.

Additionally, as the seller transfers the properties included in the portfolio to third parties outside the Group, the subsidiary recognises the cancellation of said financial rights over the properties sold and the corresponding profit in the income statement.

At year-end 2022, the company has not sold any of the assets related to financial rights. During 2021, the sale of those retail properties took place, resulting in revenues of 963,259 euros for the company. While the revenue recorded for that item in 2020 was 2,108,980 euros.

Consequently, at 31 December 2020, the amount recognised by the Group as supplier advances paid to third parties for this item amounted to 3,381,526 euros. At 31 December 2021, the amount of these advances stands at 35,555 euros.

Other supplier advances

At 31 December 2022, the Group recorded 74,202,187 euros as supplier advances, mainly for the purchase of investment property close to year-end. At 31 December 2021, the amount was 1,963,570 euros.

9. Trade debtors and other receivables

Under trade receivables, the Group recognises the sum of 820,497 euros as rents owed by customers (at the end of 2021 that amount came to 264,813 euros), less certain advances received from tenants, as well as what was owed for the settlement of the sales of the financial rights to the third party that sold them.

In turn, during 2021 the Group cancelled the balance it held at 31 December 2020 under other receivables in the amount of 127,294 euros as the quantity owed to the subsidiary company for the sale of the credit rights that took place in 2020. No open balances were recorded under this item during 2022.

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 2022, the balance of "Cash and cash equivalents" came to 31,228,855 euros, of which 25,244,729 euros is fully available, while 5,984,126 euros are in pledged bank accounts. The cash balance at the close of the financial year 2021 was 17,747,369 euros, of which 14,172,732 euros was fully available, while 3,574,637 euros were in pledged bank accounts.

11. Equity and shareholders' equity

Share capital and share premium

At 31 December 2022 and 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.

Heimdall Luxembourg Holdings II S.à r.l. owned 4,925,000 of said shares, numbers 1 to 59,100, both inclusive, and 60,001 to 4,925,900, both inclusive, accounting for 98.5% of the share capital, with a share premium of 7,488,052 euros.

Welcomechance, S.L. owned 75,000 of said shares, numbers 59,101 to 60,000, both inclusive, and 4,925,901 to 5,000,000, both inclusive, accounting for 1.5% of the share capital, with a share premium of 114,031 euros.

Subsequently, 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 company makes a third capital increase during the financial year 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. holds 75,000 shares, representing 0.90% of the share capital. This latest capital increase was registered on 10 January 2023, with no changes to what was approved by the Shareholders' Meeting in 2022.

Legal reserve and other reserves

The Spanish Companies 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 scheme, provided no other sufficient reserves are available for the purpose.

Under Law 11/2009, regulating Listed Real Estate Investment Trusts (SOCIMI), the legal reserves of companies subject to the special tax scheme 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 Spanish Companies 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 2022, the Group had not funded this reserve to the minimum limit established by the recast text of the Spanish Companies Act.

Shareholder contributions

At 31 December 2022, the total amount of shareholder contributions amounts to 82,096,540 euros, with 81,317,443.74 euros corresponding to majority shareholder Heimdall Luxembourg Holdings II, S.À.R.L., and 779,096 euros to Welcomechance, S.L.U. Whereas, at 31 December 2021, the total amount of shareholder contributions amounts to 32,639,746.53 euros, with 32,150,150.33 euros corresponding to majority shareholder Heimdall Luxembourg Holdings II, S.À.R.L., and 489,596.20 euros to Welcomechance, S.L.U.

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

Heimdall Luxembourg Holdings II, S.À.R.L.

Date	Contributions
21/12/2022	6,562,400.00
22/11/2022	12,935,500.00
12/07/2022	10,658,893.41
22/06/2022	6,698,000.00
15/06/2022	8,077,000.00
1/03/2022	4,235,500.00
23/11/2021	21,177,500.00
13/05/2021	2,758,000.00
16/10/2020	5,861,172.22
27/03/2020	2,353,478.11
TOTAL	81,317,444

Welcomechance, S.L.U.

Date	Contributions
30/06/2022	102,000.00
13/06/2022	123,000.00
3/03/2022	64,500.00
23/11/2021	322,500.00
13/05/2021	42,000.00
16/10/2020	35,839.77
27/03/2020	89,256.43
TOTAL	779,096

Shareholder structure

At 31 December 2022, the direct shareholders of the Parent Company were:

- Heimdall Luxembourg Holdings II S.á r.l., majority shareholder holding 99.01% of the shares (98.5% of the shares at year-end 2021)
- Welcomechance, S.L.U., minority shareholder, holding 0.99% of the capital. (1.5% of the shares at year-end 2021).

Earnings per Share

At 31 December 2022 and 2021, the details to be taken into account to calculate earnings/(losses) per share were:

	2021	2022
Net profit for the period attributable to the shareholders	4,029,082	32,185,669
Total number of shares in circulation	5,000,000	8,355,637
Basic earnings per share (euros)	0.81	3.86
Diluted earnings per share (euros)	0.81	3.86

Appropriation of profit/(loss)

The proposed distribution of the profits(losses) of the Parent Company to be put to the Annual General Meeting is as follows:

APPROPRIATION OF PROFIT/(LOSS)	EUROS	
	2021	2022
Basis of appropriation		
Profit/(Loss) in Income Statement	(697,511)	(485,225)
TOTAL	(697,511)	(485,225)
Appropriation		
Prior years' losses	(697,511)	(485,225)
TOTAL	(697,511)	(485,225)

This distribution is expected to be approved by the Annual General Meeting in early 2023. The distribution of profit/(loss) for 2021 was approved at the start of 2022, against prior years' losses.

Dividend distribution policy

Dividends will be paid in cash when available, and recognised as a liability in the consolidated annual accounts 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 scheme established in this Law.
- c) At least 80% of the rest of the profits obtained.

When the distribution of dividends is made against reserves from profits of a year in which the special tax scheme 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 scheme 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 2021 and 2022.

12. Financial liabilities

12.1 Non-current payables

Loans and borrowings:

GLOBAL SAUCO, SOCIMI, S.L.

On 29 December 2020, the subsidiary recorded in a public deed a mortgage agreement over certain investment properties held by the Company, for which it received the sum of 9,300,088 euros.

During 2021, on 15 February the subsidiary company GLOBAL SAUCO, SOCIMI, S.L. received the amount of 15,414,629 euros as capital and, on 19 October of that same year, it received another capital contribution of 1,000,000 euros. Furthermore, capital repayments took place on 23 April 2021 in the amount of 82,500 euros, and 14 July in the amount of 102,000 euros. Whereby the amount of outstanding capital is 25,530,217 euros.

The group paid fees of 1,330,412 euros to formalise said loan, having recognised the sum of 3,003 euros in the income statement in 2020. In 2021 the amount of 30,500 euros was paid as formalisation expenses, while the quantity of 227,191 euros was recognised in the income statement for that item.

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

- The principal of the borrowing shall 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 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 Company, for which it received the sum of 31,849,000 euros. The group paid fees of 447,342 euros to formalise a new loan, having recognised the sum of 184,883 euros in the income statement.

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

- The principal of the borrowing shall be returned in full on its expiry date, established as 14 January 2024.
- 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 recorded in a public deed a mortgage agreement with an available limit of 185,000,000 euros over certain investment properties held by the Company, for which it received the sum of 13,347,148 euros. In 2022, various principal contributions have been made, the amount of which at 31 December 2022 is 88,796,963 euros.

The group paid fees of 563,389 euros to formalise said loan, having recognised the sum of 25,096 euros in the income statement in 2021. In 2022, the group paid fees of 609,318 euros, having recognised the sum of 450,981 euros in the income statement in 2022.

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

- The principal of the borrowing shall be returned in full on its expiry date, established as 14 January 2024.
- 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 2021 and 2022, there were no significant differences between the fair value and the carrying amount of the loans and borrowings.

Based on said borrowings, at 31 December 2022, the Group recognised the sum of 118,940,069 euros in the long term (37,208,351 euros in 2021) as principal pending repayment and 908,358 euros (356,682 euros in 2021) in the short term as accrued, unpaid interest. The Group records the outstanding principal amount and arrangement fees in the long term, and the amount payable in the coming 12 months and accrued and unpaid interest in the short term.

	Balance	Arrangement expenses	Current interest
Loan	120,645,963	1,705,894	908,358

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

At the end of 2021 and 2022, there were no significant differences between the fair value and the carrying amount of the loans and borrowings.

The Group's loan matures on 14 January 2024:

	Mortgage Loans	Total
2023	-	-
2024	120,645,963	120,645,963

Other non-current payables and other financial liabilities

a) *Other financial liabilities:*

By virtue of the Subsidiary's operating lease agreements at 31 December 2022, the Group recognised the sum of 767,294 euros (the balance at 31 December 2021 was 186,396 euros) for deposits and additional guarantees from tenants.

b) *Non-current fixed assets payable:*

The subsidiaries recognise the sum of 4,502,801 euros in this heading with suppliers of non-current fixed assets, as the conditions of the contracts of sale stipulate that 25% of the initial acquisition price for the investment properties be paid by the different deferred asset payment dates (see Note 6). On 28 June 2022, the Group paid the outstanding amount with non-current fixed asset suppliers. There is no balance in this accounting item at 31 December 2022.

12.2 Payables to Group companies:

Both at year-end 2022 and 2021; there is no debt between group companies. However, in 2021 the loan with group companies—which in 2020 amounted to 10,940,830 euros—was cancelled with the following detailed breakdown:

Heimdall Luxembourg Holdings II S.à r.l.

On 23 February 2021, the Company decided to cancel all debts held with its shareholders in a total amount of 10,837,873 euros to Heimdall Luxembourg Holding II, S.à r.l. At the end of 2021, the interest recorded in the income statement for this loan amounts to 60,622 euros.

Welcomechance, S.L.U.

On 23 February 2021, the Company decided to cancel all debts held with its shareholders in a total amount of 164,324.25 euros to Welcomechance, S.L.U. At the end of 2021, the interest recorded in the income statement for this loan amounts to 921 euros.

13. Trade payables

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

At 31 December 2022 the Company has an amount of 76,504,573 euros, of which 72,118,989 euros relate to invoices pending payment related to the purchase and sale of investment property. At the close of the previous financial year the Company owed the amount of 3,594,005 euros.

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

14. Public Entities and tax position

The structure of current balances with Public Entities at 31 December 2021 is as follows:

In euros	In euros	
	Accounts receivable	Accounts payable
<i>Balances with the Taxation Authorities</i>		
Withholdings from professionals (Personal Income Tax)	-	3,955
Withholdings on interest (Corporate Income Tax)	11,694	-
VAT	-	17,178
	11,694	21,133

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	3,329
VAT	-	-
	11,694	6,368

Corporate Income Tax calculation

The conciliation between the consolidated result and the sum of the taxable bases of Group companies for the period between 1 January and 31 December 2021 is as follows:

	EUROS
	2021
Accounting profit/(loss) before taxes	4,029,082
Corrections to the result	4,029,082
Offsetting of tax loss carryforwards	-
Taxable income (tax profit/(loss))	(11,694)
Tax at 0%	-
Withholdings	(11,694)

The conciliation between the consolidated result and the sum of the taxable bases of the Group companies for the year 1 January 2022 to 31 December 2022 is given below:

	EUROS	
	2022	2021
Accounting profit/(loss) before taxes	32,185,669	4,029,082
Corrections to the result	-	-
Offsetting of tax loss carryforwards	-	-
Taxable income (tax profit/(loss))	32,185,669	4,029,082
Tax at 0%	-	-
Withholdings	-	(11,694)

The taxable base given in the table is the sum of the taxable bases of the Group's companies, after adjusting the consolidated profit/(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 taxable base.

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

The Group has 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 2022 year-end, the Group companies' tax returns for all the years since its incorporation were open for review by the tax authorities.

The directors of the Parent Company 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 annual accounts.

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	
	2021	2022
Lease income	1,227,432	4,851,982
Lease rent settlements	181,578	51,020
Sale of financial rights	963,259	-
Income from disposal of investment properties	169,152	210,897
Sales of other credit rights	30,675	-
Other income	430	1,900
TOTAL	2,572,526	5,115,799

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 2022 is 4,903,002 euros. Meanwhile, the amount of that item at 31 December 2021 was 1,409,010 euros. All income arising from its leasing activity is generated in Spain.

c) Supplies

The balance of supplies at 31 December 2022 is zero and the Group recorded an amount of 660,644 euros in 2021 for the acquisitions of the financial rights that were transferred during 2021.

d) Operating expense

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

OPERATING EXPENSE	EUROS	
	2021	2022
Independent professional services	2,130,051	2,243,870
Asset management services	589,211	704,486
Property management services	167,501	2,220,556
Insurance premiums	115,981	181,707
Banking services	77,868	224,412
Sundry expenses	146,800	705,580
Property expenses	547,024	693,216
Taxes	156,450	385,232
TOTAL	3,930,886	7,359,059

Arising from the management agreement explained in Note 1.2 here, the group has paid 704,486 euros in asset management services to 31 December 2022. The amount of the item at 31 December 2021 came to 589,211 euros.

e) Finance expense

At 31 December 2021, total finance expenses were 1,857,613 euros, broken down into 1,788,676 for finance expenses relating to loans with bank institutions, 61,542 for loans received from group companies and 7,394,73 euros for negative exchange rate differences.

In 2022 the total finance expenses were 4,905,943 euros, broken down into 4,902,276 euros for finance expenses relating to the mortgage loan, and 3,667 euros for negative exchange rate differences.

f) Audit fees

The fees for the auditing and review services provided by Ernst & Young, S.L. in 2022 amount to 109,800 euros. In 2021 these expenses were 101,750 euros. No non-audit services are provided.

g) Shareout of Consolidated Result

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
Full Consolidation	2022
Global Piélago, SOCIMI, S.A. (Parent Company)	(485,225)
Global Sauco, SOCIMI, S.L. (*)	284,421
Global Lucanor, S.L. (*)	32,386,473
Total	32,185,669

**Not audited*

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

Companies	In euros
Full Consolidation	2021
Global Piélago, SOCIMI, S.A. (Parent Company)	(697,513)
Global Sauco, SOCIMI, S.L. (*)	(4,321,484)
Global Lucanor, S.L. (**)	9,048,078
Total	4,029,082

**Not audited*

*** Company audited by Ernst & Young, S.L.*

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 annual accounts.

Staff costs

At 31 December 2022 and 2021, 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 annual accounts in relation to the average payment period to suppliers in trade operations, the Group supplies the following information:

	2022	2021
	Days	Days
Average supplier payment period	60	219
Ratio of transactions paid	99.37%	n/a
Ratio of outstanding payment transactions	0.63%	n/a
	Amount	Amount
Total payments made	114,677,717	n/a
Total payments outstanding	726,579	n/a
Monetary volume of invoices paid in a period below the maximum established in the late payment regulations	28,669,429	n/a
Percentage of payments below the maximum amount paid out of the total payments made	25%	n/a
Total number of invoices paid in the period	5940	n/a
Number of invoices paid in a period below the maximum established in the late payment regulations	2583	n/a
Percentage of total invoices	43.48%	n/a

17. Related party transactions and balances

At both year-end 2022 and 31 December 2021, there were no balances or open items between related companies. However, in 2021, it was decided to cancel all debts held with shareholders in a total amount of 10,837,873 euros to Heimdall Luxembourg Holding II, S.À.R.L. and 164,324 euros to Welcomechance, S.L.U. At the end of 2021, the interest recorded in the income statement for this loan amounts to 61,542 euros.

The directors of the Parent Company 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.

18. Provisions and contingencies

At 31 December 2022 and 2021, 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 Companies 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 Companies 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 directors of the Parent Company 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 2022, 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 2021, Senior Management functions were performed by several members of the Board of Directors.

20. Information deriving from SOCIMI Status. Law 11/2009

Description	Year 2022
a) Reserves from financial years prior to the application of the tax scheme established in the Law on Listed Real Estate Investment Trusts	Not applicable
b) Reserves from years in which the tax scheme established for listed real estate investment trusts is first applied, differentiating the part resulting from revenues subject to the 0% interest rate or the 19% rate from those subject to the general rate	Not applicable
c) Dividends distributed against the profits for each year in which the tax scheme established for listed real estate investment trusts is applicable, differentiating the part resulting from revenues subject to the 0% interest rate or the 19% rate from those subject to the general rate	Not applicable
d) In the case of dividends distributed against reserves, stipulating the year from which the reserve used was constituted and whether it has been taxed at the 0% rate, the 19% rate or the general rate	Not applicable
e) Date of the resolution for distribution of the dividends to which letters c) and d) above refer	Not applicable
f) Date of acquisition of the properties for lease and the shares in the capital of the enterprises to which Article 2.1 of this Law refers	See Note 6
g) Identification of the asset that is calculated within the 80% referenced in Article 3.1 of the Law on Listed Real Estate Investment Trusts	See Note 6
h) Reserves from financial years in which the special tax scheme for listed real estate investment trusts applied, utilised during the	Not applicable

tax period for purposes other than their distribution or to offset losses, identifying the year in which it was constituted	
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21. Subsequent events

In the opinion of the Company's directors, the following relevant operations have occurred since the close of the financial year, which have been through the investee company GLOBAL LUCANOR, S.L, since during the month of March 2023 a total of 174 properties included in the acquisition contracts mentioned in Note 6 were incorporated into the group perimeter for a total 8,774,718 euros.

Global Piélago, SOCIMI, S.A. and subsidiaries

Consolidated Management Report for the year ended 31 December 2022.

This Consolidated Directors Report for 2022 is filed by the directors of the Parent Company, in compliance with Articles 253 and 262 of the Spanish Companies Act, as amended, 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 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 scheme. On 25 June 2020, a resolution of the Annual General Meetings, resolving that the Companies would opt for the special scheme for Listed Real Estate Investment Trusts (SOCIMI, in Spanish), regulated by Act 11/2009 of 26 October, was recorded in a public deed.

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 scheme 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 scheme 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 Listed 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 2022.

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 1,476 assets, 3 of which were disposed of in 2022. While the subsidiary GLOBAL SAUCO, SOCIMI, S.L. did not acquire any properties, it transferred 9 of those it already held during the year as it deemed it profitable for the business.

At 31 December 2021 there was only one property in portfolio with financial rights, which was purchased in 2022.

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 2022 was 2,709 properties on the balance sheet.

In 2022, 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 property investments, the Company 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 company 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 company 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 2023

The company 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 year-end 2023 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 2022.

5. Acquisition and Disposal of Treasury Shares

Throughout 2022, 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 Annual Accounts.

**Consolidated Annual Accounts for the period ended 31 December 2022,
formulated in accordance with the International Financial Reporting Standards
(IFRS) adopted by the European Union.**

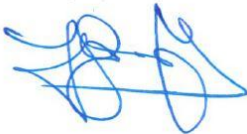
In accordance with current legislation, the company directors have formulated the Consolidated Annual Accounts for the period from 1 January to 31 December 2022, formulated in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union, and which include:

- Consolidated balance sheet
- Consolidated income statement
- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Changes in Net Equity
- Consolidated Cash Flow Statement
- Notes to the consolidated annual financial statements
- Consolidated directors' report

Madrid, 31 March 2023



Zubin Phiroze Irani



Juan Ignacio Gómez Vega



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