



Table of Contents

1. Executive summary
2. Business performance and results
3. Insight into the asset management business
4. Information on market performance
5. Shareholder structure and stock market performance

APPENDICES

APPENDIX 1: Significant transactions at
June 2023

APPENDIX 2: Significant inventories in progress
at June 2023

APPENDIX 3: Glossary

DISCLAIMER

The percentages and figures contained in this report have been rounded off and therefore may, in certain cases, differ from the actual figures in euros. Also, the information in this report may contain statements that represent forecasts or estimates in relation to the company's future performance. Analysts and investors should bear in mind that such forward-looking statements do not constitute a guarantee of the company's future performance and entail risks and uncertainties. Actual performance may thus differ substantially from the performance envisaged by such forecasts.

1. Executive Summary

KEY FINANCIALS OF THE GROUP

REVENUE 30.6 €M -25% vs 6M 22	OPERATING MARGIN 4.5 €M -59% vs 6M 22	EBITDA 0.1 €M - 6.8 €M vs 6M 22
NET PROFIT -3.1 €M -7.5 €M vs 6M 22	NET FINANCIAL DEBT 28.9 €M -34% vs Dec'22	DEBT AS A % OF ASSETS 25% -7 pp vs Dec'22

- Renta Corporación ended the first half of 2023 with a **cumulative net loss of EUR -3.1 million euros**, compared with the EUR 4.4 million obtained in the same period of 2022. Continuing the trend seen in the second half of 2022, the market remained sluggish in 2023, with investment decisions being pushed back, which had a direct impact on the Group's operating margins and earnings for the year.
- The **operating margin** amounted to EUR 4.5 million, a notable drop from the EUR 11.0 million recorded in the first half of 2022. This decline was seen both in the **transactional business** and in **asset management**.
- In the closing phase of the creditors arrangement, the dation of the Cànoves asset was made in payment of the participating debt, which, together with the repayment of the outstanding subordinated debt, will mark the fulfilment of that agreement.
- Overheads** totalled EUR 4.4 million, EUR 0.3 million higher than the EUR 4.1 million recorded in the first half of 2022, as a result of the upward revision of these costs in step with the cost of living and the strengthening of the employee team to take on new projects in the asset management business.
- Net financial debt** was down 34% to EUR 28.9 million, mainly due to the net repayment of EUR 13.9 million of debt.
- At the end of June, Renta Corporación had transferred a total of 12.5 million shares to Vivenio, representing a 1.78% of its share capital.
- Equity** at the close of the second quarter stood at EUR 71.8 million, EUR 5.3 million below the year-end 2022 figure, mainly due to the loss recorded during the period and the allocation to equity of the EUR -2.5 million loss recorded on the sale of Vivenio shares net of its tax effect.
- In the transactional business, the company holds EUR 0.4 million in purchase options premiums which grant the right to purchase assets worth EUR 115.9 million, which taken together with the strategic inventories gives a **transactional business portfolio** of EUR 144.4 million, concentrated in residential and hotel assets.
- Asset management business continues taking on greater importance in the Group's activity, primarily as regards Cabe and the Wellder REIT. At the end of June there were already 12 assets and a sizeable portfolio of assets under study.
- The **share market price** closed June at EUR 1.23 per share, 8% lower than the EUR 1.34 trading price at 2022 year-end.

2. Business Performance and Results

2.1. Consolidated Statement of Profit or Loss

(million EUR)	6M 2023	6M 2022	% change
Transactional business revenue	27.1	33.9	
Asset management business revenue	3.4	6.8	
Other income	0.1	0.0	
REVENUE	30.6	40.7	-25%
Transactional business margin	2.0	5.1	
Asset management business margin	2.9	6.4	
Other income and expenses	-0.4	-0.5	
OPERATING MARGIN	4.5	11.0	-59%
Overheads and staff costs	-4.4	-4.1	
EBITDA	0.1	6.9	-99%
Depreciation and amortisation charge, provisions and other	-0.3	-0.2	
EBIT	-0.2	6.7	n.a.
Net financial loss	-2.4	-1.4	
PROFIT BEFORE TAX	-2.6	5.3	n.a.
Income tax	-0.5	-0.9	
NET PROFIT	-3.1	4.4	n.a.

2.1.1 Revenue

The composition of revenue by business line is as follows:

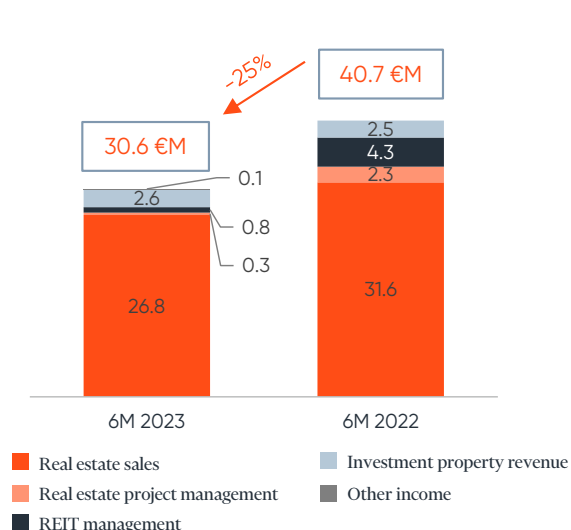
Revenue by business line (million EUR)	6M 2023	6M 2022	Change
Real estate sales	26.8	31.6	-4.8
Real estate project management	0.3	2.3	-2.0
Total revenue - transactional business	27.1	33.9	-6.8
REIT management	0.8	4.3	-3.5
Investment property	2.6	2.5	0.1
Total revenue - asset management business	3.4	6.8	-3.4
Other income	0.1	0.0	0.1
REVENUE	30.6	40.7	-10.1

Revenue in the first half of 2023 amounted to EUR 30.6 million, a significant drop from the previous year's figure. This decrease was the result of the slowdown seen in the market since the second half of last year and impacted both the company's business lines, especially the **transactional business**. April recorded the sale of the Cànoves residential land as dation in payment of the participating debt, thus fulfilling one of the last milestones of the insolvency proceedings.

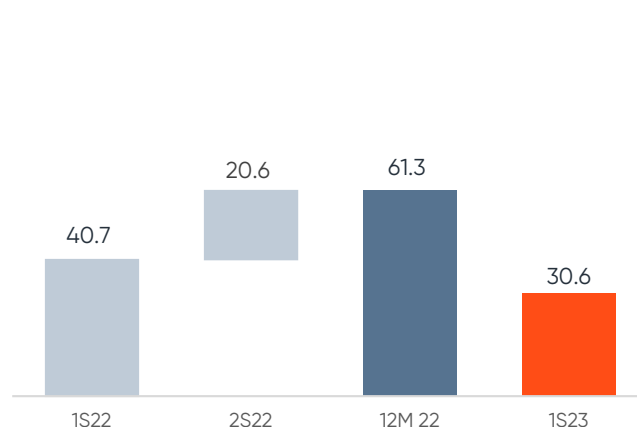
As for the revenue composition, nearly 100% of revenue in the transactional business is concentrated in the residential sector, highlighted by the partial sale of a housing development on Calle Hercegovina, an entire building on Calle Dagueria and part of another on Calle Carrera, all of them in Barcelona; along with the sale of part of a building located on Calle Nuestra Señora de la Soledad in Madrid.

In **asset management business**, revenue declined EUR 3.4 million compared to 2022 and included the fair value remeasurement of **Investment Properties**, especially the portfolio of Cabe urban self storage largely acquired during 2022; and the **REIT management business line**. The latter business generated revenue of EUR 0.8 million, EUR 3.5 million less than the figure for the same period in 2022 which, unlike the present year, included an incentive fee.

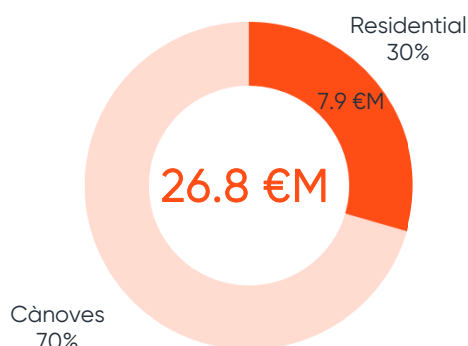
REVENUE BY BUSINESS LINE



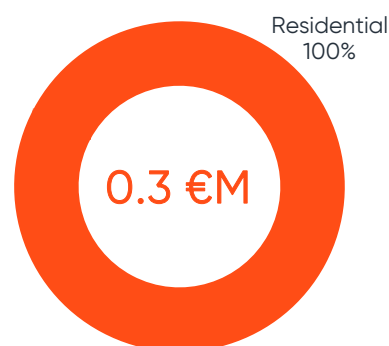
REVENUE BY SEMESTER



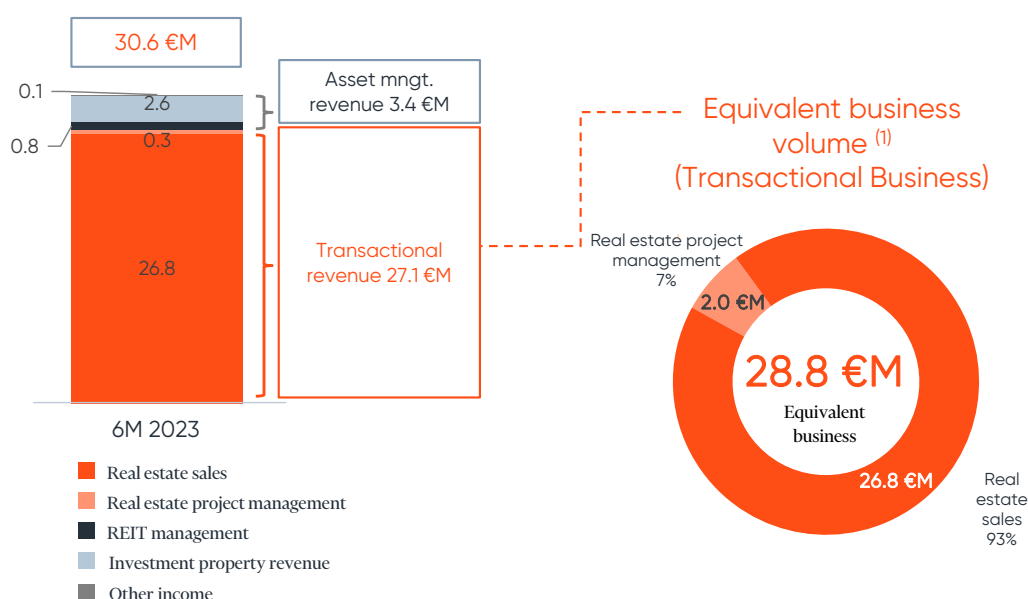
REAL ESTATE SALES REVENUE BY TYPE OF ASSET



REAL ESTATE PROJECT MANAGEMENT REVENUE BY TYPE OF ASSET



EQUIVALENT BUSINESS VOLUME 6M 2023



Notes: (1) The equivalent business in the real estate project management business line is equal to the selling price of the underlying property in the purchase options arranged.

2.1.2 Operating margin

The operating margin by business line was as follows:

Margin by business line (million EUR)	6M 2023	6M 2022	Change
Real estate sales margin	1.8	3.1	-1.3
Real estate project management margin	0.2	2.0	-1.8
Total margin - transactional business	2.0	5.1	-3.1
REIT management margin	0.6	4.2	-3.6
Investment property margin	2.3	2.2	0.1
Total margin - asset management business	2.9	6.4	-3.5
Other income and expenses	-0.4	-0.5	0.1
OPERATING MARGIN	4.5	11.0	-6.5

“Real estate sales” margin

The margin of the “Real estate sales” business line, understood to be sales less direct costs of disposal, amounted to EUR 1.8 million, EUR 1.3 million lower than the figure obtained in the first half of 2022. This line includes the positive EUR 0.7 million impact of the aforementioned dation in payment of Cànoves.

“Real estate project management” margin

The margin of the “Real estate project management” business line amounted to EUR 0.2 million, a decline of EUR 1.8 million with respect to the same period of the previous year. This margin was largely in respect of a residential transaction in Barcelona.

“REIT management” margin

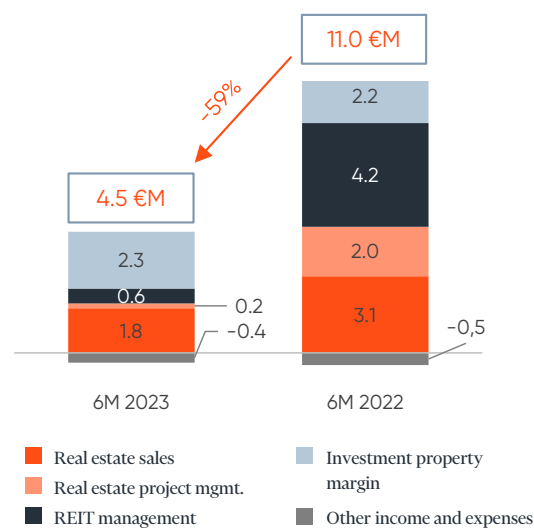
The margin of the “REIT management” business line amounted to EUR 0.6 million, a notable drop from the figure recorded in the 2022, given that last year's margin included an incentive fee that did not apply in the current year. The 2023 figure is mainly composed of an origination fee, both from Vivenio and Wellder, as well as a management fee for the latter REIT.

Investment property margin

The margin in this segment amounted to EUR 2.3 million, in line with the figure obtained in the first half of 2022, and was primarily due to the appreciation of the assets owned by the company, which include, among others, one hotel and 9 commercial premises. Most of the latter were acquired during 2022 and have been brought into operation as urban self storage facilities during 2023.

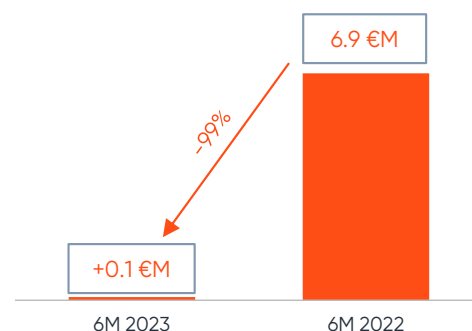
Other income and expenses

Also, in order to calculate the total operating margin, the other operating income and indirect variable costs associated with the properties (loss of options, marketing, administrative services company fees, etc.) must be taken into account.

MARGIN BY BUSINESS LINE**2.1.3 EBITDA**

Overheads amounted to EUR 4.4 million, an increase of EUR 0.3 million over the EUR 4.1 million recorded for the first half of 2022 as a result of the upward revision of costs in step with the cost of living and the reinforcement of the team of employees to take on new projects in the asset management business. Overheads consisted of EUR 3.0 million related to staff costs and EUR 1.4 million in respect of other overhead costs.

EBITDA at the end of the first half of 2023 amounted to EUR 0.1 million, compared to EUR 6.9 million in the same period of 2022.

**2.1.4 Financial loss**

Net financial income amounted to a loss of EUR -2.4 million, with expenses EUR -1.0 million greater than the figure reported for the same period of 2022. This was due, on the one hand, to the negative impact of the dation in payment of the Cànoves asset for EUR 0.6 million and, on the other, to the increase in the funding costs of the non-mortgage debt drawn during 2023 in comparison to the first half of 2022.

2.1.5 Net loss

The Group recognised an income tax expense of EUR -0.5 million, versus the EUR -0.9 million reported in the first half of 2022.

Furthermore, as in previous years, in accordance with the revised strategic plan, no additional net tax assets have been recognised in respect of tax loss carryforwards to be set off against future profits.

As a result of the foregoing, Renta Corporación closed the first half of 2023 with a **cumulative net loss of EUR -3.1 million**, in comparison with the EUR 4.4 million obtained in the same period of 2022.

2.2 Consolidated Balance Sheet

2.2.1 Assets

Assets (million EUR)	Jun-23	Dec-22	Change
Non-current assets and right-of-use assets	4.6	2.9	1.7
Other non-current assets	78.0	92.6	-14.6
Non-current assets	82.6	95.5	-12.9
Inventories	29.1	52.8	-23.7
Accounts receivable	2.9	6.6	-3.7
Cash	15.8	15.0	0.8
Financial assets	0.7	0.3	0.4
Current assets	48.5	74.7	-26.2
Total assets	131.1	170.2	-39.1

Non-current assets

Renta Corporación's non-current assets amount to EUR 82.6 million, down EUR 12.9 million from the figure at 2022 year-end. The detail of the balances forming part of the non-current assets is as follows:

(million EUR)	Jun-23	Dec-22	Change
Non-current assets and right-of-use assets	4.6	2.9	1.7
Investment property	46.6	44.3	2.3
Non-current financial assets	4.3	21.2	-16.9
Deferred tax assets	27.1	27.1	0.0
Total non-current assets	82.6	95.5	-12.9

- The figure of EUR 4.6 million for **non-current assets and right-of-use assets** basically reflects the accounting for leases per IFRS 16. That figure was EUR 1.7 million higher than the one at 2022 year-end, mainly due to the acquisition of new rights of use in relation to leases for premises in the urban self storage business.
- Assets classified as **investment property** increased by EUR 2.3 million from the figure recorded at the close of 2022, primarily as the result of the fair value remeasurement of these assets, which consist of 16 properties located in Barcelona and Madrid, six of which residential, one hotel and nine commercial premises.
- Non-current financial assets** basically includes Renta Corporación's equity stake in the Vivenio REIT and came in EUR 16.9 million lower due to the sale of 12.5 million shares owned by Renta Corporación to Vivenio, which generated a liquidity injection of EUR 14.0 million and decreased equity by EUR -2.5 million, net of the tax effect.
This sale was part of the Vivenio share buy-back programme approved at the end of June, which envisages the purchase of a maximum of 17.2 million own shares at a price of EUR 1.115 per share within no more than one year after the General Meeting date.
- Deferred tax assets** relate mainly to tax loss carryforwards, and there were EUR 70 millions of unrecognised tax losses.

Current assets

(million EUR)	Jun-23	Dec-22	Change
Inventories	29.1	52.8	-23.7
Accounts receivable	2.9	6.6	-3.7
Cash	15.8	15.0	0.8
Financial assets	0.7	0.3	0.4
Total current assets	48.5	74.7	-26.2

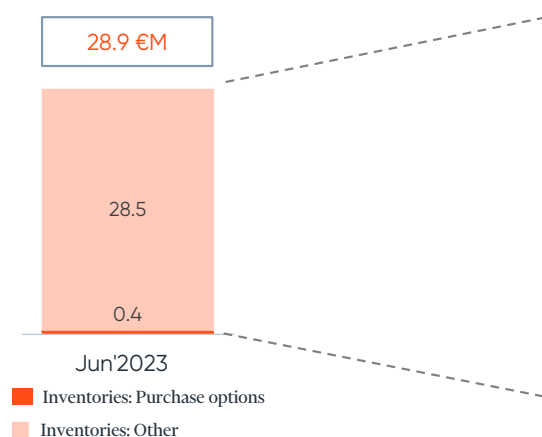
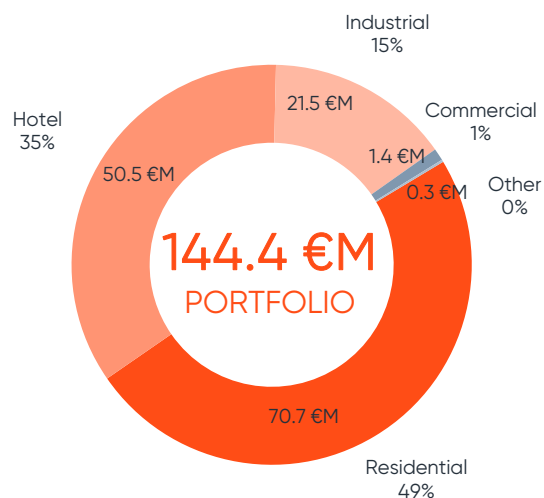
Current assets at the end of June 2023 amounted to EUR 48.5 million, down EUR 26.2 million from 2022. The decline is primarily explained by the reduction in inventories and accounts receivable.



Inventories and transactional business portfolio

Renta Corporación had recorded inventories of EUR 29.1 million at the close of the half year, down EUR 23.7 million with respect to the 2022 year-end figure, mainly as the result of the sales made during the year, highlighted by the dation in payment of the Cànoves residential land, with an inventory value of EUR 18.1 million. In addition to Cànoves, other inventory disposals during the year mainly include the partial sale of a residential development on Calle Hercegovina, part of a building on Calle Carrera and another on Calle Camèlies, all in Barcelona; along with the sale of part of a building located on Calle Nuestra Señora de la Soledad in Madrid. The additions to inventories, in turn, reflect the investments made in the conversion of the assets acquired.

On the other hand, inventories at the close of June 2023 includes purchase option premiums of EUR 0.6 million, EUR 0.4 million of which are in respect of options on properties in the transactional business. Those options give the company the right to future purchase of assets valued at EUR 115.9 million, which together with the strategic inventories give a transactional business portfolio of EUR 144.4 million, 88% higher than the portfolio at 2022 year-end.

STRATEGIC
INVENTORIES (€M)TRANSACTIONAL BUSINESS
PORTFOLIO (€M) ⁽¹⁾

Notes: In addition, the company holds EUR 0.2 million in purchase options entitling it to future purchases of EUR 69.4 million in residences and self storage assets.

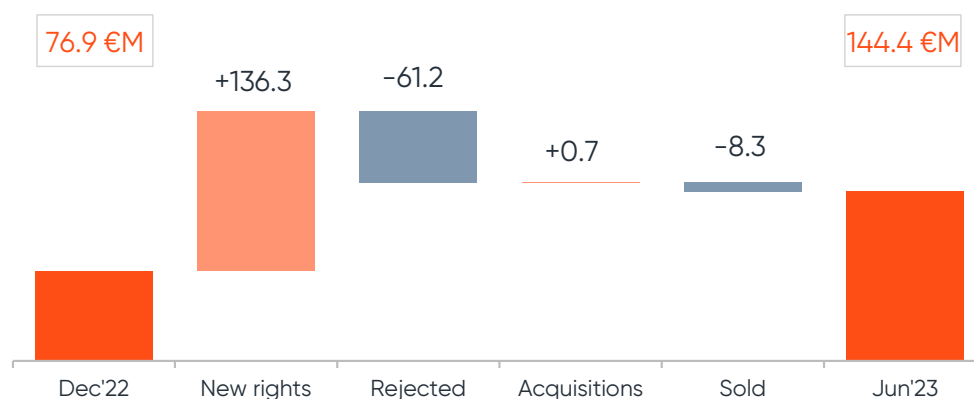
BREAKDOWN OF STRATEGIC INVENTORIES ⁽²⁾ (€M)

RESIDENTIAL		INDUSTRIAL/LOGISTICS		COMMERCIAL/OTHER	
# buildings	4	# buildings	5	# buildings	1
# units	23	# units	n/a	# units	n/a
Inventories (€M)	9.9	Inventories (€M)	16.9	Inventories (€M)	1.7

Notes: The breakdown of the strategic inventories does not include the value of the purchase options.

CHANGES IN TRANSACTIONAL BUSINESS PORTFOLIO (€M)

The detail of the changes in the business portfolio in the period from 2022 year-end to 30 June 2023 is as follows:



Accounts receivable

(million EUR)	Jun-23	Dec-22	Change
Trade receivables and notes receivable	1.1	3.9	-2.8
Tax receivables	1.0	1.0	0.0
Other receivables	0.8	1.7	-0.9
Total receivables	2.9	6.6	-3.7

At the end of the first half of 2023, the balance of accounts receivable amounted to EUR 2.9 million, EUR 3.7 million lower than at 2022 year-end. This balance is broken down into three line items:

- **Trade receivables and notes receivable:** the balance of this line item decreased by EUR 2.8 million with respect to 2022 year-end, mainly due to the collection of the stage of completion of one delegated office development in Barcelona and the sale, in late 2022, of a housing development.
- **Tax receivables:** the amount of tax receivables of Renta Corporación was largely unchanged with respect to the close of December 2022. This heading mainly includes accounts receivables in respect of VAT and the corporate income tax.
- **Other receivables:** This balance was EUR 0.9 million lower than at year-end 2022, primarily due to the lower amounts of funds deposited for auctions and purchase options under due diligence.



Ntra. Señora de la Soledad, Madrid



Camèlies, Barcelona

2.2.2 Liabilities

Equity + liabilities (million EUR)	Jun-23	Dec-22	Change
Equity	71.8	77.1	-5.3
Liabilities			
Non-current mortgage debt	7.2 ⁽¹⁾	7.0	0.2
Other non-current payables	8.5	7.3	1.2
Non-current liabilities	15.7	14.3	1.4
Non-current mortgage debt	5.2 ⁽²⁾	7.6	-2.4
Current financial debt	33.0 ⁽³⁾	44.7	-11.7
Participating debt	0.0	18.2	-18.2
Other current payables	5.4	8.3	-2.9
Current liabilities	43.6	78.8	-35.2
Total equity + liabilities	131.1	170.2	-39.1

Equity

Equity at the close of the second quarter stood at EUR 71.8 million, EUR 5.3 million below the year-end 2022 figure, mainly due to the loss recorded during the period and the allocation to equity of the EUR -2.5 million loss recorded on the sale of Vivenio shares net of its tax effect.

Financial debt

DEBT BY TYPE AND CLASSIFICATION (€M) – Jun 2023

	Non current	Current		Total
(M€)	l/t	l/t	s/t	
Mortgage debt	7.2	5.2	0.4	12.8
Other payables	-	-	32.6	32.6
Total Financial Debt	7.2⁽¹⁾	5.2⁽²⁾	33.0⁽³⁾	45.4

Participating debt

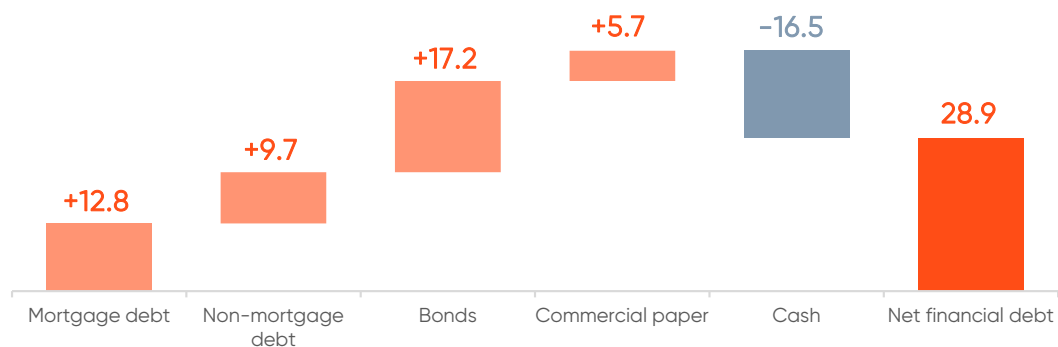
In April 2023 the company repaid the whole of the participating loan of EUR 18.2 million by dation in payment of the Cànoves land site, on which a mortgage had been created as guarantee for the creditors who had adhered to Alternative B of the proposal detailed in the Creditors Arrangement. The discharge of the debt involved no outflow of funds and marked the fulfilment of one of the last milestones of the insolvency proceedings; leaving pending only the repayment of the subordinated debt of EUR 0.6 million, at amortised cost.

NET FINANCIAL DEBT (€M)

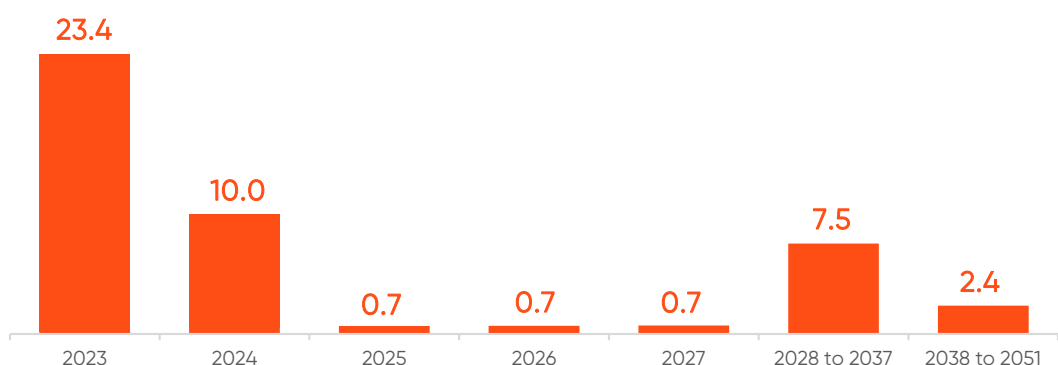
Net financial debt dropped by EUR 15.1 million from the EUR 44.0 million at the close of last year, mainly reflecting the net repayment of EUR 13.9 million in mortgage debt associated with the assets sold, commercial paper and non-mortgage debt.

(million EUR)	Jun-23	Dec-22	Change
Mortgage debt	12.8	15.2	-2.4
Other payables	32.6	44.1	-11.5
(-) Cash and financial assets	-16.5	-15.3	-1.2
Total Net Financial Debt	28.9	44.0	-15.1

NET FINANCIAL DEBT BY TYPE (€M)



FINANCIAL DEBT REPAYMENT SCHEDULE (€M)



Maturity of the financial debt

Although the financial debt, without considering the participating debt, has been reduced by EUR 13.9 million from the close of 2022 and net debt has been brought down to 25% of total assets, the maturities of that debt are still significantly concentrated in the near term and mainly consist of bonds, commercial paper and non-mortgage debt. The company continues working on the refinancing or repayment of that debt. In this regard, it bears mention that the company has borrowing capacity of EUR 50 million thanks to its programme of commercial paper launched in May of this year, only EUR 4.4 million of which had been drawn down at the end of June.

Other non-current payables

At 30 June 2023, Renta Corporación had recognised “**Other Non-Current Payables**” totalling EUR 8.5 million. This balance is broken down as follows:

(million EUR)	Jun-23	Dec-22	Change
Non-current payables (insolvency proceedings)	0.6	0.6	0.0
Deferred tax liabilities	5.3	5.2	0.1
Long-term finance leases (IFRS 16)	2.6	1.5	1.1
Total other non-current payables	8.5	7.3	1.2

- **Non-current payables relating to insolvency proceedings:** this line item records subordinated debt of EUR 0.6 million owed to the pre-insolvency creditors. The debt has been discounted at the effective market interest rate, an effect that is reversed in the years over which this debt is repaid.
- **Deferred tax liabilities:** this line item amounts to EUR 5.3 million, practically the same as the 2022 year-end figure and mainly includes the net tax effect of the revaluation of the investment property and the sale of the Vivenio shares.
- **Long-term finance leases (IFRS 16):** this line item amounts to EUR 2.6 million and arose in 2019 as a result of the initial application of IFRS 16 on Leases. As with the non-current rights of use asset, this caption increased with respect to the previous year, primarily as a result of the acquisition of new rights of use in relation to the leases of premises in the urban self storage business.

Other current payables

Other current payables amounted to EUR 5.4 million, EUR 2.9 million lower than the 2022 year-end figure.

(million EUR)	Jun-23	Dec-22	Change
Current payables	4.4	7.3	-2.9
Pre-sale downpayments and prepayments	0.3	0.2	0.1
Other current payables	0.7	0.8	-0.1
Total other current payables	5.4	8.3	-2.9

- **Current payables** relate to the company's purchase, conversion and sale transactions. At the end of June 2023, they amounted to EUR 4.4 million, down EUR 2.9 million from the 2022 year-end figure, mainly due to the decrease in provisions for construction work and conversion of operations.
- **Pre-sale downpayments and prepayments** amounted to EUR 0.3 million, almost the same figure as at 2022 year-end, which will give rise to future revenue of EUR 4.0 million in Barcelona and EUR 0.5 million in Madrid.
- **Other current payables** are primarily composed of tax payables and accrued wages and salaries.

Cash flow performance

The company generated negative cash flow of EUR 1.7 million as a result of the operating loss recorded during the period.

Working capital and other operating cash flows gave rise to positive cash flow of EUR 5.3 million, due mostly to the decrease in inventories and in receivables.

Also, the investment in non-current assets generated a likewise positive cash flow of EUR 12.7 million, mainly from the sale of a large part of the Vivenio shares.

Lastly, cash flows from financing activities amounted to a negative EUR 15.5 million, primarily reflecting the net effect of the amortisation and the inflow of mortgage and non-mortgage financing.

The combined result of the foregoing was an increase of EUR 0.8 million in cash and cash equivalents at the end of June 2023.

(million EUR)	Jun-23
Profit or loss from operations	-1.7
Investment in the REIT ⁽¹⁾	0.0
Operating cash flow	-1.7
Changes in working capital and other operating cash flows	5.3
Investment in non-current assets	12.7
Free cash flow	16.3
Change in cash flows from financing activities	-15.5
Interim dividends paid	0.0
Net increase/decrease in cash and cash equivalents	0.8

Notes: (1) Relating to the receivables from the Vivenio REIT to be converted into shares in full.



3. Insight into the asset management business

Renta Corporación has two clearly differentiated lines of business –transactions and asset management– which it periodically adapts to the changing situation of the Spanish real estate market without losing the essence of each line's business model. The asset management business is acquiring ever greater weight in the Group's activity with the goal of achieving lower exposure to the cyclical nature of the sector and more recurrent Group revenues. This business line is divided into two divisions:

a. “Asset Management”/ “Fund management” Division

This area involves setting up and managing real estate vehicles with third parties and earns fees and commissions tied to both origination and management of properties. This division includes:

The **Vivenio REIT**, in which Renta Corporación is the exclusive investment manager and which specialises in rented residential assets. It was created in 2017 with a majority equity stake held by the Netherlands pension funds manager APG. In 2021, the Australian fund Aware Super PTY LTD acquired equity in the REIT, helping expand Vivenio's present investment capacity by an additional EUR 800 million plus. At 2022 year-end, Vivenio held an asset portfolio of EUR 1,449 million, composed of 41 real estate developments in operation, 5 own developments and 3 turnkey projects. Renta Corporación earns fees from the presentation of investment and disinvestment proposals for an appropriate asset turnover, in addition to an incentive commission.

The **Wellder REIT**, specialised in care homes for the elderly, was created at the end of 2022 with, once again, APG. Renta Corporación is the exclusive management company for this vehicle, which was born with the aim of acquiring, in the initial phase, property assets in Spain worth EUR 250 million, with a premium on quality and on high ESG standards. The Wellder REIT will invest in assets located in cities with more than 100,000 inhabitants, preferably provincial capitals, and with floor areas of between 4,000 and 7,500 m2 and between 80 and 140 beds per residence. The investment will combine both the purchase of existing homes and developing of new projects.

At the close of the first half of 2023, this vehicle had acquired its first asset, a geriatric home in the city of Burgos, with 4,500 m2 and 98 rooms, that is currently in operation and managed by one of the leading operators in Spain. It also has assets under study for investment of EUR 65.2 million, composed of eight assets with an aggregate of 1,200 rooms, nearly all of which are currently operative.

b. “Own Assets” Division

This division covers the acquisition and management of any property investment intended to be kept on the company's balance sheet for a prolonged period of time, with the aim of contributing to making the revenue base more recurrent.

Within this division the company has created **Cabe**, an urban self storage spaces leasing business that offers a product with differential features that include the downtown location of the units and the high level of digitisation of the entire process, both when contracting the service and when using the storage facilities. Since late 2021 the company has 11 facilities located in Barcelona and Madrid, with a market value of EUR 17.6 million. In addition, as at the close of the first half of 2023, Cabe has a portfolio of investments under study of EUR 4.2 million, comprising 12 assets located, in addition to in Barcelona and Madrid, in Zaragoza and Palma de Mallorca. The company does not rule out the possibility of opening new facilities in new locations, given the high scalability of this business.

Also within the **Own Assets division**, Renta Corporación has six assets in residential use and another in hotel use with an aggregate market value of EUR 30.7 million.

GAV
VIVENIO
31/12/22

1,449 €M

WELDER
PORTFOLIO

72.5 €M

CABE
PORTFOLIO

21.8 €M

INVESTMENT
PROPERTY

30.7 €M

4. Information on market performance

The first half of 2023 continued to be heavily marked by an uncertain macroeconomic and geopolitical environment, mainly stemming from the armed conflict between Russia and Ukraine, persistent inflation and the continuing rise in interest rates, which have reached their highest level since 2008. Added to this complex scenario is the climate of domestic political uncertainty in Spain in a year with municipal, regional and national elections.

Despite the macroeconomic situation, according to data from the Instituto Nacional de Estadística (Spanish Institute of Statistics), the Spanish economy grew 0.6% in the first quarter of the year, mainly driven by exports and tourism, although the Bank of Spain is issuing alerts about signs of a slowdown as a result of the European Central Bank's tightening monetary policy, which has thus far hiked interest rates by 4%.

In the real estate sector, inflationary pressures and rising interest rates have pushed financing costs upward, leading to a collapse in the number of transactions and an estimated decrease in investment of between 30% and 40% during the first half of the year. Combined with the new Housing Law enacted in May, this has only aggravated the prevailing uncertainty and contributed to the halt in deals being closed and in new investment decisions.

In addition, tighter monetary policy has pushed the returns demanded higher in all segments. Paradoxically, rents are also rising due to inflation and to the polarisation between prime and other assets.

Also, digitisation, sustainability and flexibility are emerging as key trends in the property sector. In this connection, Environmental, Social and Governance criteria (ESG) will continue acquiring ever greater importance for boosting the resilience of and returns on real estate assets.

Residential

After a record-breaking 2022 for the residential segment in terms of sales figures, in the first half of 2023 rising interest rates and financing costs weakened housing demand and led to a decline in the number of sales and signs of decelerating prices. In addition, foreign demand, which was buoyant last year, has also moderated during 2023. Higher interest rates are expected to continue acting as a drag on the indicators in the coming months.

In all, investor appetite for residential assets is withstanding these headwinds and this is the segment that led investment in the real estate sector in the first six months of the year. Rental residential properties, specifically, stand out as the largest segment by investment volume. Also, student residences, coliving and senior living are emerging as the main trends in this year.

Sustainability and ESG criteria are taking on ever greater priority, both for investors and for users, with the aim of transforming the sector and generating greater impact.

Offices

The current macroeconomic backdrop and high uncertainty have also curbed expectations for the office market, which in the first half recorded a decline in activity and in investment volumes.

Furthermore, the advent of telework and changing employee habits in recent years have spurred companies to reduce office space, with a shift to smaller but higher quality offices.

In this regard, 2023 saw a consolidation of flexioffice arrangements as a formula that allows office space and occupancy time to be modulated to suit the needs of businesses.

The rising interest rate environment will continue pushing the yields that investors demand higher, although the projections for the second half of the year point to a slight recovery in demand.

Retail

The first half of 2023 saw a slowdown in investment in retail property assets, mainly due to the rise in interest rates. The higher financing costs have also affected the yields that are demanded, which have been moving up gradually.

Online retailing, for its part, continues to grow in Spain and has firmly established itself as an alternative for shoppers, with artificial intelligence being put to use to enhance the customer experience.

The prospects for consumer spending have been dimmed by inflation and the consequent loss of household purchasing power, which has led to a drop in consumer confidence.

The projections for the second half of the year are moderate and will be closely tied to the evolution of the economy, although retailers will continue recovering and the main indicators are expected to return to close to their pre-pandemic levels.

Logistics

After 2022's record numbers for investment and floor area contracted, the logistics sector continues to display dynamic activity despite the investment slowdown recorded in the current economic environment. New transactions in this segment are thus expected to decline in 2023 with respect to previous years.

Although the central region of Spain, with Madrid at its epicentre, and Catalonia, spearheaded by Barcelona, stand out as the biggest markets, others such as Valencia, Zaragoza and Andalucía continue to grow.

Rents in the logistics segment are recording progressive growth in rental prices both in the central region and in Catalonia. Also, in Madrid, locations outside the city are taking on greater importance as strategic point in the last mile. As for Barcelona, activity in the market will continue to be hamstrung by the lack of supply, which, combined with the delivery of top-quality assets, is driving prime rents upward.

And here, too, sustainability criteria are becoming increasingly important for investors and users.

Hotels

The recovery of the tourism industry grew firmer in 2023 and the sector is back to its pre-pandemic levels. During the first four months of 2023, Spain received 21 million international tourists, who spent an aggregate of EUR 25.681 billion.

Although this sector is also seeing a decline in investment as a result of the macroeconomic environment, it continues to post dynamic numbers and, together with the residential segment, has drawn a large part of the total property investment volume, especially in high-end hotels.

The investment trend in the second half of the year will depend on the evolving macroeconomic situation and on the rise in interest rates, as higher financing costs are curbing the pace of transactions.

The luxury segment, in turn, will continue to be a prime focus of investor interest, as it is positioning itself as the most resilient and inelastic segment of the market. The search for customer experiences and digitisation are also coming forth as key trends in the sector.

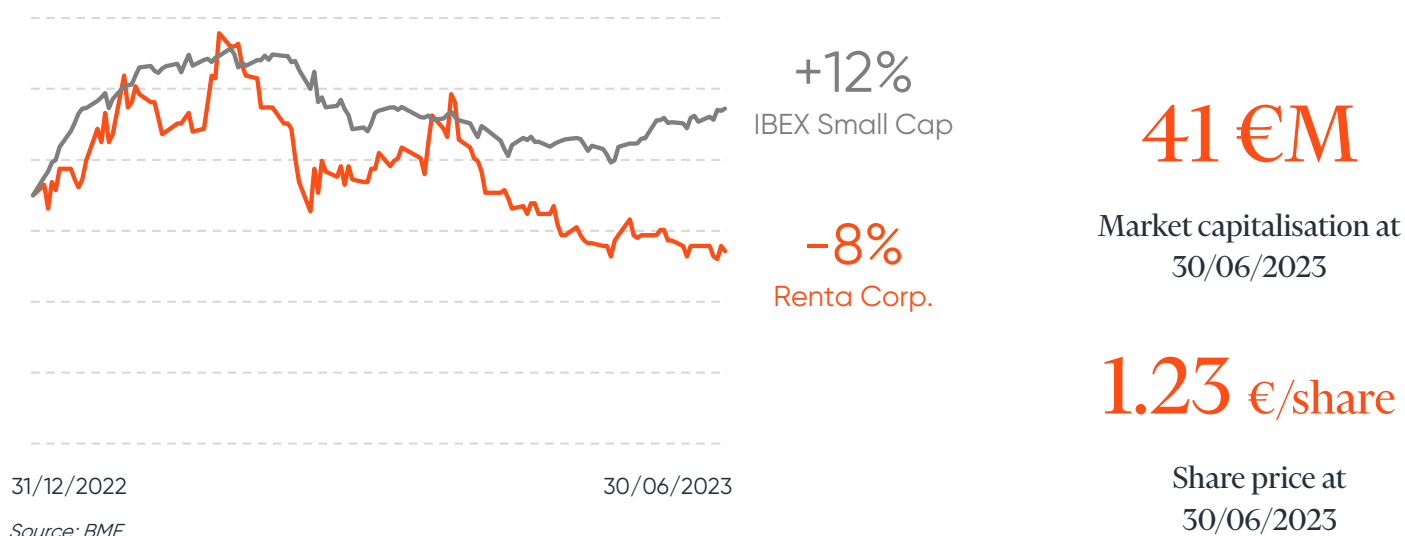


5. Shareholder structure and stock market performance

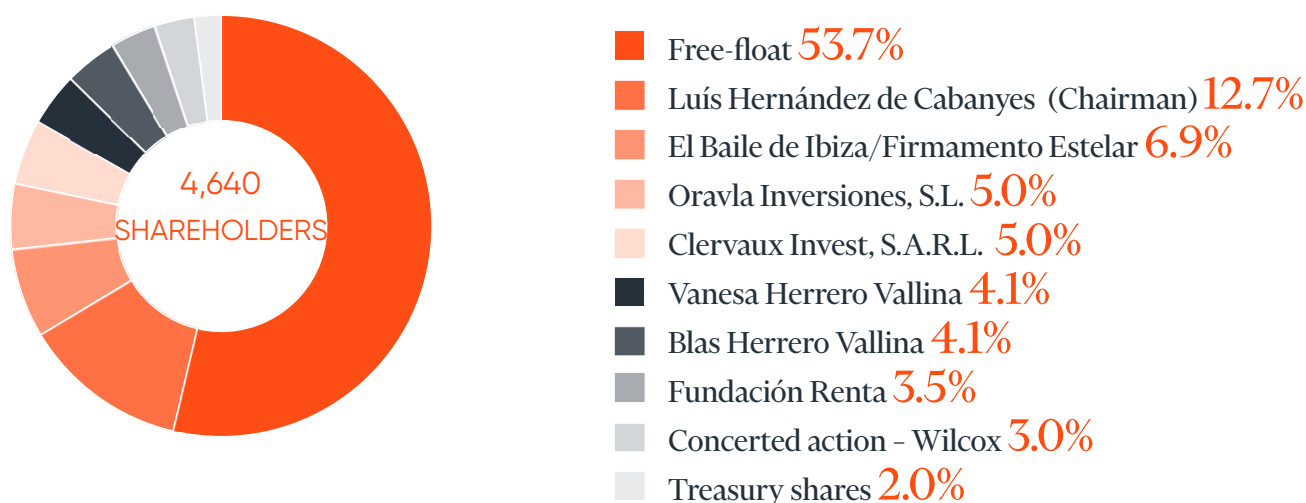
The share market price at the close of the first half of 2023 was EUR 1.23 per share, 8% below the EUR 1.34 per share at 2022 year-end.

Market capitalisation at 30 June 2023 was EUR 40.5 million, with 2.8 million shares traded in the first half of the year for a total of EUR 3.9 million.

SHARE PERFORMANCE SINCE DEC-22 (BASE 100)



SHAREHOLDER STRUCTURE AT JUNE 23

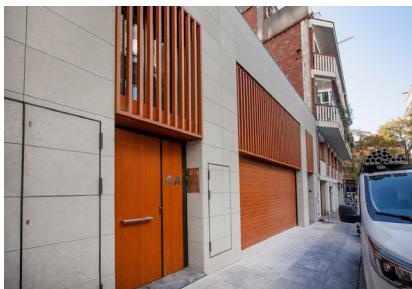


Appendix 1: Significant transactions at June 2023

Transactional business

HERCEGOVINA

Barcelona



- **Project:** New construction project with two single-family dwellings.
- **Floor area:** 667 m²

CAMÈLIES

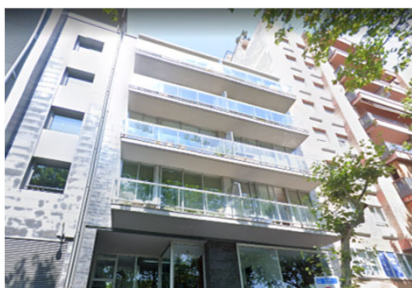
Barcelona



- **Project:** Refurbishment of common areas. Negotiation with tenants. Property-by-property sale.
- **Floor area:** 2,471 m²

CARRERA

Barcelona



- **Project:** Negotiation with tenants. Property-by-property sale.
- **Floor area:** 723 m² a/g+200 b/g

NTRA SRA DE LA SOLEDAD

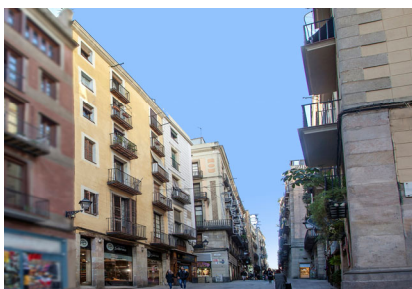
Madrid



- **Project:** Negotiation with tenants. Refurbishment of common areas. Property-by-property sale.
- **Floor area:** 1,022 m²

DAGUERIA

Barcelona

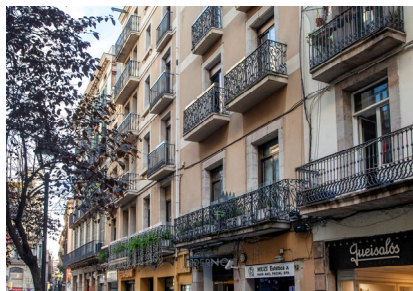


- **Project:** Single-buyer sale.
- **Floor area:** 842 m²

Asset business

HOSPITAL/LA RAMBLA

Barcelona



- Use: Hotel
- Floor area: 1,500 m²

GRECO

Barcelona



- Use: Self storage
- Floor area: 1,422 m²
- Units: 377

BISCAIA

Barcelona



- Use: Self storage
- Floor area: 279 m²
- Units: 81

JUAN PRADILLO

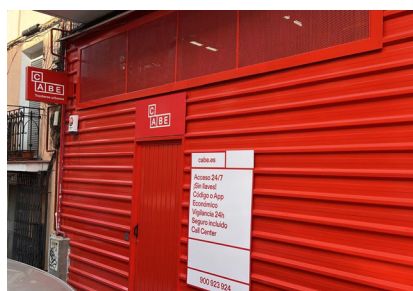
Madrid



- Use: Self storage
- Floor area: 697 m²
- Units: 208

PICOS DE EUROPA

Madrid



- Use: Self storage
- Floor area: 890 m²
- Units: 205

VILLARROEL

Barcelona



- Use: Self storage
- Floor area: 283 m²
- Units: 94

Appendix 2: Significant inventories in progress at June 2023

VANGUARD BUILDING

Barcelona



- **Project:** Conversion of the property for hotel and residential use.
- **Floor area:** 21,023 m² a/g+2,496 m² b/g

CARRETERA DE SABADELL

Rubí (Barcelona)



- **Project:** Development of logistics warehouses.
- **Floor area:** 7,000 m²

VIA AUGUSTA

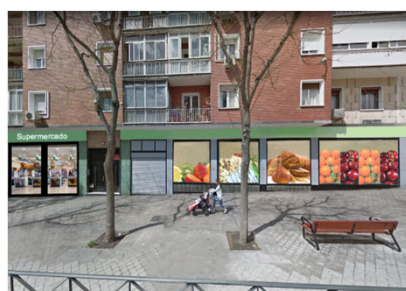
Barcelona



- **Project:** Work on common areas and construction of a swimming pool and gym. Negotiation with tenants. Property-by-property sale.
- **Floor area:** 4,650 m² a/g+1,500 m² b/g

EMBAJADORES

Madrid



- **Project:** Corner premises in Arganzuela district with a façade of over 60m, with potential use as a supermarket.
- **Floor area:** 1,850 m² a/g

ZAPATEROS

Toledo



- **Project:** Development of a logistics warehouse.
- **Floor area:** 17,576 m² a/g

INDÚSTRIA

Ripollet



- **Project:** Development of logistics warehouses.
- **Floor area:** 9,500 m² a/g

Appendix 3: Glossary

Business portfolio	Investment rights plus strategic stocks (for sale)
Financial debt	Mortgage debt + Other payables
Net financial debt	Mortgage debt + Other payables - Cash - Current financial assets
Debt as a % of assets	Net financial debt / Total assets - Cash - Current financial assets
EBITDA	Consolidated profit or loss from operations + Changes in value of investment property - Depreciation and amortisation
Free float	Capital shares freely traded on the Spanish Stock Market Interconnection System and not stably controlled by shareholders
GAV	Gross Asset Value (Market Value)
IBEX Small	Index of small market capitalisation securities listed on the Spanish Stock Market Interconnection System
Operating margin	Revenue + Other operating income + Changes in value of financial assets - Changes in inventories of buildings acquired for refurbishment and/or conversion - Other operating expenses charged to the operating margin
€M	Millions of euros
REIT	Real estate investment trusts

