Renta Corporación Real Estate, S.A. and Subsidiaries

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

RENTA CORPORACIÓN REAL ESTATE, S.A. AND SUBSIDIARIES
(RENTA CORPORACIÓN GROUP)

<u>CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2023</u>

(Thousands of euros)

ASSETS	Notes	31/12/2023	31/12/2022
NON-CURRENT ASSETS:			
Intangible assets		**708**	**690**
Property, plant and equipment-		**453**	**450**
Plant and other property, plant and equipment		453	450
Right-of-use assets	**Note 7**	**5,105**	**1,778**
Investment property	**Note 8**	**24,285**	**44,324**
Investments in associates and joint ventures-	**Note 10**	**—**	**551**
Loans to associates and joint ventures		—	551
Non-current financial assets-	**Note 11**	**2,198**	**20,645**
Equity instruments		2,119	16,955
Non-current accounts receivable	Notes 11 and	—	3,618
Other financial assets		79	72
Deferred tax assets	**Note 18**	**27,479**	**27,054**
Total non-current assets		**60,228**	**95,492**
CURRENT ASSETS:			
Assets held for sale	**Note 12**	**9,772**	**—**
Inventories-	**Note 13**	**27,282**	**52,832**
Land and building lots		—	18,115
Buildings acquired for refurbishment and/or conversion		26,044	34,432
Purchase options		1,238	285
Trade and other receivables-		**1,694**	**6,584**
Trade receivables for sales and services	Note 14	48	3,889
Sundry accounts receivable	Note 14	320	1,656
Other accounts receivable from public authorities	Note 18	1,326	1,039
Current financial assets-		**315**	**328**
Loans to third parties at short-term		—	10
Other financial assets		315	318
Cash and cash equivalents-	**Note 15**	**5,193**	**14,981**
Cash		5,193	14,981
Total current assets		**44,256**	**74,725**
TOTAL ASSETS		**104,484**	**170,217**

EQUITY AND LIABILITIES	Notes	31/12/2023	31/12/2022
EQUITY AND LIABILITIES:			
SHAREHOLDERS' EQUITY-	**Note 16**	**58,490**	**75,607**
Share capital-		**32,888**	**32,888**
Registered share capital		32,888	32,888
Share premium		**89,913**	**89,913**
Reserves of the Parent		**20,000**	**19,990**
Prior years' losses of the Parent		**(63,704)**	**(67,529)**
Consolidated reserves		**(2,913)**	**(1,193)**
Treasury shares		**(1,749)**	**(2,014)**
Consolidated profit/(loss) for the year attributable to the Parent		**(15,945)**	**3,552**
NON-CONTROLLING INTERESTS		**(1)**	**—**
VALUATION ADJUSTMENTS-		**46**	**1,527**
Equity instruments at fair value	Note 11	46	1,527
Total equity		**58,535**	**77,134**
NON-CURRENT LIABILITIES:			
Non-current payables-	**Note 17**	**8,408**	**9,142**
Non-current bank borrowings maturing at long term		5,982	7,013
Other non-current financial liabilities maturing at long-term		2,426	2,129
Deferred tax liabilities	**Note 18**	**3,215**	**5,169**
Total non-current liabilities		**11,623**	**14,311**
CURRENT LIABILITIES:			
Liabilities related to assets held for sale	**Note 12**	**3,310**	**—**
Current payables-	**Note 17**	**24,446**	**70,781**
Current debt instruments and other marketable securities		11,682	29,401
Current bank borrowings maturing at long term		2,033	7,621
Current bank borrowings		263	18,857
Other current financial liabilities		10,468	14,902
Trade and other payables-		**6,570**	**7,991**
Sundry accounts payable		5,826	7,292
Remuneration payable		149	179
Other accounts payable to public authorities	Note 18	255	300
Customer advances	Note 13	340	220
Total current liabilities		**34,326**	**78,772**
TOTAL EQUITY AND LIABILITIES		**104,484**	**170,217**

The accompanying Notes 1 to 24 and the Appendix are an integral part of the consolidated balance sheet at 31 December 2023.

RENTA CORPORACIÓN REAL ESTATE, S.A. AND SUBSIDIARIES
(RENTA CORPORACIÓN GROUP)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2023

(Thousands of euros)

	Notes	2023	2022
CONTINUING OPERATIONS:			
Revenue	Note 19	41,825	53,899
Other operating income		124	97
Changes in inventories of buildings acquired for refurbishment and/or conversion	Notes 13 and 19	(36,085)	(40,462)
Staff costs	Note 19	(5,650)	(5,454)
Other operating expenses	Note 19	(6,780)	(5,736)
Depreciation and amortisation charge		(496)	(395)
Impairment and gains or losses on disposals of non-current assets and investment property	Note 8	(1,878)	(14)
Consolidated profit/(loss) from operations		**(8,940)**	**1,935**
Changes in fair value of investment property and right-of-use assets	Notes 7 and 8	(5,272)	7,288
Finance income	Note 19	202	15
Finance costs	Note 19	(4,009)	(3,592)
Financial loss		**(3,807)**	**(3,577)**
Share in profit or loss of associates under the equity method		(29)	(51)
Disposals of investments accounted for under the equity method		218	—
Consolidated profit/(loss) before tax		**(17,830)**	**5,595**
Income taxes	Note 18	1,885	(2,043)
Consolidated profit/(loss) for the year		**(15,945)**	**3,552**
Consolidated profit/(loss) for the year attributable to the Parent		**(15,945)**	**3,552**
Consolidated profit/(loss) for the year attributable to non-controlling interests		**—**	**—**
Basic earnings per share (euros)	**Note 5**	**(0.50)**	**0.11**
Diluted earnings per share (euros)	**Note 5**	**(0.50)**	**0.11**

The accompanying Notes 1 to 24 and the Appendix are an integral part of the consolidated statement of profit or loss for the year ended 31 December 2023.

RENTA CORPORACIÓN REAL ESTATE, S.A. AND SUBSIDIARIES
(RENTA CORPORACIÓN GROUP)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

(Thousands of euros)

	2023	2022
CONSOLIDATED PROFIT FOR THE YEAR (I)	**(15,945)**	**3,552**
OTHER COMPREHENSIVE INCOME		
Total other comprehensive income recognised directly in consolidated equity (II)	**(1,481)**	**(75)**
Items that cannot be reclassified to the consolidated statement of profit or loss:		
- On valuation of financial instruments	**(1,974)**	**(100)**
Equity instruments at fair value through consolidated statement of comprehensive income (Note 11)	(1,974)	(100)
- Tax effect	**493**	**25**
Total transfers to consolidated profit or loss (III)	**—**	**—**
Total other consolidated comprehensive income (I+II+III)	**(17,426)**	**3,477**
Total other comprehensive income attributable to the Parent	**(17,426)**	**3,477**
Total other comprehensive income attributable to non-controlling interests	**—**	**—**

The accompanying Notes 1 to 24 and the Appendix are an integral part of the consolidated statement of other comprehensive income for the year ended 31 December 2023.

RENTA CORPORACIÓN REAL ESTATE, S.A. AND SUBSIDIARIES
(RENTA CORPORACIÓN GROUP)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR
THE YEAR ENDED 31 DECEMBER 2023

(Thousands of euros)

	Share capital	**Share premium**	**Reserves of the Parent**	**Prior years' losses of the Parent**	**Consolidated reserves**	**Treasury shares**	**Net consolidated profit/(loss) for the year attributable to the Parent**	**Interim dividend**	**Non-controlling interests**	**Valuation adjustments**	**Total**
Balance at 31 December 2021	**32,888**	**89,913**	**19,954**	**(71,250)**	**(970)**	**(2,106)**	**6,899**	**(1,200)**	**—**	**1,602**	**75,730**
Total comprehensive income	—	—	—	—	—	—	3,552	—	—	(75)	3,477
Allocation of 2021 profit/(loss)	—	—	—	3,721	(222)	—	(6,899)	1,200	—	—	(2,200)
Share-based payments and other changes	—	—	36	—	(1)	92	—	—	—	—	127
Balance at 31 December 2022	**32,888**	**89,913**	**19,990**	**(67,529)**	**(1,193)**	**(2,014)**	**3,552**	**—**	**—**	**1,527**	**77,134**
Total comprehensive income	—	—	—	—	—	—	(15,945)	—	—	(1,481)	(17,426)
Allocation of 2022 profit/(loss)	—	—	—	3,825	(273)	—	(3,552)	—	—	—	—
Share-based payments	—	—	10	—	—	265	—	—	—	—	275
Recognition under “Reserves” of profit from the disposal of financial instruments measured as assets at fair value through the consolidated statement of other comprehensive income	—	—	—	—	(1,447)	—	—	—	—	—	(1,447)
Additions to the scope of consolidation	—	—	—	—	—	—	—	—	(1)	—	(1)
Balance at 31 December 2023	**32,888**	**89,913**	**20,000**	**(63,704)**	**(2,913)**	**(1,749)**	**(15,945)**	**—**	**(1)**	**46**	**58,535**

The accompanying Notes 1 to 24 and the Appendix are an integral part of the consolidated statement of changes in total equity for the year ended 31 December 2023.

RENTA CORPORACIÓN REAL ESTATE, S.A. AND SUBSIDIARIES
(RENTA CORPORACIÓN GROUP)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023
(Thousands of euros)

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES (I):		**701**	**10,132**
Consolidated profit/(loss) for the year before tax-		**(17,830)**	**5,595**
Adjustments to profit/(loss)-		**11,860**	**(6,582)**
Depreciation and amortisation charge		496	395
Adjustments for impairment		623	237
Impairment and gains or losses on disposals of non-current assets and investment property		1,878	14
Impairment and gains or losses on disposals of financial instruments		(218)	—
Finance income	Note 19	(202)	(15)
Finance costs	Note 19	4,009	3,592
Changes in fair value of investment property and right-of-use assets	Notes 7 and	5,272	(7,288)
Other income and expenses		2	(3,517)
Changes in working capital-		**8,802**	**12,109**
Inventories	Note 13	9,260	7,410
Trade and other receivables		1,686	4,789
Trade and other payables		(2,144)	(90)
Other cash flows from operating activities-		**(2,131)**	**(990)**
Interest paid (received)		(2,121)	(466)
Income tax paid (received)		(10)	(524)
CASH FLOWS FROM INVESTING ACTIVITIES (II):		**16,209**	**(7,317)**
Payments due to investment-		**(6,421)**	**(7,544)**
Associates		—	(575)
Intangible assets		(208)	(350)
Property, plant and equipment		(75)	(345)
Investment property	Note 8	(3,814)	(5,991)
Other financial assets	Note 11	(1,631)	(283)
Other assets		(693)	—
Proceeds from disposal-		**22,630**	**227**
Investment property		5,146	—
Other financial assets	Note 11	17,484	227
CASH FLOWS FROM FINANCING ACTIVITIES (III):		**(26,698)**	**(3,811)**
Proceeds and payments relating to equity instruments-		**275**	**129**
Disposal of equity instruments	Note 16	275	129
Proceeds and payments relating to financial liability instruments-		**(26,973)**	**(1,740)**
Proceeds from issue of debt instruments and other marketable securities	Note 17	17,179	31,968
Proceeds from issue of bank borrowings	Note 17	2,497	6,659
Proceeds from issue of other borrowings	Note 17	10,347	13,621
Repayment of debt instruments and other marketable securities	Note 17	(34,603)	(40,631)
Repayment of bank borrowings	Note 17	(6,225)	(13,112)
Repayment of other borrowings	Note 17	(16,168)	(245)
Dividends and returns on other equity instruments paid-		**—**	**(2,200)**
Dividends	Note 16	—	(2,200)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)		**(9,788)**	**(996)**
Cash and cash equivalents at beginning of year	Note 15	14,981	15,977
Cash and cash equivalents at end of year	Note 15	5,193	14,981

The accompanying Notes 1 to 24 and the Appendix are an integral part of the consolidated statement of cash flows for the year ended 31 December 2023.

Renta Corporación Real Estate, S.A.
and Subsidiaries

Consolidated Financial Statements for
the year ended
31 December 2023

1. Activities of Renta Corporación Group

Renta Corporación Real Estate, S.A. (from its incorporation until 2 June 2001 Suatel XXI, S.L., and in the period from 2 June 2001 to 5 December 2003 Corporación Renta Antigua, S.A., as of when it acquired its current name), the Parent of Renta Corporación Real Estate Group (the "Group" or "Renta Corporación Group") was incorporated as a private limited liability company in Barcelona (Spain) on 9 October 2000, and became a public limited liability company on 27 October 2001. Since October 2007 its registered office and tax domicile have been at Vía Augusta 252-260 in Barcelona (Spain), where its main offices are located as well.

The shares of Renta Corporación Real Estate, S.A. (the "Parent") are traded on the Spanish Stock Market Interconnection System and are listed on the Madrid and Barcelona Stock Exchanges.

The corporate purpose of the Parent is the performance of all types of transactions involving movable property, except those regulated by special legislation, and real estate. The activity and business of the Parent consists of the acquisition of real estate assets for their conversion and sale. The principal objective of this conversion process is to create value by adapting the properties to demand in each market. As part of these conversion processes, the Parent acts on various elements that make up the real estate asset and its value. These conversion elements are the physical condition of the asset, its use and classification, its rental and profitability status, the conditioning urban development factors, certain legal aspects, the division or aggregation of properties, etc. The Group divides its activities into two business units: transactional business and asset business.

Transactional business

This business line relates to the acquisition, transformation and sale of property assets. The main purpose of this conversion process is to create value by adapting the properties to demand in each market. The process generally entails a change of use, physical improvements to the buildings and repositioning of the properties by enhancing their returns, among others.

The transactional business has two sources:

a. *"Real estate sales"* –

   It consists of the acquisition, refurbishment and sale of buildings to third parties, the entire transaction being recorded in the Group's balance sheet.

b. *"Real estate project management"* –

   It consists of the acquisition of a right to purchase a property and developing the conversion project. The property is then sold to a third party; therefore, the transaction is not recognised in the Group's balance sheet. The proposed improvements and conversions may be carried out by the Group at the buyer's request.

Asset business

This business line encompasses revenue-generating properties that are owned either by the Group or by third parties. It consists of two divisions:

a. *"Asset Management" / "Fund Management"* –

   This division is engaged in creating and managing real estate vehicles with third parties, with fees being accrued from both the origination and management of properties.

b. *"Equity"* –

   This division encompasses the acquisition and management of any real estate investment intended to remain on the Group's balance sheet over the long term to generate recurring revenue.

Status of the Arrangement with Creditors and the effects of the lifting of the insolvency proceedings

On 19 March 2013, the Parent and three of its subsidiaries filed a petition for voluntary insolvency proceedings, which was given leave to proceed by Barcelona Commercial Court No. 9 on 27 March 2013. Also, on 8 July 2014, Barcelona Commercial Court No. 9 handed down a final judgement approving the Arrangement with Creditors.

The Arrangement with Creditors approved by Renta Corporación Group encompassed several alternatives or payment proposals in the case of both secured claims and ordinary and subordinated claims. In this regard, it was agreed that the secured claims, that were not settled with the assets securing them, would be settled together with the ordinary claims, and the secured creditors were able to opt from among the various alternatives in the payment proposal for the ordinary and subordinated claims. With regard to the latter claims, the Arrangement with Creditors offered creditors an option between different alternatives for the settlement of their claims, including a proposal that contained a debt composition and rescheduling option and another that envisaged the conversion of loans into participating loans or the maintenance of participating loans and their subsequent partial conversion into shares and repayment of the remaining amount. Specifically, the three alternatives proposed were as follows:

Alternative A: Progressive reduction and payment within an eight-year term, which began after the first year from the effective date on 8 July 2015, the first payment thein being settled on 8 July 2016 and the last one on 8 July 2022. The subordinated creditors under this Alternative were affected by the debt composition and rescheduling established therein, the rescheduling periods for ordinary creditors applying from the date of full compliance. In October 2023, once the ordinary loans and the participating loan derived from Alternative B below were settled, the Group paid off the outstanding amount of the subordinated loans.

Alternative B: Conversion of loans into participating loans or maintenance of participating loans that debtors could not repay earlier, except for the realisation of the land lots Pere IV and Cánovas, of which 80% or 100% of all the proceeds obtained, respectively, would have to be used. In turn, 50% of the consolidated available free cash flow ("AFCF") would have to be allocated at the end of each reporting period until the year ended 31 December 2021, as well as the average AFCF of the two months immediately before the repayment of the remaining loans, all of them on a pro rata basis over the period.

Loans converted into or held as participating loans were secured by a real estate mortgage on the Cánovas building lot with the mortgage liability encumbering the aforementioned asset totalling EUR 15,000 thousand. Such loans accrued variable interest at each year-end, indexed to the one-year Euribor plus a margin, provided that the consolidated net profit exceeded EUR 10 million.

(Amounts in thousands of euros)

In accordance with the Arrangement with Creditors, upon loan maturity, the creditors should accept the building lot located in Cánovas as dation in payment for their claims, after which they should not be entitled to claim any further amount from debtors. Although the aforementioned award should have been made three months after the last payment by ordinary creditors, the transaction could not be completed before the end of 2022 as it was still subject to various formal procedures. Finally, it was formalised in a public deed on 27 April 2023.

Alternative C: Conversion of loans into participating loans or maintenance of participating loans with no intermediate repayments, taking into account existing intragroup loans at that date. On 31 December 2017 the directors of Renta Corporación Real Estate, S.A. and of the consolidated company Renta Corporación Real Estate ES, S.A.U. entered into an agreement for the reciprocal remission of the claims held against each other and that fell under the Arrangement with Creditors. In this regard, the Parent’s directors and their legal advisers considered that such remission did not violate the provisions of the Arrangement or any provision of the Spanish Insolvency Act in any way whatsoever, nor did it alter the seniority or means of settling the other insolvency claims established by the Arrangement with Creditors.

All the loans under the Agreement having been fully settled, and the obligations assumed therein having been met, on 20 October 2023 a request was filed for the Court to declare the compliance with the Agreement, after all relevant formalities were fulfilled. On 7 December 2023, after observance of the Agreement was duly justified, the judge of Commercial Court no. 9 of Barcelona issued an order of compliance therewith.

The impact (at face value) of applying the Arrangement with Creditors at 31 December 2023 and 2022 is as follows:

	Thousands of euros			
	Renta Corporación Real Estate, S.A.		Renta Corporación Real Estate ES, S.A.U.	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Bank borrowings	—	—	—	18,248
Other current and non-current liabilities	—	609	—	131
Total liabilities	**—**	**609**	**—**	**18,379**

The balances of these liabilities were recognised at amortised cost in the consolidated financial statements for 2022 and previous years, discounted at a rate of 5.12%. The breakdown of the amounts recorded at 31 December 2023 and 2022 and the estimated maturity date is as follows:

	Thousands of euros			
	Renta Corporación Real Estate, S.A.		Renta Corporación Real Estate ES, S.A.U.	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Current payables	—	30	—	18,254
Non-current payables-				
2024	—	56	—	12
2025	—	81	—	17
2026	—	77	—	17
2027	—	73	—	16
Subsequent years	—	179	—	38
Total deferred payables	**—**	**496**	**—**	**18,354**

Other disclosures

Because of the nature of the activities performed by the Group, it does not have any environmental liability, expense, asset, provision or contingency that might be material to its equity, financial position or profit and loss. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated financial statements. However, the Group implements an active environmental policy in its urban development, real estate construction, and maintenance and upkeep activities.

2. Basis of presentation of the consolidated financial statements

a) *Basis of presentation*

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, taking into account all the mandatory accounting principles and standards and measurement bases, and the Spanish Commercial Code, the Spanish Companies Act, the Spanish Securities Market Act and all other applicable Spanish corporate law, as well as the rules of the Spanish National Securities Market Commission (CNMV), and, accordingly, they present fairly Renta Corporación Group's consolidated equity and consolidated financial position at 31 December 2023 and the consolidated results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended.

The consolidated financial statements of Renta Corporación Real Estate, S.A. and Subsidiaries for the year ended 31 December 2023, which were obtained from the accounting records kept by the Parent and by the other companies composing the Group, were authorised for issue by the Parent's directors at the Board of Directors meeting held on 28 February 2024.

However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements at 31 December 2023 may differ from those applied by certain Group companies, the required adjustments and reclassifications were made on consolidation to unify the principles and criteria used and to render them compliant with IFRS.

With a view to presenting the various items of the consolidated financial statements in a uniform manner, the accounting policies and measurement bases used by the Parent were applied to all the consolidated companies.

The Group's consolidated financial statements for the year ended 31 December 2022 were approved by the shareholders at the Annual General Meeting of the Parent on 29 March 2023, and timely filed with the Barcelona Mercantile Register.

b) *Adoption of International Financial Reporting Standards*

Renta Corporación Group's consolidated financial statements are presented in accordance with IFRS, pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002. In Spain, the requirement to present consolidated financial statements in accordance with IFRS as adopted in Europe is also regulated by Final Provision Eleven under Act 62/2003, of 30 December, on tax, administrative, labour and social security measures.

The principal accounting policies adopted by Renta Corporación Group are disclosed in Note 4.

(Amounts in thousands of euros)

Standards and interpretations applicable in 2023 –

In 2023 new accounting standards came into force, which, accordingly, were taken into account in the preparation of the accompanying consolidated financial statements. The following standards were applied to these consolidated financial statements, with no significant impact on the presentation and disclosures thereof:

New standards, amendments and interpretations		**Mandatory application in years beginning on or after**
Approved for application in the EU		
New standards		
IFRS 17 Insurance Contracts	It supersedes IFRS 4 and sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts issued to ensure that entities provide relevant and reliable information that gives a basis for users of the information to assess the effect that contracts have on the financial statements.	1 January 2023
Amendments and/or interpretations:		
Amendments to IAS 1 Disclosure of Accounting Policies	Amendments that are intended to help entities in adequately deciding which accounting policies to disclose in their financial statements.	1 January 2023
Amendments to IAS 8 Definition of Accounting Estimates	Amendments and clarifications to help entities to distinguish between accounting policies and accounting estimates.	1 January 2023
Amendments to IAS 12 Deferred Tax related to Assets and Liabilities Arising from a Single Transaction	Clarifications on how companies account for deferred tax from assets and liabilities on transactions such as leases and decommissioning obligations.	1 January 2023
Amendments to IFRS 17 Insurance Contracts – Initial Application of IFRS 17 and IFRS 9 Comparative Information	Amendment to the transition requirements in IFRS 17 for insurance companies that apply IFRS 17 and IFRS 9 simultaneously for the first time.	1 January 2023
Amendment to IAS 12 Taxation Reform – Pillar Two Model Rules	This amendment introduces a temporary exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. It also includes further disclosure requirements.	1 January 2023

Standards and interpretations issued but not yet in force –

At the date of preparation of these consolidated financial statements, the following standards and interpretations had been published by the IASB (International Accounting Standards Board) but had not yet come into force, either because their effective date is subsequent to the date of the consolidated financial statements or because they had not yet been adopted by the European Union:

New standards, amendments and interpretations		Mandatory application in years beginning on or after
Approved for application in the EU		
Amendments and/or interpretations:		
Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback	This amendment clarifies how lease liabilities arising from sale and leaseback transactions should be accounted for.	1 January 2024
Amendment to IAS 1 – Classification of Liabilities as Current or Non-current and Liabilities with Covenants	Clarification regarding disclosures for liabilities classified as current or non-current and, particularly, liabilities with a maturity subject to the fulfilment of covenants.	1 January 2024
Not approved for application in the EU:		
Amendments and/or interpretations:		
Amendment to IAS 7 and IFRS 7 Supplier Finance Arrangements	This amendment introduces specific disclosure requirements in connection with supplier finance arrangements and their effects on the company's liabilities and cash flows, including liquidity risk and management of all related risks.	1 January 2024
Amendment to IAS 21 – Lack of Exchangeability	This amendment contains guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	1 January 2025

The application of new standards, amendments and interpretations will be considered by the Group once they have been ratified and adopted, as the case may be, by the European Union. In any case, the Parent's directors have assessed the potential impact of applying these standards in the future and consider that their entry into force will not have a material effect on the Group's consolidated financial statements.

c) *Functional currency*

These consolidated financial statements are stated in euros, since this is the functional currency of the main economic environment where the Group operates.

d) *Responsibility for the information and use of accounting estimates and judgements*

The information contained in these consolidated financial statements is the responsibility of the Parent's directors. Estimates were made by the Parent's management based on objective information in order to quantify certain assets, liabilities, income, expenses and obligations reported herein. Said estimates and criteria relate to the following:

– The assessment of the use of the going concern basis of accounting (Note 2-j).

– The useful life and impairment of intangible assets and of property, plant and equipment (Notes 4-a and 4-b).

– The market value of investment property and certain lease-purchase contracts classified under "Right-of-use assets". This fair value was obtained from the appraisal conducted by an independent valuer at 31 December 2023 applying the methods disclosed in Note 4-e.

– The classification and valuation of assets held for sale (Note 4-h).

– The measurement and impairment of inventories (Note 4-i).

– The estimate of the appropriate allowances for doubtful debts (Note 4-f).

– The recoverability of tax loss carryforwards and deferred tax assets recognised in the consolidated balance sheet (Notes 4-n and 18).

– The assessment of lawsuits, obligations and contingent assets and liabilities at year-end (Note 4-l).

Although these estimates were made on the basis of the best information available at the date of authorisation for issue of these consolidated financial statements, events that may take place in the future might make it necessary to change these estimates (upwards or downwards). Changes in accounting estimates would then be applied prospectively, recognising the effects of the change in estimates in the related consolidated statement of profit or loss.

e) Basis of consolidation

The accompanying consolidated financial statements were prepared from the accounting records of Renta Corporación Real Estate, S.A. and of its investees, whose financial statements were prepared by the directors of each company.

The criteria used to determine the consolidation method applicable to each Renta Corporación Group company were as follows:

Subsidiaries –

Subsidiaries are the entities over which the Group, directly or indirectly, controls the financial and operating policies, exercises power over the relevant activities, maintains exposure or rights to variable returns from involvement with the investee, and has the ability to use power over the investee to affect the amount of the investor's returns. This is generally because it holds more than 50% of the voting power. Also, in order to assess whether the Group controls another entity, it is evaluated whether it has power over the investee; exposure or rights to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of the investor's returns. When assessing whether the Group controls another entity, the existence and effect of potential voting rights are considered. These include those held both by the Parent and by third parties, provided that those rights are substantive. Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from consolidation on the date that control ceases to exist.

The financial statements of the subsidiaries are fully consolidated with those of the Parent. Where necessary, the financial statements of the subsidiaries are adjusted so that the accounting policies used are the same as those applied by the Group's Parent.

The results of subsidiaries acquired during the year are included in the consolidated statement of profit or loss from the date of acquisition to year-end. Similarly, the results of subsidiaries disposed of during the year are included in the consolidated statement of profit or loss from the beginning of the year to the date of disposal.

Should the Group have non-controlling interests, the share of those interests would be accounted for as follows:

– The equity of their investees is presented in the Group's equity under "Non-controlling interests" in the consolidated balance sheet. Any losses applicable to the non-controlling interests in excess of the carrying amount of these non-controlling interests would be recognised with a charge to the Parent's investments.

– The profit/(loss) for the year is presented under "Consolidated profit/(loss) attributable to non-controlling interests" in the accompanying consolidated statement of profit or loss.

All the accounts receivable and payable and other transactions between the consolidated companies were eliminated on consolidation.

Lastly, these consolidated financial statements do not include the tax effect that may arise from posting the results and reserves of the subsidiaries in the Parent's equity since, pursuant to IAS 12, it is considered that no transfers of reserves giving rise to additional taxation will be made. Given that the Parent controls the timing of distribution, it is not likely that such distribution will occur in the foreseeable future, but rather that the results and reserves will be used as financing resources at each company.

Joint ventures –

A joint venture is a contractual arrangement whereby two or more companies have interests in entities (jointly-controlled entities) or undertake joint operations or hold assets; therefore, any strategic financial and operating decisions affecting the joint venture require the unanimous consent of the venturers. As a result of applying IFRS 11 –Joint Arrangements–, the Group accounts for investments in jointly-controlled entities using the equity method, which are recognised under "Investments accounted for under the equity method" in the accompanying consolidated balance sheet. The share in the after-tax profit/(loss) of these companies is recognised under "Share in profit or loss of associates under the equity method" in the accompanying consolidated statement of profit or loss.

If, as a consequence of losses incurred by an associate, its equity were negative, the investment should be presented in the Group's consolidated balance sheet with a zero value, unless the Group is obliged to give it financial support.

The tax effect that may arise from including the results and reserves of the joint ventures in the Parent's equity is not posted in the accompanying consolidated financial statements since, pursuant to IAS 12, it is considered that no transfers of reserves giving rise to additional taxation will be made. Given that the Parent controls the timing of distribution, it is not likely that such distribution will occur in the foreseeable future, but rather that the results and reserves will be used as financing resources at each company.

Appendix I shows the main data relating to subsidiaries and joint ventures at 31 December 2023 and 2022.

f) Changes in the scope of consolidation

In 2023 the changes in the scope of consolidation were as follows:

- On 23 October 2023 the Parent disposed of its entire ownership interest in Terra Green Living, S.A., resulting in the recognition by the Group of proceeds for EUR 218 thousand under the line item "Disposals of investments accounted for under the equity method" in the accompanying consolidated statement of profit or loss.

- On the same date, the Parent acquired 90% of the shares of Morlin Properties, S.L., an indirect investee of the Group through a 50% ownership interest in the share capital that the Parent held in Terra Green Living, S.A., which at 23 October 2023 owned 100% of the shares of Morlin Properties, S.L.

- On the other hand, on 13 July 2023 the consolidated company Renta Corporación Real Estate ES, S.A.U. acquired 100% of the shares of Tolber Solutions, S.L. for EUR 3 thousand, its company name having been subsequently changed to New Cabe Keep and Lock, S.L.U. The company purpose of New Cabe Keep and Lock, S.L.U. is the real estate rental business, among others.

- Also, on 22 December 2023 all of the shares of Cabe Keep and Lock, S.A.U. ("Cabe") held by the Parent were transferred to the consolidated company Renta Corporación Real Estate ES, S.A.U. This company restructuring within the Group had no impact on the accompanying consolidated financial statements.

In turn, in 2022 the changes in the scope of consolidation of the Group were as follows:

- On 5 May 2022 the Group formalised the acquisition of 100% of the shares of the company Marenter Innova, S.L. in the amount of EUR 3 thousand, the latter's name having been subsequently changed to Cabe Keep and Lock, S.L.U. On 7 July 2022 a capital increase of EUR 57 thousand was executed, the share capital then being comprised of 60,000 shares with a par value of EUR 1 each fully subscribed and paid-in by the Parent. Finally, the investee has become a sole-shareholder public limited company registered as such on 1 December 2022. The company purpose of Cabe Keep and Lock, S.A.U. is the rental of storage rooms and warehouses in general, among others.

- On 14 November 2022, the sole liquidator of the investee Vía Augusta Adquisiciones, S.L.U. executed the public deed of liquidation of such investee. The share capital of said company was comprised of 3,000 shares with a par value of EUR 1 each.

g) Comparative information

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

h) Grouping of items

Certain items in the accompanying consolidated balance sheet, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows are grouped together for better understanding, even though such information, when significant, has been itemised in the corresponding notes to the consolidated financial statements.

i) Correction of errors

In preparing the accompanying consolidated financial statements no significant errors were detected that would have made it necessary to restate the amounts included in the consolidated financial statements for 2022.

j) Financial position and going concern basis of accounting

Fiscal year 2023 remained strongly marked by an uncertain macroeconomic and geopolitical environment, mainly due to the ongoing military conflicts in Europe, persistent inflation and continued interest rate hikes, which reached a record high since 2008. This complex scenario during the first half of 2023 was further compounded by a climate of domestic political uncertainty in a year of municipal, regional and national elections.

In the real estate sector, inflationary tensions and the rise in interest rates resulted in increased costs and higher yield expectations, leading to a sharp drop in transactions and the investment volume for the year 2023. As a result, many transactions foreseen in the strategic plan were delayed with a direct impact on the transactional business portfolio of Renta Corporación Group, the margin of its operations and, therefore, the results for the year.

In this context, liquidity has remained a priority and cash forecasts for the year 2024 are monitored thoroughly by the Group's management and directors on a regular basis. Regarding its financial position at 31 December 2023, the Group held a current liability amounting to EUR 34,326 thousand, of which EUR 29,126 thousand must be met in the short term, following the cancellation in full of the simple bonds issued in 2018, which were due to mature in October 2023, and the dation in payment of the participating loan on the land located in Cánovas (Notes 1 and 17).

Cash is managed by the Group on a consolidated basis. The liquidity plan for 2024, which envisages a volume of transactions consistent with that of recent years, including the divestment of residential assets under the line item "Assets held for sale" at 31 December 2023, indicates that the Group will be able to meet its financial and operating commitments in the short term. In this sense, it should be noted that the Group can draw down up to EUR 50,000 thousand through the Promissory Notes Programme Renta Corporación Real Estate 2023 placed on the Alternative Fixed-Income Market (MARF, Spanish acronym) disclosed in Note 17, of which only EUR 12,200 thousand had been drawn down at 31 December 2023. In 2024 the Group foresees to place another bond programme on MARF of up to EUR 50,000 thousand.

A new 2024-2028 strategic plan was approved by the Board of Directors on 28 February 2024 that is based on a future strategy aimed at consolidating the Group's market positioning. To this end, the Group is taking the following approach:

a) Increasing Renta Corporación Group's operating margin through the transactional business by raising the number of transactions and, in particular, the average scale thereof.

b) Boosting the asset business through increased investments foreseen during 2024 and thereafter derived from higher volumes coming from the new lines of business dedicated to managing proprietary and third-party non-residential assets. The investments and management carried out in recent years in the companies Cabe Keep and Lock, S.A.U. and New Cabe Keep and Lock, S.L.U. and Wellder Senior Assets SOCIMI, S.A. –that is, in turn, the sole shareholder of Wellder Alfa, S.A.U.– follow this approach.

c) Maintaining overhead costs in line with the expected level of activity exploring the possibility of outsourcing certain services.

These consolidated financial statements were authorised for issue by the directors following the going-concern principle and taking into account the budget and liquidity plan for 2024. Thus, the directors deem that the Group stands on sound foundations and has a well-balanced financial position, which will enable it to tap into any future opportunities.

3. Allocation of the Parent's loss

The proposed allocation of the Parent's loss, Renta Corporación Real Estate, S.A., for 2023 that its directors will submit for approval by the shareholders at the Annual General Meeting is as follows:

	Thousands of euros
Loss for the year of the Parent	**(18,165)**
To prior years' losses	(18,165)
Total allocation	**(18,165)**

4. Accounting policies and valuation standards

The principal accounting policies and valuation standards used in preparing these consolidated financial statements, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the interpretations in force when the consolidated financial statements were prepared, were as follows:

a) Intangible assets

Intangible assets are recognised initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses.

They can have an "indefinite useful life" –when, based on an analysis of all the relevant factors, it is concluded that there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the consolidated companies–, or a "finite useful life", in all other cases.

Intangible assets with indefinite useful lives are not amortised; rather, at the end of each reporting period, the consolidated companies review the remaining useful lives of the assets in order to ensure that they continue to be indefinite or, if this is not the case, to take the appropriate steps.

Intangible assets with finite useful lives are amortised over those useful lives using methods similar to those applied to depreciate property, plant and equipment.

Computer software –

The Group recognises under "Computer software" the costs incurred in the acquisition and development of computer software. Computer software maintenance costs are recognised with a charge to the consolidated statement of profit or loss for the year in which they are incurred. Computer software is amortised on a straight-line basis over a four-year period.

b) Property, plant and equipment

Property, plant and equipment are recognised initially at acquisition or production cost.

Replacements or renewals of complete items that lead to a lengthening of the useful life of the assets or to an increase in their economic capacity are recognised as additions to property, plant and equipment, and the items replaced or renewed are derecognised.

Periodic maintenance, upkeep and repair expenses are recognised in profit or loss on an accrual basis as incurred.

Work performed by the Group companies on their own property, plant and equipment is recognised at accumulated cost (external costs plus in-house costs, determined on the basis of in-house consumption of warehouse materials and manufacturing costs allocated applying hourly absorption rates similar to those used for the measurement of inventories). The costs capitalised in this connection are deducted from "Changes in inventories of buildings acquired for refurbishment and/or conversion" in the accompanying consolidated statement of profit or loss.

Depreciation is calculated, using the straight-line method, on the basis of the acquisition cost of the assets less their residual value. The land on which the buildings and other structures stand has an indefinite useful life and, therefore, is not depreciated.

The period property, plant and equipment depreciation charge is recognised in the consolidated statement of profit or loss and is based on the application of depreciation rates determined on the basis of the years of estimated useful life.

The detail of the average useful lives of the Group's various items of property, plant and equipment is as follows:

	Depreciation rate
Facilities and furniture	10%
Computer hardware	25%
Other items of property, plant and equipment	10-16%

The Parent's directors consider that the carrying amount of these assets is not lower than their recoverable amount, which is calculated on the basis of the discounted future cash flows that the assets will generate.

Gains or losses arising from the disposal or derecognition of an asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the consolidated statement of profit or loss.

c) Impairment of intangible assets and property, plant and equipment

The Group reviews the carrying amounts of its property, plant and equipment and intangible assets annually to determine whether there is any indication that those assets might have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset itself does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives or those for which amortisation has not commenced are tested for impairment at least at each year-end and, in any case, prior to year-end if there are any indications of impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted at their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be lower than its carrying amount, the carrying amount of the asset or the cash-generating unit is reduced to its recoverable amount. Then an impairment loss is immediately recognised as an expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset or the cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or the cash-generating unit in prior years. The aforementioned reversal of an impairment loss is recognised as income in the consolidated statement of profit or loss.

d) Right-of-use assets

Lease contracts are accounted for based on IFRS 16. Pursuant to IFRS 16, except for those contracts referring to a low-value asset or with a term of one year or less, the tenant must:

– Recognise the financial liability at the current value of the fixed payments to be made over the lease period, discounted at the lease implicit rate. If this rate cannot be determined easily, the Group applies its incremental borrowing rate.

– Recognise an asset in the consolidated balance sheet on account of its use, the value of which will be established as per the amount of the related financial liability, plus any direct costs incurred in performing the contract, any downpayments made and any future dismantling costs.

– Recognise in the consolidated statement of profit or loss the amortisation charge of the recognised asset and the annual financial burden derived from the financial liability (these two components in combination show the lease expense associated to fixed payments in the consolidated statement of profit or loss). The useful life of these assets is determined according to the duration or valid term of the relevant lease agreements.

– Recognise, in both the consolidated balance sheet and the consolidated statement of profit or loss, the tax effect resulting from the current difference between IFRS 16 principles and those applied for tax purposes.

Should the lease agreements be part of a business combination, the lease liability will be measured at the current value of the remaining lease payments, as if the lease acquired were a new lease on the business acquisition date. The right-of-use asset will be recognised for the same amount as the lease liability, and adjusted to evidence the lease favourable or unfavourable economic conditions on an arm's length basis.

Right-of-use assets will undergo the corresponding impairment tests, similarly to the remaining assets with a finite useful life.

As for the statement of cash flows, payments in cash on account of principal of the lease liability will be classified in the heading "Cash flows from financing activities".

Non-residential assets –

During 2023 the Group entered into certain lease-purchase contracts for premises being refurbished into urban storage rooms in various cities in Spain. The establishments leased were empty and the Group undertook the relevant retrofit works.

The rights-of-use relating to the aforementioned premises held for rental purposes are stated at fair value at the reporting date and are not subject to annual depreciation. Gains or losses arising from changes in the fair value of such property are included in the profit or loss for the period in which they arise and are recognised under "Changes in fair value of investment property and right-of-use assets" in the accompanying consolidated statement of profit or loss.

The Group states the fair value of these right-of-use assets on an annual basis. Fair value is established by taking as reference values the appraisals performed by independent valuers at the date of preparation of the consolidated balance sheet and, accordingly, at each reporting period the fair value reflects the market conditions of such items at that date.

These right-of-use assets were valued in accordance with the methods and principles of the UK Royal Institution of Chartered Surveyors (RICS) and in accordance with generally accepted valuation principles. In 2023, the valuations were carried out by the third-party valuation company Sociedad de Tasación, S.A. No valuations of right-of-use assets were carried out in 2022, as these contracts were executed for the first time in the current year. In order to determine the fair value of these right-of-use assets in 2023, the discounted cash flow ("DCF") approach was applied. For each asset, an average monthly rent revenue per m2 has been considered based on the market rents estimated for each type of storage room according to its surface area, in line with a market study of the supply of assets with similar characteristics and located in the same or similar areas, with a growth in rents of 2.8% in the first year, 2.6% in the second year and 2.5% in the third and subsequent years.

The calculation is carried out with a 10-year time horizon, as this is considered a reasonable period for estimating projections and sufficient for the asset to achieve a stabilised level of growth and profits, which will then be updated at the date of the balance sheet, using a market discount rate. The terminal value of the asset at the end of this period is the exit value obtained by capitalising the net rent of the prior year at an exit yield that is deemed appropriate for the level of risk of the asset when calculating such terminal value, in accordance with the specific characteristics of the property and real estate market conditions. At 31 December 2023 the discount rates considered ranged from 8.75% to 9.25%, depending on the property.

(Amounts in thousands of euros)

Below is a sensitivity analysis taking into consideration the variables that could have the greatest impact on the valuation of the right-of-use assets, such as rent revenue and the discount rate:

2023	Rents		Discount rate	
Type	-5.00%	5.00%	-0.50%	0.50%
Right-of-use assets	(183)	183	120	(115)
Total	(183)	183	120	(115)

The foregoing sensitivity analysis shows that the potential impairment in 2023 would be approximately EUR 183 thousand for a fall in rent revenue of 5%. On the other hand, an increase of 0.5% in the discount rate would imply an impairment loss of nearly EUR 115 thousand.

e) Investment property

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

Investment property is stated at its fair value at the closing of the reporting period and is not depreciated. Gains or losses arising from changes in the fair value of such investment property are included in the profit or loss for the period in which they arise and are recognised under "Changes in fair value of investment property and right-of-use assets" in the accompanying consolidated statement of profit or loss.

The Group determines the fair value of investment property annually, in accordance with IAS 40. Fair value is established by taking as reference values the appraisals performed by independent valuers at the date of preparation of the consolidated balance sheet and, accordingly, at the end of each reporting period the fair value reflects the market conditions of investment property at that date.

Investment property was valued in accordance with the methods and principles of the UK Royal Institution of Chartered Surveyors (RICS) and in accordance with generally accepted valuation principles. In 2023, appraisals were carried out by the third-party valuation companies Accode Business Influencers, S.L. and Sociedad de Tasación, S.A. (Accode Business Influencers, S.L. in 2022). In order to determine the fair value of the Group's investment property in 2023 and 2022, mainly the discounted cash flow approach was applied, except for commercial establishments pending refurbishment where the like-for-like method was applied.

Leased residential assets –

As to the discounted cash flow method applied to rental residential assets, and unless the specific characteristics of an investment suggest otherwise, a 50-year time horizon is taken into account. This methodology does not vary significantly from the discounted cash flows of current lease contracts and the estimation of a final selling price. Cash flows are extrapolated over the period covered by the study on a month-to-month basis in order to reflect increases and the timing of rent revisions, lease expiries, etc. For each building projections are based on average occupancy and lease and marketing terms in line with market conditions, taking into account the properties' quality and location.

The exit yield or final capitalisation rate used in each case refers not only to the expected market situation at the end of each cash flow period, but also to the expected lease requirements and the physical condition of the property, taking into account any planned improvements thereof, as set out in the analysis. Regular market discount rates are used.

(Amounts in thousands of euros)

The properties were valued on a case-by-case basis, considering each of the lease contracts in force at year-end. The buildings with vacant areas were valued on the basis of their estimated future rent, less a marketing period.

The key variables of this method are the determination of net revenue, the time period over which net revenue is discounted, the value approximation at the end of each period and the rate used to discount cash flows, which depend mainly on the type and age of the properties and their location, as well as the technical quality of the asset, the tenant profile and the degree of occupancy, among others.

Projections are calculated within a 50-year time horizon, without considering perpetuity and foreseeing the full refurbishment of each unit after 30 years, as well as the rental situation of each dwelling (free, contract-tied, linked to indefinite contracts) with a rental growth rate of 2.5% per year, which will then be updated at the date of the balance sheet, using a market discount rate (6.65% at 31 December 2023 and 2022). On completion of the study, a residual value of the building is obtained based on its revised present value at a 2.5% rate and a discount rate of 6.65%. Likewise, for homes with indefinite-term contracts, the date on which the last subrogated person reaches the life expectancy age in Spain has been considered as the vacancy date.

At 31 December 2023, since the carrying amount of certain residential assets, which until then had been held under rental contracts, is expected to be recovered through a sale transaction deemed to be highly probable in the short term, the Group has classified the assets and liabilities associated with these properties under “Assets held for sale” and “Liabilities related to assets held for sale” in the accompanying consolidated balance sheet (Note 12). Also, in accordance with the Group’s intention of immediate divestment, the valuation report takes this aspect into account when determining the market value of the aforementioned properties.

Below is a sensitivity analysis taking into consideration the variables that can have the greatest impact on the valuation of investment property, such as rent revenue and the discount rate:

2023	Rents		Discount rate	
Type	-5.0%	+5.0%	-0.5%	+0.5%
Investment property	(200)	200	625	(532)
Total	**(200)**	**200**	**625**	**(532)**

2022	Rents		Discount rate	
Type	-5.0%	+5.0%	-0.5%	+0.5%
Investment property	(790)	790	3,191	(2,669)
Total	**(790)**	**790**	**3,191**	**(2,669)**

The foregoing sensitivity analysis shows that the potential impairment in 2023 would be approximately EUR 200 thousand for a fall in rent revenue of 5%. On the other hand, an increase of 0.5% in the discount rate would imply an impairment loss of nearly EUR 532 thousand.

In 2022 the potential impairment should have been approximately EUR 790 thousand for a rent revenue drop of 5%. On the other hand, an increase of 0.5% in the discount rate would imply an impairment loss of approximately EUR 2,669 thousand.

(Amounts in thousands of euros)

Non-residential assets –

In 2023 and in previous years the Group purchased several non-residential assets. On the one hand, the Group owns premises that have been, are being or will be refurbished into urban storage rooms in different cities in Spain, mainly Madrid and Barcelona. The establishments acquired were empty and the Group undertook the relevant retrofit works.

– The discounted cash flow method has been applied to premises that have already been fitted out or are in the process of being fitted out or refurbished, considering an average monthly rent revenue per m2 based on the market rents estimated for each type of storage room according to its surface area in line with a market study of the supply of assets with similar characteristics and located in the same or similar areas, with a growth in rents of 2.8% in the first year, 2.6% in the second year and 2.5% in the third and subsequent years.

  The calculation is carried out with a 10-year time horizon, as this is considered a reasonable period for estimating projections and sufficient for the asset to achieve a stabilised level of growth and profits, which will then be updated at the date of the balance sheet, using a market discount rate.

  The terminal value of the asset at the end of this period is the exit value obtained by capitalising the net rent of the prior year at an exit yield that is deemed appropriate for the level of risk of the asset when calculating such terminal value, in accordance with the specific characteristics of the property and real estate market conditions. At 31 December 2023 the discount rates considered ranged from 8.50 to 9.25%, depending on the property.

– As to the establishments with no refurbishment work in progress, the like-for-like method was applied, which consists in surveying recent transactions as well as available offerings in the area of influence of the assessed assets.

On the other hand, in 2021 the Group purchased a set of non-residential assets that were sold on 26 October 2023 (Note 8) and that were assessed following the discounted cash flow method at 2022 year-end inasmuch as such properties were tied to long-term lease contracts. Cash flows were therefore extrapolated over the period covered by the study in order to reflect increases and the timing of rent revisions, among others.

In this sense, the valuation was performed on the assumption of renewal of the lease contract upon expiry, considering a discount rate of 10% in accordance with the type of property and its location and a 10-year time horizon with a terminal value thereafter.

Below is a sensitivity analysis taking into consideration the variables that could have the greatest impact on the valuation of this investment property, such as rent revenue and the discount rate:

2023	Rents		Discount rate	
Type	-5.0%	+5.0%	-0.5%	+0.5%
Investment property	(723)	723	457	(438)
Total	**(723)**	**723**	**457**	**(438)**

2022	Selling price		Discount rate	
Type	-5.0%	+5.0%	-0.5%	+0.5%
Investment property	(1,072)	1,072	1,567	(1,306)
Total	**(1,072)**	**1,072**	**1,567**	**(1,306)**

The foregoing sensitivity analysis shows that the potential impairment in 2023 would be approximately EUR 723 thousand for a fall in rent revenue of 5%. On the other hand, an increase of 0.5% in the discount rate would imply an impairment loss of nearly EUR 438 thousand.

In 2022 the potential impairment would have been approximately EUR 1,072 thousand for a selling price fall of 5%, and nearly EUR 1,306 thousand for a 0.5% discount rate increase.

f) Financial instruments

Financial assets and liabilities are recognised in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the financial instrument.

The measurement bases applied by the Group to its financial instruments in 2023 and 2022 were as follows:

Financial assets –

Initial recognition –

Financial assets are initially recognised at the fair value of the consideration given, plus any directly attributable transaction costs.

Classification and subsequent measurement –

The Group classifies its financial assets by valuation category, which is determined on the basis of the business model and the characteristics of the contractual cash flows. Financial assets are classified on initial recognition into the following categories:

a) Financial assets at amortised cost: These are financial assets held by the Group in order to collect the cash flows derived from the contract performance. Contractual terms give rise, on specific dates, to cash flows that only represent the collection of principal and interest over the total outstanding principal.

b) Debt instruments classified at fair value through the consolidated statement of comprehensive income: When debt instruments are held within a business model whose purpose is achieved by both collecting contractual cash flows (payments of principal and interest) and selling financial assets, they are, in general, measured at fair value through consolidated comprehensive income.

c) Equity instruments recognised at fair value through changes in the consolidated statement of other comprehensive income: These are equity instruments for which the Group makes an irrevocable decision to present subsequent changes in fair value in the consolidated statement of other comprehensive income, with the exception of dividends on such investments, which will be recognised in profit or loss for the period. Therefore, no impairment losses are recognised in profit or loss and no gains or losses are reclassified to the consolidated statement of profit or loss on disposal.

d) Financial assets at fair value through consolidated profit or loss: Debt and equity instruments that do not meet the conditions for being classified in any of the aforementioned categories are measured at fair value through the consolidated statement of profit or loss.

A financial asset is derecognised when the contractual rights to the cash flows therefrom expire or have been transferred and all the risks and rewards of ownership of the financial asset have also been transferred substantially. Financial assets are not derecognised, and a financial liability is recognised for an amount equal to the consideration received, in transfers of financial assets in which the risks and rewards of ownership are retained.

Impairment of financial assets is based on the expected loss model. The Group updates the expected loss and the changes therein at each reporting date to reflect the changes in credit risk since initial recognition, without waiting for an impairment event to occur.

The Group applies the general expected credit loss recognition approach for financial assets, except for trade receivables and other receivables without a significant financing component, for which it applies the simplified expected loss approach. In this context, the Group uses a provision matrix for the calculation of expected credit losses on trade receivables based on its historical credit loss experience, adjusted as appropriate in accordance with the standard in force to estimate the credit losses on its accounts receivable. The historical information obtained is adjusted considering market variables and the forecasts relating thereto at the calculation date.

Financial liabilities –

All financial liabilities are measured at amortised cost using the effective interest method or as financial liabilities at fair value through consolidated profit or loss.

Financial liabilities subsequently measured at amortised cost –

Borrowings are initially recognised at fair value adjusted by directly attributable transaction costs. Any difference between the amount received and its repayment value is recognised in the consolidated statement of profit or loss over the repayment period of the borrowings, using the effective interest method, classifying the financial liabilities as subsequently measured at amortised cost.

The effective interest rate is used to calculate the amortised cost of a financial liability and in the allocation of the interest expense over the expected life of the financial liability at amortised cost. The effective interest rate is the rate that exactly discounts estimated future cash payments (including transaction costs) through the expected life of the financial liability or, where appropriate, a shorter period.

Current trade and other payables are current financial liabilities that are initially recognised at fair value, do not bear explicit interest and are recognised at their nominal value.

Non-current payables are considered to be those that mature within more than 12 months.

Financial liabilities at fair value through profit or loss –

Financial liabilities are classified at fair value through the consolidated statement of profit or loss when they relate mainly to financial liabilities held for trading. Derivatives are considered to be in this category unless they are designated as hedging instruments.

Financial liabilities at fair value through the consolidated statement of profit or loss are measured at fair value, and any gain or loss arising from changes in their fair value are recognised in the consolidated statement of profit or loss.

Financial liabilities are derecognised when the obligations giving rise to them cease to exist. Also, an exchange between the Group and a third party of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the original financial liability and the consideration paid, including any attributable transaction costs, is recognised in the consolidated statement of profit or loss.

(Amounts in thousands of euros)

The Group considers that the terms and conditions of the financial liabilities are substantially different if the discounted present value of the cash flows under the new terms and conditions, including any fees and commissions paid net of any fees and commissions received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

Changes in the contractual cash flows of a financial liability not leading to its derecognition must be recognised in the consolidated balance sheet as a change in estimate of the contractual cash flows of the liability, maintaining the original effective interest rate and adjusting its carrying amount at the date of the change and recording the difference in the consolidated statement of profit or loss.

Equity instruments –

Equity instruments represent a residual ownership in the Parent’s equity net of liabilities.

Capital instruments issued by the Parent are recorded in equity at the amount received, net of issue expenses.

Treasury shares purchased by the Parent during the reporting period are recognised for the amount of the consideration directly as a lower value through equity. Gains and losses on the acquisition, sale, issue or retirement of treasury shares are recognised directly in equity and in no case are they recognised in the consolidated statement of profit or loss for the year.

g) *Fair value hierarchy*

Fair value measurements of assets and liabilities are classified according to the following hierarchy established in IFRS 7 and IFRS 13:

– Level 1: Inputs are based on unadjusted quoted prices in active markets for identical assets or liabilities.

– Level 2: Inputs are based on quoted prices for similar instruments in active markets not included in Level 1, quoted prices for identical or similar assets or liabilities in markets that are not active, and techniques based on valuation models for which all the significant inputs are observable in the market or may be corroborated by observable market data.

– Level 3: Inputs are generally unobservable and, in general terms, they reflect estimates of the market assumptions for determining the price of the asset or liability. The unobservable data used in the valuation models are significant inputs in measuring the fair values of the assets and liabilities.

31 December 2023

2023	Thousands of euros		
	Level 1	Level 2	Level 3
Right-of-use assets	—	—	3,508
Investment property	—	—	24,285
Financial assets at fair value through the consolidated statement of comprehensive income	611	—	1,483
Assets held for sale	—	—	9,772
Total assets	**611**	**—**	**39,048**

31 December 2022

2022	Thousands of euros		
	Level 1	Level 2	Level 3
Investment property	—	—	44,324
Financial assets at fair value through the consolidated statement of comprehensive income	16,928	—	2
Total assets	**16,928**	**—**	**44,326**

h) Assets held for sale and related liabilities

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such assets must be available for immediate sale and the sale must be considered highly probable and must be completed within twelve months from the date of classification of the asset as held for sale.

They are measured in accordance with the valuation standard applicable in each case at the lower of fair value less costs to sell. In this regard, as disclosed in Note 4-e, when determining the fair value of the aforementioned assets, the valuation report drawn up by an independent third-party expert takes this aspect into account.

Non-current assets, including those that are part of a disposal group, are not depreciated while they are classified as held for sale, however, interest and other expenses attributable to the liabilities of a disposal group that is classified as held for sale continue to be recognised.

Non-current assets, or disposal groups, are presented separately from other assets in the consolidated balance sheet under “Assets held for sale”. Liabilities that form part of a disposal group classified as held for sale are also presented separately from other liabilities in the consolidated balance sheet under “Liabilities related to assets held for sale”. These assets and liabilities will not be offset or presented as a single amount.

When an asset, or disposal group, ceases to meet the requirements to be classified as held for sale, it will be reclassified to the appropriate balance sheet item and measured at the date of reclassification at the lower of the carrying amount prior to its classification as non-current asset held for sale as adjusted, if applicable, by the depreciation and value correction that would have been recognised had it not been classified as held for sale, and its recoverable amount, recording any difference in the corresponding line item in the consolidated statement of profit or loss.

i) Inventories

Inventories, consisting of property development projects in progress and completed properties, are measured at acquisition or construction cost. Execution costs include direct and indirect costs necessary for construction, as well as the finance costs incurred in financing works in the course of construction, but only if lasting for more than a year.

Any advanced delivery resulting from purchase options in force are recognised as “Purchase options” under “Inventories” in the accompanying consolidated balance sheet, and are based on fulfilment of the conditions rendering them enforceable. The acquisition of purchase option rights on properties is the Group’s usual way of implementing the first stage of the process of acquiring properties for inventories, prior to the formalisation of the deed of sale itself.

The Group recognises the appropriate inventory write-downs if the net realisable value of the inventories is lower than their carrying amount. Impairment losses arising after recognition of inventories are recorded in the consolidated statement of profit or loss. When the net realisable value exceeds the carrying amount, the Group recognises the difference in the consolidated statement of profit or loss as income from the reversal of impairment losses up to the limit of the amount of accumulated impairment on initial recognition of the asset.

The Group determines the net realisable value of its inventories periodically and mainly through internally performed valuations. The in-house valuations are performed taking into consideration the estimated selling price in the normal course of business less the applicable variable costs of disposal. The market prices of the properties in each location are analysed, as well as the main costs of disposal, which consist mainly of fees and commissions that are agreed upon for each property.

Regarding those assets that at 31 December 2023 and 2022 had been appraised by the third-party valuation company Accode Business Influencers, S.L., they were measured applying the dynamic residual method, which consists in determining the future selling price of completed products discounting flows to present value, subtracting all urban development, promotion, marketing and borrowing costs as they are incurred. The discount rates taken into account in 2023 ranged between 18% and 20% (15% in 2022). External valuation reports were prepared in accordance with the methods and principles for valuation of the UK Royal Institution of Chartered Surveyors (RICS) and pursuant to generally accepted valuation principles.

Their classification as current assets is made taking into account the average operating period determined for each business segment, which is normally less than one year. The financing associated with these inventories is classified on the basis of these inventories (Note 4-k).

j) Cash and cash equivalents

This caption includes the balances held in bank accounts, which are measured at cost or market value, whichever the lower.

Cash and cash equivalents include the Group's cash on hand and short-term bank deposits initially maturing within three months or less. The carrying amount of these assets is close to their fair value.

k) Current / Non-current classification

The normal operating cycle is the time between the acquisition of assets for inclusion in the various project developments and their realisation in the form of cash or cash equivalents.

In the accompanying consolidated balance sheet, assets and liabilities maturing within no more than 12 months are classified as current items whereas those maturing within more than 12 months are classified as non-current items, except for inventories, which are classified as current assets since they are realised during the Group's normal operating cycle. The liabilities associated with these assets are classified as current liabilities, regardless of whether they mature in the short or long term.

Bank borrowings are classified as non-current, if the Group has an irrevocable capacity to meet these obligations within more than 12 months as from the end of the reporting period. Assets and liabilities that meet the conditions to be recognised under "Assets held for sale" and "Liabilities related to assets held for sale" are also classified as current, irrespective of their maturity.

l) Provisions and contingent liabilities

When preparing the consolidated financial statements, the Parent's directors made a distinction between:

– Provisions: credit balances covering current obligations arising from past events, the cancellation of which is likely to generate an outflow that cannot be determined in terms of amount and/or timing.

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

Provisions, which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are reviewed and adjusted at the end of each year, are used to address the specific and potential risks for which they were originally recognised. Provisions are fully or partially reversed when such risks cease to exist or are reduced. The provisions recognised relate to the estimated amounts required to address potential or actual liabilities arising from litigation in process, indemnity payments or other liabilities derived from the Group's business activities that will lead to future payments, which were measured on the basis of the information currently available. These provisions are recognised when the third-party liability or obligation giving rise to the indemnity or payment arises, taking into consideration the other conditions established by IFRS.

Third-party compensation received upon settling an obligation, provided such reimbursement is to be received, is recorded as an asset, except in case of a legal bond whereby part of the risk was externalised, and for which the Group is not liable. In such a situation, the compensation should be used to estimate the amount, if any, of the corresponding provision.

m) Employee benefits

Termination benefits –

According to current legislation, the Group is under the obligation to pay termination benefits to those employees whose employment relationship is terminated under specific conditions. Therefore, termination benefits that can be reasonably quantified are recognised as an expense in the year in which the decision to terminate the employment relationship is taken and valid expectations with regard to the termination are created on the part of third parties.

Share-based payment –

The Parent has six share-based payment plans in place granted to employees and executives of Renta Corporación Group, as approved by the Board of Directors on 10 May 2018, 9 May 2019, 13 May 2020, 3 May 2022, 24 February 2023 and 11 May 2023, respectively (Note 16).

The Parent has also granted a share-based payment plan to the CEO of Renta Corporación Group, as approved by the Ordinary General Meeting on 11 April 2019 (Note 16).

Furthermore, the Parent has granted a share-based payment plan to key personnel of Renta Corporación Group, which was approved by the Parent's Board of Directors on 27 February 2019 (Note 16).

The Group recognises, on the one hand, the goods and services received as an asset or as an expense, depending on their nature when they are received, and, on the other, the related increase in equity if the transaction is equity-settled, or the related liability if the transaction is settled with an amount based on the value of the equity instruments.

In the case of equity-settled transactions, both the services rendered and the increase in equity are measured at the fair value of the equity instruments granted, with reference to the grant date, which is the market price of the Parent's shares at the time the plan is agreed upon. However, in the case of cash-settled share-based payments, the goods and services received and the related liability are recognised at the fair value of the latter, with reference to the date on which the requirements for their recognition are met.

n) Income tax

The expense or revenue for income tax includes the portion that refers to the expense or revenue arising from any current taxes, and the portion corresponding to the expense or revenue arising from any deferred taxes.

The current tax expense is the amount paid by the Group on account of income tax for a specific reporting period. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carryforwards from prior years effectively offset in the current year reduce the current income tax expense.

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

Based on the nature of certain deferred tax assets and liabilities, the Group determined that these taxes should be presented in the accompanying consolidated balance sheet at their net balance.

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

Deferred tax assets are only recognised if it is considered likely that the Group will have future taxable profits to recover them.

The assets and liabilities for deferred taxes, arising from transactions with direct debits or credits to equity accounts are also booked with a balancing entry under equity.

The deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made, if doubt exists as to their future recoverability. At each reporting date, the deferred tax assets not recognised in the accompanying consolidated balance sheet are assessed and recognised to the extent that their recovery against future taxable profits becomes probable, and the Group companies establish a finite time horizon for their recovery on the basis of the best estimates made (Note 18).

As a result of the Group filing a petition for voluntary insolvency proceedings on 19 March 2013 (Note 1), the Group lost the right to file consolidated income tax returns and consolidated VAT returns and, accordingly, the Group companies began to file individual tax returns.

o) Income and expenses

In accordance with IFRS 15, as a general rule, the Group recognises revenue so it may show the transfer of promised goods or services to customers for an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

In this connection, revenue is recognised as an entity fulfils its obligations, i.e. when the “control” of the goods or services underlying the obligation in question is transferred to the customer.

Revenue earned from the completion and sale of turnkey projects is recognised considering the degree of realisation of the service at the date of the balance sheet, provided that the result of the transaction can be estimated reliably.

Interest income is accrued following temporary financial criteria according to the principal outstanding and the effective interest rate applicable. Such interest rate discounts the estimated future revenue that could be earned from the financial asset concerned.

Dividend income from investments is recognised when the shareholders’ rights to receive payment have been established, i.e. when the Annual General Meetings (of shareholders/members) of the investees approve the distribution of the related dividends.

Property sales and delegated turnkey development contracts –

Property sales are recognised when the ownership of the asset is transferred, i.e. when the public deed of sale of the property is executed, provided the control of the property has been transferred to the buyer.

The Group can sell a property undertaking to perform certain refurbishment work, hiring, coordinating and monitoring such work, with the related costs being included in the selling price agreed. In this event, the sale is recognised upon fulfilling each and every contractual obligation, as individually specified. Both in the case of sales or potential exchanges, should any condition precedent apply to the recognition of revenue, the latter will be deferred until such conditions precedent are met and the exchange or purchase are effected.

Expenses are recognised when accrued, regardless of their payment time. The cost of sales is recognised in the period when the relevant sale occurs.

As to revenue from the completion and sale of turnkey projects for third parties, and provided that the outcome of a construction contract can be estimated reliably, revenues and expenses are recognised by reference to the stage of completion of contract activity at the date of the balance sheet. The stage of completion of a contract can be determined based on the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, unless such a proportion does not reflect the stage of completion. Variations in the scope of the contract and claims are included insofar as they are agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of recoverable contract costs incurred. Contract costs are recognised as expenses in the period when they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Finally, should any circumstances arise changing the initially estimated ordinary revenue, costs or stage of completion, such estimations are revised. Revisions could result in higher or lower revenue and cost estimations and are reflected in the consolidated statement of profit or loss in the period when senior management become cognizant of such circumstances.

Services –

The Group renders advisory services in connection with both the sale and acquisition of real estate assets such as flats, buildings and land; and earns revenue from the lease of its own properties and from the advisory services provided. However, since the Group's main activity is the acquisition of assets for conversion and subsequent sale, and not for asset-management business purposes, the Group does not classify as investment any property intended for sale in the ordinary course of business or in the process of construction or development for such sale; for example, property acquired exclusively with a view to subsequent disposal in the near future or for development and resale. Revenue from contracts arising from the provision of rental services is recognised at the rates stipulated in the contract and on a straight-line basis over the term of the contract.

Revenue from advisory services is based on estimates of the time and expenses incurred by the Group to provide these services, including a margin. All these services are provided at an arm's length price.

p) Consolidated statement of cash flows (indirect method)

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

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

- Operating activities: the principal revenue-generating activities of the Group companies and other activities that are not investing or financing activities.

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

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

q) Transactions with related parties

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

r) Equity items with an environmental dimension

The expenses arising from the business activities aimed at protecting and improving the environment are accounted for as an expense in the year in which they are incurred. When these expenses, the purpose of which is to minimise environmental impact and protect and improve the environment, give rise to additions to property, plant and equipment, they are capitalised to those assets.

5. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss attributable to the Parent, after tax and non-controlling interests, by the weighted average number of shares during that period.

Diluted earnings per share are calculated using a method similar to that applied to calculate basic earnings per share, but the weighted average number of shares outstanding is adjusted to take into account the potential dilutive effect of the convertible debt instruments in force at year-end. At 31 December 2023 and 2022, there were no obligations pending conversion into shares of the Parent.

	Thousands of euros	
	31/12/2023	31/12/2022
Consolidated profit/(loss) for the year attributable to the shareholders of the Parent:	**(15,945)**	**3,552**
- from continuing operations	(15,945)	3,552
	No. of shares	No. of shares
Average number of ordinary shares (in thousands) (*)	32,171	32,093
Average number of ordinary dilutive shares (in thousands) (*)	32,171	32,093
	Euros	Euros
Basic and diluted earnings per share:	**(0.50)**	**0.11**
- from continuing operations	(0.50)	0.11

(*) Pursuant to current standards, treasury shares are not included in this calculation.

6. Segment reporting

According to its business plan the Group runs its activities through two business units:

– The transactional business refers to all the properties for which, in the normal course of the Group's operations, the latter performs a purchase and sale transaction or provides a service.

– The asset business relates to properties managed by the Group from which returns are obtained, or to the management of properties on behalf of third parties.

For geographical segmentation purposes, the Group operates exclusively in the Spanish market, focusing its business mainly in Madrid and Barcelona.

In 2023 and 2022, Vivenio Residencial SOCIMI, S.A. and Subsidiaries accounted for 2% and 9% of the Group's ordinary revenue, respectively (Note 20). On the other hand, during 2023 Wellder Residencial SOCIMI, S.A. and Subsidiaries accounted for 3% of the Group's ordinary revenue (in 2022 it had an impact below 1%). No customer accounts for more than 10% of the Group's ordinary revenue.

There were no significant inter-segment transactions in 2023 or 2022.

The segment information on these activities for the accompanying consolidated balance sheet and consolidated statement of profit or loss headings for 2023 and 2022 is as follows (in thousands of euros):

(Amounts in thousands of euros)

2023

	Transactional business	Asset business	Not allocable	Total
Intangible assets, property, plant and equipment, right-of-use assets and investment property	—	27,793	2,758	30,551
Non-current financial assets	—	2,105	93	2,198
Deferred tax assets	35	357	27,087	27,479
TOTAL NON-CURRENT ASSETS	**35**	**30,255**	**29,938**	**60,228**
Assets held for sale	—	9,772	—	9,772
Inventories	27,282	—	—	27,282
Trade and other receivables	123	154	1,417	1,694
Current financial assets	184	57	74	315
Cash	—	—	5,193	5,193
TOTAL CURRENT ASSETS	**27,589**	**9,983**	**6,684**	**44,256**
TOTAL ASSETS	**27,624**	**40,238**	**36,622**	**104,484**
EQUITY	**—**	**—**	**58,535**	**58,535**
Non-current payables	—	5,982	—	5,982
Other financial liabilities	—	969	1,457	2,426
Deferred tax liabilities	—	3,215	—	3,215
TOTAL NON-CURRENT LIABILITIES	**—**	**10,166**	**1,457**	**11,623**
Liabilities related to assets held for sale	—	3,310	—	3,310
Current payables	2,171	312	21,963	24,446
Trade and other payables	5,218	423	929	6,570
TOTAL CURRENT LIABILITIES	**7,389**	**4,045**	**22,892**	**34,326**
TOTAL EQUITY AND LIABILITIES	**7,389**	**14,211**	**82,884**	**104,484**

	Transactional business	Asset business	Other	Not allocable	Total
CONTINUING OPERATIONS:					
Revenue	38,422	3,403	—	—	41,825
Other operating income	—	—	124	—	124
Changes in inventories of buildings acquired for refurbishment and/or conversion	(36,085)	—	—	—	(36,085)
Staff costs	(4,456)	(835)	—	(359)	(5,650)
Other operating expenses	(715)	(1,022)	(2,001)	(3,042)	(6,780)
Depreciation and amortisation charge	—	—	—	(496)	(496)
Impairment and gains or losses on disposals of non-current assets and investment property	—	(1,878)	—	—	(1,878)
Consolidated loss from operations	**(2,834)**	**(332)**	**(1,877)**	**(3,897)**	**(8,940)**
Changes in fair value of investment property	—	(5,272)	—	—	(5,272)
Finance income	—	—	102	100	202
Finance costs	(324)	(288)	—	(3,397)	(4,009)
Share in profit or loss of associates under the equity method	—	—	—	(29)	(29)
Disposals of investments accounted for under the equity method	—	—	—	218	218
Consolidated loss before tax	**(3,158)**	**(5,892)**	**(1,775)**	**(7,005)**	**(17,830)**
Income taxes	—	—	—	1,885	1,885
Consolidated loss for the year	**(3,158)**	**(5,892)**	**(1,775)**	**(5,120)**	**(15,945)**

	Property sales	Real estate project	Asset management	Total
Revenue	37,861	561	3,403	41,825

(Amounts in thousands of euros)

2022

	Transactional business	Asset business	Not allocable	Total
Intangible assets, property, plant and equipment, right-of-use assets and investment property	—	44,324	2,918	47,242
Investments in associates and joint ventures	—	—	551	551
Non-current financial assets	—	20,548	97	20,645
Deferred tax assets	—	—	27,054	27,054
TOTAL NON-CURRENT ASSETS	**—**	**64,872**	**30,620**	**95,492**
Inventories	34,717	—	18,115	52,832
Trade and other receivables	5,277	154	1,153	6,584
Current financial assets	161	167	—	328
Cash	—	—	14,981	14,981
TOTAL CURRENT ASSETS	**40,155**	**321**	**34,249**	**74,725**
TOTAL ASSETS	**40,155**	**65,193**	**64,869**	**170,217**
EQUITY	**—**	**—**	**77,134**	**77,134**
Non-current payables	—	7,013	—	7,013
Other financial liabilities	—	—	2,129	2,129
Deferred tax liabilities	—	5,169	—	5,169
TOTAL NON-CURRENT LIABILITIES	**—**	**12,182**	**2,129**	**14,311**
Current payables	7,979	440	62,362	70,781
Trade and other payables	6,167	924	900	7,991
TOTAL CURRENT LIABILITIES	**14,146**	**1,364**	**63,262**	**78,772**
TOTAL EQUITY AND LIABILITIES	**14,146**	**13,546**	**142,525**	**170,217**

	Transactional business	Asset business	Other	Not allocable	Total
CONTINUING OPERATIONS:					
Revenue	47,804	6,095	—	—	53,899
Other operating income	—	—	97	—	97
Changes in inventories of buildings acquired for refurbishment and/or conversion	(40,462)	—	—	—	(40,462)
Staff costs	(4,563)	(540)	—	(351)	(5,454)
Other operating expenses	(1,005)	(839)	(1,319)	(2,573)	(5,736)
Depreciation and amortisation charge	—	—	—	(395)	(395)
Impairment and gains or losses on disposals of non-current assets and investment property	—	—	—	(14)	(14)
Consolidated profit/(loss) from operations	**1,774**	**4,716**	**(1,222)**	**(3,333)**	**1,935**
Changes in fair value of investment property	—	7,288	—	—	7,288
Finance income	—	—	—	15	15
Finance costs	(342)	(229)	—	(3,021)	(3,592)
Share in profit or loss of associates under the equity method	—	—	—	(51)	(51)
Consolidated profit/(loss) before tax	**1,432**	**11,775**	**(1,222)**	**(6,390)**	**5,595**
Income taxes	—	—	—	(2,043)	(2,043)
Consolidated profit/(loss) for the year	**1,432**	**11,775**	**(1,222)**	**(8,433)**	**3,552**

	Property sales	Real estate project	Asset management	Total
Revenue	45,406	2,398	6,095	53,899

(Amounts in thousands of euros)

7. Right-of-use assets

The changes of this heading in the accompanying consolidated balance sheet in 2023 and 2022 were as follows:

	Thousands of euros				
	Rental of office space and establishments		Transport items		Total
	Cost	Amortisation	Cost	Amortisation	
Balance at 1 January 2022	**1,409**	**(486)**	**143**	**(101)**	**965**
Additions and charge for the year	1,253	(197)	9	(24)	1,041
Write-offs	(781)	553	—	—	(228)
Balance at 31 December 2022	**1,881**	**(130)**	**152**	**(125)**	**1,778**
Additions, changes and charge for the	1,685	(205)	91	(29)	1,542
Changes in value	1,785	—	—	—	1,785
Balance at 31 December 2023	**5,351**	**(335)**	**243**	**(154)**	**5,105**

Right-of-use assets recognised based on IFRS 16 at 31 December 2023 and 2022 are related, chiefly, to lease contracts on office space located in Madrid and Barcelona, to establishments under lease-purchase contracts and to rental of various vehicles.

Additions recorded in 2023 relate, mainly, to certain lease-purchase contracts on establishments that are being refurbished into urban storage rooms. These premises are held for rental purposes; therefore, they are stated at fair value at the reporting date and are not subject to annual depreciation.

The line item "Changes in fair value of investment property and right-of-use assets" in the accompanying consolidated statement of profit or loss includes the changes in value of such right-of-use establishments for 2023 in the amount of EUR 1,785 thousand. This change in value relates to the change in the fair value of right-of-use assets as appraised by third-party valuers at 31 December 2023 (Note 4-d).

Additions recognised in 2022 arose, mainly, from the amendment of the lease contract on the Group's office in Barcelona to extend the term and leased surface area thereunder.

In determining lease liabilities recognised in accordance with IFRS 16, the Group considered the payments agreed as per the estimated duration of the lease contracts, assuming that they will be fulfilled entirely and without taking into account any potential extensions thereof. The incremental interest rate applied in fiscal years 2023 and 2022 was 5.12%.

There are no future cash outflows to which the Group is exposed as lessee that have not been considered in the valuation of lease liabilities. On the other hand, the Group does not apply the practical expedient of IFRS 16 to a lease portfolio.

(Amounts in thousands of euros)

8. Investment property

The changes of this heading in the accompanying consolidated balance sheet in 2023 and 2022 were as follows:

	Thousands of euros
	Land and buildings
Balance at 31 December 2021	**31,019**
Additions	6,017
Changes in value	7,288
Balance at 31 December 2022	**44,324**
Additions	3,350
Write-offs	(6,560)
Changes in value	(7,057)
Transfers to assets held for sale (Note 12)	(9,772)
Balance at 31 December 2023	**24,285**

In 2023 and in prior years the Group purchased several non-residential assets in the cities of Barcelona and Madrid and started the retrofit work to convert them into urban storage rooms and ultimately into revenue-generating units for rental. On 28 December 2021, the Group acquired a set of assets in the city of Barcelona that were entirely leased and for which a public deed of sale was executed on 26 October 2023, transferring all of them to a third party. The proceeds on the transaction were recognised under “Impairment and gains or losses on disposals of non-current assets and investment property” in the accompanying consolidated statement of profit or loss.

“Changes in fair value of investment property” in the accompanying consolidated statement of profit or loss includes the changes in value on investment property for 2023 and 2022, amounting to EUR -7,057 thousand and EUR 7,288 thousand, respectively. This change in value corresponds to the change in the fair value of investment property and those assets which, at 31 December 2023, had been transferred to “Assets held for sale”, as per the valuations conducted by independent experts at 31 December 2023 and 2022 (Notes 4-e and 4-h).

Finally, at 31 December 2023 some property was reclassified to “Assets held for sale” in the amount of EUR 9,772 thousand, as the carrying amount of certain residential investment property, which until then had been held for rental purposes, was estimated to be recoverable through a sale transaction deemed to be highly probable in the short term. Also, in accordance with the Group’s intention of divestment, when determining the market value of the aforementioned properties, the valuation report takes into account immediate selling criteria.

Other disclosures

The total surface area of investment property at 31 December 2023 was 1,290 m2 of residential assets and 10,475 m2 of non-residential assets, respectively (2022: 4,151 m2 and 9,687 m2, respectively).

(Amounts in thousands of euros)

At 31 December 2023 and 2022, there was investment property secured by various mortgage loans recognised under “Non-current bank borrowings maturing at long term”, “Current bank borrowings maturing at long term” and “Current bank borrowings maturing at short term” in the accompanying consolidated balance sheet, as such property was linked to a mortgage loan or a mortgage pledge. The breakdown is as follows:

	Thousands of euros			
	31/12/2023		31/12/2022	
	Debt	Fair value	Debt	Fair value
Investment property	6,107	18,605	7,264	31,940
Total	**6,107**	**18,605**	**7,264**	**31,940**

Revenue earned in 2023 and 2022 from investment property rental amounted to EUR 577 and EUR 827 thousand, respectively, and is recognised under “Revenue” in the accompanying consolidated statement of profit or loss. Direct operating expenses relating to investment property in 2023 totalled EUR 226 thousand for leased property and EUR 28 thousand for non-revenue generating properties over the period. Direct operating expenses relating to investment property in 2022 totalled EUR 280 thousand for leased property and EUR 61 thousand for non-revenue generating properties over the period.

At 31 December 2023 and 2022, there was no restriction whatsoever to sell said investment property and the cash flows obtained shall be allocated to amortise the secured debt, where applicable. There are no other contractual acquisition, construction or development obligations nor any others on account of repair, upkeep or refurbishment work other than the debtor’s obligation to preserve the property and prevent its deterioration.

The Group’s policy is to take out insurance policies against the potential risks to which its investment property is exposed. At 31 December 2023 and 2022, the Group’s investment property was fully insured.

9. <u>Leases</u>

As lessee –

At the closing of 2023 and 2022, the Group had not contracted with lessors for any future minimum lease payments that may be deemed significant, which are not included in the valuation of lease liabilities disclosed in Note 17.

As lessor –

At 31 December 2023 and 2022, contractually agreed future rents, without considering the charging of common expenses, future increases in the CPI or future contractual lease payment revisions, were as follows:

	Thousands of euros	
	31/12/2023	31/12/2022
Within 1 year	—	335
From 2 to 5 years	—	1,339
After 5 years	—	809

(Amounts in thousands of euros)

10. Investments in associates and joint ventures

a. Investments accounted for under the equity method

As disclosed in Note 2-f to the accompanying consolidated financial statements, on 23 October 2023 the Parent transferred all of its ownership interest in Terra Green Living, S.A., representing 50% of its share capital, to a third party.

At 31 December 2022, the Group did not have any amount recorded under "Investments accounted for under the equity method" in the accompanying consolidated balance sheet in relation to this company, although it did have amounts under "Loans to associates and joint ventures" as a result of the participating loans granted to it. The transaction gave rise to the recognition of income for EUR 218 thousand, which the Group recognised under "Disposals of investments accounted for under the equity method" in the accompanying consolidated statement of profit or loss.

The abridged financial disclosures on assets and liabilities, as well as the profit/(loss) for the year under consolidation at 31 December 2022 and until the date of disposal thereof in 2023, were not deemed significant; for that reason, they are not included in these consolidated financial statements.

b. Loans to associates and joint ventures

At 31 December 2023, given the changes in the scope of consolidation disclosed in Note 2-f, no loans had been granted to companies classified as associates and joint ventures.

The balance recorded under this heading at 31 December 2022 related entirely to several participating loans granted by the Parent to Terra Green Living, S.A. and to Morlin Properties, S.L., which was then wholly owned by Terra Green Living, S.A. The losses incurred by these companies attributable to the Group, in addition to the value of the investment, were deducted from such loans.

11. Non-current financial assets

At the closing of 2023 and 2022, the balance of the heading "Non-current financial assets" in the accompanying consolidated balance sheet is classified into the following categories for valuation purposes:

31 December 2023

	Thousands of euros		
	Equity instruments	Non-current deposits and guarantees	Total
Financial assets at fair value through the consolidated statement of comprehensive income	2,094	—	2,094
Financial assets at amortised cost	25	79	104
Total	**2,119**	**79**	**2,198**

(Amounts in thousands of euros)

31 December 2022

	Thousands of euros			
	Equity instruments	Non-current accounts receivable (Note 20)	Non-current deposits and guarantees	Total
Financial assets at fair value through the consolidated statement of comprehensive income	16,930	—	—	16,930
Financial assets at amortised cost	25	3,618	72	3,715
Total	**16,955**	**3,618**	**72**	**20,645**

Vivenio Residencial SOCIMI –

On 10 April 2017, the Parent executed the deed of incorporation of Vivenio Residencial SOCIMI, S.A. (formerly, Rembrandt Activos Residenciales, S.A. and hereinafter “SOCIMI Vivenio”) with a share capital of EUR 60 thousand. On 3 May 2017, the Parent formalised the transfer of 98.059% of its ownership interest in the share capital of that investee to four new shareholders. Pylades Investments Holding, B.V., a company owned by APG Group (“APG”) became the new controlling shareholder with an ownership interest of 97.04% at the end of 2017. On 30 June 2021, the Parent reached an agreement with the Australian fund Aware Super PTY LTD, whereby the Parent transferred 8,996,774 shares.

The Parent measures ownership interest at fair value according to the share price at each year-end, recognising any changes in value directly through equity, net of the tax effect. The gross increase in the investee’s share price in 2023 amounted to EUR 15 thousand, EUR 11 thousand net of the tax effect (2022: EUR 100 thousand of gross reduction, EUR 75 thousand net of the tax effect), which was recognised with a balancing entry under “Valuation adjustments” in equity of the accompanying consolidated balance sheet.

In 2023 two transactions were carried out on 29 June and 27 September, respectively, whereby the Parent transferred a total of 14,623,178 shares to SOCIMI Vivenio itself. These transactions gave rise to the recognition of a loss of EUR 3,436 thousand and the reclassification to reserves of the revaluation recorded in the line item “Valuation adjustments” under equity in the accompanying consolidated balance sheet amounting to EUR 1,989 thousand (EUR 1,492 thousand net of the tax effect). Both effects were recognised under “Consolidated reserves” in the accompanying consolidated balance sheet, the combined effect amounting to EUR 1,447 thousand. The aforementioned loss resulted from the difference between the price agreed by the parties and the share price registered on the date of the transaction.

Additionally, these effects have been recognised as “Items that cannot be reclassified to the consolidated statement of profit or loss” in the accompanying consolidated statement of other comprehensive income for a gross amount of EUR 1,974 thousand (EUR 1,481 thousand net of the tax effect), comprising the increase arising from the revaluation of the ownership interest in SOCIMI Vivenio for EUR 15 thousand (EUR 11 thousand net of the tax effect) and the decrease derived from the aforementioned reclassification to reserves of the positive adjustment for change in value recognised to date in the gross amount of EUR 1,989 thousand (EUR 1,492 thousand net of the tax effect).

(Amounts in thousands of euros)

At the closing of 2023, and after such transfers, the Parent held a total of 452,263 shares in SOCIMI Vivenio accounting for 0.06% of its share capital and amounting to EUR 611 thousand (12,539,747 shares representing 1.786% of its share capital and amounting to EUR 16,928 thousand at 31 December 2022).

On 3 May 2017 the Parent entered into an asset management agreement with SOCIMI Vivenio, which was novated on 20 December 2018 and subsequently renewed on 27 March 2019, whereby the parties agreed that the Parent would render administrative, accounting and tax services and exclusively manage all of Vivenio's real estate business including, in particular, submitting proposals for investment and property project development and for any divestments required to ensure appropriate asset rotation. On 25 February 2021 the parties signed a new Investment Management Agreement ("IMA") replacing the previous one that, in essence, cancelled the rendering of administrative, accounting and tax services by the Parent and, therefore, the related fees.

In turn, and as a result of the Australian fund Aware Super PTY LTD becoming a SOCIMI Vivenio shareholder, on 30 March 2022 a new IMA was executed in lieu of the previous one. The new agreement set out, chiefly, that any income from origination fees should be fully settled in cash to the Parent, whereas incentive fees should continue to be settled by issuing and delivering new shares of SOCIMI Vivenio.

In accordance with the terms under subsequent service agreements, since they became effective and until 31 December 2023, Renta Corporación Real Estate, S.A. subscribed and paid in shares for EUR 25,766 thousand by offsetting credits either in part or in full, the last time being on 7 June 2023 for EUR 3,408 thousand when the credit existing at 31 December 2022 and arising from the incentive fees was fully offset, following approval of the capital increase by SOCIMI Vivenio's Annual General Meeting.

Revenue from this activity in 2023 and 2022 amounted to EUR 739 thousand and EUR 4,613 thousand, respectively (Note 20), its breakdown being as follows:

2023

Thousands of euros	To be collected in cash	Total
Origination fees	711	711
Asset sale fees	28	28
Total	**739**	**739**

2022

Thousands of euros	To be collected in cash	To be collected in shares	Total
Origination fees	1,205	—	1,205
Incentive fees	—	3,408	3,408
Total	**1,205**	**3,408**	**4,613**

(Amounts in thousands of euros)

Wellder Senior Assets SOCIMI –

On 14 September 2022, the company Wellder Senior Assets SOCIMI, S.A. ("SOCIMI Wellder") was incorporated through a public deed with a share capital of EUR 60 thousand, fully subscribed and paid-in by the Parent. Subsequently on 1 November 2022, the Parent transferred 97% of its ownership interest in the abovementioned investee to the company Figaria Investments Holding, B.V., a company owned by APG Group, thus becoming the new controlling shareholder.

Additionally, on 22 November 2022 the Parent entered into an Asset Management Agreement ("AMA") with the aforementioned real estate investment trust SOCIMI Wellder, whereby it was agreed that the Parent would render administrative, accounting and tax services and exclusively manage all of its real estate business including, in particular, submitting property investment and project development proposals aimed at the senior residential homes sector. The aforementioned agreement is valid for a five-year term and can be extended for an additional two-year period.

Pursuant to the AMA, management fees and real estate business development fees arising from investment proposals leading to the acquisition of an asset by SOCIMI Wellder shall be settled in cash or through the issue and delivery of new shares by the REIT, according to the parameters set out under the agreement and depending on whether they be management fees, fees for origination and analysis of assets to be included, development fees or incentive fees. Should incentive fees apply, they should be fully settled through shares and calculated annually based on the fulfilment of certain parameters, including but not limited to, the return on the investment based on SOCIMI Wellder's NAV in each fiscal year.

On the other, and in accordance with the resolution adopted by the shareholders whereby a global investment of EUR 125 million was committed, at 27 December 2022 a total of EUR 210 thousand had been contributed by the Parent, tantamount to its 3% interest. Such a capital contribution was aimed at the first capital increase in SOCIMI Wellder, as agreed after the reporting period by the Annual General Meeting held on 13 January 2023, in the amount of EUR 7,000 thousand, which was timely formalised through a public deed on 27 January 2023 (Note 20). Consequently, at 31 December 2022 the aforementioned amount was classified under "Non-current accounts receivable" in the accompanying consolidated balance sheet.

Lastly, on 27 February 2023 and 9 October 2023, two new capital increases were performed and an additional amount of EUR 1,271 thousand was paid up by the Parent corresponding to its 3% ownership interest. As a result, at 31 December 2023 the Company held 1,483 shares in SOCIMI Wellder, representing 3% of its share capital, amounting to EUR 1,483 thousand.

Revenue from this activity in 2023 and 2022 amounted to EUR 1,404 thousand and EUR 80 thousand, respectively (Note 20), its breakdown being as follows:

2023

Thousands of euros	To be collected in cash	Total
Management fees	750	750
Origination fees	654	654
Total	**1,404**	**1,404**

(Amounts in thousands of euros)

2022

Thousands of euros	To be collected in cash	Total
Management fees	80	80
Total	**80**	**80**

The main data relating to the aforementioned companies at the closing of 2023 and 2022 are as follows:

2023

2023	Address	Thousands of euros				Direct	Indirect
		Share capital (**)	Reserves (**)	Profit/(loss) (**)	Treasury shares (**)		
NON-CURRENT EQUITY INSTRUMENTS:							
VIVENIO Residencial SOCIMI, S.A. and Subsidiaries (*) (**)	C/ Velázquez 51, 1º Izq. – 28001 Madrid	704,708	242,623	74,333	(16,605)	0.06 %	—
WELLDER Senior Assets SOCIMI, S.A. and Subsidiaries (*) (**)	Vía Augusta 252 – 260, 5ª planta – 08017 Barcelona	49,435	(132)	326	—	3.00 %	—

(*) Group audited by Ernst & Young, S.L.
(**) Unaudited provisional data.

2022

2022	Address	Thousands of euros					Direct	Indirect
		Share capital	Reserves	Profit/(loss)	Treasury shares	Other equity instruments		
NON-CURRENT EQUITY INSTRUMENTS:								
VIVENIO Residencial SOCIMI, S.A. and Subsidiaries (*)	C/ Velázquez 51, 1º Izq. – 28001 Madrid	702,172	270,661	(28,746)	(300)	3,409	1.79%	—
WELLDER Senior Assets SOCIMI, S.A. (**)	Vía Augusta 252 – 260, 5ª planta – 08017 Barcelona	60	—	(86)	—	—	3.00 %	—

(*) Group audited by Ernst & Young, S.L.
(**) Company audited by Ernst & Young, S.L.

(Amounts in thousands of euros)

12. Assets held for sale and related liabilities

The changes in the line item “Assets held for sale” in the accompanying consolidated balance sheet during 2023 were as follows:

	Thousands of euros
Balance at 31 December 2022	—
Transfers to investment property (Note 8)	9,772
Balance at 31 December 2023	**9,772**

As disclosed in Note 8, at 31 December 2023, since the carrying amount of certain residential investment property, which until then had been held under rental agreements, is expected to be recovered through a sale transaction determined to be highly probable in the short term, the Group has classified the assets and liabilities associated with the aforementioned properties under “Assets held for sale” and “Liabilities related to assets held for sale” in the accompanying consolidated balance sheet. Prior to their reclassification, changes in the value of the aforementioned assets was recognised for EUR -8,929 thousand.

The investment property classified under the aforementioned heading “Assets held for sale” is subject to a mortgage guarantee for loans classified under “Liabilities related to assets held for sale” in the amount of:

	Thousands of euros	
	31/12/2023	
	Debt	Fair value (*)
Assets held for sale	3,310	9,772
Total	**3,310**	**9,772**

(*) As disclosed in Note 4-h, in determining the market value of these assets, the valuation report considers immediate selling criteria.

The detail by maturity of the aforementioned payables at 31 December 2023 is as follows:

2023

	Thousands of euros								
	Value at amortised cost	Current maturities	Non-current maturities						Total nominal value
		Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	After 5 years	Total non-current	
Bank borrowings: Mortgage loans	3,310	143	149	154	160	166	2,538	3,167	3,310
Total liabilities related to assets held for sale	**3,310**	**143**	**149**	**154**	**160**	**166**	**2,538**	**3,167**	**3,310**

13. Inventories

The changes in "Inventories" in the years ended 31 December 2023 and 2022 were as follows:

	Thousands of euros				
	Land and building lots	Buildings acquired for refurbishment and/or conversion	Purchase options	Write-downs	Total
Balance at 31 December 2021	**18,115**	**41,593**	**765**	**(65)**	**60,408**
Additions and charge for the year	—	32,171	951	(3)	33,119
Transfers	—	1,158	(1,158)	—	—
Write-offs	—	(40,462)	(233)	—	(40,695)
Balance at 31 December 2022	**18,115**	**34,460**	**325**	**(68)**	**52,832**
Additions to the scope of consolidation	—	471	—	—	471
Additions and charge for the year	—	9,111	1,949	(124)	10,936
Write-offs	(18,115)	(17,874)	(1,036)	68	(36,957)
Balance at 31 December 2023	**—**	**26,168**	**1,238**	**(124)**	**27,282**

Land and building lots

In 2023 and in accordance with the provisions of Alternative B under the Arrangement with Creditors disclosed in Note 1 to these consolidated financial statements, the consolidated company Renta Corporación Real Estate ES, S.A.U. formalised an agreement to cancel the participating loan through the dation in payment of the building lot located in Cánovas, with a carrying amount of EUR 18,115 thousand.

Buildings acquired for refurbishment and/or conversion

"Additions" at the end of 2023 and 2022 related mainly to the acquisition of properties to be converted and subsequently sold. In many cases, properties are converted and sold within the same year.

In this connection, in 2023 the Group sold various projects in Madrid, Barcelona nearby locations, either through the sale of entire buildings or the sale of properties in fractions, resulting in cost derecognition of EUR 17,874 thousand in aggregate (2022: EUR 40,462 thousand).

In 2023 and 2022 no borrowing costs were capitalised.

Purchase options

The heading "Inventories" includes the premiums paid by the Group for purchase options recognised under "Purchase options". The following table details the options held, their cost and the associated investment rights at 31 December 2023 and 2022:

	31/12/2023	31/12/2022
Number of purchase options	9	8
Purchase option premiums (in thousands of euros)	1,238	325
Investment rights associated with purchase options (in thousands of euros)	55,725	50,871

The balance of the purchase options recognised relates to transactions that are studied in depth and for which Group management consider the continuation of the projects on expiry of the option based on their adaptability to market conditions.

The purpose of the purchase options is to enable the Group to acquire properties for its business operation. Usually the price to exercise the option is fixed and the term is mutually agreed by and between the parties on an arm's length basis. Sometimes such term may be extended by paying an additional premium.

At 31 December 2023 and 2022, there were no purchase options that were unrelated to the Group's ordinary business.

Write-downs

At 31 December 2022, the Group had not recognised any write-downs under "Land and building lots" since, in accordance with the measurement bases disclosed in Note 4-i, their net realisable values were not expected to fall.

Pursuant to the terms and conditions of the Arrangement with Creditors disclosed in Note 1, the consolidated company Renta Corporación Real Estate ES, S.A.U. mortgaged land recognised under "Land and building lots" as security for the creditors who opted for Alternative B of the aforementioned Arrangement with Creditors. In this regard, when the debt matures, the aforementioned creditors should accept the plot located in Cánovas as dation in payment for their claims, after which they will not be entitled to claim any further amount from the debtors.

At 31 December 2022 and as disclosed in Note 4-i, the Group established the fair value of such land through an appraisal conducted by the third-party valuer Accode Business Influencers, S.L. Such appraisal considered the land's current urban situation and the project development, which encompassed various types of housing (unsubsidised free-market housing, subsidised housing and price-capped housing), commercial premises and parking spaces, all of the foregoing discounted at a 15% rate. As a result of the aforementioned appraisal at fair value, no need to recognise any write-downs on the land was identified.

At 31 December 2023 and 2022, the Group had recognised impairment losses associated with property inventories amounting to EUR 124 thousand and EUR 28 thousand, respectively, relating to the write-down of inventories whose net realisable value is lower than their carrying amount based on internal valuations as disclosed in Note 4-i. In this regard, the Parent's directors do not foresee any relevant changes to the key assumptions that could alter the value of the aforementioned portfolio.

Finally, at 31 December 2023 the Group had not recognised any write-down associated with purchase option premiums that are not expected to be exercised on the established expiry date. At 31 December 2022, the Group had recorded a write-down of EUR 40 thousand on this account.

Other matters

At 31 December 2023, the Group held prepayments by customers for property reservation and downpayments of housing units and/or commercial premises totalling EUR 340 thousand, recorded under "Customer advances" in the accompanying consolidated balance sheet (2022: EUR 220 thousand).

(Amounts in thousands of euros)

Revenue recognised in 2023 and 2022 and recorded as "Customer advances" at the beginning of such fiscal year amounted to EUR 2,424 and EUR 1,149 thousand, respectively.

At 31 December 2023 and 2022, properties earmarked to loans under the headings "Non-current bank borrowings maturing at long term" and "Current bank borrowings maturing at short term" in the accompanying consolidated balance sheet were included, as they were linked to a mortgage guarantee or a mortgage pledge. Their breakdown is as follows:

	Thousands of euros			
	31/12/2023		31/12/2022	
	Debt	Net carrying amount	Debt	Net carrying amount
Land and building lots	—	—	18,248	18,115
Buildings acquired for refurbishment and/or conversion	2,171	6,553	7,979	17,757
Total	**2,171**	**6,553**	**26,227**	**35,872**

At 31 December 2023 and 2022, the Group did not have any inventories securing litigation involving third parties.

All of the inventories held by the Group are short-cycle units.

14. Trade receivables for sales and services and sundry accounts receivable

At 31 December 2023 and 2022, the breakdown of these headings was as follows:

	Thousands of euros	
	31/12/2023	31/12/2022
Trade receivables	48	1,613
Customers – Assets under contract (Note 19)	—	2,276
Sundry accounts receivable	320	1,656
Total	**368**	**5,545**

All the amounts in the chart above are classified as financial assets at amortised cost at 31 December 2023 and 2022 for measurement purposes. On the other hand, at 31 December 2023 this line item did not include any amount of contractual assets (2022: EUR 2,276 thousand) (Note 19).

The ageing of the balances of trade receivables for sales and services and sundry accounts receivable at 31 December 2023 and 2022 was as follows:

	Thousands of euros	
	31/12/2023	31/12/2022
Unmatured balance	321	5,498
Past-due by 1 to 90 days	31	26
Past-due by 91 to 180 days	16	21
Past-due by more than 180 days	—	—
Total trade receivables and sundry accounts	**368**	**5,545**

(Amounts in thousands of euros)

15. Cash and cash equivalents

At 31 December 2023 and 2022, "Cash and cash equivalents" amounted to EUR 5,193 and EUR 14,981 thousand, respectively, and related in full to cash on hand and demand deposits at banks.

At the closing of 2023 and 2022, this heading included a restricted amount of EUR 46 and EUR 73 thousand, respectively.

16. Equity

Share capital

In 2023 and 2022 there were no changes in the Parent's share capital; accordingly, at 31 December 2023 and 2022, the share capital was represented by 32,888,511 fully subscribed and paid-in ordinary registered shares of EUR 1 par value each.

The Parent's shares were admitted to trading on the Spanish Stock Market Interconnection System of the Madrid and Barcelona Stock Exchanges on 5 April 2006 (Note 1). As a result of the Parent having filed for voluntary insolvency proceedings on 19 March 2013, the trading of its shares on the Spanish Stock Market Interconnection System was suspended. The suspension was lifted on 30 October 2014, once the Arrangement with Creditors 19 March 2013 was approved on 8 July 2014 (Note 1).

As per the disclosures on the number of shares filed with the Spanish National Securities Market Commission, the holders of significant direct and indirect ownership interest in the Parent's share capital at 31 December 2023 and 2022 were as follows:

	31/12/2023			31/12/2022		
	Number of directly held shares	Number of indirectly held shares	% of ownership	Number of directly held shares	Number of indirectly held shares	% of ownership
Name or company name of the shareholder:						
Luis Hernández de Cabanyes	292,281	3,882,281	12.69%	292,281	3,882,281	12.69%
Oravla Inversiones, S.L.	1,645,099	—	5.00%	1,645,099	—	5.00%
Clervaux Invest, S.a.r.l.	1,644,426	—	5.00%	1,644,426	—	5.00%
Blas Herrero Vallina	1,342,207	—	4.08%	1,342,207	—	4.08%
Ms. Vanesa Herrero Vallina	1,342,207	—	4.08%	1,342,207	—	4.08%
Fundación Renta Corporación	1,151,098	—	3.50%	1,151,098	—	3.50%
Camac Partners, LLC	—	—	—	1,270,769	—	3.86%
Concerted action	—	1,000,000	3.04%	—	1,000,000	3.04%
María Iria Urgell Calderón	—	2,258,349	6.87%	—	2,258,349	6.87%

The Parent is unaware of any other significant ownership interest.

Article 13 of the bylaws in force does not provide for share transfer restrictions.

(Amounts in thousands of euros)

Share premium

There were no changes in the share premium in 2023 or 2022.

The Spanish Companies Act expressly allows the use of the "Share premium" balance to increase capital and does not establish any specific restrictions as to its use.

Legal reserve

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

At 31 December 2023, the Parent's legal reserve totalled EUR 6,578 thousand, and therefore had reached the legally required minimum.

Distribution of dividends

No dividend pay-out was approved in 2023. On 6 April 2022 the Parent's Annual General Meeting agreed the payment of a final dividend on 2021 profit, amounting to EUR 2,200 thousand.

Treasury shares

The detail of treasury shares and of the changes therein in 2023 and 2022 is as follows:

	Number of shares	Thousands of euros	
		Nominal value	Cost
Balance at 31 December 2021	**813,405**	**814**	**2,106**
Treasury share-based payments	(35,779)	(36)	(92)
Balance at 31 December 2022	**777,626**	**778**	**2,014**
Treasury share-based payments	(102,152)	(102)	(265)
Balance at 31 December 2023	**675,474**	**676**	**1,749**

On 21 April 2021 the Annual General Meeting resolved to authorise the Board of Directors to acquire treasury shares as per the provisions set out in articles 146 and 506 of the Spanish Companies Act, under the following conditions:

a) The shares may be acquired directly by the Parent or indirectly through its subsidiaries.

b) Acquisitions can be made through purchase, exchange or any other method provided by law.

c) The shares may be acquired at any given time up to the limit permitted by law.

d) The shares must be acquired for a price equal to the market price at the closing of the trading day immediately preceding the day on which the acquisition takes place, within a maximum range of +/-20% of the abovestated closing market price.

e) This authorisation is granted for a maximum of five years.

It was expressly placed on record that the shares acquired as a result of the authorisation could be sold or retired, or else used in the remuneration systems under the Spanish Companies Act, as well as in the implementation of programmes fostering investment in the Parent's share capital such as dividend reinvestment plans, loyalty bonuses or other similar instruments.

The aforementioned authorisation rendered the one granted by the Ordinary General Meeting held on 27 April 2016 void by the unused amount.

No treasury shares buyback programmes were approved in 2023 and 2022.

The Parent has the following share-based payment plans in place granted to employees and executives of Renta Corporación Group, as approved by the Board of Directors, respectively:

– The plan approved on 10 May 2018 that initially envisaged the delivery of 22,764 shares between 2018 and 2023.

– The plan approved on 9 May 2019 that initially envisaged the delivery of 28,454 shares between 2019 and 2024.

– The plan approved on 13 May 2020 that initially envisaged the delivery of 8,535 shares between 2020 and 2025.

– The plan approved on 3 May 2022 that initially envisaged the delivery of 17,070 shares between 2022 and 2027.

– The plan approved on 24 February 2023 that initially envisaged the delivery of 230,000 shares between 2023 and 2027.

– The plan approved on 11 May 2023 that initially envisaged the delivery of 23,225 shares between 2023 and 2028.

In addition, the Parent has granted a deferred share-based payment plan to the Chief Executive Officer of Renta Corporación Group, which was approved on 11 April 2019 by the Annual General Meeting and that initially envisaged the delivery of 20,000 shares between 2019 and 2024.

Furthermore, the Parent has granted a share-based payment plan to key personnel of Renta Corporación Group, which was approved by the Parent's Board of Directors on 27 February 2019 and that initially envisaged the delivery of 155,000 shares between 2019 and 2024.

(Amounts in thousands of euros)

The aim of these plans is to remunerate the beneficiaries thereof, lead them to undertake their work with a focus on the medium term and foster and encourage their long-term service. The delivery of the shares is contingent upon the beneficiaries remaining in the Group's employ at the share delivery date.

In 2023, a total of 102,152 treasury shares were delivered (2022: 35,779 shares) in accordance with the share-based payment plans, the value of which on the delivery date amounted to EUR 265 thousand (2022: EUR 92 thousand), which were recognised under "Other employee benefit costs". The difference between the value on delivery and the cost of the shares granted in 2023 and 2022 was recognised as an increase of "Reserves of the Parent" for EUR 10 thousand and EUR 36 thousand, respectively.

17. Non-current and current payables

The breakdown of "Non-current and current payables" by maturity at 31 December 2023 and 2022, considering both their value at amortised cost and their nominal value, is as follows:

31 December 2023

	Thousands of euros								
	Value at amortised cost	Current maturities	Non-current maturities						Total nominal value
		Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	After 5 years	Total non-current	
Bank borrowings:									
Mortgage loans	5,982	—	228	336	361	388	4,765	6,078	6,078
Other financial liabilities:									
Participating loans	48	—	—	—	—	—	48	48	48
Finance lease	2,378	—	349	353	1,337	282	584	2,905	2,905
Total non-current payables	**8,408**	**—**	**577**	**689**	**1,698**	**670**	**5,397**	**9,031**	**9,031**
Debt instruments and other marketable securities:									
Issue of promissory notes	11,682	12,200	—	—	—	—	—	—	12,200
Bank borrowings:									
Mortgage loans	2,296	264	146	153	162	170	1,413	2,044	2,308
Other financial liabilities:									
Other loans	9,459	10,000	—	—	—	—	—	—	10,000
Fees and interest	550	550						—	550
Other liabilities	124	124	—	—	—	—	—	—	124
Finance lease	335	343	—	—	—	—	—	—	343
Total current payables	**24,446**	**23,481**	**146**	**153**	**162**	**170**	**1,413**	**2,044**	**25,525**

(Amounts in thousands of euros)

31 December 2022

	Thousands of euros								
	Value at amortised cost	Current maturities	Non-current maturities						Total nominal value
		Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	After 5 years	Total non-current	
Bank borrowings:									
Mortgage loans	7,013	—	283	403	395	410	5,566	7,057	7,057
Other financial liabilities:									
Debt under Arrangement with Creditors	566	—	75	111	111	111	296	704	704
Finance lease	1,563	—	266	272	274	275	867	1,954	1,954
Total non-current payables	**9,142**	**—**	**624**	**786**	**780**	**796**	**6,729**	**9,715**	**9,715**
Debt instruments and other marketable securities:									
Bond issues	16,355	16,500	—	—	—	—	—	—	16,500
Issue of promissory notes	12,788	13,000	—	—	—	—	—	—	13,000
Fees and interest	258	258	—	—	—	—	—	—	258
Bank borrowings:									
Participating loan	18,248	18,248	—	—	—	—	—	—	18,248
Mortgage loans	8,230	668	426	435	443	451	5,889	7,644	8,312
Other financial liabilities:									
Other loans	14,452	15,000	—	—	—	—	—	—	15,000
Other liabilities	189	189	—	—	—	—	—	—	189
Finance lease	261	268	—	—	—	—	—	—	268
Total current payables	**70,781**	**64,131**	**426**	**435**	**443**	**451**	**5,889**	**7,644**	**71,775**

All the liabilities disclosed in the table above relate to debits and other payables, the Group not holding nor having arranged any financial liability instrument at fair value. In this regard, bank borrowings have been obtained by the Group on an arm's length basis; therefore, there is substantially no difference between their fair value and their carrying amount.

Participating loan

The participating loan included the account payable to the financial creditors who opted for Alternative B of the Arrangement with Creditors as disclosed in Note 1 to these consolidated financial statements, which was due to mature in October 2022. Such debt was recognised at amortised cost, discounted at a rate of 5.12%.

In accordance with the Arrangement with Creditors disclosed in Note 1, upon the loan maturity, the creditors had to accept the land located in Cánovas as dation in payment for their claims, after which they would not be entitled to claim any further amount from debtors. A mortgage on the aforementioned building lot was raised to secure this participating loan.

Although the aforementioned award should have been made three months after the last payment by ordinary creditors, the transaction could not be completed before the end of 2022 as it was still subject to various formal procedures. Finally, on 27 April 2023 the Group formalised the dation in payment of the aforementioned loan on the Cánovas building lot (Note 13) with a carrying amount of EUR 18,115 thousand at the date of the public deed.

Bond issues

On 2 October 2018, the Parent issued a series of 165 ordinary unsecured non-convertible bonds amounting to EUR 16,500 thousand, maturing on 2 October 2023 and fully issued at par value. The bonds' annual coupon rate was 6.25%, payable yearly in arrears.

As disclosed in Note 4-f, the bonds issued were measured at amortised cost. Consequently, the interest accrued and the arrangement expenses are recognised in the consolidated statement of profit or loss using the effective interest method.

On 2 October 2023 and as per the contractually agreed maturity date, the Parent settled the aforementioned bonds in full.

Issue of promissory notes

On 25 March 2019 the Parent placed a promissory notes programme on the Alternative Fixed-Income Market (MARF), which was renewed and placed again on MARF on 7 May 2020 under the same terms, with a maximum outstanding balance of EUR 30,000 thousand and a 12-month validity. The nominal interest rate and maturity date of the promissory notes will be established on each issue date. The maximum maturity or repayment term of the promissory notes within the scope of the aforementioned programmes was two years from their issue date.

On 4 February 2021, within the framework of the Agreement of the Council of Ministers dated 24 November 2020 whereby the terms and conditions of the new tranches of the ICO-guaranteed loans were approved by Royal Decree-Act 25/2020 on urgent measures to support economic reactivation and employment, the Parent signed an agreement under the ICO financing programme securing 70% of the nominal amount discounted from the issues made, up to 90% of the Group's consolidated EBITDA drop reported between 14 March and 20 June 2020 compared to the prior year. The validity of each guarantee had to match the maturity term of the guaranteed promissory notes, which could not exceed 24 months in any circumstances whatsoever, the total amount of the guarantee programme having matured in 2023.

On 7 May 2021, 6 May 2022 and 5 May 2023, the Parent placed a third, fourth and fifth promissory notes programme on MARF, with a maximum outstanding balance of EUR 50,000 thousand and a 12-month validity in all cases. Similarly to the previous programmes, the nominal interest rate and maturity date of the promissory notes are established on each issue date, which should never be beyond two years.

At 31 December 2023, the nominal amount drawn down by the Parent under the promissory notes programme totalled EUR 12,200 thousand.

Mortgage and other loans

Non-current –

The amount recognised in connection with non-current mortgage loans in the accompanying consolidated balance sheet relates to the non-current loans arranged by the Group to finance certain investment property (Note 8).

(Amounts in thousands of euros)

Current –

At 2023 year-end the Group held mortgage loans earmarked to finance the purchase and/or development of assets acquired and recognised under "Inventories" at 31 December 2023 (Note 13) in the amount of EUR 2,171 thousand at amortised cost, the amount of principal being EUR 2,183 thousand and maturing beyond a five-year term. At 31 December 2023, the current mortgage loans heading also included EUR 125 thousand at amortised cost of the loan maturing in the short term, which was obtained in the nominal amount of EUR 125 thousand to finance certain investment property.

In 2023, the Parent signed a loan with a private financing company amounting to EUR 9,459 thousand at amortised cost with a nominal value of EUR 10,000 thousand. Such a loan matures in 2024.

Pursuant to IAS 7 below is a reconciliation of the cash flows arising from financing activities, together with the associated liabilities in the accompanying opening and closing consolidated balance sheets, distinguishing between changes that give rise to cash flows and those that do not:

2023

	Thousands of euros						
			No impact on cash flows				
	01/01/2023	Cash flows (**)	Finance costs (*)	Reclassification of non-current to current payables	Reclassification (***)	Other (****)	31/12/2023
Non-current and current payables:							
Long-term mortgage loans	14,634	(3,622)	577	(407)	(3,167)	—	8,015
Long-term debt under Arrangement with Creditors	566	—	137	—	—	(703)	—
Other long-term loans	—	48	—	—	—	—	48
Short-term promissory note issues	12,788	(1,621)	542	—	—	(27)	11,682
Short-term note issues	16,355	(17,531)	904	258	—	14	—
Short-term mortgage loans	609	(610)	—	407	(143)	—	263
Other short-term loans	32,700	(5,611)	1,175	—	—	(18,805)	9,459
Finance lease	1,824	(281)	84	—	—	1,086	2,713
Interest and other at short term	447	(63)	552	(258)	—	(4)	674
Total liabilities arising from financing activities	**79,923**	**(29,291)**	**3,971**	**—**	**(3,310)**	**(18,439)**	**32,854**

(*) Finance costs do not include EUR 38 thousand on account of debt under Arrangement with Creditors.

(**) Cash flows do not include the settlement of EUR 5 thousand on account of interest under the Arrangement with Creditors nor EUR 202 thousand of interest earned.

(***) Reclassification of liabilities related to assets held for sale (Note 12).

(****) The changes in the line item "Other short-term loans" includes the derecognition of the participating loan recorded at 2022 year-end amounting to EUR 18,248 thousand due to the dation in payment of the Cánovas building lot.

(Amounts in thousands of euros)

2022

	Thousands of euros					
			No impact on cash flows			
	01/01/2022	Cash flows (**)	Finance costs (*)	Reclassification of non-current to current payables	Other	31/12/2022
Non-current and current payables:						
Long-term promissory note issues	4,316	—	38	(4,354)	—	—
Long-term bond issues	16,186	—	173	(16,355)	(4)	—
Long-term mortgage loans	21,137	(6,315)	999	(1,076)	(111)	14,634
Long-term debt under Arrangement with Creditors	561	—	44	—	(39)	566
Short-term promissory note issues	15,443	(7,632)	671	4,354	(48)	12,788
Short-term note issues	—	—	—	16,355	—	16,355
Short-term mortgage loans	570	(570)	—	610	(1)	609
Other short-term loans	17,874	13,800	588	466	(28)	32,700
Finance lease	1,035	(251)	6	—	1,034	1,824
Interest and other at short term	625	(1,210)	1,031	—	1	447
Total liabilities arising from financing activities	**77,747**	**(2,178)**	**3,550**	**—**	**804**	**79,923**

(*) Finance costs do not include EUR 42 thousand of adjusted debt under the Arrangement with Creditors and late interest paid to public authorities.

(**) Cash flows do not include the aforementioned adjustments nor finance income related to the debt under the Arrangement with Creditors amounting to EUR 14 thousand.

Guarantees

At 31 December 2023, the Group had guarantees granted in favour of third parties amounting to EUR 521 thousand to secure the fulfilment of obligations arising from the purchase and refurbishment of properties and lease contracts. At 31 December 2022, the Group had guarantees granted in favour of third parties amounting to EUR 3,498 thousand to secure, in addition to the aforementioned obligations, those incurred through the issue of guaranteed promissory notes.

Interest

At 31 December 2023 and 2022, accrued interest payable amounted to EUR 550 and EUR 258 thousand, respectively.

Objective of the risk management policy

The Group's activities are exposed to various risks: market risk (including foreign currency risk and interest rate risk), credit risk, liquidity risk, capital risk and operational risk.

The global risk management programme focuses on the uncertainty of the financial markets and aims to minimise any potential adverse effects on its earnings. The aim of the Group's risk management policy is for the Group to remain solvent by addressing the types of risk described below. Risk management is controlled by the General

Corporate Management, which evaluates and oversees risks closely together with the Group's operating units in accordance with the policies approved by the Board of Directors.

Market risk: foreign currency risk

The Group defines foreign currency risk as the potential negative impact of changes in exchange rates on its results, equity or cash flows.

The Group's exposure to this type of risk is scant, since it does not have any international subsidiaries nor does it perform any transactions in currencies other than the euro.

Market risk: interest rate risk

The interest rate risk is managed in accordance with the policies approved by the Board of Directors, which establish whether hedging instruments must be maintained to minimise the impact of interest rate volatility. The Group has not arranged any interest rate hedges.

Rising interest rates could negatively affect the Group in other ways, including that investors may demand a higher return on the real estate assets they intend to acquire, which in turn could lead to a potential correction of the targeted selling price. Also, on the supply side, there could be a slowdown.

Credit risk

Credit risk refers to both the ability to obtain financing and the ability to access cash and deposits with banks and financial institutions, as well as collections from customers, including outstanding accounts receivable and committed transactions.

The Group has a diversified financial structure consisting of bank and non-bank financing. This diversified structure provides more flexibility to address those transactions that, given their nature, traditional banks are more reluctant to finance as they are now more restrictive.

Customer credit risk is managed based on a well-established sales policy whereby properties are transacted by collecting the relevant amount upon transfer of the title deed. Should such payments be deferred, as a general rule, the debt must be secured by a bank guarantee, an agreement for retention of title, conditions subsequent or similar in rem guarantees that may entitle the Group to recover ownership of each property in case of default.

Liquidity risk and financial capacity

This risk is associated with the capacity to meet payment obligations in the short term and the effective management of any surplus amounts. Financial risk refers to a company's financial position to meet its payment obligations in the medium and long term and the availability of sufficient economic resources to fulfil its strategy.

Both risks are managed by the General Corporate Management by:

- Monitoring liquidity to meet payments in the short term.

- Monitoring the Group's financing capacity to fulfil its commitments in the medium and long term, and to remain as a going concern and deliver on its strategy.

- Monitoring the fulfilment of any debt-related conditions and obligations.

- Seeking credit facilities under the best possible conditions to optimise the Group's financial structure.

- Adapting the debt structure and size to the business performance and current conditions.

- Planning and following up on cash inflows and outflows.

- Searching for new ways to obtain liquidity and financial capacity, such as the placing of promissory notes programmes on MARF on 25 March 2019, 7 May 2020, 7 May 2021, 6 May 2022 and 5 May 2023.

The Group acquires a property after having analysed the possibility of selling it in its entirety, so that the need and time for financing is reduced and the date of purchase and sale are close. Also, property conversion activities are financed through equity, cash generation or external debt.

The business continues to be closely linked to the possibility of obtaining external financing. The Group's ability to obtain new financing depends on a large number of factors, some of which go beyond its control, such as general economic conditions, the availability of credit from financial institutions or monetary policies in force.

The possibility of forging different types of financial partnerships could also be explored, which would enable the Group to expand its financing sources in order to carry out larger-scale projects with higher margins in the future.

Capital risk

The Group's exposure to capital risk is determined by the difficulty of maintaining sufficient levels of equity and borrowings to continue operating as a going concern, to generate returns for equity instrument holders, and to maintain an optimal capital structure to contain or reduce the cost of capital.

Operational risk

The Group's activity hinges upon the performance of the real estate and the financial sectors and its business may be subject to changes in certain variables significantly affecting the property market, such as the employment rate, demography, interest rates, inflation, tax regulation on the sale and purchase of properties, access to loans or financing by buyers and the terms and conditions thereof, the current property supply, demand preferences, price stability and investors' trust in the real estate sector, among others.

In addition, to this date the Group's entire business is carried out in Spain; therefore, any change in the country's economic scenario might have a direct impact on the business performance.

(Amounts in thousands of euros)

18. Tax matters

The detail of current tax receivables and payables at 31 December 2023 and 2022 is as follows:

	Thousands of euros			
	Tax receivables		Tax payables	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Taxes	16	—	193	193
VAT	496	235	—	—
Current tax	812	804	—	—
Other debts under Arrangement with Creditors – Tax authorities	—	—	—	45
Social Security bodies	2	—	62	62
Total current balances	**1,326**	**1,039**	**255**	**300**
Deferred tax liabilities	—	—	3,215	5,169
Tax loss carryforwards	25,058	25,057	—	—
Other deferred tax assets	2,421	1,997	—	—
Total non-current balances	**27,479**	**27,054**	**3,215**	**5,169**

The Parent and the subsidiary Renta Corporación Real Estate ES, S.A.U. file VAT returns under the advanced consolidated special deductible proportion system.

Both companies file VAT returns applying the special deductible proportion system.

Article 29 under Act 27/2014 of 27 November on corporate income tax, in force as from 1 January 2015, established a standard tax rate of 25%.

Also, Royal Decree-Act 3/2016 on Income Tax, of 2 December, sets forth a limit on the offsetting of tax loss carryforwards of 25% of the pre-offset tax base for companies whose revenue is equal to or higher than EUR 60 million, of 50% if their revenue is between EUR 20 million and EUR 60 million, and of 70% if their revenue is less than EUR 20 million. In any event, tax losses of up to EUR 1 million could be offset in a tax period.

In this regard, on 18 January 2024 the Constitutional Court handed down a ruling whereby certain measures introduced by the aforementioned Royal Decree-Act 3/2016 of 2 December were declared unconstitutional, including those concerning the setting of more severe caps for offsetting tax loss carryforwards, as described above.

Accordingly, the directors have considered the aforementioned ruling when calculating the estimated income tax for the year ended 31 December 2023 and estimating the recovery of tax credits in the future.

(Amounts in thousands of euros)

The reconciliation of accounting profit/(loss) to taxable profit at 31 December 2023 and 2022 is as follows:

31 December 2023

	Thousands of euros		
	Increase	Decrease	Amount
Loss for the year before tax (aggregate of separate companies)			**(24,731)**
Permanent differences:			
Non-deductible costs	31	—	31
Incorporation costs	—	(4)	(4)
Donations	155	—	155
Impairment of interest in Group companies	11,315	—	11,315
Temporary differences:			
Arising in prior years-			
Reversal of write-down of purchase options	—	(40)	(40)
Reversal of write-down of property inventories	—	(25)	(25)
Tax adjustments – Insolvency proceedings	1,415	—	1,415
30% deduction of amortisation cost	—	(16)	(16)
Arising in current year-			
Liabilities related to assets held for sale	1,427	—	1,427
Write-down of property inventories	124	—	124
Non-deductible finance costs	171	—	171
Tax base (taxable profit/(loss))	**14,638**	**(85)**	**(10,178)**

31 December 2022

	Thousands of euros		
	Increase	Decrease	Amount
Profit for the year before tax (aggregate of separate companies)			**3,444**
Permanent differences:			
Non-deductible costs	25	—	25
Donations	55	—	55
Reversal of impairment of interest in Group companies	—	(5,019)	(5,019)
Reversal of impairment of claims in Group companies	—	(363)	(363)
Adjusted tax value of Vía Augusta Adquisiciones, S.L.U. capital contribution	469	(469)	—
Settlement loss adjustment of Vía Augusta Adquisiciones, S.L.U.	—	(469)	(469)
Temporary differences:			
Arising in prior years-			
Tax adjustments – Insolvency proceedings	564	—	564
30% deduction of amortisation cost	—	(16)	(16)
Other provisions	—	(560)	(560)
Arising in current year-			
Non-deductible finance costs	77	—	77
Tax base (taxable profit/(loss))	**1,190**	**(6,896)**	**(2,262)**

(Amounts in thousands of euros)

The reconciliation of accounting profit/(loss) to income tax cost recognised in profit or loss in the accompanying consolidated statement of profit or loss for 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Profit/(loss) for the year before tax (aggregate of separate companies)	(24,731)	3,444
Permanent differences	11,497	(5,771)
Adjusted accounting result	**(13,234)**	**(2,327)**
Tax charge at 25%	—	—
Impact of non-recognised temporary differences	(350)	(137)
Deductions	—	—
Offsetting of tax credits for tax loss carryforwards	354	141
Recognition/(derecognition) of tax assets	—	(58)
Deferred tax liabilities arising from revaluation of investment property and right-of-use assets and other	1,461	(1,889)
Other adjustments	420	(100)
Total income tax benefit recognised in profit or loss	**1,885**	**(2,043)**
- Current tax	—	—
- Deferred taxes	1,885	(2,043)

The adjustment due to temporary differences recognised and not recognised in 2023 and 2022 relates to the increased taxable profit effect arising from tax adjustments due to the Arrangement with Creditors. The taxable base of negative adjustments on account of debt composition and rescheduling of insolvency claims was reversed and recognised, as well as the reduction resulting from the reversal of the time limit to deduct 2013 and 2014 amortisations, which can be recovered within the next ten years pursuant to Act 16/2012.

The data relating to the income tax return for 2023 constitute the best available estimate at the date of formal preparation of these consolidated financial statements, and may differ from the final tax return. The period for filing the final tax return runs from 1 to 25 of July 2024.

Net deferred tax assets

The breakdown of changes in the balances of deferred tax assets at 31 December 2023 and 2022 is as follows:

	Thousands of euros							
	31/12/2021	Additions	Disposals	31/12/2022	Additions to the scope of consolidation	Additions	Disposals	31/12/2023
Deferred tax assets:								
Tax loss carryforwards (gross)	25,610	—	(199)	25,411	1	—	(354)	25,058
Limit on the deductibility of finance costs and other	2,092	44	(139)	1,997	—	439	(15)	2,421
Deferred tax liabilities	(495)	—	141	(354)	—	—	354	—
Total tax assets and other net deferred tax assets	**27,207**	**44**	**(197)**	**27,054**	**1**	**439**	**(15)**	**27,479**

As a result of the ruling passed on 8 July 2014 approving the Arrangement with Creditors, the Group companies recognised the debts thereunder at their fair value. This situation led to the recognition in 2014 of finance income amounting to EUR 54,985 thousand at Renta Corporación Real Estate, S.A. and to EUR 56,417 thousand at Renta Corporación Real Estate ES, S.A.U., on account of debt composition and rescheduling and the related interest cost.

Consequently, and pursuant to the Spanish Income Tax Act, the Group made the corresponding negative adjustments in the income tax return for the period, arising from the income recognised in connection with debt composition and rescheduling under the Arrangement with Creditors. These adjustments will be included in the future tax bases as the finance costs resulting from the Arrangement are subsequently recognised, up to the limit of the aforementioned income. However, if the aforementioned income exceeds the total amount of the finance costs not yet recognised resulting from the Arrangement, the income will be included in the tax base at a rate proportional to the finance costs recognised in each tax period as a percentage of the total finance costs not yet recognised arising from the Arrangement.

As a result, the deferred tax liabilities associated with these temporary differences, which would reverse up to the debt maturity (2022 for ordinary claims and 2030 for subordinated claims) initially amounted to EUR 27,850 thousand. At 31 December 2014, the Group had tax losses incurred in prior years amounting to EUR 301,972 thousand in relation to which no deferred tax assets had been recognised. The directors then considered that, due to the nature of the tax losses, the fact that they fall under the same jurisdiction, with a time horizon in excess of that over which the deferred tax liabilities will reverse, and that in part they stemmed from the conclusion of the insolvency proceedings, they should be recognised for an amount equal to the amount of the deferred tax liabilities, i.e. EUR 27,850 thousand.

Based on the nature of certain deferred tax assets and liabilities, the Group has determined that these deferred taxes should be presented in the accompanying consolidated balance sheet at their net balance, and detailed in a disclosure in this Note.

In this regard, in 2023 the Group completed the reversal of temporary differences relating to the aforementioned debt composition and rescheduling amounting to EUR 1,415 thousand (2022: EUR 564 thousand). The associated deferred taxes totalled EUR 354 thousand against EUR 141 thousand in 2022.

At 31 December 2023, the Group had a deferred tax asset of EUR 27,479 thousand. The deferred tax assets mentioned above were recognised in the accompanying consolidated balance sheet as the Parent's directors believe that, based on the Group's best future estimates and applicable accounting and tax standards, as well as by taking certain tax planning measures, it is probable that such assets will be recovered. In fact, it is estimated that they will be recovered for each company (Note 4-n) based on the strategic plan approved by the Board of Directors for the 2024-2028 period, as disclosed in Note 2-j to these consolidated financial statements, as well as on the directors' best estimates on the Parent's results for the subsequent periods that take into account, in broad terms, the same assumptions as those used in the strategic plan.

In particular, the key assumptions considered in the aforementioned ten-year earnings projections, which were reviewed by an independent third party, are as follows:

- A normalised economic environment from 2025 onwards, in which the imbalances triggered by the Covid-19 crisis and the subsequent inflationary pressures are left behind, enabling the Group to resume and, where appropriate, increase the business volume it posted before those events, both in terms of the number of transactions and their average absolute margins. The business plan envisages an average annual growth in profit before tax, without considering the changes in value of assets, up to 2028 of approximately 18% compared to the period 2016-2019, when the real estate activity could be considered normalised. In this regard, the directors believe that this context is in line with the forecast made by the main players in the real estate sector and by various entities and organisations that monitor economic forecasts.

– Progressive prioritisation of the real estate project management business to the detriment of the real estate sales business as disclosed in Note 2-j. In this regard, the Group's management will continue to focus on carrying out transactions with greater added value, as well as on managing new real estate vehicles other than for residential use in order to replicate the results reported in prior years.

– Normalisation of profit before tax by 2029 to 2033 based on the last year considered in the strategic plan.

– Containing or increasing overhead costs, as applicable, in order to have the necessary resources to carry out the activities under the strategic plan, and performing certain corporate transactions that may allow the capital gains derived from the revaluation of both own assets and those included in the managed vehicles to materialise and be taxed.

Therefore, assuming that 70% of tax losses per year could be used as per the aforementioned Constitutional Court's ruling, the estimated profit before tax and taxable income of Renta Corporación Real Estate, S.A. and Renta Corporación Real Estate ES, S.A.U. show that they could adequately support the recovery of tax credits within less than ten years.

In this regard, should the assumptions that could have the greatest impact when assessing the recoverable value of capitalised deferred tax assets –such as estimated business volume and average margins, as well as the potential materialisation of planned corporate transactions–, be subject to changes or sensitivities, it could be inferred that the capitalised amount could bear an annual reduction between 30% and 25%, respectively, of the projected profit before tax of Renta Corporación Real Estate, S. A. and Renta Corporación Real Estate ES, S.A.U. without, in any case, indicating the non-recoverability of deferred tax assets in the projected ten-year period.

Lastly, a possible amendment to tax legislation that would again limit the offsetting of tax losses to percentages similar to those applicable prior to the Constitutional Court's ruling of 18 January 2024 would not affect the recovery of tax credits in a period of up to ten years, in accordance with the business plan described. However, in such a scenario, a 10% or 15% reduction of the tax bases considered in the business plan would imply that currently capitalised tax credits amounting to EUR 1.9 million and EUR 3.2 million, respectively, would have to be written off, taking into account the ten-year period mentioned above.

Deferred tax assets relating to tax loss carryforwards

The Spanish Income Tax Act in force provides that prior years' tax losses can be offset in future years without any time limit.

(Amounts in thousands of euros)

The following table shows the tax losses incurred by the Group companies at 31 December 2023, recognised and not recognised in the accompanying consolidated balance sheet:

Arising in:	Thousands of euros			
	31/12/2022	Additions to the scope of consolidation	Tax losses incurred	31/12/2023
2008	26,672	—	—	26,672
2009	15,254	—	—	15,254
2010	22,026	—	—	22,026
2011	7,213	—	—	7,213
2012	42,094	—	—	42,094
2013	2,874	—	—	2,874
2014	42,976	—	—	42,976
2020	4,129	—	—	4,129
2022	2,111	5	—	2,116
2023	—	5	10,173	10,178
Total	**165,349**	**10**	**10,173**	**175,532**

Therefore, the tax asset for tax loss carryforwards for which the deferred tax asset associated with the aforementioned events was recognised at 31 December 2023 amounts to EUR 100,232 thousand out of a total tax loss carryforward of EUR 175,532 thousand.

Deferred tax assets relating to tax credit carryforwards

The following table shows the finance costs generated by the Group that had not been deducted at 31 December 2023, which were recognised in the accompanying consolidated balance sheet:

Arising in:	Thousands of euros		
	31/12/2022	Additions	31/12/2023
2012	275	—	275
2013	3,917	—	3,917
2014	463	—	463
2015	785	—	785
2016	640	—	640
2017	635	—	635
2018	735	—	735
2019	96	—	96
2021	242	—	242
2022	77	—	77
2023	—	171	171
Total	**7,865**	**171**	**8,036**

(Amounts in thousands of euros)

Deferred tax liabilities

	Thousands of euros						
	31/12/2021	Additions	Disposals	31/12/202	Additions	Disposals	31/12/202
Changes in fair value of investment property and right-of-use assets	2,771	1,889	—	4,660	—	(1,461)	3,199
Financial assets at fair value through the consolidated statement of comprehensive income	534	—	(25)	509	4	(497)	16
Total deferred tax liabilities	**3,305**	**1,889**	**(25)**	**5,169**	**4**	**(1,958)**	**3,215**

They relate mainly to the difference between the carrying amount of the investment property and right-of-use assets measured at fair value and their tax base (measured at acquisition cost, net of depreciation). The positive effect of the subsequent valuation at fair value of SOCIMI Vivenio's ownership interest is included as well. Such an effect was calculated according to the share market price at each year-end, recognising both the change in value and its positive effect through equity.

Years open for review and tax audits

Under current legislation, taxes cannot be deemed to be definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute-of-limitations period has expired. At the closing of 2023, the Group had the last five fiscal years open for review for income tax and the last four years for the other taxes applicable to it.

The Parent's directors consider that the tax returns for the abovementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax treatment given to certain transactions, any resulting liabilities would not have a material effect on the accompanying consolidated financial statements.

19. Income and expenses

Net revenue

Net revenue for 2023 and 2022 was entirely obtained in the domestic market and its breakdown by line of business is as follows:

	Thousands of euros	
	2023	2022
Property sales	37,861	45,406
Real estate project management	561	2,398
Services –	2,143	4,693
Rentals	1,260	1,402
Total	**41,825**	**53,899**

(Amounts in thousands of euros)

The line item "Property sales" includes the transfer of finished property and others undergoing construction by the Group to third parties. These properties are acquired by customers through accession as the projects are completed. Pursuant to current accounting standards (Note 4-o), the Group recognises revenue derived from the stage of completion of each building at year-end, applying the percentage of completion method of accounting based on the proportion that costs incurred for work performed to date bear to the estimated total costs.

At 31 December 2023, the Group had not recognised any contractual assets. At 31 December 2022, the Group had recognised assets under contract for EUR 2,276 thousand. Although they were related to works completed, at the reporting date they did not reach the contractually established revenue milestones (Note 14).

Changes in inventories of buildings acquired for refurbishment and/or conversion

The detail of "Changes in inventories of buildings acquired for refurbishment and/or conversion" in the accompanying consolidated statement of profit or loss is as follows:

	Thousands of euros	
	2023	2022
Additions to buildings acquired for refurbishment and/or conversion (Note 13)	(9,111)	(32,171)
Transfer of purchase options (Note 13)	—	(1,158)
Changes in inventories due to additions and transfers	9,111	33,329
Impairments recognised	(124)	—
Impairments derecognised	28	—
Reversal of inventory write-downs (Note 13)	(35,989)	(40,462)
Total	**(36,085)**	**(40,462)**

Staff costs

The detail of "Staff costs" in the accompanying consolidated statement of profit or loss is as follows:

	Thousands of euros	
	2023	2022
Wages, salaries and similar expenses	4,668	4,696
Employer social security costs	648	596
Other employee benefits costs	334	162
Total	**5,650**	**5,454**

At 31 December 2023 and 2022 "Other employee benefit costs" included, among others, a total of EUR 275 thousand and EUR 129 thousand, respectively, relating to the amount vested in the year under the deferred share-based payment plans aimed at employees, executives, the CEO and key personnel, as disclosed in Note 16.

(Amounts in thousands of euros)

Other operating expenses

The disclosure of “Other operating expenses” in the accompanying consolidated statement of profit or loss is as follows:

	Thousands of euros	
	2023	2022
Rent and royalties	6	51
Repair and conservation	652	530
Third-party professional services	2,555	2,290
Other external services	2,014	1,389
Other	869	799
Total external services	**6,096**	**5,059**
Other taxes	549	606
Total taxes	**549**	**606**
Impairment of trade receivables	135	71
Total losses, impairment and changes in trade provisions	**135**	**71**
Total other operating expenses	**6,780**	**5,736**

The heading “Third-party professional services” shows, mainly, the fees paid by the Group to advisers on account of general services, research, analysis and sale of operations, among others. The line item “Other external services” includes the expenses associated with the loss of purchase options or termination of contracts, among others.

Finance income and finance costs

The breakdown of finance income and finance costs in 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Finance income:		
Other finance income	202	15
Total finance income	**202**	**15**
Finance costs:		
Interest cost associated with debts to third parties (Note 1)	(222)	(490)
On bank and other borrowings	(3,787)	(3,102)
Total finance costs	**(4,009)**	**(3,592)**
Total financial loss	**(3,807)**	**(3,577)**

(Amounts in thousands of euros)

20. Related-party transactions and balances

Related-party transactions

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

2023

	Thousands of euros		
	Services rendered	Services received	Donations
Other related parties:			
Closa Asociados Correduría de Seguros, S.L.	—	(149)	—
Fundación Renta Corporación	—	—	(150)
Luis Conde Moller	—	(10)	—
SOCIMI Vivenio Group (*)	739	—	—
SOCIMI Wellder Group (**)	1,404	—	—
Total	**2,143**	**(159)**	**(150)**

(*) SOCIMI Vivenio Group includes the transactions with all the companies owned by Vivenio Group.

(**) SOCIMI Wellder Group includes the transactions with all the companies owned by Wellder Group.

2022

	Thousands of euros		
	Sales and services rendered	Services received	Donations
Other related parties:			
Closa Asociados Correduría de Seguros, S.L.	—	(169)	—
Fundación Renta Corporación	—	—	(55)
Luis Conde Moller	—	(5)	—
Dinomen, S.L.	1,024	—	—
Max Hernández y Marta Martínez	705	—	—
Iglú Verde, S.L.	54	—	—
Second House, S.L.	80	—	—
SOCIMI Vivenio Group (*)	4,613	—	—
Wellder Senior Assets SOCIMI	80	—	—
Total	**6,556**	**(174)**	**(55)**

(*) SOCIMI Vivenio Group includes the transactions with all the companies owned by Vivenio Group.

Most transactions with related parties in 2023 and 2022 correspond to services rendered to SOCIMI Vivenio Group and SOCIMI Wellder Group, as per the agreements disclosed in Note 11.

(Amounts in thousands of euros)

Related-party balances

Detailed below are the related-party balances recognised in the accompanying consolidated balance sheet at 31 December 2023 and 2022:

2023

	Thousands of
	Non-current participating loans
Other related parties:	
JV 20 Advisory, S.L.	(48)
Total	**(48)**

At 31 December 2023, the Group had a payable of EUR 48 thousand due to JV 20 Advisory, S.L., resulting from participating loans granted by the latter to Morlin Properties, S.L.

2022

	Thousands of euros		
	Non-current loans granted	Non-current accounts receivable (Note 11)	Trade and other receivables
Associates and joint ventures:			
Terra Green Living, S.A.	310	—	—
Morlin Properties, S.L.	290	—	—
Impairment in associates and joint ventures:			
Terra Green Living, S.A.	(49)	—	—
Other related parties:			
SOCIMI Vivenio Group (*)	—	3,408	—
Wellder Senior Assets SOCIMI	—	210	97
Total	**551**	**3,618**	**97**

(*) SOCIMI Vivenio Group includes the balances with all the companies owned by Vivenio Group.

On the other hand, at 31 December 2022, the Group had receivables on account of participating loans granted to Terra Green Living, S.A. and Morlin Properties, S.L., which at that date were considered associates and joint ventures.

(Amounts in thousands of euros)

21. Compensation and other benefits of Members of the Board of Directors and Senior Management

The members of the Parent's Board of Directors at 31 December 2023 and 2022 were:

2023

Director	Position	Status
Luis Hernández de Cabanyes	Chairman and CEO	Executive
David Vila Balta	Deputy Chairman and CEO	Executive
Ainoa Grandes Massa	Director	Non-executive
Luis Conde Moller	Director	Non-executive
Manuel Valls Morató	Director	Non-executive
Blas Herrero Fernández	Director	Proprietary
Oravla Inversiones, S.L.	Director	Proprietary
Cristina Orpinell Kristjansdottir	Director	Proprietary
Gregoire Augustin Bontoux Halley (*)	Director	Proprietary
Elena Hernández de Cabanyes	Director	Other non-executive

(*) On 25 January 2024, the proprietary director Gregoire Augustin Bontoux Halley tendered his resignation as director due to other professional obligations that require greater dedication and, therefore, prevent him from combining them with his duties as director of the Parent.

2022

Director	Position	Status
Luis Hernández de Cabanyes	Chairman and CEO	Executive
David Vila Balta	Deputy Chairman and CEO	Executive
Ainoa Grandes Massa	Director	Non-executive
Luis Conde Moller	Director	Non-executive
Manuel Valls Morató	Director	Non-executive
Blas Herrero Fernández	Director	Proprietary
Oravla Inversiones, S.L.	Director	Proprietary
Cristina Orpinell Kristjansdottir	Director	Proprietary
Gregoire Augustin Bontoux Halley	Director	Proprietary
Elena Hernández de Cabanyes	Director	Other non-executive

In 2023 and 2022, no new directors were appointed nor were any directors dismissed in either reporting period.

At 31 December 2023 and 2022, the members of the Board of Directors held or controlled the following ownership interest:

	31/12/2023			31/12/2022		
	Direct	Indirect	Total	Direct	Indirect	Total
Luis Hernández de Cabanyes (*)	0.89%	11.80%	12.69%	0.89%	11.80%	12.69%
Oravla Inversiones, S.L.	5.00%	—	5.00%	5.00%	—	5.00%
Gregoire Augustin Bontoux Halley	—	5.00%	5.00%	—	5.00%	5.00%
Ms. Elena Hernández de Cabanyes	1.37%	—	1.37%	1.37%	—	1.37%
David Vila Balta (*)	0.38%	—	0.38%	0.37%	—	0.37%
Manuel Valls Morató	0.08%	—	0.08%	0.08%	—	0.08%
Ms. Ainoa Grandes Massa	0.06%	—	0.06%	0.06%	—	0.06%

(*) Executive directors.

(Amounts in thousands of euros)

Pursuant to article 229 of the Spanish Companies Act, at the end of 2023 the Parent's directors did not communicate to the other Board members any situation of direct or indirect conflict of interest that they or any persons related to them, as defined in the aforementioned Act, might have with the Parent.

Directors' remuneration

The detail of the remuneration earned by the members of the Parent's Board of Directors in 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Remuneration earned by executive directors (*)	796	890
Remuneration for attendance at Board meetings	270	265
Remuneration for participation in Executive Committees	73	76
Total	**1,139**	**1,231**

(*) Including the remuneration earned by the directors for discharging senior executive duties. Including the deferred share-based payment plan of the Deputy Chairman and CEO.

At the end of 31 December 2023 and 2022, the Parent had arranged a third-party liability insurance policy for all the Group's directors, senior executives and employees, the premium for which amounted to EUR 68 and 67 thousand, respectively. This amount includes, for both reporting periods, the premium paid under the third-party liability insurance policy for damages caused by acts or omissions. In 2023 and 2022, the Group did not pay any health or life insurance premiums in connection with the Parent's senior executives and executive directors. The Group has not granted any loans to, or arranged any additional pension plans or life insurance policies for, the members of the Parent's Board of Directors.

At 31 December 2023 and 2022, two members of the Board of Directors, who are also two senior executives, had signed guarantee or golden parachute clauses for certain cases of termination or change of control, all of which were timely approved by the Annual General Meeting.

Also, in 2023 and 2022 there was no conclusion, amendment or early termination of any contract between the Parent and the members of its Board of Directors or any persons acting on their behalf affecting operations outside the course of the Parent's ordinary business operations.

Remuneration of senior executives

According to the definition of senior executives in the Unified Good Governance Code, the Parent's key executives are those people who form part of senior management, specifically the two Executive Directors and the Corporate General Manager.

The remuneration of senior executives in 2023 amounted to EUR 1,149 thousand, of which EUR 796 thousand correspond to remuneration of the executive directors (2022: EUR 1,266 thousand and EUR 890 thousand, respectively).

The remuneration stated above includes, for 2023, the delivery of 5,000 shares amounting to EUR 7 thousand to the CEO (2022: 3,000 shares for EUR 5 thousand), and of 5,000 shares amounting to EUR 7 thousand to the Corporate General Manager (2022: 3,000 shares for EUR 5 thousand), by virtue of the share-based payment plans established by the Group as disclosed in Note 16.

(Amounts in thousands of euros)

Under these plans, the shares to be granted to the Parent's CEO and Corporate General Manager in 2024 amount to 8,000 and 8,000 shares, respectively (31 December 2022: 13,000 and 13,000 shares, respectively, to be granted between 2023 and 2024).

22. Other disclosures

Employees

The number of Group employees at 31 December 2023 and 2022 and the average number of employees in both years, by category and gender, are as follows:

	No. of employees at 31 December				Average number of employees in 2023		Average number of employees in 2022	
	2023		2022					
Professional category	Men	Women	Men	Women	Men	Women	Men	Women
Address	4	1	4	1	4	1	4	1
Graduates, line personnel and clerical staff	12	26	14	25	12	26	14	24
Total	**16**	**27**	**18**	**26**	**16**	**27**	**18**	**25**

Additionally, at 31 December 2023 and 2022 the Parent had one employee with a disability equal to or greater than 33%.

Fees paid to auditors

In 2023 and 2022, the fees for financial audit and other services provided by the auditor of the Group's financial statements (Deloitte, S.L.), by a company in the same group or by a company related to the auditor, were as follows:

	Thousands of euros	
Description	2023	2022
Audit services	116	114
Other verification services:		
Services required by applicable standards	7	7
Other attest services	5	4
Other attest services	14	27
Total audit and related services	**142**	**152**

23. Disclosures on the average period of payment to suppliers

Set forth below are the disclosures required by Final Provision Two of Act 31/2014, of 3 December, amending the Spanish Companies Act to improve corporate governance, and which amended Additional Provision Three of Act 15/2010, of 5 July, amending Act 3/2004, of 29 December, which sets forth measures for combating late payment in commercial transactions, all in accordance with the Spanish Accounting and Audit Institute (ICAC) Resolution of 29 January 2016 on the disclosures to be included in the notes to the financial statements on the average period of payment to suppliers in the commercial transactions of the various Spanish Group companies.

	2023	2022
	Days	Days
Average period of payment to suppliers	17	15
Ratio of transactions settled	17	15
Ratio of transactions not yet settled	17	25

	Amount (thousands of	
	2023	2022
Total payments made	25,482	47,289
Total payments outstanding	3,745	971

The information concerning payments settled within 60 days is as follows:

	2023	2022
Amount (in thousands of euros)	23,739	44,809
Percentage over the total settled	93%	95%
Number of invoices	5,246	4,673
Percentage over total invoices	93%	96%

In line with ICAC Resolution, the business transactions involving delivery of goods or services accrued as from the entry into force of Act 31/2014, of 3 December, were taken into account to calculate the average period of payment to suppliers. For the sole purpose of the disclosures provided for in the Resolution, suppliers are considered to be the trade creditors for the supply of goods or services included in “Payable to suppliers” and “Sundry accounts payable” under “Current liabilities" in the accompanying consolidated balance sheet.

“Average period of payment to suppliers” shall be understood as the time elapsed between the delivery of products or services by the supplier and the effective payment of the transaction. The average period of payment to suppliers was calculated as the quotient whose numerator is the sum of the ratio of transactions settled and the total amount of payments made plus the ratio of transactions not yet settled multiplied by the total amount of payments outstanding at year-end, and whose denominator is the result of adding the total amount of payments made to the total amount of payments outstanding at year-end.

The ratio of transactions settled was calculated as the quotient whose numerator is the result of the sum of the products of multiplying the amounts paid by the number of days of payment (the number of calendar days between the receipt of the invoice and the date of effective payment of the transaction) and whose denominator is the total amount of the payments made in the year.

Also, the ratio of transactions not yet settled was calculated as the quotient whose numerator is the result of the sum of the products of multiplying the amounts of the transactions not yet paid by the number of days in which payment has not been made (the number of calendar days between the receipt of the invoice and the accounting close) and whose denominator is the total amount of the payments made at year-end.

Act 11/2013 on measures to support entrepreneurs and to foster business growth and the creation of employment, amending Act 3/2004, of 29 December, on combating late payment in commercial transactions, came into force on 26 July 2013. This amendment established that the maximum period of payment to suppliers should be 30 days from 29 July 2013 onwards, unless there is an agreement between the parties increasing this period to a maximum of 60 days.

24. Events after the reporting period

No events took place after 31 December 2023 that might have a significant impact on these consolidated financial statements other than the events described herein.

(Amounts in thousands of euros)

APPENDIX 1

SUBSISIARIES AND JOINT VENTURES

	% of ownership				31/12/2023			31/12/2022			Shareholder	Activity
	Direct		Indirect		Thousands of euros			Thousands of euros				
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	Share capital	Reserves	Profit/(loss)	Share capital	Reserves	Profit/(loss)		
SUBSIDIARIES:												
Renta Corporación Real Estate ES, S.A.U. (*)	100%	100%	—	—	204	30,097	(5,054)	204	30,790	(745)	Renta Corporación Real	1
Vía Augusta 252 – 260, 5ª planta – 08017 Barcelona · España												
Cabe Keep and Lock, S.A.U (**)	100%	100%	—	—	60	957	(516)	60	138	(180)	Renta Corporación Real	3
Vía Augusta 252 – 260, 5ª planta – 08017 Barcelona · España												
New Cabe Keep and Lock, S.L.U. (**)	100%	—	—	—	3	698	(574)	n/a	n/a	n/a	Renta Corporación Real	4
Vía Augusta 252 – 260, 5ª planta – 08017 Barcelona · España												
Morlin Properties, S.L. (**)	90%	—	—	50%	3	(4)	(8)	3	—	(4)	Renta Corporación Real	2
Vía Augusta 252 – 260, 5ª planta – 08017 Barcelona · España												
JOINT VENTURES:												
Terra Green Living, S.A. (**)	—	50 %	—	—	n/a	n/a	n/a	100	(72)	(91)	n/a	2
Emancipación 21-23, bajos – 08022 Barcelona · España												

(*) Company audited by Deloitte, S.L.
(**) Unaudited company.
(1) Transactions, management and delivery of real estate services.
(2) Real estate development.
(3) Storage room rental services.
(4) Real estate rental.

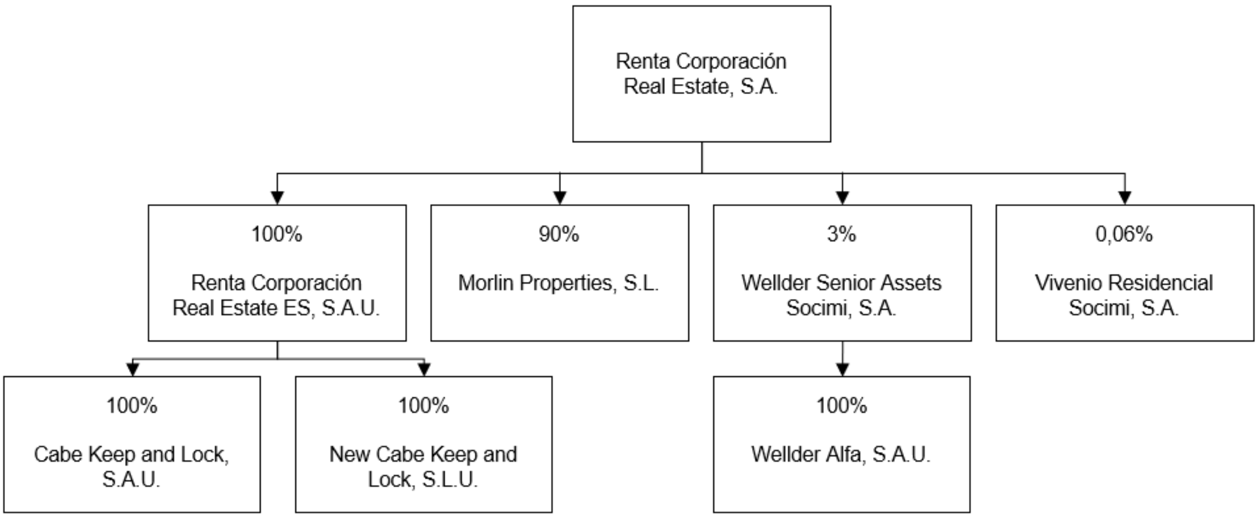
Renta Corporación Real Estate, S.A.
and Subsidiaries

Consolidated Directors' Report
for the year ended
31 December 2023

1. ***Situation of the Group***

Renta Corporación Group has over 30 years' experience and a distinctive edge in the Spanish real estate sector. Its core business is run mainly in Madrid and Barcelona.

The corporate structure of Renta Corporación Group is as follows:



At organisational level, Renta Corporación Group is headed by its managing bodies, namely the Board of Directors, the Audit Committee and the Appointments and Remuneration Committee. In addition, there is a Management Committee at internal level that, among other functions, reviews and approves the selection of projects to be undertaken and included in the investment portfolio. The transaction review and approval process is highly streamlined to enable the Group to seize the opportunities identified in the market, which is part of the Group's competitive advantage.

Renta Corporación Group runs two distinct business units that are regularly adapted to the Spanish real estate market conditions, yet without losing the essence of the business model of each one.

Transactional business

The purpose of this business is to create added value by purchasing outdated properties and maximising their value through different actions.

The key added-value generating drivers, that may occur separately or concurrently, according to market demand and available inventories, include:

– Conversion design

– Subdivision or aggregation of units

– Partial or full refurbishing

– Lease management (negotiation with tenants)

– Change/redistribution of use

– Legal improvements

The Group's extensive knowledge of demand, on the one hand, and of supply in the markets in which it operates, on the other, enables it to spot opportunities to create value through its transactions. The Group has expertise across assets. The product mix used at each point in time depends on the market situation, investors' interest and value-creating capacity.

During 2023 the transactional business was mainly focused on the residential and logistics segments, which continue to show the highest investment growth potential.

The Group designs the projects from start to finish, which, depending on the operation, are then executed by the Group or by the buyer on its own account. In general, the Group acquires the right to purchase a property for a period of time, during which it designs and executes the value-creating project.

The transactional business has two sources:

a. "Real estate sales"

The Group buys a building, refurbishes it and sells it to a third party, with the entire process being reflected in the Group's consolidated balance sheet. The average lead-time of these projects is around 12 months.

b. "Real estate project management"

Renta Group acquires the right to purchase property, designs the entire conversion project and then sells it to a third party. In this case, the process is not reflected in the Group's consolidated balance sheet. The proposed improvements and conversions may be carried out by the Group at the buyer's request.

The typical lead-time of these projects is usually lower than that for the sale of property.

Asset business

It was established in 2017 with the aim of running a business less exposed to the real estate sector's typical cyclicality and of having more recurrent resources over time, leveraging on the Group's huge capillarity and access to real estate transactions that in the past, due to their size or because they were not value-adding investments, had been ruled out.

It consists of two divisions:

a. "Asset Management" / "Fund Management" division

This division is engaged in creating and managing real estate vehicles with third parties, with fees being accrued from both the origination and management of properties.

Under the umbrella of this division is SOCIMI Vivenio, established in 2017 and specialised in rental residential assets, with APG Dutch pension fund manager holding a controlling interest. In 2021, the Australian fund Aware Super PTY LTD became a shareholder of SOCIMI Vivenio bringing its investment capacity to over EUR 700 million.

On the other hand, at 2022 year-end, APG and the Group partnered up once again to create SOCIMI Wellder, specialised in homes for the elderly. This vehicle, which Renta Corporación manages on an exclusive basis, was created with the aim of acquiring premium real estate assets in Spain with high ESG standards starting with an investment of EUR 250 million. SOCIMI Wellder will invest in assets found in locations with over 100,000 inhabitants, preferably in capital cities and with a surface area between 4,000 and 7,500 m2 accommodating between 80 to 140 beds per facility. Investments will be made by purchasing current facilities or developing new projects.

At the closing of 2023, the portfolio consists of 6 operating assets accommodating a total of 924 beds.

b. "Equity" division

This division encompasses the acquisition and management of any real estate investment intended to remain in the Group's balance sheet over the long term. The asset strategy will be further reinforced in the coming years to render steady revenue flows.

This division now includes Cabe, a business area involved in the rental of digitalised urban storage rooms. An increasing urban population, ongoing rising property prices, high availability of establishments at competitive prices after the Covid-19 crisis, a low level of investment in the segment, the resilience to economic cycles and the high growth margin of this business are some of the reasons why the Group has decided to explore this sector.

Since late 2021 several premises located in Barcelona, Madrid and other cities have been acquired for this business unit while the opening of additional establishments in new locations is being analysed given the high scalability of this business. Cabe offers a differentiated product with establishments located in the city centre, with a high digital component when both hiring and using the product. Some establishments are already fully operational.

2. ***Business performance and results***

Fiscal year 2023 remained strongly marked by an uncertain macroeconomic and geopolitical environment, mainly due to the ongoing military conflicts in Europe, persistent inflation and continued interest rate hikes, which reached a record high since 2008. This complex scenario during the first half of 2023 was further compounded by a climate of domestic political uncertainty in a year of municipal, regional and national elections.

In the real estate sector, inflationary tensions and the rise in interest rates resulted in increased costs and higher yield expectations, leading to a sharp drop in transactions and the investment volume for the year 2023. As a result, many transactions foreseen in the strategic plan were delayed with a direct impact on the transactional business portfolio of Renta Corporación Group, the margin of its operations and, therefore, the results for the year.

Renta Corporación Group closed 2023 reporting an **accumulated net loss** of EUR 15,945 thousand against an accumulated net profit of EUR 3,552 thousand in 2022.

Revenue in 2023, which includes sales and income from project management, provision of services and rentals, fell to EUR 41,825 thousand against EUR 53,899 thousand in 2022 affecting both the transactional and the asset business. In turn, other operating income totalled EUR 124 thousand compared to EUR 97 thousand in 2022.

In 2023 the Group's **staff and overhead costs** totalled EUR 8,557 thousand against EUR 7,956 thousand in 2022, excluding the impairment of trade receivables, as a result of adjusting costs to the cost of living and increasing resources to carry out new projects in the asset business.

The **consolidated profit or loss from operations**, therefore, also fell year-on-year from EUR 1,935 thousand in 2022 to EUR -8,940 thousand in 2023.

Changes in fair value of investment property and right-of-use assets totalled EUR -5,272 thousand in 2023 against EUR 7,288 thousand in 2022.

Net financial profit/(loss) for the period shows net expenses of EUR 3,807 thousand. Although debt at 2023 year-end was lower than at the closing of 2022, finance costs were slightly higher in 2023 as a result of the increased cost of debt and the fact that certain payables were not repaid until the last quarter of the year.

The Group recognised an **income tax** benefit of EUR 1,885 thousand, which in 2022 accounted for expenses of EUR 2,043 thousand.

Similarly, to 2022, no additional tax loss carryforward to be offset with future profits was recognised.

(Amounts in thousands of euros)

Non-current assets totalled EUR 60,228 thousand and are broken down as follows:

Thousands of euros	31/12/2023	31/12/2022	Variation
Non-current assets and right-of-use assets	6,266	2,918	3,348
Investment property	24,285	44,324	(20,039)
Loans to associates and joint ventures	—	551	(551)
Equity instruments	2,119	16,955	(14,836)
Non-current accounts receivable	—	3,618	(3,618)
Other financial assets	79	72	7
Deferred tax assets	27,479	27,054	425
Total non-current assets	**60,228**	**95,492**	**(35,264)**

The total amount fell by EUR 35,264 thousand compared to December 2022, due mainly to the following:

– An increase in **non-current assets and right-of-use assets** amounting to EUR 3,348 thousand compared to the end of December last year, mainly due to the formalisation of certain leases with an option to purchase premises that are being refurbished into urban storage rooms for Cabe's business, which were recognised at fair value with a positive impact of EUR 1,785 thousand in the statement of profit or loss.

– A decrease in **investment property** to EUR 24,285 thousand against EUR 44,324 thousand the previous year, mainly as a result of the sale during the period of a set of assets in the city of Barcelona, changes in value amounting to EUR -7,057 thousand and the reclassification of certain properties to "Assets held for sale".

– The heading **equity instruments** includes mainly the Group's interest in the share capital of SOCIMI Vivenio and SOCIMI Wellder. The change is principally due to the disposal during the year of 14.6 million shares of SOCIMI Vivenio. This sale took place within the company's own share buyback authorisation programme, approved by its Extraordinary General Meeting on 26 June 2023, which allowed for the purchase of a maximum of 17.2 million treasury shares at a price of EUR 1.115 per share within a maximum period of one year from the date of the Meeting.

– A decrease in **non-current accounts receivable** amounting to EUR 3,618 thousand, which is due to the conversion into shares during 2023 of the receivable account held for services rendered to SOCIMI Vivenio accrued during 2022 in the amount of EUR 3,408 thousand and to the materialisation in 2023 of the first capital increase carried out by the Parent of SOCIMI Wellder for EUR 210 thousand, corresponding to its 3% ownership interest, paid in the previous year. As a result thereof, at 31 December 2022, the aforementioned amount was classified under "Non-current accounts receivable" in the accompanying consolidated balance sheet.

– An increase in **deferred tax assets** of EUR 425 thousand. Net deferred tax assets recognised totalled EUR 27,479 thousand relating mainly to tax credits from tax loss carryforwards to be offset over the next periods, with EUR 75,300 thousand in tax losses pending recognition.

(Amounts in thousands of euros)

As mentioned above, the amounts of the line item **assets held for sale** relate to residential investment property, which until then had been held for rental purposes and whose carrying amount is highly likely to be recovered through a sale transaction in the short term.

Inventories stood at EUR 27,282 thousand, down EUR 25,550 thousand year-on-year due, chiefly, to the dation in payment of the Cánovas building lot as per the provisions of the Arrangement with Creditors. Additionally in 2023, the Group sold various projects in Madrid, Barcelona and nearby locations, either through the sale of entire buildings or the sale of properties in fractions.

The amount of inventories also includes purchase options totalling EUR 1,238 thousand that give rise to future purchase rights on assets for EUR 55,725 thousand.

The detail of "**Trade and other receivables**" is as follows:

Thousands of euros	31/12/2023	31/12/2022	Variation
Trade receivables for sales and services	48	3,889	(3,841)
Sundry accounts receivable	320	1,656	(1,336)
Other accounts receivable from public authorities	1,326	1,039	287
Total trade and other receivables	**1,694**	**6,584**	**(4,890)**

At the closing of 2023 the total balance was EUR 1,694 thousand, EUR 4,890 thousand lower than at 2022 year-end. This balance is broken down into three headings:

– Trade receivables for sales and services: This heading fell by EUR 3,841 thousand compared to the closing of the prior year due, among others, to the collection of the amounts that were recorded at 2022 year-end in connection with the progress of work carried out on certain properties.

– Sundry accounts receivable: This heading came down by EUR 1,336 thousand compared to December 2022, basically due to the recovery of amounts deposited to guarantee the fulfilment of obligations acquired with third parties and purchase options undergoing due diligence.

– Other accounts receivable from public authorities: Account receivable from public authorities that is EUR 287 thousand higher than in December 2022 due, mainly, to an increase in VAT receivable.

Liquidity was a priority during 2023 and, therefore, it was monitored regularly and thoroughly. The Group's liquidity position at the closing of the fiscal year totalled EUR 5,193 thousand, down EUR 9,788 thousand year-on-year.

Equity stood at EUR 58,535 thousand, down EUR 18,599 thousand against EUR 77,134 thousand at 2022 year-end due, mainly, to losses of EUR 15,945 thousand reported over the period and the impact of the transfer of shares from SOCIMI Vivenio to the REIT itself through two transactions carried out on 29 June and 27 September 2023, respectively. This transaction had a negative impact of EUR 1,447 thousand recorded directly against reserves for the difference between the selling price and the cost value of the shares sold, and a reduction in the accumulated revaluation of these shares amounting to EUR 1,492 thousand net of the tax effect (EUR 1,989 thousand, gross). This accumulated revaluation was recorded under "Valuation adjustments" under equity in the accompanying consolidated balance sheet.

(Amounts in thousands of euros)

The breakdown of **other non-current payables** other than financial liabilities is as follows:

Thousands of euros	31/12/2023	31/12/2022	Variation
Long-term Arrangement with Creditors (*)	—	566	(566)
Long-term non-current finance lease payables (*)	2,378	1,563	815
Deferred tax liabilities	3,215	5,169	(1,954)
Total other non-current payables	**5,593**	**7,298**	**(1,705)**

(*) The accompanying consolidated balance sheet includes "Other non-current financial liabilities maturing at long-term".

– Long-term Arrangement with Creditors: This reduction is owed to the fact that in October 2023, once the ordinary loans and the participating loan derived from Alternative B under the Arrangement with Creditors were settled, the Group paid off the outstanding amount of the subordinated loans.

– Long-term non-current finance lease payables: This heading amounted to EUR 2,378 thousand, up on the previous year, mainly as a result of the incorporation of certain leases with a purchase option on premises that are being refurbished into urban storage rooms.

– Deferred tax liabilities: This heading totalled EUR 3,215 thousand and fell year-on-year, particularly as a result of the tax impact of changes in the value of investment property and right-of-use assets and the sale of shares in SOCIMI Vivenio.

The breakdown of **other current payables** other than financial liabilities is as follows:

Thousands of euros	31/12/2023	31/12/2022	Variation
Short-term current finance lease payables (*)	335	261	74
Sundry accounts payable	5,826	7,292	(1,466)
Remuneration payable	149	179	(30)
Other accounts payable to public authorities	255	300	(45)
Customer advances	340	220	120
Total other current payables	**6,905**	**8,252**	**(1,347)**

(*) The accompanying consolidated balance sheet includes "Other current financial liabilities maturing at short-term".

The items that varied the most are the following:

– Short-term current finance lease payables: This heading amounts to EUR 335 thousand, up on the previous year, mainly as a result of the formalisation of certain leases with a purchase option on premises that are being refurbished into urban storage rooms.

– Sundry accounts payable: This item is comprised of the short-term creditors related to the purchase, conversion and sale transactions performed by the Group. At 2023 year-end this line item totalled EUR 5,826 thousand, down EUR 1,466 thousand compared to the previous year, mainly as a result of the combined effect of the decrease derived from the completion of several refurbishments and the net increase in creditors due to the deferred payment for the purchase of properties.

(Amounts in thousands of euros)

– Other accounts payable to public authorities: This line item totalled EUR 255 thousand at 2023 year-end, down EUR 45 thousand compared to 2022 year-end, chiefly due to the full amortisation of payables under the Arrangement with Creditors involving tax authorities.

– Customer advances: Prepayments and advances amounted to EUR 340 thousand, up EUR 120 thousand compared to the end of the previous year. If eventually materialised, they would result in future revenue of EUR 1,339 thousand in Barcelona.

Current and non-current **financial debt** totalled EUR 33,451 thousand, down EUR 44,082 thousand compared to the closing of 2022. The decrease is mainly due to the amortisation of the participating loan through the dation in payment of the building lot located in Cánovas. In addition, 165 ordinary unsecured bonds for a nominal amount of EUR 16,500 thousand were repaid and cancelled in full on 2 October 2023, in accordance with the contractually established maturity date. In addition, there was a decrease in other loans for a nominal amount of EUR 5,000 thousand.

The breakdown of financial debt is as follows:

Thousands of euros	31/12/2023	31/12/2022	Variation
Mortgage debt (*)	11,588	15,243	(3,655)
Other payables	21,863	44,042	(22,179)
Participating debt	—	18,248	(18,248)
Total financial debt	**33,451**	**77,533**	**(44,082)**

(*) Includes the mortgage loan classified as liabilities related to assets held for sale.

Net financial debt fell to EUR 27,943 thousand, as a result of the aforementioned decrease in financial debt, which was partially offset by reduced cash and cash equivalents.

Thousands of euros	31/12/2023	31/12/2022	Variation
Mortgage debt	11,588	15,243	(3,655)
Other payables	21,863	44,042	(22,179)
Total financial debt	**33,451**	**59,285**	**(25,834)**
(-) Cash and current financial assets	(5,508)	(15,309)	9,801
Total net financial debt	**27,943**	**43,976**	**(16,033)**

3. *Matters relating to the environment and employees*

Environment

The Group's activities do not have a significant environmental impact. The Group has adopted appropriate measures in relation to environmental protection and enhancement and the minimisation, where necessary, of its environmental impact, and complies with current environmental legislation.

The Group did not deem it necessary to recognise any provisions for environmental contingencies and charges since there are no contingencies relating to environmental protection or improvement or any liability of an environmental nature.

Employees

For the Group people are the foundation for true value creation and the key to achieving business excellence. The contribution of the Group's team, formed by highly-qualified and specialised professionals, has been acknowledged and cultivated as a key success factor from day one, with a strong commitment to diversity, equal opportunities and continuous training.

In this regard, the Group places special emphasis on maintaining an effective, agile and flexible organisation, with a highly professional working environment in terms of procedures and systems and easy access to knowledge, while promoting the well-being and work-life balance of its employees.

4. *Liquidity and capital resources and contractual obligations and off-consolidated balance sheet transactions*

Liquidity and capital resources

In addition to mortgage loans to purchase and refurbish assets, the Group has a liquidity promissory notes programme in place on the Alternative Fixed-Income Market (MARF) as of 5 May 2023. Furthermore, it has signed a loan with a private financing firm amounting to EUR 19,459 thousand at amortised cost with a nominal value of EUR 10,000 thousand.

At present, the Group obtains financing to cover approximately 60% of the purchase cost of its acquisitions, and it can finance almost 100% of the capital expenditure when the Group decides to finance the subsequent investment that is required to create value.

Analysis of contractual obligations and off-consolidated balance sheet transactions

The Group did not have any contractual obligations at 31 December 2023 that might give rise to a future cash outflow, other than the obligations related to its core business.

At 31 December 2023, the Group had not performed any significant off-consolidated balance sheet transactions that had, or could foreseeably have, an effect on the Group's financial position, income and expense structure, the results of its operations, its liquidity, capital expenditure or equity.

In any case, it should be noted that the Group incurred off-consolidated balance sheet tax losses of EUR 75,300 thousand in prior years that, if recognised, would constitute a tax asset of EUR 18,825 thousand.

5. *Main risks and uncertainties*

The Group's activities are exposed to various risks: market risk (including foreign currency risk and interest rate risk), credit risk, liquidity risk, capital risk and operational risk.

The global risk management programme focuses on the uncertainty of the financial markets and aims to minimise the potential adverse effects on its earnings. The aim of the Group's risk management policy is for the Group to remain solvent by addressing the types of risk described below. Risk management is controlled by the General Corporate Management, which evaluates and oversees risks closely together with the Group's operating units in accordance with the policies approved by the Board of Directors.

<u>Market risk: foreign currency risk</u>

The Group defines foreign currency risk as the potential negative impact of changes in exchange rates on its results, equity or cash flows.

The Group's exposure to this type of risk is scant, since it does not have any international subsidiaries nor does it perform any transactions in currencies other than the euro.

<u>Market risk: interest rate risk</u>

The interest rate risk is managed in accordance with the policies approved by the Board of Directors, which establish whether hedging instruments must be maintained to minimise the impact of interest rate volatility. The Group has not arranged any interest rate hedges.

Rising interest rates could negatively affect the Group in other ways, including that investors may demand a higher return on the real estate assets they intend to acquire, which in turn could lead to a potential correction of the targeted selling price. Also, on the supply side, there could be a slowdown.

<u>Credit risk</u>

Credit risk refers to both the ability to obtain financing and the ability to access cash and deposits with banks and financial institutions, as well as collections from customers, including outstanding accounts receivable and committed transactions.

The Group has a diversified financial structure consisting of bank and non-bank financing. This diversified structure provides more flexibility to address those transactions that, given their nature, traditional banks are more reluctant to finance as they are now more restrictive.

Customer credit risk is managed based on a well-established sales policy whereby properties are transacted by collecting the relevant amount upon transfer of the title deed. Should such payments be deferred, as a general rule, the debt must be secured by a bank guarantee, an agreement for retention of title, conditions subsequent or similar in rem guarantees that may entitle the Group to recover ownership of each property in case of default.

<u>Liquidity risk and financial capacity</u>

This risk is associated with the capacity to meet payment obligations in the short term and the effective management of any surplus amounts. Financial risk refers to a company's financial position to meet its payment obligations in the medium and long term and the availability of sufficient economic resources to fulfil its strategy.

Both risks are managed by the General Corporate Management by:

- Monitoring liquidity to meet payments in the short term.

- Monitoring the Group's financing capacity to fulfil its commitments in the medium and long term, and to remain as a going concern and deliver on its strategy.

- Monitoring the fulfilment of any debt-related conditions and obligations.

- Seeking credit facilities under the best possible conditions to optimise the Group's financial structure.

- Adapting the debt structure and size to the business performance and current conditions.

- Planning and following up on cash inflows and outflows.

- Searching for new ways to obtain liquidity and financial capacity, such as the placing of promissory notes programmes on MARF on 25 March 2019, 7 May 2020, 7 May 2021, 6 May 2022 and 5 May 2023.

The Group acquires a property after having analysed the possibility of selling it in its entirety, so that the need and time for financing is reduced and the date of purchase and sale are close. Also, property conversion activities are financed through equity, cash generation or external debt.

The business continues to be closely linked to the possibility of obtaining external financing. The Group's ability to obtain new financing depends on a large number of factors, some of which go beyond its control, such as general economic conditions, the availability of credit from financial institutions or monetary policies in force.

The possibility of forging different types of financial partnerships could also be explored, which would enable the Group to expand its financing sources in order to carry out larger-scale projects with higher margins in the future.

<u>Capital risk</u>

The Group's exposure to capital risk is determined by the difficulty of maintaining sufficient levels of equity and borrowings to continue operating as a going concern, to generate returns for equity instrument holders, and to maintain an optimal capital structure to contain or reduce the cost of capital.

<u>Operational risk</u>

The Group's activity hinges upon the performance of the real estate and the financial sectors and its business may be subject to changes in certain variables significantly affecting the property market, such as the employment rate, demography, interest rates, inflation, tax regulation on the sale and purchase of properties, access to loans or financing by buyers and the terms and conditions thereof, the current property supply, demand preferences, price stability and investors' trust in the real estate sector, among others.

Also, to this date the Group's entire business is carried out in Spain; therefore, any change in the country's economic scenario might have a direct impact on the business performance.

6. ***Outlook for the Group***

Fiscal year 2023 remained strongly marked by an uncertain macroeconomic and geopolitical environment, mainly due to the ongoing military conflicts in Europe, persistent inflation and continued interest rate hikes, which reached a record high since 2008. This complex scenario during the first half of 2023 was further compounded by a climate of domestic political uncertainty in a year of municipal, regional and national elections.

In the real estate sector, inflationary tensions and the rise in interest rates resulted in increased costs and higher yield expectations, leading to a sharp drop in transactions and the investment volume for the year 2023. As a result, many transactions foreseen in the strategic plan were delayed with a direct impact on the transactional business portfolio of Renta Corporación Group, the margin of its operations and, therefore, the results for the year.

A new 2024-2028 strategic plan was approved by the Board of Directors on 28 February 2024 that is based on a future strategy aimed at consolidating the Group's market positioning. To this end, the Group is taking the following approach:

a) Increasing Renta Corporación Group's operating margin through the transactional business by raising the number of transactions and, in particular, the average scale thereof.

b) Boosting the asset business through increased investments foreseen during 2024 and thereafter derived from higher volumes coming from the new lines of business dedicated to managing proprietary and third-party non-residential assets. The investments and management carried in recent years in the companies Cabe Keep and Lock, S.A.U. and New Cabe Keep and Lock, S.L.U. and Wellder Senior Assets SOCIMI, S.A., –that is, in turn, the sole shareholder of Wellder Alfa, S.A.U.– follow this approach.

c) Maintaining overhead costs in line with the expected level of activity exploring the possibility of outsourcing certain services.

7. **Disclosures on periods of payment to suppliers**

The average period of payment to suppliers at 31 December 2023 was 17 days.

8. ***Research and Development***

The Group did not incur any research and development expenditure in 2023.

9. ***Treasury shares and stock market information***

In 2023 a total of 102,152 treasury shares were delivered to employees, all amounting to EUR 265 thousand and being recognised under "Other employee benefit costs".

At 31 December 2023, the Group held a total of 675,474 treasury shares against 777,626 shares at the closing of 2022. The par value of such shares amounts to EUR 676 thousand.

The share market price at 2023 year-end was EUR 0.80 per share, 40% lower than the price of EUR 1.34 per share at 2022 year-end.

(Amounts in thousands of euros)

10. Alternative performance measures

Alternative performance measures	Unit	Definition	31 December 2023	31 December 2022	Use relevance
EBITDA	Thousands of euros (k€)	Consolidated profit or loss from operations + changes in value of investment property + depreciation and amortisation + losses, impairment and changes in trade provisions + impairment and gains or losses on disposals of intangible assets and property, plant and	-13,581 k€ = -8,940 k€ - 5,272k€ + 496 k€ + 135 k€	9,703 k€ = 1,935 k€ + 7,288 k€ + 395 k€ + 71 k€ + 14 k€	Measure of operating profit without considering interest, taxes, provisions and amortisation and depreciation
EBIT	Thousands of euros (k€)	EBITDA - depreciation and amortisation - losses, impairment and changes in trade provisions - impairment and gains or losses on disposals of intangible assets and property, plant and	-14,212 k€ = -13,581 k€ - 496 k€ - 135 k€	9,223 k€ = 9,703 k€ - 395 k€ - 71 k€ - 14 k€	Measure of operating profit without considering interest and taxes
Operating margin of transactional business (*)	Thousands of euros (k€)	Revenue + Other operating income - Changes in inventories of buildings acquired for refurbishment and/or conversion - Other operating expenses	1,622 k€ = 38,422 k€ - 36,085 k€ - 715 k€	6,337 k€ = 47,804 k€ - 40,462 k€ - 1,005 k€	Measure of operating profit of transactional business without considering the allocation of staff and overhead costs
Operating margin of asset business (*)	Thousands of euros (k€)	Revenue - Other operating expenses + Gains from disposals of investment property + Value adjustments of investment property	-4,769 k€ = 3,403 k€ - 1,022 k€ - 1,878 k€ - 5,272 k€	12,544 k€ = 6,095 k€ - 839 k€ + 7,288 k€	Measure of operating profit of asset management business without considering the allocation of staff and overhead costs
Strategic inventories	Thousands of euros (k€)	Buildings acquired for refurbishment and/or conversion	34,432 k€	34,432 k€	Measure of size of investment in property inventories
Portfolio	Thousands of euros (k€)	Strategic inventories + Right to purchase assets in the future through net purchase options	81,769 k€ = 26,044 k€ + 55,725 k€	85,303 k€ = 34,432 k€ + 50,871 k€	Measure of future business-generating capacity
Net financial loss	Thousands of euros	Finance income - Finance costs	-3,807 k€ = 202 k€ - 4,009 k€	-3,577 k€ = 15 k€ - 3,592 k€	Measure of finance costs
Net financial debt	Thousands of euros (k€)	(Total non-current payables + Total liabilities related to assets held for sale + Total current payables - Participating loan - Non-current debt under Arrangement with Creditors - Finance leases) - Cash and cash equivalents - Current financial assets	27,943 k€ = (8,408 k€ + 3,310 k€ + 24,446 k€ - 2,713 k€) - 5,193 k€ - 315 k€	43,976 k€ = (9,142 k€ + 70,781 k€ - 18,248 k€ - 566 k€ -1,824 k€) - 14,981 k€ - 328 k€	Current and non-current financial debt - cash on hand and cash-equivalent financial assets

(*) Segment reporting is disclosed in Note 6 of the accompanying consolidated financial statements.

11. ***Events after the reporting period***

No significant events took place after the reporting period that might have a material impact on these consolidated financial statements other than those disclosed in the notes thereto.

12. ***Annual Corporate Governance Report***

As set forth in article 538 of the Spanish Companies Act, the Annual Corporate Governance Report is attached as an Appendix to these consolidated financial statements being an integral part thereof and consisting of 73 pages with further information being enclosed in 6 pages thereto.

13. ***Annual Report on the Remuneration of Directors***

In compliance with article 538 of the Spanish Companies Act, the Annual Report on the Remuneration of Directors is attached as an Appendix to these consolidated financial statements being an integral part thereof and consisting of 31 pages.