

**VBARE Iberian Properties SOCIMI, S.A.  
and subsidiaries**

Independent auditor's report Consolidated Financial Statements and  
Consolidated Directors' Report at 31 December 2023



**This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation**

## **Independent auditor's report on the consolidated annual accounts**

To the shareholders of VBARE Iberian Properties SOCIMI, S.A.

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### **Opinion**

We have audited the consolidated annual accounts of VBARE Iberian Properties SOCIMI, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2023, and the income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at 31 December 2023, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

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### **Basis for opinion**

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

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

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### **Most relevant aspects of the audit**

The most relevant aspects of the audit are those that, in our professional judgment, were considered to be the most significant risks of material misstatement in our audit of the consolidated annual accounts of the current period. These risks were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

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Most relevant aspects of the audit	How our audit addressed the most relevant aspects of the audit
<p><b>Valuation of investment property</b></p> <p>At 31 December 2023, investment property accounts for 96% of the Group's assets. The Group applies the fair value model in accordance with IAS 40, recognizing any changes in that value in the consolidated income statement, as described in Note 3.3.</p> <p>Accordingly, the Group has recognized an income in the fair value of the investment property in its portfolio amounting to €2.388 thousand at 31 December 2023, as described in Note 6.</p> <p>The Group recognizes the market value of the investment property based on the valuations performed by independent experts. The valuations were performed in accordance with the Valuation and Appraisal Standards published by the Royal Institute of Chartered Surveyors (RICS) of Great Britain, and the method has been described in Note 6 to the accompanying consolidated financial statements.</p> <p>The degree of uncertainty in the assumptions applied to the calculation of that market value and the level of estimations that exist in the valuation methods applied, together with the relevance of the heading in the context of the consolidated annual accounts, lead the valuation of investment property to be considered a most relevant aspect of the audit.</p>	<p>We obtained the investment property valuation prepared by independent management's experts and we applied the following procedures, among others:</p> <ul style="list-style-type: none"> <li>• Verification of the competence, capacity, and independence of the experts by obtaining confirmation and verification of their recognized prestige in the market, and we discussed the main aspects of the valuation at meetings held with the experts.</li> <li>• Verification that the valuation has been performed in accordance with the RICS method and may be used to value investment property in the consolidated financial statements.</li> <li>• Performance of selective tests to determine and verify the accuracy of the most relevant information provided by management to the appraisers and used by them in their valuation.</li> <li>• Verification of the adequacy of the method and assumptions used according to market conditions.</li> <li>• Verification of the adequacy of the method and hypotheses used considering market conditions.</li> </ul> <p>As a result of the procedures performed, we consider that the assessment of the investment properties carried out by the management of the Group is reasonable, as well as the information included in the consolidated financial statements.</p>

### Emphasis of matter

We draw attention to note 21 of the annual accounts, which describes that the Board of Directors and Management continue working on the liquidity generation process for the shareholders of the Parent Company, as instructed by them as a result of the agreements adopted by the General Shareholders' Meeting of the Company on June 19, 2019, and April 29, 2022. Our opinion is not modified in respect of this matter.

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**Other information: Consolidated management report**

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Other information comprises only the consolidated management report for the 2023 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with legislation governing the audit practice, is to evaluate and report on the consistency between the consolidated management report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described in the previous paragraph, the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2023 financial year, and its content and presentation are in accordance with the applicable regulations.

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**Responsibility of the Parent company's directors for the consolidated annual accounts**

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The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

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

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**Auditor's responsibilities for the audit of the consolidated annual accounts**

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

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

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



VBARE Iberian Properties SOCIMI, S.A. and its subsidiaries

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.
- Conclude on the appropriateness of the Parent company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

From the significant risks communicated with the directors of the Parent company, we determine those risks that were of most significance in the audit of the consolidated annual accounts of the current period and are, therefore, considered to be the most significant risks.

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

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PricewaterhouseCoopers Auditores, S.L. (S0242)

Gonzalo Sanjurjo Pose (18610)


7 March 2024



## **VBARE Iberian Properties SOCIMI, S.A. and subsidiaries**

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

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**Consolidated Statement of Financial Position as at 31 December 2023 and 31 December 2022**

(€ Thousand)

Assets	Notes	31 December 2023	31 December 2022
<b>Non- Current Assets</b>		<b>69,025</b>	<b>66,296</b>
Property, plant and equipment		9	29
Investment properties	6	68,827	66,060
Non - Current financial assets	7	189	207
<b>Current Assets</b>		<b>2,548</b>	<b>3,967</b>
Advance to suppliers	7	28	41
Trade and other receivables		1,691	781
Trade debtors	7	88	122
Other receivables from Public Administrations	12	1,603	659
Short term accruals		37	60
Cash and cash equivalents	7, 8	792	3,085
<b>Total Assets</b>		<b>71,573</b>	<b>70,263</b>

Notes 1 to 22 and Appendix I and II of the accompanying notes are an integral part of these Consolidated Financial Statements for the year ended 31 December 2023.





# Consolidated Statement of Financial Position as at 31 December 2023 and 31 December 2022

(€ Thousand)

Equity and Liabilities	Notes	31 December 2023	31 December 2022
<b>Net Equity</b>		<b>46,309</b>	<b>44,405</b>
Share capital	9	18,049	18,049
Share Premium	9	15,259	15,259
Treasury shares	9	(475)	(533)
Retained earnings	9	13,476	11,630
<b>Non-current Liabilities</b>		<b>23,439</b>	<b>23,542</b>
Non-current financial liabilities		23,439	23,542
Bank Borrowings	7,11	22,852	23,216
Other financial liabilities	7	587	326
<b>Current Liabilities</b>		<b>1,825</b>	<b>2,316</b>
Current financial liabilities		1,070	936
Bank Borrowings	7,11	1,070	936
Trading creditors and other accounts payable		755	1,380
Trade Payables	7	500	958
Trade payables, management company and others	7,16		232
Accruals, wages and salaries	7	28	59
Other payables with Tax Administration	12	70	101
Advances from creditors	7	157	30
<b>Equity and Liabilities</b>		<b>71,573</b>	<b>70,263</b>

Notes 1 to 22 and Appendix I and II of the accompanying notes are an integral part of these Consolidated Financial Statements for the year ended 31 December 2023.



## Consolidated Income Statement for the year ended 31 December 2023 and 31 December 2022

(€ Thousand unless otherwise stated)

Continuing operations	Note	31 December 2023	31 December 2022
Gross Rental income	6	2,280	1,920
Other operating income	6	23	36
Personal expenses	13	(525)	(503)
General and administrative expenses	13	(1,747)	(1,945)
Realize gain (Loss) and change of fair value on investment properties	6	2,384	1,615
<b>Operating result</b>		<b>2,415</b>	<b>1,123</b>
Finance result	13	(467)	(475)
<b>Profit for the period</b>		<b>1,948</b>	<b>648</b>
Corporate income tax	12	-	-
<b>Profit for the period attributable to the shareholders</b>		<b>1,948</b>	<b>648</b>
<b>Basic and diluted earnings per share (Euro)</b>	<b>9</b>	<b>0.55</b>	<b>0.18</b>

Notes 1 to 22 and Appendix I and II of the accompanying notes are an integral part of these Consolidated Financial Statements for the year ended 31 December 2023.



**Consolidated Statement of Comprehensive Income for the year ended 31 December 2023 and 31 December 2022**

(€ Thousand)

	Note	31 December 2023	31 December 2022
<b>Profit for the year</b>		<b>1,948</b>	<b>648</b>
Other comprehensive income:			
Items that may subsequently be reclassified to results		-	-
Items that will not be reclassified to results		-	-
<b>Total comprehensive income for the year</b>		<b>1,948</b>	<b>648</b>
<b>Attributable to the Parent Company's shareholders</b>		<b>1,948</b>	<b>648</b>

Notes 1 to 22 and Appendix I and II of the accompanying notes are an integral part of these Consolidated Financial Statements of the year ended 31 December 2023.



## Consolidated Statement of Changes in Equity for the year ended 31 December 2023 and 31 December 2022

(€ Thousand)

	Share Capital	Share Premium	Treasury shares	Retained earnings	Total
<b>OPENING BALANCE AS AT 1 JANUARY 2022</b>	<b>18,049</b>	<b>17,280</b>	<b>(684)</b>	<b>11,723</b>	<b>46,368</b>
Profit for the year	-	-	-	648	648
Transactions with shareholders:					
Distribution of share premium	-	(2,021)	-	-	(2,021)
Distribution of dividend	-	-	-	(662)	(662)
Operation with treasury shares	-	-	151	-	151
Capital gains (losses) of treasury shares	-	-	-	(79)	(79)
<b>FINAL BALANCE AS AT 31 DECEMBER 2022</b>	<b>18,049</b>	<b>15,259</b>	<b>(533)</b>	<b>11,630</b>	<b>44,405</b>
<b>OPENING BALANCE AS AT 1 JANUARY 2023</b>	<b>18,049</b>	<b>15,259</b>	<b>(533)</b>	<b>11,630</b>	<b>44,405</b>
Profit for the year	-	-	-	1,948	1,948
Transactions with shareholders:					
Operation with treasury shares	-	-	58	-	58
Capital gains (losses) of treasury shares	-	-	-	(102)	(102)
<b>FINAL BALANCE AS AT 31 DECEMBER 2023</b>	<b>18,049</b>	<b>15,259</b>	<b>(475)</b>	<b>13,476</b>	<b>46,309</b>

Notes 1 to 22 and Appendix I and II of the accompanying notes are an integral part of these Consolidated Financial Statements for the year ended 31 December 2023.



## Consolidated Statement of Cash Flows for the year ended 31 December 2023 and 31 December 2022

(€ Thousand)

	Note	31 December 2023	31 December 2022
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>469</b>	<b>(1,047)</b>
Profit for the year		1,948	648
Adjustments required to reflect the cash flows from operating activities:		(1,479)	(1,695)
Income and expenses not involving cash flows:		(1,780)	(1,152)
- Capital gains (losses) of treasury shares		(102)	(79)
- Depreciation of Property, Plant and equipment		20	3
- Loss (Gain) from fair value on investment properties	6	(2,384)	(1,615)
- Variation in provisions and losses on bad debts	7	219	64
- Finance income	13d	-	-
- Finance expense	13d	467	475
Changes in operating asset and liability items:		301	(543)
- Trade receivables and other accounts receivables		363	(456)
- Trade payables and other accounts payables		(62)	(87)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>(2,128)</b>	<b>19</b>
- Investments in subsidiaries, associates...		(225)	-
- Payments for investment properties	6	(2,553)	(3,421)
- Collections from selling investments properties	6	650	3,440
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>(634)</b>	<b>(1,279)</b>
- Payments on acquisitions of treasury shares	9	(196)	(59)
- Collections on disposals of treasury shares	9	254	210
- Distribution of share premium	9	-	(2,021)
- Distribution of dividends	9	-	(662)
- Collections from bank financing (net of arrangement fees)	11	880	3,460
- Payments for bank financing	11	(1,572)	(2,207)
<b>Net increase in cash &amp; cash equivalents</b>		<b>(2,293)</b>	<b>(2,307)</b>
Cash & cash equivalents at beginning of the year	8	3,085	5,392
Cash & cash equivalents at the end of the year	8	792	3,085

Notes 1 to 22 and Appendix I and II of the accompanying notes are an integral part of these Consolidated Financial Statements for the year ended 31 December 2023.



Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

1. General information

VBARE Iberian Properties SOCIMI, S.A. (hereafter the "**Company**" or the "**Parent Company**"), is a private company, which was incorporated on 5 March 2015, in Spain in accordance with the revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010 of 2 July ("the Capital Companies Act") by public deed executed before the notary of Madrid, Mr. Antonio Morenés Gilés, with number 267/15 of its protocol, filed in the Madrid Mercantile Registry, volume 33,274, sheet 61, section 8, page M-598783, entry 1. Its registered office is at Calle José Abascal, 41, 4º. 28003 - Madrid.

On 21 of April 2015 the Company changed its corporate name from VBA Real Estate Investment Trust 3000, S.A. to VBA Real Estate Investment Trust 3000, SOCIMI, S.A., by public deed executed before the notary and registered in the Mercantile Registry of Madrid.

On the same date, it was publicly registered the minute of the Universal Meeting of Shareholders held on 23 March 2015 where it was agreed to apply the scheme for the Spanish Real Estate Investment Trust Regime (hereafter "Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario" or "SOCIMI"), regulated by the Law 11/2009, of October 26, also, amended by the Law 16/2012, of 27 December.

Afterwards, on 13 of May 2015, and with retroactive effects from the financial year beginning since its incorporation, on 5 March 2015, the Company formally informed to the Tax Authorities of its tax registered office, the option chosen by its shareholders to be eligible for the SOCIMI special regime regulated by the SOCIMI Law 11/2009, of October 26, amended by the Law 16/2012, of 27 December.

On 7 September 2016, the General Shareholders' Meeting of the Company resolved to change its corporate name to the current one (VBARE Iberian Properties SOCIMI, S.A.). These resolutions were formalized into public deed before notary public on 21 September 2016 and registered with the Mercantile Registry of Madrid on 28 September 2016 and 6 October 2016.

All the shares of VBARE Iberian Properties SOCIMI, S.A. are listed since 23 December 2016, and they are traded on the market for BME Growth of BME MTF Equity (formerly alternative stock Market "MAB").

The Company's main activity is the acquisition, development and management of real estate investment properties in Spain for leases purposes under the Law 11/2009 of October 26, also, amended by the Law 16/2012, of 27 December regulating the Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario (the "**SOCIMI**" Law).

Its corporate objects according to its bylaws consist in:

- a. The acquisition and refurbishment and development of urban properties for leasing purposes. Development activity includes the rehabilitation of buildings in the terms established by Law 37/1992, of 28 December, of the Value Added Tax.
- b. The ownership of interests in the share capital of other Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario (SOCIMIs) or other companies not resident in Spain with a corporate object identical to that of the former and that are subject to a regime similar to that established for the SOCIMI in relation to the mandatory, legal or statutory profit distribution policy.
- c. The ownership of interests in the share capital of other companies, resident or not in Spain, which its main corporate object is the acquisition of urban properties for leasing purposes, that are subject to a regime similar to that established for the SOCIMI in relation to the mandatory, legal or statutory profit distribution policy and meet the investment requirements regulating the SOCIMIs.
- d. The ownership of shares or ownership interests in property Collective Investment Undertakings ("Instituciones de Inversión Colectiva Inmobiliaria") governed by the Collective Investment Undertakings Law 35/2003, of 4 November. The Company is regulated in accordance with the Capital Companies Act.
- e. Any other activities ancillary to those referred to above, meaning any activities generating, in the aggregate, less than 20% of the income of the Company for each tax period or otherwise deemed ancillary in accordance with applicable laws from time to time.



Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

**SOCIMI Regime**

VBARE Iberian Properties SOCIMI, S.A. is regulated in accordance with the Law 11/2009, of October 26, also, amended by the Law 16/2012, of 27 December, governing Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario. On the Articles 3 to 6 of the mentioned law it is stated the main requirements and obligations to be complied with by this kind of companies:

**Investment requirements (Art. 3)**

1. The SOCIMI must have invested at least 80% of the value of their assets in urban properties for leasing purposes, in land to develop properties to be earmarked for that purpose, provided that development begins within three years following its acquisition, and in equity investments in other companies referred to in Article 2.1 of above-mentioned Law 11/2009, of October 26.

The mentioned percentage will be calculated on the consolidated balance sheet in the event that the Parent Company of a group according to the criteria set out in Article 42 of the Code of Commerce, regardless of the residence and the obligation to prepare Consolidated Financial Statements. The group will be composed exclusively by the SOCIMI and the other entities that paragraph 1 of Article 2 of the Law that regulates concerns.

The asset value is determined by the average of the quarterly individual or consolidated balance sheets of each financial year. The Company can choose to calculate that value by substituting the book value by the market value of the elements of such balance sheets, which apply to all balances sheet for the financial year.

2. At least 80% of the income for the fiscal year corresponding to each year, excluded those arising from the transfer of the shares and investment properties used by the Company to achieve its main corporate object, once the retention period referred to below has been elapsed, should arise from the lease of investment properties and from dividends or profit on shares coming from the aforementioned investments.

This percentage will be calculated on the consolidated result in the event that the Company is the parent of a group according to the criteria set out in Article 42 of the Code of Commerce, regardless of the residence and the obligation to prepare Consolidated Financial Statements. The group will be composed exclusively by the SOCIMI and the other entities that paragraph 1 of Article 2 of the Law that regulates concerns.

The Company is the parent company of the VBARE Group (hereafter 'the Group'), accordingly, the requirements as explained above will be calculated based on the consolidated figures of the Group.

3. The investment properties included in the Company's assets should remain leased for at least three years. The time during which the properties have been made available for lease will be included in calculating this term, with a maximum of one year.

In this sense, the period shall begin:

- a) Regarding real estate assets owned by the Company before having opted for the Socimi Regime, the period would be computed from the initial date of its first tax period in which the special tax regime set out in the act, provided that at such date the property were leased or offered for lease.
- b) Regarding real estate assets subsequently acquired or promoted by the Company, from the date on which they were leased or offered for lease for the first time.

Regarding shares in entities as specified in paragraph 1 of Article 2 of the act, they shall be maintained by the Company for at least three years from its acquisition or, if applicable, from the beginning of the first tax period in which the special tax regime set out in the act is applied.

**Obligation of being listed on a regulated market or in a multilateral trading system (Art. 4)**

The shares of the SOCIMI must be admitted to trading on a Spanish regulated market or a multilateral system Spanish negotiation or any other Member State of the European Union or the European Economic Area or in a regulated market of any country or territory with in which there is an effective exchange of tax information, continuously throughout the whole tax period. The shares must be nominative.





## Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

### Minimum capital required (Art. 5)

The minimum share capital figure is set at Euro 5 Million.

### Results Distribution Obligation (Art. 6)

The Company must distribute as dividends, after fulfilling the mercantile requirements:

- 100% of profits from dividends by entities as stated in paragraph 1 of Article 2 of the Law 11/2009.
- At least 50% of the profits derived from the transfer of the investment properties and shares as stated in paragraph 1 of Article 2 of the Law 11/2009, made after expiry of the minimum holding periods, affected to its main corporate object. The rest of these benefits must be reinvested in other investment properties or shares affecting the attainment of that objective, within the three years following the date of transmission.
- At least 80% of the rest of the profits obtained. When the dividend distribution is made out of reserves from profits of a year in which has been applied the special tax regime, the distribution will necessarily be taken as previously described.
- Additionally, since the approval of Law 11/2021, of July 9, 2021, on measures to prevent and combat tax fraud, as from fiscal years beginning on January 1, 2021, companies and groups under the SOCIMI regime must pay a special tax of 15% on undistributed profits.

The agreement for the distribution of dividends must be agreed within six months following the end of each financial year and paid within the month following the date of the distribution agreement.

The obligation to distribute dividends described above will be according to regulations in force and will only work in the event that the Company records profits under Spanish accounting principles.

However, the company intends to propose the distribution of a dividend (including the share premium, in case the Company does not generate profits in accordance with Spanish accounting principles) equivalent to 3% of the opening balance of the Consolidated Net Equity according to IFRS – EU. This annual amount will be paid in two instalments corresponding to 1,5% each, the first during the third quarter and the second after the approval of the annual accounts of the Company. For this purpose, the General Shareholders' Meeting of the Parent Company held on 12 December 2017, at the proposal of the Board of Directors of the Parent Company, approved the execution of a distribution of share premium among the shareholders in proportion to their stake in the share capital figure of the Parent Company. It has been delegated to the Board of Directors the execution of said agreement as well as for the determination of the date of payment and amount to be distributed.

On March 28, 2022, the Board of Directors of the Parent Company agreed to distribute a share premium amounting 840 thousand euros (0.237 euros per share), which become effective on April 4, 2022, among the shareholders in proportion to their participation in the capital of the Parent Company.

On April 29, 2022, the General Shareholders Meeting of the Parent Company agreed to distribute a dividend related to 2021 result according to Spanish General Accepted Accounting Principles as per their stand-alone annual accounts. The gross dividend approved amounted to 673 thousand euros (0.18647205 euros per share) which become effective on May 6, 2022, among the shareholders in proportion to their participation in the capital of the Parent Company.

On July 28, 2022, the Board of Directors of the Parent Company agreed to distribute a share premium amounting 1,181 thousand euros (0.332 euros per share), which become effective on August 5, 2022, among the shareholders in proportion to their participation in the capital of the Parent Company.

As established the first Transitional Provision of the Law 11/2009 of October 26, amended by Law 16/2012, of 27 December, the SOCIMI can opt for the application of the special tax regime under the terms established in Article 8 of that Law, even if the requirements are not completed, but such requirements are met within two years from the date since the Company opted for the SOCIMI regime.

As of December 31, 2023, and 2022, the Company meets all the requirements of the SOCIMI regime according to the Parent Company's Directors.

The failure to comply with any of the above conditions means that the Company will be taxed under the general corporate income tax regime, from the tax period in which such failure arises, unless it would be restored in the following year. In addition, the Company will be obligated to pay the quote of the currently





## Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

tax period, and also the difference between the amount that the tax resulting from applying the general corporate income tax regime and the tax paid resulting from applying the SOCIMI regime in previous tax periods, subject to corresponding interest, recharges and penalties, if any, may be applicable.

The tax rate of the SOCIMI in the Corporate Income Tax is set at 0%. However, if the dividends that SOCIMI distribute to its shareholders with a holding percentage higher than 5% are exempt or taxed at a rate lower than 10%, the SOCIMI is subject to a special tax rate of 19%, which will be considered as corporate income tax on the amount of dividend distributed to such shareholders. To be applicable, this special rate must be satisfied by the SOCIMI within two months from the date of the dividend distribution.

The Company is the parent of a group of companies, and presents its Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS - EU). As at 31 December 2023 and 2022, VBARE Iberian Properties SOCIMI, S.A. is the parent company of the VBARE Group.

### 1.1. Subsidiaries

The Company is the parent company of a group of companies and is therefore the Parent Company of the following subsidiary as at 31 December 2023 and 31 December 2022:

Company name	Address	Activity	Shareholding %	Consolidation Method
VBA SUB 2018, S.L.U.	Spain	Real Estate	100% - direct	Full consolidation

On September 26, 2018, the Company acquired 100% of the shares of VBA SUB 2018, S.L.U. (the "Dependent Company") (previously named "Milandia Investments, S.L.U") for an amount of 3 thousand euros. Since 5 September 2023, the registered office and tax domicile of this subsidiary is calle José Abascal 41, 4º 28003, Madrid.

On September 27, 2018 the Parent Company as sole shareholder of VBA SUB 2018, S.L.U. decided to opt for the Socimi regime with retroactive effect from January 1, 2018.

### 1.2. Former Management Agreement

The following information highlights the most relevant points of certain management agreements originally signed in English language.

On 15 April 2015 the Company and VBA Real Estate Asset Management 3000, S.L., a private Spanish company, (the "**Management Company**") signed a management agreement (as amended) (hereafter the "**Management Agreement**") which determines the relationship between the parties. The Management Agreement describes the main services that the Management Company will be rendering to the Company on an exclusive basis. A description of some of these services is the following:

- 1) Management of the acquisitions or sales of the assets, refurbishments, maintenance, insurance, rental of the properties, IT platform, overseeing of the property management, and coordination with the Company's legal advisor and with the origination companies to validate opportunities and present such to the Board of Directors, as well as to acquire, lease, sell, transfer or otherwise exchange or dispose of real estate properties on behalf of the Company and to enter and execute any agreement, contract, or arrangement in relation with the purchase, acquisition, holding, lease, exchange, transfer, sell or disposal of any property or property related investment, among other.
- 2) Provide the Company with services of Key Executive.
- 3) Provide the Company with strategic services, including formulating the general investment policy of the Company, assistance in locating investment opportunities, raising of capital and other funds by the Company and assistance in locating and contracting with service providers, as well as entering into financing agreements and ancillary agreements or documents on behalf of the Company.

The Management Agreement took effect on 2 July 2015, the date on which initial funds were raised by the Company. According to the Management Agreement, all of the following definitions and calculations are made in accordance and over the consolidated financial statements under IFRS-EU.



Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

- a) **"Management fee"**: The Management Company shall be entitled to receive a Management Fee which will be calculated quarterly (as defined in the Management Agreement), starting as of the calendar quarter on which the Company has made its first real estate investment. The Management Fee for the Relevant Quarter (as defined in the Management Agreement) will be the result of multiplying 0.25 in the Relevant Management Fee Percentage and in the FS Asset (as defined in the Management Agreement).

In any case, VAT shall be added to all payments made in accordance with this section.

- b) **"Relevant Management Fee Percentage"** means, the percentage set forth in the table below, with respect to the FS Asset:

FS Asset (Euro Million)	Progressive Management Fee as a Percentage of the FS Asset
0 to 60	1%
60.01 to 120	0.9%
120.01 to 250	0.8%
250.01 to 500	0.7%
Above 500	0.6%

- c) **"Success fee"**: The Company shall pay the Management Company a Success Fee at a rate of 16% multiplied by (1+ applicable VAT rate) of the profit obtained by the Company resulting from its consolidated financial statements prepared under IFRS-EU. The Success Fee shall be subject to a Catch Up Mechanism (including Catch Up for previous years with respect to which the Accrued Catch Up Amount was not fully paid) and shall only be paid after and subject to meeting the minimum Hurdle Rate Amount (at a rate of 8% calculated severally for each annum, based on the formula set forth in the Management Agreement), and subject to a high water mark mechanism (applied on an annual basis), it being clarified that the Success Fee shall be calculated severally for each annum (as defined in the Management Agreement).

The Company shall pay to the Management Company the Success Fee on the following dates:

- (a) For any Relevant Annum, within 7 Business Days of the execution date of the Company's audited annual consolidated financial statements for such Relevant Annum;

- (b) To the extent the Company is liquidated during a Relevant Annum – on the date of the Company's liquidation.

The Management Company shall have the option, by providing the Company with written notice no later than 31 December of each Relevant Annum to receive all or a part of the Success Fee for such Relevant Annum in listed and tradable shares of the Company. The amount of shares to be issued to the Management Company shall be the result of dividing the Success Fee (excluding VAT) by the quoted price per share of the Company based on the average trading price during the 30 trading days prior to the exercise and consummation of such option. VAT shall be paid in immediately available funds, even if the Success Fee is paid in Company shares, as provided in this clause.

The success fee was valid until December 31, 2018, and new success fee enter in force as amended and described in Note 1.3 below.

- d) **Expenses**: Except for the Management Company Costs and Expenses (as defined in the Management Agreement), the Company shall bear all the costs and expenses related to its business activity. The Company shall bear all costs and expenses relating to its establishment, including all costs relating to the registration and incorporation of the Company; costs relating to the Initial Offering, agent fees and so forth.
- e) **Term of the Management Agreement**. The Management Agreement shall be subject to an initial term of five years (the "Initial Period") and neither party may terminate this agreement during the Initial Period except in the circumstances set out in the Management Agreement. After the Initial Period shall have elapsed, this Management Agreement shall continue to be in force for consecutive three years renewal periods without any actions required by either of the Parties, except that at any time, after the end of the Initial Period, each of the Management Company and the Company (by resolution of the shareholders of the Company passed by a



Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

majority of at least 75% of the Company's voting rights), shall have a right to terminate the Management Agreement, by giving the other party a 180 days prior notice.

1.3. Amendment to the former Management Agreement

On June 19, 2019, the Company's shareholders and the Management Company's shareholders approved to amend the Management Agreement (the "Amendment") in the following terms and always subjected to the success of the capital increase approved on June 19, 2019, by VBARE's Shareholders Meeting in a minimum amount of 12,500,000 euros, which was accomplished on August 2, 2019:

1. From January 1, 2019, the success fee is calculated as a 16% plus Value Added Tax of the Distributable Amount of the Relevant Year (as defined in the Amendment) (the "**new Success Fee**"). The new Success Fee shall only be paid after and subject to meeting an annual Hurdle Rate of 6% and based on a fully Catch-Up mechanism. The Success Fee is subjected to annually high-water mark mechanism which is reflected in the definitions and formulas in the Amendment.
2. The Distributable Amount of the Relevant Year derived, inter alia, from the annual increasing in the Company share price, which will be the difference between the weighted average Company's end year share price in the last 90 trading days, but not less than 15.7 euros per share, adjusted for dividends, other distributions and capital increase made during the relevant year.
3. The new Success Fee will be paid in ordinary shares of the Company, except for the applicable Value Added Tax that will be paid in cash.
4. The Company shall pay the new Success Fee to the Management Company within seven Business Days from the date on which the Company's general shareholders meeting approves the Consolidated Annual Accounts according to the IFRS of the Relevant Year.
5. Additionally, it has been agreed that the termination date of the Management Agreement will be 31 December 2024 unless the Company starts its own liquidation before 31 December 2024. In this case the Management Agreement will be extended for two additional years until 31 December 2026, or until the date of liquidation of the Company.
6. In the event of termination of the Management Agreement, the Company shall not pay the Management Company any Termination Fee, if (a) the liquidation of the Company occurs, or (b) a breach of the Management Agreement by the Management Company declared by a competent court or authority, or (c) starting from April 2020, as part of a successful tender offer subject that at least 75% of the Company's shareholders approve to terminate the Management Agreement with a minimum 180 days' notice period.

A liquidation of the Company can occur also as from the calendar year 2022 if (a) the net equity of the Company, according to the audited IFRS consolidated annual accounts, as at 31 December 2021 is lower than 100,000,000 euros or (b) the average daily trading volume during 2021 is lower than 75,000 euros. The Parent Company has not complied with either of the two conditions (See note 21).

7. In the event of termination of the Management Agreement before 31 December 2024, except per clause 6 above, because at least 75% of the Company's shareholders approve to terminate the Management Agreement, the Company shall pay to the Management Company a termination fee ("**Termination Fee**") equal to the sum of (i) the management fee paid in the year previous to the termination, multiplied by two, and (ii) the annual success fee to be paid for the two calendar years following the date of termination of the agreement.
8. In the event of tender offer, the new Success Fee will be paid in cash, and the Distributable Amount of the Relevant Year as describe above will derived from the price per share paid in the tender offer and all the definitions shall be construed accordingly to the date of the actual execution.
9. In the event of liquidation of the Company, the Management Company will manage the liquidation of the Company's assets, including assets portfolio, repayment of all debts by the Company and subsequently distribute the liquidation's proceeds to shareholders with the majorities applicable by law, subject to the fulfilment of clause 1 above. In such event, the Company shall sell or dispose of its entire portfolio (on a consolidated basis) and distribute to shareholders all amounts



## Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

in cash resulting from such distribution or otherwise available upon compliance with all its legal and contractual obligations.

### 1.4. Cancellation of the former Management Agreement

On 27 July 2023, the Board of Directors approved the termination of the Management Agreement signed with the Management Company with retroactive effects from 1 July 2023. The resolution was ratified by the Extraordinary General Meeting of Shareholders on 29 August 2023.

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

These Consolidated Financial Statements were obtained from the accounting records of the Parent Company and its subsidiary as of 31 December 2023 and are presented in accordance with the International Financial Report Standards (IFRS) and the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union (together, IFRS-EU), pursuant to Regulation (EC) No, 1606/2002 of the European Parliament and Council and successive amendments.

The comparative figures included in the Consolidated Financial Statements refer to the year ended 31 December 2022.

VBARE Iberian properties Socimi, S.A. stand-alone and consolidated annual accounts for the fiscal year ended 31 December 2022 were issued by the Board of Directors on 21 March 2023 and approved by the shareholders in a General Shareholders Meeting on 26 April 2023.

The Parent Company's Directors have prepared these Consolidated Financial Statements for year ended 31 December 2023 on a going-concern basis.

The preparation of these Consolidated Financial Statements in conformity with IFRS-EU requires the use of certain critical accounting estimates. It also requires that Directors exercise judgment in the process of applying the Group's accounting policies. In Note 4 of the current notes are disclosed the areas that require a higher level of judgment or complexity and areas where assumptions and estimates have a significant effect on the Consolidated Financial Statements.

During the year ended 31 December 2023 there were no significant changes on estimates made at the end of the previous fiscal year.

The presentation currency of the Consolidated Financial Statements is the Euro, which is the Group's functional currency.

The figures stated in these Consolidated Financial Statements are expressed in Euro Thousand, unless otherwise stated.

### New IFRS - EU standards, amendments and IFRIC interpretations issued

#### a) Standards, modifications and mandatory interpretations for all years beginning on 1 January 2023:

- IFRS 17 – “Insurances contracts”.
- Amendments to IFRS 17– “Initial application of IFRS 17 and IFRS 9 — comparative information”.
- Amendments to IAS 1 - “Accounting Policies disclosures”.
- Amendments to IAS 8 – “Definition of Accounting Estimates”.
- Amendments to IAS 12 – “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”.
- Amendments to IAS 12 – “International Tax Reform: Pillar Two Model Rules”.

These amendments on the Consolidated Financial Statements of the company have not had a significant impact.

#### b) Standards, amendments and interpretations that have not yet entered into force but can be early adopted:

- Amendments to IFRS 16 – “Lease Liability in a Sale and Leaseback”.
- Amendments to IAS 1 – “Classification of liabilities as current or non-current”
- Amendments to IAS 1 – “No-current liabilities with Covenants”





## Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

These amendments on the Consolidated Financial Statements of the company have not had a significant impact.

- c) Standards, amendments and interpretations applied to existing standards that cannot be adopted in advance or that have not been adopted by the European Union:
- Amendments to IFRS 10 y IAS 28 – “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.”
  - Amendments to IAS 7 and IFRS 7 – “Supplier Finance Arrangements”.
  - Amendments to IAS 21 – “Lack of Exchangeability”.

If any of the above standards were adopted by the European Union or they could be adopted in advance, the Company will apply them with the corresponding effects in its financial statements.

These amendments or interpretations on the Consolidated Financial Statements will not have a significant impact.

The Administrators of the parent company have not considered the early application of the Rules and Interpretations detailed above and in any case their application will be considered by the Group once they have been approved, where appropriate, by the European Union.

### 3. Accounting policies

The main accounting principles, policies and measurement criteria used by the Group in preparing the current Consolidated Financial Statements and which are in conformity with the IFRS-EU in force at the date of the corresponding Consolidated Financial Statements are detailed below:

#### 3.1. Consolidation policies

##### (a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration paid for the acquisition of a subsidiary consists of the fair value of the assets transferred, the liabilities incurred with the former owners of the acquired company and the equity shares issued by the Group. The consideration transferred includes the fair value of any asset or liability deriving from an agreement for contingent consideration. The identifiable assets acquired, and the liabilities and contingent liabilities assumed on a business combination are initially measured at fair value on the acquisition date. For each business combination, the Group may opt to recognize any non-controlling interest in the acquired at fair value or at the proportional part of the non-controlling interest of the amounts recognized in respect of the net identifiable assets of the acquired.

Related costs are expensed in the year in which they are incurred.

If the business combination is achieved in stages, the carrying value on the acquisition date of the acquirer's previously held equity interest in the acquired is re-measured at fair value at the acquisition date. Any gain or loss arising on this subsequent measurement is recognized in profit or loss for the year.

Any contingent consideration to be transferred by the Group is recognized at fair value on the acquisition date. Subsequent changes in the fair value of contingent consideration classified as an asset or a liability are recognized in accordance with IAS 39 in profit or loss or in other comprehensive income. Contingent consideration which is classified as equity is not re-measured and its subsequent settlement is recognized in equity.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. Amounts presented by the subsidiaries have been adjusted where necessary to adapt them to the Group's accounting policies.



Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

(b) Changes in the ownership stakes in subsidiaries without any change in control

Transactions involving non-controlling shareholdings that do not result in a loss of control are recognized as equity transactions, i.e. as transactions with owners in their capacity as such. The difference between the fair value of the compensation paid and the acquired proportional amount of the carrying value of the subsidiary's net assets is recognized under equity. Gains or losses on the disposal of non-controlling shareholdings are recognized under equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any shareholding retained in the Company is restated at fair value on the date on which control is lost, recognizing the change in the carrying value in the income statement. Fair value is the initial carrying value for the purposes of the subsequent recognition of the shareholding maintained as an associate, joint venture or financial asset. In addition, any amount previously recognized under other comprehensive income with respect to that company is recorded as if the Group had directly sold the related assets and liabilities. This could entail that the amounts previously recognized in the other comprehensive income are reclassified to the income statement.

**3.2. Property, plant and equipment**

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated income statement during the reporting period in which they are incurred.

Depreciation of property, plant and equipment, is calculated systematically using the straight-line method over the assets' estimated useful lives based on the actual decline in value brought about by operation, use and possession.

The estimated useful lives are as follows:

Property, plant & equipment	Useful life (years)
Furniture	5
Data-processing equipment	5

Any changes which, if appropriate, may arise in the residual value, useful life and depreciation method of an asset are reflected as changes in the accounting estimates unless it relates to an error. When the value of an asset exceeds its estimated recoverable amount, its value is reduced immediately to its recoverable amount.

Gains and losses on the sale of property, plant and equipment are calculated by comparing the revenue obtained with the carrying value and are recognised in the consolidated income statement.

**3.3. Investment property**

Investment property comprises buildings under construction and development for use as investment property, which are partially or fully held to generate revenue, profits or both, rather than for use in the production or supply of goods or services, or for the Group's administrative purposes or sale in the ordinary course of business. Investment property also includes land, buildings, other constructions and furniture held to earn rents or for capital appreciation upon disposal due to increases in their respective market prices in the future.

The Parent Company's Directors do not plan to dispose of these assets in the near future and have therefore decided to recognize them as investment property in the Consolidated Statement of Financial Position.

Investment property is initially carried at cost, including related transaction costs and financing costs, if applicable. Following initial recognition, investment property is carried at fair value.



**Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023**

Investment properties are stated at fair value at the end of the reporting period and are not depreciated in accordance with the provisions of IAS 40.

Gains or losses arising from changes in the fair value of investment property are included in the consolidated income statement in the period in which they arise.

Subsequent expenses are recognized at the asset's carrying value only when it is likely that future profits associated with the expenses will flow to the Group and the item's cost may be reliably measured. Other repair and upkeep expenses are recognized under expenses for the year in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is written off.

In accordance with IAS 40, the Group periodically determines the fair value of its investment property to ensure the fair value reflects the actual market conditions of the investment property at that date. Fair value is determined quarterly based on independent expert appraisals.

Initial direct costs incurred by the Group in negotiating and arranging an operating lease, such as letting fees, are added to the fair value of the leased investment properties and recognised as an expense over the minimum lease term on the same basis as the lease income, according to IAS 40 and IAS 17.

**3.4. Leases**

Leases are always classified as finance leases whenever the terms thereof reveal that the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee.

All other leases are classified as operating leases. As at 31 December 2023 and 31 December 2022, the Group has no finance leases.

Operating Lease

- a) Group is the lessee:

Expenses arising from operating leases are charged to the consolidated income statement in the year in which it accrues.

- b) Group is the lessor:

Income arising from operating leases is charged to the consolidated income statement in the year in which it accrues.

Any charges that might be made when entering into an operating lease is treated as an advance payment charged as income over the lease term, as they are assigned or receive the benefits of the leased asset on a straight-line basis.

**3.5. Financial Assets**

- a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities over 12 months from the date of the consolidated statement of financial position are classified as non-current assets.

These financial assets are initially measured at fair value, including transaction costs that they are directly attributable and subsequently at amortized cost, recognizing the interest accrued based on their effective interest rate, defined as the rate that equals the value carrying the instrument with all its estimated cash flows to maturity.

Notwithstanding the foregoing, the trade receivables maturing in less than one year are measured both at the time of initial recognition and subsequently at their nominal value provided that the effect of not discounting flows are not significant.

At least at the year end, the necessary value adjustments are made to account for impairment when there is objective evidence that all receivables will not be collected.



**Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023**

The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate prevailing at the date of initial recognition. Value adjustments, and reversals, where applicable, are recognized in the consolidated income statement.

**3.6. Financial Liabilities**

**a) Creditors and Payables**

This includes trade and non-trade payables. Borrowings are classed as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months as from the consolidated statement of financial position date.

Payables are initially recognized at fair value, adjusted for directly attributable transaction costs, and subsequently measured at amortized cost using the effective interest method. The effective interest rate is the discount rate that brings the instrument's carrying amount into line with the expected future flow of payments to the maturity date of the liability.

Trade payables falling due in less than one year without a contractual interest rate are carried at their face value at both initial recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

The Group de-recognizes a financial liability when the obligation is extinguished.

When an exchange of debt instruments occurs, provided they have substantially different conditions, the lower of the original financial liability is recorded and the new financial liability is recognized. In the same way a substantial change in the current conditions of a financial liability is recorded. The difference between the carrying amount of the financial liability, or part thereof has been discharged, and the consideration paid, including attributable transaction cost, and which also includes any new different asset transferred cash or liabilities assumed, is recognized in the consolidated income statement it occurs.

When an exchange of debt instruments that do not have substantially different conditions, the original financial liability is not derecognized from the consolidated statement of financial position, recording the amount of commission paid as an adjustment to the carrying value occurs. The new amortized cost of a financial liability is determined by applying the effective interest rate, which is one that equals the carrying amount of the financial liability at the date of modification with the cash flows payable under the new conditions.

In the event of the renegotiation of existing debts, the financial liability is not deemed to change significantly when the lender of the new loan is the same as the initial lender and the present value of cash flows, including net fees, is not more than 10% higher or lower than the present value of cash flows payable on the original liability, calculated using the same method.

**Borrowings**

Financial debts are initially recognised at fair value, less any transaction costs incurred. Financial debts are subsequently carried at amortised cost: any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

**3.7. Cash and cash equivalents**

Cash and cash equivalents include petty cash, bank accounts and deposits with credit institutions and highly liquid investments, including short-term, highly liquid deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Also, the balance of "Cash and cash equivalents" includes a certain amount which is considered restricted, whose management have been entrusted to the liquidity provider (Renta 4 Banco, S.A.) in order to facilitate the liquidity of the transactions affecting shares in the Company.

**3.8. Share capital**

Share capital consists of nominative ordinary shares.





## Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

The costs of issuing new shares are recognized directly in equity as a reduction in share premium.

In the event that the Company acquires treasury shares, the compensation paid including any incremental cost that is directly attributable, is deducted from equity until the shares are redeemed, issued again or otherwise disposed of. When treasury shares are subsequently sold or reissued, any amount received is taken to equity net of directly attributable incremental costs.

### 3.9. Earnings per share

Basic earnings per share are calculated as the ratio between net profit attributable to the Parent Company by the weighted average number of ordinary shares outstanding during the year or period, excluding the average number of shares of the Parent Company held the Group companies.

### 3.10. Provisions

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

Provisions are carried at the present value of forecast payments that are expected to be required to settle the obligation, using a rate before taxes that reflects the current market assessment of the time value of money and the specific risks of the obligation. The adjustments to the provision due to the restatement are recognized as a financial expense as they would have been accrued.

Provisions maturing in one year or less, the financial effect of which is immaterial, are not discounted. When it is expected that a portion of the payment necessary to cancel the provision will be reimbursed by a third party the reimbursement is recognized as an independent asset, provided that receipt of the reimbursement is practically certain.

The services received under the Success Fee agreement have been treated following IFRS 2 "*Share-based payments*", recognized as a liability at fair value.

### 3.11. Employee benefits

#### a) Severance payments

Termination benefits are paid to employees as a result of the Group's decision to terminate its employment contract before the normal retirement age or when the employee agrees to voluntarily resign in exchange for such benefits. The Group recognizes these benefits when there is a proved commitment to terminate the employees in accordance with a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer to encourage a voluntary resignation. Benefits that will not be paid in the twelve months following the consolidated statement of financial position date are discounted to their present value.

#### b) Profit sharing and bonus plans

The Group recognizes a liability and an expense for bonus and profit sharing based on a formula that takes into account the profit attributable to its shareholders after certain adjustments. The Group recognizes an accrual when it is contractually bound or when practice in the past has created an implied obligation.

### 3.12. Revenue recognition

Revenue is recognized in profit or loss when it can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Group and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenues from rental incomes are recognized as fair value of the consideration less trade discounts, volume discounts and taxes.

When the Group acts as a principal and is exposed to the risks associated with the transaction, revenues are presented on a gross basis. When the Group acts as an agent and is not exposed to the risks and rewards associated with the transaction, revenues are presented on a net basis. Revenues are measured at the fair value of the consideration less any trade discounts, volume rebates and returns.



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Rental income

Rental income is recognised on a straight-line basis over the best estimate of the term of the lease. In the event that a lease contract is terminated earlier than expected, the registration of the outstanding rent or bonus is recorded in the last period before the end of the contract.

**3.13. Operating segment information**

Information on operating segments is reported on the basis of the internal information supplied to the ultimate decision-making body, the Board of Directors, which have been identified as the highest decision-making authority, being responsible for allocating resources and assessing the performance of operating segments.

The members of the Board of Directors have established that the Group has only one activity segment as at the date of these Consolidated Financial Statements.

**3.14. Income taxes**

General Tax regime

The expense or income from the income tax includes both current and deferred taxes. Taxes are recognized in profit or loss, except to the extent that they relate to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current tax expense is calculated based on the laws approved or about to be approved at the balance sheet date in the countries in which the Company operates and those that generate positive taxable bases. The Directors periodically evaluate the positions taken in the tax returns regarding situations in which the applicable tax regulation is subject to interpretation, and, if necessary, establishes provisions based on the amounts expected to be paid to the tax authorities.

Deferred taxes are recognized for temporary differences that arise between the tax bases of assets and liabilities and their carrying amounts in the annual accounts. However, deferred taxes are not recognized if they arise from the initial recognition of an asset or liability in a transaction, other than a business combination, which, at the time of the transaction, does not affect the accounting result or profit or loss, tax loss. The deferred tax is determined using tax rates (and laws) approved or about to be approved on the balance sheet date and that are expected to be applied when the corresponding deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future tax benefits will be available with which to offset the temporary differences.

Deferred tax liabilities are recognized on the taxable temporary differences associated with investments in subsidiaries, associates and joint arrangements, except for those deferred tax liabilities for which the Company can control the date on which the temporary differences will revert and it is probable that they will not reverse in the foreseeable future. Generally, the Company is not able to control the reversal of temporary differences for associates. Only when there is an agreement that grants the Company the ability to control the reversal of the temporary difference is it not recognized.

Deferred tax assets are recognized for deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable that the temporary difference will revert in the future and that a sufficient tax profit is expected against the than to use the temporary difference.

Deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally recognized right to offset current tax assets with current tax liabilities and when deferred tax assets and deferred tax liabilities, they are derived from the tax on the corresponding profits to the same fiscal authority, that fall on the same entity or fiscal subject, or different entities or fiscal subjects, that they try to liquidate the current fiscal assets and liabilities for their net amount.

At each accounting closing, the assets for deferred taxes recorded are reconsidered, making the appropriate corrections to them to the extent that there are doubts about their future recovery. Likewise,



## Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

deferred tax assets not recorded in the balance sheet are evaluated at each closing date and these are recognized as long as their recovery with future tax benefits becomes probable.

### SOCIMI tax regime

On 13 of May 2015 the Parent Company communicated to the corresponding Tax authorities (*Delegación de la Agencia Estatal de la Administración Tributaria*) its decision to apply for the SOCIMI special tax regime. This application was approved by its shareholders by mean of Universal Shareholders' Meeting held on 23 March 2015. The application has retroactive effect from the fiscal year beginning at the date of its incorporation, 5 March 2015.

On 8 March 2016 the Parent Company as sole shareholder of VBA SUB 3000, S.L.U. decided its subsidiary to apply for the Socimi Regime with retroactive effect from the 1 January 2016 (Company liquidated during 2018).

On September 27, 2018 the Parent Company as sole shareholder of VBA SUB 2018, S.L.U. decided that this company should apply for the SOCIMI regime with retroactive effect from January 1, 2018.

The SOCIMI special regime, after its modification by the law 16/2012, of December 27, this built upon the basis of a 0% rate taxation on the Corporate Income Tax, as long as certain requirements are fulfilled.

Nevertheless, the tax will rise proportionally to the dividend distribution. On the event of generating tax losses it will not apply the Law 27/2014, of 27 November of the Corporate Income Tax. It will not apply either the regimes of deductions and bonuses stated on the chapters II, III and IV of the mentioned CIT Law. On the rest of events not foreseen on the SOCIMI Law, it will apply what has been established on the Corporate Income Tax Law.

As stated in the article 9 of the SOCIMI Law, the Company will be submitted to a special rate of 19% of the total amount of dividends or shares on profits distributed to the shareholders which shares on the company's capital is equal or superior to a 5%, provided that the mentioned dividends, on the shareholder place of residence, were exempt or a tax inferior to the 10% applies. The mentioned rate will be considered as the Corporate Income Tax quota. On this sense the Group has established a procedure that guarantees the confirmation by the shareholders of its taxation and the withholding, when applicable, of the 19% of the amount of the dividend distributed to those shareholders who do not fulfil the aforementioned tax requirements.

Additionally, since the approval of Law 11/2021, of July 9, 2022, on measures to prevent and combat tax fraud, as from fiscal years beginning on January 1, 2021, companies and groups under the SOCIMI regime must pay a special tax of 15% on undistributed profits.

The application of the SOCIMI regime previously described was initiated from the financial year beginning on 5 March 2015 notwithstanding that the Company did not comply with all the requirements of the standard for its application since, under the First Transitional provision of Law 11/2009 of the SOCIMI regime, the Company has a 2 years period since the SOCIMI regime was opted for, in order to fulfil with all the requirements stated in the mentioned law. As of 31 December 2023, and as of 31 December 2022, the Company meets all the requirements of the SOCIMI Regime according to the Parent Company's Directors.

### Other taxes

Because the Group obtains its income mainly from the lease of real estate for residential purposes, it does not apply VAT on its customers except to those international operators to who the Group lease residential units. The Parent Company applies in its taxation the rule of the general pro rata, by which the taxpayer can deduct a percentage of the supported VAT that is determined by the quotient of the total volume of transactions that generate the right to deduct between the total volume of operations made with and without right to deduction.

### **3.15. Related-party transactions**

In general, transactions between group companies are initially recognized at fair value. If applicable, where the agreed price differs from the fair value, the difference is recognized based on the economic reality of the transaction. Transactions are subsequently measured in accordance with applicable standards.



Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

3.16. Environmental information

They are considered assets of environmental nature those assets that are used regularly in the Group's core activity, whose main purpose is to minimize environmental impact and protect and improve the environment, including the reduction or elimination of future pollution.

The Group activity, by its own nature, has no significant environmental impact.

4. Use of estimates

The preparation of the Consolidated Financial Statements requires Directors to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The Board of Directors reviews these estimates on a continuous basis. However, given the uncertainty inherent to these estimates, there is a significant risk that significant adjustments could arise in the future regarding the value of the associated assets and liabilities and significant changes in the assumptions, events and circumstances on which they are based.

In preparing these Consolidated Financial Statements, the significant judgments made by the Parent Company's Directors in applying the group's accounting policies and the key sources of estimation uncertainty are as follows:

Fair value of investment properties

Fair value is determined by independent external valuation experts ("appraiser") using valuation techniques and assumptions as to estimates of projected future cash flows from the property and estimate of the suitable discount rate for these cash flows and by management's evaluations which are based on economic models.

As for investment properties under development also requires an estimate of construction costs. If applicable, fair value is determined based on recent real estate transactions with similar features and location than the valued property.

The best evidence of the fair value of investment property in an active market is the price of similar assets. In the absence of such information, the appraiser determines fair value using a range of reasonable values. When making such judgments, the appraiser uses a series of sources, including:

- i. Current prices on an active market of different kinds of properties in different conditions or locations, adjusted for differences with the Group's assets.
- ii. Recent prices of properties on other less active markets, adjusted for changes in economic conditions since the transaction date.
- iii. Discounting of cash flows based on estimates deriving from the terms and conditions of current lease contracts and, if possible, the evidence of the market prices of similar properties in the same location, through the use of discount rates reflecting the uncertainty of the time factor.

Valuation techniques and assumptions used to measure fair value

The fair values of financial assets and financial liabilities are determined as follows:

- Fair values of financial assets or liabilities with standard terms and conditions traded on active liquid markets are determined by reference to their quoted market price.
- Fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable market transactions and dealer quotes for similar instruments.

Financial instruments measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1: Measurements derived from (unadjusted) quoted prices in active markets for identical assets or liabilities.





Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

- **Level 2:** Measurements derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- **Level 3:** Measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (non-observable inputs).

In Note 6 also is provided information on how the fair value of investment properties is calculated in accordance with the valuation techniques described in the said note.

The investment properties measured at fair value (without taking into account the advance on payments in investment properties, if any) as at 31 December 2023 and 31 December 2022 are as follows:

	Level 1	Level 2	Level 3	Total
Investment properties (note 6)	-	-	68,827	68,827
<b>Total 31.12.2023</b>	-	-	<b>68,827</b>	<b>68,827</b>
Investment properties (note 6)	-	-	66,060	66,060
<b>Total 31.12.2022</b>	-	-	<b>66,060</b>	<b>66,060</b>

#### Corporate income tax

The Company has opted for the tax regime established in the Law 11/2009, 26 October, governing the Sociedades Cotizadas de Inversión en el Mercado Inmobiliario (SOCIMI), which in practice means that provided certain requirements are met, the Company is subject to a corporate income tax rate of 0%. From January 2021 tax year, according to Law 11/2021, of July 9, on measures to prevent and combat tax fraud, which amends SOCIMI Law 11/2009, of October 26, for tax periods beginning on or after January 1, 2021, the entity will be subject to a special tax of 15% on the amount of the profits obtained in the year that are not subject to distribution, in the part that arises from income that has not been taxed at the general corporate income tax rate or income subject to the reinvestment period regulated in the aforementioned Law. This tax will be treated as a corporate income tax liability.

The Parent Company's Directors monitors on a quarterly basis the compliance with the relevant legal requirements in order to secure the tax advantages established therein.

In this respect, the Parent Company's Directors consider that such requirements have been met within the established terms and periods and have therefore recognized no income or expense in respect of the Corporate Income Tax.

## 5. Financial risk management and Financial instruments

### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks. The Group's overall risk management program is based on the uncertainty of financial markets and aims to minimize the adverse effects of such risks on the financial profitability of the Group.

Risk management is undertaken by the Management of the Company and the Board of Directors in accordance with the policies approved by the Board of Directors.

#### 5.1.1 Market risk

Given the current status of the real-estate sector and in order to mitigate the effects thereof, the Group has specific measures in place to minimize the impact on its financial position.

These measures are applied pursuant to the results of sensitivity analyses carried out by the Group on a regular basis and on the basis of the strategy outlined in their business plan.

#### - Foreign exchange risk

The Group is not exposed to exchange rate fluctuations as all its operations are in its functional and its presentation currency (Euro).



Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

**- Interest rate risk**

The Group's interest rate risk arises from long term borrowings. Borrowings issued at variable interest rates expose the Group to cash flow interest rate risk.

The Group analyses exposure to interest rate dynamically. Various scenarios are simulated, taking into consideration alternative financing sources. Based on these scenarios, the Group calculates the impact on consolidated income statement of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

In nominal terms, borrowings issued at fix and variable rates as of 31 December 2023 and 31 December 2022 are as follows:

	Euro Thousand	
	31/12/2023	31/12/2022
Borrowings at variable rate	-	-
Borrowings at fix rate (*)	24,132	24,381
<b>TOTAL</b>	<b>24,132</b>	<b>24,381</b>

(\*) The Group has considered:

- Mortgage loan with a pending principal as of December 31, 2023 of 7,950 thousand euros with 1.8% fix rate until 2030 and variable until maturity (2039).
- Mortgage loan with a pending principal as of December 31, 2023 of 4,647 thousand euros with 1.8% fix rate until 2027 when 3,355 thousand euros became variable until maturity in 2039. 800 thousand euros became variable in 2031 until maturity (2034).

Based on the simulations performed, the recalculated impact on profit after tax of a 100-bps change in the reference interest rate (12-month Euribor) will result in a maximum increase of EUR 0 thousand or a decrease of EUR 0 thousand at 31 December 2022 (an increase of EUR 0 thousand or a decrease of EUR 0 thousand at 31 December 2021). The simulation is carried out periodically to ensure that the maximum potential loss is within the limit established by the Board of Directors.

**5.1.2 Liquidity risk**

Liquidity risk is defined as the risk of the Group encountering difficulties meeting its obligations regarding financial liabilities settled in cash or with other financial assets.

The Group conducts prudent management of liquidity risk by maintaining sufficient cash to meet its payment obligations when they fall due, both in normal and stressed conditions, without incurring unacceptable losses or risking the Group's reputation.

The Group monitors on monthly basis the compliance with the requirements stated in the loan agreements as well as the sufficiency for facing the financial obligations derived from the agreement.

**5.1.3 Credit risk**

The Group holds cash and deposits in Spanish banks. The Group is exposed to the stability of these banks and their solvency risk.

Another credit risk arises from the profile of the Group's tenants. The Group only accepts tenants with the highest credit quality, but there are purchasing operations in which the asset is acquired with valid tenants with no previous validation carried out by the Group. In addition, the Group hedges the risk with security deposits paid by the tenants. A strict scoring process has been put in place in order to minimise the risk of defaults.

During 2018, the Group began to insure the contracts signed through default insurance. These insurances cover possible non-payment by tenants for a maximum period of 12 months and cover the costs related to legal proceedings and other costs arising therefrom. At 31 December 2023, 49% of the annualized lease income is covered by default insurances. Additionally, 35% is covered by bank guarantees at first request and other guarantees, being the total lease income covered 83%.

**5.1.4 Tax risk**

As mentioned in Note 1, the Parent Company and its subsidiary have applied for the SOCIMI regime. In accordance with Article 6 of the Law 11/2009, amended by the Law 16/2012, the companies availing themselves of this regime are required to distribute in the form of dividends to their shareholders, following compliance with the pertinent mercantile obligations, the profit obtained in the year. The distribution must



## Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

be approved within the six months following the year end and paid within one month since the distribution agreement.

If the General Shareholders' Meeting of such companies does not approve the dividend distribution proposed by the Board of Directors, calculated in accordance with the requirements of the SOCIMI Law, they would be in breach of the said Law and they would therefore be taxed under the general tax scheme (Note 3.14).

## 6. Investment property

Investment properties comprise: apartment buildings, scattered apartments, storage rooms, parking spaces and retail assets owned by the Group for rent on a long-term basis and not occupied by the Group.

Set out below is a breakdown of and movements in the accounts recorded under investment properties:

	Euro Thousand	
	Investment Properties	Total
<b>Balance at 31 December 2021</b>	<b>64,144</b>	<b>64,144</b>
Acquisitions	-	-
Transaction cost capitalised	3	3
Subsequent disbursements capitalised	3,749	3,749
Sales	(3,516)	(3,516)
Others	(11)	(11)
Gain from fair value adjustments	1,691	1,691
<b>Balance at 31 December 2022</b>	<b>66,060</b>	<b>66,060</b>
Acquisitions	-	-
Transaction cost capitalised	12	12
Subsequent disbursements capitalised	1,977	1,977
Transfers	(955)	(955)
Sales	(655)	(655)
Others	-	-
Gain from fair value adjustments	2,388	2,388
<b>Balance at 31 December 2023</b>	<b>68,827</b>	<b>68,827</b>

Under "Others" caption the Group records the letting fees incurred for the commercialisation of the properties (Note 3.3). These are capitalised within the carrying amount of the leased assets and are recognised as an expense during the minimum lease term, on the same basis as the lease derived therefrom, as established in IAS 40 and IAS 17.

From 1 January 2023 to 31 December 2023 the Group has completed the following transactions:

- The Company has not formalized the purchase of any asset.
- The Group formalized the sale of 4 apartments units and 1 parking for price 1.2% higher than the December 2022 valuation and 62% higher than the total investment costs (net of cost of sales).
- Transfers refers to refurbishment works VAT originally not considered deductible but, due to the change of the assets lease class and based on the Group's tax advisors' opinion the Group will recuperate in 2024.

From 1 January 2022 to 31 December 2022 the Group has completed the following transactions:

- The Company has not formalized the purchase of any asset.
- The Group formalized the sale of 22 apartments units for price 2.3% higher than the December 2021 valuation and 40% higher than the total investment costs (net of cost of sales).

The identification of qualified assets included under this note in accordance with the Article 11 of SOCIMI Law and is included in Appendix I to the Consolidated Financial Statements.



Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

**Valuation Process**

At 31 December 2023 and 31 December 2022 investment properties are recognized at fair value. The fair value of the Group's investment properties is calculated based on independent appraisers' reports not related to the Group.

Below is the cost and fair value of investment properties at 31 December 2023 and 31 December 2022:

	31 December 2023		31 December 2022	
	Cost	Fair value	Cost	Fair value
	Euro Thousand		Euro Thousand	
Investment properties	49,067	68,827	48,448	66,060

Gains recognized in the consolidated income statement on measuring investment property at fair value as of 31 December 2023 amount to Euro 2,388 thousand (Euro 1,691 thousand as of 31 December 2022). According to IFRS 13, some situations may arise where transaction prices may not represent the fair value of an asset at initial recognition.

These investments have been valued following a market value approach, and these valuations have been performed by Savills Aguirre Newman Valoraciones y Tasaciones, S.A.U., an independent expert firm in accordance with the provisions of the RICS Appraisal and Valuation Manual (the "Red Book") published by The Royal Institution of Chartered Surveyors based in England.

Additionally, to Euro 2,384 thousand gain recognized in the consolidated income statement on measuring investment property at fair value as of 31 December 2023, the Parent Company has recognized a loss of Euro 4 thousand under the Consolidated Income Statement caption "Realize gain (Loss) and change of fair value on investment properties" related to the difference between 31 December 2022 Fair Value and the Sale Price (Net of selling costs and capex spent during 2023 prior to sale date).

The market value is defined as the estimated amount for which an asset can be sold on a given market at the date of valuation between a seller and a willing buyer, being both reasonably knowledgeable about the asset, prudently, free of undue pressure to trade and assuming a reasonable time period is given for completing the transaction.

Methodology:

a) Discounted cash flows method:

The valuation methodology adopted in terms of determining fair value of currently suitable to be rented properties is the discounted cash flows method with projected net operating income at 5 years and capitalizing the 6th year at an exit yield between 3.25 % and 7.0% (between 3.0 % and 7.0% as of 31 December 2022) and using an Internal Rate of Return for discounting cash flows obtained between 5.0% and 9.5% (between 4.75% and 9.0% as of 31 December 2022).

The discounted cash flow method is based on predictions of the probable net income that will be generated by assets over a specific time period, taking into account the assets' residual value at the end of that period. Cash flows are discounted at an internal rate of return in order to arrive at the present net value, that internal rate of return is adjusted to reflect the risk associated with the investment and assumptions adopted.

Key variables are therefore net income, approximate residual value and internal rate of return.

Sensitivity analysis

Based on the simulations performed, the impact over fair value of investment properties of a 1% change in the internal rate of return would produce the following impacts:





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	Euro thousand			
	Theoretical value			
	31 December 2023		31 December 2022	
	+1%	-1%	+1%	-1%
Valued using discounted cash flows method	65,926	71,833	63,232	69,026
<b>Fair value of investment properties</b>	<b>65,926</b>	<b>71,833</b>	<b>63,232</b>	<b>69,026</b>

Based on the simulations performed, the impact over fair value of investment properties of a 0.25% change in the exit yield would produce the following impact:

	Euro thousand			
	Theoretical value			
	31 December 2023		31 December 2022	
	+0.25%	-0.25%	+0.25%	-0.25%
Valued using discounted cash flows method	65,566	72,566	62,634	70,031
<b>Fair value of investment properties</b>	<b>65,566</b>	<b>72,566</b>	<b>62,634</b>	<b>70,031</b>

### Operating leases

The entire amount recognised as revenue for the period has its origin in lease contracts.

Total amount of future minimum collections under non-cancellable operating leases is as follows:

	Euro Thousand	
	31 December 2023	31 December 2022
Less than one year	1,624	813
Between one and two years	937	660
Between two and three years	696	647
More than three years	535	213
	<b>3,792</b>	<b>2,333</b>

The lease contracts signed by the Group with its tenants from March 2019 have a typical length of one year being the option granted to the tenant to prorogue them up to seven years (three years for leases signed before March 2019). Regardless the maximum duration and for the purposes of this note, it has been considered as minimum future collections the following 12 months after the lease contract formalization.

The Group formalized in December 2022, two contracts with a top tier international operator, specialized in mid-term residential rental a mandatory period of three years.

Additionally, the Group has formalized in February and December 2023 two contracts with two international operators, specialized in mid-term residential rental for a mandatory period of six and one years respectively.

### Insurances

It is the Group policy to arrange all the insurance policies necessary to cover possible risks affecting investment properties. The coverage provided by these policies as of 31 December 2023 and 2022 is considered to be sufficient by the Parent Company Directors'.

### Commitments

As of 31 December 2023, and 2022 the Group has no contractual commitments for the acquisition, construction or development of investment properties or in relation to repairs, maintenance or insurance.

### Mortgages

Certain assets include under the caption Investment Properties, whose whole fair value amounts to Euro 68,827 Thousand as of 31 December 2023 (Euro 66,060 Thousand as of 31 December 2022) serves as guarantee of the compliance with the obligations arranged as a result of the financing obtained by the Group (Note 11).



Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

7. Analysis of financial instruments

7.1 Analysis by categories

The carrying amount of each category of financial instruments stipulated in the standard "Financial instruments" is as follows:

a) Financial assets:

		Euro thousand			
		Non-current assets			
		Debt and equity securities		Loans, derivatives and other	
		31/12/2023	31/12/2022	31/12/2023	31/12/2022
Credits and other receivables		-	-	189	207
		-	-	189	207
		Current assets			
		Debt and equity securities		Loans, derivatives and other	
		31/12/2023	31/12/2022	31/12/2023	31/12/2022
Credits and other receivables		-	-	908	3,248
		-	-	908	3,248
<b>Total financial assets</b>		-	-	<b>1,097</b>	<b>3,455</b>

Under non-current financial assets the Group recognises the amount relating to deposits made with different public bodies derived from leases.

The movement of the corrective accounts representing the impairment losses arising from the credit risk for each class of financial assets is summarized below:

		Euro Thousand	
		31/12/2023	31/12/2022
<b>Opening balance</b>		<b>111</b>	<b>72</b>
Provisions		31	67
Releases		(37)	(3)
Write-offs		(38)	(25)
<b>Closing balance</b>		<b>67</b>	<b>111</b>

b) Financial liabilities:

		Euro thousand			
		Non-current liabilities			
		Borrowings		Loans, derivatives and other	
		31/12/2023	31/12/2022	31/12/2023	31/12/2022
Loans and payables		22,852	23,216	587	326
		22,852	23,216	587	326
		Current liabilities			
		Borrowings		Loans, derivatives and other	
		31/12/2023	31/12/2022	31/12/2023	31/12/2022
Loans and payables		1,070	936	685	1,279
		1,070	936	685	1,279
<b>Total financial liabilities</b>		<b>23,922</b>	<b>24,152</b>	<b>1,272</b>	<b>1,605</b>

Under non-current financial liabilities include deposits received from lessees that will be returned to the tenants on maturity of the lease contract. These deposits are retained if the lessees fail to meet their payment obligations or if there is any other breach of contract.



## Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

Under Current financial liabilities it is recognised the part of the aforementioned loan agreements with maturity in the short term (Note 11).

## 7.2 Analysis by maturity

The maturity of the financial liabilities as per the Consolidated Statement of Financial Position as at 31 December 2023 is the following:

	Euro thousand					
	31/12/2024	31/12/2025	31/12/2026	31/12/2027	Next years	Total
Bank borrowings (Note 11)	1,070	1,078	1,182	1,325	19,494	24,149
Other financial liabilities	-	587	-	-	-	587
Trade payables	500	-	-	-	-	500
Trade payables, management company and others (Note 16)	-	-	-	-	-	-
Accruals, wages and salaries	28	-	-	-	-	28
Advances from clients	157	-	-	-	-	157
<b>Total financial liabilities</b>	<b>1,755</b>	<b>1,665</b>	<b>1,182</b>	<b>1,325</b>	<b>19,494</b>	<b>25,421</b>

The maturity of the financial liabilities as per the Consolidated Statement of Financial Position as at 31 December 2022 is the following:

	Euro thousand					
	31/12/2023	31/12/2024	31/12/2025	31/12/2026	Next years	Total
Bank borrowings (Note 11)	936	1,073	1,098	1,203	20,089	24,399
Other financial liabilities	-	326	-	-	-	326
Trade payables	958	-	-	-	-	958
Trade payables, management company and others (Note 16)	232	-	-	-	-	232
Accruals, wages and salaries	59	-	-	-	-	59
Advances from clients	30	-	-	-	-	30
<b>Total financial liabilities</b>	<b>2,215</b>	<b>1,399</b>	<b>1,098</b>	<b>1,203</b>	<b>20,089</b>	<b>26,004</b>

The total amount does not match with the analysis by categories because the loans that the Group formalized with the different financial entities were accounted at each moment at amortized cost, resulting all the costs incurred in arranging such financing and paid in full, are netting the outstanding debt and they will be amortized during the life of each loan. The amount pending to be amortized as of December 31, 2023 amounts to 227 thousand euros (247 thousand euros as of December 31, 2022).

Non-current assets and liabilities relate to deposits linked to lease contracts. Its maturity is conditioned to the maturity of these contracts. It is the Group estimation that the average maturity of leasing contracts will range from two to three years.

## 8. Cash and cash equivalents

"Cash and cash equivalents" includes the Group's cash on hand and in banks and short-term deposits with an original maturity of three months or less. The carrying amount of these assets is equal to their fair value.

As of 31 December 2023, and 31 December 2022, the balance of "Cash and cash equivalents" is not restricted, except for a total amount of Euro 78 thousand (Euro 163 thousand as of 31 December 2022) whose management have been entrusted to the liquidity provider (Renta 4 Banco, S.A.).

In addition, the Group has one credit line for a maximum amount of 500,000 euros which a maturity date on 18 March 2024. At 31 December 2023, 0 euros have been withdrawn.



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9. Net Equity

Share Capital and share premium

	Euro thousand			
	Number of shares	Share capital	Share Premium	Total
<b>Balance as at 31 December 2021</b>	<b>3,609,790 (*)</b>	<b>18,049</b>	<b>17,280</b>	<b>35,329</b>
Capital Increase	-	-	-	-
Issuance costs	-	-	-	-
Distribution of share premium	-	-	(2,021)	(2,021)
<b>Balance as at 31 December 2022</b>	<b>3,609,790 (*)</b>	<b>18,049</b>	<b>15,259</b>	<b>33,308</b>
Capital Increase	-	-	-	-
Issuance costs	-	-	-	-
Distribution of share premium	-	-	-	-
<b>Balance as at 31 December 2023</b>	<b>3,609,790 (*)</b>	<b>18,049</b>	<b>15,259</b>	<b>33,308</b>

(\*) This figure includes 58,995 treasury shares at December 31, 2023 (52,204 treasury shares as of 31 December 2022) as disclosed in note below.

As of 31 December 2023, the share capital of VBARE Iberian Properties SOCIMI, S.A. amounts to Euro 18,049 Thousand represented by 3,609,790 nominative ordinary shares represented by book entries with a nominal value of 5 Euro each, granting the same rights to their owners.

All the shares of VBARE Iberian Properties SOCIMI, S.A. are listed since 23 December 2016, and they are traded on the market for BME Growth of BME MTF Equity (formerly alternative stock Market "MAB").

The share capital and the share premium, including the shares and the share premium that derived from the advances on share capital and share premium, which are totally paid, is as follows:

	31 December 2023	31 December 2022
Number of shares	3,609,790	3,609,790
Par value (Euro)	5	5
Share capital (Euro Thousand)	18,049	18,049
Share Premium (Euro Thousand)	15,974	15,974
	<b>34,023</b>	<b>34,023</b>
Issuance Cost Deducted (Euro Thousand)	(715)	(715)
	<b>33,308</b>	<b>33,308</b>

Issuance costs have been deducted according to IAS 32.

Distribution of share premium

On March 28, 2022, the Board of Directors of the Parent Company agreed to distribute a share premium amounting 840 thousand euros (0.237 euros per share), which become effective on April 4, 2022, among the shareholders in proportion to their participation in the capital of the Parent Company.

On July 28, 2022, the Board of Directors of the Parent Company agreed to distribute a share premium amounting 1,181 thousand euros (0.332 euros per share), which become effective on August 5, 2022, among the shareholders in proportion to their participation in the capital of the Parent Company.

Treasury shares

The movement under this caption during 2023 and 2022 is the following



Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

	Euro thousand	
	Number of shares	Value
<b>Balance at 31 December 2021</b>	<b>62,723</b>	<b>684</b>
Increases / Acquisitions	8,477	59
Decreases / Disposals	(18,996)	(210)
<b>Balance at 31 December 2022</b>	<b>52,204</b>	<b>533</b>
Increases / Acquisitions	32,554	196
Decreases / Disposals	(25,763)	(254)
<b>Balance at 31 December 2023</b>	<b>58,995</b>	<b>475</b>

Treasury shares of the Parent Company as at 31 December 2023 represent 1.63% (2022 1.45%) of the capital share figure totalling 58,995 shares (2022: 52,204 shares) with an average price of acquisition of 9.72 Euro per share (2022: 10.94 Euro).

Legal reserves and other reserves

In accordance with the Spanish Companies Act, private companies have to transfer an amount equal to 10% of the profit for the year to the legal reserve until this reserve reaches at least 20% of capital. The legal reserve can be used to increase capital in the part of the balance exceeding 10% of the increased capital. Except as mentioned above, while not exceeding 20% of the capital and considering the limitations set forth under the SOCIMI regime, the legal reserve can only be used to offset losses, provided that sufficient other reserves available for this purpose.

In accordance to Law 11/2009, for which SOCIMI are regulated, the legal reserve of the companies that have opted to apply the SOCIMI tax regime, may not exceed 20% of the share capital figure. The bylaws of these companies may not establish any other statutory reserve unavailable different from the legal reserve.

As at 31 December 2023 and 31 December 2022 the Parent Company's legal reserve is reserve is not fully constituted.

Shareholders

Every shareholder is required to notify the Company any direct or indirect acquisition of shares which causes such shareholder's aggregate stake in the Company to reach, exceed or fall below 5% of the share capital and any successive multiples thereof.

According to the information provided, the main shareholders of the Parent Company as of 31 December 2023 and 31 December 2022, with a percentage higher than 5% of the share capital of the Parent Company, directly or indirectly, are as follows:

Shareholder	% Number of Shares		
	31 December 2023		
	Direct	Indirect	Total
Meitav Dash Provident Funds and Pension Ltd.	16.58%	→	16.58%
Dan Rimoni	13.80%	→	13.80%
M. Wertheim (holdings) Ltd.	10.43%	→	10.43%
Value Base Ltd.	4.88%	3.26%	8.14%
Ido Nouberger (*)	3.39%	→	3.39%

(\*) Ido Nouberger also holds 26.37% in Value Base Ltd.

Shareholder	% Number of Shares		
	31 December 2022		
	Direct	Indirect	Total
Meitav Dash Provident Funds and Pension Ltd.	16.58%	→	16.58%
Dan Rimoni	12.50%	→	12.50%
M. Wertheim (holdings) Ltd.	10.43%	→	10.43%
Value Base Ltd.	4.88%	3.26%	8.14%
Ido Nouberger (*)	3.39%	-	3.39%

(\*) Ido Nouberger also holds 26.37% in Value Base Ltd.





## Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

Earnings per share

## a) Basic earnings per share:

Basic earnings per share are calculated by dividing the profit / (loss) for the period attributable to shareholders of the Parent Company by the weighted average number of ordinary shares throughout the period, excluding the weighted average number of treasury shares held shares throughout the period.

Details of the calculation of earnings/(losses) per share are as follows:

	31 December 2023	31 December 2022
Net profit for the period attributable to equity holders of the Parent Company (Euro Thousand)	1,948	648
Number of the net weighted average shares (treasury shares deducted)	3,549,007	3,552,725
<b>Earnings (loss) per share (Euro)</b>	<b>0.55</b>	<b>0.18</b>

## b) Diluted earnings per share:

Diluted earnings per share are calculated by dividing net profit/(loss) of the period attributable to the owners of the Parent Company by the weighted average number of ordinary shares in the period, plus the weighted average number of shares which would be issued when converting all potentially diluting instruments.

For these purposes, they are considered dilutive instruments the ordinary shares presented under "advances capital" which have been issued at the close of each period.

The Parent Company's Directors have evaluated the effect of dilution of these potential shares and their potential impact on the calculation of earnings per share, and have concluded that its effect is not significant, and therefore basic and diluted earnings per share do not differ significantly.

Net result distribution

The distribution of net result of the Parent Company as of 31 December 2023 according to Spanish General Accepted Accounting Principles as per their stand-alone annual proposed by the Parent Company's Directors to be approved by the General Shareholders' Meeting is as follows:

	Euro Thousand
<b><u>Basis of distribution</u></b>	
Profit /(Loss)	(545)
<b><u>Distribution</u></b>	
Losses from prior years	(545)

The distribution of results of the Parent Company as of 31 December 2022 according to Spanish General Accepted Accounting Principles as per their stand-alone annual accounts as approved by the General Shareholders' Meeting on 26 April 2023 is as follows:

	Euro Thousand
<b><u>Basis of distribution</u></b>	
Profit /(Loss)	(199)
<b><u>Distribution</u></b>	
Losses from prior years	(199)

Dividends distribution policy

The dividend will be paid in cash, and it will be recognized as a liability in the Consolidated Financial Statements in the period in which the dividends are approved by shareholders of the Parent Company or subsidiaries.

The SOCIMI is required to distribute the profit generated during the year to shareholders as dividends, Once the corresponding mercantile obligations have been fulfilled, said distribution must be agreed within six months of the year end. The Company must distribute the following as dividends:

- a) 100% of the profit from dividends or shares in profits distributed by the entities referred to in Section 1, Article 2 of the SOCIMI Law.



## Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

b) At least 50% of the profits arising from the transfer of the properties, shares or ownership interests referred to in Section 1, Article 2 of the SOCIMI Law, subsequent to expiry of the time limits referred to in Section 3, Article 3 of the Law aforesaid, which are used for pursuit of the entities' principal corporate purpose. The remainder of these profits must be reinvested in other property or investments used for the pursuit of said activity within three years after the transfer date. Otherwise, these profits should be distributed in full together with any profit arising in the year in which the reinvestment period expires. If the items subject to reinvestment are transferred before the holding period ends, the related profits must be distributed in full together with any profits arising in the year in which they are transferred. The distribution obligation does not extend to the portion of these profits, if any, which may be allocated to years in which the Company did not file tax returns under the SOCIMI special tax regime.

c) At least 80% of the remaining profits obtained.

When dividend distributions are charged to reserves generated from profits in a year in which the special tax regime applied, the distribution must necessarily be approved as set out above.

The legal reserve of the companies that have opted to apply the SOCIMI special tax regime may not exceed 20% of the share capital. The bylaws of these companies may not establish any other statutory reserve unavailable different from the last. Once all amounts established by Law or the bylaws have been covered, dividends may only be distributed by charging profits for the year or freely available reserves as long as equity is not less than share capital and will not fall below share capital as a result of the distribution. For these purposes, profits taken directly to equity may not be directly or indirectly distributed. If there are prior-year losses that cause the Company's equity to be lower than share capital, profits must be used to offset those losses.

During the fiscal year 2023, no dividends have been distributed.

On April 29, 2022, the General Shareholders Meeting of the Parent Company agreed to distribute a dividend related to 2021 result according to Spanish General Accepted Accounting Principles as per their stand-alone annual accounts. The gross dividend approved amounted to 673 thousand euros (0.18647205 euros per share) which became effective on May 6, 2022, among the shareholders in proportion to their participation in the capital of the Parent Company.

## 10. Trade payables

The carrying amount of these trade payables is equal to their fair value.

### Information on deferred payment to suppliers

The information required under Additional Provision Three of Law 15/2010, of 5 July, is as follows: (Euro Thousand).

It is detailed below the information required by the Second Final Disposition of Law 31/2014, of December 3, which has been prepared applying the resolution of the Instituto de Contabilidad y Auditoría de Cuentas ("ICAC") dated 29 January 2016.

	2023	2022
	Days	
Average payment period to suppliers	37	31
Settled payments ratio	36	32
Outstanding payments ratio	60	25
	Amount (Euro Thousand)	
Total payments made	4,290	5,577
Total outstanding payments	68	856

According to the new regulations required by Article 9 of Law 18/2022 of 28 September, in addition to the above information, the following information is indicated:



## Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

	2023	2022
	Number	
Invoices paid before compliance with the maximum legal period for payment to suppliers	3,047	3,110
Percentage of total supplier invoices	97%	95%
	Amount (Euro Thousand)	
Invoices paid before compliance with the maximum legal period for payment to suppliers	3,661	4,597
Percentage of total supplier invoices	85%	82%

By "Average payment period to suppliers" will be meant the time that elapses from the date of an invoice to the factual payment of the operation as it is apparent from the resolution of the Institute of Accounting and Auditing (ICAC) mentioned above.

In addition, the "Average payment period to suppliers" will be calculated as the ratio formed by the sum of the settled payments ratio multiplied by the total amount of payments made, plus the outstanding payments ratio multiplied by the total amount of outstanding payments in the numerator. And the total amount of payments made and outstanding payments in the denominator.

The settled payments ratio is calculated as the ratio formed by the sum of the products corresponding to the amounts paid multiplied by the number of paydays (calendar days elapsed from the initiation of the payment term until the material payment of the operation) in the numerator, and the total amount of payments made in the denominator.

Also, the outstanding payments ratio will be the ratio formed by the sum of the products of the outstanding payment amounts multiplied by the number of days in which have been pending of payment (calendar days elapsed from the initiation of the term until the day of closing of the annual accounts) in the numerator, and the total amount of outstanding payments in the denominator.

According to the provisions of Article three of the resolution of the Institute of Accounting and Auditing (ICAC) dated 29 January 2016, the amount of transactions accrued prior to the entry into force of the Law 31/2014, December 3 has not been considered.

The maximum legal payment period applicable to the "Company" under Law 11/2013 of 26 July is of 30 days unless there is an agreement between the parties, which will be of a maximum period of 60 days.

#### 11. Borrowings

The breakdown of the Group's financial debt as of 31 December 2023 is as follows:





Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

Maturity	Interest rate (annual)	Amount financed	Long term debt	Short-term debt		Pending to Withdrawn	Financial expense	Interest paid
			Principal	Principal	Interest due not paid			
19/07/2031	Fix 1.8%	300	72	11	-	-	4	3
31/12/2031	Fix 1.8%	600	327	39	-	-	8	7
31/12/2031	Fix 1.8%	637	167	20	-	-	5	4
30/06/2032	Fix 1.8%	187	131	11	-	-	3	3
30/06/2032	Fix 1.8%	1,250	875	75	-	-	19	18
30/06/2032	Fix 1.8%	250	175	15	-	-	4	4
10/05/2032	Fix 1.8%	508	356	30	-	-	8	7
31/01/2030	Fix 1.8%	324	261	19	-	-	6	5
31/01/2030	Fix 1.8%	492	396	28	-	-	9	8
30/09/2030	Fix 1.8%	625	522	33	-	-	11	10
30/09/2030	Fix 1.8%	900	752	47	-	-	17	15
31/12/2030	Fix 1.8%	735	625	37	-	-	14	12
03/10/2039	Fix 1.8% (*)	8,250	7,760	190	11	-	146	143
31/12/2030	Fix 1.8%	800	-	-	-	-	3	-
08/01/2039	Fix 1.8% (**)	4,930	4,524	123	5	-	85	85
01/10/2030	Fix 1.7%	4,000	3,765	120	-	-	68	66
14/05/2025	Fix 1.5%	425	45	108	-	-	3	3
25/05/2025	Fix 1.75%	360	46	92	-	-	4	3
30/09/2025	Variable Eur12+2.35%	300	-	-	-	300	-	-
24/02/2036	Fix 1.8%	2,400	2,280	55	1	-	45	42
<b>TOTAL</b>		<b>28,273</b>	<b>23,079</b>	<b>1,053</b>	<b>17</b>	<b>300</b>	<b>462</b>	<b>438</b>

(\*) Mortgage loan with 1.8% fix rate until 2030 and variable until maturity (2039).

(\*\*) Mortgage loan with 1.8% fix rate until 2027 when 3,355 thousand euros became variable until maturity in 2039. 800 thousand euros became variable in 2031 until maturity (2034).

The total amount does not match with the balance sheet as of December 31, 2023 because the loans that the Group formalized with the different financial entities were accounted at each moment at amortized cost, resulting all the costs incurred in arranging such financing and paid in full, are netting the outstanding debt and they will be amortized during the life of each loan. The amount pending to be amortized as of December 31, 2023 amounts to 227 thousand euros.

Additionally, the Group has one credit line for a maximum amount of 500,000 euros, which a maturity date on 18 March 2024. On 31 December 2023, 0 euros have been drawn down and has accrued a financial expense of 5 thousand euros in 2023.

The breakdown of the Group's financial debt as of 31 December 2022 is as follows:



Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

			Long term debt	Short-term debt				
Maturity	Interest rate (annual)	Amount financed	Principal	Principal	Interest due not paid	Pending to Withdrawn	Financial expense	Interest paid
19/07/2031	Fix 1.8%	750	-	-	-	-	5	1
19/07/2031	Fix 1.8%	300	167	13	1	-	5	4
31/12/2031	Fix 1.8%	600	366	39	-	-	9	8
31/12/2031	Fix 1.8%	637	235	25	-	-	8	6
30/06/2032	Fix 1.8%	187	142	10	-	-	3	3
30/06/2032	Fix 1.8%	1,250	950	69	-	-	21	19
30/06/2032	Fix 1.8%	250	190	14	-	-	5	4
10/05/2032	Fix 1.8%	508	386	28	-	-	9	8
31/01/2030	Fix 1.8%	324	280	15	-	-	6	5
31/01/2030	Fix 1.8%	492	425	23	-	-	9	8
30/09/2030	Fix 1.8%	625	555	27	-	-	12	11
30/09/2030	Fix 1.8%	785	-	-	-	-	27	12
30/09/2030	Fix 1.8%	900	799	38	-	-	17	16
31/12/2030	Fix 1.8%	735	661	30	-	-	14	13
03/10/2039	Fix 1.8% (*)	8,250	7,599	157	11	380	125	121
31/12/2030	Fix 1.8%	800	50	2	-	-	5	1
08/01/2039	Fix 1.8% (**)	4,930	4,646	110	5	-	75	70
01/10/2030	Fix 1.7%	4,000	3,385	80	-	500	59	59
14/05/2025	Fix 1.5%	425	154	107	-	-	5	5
25/05/2025	Fix 1.75%	360	138	90	-	-	6	5
30/09/2025	Variable Eur12+2.35%	300	-	-	-	300	-	-
24/02/2036	Fix 1.8%	2,400	2,335	41	1	-	45	43
TOTAL		29,808	23,463	918	18	1,180	470	422

(\*) Mortgage loan with 1.8% fix rate until 2030 and variable until maturity (2039).

(\*\*) Mortgage loan with 1.8% fix rate until 2027 when 3,956 thousand euros became variable until maturity in 2039. 800 thousand euros became variable in 2031 until maturity (2034).

The Group's financial debt is recognised at its amortised cost.

The total amount does not match with the balance sheet as of December 31, 2022 because the loans that the Group formalized with the different financial entities were accounted at each moment at amortized cost, resulting all the costs incurred in arranging such financing and paid in full, are netting the outstanding debt and they will be amortized during the life of each loan. The amount pending to be amortized as of December 31, 2022 amounts to 247 thousand euros.

All these loans described are guaranteed through a mortgage over the properties which market value at 31 December 2023 amounts to Euro 68,827 Thousand (as of 31 December 2022 Euro 66,060 Thousand) (Note 6).

## 12. Tax Authorities and Tax situation

### 12.1. Balances with Tax Authorities

The main current receivable and payable taxes balances as at 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023		31 December 2022	
	Tax assets	Tax liabilities	Tax assets	Tax liabilities
Withholding tax	-	25	-	30
VAT	1,237	32	317	6
Payroll tax	-	12	-	11
Other taxes	366	-	342	54
	<b>1,603</b>	<b>70</b>	<b>659</b>	<b>101</b>

The Group does not maintain long term balances with tax authorities as at 31 December 2023 and 31 December 2022.



## Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

In relation to Tax Assets, the Group has accounted the following amounts:

- VAT: it refers to refurbishment works VAT originally not considered deductible but, due to the change of the assets lease class and based on the Group's tax advisors' opinion the Group will recuperate in 2024.
- Other Taxes: Please refer to note 12.3.

## 12.2. Corporate Income Tax

The reconciliation between the consolidated net result for the year ended 31 December 2023 and the taxable base of the Group companies' is set out below:

	Consolidated income statement			Income and expense allocated directly to net equity			Euro Thousand Total
	Increases	Reductions	Total	Increases	Reductions	Total	
Balance income and expenses of financial period	1,948	-	1,948	-	-	-	1,948
IFRS and Consolidation Adjustments	-	(2,406)	(2,406)	-	-	-	(2,406)
Corporation Tax	-	-	-	-	-	-	-
Permanent differences	229	-	229	-	-	-	229
Temporary differences:	28	(49)	(21)	-	-	-	(21)
<b>Taxable base</b>			<b>(250)</b>				<b>(250)</b>

The taxable base presented in the table above is the sum of the taxable bases of the group companies, having been adjusted the consolidated profit for the year by consolidation and IFRS adjustments.

In accordance with the SOCIMI Law, current Corporate Income Tax is the result of applying 0% to the tax base. From January 2021 tax year, according to Law 11/2021, of July 9, on measures to prevent and combat tax fraud, which amends SOCIMI Law 11/2009, of October 26, for tax periods beginning on or after January 1, 2021, the entity will be subject to a special tax of 15% on the amount of the profits obtained in the year that are not subject to distribution, in the part that arises from income that has not been taxed at the general corporate income tax rate or income subject to the reinvestment period regulated in the aforementioned Law. This tax will be treated as a corporate income tax liability.

Permanent differences relate to issuance costs for the capital increase carried out by the Parent Company during the year (Note 9), Temporary differences relate to fluctuation of non-deductible accruals.

## 12.3. Years open to review and tax inspections.

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute of limitations has expired. On 31 December 2023, all the taxes applicable for which the Group companies are liable since its incorporation except the ones disclosed hereafter:

On June 1, 2022, the Parent Company received a notification from the Spanish Tax Authorities where it was questioned VAT deductibility on the contribution in kind carried out on December 2018 on its affiliate VBA SUB 2018, S.L.U. On June 22, 2022, the Parent Company filed allegations to the settlement proposal. On September 5, 2022, the Parent Company was notified of the resolution with the provisional liquidation. The amount of the settlement amounts to 342 thousand euros (302 thousand euros of principal and 40 thousand euros of late payment interest). On October 4, 2022, the Parent Company filed an appeal before the Central Economic-Administrative Court. As of 7 March 2024, the appeal is still pending. The total amount of the settlement was paid by the Company on October 19, 2022. Based on external tax advisors' opinion, the Parent Company should have enough arguments in an administrative or legal secondary stage to question Spanish Tax Authorities approach, so, management has decided not to carry out any provision on this respect.

In relation to the aforementioned contribution of the Property, on December 29, 2022, the entity VBA SUB 2018 was notified of the commencement of a data verification procedure, issued by the Directorate General of Taxes of the Community of Madrid on December 19, in relation to the self-assessment of the ITPAJD filed by VBA SUB 2018 on January 11, 2019 on the occasion of the Deed of Contribution, in which it was required the breakdown and individualized value of each of the premises and dwellings of the



Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

Property. On January 12, 2023, VBA SUB-2018 provided the information requested in the initial communication. On February 6, 2023, VBA received a settlement proposal for 47 thousand euros for considering that the tax self-assessment had incorrectly applied the foreseen rebate. On February 20, 2023, VBA SUB-2018 presented allegations against the liquidation proposal. On May 15, 2023, VBA SUB-2018 received a new settlement proposal of 12 thousand euros that was paid on May 24, 2023.

On January 10, 2023, VBA SUB 2018 was notified of a request for information issued by the Regional Inspection Unit of the Special Delegation of Madrid of the State Agency of Tax Administration, requesting information in relation to the refurbishment works carried out in a property owned by VBA SUB 2018 in 2022. VBA SUB-2018 answered in due time and form said requirement and at the date of the preparation of these consolidated financial statements, no additional notification has been received from the Administration. As more than 6 months have elapsed since its initiation, the procedure should be deemed to have lapsed.

In connection with the acquisition of a property owned by the Parent Company, on January 27, 2023, the Parent Company was notified of the commencement of a data verification procedure with a request for information, issued on January 17 by the Directorate General of Taxes of the Community of Madrid, in relation to the self-assessment of the Transfer Tax and Stamp Duty ("ITPAJD") filed by the Parent Company on October 22, 2018 in connection with the deed of sale of the Property. The request for information asked for the individualized value of each of the dwellings and premises of the Property. The Parent Company replied to the communication invoking the statute of limitations of the tax. On 29 May 2023, the Parent Company received a new request for information requesting justification of the leased properties. The Parent Company replied to this request on 5 June 2023, again claiming that the tax was time-barred. At the date of preparation of these consolidated financial statements, the Parent Company has not received any additional communication from the Directorate General of Taxes of the Community of Madrid. As more than 6 months have elapsed since its initiation, the procedure should be deemed to have lapsed.

On February 6, 2023, VBA SUB 2018 received a notice of initiation of a limited verification procedure, issued by the Directorate General of Taxes of the Community of Madrid on February 3, in relation to the ITPAJD derived from the Deed of Contribution, with a settlement proposal in the amount of 112 thousand euros, also considering that the ITPAJD rebate had been applied incorrectly. On February 20, 2023, VBA SUB-2018 filed allegations against the settlement proposal, based on solid technical arguments focused on the literalness of the law, which justify the challenge of the settlement. As of the date of preparation of these consolidated financial statements, no additional notification has been received from the Directorate General of Taxes of the Community of Madrid. As more than 6 months have elapsed since its initiation, the procedure should be deemed to have lapsed.

Additionally, on 29 September 2023, the Company received notification of the initiation of several limited verification procedures in relation to VAT for the periods from the third quarter of 2019 to the fourth quarter of 2021, the purpose of which is to verify the amount declared as "Amounts to be offset from previous periods", issued by the Tax Management Office of the Montalbán Administration of the Special Delegation of Madrid on 19 September 2023, including the settlement proposal resulting in an amount to be paid of 29,754.44 euros. On 23 October 2023, the Company filed claims against the settlement proposal, invoking the same arguments as in the 2018 VAT procedure and, in the alternative, the error in the amount of deductibility of certain invoices not computed by the Administration. The allegations were partially upheld on 1 December 2023, resulting in an amount to be paid of 17,576.68 euros that was paid on 16 January 2024. On 2 January 2024, the Company filed an appeal with the Madrid Regional Economic-Administrative Court (TEAC) against the rejection of the tax assessments, requesting their accumulation and referring to the allegations made before the TEAC in relation to the 2018 VAT proceedings. As at 7 March 2024, the claim filed is still pending resolution.

Finally, on 20 October 2023, the Parent Company received a notice of initiation of verification proceedings, issued by the Directorate-General of Taxation of the Community of Madrid on 11 October, in relation to the self-assessment of the ITPAJD filed by the Company on 29 2019, in which it was required to provide a breakdown and individualised value of each of the dwelling. On 30 October 2023, the Parent Company provided the information requested in the initial communication. On 20 November 2023, the Parent Company received a settlement proposal in the amount of 205,368.83 euros for considering that the tax self-assessment had incorrectly applied the rebate provided for. On 4 December 2023, the Parent Company submitted allegations against the settlement proposal. On 25 January 2024, the Parent Company received the provisional assessment for an amount of 238,100.56 euros. On 31 January 2024, the Parent Company filed an appeal for reconsideration, justifying the impossibility of leasing the properties until the works were completed and that the law does not require the immediate leasing of the properties



Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

acquired in order for the tax rebate to apply. On 19 February 2024, the Company received a reply to the appeal for reconsideration, partially upholding the appeals filed and annulling the settlements.

As a result, among other things, of the different interpretations to which Spanish tax legislation lends itself, additional tax liabilities may arise in the event of a tax inspection. In any event, the Group consider that such liabilities, if ever they arise, will not have a significant effect on the accompanying Annual Consolidated Financial Statements.

13. Revenue and expenses

a) Gain from fair value on investment properties

The details of gain from fair value on investment properties are provided in Note 6.

b) Payroll

	Euro Thousand	
	31 December 2023	2022
Wages and salaries	422	412
Social Security	103	91
<b>Total</b>	<b>525</b>	<b>503</b>

The average number of employees throughout the year broken down by category is as follows:

	2023	2022
Qualified professionals	9	9
Administrative staff and others	-	-
<b>Total</b>	<b>9</b>	<b>9</b>

The distribution of the Group's employees at the year-end broken down by gender is as follows:

	31 December 2023			31 December 2022		
	Male	Female	Total	Male	Female	Total
Qualified professionals	4	4	8	3	5	8
Administrative staff and others	-	-	-	-	-	-
<b>Total</b>	<b>4</b>	<b>4</b>	<b>8</b>	<b>3</b>	<b>5</b>	<b>8</b>

During 2023 and 2022, there were no employees, with a disability greater than or equal to 33%.

c) General and administrative expenses

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

	Euro Thousand	
	31 December 2023	2022
Property operating expenses	496	533
Management fee – see note 1.2.1(a) and note 16	416	825
Variation in provisions and losses on bad debts	(6)	65
Professional fees and others	616	522
Investment in associates Impairment	225	-
<b>Total</b>	<b>1,747</b>	<b>1,945</b>

On 27 July 2023, the Board of Directors approved the acquisition of Aura Asset Management, S.L.'s stake in VBA ASSET MANAGEMENT 3000, S.L. (the Management Company), 1,500 shares equivalent to 50% of the share capital for an amount of 225 thousand euro, terminating at the same time the Management Agreement signed in 2015 with retroactive effect from 1 July 2023 without any penalty of any kind. The resolution was ratified by the Extraordinary General Meeting of Shareholders on 29 August 2023. On 5 September 2023 the acquisition took place with the commitment to liquidate the Company occurring on 13 December 2023.





## Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

### Calculation of the success fee

The amount corresponding to the success fee as of 31 December 2023 and 31 December 2022 has been calculated in accordance with the conditions established in the Management Agreement and its subsequent amendments as detailed in notes 1.2. and 1.3.

As of December 31, 2023 and 2022, no success fee has been accrued by the Company as the "Distributable Amount of the Relevant Year" as stated in Note 1.3. has not reach the hurdle rate of 6%.

### d) Finance result

The finance result is as at 31 December 2023 and 31 December 2022 is broken-down as follows:

	Euro Thousand	
	31 December	
	2023	2022
Bank interest from borrowings (Note 11)	(467)	(475)
<b>Total</b>	<b>(467)</b>	<b>(475)</b>

### e) Contribution to the consolidated profit by Group company

The contribution to the profit for the year ended 31 December 2023 and 31 December 2022 by each company included in the consolidation scope is as follows:

	Euro Thousand	
	31 December	
	2023	2022
VBARE Iberian Properties SOCIMI, S.A.	349	(176)
VBA SUB 2018, S.L.U.	1,599	824
<b>Total</b>	<b>1,948</b>	<b>648</b>

## 14. Audit fees

During the years ended December 31, 2023 and 2022, the fees related to account auditing services and other services provided by the Company's auditor, PricewaterhouseCoopers Auditores, S.L., have amounted to the amount of:

	Euro Thousand			
	31 December 2023		31 December 2022	
	Audit fees	Limited review	Audit fees	Limited review
PricewaterhouseCoopers Auditores, S.L.	31	8	29	23
<b>Total</b>	<b>31</b>	<b>8</b>	<b>29</b>	<b>23</b>

During the years ended December 31, 2023 and 2022, no other fees have been accrued for services performed by other companies in the PwC network. Additionally, no fiscal services have been provided or required of the auditor by applicable regulations during the years 2023 or 2022.

## 15. Environmental information

Given the activity in which the Group operates, it has no environmental liabilities, expenses, assets, provisions or contingencies that could have a material impact on its equity, financial position and results of its operations.

Therefore, no specific environmental disclosures have been included in these notes to the Consolidated Financial Statements.

## 16. Transactions and balances with VBA Real Estate Asset Management 3000

Transactions shown below were carried out with VBA Real Estate Asset Management 3000 as at 31 December 2023 and 2022 is as follows:





Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

		Euro Thousand		
		31 December 2023		
		Success fee	Management fee	Other expenses
VBA Real Estate Asset Management 3000, S.L.		-	416	-
		-	416	-

		Euro Thousand		
		31 December 2022		
		Success fee	Management fee	Other expenses
VBA Real Estate Asset Management 3000, S.L.		-	825	-
		-	825	-

At 31 December 2023 and 31 December 2022, the outstanding balances with the VBA Real Estate Asset Management 3000 break down as follows:

		Euro Thousand	
		Trade and other payables	
		31 December 2023	31 December 2022
VBA Real Estate Asset Management 3000, S.L.		-	232
Total		-	232

		Euro Thousand	
		Trade and other receivables	
		31 December 2023	31 December 2022
VBA Real Estate Asset Management 3000, S.L.		-	-
Total		-	-

As mentioned in note 1.2, 1.3 and 1.4 the Parent Company had several agreements with VBA Real Estate Asset Management 3000, S.L. (the Management Company) that have been cancelled in 2023.

## 17. Transactions and balances with Related parties

On 25 September 2023 the Group and Value Base Mergers and Acquisitions LTD (the "VB M&A"), a private Israeli company, signed a remuneration agreement which determines the relationship between the parties.

The agreement describes the main services that the VB M&A will be rendered to the Company from July 1<sup>st</sup>, 2023.

The total costs assumed by the Group from July 1<sup>st</sup> 2023 till December 31<sup>st</sup> 2023 amounts to 50 thousand euros, being totally paid as of December 31, 2023.

## 18. Board of Directors and senior management

### Board of Directors

On September 5th, 2023, with the formalization of acquisition of Aura Asset Management, S.L.'s stake in VBA ASSET MANAGEMENT 3000, S.L, Mr. Ido Nouberger, Mr. Fernando Acuña, Mr. Juan Manuel Soldado, Mr. Juan José Nieto and Mr. Yeshayau Manne resigned as Board of Directors members of the Parent Company and its Subsidiary. In same date Mr. Yair Ephrati was appointed as Chairman of the Board of Directors, being also appointed at the same date Ms. Ana María Padilla Raola and Mr. Yair Shahar as new Board members, being reduced the Board of Directors from six to three members in both companies.

### Directors' remuneration

During fiscal year 2023, the amount accrued by the members of the Parent Company's Board of Directors amounted to Euro 102 thousand (Euro 60 thousand during year ended 2022) as well as the amounts stated in the note above.



**Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023**

During 2023, as in 2022, no contribution has been made in the form of loans or pension plans in favor of former or current members of the Parent Company's Board of Directors. Likewise, no other amounts have been committed for these concepts during the year.

Regarding D&O liability insurance, the Parent Company has underwritten a specific insurance policy involving the payment of Euro 6 thousand (Euro 5 Thousand in 2022) being the Directors of the Parent Company the beneficiaries.

The members of the Board of Directors of the Parent Company have not received any remuneration relating to profit distribution or bonus. Neither have they received shares or stock options during the year, nor have they exercised options or have options pending exercise.

Senior management

As of 31 December 2023, the Company has one employee who may be considered as senior management because in August 2023, the company hire one General Manager.

During 2022, the Company does not employ employees who may be considered as senior management. The planning, direction and control of activities will be carried out through joint decisions if they affect economic and strategic policies and are taken by the Board of Directors.

Information regarding conflicts of interest

Article 229 of the Spanish Companies Act 2010, adopted by virtue of Royal Legislative Decree 1/2010, amended by Law 31/2014 of December 3 (the "Companies Act") that specifically modifies the content of Article 229, requires the Directors to notify the Company's governing body of any direct or indirect conflict of interest they may have with the Company's interests.

Likewise, Directors must disclose any direct or indirect interest they or persons related to them may hold in any company engaging in activities which are identical, analogous, or complementary to those comprising the company's objects, and disclose the positions or duties they might have in the same.

It is expressly noted that three members of the Board of Directors are also members of the Board of Directors of VBA Sub 2018, S.L.

**19. Provision and contingencies**

As of 31 December 2023, and 31 December 2022 the Group has no claims or demands, and no provisions and contingencies have arisen.

**20. Information requirements deriving from Socimi regime, Law 11/2009 as amended by the Law 16/2012**

- a) Reserves from years prior to the application of the tax scheme contained in Law 11/2009, amended by Law 16/2012.

Not Applicable

- b) Reserves from years in which the tax scheme contained in Law 11/2009, amended by Law 16/2012.

75 thousand euros constituted as Legal Reserve as approved by the General Shareholders Meeting held on April 29, 2022, concerning 2021 tax year.

- c) Dividends distributed against profits each year in which the tax scheme contained in this Law is applicable, differentiating the part from income subject to tax at 0%, 15% or 19% from those where tax has been levied at the general rate.

Dividends of 2021 tax year distributed in May 2022 (see notes 1 and 9) integrally subject to rents and sales taxed at 0%.

- d) For distribution against reserves, identifying the year from which the reserves applied derive and if they have been taxed at 0%, 19% or the general rate.



Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

No reserves have been distributed.

- e) Date of the agreement for the distribution of dividends referred to in c) and d) above.

Dividends of 2021 tax year distributed in May 2022 approved by the General Shareholders Meeting on April 29, 2022 (see notes 1 and 9).

- f) Date of acquisition of buildings for rent and interests in the capital of companies referred to in Article 2.1. of this Law.

See Note 6 and Appendix 1 and 2

- g) Identification of assets considered in the 80% referred to in Article 3.1 of this Law.

See Note 6 and Annexes 1 and 2

- h) Reserves from years in which the tax system applicable in this Law was applicable, which were made available in the tax period, not for distribution or offsetting losses, identifying the year from which the reserves derive.

Not Applicable

**21. Other Information**

The Board of Directors and Management continues working on the process of generating liquidity for the Parent Company's shareholders instructed by them as a result of the resolutions adopted by the General Shareholders' Meeting of the Company on June 19, 2019, and April 29, 2022.

**22. Events occurring after the reporting period**

According to the Parent Company's Directors, no other facts or circumstances occurred after the year ended 31 December 2023 have come to their attention which may have significant impact on these Consolidated Financial Statement.



Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

Appendix I: Investment properties acquired by the Group

Kind of Asset	Location	Acquisition Date
Building of 14 units, 3 Storages & 16 parkings	Calle Juan Pascual, Madrid.	30/07/2015
Building of 6 units & 5 Storages	Calle Antonia Ruiz Soro, Madrid.	18/05/2016
2 Apartments & 1 Storage	Calle Oropéndola, Madrid.	17/12/2015
4 Apartments & 4 Storages	Calle Cantueso, Madrid.	17/12/2015
Building of 6 units	Calle Brihuega, Madrid.	14/04/2016
5 Apartments	Calle Santa Julia, Madrid.	31/05/2016
31 Apartments & 31 Storages	Calle Vicente Carballal, Madrid.	31/05/2016
Building of 16 units	Calle Margaritas, Madrid.	22/12/2016
Building of 8 units	Calle Carrascales, Madrid.	28/06/2017
Building of 7 units	Calle Santa Valentina, Madrid.	20/07/2017
1 Local Premise & 12 Apartments	Calle Concordia, Móstoles.	21/03/2018
Building of 12 units	Calle Don Quijote, Madrid.	24/07/2018
Building of 28 units	Calle Luchana, Madrid.	03/10/2018
Building of 29 units	Calle Vallehermoso, Madrid.	08/01/2019
Building of 12 units	Calle San Andrés, Madrid.	30/09/2019
35 Apartments & 35 parkings	Avenida Monte Igueldo, Madrid.	28/10/2019



Notes to the Annual Consolidated Financial Statements for the year ended 31 December 2023

Appendix II: Investments in affiliates

Sociedad	Acquisition Date
VBA SUB 2018, S.L.U.	26/09/2018

A handwritten signature in blue ink, located to the right of the table.




**VBARE Iberian Properties SOCIMI, S.A. and subsidiaries**

**Preparation of the Annual Consolidated Financial Statements at 31 December 2023 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Consolidated Director's Report for the year 2023**

The Directors of the Company have prepared the Annual Consolidated Financial Statements at 31 December 2023 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, which comprise:

- Consolidated Statement of Financial Position
- Consolidated Income Statement
- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Changes in Equity
- Consolidated Statement of Cash Flows
- Notes to Consolidated Financial Statements
- Consolidated Director's Report


Madrid, 7 March 2024



**Yair Ephraï**  
(Chairman of the Board of Directors)



**Yair Shahar**  
(Member of the Board of Directors)



**Ana María Padilla Raola**  
(Member of the Board of Directors)



**Íñigo Sánchez del Campo Basagoiti**  
(Secretary Non - Director of the Board of Directors)





## Consolidated Directors' Report for the year 2023

### 1. Organizational structure and operation

VBARE Iberian Properties SOCIMI, S.A. ("VBARE" or the "Company") was incorporated in Spain on 5 March 2015, in accordance with the Spanish Corporate Law.

VBARE reported on 13 May 2015 to the Tax Administration (*Agencia Tributaria*) its option for the application to the SOCIMI (*Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario*) regime.

On 23 December 2016, VBARE's shares were admitted to trading on the MAB BME Growth of BME MTF Equity (formerly alternative stock Market "MAB") under the SOCIMIs segment, being the initial issuing value of the shares 12.9 euros per share.

The market value in the stock exchange of VBARE as of 31 December 2023 stood at Euro 23,464 thousand (including the treasury shares value) and its shares were quoted at a value per share of 6.50 euros. As of 31 December 2023, the NAV of the Company was Euro 46,309 Thousand which derived a value per share of 13.04 euros price (without the treasury shares). As of 31 December 2022, the market capitalization of the Company stood at Euro 25,990 thousand (including the treasury shares value) and its shares were quoted at a value per share of 7.20 euros.

The Board of Directors of VBARE, which is composed of 3 members, is conducting its activities in accordance with the rules of corporate governance as stated, mainly, in the By-Laws and in response to the Internal Code of Conduct.

### 2. Evolution and performance of the business

During financial year ended 31 December 2023 the following significant events took place:

- The Group formalized the sale of 4 apartments units and 1 parking for price 1.2% higher than the December 2022 valuation and 62% higher than the total investment costs (net of cost of sales).
- The Group's Gross Income amounts to 2,280 thousand euros, which supposes an increase compared to December 31, 2022, of 18.8% mainly explained by an increase in occupancy as well as the increase in rent market revenues and rents produced by two buildings that had been under refurbishment until 2023. In relation to like for like assets, Gross Income amounts to 2,268 thousand euros, which supposes an increase compared to December 31, 2022, of 27.1%
- Net occupancy at year end 2023 is 96.2%, which supposes an increase like for like compared to December 31, 2022, which was 93.6% for stabilized assets at such moment, being the net occupancy as of December 31, 2023, 98.7%.

### 3. Evolution of the share and treasury shares

As mentioned above, the Parent Company's shares were admitted to trading on BME Growth of BME MTF Equity (formerly alternative stock Market "MAB") on 23 December 2016 with an initial issuing price of 12.9 euros per share.

The share price as of December 31, 2023 is 6.5 euros. As of 31 December 2022, the share price was 7.2 euros

During 2023, 66 Thousand shares and 396 Thousand euros have been negotiated, equivalent to 1.8% of its share capital.

As of 31 December 2023, the Parent Company has a total of 58,995 treasury shares handled by the liquidity provider (Renta 4 Banco, S.A.). The treasury shares held by the Parent Company as of 31 December 2023 represents a 1.63 % of the total share capital of the Parent Company for that date.



## Consolidated Directors' Report for the year 2023

### 4. Dividend Policy

The SOCIMIs have been regulated by the special tax regime established in the Law 11/2009, of 26 October, as amended by Law 16/2012, of 27 December, which regulates the investment listed corporations in the real estate market.

SOCIMIs are required to distribute dividends to their shareholders, once the commercial obligations that are applicable, the benefit obtained in the exercise, and agree on its distribution within six months after the conclusion of each exercise, in the following manner:

- a) The 100% of the profits from dividends or other shares in profits that were distributed by the entities referred to in paragraph 1 of article 2 of the Law.
- b) At least 50% of profits derived from the transfer of real estate and shares or holdings referred to in paragraph 1 of article 2 of the Law, carried out once the periods referred to in paragraph 3 of article 3 of this Law, subject to the fulfillment of its primary object. The rest of these benefits must be reinvested in other estate or interests affections to the fulfillment of that object, within a period of three years from the date of transmission. In his absence, these benefits must be distributed in its entirety in conjunction with the benefits, if any, which come from the year in which ends the period of reinvestment. If the reinvestment object elements are transmitted before the deadline for the maintenance, those benefits must be distributed in its entirety in conjunction with the benefits, as the case may be, the part of these benefits attributable to periods in which the Company will not be taxed by the special tax regime established in this law.
- c) At least 80% of the rest of the benefits obtained. The dividend shall be paid within one month of the date of the distribution agreement. When the distribution of dividends with charge to reservations from benefits of an exercise in which it has been applied the special tax regime, its distribution will be taken with the agreement referred to in the previous paragraph. The Company is obliged to allocate 10 per cent of the benefits of exercise to the constitution of the legal reserve, until it reaches the 20% of the capital. This book, as long as it does not exceed the limit of 20% of the social capital, is not available for distribution to shareholders. The statutes of these societies may not establish any other reservation of an unavailable other than the previous one.

As set out in the Prospectus ("*Documento Informativo de Incorporación al Mercado*" or "*DIIM*"), the Company has adopted a dividend policy which consists in the distribution of a dividend (including premium of shares) equal to the greater of the following amounts:

- i) The 3% of the annual Consolidated Net Equity; or
- ii) The distribution requirements resulting from the application of the SOCIMI Regime.

Dividends will be distributed, provided that sufficient reserves available at that time and within the corporate and tax regime applicable in two payments:

- i) Through an interim dividend - initially planned in or around the third quarter of each fiscal year-; and
- ii) A supplementary dividend approved by the General Shareholders Meeting.

The obligation to distribute dividends described in this section shall conform at all times to the legislation in force and is only active in the situation in which the Group Companies have record profits. However, if the Companies does not generate sufficient benefits, for the Board of Directors to propose a dividend, the possibility of distributing available reserves such as the share premium will be assessed.

The General Shareholders' Meeting of the Parent Company held on 12 December 2017, at the proposal of the Parent Company's Board of Directors, approved the distribution of share premium among the shareholders in proportion to their participation in the share capital figure of the Parent Company having delegated to the Board of Directors the execution of said agreement as well as the determination of the date of payment and amount of the share premium to be distributed.



## Consolidated Directors' Report for the year 2023

### 5. Average payment period to suppliers

The detail of the payments by commercial operations carried out during the fiscal year and outstanding at the end of the consolidated statement of financial position in relation to the legal time limits provided for in the Law 15/2010, as amended by Law 31/2014, is the following:

	2023	2022
	Days	
Average payment period to suppliers	37	31
Settled payments ratio	36	32
Outstanding payments ratio	60	25
	Amount (Euro Thousand)	
Total payments made	4,290	5,577
Total outstanding payments	68	856

According to the new regulations required by Article 9 of Law 18/2022 of 28 September, in addition to the above information, the following information is indicated:

	2023	2022
	Number	
Invoices paid before compliance with the maximum legal period for payment to suppliers	3,047	3,110
Percentage of total supplier invoices	97%	95%
	Amount (Euro Thousand)	
Invoices paid before compliance with the maximum legal period for payment to suppliers	3,661	4,597
Percentage of total supplier invoices	85%	82%

### 6. The team

The team of professionals that make up VBARE constitutes one of the main strengths of the Company. Since its incorporation, has selected the personnel needed to develop its strategy and achieve its objectives, VBARE is a Real Estate Investment Group internally managed.

This expert group of professionals can deal with investment operations of great complexity in short periods of time and carried out in a comprehensive manner throughout the process of value creation: from the identification of the investment until the active management and potential rotation of the asset. The Company is supervised by a General Manager and a Board of Directors consisting of 3 directors including together with competencies in the real estate industry, in the field of valuation, regulatory, financial, and legal.

In addition, the group has its own staff that ensures the day-to-day operations of the portfolio of investment properties, which include financial control functions and operations, property management, commercialization and project management.

### 7. Risk Management

VBARE has established a system of control of risks covered by their activity and is suitable for the Company's risk profile. These policies are supervised by the Board of Directors.

The risk control also includes the management of financial risk. Policies to cover each type of risk are detailed in the accompanying Notes to the Consolidated Financial Statements.

### 8. Activities in the field of research and development

VBARE has not carried out activities in the field of research and development in the year 2023.

### 9. Circumstances that have arisen after the close of the financial year

According to the Parent Company's Directors, no other facts or circumstances occurred after the year ended 31 December 2023 have come to their attention which may have significant impact on these Consolidated Financial Statement.



## Consolidated Directors' Report for the year 2023

### 10. Prospects for the 2024 financial year

While 2023 has been the year of stabilization of the portfolio following the completion of work on several of the buildings in the portfolio, 2024 will be the first year in which the entire portfolio will generate rents for the full year and is therefore expected to be a very positive year in terms of revenues and profits.

Following the ratification by the General Meeting held in April 2022, regarding the start of a phase of liquidity generation for its shareholders, the Company has continued during 2023 to make divestments with very attractive results and to maintain a very good operating performance in relation to the main indicators of the portfolio. While the possible replacement in the Company's capital is underway, the management team will remain focused on continuing to add value to its current portfolio.