Inmobiliaria Colonial, SOCIMI, S.A.
and its subsidiaries

Report on limited review
Condensed consolidated interim
financial statements for the six – month period ended 30 June 2024
Consolidated interim directors' report

This version of our report is a free translation from 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.

Report on limited review of condensed consolidated interim financial statements

To the shareholders of Inmobiliaria Colonial, SOCIMI, S.A.

Introduction

We have performed a limited review of the accompanying condensed consolidated interim financial statements (hereinafter, the interim financial statements) of Inmobiliaria Colonial, SOCIMI, S.A. (hereinafter, the Parent company) and its subsidiaries (hereinafter, the Group), which comprise the statement of financial position as at 30 June 2024, and the income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and related notes, all condensed and consolidated, for the six-month period then ended. The Parent company's directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of condensed interim financial statements, as provided in Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with legislation governing the audit practice in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

Conclusion

Based on our limited review, that cannot be considered as an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2024 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, as provided in Article 12 of Royal Decree 1362/2007, for the preparation of condensed interim financial statements.

R. M. Madrid, hoja M-63.988, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - NIF: B-79031290

Emphasis of matter

We draw attention to note 1.2 of the accompanying interim financial statements , in which it is mentioned that these interim financial statements do not include all the information required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and therefore the accompanying interim financial statements should be read together with the consolidated annual accounts of the Group for the year ended 31 December 2023. Our conclusion is not modified in respect of this matter.

Other matters

Consolidated interim management report

The accompanying consolidated interim management report for the six-month period ended 30 June 2024 contains the explanations which the Parent company's directors consider appropriate regarding the principal events of this period and their impact on the interim financial statements presented, of which it does not form part, as well as the information required under the provisions of Article 15 of Royal Decree 1362/2007. We have verified that the accounting information contained in this management report is in agreement with that of the interim financial statements for the six-month period ended 30 June 2024. Our work as auditors is limited to checking the consolidated interim management report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from Inmobiliaria Colonial, SOCIMI, S.A. and its subsidiaries' accounting records.

Preparation of this review report

This report has been prepared at the request of the board of directors of the parent company in relation to the publication of the half-yearly financial report required by Article 100 of Law 6/2023, of March 17, on Securities Markets and Investment Services.

PricewaterhouseCoopers Auditores, S.L.

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Alfredo Aguilera Sanz

30 July 2024

Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries

Condensed consolidated interim financial statements for the six months ended 30 June 2024 and consolidated interim directors' report

Translation of interim condensed consolidated financial statements and interim consolidated management report originally issued in Spanish. In the event of discrepancy, the Spanish version prevails.

Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries

Condensed consolidated statement of financial position for the six months ended 30 June 2024

ASSETS	Note	Thousands of Euros	
		30 June 2024	31 December 2023
Intangible assets		5,845	5,226
Right-of-use assets		13,439	14,557
Property, plant and equipment	4	56,274	56,675
Investment property	5	10,841,566	10,869,018
Shares by the equity method	2	14,237	--
Non-current financial assets		24,896	25,703
Derivative financial instruments	11	17,110	3,024
Non-current deferred tax assets		534	504
Other non-current assets	7	140,789	148,595
NON-CURRENT ASSETS		**11,114,690**	**11,123,302**
Inventories	6	--	94,677
Trade and other receivables	7	76,321	35,766
Financial assets at amortised cost		5,253	679
Derivative financial instruments	11	22,911	676
Tax assets		16,536	19,534
Cash and cash equivalents	10	425,339	437,790
CURRENT ASSETS		**546,360**	**589,122**
Non-current assets classified as held for sale	8	**119,163**	**122,173**
TOTAL ASSETS		**11,780,213**	**11,834,597**

EQUITY AND LIABILITIES	Note	Thousands of Euros	
		30 June 2024	31 December 2023
Share Capital		1,349,039	1,349,039
Share premium		1,463,600	1,463,600
Treasury shares		(62,440)	(64,928)
Other reserves		579,165	462,272
Retained earnings		1,596,372	1,725,573
Equity attributable to shareholders of the Parent		**4,925,736**	**4,935,556**
Non-controlling interests		**1,020,155**	**1,011,646**
EQUITY	9	**5,945,891**	**5,947,202**
Bank borrowings and other financial liabilities	10	290,141	420,483
Issue of debentures and similar securities	10	3,989,110	4,361,616
Derivative financial instruments	11	--	7,672
Lease liabilities		13,493	14,585
Non-current and deferred tax liabilities	13	258,137	305,992
Long-term provisions		2,419	1,355
Other non-current liabilities		79,680	82,262
NON-CURRENT LIABILITIES		**4,632,980**	**5,193,965**
Bank borrowings and other financial liabilities	10	1,214	1,870
Issue of debentures and similar securities	10	698,291	203,505
Issue of promissory notes	10	306,500	292,000
Derivative financial instruments	11	--	5,067
Lease liabilities		1,962	1,867
Trade and other payables	12	141,388	176,365
Tax liabilities		48,829	9,219
Current provisions		3,158	3,537
CURRENT LIABILITIES		**1,201,342**	**693,430**
TOTAL LIABILITIES AND EQUITY		**11,780,213**	**11,834,597**

Notes 1 to 17 to the financial statements are an integral part of the condensed consolidated statement of financial position for the six-month period ended 30 June 2024.

Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries

Condensed consolidated Income statement and condensed consolidated statement of comprehensive income for the six-month period ended 30 June 2024

INCOME STATEMENT	Note	Thousands of Euros June 2024	Thousands of Euros June 2023
Revenue - Investment properties	14.1	191,567	188,935
Revenue - Inventories	2 and 14.1	106,218	--
Cost of sales - Inventories	2	(92,179)	--
Other revenue		2,363	6,178
Personnel expenses		(18,335)	(15,719)
Other operating expenses		(22,942)	(24,808)
Depreciation and amortisation		(3,803)	(4,685)
Result of entities through the participation procedure	2	1,022	--
Net gain/(loss) on sales of assets	14.2	12,737	(7,156)
Changes in value of investment property	14.3	(11,730)	(524,401)
Gains/(losses) on changes in value of assets due to impairment	14.3	(1,170)	(574)
Operating profit		**163,748**	**(382,230)**
Finance income	14.4	11,066	2,515
Finance costs	14.4	(55,030)	(50,985)
Profit/(Loss) before tax		**119,784**	**(430,700)**
Company tax	13	23,952	12,472
Net consolidated income		**143,736**	**(418,228)**
Net profit/(loss) for the period attributable to the Parent		85,939	(347,211)
Net result attributed to non-controlling interests	9.6	57,797	(71,017)
Basic earnings per share (Euros)	3	0,16	(0,65)
Diluted earnings per share (Euros)	3	0,16	(0,65)

STATEMENT OF COMPREHENSIVE INCOME	Note	Thousands of Euros June 2024	Thousands of Euros June 2022
Net consolidated income		**143,736**	**(418,228)**
Other items of comprehensive income recognised directly in equity - items that may be reclassified subsequently to profit or loss for the period		**46,139**	**(30,801)**
Change in fair value of financial instrument hedges	9.4	50,326	(29,365)
Transfer to the statement of comprehensive income of financial instrument hedges	9.4	(4,187)	(1,427)
Tax effect on prior years' profit or loss	9.4	--	(9)
Consolidated comprehensive income		**189,875**	**(449,029)**
Global profit/(loss) for the period attributable to the Parent		131,885	(377,965)
Comprehensive income attributable to non-controlling interests		57,990	(71,064)

Notes 1 to 17 to the financial statements are an integral part of the income statement and the statement of comprehensive income for the six months ended 30 June 2024.

Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries

Condensed consolidated statement of changes in equity for the six months ended 30 June 2024

Thousands of Euros	Note	Share Capital	Share premium	Treasury shares	Other reserves	Retained earnings	Equity attributable to shareholders of the Parent	Non-controlling interests	Equity
Balance at 31 December 2022	**9**	**1,349,039**	**1,491,773**	**(66,374)**	**523,648**	**2,861,375**	**6,159,461**	**1,183,199**	**7,342,660**
Total recognised income and expense for the year		--	--	--	(30,754)	(347,211)	(377,965)	(71,064)	**(449,029)**
Transactions with shareholders:									
Treasury shares portfolio		--	--	560	--	(189)	371	--	**371**
Distribution of profits (dividends)		--	(28,169)	--	11,633	(116,333)	(132,869)	(10,362)	**(143,231)**
Share-based remuneration payments		--	--	--	2,310	--	2,310	29	**2,339**
Changes in scope		--	--	--	9	--	9	--	**9**
Other changes		--	--	--	14	114	128	3	**131**
Balance at 30 June 2023	**9**	**1,349,039**	**1,463,604**	**(65,814)**	**506,860**	**2,397,756**	**5,651,445**	**1,101,805**	**6,753,250**

Thousands of Euros	Note	Share Capital	Share premium	Treasury shares	Other reserves	Retained earnings	Equity attributable to shareholders of the Parent	Non-controlling interests	Equity
Balance at 31 December 2023	**9**	**1,349,039**	**1,463,600**	**(64,928)**	**462,272**	**1,725,573**	**4,935,556**	**1,011,646**	**5,947,202**
Total recognised income and expense for the year		--	--	--	45,946	85,939	131,885	57,990	**189,875**
Transactions with shareholders:									
Treasury shares portfolio		--	--	2,488	--	(499)	1,989	--	**1,989**
Distribution of profits (dividends)		--	--	--	69,257	(212,866)	(143,609)	(36,387)	**(179,996)**
Share-based remuneration payments		--	--	--	2,146	--	2,146	31	**2,177**
Changes in scope	2	--	--	--	(50)	(881)	(931)	(13,135)	**(14,066)**
Other changes		--	--	--	(406)	(894)	(1,300)	10	**(1,290)**
Balance at 30 June 2024	**9**	**1,349,039**	**1,463,600**	**(62,440)**	**579,165**	**1,596,372**	**4,925,736**	**1,020,155**	**5,945,891**

Notes 1 to 17 to the financial statements are an integral part of the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2024.

Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries

Condensed consolidated statement of cash flows for the six months ended 30 June 2024

		Thousands of Euros	
	Note	June 2024	June 2023
CASH FLOWS FROM OPERATIONS			
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Net consolidated income		143,736	(418,228)
Adjustments to profit/(loss)			
Depreciation and amortisation (+)		3,803	4,685
Provisions (+/-)		(4,774)	(686)
Changes in value of investment property (+/-)	14.3	11,730	524,401
Gains/(losses) on changes in value of assets due to impairment (+/-)	14.3	1,170	574
Result of entities through the participation procedure (+/-)	2	(1,022)	--
Other (+/-)		(10,318)	(1,016)
Gains/(losses) on sale of investment property (+/-)	14.2	(12,737)	7,156
Net financial profit (+)	14.4	43,964	48,470
Company tax (+/-)		(23,952)	(12,472)
Adjusted profit/(loss)		**151,600**	**152,884**
Taxes refunded / (paid) (+/-)		(5,551)	(1,520)
Interest received (+)		4,576	2,515
Increase/(decrease) in current assets and liabilities:			
Inventories (+/-)		61,614	(4,746)
Increase/(decrease) in receivables (+/-)		(11,156)	(14,929)
Increase/(decrease) in payables (+/-)		(5,191)	(1,148)
Increase/(decrease) in other assets and liabilities (+/-)		(4,212)	(18,839)
Total net cash flows in operating activities		**191,680**	**114,217**
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in (-)			
Intangible assets		(1,605)	(1,805)
Property, plant and equipment	4	(591)	(2,962)
Investment property and non-current assets classified as held for sale	5 and 8	(72,049)	(108,794)
Cash and cash equivalents in subsidiaries for which control is lost		(2,684)	--
		(76,929)	(113,561)
Divestments in (+)			
Investment property and non-current assets classified as held for sale	5 and 8	56,317	384,362
Financial assets		308	3,181
Receipts from government grants		9	5
		56,634	387,548
Total net cash flows from investing activities		**(20,295)**	**273,987**
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid (-)		(152,090)	(10,362)
Debt repayment (-)	10	(105,000)	(275,700)
Interest paid (+/-)		(71,735)	(61,057)
Redemption of financial instruments (-)		--	(223)
Purchase of non-controlling interests (-)	2	--	9
Own share transactions (+/-)		--	560
		(328,825)	(346,773)
Obtainment of new financing (+)	10	144,989	55,470
Other proceeds/(payments) for current financial investments and other (+/-)		--	4
		144,989	55,474
Total net cash flows in financing activities		**(183,836)**	**(291,299)**
4. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS			
Cash flow for the year		**(12,451)**	**96,905**
Cash or cash equivalents at beginning of the period	**10.10**	**437,790**	**159,957**
Cash or cash equivalents at end of the period	**10.10**	**425,339**	**256,862**

Notes 1 to 17 to the financial statements are an integral part of the condensed consolidated statement of cash flows for the six months ended 30 June 2024.

Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries

Explanatory notes to the interim condensed consolidated financial statements for the six months ended 30 June 2024

1. Introduction, basis of presentation of the interim condensed consolidated financial statements and other information

1.1 Introduction

Inmobiliaria Colonial, SOCIMI, S.A. (hereinafter, "the Parent") is a public limited company incorporated in Spain, for an indefinite period, on 8 November 1956. Its registered offices are at Paseo de la Castellana, 52, Madrid (Spain).

On 29 June 2017, the Parent's General Shareholders' Meeting resolved to adopt the REIT tax system. On 30 June 2017, the Parent submitted a request to the tax authorities to be included in the REIT tax regime, applicable as of 1 January 2017.

The Parent's corporate purpose, as set out in its articles of association, is as follows:

- the acquisition and development of urban properties for lease;
- the ownership of interests in the share capital of listed real estate investment companies (REITs) or other non-resident entities in Spain with the same corporate purpose, which are subject to a regime similar to that established for REITs in relation to the obligatory profit distribution policy stipulated by law or the bylaws;
- the ownership of interests in the share capital of other resident or non-resident entities in Spain, the main corporate purpose of which is the acquisition of urban properties earmarked for lease, which are subject to the regime established for REITs in relation to the obligatory profit distribution policy stipulated by law or the bylaws and meet the investment requirements stipulated for these companies; and
- the ownership of shares or equity interests in collective real estate investment undertakings governed by Law 35/2003, of 4 November, on collective investment undertakings, or any law that may replace it in the future.

In addition to the economic activity relating to the main corporate purpose, the Parent may also carry on any other ancillary activities, i.e., those that generate income, which in total represents less than 20% of the Parent's income in each tax period, or those that may be considered ancillary activities under the legislation applicable at any time, including, in any case, the management, refurbishment and operation of properties and the performance of all manner of studies, reports, appraisals, valuations and surveys; and in general, the provision of real estate consulting and advisory services, property asset management, development and marketing services, and technical assistance through contracts with other public or private companies or entities.

Activities that by law are attributable exclusively to special purpose vehicles are expressly excluded from its corporate purpose.

All activities included in the corporate purpose will be carried out as authorised by current legislation at any given time, expressly excluding its own activities that are exclusively granted by prevailing legislation to individuals or legal entities other than this Parent.

The Parent may also carry out the aforementioned activities, in full or in part, indirectly through ownership interests in other companies with an identical or similar corporate purpose.

Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries ("the Group") carry out their activities in Spain (mainly in Barcelona and Madrid) and in France (Paris) through the group of which it is the parent Société Foncière Lyonnaise, S.A. (hereinafter referred to as the SFL subgroup or SFL for the subsidiary) listed on the Euronext Paris market.

Inmobiliaria Colonial, SOCIMI, S.A. has been listed on the Spanish electronic trading system and Stock Exchange since 19 June 2017, when it was included on the benchmark stock market index, the IBEX-35.

In the first half of 2024, the Parent maintained the credit rating obtained from Standard & Poor's Rating Credit Market Services Europe Limited (the "BBB+" long-term credit rating and the "A-2" short-term credit rating, both with a stable outlook). In addition, the Parent obtained a "Baa2" credit rating with a positive outlook from Moody's. In the first half of 2024, the subsidiary SFL maintained its "BBB+" credit rating with a stable outlook and the "A-2" short-term credit rating.

Given its business activity, the Group has no environmental expenses, assets, provisions or contingencies that might be significant with respect to its equity, financial position and results. Therefore, no specific disclosures relating to environmental issues are included in these notes. However, the Group does apply a proactive environmental policy in relation to urban development, construction, maintenance and the preservation of its property portfolio.

The consolidated financial statements of the Group for 2023 were approved at the Parent's General Shareholders' Meeting held on 13 June 2024.

1.2 Basis of presentation

In accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, all companies governed by the laws of a Member State of the European Union and whose securities are traded on a regulated market in any European Union country must file consolidated financial statements for years beginning on or after 1 January 2005 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Group's 2023 consolidated financial statements were prepared by the Parent's directors in accordance with the International Financial Reporting Standards as adopted by the European Union, applying the consolidation principles, accounting policies and measurement bases set forth in Note 4 to said consolidated financial statements in order to present fairly the Group's consolidated equity and consolidated financial position at 31 December 2023 and the consolidated results of its operations, changes in consolidated equity and its consolidated cash flows for the year then ended.

These condensed consolidated interim financial statements for the six month-period ended 30 June 2024 are presented in accordance with IAS 34 Interim Financial Reporting, and were authorised for issue by the Parent's directors on 29 July 2024, all in accordance with article 12 of Spanish Royal Decree 1362/2007.

In accordance with IAS 34, the interim financial report is intended to provide an update on the latest complete set of the Group's annual consolidated financial statements, focusing on new activities, events and circumstances that took place during the six months and not duplicating information previously reported in the 2023 consolidated financial statements. Accordingly, for a proper understanding of the information included in these condensed consolidated interim financial statements, they must be read in conjunction with the Group's consolidated financial statements for 2023.

The accounting policies and methods used in preparing these interim condensed consolidated financial statements are the same as those applied in the consolidated financial statements for 2023.

However, since the accounting policies and measurement bases used in preparing the Group's interim consolidated financial statements for the six-month period ended 30 June 2024 may differ from those used by certain Group entities, the required adjustments and reclassifications were made on consolidation to unify such policies and bases and to make them compliant with IFRS and with the accounting policies and standards followed by the Parent.

The SFL Group, included in the scope of consolidation, was the subject of a limited review at 30 June 2024 on a shared basis between the Group's auditor, Deloitte & Associés and PriceWaterhouseCoopers Audit.

Standards and interpretations effective this year

New accounting standards became effective during the six-month period ended 30 June 2024, and were applied accordingly in the preparation of these interim condensed consolidated financial statements. These new standards are as follows:

- IFRS 16 (Amendment) "Lease liability on a sale and leaseback": IFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place. However, it did not specify how to record the transaction after that date. This amendment explains how a company should account for a sale and leaseback after the transaction date.

- IAS 1 (Amendment) "Classification of liabilities as current or non-current" and IAS 1 (Amendment) "Non-current liabilities with conditions": The amendments, adopted simultaneously by the European Union, clarify that liabilities are classified as current or non-current, depending on the rights that exist at the end of the reporting year. The classification is not affected by the expectations of the entity or subsequent events at the reporting date (for example, the receipt of a waiver or a breach of the pact). The amendment also clarifies IAS 1 when it refers to the "settlement" of a liability. In addition, the amendment aims to improve the information provided when the right to defer payment of a liability is subject to the fulfilment of conditions ("covenants") within twelve months after the reporting period.

- IAS 7 (Amended) and IFRS 7 (Amended) "Supplier financing arrangements (reverse factoring)": The IASB has amended IAS 7 and IFRS 7 to improve disclosures on supplier financing arrangements ("reverse factoring") and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The amendment responds to investor concerns that some companies' vendor financing arrangements are not sufficiently visible. These standards have been taken into account with effect from 1 January 2024 and their impact, which was not material. was reflected in these interim condensed consolidated financial statements.

Standards, amendments and interpretations that have not yet entered into force, but which may be adopted in advance

No standards were in effect at the date of signing these condensed consolidated interim financial statements.

Standards, interpretations and amendments to existing standards which cannot be adopted in advance or which have not been adopted by the European Union

At the date of authorisation for issue of these condensed consolidated interim financial statements, the following standards, amendments and interpretations have been published by the IASB and the IFRS Interpretations Committee and are pending adoption by the European Union.

- IFRS 10 (Amendment) and IAS 28 (Amendment) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture": These amendments clarify the accounting treatment of sales and contributions of assets between an investor and its associates and joint ventures, which will depend on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business". The investor will recognise the full gain or loss when the non-monetary assets constitute a "business". If the assets do not comply with the definition of a business, the investor recognises the gain or loss to the extent of the interests of other investors. The amendments will only apply when an investor sells or contributes the assets to its associate or joint venture.

  Originally, these amendments to IFRS 10 and IAS 28 were prospective and effective for the years commencing from 1 January 2016. However, at the end of 2015, the IASB took the decision to postpone the validity date thereof (without setting a specific new date), since it is planning a more extensive review that may result in the simplification of the accounting of these transactions and of other aspects of the recognition of associates and joint ventures.

- IAS 21 (Amendment) "Lack of Interchangeability": The IASB has amended IAS 21 to add requirements to help entities determine whether a currency is interchangeable for another currency and the spot rate to use when it is not. When a currency cannot be exchanged for another currency, it is necessary to estimate the spot exchange rate on a valuation date in order to determine the rate at which an orderly exchange transaction would take place on that date between market participants under the prevailing economic conditions.

  When an entity first applies the new requirements, it is not permitted to restate comparative information. Instead, the affected amounts are required to be translated at spot exchange rates estimated at the date of initial application of the change, with an adjustment against reserves.

  This amendment effective for years beginning on or after 1 January 2025. Earlier application of the amendment is permitted, although approval by the European Union is pending.

- IFRS 18 “Presentation and disclosure in financial statements”: The IASB has issued a new standard on presentation and disclosure in financial statements, which replaces IAS 1 “Presentation of Financial Statements”. Many of the existing principles in IAS 1 are retained; however, the key new concepts introduced in IFRS 18 relate to:

    - The structure of the profit and loss account, requiring specific totals and subtotals to be shown and requiring items in the profit and loss account to be classified into one of five categories: transaction, investment, financing, income taxes and discontinued operations;

    - Required disclosures in the financial statements for certain performance measures reported in the financial statements (i.e. performance measures defined by management); and

    - Enhanced principles on aggregation and disaggregation that apply to the main financial statements and notes in general.

  IFRS 18 does not change the recognition or measurement of items in the financial statements, but it may change what an entity reports as its “operating profit or loss”.

  This new standard is effective for financial years beginning on or after 1 January 2027, including interim financial statements, and retrospective application is required. Early implementation is allowed, although the rule is pending approval by the European Union.

- IFRS 19 “Subsidiaries without public responsibility: Breakdowns”: This new standard has been developed to allow non-publicly accountable subsidiaries with a parent that applies IFRS standards in its consolidated financial statements to apply IFRS standards with reduced disclosure requirements. IFRS 19 is a voluntary standard that eligible subsidiaries may apply in preparing their own consolidated, separate or individual financial statements, where permitted by applicable regulatory legislation. These subsidiaries shall continue to apply the recognition, measurement and presentation requirements of other IFRSs, but may replace the disclosure requirements of those standards with reduced disclosure requirements.

  The new standard is effective for financial years beginning on or after 1 January 2027. Earlier application is permitted, although the standard is pending approval by the European Union.

- Amendments to IFRS 9 and IFRS 7 “Amendments to classification and measurement of financial instruments”: These amendments to IFRS 9 and IFRS 7 are to:

    a) Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;

    b) Clarify and add additional guidance for assessing whether a financial asset meets the principal-and-interest-only criterion;

    c) Incorporate new disclosure requirements for certain instruments with contractual terms that may change cash flows (such as some instruments with features linked to the achievement of environmental, social and governance (ESG) objectives); and

    d) Update the disclosures for equity instruments designated at fair value through other comprehensive income.

  The amendments in (b) are more relevant for financial institutions, although the amendments in (a), (c) and (d) are relevant for all institutions.

  These amendments are effective for financial years beginning on or after 1 January 2026. Earlier application is permitted, although the standard is pending approval by the European Union.

The Parent has in any case reviewed the potential impacts of the future application of these standards and considers that they would not have a significant effect on the Group's interim condensed consolidated financial statements at 30 June 2024.

1.3 Responsibility for the information and use of estimates

The information contained in these condensed consolidated interim financial statements for the first six months of 2024 is the responsibility of the Parent's directors, who have verified that the various controls established to ensure the quality of the accounting information prepared have been effective.

The consolidated results and the determination of consolidated equity must comply with the accounting policies and principles, measurement bases and estimates followed by the Parent's directors in the preparation of the condensed consolidated interim financial statements. The main accounting policies and principles and measurement bases applied are described in Note 4 to the 2023 consolidated financial statements, notwithstanding the stipulations of Note 1.2 above, "Standards and interpretations effective in the current year".

In the condensed consolidated interim financial statements, estimates were occasionally made by the management of the Parent and of the consolidated companies to quantify certain assets, liabilities, income, expenses and commitments reported herein. These estimates, made on the basis of the best information available, relate basically to:

- The market value of property for own use, investment property, non-current assets classified as held for sale and inventories has been derived from valuations carried out periodically by independent experts. These valuations have been performed as at 30 June 2024 and 31 December 2023 in accordance with the methods described in Note 5.
- Measurement of deferred tax liabilities recognised in the condensed consolidated statement of financial position (Note 13).
- The market value of derivative financial instruments (Note 11).

Although the estimates described were made on the basis of the best available information available to date concerning the facts analysed, in the light of future events it might be necessary to change these estimates (upwards or downwards). In accordance with IAS 8, any changes to accounting estimates would be made prospectively, with the effects of the changes recognised in the consolidated statement of comprehensive income.

During the six-month period ended 30 June 2024, there were no significant changes in the estimates made at the end of 2023.

1.4 Comparative information

The information contained in these interim condensed consolidated financial statements for the first six months of 2024 is presented for comparative purposes with the information relating to the six-month period ended 30 June 2023 for the income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows, and is compared with the year-end 2023 information for the consolidated statement of financial position.

1.5 Seasonal nature of the Group's operations

In view of the activities of Group companies, Group transactions are not significantly cyclical or seasonal. Therefore, no specific disclosures are provided in these explanatory notes to the condensed consolidated financial statements for the six-month period ended 30 June 2024.

1.6 Relative importance

In deciding how to disclose items of the financial statements or other issues, in accordance with IAS 34, the Group assessed materiality in relation to the condensed consolidated half-yearly financial statements.

1.7 Negative working capital

At 30 June 2024 the Group has negative working capital, including non-current assets classified as held for sale, amounting to 535,819 thousand euros.

The Group has 2,995 million euros in cash and cash equivalents and available lines of credit (Note 10).

1.8 Events after the reporting date

Capital increase approved by the Company's Extraordinary General Shareholders' Meeting held on 12 June 2024 -

On 3 July 2024, the public deed relating to the capital increase approved by the Company's Extraordinary General Shareholders' Meeting held on 12 June 2024 was registered with the Commercial Registry of Madrid. The share capital increase approved, excluding pre-emptive subscription rights, and with a charge to monetary and non-monetary contributions, consists of the issue and circulation of 87,729,050 new ordinary shares of the Company, with a unit par value of 2.50 euros, of the same class and series as those currently in circulation.

The consideration for this capital increase consists of 350,000 thousand euros in cash and a number of residential and office properties owned by Criteria Caixa, S.A.U. and certain wholly-owned subsidiaries, valued at 272,473 thousand euros, giving a total effective consideration of 622,473 thousand euros.

Following this increase, the share capital of the Company has been set at 1,568,361,717.50 euros, represented by 627,344,687 shares with a par value of 2.50 euros each.

Colonial's new shares were admitted to trading on 5 July 2024, following completion of the mandatory formalities with Iberclear, the Spanish Securities and Exchange Commission and the Stock Exchanges.

Sale of the Méndez Álvaro residential asset –

On 23 July 2024 the Parent disposed of the Méndez Álvaro residential asset, located in Madrid, for 130,000 thousand euros, of which 13,000 thousand euros had already been collected in the prior year as a deposit, which has been derecognised from “Trade and other payables” in the condensed consolidated statement of financial position.

Completion of general inspection and investigation activities for the 2018 to 2021 financial years of the Parent.

On 15 July 2024, the general inspection and investigation activities for corporate income tax for 2018 to 2021, and for value added tax, withholdings on account of non-residents and withholdings and payments on account of income from employment, professional activities and economic activities for the period October 2018-December 2021 were completed. The Parent has signed tax assessments amounting to 272 thousand euros for all items.

There have been no significant subsequent events in addition to those mentioned above.

2. Changes in Group composition

The following changes in the scope of consolidation have occurred during the first six months of 2024:

- On 1 January 2024, as a result of the shareholders' agreements signed between the two parties, the Parent ceased to have control over the subsidiary Inmocol, which is now accounted for using the equity method.
- On 7 March 2024, the Parent's shares in the subsidiary Peñalvento were sold to Grupo Occidente. This company was the owner of a property located in Madrid. The transfer amounted to 106,218 thousand euros, of which 28,287 thousand euros had already been collected by the Parent in previous years as advances. On the same date, the advances received by the Parent, which were recorded under “Trade and other payables” in the condensed consolidated statement of financial position (notes 12 and 14.1), were derecognised.
- As part of the tender offer for all SFL shares held by shareholders other than Colonial and Predica in 2021, the Company agreed with certain SFL executives who were beneficiaries of SFL share plans whose shares could not yet be disposed of, the option to exchange each SFL share for 46.66 euros and 5 Colonial shares. During the first half of 2024, 24,942 SFL shares have been acquired (Note 9.3).

The changes in the scope in 2023 are found in Note 2.6 to the consolidated financial statements for the year ended 31 December 2023. Likewise, in the Appendix to the consolidated financial statements for the year ended 31 December 2023, significant information was provided on the Group companies that were consolidated at that date.

3. Earnings per share

Basic earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders of the Parent (after tax and non-controlling interests) by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares.

Diluted earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders of the Parent (after tax and non-controlling interests) by the weighted average number of shares outstanding (excluding treasury shares) for all dilutive effects inherent in potential ordinary shares.

Both at 30 June 2024 and 2023, there were no instruments that may have had a significant diluting effect on the Parent's average number of ordinary shares.

The long-term remuneration plans of the Parent are settled with shares that the Parent holds as treasury shares in advance. Such deliveries of shares have no relevant or material effect on diluted earnings per share (Note 17.4).

Details of the calculation of basic and diluted earnings per share are as follows:

	Thousands of Euros	
	30 June 2024	30 June 2023
Net consolidated profit attributable to equity holders of the Parent (thousands of euros)	85,939	(347,211)
Average number of ordinary shares outstanding excluding treasury shares (thousands)	531,706	531,446
Basic earnings per share (in euros)	**0.16**	**(0.65)**
Net consolidated profit attributable to equity holders of the Parent (thousands of euros)	85,939	(347,211)
Average number of potential ordinary shares outstanding (excluding treasury shares) (thousands)	531,706	531,446
Diluted earnings per share (in euros)	**0.16**	**(0.65)**

The calculation of the average number of ordinary shares outstanding or potential shares outstanding is as follows:

	Thousands of Euros	
	30 June 2024	30 June 2023
Ordinary shares outstanding at the beginning of the period	539,616	539,616
Average adjustment of treasury shares	(7,910)	(8,170)
Average adjustment for outstanding ordinary shares (excluding treasury shares)	--	--
Average number of ordinary shares outstanding excluding treasury shares	**531,706**	**531,446**
Impact of dilution on the average number of ordinary shares	--	--
Average number of potential ordinary shares outstanding (excluding treasury shares)	**531,706**	**531,446**

There have been no transactions involving ordinary shares or potential shares, other than those recorded between the closing date as at 30 June 2024 and the authorisation for issue of these condensed consolidated interim financial statements (Note 1.8), that significantly change the number of ordinary shares or potential ordinary shares outstanding.

4. Property, plant and equipment

The movement in this non-current asset heading of the condensed consolidated statement of financial position is as follows:

	Note	Thousands of Euros		
		Properties for own use	Other tangible fixed assets	Total
Balance at 31 December 2022		**37,538**	**17,772**	**55,310**
Acquisition cost		*43,519*	*33,345*	*76,864*
Accumulated depreciation and amortisation		*(5,981)*	*(14,870)*	*(20,851)*
Accumulated impairment		--	*(703)*	*(703)*
Additions		302	5,549	5,851
Depreciation charge		(338)	(2,273)	(2,611)
Disposals acquisition cost		--	(4,165)	(4,165)
Disposals accumulated depreciation		--	1,709	1,709
Transfers acquisition cost		--	(122)	(122)
Impairment	14.3	--	703	703
Balance at 31 December 2023		**37,502**	**19,173**	**56,675**
Acquisition cost		*43,821*	*34,607*	*78,428*
Accumulated depreciation and amortisation		*(6,319)*	*(15,434)*	*(21,753)*
Accumulated impairment		--	--	--
Additions		83	522	605
Depreciation charge		(191)	(972)	(1,163)
Disposals acquisition cost		--	(18)	(18)
Disposals accumulated depreciation		--	10	10
Transfer acquisition cost		--	700	700
Transfer accumulated depreciation		--	(535)	(535)
Balance at 30 June 2024		**37,394**	**18,880**	**56,274**
Acquisition cost		*43,904*	*35,811*	*79,715*
Accumulated depreciation and amortisation		*(6,510)*	*(16,931)*	*(23,441)*
Accumulated impairment		--	--	--

At 30 June 2024 and 31 December 2023, the Group used two floors of the building located at Avenida Diagonal, 530, in Barcelona, one floor of the building located at Paseo de la Castellana, 52, in Madrid and one floor of the building located at 42, *rue* Washington in Paris for its own use, while the rest of these buildings were used for leasing purposes. The cost of buildings earmarked for the Group's own use is recognised under “Properties for own use”.

As at 30 June 2024, no impairment of assets has become apparent from independent expert valuations (2023: 703 thousand euros).

5. Investment property

The movement in this non-current asset heading of the condensed consolidated statement of financial position is as follows:

	Note	Thousands of Euros	
		30 June 2024	31 December 2023
Beginning balance		**10,869,018**	**12,231,952**
Additions for subsequent capitalised disbursements		69,977	205,037
Write-offs from scope of consolidation		(47,932)	--
Sale or disposal by other means	14.2	--	(33,659)
Non-current assets classified as held for sale	8	(37,862)	(120,488)
Net gain/(loss) from fair value adjustments	14.3	(9,765)	(1,413,381)
Other transfers		(700)	552
Other entries	14.3	(1,170)	(995)
Ending balance		**10,841,566**	**10,869,018**

Additions for subsequent capitalised disbursements correspond to investments made in real estate assets, both in development and in operation, which amount to 69,977 thousand euros at 30 June 2024, including 2,399 thousand euros of capitalised financial expenses.

In the first half of 2024, a building and premises were reclassified to “Non-current assets classified as held for sale” in the condensed consolidated statement of financial position for 37,862 thousand euros.

The other movements correspond to write-offs due to replacement of certain items of investment property amounting to 1,170 thousand euros (2023: 995 thousand euros; (Note 14.3).

5.1 Fair value measurement and sensitivity

In accordance with IAS 40, the Group periodically determines the fair value of investment property (Level 3 fair value hierarchy). This fair value is determined by taking as reference values the valuations carried out every six months by independent third-party experts, CB Richard Ellis Valuation and Cushman & Wakefield in Spain and CB Richard Ellis Valuation and BNP Paribas in France for 30 June 2024 and CB Richard Ellis Valuation and Cushman & Wakefield, both in Spain and France for 31 December 2023, such that, at the end of each six-month period, the fair value reflects the market conditions of the elements of the investment properties at that date. The valuation reports prepared by independent experts contain only the standard warnings and/or disclaimers concerning the scope of the findings of the appraisals carried out, referring to the comprehensiveness and accuracy of the information provided by the Group.

Details of assets at fair value and the hierarchy in which they are classified are as follows:

	Thousands of Euros			
Valuations at fair value at 30 June 2024	Level 1	Level 2	Level 3	Total
Property, plant and equipment – Own use	--	--	83,457	83,457
Investment property (*)	--	--	11,053,506	11,053,641
Non-current assets classified as held for sale	--	--	130,135	130,000
Total	**--**	**--**	**11,267,098**	**11,267,098**

(*) Includes the valuation of the asset Plaza Europa, 34 for 51,860 thousand euros of the associated company Inmocol Torre Europa, S.A. (Note 2).

At 30 June 2024, the Group's appraisals were updated, based on the contract portfolio to date and on the new yields. The breakdown of the variation in yields is shown in the following table:

Weighted Yields (%) - Offices	Gross	
	30 June 2024	31 December 2023
Barcelona – Prime Yield		
Operating portfolio	5.04	4.97
Total portfolio	5.03	5.02
Madrid – Prime Yield		
Operating portfolio	4.84	4.74
Total portfolio	4.82	4.61
Paris – Prime Yield		
Operating portfolio	4.17	4.13
Total portfolio	4.18	4.14

Assumptions made at 30 June 2024					
Rent increases (%) – Offices	Year 1	Year 2	Year 3	Year 4	Year 5 and thereafter
Barcelona –					
Operating portfolio	3.0	2.5	2.5	2.5	2.5
Total portfolio	3.0	2.5	2.5	2.5	2.5
Madrid –					
Operating portfolio	1.3	2.0	2.5	2.5	2.5
Total portfolio	1.3	2.0	2.5	2.5	2.5
Paris –					
Operating portfolio	3.25	3.25	2.75	2.75	2.75
Total portfolio	3.25	3.25	2.75	2.75	2.75

Assumptions made at 31 December 2023					
Rent increases (%) – Offices	Year 1	Year 2	Year 3	Year 4	Year 5 and thereafter
Barcelona –					
Operating portfolio	0.5	1.80	2.5	2.5	2.5
Total portfolio	0.5	1.80	2.5	2.5	2.5
Madrid –					
Operating portfolio	1.3	2.0	2.5	2.5	2.5
Total portfolio	1.3	2.0	2.5	2.5	2.5
Paris –					
Operating portfolio	2.0	2.0	2.0	2.0	2.0
Total portfolio	2.0	2.0	2.0	2.0	2.0

In addition, developments in progress were valued using the dynamic residual method as the best approximation. This method begins with an estimate of the income yielded by the developed and fully leased property; from this value, development, planning, construction and demolition costs, professional fees, permit and marketing costs, borrowing costs and development profit, among other items, are then deducted, in order to arrive at a price that a developer might pay for the asset under development.

Sensitivity analysis of the hypotheses

A change of one-quarter of one point in yields has the following impact on the valuations used by the Group at 30 June 2024 and 31 December 2023, to determine the value of its property assets (Property, plant and equipment - own use, Investment property, inventories and non-current assets classified as held for sale):

	Thousands of Euros		
Sensitivity of valuations to a change of one quarter of a point in rates of return	Measurement	Decrease of one quarter of a point	Increase of one quarter of a point
June 2024	11,267,098	690,469	(615,533)
December 2023	11,336,299	714,497	(635,145)

A reconciliation of the valuations used by the Group to the carrying amounts of the condensed consolidated statement of financial position in which the appraised assets are located is as follows:

		Thousands of Euros	
	Note	30 June 2024	31 December 2023
Condensed consolidated statement of financial position headings -			
Property, plant and equipment – Own use	4	37,394	37,502
Investment property	5	10,841,566	10,869,018
Inventories		--	94,677
Non-current assets classified as held for sale	8	119,163	122,173
Lease incentives	7	160,126	149,473
Trade and other receivables - Acquired lease rights		34	47
Total condensed consolidated statement of financial position headings		**11,158,283**	**11,272,890**
Other adjustments made to the valuation		10,892	4,940
Valuations of properties recorded using the equity method	2	51,860	--
Unrealised gains on assets recognised in property, plant and equipment		46,063	45,045
Unrealised gains on assets recognised in Inventory		--	13,424
Measurement		**11,267,098**	**11,336,299**

Although the sensitivity of other key variables was considered, such analysis was not carried out given that reasonable changes that could arise would not lead to a material change in the fair value of the assets.

5.2 Other disclosures

At 31 December 2023 and 30 June 2024, the Group has no assets pledged as security for mortgage loans (Note 10.7).

6. Inventories

The movement in this non-current asset heading of the condensed consolidated statement of financial position is as follows:

	Note	Thousands of Euros	
		30 June 2024	31 December 2023
Beginning balance		**94,677**	**87,128**
Additions for subsequent capitalised disbursements		2,015	7,549
Sale or disposal by other means	2	(96,692)	--
Ending balance		**--**	**94,677**

On 7 March 2024, the shares of the subsidiary Peñalvento (Note 2), which owns the asset classified under “Inventories” in the condensed consolidated statement of financial position, were sold.

7. Trade and other receivables and other non-current assets

The composition of these headings of the condensed consolidated statement of financial position is as follows:

	Note	Thousands of Euros			
		30 June 2024		31 December 2023	
		Current	Non-Current	Current	Non-Current
Trade receivables for sales and services	7.1	23,319	--	20,295	--
Trade receivables for sale of properties		21,621	--	119	21,181
Accrual of lease incentives	7.2	19,337	140,789	22,059	127,414
Other receivables		226	--	1,206	--
Other assets		17,389	--	2,840	--
Impairment of receivables -					
- Trade receivables for sales and services		(5,424)	--	(9,838)	--
- Other receivables		(147)	--	(915)	--
Total trade and other receivables and other non-current assets		**76,321**	**140,789**	**35,766**	**148,595**

7.1 Trade receivables for sales and services

This mainly includes the amounts receivable from customers, fundamentally from the Group's rentals business in France, that are billed monthly, quarterly or yearly with no significant overdue amounts.

7.2 Accrual of lease incentives

This includes the amount of the incentives in the operating lease agreements (grace periods, etc.) that the Group offers its customers, which are recognised in the income statement during the minimum operating lease term.

8. Non-current assets classified as held for sale

The movement in this heading of assets of the condensed consolidated statement of financial position at 30 June 2024 is as follows:

		Thousands of Euros	
		Investment property	
	Note	**30 June 2024**	**31 December 2023**
Beginning balance		**122,173**	**466,480**
Additions for subsequent capitalised disbursements		5,188	1,061
Transfers	5 and 7.2	37,862	121,125
Sale or disposal by other means	14.2	(44,095)	(454,054)
Net gain/(loss) from fair value adjustments	14.3	(1,965)	(12,439)
Ending balance		**119,163**	**122,173**

Additions for subsequent capitalised disbursements correspond to investments made in real estate assets, which amount to 5,188 thousand euros at 30 June 2024, including 752 thousand euros of capitalised financial expenses.

During the first half of 2024, the Parent reclassified a property and premises to “Non-current assets classified as held for sale” in the condensed consolidated statement of financial position in the amount of 37,862 thousand euros.

During the first half of 2024, the Parent disposed of a building and an office plant, both located in Madrid, for a combined sale price of 58,067 thousand euros, recording a gain of 11,916 thousand euros, considering the indirect costs of the sale.

9. Equity

9.1 Share capital

At both 30 June 2024 and 31 December 2023, the share capital was represented by 539,615,637 fully subscribed and paid shares of 2.5 euros par value each.

Based on the notifications regarding the number of company shares to the Spanish National Securities Market Commission (CNMV), the shareholders owning significant direct or indirect interests in the Parent were as follows:

	30 June 2024		31 December 2023	
	Number of shares*	% ownership	Number of shares*	% ownership
Name or corporate name of the shareholder:				
Qatar Investment Authority (**)	102,675,757	19.03%	102,675,757	19.03%
Grupo Finaccess (***)	80,028,657	14.83%	80,028,657	14.83%
Puig, S.A.	39,795,000	7.37%	39,795,000	7.37%
Aguila Ltd.	28,880,815	5.35%	28,880,815	5.35%
Corporación financiera Alba, S.A.	27,012,839	5.01%	27,012,839	5.01%
Credit Agricole, S.A.	22,494,701	4.17%	22,494,701	4.17%
BlackRock Inc	16,283,952	3.02%	16,283,952	3.02%

* Does not include certain financial instruments linked to shares of the Parent.
** Qatar Investment Authority is responsible for managing 21,782,588 shares of the Parent owned by DIC Holding, LLC included in the number of shares reported.
*** Mr Carlos Fernández González has a close relationship with Finaccess México, S.A. de C.V., Sociedad Operadora de Fondos de Inversión and that this company indirectly holds 0.46% of the Parent's share capital. The direct holder of the shareholding is Latin 10, S.A. de C.V., a fund independently managed by Finaccess Mexico, S.A. de C.V.

The Parent is not aware of any other significant shareholdings.

The ordinary General Shareholders' Meeting held on 15 June 2023 resolved to authorise the board of directors to issue, on behalf of the Parent and on one or more occasions, and for a maximum period of 5 years, bonds convertible into new shares of the Parent or other similar securities that may directly or indirectly entitle the shareholders to subscribe shares in the Parent, with the express power to exclude shareholders' pre-emptive subscription rights up to a maximum of 20% of the share capital, and to increase the capital by the amount necessary to cover the conversion. The total maximum amount of the issue or issues of the securities that may be performed under this authorisation may not exceed a combined amount of 500,000 thousand euros or its equivalent in another currency.

The General Shareholders' Meeting held on 15 June 2023 resolved to authorise the board of directors, in accordance with the provisions of article 297.1 b) of the Capital Companies Act, to increase the share capital by means of cash contributions of up to half the amount of the share capital, within a maximum period of 5 years, on one or more occasions and at the time and in the amount it deems appropriate. Within the maximum amount indicated, the Board of Directors is empowered to exclude the pre-emption right up to a maximum of 20% of the share capital.

9.2 Share premium

At 30 June 2024, the share premium of the Company amounted to 1,463,600 thousand euros.

9.3 Treasury shares

The number of the Parent's treasury shares and their acquisition cost were as follows:

	30 June 2024		31 December 2023	
	No. of shares	Thousands of Euros	No. of shares	Thousands of Euros
Free tranche	7,538,419	61,242	7,784,518	63,417
Liquidity contracts	175,969	1,198	209,247	1,511
Ending balance	**7,714,388**	**62,440**	**7,993,765**	**64,928**

During the first half of 2024, 175,398 shares were delivered to the beneficiaries of the long-term incentive plan described in Note 16.4. In addition, as provided for in the terms and conditions of the plan, certain beneficiaries of the plan have opted to deliver part of their shares to the Company to meet the tax liability arising from such delivery. Shares received in this respect amounted to 58,350.

Additionally, as part of the tender offer for all SFL shares held by shareholders other than Colonial and Predica in 2021, the Company agreed with certain SFL executives who were beneficiaries of SFL share plans whose shares could not yet be disposed of, the option to exchange each SFL share for 46.66 euros and 5 Colonial shares. During the first half of 2024, 24,942 SFL shares were acquired, resulting in the delivery of 129,051 parent company shares and 1,164 thousand euros.

9.4 Other reserves

The following table shows details of the consolidated statement of financial position item "Other reserves" and of the movements in these reserves during the year:

	Thousands of Euros					
	Legal reserve	Other reserves	Measurement of financial instrument hedges	Share-based payments	Transactions with non-controlling interests	**Total**
At 31 December 2023	**70,273**	**142,009**	**214,929**	**22,167**	**12,894**	**462,272**
Revaluation – gross	--	--	50,326	--	--	50,326
Deferred tax	--		--	--	--	--
Non-controlling interest in revaluation - gross	--	--	(226)	--	--	(226)
Deferred tax	--	--	--	--	--	--
Reclassification to profit - gross	--	--	(4,187)	--	--	(4,187)
Non-controlling interest in reclassification to profit/(loss) - gross	--	--	33	--	--	33
Deferred tax	--	--	--	--	--	--
Other comprehensive income	--	--	45,946	--	--	45,946
Transfer to/from retained earnings	21,287	47,970	(426)	--	--	68,831
Transactions with owners in their capacity as such:						
Share-based payments	--	--	--	2,146	--	2,146
Transactions with non-controlling interests	--	--	(50)	--	--	(50)
Other entries	--	14	--	--	--	14
Grants awarded	--	6	--	--	--	6
At 30 June 2024	**91,560**	**189,999**	**260,399**	**24,313**	**12,894**	**579,165**

On 13 June 2024, the General Shareholders' Meeting approved the proposed distribution of the profit for 2023, allocating 21,287 thousand euros to the Company's legal reserve and 47,970 thousand euros to the voluntary reserve.

9.5 Retained earnings

The changes in retained earnings are as follows:

		Thousands of Euros	
	Note	30 June 2024	31 December 2023
Balance at beginning of period		**1,725,573**	**2,861,375**
Net profit/(loss) for the period attributable to the Parent	3	85,939	(1,018,973)
Allocation to the legal and voluntary reserve	9.4	(69,257)	(11,633)
Other items of comprehensive income recognised directly in retained earnings:			
Losses due to transactions using treasury shares		(499)	(237)
Dividends		(143,609)	(104,700)
Changes in scope		(881)	(14)
Other gains/(losses)		(894)	(245)
Balance at end of period		**1,596,372**	**1,725,573**

The results from treasury share transactions correspond to the transactions carried out by the financial intermediary under the liquidity contract.

On 13 June 2024, the General Shareholders' Meeting approved the proposed distribution of the profit for 2023, allocating 21,287 thousand euros to the Company's legal reserve, 47,970 thousand euros to the voluntary reserve and 143,609 thousand euros to dividend.

9.6 Non-controlling interests

The movement in this heading of the condensed consolidated statement of financial position is as follows:

	Thousands of Euros		
	Inmocol Torre Europa, S.A.	SFL Subgroup	Total
Balance at 31 December 2023	**13,135**	**998,511**	**1,011,646**
Profit/(loss) for the year	--	57,797	57,797
Write-offs from scope of consolidation (Note 2)	(13,135)	--	(13,135)
Dividends and other	--	(36,346)	(36,346)
Financial instrument hedges	--	193	193
Balance at 30 June 2024	**--**	**1,020,155**	**1,020,155**

The breakdown of the items included in "Dividends and other" is as follows:

	Thousands of Euros
	30 June 2024
Dividend paid by the SFL subgroup to non-controlling interests	(1,816)
Dividend paid by subsidiaries of the SFL Group to their minority interests	(34,571)
Other	41
Total	**(36,346)**

10. Bank borrowings and other financial liabilities

The detail, by type of debt and maturity, of these headings in the consolidated statement of financial position is as follows:

30 June 2024	Thousands of Euros							
	Current	Non-current						
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Older than 5 years	Total non-current	Total
Bank borrowings:								
Lines of credit	863	--	--	--	--	--	--	863
Loans	--	--	--	--	--	300,000	300,000	300,000
Syndicated financing	--	--	--	--	--	--	--	--
Interest	643	--	--	--	--	--	--	643
Debt arrangement costs	(2,765)	(2,725)	(2,672)	(3,408)	(1,054)	--	(9,859)	(12,624)
Total debts with credit institutions	**(1,259)**	**(2,725)**	**(2,672)**	**(3,408)**	**(1,054)**	**300,000**	**290,141**	**288,882**
Other financial liabilities	2,473	--	--	--	--	--	--	2,473
Total other financial liabilities	**2,473**	**--**	**--**	**--**	**--**	**--**	**--**	**2,473**
Total debts with credit institutions and other financial liabilities	***1,214***	***(2,725)***	***(2,672)***	***(3,408)***	***(1,054)***	***300,000***	**290,141**	***291,355***
Issue of debentures and similar securities:								
Bond issues	687,200	1,150,000	649,000	599,000	1,125,000	500,000	4,023,000	4,710,200
Interest	23,347	--	--	--	--	--	--	23,347
Bond issue formalisation costs	(12,256)	(11,044)	(9,617)	(7,354)	(4,576)	(1,299)	(33,890)	(46,146)
Total issue of debentures and similar securities	***698,291***	***1,138,956***	***639,383***	***591,646***	***1,120,424***	***498,701***	***3,989,110***	***4,687,401***
Issuance of promissory notes	306,500	--	--	--	--	--	--	306,500
Total issuance of promissory notes	***306,500***	***--***	***--***	***--***	***--***	***--***	***--***	***306,500***
Total	***1,006,005***	***1,136,231***	***636,711***	***588,238***	***1,119,370***	***798,701***	***4,279,251***	***5,285,256***

31 December 2023	Thousands of Euros							
	Current	Non-current						
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Older than 5 years	Total non-current	Total
Bank borrowings:								
Lines of credit	375	--	--	--	--	--	--	375
Loans	--	--	--	24,200	300,000	--	324,200	324,200
Syndicated financing	--	--	--	105,000	--	--	105,000	105,000
Interest	1,914	--	--	--	--	--	--	1,914
Debt arrangement costs	(2,892)	(2,836)	(2,746)	(2,380)	(755)	--	(8,717)	(11,609)
Total debts with credit institutions	(603)	(2,836)	(2,746)	126,820	299,245	--	420,483	419,880
Other financial liabilities	2,473	--	--	--	--	--	--	2,473
Total other financial liabilities	2,473	--	--	--	--	--	--	2,473
Total debts with credit institutions and other financial liabilities	**1,870**	**(2,836)**	**(2,746)**	**126,820**	**299,245**	**--**	**420,483**	**422,353**
Issue of debentures and similar securities:								
Bond issues	187,200	1,000,000	700,000	599,000	1,099,000	995,000	4,393,000	4,580,200
Interest	27,046	--	--	--	--	--	--	27,046
Debt arrangement costs	(10,741)	(9,938)	(8,470)	(6,990)	(4,091)	(1,895)	(31,384)	(42,125)
Total issue of debentures and similar securities	**203,505**	**990,062**	**691,530**	**592,010**	**1,094,909**	**993,105**	**4,361,616**	**4,565,121**
Issue of promissory notes	292,000	--	--	--	--	--	--	292,000
Total issuance of promissory notes	**292,000**	**--**	**--**	**--**	**--**	**--**	**--**	**292,000**
Total	**497,375**	**987,226**	**688,784**	**718,830**	**1,394,154**	**993,105**	**4,782,099**	**5,279,474**

The changes in net financial debt in the first half of 2024, which arose from cash flows and others, are detailed in the table below:

	Thousands of Euros		
	31 December 2023	Cash flows	30 June 2024
Lines of credit	375	488	863
Loans	324,200	(24,200)(*)	300,000
Syndicated financing	105,000	(105,000)	--
Issue of promissory notes	292,000	14,500	306,500
Bond issues	4,580,200	130,000	4,710,200
Gross financial debt (nominal gross debt)	**5,301,775**	**15,788**	**5,317,563**
Cash and cash equivalents	(437,790)	12,451	(425,339)
Net financial debt	**4,863,985**	**28,239**	**4,892,224**

(*) The removal of the subsidiary Inmocol from the scope of consolidation has caused the derecognition of the loan of 24,200 thousand euros (Note 2), but has not led to an outflow of cash flow.

10.1 Issues of the Parent's straight bonds

The breakdown of the issues of straight bonds by the Parent is as follows:

Issue	Duration	Maturity	Fixed coupon payable annually	Thousands of Euros Issue amount	30 June 2024	31 December 2023
28-10-2016	8 years	10-2024	1.450%	600,000	187,200	187,200
10-11-2016	10 years	11-2026	1.875%	50,000	50,000	50,000
28-11-2017	8 years	11-2025	1.625%	500,000	500,000	500,000
28-11-2017	12 years	11-2029	2.500%	300,000	500,000	370,000
17-04-2018	8 years	04-2026	2.000%	650,000	650,000	650,000
14-10-2020	8 years	10-2028	1.350%	500,000	500,000	500,000
22-06-2021	8 years	06-2029	0.750%	625,000	625,000	625,000
Total issues					**3,012,200**	**2,882,200**

During the first half of 2024, the Parent formalised a TAP on the issue of bonds maturing in November 2029 for 130,000 thousand euros. A TAP (Takedown Allocation Process) issue is the process of issuing new bonds, based on existing bond issues, to an investor or group of investors. This issue maintains the same maturity date, par value and coupon rate as the original issue, but issued at a price at current market conditions.

At 30 June 2024, the fair value of the bonds issued by the Parent was 2,821,002 thousand euros (2023: 2,706,549 thousand euros).

Compliance with financial ratios -

The straight bonds currently in force require compliance with certain ratios on a half-yearly basis. These ratios had been met at 30 June 2024 and 31 December 2023.

10.2 Issue of SFL straight bonds

The detail of the issues of non-convertible bonds made by SFL is as follows:

Issue	Duration	Maturity	Fixed coupon payable annually	Thousands of Euros Issue amount	30 June 2024	31 December 2023
29-05-18	7 years	05-2025	1.500%	500,000	500,000	500,000
05-06-20	7 years	06-2027	1.500%	599,000	599,000	599,000
21-10-21	6.5 years	04-2028	0.500%	599,000	599,000	599,000
Total issues					**1,698,000**	**1,698,000**

During the first half of 2024, the debenture issue dated 29-05-18 has been reclassified to current liabilities as its maturity is less than 12 months.

At 30 June 2024, the fair value of the bonds issued by SFL was 1,589,387 thousand euros (2023: 1,599,576 thousand euros).

Compliance with financial ratios -

The straight bonds currently in force require compliance with certain ratios on a half-yearly basis. These ratios had been met at 30 June 2024 and 31 December 2023.

10.3 Issue of promissory notes by the Parent

In December 2018, the Parent registered on the Irish Stock Exchange a commercial paper programme (European Commercial Paper) for a maximum limit of 300,000 thousand euros maturing at short term, subsequently extended to 500,000 thousand euros. This programme was renewed on 25 October 2023. As at 30 June 2024 and 31 December 2023 there were no issues outstanding.

10.4 Issuance of SFL promissory notes

In September 2018, SFL registered a short-term promissory note (NEU CP) issuance programme for a maximum amount of 500,000 thousand euros. This programme was renewed in May 2024. The issues outstanding at 30 June 2024 amount to 306,500 thousand euros (2023: 292,000 thousand euros).

10.5 Syndicated financing of the Parent

The detail of the parent company's syndicated financing is detailed in the following table:

Thousands of euros	Maturity	30 June 2024		31 December 2023	
		Limit	Nominal drawn down	Limit	Nominal drawn down
Syndicated financing	06-2029	1,000,000	--	1,000,000	105,000
Total parent company syndicated financing		**1,000,000**	**--**	**1,000,000**	**105,000**

On 28 June 2024, the syndicated credit line was novated with a maturity of 5 years (until June 2029), extendable in 1+1 format, improving the applicable margin over EURIBOR and updating the financial ratios. This line is considered sustainable because its margin is referenced to different sustainability ratios.

Compliance with financial ratios -

At 30 June 2024 and 31 December 2023, the Parent complied with all the financial ratios envisaged in its loan agreements.

10.6 SFL syndicated financing

The detail of SFL's syndicated financing is detailed in the following table:

Thousands of Euros	Maturity	30 June 2024		31 December 2023	
		Limit	Nominal amount drawn down	Limit	Nominal amount drawn down
Syndicated financing	06-2029	835,000	--	835,000	--
Total SFL syndicated financing		**835,000**	**--**	**835,000**	**--**

On 3 April 2024 the maturity of the syndicated credit line was extended by one year (until June 2029).

Compliance with financial ratios -

At 30 June 2024 and 31 December 2023, SFL complied with the financial ratios envisaged in its respective loan agreements.

10.7 Other loans

The Group has bilateral loans not secured by a mortgage guarantee, that were subject to compliance with various ratios. The total limits and balances provided are detailed below:

Thousands of euros	Company	Maturity	30 June 2024		31 December 2023	
			Limit	Nominal drawn down	Limit	Nominal drawn down
Bilateral loans 1	SFL	06-2027	145,000	--	145,000	--
Bilateral loans 2	SFL	07-2027	140,000	--	140,000	--
Bilateral loans 4	SFL	06-2029	100,000	--	100,000	--
Bilateral loans 5	SFL	10-2025	100,000	--	100,000	--
Bilateral loans 6	SFL	12-2028	100,000	--	100,000	--
Bilateral loans 7	SFL	03-2027	100,000	--	100,000	--
Bilateral loans 8	SFL	11-2027	50,000	--	50,000	--
Bilateral loans (Revolving Credit Facility)			**735,000**	**--**	**735,000**	**--**
Other loan 2	SFL	12-2029	300,000	300,000	300,000	300,000
Other loan 3	Inmocol	02-2027	--	--	24,200	24,200
Other loans			**300,000**	**300,000**	**324,200**	**324,200**
Total loans			**1,035,000**	**300,000**	**1,059,200**	**324,200**

Bilateral loans in Revolving Credit Facility (RCF) format

During the second quarter of 2024, SFL renewed one of its bilateral loans with a nominal value of 100,000 thousand euros, extending its maturity until June 2029, extendable in a 1+1 format. This line is considered sustainable because its margin is referenced to different sustainability ratios.

Other loans

During the first half of 2024, the subsidiary Inmocol was removed from the Group's scope of consolidation (Note 2), resulting in the derecognition of “Other loan 3”, amounting to 24,200 thousand euros.

During the first half of 2024, SFL has extended the maturity of the 300,000 thousand euro loan by two years (until December 2029).

Compliance with financial ratios -

All loans of the Parent and SFL are subject to compliance with certain financial ratios on a half-yearly basis.

At 30 June 2024 and 31 December 2023, the financial ratios envisaged in its respective loan agreements were complied with.

10.8 Lines of credit

As at 30 June 2024 the Group has lines of credit drawn down of 863 thousand euros (2023: 375 thousand euros).

10.9 Guarantees given

At 30 June 2024, the Parent had granted guarantees to government bodies, customers and suppliers in the amount of 19,653 thousand euros (2023: 20,385 thousand euros).

Of the total guarantees granted, the principal amount of 13,000 thousand euros corresponds to the guarantee that the Parent has granted to a buyer for the advance payment made by the latter for the future acquisition of a residential complex (Note 1.8).

Of the rest of the collateral provided, the main guarantee granted, amounting to 4,804 thousand euros, corresponds to commitments acquired by the company Asentia. In this regard, the Parent and Asentia have signed an agreement whereby, if any of the guarantees are executed, Asentia must compensate the Parent for any loss incurred within a maximum period of 15 days.

10.10 Cash and cash equivalents

The condensed consolidated statement of financial position at 30 June 2024 included "Cash and cash equivalents" amounting to 425,339 thousand euros (2023: 437,790 thousand euros), of which 2,028 thousand euros are restricted or pledged (2023: 1,923 thousand euros).

Cash and cash equivalents include cash in banks and in hand, as well as highly liquid fixed income and/or money market investments that will be readily convertible to known amounts of cash with maturities of three months or less, as well as highly liquid money market investments and bank deposits with longer maturities, but with maturities or contractual redemption periods of three months or less without penalty. Due to the high credit quality and short term nature of these investments due to their redemption terms there is a negligible risk of change in value.

Details of "Cash and cash equivalents" are shown in the following table:

	Thousands of Euros	
	30 June 2024	31 December 2023
Cash in banks and savings banks	44,065	181,078
Fixed income and/or money market investments and bank deposits	381,274	256,712
Total	**425,339**	**437,790**

10.11 Debt arrangement costs

During the first half of 2024 and 2023, the Group has recognised 2,839 thousand euros and 5,406 thousand euros, respectively, in the condensed consolidated income statement for costs amortised during the year (Note 14.4).

10.12 Loan interest

The Group's average interest rate in the first half of 2024 was 1.47% (2023: 1.72%) or 1.83% including the accrual of fees (2023: 2.01%). The average interest rate on the Group's debt at 30 June 2024 (spot) is 1.74% (2023: 1.75%).

The accrued interest outstanding recognised in the condensed consolidated statement of financial position amounted to:

	Thousands of Euros	
	30 June 2024	31 December 2023
Debentures	23,347	27,046
Bank borrowings	643	1,914
Total	**23,990**	**28,960**

10.13 Capital management and risk management policy

The basic risks to which the Group is exposed and the risk management policies are detailed in the financial statements for the year ended 31 December 2023, and are reproduced in the interim consolidated directors' report which forms part of these interim financial statements.

11. Derivative financial instruments

The following table details the financial instruments and the fair value of each of them:

					(Thousands of Euros)	
	Company	Interest rate	Early settlement	Maturity	Nominal	Fair value - Assets / (Liabilities) (*)
Cash flow hedges-						
Swap	SFL	2.6250%	--	2027	100,000	932
Swap	SFL	2.4920%	--	2029	100,000	1,343
Swap	SFL	2.4240%	--	2029	100,000	1,686
Swap	SFL	2.4925%	--	2029	200,000	2,682
Cash flow hedges of planned future transactions-						
Swap	Colonial	2.4550%	2024	2029	173,000	2,632
Swap	Colonial	2.4562%	2024	2029	165,700	2,512
Swap	Colonial	2.4535%	2024	2029	168,050	2,568
Swap	Colonial	2.2790%	2025	2030	747,500	14,680
Swap	Colonial	2.4500%	2027	2032	173,500	1,946
Swap	Colonial	2.4173%	2027	2032	173,300	2,069
Swap	Colonial	2.4820%	2028	2033	213,500	2,133
Swap	Colonial	2.4709%	2028	2033	213,350	2,223
Swap	Colonial	2.6400%	2028	2033	102,750	457
Swap	Colonial	2.4995%	2028	2033	101,470	1,000
Swap	SFL	2.3750%	2025	2030	100,000	1,158
Total at 30 June 2024					**2,832,120**	**40,021**

(*) Including accrued interest receivable on cash flow hedges amounting to 519 thousand euros.

					(Thousands of Euros)	
	Company	Interest rate	Early settlement	Maturity	Nominal	Fair value - Assets/ (Liabilities) (*)
Cash flow hedges-						
Swap	Inmocol	0.8400%	--	2027	20,000	1,126
Swap	Inmocol	3.0273%	--	2027	4,200	(61)
Swap	SFL	2.6250%	--	2027	100,000	(810)
Swap	SFL	2.4920%	--	2029	100,000	(829)
Swap	SFL	2.4240%	--	2029	100,000	(451)
Swap	SFL	2.4925%	--	2029	200,000	(1,662)
Cash flow hedges of planned future transactions-						
Swap	Colonial	2.4550%	2024	2029	173,000	(1,730)
Swap	Colonial	2.4562%	2024	2029	165,700	(1,666)
Swap	Colonial	2.4535%	2024	2029	168,050	(1,671)
Swap	Colonial	2.2790%	2025	2030	747,500	(1,818)
Swap	Colonial	2.4500%	2027	2032	173,500	278
Swap	Colonial	2.4173%	2027	2032	173,300	408
Swap	Colonial	2.4820%	2028	2033	213,500	423
Swap	Colonial	2.4709%	2028	2033	213,350	522
Swap	Colonial	2.6400%	2028	2033	102,750	(235)
Swap	Colonial	2.4995%	2028	2033	101,470	327
Swap	SFL	2.3750%	2025	2030	100,000	(1,190)
Total at 31 December 2023					**2,856,320**	**(9,039)**

(*) Including accrued interest receivable on cash flow hedges amounting to 676 thousand euros.

During the first half of 2024, the subsidiary Inmocol was removed from the Group's scope of consolidation (Note 2), resulting in the derecognition of the two swaps of this company, for a nominal amount of 24,200 thousand euros.

The impact on the condensed consolidated income statement of the accounting for derivative financial instruments amounted to 3,571 thousand euros as at 30 June 2024 (2023: -32 thousand euros) (Note 14.4).

11.1 Hedge accounting -

At 30 June 2024 and 31 December 2023, the Parent applies hedge accounting to all derivative financial instruments.

At 30 June 2024, the accumulated impact recognised as a result of hedge accounting directly in consolidated equity gave rise to a payable balance of 260,399 thousand euros (Note 9.4), net of the tax effect (2023: payable balance of 214,929 thousand euros).

11.2 Fair value of derivative financial instruments -

The fair value of the derivative financial instruments was calculated by discounting estimated future cash flows based on an interest rate curve and on assigned volatility at 30 June 2024, using the appropriate discount rates established by an independent expert.

Changes of +/- 25 basis points in the interest rate curve have an effect on the fair value of derivative financial instruments at 30 June 2024 of 30,825 thousand euros and -31,472 thousand euros, respectively.

12. Trade creditors and other non-current liabilities

“Trade and other payables” in the condensed consolidated statement of financial position at 30 June 2024 includes the dividend approved by the General Shareholders' Meeting held on 13 June 2024 pending payment, amounting to 26,090 thousand euros, which was paid in June 2023.

13. Tax matters

The detail of the “Non-current and deferred tax liabilities” heading on the non-current liability side of the condensed consolidated statement of financial position is as follows:

	Thousands of Euros	
	30 June 2024	31 December 2023
Deferred tax liabilities	223,845	305,992
Non-current tax liabilities	34,292	--
	258,137	305,992

The breakdown of deferred tax liabilities and the changes therein are provided below:

	Thousands of Euros				
Deferred tax liabilities	31 December 2023	Inclusions	Write-offs	Write-offs from scope of consolidation (Note 2)	30 June 2024
Asset revaluation	301,201	(8,000)	(72,599)	(1,171)	219,431
Asset revaluation-Spain-	128,246	(1,564)	(3,361)	(1,171)	122,150
Asset revaluation-France-	172,955	(6,436)	(69,238)	--	97,281
Deferral for reinvestment	4,034	--	(94)	--	3,940
Hedge Instruments	283	--	--	(283)	--
Other	474	--	--	--	474
Total deferred tax liabilities	**305,992**	**(8,000)**	**(72,693)**	**(1,454)**	**223,845**

In the first half of 2024, the French subsidiary Pargal opted for the SIIC tax regime. This option has led to the recording of the corresponding Exit tax at a tax rate of 19%, amounting to 48,124 thousand euros, and the reversal of the deferred tax liability recorded for this company, amounting to 69,238 thousand euros, recorded at a tax rate of 25,825%. Of the Exit tax amount, 34,292 thousand euros and 13,832 thousand euros have been recognised under “Non-current and deferred tax liabilities” and “Tax liabilities” in the condensed consolidated statement of financial position.

14. Income and expenses

14.1 Revenue

The Group's revenue, which is basically concentrated in the Barcelona, Madrid and Paris markets, and their distribution by geographical segment are shown in the following table:

	Thousands of Euros	
	30 June 2024	30 June 2023
Barcelona	21,550	20,554
Madrid	39,561	47,676
Paris	121,578	111,351
Total assets (traditional business)	**182,689**	**179,581**
Total flexible business	**8,878**	**9,354**
Revenue - Investment properties	**191,567**	**188,935**
Revenue - Inventories (Note 2)	**106,218**	**--**
Revenue	**297,785**	**188,935**

In 2024, revenue from the sale of the only property owned by the Group, the Peñalvento building, is included in net sales (Note 2).

In addition, the amount included in "Revenue - Investment properties" in the first half of 2024 and 2023 includes the effect of rental incentives over the minimum lease term. Revenue also includes the accrued amounts received in connection to rights of entry. At 30 June 2024, the impact of previous accruals increased revenue by 12,871 thousand euros (2023: 18,638 thousand euros).

The total amount of the minimum future lease charges corresponding to the Group's non-cancellable operating leases, in accordance with the contracts in force on each date, and without taking into account the impact of common expenses, future increases in the CPI or future income updates based on contractually agreed market parameters is as follows:

	Thousands of Euros	
	Nominal Value (*)	
	30 June 2024	30 June 2023
Less than one year	*307,990*	*303,761*
Spain	130,813	135,075
France	177,177	168,686
Between one and five years	*966,232*	*887,109*
Spain	260,309	220,770
France	705,923	666,339
More than five years	*644,422*	*693,438*
Spain	38,307	31,591
France	606,115	661,847
Total	**1,918,644**	**1,884,308**
Spain	*429,429*	*387,436*
France	*1,489,215*	*1,496,872*

(*) Nominal value without taking into account the effect of rental incentives.

14.2 Net gains on sales of assets

The breakdown of the Group's net gains/(losses) on sales of assets, and their geographical distribution, is detailed as follows:

	Thousands of Euros					
	Spain		France		Total	
	June 2024	June 2023	June 2024	June 2023	June 2024	June 2023
Sale price	58,067	331,590	--	58,296	58,067	389,886
Asset derecognition (Notes 5 and 8)	(44,095)	(331,469)	--	(58,033)	(44,095)	(389,502)
Indirect and other costs	(1,235)	(7,119)	--	(421)	(1,235)	(7,540)
Net result from asset sales	**12,737**	**(6,998)**	**--**	**(158)**	**12,737**	**(7,156)**

14.3 Changes in the value of assets and impairment

The breakdown of "Changes in fair value of investment properties" in the condensed consolidated income statement, by type, is as follows:

		Thousands of Euros	
	Note	June 2024	June 2023
Investment property	5	(9,765)	(519,464)
Assets classified as held for sale – Investment property	8	(1,965)	(4,937)
Changes in value of investment property		**(11,730)**	**(524,401)**
Spain		(39,142)	(196,644)
France		27,412	(327,757)

The breakdown, by nature, of the impairment losses recognised under "Gains/(losses) due to changes in value of assets and impairment" in the condensed consolidated income statement is detailed in the following table:

		Thousands of Euros	
	Note	June 2024	June 2023
Derecognitions of replaced rights-of-use assets		--	412
(Impairment)/Reversal of value of property, plant and equipment	4	--	279
Derecognitions of replaced tangible fixed assets	4	--	(646)
Derecognitions of replaced investment property	5	(1,170)	(619)
Impairment charges and net gains/(losses) on assets		**(1,170)**	**(574)**

14.4 Finance income and costs

The breakdown of the financial result broken down by type is as follows:

		Thousands of Euros	
	Note	June 2024	June 2023
Finance income:			
Financial income for updating		1,916	--
Other interests and similar income		9,150	2,515
Total financial income		**11,066**	**2,515**
Finance costs:			
Finance costs and similar expenses (*)		(53,626)	(48,237)
Capitalised financial costs		3,151	4,977
Finance costs for updating		(414)	(807)
Finance costs associated with debt cancellation and restructuring		(4,873)	(1,480)
Finance costs associated with arrangement costs	10.11	(2,839)	(5,406)
Financial derivative expense	11	3,571	(32)
Total Finance Costs		**(55,030)**	**(50,985)**
Total Financial Result (Loss)		**(43,964)**	**(48,470)**

(*) Includes income of 4,187 thousand euros and 1,427 thousand euros at June 2024 and 2023, respectively, corresponding to the recycling of cancelled forward starting hedges (Note 9.4).

15. Segment reporting

All the Group's activities are carried out in Spain and France. Segment reporting was as follows:

Segment reporting first half of 2024	Thousands of Euros							
	Rentals (Traditional business)					Flexible business	Corporate unit	Total Group
	Barcelona	Madrid	Paris	Remaining	Total Equity			
Revenue								
Revenue - Investment property (Note 14.1)	21,550	39,561	121,578	--	182,689	8,878	--	191,567
Revenue - Inventories (Note 14.1)	--	106,218	--	--	106,218	--	--	106,218
Cost of sales – Inventories	--	(92,179)	--	--	(92,179)	--	--	(92,179)
Other revenue	30	3	1,389	--	1,422	--	941	2,363
Net gain/(loss) on sales of assets (Note 14.2)	--	12,737	--	--	12,737	--	--	12,737
Changes in fair value of investment property (Note 14.3)	(21,875)	(17,267)	27,412	--	(11,730)	--	--	(11,730)
Gains/(losses) on changes in the value of assets and impairment (Note 14.3)	(511)	(654)	5	--	(1,160)	(5)	(5)	(1,170)
Operating profit/(loss)	(4,771)	42,073	151,486	--	188,788	4,043	(29,083)	163,748
Financial profit (Note 14.4)	--	--	--	--	--	--	(43,964)	(43,964)
Profit/(Loss) before tax	--	--	--	--	--	--	119,784	119,784
Net consolidated income	--	--	--	--	--	--	143,736	143,736
Net profit attributable to non-controlling interests (Note 9.6)	--	--	--	--	--	--	(57,797)	(57,797)
Net profit/(loss) attributable to the Parent (Note 3)	--	--	--	--	--	--	85,939	85,939

The most significant transactions between segments in the first half of 2024 were as follows:

	Thousands of Euros			
	Traditional business	Flexible business	Corporate Unit	Total Group
Revenue				
Revenue - Investment property	4,002	--	--	4,002
Operating profit/(loss)	--	(4,906)	--	(4,906)

None of the Group’s customers represented more than 10% of the income from ordinary activities.

Segment reporting first half of 2023	Thousands of Euros							
	Rentals (Traditional business)					Flexible business	Corporate unit	Total Group
	Barcelona	Madrid	Paris	Remaining	Total Equity			
Revenue								
Revenue - Investment property (Note 14.1)	20,554	47,676	111,351	--	179,581	9,354	--	188,935
Other revenue	--	--	3,974	--	3,974	--	2,204	6,178
Net gain/(loss) on sales of assets (Note 14.2)	14	(7,012)	(158)	--	(7,156)	--	--	(7,156)
Changes in fair value of investment property (Note 14.3)	(82,760)	(113,884)	(327,757)	--	(524,401)	--	--	(524,401)
Gains/(losses) on changes in the value of assets and impairment (Note 14.3)	(138)	(481)	--	--	(619)	45	--	(574)
Operating profit/(loss)	(65,571)	(78,191)	(219,048)	--	(362,810)	3,830	(23,250)	(382,230)
Financial profit (Note 14.4)	--	--	--	--	--	--	(48,470)	(48,470)
Profit/(Loss) before tax	--	--	--	--	--	--	(430,700)	(430,700)
Net consolidated income	--	--	--	--	--	--	(418,228)	(418,228)
Net profit attributable to non-controlling interests (Note 9.6)	--	--	--	--	--	--	71,017	71,017
Net profit/(loss) attributable to the Parent (Note 3)	--	--	--	--	--	--	(347,211)	(347,211)

The most significant transactions between segments in the first half of 2023 were as follows:

	Thousands of Euros			
	Traditional business	Flexible business	Corporate Unit	Total Group
Revenue				
Revenue - Investment property	4,709	--	--	4,709
Operating profit/(loss)	--	(4,709)	--	(4,709)

None of the Group’s customers represented more than 10% of the revenue from ordinary activities.

16. Related-party transactions and balances

At 30 June 2024 and 31 December 2023, the Group did not have any balances or transactions with related parties.

17. Director and senior management compensation and other benefits

17.1 Composition of the Board of Directors

As at 30 June 2024, the board of directors of the Parent Company consists of 7 men and 5 women (June 2023: 8 men and 5 women).

At 30 June 2024, the composition of the Parent's Board of Directors is as follows:

	Position	Director Type
Mr Juan José Brugera Clavero	Chairman	Other external
Mr Pedro Viñolas Serra	Vice-chairman	Chairman
Mr Sheikh Ali Jassim M. J. Al-Thani	Director	Proprietary
Mr Giuliano Rotondo	Director	Proprietary
Mr Carlos Fernández González	Director	Proprietary
Mr Juan Carlos García Cañizares	Director	Proprietary
Mr Manuel Puig Rocha	Director	Proprietary
Ms. Begoña Orgambide García	Director	Proprietary
Ms. Silvia Mónica Alonso-Castrillo Allain	Director	Independent
Ms. Ana Lucrecia Bolado Valle	Director	Independent
Ms. Ana Cristina Peralta Moreno	Director	Independent
Ms. Miriam González Amézqueta	Director	Independent

On 13 June 2024, the Board of Directors of the Company agreed to accept the resignation tendered by Mr Luis Maluquer Trepat, thanking him for his services and acknowledging his dedication to the Company.

17.2 Remuneration of Board members

Remuneration received by members of the Board of Directors of the Parent, by item, was as follows:

	Thousands of Euros					
	30 June 2024			30 June 2023		
	Parent	Other group companies	Total	Parent	Other Group companies	Total
Remuneration accrued by executive directors (*):	**834**	**--**	**834**	**782**	**--**	**782**
Non-executive directors per diems:	**687**	**3**	**690**	**543**	**6**	**549**
Fixed remuneration for non-executive directors:	**673**	**--**	**673**	**642**	**10**	**652**
Directors' remuneration	543	--	543	504	10	514
Additional compensation audit and control committee	71	--	71	63	--	63
Additional remuneration of the Nomination and Remuneration Committee	59	--	59	75	--	75
Total	**2,194**	**3**	**2,197**	**1,967**	**16**	**1,983**

Amount of the remuneration obtained by the executive directors (*):	834	--	834	782	--	782

(*) Does not include the amount corresponding to expenses accrued in relation to the long-term incentive plan.

At 30 June 2024 and 2023, the Parent had taken out civil liability insurance policies covering all the directors, senior management and employees of the Parent, which include, for both years, the civil liability annual insurance premium for damage caused by acts or omissions. At 30 June 2024 and 2023, the Parent Company recognised 225 thousand euros and 255 thousand euros, respectively, in this regard.

The Parent's General Shareholders' Meeting held on 28 June 2016 approved the granting of a defined-contribution scheme for executive directors covering retirement and, when applicable, disability and death, with overall annual contributions of 113 thousand euros and 150 thousand in euros in 2023 and 2022, respectively. At 30 June 2024, the Parent recognised 60 thousand euros in this connection under “Staff costs” in the condensed consolidated income statement (2023: 56 thousand euros).

In addition to that stated in the previous paragraph, the Group has not been awarded loans or taken out pension plans or life insurance for the previous and current members of the Board of Directors of the parent company.

At 30 June 2024 and 2023, one member of the Board of Directors had signed golden parachute clauses in the event of certain cases of termination or change of control, all of which were approved at the General Shareholders' Meeting.

In the first half of 2024 and 2023, there were no finalisations, modifications or early terminations of contracts outside of the normal business activities between the Parent and the members of the Board of Directors or any other person acting on their behalf.

17.3 Remuneration of senior management

The senior management of the Parent, excluding the Chief Executive Officer and other executive directors whose remuneration is included in the remuneration of the members of the board of directors, consists of all senior executives and other persons other than the Chief Executive Officer who, reporting directly to the Chief Executive Officer, assume the management of the Parent. The Company's senior management team was made up of three men and three women at 30 June 2024 and 2023.

Monetary remuneration earned by senior management in the first half of 2024 amounted to 1,182 thousand euros (June 2023: 1,173 thousand euros).

The Board of Directors' Meeting held on 27 July 2016 approved the granting of a defined-contribution scheme to a member of senior management covering retirement contingencies and, when applicable, disability and death, with annual contributions of 71 thousand euros and 67 thousand euros in 2023 and 2022, respectively. At 30 June 2024 and 2023, the Parent recognised 36 thousand euros and 35 thousand euros, respectively, in this connection under "Staff costs" in the consolidated income statement.

At 30 June 2024 and 2023, one member of senior management had signed a golden parachute clause, in the event of termination under certain circumstances or a change of control.

17.4 Long-term incentive plan 2021-25

On 30 June 2021, the General Shareholders' Meeting approved a new long-term incentives plan, consisting in the delivery of Parent company shares, aimed at executives, including executive directors of the Parent and other employees of the Colonial Group (the "Plan"), rendering invalid the share delivery plan that was approved by the General Shareholders' Meeting held on 21 January 2014 and extended for the last time, for a two-year period by an agreement of the General Shareholders' Meeting dated 30 June 2020.

The Plan beneficiaries must subscribe to and accept the conditions of the Plan to be entitled to it, and the delivery of shares will depend on the beneficiaries having an employment or trading relationship with any Group company on the dates on which the delivery occurs.

The Plan has a duration of five years and is divided into three overlapping annual cycles, each independent among themselves (that is, with the delivery of shares corresponding to each cycle once three years have elapsed since the beginning of each cycle).

The Board of Directors, at the proposal of the Appointments and Remuneration Committee, has determined the level of payment for the first cycle, after the end of the target measurement period, based on the degree of achievement of the targets. The Company has delivered to the beneficiaries of the Plan 185,358 shares of the Company held in treasury stock.

17.5 New long-term incentive plan 2024-28

On 13 June 2024, the General Shareholders' Meeting approved a new long-term incentive plan consisting of the delivery of shares in the Parent, aimed at executives, including the Parent's executive directors, and other employees of the Colonial Group (the “Plan”).

The Plan beneficiaries must subscribe to and accept the conditions of the Plan to be entitled to it, and the delivery of shares will depend on the beneficiaries having an employment or trading relationship with any Group company on the dates on which the delivery occurs.

The Plan will have a duration of five years and will be divided into three overlapping annual cycles, each independent among themselves (that is, with the delivery of shares corresponding to each cycle once three years have elapsed since the beginning of each cycle).

Inmobiliaria Colonial, SOCIMI, S.A.
and Subsidiaries

Interim Consolidated Directors' Report for
for the six-month period of 2024

1. Situation of the Group

Rental Market Situation

Barcelona

In the Barcelona market, the take-up grew +45% compared to the same period of the previous year, exceeding 160,000sqm signed, led by various demands for surface areas larger than 5,000sqm. The availability of offices in the city centre is 6.3% and 2.1% for Grade A buildings. In the first half of 2024, prime rents increased to €29/sqm/month (€28.50/sqm/month at December 2023).

In Barcelona, prime yield stood at 5.0%.

Madrid

The demand in the Madrid offices market reached 249,000 sqm in the first half of 2024, representing a year-on-year increase of +18%. These transactions demonstrate the clear polarization of rent and occupancy between Grade A buildings and outdated buildings. The total market vacancy rate reached 11.5%, while the vacancy rate in the CBD decreased to 3.9% reaching 2019 levels. The scarcity of available space has increased prime rents to €42.25/sqm/month (€40/sqm/month at December 2023).

In Madrid, the prime yield stood at 4.75%.

Paris

Take-up in Paris reached 853,300 sqm, in the first half of 2024. The CBD and City Centre represented approximately 50% of the demand, reaching 429,000 sqm. The vacancy rate in the CBD remained low at 2.5%, with Grade A asset availability at 0.4%. Prime rents for the best buildings in the CBD continue at €1,100/sqm/year.

The investment volume in the Paris office market reached 1,000 million euros in the first half of 2024, with 65% of the investment in the CBD. Prime yields stood at 4.5%.

Organisational structure and functioning

Colonial is the benchmark SOCIMI in the quality office market in Europe and since the end of June 2017 it has been a member of the IBEX 35, which is the reference index of the Spanish stock market.

The company has a stock market capitalisation of approximately 3,300 million euros with a free float of around 60%, and manages an asset volume of more than 11,000 million euros.

The Company's strategy focuses on creating an industrial value through the creation of prime high-quality products, through the repositioning and transformation of real estate assets.

In particular, the strategy is based on the following pillars:

- A business model focused on the transformation and creation of high-quality offices in prime locations, mainly central business districts (CBD).

- Maximum commitment in creating offices that respond to the best demands in the market, with special emphasis on efficiency and sustainability.

- A diversified pan-European strategy in the Barcelona, Madrid and Paris office markets.

- An investment strategy combining core acquisitions and prime factory acquisitions with value added components.

- A clear industrial real estate approach to capture value creation that exceeds the market average.

Today Colonial is a leading European company that specifically focuses on areas in city centres and leads the Spanish property market in terms of quality, sustainability and efficiency in its portfolio of offices.

Likewise, it has adopted a comprehensive approach to all areas of Corporate Social Responsibility, aiming at the highest standards of (1) sustainability and energy efficiency, (2) corporate governance and transparency, as well as (3) excellence in HR and social actions and making them an integral part of the Group's strategy.

In recent years, the Colonial Group has made significant divestments of non-core assets. These divestments are part of the *flight to quality* strategy which, based on active portfolio management, divests mature and/or non-strategic products in order to recycle capital for new value creation opportunities and continuously improve the Group's risk-return profile.

Furthermore, as part of the improvement of the Group's prime portfolio, Colonial has made investments in core CBD properties, identifying assets with added value potential in market segments with solid fundamentals.

At the close of the first half of 2024, the Colonial Group had a robust capital structure with a solid "Investment Grade" rating. The Group's pro forma LTV (including the commitment to sell Méndez Álvaro in July 2024) was 36.7% at June 2024. Excluding the sale commitment, the Group's LTV was 41.1% (40.5% at 31 December 2023).

The company's strategy is to consolidate itself as the leader of prime offices in Europe with special emphasis on the Barcelona, Madrid and Paris markets:

- A solid capital structure with a clear commitment to maintaining the highest credit rating standards – investment grade.

- An attractive return for the shareholder based on a recurring return combined with creating real estate value from value-added initiatives.

2. Business performance and results

Introduction

As at 30 June 2024, the Group's investment property turnover amounted to 192 million euros.

In addition, Revenue - Inventories corresponds to the sale of the subsidiary Peñalvento, which has generated revenues of 106,218 thousand euros and whose costs associated with this sale amounted to 92,179 thousand euros.

According to the independent appraisals carried out by CB Richard Ellis, Cushman & Wakefield and BNP Paribas in Spain and France, the investment property and assets classified as held for sale at the end of the first half year were revalued at (12) million euros. The change in value, which occurred in both France and Spain, does not represent a cash outflow.

Net financial profit was (44) million euros.

Profit/(loss) before tax and non-controlling interests at the end of the first half of 2023 amounted to 120 million euros.

Lastly, after subtracting profit attributable to non-controlling interests (58) million euros, and income tax of 24 million euros, the profit after tax attributable to the Group amounted to 86 million euros.

Results for the first half of the 2024 financial year

The Colonial Group closes the first half of 2024 with a net profit of €86m

i) Recurring net income (EPS) on continued operations with +10% growth

The Colonial Group closed the first half of 2024 with an increase in the Recurring Results driven, in part, by the growth in rental income.

- Gross Rental income (Analytical rental income) of 192 million euros, +6% like for like vs the previous year
- Recurring net profit (recurring net income) of 92 million euros, +6% vs the previous year
- Recurring net profit (EPS) of €17.0cts/share, +6% vs. the previous year
- Recurring net profit (EPS) on continued operations, per share (isolating the impact of the divestment of assets), +10% vs. the previous year

The Recurring Results increased based on solid growth in rental income. The growth in income was achieved through a combination of factors: (1) the increase in rental prices in all segments thanks to the prime positioning of the portfolio; and (2) the successful delivery of projects and renovations. Of special mention is the Louvre Saint-Honoré, rented to Cartier, as well as the new Adidas flagship store in Galeries des Champs-Elysées.

These increases in rental revenues have compensated for the impact of the loss in rents from the disposals carried out in 2023 and 2024. The execution of the disposal program has meant that the increase in the net results was lower. Excluding the impact of the active management of the portfolio, the EPS of continued operations increased +10% compared to the previous year.

ii) Revenue & EBITDA from rents (net rental income) with strong growth

Revenue growth: Polarisation & Pan-European Prime Positioning

Colonial closed the first half of 2024 with analytical rental income (gross rental income) of 192 million euros and net rental income (EBITDA rental income) of 178 million euros.

The Group's revenue growth, in absolute terms, is +5% compared to the previous year and, in like-for-like terms, up +6% compared to the previous year, demonstrating the strength of the Colonial Group's prime positioning.

The like-for-like increase in revenues is among the highest in the sector and is a clear reflection of the market polarization towards the best office product.

1. Analytical rental income in the Paris portfolio increased by +14% in absolute terms, driven by 1) the strong increase of +7% in like-for-like terms, mainly due to higher rents in the Washington Plaza, #Cloud and Cézanne Saint Honoré assets, among others, and 2) the income deriving from the renovation projects and programs of the Louvre Saint Honoré asset, let to Richemont to house the Cartier Foundation, and from the commercial space of the Galeries Champs-Elysées asset let to Adidas.
2. In the Madrid portfolio, the Gross Rental Income decreased compared to the previous year, mainly due to the disposals carried out in 2023 and 2024.
   In like-for-like terms, the Gross Rental Income increased by +3%, mainly due to higher rents on the Velázquez 86, the Window, Don Ramón de la Cruz, Alfonso XII and Ribera de Loira 28 assets, among others, based on a combination of higher rents and improved occupancy levels.
3. In the Barcelona portfolio, the Gross Rental Income increased by +5% in absolute terms, boosted by a strong increase of +9% like-for-like, mainly due to higher income on the Diagonal 530 asset from higher occupancy levels in the building, as well as higher rents on the Diagonal 609-615, Vía Augusta 21-23 and Parc Glories assets, among others.

Growth in analytical rental income based on strong prime positioning

The increase in analytical rental income of +9 million euros is based on a business model supported by:

a) A clear focus on the best prime product on offer in the city centre and,
b) The proven ability to create profit through urban transformation projects.

1. "*Pricing Power*": Growth in signed rents + capturing of indexation – a contribution of +6% to total growth

The Core portfolio contributed +11 million euros to the increase in revenue, deriving from a solid like-for-like growth of +6% due to its strong pricing power, enabling the full capturing of the indexation impact and maximum market rents.

2. Projects delivered - contribution of +6% to overall growth

Project deliveries and the renovation program contributed +€11m to revenue growth (a contribution of +6% to overall growth). Highlighted is the income contribution from the Louvre Saint Honoré in Paris and the Adidas flagship store in Champs Elysées.

The divestment of non-strategic assets and others non-like-for-like impacts, mainly the departure of IBM at St. Hortensia in Madrid, has led to a (7%) year-on-year decrease in the analytical rental income.

Solid operating fundamentals in all segments

i) Significant rent price increases in the contracts signed in 2024

Colonial closed the first half of 2024 with solid letting activity, capturing significant rental price increases in the contracts signed.

In particular, contracts were signed for more 65,972sqm corresponding to 28 million euros of annualised rents (revenue), of which 58% corresponds to the Madrid and Barcelona market and 42% to the Paris market.

Of special mention is the high volume of activity in the second quarter of 2024 with more than 45,000 sqm signed, more than doubling the amount signed in the first quarter of the year.

At the close of the first half of the year, the release spread on re-let surfaces stood at +9% and exceeded the market rents at 31/12/23 by +6%, clearly evidencing the pricing power of Colonial's prime assets.

Of special mention is the Paris market with a release spread of +22% and an increase of +10% compared to the market rent (+14% in the second quarter of 2024). It is worth highlighting that a large transaction was signed with a release spread of +30% and an increase of +15% compared to the market rent.

In the asset portfolio in Spain, the Barcelona portfolio captured an increase in re-let surface areas and a +2% growth compared to the ERV. In Madrid, the increase was up +4% compared to the ERV.

The signed rents are at maximum rental prices, clearly setting the benchmark for prime product. In Paris, two transactions were registered with rents above €1,000/sqm/year. The maximum rents signed in Spain stood at €40/sqm/month for Madrid and €28/sqm/month for Barcelona.

ii) Solid occupancy levels

The occupancy of the Colonial Group stands at 97%, reaching one of the highest ratios in the sector. Of special mention is the Paris portfolio with full occupancy at 100%, followed by the Madrid portfolio at 96%.

It is worth highlighting that the current vacancy in the Barcelona portfolio is concentrated in the entries into operation of the renovation programs of Torre Marenostrum and Illacuna, as well as the client rotation in a secondary asset located in Sant Cugat. Excluding these three assets, the occupancy of the rest of the Barcelona portfolio is at 99%.

Active portfolio management - actively driving future growth

i) Historical pipeline of delivered and pre-let projects

The Colonial Group is near completion of its original project pipeline of 154,228 sqm, spread across 8 assets, with 7 assets fully delivered and let, widely exceeding the expected return with a yield on cost of more than 7%.

In 2024, the last project in progress, the Méndez Álvaro Urban Campus, will be delivered. It is a complex located in the south of the Paseo de la Castellana in Madrid with more than 60,000 sqm of offices and retail space. This project is generating a lot of market interest, with an expected yield on cost of approximately 8%, as well as significant value creation upon completion of the project. In this case, Colonial has not only bet on creating a pioneer Urban Campus project in Madrid, but it has also acted as the catalyst in the urban transformation of one of the neighborhoods in the city with the greatest forecasted business and residential growth.

In addition, in 2024 the renovation project will be completed on Diagonal 197, an emblematic office building located in Barcelona with a surface area of 15,000 sqm above ground, distributed across 16 floors, which, once let, will generate additional rental income of 5 million euros.

ii) Launch of Alpha X Project - New project pipeline

Within the Alpha X Project framework, the Colonial Group has launched a new project pipeline with an investment capex of 385 million euros and an ungeared IRR of more than 9%. This project will transform more than 110,000 sqm of assets in Paris, Madrid and Barcelona, and generate additional annual rents of 64 million euros.

The Alpha X Project is a new, well-diversified, large-volume project portfolio with a high capacity to generate value. It is made up of 4 assets which will be the object of urban regeneration.

In particular, the following assets are included:

- **Scope** – Business campus of more than 22,000sqm in the centre of Paris

Business campus located in the Bercy/Gare de Lyon district in Paris with a surface area of 22,000sqm, which will be transformed into a benchmark building with high sustainability standards, quality infrastructures with the latest technology, and architecture and design excellence.

- **Condorcet** – A mixed-use urban complex in the centre of Paris

Building located in the 9th district in Paris, which will be transformed into a mixed-use urban complex of more than 24,000 sqm for office and residential use. It will also house student residences and public sports facilities. This transformation will be carried out with the highest sustainability standards.

- **Santa Hortensia** – A mixed-use complex of 47,000sqm in the centre of Madrid

A building located in the centre of Madrid, which will be transformed into a 47,000sqm. This asset is considered to be one of the buildings with the largest floor surface areas in the centre of Madrid and will offer the highest sustainability standards.

- **Sancho de Ávila** – 18,000sqm LifeScience/Healthcare building in the centre of the 22@ district in Barcelona

A building located at the heart of 22@ in Barcelona, which will be transformed into a mixed-use complex of 18,000 sqm for LifeScience/Healthcare. It is currently pre-let to one of the strongest providers in the country. Colonial's project will be a transformational drive in the area which expects a strong acceleration of facilities related to Health Sciences.

With the launch of this new project portfolio, the Colonial Group is reloading its future growth profile, where it is expecting very interesting returns with yields of more than 9%.

iii) Disposal program

The Colonial Group continues to advance with its disposal program, and it carried out disposals in the amount of 201 million euros, with a premium of +11% over appraisal.

In particular, the Colonial Group disposed of three non-strategic assets located in the Madrid market: Sagasta 31-33, Recoletos 27, and the residential part of the "Madnum" project in the Méndez Álvaro Campus.

Of the total sales, two floors of the Recoletos 37 property were sold at the end of 2023. The rest was sold during the first half of 2024, although the final settlement of the disposal of the residential part of the "Madnum" project has been executed at the beginning of July.

Additionally, in the first half of 2024, the Colonial Group finalized the execution and delivery of the turnkey sale of Catalana Occidente's new headquarters in Méndez-Alvaro, agreed in 2018, resulting in a cash inflow of 78 million euros.

Colonial's disposal program will continue with the aim of recycling capital and maximizing the value creation for shareholders. These operations enable Colonial to maintain a competitive position and take advantage of opportunities in the European real estate market.

Assets Valuation

i) Asset Values – Polarisation & Prime Positioning

The Gross Asset Value of the Colonial Group at the close of the first half of 2024 was 11,267 million (11,894 million including transfer costs), showing an increase of +1% like-for-like in the first half of 2024.

Including the impact of the disposal of non-strategic assets carried out in the first half of the year, the asset value decreased by (0.6%).

Following a period of high volatility and interest rate hikes, the market situation has begun to stabilize, observing a like-for-like growth in asset values during the first half of the year. Higher rental prices, as well as the successful delivery of projects, have offset the impact of the increase in yields.

This growth reflects the robustness and resilience of Colonial's portfolio, as well as its capacity to effectively adapt to changing market conditions. This is mainly due to:

1) The high concentration in prime CBD locations with strong fundamentals allows for greater protection in downturn cycles and a better growth profile in upward cycles.

2) The superior quality of the buildings that attract clients with high solvency and high levels of loyalty.

3) A proven diversification strategy that enables the optimization of the portfolio's risk profile.

4) An industrial focus on value creation through the repositioning of assets that create "Alpha" real estate value with a market differential resulting in above-average profitability.

Resilient Net Asset Value (NAV)

The Net Asset Value at 30 June 2024 amounted to 5,217 million euros corresponding to €9.66/share. Including the dividend paid of €0.27/share, the total Net Asset Value for Colonial's shareholders was €9.93/share, remaining stable in the first half of the year.

After the close of the first half of 2024, a capital increase was carried out for the Alpha X project, resulting in a contribution of 272 million euros in assets and 350 million euros in cash by Criteria Caixa in exchange for 87.7 million new shares. The NAV per share in June, including these additional impacts, amounts to €9.30/share.

New Alpha strategy and improvement capital structure

i) Alpha X Project - Capital increase and acceleration in new investments

During the first half of 2024, the Colonial Group announced the Alpha X project, which has enabled it to relaunch its growth strategy and strengthen its capital structure and has mainly involved:

 Strengthening the capital structure with Criteria Caixa as a new key shareholder

 Relaunch of Colonial’s growth profile with a solid capital structure

 An attractive shareholder return, thanks to new growth projects and greater financial flexibility

Colonial has carried out a capital increase for 622 million euros , strengthening its capital structure and accelerating the Group’s growth plans. This operation was carried out after the close of the first half of 2024.

The capital increase was carried out at an issuance price of €7.1/share, with a premium over the share price, and was structured through a non-cash contribution of 272 million euros in real estate assets (60% residential and 40% offices) and 350 million euros in cash.

The entry of new capital is 100% subscribed by a leading institutional investor, Criteria Caixa, which supports and subscribes to Colonial’s strategy and positions it as one of the Group’s key shareholders.

Colonial launches a new project portfolio of 110,000m² in 4 prime assets with an investment of around 385 million euros and unadjusted IRRs of more than +9%. Additionally, CriteriaCaixa contributes 272 million euros in mixed-use urban assets (60% housing and 40% offices) with unadjusted IRRs of >6% and >7%.

Financially, with this transaction, Colonial has reduced its net debt by 350 million euros, significantly improving its financial flexibility to capture opportunities for new acquisitions while taking advantage of the recovery of the real estate cycle in Europe. Likewise, the Company will see an increase in market value capitalization by more than 600 million euros and maintain its Earnings Per Share (EPS) forecast of between €30-32 cts/share for 2024.

Ultimately, with this transaction, the Colonial Group:

 Accelerates investment in projects

 Accelerates its growth profile to capture the yield of the European real estate recovery cycle through attractive Alpha strategies

 Includes a new and prestigious long-term key shareholder

 Gains and reinforces financial flexibility for new market opportunities while reducing debt

 Incorporates new assets with additional value creation potential

On 16 May 2024, the transaction was announced after being unanimously approved by Colonial’s Board of Directors and by the Extraordinary General Shareholders’ Meeting held in June 2024. On 3 July 2024, 87,729,050 shares were issued, and the contribution of the assets was made effective.

ii) Capital structure

The close of the Alpha X project, on 3 July 2024, significantly strengthened Colonial’s capital structure, preparing the Company for future growth.

This transaction has reduced the Group's pro forma *Loan to Value* to 36.7% (including the commitment to sell Méndez Álvaro in July 2024). In addition, the Group's net debt has been reduced by 350 million euros to 4,542 million euros (4,892 million euros at 30 June 2024).

Likewise, at the close of the first half of 2024, the liquidity of the Colonial Group amounted to 2,995 million euros between cash and undrawn credit lines, amounting to 3,345 million euros following the capital increase. This has enabled the Colonial Group to cover all its debt maturities until 2028.

In relation to the financing cost, the spot interest rate at the close of the first half of 2024 remained at 1.74% (1.75% at the close of 2023) thanks to the Group's interest rate risk management policy. It is important to point out that no asset included in the Alpha X operation has any associated debt.

At the close of the first half of 2024, 100% of the debt is at a fixed rate and/or hedged, and the fair value of the derivative financial instruments, recorded in equity, is positive at 254 million euros.

The Colonial Group has successfully executed two debt issuances of 70 million euros and 130 million euros at November 2023 and April 2024, respectively, on its bond maturing in November 2029. Thanks to the Group's pre-hedging strategy, an effective average interest rate of 1.9% has been fixed on the issuances, compared to an average cost of 4.2%.

In addition, prior to the capital increase, and as proof of Colonial's financial stability, in April 2024, Standard & Poor's confirmed Colonial and SFL's BBB+ rating during its annual review.

3. Liquidity and capital resources

See "Capital Management and Risk Management Policy" in Note 14.12 to the consolidated financial statements for the year ended 31 December 2023 and Note 10.13 to these condensed interim financial statements.

4. Objective and risk management policies

Asset management is exposed to various internal and external risks and uncertainties that can impact Colonial's activity. Colonial therefore seeks to generate sustainable value through the strategic management of its business activity, taking into account the associated risks and opportunities, which helps to strengthen its leadership in the sector and consolidate its position in the long term. Risk management is a key aspect of Colonial's organisational culture, and for this reason, the Parent has developed the Colonial Risk Control and Management System (hereinafter referred to as RCMS), which establishes the basis for efficient and effective management of financial and non-financial risks throughout the organisation.

To meet these corporate objectives, the risks to which Colonial is exposed are identified, analysed, evaluated, managed, controlled and updated. With the objective of maintaining an effective and updated RCMS, Colonial has prepared a corporate risk map, which identifies the main risks that affect the Group, and evaluates them in terms of impact and probability of occurrence. This map is reviewed and updated periodically every year, with the aim of having an integrated and dynamic risk management tool, which evolves with changes in the environment in which the company operates and changes in the organisation itself.

The main responsibilities in relation to the RMCS correspond to the Board of Directors, the Audit and Control Committee and the internal audit unit. The RMCS also expressly determines the responsibilities of senior management, operational divisions and other risk owners with respect to risk management.

The Board of Directors is also responsible for determining the risk control and management policy, including tax risks, identifying the Group's main risks and implementing and overseeing the internal information and control systems, in order to ensure the Group's future viability and competitiveness, while adopting the most relevant decisions for its best development. To manage this function, it has the support of the Audit and Control Committee, which performs, among others, the following functions related to risk management and control:

- Submit a report on risk policy and risk management to the Board for approval.
- Periodically review the control and risk management systems, so that the main risks are identified, managed and adequately disclosed.
- Oversee the process of preparing, the integrity and presentation of mandatory (financial and non-financial) public information.

Additionally, Colonial has the regulatory compliance unit and the internal audit unit as tools to reinforce said objective. The regulatory compliance unit is responsible for ensuring adequate compliance with the norms and laws that may affect it to undertake its activity, and the internal audit function is responsible for carrying out the necessary supervision activities, contemplated in its annual plans approved by the Audit and Control Committee, to evaluate the effectiveness of the risk management processes and the action plans and controls implemented by the corresponding management teams to mitigate said risks.

For better risk management, Colonial differentiates in two broad areas the different types of risks to which the Group is exposed based on their origin:

- External risks: risks related to the environment in which Colonial carries out its activity and that influence and condition the company's operations.
- Internal risks: risks originated from the company's own activity and its management team.

The main external risks that Colonial faces to achieve its objectives include:

- Economic risks arising from the geopolitical and macroeconomic climate in the countries in which it operates and changes in investors' own expectations and capital markets.
- Market risks, derived from transformation in the industry and the business model itself, the greater complexity to develop the investment/divestment strategy, and the fluctuation of the real estate market with an impact on the valuation of real estate assets.
- Financial risks, related with restrictions on financial markets, fluctuating interest rates, the impact of changes in tax regulations and those of the counterparty of the main clients.
- Environmental risks, such as those related to crisis management, those arising from regulation and more stringent ESG demands, and mainly those related to physical and transition risks caused by climate change with consequences for the Group's activity.

The main internal risks that Colonial faces to achieve its objectives include:

- Strategic risks in relation with the Group's size and diversification, with the asset portfolio breakdown.
- Diverse operating risks related with the maintenance of occupancy levels of properties and the level of rental agreements, with the cost of the works projects, as well as the timeframe for their execution, with the management of debt levels and the current credit rating, with cyberattacks or failures in reporting systems, together with those specific to the management of the organisational structure and talent.
- Risks arising from compliance with all applicable regulations and contractual obligations, including tax risks related to the loss of the status of REIT by Colonial and the loss by its French subsidiary Société Foncière Lyonnaise of its status as a Real Estate Investment Trust (REIT).

The inherent risks defined in the Colonial Group's business model in accordance with the different activities it carries out are susceptible to materialise during the course of each financial year. Below we highlight the main risks or events of this first half of 2024:

- In the geopolitical sphere, it is worth noting the elections held in the first half of the year, in the European Parliament and especially in France, which have kept political uncertainty high in view of the difficulty of establishing a stable government with sufficient majorities to implement its policies. Geopolitical tensions have also persisted during this half of the year, with the prolongation of the conflict between Russia and Ukraine, as well as the war in the Gaza Strip, maintaining uncertainty about their impact on certain Eurozone economies.
- In addition, in the financial sphere, the European Central Bank has initiated a change in monetary policy by reducing interest rates by 25 basis points in the first half of 2024. Against this macroeconomic backdrop, the valuation of the Group's real estate portfolio remained stable in the first half of the year compared to the previous year, when there was a very significant correction in real estate values. The execution of the strategy of divestment of non-strategic assets, as well as the materialisation at the beginning of July 2024 of the capital increase with the entry of a new significant shareholder, have allowed us to continue with the management and optimisation of the levels of debt, liquidity and maintenance of the credit rating levels, in order to have a more robust financial structure and increase the investment capacity in the face of the opportunities that may arise in the sector.

- The management of physical and transitional risks linked to climate change continued to be a priority for the Group, through the development of the decarbonisation plan, as well as specific actions aimed at improving the quality of buildings and measuring their energy consumption levels in order to optimise their environmental impact.
- In this ESG area, the Group is heavily involved in the analysis and monitoring for the adaptation to the increasing non-financial reporting requirements resulting from the application of the European taxonomy as well as the Corporate Sustainability Reporting Directive (CSRD).
- Human capital management and talent development in this complex environment is a priority in order to face the changes and new challenges in the business model, manage the risks mentioned above, as well as the new growth and development opportunities for the Group.

In this context, Colonial continues to carry out a dynamic follow-up and monitoring of the evolution of these risks and the effectiveness of the functioning of the control systems in place, which allows for an adequate management of the risks, in order to adequately develop the Group's strategy, achieve its objectives, guarantee its operations and preserve the Group's value.

5. Events after the reporting period

Capital increase approved by the Company's Extraordinary General Shareholders' Meeting held on 12 June 2024 -

On 3 July 2024, the public deed relating to the capital increase approved by the Company's Extraordinary General Shareholders' Meeting held on 12 June 2024 was registered with the Commercial Registry of Madrid. The share capital increase approved, excluding pre-emptive subscription rights, and with a charge to monetary and non-monetary contributions, consists of the issue and circulation of 87,729,050 new ordinary shares of the Company, with a unit par value of 2.50 euros, of the same class and series as those currently in circulation.

The consideration for this capital increase consists of 350,000 thousand euros in cash and a number of residential and office properties owned by Criteria Caixa, S.A.U. and certain wholly-owned subsidiaries, valued at 272,473 thousand euros, giving a total effective consideration of 622,473 thousand euros.

Following this increase, the share capital of the Company has been set at 1,568,361,717.50 euros, represented by 627,344,687 shares with a par value of 2.50 euros each.

Colonial's new shares were admitted to trading on 5 July 2024, following completion of the mandatory formalities with Iberclear, the Spanish Securities and Exchange Commission and the Stock Exchanges.

Sale of the Méndez Álvaro residential asset –

On 23 July 2024 the Parent disposed of the Méndez Álvaro residential asset, located in Madrid, for 130,000 thousand euros, of which 13,000 thousand euros had already been collected in the prior year as a deposit, which has been derecognised from “Trade and other payables” in the condensed consolidated statement of financial position.

Completion of general inspection and investigation activities for the 2018 to 2021 financial years of the Parent.

On 15 July 2023, the general inspection and investigation activities for corporate income tax for 2018 to 2021, and for value added tax, withholdings on account of non-residents and withholdings and payments on account of income from employment, professional activities and economic activities for the period October 2018-December 2021 were completed. The Parent has signed tax assessments amounting to 272 thousand euros for all items.

There have been no significant subsequent events in addition to those mentioned above.

6. Outlook

This last period has been characterised by an economic context marked by high inflation and uncertainty. The conflict between Russia and Ukraine together with the energy crisis, among other factors, have led to economic deterioration.

Having closed the first half of the year with the business cycle overcoming obstacles of a very diverse nature and with significant sector-specific and regional divergences, the feeling is that we are close to a turning point, from which the effects of the monetary tightening accumulated over the last year and a half will become more evident.

The European outlook is more optimistic than initial signs suggested a few months ago, driven largely by lower energy prices, although growth is still expected to be low, growth prospects for 2024 are expected to improve.

Strategy for the future -

In this market context, Colonial's strategy continues to be committed to long-term value creation in the *prime* office sector, with the focus on quality and yields adjusted to risk, and with a strong credit rating and liquidity position.

7. Research and development activities

As a result of the Group's own characteristics, its activities and its structure, research and development activities are not usually carried out at Inmobiliaria Colonial, SOCIMI, S.A.

8. Treasury Shares

At 30 June 2024, the Parent held a closing balance of 7,714,388 shares with a par value of 19,286 thousand euros (2.5 euros per share), representing 1.43% of the Parent's share capital.

Alternative Performance Measures (European Securities and Markets Authority)

The following glossary of the *Alternative Performance Measures* includes the definition and relevance thereof for Colonial in accordance with the guidelines of the European Securities and Markets Authority (ESMA) published in October 2015 *(ESMA Guidelines on Alternative Performance Measures)*. These *Alternative Performance Measures* have not been audited or revised by the Company's auditor (PricewaterhouseCoopers).

Alternative Performance Measure.	**Form of calculation**	**Definition/Relevance**
Market Value including transaction costs or *GAV including Transfer costs*	Valuation of all assets in the Group's portfolio made by appraisers outside the Group, before subtracting transaction costs or *transfer costs*.	Standard analysis ratio in the real estate sector.
Market Value excluding transaction costs or *Gross Asset Value (GAV) excluding Transfer costs*	Valuation of all assets in the Group's portfolio made by appraisers outside the Group, deducting transaction costs or *transfer costs*.	Standard analysis ratio in the real estate sector.
***Like-for-like* Valuation**	Amount of market valuation excluding transaction costs or market valuation including transaction costs comparable between two periods. In order to obtain it, income from rentals from investments or divestitures made between both periods is excluded from both periods.	This permits the changes in the Market Value of the portfolio to be compared on a like-for-like basis.
EPRA NTA **(EPRA Net Tangible Assets)** EPRA (*European Public Real Estate Association*) which recommends the standards for best practices to follow in the property sector. The calculation of these APMs follows the instructions set by EPRA.	This is calculated on the basis of Equity attributable to equity holders of the Parent and adjusted for certain items in accordance with EPRA recommendations.	Standard analysis ratio in real estate and recommended by EPRA.
EPRA NDV **(EPRA Net Disposal Value)** EPRA *(European Public Real Estate Association)* which recommends the standards for best practices to follow in the property sector. The calculation of these APMs follows the instructions set by EPRA.	Calculated by adjusting the following items in the EPRA NTA: the market value of the financial instruments, the market value of the financial debt, the taxes that would accrue on the sale of the assets at their market value, applying the tax credits available to the Group on a going concern basis.	Standard analysis ratio in real estate and recommended by EPRA.
Gross Financial Debt (GFD)	Calculated as the sum of the items *"Bank borrowings and other financial liabilities", "Issue of debentures and other similar securities"*, and *"Promissory notes"* excluding (accrued) *"Interest"*, *"Arrangement expenses" and "Other financial liabilities"* in the condensed consolidated statement of financial position for the six-month period ending 30 June 2023.	Relevant indicator for analysing the Group's financial position.

Alternative Performance Measure.	Form of calculation	Definition/Relevance
Net financial debt (NFD)	Calculated by adjusting in *gross financial debt (GFD)* the item *"Cash and cash equivalents"*.	Relevant indicator for analysing the Group's financial position.
***Loan to Value* Group or LtV Group**	Calculated as the result of dividing *"Net financial debt (NFD)"* by the sum of the "*Market Valuation including transaction costs of the Group's asset portfolio"* plus the "treasury shares of the Parent valued at EPRA NTA".	This makes it possible to analyse the relationship between net financial debt and the valuation of assets in the Group's portfolio.
Holding Company LtV or Colonial LtV	Calculated as the result of dividing "*Gross financial debt"* minus the amount of the item *"Cash and cash equivalents"* of the Parent and *the wholly-owned Spanish subsidiaries,* adjusted by the amount of the commitments for *"deferrals for real estate asset purchase and sale transactions",* between the sum of "*the Market Valuation including transaction costs of the asset portfolio of the Group's parent company and wholly-owned Spanish subsidiaries", "treasury shares of the Parent" and the EPRA NTA of the remaining financial holdings in subsidiaries*".	This makes it possible to analyse the relationship between net financial debt and the valuation of assets in the Group's Parent.
***Like-for-like* Rents**	Amount of rental income for rentals included in "*Revenue*" comparable between two periods. In order to obtain this amount, income from investments or divestitures made between both periods, those from assets included in the project and renovation portfolio, as well as other atypical adjustments (for example, compensation for early termination of rental agreements) are excluded from both periods.	This makes it possible to compare, on a like-for-like basis, the change in rental income of an asset or group of assets.
Analytical EBITDA **(*Earnings Before Interest, Taxes, Depreciation and Amortisation*)**	Calculated as "*Operating profit*" adjusted by "*Revenue - Inventories*", "*Cost of sales - Inventories*", "*"Depreciation and amortisation"*, "*Net gains/losses on disposal of assets*", *"Net gain/(loss) on sales of assets", "Reversal of provisions for early retirements", "Change in value of investment property", and "Gains/(losses) on changes in value of assets due to impairment", as well as extraordinary structural expenses and those incurred in "Depreciation and amortisation" and "Financial profit/(loss)" arising from the recording of "IFRS 16 finance leases", associated with the flexible business (co-working).*	Indicator of the Group's capacity to generate profits considering only its productive activity, eliminating depreciation allowances, the effect of indebtedness and the tax effect.
EBITDA from rents	Calculated as "*Analytical rental income"* minus *"Analytical net operating expenses".*	Indicator of the Group's earning capacity considering only its leasing activity, before depreciation, provisions, the effect of indebtedness and the tax effect.

Alternative Performance Measure.	**Form of calculation**	**Definition/Relevance**
Analytical rental income	Calculated as *"Revenue – Investment properties"* adjusted by *"Flexible business income",* by *"Revenue eliminated on consolidation associated with the flexible business" and by "Reversal of provisions for early retirements".*	Relevant magnitude for analysing the Group's results.
Analytical net operating expenses	Calculated as the sum of *"Personnel expenses"* and "*Other operating expenses"* adjusted by *"Personnel expenses and other operating expenses not associated with the corporate segment"*, by *"Personnel expenses and other operating expenses not associated with the flexible business"*, by *"Extraordinary personnel expenses and other operating expenses"*, by "*Other operating expenses eliminated in consolidation associated with the flexible business*" and by *"Change in provisions".*	Relevant magnitude for analysing the Group's results.
Other analytical income	Calculated as the sum of *"Other income" and "Profit/(loss) of equity accounted entities"* in the condensed consolidated income statement for the six months ended 30 June 2023 and adjusted by *"Other operating expenses eliminated on consolidation associated with the flexible business", "Revenue eliminated on consolidation associated with the flexible business", "Depreciation and amortisation arising from the recognition in line with the IFRS 16 Finance lease standard"* and *"Financial profit arising from the recognition in line with the IFRS 16 Finance lease standard".*	Relevant magnitude for analysing the Group's results.
Spending structure analytics	Calculated as the sum of items *"Other revenue", "Personnel expenses"* and *"Other operating expenses"* in the condensed consolidated income statement for the six months ended 30 June 2023 and adjusted by *"Analytical net operating expenses"*, **"***Personnel expenses and Other operating expenses associated with the generation of flexible business income"*, *"Personnel expenses and Other operating expenses not associated with flexible business", "Personnel expenses and Other extraordinary operating expenses"*, *"Net change in provisions"*, *"Other operating expenses eliminated on consolidation associated with the flexible business*" and *"Other revenue associated with the leasing business".*	Relevant magnitude for analysing the Group's results.

Alternative Performance Measure.	**Form of calculation**	**Definition/Relevance**
Analytical extraordinary expenses	Calculated as the sum of items *"Personnel expenses"* and *"Other operating expenses"* in the condensed consolidated income statement for the six months ended 30 June 2023 and adjusted by *"Analytical net operating expenses", "Personnel expenses and Other operating expenses associated with the corporate segment"*, *"Personnel expenses and Other operating expenses not associated with flexible business", "Other operating expenses eliminated on consolidation associated with the flexible business*" and *"Net change in provisions".*	Relevant magnitude for analysing the Group's results.
Revaluations and sales margin of analytical properties	Calculated as the sum of "*Net gain/(loss) on disposal of assets" and "Change in value of investment property" in the condensed consolidated income statement for the six months ended 30 June 2023,* adjusted by *"Revenue - Inventories" and "Cost of sales - Inventories".*	Relevant magnitude for analysing the Group's results.
Analytical depreciation and provisions	Calculated as the sum of *"Depreciation and amortisation"* and *"Gains/(losses) due to changes in value of assets and impairment"* in the condensed consolidated income statement for the six months ended 30 June 2023 and adjusted by *"Depreciation and amortisation arising from the recognition in line with the IFRS 16 Finance lease standard"* and *"Net change in provisions" and for the "Reversal of provisions for early retirements"*.	Relevant magnitude for analysing the Group's results.
Analytical financial result	Calculated as the sum of *"Finance income"* and *"Finance costs"* in the condensed consolidated income statement for the six months ended 30 June 2023 and adjusted by *"Financial profit arising from the recognition in line with the IFRS 16 Finance lease standard".*	Relevant magnitude for analysing the Group's results.
Recurrent analytical financial result	Calculated as the "*Analytical financial result*" and adjusted by *"Extraordinary financial income and expenses"*	Relevant magnitude for analysing the Group's results.
EPRA Earnings and Recurring net income	Calculated in accordance with EPRA recommendations, adjusting certain items to the net profit for the year attributable to the Parent.	Standard analysis ratio in real estate and recommended by EPRA.

Alternative Performance Measures included in the foregoing table arise from items in the consolidated financial statements and in the condensed consolidated interim financial statements of Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries or from the breakdowns of the items (sub-items) included in the corresponding explanatory notes to the report, except as indicated below.

Below follows a reconciliation of those alternative performance measures whose origin does not fully derive from items or sub-items in the consolidated annual financial statements of Inmobiliaria Colonial, as provided for in paragraph 28 of the aforementioned recommendations.

Market Value including transaction costs or GAV *including transfer costs*

Market Value including transaction costs or GAV including Transfer costs	Millions of euros	
	30/06/2024	2023
Total Market Value excluding transaction costs	11,267	11,336
Plus: transaction costs	627	607
Total Market Value including transaction costs	**11,894**	**11,944**
Spain	3,995	4,127
France	7,899	7,817

Market Value excluding transaction costs or GAV *excluding transfer costs*

Market Value excluding transaction costs or GAV excluding transfer costs	Millions of euros	
	30/06/2024	2023
Barcelona	1,176	1,187
Madrid	1,887	2,054
Paris	7,209	7,135
Leased out	**10,272**	**10,375**
Projects	996	961
Total Market Value excluding transaction costs	**11,267**	**11,336**
Spain	3,861	4,004
France	7,406	7,332

Like-for-like Valuation

Like-for-like Valuation	Millions of euros	
	30/06/2024	2023
Valuation at 1 January	**11,336**	13,005
Like-for-like Spain	10	(301)
Like-for-like France	74	(856)
Acquisitions and divestitures	(152)	(512)
Total Market Value excluding transaction costs	**11,267**	**11,336**

EPRA NTA (EPRA Net Tangible Assets)

EPRA NTA (EPRA Net Tangible Assets)	Millions of euros	
	30/06/2024	2023
"Equity attributable to shareholders of the Parent"	**4,926**	**4,936**
Includes/Excludes:		
Adjustments from (i) to (v) with respect to strategic alliance interests	--	--
Diluted NTA	**4,926**	**4,936**
Includes:		
(ii.a) Revaluation of investment assets	--	--
(ii.b) Revaluation of assets under development	--	--
(ii.c) Revaluation of other investments	121	124
(iii) Revaluation of finance leases	--	--
(iv) Stock revaluation	--	13
Diluted NTA at Fair Value	**5,047**	**5,073**
Excludes:		
(v) Deferred taxes	210	289
(vi) Market value of financial instruments	(40)	10
EPRA NTA	**5,217**	**5,372**
Number of shares (millions)	539.6	539.6
EPRA NTA per share	9.66	9.95

EPRA NDV (Net Disposal Value)

EPRA NDV (EPRA Net Disposal Value)	Millions of euros	
	30/06/2024	2023
“Equity attributable to shareholders of the Parent”	**4,926**	**4,936**
Includes/Excludes:		
Adjustments from (i) to (v) with respect to strategic alliance interests	--	--
Diluted NDV	**4,926**	**4,936**
Includes:		
(ii.a) Revaluation of investment assets	--	--
(ii.b) Revaluation of assets under development	--	--
(ii.c) Revaluation of other investments	121	124
(iii) Revaluation of finance leases	--	--
(iv) Stock revaluation	--	13
Diluted NDV at Fair Value	**5,047**	**5,073**
Excludes:		
(v) Deferred taxes	--	--
(vi) Market value of financial instruments	--	--
(ix) Market value of debt	240	219
EPRA NDV	**5,287**	**5,292**
Number of shares (millions)	539.6	539.6
EPRA NDV per share	9.79	9.81

***Loan-to-Value* Group or LtV Group**

Loan to Value Group or LtV Group	Millions of euros	
	30/06/2024	2023
Gross financial debt	5,318	5,302
Commitments of deferrals for transactions selling real estate assets	--	--
Minus: *“Cash and cash equivalents”*	(425)	(438)
(A) Net financial debt	**4,892**	**4,864**
Market Value including transaction costs (*)	11,856	11,944
Plus: Treasury shares of the Parent valued at EPRA NTA	43	80
(B) Market value including transaction costs and the Parent's own shares	**11,899**	**12,024**
Loan to Value Group (A)/(B)	**41.1%**	**40.5%**

(*) Participating interests accounted for using the equity method are valued at EPRA NTA (Note 2).

Holding Company LtV or Colonial LtV

Holding Company LtV or Colonial LtV	Millions of euros	
Holding Company	30/06/2024	2023
Gross financial debt	3,012	2,987
Commitments of deferrals for transactions selling real estate assets	--	--
Minus: “Cash and cash equivalents” of the Parent and the fully-owned Spanish subsidiaries	(393)	(338)
(A) Net financial debt	**2,619**	**2,649**
(B) Market Value including transaction costs	**8,105**	**8,273**
Loan to Value Holding (A)/(B)	**32.3%**	**32.0%**
SFL Intercompany Loan	(415)	(345)
(C) Net financial debt	**2,204**	**2,304**
Loan to Value Holding (C)/(B) considering intercompany loan to SFL	**27.2%**	**27.8%**

Like-for-like Rentals

Like-for-Like Rentals	Millions of euros			
	Barcelona	Madrid	Paris	Total
Analytical rental income 30/06/2023	**22**	**50**	**111**	**183**
Like-for-like	2	1	8	11
Projects and inclusions	(0)	(5)	10	5
Investments and divestitures	0	(4)	0	(4)
Other and compensation	(1)	0	(3)	(3)
Analytical rental income 30/06/2024	**23**	**42**	**127**	**192**

Analytical EBITDA

Analytical EBITDA	Millions of euros	
	30/06/2024	30/06/2023
Operating profit	164	(382)
Adjustments: *“Revenue - Inventories”*	(106)	--
Adjustments: *“Cost of sales - Inventories”*	92	--
Adjustments: “*Depreciation and amortisation*”	4	5
Adjustments: “*Net gain/(loss) on sales of assets*”	(13)	7
Adjustments: “*Net change in provisions*”	(5)	(1)
Adjustments: “*Reversal of provisions for early retirements”*	5	--
Adjustments: “*Changes in value of investment property*”	12	524
Adjustments: “*Gains/(losses) on changes in value of assets due to impairment*”	1	1
Adjustments: “Extraordinary Income”	1	1
Adjustments: “*Depreciation and amortisation arising from the recognition in line with the IFRS 16 Finance lease standard*”	(1)	(2)
Adjustments: “*Financial profit arising from the recognition in line with the IFRS 16 Finance lease standard*”	(0)	(1)
Analytical EBITDA	**153**	**152**

EBITDA from rents

EBITDA from rents	Millions of euros	
	30/06/2024	30/06/2023
Revenue – Investment properties	192	189
Adjustments: “*Flexible business income*”	(9)	(9)
Adjustments: “*Revenue eliminated on consolidation associated with the flexible business*”	4	4
Adjustments: “*Reversal of provisions for early retirements”*	5	--
Analytical rental income	**192**	**183**
Personnel expenses	(18)	(16)
Other operating expenses	(23)	(25)
Adjustments: “*Personnel expenses and Other operating expenses associated with the corporate segment*”	28	24
Adjustments: “*Personnel expenses and Other operating expenses not associated with the flexible business*”	3	3
Adjustments: “*Personnel expenses and Other extraordinary operating expenses not associated with the flexible business*”	1	1
Adjustments: “Other operating expenses eliminated on consolidation associated with the flexible business”	1	1
Adjustments: “*Net change in provisions*”	(5)	(1)
Analytical net operating expenses	**(14)**	**(13)**
EBITDA from rents	**178**	**170**

Other analytical income

Other analytical income	Millions of euros	
	30/06/2024	30/06/2023
Other revenue	2	6
Result of entities through the participation procedure	1	--
Adjustments: "*Other corporate segment revenues*"	(1)	(2)
Adjustments: "*Revenue and Personnel expenses and Other operating expenses eliminated on consolidation associated with the flexible business*"	7	8
Adjustments: "*Revenue eliminated on consolidation associated with the flexible business*"	(4)	(5)
Adjustments: "*Depreciation and amortisation arising from the recognition in line with the IFRS 16 Finance lease standard*"	(1)	(2)
Adjustments: "*Financial profit arising from the recognition in line with the IFRS 16 Finance lease standard*"	(0)	(1)
Other analytical income	**3**	**4**

Spending structure analytics

Spending structure analytics	Millions of euros	
	30/06/2024	30/06/2023
Other revenue	2	6
Personnel expenses	(18)	(16)
Other operating expenses	(23)	(25)
Adjustments: *"Analytical net operating expenses"*	14	13
Adjustments: "*Personnel expenses and Other operating expenses eliminated on consolidation associated with the flexible business income*"	2	2
Adjustments: "*Personnel expenses and Other extraordinary operating expenses not associated with the flexible business*"	1	1
Adjustments: "*Net change in provisions*"	(5)	(1)
Adjustments: "Other operating expenses eliminated on consolidation associated with the flexible business"	1	1
Adjustments: "*Other revenue associated with the leasing business*"	(1)	(4)
Spending structure analytics	**(28)**	**(23)**

Analytical extraordinary expenses

Analytical extraordinary expenses	Millions of euros	
	30/06/2024	30/06/2023
Personnel expenses	(18)	(16)
Other operating expenses	(23)	(25)
Adjustments: *"Analytical net operating expenses"*	14	13
Adjustments: "*Personnel expenses and Other operating expenses associated with the corporate segment*"	28	24
Adjustments: "*Personnel expenses and Other operating expenses eliminated on consolidation associated with flexible business income*"	3	3
Adjustments: "Other operating expenses eliminated on consolidation associated with the flexible business"	1	1
Adjustments: "*Net change in provisions*"	(5)	(1)
Analytical extraordinary expenses	**(1)**	**(1)**

Revaluations and sales margin of analytical properties

Revaluations and sales margin of analytical properties	Millions of euros	
	30/06/2024	30/06/2023
Net gain/(loss) on sales of assets	13	(7)
Changes in value of investment property	(12)	(524)
Adjustments: *"Revenue - Inventories"*	106	--
Adjustments: *"Cost of sales – Inventories"*	(92)	--
Revaluations and sales margin of analytical properties	**15**	**(532)**

Analytical depreciation and provisions

Analytical depreciation and provisions	Millions of euros	
	30/06/2024	30/06/2023
Depreciation and amortisation	(4)	(5)
Gains/(losses) on changes in value of assets due to impairment	(1)	(1)
Adjustments: "*Depreciation and amortisation arising from the recognition in line with the IFRS 16 Finance lease standard*"	1	2
Adjustments: "*Net change in provisions*"	5	1
Adjustments: "*Reversal of provisions for early retirements"*	(5)	--
Analytical depreciation and provisions	**(4)**	**(3)**

Recurrent analytical and analytical financial result

Analytical financial result	Millions of euros	
	30/06/2024	30/06/2023
Finance income	11	2
Finance costs	(55)	(51)
Adjustments: "*Financial profit arising from the recognition in line with the IFRS 16 Finance lease standard*"	(0)	1
Analytical financial result	**(44)**	**(48)**
Adjustments: *"Extraordinary financial income and expenses"*	3	2
Recurrent analytical financial result	**(41)**	**(46)**

EPRA Earnings and Recurring Net Income

EPRA Earnings and Recurring Net Income	Millions of euros	
	30/06/2024	30/06/2023
Net profit attributable to the Group	**86**	**(347)**
Net profit/(loss) attributable to the Group - €cts/share	***15.93***	***(64.34)***
Includes/(excludes):		
(i) Changes in value of investments, investment projects and other interests	13	525
(ii) Gains or losses on sales of assets, investment projects and other interests	(27)	7
(iii) Gains or losses on sales of assets held for sale including changes in the value of such assets	--	--
(iv) Taxes on sale of assets	0	(4)
(v) Impairment of goodwill	--	--
(vi) Changes in the value of financial instruments and cancellation costs	5	2
(viii) Deferred tax for considered EPRA adjustments	(26)	(11)
(ix) Adjustments (i) to (viii) in respect of strategic alliances (except if included by proportionate consolidation)	--	--
(x) Minority interests in respect of the above items	39	(89)
EPRA Earnings (company-specific pre-adjustments)	90	83
Company-specific settings:		
(a) Extraordinary contingencies and charges	4	4
(b) Non-recurring profit/(loss)	(2)	(0)
(c) Tax credits	--	--
(d) Minority interests in respect of the above items	(0)	(0)
Recurring Net Income (post company specific adjustments)	**92**	**87**
Average number of shares (millions)	539.6	539.6
Recurring Net Profit (post company specific adjustments) - €cts/share	***17.01***	***16.10***