Inmobiliaria Colonial, SOCIMI, S.A.

Audit Report
Financial Statements as at 31 December 2024
Management Report

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

Independent auditor's report on the financial statements

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

Report on the financial statements

Opinion

We have audited the financial statements of Inmobiliaria Colonial, SOCIMI, S.A. (the Company), which comprise the balance sheet as of 31 December 2024, and the income statement, statement of changes in equity, cash flow statement and related notes for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as of 31 December 2024, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in note 2 of the notes to the financial statements), and in particular, with the accounting principles and criteria included therein.

Basis for opinion

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

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid España
Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 915 685 400, www.pwc.es

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Key audit matters	How our audit addressed the key audit matters
Recoverability of non-current equity instruments in group companies and associates On 31 December 2024 Inmobiliaria Colonial, SOCIMI, S.A. recognises a balance under Non-current equity instruments in group companies and associates amounting to Euro 2,827,387 thousand, as detailed in note 10 to the accompanying financial statements. These instruments represent approximately 41% of total assets. As outlined in note 4.e) to the accompanying financial statements, the Company makes all the necessary measurement adjustments at least at the year end, provided that there is objective evidence that the carrying amount of an investment will not be recoverable. The amount of the adjustment is calculated as the difference between the investment's carrying amount and the recoverable amount, understood as the higher of the fair value less costs to sell and the present value of future cash flows from the investment. Specifically, for most investees, unless better evidence is available of their recoverable amount, the equity attributable to the Company is taken into consideration, increased by any latent capital gains existing at the time of the valuation, pursuant to the recommendations of EPRA (*European Public Real Estate Association*) in order to calculate the EPRA *Net Tangible Asset* (EPRA NTA), always taking into account the market price of the investee's shares on an organised market as the best evidence of recoverable value. Value adjustments and, if appropriate, their reversal, are recognised in the income statement for the year in which they arise. The quantification of the recoverable amount of such instruments requires, as outlined in note 2.d) to the accompanying financial statements, the use of significant judgements and estimates by Company management when determining the valuation method and considering the key assumptions to be established in that method.	Our audit procedures included, among others, the analysis of the process implemented by the Company to assess the potential impairment of non-current equity instruments in group companies and associates. For unlisted group companies with real estate assets, we obtained the balance sheets of the most significant investees and analysed the amounts of the latent capital gains identified, analysing them using the valuations of their real estate assets carried out by independent experts. For investments in equity instruments in Societé Foncière Lyonnaise, S.A., a listed group company, we checked its recoverable amount based on the market value of its shares, and also requested an audit report, instructing its auditors. For those group companies without relevant real estate assets, we obtained and analysed the calculations of their recoverable amount, based on the business plan drawn up by Company management, and checked the discount rate used with our internal experts. Lastly, we assessed the sufficiency of the disclosures of information included in note 10 to the notes to the accompanying financial statements. We considered that management's approach to the evaluation of the recoverability of non-current equity instruments in group companies and associates is consistent and supported by the available evidence.

Key audit matters	How our audit addressed the key audit matters
The materiality of non-current equity instruments in group companies and associates and the significant judgements and estimates described above mean that we consider this matter a key audit matter.	
Subsequent measurement of Investment Properties The Company has real estate assets which are primarily recognised under Investment properties amounting to Euro 2,917,320 thousand on 31 December 2024, representing 42% of total assets. Notes 4.c) and 7 to the accompanying financial statements include information on the assets included in this heading. As outlined in note 4.c), the Company compares the carrying amount of these properties with market value in order to verify that the value recognised is not greater than market value. The Company obtains the market value through valuations performed by independent experts. The methodology used to determine the market value of investment properties is mainly the discounted cash flows method, in accordance with standard market practice. These valuations are based on a series of significant judgements and estimates as outlined in note 2.d) to the accompanying financial statements. We therefore focused on this area due to the materiality of this heading with respect to the Company's total assets and the significant judgement required of management. Changes in these assumptions could lead to a significant variation in the recoverable amount of such assets and the possible impact on the income statement and balance sheet.	For the purposes of evaluating their carrying amount before considering any impairment, we checked the annual depreciation of investment properties in terms of whether it is calculated on a straight-line basis over its useful life. We obtained the year-end valuations performed of these assets by independent experts and we confirmed that these independent experts meet the requirements of competence and independence. We checked whether these valuations were performed in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors (RICS) of Great Britain and in accordance with the International Valuation Standards (IVS) published by the International Valuation Standards Committee (IVSC). In this regard, we held meetings with the valuers together with our internal experts, analysing, for a sample of those valuations, the reasonableness of the variables used, such as the discount rate and the rent and rent increases considered, as well as other variables necessary to complete the valuation such as the market return, the term of the rental agreements and type and age of the buildings, their location and occupancy rates. Similarly, for a sample of assets, we checked, using the sales and purchase deeds, the technical specifications considered by the independent experts when determining the market value of those assets. Lastly, we assessed the sufficiency of the disclosures in notes 4.c) and 7 to the notes to the accompanying financial statements.

Key audit matters	How our audit addressed the key audit matters
	We consider that we have obtained sufficient and adequate audit evidence in the course of our work concerning the reasonableness of the valuation of the Companies' investment properties.

Other information: Management report

Other information comprises only the management report for the 2024 financial year, the formulation of which is the responsibility of the Company's directors and does not form an integral part of the financial statement.

Our audit opinion on the financial statements does not cover the management report. Our responsibility regarding the management report, in accordance with legislation governing the audit practice, is to:

a) Verify only that the certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as referred to in the Auditing Act, has been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in the management report and the financial statements as a result of our knowledge of the Company obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the management report is consistent with that contained in the financial statements for the 2024 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit and control committee for the financial statements

The directors are responsible for the preparation of the accompanying financial statements, such that they fairly present the equity, financial position and financial performance of the Company, in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit and control committee is responsible for overseeing the process of preparation and presentation of the financial statements.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the entity's audit and control committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the aforementioned those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the entity's audit and control committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

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

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital file of the European single electronic format (ESEF) of Inmobiliaria Colonial, SOCIMI, S.A. for the 2024 financial year that comprises an XHTML file of the financial statements for the financial year, which will form part of the annual financial report.

The directors of Inmobiliaria Colonial, SOCIMI, S.A. are responsible for presenting the annual financial report for 2024 financial year in accordance with the formatting requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Committee (hereinafter the ESEF Regulation). In this regard, the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration have been incorporated by reference in the management report.

Our responsibility is to examine the digital file prepared by the Company's directors, in accordance with legislation governing the audit practice in Spain. This legislation requires that we plan and execute our audit procedures in order to verify whether the content of the financial statements included in the aforementioned file completely agrees with that of the financial statements that we have audited, and whether the format of these accounts has been affected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital file examined completely agrees with the audited financial statements, and these are presented, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the audit and control committee

The opinion expressed in this report is consistent with the content of our additional report to the audit and control committee of the Company dated 27 February 2025.

Appointment period

The General Ordinary Shareholders' Meeting held on 15 June 2023 appointed us as auditors for a period of one year, for the year ended 31 December 2024.

Previously, we were appointed by resolution of the General Ordinary Shareholders' Meeting for a period of three years, and we have audited the accounts continuously since the year ended 31 December 2017.

Services provided

Services provided to the audited entity for services other than the audit of the accounts are disclosed in note 22 to the financial statements.

In relation to the services provided to the subsidiaries of the Company for services other than the audit of the accounts, refer to the audit report dated 27 February 2025 on the consolidated financial statements of Inmobiliaria Colonial, SOCIMI, S.A. and its subsidiaries, where these subsidiaries have been consolidated.

PricewaterhouseCoopers Auditores, S.L. (S0242)

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Alfredo Aguilera Sanz (22290)

27 February 2025

Inmobiliaria Colonial, SOCIMI, S.A.

Financial statements for the year ended 31 December and 2024 Management Report, together with the Auditors' Report

Inmobiliaria Colonial, SOCIMI, S.A.

Balance sheet
31 December 2024 and 2023

(Thousands of euros)

Assets	Note	31 December 2024	31 December 2023
Intangible assets	**Note 5**	**29,207**	**39,112**
Goodwill		26,888	35,609
Intellectual property		68	124
Computer software		2,251	3,379
Property, plant and equipment	**Note 6**	**23,015**	**21,752**
Land and buildings		17,841	17,873
Plant and other items of property, plant and equipment		5,174	3,879
Investment property	**Note 7**	**2,917,320**	**2,831,761**
Land		1,751,138	1,662,142
Constructions and installations		1,001,537	985,944
Real estate investments in progress and advances		297,769	346,111
Impairment of investment property		(133,124)	(162,436)
Non-current investments in group companies and associates		**2,831,501**	**2,691,563**
Equity instruments in group companies	**Note 10-a**	2,858,989	2,722,876
Loans to group companies	**Notes 9 .10-b, 11-a and 20**	4,114	3,913
Impairment of investments in group companies	**Note 10-a**	(31,602)	(35,226)
Non-current financial investments	**Note 9**	**37,536**	**58,649**
Non-current equity instruments	**Note 11-b**	5,086	3,524
Res.	**Note 12**	--	1,958
Other financial assets		32,450	53,167
Total non-current assets		**5,838,579**	**5,642,837**
Non-current assets held for sale	**Note 13**	**16,660**	**120,846**
Trade and other receivables		**34,276**	**16,919**
Trade receivables for sales and services		23,569	2,147
Trade and other payables, group companies and associates	**Note 20**	133	218
Other receivables	**Note 11-a**	3,328	6,318
Prepayments to suppliers		85	177
Staff		11	8
Other receivables from public authorities	**Note 18**	7,150	8,051
Current investments in group companies	**Notes 9 and 20**	**563,256**	**418,269**
Loans to group companies		563,256	418,269
Current financial investments	**Note 9**	**10,534**	**679**
Equity instruments		9	9
Other financial assets		10,525	670
Current accruals		--	**289**
Cash and cash equivalents	**Note 16**	**456,768**	**336,056**
Total current assets		**1,081,494**	**893,058**
Total assets		**6,920,073**	**6,535,895**

The accompanying Notes 1 to 24 and Appendix I are an integral part of the balance sheet at 31 December 2024.

Inmobiliaria Colonial, SOCIMI, S.A.

Balance sheet
31 December 2024 and 2023

(Thousands of euros)

Equity and Liabilities	Note	31 December 2024	31 December 2023
Own funds		**3,747,843**	**3,143,276**
Capital	**Note 14-a**	**1,568,362**	**1,349,039**
Registered Capital		1,568,362	1,349,039
Share premium	**Note 14-b**	**1,847,691**	**1,463,600**
Reserves	**Note 14-c**	**235,417**	**180,203**
Legal and bylaw-mandated reserves		91,559	70,272
Other reserves		143,858	109,931
(Treasury shares and equity instruments)	**Note 14-d**	**(61,187)**	**(64,928)**
Profit/(loss) for the year		**153,332**	**212,866**
Other net equity instruments		**4,228**	**2,496**
Valuation adjustments	**Note 14-e**	**200,064**	**207,990**
Hedging transactions		200,064	207,990
Grants, donations and legacies received		**33**	**36**
Subsidies		33	36
Total equity		**3,947,940**	**3,351,302**
Long-term provisions	**Note 15**	**25**	**8**
Non-current employee benefit obligations		25	8
Non-current payables	**Note 9**	**2,335,865**	**2,811,082**
Bonds and other marketable securities	**Note 16**	2,306,360	2,678,495
Bank borrowings	**Note 16**	(3,622)	101,763
Res.	**Note 12**	2,075	2,053
Other financial liabilities	**Note 17**	31,052	28,771
Deferred tax liabilities and other payables to public authorities	**Note 18**	**69,476**	**79,482**
Total non-current liabilities		**2,405,366**	**2,890,572**
Current provisions	**Note 15**	**5,201**	**2,701**
Current payables	**Note 9**	**509,481**	**202,851**
Bonds and other marketable securities	**Note 16**	508,800	197,566
Bank borrowings	**Note 16**	(1,026)	218
Res.	**Note 12**	1,707	5,067
Current payables to group companies	**Notes 9 and 20**	**3,386**	**293**
Trade and other payables		**48,684**	**88,175**
Vendors		33,202	32,616
Miscellaneous payables		2,469	2,464
Staff		1,808	1,946
Other payables to public authorities	**Note 18**	9,551	5,881
Customer advances	**Note 10**	1,654	45,268
Current provisions		**15**	**1**
Total current liabilities		**566,767**	**294,021**
Total equity and liabilities		**6,920,073**	**6,535,895**

The accompanying Notes 1 to 24 and Appendix I are an integral part of the balance sheet at 31 December 2024.

Inmobiliaria Colonial, SOCIMI, S.A.

Income statement for the financial years 2024 and 2023

(Thousands of euros)

	Note	2024	2023
CONTINUING OPERATIONS			
Revenue	**Note 19-a**	**234,815**	**318,136**
Lease income		133,067	140,167
Service provision		489	947
Finance income from holding companies	**Note 20**	101,259	177,022
Work carried out by the company for property, plant and equipment		**555**	**799**
Other operating income		**20**	**9**
Ancillary and other current management income		20	9
Personnel expenses	**Note 19-b**	**(17,374)**	**(13,448)**
Wages and salaries		(12,668)	(11,319)
Social charges		(4,706)	(2,129)
Other operating expenses		**(30,373)**	**(24,579)**
External services		(22,927)	(18,167)
Taxes		(5,251)	(7,006)
Losses, impairment and change in trade provisions	**Note 19-c**	(2,142)	669
Other current operating expenses		(53)	(75)
Depreciation and amortisation	**Notes 5, 6 y 7**	**(44,866)**	**(43,825)**
Allocation of grants for non-financial fixed assets and others		**12**	**2**
Impairment and gains/(losses) on disposal of property, plant and equipment		**3,493**	**13,965**
Impairments and losses	**Note 19-d**	(12,925)	(90,607)
Gains/(losses) on disposals and other	**Note 19-e**	16,418	104,572
Gains/(losses) on disposal of financial instruments	**Note 10-a**	**12,471**	--
Profit/(loss) from operations		**158,753**	**251,059**
Finance income	**Note 19-f**	**38,988**	**11,712**
From investments in equity instruments		17,006	7,435
At group companies and associates		17,006	7,435
other interests		21,982	4,277
Finance costs	**Note 19-f**	**(58,342)**	**(50,125)**
Due to debts to third parties		(58,342)	(50,125)
Impairment and gains/(losses) on disposal of financial instruments	**Notes 10 y 19-f**	**3,624**	**(2,886)**
Impairments and losses		3,624	(2,886)
Financial profit/(loss)		**(15,730)**	**(41,299)**
Profit/(Loss) before tax		**143,023**	**209,760**
Corporate income tax	**Note 18**	**10,309**	**3,106**
Profit/(loss) for the year from continuing operations		**153,332**	**212,866**

The accompanying Notes 1 to 24 and Appendix I are an integral part of the income statement at 31 December 2024.

Inmobiliaria Colonial, SOCIMI, S.A.

Statement of changes in equity for the years ended 31 December 2024 and 2023
a) Statement of recognised income and expense

(Thousands of euros)

	Note	2024	2023
Income statement		**153,332**	**212,866**
Income and expenses charged directly to equity			
Cash flow hedges	**Note 14-e**	(3,324)	(81,736)
Grants, donations and legacies received		(3)	36
Total income and expense recognised directly in equity		**(3,327)**	**(81,700)**
Transfers to income statement			
Cash flow hedges	**Note 14-e**	(4,602)	27,459
Total transfers to income statement		**(4,602)**	**27,459**
Total recognised income and expense		**145,403**	**158,625**

The accompanying Notes 1 to 24 and Appendix I are an integral part of the statement of changes in equity at 31 December 2024.

Inmobiliaria Colonial, SOCIMI, S.A.

Statement of changes in equity for the years ended 31 December 2024 and 2023
b) Statement of total changes in equity

(Thousands of euros)

	Registered Capital	Share premium	Reserves	Treasury shares and equity instruments	Profit/(loss) for the year	Other net equity instruments	Valuation adjustments	Grants, donations and legacies received	Total
Balance at 31 December 2022	**1,349,039**	**1,491,773**	**168,807**	**(66,374)**	**116,332**	**1,511**	**262,267**	**--**	**3,323,355**
I. Total recognised income and expense	**--**	**--**	**--**	**--**	**212,866**	**--**	**(54,277)**	**36**	**158,625**
II. Transactions with shareholders:	**--**	**(28,173)**	**11,415**	**1,233**	**(116,332)**	**--**	**--**	**--**	**(131,857)**
Net treasury share transactions	--	--	(218)	1,233	--	--	--	--	**1,015**
Distribution of profit	--	(28,173)	11,633	--	(116,332)	--	--	--	**(132,872)**
III. Other changes in equity	**--**	**--**	**(19)**	**213**	**--**	**985**	**--**	**--**	**1,179**
Accrual long-term remuneration plan 2023	--	--	--	--	--	985	--	--	**985**
Delivery long-term remuneration plan 2022	--	--	(19)	213	--	--	--	--	**194**
Balance at 31 December 2023	**1,349,039**	**1,463,600**	**180,203**	**(64,928)**	**212,866**	**2,496**	**207,990**	**36**	**3,351,302**

The accompanying Notes 1 to 24 and Appendix I are an integral part of the statement of changes in equity at 31 December 2024.

Inmobiliaria Colonial, SOCIMI, S.A.

Statement of changes in equity for the years ended 31 December 2024 and 2023
b) Statement of total changes in equity

(Thousands of euros)

	Registered Capital	Share premium	Reserves	Treasury shares and equity instruments	Profit/(loss) for the year	Other net equity instruments	Valuation adjustments	Grants, donations and legacies received	Total
Balance at 31 December 2023	**1,349,039**	**1,463,600**	**180,203**	**(64,928)**	**212,866**	**2,496**	**207,990**	**36**	**3,351,302**
I. Total recognised income and expense	**--**	**--**	**--**	**--**	**153,332**	**--**	**(7,926)**	**(3)**	**145,403**
II. Transactions with shareholders:	**219,323**	**384,091**	**55,149**	**2,312**	**(212,866)**	**--**	**--**	**--**	**448,009**
Capital increase (Note 1)	219,323	403,150	(4,587)	--	--	--	--	--	**617,886**
Net treasury share transactions	--	(19,059)	(9,521)	2,312	--	--	--	--	**(26,268)**
Distribution of profit	--	--	69,257	--	(212,866)	--	--	--	**(143,609)**
III. Other changes in equity	**--**	**--**	**65**	**1,429**	**--**	**1,732**	**--**	**--**	**3,226**
Accrual long-term remuneration plan 2024	--	--	--	--	--	3,226	--	--	**3,226**
Delivery long-term remuneration plan 2023	--	--	65	1,429	--	(1,494)	--	--	**--**
Balance at 31 December 2024	**1,568,362**	**1,847,691**	**235,417**	**(61,187)**	**153,332**	**4,228**	**200,064**	**33**	**3,947,940**

The accompanying Notes 1 to 24 and Appendix I are an integral part of the statement of changes in equity at 31 December 2024.

Inmobiliaria Colonial, SOCIMI, S.A.

Cash flow statements for the years ended 31 December 2024 and 2023

(Thousands of euros)

	Note	2024	2023
Cash flows from operating activities			
Pre-tax profit/(loss)		**143,023**	**209,760**
Adjustments to profit		**(54,468)**	**(106,538)**
Depreciation and amortisation	**Notes 5, 6 and 7**	44,866	43,825
Impairment losses	**Note 19-d**	12,925	90,607
Changes in provisions	**Notes 15 and 19-c**	2,142	(669)
Impairment and gains/(losses) on disposal of assets	**Note 19-e**	(16,418)	(104,572)
Impairment and gains/(losses) on disposal of financial instruments	**Note 19-f**	(16,095)	2,886
Finance income	**Note 19-f**	(38,988)	(11,712)
Income from equity investments in group companies	**Note 19-a**	(101,259)	(177,022)
Finance costs	**Note 19-f**	58,342	50,125
Grants accrued		(12)	(2)
Other		29	--
Changes in working capital		**(8,476)**	**(11,672)**
Debtors and other receivables		3,757	(22,662)
Other current assets		2,863	(2,962)
Creditors and other accounts payable		(13,105)	18,314
Other current liabilities		(1,979)	247
Non-current assets and liabilities		(12)	(4,609)
Other cash flows from operating activities		**147,102**	**337,858**
Interest paid		(69,113)	(58,219)
Income from equity investments in group companies	**Note 19-a**	101,259	177,022
Interest charges		27,163	10,681
Income tax recovered (paid)		13,950	(7,563)
Other current financial assets	**Notes 9 and 11-a**	78,548	4,110
Collections for cancellation of derivatives	**Note 12**	--	211,827
Payments on maturity of derivatives	**Note 12**	(4,705)	--
Cash flows from operating activities		**227,181**	**429,408**
Cash flows from investing activities			
Payments on investments (-)		**(288,955)**	**(485,725)**
Group companies and associates	**Note 20**	(215,426)	(354,453)
Intangible assets	**Note 5**	(122)	(2,425)
Property, plant and equipment	**Note 6**	(555)	(568)
Investment property	**Note 7**	(65,014)	(127,514)
Other financial assets	**Note 10**	(1,562)	(764)
Non-current assets held for sale	**Note 13**	(6,276)	(1)
Proceeds on disposals (+)		**168,989**	**445,364**
Investment property	**Note 7**	--	38,874
Non-current assets held for sale	**Note 13**	168,989	445,364
Cash flows from investing activities		**(119,966)**	**(40,361)**

Inmobiliaria Colonial, SOCIMI, S.A.

Cash flow statements for the years ended 31 December 2024 and 2023

(Thousands of euros)

	Note	2024	2023
Cash flows from financing activities			
Proceeds from/(payments for) equity instruments		**175,688**	**(132,397)**
Issue of equity instruments	**Note 14**	345,413	--
Dividends paid	**Note 3**	(143,609)	(132,872)
Acquisition of own equity instruments	**Note 14**	(133,710)	(110,700)
Disposal of own equity instruments	**Note 14**	107,594	111,175
Proceeds from/(payments for) financial liability instruments		**(162,191)**	**(662)**
Issue			
Bonds and similar marketable securities issued	**Note 16**	130,000	70,000
Bank borrowings	**Note 16**	--	105,000
Grants received		9	38
Redemption of			
Bank borrowings	**Note 16**	(105,000)	(175,700)
Bonds and other marketable securities (-)	**Note 16**	(187,200)	--
Cash flows from financing activities		**13,497**	**(133,059)**
Net increase/decrease in cash and cash equivalents		**120,712**	**255,988**
Cash or cash equivalents at beginning of year	**Note 16**	**336,056**	**80,068**
Cash or cash equivalents at end of year	**Note 16**	**456,768**	**336,056**

The accompanying Notes 1 to 24 and Appendix I are an integral part of the cash flow statement at 31 December 2024.

1. Company activity

Inmobiliaria Colonial, SOCIMI, S.A. ("the Company") 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.

On 29 June 2017, the shareholders at the Company's Annual General Meeting resolved to adopt the SOCIMI (REIT) tax regime. On 30 June 2017, the Company submitted a request to the tax authorities to be included in the REIT tax regime, applicable as of 1 January 2017.

The Company's purpose, as set out in its bylaws, 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 they generate income representing less than 20%, taken as a whole, of its 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, restoration 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 natural persons or legal persons other than this Company.

The Company 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.

In 2007, the merger by absorption of Inmobiliaria Colonial, SOCIMI, S.A. (formerly Grupo Inmocaral, S.A.) with Inmobiliaria Colonial, S.A. (absorbed company) was undertaken.

In 2008, Inmobiliaria Colonial, SOCIMI, S.A. (absorbing company) merged with the companies Subirats-Coslada Logística, S.L.U., Diagonal Les Punxes 2002, S.L.U., Dehesa de Valme, S.L., Urbaplan 2001, S.A.U., Entrenúcleos Desarrollo Inmobiliario, S.L., Inversiones Tres Cantos, S.L. and Inversiones Notenth, S.L. (absorbed companies).

In 2010 the land and development activity branch was spun off and contributed to the subsidiary Asentia Project, S.L., hereinafter "Asentia", which included the shares of the subsidiary Desarrollos Urbanísticos Entrenúcleos 2009, S.L.U., hereinafter "DUE", to which a project located in Seville was contributed. The non-cash contribution to the subsidiary Abix Service, S.L.U., hereinafter "Abix", of the Llacuna real estate project, located in Barcelona, was also made. These operations were carried out within the framework of the refinancing agreement signed on 19 February 2010 between the Company and the financial institutions. The above-mentioned merger, spin-off and non-cash contribution transactions were subject to the tax regime provided for in Chapter VIII of Title VII of the Corporate Income Tax Act. All relevant information on these corporate transactions, as required by law, is detailed in the financial statements for the corresponding years.

In 2014, a global transfer was undertaken of the assets and liabilities of Abix, previously a wholly-owned company, to Inmobiliaria Colonial, SOCIMI, S.A. This involved the transfer en bloc via universal succession of the totality of Abix's equity to the Company, with the resulting termination of the investee, carried out in conformity with Article 87.1 of Law 3/2009 on Structural Modifications to Trading Companies.

In 2018, the Company carried out a merger by absorption with Axiare Patrimonio SOCIMI, S.A. under the special regime provided for in Chapter VII of Title VII of the Spanish Corporation Tax Act.

In 2019, the Company carried out the merger by absorption of the companies Axiare Properties, S.L.U., Axiare Investigación, Desarrollo e Innovación, S.L.U., Chamaleon (CEDRO), S.L.U., Venusaur, S.L.U., Colonial Invest, S.L.U., Hofinac Real Estate, S.L.U., Fincas y Representaciones, S.A.U., Colonial Arturo Soria, S.L.U., LE Offices Egeo, S.A.U. Danieltown Spain, S.L.U., Moorage Inversiones 2014, S.L.U., Almacenes Generales Internacionales, S.A.U., Soller, S.A.U., Axiare Investments, S.L.U. and Torre Marenostrum, S.L.U., all of which are covered by the special regime provided for in Title VII, Chapter VII of the Spanish Corporate Income Tax Law. The main activity of the absorbed companies was the acquisition and development of urban real estate for lease, and the holding of equity interests in other listed real estate investment companies. The mergers were carried out with the aim of optimising the Company's resources, improving the cost structure in its activity and acting in the market as a single entity.

On 3 July 2024, the public deed relating to the capital increase approved by shareholders at the extraordinary General Meeting of the Company held on 12 June 2024 was filed with the Companies Registry of Madrid. This approved share capital increase, excluding pre-emptive subscription rights, and with a charge to cash and non-cash contributions, involved the issue and flotation of 87,729,050new ordinary shares of the Company, with a par value of 2.50 euros and a share premium of 384,091 thousand euros, all of the same class and series as those currently in circulation. The consideration for this capital increase consisted 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(Note 14).

In view of the business activity carried on by the Group, it does not have any environmental expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results.

Inmobiliaria Colonial, SOCIMI, S.A. carries out its activities in Spain (mainly in Barcelona and Madrid) and in France (Paris) through the group of which the parent is Société Foncière Lyonnaise, S.A (hereinafter, “SFL”).

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. The subsidiary SFL is listed on the Euronext Paris market.

In 2024, the Company maintained the credit rating obtained from Standard & Poor’s Rating Credit Market Services Europe Limited at "BBB+" long-term credit rating and an "A-2" short-term credit rating, both with a stable outlook. Also in 2024, Moody’s upgraded the Parent’s credit rating to "Baa1" with a stable outlook ("Baa2" with a positive outlook in 2023).

The Company is the head of a group of subsidiaries and is obliged under current legislation to prepare consolidated financial statements separately.

The Company's financial statements and the consolidated financial statements for 2023 were approved by shareholders at the Genera Meeting of Inmobiliaria Colonial, SOCIMI, S.A. held on 13 June 2024, without modifications, and filed with the Commercial Registry of Madrid.

2. Basis of presentation of the financial statements

a) Regulatory financial reporting framework applicable to the Company

These financial statements have been authorised for issue by the directors in accordance with the financial reporting regulatory framework applicable to the Company, as set out in:

- The Spanish Code of Commerce and other commercial and corporate legislation.

- General Accounting Plan (PGC) approved by Royal Decree 1514/2007 together with Royal Decrees 1159/2010 and 602/2016 amending certain aspects of the GAAP and its sectorial adaptations and, in particular, the sectorial adaptation of the general accounting plan for real estate companies approved by the order of 28 December 1994, as well as the provisions approved by the National Securities Market Commission, together with Royal Decree 1/2021, of 12 January, amending the conceptual framework and in particular section 6 point 2 relating to valuation rules and specifically to the definition of fair value and the 9th registration and valuation rules relating to financial instruments and income recognition.

- Mandatory standards approved by the Institute of Accounting and Auditing for the implementation of the national chart of accounts and its supplementary regulations, the Securities Market Law and other regulations issued by the CNMV.

- All other applicable Spanish accounting legislation.

b) True and fair view

The accompanying financial statements were prepared from the Company's accounting records and are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein and, accordingly, give a true and fair view of the Company's equity, financial position, results and cash flows for the year. These financial statements were prepared by the Company's directors for approval by the shareholders at the Annual General Meeting and are expected to be approved without any modification.

c) Non-mandatory accounting principles applied

No non-mandatory accounting policies have been applied. Accordingly, the directors have authorised these financial statements for issue on the basis of all mandatory accounting policies and standards that have a material effect on such statements. All mandatory accounting principles were applied.

d) Critical issues regarding the measurement and estimation of uncertainty

In preparing the financial statements, estimates were made by the Company's directors in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates and criteria relate to the following:

- Impairment losses or, conversely, reversals of impairment losses recognised in prior years on goodwill, on property for own use and investment property as a result of the lower or higher value obtained from property valuations performed by independent experts with respect to the carrying amount of these assets (Notes 5, 6 y 7).

  The market value of property for own use and investment property has been obtained from the valuations carried out periodically by independent experts. These valuations were performed at 31 December 2024 and 2023 in accordance with the methods described in Notes 4-b y 4-c.

- The useful life of property for own use and of investment property (Notes 4-b y 4-c).

- The classification, valuation and impairment of certain financial assets, including derivative financial instruments and equity instruments (Notes 4-e, 9, 10, 11 y 12).

- Measurement of deferred tax liabilities recognised in the balance sheet (Notes 4-m y 18).

- Measurement of non-current assets held for sale (Notes 4-f y 13).

In 2023, the Company revised the estimated useful lives of certain items classified under the balance sheet heading "Investment property" based on internal analysis by the technical teams, concluding that there is sound technical evidence and sufficient sustainability objectives to extend the useful lives estimated to date. The new useful lives led to a reduction in depreciation charges of around 23 million euros compared to the theoretical depreciation that would have occurred considering the useful lives of previous years.

Although these estimates were made on the basis of the best information available at year-end 2023, future events may make it necessary to change these estimates (upwards or downwards) in subsequent reporting periods. Any changes in accounting estimates are recognised prospectively, with recognition of the effects of the change of estimate in profit and loss.

e) Comparison of information

The information relating to 2024 included in these notes to the consolidated financial statements is presented, for comparison purposes, with the information relating to 2023.

f) Aggregation of items

Certain items in the balance sheet, income statement, statement of changes in equity and statement of cash flows are grouped together in order to facilitate comprehension. However, whenever the amounts involved are material, the information is broken down in the related notes to the financial statements.

g) Correction of errors

No significant errors have been found in the preparation of the accompanying financial statements that would require a restatement of the amounts included in the 2023 financial statements.

h) Climate change

Climate change brings with it major changes in the economy, making it necessary to be increasingly aware of its impacts on the financial and non-financial performance of companies. The major issues associated with these changes have led to very ambitious objectives that imply radical transformations, framed within the framework of European pacts and regulations, also resulting from the different conferences organised by the United Nations and agreements at international level with the aim of aligning commitments and action plans to mitigate the effects of climate change, the latest being the one held in Baku (COP29) in November 2024.

The purpose of this note is to present the impact of these changes on the Company's business and performance, as well as the main accounting impacts on the financial statements.

Effects of climate-related changes on the Company's financial position

The real estate sector has a significant footprint in terms of climate impact. For this reason, the Company has put a strategy in place to ensure that the risks and impacts of climate change and the measures to address them are monitored.

The potential impacts on the separate financial statements related to climate change have been analysed and assessed on an approximate basis, given how inherently complex this process as it is difficult to disassociate the impacts from other factors to have influenced the Group's performance during the period. On this basis, the major impacts on the financial data are as follows:

- The fact that the asset portfolio has a high degree of energy performance assurance (Breeam, Leed, HQE) is positive for the valuation of the Company’s properties, as they are recognised for their high levels of sustainability, thus minimising the emissions generated in their use (as can be seen from the certifications obtained).

- An increase in the investment and operating costs of property to anticipate regulatory developments and adapt to changes in customer demand for more sustainable spaces. These include, for example, the installation of lighting systems, the selection and implementation of more efficient air-conditioning systems, the installation of photovoltaic panels, and the digitalisation of buildings to optimise energy consumption.

- Various expenses, such as the costs of environmental certification of properties, costs linked to the publication of ESG data, and elements of remuneration of certain employees or directors linked to the achievement of ESG objectives.

- Increased green energy procurement costs. There has been a sharp increase in demand for guarantees of origin, thus making these certificates and assurances for other sources of renewable energy more expensive to obtain.

- Increased project costs due to the incorporation of life cycle analysis in the study and design phase of projects, as well as the use of new, more sustainable materials with a lower impact on the carbon footprint, waste management and efforts to champion the circular economy.

Other potential impacts on the accounts

Other potential impacts of climate change, which do not currently have an impact on the financial statements, are as follows:

- Risks associated with financial instruments: At the closing date of these financial statements, all of the Company's bonds are classified as green bonds, amounting to 2,825 million euros (2,882 thousand euros in 31 December 2023).

- Moreover, the Company has a fully available credit facility amounting to 1,000 million euros indexed to ESG indicators, the interest rates of which may vary, depending on the performance of these indicators. In 2024, the Company repaid 105 million euros of a credit facility indexed to sustainability indicators, which were drawn down in 2023.

- Fees and taxes related to environmental regulation: the investments made by the Company have enabled it to be in line with the regulations in force regarding climate change. As a result, the Company has not received any sanctions for non-compliance with these regulations. The Company has also implemented a monitoring system to anticipate regulatory developments in this area and to take the necessary actions to ensure compliance. At 31 December 2024 31 December 2023, no provision has been recorded for penalties for non-compliance with current environmental regulations.

- The depreciation of assets or the re-estimation of the useful lives and residual values of fixed assets: The Company's assets are mainly recorded at acquisition cost. In 2023 , the Company revised the estimated useful lives of its assets, resulting in useful lives that are longer than those previously considered as a result of the investments and maintenance carried out by the Company on its assets (Note 4-c).

i) Functional currency

These financial statements are presented in the Company's functional currency, the euro, as this is the currency of the main economic area in which the Company operates.

3. Distribution of result

The proposal for the application of the profit for the financial year 2024 as formulated by the board of directors of the Company and to be submitted for approval by the Annual General Meeting consists of: (i) the allocation of the legal minimum of 10% to the legal reserve in the amount of 15,333 thousand euros; and (ii) the proposed distribution of dividends of 0.30 euros per share, which, based on the current number of shares issued, would mean a maximum total dividend of 188.203 thousand euros.

The proposed appropriation of profit 2023approved at the shareholders' meeting held on 13 June 2024 was approved without amendment.

In the past five years, the Company has distributed the following dividends:

Financial Year	2019	2020	2021	2022	2023
Dividends paid out (thousand euros)	101,549	111,087	127,533	132,872	143,609

4. Accounting policies and measurement bases

The main recognition and measurement bases used by the Company to prepare its financial statements, in accordance with the National Chart of Accounts, were as follows:

a) *Intangible assets*

As a general rule, intangible assets are initially measured at their acquisition or production cost. They are then measured at cost less the corresponding accumulated amortisation and, where applicable, less any impairment losses. These assets are amortised over their useful life. When the useful life of these assets cannot be estimated reliably, they are amortised over a maximum period of 10-years.

Goodwill -

Goodwill arises from the differences between the cost of the business combination and the net amount of the assets acquired and liabilities assumed.

The Company allocates the goodwill resulting from the business combination to each of the cash generating units (CGU) expected to benefit from the synergies of the combination and determines the useful life of the goodwill separately for each CGU. After initial recognition, goodwill is measured at cost, less any amortisation and accumulated impairment losses. Goodwill is subsequently carried at the acquisition price less any accumulated amortisation and any accumulated impairment losses.

The Company amortises goodwill on a straight-line basis at a rate of 10% per year.

In addition, at least annually, cash-generating units to which goodwill has been allocated shall be tested for indications of impairment.

Goodwill impairment losses are not reversed in subsequent periods.

Computer software -

The "Computer software" heading of the balance sheet mainly includes the cost of acquiring and implementing an integrated IT system, in addition to subsequent extensions or upgrades of such system. The cost is amortised on a straight-line basis at a rate of 25% per year.

b) *Property, plant and equipment*

Property for own use, in addition to other property, plant and equipment, are recognised at acquisition cost less any accumulated depreciation and any impairment.

Historical cost includes expenses directly attributable to the acquisition of the properties.

Subsequent costs are capitalised or recognised as a separate asset only when it is probable that the future benefits associated with ownership of the asset will flow to the Company and its cost can be determined reliably. Other maintenance and upkeep expenses are charged to the profit and loss account in the year incurred.

The Company depreciates its property, plant and equipment for own use and other items using the straight-line method, and distributes assets' costs throughout the estimated useful life, as follows:

	Years of estimated useful life
Property for own use	
Buildings	50-100
Plant	10-20
Other property, plant and equipment	10-20

Impairment of plant, property and equipment -

At each reporting date, the Company assesses the carrying amounts of its property, plant and equipment to determine if there are indications that the assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of the fair value of the asset less costs to sell or otherwise dispose of the asset and value in use. Where the asset does not generate cash inflows that are independent of those from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Any potential impairment losses on property for own use are recognised in accordance with the same valuation assumptions described in Note 4-c.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount; however, the increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

c) *Investment property*

"Investment property" in the balance sheet reflects the values of the land, buildings and other constructions held to earn rent or for capital appreciation upon disposals due to future increases in their respective market prices.

Investment property is recognised at cost of acquisition plus any gains allocated as a result of the mergers described in Note Note 1, less any related accumulated depreciation and impairment losses.

The costs of expansion, modernisation or improvement leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of assets are capitalised as an increase in the cost of the related assets, while upkeep and maintenance costs are expensed in profit and loss in the year incurred.

For projects in progress, only execution costs and finance costs are capitalised, provided that such expenses have been incurred before the asset is put into operation and that the duration of the work exceeds one year.

The Company includes any finance costs related to generic financing directly attributable to the acquisition within the cost of investment property that requires a period of more than one year to be in operating condition. The amount of interest to be capitalised corresponding to general non-trade financing is determined by applying a weighted average interest rate to the investment in progress, discounting the specifically financed portion, within the limit of the finance costs accrued in profit and loss.

Assets are transferred from investment property in progress to investment property when they are ready for use. The classification of an investment property to the investment property in progress heading takes place only when the refurbishment project exceeds one year in length.

The Company depreciates its investment property using the straight-line method, and distributes assets' costs throughout the estimated useful life, as follows:

	Years of estimated useful life
Properties	
Buildings	50-100
Plant	10-20
Other property, plant and equipment	10-20

The Company periodically compares the carrying amount of the various investment property items with the market value obtained through independent expert appraisals for each item, and the appropriate provisions are made for impairment of investment property when the market value of an item is lower than its carrying amount. The market value is determined half-yearly, i.e. at 30 June and 31 December of each year, taking as reference values the valuations performed by independent third-party experts (Cushman & Wakfield and CB Richard Ellis Valuation in Spain for 2024 and 2023), carried out in accordance with the valuation and appraisal standards published by the Royal Institute of Chartered

Surveyors (RICS) of Great Britain, and in accordance with the International Valuation Standards (IVS) published by the International Valuation Standards Committee (IVSC), so that at the end of each period the market value reflects the market conditions of the elements of the investment property 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 Company.

The Discounted Cash Flow (hereinafter, “DCF”) method was primarily used to determine the market value of the Company's investment property in 2024 and 2023.

The DCF method applied over a 10-year horizon is used, in accordance with current market practices, unless the specific characteristics of the investment suggest another course of action. The cash flow is considered throughout the period on a monthly basis to reflect increases in the CPI, the timetable for future rent reviews, the maturity of operating leases, etc.

With regard the increases in the CPI, the generally accepted forecasts are normally adopted.

Given that the appraiser does not know with certainty whether there will be periods of vacancy in the future, nor their duration, their forecasts are prepared based on the quality and location of the building, and they will generally adopt an average lease period if there is no information about the future intentions of each tenant. The assumptions determined in relation to the periods of vacancy and other factors are explained in each valuation.

The resulting profitability or Terminal Capitalisation Rate (TCR) adopted in each case refers not only to the forecast market conditions at the end of each cash flow period, but also to the rental conditions which are expected to be maintained and the physical location of the property, taking into account any possible improvements planned for the property and included in the analysis.

With regard to acceptable discount rates, conversations are regularly held with various institutions to assess their attitude towards different investment rates. This general consensus, together with the data on any sales made and market forecasts relating to variations in the discount rates, serve as starting points for the appraisers to determine the appropriate discount rate in each case.

The properties were assessed individually, considering each of the lease agreements in force at the end of the year. Buildings with unlet floor space were valued on the basis of future estimated rental income, net of an estimated letting period.

The most relevant key inputs of this method for the purposes of sensitivity analysis are the determination of net income and the rate of return, especially as it is a 10-year discounted cash flow model. The other variables considered, although they are taken into account for the determination of fair value, are not considered to be key and, therefore, no quantitative information is included, nor is their sensitivity measured.

The estimated yields are mainly determined by the type, age and location of the properties, by the technical quality of the asset, as well as the type of tenant and occupancy rate, etc.

The yields and other assumptions used in determining future cash flows are set out in the tables below:

	Gross	
Weighted Yields (%) - Offices	31 December 2024	31 December 2023
Barcelona – Prime Yield		
Operating portfolio	5.09	4.97
Total portfolio	5.07	5.02
Madrid – Prime Yield		
Operating portfolio	4.89	4.74
Total portfolio	4.89	4.61

Assumptions made at 31 December 2024					
Rent increases (%) – Offices	1	2	3	4	Year 5 and thereafter
Barcelona –					
Operating portfolio	3.50	2.75	2.50	2.50	2.50
Total portfolio	3.50	2.75	2.50	2.50	2.50
Madrid –					
Operating portfolio	3.50	2.50	2.50	2.50	2.50
Total portfolio	3.50	2.50	2.50	2.50	2.50

Assumptions made at 31 December 2023					
Rent increases (%) – Offices	1	2	3	4	Year 5 and thereafter
Barcelona –					
Operating portfolio	0.50	1.80	2.50	2.50	2.50
Total portfolio	0.50	1.80	2.50	2.50	2.50
Madrid –					
Operating portfolio	1.30	2.00	2.50	2.50	2.50
Total portfolio	1.30	2.00	2.50	2.50	2.50

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.

Quarter percentage point changes in the rates of return have the following impact on the valuations used by the Company to determine the impairment of its assets recorded under "Property, plant and equipment", "Investment property" and "Non-current assets held for sale" in the statement of financial position:

Sensitivity of asset impairments to changes of 25 basis points in the rates of return taken into account in the valuations	Thousands of euros				
	Measurement	Decrease of one quarter of a point	Increase of one quarter of a point	Reversal	Impairment
December 2024	3,845,419	4,022,596	3,683,070	27,681	(37,111)
December 2023	4,004,167	4,201,607	3,824,958	23,144	(24,852)

Quarter percentage point changes in yield rates have the following impact on the potential rental income receivable on assets recorded under "Investment property" and "Non-current assets held for sale" in the statement of financial position:

	Sensitivity of valuation to percentage growth in rent		
	-2.50%	0%	2.5%
Sensitivity of valuations to changes in the rates of return (yield)			
-25 bp	3,943,848	4,022,596	4,098,445
0 bp	3,774,528	3,845,419	3,918,447
+25 bp	3,616,244	3,683,070	3,757,015

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.

The rental income earned in 2024 and 2023 from the lease of these investment properties amounted to approximately 133,067 thousand euros and 140,167 thousand euros, respectively, and is recognised under "Revenue" in the income statement (Note 19-a).

The gains or losses arising from the sale or retirement of an asset are determined as the difference between its sale price and its carrying amount and are recognised under "Impairment and gains/(losses) on disposals of property, plant and equipment - Impairment and losses" in the profit and loss account.

d) Leases

Finance lease -

Leases are classified as finance leases whenever their terms imply that substantially all the risks and rewards incidental to ownership of the leased asset have been transferred to the lessee. Other leases are classified as operating leases.

At 31 December 2024 and 2023, all of the Company's leases qualified as operating leases.

Operating lease -

Income and expense of operating leases are taken to the profit and loss account in the year they accrue.

The acquisition cost of the leased assets is presented in the balance sheet in accordance with the nature of the asset, plus the costs directly attributable to the lease, which are expensed over the term of the lease on the same basis as lease income.

Any collection or payment that might be made when arranging an operating lease will be treated as a prepaid lease collection or payment, which will be allocated to profit or loss over the lease term in accordance with the time pattern in which the benefits of the leased asset are provided or received.

e) Financial instruments

Financial assets -

Financial assets at amortised cost -

This category includes financial assets, including those admitted to trading on an organised market, in which the Company holds the investment for the purpose of receiving cash flows from the performance of the contract, and the contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding.

Contractual cash flows that are solely collections of principal and interest on the principal amount outstanding are inherent in an arrangement that is in the nature of an ordinary or common loan, notwithstanding that the transaction is arranged at a zero or below-market interest rate.

This category includes trade receivables and non-trade receivables:

a) Trade receivables: are those financial assets arising from the sale of goods and the rendering of services in connection with the company's business operations with deferred payment; and

b) Non-trade receivables: are those financial assets, other than equity instruments and derivatives, that are not of commercial origin and whose proceeds are of a fixed or determinable amount, arising from loans or credit operations granted by the company.

Initial measurement

Financial assets classified in this category are initially measured at fair value, which, unless there is evidence to the contrary, is the transaction price, which is the fair value of the consideration given, plus directly attributable transaction costs.

However, trade receivables maturing within one year that do not have an explicit contractual interest rate, as well as receivables from personnel, dividends receivable and payments due on equity instruments, the amount of which is expected to be received in the short term, are measured at nominal value to the extent that the effect of not discounting cash flows is deemed not to be material.

Subsequent measurement

Financial assets included in this category are measured at their amortised cost. Accrued interest shall be recognised in the profit and loss statement using the effective interest method.

However, loans and advances falling due in less than one year which, in accordance with the provisions of the previous paragraph, are initially valued at their nominal value, continue to be valued at that amount, unless they are impaired.

When the contractual cash flows of a financial asset change because of the issuer's financial difficulties, the company assesses whether an impairment loss should be recognised.

Impairment

Impairment write-downs are made at least at the balance sheet date and whenever there is objective evidence that a financial asset, or a group of financial assets with similar risk characteristics measured collectively, is impaired as a result of one or more events that occurred after initial recognition and that result in a reduction or delay in estimated future cash flows, which may be caused by the debtor's insolvency.

In general, the impairment loss on these financial assets is the difference between their carrying amount and the present value of future cash flows, including, where applicable, those arising from the real and personal guarantees, estimated to be generated, discounted at the effective interest rate calculated at the time of initial recognition. For floating rate financial assets, the effective interest rate at the reporting date is used in accordance with the contractual terms.

Impairment losses, and reversals of impairment losses when the amount of the impairment decreases due to a subsequent event, are recognised as an expense or income, respectively, in the income statement. The reversal of impairment is limited to the carrying amount of the asset that would have been recognised at the date of reversal had no impairment loss been recognised.

Financial assets at fair value through profit or loss -

This category includes equity instruments that are neither held for trading nor to be measured at cost, and for which an irrevocable election was made at initial recognition to present subsequent changes in fair value directly in equity.

In addition, financial assets that are irrevocably designated at initial recognition as measured at fair value through profit or loss, and that would otherwise have been included in another category, are included to eliminate or significantly reduce a valuation inconsistency or accounting mismatch that would otherwise arise from measuring assets or liabilities on different bases.

Initial measurement

Financial assets included in this category are initially measured at fair value, which, in the absence of evidence to the contrary, is the transaction price, which is the fair value of the consideration given. Transaction costs directly attributable to them shall be recognised in the income statement for the year.

Subsequent measurement

After initial recognition, the company shall measure financial assets in this category at fair value through profit or loss.

Financial assets at cost -

In any case, they are included in the measurement category:

a) Equity investments in Group companies, associates and jointly controlled entities.

b) Other investments in equity instruments whose fair value cannot be determined by reference to a quoted price in an active market for an identical instrument, or cannot be reliably estimated, and derivatives underlying such investments.

c) Hybrid financial assets whose fair value cannot be reliably estimated, unless they qualify for recognition at amortised cost.

d) Contributions made as a result of a joint account agreement and similar agreements.

e) Participating loans where the interest is contingent either because a fixed or variable interest rate is agreed upon the achievement of a milestone in the borrowing undertaking (e.g. the achievement of profits) or because it is calculated solely by reference to the performance of the borrowing undertaking's business.

f) Any other financial asset that is initially classified in the fair value through profit or loss portfolio when it is not possible to obtain a reliable estimate of its fair value.

Initial measurement

Investments included in this category are initially measured at cost, which is the fair value of the consideration given plus directly attributable transaction costs, the latter not being included in the cost of investments in group companies.

However, in cases where an investment exists prior to its classification as a group company, jointly controlled entity or associate, the cost of that investment is taken to be the carrying amount that the investment should have had immediately before the company's classification as a group company, jointly controlled entity or associate.

The initial valuation includes the amount of any pre-emptive subscription rights and similar rights acquired.

Subsequent measurement

Equity instruments included in this category are measured at cost less any accumulated impairment losses.

When these assets are to be assigned a value due to derecognition or otherwise, the weighted average cost method is applied for homogeneous groups, where homogeneous groups are defined as securities with equal rights.

In the case of the sale of pre-emptive subscription rights and similar rights or the segregation of such rights for exercise, the amount of the cost of the rights decreases the carrying amount of the respective assets.

Contributions made as a result of a joint venture and similar arrangements shall be valued at cost, increased or decreased by the profit or loss, respectively, accruing to the undertaking as a non-managing venturer, less any accumulated impairment losses.

The same criteria is applied to loans where the interest is contingent either because a fixed or variable interest rate is agreed upon the achievement of a milestone in the borrowing undertaking (e.g. the achievement of profits) or because it is calculated solely by reference to the performance of the borrowing undertaking's business. If irrevocable fixed interest is agreed in addition to contingent interest, the latter is accounted for as finance income on an accruals basis. Transaction costs are taken to the profit and loss account on a straight-line basis over the life of the participating loan.

Impairment

At least at the end of each reporting period, any necessary value adjustments are made whenever there is objective evidence that the carrying amount of an investment will not be recoverable. The amount of the valuation adjustment is the difference between its carrying amount and the recoverable amount, the latter being the higher of its fair value less costs to sell and the present value of future cash flows arising from the investment, which in the case of equity instruments is calculated either by estimating those expected to be received as a result of the distribution of dividends by the investee and the disposal or derecognition of the investment in the investee, or by estimating its share of the cash flows expected to be generated by the investee from its ordinary activities and from the disposal or derecognition of the investment.

Unless there is better evidence of the recoverable amount of the investees, the net assets attributable to the Company plus the unrealised gains existing at the time of valuation are taken into consideration, following the EPRA recommendations for the calculation of the EPRA Net Tangible Asset (EPRA NTA), always taking into consideration the existence of a quotation on an organised market as the best evidence of a recoverable value.

In the case of the financial interest in Utopicus, a discounted cash flow projection based on the company's business plan is used as the recoverable amount.

The recognition of impairment losses and, where applicable, their reversal are recognised as an expense or income, respectively, in the income statement. The reversal of impairment is limited to the carrying amount of the investment that would have been recognised at the date of reversal had no impairment loss been recognised.

However, if an investment in the company had been made prior to its classification as a group company, jointly controlled entity or associate and, prior to that classification, valuation adjustments had been made and recognised directly in equity in respect of that investment, those adjustments are retained after classification until the disposal or derecognition of the investment, at which time they are recognised in the income statement, or until the following events occur:

a) In the case of previous valuation adjustments for increases in value, impairment losses shall be recognised in equity against the equity item reflecting the previously made valuation adjustments up to the amount of those adjustments, and the excess, if any, shall be recognised in the income statement. The impairment loss recognised directly in equity is not reversed.

b) In the case of previous valuation adjustments due to write-downs, when the recoverable amount subsequently exceeds the carrying amount of the investments, the carrying amount of the investments is increased, up to the limit of the write-down, against the item reflecting the previous valuation adjustments and thereafter the new amount is treated as the cost of the investment. However, when there is objective evidence of impairment in the value of the investment, accumulated losses are recognised directly in equity in the profit and loss account.

Financial liabilities -

Financial liabilities shall, for valuation purposes, be included in one of the following categories:

Financial liabilities at amortised cost -

In general, this category also includes trade payables and non-trade payables:

a) Trade payables: financial liabilities arising from the purchase of goods and services in connection with the company's business operations with deferred payment; and

b) Non-trade payables: financial liabilities which, not being derivative instruments, do not have a commercial origin, but arise from loan or credit operations received by the company.

Participating loans that have the characteristics of an ordinary or common loan are also included in this category without prejudice to the agreed interest rate (zero or below market).

Initial measurement

Financial liabilities included in this category are initially measured at fair value, being the transaction price, which is the fair value of the consideration received adjusted for directly attributable transaction costs.

However, trade payables maturing in less than one year and not bearing a contractual interest rate, as well as disbursements required by third parties on holdings, the amount of which is expected to be paid in the short term, are measured at nominal value, when the effect of not discounting cash flows is not significant.

Subsequent measurement

Financial liabilities included in this category are measured at their amortised cost. Accrued interest are recognised in the profit and loss statement using the effective interest method.

However, debts maturing in less than one year that are initially valued at their nominal value continue to be valued at that amount.

Financial liabilities at fair value through the income statement -

This category includes financial liabilities that meet some of the following conditions:

a) Liabilities held for trading.

b) Those irrevocably designated from initial recognition to be carried at fair value through the income statement, because:

- An accounting inconsistency or "accounting mismatch" with other instruments at fair value through profit or loss is eliminated or significantly reduced; or

- A group of financial liabilities or financial assets and liabilities is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy and group information is also provided on a fair value basis to key management personnel.

c) non-severable hybrid financial liabilities included on an optional and irrevocable basis.

Initial and subsequent measurement

Financial liabilities included in this category are initially measured at fair value, being the transaction price, which is the fair value of the consideration received. Transaction costs directly attributable to them are recognised in the income statement for the year.

After initial recognition, financial liabilities in this category are measured at fair value in the income statement.

For convertible bonds, the fair value of the liability component is determined by applying the interest rate for similar non-convertible bonds. This amount is accounted for as a liability on an amortised cost basis until it is settled on conversion or maturity. The remainder of the income earned is allocated to the conversion option which is recognised in equity.

In the case of renegotiation of existing debt, no material modification of the financial liability is deemed to exist when the lender of the new loan is the same as the lender of the original loan and the present value of the cash flows, including net fees, does not differ by more than 10% from the present value of the outstanding cash flows of the original liability calculated under the same method.

Own equity instruments(Note 14) -

An equity instrument represents a residual interest in the assets of the Company after deducting all of its liabilities.

Own equity instruments issued by the Company are recognised in equity at the proceeds received, net of direct issue costs.

When shareholders make a contribution in excess of their stake in the Company's share capital, the excess over that amount is recognised on the basis of the economic reality of the transaction.

Any treasury shares of the Company acquired during the year are recognised as a deduction from equity at the value of the consideration paid. Any gains or losses on the acquisition, sale, issue or retirement of own equity instruments are recognised directly in equity and not in profit and loss.

Derivative financial instruments(Note 12) -

The Company uses financial derivatives to manage its exposure to variations in interest rates. All derivative financial instruments, whether or not they are designated as hedging instruments, are carried at fair value, market value in the case of listed securities, or using option valuation methods or discounted cash flow analysis for non-listed securities. The following measurement base was used to recognise each of the following:

- Derivative financial instruments that meet the criteria for hedge accounting are initially recognised at fair value plus, where applicable, transaction costs that are directly attributable to the contracting of the instruments or less, where applicable, transaction costs that are directly attributable to the issue of the instruments. However, transaction costs are subsequently recognised in profit or loss, to the extent that they do not form part of the actual change in the hedge.

- Treatment of financial instruments that are not allocated to a specific liability and do not qualify for hedge accounting: gains or losses arising from the restatement at fair value of these financial instruments are recognised directly in profit and loss.

Hedge accounting is discontinued when a hedging instrument expires or is sold or exercised, or when the hedge no longer qualifies for hedge accounting. Accumulated gains or losses on hedging instruments recognised in equity remain under this heading until the transaction is performed. At that time, any cumulative gain or loss recognised in the Company's equity is transferred to profit and loss for the year.

Prospective and retrospective testing for hedging instrument effectiveness is carried out on a quarterly basis:

- Retrospective tests measure how effectively the derivative instrument would have hedged the liability over its life, using historical interest rates to date.

- Prospective tests measure the instrument’s expected effectiveness on the basis of forward interest rates as published by Bloomberg at the measurement date. This is adjusted monthly from the inception of the hedge on the basis of the historical interest rates already established.

The method used to determine the effectiveness of hedging financial instruments consists of calculating the statistical correlation between the reference interest rates at each fixing date of the derivative and the related hedged liability.

The Company's directors have considered the credit risk in the measurement of the derivatives portfolios, with no significant impact seen as at 31 December 2024 and 2023.

The Company’s use of financial derivatives is governed by a set of approved risk management policies and hedges.

f) Non-current assets and disposal groups classified as held for sale, and related liabilities

Non-current assets held for sale are measured at the lower of cost or fair value less costs to sell.

Non-current assets are classified as held for sale if it is estimated that their carrying amounts will be recovered through a sale rather than through continuing use. This condition is met when the sale of the asset is considered highly probable, the asset is in condition to be sold immediately and the sale is expected to be fully realised within a period of no more than twelve months from its classification as a held-for-sale asset.

The Company classifies non-current assets as held for sale when the Board of Directors or Executive Committee has officially approved the disposal and the sale is considered highly probable within a period of twelve months.

Liabilities linked to non-current assets and disposal groups held for sale are presented separately from other liabilities in the balance sheet under "Liabilities linked to assets held for sale".

g) Statement of cash flows (indirect method)

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

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

- Operating activities: the principal ordinary revenue-producing activities and other activities that are not investing or financing activities.

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

- Financing activities: non-operating activities that result in changes in the size and composition of equity and liabilities.

h) Cash and cash equivalents

This heading includes bank deposits, carried at the lower of cost or market value.

Financial investments that are readily convertible into a known amount of cash and that are not subject to any significant risk of changes in value are deemed to be cash equivalents.

Bank overdrafts are not considered to be cash and cash equivalents.

i) Current/non-current

The ordinary operating cycle is defined as the period from the acquisition of the assets used to carry on the Company's lines of business to the date that they are turned into cash or cash equivalents.

The Company's core business is property, for which the normal cycle of its operations is considered to correspond to the calendar year. Therefore, assets and liabilities maturing in one year or less are classified as current and those maturing in over one year as non-current.

Bank borrowings are classified as non-current if the Company has the irrevocable right to make payments after twelve months from the end of the reporting period.

j) Provisions and contingent liabilities

In preparing the financial statements, the Company's directors distinguish between:

- Provisions: creditor balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, which is uncertain as to its amount and/or timing;

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

The financial statements include all the material provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised.

Provisions are stated at the present value of the best estimate of the amount required to settle the obligation or transfer it, taking into account the information available regarding the event and its consequences. Adjustments arising from the discounting of provisions are recognised as a finance expenses when accrued.

The reimbursement from third parties required to settle the obligation is recognised as a separate asset, provided that there are no doubts that the reimbursement will be received, unless there is a legal relationship whereby a portion of the risk has been externalised, transferring liability from the Company. In this situation, the reimbursement will be taken into account for the purpose of estimating the amount of the related provision that should be recognised.

k) Employee benefits

Termination benefits -

Under current Spanish legislation, the Company is required to pay termination benefits to employees terminated under certain conditions. Severance payments which can be reasonably quantified are recorded as an expense in the year in which the decision to terminate the contract is taken and a valid expectation regarding termination is transmitted to third parties.

At 31 December 2024 and 2023, the Company did not record any provisions in this connection.

Pension obligations -

In 2024 and 2023, the Company assumed a commitment with executive directors and with one member of senior management to make a defined contribution to an external pension plan that meets the requirements established by Royal Decree 1588/1999, of 15 October.

Defined contribution pension plans -

A defined contribution plan is a plan under which fixed contributions are made to a separate entity and has no legal, contractual or constructive obligation to make further contributions if the separate entity does not have sufficient assets with which to honour its commitments.

For defined contribution plans, the Company pays contributions to privately managed pension insurance plans on the basis of the fixed salary of all employees joining the Company on or after 1 February 2024, the date of entry into force of the 7th General Agreement of the Construction Sector, to which the Company is subject.

Once the contributions have been paid, the Company has no obligation to make further payments. Contributions are recognised as employee benefits when they accrue. The Company recognises a liability for contributions to be made when, at year-end, accrued contributions remain unpaid.

Share-based payments (Note 21-d) -

The Company recognises the goods and services received as an asset or an expense, depending on their nature, when they are received, along with an increase in equity if the transaction is settled using equity instruments or the corresponding liability if the transaction is settled at an amount based on the value of the equity instruments.

In the case of transactions settled with equity instruments, both the services rendered and the increase in equity are measured at the fair value of the equity instruments granted, by reference to the grant date. If, on the other hand, they are settled in cash, the goods and services received and the corresponding liability are recognised at the fair value of the goods and services received as of the date on which the recognition requirements are met.

l) Grants received

Refundable grants are recorded as liabilities until they qualify as non-refundable, while non-refundable grants are recorded as income recognised directly in equity and recognised as income on a systematic and rational basis in a manner correlated to the expenditure derived from the grant.

For these purposes, a grant is considered non-repayable when there is an individual grant agreement, all grant conditions have been fulfilled and there is no reasonable doubt that the grant will be recovered.

Non-refundable grants related to the acquisition of investment property are recognised as income for the year in proportion to the depreciation of the related assets or, where applicable, upon disposal, impairment or derecognition.

m) Income taxes(Note 18)

Income tax expense is the sum of the income or expense for current tax and the income or expense for deferred tax.

Current tax is the amount of taxes payable by the Company as a result of income tax settlements for a period. Deductions and other tax relief, excluding withholdings and payments on account, and tax loss carryforwards applied in the current reporting period are accounted for as a reduction in current tax.

Deferred tax expense or income relates to the recognition and settlement of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable arising from differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss carryforwards and unused tax credits. These amounts are measured at the tax rates expected to apply in the period when the asset is realised or the liability is settled (effective rate).

Deferred tax liabilities are recognised for all taxable temporary differences, unless the differences arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income. Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognised in equity.

In accordance with current legislation, when measuring deferred tax liabilities the Company reflects the tax consequences that would arise from the manner in which the carrying amount of its assets is expected to be recovered or settled. In this regard, for deferred tax liabilities that arise from investment properties, there is a refutable presumption that their carrying amount will be recovered through their sale.

The balance sheet includes the tax credits whose recovery is considered probable within a reasonable period of time, either due to the performance of the real estate market itself or to the taxable income generated by the results of the operations managed by the Company's management.

The deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits.

REIT regime -

Effective as of 1 January 2017 (Note 1), the tax system of the Parent and the majority of its Spanish subsidiaries is governed by Law 11/2009, of 26 October, as amended by Law 16/2012, of 27 December, governing listed real estate investment trusts (REITs). Article 3 establishes the investment requirements of this type of company, namely:

- REITs must have invested at least 80% of the value of their assets in urban properties earmarked for lease, in land to develop properties to be earmarked for that purpose, provided that development begins within three years following their acquisition, and in equity investments in other companies referred to in Article 2.1 of the aforementioned Law.

- Similarly, at least 80% of the rental income from the tax period corresponding to each year, excluding the rental income arising from the transfer of the ownership interests and the properties used by the company to achieve its main corporate purpose, once the holding period referred to below has elapsed, should be obtained from the lease of properties and dividends or shares of profits arising from the aforementioned investments.

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

The term will be calculated:

- For properties that are included in the REIT’s assets before the company avails itself of the regime, from the beginning of the first tax period in which the special tax regime set forth in this Law is applied, provided that the property is leased or offered for lease at that date.

- For properties developed or acquired subsequently by the REIT, from the date on which they were leased or made available for lease for the first time.

- In the case of shares or investments in entities referred to in Article 2.1 of this Law, they should be retained on the asset side of the REIT's balance sheet for at least three years following their acquisition or, where applicable, from the beginning of the first tax period in which the special tax regime set forth in this Law is applied.

As established in transitional provision one of Law 11/2009, of 26 October, amended by Law 16/2012, of 27 December, governing listed real estate investment companies, these companies may opt to apply the special tax regime under the terms and conditions established in Article 8 of this Law, even if it does not meet the requirements established therein, provided that such requirements are met within two years after the date of the option to apply that regime.

Failure to meet this condition will require the REIT to file income tax returns under the general tax regime from the tax period in which the aforementioned condition is not met. The REIT will also be obliged to pay, together with the amount relating to the aforementioned tax period, the difference between the amount of tax payable under the general tax regime and the amount paid under the special tax regime in the previous tax periods, including any applicable late-payment interest, surcharges and penalties.

The corporate income tax rate for REITs is set at 0%. However, where the dividends that the REIT distributes to its shareholders holding an ownership interest equal to or exceeding 5% are exempt from tax or are subject to a tax rate lower than 10%, at the main office of this shareholder, the REIT shall be subject to a special charge of 19%, which shall be considered to be the income tax charge, on the amount of the dividend distributed to these shareholders. If applicable, this special charge must be paid by the REIT within two months after the dividend distribution date.

SOCIMIs are obliged to distribute 80% of ordinary profits, 50% of the profits derived from the transfer of real estate or shares that have met the maintenance requirement, as dividends on an annual basis, provided that the other 50% is reinvested in eligible assets within a period of three years; if the other 50% is not reinvested within this period, such profits must be distributed in full together with "ordinary" profits, if any, arising from the year in which the reinvestment period ends and 100% of the profit from dividends from companies qualifying as qualifying investments (SOCIMIs and/or REITs).

If the SOCIMI does not pay out all of its accounting profit, it must pay tax at a rate of 15% on the amount of the profits obtained in the year that are not paid out, in respect of the part arising from income that has not been taxed at the general corporate income tax rate and is not income covered by the three-year reinvestment period from the transfer of real estate or shares that have completed the holding period. This tax is treated as a corporate income tax liability.

n) Income and expense

General criterion -

Income and expense are recorded on an accruals basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of any discounts and taxes.

Revenue from sales is recognised when the significant risks and rewards of ownership of the asset sold have been transferred to the buyer, but the current management of the asset is not maintained and effective control is not retained.

Property leases -

Leases are classified as finance leases whenever their terms imply that substantially all the risks and rewards incidental to ownership of the leased asset have been transferred to the lessee. Other leases are classified as operating leases.

At 31 December 2024 and 2023, all of the Company's leases qualified as operating leases(Note 4-d).

Revenue from operating leases is recognised as income on a straight-line basis over the term of the lease, and the initial direct costs incurred in arranging these operating leases are taken to the consolidated statement of comprehensive income on a straight-line basis over the minimum term of the lease agreement.

The minimum term of a lease is considered to be the time elapsed from the start of the lease to the first option for renewing the lease.

Specific lease terms and conditions: lease incentives -

Lease agreements include certain specific conditions linked to incentives or rent-free periods offered by the Company to its customers. The Group recognises the aggregate cost of incentives it has granted as a reduction in rental income of the lease agreement on a straight-line basis. The effects of the rent-free periods are recognised during the minimum term of the lease agreement. Rent-free periods of more than one year are recognised in the statement of financial position as non-current assets(Note 11-a).

The indemnity payments made by lessees to cancel their lease agreements prior to their minimum termination date are also recognised as income in profit and loss on the date on which they are claimable.

Interest and dividends received -

Interest received on financial assets is recognised using the effective interest method, while dividends are recognised when the shareholder's right to receive payment has been established. In any event, interest and dividends on financial assets accruing after the date of acquisition are recognised as revenue in the income statement.

In line with that included in enquiry no. 79 of the Spanish Accounting and Audit Institute Official Gazette (BOICAC) and the ICAC resolution of 10 February 2021 on the recognition of income, regarding the recognition of certain income items for companies whose corporate purpose is the holding of financial assets, the Company recognised dividend income arising from the stakes in those companies exercising control, as an addition to “Revenue” in the income statement .(Notes 19-a y 20)

Likewise, when a stake is sold, the resulting gain or loss is recognised under operating gains/(losses).

The interest earned from the financing granted to investee company SFL has been treated as financial income, because this financing is not a recurring activity and SFL has historically been financed with resources outside the group.

o) Related party transactions(Note 20)

All the Company’s transactions with related parties are at arm’s length. Furthermore, the transfer prices applied are fully documented and supported and the directors of the Company therefore do not consider that there is a significant risk that could give rise to a material liability in the future.

p) Costs passed on to lessees

The bulk of repair and maintenance expenses incurred by the Company in connection with the operation of its investment properties is passed on to the respective lessees.

The Company does not consider as income the costs passed on to the lessees of its investment property, which are presented as a reduction of the corresponding costs in profit and loss. In 2024 and 2023, a total of 29,907 thousand euros and 31,970 thousand euros, respectively, were invoiced in this regard.

Direct operating expenses associated with rented investment property net of costs passed on that generated lease income during 2024 and 2023, included under “Profit from operations” in the income statement, amounted to 14,690 thousand euros and 12,276 thousand euros, respectively.

Expenses incurred in connection with investment properties that did not generate rental income were not material.

q) Business combinations

Business combinations arising from the acquisition of all the assets and liabilities of a company or a part of a company constituting one or more businesses are accounted for using the acquisition method.

In the case of business combinations resulting from the acquisition of shares or equity interests in a company, the Company recognises the investment in accordance with the provisions for equity investments in Group companies, jointly controlled entities and associates.

5. Intangible assets

The changes in this heading of the balance sheet were as follows:

	Thousands of euros			
	Goodwill	Intellectual property	Computer software	**Total**
Balance at 31 December 2022	**44,329**	**180**	**2,476**	**46,985**
Acquisition cost	***113,258***	***492***	***8,227***	***121,977***
Accumulated depreciation and amortisation	***(68,929)***	***(312)***	***(5,751)***	***(74,992)***
Additions	--	--	2,425	**2,425**
Depreciation charge	(8,720)	(56)	(1,522)	**(10,298)**
Disposals	--	--	(624)	**(624)**
Write-offs	--	--	624	**624**
Balance at 31 December 2023	**35,609**	**124**	**3,379**	**39,112**
Acquisition cost	***113,258***	***492***	***10,028***	***123,778***
Accumulated depreciation and amortisation	***(77,649)***	***(368)***	***(6,649)***	***(84,666)***
Additions	--	--	122	**122**
Depreciation charge	(8,721)	(56)	(1,250)	**(10,027)**
Balance at 31 December 2024	**26,888**	**68**	**2,251**	**29,207**
Acquisition cost	***113,258***	***492***	***10,150***	***123,900***
Accumulated depreciation and amortisation	***(86,370)***	***(424)***	***(7,899)***	***(94,693)***

At year-end 2024 and 2023 the Company has fully depreciated intangible assets still in use amounting to 5,275 thousand euros and 4,113 thousand euros, respectively.

6. Property, plant and equipment

The changes in this heading of the balance sheet were as follows:

	Thousands of euros		
	Land and buildings	Plant and other items of property, plant and equipment	**Total**
Balance at 31 December 2022	**17,904**	**3,783**	**21,687**
Acquisition cost	***19,681***	***8,531***	***28,212***
Accumulated depreciation and amortisation	***(1,777)***	***(4,748)***	***(6,525)***
Additions	--	568	**568**
Depreciation charge	(31)	(450)	**(481)**
Disposals (Note 19-e)	--	(135)	**(135)**
Write-offs (Note 19-e)	--	113	**113**
Balance at 31 December 2023	**17,873**	**3,879**	**21,752**
Acquisition cost	***19,681***	***8,964***	***28,645***
Accumulated depreciation and amortisation	***(1,808)***	***(5,085)***	***(6,893)***
Additions	--	1,760	**1,760**
Depreciation charge	(32)	(465)	**(497)**
Disposals (Note 19-e)	--	(36)	**(36)**
Write-offs (Note 19-e)	--	36	**36**
Balance at 31 December 2024	**17,841**	**5,174**	**23,015**
Acquisition cost	***19,681***	***10,688***	***30,369***
Accumulated depreciation and amortisation	***(1,840)***	***(5,514)***	***(7,354)***

The Company has two floors of the building located at Avenida Diagonal, 532 in the city of Barcelona and one floor of the building located at Paseo de la Castellana, 52 in the city of Madrid for its own use.

The valuations conducted by independent experts at 31 December 2024 and 2023 (Note 4-b)of the properties for own use did not reveal the need to recognise any impairment, as the valuations of the properties happen to be higher than their net carrying amount.

In 2023, the Company derecognised certain assets included under "Property, plant and equipment", which generated a loss of 22 thousand euros under "Impairment and gains/losses on disposal of fixed assets – Gains/losses on disposals and other" in the income statement (Note 19-e). In 2024, derecognitions had no impact on the income statement as the assets were fully depreciated.

At year-end 2024 and 2023 the net book value of the Company's land for own use amounted to 16,876 thousand euros.

At year-end 2024 and 2023 the Company has fully depreciated tangible assets still in use amounting to 2,400 thousand euros and 2,256 thousand euros, respectively.

The Company has no property, plant and equipment outside Spain, nor are there any purchase commitments.

Company policy is to arrange insurance policies to cover any risks to which its property, plant and equipment may be exposed. At 31 December 2024 and 2023, these elements were fully insured.

7. Investment property

The changes in this heading of the balance sheet were as follows:

	Thousands of euros			
	Land	Constructions and installations	Real estate investments in progress and advances	**Total**
Balance at 31 December 2022	**1,634,196**	**1,050,548**	**299,874**	**2,984,618**
Acquisition cost	***1,730,782***	***1,554,568***	***300,731***	***3,586,081***
Accumulated depreciation and amortisation	***--***	***(504,020)***	***(857)***	***(504,877)***
Accumulated impairment	***(96,586)***	***--***	***--***	***(96,586)***
Additions	--	34,232	98,947	133,179
Depreciation charge	--	(33,046)	--	(33,046)
Acquisition cost write-offs (Note 19-e)	(18,568)	(22,278)	--	(40,846)
Write-offs (Note 19-e)	--	5,241	--	5,241
Impairment write-downs (Notes 19-d y 19-e)	2,356	--	--	2,356
Transfers (Note 13)	(50,072)	(52,119)	(52,710)	(154,901)
Transfers of depreciation and amortisation (Note 13)	--	3,366	--	3,366
Transfers of impairment (Notes 13 y 19-d)	17,253	--	--	17,253
Application of impairment (Note 19-d)	10,996	--	--	10,996
Impairment (Note 19-d)	(96,455)	--	--	(96,455)
Balance at 31 December 2023	**1,499,706**	**985,944**	**346,111**	**2,831,761**
Acquisition cost	***1,662,142***	***1,514,403***	***346,968***	***3,523,513***
Accumulated depreciation and amortisation	***--***	***(528,459)***	***(857)***	***(529,316)***
Accumulated impairment	***(162,436)***	***--***	***--***	***(162,436)***
Additions	25	68,123	6,800	74,948
Non-monetary contribution (Note 1)	64,964	45,442	--	110,406
Depreciation charge	--	(34,342)	--	(34,342)
Acquisition cost write-offs	--	(969)	(353)	(1,322)
Write-offs	--	1,322	--	1,322
Transfers (Note 13)	24,007	(77,234)	(44,656)	(97,883)
Transfers of depreciation and amortisation (Note 13)	--	13,251	(10,133)	3,118
Transfers of impairment (Notes 13 y 19-d)	38,880	--	--	38,880
Application of impairment (Note 19-d)	11,763	--	--	11,763
Impairment (Note 19-d)	(21,331)	--	--	(21,331)
Balance at 31 December 2024	**1,618,014**	**1,001,537**	**297,769**	**2,917,320**
Acquisition cost	***1,751,138***	***1,549,802***	***308,723***	***3,609,663***
Accumulated depreciation and amortisation	***--***	***(548,265)***	***(10,954)***	***(559,219)***
Accumulated impairment	***(133,124)***	***--***	***--***	***(133,124)***

a) Movements in 2024 -

Additions in 2024 relate to investments in real estate assets, both in development and in operation, amounting to 74,948 thousand euros, including 2,429 thousand euros of financial costs, in connection with various investment and refurbishment projects at its properties.

The non-monetary contribution is the net result of (i) the contribution of real estate made by Criteria Caixa, S.A.U. and certain subsidiaries, within the broader context of the capital increase described in Note 1, for an aggregate amount of 272,473 thousand euros; as well as (ii) the subsequent contribution of residential properties made by the Company to its subsidiary Colonial Living, S.L.U., amounting to 162,067 thousand euros(Note 10-a).

In addition, in 2024, a total of three properties were reclassified from "Investment property" to "Non-current assets held for sale" in the statement of financial position for a total amount of 55,885 thousand euros (Note 13).

b) Movements in 2023 -

Additions in 2023 relate to investments in real estate assets, both in development and in operation, amounting to 133,179 thousand euros, including 5,665 thousand euros of financial costs(Note 19-f), in connection with various investment and refurbishment projects at its properties.

During 2023, an office building and two floors of office space were disposed of for a total sale proceeds of 38,874 thousand euros, resulting in a gain of 4,657 thousand euros, including indirect costs of sale. In addition, write-offs due to the replacement of certain items of investment property amounting to 3 thousand euros were recorded.

In addition, in 2023, one office plant and two properties were reclassified from "Investment property" to "Non-current assets held for sale" in the balance sheet and one property was transferred from "Non-current assets held for sale" to "Investment property", for a total net amount of 134,282 thousand euros (Note 13).

c) Impairment -

The valuations obtained on the Company's assets by independent experts at 31 December 2024 have revealed the need to recognise a net impairment charge for investment property amounting to 9,568 thousand euros (85,459 thousand euros at 31 December 2023). These results were recorded in "Impairment and gains/(losses) on disposals of property, plant and equipment - Impairment and losses" of profit and loss (Note 19-d).

d) Other information -

The total surface area by location (above and under-ground) of investment property and projects in use and in progress at 31 December 2024 and 2023 is as follows:

	Total surface area (m2)					
	Investment property in operation		Investment property under development		Total	
Location	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Barcelona	368,894	338,586	30,660	51,449	399,554	390,035
Madrid	602,499	531,695	139,708	166,523	742,207	698,218
	971,393	870,281	170,368	217,972	1,141,761	1,088,253

At year-end 2024 and 2023, the Company had fully depreciated investment property still in use amounting to 213,245 thousand euros and 210,827 thousand euros, respectively.

The Company has no property, plant and equipment outside Spain, nor are there any purchase commitments.

Company policy is to arrange insurance policies to cover any risks to which its investment property may be exposed. At 31 December 2024 and 2023, these items were fully insured.

8. Operating leases as lessor

At year-end 2024 and 2023, the Company had contracted with tenants the following minimum irrevocable lease payments under the leases currently in force, without taking into account the impact of common expenses, future increases in the CPI or future contractual lease payment revisions:

	Thousands of euros	
	Nominal Value	
Minimum operating lease payments	31 December 2024	31 December 2023
Less than one year	136,696	128,086
Between one and five years	248,757	240,336
More than five years	32,845	31,212
Total	**418,298**	**399,634**

9. Financial instruments

The carrying amount of each of the categories of financial instruments established in the "Financial instruments" recognition and measurement standard (Note 4-e), except for investments in the equity of Group companies, jointly controlled entities and associates (Note 10), is as follows:

Long and short term financial assets -

	Thousands of euros							
	Financial assets							
	Loans to group companies		Equity instruments		Other financial assets		Total	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Financial assets at amortised cost (Notes 9-a, 10-b and 20)	4,114	3,913	--	--	--	--	**4,114**	3,913
Investments in group companies	**4,114**	**3,913**	--	--	--	--	**4,114**	**3,913**
Financial assets at amortised cost (Note 11-a)	--	--	--	--	32,450	53,167	**32,450**	53,167
Assets at fair value through profit or loss (Note 11-b)	--	--	5,086	3,524	--	--	**5,086**	3,524
Hedging derivatives (Note 12)	--	--	--	--	--	1,958	--	1,958
Financial investments	**--**	**--**	**5,086**	**3,524**	**32,450**	**55,125**	**37,536**	**58,649**
Non-Current	**4,114**	**3,913**	**5,086**	**3,524**	**32,450**	**55,125**	**41,650**	**62,562**
Financial assets at amortised cost (Notes 9-a and 20)	563,256	418,269	--	--	--	--	**563,256**	418,269
Investments in group companies	**563,256**	**418,269**	--	--	--	--	**563,256**	**418,269**
Financial assets at amortised cost (Note 11-a)	--	--	--	--	27,126	8,868	**27,126**	8,868
Trade and other receivables	**--**	**--**	**--**	**--**	**27,126**	**8,868**	**27,126**	**8,868**
Financial assets at amortised cost (Note 11-a)	--	--	--	--	10,525	670	**10,525**	670
Financial assets at cost	--	--	9	9	--	--	**9**	9
Financial investments	**--**	**--**	**9**	**9**	**10,525**	**670**	**10,534**	**679**
Current	**563,256**	**418,269**	**9**	**9**	**37,651**	**18,406**	**600,916**	**427,816**
Financial Assets	**567,370**	**422,182**	**5,095**	**3,533**	**70,101**	**73,531**	**642,566**	**490,378**

Long and short term financial liabilities -

	Thousands of euros							
	Financial liabilities							
	Bank borrowings		Bonds and other marketable securities		Other financial liabilities		Total	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Financial liabilities at amortised cost (Note 16)	(3,622)	101,763	2,306,360	2,678,495	31,052	28,771	2,333,790	2,809,029
Derivative financial instruments (Note 12)	--	--	--	--	2,075	2,053	2,075	2,053
Bank borrowings	**(3,622)**	**101,763**	**2,306,360**	**2,678,495**	**33,127**	**30,824**	**2,335,865**	**2,811,082**
Long Term	**(3,622)**	**101,763**	**2,306,360**	**2,678,495**	**33,127**	**30,824**	**2,335,865**	**2,811,082**
Financial liabilities at amortised cost (Note 16)	(1,026)	218	508,800	197,566	--	--	507,774	197,784
Derivative financial instruments (Note 12)	--	--	--	--	1,707	5,067	1,707	5,067
Bank borrowings	**(1,026)**	**218**	**508,800**	**197,566**	**1,707**	**5,067**	**509,481**	**202,851**
Financial liabilities at amortised cost (Note 16)	--	--	3,386	293	--	--	3,386	293
Debts with Group companies	**--**	**--**	**3,386**	**293**	**--**	**--**	**3,386**	**293**
Financial liabilities at cost	--	--	--	--	39,133	82,294	39,133	82,294
Trade and other payables	**--**	**--**	**--**	**--**	**39,133**	**82,294**	**39,133**	**82,294**
Short Term	**(1,026)**	**218**	**508,800**	**197,566**	**44,226**	**87,654**	**552,000**	**285,438**
Financial Liabilities -	**(4,648)**	**101,981**	**2,815,160**	**2,876,061**	**77,353**	**118,478**	**2,887,865**	**3,096,520**

10. Non-current investments in group companies and associates

a) Non-current equity instruments in group companies

The breakdown by subsidiary at 31 December 2024 and 2023 is as follows:

	Thousands of euros					
	31 December 2022	Additions	**31 December 2023**	Additions	Derecognitions or reversals	**31 December 2024**
Acquisition cost:						
Société Foncière Lyonnaise, S.A.	**2,627,072**	1,489	**2,628,561**	2,037	--	**2,630,598**
Colonial Tramit, S.L.U.	**23**	--	**23**	--	--	**23**
Inmocol Torre Europa, S.A.	**12,080**	--	**12,080**	--	--	**12,080**
Peñalvento, S.L.U.	**20,755**	--	**20,755**	73,181	(93,936)	**--**
Utopicus Innovación Cultural, S.L.U.	**51,733**	--	**51,733**	--	(7,501)	**44,232**
Wittywood, S.L.U.	**9,647**	(9)	**9,638**	--	--	**9,638**
Inmocol One, S.A.U.	**60**	--	**60**	--	--	**60**
Inmocol Two, S.L.U.	**13**	--	**13**	--	--	**13**
Colonial Lab, S.L.U.	**13**	--	**13**	262	--	**275**
Colonial Living, S.L.U.	**--**	--	**--**	162,070	--	**162,070**
Total acquisition cost	**2,721,396**	**1,480**	**2,722,876**	**237,550**	**(101,437)**	**2,858,989**
Impairment:						
Colonial Tramit, S.L.U.	**(16)**	(2)	**(18)**	--	1	**(17)**
Utopicus Innovación Cultural, S.L.U.	**(31,660)**	(2,717)	**(34,377)**	--	3,819	**(30,558)**
Wittywood, S.L.U.	**(655)**	(163)	**(818)**	--	62	**(756)**
Inmocol One, S.A.U.	**(3)**	(2)	**(5)**	--	1	**(4)**
Inmocol Two, S.L.U.	**(3)**	(1)	**(4)**	--	--	**(4)**
Colonial Lab, S.L.U.	**(3)**	(1)	**(4)**	(259)	--	**(263)**
Total impairment	**(32,340)**	**(2,886)**	**(35,226)**	**(259)**	**3,883**	**(31,602)**
Net total	**2,689,056**	**(1,406)**	**2,687,650**	**237,291**	**(97,554)**	**2,827,387**

Movements in 2024 -

On 5 January 2024, subsidiary company Colonial Lab, S.L.U. agreed to increase capital by neetting credits through the issue of 10,000 shares, each with a par value of 1 euro and a share premium of 252 thousand euros, all of which were fully subscribed by the Company.

On 6 March 2024, the Company capitalised the existing loan with Peñalvento, amounting to 73,181 thousand euros, and subsequently, on 7 March 2024, the Company transferred its financial stake in Peñalvento, S.L.U. to a third party within the framework of the agreements signed between the parties. The price of the transfer amounted to 106,835 thousand euros and generated a gain of 12,471 thousand euros, which was recognised under the heading "Gains/(losses) on disposal of financial instruments" in the Company's income statement. Of the above price, a total of 28,287 thousand euros had already been collected by the Company as payment on account of the price of the shares, as recognised under "Advances from customers" in the statement of financial position at 31 December 2023 (Note 20-b).

On 4 July 2024, the Company contributed a number of residential properties to the new subsidiary Colonial Living, S.L.U.; properties that had been received within the context of the non-monetary contribution described in Note 1, for a value of 162,067 thousand euros. Colonial Living, S.L.U. has been previously incorporated, with a share capital of 3 thousand euros, divided into 3,000 shares each with a par value of 1 euro, and all fully subscribed for by the Company.

On 30 December 2024, the Company, as the sole shareholder of its subsidiary Utopicus Innovación Cultural, S.L.U., agreed to repay a share premium amounting to 7,501 thousand euros, which was recognised as a reduction of the acquisition cost of the stake held in Innovación Cultural, S.L.U.

In 2024, the Company acquired 26,748 shares in subsidiary company Société Foncière Lyonnaise, S.A. from certain non-controlling shareholders. The total amount of the acquisitions came to 2,037 thousand euros.

Impairment -

In 2024 and 2023, no impairment of the financial stake in SFL was recognised (Note 4-e).

The price of SFL shares at the close of 2024 and 2023 was 74.20 and 67.00 euros per share, respectively.

The valuation of the recoverable amount of the discounted cash flow projection based on the business plan of the subsidiary Utopicus (Note 4-e) led to a reversal of a provision amounting to 3,819 thousand euros (at 31 December 2013 it led to a provision amounting to 2,717 thousand euros).

Movements in 2023 -

In 2023, the Company acquired 20,350 shares in subsidiary company Société Foncière Lyonnaise, S.A. from certain non-controlling shareholders. The acquisition cost came to 1,489 thousand euros.

b) Non-current loans to group companies

The heading "Non-current loans to group companies" at 31 December 2024 consisted of the loan granted by the Company to subsidiary company Wittywood, S.L., plus accrued interest, for a total amount of 4,114 thousand euros (3,913 thousand euros at 31 December 31 December 2023).

11. Financial assets

a) Financial assets at amortised cost -

Details of "Financial assets at amortised cost"(Note 9-a) are as follows:

	Thousands of euros	
	31 December 2024	31 December 2023
Non-current investments in group companies and associates		
Loans to group companies (Note 20)	4,114	3,913
Non-current financial investments		
Deposits and guarantees	18,467	19,362
Non-current other receivables	13,983	33,805
Non-Current	**36,564**	**57,080**
Current investments in Group companies and associates		
Loans to group companies (Note 20)	563,256	418,269
Trade receivables for sales and services	23,569	2,147
Receivables from related parties (Note 20)	133	218
Current other receivables	3,328	6,318
Other	96	185
Current financial investments		
Other financial assets	10,525	670
Current	**600,907**	**427,807**

Guarantees and deposits-

Non-current deposits and guarantees basically correspond to deposits made with official bodies for guarantees collected for property leases in accordance with current legislation.

Other receivables –

The detail of the balances recorded under "Other receivables" in the balance sheet is as follows:

	Thousands of euros	
	31 December 2024	31 December 2023
Cost:		
Inmo Criteria Patrimonio, S.L.	--	21,181
Lease incentives (Note 4-n)	13,983	12,624
Total cost	**13,983**	**33,805**
Total non-current other receivables	**13,983**	**33,805**
Cost:		
Nozar, S.A.	147	915
Lease incentives (Note 4-n)	3,249	6,082
Other	79	236
Total cost	**3,475**	**7,233**
Impairment:		
Nozar, S.A.	(147)	(915)
Total impairment	**(147)**	**(915)**
Total current other receivables	**3,328**	**6,318**

In 2023, a receivable of 22,000 thousand euros was recognised with Inmo Criteria Patrimonio, S.L. from the sale of a non-current asset held for sale. The payment of this amount was deferred for 18 months and was duly guaranteed (Note 13). At 31 December 2024, the deferred amount was reclassified to "Trade receivables for sales and services" in the statement of financial position.

In 2023, rental incentives amounting to 637 thousand euros were transferred to the heading "Current assets held for sale guaranteed (Note 13). No such transfers were recognised in 2024.

b) Financial investments at fair value -

The breakdown of "Financial investments at fair value" (Note 9) consists of the item "Other non-current financial assets" pertaining to the stakes acquired in the company Fifth Wall Real Estate Technology.

12. Derivative financial instruments

The derivative financial instruments held by the Company at 31 December 2024 and 2023 are as follows:

31 December 2024

				Thousands of euros	
	Interest rate	Early settlement	Maturity	Nominal	Fair value of liabilities
Swap interest rate	2.45%	2027	2032	173,500	(255)
Swap interest rate	2.42%	2027	2032	173,300	(124)
Swap interest rate	2.48%	2028	2033	213,500	(393)
Swap interest rate	2.47%	2028	2033	213,350	(297)
Swap interest rate	2.64%	2028	2033	102,750	(801)
Swap interest rate	2.50%	2028	2033	101,470	(205)
Non-current				**977,870**	**(2,075)**
Swap interest rate	2.28%	2025	2030	747,500	(1,707)
Current				**747,500**	**(1,707)**
Total				**1,725,370**	**(3,782)**

31 December 2023

				Thousands of euros		
	Interest rate	Early settlement	Maturity	Nominal	Fair value of assets	Fair value of liabilities
Swap interest rate	2.28%	2025	2030	747,500	--	(1,818)
Swap interest rate	2.45%	2027	2032	173,500	278	--
Swap interest rate	2.42%	2027	2032	173,300	408	--
Swap interest rate	2.48%	2028	2033	213,500	423	--
Swap interest rate	2.47%	2028	2033	213,350	522	--
Swap interest rate	2.64%	2028	2033	102,750	--	(235)
Swap interest rate	2.50%	2028	2033	101,470	327	--
Non-Current				**1,725,370**	**1,958**	**(2,053)**
Swap interest rate	2.46%	2024	2029	173,000	--	(1,730)
Swap interest rate	2.46%	2024	2029	165,700	--	(1,666)
Swap interest rate	2.45%	2024	2029	168,050	--	(1,671)
Current				**506,750**	**--**	**(5,067)**
Total				**2,232,120**	**1,958**	**(7,120)**

In 2024, three of the Company's forward starting hedging instruments matured for a nominal amount of 173,000, 165,700 and 168,050thousand euros. The Company used hedge accounting for these instruments, the market value of which was recognised in equity.

In 2023, the Company cancelled forward starting hedging instruments for a nominal amount of 2,232,120 thousand euros. The Parent applied hedge accounting to these instruments based on forecasted future debt issuance transactions.

In both years, and given that the envisioned transactions remained likely, the Company retained in equity the amount recognised for the change in market value of these hedges up to the time of cancellation. This amount will be reclassified to the consolidated income statement for the year as of the date on which the initially hedged debt issues were planned.

In 2023, the Company collected a total of 211,774 thousand euros for the value of the cancelled forward starting swap and for the maturity of the Natwest hedging instruments for a nominal amount of 175,000 thousand euros. This amount is included under "Cash flows from financing activities" in the cash flow statement.

The fair value of the derivatives was calculated by discounting estimated future cash flows based on forward interest and exchange rates and on assigned volatility at each calculation date.

A change of 25 basis points in the rates of return has the following impact on the valuations used by the Company to determine the value of its derivatives:

Sensitivity of valuations to a change of 25 basis points in the rates of return	Thousands of euros		
	Fair value	Decrease of one quarter of a point	Increase of one quarter of a point
31 December 2024	(3,782)	(20,018)	19,581
31 December 2023	(5,162)	(25,332)	24,716

13. Non-current assets held for sale

The changes in this heading of the balance sheet were as follows:

	Thousands of euros	
	31 December 2024	31 December 2023
Beginning balance	**120,846**	**287,352**
Additions	7,028	1
Disposals (Note e)	(163,742)	(296,278)
Impairment (Note 19-d)	(3,357)	(5,148)
Transfer of acquisition cost (Note 7)	97,883	154,901
Transfers of depreciation (Note 7)	(3,118)	(3,366)
Transfers of impairment (Note 7)	(38,880)	(17,253)
Transfer of lease incentives	--	637
Closing balance	**16,660**	**120,846**

Movements in 2024 -

In 2024, the Company transferred three properties from the balance sheet item "Investment property" for a net carrying amount of 55,885 thousand euros (Note 7).

The Company disposed of four properties for a total sale price of 188,247 thousand euros, resulting in a gain of 15,191 thousand euros, as included under indirect costs of sale (Note 19-e).

Additions in 2024 related to investments made in a non-current asset held for sale amounting to 7,028 thousand euros, including 752 thousand euros of finance costs, associated with this non-current asset held for sale.

Movements in 2023 -

In 2023, the Company transferred from the balance sheet heading "Investment property" an office plant and two properties for a net carrying amount of 165,053 thousand euros (Note 7) and 637 thousand euros from "Trade and other receivables" corresponding to the accrual of lease incentives (Note 11).

In addition, in 2023, the Company transferred from "Non-current assets held for sale" to "Investment property" in the balance sheet a property with a net carrying amount of 30,771 thousand euros, as the planned sale transaction has been cancelled.

The Company sold three properties in exchange for a total of 406,490 thousand euros, yielding a gain of 99,940 thousand euros, including indirect costs of sale(Note 19-e).

Impairment -

The valuations obtained on the Company's assets by independent experts at 31 December 2024 revealed the need to recognise a net impairment charge of 3,357 thousand euros (5,148 thousand euros at 31 December 2023). This movement was recognised under "Impairment and gains/losses on disposal of fixed assets – Impairment and losses" in the income statement (Note 19-d).

14. Equity

a) Share capital

At 31 December 2023, the share capital comprised 539,615,637 shares, each with a par value of 2.50 euros, all fully subscribed for and paid up, amounting to 1,349,039 thousand euros.

On 3 July 2024, the public deed relating to the capital increase approved by shareholders at the extraordinary General Meeting of the Company held on 12 June 2024 was filed at the Companies Registry of Madrid. This approved share capital increase, excluding pre-emptive subscription rights, and with a charge to cash and non-cash contributions, involved the issue and flotation of 87,729,050new ordinary shares of the Company, with a par value of 2.50 euros and a share premium of 384,091 thousand euros, all of the same class and series as those currently in circulation. 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.

The consideration for this capital increase consisted 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, (Notes 7 y 10-a)giving a total effective consideration of 622,473thousand euros.

The directors analysed the difference between the fair value of the assets received and the fair value of the equity instruments issued by looking at the quoted price, and concluded that there was no benefit or detriment to shareholders and therefore proceeded to record the difference as share premium.

At 31 December 2024, following the aforementioned increase, the share capital of the Parent stood at 1,568,362 thousand euros, represented by 627,344,687 shares, each with a par value of 2.50 euros.

According to the breakdown provided in section A.2 of the Annual Corporate Governance Report of the Parent Company for 2024, shareholders owning significant stakes in the Company's share capital, both direct and indirect, as at 31 December 2024 and 2023, are as follows:

	31 December 2024		31 December 2023	
	Number of shares*	% ownership	Number of shares*	% ownership
Share capital				
Criteria Caixa, S.A.U.	108,661,559	17.32%	--	--
Qatar Investment Authority (ii)	102,675,757	16.37%	102,675,757	19.03%
Fernández González, Carlos (iii)	80,028,647	12.76%	80,028,647	14.83%
Puig, S.A. (iv)	50,508,520	8.05%	39,795,000	7.37%
Aguila Ltd.	--	--	28,880,815	5.35%
Corporación Financiera Alba, S.A.	31,419,968	5.01%	27,012,839	5.01%
Credit Agricole, S.A.	22,494,701	3.59%	22,494,701	4.17%
BlackRock Inc.(i)	19712,594	3.14%	16,182,616	3.02%

* Does not include certain financial instruments linked to shares of the Company.
(i) Does not include certain financial instruments linked to shares of the Company.
(ii) Qatar Investment Authority is responsible for managing 21,782,588 shares of the Company owned by DIC Holding, LLC.
(iii) Carlos Fernández González controls the majority of the capital and voting rights of Grupo Far-Luca, S.A. de C.V., the company that owns Grupo Finaccess, S.A.P.I. de C.V., and the latter in turn controls Finaccess Capital, S.A. de C.V., which controls the direct shareholders Finaccess Inmobiliaria, S.L. and Finaccess Capital Inversores, S.L.
(iv) Puig, S.A. which controls the share capital of Exea Inversiones Inmobiliarias, S.L.

At 31 December 2024 and 2023, BlackRock Inc. held financial instruments associated with the Company's shares that, in the event the instruments are exercised, could give rise to an additional interest in the share capital of Colonial. These financial instruments do not and cannot involve the issue of new shares of the Parent.

The Company has no knowledge of other significant equity interests.

The Annual General Meeting held on 30 June 2021 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 give the right, directly or indirectly, to subscribe for shares of the Parent, with the express power to exclude preferential subscription right of the shareholders up to a maximum of 20% of the share capital, and to increase the capital by the amount necessary to meet 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 Annual General Meeting held on 30 June 2021 resolved to authorise the Board of Directors, in accordance with article 297(1)(b) of the Spanish Companies Act, to increase the share capital through monetary contributions by up to half the amount of the share capital, within a maximum period of five years, on one or more occasions and at the time and by the amount it deems appropriate. Within the maximum amount indicated, the Board is empowered to disapply the pre-emption right up to a maximum of 20% of the share capital.

b) Share premium

On 15 June 2023, the General Shareholders' Meeting resolved to distribute dividends with a charge to the share premium amounting to 28,173 thousand euros, which were paid to shareholders.

As a result of the capital increase approved at the extraordinary General Meeting held on 12 June 2024, the share premium was increased by 384,091 thousand euros.

At 31 December 2024, the share premium amounted to 1,847,691 thousand euros (1,463,600 thousand euros at 31 December 2023).

c) Reserves

Legal reserve -

Under the Consolidated Spanish Companies Law, 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of share capital.

The legal reserve may be used to increase capital in an amount equal to the portion of the balance that exceeds 10% of capital after the increase. Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, this reserve may only be used to set off losses and provided no other sufficient reserves are available for this purpose.

At 31 December 2023, the appropriation to the legal reserve, as included in the distribution of the Company's earnings for 2022 approved by the General Meeting of Shareholders held on 15 June 2023, amounted to 11,633 thousand euros.

At 31 December 2024, taking into account the appropriation to the legal reserve included in the distribution of the Parent's profit for 2023, as approved by shareholders at the General Meeting held on 13 June 2024, for a total of 21,287 thousand euros, the legal reserve was increased to 91,559 thousand euros, although it had not yet reached the stipulated level at the date of authorisation for issue of these financial statements (70,272 thousand euros at 31 December 2023).

Other reserves –

The detail of other reserves in the balance sheet heading is as follows:

	31 December 2024	31 December 2023
Voluntary reserves	217,411	169,441
Merger reserves	(27,468)	(27,468)
Gains/(losses) on disposals of treasury shares	(13,265)	(3,809)
Results for previous years	(5,810)	(27,010)
Capital increase costs	(27,010)	(1,223)
Total other reserves	**143,858**	**109,931**

At 31 December 2024, considering the amount posted to the unrestricted voluntary reserve included in the distribution of the Company's earnings for 2023, as approved by shareholders at the General Meeting held on 13 June 2024, for a total of 47,970 thousand euros, the voluntary reserve was increased to 217,411 thousand euros (169,441 thousand euros at 31 December 2023).

The gains/(losses) generated from these deliveries of own shares, which amounted to 9,456 thousand euros in losses for the year 2024 (237 thousand euros of losses in 2023), as well as the expenses associated with capital increases (Note 14-a), which amounted to 4,587 thousand euros (at 31 December 2023 , the balance amounted to 1,223 thousand euros).

d) Treasury shares

The number of the Company’s treasury shares and their acquisition cost were as follows:

	31 December 2024		31 December 2023	
	No. of shares	Thousands of euros	No. of shares	Thousands of euros
Free tranche	9,110,154	59,606	7,784,518	63,417
Liquidity contracts	265,968	1,581	209,247	1,511
Ending balance	**9,376,122**	**61,187**	**7,993,765**	**64,928**

Treasury shares - Free tranche

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

	31 December 2024		31 December 2023	
	No. of shares	Thousands of euros	No. of shares	Thousands of euros
Beginning balance	**7,784,518**	**63,417**	**7,915,908**	**64,494**
Delivery of plans under incentives plan (Note 21-d)	(175,398)	(1,429)	(43,824)	(213)
Other acquisitions	5,058,350	26,521	17,729	(6)
Other share deliveries	(3,557,316)	(28,903)	(105,295)	(858)
Ending balance	**9,110,154**	**59,606**	**7,784,518**	**63,417**

Deliveries of Company shares under the long-term incentives plan (Note 21-d) –

Every year, the Company settles the obligations to comply with the previous year's plan through the delivery of shares to the beneficiaries of the Remuneration Plan, once it has assessed the degree of attainment of the indicators included therein.

Other acquisitions -

The Company acquired 5,000,000 treasury shares, representing 0.80% of the share capital, for a cash amount of 26,217 thousand euros, including acquisition costs, within the framework of the Accelerated Bookbuild Offering carried out by certain companies controlled by the former shareholder Aguila Ltd.

Other share deliveries -

In the context of the capital increase carried out with Criteria Caixa, S.A.U. (Note 1), the Company delivered a total of 3,418,734 shares, with an associated cost of 27,774 thousand euros, in exchange for the dividend paid by the Company prior to the capital increase, which had not been considered by the parties when determining the value of the contribution, all as set out in the management report and the independent expert's report for the capital increase.

Also in 2024, the Company exchanged 27,784 shares in SFL, as granted to several directors of SFL, for 138,582 shares of the Company, plus 1,259 thousand euros in cash, applying the same conditions agreed for the takeover bid.

Liquidity contracts

The Parent enters into liquidity contracts to enhance the liquidity of its transactions and the regularity of its listed share price. The number of the Company's treasury shares under liquidity contracts and their acquisition cost were as follows:

	31 December 2024		31 December 2023	
	No. of shares	Thousands of euros	No. of shares	Thousands of euros
Beginning balance	**209,247**	**1,511**	**302,462**	**1,880**
Purchase	19,199,909	107,189	18,906,010	110,706
Sale	(19,143,188)	(107,119)	(18,999,225)	(111,075)
Ending balance	**265,968**	**1,581**	**209,247**	**1,511**

e) Value change adjustments – Hedging operations

The changes in this heading of the balance sheet were as follows:

	Thousands of euros	
	31 December 2024	31 December 2023
Beginning balance	**207,990**	**262,267**
Changes in the fair value of hedges in the year	(3,324)	(81,736)
Transfer to profit and loss	(4,602)	27,459
Ending balance	**200,064**	**207,990**

At 31 December 2024 and 2023, there were 203,845 thousand and 213,151 thousand euros, respectively, of reserves for changes in fair value of effective hedges already cancelled that will have to be transferred to the Company's income statement (Note 12).

The impact on reserves due to changes in the value of effective hedges in force amounted to 3,781 thousand and 5,161 thousand as debit balance at 31 December 2024 and 2023, respectively.

15. Provisions and contingencies

The detail of current and non-current provisions in the balance sheet, and the main movements therein in 2024 were as follows:

	Thousands of euros	
	Current	Non-Current
	Provision for contingencies and expenses	Provisions with personnel
Balance at 31 December 2023	**2,701**	**8**
Allowance (Note 19-d)	2,500	29
Application	--	(12)
Balance at 31 December 2024	**5,201**	**25**

Provisions for contingencies and expenses - Current

Current provisions relate to an estimate of various risks inherent to the Company's business.

16. Bank borrowings, bonds and other marketable securities

The breakdown by type of debt and maturity is as follows:

31 December 2024

	Thousands of euros							
	Current	Non-current						Total
	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	
Bank borrowings:								
Fees and interest	12	--	--	--	--	--	--	12
Arrangement costs	(1,038)	(1,038)	(1,038)	(1,040)	(506)	--	(3,622)	(4,660)
Total debts with credit institutions	**(1,026)**	**(1,038)**	**(1,038)**	**(1,040)**	**(506)**	**--**	**(3,622)**	**(4,648)**
Bonds and other marketable securities:								
Issues of bonds	500,000	700,000	--	500,000	1,125,000	--	2,325,000	2,825,000
Fees and interest	15,219	--	--	--	--	--	--	15,219
Arrangement costs	(6,419)	(5,311)	(4,978)	(4,871)	(3,480)	--	(18,640)	(25,059)
Total debt instruments and other held-for-trading liabilities	**508,800**	**694,689**	**(4,978)**	**495,129**	**1,121,520**	**--**	**2,306,360**	**2,815,160**
Total	**507,774**	**693,651**	**(6,016)**	**494,089**	**1,121,014**	**--**	**2,302,738**	**2,810,512**

31 December 2023

	Thousands of euros							
	Current	Non-current						Total
	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	
Bank borrowings:								
Syndicated loans	--	--	--	105,000	--	--	105,000	105,000
Fees and interest	1,353	--	--	--	--	--	--	1,353
Arrangement costs	(1,135)	(1,139)	(1,136)	(962)	--	--	(3,237)	(4,372)
Total debts with credit institutions	**218**	**(1,139)**	**(1,136)**	**104,038**	**--**	**--**	**101,763**	**101,981**
Bonds and other marketable securities:								
Issues of bonds	187,200	500,000	700,000	--	500,000	995,000	2,695,000	2,882,200
Fees and interest	15,358	--	--	--	--	--	--	15,358
Arrangement costs	(4,992)	(4,684)	(3,570)	(3,240)	(3,115)	(1,896)	(16,505)	(21,497)
Total debt instruments and other held-for-trading liabilities	**197,566**	**495,316**	**696,430**	**(3,240)**	**496,885**	**993,104**	**2,678,495**	**2,876,061**
Total	**197,784**	**494,177**	**695,294**	**100,798**	**496,885**	**993,104**	**2,780,258**	**2,978,042**

a) *Issues of standard bonds by the Company*

The detail of the issues of standard bonds made by the Company is as follows:

Issue	Duration	Maturity	Fixed coupon payable annually	Thousands of euros Issue amount	31 December 2024	31 December 2023
28/10/2016	8 years	28/10/2024	1,450%	600,000	--	187,200
10/11/2016	10 years	10/11/2026	1,875%	50,000	50,000	50,000
28/11/2017	8 years	28/11/2025	1,625%	500,000	500,000	500,000
28/11/2017	12 years	28/11/2029	2,500%	500,000	500,000	370,000
17/04/2018	8 years	17/04/2026	2,000%	650,000	650,000	650,000
16/10/2020	8 years	14/10/2028	1,350%	500,000	500,000	500,000
22/06/2021	8 years	22/06/2029	0,750%	625,000	625,000	625,000
Total issues of bonds					**2,825,000**	**2,882,200**

European Medium Term Note Programme -

On 5 October 2016, the Company registered a 12-month European Medium Term Note programme worth 3,000,000 thousand euros, which can be extended to 7,000,000 thousand euros, on the Irish Stock Exchange (extendable to 5,000,000 thousand euros at 2023). On 10 July 2024, the Irish Stock Exchange approved the registration of the renewal of the programme in the official registers of the Parent's Base Fixed Income Prospectus (Euro Medium Term Note Programme).

Issuance and buyback of bonds by the Company –

A TAP (Takedown Allocation Process) bond 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. In April 2024, the parent company formalised a TAP on the issue of bonds maturing in November 2029 for an amount of 130,000 thousand euros. In 2023, a TAP of 70,000 thousand euros was formalised on this same issue.

The bond issues dated 16 October 2020 and 22 June 2021 were admitted to trading on the regulated market (AIAF Fixed Income Securities Market) of the Madrid Stock Exchange (CNMV) and the remaining bond issues on the regulated market (Main Securities Market) of the Irish Stock Exchange.

At 31 December 2024 and 2023, the fair value of the bonds issued by the Company was 2,719,198 thousand euros and 2,706,549 thousand euros, respectively.

Compliance with financial ratios -

At 31 December 2024 and 2023, it complied with the financial ratios stipulated in the respective financing agreements.

b) *Issue of commercial paper by the Company*

On 13 December 2018 , the Company registered a European Commercial Paper (ECP) programme with the Irish Stock Exchange for a maximum amount of 500,000 thousand euros. The programme was renewed on 13 November 2024 .

As at 31 December 2024 and 2023 the Company had no outstanding issues.

c) Syndicated financing

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

		Thousands of euros			
		31 December 2024		31 December 2023	
Thousands of euros	Maturity	Limit	Nominal drawn down	Limit	Nominal drawn down
Syndicated financing	November 2027	1,000,000	--	1,000,000	105,000
Total syndicated financing		**1,000,000**	**--**	**1,000,000**	**105,000**

On 28 June 2024, the credit facility was successfully renewed to include improved terms and conditions, a better spread, and with a longer maturity running until November 2029, which may be extended until November 2031. This line is considered sustainable because its margin is referenced to sustainability metrics.

The fixed interest rate is variable with a margin referenced to the EURIBOR.

As at 31 December 2024 and 2023, the Company was compliant with the financial covenants to which it is subject.

d) Other guarantees delivered

At 31 December 2024, the Company had granted guarantees to government bodies, customers and suppliers in the amount of 5,863 thousand euros (18,856 thousand euros at 31 December 2023).

Of the total guarantees granted at 31 December 2023, the main guarantee, amounting to 13,000 thousand euros, was one the Company had granted to a purchaser for the advance payment of the latter for the acquisition of a residential complex. This guarantee was cancelled in the month of July 2024.

In addition, the Company has another guarantee granted, amounting to 4,804 thousand euros, relating to commitments made by the company Asentia. In this regard, the Company and Asentia have signed an agreement whereby, if any of the guarantees are executed, Asentia must compensate the Company for any loss incurred within a maximum period of 15 days.

e) Interest

The Company's average interest rate in 2024 was 0.66% (1.43% in 2023) or 0.91% incorporating the accrual of fees (1.70% in 2023). The interest rate on the Company's debt outstanding at 31 December 2024 (spot) was 1.65% (1.68% at 31 December 2023).

The amount of accrued interest pending payment recorded in the balance sheet amounts to:

	Thousands of euros	
	31 December 2024	31 December 2023
Bonds and other marketable securities	15,219	15,358
Bank borrowings	12	1,353
Total	**15,231**	**16,711**

f) Debt arrangement costs

In 2024 and 2023, the Company recognised a total of 2,841 thousand and 2,355 thousand euros (Note 19-e), respectively, in the income statement, corresponding to the costs repaid during the year.

g) *Cash and cash equivalents*

Cash and cash equivalents include cash at bank and in hand, as well as highly liquid fixed income and/or money market investments that are 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.

At 31 December 2024 and 2023, the amounts of 456,768 thousand euros and 336,056 thousand euros, respectively, were recognised under “Cash and cash equivalents”, of which 1,461 thousand euros (1,923 thousand euros at 31 December 2023) was restricted or pledged.

	Thousands of euros	
	31 December 2024	31 December 2023
Cash in banks and savings banks	90,497	125,156
Other cash equivalents	366,271	210,900
Cash and cash equivalents	**456,768**	**336,056**

17. Other non-current financial liabilities

At 31 December 2024 and 2023, it included an amount of 31,052 thousand euros and 28,771 thousand euros, respectively, corresponding to guarantees received from lessees.

18. Tax matters

On 30 June 2017, the Company opted to apply the SOCIMI (REIT) tax regime (Note 1).

The detail of balances with the tax authorities is as follows:

	Thousands of euros			
	Receivable balance		Payable balance	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Tax	--	--	3,379	5,511
Value-added tax	113	1,014	--	--
Current tax	7,037	7,037	5,619	--
Other deferred taxes	--	--	156	188
Social Security tax payable	--	--	397	182
Total current balances	**7,150**	**8,051**	**9,551**	**5,881**
Deferred tax on merger (Note 1)	--	--	65,140	74,974
Other deferred taxes	--	--	4,336	4,508
Total non-current balances	**--**	**--**	**69,476**	**79,482**

a) Reconciliation between accounting profit and taxable income -

The reconciliation, differentiating between the part taxed under the general corporate tax regime and the part taxed under the special REIT regime, is as follows:

31 December 2024

	Thousands of euros		
	General regime	REIT regime	Total
Pre-tax profit/(loss) for year	**(5,922)**	**148,945**	**143,023**
Permanent differences:			
SFL dividends (Note 19-a)	--	(96,196)	(96,196)
Amortisation of Axiare goodwill (Note 5)	--	8,721	8,721
Contribution to plan (Note 21)	--	222	222
Capital increase costs (Note 14-c)	--	(4,587)	(4,587)
Other	(10)	1,947	1,947
Temporary differences:			
Originating in prior years-			
Deferral for reinvestment	814	--	814
Non-deductible provisions	(721)	3,152	2,431
Non-deductible amortisation	(1,879)	(6)	(1,885)
Originating in current year-			
Impairment of financial interests (Note 10-a)	--	(3,624)	(3,624)
Non-deductible impairment of property	--	(3,574)	(3,574)
Amortisation of SFL financial goodwill	--	(282)	(282)
Deferred write-off from asset gains	56,273	5,509	61,782
Taxable income (taxable profit)	**48,555**	**60,251**	**108,806**

31 December 2023

	Thousands of euros		
	General regime	REIT regime	Total
Pre-tax profit/(loss) for year	**15,104**	**194,656**	**209,760**
Permanent differences:			
SFL dividends (Note 19-a)	--	(168,171)	(168,171)
Amortisation of Axiare goodwill (Note 5)	--	8,720	8,720
Contribution to plan (Note 21)	--	184	184
Other	(10)	1,375	1,365
Temporary differences:			
Originating in prior years-			
Deferral for reinvestment	749	--	749
Non-deductible provisions	--	(109)	(109)
Non-deductible amortisation	414	(6)	408
Originating in current year-			
Impairment of financial interests (Note 10-a)	--	2,886	2,886
Non-deductible impairment of property	--	40,078	40,078
Amortisation of SFL financial goodwill	--	(283)	(283)
Deferred write-off from asset gains	24,953	29,375	54,328
Taxable income (taxable profit)	**41,210**	**108,704**	**149,915**

The main differences between the accounting profit/(loss) and taxable income are as follows:

General regime -

- In accordance with Law 16/2012, of 27 December, it was established that the accounting depreciation of property, plant and equipment, intangible assets and investment property for tax periods starting in 2013 and 2014 would be deductible from the tax base by up to 70 per cent of that which would have been previously deductible for tax purposes. In this regard, the Company proceeded to make the corresponding adjustments to its tax base. From 2015, and according to the provisions of the Law, the Company has been recovering annually one tenth of the allocations made to depreciation in 2013 and 2014, which were considered non-deductible.

- Inclusion in the tax base of differences between carrying amounts and tax values arising from corporate operations recorded in prior years (Note 1).

- Other provisions that were not tax deductible in previous years.

REIT regime -

- Exemption for dividends from subsidiaries.

- Property impairment that is not tax deductible.

- Impairment of financial investments considered not to be tax deductible.

- Inclusion in the tax base of differences between carrying amounts and tax values arising from corporate operations recorded in prior years (Note 1).

- Non-deductible provisions.

b) Reconciliation between accounting profit/(loss) and income tax expense -

The reconciliation is as follows:

	Thousands of euros	
	2024	2023
Accounting profit before tax	143,023	209,760
Permanent differences	(89,893)	(157,902)
Adjusted accounting profit/(loss)	**53,130**	**51,858**
- REIT regime	59,052	36,764
- General regime	(5,932)	15,094
Accounting profit/(loss) adjusted to general regime	**(5,932)**	**15,094**
- Unrecorded deferred assets offset in the year	(1,879)	414
Tax profit/(loss) to general regime	**(7,811)**	**15,508**
Tax expense at 25% rate	--	(3,783)
Capitalisation	(97)	(1,559)
Other adjustments	10,406	8,448
Total tax receipts recognised in the income statement	**10,309**	**3,106**
- Current tax	--	(3,783)
- Deferred tax	10,309	6,889

The tax rate applicable to income taxed under the special regime for REITS is 0%, so no tax expense is generated associated with said income.

c) Deferred tax assets -

The detail of the balance of deferred tax assets is shown in the following table:

Deferred tax assets (taxable profit)	Thousands of euros			
	2024 (*)		2023 (*)	
	General regime base	REIT base	General regime base	REIT base
Losses to be offset against prior years' results	5,294,421	--	5,306,559	--
Non-deductible impairment	--	79,191	--	82,764
Impairment of non-deductible financial interests	3	27,860	3	35,221
Non-deductible finance costs	415,475	99,424	415,475	99,424
Non-deductible amortisation	--	--	4,903	6
Non-deductible provisions	65,515	4,498	66,236	1,278
Other	20	65	20	218
Total tax credits and deferred tax assets	**5,775,434**	**211,038**	**5,793,196**	**218,911**

(*) As described below, in determining the deferred tax liabilities at 31 December 2024 and 2023, the Company has not recognised the corresponding tax credits, except for the application of tax credits amounting to 22,174 thousand euros and 25,451 thousand euros, respectively, since these have been calculated on the basis of the effective tax rate.

Deferred tax asset on tax loss carryforwards -

The Corporate Income Tax Act in force as from 1 January 2015 establishes that the tax losses of prior years may be carried forward to future years without any time limitation.

Deferred tax assets for deductions to be offset -

At 31 December 2024, there were no deductions to be applied (1,445 thousand euros for reinvestment deduction at 31 December 2023).

d) Deferred tax liabilities -

The breakdown of deferred tax liabilities at 31 December 2024 and 2023 is as follows:

Deferred tax liabilities	Thousands of euros	
	2024 (*)	2023 (*)
	Taxable profit	Taxable profit
Deferral for pending reinvestment	14,347	15,161
Deferral on financial goodwill	4,165	3,883
Deferral on gains allocated to investment property and financial assets	349,256	401,699
Capitalised tax credits	(88,698)	(101,803)
Total	**279,070**	**318,940**
Deferred tax liabilities	**69,632**	**79,670**

(*) Of the deferred tax liabilities, 69,476 thousand euros is recognised under "Non-current deferred tax liabilities" and 156 thousand euros is recognised under "Other payables to public authorities" under current liabilities on the statement of financial position (79,482 thousand euros and 188 thousand euros, respectively, for 2023).

Deferred liability for gains allocated to property investments and financial assets–

The heading "Deferred tax assets assigned to investment property and financial assets" includes the amount of deferred taxes associated with the Company's investment property arising from the commercial transactions described in Note Note 1 that would accrue in the event of the transfer of these assets, using the effective tax rate that would be applicable taking into account the applicable regulations and the existence of unrecorded tax credits. In this regard, deferred taxes associated with the Company's investment property for non-SOCIMI assets, as well as for capital gains on SOCIMI assets existing at the time of adoption of the regime, have been recorded at their effective rate.

e) Tax years pending verification and inspection actions -

On 2 November 2022, the company was notified of the commencement of general verification and investigation audits 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 running from October 2018 to December 2021.

The tax settlements were signed in agreement in June and July 2024 and have not had a significant impact at the Parent. Morevoer, the effects of the declaration of Royal Decree-Law 3/2016 being unconstitutional, which had limited the offsetting of prior year tax losses at certain companies, were put right as part of the inspection activities. This adjustment resulted in a rebate to the Parent of 9,283 thousand euros, which was recognised as income under "Income tax" in the Company's income statement.

The Company has the last three years open for review by the tax inspection authorities for all applicable taxes in Spain.

f) Adherence to the code of best tax practices –

On 10 December 2015, the Board of Directors of the Company agreed to adhere to the Code of Best Tax Practices (CBTP). This resolution was reported to the tax authorities on 8 January 2016.

In 2024, the Company submitted its Annual Tax Transparency Report for companies adhering to the CBTP for financial year 2023, following the proposal to strengthen best corporate tax transparency practices for companies adhering to the CBTP, as approved at the plenary meeting held on 20 December 2016.

g) Disclosure requirements arising from REIT status, Law 11/2009 -

a) Reserves from years prior to the application of the tax regime established in this Law.

	Thousands of euros
Legal and statutory reserves	39,099
Other reserves:	
Voluntary reserves	169,439
Total reserves at 31 December 2024	**208,538**

b) Reserves from years in which the tax regime established in this Law has been applied, differentiating the part that comes from income subject to the tax rate of zero percent, or 19 percent, from those that, as the case may be, have been taxed at the general tax rate.

	Thousands of euros		
	General regime	REIT regime	**Total**
Reserves from 2017			
To legal reserve	--	3,250	**3,250**
Gain/(loss) on treasury shares and capital increase costs	--	(466)	**(466)**
Reserves from 2018			
To legal reserve	--	3,631	**3,631**
Gain/(loss) on treasury shares and capital increase costs	--	469	**469**
Reserves from 2019			
To legal reserve	--	8,787	**8,787**
Gain/(loss) on treasury shares and capital increase costs	--	(1,131)	**(1,131)**
Merger reserves	--	(27,469)	**(27,469)**
Reserves from 2020			
To legal reserve	--	--	--
Gain/(loss) on treasury shares and capital increase costs	--	(1,778)	**(1,778)**
Reserves from 2021			
To legal reserve	--	3,873	**3,873**
Gain/(loss) on treasury shares and capital increase costs	--	(1,098)	**(1,098)**
Reserves from 2022			
To legal reserve	--	11,633	**11,633**
Gain/(loss) on treasury shares and capital increase costs	--	(789)	**(789)**
Reserves from 2023			
To legal reserve	--	21,287	**21,287**
Gain/(loss) on treasury shares and capital increase costs	--	(237)	**(237)**
Reserves from 2024			
To legal reserve	--	--	--
Gain/(loss) on treasury shares and capital increase costs	--	(9,755)	**(9,755)**
Total	--	10,207	**10,207**

c) Dividends distributed against the profits of each year in which the tax regime established in this Law has been applied, differentiating the part that comes from income subject to the tax rate of zero percent, or 19 percent, from those that, as the case may be, have been taxed at the general tax rate.

	Thousands of euros		
	General regime	REIT regime	**Total**
2017 dividend	--	29,247	**29,247**
2018 dividend	--	32,677	**32,677**
2019 dividend	--	79,080	**79,080**
2020 dividend	--	--	--
2021 dividend	--	34,853	**34,853**
2022 dividend	--	104,699	**104,699**
Dividend for 2023	--	143,609	**143,609**
Total	--	**424,165**	**424,165**

d) In the case of distribution of dividends from reserves, designation of the year from which the reserve was applied and whether the dividends were taxed at zero percent, 19 percent or at the general rate.

	Thousands of euros		
	General regime	REIT regime	**Total**
2017 dividend	34,186	2,860	**37,046**
2018 dividend	--	4,200	**4,200**
2019 dividend	--	--	--
2020 dividend	--	--	--
2021 dividend	--	--	--
2022 dividend	--	--	--
Dividend for 2023	--	--	--
Total	**34,186**	**7,060**	**41,246**

e) Date of the agreement to distribute the dividends referred to in (c) and (d) above.

Financial year dividend	Dividend distribution resolution date
2017	24 May 2018
2018	14 June 2019
2019	30 June 2020
2021	21 June 2022
2022	15 June 2023
2023	13 June 2024

In 2020, the Company recognised a loss and therefore no dividend distribution was made.

f) Date of acquisition of property intended for rental and of holdings in the capital of entities referred to in Article 2(1) of this Law.

Property	**City**	**Acquisition date**	**Maintenance start date**
Pedralbes Centre	Barcelona	29-Dec-92	1-Jan-17
Avda. Diagonal, 530	Barcelona	29-Dec-92	1-Jan-17
Avda. Diagonal, 523	Barcelona	02-Jul-18	2 June 2018
Amigó, 11-17	Barcelona	28-Dec-94	1-Jan-17
Avda. Diagonal, 682	Barcelona	30-Dec-97	1-Jan-17
Pº de la Castellana, 52	Madrid	28-Jul-98	1-Jan-17
Vía Augusta, 21-23	Barcelona	26-Oct-98	1-Jan-17
Francisco Silvela, 42	Madrid	25-Oct-04	1-Jan-17
Alfons XII	Madrid	28-Mar-00	1-Jan-17
Ramírez de Arellano, 37	Madrid	30 Nov 99	1-Jan-17
Sant Cugat - Sant Joan	Sant Cugat del Vallès	24-Dec-99	1-Jan-17
Les Glòries - Diagonal	Barcelona	9-Jun-00	1-Jan-17
Jose Ortega Y Gasset, 100	Madrid	5-Jul-00	1-Jan-17
Pg. dels Til·lers, 2-6	Barcelona	15-Sept-00	1-Jan-17
Poeta Joan Maragall	Madrid	18-Apr-01	1-Jan-17
Avda. Diagonal, 409	Barcelona	9-Oct-01	1-Jan-17
Recoletos, 37-41	Madrid	21-Oct-05	1-Jan-17
Pº de la Castellana, 43	Madrid	21-Oct-05	1-Jan-17
López Hoyos, 35	Madrid	21-Oct-05	1-Jan-17
Martinez Villergas, 49	Madrid	24-Mar-06	1-Jan-17
Príncipe de Vergara, 112-114	Madrid	14-Jul-15	1-Jan-17
Génova, 17	Madrid	28-Jul-15	1-Jan-17
Santa Engracia	Madrid	17-Dec-15	1-Jan-17
José Abascal, 45	Madrid	21-Jun-16	1-Jan-17
Travessera de Gràcia, 47-49	Barcelona	28-Dec-16	1-Jan-17
Gal·la Placidia	Barcelona	18-Jan-18	18-Jan-18
Avda. Diagonal, 609	Barcelona	29-Dec-92	1-Jan-17
Torre Bcn	Barcelona	31-Oct-01	1-Jan-17

Property	City	Acquisition date	Maintenance start date
Travessera de Gràcia, 11	Barcelona	28-Dec-94	1-Jan-17
Illacuna	Barcelona	6-May-14	1-Jan-17
Diagonal, 197	Barcelona	4-Dec-14	4-Dec-14
Virto	Alcobendas	28-Jul-14	28-Jul-14
Manuel de Falla, 7	Madrid	24-May-16	24-May-16
Ribera de Loira, 28	Madrid	4-Dec-14	4-Dec-14
Tucumán	Madrid	30-Mar-15	30-Mar-15
Velázquez, 80 bis	Madrid	22-May-15	22-May-15
Don Ramón de la Cruz, 82	Madrid	8-Oct-15	1-May-16
J.I. Luca de Tena, 7	Madrid	23-Dec-16	23-Dec-16
Miguel Ángel, 23	Madrid	16-Jan-17	16-Jan-17
Puerto de Somport, 8	Madrid	20-Jan-17	2-Jan-16
Josefa Valcárcel, 40 bis	Madrid	16 Nov 17	30-Sept-18
Torre Marenostrum	Barcelona	30-Apr-19	1-Jan-19
Serrano, 73	Madrid	30-Jun-16	1-Jan-17
Santa Hortensia	Madrid	30-Jun-16	1-Jan-17
Arturo Soria, 336	Madrid	27-Sept-17	22-Sept-15
Egeo-Parteon	Madrid	16-Jan-18	1-Jan-15
Castellana, 163	Madrid	29-Dec-16	1-Jan-17
Lagasca	Madrid	2-Dec-16	1-Oct-18
Estébanez Calderón, 3-5	Madrid	25-May-15	1-Jan-17
Parc Glorias	Barcelona	25-May-16	1-Jan-17
Méndez Álvaro R-RTC-1	Madrid	20-Dec-17	1-Jan-18
Sancho de Ávila	Barcelona	31-Oct-19	31-Oct-19
Buenos Aires	Barcelona	26 Nov 21	26 Nov 21
Torre Visionary	Madrid	2-Jul-24	2-Jul-24
Llull 331	Barcelona	2-Jul-24	2-Jul-24
Gran Vía 30	Barcelona	2-Jul-24	2-Jul-24

Financial investment	Acquisition date	Maintenance start date
Société Foncière Lyonnaise, S.A.	9-Jun-04	1-Jan-17
Inmocol One, S.A.U.	29-Jul-20	29-Jul-20
Inmocol Two, S.L.U.	29-Jul-20	29-Jul-20
Colonial Lab, S.L.U.	29-Jul-20	29-Jul-20
Wittywood, S.L.	31-Jul-20	1-Jan-22
Colonial Living, S.L.U.	2-Jul-24	2-Jul-24

g) Identification of the asset that counts within the 80 percent referred to in Article 3.1 of this Law.

All the properties in the above list count towards the 80% as well as the indicated ownership interests.

The consolidated balance sheet of the Colonial Group company complies with the minimum 80% investment requirement.

h) Reserves arising from the years in which the special tax regime established in this Law was applicable that were set aside in the tax period, other than for distribution or to offset losses, identifying the year from which these reserves arise.

Not applicable.

19. Revenue and expense

a) Revenue -

Revenue from the Company's ordinary activities is concentrated mainly in Barcelona, Madrid and Paris. The detail of revenue, by business, is as follows:

Activities	Thousands of euros	
	2024	2023
Building leases	133,067	140,167
Service provision	489	947
Income from equity investments in group companies (Note 4-n)(*)	101,259	177,022
Total	**234,815**	**318,136**

(*) The full amount relates to income from dividends received from SFL (Note 20).

Geographical area	Thousands of euros	
	2024	2023
Barcelona	47,368	44,634
Madrid	86,188	96,028
Paris (*)	101,259	177,022
Other	--	452
Total	**234,815**	**318,136**

(*) The full amount relates to income from dividends received from SFL (Note 20).

Income from 2024 includes the effect of incentives for leasing throughout the minimum duration of the contract (Note 4-n), which has led to an increase in revenue of 1,473 thousand euros (1,632 thousand euros reduction in 2023).

b) Personnel expenses -

The breakdown of "Personnel expenses" in the profit and loss account is as follows:

	Thousands of euros	
	2024	2023
Wages and salaries	11,807	11,319
Compensation	861	--
Social Security expenses borne by the company	1,854	1,835
Other welfare expenses	3,950	1,524
Contributions to defined benefit pension plans	222	184
Internal reallocation	(1,320)	(1,414)
Total	**17,374**	**13,448**

At 31 December 2024, "Other employee benefit expenses" included 3,226 thousand euros pertaining to the new long-term remuneration plan described in Note 21-d (984 thousand euros in 2023).

c) Losses, impairment and change in trade provisions -

The detail of "Losses, impairment and change in trade provisions" in the profit and loss account is as follows:

	Thousands of euros	
	2024	2023
Provisions for insolvencies	411	678
Reversal of provisions for insolvencies	--	(578)
Charge to provision for contingencies and charges (Note 15)	2,500	--
Reversal of provision Other trade balances	(769)	(769)
Total	**2,142**	**(669)**

d) Impairment of property assets

The changes in the impairment losses on property assets under the various headings in the balance sheet are as follows:

	Thousands of euros		
	Investment property (Note 7)	Non-current assets held for sale (Note 13)	Total
Balance at 31 December 2022	**(96,586)**	**(21,012)**	**(117,598)**
Provision	(96,455)	(5,148)	(101,603)
Reversal	10,996	--	10,996
Disposals	2,356	38,266	40,622
Transfers	17,253	(17,253)	--
Balance at 31 December 2023	**(162,436)**	**(5,147)**	**(167,583)**
Provision	(21,331)	(3,357)	(24,688)
Reversal	11,763	--	11,763
Disposals	--	26,747	26,747
Transfers	38,880	(38,880)	--
Balance at 31 December 2024	**(133,124)**	**(20,637)**	**(153,761)**

The reconciliation with the profit and loss account is as follows:

	Thousands of euros	
	2024	2023
Investment property charges	(22,693)	(96,455)
Allocation of assets held for sale	(1,995)	(5,148)
Amounts used for property, plant and equipment	11,763	10,996
Total	**(12,925)**	**(90,607)**

e) Gains/(losses) on disposals and other

The "Impairment and gains/losses on disposal of fixed assets - Gains/losses on disposals and other" heading in the income statement is as follows:

	Thousands of euros	
	2024	2023
Gains/(losses) on disposals:		
Property, plant and equipment(Note 6)	--	(22)
Investment property	1,227	4,657
Non-current assets held for sale (Note 13)	15,191	99,940
Total gains/(losses) on asset disposals	**16,418**	**104,575**
Other (disposal due to replacement):		
Investment property (Note 7)	--	(3)
		--
Total other (replacement disposals)	--	**(3)**
Total	**16,418**	**104,572**

The result of disposals of investment property in 2024, amounting to 1,227 thousand euros, relates to the reversal of certain costs of sales, which have not been incurred.

The breakdown of "Gains/(losses) on disposals" is as follows:

	Thousands of euros	
	2024	2023
Sale price	188,247	445,364
Net asset value:		
Investment property (Note 7)	--	(33,249)
Non-current assets held for sale (Note 13)	(163,742)	(296,278)
Indirect and other costs	(8,087)	(11,262)
Net result from asset sales	**16,418**	**104,575**

f) *Income and finance costs*

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

	Thousands of euros	
	2024	2023
Financial income and other	21,982	4,277
Financial income from group companies and associates (Note 20)	17,006	7,435
Total financial income	**38,988**	**11,712**
Interest on debts and debentures	(57,888)	(52,773)
Arrangement costs of deferred debts (Note 16-f)	(2,841)	(2,355)
Recycling of derivatives	4,586	453
Expenses associated with loan cancellation	(4,440)	(839)
Other finance costs	(940)	(276)
Capitalised financial costs	3,181	5,665
Total Finance Costs	**(58,342)**	**(50,125)**
Impairments and losses:		
Impairment of equity investment in Utopicus Innovación Cultural, S.L.U. (Note 10-a)	3,819	(2,717)
Impairment of equity investment in Colonial Tramit, S.L.U. (Note 10-a)	1	(2)
Impairment of financial interest Wittywood, S.L.U. (Note 10-a)	62	(163)
Impairment of equity investment in Inmocol One, S.A.U. (Note 10-a)	1	(2)
Impairment of equity investment in Inmocol Two, S.L.U. (Note 10-a)	--	(1)
Impairment of financial stake in Colonial Lab, S.L.U. (Note 10-a)	(259)	(1)
Impairment and gains/(losses) on disposal of financial instruments	**3,624**	**(2,886)**
Total financial result	**(15,730)**	**(41,299)**

The item Finance income from group companies and associates consists mainly of interest on the financing agreement signed between the Company and its subsidiary Société Foncière Lyonnaise, S.A., amounting to 16,700 thousand euros in 2024 (6,872 thousands euros for the year 2023) (Note 20 -a).

20. <u>Transactions and balances with related parties</u>

The related party disclosures in this note have been prepared in accordance with prevailing accounting standards. This information may differ from the information on related party transactions included in the Annual Corporate Governance Report, which has been drawn up under the relevant current corporate regulations.

a) *Transactions with Group companies and associates -*

The breakdown of related party transactions is as follows:

Financial Year 2024

	Thousands of euros			
	Services provided	Purchases and PP&E	Dividends received (Note 19 - a)	Interest income (Note 19 - f)
Inmocol Torre Europa, S.A.	125	--	--	--
Peñalvento, S.L.U.	--	--	--	51
Wittywood, S.L.U.	24	--	--	201
Colonial Lab, S.L.U.	--	--	--	8
Utopicus Innovación Cultural, S.L.U.	10,593	8,857	--	46
Société Foncière Lyonnaise, S.A.	--	--	101,259	16,700
Total	**10,742**	**8,857**	**101,259**	**17,006**

On 31 December 2024, The Company acquired from subsidiary Utopicus Innovación Cultural, S.L.U. various items of 1,205property, plant and equipment amounting to thousand euros and 7,505 thousand euros of investment property, all relating to the premises that the subsidiary had set up in the aforementioned spaces leased to the Company.

Financial Year 2023

	Thousands of euros		
	Services provided	Dividends received (Note 19 - a)	Interest income (Note 19 - f)
Inmocol Torre Europa, S.A.	558	--	--
Peñalvento, S.L.U.	70	--	382
Wittywood, S.L.U.	24	--	172
Utopicus Innovación Cultural, S.L.U.	10,434	--	9
Société Foncière Lyonnaise, S.A. (Note 19 - e)	--	177,022	6,872
Total	**11,086**	**177,022**	**7,435**

b) *Balances with Group companies and associates –*

The amount of balances with related parties in the balance sheet is as follows:

Financial Year 2024

	Thousands of euros				
	Current accounts receivable	Non-current loans granted	Current loans granted	Deposits received	Current accounts payable
Société Foncière Lyonnaise, S.A.	--	--	563,219	--	--
Inmocol Torre Europa, S.A.	13	--	--	--	--
Wittywood, S.L.U.	14	4,114	19	--	(76)
Inmocol One, S.A.U.	--	--	--	--	(56)
Inmocol Two, S.L.U.	--	--	--	--	(9)
Colonial Lab, S.L.U.	--	--	--	--	(13)
Colonial Living, S.L.U.	75	--	3	--	(3,232)
Utopicus Innovación Cultural, S.L.U.	31	--	15	--	--
Total	**133**	**4,114**	**563,256**	**--**	**(3,386)**

On 7 March 2024, and prior to the transfer of Peñalvento's shares (Note 10-a), the Company capitalised the amount of the loan granted to this company amounting to 73,181 thousand euros.

Financial Year 2023

	Thousands of euros				
	Current accounts receivable	Non-current loans granted	Current loans granted	Deposits received	Current accounts payable
Société Foncière Lyonnaise, S.A.	--	--	347,410	--	--
Colonial Tramit, S.L.U.	--	--	73	--	--
Peñalvento, S.L.U.	7	--	69,775	--	(5)
Wittywood, S.L.U.	2	3,913	2	--	(200)
Inmocol One, S.A.U.	--	--	--	--	(57)
Inmocol Two, S.L.U.	--	--	--	--	(10)
Colonial Lab, S.L.U.	177	--	--	--	--
Utopicus Innovación Cultural, S.L.U.	32	--	1,009	(1,292)	(21)
Total	**218**	**3,913**	**418,269**	**(1,292)**	**(293)**

c) Related-party transactions -

The Company’s directors have considered its shareholders and the companies controlled by them as related parties.

In 2024, the Parent accrued rental income of 316 thousand euros from a Criteria investee. The corresponding lease contract was signed on 15 April 2019.

In 2023, Juan José Brugera exchanged 14,550 shares of SFL for 75,284 shares in of the Company, plus 679 thousand euros in cash, applying the same conditions agreed for the takeover bid.

There were no significant additional related party transactions in 2024 or 2023 .

d) Balances with related parties -

At 31 December 2024, the Company had balances payable to a Criteria investee in respect of a deposit received under the aforementioned lease contract amounting to 40 thousand euros. At year-end 2024, the Parent had a debit balance of 22,000 thousand euros with another Criteria investee, said balance arising from a property purchase and sale transaction entered into in 2023.

21. <u>Director and Senior Management compensation and other benefits</u>

a) Composition of the Company's Board of Directors

At 31 December 2024, the Company’s Board of Directors was made up of seven (7) men and six (6) women (31 December 2023: eight (8) men and two (2) women).

At 31 December 2024, its composition was as follows:

Director	Position	Director type
Juan José Brugera Clavero	Chairman	Other external
Pedro Viñolas Serra	Vice-chair	Executive
. Elena Salgado Mendez	Director	Proprietary
Felipe Matias Caviedes	Director	Proprietary
Sheikh Ali Jassim M. J. Al-Thani	Director	Proprietary
Giuliano Rotondo	Director	Proprietary
Carlos Fernández González	Director	Proprietary
Begoña Orgambide García	Director	Proprietary
Manuel Puig Rocha	Director	Proprietary
Silvia Mónica Alonso-Castrillo Allain	Director	Independent
Ana Bolado Valle	Director	Independent
Ana Peralta Moreno	Director	Independent
Miriam González-Amézqueta López	Director	Independent

On 7 July 2024, the following individuals were appointed as new proprietary directors: Elena Salgado Mendez and Felipe Matias Caviedes.

In addition, on 9 May 2024 and 11 September 2024, Luis Maluquer Trepat and Juan Carlos García Cañizares stood down as members of the Board of Directors.

In accordance with the provisions of Article 229 of the Spanish Limited Liability Companies Law, at the end of 2024 the Company's directors did not report to other members of the Board any direct or indirect conflict of interest that they, or any person associated with them as defined by the Spanish Limited Liability Companies Law, may have with respect to the Company.

b) Remuneration of Board members

The remuneration to the members of the Company's Board of Directors, broken down by item, was as follows:

Activities	Thousands of euros	
	2024	2023
Remuneration accrued by executive directors (*):	**1,670**	**1,566**
Allowances:	**1,151**	**1,030**
Fixed remuneration:	**1,363**	**1,337**
Director remuneration.	1,102	1,055
Additional compensation of members of the audit and control committee	134	137
Additional compensation of members of the appointments and remuneration committee	127	145
Total	**4,184**	**3,933**
Amount of compensation earned by executive directors (*):	**1,670**	**1,566**

(*) The amount corresponding to the accrued expense associated with the long-term incentive plan described below.

At 2024 and 2023, the Company had taken out a civil liability insurance policy covering all of its directors, members of Senior Management and employees, for a total of 320 thousand euros and 400 thousand euros, respectively. The aforementioned amount includes, for both years, the civil liability insurance premium paid for damages caused by acts or omissions.

The 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 120 thousand euros and 112 thousand euros in 2024 and 2023, respectively.

On 20 March 2024, following a resolution passed by the Company's Board of Directors, a total of 48,390 shares corresponding to the first cycle of the long-term incentive plan were delivered to Pedro Viñolas Serra, including 22,743 shares set aside for compliance with the associated tax obligations. These shares had a market value at the time of delivery of 118 thousand euros.

On 21 March 2023, following a resolution of the Company's Board of Directors, a total of 43,824 shares were delivered, on an exceptional basis and in equal shares, to Juan José Brugera Clavero and Pedro Viñolas Serra, as extraordinary variable remuneration, including 17,729 shares set aside for compliance with the associated tax obligations. These shares had a market value at the time of delivery of 339 thousand euros.

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

At 31 December 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.

c) Remuneration of Senior Management

The Company's Senior Management, excluding the Chief Executive Officer, 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, are responsible for running the Company. The Company's Senior Management team was made up of three men and three women at 31 December 2024 and 2023.

Monetary remuneration received by Senior Management in 2024 amounted to 2,412 thousand euros (2,231 thousand euros in 2023).

In 2024, members of Senior Management received 127,008 shares as remuneration under the long-term incentive plan, including 35,607 shares for the fulfilment of the associated tax obligations. These shares had a market value at the time of delivery of 185 thousand euros.

The Board of Directors held on 27 July 2016 agreed to award, to one member of Senior Management, a defined contribution scheme covering the contingencies of retirement and, where appropriate, disability and death. At 31 December 2024 and 2023, the Company recognised an annual contribution for this item under "Staff costs" in the income statement of 73 thousand and 71 thousand euros, respectively.

At 31 December 2024 and 2023, one member of the Senior Management team had signed a guarantee or "golden parachute" clause in the event of certain cases of termination or change of control.

d) Long-term compensation plan linked to compliance with various management indicators

On 30 June 2021, the General Shareholders' Meeting approved a long-term incentive plan consisting of the delivery of shares in the Company, aimed at executives, including the Company's executive directors, and other employees of the Colonial Group (the "Plan").

The Plan will have a duration of five years and will be divided into three overlapping annual cycles of three years each, independent of each other. The first cycle of the Plan will correspond to the three-year period between 1 January 2021 and 31 December 2023, the second cycle of the Plan to the three-year period between 1 January 2022 and 31 December 2024 and the third cycle of the Plan to the three-year period between 1 January 2023 and 31 December 2025. The maximum number of shares to be delivered to the executive directors in the first cycle of the Plan is 170,196 shares for the executive chairman of the Board of Directors of the Company and 340,392 shares for the chief executive officer of Colonial.

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

The New Plan runs for five years and is divided into three overlapping annual cycles of three years each, independent of each other. The first cycle of the Plan will correspond to the three-year period running from 1 January 2024 to 31 December 2026; the second cycle covers the three-year period running from 1 January 2025 to 31 December 2027; and the third cycle extends to the three-year period between 1 January 2026 and 31 December 2028. The maximum number of shares to be delivered to the executive directors under the first cycle of the New Plan is 454,759 shares for Colonial's Chief Executive Officer.

Shares received under this plan may not be sold or transferred by beneficiaries within the first year of receiving them, except as required to pay any taxes chargeable in this regard.

On 21 March 2024, the shares of the Parent pertaining to the first cycle of the Plan were delivered, for a total of 175,398 shares, including 58,350 shares set aside for the fulfilment of the related tax obligations. The shares had a market value at time of delivery of 913 thousand euros.

The delivery of the Company's shares corresponding to the second cycle of the Plan will take place in 2025, once the audited annual accounts for the years 2024 have been authorised for issue. The Board of Directors will set the exact date for delivery of the shares.

In 2024, the Company recognised an expense of 3,226 thousand euros (Note 19-b) under "Personnel expenses" (984 thousand euros in 2023), to cover the cost of the long-term incentive plans in force.

22. Other information

a) Staff

The number of people employed by the Company, as well as the average number of employees, distributed by categories and gender, was as follows:

	Headcount at 31 December				Average no. of employees			
	2024		2023		2024		2023	
Professional category	Men	Women	Men	Women	Men	Women	Men	Women
General and Area Management	6	4	6	4	6	4	6	4
Qualified technicians and middle managers	12	8	12	9	12	9	12	10
Office clerks	31	54	28	55	29	53	27	53
Other	2	--	3	--	2	--	3	--
Total	**51**	**66**	**49**	**68**	**49**	**66**	**48**	**67**
	117		**117**		**115**		**115**	

The Company had one male employee and one female employee with a disability equal to or exceeding 33% at 31 December 2024 and 2023.

b) Audit fees

The fees accrued for statutory auditing services, as provided by the main auditor (PricewaterhouseCoopers Auditores, S.L.), are as follows:

	Thousands of euros	
	2024	2023
Audit services	366	355
Other verification services	67	60
Total audit and related services	**433**	**415**
Other services	118	106
Total professional services	**551**	**521**

The fees for audit services relate to the amounts charged for auditing both the separate and the consolidated accounts.

The fees for other attest services include 67 thousand euros relating to services rendered to the Company in the form of limited reviews, comfort letters and agreed-upon procedure reports in connection with covenants under financing agreements (60 thousand euros in 2023).

At 31 December 2024, fees charged for other professional services amounting to 118 thousand euros related to the review of ESG indicators contained in the Integrated Annual Report, reviews of the Green Bonds report, an independent review of the greenhouse gas (GHG) inventory (106 thousand euros in 2023, which included, in addition to the aforementioned services, the report on the REIT market study and the report on the compilation of pro-forma financial information).

The non-audit services provided to the Company's subsidiaries are disclosed in Note 25 to the consolidated financial statements of Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries.

The principal auditor’s fees represent less than 1% of the Group's billings in Spain.

c) Capital management: Policy and objectives

As mentioned in Note 1, the Company is the parent company of Colonial Group.

Companies that operate in the real estate sector require a significant level of investment to guarantee the development of their projects and the growth of their business through the acquisition of real estate in equity and/or land.

The Group's financial structure requires its sources of financing to be diversified in entities as well as products and maturity, with the objective of ensuring its companies continue to be profitable businesses and being able to maximise shareholder return.

Financial risk management policy -

The Group efficiently manages financial risks with the objective of having an adequate financial structure that allows high levels of liquidity to be maintained as well as minimising financing costs, reducing volatility due to capital changes and ensuring compliance with its business plans.

- Interest-rate risk: The risk management policy has the objective of limiting and controlling the impact of variations in interest rates on the result and cash flows, maintaining the level of indebtedness and the overall cost of debt in line with the Group's credit rating.

  To achieve this objective, interest rate hedging instruments are contracted, if necessary, to cover possible financial cost fluctuations. The Group's policy is to contract instruments that comply with the provisions of the accounting regulations to be considered as efficient accounting coverage, and thus record its market value variations directly in the Group's other consolidated result. At 31 December 2024 and 2023, the percentage of hedged or fixed-rate debt as a proportion of total debt stood at 100% in Spain.

- Liquidity risk: In order to manage liquidity risk and meet the diverse needs for funds, based on the annual treasury budget, the Group monitors the treasury forecasts monthly.

  The Group considers the following mitigating factors for liquidity risk management: (i) the generation of recurring cash in the businesses on which the Group bases its activity; (ii) the ability to renegotiate and obtain new financing facilities based on long-term business plans and (iii) the quality of the Group's assets.

  Occasionally there may be excess cash making it possible to have undrawn credit facilities or highly-liquid deposits with no risk. At 31 December 2024, the Group has sufficient financing facilities to meet its short-term maturities. The Group does not arrange high-risk financial products as a method of investing cash surpluses.

- Counterparty risk: The Group mitigates this risk by carrying out financial operations with leading institutions, as well as accessing the debt market through bond issues.

- Credit risk: The Company periodically analyses the exposure of its accounts receivable to the risk of default, carrying out a follow-up of the credit settlement and, where appropriate, of the record of credit impairments for which it is estimated that there is a risk of default.

23. Average period of payment to suppliers

The information required by the second final provision of Law 31/2014, of 3 December, amending the Spanish Limited Liability Companies Law for the improvement of corporate governance, and modifying the third additional provision of Law 15/2010, of 5 July, amending Law 3/2004, of 29 December, establishing measures to combat late payments in trade operations, all in accordance with the provisions of the resolution of 29 January 2016 of the Institute of Accounting and Audit of Accounts (ICAC) on the information to be incorporated in the notes to the financial statements in relation to the average period of payment to suppliers in trade operations.

	2024	2023
Supplier payment period	38	41
Ratio of transactions paid	39	31
Ratio of outstanding transactions	30	40
	Amount (in thousands of euros)	
Total payments made	114,616	169,389
Total outstanding payments	9,605	13,395

In addition, Law 18/2022 of 29 September on the creation and growth of companies requires the submission of the following information table.

	2024			2023		
	Total Payments	Within the legal period	Ratio of operations within the legal period (30 days)	Total Payments	Within the legal period	Ratio of operations within the legal period (30 days)
Invoice number	16,273	15,426	94.80	16,238	15,505	95.49
Amount (in thousands of euros)	114,616	98,443	85.89	169,389	137,441	81.14

The data included in the previous table on payments to suppliers refer to those that by their nature are accounts payable for debts with suppliers of goods and services, so that data related to "Trade payables" and "Other accounts payable" are included from the balance sheet.

On 26 July 2013, Law 11/2013 on measures to support entrepreneurs, stimulate growth and job creation, which modifies the Late Payment Law (Law 3/2004, of 29 December) entered into force. This modification establishes that the maximum period of payment to suppliers, from 29 July 2013, is 30 days, unless there is a contract between the parties that raises this to a maximum of 60 days.

In relation to payments made outside the maximum legal term set, these correspond mainly to payments related to contracting works and real estate renovation, which are paid within the term established in the corresponding contracts signed with the contractors.

24. Events after the reporting date

In January 2025, the Copany issued 500,000 thousand euros in senior unsecured bonds, paying an annual coupon of 3,250% and maturing in January 2030. This issue will be used to refinance short-term debt and therefore significantly reduces the refinancing needs and risk for the 2025–2026 period.

On 17 February 2025, and in connection with the potential merger process between Colonial and its 98.24% owned subsidiary, Société Foncière Lyonnaise ("SFL"), the Board of Directors of Colonial agreed to set the exchange ratio at 13 Colonial shares for every SFL share (the "Exchange Ratio"). It also determined an exit price of 77.5 euros per SFL share (which would be adjusted by the amount of the SFL dividend to be submitted for approval prior to the merger) (the "Exit Price") for those SFL shareholders who decide to vote against the merger at SFL's general shareholders' meeting and exercise the corresponding share exit mechanism in accordance with French law. Morgan Stanley & Co. International plc acted as financial advisor to Colonial’s Board of Directors.

The Board of SFL, acting on the recommendation of a committee of independent directors, has also agreed to the same Exchange Ratio and Exit Price. The committee of independent directors relied on the advice by Rothschild & Co, which issued a fairness opinion on the financial terms of the merger.
There have been no other significant subsequent events since 31 December 2024 and the date of authorisation for issue of these financial statements.

APPENDIX I- INVESTMENTS IN GROUP COMPANIES

Year 87	Address	Thousands of euros				Stake (%)	Thousands of euros
		Capital	Reserves, share premium and interim dividend	Result	Dividend (Note 20)		Net carrying amount (Note 10)
Colonial Tramit, S.L.U.	Avda. Diagonal 532, Barcelona (Spain)	3	20	1	--	100.00	6
Inmocol Torre Europa, S.A. (*)	Avda. Diagonal 532, Barcelona (Spain)	20,000	--	928	--	50.00	12,080
Wittywood, S.L.U.	Avda. Diagonal 532, Barcelona (Spain)	6	8,216	29	--	100.00	8,882
Inmocol One, S.A.U.	Pº de la Castellana 52, Madrid (Spain)	60	--	--	--	100.00	56
Inmocol Two, S.L.U.	Pº de la Castellana 52, Madrid (Spain)	3	10	--	--	100.00	9
Colonial Lab, S.L.U.	Pº de la Castellana 52, Madrid (Spain)	13	262	(258)	--	100.00	12
Colonial Living, S.L.U. (*)	Pº de la Castellana 52, Madrid (Spain)	3	162,067	(2,601)	--	100.00	162,070
Utopicus Innovación Cultural, S.L.U. (*)	c/ Principe vergara 112, Madrid (Spain)	83	41,667	(2,074)	--	100.00	13,674
Société Foncière Lyonnaise, S.A. (**)	42, rue Washington, Paris (France)	85,902	132	122,448	101,259	98.24	2,630,598

* Company audited by PricewaterhouseCoopers

** Company co-audited by PricewaterhouseCoopers and Deloitte & Associés

APPENDIX I - INVESTMENTS IN GROUP COMPANIES

Financial Year2023	Address	Thousands of euros				% shareholding	Thousands of euros
		Capital	Reserves, share premium and interim dividend	Result	Dividend (Note 20)		Net carrying amount (Note 10)
Colonial Tramit, S.L.U.	Avda. Diagonal 532, Barcelona (Spain)	3	5	(2)	--	100.00	5
Inmocol Torre Europa, S.A. (*)	Avda. Diagonal 532, Barcelona (Spain)	20,000	1,427	613	--	50.00	12,080
Peñalvento, S.L.U.	Pº de la Castellana 52, Madrid (Spain)	2,400	(269)	(662)	--	100.00	20,755
Wittywood, S.L.U.	Avda. Diagonal 532, Barcelona (Spain)	6	7,609	(245)	--	100.00	8,820
Inmocol One, S.A.U.	Pº de la Castellana 52, Madrid (Spain)	60	(3)	(2)	--	100.00	55
Inmocol Two, S.L.U.	Pº de la Castellana 52, Madrid (Spain)	3	7	(2)	--	100.00	9
Colonial Lab, S.L.U.	Pº de la Castellana 52, Madrid (Spain)	3	7	(1)	--	100.00	9
Utopicus Innovación Cultural, S.L.U. (*)	c/ Principe vergara 112, Madrid (Spain)	83	13,699	(2,201)	--	100.00	17,356
Société Foncière Lyonnaise, S.A. (**)	42, rue Washington, Paris (France)	85,771	982,396	11,402	177,022	98.38	2,628,561

* Company audited by PricewaterhouseCoopers

** Company co-audited by PricewaterhouseCoopers and Deloitte & Associés

– **Company situation**

Rental Market Situation

Barcelona

In the Barcelona market, the take-up grew +21% compared to the same period of the previous year, exceeding 279,000 sqm signed, with the 22@ district making up more than 30% of the new contracts signed. The availability of offices in the city centre was 7.1% and 3.0% for Grade A buildings. In 2024, prime rents increased to €30/sqm/month (€28.50/sqm/month at December 2023).

In Barcelona prime yields stood at 4.95% and the capital value amounted to €7,273/sqm.

Madrid

The demand in the Madrid offices market reached 523,456 sqm in 2024, representing a year-on-year increase of +35%. These transactions demonstrate the clear polarization of rent and occupancy between Grade A buildings and outdated buildings. The total market vacancy rate reached 11.0%, while the vacancy rate in the CBD remained around 3.6%. The scarcity of available space has increased prime rents to €42.25/sqm/month (€40/sqm/month at December 2023).

Prime yields in Madrid were 4.85%, and the capital value amounted to €10,454/sqm.

Organisational structure and running of the Colonial Group

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 3,500 million euros with a free float of around 50%, and manages an asset volume of more than 11,600 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 that combines core acquisitions with prime factory acquisitions and 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 made investments in core CBD properties, identifying assets with added value potential in market segments with solid fundamentals.

At the end of 2024, the Colonial Group has a robust capital structure with a solid "Investment Grade" rating. The Group's LTV (Loan to value) stood at 36.0% in December 2024.

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.

– **Staff management**

Colonial professionals are the Company's main asset. At year end 2024, the Company team comprised a total of 117 employees, divided into 4 categories.

The Company headcount, and the average headcount by job category and gender for the year, is as follows:

	Headcount at 31 December				Average no. of employees			
	2024		2023		2024		2023	
Professional category	Men	Women	Men	Women	Men	Women	Men	Women
General and Area Management	6	4	6	4	6	4	6	4
Qualified technicians and middle managers	12	8	12	9	12	9	12	10
Office clerks	31	54	28	55	29	53	27	53
Other	2	--	3	--	2	--	3	--
Total	**51**	**66**	**49**	**68**	**49**	**66**	**48**	**67**
	117		**117**		**115**		**115**	

Of the total number of employees at 31 December 2024 and 2023, the Company had one (1) male employee and one (1) female employee with a disability of 33% or more.

– **Business performance and results**

Introduction

At 31 December 2024, the Company's turnover amounted to 235 million euros, 101 million euros of which took the form of dividends received from subsidiaries.

Pursuant to the independent valuation carried out by CB Richard Ellis and Cushman & Wakefield in Spain at the end of the year, have led to the recognition of an impairment loss of (13) million euros. The impairment, which has been recorded, does not represent a cash outflow.

The Company's net financial result amounted to (16) million euros.

Profit/(loss) before tax at year-end 2024 amounts to 143 million euros.

Finally, the Company's profit after tax amounted to 153 million euros.

Annual results for 2024 of the Colonial Group

1. ***The Colonial Group registered a Net Profit of €307million and is back on track with its growth path in asset value***

The Colonial Group closed 2024 with an increase in the Recurring Results mainly driven by the strong growth in rental income.

- Gross Rental Income of €391 million, +6% like-for-like vs. the previous year
- EPRA Net Profit of €193 million, +12% vs. the previous year
- EPRA EPS of €33cts, +3% vs. the previous year

The significant increase in the EPRA Net Profit is based on the solid growth in rental income generated by the Group's asset portfolio. Thanks to the Group's positioning in prime locations, it is able to capture the indexation impacts, as well as rental increases in signed contracts.

In addition the both successful delivery of projects and renovations in France, including Louvre Saint-Honoré asset, leased to Cartier & Compagnie, and the Galeries des Champs-Elysées asset, leased to Adidas, both of which have generated significant additional revenues.

Revenue growth in the like-for-like portfolio as well as the delivery of projects has offset the loss of revenue due to divestments and the entry into refurbishment of the Santa Hortensia asset.

At the close of 2024, the asset value amounted to €11,646 million, an increase of +3% compared to the previous year. The net result of the Colonial Group amounted to €307 million, an increase of €1,326 million compared to the previous year.

2. ***Gross Rental Income and Net Rental Income with strong growth***

Revenue growth: Polarisation & Pan-European Prime Positioning

Colonial closed 2024 with €391 million of Gross Rental Income, and a Net Rental Income of €368 million.

The Group's revenue growth, in absolute terms, increased +4% compared to the previous year, and in like-for-like terms, it is 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. The Gross Rental Income in the Paris portfolio increased by +8% in absolute terms, driven by 1) the strong increase of +7% in like-for-like terms, due to higher rents in the Washington Plaza, #Cloud, Cézanne Saint Honoré, and Edouard VII assets, among others, and 2) the income from the renovation projects and programs of the Louvre-Saint-Honoré asset, let to Cartier & Compagnie 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, as well as the entry into refurbishment of the Santa Hortensia asset, following the departure of IBM.

   In like-for-like terms, the Gross Rental Income increased by +4%, mainly due to higher rents on the Velázquez 86d, the Window, Martínez Villergas, Don Ramón de la Cruz, Alfonso XII 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 +3% in absolute terms, boosted by a strong increase of +6% 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.

Revenue growth based on strong prime positioning

The +€14 million increase in revenues is based on a business model with:

(1) A clear focus on the best prime product offered in the city centre, and

(2) The proven capacity to generate profit through urban transformation projects.

1. *Pricing Power: Growth in signed rents + capturing of indexation – a +6% contribution to total growth*
   The Core portfolio delivered +€22 million of revenue growth based on solid like-for-like growth of +6% due to strong pricing power that fully captures the impact of indexation, as well as signing up for maximum market rents.

2. *Project deliveries and acquisitions – a +5% contribution to total growth*
   Project deliveries and the renovation program, as well as the acquisitions carried out in 2024, contributed +€17 million to revenue growth. Highlighted is the income contribution from the Louvre-Saint-Honoré in Paris and the Adidas flagship store in Champs Elysees.

The disposal of non-strategic assets and other non-like-for-like impacts has led to a (7%) year-on-year decrease in the rental income, mainly due to the departure of IBM from Santa Hortensia in Madrid.

3. ***Back to the growth path in asset values***

The Gross Asset Value of the Colonial Group at the close of 2024 is €11,646 million (€12.276 million including transfer costs), an increase of +2.7% compared to the previous year.

In like-for-like terms, Colonial's portfolio has increased by +2.8% compared to the previous year, highlighting the increase +3.3% in the assets of the Paris market, +2.4% in the Madrid assets, and in the Barcelona market, with a revaluation of +1.3%.

After a highly volatile environment and interest rate hikes, market conditions have begun to stabilize, marking a turning point in 2024

During the first half of the year, asset values began to stabilize, laying the foundation for sustained recovery. In the second half of the year, this trend was consolidated and acceleration of growth, reflecting a positive and homogeneous evolution across all the markets in which the company operates. Notably, the Paris market has led this recovery driven by strong demand and the resilience of its prime assets.

Resilient Net Asset Value (NAV)

The Net Asset Value at 31 December 2024 amounted to €6,036 million, with an increase of more than €664 million compared to the previous year. The NTA per share amounted to €9.62/share.

The Net Asset Value has increased compared to year-end 2023, driven by a combination of factors: strong recurring earnings, rental growth, successful project deliveries, and the capital increase resulting from the transaction with Criteria.

Strong operating fundamentals in all segments

1. ***High letting volumes, with significant price increases***

Colonial closed 2024 with solid letting activity, capturing significant rental price increases in the contracts signed. In particular, 90 contracts were signed for a total of 134,797 sqm corresponding to €52 million in annualized rents, of which 61% corresponds to the Madrid and Barcelona market and 39% corresponds to the Paris market.

Of the total letting activity, highlighted is the high volume signed in the Madrid market which rose to 77,914 sqm, of which 61% (47,906 sqm) are contract renewals and the rest (30,008 sqm) correspond to new signed contracts. In the Barcelona market, 35,677 sqm were signed, of which 81% (28,919 sqm) correspond to contract renewals.

In Paris, a total of 21,206 sqm were signed, mainly corresponding to re-let spaces.

At the close of 2024, the release spread on re-let surfaces stood at +8% and exceeded the market rents by +5% at 31 December 2023, clearly evidencing the rental growth of Colonial's prime assets.

Of special mention is the Paris market with a release spread of +20% and an increase of +6% compared to the market rent. 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 Madrid and Barcelona portfolios captured a +4% growth compared to the ERV.

The signed rents are at maximum rental prices, clearly setting the benchmark for prime product. In Paris, two transactions were signed with rents above €1,000/sqm/year. The maximum rents signed in Spain stood at €40/sqm/month for Madrid and €29/sqm/month for Barcelona.

The solid results are a clear reflection of the market polarization trend, characterized by a demand that prioritizes top-quality Grade A product in the best locations.

2. ***Solid occupancy levels***

The occupancy of the Colonial Group stands at 95%, 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 92% (98% in the CBD market).

It is worth highlighting that the current vacancy in the Barcelona portfolio is mainly due to the entry into operation of the renovation program of the Diagonal 197 asset. The rest mainly corresponds to the Torre Marenostrum and Illacuna assets. Both assets are currently generating a high level of market interest. The occupancy of the CBD Barcelona portfolio is 96%.

Project pipeline and renovation programs – Driving future growth

1. ***Delivery of Project Madnum in the centre of Madrid***

   At the end of 2024, the Madnum Urban Campus was 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.

2. ***Project X – Launch of new project pipeline***

   Within the Alpha X Project framework, the Colonial Group has launched a new project pipeline with an investment capex of €380m 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.

   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.

   The new project portfolio, covering over 100,000 sqm of urban regeneration, includes two assets in central Paris, a business campus in Madrid, and a Life Science/Healthcare project in Barcelona.

   In particular, the following 4 assets are included:

   1) Scope – Business campus of 22,000 sqm in the centre of Paris

   2) Condorcet – A mixed-use urban complex of 24,000 sqm in the centre of Paris

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

4) Sancho de Ávila – A project of 18,000 sqm in the centre of the 22@ district in Barcelona

3. ***Ongoing renovation program***

In 2024, the Colonial Group completed the renovation program for the Diagonal 197 building, a landmark office tower located in Barcelona with 15,000 sqm above ground, spread across 16 floors. Once leased, it is expected to generate an additional annual rental income of €4.4 million.

In addition, a renovation program is underway for the Haussmann - Saint Augustin asset, a prime property situated in one of the most sought-after areas of Paris. With 12,000 sqm above ground, the property is undergoing an efficient short-term renovation aimed at enhancing its market appeal and maximizing future rental income. The primary objective of the renovation is to reposition the property, maintaining its status as a high-demand asset and attracting top-tier tenants seeking exclusive locations in the Paris market. The project is scheduled for completion by mid-2025, at which point the repositioned property will be re-launched to the market.

Active management & capital structure

1. ***Disposal program with a premium over last appraisal***

In 2024, the Colonial Group closed disposals for €201 million with a premium of +11% over the last appraisal, confirming the liquidity and the value of its asset portfolio.

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 Urban Campus. Of the total sales, two floors of the Recoletos 27 property were sold at the end of 2023. The rest were sold in 2024.

These disposals enable Colonial to recycle capital, maximize the value creation, and obtain additional liquidity to take advantage of the opportunities at the start of the new cycle in the European real estate market.

2. ***Capital increase of more than 600 million euros***

In the first half of 2024, Colonial announced the Alpha X project, a strategic operation designed to relaunch its growth, strengthen its capital structure, and accelerate its investment plan.

The capital increase of €622 million was carried out in July, and it was structured through a non-cash contribution of €272 million in real estate assets, as well as €350 million in cash, fully subscribed by Criteria Caixa who has become a reference shareholder of the Group.

This transaction sets a turning point in Colonial's new growth strategy by:

(1) Accelerating the launch of a new prime project portfolio of 110,000 sqm, with an investment of €380 million and IRRs above 9%.

(2) Strengthening the Capital Structure of the Group and improving its financial flexibility for new acquisitions within the recovery framework of the European real estate cycle.

(3) Incorporating a well-known prestigious shareholder with a long-term view to strengthen the strategic growth of the Colonial Group in the coming years.

3. ***Solid capital structure***

At the close of 2024, the Colonial Group had a solid balance sheet with an LTV of 36.0% and a liquidity of €3,113 million. The liquidity of the Colonial Group increased by €210 million, amounting to €3,113 million between cash and undrawn credit lines. This enables the Colonial Group to cover all its debt maturities until 2028.

The Group's net debt decreased by €399 million (amounting to €4,465 million). In relation to the financing cost of the Group, the spot interest rate at the close of 2024 remained at 1.70%

As proof of Colonial's financial stability, in September 2024, the Moody's rating agency upgraded Colonial's rating to Baa1 with a stable outlook. Likewise, the Colonial Group maintained its Standard & Poor's rating of BBB+ with a stable outlook.

New issuance of green bonds with record demand

Following the close of the 2024 financial year, a green bond issuance totaling €500 million was carried out in January 2025, maturing in 2030.

The success of this issuance, which was oversubscribed by 8.1 times, highlights investors' strong confidence in Colonial's financial discipline and strategy, the quality of its portfolio, its track record, and its solid credit profile.

The issuance was backed by leading international institutional investors, who have participated in previous issuances and have once again demonstrated their support for the Company.

The coupon for this new issuance stands at 3.25% (equivalent to a yield of 3.41%), but thanks to Colonial's effective pre-hedging strategy, the average effective rate for this issuance is 2.75%.

The funds deriving from this issuance will be used to repay debt maturing in the coming months. As a result, Colonial is refinancing short-term debt with a new five-year maturity.

– **Liquidity and capital resources**

See "Average payment period to suppliers" Note 23 to the annual accounts for the year ended 31 December 2024.

The Company's Average Payment Period (APP) to its suppliers for 2024 is 38 days. In relation to payments made outside the maximum legal term set, these correspond mainly to payments related to contracting works and real estate renovation, which are paid within the term established in the corresponding contracts signed with the contractors.

The Company has established two payment days per month to comply with the requirements set forth in Law 11/2013, of 26 July. In this regard, the dates of entry are on the 5th and 20th of each month and the corresponding payments are made on the 5th and 20th of the following month.

– **Risk management policies and objectives**

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 central part of Colonial's organisational culture, and for this reason, the Company has a Risk Control and Management Policy that sets out the basic principles and guidelines for action to ensure that any risks that could threaten the achievement of Colonial's objectives are identified, analysed, evaluated, managed and controlled systematically, with uniform criteria and within the established thresholds or tolerance levels. Moreover, Colonial has developed its Risk Management and Control System (RMCS), which is the platform ensuring the efficient and effective management of financial and non-financial risks across the entire 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 Company, 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 assigned the function of determining the risk control and management policy, including tax policies, identifying the main risks of the Company and implementing and supervising the internal information and control systems, in order to ensure future viability. and competitiveness of the

Company, 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.

- Regularly monitor risk management and control systems (both financial and non-financial) so that key risks are identified, assessed and steps taken to accept, mitigate, eliminate or manage any risks.

- Oversee and appraise the process of preparing, the integrity and presentation of mandatory (financial and non-financial) public information.

Colonial also relies on its compliance unit and the internal audit unit as further mechanisms to reinforce that objective. The 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 Company 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 Company's activity.

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

- Strategic risks in relation with the Company'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 Colonial's business model in accordance with the different activities it carries out are susceptible to materialise during the course of each financial year. The main risks that materialised during the year are highlighted below:

The year 2024 witnessed a continuation of the wars raging on several fronts, as well as geopolitical tension. Political uncertainty persisted and even increased, not least because of the impact of the new administration's policies in the United States, though also more locally due to inconsistent support received from the French and Spanish governments. Troubing developments on this front included the heightened legal uncertainty caused by the proposals currently being touted to modify the special tax regimes for REITs (known as SOCIMIs in Spain and SIICs in France), which could have an adverse impact on the industry and make it harder for companies to attract foreign capital and investors, thus making the local industry less competitive with respect to other European countries. Interest rate cuts got under way in 2024, although expectations over further cuts have been doused due to the possible impact of new tariffs in the United States and the continuation of the policy of curbing inflation in Europe. This drop in interest rates could lead to an improvement in asset valuations and improve the future prospects for the real estate cycle, as the business cycle changes course and with certain assets to be transformed or to include new uses.

It should also be noted that the effects of climate change continued to increase throughout 2024 all across the globe, further distancing the planet from the commitments made in the Paris agreements. In recent years, the physical and transition risks linked to climate change have led to the implementation of policies and strategies in this regard at Colonial, more precisely in the form of the approved 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.

Adaptation to the growing requirements for reporting non-financial information has led to a review of compliance with these requirements and to the definition and implementation of control and management systems. In relation to ESG, the imminent application of the Corporate Sustainability Reporting Directive (CSRD), as well as the European Taxonomy Directive, has required an analysis and monitoring process to enable the Company to gradually adapt and ensure compliance with these new requirements.

Human capital management and talent development in this complex environment remain a key priority for Colonia, 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 Company.

In this context, Colonial has reviewed and monitored the evolution of these risks, showing a high level of resilience, particularly in the strategic, operational and financial areas, and the proper functioning of the control systems in place, which has enabled it to manage and mitigate these risks adequately and to guarantee operations and preserve the Company's value.

– **<u>Events after the reporting date</u>**

In January 2025, the Company issued 500,000 thousand euros in senior unsecured bonds, paying an annual coupon of 3,250% and maturing in January 2030. This issue will be used to refinance short-term debt and therefore significantly reduces the refinancing needs and risk for the 2025–2026 period.

On 17 February 2025, and in connection with the potential merger process between Colonial and its 98.24% owned subsidiary, Société Foncière Lyonnaise ("SFL"), the Board of Directors of Colonial agreed to set the exchange ratio at 13 Colonial shares for every SFL share (the "Exchange Ratio"). It also determined an exit price of 77.5 euros per SFL share (which would be adjusted by the amount of the SFL dividend to be submitted for approval prior to the merger) (the "Exit Price") for those SFL shareholders who decide to vote against the merger at SFL's general shareholders' meeting and exercise the corresponding share exit mechanism in accordance with French law. Morgan Stanley & Co. International plc acted as financial advisor to Colonial's Board of Directors.

The Board of SFL, acting on the recommendation of a committee of independent directors, has also agreed to the same Exchange Ratio and Exit Price. The committee of independent directors has been advised by Rothschild & Co, which has issued a fairness opinion on the financial terms of the merger.

No other significant subsequent events have occurred between 31 December 2024 and the date of authorisation for issue of these financial statements.

– **<u>Outlook</u>**

The economic outlook in 2024 was marked by high inflation and uncertainty. Factors such as the ongoing conflict between Russia and Ukraine, together with the energy crisis, were negative for the economy.

Following a period of subdued activity for large office building transactions, a gradual reactivation of the market is now expected, especially in high quality assets and prime locations. In cities such as Madrid and

Barcelona, the take-up of rental space experienced significant growth in late 2024, returning to pre-pandemic levels. This upturn is indicative of sustained demand for office space, especially among the most exclusive locations.

The office market in Europe is moving towards greater flexibility, sustainability and adaptation to new social and employment dynamics. Future strategies focus on the modernisation of spaces, technological integration and optimisation of resources to respond to the emerging needs of companies and workers alike. In this context, companies prioritise working environments that offer flexibility, efficiency and high standards of sustainability. The refurbishment of obsolete buildings and efforts to implement advanced technologies are key factors in attracting tenants who value energy efficiency and workplace wellbeing.

Businesses are after more efficient and well-located spaces, while landlords are busy adapting their assets to cater to new market requirements.

– **Strategy for the future -**

In this context, Colonial’s strategy remains focused on long-term value creation in the prime urban asset segment, with a clear commitment to quality and risk-adjusted returns. The company has a strong credit rating and a robust liquidity position, standing it in good stead to cements its status as a key player in the prime office market.

– **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.

– **Treasury Shares**

At 31 December 2024, the Company had 9,376,122 treasury shares with a nominal value of 23,440 thousand euros, which represents 1.49% of the Company's share capital.

– **Other significant information**

On 10 December 2015, the Board of Directors of the Company agreed to adhere to the Code of Best Tax Practices ("CBPT" hereinafter). This resolution was communicated to the tax authorities on 8 January 2016. In 2024, the Company presented the Annual Tax Transparency Report for companies adhering to the CBTP for 2023, following the proposal to strengthen good corporate tax transparency practices for companies adhering to the CBTP, as approved at the plenary Board meeting held on of 20 December 2016.

– **Annual corporate governance report and annual report on the remuneration of directors of listed public companies**

Pursuant to Article 538 of the Spanish Limited Liability Companies Law, it is hereby noted that the annual corporate governance report and the annual report on the remuneration of directors of listed public limited companies for 2024 are included in this Management Report in a separate section.

– <u>**Alternative Performance Measures (European Securities and Markets Authority)**</u>

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 reviewed by the Company auditor.

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[1] NTA (EPRA Net Tangible Assets)	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[1] NDV (EPRA Net Disposal Value)	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", "Issuance of bonds and other similar securities"*, and *"Commercial paper"* excluding *"Interest"* (accrued), *"Arrangement expenses", "Other financial liabilities"* and *"Liabilities associated with assets classified as held for sale"* in the consolidated statement of financial position.	Relevant indicator for analysing the Group's financial position.
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.

[1] EPRA (*European Public Real Estate Association*) which recommends best practice standards to be followed in the real estate sector. The calculation of these APMs follows the instructions set by EPRA.

Alternative Performance Measure.	Form of calculation	Definition/Relevance
***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 *"Parent's treasury shares 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.
***Like-for-like* Rental Income**	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 for "*Depreciation and amortisation", "Variations in value of investment property", "Net change in provisions" and "Gains/(losses) on changes in value of assets due to impairment", as well as expenses incurred in "Depreciation and amortisation" and "Net finance income/(expense)" 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 by adjusting to the *analytical EBITDA* the "*general expenses" and "extraordinary expenses" not associated with the operation of property.*	Indicator of the Group's earning capacity considering only its leasing activity, before depreciation, provisions, the effect of indebtedness and the tax effect.
Other analytical income	Calculated as *"Other revenue"* in the condensed consolidated income statement and adjusted by *"Other revenue relating to the corporate segment", "Revenue, Personnel expenses and 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.

Alternative Performance Measure.	Form of calculation	Definition/Relevance
Spending structure analytics	Calculated as the sum of items *"Other revenue", "Personnel expenses"* and *"Other operating expenses"* in the condensed consolidated income statement 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.
Analytical extraordinary expenses	Calculated as the sum of items *"Personnel expenses"* and *"Other operating expenses"* in the condensed consolidated income statement 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 the items "*Net gain/(loss) on sales of assets" and "Changes in value of investment property" in the consolidated income statement.*	Relevant magnitude for analysing the Group's results.
Analytical depreciation and provisions	Calculated as the sum of *"Depreciation and amortisation"* and *"Gains/(losses) on changes in value of assets due to impairment"* in the consolidated income statement and adjusted by *"Depreciation and amortisation arising from the recognition in line with the IFRS 16 Finance lease standard"* and *"Net change in provisions"*.	Relevant magnitude for analysing the Group's results.
Analytical financial result	Calculated as the sum of *"Finance income"* and *"Finance costs"* in the consolidated income statement 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.
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 consolidated 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.

The following is a reconciliation of those alternative performance measures whose origin does not derive, in their entirety, from items or sub-items of the consolidated annual financial statements of Inmobiliaria Colonial, as provided 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	
	2024	**2023**
Total Market Value excluding transaction costs	11,646	11,336
Plus: transaction costs	630	607
Total Market Value including transaction costs	**12,276**	**11,944**
Spain	4,202	4,127
France	8,074	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	
	2024	**2023**
Barcelona	1,305	1,187
Madrid	1,983	2,054
Paris	7,098	7,135
Leased out	**10,386**	**10,375**
Projects	1,091	961
Other	169	--
Total Market Value excluding transaction costs	**11,646**	**11,336**
Spain	4,076	4,004
France	7,570	7,332

Like-for-like Valuation

	Millions of euros	
Like-for-like Valuation	**2024**	**2023**
Valuation at 1 January	**11,336**	**13,005**
Like-for-like Spain	75	(301)
Like-for-like France	239	(856)
Acquisitions and divestitures	(4)	(512)
Valuation at 31 December	**11,646**	**11,336**

EPRA NTA (EPRA Net Tangible Assets)

	Millions of euros	
EPRA NAV (EPRA *Net Asset Value*)	**2024**	**2023**
"Equity attributable to shareholders of the Parent"	**5,677**	**4,936**
Includes/Excludes:		
Adjustments from (i) to (v) with respect to strategic alliance interests	--	--
Diluted NTA	**5,677**	**4,936**
Includes:		
(ii.a) Revaluation of investment assets	--	--
(ii.b) Revaluation of assets under development	--	--
(ii.c) Revaluation of other investments	137	124
(iii) Revaluation of finance leases	--	--
(iv) Stock revaluation	--	13
Diluted NTA at Fair Value	**5,814**	**5,073**
Excludes:		
(v) Deferred taxes	210	289
(vi) Market value of financial instruments	12	10
EPRA NTA	**6,036**	**5,372**
Number of shares (millions)	627.3	539.6
EPRA NTA per share	9.62	9.95

EPRA NDV (Net Disposal Value)

EPRA NAV (EPRA Net Disposal Value)	Millions of euros 2024	2023
"Equity attributable to shareholders of the Parent"	5,677	**4,936**
Includes/Excludes:		
Adjustments from (i) to (v) with respect to strategic alliance interests	--	--
Diluted NDV	5,677	**4,936**
Includes:		
(ii.a) Revaluation of investment assets	--	--
(ii.b) Revaluation of assets under development	--	--
(ii.c) Revaluation of other investments	137	124
(iii) Revaluation of finance leases	--	--
(iv) Stock revaluation	--	13
Diluted NDV at Fair Value	5,814	**5,073**
Excludes:		
(v) Deferred taxes	--	--
(vi) Market value of financial instruments	--	--
Includes:		
(ix) Market value of debt	113	219
EPRA NDV	**5,927**	**5,292**
Number of shares (millions)	627.3	539.6
EPRA NDV per share	**9.45**	**9.81**

Loan to Value Group or LtV Group

Loan to Value Group or LtV Group	Millions of euros **2024**	**2023**
Gross financial debt	5,008	5,302
Commitments of deferrals for transactions selling real estate assets	--	--
Less: "Cash and cash equivalents"	(543)	(438)
(A) Net financial debt	**4,465**	**4,864**
Market value including transaction costs (*)	12,238	11,944
Plus: Treasury shares of the Parent valued at EPRA NTA	90	80
(B) Market Value including transaction costs and Parent's treasury shares	**12,328**	**12,024**
Loan to Value Group (A)/(B)	**36.2%**	**40.5%**

(*) Excludes the valuation of the assets of subsidiary company Inmocol Torre Europa, S.A., which is now accounted for by the equity method, and includes the Company's stake in this company valued at EPRA NDV.

Like-for-like Rentals

	(Millions of euros)			
		Offices		**TOTAL**
Like-for-like Rentals	**Barcelona**	**Madrid**	**Paris**	
Gross Rental Income 2023	**46**	**96**	**235**	**377**
Like-for-like	3	3	16	22
Projects and inclusions	(0)	(11)	3	(8)
Investments and divestitures	1	0	0	1
Other and compensation	(2)	(0)	1	(1)
Gross Rental Income 2024	**47**	**89**	**254**	**391**

Analytical EBITDA

Analytical EBITDA	Millions of euros	
	2024	**2023**
Operating profit	436	(1,119)
Adjustments: "*Revenue – Inventories*"	(106)	--
Adjustments: "Cost of sales – Inventories"	92	--
Adjustments: "*Depreciation and amortisation*"	7	9
Adjustments: "*Net gains on sales of assets*"	(15)	(4)
Adjustments: "*Net change in provisions*"	1	5
Adjustments: "*Changes in value of investment property*"	(102)	1,426
Adjustments: "*Gains/(losses) on changes in value of assets due to impairment*"	1	1
Adjustments: "Extraordinary Income"	6	1
Adjustments: "*Depreciation and amortisation arising from the recognition in line with the IFRS 16 Finance lease standard*"	(2)	(3)
Adjustments: "*Financial profit arising from the recognition in line with the IFRS 16 Finance lease standard*"	(1)	1
Adjustments: "Reversal of provisions for early retirements"	5	--
Analytical EBITDA	**322**	**317**

EBITDA from rents

EBITDA from rents	Millions of euros	
	2024	**2023**
Net turnover amount	396	387
Adjustments: "*Flexible business income*"	(18)	(18)
Adjustments: "*Revenue eliminated on consolidation associated with the flexible business*"	8	8
Adjustments: "*Reversal of provisions for early retirements*"	5	--
Analytical rental income	**391**	**377**
Personnel expenses	(39)	(31)
Other operating expenses	(53)	(56)
Adjustments: "Personnel expenses and Other operating expenses associated with the corporate segment"	56	50
Adjustments: "Personnel expenses and Other operating expenses not associated with the flexible business"	5	5
Adjustments: "Personnel expenses and Other extraordinary operating expenses not associated with the flexible business"	6	1
Adjustments: "Other operating expenses eliminated on consolidation associated with the flexible business"	2	2
Adjustments: "Net change in provisions"	1	5
Analytical net operating expenses	**(23)**	**(24)**
EBITDA from rents	**368**	**353**

Other analytical income

Other analytical income	Millions of euros	
	2024	**2023**
Other revenue	8	12
Results of entities accounted for by the equity method	2	--
Adjustments: "*Other corporate segment revenues*"	(2)	(2)
Adjustments: "*Net turnover amount and Personnel expenses and Other operating expenses eliminated on consolidation associated with the flexible business*"	14	15
Adjustments: "*Revenue eliminated on consolidation associated with the flexible business*"	(10)	(9)
Adjustments: "*Depreciation and amortisation arising from the recognition in line with the IFRS 16 Finance lease standard*"	(2)	(3)
Adjustments: "*Financial profit arising from the recognition in line with the IFRS 16 Finance lease standard*"	(1)	(1)
Other analytical income	**9**	**10**

Spending structure analytics

Spending structure analytics	Millions of euros	
	2024	**2023**
Other revenue	8	12
Personnel expenses	(39)	(31)
Other operating expenses	(53)	(56)
Adjustments: *"Analytical net operating expenses"*	23	24
Adjustments: "*Personnel expenses and Other operating expenses eliminated on consolidation associated with the flexible business*"	4	2
Adjustments: "*Personnel expenses and Other extraordinary operating expenses not associated with the flexible business*"	6	1
Adjustments: "*Net change in provisions*"	1	5
Adjustments: "Other operating expenses eliminated on consolidation associated with the flexible business"	2	2
Adjustments: "*Other revenue associated with the leasing business*"	(6)	(9)
Spending structure analytics	**(56)**	**(48)**

Analytical extraordinary expenses

Analytical extraordinary expenses	Millions of euros	
	2024	**2023**
Personnel expenses	(39)	(31)
Other operating expenses	(53)	(56)
Adjustments: *"Analytical net operating expenses"*	23	24
Adjustments: "*Personnel expenses and Other operating expenses associated with the corporate segment*"	56	50
Adjustments: "*Personnel expenses and Other operating expenses eliminated on consolidation associated with the flexible business*"	5	5
Adjustments: "Other operating expenses eliminated on consolidation associated with the flexible business"	2	2
Adjustments: "*Net change in provisions*"	1	5
Analytical extraordinary expenses	**(6)**	**(1)**

Revaluations and sales margin of analytical properties

Revaluations and sales margin of analytical properties	Millions of euros	
	2024	**2023**
Net gain/(loss) on sales of assets	15	4
Changes in value of investment property	102	(1,426)
Adjustments: "Revenue – Inventories"	106	--
Adjustments: "Cost of sales – Inventories"	(92)	--
Revaluations and sales margin of analytical properties	**132**	**(1,422)**

Analytical depreciation and provisions

Analytical depreciation and provisions	Millions of euros	
	2024	**2023**
Depreciation and amortisation	(7)	(9)
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*"	2	3
Adjustments: "*Net change in provisions*"	1	(5)
Adjustments: "*Reversal of provisions for early retirements*"	(5)	--
Analytical depreciation and provisions	**(13)**	**(12)**

Analytical financial result

Analytical financial result	Millions of euros	
	2024	**2023**
Finance income	26	10
Finance costs	(106)	(106)
Adjustments: "*Financial profit arising from the recognition in line with the IFRS 16 Finance lease standard*"	1	1
Analytical financial result	**(80)**	**(95)**

EPRA Earnings and Recurring Net Income

EPRA Earnings and Recurring Net Income	Millions of euros	
	2024	**2023**
Net profit attributable to the Group	**307**	**(1,019)**
Net profit/(loss) attributable to the Group - €cts/share	***52.70***	***(188.83)***
Includes/(excludes):		
(i) Changes in value of investments, investment projects and other interests	(101)	1,427
(ii) Gains or losses on sales of assets, investment projects and other interests	(29)	(4)
(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	(11)	(9)
(v) Impairment of goodwill	--	--
(vi) Changes in the value of financial instruments and cancellation costs	3	2
(iv) Deferred tax for considered EPRA adjustments	(26)	(32)
(ix) Adjustments (i) to (viii) in respect of strategic alliances (except if included by proportionate consolidation)	(1)	--
(x) Minority interests in respect of the above items	45	(194)
EPRA Earnings (company-specific pre-adjustments)	**188**	**171**
Company-specific settings:		
(a) Extraordinary contingencies and charges	6	1
(b) Non-recurring profit/(loss)	(1)	--
(c) Tax credits	--	--
(d) Minority interests in respect of the above items	--	--
Recurring Net Income (post company specific adjustments)	**193**	**172**
Average number of shares (millions)	583.2	539.60
Recurring Net Profit (post company specific adjustments) - €cts/share	***33.02***	***31.88***