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

Audit Report
Consolidated financial statements as at 31 December 2024
Consolidated 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 consolidated financial statements

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

Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Inmobiliaria Colonial, SOCIMI, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2024, and the income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the equity and financial position of the Group as at 31 December 2024, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

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

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated financial statements 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matters	How our audit addressed the key audit matters
Valuation of Investment Property	
The Group has real estate assets which are recognized mainly under the heading Investment properties, at an amount of EUR 11,314,725 thousand at 31 December 2024, using the fair value model in accordance with IAS 40 Investment property, and represent 92% of total assets. Similarly, in 2024 the heading Changes in value of investment property reflects a profit of EUR 102,399 thousand in respect mainly of these assets, having a significant impact on consolidated results for the year. Information on the assets included in this heading is disclosed in notes 4.4, 9 and 20.7 to the accompanying consolidated financial statements. In order to obtain the fair value of these assets, the Group requests independent expert valuations. The fair value is mainly determined according to the discounted cash flow method in accordance with standard market practice. These valuations are based on significant judgements and estimates. We therefore focused on this area given the materiality of investment properties with respect to total assets and the effect of its valuation on the Group's results and the significant judgements and estimates assumed by management. Changes in such assumptions could lead to a significant variation in the fair value of those assets and their impact on the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of financial position.	We obtained the valuations of all investment properties performed at year end by independent experts and assessed them in terms of the requirements of competence and independence. We checked that the 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, analyzing for a sample of those valuations the reasonableness of the variables used, such as the discount rate, rent and the rent increase considered, as well as other variables necessary to complete the valuations 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 through 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 4.4, 9 and 20.7 to the accompanying consolidated financial statements. 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 Group's investment properties.

Other information: Consolidated management report

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

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

On the basis of the work performed, as described 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 consolidated management report is consistent with that contained in the consolidated 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 consolidated financial statements

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

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

The Parent company's audit and control committee is responsible for overseeing the process of preparation and presentation of the consolidated financial statements.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group's internal control.

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

- Conclude on the appropriateness of the Parent company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.

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

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent company's 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 Parent company'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 Parent company’s audit and control committee, we determine those matters that were of most significance in the audit of the consolidated 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 files of the European single electronic format (ESEF) of Inmobiliaria Colonial, SOCIMI, S.A. and its subsidiaries for the 2024 financial year that comprise an XHTML file which includes the consolidated financial statements for the financial year and XBRL files with tagging performed by the entity, 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 and markup 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 consolidated management report.

Our responsibility is to examine the digital files prepared by the Parent 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 consolidated financial statements included in the aforementioned digital files completely agrees with that of the consolidated financial statements that we have audited, and whether the format and markup of these accounts and of the aforementioned files has been affected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined completely agree with the audited consolidated financial statements, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the audit and control committee of the Parent company

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

Appointment period

The General Ordinary Shareholders' Meeting held on 15 June 2023 appointed us as auditors of the Group 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 Group for services other than the audit of the accounts are disclosed in note 25 to the consolidated financial statements.

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. and subsidiaries

Consolidated statement of financial position for the year ended 31 December 2024, prepared in accordance with international rules on financial information adopted by the European Union and consolidated management report

Translation of Consolidated statement of financial position for the year ended 31 December 2024, prepared in accordance with international financial reporting standards and consolidated management report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries

Consolidated statement of financial position for the year ended 31 December 2024

ASSETS	Note	Thousands of Euros 31 December 2024	Thousands of Euros 31 December 2023
Intangible assets		6,409	5,226
Right-of-use assets	7	11,765	14,557
Property, plant and equipment	8	46,862	56,675
Investment property	9	11,314,725	10,869,018
Investments accounted for by the equity method	10 and 2.6	14,623	-
Non-current financial assets	11	24,576	25,703
Derivative financial instruments	16	-	3,024
Non-current deferred tax assets	19	486	504
Other non-current assets	13	155,906	148,595
NON-CURRENT ASSETS		**11,575,352**	**11,123,302**
Inventories	12	-	94,677
Trade and other receivables	13	69,428	35,766
Financial assets	11	10,537	679
Derivative financial instruments	16	171	676
Tax assets	19	21,637	19,534
Cash and cash equivalents	15	542,717	437,790
CURRENT ASSETS		**644,490**	**589,122**
Assets classified as held for sale	24	**16,660**	**122,173**
TOTAL ASSETS		**12,236,502**	**11,834,597**

EQUITY AND LIABILITIES	Note	Thousands of Euros 31 December 2024	Thousands of Euros 31 December 2023
Share capital		1,568,362	1,349,039
Share premium		1,847,691	1,463,600
Treasury shares		(61,187)	(64,928)
Other reserves		514,079	462,272
Retained earnings		1,808,375	1,725,573
Equity attributable to shareholders of the Parent		**5,677,320**	**4,935,556**
Non-controlling interests		**1,048,537**	**1,011,646**
EQUITY	14	**6,725,857**	**5,947,202**
Bank borrowings and other financial liabilities	15	291,172	420,483
Issue of debentures and similar securities	15	3,494,771	4,361,616
Derivative financial instruments	16	10,713	7,672
Lease liabilities	7	11,907	14,585
Non-current deferred tax liabilities	19	237,825	305,992
Long-term provisions	18	1,509	1,355
Other non-current liabilities	17	83,021	82,262
NON-CURRENT LIABILITIES		**4,130,918**	**5,193,965**
Bank borrowings and other financial liabilities	15	355	1,870
Issue of debentures and similar securities	15	1,014,786	203,505
Issue of promissory notes	15	185,000	292,000
Derivative financial instruments	16	1,707	5,067
Lease liabilities	7	1,952	1,867
Trade and other payables	17	144,228	176,365
Tax liabilities	19	24,825	9,219
Current provisions	18	6,874	3,537
CURRENT LIABILITIES		**1,379,727**	**693,430**
TOTAL LIABILITIES AND EQUITY		**12,236,502**	**11,834,597**

The accompanying Notes 1 to 26 and the Appendix are an integral part of the consolidated statement of financial position for the year ended 31 December 2024.

Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries

Consolidated income statement and consolidated statement of comprehensive income for the year ended 31 December 2024

INCOME STATEMENT	Note	Thousands of Euros 2024	Thousands of Euros 2023
Revenue - Investment properties	20.1	395,577	387,282
Revenue - Inventories	2.6	106,835	-
Cost of sales – Inventories		(92,344)	-
Other revenue	20.2	8,236	12,400
Personnel expenses	20.3	(39,289)	(31,098)
Other operating expenses	20.4	(53,250)	(55,974)
Depreciation and amortisation		(7,332)	(8,828)
Results of entities accounted for by the equity method	2.6 and 10	1,649	-
Net gain/(loss) on sales of assets	20.5	15,063	3,542
Changes in value of investment property	20.7	102,399	(1,425,820)
Gains/(losses) on changes in value of assets due to impairment	20.6	(1,343)	(883)
Operating profit		**436,201**	**(1,119,379)**
Finance income	20.8	25,565	5,922
Finance costs	20.8	(105,976)	(101,798)
Impairment of financial assets	20.8	(247)	-
Profit/(Loss) before tax		**355,543**	**(1,215,255)**
Company tax	19	35,003	37,678
Net consolidated income		**390,546**	**(1,177,577)**
Net profit for the year attributable to the Parent	5	307,395	(1,018,973)
Net result attributed to non-controlling interests	14.6	83,151	(158,604)
Basic earnings per share (euros)	5	0.53	(1.92)
Diluted earnings per share (euros)	5	0.53	(1.92)

STATEMENT OF COMPREHENSIVE INCOME	Note	Thousands of Euros 2024	Thousands of Euros 2023
Net consolidated income		**390,546**	**(1,177,577)**
Other items of comprehensive income recognised directly in equity		**(14,625)**	**(78,909)**
Gains/(losses) on financial instrument hedges	14.4	(6,409)	(75,148)
Share in other comprehensive income of investments accounted for by the equity method	14.4	183	-
Transfer to the statement of comprehensive income of financial instrument hedges	14.4	(8,399)	(3,930)
Tax effect on prior years' profit or loss	14.4	-	169
Consolidated comprehensive income		**375,921**	**(1,256,486)**
Comprehensive profit/(loss) for the year attributable to the Parent		292,891	(1,097,173)
Comprehensive income attributable to non-controlling interests		83,030	(159,313)

The accompanying Notes 1 to 26 and the Appendix are an integral part of the consolidated income statement and consolidated global statement of financial position for the year ended 31 December 2024.

Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries

Consolidated statement of changes in equity for the year ended 31 December 2024

(Thousands of Euros)	Note	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Equity attributable to shareholders of the Parent	Non-controlling interests	Equity
Balance at 31 December 2022	**14**	**1,349,039**	**1,491,773**	**(66,374)**	**523,648**	**2,861,375**	**6,159,461**	**1,183,199**	**7,342,660**
Total recognised income and expense for the year		-	-	-	(78,200)	(1,018,973)	(1,097,173)	(159,313)	**(1,256,486)**
Transactions with shareholders:									
Treasury shares portfolio		-	-	1,446	-	(237)	1,209	-	**1,209**
Distribution of profit/(loss)		-	(28,173)	-	11,633	(116,333)	(132,873)	(10,362)	**(143,235)**
Share-based remuneration payments		-	-	-	4,678	-	4,678	61	**4,739**
Changes in scope		-	-	-	477	(14)	463	(1,944)	**(1,481)**
Other changes		-	-	-	36	(245)	(209)	5	**(204)**
Balance at 31 December 2023	**14**	**1,349,039**	**1,463,600**	**(64,928)**	**462,272**	**1,725,573**	**4,935,556**	**1,011,646**	**5,947,202**
Total recognised income and expense for the year		-	-	-	(14,504)	307,395	292,891	83,030	**375,921**
Transactions with shareholders:									
Capital increases		219,323	403,150	-	(4,587)	-	617,886	-	**617,886**
Treasury shares portfolio		-	(19,059)	2,312	-	(9,521)	(26,268)	-	**(26,268)**
Distribution of profit/(loss)		-	-	-	69,257	(212,866)	(143,609)	(36,387)	**(179,996)**
Share-based remuneration payments		-	-	1,429	5,516	65	7,010	68	**7,078**
Changes in scope		-	-	-	(5,699)	(881)	(6,580)	(9,832)	**(16,412)**
Other changes		-	-	-	1,824	(1,390)	434	12	**446**
Balance at 31 December 2024	**14**	**1,568,362**	**1,847,691**	**(61,187)**	**514,079**	**1,808,375**	**5,677,320**	**1,048,537**	**6,725,857**

The accompanying Notes 1 to 26 and the Appendix described in the consolidated report are part of the consolidated statement of changes in equity for the year ended 31 December 2024.

Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries

Consolidated statement of cash flows for the year ended 31 December 2024

	Note	Thousands of Euros 2024	2023
CASH FLOWS FROM OPERATIONS			
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Net consolidated income		390,546	(1,177,577)
Adjustments to profit/(loss):			
Depreciation and amortisation (+)		7,332	8,828
Provisions (+/-)	20.4	829	5,327
Changes in value of investment property (+/-)	20.7	(102,399)	1,425,820
Gains/(losses) on changes in value of assets due to impairment (+/-)	20.6	1,343	883
Result of entities through the participation procedure (+/-)	2.6 and 10	(1,649)	-
Other		(39,590)	(2,305)
Gains/(losses) on sale of investment property (+/-)	20.5	(15,063)	(3,542)
Net financial profit (+)	20.8	80,658	95,876
Company tax (+/-)	19	(35,003)	(37,678)
Adjusted profit/(loss)		**287,004**	**315,632**
Taxes refunded / (paid) (+/-)		(646)	(2,721)
Interest received (+)		13,794	5,922
Increase/(decrease) in current assets and liabilities			
Inventories (+/-)		78,548	(7,167)
Increase/(decrease) in receivables (+/-)		(23,349)	14,986
Increase/(decrease) in payables (+/-)		5,827	1,745
Increase/(decrease) in other assets and liabilities (+/-)		1,230	(63,389)
Total net cash flows in operating activities		**362,408**	**265,008**
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in (-)			
Intangible assets		(3,278)	(3,533)
Property, plant and equipment	8	(957)	(5,851)
Investment property	9	(161,012)	(197,255)
Non-current assets classified as held for sale	24	(6,277)	-
Non-current financial assets and others	11	(2,684)	(3,172)
Cash and cash equivalents in subsidiaries for which control is lost		-	-
		(174,208)	(209,811)
Divestments in (+)			
Investment property and assets classified as held for sale	9 and 24	168,989	475,285
Investments accounted for by the equity method		241	-
Financial assets	11	381	6,829
Receipts from government grants		9	5
		169,620	482,119
Total net cash flows from investing activities		**(4,588)**	**272,308**
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid (-)	14	(179,996)	(143,235)
Debt repayment (-)	15	(399,575)	(392,700)
Interest paid (+/-)		(117,912)	(116,801)
Redemption of financial instruments (-)		(4,705)	214,754
Purchase of non-controlling interests (-)		-	(1,481)
Own share transactions (+/-)		(26,116)	1,446
Obtainment of new financing (+)	15	130,000	179,200
Capital increase		345,414	-
Other proceeds/(payments) for current financial investments and other (+/-)		(3)	(666)
Total net cash flows in financing activities		**(252,893)**	**(259,483)**
4. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS			
Cash flow for the year	**15**	**104,927**	**277,833**
Cash or cash equivalents at beginning of year	**15**	**437,790**	**159,957**
Cash or cash equivalents at end of year	**15**	**542,717**	**437,790**

The accompanying Notes 1 to 26 and the Appendix are an integral part of the consolidated statement of cash flows for the year ended 31 December 2024.

Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries

Consolidated statement of financial position for the year ended 31 December 2024

1 Colonial Group business activity

Inmobiliaria Colonial, SOCIMI, S.A. (hereinafter "the Company") was formed as public limited company in Spainfor an indefinite period on 8 November 1956. Its registered office is located at Paseo de la Castellana, 52 de Madrid (Spain).

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

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

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

In addition to the economic activity relating to the main corporate purpose, the Parent may also carry on any other ancillary activities, i.e., those that 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 parent Company.

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

Inmobiliaria Colonial, SOCIMI, S.A. and Subsidiaries ("the Group") carry out their activities in Spain (mainly in Barcelona and Madrid) and in France (Paris) through the Group of which it is the parent Société Foncière Lyonnaise, S.A. (hereinafter, the “SFL subgroup” or “SFL” for the subsidiary).

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.

On 3 July 2024, the public deed relating to the capital increase approved by the Parent's extraordinary General Shareholders' Meeting held on 12 June 2024 was filed with the Commercial Registry of Madrid. This share capital increase approved, excluding pre-emptive subscription rights, and with a charge to monetary and non-monetary contributions, involved the issuance and circulation of 87,729,050 new ordinary shares of the Parent, with a unit 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 outstanding. 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 (Note 622,473), giving total cash consideration of 622,473 thousand euros (Note 14.1).

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

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

2 Basis of presentation of the consolidated financial statements

2.1 Basis of presentation

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (EU-IFRSs) as adopted by the European Union, taking into account all mandatory accounting policies and rules and measurement bases, the Spanish Code of Commerce, the Spanish Limited Liability Companies Law, the Spanish Securities Markets Law and other applicable company law, as well as regulations laid down by the Spanish National Securities Market Commission (CNMV), to present a true and fair view of the Group's consolidated equity and financial position at 31 December 2024 and of the income from its operations, the changes in consolidated equity and the consolidated cash flows for the year then ended.

The consolidated financial statements of Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries for the year ended 31 December 2024 were prepared from the accounting records kept by the Parent and by the other Group companies, and were authorised for issue by the Parent's directors at the meeting of the Board of Directors held on 27 February 2025.

However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements at 31 December 2024 may differ from those used by certain Group companies, the required adjustments and reclassifications were made on consolidation to unify the policies and bases used and to make them compliant with EU-IFRSs.

In order to present on a consistent basis the various items that make up the consolidated financial statements, the accounting principles and measurement bases used by the Parent were applied to all the companies included in the scope of consolidation.

The Group's consolidated financial statements for the year ended 31 December 2023 were approved by the shareholders of the Parent at the Annual General Meeting held on 13 June 2024.

2.2 Adoption of International Financial Reporting Standards

The Group's consolidated financial statements are presented in accordance with EU-IFRS, pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002. In Spain, the obligation to present consolidated financial statements under European IFRS is also regulated in final provision eleven of Law 62/2003, of 30 December, on tax, administrative and social measures.

The main accounting principles and measurement bases adopted by the Group are detailed in Note 4.

2.2.1 Standards and interpretations effective this year -

New accounting standards came into force in 2024 and were accordingly taken into account when preparing these consolidated financial statements. These new standards are as follows:

- IFRS 16 (Amendment) "Lease liability on a sale and leaseback":
- IAS 1 (Amendments) "Classification of liabilities as current or non-current" and IAS 1 (Amendments) "Non-current liabilities with covenants".
- IAS 7 (Amendments) and IFRS 7 (Amendments) "Supplier finance arrangements (reverse factoring)":

These standards were taken into account with effect from 1 January 2024, and their impact on these consolidated financial statements was not material.

2.2.2 Standards and interpretations issued and not in force that can be adopted in advance-

At the date of authorisation for issue of these consolidated financial statements, the following standards, amendments or interpretations were published by the IASB and the IFRS Interpretations Committee, but have not yet come into force, although they can be adopted in advance:

IAS 21 (Amendments) "Lack of Exchangeability": The effective date of this amendment is 1 January 2025, although early adoption is permitted.

The Parent’s directors have reviewed the potential impacts of the future application of these standards and consider that their entry into force will not have a material impact on the Group's consolidated annual financial statements.

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

At the date of preparation of these consolidated financial statements, the following standards, amendments and interpretations have been published by the IASB and the IFRS Interpretations Committee and are pending adoption by the European Union:

- IFRS 10 (Amendment) and IAS 28 (Amendment) “Sale or contribution of assets between an investor and its associate or joint venture”. The IASB took the decision to postpone the effective date and there is still no concrete date.
- IFRS 18 "Presentation and Disclosure in Financial Statements": This amendment is effective for years beginning on or after 1 January 2027. Early adoption of the amendment is permitted, although it has yet to be approved by the European Union.
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"- This amendment effective for years beginning on or after 1 January 2027. Earlier application of the amendment is permitted, although approval by the European Union is pending.
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments". These amendments are effective for financial years beginning on or after 1 January 2026. Early adoption is permitted, although the amendments have yet to be approved by the European Union.
- Annual Improvements to IFRS Accounting Standards. Volume 11. The amendments apply to annual periods beginning on or after 1 January 2026.
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity". These amendments are effective for financial years beginning on or after 1 January 2026. Early adoption is permitted, although the amendments have yet to be approved by the European Union.

The application of new standards, amendments and interpretations will be considered by the Group once they have been ratified and adopted, as the case may be, by the European Union.

The Parent’s directors have reviewed the potential impacts of the future application of these standards and consider that their entry into force will not have a material effect on the consolidated financial statements.

2.3 Functional currency

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

2.4 Responsibility for the information provided and accounting estimates and judgements made

The information in these consolidated financial statements is the responsibility of the Parent's directors. Management of the Parent has made estimates based on objective data in order to quantify certain assets, liabilities, income, expenses and commitments reported herein. The relevant estimates and criteria relate to:

- The market value of properties for own use and investment property (Notes 8 and 9). The market value was obtained from the appraisals periodically made by independent experts. These appraisals were prepared at 31 December 2024 and 2023, applying the methods described in Notes 4.3 and 4.4.
- Measurement of deferred tax liabilities recognised in the consolidated statement of financial position (Notes 4.14 and 19).
- The classification and measurement of assets classified as held for sale (Notes 4.20 and 24).
- Market value of derivative financial instruments (Notes 4.12, 4.22 and 16).

Although these estimates were made on the basis of the best available information at the date of authorising these consolidated financial statements for issue, events that take place in the future might make it necessary to change these estimates (upwards or downwards). Changes in accounting estimates would be applied prospectively and would be recognised in the consolidated income statement.

2.5 Basis of consolidation

The accompanying consolidated financial statements were prepared from the accounting records of Inmobiliaria Colonial, SOCIMI, S.A. and of the companies controlled thereby, whose financial statements were prepared by each Group company's management. The Parent is considered to have effective control in the circumstances outlined below.

The results of the subsidiaries acquired or sold during the year are included in consolidated income from the effective date of acquisition and are no longer included from the date of disposal, as appropriate.

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

Where necessary, the financial statements of the subsidiaries are adjusted to ensure uniformity with the accounting policies applied by the Parent. All subsidiaries have the same reporting date as the Parent, i.e., 31 December.

All Group companies were fully consolidated (except for the associate company Inmocol Torre Europa, S.A.), as outlined below:

- Subsidiaries are fully consolidated and are considered to be all entities in which the Group directly or indirectly controls the financial and operating policies such that power is exercised over the investee. This is generally accompanied by an ownership interest of more than half of an entity's voting rights. In addition, to evaluate whether the Group controls another entity, it considers the power over the investee, the exposure or rights to variable returns of the investment, and the ability to use this power over the investee to affect the amount of the investor's returns. When evaluating whether the Group exercises control over an entity, the existence and the effect of any potential voting rights, both those held by the Parent and by third parties, are taken into consideration, provided they are of a substantive nature.
- Subsidiaries are accounted for using the acquisition method. The acquisition cost is the fair value of the assets delivered, the equity instruments issued and the liabilities incurred or assumed at the acquisition date. Identifiable assets acquired and identifiable liabilities and contingencies incurred in a business combination are measured initially at fair value at the acquisition date, regardless of the effect of non-controlling interests. When the acquisition cost is higher than the fair value of the Group's interest in the identifiable net assets acquired, the difference is recognised as goodwill. If the acquisition cost is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement (details of the companies consolidated at 31 December 2024 and 2023 and are included in the Appendix).

At 31 December 2024, associate company Inmocol Torre Europa, S.A. was accounted for by the equity method. The corresponding value was initially recognised at cost and adjusted thereafter to recognise in income the group's share of the investee's post-acquisition profits, and in other comprehensive income the group's share of the changes in the investee's other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses on an equity accounted investment equals or exceeds its stake in the entity, including any other unsecured long-term receivables, the group does not recognise additional losses unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in those entities. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the transferred asset. The accounting policies of equity accounted investees are changed as and when necessary to ensure consistency with the group's policies.

The Group records the results of the aforementioned company using the equity method as part of operating profit/(loss), as this company's activity happens to coincide with the Group's core activity, the investment is permanent in nature, and therefore there is no intention to invest for financial reasons.

The accompanying consolidated financial statements do not include the tax effect, if any, of transferring the reserves of the consolidated companies to the Parent's equity, since it is considered that these reserves will be used to finance the operations of each company and any potential distributions will not represent a significant additional tax cost.

Non-controlling interests are stated at the proportion of the fair values of the identifiable assets and liabilities recognised. Non-controlling interests in:

- Investees' equity: recognised in equity under "Non-controlling interests" in the consolidated statement of financial position.
- Profit or loss for the year: recognised under "Net profit attributable to non-controlling interests" in the consolidated income statement.

2.6 Changes in the scope of consolidation

The following changes occurred in the scope of consolidation in 2024:

- On 1 January 2024, as a result of the shareholders' agreements signed between the two parties, the Parent ceased to have control over the subsidiary Inmocol Torre Europa, S.A., which is now accounted for using the equity method (Note 10).

- On 7 March 2024, the Parent's shares in the subsidiary Peñalvento, S.L.U. were sold to Grupo Occidente. This company was the owner of a property located in Madrid. The transfer amounted to 106,835 thousand euros, of which 28,287 thousand euros had already been collected by the Parent in previous years as advances. On the same date, the advances received by the Parent, which were recorded under "Trade and other payables" in the condensed consolidated statement of financial position (Note 17), were derecognised.

- As part of the tender offer for all SFL shares held by shareholders other than Colonial and Predica in 2021, the Parent agreed with certain SFL executives who were beneficiaries of SFL share plans whose shares could not yet be disposed of, the option to exchange each SFL share for 46.66 euros and five shares of the Parent. At 31 December 2024, a total of 26,784 shares in SFL had been acquired (Note 14.3). Also in 2024, subsidiary company SFL increased its capital by 65,128 shares charged to reserves. Following these transactions, the Parent's stake stands at 98.24%.

- As part of the share capital increase subscribed by means of both cash and non-cash contributions, subsidiary company Colonial Living, S.L.U. (wholly-owned by the Parent) was incorporated and various residential properties were contributed to the company for a total of 162,067 thousand euros (Notes 1 and 9).

The following change occurred in the scope of consolidation in 2023:

- During October 2023, the Parent acquired a total of 20,350 SFL shares, giving it a 98.38% interest.

At 31 December 2024, subsidiary companies Colonial Tramit, S.L.U., Inmocol One, S.A.U., Inmocol Two, S.L.U., Colonial Lab, S.L.U., SAS SB2, SAS SB3 and SCI SB3 were dormant. At 31 December 2023, subsidiary companies Colonial Tramit, S.L.U., Inmocol One, S.A.U., Inmocol Two, S.L.U., SAS SB2, SAS SB3 and SCI SB3 were dormant.

2.7 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.

2.8 Aggregation of items

Certain items in the consolidated statement of financial position, the income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows are grouped together to make them easier to understand; however, whenever the amounts involved are material, the information is broken down in the related notes to the consolidated financial statements.

2.9 Correction of errors

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

2.10 Climate change

Climate change entails major changes for 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 Group's business and performance, as well as the main accounting impacts on the consolidated accounts.

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

The real estate sector has a significant footprint in terms of climate impact. For this reason, the Group 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 consolidated 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 Group'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 consolidated financial statements
Other potential impacts of climate change, which do not currently affect the consolidated financial statements, are as follows:

- Risks associated with financial instruments (IFRS 7): At the closing date of these consolidated financial statements, all of the Group's bonds are rated as green bonds amounting to 4,523 million euros (31 December 2023: 4,580 million euros).
- In addition, as at 31 December 2024, the Group has 6.0% of its remaining drawn down financial liabilities indexed to ESG indicators (8.1% as at 31 December 2023), the interest rates of which may vary depending on the development of these indicators. In 2024, the Group repaid 105 million euros of a credit facility indexed to sustainability indicators and which was drawn down in 2023.
- Fees and taxes related to environmental regulation (IAS 37): the investments made by the Group have enabled it to be in line with the regulations in force regarding climate change. As a result, the Group has not received any sanctions for non-compliance with these regulations. The Group has also implemented a monitoring system to anticipate regulatory developments in this area and to take the necessary actions to ensure compliance. The Group had not posted any provisions at either 31 December 2024 or 31 December 2023 to cover possible sanctions for non-compliance with prevailing environmental regulations.
- The depreciation of assets (IAS36) or the re-estimation of the useful lives and residual values of fixed assets (IAS16): the Group's assets are mainly recorded at fair value and therefore the Group's financial statements do not include any significant impact arising from these standards.

3 Distribution of Parent's profit

The proposal for application of the profit for 2024 formulated by the Board of Directors of the Parent to be submitted for approval by the General Meeting of Shareholders consists of: (i) the allocation of the legal minimum of 10% to the legal reserve, in the amount of 15,333 thousand euros, (ii) the proposed distribution of a dividend 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, with the remaining amount going to reserves. The final amount of the dividend and reserves would be determined prior to the shareholders' meeting on the basis of the shares outstanding at that time.

The proposed appropriation of profit for 2023 approved at the Annual General Meeting held on 13 June 2024 was approved without amendment.

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

Financial Year	2019	2020	2021	2022	2023
Amounts paid out (thousand euros)	101,551	111,087	127,536	132,873	143,609

4 Measurement bases

The main measurement bases used to prepare the consolidated financial statements, in accordance with EU-IFRS and the interpretations in force when these consolidated financial statements were prepared, are as follows:

4.1 Business combinations

Business combinations are accounted for by applying the acquisition method.

The cost of the business combination is allocated at the acquisition date by recognising, at fair value, all assets, liabilities and contingent liabilities of the acquired entity that meet the criteria for recognition established in IFRS 3. The excess of the cost of a business combination over the acquiree's allocated assets, liabilities and contingent liabilities is recognised as goodwill, which, accordingly, represents advance payments made by the Colonial Group for future economic benefits generated by the assets of the acquiree that are not individually and separately identifiable and recognisable.

The negative difference, if any, between the cost of the business combination and the allocation to assets, liabilities and contingent liabilities of the acquired entity is recognised as a gain or loss in the year in which it arises.

If a business combination is achieved in stages, the acquirer remeasures its previously held equity interest in the acquiree at fair value at the acquisition date and recognises any resulting gain or loss in the consolidated statement of comprehensive income or under other consolidated comprehensive income, where appropriate.

4.2 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. The breakdown of the depreciation of these assets according to their useful life is as follows:

	Years of estimated useful life	
	Spain	France
Computer	4	3 to 10
Other intangible assets	7 to 10	7 to 10

4.3 Property, plant and equipment

Land and buildings intended for own use as well as other property, plant and equipment are recognised at historical cost less accumulated depreciation and impairment losses.

Historical cost includes the acquisition price at the date of recognition of the asset and expenses directly attributable to the acquisition of those assets. Possible impairment losses on properties are recorded in accordance with the same measurement assumptions as those described in Note 4.4.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset only when they can be measured reliably and it is probable that future economic benefits associated with them will flow to the entity. The remaining costs of day-to-day servicing of assets are charged to the consolidated income statement in the year in which they are incurred.

Group companies depreciate their property, plant and equipment for own use and other property, plant and equipment using the straight-line method, distributing the cost of the assets over the years of estimated useful life and provided that the residual value does not change or changes insignificantly.

The Parent has revised the estimated useful lives of certain items of property, plant and equipment by extending their useful lives. The breakdown of the useful life of property for own use located in Spain and France is as follows:

	Years of estimated useful life	
	Spain	France
Property for own use:		
Constructions	50 to 100	105 to 118
Facilities	10 to 20	5 to 29
Other tangible fixed assets	10 to 20	2 to 20

In 2023, the Parent revised the estimated useful lives of certain items classified under the "Property for own use" heading of the statement of financial position, following an internal analysis by the technical teams, which had concluded that there was sound technical evidence and sufficient sustainability objectives to extend the useful lives estimated to date.

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.

Gains or losses arising on the sale (Note 20.5) or derecognition of an asset (Note 20.6) under this heading are determined as the difference between the selling price and its carrying amount and are recognised in the consolidated income statement.

4.4 Investment property

"Investment property" in the consolidated statement of financial position reflects the values of the land, buildings, considered in whole or in part or both and other constructions held to earn rents or for capital appreciation upon disposals due to future increases in their respective market prices.

The acquisition of an asset or group of assets through a partnership that does not represent a business combination as defined in IFRS 3 - Business Combinations shall be recognised in the statement of financial position as investment property.

In accordance with the option provided by IAS 40 - Investment Property, the Group chooses to present the investment property is presented at fair value at the end of the reporting period and is not depreciated.

Profit or loss arising from changes in the fair value of investment property is included in the profit of the period in which it occurs and recognised under “Changes in value of investment property” in the consolidated income statement (Note 20.7).

Gains or losses resulting from the derecognition or disposal of an investment property are determined as the difference between the net proceeds from the transaction and the carrying amount of the asset and are recognised in the consolidated income statement for the period in which the derecognition occurs (Note 20.5).

When the Group recognises as an increase in fair value of an investment property the cost of an asset that replaces another already included in such amount, the Group reduces the value of the property by the fair value of the asset replaced, recognising the impact under “Gains/(losses) on changes in value of assets due to impairment” in the consolidated income statement (Note 20.6). When the fair value of the replaced asset cannot be identified, it is recorded by increasing the fair value of the property, and subsequently revalued periodically by reference to independent external valuations 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).

Assets are transferred from investment property in progress to investment property when they are ready for use. The classification of an investment property to investment property in progress takes place only when the rehabilitation or renovation project will exceed one year in length.

Investment property whose disposal is highly probable is reclassified as "Assets classified as held for sale" and measured at fair value in accordance with IFRS 5 - Non-current assets held for sale and discontinued operations.

In accordance with IAS 40, the Group determines the fair value of investment property every half year, i.e. at 30 June and 31 December of each period. Fair value is determined by taking as reference values the valuations performed by independent third-party experts (level 3 fair value hierarchy) at the date of the consolidated statement of financial position, CB Richard Ellis Valuation and Cushman & Wakefield in Spain and CB Richard Ellis Valuation and BNP Paribas in France for financial year 2024, and CB Richard Ellis Valuation and Cushman & Wakefield for both Spain and France in financial year 2023, so that, at the end of each period, the fair value reflects the market conditions of the items of 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 Group.

The Discounted Cash Flow (DCF) method was primarily used to determine the market value of the Group'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 (hereinafter "TCR") adopted in each case refers not only to the market conditions forecast at the end of each cash flow period, but also to the rental conditions that 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 reporting period. 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 in determining fair value, are not considered to be key, and therefore no quantitative information is included, nor are they sensitised, since any possible reasonable variations would not entail a significant change in the fair values of the assets.

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 in 2024 and 2023 are set out in the tables below:

	Gross	
Weighted Yields (%) - Offices	31 December 2024	31 December 2023
Barcelona – Prime Yield		
Operating portfolio	5.12	4.97
Total portfolio	5.10	5.02
Madrid – Prime Yield		
Operating portfolio	4.89	4.74
Total portfolio	4.89	4.61
Paris – Prime Yield		
Operating portfolio	4.09	4.13
Total portfolio	4.12	4.14

Assumptions made at 31 December 2024					
Rent increases (%) – Offices	1	2	3	4	Year 5 and thereafter
Barcelona –					
Operating portfolio	3.5	2.75	2.5	2.5	2.5
Total portfolio	3.5	2.75	2.5	2.5	2.5
Madrid –					
Operating portfolio	3.5	2.5	2.5	2.5	2.5
Total portfolio	3.5	2.5	2.5	2.5	2.5
Paris –					
Operating portfolio	3.25	3.25	2.75	2.75	2.75
Total portfolio	3.25	3.25	2.75	2.75	2.75

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

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

Sensitivity analysis of the assumptions

A change of 25 basis points in the yields has the following impact on the valuations used by the Group at 31 December 2024 and 2023, to determine the value of its property assets (Property, plant and equipment – own use, investment property, inventories and assets classified as held for sale):

	Thousands of euros		
Sensitivity of valuations to a change of +/- 25 basis points in the rates of return	Measurement	Reduction of one quarter of a percentage point	Increase of one quarter of a percentage point
December 2024 (*)	11,646,424	684,406	(614,225)
December 2023	11,336,299	714,497	(635,145)

(*) Includes the valuation of the asset Plaza Europa, 34 for 52,300 thousand euros held by associate company Inmocol Torre Europa, S.A. (Notes 2.6 and 10).

Sensitivity analysis to increases in rent

Rent increases have the following impact on the valuations used by the Group at 31 December 2024 to determine the value of its real estate assets (property, plant and equipment – own use, investment property and assets classified as held for sale):

	Thousands of euros		
2024	Sensitivity of valuation to percentage growth in rent		
Sensitivity of valuations to changes in the rates of return (yield)	-2.50%	0%	2.5%
-25 bp	12,107,203	12,330,830	12,552,489
0 bp	11,440,215	11,646,424	11,853,503
+25 bp	10,840,005	11,032,199	11,232,686

A reconciliation between the valuations used by the Group and the carrying amounts of the headings of the statement of financial position where the valued assets are recognised, is as follows:

(Thousands of euros)	31 December 2024	31 December 2023
Headings of the consolidated statement of financial position -		
Property, plant and equipment – Own use (Note 8)	37,377	37,502
Investment property (Note 9)	11,314,725	10,869,018
Inventory (Note 12)	--	94,677
Assets classified as held for sale (Note 24)	16,660	122,173
Lease incentives (Note 13)	177,638	149,473
Trade and other receivables - Acquired lease rights	21	47
Total headings of the consolidated statement of financial position	**11,546,421**	**11,272,890**
Other adjustments made to the valuation	335	4,940
Valuations of properties recognised by the equity method (Note 2.6)	52,300	--
Unrealised gains on assets recognised in property, plant and equipment	47,368	45,045
Unrealised gains on assets recognised in Inventory	--	13,424
Measurement	**11,646,424**	**11,336,299**

The income earned in 2024 and 2023 from the rental of investment property in the property segment (traditional business) amounted to 377,548 thousand euros and 369,512 thousand euros (Note 20.1), respectively, and are recognised under "Revenue" in the consolidated income statement.

The bulk of repair and maintenance expenses incurred by the Group in connection with the operation of its investment properties is passed on to the respective tenants (Note 4.18).

Direct operating expenses associated with investment properties which generated rental income in 2024 and 2023, as included under "Operating profit" in the consolidated income statement amounted to 83,387 thousand euros and 101,835 thousand euros, respectively, prior to deducting the costs passed on to the lessees. Expenses incurred in connection with investment properties that did not generate rental income were not material.

4.5 Impairment of plant, property and equipment

At each reporting date, the Group 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

4.6 Financial assets and liabilities

4.6.1 Financial assets

Classification

The Group classifies its financial assets in the following valuation categories:

- those that are subsequently measured at fair value (either through profit or loss or other comprehensive income); and
- assets measured at amortised cost.

The classification depends on the entity's business model for managing financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are recorded in the income statement or in other comprehensive income. For investments in equity instruments not held for trading, this depends on whether the Group made an irrevocable election at initial recognition to account for the investment in equity at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when it changes its business model to manage those assets.

Recognition and derecognition

Conventional purchases and sales of financial assets are recognised on the trade date, which is the date on which the Group undertakes to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets expire or are transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

On initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset that is not at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset. The transaction costs of financial assets recognised at fair value through profit and loss are recognised as an expense in the income statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are only the payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and on the characteristics of the asset's cash flows. There are three measurement categories in which the Group classifies its debt instruments:

- Amortised cost: Assets held for the collection of contractual cash flows when those cash flows represent only principal and interest payments are measured at amortised cost. Interest income on these financial assets is included in interest income in accordance with the effective interest rate method. Any gain or loss arising when they are derecognised is recognised directly in profit and loss. Impairment losses are presented as a separate line item in the consolidated income statement.
- Fair value through other comprehensive income: Assets held for the collection of contractual cash flows and for the sale of financial assets, when the cash flows from the assets represent only principal and interest payments, are measured at fair value through other comprehensive income. Changes in the carrying amount are taken to other comprehensive income, except for the recognition of impairment losses, interest income and exchange gains or losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit and loss and recognised in finance costs. Interest income on these financial assets is included in interest income in accordance with the effective interest rate method. Exchange gains and losses are presented in finance costs and the impairment expense is presented as a separate line item in the consolidated income statement.
- Fair value through profit or loss: Assets that do not meet the criteria for measurement at amortised cost or at fair value through other comprehensive income are recognised at fair value through profit or loss. A profit or loss on a debt investment that is subsequently recognised at fair value through profit or loss is recognised in profit or loss and presented net in the consolidated income statement within finance costs in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. When Group management has chosen to present gains and losses in the fair value of investments in equity in other comprehensive income, there is no subsequent reclassification of gains and losses in the fair value to income following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive the payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in finance costs in the consolidated income statement when applicable. Impairment losses (and reversals of impairment losses) on investments in equity measured at fair value through other comprehensive income are not presented separately from other changes in fair value.

Impairment

The Group evaluates on a prospective basis the expected credit losses associated with its assets at amortised cost and at fair value through other comprehensive income. The method applied for impairment depends on whether there has been a significant increase in credit risk.

For trade receivables, given the composition of the Group's portfolio, which is made up of companies of acknowledged prestige and proven financial solvency, the low history of losses from debtor balances over the last 10 years, including the years of financial crisis, the Group has considered that the expected impairment of these financial assets is immaterial (Note 13).

4.6.2 Financial liabilities

Financial liabilities are accounts payable by the Group that have arisen from the purchase of goods and services in the course of the Company's business and those which, not arising from trading activities, cannot be considered to be derivative financial instruments.

Classification

The Group classifies its financial liabilities in the following valuation categories:

- Financial liabilities at amortised cost: accounts payable are initially recognised at the fair value of the consideration received, adjusted for directly attributable transaction costs. These liabilities are subsequently carried at amortised cost.
- Financial liabilities at fair value through profit or loss: these are liabilities that are acquired for the purpose of selling them in the short term. These financial liabilities are initially and subsequently measured at fair value, with changes in fair value recognised in the consolidated income statement for the year.

Recognition and derecognition

The Group derecognises financial liabilities when the obligations giving rise to them cease to exist.

The Group classifies as short-term trade payables the retentions made to regular suppliers in construction projects, which are normally due within 12 months from the completion of the projects, as they are considered to be liabilities that are incurred in the normal operating cycle of the Group's business.

4.7 Receivables

Trade receivables are carried at recoverable value, i.e., net, where applicable, of the allowances recognised to cover balances of a certain age (Note 4.6), whose circumstances reasonably warrant their consideration as doubtful receivables.

4.8 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.

4.9 Own equity instruments

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

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

Any treasury shares of the Parent acquired during the year are recognised directly 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 the consolidated income statement.

4.10 Provisions and contingent liabilities

When preparing the consolidated financial statements, the Parent’s directors draw a distinction between:

- Provisions: creditor balances covering obligations arising as a consequence of past events which could give rise to liabilities at the Group companies, the nature of which is certain but the amount and timing of which cannot be determined, and
- 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 consolidated companies.

The consolidated 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, but are disclosed in Note 18.

Provisions, which are quantified taking into consideration the best information available concerning the consequences of the events on which they are based, and which are revised at each reporting close, are recognised in order to cover the specific and likely risks for which they were originally recognised, and are fully or partially reversed if and when said risks cease to exist or are reduced.

4.11 Employee benefits

4.11.1 Termination benefits -

Under current Spanish legislation, the Group 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 Group did not record any provisions in this connection.

4.11.2 Pension obligations -

The Parent assumed a commitment with executive directors and 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.

SFL maintains several defined benefit pension plans. Defined benefit obligations are calculated on a regular basis by independent actuarial experts. The actuarial assumptions used to calculate these liabilities are adapted to the situation and to applicable French legislation, in accordance with IAS 19. The actuarial cost recorded in the consolidated statement of comprehensive income in relation to these plans is the sum of the service costs for the period, the interest expense and actuarial gains and losses.

4.11.3 Share-based payments -

The Group 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 services received, unless that of the equity instruments transferred is more reliable, by reference to the grant agreement 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. In the case of the plans described in Note 21, it has been decided to measure them at the amount of the equity instruments transferred.

4.11.4 Defined contribution to 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.

4.12 Derivative financial instruments

The Group 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 fair value of the derivative financial instruments is determined based on the valuations made by independent experts (Solventis A.V., S.A. in 2024 and 2023).

In accordance with IFRS 13, the Group estimated its own credit risk and that of the counterparty in the measurement of its derivative portfolio.

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

The following measurement base was used to recognise each of the following:

- Cash flow hedges: positive or negative changes in the valuation of transactions with hedge accounting treatment are recognised, net of tax, directly in "Other reserves" in equity until the committed or expected transaction occurs, at which time they are reclassified to "Finance costs" in the consolidated income statement. Any valuation gains and losses on the ineffective portion of the hedge are recognised directly as financial profit or loss in the consolidated income statement.
- 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 as financial profit or loss in the consolidated income statement.

Hedge accounting is discontinued when a hedging instrument expires or is sold or exercised, or when the hedge no longer qualifies for hedge accounting. Gains or losses on hedging instruments recognised in consolidated comprehensive income remain under this heading until the related transaction is performed. Once the related cash flow occurs, any cumulative gain or loss recognised in consolidated comprehensive income is transferred to consolidated net profit or loss for the year. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other consolidated comprehensive income is transferred to consolidated comprehensive net profit or 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.

4.13 Current/non-current

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

The Group's main business is its rentals business, for which it is considered that the normal cycle of its operations corresponds to the calendar year; hence, assets and liabilities maturing at less than one year are classified as current and those maturing at over one year are classified as non-current.

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

4.14 Company tax

The expense for Spanish corporate income tax and similar taxes applicable to consolidated foreign operations is recognised in the consolidated statement of comprehensive income, except when the tax expense is generated by a transaction whose gains or losses are taken directly to equity, in which case the corresponding tax is also recognised in equity.

Income tax expense is the sum of the tax payable on profit for the year and the variation in recognised deferred tax assets and liabilities.

Corporate income tax expense for the year is calculated based on taxable profit for the year, which differs from the net profit or loss presented in the consolidated statement of comprehensive income because it excludes certain taxable profit and deductible expenses from prior years, as well as other exempt items. The Group's current tax liabilities are calculated using tax rates that have been enacted or substantively enacted by the reporting date.

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 in the consolidated statement of financial position to the extent that it has become probable that they will be recovered through future taxable profits. In accordance with IAS 12, changes in deferred tax assets and liabilities caused by changes in tax rates or tax laws are recognised in the consolidated income statement for the year in which these changes are approved.

In accordance with IAS 12, when measuring deferred tax liabilities the Group 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 that are measured using the IAS 40 fair value model, there is a rebuttable presumption that their carrying amount will be recovered through their sale (Note 19.6).

Until 31 December 2016, the Parent was the head of a group of companies filing consolidated tax returns under tax group no. 6/08.

4.14.1 REIT regime

Effective as of 1 January 2017, 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:

1. 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.

2. 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.

3. 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:

a) 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. Otherwise the following shall apply.

b) 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.

c) In the case of shares or ownership interests in the companies 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, as appropriate, 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.

4.14.2 SIIC regime – SFL subgroup

Since 1 January 2003, the SFL subgroup companies have filed tax returns under the French tax regime applicable to listed real estate investment companies (“the SIIC regime”). This regime enabled the assets allocated to the rental business to be recognised at market value at the date on which it availed itself of this tax regime, currently subject to a tax rate of 19% (exit tax), payable within a period of four years, on the capital gains recognised.

This regime affects only real estate activities, and is not applicable to companies engaged in sales and services, such as Segpim, S.A. and Locaparis SAS in the SFL subgroup, to properties under finance leases (unless the lease is cancelled early) or to the subgroups and investees in conjunction with third parties.

This regime affords the SFL subgroup an exemption from taxes on earnings generated from its rental business and on capital gains obtained from the sale of properties, provided that 95% of profit from that activity, 70% of the capital gains obtained from property sales of companies under this regime are distributed each year in the form of dividends and 100% of dividends.

4.15 Income and expense

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

However, in accordance with the accounting principles established in the EU-IFRS conceptual framework, the Group recognises revenue when it is earned together with all the necessary associated expenses. The sale of goods is recognised when the goods have been delivered and ownership transferred.

Interest income is accrued on a time proportion basis, according to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts the future cash receipts estimated over the expected life of the financial asset from the asset’s carrying amount.

Dividend income from investments is recognised when the shareholder’s rights to receive payment have been established, i.e. when shareholders at the Annual General Meetings of the subsidiaries approve the distribution of the corresponding dividend.

4.15.1 Property leases

In accordance with IFRS 16, 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 Group’s leases qualify as operating leases.

4.15.2 Property leases-Lessor

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 income statement 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.

4.15.3 Specific lease terms and conditions: lease incentives

Lease agreements include certain specific conditions linked to incentives or rent-free periods offered by the Group to its clients. The Group recognises the aggregate cost of incentives granted as a reduction in rental income of the lease. The effects of the rent-free periods are recognised during the minimum term of the lease on a straight-line basis.

Indemnity payments made by lessees to cancel their leases prior to their minimum termination date are also recognised as income in the consolidated income statement on the date on which they become due and payable to the Group.

4.15.4 Property leases-Lessee

Leases are recognised as a right-of-use asset and the corresponding liability is posted on the date on which the leased asset is available for use by the Group. Each lease payment is allocated between liabilities and interest expense. The financial expense is charged to profit or loss over the term of the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year. The right-of-use asset is amortised over the shorter of the asset's useful life or the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including fixed payments in substance), less any incentive for lease receivables,
- variable lease payments that depend on an index or rate,
- amounts the lessee is expected to pay as residual value guarantees,
- the exercise price of a call option if the lessee is reasonably certain that it will exercise the option, and
- penalty payments on termination of the lease, if the term of the lease reflects the exercise by the lessee of that option.

Lease payments are discounted using the interest rate implied in the lease. If that rate cannot be determined, the incremental rate of borrowing is used, being the rate that the lessee would have to pay to borrow the necessary funds to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost which includes the following:

- the amount of the initial measurement of the lease liability,
- any lease payments made on or before the start date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Payments under short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a term of 12 months or less.

4.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of property developments or inventory (Notes 9, 12 y 20.8.1), which require preparation during a significant period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

4.17 Consolidated statement of cash flows (indirect method)

The following terms are used in the consolidated 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 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.

4.18 Costs passed on to lessees

In accordance with EU-IFRS, the Group does not consider the costs incurred by lessees from its investment properties as revenue and they are recognised, less the corresponding costs, in the consolidated income statement. The amounts charged for these items in 2024 and 2023 amounted to 73,870 thousand euros and 73,916 thousand euros, respectively.

4.19 Transactions with related parties

All the Group's transactions with related parties are at arm's length. Transfer prices are adequately supported, and consequently the Parent's directors consider that no significant risks exist in this respect from which significant liabilities could arise in the future.

4.20 Assets classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, the assets are available for immediate sale and the sale is highly probable and will occur no more than twelve months after classification of the asset as held for sale. The Group classifies assets classified as held for sale when there is a formal decision by the board of directors or the executive committee and the sale is expected to be completed within 12 months.

They are measured at the lower of carrying amount and fair value less costs to sell, except for deferred tax assets, assets arising from employee benefits, financial assets, investment property carried at fair value and contractual rights under insurance contracts, which are specifically exempted from this requirement.

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

Non-current assets (or disposal groups) are presented separately from other assets in the consolidated statement of financial position, both assets classified as held for sale and assets of a disposal group classified as held for sale under "Assets classified as held for sale". Liabilities that form part of a disposal group classified as held for sale are also presented separately from other liabilities in the consolidated statement of financial position under "Liabilities associated with assets classified as held for sale". These assets and liabilities shall not be offset or presented as a single amount.

4.21 Inventories

Inventories, consisting of land, developments in progress and completed developments, are stated at cost, with appropriate impairment losses recognised when the net realisable value is lower than cost.

The cost includes the acquisition costs and the direct and indirect costs necessary for their construction, as well as the finance costs incurred in the financing of the works while they are under construction, provided that this process lasts more than one year.

Prepayments made in connection with call options on properties are recognised as inventory prepayments and it is assumed that expectations regarding the conditions enabling their exercise will be met.

The market value is determined periodically through independent expert valuations. Possible valuation results are recorded according to the same valuation assumptions as described in Note 4.4.

4.22 Fair value hierarchy

Financial assets and liabilities measured at fair value are classified according to the following hierarchy established in IFRS 7 and IFRS 13:

- Level 1: Inputs are based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs are based on quoted prices for similar assets or liabilities in active markets (not included in level 1), prices quoted for identical or similar assets or liabilities in markets that are not active, techniques based on valuation models for which all relevant inputs are observable in the market or can be corroborated by observable market data.
- Level 3: In general, inputs are unobservable and reflect estimates based on market assumptions to determine the price of the asset or liability. Unobservable data used in the valuation models are significant in the fair values of the assets and liabilities.

In accordance with IFRS 13, the Group estimated the bilateral credit risk in order to reflect both its own risk and the counterparty risk on the fair value of its derivatives (Note 4.12). Credit risk at 31 December 2024 and 2023 was not considered to be material.

The detail of the Group's financial assets and liabilities measured at fair value according to the aforementioned levels is as follows:

31 December 2024	Thousands of Euros		
	Level 1	Level 2	Level 3
Assets			
Other L/T financial instruments (Note 11)	--	--	5,086
Derivative financial instruments (Note 16):			
Classified as hedges	--	--	--
Not classified as hedges	--	--	--
Total assets	--	--	5,086
Liabilities			
Derivative financial instruments:			
Classified as hedges	--	12,420	--
Not classified as hedges	--	--	--
Total liabilities (Note 16)	--	12,420	--

31 December 2023	Thousands of Euros		
	Level 1	Level 2	Level 3
Assets			
Other L/T financial instruments (Note 11)	--	--	3,711
Derivative financial instruments (Note 16):			
Classified as hedges	--	3,700	--
Not classified as hedges	--	--	--
Total assets	--	3,700	3,711
Liabilities			
Derivative financial instruments:			
Classified as hedges	--	12,739	--
Not classified as hedges	--	--	--
Total liabilities (Note 16)	--	12,739	--

4.23 Companies accounted for by the equity method

Investments in associates are accounted for using the equity method and are stated at the value of the portion of the investee's net assets which they represent, increased by the value of any goodwill remaining at the balance sheet date.

Companies accounted for by the equity method arising from a loss of control are carried at fair value at the time of the transaction and are reviewed annually for possible evidence of impairment.

The Group's investments in investees over which it exercises joint control or significant influence are accounted for in accordance with International Accounting Standard 28 (IAS 28) — Investments in Associates and Joint Ventures.

In accordance with this standard, once the equity method has been applied and the associate's loss for the period has been recognised, paragraphs 41A to 41C of IAS 28 are considered in order to determine whether there is objective evidence of impairment of the net investment held by the Group.

The Group considers that a net investment in an associate is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment resulting from one or more events that occurred following the initial recognition of the net investment and that loss event has an impact on the estimated future cash flows of the investment that can be reliably estimated.

5 Earnings per share

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

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

Both at 31 December 2024 and 2023, there were no instruments that may have had a significant diluting effect on the Parent's average number of ordinary shares.

The long-term remuneration plans of the Parent are settled with shares that the Parent holds as treasury shares in advance. Such deliveries of shares have no relevant or material effect on diluted earnings per share (Note 21).

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

	2024	2023
Net consolidated profit attributable to the Parent (Thousands of euros)	307,395	(1,018,973)
Average number of ordinary shares outstanding excluding treasury shares (Thousands)	576,863	531,476
Basic earnings per share (in euros)	**0.53**	**(1.92)**
Net consolidated profit attributable to the Parent (Thousands of euros)	307,395	(1,018,973)
Average number of potential common shares outstanding (Thousands)	576,863	531,476
Diluted earnings per share (in euros)	**0.53**	**(1.92)**

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

	Thousands of shares	
	2024	2023
Ordinary shares outstanding at the beginning of the period (Note 13.1)	539,616	539,616
Average adjustment of treasury shares	(8,308)	(8,140)
Average adjustment for outstanding ordinary shares (excluding treasury shares)	45,555	--
Average number of ordinary shares outstanding excluding treasury shares	**576,863**	**531,476**
Impact of dilution on the average number of ordinary shares	--	--
Average number of potential common shares outstanding	**576,863**	**531,476**

There have been no transactions involving ordinary shares or potential ordinary shares other than those recorded between the closing date at 31 December 2024 and the preparation of the consolidated financial statements that would significantly change the number of ordinary shares or potential ordinary shares outstanding at the end of the period.

6 Segment reporting

6.1 Segmentation criteria

Segment reporting is organised, first, on the basis of the Group's business segments, and, secondly, by geographical segment.

The business lines described below have been defined in line with the Group's organisational structure at 31 December 2024 and 2023, which has been used by the Group's management to analyse the financial performance of the various operating segments.

The rentals segment (or traditional business) includes activities associated with office rentals, while the flexible business segment includes the activities associated with coworking or flexible office spaces.

6.2 Basis and methodology for business segment reporting

The segment information below is based on monthly reports prepared by Group management, generated using the same computer application that prepares all of the Group's accounting data.

Segment revenue comprises revenue directly attributable to each segment, as well as gains from the sale of investment properties. Segment revenue excludes both interest and dividend income.

Segment expenses comprise operating expenses directly attributable to each segment and losses on the sale of investment properties. Allocated expenses do not include interest, the income tax expense or general administrative expenses incurred in the provision of general services that are not directly allocated to any business segment.

Segment assets and liabilities are those directly related to the segment's operating activities. The Group has no set criteria for allocating borrowings or equity by business segment. Borrowings are attributed in full to the "Corporate Unit".

Segment information for these businesses is as follows:

2024 segment reporting	Thousands of Euros						
	Rentals (Traditional business)				Flexible business	Corporate unit	Total Group
	Barcelona	Madrid	Paris	Total Equity			
Income							
Revenue – Investment property (Note 20.1)	43,754	84,965	248,829	377,548	18,029	--	395,577
Revenue - Inventories (Note 20.1)	--	106,835	--	106,835	--	--	106,835
Cost of sales – Inventories	--	(92,344)	--	(92,344)	--	--	(92,344)
Other income (Note 20.2)	31	11	6,115	6,157	--	2,079	8,236
Result of entities through the participation procedure	1,649	--	--	1,649	--	--	1,649
Net gain/(loss) on sales of assets (Note 20.5)	--	15,063	--	15,063	--	--	15,063
Changes in value of investment property (Note 20.7)	(13,441)	11,306	104,534	102,399	--	--	102,399
Gains/(losses) on changes in the value of assets and impairment (Note 20.6)	(511)	(811)	139	(1,183)	(154)	(6)	(1,343)
Operating profit/(loss) (*)	25,325	101,243	354,315	480,883	10,393	(55,075)	436,201
Financial profit (Note 20.8)	--	--	--	--	--	(80,658)	(80,658)
Profit/(Loss) before tax	--	--	--	--	--	355,543	355,543
Net consolidated income	--	--	--	--	--	390,546	390,546
Net profit attributable to non-controlling interests (Note 14.6)	--	--	--	--	--	(83,151)	(83,151)
Net profit/(loss) attributable to shareholders of the Parent (Note 5)	--	--	--	--	--	307,395	307,395

(*) As indicated in the Alternative Performance Measure (APM) EBITDA Income, the operating profit/(loss) shown in the consolidated income statement includes personnel expenses and other operating expenses of the Flexible Business and the Corporate Unit amounting to 5,451 and 56,102 thousand euros, respectively. Likewise, and as indicated in the same APM, the operating profit/(loss) of the Corporate Unit includes 5,532 thousand euros relating to extraordinary costs, 830 thousand euros in trade provisions, 273 thousand euros in extraordinary costs of the property management business, and 3,967 thousand euros in net rental income from properties arising from the Criteria transaction.

The most significant transactions between segments in 2024 were as follows:

	Thousands of euros			
	Traditional business	Flexible business	Corporate unit	Total Group
Revenue	7,863	--	--	7,863
Operating profit/(loss)	9,675	(9,675)	--	--

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

	Thousands of Euros						
	Rentals (Traditional business)				Flexible business	Corporate unit	Total Group
	Barcelona	Madrid	Paris	Total Equity			
Assets							
Intangible assets, right-of-use assets, property, plant and equipment, investment property, assets classified as held for sale and inventories (Notes 7, 8, 9, 12 and 24)	1,303,497	2,670,570	7,375,831	11,349,898	13,822	32,701	11,396,421
Investments accounted for by the equity method	14,623	--	--	14,623	--	--	14,623
Financial assets, derivative financial instruments and cash and cash equivalents	8,182	11,930	--	20,112	444	557,445	578,001
Other non-current assets	--	--	--	--	--	156,392	156,392
Trade receivables and other current assets	--	--	--	--	--	91,065	91,065
Total assets	**1,326,302**	**2,682,500**	**7,375,831**	**11,384,633**	**14,266**	**837,603**	**12,236,502**

	Thousands of Euros						
	Rentals (Traditional business)				Flexible business	Corporate unit	Total Group
	Barcelona	Madrid	Paris	Total Equity			
Liabilities							
Bank borrowings and other financial liabilities (Note 15)	--	--	--	--	--	291,527	291,527
Bonds and similar securities issued (Note 15)	--	--	--	--	--	4,509,557	4,509,557
Issuance of promissory notes (Note 15)	--	--	--	--	--	185,000	185,000
Derivative financial instruments (Note 16)	--	--	--	--	--	12,420	12,420
Lease liabilities (Note 7)	--	--	--	--	13,859	--	13,859
Operating liabilities (suppliers and payables)	--	--	--	--	--	144,228	144,228
Other liabilities	--	--	--	--	--	354,054	354,054
Total liabilities	**--**	**--**	**--**	**--**	**13,859**	**5,496,786**	**5,510,645**

	Thousands of Euros						
	Rentals (Traditional business)				Flexible business	Corporate unit	Total Group
	Barcelona	Madrid	Paris	Total Equity			
Other information							
Investments in non-current assets, intangible assets, property, plant and equipment, investment property, inventories and assets classified as held for sale	22,524	52,322	97,466	172,312	474	3,615	176,401
Depreciation and amortisation	(34)	(11)	(167)	(212)	(3,764)	(3,356)	(7,332)
Expenses that do not entail outflows of cash other than the depreciation and amortisation for the year:							
- Changes in provisions (Note 20.4)	(347)	(80)	2,414	1,987	(44)	(2,772)	(829)
-Changes in value of investment property (Note 20.7)	(13,441)	11,306	104,534	102,399	--	--	102,399
- Gains/(losses) on changes in the value of assets and impairment (Note 20.6)	(511)	(811)	139	(1,183)	(154)	(6)	(1,343)

2023 segment reporting	Thousands of Euros						
	Rentals (Traditional business)				Flexible business	Corporate unit	Total Group
	Barcelona	Madrid	Paris	Total Equity			
Income							
Net turnover (Note 20.1)	42,729	92,363	234,420	369,512	17,770	--	387,282
Other income (Note 20.2)	--	2	9,092	9,094	--	3,306	12,400
Net gain/(loss) on sales of assets (Note 20.5)	13	3,687	(158)	3,542	--	--	3,542
Changes in value of investment property (Note 20.7)	(211,885)	(253,658)	(960,277)	(1,425,820)	--	--	(1,425,820)
Gains/(losses) on changes in the value of assets and impairment (Note 20.6)	(245)	(750)	--	(995)	112	--	(883)
Operating profit/(loss)	(176,366)	(166,016)	(733,924)	(1,076,306)	10,080	(53,153)	(1,119,379)
Financial profit (Note 20.8)	--	--	--	--	--	(95,876)	(95,876)
Profit/(Loss) before tax	--	--	--	--	--	(1,215,255)	(1,215,255)
Net consolidated income	--	--	--	--	--	(1,177,577)	(1,177,577)
Net profit attributable to non-controlling interests (Note 14.6)	--	--	--	--	--	158,604	158,604
Net profit/(loss) attributable to shareholders of the Parent (Note 5)	--	--	--	--	--	(1,018,973)	(1,018,973)

The most significant transactions between segments in 2023 were as follows:

	Thousands of Euros			
	Traditional business	Flexible business	Corporate unit	Total Group
Revenue	7,583	--	--	7,583
Operating profit/(loss)	9,410	(9,410)	--	--

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

	Thousands of Euros						
	Rentals (Traditional business)				Flexible business	Corporate unit	Total Group
	Barcelona	Madrid	Paris	Total Equity			
Assets							
Intangible assets, right-of-use assets, property, plant and equipment, investment property, assets classified as held for sale and inventories (Notes 7, 8, 9, 12 and 24)	1,306,655	2,622,594	7,157,992	11,087,241	26,561	48,524	11,162,326
Financial assets, derivative financial instruments and cash and cash equivalents	8,419	12,933	849	22,201	1,736	443,935	467,872
Other non-current assets	--	--	--	--	--	149,099	149,099
Trade receivables and other current assets	--	--	--	--	--	55,300	55,300
Total assets	**1,315,074**	**2,635,527**	**7,158,841**	**11,109,442**	**28,297**	**696,858**	**11,834,597**

	Thousands of Euros						
	Rentals (Traditional business)						
	Barcelona	Madrid	Paris	Total Equity	Flexible business	Corporate unit	Total Group
Liabilities							
Bank borrowings and other financial liabilities (Note 15)	--	--	--	--	--	422,353	422,353
Bonds and similar securities issued (Note 15)	--	--	--	--	--	4,565,121	4,565,121
Issuance of promissory notes (Note 15)	--	--	--	--	--	292,000	292,000
Derivative financial instruments (Note 16)	--	--	--	--	--	12,739	12,739
Lease liabilities (Note 7)	--	--	--	--	16,452	--	16,452
Operating liabilities (suppliers and payables)	--	--	--	--	--	176,365	176,365
Other liabilities	--	--	--	--	--	402,365	402,365
Total liabilities	**--**	**--**	**--**	**--**	**16,452**	**5,870,943**	**5,887,395**

	Thousands of Euros						
	Rentals (Traditional business)						
	Barcelona	Madrid	Paris	Total Equity	Flexible business	Corporate unit	Total Group
Other information							
Investments in non-current assets, intangible assets, property, plant and equipment, investment property, inventories and assets classified as held for sale	37,709	110,464	66,492	214,665	1,139	7,227	223,031
Depreciation and amortisation	(34)	(12)	(191)	(237)	(4,626)	(3,965)	(8,828)
Expenses that do not entail outflows of cash other than the depreciation and amortisation for the year:							
- Changes in provisions (Note 20.4)	(193)	93	(5,471)	(5,571)	(9)	253	(5,327)
-Changes in value of investment property (Note 20.7)	(211,885)	(253,658)	(960,277)	(1,425,820)	--	--	(1,425,820)
- Gains/(losses) on changes in the value of assets and impairment (Note 20.6)	(245)	(750)	--	(995)	112	--	(883)

7 Leases

The subsidiary Utopicus rents several offices as a lessee. The duration of rental contracts, from the date of signature of the contract and taking into account maximum extensions, is 4 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. Leases do not impose covenants, but the leased assets cannot be used as collateral for loans.

7.1 Right-of-use assets

	Thousands of Euros	
	31 December 2024	31 December 2023
Property, plant and equipment	11,765	14,557
Right-of-use assets	**11,765**	**14,557**

7.2 Deferred taxes relating to rights of use

		Thousands of Euros	
	Note	31 December 2024	31 December 2023
Deferred tax assets relating to rights of use	19.5	486	474
Deferred taxes relating to rights of use		**486**	**474**

7.3 Lease liabilities

	Thousands of Euros	
	31 December 2024	31 December 2023
Non-current lease liabilities	11,907	14,585
Current lease liabilities	1,952	1,867
Lease liabilities	**13,859**	**16,452**

7.4 Operating leases as lessee

The subsidiary Utopicus has agreed under contract the following minimum lease payments with the lessors in accordance with the contracts in force, taking into account the impact of expenses, future CPI increases and other agreed rent updates:

	Thousands of Euros	
	2024	2023
Up to 12 months	2,605	2,518
Between 1 and 5 years	6,083	5,148
More than 5 years	--	--
Total minimum operating lease payments - as lessee	**8,688**	**7,666**

These amounts relate to the leases signed by the subsidiary Utopicus for the premises where it carries out its business.

7.5 Impacts on the consolidated income statement

The impacts on the consolidated income statement are presented in the following table:

	Thousands of Euros	
	2024	2023
Depreciation and amortisation	(2,218)	(2,906)
Finance costs for updating	(789)	(1,139)
Total	**(3,007)**	**(4,045)**

8 Property, plant and equipment

The changes in this caption of the consolidated statement of financial position have been the following:

	Note	Thousands of Euros		
		Property for own use	Other tangible fixed assets	Total
Balance at 31 December 2022		**37,538**	**17,772**	**55,310**
Acquisition cost		*43,519*	*33,345*	*76,864*
Accumulated depreciation and amortisation		*(5,981)*	*(14,870)*	*(20,851)*
Accumulated impairment		--	*(703)*	*(703)*
Additions		302	5,549	5,851
Depreciation charge		(338)	(2,273)	(2,611)
Disposals acquisition cost		--	(4,165)	(4,165)
Disposals accumulated depreciation		--	1,709	1,709
Transfers acquisition cost		--	(122)	(122)
Impairment	20.6	--	703	703
Balance at 31 December 2023		**37,502**	**19,173**	**56,675**
Acquisition cost		*43,821*	*34,607*	*78,428*
Accumulated depreciation and amortisation		*(6,319)*	*(15,434)*	*(21,753)*
Accumulated impairment		--	--	--
Additions		225	732	957
Depreciation charge		(350)	(2,805)	(3,155)
Disposals acquisition cost		--	(656)	(656)
Disposals accumulated depreciation		--	615	615
Transfers acquisition cost	9	--	(12,827)	(12,827)
Transfers accumulated depreciation	9	--	5,372	5,372
Impairment	20.6	--	(119)	(119)
Balance at 31 December 2024		**37,377**	**9,485**	**46,862**
Acquisition cost		*44,046*	*21,856*	*65,902*
Accumulated depreciation and amortisation		*(6,669)*	*(12,252)*	*(18,921)*
Accumulated impairment		--	*(119)*	*(119)*

At 31 December 2024 and 2023, the Group used two floors of the building located at Avenida Diagonal, 532, in Barcelona, one floor of the building located at Paseo de la Castellana, 52, in Madrid and one floor of the building located at 42 rue Washington in Paris for its own use, while the rest of these buildings were destined for leasing purposes. The cost of buildings earmarked for the Group's own use is recognised under "Properties for own use".

At 31 December 2024, subsidiary company Utopicus Innovación Cultural, S.L. sold to the Parent certain items of property, plant and equipment shown in the consolidated statement of financial position associated with the flexible office spaces owned by the Parent. This was recognised for accounting purposes as a transfer (acquisition cost and accumulated depreciation) to the investment property heading of the consolidated statement of financial position, amounting to 7,505 thousand euros (Note 9). In addition, subsidiary company SFL transferred 50 thousand euros from intangible assets to property, plant and equipment in the consolidated statement of financial position.

In 2024, subsidiary company Utopicus Innovación Cultural, S.L. revalued the useful life of the assets associated with a flexible office space asset, which led to an impairment of these assets of 119 thousand euros. In 2023, an impairment loss of 703 thousand was recognised on the value of the assets (Note 4.3).

9 Investment property

The changes in this caption of the consolidated statement of financial position have been the following:

	Note	Thousands of Euros	
		2024	2023
Opening balance		**10,869,018**	**12,231,952**
Additions for subsequent capitalised disbursements		165,140	205,037
Non-monetary contribution (Note 1)	14.1	272,473	--
Changes in the scope of consolidation (to investments accounted for by the equity method)	2.6 and 10	(47,932)	--
Sale or disposal by other means	20.5	--	(33,659)
Transfers to and from "Assets classified as held for sale".	24	(56,263)	(120,488)
Net gain/(loss) from fair value adjustments	20.7	106,106	(1,413,381)
Other transfers	8	7,505	552
Other entries	20.6	(1,322)	(995)
Ending balance		**11,314,725**	**10,869,018**

9.1 Movements in 2024

Additions for subsequent capitalised disbursements correspond to investments made in real estate assets, both in development and in operation, amounting to 165,140 thousand euros, including 4,128 thousand euros of capitalised financial expenses (Note 20.8.1).

The non-monetary contribution relates to the contribution of real estate by Criteria Caixa, S.A.U. and certain of its subsidiaries, within the broader framework of the capital increase described in Note 1, for an aggregate amount of 272,473 thousand euros.

On 1 January 2024, and following the shareholders' agreements signed by both parties, the Parent ceased to exercise control over the subsidiary Inmocol Torre Europa, S.A., which is now accounted for using the equity method, thus giving rise to a derecognition amounting to (47,932) thousand euros (Note 10).

In 2024, two properties and one business establishment were reclassified to "Assets classified as held for sale" in the condensed consolidated statement of financial position, for a net total of 56,263 thousand euros.

At 31 December 2024, subsidiary company Utopicus Innovación Cultural, S.L. sold to the Parent certain items of property, plant and equipment shown in the consolidated statement of financial position associated with the flexible office spaces owned by the Parent. This was recognised for accounting purposes as a transfer to the investment property heading amounting to 7,505 thousand euros (Note 8).

The other entries correspond to assets amounting to a total of 1,322 thousand euros being derecognised due to being replaced.

9.2 Movements in 2023

Additions for subsequent capitalised disbursements corresponded to investments made in real estate assets, both in development and in operation, amounting to 205,037 thousand euros, including 8,842 thousand euros of capitalised financial expenses (Note 20.8.1).

During 2023, the Parent disposed of an office building in Madrid, two office floors in a building in Madrid and premises in Barcelona for a total sale price of 38,873 thousand euros, which resulted in a gain of 4,158 thousand euros, including indirect costs of sale, being recognised in the consolidated income statement.

In 2023, properties were reclassified to and from the "Assets classified as held for sale" heading in the condensed consolidated statement of financial position, for a net total of 120,488 thousand euros.

The other entries corresponded to assets amounting to a total of 995 thousand euros being derecognised due to being replaced.

9.3 Changes in value of investment property

The "Changes in value of investment property" heading in the consolidated income statement includes the results from the revaluation of investment property, according to valuations by independent experts as of 31 December 2024 and 2023 (Notes 4.4 and 20.7).

9.4 Other information

The total surface area (above and under-ground) of investment property and projects under development is as follows:

	Total surface area (m^2) of investment property					
	Investment property		Investment property in progress (**)		Total	
	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	146,246	742,207	677,941
Paris (*)	377,613	410,003	85,054	55,625	462,667	465,628
	1,349,006	1,280,284	255,422	253,320	1,604,428	1,533,604

(*) For 2024 and 2023, 100% of the surface area of the properties whose companies have been consolidated using the full consolidation method is included.

(**) Excluding the areas of 23,545 m^2 and 30,353 m^2, corresponding to 2024 and 2023 respectively, of real estate assets recognised under "Assets classified as held for sale" (Note 24).

At 31 December 2024 and 2023, the Group had no assets pledged as collateral for mortgage loans.

10 Investments accounted for by the equity method

The Parent holds a 50% stake in the share capital of Inmocol Torre Europa, S.A. This company owns a property located in Barcelona which is held for rental.

Under the terms of the shareholders’ agreement, the parent company is assured two seats on the board of directors of Inmocol Torre Europa, S.A. and is involved in all major financial and operating decisions. Therefore, the Group has determined that it exercises significant influence over this company.

The following tables provide condensed financial information on the stake held in Inmocol Torre Europa, S.A. The information shown reflects the amounts presented in the associate's financial statements and not the Parent's share of those amounts. They have been amended to reflect the adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policies.

Reconciliation with carrying amounts	Thousands of Euros 2024	2023
Non-current assets	53,142	--
Current assets	3,483	--
Non-current liabilities	26,850	--
Current liabilities	529	--
Net assets	**29,246**	**--**
Initial net assets at 1 January		
Scope of consolidation changes (Note 2.6)	25,764	--
Net profit/(loss) for the year	3,299	--
Other comprehensive income	183	--
Dividends paid	--	--
Net assets at period-end	**29,246**	**--**
Part of the group as a %	50%	--
Part of the group as u.m.	14,623	--
Goodwill	**--**	**--**
Carrying amount	**14,623**	**--**

11 Financial assets

The changes in this caption of the consolidated statement of financial position have been the following:

		Thousands of Euros			
	31 December 2023	Inclusions	Disposals	Change in the scope of consolidation (to equity method investments)	31 December 2024
Deposits and guarantees given	21,992	40	(2,044)	(498)	19,490
Total non-current financial assets at amortised cost	**21,992**	**40**	**(2,044)**	**(498)**	**19,490**
Other financial instruments	3,711	1,689	(314)	--	5,086
Total non-current financial assets at fair value	**3,711**	**1,689**	**(314)**	**--**	**5,086**
Total non-current financial assets	**25,703**	**1,729**	**(2,358)**	**(498)**	**24,576**
Deposits and guarantees given	670	--	(670)	--	**--**
Other financial assets	--	10,525	--	--	10,525
Total current financial assets at amortised cost	**670**	**10,525**	**(670)**	**--**	**10,525**
Other financial instruments	9	3	--	--	12
Total current financial assets at fair value	**9**	**3**	**--**	**--**	**12**
Total current financial assets	**679**	**10,528**	**(670)**	**--**	**10,537**

	Thousands of Euros			
	31 December 2022	Inclusions	Disposals	31 December 2023
Deposits and guarantees given	26,600	2,221	(6,829)	21,992
Total non-current financial assets at amortised cost	**26,600**	**2,221**	**(6,829)**	**21,992**
Other financial instruments	2,760	951	--	3,711
Total non-current financial assets at fair value	**2,760**	**951**	**--**	**3,711**
Total non-current financial assets	**29,360**	**3,172**	**(6,829)**	**25,703**
Deposits and guarantees given	--	670	--	670
Total current financial assets at amortised cost	**--**	**670**	**--**	**670**
Other financial instruments	9	--	--	9
Total current financial assets at fair value	**9**	**--**	**--**	**9**
Total current financial assets	**9**	**670**	**--**	**679**

Long-term deposits and guarantees basically comprise deposits made with the official bodies in each country for deposits collected for property leases, in accordance with prevailing legislation.

Current financial assets essentially relate to accrued and unsettled interest pertaining to cash and cash equivalents in the consolidated statement of financial position (Note 15.9).

12 Stock

The composition of this caption in the consolidated statement of financial position is as follows:

	Thousands of Euros	
	31 December 2024	31 December 2023
Beginning balance	**94,677**	**87,128**
Additions	--	7,549
Sale or disposal by other means	(94,677)	--
Ending balance	**--**	**94,677**

Inventories related to the office building that the Group was developing for a third party. On 3 October 2018, the Parent entered into a sale and purchase agreement, subject to a condition precedent, for 100% of the shares in the subsidiary Peñalvento. Under the terms of the contract, the sale and purchase was to be completed in 2024, provided that the conditions precedent were fulfilled. The Group received a total of 28,287 thousand euros in prepayments (see Note 17.3).

On 7 March 2024, the Group sold the shares of subsidiary company Peñalvento, S.L.U. (Note 2.6), which owns the asset classified under “Inventories” in the consolidated statement of financial position.

The detail of financial costs capitalised as plus cost of inventories included in additions for disbursements amounts to 30 thousand euros in 2024 (2023: 382 thousand euros) (Note 20.8.1).

13 Trade receivables and other non-current assets

The composition of this current asset heading in the consolidated statement of financial position is as follows:

		Thousands of Euros			
		31 December 2024		31 December 2023	
	Note	Current	Non-Current	Current	Non-Current
Trade receivables for sales and services	13.1	10,243	--	20,295	--
Trade receivables for sale of properties	13.2	22,293	--	119	21,181
Accrual of lease incentives	13.3	21,733	155,906	22,059	127,414
Other receivables		326	--	1,206	--
Other assets		21,756	--	2,840	--
Impairment of receivables -					
- Trade receivables for sales and services		(6,776)	--	(9,838)	--
- Other receivables		(147)	--	(915)	--
Total trade and other receivables		**69,428**	**155,906**	**35,766**	**148,595**

13.1 Trade receivables for sales and services

This mainly includes the amounts receivable from customers, fundamentally from the Group's rentals business, that are billed monthly, quarterly or yearly with no significant overdue balances not provided for at 31 December 2024 and 2023.

13.2 Trade receivables for sales of properties

This mainly includes amounts receivable arising from asset sales that are duly collateralised.

13.3 Accrual of lease incentives

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

In 2023, rental incentives amounting to 637 thousand euros were transferred to "Assets classified as held for sale" in the consolidated statement of financial position (Note 23). No such transfers were recognised in 2024.

13.4 Other assets

At December 2024, it includes the amount of advances to suppliers of the subsidiary SFL amounting to 20,868 thousand euros.

14 Equity

14.1 Share capital

At 31 December 2023, the share capital comprised 539,615,637 shares, each with a par value of 2.5 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 the Parent's extraordinary General Shareholders' Meeting held on 12 June 2024 was filed with the Commercial Registry of Madrid. This share capital increase approved, excluding pre-emptive subscription rights, and with a charge to monetary and non-monetary contributions, involved the issuance and circulation of 87,729,050 new ordinary shares of the Parent, with a unit 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 outstanding. 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 (Note 9), giving total consideration of 622,473 thousand euros.

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 detail included in section A.2 of the Annual Corporate Governance Report of the Parent for 2024, shareholders owning significant stakes in the Parent's share capital, both direct and indirect, as at 31 December 2024 and 2023, were as follows:

	31 December 2024		31 December 2023	
	Number of shares*	% ownership	Number of shares*	% ownership
Name or corporate name of the shareholder:				
Criteria Caixa, S.A.U.	108,661,559	17.32%	--	--
Qatar Investment Authority (**)	102,675,757	16.37%	102,675,757	19.03%
Fernández González, Carlos (***)	80,028,647	12.76%	80,028,647	14.83%
Puig, S.A.(****)	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 (*)	19,712,594	3.14%	16,283,952	3.02%

* Does not include certain financial instruments linked to shares of the Parent.

** Qatar Investment Authority is responsible for managing 21,782,588 shares of the Parent owned by DIC Holding, LLC.

*** 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.

**** Puig, S.A. which controls the share capital of Exea Inversiones Inmobiliarias, S.L.

At 31 December 2024 and 2023, BlackRock Inc. had formally obtained financial instruments associated with the Parent'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 Parent is not aware of any other significant shareholdings.

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 five years, bonds convertible into new shares of the Parent or other similar securities that may give the right, directly or indirectly, to subscribe shares of the Parent, with the express power to exclude the pre-emptive 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 of Directors is empowered to disapply the pre-emptive subscription right up to a maximum of 20% of the share capital.

14.2 Issue 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 (31 December 2023: 1,463,600 thousand euros).

14.3 Treasury shares

The number of the Parent'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**

14.3.1 Treasury shares – Free tranche

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

	Note	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 incentives plan shares	21	(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**

In 2024, a total of 175,398 shares were delivered to the beneficiaries of the long-term incentive plan described in Note 21.1. In addition, as provided for in the terms and conditions of the plan, certain beneficiaries of the plan have opted to deliver part of their shares to the Parent to meet the tax liability arising from such delivery. Shares received in this respect amounted to 58,350.

The Parent 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.

In the context of the capital increase carried out with Criteria Caixa, S.A.U. (Notes 1 and 14.1). The Parent delivered 3,418,734 shares, with an associated cost of 27,774 thousand euros, in exchange for the dividend paid by the Parent 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.

Meanwhile, as part of the tender offer for all SFL shares held by shareholders other than Colonial and Predica in 2021, the Parent agreed with certain SFL executives who were beneficiaries of SFL share plans whose shares could not yet be disposed of, the option to exchange each SFL share for 46.66 euros and five shares of the Parent. As at 31 December 2024, a total of 26,784 SFL shares had been acquired, resulting in the delivery of 138,582 shares of the Parent and 1,259 thousand euros in cash.

14.3.2 Treasury shares – 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 Parent'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**

14.4 Other reserves

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

		Thousands of Euros					
	Note	Legal reserve	Other reserves	Measurement of financial instrument hedges	Share-based payments	Transactions with non-controlling interests	**Total**
At 31 December 2023		**70,273**	**142,009**	**214,929**	**22,167**	**12,894**	**462,272**
Revaluation – gross		--	--	(6,409)	--	--	(6,409)
Deferred tax		--	--	--	--	--	--
Non-controlling interest in revaluation - gross		--	--	54	--	--	54
Deferred tax		--	--	--	--	--	--
Other reserves attributable to equity-accounted investees		--	--	183	--	--	183
Reclassification to profit - gross		--	--	(8,399)	--	--	(8,399)
Non-controlling interest in reclassification to profit/(loss) - gross		--	--	67	--	--	67
Deferred tax		--	--	--	--	--	--
Other comprehensive income		--	--	(14,504)	--	--	(14,504)
Transfer to/from retained earnings		21,286	47,971	--	2,060	--	71,317
Capital increase costs		--	(4,587)	--	--	--	(4,587)
Subsidies		--	(3)	--	--	--	(3)
Transactions with owners in their capacity as such:							
Share-based payments	21	--	--	--	5,516	--	5,516
Transactions with non-controlling interests		--	--	(368)	(30)	(5,301)	(5,699)
At 31 December 2024		**91,559**	**185,390**	**200,057**	**29,713**	**7,593**	**514,079**

		Thousands of Euros					
	Note	Legal reserve	Other reserves	Measurement of financial instrument hedges	Share-based payments	Transactions with non-controlling interests	**Total**
At 31 December 2022		**58,640**	**141,973**	**293,115**	**17,489**	**12,431**	**523,648**
Revaluation – gross		--	--	(75,148)	--	--	(75,148)
Deferred tax		--		169	--	--	169
Non-controlling interest in revaluation - gross		--	--	655	--	--	655
Deferred tax		--	--	--	--	--	--
Reclassification to profit - gross		--	--	(3,930)	--	--	(3,930)
Non-controlling interest in reclassification to profit/(loss) - gross		--	--	54	--	--	54
Deferred tax		--	--	--	--	--	--
Other comprehensive income		--	--	(78,200)	--	--	(78,200)
Transfer to/from retained earnings		11,633	--	--	--	--	11,633
Subsidies		--	36	--	--	--	36
Transactions with owners in their capacity as such:							
Share-based payments	21	--	--	--	4,678	--	4,678
Transactions with non-controlling interests		--	--	14	--	463	477
At 31 December 2023		**70,273**	**142,009**	**214,929**	**22,167**	**12,894**	**462,272**

14.4.1 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 allocation to the legal reserve, as included in the distribution of the Company's 2022 earnings approved by the General Meeting of Shareholders on 15 June 2023, amounted to 11,633 thousand euros.

At 31 December 2024, considering the allocation to the legal reserve included in the distribution of 2023 earnings of the Parent approved by the Annual General Meeting held on 13 June 2024, amounting to 21,286 thousand euros, the legal reserve amounted to 91,559 thousand euros. However, at the date of authorisation for issue of these annual financial statements, the legal reserve had not yet been fully posted (31 December 2023: 70,273 thousand euros).

14.4.2 Other reserves

At 31 December 2023, the Parent Company held 169,439 thousand euros of voluntary reserves. This item also includes the merger reserve generated by the operations carried out in 2019, with a debit balance of 27,466 thousand euros.

At 31 December 2024, a voluntary reserve amounting to 47,971 thousand euros was set up, following the distribution of 2023 earnings of the Parent approved by the Annual General Meeting on 13 June 2024.

14.5 Retained earnings

The changes in retained earnings are as follows:

	Note	Thousands of Euros	
		2024	2023
Balance at 31 December of the previous year		**1,725,573**	**2,861,375**
Net profit for the year attributable to the Parent	5	307,395	(1,018,973)
To legal reserve	14.4.1	(21,286)	(11,633)
Transfer to/from other reserves	14.4.2	(47,971)	--
Other items of comprehensive income recognised directly in retained earnings:			
Losses due to transactions using treasury shares		(9,456)	(237)
Dividends		(143,609)	(104,700)
Changes in scope		(881)	(14)
Other gains/(losses)		(1,390)	(245)
Balance at 31 December		**1,808,375**	**1,725,573**

Gains/(losses) on transactions with treasury shares relate to the deliveries of treasury shares to the beneficiaries of the long-term incentives plan (Note 21), calculated as the difference between the carrying amount of the shares delivered and the amount of the obligation assumed by the Parent (Note 4.11), as well as for transactions carried out by the financial intermediary under the liquidity contract.

14.6 Non-controlling interests

The changes in this caption of the consolidated statement of financial position have been the following:

	Thousands of Euros		
	Inmocol Torre Europa, S.A.	SFL Subgroup	Total
Balance at 31 December 2022	**13,507**	**1,169,692**	**1,183,199**
Income for the financial year (Note 20.10)	(54)	(158,550)	(158,604)
Dividends and other	--	(10,296)	(10,296)
Changes to scope (Note 2.6)	--	(1,944)	(1,944)
Financial instrument hedges	(318)	(391)	(709)
Balance at 31 December 2023	**13,135**	**998,511**	**1,011,646**
Income for the financial year (Note 20.10)	--	(83,151)	(83,151)
Dividends and other	--	(36,307)	(36,307)
Changes to scope (Note 2.6)	(13,135)	3,303	(9,832)
Financial instrument hedges	--	121	121
Balance at 31 December 2024	**--**	**1,048,537**	**1,048,537**

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

	Thousands of Euros	
	31 December 2024	31 December 2023
Dividend paid by the SFL subgroup to non-controlling interests	(1,816)	(7,351)
Dividend paid by subsidiaries of the SFL subgroup to non-controlling interests	(34,571)	(3,011)
Other	80	66
Total	(36,307)	(10,296)

The SFL subgroup has the following shareholders agreements with Prédica:

- SFL holds non-controlling interests of 49% in the companies SCI Paul Cézanne, SCI 103 Grenelle, SAS Cloud and SAS Champs-Elysées, for which SFL and Prédica have signed a new shareholders' agreement. On the basis of the shareholders' agreement, in which the conditions for qualifying these shareholdings as controlling interests are met (the decisions that most significantly affect the companies are controlled by SFL), SFL has sole control over the four companies. As a result, the Group has fully consolidated the four subsidiaries.

14.6.1 Summarised financial information on the main subsidiaries with non-controlling interests

The following table shows the summarised financial information for the main subsidiaries with non-controlling interests:

		Thousands of Euros							
Non-controlling	% non-controlling	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Ordinary income	Profit/ (loss) for the year	Total comprehensive income	Cash flows
SFL Group	1.76%	7,526,446	141,261	1,662,958	1,376,146	248,829	286,470	279,550	(12,080)

15 Bank borrowings, other financial liabilities and bonds and similar securities issued

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

31 December 2024	Thousands of Euros							
	Current	Non-current						
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Older than 5 years	Total non-current	Total
Bank borrowings:								
Lines of credit	--	--	--	--	--	--	--	--
Loans	--	--	--	--	300,000	--	300,000	300,000
Syndicated financing	--	--	--	--	--	--	--	--
Interest	635	--	--	--	--	--	--	635
Debt arrangement costs	(2,753)	(2,702)	(2,525)	(2,368)	(1,233)	--	(8,828)	(11,581)
Total debts with credit institutions	(2,118)	(2,702)	(2,525)	(2,368)	298,767	--	291,172	289,054
Other financial liabilities	2,473	--	--	--	--	--	--	2,473
Total other financial liabilities	2,473	--	--	--	--	--	--	2,473
Total debts with credit institutions and other financial liabilities	**355**	**(2,702)**	**(2,525)**	**(2,368)**	**298,767**	**--**	**291,172**	**291,527**
Issue of debentures and similar securities:								
Bond issues	1,000,000	700,000	599,000	1,099,000	1,125,000	--	3,523,000	4,523,000
Interest	26,464	--	--	--	--	--	--	26,464
Debt arrangement costs	(11,678)	(10,222)	(8,759)	(5,767)	(3,481)	--	(28,229)	(39,907)
Total issue of debentures and similar securities	**1,014,786**	**689,778**	**590,241**	**1,093,233**	**1,121,519**	**--**	**3,494,771**	**4,509,557**
Issue of promissory notes	185,000	--	--	--	--	--	--	185,000
Total issuance of promissory notes	**185,000**	**--**	**--**	**--**	**--**	**--**	**--**	**185,000**
Total	**1,200,141**	**687,076**	**587,716**	**1,090,865**	**1,420,286**	**--**	**3,785,943**	**4,986,084**

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

The changes in net financial debt in 2024 and 2023, which arose from cash flows and other, are presented in the table below:

	Thousands of euros			
	31 December 2023	Cash flows	Changes in scope of consolidation investments accounted for by the equity method (Note 2.6)	31 December 2024
Lines of credit	375	(375)	--	--
Loans	324,200	--	(24,200)	300,000
Syndicated financing	105,000	(105,000)	--	--
Issue of promissory notes	292,000	(107,000)	--	185,000
Bond issues	4,580,200	(57,200)	--	4,523,000
Gross financial debt (nominal gross debt)	**5,301,775**	**(269,575)**	**(24,200)**	**5,008,000**
Cash and cash equivalents	(437,790)	(104,927)	--	(542,717)
Net financial debt	**4,863,985**	**(374,502)**	**(24,200)**	**4,465,283**

	Thousands of Euros		
	31 December 2022	Cash flows	31 December 2023
Lines of credit	--	375	375
Loans	420,000	(95,800)	324,200
Liabilities associated with assets classified as held for sale (Note 23)	75,700	(75,700)	--
Syndicated financing	100,000	5,000	105,000
Issue of promissory notes	409,000	(117,000)	292,000
Bond issues	4,510,200	70,000	4,580,200
Gross financial debt (nominal gross debt)	**5,514,900**	**(213,125)**	**5,301,775**
Cash and cash equivalents	(159,957)	(277,833)	(437,790)
Net financial debt	**5,354,943**	**(490,958)**	**4,863,985**

15.1 Issues of the Parent's straight bonds

The detail of the issues of standard debentures made by the parent company is as follows:

				Thousands of Euros		
Issue date	Duration	Maturity	Fixed coupon payable annually	Initial amount of the issue	31 December 2024	31 December 2023
28-10-16	8 years	10-2024	1,450%	600,000	--	187,200
10-11-16	10 years	11-2026	1,875%	50,000	50,000	50,000
28-11-17	8 years	11-2025	1,625%	500,000	500,000	500,000
28-11-17	12 years	11-2029	2,500%	300,000	500,000	370,000
17-04-18	8 years	04-2026	2,000%	650,000	650,000	650,000
14-10-20	8 years	10-2028	1,350%	500,000	500,000	500,000
22-06-21	8 years	06-2029	0,750%	625,000	625,000	625,000
Total issues					**2,825,000**	**2,882,200**

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 14 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. All outstanding bond issues are subject to the new Green Financing Framework, as published in November 2024, the pillars of which are energy efficiency, prevention and reduction of carbon emissions from the Group's assets.

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

15.1.1 European Medium Term Note Programme -

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

15.1.2 Compliance with financial ratios -

The simple obligations currently in force stipulate that certain financial ratios must be met by 30 June and 31 December of each year. As at 31 December 2024 and 2023, the above ratios were met, and there were no additional liabilities to be met.

15.2 Issuance of straight SFL bonds

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

				Thousands of Euros		
Issue date	Duration	Maturity	Fixed coupon payable annually	Issue amount	31 December 2024	31 December 2023
29-05-18	7 years	05-2025	1,500%	500,000	500,000	500,000
05-06-20	7 years	06-2027	1,500%	599,000	599,000	599,000
21-10-21	6.5 years	04-2028	0,500%	599,000	599,000	599,000
Total issues					**1,698,000**	**1,698,000**

These bonds constitute non-subordinated debentures and without any preference among them, and have been admitted to trading on the Euronext Paris regulated market.

At 31 December 2024 and 2023, the fair value of the bonds issued by SFL was 1,638,496 thousand euros and 1,599,576 thousand euros, respectively.

15.3 Issue of promissory notes by the Parent

The parent company registered a European Commercial Paper programme on the Irish Stock Exchange in December 2018 for a maximum limit of 300,000 thousand euros with a short-term maturity, subsequently extended to 500,000 thousand euros. This programme has been renewed on 13 November 2024. As of 31 December 2024 and 2023, there are no current issuances.

15.4 Issuing promissory notes by SFL

In September 2018, SFL registered a short-term promissory note (NEU CP) issuance programme for a maximum amount of 500,000 thousand euros with a short-term maturity. This programme was renewed in May 2024. As at 31 December 2024, outstanding issues amounted to 185,000 thousand euros (31 December 2023: 292,000 thousand euros).

15.5 Credit facility at the Parent

The parent company's credit facility is broken down in the following table:

		31 December 2024		31 December 2023	
Thousands of Euros	Maturity	Limit	Nominal drawn down	Limit	Nominal drawn down
Syndicated credit facility	06-2029	1,000,000	--	1,000,000	105,000
Total credit facility of the Parent		**1,000,000**	**--**	**1,000,000**	**105,000**

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

15.5.1 Compliance with financial ratios -

As at 31 December 2024 and 2023, the Parent complied with all financial ratios and there were no additional liabilities to be met.

15.6 SFL credit facilities

SFL's credit facilities break down as follows:

Thousands of Euros	Maturity	31 December 2024		31 December 2023	
		Limit	Nominal drawn down	Limit	Nominal drawn down
Syndicated credit facility	06-2029	835,000	--	835,000	--
Credit facility 1	06-2027	145,000	--	145,000	--
Credit facility 2	07-2027	140,000	--	140,000	--
Credit facility 3	06-2029	100,000	--	100,000	--
Credit facility 4	10-2025	100,000	--	100,000	--
Credit facility 5	12-2028	100,000	--	100,000	--
Credit facility 6	03-2027	100,000	--	100,000	--
Credit facility 7	11-2027	50,000	--	50,000	--
Total SFL credit facilities		**1,570,000**	**--**	**1,570,000**	**--**

In June 2023, SFL arranged a new syndicated credit facility amounting to 835,000 thousand euros and maturing in June 2028, which can be extended on a 1+1 through to 2030. The first extension of the credit facility by one year (until June 2029) was arranged in April 2024. This sustainable rated facility includes three ESG performance indicators.

The interest rate set for the new credit line is variable with a margin linked to EURIBOR.

IN the first half of 2024, SFL novated one of its credit facilities with a nominal amount of 100,000 thousand euros to extend the maturity until June 2029, extendable in a 1+1 format. This line is considered sustainable because its margin is referenced to different sustainability ratios.

15.6.1 Compliance with financial ratios -

As at 31 December 2024 and 2023, SFL was fully compliant with the financial covenants set out in its financing contracts and there were no further liabilities that were due.

15.7 Other loans

The Group holds other unsecured loans. The total limits and balances provided are detailed below:

Thousands of Euros	Company	Maturity	31 December 2024		31 December 2023	
			Limit	Nominal drawn down	Limit	Nominal drawn down
Other loan 1	SFL	12-2029	300,000	300,000	300,000	300,000
Other loan 2	Inmocol	02-2027	--	--	24,200	24,200
Total other loans			**300,000**	**300,000**	**324,200**	**324,200**

In the first half of 2024, SFL extended the maturity of its 300,000 thousand euros nominal loan by two years to December 2029. The fair value of this loan does not differ significantly from its carrying amount.

On 1 January 2024, the Parent ceased to exercise control over subsidiary company Inmocol Torre Europa, S.A., which is now accounted for by the equity method (Note 2.6), thus resulting in the exclusion from the scope of the loan maturing in February 2027 and with a nominal value of 24,200 thousand euros.

15.7.1 Compliance with financial ratios

The SFL loan is subject to compliance with certain financial covenants on a half-yearly basis. As at 31 December 2024 and 2023, SFL was fully compliant with the financial covenants set out in its financing contract and there were no further liabilities that were due.

15.8 Guarantees delivered

At 31 December 2024, the Group has granted guarantees to government bodies, customers and suppliers in the amount of 6,680 thousand euros (31 December 2023: 20,385 thousand euros). In July 2024, the guarantee of 13,000 thousand euros that the Parent had granted to a purchaser for the advance payment made by the latter for the future acquisition of a residential complex was cancelled.

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

15.9 Cash and cash equivalents

Cash and cash equivalents include cash in banks and in hand, as well as highly liquid fixed income and/or money market investments that will be readily convertible to known amounts of cash with maturities of three months or less, as well as highly liquid money market investments and bank deposits with longer maturities, but with maturities or contractual redemption periods of three months or less without penalty. Due to the high credit quality and short term nature of these investments due to their redemption terms there is a negligible risk of change in value. At 31 December 2024 and 2023, this heading includes cash and cash equivalents amounting to 542,717 thousand euros and 437,790 thousand euros, respectively, as follows:

	Thousands of Euros	
	31 December 2024	31 December 2023
Cash in banks and savings banks	100,130	181,078
Other cash equivalents	442,587	256,712
Total	**542,717**	**437,790**

A total of 1,461 thousand euros under the line "Cash in banks and savings banks" was restricted or pledged at 31 December 2024 (2023: 1,923 thousand euros).

15.10 Debt arrangement costs

In 2024 and 2023, the Group recognised in the consolidated statement income 5,627 thousand euros and 5,470 thousand euros, respectively, corresponding to arrangement costs paid during the year (Note 20.8).

15.11 Financing interest

The Group's average interest rate in 2024 was 1.42% (1.72% in 2023) or 1.78% including the accrual of fees (2.01% in 2023). The average interest rate of the Group's debt at 31 December 2024 (spot) is 1.70% (1.75% at 31 December 2023).

The amount of accrued interest pending payment recorded in the consolidated statement of financial position amounts to:

	Thousands of Euros	
	31 December 2024	31 December 2023
Obligations	26,464	27,046
Bank borrowings	635	1,914
Total	**27,099**	**28,960**

15.12 Capital management and risk management policy

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.

15.13 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 percentage of the Group's total debt was 100%.

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 Group analyses the exposure implied by at-risk accounts receivable on an ongoing basis, monitoring their settlements and recognising charges whenever its receivables are deemed impaired.

16 Derivative financial instruments

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

					(Thousands of Euros)	
	Company	Interest rate	Early settlement	Maturity	Nominal	Fair value - Assets / (Liabilities) (*)
Cash flow hedges-						
Swap	SFL	2,6250%	--	2027	100,000	(1,417)
Swap	SFL	2,4920%	--	2029	100,000	(1,566)
Swap	SFL	2,4240%	--	2029	100,000	(1,244)
Swap	SFL	2,4925%	--	2029	200,000	(3,137)
Cash flow hedges of planned future transactions-						
Swap	Colonial	2,2790%	2025	2030	747,500	(1,707)
Swap	Colonial	2,4500%	2027	2032	173,500	(255)
Swap	Colonial	2,4173%	2027	2032	173,300	(124)
Swap	Colonial	2,4820%	2028	2033	213,500	(393)
Swap	Colonial	2,4709%	2028	2033	213,350	(297)
Swap	Colonial	2,6400%	2028	2033	102,750	(801)
Swap	Colonial	2,4995%	2028	2033	101,470	(205)
Swap	SFL	2,3750%	2025	2030	100,000	(1,103)
Total at 31 December 2024					**2,325,370**	**(12,249)**

(*) Including accrued interest on cash flow hedges.

					(Thousands of Euros)	
	Company	Interest rate	Early settlement	Maturity	Nominal (Thousands of euros)	Fair value - Assets / (Liabilities)(*) (Thousands of Euros)
Cash flow hedges-						
Swap	Inmocol	0,8400%	--	2027	20,000	1,126
Swap	Inmocol	3,0273%	--	2027	4,200	(61)
Swap	SFL	2,6250%	--	2027	100,000	(810)
Swap	SFL	2,4920%	--	2029	100,000	(829)
Swap	SFL	2,4240%	--	2029	100,000	(451)
Swap	SFL	2,4925%	--	2029	200,000	(1,662)
Cash flow hedges of planned future transactions-						
Swap	Colonial	2,4550%	2024	2029	173,000	(1,730)
Swap	Colonial	2,4562%	2024	2029	165,700	(1,666)
Swap	Colonial	2,4535%	2024	2029	168,050	(1,671)
Swap	Colonial	2,2790%	2025	2030	747,500	(1,818)
Swap	Colonial	2,4500%	2027	2032	173,500	278
Swap	Colonial	2,4173%	2027	2032	173,300	408
Swap	Colonial	2,4820%	2028	2033	213,500	423
Swap	Colonial	2,4709%	2028	2033	213,350	522
Swap	Colonial	2,6400%	2028	2033	102,750	(235)
Swap	Colonial	2,4995%	2028	2033	101,470	327
Swap	SFL	2,3750%	2025	2030	100,000	(1,190)
Total at 31 December 2023					**2,856,320**	**(9,039)**

(*) Including accrued interest on cash flow hedges.

On 1 January 2024, the Parent ceased to exercise control over its subsidiary Inmocol Torre Europa, S.A., which is now accounted for by the equity method (Note 2.6), thus resulting in the exclusion from the scope of the swaps expiring in 2027 and with a nominal value of 24,200 thousand euros.

In 2024, three of the Parent's forward starting hedging instruments matured for a nominal amount of 173,000 thousand, 165,700 thousand and 168,050 thousand euros. The Parent applied hedge accounting to these instruments, the market value of which was recognised in equity and will be recycled to the consolidated income statement upon the next debt issuance.

At 31 December 2024 and 2023, a total of 8,399 thousand euros and 3,930 thousand euros of income was recognised under "Finance costs" in the consolidated income statement, respectively, for the recycling of cancelled forward starting hedges (see Note 20.8 "Finance costs and similar expenses"). Likewise, a total of 6,073 thousand euros of income in the form of interest on outstanding hedges was recognised under this heading in 2024 (see Note 20.8 "Results from derivative financial instruments"). (2023: 3,834 thousand euros plus 151 thousand euros of costs for cancellation and advice on hedging transactions).

16.1 Hedge accounting

At 31 December 2024 and 2023, the Parent and SFL applied hedge accounting to different derivative financial instruments.

At 31 December 2024, the cumulative impact recognised directly in equity in the consolidated statement of financial position due to hedge accounting amounted to a credit balance of 199,874 thousand euros, after recognition of the tax impact and consolidation adjustments. At 31 December 2023, the impact recorded amounted to a credit balance of 214,929 thousand euros (Note 14.4).

16.2 Fair value of derivative financial instruments

The fair value of the derivatives was calculated by discounting estimated future cash flows based on an interest rate curve and on assigned volatility at 31 December 2024, using the appropriate discount rates established by an independent expert.

Changes of +/- 25 basis points in the interest rate curve have an effect on the fair value of derivative financial instruments of 25,812 thousand euros and -26,338 thousand euros, respectively (2023: 32,096 thousand and -32,293 thousand euros, respectively).

17 Trade creditors and other non-current liabilities

The breakdown of these headings by nature and due dates of the consolidated financial statements is as follows:

		Thousands of Euros			
		31 December 2024		31 December 2023	
	Note	Current	Non-Current	Current	Non-current
Trade and other payables		89,185	--	45,470	--
Payables for real estate purchases		269	--	19,985	--
Advances	12	34,661	--	76,475	--
Guarantees and deposits received		--	82,863	4,200	82,003
Debts with Social Security		3,042	--	2,531	--
Advanced income		6,364	--	1,978	--
Other payables and liabilities		10,707	158	25,726	259
Total		**144,228**	**83,021**	**176,365**	**82,262**

17.1 Trade and other payables

This mainly collects the outstanding amounts for trade purchases made by the Group, and their related costs.

17.2 Payables for real estate purchases

Collects debts derived from acquisitions of shares and/or real estate. As at 31 December 2024 and 2023, the amount included in this item corresponds mainly to payments for refurbishment or renovation works on various properties in the development of SFL. The effect of updating deferred payments is not significant.

17.3 Customer advances

Non-current advances mainly includes amounts collected in advance from SFL's customers amounting to 29,538 thousand.

17.4 Guarantees and deposits received

This essentially collects the amounts delivered by the tenants as collateral.

17.5 Advanced income

This collects the amounts received by SFL as entry fees, which correspond to amounts billed by tenants to reserve a unique space, and which are recognised as income in a linear manner during the minimum duration of the corresponding lease.

17.6 Average payment period to suppliers and trade creditors

The information required by Law 18/2022, of 28 September, on the incorporation and growth of companies, and by the second final provision of Law 31/2014, of 3 December, which amends the Companies Act to improve corporate governance, and by the third additional provision of Law 15/2010, of 5 July, which amends Law 3/2004, of 29 December, which establishes measures to combat late payment in commercial transactions, is detailed below, all in accordance with the provisions of the Resolution of 29 January 2016 of the Spanish Institute of Chartered Accountants (ICAC) on the information to be included in the notes to the consolidated financial statements regarding the average payment terms to suppliers in commercial transactions of the various Spanish companies that make up the Group.

	2024	2023
	Days	Days
Average period of payment to suppliers	38	39
Ratio of transactions paid	38	40
Ratio of outstanding transactions	30	31
	Amount (in thousands of euros)	
Total payments made	122,012	188,646
Total number of invoices paid	19,983	20,523
Total outstanding payments	9,846	13,882
Total payments made within the maximum legal deadline	105,837	156,634
Total payments made within the maximum legal deadline over total payments made	86.74%	83.00%
Total invoices paid within the maximum legal deadline	19,128	19,746
Total invoices paid within the maximum legal deadline as a percentage of total invoices paid	95.72%	96.00%

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 certain items of the "Trade payables and other accounts payable" are included from the consolidated statement of financial position.

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, will be 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.

18 Provisions and contingent assets and liabilities

The movement of the headings of the consolidated statement of financial position "Current provisions" and "Non-current provisions" and their corresponding detail is as follows:

	Thousands of Euros	
	Non-current	Current
	Staff provisions	Provisions for risks and other provisions
Beginning balance	**1,355**	**3,537**
Provisions	977	2,514
Transfers	(823)	823
Ending balance	**1,509**	**6,874**

18.1 Long-term provisions

18.1.1 Personal provision –

Includes amounts corresponding to retirement indemnities and long-service bonuses for SFL employees (Note 4.11) amounting to 1,083 thousand euros at 31 December 2024 (997 thousand euros at 31 December 2023).

18.2 Current provisions

Current provisions include an estimate of various future risks of the parent company.

19 Tax situation

19.1 Option for SOCIMI and SIIC Tax Regime

On 30 June 2017, the parent company opted for the REIT tax regime (Note 1). Since 1 January 2003, SFL has been subject to the French tax regime applicable to listed real estate investment companies (hereinafter referred to as the SIIC regime).

19.2 Balances held with public administrations

Details of "Tax assets" and "Deferred and non-current tax assets" in the consolidated statement of financial position are as follows:

		Thousands of Euros			
		Current		Non-current	
	Note	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Public Treasury, debtor for tax concepts		5	3	--	--
Public Treasury, debtor for corporate taxes		7,836	10,641	--	--
Public Treasury, VAT debtor		13,796	8,890	--	--
Deferred tax assets	19.5	--	--	486	504
Total		**21,637**	**19,534**	**486**	**504**

Details of "Tax liabilities" and "Deferred and non-current tax liabilities" in the consolidated statement of financial position are as follows:

	Note	Thousands of Euros			
		Current		Non-current	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
Public Treasury, company tax credit		18,328	1,952	22,909	--
Public Treasury, creditor for tax concepts		3,254	2,835	--	--
Public Treasury, VAT creditor		3,243	4,432	--	--
Deferred tax liabilities	19.6	--	--	214,916	305,992
Total		**24,825**	**9,219**	**237,825**	**305,992**

The line "Iincome tax payable" includes the impact of the exit tax generated by opting to convert into the French REIT structure in relation to subsidiary company Pargal, of which 11,802 thousand euros is current and 22,909 thousand euros non-current, and which will be paid in 2026 and 2027.

19.3 Reconciliation of income tax results

Law 27/2014, of 27 November, on corporate tax, effective 1 January 2015, established in its article 29 that the general tax rate for taxpayers was 25 percent.

On 30 June 2017, the parent company opted for the SOCIMI tax regime, which was applicable with effect 1 January 2017 (Note 1). After the option for the REIT system, the results derived from the REIT activity are taxed at a rate of 0% as long as the requirements for this are met (Note 4.14-m).

The details of the "Income tax" heading of the consolidated income statement was as follows:

	Thousands of Euros	
	2024	2023
Income tax expense	(39,615)	227
Deferred tax revaluation assets at fair value (IAS 40)	75,080	38,281
Other non-main components	(462)	(830)
Company tax	**35,003**	**37,678**

19.4 Reconciliation between income tax expense and prima facie tax

	Thousands of Euros	
	2024	2023
Profit from continuing activities before tax	355,543	(1,215,255)
	355,543	(1,215,255)
Taxed at the Spanish tax rate of 25%	(88,474)	303,813
Tax effect of amounts that are not deductible (taxable) in the calculation of the tax benefit:		
IAS 40 application (revaluations and redemptions of depreciation)	115,305	(310,138)
Other adjustments	45,748	(2,796)
Subtotal	72,580	(9,121)
Difference in tax rates by REIT and SIIC regime	(44,267)	41,178
Difference in foreign tax rates	(1,546)	(633)
Adjustments to current tax for previous years	(30)	--
Unrecognised tax losses previously used to reduce deferred tax expense	1	773
Unrecognised tax losses previously recovered now to reduce current tax expense	51	(637)
Tax losses for the year not recognised in accounting	8,214	6,118
Income tax expense	**35,003**	**37,678**

19.5 Deferred tax assets

The detail of deferred tax assets registered by the Group is as follows:

		Thousands of Euros			
		Recognised in accounting			
	Note	31 December 2023	Inclusions	Write-offs	31 December 2024
Leases	7.2	474	12	--	486
Other		30	--	(30)	--
Total		**504**	**12**	**(30)**	**486**

19.5.1 Prior years' tax losses pending offset –

The tax loss carryforwards of Spanish companies accumulated at 31 December 2024 amount to 5,333,952 thousand euros.

19.5.2 Deferred assets for tax credits through deductions -

At 31 December 2024, the Group had no deductions yet to be used (2023: 1,858 thousand euros).

19.6 Deferred tax liabilities

The details of deferred tax liabilities along with their movements are detailed in the following tables:

	Thousands of Euros				
	31 December 2023	Additions	Derecognitions	Scope of consolidation changes (Note 2.6)	31 December 2024
Asset revaluation	301,201	(8,176)	(77,913)	(4,532)	210,580
Asset revaluation-Spain-	128,246	(1,695)	(8,675)	(4,532)	113,344
Asset revaluation-France-	172,955	(6,481)	(69,238)	--	97,236
Deferral for reinvestment	4,034	(172)	--	--	3,862
Hedge Instruments	283	(283)	--	--	--
Other	474	--	--	--	474
Total	**305,992**	**(8,631)**	**(77,913)**	**(4,532)**	**214,916**

19.6.1 Deferred liability for asset revaluation -

This corresponds, essentially, to the difference between the accounting cost of market-valued real estate investments (IFRS base) and their tax cost (valued at acquisition cost, net of amortisation and impairment of the value that would have been deductible).

Asset revaluation - Spain -

This includes the amount of deferred taxes associated with the Group's real estate investments located in Spain, which would be accrued if said assets are transmitted at the fair value to which they are registered, using the effective rate that would apply to each of companies taking into account the applicable regulations and the existence of unregistered tax credits.

Following the adoption of the SOCIMI tax regime in 2017, the changes in deferred taxes recognised at the effective rate relate mainly to deferred taxes to have accrued prior to the SOCIMI properties opting to convert to the SOCIMI tax regime. In the calculation of deferred tax liabilities, the Group considers the application of 30,997 thousand euros of deferred tax assets arising from tax loss carryforwards.

Asset revaluation - France -

Includes the amount of the deferred taxes associated with the Group's investment property located in France, which would accrue if those assets are sold. It should be recalled that almost all assets in France are subject to the SIIC regime (Note 4.14-m), so they will not generate additional tax at the time of transmission. Only the assets of the companies forming part of the Parholding subgroup fall outside of that tax regime at 31 December 2023. In 2024, subsidiary company Pargal opted to convert to the SIIC (French REIT) structure, which resulted in the derecognition of the existing deferred tax of 69,238 thousand euros.

19.7 Tax years pending verification and inspection actions

For the most part, the Group has the last four tax years open for inspection for all taxes applicable to it in Spain and France, except for corporate income tax of Spanish companies with negative tax bases to be offset or deductions pending application, in which case the verification period extends to 10 tax years.

On 2 November 2022, the Parent 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 October 2018-December 2021.

The tax settlements were signed in agreement between 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 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 Parent's consolidated income statement.

It is not expected that additional liabilities will be accrued for the Group as a result of a possible inspection.

19.8 Disclosure requirements relating to REIT status, Law 11/2009, as amended by Law 16/2012

The information requirements relating to the REIT status of the Parent and its subsidiaries are included in the corresponding notes to the individual financial statements.

19.9 Adherence to the code of good tax practices –

On 10 December 2015, the Board of Directors of the Parent agreed to adhere to the Code of Best Tax Practices ("CBPT" hereinafter). This agreement was communicated to management on 8 January 2016. During 2024, the Parent presented the Annual Tax Transparency Report for companies adhering to the CGTP for 2023, following the proposal for the reinforcement of good corporate tax transparency practices for companies adhering to the CGTP, approved at the plenary session of 20 December 2016.

20 Income and expense

20.1 Revenue

The net amount of turnover corresponds to the ordinary income from contracts with clients for rents derived from the Group's equity activity, which basically focuses on the markets of Barcelona, Madrid and Paris. The net amount of turnover and its distribution by segments is included in the following table:

	Thousands of Euros	
	2024	2023
Barcelona	43,754	42,729
Madrid	84,965	92,363
Paris	248,829	234,420
Total assets (traditional business)	**377,548**	**369,512**
Total flexible business	**18,029**	**17,770**
Revenue	**395,577**	**387,282**

The income for 2024 and 2023 include the effect of rental incentives throughout the minimum duration of the contract (Note 4.15). Revenue also includes the accrued amounts received in connection to rights of entry (Note 17.5). At 31 December 2024, the impact of the above accruals led to an increase in turnover of 30,533 thousand euros (46,098 thousand euros for 2023).

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

	Thousands of Euros	
	Nominal Value (*)	
	31 December 2024	31 December 2023
Less than one year	*350,266*	*303,935*
Spain	144,424	128,086
France	205,842	175,849
Between one and five years	*968,303*	*944,304*
Spain	262,504	240,336
France	705,799	703,968
More than five years	*618,616*	*667,875*
Spain	42,827	31,212
France	575,789	636,663
Total	**1,937,185**	**1,916,114**
Spain	*449,755*	*399,634*
France	*1,487,430*	*1,516,480*

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

20.2 Other operating income

They correspond, fundamentally, to the provision of real estate services. and amounted to 8,236 thousand euros and 12,400 thousand euros at 31 December 2024 and 2023, respectively.

20.3 Personnel expenses

The "Staff costs" heading in the consolidated income statement is as follows:

	Thousands of Euros	
	2024	2023
Wages and salaries	20,643	19,543
Compensation	2,868	327
Social Security expenses borne by the Company	6,330	5,952
Other welfare expenses	10,546	6,506
Contributions to defined benefit plans	222	183
Internal reallocation	(1,320)	(1,413)
Total Employee costs	**39,289**	**31,098**
Spain	*19,214*	*15,584*
France	*20,075*	*15,514*

The item "Other employee benefit expenses" includes the amounts corresponding to the costs accrued in 2024 arising from the cost of the Parent Company's long-term remuneration plan (Note 21.1) and the SFL stock option plan (Note 21.2), for a combined amount of 7,118 thousand euros (4,739 thousand euros in the year 2023).

Contributions to defined benefit plans made by the Parent in 2024 and 2023 amount to 222 thousand euros and 183 thousand euros, respectively. At the end of both years, there were no outstanding amounts to contribute to the aforementioned pension plan.

The number of people employed by the Group, as well as the average number of employees during the year distributed by category and gender, are as follows:

	No. employees				Average headcount, 2024		Average headcount, 2023	
	2024		2023					
	Men	Women	Men	Women	Men	Women	Men	Women
General and Area Management	10	6	11	7	11	7	11	7
Qualified technicians and middle managers	38	46	43	50	40	49	38	45
Office clerks	39	84	36	90	38	85	39	97
Other	3	--	4	--	3	--	4	1
Total employees by gender	**90**	**136**	**91**	**147**	**92**	**141**	**92**	**150**
Total Group employees	**226**		**241**		**233**		**242**	

Of the total number of employees of the Group, the number of employees with a disability of 33% or more as at 31 December 2024 is 3 (2023: 3 people).

20.4 Other operating expenses

The "Other operating expenses" heading of the consolidated income statement is as follows:

	Thousands of Euros	
	2024	2023
External services and other expenses	40,910	24,189
Taxes	12,340	31,785
Total Other operating expenses	**53,250**	**55,974**

20.4.1 Net change in provisions

The movement in the year in the operating provisions included in external services and other expenses is as follows:

	Thousands of Euros	
	2024	2023
Net provision for insolvencies and other provisions	(3,382)	1,644
Other allocations/(reversals) of provisions	4,211	3,683
Total Net variation of provisions	**829**	**5,327**

20.5 Net gain/(loss) on sales of assets

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

	Thousands of Euros					
	Spain		France		Total	
	2024	2023	2024	2023	2024	2023
Sale price	188,247	445,363	--	58,296	188,247	503,659
Asset derecognition (Notes 9 and 24)	(165,098)	(429,680)	--	(58,033)	(165,098)	(487,713)
Write-off of waiting periods	--	(251)	--	--	--	(251)
Indirect and other costs	(8,086)	(11,732)	--	(421)	(8,086)	(12,153)
Net gain/(loss) on sales of assets	**15,063**	**3,700**	**--**	**(158)**	**15,063**	**3,542**

20.6 Gains/(losses) on changes in value of assets due to impairment

The following table breaks down the impairment shown under the heading "Gains/(losses) on changes in value of assets due to impairment" in the consolidated income statement:

	Note	Thousands of Euros 2024	2023
Impairment / (Reversal) of property for own use	8	(119)	703
Substitute write-offs		(1,224)	(995)
Right-of-use assets		--	(591)
Impairment charges and net gains/(losses) on assets		**(1,343)**	**(883)**

20.7 Changes in value of investment properties

The balance shown in the "Changes in value in real estate investments" heading of the consolidated income statement breaks down as follows:

	Note	Thousands of euros 2024	2023
Investment property	9	106,106	(1,413,381)
Assets classified as held for sale – Investment property	24	(3,707)	(12,439)
Changes in value of investment property		**102,399**	**(1,425,820)**
Spain		(2,135)	(465,543)
France		104,534	(960,277)

20.8 Income and finance costs

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

	Note	Thousands of Euros 2024	2023
Finance income:			
Other interests and similar income		24,183	5,922
Financial income for updating		1,382	--
Total Financial Income		**25,565**	**5,922**
Finance costs:			
Finance costs and similar expenses		(105,908)	(106,574)
Capitalised financial costs		4,910	9,224
Finance costs for updating	7	(789)	(1,139)
Finance costs associated with debt cancellation and restructuring		(4,635)	(1,522)
Finance costs associated with arrangement costs	15.10	(5,627)	(5,470)
Gains/(losses) on derivative financial instruments	16	6,073	3,683
Total Finance Costs		**(105,976)**	**(101,798)**
Impairment of financial assets		(247)	--
Total Financial Result (Loss)		**(80,658)**	**(95,876)**

20.8.1 Capitalised interest costs

The following table shows finance costs capitalised as a higher cost of investment property, inventories and assets classified as held for sale:

	Thousands of euros			
	Investment property (Note 9)	Inventories (Note 12)	Assets classified as held for sale (Note 24)	Average interest rate
FY 2024				
Inmobiliaria Colonial, SOCIMI, S.A.	2,429	--	752	1.13%
Peñalvento, S.L	--	30	--	1.13%
SFL Subgroup	1,699	--	--	2.06%
Total 2024	**4,128**	**30**	**752**	
FY 2023				
Inmobiliaria Colonial, SOCIMI, S.A.	5,665	--	--	1.84%
Inmocol Torre Europa, S.A.	298	--	--	1.77%
Peñalvento, S.L	--	382	--	1.84%
SFL Subgroup	2,879	--	--	1.84%
Total 2023	**8,842**	**382**	**--**	

20.9 Transactions with related parties

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.

As a result of the restrictions provided for in French legislation in relation to the obligation to hold shares received under SFL stock option plans for a certain period of time, Juan José Brugera Clavero was unable to take part in the tender offer for SFL shares made by Colonial in 2021. In 2023, Juan José Brugera exchanged 14,550 SFL shares for 75,284 shares of the Parent plus 679 thousand euros in cash, applying the same conditions as those agreed for the public tender offer.

In 2024 and 2023, there were no significant additional transactions with related parties other than those disclosed in Note 22.

20.10 Result by company

The contribution of each company included in the scope of consolidation to the consolidated results for the year was as follows:

	Thousands of Euros					
	Net consolidated income		Net result attributed to non-controlling interests		Net profit for the year attributable to the Parent	
	2024	2023	2024	2023	2024	2023
Inmobiliaria Colonial, SOCIMI, S.A.	89,651	(396,266)	--	--	89,651	(396,266)
SFL Subgroup	286,470	(786,871)	(83,151)	158,550	203,319	(628,321)
Inmocol Torre Europa, S.A.	1,649	(108)	--	54	1,649	(54)
Peñalvento, S.L.U.	111	(662)	--	--	111	(662)
Colonial Tramit, S.LU	1	(2)	--	--	1	(2)
Utopicus Innovación Cultural, S.L.	7,565	7,088	--	--	7,565	7,088
Wittywood, S.L.	129	(751)	--	--	129	(751)
Inmocol One, S.A.U.	--	(2)	--	--	--	(2)
Inmocol Two, S.L.U.	--	(2)	--	--	--	(2)
Colonial Lab, S.L.U.	(258)	(1)	--	--	(258)	(1)
Colonial Living, S.L.U.	5,228	--	--	--	5,228	--
Total	**390,546**	**(1,177,577)**	**(83,151)**	**158,604**	**307,395**	**(1,018,973)**

21 Stock option plans

21.1 Long-term remuneration plan of the Parent

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

The Plan 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 relates to the three-year period running from 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 Parent's board of directors and 340,392 shares for the chief executive officer of Colonial.

On 13 June 2024, shareholders at the Annual General Meeting approved a new long-term incentive plan consisting of the delivery of shares in the Parent, aimed at executives, including the Parent'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 Parent's shares under the second cycle of the Plan will take place in 2025, once the audited financial statements for 2024 have been drawn up. The specific date for delivery of the shares will be determined by the Board of Directors.

In 2024, an expense of 3,226 thousand euros (an expense of 984 thousand euros in 2023) has been recorded under the heading "Staff costs" in the consolidated income statement (Note 20.3).

21.2 SFL stock option plans

The subsidiary SFL maintains a free share allocation plan at 31 December 2024, whose details are as follows:

	Plan 6	Plan 6	Plan 7	Plan 8
Meeting date	15.04,2021	15.04,2021	15.04,2021	15.04,2021
Board of Directors Date	18.02,2022	14.02,2023	14.02,2023	14.02,2024
Initial target number	30,624	4,980	22,500	31,507
% initially expected	100%	100%	100%	100%
Number initially expected	30,624	4,980	22,500	31,507
Value per share (euros)	73.37	72.91	72.91	40.24
Options cancelled / outflows	(1,012)	(1,040)	--	(2,321)
% expected at closing	200%	100%	100%	100%
Shares acquired	**56**	**56**	**--**	**--**
Estimated number at closing	**59,280**	**3,996**	**22,500**	**29,186**

Each share allocation plan has been calculated based on the expected number of shares multiplied by the unit fair value of those shares. This expected number of shares corresponds to the total number of shares multiplied by the expected purchase attribution percentage. The resulting amount is allocated linearly during the allocation period.

The fair value of the attributed shares is determined by the price at the date of attribution, corrected by the updated value of future dividends paid during the acquisition period, applying the Capital Asset Pricing Model (CAPM) method.

At 31 December 2024, the expected percentage at year-end for the 2022 plan was 200%, while for the 2023 and 2024 plan it was 100%.

During the first half of 2024, a total of 65,128 free shares from Plan number 5 of 2021 were delivered.

At 31 December 2024 and 2023, a total of 3,892 thousand euros and 3,755 thousand euros were recognised in the consolidated income statement in connection with these bonus share plans (Note 22.3).

22 Transactions and balances with related parties

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.

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

At 31 December 2024 and 2023, the Group did not have any balances outstanding with related parties, with the exception of those disclosed below.

Related-party transactions

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.

Lastly, subsidiary company Inmocol Torre Europa, S.A. accrued income from leases with two companies owned by Puig for a total of 2,319 thousand euros.

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

Balances with related parties

At 31 December 2024, the Parent 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 a company in which Criteria holds a stake, said balance arising from a property purchase and sale transaction entered into in 2023.

At 31 Decembert 2024, consolidated company Inmocol Torre Europa, S.A. held current receivables and guarantees received from certain Puig investees amounting to 22 thousand and 409 thousand euros, respectively (2023: 498 thousand euros).

23 Director and senior management compensation and other benefits

23.1 Composition of the Parent's Board of Directors

At 31 December 2024, the Parent's Board of Directors consisted of seven men and six women (2023: eight men and five women).

At 31 December 2024, the composition of the Parent's Board of Directors was as follows:

	Position	Director type
Juan José Brugera Clavero	Chair	Other external
Pedro Viñolas Serra	Vice-chair	Chair
. 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

At the extraordinary General Meeting of Shareholders held on 12 June 2024, the following individuals were appointed as proprietary directors of the Parent: 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.

Pursuant to Article 229 of the Spanish Limited Liability Companies Law, at the close of 2024, the Parent's directors reported that neither they, nor any parties related to them, had any direct or indirect conflict with the interests of the Parent.

23.2 Remuneration of Board members

The breakdown of remuneration received in 2024 and 2023 by the members of the Parent's Board of Directors, by item, is as follows:

	Thousands of Euros					
	31 December 2024			31 December 2023		
	Parent	Other group companies	Total	Parent	Other Group companies	Total
Remuneration accrued by executive directors (*):	**1,670**	**--**	**1,670**	**1,566**	**--**	**1,566**
Non-executive directors per diems:	**1,151**	**15**	**1,166**	**1,030**	**12**	**1,042**
Fixed remuneration for non-executive directors:	**1,363**	**20**	**1,383**	**1,337**	**20**	**1,357**
Remuneration – Directors	1,102	20	1,122	1,055	20	1,075
Additional remuneration – Audit and Control Committee	134	--	134	137	--	137
Additional remuneration – Nomination and Remuneration Committee	127	--	127	145	--	145
Remuneration executive directors (*):	**--**	**--**	**--**	**--**	**--**	**--**
Total	**4,184**	**35**	**4,219**	**3,933**	**32**	**3,965**

Amount of remuneration earned by the executive directors (*):	1,670	--	1,670	1,566	--	1,566

(*) The amount corresponding to the accrued expense associated with the long-term incentive plan described in Note 21 is not included.

At 31 December 2024 and 2023, the Parent had a civil liability insurance policy covering all of its directors, members of Senior Managment and staff, with a premium amounting to 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 Annual General Meeting held on 28 June 2016 approved granting the executive directors a defined contribution scheme that covers retirement contingencies and, where appropriate, disability and death. At 31 December 2024 and 2023, the Parent recognised 120 and 112 thousand euros, respectively, in this connection under “Staff costs” in the consolidated statement of income.

On 21 March 2023, following a resolution of the Board of Directors of the Parent, 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 tax obligations of the payment on account. 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 Group has not been awarded loans or taken out pension plans or life insurance for the previous and current members of the Board of Directors of the parent company.

At 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.

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

23.3 Remuneration payable to Senior Management

The Parent'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 persons other than the Chief Executive Officer who, reporting directly to the Chief Executive Officer, are responsible for the running of 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 (2,331 thousand euros in 2023).

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 Parent recognised 73 and 71 thousand euros, respectively, in this connection under "Staff costs" in the consolidated statement of income.

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

24 Assets classified as held for sale

24.1 Assets classified as held for sale

The movements in this section of the statement of financial position have been the following:

		Thousands of Euros	
		Investment property	
	Note	31 December 2024	31 December 2023
Beginning balance		**122,173**	**466,480**
Additions for subsequent capitalised disbursements		7,029	1,061
Transfers	9 and 13.3	56,263	121,125
Sale or disposal by other means	20.5	(165,098)	(454,054)
Net gain/(loss) from fair value adjustments	20.7	(3,707)	(12,439)
Ending balance		**16,660**	**122,173**

24.1.1 Movements in 2024 –

Additions for subsequent capitalised disbursements relate to investments made in a real estate asset currently under development, amounting to 7,029 thousand euros, including 752 thousand euros of capitalised financial expenses (Note 20.8.1).

In 2024, two properties located in Madrid were sold, one floor of the building at Recoletos, 27 and business premises in Palma de Mallorca, both owned by the Parent, in exchange for a total of 188,247 thousand euros. The Group recorded a gain of 13,835 thousand euros in the consolidated income statement, including indirect costs of sale (Note 20.5).

In 2024, the Group transferred two assets and one business premises from the "Investment property" heading of the consolidated statement of financial position in the amount of 56,263 thousand euros (Note 9).

24.1.2 Movements in 2023 -

In 2023, a property in Paris owned by SFL and six properties (five in Madrid and one in Almería) owned by the Parent were sold for a total amount of 464,786 thousand euros. The Group recognised a loss of 116 thousand euros in the consolidated income statement, including indirect costs of sale (Note 20.5).

In 2023, the Group transferred two assets and one plant from the consolidated statement of financial position heading "Investment property", in the amount of 173,544 thousand euros, one asset to the consolidated statement of financial position heading "Investment property", in the amount of 53,056 thousand euros, as well as 637 thousand euros from "Trade and other receivables" in relation to the accrual of lease incentives.

24.1.3 Changes in the value of investment property classified as held for sale -

The "Changes in value of investment property" heading in the consolidated income statement includes the revaluation results of assets classified as held for sale according to independent expert valuations (Note 4.4), as well as additional information available at year-end.

25 Remuneration to auditors

Fees incurred for auditing services in 2024 and 2023 provided to the various companies composing the Group by the principal auditor and other auditors are set forth below:

	Thousands of Euros					
	2024			2023		
	Main auditor	Other companies in the PwC network	Other auditors	Main auditor	Other companies in the PwC network	Other auditors
Audit services	410	394	375	384	369	325
Other verification services	67	25	29	61	--	4
Total audit and related services	**477**	**419**	**404**	**445**	**369**	**329**
Tax advisory services	--	--	120	--	--	29
Other services	118	45	23	106	30	222
Total other professional services	**118**	**45**	**143**	**106**	**30**	**251**
Total services	**595**	**464**	**547**	**551**	**399**	**580**

The principal auditor of the Group for 2024 and 2023 is PricewaterhouseCoopers Auditores, S.L.

The heading "Other assurance services", amounting to 67 thousand euros, relates to services provided to the Group by its principal auditor in the form of limited reviews, the issuance of comfort letters, and agreed-upon procedures reports on ratios linked to financing contracts. Companies belonging to the PwC network also provided other assurance services to the Group during the period, for a total amount of 25 thousand euros, corresponding to the issuance of one comfort letter (61 thousand euros in 2023).

As at 31 December 2024, the principal auditor’s fees for non-audit services rendered to the Group amounted to 118 thousand euros and related to the review of ESG indicators contained in the integrated Annual Report, as well as 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 the pro-forma financial information).

In addition, companies belonging to the PwC network provided other professional services to the Group for a total amount of 45 thousand euros corresponding to reviews of English translations of corporate information (30 thousand euros at 31 December 2023).

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

26 Events after the reporting date

From 31 December 2024 to the date on which these consolidated financial statements were authorised for issue, no significant events took place with the exception of:

- In January 2025, the Parent issued a total of 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.

Appendix

Companies included in the scope of consolidation-

At 31 December 2024 and 2023, the fully consolidated subsidiaries and the information thereon were as follows:

<u>*Spanish subsidiaries*</u>

	% shareholding				Shareholder	Activity
	Direct		Indirect			
	2024	2023	2024	2023		
Colonial Tramit, S.L.U. Avda. Diagonal 532 08006 Barcelona (Spain)	100%	100%	-	-	Parent	Inmobiliaria
Inmocol Torre Europa, S.A. (*) Avda. Diagonal 532 08006 Barcelona (Spain)	--	50%	-	-	Parent	Inmobiliaria
Wittywood, S.L. Avda. Diagonal 532 08006 Barcelona (Spain)	100%	100%	-	-	Parent	Inmobiliaria
Inmocol One, S.A.U. Pº de la Castellana, 52 28046 Madrid (Spain)	100%	100%	-	-	Parent	Inmobiliaria
Inmocol Two, S.L.U. Pº de la Castellana, 52 28046 Madrid (Spain)	100%	100%	-	-	Parent	Inmobiliaria
Colonial LAB, S.L.U. Pº de la Castellana, 52 28046 Madrid (Spain)	100%	100%	-	-	Parent	Inmobiliaria
Peñalvento, S.L.U. Pº de la Castellana, 52 28046 Madrid (Spain)	-	100%	-	-	Parent	Inmobiliaria
Colonial Living, S.L.U. Pº de la Castellana, 52 28046 Madrid (Spain)	100%	-	-	-	Parent	Inmobiliaria
Utopicus Innovación Cultural, S.L. (*) Príncipe de Vergara, 112 28002 Madrid (Spain)	100%	100%	-	-	Parent	Coworking

* Company audited in 2024 by PricewaterhouseCoopers.

French subsidiaries

	% shareholding				Shareholder	Activity
	Direct		Indirect			
	2024	2023	2024	2023		
SA Société Foncière Lyonnaise (SFL) 42, rue Washington 75008 Paris (France)	98.24%	98.38%	-	-	Parent	Inmobiliaria
SNC Condorcet Holding (**) 42, rue Washington 75008 Paris (France)	-	-	100%	100%	SFL	Inmobiliaria
SNC Condorcet Propco (**) 42, rue Washington 75008 Paris (France)	-	-	100%	100%	SNC Condorcet Holding	Inmobiliaria
SCI Washington (*) 42, rue Washington 75008 Paris (France)	-	-	100%	100%	SFL	Inmobiliaria
SCI 103 Grenelle (*) 42, rue Washington 75008 Paris (France)	-	-	51%	51%	SFL	Inmobiliaria
SCI Paul Cézanne (*) 42, rue Washington 75008 Paris (France)	-	-	51%	51%	SFL	Inmobiliaria
SA Segpim (*) 42, rue Washington 75008 Paris (France)	-	-	100%	100%	SFL	Marketing of real estate and provision of services
SAS Locaparis (*) 42, rue Washington 75008 Paris (France)	-	-	100%	100%	Segpim	Marketing of real estate and provision of services
SAS Maud (*) 42, rue Washington 75008 Paris (France)	-	-	100%	100%	SFL	Inmobiliaria
SAS SB2 (*) 42, rue Washington 75008 Paris (France)	-	-	100%	100%	SFL	Inmobiliaria
SAS SB3 (*) 42, rue Washington 75008 Paris (France)	-	-	100%	100%	SFL	Inmobiliaria
SCI SB3 42, rue Washington 75008 Paris (France)	-	-	100%	100%	SFL	Inmobiliaria
SAS Parholding (*) 42, rue Washington 75008 Paris (France)	-	-	-	Merged	SFL	Inmobiliaria
SAS 92 Champs-Elysées (**) 42, rue Washington 75008 Paris (France)	-	-	51%	51%	SFL	Inmobiliaria
SAS Cloud (**) 42, rue Washington 75008 Paris (France)	-	-	51%	51%	SFL	Inmobiliaria
SCI Pasteur 123 (**) 42, rue Washington 75008 Paris (France)	-	-	100%	100%	SFL	Inmobiliaria
SAS Parchamps (*) 42, rue Washington 75008 Paris (France)	-	-	100%	100%	SFL	Inmobiliaria
SAS Pargal (*) 42, rue Washington 75008 Paris (France)	-	-	100%	100%	SFL	Inmobiliaria
SAS Parhaus (*) 42, rue Washington 75008 Paris (France)	-	-	100%	100%	SFL	Inmobiliaria

* Company audited in 2023 by PricewaterhouseCoopers.

** Company audited in 2023 by Deloitte & Associés.

Spanish associate companies

	% shareholding				Shareholder	Activity
	Direct		Indirect			
	2024	2023	2024	2023		
Inmocol Torre Europa, S.A. (*) Avda. Diagonal 532 08006 Barcelona (Spain)	50%	-	-	-	Parent	Inmobiliaria

* Company audited in 2024 by PricewaterhouseCoopers.

At 31 December 2024 and 2023, the Group companies were audited by PricewaterhouseCoopers Auditores, S.L., except the SFL Group, which was jointly audited by Deloitte and PricewaterhouseCoopers.

Inmobiliaria Colonial, SOCIMI, S.A.
and subsidiaries

Consolidated management report for the year ended 31 December 2024

1. Group situation

Rental market outlook

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.

Paris

Take-up in Paris reached 1,737,770 sqm, in 2024. The CBD and City Centre represented approximately 48% of the demand, reaching 832,000 sqm. The vacancy rate in the CBD stood at 4.3%, with Grade A asset availability at 1.0%. Prime rents for the best buildings in the CBD continue at €1,200/sqm/year (€1,070€/sqm/year at Dec23).

The investment volume in the Paris office market reached €3,387m in 2024. Prime yields stood at 4.2% and the capital value amounted to €28,571/sqm.

Organisational structure and functioning

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

The company has a stock market capitalisation of approximately 3,500 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 Parent'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 Group's main asset. At year end 2024, the Colonial Group team comprised a total of 226 employees, divided into 4 categories.

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

	No. employees				Average headcount, 2024		Average headcount, 2023	
	2024		2023					
	Men	Women	Men	Women	Men	Women	Men	Women
General and Area Management	10	6	11	7	11	7	11	7
Qualified technicians and middle managers	38	46	43	50	40	49	38	45
Office clerks	39	84	36	90	38	85	39	97
Other	3	--	4	--	3	--	4	1
Total employees by gender	**90**	**136**	**91**	**147**	**92**	**141**	**92**	**150**
Total Group employees	**226**		**241**		**233**		**242**	

Of the total number of employees of the Group, the number of employees with a disability of 33% or more as at 31 December 2024 is 3 (2023: 3 people).

2. Business performance and results

Introduction

At 31 December 2024, the Group's revenue totalled 396 million euros, of which 391 million euros relate to the recurring lease business.

According to the independent appraisals carried out by CB Richard Ellis Valuation and Cushman & Wakefield in Spain and CB Richard Ellis Valuation and BNP Paribas in France, at year-end the investment property and assets classified as held for sale were revalued at 102 million euros.

Net financial profit was (80) million euros.

Profit/(loss) before tax and non-controlling interests at the end of 2024 amounted to 356 million euros.

Lastly, after subtracting profit attributable to non-controlling interests -83 million euros, and income tax of 35 million euros, the profit after tax attributable to the Group amounted to 307 million euros.

Annual Results 2024

1. The Colonial Group registered a Net Profit of €307m 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

- Analytical rental income (Gross Rental Income) of 391 million euros, +6% like for like compared to previous year
- Recurring net income (EPRA Net Profit) of 193 million euros, +12% compared to the previous year
- Recurring net income (EPRA EPS) per share of €0.33, up 3% on the previous year

The significant increase in the recurring results (EPRA Net Profit) is based on the solid growth in rental income (revenues) 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 additional revenues.

Moreove, the successful delivery of projects and refurbishments in France, including the Louvre Saint-Honoré asset leased to Cartier & Compagnie and the Galeries des Champs-Elysées asset leased to Adidas, generated significant additional revenues.

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

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

2. Analytical rental income (Gross Rental Income) & EBITDA high growth rents

Revenue growth: Polarisation & Pan-European Prime Positioning

Colonial closes 2024 with analytical rental income (Gross Rental Income) of 391 million euros and net rental income (EBITDA rents) of 368 million euros.

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.

i. Net rental income (Gross Rental) 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.

ii. In the Madrid portfolio, revenues (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 revenues (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.

iii. In the Barcelona portfolio, net rental income (Gross Rental Income) 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 increase in analytical revenues of 14 million euros 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.

i. Pricing Power: Growth in signed rents + capturing of indexation – a +6% contribution to total growth
The Core portfolio delivered +€22m 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.

ii. Project deliveries and the renovation program, as well as the acquisitions carried out in 2024, contributed +€17m 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. Return to growth in asset values

The Gross Asset Value (GAV) of the Colonial Group's at the close of 2024 is 11,646 million euros (12,276 million euros including "transfer costs"), an increase of 2.7% compared 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 €6,036m, with an increase of more than €664m 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 across all segments

a) 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 euros 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 Spanish asset portfolio, the Madrid and Barcelona portfolios captured 4% growth above and beyond market rents.

b) Sound 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 portfolio and renovations – Driving future growth

a) Delivery of the Madnum Project 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.

b) Project X – Launch of new project pipeline

Within the framework of the Alpha X Project, the Colonial Group has launched a new pipeline of projects with a CapEx investment of 380 million euros and an unleveraged IRR of over 9%, transforming more than 110,000m^2 of assets in Paris, Madrid and Barcelona, generating additional annual rents of 64 million euros.

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

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:

i) Scope: Business campus of 22,000 sqm in the centre of Paris

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

iii) Santa Hortensia: A Mixed-use urban complex of 47,000 sqm in the centre of Madrid

iv) Sancho de Ávila: A project of 18,000 sqm in the centre of the 22@ district in Barcelona.

c) Ongoing Renovation program

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 euros.

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 and capital structure

a) Disposal Program with a premium over last appraisal

In 2024, the Colonial Group closed disposals for 201 million euros[1] with a premium of +11% over the last valuation, 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.

[1] Of the total sales, two floors of the Recoletos, 27 building had been sold by the end of 2023. The remainder was sold in 2024.

b) 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 of euros was carried out in July, and it was structured through a non-cash contribution of 272 million of euros in real estate assets, as well as 350 million of euros 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:

i) Accelerating the launch of a new prime project portfolio of 110,000 sqm, with an investment of 380 million euros and IRRs exceeding 9%.
ii) Strengthening the capital structure of the group and imporving its financial flexibility for new acquisitions within the recovery framework of the European real estate cycle.
    (1) Incorporating a well-known prestigious with a long-term view to strengthen the strategic growth of the Colonial Group in the coming years.

a) 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 of euros. The liquidity of the Colonial Group increased by 210 million of euros, amounting to 3,113 million of euros 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 of euros (amounting to 4,465 million of euros). 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 of euros 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.

3. Liquidity and capital resources

See "Capital management and risk management policy" under Note 15.12 to the Consolidated statement of financial position for the year ended 31 December 2024.

The Average Payment Period (APP) of the Group's Spanish companies to their suppliers for 2024 was 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 Group has set two payment days per month to comply with the requirements established under 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.

4. 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 Parent 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 the Colonial Group'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 Group, and evaluates them in terms of impact and probability of occurrence. This map is reviewed and updated periodically every year, with the aim of having an integrated and dynamic risk management tool, which evolves with changes in the environment in which the company operates and changes in the organisation itself.

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

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

- Submit a report on risk policy and risk management to the Board for approval.
- 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 Group is exposed based on their origin:

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

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

- Economic risks arising from the geopolitical and macroeconomic climate in the countries in which it operates and changes in investors' own expectations and capital markets.

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

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

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

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

Last year saw 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 the Colonial Group, 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 Colonial Group 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 Group.

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 Group's value.

5. Events after the reporting period

From 31 December 2024 through to the date on which these consolidated financial statements were authorised for issue, no significant events took place with the exception of:

- In January 2025, the Parent issued a total of 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.

6. Future outlook

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.

7. Research and development activities

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

8. Treasury Shares

At 31 December 2024, the Parent holds 9,376,122 treasury shares with a par value of 23,440 thousand euros, representing 1.49% of the Parent Company's share capital.

9. Other significant information

On 10 December 2015, the Board of Directors of the Parent agreed to adhere to the Code of Best Tax Practices (CBTP). This resolution was communicated to tax authorities on 8 January 2016. In 2024, the Parent 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.

10. Annual Corporate Governance Report and Annual Report on Remuneration of Directors of Listed Public Limited Companies

Pursuant to the provisions of article 538 of the Capital Companies Act, it is hereby stated for the record that the annual corporate governance report and the annual report on the remuneration of directors of listed companies for the 2024 financial year are included in this directors' report in their corresponding dedicated section.

Alternative Performance Measures (European Securities and Markets Authority)

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

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

Alternative Performance Measure.	**Form of calculation**	**Definition/Relevance**
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 *"Promissory notes"* 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.
***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* rent or analytical 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.

Alternative Performance Measure.	Form of calculation	Definition/Relevance
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 the sum of: "Results of entities accounted for by the equity method" and *"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.
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.

Alternative Performance Measure.	**Form of calculation**	**Definition/Relevance**
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.

In 2024, the LTV Holding and LTV Colonial Alternative Performance Measure was no longer calculated, as it is no longer considered a relevant measure for analysing the Group's financial position.

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	4,201	4,127
France	8,075	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	7,571	7,332

Like-for-like Appraisal

Like-for-like Valuation	Millions of euros	
	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)

EPRA NTA (EPRA Net Tangible Assets)	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 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 NDV (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	
	31/12/2024	31/12/2023
Gross Financial Debt (Note 15)	5,008	5,302
Commitments of deferrals for transactions selling real estate assets	--	--
Minus: "Cash and cash equivalents" (Note 15.9)	(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 the subsidiary Inmocol Torre Europa, S.A., which is now accounted for by the equity method, and includes the Parent's stake in this company valued at EPRA NDV.

Like-for-like Rentals

Like-for-like rent or analytical rental income	Millions of euros			
	Barcelona	**Madrid**	**Paris**	**Total**
Analytical rental income 2023	**46**	**96**	**234**	**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)
Analytical 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 gain/(loss) on sales of assets*"	(15)	(4)
Adjustments: "*Net change in provisions*" (Note 20.4.1)	1	5
Adjustments: "*Reversal of provisions for early retirements*"	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" (Note 7.5)*	(2)	(3)
Adjustments: "*Financial profit arising from the recognition in line with the IFRS 16 Finance lease standard (Note 7.5)*"	(1)	(1)
Analytical EBITDA	**322**	**315**

EBITDA from rents

EBITDA from rents	Millions of euros	
	2024	2023
Net turnover amount	396	387
Adjustments: "*Flexible business income*" (Note 6)	(18)	(18)
Adjustments: "*Revenue eliminated on consolidation associated with the flexible business*" (Note 6)	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*" (Note 20.4.1)	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: "*Revenue 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*" (Note 6)	(10)	(9)
Adjustments: ""*Depreciation and amortisation arising from the recognition in line with the IFRS 16 Finance lease standard" (Note 7.5)*	(2)	(3)
Adjustments: "*Financial profit arising from the recognition in line with the IFRS 16 Finance lease standard*" (Note 7.5)	(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 income*"	4	2
Adjustments: "*Personnel expenses and Other extraordinary operating expenses not associated with the flexible business*"	6	1
Adjustments: "*Net change in provisions*" (Note 20.4.1)	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 not 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*" (Note 20.4.1)	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*" (Note 7.5)	2	3
Adjustments: "*Net change in provisions*" (Note 20.4.1)	(1)	(5)
Adjustments: "*Reversal of provisions for early retirements*"	(5)	--
Analytical depreciation and provisions	**(13)**	**(12)**

Recurrent analytical and analytical financial result

Analytical financial result	Millions of euros	
	2024	2023
Finance income	26	6
Finance costs	(106)	(102)
Impairment of financial assets	0	--
Adjustments: "*Financial profit arising from the recognition in line with the IFRS 16 Finance lease standard*" (Note 7.5)	1	1
Analytical financial result	**(80)**	**(95)**
Adjustments: "Extraordinary financial income and expenses"	**2**	**2**
Recurrent analytical financial result	**(77)**	**(93)**

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	539.6
Recurring Net Profit (post company specific adjustments) - €cts/share	***33.02***	***31.9***