



Auditor's
report on
Healthcare Activos
Yield SOCIMI, S.A.
and subsidiaries

(Together with the consolidated annual accounts and consolidated directors' report of Healthcare Activos Yield SOCIMI, S.A. and subsidiaries for the year ended 31 December 2023)

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)



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Independent Auditor's Report on the Consolidated Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the shareholders of Healthcare Activos Yield SOCIMI, S.A.

Opinion

We have audited the consolidated annual accounts of Healthcare Activos Yield SOCIMI, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated statement of financial position at 31 December 2023, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows 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 prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

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



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Most Relevant Aspects of the Audit

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

Valuation of investment property (see notes 4.3 and 8)

The Group has a very significant amount of its assets in investment property to earn rentals. The Group uses the fair value model, recognising the changes in fair value in the consolidated income statement. The Group generally calculates the fair value of investment property based on appraisals made by independent experts. The valuation of investment property has been considered a relevant aspect of our audit insofar as the valuation techniques used often require the exercising of judgement by the Directors, the use of assumptions and estimates, as well as due to the significance of their amounts. Any modification to these assumptions and estimates could have a significant impact on the accompanying consolidated annual accounts.

Our audit procedures included evaluating the design and implementation of key controls related to the valuation of investment property, as well as assessing the methodology and assumptions applied in the preparation of the appraisals used in this process, for which purpose we involved our valuation specialists. We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

Other Information: Consolidated Directors' Report

Other information solely comprises the 2023 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility for the consolidated directors' report, in accordance with the requirements of prevailing legislation regulating the audit of accounts, consists of assessing and reporting on the consistency of the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual accounts, and assessing and reporting on whether the content and presentation of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described in the preceding paragraph, the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2023 and the content and presentation of the report are in accordance with applicable legislation.



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Directors' Responsibility for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated 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 they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent'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 Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts

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

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

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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



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- Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

From the significant risks communicated to the Directors of Healthcare Activos Yield SOCIMI, S.A., we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the most significant risks.

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

KPMG Auditores, S.L.
On the Spanish Official Register of
Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

Alejandro Núñez Pérez
On the Spanish Official Register of Auditors ("ROAC") with no. 15732
15 March 2024

Healthcare Activos Yield SOCIMI, S.A. and subsidiaries

Consolidated Annual Accounts for the financial year ending December 31, 2023, prepared pursuant to the applicable international financial reporting framework and Consolidated Management Report.

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Healthcare Activos Yield SOCIMI, S.A. and subsidiaries

Consolidated statement of financial position for the financial year ending December
31, 2023 – in thousands of euros

Assets	Note	December 31, 2023	December 31, 2022
Intangible assets		9	12
Real estate investments	8	797,532	728,298
Derivative financial instruments	12	11,008	19,603
Other non-current assets	9	6,664	35,044
Non-current assets		815,213	782,957
Trade and other receivables	9	31,062	645
Current tax assets	11	1,037	817
Other public administration loans	11	3,709	978
Other current assets	9	474	942
Cash and cash equivalents		4,430	9,785
Current assets		40,712	13,167
Total assets		855,925	796,124
Net equity and Liabilities	Note	December 31, 2023	December 31, 2022
Share capital	13	174,194	174,194
Share premium	13	85,593	91,318
Other equity holders' contributions	13	106,694	78,540
Other reserves	13	161	161
Retained earnings	13	91,870	73,492
(Interim dividend paid in business year)	13	(3,936)	-
Hedges reserve	13	9,512	19,603
Net equity attributable to parent company		464,088	437,308
Net equity		464,088	437,308
Amounts payable to credit institutions	10	377,065	268,988
Lease liabilities	7	3,207	3,293
Other non-current liabilities	10	4,360	33,936
Non-current liabilities		384,632	306,217
Amounts payable to credit institutions	10	1,300	3,793
Lease liabilities	7	87	85
Trade and other payables	10	4,307	5,198
Other debts with public entities	11	703	508
Other current liabilities	10	808	43,015
Current liabilities		7,205	52,599
Equity and Liabilities		855,925	796,124

These consolidated annual financial statements must be read with the attached notes.

Healthcare Activos Yield SOCIMI, S.A. and subsidiaries

Consolidated statement of profit or loss and Comprehensive consolidated statement of profit or loss for the financial year ending December 31, 2023 - In thousands of euros

Statement of profit or loss	Note	2023	2022
Turnover	14	34,450	21,932
Personnel cost	14	(58)	(214)
Other operating expenses	14	(8,387)	(22,485)
Changes in value of real estate investments	8	373	33,771
Results from operating activities		26,378	33,004
Financial income	14	1,115	5,905
Finance charges	14	(14,652)	(15,190)
Profit/(loss) before income tax		12,841	23,719
Tax on profits	11	-	(1,203)
Consolidated net profit/(loss)		12,841	22,516
Net profit/(loss) for the period attributable to the Parent Company		12,841	22,516
Basic and diluted net profit/(loss) per share	13	0.07	0.16
Comprehensive consolidated statement of profit/(loss)			
Consolidated net profit/(loss)		12,841	22,516
Other comprehensive income recorded in net equity		(10,091)	19,089
Hedging instrument gains or losses	13	(10,091)	19,089
Comprehensive consolidated profit/(loss)		2,750	41,605
Comprehensive profit/(loss) for the period attributable to the Parent Company		2,750	41,605

These consolidated annual financial statements must be read with the attached notes.

Healthcare Activos Yield SOCIMI, S.A. and subsidiaries

Consolidated Statement of Changes in Net Equity for the financial year ending December 31, 2023 – in thousands of euros

	Share Capital	Share premium	Other equity holders' contributions	Other reserves	Retained earnings	(Interim dividend)	Hedges reserve	Total net Equity
Balance at December 31 2021	118,714	35,350	33,125	(254)	55,126	(3,660)	514	238,915
Total recognised income and expenses for the financial year	-	-	-	-	22,516	-	-	22,516
Transactions with equity holders:	55,480	57,898	51,380	-	-	-	-	164,758
Capital increase	55,480	57,898	-	-	-	-	-	113,378
Other equity holders' contributions	-	-	51,380	-	-	-	-	51,380
Application of profit/(loss) (dividends)	-	(1,930)	(5,965)	-	(79)	-	-	(7,974)
Other comprehensive profits/losses	-	-	-	-	-	-	19,089	19,089
Other variations	-	-	-	415	(4,071)	3,660	-	4
Balance at December 31 2022	174,194	91,318	78,540	161	73,492	-	19,603	437,308
Total recognised income and expenses for the financial year	-	-	-	-	12,841	-	-	12,841
Transactions with equity holders:	-	-	39,201	-	-	-	-	39,201
Other equity holders' contributions	-	-	39,201	-	-	-	-	39,201
Application of profit/(loss) (dividends)	-	-	(11,047)	-	-	(3,936)	-	(14,983)
Other comprehensive profits/losses	-	-	-	-	-	-	(10,091)	(10,091)
Other variations	-	(5,725)	-	-	5,537	-	-	(188)
Balance at December 31 2023	174,194	85,593	106,694	161	91,870	(3,936)	9,512	464,088

These consolidated financial statements must be read with the attached notes

Healthcare Activos Yield SOCIMI, S.A. and subsidiaries

Consolidated cash flow statement for the financial year ending December 31, 2023 –
in thousands of euros

Cash flow from operations	Note	December 31, 2023	December 31, 2022
1. Cash flows from operating activities			
Consolidated net profit/(loss)		12,841	22,516
Adjustments to the profit or loss			
Amortization		–	–
Profit or loss on disposal of fixed assets		–	–
Profit/loss due to changes in value of assets and impairment	8	(373)	(33,771)
Other income and expenses		(1,186)	(1,094)
Net financial income	14	13,537	2,084
Tax on profits	11	–	1,203
Adjusted profit/(loss)		24,819	(9,062)
Proceeds from/(payments for) taxes	11	(2,756)	(3,232)
Increase/(decrease) in current assets and liabilities			
Increase/(decrease) in receivables		(417)	(91)
Increase/(decrease) in payables		(891)	3,649
Increase/(decrease) in other assets and liabilities		444	(1,414)
Total net cash flows from operating activities		21,199	(10,150)
2. Cash flows from investing activities			
Investments in			
Intangible assets	8	–	(8)
Real estate investments	8	(145,799)	(160,438)
Sale of investments in			
Real estate investments	8	4,476	–
Total net cash flows from investment activities		(141,323)	(160,446)
3. Cash flow from financing activities			
Dividends paid	13	(14,983)	(7,974)
Capital increase and other equity holders' contributions	13	39,201	95,277
Debt repayment	10	(16,979)	(188,990)
Interest collected	14	1,077	811
Interest payments	10	(11,599)	(5,973)
Cancellation of financial instruments	14	(100)	5,337
Obtainment of new financing	10	119,737	276,951
Other proceeds/(payments) for current financial assets and others	10	(1,585)	(150)
Total net cash flows from financing activities		114,769	175,289
4. Net increase /reduction in cash and cash equivalents			
		(5,355)	4,693
Cash or cash equivalents at start of financial year		9,785	5,092
Cash and cash equivalents at end of year		4,430	9,785

These consolidated annual financial statements must be read with the attached notes

Healthcare Activos Yield SOCIMI, S.A. and subsidiaries

Notes to the accounts for the financial year ending December 31 2023

1. General information and activity of the Group

1.1 PARENT COMPANY

Healthcare Activos Yield Socimi, S.A. (hereinafter the “Parent Company” or “Group”) was incorporated on February 1, 2019 under the corporate name of Roldania Investments, S.A. before the notary Fernando Fernández Medina. On July 26, 2019, the corporate domicile of the Company was modified. Later, on September 18, 2019, the company was named Healthcare Activos Yield SOCIMI, S.A..

On September 13, 2019, the General Shareholders’ Meeting of the parent company agreed on the adoption of the special tax regime of “SOCIMI”, defined in Law 11/2009, of 26 October, which regulates Publicly-traded Investment Corporations in the Real Estate Market, with effect for the tax periods beginning February 1, 2019 (date of incorporation of the Company).

The Parent Company and its subsidiary companies are part of the first leading platform in Spain for specialised investment in real estate assets at the service of the healthcare sector, including nursing homes, hospitals and clinics.

The Parent Company’s corporate purpose, pursuant to its by-laws, is as follows:

- > the acquisition and promotion of real estate of an urban nature for its lease, including the activity of renovation of buildings in the terms established in Law 37/1992, of 28 December, on Value-Added Tax;
- > holding shares in the capital of other publicly-traded real estate investment companies (SOCIMIs), or in other entities that do not reside in Spanish territory that have the same corporate purpose as them, and are subject to a regime similar to the one established for SOCIMIs as concerns the mandatory, legal or statutory policy for the distribution of profits.
- > holding stakes in the capital of other entities, whether or not they are residents in Spanish territory, who have as their main corporate purpose the acquisition of real estate of an urban nature for its lease, and that are subject to the same regime that is established for SOCIMIs as concerns the mandatory, legal or statutory policy for distribution of profits, and that meet the investment criteria required for such companies; and
- > holding shares or stakes in Collective Real Estate Investment Institutions regulated in Law 35/2003, of 4 November, on Collective Investment Institutions, or any rule replacing it in the future.

Along with the economic activity derived from the main corporate purpose, the Company may conduct other additional activities, with any whose income totals, overall, less than 20% of the Company’s total revenue in a given tax period, or those that may be considered complementary pursuant to the applicable law at any time.

The listed activities may also be totally or partially, conducted by the Parent Company, indirectly, through holdings in other companies of identical or similar purpose.

Healthcare Activos Yield SOCIMI S.A. and its subsidiary companies (hereinafter the Group), carries out its activities in Spain, Belgium and Portugal.

The tax regime of the Parent company and most of its subsidiaries is regulated by Law 11/2009, of 26 October, later modified by Law 16/2012, of 27 December, which regulates Publicly-traded Investment Corporations in the Real Estate Market (SOCIMI).

Article 3 establishes the investment requirements for this type of Companies, which are:

1. The SOCIMI must have invested at least 80% of the value of the asset in real estate of an urban nature intended for the lease, in land for the promotion of real estate to be used for that purpose, provided that the promotion is initiated within three years following its acquisition, as well as in shares in the capital or equity of other entities that are referred to in Section 1, Article 2 of the aforementioned Law.

The value of the asset will be determined by the average of the individual quarterly balance sheets for the financial year. The SOCIMI may calculate this value to replace the book value with the market value of the elements that make up these balance sheets, which would be applied to all balance sheets for the financial year. For these purposes, and if applicable, the money or credit claims from the transfer of such real estate or shares that have been made in the same or prior financial year will not be calculated when, in the latter case, the reinvestment period referred to in Article 6 of the aforementioned Law has not passed.

This percentage will be calculated based on the average of the consolidated balance sheet in the event that the company is the parent company of a group according to the criteria established in Article 42 of the commercial code, regardless of residence and the obligation to formulate consolidated annual financial statements. Said group shall be made up exclusively of the SOCIMI and the rest of the entities referred to in section 1 of Article 2 of said Law.

2. Likewise, at least 80% of the income of the tax period corresponding to each financial year, excluding those derived from the transfer of the shares and the real estate assets both subject to the fulfilment of their main corporate purpose, once the maintenance period referred to in the following section has elapsed, must come from the leases of real estate and from dividends or interests in the profits from said shares.

This percentage will be calculated on the consolidated result in the event that the company is the parent company of a group according to the criteria established in Article 42 of the Commercial Code, regardless of residence and the obligation to formulate consolidated annual financial statements. Said group shall be made up exclusively of the SOCIMI and the rest of the entities referred to in section 1 of Article 2 of said Law.

3. The real estate that makes up the assets of the company must remain leased for at least three years. For the purposes of the calculation, the time that the properties have been offered under lease will be added, with a maximum of one year.

The term shall be calculated:

- a. In the case of real estate that appears in the equity of the Company before the time of joining the regime, from the start date of the first tax period in which the special tax regime established in said Law is applied, provided that on that date the property was leased or offered under lease. Otherwise, the provisions of the following letter shall apply.
- b. In the case of real estate promoted or acquired later by the Company, from the date on which they were leased or offered in lease for the first time.
- c. In the case of shares or equity interests in the capital of entities referred to in section 1 of article 2 of said Law, they must remain in the assets of the Company for at least three years from their acquisition or, where appropriate, from the beginning of the first tax period in which the special tax regime established in said Law is applied.

In addition, Law 11/2009 establishes the following requirements in Articles 4 and 5:

1. The shares of the SOCIMI must be registered and be admitted for negotiation in a regulated market or in a multilateral Spanish trading system or in that of any other Member State of the European Union or the European Economic Area, or in a regulated market of any country or territory with which there is effective exchange of tax information, uninterrupted throughout the tax period.
2. The SOCIMI will have a minimum share capital of 5 million euros. There may be only one class of shares. When the Company has opted for the special tax regime established in said Law, it must include in the company's name the indication "Sociedad Cotizada de Inversión en el Mercado Inmobiliario, Sociedad Anónima", or its abbreviation, "SOCIMI, S.A.". This requirement is met by the Company.
3. In addition, as described in Article 6 of Law 11/2009, of 26 October, which regulates Publicly-traded Investment Corporations in the Real Estate Market, the SOCIMI and entities residing in the Spanish territory in which they participate that have opted for the application of the special tax regime established by said Law, are required to distribute dividends to their shareholders, once the corresponding commercial obligations have been fulfilled, the profit obtained in the financial year, its distribution must be agreed upon within six months following the conclusion of each financial year, in the following form: (i) 100% of the profits from dividends or interests in profits distributed by the entities subject to said regime; (ii) 50% of profits arising from the transfer of real estate and shares or equity units, made after the deadlines established in the investment requirements have elapsed, with the rest of said profits being reinvested within the three years following said transfer, and failing that, must be distributed in full; and (iii) at least 80% of the rest of the profits obtained.

As stated in Note 13, the Parent Company has proceeded to distribute interim dividends from the profits of the 2021 financial year during that financial year; the remaining profits obtained during the 2021 financial year were distributed during the first half of the 2022 financial year. The Parent company did not obtain any profits in the 2022 financial year. Therefore, no interim distributions of profits have been made. Further, in the 2023 financial year, the Parent Company distributed interim dividends of the results of the financial year. The remaining profits obtained during the financial year will be distributed during the first half of the financial year 2024.

As established in the First Transitory Provision of Law 11/2009, of 26 October, which regulates Publicly-traded Investment Corporations in the Real Estate Market, it may be decided to apply the special tax regime in the terms established in Article 8 of said Law, even when the requirements therein are not met, provided that such requirements are met within two years following the date of the option to apply said regime.

In this regard, as of December 31, 2023 and 2022, of the requirements established by Law 11/2009, of 26 October, which regulates the Publicly-traded Investment Corporations in the Market, the Company complies with all the conditions mentioned therein.

The Board of Directors of the Company monitors compliance with the requirements established in said Law, with the objective of maintaining the tax advantages of the same, estimating that said requirements will be fulfilled in the terms and deadlines set, and recognising the corporate income tax for the financial year in that sense.

The Parent Company is the head of a group of subsidiary entities, and in accordance with the current legislation, is required to separately prepare consolidated annual financial statements.

1.2 SUBSIDIARIES

Subsidiaries are considered to be those over which the Company, directly or indirectly, through dependents, exercises control, as provided for in IFRS 10 “Consolidated Financial Statements”. Control is defined as the power to govern the financial and operating policies in order to obtain profits from their activities, considering for these purposes the potential voting rights that can be exercised or converted at the end of the financial year held by the Group or third parties.

As at December 31, 2023 and 2022, the companies forming part of the Healthcare Activos Yield SOCIMI, S.A. Group and its subsidiaries were those listed in Annex I.

1.3 VARIATIONS OF THE CONSOLIDATION SCOPE AND OTHER SIGNIFICANT OPERATIONS

Company transactions

In the 2022 financial year, the following transaction was completed, marking the configuration of the current Healthcare Activos Yield SOCIMI, S.A. Group, consisting of the following landmarks:

- > On March 31, 2022, the company Healthcare Activos Europe, S.A. acquired 98.531% of the Parent Company's stock for a total amount of 225.4 million euros, leading to the exit of the selling partners from the ownership, and the entrance of a new main shareholder into the shareholders of the Parent Company.
- > On March 31, 2022, the Group's bank debt was refinanced through the arrangement of a new syndicate loan the total payment of the previous debt (see note 10). This refinancing affected the bank debt of the Group at that date, and the existing debt of the companies subsequently acquired on April 8, 2022.
- > On March 31, 2022, the new main shareholder of the Parent Company, Healthcare Activos Europe, S.A., paid out 5 million euros to the Parent Company through a loan between companies of the group.

- > On the same date, for an amount of 51,005 thousand euros, Healthcare Activos Europe, S.A. acquired from Sociedad Healthcare Activos Investment, S.A., 100% of the shares in the capital of 13 companies that owned a portfolio of five operating residential facilities for elders, and nine in development (see Note 8), as well as an operating hospital from the company HAECF, Lda.

To carry out the operation, and to purchase the shares from the Parent Company, the partners of Sociedad Healthcare Activos Europe, S.A. disbursed loans for an amount of 294,882 thousand euros. The bank debt of the acquired companies was refinanced.

- > Subsequently, on April 8, 2022, the main shareholder, Healthcare Activos Europe, S.A. sold the 98.531% stake it held in the Parent Company, which it had previously purchased on March 31, 2022, for the same price of 225,401 thousand euros, to the new Company shareholders listed in Note 13; thus reinforcing its shareholder base with leading worldwide institutional investors that will support the Group's future growth. The additional capital committed will support the Group's long-term expansion, and its European development in key markets such as Germany, Italy, Belgium and Portugal.
- > On the same date, Healthcare Activos Europe, S.A. sold to the Parent Company 100% of the shares acquired March 31, 2022 from Healthcare Activos Investment, S.A., as well as all of the assets and liabilities resulting from the aforementioned transactions. This was a net asset acquisition operation which did not constitute a business.

These acquisitions were structured on the basis of the purchase-sale contract for shares and the transfer of rights, signed April 8, 2022, in which it was agreed that the payment for said shares would be made from the offset of assets (rights) and liabilities (obligations) acquired and transferred from the selling company to the Parent Company. The sales price for the transfer of shares, as well as for all assets and liabilities to the Parent Company, was 69,481 thousand euros. To cover this amount, the shareholders of the Parent Company approved a capital increase through the offsetting of the aforesaid claims. At least 25% of these claims, the purpose of which was to increase capital, was liquid, mature and repayable, and with a maturity of no more than five years, as is established in article 301 of the consolidated text of the Capital Companies Act.

- > On July 8, 2022, the Parent Company made a payment of 91,585 euros to the company HAECF, Lda. (former owner of 100% of the company stock of the subsidiary Sequêncialalternativa, S.A.) and a second payment of 8,716 euros to the company Healthcare Activos Investment, S.A. (former owner of 100% of the shares of the remaining companies acquired on April 8, 2022). These payments were made as adjustments over the initial price paid for the shares of companies acquired on March 31, 2022 by Sociedad Healthcare Activos Europe, S.A. from their former owners.

The Group has applied the IFRS 3 concentration test for above-described acquisitions, and has concluded that they constitute an acquisition of assets, as practically all of the fair value of the gross assets acquired was concentrated in a single asset.

No significant company transactions have taken place in the 2023 financial year.

Variations in the scope

Details are provided below on the operations carried out during the 2023 financial year that have led to a variation in the Group's perimeter:

- > The Parent company incorporated the following companies in the 2023 financial year:

- > Healthcare Activos Inmobiliarios 35, S.L.U., incorporated on January 19, 2023.
 - > Healthcare Activos Inmobiliarios 36, S.L.U., incorporated on January 19, 2023.
 - > Healthcare Activos Inmobiliarios 37, S.L.U., incorporated on September 13, 2023.
 - > HAI Belgium 2 NV, incorporated on September 7, 2023.
 - > Healthcare Activos Inmobiliarios 38, S.L.U., incorporated on September 13, 2023.
- > At March 15, 2023, the Parent Company had acquired 100% of the shares of the company HAIP Montijo Unipessoal LDA, incorporated in Portugal. This was a net asset acquisition operation which did not constitute a business.
- > At July 27, 2023, the Parent Company had acquired 100% of the shares of the company Healthcare Activos Inmobiliarios 28, S.L.U, incorporated in Spain. This was a net asset acquisition operation which did not constitute a business.

Details are provided below on the operations carried out during the 2022 financial year that have led to a variation in the Group's perimeter:

- > As a result of the previously-described operation of April 8, 2022, the Parent Company acquired 100% of the shares of the companies Healthcare Activos Inmobiliarios 5, S.L.U.; Healthcare Activos Inmobiliarios 8, S.L.U.; Healthcare Activos Inmobiliarios 10, S.L.U.; Healthcare Activos Inmobiliarios 14, S.L.U.; Healthcare Activos Inmobiliarios 15, S.L.U.; Healthcare Activos Inmobiliarios 18, S.L.U.; Healthcare Activos Inmobiliarios 20, S.L.U.; Healthcare Activos Inmobiliarios 21, S.L.U.; Healthcare Activos Inmobiliarios 23, S.L.U.; Healthcare Activos Inmobiliarios 24, S.L.U.; Healthcare Activos Inmobiliarios 25, S.L.U.; Healthcare Activos Inmobiliarios 26, S.L.U. and Sequencialternativa, S.A.
- > The Parent company incorporated the following companies in the 2022 financial year:
- > Healthcare Activos Inmobiliarios 29, S.L.U., incorporated on June 21, 2022.
 - > Healthcare Activos Inmobiliarios 30, S.L.U., incorporated on June 21, 2022.
 - > Healthcare Activos Inmobiliarios 31, S.L.U., incorporated on June 21, 2022.
 - > Healthcare Activos Inmobiliarios 32, S.L.U., incorporated on October 19, 2022.
 - > Healthcare Activos Inmobiliarios 33, S.L.U., incorporated on October 19, 2022.
 - > Healthcare Activos Inmobiliarios 34, S.L.U., incorporated on October 19, 2022.
 - > Healthcare Activos Inmobiliarios Belgium, S.R.L., incorporated on 21 December 2022.
- > At 21 December 2022, the Parent Company had acquired 100% of the shares of the companies incorporated in Belgium, Senre, S.R.L; De Wilde, S.R.L.; Ladolcevita, S.A. and RV Invest, N.V. This was a net asset acquisition operation which did not constitute a business.

Mergers

By deed of July 26, 2023, the Group Parent Company agreed on the merger by absorption by Healthcare Activos Inmobiliarios Belgium, S.R.L. (absorbing company) over the following absorbed companies: Senre, S.R.L; De Wilde, S.R.L.; Ladolcevita, S.A. and RV Invest, N.V.

Therefore, a dissolution without liquidation was carried out and the whole transfer of all its assets and liabilities and universal transfer of ownership of all the rights and obligations of the absorbed companies to the absorbing company.

By deed of July 26, 2022, the Group Parent Company agreed on the merger by absorption by Healthcare Activos Financing, S.L.U. (absorbing company) over the following absorbed companies: Healthcare Activos Inmobiliarios 13, S.L.U.; Healthcare Activos Yield Growth, S.L.U., Healthcare Activos Inmobiliarios 5, S.L.U., Healthcare Activos Inmobiliarios 8, S.L.U., Healthcare Activos Inmobiliarios 10, S.L.U., Healthcare Activos Inmobiliarios 18, S.L.U., Healthcare Activos Inmobiliarios 26, S.L.U.

Therefore, a dissolution without liquidation was carried out, in addition to the whole transfer of all its assets and liabilities and universal transfer of ownership of all the rights and obligations of the absorbed companies to the absorbing company.

2. Significant accounting policies

2.1 BASIS FOR PRESENTATION

These Consolidated Annual Accounts have been prepared in accordance with the going concern principle and with the terms of the International Financial Reporting Standards adopted by the European Union (EU-IFRS), taking into consideration all accounting principles and rules, and all mandatory, applicable valuation criteria, in addition to the Commercial Code, the Capital Companies Act, the Securities Market Law and other applicable commercial legislation, to portray a true and faithful image of the property and financial situation of the Group as of December 31, 2023, 31 and December 2023 and 1 January 2022; and the results of its transactions, the changes in equity and the consolidated cash flows of the Group corresponding to the financial years ending at December 31, 2023 and December 31, 2022.

The consolidated annual financial statements of Healthcare Activos Yield SOCIMI, S.A. and its subsidiaries for the financial year ending at December 31, 2023 have been prepared from the Company's accounting records, kept by the Parent Company and the and by the other companies making up the group and have been prepared by the administrators of the Parent Company at the meetings of its board of Directors on March 5, 2024.

Nevertheless, and given the fact that the accounting principles and valuation criteria applied in the preparation of the Group's Consolidated Annual Accounts as of December 31, 2023 may differ from those used by some of the companies that make it up, all adjustments and reclassifications necessary to standardize these principles and criteria and adjust them to the EU-IFRS have been implemented in the consolidation process.

With a view to presenting the various items that make up the consolidated annual accounts in a standardized manner, the principles and valuation rules followed by the Parent company have been applied to all of the companies included in the consolidation scope.

The Consolidated Annual Accounts of the Parent Company and its subsidiaries for the 2022 financial year were approved at its Meeting of Shareholders of June 22, 2023 and are deposited in the Register of Companies of Madrid.

2.2 ADOPTION OF THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

Effective rules and interpretation for this financial year

- > Amendments to the IFRS 17 "Insurance Contracts": It is a new international financial reporting standard that replaces the current accounting rules for insurance contracts (IFRS 4). This new

standard requires insurers to recognize all insurance contracts at their fair value, regardless of whether they are short or long-term. The application of these modifications did not generate any significant impact on these consolidated annual accounts.

- > Amendments to IFRS 1, “Presentation of Financial Statements”: Its aim is to help organizations determine which accounting policies to disclose. With this modification, companies are required to disclose their material, instead of significant, policies. The application of these modifications did not generate any significant impact on these consolidated annual accounts.
- > Amendments to IFRS 8, “Accounting Policies, Changes in Accounting Estimates and Errors”: This involves eliminating from the definition “changes in accounting estimates” and inclusion of “accounting estimates”, understood as “monetary amounts in financial statements that are subject to measurement uncertainty.” The new version of the standard delves deeper into the distinction between accounting policies and accounting estimates, specifying that the entity determines accounting estimates to achieve the goals set by the accounting policies. The application of these modifications did not generate any significant impact on these consolidated annual accounts.
- > Amendments to IFRS 12 “Income taxes”: This regulates deferred taxes related to assets and liabilities arising from a single transaction. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 “initial exemption”, so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The application of these modifications did not generate any significant impact on these consolidated annual accounts.
- > Amendments to IFRS 12 “Income taxes”: It intends to clarify the application of IAS 12, specifically to income taxes arising from tax law enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules (Pillar Two income taxes). The ED proposes a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules, and additional disclosure requisites. The application of these modifications did not generate any significant impact on these consolidated annual accounts.

Standards and interpretations issued, though not yet effective, that can be adopted in advance

- > Amendments to IAS 1 “Classification of liabilities as current or Non-current with covenants”: the aim of this amendment is to clarify certain aspects regarding the presentation of liabilities as current and non-current and especially, conditioning their advance due dates to the compliance with covenants. These amendments will come into force for the financial years beginning as of January 1, 2024.
- > Amendments to IFRS 15, “Lease liability in a sale and leaseback”: the aim of this modification is to clarify certain aspects regarding the subsequent accounting of lease liabilities that arise in sale and leaseback transactions. These amendments will come into force for the financial years beginning as of January 1, 2024.
- > Amendments to IFRS 7, “Financial Instruments”: The proposals introduce new targets for information breakdown in IAS 7, by which the company must provide qualitative and quantitative information about supplier finance arrangements that enables users of the financial statements to evaluate the effects of these arrangements on the company’s liabilities and cash flows. These amendments will come into force for the financial years beginning as of January 1, 2024.

- > IFRS S1 “General Requirements for Disclosure of Sustainability-related Financial Information”: The International Sustainability Standard Board (ISSB) recently published standards IFRS S1 and IFRS S2, marking a much-awaited landmark in the wave of global ESG reporting standards being issued. IFRS S1 is related with the general requirements for disclosure of sustainability-related financial information, while IFRS S2 addresses climate-related disclosures. These amendments will come into force for the financial years beginning as of January 1, 2024.
- > 21 “The Effects of Changes in Foreign Exchange Rates”: On August 15, 2023, the International Accounting Standards Board (IASB) published “Lack of Exchangeability” (Amendments to IAS 21). The amendment requires that the entities should apply a consistent approach to the assessment of whether the currency is exchangeable, and if it is not, they should assess the exchange rate applicable for the measurement purposes and the disclosures needed in their financial statements. These amendments will come into force for the financial years beginning as of January 1, 2025.
- > IFRS 10 “Consolidated Financial Statements” and IFRS 28 “Investments in Associates and Joint Ventures”: The International Accounting Standards Board has issued new limited-scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures (2011). These amendments address an inconsistency recognized between the requirements of IFRS 10 and those of IAS 28 (2011) in the treatment of sales or contribution of assets between an investor and their associates or joint venture. The main consequence of the amendments is that complete gain or loss will be recognized when the transaction involves a business (whether or not it is held within a subsidiary). Partial gains or losses will be recognised when the transaction involves assets that do not constitute a business, even if these assets are held within a subsidiary. These amendments are available for voluntary adoption, and their effective application date has been indefinitely postponed.

There are no other IFRS, or IFRSIC interpretations, that are not yet effective, but would be expected to have a significant effect for the Group.

2.3 FUNCTIONAL CURRENCY

The consolidated annual financial statements are presented in euros, which is the functional currency of the Parent Company and presentation currency of the Group.

2.4 RESPONSIBILITY FOR THE INFORMATION PROVIDED AND ESTIMATES AND JUDGEMENTS MADE

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

- > The market value of real estate investments (Note 8). The market value was obtained from the appraisals periodically made by independent experts. These appraisals were prepared at December 31, 2023 and December 31, 2022, applying the methods described in note 4.3.
- > The market value of derivative financial instruments (Note 12).

- > Determination of lease terms. When determining the lease term, company management considers all of the facts and circumstances that economically encourage or discourage the exercise of an extension option or termination option. Extension options (or periods subsequent to the termination options) are only included in the lease term if it is reasonably certain that the lease will be extended (or will not be rescinded).

2.5 BASIS OF CONSOLIDATION

The accompanying consolidated financial statements were prepared from the accounting records of Healthcare Activos Yield SOCIMI, S.A., and of the companies controlled thereby.

The results of the subsidiaries acquired or sold during the year are included in consolidated income from the effective date of acquisition.

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 company. All subsidiaries have the same reporting date as the Parent company, i.e., December 31.

(i) Subsidiaries

The consolidation has been carried out by applying the global integration method to subsidiary companies, given that the Group exercises or may exercise, directly or indirectly, its control, understood as the power to direct financial and operating policies of a company to obtain financial profits from its activities.

The subsidiaries have been consolidated by applying the global integration method. This circumstance is generally manifested by the direct or indirect ownership of 50% or more of the voting rights of its subsidiaries.

The investments in multigroup companies are recorded by the proportional integration method from the date at which joint control is exercised, and until the date at which this joint control ceases. Nevertheless, if on the date control is obtained, the investments comply with the conditions to be classified as non-current assets or groups containing elements held for sale, they are recorded at their fair value minus sales costs.

The income, expenses and cash flows of the subsidiaries are included in the consolidated annual financial statements from their acquisition date, which is that in which the Group effectively obtains control of them. The subsidiaries are excluded from consolidation from the date on which control is lost.

(ii) Joint arrangements

According to IFRS 11, "Joint Arrangements", investments in joint arrangements are classified as joint operations or joint ventures. Regardless of the legal structure of the arrangement, the classification of joint arrangements depends upon the investing parties' rights and obligations arising from the arrangement. The Group has joint operations.

Along these lines, the Group recognises its direct right to the assets, liabilities, income and expenses of joint operations and its participation in any asset, liability, income or expense jointly incurred or possessed. These have been included in the Consolidated Annual Accounts under the pertinent titles.

The Parent company holds 50% of the financial interest of Provitae Centros Asistenciales, S.L. This agreement requires the unanimous consent of all parties for all relevant activities. The two partners have direct rights over the assets of the company, and are joint and severally responsible for the obligations undertaken by said company. Therefore, this entity is classified as a joint operation, and the group recognises its direct rights as concerns the assets, liabilities, income and expenses jointly held thereby.

2.6 COMPARISON OF THE INFORMATION

The Consolidated Annual Accounts are presented for the purposes of comparison with each of the items of the Consolidated Balance Sheet, the Consolidated Profit and Loss Account, the Consolidated Statement of Changes in Net Equity, the Consolidated Cash Flow Statement and the Consolidated Annual Report, for the figures from the 2023 financial year, and those of the prior year.

2.7 SEGMENT REPORTING

Reporting for the operating segments is performed consistently with the internal reporting to the highest operational decision-making authority. The highest operational decision-making authority is the individual or group who assigns resources and evaluates the performance of an entity's operational segments. The Group has determined that its highest operational decision-making authority is the Board of Directors.

3. Parent Company profit application

The Parent Company's proposed application of profit for the 2023 period, included in the consolidated annual financial statements that will be submitted for approval by the General Meeting of Shareholders, is as follows:

<u>Thousands of euros</u>	<u>Basis of distribution</u>	<u>Application</u>
<u>Basis of application:</u>		
Profit/(loss) for the financial year 2023	5,550	
<u>Distribution to:</u>		
Legal reserve		555
Losses from prior financial years		4,995
Total	5,550	5,550

The application of the profit or loss of the financial year 2022 of the Parent Company, approved by the General Meeting of Shareholders on June 22, 2023, was as follows:

Thousands of euros	Basis of distribution	Distribution
<u>Basis of Distribution:</u>		
Profit/(loss) for the period	(5,726)	
<u>Distribution to:</u>		
Losses from prior financial years		(5,726)
Total	(5,726)	(5,726)

4. Valuation standards

The main accounting principles used to prepare the consolidated financial statements, in accordance with EU-IFRSs and the interpretations in force when the consolidated financial statements were prepared, are as follows:

4.1 BUSINESS COMBINATIONS AND ACQUISITION OF ASSETS

Business combinations

The acquisition method of accounting is used for business combinations.

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 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 profit or loss in the year in which it is incurred.

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 income statement or under other consolidated income, as appropriate.

The Group may decide to apply the IFRS 3 optional concentration test to evaluate whether an acquisition should be accounted for as a business combination. When all of the fair value of the gross assets acquired is substantially concentrated in a single asset (or group of similar assets), the transaction is recorded as an asset acquisition. Compensation paid is allocated to the identifiable assets and liabilities acquired on the basis of their fair values at the acquisition date. When an acquisition does not pass the concentration test and the group of acquired activities meets the definition of a business, the Group applies the acquisition method of accounting.

Acquisition of assets

For the acquisition of a subsidiary that does not meet the definition of a business, the Group distributes the cost between individually identifiable assets and liabilities in the Group based on their fair values at the acquisition date. Such transactions do not generate goodwill.

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 amortization and, where applicable, less any impairment losses. These assets are amortized according to their service lives.

4.3 REAL ESTATE INVESTMENTS

Real estate investments in the consolidated statement of financial position reflects the values of the land, buildings and other constructions held to earn rents.

Real estate investments is presented at fair value at the end of the reporting period and is not annually depreciated. When the fair value of real estate investments under construction cannot be reliably determined, but the Company expects the fair value of the property to be reliably determinable when the construction is completed, the cost minus the impairment is measured, until the fair value can be reliably determined, or the construction is completed, whichever comes first.

Profit or loss arising from fluctuations in the fair value of real estate investments is included in income in the same period in which it occurs and recognised under “Changes in fair value of real estate investments” in the consolidated income statement (Note 8).

In accordance with IAS 40, the Group calculates the fair value of its real estate investments on a regular basis. Fair value is determined based on the valuations made by independent experts (hierarchy of fair value level 3) at the date of preparing the consolidated statement of financial position (Jones Lang LaSalle for 2023 and 2022 financial years), so that the year-end of each reporting period, fair values for investment property items reflect prevailing market conditions 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 basically to the comprehensiveness and accuracy of the information provided by the Group.

The valuation was prepared according to the valuation standards published by the Royal Institution of Chartered Surveyors.

The method used to determine the market value of the Group’s real estate investments in the 2023 and 2022 financial years is chiefly the income capitalisation method.

Unless the specific characteristics of an investment suggest otherwise, the value is obtained by capitalising the net estimated income of the investment property. This method involves the capitalization of income from the lease contracts.

The yield or yields are derived from a combination of analysis of comparable investment operations carried out, and the general experience and knowledge of the market of the appraiser.

Developments in progress were valued using the Static Dynamic Residual Method, which was deemed the best approach. This method is based on the value of the asset once it is developed and available for lease. All costs pending to be incurred related to the asset in development are deducted from this asset value.

Buildings have been valued individually, considering each of the lease contracts in force at the end of the reporting period.

The direct capitalization rate of the income is among the most relevant key variables applied in the method used, in the case of assets already in operation. For assets under development, the most significant variables are the range of the developer profit rate, construction cost and market value of the finished product. Furthermore, it is assumed that the works and landmarks related with the attainment of licenses and openings will be conducted according to a given calendar (without unforeseen incidents or delays), and that the construction budget provided for the various projects under development will not undergo any significant deviations.

The breakdown of the capitalisation rates considered at December 31, 2023 and December 31, 2021 is as follows:

Yields (%)	December 31, 2023	December 31, 2022
Assets assessed by the Direct Capitalisation Method	4.51% - 5.90%	4.35% - 4.90%
Assets assessed by the Dynamic Residual Method	4.80% - 4.90%	4.55%

For assets in development, the rate consider is the exit yield of the developed asset.

4.3.1 Sensitivity analysis

The variation of 25 points in the capitalisation rates has the following impact on the valuations used by the Group as of December 31, 2023 and December 31, 2022 to determine its real estate investment value.

Thousands of euros	Valuation	Decrease of +25 points	Increase of - 25 points
December 31, 2023	797,532	5.42%	(4.89%)
December 31, 2022	724,948	4.38%	(4.88%)

Borrowing costs

As established in IAS 23, "Borrowing costs", the Group has chosen not to capitalize interests directly attributable to the acquisition, construction or production of a qualifying assets measured at their fair value.

4.4 PROPERTY LEASES

4.4.1 The Group as lessee

Initial recognition

The Group as leaseholder recognises as a right-of-use asset and a lease liability, for all leases with durations of over 12 months.

The right-of-use asset is measured at its cost, which includes the amount of the initial measurement of the lease liability, any lease payment made at the start date or previously (less any lease incentive received), the initial direct costs incurred by the Group and an estimate of the costs to be incurred by the lessee in the dismantling of the underlying asset, the restoration of the site where it is located, or restoring the underlying asset to the condition required by the terms and conditions of the contract.

The lease liability is measured at the present value of the lease payments pending at the date of preparing the consolidated statement of financial position.

Lease liabilities include the net present value of the following lease payments:

- > fixed payments (including essentially fixed payments), less any lease incentive receivable,
- > variable lease payments that depend on an index or rate, initially measured using the index or rate at the start date,
- > the amounts expected to be paid by the lessee as guaranteed residual values,
- > the exercise price of a purchase option if the group is reasonably certain that they will exercise that option, and
- > lease termination penalty payments, if the term of the lease reflects the lessee's exercising of that option.

Lease payments made under certain extension options are also included in the measurement of the liability.

Lease payments are discounted using the interest rate included in the lease, if this rate may be easily determined. If that rate cannot be easily determined, the Group uses the incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of value similar to the right-of-use asset, in a similar economic backdrop with similar terms, security and conditions.

Subsequent recognition

The Group measures the right-of-use assets that meet the definition of real estate investments using the fair value model applied to its real estate investments (Note 8), and details them as such in the statement of financial condition. Right-to-use assets linked to buildings occupied by their owners are measured by applying the cost model that corresponds to that specific class of property, plant and equipment. The Group has no right-of-use assets of such characteristics at this time.

Lease liabilities are measured as follows:

- a. the recorded value increases to reflect the interest on the lease liability;
- b. the recorded value decreases to reflect lease payments made; and
- c. measure the recorded value again to reflect any revaluation or modification of the lease, or to reflect the essentially revised fixed lease payments.

When the Group is exposed to possible future increases in variable lease payments that depend on an index or rate, they are not included in the lease liabilities until they take effect. When the adjusted lease payments that depend on an index or rate come into force, the lease liabilities are evaluated again and adjusted against the right-of-use asset.

Lease payments are allocated between the principal and the financial cost. The financial cost is charged to income during the term of the lease so as to produce a constant periodic interest rate on the remaining balance of the liability for each year.

4.4.2 The Group as lessor

Lease revenue from operating leases in which the Group is lessor is recognised as income on a straight-line basis over the term of the lease. The initial direct costs incurred in arranging these operating leases are added to the recorded value of the underlying asset, and are recognised as expenses during the term of the lease agreement on the same basis as the lease income. The respective leased bases are included in the balance sheet according to their nature.

At the start date, the Group determines whether the lessee is reasonably likely to exercise the lease extension option, purchase the underlying asset, or not exercise the option to rescind the lease. The Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option or not, including any expected changes in the facts or circumstances from the start date to the date on which the option would be exercised.

4.5 FINANCIAL INSTRUMENTS

4.5.1 Investments and other financial assets

Classification

The group classifies financial assets into the following valuation categories:

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

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

For assets measured at fair value, profit and loss shall be recognised in the income statement or in other comprehensive income. For investments in equity instruments that are not held for trading, this depends on whether the group made an irrevocable election at initial recognition to account for the equity investment at fair value with changes in other comprehensive income.

The Group reclassifies debt investments when and only when it changes its business model for managing these assets.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade date, which is the date on which the group commits 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 substantially transferred all the risks and rewards of ownership.

Valuation

On initial recognition, the group measures a financial asset at fair value plus, in the case of a financial asset other than at fair value through changes in profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through changes in profit or loss are recognised as an expense in profit or loss.

Subsequent valuation of debt instruments depends on the group's business model to manage the asset and characteristics of asset cash flows. There are three categories of valuation in which the group classifies its debt instruments:

- > Amortized cost: Assets held for the collection of contractual cash flows when those cash flows only represent payments of principal and interest are measured at amortized cost. Interest from these financial assets is included in finance income according to the effective interest rate method. Any profit or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the income statement.
- > Fair value through changes in 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 only represent payments of principal and interest, are measured at fair value through changes in other comprehensive income. Movements in the carrying amount are taken to other comprehensive income, except for the recognition of impairment gains or losses, ordinary interest income and foreign exchange profit or loss which are recognised in profit and loss. When the financial asset is derecognised, the cumulative profit or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in finance costs. Interest from these financial assets is included in finance income according to 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 income statement.
- > Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or 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 income statement within finance costs in the period in which it arises.

The Group subsequently measures all equity investments at fair value. When group management has elected to present fair value profit and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value profit and loss following derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the company'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 income statement when applicable. Impairment losses (and reversals of impairment losses) on equity investments measured at fair value through other comprehensive income are not presented separately from other changes in fair value.

Value impairment

The group assesses on a prospective basis the expected credit losses associated with its assets at amortized cost and at fair value through with changes in other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts (including trade receivables from leases) the Group applies the simplified focus allowable under IFRS 9, which requires expected credit losses to be recognised from the initial recognition of accounts receivable.

Trade receivables and other accounts receivable are derecognised when there is not a reasonable expectation of recovering them.

The indicators of there not being a reasonable expectation of recovery include, inter alia, the likelihood of insolvency or significant financial difficulties on the debtor's part. Impaired debts are derecognised when it is deemed they are impossible to collect.

4.5.2 Trade receivables

Trade receivables are carried at recoverable value, i.e., net, where applicable, of the allowances recognised to cover balances of a certain age whose circumstances reasonably warrant their consideration as doubtful receivables. The group keeps trade receivables and other receivables with the aim of collecting contractual cash flows.

4.5.3 Cash and cash equivalents

Cash and cash equivalents include available cash, sight deposits in financial institutions, other high-liquidity short-term investments with original maturities of three months or less that are easily converted to cash, and are subject to an insignificant change in value. For the purposes of the statement of cash flows, bank overdrafts payable on demand and forming part of the Group's cash management are included as cash and cash equivalents. Bank overdrafts are recognised in the consolidated statement of financial position as financial liabilities for debts with credit entities.

4.5.4 Derivative financial instruments

The Group uses financial derivatives to manage its exposure to variations in interest rates. All derivative financial instruments, whether or not designated as hedging instruments, are carried at fair value: market value in the case of listed securities, or according to 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.

The following valuation criteria have been applied for accounting purposes:

- > Cash flow hedges: fair value gains or losses arising on transactions which classify for hedge accounting are recognised, net of taxes, directly in other consolidated comprehensive income, under "Gains/(losses) on hedging instruments", until the underlying or expected transaction occurs, at which point they are reclassified, where appropriate, to "Finance costs" or "Finance income" in the consolidated statement of comprehensive income. 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 other consolidated comprehensive income remain under this heading until the related transaction is performed. At that time, the net cumulative gain or loss recognised in other consolidated comprehensive income is transferred to consolidated net profit or loss for the year. If a hedged transaction is no longer expected to occur, net profits or losses recognised in consolidated comprehensive income are transferred to the net consolidated profit or loss of the period.

Prospective and retrospective calculation for hedge effectiveness is carried out on a yearly basis:

- > Retrospective tests measure how effectively the instrument would have hedged the liability over its life, using historical interest rates to date.
- > Prospective tests measure the derivative instrument's expected effectiveness on the basis of the interest rate curve. This adjustment is made on a quarterly basis from the start of the operation depending on the real established interest rates.

The method used to determine the effectiveness of the financial hedging instruments is known as "dollar offset". It calculates the ratio between the effect of changes in interest rates over the derivative, and the effect of the interest rate changes over the hedged element, considering the financial hedging instrument to be effective when this statistical correlation is between 0.80 and 1. At December 31, 2023, the result of this calculation was an efficiency rate of 100% (it was 100% at the close of the 2022 financial year). Therefore, there is no recognised inefficiency in the Profit and Loss Account for the financial year.

4.5.5 Financial liabilities

The Group recognises a financial liability when it is converted for the first time in part of the contractual obligations of the contract.

All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at fair value with changes to profit or loss) the transaction costs directly attributable to the issue of the financial liability. The financial liabilities are measured at amortized cost, unless the Group decides to measure a liability at fair value with changes to profit or loss.

A financial liability is derecognised when the obligation under the liability is cancelled or expires. All loans and obligations are initially recognised at fair value minus the directly-attributable transaction costs. Following initial recognition, the loans that accrue interests are later measured at the amortized cost using the effective interest method.

The financial liabilities included in trade creditors and other payables are initially recognised at their fair value, and later at their amortized cost. The fair value of a liability that does not accrue interests is its total discounted reimbursement amount. If the maturity date of a liability is less than a year, the discount is omitted.

4.6 SHARE CAPITAL

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are presented in the consolidated income statement.

4.7 TAX ON PROFITS

General regime

The tax expense or income against profits represents the current as well as deferred taxes. Expense for tax on profits and similar taxes applicable to the foreign consolidated companies are recognised in the Consolidated Income Statement, except when they are the consequence of a transaction whose results are recorded directly in the net property, in which case, the relevant tax is also recorded there.

The Group does not pay tax under a consolidated tax regime, by doing so individually for each of the companies.

The differences existing between the accounting result and the tax result have been considered, this being understood as the tax base of the Corporate Tax. These differences are due to the unequal definition of income and expenses in the economic and tax spheres and to the different time criteria for income and expenses in the aforementioned spheres.

The differences are classified into:

- > Permanent differences, produced between the tax base of said tax and the accounting result before taxes for the financial year, which do not reverse in subsequent periods, excluding the offset losses.
- > Temporary differences are those derived from the different valuation – accounting and fiscal – attributed to the assets, liabilities and certain instruments of own equity of the company, to the extent that they have an impact on the future tax burden.

Deferred tax assets

According to the principle of prudence, deferred tax assets will only be recognised to the extent that it is probable that the Group will have future tax profits that allow the application of these assets. Whenever the above condition is met, a deferred tax asset will be recognised in the following cases: (a) for deductible temporary differences (b) for the right to offset tax losses in subsequent periods; (c) for deductions and other unused tax advantages not yet applied for tax purposes.

Deferred tax liabilities

A deferred tax liability is recognised for all taxable temporary differences, unless they arise from: (a) initial recognition of a goodwill. However, deferred tax liabilities related to a goodwill will be recorded provided they have not arisen from their initial recognition; (b) initial recognition of an asset or liability in a transaction that is not a business combination and also did not affect the book result or the tax base.

Current tax assets and liabilities

The current tax is the amount that the company satisfies as a result of the tax settlements of the tax or taxes on the profit relating to a financial year.

The deductions and other tax advantages in the tax quota, excluding withholdings and payments on account, as well as the tax losses to be offset from previous financial years and effectively applied therein, will result in a lower amount of current tax. However, those deductions and other tax advantages in the tax quota that have an economic nature similar to grants are recorded in accordance with the provisions of the standard relating to grants, donations and legacies received.

Valuation of current and deferred tax assets and liabilities

Current tax assets and liabilities are valued at the amounts expected to be paid or recovered by the tax authorities, in accordance with current regulations.

Deferred tax assets and liabilities shall be valued according to the types of tax expected at the time of their reversal, according to current regulations, and according to the manner in which the asset or liability is reasonably expected to be recovered or paid.

REIT Regime

The special REIT tax regime, following its amendment through Law 16/2012, of 27 December, is constructed on the basis of a 0% Corporate Tax Rate, as long as certain requisites are met:

Especially noteworthy among them is that REITs must have invested at least 80% of the value of their assets in urban properties earmarked for lease, acquired in full property or interests in companies that meet the same investment and profit distribution requisites, be they Spanish or foreign, and whether or not they trade on organized markets. Furthermore, these entities' main sources of revenue must come from the real estate market, either from rentals, the later sale of buildings following a minimal term of rental, or revenue from shares in entities of similar characteristics. Nevertheless, the Tax is accrued proportionally to the distribution of dividends. Dividends received by equity holders will be exempt, unless the recipient is a legal entity subject to Corporate Income Tax, or a permanent establishment of a foreign entity, in which case, a deduction over the total tax due shall be established, so that this income also be taxed at the tax rate of the equity holder.

However, no other income will be taxed as long as it is not distributed among the equity holders.

As established in the ninth Transitional Provision of Law 11/2009, of 26 of October, amended by Law 16/2012, of 27 December, regulating Publicly-traded Real Estate Investment Companies, the entity will be subject to a special tax rate of 19% over the full amount of the dividends, or shares in profits distributed among equity holders whose stake in the entity's share capital is equal or greater to 5%, whenever said dividends, in headquarters of their equity holders, are exempt from, or are taxed at, a tax rate lower than 10%.

Along these lines, the Group has established a procedure through which the confirmation by shareholders of their taxation is guaranteed. When appropriate, this involves the retention of 19% of the amount of the dividend distributed to shareholders that do not meet the previously-mentioned fiscal requisites.

Effective for the financial years beginning as of January 1, 2021, Law 11/2021, of 9 July, on measures for the prevention and fight against tax fraud amends section 4 of article 9 of Law 11/2009 of 26 October, regulating Real Estate Investment Trusts (Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario SOCIMI). Specifically, this involves implementation of a special tax rate of 15% over the amount of profit obtained in the financial year that is not distributed, in the portion proceeding from: a) income that has not been taxed at the general Corporate Income Tax rate and, b) Income not arising from the transfer of suitable assets, once the three-year maintenance period has passed, that have been ascribed to the three-year reinvestment period laid down in Article 6.1.b) of Law 16/2012, of 27 December. This special tax rate will be considered the corporate income tax rate and will be accrued the day the agreement for application of the financial year profit/(loss) is approved by the General Shareholders' Meeting or like body. The self-assessment and deposit of the tax must be completed within two months from the accrual.

4.8 PROVISIONS

Provisions for legal claims are recognised when:

- > the Group has a present or implicit legal obligation as a result of past events;
- > it is likely that an outlay of resources will be required to settle the obligation; and
- > the amount can be reliably estimated.

Provisions are measured at present value of the disbursements expected when they are necessary to settle the obligation using a pre-tax rate that reflects the value of the money over time and the specific risks of the obligation. The increase in the provision due to the passage of time is recognised as a financial cost.

When the group, as lessee, is contractually bound to restore a leased property to a condition agreed prior to its vacating by the lessor, a provision for the identified costs is made.

4.9 INCOME AND EXPENSES

Revenue comprises basically ordinary rental income from contracts with customers from the Group's rental properties.

The income and expenses are allocated based on the accrual criterion regardless of the moment in which the monetary or financial current derived from them occurs.

However, in accordance with the accounting principles established in the EU-IFRS conceptual framework, the Group only records profits made at the date of financial year closure, as the foreseeable risks and losses, even if only possibilities, are recorded as soon as they are known.

Income from the sale of goods or services is recognised at the fair value of the compensation received or to be received as a result thereof. Cash discounts, by volume or other types of discounts, as well as interest incorporated into the par value of the credits, are recorded as a reduction thereof.

The Group acts as an agent in the provision of certain services, in which its role is that of an intermediary by re-invoicing certain charged costs that are directly attributable to the tenant, such as local taxes and insurance.

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 shareholders' rights to receive payment have been established, i.e. when the subsidiaries' competent bodies approve the distribution of the corresponding dividend.

4.10 GRANTS

Government grants related with income are differentiated and recognised in profit or loss during the necessary period to align them with the costs that they are meant to compensate.

Government grants related with the purchase of property, plant and equipment are included in non-current liabilities as deferred income, or deducted from the cost of the asset's book value, and are credited to profit or loss using the straight-line method during the related assets' expected service life.

4.11 DISTRIBUTION OF DIVIDENDS

Distribution of dividends to Company shareholders is recognised as a liability in the Group's consolidated annual accounts in the period in which the dividends are approved.

4.12 ENVIRONMENTAL AND CLIMATE CHANGE INFORMATION

Given the nature of the Group's operations, it has no responsibilities, expenses, assets, provisions and contingencies of an environmental nature or related to greenhouse gases that could be significant in relation to the equity, financial position or results thereof. For this reason, specific breakdowns are not included in this annual report on the annual financial statements regarding information on environmental issues.

The Group has an ESG Committee responsible for identifying, evaluating and managing climate change risks. Although the Group has an ESG Action Plan through which it is committed to measuring its carbon footprint, climate change is not considered to have a significant impact on these financial statements. The Group adheres to the Principles of Responsible Investment (PRI) by which it agrees to integrate ESG criteria in the investment processes, and therefore takes into account the risks they could represent.

5. Financial risk management

The Group efficiently manages its financial risks with the aim of having an adequate financial structure that allows it to maintain high levels of liquidity, minimise borrowing costs, reduce volatility due to changes in capital and ensure compliance with its business plans. The Group's management of financial risk is centralized in its Financial Management, which has established the necessary mechanisms to control exposure to the main risks that could have an impact on the Group's operations, described in the following paragraphs:

Market risk: Market risk is the risk that the fair value or future cash flows of a financial instrument fluctuate due to changes in market prices. The Group's market risks arise from open positions in assets and liabilities that accrue interests, to the extent they are exposed to general and specific movements of the market. The administration sets limits to interest rate risk exposure that could be acceptable, which are regularly monitored (see details below). However, the use of this focus does not prevent losses outside these limits in case of more significant market movements.

Interest rate risk: The Group's interest rate risk arises from long-term borrowings. External resources issued at variable rates expose the Group to cash flow interest rate risk.

The risk management policy is designed to limit and control the impact of interest rate fluctuations on profit and cash flows, to maintain the level of debt, and to keep overall borrowing costs at reasonable levels. In order to attain these objectives, the Group enters into interest rate hedges to hedge against potential fluctuations in finance costs if necessary. These hedging instruments bring about the economic effect of converting variable-rate loans into fixed-rate loans, entering commitments with third parties to exchange, with certain regularity, the difference between fixed and variable interest rates depending on the contracted notional principals.

As of December 31, 2023, the percentage of hedged debt, or with a fixed rate over the total debt, was 81.31% (85.94% as of December 31, 2022). The effect of these hedging instruments on the financial statements is described in Note 12.

Liquidity risk: Liquidity management is carried out by the Group's Finance Department, which makes the necessary cash forecasts and follows up on the annual budget and liquidity needs to guarantee compliance with its financial obligations. The Group is not significantly exposed to liquidity risk due to the maintenance of sufficient cash and the availability of financing to deal with the cash outflows necessary in its usual operations. The group presents a leverage ratio, understood as debt over the fair asset value (Loan to value - LTV) of 48.70% (this ratio is calculated by dividing the company's net debt by the fair value of its assets) and cash and other equivalent liquid assets for an amount of 4,430 thousand euros.

Counterparty risk: the Group mitigates this risk by using top-tier financial institutions to arrange its financial operations.

Credit risk: The Group has policies to ensure that sales are made to customers with an adequate credit history. The value correction for customer insolvency involves the review of individual balances based on customer credit quality, current market trends and historical analysis of aggregate insolvencies. At December 31, 2023 and 2022, the Group did not present any significant recognised impairments, as there were not any mature balances linked to credit risk.

6. Capital management

Companies operating in the real estate sector need to make heavy upfront investments to ensure development of their projects and growth of their businesses through the purchase of rental properties and/or land. The Group's financial structure requires its sources of financing to be diversified in terms of entities, products and maturity dates, in order to ensure the continuity of its companies as profitable businesses and to be able to maximise returns for shareholders.

7. Property leases

The subsidiary Healthcare Activos Financing S.L.U. holds a lease on a residential facility for elders located in San Sebastián by virtue of managing a sub-letting contract. This contract is in effect until the year 2051, a 50-year total term having been established.

On another note, the same company holds an administrative concession for the private use of a lot assigned by the City Council of Salou on April 5, 2005 for a period of 75 years.

7.1 RIGHT-OF-USE ASSETS

<u>Thousands of euros</u>	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
San Sebastián rental	2,878	2,986
Salou concession	358	364
Total	3,236	3,350

Right-of-use assets are included in real estate investments (see note 8), given that the cost of the lease they refer to is subtracted from the assessed value.

Recognised right-of-use assets correspond to the contracts mentioned in Note 7.

7.2 LEASE LIABILITIES

Thousands of euros	December 31, 2023	December 31, 2022
San Sebastián rental	2,928	3,008
Salou concession	366	370
Total	3,294	3,378

Recognised right-of-use liabilities correspond to the contracts previously described.

7.3 IMPACTS ON THE CONSOLIDATED INCOME STATEMENT

Thousands of euros	2023	2022
Finance charges	65	67
Total	65	67

The impacts on the profit recognised consolidated income statement correspond to the lease contracts previously described.

7.4 OPERATING LEASES AS LESSEE

At the end of the 2023 and 2022 financial years, the Company maintains contracts with lessors for the following minimum lease payments, in accordance with the current contracts in force, without taking into account the impact of common expenses or future increases for CPI:

Thousands of euros	December 31, 2023	December 31, 2022
Up to 1 year	141	143
Between 1 and 5 years	535	546
Over 5 years	2,429	2,559
Total	3,105	3,248

8. Real estate investments

The composition and movements that have occurred in the 2022 and 2021 financial years in the chapter of real estate investments of the consolidated financial position statement were:

Thousands of euros	Real estate investments	Fixed assets under development	Total
Valuation at December 31, 2021	418,679	-	418,679
Right-of-use assets	3,464	-	3,464
Balance at December 31 2021	422,143	-	422,143
Additions through acquisition of assets	143,731	37,511	181,242
Additions	97,440	23,259	120,699
Disposals	(29,557)	-	(29,557)

Changes in Value	33,885	-	33,885
Valuation at December 31, 2022	664,178	60,770	724,948
Right-of-use assets	3,350	-	3,350
Balance at December 31 2022	667,528	60,770	728,298
Additions through acquisition of assets	6,410	2,843	9,253
Additions	39,116	24,968	64,084
Disposals	(66)	(4,368)	(4,434)
Transfers	33,045	(33,045)	-
Changes in Value	445	-	445
Valuation at December 31, 2023	743,128	51,168	794,296
Right-of-use assets	3,236	-	3,236
Balance at December 31 2023	746,364	51,168	797,532

The direct operating expenses recognised in the profit and loss account (mainly expenses derived from management expenses and taxes) include 3,833 and 2,620 thousand euros associated with real estate investments that were leased as of December 31, 2023 and 2022, respectively.

Right-of-use assets are included in real estate investments, given that the cost of the lease they refer to is subtracted from the assessed value (see Note 7).

Movements in the 2023 financial year

Additions through acquisition of assets for the 2023 business year were for assets acquired as a result of the transactions described in Note 1.3, in which the Company acquired a clinic in operation in Portugal (acquisition of HAIP Montijo Unipessoal LDA) and a plot in Granada for development of a residential facility for elders. The net value of the assets acquired totalled 9,253 thousand euros, with their net value at the closure of the 2023 financial year totalling 8,740 thousand euros.

All other additions made in the financial year are for the acquisition of two operating residential facilities located in Belgium and Portugal for the amount of 36,425 thousand euros (with market value of 39,270 thousand euros at year-end 2023) in addition to acquisitions of land in Spain to develop new assets in the amount of 7,991 thousand euros (with market value of 9,160 thousand euros at year-end 2023). All other additions in the 2023 financial year correspond mainly to the real estate assets in development, with special attention being deserved by residential facilities for elders located in Valencia, Madrid, Ferrol, Sabadell, Córdoba, Terrassa, Lérida, Vitoria, Gavà and Granollers.

The write-off's for this financial year are mainly attributable to an adjustment in the price paid during the 2022 financial year for the acquisition of the residential facilities for elders located in Valencia and Ferrol, with a value of 1,138 thousand euros.

Grants related with the development activities in Lérida and Terrassa were received in the 2023 financial year in the amounts of 1,578 and 1,510 thousand euros, respectively.

The remaining write-off's mainly stand for the sale part of a plot in Terrassa for 175 thousand euros.

Transfers in the 2023 financial year are attributable to the completion and commissioning of elder residential facility projects under development in the cities of San Sebastián, Lérida and Terrassa.

Movements in the 2022 financial year

The additions through acquisition of assets for the 2022 financial year refer to:

On April 8, 2022, the Parent company acquired, through purchases of stakes in the companies described in Note 1.3, a portfolio of several residential facilities for elders in Spain, and an operating hospital located in Portugal, as well as other residential facilities for elders in development in Spain. These operations stand for additions to the scope in the amount of 114,290 thousand euros, with their market value totalling 132,312 euros at the end of the 2022 financial year.

On December 21, 2022, the Parent Company acquired 100% of the shares in the companies described in Note 1.3, including in the Group's portfolio four operating residential facilities for elders in Belgium, with the value of the additions to the perimeter totalling 66,952 thousand euros, and their market value at the end of the 2022 financial year totalling 83,410 thousand euros. The Group has taken in consideration a market value at year-end 2022 that differs from the transaction value although it is a transaction that took place near the end of the financial year. This is chiefly due to the context of the market in which the transaction was carried out, in which other participants in the process could not access the conditions established by the seller.

All other additions made in the financial year are for acquisitions of operating assets located in Belgium and Portugal for the amount of 97,452 thousand euros (with market value of 95,710 thousand euros at year-end 2022) in addition to acquisitions of land in Spain to develop new assets in the amount of 4,779 thousand euros (with market value of 4,310 thousand euros at year-end 2022). All other additions in the 2022 financial year correspond mainly to the real estate assets in development, with special attention being deserved by residential facilities for elders located in San Sebastián, Lérida, Terrassa and Córdoba.

The additions made in the 2022 financial year had not been paid in their entirety at year-end. The amount paid was 160,438 thousand euros.

Furthermore, on March 31, a hospital located in Cartagena was sold, obtaining a profit of 371 thousand euros in the attached consolidated profit and loss account. The receivables derived from the building has been deferred. Therefore, the amount of the loan that gave rise to this transaction is recorded under the heading "Other long-term financial assets" (see note 9).

8.1 CHANGES IN VALUE OF REAL ESTATE INVESTMENTS

Real estate investments are presented at fair value. The amount of income recorded in the Consolidated Profit and Loss Account for the 2023 and 2022 financial years for the valuation at fair value of the real estate investments totals 373 and 33,771 thousand euros, respectively.

2023 Financial year

Market value - thousands of euros	2023		Total
	Real estate investments	Real estate investments under development	
Assets from prior years	701,048	36,078	737,126
Additions to perimeter	42,080	15,090	57,170
Right-of-use assets	3,236	-	3,236
Total	746,364	51,168	797,532

Changes in Market Value – in thousands of euros	2023		Total
	Real estate investments	Real estate investments under development	
Assets from prior years	1,200	–	1,200
Additions to perimeter	(755)	–	(755)
Departures from perimeter	42	–	42
Amortization of right-of-use assets	(114)	–	(114)
Total	373	–	373

2022 Financial year

Market value - thousands of euros	2022		Total
	Real estate investments	Real estate investments under development	
Assets from prior years	409,206	–	409,206
Additions to perimeter	254,972	60,770	315,742
Right-of-use assets	3,350	–	3,350
Total	667,528	60,770	728,298

Changes in Market Value – in thousands of euros	2022		Total
	Real estate investments	Real estate investments under development	
Assets from prior years	19,537	–	19,537
Additions to perimeter	13,945	–	13,945
Departures from perimeter	403	–	403
Amortization of right-of-use assets	(114)	–	(114)
Total	33,771	–	33,771

8.2 OTHER INFORMATION

As of December 31, 2023, the Group has rent guarantee deposits received from the tenants of the properties for the amount of 3,122 thousand euros (3,588 thousand euros at the end of the 2022 financial year), recorded under the heading “Other non-current liabilities”, pursuant to the lease contracts it maintains with them. Income derived from these contracts is wholly recorded in the net revenue. These agreements held are characterised by having a long-term duration, with 17 years being the average of remaining years until their expiration.

As of December 31, 2023, the Group has assets deposited as collateral for mortgage loans totalling 722,691 thousand euros of market value (482,073 thousand euros at December 31, 2022), as guarantees for debts totalling 350,437 thousand euros (240,000 thousand euros at December 31, 2023).

The list of buildings classified as real estate investments and fixed assets under development, classified by geographic location, at the end of the 2023 and 2022 financial years, is as follows:

2023			
Thousands of euros	Real estate investments	Real estate investments under development	Total
Spain	501,474	51,168	552,642
Portugal	90,820	–	90,820
Belgium	154,070	–	154,070
Total	746,364	51,168	797,532

2022			
Thousands of euros	Real estate investments	Real estate investments under development	Total
Spain	458,218	60,770	518,988
Portugal	86,220	–	86,220
Belgium	123,090	–	123,090
Total	667,528	60,770	728,298

9. Financial assets and other receivables

The breakdown of the financial assets by classes and categories, covering all financial assets at fair value with changes to profit or loss, is as follows

Thousands of euros	Long-term financial assets	
	December 31 of 2023	December 31 2022
Loans with third parties	–	30,000
Deposits and guarantees	3,123	2,595
Non-current accruals	3,541	2,449
Derivatives (Note 12)	11,008	19,603
Total	17,672	54,647

Thousands of euros	Short-term financial assets	
	December 31, 2023	December 31, 2022
Loans with third parties	30,091	91
Trade and other receivables	971	554
Deposits and guarantees	316	76
Non-current accruals	158	866
Total	31,536	1,587

9.1 LOANS WITH THIRD PARTIES

On March 31, 2022, a loan between the subsidiary Healthcare Activos Financing, S.L.U., and the company Healthcare Activos Management Inversión S.L. in the amount of 30 million euros, was formalised. This loan accrues market interest. The interests and fees arising from this loan that were accrued in the 2023 financial year totalled 1,077 thousand euros (811 thousand euros during the 2022 financial year); of which at December 31, 2023 and 2022 91 thousand had been accrued and not collected. This loan originated in the sale of a hospital located in Cartagena in the 2022 financial year, and its due date is scheduled for March 2024 (See Note 8)

9.2 OTHER ASSETS

Under the heading “Long and short-term deposits and guarantees” there are included guarantees deposited with public entities as a consequence of the rental contracts relative to Real estate investments totalling 3,123 thousand euros (2,595 thousand euros as of December 31 2022).

The heading “Non-current accruals” covers non-current accruals of income originating from the incentives included in aforementioned operating lease contracts (grace periods, rising rent payments, etc.) in which the Group acts as lessor. These incentives are charged to the profit/(loss) for the duration established by the lease contract.

9.3 CLASSIFICATION BY MATURITY OF FINANCIAL ASSETS

Following is a breakdown of the assets for the 2023 period that have a determined or determinable maturity, and of which the amounts that mature in each of the five years following the year-end closing and the rest until their last maturity must be reported.

Thousands of euros	2024	2025	2026	2027	2028	Rest	Total
Loans with third parties	30,091	-	-	-	-	-	30,091
Deposits and guarantees	316	-	-	-	-	3,123	3,439
Non-current accruals	158	427	410	310	186	2,208	3,699
Derivatives (Note 12)	-	-	-	11,008	-	-	11,008
Trade and other receivables	971	-	-	-	-	-	971
Total	31,536	427	410	11,318	186	5,331	49,208

Following is a breakdown of the assets for the 2022 period that have a determined or determinable maturity, and of which the amounts that mature in each of the five years following the year-end closing and the rest until their last maturity must be reported.

Thousands of euros	2023	2024	2025	2026	2027	Rest	Total
Loans with third parties	91	30,000	-	-	-	-	30,091
Deposits and guarantees	76	-	-	-	-	2,595	2,671
Non-current accruals	866	297	308	308	209	1,327	3,315
Derivatives (Note 12)	-	-	-	-	19,603	-	19,603
Trade and other receivables	554	-	-	-	-	-	554
Total	1,587	30,297	308	308	19,812	3,922	56,234

10. Financial liabilities and other payables

The breakdown of the financial liabilities by classes and categories, covering all financial liabilities at fair value with changes to profit or loss, is as follows:

Thousands of euros	Long-term financial liabilities	
	December 31 of 2023	December 31 2022
Amounts payable to credit institutions	377,065	268,988
Guarantees	4,020	3,588
Non-current accruals	114	119
Other financial liabilities	–	30,000
Lease liabilities (Note 7)	3,207	3,293
Capital subsidies	226	229
Total	384,632	306,217

Thousands of euros	Short-term financial liabilities	
	December 31, 2023	December 31, 2022
Amounts payable to credit institutions	1,300	3,793
Guarantees	–	2
Non-current accruals	804	519
Other financial liabilities	–	42,490
Lease liabilities (Note 7)	87	85
Sundry creditors	4,307	5,198
Capital subsidies	4	4
Total	6,502	52,091

10.1 AMOUNTS PAYABLE TO CREDIT INSTITUTIONS

The Group breakdown of amounts payable to credit institutions is as follows:

By loans

Thousands of euros	December 31, 2023						
	Limit	Formalization costs*	Maturity	Pending long-term debt**	Pending short-term debt	Short-term interests	Mortgage guarantee
Syndicated –							
Tranche A	240,000	(6,425)	31/03/2027	240,000	–	275	Yes
Syndicated –							
Tranche B	70,000	(1,141)	31/03/2027	38,104	–	108	Yes
Revolving line	40,000	(400)	31/03/2027	33,700	–	102	No
Syndicated –							
Tranche A	56,000	(721)	31/03/2027	56,000	–	596	Yes
Syndicated –							
Tranche B	16,333	(171)	31/03/2027	16,333	–	189	Yes
	422,333	(8,858)		384,137	–	1,270	

*Formalization costs related with financing.

** Does not include the reduction of formalization costs pending accrual at year-end.

December 31, 2022

Thousands of euros	Limit	Formalization costs*	Maturity	Pending long-term debt**	Pending short-term debt	Short-term interests	Mortgage guarantee
Syndicated – Tranche A	240,000	(6,425)	31/03/2027	240,000	–	279	Yes
Syndicated – Tranche B	110,000	(1,100)	31/03/2027	–	–	37	Yes
Revolving line	40,000	(400)	31/03/2027	34,300	–	75	No
	390,000	(7,925)		274,300	–	391	

*Formalization costs related with financing.

** Does not include the reduction of formalization costs pending accrual at year-end.

At year-end 2023, the loans classified under the heading “Amounts payable to credit institutions” in the long term were those outlined below:

- > At March 31, 2022, the Group formalized a syndicated loan in the amount of 350 million euros, of which a tranche of 240 million euros, completely drawn, is earmarked to refinance the Group’s operating assets, and another undrawn tranche of 110 million euros is to finance acquisitions of operating assets or refinance current developments. This second tranche has been reduced to 70 million euros during the 2023 financial year.

This syndicated loan is led by the financial entities Crédit Agricole Corporate and Investment Bank (Spanish branch), and BNP Paribas, S.A. (Spanish branch), with the participating banks holding the following shares:

	% share
AXA	32.57%
Amundi	10.00%
Montparnasse Debt Fund 2, Compartiment Real Estate	6.29%
Caixabank	10.00%
Targobank, S.A.U.	2.86%
Abanca Corporación Bancaria, S.A.	6.29%
Banco Pichincha España, S.A.	2.86%
Novobanco, S.A. – Succursale Luxembourg	6.29%
Societe Generale, (Branch in Spain)	2.86%
BNP Paribas, S.A., Branch in Spain	10.00%
Crédit Agricole Corporate and Investment Bank, Branch in Spain	10.00%

The due date of the loan is set for March, 2027, by way of a single payment made on the appropriate due date.

The formalisation costs for the syndicated loan totalled 7,566 thousand euros, and are shown as subtracted from the balance under the heading “Amounts payable to credit institutions”. They totalled 4,962 thousand euros (6,579 thousand euros at December 31, 2022) at December 31, 2023. The financial expense related to the allocation of such formalisation expenses accrued during financial year 2023 amounts to 1,505 thousand euros (1,129 thousand euros during financial year 2022).

The aforementioned loan accrues an interest rate referenced to the Euribor plus a market margin. The interests and fees arising from this loan that were accrued in the 2023 financial year totalled 13,149 thousand euros (4,358 thousand euros during the 2022 financial year).

The Group contracted derivative financial instruments (see note 12) in relation to this loan that have accrued interest expense in the amount of 5,155 thousand euros over the 2023 financial year (1,120 thousand euros during the 2022 financial year).

The loan agreement establishes various agreements and covenants, including the fulfilment of certain financial ratios that the Board of Directors estimates are fulfilled without incident at the end of financial year 2023. They are expected to be fulfilled without incident in 2024.

- > On March 31, 2022, the Group formalized a revolving credit facility in the amount of 40 million euros for the purpose of financing Group developments, with the financial institutions Crédit Agricole Corporate and Investment Bank, (Spanish branch) and BNP Paribas, S.A. (Spanish branch), each of which holds a 50% share. They totalled 33.7 thousand euros (34.3 thousand euros at December 31, 2022) at December 31, 2023. The due date is set for March 2027, by way of a single payment made on the appropriate due date.

The formalisation costs for the loan totalled 400 thousand euros, and are shown as subtracted from the balance under the heading “Amounts payable to credit institutions”. They totalled 265 thousand euros (340 thousand euros at December 31, 2022) at December 31, 2023. The financial expense related to the allocation of such formalisation expenses accrued during financial year 2023 amounts to 80 thousand euros (60 thousand euros during financial year 2022).

The loan accrues an interest rate referenced to the Euribor plus a market margin. The interests and fees arising from this loan that were accrued in the 2023 financial year totalled 2,016 thousand euros (778 thousand euros during the 2022 financial year).

The loan agreement establishes various agreements and covenants, including the fulfilment of certain financial ratios that the Board of Directors estimates are fulfilled without incident at the end of financial year 2023. They are expected to be fulfilled without incident in 2024.

- > On March 31, 2023, the Group formalized a syndicated loan in the amount of 56 million euros, completely drawn, to refinance new operating assets of the Group. This syndicated loan has been formalized with financial institutions Société Générale, (Spanish Branch) and Novo Banco, S.A., Succursale Luxembourg, with 65.44% and 34.56% shares, respectively.

On September 25, 2023, the Group and syndicated financial institutions formalized a new tranche of the previously-described loan for 16.3 million euros, completely drawn, to refinance new operating assets of the Group acquired in the 2023 financial year.

The due date of the loan is set for March, 2027, by way of a single payment made on the appropriate due date.

The formalisation costs for the syndicated loan totalled 892 thousand euros, and are shown as subtracted from the balance under the heading “Amounts payable to credit institutions”. At December 31, 2023, they totalled 741 thousand euros. The financial expense related to the allocation of such formalisation expenses accrued during financial year 2023 amounts to 151 thousand euros.

The aforementioned loan accrues an interest rate referenced to the Euribor plus a market margin. Interests and fees relative to this loan accrued during the 2023 financial year total 2,154 thousand euros.

The Group has contracted derivative financial instruments (see note 12) in relation to this loan that have accrued an interest reduction in the amount of 190 thousand euros over the 2023 financial year.

The loan agreement establishes various agreements and covenants, including the fulfilment of certain financial ratios that the Board of Directors estimates are fulfilled without incident at the end of financial year 2023. They are expected to be fulfilled without incident in 2024.

On March 31, 2022, the Group proceeded with the anticipated repayment of all loans it held at December 31, 2021, listed hereinunder:

- > Syndicated loan formalised on August 1, 2019 with the financial institution Natixis, S.A., in the amount of 175 million euros. No amounts have been drawn down by the Group during financial year 2022. The loan contract established a single due date for the loan, in July, 2026.

On March 31, 2022 the Group proceeded with the advance prepayment of the loan, amortizing pending capital of 163,929 thousand euros, as well as the accrued and unpaid interests, which at that date totalled 748 thousand euros. In addition, the Group paid 507 thousand euros as anticipated prepayment costs. Prior to the prepayment of the loan, the Group had not made any payments on the loan in the 2022 financial year.

The formalisation costs for the loan totalled 5,680 thousand euros, and were shown as subtracted from the balance under the heading “Amounts payable to credit institutions”. The financial expenses related to the allocation of these formalisation expenses accrued between January 1, and March 31, 2022 totalled 20 thousand euros. On March 31, due to the advance prepayment of the loan, the Group charged in the profit and loss statement the formalisation expenses that had not yet been recognised, which totalled 5,505 thousand euros.

The loan accrued an interest rate referenced to the Euribor plus a market margin. Interests and fees relative to this loan accrued during the 2022 financial year total 638 thousand euros.

The Group contracted derivative financial instruments (see note 12) in relation to this loan that have accrued interest expense in the amount of 100 thousand euros over the 2022 financial year.

The refinancing of the Group’s bank debt involved principal payments of 188,429 thousand euros.

On March 31, 2022, due to the advance prepayment of the loan, the contracted derivative product was cancelled, generating profit in the 2022 financial year of 4,295 thousand euros.

- > Loan formalised on October 17, 2020 with the Natixis, S.A. financial institution, in the amount of 24.5 million euros. This contract set a due date for the loan of July, 2026.

On March 31, 2022 the Group proceeded with the advance prepayment of the loan, amortizing pending capital of 24,500 thousand euros, as well as the accrued and unpaid interests, which at

that date totalled 231 euros. In addition, the Group paid 126 euros as anticipated prepayment costs. The Group made no payments on the principal in the 2022 financial year.

The formalisation costs for the loan totalled 433 thousand euros, and are shown as subtracted from the balance under the heading “Amounts payable to credit institutions”. Up to March 31, 2022, the Group had not charged any formalisation expenses to the profit and loss statement. On that date, due to the advance prepayment of the loan, the Group charged in the profit and loss statement the formalisation expenses that had not yet been recognised, which totalled 434 thousand euros.

The loan accrued an interest rate referenced to the Euribor plus a market margin. Interests and fees relative to this loan accrued during the 2022 financial year total 196 thousand euros.

The Group contracted derivative financial instruments (see note 12) in relation to this loan that have accrued interest expense in the amount of 9 thousand euros over the 2022 financial year.

On March 31, 2022, due to the advance prepayment of the loan, the contracted derivative product was cancelled, generating profit in the 2022 financial year of 796 thousand euros.

By credit facilities

2023							
Thousands of euros	Limit	Formalization costs	Due date	Pending long-term debt	Pending short-term debt	Short-term interests	Mortgage guarantee
Credit facility	15,000	(34)	21/04/2024	-	-	28	No
Credit facility	5,000	(10)	25/04/2024	-	-	1	No
Credit facility	5,000	(15)	12/07/2024	-	-	-	No
	25,000	(59)		-	-	29	

2022							
Thousands of euros	Limit	Formalization costs	Due date	Pending long-term debt	Pending short-term debt	Short-term interests	Mortgage guarantee
Credit facility	10,000	(23)	21/04/2023	-	-	18	No
Credit facility	5,000	(16)	25/04/2023	-	4,979	12	No
	15,000	(39)		-	4,979	30	

At year-end 2023, the Group Parent company held the following credit facilities:

- > On April 21, 2023 the Parent company renewed a credit facility that it had formalised on April 21, 2022 with CaixaBank for the amount of 15 million euros (10 million euros until the renewal), at market interest. The interests accrued by this credit facility throughout the 2023 financial year totalled 156 thousand euros (49 thousand euros in the 2022 financial year).
- > On April 25, 2023 the Parent company renewed a credit facility that it had formalised on April 25, 2022 with Bankinter for the amount of 5 million euros at market interest. The interests accrued by this credit facility throughout the 2023 financial year totalled 103 thousand euros (34 thousand euros in the 2022 financial year).

- > On July 12, 2023 the Parent company formalised a credit facility with Banc Sabadell for the amount of 5 million euros, at market interest. The interests accrued by this credit facility over the 2023 financial year totalled 39 thousand euros.

10.2 OTHER FINANCIAL LIABILITIES

10.2.1 Other long-term financial liabilities

On 21 December 2022 the Parent company formalised a loan with the Company AG Real Estate NV/SA for the amount of 30 million euros. The due date of the loan was scheduled for June, 2024. The group repaid this loan early on May 25, 2023.

This loan was taken as a deferred payment for the purchase of assets that took place on the same date, and explained in Note 1.3, in which the lender was the seller. The Parent company acts as a guarantor for the borrowing subsidiaries listed as follows:

<u>Subsidiary - in thousands of euros</u>	
HAI Belgium, BV	22,114
Ladolcevita, S.A.	4,147
RV Invest, N.V.	1,735
De Wilde, S.R.L.	1,431
Senre, S.R.L.	573
Total	30,000

This loan accrues fixed-rate market interest. The interest related to said loan accrued during financial year 2023 amount to 362 thousand euros (25 thousand euros during financial year 2022). At 31 December 2023, all of the interests accrued had been paid up (25 thousand euros accrued and not paid at the closing of financial year 2022).

10.2.2 Other short-term financial liabilities

As described in Note 8, on December 23, 2022, the Group acquired through its subsidiaries in Portugal two operating hospitals, with 42,645 thousand euros pending payment to the seller at December 31, 2022, payable in the 2023 financial year. On October 31, the Group made a payment for the entirety of the outstanding balance.

10.3 CAPITAL GRANTS

At December 31, 2023 and 2022, the Group held an administrative concession with the Salou City Council. The concession, for private use and having an initial term of 75 years, allows the use of the land where the residential facility for elders owned by the Group in that municipality is located.

In accordance with the recognition and measurements standards described in Note 4, in each financial year the proportional part of said concession will be recognised as a higher income and the value of the grant will be reduced.

The amount of grants, donations and legacies reflected in the Group's balance sheet at the end of financial year 2023 is 230 thousand euros (234 thousand euros at the end of financial year 2022). The pending duration of the concession was 57 years at the end of the 2023 financial year.

The analysis of movements in the financial years ending at December 31, 2023, December 31, 2022 is as follows:

Thousands of euros	December 31, 2023	December 31, 2022
Initial balance	234	238
Reduction (net of the tax effect)	(4)	(4)
Final balance	230	234

10.4 OTHER LIABILITIES

The heading of long and short-term "Guarantees" corresponds to the guarantees received as a consequence of rental contracts relative to real estate investments (see note 8).

The heading of long and short-term "Non-current accruals" corresponds to income collected in advance.

10.5 CLASSIFICATION BY MATURITY OF FINANCIAL LIABILITIES

Following is a breakdown of the financial liabilities for the 2023 financial year that have a determined or determinable maturity, and of which the amounts that mature in each of the five years following the year-end closing and the rest until their last maturity must be reported.

Thousands of euros	2024	2025	2026	2027	2028	Rest	Total
Amounts payable to credit institutions	3,476	-	-	381,961	-	-	385,437
Debt formalization costs	(2,176)	(2,176)	(1,984)	(736)	-	-	(7,072)
Guarantees	-	-	-	-	-	4,020	4,020
Non-current accruals	804	5	5	5	5	94	918
Lease liabilities	87	88	90	92	94	2,843	3,294
Sundry creditors	4,307	-	-	-	-	-	4,307
Capital grants	4	4	4	4	4	210	230
Total	6,502	(2,079)	(1,885)	381,326	103	7,167	391,134

Following is a breakdown of the financial liabilities for the 2022 financial year that have a determined or determinable maturity, and of which the amounts that mature in each of the five years following the year-end closing and the rest until their last maturity must be reported.

Thousands of euros	2023	2024	2025	2026	2027	Rest	Total
Amounts payable to credit institutions	5,400	–	–	–	274,300	–	279,700
Debt formalization costs	(1,608)	(1,608)	(1,608)	(1,608)	(489)	–	(6,919)
Guarantees	2	–	–	–	–	3,588	3,590
Non-current accruals	519	5	5	5	5	99	638
Other financial liabilities	42,490	30,000	–	–	–	–	72,490
Lease liabilities	85	85	85	85	85	2,953	3,378
Other payables	5,198	–	–	–	–	–	5,198
Capital grants	4	4	4	4	4	213	233
Total	52,091	28,486	(1,514)	(1,514)	273,905	6,853	358,308

10.6 INFORMATION ON AVERAGE PERIODS OF PAYMENT TO SUPPLIERS. SECOND FINAL PROVISION OF LAW 31/2014, OF 3 DECEMBER

We provide hereinunder the information required by the Third Additional Provision of Law 15/2010, of 5 July (amended by Second Final Provision of Law 31/2014, of 3 December), prepared as per the Spanish Accounting and Audit Institute (ICAC) Resolution of January 29, 2016, on the information to include in the Notes to the Annual Accounts regarding the average supplier payment term in business operations.

	2023	2022
Average period of payment to suppliers	17	3
Ratio of transactions paid	17	3
Ratio of transactions pending payment	11	3

Thousands of euros	2023	2022
Total payments made	18,719	191,760
Total outstanding payments	2,184	2,666

Invoices totalling 32,254 thousand euros have been paid (standing for 100% of the total payments to suppliers) in a period shorter than the maximum set in the regulations on payment default.

Thousands of euros	2023	2022
Monetary volume paid	18,011	190,090
% over the total payments to suppliers	96.2%	99.1%
Number of invoices paid	915	786
% over the number of invoices paid to suppliers	96.0%	94.8%

Pursuant to the ICAC Resolution, the calculation of the Average period of payment to suppliers is based on business operations linked to the delivery of goods or services, accrued since the entry into force of Law 31/2014, of 3 December.

Suppliers are considered, for the exclusive purposes of providing the information stipulated in this Resolution, to be those trade creditors for debts with suppliers of goods or services, included in the item "Trade creditors and other payables" of the current liabilities on the attached balance sheet.

"Average period of payment to suppliers" is considered to be the period that transpires from the delivery of the goods or services by the supplier and material payment of the operation.

As of the publication of the aforementioned Law, and up to the present, the maximum legal term applicable to the Group pursuant to Law 11/2013 of July 26, is 30 days (unless certain conditions established in the law are met, which would allow the extension of the payment period to 60 days).

11. Tax situation

11.1 BALANCES WITH PUBLIC ADMINISTRATIONS

The composition as at December 31, 2023 and 2022 of the current balances with the public entities is as follows:

Thousands of euros	Debtor balances	
	December 31,	December 31,
	2023	2022
Tax authorities, receivables: VAT recoverable	621	978
Tax authorities, Corporate Income Tax Receivable	1,037	817
Tax authorities, receivables for granted	3,088	–
Total	4,746	1,795

Thousands of euros	Creditor balances	
	December 31,	December 31,
	2023	2022
Taxation authorities, payables: withholding tax	498	504
Social Security bodies	1	4
Other taxes	204	–
Total	703	508

On December 17, 2019, the Board of Directors of the Parent Company agreed to the acceptance from January 1, 2020 of the group of entities whose parent is the Parent Company of the Group, opting for the application of the Special Regime of the Value Added Tax of the Group of Entities, provided for in

Chapter IX of Heading IX of Law 37/1992, of 28 December. As of December 31, 2022, Healthcare Activos Financing, S.L.U., and the following subsidiaries belonged to said group: Healthcare Activos Inmobiliarios 14, S.L.U., Healthcare Activos Inmobiliarios 15, S.L.U., Healthcare Activos Inmobiliarios 20, S.L.U. , Healthcare Activos Inmobiliarios 21, S.L.U. , Healthcare Activos Inmobiliarios 22, S.L.U. , Healthcare Activos Inmobiliarios 23, S.L.U. , Healthcare Activos Inmobiliarios 24, S.L.U. , Healthcare Activos Inmobiliarios 25, S.L.U. , Healthcare Activos Inmobiliarios 29, S.L.U. , Healthcare Activos Inmobiliarios 30, S.L.U. , Healthcare Activos Inmobiliarios 31, S.L.U. , Healthcare Activos Inmobiliarios 32, S.L.U. , Healthcare Activos Inmobiliarios 33, S.L.U. , and Healthcare Activos Inmobiliarios 34, S.L.U..

On March 1, 2023, the Parent company agreed to include in the group the subsidiaries Healthcare Activos Inmobiliarios 35, S.L.U., and Healthcare Activos Inmobiliarios 36, S.L.U.

11.2 TAX ON PROFITS

As stated in Note 1, on September 13, 2019, both the Parent Company and some of the Group's subsidiaries notified the State Tax Administration Agency that they were applying the special SOCIMI (REIT) tax regime. On July 8, 2022, other subsidiaries of the Group also adopted this regime. Annex I features the list of the Subsidiaries to which the regime is applicable.

The impact described under the heading "Tax on profits" of the profit and loss account for the 2023 financial year is a consequence of the sale of part of a plot in Terrassa (see Note 8). The revenues generated by this operation are not eligible for the SOCIMI Regime, as they have not been under a lease regime for at least three years. The income before tax attributable to the sale of the asset, as it does not meet the requisites of ownership of the sold asset for at least three years, is subject to tax on the profits obtained directly attributable to the property sold, from the date of acquisition until the time of sale.

The impact described under the heading "Tax on profits" of the profit and loss account for the 2022 financial year is a consequence of the sale of a hospital (see Note 8), The revenues generated by this operation are not eligible for the SOCIMI Regime, as they have not been under a lease regime for at least three months. The income before tax attributable to the sale of the building, as the asset sold does not meet the requisites of ownership for at least three years, is subject to tax on the profits obtained directly attributable to the property sold, from the date of acquisition until the time of sale.

Thousands of euros	2023	2022
Expense for tax on profits	8	1,203
Changes due to deferred taxes	(8)	-
Adjustments to tax from prior periods	-	-
Tax on profits	-	1,203
Profit/(loss) before income tax	12,841	23,719
Adjustments to REIT Regime	(12,809)	(18,909)
Tax base under 25% general regime	32	4,810
Changes due to deferred taxes	(32)	-
Corporate Tax Expense / (income)	-	1,203

At December 31 2023 and 2022, the Group did not keep any amount recorded for any type of deferred assets and liabilities (including negative tax bases) or deductions related to corporate income tax.

11.3 YEARS OPEN TO INSPECTION AND AUDITS

According to current legal provisions, tax assessments cannot be considered definitive until they have been inspected by the tax authorities or until the statute of limitations has elapsed.

In general, for the main applicable taxes, the companies of the Group have pending inspection by the tax authorities for the last four years. Due to the different interpretations of the applicable fiscal regulations, there could be contingent liabilities, which are not susceptible to objective quantification. However, Management considers that the materialisation of these would be unlikely and in any case defensible, and that they would not reach significant amounts in relation to the annual financial statements and it has not been considered necessary to provide any extra provision for this concept.

11.4 REPORTING REQUIREMENTS ARISING FROM THE STATUS OF SOCIMI, LAW 11/2009, AMENDED BY LAW 16/2012

The reporting obligations derived from the Parent company's SOCIMI status, and by its subsidiaries are included in the relevant individual financial statement reports.

12. Derivative financial instruments

The group contracts derivative financial instruments to limit, through the contracting of Swaps, the fluctuation in cash flows to be disbursed for the payment referenced at variable interest rate (Euribor) in some of the loan contracts described in Note 10.

The methodology used in valuation is within level 1 of the fair value hierarchy established in IFRS 7.

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

December 31, 2023					
	Counterparty	Interest rate	Maturity	Nominal (in thousands of euros)	Fair value Asset/(Liability)
Cash flow hedges					
<i>Swap</i>	CA-CIB	1.06%	2027	120,000	5,187
<i>Swap</i>	BNP	1.06%	2027	120,000	5,164
<i>CAP</i>	Société Générale	3.00% Cap	2027	36,645	375
<i>CAP</i>	Novo Banco	3.00% Cap	2027	19,355	198
<i>CAP</i>	Société Générale	CAP	2027	10,688	55
<i>CAP</i>	Novo Banco	CAP	2027	5,645	29
Total				312,333	11,008

December 31, 2022					
	Counterparty	Interest rate	Maturity	Nominal (in thousands of euros)	Fair value Asset/(Liability)
Cash flow hedges					
<i>Swap</i>	CA-CIB	1.06%	2027	120,000	9,717
<i>Swap</i>	BNP	1.06%	2027	120,000	9,886
Total				240,000	19,603

13. Net equity

13.1 SHARE CAPITAL AND SHARE PREMIUM

At December 31, 2023 and 2022, the Parent company's share capital totalled 174,194 thousand euros represented by 174,193,682 ordinary shares, of 1 euro par value each, all of the same class, completely subscribed and paid.

At December 31, 2023 and 2022, the share premium of the Company totalled 85,593 thousand euros (91,318 thousand euros at December 31, 2022). On June 22, 2023, the General Shareholders' Meeting agreed to compensate the entirety of the company's losses from prior financial years, in the amount of 5,725 thousand euros at the share premium.

Over the 2022 financial year, the following capital increases and share premiums have been carried out:

- > On April 26, 2022, a capital increase was carried out in the Parent company for the amount of 36,057 thousand euros with a share premium of 33,424 thousand euros, having issued 36,056,626 shares at 1 euro par value, with the exchange value consisting of the set-off of credits that subscribers held against the Parent company. As described in Note 1.3, this capital increase was arranged as a credit set-off with the shareholders of the Parent company.
- > On December 7, 2022, there was a capital increase in the Parent Company for an amount of 19,423 thousand euros with a share premium of 24,474 thousand euros, having issued 19,423,456 shares with a par value of 1 euro. This capital increase was disbursed on December 16, 2022.

As a result of the operation described in Note 1.3, on December 31, 2023 and 2022, shareholders holding stakes of the share capital of the Parent company were:

	% share
One Hundred and Twenty Investment Company	49.358%
REI Spain B.V.	37.855%
Durham County Council Pension Fund	4.748%
CBRE European Venture Fund	4.381%
TFL Trustee Company Limited	2.374%
Healthcare Activos Management Patrimonio, S.L.	0.627%
Other investors	0.657%

13.2 OTHER EQUITY HOLDERS' CONTRIBUTIONS

As of December 31, 2023 the Company held 106,694 thousand euros (78,540 thousand euros at December 31, 2022) under the heading "Other equity holders' contributions."

As of October 13, 2023, Company shareholders have made contributions in the amount of 39,201 thousand euros (51,380 thousand euros in the 2022 business year) under the heading "Other equity holders' contributions".

13.3 OTHER RESERVES

The breakdown of reserves at December 31, 2023 and 2022 is as follows:

Thousands of euros	December 31, 2023	December 31, 2022
Parent company's legal reserve	802	802
Other reserves of the Parent company	(641)	(641)
Reserves in consolidated companies	79,029	50,976
Total	79,190	51,137

The breakdown of retained earnings at December 31, 2023 and 2022 is as follows:

Thousands of euros	December 31, 2023	December 31, 2022
Reserves in consolidated companies	79,029	50,976
Profit/(loss) for the period	12,841	22,516
Total	91,870	73,492

13.3.1 Legal reserve

Provision will be made for the legal reserve pursuant to Article 274 of the Consolidated Text of the Capital Companies Act, which establishes that in any event, a figure equal to 10% of the profit for the financial year will be assigned to the legal reserve until it reaches at least 20% of the share capital.

This reserve is not distributable and if used to compensate for losses, in the event that there are no other sufficient available reserves for this purpose, it must be restored with future profits.

At December 31, 2023 and 2022, the Group has not made provision to this reserve with the minimum limit established in the Consolidated Text of the Capital Companies Act.

Pursuant to Law 11/2009, which regulates Real Estate Investment Trusts (Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario - SOCIMI), the legal reserve of companies that have chosen to apply the special tax regime established in this law cannot exceed 20% of the share capital.

The articles of association cannot establish any restricted reserve other than the one previously described.

13.3.2 Other reserves

At the end of the 2023 and 2022 financial years, the "Other reserves" totalled 161 thousand euros, which stood for the legal reserve of the parent company and the amortised capital reserve generated in the 2020 and 2019 financial years.

13.4 DIVIDENDS

During financial year 2023 the Parent Company has carried out the following dividend distributions:

- > On February 2, 2023, an extraordinary dividend was distributed in the Company shareholders' favour by refund of the Other equity holders' contributions in the amount of 3,175 thousand euros. These dividends were disbursed on February 13, 2023.
- > On March 29, 2023, an extraordinary dividend was distributed in the Company shareholders' favour by refund of the Other equity holders' contributions in the amount of 3,936 thousand euros. These dividends were disbursed on April 11, 2023.
- > On June 22, 2023, an extraordinary dividend was distributed in the Company shareholders' favour by refund of the Other equity holders' contributions in the amount of 3,936 thousand euros. These dividends were disbursed on July 3, 2023.
- > On October 26, 2023, an extraordinary dividend was distributed in favour of the shareholders of the Company by means of an interim dividend for the profits of the 2023 financial year in the amount of 3,935 thousand euros. These dividends were disbursed on November 3, 2023.

Liquidity statement

Interim dividend distribution limit

Estimated accounting result at distribution date (1)	5,550,485.82
Losses from previous financial years (2)	0
Estimated tax payable on aforesaid result (3)	0
Provision to legal or statutory reserves (4)	555,048.85
Interim dividend distribution limit (1+2-3-4)	4,995,437.24
Interim dividend already distributed (5)	3,935,791.46
Interim dividend distribution limit (1-2-3-4-5)	1,059,645.78

Available liquidity statement

Available at January 23, 2024 (Cash)	25,206,336.10
S.t. payments planned for all concepts	254,202.90
S.t. collections planned for all concepts	2,432,287.13
Payments for interim dividend planned	1,059,645.78

ENDING BALANCE AVAILABLE 26,324,774.55

During financial year 2022 the Parent Company has carried out the following dividend distributions:

- > On March 23, 2022, an extraordinary dividend was distributed in the Company shareholders' favour by refund of the share premium in the amount of 1,930 thousand euros. These dividends were disbursed on March 31, 2022.
- > On April 26, 2022, an ordinary dividend corresponding to the distribution of profits from the 2021 financial year was distributed in the amount of 79 thousand euros. These dividends were disbursed on May 25, 2022.
- > On June 28, 2022, an extraordinary dividend was distributed in the Company shareholders' favour by refund of the Other equity holders' contributions in the amount of 2,983 thousand euros. These dividends were disbursed on July 12, 2022.
- > On October 26, 2022, an extraordinary dividend was distributed in the Company shareholders' favour by refund of the Other equity holders' contributions in the amount of 2,982 thousand euros. These dividends were disbursed on November 4, 2022.

13.5 INCOME PER SHARE

The basic net profit basic per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in circulation during the year.

Thousands of euros	December 31, 2023	December 31, 2022
Net profit/(loss) for the period attributable to the Parent Company	12,841	22,516
Weighted average number of ordinary shares in circulation (thousands)	174,194	144,740
Net profit per share (€ per share)	0.07	0.16

The Parent company does not hold ordinary shares with dilutive potential. Diluted income per share is the same as the basic income per share.

13.6 VALUATION ADJUSTMENTS

This heading in the consolidated financial position statement covers the changes in value of the financial derivatives designated as cash flow hedging instruments (See Note 12).

Movements in the balance of this heading in the 2023 and 2022 financial years are presented as follows:

Balance at December 31, 2021	514
Cancellation of hedges	(5,071)
Contracting new hedges	3,870
Changes in fair value of hedges during the financial year	20,290
Balance at December 31, 2022	19,603
Changes in fair value of hedges during the financial year	(10,091)
Balance at December 31, 2023	9,512

14. Income and expenses

14.1 TURNOVER

Turnover represents ordinary income from contracts with customers for rentals derived from the Group's activity, focused on the markets of Spain, Belgium and Portugal. The turnover and its distribution by geographic segments is shown in the following table:

Thousands of euros	2023	2022
Spain	23,791	20,493
Portugal	4,756	1,292
Belgium	5,903	147
Total	34,450	21,932

The total minimum future lease payments receivable corresponding to the Group's non-cancellable operating leases, based on the leases currently in force at each date, without taking into account the impact of common expenses, future increases in the CPI, would be as follows:

Thousands of euros	December 31, 2023	December 31, 2022
Within one year	36,330	31,229
Spain	24,081	21,654
Portugal	7,403	5,140
Belgium	4,846	4,435
One to five years	138,005	122,962
Spain	89,010	84,662
Portugal	29,611	20,558
Belgium	19,384	17,742
More than five years	386,555	358,763
Spain	233,419	224,916
Portugal	89,941	71,889
Belgium	63,195	61,958
Total	560,890	512,954
Spain	346,510	331,232
Portugal	126,955	97,587
Belgium	87,425	84,135

14.2 OTHER OPERATING EXPENSES

The breakdown of “Other operating expenses” in the consolidated statement of income is as follows:

Thousands of euros	2023	2022
Management services	4,254	3,551
Professional services	2,504	780
Taxes	497	416
Other	289	165
Corporate restructuring expenses	843	17,573
Total	8,387	22,485

Management services corresponds to the fees for management with the Group’s management company, which provides said services to the companies of the group. The expenses associated with the acquisition of assets are those derived from the corporate and bank restructuring operations explained in Notes 1.3 and 11, as well as the costs derived from acquisitions of assets and real estate investments described in Note 8.

14.3 PERSONNEL EXPENSES

The breakdown of “Personnel Expenses” in the consolidated statement of income is as follows:

Thousands of euros	2023	2022
Wages and Salaries	44	165
Social Security costs of the company	13	47
Other social expenses	1	2
Total	58	214

As of December 31, 2023, the Group has a single, (3 employees at December 31, 2022), with an administrative category. Said employee is a woman. At the end of financial year 2023, no employees with a disability greater than or equal to 33% are listed.

14.4 FINANCIAL INCOME AND EXPENSES

The breakdown of the financial profit/(loss) by type is as follows:

Thousands of euros	2023	2022
Financial income from loans	1,077	811
Income from cancellation of derivative financial instruments	-	5,071
Other financial revenues	38	23
Total financial income	1,115	5,905
Finance charges from loans and others	17,983	6,132
Finance charges from derivative financial instruments	(5,345)	1,120
Finance charges associated with cancellation of loans	4	633
Finance charges associated with loan formalization expenses	1,936	7,205
Exchange losses	6	-
Other financial expenses	68	100
Total financial expenses	14,652	15,190

Over the 2023 and 2022 financial years, the finance mainly include the interests on debt with financial institutions and the obligations described in Note 10. The amortization of debt formalization expenses have also been included.

15. Segmented information

The highest operational decision-making authority is the individual or group who assigns resources and evaluates the performance of an entity's operational segments. The Group has determined that its highest operational decision-making authority is the Board of Directors.

The Group focuses its activities on a line of business that makes up the basis on which the Group is presenting the information relative to its operational segments. This business activity is leasing, especially in lease operations of properties used as residential facilities for elders, hospitals and medical centres.

16. Transactions and balances with related parties

Transactions with related parties are those completed by the Parent company or its Subsidiaries with directors, shareholders holding 10% or more of voting rights or represented on the board of directors of the Parent company, or with any other individuals that should be considered a related party pursuant to the International Accounting Standards, adopted in accordance with EU Regulation 1606/2002 of the European Parliament and of the Council, of 19 July 2002, on the application of international accounting standards.

16.1 COMPENSATION TO THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

During financial years 2023 and 2022 the Directors and Senior Management of the Company have not earned compensation. No severance pay or payments based on equity instruments have been accrued during the years ended December 31, 2023 and 2022.

No loan or advance payments have been granted to the members of the Board of Directors.

No pension obligations or life insurance have been contracted with respect to any member of the Board of Directors. However, the Group maintains liability insurance for Managers and Directors, which has generated an expense of 38 thousand euros and 30 thousand euros in the 2023 and 2022 financial years, respectively.

17. Contingencies and commitments

17.1 CONTINGENT LIABILITIES AND CONTINGENCIES

As of December 31, 2023 and December 31, 2022, the Group has no contingent liabilities or contingencies.

17.2 GUARANTEES

As of December 31, 2023, the Parent company has contracted two lines of guarantees in the amount of 13 million euros with two prestigious financial institutions, which it mainly dedicates to covering obligations and requirements that, in the development and promotion phases of new assets, may be necessary before construction companies, operators or public entities.

18. Auditors' fees

The fees for account auditing provided to the various companies composing the Group by the principal auditor KPMG Auditores, S.L. and other entities related to it, are set forth below:

Thousands of euros	2023	2022
Audit services	114	87
Other verification services	10	–
Total auditing and related services	124	87
Tax advisory services	76	15
Other services	23	73
Total professional services	223	175

The auditing services billed to the Group totalled 118 and 69 thousand euros in the 2023 and 2022 financial years, respectively.

Business advising on acquisitions of assets by the Group in the 2023 and 2022 financial years are the most relevant of the other services invoiced by entities related to the Group's auditor.

19. Relevant post-closing information

On January 31, 2024 the Group's parent company acquired 100% of the shares of company Healthcare Activos Management Inversión S.L.. This company owns the Centro Médico Virgen de la Caridad in the municipality of Cartagena. The events described have not altered the financial statements at the end of the 2023 financial year.

Barcelona, March 5, 2024

Annex I. – Subsidiaries at December 31, 2023 (thousands of euros)

Name	Type	Address	Activity	Date of incorporation	Holding amount	% of equity holding	% of voting rights	Consolidation method	Application of REIT Regime
Healthcare Activos Yield Socimi, S.A.	Parent company	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate sales and holding of shares	February 1, 2019	-	-	-	-	From September 13, 2019
Healthcare Activos Financieros, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	May 18, 2018	168,161	100%	100%	Global Integration	From September 13, 2019
Healthcare Activos Inmobiliarios 14, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	October 29, 2018	8,310	100%	100%	Global Integration	From July 8, 2022
Healthcare Activos Inmobiliarios 15, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	October 29, 2018	2,475	100%	100%	Global Integration	From July 8, 2022
Healthcare Activos Inmobiliarios 20, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	July 11, 2019	8,200	100%	100%	Global Integration	From July 8, 2022
Healthcare Activos Inmobiliarios 21, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	November 18, 2019	16,037	100%	100%	Global Integration	From July 8, 2022
Healthcare Activos Inmobiliarios 22, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	November 18, 2019	2,486	100%	100%	Global Integration	From July 8, 2022
Healthcare Activos Inmobiliarios 23, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	November 18, 2019	6,714	100%	100%	Global Integration	From July 8, 2022
Healthcare Activos Inmobiliarios 24, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	November 18, 2019	7,039	100%	100%	Global Integration	From July 8, 2022
Healthcare Activos Inmobiliarios 25, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	November 18, 2019	6,371	100%	100%	Global Integration	From July 8, 2022
Healthcare Activos Inmobiliarios 28, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	January 13, 2021	3,171	100%	100%	Global Integration	No

Name	Type	Address	Activity	Date of incorporation	Holding amount	% of equity holding	% of voting rights	Consolidation method	Application of REIT Regime
Healthcare Activos Inmobiliarios 29, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	June 21, 2022	19,116	100%	100%	Global Integration	No
Healthcare Activos Inmobiliarios 30, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	June 21, 2022	3,759	100%	100%	Global Integration	No
Healthcare Activos Inmobiliarios 31, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	June 21, 2022	7,420	100%	100%	Global Integration	No
Healthcare Activos Inmobiliarios 32, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	October 19, 2022	3	100%	100%	Global Integration	No
Healthcare Activos Inmobiliarios 33, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	October 19, 2022	3	100%	100%	Global Integration	No
Healthcare Activos Inmobiliarios 34, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	October 19, 2022	3	100%	100%	Global Integration	No
Healthcare Activos Inmobiliarios 35, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	January 19, 2023	3	100%	100%	Global Integration	No
Healthcare Activos Inmobiliarios 36, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	January 19, 2023	3	100%	100%	Global Integration	No
Healthcare Activos Inmobiliarios 37, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	September 13, 2023	3	100%	100%	Global Integration	No
Healthcare Activos Inmobiliarios 38, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	September 13, 2023	3	100%	100%	Global Integration	No
Provitae Centros Asistenciales, S.L.	Subsidiary	83-85, planta 4ª, 28046, Madrid	Activities for the promotion and execution of real estate developments	October 11, 2011	2,031	50%	50%	Proportional integration	No
Sequencialternativa, S.A.	Subsidiary	Rua de Baden-Powell, 3, 5000-198, Vila Real (Portugal)	Activities for the promotion and execution of real estate developments	December 29, 2015	7,388	100%	100%	Global Integration	No

Name	Type	Address	Activity	Date of incorporation	Holding amount	% of equity holding	% of voting rights	Consolidation method	Application of REIT Regime
HAIP Montijo Unipessoal LDA	Subsidiary	Rua Odette de Saint Maurice, 3L (-1) Esc. C, Lisbon (Portugal)	Activities for the promotion and execution of real estate developments	March 29, 2019	761	100%	100%	Global Integration	No
Healthcare Activos Inmobiliarios Belgium, S.R.L.	Subsidiary	Turnhoutsebaan 277 B-2100 Deurne (Antwerp), Belgium.	Rental of urban real estate	December 21, 2022	59,202	100%	100%	Global Integration	No
HAI Belgium 2 NV	Subsidiary	Turnhoutsebaan 277 B-2100 Deurne (Antwerp), Belgium.	Rental of urban real estate	September 6, 2023	10,942	100%	100%	Global Integration	No

Annex I. – Subsidiaries at December 31, 2022 (thousands of euros)

Name	Type	Address	Activity	Date of incorporation	Holding amount	% of equity holding	% of voting rights	Consolidation method	Application of REIT Regime
Healthcare Activos Yield Socimi, S.A.	Parent company	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate sales and holding of shares	February 1, 2019	-	-	-	-	From September 13, 2019
Healthcare Activos Financierg, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	May 18, 2018	204,319	100%	100%	Global Integration	From September 13, 2019
Healthcare Activos Inmobiliarios 14, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	October 29, 2018	9,103	100%	100%	Global Integration	From July 8, 2022
Healthcare Activos Inmobiliarios 15, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	October 29, 2018	2,820	100%	100%	Global Integration	From July 8, 2022
Healthcare Activos Inmobiliarios 20, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	July 11, 2019	8,200	100%	100%	Global Integration	From July 8, 2022
Healthcare Activos Inmobiliarios 21, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	November 18, 2019	7,429	100%	100%	Global Integration	From July 8, 2022
Healthcare Activos Inmobiliarios 22, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	November 18, 2019	2,486	100%	100%	Global Integration	From July 8, 2022
Healthcare Activos Inmobiliarios 23, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	November 18, 2019	6,714	100%	100%	Global Integration	From July 8, 2022
Healthcare Activos Inmobiliarios 24, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	November 18, 2019	7,039	100%	100%	Global Integration	From July 8, 2022
Healthcare Activos Inmobiliarios 25, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	November 18, 2019	6,371	100%	100%	Global Integration	From July 8, 2022

Name	Type	Address	Activity	Date of incorporation	Holding amount	% of equity holding	% of voting rights	Consolidation method	Application of REIT Regime
Healthcare Activos Inmobiliarios 20, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	June 21, 2022	33	100%	100%	Global Integration	No
Healthcare Activos Inmobiliarios 30, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	June 21, 2022	3,759	100%	100%	Global Integration	No
Healthcare Activos Inmobiliarios 31, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	June 21, 2022	3	100%	100%	Global Integration	No
Healthcare Activos Inmobiliarios 32, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	October 19, 2022	3	100%	100%	Global Integration	No
Healthcare Activos Inmobiliarios 33, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	October 19, 2022	3	100%	100%	Global Integration	No
Healthcare Activos Inmobiliarios 34, S.L.U.	Subsidiary	Paseo de la Castellana, 45, sexto piso, puerta izquierda, 28046 Madrid	Activities for the promotion and execution of real estate developments	October 19, 2022	3	100%	100%	Global Integration	No
Provitae Centros Asistenciales, S.L.	Subsidiary	Paseo de la Castellana, 83-85, planta 4ª, 28046, Madrid	Activities for the promotion and execution of real estate developments	October 11, 2011	2,031	50%	50%	Proportional integration	No
Sequencialternativa, S.A.	Subsidiary	Rua de Baden-Powell, 3, 5000-198, Vila Real (Portugal)	Activities for the promotion and execution of real estate developments	December 29, 2015	6,638	100%	100%	Global Integration	No
Healthcare Activos Inmobiliarios Belgium, S.R.L.	Subsidiary	Turnhoutsebaan 277 B-2100 Deurme (Antwerp), Belgium.	Rental of urban real estate	December 20, 2022	3	100%	100%	Global Integration	No
Senre, S.R.L.	Subsidiary	Turnhoutsebaan 277 B-2100 Deurme (Antwerp), Belgium.	Rental of urban real estate	December 4, 2008	10,553	100%	100%	Global Integration	No
De Wilde, S.R.L.	Subsidiary	Turnhoutsebaan 277 B-2100 Deurme (Antwerp), Belgium.	Rental of urban real estate	June 7, 1988	6,605	100%	100%	Global Integration	No
Ladolecvita, S.A.	Subsidiary	Turnhoutsebaan 277 B-2100 Deurme (Antwerp), Belgium.	Rental of urban real estate	November 22, 1999	21,287	100%	100%	Global Integration	No

RV Invest, N.V.	Subsidiary	Turnhoutsebaan 277 B- 2100 Deurne (Antwerp), Belgium.	Rental of urban real estate	May 10, 2001	20,609	100%	100%	Global Integration	No
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Consolidated Management Report

ECONOMIC EVOLUTION OF THE BUSINESS

Healthcare Activos Yield Socimi, S.A. and its subsidiaries make up a leading platform specialising in real estate assets in the healthcare and dependence sector in Iberia, with the intention of becoming the European leader in the short-term by achieving the Group's expansion plans. It holds a portfolio of leased assets carefully selected under long-term contracts with top-tier operators.

On December 23, 2021, the Group's Parent company signed an agreement with a consortium of global institutional investors to invest in the platform, and support its future long-term growth. Within the same framework, an agreement was signed for the refinancing of the Group's debt, of which the Company is the head, through the cancellation of its outstanding debt, and the signing of a new loan agreement with BNP Paribas and Credit Agricole. On March 31, 2022 the conditions precedent established in these agreements were met. Consequently, the institutional investors REI Spain, B.V., took shares in the Company's capital. Durham County Council Pension Fund (Durham), TfL Trustee Company Limited, trustee of TfL Pension Fund (Transport for London), CBRE European Venture Fund (CBRE EVF) and One Hundred and Twenty Investment Company LLC (Abu Dhabi Sovereign Wealth Fund).

Concurrently, the Group acquired a portfolio of 14 buildings located mainly on the Iberian peninsula, owned by the Spanish company Healthcare Activos Investment S.A. and the Portuguese company HAACP Lda., with a total valuation of approximately 203 million euros.

The operation described has made it possible for the Group to continue with its international expansion plan, having situated the market value of the investments managed by the Group of which the Company is head at as much as 798 million euros at December 31, 2023, and with a presence in Spain, Portugal and Belgium.

During the 2023 financial year, the Group reached a turnover amount of 34,450 thousand euros, with the turnover in the 2022 financial year amounting to 21,932 thousand euros.

At the end of the 2023 financial years, the Group had a total of 63 assets (56 assets at the end of financial year 2022), with capacity of more than 7,563 beds, carefully selected in locations with fundamental supply-demand solids. All assets are leased to reputable operators under long-term contracts.

On October 1, 2020, the shares of the Company were listed in the "Euronext Access" stock market in Paris.

The COVID-19 crisis and other events that have taken place at the international level have caused serious consequences in the economy and in global securities markets. In this situation, the health care and dependence sector have proven to be essential infrastructures despite the serious threats the pandemic poses. This crisis is putting fundamental aspects of the Group's business to the test, and they are proving solid. Excellent, carefully selected locations, leases to first-class operators with high rent coverage and triple net long-term rental contracts guaranteed by the Parent Company, with fixed income and indexed to the CPI. Thanks to this, the Group's results and treasury projections have not been affected.

Also noteworthy is the Group's commitment to the ESG strategy, which in 2023 has meant the group's debt being rated as Social by the Moody's Agency.

The Group maintains long-term commitments to support European healthcare operators in their expansion plans, cooperating with them through real estate infrastructure. Furthermore the Group collaborates closely with the different operators of the healthcare sector contributing to the development of projects, measures and sector regulatory framework to achieve the best treatment and care of people, thus generating sustainable and long-term value for all interest groups, although during financial years 2023 and 2022 the Group has not been explicitly capitalised.

INVESTMENTS

During the 2023 financial the Group has invested 73 million euros in assets (302 million euros in the 2022 financial year), with a market value for the entire the portfolio of the Group at year-end 2023 totalling 798 million euros (728 million euros at year-end 2022). The Company plans to increase their investments in the short-term with the aim of expanding its portfolio in the health care sector in the upcoming 2024 financial year.

RESEARCH AND DEVELOPMENT ACTIVITIES

The group has not carried out research and development activities during financial years 2023 and 2022.

ACQUISITIONS OF OWN SHARES

At the end of financial years 2023 and 2022, the Group has no own shares.

FINANCIAL RISK FACTORS

The Group's activities do not present significant concentrations of financial risks.

DERIVATIVE FINANCIAL INSTRUMENTS

During financial years 2023 and 2022, the Group has maintained its contracts for derivative financial instruments in order to hedge the interest rate risk.

AVERAGE PAYMENT PERIOD

The Group's average payment period during financial years 2023 and 2022 has been 17 days.

RELEVANT POST-CLOSING INFORMATION

On January 31, 2024 the Group's parent company acquired 100% of the shares of company Healthcare Activos Management Inversión S.L. This company owns the Centro Médico Virgen de la Caridad in the municipality of Cartagena. The events described have not altered the financial statements at the end of the 2023 financial year.