SAINT CROIX
HOLDING IMMOBILIER, SOCIMI, S.A.

Half-Yearly Financial Statements and Management Report corresponding to the six months ending 30 June 2019
(Unaudited)

Table of Contents

Half-Yearly Financial Statements 2

1. Company Activity 8
2. Applicable legislation 12
3. Presentation basis of interim financial statements 14
4. Distribution of profit 16
5. Accounting principles and registration and valuation standards 16
6. Property investments 22
7. Operational leasing 27
8. Other financial assets and investments in related companies 27
9. Trade and other accounts receivable 29
10. Cash and cash equivalents 29
11. Information on the nature and level of risks affecting financial instruments 29
12. Equity and Own Funds 30
13. Current and non-current liabilities 34
14. Derivative financial instruments 36
15. Disclosure on payment periods for suppliers 37
16. Guarantees undertaken with third parties 37
17. Public administrations and tax situation 38
18. Earnings and expenses 44
19. Related-party transactions and balances 45
20. Remuneration for the Board of Directors and Senior Management 48
21. Disclosure on situations of conflicts of interest involving the Directors 48
22. Other information 48
23. Environmental information 49
24. International Financial Reporting Standards 50
25. Subsequent events 50

Annex 1. Information requirements deriving from being classed as a REIT 51

Management Report 56

1. Explanation of the figures at 30 June 2019 57
2. Valuation of real estate assets 63
3. Segmented reporting 64
4. Property investments 67
5. Disclosure on payment periods for suppliers 67
6. Earnings per share at 30 June 2019 68
7. Acquisition of treasury shares 68
8. Research and development activities 68
9. Main risks faced by the Company 68
10. Outlook for 2019 70
11. Disclosure on conflicts of interest involving the directors 70
12. Subsequent events 70

Directors' Responsibility Statement 71

Diligence in the Preparation of Interim Financial Statements 72

Half-Yearly Financial Statements

(Unaudited)

30 June 2019

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.
BALANCE SHEET AT 30 JUNE 2019 AND 31 DECEMBER 2018
(Euros)

ASSETS	Notes to the Report	30/06/2019	31/12/2018	EQUITY AND LIABILITIES	Notes to the Report	30/06/2019	31/12/2018
NON-CURRENT ASSETS		348,927,023	328,186,194	**EQUITY**		294,692,765	301,191,138
Intangible fixed assets		**3,983**	**4,402**				
Software applications		3,983	4,402	**Capital**	12	**267,577,040**	**267,577,040**
Tangible fixed assets		**1,767**	**2,221**	Authorised capital		267,577,040	267,577,040
Plant and other tangible fixed assets		1,767	2,221	**Reserves**	12	**19,630,314**	**18,174,889**
Property investments	6	**346,801,042**	**326,751,957**	Legal and statuary		5,475,575	4,020,151
Net property investments		346,801,042	326,751,957	Other reserves		14,154,739	14,154,738
Long-term financial investments	8	**2,120,231**	**1,427,614**	**Profit (Loss) for the year**	4	**6,630,319**	**14,554,246**
				VALUATION ADJUSTMENTS		**-276,013**	**-276,013**
				Hedging operations	12 and 14	-276,013	-276,013
				SUBSIDIES, DONATIONS AND BEQUESTS RECEIVED	12	**1,131,105**	**1,160,976**
				Subsidies, donations and bequests received		1,131,105	1,160,976
				NON-CURRENT LIABILITIES		84,907,762	60,858,964
				Long-term debts	13	**84,907,762**	**60,858,964**
				Debentures and bonds		10,000,000	10,000,000
				Debts with credit institutions		71,107,689	47,577,952
CURRENT ASSETS		46,218,230	53,420,223	Derivatives	12 and 14	276,013	276,013
Inventories		**10,948**	**9,989**	Other financial liabilities		3,524,060	3,004,999
Advance payments to suppliers		10,948	9,989				
Trade and other accounts receivable	9	**1,144,464**	**2,316,833**	**CURRENT LIABILITIES**		15,544,726	19,556,315
Accounts receivable for sales and services		1,000,039	2,186,177	**Short-term debts**	13	**12,731,566**	**16,640,448**
Staff		3,500	352	Debentures and bonds		4,795	130,822
Other credits with the public administration	9 and 17 .1	140,925	130,304	Debts with credit institutions		11,697,228	15,773,716
Short-term investments with Group and associated companies	8 and 19.2	**41,193,329**	**49,874,177**	Other financial liabilities		1,029,543	735,910
Short-term loans to Group and associated companies		41,193,329	49,874,177	**Short-term Group and associated companies debts**	19.2	**-**	**105,522**
Short-term financial investments	8	**924,624**	**534,524**	**Trade creditors and other accounts payable**		**2,813,160**	**2,810,345**
Short-term equity instruments		921,570	-	Suppliers	15	1,946,510	1,977,407
Other financial assets		3,055	534,524	Sundry creditors	15	296,213	347,486
Cash and cash equivalents	10	**2,944,865**	**684,700**	Other debts with the public administration	17.1	557,237	468,292
Cash and bank		2,944,865	684,700	Advance payments from customers		13,200	17,160
TOTAL ASSETS		**395,145,253**	**381,606,417**	**TOTAL EQUITY AND LIABILITIES**		**395,145,253**	**381,606,417**

Notes 1-25 to the attached half-yearly financial statements are an integral part of the balance sheet at 30 June 2019

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.
PROFIT AND LOSS ACCOUNT AT 30 JUNE 2019
(Euros)

	Notes to the Report	30/06/2019	30/06/2018
CONTINUED OPERATIONS			
Net turnover	18.1	**9,172,188**	**8,316,189**
Lease of property		9,172,188	8,316,189
Other operating income	18.1	**148,883**	**262,607**
Non-core and other current management income		148,883	262,607
Personnel expenses	18.2	**-114,209**	**-90,966**
Wages, salaries and similar outgoings		-88,262	-71,816
National Insurance contributions		-25,947	-19,150
Other operating expenses		**-1,057,419**	**-950,797**
Outside services	18.3	-905,105	-947,704
Taxes and similar levies	18.3	-157,040	-3,816
Losses, impairment and changes in provisions for trade transactions		4,726	723
Fixed asset depreciation	6	**-2,552,821**	**-2,451,743**
Allocation of non-financial fixed asset subsidies and others	12 and 18.1	**29,871**	**29,871**
Impairments and gains (losses) on fixed asset disposals	6	**1,503,873**	**-90,055**
Gains (losses) on disposals and others		1,503,873	-90,055
Other gains/(losses)		**6,061**	**-1,746**
Exceptional income and expenses		6,061	-1,746
OPERATING PROFIT/(LOSS)		**7,136,427**	**5,023,360**
Financial income		**443,381**	**388,789**
From transferable securities and other financial instruments		443,381	388,789
- In Group and associated companies	19.1	397,306	355,366
- In third parties		46,075	33,423
Financial expenses		**-868,273**	**-584,262**
From debts with third parties	13	-868,273	-584,262
Change in fair value of financial instruments	9	**-81,216**	**-**
FINANCIAL PROFIT (LOSS)		**-506,108**	**-195,473**
PROFIT (LOSS) BEFORE TAX		**6,630,319**	**4,827,887**
Tax on profits	17	-	-
PROFIT (LOSS) FOR THE YEAR	4	**6,630,319**	**4,827,887**

Notes 1-25 to the attached half-yearly financial statements are an integral part of the income statement at 30 June 2019

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

STATEMENT OF CHANGES IN EQUITY FOR 2019 (UP TO 30 JUNE 2019)

A) STATEMENT OF RECOGNISED INCOME AND EXPENSES
(Euros)

	Notes to the Report	30/06/2019	30/06/2018
PROFIT (LOSS) OF THE PROFIT AND LOSS ACCOUNT (I)	4	**6,630,319**	**4,827,887**
Income and expenses directly attributed to equity			
- Tax effect		-	-
TOTAL INCOME AND EXPENSES DIRECTLY ATTRIBUTED TO EQUITY (II)		**-**	**-**
Transfers to the profit and loss account			
- Subsidies, donations and bequests received		-29,871	-29,871
TOTAL AMOUNTS TRANSFERRED TO PROFIT AND LOSS ACCOUNT (III)		**-29,871**	**-29,871**
TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)		**6,600,448**	**4,798,016**

Notes 1-25 to the attached half-yearly financial statements are an integral part of the comprehensive statement of profit (loss) at 30 June 2019

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

STATEMENT OF CHANGES IN EQUITY FOR 2019 (UP TO 30 JUNE 2019)

B) FULL STATEMENT OF CHANGES IN EQUITY
(Euros)

	Capital	Legal Reserve	Other reserves	Profit (Loss) for the year	Subsidies, donations and bequests	Valuation adjustments	TOTAL
CLOSING BALANCE OF 2017	**267,577,040**	**2,700,109**	**14,154,739**	**13,200,418**	**1,220,718**	**-136,687**	**298,716,336**
Recognised total income and expense	-	-	-	**14,554,246**	**-59,742**	**-139,326**	**14,355,178**
Other changes in equity	-	**1,320,042**	-	**-13,200,418**	-	-	**-11,880,376**
- Distribution of profit in 2017	-	1,320,042	-	-13,200,418	-	-	-11,880,376
CLOSING BALANCE OF 2018	**267,577,040**	**4,020,151**	**14,154,739**	**14,554,246**	**1,160,976**	**-276,013**	**301,191,138**
Recognised total income and expense	-	-	-	**6,630,319**	**-29,871**	-	**6,600,448**
Other changes in equity	-	**1,455,424**	-	**-14,554,246**	-	-	**-13,098,822**
- Distribution of profit in 2018	-	1,455,424	-	-14,554,246	-	-	-13,098,822
BALANCE AT 30 JUNE 2019	**267,577,040**	**5,475,575**	**14,154,739**	**6,630,319**	**1,131,105**	**-276,013**	**294,692,765**

Notes 1-25 to the attached half-yearly financial statements are an integral part of the overall statement of changes in equity corresponding to 30 June 2019

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.
STATEMENT OF CASH FLOWS FOR 2019 (UP TO 30 JUNE 2019)
(Euros)

	Notes to the Report	30/06/2019	30/06/2018
CASH FLOWS FROM OPERATING ACTIVITIES (I)		**9,388,947**	**9,190,095**
Profit (loss) before tax for the year		**6,630,319**	**4,827,887**
Adjustments to profit (loss):		**1,520,458**	**2,708,123**
- Fixed asset depreciation	6	2,552,821	2,451,743
- Valuation allowance for impairment	6	-	-
- Gains (losses) on fixed-asset write offs and disposals	6	-1,503,873	90,055
- Change in provisions (trade credits)		-4,726	723
- Allocation of subsidies	12	-29,871	-29,871
- Change in fair value of financial instruments	8	81,216	-
- Financial income	18.1	-443,381	-388,789
- Financial expenses	13	868,273	584,262
Changes in working capital		**1,830,499**	**2,092,266**
- Debtors and other accounts receivable	9	1,015,948	1,515,407
- Inventories		-959	-111,349
- Creditors and other accounts payable	14	2,815	346,232
- Other current liabilities	13	812,696	341,976
Other cash flows from operating activities		**-592,330**	**-438,181**
- Interest payable		-638,405	-471,604
- Interest receivable		46,075	33,423
CASH FLOWS FROM INVESTMENT ACTIVITIES (II)		**-22,099,945**	**-24,294,282**
Investment payments		**-27,777,447**	**-26,732,754**
- Other financial assets	8	-1,002,786	-711,505
- Property investments	6	-26,773,999	-26,020,297
- Fixed assets		-662	-952
Receivables from disposals		**5,677,502**	**2,438,472**
- Property investments	6	5,677,502	1,964,100
- Other financial assets	8	-	474,372
CASH FLOWS FROM FINANCING ACTIVITIES (III)		**14,971,163**	**16,527,118**
Dividends and other equity instruments payable	4	**-13,098,822**	**-11,880,376**
Financial liability instrument receivables and payables		**28,069,985**	**28,407,494**
- Debt issued/amortised to Group and associated companies	18	8,972,632	18,075,047
- Issues of obligations and other marketable securities	13	-	-126,027
- Debt issues with credit institutions	13	19,097,354	10,458,474
INCREASE/DECREASE OF NET CASH OR EQUIV. (I+II+III+IV)		**2,260,165**	**1,422,931**
Cash or cash equivalents at beginning of the year		**684,700**	**1,559,294**
Cash or cash equivalents at year-end		**2,944,865**	**2,982,225**

Notes 1-25 described in the notes to the attached financial statements are an integral part of the statement of cash flows for the six months ending on 30 June 2019

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

Explanatory notes to the Half-Yearly Financial Statements at 30 June 2019 (unaudited)

1. Company Activity

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A. (hereinafter the Company), previously named SAINT CROIX HOLDING IMMOBILIER, S.A., was formed on 1 December 2011 in Luxembourg. Its registered office is at Boulevard Prince Henri 9b, L-1724 Luxembourg, Grand Duchy of Luxembourg and was registered in the Mercantile Registry of Luxembourg (Registre de Commerce et des Sociétés) under number B165103. Amongst its other agreements, on 10 June 2014, the Extraordinary General Meeting approved:

- Transfer of the registered, tax and administrative office (effective head office) to Glorieta de Cuatro Caminos 6 & 7 in Madrid, without the winding up or liquidation of the company, continuing the activities in Spain which make up its corporate purpose, under Spanish nationality as a corporation regulated by Spanish Law and especially under the legal and tax REIT regime, and keeping the listing of all its shares on the Luxembourg Stock Exchange.

- Change of the company name from "SAINT CROIX HOLDING IMMOBILIER, S.A." to "SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.";

- Approval of the Company's financial statements as of 31 May 2014 (date of closing of accounts prior to the transfer of registered office and therefore of the change of nationality).

- Approval of the new Articles of Association in accordance with Spanish Legislation and the Regulations of the General Shareholders' Meeting.

Having changed of company name and transfer of effective head office to Madrid (Spain), the Company was registered in the Trade Register of Madrid on 15 October 2014.

Its corporate purpose includes the following activities:

- The acquisition and development of urban real estate for leasing. Development activities, including the refurbishment of buildings under the terms set forth by Act 37/1992 of 28 December on Value Added Tax.

- The holding of interests in the capital of other listed real estate investment trusts (hereinafter "REITs") or in the capital of other entities not domiciled in Spanish territory which have the same corporate purpose as REITs and which are subject to a similar scheme as the one laid down for REITs with regard to mandatory, legal or statutory policies on the distribution of profits.

- The holding of interests in the capital of other entities, whether or not they are domiciled in Spanish territory, which have as their main corporate purpose the acquisition of urban real estate assets for leasing and which are subject to the same scheme as that established for listed real estate investment trusts (REITs) concerning mandatory, legal or statutory policies on the distribution of profits and which meet the investment requirements laid down by Law 11/2009 of 26 October governing Listed Real Estate Investment Trusts (hereinafter the "REIT Act").

- The holding of shares or interests in collective real estate investment institutions governed by Act 35/2003 of 4 November on Collective Investment Institutions.

- The performance of other non-core or complementary financial and non-financial activities that generate revenues which together amount to less than the percentage the REIT Act sets forth at any time for the company's revenue in each tax period, such as:

    - The acquisition and development of urban real estate for leasing. Development activities, including the refurbishment of buildings under the terms set forth by Act 37/1992 of 28 December on Value Added Tax.

    - The construction, development and sale of retail outlets, garages and housing units in both the free market and the officially protected or public market, and others related to said activity, such as the acquisition of land and the financing, development and subdivision into plots, along with the refurbishment of buildings.

    - The acquisition, plot subdivision, operation and sale of rural, agricultural, forestry and stock breeding properties and of any other real estate asset, along with the marketing of their products and other consumer goods.

    - The acquisition, holding and disposal of moveable property and fixed income and equity securities after having received, if applicable, the relevant administrative authorisation, along with the purchase and sale of works of art.

    - The management, administration and operation of hotels, aparthotels, student halls of residence and nursing homes for the elderly in any of the ways provided for by Law and in general of any kind of real estate where an economic activity is carried out.

    - The assignment of its own capital in exchange for the payment of interest or other kinds of consideration.

The development of other non-core financial and non-financial activities that generate revenues, which, in total, amount to less than 20 percent of the Company's revenue in each tax period. The activities listed may also be developed by the Company, in whole or in part, indirectly, through a shareholding in another or other companies with a similar purpose. All activities for which the Law requires special requirements that are not met by this Company are excluded.

Given the activities currently carried out by the Company, it does not have liabilities, expenses, assets, nor provisions and contingencies of an environmental nature that could be significant in relation to its equity, financial situation and profits. For this reason, information on environmental issues has not been broken down separately as part of the report on the interim financial statements.

Merger in 2016

During 2016, a reorganisation process was undertaken to optimise and simplify the corporate structure of the group headed by Saint Croix Holding Immobilier, SOCIMI, S.A. through a merger process under which the Company absorbed the subsidiary companies, Compañía Ibérica de Bienes Raíces 2009 SOCIMI, S.A.U. and Inveretiro SOCIMI, S.A.U., agreed at the Extraordinary and Universal Shareholders' General Meetings held on 19 May 2016 of the Absorbed Companies and at the Extraordinary General Shareholders' Meeting of the Absorbing Company held on 19 May 2016. For accounting purposes, said merger was made on 1 January 2016 through the dissolution without liquidation of the Absorbed Companies and the transfer of all equity to the Absorbing Company. The merger agreement was made public by means of an Amalgamation deed granted on 1 July 2016 and was registered in the Trade Register of Madrid on 27 July 2016. As of that time, the Absorbing Company stopped being a Consolidated Group.

The main elements that occurred as a result of the aforementioned merger were as follows:

- Saint Croix Holding Immobilier, SOCIMI, S.A. absorbed the companies indicated, which were dissolved without liquidation, acquiring all their assets by universal succession and subrogating themselves in their rights and obligations under the regime provided for in article 49 of Law 3/2009, of 3 April, on structural modifications to trading companies. Pursuant to said article, due to the Company holding a 100% shareholding in the Absorbed Companies, the Absorbing Company did not increase its share capital, nor was the intervention of independent experts required.

- In accordance with trade law, the date from which the operations of the Absorbed Companies were considered realised for accounting purposes by Saint Croix Holding Immobilier, SOCIMI, S.A. was 1 January 2016.

- The book values incorporated as part of the merger corresponded to the amounts recorded in the consolidated financial statements of the Group to which the Absorbed Companies belonged at 31 December 2015, pursuant to the Registration and Valuation Standard number 21 of the General Accounting Plan.

- The merger was subject to the tax neutrality regime provided for in Chapter VIII of Law 27/2014 of 27 November of the Law on Corporation Tax.

- As a result of the merger, Saint Croix Holding Immobilier, SOCIMI, S.A. ceased to be a holding company; therefore, its corporate purpose was amended to include the acquisition and promotion of property.

As a result of the foregoing, positive merger reserves amounted to 14,154,738 euros due to the difference between the individual book values and those included in the merger.

The merger was subject to the special regime of mergers, divisions, asset contributions and exchange of securities provided for in Chapter VIII of Law 27/2014 of 27 November of the Law on Corporation Tax. The Company's financial statements at 31 December 2016 detail all the necessary information in accordance with the provisions of said legislation, namely:

a) List of transferred goods susceptible to depreciation.
b) List of tax benefits enjoyed by the transferring entity, in respect of which the entity must assume compliance with certain requirements in accordance with the provisions of said law.
c) Final closing balance sheet of the absorbed companies.
d) Assumed assets and liabilities on the acquisition date.

Merger in 2018

On 1 March 2018, the Company acquired a 100% shareholding of the company Bensell Mirasierra S.L.U. for an amount of 17,623,669 euros. The sole asset of this company was an office building located at Calle Valle de la Fuenfría 3, Madrid, with a gross leasable area of 5,987 m2. This operation generated goodwill attributable to its assets of 5,506,170 euros which has been recorded as the greater cost of the property (separated between land and construction) and the part attributable to construction will be depreciated based on the estimated useful life of the properties.

Amongst its other agreements, on 28 June 2018, the Extraordinary General Shareholders' Meeting approved the following:

- Merger by the Company (absorbing company) of its subsidiary Bensell Mirasierra S.L.U. in accordance with the merger project registered in the Mercantile Registry of Madrid on 16 May 2018.

- The signing of the merger deed by the Company over its subsidiary was on 21 September 2018. The merger deed was registered in the Mercantile Registry of Madrid on 16 November 2018.

The main elements that occurred as a result of the aforementioned merger were as follows:

- Saint Croix Holding Immobilier, SOCIMI, S.A. absorbed the company indicated, which was dissolved without liquidation, acquiring all its assets by universal succession and subrogating itself in its rights and obligations under the regime provided for in article 49 of Law 3/2009, of 3 April, on structural modifications to trading companies. Pursuant to said article, due to the Company holding a 100% shareholding in the Absorbed Company, the Absorbing Company did not increase its share capital, nor was the intervention of independent experts required.

- In accordance with trade law, the date from which the operations of the Absorbed Company were considered realised for accounting purposes by Saint Croix Holding Immobilier, SOCIMI, S.A. was 1 March 2018.

- For the purposes of article 36.1 of the Structural Modifications Law, the duly audited and approved balance sheets at 31 December 2017 by the Companies participating in the merger were considered to be the merger balance sheets. Given that the Absorbing Company acquired 100% of the Absorbed Company on 1 March 2018, the accounting effects for this merger are post-dated to 1 March 2018 pursuant to the provisions of the Registration and Valuation Policy number 21 of the General Accounting Plan.

- The merger was subject to the tax neutrality regime provided for in Chapter VIII of Law 27/2014 of 27 November of the Law on Corporation Tax. See annexes:

  a) List of transferred goods susceptible to depreciation.

  b) List of tax benefits enjoyed by the transferring entity, in respect of which the entity must assume compliance with certain requirements in accordance with the provisions of said law.

  c) Final closing balance sheet of the absorbed companies.

  d) Assumed assets and liabilities on the acquisition date.

2. Applicable legislation

The Company is governed by Law 11/2009 of 26 October governing Listed Real Estate Investment Trusts, as amended by Law 16/2012 of 27 December. Article 3 of said Law, as amended by the new Law, sets forth the investment requirements for this kind of companies, which are as follows:

1. REITs shall have at least 80 percent of the value of their urban real estate assets allocated to leasing and to land for real estate development which are to be allocated to such purpose, provided that development is initiated within three years following its acquisition.

   The asset value shall be determined according to the yearly average of the separate quarterly balances and, in order to calculate such value, the Company may opt to replace the market value of the elements comprising said balances with their book value, which would then be applied to the entire year's balances. For this purpose, cash or credit rights arising from a transfer of said real estate assets or any interests realised in the same year or in previous years shall not be computed, as appropriate, provided, in the latter case, that the reinvestment time limit referred to in Article 6 of this Law has not elapsed.

2. Furthermore, at least eighty percent of the tax period's income corresponding to each financial year, excluding income from the transfer of interests and real estate allocated to fulfilling its main corporate purpose, must come from the leasing of real estate and from dividends or interests in the profits from such interests once the maintenance period referred to in the following paragraph has elapsed.

   This percentage will be calculated from the consolidated profit if the company is the parent company of a group according to the criteria established in Article 42 of the Code of Commerce, regardless of residency and the obligation to prepare consolidated financial statements. Such group shall solely be comprised of REITs and the rest of the entities referred to in paragraph 1, Article 2 of this Law.

3. The real estate assets which form part of the company's assets must be leased for at least three years. For the purposes of calculation, the time the real estate assets have been offered for lease shall be counted, up to a maximum of one year.

   The term shall be calculated:

   a) In the case of real estate assets that were included in the company's equity before the moment of opting for the scheme, from the start date of the first tax period in which the special tax scheme set forth in this Law applies, provided that was leased or offered for lease on said date. Otherwise, the provisions set forth in the following subsection shall apply.

   b) In the case of real estate assets developed or acquired subsequently by the company, from the date on which they were leased or offered for lease for the very first time.

In the case of shares or interests in the entities referred to in paragraph 1, Article 2 of this Law, they must be maintained in the company's assets for at least three years from the date of acquisition or, as appropriate, from the start of the first tax period in which the special tax scheme set forth in this Law applies.

As set forth by the First Transitional Provision of Law 11/2009 of 26 October governing Listed Real Estate Investment Trusts, as amended by Law 16/2012 of 27 December, such companies may opt to apply the special tax scheme under the terms set forth in Article 8 of said Law, even where the requirements laid down therein have not been fulfilled, provided such requirements are met within two years of the date on which the company chooses to apply the scheme.

The failure to comply with this condition shall mean that the company will once again be taxed as per the general tax scheme for Corporation Tax, as from the tax period when the failure to comply comes about, except where it is corrected in the following year. Furthermore, along with the tax liability for such tax period, the Company shall be obliged to pay the difference between the tax liability for the tax resulting from the application of the general scheme and the tax liability effectively paid resulting from applying the special tax scheme in prior tax periods, without prejudice to any late payment interest, surcharges and penalties which may, as appropriate, apply.

In addition to the above, the amendment of Law 11/2009 of 26 October by Law 16/2012 of 27 December 2012 established the following specific changes:

a) Flexibility in the inclusion and maintenance of property criteria: there is no lower limit on the number of real estate assets to be contributed at the REIT's incorporation, except for housing units, of which at least eight must be contributed. Real estate assets no longer have to remain on the company's balance sheet for seven years but only for at least three years.

b) Decrease in capital requirements and freedom of leverage: the minimum capital required was reduced from 15 to 5 million euros, eliminating the restriction on the real estate investment vehicle's maximum borrowing.

c) Decrease of distribution of dividends: until the Law came into force, 90% of the profits had to be distributed. This mandatory figure was reduced to 80% as from 1 January 2013.

The Corporation Tax rate for REITs is set at 0%. Nonetheless, where the dividends a REIT distributes to its members holding an interest exceeding 5% are exempt or taxed at a rate below 10%, the REIT will be subject to a special rate of 19%, which shall be deemed as the Corporation Tax liability on the amount of the dividends distributed to such members. If applicable, this special rate shall have to be paid by the REIT within two months from the date the dividends are distributed.

At 30 June 2019, the Company's Directors deemed that the Company complies with all the requirements laid down by the aforementioned Law.

3. Presentation basis of interim financial statements

a) Financial reporting regulatory framework applicable to the Company

These interim financial statements for the first six months of 2019 for Saint Croix Holding Immobilier, SOCIMI, S.A. have been approved by the Directors in accordance with the financial reporting regulatory framework applicable to the Company, which is established in:

- Code of Commerce and other trade legislation.
- General Accounting Plan approved by Royal Decree 1514/2007 and the sectoral adaptation for real estate companies.
- The mandatory standards approved by the Institute of Accounting and Audit of Accounts in development of the General Accounting Plan and its complementary standards.
- Law 11/2009 of 26 October governing Listed Real Estate Investment Trusts (REITs), as amended by Law 16/2012 of 27 December.
- Other applicable Spanish accounting regulations.

b) True and fair view

These interim financial statements for the first six months of 2019 have been obtained from the Company's accounting records and are presented in accordance with the applicable financial reporting framework and, in particular, the accounting principles and criteria contained therein, in a way that shows the true and fair view of the equity, the balance sheet, the results of the Company and the cash flows during the corresponding six-month period.

The Company's 2018 financial statements were approved, without modification, by the Ordinary General Shareholders' Meeting held on 25 April 2019.

c) Non-mandatory accounting principles applied

No non-mandatory accounting principles have been applied. In addition, the Directors have approved these interim financial statements taking into account all the mandatory accounting principles and standards that have a significant effect on these interim financial statements. There are no accounting principles that are mandatory, that have not been applied.

d) Grouping of items

Certain items of the balance statement, profit and loss account, statement of changes in equity, and cash flow statement are presented grouped together to facilitate understanding, although when it is significant, the information is presented broken down in the corresponding explanatory notes.

e) Critical aspects of the valuation and estimate of uncertainty

Estimates have been made by the Company's Directors to value some of the assets, liabilities, income, expenses and undertakings in the interim financial statements in the process of preparing them. These estimates essentially refer to:

- The valuation of possible losses due to impairment of certain assets (Notes 5.1 and 5.3).
- The useful life of real estate assets (Note 5.1).
- The calculation of provisions (Note 5.7).

Despite the fact that these estimates were made on the basis of the best available information at 30 June 2019, it is possible that future events may make it necessary to adjust them (upwards or downwards) in upcoming financial years, which will be done, as appropriate, prospectively.

f) Comparison of the information

The information contained in these explanatory notes related with the first two quarters of 2019 is presented for purposes of comparison with the information for 2018 (balance compared with figures for the 31 December 2018 and profit and loss account compared with figures at 30 June 2018).

g) Error correction

In preparing the accompanying interim financial statements, no error has been identified that has resulted in the restatement of the amounts included in the financial statements for 2018 or in the interim financial reporting at 30 June 2019.

h) Changes in accounting principles

During the six-month period ended 30 June 2019, there were no significant changes in accounting principles with respect to those applied in the year ended 31 December 2018.

4. Distribution of profit

The proposed distribution of 2018 profits presented by the Company's directors to the shareholders and approved at the Annual General Shareholders' Meeting held on 25 April 2019, was as follows:

	Euros
Basis of distribution:	
Profit and Loss	14,554,246
Distribution:	
Legal Reserve	1,455,424
Dividends	13,098,822

The 2018 dividend, amounting to 13,098,822 euros, approved by the General Shareholders' Meeting on 25 April 2019, was fully paid out on 20 May 2019.

5. Accounting principles and registration and valuation standards

The accounting principles and the registration and valuation standards used by the Company for the preparation of its interim financial statements at 30 June 2019, in accordance with that set out by the General Accounting Plan, were as follows:

5.1 Property investments

The "Property investments" item on the balance sheet reflects the value of land, buildings and other constructions and fixtures that are held either to operate them under leases or to obtain a capital gain on their sale as a consequence of any increases that may come about in the future in their respective market prices.

These assets are initially valued at their original or production cost, which is subsequently reduced by their corresponding cumulative depreciation and impairment losses, if any.

The Company depreciates real estate investments following the straight-line method by applying annual depreciation percentages calculated on the basis of the respective assets' years of estimated useful life.

The years of estimated useful life of its property investments is broken down as follows:

	Years of Estimated Useful Life
Buildings	50
Plant	15 - 20
Machinery	8
Other fixtures	20
Tools and furniture	10
Other fixed assets	6 - 10

As indicated above, the Company depreciates these assets in accordance with the aforementioned years of estimated useful life, considering as a basis for depreciation their historic cost values increased by new investments which will be made and which involve an increase in their added value or their estimated useful life.

Impairment in the value of property investments

Whenever evidence for impairment may exist, the Company proceeds to estimate through the so-called "Impairment Test" the possible existence of impairments which reduce the recoverable value of such assets to below their book value. The recoverable amount is determined as the higher between fair value less costs to sell and value in use.

The Company commissioned a valuation of its assets from CBRE Valuation Advisory, S.A., an independent expert. On 14 February 2019, CBRE published its report on the year-end fair values of all of the Company's real estate investments. This valuation was carried out on the basis of the lesser of the replacement value and market rental value (which consists of capitalising the net income from each property and updating future flows). Fair value was calculated using discount rates that would be acceptable to a potential investor, in keeping with those used by the market for properties with similar characteristics and locations. The valuations were made in accordance with the Appraisal and Valuation Standards published by the United Kingdom's Royal Institute of Chartered Surveyors (RICS).

In any event, significant differences may arise between the fair value of the Company's property investments and the effective realisation value of said investments taking the situation of the real estate market into consideration.

Where an impairment loss is subsequently reverted, the asset's book value is increased up to the revised estimate of its recoverable value in such a way as to ensure that the increased book value does not exceed the book value that would have been determined if no impairment loss had been recognised in prior years. Such reversion of an impairment loss is recognised as income.

5.2 Leases

Leases are classified as financial leases whenever it can be deduced from the lease agreements that the risks and benefits inherent to owning the asset which is the purpose of the agreement are substantially transferred to the lessee. All other leases are classified as operating leases. The company had no financial leases at 30 June 2019 nor at the close of 2018.

Operating leases

The expenses arising from the operating lease agreements are charged to the profit and loss account in the financial year in which they accrue.

Likewise, any acquisition costs of the leased asset are reflected in the balance sheet in accordance with their nature increased by the amount of any costs which may be directly stemming from the agreement, which are recognised as an expense over the term of the agreement term by applying the same criterion used to recognise revenue resulting from the lease.

Any charge or payment that may be made when entering into an operating lease is dealt with as an advance charge or payment and charged to income over the lease's term as the profits of the leased asset are progressively assigned or received.

5.3 Financial instruments

5.3.1 Financial assets

Classification-

The financial assets held by the Company are classified into the following categories:

a) Loans and receivables: financial assets resulting from the sale of assets or the provision of services for the Company's trade operations, or any that do not have their origin in trade operations, are not equity instruments or derivatives and whose charges are of a fixed or determinable amount and are not traded in an active market.

b) Surety and guarantees posted by the Company in compliance with contractual clauses of the different leases booked.

c) Financial assets held for trading: those acquired with the objective of disposing of them in the short term or those that are part of a portfolio in which there is evidence of recent actions with that objective.

Initial valuation -

Financial assets are initially booked at the fair value of the consideration handed over plus any transaction costs that can be directly attributable to them.

Subsequent valuation -

Loans and receivables are valued at their amortised cost.

Financial assets held for trading are valued at their fair value, and the result of changes in said fair value is recorded in the profit and loss account.

At least at the close of the year, the Company conducts an impairment test on any financial assets not booked at fair value. It is deemed that objective evidence for impairment exists if an asset's recoverable value is less than its book value. When this arises, the impairment is recorded in the profit and loss account.

More specifically, the criterion used by the Company to calculate the corresponding value corrections concerning trade receivables and other accounts receivable, if any, consists of making an annual allowance in the balances of a certain seasoning or in those in which circumstances come about that would reasonably allow one to classify them as non-performing.

The Company writes off financial assets when they expire or when the rights over cash flows from the financial asset in question have been assigned and the risks and benefits inherent to their ownership have been substantially transferred.

Alternatively, the Company does not write off financial assets in financial asset assignments where the risks and benefits inherent to their ownership are substantially retained, recognising a financial liability equivalent to the consideration received.

5.3.2 Financial liabilities

Financial liabilities include any debits and payables the Company has resulting from the purchase of goods and services from the company's trade operations, or also any that do not have a trade-related origin which cannot be considered as derivative financial instruments.

Debits and payables are initially valued at the fair value of the consideration received, adjusted by any transaction costs that can be directly attributed to them. Subsequently, such liabilities are valued in accordance with their depreciated cost.

The Company derecognises financial liabilities when the obligations they have generated expire.

5.3.3 Derivative financial instruments

The Company uses derivative financial instruments to hedge the risks to which its activities, operations and future cash flows are exposed. These risks are from changes in interest rates. In the framework of these operations, the Company contracts hedging financial instruments.

So that these financial instruments qualify as hedge accounting, they are initially designated as such and the hedging relationship is documented. Likewise, the Company initially and periodically throughout its life (at least at each accounting close) verifies that the hedging relationship is effective, that is, that it is prospectively expected that changes in the fair value or cash flows of the hedged item (attributable to the hedged risk) are almost completely offset by those of the hedging instrument and that, retrospectively, the results of the hedge have fluctuated between 80% and 125% of the result of the hedged item.

The Company only applies cash flow hedges, whose accounting method is described below:

- Cash flow hedges: In this type of hedge, the gain or loss of the hedging instrument that has been determined as effective hedging is temporarily recognised in equity, and charged to the profit and loss account in the same period in which the item being hedged affects the result, unless the hedge corresponds to a transaction that is expected to end in the recognition of a non-financial asset or liability, in which case the amounts recorded in equity will be included in the cost of the asset or liability when acquired or assumed.

At 30 June 2019, the amount of the derivatives reflects the fair market value of the derivatives. These derivatives have been contracted to hedge the interest rate risk and that fair value represents the payment that would have to be made if it were decided to sell or transfer them to a third party.

Hedge accounting is interrupted when the hedging instrument matures or is sold, finalised or exercised, or fails to meet the hedge accounting criteria. At that time, any cumulative gain or loss corresponding to the hedging instrument that has been recognised in equity is kept within equity until the expected transaction occurs. When the operation being hedged is not expected to occur, the cumulative net gains or losses recognised in equity are transferred to net profit/(loss) for the period.

5.4 Classification of balances into current and non-current balances

Current assets are deemed to be any assets linked to the normal operating cycle, which in general terms is considered to be a year, along with any other assets whose maturity, disposal or realisation is expected to come about in the short term from the date of the close of the year, along with cash and cash equivalents. Any assets which do not meet these requirements are classified as non-current assets.

Similarly, current liabilities are linked to the normal operating cycle and, in general terms, include all obligations whose maturity or extinction will come about in the short term. Otherwise, they are classified as non-current liabilities.

5.5 Tax on profits

After its amendment by Law 16/2012 of 27 December, the special tax scheme for REITs is based on a zero percent Corporation Tax rate, provided certain requirements are met. Among these, it is worth highlighting the requirement that at least 80% of assets must be comprised of urban properties designated for leasing which are fully owned or acquired through interests in companies that meet the same investment and distribution of results requirements, be they Spanish or foreign, whether or not they are listed on organised markets. Likewise, the main sources of income of these entities must come from the property market, be it from leases, the subsequent sale of real estate after a minimum maintenance period or the income from interests in entities having similar characteristics.

Nonetheless, the tax is accrued proportionally to the payout of dividends carried out by the company. Any dividends received by the partners are exempt, except where the beneficiary is a legal person subject to Corporation Tax or a permanent establishment belonging to a foreign entity, in which case a deduction has been established for the total tax liability, so that such income is taxed at the partner's tax rate. However, the rest of income will not be taxed while it is not paid out to the members.

As stipulated by the Ninth Transitional Provision of Law 11/2009 of 26 October governing Listed Real Estate Investment Trusts, as amended by Law 16/2012 of 27 December, the entity will be subject to a special 19 percent tax rate on the full amount of the dividends or profits distributed to members whose interest in the entity's capital is equivalent to or greater than five percent, where such dividends at the registered office of its members are exempted from tax or taxed at a rate below ten percent. The foregoing notwithstanding, the special tax rate shall not apply where the dividends or profit sharing are received by other REITs, regardless of what their percentage shareholding may be.

The Company has applied a levy of 0% to the dividends distributed to its Shareholders, as these comply with the previous condition.

5.6 Earnings and expenses

Income and expenses are booked on an accrual basis, that is to say, when the real flow of goods and services they represent comes about irrespective of the moment when the monetary or financial flows arising from them are produced. Such income is valued at the fair value of the consideration received, deducting any discounts and taxes.

The recognition of income from sales comes about at the moment the significant risks and benefits inherent to ownership of the asset sold have been transferred without maintaining day-to-day management over such asset, or retaining effective control over it.

Interest received from financial assets is recognised using the effective interest rate method. In any event, the interest from financial assets accrued subsequent to the moment of acquisition are recognised as income in the profit and loss account.

The income from real estate leases is booked on the basis of its accrual and the difference, if any, between the invoicing carried out and the income recognised in keeping with this criterion is booked in the "Accrual adjustments" item.

5.7 Provisions and contingencies

In preparing the interim financial statements, the Directors of the Company distinguish between:

a) Provisions: credit balances which cover current obligations arising from past events whose cancellation will probably lead to an outflow of resources, but which cannot be determined as to their amount and/or moment of cancellation.

b) Contingent liabilities: possible obligations arising as a consequence of past events, whose future materialisation is conditional upon whether or not one or more future events which are beyond the Company's control take place.

The interim financial statements reflect all the provisions regarding which the likelihood of having to face an obligation is estimated to be higher than not having to do so. Contingent liabilities are not included in the interim financial statements. Information about them, however, is provided in the notes when they are not deemed remote possibilities.

Provisions are valued at the current value of the best possible estimate of the necessary amount to cancel or transfer the obligation, taking into account available information on the event and its consequences, and booking any adjustments that may arise due to the updating of such provisions as a financial expense as they accrue.

5.8 Environmental equity elements

Environmental equity elements are deemed to be any assets which are used in a long-lasting manner in the Company's operations and whose main purpose is to minimise environmental impacts and to protect and improve the environment, including reducing or eliminating future pollution.

By their very nature, the Company's operations do not have any significant environmental impacts.

5.9 Subsidies, donations and bequests

In order to account for subsidies, donations and bequests received from third parties other than the owners, the Company follows the following criteria:

a) Non-reimbursable capital subsidies, donations and bequests: These are valued at the fair value of the amount or asset granted, depending on whether they are of a monetary nature or not. They are charged to results in proportion to the depreciation allowance allocated in the period for subsidised elements or, as appropriate, when their disposal or value correction due to impairment comes about.

b) Reimbursable subsidies: As long as they are deemed as reimbursable, they are booked as liabilities.

5.10 Related-party transactions

The Company performs all its transactions with related parties at market prices. Moreover, transfer prices are properly documented. Hence, the Company's Directors consider that there are no significant risks which could give rise to considerable liabilities in the future due to this aspect.

6. Property investments

The movement in this balance sheet item, as well as the most significant information affecting this heading, during the first six months of 2019 is as follows:

2019 (30 June)

	Euros				
	Balance as at 31/12/2018	**Additions**	**Write-offs/ Reversals**	**Transfers**	**Balance as at 30/06/2019**
Cost:					
Real estate for leases	376,568,573	24,582,015	-4,632,931	196,794	396,714,451
Investments in progress and advances	4,076,709	2,191,984	-	-196,794	6,071,899
Total cost	**380,645,282**	**26,773,999**	**-4,632,931**	**-**	**402,786,350**
Cumulative depreciation:					
Real estate for leases	-41,695,382	-2,551,286	398,166	-	-43,848,502
Total cumulative depreciation	**-41,695,382**	**-2,551,286**	**398,166**	**-**	**-43,848,502**
Impairment:					
Real estate for leases	-12,197,943	-	61,137	-	-12,136,806
Total impairment	**-12,197,943**	**-**	**61,137**	**-**	**-12,136,806**
Net property investments	**326,751,957**	**24,222,713**	**-4,173,628**	**-**	**346,801,042**

"Property investments" includes the net cost of the properties in use and in operating conditions and rented through one or more operating leases, or those that are unoccupied but are available for rent through one or more operating leases.

Investments made in 2019 (as at 30 June) in property amounted to 26,773,999 euros. The main registrations recorded under this heading during this six-month period of 2019 relate mainly to the following investments:

- On 31 January 2019, the Company signed the purchase deed in an office building located at Juan Ignacio Luca de Tena 17, in Madrid. The acquisition price of the property was 23,950,000 euros (24,551,876 euros including expenses) and has been paid partially with the delivery of two commercial premises owned by the Company, specifically, the commercial premises and their annexes located at Calle Caleruega 66, 68 and 70 as well as calle Rutilo 21, 23 and 25; both in Madrid.

- Additionally, in the first half of 2019, hotel costs of 30,139 euros on various properties owned by the company have been capitalised.

- At 30 June 2019, under the heading “Property investment in progress and advances” of the accompanying balance sheet, there were additions of 2,191,984 euros corresponding to the renovations being carried out in the property located at calle Pradillo 42 in Madrid for 470,656 euros, in Hotel Meliá in Isla Canela for 281,975 euros, in Hotel Barceló for 35,388 euros, in Hotel Iberostar for 109,479 euros, in Hotel Playa Canela for 124,531 euros, in Hotel Isla Canela Golf for 32,207 euros and the building located at José Abascal 41 for 900,755 euros and the property at calle Juan Ignacio Luca de Tena 17 for 78,318 euros that are currently undergoing remodelling. Renovation work was also carried out in the first six months of 2019 on the property located at calle Goya 59 for 158,675 euros, which was completed on 30 June 2019 and supposed a transfer of the costs of 196,794 euros associated with it from "Property investments in progress and advances" to "Property investments".

  In regard to the properties continuing to be affected at 30 June 2019 by the aforementioned renovation programme, the most significant remodelling budgets are as follows: José Abascal 41 whose budget is 6,524,949 euros (of which, 1,911,720 euros has already been incurred) and the recently acquired Juan Ignacio Luca de Tena 17, acquired in 2019, whose renovation budget is 2,565,750 euros (of which, 78,318 euros has already been incurred).

During the first six months of 2019, property deregistrations occurred in the amount of 4,632,931 euros. The main deregistrations for 2019 correspond to:

- Sale of several properties in Sanchinarro VI and Sanchinarro VII (gross cost of 1,476,490 euros), as well as the sale of several offices in Coslada III for (gross costs of 795,974 euros), which have been sold to third parties. These sales transactions generated a net gain of 28,276 euros, which has been recorded under "Impairments and gains (losses) on fixed asset disposals" in the accompanying profit and loss account for the year ended 30 June 2019. At the time of sale, impairment of 23,475 euros had been recognised for these properties. This has been written off as a result of the disposal.

- An office building located at calle Juan Ignacio Luca de Tena, 17 in Madrid as a result of the acquisition during the first six months of 2019 and, as part of the payment, the Company has delivered the following properties to the purchaser:

- Commercial premises at calle Caleruega, 66 and 70 in Madrid, whose cost was 980,767 euros at the time of the transaction.
- Commercial premises at calle Rutilo 21, 23 and 25 in Madrid, whose cost was 1,379,700 euros at the time of the transaction.

As a result of the aforementioned transaction, and due to the difference between the net book value at which the Company had registered the premises delivered at the time of purchase, and the value assigned to them in the transaction, a gain of 1,475,597 euros arose, which has been recorded under the heading "Impairments and gains (losses) on fixed asset disposals" in the accompanying profit and loss account at 30 June 2019. At the time of sale, the property located on calle Rutilo had an impairment of 37,662 euros that was derecognised as a result of its disposal.

In addition, and as established by the regulation, the Company valued all of its properties at 2018 year-end. These valuations, carried out by independent expert, CBRE Valuation Advisory, S.A., showed a fair value lower than their net book value for some assets, resulting in the Company calculating the corresponding impairments.

The directors of the Company consider that no significant changes occurred in the first six months of 2019 in either the variables used by the independent expert in the valuation at year-end 2018, or in the contents or conditions of the current lease contracts used in the valuation. They therefore consider that the market values of the Company's assets at 30 June 2019 to be similar to those at the end of 2018.

The breakdown by segment of property investments for which the recording of an impairment was required is as follows:

Segments	Impairments (Euros)	
	30/06/2019	31/12/2018
Commercial	-	75,152
Total	**-**	**75,152**

On the other hand, as a result of the aforementioned divestments, at the end of the six months ended 30 June 2019, the Company reversed impairments amounting to 61,137 euros (1,633,449 euros in 2018 resulting from divestments and the valuations made by the independent expert). The breakdown is as follows:

Segments	Reversals (Euros)	
	30/06/2019	31/12/2018
Offices	23,475	1,338,258
Commercial	37,662	295,191
Total	**61,137**	**1,633,449**

Likewise, according to the appraisals made, the fair value of the property investments revealed an unrecorded latent capital gain (by comparing the updated market gross fair value and the net book value) of 134,262,787 euros (132,554,817 euros at 31 December 2018), which was primarily due to the retail outlets located at Calle Gran Vía, 34 de Madrid, Calle Conde de Peñalver, 16 in Madrid, Calle Gran Vía, 55 in Madrid, Hotel Barceló Isla Canela, Hotel Meliá Atlántico Isla Canela and Hotel Tryp Cibeles in Madrid.

The gross asset value (GAV) of the property investments at 30 June 2019 and 31 December 2018, broken down by business segment, is as follows:

Segments	GAV (Euros)	
	30/06/2019	31/12/2018
Hotels	138,779,886	138,171,950
Offices	148,956,053	125,363,187
Commercial	175,617,419	178,061,166
Industrial	17,710,470	17,710,470
Total	**481,063,828**	**459,306,773**

The breakdown of floor space in square metres above ground level of the property investments owned by the company was:

Segments	Floor area in M² above ground level	
	30/06/2019	31/12/2018
Hotels	80,135	80,135
Offices	40,657	32,591
Commercial	23,982	24,007
Industrial	13,810	13,810
Total	**158,584**	**150,543**

At 30 June 2019, the mean level of occupation of the Company's assets dedicated to leasing is 90.05% (91.97% at 31 December 2018) based on the square metres leased.

The property investments described above are mainly located in Madrid, Castellón, and Isla Canela in the province of Huelva.

In the Company's portfolio of leased assets, there are two hotels at 30 June 2019 and 31 December 2018 located in Isla Canela in the province of Huelva that have been transferred from the Absorbed Company, Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U., to the Company as a result of the merger described in Note 1 which were affected by mortgage guarantees at 30 June 2019 amounting to 5,702,808 euros (7,561,249 euros at 31 December 2018) corresponding to two bank mortgage loans granted to Isla Canela, S.A., which has become the sole debtor of these guarantee obligations, thereby leaving the Company as the owner of the aforementioned registered properties, but not as the debtor thereof. The breakdown of the mortgage loan balance pending maturity and repayment at 30 June 2019 and 31 December 2018 by asset is as follows:

Property	Euros	
	30/06/2019	31/12/2018
Hotel Meliá Atlántico (latest possible maturity 31 March 2021)	3,840,540	4,779,944
Hotel Barceló Isla Canela (latest possible maturity 31 May 2020)	1,862,268	2,781,305
Total amount mortgages pending expiry on hotels	**5,702,808**	**7,561,249**

Note: The net book value of the two properties guaranteeing these loans at 30 June 2019 amounts to 50,076,741 euros (50,745,361 euros at 31 December 2018 for the two mortgaged properties).

On 1 January 2010, Isla Canela, S.A. and the Absorbed Company, Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U., entered into a "Service Provision Agreement with Mortgage Guarantee", by means of which the latter provides the former with the mortgage guarantee service whereby the hotels owned by the latter will respond for repayment by the former of the mortgage loans taken out from the institutions in accordance with the arrangements agreed upon in their articles of incorporation deeds until each of the mortgage loans entered into is definitively redeemed. Isla Canela, S.A. undertakes to pay any depreciation instalments and ancillary costs that may arise punctually until the loans guaranteed with a mortgage are redeemed. Due to the provision of the service described above, Isla Canela, S.A. pays the Absorbed Company a fee; this an annual lump-sum amount equivalent to 0.25% of the average annual outstanding balance of the mortgage loans calculated on 31 December each year, which is invoiced and paid on the last day of each calendar year. This amount may be amended annually through an agreement between the parties to adapt to it the average market prices paid by the Subsidiary Company for the provision of bank guarantees (bank guarantees and surety bonds) by financial institutions. As a result of the merger described in Note 1, the rights and obligations of the aforementioned contract have been transferred to the Absorbing Company, Saint Croix Holding Immobilier, SOCIMI, S.A.

On the other hand, the assets leased by the Company are subject to mortgage guarantees at 30 June 2019 amounting to 58,955,648 euros (48,239,993 euros at 31 December 2018), corresponding to bank mortgage loans.

The breakdown of the mortgage loan balance pending maturity and repayment at 30 June 2019 and 31 December 2018 by asset is as follows:

	Euros	
Property	**30/06/2019**	**31/12/2018**
Titán, 13	12,429,328	12,826,009
Conde de Peñalver, 16	8,070,572	8,328,143
Plaza de España (Castellón)	1,043,559	1,429,016
José Abascal, 41	11,400,000	11,400,000
Valle de la Fuenfría, 3	9,512,189	9,756,825
Glorieta de Cuatro Caminos 6 and 7	4,500,000	4,500,000
Juan Ignacio Luca de Tena, 17	12,000,000	-
Total amount of mortgages pending maturity on assets (Note 13)	**58,955,648**	**48,239,993**

The rental income from the Company's real estate investments at 30 June 2019 amounted to 9,172,188 euros (8,316,189 euros at 30 June 2018).

At 30 June 2019 and 31 December 2018, there was no kind of constraint on making new property investments, nor on collecting the income arising from them or concerning the resources which could be obtained from a possible disposal.

At 30 June 2018, the Company had fully depreciated property investment elements which were still in use to the amount of 5,988,961 euros (5,988,961 at 31 December 2018).

Company policy is to take out insurance policies to cover the possible risks to which property investments are subject. At 30 June 2019 and 31 December 2018 there was no deficit in any coverage related to these risks.

7. Operational leasing

At 30 June 2019 and at the close of 2018, the Company had reached agreements with lessees on the following minimal rental instalments in accordance with prevailing agreements, without taking into account the passing on of common expenses, future increases in the CPI or any rent reviews agreed upon in their contracts.

The most significant operating leases stem from lease agreements on the real estate assets on which their operations are based. A breakdown of such minimum rental instalments is set out below:

Operational leasing Minimum instalments	Euros	
	Nominal value 30/06/2019	Nominal value 31/12/2018
Less than a year	21,438,172	22,365,640
Between two and five years	53,525,973	59,254,798
More than five years	19,501,567	22,877,406
Total	**94,465,712**	**104,497,844**

In relation to the average duration of the lease contracts by type of property, the following details the WAULT (Weighted average unexpired lease term):

Type	WAULT	
	30/06/2019	31/12/2018
Hotels	3.79	3.94
Offices	4.89	5.16
Commercial	8.48	8.30
Industrial	8.50	9.00
Total Average	**6.12**	**6.24**

8. Other financial assets and investments in related companies

The balances of this headings accounts at 30 June 2019 and 31 December 2018 are as follows:

Financial assets: Nature / Category	Euros	
	30/06/2019	31/12/2018
	Loans and receivables	
Other financial assets	2,120,231	1,427,614
Long-term / Non-current	**2,120,231**	**1,427,614**
Loans to related companies (Note 19.2)	41,193,329	49,874,177
Short-term equity instruments	921,570	-
Other financial assets	3,055	534,524
Short-term / Current	**42,117,954**	**50,408,701**
Total	**44,238,185**	**51,836,315**

The Company generates a cash surplus from current operations arising from its main activity, as set forth in its corporate purpose. As a result, the Company has reached several financing agreements in this regard with related parties under market conditions in order to take maximum advantage of its positive cash flows (see Note 18.2). Said loans to group and related companies are recorded under the heading "Short-term investments in Group companies and associates" of the asset.

The movements in the headings "Short-term loans to Group companies and associates", "Equity instruments" and "Other financial assets" in the first six months of 2019 are as follows:

2019 (30 June)

Financial assets		Euros			
	31/12/2018	**Additions**	**Write-offs**	**Valuation adjustments**	**30/06/2019**
Loans to associated companies (Note 19.2)	49,874,177	-	-8,680,848	-	41,193,329
Short-term equity instruments	-	1,002,786	-	-81,216	921,570
Other financial assets	1,962,138	639,720	-478,572	-	2,123,286
Total	**51,836,315**	**1,642,506**	**-9,159,420**	**-81,216**	**44,238,185**

The variation of the heading "Loans to associated companies" mainly corresponds to the movements of the cash pooling account which the Company has with Promociones y Construcciones, PYC, Pryconsa, S.A., for a total amount of 41,162,504 euros (49,874,177 euros at 31 December 2018) within this financing scheme to the Group.

Furthermore, "Other non-current financial assets" and "Other current financial assets" mainly include the bonds received from customers deposited in the corresponding Public Bodies related to the rentals indicated in Note 7.

In the first six months of 2019, on 15 February 2019, the Company also acquired 6,950 shares in Unibail-Rodamco SE & WFD bringing the total cost of the operation to 1,002,786 euros, which has been recorded under "Short-term equity instruments" on the balance sheet at 30 June 2019. At 30 June 2019, the Company has adjusted the book value of the investment to its market value, resulting in a loss of 81,216 euros, which has been recorded under the heading "Change in fair value of financial instruments" on the profit and loss account corresponding to the first six months of 2019.

9. Trade and other accounts receivable

The breakdown of the heading at 30 June 2019 and 31 December 2018 is as follows:

Description	Euros	
	30/06/2019	31/12/2018
Accounts receivable for sales and services	1,000,039	2,186,177
Staff	3,500	352
Other credits with the Public Administrations (Note 17.1)	140,925	130,304
Total	**1,144,464**	**2,316,833**

The balance of "Accounts receivable for sales and services" at 30 June 2019 and 31 December 2018 break downs as follows:

Description	Euros	
	30/06/2019	31/12/2018
Customers	642,929	1,496,752
Commercial paper in the portfolio	357,110	689,425
Doubtful customers	189,289	141,790
Impairment	-189,289	-141,790
Total	**1,000,039**	**2,186,177**

The balance of customers, at 30 June 2019, mainly includes some of the amounts pending collection corresponding to income for the second quarter of 2019.

10. Cash and cash equivalents

The balance recorded in "Treasury" corresponds mainly to the balance available in current accounts at 30 June 2019 and 31 December 2018. These balances have no restrictions on their availability and accrue market interest.

11. Information on the nature and level of risks affecting financial instruments

The management of the Company's financial risks is centralised in the Governing Body of Grupo PER, which has established the necessary mechanisms to control exposure to changes in exchange rates, along with credit and liquidity risks. The main financial risks having an impact on the Company are set out below:

a) Credit risk

The Company's main financial assets are cash flow and cash balances, trade creditors and other accounts receivable in investments. These account for the Company's maximum exposure to credit risk as regards financial assets. The Company's credit risk is mainly attributable to its trade debts, which are shown net of any provisions for insolvencies estimated on the basis of prior years' experience and their valuation under the current economic climate. The Company loans its excess liquidity to related companies which are very solvent, thereby guaranteeing the repayment of the funds thus loaned.

b) Liquidity risk

Taking into account the current situation of the financial market and the estimates made by the Company's Directors on the Company's cash generating capacity, the Company estimates it has enough capacity to obtain financing from third parties were it necessary to make new investments. Consequently, there is no evidence that the Company will encounter liquidity problems in the medium term. Liquidity is guaranteed by the nature of the investments made and the high credit ratings of lessees, as well as the guarantees of collection provided for in prevailing agreements.

c) Exchange rate risk

The Company did not have any significant assets or liabilities in foreign currencies at 30 June 2019 and therefore had no exchange rate risk.

d) Interest rate risk

The Company has various long-term loans financing mainly long-term assets, as well as short-term working capital financing facilities. The risk from interest rate fluctuations is very low since the Company is not highly exposed to debt. The Company's policy on interest rates consists of not taking out interest rate hedges through hedging financial instruments, swaps, etc. since any change in interest rates would have an insignificant effect on the Company's results, taking into account its low debt levels and today's very low interest rates.

Notwithstanding the foregoing, on 17 February 2017, the Company formalised an Interest Rate Swap derivative financial instrument amounting to 8,550,000 euros, which shall run from 1 April 2019 to 1 April 2026 linked to a mortgage loan for 11,400,000 euros contracted in 2017 on the property located at Calle José Abascal 41 in Madrid.

e) Real estate business risks

Changes in the economic situation at both the local and international levels, occupancy and employment growth rates, interest rates, tax legislation and consumer confidence have a significant impact on the real estate markets. Any unfavourable change in any of these or in other economic, demographic or social variables in Europe, and Spain in particular, could lead to a reduction in real estate activity in these countries. The cyclical nature of the economy has been statistically proven, as have the existence of microeconomic and macroeconomic aspects that directly or indirectly affect the way the real estate market's performs, particularly the rentals which make up the Company's main investment activity.

12. Equity and Own Funds

a) Authorised capital

At 30 June 2019, the Company's subscribed share capital was comprised of 4,452,197 registered shares at a par value of 60.10 euros each. All these shares belong to a single class and series and all have been fully subscribed and paid up, which means that the Parent Company's notarised share capital amounts to 267,577,040 euros.

All the shares making up the share capital are entitled to the same rights, although there are certain restrictions on their transferability in the Articles of Incorporation (preferential purchase rights).

All the Company's shares have been admitted to trading on the Luxembourg Stock Exchange since 21 December 2011. The share price at 30 June 2019 and the average share price in the second quarter of 2019 were 75.50 and 74.80 euros per share, respectively. The shares are registered shares and are represented by means of book entries. They are constituted as such by virtue of their registration in the corresponding share register.

The shareholders shall be subject to the obligations set forth in Articles 10 and comply with the REIT Act. Any shareholders whose interest in the entity's share capital is equivalent to or greater than five percent and who receive dividends or a share-out of profits are obliged to give the company notice of the tax rate on the dividends received within ten days, counting from the date after the day they are received.

The companies holding an interest in the Company's share capital equivalent to or greater than 10% at 30 June 2018 were as follows:

Shareholder	Number of Shares	Percentage Shareholding
COGEIN, S.L.	517,819	11,63%
Promociones y Construcciones, PYC, Pryconsa, S.A.	498,360	11,19%

b) Reserves

Legal Reserve

According to the Consolidated Text of the Corporate Enterprises Act, a figure equivalent to 10% of the profit for the year has to be allocated to the legal reserve until the balance of this reserve reaches at least 20% of share capital. The legal reserve may be used to increase capital by using the proportion of its balance which exceeds 10% of the already increased capital.

With the exception of the aforementioned use, and whilst it does not exceed 20% of the share capital, this reserve may only be used to offset losses, and only when there are no other sufficient available reserves to do so.

At 30 June 2019, the legal reserve has not been fully constituted.

Other reserves

Merger reserves

As a result of the merger operation described in Note 1, positive merger reserves amounting to 14,154,738 euros were generated due to the difference between the individual book values of the Absorbed Companies and those included in the merger.

c) Distribution of profits

REITs are governed by the special tax scheme set forth in Law 11/2009 of 26 October governing Listed Real Estate Investment Trusts, as amended by Law 16/2012 of 27 December. Once all the trading obligations that may correspond to them are fulfilled, such companies are obliged to distribute to their shareholders the profits obtained in the year. Such distribution must be resolved as set out below within the six months following the end of each financial year:

a) All the profits from dividends or profits distributed by the entities referred to in paragraph 1, Article 2 of this Law.

b) At least 50 percent of the profits resulting from the transfer of the real estate assets and shares or interests referred to in paragraph 1, Article 2 of said Law which are carried out once the periods referred to in paragraph 3, Article 3 of this Law have elapsed and which are allocated to fulfilling its main corporate purpose. The rest of such profits must be reinvested in other real estate assets or interests included under the corporate purpose within three years following the date of transfer. Failing this, such profits must be fully distributed jointly with the profits, if any, of the financial year in which the reinvestment period finalises. Should the elements subject to reinvestment be transferred before the maintenance period elapses, any profits from them must be fully distributed jointly with the profits, if any, of the financial year in which they have been transferred. The distribution obligation does not cover the proportion of profits, if any, charged to financial years in which the Company did not pay taxes under the special tax scheme set forth by the aforementioned Act.

c) At least 80 percent of the rest of the profits obtained.

Where the distribution of dividends is charged to the reserves from the profits of a year in which the special tax scheme has been applied, the distribution of such dividends must necessarily fulfil the resolution referred to in the preceding paragraph.

The legal reserve of any companies which have opted to apply the special tax scheme set forth in this Act may not exceed twenty percent of their share capital. The articles of these companies may not establish any other unavailable reserve other than the legal reserve.

d) Capital management

The Company is essentially financed with shareholders' equity. Only in the case of new investments may the Company make use of the credit markets to finance these acquisitions or obtain financing from related companies by taking out mortgage loans.

The Company has undertaken to distribute at least 80% of their distributable profits in the form of dividends to its shareholders pursuant to the existing legal obligation laid down by Law 11/2009, as amended by Law 16/2012.

e) Valuation adjustments

The breakdown and nature of the other valuation adjustments is as follows:

	Euros	
	30/06/2019	31/12/2018
Hedging operations (Note 14)	276,013	276,013
Total	**276,013**	**276,013**

f) Capital subsidies

The movement of this heading during the first six months of 2019 is as follows:

2019 (30 June)

	Euros		
	31/12/2018	Applications	30/06/2019
Capital subsidies	1,160,976	-29,871	1,131,105
Total	**1,160,976**	**-29,871**	**1,131,105**

Due to the change in taxation according to amendment 16/2012, of 27 December, of Law 11/2009, regulating Listed Investment Companies in the Property Market, the Company started to pay tax at the rate of 0%. Therefore, the Company has regularised the tax effect of the deferred tax liability and integrates the gross amount under "Subsidies, donations and bequests received" of the Company's equity.

These subsidies correspond to the subsidy granted by the Directorate-General of Regional Economic Incentives amounting of 3,146,000 euros for the development of the area. The following should be highlighted within this group of subsidies:

- Subsidy granted by the Directorate-General of Regional Economic Incentives amounting to 1,550,000 euros corresponding to 10% of the investment made to build a hotel in Ayamonte, Huelva.

- Subsidy granted by the Directorate-General of Regional Economic Incentives amounting to 1,106,000 euros corresponding to 10% of the investment made to build a hotel in Ayamonte, Huelva.

- Subsidy granted by the Directorate-General of Regional Economic Incentives amounting to 490,000 euros corresponding to 14% of the investment made to build a hotel in Ayamonte, Huelva.

The aforementioned subsidies were transferred to the Absorbed Company, Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U., from Isla Canela, S.A. based on the partial division agreement of the Absorbed Company since all of them were allocated to the activity subject to the transfer. Taking into account that the partial division transaction mentioned above was performed with accounting effects as of 1 January 2009, the Absorbed Company has booked the subsidies thus transferred in income since then.

Hence, in the first six months of 2019, income amounting to 29,871 euros was accounted for as income under "Assignment of non-financing fixed asset subsidies" on the accompanying profit and loss account.

13. Current and non-current liabilities

The balances of the accounts of these headings at 30 June 2019 and 31 December 2018 are as follows:

	Euros	
	30/06/2019	**31/12/2018**
Debentures and bonds	10,000,000	10,000,000
Long-term debts with credit institutions	71,107,689	47,577,952
Derivatives (Note 14)	276,013	276,013
Other financial liabilities	3,524,060	3,004,999
Total long-term debts	**84,907,762**	**60,858,964**
Debentures and bonds	4,795	130,822
Short-term debts with credit institutions	11,697,228	15,773,716
Other financial liabilities	1,029,543	735,910
Total short-term debts	**12,731,566**	**16,640,448**
Total long and short-term financial debts	**97,639,328**	**77,499,412**

"Obligations and bonds" includes the two issues of Fixed Income securities carried out by the Company in 2016 against the "Fixed Income Securities Issuance Programme 2015", as detailed below:

Fixed Income Securities Issuance programme 2015

On 30 September 2015, the Company obtained the inclusion of the information base document for the inclusion of medium and long-term securities related to a "Fixed Income Securities Issuance Programme 2015 " on the Alternative Fixed Income Market ("MARF"). The Base Document was published on the Alternative Fixed Income Market's website as well as on the Company's website. For the purposes of registering the aforementioned bond programme, the Company was rated for credit purposes as BBB with a stable outlook ("investment grade") by the ratings agency Axesor. The proceeds from the issue would be used for investment in real estate assets and the rehabilitation of assets in the portfolio.

The main features of the aforementioned programme are as follows:

- Maximum issue amount: 80,000,000 euros
- Amortisation period: Between 2 and 7 years
- Coupon: Annual
- Unit nominal value ≥ 100,000 euros
- Issue audience: qualified investors

During 2016, two issues of the Company's Fixed Income securities were carried out against the aforementioned programme for a total amount of 10,000,000 euros with the following main characteristics:

	Simple Bonds 2021	Simple Bonds 2022
Nominal amount	8,000,000	2,000,000
Issue date	23 June 2016	23 June 2016
Maturity date	23 June 2021	23 June 2022
Annual coupon	2,50%	2,50%
Coupon payment	Annual	Annual
Issue APR	2,72%	2,77%

The average APR for the issuer for both issues is 2.73%. The two issues of securities have been listed on the Alternative Fixed Income Market since 24 June 2016 (see Note 13).

On 27 June 2019, the third coupon of both issues amounting to 250,000 euros was paid (the second coupon for a gross amount of 250,000 euros was paid on 29 June 2018), which is recorded under "Financial expenses" in the accompanying profit and loss account for the current year.

The "Long-term debt to credit entities" and "Short-term debt to credit entities" headings mainly correspond to mortgage guarantee loans with the following detail:

Property	Financial institution	Start	Euros		Maturity
			Initial amount	Capital outstanding	
Plaza España, Castellón	Caixabank	2,010	7,200,000	1,043,559	2,020
Titán, 13	Banco Santander	2,015	15,735,000	12,429,328	2,025
Conde de Peñalver, 16	Banco Santander	2,015	10,217,000	8,070,572	2,025
José Abascal, 41	Banca March	2,017	11,400,000	11,400,000	2,031
Valle de la Fuenfría, 3	Kutxabank	2,018	10,000,000	9,512,189	2,028
Gl. Cuatro Caminos 6 and 7	Banca March	2,018	4,500,000	4,500,000	2,028
J. I. Luca de Tena, 17	Caixabank	2,019	12,000,000	12,000,000	2,030
Total			**71,052,000**	**58,955,648**	

During the first six months of 2019, on 27 February 2019, the Company took out a new mortgage loan with Caixabank on the property located at calle Juan Ignacio Luca de Tena 17 in Madrid.

The Company also has various personal guarantee loans with short and long-term maturities, whose characteristics are as follows:

Institution	Start	Euros		Maturity
		Initial amount	Capital outstanding	
Sabadell	2,016	5,000,000	568,761	2,019
Pichincha	2,018	4,000,000	2,689,880	2,021
Pichincha	2,019	2,000,000	2,000,000	2,022
Caixabank	2,019	10,000,000	10,000,000	2,028
Total		**21,000,000**	**15,258,641**	

Finally, under the heading "Short-term debts with credit institutions" there are two credit policies whose characteristics are as follows:

Institution	Euros		Maturity
	Initial amount	Capital outstanding	
Banca March	5,000,000	4,937,698	2,019
Bankinter	5,000,000	3,427,857	2,020
Total	**10,000,000**	**8,365,555**	

Financial expenses arising from debts with credit institutions in the first six months of 2019 amounted to 868,273 euros (584,262 in the first half of 2018) and are accounted for under "Financial expenses" on the accompanying profit and loss account.

The interest rates on the loans are set under market conditions with a fixed spread.

The "Guarantees and deposits" item reflects the guarantees received from clients connected with the leases set out in Note 7.

The breakdown by due dates at 30 June 2019 is as follows:

	Euros					
	2019	2020	2021	2022	2023 and subsequent	Total
Debentures and bonds	4,795	-	8,000,000	2,000,000	-	10,004,795
Debts with credit institutions (*)	11,697,228	6,183,923	5,215,283	4,541,130	55,167,353	82,804,917
Long-term guarantees	-	710,804	6,936	1,015,236	1,791,084	3,524,060
Short-term bonds	1,029,543	-	-	-	-	1,029,543
Total	**12,731,566**	**6,894,727**	**13,222,219**	**7,556,366**	**56,958,437**	**97,363,315**

(*) Mortgage guarantee loans amounting to 58,955,648 euros, loans of 15,258,641 euros, credit policy provisions for 8,365,555 euros and interest accrued pending maturity amounting to 225,073 euros.

14. Derivative financial instruments

The detail of derivative financial instruments at 30 June 2019 is as follows:

	Classification	Rate	Outstanding nominal amount	Maturity	Fair value Liability
Interest rate swap	Interest rate hedge	Variable to fixed	8,550,000	01.04.2026	276,013

On 17 February 2017, the Company formalised an Interest Rate Swap derivative financial instrument amounting to 8,550,000 euros, which will run from 1 April 2019 to 1 April 2026

Based on the valuation made on 31 December 2018, this financial instrument had the following impact on the Company's equity:

- Equity impairment amounting to 276,013 euros in 2018 (136,687 euros in 2017) that was recorded in the Company's equity under the heading "Valuation adjustments".

During the first six months of 2019, the Company's Directors consider there to have been no significant changes in the value of said financial instrument compared to the aforementioned valuation at the end of 2018.

The Company has complied with the requirements detailed in Note 5.3.3 on registration and valuation rules in order to classify the financial instruments listed above as hedges.

15. Disclosure on payment periods for suppliers

The information required by the Third Additional Provision of Law 15/2010 of 5 July (modified through the Second Final Provision of Law 31/2014, of 3 December) are provided below, prepared in accordance with ICAC Resolution of 29 January 2016, on the information to be included in the notes of the interim financial statements in relation to the average period of payment to suppliers in commercial operations.

	30/06/2019	31/12/2018
	Days	
Average payment period to suppliers	80.05	71.81
Ratio of transactions paid	80.07	77.85
Ratio of transactions pending payment	80.02	45.86
	Euros	
Total payments made	3,732,454	6,646,472
Total payments outstanding	1,605,668	1,542,199

In accordance with the ICAC Resolution, the calculation of the average payment period to suppliers has taken into account the commercial transactions corresponding to the delivery of goods or services rendered from the date of entry into force of Act 31/2014, of 3 December.

Suppliers, for the exclusive purposes of giving the information provided for in this Resolution, are considered trade creditors due to debts with suppliers of goods or services, included under "Suppliers" and "Sundry creditors" of current liabilities in the balance sheet.

The "Average payment period to suppliers" is construed as the period from the delivery of the goods or the provision of the services by the supplier to the payment for the transaction.

The maximum legal payment period applicable to the Company in 2019 under Act 3/2004 of 29 December, establishing measures to combat late payment in commercial transactions, is 30 days, and has been since the publication of that Act (unless the conditions established therein that permit a maximum payment period of up to 60 days are met).

16. Guarantees undertaken with third parties

At 30 June 2019 and 31 December 2018, the Company had no guarantees extended to third parties.

The foregoing notwithstanding, as mentioned in Note 6, two hotels owned by the Company which are located in Isla Canela (Ayamonte, Huelva) were subject to mortgage guarantees amounting to 7,561,249 euros at 31 December 2018 with an outstanding amount pending repayment at 30 June 2019 of 5,702,808 euros associated with two of the hotels corresponding to two banks loans granted to Isla Canela, S.A., which has become the sole debtor of the obligations thereof. This balance corresponds to the outstanding balance at 30 June 2019 of the two mortgage loans mentioned, which correspond to each of the properties. In this regard and as mentioned in Note 6, the Company as a result of the merger described in Note 1, entered into a mortgage guarantee agreement with Isla Canela, S.A. to ensure the repayment by said related company of the mortgage loans on the hotels which, after the merger are owned by the Company, until the loans are finally redeemed. The Company receives a commission fee equivalent to 0.25% of the average outstanding balance of the mortgage loans thus guaranteed.

17. Public administrations and tax situation

17.1. Current balances with Public Administrations

The breakdown of the debtor and creditor balances with Public Administrations is as follows:

	Euros			
	30/06/2019		31/12/2018	
	Debtor	Creditor	Debtor	Creditor
Withholdings	10,621	-	130,304	-
Withholdings from previous years	130,304	-	-	-
Value Added Tax	-	543,377	-	423,160
Personal income tax	-	8,424	-	42,226
Social Security	-	5,436	-	2,906
Total	**140,925**	**557,237**	**130,304**	**468,292**

17.2 Reconciliation of the accounting profit/loss and the tax base

Reconciliation of the accounting profit/loss and the Corporation Tax base at 30 June 2019 and 31 December 2018 is as follows:

2019 (30 June)

Item	Euros
Profit (loss) before tax	6,630,319
Permanent differences	-
Temporary differences	-140,684
Previous tax base	**6,489,635**
Tax base (0%)	6,489,635
Tax base (25%)	-
Offset of negative tax bases	-
Tax base at 0%	**6,489,635**
Tax base at 25%	**-**
Total tax liability (0%)	**-**
Total tax liability (25%)	**-**
Withholdings and payment on account	10,621
Amount to (pay) / return	**10,621**

Financial year 2018 (31 December)

Item	Euros
Profit (loss) before tax	14,554,246
Permanent differences	37,903
Temporary differences	-716,379
Previous tax base	**13,875,770**
Tax base (0%)	13,875,770
Tax base (25%)	-
Offset of negative tax bases	-
Tax base at 0%	**13,875,770**
Tax base at 25%	**-**
Total tax liability (0%)	**-**
Total tax liability (25%)	**-**
Withholdings and payment on account	130,304
Amount to (pay) / return	**130,304**

The temporary differences for 2019 (six months) that modify the accounting profit/(loss) before taxes amount to 140,684 euros and correspond to:

- Negative adjustment for recovery of the provision on the amortisation of non-deductible investment property pursuant to Law 16/2012, which establishes that the accounting amortisation of tangible fixed assets, intangible assets and investment property is only deductible up to a maximum 70% of the amount which would have been tax deductible, recovering, on a straight-line basis over 10 years starting in 2015, the amount of 140,684 euros.

At 30 June 2019, the Company has temporary differences to be allocated in the amount of 5,269,521 euros (5,410,205 euros at 31 December 2018), whose deferred tax assets have not been recorded since the applicable tax rate is 0%. These temporary differences include the adjusted amortisation amount in 2013 and 2014 to be deducted for 1,191,627 euros, as well as the impairment of the investments in the amount of 4,077,893 euros.

At 30 June 2019, there are no financial expenses which could not be deducted from the corporation tax base.

Pursuant to Article 9.2 of Law 11/2009, of 26 October, as amended by Law 16/2012, of 27 December, regulating Real Estate Investment Trusts, the self-assessment shall apply to the tax base of the tax period corresponding proportionally to the dividend whose distribution has been agreed in relation to the profit obtained in the year. As indicated in Note 4, at the end of 2018, the Directors proposed the payment of dividends of 13,098,821 euros to the Shareholders , which is why Corporation Tax was accrued on said dividend, based on the amount to be paid in the amount of 0 euros. The profit for 2018, after taxes, amounted to 14,554,246 euros (13,200,418 in 2017).

Likewise, according to Article 6 of Law 11/2009, of 26 October, as amended by Law 16/2012, of 27 December, the Company is required to distribute at least 50 percent of the profits resulting from the transfer of the real estate assets and shares or interests referred to in paragraph 1, Article 2 of said Law which are carried out once the periods referred to in paragraph 3, Article 3 of this Law have elapsed and which are allocated to fulfilling its main corporate purpose. The rest of such profits must be reinvested in other real estate assets or interests included under the corporate purpose within three years following the date of transfer. Failing this, such profits must be fully distributed jointly with the profits, if any, of the financial year in which the reinvestment period finalises. Should the elements subject to reinvestment be transferred before the maintenance period established in paragraph 3 of Article 3 of this Law, any profits from them must be fully distributed jointly with the profits, if any, of the financial year in which they have been transferred.

At 30 June 2019, there were no Negative Tax Bases pending allocation. At 30 June 2019, the Company has not capitalised the tax credits arising from the aforementioned negative tax bases as their offset period cannot be determined.

Additional information on Deferred Incomes

A. Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U.

The absorbed company, Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U. was constituted as a result of the partial division of the company, Isla Canela, S.A. which took place on 29 December 2009. The assets contributed by Isla Canela, S.A. invoked the fiscal neutrality tax regime.

Accordingly, in order to comply with the provisions of article 86 LIS, the following information is included:

a) Tax period in which the transferring entity, Isla Canela, S.A., acquired the transferred assets:

- Gran Vía 1 2º izquierda: 1987
- Marina Isla Canela Shopping Mall: 2000
- Hotel Barceló: 1998
- Hotel Atlántico: 2000
- Hotel Playa Canela: 2002
- Hotel Iberostar: 2002
- Hotel Golf Isla Canela: 2007

b) List of acquired assets that are included in the books at a value different from the value at which they were recorded in those pertaining to the transferring entity prior to the completion of the transaction, expressing both values as well as the value adjustments made in the books of the two entities:

Property	Euros		
	Net tax value	**Market transfer value**	**Deferred income**
Gran Vía 1 2º izquierda	374,654	1,940,000	1,565,346
Marina Isla Canela Shopping Centre	1,798,346	4,700,000	2,901,654
Hotel Barceló	7,090,735	23,700,000	16,609,265
Hotel Atlántico	18,667,707	29,200,000	10,532,293
Hotel Playa Canela	14,984,936	15,900,000	915,064
Hotel Iberostar	18,358,560	23,700,000	5,341,440
Hotel Isla Canela Golf	4,147,317	4,700,000	552,683
Total	**65,422,256**	**103,840,000**	**38,417,744**

c) There are no tax benefits enjoyed by the transferring entity, in respect of which the absorbed entity must assume compliance with certain requirements in accordance with that established in section 1 of Article 84 LIS.

On the other hand, in 2013, the absorbed company, Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U., absorbed to the company, Compañía Ibérica de Rentas Urbanas 2009, SOCIMI, S.A.U. in which it acquired all its assets and liabilities. The properties acquired by Compañía Ibérica de Rentas Urbanas 2009, SOCIMI, S.A.U. were generated as part of a restructuring operation in which the transferring entity COGEIN, S.L. exercised the power currently referred to in Article 77.2 LIS. At the same time, as part of the absorption there were no differences between the net book values and their market values according to the valuation made by CBRE Valuation Advisory, S.A. dated 31 January 2013 and subsequently validated by the independent expert ARCO Valoraciones, S.A. appointed for such purpose by the Mercantile Registry of Madrid. Therefore, the net book value of the assets acquired by Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U. from Compañía Ibérica de Rentas Urbanas 2009, SOCIMI, S.A.U. coincides with its tax value and there are no tax benefits enjoyed by Compañía Ibérica de Rentas Urbanas 2009, SOCIMI, S.A.U. or COGEIN, S.L. with respect to which Compañía Iberica de Bienes Raíces 2009, SOCIMI, S.A.U. must assume compliance of certain requirements in accordance with that established in section 1 of Article 84 LIS.

The absorbed company, Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U. was constituted as a result of the partial division of the company, Isla Canela, S.A. which took place on 29 December 2009. The assets contributed by Isla Canela, S.A. invoked the fiscal neutrality tax regime.

B. Bensell Mirasierra, S.L.U.

As a result of the subsequent acquisition and merger transaction of this investee company with the Company (Note 1), a new deferred income of 5,506,170 euros has arisen as a result of the difference between the net tax value and the acquisition and merger value.

Property	Euros		
	Net tax value	**Market transfer value**	**Deferred income**
Valle de la Fuenfría, 3	12,117,499	17,623,669	5,506,170
Total	**12,117,499**	**17,623,669**	**5,506,170**

17.3 Reconciliation between accounting profit (loss) and corporation tax expenses

Reconciliation of the accounting profit (loss) and the Corporation Tax expense at 30 June 2019 and 31 December 2018 is as follows:

2019 (30 June)

Item	Euros
Profit (loss) before tax	6,630,319
Permanent differences	-
Temporary differences	-140,684
Previous tax base	**6,489,635**
Tax base (0%)	6,489,635
Tax base (25%)	-
Offset of negative tax bases	-
Tax base at 0%	**6,489,635**
Tax base at 25%	**-**
Total tax liability (0%)	**-**
Total tax liability (25%)	**-**
Tax expenses recognised in the profit and loss account	**-**

Financial year 2018 (31 December)

Item	Euros
Profit (loss) before tax	14,554,246
Permanent differences	37,903
Temporary differences	-716,379
Previous tax base	**13,875,770**
Tax base (0%)	13,875,770
Tax base (25%)	-
Offset of negative tax bases	-
Tax base at 0%	**13,875,770**
Tax base at 25%	**-**
Total tax liability (0%)	**-**
Total tax liability (25%)	**-**
Tax expenses recognised in the profit and loss account	**-**

17.4. Financial years pending verification and inspection actions

Until 31 May 2014 the Company had its tax domicile in Luxembourg. With the change of domicile, the Company settled all its taxes in said country, although the company has all years within the country's statutory time limits open to inspection in Luxembourg.

On 11 November 2014, Saint Croix Holding Immobilier, SOCIMI, S.A. issued a communication to the Tax Agency in which it showed the desire to continue to avail itself of the tax benefits referred to in Article 8 of Law 11/2009 of 26 October, which regulates Real Estate Investment Trusts for the tax period ended on 31 December 2014.

On 27 January 2015, the Company received notification from the Tax Agency in response to the communication made by the latter on 11 November 2014. According to that notification, the Tax Agency states that the request was made after the deadline, which is why it is impossible to apply this tax regime in that tax period.

Following this communication from the Tax Agency, a range of pleadings were made in addition to an economic and administrative claim filed on 3 June 2015 before the Regional Economic Administrative Tribunal (TEAR) of Madrid, as the Company's Board of Directors considers that it has adequately complied with the procedure in form and term and, therefore, having filed the appeal, the Company will continue to be covered by the Special Tax Regime in 2014. In any event, on 9 July 2015, the Company informed the Tax Agency of the option to apply the REIT Regime for 2015 et. seq.

On 15 November 2018, the Company filed an appeal with the Central TEA (Economic Administrative Tribunal) against the negative decision of the Madrid TEAR (Regional Economic Administrative Tribunal) on 27 September 2018, which deemed the application for the SOCIMI regime for 2014 late having been made after the maximum period of three months prior to the 2014 close (limit 30/9/2014) and disagreeing with the Company and its advisors on this criterion. This is all driven by the legalisation procedures to transfer the Company’s registered office and head office to Spain, obtaining a CIF, tax registration, etc. and, especially given that the registration of the deed of said transfer to Spain in the Mercantile Registry (agreed at the General

Meeting held in Luxembourg on 10 June 2014) did not occur until 15 October 2014 and, therefore, it was not until that date that the Company acquired a legal personality under Spanish law.

In accordance with prevailing legislation in Spain, taxes cannot be considered to have been definitively settled until the returns filed have been inspected by the tax authorities or until the four-year statute of limitations period has elapsed. At 30 June 2018, the Company has all taxes for the last four years open to inspection. The Directors of the Company consider that settlements of the aforementioned taxes have been properly filed. Hence, although discrepancies may arise regarding tax treatment given to operations due to interpretation of prevailing regulations, any liabilities which may eventually result, should they materialise, will not significantly affect the accompanying interim financial statements.

17.5. Information requirements deriving from being classed as a REIT

This information is contained in **Annex 1** attached (Law 11/2009 amended by Law 16/2012).

18. Earnings and expenses

18.1 Net turnover and other operating income.

The breakdown of these headings at 30 June 2019 and 2018 is as follows:

	Euros	
	30/06/2019	**30/06/2018**
Hotels	2,760,592	2,720,280
Offices	3,164,159	2,668,047
Commercial	2,736,576	2,538,547
Industrial	659,743	651,922
Total income	**9,321,071**	**8,578,796**

The Company's entire turnover in the first six months of 2019 and 2018 was generated in Spain.

18.2 Personnel expenses

The breakdown of these headings at 30 June 2019 and 2018 is as follows:

	Euros	
	30/06/2019	**30/06/2018**
Wages and salaries:		
Wages, salaries and similar outgoings	88,262	71,816
National Insurance contributions:		
National Insurance contributions incurred by the company	18,855	12,994
Other social expenses	7,092	6,156
Total	**114,209**	**90,966**

18.3 External charges for services, taxes and similar levies

The breakdown of this heading at 30 June 2019 and 2018 is as follows:

	Euros	
	30/06/2019	30/06/2018
Rents and levies	8,744	11,086
Repairs and maintenance	244,869	434,266
Independent professional services	164,514	123,553
Insurance policies	71,130	65,179
Banking services and similar	3,836	4,203
Advertising, publicity and public relations	4,075	6,437
Supplies	247,660	151,359
Other services	160,277	151,621
Other levies	157,040	3,816
Total	**1,062,145**	**951,520**

19. Related-party transactions and balances

19.1 Related-party transactions

Related-party transactions at 30 June 2019 and 2018 are as follows:

	Euros					
	30/06/2019			30/06/2018		
	Operating expenses	Income income	Income income	Operating expenses	Income income	Income income
Isla Canela, S.A.	-	50,950	-	66,810	77,465	-
Promociones y Construcciones, PYC, Pryconsa, S.A.	123,260	16,264	379,990	30,551	8,081	355,366
Total	**123,260**	**67,214**	**379,990**	**97,361**	**85,546**	**355,366**

19.2 Balances with Group and associated companies

The balances with Group and associated companies at 30 June 2019 and 31 December 2018 are as follows:

2019 (30 June)

	Euros	
	Loans extended to related companies	Loans received from related companies
Isla Canela, S.A.	30,825	-
Promociones y Construcciones PYC, Pryconsa, S.A.	41,162,504	-
Total	**41,193,329**	**-**

Financial year 2018 (31 December)

	Euros	
	Loans extended to related companies	**Loans received from related companies**
COGEIN, S.L.	-	105,522
Promociones y Construcciones PYC, Pryconsa, S.A.	49,874,177	-
Total	**49,874,177**	**105,522**

The agreements the currently signed by the company with Group and related companies are as follows:

- On 30 April 2018, the Company signed a lease agreement with one of its shareholders, Promociones y Construcciones, PYC, Pryconsa, S.A., under which Promociones y Construcciones, PYC, Pryconsa, S.A. leases 17 parking spaces to the Company, located in the building at Glorieta de Cuatro Caminos, 6 and 7, Madrid. The duration of the contract is five years starting on 1 May 2018 and extendable for additional five-year periods, when so desired by both parties. The agreed lease amount is 1,870 euros per month.

- On 28 April 2017, the Company signed a contract for the provision of technical services with one of its shareholders, Promociones y Construcciones, PYC, Pryconsa, S.A. The technical services considered under the aforementioned contract refer, on one hand, to technical assistance in the properties owned by the Company, which were built by Promociones y Construcciones, PYC, Pryconsa, S.A. and, on the other hand, to the services which Promociones y Construcciones, PYC, Pryconsa, S.A. will render to the Company, for integral project management on remodelling, renovation or adaptation works which may be necessary on the property owned by the Company, in exchange for 5% remuneration based on the value of the works carried out under the aforementioned contract.

- On 11 June 2014, the Company signed into a service provision agreement with one of its significant shareholders, Promociones y Construcciones, PYC, PRYCONSA, S.A., whereby the latter would provide the Company with an integrated management assistance service for legal, administrative and tax services, in addition to granting the use of space. The agreement is open-ended.

- On 1 January 2016, the Company entered into a financing agreement with one of its reference shareholders, Promociones y Construcciones, PYC, PRYCONSA, SA, whereby the Company would offer finance to Promociones y Construcciones, PYC, PRYCONSA, S.A. under market conditions using excess liquidity generated from its activity as long as its financing needs were met. The agreement is for a term is of three years and it may automatically be renewed for three-year terms. The financial conditions of this cash pooling account accrue interest equivalent to the last three-months quarterly average EURIBOR rate plus a market spread. The agreement is reciprocal. In other words, the financing can be generated in either way under the same terms and conditions.

As a result of the merger described in Note 1 which took place in 2016, all obligations and rights derived from the following agreements of Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U. with Isla Canela, S.A. transferred to the Company:

- On 1 January 2010, Isla Canela, S.A. and Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U. entered into a "Service Provision Agreement with Mortgage Guarantee", by means of which the latter will provide the former with the mortgage guarantee service whereby the hotels owned by the latter will respond for repayment by the former of the mortgage loans taken out from the institutions in accordance with the arrangements agreed upon in their articles of incorporation deeds until each of the mortgage loans entered into is definitively redeemed. Isla Canela, S.A. undertakes to pay any depreciation instalments and ancillary costs that may arise punctually until the loans guaranteed with a mortgage are redeemed. Due to the provision of the service described above, the company will pay Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U. a fee consisting of an annual lump-sum amount equivalent to 0.25% of the average annual outstanding balance of the mortgage loans calculated on 31 December each year, which will be invoiced and paid on the last day of each calendar year. This amount may be amended annually through an agreement between the parties to adapt to it the average market prices paid by the Absorbed Company for the provision of bank guarantees (surety and banking insurance) by financial institutions.

- On 1 June 2012, Isla Canela S.A. and Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U. entered into a technical services provision agreement for the maintenance of the hotels owned by Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U. Pursuant to the aforementioned agreement, Isla Canela, S.A. provides the Company with an integrated preventive maintenance service for the hotels owned by the REIT in exchange for economic consideration equivalent to 74,500 euros per year, which will rise annually according to the CPI of the period. The agreement is annual but may be tacitly extended by the parties on an annual basis, although either of the parties may terminate it at any time.

  In addition to the technical services agreement mentioned in the point above, there is an addendum through which Isla Canela, S.A. provides Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U. with a corrective refurbishment works management service for the hotels owned by the latter and whose preventive maintenance is carried out by Isla Canela, S.A. Under this addendum Isla Canela, S.A. acts as works manager for the remodelling of the hotels. The consideration Isla Canela, S.A. receives in exchange for this service amounts to 5% of remuneration calculated on the value of the refurbishments performed under the framework of said agreement.

20. Remuneration for the Board of Directors and Senior Management

Total remuneration, accrued in the first six months of 2019 and 2018 for all matters, of the members of the Board of Directors and Senior Management of Saint Croix Holding Immobilier, SOCIMI, S.A. and persons performing similar functions at the close of each of the years, can be summarised as follows:

Board of Directors	Euros	
	30/06/2019	**30/06/2018**
Expenses	5,000	6,000
Total	**5,000**	**6,000**

The Senior Management functions are exercised by the members of the Board of Directors.

At 30 June 2019 and 31 December 2018 there were no advances or credits or any other kind of pension or life insurance guarantees or obligations in connection with current or former members of the Board of Directors.

During 2019, the Company has not paid any amount for liability insurance of the Directors.

Likewise, there are no contracts between the Company and any of the Directors or a person acting on their behalf, for operations outside the ordinary course of the company's business or which have not been done under normal conditions.

The number of Directors by gender in 2019 and 2018 was as follows:

30/06/2019			31/12/2018		
Men	**Women**	**Total**	**Men**	**Women**	**Total**
3	2	5	4	2	6

In addition, the Board of Directors has appointed a non-Director Secretary to the Board, who is male.

21. Disclosure on situations of conflicts of interest involving the Directors

At 30 June 2019, neither the members of the Board of Directors of Saint Croix Holding Immobilier, SOCIMI, S.A. or the parties related to them, as laid down pursuant to the Corporate Enterprises Act, had reported to the other members of the Board of Directors any direct or indirect conflict of interest with those of the Company.

22. Other information

22.1 Personnel

The average number of people employed during the first half of 2019 and 2018 broken down by job category is as follows:

Categories	30/06/2019	30/06/2018
Management	1	1
Administrative staff	4	2
Total	**5**	**3**

Likewise, the distribution by gender at the end of 30 June 2019 and 2018 broken down by category was as follows:

Categories	30/06/2019		30/06/2018	
	Men	**Women**	**Men**	**Women**
Management	1	-	1	-
Administrative staff	2	2	1	1
Total	**3**	**2**	**2**	**1**

There are no employees that have a degree of disability equal to or greater than 33%.

22.2 Audit fees

During the first half of 2019 and 2018, fees relating to audit services and other services rendered by the Company's auditor or by a company related to the auditor by control, common ownership or management have been as follows:

Description	Euros Services rendered by the accounts auditor and related companies	
	30/06/2019	**30/06/2018**
Audit Services	39,027	39,027
Other verification services	-	-
Total audit and related services	**39,027**	**39,027**
Tax assessment services	-	-
Other services	-	-
Total Professional Services	**39,027**	**39,027**

23. Environmental information

The environmental activity is one whose objective is to prevent, reduce or repair the damage occasioned to the environment.

The Company's corporate purpose, in accordance with its articles of association, is that described in Note 1.

Given the activities in which the Company is involved, it has no direct liabilities, expenses, assets, nor provisions and contingencies of an environmental nature which could be significant in relation to its equity, financial situation and profits. For this reason, specific breakdowns of information on environmental issues are excluded from the interim financial statements.

As of 30 June 2019 and 31 December 2018, the Company has not recorded any provision for possible environmental risks, given that the Directors consider that there are no significant contingencies related to possible litigation, damages or other items.

24. International Financial Reporting Standards

In accordance with Article 525 of the Corporate Enterprises Act, companies that have issued securities admitted to trading on a regulated market of any Member State of the European Union within the meaning of Article 1 (13) of Directive 93/22/EEC of the Council, of 10 May 1993 on investment services in the securities field and that, in accordance with the legislation in force, only publish individual financial statements, shall be required, in the report, to state the main variations that would arise from own funds and the profit and loss account had the International Financial Reporting Standards adopted by the European Union (hereinafter referred to as "IFRS-EU") been applied .

Once the General Accounting Plan approved by Royal Decree 1514/2007 of 16 November has been applied to Company operations, there are no significant differences between this standard and IFRS-EU, except for the inclusion of capital grants, net of their corresponding tax effect, in the Company's equity.

25. Subsequent events

Subsequent to 30 June 2019 and up until the approval date of the Company's interim financial statements, no relevant subsequent events have occurred.

Annex 1. Information requirements deriving from being classed as a REIT

Description	2019
Reserves from years prior to the application of the tax scheme set forth in Law 11/2009, as amended by Law 16/2012 of 27 December.	As is set out in Note 1, the Company was incorporated on 1 December 2011 in Luxembourg without having allocated any prior year's profits to reserves.
Reserves of each financial year in which the special tax scheme set forth in said Law applies	**Profits applied to reserves by the Company** • Profits in 2014 allocated to reserves: 921,102 euros • Profits in 2015 allocated to reserves: 2,776,186 euros • Profits in 2016 allocated to reserves: 1,724,518 euros • Profits in 2017 allocated to reserves: 1,320,042 euros • Profits in 2018 allocated to reserves: 1,455,424 euros **Profits applied to reserves by the Absorbed Company COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U:** • Profits in 2009 allocated to reserves: 936,358 euros • Profits in 2010 allocated to reserves: 871,431 euros • Profits in 2011 allocated to reserves: 1,000,888 euros • Profits in 2012 allocated to reserves: 43,627 euros • Profits in 2013 allocated to reserves: 470,286 euros • Profits in 2014 allocated to reserves: 1,208,270 euros • Profits in 2015 allocated to reserves: 3,699,608 euros **Profits applied to reserves by the Absorbed Company INVERETIRO, SOCIMI, S.A.U:** • Profits in 2015 allocated to reserves: 477,756 euros
• Profits from income subject to the general tax rate	-
• Profits from income subject to tax at a rate of 19%	**Profits applied to reserves by the Absorbed Company COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U:** • Profits in 2009 allocated to reserves: 936,358 euros • Profits in 2010 allocated to reserves: 871,431 euros • Profits in 2011 allocated to reserves: 1,000,888 euros • Profits in 2012 allocated to reserves: 43,627 euros
• Profits from income subject to tax at a rate of 0%	**Profits applied to reserves by the Company** • Profits in 2014 allocated to reserves: 921,102 euros • Profits in 2015 allocated to reserves: 2,776,186 euros • Profits in 2016 allocated to reserves: 1,724,518 euros • Profits in 2017 allocated to reserves: 1,320,042 euros • Profits in 2018 allocated to reserves: 1,455,424 euros **Profits applied to reserves by the Absorbed Company COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U:** • Profits in 2013 allocated to reserves: 470,286 euros • Profits in 2014 allocated to reserves: 1,208,270 euros • Profits in 2015 allocated to reserves: 3,699,608 euros **Profits applied to reserves by the Absorbed Company INVERETIRO, SOCIMI, S.A.U:** Profits in 2015 allocated to reserves: 477,756 euros

<table>
<tr><th>Description</th><th>2019</th></tr>
<tr><td>Dividends paid out and charged to profits of each financial year in which the tax scheme set forth in this Law can be applied.</td><td>Dividends distributed by the Company
• Distribution of dividends in 2015: 6,979,719 euros
• Distribution of dividends in 2016: 13,958,138 euros
• Distribution of dividends in 2017: 11,880,376 euros
• Distribution of dividends in 2018: 13,098,822 euros
Dividends distributed by the Absorbed Company COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U:
• Distribution of dividends in 2009: 3,382,919 euros
• Distribution of dividends in 2010: 3,121,886 euros
• Distribution of dividends in 2011: 3,585,669 euros
• Distribution of dividends in 2012: 156,295 euros
• Distribution of dividends in 2013: 1,209,306 euros
• Distribution of dividends in 2014: 10,874,427 euros
• Distribution of dividends in 2015: 14,799,010 euros
Dividends distributed by the Absorbed Company INVERETIRO, SOCIMI, S.A.U:
• Distribution of dividends in 2015: 1,987,206 euros</td></tr>
<tr><td>• Dividends from income subject to the general tax rate</td><td>-</td></tr>
<tr><td>• Dividends from income subject to taxation at 18% (2009) and 19% (2010 to 2012).</td><td>Dividends distributed by the Absorbed Company COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U:
• Distribution of dividends in 2009: 3,382,919 euros
• Distribution of dividends in 2010: 3,121,886 euros
• Distribution of dividends in 2011: 3,585,669 euros
• Distribution of dividends in 2012: 156,295 euros</td></tr>
<tr><td>• Dividends from income subject to tax at a rate of 0%</td><td>Dividends distributed by the Company
• Distribution of dividends in 2015: 6,979,719 euros
• Distribution of dividends in 2016: 13,958,138 euros
• Distribution of dividends in 2017: 11,880,376 euros
• Distribution of dividends in 2018: 13,098,822 euros
Dividends distributed by the Absorbed Company COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U:
• Distribution of dividends in 2013: 1,209,306 euros
• Distribution of dividends in 2014: 10,874,427 euros
• Distribution of dividends in 2015: 14,799,010 euros
Dividends distributed by the Absorbed Company INVERETIRO, SOCIMI, S.A.U:
• Distribution of dividends in 2015: 1,987,206 euros</td></tr>
<tr><td>Dividends paid out and charged to reserves.</td><td>-</td></tr>
<tr><td>• Dividends charged to reserves subject to taxation at the general tax rate.</td><td>-</td></tr>
<tr><td>• Dividends charged to the reserves subject to taxation at 19%</td><td>-</td></tr>
<tr><td>• Dividends charged to the reserves subject to taxation at 0%</td><td>-</td></tr>
</table>

Description	2019
Agreement date for the distribution of dividends	**Dividends distributed by the Company** • 2015 Dividends: 01 April 2016 • 2016 Dividends: 29 June 2017 • 2017 Dividends: 26 April 2018 • 2018 Dividends: 25 April 2019 **Dividends distributed by the Absorbed Company COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U:** • 2009 Dividends: 29 June 2010 • 2010 Dividends: 30 June 2011 • 2011 Dividends: 28 June 2012 • 2012 Dividends: 20 June 2013 • 2013 Dividends: 30 June 2014 • 2014 Dividends: 22 June 2015 • 2015 Dividends: 01 April 2016 **Dividends distributed by the Absorbed Company INVERETIRO, SOCIMI, S.A.U:** • 2015 Dividends: 01 April 2016
Acquisition date of the properties allocated to lease which generate income subject to this special scheme	**Property coming from the Absorbed Company COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U:** The real estate assets that have been owned by the Absorbed Company as from 29/12/2009 Due to the partial division of the related company Isla Canela S.A., the dates of ownership are the following: • Hotel Isla Canela Golf: 28/12/2007 • Hotel Barceló Isla Canela: 06/07/1998 • Hotel Iberostar Isla Canela: 01/07/2002 • Hotel Playa Canela: 16/05/2002 • Hotel Meliá Atlántico: 25/05/2000 Marina Isla Canela Shopping Mall: 17/10/2000 Property on Calle Gran Vía: 19/10/1987 The following real estate investments, which were acquired from the related company Promociones y Construcciones, PYC, PRYCONSA, S.A. were made in 2012: • Offices Sanchinarro V: 30/10/2012 • Offices Sanchinarro VI: 29/11/2012 • Offices Sanchinarro VII: 29/11/2012 • Vallecas Comercial I: 30/10/2012 • Vallecas Comercial II: 30/10/2012 • Offices Coslada III: 29/11/2012 The merger with Compañía Ibérica de Rentas Urbanas 2009 SOCIMI, S.A.U resulting from its take-over took place in 2013. The Absorbed Company therefore included all the assets from the company taken over on its balance sheet without any associated tax effects. • Hotel Tryp Cibeles: 16/05/2002 • Retail outlet at Gran Vía 34 (1+2): 16/05/2002 • Retail outlet at Gran Vía 34 (3): 16/05/2002 • Retail outlet on Dulcinea: 21/09/1995 • Building on Calle Pradillo: 27/02/2009 • Retail outlet at Albalá 7: 26/09/2003 • Offices at C/Gran Vía 1-1º and 2º Dcha/: 15/10/1993 • Offices at C/Gran Vía 1-1º Izda/: 10/02/1998 • Building on C/ San Antón, Cáceres: 15/06/2011 • Building on Plaza España, Castellón: 29/12/2011

Description	2019
Acquisition date of the properties allocated to lease which generate income subject to this special scheme.	During 2015, the following property investment registrations occurred: • An industrial warehouse in Daganzo de Arriba: 27/02/2015 **Properties coming from the Absorbed Company INVERETIRO, SOCIMI, S.A.U:** • Titán, 13: 12/02/2014 • Conde de Peñalver, 16: 01/12/2013 **Properties coming from the Company:** • Building at Valle de la Fuenfría, 3: 01/03/2018 • Commercial premises at Glorieta de Cuatro Caminos 6 and 7: 11/04/2018 • Building at Orense 62: 07/02/2017 • Commercial premises at Goya 59: 10/02/2017 • Retail outlet at Gran Vía 55: 01/03/2016 • Building at José Abascal, 41: 02/12/2016 • Commercial premises at Glorieta de Cuatro Caminos 6 and 7: 11/04/2018 • Juan Ignacio Luca de Tena, 17: 31/01/2019
Acquisition date of interests in the capital of the entities referred to in paragraph 1, Article 2 of this Law.	-
Identification of the assets calculated within the eighty per cent referred to by paragraph 1, Article 3 of this Law.	The breakdown of real estate assets and their gross book cost, expressed in millions of euros, is as follows: • Marina Isla Canela Shopping Mall: 4.70 • Barceló Isla Canela: 27.3 • Meliá Atlántico: 35.62 • Playa Canela: 17.27 • Iberostar Isla Canela: 25.59 • Isla Canela Golf: 4.94 • Gran Vía 1, 2nd Floor Left: 1.94 • Sanchinarro VI: 7.65 • Sanchinarro VII: 3.62 • Vallecas Comercial I: 3.92 • Vallecas Comercial II: 3.91 • Coslada III: 4.59 • Tryp Cibeles: 21.59 • Daganzo de Arriba: 13.72 • Gran Vía 34: 21.53 • Pradillo 42: 18.23 • Albalá 7: 2.87 • Gran Vía 1, 1st Floor Left: 2.73 • Gran Vía 1, 2nd Floor Right: 2.87 • Gran Vía 1, 1st Floor Right: 3.01 • Dulcinea: 1.53 • Plaza España: 15.10 • Titán, 13: 31.83 • Conde Peñalver: 20.43 • Gran Vía 55: 13.46 • José Abascal 41: 19.8 • Orense 62: 3.05 • Goya 59: 15.61 • Glorieta de Cuatro Caminos 6 and 7: 6.93 • Valle de la Fuenfría, 3: 17.58 • Glorieta de Cuatro Caminos 6 and 7: 7.12 • Juan Ignacio Luca de Tena, 17: 24.44

Description	2019
Reserves from years in which the special tax scheme set forth in this Act has applied and have been drawn down during the tax period, but not for distribution or to offset losses. The financial year from which said reserves come should be indicated.	-

SAINT CROIX
HOLDING IMMOBILIER,
SOCIMI, S.A.

Management Report

30 June 2019

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

Management Report at 30 June 2019

1. Explanation of the figures at 30 June 2019

A breakdown of the main figures at 30 June 2019 compared to 30 June 2018 (31 December 2018 for the balance sheet) is provided below:

Income statement	Euros		
	30/06/2019	30/06/2018	+/-
Income	9,321,071	8,578,797	8,65%
Net operating income (NOI)	**8,388,956**	**7,735,397**	**8,45%**
Overheads	-244,239	-199,087	22,68%
EBITDA	**8,144,717**	**7,536,309**	**8,07%**
Financial profit/(loss)	-506,108	-195,473	158,91%
EBTDA	**7,638,609**	**7,340,836**	**4,06%**
Depreciation	-2,552,821	-2,451,743	
Subsidies	29,871	29,871	
Impairment/Reversal	4,726	723	
Other gains/(losses)	6,061	-1,745	
Gain/(loss) on disposal of real estate assets	1,503,873	-90,055	
EBT	**6,630,319**	**4,827,887**	**37,33%**
Corporation tax	-	-	
Net profit/(loss)	**6,630,319**	**4,827,887**	**37,33%**

Key figures at 30 June 2019, 30 June 2018 and 31 December 2018

	Data at		
	30/06/2019	30/06/2018	31/12/2018
Annualised income (€M)	24.67	23.76	23.58
FFO (€M)	8.00	7.35	18.22
FFO (€/share)	1.80	1.65	4.09
GAV (€M)	481.06	436.09	459.31
NAV (€M)	428.96	402.85	433.75
ROA	1,68%	1,30%	3,81%
ROE	2,25%	1,66%	4,83%
Assets under management, risk free (number)	158	175	170
Gross leasable area (m^2 risk free)	158,584	150,265	150,571
Occupancy rate % at closing	90,05%	94,41%	91,97%
Lease portfolio (€M)	94.47	98.16	104.50
WAULT	6.12	6.38	6.24
LTV	17,36%	14,79%	14,42%
LTV Adjusted	18,46%	16,78%	15,91%
Net debt (€M)	90.14	69.94	73.07
Profit (€/share)	1.49	1.08	3.27
Dividend (€/share)	-	-	2.94
Dividend gross yield	-	-	4,00%

(*)
GAV: Market value of real estate assets
NAV: Market value of real estate assets - net financial debt +/- other assets and liabilities amongst which includes credits to group companies and associates

Sectoral indicators at 30 June 2019

	Euros					
	30/06/2019	**Per share**	**31/06/2018**	**Per share**	**31/12/2018**	**Per share**
Net recurring profit	5,126,446	1.15	4,917,942	1.10	13,024,692	2.93
Net value of assets	428,955,552	96.35	402,853,054	90.48	433,745,955	97.42
Cost/income ratio	12,62%		12,15%		16,01%	
Vacancies ratio	13,12%		9,21%		5,13%	
Net yield	4,46%		4,95%		4,87%	

Property investments (gross): As of 30 June 2019, the Company's gross property investments amounted to 402,786,350 euros. The following investments and divestments took place in 2019:

- **Investments amounting to 26,773,999** euros:
  - On 31 January 2019, the Company signed the purchase deed in an office building located at Juan Ignacio Luca de Tena 17, in Madrid. The acquisition price of the property was 23,950,000 euros (24,551,876 euros including expenses) and has been paid partially with the delivery of two commercial premises owned by the Company, specifically, the commercial premises and their annexes located at Calle Caleruega 66, 68 and 70 as well as Calle Rutilo 21, 23 and 25; both in Madrid.
  - Additionally, in the first half of 2019, hotel costs of 30,139 euros on various properties owned by the company have been capitalised.
  - At 30 June 2019, under the heading “Property investment in progress and advances” of the accompanying balance sheet, there were additions of 2,191,984 euros corresponding to the renovations being carried out in the property located at calle Pradillo 42 in Madrid for 470,656 euros, in Hotel Meliá in Isla Canela for 281,975 euros, in Hotel Barceló for 35,388 euros, in Hotel Iberostar for 109,479 euros, in Hotel Playa Canela for 124,531 euros, in Hotel Isla Canela Golf for 32,207 euros and the building located at José Abascal 41 for 900,755 euros and the property at calle Juan Ignacio Luca de Tena 17 for 78,318 euros that are currently undergoing remodelling. Renovation work was also carried out in the first six months of 2019 on the property located at calle Goya 59 for 158,675 euros, which was completed on 30 June 2019 and supposed a transfer of the costs of 196,794 euros associated with it from "Property investments in progress and advances" to "Property investments".
- **Divestments amounting to 4,632,931 euros:**
  - Sale of several properties in Sanchinarro VI and Sanchinarro VII (gross cost of 1,476,490 euros), as well as the sale of several offices in Coslada III for (gross costs

of 795,974 euros), which have been sold to third parties. These sales transactions generated a net gain of 28,276 euros, which has been recorded under "Impairments and gains (losses) on fixed asset disposals" in the accompanying profit and loss account for the year ended 30 June 2019. At the time of sale, impairment of 23,475 euros had been recognised for these properties. This has been written off as a result of the disposal.

- An office building located at calle Juan Ignacio Luca de Tena, 17 in Madrid as a result of the acquisition during the first six months of 2019 and, as part of the payment, the Company has delivered the following properties to the purchaser:

- Commercial premises at calle Caleruega, 66 and 70 in Madrid, whose cost was 980,767 euros at the time of the transaction.
- Commercial premises at calle Rutilo 21, 23 and 25 in Madrid, whose cost was 1,379,700 euros at the time of the transaction.

Dividends:

Dividends paid by the Company to shareholders in 2018:

The proposed distribution of 2018 profits presented by the Company's directors to the shareholders and approved at the Annual General Shareholders' Meeting held on 25 April 2019, was as follows:

	Euros
Basis of distribution:	
Profit and Loss	14,554,246
Distribution:	
Legal Reserve	1,455,424
Dividends	13,098,822

The 2018 dividend, amounting to 13,098,821 euros, approved by the General Shareholders' Meeting on 25 April 2019, was fully paid out on 20 May 2019.

Net financial debt: The Company had net financial debt of 90,140,860 euros (73,073,802 euros at 31 December 2018). The breakdown of it is as follows:

Breakdown of debt	Euros	
	30/06/2019	31/12/2018
José Abascal, 41	11,400,000	11,400,000
Titán, 13	12,429,328	12,826,009
Conde de Peñalver, 16	8,070,572	8,328,143
Plaza de España (Castellón)	1,043,559	1,429,016
Valle de la Fuenfría, 3	9,512,189	9,756,825
Juan Ignacio Luca de Tena, 17	12,000,000	-
Glorieta de Cuatro Caminos 6 and 7	4,500,000	4,500,000
Debt with mortgage guarantee	**58,955,648**	**48,239,993**
Debentures and bonds	10,000,000	10,130,822
Available credit facilities	8,365,555	9,868,275
Long-term loans	15,258,640	5,104,342
Interest accrued pending maturity	229,870	139,057
Derivatives	276,013	276,013
Unsecured debt	**34,130,077**	**25,518,509**
Cash and bank	-2,944,865	-684,700
Net financial debt	**90,140,860**	**73,073,802**

The Company's LTV at 30 June 2019 was 17.36%. (14.42% at 31 December 2018). The adjusted LTV is 18.46% (15.91% at 31 December 2018). Said adjusted LTV includes the effect of the existing mortgage burden on hotels located in Isla Canela (5,702,808 euros at 30 June 2019).

Income: At 30 June 2019, the Company had obtained total income of 9,321,071 euros (8,578,797 euros at 30 June 2018). The breakdown of income by asset type is as follows:

	Euros		Variation in %	
	30/06/2019	30/06/2018	"Growth"	"Like for Like Growth"
Hotels	2,760,592	2,720,280	1,48%	1,48%
Offices	3,164,159	2,668,047	18,59%	18,59%
Commercial	2,736,576	2,538,547	7,80%	11,45%
Industrial	659,743	651,923	1,20%	1,20%
Total	**9,321,071**	**8,578,797**	**8,65%**	9,71%

Year-on-year income from rents increased by +8.65% with a general increase in all areas and the office and commercial areas being particularly noteworthy. Aside from the effect of new investments and divestments, year-on-year income increased by +9.71%, once again focussed on the offices and commercial segment. The main deviations focus on:

- Hotels continue to increase their ability to generate income (+1.48%) compared with the same period of the previous year, mainly focusing on the improvement of the Meliá Isla Canela hotel.
- Offices witnessed substantial improvement (+18.59%), mainly due to the revenue generated from the building at Valle de la Fuenfría 3 (acquired at the end of the first quarter of 2018), as well as Orense 62, which still did not generate rents in the first

quarter of 2018. The rents generated from both assets make it possible to compensate the fall in income from the building at José Abascal 41 which is currently undergoing a comprehensive renovation and Pradillo 42 due to a contract change.

- The commercial area also increased its revenues year-on-year (+7.80%), mainly due to the increase in revenues from the premises at Conde Peñalver 16 and the new lease on the premises at Glorieta de Cuatro Caminos 6 and 7 which was acquired in the first quarter of 2018. With both assets generating rents, it is possible to offset the fall in rents resulting from the sales of the two premises (Rutilo and Caleruega) which were sold in the first quarter of 2019.

- The industrial area increased revenues by +1.20% as a result of the CPI effect.

The most significant operational leasing contracts relate to the real estate assets that form the core of operations. A breakdown of the minimum lease instalments is set out below:

Operational leasing Minimum instalments	Euros Nominal value	
	30/06/2019	**31/12/2018**
Less than a year	21,438,172	22,365,640
Between two and five years	53,525,973	59,254,798
More than five years	19,501,567	22,877,406
Total	**94,465,712**	**104,497,844**

With regard to the average duration of lease contracts by property type, details the WAULT (Weighted average unexpired lease term) are provided below:

Type	WAULT	
	30/06/2019	**31/12/2018**
Hotels	3.79	3.94
Offices	4.89	5.16
Commercial	8.48	8.30
Industrial	8.50	9.00
Total Average	**6.12**	**6.24**

NOI: Net Operating Income was positive and amounted to 8,388,956 euros (7,735,397 euros at 30 June 2019), an increase of 8.45%. The breakdown of NOI by asset type is as follows:

	Euros	
	30/06/2019	**30/06/2018**
Hotels	2,468,706	2,361,886
Offices	2,742,379	2,407,850
Commercial	2,525,385	2,320,603
Industrial	652,486	645,058
NOI	**8,388,956**	**7,735,397**

At 30 June 2019, **EBITDA** was positive and amounted to 8,144,717 euros (7,536,309 euros in June

2018), a year-on-year increase of +8.07%.

Financial gain/(loss) The financial loss at 30 June 2019 is -506,108 euros (-195,473 euros at June 2018). The breakdown of this result is as follows:

- The total financial income derived from the Group's financing system amounted to 397,306 euros (355,366 euros in June 2018), to which the financial income of third parties amounting to 46,075 euros (33,423 euros in June 2018) must be added.

- Financial expenses amounted to 868,273 euros (584,262 euros in June 2019), due to the increase in net financial debt expense year-on-year. Two long-term loans were also signed in the first half of 2019, one that is unsecured to finance the acquisition of the commercial premises located at Calle Goya 59, for 10,000,000 euros, and one on the building at Ignacio Luca de Tena 17, for 12,000,000 euros, with a mortgage guarantee. Both loans are with CaixaBank.

- During the first quarter of 2019, the Company acquired shares in the listed company, Unibail Rodamco, amounting to 1,002,786 euros (6,950 shares at an average price of 144.28 euros per share, including costs). At 30 June 2019, the market value of these shares amounted to 921,570 euros, which is why the Company recorded a loss on the valuation of financial assets available for sale of 81,216 euros.

At 30 June 2019, **EBTDA** was positive and amounted to 7,638,609 euros (7,340,836 euros in June 2018), a year-on-year increase of +4.06%.

Depreciation: The depreciation expense amounted to 2,552,821 euros compared to 2,451,743 euros in the same period in the previous year. The 4.12% increase is a result of new year-on-year investments.

Subsidies: Income from subsidies amounted to 29,871 euros (29,871 euros in June 2018).

Gain/(loss) on disposal of real estate assets: At 30 June 2019, four lofts had been sold in Coslada III, three in Sanchinarro VII and one in Sanchinarro VI, resulting in a net gain in the period of 28,276 euros (net loss of 90,055 euros at 30 June 2018). At the time of sale, impairment of 23,475 euros had been recognised for these properties. This has been written off as a result of the disposal. In addition, two commercial premises associated with the purchase of the aforementioned office building were sold, which led to a net profit in the period of 1,475,597 euros. At the time of sale, impairment of 37,662 euros had been recognised for these properties. This has been written off as a result of the disposal.

At 30 June 2019, **EBITDA** was positive, standing at 6,630,319 euros (4,827,886 euros in June 2018), a year-on-year increase of 37.33% mainly due to the gain generated by the sale of real estate investments as previously explained.

Net profit/(loss): The net profit at 30 June 2019 was 6,630,319 euros (4,827,886 euros in June 2018), giving a net profit per share of 1.49 euros (1.08 euros in June 2018), a year-on-year increase of 37.33%.

2. Valuation of real estate assets

The Company commissioned a valuation of its assets from CBRE Valuation Advisory, S.A., an independent expert. On 14 February 2019, CBRE published its report on the year-end fair values of all of the Company's real estate investments. This valuation was based on the market rental values (which involves capitalising the net income from each property and updating future flows). Fair value was calculated using discount rates that would be acceptable to a potential investor, in keeping with those used by the market for properties with similar characteristics and locations. The valuations were made in accordance with the Appraisal and Valuation Standards published by the United Kingdom's Royal Institute of Chartered Surveyors (RICS).

The directors of the Company consider that no significant changes have occurred in the first half of 2019 in either the variables used by the independent expert in the valuation at year-end 2018, or in the contents or conditions of the current lease contracts used in the valuation. They therefore consider that the market values of the Company's assets at the end of the first half of 2019 are similar to those at the end of 2018.

The result of these valuations generated a net profit in the Company's income statement at 31 December 2018 of 1,558,297 euros (512,676 euros in 2017). There have been no effects on the income statement for 2019.

Likewise, according to the appraisals made, the fair value of the property investments revealed an unrecorded latent capital gain (by comparing the updated market gross fair value and the net book value) of 134,262,787 euros (132,554,817 euros at 31 December 2018), which was primarily due to the retail outlets located at Calle Gran Vía, 34 de Madrid, Calle Conde de Peñalver, 16 in Madrid, Calle Gran Vía, 55 in Madrid, Hotel Barceló Isla Canela, Hotel Meliá Atlántico Isla Canela and Hotel Tryp Cibeles in Madrid.

The market value of property investments at 30 June 2019 amounted to 481,063,828 euros (459,306,773 euros at year-end 2018). The breakdown by business segment is as follows:

Segments	Euros	
	30/06/2019	31/12/2018
Hotels	138,779,886	138,171,950
Offices	148,956,053	125,363,187
Commercial	175,617,419	178,061,166
Industrial	17,710,470	17,710,470
Total	**481,063,828**	**459,306,773**

During the first half of 2019, the market value of property investments increased by 21,757,056 euros or 4.74%. The main movements were:

- Capex investments for the renovation of hotels (583,582 euros), offices (1,371,411 euros) and commercial premises (158,673 euros).
- Other Capex investments of 24,354 euros in hotels, 1,235 euros in offices and 4,550 euros in commercial premises.
- The Company's acquisition of the building at Juan Ignacio Luca de Tena, 17, whose total cost, including expenses, amounted to 24,641,542 euros.

- Divestment of real estate assets in the offices and commercial segment: 5,028,291 euros

3. Segmented reporting

The Company identifies its operating segments based on internal reports which are the bases for regular reviews, discussion and assessment by the directors of the Company, as they are the highest decision-making authority with the power to allocate resources to the segments and assess their performance.

The segments identified in this way in 2019 are:

- Hotels
- Offices
- Commercial
- Industrial

The segmented reporting shown below is based on the monthly reports drawn up by management and is generated by the same computer application used to obtain all of the Company's accounting data. In this regard, the Company does not report its assets and liabilities on a segmented basis, as this is not required by the Company's management for the purposes of the management information it uses in its decision making.

For its part, the ordinary income for a segment corresponds to income directly attributable to that segment plus a relevant proportion of the Company's general income that can be attributed to it using fair rules of distribution.

The expenses for each segment are determined by the expenses arising from its operating activities that are directly attributable to it, plus the corresponding proportion of the expenses that can be attributed to the segment by using fair rules of distribution.

Segmented income statement

2019 (30 June)

30/06/2019	Euros					
	Hotels	Offices	Commercial	Industrial	Others	Total
Income	2,760,592	3,164,159	2,736,576	659,743	-	9,321,071
Indirect costs	-291,887	-421,780	-211,191	-7,258	-	-932,115
Net operating income	**2,468,706**	**2,742,379**	**2,525,385**	**652,486**	**-**	**8,388,956**
Overheads	-72,336	-82,910	-71,706	-17,287	-	-244,239
EBITDA	**2,396,370**	**2,659,469**	**2,453,679**	**635,199**	**-**	**8,144,717**
% of income	**86,81%**	**84,05%**	**89,66%**	**96,28%**	**-**	**87,38%**
Depreciation	-1,187,955	-775,577	-517,278	-72,011	-	-2,552,821
Subsidies	29,871	-	-	-	-	29,871
Extraordinary gains/(losses)	-244	-2	-270	-	6,576	6,060
Gain/(loss) on disposal of real estate assets	-	28,276	1,475,597	-	-	1,503,874
Impairment/Reversal of provisions	-	-	4,726	-	-	4,726
Financial profit/(loss)	-	-395,603	-236,676	-	126,171	-506,108
EBT	**1,238,043**	**1,516,563**	**3,179,779**	**563,187**	**132,747**	**6,630,319**
Corporation tax	-	-	-	-	-	-
Net profit/(loss)	**1,238,043**	**1,516,563**	**3,179,779**	**563,187**	**132,747**	**6,630,319**
% of income	**44,85%**	**47,93%**	**116,20%**	**85,36%**	**-**	**71,13%**

2018 (30 June)

30/06/2018	Euros					
	Hotels	Offices	Commercial	Industrial	Others	Total
Income	2,720,280	2,668,047	2,538,547	651,923	-	8,578,797
Indirect costs	-358,394	-260,197	-217,945	-6,864	-	-843,400
Net operating income	**2,361,886**	**2,407,850**	**2,320,603**	**645,058**	**-**	**7,735,397**
Overheads	-63,129	-61,917	-58,912	-15,129	-	-199,087
EBITDA	**2,298,757**	**2,345,932**	**2,261,691**	**629,929**	**-**	**7,536,309**
% of income	**88,28%**	**96,24%**	**88,43%**	**97,04%**	**-**	**91,41%**
Depreciation	-1,222,154	-421,080	-736,498	-72,011	-	-2,451,743
Subsidies	-	29,871	-	-	-	29,871
Extraordinary gains/(losses)	-	-1,745	-	-	-	-1,745
Gain/(loss) on disposal of real estate assets	-	-288,659	-	-	-	-288,659
Impairment/Reversal of provisions	-	199,253	73	-	-	199,327
Financial profit/(loss)	-	-175,781	-81,843	-	62,150	-195,473
EBT	**1,076,603**	**1,687,792**	**1,443,423**	**557,918**	**62,150**	**4,827,887**
Corporation tax	-	-	-	-	-	-
Net profit/(loss)	**1,076,603**	**1,687,792**	**1,443,423**	**557,918**	**62,150**	**4,827,887**
% of income	**39,58%**	**63,26%**	**56,86%**	**85,58%**	**-**	**56,28%**

The breakdown of the **income and net book value** for real estate assets heading at 30 June 2019 is as follows:

	Euros					
	30/06/2019			30/06/2018		31/12/2018
	Income	%	Net book value	Income	%	Net book value
Hotels	2,760,592	29,62%	106,217,650	2,720,280	31,71%	106,797,571
Offices	3,164,159	33,95%	137,114,388	2,668,047	31,10%	113,971,853
Commercial	2,736,576	29,36%	90,370,294	2,538,547	29,59%	92,811,805
Industrial	659,743	7,08%	13,098,709	651,923	7,60%	13,170,726
Total income	**9,321,071**	**100,00%**	**346,801,042**	**8,578,797**	**100%**	**326,751,956**

At 30 June 2019, 30% of revenue was generated by hotel assets, 34% by offices, 29% by commercial premises and the remaining 7% by industrial properties. At 31 March 2019, the hotels were fully leased; offices were 79% leased; commercial premises were 66% leased and the industrial area was 100% leased. At 30 June 2019, the occupancy rate of real estate assets was 90%. The Gross Leasable Area (GLA) was 158,584 m2.

The **geographic contribution of income** was as follows:

Area	Euros			
	30/06/2019		30/06/2018	
	Income	Income (%)	Income	Income (%)
Madrid	7,109,875	76,28%	6,408,139	74,70%
Huelva	2,211,196	23,72%	2,170,657	25,30%
Total	**9,321,071**	**100,00%**	**8,578,797**	**100,00%**

From a geographic point of view, all of the income obtained in the first half of 2019 was generated in Madrid and Huelva (both in Spain). Madrid remains in first place, contributing around 76% of total income, followed by Huelva with 23%.

It is also interesting to consider changes in **occupancy rates** by **asset types**. At 30 June 2019, the level of occupancy of the Company's assets for leasing was 90.05% (94.41% in June 2018 and 91.97% in December 2018) based on the square metres leased, the breakdown of which was as follows:

Asset type	% occupancy			Floor area in m² above ground level		
	30/06/2019	30/06/2018	31/12/2018	30/06/2019	30/06/2018	31/12/2018
Hotels	100,00%	100,00%	100,00%	80,135	80,135	80,135
Offices	78,61%	78,40%	87,77%	40,657	32,285	32,591
Commercial	66,29%	66,71%	66,28%	23,982	24,035	24,035
Industrial	100,00%	100,00%	100,00%	13,810	13,810	13,810
Total	**90,05%**	**94,41%**	**91,97%**	**158,584**	**150,265**	**150,571**

During the first half of 2019, the occupancy rate of properties decreased compared with that at 31 December 2018, mainly resulting from the acquisition of a new office building at calle Juan Ignacio Luca de Tena 17 (Madrid), which is not currently occupied as it is undergoing renovation.

Even so, the occupancy rate for the Company's real estate assets has remained highly stable, while its solvency has strengthened on account of the quality of its tenants, lease contracts and new buildings.

4. Property investments

Due to the recent reduction in expected yields in prime areas, the Company is seeking new, diversified medium and long-term investment opportunities that would allow it to combine high yields in sectors where it is not currently present with yields of around 5% and 6% and high-quality tenants, as well as a number of added value real estate asset transformation operations for subsequent operation under a leasing scheme. The Company will maintain the income it currently expects to obtain from the lease contracts that are now in force.

In view of the Company's activity with real estate assets leased over the long term, the directors' forecasts are positive based on the existence of long-term agreements with high-quality lessees in the Spanish hotel industry and in the Office, Commercial and Industrial sectors, ensuring the Company's viability in the medium term, along with new lease agreements with lessees possessing outstanding solvency ratings.

5. Disclosure on payment periods for suppliers

The information required by the Third Additional Provision of Law 15/2010 of 5 July (modified through the Second Final Provision of Law 31/2014, of 3 December) are provided below, prepared in accordance with ICAC Resolution of 29 January 2016, on the information to be included in the notes of the interim financial statements in relation to the average period of payment to suppliers in commercial operations.

	2019	2018
	Days	
Average payment period to suppliers	80.05	71.81
Ratio of transactions paid	80.07	77.85
Ratio of transactions pending payment	80.02	45.86
	Euros	
Total payments made	3,732,454	6,646,472
Total payments outstanding	1,605,668	1,542,199

In accordance with the ICAC Resolution, the calculation of the average payment period to suppliers has taken into account the commercial transactions corresponding to the delivery of goods or services rendered from the date of entry into force of Act 31/2014, of 3 December.

Suppliers, for the exclusive purposes of giving the information provided for in this Resolution, are considered trade creditors due to debts with suppliers of goods or services, included under "Suppliers" and "Sundry creditors" of current liabilities in the balance sheet.

The "Average payment period to suppliers" is construed as the period from the delivery of the goods or the provision of the services by the supplier to the payment for the transaction.

The maximum legal payment period applicable to the Company in 2019 under Act 3/2004 of 29 December, establishing measures to combat late payment in commercial transactions, is 30 days, and has been since the publication of that Act (unless the conditions established therein that permit a maximum payment period of up to 60 days are met).

6. Earnings per share at 30 June 2019

The breakdown of the Company's earnings per share is as follows:

	Euros	
	30/06/2019	**30/06/2018**
Net Profit	6,630,319	4,827,887
Weighted average number of shares	4,452,197	4,452,197
Earnings per share	**1.49**	**1.08**

Basic earnings per share are calculated as the ratio of the net profit for the period attributable to the Company and the weighted average number of ordinary shares outstanding during that period.

Diluted earnings per share are calculated as the ratio of net profit for the period attributable to ordinary shareholders adjusted for the effect attributable to potential ordinary shares with dilutive effect and the weighted average number of ordinary shares in circulation during the period, adjusted by the weighted average of the ordinary shares which would be issued if all potential ordinary shares were converted into ordinary shares of the company. For this purpose, it is considered that the conversion takes place at the beginning of the period or at the time of the issue of the potential ordinary shares, if these had been put into circulation during the period itself.

7. Acquisition of treasury shares

At 30 June 2019, the Company did not hold any treasury shares.

8. Research and development activities

The Company does not carry out research and development activities.

9. Main risks faced by the Company

The management of the Company's financial risks is centralised in the Governing Body of Grupo PER, which has established the necessary mechanisms to control exposure to changes in exchange rates, along with credit and liquidity risks. The main financial risks having an impact on the Company are set out below:

a) Credit risk

The Company's main financial assets are cash flow and cash balances, trade creditors and other accounts receivable in investments. These account for the Company's maximum exposure to credit risk as regards financial assets. The Company's credit risk is mainly attributable to its trade debts, which are shown net of any provisions for insolvencies estimated on the basis of prior years' experience and their valuation under the current economic climate. The Company loans its excess liquidity to related companies which are very solvent, thereby guaranteeing the repayment of the funds thus loaned.

b) Liquidity risk

Taking into account the current situation of the financial market and the estimates made by the Company's Directors on the Company's cash generating capacity, the Company estimates it has enough capacity to obtain financing from third parties were it necessary to make new investments. Consequently, there is no evidence that the Company will encounter liquidity problems in the medium term. Liquidity is guaranteed by the nature of the investments made and the high credit ratings of lessees, as well as the guarantees of collection provided for in prevailing agreements.

c) Exchange rate risk

The Company did not have any significant assets or liabilities in foreign currencies at 30 June 2019 and therefore had no exchange rate risk.

d) Interest rate risk

The Company has various long-term loans financing mainly long-term assets, as well as short-term working capital financing facilities. The risk from interest rate fluctuations is very low since the Company is not highly exposed to debt. The Company's policy on interest rates consists of not taking out interest rate hedges through hedging financial instruments, swaps, etc. since any change in interest rates would have an insignificant effect on the Company's results, taking into account its low debt levels and today's very low interest rates.

Notwithstanding the foregoing, on 17 February 2017, the Company formalised an Interest Rate Swap derivative financial instrument amounting to 8,550,000 euros, which shall run from 1 April 2019 to 1 April 2026 linked to a mortgage loan for 11,400,000 euros contracted in 2017 on the property located at Calle José Abascal 41 in Madrid.

e) Real estate business risks

Changes in the economic situation at both the local and international levels, occupancy and employment growth rates, interest rates, tax legislation and consumer confidence have a significant impact on the real estate markets. Any unfavourable change in any of these or in other economic, demographic or social variables in Europe, and Spain in particular, could lead to a reduction in real estate activity in these countries. The cyclical nature of the economy has been statistically proven, as have the existence of microeconomic and macroeconomic aspects that directly or indirectly affect the way the real estate market's performs, particularly the rentals which make up the Company's main investment activity.

10. Outlook for 2019

Given the Company's activity, its directors consider that 2019 will continue to be positive in terms of maintaining the terms and conditions of long-term leases. The outlook is therefore positive, taking into account the long-term lease contracts with top quality lessees in the hotel, offices and commercial sectors, guaranteeing the viability of the business in the medium and long term, and the new lease agreements for commercial premises with lessees that have outstanding solvency ratings.

11. Disclosure on conflicts of interest involving the directors

At 30 June 2019, neither the members of the Board of Directors of Saint Croix Holding Immobilier, SOCIMI, S.A. or the parties related to them, as laid down pursuant to the Corporate Enterprises Act, had reported to the other members of the Board of Directors any direct or indirect conflict of interest with those of the Company.

12. Subsequent events

At the date of this management reports production, there were no relevant subsequent events.

Directors' Responsibility Statement

For the purposes of the provisions of Article 8 of Royal Decree 1362/2007, of 19 October, the members of the Board of Directors at the Company hereby confirm that as far as we are aware, the Interim Financial Statements as at 30 June 2019 for SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A. drafted in line with the applicable accounting principles, faithfully reflect the equity, financial situation and results of the issuer taken as a whole, and that the Management Report as at 30 June 2019 also faithfully reflects the evolution and business performance and position of the issuer and the companies consolidated within its scope taken as a whole, along with the description of the main risks and uncertainties that they face.

Madrid, 25 July 2019

Mr Marco Colomer Barrigón
(Chairman and Chief Executive Officer)

Mr Juan Carlos Ureta Domingo
(Director)

Mr Jose Luis Colomer Barrigón
(Director)

Ms Irene Hernández Álvarez
(Director)

Ms Mónica de Quesada Herrero
(Director)

Mr José Juan Cano Resina
(Non-member Secretary)

Diligence in the Preparation of Interim Financial Statements

The preparation of these interim financial statements and management report has been approved by the Board of Directors at its meeting on 25 July 2019. Said interim financial statements and the half-yearly management report appear on 72 sheets of ordinary paper, numbered from 1 to 72, inclusively, all of which are signed by the Board Secretary and the last sheet signed by all the Directors.

The undersigned, in their capacity as Directors of the Company, hereby state that no item in the Company's interim financial statements has been omitted which should be included in this document, apart from the environmental information required under the Ministry of Justice Order of 8 October 2001.

Madrid, 25 July 2019

Mr Marco Colomer Barrigón
(Chairman and Chief Executive Officer)

Mr Juan Carlos Ureta Domingo
(Director)

Mr Jose Luis Colomer Barrigón
(Director)

Ms Irene Hernández Álvarez
(Director)

Ms Mónica de Quesada Herrero
(Director)

Mr José Juan Cano Resina
(Non-member Secretary)