SAINT CROIX
HOLDING IMMOBILIER, SOCIMI, S.A.

Management Report
30 September 2020

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Management Report
2020
(30 September 2020)

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

Management Report at 30 September 2020

1. **Explanation of the figures at 30 September 2020**

A breakdown of the main figures at 30 September 2020 compared to 30 September 2019 is provided below:

Income statement	Euros		
	30/09/2020	30/09/2019	+ / -
Income	**12,753,232**	**14,721,593**	**-13.37%**
Leases	12,683,181	14,532,044	
Provision of sundry services	70,051	189,549	
Operating expenses	-1,469,408	-1,875,751	-21.66%
Net operating income (NOI)	**11,283,824**	**12,845,842**	**-12.16%**
Overheads	-403,213	-331,205	21.74%
EBITDA	**10,880,611**	**12,514,637**	**-13.06%**
Financial profit/(loss)	-1,902,467	-656,129	189.95%
EBTDA	**8,978,144**	**11,858,508**	**-24.29%**
Depreciation	-4,122,953	-3,839,708	
Subsidies	44,807	44,807	
Other gains/(losses)	-7,312	31,639	
Impairment/Reversal	1,612	4,726	
Net gain/(loss) on disposal of real estate assets	-39,439	1,441,268	
EBT	**4,854,859**	**9,541,240**	**-49.12%**
Corporation tax	-	-	
Net profit/(loss)	**4,854,859**	**9,541,240**	**-49.12%**

Sectoral indicators at 30 September 2020

	Euros					
	30/09/2020	Per share	30/09/2019	Per share	31/12/2019	Per share
Net recurring profit	6,351,350	1.43	8,099,973	1.82	12,278,916	2.76
Net value of assets	499,912,151	112.28	433,102,059	97.28	503,601,975	113.11
Cost/income ratio	14.66%		14.99%		19.39%	
Vacancies ratio	4.26%		7.06%		5.27%	
Net yield	4.15%		4.77%		4.49%	

Key figures at 30 September 2020

	30/09/2020	30/09/2019	31/12/2019
Annualised income (€M)	24.80	24.75	24.72
FFO (€M)	10.87	12.54	18.11
FFO (€/share)	2.44	2.82	4.07
GAV (€M) (*)	577.34	482.17	550.46
NAV (€M) (*)	499.91	433.10	503.60
ROA	1.24%	2.41%	3.54%
ROE	1.65%	3.21%	4.72%
Gross leasable area (m^2 risk free)	157,521	158,293	158,114
Occupancy rate % at closing	93.12%	92.04%	92.12%
Lease portfolio (€M)	136.84	140.46	140.32
WAULT	6.73	8.70	7.68

	30/09/2020	30/09/2019	31/12/2019
LTV	14.94%	16.85%	14.49%
LTV Adjusted	15.27%	17.77%	15.14%
Net debt (€M)	87.83	87.78	85.32
Profit (€/share)	1.09	2.14	3.20
Dividend (€/share)	-	-	2.81
Dividend gross yield	-	-	3.75%

APM definitions:

- **GAV:** Gross market value of real estate assets; NAV: Gross market value of real estate assets - net financial debt +/- other assets and liabilities including credits to group companies and associates
- **NOI**: Gross operating income - Operating expenses.
- **EBITDA:** NOI - Other general costs.
- **EBITDA:** EBITDA - financial income.
- **Recurring net profit:** The Company's profit/(loss), eliminating the result derived from the sale of real estate assets, impairments and reversals, changes in the fair value of equity instruments and the impact of income tax.
- **Annualised income:** Forecast of the income to be generated by the real estate assets owned at 12 months from the date of information based on the contractual conditions at that date.
- **Funds from operations (FFO):** Direct cash flow from the Company's operations, i.e. rental income less operating expenses and exceptional expenses involving cash flow or cash movements.

Property investments (gross): As of 30 September 2020, gross property investments valued at acquisition cost amounted to 433,589,195 euros. The following investments and divestments took place in 2020:

Investments amounting to 27,816,781 euros:

- Additions amounting to 4,841,689 euros were made for the refurbishments of several assets: the office building in Calle Juan Ignacio Luca de Tena 17 in Madrid, for 4,519,293 euros, Hotel Tryp Meliá at Gran Vía 34, for 147,385 euros, Hotel Barceló for the amount of 19,059 euros and Hotel Meliá Atlántico for 155,952 euros.

- On 9 September 2020, the acquisition of plot TER.02-178-A, for tertiary use located at Calle de José Antonio Fernández Ordóñez Number 55 in the Specific Planning Area APE 16.11. RP "Ciudad Aeroportuaria y Parque de Valdebebas" was formalised in a public deed. Its characteristic use is tertiary, applying Ordinance TER_2, and the total acquisition cost was 22,812,653 euros.

- Minor reforms were also made to other assets, which have been capitalised for an amount of 162,439 euros.

Divestments amounting to 1,230,375 euros:

- Sale of offices (lofts). During the year, four lofts from the Coslada III development, two from the Vallecas Comercial I development and 1 loft from Sanchinarro VI (with their respective annexes) were sold, resulting in a gross loss in the period of 71,381 euros. At the time of sale, impairment of 31,942 euros had been recognised for these properties. This has been written off as a result of the disposal.

Dividends:

<u>Company dividends paid to shareholders in 2020:</u>

The proposed distribution of results for the 2019 year which has been made by the Company Directors to the shareholders was as follows:

	Euros
Profit at 31 December 2019	**14,256,779**
- Legal Reserve	1,425,678
- Voluntary reserve	304,475
- Dividends	12,526,626

The 2019 gross dividend, amounting to 12,526,626 euros, approved by the General Shareholders' Meeting on 30 June 2020, was fully paid out on 7 July 2020.

Dividends paid by the Company to shareholders in 2019:

The proposed distribution of results for the 2018 year which has been made by the Company Directors to the shareholders was as follows:

	Euros
Profit at 31 December 2018	**14,554,246**
- Legal Reserve	1,455,425
- Dividends	13,098,821

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: At 30 September 2020, the Company had net financial debt of 87,829,374 euros (85,319,911 euros at 31 December 2019). The breakdown of this debt is as follows:

Breakdown of debt	Euros	
	30/09/2020	31/12/2019
José Abascal, 41	10,944,000	11,400,000
Titán, 13	11,437,626	12,032,647
Conde de Peñalver, 16	7,426,643	7,813,000
Plaza de España (Castellón)	65,987	654,910
Valle de la Fuenfría, 3	8,894,148	9,266,083
Juan Ignacio Luca de Tena, 17	11,743,921	12,000,000
Glorieta de Cuatro Caminos 6 and 7	4,150,000	4,500,000
Debt with mortgage guarantee	**54,662,325**	**57,666,640**
Debentures and bonds	10,000,000	10,000,000
Available credit facilities	2,461,110	46,065
Loan Goya, 59	9,450,000	9,850,000
Loan Gran Vía, 55:	9,560,500	10,000,000
Long-term loans	2,199,110	3,700,091
Interest accrued pending maturity	208,206	340,708
Derivatives	456,276	465,934
Unsecured debt	**34,335,202**	**34,402,798**
Cash and bank	-1,168,152	-6,749,527
Net financial debt	**87,829,374**	**85,319,911**

"Obligations and bonds" include the two issues of Fixed Income securities carried out by the Company in 2016 against the "Fixed Income Securities Issuance Programme 2015", for a total amount of 10,000,000 euros.

The average APR for both issues for the issuer was 2.73%. The two securities issues have been listed on the Alternative Fixed Income Market since 24 June 2016. The financial expenses resulting from the aforementioned issuances, accrued and pending maturity in 2020, totalled

186,987 euros (186,987 at 30 September 2019), recorded under "Financial expenses" in the attached profit and loss account.

The expenses incurred each year in connection with the issue, registration and maintenance of fixed-income securities programmes are registered in the Company's income statement for each year, due to their immateriality. At 30 September 2020, these expenses amounted to 17,770 euros (26,837 euros at 30 September 2019). There have been no placement costs or fees.

As of 30 September 2020, the Company had an outstanding mortgage loan debt amounting to 54,662,325 euros (31 December 2019: 57,666,640 euros), which is recognised under "Non-current bank borrowings" and "Current bank borrowings" and relates mainly to mortgage loans arranged with CaixaBank, Banco Santander, Banca March and Kutxabank which at 30 September 2020 had not yet matured or been repaid.

The Company's LTV at 30 September 2020 was 14.94% (14.49% at year-end 2019). The adjusted LTV was 15.27% (15.14% at year-end 2019). This adjusted LTV includes the effect of the mortgage charge at 30 September 2020 on hotels located in Isla Canela amounting to 1,937,000 euros (3,828,107 euros at 31 December 2019).

Income: At 30 September 2020, the Company had obtained total income of 12,753,232 euros (14,721,593 euros at 30 September 2019). The breakdown of income by asset type is as follows:

	Euros		**Variation in %**	
	30/09/2020	**30/09/2019**	**Growth**	**Like for Like Growth**
Hotels	2,363,440	4,926,611	-52.03%	-52.03%
Offices	5,435,790	4,489,338	21.08%	13.87%
Commercial	4,040,402	4,316,134	-6.39%	-5.99%
Industrial	913,599	989,510	-7.67%	-7.67%
Total	**12,753,232**	**14,721,593**	**-13.37%**	**-15.47%**

Rental income has decreased by -13.37% year-on-year. This reduction includes the effect of halting activity in the second quarter of the financial year 2020 and the slowdown in the third quarter which has affected hotel activity in particular. Eliminating the effect of new investments and divestments, year-on-year income has decreased by -15.47%. The main deviations focus on:

- **Hotels:** Decrease of -52.03%. The fall in income has basically been across the board in all assets in this segment due to the effect of Covid-19. During the second quarter of the year, all hotels were closed due to the state of alarm. Once the state of alarm was lifted, at the height of the summer season, the average occupancy rate for hotels was 45%.

- **Offices:** Increase of +21.08%. This increase is mainly due to income generated from the offices located in José Abascal 41 and Juan Ignacio Luca of Tena 17 which in 2019 did not generate income as both assets were being renovated, and also Titán 13. The income earned from these three assets offsets the drop in income from the other assets in this segment as the result of the Covid-19 pandemic.

- **Commercial:** Decrease of -6.39%. The decrease is mainly due to the increase in revenue from commercial premises located at Gran Via 34 (due to the new conditions agreed at the end of 2019) and Goya 59 (last year it did not generate any revenue). These increases in income associated with these two assets do not offset the fall in income in the rest of the assets, mainly in Gran Vía 55 and Conde de Peñalver due to the effect of Covid-19.

- **Industrial:** Decrease of -7.67% due to the effect of Covid-19.

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

Operational leasing Minimum instalments	Euros Nominal value	
	30/09/2020	31/12/2019
Less than a year	23,738,834	24,721,653
Between two and five years	65,568,331	70,914,831
More than five years	47,537,648	44,686,272
Total	**136,844,813**	**140,322,756**

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

Type	WAULT	
	30/09/2020	31/12/2019
Hotels	3.01	3.07
Offices	3.96	6.41
Commercial	13.42	9.57
Industrial	6.52	8.00
Total Average	**6.73**	**7.68**

NOI: Net Operating Income was positive and amounted to 11,283,824 euros (12,845,842 euros at 30 September 2019), a decrease of -12.16%. The breakdown of NOI by asset type is as follows:

	Euros	
	30/09/2020	30/09/2020
Hotels	1,902,044	4,057,012
Offices	4,582,997	3,784,999
Commercial	3,891,812	4,021,578
Industrial	906,971	982,253
Total	**11,283,824**	**12,845,842**

At 30 September 2020, **EBITDA** was positive and amounted to 10,880,611 euros (12,514,637 euros in September 2019), a year-on-year decrease of -13.06%.

Financial gain/(loss) Financial loss at 30 September 2020 was -1,902,467 euros (-656,129 euros at September 2019). The breakdown of this result is as follows:

- The total financial income derived from the Group's financing system amounted to 526,804 euros (641,778 euros in September 2019), to which the financial income from third parties amounting to 251,079 euros (88,446 euros in September 2019) must be added. Third-party financial income relates mainly to dividends received from Unibail Rodamco (37,530 euros) and Inmobiliaria Colonial (190,569 euros).

- Financial expenses amounted to 1,264,082 euros (1,313,130 euros in September 2019), in spite of the increase in net financial debt year-on-year.

- In 2019 and 2020, the Company acquired several shareholdings in two listed companies

(Unibail Rodamco and Inmobiliaria Colonial) for 1,002,786 and 10,548,110 euros, respectively. At 30 September 2020, these shares had an aggregate market value of 10,131,877 euros. The negative impact on 2020 from the valuation of available-for-sale financial assets amounted to 1,416,268 euros (loss of 73,223 euros as at 30 September 2019).

At 30 September 2020, **EBTDA** was positive and amounted to 8,978,144 euros (11,858,508 euros at September 2019), a year-on-year decrease of -24.29%.

Depreciation: The depreciation expense amounted to 4,122,953 euros compared to 3,839,708 euros in the same period in the previous year. The year-on-year increase is a result of new year-on-year investments.

Subsidies: Income from subsidies amounted to 44,807 euros (44,807 euros in September 2019).

Gain/(loss) on disposal of real estate assets: At 30 September 2020, four lofts from the Coslada III development, two from the Vallecas Comercial I development and 1 loft from Sanchinarro VI (with their respective annexes) were sold, resulting in a gross loss in the period of 71,381 euros. At the time of sale, impairment of 31,942 euros had been recognised for these properties. This has been written off as a result of the disposal.

At 30 September 2020, **EBT** is positive and amounts to 4,854,859 euros (9,541,241 euros in September 2019), i.e. a 49.12% decrease year-on-year.

Net profit/(loss): Net profit at 30 September 2020 was 4,854,859 euros (9,541,241 euros in September 2019), giving a net earnings per share of 1.09 euros (2.14 euros in September 2019), a year-on-year decrease of 49.12%.

2. Valuation of real estate assets

The Company commissioned a valuation of its assets from CBRE Valuation Advisory, S.A., an independent expert. On 5 February 2020, 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 key variables used in the valuations made using the discounted cash flow method are:

- Current income: the income generated by each property on the valuation date and considering non-refundable expenses only for empty spaces.

- Estimated income for empty spaces and/or new leases during the years of the cash-flow.

- Exit Yield: rate of return required at the end of the valuation period for the sale of the asset. At the end of the discount period an exit value has to be determined for the property. At that time it is not possible to reapply a cash flow discount methodology and the sale value has to be calculated according to an exit yield based on the income that the property is generating at the time of sale, provided that the cash flow projection is understood to be a stabilized income that we can capitalise on a perpetual basis.

- IRR: is the interest rate or return offered by an investment, the value of the discount rate that makes the NAV equal to zero, for a given investment project.

- ERV: Market income of the asset at the valuation date.

Impact of Covid-19

Since December 2019, Covid-19 has spread to many countries, including Spain. This event is significantly affecting economic activity worldwide and, as a result, the Company's operations and financial results. As of 30 September 2020, it is clear that there is now a second wave of coronavirus. The first wave significantly affected the Company's business activity and results in the second quarter of the year. And although the state of emergency ended in June 2020, the third quarter has been affected by the prudent and precautionary measures implemented by most countries, which have constrained economic recovery and affected the Company's business activity and results, especially in the hotel and office sectors, preventing the recovery that would normally have followed.

On the valuation of real estate assets

The sensitivity analysis performed by CBRE Valuation Advisory, S.A. in calculating the valuations made at the annual closing of the company's accounts referred to above includes the following:

- Every +/- 0.25% variation in Yield implies an impact on the gross value of the assets of approximately 27 million euros.
- Every +/- 0.10% variation in ERV implies an impact on the gross value of assets of approximately 25 million euros.
- Each +/- 0.25% variation in IRR implies an impact on the gross value of the assets of approximately 3 million euros.

In income generation

Due to the provisions of Royal Decree 463/2020, of 14 March, which declared the state of alarm for the management of the health crisis situation caused by the Covid-19 pandemic; Royal Decree-Law 8/2020, of 17 March, on extraordinary urgent measures to deal with the economic and social impact of the Covid-19 pandemic; and Royal Decree-Law 10/2020 of 29 March, regulating recoverable paid leave for employees who do not provide essential services, in order to reduce the mobility of the population in the context of the fight against Covid-19, the Company has negotiated with its tenants for moratoriums, reductions and shortfalls in the rent of certain properties, as under some of the contracts the payment of rent may be suspended due to force majeure (especially in the case of hotels). The impact of these negotiations on income in 2020 is summarised by asset type in the table below:

	Euros			
	Real 2019	**Post Covid-19 2020 (September)**	**Post Covid-19 2020 (June)**	**Pre Covid-19 2020**
Hotels	9,134,143	5,089,784	2,731,221	9,033,831
Offices	6,030,013	7,749,776	8,074,532	8,558,713
Commercial	5,897,775	5,890,857	5,602,013	7,239,913
Industrial	1,355,022	1,310,174	1,313,762	1,380,077
Total	**22,416,954**	**20,040,591**	**17,721,528**	**26,212,535**

The greatest impact is evident in the Hotels area with a drop in the revenue forecast of 44% compared to those obtained in 2019 as well as the forecast for the current year before the events described. In the Office area, however, a 29% increase in the updated revenue forecast with respect to 2019 is revealed due to the entry into force of important contracts such as the one associated with the building located in Juan Ignacio Luca de Tena , 17 but a 9% drop from the initial estimate. The Commercial area does not suffer variations with respect to the 2019 financial year, but it does suffer a 19% drop compared to the 2020 estimate before the effects of Covid-19 appear. The industrial area does not suffer relevant effects. In short, the negotiations carried out in these months reveal a fall in expected income for 2020 of 11% compared to those obtained in 2019 and of 24% compared to the estimate for the year under conditions pre Covid-19.

According to the valuations made at 31 December 2019 (without taking into account the possible impact of Covid-19), the fair value of the investment property shows an unrealised gain (by comparison between the gross updated market fair value and the net carrying amount) of 205,519,634 euros (201,502,543 euros at 31 December 2019), mainly related to the properties located at calle Gran Vía, 34, calle Conde de Peñalver, 16, calle Titán, 13, calle José Abascal, 41, calle Gran Vía, 55, calle Juan Ignacio Luca de Tena, 17 and calle Pradillo 42 all of which are located in Madrid as well as Hotel Barceló, Hotel Meliá and Hotel Iberostar in Isla Canela and Hotel Tryp Cibeles in Madrid.

The gross market value of property investments at 30 September 2020 amounted to 577,337,618 euros (550,462,514 euros at year-end 2019). The breakdown by business segment is as follows:

Segments	Euros	
	30/09/2020	31/12/2019
Hotels	151,540,678	151,060,625
Offices	186,397,308	182,814,909
Commercial	198,876,510	198,876,510
Industrial	17,710,470	17,710,470
Undeveloped plots (tertiary)	22,812,653	-
Total	**577,337,618**	**550,462,514**

At 30 September 2020, the market value of the property investments has increased by 26,875,104 euros, i.e. 4.88%, the main impact being the acquisition of TER.02-178-A, a tertiary-use plot located at Calle de José Antonio Fernández Ordóñez Number 55 in the Specific Planning Area APE 16.11. RP "Ciudad Aeroportuaria y Parque de Valdebebas".

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 2020 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.

Segment expenses are calculated as the directly attributable expenses incurred in the operating activities, plus the corresponding proportion of the expenses that can be reasonably allocated to the segment.

Segmented income statement

Financial year 2020 (30 September)

	Euros					
30/09/2020	**Hotels**	**Offices**	**Commercial**	**Industrial**	**Others**	**Total**
Income	2,363,440	5,435,790	4,040,402	913,599	-	12,753,232
Indirect costs	-461,397	-852,793	-148,590	-6,628	-	-1,469,408
Net operating income	**1,902,044**	**4,582,997**	**3,891,812**	**906,971**	**-**	**11,283,824**
Overheads	-74,724	-171,861	-127,743	-28,885	-	-403,213
EBITDA	**1,827,320**	**4,411,136**	**3,764,069**	**878,087**	**-**	**10,880,612**
% of income	**77,32%**	**81,15%**	**93,16%**	**96,11%**	**-**	**85,32%**
Depreciation	-1,716,579	-1,522,495	-773,893	-108,017	-1,968	-4,122,953
Subsidies	44,807	-	-	-	-	44,807
Extraordinary gains/(losses)	-	-7,678	367	-	-	-7,312
Gain/(loss) on disposal of real estate assets	-	-71,381	-	-	-	-71,381
Impairment/Reversal	-	31,942	1,611	-	-	33,554
Financial profit/(loss)	-	-463,212	-445,302	-	-993,953	-1,902,467
EBT	**155,548**	**2,378,312**	**2,546,851**	**770,069**	**-995,921**	**4,854,859**
Corporation tax	-	-	-	-	-	-
Net profit/(loss)	**155,548**	**2,378,312**	**2,546,851**	**770,069**	**-995,921**	**4,854,859**
% of income	**6.58%**	**43.75%**	**63.03%**	**84.29%**	**-**	**38.07%**

Financial year 2019 (30 September)

	Euros					
30/09/2019	**Hotels**	**Offices**	**Commercial**	**Industrial**	**Others**	**Total**
Income	4,926,611	4,489,338	4,316,134	989,510	-	14,721,593
Indirect costs	-869,600	-704,338	-294,555	-7,258	-	-1,875,751
Net operating income	**4,057,012**	**3,784,999**	**4,021,578**	**982,253**	**-**	**12,845,842**
Overheads	-81,161	-114,602	-110,181	-25,260	-	-331,205
EBITDA	**3,975,850**	**3,670,397**	**3,911,397**	**956,993**	**-**	**12,514,638**
% of income	**80.70%**	**81.76%**	**90.62%**	**96.71%**	**-**	**85.01%**
Depreciation	-1,782,364	-1,173,430	-775,897	-108,017	-	-3,839,708
Subsidies	44,807	-	-	-	-	44,807
Other gains/(losses)	27,014	-841	4,006	-751	2,211	31,639
Gain/(loss) on disposal of real estate assets	-	-34,330	1,475,597	-	-	1,441,268
Impairment/Reversal	-	-	4,726	-	-	4,726
Financial profit/(loss)	16,276	-381,538	-151,705	-	-139,163	-656,129
EBT	**2,281,584**	**2,080,258**	**4,468,126**	**848,225**	**-136,952**	**9,541,241**
Corporation tax	-	-	-	-	-	-
Net profit/(loss)	**2,281,584**	**2,080,258**	**4,468,126**	**848,225**	**-136,952**	**9,541,241**
% of income	**46.31%**	**46.34%**	**103.52%**	**85.72%**	**-**	**64.81%**

The breakdown of the **income and net book value** for real estate assets heading at 30 September 2020 is as follows:

	Euros					
	30/09/2020			30/09/2019		31/12/2019
	Income	%	Net book value	Income	%	Net book value
Hotels	2,363,440	18.53%	103,849,572	4,926,611	33.47%	105,070,931
Offices	5,435,790	42.62%	143,109,731	4,489,338	30.49%	140,961,102
Commercial	4,040,402	31.68%	89,127,341	4,316,134	29.32%	89,901,235
Industrial	913,599	7.16%	12,918,687	989,510	6.72%	13,026,704
Undeveloped plots	-	-	22,812,653	-	-	-
Total income	**12,753,232**	**100.00%**	**371,817,984**	**14,721,593**	**100.00%**	**348,959,971**

At 30 September 2020, 19% of revenue was generated by hotel assets, 42% by offices, 32% by commercial premises and the remaining 7% by industrial properties. At 30 September 2020, the hotels were fully leased; offices were 90% leased; commercial premises were 71% leased and the industrial area was 100% leased. At 30 September 2020, the occupancy rate of real estate assets was 93%. The Gross Leasable Area (GLA) was 157,521 m2.

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

Area	Euros			
	30/09/2020		30/09/2019	
	Income	Income (%)	Income	Income (%)
Madrid	10,941,208	85.79%	10,658,562	72.40%
Huelva	1,812,024	14.21%	4,063,031	27.60%
Total	**12,753,232**	**100.00%**	**14,721,593**	**100.00%**

From a geographic standpoint, all income at 30 September 2020 is generated in Madrid and Huelva (both of which are in Spain). Madrid remains in first place, contributing around 86% of total income, followed by Huelva with 14%.

It is also interesting to consider changes in **occupancy rates** by **asset types**. At 30 September 2020, the level of occupation of the Company's assets for leasing was 93.12% (92.04% in September 2019 and 92.12% in December 2019) based on the square metres leased, the breakdown of which was as follows:

	% occupancy			Floor area in m^2 above ground level		
Asset type	30/09/2020	30/09/2019	31/12/2019	30/09/2020	30/09/2019	31/12/2019
Hotels	100.00%	100.00%	100.00%	80,135	80,135	80,135
Offices	90.42%	90.72%	88.43%	39,593	40,366	40,186
Commercial	70.69%	63.08%	67.41%	23,982	23,982	23,982
Industrial	100.00%	100.00%	100.00%	13,810	13,810	13,810
Total	**93.12%**	**92.04%**	**92.12%**	**157,521**	**158,293**	**158,114**

As at 30 September 2020, the occupancy rate of property has increased slightly compared to that of 31 December 2019.

The occupation 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

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, or, as is the case with the recent investment in 2020, the acquisition of plots of land to be built and operated under a lease basis. 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.

However, all of this will depend on what effects Covid-19 will have in the coming months on the economic situation in general and its impact on the rented assets property sector, especially in the hotel and office segments.

5. Disclosure on payment deferrals for suppliers

The information required by the Third Additional Provision of Act 15/2010 of 5 July (modified through the Second Final Provision of Act 31/2014, of 3 December) is provided below. This has been prepared in accordance with the Institute of Accounting and Auditing (ICAC) Resolution of 29 January 2016, on the information to be included in the notes to the financial statements in relation to average payments periods for suppliers in commercial operations.

	30/09/2020	30/09/2019
	Days	
Average payment period to suppliers	96.62	75.49
Ratio of transactions paid	94.97	79.93
Ratio of transactions pending payment	103.12	60.80
	Euros	
Total payments made	8,317,946	5,578,235
Total payments outstanding	2,098,881	1,684,327

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.

For the exclusive purposes of providing the information required in this Resolution, suppliers are considered trade creditors due to debts with suppliers of goods or services, included under the "Suppliers" and "Sundry creditors" headings in 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 2020 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).

Although the average payment period was 96.62 days in 2020, which was longer than the legally established period, it was mainly due to private agreements that the Company has reached with certain subcontractors for the renovation of its buildings.

6. Earnings per share at 30 September 2020

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

	Euros	
	30/09/2020	**30/09/2019**
Net Profit	4,854,859	9,541,241
Weighted average number of shares	4,452,197	4,452,197
Earnings per share	**1.09**	**2.14**

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 September 2020, 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 to the Company

The management of the Company's financial risks is centralised in the Group's Financial Management and in Grupo Pryconsa's policies, 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:

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 September 2020 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.

However, on 17 February 2017, the Company arranged an interest rate swap for 8,550,000 euros, which will be valid from 1 April 2019 to 1 April 2026 and linked to a mortgage loan of 11,400,000 euros taken out in 2017 on the property located in 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 property 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 property market performs, particularly the rentals that make up the Company's main investment activity.

f) Impact of Covid-19

Since December 2019, Covid-19 has spread to many countries, including Spain. This event is significantly affecting economic activity worldwide and, as a result, the Company's operations and financial results. As of 30 September 2020, it is clear that there is now a second wave of coronavirus. The first wave significantly affected the Company's business activity and results in the second quarter of the year. And although the state of emergency ended in June 2020, the third quarter has been affected by the prudent and precautionary measures implemented by most countries, which have constrained economic recovery and affected the Company's business activity and results, especially in the hotel and office sectors, preventing the recovery that would normally have followed.

The extent to which this phenomenon will impact results will depend on future developments that cannot be reliably predicted, including actions to contain or treat the disease and mitigate its impact on the economies of affected countries.

Other market risks to which the Company is exposed include:

- **Regulatory risks**: The Company is required to comply with a range of general and specific legal provisions, such as legal, accounting, environmental, employment, tax and data protection regulations. Future regulatory changes may have a positive or negative effect on the Company.

- **Tourism risk**: a significant part of the Company's assets (mainly hotels) are connected to the tourism industry. Any drop in tourism activity in the cities where these hotels are located could have a negative effect on hotel use and occupancy. This could have a negative effect on the yield and performance of these assets if tenants renegotiate current lease contracts.

Finally, it is important to take into account that the Company is exposed to other risks: (i) environmental risks; (ii) occupational health and safety risks; and (iii) occupational hazard prevention risks.

10. Outlook for 2020

Given the Company's activity, the Directors of the Company consider that 2020 will continue to be positive in terms of maintaining the terms of long-term leases once they have been negotiated, to adapt them insofar as it is possible to the current situation arising due to the Covid-19 pandemic. 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 September 2020, 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

From 30 September 2020 and up to the date of approval of this management report, no significant events have occurred that could significantly affect the information set out herein.

Madrid, 22 October 2020

Marco Colomer Barrigón
Chairman and Managing Director