

# **SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.**

**Management Report  
30 September 2021**

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# **Management Report**

## **2021**

### **(30 September 2021)**

**SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.**
**Management Report at 30 September 2021**
**1. Explanation of the figures at 30 September 2021**

A breakdown of the main figures at 30 September 2021 compared to 30 September 2020 is provided below:

Income statement	Euros		
	30/09/2021	30/09/2020	+ / -
<b>Income</b>	<b>16,425,273</b>	<b>12,753,232</b>	<b>29%</b>
Leases	16,311,093	12,683,181	
Provision of sundry services	114,180	70,051	
Operating expenses	-1,473,813	-1,469,408	-
<b>Net operating income (NOI)</b>	<b>14,951,459</b>	<b>11,283,824</b>	<b>33%</b>
Overheads	-438,753	-403,213	9%
<b>EBITDA</b>	<b>14,512,706</b>	<b>10,880,611</b>	<b>33%</b>
Financial profit/(loss)	-234,686	-1,902,467	-88%
<b>EBTDA</b>	<b>14,278,020</b>	<b>8,978,144</b>	<b>59%</b>
Depreciation	-4,249,846	-4,122,953	
Subsidies	42,263	44,807	
Other gains/(losses)	8,551	1,612	
Impairment/Reversal of trade operations	22,731	-7,312	
Gain/(loss) on disposal of real estate assets	-13,485	-39,439	
<b>EBIT</b>	<b>10,088,233</b>	<b>4,854,859</b>	<b>108%</b>
Corporation tax	-	-	
<b>Net profit/(loss)</b>	<b>10,088,233</b>	<b>4,854,859</b>	<b>108%</b>

**Sectoral indicators at 30 September 2021**

	Euros					
	30/09/2021	Per share	30/09/2020	Per share	31/12/2020	Per share
Net recurring profit	9,453,839	2.12	6,351,350	1.43	9,193,157	2.06
Net value of assets	497,376,624	111.71	499,912,151	112.28	483,745,570	108.65
Costs	1,912,567		1,872,620		4,460,780	
Income	16,425,273		12,753,232		20,016,216	
Cost/income ratio	11.64%		14.66%		22.86%	
Unoccupied ratio	4.67%		4.26%		4.03%	
Net yield	4.41%		4.15%		4.62%	

**Key figures at 30 September 2021**

	30/09/2021	30/09/2020	31/12/2020
Annualised income (€M)	23.91	24.80	26.02
FFO (€M)	14.50	10.87	15.47
FFO (€/share)	3.26	2.44	3.47
GAV (€M) (*)	566.62	577.34	563.20
NAV (€M) (*)	497.38	499.91	483.75
ROA	2,51%	1,24%	2,37%
ROE	3,36%	1,65%	3,23%
Gross leasable area (m <sup>2</sup> risk free) (*)	157,086	157,521	157,364
Occupancy rate % (excluding plots)	91,76%	93,12%	92,58%
Lease portfolio (€M)	145.23	136.84	148.56
WAULT	8.11	6.73	7.60
LTV	15,07%	14,94%	16,48%
LTV Adjusted	15,07%	15,27%	16,65%
Net debt (€M)	88.26	87.83	95.44
Profit (€/share)	2.27	1.09	2.12
Dividend (€/share)	-	-	1.91
Dividend gross yield	-	-	2,71%

(\*) Excluding m2e of undeveloped plots

**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 2021, gross property investments valued at acquisition cost amounted to 437,327,555 euros. The following investments and divestments took place in 2021:

**Investments:** Property investments made in 2021 totalled 3,187,689 euros. The main additions recorded under this heading relate mainly to the following investments:

- There have been additions to construction in progress for an amount of 2,714,616 euros corresponding to the renovation costs of the Hotel Ininside Meliá Gran Vía in Madrid. During 2021, the refurbishment of the hotel was completed and all the costs incurred, which amounted to 3,413,344 euros, were reclassified to property investment.
- Other real estate costs of 473,073 euros have also been capitalised.

**Divestments:** Property write downs amounting to 589,038 euros were undertaken in 2021. The main deregistrations for 2021 correspond to:

- Sale of several properties with their corresponding annexes in Coslada III (3 units) for a gross cost of 589,038 euros, which have been sold to third parties. These sales transactions generated a joint net loss of 13,485 euros (net loss of 39,439 euros at 30 September 2020), which has been recorded under "Impairments and gains (losses) on fixed asset disposals" in the income statement at 30 September 2021.

**Transfers:** At 30 September 2021, transfers were made from investment property in progress to investment property in the amount of 3,413,344 euros (5,969,233 euros in the same period of 2020), due to the completion of refurbishment work on the Hotel Ininside Meliá Gran Vía in Madrid.

**Dividends:**

Dividends paid by the Company to shareholders in 2021:

The proposed distribution of 2020 profits presented by the Company's directors to the shareholders and approved at the Annual General Shareholders' Meeting held on 29 April 2021, was as follows:

	Euros
<b>Basis of distribution:</b>	
Profit and Loss	9,444,108
<b>Distribution:</b>	
Legal Reserve	944,411
Dividends	8,499,697

**Dividend against 2020 earnings**

On 29 December 2020, the Company's Board of Directors agreed to distribute a dividend against 2020 earnings in the amount of 1.57 euros gross per share paid on 29 December 2020, which is equivalent to a total gross amount of 7,000,000 euros.

On 29 April 2021, the Company's Shareholders' Meeting approved a proposed dividend distribution against 2020 results of 1.91 euros per share, of which 1.57 euros per share was already paid as an interim dividend as described above.

On 5 May 2021, the Company paid its shareholders a gross final dividend of 1,499,697 euros for 2020 in full.

**Net financial debt:** The Company had net financial debt of 88,256,107 euros (95,436,654 euros at 31 December 2020). The breakdown of this debt is as follows:

Breakdown of debt	Euros	
	30/09/2021	31/12/2020
José Abascal, 41	10,374,000	10,944,000
Titán, 13	10,710,251	11,239,286
Conde de Peñalver, 16	6,954,346	7,297,857
Valle de la Fuenfría, 3	8,393,006	8,769,425
Juan Ignacio Luca de Tena, 17	11,222,640	11,615,880
Glorieta de Cuatro Caminos 6 and 7	3,800,000	4,150,000
<b>Debt with mortgage guarantee</b>	<b>51,454,244</b>	<b>54,016,448</b>
Debentures and bonds	2,000,000	10,000,000
Available credit facilities	45,415	452,847
Loan Goya, 59	-	9,450,000
Loan Gran Vía, 55:	-	9,414,000
Long-term loans	42,000,000	13,694,398
Interest accrued due	151,028	330,423
Derivatives	350,232	440,811
<b>Unsecured debt</b>	<b>44,546,675</b>	<b>43,782,480</b>
Cash and bank	-7,744,811	-2,362,274
<b>Net financial debt</b>	<b>88,256,107</b>	<b>95,436,654</b>

"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", 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 2021, totalled 132,739 euros (186,987 at 30 September 2020), recorded under "Financial expenses" in the attached statement of profit and loss.

On 23 June 2021, the Company has paid the annual coupon and redeemed the 8,000,000 euro bond which matured that same day.

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 2021, these expenses amounted to 34,417 euros (17,966 euros during the same period in 2020). The only fees that have arisen through the Bond and Debenture Programme are those listed in the table above. There have been no placement costs or fees.

As of 30 September 2021, the Company had an outstanding mortgage loan debt amounting to 51,454,244 euros (31 December 2020: 54,016,448 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 2021 had not yet matured or been repaid.

During 2021, the Company has not taken out any new mortgage loan against any of its real estate assets. It proceeded with the early repayment of two personal loans (unsecured) associated with real estate assets that at 31 December 2020 came to a joint total of 18,864,000 euros.

The Company's LTV at 30 September 2021 was 15.07%. (16.48% at 31 December 2020). The adjusted LTV is 15.07% (16.65% at 31 December 2020).

**Income:** At 30 September 2021, the Company had obtained total income of 16,425,273 euros (12,753,232 euros at 30 September 2020). The breakdown of income by asset type is as follows:

	Euros		Variation in %	
	30/09/2021	30/09/2020	Growth	Like for Like Growth
Hotels	3,456,935	2,363,440	46,27%	46,27%
Offices	6,738,835	5,435,790	23,97%	23,97%
Commercial	5,388,638	4,040,402	33,37%	33,37%
Industrial	840,864	913,599	-7,96%	-7,96%
<b>Total</b>	<b>16,425,273</b>	<b>12,753,232</b>	<b>28,79%</b>	<b>28,79%</b>

Rental income has decreased by 29% year-on-year. The main deviations focus on:

- Hotels were hit particularly hard due to the timing of the pandemic (close to the start of activity during Easter 2020), prompting a 53% reduction in revenues compared to the previous year (same date). It was in fact this business segment that most suffered the consequences of the pandemic. At 30 September 2021, income was up 46% on 2020.
- The offices area has also been hit by the pandemic and the state of alarm, although to a lesser extent (in fact, income was up by 21% year-on-year). This increase was mainly due to income generated from the offices located in José Abascal 41 and Juan Ignacio Luca de Tena 17 which in 2019 did not generate income as both assets were being renovated. In 2021, there was also an increase in income of 24% compared to 2020, also thanks to the generation of revenues once full activities were resumed at these two real estate assets that have generated revenues for the entire year.
- The pandemic also had a negative impact in the commercial area, where revenue was down 6% year-on-year. Premises used for food distribution such as those located in the Glorieta de Cuatro Caminos and Albalá (all in Madrid) did not show lower revenues because they were not affected by the state of alarm. At 30 September 2021, revenues generated by this business area increased by 33% due to the opening of the stores and the negotiation carried out in the management of the contracts.
- Income dropped by 8% in the industrial area.

At 30 September 2021 and 31 December 2020, 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:

	Euros	
	Nominal value	
	30/09/2021	31/12/2020
Less than a year	23,914,069	26,023,053
Between two and five years	67,530,002	70,503,577
More than five years	53,785,222	52,028,968
<b>Total</b>	<b>145,229,293</b>	<b>148,555,598</b>

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

	WAULT	
	30/09/2021	31/12/2020
Hotels	10.06	6.70
Offices	3.25	3.86
Commercial	12.59	13.08
Industrial	6.55	6.76
<b>Total Average</b>	<b>8.11</b>	<b>7.60</b>

**NOI:** Net Operating Income was positive and amounted to 14,951,459 euros (11,283,824 euros at 30 September 2020), an increase of 33%. The breakdown of NOI by asset type is as follows:

	Euros	
	30/09/2021	30/09/2020
Hotels	3,158,573	1,902,044
Offices	5,736,123	4,582,997
Commercial	5,226,202	3,891,812
Industrial	830,561	906,971
<b>NOI</b>	<b>14,951,459</b>	<b>11,283,824</b>

At 30 September 2021, **EBITDA** was positive and amounted to 14,512,706 euros (10,880,611 euros in September 2020), a year-on-year increase of 33%.

**Financial gain/(loss)** The financial loss at 30 September 2021 is 234,686 euros (1,902,467 euros at September 2020). The breakdown of this result is as follows:

- The total financial income derived from the Group's financing system amounted to 63,207 euros (526,804 euros in September 2020), to which the financial income from third parties amounting to 60,343 euros (22,980 euros in September 2020) must be added. Furthermore, income has been generated through dividends from holdings in listed companies for the sum of 345,905 euros (228,099 euros at 30 September 2020).
- Financial expenses amounted to 1,391,156 euros (1,264,082 euros in September 2020).
- At 30 September 2021, the Company recognised a positive effect on the income statement for a net amount of 687,014 euros (a negative amount of 1,416,268 euros in September 2020) as a result of the valuation of the investments in equity instruments available for sale at those dates. Specifically, a package of 6,950 shares of the listed company Unibail Rodamco and another of 1,572,296 shares of Inmobiliaria Colonial SOCIMI, S.A.

At 30 September 2021, **EBITDA** was positive and amounted to 14,278,020 euros (8,978,144 euros at September 2020), a year-on-year increase of 59%.

**Depreciation:** Depreciation expenses amounted to 4,249,846 euros (4,122,953 euros at 30 September 2020). The year-on-year increase is minimal and can be attributed to new year-on-year investments.

**Subsidies:** Income from subsidies amounted to 42,263 euros (44,807 euros in September 2020).

**Gain/(loss) on disposal of real estate assets:** At 30 September 2021, 3 lofts with their corresponding annexes in Coslada III were sold to third parties for a gross cost of 589,038 euros. These sales transactions generated a joint net loss of 13,485 euros (net loss of 39,439 euros at 30 September 2020), which has been recorded under "Impairments and gains (losses) on fixed asset disposals" in the statement of profit and loss at 30 September 2021.

At 30 September 2021, **EBIT** was positive and amounted to 10,088,233 euros (4,854,859 euros at September 2020), a year-on-year increase of 108%.

**Net profit/(loss):** Net profit at 30 September 2021 was positive, amounting to 10,088,233 euros (4,854,859 euros in September 2020), giving net earnings per share of 2.27 euros (1.09 euros in September 2020).

## 2. Valuation of real estate assets

The Company commissioned a valuation of its assets from CBRE Valuation Advisory, S.A., an independent expert. On 9 February 2021, 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 Royal Institute of Chartered Surveyors (RICS).



While the COVID-19 pandemic is affecting the economy and may have an impact on the value of assets, as of the date of the valuation issued by the expert, a number of real estate markets are operating once again, and, consequently, the valuation of these assets is not subject to “material valuation uncertainty”, pursuant to VPS3 and VPGA10 of the RICS Global Valuation Standards.

At 30 September 2021, the directors of the Company consider that no significant changes occurred in either the variables used by the independent expert in the valuation at year-end 2020, or in the contents or conditions of the current lease contracts used in the valuation.

According to the valuations made at 31 December 2020, 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 196,757,478 euros (191,763,275 euros at 31 December 2020), 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 Ininside Meliá Gran Vía in Madrid.

The gross asset value of the property investments at 30 September 2021 and 31 December 2020, broken down by business segment, is as follows:

	Gross market value of the Property investments (euros) (*)	
	30/09/2021	31/12/2020
Hotels	145,681,835	142,268,491
Offices	181,113,823	181,113,823
Commercial	195,810,240	195,810,240
Industrial	19,583,300	19,583,300
Plots	24,427,590	24,427,590
<b>Total</b>	<b>566,616,787</b>	<b>563,203,443</b>

(\*) The net market value as of 30 September 2021 amounts to 547,517,790 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 2021 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 2021 (30 September)

30/09/2021	Euros					Total
	Hotels	Offices	Commercial	Industrial	Others	
Income	3,456,935	6,738,835	5,388,638	840,864	-	16,425,273
Indirect costs	-298,362	-1,002,712	-162,437	-10,302	-	-1,473,813
<b>Net operating income</b>	<b>3,158,573</b>	<b>5,736,123</b>	<b>5,226,202</b>	<b>830,561</b>	-	<b>14,951,459</b>
Overheads	-92,342	-180,008	-143,942	-22,461	-	-438,753
<b>EBITDA</b>	<b>3,066,231</b>	<b>5,556,114</b>	<b>5,082,260</b>	<b>808,100</b>	-	<b>14,512,706</b>
<b>% of income</b>	<b>88,70%</b>	<b>82,45%</b>	<b>94,31%</b>	<b>96,10%</b>	-	<b>88,36%</b>
Depreciation	-1,701,486	-1,665,224	-773,962	-108,017	-1,157	-4,249,846
Subsidies	42,263	-	-	-	-	42,263
Extraordinary gains/(losses)	22,731	-	-	-	-	22,731
Gain/(loss) on disposal of real estate assets	-	-13,485	-	-	-	-13,485
Impairment/Reversal of provisions	-	-	8,551	-	-	8,551
Financial profit/(loss)	-	-515,024	-380,028	53,318	607,048	-234,686
<b>EBT</b>	<b>1,429,739</b>	<b>3,362,382</b>	<b>3,936,821</b>	<b>753,401</b>	<b>605,890</b>	<b>10,088,233</b>
Corporation tax	-	-	-	-	-	-
<b>Net profit/(loss)</b>	<b>1,429,739</b>	<b>3,362,382</b>	<b>3,936,821</b>	<b>753,401</b>	<b>605,890</b>	<b>10,088,233</b>
<b>% of income</b>	<b>41,36%</b>	<b>49,90%</b>	<b>73,06%</b>	<b>89,60%</b>	-	<b>61,42%</b>

### Financial year 2020 (30 September)

30/09/2020	Euros					Total
	Hotels	Offices	Commercial	Industrial	Others	
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
<b>Net operating income</b>	<b>1,902,044</b>	<b>4,582,997</b>	<b>3,891,812</b>	<b>906,971</b>	-	<b>11,283,824</b>
Overheads	-74,724	-171,861	-127,743	-28,885	-	-403,213
<b>EBITDA</b>	<b>1,827,320</b>	<b>4,411,136</b>	<b>3,764,069</b>	<b>878,087</b>	-	<b>10,880,612</b>
<b>% of income</b>	<b>77,32%</b>	<b>81,15%</b>	<b>93,16%</b>	<b>96,11%</b>	-	<b>85,32%</b>
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	-	-39,439	-	-	-	-39,439
Impairment/Reversal of provisions	-	-	1,611	-	-	1,611
Financial profit/(loss)	-	-463,212	-445,302	-	-993,953	-1,902,467
<b>EBIT</b>	<b>155,548</b>	<b>2,378,312</b>	<b>2,546,851</b>	<b>770,069</b>	<b>-995,921</b>	<b>4,854,859</b>
Corporation tax	-	-	-	-	-	-
<b>Net profit/(loss)</b>	<b>155,548</b>	<b>2,378,312</b>	<b>2,546,851</b>	<b>770,069</b>	<b>-995,921</b>	<b>4,854,859</b>
<b>% of income</b>	<b>6,58%</b>	<b>43,75%</b>	<b>63,03%</b>	<b>84,29%</b>	-	<b>38,07%</b>

The breakdown of the **income and net book value** for real estate assets heading at 30 September 2021 is as follows:

	Euros					
	30/09/2021			30/09/2020		31/12/2020
	Income	%	Net book value	Income	%	Net book value
Hotels	3,456,935	21%	105,014,262	2,363,440	19%	103,845,471
Offices	6,738,835	41%	141,098,986	5,435,790	43%	142,988,883
Commercial	5,388,638	33%	87,704,318	4,040,402	32%	88,457,678
Industrial	840,864	5%	12,774,664	913,599	6%	12,882,682
Plots	-	-	23,267,079	-	-	23,265,453
<b>Total income</b>	<b>16,425,273</b>	<b>100%</b>	<b>369,859,309</b>	<b>12,753,232</b>	<b>100%</b>	<b>371,440,168</b>

At 30 September 2021, 21% of revenue was generated by hotel assets, 41% by offices, 33% by commercial premises and the remaining 5% by industrial properties. At 30 September 2021, the hotels were fully leased; offices were 89% leased; commercial premises were 64% leased and the industrial area was 100% leased. At 30 September 2021, the occupancy rate of real estate assets was 92%. The Gross Leasable Area (GLA) was 157,086 m<sup>2</sup> (excluding the buildable area of undeveloped plots, which comes to 38,545 m<sup>2</sup>e).

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

Area	Euros			
	30/09/2021		30/09/2020	
	Income	Income (%)	Income	Income (%)
Madrid	13,371,039	81%	10,941,208	86%
Huelva	3,054,233	19%	1,812,024	14%
<b>Total</b>	<b>16,425,273</b>	<b>100%</b>	<b>12,753,232</b>	<b>100%</b>

From a geographic standpoint, all income at 30 September 2021 is generated in Madrid and Huelva (both of which are in Spain). Madrid remains in first place, contributing around 81% of total income, followed by Huelva with 19%.

It is also interesting to consider changes in **occupancy rates** by **asset types**. At 30 September 2021, the level of occupancy of the Company's assets for leasing was 91.76% (93.12% in September 2020) based on the square metres leased, the breakdown of which was as follows:

Asset type	% occupancy			Floor area in m <sup>2</sup> above ground level		
	30/09/2021	30/09/2020	31/12/2020	30/09/2021	30/09/2020	31/12/2020
Hotels	100,00%	100,00%	100,00%	80,135	80,135	80,135
Offices	88,87%	90,42%	90,72%	39,158	39,593	39,436
Commercial	64,22%	70,69%	66,58%	23,982	23,982	23,982
Industrial	100,00%	100,00%	100,00%	13,810	13,810	13,810
<b>Total</b>	<b>91,76%</b>	<b>93,12%</b>	<b>92,58%</b>	<b>157,086</b>	<b>157,521</b>	<b>157,364</b>

As at 30 September 2021, the occupancy rate of property has decreased slightly compared to that of 31 December 2020.

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 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.

	30/09/2021	30/09/2020
	Days	
Average payment period to suppliers	35.81	96.62
Ratio of transactions paid	35.39	94.97
Ratio of transactions pending payment	42.95	103.12
	Euros	
Total payments made	7,373,999	8,317,946
Total payments outstanding	425,733	2,098,881

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 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 2021 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 September 2021

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

	Euros	
	30/09/2021	30/09/2020
Net Profit	10,088,233	4,854,859
Weighted average number of shares	4,452,197	4,452,197
<b>Earnings per share</b>	<b>2.27</b>	<b>1.09</b>

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 2021, 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 Group's Financial Management and in the policies of the PER 32 Group in which it is integrated, 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 2021 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.

In 2020, the Company arranged a long-term loan for 12,000,000 euros with Banco Santander at a fixed rate. It matures on 22 December 2025. In 2021, the Company arranged another long-term loan for 30,000,000 euros with Banco Santander at a fixed rate. It matures on 11 March 2026.

**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.

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.

**f) Risks of the COVID-19 pandemic**

In January 2020, COVID-19 appeared in China. Having spread around the world, the World Health Organisation classified it as a pandemic at 11 March 2020. On 15 March 2020, the Spanish government decreed a state of alert until 21 June as a result of the pandemic. Spain has also ordered a number of mobility restrictions since. This event significantly affects economic activity worldwide and, as a result, the Company's

operations and financial results. The Company implemented a contingency plan to mitigate as far as possible the impact on results.

Therefore, the Company has had to sign different deferrals or interest-only arrangements in the contracts with the lessees of the assets, and it has managed to partially offset their impact through some additional contracts in other assets.

The extent to which COVID-19 will impact future results will depend on future developments that cannot be reliably predicted, including actions to contain or the disease, the vaccination process, and how its impact on the economies of affected countries may be allayed. Nonetheless, the Company's Directors do not envision any scenario in which this risk could significantly affect the value of the Company's real estate assets or compromise the continuity of the Company's business.

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 2021**

Given the Company's activity, its directors consider that 2021 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 September 2021, 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**

Subsequent to 30 September 2021 and up until the approval date of the Company's management report, no relevant subsequent events have occurred except for:

- On 8 October 2021, the Company signed the purchase deed before the Notary Public of Madrid Juan Pérez Hereza for a tertiary-use office building located at Calle Arapiles 14 in Madrid, with a gross leasable area (GLA) of 6,777.45 m<sup>2</sup>. Furthermore, the Company has reached an agreement with a top-tier operator to occupy the entirety of the building once work is completed, including but not limited to tasks such as demolition, structural renovation and general facility renovation. This work is expected to be completed in the last quarter of 2022.

Madrid, 21 October 2021

Marco Colomer Barrigón  
Chairman and Managing Director