

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

**Management Report
30 September 2022**

Table of Contents

Management Report	3
1. Explanation of the figures at 30 September 2022	4
2. Valuation of real estate assets	8
3. Segmented reporting	9
4. Property investments	11
5. Disclosure on payment deferrals for suppliers	11
6. Earnings per share at 30 September 2022	12
7. Acquisition of treasury shares	12
8. Research and development activities	12
9. Main risks faced by the Company	12
10. Outlook for 2022	14
11. Disclosure on conflicts of interest involving the directors	14
12. Subsequent events	15

Management Report
2022
(30 September 2022)

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.
Management Report at 30 September 2022
1. Explanation of the figures at 30 September 2022

A breakdown of the main figures at 30 September 2022 compared to 30 September 2021 (31 December 2021 for the balance sheet) is provided below:

Income statement	Euros		
	30 September 2022	30 September 2021	+ / -
Income	19,405,120	16,425,273	18%
Leases	19,333,487	16,311,093	
Provision of sundry services	71,633	114,180	
Operating expenses	-2,085,209	-1,473,813	41%
Net operating income (NOI)	17,319,912	14,951,459	16%
Overheads	-456,412	-438,753	4%
EBITDA	16,863,500	14,512,706	16%
Financial profit/(loss)	-6,702,607	-234,686	2756%
EBITDA	10,160,893	14,278,020	-29%
Depreciation	-4,435,311	-4,249,846	4%
Subsidies	42,263	42,263	
Impairment/Reversal of trade operations	3,665	8,551	
Other gains/(losses)	-22,226	22,731	
Gain/(loss) Disposal of real estate assets	268,599	-13,485	
EBIT	6,017,882	10,088,233	-40%
Corporation tax	-	-	
Net profit/(loss)	6,017,882	10,088,233	-40%

Sectoral indicators at 30 September 2022

	Euros					
	30 September 2022	Per share	30 September 2021	Per share	31 December 2021	Per share
Net recurring profit	11,660,283	2.62	9,453,839	2.12	12,950,956	2.91
Net value of assets	533,581,380	119.85	497,376,624	111.71	535,119,847	120.19
Costs	2,541,620		1,912,567		4,859,809	
Income	19,405,120		16,425,273		24,120,213	
Cost/income ratio	13,10%		11,64%		20,15%	
Unoccupied ratio	5,73%		4,67%		4,52%	
Net yield	4,27%		4,41%		4,52%	

Key figures at 30 September 2022, 30 September 2021 and 31 December 2021

	Data at		
	30 September 2022	30 September 2021	31 December 2021
Annualised income (€M)	27.67	23.91	25.77
FFO (€M)	16.78	14.50	19.25
FFO (€/share)	3.77	3.26	4.32
GAV (€M)	667.46	566.62	619.67
NAV (€M)	533.58	497.38	535.12
ROA	1,32%	2,51%	5,22%
ROE	1,98%	3,36%	6,89%
Gross leasable area (m ² risk free)	183,924	157,086	166,732
Occupancy rate % at closing	94,49%	91,76%	92,57%
Lease portfolio (€M)	219.72	145.23	229.46
WAULT	9.32	8.11	9.39
LTV	17,62%	15,07%	15,41%
Net debt (€M)	114.09	88.26	97.51
Profit (€/share)	1.35	2.27	4.90
Dividend (€/share)	-	-	3.40
Dividend gross yield	-	-	4,68%

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 2022, the Company's gross property investments amounted to 509,777,962 euros. The main movements recorded in this heading during 2022 were as follows:

Investments: Property investments made in 2022 totalled 47,885,057 euros. The main additions recorded under this heading relate mainly to the following investments:

- Additions of 8,521,754 euros were added to construction in progress, corresponding to hotel refurbishment costs of 783,181 euros, the buildings located in calle Arapiles (4,321,395 euros) and Pradillo (170,123) in Madrid, the Sexta Avenida shopping centre (48,000 euros) and the start of construction work on the Valdebebas hospital and hotel in Madrid (3,199,055 euros).
- On 27 July 2022, the Company signed a public deed for the acquisition of two office buildings located at Avda. de Cantabria 51 and Calle Santiago de Compostela 100 bis in Madrid, owned by El Corte Inglés, S.A. (the former) and Ason Inmobiliaria de Arrendos, S.L. (the latter). The total cost associated with these two transactions was 39,082,702 euros.
- Other real estate costs of 280,602 euros have been capitalised.

Divestments: Property write downs amounting to 3,369,142 euros were undertaken in the year. The main deregistrations for 2022 correspond to:

- Sale of several properties with their corresponding annexes in Coslada Comercial I (10 units), Sanchinarro VII (8 units) and Coslada III (2 units) for a gross cost of 3,369,142 euros, which have been sold to third parties. These sales transactions generated a joint net profit of 268,599 euros (joint net loss of 13,485 euros at 30 September 2021), which has been recorded under "Impairments and gains (losses) on fixed asset disposals" in the profit and loss account at 30 September 2022.

Transfers: During 2022, there were no transfers from property investment in progress to property investment.

Dividends:

- **Dividends paid by the Company to shareholders in 2022:**

The proposed distribution of results for the 2021 year, which the Company Directors submitted to shareholders, was as follows:

	Euros
Profit at 31 December 2021	21,824,771
Legal Reserve	2,182,477
Voluntary reserve	4,494,171
Dividends	15,148,123

The profit distribution proposal submitted by the Company's directors to the General Shareholders' Meeting was to distribute 3.40 euros per share as a dividend on the profit for the 2021 financial year. The 2021 gross dividend, amounting to 15,148,123 euros, approved by the General Shareholders Meeting on 27 April 2022, was fully paid out on 3 May 2022.

- **Dividends paid by the Company to shareholders in 2021:**

The proposed distribution of results for the 2020 year, which the Company Directors submitted to shareholders, was as follows:

	Euros
Profit at 31 December 2020	9,444,108
- Legal reserve	944,411
- Dividends	8,499,697

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.

The profit distribution proposal submitted by the Company's directors to the General Shareholders Meeting provided for the distribution of 1.91 euros per share as a dividend on the 2020 profit, of which 1.57 euros per share had already been paid as an interim dividend. The 2020 final dividend, amounting to 1,499,697 euros, approved by the General Shareholders Meeting on 29 April 2021, was fully paid out on 5 May 2021.

Net financial debt: The Company had net financial debt of 114,087,207 euros (97,508,331 euros at 31 December 2021). The breakdown of this debt is as follows:

	Euros	
	30 September 2022	31 December 2021
José Abascal, 41	9,690,000	10,374,000
Titán, 13	9,910,177	10,511,131
Conde de Peñalver, 16	6,434,844	6,825,054
Valle de la Fuenfría, 3	7,885,824	8,266,780
Juan Ignacio Luca de Tena, 17	10,682,808	11,090,040
Glorieta de Cuatro Caminos 6 and 7	3,450,000	3,800,000
Hotel Valdebebas	3,000,000	
Debt with mortgage guarantee	51,053,654	50,867,006
Debentures and bonds	-	2,000,000
Available credit facilities	18,872	3,305,677
Long-term loans	63,681,410	42,000,000
Interest accrued due	223,776	184,454
Derivatives	249,135	283,008
Unsecured debt	64,173,193	47,773,138
Cash and bank	-1,139,639	-1,131,813
Net financial debt	114,087,207	97,508,331

The heading "Bonds and debentures" includes the two issues of fixed-income securities carried out by the Company in 2016 under the "2015 Fixed-income securities issue programme" for a total amount of 10,000,000 euros, which were fully repaid on 23 June 2022 with the payment of the annual coupon and the repayment of the bond of 2,000,000 euros maturing on the same date.

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 2022, these expenses amounted to 8,835 euros (34,417 euros at 30 September 2021). There have been no placement costs or fees.

As of 30 September 2022, the Company had an outstanding mortgage loan debt amounting to 51,053,654 euros (31 December 2021: 50,867,006 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 2022 had not yet matured or been repaid.

In 2022, in addition to the renewals of policies that have been renewed due to their annual maturity, the Company has also entered into the following new financing agreements:

Bank	Product	Amount Euros	Maturity	
			Start	Date
Banco Santander	Personal loan	10,000,000	18 February 2022	18 February 2023
Abanca	Personal loan	3,000,000	01 April 2022	01 April 2027
Pichincha	Personal loan	5,000,000	21 April 2022	21 April 2025
Banca Pueyo	Personal loan	8,000,000	12 July 2022	12 July 2030
Banco Santander	Mortgage loan	33,000,000	28 September 2022	30 September 2035
Total		59,000,000		

The Company's LTV at 30 September 2022 was 17.62% (15.41% at year-end 2021).

Income: At 30 September 2022, the Company had obtained total income of 19,405,120 euros (16,425,273 euros at 30 September 2021). The breakdown of income by asset type is as follows:

	Euros		Variation in %	
	30 September 2022	30 September 2021	Growth	Like for Like Growth
Hotels	4,492,588	3,456,935	29,96%	29,96%
Offices	7,847,011	6,738,835	16,44%	7,84%
Commercial	7,065,521	5,388,638	31,12%	8,18%
Industrial	-	840,864	-	-
Total	19,405,120	16,425,273	18,14%	12,86%

Rental income has increased by 18% year-on-year (13% stripping out the effect of investments and divestments during the year).

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:

	Euros	
	Nominal value	
	30 September 2022	31 December 2021
Less than a year	27,670,071	25,769,308
Between two and five years	80,358,844	80,884,702
More than five years	111,691,863	122,805,156
Total	219,720,778	229,459,166

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 September 2022	31 December 2021
Hotels	8.55	9.01
Offices	7.14	6.81
Commercial	11.12	11.74
Institutional	10.00	10.00
Total Average	9.32	9.39

NOI: Net Operating Income was positive and amounted to 17,319,912 euros (14,951,459 euros at 30 September 2021), an increase of 16%. The breakdown of NOI by asset type is as follows:

	Euros	
	30 September 2022	30 September 2021
Hotels	4,376,602	3,158,573
Offices	6,763,719	5,736,123
Commercial	6,179,590	5,226,202
Industrial	-	830,561
NOI	17,319,912	14,951,459

At 30 September 2022, **EBITDA** was positive and amounted to 16,863,500 euros (14,512,706 euros in September 2021), a year-on-year increase of 16%.

Financial gain/(loss) The financial loss at 30 September 2022 is 6,702,607 euros (234,686 euros loss at September 2021). The breakdown of this result is as follows:

- The total financial income derived from the Group's financing system amounted to 64,628 euros (63,207 euros in September 2021), to which the financial income from third parties amounting to 8,579 euros (60,343 euros in September 2021) must be added.
- Financial expenses amounted to 1,267,888 euros (1,391,156 euros in September 2021).
- The Company recognised a negative effect on the income statement for a net amount of 5,885,277 euros (a positive amount of 687,014 euros at September 2021) as a result of the valuation of the investments in equity instruments available for sale at those dates. Specifically, a block of 6,950 shares in the listed company Unibail Rodamco and another block of 2,685,546 shares in Inmobiliaria Colonial SOCIMI, S.A. In 2022, 1,113,250 shares were acquired in addition to those already acquired in previous years (1,572,296 shares) at an average acquisition price of 5.39 euros per share. During the year, dividends were received from Inmobiliaria Colonial SOCIMI, S.A. amounting to 377,351 euros (345,905 euros in 2021).

At 30 September 2022, **EBITDA** was positive and amounted to 10,160,893 euros (14,278,020 euros at September 2021), a year-on-year decrease of 29%.

Depreciation: Depreciation expenses amounted to 4,435,311 euros (4,249,846 euros at 30 September 2021). The 4% increase is a result of new year-on-year investments.

Subsidies: Income from subsidies amounted to 42,263 euros (42,263 euros in September 2021).

Gain/(loss) on disposal of real estate assets: At 30 September 2022, several properties with their corresponding annexes have been sold in Coslada Comercial I (10 units), Sanchinarro VII (8 units) and Coslada III (2 units) for a gross cost of 3,369,142 euros, which have been sold to third parties. These sales transactions generated a joint net profit of 268,599 euros (net loss of 13,485 euros at 30 September 2021), which has been recorded under "Impairments and gains (losses) on fixed asset disposals" in the statement of profit and loss at 30 September 2022.

At 30 September 2022, **EBIT** is positive and amounts to 6,017,882 euros (10,088,233 euros in September 2021), i.e. a 40% decrease year-on-year.

Net profit/(loss): Net profit at 30 September 2022 was positive, amounting to 6,017,882 euros (10,088,233 euros in September 2021), giving net earnings per share of 1.35 euros (2.27 euros in September 2021).

2. Valuation of real estate assets

The Company commissioned a valuation of its assets from Jones Lang Lasalle, an independent expert. On 25 January 2022, that company 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).

During 2022, in the opinion of the Directors of the Company, there has been no material change in the variables used in the above-mentioned 2021 year-end valuation by the independent expert or in the content or terms of the current leases used in that valuation, other than the inflation and interest rate hikes that will have what is expected to be a negative impact on the asset valuations at year-end.

According to the valuations made at 31 December 2021 the fair value of real estate investments shows an unrealised, unregistered gain (by comparison between the updated gross fair market value and the net book value) of 230,062,055 euros (222,711,026 euros at 31 December 2021).

The gross market value of property investments at 30 September 2022 amounted to 667,463,371 euros (619,668,431 euros at year-end 2021). The breakdown by business segment is as follows:

	Gross market value of the property investments (euros) (*)	
	30 September 2022	31 December 2021
Hotels	147,812,085	147,040,000
Offices	275,187,437	231,411,637
Commercial	214,205,401	214,157,401
Plots	30,258,448	27,059,393
Total	667,463,371	619,668,431

(*) The net market value as of 30 September 2022 amounts to 627,415,569 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 2022 are:

- Hotels
- Offices
- Commercial
- Institutional

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 2022 (30 September)

30 September 2022	Euros					
	Hotels	Offices	Commercial	Industrial	Others	Total
Income	4,492,588	7,847,011	7,065,521	-	-	19,405,120
Indirect costs	-115,986	-1,083,291	-885,931	-	-	-2,085,209
Net operating income	4,376,602	6,763,719	6,179,590	-	-	17,319,912
Overheads	-105,666	-184,563	-166,182	-	-	-456,412
EBITDA	4,270,935	6,579,157	6,013,408	-	-	16,863,500
% of income	95,07%	83,84%	85,11%	-	-	86,90%
Depreciation	-1,746,840	-1,836,060	-851,879	-	-532	-4,435,311
Subsidies	42,263	-	-	-	-	42,263
Extraordinary gains/(losses)	-22,226	-	-	-	-	-22,226
Gain/(loss) on disposal of real estate assets	-	268,599	-	-	-	268,599
Impairment/Reversal of provisions	-	3,665	-	-	-	3,665
Financial profit/(loss)	-	-622,848	-86,421	-	-5,993,338	-6,702,607
EBIT	2,544,132	4,392,512	5,075,108	-	-5,993,870	6,017,882
Corporation tax	-	-	-	-	-	-
Net profit/(loss)	2,544,132	4,392,512	5,075,108	-	-5,993,870	6,017,882
% of income	56,63%	55,98%	71,83%	-	-	31,01%

Financial year 2021 (30 September)

30 September 2021	Euros					
	Hotels	Offices	Commercial	Industrial	Others	Total
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
Net operating income	3,158,573	5,736,123	5,226,202	830,561	-	14,951,459
Overheads	-92,342	-180,008	-143,942	-22,461	-	-438,753
EBITDA	3,066,231	5,556,114	5,082,260	808,100	-	14,512,706
% of income	88,70%	82,45%	94,31%	96,10%	-	88,36%
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
EBIT	1,429,739	3,362,382	3,936,821	753,401	605,890	10,088,233
Corporation tax	-	-	-	-	-	-
Net profit/(loss)	1,429,739	3,362,382	3,936,821	753,401	605,890	10,088,233
% of income	41,36%	49,90%	73,06%	89,60%	-	61,42%

The breakdown of the **income and net book value** for real estate assets heading at 30 September 2022 is as follows:

	Euros					
	30 September 2022			30 September 2021		31 December 2021
	Income	%	Net book value	Income	%	Net book value
Hotels	4,492,588	23%	103,591,637	3,456,935	21%	104,555,280
Offices	7,847,011	40%	209,957,937	6,738,835	41%	171,032,480
Commercial	7,065,521	36%	97,210,641	5,388,638	33%	98,012,024
Industrial	-	-	-	840,864	5%	-
Plots	-	-	26,641,100	-	-	23,357,622
Total income	19,405,120	100%	437,401,316	16,425,273	100%	396,957,406

At 30 September 2022, 23% of revenue was generated by hotel assets, 40% by offices and 36% by commercial premises. At 30 September 2022, the hotels were fully leased; offices were 95% leased; commercial premises were 83% leased and the Institutional area was 100% leased. At 30 September 2022, the occupancy rate of real estate assets was 95%. The Gross Leasable Area (GLA) was 183,924 m².

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

Area	Euros			
	30 September 2022		30 September 2021	
	Income	Income (%)	Income	Income (%)
Madrid	15,913,603	82,01%	13,371,039	81%
Huelva	3,491,517	17,99%	3,054,233	19%
Total	19,405,120	100,00%	16,425,273	100%

It is also interesting to consider changes in **occupancy rates** by **asset types**. At 30 September 2022, the occupancy rate of the Company's assets for leasing was 94% (92% in September 2021) based on the square metres leased, the breakdown of which was as follows:

Asset type	% occupancy			Floor area in m ² above ground level		
	30 September 2022	30 September 2021	31 December 2021	30 September 2022	30 September 2021	31 December 2021
	Hotels	100,00%	100,00%	100,00%	80,135	80,135
Offices	94,61%	88,87%	89,52%	63,053	39,158	45,861
Commercial	83,46%	64,22%	80,40%	40,736	23,982	40,736
Industrial	-	100,00%	-	-	13,810	-
Total	94,49%	91,76%	92,33%	183,924	157,086	166,732

During 2022, the occupancy rate of real estate has increased slightly with respect to that existing on 31 December 2021, due to the new investments made.

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 Institutional sector, 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 September 2022	30 September 2021
	Days	
Average payment period to suppliers	30.71	35.81
Ratio of transactions paid	32.49	35.39
Ratio of transactions pending payment	20.48	42.95
	Euros	
Total payments made	13,524,197	7,373,999
Total payments outstanding	2,348,296	425,733

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 2022 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 2022

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

	Euros	
	30 September 2022	30 September 2021
Net Profit	6,017,882	10,088,233
Weighted average number of shares	4,452,197	4,452,197
Earnings per share	1.35	2.27

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 2022, 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 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 2022 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.

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 2022

Given the Company's activity, its directors consider that 2022 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, commercial and institutional 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.

In 2022, work began on the construction of a new hotel and conference centre on plot TER.02-178-A and a hospital on plot TER.02-178-A1, for tertiary and institutional use, both located at calle José Antonio Fernández Ordóñez, 55 in the Specific Planning Area APE 16.11. RP "Ciudad Aeroportuaria y Parque de Valdebebas". Its characteristic use is tertiary, applying Ordinance TER_2, and the above ground level development potential of 38,545 m²e.

In April 2022, the Company initiated a plan to raise debt capital to secure funding for the new projects initiated in this financial year that require specific financing. These include (i) the construction of the new properties described in the previous paragraph, (ii) the complete renovation of the building for public use at Calle Arapiles 14 in Madrid, (iii) the acquisition of an office building at Avda. de Cantabria 51 in Madrid and (iv) the acquisition of an office building at Calle de Santiago de Compostela 100 bis in Madrid.

To date, the company has concluded financing of 59,000,000 euros, of which 26,000,000 euros were drawn down when the operations were signed and 33,000,000 euros were signed with an initial drawdown of 3,000,000 euros in connection with the construction of the new hotel and conference centre. The drawdown of the remaining loan (30,000,000 euros) is conditional on the execution of the works financed with it.

This investment financing plan also includes the financing of the construction of the above-mentioned hospital in Valdebebas and the complete renovation and commissioning of the building for public use at Calle Arapiles 14 in Madrid. These financing transactions have already been approved by the financial institutions and are currently being drawn up. It is expected that they will be signed before the end of the year for a total amount of 70,000,000 euros. This would complete the process.

The reason for the decline in the stock market value of the financial investments in the shares of Unibail and Colonial has been the devaluation of the market value of the properties of both companies, especially those of the latter. It is possible that the price of these securities will continue to suffer for some time from high inflation and the uncertainties arising from the war in Ukraine, even if the companies are able to sell properties that achieve a much higher value than that resulting from the application of the average discount assigned to them by the stock exchange. Given the quality of the assets in the portfolios of both companies, the directors of the Company are confident that both companies, particularly Colonial, will return to reasonable valuations in the medium term and will be able to recover the impairment now suffered and recognised.

This could result in a reduction in the valuations of the Company's real estate assets as assessed by the valuers at the end of 2022 due to the current economic uncertainty and the increase in interest rates and cash flow discounts. However, the Board of Directors is of the opinion that the Company's real estate assets will more than support the average acquisition value shown in the balance sheet.

11. Disclosure on conflicts of interest involving the directors

At 30 September 2022, 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 2022 and up until the approval date of the Company's interim financial statements, no relevant subsequent events have occurred.

Madrid, 20 October 2022

Marco Colomer Barrigón
Chairman and Managing Director