SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

Financial Statements
for the year ended on
31 December 2022
and Management Report

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Annual Report
2022

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

BALANCE SHEET AT 31 December 2022

(euros)

ASSETS	Notes to the Financial Statements	Financial year 2022	Financial year 2021
NON-CURRENT ASSETS		**441,679,127**	**399,535,635**
Intangible fixed assets		**35**	**205**
Computer software		35	205
Property, plant and equipment	6	**149,473**	**1,152**
Plant and other tangible fixed assets		149,473	1,152
Property investment	7	**438,508,778**	**396,957,408**
Net property investments		438,508,778	396,957,408
Long-term financial investments	9	**3,020,841**	**2,576,870**
Derivatives	9 and 15	314,055	-
Other financial assets		2,706,786	2,576,870
CURRENT ASSETS		**23,305,342**	**18,343,748**
Inventories		**-**	**9,718**
Advance payments to suppliers		-	9,718
Trade and other accounts receivable	10	**4,205,675**	**3,635,610**
Accounts receivable for sales and services		4,174,532	3,607,767
Trade and other accounts receivable		-	20,017
Staff		944	480
Current tax assets	18.1	20,362	7,346
Other credits with Public Administrations	18.2	9,837	-
Short-term investments in Group and associate companies	9 and 20.2	**-**	**-**
Short-term financial investments	9	**17,274,445**	**13,566,607**
Short-term equity instruments		16,478,110	13,399,701
Other financial assets		796,335	166,906
Cash and cash equivalents	11	**1,825,221**	**1,131,813**
Cash and bank		1,825,221	1,131,813
TOTAL ASSETS		**464,984,469**	**417,879,383**

EQUITY AND LIABILITIES	Notes to the Financial Statements	Financial year 2022	Financial year 2021
EQUITY	13	**312,056,267**	**312,408,821**
OWN FUNDS			
Capital		**267,577,040**	**267,577,040**
Authorised capital		267,577,040	267,577,040
Reserves		**28,981,526**	**22,304,878**
Legal and statutory		10,028,140	7,845,663
Other reserves		18,953,386	14,459,215
Profit (Loss) for the year	4	**14,254,857**	**21,824,771**
Adjustments for changes in value		**314,055**	**-283,008**
Hedging operations	13	314,055	-283,008
Subsidies, donations and bequests		**928,789**	**985,140**
Subsidies, donations and bequests		928,789	985,140
NON-CURRENT LIABILITIES		**108,699,071**	**84,940,968**
Non-current payables	14	**108,699,071**	**84,940,968**
Bank borrowings		104,798,848	80,987,013
Derivatives	9 and 15	-	283,008
Other financial liabilities		3,900,223	3,670,947
CURRENT LIABILITIES		**44,229,131**	**20,529,594**
Current payables	14	**35,514,865**	**17,969,976**
Bonds and debentures		-	2,026,165
Bank borrowings		35,026,383	15,343,959
Other financial liabilities		488,482	599,852
Current payables with Group and associate companies	9 and 20.2	**3,461,920**	**38,400**
Trade creditors and other accounts payable		**5,252,346**	**2,521,218**
Suppliers		2,776,442	755,682
Sundry creditors		2,072,210	979,640
Other payables with Public Administrations	18.1	396,594	782,896
Advance payments from customers		7,100	3,000
TOTAL EQUITY AND LIABILITIES		**464. 984,469**	**417,879,383**

Notes 1 to 27 to the attached financial statements attached hereto form an integral part of the balance sheet at 31 December 2022

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.			
PROFIT AND LOSS ACCOUNT FOR 2022			
(euros)			
	Notes to the Financial Statements	**Financial year 2022**	**Financial year 2021**
CONTINUED OPERATIONS			
Revenues	19.1	**30,644,323**	**24,081,817**
Rental of properties		30,644,323	24,081,817
Other operating income	19.1	**63,007**	**38,396**
Non-core and other current management income		63,007	38,396
Staff costs	19.2	**-486,103**	**-463,550**
Wages, salaries and similar outgoings		-358,311	-340,467
National insurance contributions		-127,792	-123,083
Other operating expenses		**-5,299,973**	**-4,389,802**
Charges for external services	19.3	-3,010,801	-2,381,557
Taxes and similar levies	19.3	-2,289,343	-2,014,701
Losses, impairment and changes in provisions for trade transactions	10	171	6,456
Fixed asset depreciation	6 and 7	**-5,986,123**	**-5,690,608**
Charging of non-financial fixed asset subsidies and others	13 and 19.1	**56,351**	**56,351**
Impairment and gain (loss) on fixed asset-write offs and disposals	7	**-128,172**	**9,137,021**
Impairment and losses		-478,996	-385,598
Gains (losses) on disposals and others		350,824	9,522,619
Other gains (losses)		**-20,765**	**24,853**
Exceptional income and expenses		-20,765	24,853
OPERATING PROFIT (LOSS)		**18,842,545**	**22,794,478**
Financial income		**402,994**	**461,985**
From transferable securities and other financial instruments		402,994	461,985
- In Group and associate companies	20.1	-	38,663
- In equity instruments	9	377,351	345,905
- In third parties		25,643	77,417
Financial expenses	14	**-2,073,585**	**-1,772,748**
From Group and associate companies	20.1	-159,405	
From payables with third parties		-1,914,180	-1,772,748
Variation in the fair value of financial instruments	9	**-2,917,097**	**341,056**
Gains (losses) on the trading portfolio		-2,917,097	341,056
FINANCIAL PROFIT (LOSS)		**-4,587,688**	**-969,707**
PROFIT (LOSS) BEFORE TAX		**14,254,857**	**21,824,771**
Income tax	18	-	-
PROFIT (LOSS) FOR THE YEAR	4	**14,254,857**	**21,824,771**
Notes 1 to 27 to the financial statements attached hereto form an integral part of the profit and loss account for 2022.			

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.			
STATEMENT OF CHANGES IN EQUITY FOR 2022			
A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE			
(euros)			
	Notes to the Financial Statements	**Financial year 2022**	**Financial year 2021**
RESULT OF THE PROFIT AND LOSS ACCOUNT (I)	4	**14,254,857**	**21,824,771**
Income and expenses recognised directly in equity			
- For cash flow hedges	13	597,063	182,003
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)		**597,063**	**182,003**
Transfers to profit and loss account			
- Subsidies, donations and bequests	13	-56,351	-56,351
- For cash flow hedges	13	-	-24,200
TOTAL TRANSFERS TO PROFIT AND LOSS ACCOUNT (III)		**-56,351**	**-80,551**
TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)		**14,795,569**	**21,926,223**

Notes 1 to 27 to the financial statements attached hereto form an integral part of the statement of recognised income and expense corresponding to 2022

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A. STATEMENT OF CHANGES IN EQUITY FOR 2022 B) STATEMENTS OF CHANGES IN TOTAL EQUITY (euros)								
	Capital (Note 12)	Legal reserve (Note 12)	Other reserves (Note 12)	Profit/(loss) financial year (Note 12)	Interim dividend (Notes 4 and 12)	Subsidies, donations and bequests (Note 12)	Adjustments for changes of value (Note 14)	Total
CLOSING BALANCE FOR 2020	**267,577,040**	**6,901,253**	**14,459,215**	**9,444,108**	**-7,000,000**	**1,041,491**	**-440,811**	**291,982,296**
Total recognised income and expenses	**-**	**-**	**-**	**21,824,772**	**-**	**-56,351**	**157,803**	**21,926,223**
Other variations in equity	**-**	**944,410**	**-**	**-9,444,108**	**7,000,000**	**-**	**-**	**-1,499,698**
- Distribution of profit in 2020	-	944,410	-	-944,410	-	-	-	-
- Distribution of dividends	-	-	-	-8,499,698	7,000,000	-	-	-1,499,698
CLOSING BALANCE FOR 2021	**267,577,040**	**7,845,663**	**14,459,215**	**21,824,771**	**-**	**985,140**	**-283,008**	**312,408,821**
Total recognised income and expenses	**-**	**-**	**-**	**14,254,857**	**-**	**-56,351**	**597,063**	**14,795,569**
Other variations in equity	**-**	**2,182,477**	**4,494,171**	**-21,824,771**	**-**	**-**	**-**	**-15,148,123**
- Distribution of profit in 2021	-	2,182,477	4,494,171	-6,676,648	-	-	-	-
- Distribution of dividends	-	-	-	-15,148,123	-	-	-	-15,148,123
CLOSING BALANCE FOR 2022	**267,577,040**	**10,028,140**	**18,953,386**	**14,254,857**	**-**	**928,789**	**314,055**	**312,056,267**

Notes 1 to 27 to the attached financial statements attached hereto form an integral part of the statement of changes in equity for 2022

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.			
CASH FLOW STATEMENT FOR 2022			
(euros)			
	Notes Financial Statements	**Financial year 2022**	**Financial year 2021**
A) CASH FLOWS FROM OPERATING ACTIVITIES		**24,956,628**	**18,902,831**
1. Profit (loss) before tax for the year		**14,254,857**	**21,824,771**
2. Adjustment to income:		**10,645,802**	**-2,539,513**
a) Amortisation of fixed assets (+)	6 and 7	5,986,123	5,690,608
b) Valuation corrections due to impairment (+/-)	7	478,995	385,598
c) Variation in provisions (+/-)	10	171	-6,456
d) Allocation of subsidies (-)	13	-56,351	-56,351
e) Income from elimination and sales of fixed assets (+/-)	7	-350,824	-9,522,619
g) Financial income (-)	9	-402,994	-461,985
h) Financial expenses (+)	14	2,073,585	1,772,748
j) Variation in fair value of financial instruments (+/-)	9	2,917,097	-341,056
3. Changes in current capital:		**1,531,127**	**946,108**
a) Inventories (+/-)		-445,130	-9,718
b) Trade and other receivables (+/-)	10	-557,220	-1,565,744
c) Other current assets (+/-)	10	-315,555	4,385,201
d) Creditors and other accounts payable (+/-)		3,113,328	626
e) Other current liabilities (+/-)		-493,572	-926,046
f) Other non-current assets and liabilities (+/-)		229,276	-938,211
4. Other cash flows from operating activities:		**-1,475,158**	**-1,328,535**
a) Payments of interests (-)	14	-1,865,136	-1,918,717
b) Dividends receivable (+)	9	377,351	345,905
c) Collection of interests (+)	9	25,643	116,080
d) Receipt (payment) of income tax (+/-)	18.1	-13,016	128,197
B) CASH FLOWS FROM INVESTMENT ACTIVITIES		**-54,113,819**	**-19,816,983**
6. Investment payments (-):		**-58,519,820**	**-45,185,349**
c) Property, plant and equipment	6	-151,353	-958
d) Property investments	7	-52,068,463	-44,987,300
e) Other financial assets	9	-304,498	-197,091
f) Non-current assets kept for sale	9	-5,995,506	-
7. Proceeds from divestments (+):		**4,406,001**	**25,368,366**
a) Group and associated companies	9 and 20.2	-	2,450,366
d) Property investments	7	4,406,001	22,918,000
C) CASH FLOWS FROM FINANCING ACTIVITIES		**29,850,599**	**-316,309**
10. Receivables and payables from financial liability instruments		**44,998,722**	**1,183,389**
a) Issue:		**46,998,722**	**32,891,230**
2. Bank borrowings (+)	14	43,575,202	32,852,830
3. Payables with group companies and associated companies (+)	9 and 20.2	3,423,520	38,400
b) Return and amortisation of:		**-2,000,000**	**-31,707,841**
1. Bonds and other marketable securities (-)	14	-2,000,000	-8,000,000
2. Bank borrowings (-)	14	-	-23,707,841
11. Dividend payments		**-15,148,123**	**-1,499,698**
a) Dividends (-)	4	-15,148,123	-1,499,698
D) EFFECT OF CHANGES IN INTEREST RATES		**-**	**-**
E) NET INCREASE/DECREASE IN CASH AND EQUIVALENTS		**693,408**	**-1,230,461**
Cash or equivalent at start of year.	**11**	**1,131,813**	**2,362,274**
Cash or equivalent at end of year.	**11**	**1,825,221**	**1,131,813**
Note 1 to 27 to the accompanying half-year financial statements form an integrated part of the statement of cash flows for the six-month period ending 31 December 2022			

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.
Notes to the Financial Statements
for the Year Ending
31/12/2022

1. Company's activity

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A. (hereinafter the "Company"), was incorporated in Luxembourg on 1 December 2011. Its registered office was located at Boulevard Prince Henri 9b, L-1724 Luxembourg, Grand Duchy of Luxembourg and the company was duly registered in the Luxembourg Companies Registry (Register de Commerce et des Sociétés) with the number B165103. On 10 June 2014, the Extraordinary General Meeting approved, among others, the relocation of the registered, tax and administrative office (headquarters) to Glorieta de Cuatro Caminos 6 and 7 in Madrid, without winding up or liquidating the company, and to continue performing the activities included under its corporate purpose in Spain as a Spanish public limited company (*sociedad anónima*) and more specifically under the legal and tax framework for listed real estate investment trusts (REITs), while maintaining the listing of all its shares on the Luxembourg Stock Exchange.

After having finalised the process of transferring the headquarters to Madrid, Spain, the Company was duly registered in the Madrid Companies Registry on 15 October 2014.

Its corporate purpose includes but is not limited to the following activities:

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

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

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

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

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

Given the nature of the activities that the Company currently performs, it has no environmental liabilities, costs, assets, provisions or contingencies which might be significant in relation to its assets, financial situation or results. As a result, no specific breakdowns of information on environmental matters have been included in these notes to the financial statements.

Mergers

- **Merger in 2016**

In 2016, a reorganisation process was carried out to optimise and simplify the corporate structure of the group headed by Saint Croix Holding Immobilier, SOCIMI, S.A. through a merger process whereby the Company absorbed the subsidiaries, Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U. and Inveretiro, SOCIMI, S.A.U, agreed at the Extraordinary and Universal General Shareholders' Meetings of the Acquired Companies held on 19 May 2016 and at the Extraordinary General Shareholders' Meeting of the Acquiring Company held on 19 May 2016. Said merger was undertaken for accounting purposes on 1 January 2016 by means of the winding up without liquidation of the Absorbed Companies and the provision of all equity to the Absorbing Company. The merger agreement was made public through the Merger by Absorption deed granted on 1 July 2016 and entered in the Madrid Companies Registry on 27 July 2016. From that moment on, the Absorbing Company no longer formed a Consolidated Group.

As a result of the aforementioned operation, merger reserves of 14,154,738 euros arose on account of the difference between the individual book values and the book values incorporated as part of the merger.

The merger was undertaken under the special system of mergers, divisions, transfers of assets and exchanges of securities provided for under Chapter VIII of Law 27/2014, of 27 November on the Corporation Tax Law.

- **Merger in 2018**

On 1 March 2018, the Company acquired 100% of the shares of Bensell Mirasierra S.L.U. for 17,623,669 euros. The only real estate asset of this company was an office building located at calle Valle de la Fuenfría 3 in Madrid, with a gross leasable area of 5,987 m2 . The transaction described above generated goodwill attributable to its assets amounting to 5,506,170 euros, which was recognised as an increase in the cost of the property (separately between land and construction) and which will be depreciated (the portion attributable to construction) over the estimated useful life of the property.

An Extraordinary General Shareholders' Meeting of the Company held on 28 June 2018 approved, among others, the following resolutions:

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

- On 21 September 2018, the Company signed the deed to merge with its subsidiary. The merger agreement was registered in the Mercantile Registry of Madrid on 16 November 2018.

The merger was undertaken under the special system of mergers, divisions, transfers of assets and exchanges of securities provided for under Chapter VIII of Law 27/2014, of 27 November on the Corporation Tax Law.

Alternative Fixed Income Market

- **2015 Fixed Income Securities Issuance Programme**

On 30 September 2015, the Company filed the base informative document regarding the incorporation of mid- and long-term securities regarding a "2015 Fixed Income Securities Issuance Programme" on the Alternative Fixed Income Market ("MARF"). The Base Document was published on the website of the Alternative Fixed Income Market, as well as on the Company's website. For the purposes of registering said bond programme, the Company was awarded a credit rating of BBB, stable (investment grade) by Axesor. The programme had a duration of 1 year. The funds obtained from the issue were to be used for investment in real estate assets and renovation of the assets in the portfolio.

The main features of the aforementioned programme can be summarised as follows:

- Maximum issue amount: 80,000,000 euros
- Repayment period: Between 2 and 7 years
- Coupon: Annual

- Nominal unit value ≥ 100,000 euros
- Aimed at: accredited investors

In 2016, two sets of Fixed Income securities were issued by the Company as part of the aforementioned programme for the combined total of 10,000,000 euros, the main characteristics of which were as follows:

	2021 Uncovered Bonds	2022 Uncovered Bonds
Nominal amount	8,000,000	2,000,000
Issue date	23/06/2016	23/06/2016
Maturity date	23/06/2021	23/06/2022
Annual coupon	2.50%	2.50%
Coupon payment	Annual	Annual
APR of the issuer	2.72%	2.77%

Average APR of both issues for the issuer was 2.73% per annum. The two sets of securities issued have been traded on the Alternative Fixed Income Market “MARF” since 24 June 2016 (see Note 14).

As can be seen from the table above, at 31 December 2022 there is no outstanding debt balance after the redemption and payment of the corresponding coupon on 23 June 2022.

2. Applicable law

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

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

   The asset value shall be determined according to the yearly average of the separate quarterly balances and, in order to calculate such value, the Company may opt to replace the book value of the elements comprising said balances with their market value, which would then be applied to the entire year's balances. In this case, the money or credit rights from the transfer of this real estate or equity interests made in the same year or in previous years shall not be included in the calculation, as applicable, provided that, in the case of the latter, the reinvestment period established in Article 6 of this Act has not elapsed.

2. Likewise, at least 80% of the tax period income corresponding to each financial year, excluding income from the transfer of holdings and of real estate both destined to fulfilling their main corporate purpose, must come from the leasing of real estate and from dividends or interests in the profits from such interests once the maintenance period referred to in the following paragraph has elapsed.

   Said percentage shall be calculated on the basis of the consolidated profit (loss) should the company be the parent company of a group as per the criteria set forth in Article 42 of the Code of Commerce, irrespective of its domicile and of the obligation to draw up consolidated annual accounts. Such group shall solely be comprised of REITs and the rest of the entities referred to in paragraph 1, Article 2 of this Act.

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

   The term shall be calculated:

   a) From the start date of the first tax period in which the special tax regime set forth in this Law applies, in the case of real estate included in the company's assets prior to joining the scheme, as long as that on said date the asset was leased or offered for lease. Otherwise, the provisions set forth in the following point shall apply.

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

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

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

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

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

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

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

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

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

At year-end, the Company's directors consider that it meets all the requirements established by the aforementioned law.

Law 11/2021, of 9 July and Order HFP/1430/2021, of 20 December

Law 11/2021, of 9 July, on measures for preventing and combating tax fraud, transposing Directive (EU) 2016/1164, of the Council, of 12 July 2016, establishing rules against tax evasion with a direct impact on the domestic market, amending several tax and gaming regulation standards, amending Law 11/2009, of 26 October, establishing a special levy on undistributed profits from income not taxed at the general corporation tax rate and that are not within the legal reinvestment period, adapting the information supply obligations to the new taxation system.

In this regard, and effective for the tax periods starting 1 January 2021, it amends Article 9 of Law 11/2009, of 26 October, on the special tax regime for companies in relation to corporation tax. The new Article 9(4) establishes that Real Estate Investment Trusts shall be subject to a special levy on profits obtained during the year that are not distributed, applicable to the part generated on income not taxed at the general corporation tax rate and that is not classed as income within the legal reinvestment period, as regulated under Article 6(1)(b) of the aforementioned law. This levy shall be considered tax payable in relation to Corporation tax.

Subsequently, under Order HFP/1430/2021, of 20 December, approving form 237 "Special levy on undistributed profits by real estate investment trusts. Corporation tax. Self-assessment", the method and procedure for filing corporation Tax in the form of self-assessments are defined.

It also regulates the following aspects:

- Those required to file the Form: Companies choosing to apply the REIT tax regime provided for in Law 11/2009 of 26 October.

- Profits to be declared: Undistributed profits in the year generated on income not taxed at the general corporation tax rate, excluding income within the reinvestment period under Article 6.1.b) of Law 11/2009. This levy shall be considered tax payable in relation to Corporation tax.

- Levy rate: The levy rate shall be introduced for the settlement of the tax (15% from 1 January 2021).

- Entry into force and year applicable: The order enters into force on 3 January 2022 and applies for tax periods starting on 1 January 2021 onwards.

- Self-assessment submission period: Accrued on the day of the appropriation of earnings agreement, subject to self-assessment in the 2 months following the accrual date.

3. Basis for presenting the financial statements

a) Regulatory financial reporting framework applicable to the Company

These financial statements have been produced by the Directors pursuant to the regulatory financial reporting framework applicable to the Company, established in:

- the Code of Commerce and other trade law.

- General Accounting Plan approved by Royal Decree 1514/2007, which was amended in 2016 by Royal Decree 602/2016, subsequently amended by Royal Decree 1159/2010 and subsequently amended by Royal Decree 1/2021, of 12 January, and the sectoral adaptation to real-estate companies.

- The mandatory regulations approved by the Institute of Accounting and Account Audits in developing the General Accounting Plan and its complementary regulations.

- Law 11/2009 of 26 October governing Listed Real Estate Investment Trusts (REITs), as amended by Law 16/2012 of 27 December.

- Other applicable Spanish accounts regulations.

b) True and fair view

The attached financial statements have been obtained from the Company's books and are presented pursuant to the applicable regulatory financial reporting framework and, in particular, the accounting principles and criteria contained therein, in such a way that they are a true reflection of the equity, financial situation and results of the Company and the cash flows during the corresponding year.

These financial statements, which have been authorised for issue by the Directors of the Company, shall be subject to approval by the General Shareholders' Meeting, and it is considered that they will be approved without changes. In turn, the Company's financial statements for 2021 were approved without modification by the General Shareholders' Meeting held on 27 April 2022.

c) Non-mandatory accounting principles employed

No non-mandatory accounting principles have been employed. Furthermore, the Directors have created these financial statements considering all mandatory accounting standards and principles that have a significant impact on said statements. No mandatory accounting principles have been disregarded.

d) Grouping of items

Certain entries on the balance sheet, the profit and loss account, the statement of changes in equity and the cash flow statement have been grouped together to facilitate their understanding. However, to the extent by which it is significant, detailed information with breakdowns has been provided in the corresponding notes of the annual report.

e) Critical aspects of the valuation and the estimate of uncertainty

The estimates made by the Directors of the Company to value some of the assets, liabilities, revenues, expenses and undertakings booked in the financial statements attached hereto have sometimes been used in the process of producing the financial statements. These estimates essentially refer to:

- The valuation of any possible impairment losses of specific assets (see Note 5.1 and 5.3.).
- The useful life of real estate assets (see Note 5.3).
- The calculation of provisions (see Note 5.9).

Despite the fact that these estimates were made on the basis of the best available information at the end of financial year ending on 31 December 2022, it is possible that future events may make it necessary to adjust them either upward or downward in upcoming financial years, which will be done, as appropriate, prospectively.

At 31 December 2022, the Company had a negative working capital balance of 20,923,789 euros (negative balance of 2,185,847 euros at 31 December 2021). This deterioration in working capital is mainly due to the reclassification of debt from long-term to short-term. The Company recurrently generates positive EBITDA, meaning that the Company's Board of Directors believes that this does not represent uncertainty as regards the continuity of the Company, as it is estimated that future profits to be earned next year, generated by contracts involving real estate assets, will cover part of the Company's short-term obligations. The Company is also negotiating with financial institutions on various long-term financing formulas for its real estate assets to ensure that these commitments can be met and transactions have already been signed, as mentioned in Note 27. The Company currently has sufficient financing facilities to meet the payment requirements for its committed investments in the various property refurbishment and construction projects. Finally, the Company's real estate assets show significant unrealised gains based on their fair values at year-end (Note 7).

f) Comparison of the information

The information contained in this report which refers to 2022 is presented along with the 2021 information for the purposes of comparison.

g) Correction of errors

In the production of the attached financial statements, no error has been identified that requires the re-statement of amounts included in the financial statements for 2022.

4. Profit distribution

The proposal for the distribution of the Company's profits for 2022 to be submitted by the Directors of the Company to the shareholders is as follows:

	Euros
Basis of distribution:	
Profit and Loss	14,254,857
Distribution:	
Legal reserve	1,425,486
Voluntary reserve	175,412
Dividends	12,653,959

5. Accounting principles and accounting and measurement rules

The main valuation principles used by the Company in drawing up its financial statements for the year ended on 31 December 2022 are as follows (in accordance with those established by the Spanish General Chart of Accounts):

5.1 Property, plant and equipment

Property, plant and equipment are initially valued at their acquisition price or production cost, which is subsequently reduced by their corresponding accumulated depreciation and impairment losses, if any.

For assets that take more than one year to become operational, capitalised costs include borrowing costs incurred before the asset is put into use and drawn down from the supplier or relating to loans or other specific or general external financing directly attributable to the acquisition or production of the asset.

Maintenance and repair costs for property, plant and equipment are recognised in the profit and loss account for the year in which they are incurred. Conversely, amounts invested in improvements that help to increase capacity or efficiency or extend the useful life of these assets are recognised as an increase in their cost.

The Company depreciates property, plant and equipment following the straight-line method by applying annual depreciation percentages calculated on the basis of the respective assets' years of estimated useful life, as follows:

	Years of Estimated Useful Life
Buildings	50
Technical facilities and machinery	8-10
Photovoltaic installations	25
Other fixtures, fittings and furnishings	10
Other fixed assets	4-5

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

5.2 Property investment

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

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

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

These assets are valued in accordance with the criteria indicated in Note 5.1 on property, plant and equipment.

5.3 Impairment in the value of property, plant and equipment and property investments

Whenever evidence for impairment may exist, the Company proceeds to estimate through the so-called "Impairment Test" the possible existence of impairments which reduce the recoverable value of such assets to below their book value. The recoverable amount is determined as the higher between fair value minus sales costs and usage value. As part of the calculation of the fair value, the Company has used level 2 estimates, as these are based on measurement methodologies in which all the significant variables are based on directly or indirectly observable market data.

The Company commissioned Jones Lang Lasalle, an independent expert, to conduct a valuation of its assets, which was issued on 6 February 2023, in order to determine the fair values of all its property investments at year-end. Such valuations were conducted on the basis of the market lease value (which consists of capitalising net rents from each property and updating future flows). Acceptable discount rates were used to calculate fair value for a potential investor, which are in keeping with those used by the market for properties having 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).

The key assumptions used to determine the fair value of these assets and their sensitivity analysis are explained in Note 7.

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

5.4 Leases

Leases are classified as financial leases whenever it can be deduced from the lease agreements that the risks and benefits inherent to owning the asset which is the purpose of the agreement are substantially transferred to the lessee. All other leases are classified as operating leases. The Company had no financial leases at year-end 2022 or 2021.

Operating leases

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

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

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

5.5 Financial instruments

5.5.1 Financial assets

Classification

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

a) **Financial assets at amortised cost:**

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

   ii. The bonds and deposits set up by the Company in compliance with the contractual clauses of the various lease agreements.

b) **Financial assets at fair value through profit and loss:** assets acquired with a view to disposing of them in the short term or those that form part of a portfolio concerning which there is evidence of recent activities with this in mind.

Initial valuation

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

Subsequent valuation

Financial assets at amortised cost are measured at their amortised cost. However, credits and debits linked to commercial operations maturing in no more than one year, and that are not associated with a contractual interest rate, in addition to, as applicable, advances and loans to staff, dividends receivable and disbursements required in relation to equity instruments, the amounts of which are expected to be received in the short term, and the disbursements required by third parties on their holdings, the amounts of which are expected to be paid out in the short term, are measured at their nominal value when the effect of not updating cash flows is not considered significant.

Financial assets at fair value through profit and loss are measured at their fair value, booking the result of variations in said fair value in the profit and loss account.

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

Generally speaking, the fair value considered by the company refers to a reliable market value.

The Company uses the observable prices of recent transactions involving the same asset measured as a reference or using prices based on observable market data or indexes that are available and are applicable.

Thus, the following fair value hierarchy is established depending on the following levels of estimation:

a) Level 1: estimates that use unadjusted listed prices on active markets for identical assets or liabilities, which the Company could assess on the measurement date.

b) Level 2: estimates that use listed prices on asset markets for similar instruments or other measurement methods in which all significant variables are based on directly or indirectly observable market data.

c) Level 3: estimates in which any significant variable is not based on observable market data.

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

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

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

5.5.2 Financial liabilities

Classification

The financial liabilities owned by the Company are classified into the following categories:

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

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

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

5.5.3 Hedge instruments

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

For these financial instruments to qualify as hedge accounting, they are initially designated as such and the hedging relationship is documented. Furthermore, the Company initially verifies, and continues to do so over the course of its useful life (at least at the end of each year), that the hedge relationship is effective, in other words, that the hedging ratio is the same as the hedging ratio used for the purposes of management, in other words, it is the same as the ratio resulting from the amount of the hedged item that the company is actually hedging and the amount of hedge instrument that the company actually uses to hedge said amount of the hedged item. The part of the hedge instrument designated as an effective hedge could include an ineffective residual part, provided that it does not reflect an imbalance between the weightings of the hedged item and the instrument. This ineffective part shall be the same as the surplus variation in the value of the hedge instrument designated as an effective hedge against the variation in the value of the hedged item.

The Company only applies cash flow hedges, which are accounted for as described below:

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

The value of the derivatives reflects the fair market value of the derivatives at 31 December 2022. These derivatives have been contracted to hedge the interest rate risk and that fair value represents the payment which would have to be made if it were decided to sell them or transfer them to a third party.

The accounting for hedges is interrupted when the hedging instrument matures or is sold, finalised or exercised, or no longer meets the criteria for hedge accounting. At that time, any cumulative gain or loss corresponding to the hedging instrument which has been recorded in equity is held within equity until the expected operation occurs. When the operation being hedged is not expected to occur, the cumulative net gains or losses recognised in equity are transferred to the net results of the period.

5.6 Classification of balances into current and non-current balances

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

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

5.7 Income tax

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

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

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

Hence, the Company has proceeded to apply a tax levy of 0% on the dividends shared out to its shareholders since the aforementioned condition has been met.

Notwithstanding the foregoing, as indicated in Note 2, through Law 11/2021, of 9 July and Order

HFP/1430/2021, of 20 December, a special levy on undistributed profits by real estate investment trusts has been approved within corporation tax, in the self-assessment category; companies choosing to apply for the REIT tax system provided for in Law 11/2009 of 26 October shall be required to file this, with the profits to be declared considered the undistributed profits during the year generated on income not taxed at the general corporation tax rate, excluding income within the reinvestment period set out under Article 6(1)(b) of Law 11/2009. This levy is considered corporation tax payable at the rate of 15% applicable to tax years starting on or after 1 January 2021.

5.8 Income and expenses

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

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

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

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

5.9 Provisions and contingencies

When drawing up the financial statements, the Directors of the Company have differentiated between:

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

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

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

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

5.10 Environmental asset elements

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

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

5.11 Subsidies, donations and bequests

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

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

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

5.12 Related-party transactions

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

6. Property, plant and equipment

The balances at 31 December 2022 and 31 December 2021 and the changes in the various property, plant and equipment accounts and the related accumulated depreciation are as follows:

2022

	Euros			
	Balance at 31/12/2021	Recognitions	Derecognitions	Balance at 31/12/2022
Cost:				
Data processing equipment	6,065	-	-	6,065
Furniture and fittings	-	9,109	-	9,109
Other fixtures	-	142,244	-	142,244
Total cost	**6,065**	**151,353**	**-**	**157,418**
Accumulated depreciation:				
Data processing equipment	-4,913	-510	-	-5,423
Furniture and fittings	-	-152	-	-152
Other fixtures	-	-2,370	-	-2,370
Total accumulated depreciation	**-4,913**	**-3,032**	**-**	**-7,945**
Net property, plant and equipment	**1,152**	**148,321**	**-**	**149,473**

2021

	Euros			
	Balance at 31/12/2020	Recognitions	Derecognitions	Balance at 31/12/2021
Cost:				
Data processing equipment	5,106	958	-	6,065
Total cost	**5,106**	**958**	**-**	**6,065**
Accumulated depreciation:				
Data processing equipment	-4,212	-701	-	-4,913
Total accumulated depreciation	**-4,212**	**-701**	**-**	**-4,913**
Net tangible fixed assets	**895**	**257**	**-**	**1,152**

The main additions to property, plant and equipment in 2022 relate to investments in the Company's offices located on the second floor of Glorieta de Cuatro Caminos 6 and 7 in Madrid. Investments in 2022 totalled 151,353 euros (958 euros in 2021).

The depreciation charge of 3,032 euros (701 euros in 2021) was recognised in the income statement for the year 2022 under "Depreciation and amortisation" in the accompanying profit and loss account as at 31 December 2022.

During the financial years 2022 and 2021, no finance charge has been capitalised under property, plant and equipment. Also, at 31 December 2022 there are no capitalised finance charges of a material amount in respect of property, plant and equipment.

At the end of the years ended 31 December 2022 and 31 December 2021, the Company had fully depreciated property, plant and equipment in use. At year-end 2022, the acquisition cost of this equipment amounted to 4,914 euros (2,969 euros in 2021).

The Company's policy is to take out insurance policies to cover the possible risks to which the various items of its property, plant and equipment are subject. As at the year ended 31 December 2022, in the opinion of the directors of the Company, there is no hedging deficit in respect of these risks.

As at 31 December 2022 and 2021, there are no commitments to purchase fixed assets or property outside Spain.

As disclosed in Note 5.3, the Company has performed an impairment test to assess the possible existence of impairments that reduce the recoverable amount of property, plant and equipment to an amount less than their book value. As a result of this process, the Company has not recognised any impairment losses on property, plant and equipment in 2022 and 2021.

7. Property investment

The movements in this item of the balance sheet, as well as the most significant information which affected this item during 2022 and 2021 are as follows:

2022

	Euros				
	Balance at 31/12/2021	**Additions**	**Disposals/ Reversals**	**Transfers**	**Balance at 31/12/2022**
Cost:					
Properties for leases	465,038,907	39,363,304	-4,582,569	7,128,552	506,948,194
Ongoing real-estate investments	223,140	12,705,159	-	-7,128,552	5,799,747
Total cost	**465,262,047**	**52,068,463**	**-4,582,569**	**-**	**512,747,941**
Accumulated depreciation:					
Properties for leases	-56,322,178	-5,982,921	527,392	-	-61,777,707
Total accumulated depreciation	**-56,322,178**	**-5,982,921**	**527,392**	**-**	**-61,777,707**
Impairment:					
Properties for leases	-11,982,461	-664,400	185,405	-	-12,461,456
Total impairment	**-11,982,461**	**-664,400**	**185,405**	**-**	**-12,461,456**
Net property investments	**396,957,408**	**45,421,142**	**-3,869,772**	**-**	**438,508,778**

2021

	Euros				
	Balance at 31/12/2020	Additions	Disposals/ Reversals	Transfers	Balance at 31/12/2021
Cost:					
Properties for leases	434,028,550	42,049,544	-14,452,531	3,413,344	465,038,907
Ongoing real-estate investments	698,728	2,937,756	-	-3,413,344	223,140
Total cost	**434,727,278**	**44,987,300**	**-14,452,531**	**-**	**465,262,047**
Accumulated depreciation:					
Properties for leases	-51,690,247	-5,689,081	1,057,150	-	-56,322,178
Total accumulated depreciation	**-51,690,247**	**-5,689,081**	**1,057,150**	**-**	**-56,322,178**
Impairment:					
Properties for leases	-11,596,863	-492,932	107,334	-	-11,982,461
Total impairment	**-11,596,863**	**-492,932**	**107,334**	**-**	**-11,982,461**
Net property investments	**371,440,168**	**38,805,287**	**-13,288,047**	**-**	**396,957,408**

The distribution of the cost between the land and spread of the leased properties is as follows:

	Cost at	
	31/12/2022	31/12/2021
Properties for leases		
Land	241,654,180	223,996,157
Spread	265,294,014	241,042,750
Total cost	**506,948,194**	**465,038,907**

The “Real estate investments” item reflects the net cost of the real estate assets in use and operation and leased through one or more operating leases, or the assets which are unoccupied but are destined to be leased through one or more operating leases.

The main changes in this item during 2022 were as follows:

Investments: Property investments made in 2022 totalled 52,068,463 euros. The main additions recorded under this heading relate mainly to the following investments:

- 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.

- There were additions to assets under construction amounting to 12,705,159 euros, corresponding to the cost of renovating and refurbishing hotels amounting to 941,903 euros, the buildings at Calle Arapiles 14 (5,785,510 euros), Pradillo 42 (177,999 euros) and Titán 13 (73,424 euros) in Madrid, as well as the Sexta Avenida shopping centre (58,500 euros) and the start of construction work on the Valdebebas Hospital and Hotel in Madrid (5,667,823 euros), which will be leased to Sanitas S.A. de Hospitales and Meliá Hotels International, S.A., respectively, once completed.

- Furthermore, the Company has incurred in costs of 280,602 euros, capitalised as the cost of property investment.

Disposals: Property write downs for the gross amount of 4,582,569 euros were undertaken. The main write downs in 2022 correspond to:

- Sale of several properties with their corresponding annexes in Vallecas Comercial I (13 units), Sanchinarro VII (8 units) and Coslada III (6 units) for a gross cost of 4,582,569 euros, which have been sold to third parties. These sales transactions gave rise to a combined net gain of 350,824 euros, which was recognised under “Impairment and gains or losses on disposals of non-current assets” in the profit and loss account at 31 December 2022.

Transfers: During the year, ongoing real-estate investments have been transferred to property investments for the sum of 7,128,552 euros (3,413,344 euros in 2021), as a result of the completion of refurbishment work on several hotels (941,903 euros) and the building at Pradillo 42 (379,579 euros). Also on 27 December, the office building at Calle Arapiles 14 in Madrid was handed over to the tenant Ontreo (Grupo Planeta) on the occasion of completion of the renovation of the building, which cost 5,807,070 euros.

Furthermore, the Company proceeded to appraise all of its real estate assets at year-end 2022 as stipulated in the standards. Said appraisals, which were conducted by the independent expert Jones Lang LaSalle, resulted in a fair value for some assets lower than their net book value. The Company has therefore calculated the corresponding impairments.

Depreciation in 2022 came to 5,982,921 euros (5,689,081 euros in 2021), recognised under “Fixed asset depreciation” on the Company’s income statement.

Fair value measurement and sensitivity

The methodology used by the independent appraiser in the valuations to determine the fair value of the investment property has followed the RICS principles, which basically uses discounted cash flows as the valuation method, consisting of capitalising the net income from each property and discounting the future flows, applying market discount rates, over a ten-year time horizon and a residual value calculated by capitalising the estimated income at the end of the projected period to an estimated yield. The buildings were valued individually, taking into account each of the lease contracts in force at the end of the year and their duration. Buildings with non-rented areas have been valued on the basis of estimated future income, discounting a marketing period.

Also, for the ongoing property investments relating to the construction of the hospital and hotel in Valdebebas, the Company has based its valuation on the value of the completed building or finished project included in the independent valuer's valuation, which consists of comparing the value of the assets once they are developed and in operation with the costs incurred at year end, plus the costs that will be incurred until they are in operation. The management of the Company considers this valuation method to be appropriate as there is no doubt that these projects will be carried out on the terms currently planned, as the projects are already being implemented and the Company already has the necessary financing to carry them out in their current configuration.

The valuation criteria applied were the same as those used in previous years. Similarly, the value of the completed building was taken into account in the case of the Valdebebas hotel and hospital real estate project under construction, which the company is currently developing.

The key variables of this method are the determination of net income, the duration of the leases, the period of time during which the leases are discounted, the approximation to the value that is made at the end of each period and the target internal rate of return-used to discount the cash flows.

The independent expert applies the following valuation methods to the property investments:

Valuation method	% according to GAV
Cash flow discount	25%
Capitalisation	70%
DCF and residual	3%
Comparison	1%
Total	**100%**

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.

2022

The main assumptions used to calculate the fair value of the real estate assets for 2022 were as follows:

	Euros			
	Current Income	**ERV**	**Exit Yield**	**IRR**
Hotels	9,291,336	8,588,259	6.16%	8.07%
Offices	13,582,453	14,002,719	4.35%	N/A
Retail	7,256,979	6,454,183	3.41%	N/A
Shopping centres	3,334,260	3,121,368	8.03%	10.03%

2021

The main assumptions used to calculate the fair value of the real estate assets for 2021 were as follows:

	Euros			
	Current Income	**ERV**	**Exit Yield**	**IRR**
Hotels	9,449,449	6,857,371	6.16%	8.07%
Offices	10,116,162	10,497,870	4.35%	N/A
Retail	6,938,178	7,019,315	3.41%	N/A
Shopping centres	3,591,666	3,001,072	8.03%	10.03%

The effect of a one-quarter of one point change in the required rates of return, calculated as income on the market value of the assets, in the asset and in the profit and loss account, for the property investment under operation, would be as follows:

	Yield (Euros)			
	2022		**2021**	
	-0.25%	**+0.25%**	**-0.25%**	**+0.25%**
Hotels	3,200,000	-3,100,000	6,450,000	-5,730,000
Offices	16,430,000	-14,730,000	14,000,000	-12,440,000
Retail	15,990,000	-13,740,000	15,940,000	-13,700,000
Total	**35,620,000**	**-31,570,000**	**36,390,000**	**-31,870,000**

In addition, the sensitivity analysis of a 10% change in ERV (market rent on the asset at the valuation date) would be as follows:

	ERV (Euros)			
	2022		2021	
	-10%	-10%	-10%	+10%
Offices	-24,180,000	24,130,000	-18,810,000	18,990,000
Retail	-21,200,000	23,980,000	-19,070,000	19,060,000
Total	**-45,380,000**	**48,110,000**	**-37,880,000**	**38,050,000**

Lastly, the sensitivity analysis of a quarter point variation of the IRR would be as follows:

	IRR (Euros)			
	2022		2021	
	-0.25%	-0.25%	-0.25%	+0.25%
Hotels	2,800,000	-2,700,000	2,670,000	-2,560,000
Commercial (shopping centre only)	550,000	-530,000	350,000	-350,000
Land	400,000	-400,000	1,810,663	-1,911,294
Total	**3,750,000**	**-3,630,000**	**4,830,663**	**-2,261,294**

Valuation of real estate assets and impact on profit (loss) for the year:

Based on the valuations performed, there has been a negative net impact on the Company's income statement at 31 December 2022 for the sum of 478,996 euros (negative net impact of 385,598 euros at 31 December 2021); the breakdown by asset type and changes in provision for impairment of property investments is as follows:

	Euros	
	2022	2021
Balance at beginning of year	**-11,982,461**	**-11,596,863**
Hotels	-508,175	-
Offices	-	-73,668
Retail	-156,225	-419,264
Impairment	**-664,400**	**-492,932**
Offices	147,972	-
Retail	37,433	107,334
Reversals	**185,405**	**107,334**
Balance, end of year	**-12,461,457**	**-11,982,461**

Similarly, according to the valuations carried out, the fair value of investment property shows an unrecognised unrealised gain (by comparing the updated gross fair market value and the net book value) of 239,361,554 euros (222,711,026 euros at 31 December 2021), in the case of the Company's entire portfolio, with the exception of the Valdebebas assets, which show an unrealised gain of 35,655,694 euros (by comparison between the gross market value of the completed project and the estimated total cost until commissioning).

The gross market value of property investments at 2022 year-end amounted to 774,460,463 euros (619,668,431 euros at 2021 year-end). The breakdown by business segment is as follows:

	Gross market value of the Property investments (Euros) (*)	
	31/12/2022	31/12/2021
Hotels (**)	204,000,000	147,040,000
Offices	285,681,522	231,411,637
Retail	211,478,941	214,157,401
Institutional (**)	73,300,000	-
Plots	-	27,059,393
Total	**774,460,463**	**619,668,431**

(*) The net market value at 31 December 2022 comes to 755,866,500 euros.
(**) In the case of Valdebebas projects, the market value of the completed project is included. Eliminating the impact of the inclusion of the market values of the two completed projects and taking into account the market value based on the progress of work, the gross market value of the property investment at year-end 2022 amounts to 680,358,044 euros, with a net value of 664,116,641 euros.

The breakdown of floor space in square metres above ground level (S.B.A.) of the property investments owned by the Company was:

	Floor area in m² above ground level	
	31/12/2022	31/12/2021
Hotels	99,408	80,135
Offices	62,406	45,861
Retail	40,852	40,736
Institutional	19,273	-
Total	**221,938**	**166,732**

At 31 December 2022, the average occupancy rate of the Company's leased assets was 92% (92% at 31 December 2021) based on the square metres leased.

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

Furthermore, the Companies' assets are affected by mortgage guarantees amounting to 62,461,471 euros at 31 December 2022 (50,867,006 euros at 31 December 2021), corresponding to bank mortgage-backed loans.

The breakdown of the mortgage loan balance pending maturity and repayment at 31 December 2022 and 2021 by assets is as follows:

Property	Euros	
	2022	2021
José Abascal, 41	9,690,000	10,374,000
Titán, 13	9,708,654	10,511,131
Conde de Peñalver, 16	6,303,992	6,825,054
Valle de la Fuenfría, 3	7,763,333	8,266,780
Juan Ignacio Luca de Tena, 17	10,545,492	11,090,040
Glorieta de Cuatro Caminos 6 and 7.	3,450,000	3,800,000
Arapiles 14	12,000,000	-
Hotel Valdebebas	3,000,000	-
Total value of mortgages pending maturity on assets (Note 13)	**62,461,471**	**50,867,006**

NB: The net book value of these mortgage-backed properties at 31 December 2022 amounted to 175,347,345 euros (125,883,498 euros at 31 December 2021).

In 2022, the rental income from real estate investments belonging to the Company comes to 30,644,323 euros (24,081,817 euros in 2021). This figure includes income from the passing on of operating expenses for all related items, which amounted to 1,047,429 euros in 2022 (910,905 euros in 2021).

At year-end 2022, there was no kind of constraint on making new real estate investments, or on collecting the income arising from them or concerning the resources that could be obtained from a possible disposal.

At 2022 year-end, the Company had fully amortised property investments which were still in use amounting to 8,811,387 euros (8,707,323 euros at 2021 year-end).

The Company's policy is to take out insurance policies to cover the possible risks that may affect its real estate investments. At the end of 2022, there will be no shortfalls relating to any of the aforementioned risks.

8. Operating leases

At the end of 2022 and 2021, 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 condominium 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	
	2022	2021
Less than a year	29,272,582	25,769,308
Between one and five years	87,953,936	80,884,702
More than five years	103,961,317	122,805,156
Total	**221,187,835**	**229,459,166**

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

	WAULT	
	31/12/2022	31/12/2021
Hotels	8.64	9.01
Offices	6.52	6.81
Retail	11.07	11.74
Institutional	10.00	10.00
Total Average	**9.09**	**9.39**

9. Other financial assets and investments in related companies

The balances of the accounts in this item at year-end 2022 and 2021 are as follows:

	Euros	
	Balance at 31/12/2022	Balance at 31/12/2021
	Financial assets at amortised cost	
Derivatives	314,055	-
Other financial assets	2,706,786	2,576,870
Long-term / non-current	**3,020,841**	**2,576,870**
Other financial assets	341,488	166,906
Short-term / Current	**341,488**	**166,906**
Total	**3,362,329**	**2,743,776**

	Euros	
	Balance at 31/12/2022	Balance at 31/12/2021
	Assets at fair value through profit or loss	
Other financial assets	16,478,110	13,399,701
Short-term / Current	**16,478,110**	**13,399,701**
Total	**16,478,110**	**13,399,701**

The movement in the headings “Other financial assets” and “Equity instruments” and “Derivatives” in the short and long term during the financial years 2022 and 2021 is as follows:

2022

	Euros				
	Balance at 31/12/2021	Additions	Adjustment Value	Disposals	Balance at 31/12/2022
Equity instruments	13,399,701	5,995,506	-2,917,097	-	16,478,110
Derivatives	-	-	314,055	-	314,055
Other financial assets	2,743,776	937,232	-	-177,887	3,503,121
Total	**16,143,477**	**6,932,738**	**-2,603,042**	**-177,887**	**20,295,286**

2021

	Euros				
	Balance at 31/12/2020	Additions	Adjustment Value	Disposals	Balance at 31/12/2021
Loans to associated companies (Note 19.2)	2,450,366	-	-	-2,450,366	-
Equity instruments	13,058,645	-	341,056	-	13,399,701
Other financial assets	2,546,685	398,583	-	-201,492	2,743,776
Total	**18,055,696**	**398,583**	**341,056**	**-2,651,859**	**16,143,477**

Assets at fair value through profit or loss

Equity instruments available for trading

In 2019 the Company purchased 6,950 shares in the listed company Unibail Rodamco, for a total acquisition cost of 1,002,786 euros, which were recognised under “Short-term equity instruments”. At 31 December 2022, the Company valued these shares, obtaining a negative value adjustment of 90,281 euros, which was recognised under “Results of trading portfolio” at 31 December 2022 (negative value of 20,572 euros in 2021).

In 2020, the Company purchased 1,572,296 shares in the listed company Inmobiliaria Colonial SOCIMI, S.A., for a total acquisition cost of 11,548,536 euros, which were recorded under “Short-term equity instruments”. During the 2022 financial year, 1,113,250 shares with a total acquisition cost of 5,995,506 euros were acquired, which are also recognised under “Short-term equity instruments”. At 31 December 2022, the Company valued these shares, obtaining a negative value adjustment of 2,826,816 euros, which was recognised under “Results of trading portfolio” (positive value of 361,628 euros in 2021).

During 2022, the Company received dividends associated with these financial investments for the sum of 377,351 euros (345,905 euros in 2021). This income is recognised in the Company’s income statement under “Third-party financial income”.

The change in fair value, during the year and accumulated since it was originated, is shown below:

Financial assets at fair value through profit or loss								
	Euros							
	Cost		Acquisition	Fair value at		Change	Method	
	31/12/2021	31/12/2022	2022	31/12/2021	31/12/2022	2022	FV	Level
Unibail Rodamco	1,002,786	1,002,786	-	428,259	337,979	-90,280	Listing	1
Inmobiliaria Colonial SOCIMI, S.A.	11,548,536	17,544,042	5,995,506	12,971,442	16,140,131	3,168,690	Listing	1
Total	**12,551,322**	**18,546,828**	**5,995,506**	**13,399,701**	**16,478,110**	**3,078,410**		

The main measurement techniques and variables used to measure fair value correspond to level 1, i.e., the listing price of these shares on the secondary market at 31 December 2022.

Derivative

At 31 December 2022 there was an increase in equity of 314,055 euros due to the valuation of the derivative financial instrument Interest Rate Swap (SWAP). This amount is related to the heading Hedging instruments in Note 15.

Current and non-current financial assets amortised cost

The headings “Other non-current financial assets” and “Other current financial assets” include guarantees received from customers deposited with the relevant public authorities in connection with the leases disclosed in Note 8 and a current amount of 454,848 euros relating to the cost of setting up loans taken out by the Company in 2022 and still to be settled by the lending institution's' management.

The breakdown by due dates of the entries that comprise the “Other non-current financial assets” item at 31 December 2022 is as follows:

	Euros					
	2023	2024	2025	2026	2027 and subsequent	Total
Other financial assets	796,335	579,857	185,487	392,845	1,548,597	3,503,121
Total	**796,335**	**579,857**	**185,487**	**392,845**	**1,548,597**	**3,503,121**

The breakdown by maturity at 31 December 2021 is as follows:

	Euros					
	2022	2023	2024	2025	2026 and subsequent	Total
Other financial assets	166,906	70,387	552,581	164,995	1,788,908	2,743,776
Total	**166,906**	**70,387**	**552,581**	**164,995**	**1,788,908**	**2,743,776**

10. Trade and other accounts receivable

The breakdown of the item at year-end 2022 and 2021 was as follows:

	Euros	
	31/12/2022	31/12/2021
Accounts receivable for sales and services	4,174,532	3,607,767
Trade and other accounts receivable	-	20,017
Staff	944	480
Current tax assets (18.2)	20,362	7,346
Other credits with Public Administrations (Note 18.1)	9,837	-
Total	**4,205,675**	**3,635,610**

The balance of the “Accounts receivable for sales and services” can be broken down as follows, for year-end 2022 and 2021:

	Euros	
	31/12/2022	31/12/2021
Customers	3,848,969	3,070,217
Commercial paper in portfolio	314,446	328,664
Outstanding papers	11,117	208,886
Customers with doubtful debts	3,494	3,665
Impairment	-3,494	-3,665
Total	**4,174,532**	**3,607,767**

The customer balance at the end of 2022 primarily includes some of the amounts pending payment corresponding to income from the fourth quarter of 2022 in addition to the variable income from specific hotels belonging to the Company that is calculated and invoiced at the end of the year based on GOP and income for the year.

The change in the impairment of registered customers is as follows, with a gain of 171 euros recognised in the income statement in 2022 (gain of 6,456 euros in 2021):

	Euros	
	2022	2021
Balance at beginning of year	**-3,665**	**-10,121**
Impairment of customers	-3,494	-2,094
Reversal of commercial credits	3,665	8,550
Balance, end of year	**-3,494**	**-3,665**

11. Cash and cash equivalents

The balance stated under "Cash" primarily corresponds to the balance available in current accounts on 31 December 2022 and 2021. The availability of these balances is subject to no restrictions and they accrue interest at market rates.

12. Information on the nature of financial instruments and their level of risk

The management of the Company's financial risks is centralised in the Group's Financial Management and PER 32 Group 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 which impact the Company are set out below:

a) Credit risk

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

b) Liquidity risk

Taking into account the current situation of the financial market and the estimates made by the Directors of the Company on the Company's cash generating capacity, the Directors believe that the Company 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 lessees' high credit ratings, as well as by the collection guarantees set forth in prevailing agreements.

c) Exchange rate risk

As regards the Company's exchange rate risk at 31 December 2022, it did not have any assets or liabilities in foreign currencies. Hence, there is no risk in this regard.

d) Interest rate risk

The Company has two long-term loans financing mainly long-term assets, as well as short-term working capital financing facilities. The risk of 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 local and international levels, occupation and employment growth rates, interest rates, tax legislation and consumer confidence have a significant impact on the real estate markets. Any unfavourable change in any of these or in other economic, demographic or social variables in Europe, and Spain in particular, could lead to a reduction in real estate activity in these countries. The cyclical nature of the economy has been statistically proven, as has the existence of microeconomic and macroeconomic aspects that directly or indirectly affect the way the property market performs, particularly the rentals which make up the Company's main investment activity.

Other market risks to which the Company is exposed include:

- **Regulatory risks**: the Company is bound to comply with several general and specific legal provisions in force (legal, accounting, environmental, employment, tax, data protection provisions, among others) which apply to it. Any regulatory changes that come about in the future 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. As a result, this could have a negative effect on the yield and performance of these assets if tenants renegotiate current lease agreements.

13. Total equity and shareholders' equity

a) Authorised capital

At 31 December 2022, the Company's subscribed share capital was comprised of 4,452,197 registered shares at a par value of €60.10 each. All these shares belong to a single class and series and all have been fully subscribed and paid up, which means that the Company's registered share capital amounts to 267,577,040 euros.

All the shares that make up the share capital have the same rights, there being no statutory restrictions on their transferability.

All the Company's shares have been admitted to trading on the Luxembourg Stock Exchange since 21 December 2011. The year-end share price, the average share price in the last quarter of the year and the average for 2022 were 65.00, 65.34 and 65.80 euros per share, respectively.. The shares are registered shares and are represented by means of book entries. They are constituted as such by virtue of their registration in the corresponding accounting record.

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

The companies holding an interest in the share capital equivalent to or greater than 10% at 31 December 2022 were as follows:

	Number of Shares	Percentage Interest
Promociones y Construcciones PYC Pryconsa, S.A.	498,360	11.19%
Cogein, S.L.U.	448,807	10.08%

b) Reserves

Legal reserve

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

Furthermore, pursuant to Law 11/2009 regulating real estate investment trusts (REITs), the legal reserve of companies that have chosen to apply the special tax regime established by this Law may not exceed 20% of their share capital. The articles of these companies may not establish any unavailable reserve other than the legal reserve.

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

At 31 December 2022, the legal reserve had not yet been fully allocated.

Voluntary reserve

Following the distribution of the Company’s profit in 2021, the balance of this equity item came to 4,798,646 euros; this reserve unrestricted.

Merger reserve

As a result of the merger operation carried out in 2016 set out in Note 1, in 2016 merger reserves of 14,154,739 euros were provided for, generated on account of the difference between the individual book values of the Absorbed Companies and the book values incorporated as part of the merger.

c) Interim dividend

During 2022, no interim payment of dividends was received.

d) Distribution of profits

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

a) 100% of the profit from dividends or profit-sharing distributed by the entities referred to in section 1, article 2 of this Law.

b) At least 50% of the profits arising from the transfer of the properties, shares or ownership interests referred to in section 1, article 2 of this Law, subsequent to expiry of the time limits referred to in section 3, article 3 of this Law, which are used for pursuit of the entities' principal corporate purpose. The rest of such profits must be reinvested in other properties or interests included under the corporate purpose within the three years following the date of transfer. Failing this, such profits must be fully distributed together with the profits, if any, from the year in which the reinvestment period ends. Should the elements subject to reinvestment be transferred before the maintenance period elapses, any profits from them must be fully distributed jointly with the profits, if any, of the financial year in which they have been transferred. The distribution obligation does not cover the proportion of profits, if any, charged to financial years in which the Company did not pay taxes under the special tax regime set forth by the aforementioned Act.

c) At least 80 per cent of the rest of the profits obtained.

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

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

As indicated in Note 2, pursuant to Law 11/2021, of 9 July and Order HFP/1430/2021, of 20 December, the Company is subject to special taxation on undistributed profit by real estate investment trusts as part of corporation tax, in the self-assessment category, for tax years starting on or after 1 January 2021. The tax rate in force is 15% and is considered as corporation tax payable.

e) Capital management

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

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

f) Adjustments for changes in value

The breakdown and nature of other adjustments for changes in value is as follows:

	Euros	
	31/12/2022	**31/12/2021**
Hedging operations (Note 14)	-314,055	283,008
Total	**-314,055**	**283,008**

g) Capital grants

The activity in this heading during 2022 and 2021 was as follows:

2022

	Euros		
	31/12/2021	**Applications**	**31/12/2022**
Capital grants	985,139	-56,351	928,789
Total	**985,139**	**-56,351**	**928,789**

2021

	Euros		
	31/12/2020	**Applications**	**31/12/2021**
Capital grants	1,041,490	-56,351	985,139
Total	**1,041,490**	**-56,351**	**985,139**

Due to the change in taxation pursuant to the amendment introduced by Law 16/2012 of 27 December to Law 11/2009 regulating Listed Real Estate Investment Trusts on the Real Estate Market, the Company started to pay tax at the levy of 0%. Therefore, the Company has adjusted the tax effect or the deferred tax liability and included the gross amount in "Subsidies, donations and bequests" of the Company's equity.

These subsidies correspond to the subsidy granted by the Directorate-General of Regional Economic Incentives for the development of the area. At 31 December 2022, the following were yet to be taken to the statement of profit and loss:

- Subsidy granted by the Directorate-General of Regional Economic Incentives for the nominal amount of 1,550,000 euros (581,814 euros yet to be taken to the statement of profit and loss) corresponding to 10% of the investment made to build Hotel Iberostar Isla Canela in Ayamonte, Huelva.

- Subsidy granted by the Directorate-General of Regional Economic Incentives for the nominal amount of 1,106,000 euros (346,975 euros yet to be taken to the statement of profit and loss) corresponding to 10% of the investment made to build Hotel Playa Canela in Ayamonte, Huelva.

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

In 2022, an amount of 56,351 euros (56,351 euros in 2021) was registered under "Allocation of grants for non-financial and other assets" in the accompanying profit and loss account.

14. Current and non-current liabilities

The balances of the accounts in this item at the end of 2022 and 2021 are as follows:

	Euros	
	31/12/2022	31/12/2021
Long-term debts with credit institutions	104,798,848	80,987,013
Derivatives (Note 15)	-	283,008
Other financial liabilities	3,900,223	3,670,947
Total long-term liabilities	**108,699,071**	**84,940,968**
Bonds and debentures	-	2,026,165
Short-term debts with credit institutions	35,026,384	15,343,959
Other financial liabilities	488,482	599,852
Total current payables	**35,514,866**	**17,969,976**
Total current and non-current financial debts	**144,213,937**	**102,910,944**

Financial assets at amortised cost

Bonds and debentures

The heading "Bonds and debentures" includes the two issues of fixed-income securities carried out by the Company in 2016 under the "Fixed-income securities issuance programme 2015" 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 programs are registered in the Company's income statement for each year, due to their immateriality. At 31 December 2022, these expenses amounted to 12,696 euros (44,419 euros at 31 December 2021). There have been no placement costs or fees.

These financial liabilities, recognised under "Debits and payables", are measured at year-end at their amortised cost and their carrying value at each reporting date are an acceptable approximation of their fair value.

Non-current and current bank borrowings

At 31 December 2022, the Company's bank borrowings came to 139,825,232 euros (96,330,972 euros at 31 December 2021).

The mortgage loans in force at 31 December 2022, for which the Company is liable, have the following characteristics:

			Euros		
	Financial institution	Start	Initial amount	Outstanding capital	Maturity
José Abascal, 41	Banca March	2017	11,400,000	9,690,000	2031
Titán, 13	Banco Santander	2015	15,735,000	9,708,654	2025
Conde de Peñalver, 16	Banco Santander	2015	10,217,000	6,303,992	2025
Valle de la Fuenfría, 3	Kutxabank	2018	10,000,000	7,763,333	2028
Juan Ignacio Luca de Tena, 17	CaixaBank	2019	12,000,000	10,545,492	2030
Glorieta de Cuatro Caminos 6 and 7,	Banca March	2018	4,500,000	3,450,000	2028
Arapiles 14 (*)	Bankinter	2022	24,000,000	12,000,000	2037
Hotel Valdebebas (*)	Banco Santander	2022	33,000,000	3,000,000	2035
Total			**120,852,000**	**62,461,471**	
Opening costs	Bankinter	2022	-	-315,555	
Total			**120,852,000**	**62,145,916**	

(*) These loans are intended to finance renovation and construction work. The loan to finance the renovation of the Arapiles 14 building has been agreed with Bankinter and is awaiting a final drawdown of 12,000,000 euros, which should take place in the first quarter of 2023. The loan for the Valdebebas Hotel was agreed with Banco Santander and the drawdown of up to 33,000,000 euros will take place during the building's construction years, based on the progress of construction.

The personal guaranteed loans in force at 31 December 2022 have the following characteristics:

	Start	Euros		Maturity
		Initial amount	Outstanding capital	
Banco Santander	2020	12,000,000	9,069,341	2025
Banco Santander	2021	30,000,000	24,461,457	2026
Banco Santander	2022	10,000,000	10,000,000	2023
Abanca	2022	3,000,000	2,700,000	2027
Pichincha	2022	5,000,000	4,183,178	2025
Banca Pueyo	2022	5,000,000	5,000,000	2030
Banca Pueyo	2022	5,000,000	5,000,000	2030
Bankinter	2022	10,000,000	10,000,000	2032
Total		**80,000,000**	**70,413,976**	

In addition, the heading “Short-term bank borrowings” includes two credit facilities concluded with Bankinter, one with a limit of 2,000,000 euros and the other with a limit of 5,000,000 euros, both maturing on 26 October 2023. From these credit facilities, a total of 6,872,437 euros had been drawn down at 31 December 2022. Furthermore, accrued and unpaid interest at 31 December 2022 came to 392,903 euros (158,289 euros at 31 December 2021).

The financial expenses arising from debts with credit institutions in 2022 amounted to 1,914,180 euros (1,772,748 euros in 2021) and are recorded under the “Financial expenses” heading on the attached profit and loss account.

As can be seen from the information described in this note, the Company has taken out various long-term loans (mortgages and non-mortgage loans) in 2022 to finance its activities. The cost of closing these loans is included in “Long-term debts with credit institutions” in the Company's balance sheet as at 31 December 2022 and amounts to 315,555 euros, which is recorded annually as an expense in the income statement according to the repayment period of the loans to which they are linked. In addition, the heading “Other financial assets” (see Note 9) includes a balance of 454,848 euros corresponding to the cost of setting up loans signed by the Company in 2022 and still to be formalised by the administration of the lending financial institution.

Loan interest rates are set on market terms linked to Euribor with a fixed spread, with the exception of the loan hedged with a hedge guarantee.

The “Bonds and deposits” item reflects the guarantees received from clients connected with the leases set out in Note 7.

The breakdown by due dates at 31 December 2022 is as follows:

	Euros					
	2023	2024	2025	2026	2027 and subsequent	Total
Debts with credit institutions (*)	35,026,384	19,703,541	31,505,107	8,827,366	44,762,834	139,825,232
Long-term bonds and deposits	-	448,430	205,388	1,412,640	1,833,765	3,900,223
Short-term bonds and deposits	488,482	-	-	-	-	488,482
Total	**35,514,811**	**20,151,971**	**31,710,496**	**9,266,692**	**47,569,913**	**144,213,882**

(*) Mortgage-backed loans in the amount of 62,461,471 euros, loans with a personal guarantee in the amount of 70,413,976 euros, drawdowns on credit facilities in the amount of 6,872,437 and interest accrued pending maturity in the amount of 392,903 euros.

The breakdown by due dates at 31 December 2021 is as follows:

	Euros					
	2022	2023	2024	2025	2026 and subsequent	Total
Bonds and debentures	2,000,000	-	-	-	-	2,000,000
Debenture and bond interest	26,165	-	-	-	-	26,165
Debts with credit institutions (*)	15,343,959	13,988,663	14,148,068	26,369,099	26,481,184	96,330,972
Long-term bonds and deposits	-	106,510	1,325,594	183,327	2,055,516	3,670,947
Short-term bonds and deposits	599,852	-	-	-	-	599,852
Derivatives	-	-	-	-	283,008	283,008
Total	**17,969,976**	**14,095,173**	**15,473,662**	**26,552,426**	**28,819,708**	**102,910,944**

(*) Mortgage-backed loans in the amount of 50,867,006 euros, loans with a personal guarantee in the amount of 42,000,000 euros, drawdowns on credit facilities in the amount of 3,305,677 and interest accrued pending maturity in the amount of 158,289 euros.

15. Hedge instruments

The breakdown of derivative financial instruments at 2022 year-end is as follows:

	Classification	Type	Euros Outstanding balance	Maturity	Fair value Asset
Interest rate swap	Interest rate hedge	Variable to Fixed	8,550,000	01.04.2026	314,055

The breakdown of derivative financial instruments at 2021 year-end is as follows:

	Classification	Type	Euros Outstanding balance	Maturity	Fair value Liability
Interest rate swap	Interest rate hedge	Variable to Fixed	8,550,000	01.04.2026	283,008

On 17 February 2017, the Company entered into an Interest Rate Swap derivative financial instrument amounting to 8,550,000 euros, the term of which is from 1 April 2019 to 1 April 2026.

This financial instrument has had the following impact on the Company's equity, according to the valuation made:

- An equity increase of 597,063 euros in 2022 (283,008 euros in 2021), which has been recorded in the Company's equity under the “Adjustments for changes in value” item.

The Company has complied with the requirements set out in Note 5.5.3 on registration and valuation standards to be able to classify the financial instruments detailed above as hedges.

16. Disclosure on supplier payment deferrals

Below is the information required by Additional Provision Three of Law 15/2010 of 5 July (modified under the Second Final Provision of Law 31/2014 of 3 December) prepared according to the Resolution of 29 January 2016, of the Institute of Accounting and Auditing, on the information to be included in the record of annual financial statements relating to the average period for payment to suppliers in commercial transactions.

	2022	2021
	Days	
Average payment period to suppliers	44.48	41.78
Ratio of paid transactions	49.84	44.27
Ratio of transactions pending payment	21.88	27.43
	Euros	
Total payments made	15,562,518	6,777,911
Total payments pending	3,689,510	1,174,472

Pursuant to the ICAC Resolution, to calculate the average payment period to suppliers, commercial transactions corresponding to the accrued delivery of goods or provision of services from the date on which Law 31/2014 of 3 December came into force, have been taken into consideration.

For the sole purpose of providing the information set out in the Resolution, suppliers are considered as trade creditors concerning debts with suppliers of goods or services, included in the “Suppliers” and “Sundry creditors” items of the current liabilities in the balance sheet.

The “average payment period to suppliers” is understood as the period of time that elapses from the delivery of goods or the provision of services entrusted to the supplier and eventual payment of the operation.

The maximum legal payment period applicable to the Company in 2020 according to Law 3/2004, of 29 December, establishing measures to combat delinquency in commercial transactions, is 30 days from the date on which said Law was published to the present (unless any of the conditions established therein are fulfilled, allowing the maximum legal payment period to be extended to 60 days).

In accordance with Law 18/2022 of 28 September on the creation and growth of companies, the aim of which is to reduce non-payment and financial support, the company discloses below the average time taken to pay suppliers, the volume of money and the number of invoices paid in a period that is less than the maximum set in the late payment regulations, as well as the percentage that these represent of the total number of invoices and total money paid to its suppliers:

	2022
Average payment period – invoices paid in a period shorter than the legal maximum period	26.09
Number of invoices paid in less than the maximum legal period	1,520
Percentage of total number of paid invoices	66.61%
	Euros
Amount of invoices paid in less than the legal maximum time limit.	13,037,097
Percentage of the total amount of paid invoices	83.77%

17. Guarantees undertaken with third parties

At 31 December 2022, the Company has a guarantee from Kutxabank to the Madrid City Council for the proper disposal of waste in the amount of €6,431 for the specific refurbishment of the building at 42 Calle Pradillo.

18. Public administrations and tax situation

18.1. Current balances with Public Administrations

The breakdown of the accounts receivable and payable from/to Public Administrations is as follows:

	Euros			
	31/12/2022		31/12/2021	
	Owed	Due	Owed	Due
Withholdings during the year	20,362	-	7,346	-
Withholdings from previous years	9,837	-	-	-
Value Added Tax	-	306,938	-	755,463
Personal Income Tax	-	51,381	-	20,971
Rent withholdings	-	505	-	-
Withholdings on movable capital	-	30,287	-	-
Social Security	-	7,483	-	6,462
Total	**30,199**	**396,594**	**7,346**	**782,896**

The net result of the corporate income tax for 2021 increases by 2,491 euros (from 7,346 euros to 9,837 euros) due to the withholdings on the real estate capital of the community of owners of Glorieta de Cuatro Caminos 6 and 7, received after the end of the year but included in the calculation of the tax and the refund requested in July 2022.

The notice of refund from the tax authority was received on 6 February 2023. The notification shows a surcharge of 9 euros for interest on arrears, so that the total net amount of the refund is 9,846 euros.

18.2 Reconciliation between accounting profit or loss and the tax base

The reconciliation between the accounting profit or loss and the Corporation Tax base in 2022 and 2021 was as follows:

	Euros	
	2022	2021
Profit (loss) before tax	14,254,856	21,824,771
Permanent differences	-	-
Temporary differences	162,102	219,312
Prior tax base	**14,416,958**	**22,044,083**
Tax base (0%)	**14,416,958**	22,044,083
Tax base (25%)	-	-
Offsetting of negative tax bases	-	-
Tax base at 0%	**14,416,958**	**22,044,083**
Tax base at 25%	**-**	**-**
Total tax liability (0%)	**-**	**-**
Total tax liability (25%)	**-**	**-**
Withholdings and interim payments	20,362	7,346
Net (payable)/refunded	**20,362**	**7,346**

Temporary differences in 2022 that changed the pre-tax accounting profit amounted to 162,102 euros and corresponded to:

- Downward adjustment for the recovery of the depreciation allocation for non-deductible property investments pursuant to Law 16/2012, establishing that accounting depreciation of tangible and intangible fixed assets, in addition to property investments, were only deductible up to 70% of the depreciation that would have been fiscally deductible recovering, from 2015, on a 10-year straight-line basis, the amount of 441,736 euros.

- Upward adjustment for the impairment of property investments in 2022 in the amount of 664,400 euros.

- Downward adjustment as a consequence of the reversal of impairment on real estate investments amounting to 111,101 euros.

- In 2022, amortisation of the goodwill arising from the merger (see Note 1) in the year was recognised as a temporary difference amounting to 50,538 euros.

At the end of 2022, the Company has temporary differences pending allocation of 5,847,095 euros (5,518,708 euros in 2021), for which the deferred tax asset has not been booked given that the levy applicable is 0%. Said temporary differences include the amount of adjusted depreciation in 2013 and 2014 pending deduction in the amount of 425,558 euros, in addition to the impairment of property investments in the amount of 5,421,537 euros.

At 31 December 2022, the Company had tax bases to be offset of 357,592 euros (357,592 euros at 31 December 2021).

At the end of 2022, there were no financial expenses that have not been deducted from the tax base for corporation tax.

Furthermore, at 31 December 2022, tax credits yet to be applied were recognised for the sum of 453 euros (same amount at 31 December 2021).

Pursuant to Article 9.2 of Law 11/2009 of 26 October governing Listed Real Estate Investment Trusts, as amended by Law 16/2012 of 27 December, the tax self-assessment return has to be filed on the part of the period's tax base which proportionally corresponds to the dividend whose distribution has been resolved with regard to the profit obtained in the year. As indicated in Note 4, at 2022 year-end the directors proposed to the shareholders to pay dividends of 12,653,959 euros (15,148,123 euros in 2021) and, accordingly, corporation tax was payable on this dividend in the amount of 0 euros.

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

To this end, in 2022 the Company recognised income on the sale of real estate assets for the sum of 350,824 euros following the sale of the various developments in Vallecas, Sanchinarro and Coslada (8,988,341 euros in 2021 of net profit following the allocation of transaction costs incurred as part of the sale of the property). During 2022, more than 50% of the profit obtained on said sale was reinvested in real estate assets, meaning that the reinvestment requirement indicated above has been complied with.

Corporation tax expenditure

Following the application of Law 11/2021, of 9 July and Order HFP/1430/2021, of 20 December approving the “special taxation on undistributed profit by real estate investment trusts” as part of corporation tax in the self-assessment category, the Company has not set aside provisions for corporation tax until the Company's General Shareholders Meeting approves the distribution of profit for 2022.

Additional information on Deferred Income

A. Compañía Ibérica de Rentas Urbanas 2009, SOCIMI, S.A.U.

Compañía Ibérica de Rentas Urbanas 2009, SOCIMI, S.A.U. was incorporated as a result of the partial spin-off of the company, Cogein, S.L. (now S.L.U.) which took place on 22 December 2009. The assets contributed by Cogein, S.L. (now S.L.U.) were subject to the tax neutrality regime.

Pursuant to the foregoing, in order to comply with the provisions of Article 86 of the LIC, the following information is hereby included:

a) Tax period in which the transferor, Cogein, S.L. (now S.L.U.) acquired the transferred assets:

- Hotel Tryp Atocha: 2001 (sold in 2015)
- Rutilo premises: 2000 (sold in 2019)
- Hotel Innside Meliá Gran Vía: 2002
- Retail outlet at Gran Vía 34: 2002
- Retail outlet on Dulcinea: 1995
- Pradillo 42 offices: 2009
- Albalá 7 premises: 2003
- Gran Vía 1 1º and 2º derecha offices: 1993
- Gran Vía 1 1º izquierda premises: 1998

b) List of assets acquired that are included in the accounting records for a value different to that for which they were included in those of the transferor entity prior to the transaction being carried out, indicating both values, as well as the valuation adjustments made to the accounting records of the two entities:

Data at 31 December 2022 Property	Euros		
	N.T.V.:	M.V.T.:	R.D.
Gran Vía,1 1º izquierda	541,883	2,730,000	2,188,117
Gran Vía,1 1º derecha	474,791	3,013,000	2,538,209
Gran Vía,1 1º izquierda	570,505	2,873,000	2,302,495
Gran Vía 34 hotel and premises	45,845,703	43,065,500	-2,780,203
Dulcinea premises	446,843	1,525,000	1,078,157
Albalá 7 premises	846,985	2,873,300	2,026,315
Pradillo, 42	17,762,500	18,227,308	464,808
Total	**66,489,210**	**74,307,108**	**7,817,898**

N.T.V.: Net tax value
M.V.T.: Market value of transfer
R.D. Deferred income

c) No tax benefits are enjoyed by the transferor entity concerning which the absorbed entity must comply with specific requirements pursuant to the provisions of Article 84.1 of the Corporation Tax Act ("LIS").

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

Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U. was established following the partial division of Isla Canela, S.A., which occurred on 29 December 2009. The assets contributed by Isla Canela, S.A. were treated under the tax neutrality system.

Pursuant to the foregoing, in order to comply with the provisions of Article 86 of the LIC, the following information is hereby included:

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

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

b) List of assets acquired that are included in the accounting records for a value different to that for which they were included in those of the transferor entity prior to the transaction being carried out, indicating both values, as well as the valuation adjustments made to the accounting records of the two entities:

Data at 31 December 2022	Euros		
Property	N.T.V.:	M.V.T.:	R.D.
Gran Vía 1 2º izquierda	374,654	1,940,000	1,565,346
Marina Isla Canela Shopping Mall	1,798,346	4,700,000	2,901,654
Hotel Barceló	7,090,735	23,700,000	16,609,265
Hotel Atlántico	18,667,707	29,200,000	10,532,293
Hotel Playa Canela	14,984,936	15,900,000	915,064
Hotel Iberostar	18,358,560	23,700,000	5,341,440
Hotel Isla Canela Golf	4,147,317	4,700,000	552,683
Total	**65,422,255**	**103,840,000**	**38,417,745**

N.T.V.: Net tax value
M.V.T.: Market value of transfer
R.D. Deferred income

c) No tax benefits are enjoyed by the transferor entity concerning which the absorbed entity must comply with specific requirements pursuant to the provisions of Article 84.1 of the Corporation Tax Act ("LIS").

In 2013 the absorbed company, Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U., in turn absorbed the company, Compañía Ibérica de Rentas Urbanas 2009, SOCIMI, S.A.U., so that it acquired all its assets and liabilities. The properties acquired by Compañía Ibérica de Rentas Urbanas 2009, SOCIMI, S.A.U. were the result of a restructuring deal in which the transferor Cogein, S.L. (now S.L.U.)) exercised the power currently referred to in Article 77.2 of the Corporation Tax Act.

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Due to the subsequent acquisition and merger of this investee with the Company, a new deferred income of 5,506,170 euros arose as a result of the difference between the net tax value and the acquisition and merger value.

Data at 31 December 2022	Euros		
Property	N.T.V.:	M.V.T.:	R.D.
Valle de la Fuenfría, 3	12,117,499	17,623,669	5,506,170
Total	**12,117,499**	**17,623,669**	**5,506,170**

N.T.V.: Net tax value
M.V.T.: Market value of transfer
R.D. Deferred income

18.3 Years open for review and tax audits

In accordance with prevailing legislation in Spain, taxes cannot be considered to have been definitively settled until the returns filed have been inspected by the tax authorities or until the four-year statute of limitations period has elapsed. At year-end 2022, the Company's taxes corresponding to the last four years remained open to inspection. The Directors of the Company consider that the settlements of the above-mentioned taxes have been properly filed. Hence, although discrepancies may arise regarding the tax treatment given to the operations due to the interpretation of prevailing regulations, any liabilities that may eventually result from them, should they come about, will not significantly affect the annual accounts attached hereto.

18.4 Reporting requirements as a REIT

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

19. Income and expenses

19.1 Net turnover, other operating income and subsidies

The breakdown of these items at 31 December 2022 and 2021 is as follows:

	Euros	
	2022	2021
Hotels	9,747,961	6,389,336
Offices	11,331,546	9,266,406
Retail	9,564,815	7,443,982
Industrial	-	982,093
Rental subtotal	**30,644,323**	**24,081,817**
Provision of sundry services	63,007	38,396
Capital grants taken to profit and loss	56,351	56,351
Total income	**30,763,680**	**24,176,564**

The Company's entire turnover in 2022 and 2021 was generated in Spain.

19.2 Staff costs

The balance of this item in 2022 and 2021 was comprised as follows:

	Euros	
	2022	2021
Wages and salaries:		
Wages, salaries and similar outgoings	358,311	340,467
National Insurance contributions:		
Social Security contributions incurred by the company	74,088	68,559
Other social expenses	53,704	54,524
Total	**486,103**	**463,550**

19.3 External charges for services, taxes and similar levies

The breakdown of this item for 2022 and 2021 is as follows:

	Euros	
	2022	2021
Leases	27,921	18,306
Repairs and maintenance	851,544	525,084
Independent professional services	365,912	858,745
Insurance policies	78,669	76,693
Banking services and similar	9,012	14,128
Advertising and public relations	21,951	3,975
Supplies	1,245,470	632,759
Other services	410,322	251,867
Other levies	2,289,343	2,014,701
Total	**5,300,144**	**4,396,258**

20. Related-party transactions and balances

20.1 Related-party transactions

The transactions made with related companies in 2022 and 2021 were as follows:

	Euros					
	31/12/2022			31/12/2021		
	Financial	Income	Financial	Financial	Income	Income
	income		income	income		income
Isla Canela, S.A.	126,218	108,891	-	91,501	103,318	540
Promociones y Construcciones PYC Pryconsa, S.A.	670,098	25,253	26,519	215,644	24,208	38,663
Planificación Residencial y Gestión, S.A.U.	5,317	689	-	-21	434	-
Cogein, S.L.U.	-	751	132,886	-	753	-
Propiedades Cacereñas, S.L.U.	-	294	-	-	295	-
Triangulo Plaza Cataluña, S.L.	-	260	-	-	259	-
Jardins Sottomayor - Imobiliária e Turismo, SA	-	3,267	-	-	3,209	-
Codes Capital Partners, S.L.U.	-	-	-	-	319	-
Cotos Capital S.L.	-	322	-	-	-	-
Pryconsa Senyor, S.L.	-	5,813	-	-	3,121	-
Promoción, Gestión y Marketing Inmobiliario, S.L.	-	1,208	-	-	751	-
Per 32, S.L.	-	183	-	-	200	-
Total	**801,633**	**146,931**	**159,405**	**307,124**	**136,867**	**39,203**

At 31 December 2022, the relationship between the companies with which the Company has relevant “Related party transactions and balances” is as follows:

- **Isla Canela, S.A.:** Company 93.90% owned by PER 32, S.L.

- **Promociones y Construcciones PYC Pryconsa, S.A.:** Direct shareholder of the Company with an 11.19% stake.

20.2 Balances with related companies

Balances with related companies at 31 December 2022 and 2021 are as follows:

2022

	Euros	
	Loans granted to related companies (Note 9)	Loans received from related companies
Cogein, S.L.U.	-	3,461,920
Total	**-**	**3,461,920**

2021

	Euros	
	Loans granted to related companies (Note 9)	Loans received from related companies
Promociones y Construcciones PYC, Pryconsa, S.A. (Note 8)	-	38,400
Total	**-**	**38,400**

The main agreements currently in force which the Company has with related companies are as follows:

- On 30 April 2018, the Company signed a lease agreement for parking spaces with Promociones y Construcciones, PYC, Pryconsa, S.A., under which the latter leases 17 parking spaces to the Company located in the building at Glorieta de Cuatro Caminos, 6 and 7, Madrid. The contract term is for five years, starting on 1 May 2018, extendable for five-year periods unless expressly agreed by the parties.

- On 28 April 2017, the Company entered into a technical service provision agreement with Promociones y Construcciones PYC Pryconsa, S.A., consisting of (i) technical assistance with the properties constructed by the latter and (ii) integrated project management of remodelling, refurbishment or adaptation works to properties owned by the Company, in exchange for remuneration of 5% calculated using the value of the works performed under the aforementioned contract. The duration of this contract was established for an annual period, tacitly renewable for annual periods, unless the parties expressly indicate otherwise.

- On 11 June 2014, the Company entered into a service provision agreement with Promociones y Construcciones, PYC, Pryconsa, S.A., whereby the latter would provide the Company with an integrated management assistance service for legal, administrative and tax services, in addition to granting the use of space. The contact's term runs for one year and can be extended unless contested by the parties.

- On 1 September 2022, the various companies in the PER 32 group signed a framework agreement on mutual financing, under which any company with surplus liquidity can finance the other companies requiring such financing at market conditions, provided their financing needs are met. The agreement has a term of three years, which can be automatically extended for another three years unless one of the companies waives it.

As a result of the mergers set out in Note 1, all obligations and rights deriving from the following agreements between Promociones y Construcciones PYC Pryconsa, S.A. and Isla Canela, S.A were transferred to the Company:

- On 1 June 2012, Isla Canela S.A. and Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U. entered into a technical services provision agreement for the maintenance of the hotels owned by Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U. Pursuant to the aforementioned agreement, Isla Canela, S.A. provides the Company with an integrated preventive maintenance service for the hotels owned by the Company in Isla Canela. The agreement is annual but may be tacitly extended by the parties on an annual basis, although either of the parties may terminate it at any time.

  Additionally, the aforementioned technical services contract establishes that Isla Canela, S.A. provides the Company with the full project management service for remodelling, renovating or adaptation works which may be necessary on the hotels owned by the Company in Isla Canela.

- On 31 December 2012, Isla Canela S.A. and Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U. signed a hotel property lease agreement (for Hotel Isla Canela Golf). The contract is renewed on a three-year basis with the current maturity date of 31 December 2023.

- On 1 November 2022, a sublease agreement was signed with the company Planificación Residencial y Gestión, S.A.U. for part of the second floor of the office building at Glorieta de Cuatro Caminos 6 and 7. The term of the sublease is the same as that of the lease signed by Planificación Residencial y Gestión, S.A.U. as lessee.

21. Remuneration for the Board of Directors and Senior Management

The total remuneration due in 2022 and 2021 for all items of the members of the Board of Directors and the senior management of Saint Croix Holding Immobilier, SOCIMI, S.A. and people performing similar duties at the end of each year can be summarised as follows:

	Euros	
	2022	**2021**
Fixed remuneration	40,000	40,000
Variable remuneration	1,000	1,000
Allowances	10,000	10,000
Total	**51,000**	**51,000**

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

Furthermore, at 31 December 2022 and 2021, there were no advances or credits or any other kind of pension or life insurance guarantees or obligations in connection with current and former members of the Board of Directors.

During 2022 and 2021, the Company has not paid any amounts on the grounds of civil liability insurance associated with the Directors.

Likewise, there have been no agreements between the Company and any of the Directors or persons acting on their behalf, linked to operations other than in the normal course of business or that have not been undertaken in normal conditions.

The number of Directors distributed by gender was as follows in 2022 and 2021:

2022			2021		
Male	**Female**	**Total**	**Male**	**Female**	**Total**
3	2	5	3	2	5

Additionally, the Board of Directors has a non-Director Secretary of the Board who is male.

22. Information on conflicts of interest among the Directors

At year-end 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 the Board of Directors any direct or indirect conflict of interests with those of the Company.

23. Other information

23.1 Personnel

The average number of people employed in 2022 and 2021 broken down by job category is as follows:

	2022	**2021**
Management	1	1
Technical staff	1	1
Administrative staff	4	4
Total	**6**	**6**

Likewise, the distribution by gender at the end of 2022 and 2021 broken down by category was as follows:

	2022		2021	
	Male	Female	Male	Female
Directors	3	2	3	2
Management	1	-	1	-
Technical staff	1	-	1	-
Administrative staff	2	2	2	2
Total	**7**	**4**	**7**	**4**

No individuals with a level of disability equal to or greater than 33% were employed at year-end 2022 and 2021.

23.2 Audit fees

The fees for account auditing services and other services provided by the Company's auditor, BDO Auditores, S.L.P., or by a company related to the auditor or jointly owned or controlled by it were as follows in 2022 and 2021:

	Euros	
	Services provided by the auditor of accounts and related companies	
	2022	2021
Audit services	29,380	28,250
Other verification services	-	-
Total audit and related services	**29,380**	**28,250**
Tax advisory services	-	-
Other services	-	-
Total professional services	**29,380**	**28,250**

24. Environmental information

Environmental activities consist of any activities aimed at preventing, reducing or repairing damages produced to the environment.

The corporate purpose of the Company, as provided for in its Articles of Association, is stated in Note 1.

In view of the Company's activities, it does not have direct environmental responsibilities, expenses, assets or provisions nor contingencies which could have a significant impact in relation to the capital, financial situation and the results thereof. As a result, no specific breakdowns of information on environmental matters have been included in these notes to the financial statements.

At 31 December 2022 and 2021, the Company had not booked any provision for possible environmental risks, given that the Directors do not believe that there are any significant contingencies related to possible litigation, compensation or other concepts.

25. Segmented reporting

2022

	Euros				
	Hotels	Offices	Retail	Others	Total
Income	9,785,315	11,352,483	9,569,532	-	30,707,329
Indirect costs	-1,105,863	-2,505,625	-1,541,024	-	-5,152,512
Net Margin	**8,679,451**	**8,846,859**	**8,028,508**	**-**	**25,554,818**
General expenses	-201,949	-234,292	-197,495	-	-633,736
EBITDA	**8,477,503**	**8,612,567**	**7,831,012**	**-**	**24,921,082**
% of income	**86.63%**	**75.87%**	**81.83%**	**-**	**81.16%**
Depreciation	-2,327,936	-2,519,145	-1,135,839	-3,203	-5,986,123
Subsidies	56,351	-	-	-	56,351
Extraordinary profits (losses)	-20,765	-	-	-	-20,765
Profit/(loss) on disposal of real estate assets	-	350,824	-	-	350,824
Impairment/Reversal of real estate assets	-	-478,824	-	-	-478,824
Financial profit (loss)	-	-779,421	-155,478	-3,652,788	-4,587,688
EBT	**6,185,153**	**5,186,000**	**6,539,695**	**-3,655,991**	**14,254,857**
Corporation tax	-	-	-	-	-
Net profit (loss)	**6,185,153**	**5,186,000**	**6,539,695**	**-3,655,991**	**14,254,857**
% of income	**63.21%**	**45.68%**	**68.34%**	**0.00%**	**46.42%**

2021

	Euros					
	Hotels	Offices	Retail	Industrial	Others	Total
Income	6,406,676	9,287,463	7,443,982	982,092	-	24,120,213
Indirect costs	-978,469	-2,156,471	-498,108	-52,939	-	-3,685,987
Net Margin	**5,428,206**	**7,130,992**	**6,945,874**	**929,153**	**-**	**20,434,226**
General expenses	-162,774	-235,966	-189,129	-24,952	-	-612,822
EBITDA	**5,265,432**	**6,895,026**	**6,756,745**	**904,201**	**-**	**19,821,404**
% of income	**82.19%**	**74.24%**	**90.77%**	**92.07%**	**-**	**82.18%**
Depreciation	-2,269,685	-2,246,719	-1,040,657	-132,021	-1,527	-5,690,608
Subsidies	56,351	-	-	-	-	56,351
Extraordinary profits (losses)	24,854	-	-	-	-	24,854
Profit/(loss) on disposal of real estate assets	-	8,961,619	-	-	-	8,961,619
Impairment/Reversal of trade operations	-	-	6,456	-	-	6,456
Impairment/Reversal of real estate assets	-	-73,669	-311,929	-	-	-385,598
Financial profit (loss)	-	-722,904	-416,146	53,318	116,026	-969,706
EBT	**3,076,952**	**12,813,352**	**4,994,470**	**825,498**	**114,499**	**21,824,771**
Corporation tax	-	-	-	-	-	-
Net profit (loss)	**3,076,952**	**12,813,352**	**4,994,470**	**825,498**	**114,499**	**21,824,771**
% of income	**48.03%**	**137.96%**	**67.09%**	**84.06%**	**-**	**90.48%**

The breakdown of the **income and net book value** of real estate assets, including property, plant and equipment in progress, at 31 December 2022 and 31 December 2021 is as follows:

	Euros					
	31/12/2022			31/12/2021		
	Income	%	Net cost	Income	%	Net cost
Hotels	9,785,315	31.87%	102,661,073	6,406,676	26.56%	104,555,281
Offices	11,352,483	36.97%	209,919,449	9,287,463	38.50%	171,032,481
Retail	9,569,532	31.16%	96,818,388	7,443,982	30.86%	98,012,024
Industrial	-	-	-	982,092	4.07%	-
Institutional	-	-	14,214,881	-	-	-
Plots	-	-	-	-	-	23,357,622
Total income	**30,707,329**	**100%**	**423,613,790**	**24,120,213**	**100.00%**	**396,957,408**

The breakdown of contribution to **income from a geographic standpoint** is as follows:

	Euros			
	31/12/2022		31/12/2021	
	Income	%	Income	%
Madrid	22,306,777	72.64%	18,467,232	76.56%
Huelva	8,400,553	27.36%	5,652,981	23.44%
Castellón	-	-	-	-
Total	**30,707,329**	**100.00%**	**24,120,213**	**100.00%**

Furthermore, it is of interest to highlight the evolution of the **occupation rates** by type of asset from the **standpoint of asset types**: The occupation rate of the Company's assets allocated to leases at 31 December 2022 amounted to 92% of the floor space (sq.m.) leased (92% in 2021), which breaks down as follows:

	31/12/2022		31/12/2021	
	m2	Occupation	m2	Occupation
Hotels	99,408	100.00%	80,135	100.00%
Offices	62,406	95.41%	45,861	89.52%
Retail	40,852	61.73%	40,736	80.40%
Institutional	19,273	100.00%	-	-
Total	**221,938**	**91.66%**	**166,732**	**92.33%**

With respect to Plot TER.02-178-A (Valdebebas) for hotel and institutional use, in 2022, following the signing of two leases for future use and the commencement of construction, the Company included the square metres of this property in the gross leasable area for hotel and institutional use, which was divided into two resulting properties in 2022, each with a total area of 19,273 m2.

During 2022, the occupancy rate of properties was maintained compared to the rate recorded at 31 December 2021.

26. International Financial Reporting Standards

Pursuant to Article 525 of the Corporate Enterprises Act, companies that have issued securities which are traded on a regulated market in any Member State of the European Union, in terms of Article 1.13 of Directive 93/22/EEC of the Council, of 10 May 1993, concerning investment services in the scope of traded securities and which, pursuant to the regulations in force, only publish separate financial statements, shall be obliged to state the main variations in shareholders' equity in the notes to the financial statements and in the profit and loss account, when applying the International Financial Reporting Standards adopted by the European Union (hereinafter, “the IFRS-EU”).

Having applied the General Accounting Plan approved under Royal Decree 1514/2007, of 16 November, amended by Royal Decree 1159/2010, amended in 2016 by Royal Decree 602/2016 and amended by Royal Decree 1/2021 of 12 January, to the Company's operations, there are no significant differences between said rule and the IFRS-EU, with the exception of the inclusion of capital grants, net of their corresponding tax effect, in the Company's net equity.

At the end of 2022 and 2021, the Company does not have any lease agreements in force under which it acts as a lessee (operating lease) and therefore IFRS 16 does not apply to the recognition of a right to use the asset and a liability for the lease.

Furthermore, the amendments to IFRS 16 “Leases: COVID-19 Related Rent Concessions beyond 30 June 2021”, which applies on a mandatory basis from 1 April 2021 onwards, does not have any impact on the Company’s equity and profit.

27. Subsequent disclosures

From 31 December 2022 until the date of preparation of the Company's financial statements for 2022, no relevant events have occurred that need to be specified in this section with the exception of the following:

- On 13 January, the Company signed a line of financing for working capital with personal guarantee in the amount of 7,500,000 euros with Banca March, freely available and maturing on 13 January 2024.

- On 6 February 2023, the Company made the second and final drawdown of 12,000,000 euros of the loan arranged with Bankinter in 2022 to finance the refurbishment and start-up of the tertiary building owned by the Company and located at calle Arapiles 14 in Madrid. The work was completed at the end of December 2022, as the conditions precedent required for this drawdown had been fulfilled by that date, which has now occurred.

- On 23 February 2023, the Company entered into a mortgage loan with Banco Santander for 36,000,000 euros to finance the construction of a private hospital on plot TER.02-178-A1 located at Calle Gustavo Pérez Puig No. 66 in Madrid, which is owned by the Company. This hospital will be operated by Sanitas S.A. de Hospitales on the basis of the lease agreement signed between the parties in 2022. This loan has a drawdown and grace period of 3 years and an additional 10-year amortisation period with increasing instalments.

- On February 28, 2023, the Company has formalized a loan with a personal guarantee with Banco Santander of 10,000,000 euros in order to finance its working capital. This loan has a maturity of 12 months.

Annex 1. Reporting requirements as a REIT

Description	2022
a) Reserves from years prior to the application of the tax scheme set forth in Law 11/2009, as amended by Law 16/2012 of 27 December.	As is set out in Note 1, the Company was incorporated on 1 December 2011 in Luxembourg without having allocated any prior year's profits to reserves.
b) Reserves of each financial year in which the special tax regime set forth in said Law applies.	**Profits allocated to reserves by the Company** - Profits in 2014 allocated to reserves: 921,102 euros - Profits in 2015 allocated to reserves: 2,776,186 euros - Profits in 2016 allocated to reserves: 1,724,518 euros - Profits in 2017 allocated to reserves: 1,320,042 euros - Profits in 2018 allocated to reserves: 1,455,425 euros - Profits in 2019 allocated to reserves: 1,730,153 euros - Profits in 2020 allocated to reserves: 944,411 euros - Profits in 2021 allocated to reserves: 6,676,648 euros **Profits applied to reserves by the absorbed company COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.** - Profits in 2009 allocated to reserves: 936,358 euros - Profits in 2010 allocated to reserves: 871,431 euros - Profits in 2011 allocated to reserves: 1,000,888 euros - Profits in 2012 allocated to reserves: 43,627 euros - Profits in 2013 allocated to reserves: 470,286 euros - Profits in 2014 allocated to reserves: 1,208,270 euros - Profits in 2015 allocated to reserves: 3,699,608 euros **Profits applied to reserves by the absorbed company INVERETIRO, SOCIMI, S.A.U.** - Profits in 2015 allocated to reserves: 477,756 euros
- Profits from income subject to the general tax levy.	- Tax gain of 2019 for the sale of Rutilo 21, 23 and 25: 572,893 euros
- Profits from income subject to tax at a levy of 19%.	**Profits applied to reserves by the absorbed company COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.** - Profits in 2009 allocated to reserves: 936,358 euros - Profits in 2010 allocated to reserves: 871,431 euros - Profits in 2011 allocated to reserves: 1,000,888 euros - Profits in 2012 allocated to reserves: 43,627 euros
- Profits from income subject to tax at a levy of 0%.	**Profits allocated to reserves by the Company** - Profits in 2014 allocated to reserves: 921,102 euros - Profits in 2015 allocated to reserves: 2,776,186 euros - Profits in 2016 allocated to reserves: 1,724,518 euros - Profits in 2017 allocated to reserves: 1,320,042 euros - Profits in 2018 allocated to reserves: 1,455,425 euros - Profits in 2019 allocated to reserves: 1,730,153 euros - Profits in 2020 allocated to reserves: 944,411 euros - Profits in 2021 allocated to reserves: 6,676,648 euros **Profits applied to reserves by the absorbed company COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.** - Profits in 2013 allocated to reserves: 470,286 euros - Profits in 2014 allocated to reserves: 1,208,270 euros - Profits in 2015 allocated to reserves: 3,699,608 euros **Profits applied to reserves by the absorbed company INVERETIRO, SOCIMI, S.A.U.** - Profits in 2015 allocated to reserves: 477,756 euros
c) Dividends paid out and charged to profits of each financial year in which the tax scheme set forth in this Law can be applied.	**Dividends distributed by the Company** - Distribution of dividends in 2015: 6,979,719 euros - Distribution of dividends in 2016: 13,958,138 euros - Distribution of dividends in 2017: 11,880,376 euros - Distribution of dividends in 2018: 13,098,821 euros - Distribution of dividends in 2019: 12,526,626 euros - Distribution of dividends in 2020: 8,499,697 euros - Distribution of dividends in 2021: 15,148,124 euros **Dividends distributed by the absorbed company COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.** - Distribution of dividends in 2009: 3,382,919 euros - Distribution of dividends in 2010: 3,121,886 euros - Distribution of dividends in 2011: 3,585,669 euros - Distribution of dividends in 2012: 156,295 euros - Distribution of dividends in 2013: 1,209,306 euros - Distribution of dividends in 2014: 10,874,427 euros - Distribution of dividends in 2015: 14,799,010 euros **Dividends distributed by the absorbed company INVERETIRO, SOCIMI,**

	S.A.U. - Distribution of dividends in 2015: 1,987,206 euros
- Dividends from income subject to the general tax levy.	-
- Dividends from income subject to taxation at 18% (2009) and 19% (2010 to 2012).	**Dividends distributed by the absorbed company Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U.** - Distribution of dividends in 2009: 3,382,919 euros - Distribution of dividends in 2010: 3,121,886 euros - Distribution of dividends in 2011: 3,585,669 euros - Distribution of dividends in 2012: 156,295 euros
- Dividends from income subject to tax at a levy of 0%.	**Dividends distributed by the Company** - Distribution of dividends in 2015: 6,979,719 euros - Distribution of dividends in 2016: 13,958,138 euros - Distribution of dividends in 2017: 11,880,376 euros - Distribution of dividends in 2018: 13,098,821 euros - Distribution of dividends in 2019: 12,526,626 euros - Distribution of dividends in 2020: 8,499,697 euros - Distribution of dividends in 2021: 15,148,124 euros **Dividends distributed by the absorbed company COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.** - Distribution of dividends in 2013: 1,209,306 euros - Distribution of dividends in 2014: 10,874,427 euros - Distribution of dividends in 2015: 14,799,010 euros **Dividends distributed by the absorbed company INVERETIRO, SOCIMI, S.A.U.** - Distribution of dividends in 2015: 1,987,206 euros
d) Dividends paid out and charged to reserves	-
- Dividends charged to reserves subject to taxation at the general tax levy.	-
- Dividends charged to reserves subject to taxation at 19%.	-
- Dividends charged to reserves subject to taxation at 0%.	-
e) Date of the dividend pay-out resolution referred to by items c) and d) above.	**Dividends distributed by the Company** - 2015 dividends: 01/04/2016 - 2016 dividends: 29/06/2017 - 2017 dividends: 26/04/2018 - 2018 dividends: 25/04/2019 - 2019 dividends: 30/06/2020 - 2020 dividends: 29/04/2021 - 2021 dividends: 27/04/2022 **Dividends distributed by the absorbed company COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.** - 2009 dividends: 29/06/2010 - 2010 dividends: 30/06/2011 - 2011 dividends: 28/06/2012 - 2012 dividends: 20/06/2013 - 2013 dividends: 30/06/2014 - 2014 dividends: 22/06/2015 - 2015 dividends: 01/04/2016 **Dividends distributed by the absorbed company INVERETIRO, SOCIMI, S.A.U.** - 2015 dividends: 01/04/2016
f) Acquisition date of the properties allocated to lease which generate income subject to this special scheme and that remain on the company's balance sheet on the reporting date.	**Properties from the absorbed company COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.** The properties were owned by the absorbed company on 29/12/2009. Due to the partial division transaction of Isla Canela, S.A., the dates of ownership are as follows: - Hotel Isla Canela Golf: 28/12/2007 - Hotel Barceló Isla Canela: 06/07/1998 - Hotel Iberostar Isla Canela: 01/07/2002 - Hotel Playa Canela: 16/05/2002 - Hotel Meliá Atlántico: 25/05/2000 - Marina Isla Canela Shopping Mall: 17/10/2000 - Property at Calle Gran Vía 1: 19/10/1987
	The following real estate investments, which were acquired from the related company Promociones y Construcciones, PYC, Pryconsa, S.A. were included in 2012: - Offices Sanchinarro VI: 29/11/2012 - Offices Sanchinarro VII: 29/11/2012 - Vallecas Comercial I: 30/10/2012

	- Vallecas Comercial II: 30/10/2012 - Offices Coslada III: 29/11/2012
	Properties from the absorbed company COMPAÑÍA IBÉRICA DE RENTAS URBANAS 2009 SOCIMI, S.A.U., The properties were owned by the absorbed company on 22 December 2009. Due to the partial spin-off of the related company, Cogein, S.L.U., the ownership dates are as follows - Hotel Innside Meliá Gran Vía: 16/05/2002 - Retail outlet at Gran Vía 34: 16/05/2002 - Retail outlet on Dulcinea: 21/09/1995 - Pradillo 41 offices: 27/02/2009 - Retail outlet at Albalá 7: 26/09/2003 - Gran Vía 1-1º and 2º Dcha offices: 15/10/1993 - Gran Vía 1-1º Izda offices: 10/02/1998 - Building on Plaza España, Castellón: 29/12/2011
	Properties from the absorbed company INVERETIRO, SOCIMI, S.A.U. - Titán 13 office: 12/02/2014 - Business premises at Conde de Peñalver 16: 01/12/2013
	Properties from the absorbed company BENSELL MIRASIERRA, S.L.U. Valle de la Fuenfría, 3: 09/03/2015
	Direct acquisitions made by the Company and that remain under its control: - Retail outlet at Gran Vía 55: 01/03/2016 - Edificio José Abascal 41: 02/12/2016 - Building at Orense, 62: 07/02/2017 - Business Premises at Goya, 59: 10/02/2017 - Business Premises at Glorieta de Cuatro Caminos, 6 and 7: 11/04/2018 - Juan Ignacio Luca de Tena 17 building: 31/01/2019 - Plot TER.02-178-A (Valdebebas): 09/09/2020 - Building at Arapiles, 14: 08/10/2021 - Sexta Avenida shopping centre: 30/11/2021 - Offices Santiago de Compostela 100 bis: 27/07/2022 - Offices Avenida de Cantabria 51: 27/07/2022
g) Acquisition date of interests in the capital of the entities referred to in paragraph 1, Article 2 of this Law.	2019: Unibail Rodamco. 6,950 shares (Current value 0.34 million euros) 2020: Inmobiliaria Colonial: 1,572,296 shares 2021: Inmobiliaria Colonial: 1,113,250 shares (Total current value of Inmobiliaria Colonial 16.14 million euros)
h) Identification of the assets calculated within the eighty per cent referred to by paragraph 1, Article 3 of this Law.	The breakdown of real estate assets and their gross booked cost expressed as millions of euros, is as follows:

Meliá Atlántico	36.40
Barceló Isla Canela	28.35
Iberostar Isla Canela	25.79
Meliá Innside Gran Vía	24.85
Playa Canela	17.51
Isla Canela Golf	5.28
Hotel Valdebebas (under construction)	14.89
Hotels	**153.07**
Pradillo 42	22.38
Sanchinarro VI	5.87
Sanchinarro VII	0.86
Titán 13	31.91
Valle de la Fuenfría, 3	18.23
José Abascal 41	25.61
Juan Ignacio Luca de Tena,17	30.80
Avda. Cantabria, 51	16.75
Santiago Compostela, 100 bis	22.33
Orense 62	4.40
Arapiles 14	36.27
Coslada III	0.21
Vallecas Comercial I	1.89
Gran Vía 1 (2º derecha)	2.87
Gran Vía 1 (1º derecha)	3.01
Gran Vía 1 (2º izquierda)	1.94
Offices	**225.32**
Gran Vía 34	21.53
Plaza España	15.10
Conde Peñalver 16	20.43
Gran Vía 55	13.46
Cuatro Caminos	7.12
Goya 59	15.81

	Sexta Avenida shopping centre	10.95
	Vallecas Comercial II	3.91
	Marina Isla Canela Shopping Mall	4.72
	Albalá 7	2.87
	Gran Vía 1 (1º izquierda)	2.73
	Dulcinea 4	1.53
	Retail	**120.14**
	Valdebebas Hospital (under construction)	14.21
	Institutional	**14.21**
	Total real estate assets:	**512.75**
	Unibail Rodamco	0.34
	Inmobiliaria Colonial:	16.14
	Total:	**529.23**
i) Reserves from years in which the special tax regime set forth in this Act has applied and which have been drawn down during the tax period, but not for distribution or to offset losses. The financial year from which said reserves come should be indicated.	2019 profit allocated to voluntary reserves: 304,475 euros	

SAINT CROIX
HOLDING IMMOBILIER, SOCIMI, S.A.

Management Report
2022

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

Management report at year-end 2022

1. Explanation of figures at 31 December 2022

A breakdown of the main figures at 31 December 2022 compared to 31 December 2021 is provided below:

	Euros		
	31/12/2022	31/12/2021	+ / -
Income	**30,707,329**	**24,120,213**	**27%**
Leases	30,644,323	24,081,817	
Provision of sundry services	63,007	38,396	
Operating expenses	-5,152,512	-3,685,987	40%
Net operating income (NOI)	**25,554,818**	**20,434,226**	**25%**
General expenses	-633,736	-612,822	3%
EBITDA	**24,921,082**	**19,821,404**	**26%**
Financial profit (loss)	-4,587,688	-969,706	373%
EBTDA	**20,333,394**	**18,851,698**	**8%**
Depreciation	-5,986,123	-5,690,608	
Subsidies	56,351	56,351	
Impairment/Reversal of trade operations	-	6,456	
Impairment/Reversal of real estate assets	-478,824	-385,598	
Other gains (losses)	-20,765	24,853	
Gains (losses) Disposal of real estate assets	350,824	8,961,619	
EBT	**14,254,857**	**21,824,771**	**-35%**
Corporation tax	-	-	
Net profit (loss)	**14,254,857**	**21,824,771**	**-35%**

Sector indicators at 31 December 2022 and 31 December 2021

	Euros			
	31/12/2022	Per share	31/12/2021	Per share
Recurring net profit	17,341,974	3.90	12,950,956	2.91
Net value of assets	553,905,533	124.41	535,119,847	120.19
Costs	5,786,247		4,859,809	
Income	30,707,329		24,120,213	
Cost/income ratio	18.84%		20.15%	
Vacancy ratio	7.11%		4.52%	
Net profitability	4.42%		4.52%	

Main figures at 31 December 2022 and 31 December 2021

	Financial year	
	31/12/2022	31/12/2021
Annualized income (millions)	29.27	25.77
FFO (mn)	24.84	19.25
FFO (/share)	5.58	4.32
GAV (mn)	680.36	619.67
NAV (mn)	553.59	535.12
ROA	3.06%	5.22%
ROE	4.57%	6.89%
Gross leasable surface area (risk-free m^2) (*)	221,938	166,732
% occupancy at year end	91.66%	92.57%
Lease portfolio (mn)	221.19	229.46
WAULT	9.10	9.39
LTV	19.99%	15.41%
Net debt (mn)	138.32	97.51
Profit (euro/share)	3.20	4.90
Dividend (euro/share)	2.84	3.40
Gross profitability via dividend	4.32%	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 loans 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 corporation 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.

Real estate investments (gross): At 31 December 2022, the Company's gross property investments came to 512,747,941 euros. In 2022, the following investments and disinvestments took place:

Investments: Property investments made in 2022 totalled 52,068,463 euros. The main additions recorded under this heading relate mainly to the following investments:

- 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.

- There were additions to assets under construction amounting to 12,705,159 euros, corresponding to the cost of renovating and refurbishing hotels amounting to 941,903 euros, the buildings at Calle Arapiles 14 (5,785,510 euros), Pradillo 42 (177,999 euros) and Titán 13 (73,424 euros) in Madrid, as well as the Sexta Avenida shopping centre (58,500 euros) and the start of construction work on the Valdebebas Hospital and Hotel in Madrid (5,667,823 euros), which will be leased to Sanitas S.A. de Hospitales and Meliá Hotels International, S.A., respectively, once completed.

- Furthermore, the Company has incurred in costs of 280,602 euros, capitalised as the cost of property investment.

Disposals: Property write downs for the gross amount of 4,582,569 euros were undertaken. The main write downs in 2022 correspond to:

- Sale of several properties with their corresponding annexes in Vallecas Comercial I (13 units), Sanchinarro VII (8 units) and Coslada III (6 units) for a gross cost of 4,582,569 euros, which have been sold to third parties. These sales transactions gave rise to a combined net gain of 350,824 euros, which was recognised under “Impairment and gains or losses on disposals of non-current assets” in the profit and loss account at 31 December 2022.

Transfers: During the year, ongoing real-estate investments have been transferred to property investments for the sum of 7,128,552 euros (3,413,344 euros in 2021), as a result of the completion of refurbishment work on several hotels (941,903 euros) and the building at Pradillo 42 (379,579 euros). Also on 27 December, the office building at Calle Arapiles 14 in Madrid was handed over to the tenant Ontreo (Grupo Planeta) on the occasion of the completion of the renovation of the building, which cost of which was 5,801,070 euros.

Dividends:

- **Dividends payable by the Company to shareholders in 2023:**

The proposed distribution of results for the 2022 year to be made by the directors of the Company to the shareholders is as follows:

	Euros
Profit at 31 December 2022	**14,254,857**
Legal reserve	1,425,486
Voluntary reserve	175,412
Dividends	12,653,959

The proposed distribution of profits to be made by the directors of the Company to the General Shareholders Meeting entails the distribution, as dividends charged to 2022 profits, of 2.84 euros per share.

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

The proposed distribution of results for 2021 to be made by the directors of the Company to the shareholders is 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 proposed distribution of profits made by the directors of the Company to the General Shareholders' Meeting entailed the distribution, as dividends charged to 2021 profits, of 3.40 euros per share. The gross dividend for 2021 in the amount of 15,148,123 euros approved by the General Shareholders' Meeting on 27 April 2022 was paid in full on 3 May 2022.

Net financial debt: The Company has a net financial debt of 138,001,510 euros (97,508,331 euros at 31 December 2021). The breakdown of this debt is as follows:

	Euros	
	31/12/2022	31/12/2021
José Abascal, 41	9,690,000	10,374,000
Titán, 13	9,708,654	10,511,131
Conde de Peñalver, 16	6,303,992	6,825,054
Valle de la Fuenfría, 3	7,763,333	8,266,780
Juan Ignacio Luca de Tena, 17	10,545,492	11,090,040
Glorieta de Cuatro Caminos 6 and 7	3,450,000	3,800,000
Arapiles 14	12,000,000	-
Hotel Valdebebas	3,000,000	-
Mortgage-backed debt	**62,461,471**	**50,867,006**
Bonds and debentures	-	2,000,000
Drawn down credit facilities	6,872,437	3,305,677
Long-term loans	70,413,976	42,000,000
Interest accrued pending maturity	392,903	184,454
Derivative	-314,055	283,008
Unsecured debt	**77,365,260**	**47,773,138**
Cash and bank	-1,825,221	-1,131,813
Net financial debt	**138,001,510**	**97,508,331**

(*) Excluding arrangement costs for loans signed in 2022.

At 31 December 2021, the “Bonds and debentures” item covered the issuance of two sets of Fixed Income securities undertaken by the Company in 2016 as part of the “2015 Fixed Income Securities Issuance Programme”, for an amount of 2,000,000 euros.

Average APR for the issuance was 2.73% per annum. The securities issued have been traded on the Alternative Fixed Income Market, “MARF”, since 24 June 2016. The financial expenses resulting from the aforementioned issuance, accrued and pending maturity in 2022, totalled 0 euros (26,165 euros in 2022), 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 programs are registered in the Company's income statement for each year, due to their immateriality. At 31 December 2022, these expenses amounted to 12,696 euros (44,419 euros at 31 December 2021). There have been no placement costs or fees.

At 31 December 2022, the Company had a mortgage debt of 62,461,471 euros pending maturity (50,867,006 euros at 31 December 2021) recorded under the “Long-term debts with credit institutions” and “Short-term debts with credit institutions” items and correspond mainly to mortgage-backed loans taken out with several financial institutions, which, at 31 December 2022, are pending maturity and repayment.

The Company's LTV at 31 December 2022 was 19.91% (15.41% at year-end 2021).

Income: At 31 December 2022, the Company had obtained total income of 30,707,329 euros (24,120,213 euros at 31 December 2021). The breakdown of income per asset type is as follows:

	Euros		Variation in %	
				Like for Like
	31/12/2022	31/12/2021	Growth	Growth
Hotels	9,785,315	6,406,676	52.74%	52.74%
Offices	11,352,483	9,287,463	22.23%	7.13%
Retail	9,569,532	7,443,982	28.55%	8.45%
Industrial	-	982,092	-100.00%	-
Income	**30,707,329**	**24,120,213**	**27.31%**	**20.26%**

Lease income increased by 27% year on year (21% when disregarding the effect of investments and disposals during the year).

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	
	31/12/2022	31/12/2021
Less than a year	29,272,582	25,769,308
Between one and five years	87,953,936	80,884,702
More than five years	103,961,317	122,805,156
Total	**221,187,835**	**229,459,166**

In relation to the average duration of the leases per type of property, the WAULT (Weighted average unexpired lease term) are detailed below:

	WAULT	
	31/12/2022	31/12/2021
Hotels	8.64	9.01
Offices	6.56	6.81
Retail	11.07	11.74
Institutional	10	10.00
Total Average	**9.07**	**9.39**

NOI: Net Operating Income was positive and amounted to 25,554,818 euros (20,434,226 euros at 31 December 2021), an increase of 25%. The breakdown of NOI per asset type is as follows:

	Euros		Change
	31/12/2022	31/12/2021	%
Hotels	8,679,451	5,428,206	60%
Offices	8,846,859	7,130,992	24%
Retail	8,028,508	6,945,874	16%
Industrial	-	929,153	-100%
NOI	**25,554,818**	**20,434,226**	**25%**

EBITDA at 31 December 2022 was positive and amounted to 24,921,082 euros (19,821,404 euros in December 2021), a year-on-year increase of 26%.

Financial profit (loss): There was a financial loss of 4,587,688 euros at 31 December 2022 (loss of 969,707 euros in December 2021). The breakdown of this loss is as follows.

- The financial income derived from the system of financing to the group and external amounted to 25,643 euros (116,080 euros in December 2021).

- Dividends have been collected on the stock market investments held by the Company for the sum of 377,351 euros (345,905 euros in 2021).

- The Company's financial expenses were 2,073,585 euros (1,772,748 euros in December 2021) and result from the Company's financing with credit institutions and the Alternative Fixed Income Market.

- The Company valued its portfolio of listed shares held in its assets at year-end, obtaining a negative value adjustment of 2,917,097 euros (positive value adjustment of 341,056 euros in 2021).

At 31 December 2022, **EBITDA** was positive and amounted to 20,333,394 euros (18,851,698 euros at December 2021), a year-on-year increase of 8%.

Depreciation: Depreciation expense was 5,986,123 euros (5,690,608 euros for the same period the previous year). The increase of 5% results from the new investments made during 2022 and 2021.

Subsidies: Subsidy income stood at 56,351 euros (56,351 euros in December 2021).

Impairment/Reversal:

- In 2022, the amount of the net reversal of impairment losses on trade operations was 0 euros (impairment of 6,456 euros in 2021).

- After the valuation of the Company's real estate assets, impairment of 664,400 euros has been recorded, linked to the Offices segment, in addition to reversals of impairment of 185,405 euros, also particularly in the Offices segment. The net impact on the income statement for 2022 was therefore negative in the amount of 478,824 euros (385,598 euros in 2021).

Profit/(loss) on disposal of real estate assets: During 2022, the following divestments were recorded:

- Sale of several properties with their corresponding annexes in Vallecas Comercial I (13 units), Sanchinarro VII (8 units) and Coslada III (6 units) for a gross cost of 4,582,569 euros, which were sold to third parties. These sale transactions generated a combined gain of 350,824 euros.

At 31 December 2022, **EBT** is positive and amounts to 14,254,857 euros (21,824,771 euros in December 2021), i.e. a 35% decrease year-on-year.

Net profit/(loss): At 31 December 2021, net profit of 14,254,857 euros (21,824,771 euros at 31 December 2021), representing a net profit per share of 3.20 euros (4.90 euros at December 2021), i.e. a 35% decrease year-on-year.

2. Valuation of real estate assets

The Company commissioned Jones Lang Lasalle, an independent expert, to conduct a valuation of its assets, which was issued on 6 February 2023, in order to determine the fair values of all its property investments at year-end. Such valuations were conducted on the basis of the market lease value (which consists of capitalising net rents from each property and updating future flows). Acceptable discount rates were used to calculate fair value for a potential investor, which are in keeping with those used by the market for properties having 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).

Said valuations generated a net loss in the Company's income statement at 31 December 2022 amounting to 478,996 euros (385,598 euros in 2021).

Similarly, according to the valuations carried out, the fair value of investment property shows an unrecognised unrealised gain (by comparing the updated gross fair market value and the net book value) of 239,361,554 euros (222,711,026 euros at 31 December 2021), in the case of the Company's entire portfolio, with the exception of the Valdebebas assets, which show an unrealised gain of 35,655,694 euros (by comparison between the gross market value of the completed project and the estimated total cost until commissioning).

The gross market value of property investments at 2022 year-end amounted to 774,460,463 euros (619,668,431 euros at 2021 year-end). The breakdown by business segment is as follows:

	Gross market value of the Property investments (Euros) (*)	
	31/12/2022	31/12/2021
Hotels (**)	204,000,000	147,040,000
Offices	285,681,522	231,411,637
Retail	211,478,941	214,157,401
Institutional (**)	73,300,000	-
Plots	-	27,059,393
Total	**774,460,463**	**619,668,431**

(*) The net market value at 31 December 2022 comes to 755,866,500 euros.
(**) In the case of Valdebebas projects, the market value of the completed project is included. Eliminating the impact of the inclusion of the market values of the two completed projects and taking into account the market value based on the progress of work, the gross market value of the property investment at year-end 2022 amounts to 680,358,044 euros, with a net value of 664,116,641 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, since 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 as follows:

- Hotels
- Offices
- Retail
- Others

The segment 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 the Company's accounting data. In this regard, the Company does not report its assets and liabilities in a segmented way, since this information is not required by the Company's Management for the purposes of the management reports it uses for its decision making.

Ordinary income corresponds to income directly attributable to the 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

2022

	Euros				
	Hotels	Offices	Retail	Others	Total
Income	9,785,315	11,352,483	9,569,532	-	30,707,329
Indirect costs	-1,105,863	-2,505,625	-1,541,024	-	-5,152,512
Net Margin	**8,679,451**	**8,846,859**	**8,028,508**	**-**	**25,554,818**
General expenses	-201,949	-234,292	-197,495	-	-633,736
EBITDA	**8,477,503**	**8,612,567**	**7,831,012**	**-**	**24,921,082**
% of income	**86.63%**	**75.87%**	**81.83%**	**-**	**81.16%**
Depreciation	-2,327,936	-2,519,145	-1,135,839	-3,203	-5,986,123
Subsidies	56,351	-	-	-	56,351
Extraordinary profits (losses)	-20,765	-	-	-	-20,765
Profit/(loss) on disposal of real estate assets	-	350,824	-	-	350,824
Impairment/Reversal of real estate assets	-	-478,824	-	-	-478,824
Financial profit (loss)	-	-779,421	-155,478	-3,652,788	-4,587,688
EBT	**6,185,153**	**5,186,000**	**6,539,695**	**-3,655,991**	**14,254,857**
Corporation tax	-	-	-	-	-
Net profit (loss)	**6,185,153**	**5,186,000**	**6,539,695**	**-3,655,991**	**14,254,857**
% of income	**63.21%**	**45.68%**	**68.34%**	**0.00%**	**46.42%**

2021

	Euros					
	Hotels	Offices	Retail	Industrial	Others	Total
Income	6,406,676	9,287,463	7,443,982	982,092	-	24,120,213
Indirect costs	-978,469	-2,156,471	-498,108	-52,939	-	-3,685,987
Net Margin	**5,428,206**	**7,130,992**	**6,945,874**	**929,153**	**-**	**20,434,226**
General expenses	-162,774	-235,966	-189,129	-24,952	-	-612,822
EBITDA	**5,265,432**	**6,895,026**	**6,756,745**	**904,201**	**-**	**19,821,404**
% of income	**82.19%**	**74.24%**	**90.77%**	**92.07%**	**-**	**82.18%**
Depreciation	-2,269,685	-2,246,719	-1,040,657	-132,021	-1,527	-5,690,608
Subsidies	56,351	-	-	-	-	56,351
Extraordinary profits (losses)	24,854	-	-	-	-	24,854
Profit/(loss) on disposal of real estate assets	-	8,961,619	-	-	-	8,961,619
Impairment/Reversal of trade operations	-	-	6,456	-	-	6,456
Impairment/Reversal of real estate assets	-	-73,669	-311,929	-	-	-385,598
Financial profit (loss)	-	-722,904	-416,146	53,318	116,026	-969,706
EBT	**3,076,952**	**12,813,352**	**4,994,470**	**825,498**	**114,499**	**21,824,771**
Corporation tax	-	-	-	-	-	-
Net profit (loss)	**3,076,952**	**12,813,352**	**4,994,470**	**825,498**	**114,499**	**21,824,771**
% of income	**48.03%**	**137.96%**	**67.09%**	**84.06%**	**-**	**90.48%**

The breakdown of the **income and net book value** of real estate assets, including property, plant and equipment in progress, at 31 December 2022 and 31 December 2021 is as follows:

	Euros					
	31/12/2022			31/12/2021		
	Income	%	Net cost	Income	%	Net cost
Hotels	9,785,315	31.87%	102,661,073	6,406,676	26.56%	104,555,281
Offices	11,352,483	36.97%	209,919,449	9,287,463	38.50%	171,032,481
Retail	9,569,532	31.16%	96,818,388	7,443,982	30.86%	98,012,024
Industrial	-	-	-	982,092	4.07%	-
Institutional	-	-	14,214,881	-	-	-
Plots	-	-	-	-	-	23,357,622
Total income	**30,707,329**	**100%**	**423,613,790**	**24,120,213**	**100.00%**	**396,957,408**

The breakdown of contribution to **income from a geographic standpoint** is as follows:

	Euros			
	31/12/2022		31/12/2021	
	Income	%	Income	%
Madrid	22,306,777	72.64%	18,467,232	76.56%
Huelva	8,400,553	27.36%	5,652,981	23.44%
Castellón	-	-	-	-
Total	**30,707,329**	**100.00%**	**24,120,213**	**100.00%**

Furthermore, it is of interest to highlight the evolution of the **occupation rates** by type of asset from the **standpoint of asset types**: The occupation rate of the Company's assets allocated to leases at 31 December 2022 amounted to 92% of the floor space (sq.m.) leased (92% in 2021), which breaks down as follows:

	31/12/2022		31/12/2021	
	m2	Occupation	m2	Occupation
Hotels	99,408	100.00%	80,135	100.00%
Offices	62,406	95.41%	45,861	89.52%
Retail	40,852	61.73%	40,736	80.40%
Institutional	19,273	100.00%	-	-
Total	**221,938**	**91.66%**	**166,732**	**92.33%**

With respect to Plot TER.02-178-A (Valdebebas) for hotel and institutional use, in 2022, following the signing of two leases for future use and the commencement of construction, the Company included the square metres of this property in the gross leasable area for hotel and institutional use, which was divided into two in 2022, each with a total area of 19,273 m2.

During 2022, the occupancy rate of properties was maintained compared to the rate recorded at 31 December 2021.

4. Property Investment

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 top-quality tenants, as well as some 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 agreements that are now in force.

In view of the Company's activity with long-term rental property assets, the Directors' forecasts are positive given the long-term agreements with top-level tenants in both the hotel and office, retail and institutional sectors, which guarantee the medium-term viability of the Company, together with new retail property lease contracts with tenants with good credit ratings.

5. Disclosure on supplier payment deferrals

Below is the information required by Additional Provision Three of Law 15/2010 of 5 July (modified under the Second Final Provision of Law 31/2014 of 3 December) prepared according to the Resolution of 29 January 2016, of the Institute of Accounting and Auditing, on the information to be included in the record of annual financial statements relating to the average period for payment to suppliers in commercial transactions.

	2022	2021
	Days	
Average payment period to suppliers	44.48	41.78
Ratio of paid transactions	49.84	44.27
Ratio of transactions pending payment	21.88	27.43
	Euros	
Total payments made	15,562,518	6,777,911
Total payments pending	3,689,510	1,174,472

Pursuant to the ICAC Resolution, to calculate the average payment period to suppliers, commercial transactions corresponding to the accrued delivery of goods or provision of services from the date on which Law 31/2014 of 3 December came into force, have been taken into consideration.

For the sole purpose of providing the information set out in the Resolution, suppliers are considered as trade creditors concerning debts with suppliers of goods or services, included in the “Suppliers” and “Sundry creditors” items of the current liabilities in the balance sheet.

The “average payment period to suppliers” is understood as the period of time that elapses from the delivery of goods or the provision of services entrusted to the supplier and eventual payment of the operation.

The maximum legal payment period applicable to the Company in 2020 according to Law 3/2004, of 29 December, establishing measures to combat delinquency in commercial transactions, is 30 days from the date on which said Law was published to the present (unless any of the conditions established therein are fulfilled, allowing the maximum legal payment period to be extended to 60 days).

In accordance with Law 18/2022 of 28 September on the creation and growth of companies, the aim of which is to reduce non-payment and financial support, the company discloses below the average time taken to pay suppliers, the volume of money and the number of invoices paid in a period that is less than the maximum set in the late payment regulations, as well as the percentage that these represent of the total number of invoices and total money paid to its suppliers:

	2022
Average payment period – invoices paid in a period shorter than the legal maximum period	26.09
Number of invoices paid in less than the maximum legal period	1,520
Percentage of total number of paid invoices	66.61%
	Euros
Amount of invoices paid in less than the legal maximum time limit.	13,037,097
Percentage of the total amount of paid invoices	83.77%

6. Earnings per share

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

	Euros	
	31/12/2022	31/12/2021
Net profit	14,254,857	21,824,772
Weighted average number of shares	4,452,197	4,452,197
Earnings per share	**3.20**	**4.90**

Basic earnings per share are calculated as the sum of net profit for the period attributable to the Company and the weighted average number of common shares in circulation during the period.

In turn, diluted earnings per share are calculated as the sum of net profit/losses for the period attributable to ordinary shareholders, adjusted based on the effect attributable to potential common shares with a dilutive effect and the weighted average number of common shares in circulation during the period, adjusted based on the weighted average number of common shares that would be issued if all potential common shares were converted into common shares in the company. To this end, it is considered that the conversion takes place at the start of the period or at the time potential common shares are issued, if they have been put into circulation during the period in question.

At the end of 2022 and 2021, the basic and diluted earnings per share matched.

The dividend per share breakdown is as follows:

	Euros	
	2022	2021
Gross dividend paid out to shareholders (*)	12,653,959	15,148,123
Gross dividend per share	2.84	3.40
Gross return on average share price in the year	4.32%	4.68%
Gross return on nominal value	4.74%	5.66%

(*) For each year to be paid the following year (with the exception of the interim dividend)

7. Acquisition of treasury shares

At 31 December 2022, the Company did not hold any treasury shares in its portfolio.

8. Research and development activities

The company does not undertake any 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 PER 32 policies. The Group has established the necessary mechanisms to control exposure to changes in exchange rates, along with credit and liquidity risks. The main financial risks which impact the Company are set out below:

a) Credit risk

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

b) Liquidity risk

Taking into account the current situation of the financial market and the estimates made by the Directors of the Company on the Company's cash generating capacity, the Directors believe that the Company 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 lessees' high credit ratings, as well as by the collection guarantees set forth in prevailing agreements.

c) Exchange rate risk

As regards the Company's exchange rate risk at 31 December 2021, it did not have any assets or liabilities in foreign currencies. Hence, there is no risk in this regard.

d) Interest rate risk

The Company has two long-term loans financing mainly long-term assets, as well as short-term working capital financing facilities. The risk of 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 local and international levels, occupation and employment growth rates, interest rates, tax legislation and consumer confidence have a significant impact on the real estate markets. Any unfavourable change in any of these or in other economic, demographic or social variables in Europe, and Spain in particular, could lead to a reduction in real estate activity in these countries. The cyclical nature of the economy has been statistically proven, as has the existence of microeconomic and macroeconomic aspects that directly or indirectly affect the way the property market performs, particularly the rentals which make up the Company's main investment activity.

Other market risks to which the Company is exposed include:

- **Regulatory risks**: the Company is bound to comply with several general and specific legal provisions in force (legal, accounting, environmental, employment, tax, data protection provisions, among others) which apply to it. Any regulatory changes that come about in the future 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. As a result, this could have a negative effect on the yield and performance of these assets if tenants renegotiate current lease agreements.

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 2023

Given the Company's activity, the Directors of the Company consider that 2023 will continue to be positive as regards the maintenance of long-term lease contract conditions. 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, located at calle José Antonio Fernández Ordóñez, 55 and calle Gustavo Pérez Puig 66, Madrid, in the Specific Planning Area APE 16.11. RP “Ciudad Aeroportuaria y Parque de Valdebebas”. Their use is defined as tertiary, with the application of Ordinance TER_2, and they have a joint buildability above ground level 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 required 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 completed financing with a mortgage guarantee of 57,000,000 euros and non-mortgage financing for an amount of 38,000,000 euros. Of the mortgage financing, 15,000,000 euros were drawn down when the transactions were signed. A second drawdown of 12,000,000 euros is planned for February 2023 and the remainder will depend on the progress of the financed works. The non-mortgage financing was fully drawn down at the time of signing the contracts.

This investment financing plan also includes financing the construction of the Valdebebas hospital mentioned above. This financing has already been approved by the financial institution and is expected to be formalised in the first quarter of 2023 for an amount of 36,000,000 euros.

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 fair values in the medium term and will be able to recover the impairment now suffered and recognised. In the meantime, the Company continues to receive the dividends paid out annually by those companies.

11. Information on conflicts of interest among the Directors

At year-end 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 the Board of Directors any direct or indirect conflict of interests with those of the Company.

12. Subsequent disclosures

From 31 December 2022 until the date of preparation of the Company's financial statements for 2022, no relevant events have occurred that need to be specified in this section, with the exception of the following:

- On 13 January, the Company signed a line of financing for working capital with personal guarantee in the amount of 7,500,000 euros with Banca March, freely available and maturing on 13 January 2024.

- On 6 February 2023, the Company made the second and final drawdown of 12,000,000 euros of the loan arranged with Bankinter in 2022 to finance the refurbishment and start-up of the tertiary building owned by the Company and located at calle Arapiles 14 in Madrid. The work was completed at the end of December 2022, as the conditions precedent required for this drawdown had been fulfilled by that date, which has now occurred.

- On 23 February 2023, the Company entered into a mortgage loan with Banco Santander for 36,000,000 euros to finance the construction of a private hospital on plot TER.02-178-A1 located at Calle Gustavo Pérez Puig No. 66 in Madrid, which is owned by the Company. This hospital will be operated by Sanitas S.A. de Hospitales on the basis of the lease agreement signed between the parties in 2022. This loan has a drawdown and grace period of 3 years and an additional 10-year amortisation period with increasing instalments.

- On February 28, 2023, the Company has formalized a loan with a personal guarantee with Banco Santander of 10,000,000 euros in order to finance its working capital. This loan has a maturity of 12 months.

13. Annual Corporate Governance Report and Annual Report on Directors' Remuneration

The Annual Corporate Governance Report and the Annual Directors' Remuneration Report, which form an integral part of the Saint Croix Inmobilier SOCIMI, S.A. Management Report for the 2022 financial year, will be published on the date of authorisation for issue of these Financial Statements and will be available on the website of the Spanish Securities Market Commission (www.cnmv.es) and on the Company's corporate website (www.saintcroixhi.com).

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

Directors' Responsibility Statement

For the purposes of the provisions of Article 8 of Royal Decree 1362/2007, of 19 October, the members of the Board of Directors at the Company hereby confirm that as far as we are aware, the Financial Statements as at 31 December 2022 for SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A. drafted in line with the applicable accounting principles, faithfully reflect the equity, financial situation and results of the issuer taken as a whole, and that the Management Report as at 31 December 2022 also faithfully reflects the evolution and business performance and position of the issuer and the companies consolidated within its scope taken as a whole, along with the description of the main risks and uncertainties that they face.

Madrid, 28 February 2023

Mr Marco Colomer Barrigón
Chairman and Chief Executive Officer

Mr Juan Carlos Ureta Domingo
Director

Mr José Luis Colomer Barrigón
Vice-Chairman

Ms Irene Hernández Álvarez
Director

Ms Mónica de Quesada Herrero
Director

Mr José Juan Cano Resina
Non-Board Secretary

Diligence in Drawing Up the Financial Statements

These financial statements and management report were approved by the Board of Directors at its meeting on 28 February 2023 for verification by the auditors and subsequent approval by the General Meeting. These financial statements and the management report appear on 69 sheets of ordinary paper, which are numbered from 1 to 69, inclusively, with all directors signing this last sheet.

The Directors of the Company, hereby undersigned, state that no item in the Company's books should be included in the separate document on environmental information required under the Ministry of Justice Order of 8 October 2001.

Madrid, 28 February 2023

Mr Marco Colomer Barrigón
Chairman and Chief Executive Officer

Mr Juan Carlos Ureta Domingo
Director

Mr José Luis Colomer Barrigón
Vice-Chairman

Ms Irene Hernández Álvarez
Director

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