SAINT CROIX
HOLDING IMMOBILIER,
SOCIMI, S.A.

Management Report
30 September 2017

Table of Contents

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

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Management Report at 30 September 2017

1. Explanation of the figures at 30 September 2017

A breakdown of the main figures at 30 September 2017 compared to 30 September 2016 (31 December 2016 for the balance sheet) is provided below:

Income statement	Euros		
	30/09/2017	**30/09/2016**	**+/-**
Income	13,346,201	13,003,490	2.64%
Net operating income (NOI)	**12,477,167**	**11,985,654**	**4.10%**
Overheads	-337,362	-243,041	
EBITDA	**12,139,806**	**11,742,613**	**3.38%**
Financial profit (loss)	-136,947	248,014	
Ebtda	**12,002,859**	**11,990,627**	**0.10%**
Depreciation	-3,615,499	-3,475,926	
Subsidies	81,538	85,638	
Impairment/Reversal	-7,312	129,961	
Other gains (losses)	-13,861	10,290	
Gain/(loss) on disposal of real estate assets	-220,976	-129,961	
Gain/(loss) on the disposal of financial assets	441,239	1,856,043	
EBT	**8,667,987**	**10,466,672**	**-17.18%**
Corporation tax	-415,516	-	
Net profit (loss)	**8,252,471**	**10,466,672**	**-21.15%**

Sectoral indicators at 30 September 2017

	Euros			
	30/09/2017	**Per share**	**30/09/2017**	**Per share**
Net recurring profit	8,896,277	2,00	8,610,630	1.93
Net value of assets	382,148,977	85,83	359,158,140	80.67
Cost/income ratio	9.04%		9.70%	
Unoccupied ratio	13.71%		7.54%	
Net yield	4.76%		5.53%	

Likewise, the data at 31 December 2016 was as follows:

	Euros	
	31/12/2016	**Per share**
Net recurring profit	13,879,926	3.12
Net value of assets	384,886,299	86.45
Cost/income ratio	12.52%	
Unoccupied ratio	10.04%	
Net yield	4.84%	

Key figures at 30 September 2017, 30 September 2016 and 31 December 2016

	30/09/2017	30/09/2016	30/12/2016
Annualised income (€M)	21,92	20,28	20,36
FFO (€M)	12,13	11,75	17,64
FFO (€/share)	2,72	2,64	3,96
Value of real estate assets (€M)	391,84	339,26	378,21
GAV (€M)	445,32	406,03	435,11
NAV (€M)	382,15	359,16	384,89
Assets above grade (number)	204	209	215
Gross leasable area (m2 above grade)	141.240	139.348	142.188
Occupancy rate % at closing	89,09%	90,89%	91,64%
WAULT	6,54	7,45	7,18
LTV	14,18%	11,54%	11,54%
LTV Adjusted	17,11%	15,97%	15,29%
Net debt (€M)	63,17	46,87	50,23
Profit (€/share)	1,85	2,35	3,52
Dividend (€/share)	-	-	3,14
Dividend gross yield	-	-	4,66%

Property investments (gross): As of 30 September 2017, the Company's gross property investments amounted to 353.533.087 euros. During 2017, the following investments and divestments took place:

- **Investments made amounting to 19,632,125 euros:**
  - The acquisition, on 7 February 2017, of a building located at Calle Orense, 62 in Madrid, comprised of a commercial space of 705 square metres, an office space composed of 894 square metres and 11 parking spaces. The overall price of the purchase amounted to 3,047,950 euros.
  - The acquisition, on 10 February 2017, of two commercial premises located at Calle Goya 59 in Madrid, with a constructed surface area of 423 and 439 square metres respectively and two parking spaces. The overall price of the purchase amounted to 15,611,986 euros.
  - Additionally, in the first half of 2017 costs in hotels have been recorded amounting to 305,728 euros (reforms) and in the office building of Madrid José Abascal 41 amounting to 417,259 euros (taxes associated with the mortgage financing).
  - "Property investments in progress and advances" in the accompanying balance sheet at 30 September 2017 includes 249,201 euros corresponding to the renovations being carried out in the building located at Calle Orense 62 in Madrid for 95,272 euros, and in the property located at Calle Pradillo 42 in Madrid for 153,930 euros which are currently under a remodelling programme. In the case of Pradillo 42, the remodelling budget amounted to 3,700,000 euros whilst Orense 62 is 1,500,000 euros. Final mention goes to the building located at Jose Abascal 41 which will be subject to full renovation whose works will begin in the next months and whose budget to date amounts to 4,300,000 euros.
- **Divestments made amounting to 6,926,461 euros:**
  - Sale of a building located on Calle San Antón de Cáceres whose cost net of

depreciation and impairment amounted to 3,000,405 euros. The value of the sale was 2,915,000 euros, which, consequently, resulted in a loss of 85,405 euros. This amount has been recorded under the heading "Impairments and gains (losses) on fixed asset disposals" in the accompanying profit and loss account for the six months ended 30 September 2017.

- Sale of several properties in Sanchinarro VI and VII Sanchinarro (gross cost amounting to 2,540,851 euros), as well as the sale of several offices in Coslada III (gross cost amounting to 426,374 euros), which have been sold to third parties. These sales operations have generated a negative net result of 135,572 euros to 30 September 2017 (535,296 euros of loss and a reversal by 399,724 euros).

Dividends:

<u>Dividends paid by the Company to shareholders in 2017:</u>

The Company's net profit at 31 December 2016 came to 15,682,656 euros. At the Annual General Meeting held on 29 June 2017, the following distribution of profits for 2016 was approved. The breakdown of the distribution of profits is as follows:

Distribution of net profit in 2016	Euros
Profit at 31 December 2016	**15,682,656**
• General Accounting Plan first application reserves	156,252
• Legal Reserve	1,568,266
• Dividends	13,958,138

The gross dividend per share for 2016 is 3.14 euros per share compared to the 1.57 euros per share obtained in 2015. The dividend yield for 2016 was 4.66%, compared to 2.36% for 2015, calculated on the average listed price of each year. The approved dividend was paid on 17 July 2017.

<u>Dividends paid by the Company to shareholders in 2016:</u>

The profit obtained by the Company in 2015 was 9,755,905 euros. Distribution of profit was as follows:

Distribution of net profit in 2015	Euros
Profit at 31 December 2015	**9,755,905**
• General Accounting Plan first application reserves	1,800,596
• Legal Reserve	975,590
• Dividends	6,979,719

Net financial debt: The Company has a net financial debt of 63,167,132 euros (50,227,385 euros as at 31 December 2016). The breakdown of it is as follows:

Breakdown of debt	Euros	
	30/09/2017	31/12/2016
José Abascal, 41	11,400,000	-
Titán, 13	13,817,710	14,412,731
Conde de Peñalver, 16	8,972,071	9,358,428
Plaza de España (Castellón)	2,530,365	3,429,972
Debt with mortgage guarantee	**36,720,146**	**27,201,131**
Obligations and bonds	10,000,000	10,000,000
Credit policies available	9,813,929	5,007,230
Long-term loans	7,689,643	8,412,913
Interest accrued pending maturity	67,808	174,962
Non-collateral debt	**27,571,380**	**23,595,105**
Cash and bank	-1,124,394	-568,851
Net financial debt	**63,167,132**	**50,227,385**

On 20 January 2017, the Company signed a long-term mortgage guarantee loan with Banca March, S.A. on one of its real estate assets amounting to 11,400,000 euros. This loan has a two-year grace period and a 12-year amortisation period (14 years in total) with an increasing payment system from the second year. On the mentioned mortgage, dated February 17, 2017, the Company has formalized a financial instrument of interest rates swap (SWAP), amounting to 8,550,000 euros, whose period of validity will be the understanding between April 1, 2019 and April 1, 2026.

The Company's LTV at 30 September 2017 was 14.18%. The adjusted LTV is 17.11%. Said adjusted LTV includes the effect of the existing mortgage burden on hotels located in Isla Canela (13,040,406 euros at 30 September 2017).

Income: At 30 September 2017, the Company had obtained total income of 13,346,201 euros (13,003,490 euros at 30 September 2016). The breakdown of income by asset type is as follows:

	Euros	
	30/09/2017	30/09/2016
Hotels	4,679,380	4,313,895
Offices	4,035,437	3,190,202
Sales	3,664,241	4,525,787
Industrial	967,143	951,916
Others	-	21,690
Income	**13,346,201**	**13,003,490**

NOI: The Net Operating Income is positive and amounts to 12,477,167 euros (11,985,654 euros at 30 September 2016). The breakdown of NOI by asset type is as follows:

	Euros	
	30/09/2017	30/09/2016
Hotels	4,359,268	3,682,731
Offices	3,643,505	3,010,643
Sales	3,511,896	4,377,145
Industrial	962,499	944,046
Others	-	-28,910
NOI	**12,477,167**	**11,985,654**

At 30 September 2017, the **EBITDA** is positive and amounts to 12,139,806 euros (11,742,613 euros at September 2016).

Impairment/Reversal: Impairments on commercial loans amounting to 7,312 euros (0 euros at September 2016) have been recorded.

Gains/(losses) on asset disposals: At 30 September 2017, 10 lofts in Sanchinarro VII, 2 lofts in Coslada III and 1 in Sanchinarro VI have been sold, generating a combined net loss of 135,572 euros after reversal of 399,724 euros recorded at 31 December 2016. Likewise, in 2017 the sale of a building located on Calle San Antón de Cáceres has been place whose cost net of depreciation and impairment amounted to 3,000,405 euros. The value of the sale was 2,915,000 euros, which, consequently, resulted in a loss of 85,405 euros after reversal of 572,057 euros recorded at 31 December 2016.

Gains/(losses) on financial asset disposals: At 30 September 2017, gains amounting to 441,239 euros were obtained because of the sale of all the shares of other REITs (1,856,043 euros at September 2016).

Financial gain/(loss) The financial loss at 30 September 2017 is 136,947 euros (positive by 248,014 euros at September 2016). The total financial income amounted to 716,188 euros (770,093 euros at September 2016) from which the group financing system amounted to 676,555 euros (750,122 euros at September 2016). The Company's financial expenses amounted to 853,135 euros, including costs associated with the creation of the mortgage loan associated with the Jose Abascal 41 office building in Madrid (522,079 euros at September 2016).

Corporation tax: In the first half of 2017 the Company sold all the shares it had at the end of 2016 in other listed REITs. The capital gain obtained in this first quarter was 1,697,583 euros and the impact on the income statement for the half was 441,239 euros given that, at the end of 2016, a profit of 1,256,304 euros was recognised as a result of the valuation of the investment made. Corporation tax expenses amount to 415,516 euros, calculated at the general tax rate of 25% on the actual profit obtained net of negative tax bases yet to be offset at the end of 2016 for 35,519 euros.

Net profit/(loss): At 30 September 2017, profit came 8,252,472 euros (10,466,673 euros at 30 September 2016), which represents a net profit per share of 1.85 euros (2.35 euros at September 2016).

2. Valuation of real estate assets

On 30 September 2017, an independent expert, CBRE Valuation Advisory, S.A., was entrusted by the Company to assess its assets, to determine the fair values of all its property investments at year-end, except for the investment realised in December 2016 of an office building located at Calle José Abascal 41 in Madrid and the investments of the first half of 2017 (Goya 59 and Orense 62, both in Madrid). This valuation was carried out on the basis of the lesser of the replacement value and market rental value (which consists of capitalising the net income from each property and updating future flows). 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).

Likewise, according to the appraisals made, the fair value of the property investments revealed an unrecorded latent capital gain (by comparing the updated market gross fair value and the net book value) of 88,241,206 euros (85,191,328 euros at 31 December 2016), which was primarily due to the retail outlets located at Calle Gran Vía, 34 de Madrid, Calle Conde de Peñalver, 16 in Madrid, Calle Gran Vía, 55 in Madrid, Hotel Barceló Isla Canela, Hotel Tryp Cibeles in Madrid and the warehouse located at Daganzo de Arriba in Madrid.

The market value of property investments at 30 September 2017 amounts to 391,846,761 euros (378,214,862 euros at 31 December 2016). The breakdown by business segment is as follows:

Segments	Euros	
	30/09/2017	31/12/2016
Hotels	124,231,220	123,925,492
Offices	95,614,405	94,867,220
Sales	154,683,136	142,104,150
Industrial	17,318,000	17,318,000
Total	**391,846,761**	**378,214,862**

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 2017 are as follows:

- Hotels
- Offices
- Sales
- Industrial
- 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.

For its part, 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.

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

Segmented income statement

2017

30/09/2017	Euros					
	Hotels	**Offices**	**Sales**	**Industrial**	**Others**	**Total**
Income	4,679,380	4,035,437	3,664,241	967,143	-	13,346,201
Indirect costs	-320,112	-391,932	-152,346	-4,645	-	-869,034
Net Margin	**4,359,268**	**3,643,505**	**3,511,896**	**962,499**	**-**	**12,477,167**
Overheads	-118,284	-102,007	-92,624	-24,447	-	-337,362
EBITDA	**4,240,984**	**3,541,499**	**3,419,272**	**938,051**	**-**	**12,139,806**
% of income	**90.63%**	**87.76%**	**93.31%**	**96.99%**	**-**	**90.96%**
Depreciation	-1,862,738	-863,093	-781,651	-108,017	-	-3,615,499
Subsidies	81,538	-	-	-	-	81,538
Extraordinary gains/(losses)	-	-19,061	5,200	-	-	-13,861
Gain/(loss) on disposal of real estate assets	-	-620,701	-	-	-	-620,701
Gains/(losses) on disposal of financial assets	-	-	-	-	441,239	441,239
Impairment/Reversal	-	399,724	-7,312	-	-	392,412
Financial profit (loss)	-	-344,059	-135,504	-	342,618	-136,945
EBT	**2,459,783**	**2,094,309**	**2,500,004**	**830,034**	**783,857**	**8,667,988**
Corporation tax	-	-	-	-	-415,516	-415,516
Net profit (loss)	**2,459,783**	**2,094,309**	**2,500,004**	**830,034**	**368,341**	**8,252,472**
% of income	**52.57%**	**51.90%**	**68.23%**	**85.82%**	**-**	**61.83%**

2016

30/09/2016	Euros					
	Hotels	Offices	Sales	Industrial	Others	Total
Income	4,313,895	3,190,202	4,525,787	951,916	21,690	13,003,490
Indirect costs	-631,164	-179,559	-148,642	-7,870	-50,600	-1,017,836
Net Margin	**3,682,731**	**3,010,643**	**4,377,145**	**944,046**	**-28,910**	**11,985,654**
Overheads	-80,629	-59,626	-84,589	-17,792	-405	-243,041
EBITDA	**3,602,102**	**2,951,017**	**4,292,556**	**926,254**	**-29,316**	**11,742,614**
% of income	**83.50%**	**92.50%**	**94.85%**	**97.30%**	**-135.16%**	**90.30%**
Depreciation	-1,806,606	-794,323	-766,980	-108,017	-	-3,475,926
Subsidies	85,638	-	-	-	-	85,638
Extraordinary gains/(losses)	-	10,290	-	-	-	10,290
Gain/(loss) on disposal of real estate assets	-	-129,961	-	-	-	-129,961
Gains/(losses) on disposal of financial assets	-	-	-	-	1,856,043	1,856,043
Impairment/Reversal	-	129,961	-	-	-	129,961
Financial profit (loss)	-	-204,538	-137,929	-	590,481	248,014
EBT	**1,881,134**	**1,962,445**	**3,387,648**	**818,237**	**2,417,209**	**10,466,673**
Corporation tax	-	-	-	-	-	-
Net profit (loss)	**1,881,134**	**1,962,445**	**3,387,648**	**818,237**	**2,417,209**	**10,466,673**
% of income	**43.61%**	**61.51%**	**74.85%**	**85.96%**	**11144.22%**	**80.49%**

The breakdown of the **income and net book cost** for real estate assets heading, including tangible fixed assets in progress, at 30 September 2017 and 30 September 2016 is as follows:

	Euros						
	30/09/2017			30/09/2016			31/12/2016
	Income	%	Net Book	Income	%	Net Book	Net Book
Hotels	4,679,380	35.06%	108,981,148	4,313,895	33.17%	107,672,071	110,538,158
Offices	4,035,437	30.24%	93,895,113	3,190,202	24.53%	75,020,451	93,479,367
Sales	3,664,241	27.46%	87,378,541	4,525,787	34.80%	78,417,487	75,547,237
Industrial	967,143	7.25%	13,350,753	951,916	7.32%	13,494,776	13,458,771
Others	-	-%	-	21,690	0.17%	-	-
Total income	**13,346,201**	**100.00%**	**303,605,555**	**13,003,490**	**100.00%**	**274,604,786**	**293,023,533**

It must be noted that, at 30 September 2017, 35% of revenue was generated by hotel assets (33% at 30 September 2016), 30% by offices (25% at 30 September 2016), 27% by retail outlets (35% at 30 September 2016) and the remaining 7% by industrial properties (7% at 30 September 2016).

At the end of September 2017, the hotels are fully leased; offices are 80% leased; commercial premises are 51% leased and the industrial area 100%. At 30 September 2017, the occupancy of real estate assets is 89.09% (91.64% at 31 December 2016). The Gross Leasable Area (GLA) is 141,240 m2 leasable and 204 assets under management (142,187 m2 leasable and 215 assets under management at 31 December 2016).

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

Area	Euros			
	30/09/2017		30/09/2016	
	Income	Income (%)	Income	Income (%)
Madrid	9,419,117	70.58%	8,446,329	64.95%
Huelva	3,851,696	28.86%	3,555,578	27.34%
Castellón	75,388	0.56%	1,001,583	7.70%
Total	**13,346,201**	**100.00%**	**13,003,490**	**100.00%**

From a geographic point of view, most income is generated in Madrid and Huelva (both in Spain). Madrid remains in first place, with its contribution to total revenues at around 71% (65% at 30 September 2016), followed by Huelva with 29% (27% at 30 September 2016) and Castellón with 1% (8% at 30 September 2016).

As shown in the table above, most of the Group's activity focused on Madrid and Huelva, accounting of 99%, split 71%:29% respectively.

Furthermore, highlighting the changes in **occupation rates** by type of asset from the **standpoint of asset types** is worth particular note: At 30 September 2017, the occupation of the Group's assets dedicated to leasing is 89.09% based on the square metres leased, the breakdown of which is as follows:

	30/09/2017		31/12/2016	
Segments	% occupation	Floor area in m2 above ground level	% occupation	Floor area in m2 above ground level
Hotels	100.00%	80,135	100.00%	80,135
Offices	79.97%	26,791	82.12%	26,442
Sales	51.06%	20,504	67.15%	21,800
Industrial	100.00%	13,810	100.00%	13,810
Total	**89.09%**	**141,240**	**91.64%**	**142,187**

4. Property investments

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

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

5. Disclosure on supplier payment deferrals

Below details the information required by the Third Additional Provision of Law 15/2010 of 5

July (modified through the Second Final Provision of Law 31/2014, of 3 December) prepared in accordance with ICAC Resolution of 29 January 2016, on the information to be included in the notes of the interim financial statements in relation to the average period of payment to suppliers in commercial operations.

	2017	2016
	Days	
Average payment period to suppliers	54.24	54.80
Ratio of operations paid	52.46	54.60
Ratio of operations pending payment	67.06	71.82
	Euros	
Total payments made	1,736,425	6,334,012
Total payments outstanding	272,691	75,298

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

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

"Average payment period to suppliers" shall be construed as the period from the delivery of the goods or the provision of the services by the supplier and the payment of the operation.

The maximum legal payment period applicable to the Company in 2016 under Law 3/2004 of 29 December establishing measures to combat late payment in commercial transactions is 30 days from the publication of the aforementioned Law and up to the today's date (unless the conditions established therein are met, which would allow a maximum payment term of up to 60 days).

6. Earnings per share at 30 September 2017

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

	Euros		
	30/09/2017	30/09/2016	31/12/2016
Net Profit	8,252,472	10,466,673	15,682,656
Weighted average number of shares	4,452,197	4,452,197	4,452,197
Earnings per share	**1.85**	**2.35**	**3.52**

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

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

At 30 September 2017 and 30 September 2016, the basic and diluted earnings per share are the same.

7. Acquisition of treasury shares

At 30 September 2017, the Company did not hold any treasury shares in portfolio.

8. Research and development activities

The company does not carry out research and development activities.

9. Main risks affecting the Group

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

a) Credit risk

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

b) Liquidity risk

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

c) Exchange rate risk

With regard to the Company's exchange rate risk at 31 December 2016, it did not have any assets or liabilities in foreign currencies and therefore no risk in this regard.

d) Interest rate risk

The Company has various long-term loans financing mainly long-term assets, as well as short-term working capital financing facilities. The risk 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.

Notwithstanding the foregoing, on 17 February 2017, the Company formalised an Interest Rate

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

e) Real estate business risks

Changes in the economic situation at both 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 have the existence of microeconomic and macroeconomic aspects that directly or indirectly affect the way the real estate market's performs, particularly the rentals which make up the Company's main investment activity.

Other market risks to which the Company is exposed include:

- **Regulatory risks**: the Company is subjected 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 fall in tourism activities in the cities where these hotels are located could have a negative effect on their use and occupation rates. As a result, this could have a negative effect on the yield and performance of these assets if tenants renegotiate current lease agreements.

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

10. Outlook for the remainder of 2017

Given the Company's activity, the Directors of the Company consider that 2017 will continue to be positive in terms of maintaining the terms of long-term leases, as well as the new acquisition made by SOCIMI Holding mentioned in subsequent events. The forecasts are therefore positive, taking into account the long-term lease agreements with first-tier lessees in the Hotel Sector and the Offices and Commercial Sectors which guarantee the business's viability in the medium and long term, as well as the new retail outlet lease agreements with lessees that have outstanding solvency ratings.

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

At 30 September 2017, neither the members of the Board of Directors of Saint Croix Holding Immobilier, SOCIMI, S.A. or the parties related to them, as laid down pursuant to the Corporate Enterprises Act, had reported to the other members of the Board of Directors any direct or indirect conflict of interest with those of the Company.

12. Subsequent events

After 30 September 2017 and up until the approval date of the Company's interim financial statements, no relevant subsequent events have occurred.

Madrid, 26 October 2017

Mr. Marco Colomer Barrigón
(Chairman y Chief Executive Officer)