SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

Management Report
31 March 2018

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2018
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Management Report at 31 March 2018

1. Explanation of the figures at 31 March 2018

A breakdown of the main figures at 31 March 2018 compared to 31 March 2017 (31 December 2017 for the balance sheet) is provided below:

Income statement	Euros		
	31/03/2018	31/03/2017	+ / -
Income	4,442,095	4,421,857	0.46%
Net operating income (NOI)	**4,124,143**	**4,109,138**	**0.37%**
Overheads	-61,639	-67,300	-8.41%
EBITDA	**4,062,504**	**4,041,838**	**0.51%**
Financial profit/(loss)	-61,997	-183,662	-66.24%
EBTDA	**4,000,507**	**3,858,176**	**3.69%**
Depreciation	-1,216,578	-1,201,997	
Subsidies	14,936	27,179	
Impairment/Reversal	-	-10,292	
Other gains/(losses)	-1,744	5,200	
Gain/(loss) on disposal of real estate assets	-145,505	-	
Gain/(loss) on disposal of financial assets	-	441,279	
EBT	**2,651,616**	**3,119,545**	**-15.00%**
Corporation tax	-	-415,516	
Net profit/(loss)	**2,651,616**	**2,704,029**	**-1.94%**

Key figures at 31 March 2018

	31/03/2018	31/03/2017	31/12/2017
Annualised income (€M)	22.78	21.60	22.89
FFO (€M)	3.89	4.05	17.85
FFO (€/share)	0.87	0.91	4.01
Value of real estate assets (€M)	426.71	396.61	408.92
GAV (€M)	466.94	452.99	465.20
NAV (€M)	408.26	388.58	404.27
Assets under management, risk free (number)	199	215	204
Gross leasable area (m2 risk free)	148,587	144,070	143,127
Occupancy rate % at closing	88.71%	89.16%	87.93%
WAULT	6.09	6.95	5.89
LTV	12.57%	14.22%	13.10%
LTV Adjusted	14.97%	17.47%	15.51%
Net debt (€M)	58.68	64.41	60.92
Profit (€/share)	0.60	0.61	2.96
Dividend (€/share)	-	-	2.67
Dividend gross yield	-	-	3.78%

Sectoral indicators at 31 March 2018

	Euros					
	31/03/2018	Per share	31/03/2017	Per share	31/12/2017	Per share
Net recurring profit	2,797,121	0.63	3,129,838	0.70	12,886,919	2.89
Net value of assets	408,262,928	91.70	388,580,947	87.28	404,273,305	90.80
Cost/income ratio	8.55%		6.02%		14.54%	
Vacancies ratio	12.65%		14.13%		13.94%	
Net yield	4.66%		4.68%		4.82%	

Property investments (gross): As of 31 March 2018, gross property investments valued at acquisition cost amounted to 371,965,587 euros. The following investments and divestments took place in 2018:

- **Investments amounting to 18,939,021 euros:**
  - During the first quarter of the 2018 fiscal year, there were additions of 1,308,464 euros corresponding to the renovations being carried out in the building located on Calle Orense for 223,455 euros, in the property located on Calle Pradillo 42 in Madrid for 629,091 euros, in Hotel Meliá in Isla Canela for 433,996 euros and the building located at José Abascal 41 for 21,922 euros, which are currently undergoing remodelling. At Pradillo 42, the budget for remodelling is 3,700,000 euros (of which 1,383,243 euros has already been incurred), for Orense 62 it is 1,360,000 euros (of which 687,315 euros has already been incurred), for Hotel Meliá in Isla Canela it is 760,000 euros (of which 457,298 euros has already been incurred) and for José Abascal 41 it is 4,300,000 euros (of which 21,922 euros has already been incurred).
  - On 1 March 2018, the Company acquired 100% of the shares of the company Bensell Mirasierra S.L.U. for an amount of 17,623,669 euros. The sole asset of this company is an office building located at Calle Valle de la Fuenfría 3, Madrid, with a leasable area of 5,987 m2 (currently 86.97% leased to Acuntia, S.A., Exterion Media Spain, S.A. and Nace Schools).
  - Additionally, during the first three months of 2018, costs of 4,334 euros were incurred at Hotel Barceló and 2,554 euros at Hotel Isla Canela Golf, corresponding mainly to furniture and technical facilities.

- **Divestments amounting to 1,290,338 euros:**
  - Sale of offices (lofts). During the year, four lofts from the Coslada III development and two from the Sanchinarro VI development (with their respective annexes) were sold, resulting in a net loss in the period of 145,505 euros. At the time of sale, impairment of 100,627 euros had been recognised for these properties. This has been written off as a result of the disposal.

Dividends:

Company dividends to pay to shareholders in 2018:

The Company's net profit at 31 December 2017 was 13,200,418 euros. The following proposed distribution of profits for 2017 was approved at the Company's General Shareholders' Meeting held on 26 April 2018.

The breakdown of the distribution of profits is as follows:

Proposed distribution of net profits for 2017	Euros
Profit at 31 December 2017	**13,200,418**
• Legal Reserve	1,320,042
• Dividends	11,880,376

The gross dividend per share for 2017 is 2.67 euros per share compared to the 3.14 euros per share in 2016. The dividend yield for 2017 was 3.78%, compared to 4.66% for 2016, calculated on the average share price of each year.

Net financial debt: At 31 March 2018, the Company had net financial debt of 58,678,429 euros (60,921,780 euros at 31 December 2017). The breakdown of this is as follows:

Breakdown of debt	Euros	
	31/03/2018	31/12/2017
Titán, 13	13,421,030	13,619,370
Conde de Peñalver, 16	8,714,500	8,843,286
Plaza de España (Castellón)	2,001,276	2,228,383
José Abascal 41	11,400,000	11,400,000
Debt with mortgage guarantee	**35,536,806**	**36,091,039**
Debentures and bonds	10,192,466	10,130,822
Available credit facilities	9,881,190	9,861,670
Long-term loans	5,189,993	6,108,234
Interest accrued pending maturity	137,265	152,622
Derivatives	136,687	136,687
Unsecured debt	**25,537,601**	**26,390,035**
Cash and bank	-2,395,978	-1,559,294
Net financial debt	**58,678,429**	**60,921,780**

The Company's LTV at 31 March 2018 was 12.57%. (13.10% at 31 December 2017). The adjusted LTV is 14.97% (15.51% at 31 December 2017). The adjusted LTV includes the effect of the existing mortgage burden on hotels located in Isla Canela (11,229,908 euros at 31 March 2018 and 11,229,908 at 31 December 2017).

Income: At 31 March 2018, the Company had obtained total income of 4,442,095 euros (4,421,857 euros at 31 March 2017). The breakdown of income by asset type is as follows:

	Euros		Variation in %	
	31/03/2018	31/03/2017	"Growth"	"Like for Like Growth"
Hotels	1,516,425	1,508,686	0.51%	0.51%
Offices	1,341,508	1,358,412	-1.24%	-3.18%
Commercial	1,258,305	1,232,448	2.10%	2.10%
Industrial	325,857	322,311	1.10%	1.10%
Total	**4,442,095**	**4,421,857**	**0.46%**	**-0.14%**

Income from rents increased by 0.46% year-on-year, with increases in the commercial, hotels and industrial areas, which offset a decrease in the offices area. Removing the effect of new investments and divestments, year-on-year income decreased by 0.14% due to a 3.18% decrease in income obtained in the offices segment.

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

Operational leasing Minimum instalments	Euros Nominal value	
	31/03/2018	31/12/2017
Less than a year	19,897,861	20,351,077
Between two and five years	59,000,457	55,370,020
More than five years	16,771,938	17,538,150
Total	**95,670,256**	**93,259,247**

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

Type	WAULT	
	31/03/2018	31/12/2017
Hotels	4.72	4.66
Offices	4.86	4.38
Commercial	7.22	6.99
Industrial	9.75	9.23
Total Average	**6.09**	**5.89**

NOI: Net Operating Income was positive and amounted to 4,124,143 euros (4,109,138 euros at 31 March 2017), an increase of 0.37%. The breakdown of NOI by asset type is as follows:

	Euros	
	31/03/2018	31/03/2017
Hotels	1,350,593	1,351,481
Offices	1,245,302	1,329,603
Commercial	1,208,719	1,109,996
Industrial	319,529	318,058
NOI	**4,124,143**	**4,109,138**

At 31 March 2018, **EBITDA** was positive and amounted to 4,062,504 euros (4,041,838 euros at March 2017), a year-on-year increase of 0.51%.

Financial gain/(loss) The financial loss at 31 March 2018 was -61,997 euros (-183,662 euros at March 2017). Total financial income derived from the group's financing system amounted to 217,711 euros (288,562 euros at March 2017). Financial expenses amounted to 281,002 euros (472,224 euros in March 2017).

Depreciation: The depreciation expense amounted to 1,216,579 euros compared to 1,201,997 euros in the same period in the previous year. The 1% increase is a result of new investments in the first quarter of 2018.

Gain/(loss) on disposal of real estate assets: At 31 March 2018, four lofts had been sold in Coslada III and two in Sanchinarro VI, resulting in a net loss in the period of 145,505 euros (net loss of 0 euros at 31 March 2017). At the time of sale, impairment of 100,627 euros had been recognised for these properties. This has been written off as a result of the disposal.

Gains/(losses) on disposal of financial assets: At 31 March 2018, there were no gains or losses from the disposal of financial assets (gains amounting to 441,279 euros were obtained at 31 March 2017 as a result of the sale of all the shares of other Real Estate Investment Trusts (REITs), which were recorded on the Company's balance sheet at 31 December 2016).

Corporation tax: no corporation tax expense has been recorded at 31 March 2018 (expense of 415,516 euros at 31 March 2017, derived from the tax effect of the capital gain from the sale of all of the Company's shares in another listed REIT in the first quarter of 2017).

Net profit/(loss): The net profit at 31 March 2018 was 2,651,616 euros (2,704,629 euros at March 2017).

2. Valuation of real estate assets

The Company arranges an external, independent valuation of its assets at the close of every year. At the end of 2017, it commissioned a valuation of its assets from CBRE Valuation Advisory, S.A., an independent expert. CBRE published its report on the fair values of all of the Company's real estate investments at the end of 2017 on 30 January 2018. This valuation was based on the market rental values (which involves capitalising the net income from each property and updating future flows). Fair value was calculated using discount rates that would be acceptable to a potential investor, in keeping with those used by the market for properties with similar characteristics and locations. The valuations were made in accordance with the Appraisal and Valuation Standards published by the United Kingdom's Royal Institute of Chartered Surveyors (RICS).

The directors of the Company consider that no significant changes have occurred in the first quarter of 2018 in either the variables used by the independent expert in the valuation at year-end 2017, or in the contents or conditions of the current lease contracts used in the valuation. They therefore consider that the market values of the Company's assets at the end of the first quarter of 2018 are similar to those at the end of 2017.

The result of these valuations generated a net profit in the Company's income statement at 31 December 2017 of 512,676 euros (1,040,347 euros in 2016).

In addition, according to these valuations, the fair value of the property investments revealed an unrecorded latent capital gain (comparing their updated gross fair value at current market prices and the net book value) of 106,909,912 euros (105,556,969 euros at the close of 2017). This was primarily related to the commercial premises at Calle Gran Vía 34, Calle Conde de Peñalver 16 and Calle Gran Vía 55, all in Madrid, the Hotel Barceló Isla Canela and Hotel Tryp Cibeles in Madrid, and the warehouse located at Daganzo de Arriba in Madrid.

The market value of the Company's property investments at the end of March 2018 amounted to 426,710,515 euros (408,916,436 euros at year-end 2017). The breakdown by business segment is as follows:

Segments	Euros	
	31/03/2018	31/12/2017
Hotels	131,539,391	131,098,507
Offices	119,366,918	102,013,723
Commercial	158,197,306	158,197,306
Industrial	17,606,900	17,606,900
Total	**426,710,515**	**408,916,436**

The main variations mainly relate to:

- Capex investments for the renovation of hotels (433,996 euros) and offices (874,468 euros)
- Other capex investments of 6,888 euros in Hotels.
- The acquisition by the Company of 100% of the shares of Bensell Mirasierra S.L.U., resulting in an increase in the market value of property investments (offices) of 17,623,669 euros.
- Divestment of real estate assets in the offices segment: 1,144,942 euros

3. Segmented reporting

The Company identifies its operating segments based on internal reports which are the bases for regular reviews, discussion and assessment by the directors of the Company, as they are the highest decision-making authority with the power to allocate resources to the segments and assess their performance.

The segments identified in this way in 2018 are:

- Hotels
- Offices
- Commercial
- Industrial

The segmented reporting shown below is based on the monthly reports drawn up by management and is generated by the same computer application used to obtain all of the Company's accounting data. In this regard, the Company does not report its assets and liabilities on a segmented basis, as this is not required by the Company's management for the purposes of the management information it uses in its decision making.

For its part, the ordinary income for a segment corresponds to income directly attributable to that segment plus a relevant proportion of the Company's general income that can be attributed to it using fair rules of distribution.

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

Financial year 2018 (31 March)

	Euros					
31/03/2018	**Hotels**	**Offices**	**Commercial**	**Industrial**	**Others**	**Total**
Income	1,516,425	1,341,508	1,258,305	325,857	-	4,442,095
Indirect costs	-165,832	-96,205	-49,586	-6,328	-	-317,952
Net operating income	**1,350,593**	**1,245,302**	**1,208,719**	**319,529**	**-**	**4,124,143**
Overheads	-20,895	-18,916	-17,338	-4,490	-	-61,639
EBITDA	**1,329,698**	**1,226,386**	**1,191,380**	**315,039**	**-**	**4,062,504**
% of income	**87.69%**	**91.42%**	**94.68%**	**96.68%**	**-**	**91.45%**
Depreciation	-623,424	-304,806	-251,696	-36,006	-647	-1,216,578
Subsidies	14,936	-	-	-	-	14,936
Extraordinary gains/(losses)	-	-2,235	-	-	491	-1,744
Gain/(loss) on disposal of real estate assets	-	-145,505	-	-	-	-145,505
Gain/(loss) on disposal of financial assets	-	-	-	-	-	-
Financial profit/(loss)	-	-64,536	-41,902	-	44,441	-61,997
EBT	**721,210**	**709,305**	**897,783**	**279,033**	**44,285**	**2,651,616**
Corporation tax	-	-	-	-	-	-
Net profit/(loss)	**721,210**	**709,305**	**897,783**	**279,033**	**44,285**	**2,651,616**
% of income	**47.56%**	**52.87%**	**71.35%**	**85.63%**	**-**	**59.69%**

Financial year 2017 (31 March)

31/03/2017	Euros					
	Hotels	Offices	Commercial	Industrial	Others	Total
Income	1,508,686	1,358,412	1,232,448	322,311	-	4,421,857
Indirect costs	-157,205	-28,809	-122,452	-4,253	-	-312,719
Net operating income	**1,351,481**	**1,329,603**	**1,109,996**	**318,058**	**-**	**4,109,138**
Overheads	-19,647	-22,221	-20,160	-5,272	-	-67,300
EBITDA	**1,331,834**	**1,307,382**	**1,089,836**	**312,786**	**-**	**4,041,838**
% of income	**88.28%**	**96.24%**	**88.43%**	**97.04%**	**-**	**91.41%**
Depreciation	-618,200	-295,198	-252,593	-36,006	-	-1,201,997
Subsidies	27,179	-	-	-	-	27,179
Extraordinary gains/(losses)	-	-	5,200	-	-	5,200
Gain/(loss) on disposal of real estate assets	-	-	-	-	-	-
Gain/(loss) on disposal of financial assets	-	-	-	-	441,279	441,279
Impairment/Reversal	-	-	-10,292	-	-	-10,292
Financial profit/(loss)	-	-158,187	-47,557	-	22,083	-183,661
EBT	**740,813**	**853,997**	**784,593**	**276,780**	**463,362**	**3,119,545**
Corporation tax	-	-	-	-	-415,516	-415,516
Net profit/(loss)	**740,813**	**853,997**	**784,593**	**276,780**	**47,846**	**2,704,029**
% of income	**49.10%**	**62.87%**	**63.66%**	**85.87%**	**-**	**61.15%**

The breakdown of the **income and net book value** for real estate assets heading at 31 March 2018 is as follows:

	Euros					
	31/03/2018			31/03/2017		31/12/2017
	Income	%	Net book value	Income	%	Net book value
Hotels	1,516,425	34.14%	108,222,020	1,508,686	34.12%	108,404,530
Offices	1,341,508	30.20%	112,082,108	1,358,412	30.72%	95,170,760
Commercial	1,258,305	28.33%	86,217,733	1,232,448	27.87%	86,469,429
Industrial	325,857	7.34%	13,278,742	322,311	7.29%	13,314,748
Total income	**4,442,095**	**100.00%**	**319,800,603**	**4,421,857**	**100%**	**303,359,467**

At 31 March 2018, 34% of revenue was generated by hotel assets, 31% by offices, 28% by commercial premises and the remaining 7% by industrial properties. At 31 March 2018, the hotels were fully leased; offices were 71% leased; commercial premises were 59% leased and the industrial area was 100% leased. At 31 March 2018, the occupancy rate of real estate assets was 88%. The Gross Leasable Area (GLA) was 148,587 m2.

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

Area	Euros			
	31/03/2018		31/03/2017	
	Income	Income (%)	Income	Income (%)
Madrid	3,220,381	72.50%	3,127,565	70.73%
Huelva	1,221,714	27.50%	1,218,904	27.57%
Castellón	-	-	75,388	1.70%
Total	**4,442,095**	**100.00%**	**4,421,857**	**100.00%**

From a geographic point of view, all of the income obtained in the first quarter of 2018 was generated in Madrid and Huelva (both in Spain). Madrid remains in first place, contributing around 73% of total income, followed by Huelva with 27%.

It is also interesting to consider changes in **occupation rates** by **asset types**. At 31 March 2018, the level of occupation of the Company's assets for leasing was 88.71% (89.16% in March 2017 and 87.93% in December 2017) based on the square metres leased, the breakdown of which was as follows:

Asset type	% occupation			Floor area in m2 above ground level		
	31/03/2018	**31/03/2017**	**31/12/2017**	**31/03/2018**	**31/03/2017**	**31/12/2017**
Hotels	100.00%	100.00%	100.00%	80,135	80,135	80,135
Offices	76.21%	79.70%	69.54%	32,285	27,767	26,825
Commercial	59.29%	55.37%	59.30%	22,357	22,357	22,357
Industrial	100.00%	100.00%	100.00%	13,810	13,810	13,810
Total	**88.71%**	**89.16%**	**87.93%**	**148,587**	**144,070**	**143,127**

During the first quarter of 2018, the occupancy rate of property assets increased compared to 31 December 2017. This was as a result of the acquisition of a new office building at Calle Valle de la Fuenfría, Madrid, with an occupancy rate of 87% and the signature in February 2018 of a lease contract for 100% of a building at Calle Orense 62, Madrid, with UTOPIC_US for 10 years.

The occupation rate for the Company's real estate assets has remained highly stable, while its solvency has strengthened on account of the quality of its tenants, lease contracts and new buildings.

4. Property investments

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

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

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5. Disclosure on payment periods for suppliers

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

	2018	2017
	Days	
Average payment period to suppliers	56.62	48.10
Ratio of transactions paid	77.75	47.22
Ratio of transactions pending payment	46.60	51.60
	Euros	
Total payments made	900,871	2,554,571
Total payments outstanding	1,895,279	637,700

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

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

The "Average payment period to suppliers" is construed as the period from the delivery of the goods or the provision of the services by the supplier to the payment for the transaction.

The maximum legal payment period applicable to the Company in 2018 under Act 3/2004 of 29 December, establishing measures to combat late payment in commercial transactions, is 30 days, and has been since the publication of that Act (unless the conditions established therein that permit a maximum payment period of up to 60 days are met).

6. Earnings per share at 31 March 2018

The breakdown of earnings per share is as follows:

	Euros		
	31/03/2018	31/03/2017	31/12/2017
Net Profit	2,651,615	2,704,028	13,200,418
Weighted average number of shares	4,452,197	4,452,197	4,452,197
Earnings per share	**0.60**	**0.61**	**2.96**

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

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

7. Acquisition of treasury shares

At 31 March 2018, the Company did not hold any treasury shares.

8. Research and development activities

The Company does not carry out research and development activities.

9. Main risks faced by the Company

The management of the Company's financial risks is centralised in its Financial Management function and in the policies of the company Pryconsa, which has put in place the necessary mechanisms to control exposure to changes in exchange rates, along with credit and liquidity risks. The main financial risks having an impact on the Company are:

a) Credit risk

The Company's main financial assets are cash flows and cash balances, trade creditors and other accounts receivable from investments. These represent 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 it loans out.

b) Liquidity risk

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

c) Exchange rate risk

The Company did not have any significant assets or liabilities in foreign currencies at 31 March 2018 and therefore had no exchange rate risk.

d) Interest rate risk

The Company has various long-term loans financing mainly long-term assets, as well as short-term working capital financing facilities. The risk from interest rate fluctuations is very low since the Company is not highly exposed to debt. The Company's interest rate policy is not to contract interest rate hedges through hedging financial instruments, swaps, etc. since any change in interest rates would have an insignificant effect on its results, considering its low debt levels and today's very low interest rates. However, in 2017 the Company contracted a one-off interest rate swap to cover the risk of fluctuating interest rates associated with the mortgage loan contracted in 2017. This swap remained in force at 31 March 2018.

e) Real estate business risks

Changes in the economic situation at both the 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 property market performs, particularly for rentals, which comprise the Company's main investment activity.

Other market risks to which the Company is exposed include:

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

- **Tourism risk**: the tourism industry accounts for a significant proportion of the Company's assets (mainly hotels). Any fall in tourism activity in the cities where these hotels are located could have a negative effect on their use and occupation rates. This could have a negative effect on the yield and performance of these assets if tenants renegotiate current lease contracts.

The Company is also exposed to other risks, such as: (i) environmental risks; (ii) occupational health and safety risks; and (iii) occupational hazard prevention risks.

10. Outlook for 2018

Given the Company's activity, its directors consider that 2018 will continue to be positive in terms of maintaining the terms and conditions of long-term leases. The outlook is therefore positive, taking into account the long-term lease contracts with top quality lessees in the hotel, offices and commercial sectors, guaranteeing the viability of the business in the medium and long term, and the new lease agreements for commercial premises with lessees that have outstanding solvency ratings.

11. Disclosure on conflicts of interest involving the directors

At year-end 2017, neither the members of the Board of Directors of Saint Croix Holding Immobilier, SOCIMI, S.A. nor any parties related to them, as stipulated in the Corporate Enterprises Act, had reported any direct or indirect conflict of interest with those of the Company to the other members of the Board of Directors.

12. Subsequent events

On 11 April 2018, the Company acquired commercial premises from Banco Santander located at Glorieta de Cuatro Caminos 6 & 7 in Madrid, occupying an area of 2,606 square metres. The acquisition price was 6,752,000 euros, which was paid by the Company in cash. The premises will undergo the renovations required to meet the requirements of the new tenant, Supermercados ALDI, which has signed a 10-year lease agreement.

Madrid, 26 April 2018

Mr. Marco Colomer Barrigón
Chairman and Chief Executive Officer