SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

Management Report
31 March 2019

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Management Report

2019

(31 March 2019)

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

Management Report at 31 March 2019

1. Explanation of the figures at 31 March 2019

A breakdown of the main figures at 31 March 2019 compared to 31 March 2018 (31 December 2018 for the balance sheet) is provided below:

Income statement	Euros		
	31/03/2019	**31/03/2018**	**+ / -**
Income	4,730,120	4,442,095	6.48%
Net operating income (NOI)	**4,218,001**	**4,124,143**	**2.28%**
Overheads	-81,094	-61,639	31.56%
EBITDA	**4,136,907**	**4,062,504**	**1.83%**
Financial profit/(loss)	-192,943	-61,997	211.22%
EBTDA	**3,943,964**	**4,000,507**	**-1.41%**
Depreciation	-1,265,637	-1,216,578	
Subsidies	14,936	14,936	
Other gains/(losses)	-	-1,744	
Gain/(loss) on disposal of real estate assets	1,452,369	-145,505	
EBT	**4,145,632**	**2,651,616**	**56.34%**
Corporation tax	-	-	
Net profit/(loss)	**4,145,632**	**2,651,616**	**56.34%**

Key figures at 31 March 2019

	31/03/2019	**31/03/2018**	**31/12/2018**
Annualised income (€M)	24.46	22.78	23.89
FFO (€M)	4.14	3.89	18.22
FFO (€/share)	0.93	0.87	4.09
GAV (€M) (*)	481.18	426.71	459.31
NAV (€M) (*)	438.71	408.26	433.75
Assets under management, risk free (number)	162	179	170
Gross leasable area (m^2 risk free)	157,853	148,587	150,543
Occupancy rate % at closing	86.32%	88.71%	91.97%
Lease portfolio (€M)	98.16	95.67	104.50
WAULT	6.38	6.09	6.24
LTV	17.74%	12.57%	14.42%
LTV Adjusted	18.98%	14.97%	15.91%
Net debt (€M)	94.62	58.68	73.07
Profit (€/share)	0.93	0.60	3.27
Dividend (€/share)	-	-	2.94
Dividend gross yield	-	-	4.00%

(*)
GAV: Market value of real estate assets
NAV: Market value of real estate assets - net financial debt +/- other assets and liabilities amongst which includes credits to group companies and associates

Sectoral indicators at 31 March 2019

	Euros					
	31/03/2019	Per share	31/03/2018	Per share	31/12/2018	Per share
Net recurring profit	2,693,263	0.60	2,797,121	0.63	13,024,692	2.93
Net value of assets	438,705,422	98.54	408,262,928	91.70	433,745,955	97.42
Cost/income ratio	13.56%		8.55%		16.01%	
Vacancies ratio	11.22%		12.65%		5.13%	
Net yield	4.51%		4.66%		4.87%	

Property investments (gross): As of 31 March 2019, gross property investments valued at acquisition cost amounted to 402,566,611 euros. The following investments and divestments took place in 2019:

- **Investments amounting to 25,701,478 euros:**
  - During the first quarter of 2019, there were additions of 1,334,739 euros corresponding to the renovations being carried out in the property located at calle Pradillo 42 in Madrid for 364,440 euros, in Hotel Meliá in Isla Canela for 184,084 euros, in Hotel Barceló for 13,119 euros, in Hotel Iberostar for 21,060 euros, in Hotel Playa Canela for 122,274 euros, in Hotel Isla Canela Golf for 32,207 euros and the building located at José Abascal 41 for 438,883 euros, which are currently undergoing remodelling. Almost all renovations have been completed except for José Abascal 41 whose budget is 6,524,949 euros (of which, 1,449,848 euros has already been incurred) and the recently acquired Juan Ignacio Luca de Tena 17, whose renovation budget is 2,565,750 euros and that has not yet started.
  - On 31 January 2019, before the Notary of Madrid Mr Salvador Barón Rivero, the Company signed the purchase deed on an office building located at Juan Ignacio Luca de Tena 17, in Madrid. The building has 166 parking spaces across two underground floors, one ground floor and six floors with a gross leasable area of 8,822 m². The acquisition price of the property was 23,950,000.00 euros (24,309,250 euros including expenses) and has been paid partially with the delivery of two commercial premises owned by the Company, specifically, the commercial premises and their annexes located at Calle Caleruega 66, 68 and 70 as well as Calle Rutilo 21, 23 and 25; both in Madrid. The sale price of these commercial premises was 3,564,500 euros and, therefore, the Company paid the difference of 20,385,500 euros in cash to complete the purchase. During 2019, the Company will carry out a significant renovation of the building to realign and adapt it to the standards currently demanded by the market. Work is currently underway on a Renovation Project. Once this project is completed, the Company will begin its marketing.

- **Divestments amounting to 3,780,149 euros:**
  - Sale of offices (lofts). During the year, three lofts from the Coslada III development, one from the Sanchinarro VI development and three from the Sanchinarro VII development (with their respective annexes) were sold, resulting in a net loss in the period of 23,229 euros. At the time of sale, impairment of 17,020 euros had been recognised for these properties. This has been written off as a result of the disposal.
  - Sales of two premises associated with the purchase of the aforementioned office

building that has led to a net profit in the period of 1,475,597 euros. At the time of sale, impairment of 37,662 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 2019:

The proposed distribution of 2018 profits presented by the Company's directors to the shareholders and approved at the Annual General Shareholders' Meeting held on 25 April 2019 was as follows:

	Euros
Profit at 31 December 2018	**14,554,246**
• Legal Reserve	1,455,425
• Dividends	13,098,821

Net financial debt: At 31 March 2019, the Company had net financial debt of 94,615,639 euros (73,073,802 euros at 31 December 2018). The breakdown of this is as follows:

Breakdown of debt	Euros	
	31/03/2019	31/12/2018
José Abascal, 41	11,400,000	11,400,000
Titán, 13	12,627,668	12,826,009
Conde de Peñalver, 16	8,199,357	8,328,143
Plaza de España (Castellón)	1,236,685	1,429,016
Valle de la Fuenfría, 3	9,634,690	9,756,825
Glorieta de Cuatro Caminos 6 and 7	4,500,000	4,500,000
Juan Ignacio Luca de Tena, 17	12,000,000	-
Debt with mortgage guarantee	**59,598,401**	**48,239,993**
Debentures and bonds	10,192,466	10,130,822
Long-term personal loan (Goya 59)	10,000,000	-
Available credit facilities	9,840,292	9,868,275
Long-term loans	6,098,105	5,104,342
Interest accrued pending maturity	165,324	139,057
Derivatives	276,013	276,013
Unsecured debt	**36,572,200**	**25,518,509**
Cash and bank	-1,554,961	-684,700
Net financial debt	**94,615,639**	**73,073,802**

The Company's LTV at 31 March 2019 was 17.74%. (14.42% at 31 December 2018). The adjusted LTV is 18.98% (15.91% at 31 December 2018). The adjusted LTV includes the effect of the existing mortgage burden on hotels located in Isla Canela (6,621,844 euros at 31 March 2019 and 7,561,249 at 31 December 2018).

Income: At 31 March 2019, the Company had obtained total income of 4,730,120 euros (4,442,095 euros at 31 March 2018). The breakdown of income by asset type is as follows:

	Euros		Variation in %	
	31/03/2019	31/03/2018	"Growth"	"Like for Like Growth"
Hotels	1,564,874	1,516,425	3.19%	3.19%
Offices	1,478,468	1,341,508	10.21%	10.21%
Commercial	1,357,011	1,258,305	7.84%	10.90%
Industrial	329,767	325,857	1.20%	1.20%
Total	**4,730,120**	**4,442,095**	**6.48%**	**7.31%**

Year-on-year income from rents increased by 6.48% with a general increase in all areas and the office and commercial areas being particularly noteworthy. Aside from the effect of new investments and divestments, year-on-year income increased by 7.31%, once again focussed on the offices and commercial segment. The main deviations focus on:

- Hotels continue to increase their ability to generate income (+3.19%) compared with the same period of the previous year, mainly focusing on the improvement of the Meliá Isla Canela hotel.
- Offices witnessed substantial improvement (+10.21%), mainly due to the revenue generated from the building at Valle de la Fuenfría 3 (acquired at the end of the first quarter of 2018), as well as Orense 62, which still did not generate rents in the first quarter of 2018. The rents generated from both assets make it possible to compensate the fall in income from the building at Jose Abascal 41 which is currently undergoing a comprehensive renovation.
- The commercial area also increased its revenues year-on-year (+7.84%), mainly due to the increase in revenues from the premises at Conde Peñalver 16 and the new lease on the premises at Glorieta de Cuatro Caminos 6 and 7 which was acquired in the first quarter of 2018. With both assets generating rents, it is possible to offset the fall in rents resulting from the sales of the two premises (Rutilo and Caleruega) which were sold in the first quarter of 2019.
- The industrial area increased revenues slightly as a result of the effect of the CPI.

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	
	31/03/2019	31/12/2018
Less than a year	21,719,167	22,365,640
Between two and five years	56,062,603	59,254,798
More than five years	20,380,276	22,877,406
Total	**98,162,046**	**104,497,844**

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	
	31/03/2019	31/12/2018
Hotels	3.85	3.94
Offices	5.57	5.16
Commercial	8.46	8.30
Industrial	8.75	9.00
Total Average	**6.38**	**6.24**

NOI: Net Operating Income was positive and amounted to 4,218,001 euros (4,124,143 euros at 31 March 2018), an increase of 2.28%. The breakdown of NOI by asset type is as follows:

	Euros	
	31/03/2019	31/03/2018
Hotels	1,409,203	1,350,593
Offices	1,268,901	1,245,302
Commercial	1,217,068	1,208,719
Industrial	322,828	319,529
NOI	**4,218,001**	**4,124,143**

At 31 March 2019, **EBITDA** was positive and amounted to 4,136,907 euros (4,062,504 euros at March 2018), a year-on-year increase of +1.83%.

Financial gain/(loss) The financial loss at 31 March 2019 was -192,943 euros (-61,997 euros at March 2018). The breakdown of this result is as follows:

- The total financial income derived from the Group's financing system amounted to 201,200 euros (217,711 euros in March 2018), to which the financial income of third parties amounting to 42,334 euros (1,295 euros in March 2018) must be added.
- Financial expenses amounted to 449,364 euros (281,002 euros in March 2018), due to the increase in net financial debt year-on-year. Two loans were also signed in the first quarter of 2019, one that is unsecured to finance the acquisition of the commercial premises located at Calle Goya 59, for 10,000,000 euros, and one on the building at Ignacio Luca de Tena 17, for 12,000,000 euros, with a mortgage guarantee. Both loans are with CaixaBank.
- During the first quarter of 2019, the Company acquired shares in the listed company, Unibail Rodamco, amounting to 1,002,786 euros (6,950 shares at an average price of 144.28 euros per share, including costs). At the end of the quarter, the market value of these shares amounted to 1,015,673 euros, which is why the Company recorded a gain from the valuation of financial assets available for sale of 12,887 euros.

At 31 March 2019, **EBTDA** was positive and amounted to 3,943,964 euros (4,000,507 euros at March 2018), a year-on-year decrease of 1.41%.

Depreciation: The depreciation expense amounted to 1,265,637 euros compared to 1,216,579 euros in the same period in the previous year. The 4% increase is a result of new year-on-year investments.

Subsidies: Income from subsidies amounted to 14,936 euros (14,936 euros in March 2018).

Gain/(loss) on disposal of real estate assets: At 31 March 2019, three lofts had been sold in

Coslada III, three in Sanchinarro VII and one in Sanchinarro VI, resulting in a net loss in the period of 23,229 euros (net loss of 145,505 euros at 31 March 2018). At the time of sale, impairment of 17,020 euros had been recognised for these properties. This has been written off as a result of the disposal. In addition, two commercial premises associated with the purchase of the aforementioned office building were sold, which led to a net profit in the period of 1,475,597 euros. At the time of sale, impairment of 37,662 euros had been recognised for these properties. This has been written off as a result of the disposal.

At 31 March 2019, **EBT** was positive, standing at 4,145,632 euros (2,651,616 euros in March 2018), a year-on-year increase of 56.34% mainly due to the gain generated by the sale of real estate investments arising from the acquisition of the building at Juan Ignacio Luca de Tena 17.

Net profit/(loss): The net profit at 31 March 2019 was 4,145,632 euros (2,651,616 euros in March 2018), giving a net profit per share of 0.93 euros (0.60 euros in March 2018), a year-on-year increase of 56.34%.

2. Valuation of real estate assets

The Company commissioned a valuation of its assets from CBRE Valuation Advisory, S.A., an independent expert. On 14 February 2019, CBRE published its report on the year-end fair values of all of the Company's real estate investments. This valuation was based on the market rental values (which involves capitalising the net income from each property and updating future flows). Fair value was calculated using discount rates that would be acceptable to a potential investor, in keeping with those used by the market for properties with similar characteristics and locations. The valuations were made in accordance with the Appraisal and Valuation Standards published by the 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 2019 in either the variables used by the independent expert in the valuation at year-end 2018, 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 2019 are similar to those at the end of 2018.

The result of these valuations generated a net profit in the Company's income statement at 31 December 2018 of 1,558,297 euros (512,676 euros in 2017). There have been no effects on the income statement for 2019.

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 133,383,587 euros (132,554,817 euros at 31 December 2018), which was primarily due to the retail outlets located at Calle Gran Vía, 34 in Madrid, Calle Conde de Peñalver, 16 in Madrid, Calle Titán, 13 in Madrid, José Abascal, 41 in Madrid, Calle Gran Vía, 55 in Madrid, Hotel Barceló Isla Canela, Hotel Tryp Cibeles in Madrid, Hotel Meliá and Hotel Iberostar.

The market value of property investments at 31 March 2019 amounted to 481,180,001 euros (459,306,773 euros at year-end 2018). The breakdown by business segment is as follows:

Segments	Euros	
	31/03/2019	31/12/2018
Hotels	138,552,847	138,171,950
Offices	149,303,815	125,363,187
Commercial	175,612,869	178,061,166
Industrial	17,710,470	17,710,470
Total	**481,180,001**	**459,306,773**

During the first quarter of 2019, the market value of property investments increased by 21,873,229 euros or 5%. The main movements were:

- Capex investments for the renovation of hotels (372,743 euros), offices (803,323 euros) and commercial premises (158,673 euros).
- Other Capex investments of 8,154 euros in hotels and 1,235 euros in offices.
- The Company's acquisition of the building at Juan Ignacio Luca de Tena, 17, whose total cost, including expenses, amounted to 24,563,224 euros.
- Divestment of real estate assets in the offices and commercial segment: 4,034,124 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 2019 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 2019 (31 March)

31/03/2019	Euros					
	Hotels	**Offices**	**Commercial**	**Industrial**	**Others**	**Total**
Income	1,564,874	1,478,468	1,357,011	329,767	-	4,730,120
Indirect costs	-155,671	-209,566	-139,943	-6,939	-	-512,120
Net operating income	**1,409,203**	**1,268,901**	**1,217,068**	**322,828**	**-**	**4,218,001**
Overheads	-26,828	-25,347	-23,265	-5,654	-	-81,094
EBITDA	**1,382,375**	**1,243,554**	**1,193,804**	**317,174**	**-**	**4,136,907**
% of income	**88.34%**	**84.11%**	**87.97%**	**96.18%**	**-**	**87.46%**
Depreciation	-593,906	-377,151	-258,574	-36,006	-	-1,265,637
Subsidies	14,936	-	-	-	-	14,936
Extraordinary gains/(losses)	-	-	-	-	-	-
Gain/(loss) on disposal of real estate assets	-	-23,228	1,475,597	-	-	1,452,369
Financial profit/(loss)	-	-168,754	-90,388	-	66,199	-192,943
EBT	**803,404**	**674,421**	**2,320,439**	**281,169**	**66,199**	**4,145,632**
Corporation tax	-	-	-	-	-	-
Net profit/(loss)	**803,404**	**674,421**	**2,320,439**	**281,169**	**66,199**	**4,145,632**
% of income	**51.34%**	**45.62%**	**171.00%**	**85.26%**	**-**	**87.64%**

Financial year 2018 (31 March)

31/03/2018	Euros					
	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
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%**

The breakdown of the **income and net book value** for real estate assets heading at 31 March 2019 is as follows:

	Euros					
	31/03/2019			**31/03/2018**		**31/12/2018**
	Income	**%**	**Net book value**	**Income**	**%**	**Net book value**
Hotels	1,564,874	33.08%	106,584,611	1,516,425	34.14%	106,797,571
Offices	1,478,468	31.26%	137,405,280	1,341,508	30.20%	113,971,853
Commercial	1,357,011	28.69%	90,623,704	1,258,305	28.33%	92,811,805
Industrial	329,767	6.97%	13,134,720	325,857	7.34%	13,170,726
Total income	**4,730,120**	**100.00%**	**347,748,315**	**4,442,095**	**100.00%**	**326,751,956**

At 31 March 2019, 33% of revenue was generated by hotel assets, 31% by offices, 29% by commercial premises and the remaining 7% by industrial properties. At 31 March 2019, the hotels

were fully leased; offices were 69% leased; commercial premises were 61% leased and the industrial area was 100% leased. At 31 March 2019, the occupancy rate of real estate assets was 86%. The Gross Leasable Area (GLA) was 157,853 m^2.

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

Area	Euros			
	31/03/2019		31/03/2018	
	Income	Income (%)	Income	Income (%)
Madrid	3,457,798	73.10%	3,220,381	72.50%
Huelva	1,272,323	26.90%	1,221,714	27.50%
Total	**4,730,120**	**100.00%**	**4,442,095**	**100.00%**

From a geographic point of view, all of the income obtained in the first quarter of 2019 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 **occupancy rates** by **asset types**. At 31 March 2019, the level of occupancy of the Company's assets for leasing was 86.32% (87.93% in March 2018 and 91.97% in December 2018) based on the square metres leased, the breakdown of which was as follows:

	% occupancy			Floor area in m^2 above ground level		
Asset type	31/03/2019	31/03/2018	31/12/2018	31/03/2019	31/03/2018	31/12/2018
Hotels	100.00%	100.00%	100.00%	80,135	80,135	80,135
Offices	69.16%	69.54%	87.77%	40,856	26,825	32,591
Commercial	60.95%	59.30%	66.28%	23,052	22,329	24,035
Industrial	100.00%	100.00%	100.00%	13,810	13,810	13,810
Total	**86.32%**	**87.93%**	**91.97%**	**157,853**	**143,099**	**150,571**

During the first quarter of 2019, the occupancy rate of properties decreased compared with that at 31 December 2018, mainly resulting from the acquisition of a new office building at calle Juan Ignacio Luca de Tena 17 (Madrid) which is not occupied. This property will undergo partial remodelling before beginning its marketing.

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

4. Property investments

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

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

5. Disclosure on payment 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.

	2019	2018
	Days	
Average payment period to suppliers	58.69	56.62
Ratio of transactions paid	70.17	77.75
Ratio of transactions pending payment	47.03	46.60
	Euros	
Total payments made	1,975,965	900,871
Total payments outstanding	1,942,495	1,895,279

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).

Although the average payment period was 58.69 days in 2019, which was longer than the legally established period, it was mainly due to private agreements that the Company has reached with certain subcontractors for the renovation of its buildings.

6. Earnings per share at 31 March 2019

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

	Euros	
	31/03/2019	31/03/2018
Net Profit	4,145,632	2,651,615
Weighted average number of shares	4,452,197	4,452,197
Earnings per share	**0.93**	**0.60**

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

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

7. Acquisition of treasury shares

At 31 March 2019, the Company did not hold any treasury shares.

8. Research and development activities

The Company does not carry out research and development activities.

9. Main risks faced by the Company

The management of the Company's financial risks is centralised in the Group's Financial Management and in Grupo Pryconsa'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:

a) Credit risk

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

b) Liquidity risk

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

c) Exchange rate risk

The Company did not have any significant assets or liabilities in foreign currencies at 31 March 2019 and therefore had no exchange rate risk.

d) Interest rate risk

The Company has various long-term loans financing mainly long-term assets, as well as short-term working capital financing facilities. The risk from interest rate fluctuations is very low since the Company is not highly exposed to debt. The Company's policy on interest rates consists of not taking out interest rate hedges through hedging financial instruments, swaps, etc., since any change in interest rates would have an insignificant effect on the Company's results, taking into account its low debt levels and today's very low interest rates.

However, on 17 February 2017, the Company 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 the local and international levels, occupancy 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 required to comply with a range of general and specific legal provisions, such as legal, accounting, environmental, employment, tax and data protection regulations. Future regulatory changes may have a positive or negative effect on the Company.

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

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; and (iii) occupational hazard prevention risks.

10. Outlook for 2019

Given the Company's activity, its directors consider that 2019 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 31 March 2019, 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

At the date on which this management report was drafted, there were no relevant subsequent events.

Madrid, 25 April 2019

Mr. Marco Colomer Barrigón
Chairman and Managing Director