SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

Management Report
31 March 2020

Table of Contents

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Management Report

2020

31 March 2020

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Management Report at 31 March 2020

1. Explanation of the figures at 31 March 2020

A breakdown of the main figures at 31 March 2020 compared to 31 March 2019 is provided below:

	Euros		
Income statement	**31/03/2020**	**31/03/2019**	**+ / -**
Income	**4,883,479**	**4,730,120**	**3.25%**
Leases	4,856,528	4,620,124	
Provision of sundry services	26,951	109,996	
Operating expenses	-505,898	-512,119	-1.21%
Net operating income (NOI)	**4,377,581**	**4,218,001**	**3.83%**
Overheads	-198,682	-81,094	147.28%
EBITDA	**4,178,899**	**4,136,907**	**1.02%**
Financial profit/(loss)	-819,451	-192,943	324.71%
EBTDA	**3,359,448**	**3,943,964**	**-14.82%**
Depreciation	-1,386,916	-1,265,637	
Subsidies	14,936	14,936	
Other gains/(losses)	-10,940	-	
Impairment/Reversal of trade operations	353	-	
Gain/(loss) on disposal of real estate assets	-69,520	1,452,369	
EBT	**1,907,361**	**4,145,632**	**-53.99%**
Corporation tax	-	-	
Net profit/(loss)	**1,907,361**	**4,145,632**	**-53.99%**

Sectoral indicators at 31 March 2020

	Euros					
	31/03/2020	**Per share**	**31/03/2019**	**Per share**	**31/12/2019**	**Per share**
Net recurring profit	2,510,447	0.56	2,693,263	0.60	12,278,916	2.76
Net value of assets	506,960,575	113.87	438,705,422	98.54	503,601,975	113.11
Cost/income ratio	14.37%		13.56%		19.39%	
Vacancies ratio	5.32%		11.22%		5.27%	
Net yield	3.72%		4.51%		4.49%	

Key figures at 31 March 2020

	31/03/2020	**31/03/2019**	**31/12/2019**
Annualised income (€M)	20.52	24.46	24.72
FFO (€M)	4.17	4.14	18.11
FFO (€/share)	0.94	0.93	4.07
GAV (€M) (*)	551.88	481.18	550.46
NAV (€M) (*)	506.96	438.71	503.60
ROA	0.47%	1.01%	3.54%
ROE	0.63%	1.36%	4.72%
Gross leasable area (m^2 risk free)	157,692	157,853	158,114
Occupancy rate % at closing	92.22%	86.32%	92.12%
Lease portfolio (€M)	134.00	98.16	140.32
WAULT	6.53	6.38	7.68

	31/03/2020	31/03/2019	31/12/2019
LTV	15.24%	17.74%	14.49%
LTV Adjusted	15.88%	18.98%	15.14%
Net debt (€M)	90.90	94.62	85.32
Profit (€/share)	0.43	0.93	3.20
Dividend (€/share)	-	-	2.81
Dividend gross yield	-	-	3.75%

APM definitions:

- **GAV:** Gross market value of real estate assets; NAV: Gross market value of real estate assets - net financial debt +/- other assets and liabilities including credits to group companies and associates
- **NOI**: Gross operating income - Operating expenses.
- **EBITDA:** NOI - Other general costs.
- **EBITDA:** EBITDA - financial income.
- **Recurring net profit:** The Company's profit/(loss), eliminating the result derived from the sale of real estate assets, impairments and reversals, changes in the fair value of equity instruments and the impact of income tax.
- **Annualised income:** Forecast of the income to be generated by the real estate assets owned at 12 months from the date of information based on the contractual conditions at that date.
- **Funds from operations (FFO):** Direct cash flow from the Company's operations, i.e. rental income less operating expenses and exceptional expenses involving cash flow or cash movements.

Property investments (gross): As of 31 March 2020, gross property investments valued at acquisition cost amounted to 408,177,350 euros. The following investments and divestments took place in 2020:

Investments amounting to 2,234,375 euros:

- During the first quarter of 2020, additions of 2,234,375 euros were made for the refurbishments amounting to 2,200,199 euros of the property located at calle Juan Ignacio Luca de Tena 17 in Madrid, which was purchased the previous year. Additions were also made in the Hotel Meliá in Isla Canela for an amount of 29,395 euros, and in the Orense 62 office building for an amount of 4,781 euros.

Divestments amounting to 818,757 euros:

- Sale of offices (lofts). During the year, three lofts from the Coslada III development and two from the Vallecas Comercial I development (with their respective annexes) were sold, resulting in a net loss in the period of 69,520 euros. At the time of sale, impairment of 32,471 euros had been recognised for these properties. This has been written off as a result of the disposal.

Dividends:

<u>Company dividends to pay to shareholders in 2020:</u>

The proposed distribution of results for the 2019 year which has been made by the Company Directors to the shareholders is as follows:

	Euros
Profit at 31 December 2019	**14,256,779**
• Legal Reserve	1,425,678
• Voluntary reserve	304,475
• Dividends	12,526,626

This proposed distribution of the profit for the year was to be approved by the Annual General Shareholders' Meeting called for 24 April 2020 (see Note on "Subsequent Events").

Dividends paid by the Company 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

The 2018 dividend, amounting to 13,098,821 euros, approved by the General Shareholders' Meeting on 25 April 2019, was fully paid out on 20 May 2019.

Net financial debt: The Company had net financial debt of 90,902,036 euros (85,319,911 euros at 31 December 2019). The breakdown of this debt is as follows:

Breakdown of debt	Euros	
	31/03/2020	31/12/2019
José Abascal, 41	10,944,000	11,400,000
Titán, 13	11,834,307	12,032,647
Conde de Peñalver, 16	7,684,214	7,813,000
Plaza de España (Castellón)	459,381	654,910
Valle de la Fuenfría, 3	9,142,475	9,266,083
Juan Ignacio Luca de Tena, 17	12,000,000	12,000,000
Glorieta de Cuatro Caminos 6 and 7	4,325,000	4,500,000
Debt with mortgage guarantee	**56,389,378**	**57,666,640**
Debentures and bonds	10,000,000	10,000,000
Available credit facilities	2,702,186	46,065
Loan Goya, 59	9,700,000	9,850,000
Loan Gran Vía, 55:	9,853,500	10,000,000
Long-term loans	3,201,946	3,700,091
Interest accrued pending maturity	354,765	340,708
Derivatives	465,934	465,934
Unsecured debt	**36,278,331**	**34,402,798**
Cash and bank	-1,765,673	-6,749,527
Net financial debt	**90,902,036**	**85,319,911**

"Obligations and bonds" includes the two issues of Fixed Income securities carried out by the Company in 2016 against the "Fixed Income Securities Issuance Programme 2015", for a total amount of 10,000,000 euros.

The average APR for both issues for the issuer was 2.73%. The two securities issues have been listed on the Alternative Fixed Income Market since 24 June 2016. The financial expenses resulting from the aforementioned issuances, accrued and pending maturity in 2020, totalled 193,151 euros (193,151 in 2019), 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 March 2020, these expenses amounted to 8,335 euros (3,334 euros at 31 March 2019). There have been no placement costs or fees.

As of 31 December 2020, the Company had an outstanding mortgage loan debt amounting to 56,389,378 euros (31 December 2019: 57,666,640 euros), which is recognised under "Non-current bank borrowings" and "Current bank borrowings" and relates mainly to mortgage loans arranged with Caixabank, Banco Santander, Banca March and Kutxabank which at 31 March 2020 had not yet matured or been repaid.

The Company's LTV at 31 March 2020 was 15.24% (14.49% at year-end 2019). The adjusted LTV was 15.88% (15.14% at year-end 2019). This adjusted LTV includes the effect of the mortgage charge at 31 March 2020 on hotels located in Isla Canela amounting to 3,828,107 euros (3,828,107 euros at 31 December 2019).

Income: At 31 March 2020, the Company had obtained total income of 4,883,479 euros (4,730,120 euros at 31 March 2019). The breakdown of income by asset type is as follows:

	Euros		**Variation in %**	
	31/03/2020	**31/03/2019**	**Growth**	**Like for Like Growth**
Hotels	1,418,242	1,564,874	-9.37%	-9.37%
Offices	1,529,127	1,478,468	3.43%	3.43%
Commercial	1,603,705	1,357,011	18.18%	19.53%
Industrial	332,405	329,767	0.80%	0.80%
Total	**4,883,479**	**4,730,120**	**3.24%**	**3.58%**

Year-on-year income from rents increased by +3.24% with a general increase in all areas and the commercial and office areas being particularly noteworthy, and with the exception of the hotels area. Aside from the effect of new investments and divestments, year-on-year income increased by +3.58%, once again focused on the commercial and offices segment. The main deviations focus on:

- **Hotels:** Decrease of -9.37%. The fall in income is focused on the income generated by the Hotel Playa and Iberostar, both located in Isla Canela and are derived from the effect of the Covid-19 pandemic. The other hotels have maintained their year-on-year income.
- **Offices:** Increase of +3.43%. This increase is mainly due to the generation of income from the offices located in Valle de la Fuenfría 3 as well as from José Abascal 41. The income earned from both assets offsets the drop in income from the offices located at Gran Via 1 and Pradillo 42 as the result of the Covid-19 pandemic.
- **Commercial:** Increase of +18.18%. The increase is mainly due to the increase in revenue from commercial premises located at Gran Via 34 (due to the new conditions agreed at the end of 2019) and Goya 59 (last year it did not generate any revenue). This increase in income from these two assets offsets the lower income from Gran Via 55 (a contract that has been completed and is currently being fully refurbished by a catering group).
- **Industrial:** Increase of +0.80% due to an increase in the income of the Daganzo de Arriba warehouse.

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 31/03/2020**	**Euros Nominal value 31/12/2019**
Less than a year	20,516,846	24,721,653
Between two and five years	71,157,406	70,914,831
More than five years	42,324,211	44,686,272
Total	**133,998,463**	**140,322,756**

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

Type	WAULT	
	31/03/2020	31/12/2019
Hotels	4.57	3.07
Offices	3.76	6.41
Commercial	11.90	9.57
Industrial	7.78	8.00
Total Average	**6.53**	**7.68**

NOI: Net Operating Income was positive and amounted to 4,377,581 euros (4,218,001 euros at 31 March 2019), an increase of 3.78%. The breakdown of NOI by asset type is as follows:

	Euros	
	31/03/2020	31/03/2019
Hotels	1,256,057	1,409,203
Offices	1,251,527	1,268,901
Commercial	1,543,803	1,217,068
Industrial	326,194	322,828
NOI	**4,377,581**	**4,218,001**

At 31 March 2020, **EBITDA** was positive and amounted to 4,178,899 euros (4,136,907 euros at March 2019), a year-on-year increase of +1.02%.

Financial gain/(loss) The financial loss at 31 March 2020 was -819,451 euros (-192,943 euros at March 2019). The breakdown of this result is as follows:

- The total financial income derived from the Group's financing system amounted to 212,564 euros (201,200 euros in March 2019), to which the financial income of third parties amounting to 43,398 euros (42,334 euros in March 2019) must be added.
- Financial expenses amounted to 456,238 euros (449,364 euros in March 2019), due to the increase in net financial debt year-on-year.
- 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 383,610 euros, which is why the Company recorded a loss from the valuation of financial assets available for sale of 619,176 euros.

At 31 March 2020, **EBTDA** was positive and amounted to 3,359,448 euros (3,943,964 euros at March 2019), a year-on-year decrease of -14.83%.

Depreciation: The depreciation expense amounted to 1,386,916 euros compared to 1,265,637 euros in the same period in the previous year. The 9.58% increase is a result of new year-on-year investments.

Subsidies: Income from subsidies amounted to 14,936 euros (14,936 euros in March 2019).

Gain/(loss) on disposal of real estate assets: At 31 March 2020, three lofts had been sold in Coslada III and two in Vallecas Comercial I, resulting in a net loss in the period of 69,520 euros (net loss of 1,452,369 euros at 31 March 2019). At the time of sale, impairment of 32,471 euros had been recognised for these properties. This has been written off as a result of the disposal.

At 31 March 2020, **EBITDA** was positive, standing at 1,907,360 euros (4,145,632 euros in March 2019), a year-on-year decrease of 53.99% mainly because in 2019, a gain was recognised of 1,475,597 euros from the sale of real-estate investments arising from the acquisition of the building at Juan Ignacio Luca de Tena 17 and from the losses registered on the valuation of available-for-sale-financial assets.

Net profit/(loss): The net profit at 31 March 2020 was 1,907,360 euros (4,145,632 euros in March 2019), giving a net profit per share of 0.43 euros (0.93 euros in March 2019), a year-on-year decrease of 117.35%.

2. Valuation of real estate assets

The Company commissioned a valuation of its assets from CBRE Valuation Advisory, S.A., an independent expert. On 5 February 2020, 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 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.

Impact of Covid-19

Since December 2019, Covid-19, a new strain of Coronavirus, has spread to many countries, including Spain. This event significantly affects economic activity worldwide and, as a result, the Company's operations and financial results. The extent to which Coronavirus will impact results will depend on future developments that cannot be reliably predicted, including actions to contain or treat the disease and mitigate its impact on the economies of affected countries.

On the valuation of real estate assets

The sensitivity analysis performed by CBRE Valuation Advisory, S.A. in calculating the valuations made at the annual closing of the company's accounts referred to above includes the following:

- Every +/- 0.25% variation in Yield implies an impact on the gross value of the assets of approximately 27 million euros.
- Every +/- 0.10% variation in ERV implies an impact on the gross value of assets of approximately 25 million euros.
- Each +/- 0.25% variation in IRR implies an impact on the gross value of the assets of approximately 3 million euros.

In income generation

Due to the provisions of Royal Decree 463/2020, of 14 March, which declared the state of alarm for the management of the health crisis situation caused by the Covid-19 pandemic; Royal Decree-Law 8/2020, of

17 March, on extraordinary urgent measures to deal with the economic and social impact of the Covid-19 pandemic; and Royal Decree-Law 10/2020 of 29 March, regulating recoverable paid leave for employees who do not provide essential services, in order to reduce the mobility of the population in the context of the fight against Covid-19, the Company has been negotiating with its tenants for moratoriums, reductions and shortfalls in the rent of certain properties, as under some of the contracts the payment of rent may be suspended due to force majeure (especially in the case of hotels). The impact of these negotiations on income in 2020 is summarised by asset type in the table below:

	Euros		
	Real 2019	**Post Covid-19 2020**	**Pre Covid-19 2020**
Hotels	9,134,143	2,731,221	9,033,831
Offices	6,030,013	8,074,532	8,558,713
Commercial	5,897,775	5,602,013	7,239,913
Industrial	1,355,022	1,313,762	1,380,077
Total	**22,416,954**	**17,721,528**	**26,212,535**

The greatest impact is in the Hotel area with a 70% drop in revenue forecast compared to that obtained in 2019 and the forecast for the current year before the events described. In the Office area, however, there is a 34% increase in the updated revenue forecast as against 2019 due to the entry into force of major contracts such as the contract associated with the building located in Juan Ignacio Luca de Tena, 17, albeit with a 6% drop against the initial estimate. The Commercial area decreased by 5% with respect to 2019 and is down by 23% against the estimate for 2020 before the effects of Covid-19 became apparent. The industrial area does not have any relevant effects. The negotiations carried out in recent weeks have shown a fall in income expected for 2020 of 21% compared to that obtained in 2019 and 32% compared to the estimate for the year under pre-Covid-19 conditions.

The result of these valuations generated a net gain in the Company's income statement at 31 December 2019 of 708,148 euros (1,558,297 euros in 2018).

According to the valuations made at 31 December 2019 (without taking into account the possible impact of Covid-19), the fair value of the investment property shows an unrealised gain (by comparison between the gross updated market fair value and the net carrying amount) of 202,775,568 euros (201,502,543 euros at 31 December 2019), mainly related to the properties located at calle Gran Vía, 34, calle Conde de Peñalver, 16, calle Titán, 13, calle José Abascal, 41, calle Gran Vía, 55, calle Juan Ignacio Luca de Tena, 17 and calle Pradillo 42 all of which are located in Madrid as well as Hotel Barceló, Hotel Meliá and Hotel Iberostar in Isla Canela and Hotel Tryp Cibeles in Madrid.

The gross market value of property investments at 31 March 2020 amounted to 551,878,132 euros (550,462,514 euros at year-end 2019). The breakdown by business segment is as follows:

Segments	Euros	
	31/03/2020	**31/12/2019**
Hotels	151,090,020	151,060,625
Offices	184,201,132	182,814,909
Commercial	198,876,510	198,876,510
Industrial	17,710,470	17,710,470
Total	**551,878,132**	**550,462,514**

During the first quarter of 2020, the market value of property investments increased by 1,415,618 euros or 0.26%. The main movements were:

- Capex investments for the renovation of offices (2,200,199 euros).
- Other Capex investments of 29,395 euros in hotels and 4,782 euros in offices.
- Divestment of real estate assets in the offices segment 818,757 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 2020 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 2020 (31 March)

	Euros					
31/03/2020	**Hotels**	**Offices**	**Commercial**	**Industrial**	**Others**	**Total**
Income	1,418,242	1,529,127	1,603,705	332,405	-	4,883,479
Indirect costs	-162,185	-277,600	-59,903	-6,211	-	-505,898
Net operating income	**1,256,057**	**1,251,527**	**1,543,803**	**326,194**	**-**	**4,377,581**
Overheads	-57,700	-62,212	-65,246	-13,524	-	-198,682
EBITDA	**1,198,356**	**1,189,315**	**1,478,557**	**312,671**	**-**	**4,178,899**
% of income	**84.50%**	**77.78%**	**92.20%**	**94.06%**	**-**	**85.57%**
Depreciation	-583,066	-509,272	-258,573	-36,006	-	-1,386,916
Subsidies	14,936	-	-	-	-	14,936
Extraordinary gains/(losses)	-	-10,935	-5	-	-	-10,940
Gain/(loss) on disposal of real estate assets	-	-69,520	-	-	-	-69,520
Impairment/Reversal	-	-	353	-	-	353
Financial profit/(loss)	9,544	-173,740	-36,080	-	-619,176	-819,452
EBT	**639,771**	**425,848**	**1,184,252**	**276,665**	**-619,176**	**1,907,360**
Corporation tax	-	-	-	-	-	-
Net profit/(loss)	**639,771**	**425,848**	**1,184,252**	**276,665**	**-619,176**	**1,907,360**
% of income	**45.11%**	**27.85%**	**73.84%**	**83.23%**	**-**	**39.06%**

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%**

The breakdown of the **income and net book value** for real estate assets heading at 31 March 2020 is as follows:

	Euros					
	31/03/2020			**31/03/2019**		**31/12/2019**
	Income	**%**	**Net book value**	**Income**	**%**	**Net book value**
Hotels	1,418,242	29.04%	104,536,366	1,564,874	33.08%	105,070,931
Offices	1,529,127	31.31%	141,932,231	1,478,468	31.26%	140,961,102
Commercial	1,603,705	32.84%	89,643,270	1,357,011	28.69%	89,901,235
Industrial	332,405	6.81%	12,990,697	329,767	6.97%	13,026,704
Total income	**4,883,479**	**100.00%**	**349,102,564**	**4,730,120**	**100.00%**	**348,959,971**

At 31 March 2020, 29% of revenue was generated by hotel assets, 31% by offices, 33% by commercial premises and the remaining 7% by industrial properties. At 31 March 2020, the hotels were fully leased; offices were 89% leased; commercial premises were 67% leased and the industrial area was 100% leased. At 31 March 2020, the occupancy rate of real estate assets was 92%. The Gross Leasable Area (GLA) was 157,692 m2.

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

Area	Euros			
	31/03/2020		**31/03/2019**	
	Income	**Income (%)**	**Income**	**Income (%)**
Madrid	3,769,069	77.18%	3,457,798	72.50%
Huelva	1,114,410	22.82%	1,272,323	27.50%
Total	**4,883,479**	**100.00%**	**4,730,120**	**100.00%**

From a geographic point of view, all of the income obtained in the first quarter of 2020 was generated in Madrid and Huelva (both in Spain). Madrid remains in first place, contributing around 77% of total income, followed by Huelva with 23%.

It is also interesting to consider changes in **occupancy rates** by **asset types**. At 31 March 2020, the level of occupancy of the Company's assets for leasing was 92.22% (86.32% in March 2019 and 92.12% in December 2019) based on the square metres leased, the breakdown of which was as follows:

Asset type	% occupancy			Floor area in m² above ground level		
	31/03/2020	**31/03/2019**	**31/12/2019**	**31/03/2020**	**31/03/2019**	**31/12/2019**
Hotels	100.00%	100.00%	100.00%	80,135	80,135	80,135
Offices	88.88%	69.16%	88.43%	39,764	40,856	40,186
Commercial	67.26%	60.95%	67.41%	23,982	23,052	23,982
Industrial	100.00%	100.00%	100.00%	13,810	13,810	13,810
Total	**92.22%**	**86.32%**	**92.12%**	**157,692**	**157,853**	**158,114**

During the first quarter of 2020, the occupancy rate of real estate has increased slightly with respect to that existing on 31 December 2019.

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 widespread recent reduction in expected yields, 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.

	2020	**2019**
	Days	
Average payment period to suppliers	77.92	75.72
Ratio of transactions paid	89.43	73.76
Ratio of transactions pending payment	67.28	77.68
	Euros	
Total payments made	2,989,896	7,395,094
Total payments outstanding	3,232,194	2,472,056

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 2020 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 77.92 days in 2020, 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 2020

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

	Euros	
	31/03/2020	31/03/2019
Net Profit	1,907,360	4,145,632
Weighted average number of shares	4,452,197	4,452,197
Earnings per share	**0.43**	**0.93**

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 2020, 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 to 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 2020 and therefore had no exchange rate risk.

d) Interest rate risk

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

However, on 17 February 2017, the Company arranged an interest rate swap for 8,550,000 euros, which will be valid from 1 April 2019 to 1 April 2026 and linked to a mortgage loan of 11,400,000 euros taken out in 2017 on the property located in calle José Abascal 41 in Madrid.

e) Real estate business risks

Changes in the economic situation at both the local and international levels, occupancy and employment growth rates, interest rates, tax legislation and consumer confidence have a significant impact on the property markets. Any unfavourable change in any of these or in other economic, demographic or social variables in Europe, and Spain in particular, could lead to a reduction in real estate activity in these countries. The cyclical nature of the economy has been statistically proven, as have the existence of microeconomic and macroeconomic aspects that directly or indirectly affect the way the property market performs, particularly the rentals that make up the Company's main investment activity.

f) Impact of Covid-19

Since December 2019, Covid-19, a new strain of Coronavirus, has spread to many countries, including Spain. This event significantly affects economic activity worldwide and, as a result, the Company's operations and financial results. The extent to which Coronavirus will impact results will depend on future developments that cannot be reliably predicted, including actions to contain or treat the disease and mitigate its impact on the economies of affected countries.

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.

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 2020

Given the Company's activity, the Directors of the Company consider that 2020 will continue to be positive in terms of maintaining the terms of long-term leases once they have been negotiated, to adapt them insofar as it is possible to the current situation arising due to the Covid-19 pandemic. 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 2020, 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

From 31 March 2020 and up to the date of approval of this management report, no significant events have occurred that could significantly affect the information set forth herein, except for the following:

- This proposed distribution of the profit for 2019 was to be approved by the Annual General Shareholders' Meeting called for 24 April 2020. The Board of Directors of the Company agreed at its meeting of 15 April 2020 to cancel the Ordinary General Shareholders Meeting called. This Ordinary General Meeting was called by resolution adopted on 21 February 2020 by the Board of Directors.

- The Ordinary General Meeting was cancelled due to the health crisis situation caused by the Covid-19 pandemic and the measures adopted by Royal Decree 463/2020 of 14 March, which declared the state of alarm for the management of the health crisis situation caused by Covid-19 (and subsequent regulations), which was initially planned to last until 00:00 on 29 March 2020, but was later extended to 00:00 on 12 April 2020, although its duration has been extended again, for the second time, until 00:00 on 26 April 2020, under the same conditions established in Royal Decree 463/2020, thus including the date of the Ordinary General Meeting called within the extended alarm period, hence, the Board of Directors considered that it would be prudent, and more appropriate in terms of looking after the Company's best interests, to cancel the Annual General Meeting which had been called.

Madrid, 30 April 2020

Mr Marco Colomer Barrigón
Chairman and Managing Director