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Audit report on the financial statements issued by an independent auditor

To the Shareholders of Saint Croix Holding Immobilier, SOCIMI, S.A.:

Report on the financial statements

Opinion

We have audited the financial statements of Saint Croix Holding Immobilier, SOCIMI, S.A. (the Company), which comprise the balance sheet at 31 December 2020, the profit and loss account, the statement of changes in equity, the statement of cash flows and the report for the financial year ended on that date.

In our opinion, the accompanying financial statements give, in all material respects, a true and fair view of the Company's equity and financial position as at 31 December 2020, as well as its results and cash flows for the financial year ending on said date, in accordance with the application of the regulatory framework of financial information (identified in note 3 of the report) and, in particular, with the accounting principles and criteria contained therein.

Basis for opinion

We have performed our audit in accordance with the current regulations governing the auditing of accounts in Spain. Our responsibilities in accordance with these regulations are described later in the section *Auditor's Responsibilities relating to the audit of the financial statements* of our report.

We are independent of the Company in accordance with the ethical requirements, including those of independence, which are applicable to our audit of the financial statements in Spain as required by the regulations governing the activity of auditing accounts. Accordingly, we have not provided services other than those of the audit of accounts nor have concurred situations or circumstances that, in accordance with the provisions of the aforementioned governing regulations, have compromised the necessary independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

The key audit matters are matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and in the formation of our opinion on these and we do not express a separate opinion on those matters.

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Key Audit matters	Audit response
Valuation of property investments at financial year-end The heading "Property Investments" in the attached balance sheet includes the carrying values at 31 December 2020 of the land and buildings owned by the Company in accordance with the detail shown in note 6 of the annual report. Note 5.1 of the report describes the valuation criteria for these assets at financial year-end. For the application of these criteria, the Company's management has relied on valuations performed by an independent expert, which include important elements of judgment, in particular with regard to updated market values and discounted income. The analysis of the reasonableness of the net carrying value of these assets at 31 December 2020 has been considered a key Audit matter.	We have performed, amongst others, the following audit procedures: - Understanding and analysis of the policies and procedures followed by the Company's management for the valuation of property investments at financial year-end. - Obtaining the valuation report at financial year-end 2020 for the property investments owned by the Company, prepared by an independent expert, based on price comparability analysis, and discounted income. - Evaluation of the competence and independence of the external valuator, as well as the reasonableness of the valuation methodologies and the assumptions used, involving valuation experts in the engagement team to help with said analysis. - Evaluation of the competence and independence of the auditor's expert mentioned in previous paragraph. - Analysis of the reasonableness of the calculations made by the Company's management to determine, where appropriate, the impairment losses at 31 December 2020, based on the aforementioned valuation report. - Evaluation of the suitability and adequacy of the information included by the Company's management in the annual report in relation to the valuation of these assets.

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Other matters

The financial statements of Saint Croix Holding Immobilier, SOCIMI, S.A., for financial year ended 31 December 2019 were audited by another auditor who expressed an unqualified opinion on said financial statements on 21 February 2020. Our opinion refers exclusively to the financial statements for financial year 2020.

Other information: Management report

The other information comprises exclusively the management report for financial year 2020, the formulation of which is the responsibility of the Company's management and does not form an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report . Our responsibility regarding the information contained in the management report is defined in the regulation governing financial statement audit work, which establishes two distinct levels of responsibility:

a) A specific level applicable to the consolidated non-financial statement and some of the information included in the Annual Corporate Governance Report, as defined in article 35.2.b) of Spanish Law 22/2015, the Audit Act, which consists of solely checking that the required information has been provided in the management report or, where appropriate, it has been included a reference to the separate report on non-financial information in the prescribed manner; otherwise, reporting that it has not.

b) A general level applicable to the remaining information included in the consolidated management report, which consists on evaluating and reporting on the consistency between the aforesaid information and the financial statements as a result of our knowledge of the Company obtained during the audit of the aforementioned financial statements, and does not include information different to that obtained as evidence during our audit. Likewise, our responsibility is to evaluate and report on whether the content and presentation of this part of the management report are in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

Based on the work performed, as described in the previous paragraph, the information contained in the management report agrees with that in the financial statements for financial year 2020 and its content and presentation is in accordance with the applicable regulations.

The responsibility of the management and the audit committee in respect of the financial statements

The management are responsible for formulating the accompanying financial statements, so that they give a true image of the assets, the financial situation and the results of the Company, in accordance with the regulatory framework on financial information applicable to the Entity in Spain, and of the internal control that they consider necessary to allow the preparation of the financial statements free of material misstatement, due to fraud or error.

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In the preparation of the financial statements, the management are responsible for assessing the Company's ability to continue as a going concern, revealing, as appropriate, the matters related with a company in operation and using the accounting principle of a going concern except if the management intend to liquidate the Company or cease operations, or if there is no other realistic alternative.

The audit committee is responsible for supervising the process of preparing and presenting the financial statements.

The auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance is a high degree of assurance, but is not a guarantee that an audit conducted in accordance with the regulations governing the audit activity in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the current regulations governing the account auditing activity in Spain, we exercise professional judgment and maintain an attitude of professional skepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design and perform audit procedures to respond to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or circumvention of internal control.

- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and disclosures made by management..

- We conclude whether the use, by management[2], of the accounting principle of the company as a going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is a material uncertainty related to events or conditions that can generate significant doubts about the ability of the Company to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, we express a modified opinion. Our conclusions are based on the audit evidence obtained at the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern.

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- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to communicate with the Entity's audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during the course of the audit.

We are also required to provide the Entity's audit committee with a statement that we have complied with the relevant ethical requirements, including those of independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Amongst the matters that have been communicated to the Entity's audit committee, we determine those that have been of the greatest significance in the audit of the financial statements of the current period and that are, consequently, the key matters of the audit.

We describe those matters in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

Report on other legal and regulatory requirements

Additional report for the audit committee

The opinion expressed in this report is consistent with what was stated in our additional report for the Company's audit committee dated 26 February 2021.

Contract period

The Ordinary General Shareholders' Meeting held on 30 June 2020 appointed us as auditors for a period of 3 years, commencing from financial year ended on 31 December 2020.

BDO Auditores, S.L.P. (ROAC S1273) (*ROAC - Official Registry of Account Auditors*)

Francisco J. Giménez Soler (ROAC 21.667)

26 February 2021

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

Financial Statements
for the year ended on
31 December 2020
and Management Report

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Annual Report
2020

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

ASSETS	Notes to the Financial Statements	Financial year 2020	Financial year 2019	EQUITY AND LIABILITIES	Notes to the Financial Statements	Financial year 2020	Financial year 2019
NON-CURRENT ASSETS		**373,941,859**	**351,030,367**	**EQUITY**		**291,982,296**	**302,099,432**
				OWN FUNDS			
Intangible fixed assets		**1,031**	**2,975**				
Computer software		1,031	2,975	**Capital**	12	**267,577,040**	**267,577,040**
Property, plant and equipment		**895**	**1,421**	Authorised capital		267,577,040	267,577,040
Plant and other tangible fixed assets		895	1,421	**Reserves**	12	**21,360,468**	**19,630,314**
Property investment	6	**371,440,168**	**348,959,971**	Legal and statutory		6,901,253	5,475,575
Net property investments		371,440,168	348,959,971	Other reserves		14,459,215	14,154,739
Long-term financial investments	8	**2,499,765**	**2,066,000**	**Profit (Loss) for the year**	4	**9,444,108**	**14,256,779**
Other financial assets		2,499,765	2,066,000	**Interim dividend**	4 and 12	**-7,000,000**	**-**
				Adjustments for changes in value		**-440,811**	**-465,934**
				Hedging operations	12 and 14	-440,811	-465,934
				Subsidies, donations and bequests	12	**1,041,491**	**1,101,233**
				Subsidies, donations and bequests		1,041,491	1,101,233
				NON-CURRENT LIABILITIES		**87,769,490**	**89,636,049**
				Non-current payables	13	**87,769,490**	**89,636,049**
				Bonds and debentures		2,000,000	10,000,000
				Bank borrowings		80,719,521	74,574,848
				Derivatives	12 and 14	440,811	465,934
CURRENT ASSETS		**24,495,013**	**52,132,278**	Other financial liabilities		4,609,158	4,595,267
Inventories		**-**	**2,291**				
Advance payments to suppliers		-	2,291	**CURRENT LIABILITIES**		**18,685,088**	**11,427,164**
Trade and other accounts receivable	9	**6,576,808**	**1,943,217**	**Short-term provisions**		**95,810**	**-**
Accounts receivable for sales and services		2,055,584	1,635,701	**Current payables**	13	**14,710,989**	**7,117,410**
Staff		1,056	-	Bonds and debentures		8,130,822	130,822
Current tax assets	9 and 17.1	128,197	130,304	Bank borrowings		6,507,774	6,897,835
Other credits with Public Administrations	9 and 17.1	4,391,971	177,212	Other financial liabilities		72,393	88,753
Short-term investments in Group and associate companies	8 and 19.2	**2,450,366**	**42,390,623**	**Current payables with Group and associate companies**	19.2	**-**	**-**
Short-term financial investments	8	**13,105,565**	**1,046,620**	**Trade creditors and other accounts payable**		**3,878,287**	**4,309,754**
Short-term equity instruments		13,058,645	977,518	Suppliers		1,505,708	3,735,431
Other financial assets		46,920	69,102	Sundry creditors		228,988	306,296
Cash and cash equivalents	10	**2,362,274**	**6,749,527**	Other payables with Public Administrations	17.1	1,991,159	262,027
Cash and bank		2,362,274	6,749,527	Advance payments from customers		152,432	6,000
TOTAL ASSETS		**398,436,872**	**403,162,645**	**TOTAL EQUITY AND LIABILITIES**		**398,436,872**	**403,162,645**

Notes 1 to 26 to the attached financial statements attached hereto form an integral part of the balance sheet at 31 December 2020

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A. PROFIT AND LOSS ACCOUNT FOR 2020 (euros)			
	Notes to the Financial Statements	Financial year 2020	Financial year 2019
CONTINUED OPERATIONS			
Revenues	18.1	**20,007,677**	**22,409,636**
Rental of properties		20,007,677	22,409,636
Procurements		**17,031**	**-**
Consumption of raw materials and other consumables		4,000	-
Work performed by other companies		13,031	-
Other operating income	18.1	**8,538**	**7,318**
Non-core and other current management income		8,538	7,318
Staff costs	18.2	**-427,816**	**-336,378**
Wages, salaries and similar outgoings		-313,031	-236,314
National insurance contributions		-114,785	-100,064
Other operating expenses		**-4,156,259**	**-4,007,471**
Charges for external services	18.3	-2,078,072	-1,720,382
Taxes and similar levies	18.3	-2,069,677	-2,290,204
Losses, impairment and changes in provisions for trade transactions	9	-8,510	3,115
Fixed asset depreciation	6	**-5,462,714**	**-5,156,875**
Charging of non-financial fixed asset subsidies and others	12 and 18.1	**59,743**	**59,743**
Impairment and gain (loss) on fixed asset-write offs and disposals	6	**-229,277**	**2,123,841**
Impairment and losses		-184,777	708,147
Gains (losses) on disposals and others		-44,500	1,415,694
Other gains (losses)		**21,364**	**51,324**
Exceptional income and expenses		21,364	51,324
OPERATING PROFIT (LOSS)		**9,838,287**	**15,151,138**
Financial income		**754,195**	**929,455**
From transferable securities and other financial instruments		754,195	929,455
- In Group and associate companies	19.1	479,398	806,230
- In equity instruments available for sale	8	228,099	75,060
- In third parties		46,698	48,165
Financial expenses	**13**	**-1,680,965**	**-1,798,546**
From payables with third parties		-1,680,965	-1,798,546
Variation in the fair value of financial instruments	8	**532,591**	**-25,268**
Gains (losses) on the trading portfolio		532,591	-25,268
FINANCIAL PROFIT (LOSS)		**-394,179**	**-894,359**
PROFIT (LOSS) BEFORE TAX		**9,444,108**	**14,256,779**
Income tax	17	-	-
PROFIT (LOSS) FOR THE YEAR	4	**9,444,108**	**14,256,779**

Notes 1 to 26 to the financial statements attached hereto form an integral part of the profit and loss account for 2020.

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.			
STATEMENT OF CHANGES IN EQUITY FOR 2020			
A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE			
(euros)			
	Notes to the Financial Statements	**Financial year 2020**	**Financial year 2019**
RESULT OF THE PROFIT AND LOSS ACCOUNT (I)	4	**9,444,108**	**14,256,779**
Income and expenses recognised directly in equity			
- For cash flow hedges	12	51,133	-216,701
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)		**51,133**	**-216,701**
Transfers to profit and loss account			
- Subsidies, donations and bequests	12	-59,743	-59,743
- For cash flow hedges	12	-26,010	26,780
TOTAL TRANSFERS TO PROFIT AND LOSS ACCOUNT (III)		**-85,753**	**-32,963**
TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)		**9,409,488**	**14,007,115**
Notes 1 to 26 to the financial statements attached hereto form an integral part of the statement of recognised income and expense corresponding to 2020			

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A. STATEMENT OF CHANGES IN EQUITY FOR 2020 B) STATEMENTS OF CHANGES IN TOTAL EQUITY (euros)								
	Capital (Note 12)	**Legal Reserve (Note 12)**	**Other Reserves (Note 12)**	**Profit/(loss) for the year (Note 12)**	**Interim dividend (Notes 4 and 12)**	**Subsidies, donations and bequests (Note 12)**	**Adjustments for Changes in value (Note 14)**	**Total**
CLOSING BALANCE FOR 2018	**267,577,040**	**4,020,151**	**14,154,738**	**14,554,246**	**-**	**1,160,976**	**-276,013**	**301,191,138**
Total recognised income and expenses	**-**	**-1**	**1**	**14,256,779**	**-**	**-59,743**	**-189,921**	**14,007,115**
Other variations in equity	**-**	**1,455,425**	**-**	**-14,554,246**	**-**	**-**	**-**	**-13,098,821**
- Distribution of dividends	-	-	-	-13,098,821	-	-	-	-13,098,821
- Distribution of profit in 2018	-	1,455,425	-	-1,455,425	-	-	-	-
CLOSING BALANCE FOR 2019	**267,577,040**	**5,475,575**	**14,154,739**	**14,256,779**	**-**	**1,101,233**	**-465,934**	**302,099,432**
Total recognised income and expenses	**-**	**-**	**-**	**9,444,108**	**-**	**-59,743**	**25,123**	**9,409,488**
Other variations in equity	**-**	**1,425,678**	**304,476**	**-14,256,779**	**-7,000,000**	**1**	**-**	**-19,526,624**
- Distribution of profit in 2019	-	1,425,678	304,475	-1,730,153	-	-	-	-
- Distribution of dividends	-	-	-	-12,526,626	-7,000,000	-	-	-19,526,626
- Others	-	-	1	-	-	1	-	2
CLOSING BALANCE FOR 2020	**267,577,040**	**6,901,253**	**14,459,215**	**9,444,108**	**-7,000,000**	**1,041,491**	**-440,811**	**291,982,296**

Notes 1 to 26 to the attached financial statements attached hereto form an integral part of the statement of changes in equity for 2020

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A. CASH FLOW STATEMENT FOR 2020 (euros)			
	Notes to the Financial Statements	**Financial year 2020**	**Financial year 2019**
A) CASH FLOWS FROM OPERATING ACTIVITIES		**10,625,334**	**19,337,713**
1. Profit (loss) before tax for the year		**9,444,108**	**14,256,779**
2. Adjustment to income:		**7,096,216**	**3,864,534**
a) Amortisation of fixed assets (+)	6	5,462,714	5,156,875
b) Valuation corrections due to impairment (+/-)	6	184,777	-708,148
c) Variation in provisions (+/-)	9	8,510	-3,115
d) Allocation of subsidies (-)	12	-59,742	-59,743
e) Income from elimination and sales of fixed assets (+/-)	6	44,500	-1,415,694
g) Financial income (-)	19.1	-754,195	-929,455
h) Financial expenses (+)	13	1,680,965	1,798,546
j) Variation in fair value of financial instruments (+/-)	8	528,687	25,268
3. Changes in current capital:		**-4,977,936**	**1,883,840**
a) Inventories (+/-)		2,291	7,698
b) Trade and other receivables (+/-)	9	-428,393	553,944
c) Other current assets (+/-)	9	-4,213,708	-177,211
d) Creditors and other accounts payable (+/-)		-2,307,031	1,716,834
e) Other current liabilities (+/-)		1,875,564	-217,425
f) Other non-current assets and liabilities (+/-)		93,341	-
4. Other cash flows from operating activities:		**-937,054**	**-667,440**
a) Payments of interests (-)	8	-1,691,249	-1,596,895
b) Dividends receivable (+)	8	228,099	75,060
c) Collection of interests (+)	8	526,096	854,395
B) CASH FLOWS FROM INVESTMENT ACTIVITIES		**-41,191,115**	**-25,471,458**
6. Investment payments (-):		**-42,639,690**	**-33,246,941**
b) Intangible fixed assets		-	-554
c) Property, plant and equipment		-86	-107
d) Real estate investments	6	-29,606,033	-31,404,658
e) Other financial assets	8	-423,757	-838,836
f) Non-current assets kept for sale	8	-12,609,814	-1,002,786
7. Proceeds from divestments (+):		**1,448,575**	**7,775,483**
d) Real estate investments	6	1,436,401	6,166,500
e) Other financial assets	8	12,174	1,608,983
C) CASH FLOWS FROM FINANCING ACTIVITIES		**26,178,528**	**12,198,572**
10. Receivables and payables from financial liability instruments		**45,705,153**	**25,297,393**
a) Issue:		**94,005,946**	**34,480,450**
2. Bank borrowings (+)	13	12,000,000	26,996,896
3. Payables with group companies and associated companies (+)	8 and 19.2	82,005,946	7,483,554
b) Return and amortisation of:		**-48,300,793**	**-9,183,057**
2. Bank borrowings (-)	13	-6,235,104	-8,875,881
3. Payables with group and associated companies (-)	8 and 19.2	-42,065,689	-105,525
4. Other payables (-)		-	-201,651
11. Dividend payments		**-19,526,625**	**-13,098,821**
a) Dividends (-)	4	-19,526,625	-13,098,821
D) EFFECT OF CHANGES IN INTEREST RATES		**-**	**-**
E) NET INCREASE/DECREASE IN CASH AND EQUIVALENTS		**-4,387,253**	**6,064,827**
Cash or equivalent at start of year.	10	**6,749,527**	**684,700**
Cash or equivalent at end of year.	10	**2,362,274**	**6,749,527**

Note 1 to 26 to the accompanying half-year financial statements form an integrated part of the statement of cash flows for the six-month period ending 31 December 2020

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.
Notes to the Financial Statements
for the Year Ending
31 December 2020

1. Company's activity

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A. (hereinafter the "Company"), formerly called SAINT CROIX HOLDING COMPANY IMMOBILIER, S.A., was incorporated in Luxembourg on 1 December 2011. Its registered office was located at Boulevard Prince Henri 9b, L-1724 Luxembourg, Grand Duchy of Luxembourg and the company was duly registered in the Luxembourg Companies Registry (Registre de Commerce et des Sociétés) with the number B165103. An Extraordinary General Meeting of the Company held on 10 June 2014 approved, among others, the following resolutions:

- To move the registered, tax and administrative office (headquarters) to Glorieta de Cuatro Caminos 6 and 7 in Madrid, without winding up or liquidating the company, and to continue performing the activities included under its corporate purpose in Spain as a Spanish public limited company (*sociedad anónima*) and more specifically under the legal and tax framework for listed real estate investment trusts (REITs), while maintaining the listing of all its shares on the Luxembourg Stock Exchange.

- To change the Company name from "SAINT CROIX HOLDING IMMOBILIER, S.A." to "SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.".

- To approve the Company's financial statements at 31 May 2014 (date accounts were closed prior to moving address and therefore the change of nationality).

- Approval of the new Articles of Association in accordance with Spanish legislation, as well as the Regulations of the General Shareholders Meeting.

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

Its corporate purpose includes the following activities:

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

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

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

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

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

- The construction, development and sale of retail outlets, garages and housing units in both the free market and the officially protected or public market, and others related to said activity, such as the acquisition of land and the financing, development and subdivision into plots, along with the refurbishment of buildings.

- The acquisition, plot subdivision, operation and sale of rural, agricultural, forestry and stock breeding properties and of any other real estate asset, along with the marketing of their products and other consumer goods.

- The acquisition, holding and disposal of moveable property and fixed income and equity securities after having received, if applicable, the relevant administrative authorisation, along with the purchase and sale of works of art.

- The management, administration and operation of hotels, aparthotels, student halls of residence and nursing homes for the elderly in any of the ways provided for by Law and in general of any kind of property where an economic activity is carried out.

- The assignment of its own capital in exchange for the payment of interest or other kinds of consideration.

The performance of other non-core or financial and non-financial activities that generate revenues which together amount to less than 20% of the company's revenue in each tax period. The activities listed may be carried out by the Company, in full or in part, indirectly, by means of a shareholding in another company or other companies with a similar purpose. All activities subject to special requirements provided for by Law that are not fulfilled by the Company are excluded.

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

Mergers

- **Merger in 2016**

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

The main aspects resulting from said merger were as follows:

- Saint Croix Holding Immobilier, SOCIMI, S.A. absorbed the aforementioned companies, which were wound up but not liquidated, acquiring all their equity by means of universal succession and subrogated in the rights and obligations thereof, pursuant to the system set out in Article 49 of Law 3/2009, of 3 April, on the structural amendment of corporations. By virtue of the aforementioned article, and as the Absorbing Company holds a 100% shareholding in the Absorbed Companies, it did not expand its share capital, nor was the involvement of independent experts required.

- Pursuant to commercial laws, the date from which the transactions of the absorbed companies were considered to be carried out for accounting purposes by Saint Croix Holding Immobilier, SOCIMI, S.A. was 1 January 2016.

- The book values incorporated as a result of the merger corresponded to the values recorded in the consolidated financial statements of the Group to which the Absorbed Companies belonged on 31 December 2015 by virtue of the provisions of Accounting and Measurement Rule No. 21 of the Spanish General Chart of Accounts.

- The merger was subject to the tax neutrality system set out in Chapter VIII of Law 27/2014 of 27 November of the Corporation Tax Law.

- As a result of the merger undertaken, the Absorbing Company, Saint Croix Holding Immobilier, SOCIMI, S.A. was no longer considered a holding company; therefore, its corporate purpose was changed to include the acquisition and promotion of real-estate assets.

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

The merger was undertaken under the special system of mergers, divisions, transfers of assets and exchanges of securities provided for under Chapter VIII of Law 27/2014, of 27 November on the Corporation Tax Law. In the Company's financial statements at 31 December 2016, all necessary information is detailed in accordance with the provisions of the aforementioned legislation, namely:

a) List of transferred assets eligible for depreciation.
b) List of tax benefits enjoyed by the transferor entity concerning which the entity must comply with specific requirements pursuant to the provisions of said law.
c) The most recent final balance sheet of the absorbed companies.
d) Assets and liabilities assumed on the date of acquisition.

- **Merger in 2018**

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

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

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

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

The main aspects arising from said merger were as follows:

- Saint Croix Holding Immobilier, SOCIMI, S.A. absorbed the aforementioned companies, which were wound up but not liquidated, acquiring all their equity by means of universal succession and subrogating themselves in the rights and obligations thereof, pursuant to the system set out in Article 49 of Law 3/2009, of 3 April, on the structural amendment of corporations. By virtue of the aforementioned article, and as the Absorbing Company holds a 100% shareholding in the Absorbed

Companies, it did not expand its share capital, nor was the involvement of independent experts required.

- Pursuant to commercial laws, 1 March 2018 was the date from which the operations of the absorbed company were deemed to be carried out for accounting purposes by Saint Croix Holding Immobilier, SOCIMI, S.A.

- For the purposes of article 36.1 of the Structural Modifications Law, merger balances are considered those closed by the Companies involved in the merger at 31 December 2017, duly audited and approved. Given that the absorbing company acquired 100% of the absorbed company on 1 March 2018, in accordance with the provisions of Registration and Valuation Standard No. 21 of the Spanish General Chart of Accounts, the date of accounting effects of this merger was set at 1 March 2018.

- The merger was subject to the tax neutrality system set out in Chapter VIII of Law 27/2014 of 27 November of the Corporation Tax Law. See annexes:

  a) List of transferred assets eligible for depreciation.
  b) List of tax benefits enjoyed by the transferor entity concerning which the entity must comply with specific requirements pursuant to the provisions of said law.
  c) The most recent final balance sheet of the absorbed companies.
  d) Assets and liabilities assumed on the date of acquisition.

Alternative Fixed Income Market

- **2015 Fixed Income Securities Issuance Programme**

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

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

- Maximum issue amount: 80,000,000 euros
- Repayment period: Between 2 and 7 years
- Coupon: Annual
- Nominal unit value ≥ 100,000 euros
- Aimed at: accredited investors

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

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

Average APR of both issues for the issuer was 2.73% per annum. The two sets of securities issued have been traded on the Alternative Fixed Income Market "MARF" since 24 June 2016 (see Note 13).

- **2016 Fixed Income Securities Issuance Programme**

On 18 October 2016, for the second consecutive year, the Company filed the base informative document regarding the incorporation of mid- and long-term securities regarding a "2016 Fixed Income Securities Issuance Programme" on the Alternative Fixed Income Market ("MARF"). The Base Document was published on the website of the Alternative Fixed Income Market, as well as on the Company's website. For the purposes of registering said bond programme, the Company was awarded a credit rating of BBB, stable (investment grade) by Axesor. The programme had a duration of 1 year. The funds obtained from the issue were to be used for investment in real estate assets and renovation of the assets in the portfolio.

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

- Maximum issue amount: 70,000,000 euros
- Repayment period: Between 2 and 7 years
- Coupon: Annual
- Nominal unit value ≥ 100,000 euros
- Aimed at: accredited investors

This programme expired in 2017 and no fixed-income securities were issued against it, since the Company's directors considered that the conditions demanded by the market at that time were not appropriate for the objective conditions imposed by the programme.

Currently there is no Fixed Income Securities Issue Programme in force.

2. Applicable law

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

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

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

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

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

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

up to a maximum of one year.

The term shall be calculated:

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

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

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

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

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

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

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

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

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

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

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

3. Basis for presenting the financial statements

a) Regulatory financial reporting framework applicable to the Company

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

- the Code of Commerce and other trade law.

- Spanish General Chart of Accounts approved by Royal Decree 1514/2007 which was modified in 2016 by Royal Decree 602/2016, and the sector-wide adaptations for real-estate companies.

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

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

- Other applicable Spanish accounts regulations.

b) True and fair view

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

These financial statements, which have been authorised for issue by the Directors of the Company, shall be subject to approval by the General Shareholders' Meeting, and it is considered that they will be approved without changes. In turn, the Company's financial statements for 2019 were approved without modification by the General Shareholders' Meeting held on 30 June 2020.

c) Non-mandatory accounting principles employed

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

d) Grouping of items

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

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

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

- The valuation of any possible impairment losses of specific assets (see Note 5.1 and 5.3.).
- The useful life of real estate assets (see Note 5.1).
- The calculation of provisions (see Note 5.7).
- Estimated impact of the COVID-19 pandemic (Note 11)

Despite the fact that these estimates were made on the basis of the best available information at the end of financial year ending on 31 December 2020, it is possible that future events may make it necessary to adjust them either upward or downward in upcoming financial years, which will be done, as appropriate, prospectively.

f) Comparison of the information

The information contained in this report which refers to 2020 is presented along with the 2019 information for the purposes of comparison.

g) Correction of errors

In the production of the attached financial statements, no error has been identified that requires the re-statement of amounts included in the financial statements for 2020.

h) Changes to accounts criteria

In the financial year ending 31 December 2020, there have been no significant changes to accounts criteria in terms of the criteria applied in the financial year ending 31 December 2019.

4. Profit distribution

The proposal for the distribution of the Company's profits for 2020 to be submitted by the Directors of the Company to the shareholders is as follows:

	Euros
Basis of distribution:	
Profit and Loss	9,444,108
Distribution:	
Legal reserve	944,411
Dividends	8,499,697

The dividend corresponding to 2019 in the amount of 12,526,626 euros approved by the General Shareholders' Meeting on 30 June 2020 was paid in full on 7 July 2020.

Interim dividend in 2020

On 29 December 2020, the Board of Directors at the Company approved the distribution of an interim dividend for 2020 of 1.57 euros gross per action, paid out on 29 December 2020, equivalent to a gross amount of 7,000,000 euros.

The proposed distribution of profits to be made by the directors of the Company to the General Shareholders Meeting entails the distribution, as dividends charged to 2020 profits, 1.91 euros per share, of which 1.57 euros per share have already been paid out as part of the interim dividend mentioned above.

With a view to making this payment on account, the directors of the Company have drawn up a provisional statement of financial position, based on the accounting and liquidity position of the Company at 28 December 2020, and projecting this on a time horizon of 12 months; as a result, it concluded that sufficient liquidity will be generated in the coming 12 months to approve the interim dividend mentioned above. The summary of this statement of financial position is as follows:

	Euros
Liquidity at 28/12/2020	**28,726,134**
Forecast receivables over 12 months	32,085,028
Forecast payables over 12 months	-33,744,185
Liquidity at 28/12/2021	**27,066,978**

For the purposes of condition two, imposed by Article 277 of the Corporate Enterprises Act, the following table indicates the maximum amount that can be distributed as an interim dividend in 2020, expressed in euros:

	Euros
Profit at 31/12/2020 (estimated)	8,761,113
Legal Reserve (10%)	876,111
Maximum interim dividend that can be distributed	**7,885,002**

Based on the maximum interim dividend that can be distributed, the proposal approved by the Board of Directors on 29 December 2020 for the sum of 7,000,000 euros complies with the legal requirement.

5. Accounting principles and accounting and measurement rules

The main valuation principles used by the Company in drawing up its financial statements for the year ended on 31 December 2020 are as follows (in accordance with those established by the Spanish General Chart of Accounts):

5.1 Property investment

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

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

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

The breakdown of the estimated useful life of its property investments is as follows:

	Years of Estimated Useful Life
Buildings	50
Plant	15 – 20
Machinery	8
Other fixtures	20
Tools and furniture	10
Other fixed assets	6 - 10

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

Impairment in the value of property investments

Whenever evidence for impairment may exist, the Company proceeds to estimate through the so-called

"Impairment Test" the possible existence of impairments which reduce the recoverable value of such assets to below their book value. The recoverable amount is determined as the higher between fair value minus sales costs and usage value.

The Company commissioned CBRE Valuation Advisory, S.A., an independent expert, to conduct a valuation of its assets, which was issued on 9 February 2021, in order to determine the fair values of all its property investments at year-end. Such valuations were conducted on the basis of the market lease value (which consists of capitalising net rents from each property and updating future flows). Acceptable discount rates were used to calculate fair value for a potential investor, which are in keeping with those used by the market for properties having similar characteristics and locations. The valuations were made in accordance with the Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors (RICS).

Although COVID-19 has affected the economy and may have an impact on the value of assets, on the date of the valuation issued by the expert, certain property markets had resumed operations; as a result, the corresponding valuation is not subject to "material valuation uncertainty", pursuant to the provisions of VPS3 and VPGA10 of the RIC International Valuation Standards.

The key assumptions used to determine the fair value of these assets and their sensitivity analysis are explained in Note 6.

In any event, significant differences may arise between the fair value of the Company's real estate investments and the effective realisation value of said investments taking the situation of the real estate market and COVID-19 into consideration.

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

5.2 Leases

Leases are classified as financial leases whenever it can be deduced from the lease agreements that the risks and benefits inherent to owning the asset which is the purpose of the agreement are substantially transferred to the lessee. All other leases are classified as operating leases. The Company had no financial leases at year-end 2020 or 2019.

Operating leases

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

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

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

5.3 Financial instruments

5.3.1 Financial assets

Classification

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

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

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

c) Financial assets held for trading: assets acquired with a view to disposing of them in the short term or those that form part of a portfolio concerning which there is evidence of recent activities with this in mind.

Initial valuation

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

Subsequent valuation

Loans and items receivable are valued at their amortised cost.

Financial assets held for trading are valued at their fair value, booking the result of variations in said fair value in the profit and loss account.

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

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

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

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

5.3.2 Financial liabilities

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

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

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

5.3.3 Derivative financial instruments

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

For these financial instruments to qualify as hedge accounting, they are initially designated as such and the hedging relationship is documented. Likewise, the Company initially and periodically throughout its life (at least at each accounting close) verifies that the hedging relationship is effective, i.e., that it is prospectively expected that changes in fair value or in the cash flows of the hedged item (attributable to the hedged risk) are almost completely offset by those of the hedging instrument and, retrospectively, the results of the hedging vary between 80% to 125% with respect to the result of the hedged item.

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

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

The value of the derivatives reflects the fair market value of the derivatives at 31 December 2020. These derivatives have been contracted to hedge the interest rate risk and that fair value represents the payment which would have to be made if it were decided to sell them or transfer them to a third party.

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

5.4 Classification of balances into current and non-current balances

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

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

5.5 Income tax

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

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

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

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

5.6 Income and expenses

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

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

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

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

5.7 Provisions and contingencies

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

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

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

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

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

5.8 Environmental asset elements

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

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

5.9 Subsidies, donations and bequests

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

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

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

5.10 Related-party transactions

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

6. Property investment

The movements in this item of the balance sheet, as well as the most significant information which affected this item during 2020 and 2019 are as follows:

2020

	Euros				
	Balance at 31/12/2019	Additions	Disposals/ Reversals	Transfers	Balance at 31/12/2020
Cost:					
Properties for leases	400,337,959	23,446,952	-1,640,487	11,884,126	434,028,550
Ongoing real-estate investments	6,423,773	6,159,081	-	-11,884,126	698,728
Total cost	**406,761,732**	**29,606,033**	**-1,640,487**	**-**	**434,727,278**
Accumulated depreciation:					
Properties for leases	-46,389,675	-5,460,158	159,586	-	-51,690,247
Total accumulated depreciation	**-46,389,675**	**-5,460,158**	**159,586**	**-**	**-51,690,247**
Impairment:					
Properties for leases	-11,412,086	-411,698	226,921	-	-11,596,863
Total impairment	**-11,412,086**	**-411,698**	**226,921**	**-**	**-11,596,863**
Net property investments	**348,959,971**	**23,734,177**	**-1,253,980**	**-**	**371,440,168**

2019

	Euros				
	Balance at 31/12/2018	Additions	Disposals/ Reversals	Transfers	Balance at 31/12/2019
Cost:					
Properties for leases	376,568,573	24,597,087	-5,288,208	4,460,507	400,337,959
Ongoing real-estate investments	4,076,709	6,807,571	-	-4,460,507	6,423,773
Total cost	**380,645,282**	**31,404,658**	**-5,288,208**	**-**	**406,761,732**
Accumulated depreciation:					
Properties for leases	-41,695,382	-5,153,990	459,697	-	-46,389,675
Total accumulated depreciation	**-41,695,382**	**-5,153,990**	**459,697**	**-**	**-46,389,675**
Impairment:					
Properties for leases	-12,197,943	-62,085	847,942	-	-11,412,086
Total impairment	**-12,197,943**	**-62,085**	**847,942**	**-**	**-11,412,086**
Net property investments	**326,751,957**	**26,188,583**	**-3,980,569**	**-**	**348,959,971**

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

	Cost at	
	31/12/2020	31/12/2019
Properties for leases		
Land	201,562,171	169,842,072
Spread	232,466,379	230,495,887
Total cost	**434,028,550**	**400,337,959**

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

The main changes in this item during 2020 were as follows:

Investments: Property investments made in 2020 totalled 29,606,033 euros. The main additions recorded under this heading relate mainly to the following investments:

- Additions have been made for the sum of 6,159,081 euros corresponding to the refurbishment of several assets: office building located on Calle Juan Ignacio Luca de Tena 17 and Calle José Abascal 41, both in Madrid, in addition to hotels including Hotel Tryp Meliá de Gran Vía in Madrid and Hotel Barceló and Hotel Meliá Atlántico, both in Isla Canela.

- On 9 September 2020, the acquisition of plot TER.02-178-A was formalised in a public deed; this public use plot is located at Calle de José Antonio Fernández Ordóñez 55, located in Specific Planning Area APE 16.11. RP "Ciudad Aeroportuaria y Parque de Valdebebas". Its use is defined as public use, pursuant to Order TER_2; the total cost of acquisition was 23,446,952 euros.

Disposals: Property write downs for the gross amount of 1,640,487 euros were undertaken. The main write downs in 2020 correspond to:

- Sales of several properties and the corresponding annexes in Vallecas Comercial I (2 units), Sanchinarro VI (2 units) and Coslada III (5 units) for the gross cost of 1,640,487 euros, sold to third parties. These sales transactions gave rise to a combined net loss of 44,500 euros, which was recognised under "Impairment and gains or losses on disposals of non-current assets" in the profit and loss account at 31 December 2020.

Transfers: During the year, transfers of ongoing real-estate investments to property investments were undertaken for the sum of 11,884,126 euros (4,460,507 euros in 2019), associated with the financing of the refurbishment work of certain buildings owned by the Company, such as the offices located at Calle Jose Abascal 41 and Calle Jose Ignacio Luca de Tena 17, all located in Madrid.

Furthermore, the Company proceeded to appraise all of its real estate assets at year-end 2020 as stipulated in the standards. Said appraisals, which were conducted by the independent expert CBRE Valuation Advisory, S.A., resulted in a fair value for some assets lower than their net book value. The Company has therefore calculated the corresponding impairments.

Depreciation in 2020 came to 5,460,158 euros (5,153,986 euros in 2019), recognised under "Fixed asset depreciation" on the Company's profit and loss account.

Fair value measurement and sensitivity

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

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

The independent expert applies a range of valuation methods to its property investments:

Valuation method	% according to GAV
Cash flow discount	54%
Hardcore	37%
Residual	4%
Comparison	3%
Initial Yield	2%
Total	**100%**

The key variables used in the valuations made using the discounted cash flow method are:

- Current income: the income generated by each property on the valuation date and considering non-refundable expenses only for empty spaces.

- Estimated income for empty spaces and/or new leases during the years of the cash-flow.

- Exit Yield: rate of return required at the end of the valuation period for the sale of the asset. At the end of the discount period an exit value has to be determined for the property. At that time it is not possible to reapply a cash flow discount methodology and the sale value has to be calculated according to an exit yield based on the income that the property is generating at the time of sale, provided that the cash flow projection is understood to be a stabilized income that we can capitalise on a perpetual basis.

- IRR: is the interest rate or return offered by an investment, the value of the discount rate that makes the NAV equal to zero, for a given investment project.

- ERV: Market income of the asset at the valuation date.

2020

The main assumptions used to calculate the fair value of the real estate assets for 2020 were as follows:

	Euros		Exit Yield	IRR
	Current Income	ERV		
Hotels	8,609,861.55	7,763,046.74	6.04%	8.00%
Offices	7,778,317.20	8,231,425.00	4.68%	6.63%
Retail	7,127,633.12	6,994,792.00	7.75%	9.75%
Industrial	1,329,620.28	745,740.00	N/A	N/A

2019

The main assumptions used to calculate the fair value of the real estate assets for 2019 were as follows:

	Euros		Exit Yield	IRR
	Current Income	ERV		
Hotels	9,619,685	9,319,830	5.89%	7.57%
Offices	6,569,547	8,202,026	4.53%	6.94%
Retail	7,026,575	7,384,197	3.66%	9.50%
Industrial	1,319,068	745,740	5.30%	N/A

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

	Yield (Euros)			
	2020		2019	
	-0.25%	+0.25%	-0.25%	+0.25%
Hotels	3,610,000	-3,400,000	5,200,000	-4,600,000
Offices	6,343,849	-5,732,732	8,690,577	-7,934,473
Retail	13,789,542	-12,487,538	14,304,871	-12,694,758
Industrial	805,000	-943,000	700,000	-1,375,000
Land	-	-	-	-
Total	**24,548,391**	**-22,563,270**	**28,895,448**	**-26,604,231**

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

	ERV (Euros)			
	2020		2019	
	-10%	-10%	-10%	+10%
Hotels	-	-	-	-
Offices	-13,690,010	13,663,181	-13,722,618	12,608,532
Retail	-13,111,691	12,448,631	-11,922,180	11,530,026
Industrial	-1,284,000	1,059,000	-925,000	875,000
Land	-	-	-	-
Total	**-28,085,701**	**27,170,812**	**-26,569,798**	**25,013,558**

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

	IRR (Euros)			
	2020		2019	
	-0.25%	-0.25%	-0.25%	+0.25%
Hotels	2,330,000	-2,430,000	1,600,000	-1,400,000
Offices	2,969,722	-2,883,763	875,910	-1,224,119
Retail	39,429	-21,622	29,142	-27,588
Industrial	-	-	-	-
Land	319,000	-413,000	-	-
Total	**5,658,151**	**-5,748,385**	**2,505,052**	**-2,651,707**

Based on the valuations performed, there has been a negative net impact on the Company's profit and loss accounts at 31 December 2020 for the sum of 184,777 euros (positive net impact of 708,147 euros at 31 December 2019); the breakdown by asset type is as follows, in addition to the opening and closing balances of the provision for impairment of property investments:

	Euros	
	2020	2019
Balance at beginning of year	**-11,412,086**	**-12,197,943**
Offices	-	-48,315
Retail	-411,698	-13,770
Impairment	**-411,698**	**-62,085**
Offices	226,921	782,749
Retail	-	65,193
Reversals	**226,921**	**847,942**
Balance, end of year	**-11,596,863**	**-11,412,086**

Furthermore, based on the valuations performed, the fair value of property investments shows an unrecognised gain (by comparison between the gross updated market fair value and the net carrying value) of 191,763,275 euros (201,502,542 euros at 31 December 2019).

The gross market value of the property investments at year-end 2020 and 2019 broken down by activity segment is as follows:

	Gross market value of the Property investments (Euros) (*)	
	31/12/2020	31/12/2019
Hotels	142,268,491	151,060,625
Offices	181,113,823	182,814,909
Retail	195,810,240	198,876,510
Industrial	19,583,300	17,710,470
Plots	24,427,590	-
Total	**563,203,443**	**550,462,514**

(*) The net market value at 31 December 2020 comes to 544,219,500 euros.

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

	Floor area in m² above ground level	
	31/12/2020	31/12/2019
Hotels	80,135	80,135
Offices	39,436	40,186
Retail	23,982	23,982
Industrial	13,810	13,810
Total	**157,364**	**158,113**

At 31 December 2020 the average occupancy rate of the Company's leased assets was 93% (92% at 31

December 2019) based on the square metres leased.

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

As part of the Company's asset portfolio, there is 1 hotel (2 hotels at 31 December 2019) located in Isla Canela, Ayamonte (Huelva), that was transferred from Compañía Ibérica de Bienes Raíces 2009 SOCIMI, S.A.U. to the Company as a result of the merger in 2016 set out in Note 1, which is covered by a mortgage guarantee at 31 December 2020 amounting to 972,719 euros (3,828,107 euros at 31 December 2019) (Note 16), corresponding to a bank mortgage loan granted to Isla Canela, S.A., which remains the sole debtor of the main obligations under said loan, with the Company constituted as the owner, not the debtor, of the aforementioned hotel.

The breakdown of these mortgage loan balances pending maturity and repayment at 31 December 2020 and 31 December 2019 by assets is as follows:

	Euros	
	2020	2019
Hotel Meliá Atlántico (maximum maturity of 31 March 2021)	972,719	2,892,915
Hotel Barceló Isla Canela (maximum maturity of 31 May 2020)	-	935,192
Total value of mortgages pending maturity on hotels	**972,719**	**3,828,107**

NB: The net book value of the property underwriting this loan at 31 December 2020 comes to 27,279,204 euros (49,754,344 euros at 31 December 2019).

On 1 January 2010, Isla Canela, S.A. and Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U, entered into a "Service Provision Agreement with Mortgage Guarantee", by means of which the latter provides the former with the mortgage guarantee service whereby the hotels owned by the latter will respond for repayment by the former of the mortgage-backed loans taken out from the institutions in accordance with the arrangements agreed upon in their articles of incorporation deeds until each of the mortgage loans entered into is definitively redeemed. Isla Canela, S.A. undertakes to pay any depreciation instalments and ancillary costs that may arise punctually until the loans guaranteed with a mortgage are redeemed. Due to the provision of the service described above, Isla Canela, S.A. pays the Company a fee; this an annual lump-sum amount equivalent to 0.25% of the average annual outstanding balance of the mortgage-backed loans calculated on 31 December each year, which is invoiced and paid on the last day of each calendar year. This amount may be modified annually by agreement between the parties to adapt it to the average market price paid by the Company for the provision of bank guarantees (bank guarantees and surety insurance) by financial institutions. As a result of the merger carried out in 2016 set out in Note 1, the rights and obligations of the aforementioned contract were transferred to the Company, Saint Croix Holding Immobilier, SOCIMI, S.A.

The revenue resulting from this agreement due in 2020 and invoiced to Isla Canela, S.A. amounted to 5,782 euros (14,967 euros in 2019) (see Note 19).

Furthermore, the Companies' assets are affected by mortgage guarantees amounting to 54,016,448 euros at 31 December 2020 (57,666,640 euros at 31 December 2019), corresponding to bank mortgage-backed loans.

The breakdown of the mortgage loan balance pending maturity and repayment at 31 December 2020 and 2019 by assets is as follows:

	Euros	
Property	2020	2019
José Abascal, 41	10,944,000	11,400,000
Titán, 13	11,239,286	12,032,647
Conde de Peñalver, 16	7,297,857	7,813,000
Plaza de España (Castellón)	-	654,910
Valle de la Fuenfría, 3	8,769,425	9,266,083
Juan Ignacio Luca de Tena, 17	11,615,880	12,000,000
Glorieta de Cuatro Caminos 6 and 7.	4,150,000	4,500,000
Total value of mortgages pending maturity on assets (Note 13)	**54,016,448**	**57,666,640**

NB: The net book value of these mortgage-backed properties at 31 December 2020 amounted to 127,248,376 euros (127,845,641 euros at 31 December 2019).

In 2020, the rental income from real estate investments belonging to the Company comes to 20,007,677 euros (22,409,636 euros in 2019). This figure includes income from the passing on of operating expenses for all related items, which amounted to 1,148,748 euros in 2020 (706,151 euros in 2019).

At year-end 2020, there was no kind of constraint on making new real estate investments, or on collecting the income arising from them or concerning the resources that could be obtained from a possible disposal.

At 2020 year-end, the Company had fully amortised property investments which were still in use amounting to 8,634,042 euros (6,686,969 euros at 2019 year-end).

The Company's policy is to take out insurance policies to cover the possible risks that may affect its real estate investments. At the end of 2020, there will be no shortfalls relating to any of the aforementioned risks.

7. Operating leases

At the end of 2020 and 2019, the Company had reached agreements with lessees on the following minimal rental instalments in accordance with prevailing agreements, without taking into account the passing on of condominium expenses, future increases in the CPI or any rent reviews agreed upon in their contracts.

The most significant operating leases stem from lease agreements on the real estate assets on which their operations are based. A breakdown of such minimum rental instalments is set out below:

	Euros	
	Nominal value	
	2020	2019
Less than a year	26,023,053	24,721,653
Between one and five years	70,503,577	70,914,831
More than five years	52,028,968	44,686,272
Total	**148,555,598**	**140,322,756**

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

	WAULT	
	31/12/2020	31/12/2019
Hotels	6.70	3.07
Offices	3.86	6.41
Retail	13.08	9.57
Industrial	6.76	8.00
Total Average	**7.60**	**7.68**

8. Other financial assets and investments in related companies

The balances of the accounts in this item at year-end 2020 and 2019 are as follows:

	Euros	
	31/12/2020	31/12/2019
	Loans and receivables	
Other financial assets	2,499,765	2,066,000
Long-term / non-current	**2,499,765**	**2,066,000**
Loans to related companies (Note 19.2)	2,450,366	42,390,623
Other financial assets	13,105,565	1,046,620
Short-term / Current	**15,555,931**	**43,437,243**
Total	**18,055,696**	**45,503,243**

The Company generates a cash surplus from current operations arising from its main activity, as set forth in the corporate purpose. As a result of this, the Company has reached several financing agreements in this regard with related parties under market conditions (See Note 19.2) in order to take maximum advantage of its positive cash flows. The loan to Group and associate companies is booked under the "Short-term investments in Group and associate companies" item of assets.

The movement in the "Short-term loans to Group and associate companies", "Other financial assets" and the "Equity instruments" items during 2020 and 2019 is as follows:

2020

	Euros				
	31/12/2019	Additions	Adjustment Value	Disposals	31/12/2020
Loans to associated companies (Note 19.2)	42,390,623	-	-	-39,940,257	2,450,366
Equity instruments available for trading	977,518	11,548,536	532,591	-	13,058,645
Other financial assets	2,135,102	423,757	-	-12,174	2,546,685
Total	**45,503,243**	**11,972,293**	**532,591**	**-39,952,431**	**18,055,696**

2019

	Euros				
	31/12/2018	Additions	Adjustment Value	Disposals	31/12/2019
Loans to associated companies (Note 19.2)	49,874,177	-	-	-7,483,554	42,390,623
Equity instruments available for trading	-	1,002,786	-25,268	-	977,518
Other financial assets	1,962,138	191,679	-	-18,715	2,135,102
Total	**51,836,315**	**1,194,465**	**-25,268**	**-7,502,269**	**45,503,243**

Loans to associated companies

The change "Loans to associated companies" caption relates to the changes in the Company's cash pooling account with Promociones y Construcciones, PYC, Pryconsa, S.A., the balance of which at year-end amounted to a total of 2,450,366 euros (42,390,623 euros as of 31 December 2019) within this financing scheme for related companies.

Equity instruments available for trading

In 2019 the Company purchased 6,950 shares in the listed company Unibal Rodamco, for a total acquisition cost of 1,002,786 euros, which were recognised under "Short-term equity instruments". At 31 December 2020, the Company valued these shares, obtaining a negative value adjustment of 528,687 euros, which was recognised under "Results of trading portfolio" at 31 December 2020.

In 2020, the Company purchased 1,572,296 shares in the listed company Inmobiliaria Colonial SOCIMI, S.A., for a total acquisition cost of 11,548,536 euros, which were recorded under "Short-term equity instruments". At 31 December 2020 the Company valued these shares, obtaining a positive value adjustment of 1,061,278 euros, which was recognised under "Results of trading portfolio" at 31 December 2020.

During 2020, the Company received dividends associated with these financial investments for the sum of 228,099 euros (75,060 euros in 2019). This income is recognised in the Company's income statement under "Third-party financial income".

Current and non-current financial assets

The "Other non-current financial assets" and "Other non-current financial assets" items reflect the bonds connected with the leases set out in Note 7 received from clients and deposited with public authorities.

The breakdown by due dates of the entries that comprise the "Other non-current financial assets" item at 31 December 2020 is as follows:

	Euros					
	2021	2022	2023	2024	2025 and subsequent	Total
Other financial assets	46,920	218,386	63,547	348,295	1,869,538	2,546,685
Total	**46,920**	**218,386**	**63,547**	**348,295**	**1,869,538**	**2,546,685**

The breakdown by maturity at 31 December 2019 is as follows:

	Euros					
	2020	2021	2022	2023	2024 and subsequent	Total
Other financial assets	69,103	28,826	642,186	39,944	1,355,043	2,135,102
Total	**69,103**	**28,826**	**642,186**	**39,944**	**1,355,043**	**2,135,102**

9. Trade and other accounts receivable

The breakdown of the item at year-end 2020 and 2019 was as follows:

	Euros	
	31/12/2020	31/12/2019
Accounts receivable for sales and services	2,055,584	1,635,701
Staff	1,056	-
Other credits with Public Administrations (Note 17.1)	4,520,168	307,515
Total	**6,576,808**	**1,943,216**

The balance of the "Accounts receivable for sales and services" can be broken down as follows, for year-end 2020 and 2019:

	Euros	
	31/12/2020	31/12/2019
Customers	1,698,572	1,279,369
Commercial paper in portfolio	342,518	356,332
Outstanding papers	14,495	-
Customers with doubtful debts	10,121	1,611
Impairment	-10,121	-1,611
Total	**2,055,584**	**1,635,701**

The customer balance at the end of 2020 primarily includes some of the amounts pending payment corresponding to income from the fourth quarter of 2020 in addition to the variable income from specific hotels belonging to the Company that is calculated and invoiced at the end of the year based on GOP and income for the year.

The change in the impairment of registered customers is as follows, with a loss of 8,510 euros recognised in the income statement in 2020 (gain of 3,115 euros in 2019):

	Euros	
	2020	2019
Balance at beginning of year	**-1,611**	**-141,790**
Impairment of customers	-16,105	-1,611
Applications to its purpose	-	137,064
Reversal of commercial credits	7,595	4,726
Balance, end of year	**-10,121**	**-1,611**

10. Cash and cash equivalents

The balance stated under "Cash" primarily corresponds to the balance available in current accounts on 31 December 2020 and 2019. The availability of these balances is subject to no restrictions and they accrue interest at market rates.

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

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

a) Credit risk

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

b) Liquidity risk

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

c) Exchange rate risk

As regards the Company's exchange rate risk at 31 December 2020, it did not have any assets or liabilities in foreign currencies. Hence, there is no risk in this regard.

d) Interest rate risk

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

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

In 2019, two new long-term loans were arranged, one fixed-rate loan for 10,000,000 euros with Caixabank, which matures on 30 November 2029, and the other with Banco Pichincha for 2,000,000 euros, which matures on 1 April 2022. In 2020, the Company arranged a fixed-rate long-term loan for the sum of 12,000,000 euros with Banco Santander, maturing on 22 December 2025.

e) Real estate business risks

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

Other market risks to which the Company is exposed include:

- **Regulatory risks**: the Company is bound to comply with several general and specific legal provisions in force (legal, accounting, environmental, employment, tax, data protection provisions, among others) which apply to it. Any regulatory changes that come about in the future may have a positive or negative effect on the Company.

- **Tourism risk**: a significant part of the Company's assets (mainly hotels) are connected to the tourism industry. Any drop in tourism activity in the cities where these hotels are located could have a negative effect on hotel use and occupancy. As a result, this could have a negative effect on the yield and performance of these assets if tenants renegotiate current lease agreements.

f) Risks associated with COVID-19

The appearance of the COVID-19 coronavirus in China in January 2020 and its spread across the world resulted in the World Health Organization declaring this outbreak a pandemic on 11 March 2020. On account of the COVID-19 pandemic, the Spanish government declared a State of Alarm on 15 March, which remained in place until 21 June. Furthermore, a range of different nationwide mobility restrictions were imposed that remain in place at present. This fact has significantly affected the global economy and, as a result, the Company's operations and financial profit. The Company rolled out a contingency plan to alleviate the impact of the pandemic on profit insofar as possible.

This has resulted in the Company having to authorise deferrals or grace periods in contracts with the tenants of leases, the effect of which has been partially offset through additional contracts for other assets.

The extent to which the coronavirus will affect future profit will depend on future developments that cannot be predicted reliably, including but not limited to actions to contain the pandemic, the vaccination process and to mitigate its impact on the economies of affected companies. Notwithstanding the foregoing, this fact has been taken into account by the directors of the Company and they do not believe there is any scenario in which this risk could significantly affect the value of the Company's real estate assets or that the continuity of its activities could be jeopardised.

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.

12. Total equity and shareholders' equity

a) Authorised capital

At 31 December 2020, the Company's subscribed share capital was comprised of 4,452,197 registered shares at a par value of 60.10 euros each. All these shares belong to a single class and series and all have been fully subscribed and paid up, which means that the Company's notarised share capital amounts to 267,577,040 euros.

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

All the Company's shares have been admitted to trading on the Luxembourg Stock Exchange since 21 December 2011. The year-end share price, the average share price in the last quarter of the year and the average for 2020 were 70.00, 69.67 and 70.43 euros per share, respectively. The shares are registered shares and are represented by means of book entries. They are constituted as such by virtue of their registration in the corresponding accounting record.

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

The companies holding an interest in the share capital equivalent to or greater than 10% at 31 December 2020 were as follows:

	Number of Shares	Percentage Interest
Promociones y Construcciones PYC Pryconsa, S.A.	498,360	11.19%
COGEIN, S.L.U.	466,862	10.49%

b) Reserves

Legal reserve

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

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

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

At 31 December 2020, the legal reserve had not yet been fully allocated.

Voluntary reserve

Following the distribution of the Company's profit in 2019, the balance of this equity item came to 304,475 euros, this reserve unrestricted.

Merger reserve

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

c) Interim dividend

As indicated in Note 4, on 29 December 2020, the Board of Directors at the Company approved the distribution of an interim dividend for 2020 of 1.57 euros gross per action, paid out on 29 December 2020, equivalent to a gross amount of 7,000,000 euros.

d) Distribution of profits

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

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

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

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

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

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

e) Capital management

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

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

f) Adjustments for changes in value

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

	Euros	
	31/12/2020	31/12/2019
Hedging operations (Note 14)	440,811	465,934
Total	**440,811**	**465,934**

g) Capital grants

The activity in this heading during 2020 and 2019 is as follows:

2020

	Euros		
	31/12/2019	Applications	31/12/2020
Capital grants	1,101,233	-59,743	1,041,490
Total	**1,101,233**	**-59,743**	**1,041,490**

2019

	Euros		
	31/12/2018	Applications	31/12/2019
Capital grants	1,160,976	-59,743	1,101,233
Total	**1,160,976**	**-59,743**	**1,101,233**

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

These subsidies correspond to the subsidy granted by the Directorate-General of Regional Economic Incentives for the development of the area. At 31 December 2020, the following were yet to be taken to the statement of profit and loss:

- Subsidy granted by the Directorate-General of Regional Economic Incentives for the nominal amount of 1,550,000 euros (641,137 euros yet to be taken to the statement of profit and loss) corresponding to 10% of the investment made to build Hotel Iberostar Isla Canela in Ayamonte, Huelva.

- Subsidy granted by the Directorate-General of Regional Economic Incentives for the nominal amount of 1,106,000 euros (400,353 euros yet to be taken to the statement of profit and loss) corresponding to 10% of the investment made to build Hotel Playa Canela in Ayamonte, Huelva.

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

In 2020, an amount of 59,743 euros (59,743 euros in 2019) was registered under "Allocation of grants for non-financial and other assets" in the accompanying profit and loss account.

13. Current and non-current liabilities

The balances of the accounts in this item at the end of 2020 and 2019 are as follows:

	Euros	
	31/12/2020	31/12/2019
Bonds and debentures	2,000,000	10,000,000
Long-term debts with credit institutions	80,719,521	74,574,848
Derivatives (Note 14)	440,811	465,934
Other financial liabilities	4,609,158	4,595,267
Total long-term liabilities	**87,769,490**	**89,636,049**
Bonds and debentures	8,130,822	130,822
Short-term debts with credit institutions	6,507,774	6,897,835
Other financial liabilities	72,393	88,753
Total current payables	**14,710,989**	**7,117,410**
Total current and non-current financial debts	**102,480,479**	**96,753,459**

Bonds and debentures

The "Bonds and Debentures" item covers the issuance of two sets of Fixed Income securities undertaken by the Company in 2016 as part of the "2015 Fixed Income Securities Issuance Programme", described in Note 1, for a combined amount of €10,000,000, the main characteristics of which were:

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

Average APR of both issues for the issuer was 2.73% per annum. The two sets of securities issued have been traded on the Alternative Fixed Income Market "MARF" since 24 June 2016. The financial expenses resulting from the aforementioned issuances, accrued and pending maturity in 2020, totalled 130,822 euros (130,822 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 December 2020, these expenses amounted to 33,634 euros (26,837 euros in 2019). The only fees that have arisen through the Bond and Debenture Programme are those listed in the table above. There have been no placement costs or fees.

These financial liabilities recognised under "Debits and payables", are measured at year-end at their amortised cost and their carrying value at 31 December 2020 reflects an acceptable approximate of their fair value.

Non-current and current bank borrowings

At 31 December 2020, the Company’s bank borrowings came to 87,227,294 euros (81,472,683 euros at 31 December 2019).

The mortgage loans in force at 31 December 2020, for which the Company is liable, have the following characteristics:

	Financial institution	Start	Euros		Maturity
			Initial amount	Outstanding capital	
José Abascal, 41	Banca March	2017	11,400,000	10,944,000	2031
Titán, 13	Banco Santander	2015	15,735,000	11,239,286	2025
Conde de Peñalver, 16	Banco Santander	2015	10,217,000	7,297,857	2025
Valle de la Fuenfría, 3	Kutxabank	2018	10,000,000	8,769,425	2028
Juan Ignacio Luca de Tena, 17	CaixaBank	2019	12,000,000	11,615,880	2030
Glorieta de Cuatro Caminos 6 and 7,	Banca March	2018	4,500,000	4,150,000	2028
Total			**63,852,000**	**54,016,448**	

The personal guarantee loans in force at 31 December 2020 have the following characteristics:

	Start	Euros		Maturity
		Initial amount	Outstanding capital	
Pichincha	2018	4,000,000	681,302	2021
CaixaBank (Goya, 59)	2019	10,000,000	9,414,000	2028
CaixaBank (Gran Vía 55)	2019	10,000,000	9,450,000	2029
Pichincha	2019	2,000,000	1,013,096	2022
Banco Santander	2020	12,000,000	12,000,000	2025
Total		**38,000,000**	**32,558,398**	

Additionally, the "Current bank borrowings" item includes two credit facilities: one taken out with Banca March, which matures on 14 November 2021 with a limit of 5,000,000 euros; and a second taken out with Bankinter, which matures on 16 June 2021 with a limit of 5,000,000 euros. From these credit facilities, a total of 452,847 euros had been drawn down at 31 December 2020. Furthermore, accrued and unpaid interest at 31 December 2020 came to 199,601 euros (209,886 euros at 31 December 2019).

The financial expenses arising from debts with credit institutions in 2020 amounted to 1,680,965 euros (1,798,546 euros in 2019) and are recorded in the "Financial expenses" item of the attached profit and loss account.

Loan interest rates are set on market terms linked to Euribor with a fixed spread.

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

The breakdown by due dates at 31 December 2020 is as follows:

	Euros					
	2021	2022	2023	2024	2025 and subsequent	Total
Bonds and debentures	8,000,000	2,000,000	-	-	-	10,000,000
Debenture and bond interest	130,822	-	-	-	-	130,822
Debts with credit institutions (*)	6,507,774	8,203,103	8,690,701	8,716,300	55,109,417	87,227,295
Long-term bonds and deposits	-	1,003,271	330,133	415,994	2,859,760	4,609,158
Short-term bonds and deposits	72,393	-	-	-	-	72,393
Derivatives	-	-	-	-	440,811	440,811
Total	**14,710,989**	**11,206,374**	**9,020,834**	**9,132,294**	**58,409,988**	**102,480,479**

(*) Mortgage-backed loans in the amount of 54,016,448 euros, loans of 32,558,398 euros, drawdowns on credit facilities in the amount of 452,847 and interest accrued pending maturity in the amount of 199,601 euros.

The breakdown by due dates at 31 December 2019 is as follows:

	Euros					
	2020	2021	2022	2023	2024 and subsequent	Total
Bonds and debentures	-	8,000,000	2,000,000	-	-	10,000,000
Debenture and bond interest	130,822	-	-	-	-	130,822
Debts with credit institutions (*)	6,897,834	5,855,326	5,277,009	5,366,682	58,075,832	81,472,683
Long-term bonds	-	46,768	1,211,079	100,218	3,237,201	4,595,266
Short-term bonds	88,753	-	-	-	-	88,753
Total	**7,117,409**	**13,902,094**	**8,488,088**	**5,466,900**	**61,313,033**	**96,287,524**

(*) Mortgage-backed loans in the amount of 57,666,640 euros, loans of 23,550,091 euros, drawdowns on credit facilities in the amount of 46,065 and interest accrued pending maturity in the amount of 209,886 euros.

14. Derivative financial instruments

The breakdown of derivative financial instruments at 2020 year-end is as follows:

	Classification	Type	Outstanding balance	Maturity	Fair value Liability
Interest rate swap	Interest rate hedge	Variable to Fixed	8,550,000	01.04.2026	440,811

The breakdown of derivative financial instruments at 2019 year-end is as follows:

	Classification	Type	Outstanding balance	Maturity	Fair value Liability
Interest rate swap	Interest rate hedge	Variable to Fixed	8,550,000	01.04.2026	465,934

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

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

- An equity reduction of 440,811 euros in 2020 (465,934 euros in 2019), which has been recorded in the Company's equity under the "Adjustments for changes in value" item.

The Company has complied with the requirements set out in Note 5.3.3 on registration and valuation standards to be able to classify the financial instruments detailed above as hedges.

15. Disclosure on supplier payment deferrals

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

	2020	2019
	Days	
Average payment period to suppliers	84.24	75.72
Ratio of paid transactions	85.97	73.76
Ratio of transactions pending payment	66.37	77.68
	Euros	
Total payments made	11,645,241	7,395,094
Total payments pending	1,124,242	2,472,056

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

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

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

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

Although the average payment period in 2020 was 84.24 days (75.72 days in 2019), which is longer than the statutory period, this was mainly due to the private agreements reached by the Company with certain subcontractors for the refurbishment of its buildings.

16. Guarantees undertaken with third parties

At 31 December 2020 and 31 December 2019, the Company had not granted any third-party guarantees.

The foregoing notwithstanding, as mentioned in Note 6, a hotels owned by the Company located in Isla Canela in Ayamonte, Huelva is subject to a mortgage guarantee amounting to 972,719 euros at 31 December 2020, corresponding to a banks loan granted to Isla Canela, S.A., which has become the sole debtor of the obligations thereof. In this regard, the Company, as a result of the merger set out in Note 1, entered into a mortgage guarantee agreement with Isla Canela, S.A., as mentioned in Note 6, to ensure the repayment by said related company of the mortgage-backed loan on the hotel that following the aforementioned merger became property of the Company until the loan is fully repaid. The Company receives a commission fee equivalent to 0.25% of the average outstanding balance of the mortgage-backed loan thus guaranteed.

17. Public administrations and tax situation

17.1. Current balances with Public Administrations

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

	Euros			
	31/12/2020		31/12/2019	
	Owed	Due	Owed	Due
Withholdings in 2020	123,318	-	177,211	-
Other withholdings (outstanding tax credits)	4,879	-	-	-
Withholdings from previous years	160,323	-	130,304	-
Value Added Tax	4,231,648	635,462	-	237,110
Personal Income Tax	-	19,048	-	19,365
Withholdings on dividends	-	1,330,000	-	-
Social Security	-	6,649	-	5,552
Total	**4,520,168**	**1,991,159**	**307,515**	**262,027**

The balance of "Withholdings in 2020" amounting to 123,318 euros relates to the withholdings made in 2020 on interest on capital arising from the system of financing to related companies and withholdings on movable capital arising from dividends received. The balance of "Other withholdings" for the sum of 4,879 euros corresponds to withholdings on dividends charged to non-resident companies, which must be recovered in the form of tax credits.

The balance of "Prior years' withholdings" amounting to 160,323 euros, which were pending collection at 31 December 2020, related to the withholdings made in 2019 on interest on capital arising from the system of financing to related companies pending collection, in addition to dividends. This amount was collected in full in January 2021.

In addition, at 31 December 2020, the Company requested a refund of VAT paid on investment transactions in the year that are due to be refunded for the sum of 4,231,648 euros (collected as at February 2021) and maintains balances payable to the Public Administrations for the sum of 1,330,000 euros, corresponding to withholdings on the interim dividend in 2020 (Note 4).

17.2 Reconciliation between accounting profit or loss and the tax base

The reconciliation between the accounting profit or loss and the Corporation Tax base in 2020 and 2019 was as follows:

2020

	Euros
Profit (loss) before tax	9,444,108
Permanent differences	7,821
Temporary differences	230,206
Prior tax base	**9,682,136**
Tax base (0%)	9,682,136
Tax base (25%)	-
Offsetting of negative tax bases	-
Tax base at 0%	**9,682,136**
Tax base at 25%	**-**
Total tax liability (0%)	**-**
Total tax liability (25%)	**-**
Withholdings and interim payments	123,318
Net (payable)/refunded	**123,318**

2019

	Euros
Profit (loss) before tax	14,256,779
Permanent differences	6,284
Temporary differences	-189,401
Prior tax base	**14,073,662**
Tax base (0%)	13,500,770
Taxable income (25%) (*)	572,893
Offsetting of negative tax bases	-572,893
Tax base at 0%	**13,500,770**
Tax base at 25%	**-**
Total tax liability (0%)	**-**
Total tax liability (25%)	**-**
Withholdings and interim payments	160,323
Net (payable)/refunded	**160,323**

(*) In 2019 one of the properties owned by the Company, located in calle Rutilo, was sold as a result of the partial spin-off of the company, Cogein, S.L., which took place on 22 December 2009 and gave rise to the company incorporation of Compañía Ibérica de Rentas Urbanas 2009, SOCIMI, S.A.U. (see Note 1). Due to this divestment operation, the Company generated a pre-Real Estate Investment Trust tax gain amounting to 572,893 euros which was taxable under the general corporation tax regime (25%).

Temporary differences in 2020 that changed the pre-tax accounting profit amounted to 230,206 euros and corresponded to:

- Downward adjustment for the recovery of the depreciation allocation for non-deductible property investments pursuant to Law 16/2012, establishing that accounting depreciation of tangible and intangible fixed assets, in addition to property investments, were only deductible up to 70% of the depreciation that would have been fiscally deductible recovering, from 2015, on a 10-year straight-line basis, the amount of 223,762 euros.

- Upward adjustment for the impairment of property investments in 2020 in the amount of 411,698 euros.

- Downward adjustment as a consequence of the reversal of impairment on real estate investments amounting to 8,267 euros.

- In 2020, amortisation of the goodwill arising from the merger (see Note 1) in the year was recognised as a temporary difference amounting to 50,538 euros.

At the end of 2020, the Company has temporary differences pending allocation of 5,349,934 euros (5,170,266 euros in 2019), for which the deferred tax asset has not been booked given that the levy applicable is 0%. Said temporary differences include the amount of adjusted depreciation in 2013 and 2014 pending deduction in the amount of 867,294 euros, in addition to the impairment of property investments in the amount of 4,482,640 euros. Goodwill amortised associated with the Valle de la Fuenfría 3 office building pending allocation amounted to 5,367,190 euros.

At 31 December 2020, the Company had tax bases to be offset of 357,592 euros (357,592 euros at 31 December 2019).

At the end of 2020, there were no financial expenses that have not been deducted from the tax base for corporation tax.

Furthermore, at 31 December 2020, tax credits yet to be applied were recognised for the sum of 5,364 euros (0 euros at 31 December 2019).

Pursuant to Article 9.2 of Law 11/2009 of 26 October governing Listed Real Estate Investment Trusts, as amended by Law 16/2012 of 27 December, the tax self-assessment return has to be filed on the part of the period's tax base which proportionally corresponds to the dividend whose distribution has been resolved with regard to the profit obtained in the year. As indicated in Note 4, at 2020 year-end the directors proposed to the shareholders to pay dividends of 8,499,697 euros (12,526,626 euros in 2019) and, accordingly, corporation tax was payable on this dividend in the amount of 0 euros.

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

Additional information on Deferred Income

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

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

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

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

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

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

Data at 31/12/2020	**Euros**		
Property	**N.T.V.:**	**M.V.T.:**	**R.D.**
Gran Vía,1 1º izquierda	541,883	2,730,000	2,188,117
Gran Vía,1 1º derecha	474,791	3,013,000	2,538,209
Gran Vía,1 1º izquierda	570,505	2,873,000	2,302,495
Gran Vía 34 hotel and premises	45,845,703	43,065,500	-2,780,203
Dulcinea premises	446,843	1,525,000	1,078,157
Albalá 7 premises	846,985	2,873,300	2,026,315
Pradillo, 42	17,762,500	18,227,308	464,808
Total	**66,489,210**	**74,307,108**	**7,817,898**

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

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

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

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

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

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

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

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

Data at 31/12/2020 Property	Euros		
	N.T.V.:	M.V.T.:	R.D.
Gran Vía 1 2º izquierda	374,654	1,940,000	1,565,346
Marina Isla Canela Shopping Mall	1,798,346	4,700,000	2,901,654
Hotel Barceló	7,090,735	23,700,000	16,609,265
Hotel Atlántico	18,667,707	29,200,000	10,532,293
Hotel Playa Canela	14,984,936	15,900,000	915,064
Hotel Iberostar	18,358,560	23,700,000	5,341,440
Hotel Isla Canela Golf	4,147,317	4,700,000	552,683
Total	**65,422,255**	**103,840,000**	**38,417,745**

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

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

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

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

Data at 31/12/2020 Property	Euros		
	N.T.V.:	M.V.T.:	R.D.
Valle de la Fuenfría, 3	12,117,499	17,623,669	5,506,170
Total	**12,117,499**	**17,623,669**	**5,506,170**

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

17.4. Years open for review and tax audits

With the change of registered office in 2014, the Company settled all taxes in Luxembourg. On 11 November 2014, Saint Croix Holding Immobilier SOCIMI S.A. informed the Inland Revenue that it wished to continue benefiting from the tax benefits referred to by Article 8 of Law 11/2009 of 26 October, which regulates Listed Real Estate Investment Trusts for the 2014 and subsequent years.

In March 2015, the Company received a response from the Inland Revenue to its communication of 11 November 2014, refusing to accept the request made.

Following this resolution by the Inland Revenue, an economic-administrative was appeal filed on 3 June 2015 before the Regional Economic Administrative Court (TEAR) of Madrid, given that the Board of Directors at the Company believed that it had appropriately complied with the procedure in due time and manner and that, therefore, following the appeal submitted, the Parent Company should continue to be covered by the aforementioned Special Tax Scheme for 2014. On 15 November 2018, the Company filed an Appeal with the TEAC (Central Economic Administrative Tribunal) against the unfavourable decision of the Madrid TEAR (Regional Economic Administrative Tribunal) dated 27 September 2018, which considered that the request for the REIT regime for 2014 was untimely on account of having been completed after the deadline of three months prior to the end of 2014 (limit 30 September 2014), a criterion with which the Company and its advisers disagree. This came about through the procedures to legalise the transfer of the domicile and headquarters of the Company to Spain, obtaining a CIF (tax ID code), tax statements, etc. and, above all, the registration of the deed of said transfer to Spain in the Mercantile Registry (agreed at the General Shareholders Meeting held in Luxembourg on 10 June 2014) did not occur until 15 October 2014 and it was not until that date, therefore, that the Company acquired its legal personality under Spanish law. In January 2021, the Company received an unfavourable ruling from the TEAC dated 16 December 2020. In any case, on 9 July 2015, the Company informed the Inland Revenue the option of applying the REIT Scheme for 2015 and subsequent years.

The rejection of the tax authorities did not result in any action being taken that sought to correct any specific tax or year. On the date on which these financial statements were prepared, more than 4 years had elapsed since the deadline for filing the 2014 self-assessment. Therefore, the advisors and directors of the Company do not believe that this procedure will have any impact on the Company’s equity. Should the tax authorities disagree with the foregoing, the impact of a negative outcome and action taken by the authorities concerning the year in question, in the worst case scenario, would result in a contingency of 276,331 euros plus interest, in addition to any sanction enforced.

In accordance with prevailing legislation in Spain, taxes cannot be considered to have been definitively settled until the returns filed have been inspected by the tax authorities or until the four-year statute of limitations period has elapsed. At year-end 2020, the considered that the Company's taxes corresponding to the last four years remained open to inspection. The Directors of the Company consider that the settlements of the above-mentioned taxes have been properly filed. Hence, although discrepancies may arise regarding the tax treatment given to the operations due to the interpretation of prevailing regulations, any liabilities that may eventually result from them, should they come about, will not significantly affect the annual accounts attached hereto.

17.5 Reporting requirements as a REIT

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

18. Income and expenses

18.1 Net turnover, other operating income and subsidies

The breakdown of these items at 31 December 2020 and 2019 is as follows:

	Euros	
	2020	2019
Hotels	4,309,808	9,127,925
Offices	8,239,388	6,026,713
Retail	6,148,337	5,896,675
Industrial	1,310,174	1,355,022
Rental subtotal	**20,007,707**	**22,409,636**
Provision of sundry services	8,508	7,318
Capital grants taken to profit and loss	59,743	59,743
Total income	**20,075,958**	**22,476,696**

The Company's entire turnover in 2020 and 2019 was generated in Spain.

18.2 Staff costs

The balance of this item in 2020 and 2019 was comprised as follows:

	Euros	
	2020	2019
Wages and salaries:		
Wages, salaries and similar outgoings	313,031	236,314
National Insurance contributions:		
Social Security contributions incurred by the company	60,026	46,225
Other social expenses	54,759	53,839
Total	**427,816**	**336,378**

18.3 External charges for services, taxes and similar levies

The breakdown of this item for 2020 and 2019 is as follows:

	Euros	
	2020	2019
Leases	17,095	17,071
Repairs and maintenance	737,061	302,068
Independent professional services	351,794	601,140
Insurance policies	68,073	72,869
Banking services and similar	34,843	9,495
Advertising and public relations	12,783	9,892
Supplies	613,735	407,127
Other services	242,689	300,720
Other levies	2,069,676	2,290,204
Total	**4,147,749**	**4,010,586**

19. Related-party transactions and balances

19.1 Related-party transactions

The transactions made with related companies in 2020 and 2019 were as follows:

	Euros					
	31/12/2020			31/12/2019		
	Financial	Income	Financial	Financial	Income	Financial
	Operating		income	income		income
Isla Canela, S.A.	77,582	83,923	5,782	107,484	103,632	14,967
Promociones y Construcciones PYC Pryconsa, S.A.	2,410,337	19,888	473,615	533,675	27,484	791,263
Planificación Residencial y Gestión, S.A.U.	-	327	-	-	336	-
Cogein, S.L.U.	-	626	-	-	703	-
Propiedades Cacereñas, S.L.U.	-	338	-	-	351	-
Triangulo Plaza Cataluña, S.L.	-	222	-	-	246	-
Jardins Sottomayor - Imobiliária e Turismo, SA	-	45,056	-	-	39,303	-
Codes Capital Partners, S.L.U.	-	275	-	-	219	-
Pryconsa Senyor, S.L.	-	2,630	-	-	-	-
Promoción, Gestión y Marketing Inmobiliario, S.L.	-	342	-	-	-	-
Total	**2,487,918**	**153,627**	**479,398**	**641,159**	**172,274**	**806,230**

At 31 December 2020, the relationship between the companies with which the Company has "Related party transactions and balances" is as follows

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

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

- **Planificación Residencial y Gestión, S.A.U.:** A company in which Promociones y Construcciones PYC Pryconsa, S.A. holds an 100.00% interest.

- **Cogein, S.L.U**.: Direct shareholder of the Company with an 11.63% stake.

- **Propiedades Cacereñas, S.L.U.:** Company 100.00% owned by PER 32, S.L.

- **Triangulo Plaza Cataluña, S.L.:** Company owned by Cogein, S.L. with 49.01% and by Promociones y Construcciones PYC Pryconsa, S.A. with 50.98% and PER 32, S.L. with 0.01%.

- **Jardins Sottomayor - Imobiliária e Turismo, S.A.:** Company wholly owned by the company called Lira - Serviços, Consultores e Invest, S.A. (both Portuguese companies). The latter is 50% owned by Marco Colomer Barrigón and 50% by José Luis Colomer Barrigón, both of whom are direct and indirect shareholders of the Company, with 12.40% and 63.18%, respectively.

- **Codes Capital Partners, S.L.U.:** This company is 100.00% owned by PER 32, S.L.

- **Pryconsa Senyor, S.L.:** Company is owned by Cogein, S.L. with 36.08% and by Promociones y Construcciones PYC Pryconsa, S.A. with 63.92%.

- **Promoción, Gestión y Marketing inmobiliario, S.L.** An investee company owned by Cogein, S.L.U. with 54.17% and Lira - Serviços, Consultores e Invest, S.A. with 45.83%.

- **PER 32, S.L**. is the parent company of the Group where Saint Croix Holding Immobilier, SOCIMI, S.A. consolidates.

19.2 Balances with related companies

Balances with related companies at 31 December 2020 and 2019 are as follows:

2020

	Euros	
	Loans granted to related companies (Note 8)	Loans received from related companies
Promociones y Construcciones PYC, Pryconsa, S.A. (Note 8)	2,450,366	-
Total	**2,450,366**	**-**

2019

	Euros	
	Loans granted to related companies (Note 8)	Loans received from related companies
Promociones y Construcciones PYC, Pryconsa, S.A. (Note 8)	42,390,623	-
Total	**42,390,623**	**-**

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

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

- On 28 April 2017, the Company entered into a technical service provision agreement with Promociones y Construcciones PYC Pryconsa, S.A., consisting of (i) technical assistance with the properties constructed by the latter and (ii) integrated project management of remodelling, refurbishment or adaptation works to properties owned by the Company, in exchange for remuneration of 5% calculated using the value of the works performed under the aforementioned contract.

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

- As a result of the merger completed in 2016, (see Note 1) the Company was subrogated to the financing agreement signed in 2010 between Promociones y Construcciones, PYC, Pryconsa, S.A. and the Absorbed Companies, as part of which they would finance the former, under market conditions, using the excess liquidity generated as a result of their operations provided that their own financing needs were satisfied. The agreement is for a term is of three years and it may automatically be renewed for three-year terms. The agreement is reciprocal. In other words, the financing can be generated in either way under the same terms and conditions.

As a result of the merger set out in Note 1 which took place in 2016, all obligations and rights deriving from the following agreements between Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U. and Isla Canela, S.A were transferred to the Company:

- On 1 January 2010, Isla Canela, S.A. and Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U. entered into a "Service Provision Agreement with Mortgage Guarantee", by means of which the latter provides the former with the mortgage guarantee service whereby the hotels owned by the latter respond for repayment by the former of the mortgage-backed loans taken out from the institutions in accordance with the arrangements agreed upon in their Articles of Association deeds until each of the mortgage-backed loans entered into is definitively redeemed. Isla Canela, S.A. undertakes to pay any depreciation instalments and ancillary costs that may arise punctually until the loans guaranteed with a mortgage are redeemed.

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

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

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

20. Remuneration for the Board of Directors and Senior Management

The total remuneration due in 2020 and 2019 for all items of the members of the Board of Directors and the senior management of Saint Croix Holding Immobilier, SOCIMI, S.A. and people performing similar duties at the end of each year can be summarised as follows:

	Euros	
	2020	**2019**
Fixed remuneration	40,000	40,000
Variable remuneration	1,000	1,000
Allowances	12,500	10,000
Total	**53,500**	**51,000**

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

Furthermore, at 31 December 2020 and 2019, there were no advances or credits or any other kind of pension or life insurance guarantees or obligations in connection with current and former members of the Board of Directors.

During 2020 and 2019, the Company has not paid any amounts on the grounds of civil liability insurance associated with the Directors.

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

The number of Directors distributed by gender was as follows in 2020 and 2019:

2020			**2019**		
Male	**Female**	**Total**	**Male**	**Female**	**Total**
3	2	5	3	2	5

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

21. Information on conflicts of interest among the Directors

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

22. Other information

22.1 Personnel

The average number of people employed in 2020 and 2019 broken down by job category is as follows:

	2020	2019
Management	1	1
Technical staff	1	-
Administrative staff	4	4
Total	**6**	**5**

Likewise, the distribution by gender at the end of 2020 and 2019 broken down by category was as follows:

	2020		2019	
	Male	**Female**	**Male**	**Female**
Directors	3	2	3	2
Management	1	-	1	-
Technical staff	1	-	-	-
Administrative staff	2	2	2	2
Total	**7**	**4**	**6**	**4**

No individuals with a level of disability equal to or greater than 33% were employed at year-end 2020 and 2019.

22.2 Audit fees

In 2020 and 2019, the fees for account audit services and other services provided by the Company's auditor, BDO Auditores, S.L.P. (Ernst & Young S.L. in 2019), or by a company related to the auditor or jointly owned or controlled thereby were as follows:

	Euros	
	Services provided by the auditor of accounts and related companies	
	2020	**2019**
Audit services	28,000	39,027
Other verification services	-	-
Total audit and related services	**28,000**	**39,027**
Tax advisory services	-	-
Other services	-	-
Total professional services	**28,000**	**39,027**

23. Environmental information

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

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

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

At 31 December 2020 and 2019, the Company had not booked any provision for possible environmental risks, given that the Directors do not believe that there are any significant contingencies related to possible litigation, compensation or other concepts.

24. Segmented reporting.

2020

31/12/2020	Euros					
	Hotels	Offices	Retail	Industrial	Others	Total
Income	4,315,824	8,241,338	6,148,879	1,310,174	-	20,016,216
Indirect costs	-1,380,587	-2,070,327	-461,386	-50,237	-	-3,962,538
Net Margin	**2,935,237**	**6,171,012**	**5,687,493**	**1,259,937**	**-**	**16,053,678**
General expenses	-128,541	-245,458	-183,136	-39,022	-	-596,157
EBITDA	**2,806,695**	**5,925,554**	**5,504,356**	**1,220,915**	**-**	**15,457,521**
% of income	**65.03%**	**71.90%**	**89.52%**	**93.19%**	**-**	**77.22%**
Depreciation	-2,256,857	-2,027,421	-1,031,858	-144,023	-2,556	-5,462,714
Subsidies	59,743	-	-	-	-	59,743
Extraordinary profits (losses)	21,364	-	-	-	161	21,525
Profit/(loss) on disposal of real estate assets	-	-44,500	-	-	-	-44,500
Impairment/Reversal of trade operations	-	-	-8,510	-	-	-8,510
Impairment/Reversal of real estate assets	-	226,921	-411,698	-	-	-184,777
Financial profit (loss)	-	-517,908	-459,004	-	582,732	-394,180
EBT	**630,945**	**3,562,646**	**3,593,287**	**1,076,892**	**580,337**	**9,444,108**
Corporation tax	-	-	-	-	-	-
Net profit (loss)	**630,945**	**3,562,646**	**3,593,287**	**1,076,892**	**580,337**	**9,444,108**
% of income	**14.62%**	**43.23%**	**58.44%**	**82.19%**	**-**	**47.18%**

2019

31/12/2019	Euros					
	Hotels	Offices	Retail	Industrial	Others	Total
Income	9,134,143	6,030,013	5,897,775	1,355,022	-	22,416,953
Indirect costs	-1,177,224	-1,795,511	-684,855	-50,892	-	-3,708,482
Net Margin	**7,956,919**	**4,234,502**	**5,212,920**	**1,304,131**	**-**	**18,708,471**
General expenses	-260,160	-171,748	-167,981	-38,594	-	-638,482
EBITDA	**7,696,760**	**4,062,755**	**5,044,938**	**1,265,537**	**-**	**18,069,989**
% of income	**84.26%**	**67.38%**	**85.54%**	**93.40%**	**-**	**80.61%**
Depreciation	-2,380,903	-1,597,479	-1,034,470	-144,023	-	-5,156,875
Subsidies	59,743	-	-	-	-	59,743
Extraordinary profits (losses)	44,710	-	-	-	6,612	51,322
Profit/(loss) on disposal of real estate assets	-	-59,903	1,475,597	-	-	1,415,694
Impairment/Reversal of trade operations	-	-	3,115	-	-	3,115
Impairment/Reversal of real estate assets	-	656,726	51,423	-	-	708,148
Financial profit (loss)	-278	-497,236	-328,936	-	-67,908	-894,358
EBT	**5,420,031**	**2,564,863**	**5,211,667**	**1,121,514**	**-61,296**	**14,256,779**
Corporation tax	-	-	-	-	-	-
Net profit (loss)	**5,420,031**	**2,564,863**	**5,211,667**	**1,121,514**	**-61,296**	**14,256,779**
% of income	**59.34%**	**42.53%**	**88.37%**	**82.77%**	**-**	**63.60%**

The breakdown of the **income and net book value** of real estate assets, including property, plant and equipment in progress, at 31 December 2020 and 31 December 2019 is as follows:

	Euros					
	31/12/2020			31/12/2019		
	Income	%	Net cost	Income	%	Net cost
Hotels	4,315,824	21.56%	103,845,471	9,134,143	40.75%	105,070,931
Offices	8,241,338	41.17%	142,988,883	6,030,013	26.90%	140,961,102
Retail	6,148,879	30.72%	88,457,678	5,897,775	26.31%	89,901,235
Industrial	1,310,174	6.55%	12,882,682	1,355,022	6.04%	13,026,704
Plots	-	-	23,265,453	-	-	-
Total income	**20,016,215**	**100.00%**	**371,440,168**	**22,416,954**	**100.00%**	**348,959,971**

At 31 December 2020, 22% of the revenues were generated by hotel assets (41% at 31 December 2019), 41% by offices (27% at 31 December 2019), 31% by retail premises (26% at 31 December 2019), and the remaining 7% by industrial assets (6% at 31 December 2019). At the end of December 2020, all hotels are leased (100% in 2019); 91% of offices are leased (88% in 2019); 67% of retail premises are leased (67% in 2019); and 100% of industrial assets are leased (100% in 2019). At 31 December 2020, the degree of occupancy of real-estate assets was 93% (92% in 2019). The Gross Leasable Area (GLA) is 157,364 m2 (158,114 m2 in 2019).

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

	Euros			
	31/12/2020		31/12/2019	
	Income	%	Income	%
Madrid	16,550,701	82.69%	14,575,963	65.02%
Huelva	3,465,514	17.31%	7,840,991	34.98%
Castellón	-	-	-	-
Total	**20,016,215**	**100.00%**	**22,416,953**	**100.00%**

From a geographic standpoint, all income is generated in Madrid and Huelva (both of which are in Spain). Madrid remained in first position, contributing around 83% of total revenues (65% at 31 December 2019), followed by Huelva with 17% (35% at 31 December 2019) and Castellón 0% (0% at 31 December 2019).

Furthermore, it is of interest to highlight the evolution of the **occupation rates** by type of asset from the **standpoint of asset types**: The occupation rate of the Company's assets allocated to leases at 31 December 2020 amounted to 93% of the floor space (sq.m.) leased (92% in 2019), which breaks down as follows:

	31/12/2020		31/12/2019	
	m2	Occupation	m2	Occupation
Hotels	80,135	100.00%	80,135	100.00%
Offices	39,436	90.72%	40,186	88.43%
Retail	23,982	66.58%	23,982	67.41%
Industrial	13,810	100.00%	13,810	100.00%
Total	**157,364**	**92.58%**	**158,114**	**92.12%**

During 2020, the occupancy rate of properties was maintained compared to the rate recorded at 31 December 2019.

25. International Financial Reporting Standards

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

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

At the end of 2020 and 2019, the Company does not have any lease agreements in force under which it acts as a lessee (operating lease) and therefore IFRS 16 does not apply to the recognition of a right to use the asset and a liability for the lease.

Furthermore, the amendments to IAS 1 and IAS 8 (definition of "materiality"), IFRS 9, IAS 39 and IFRS 7 (update of reference interest rates), taking effect on 1 January 2020 and IFRS 3 (definition of business), taking effect on 1 June 2020, have no impact on the Company's equity and profits.

26. Subsequent disclosures

From 31 December 2020 until the date of preparation of the Company's financial statements for 2020, no relevant events have occurred that need to be specified in this section, with the exception of the following:

- On 21 January 2021, Isla Canela, S.A. repaid the entire mortgage loan taken out for Hotel Meliá Atlántico, owned by the Company (owner, not debtor) that Canela S.A. was due to pay back by 31 December 2020 for the sum of 972,719 euros (Note 16).

Annex 1. Reporting requirements as a REIT

Description		2020
a)	Reserves from years prior to the application of the tax scheme set forth in Law 11/2009, as amended by Law 16/2012 of 27 December.	As is set out in Note 1, the Company was incorporated on 1 December 2011 in Luxembourg without having allocated any prior year's profits to reserves.
b)	Reserves of each financial year in which the special tax regime set forth in said Law applies.	**Profits allocated to reserves by the Company** - Profits in 2014 allocated to reserves: 921,102 euros - Profits in 2015 allocated to reserves: 2,776,186 euros - Profits in 2016 allocated to reserves: 1,724,518 euros - Profits in 2017 allocated to reserves: 1,320,042 euros - Profits in 2018 allocated to reserves: 1,455,425 euros - Profits in 2019 allocated to reserves: 1,730,153 euros **Profits applied to reserves by the absorbed company COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.** - Profits in 2009 allocated to reserves: 936,358 euros - Profits in 2010 allocated to reserves: 871,431 euros - Profits in 2011 allocated to reserves: 1,000,888 euros - Profits in 2012 allocated to reserves: 43,627 euros - Profits in 2013 allocated to reserves: 470,286 euros - Profits in 2014 allocated to reserves: 1,208,270 euros - Profits in 2015 allocated to reserves: 3,699,608 euros **Profits applied to reserves by the absorbed company INVERETIRO, SOCIMI, S.A.U.** - Profits in 2015 allocated to reserves: 477,756 euros
-	Profits from income subject to the general tax levy.	- Tax gain of 2019 for the sale of Rutilo 21, 23 and 25: 572,893 euros
-	Profits from income subject to tax at a levy of 19%.	**Profits applied to reserves by the absorbed company COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.** - Profits in 2009 allocated to reserves: 936,358 euros - Profits in 2010 allocated to reserves: 871,431 euros - Profits in 2011 allocated to reserves: 1,000,888 euros - Profits in 2012 allocated to reserves: 43,627 euros
-	Profits from income subject to tax at a levy of 0%.	**Profits allocated to reserves by the Company** - Profits in 2014 allocated to reserves: 921,102 euros - Profits in 2015 allocated to reserves: 2,776,186 euros - Profits in 2016 allocated to reserves: 1,724,518 euros - Profits in 2017 allocated to reserves: 1,320,042 euros - Profits in 2018 allocated to reserves: 1,455,425 euros - Profits in 2018 allocated to reserves: 1,730,153 euros **Profits applied to reserves by the absorbed company COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.** - Profits in 2013 allocated to reserves: 470,286 euros - Profits in 2014 allocated to reserves: 1,208,270 euros - Profits in 2015 allocated to reserves: 3,699,608 euros **Profits applied to reserves by the absorbed company INVERETIRO, SOCIMI, S.A.U.** - Profits in 2015 allocated to reserves: 477,756 euros
c)	Dividends paid out and charged to profits of each financial year in which the tax scheme set forth in this Law can be applied.	**Dividends distributed by the Company** - Distribution of dividends in 2015: 6,979,719 euros - Distribution of dividends in 2016: 13,958,138 euros - Distribution of dividends in 2017: 11,880,376 euros - Distribution of dividends in 2018: 13,098,821 euros - Distribution of dividends in 2019: 12,526,626 euros **Dividends distributed by the absorbed company COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.** - Distribution of dividends in 2009: 3,382,919 euros - Distribution of dividends in 2010: 3,121,886 euros - Distribution of dividends in 2011: 3,585,669 euros - Distribution of dividends in 2012: 156,295 euros - Distribution of dividends in 2013: 1,209,306 euros - Distribution of dividends in 2014: 10,874,427 euros - Distribution of dividends in 2015: 14,799,010 euros **Dividends distributed by the absorbed company INVERETIRO, SOCIMI, S.A.U.** - Distribution of dividends in 2015: 1,987,206 euros
-	Dividends from income subject to the general tax levy.	-

Description	2020
- Dividends from income subject to taxation at 18% (2009) and 19% (2010 to 2012).	**Dividends distributed by the absorbed company Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U.** - Distribution of dividends in 2009: 3,382,919 euros - Distribution of dividends in 2010: 3,121,886 euros - Distribution of dividends in 2011: 3,585,669 euros - Distribution of dividends in 2012: 156,295 euros
- Dividends from income subject to tax at a levy of 0%.	**Dividends distributed by the Company** - Distribution of dividends in 2015: 6,979,719 euros - Distribution of dividends in 2016: 13,958,138 euros - Distribution of dividends in 2017: 11,880,376 euros - Distribution of dividends in 2018: 13,098,821 euros - Distribution of dividends in 2019: 12,526,626 euros **Dividends distributed by the absorbed company COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.** - Distribution of dividends in 2013: 1,209,306 euros - Distribution of dividends in 2014: 10,874,427 euros - Distribution of dividends in 2015: 14,799,010 euros **Dividends distributed by the absorbed company INVERETIRO, SOCIMI, S.A.U.** - Distribution of dividends in 2015: 1,987,206 euros
d) Dividends paid out and charged to reserves	-
- Dividends charged to reserves subject to taxation at the general tax levy.	-
- Dividends charged to reserves subject to taxation at 19%.	-
- Dividends charged to reserves subject to taxation at 0%.	-
e) Date of the dividend pay-out resolution referred to by items c) and d) above.	**Dividends distributed by the Company** - 2015 dividends: 1 April 2016 - 2016 dividends: 29 June 2017 - 2017 dividends: 26 April 2018 - 2018 dividends: 25 April 2019 - 2019 dividends: 30 June 2020 **Dividends distributed by the absorbed company COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.** - 2009 dividends: 29 June 2010 - 2010 dividends: 30 June 2011 - 2011 dividends: 28 June 2012 - 2012 dividends: 20 June 2013 - 2013 dividends: 30 June 2014 - 2014 dividends: 22 June 2015 - 2015 dividends: 1 April 2016 **Dividends distributed by the absorbed company INVERETIRO, SOCIMI, S.A.U.** - 2015 dividends: 1 April 2016

Description	2020
f) Acquisition date of the properties allocated to lease which generate income subject to this special scheme.	**Properties from the absorbed company COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.** The real estate assets that have been owned by the Absorbed Company since 29/12/2009. Due to the partial division transaction of Isla Canela, S.A., the dates of ownership are as follows: - Hotel Isla Canela Golf: 28/12/2007 - Hotel Barceló Isla Canela: 06/07/1998 - Hotel Iberostar Isla Canela: 01/07/2002 - Hotel Playa Canela: 16/05/2002 - Hotel Meliá Atlántico: 25/05/2000 - Marina Isla Canela Shopping Mall: 17/10/2000 - Property at Calle Gran Vía 1: 19/10/1987
	The following real estate investments, which were acquired from the related company Promociones y Construcciones, PYC, Pryconsa, S.A. were included in 2012: - Offices Sanchinarro VI: 29/11/2012 - Offices Sanchinarro VII: 29/11/2012 - Vallecas Comercial I: 30/10/2012 - Vallecas Comercial II: 30/10/2012 - Offices Coslada III: 29/11/2012
	Properties from the absorbed company COMPAÑÍA IBÉRICA DE RENTAS URBANAS 2009 SOCIMI, S.A.U., The properties were owned by the absorbed company on 22 December 2009. Due to the partial spin-off of the related company, Cogein, S.L.U., the ownership dates are as follows - Hotel Tryp Meliá Gran Vía: 16/05/2002 - Retail outlet at Gran Vía 34 (1+2): 16/05/2002 - Retail outlet at Gran Vía 34 (3): 16/05/2002 - Retail outlet on Dulcinea: 21/09/1995 - C/Pradillo 41 offices: 27/02/2009 - Retail outlet at Albalá 7: 26/09/2003 - C/Gran Vía 1-1º y 2º Dcha offices: 15/10/1993 - C/Gran Vía 1-1º Izda offices: 10/02/1998 - Building on Plaza España, Castellón: 29/12/2011
	Properties from the absorbed company INVERETIRO, SOCIMI, S.A.U. - Titán, 13: 12/02/2014 - Conde de Peñalver, 16: 01/12/2013
	Properties from the absorbed company BENSELL MIRASIERRA, S.L.U. Valle de la Fuenfría, 3: 09/03/2015
	Direct acquisitions made by the Company: - Daganzo de Arriba Industrial Premises: 27/02/2015 - Retail outlet at Gran Vía 55: 01/03/2016 - Edificio José Abascal 41: 02/12/2016 - Building at Orense, 62: 07/02/2017 - Business Premises at Goya, 59: 10/02/2017 - Business Premises at Glorieta de Cuatro Caminos, 6 and 7: 11/04/2018 - Juan Ignacio Luca de Tena 17 building: 31/01/2019 - Plot TER.02-178-A (Valdebebas): 09/09/2020
g) Acquisition date of interests in the capital of the entities referred to in paragraph 1, Article 2 of this Law.	- 2019: Unibail Rodamco. 6,950 shares (current value €0.45 million) - 2020: Inmobiliaria Colonial: 1,572,296 shares (€12.61 million)

Description		2020	
h)	Identification of the assets calculated within the eighty per cent referred to by paragraph 1, Article 3 of this Law.	The breakdown of real estate assets and their gross booked cost expressed as millions of euros, is as follows:	
		Meliá Atlántico	36.24
		Barceló Isla Canela	27.61
		Iberostar Isla Canela	25.72
		Tryp Meliá Gran Vía	22.29
		Playa Canela	17.42
		Isla Canela Golf	4.98
		Hotels	**134.25**
		Pradillo 42	21.86
		Sanchinarro VI	5.87
		Sanchinarro VII	2.56
		Titán 13	31.83
		Valle de la Fuenfría, 3	18.17
		José Abascal 41	25.61
		Juan Ignacio Luca de Tena,17	30.49
		Orense 62	4.40
		Coslada III	2.04
		Vallecas Comercial I	3.67
		Gran Vía 1 (2º derecha)	2.87
		Gran Vía 1 (1º derecha)	3.01
		Gran Vía 1 (2º izquierda)	1.94
		Offices	**154.31**
		Gran Vía 34	21.53
		Plaza España	15.10
		Conde Peñalver 16	20.43
		Gran Vía 55	13.46
		Cuatro Caminos	7.12
		Goya 59	15.81
		Vallecas Comercial II	3.91
		Marina Isla Canela Shopping Mall	4.70
		Albalá 7	2.87
		Gran Vía 1 (1º izquierda)	2.73
		Dulcinea 4	1.53
		Retail	**109.17**
		Daganzo de Arriba	13.72
		Industrial	**13.72**
		Valdebebas Plot TER.02-178-A	23.27
		Public Land	**23.27**
		Total	**434.73**
i)	Reserves from years in which the special tax regime set forth in this Act has applied and which have been drawn down during the tax period, but not for distribution or to offset losses. The financial year from which said reserves come should be indicated.	- Profits in 2019 allocated to voluntary reserves: 304,475 euros	

Management Report
2020

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

Management report at year-end 2020

1. **Explanation of figures at 31 December 2020**

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

	Euros		
	31/12/2020	**31/12/2019**	**+ / -**
Income	**20,016,215**	**22,416,953**	**-11%**
Leases	20,007,707	22,409,635	
Provision of sundry services	8,508	7,318	
Operating expenses	-3,962,538	-3,708,482	7%
Net operating income (NOI)	**16,053,677**	**18,708,471**	**-14%**
General expenses	-596,157	-638,482	-7%
EBITDA	**15,457,521**	**18,069,989**	**-14%**
Financial profit (loss)	-394,180	-894,358	-56%
EBTDA	**15,063,341**	**17,175,631**	**-12%**
Depreciation	-5,462,714	-5,156,875	
Subsidies	59,743	59,743	
Impairment/Reversal of trade operations	-8,510	3,115	
Impairment/Reversal of real estate assets	-184,777	708,148	
Other gains (losses)	21,525	51,322	
Gains (losses) Disposal of real estate assets	-44,500	1,415,694	
EBT	**9,444,108**	**14,256,779**	**-34%**
Corporation tax	-	-	
Net profit (loss)	**9,444,108**	**14,256,779**	**-34%**

Sector indicators at 31 December 2020 and 31 December 2019

	Euros			
	31/12/2020	**Per share**	**31/12/2019**	**Per share**
Recurring net profit	9,193,157	2.06	12,278,916	2.76
Net value of assets	483,745,570	108.65	503,601,975	113.11
Costs	4,460,780		4,246,900	
Income	20,016,216		22,416,953	
Cost/income ratio	22.86%		19.39%	
Vacancy ratio	4.03%		5.27%	
Net profitability	4.62%		4.49%	

Main figures at 31 December 2020 and 31 December 2019

	Financial year	
	31/12/2020	**31/12/2019**
Annualized income (millions)	26.02	24.72
FFO (mn)	15.47	18.11
FFO (/share)	3.47	4.07
GAV (mn)	563.20	550.46
NAV (mn)	483.75	503.60
ROA	2.37%	3.54%
ROE	3.23%	4.72%
Gross leasable surface area (risk-free m^2)	157,364	158,114
% occupancy at year end	92.58%	92.12%
Lease portfolio (mn)	148.56	140.32
WAULT	7.60	7.68
LTV	16.48%	14.49%
Adjusted LTV	16.65%	15.14%
Net debt (mn)	95.44	85.32
Earnings (/share)	2.12	3.20
Dividend (/share)	1.91	2.81
Gross profitability via dividend	2.71%	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 loans to group companies and associates
- **NOI**: Gross operating income - Operating expenses.
- **EBITDA:** NOI - Other general costs.
- **EBITDA:** EBITDA - financial income.
- **Recurring net profit:** The Company's profit/(loss), eliminating the result derived from the sale of real estate assets, impairments and reversals, changes in the fair value of equity instruments and the impact of corporation tax.
- **Annualised income:** Forecast of the income to be generated by the real estate assets owned at 12 months from the date of information based on the contractual conditions at that date.
- **Funds from operations (FFO):** Direct cash flow from the Company's operations, i.e. rental income less operating expenses and exceptional expenses involving cash flow or cash movements.

Real estate investments (gross): At 31 December 2020, the Company's gross real estate investments came to 434,727,278 euros. In 2020, the following investments and disinvestments took place:

Investments undertaken amounting to 29,606,033 euros:

- Additions have been made for the sum of 6,159,081 euros corresponding to the refurbishment of several assets: office building located on Calle Juan Ignacio Luca de Tena 17 and Calle José Abascal 41, both in Madrid, in addition to hotels including Hotel Tryp Meliá de Gran Vía in Madrid and Hotel Barceló and Hotel Meliá Atlántico, both in Isla Canela.

- On 9 September 2020, the acquisition of plot TER.02-178-A was formalised in a public deed; this public use plot is located at Calle de José Antonio Fernández Ordóñez 55, located in Specific Planning Area APE 16.11. RP "Ciudad Aeroportuaria y Parque de Valdebebas". Its use is defined as public use, pursuant to Order TER_2; the total cost of acquisition was 23,446,952 euros.

Divestments made amounting to 1,640,487 euros:

- Sales of several properties and the corresponding annexes in Vallecas Comercial I (2 units), Sanchinarro VI (2 units) and Coslada III (5 units) for the gross cost of 1,640,487 euros, sold to third parties. These sales transactions gave rise to a combined net loss of 44,500 euros, which was recognised under "Impairment and gains or losses on disposals of non-current assets" in the profit and loss account at 31 December 2020.

Dividends:

<u>Dividends payable by the Company to shareholders in 2021:</u>

The proposed distribution of results for the 2020 year to be made by the directors of the Company to the shareholders is as follows:

	Euros
Profit at 31 December 2020	**9,444,108**
- Legal reserve	944,411
- Dividends	8,499,697

On 29 December 2020, the Board of Directors at the Company approved the distribution of an interim dividend for 2020 of 1.57 euros gross per action, paid out on 29 December 2020, equivalent to a gross amount of 7,000,000 euros.

The proposed distribution of profits to be made by the directors of the Company to the General Shareholders Meeting entails the distribution, as dividends charged to 2020 profits, 1.91 euros per share, of which 1.57 euros per share have already been paid out.

Dividends paid out by the Company to shareholders in 2020:

The proposed distribution of 2019 profits, presented by the Company's Directors to shareholders and approved by them at the Ordinary General Shareholders' Meeting held on 30 June 2020, was as follows:

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

The dividend corresponding to 2019 in the amount of 12,526,626 euros approved by the General Shareholders' Meeting on 30 June 2020 was paid in full on 7 July 2020.

Net financial debt: The Company has a net financial debt of 95,436,654 euros (85,319,911 euros at 31 December 2019). The breakdown of this debt is as follows:

	Euros	
	31/12/2020	31/12/2019
José Abascal, 41	10,944,000	11,400,000
Titán, 13	11,239,286	12,032,647
Conde de Peñalver, 16	7,297,857	7,813,000
Plaza de España (Castellón)	-	654,910
Valle de la Fuenfría, 3	8,769,425	9,266,083
Juan Ignacio Luca de Tena, 17	11,615,880	12,000,000
Glorieta de Cuatro Caminos 6 and 7	4,150,000	4,500,000
Mortgage-backed debt	**54,016,448**	**57,666,640**
Bonds and debentures	10,000,000	10,000,000
Drawn down credit facilities	452,847	46,065
Loan Goya, 59	9,450,000	9,850,000
Loan Gran Vía, 55	9,414,000	10,000,000
Long-term loans	13,694,398	3,700,091
Interest accrued pending maturity	330,423	340,708
Derivative	440,811	465,934
Unsecured debt	**43,782,480**	**34,402,798**
Cash and bank	-2,362,274	-6,749,527
Net financial debt	**95,436,654**	**85,319,911**

The "Bonds and Debentures" item covers the issuance of two sets of Fixed Income securities undertaken by the Company in 2016 as part of the "2015 Fixed Income Securities Issuance Programme", for a combined amount of 10,000,000 euros.

Average APR of both issues for the issuer was 2.73% per annum. The two sets of securities issued have been traded on the Alternative Fixed Income Market "MARF" since 24 June 2016. The financial expenses resulting from the aforementioned issuances, accrued and pending maturity in 2020, totalled 130,822 euros (130,822 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 December 2020, these expenses amounted to 33,634 euros (26,837 euros in 2019). The only fees that have arisen through the Bond and Debenture Programme are those listed in the table above. There have been no placement costs or fees.

At 31 December 2020, the Company had a mortgage debt of 54,016,448 euros pending maturity (57,666,640 euros at 31 December 2019) recorded under the "Long-term debts with credit institutions" and "Short-term debts with credit institutions" items and correspond mainly to mortgage-backed loans taken out with CaixaBank, Banco Santander, Banca March and Kutxabank, which, at 31 December 2020, are pending maturity and repayment.

In 2020, the Company has arranged the following:

- fixed-rate long-term loan for the sum of 12,000,000 euros with Banco Santander, maturing on 22 December 2025.

The Company's LTV at 31 December 2020 was 16.48% (14.49% at year-end 2019). The adjusted LTV was 16.65% (15.14% at year-end 2019). This adjusted LTV includes the effect of the mortgage charge at 31 December 2020 on hotels located in Isla Canela amounting to 972,719 euros (3,828,107 euros at 31 December 2019).

Income: At 31 December 2020, the Company had obtained total income of 20,016,215 euros (22,416,954 euros at 31 December 2019). The breakdown of income per asset type is as follows:

	Euros		Variation in %	
				Like for Like
	31/12/2020	31/12/2019	Growth	Growth
Hotels	4,315,824	9,134,143	-52.75%	-52.75%
Offices	8,241,338	6,030,013	36.67%	24.94%
Retail	6,148,879	5,897,775	4.26%	4.70%
Industrial	1,310,174	1,355,022	-3.31%	-3.31%
Income	**20,016,215**	**22,416,953**	**-10.71%**	**-13.77%**

Lease income dropped by 11% year on year (14% when disregarding the effect of investments and disposals during the year) on account of the exceptional circumstances seen in 2020.

Impact on income generation

As a result of the enforcement of Royal Decree 463/2020, of 14 March, declaring the state of alarm to manage the health crisis triggered by Covid-19; Royal Decree-Law 8/2020, of 17 March, on extraordinary urgent measures to overcome the economic and social impact of Covid-19; and Royal Decree-Law 10/2020, of 29 March, regulating the recoverable paid leave for employees who do not provide essential services, with a view to reducing the mobility of the population as part of the fight against Covid-19, the Company has been negotiating moratoriums, reductions and grace periods with tenants for the rental income generated by specific properties, as some contracts included a clause that in the event of force majeure, rental payments would be suspended (in particular in the case of hotels). As a result of these exceptional circumstances, the Company's income in 2020 has been adversely affected compared to the forecasts made for the year prior to the outbreak of Covid-19. A comparison of rental income can be seen in the following table:

	Euros			% change	
	Real	Real	Pre Covid-19	Real 2020	Real 2020 vs.
	2019	2020		vs. 2019	Pre Covid-19 2020
Hotels	9,134,143	4,315,824	9,033,831	-53%	-52%
Offices	6,030,013	8,241,338	8,558,713	37%	-4%
Retail	5,897,775	6,148,879	7,239,913	4%	-15%
Industrial	1,355,022	1,310,174	1,380,077	-3%	-5%
Total	**22,416,954**	**20,016,215**	**26,212,535**	**-11%**	**-24%**

The Hotels division has been affected most severely, with a 52% drop in estimated income when compared to those obtained in 2019 and a 52% drop when compared to the forecast for the year before these events occurred. On the other hand, the Offices division has seen a 37% increase in income compared to 2019, thanks to the entry into force of important contracts, including the contract involving the building located at Juan Ignacio Luca de Tena, 17; nonetheless, this is still 4% down on the original estimate. The Retail division has generated 4% more income compared to 2019, down 15% on the forecast for 2020 prior to the global spread of Covid-19. The Industrial division has not suffered any significant impact. In short, on account of the effects of Covid-19, in 2020 income was down by 11% when compared to income recorded in 2019 and by 24% when compared to the pre Covid-19 forecast.

The most significant operating leases stem from lease agreements on the real estate assets on which their operations are based. A breakdown of such minimum rental instalments is set out below:

	Euros	
	Nominal value	
	31/12/2020	31/12/2019
Less than a year	26,023,053	24,721,653
Between one and five years	70,503,577	70,914,831
More than five years	52,028,968	44,686,272
Total	**148,555,598**	**140,322,756**

The leasing portfolio at the end of 2020 increased by 8,232,842 euros against the end of 2019, down 8% year-on-year.

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

	WAULT	
	31/12/2020	31/12/2019
Hotels	6.70	3.07
Offices	3.86	6.41
Retail	13.08	9.57
Industrial	6.76	8.00
Total Average	**7.60**	**7.68**

NOI: Net Operating Income was positive at 16,053,677 euros (18,708,471 euros at 31 December 2019), a decrease of 14.19%. The breakdown of NOI per asset type is as follows:

	Euros	
	31/12/2020	31/12/2019
Hotels	2,935,237	7,956,919
Offices	6,171,012	4,234,502
Retail	5,687,493	5,212,920
Industrial	1,259,935	1,304,130
NOI	**16,053,677**	**18,708,471**

At 31 December 2020, **EBITDA** was positive and amounted to 15,457,521 euros (18,069,989 euros in December 2019), a decrease of 14%.

Financial profit (loss): There was a financial loss of 394,180 euros at 31 December 2020 (loss of 894,358 euros in December 2019). The breakdown of this loss is as follows.

- The financial income derived from the system of financing to the group and external amounted to 754,195 euros (929,455 euros in December 2019).

- The Company's financial expenses were 1,680,965 euros (1,798,546 euros in December 2019) and result from the Company's financing with credit institutions and the Alternative Fixed Income Market.

- The Company valued its portfolio of listed shares held in its assets at year-end, obtaining a positive value adjustment of 532,591 euros (negative value adjustment of 25,268 euros in 2019).

At 31 December 2020, **EBITDA** was positive and amounted to 15,063,341 euros (17,175,631 euros in December 2019), i.e. a 12% decrease year-on-year.

Depreciation: Depreciation expense was 5,462,714 euros (5,156,875 euros for the same period the previous year). The increase of 6% results from the new investments made during 2020 and 2019.

Subsidies: Subsidy income stood at 59,743 euros (59,743 euros in December 2019).

Impairment/Reversal:

- In 2020, the amount of impairment losses on trade operations was 8,510 euros (reversal of 3,115 euros in 2019).

- After the valuation of the Company's real estate assets, impairment of 411,698 euros has been recorded, linked to the Commercial segment, in addition to reversals of impairment of 226,921 euros, particularly in the Offices division. The net impact on the income statement for 2020 was therefore negative in the amount of 184,777 euros (708,148 euros in 2019).

Profit/(loss) on disposal of real estate assets: At 31 December 2020, 2 loft units at Sanchinarro VI, 5 lofts at Coslada III and 2 lofts at Vallecas Comercial I were sold (gross cost of 1,640,487 euros), generating a net loss of 44,500 euros.

At 31 December 2020, **EBT** is positive and amounts to 9,444,108 euros (14,256,779 euros in December 2019), i.e. a 34% decrease year-on-year.

Corporation tax: At 31 December 2020, no corporation tax expense was recognised (0 euros at 31 December 2019).

Net profit/(loss): At 31 December 2020, net profit of 9,444,108 euros (14,256,779 euros at 31 December 2019), representing a net profit per share of 2.12 euros (3.20 euros at December 2019), i.e. a 34% decrease year-on-year.

2. Valuation of real estate assets

The Company commissioned CBRE Valuation Advisory, S.A., an independent expert, to conduct a valuation of its assets, which was issued on 9 February 2021, in order to determine the fair values of all its property investments at year-end. Such valuations were conducted on the basis of the market lease value (which consists of capitalising net rents from each property and updating future flows). Acceptable discount rates were used to calculate fair value for a potential investor, which are in keeping with those used by the market for properties having similar characteristics and locations. The valuations were made in accordance with the Appraisal and Valuation Standards published by the United Kingdom's Royal Institute of Chartered Surveyors (RICS).

Said valuations generated a net loss in the Company's income statement at 31 December 2020 amounting to 184,777 euros (net profit of 708,148 euros in 2019).

Furthermore, based on the valuations performed, the fair value of property investments shows an unrecognised gain (by comparison between the gross updated market fair value and the net carrying value) of 191,763,275 euros (201,502,543 euros at 31 December 2019).

The gross market value of property investment at 2020 year-end amounted to 563,203,443 euros (550,462,514 euros at 2019 year-end). The breakdown by business segment is as follows:

	Euros	
	31/12/2020	**31/12/2019**
Hotels	142,268,491	151,060,625
Offices	181,113,823	182,814,909
Retail	195,810,240	198,876,510
Industrial	19,583,300	17,710,470
Plots	24,427,590	-
Total	**563,203,443**	**550,462,514**

Impact of Covid-19

During 2020, the directors of the Company considered that, the potential effects of Covid-19 aside, there were no significant changes whether in the variables used in the valuation at year-end 2020 by the independent expert or the content or conditions of lease contracts in force used as part of said valuation. To this end, as there has been no significant change in the contractual conditions between the Company and the tenants, the impact of Covid-19 on the valuation of the Company’s assets can be summarised as follows:

- Hotels: negative impact of 6%
- Offices: no impact
- Retail: negative impact of 2%
- Industrial: no impact
- Land: no impact

3. Segmented reporting

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

The segments identified in this way in 2020 are as follows:

- Hotels
- Offices
- Retail
- Industrial
- Others

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

Ordinary income corresponds to income directly attributable to the segment plus a relevant proportion of the Company's general income that can be attributed to it using fair rules of distribution.

Segment expenses are calculated as the directly attributable expenses incurred in the operating activities, plus the corresponding proportion of the expenses that can be reasonably allocated to the segment.

Segmented income statement

2020

31/12/2020	Euros					
	Hotels	Offices	Retail	Industrial	Others	Total
Income	4,315,824	8,241,338	6,148,879	1,310,174	-	20,016,216
Indirect costs	-1,380,587	-2,070,327	-461,386	-50,237	-	-3,962,538
Net Margin	**2,935,237**	**6,171,012**	**5,687,493**	**1,259,937**	**-**	**16,053,678**
General expenses	-128,541	-245,458	-183,136	-39,022	-	-596,157
EBITDA	**2,806,695**	**5,925,554**	**5,504,356**	**1,220,915**	**-**	**15,457,521**
% of income	**65.03%**	**71.90%**	**89.52%**	**93.19%**	**-**	**77.22%**
Depreciation	-2,256,857	-2,027,421	-1,031,858	-144,023	-2,556	-5,462,714
Subsidies	59,743	-	-	-	-	59,743
Extraordinary profits (losses)	21,364	-	-	-	161	21,525
Profit/(loss) on disposal of real estate assets	-	-44,500	-	-	-	-44,500
Impairment/Reversal of trade operations	-	-	-8,510	-	-	-8,510
Impairment/Reversal of real estate assets	-	226,921	-411,698	-	-	-184,777
Financial profit (loss)	-	-517,908	-459,004	-	582,732	-394,180
EBT	**630,945**	**3,562,646**	**3,593,287**	**1,076,892**	**580,337**	**9,444,108**
Corporation tax	-	-	-	-	-	-
Net profit (loss)	**630,945**	**3,562,646**	**3,593,287**	**1,076,892**	**580,337**	**9,444,108**
% of income	**14.62%**	**43.23%**	**58.44%**	**82.19%**	**-**	**47.18%**

2019

31/12/2019	Euros					
	Hotels	Offices	Retail	Industrial	Others	Total
Income	9,134,143	6,030,013	5,897,775	1,355,022	-	22,416,953
Indirect costs	-1,177,224	-1,795,511	-684,855	-50,892	-	-3,708,482
Net Margin	**7,956,919**	**4,234,502**	**5,212,920**	**1,304,131**	**-**	**18,708,471**
General expenses	-260,160	-171,748	-167,981	-38,594	-	-638,482
EBITDA	**7,696,760**	**4,062,755**	**5,044,938**	**1,265,537**	**-**	**18,069,989**
% of income	**84.26%**	**67.38%**	**85.54%**	**93.40%**	**-**	**80.61%**
Depreciation	-2,380,903	-1,597,479	-1,034,470	-144,023	-	-5,156,875
Subsidies	59,743	-	-	-	-	59,743
Extraordinary profits (losses)	44,710	-	-	-	6,612	51,322
Profit/(loss) on disposal of real estate assets	-	-59,903	1,475,597	-	-	1,415,694
Impairment/Reversal of trade operations	-	-	3,115	-	-	3,115
Impairment/Reversal of real estate assets	-	656,726	51,423	-	-	708,148
Financial profit (loss)	-278	-497,236	-328,936	-	-67,908	-894,358
EBT	**5,420,031**	**2,564,863**	**5,211,667**	**1,121,514**	**-61,296**	**14,256,779**
Corporation tax	-	-	-	-	-	-
Net profit (loss)	**5,420,031**	**2,564,863**	**5,211,667**	**1,121,514**	**-61,296**	**14,256,779**
% of income	**59.34%**	**42.53%**	**88.37%**	**82.77%**	**-**	**63.60%**

The breakdown of the **income and net book value** of real estate assets, including property, plant and equipment in progress, at 31 December 2020 and 31 December 2019 is as follows:

	Euros					
	31/12/2020			31/12/2019		
	Income	%	Net cost	Income	%	Net cost
Hotels	4,315,824	21.56%	103,845,471	9,134,143	40.75%	105,070,931
Offices	8,241,338	41.17%	142,988,883	6,030,013	26.90%	140,961,102
Retail	6,148,879	30.72%	88,457,678	5,897,775	26.31%	89,901,235
Industrial	1,310,174	6.55%	12,882,682	1,355,022	6.04%	13,026,704
Plots	-	-	23,265,453	-	-	-
Total income	**20,016,215**	**100.00%**	**371,440,168**	**22,416,954**	**100.00%**	**348,959,971**

At 31 December 2020, 22% of the revenues were generated by hotel assets (41% at 31 December 2019), 41% by offices (27% at 31 December 2019), 31% by retail premises (26% at 31 December 2019), and the remaining 7% by industrial assets (6% at 31 December 2019). At the end of December 2020, all hotels are leased (100% in 2019); 91% of offices are leased (88% in 2019); 67% of retail premises are leased (67% in 2019); and 100% of industrial assets are leased (100% in 2019). At 31 December 2020, the degree of occupancy of real-estate assets was 93% (92% in 2019). The Gross Leasable Area (GLA) is 157,364 m2 (158,114 m2 in 2019).

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

	Euros			
	31/12/2020		31/12/2019	
	Income	%	Income	%
Madrid	16,550,701	82.69%	14,575,963	65.02%
Huelva	3,465,514	17.31%	7,840,991	34.98%
Castellón	-	-	-	-
Total	**20,016,215**	**100.00%**	**22,416,953**	**100.00%**

From a geographic standpoint, all income is generated in Madrid and Huelva (both of which are in Spain). Madrid remained in first position, contributing around 83% of total revenues (65% at 31 December 2019), followed by Huelva with 17% (35% at 31 December 2019) and Castellón 0% (0% at 31 December 2019).

Furthermore, it is of interest to highlight the evolution of the **occupation rates** by type of asset from the **standpoint of asset types**: The occupation rate of the Company's assets allocated to leases at 31 December 2020 amounted to 93% of the floor space (sq.m.) leased (92% in 2019), which breaks down as follows:

	31/12/2020		31/12/2019	
	m2	Occupation	m2	Occupation
Hotels	80,135	100.00%	80,135	100.00%
Offices	39,436	90.72%	40,186	88.43%
Retail	23,982	66.58%	23,982	67.41%
Industrial	13,810	100.00%	13,810	100.00%
Total	**157,364**	**92.58%**	**158,114**	**92.12%**

During 2020, the occupancy rate of properties was maintained compared to the rate recorded at 31 December 2019.

4. Property Investment

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

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

5. Disclosure on supplier payment deferrals

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

	2020	2019
	Days	
Average payment period to suppliers	84.24	75.72
Ratio of paid transactions	85.97	73.76
Ratio of transactions pending payment	66.37	77.68
	Euros	
Total payments made	11,645,241	7,395,094
Total payments pending	1,124,242	2,472,056

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

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

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

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

Although the average payment period in 2020 was 84.24 days (75.72 days in 2019), which is longer than the statutory period, this was mainly due to the private agreements reached by the Company with certain subcontractors for the refurbishment of its buildings.

6. Earnings per share

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

	Euros	
	31/12/2020	31/12/2019
Net profit	9,444,108	14,256,779
Weighted average number of shares	4,452,197	4,452,197
Earnings per share	**2.12**	**3.20**

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

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

At the end of 2020 and 2019, the basic and diluted earnings per share matched.

The dividend per share breakdown is as follows:

	Euros	
	2020	2019
Gross dividend paid out to shareholders (*)	8,499,697	12,526,626
Gross interim dividend	7,000,000	-
Gross dividend per share	1.91	2.81
Gross interim dividend per share	1.57	-
Gross final dividend per share	0.34	-
Gross return on average share price in the year	2.71%	3.75%
Gross return on nominal value	3.18%	4.68%

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

7. Acquisition of treasury shares

At 31 December 2020, the Company did not hold any treasury shares in its portfolio.

8. Research and development activities

The company does not undertake any research and development activities.

9. Main risks to the Company

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

a) Credit risk

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

b) Liquidity risk

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

c) Exchange rate risk

As regards the Company's exchange rate risk at 31 December 2020, it did not have any assets or liabilities in foreign currencies. Hence, there is no risk in this regard.

d) Interest rate risk

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

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

2017 on the property located in calle José Abascal 41 in Madrid.

In 2019, two new long-term loans were arranged, one fixed-rate loan for 10,000,000 euros with Caixabank, which matures on 30 November 2029, and the other with Banco Pichincha for 2,000,000 euros, which matures on 1 April 2022. In 2020, the Company arranged a fixed-rate long-term loan for the sum of 12,000,000 euros with Banco Santander, maturing on 22 December 2025.

e) Real estate business risks

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

Other market risks to which the Company is exposed include:

- **Regulatory risks**: the Company is bound to comply with several general and specific legal provisions in force (legal, accounting, environmental, employment, tax, data protection provisions, among others) which apply to it. Any regulatory changes that come about in the future may have a positive or negative effect on the Company.

- **Tourism risk**: a significant part of the Company's assets (mainly hotels) are connected to the tourism industry. Any drop in tourism activity in the cities where these hotels are located could have a negative effect on hotel use and occupancy. As a result, this could have a negative effect on the yield and performance of these assets if tenants renegotiate current lease agreements.

f) Risks associated with COVID-19

The appearance of the COVID-19 coronavirus in China in January 2020 and its spread across the world resulted in the World Health Organization declaring this outbreak a pandemic on 11 March 2020. On account of the COVID-19 pandemic, the Spanish government declared a State of Alarm on 15 March, which remained in place until 21 June. Furthermore, a range of different nationwide mobility restrictions were imposed that remain in place at present. This fact has significantly affected the global economy and, as a result, the Company's operations and financial profit. The Company rolled out a contingency plan to alleviate the impact of the pandemic on profit insofar as possible.

This has resulted in the Company having to authorise deferrals or grace periods in contracts with the tenants of leases, the effect of which has been partially offset through additional contracts for other assets.

The extent to which the coronavirus will affect future profit will depend on future developments that cannot be predicted reliably, including but not limited to actions to contain the pandemic, the vaccination process and to mitigate its impact on the economies of affected companies. Notwithstanding the foregoing, this fact has been taken into account by the directors of the Company and they do not believe there is any scenario in which the continuity of its activities could be jeopardised.

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 2021

Given the Company's activity, the Directors of the Company consider that 2021 will continue to be positive as regards the maintenance of long-term lease contract conditions. The forecasts are therefore positive, taking into account the long-term lease agreements with top-quality lessees in the hotel industry and in the office and retail sectors, which guarantee the business's viability in the medium and long-term, as well as the new retail outlet lease agreements with lessees having outstanding solvency ratings.

Notwithstanding the foregoing, compliance with the Company's plans and expectations for 2021 will depend on how the circumstances surrounding Covid-19 continue to develop.

11. Information on conflicts of interest among the Directors

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

12. Subsequent disclosures

From 31 December 2020 until the date of preparation of the Company's financial statements for 2020, no relevant events have occurred that need to be specified in this section, with the exception of the following:

- On 21 January 2021, Isla Canela, S.A. repaid the entire mortgage loan taken out for Hotel Meliá Atlántico, owned by the Company (owner, not debtor) that Canela S.A. was due to pay back by 31 December 2020 for the sum of 972,719 euros (Note 16).

13. Annual Corporate Governance Report

See **Annex A**.

Annex A. Annual Corporate Governance Report

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED PUBLIC LIMITED COMPANIES

IDENTIFICATION DETAILS OF THE ISSUER

End date of the period of reference: 31/12/2020

CIF (Taxpayer's Identification Code): A87093902

Company Name:

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

Registered office:

GTA DE CUATRO CAMINOS 6 Y 7 4ª MADRID

A. COMPANY OWNERSHIP STRUCTURE

A.1. Fill in the following table regarding the share capital of the Company:

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
15/12/2011	267,577,039.70	4,452,19 7	4,452,19 7

Indicate whether there are different share classes with different associated rights:

[ ] Yes
[√] No

A.2. List the direct and indirect holders of significant interests at the end of the financial year, excluding directors:

Shareholder name or company name	% of voting rights attributed to the shares		% of voting rights granted through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
JAIME COLOMER BERROCAL	6.12	0.00	0.00	0.00	6.12
JUAN COLOMER BERROCAL	6.12	0.00	0.00	0.00	6.12
MARCO COLOMER BERROCAL	6.12	0.00	0.00	0.00	6.12
COMPAÑÍA ADMINISTRADORA DE RECURSOS Y OBLIGACIONES, S.L.	0.00	5.00	0.00	0.00	5.00

Details of the indirect shareholding:

Name or company name of the indirect shareholder	Name or company name of the direct shareholder	% of voting rights attributed to the shares	% of voting rights granted through financial instruments	% of total voting rights
COMPAÑÍA ADMINISTRADORA DE RECURSOS Y OBLIGACIONES, S.L.	MULTIACTIVIDADES REUNIDAS, S.L.	5.00	0.00	5.00

State the most significant movements in the company ownership structure during the year:

Most significant movements

During 2020, the following shareholder movements were booked:

- Gestora de Solares, S.L.U. (100% owned by Promociones y Construcciones PYC Pryconsa, S.A. purchased 96,887 shares in the Company equivalent to a 2.18% interest (45,000 shares sold by Anoa Finanzas, S.L. and 50,957 sold by Cogein, S.L.U. with the remaining 930 shares purchased on the market).
- Gran Vía 34, S.L.U. (100% owned by PER 32, S.L.) was absorbed by the sole shareholder. As a result, the interest held by Gran Vía 34, S.L.U. in the Company (342,305 shares equivalent to a 7.69% interest) were transferred to PER 32, S.L., which, as a result held an 8.6% interest in the Company (382,985 shares) at the end of 2020.

Although the direct interest of the significant shareholders in the company did not change, these changes affect their indirect interests, as follows:

- Jose Luis Colomer Barrigón increased his indirect interest in the Company by 1.04%.

A.3. Complete the following tables with information on the members of the company's board of directors who hold voting rights on shares in the company:

Name or company name of director	% of voting rights attributed to the shares		% of voting rights granted through financial instruments		% of total voting rights	% of voting rights that can be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR JUAN CARLOS URETA DOMINGO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MS MÓNICA DE QUESADA HERRERO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR JOSE LUIS COLOMER BARRIGÓN	30.72	32.46	0.00	0.00	0.00	0.00	0.00
MR MARCO COLOMER BARRIGÓN	12.40	0.00	0.00	0.00	0.00	0.00	0.00
MS IRENE HERNÁNDEZ ÁLVAREZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00

% of total voting rights held by the board of directors	75.58

Details of the indirect shareholding:

Name or company name of director	Name or company name of the direct shareholder	% of voting rights attributed to the shares	% of voting rights granted through financial instruments	% of total voting rights	% of voting rights that can be transferred through financial instruments
MR JOSE LUIS COLOMER BARRIGÓN	COGEIN, S.L.U.	11.63	0.00	11.63	0.00
MR JOSE LUIS COLOMER BARRIGÓN	PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	11.19	0.00	11.19	0.00
MR JOSE LUIS COLOMER BARRIGÓN	PER 32, S.L.	8.60	0.00	8.60	0.00

A.4. State, as appropriate, the family, commercial, contractual or corporate relationships existing between significant shareholders, insofar as they are known by the company, unless they have little relevance or stem from the company's ordinary trading, except those reported in section A.6:

Related party name or company name	Relationship type:	Brief description:
MR MARCO COLOMER BARRIGÓN, MR JOSE LUIS COLOMER BARRIGÓN	Family	Siblings
MR MARCO COLOMER BARRIGÓN, MR MARCO COLOMER BERROCAL	Family	Father/Son
MR MARCO COLOMER BARRIGÓN, MR JUAN COLOMER BERROCAL	Family	Father/Son
MR MARCO COLOMER BARRIGÓN, MR JAIME COLOMER BERROCAL	Family	Father/Son

A.5. State, as appropriate, the commercial, contractual or corporate relationships existing between significant shareholders, and the company and/or its group, unless they have little relevance or stem from the company's ordinary trading:

Related party name or company name	Relationship type:	Brief description:
No data available		

A.6. Describe the relationships, unless they are of little relevance to both parties, that exist between significant shareholders or shareholders represented on the board and the directors, or their representatives, in the case of directors that are legal persons.

Explain, where appropriate, how significant shareholders are represented. Specifically, indicate those directors that have been appointed on behalf of significant shareholders, those whose appointment has been promoted by significant shareholders, or that are linked to significant shareholders and/or entities in their group, specifying the nature of such relationships. In particular, mention shall be made, where appropriate, of the existence, identity and position of members of the board, or representatives of directors, of the listed company, that are, in turn, members of the management body, or their representatives, in companies which hold significant shareholdings in the listed company or in entities of the group of such significant shareholders:

Name or company name of the related director or representative:	Name or company name of the related significant shareholder:	Company name of the group company of the significant shareholder:	Description of relationship/position:
MS MÓNICA DE QUESADA HERRERO	MULTIACTIVIDADES REUNIDAS, S.L.	COMPAÑÍA ADMINISTRADORA DE RECURSOS Y OBLIGACIONES, S.L.	MONICA DE QUESADA HERRERO IS A DIRECTOR OF MULTIACTIVIDADES REUNIDAS, S.L., HAVING AUTHORITY TO REPRESENT THAT COMPANY ACTING ALONE
MR MARCO COLOMER BERROCAL	PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	MARCO COLOMER BERROCAL IS A DIRECTOR OF PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.
MR JOSE LUIS COLOMER BARRIGÓN	PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	JOSE LUIS COLOMER BARRIGÓN IS THE REPRESENTATIVE OF THE DIRECTOR OF GESTORA DE PROMOCIONES AGROPECUARIAS, S.A. ON THE BOARD OF PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.
MR JOSE LUIS COLOMER BARRIGÓN	PER 32, S.L.	PER 32, S.L.	SOLE DIRECTOR
MR MARCO COLOMER BARRIGÓN	COGEIN, S.L.U.	COGEIN, S.L.U.	MARCO COLOMER BARRIGÓN IS THE REPRESENTATIVE OF THE SOLE DIRECTOR

Name or company name of the related director or representative:	Name or company name of the related significant shareholder:	Company name of the group company of the significant shareholder:	Description of relationship/position:
			COGEIN, S.L.U. WHICH IS PER 32., S.L.
MR MARCO COLOMER BARRIGÓN	PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	MARCO COLOMER BARRIGÓN IS CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A. AND REPRESENTATIVE OF THE DIRECTOR OF PER 32, S.L.
MR MARCO COLOMER BARRIGÓN	PER 32, S.L.	PER 32, S.L.	SOLE DIRECTOR
MR JUAN COLOMER BERROCAL	PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	JUAN COLOMER BERROCAL IS A DIRECTOR OF PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.

A.7. State whether the company has been informed of shareholders' agreements which affect it, as set forth under Articles 530 and 531 of the Spanish Corporate Enterprises Act. If so, describe them briefly and list the shareholders bound by the agreement:

[ ] Yes
[√] No

State whether the company is aware of the existence of any concerted actions among its shareholders. If so, give a brief description:

[ ] Yes
[√] No

If any amendments to or breaches of the aforementioned agreements or concerted actions have occurred during the year, state this explicitly:

A.8. State whether any natural or legal person exercises or could exercise control over the company as per the provisions of Article 5 of the Securities Market Law (LMV). If so, identify them:

[√] Yes
[ ] No

Name or company name
JOSE LUIS COLOMER BARRIGÓN

Despite Jose Luis Colomer Barrigón holding 62.14% of all of the shares in the Company and being Vice-Chairman of the Board, he does not exert any influence over the decisions adopted at Board level, given that they are taken by the Board itself, which is made up of four other members who discharge their responsibilities with complete freedom.

A.9. Complete the following tables on the company's treasury stock:

At year end:

Number of direct shares	Number of indirect shares(*)	% of total share capital
		0.00

(*) Through:

Name or company name of the direct shareholder	Number of direct shares
No data available	

A.10. Describe the conditions and the term of the current mandate of the board of directors to issue, repurchase or transfer treasury shares, as conferred by the General Shareholders' Meeting:

There are none.

A.11. Estimated floating capital:

	%
Estimated floating capital	1.08

A.12. State whether there is any constraint (statutory, legislative or of any kind) on the transferability of securities and/or any restriction on voting rights. In particular, the existence of any type of restrictions that may hinder the taking of control of the company by means of the acquisition of its shares in the market, as well as those systems of prior authorisation or communication that, regarding the acquisitions or transfers of the company's financial instruments, are applicable to it under sectoral regulations, shall be indicated.

[ ] Yes
[√] No

A.13. State whether the general meeting has resolved to adopt any measures to neutralise take-over bids pursuant to the provisions set forth in Law 6/2007.

[ ] Yes
[√] No

If so, explain the measures that have been approved and the terms under which the constraints would be ineffective:

A.14. State whether the company has issued securities which are not traded on a regulated EU market.

[ ] Yes
[√] No

If so, indicate the different classes of shares and, for each class of shares, the rights and obligations conferred by them:

B. GENERAL SHAREHOLDERS MEETING

B.1. State whether differences exist between the minimum quorum established in the Spanish Corporate Enterprises Act (LSC) and the quorum needed to convene the general meeting. If so, explain these differences:

[ ] Yes
[√] No

B.2. State whether there are differences with the methods laid down in the Spanish Corporate Enterprises Act (LSC) to adopt corporate resolutions. If so, explain these differences:

[ ] Yes
[√] No

B.3. State the regulations which apply to the amendment of the company's Articles of Association. More specifically, report the majorities stipulated for amending the Articles of Association and, where applicable, the rules laid down to safeguard shareholders' rights when the Articles of Association are amended.

In accordance with Articles 2.3 and 7.1.c of the General Shareholders' Meeting Regulations, the general meeting holds the power to amend the Articles of Association and the general meeting's own regulations at the instigation of, and after receiving a report from, the board of directors. The system of majorities established for the amendment of the Articles of Association and protection of members rights, where applicable, is regulated pursuant to the provisions of the Spanish Companies Act (*Ley de Sociedades de Capital*).

B.4. Provide the attendance data for the general meetings held during the year to which this report refers and the data for the two preceding years:

	Attendance data				
Date of general meeting	% in person	% by proxy	% remote voting		Total
			Electronic voting	Other	
26/04/2018	80.60	19.39	0.00	0.00	99.99
Of which floating capital	1.92	1.03	0.00	0.00	2.95
28/06/2018	92.83	6.12	0.00	0.00	98.95
Of which floating capital	1.92	1.03	0.00	0.00	2.95
25/04/2019	80.60	13.27	0.00	0.00	93.87
Of which floating capital	1.05	1.03	0.00	0.00	2.08
30/06/2020	80.60	19.39	0.00	0.00	99.99
Of which floating capital	0.03	1.04	0.00	0.00	1.07

B.5. State whether there have been any agenda items in the General Shareholders' Meetings held during the year that, for any reason, have not been approved by the shareholders:

[ ] Yes
[√] No

B.6. State whether there are any statutory restrictions that establish the minimum number of shares required to attend the General Shareholders' Meeting or to vote remotely:

[ ] Yes
[√] No

B.7. State whether certain decisions, other than those established by law, involving an acquisition, disposal, transfer of essential assets to another company or other similar corporate operations must be submitted to the General Shareholders' Meeting for approval:

[ ] Yes
[√] No

B.8. Indicate the URL and way to gain access to information on corporate governance and other information on general meetings which must be made available to shareholders on the Company website:

The URL of the Company's website is: www.saintcroixhi.com. Information on Corporate Governance, Shareholders Meetings and other information that has to be made available to Company shareholders can be found under the "Investors Area" menu.

C. STRUCTURE OF THE COMPANY'S ADMINISTRATION

C.1. Board of Directors

C.1.1 Maximum and minimum numbers of directors stipulated in the articles of association and the number set by the General Shareholders' Meeting:

Maximum number of directors	11
Minimum number of directors	3
Number of directors set by the general meeting	5

C.1.2 Complete the following table with details on the board members:

Name or company name of director	Representative	Director category	Office on the board	Date of first appointment	Date of last appointment	Appointment procedure
MR JUAN CARLOS URETA DOMINGO		Independent	DIRECTOR	02/12/2014	26/04/2018	AGREEMENT BY GENERAL SHAREHOLDERS MEETING
MS MÓNICA DE QUESADA HERRERO		Proprietary	DIRECTOR	29/06/2017	29/06/2017	AGREEMENT BY GENERAL SHAREHOLDERS MEETING
MR JOSE LUIS COLOMER BARRIGÓN		Proprietary	VICE-CHAIRMAN	10/06/2014	20/04/2018	AGREEMENT BY GENERAL SHAREHOLDERS MEETING
MR MARCO COLOMER BARRIGÓN		Executive	CHAIRMAN - CHIEF EXECUTIVE OFFICER	10/06/2014	26/04/2018	AGREEMENT BY GENERAL SHAREHOLDERS MEETING
MS IRENE HERNÁNDEZ ÁLVAREZ		Independent	INDEPENDENT COORDINATING DIRECTOR	28/02/2018	28/02/2018	CO-OPTION

Total number of directors	5

State any departures, either due to resignations or resolutions of the Shareholders Meeting, that have occurred on the Board of Directors during the reporting period:

Name or company name of director	Category of director at the time of removal	Date of last appointment	Departure date	Specialised committees of which he or she was a member	State whether the departure took place before the end of the term of office
No data available					

C.1.3 Complete the following tables about the different types of board members:

EXECUTIVE DIRECTORS		
Name or company name of director	Office in the company's organisation chart	Profile
MR MARCO COLOMER BARRIGÓN	CHAIRMAN AND CHIEF EXECUTIVE OFFICER	Marco Colomer Barrigón is Chairman and Chairman and Chief Executive Officer of Grupo Pryconsa, a group of companies operating in the real estate and construction sectors since 1965. Grupo Pryconsa is one of the sector's leading Groups with a significant position in the management of real estate assets for rent as well as urban management, the comprehensive provision of all types of real estate services and management of cooperatives and is developing renewable energy activities inside and outside Spain. He is the representative of the sole administrator COGEIN, S.L.U. and Isla Canela S.A., which in both cases is PER 32, S.L.; these companies are dedicated to real-estate development and construction activities, in addition to the management of real-estate assets for rent. Isla Canela, S.A. specialises in real-estate development in the tourism and urban management sector. He has a degree in Law and Business Administration from ICADE and is a member of the Regional Advisory Council of Banco Bilbao Vizcaya Argentaria, S.A. He has been a Director of other companies within other sectors such as food (from 1985 to 1990) like Jamones de Montánchez (Jamosa), Icomost and Vegajardin, Director of Banco Popular Español from 1989 to 1991 and Member of the Global Advisory Council for investors of Chase Manhattan Private Bank, today J. P. Morgan.

Total number of executive directors	1
% of the board as a whole	20.00

NON-EXECUTIVE PROPRIETARY DIRECTORS		
Name or company name of director	Name or company name of the significant shareholder whom he/she represents or who has proposed his/her appointment	Profil e
MS MÓNICA DE QUESADA HERRERO	MULTIACTIVIDADES REUNIDAS, S.L.	Mónica de Quesada Herrero is CEO of the Pavasal Group, a company mainly dedicated to the construction sector based in Valencia and incorporated in 1947. She is a director at various companies that make up the business group, such as Edifesa Obras y Proyectos S.A, Edificación Logística e Industrial S.L and others. She holds a degree in Business Administration from the University of Valencia (1997). She later obtained a degree in Economics from the same University (2000). She holds a Master's Degree in Economics, Finance and Management (GPEFM) from the Universidad Pompeu Fabra university in Barcelona (2005). She has taught as a lecturer in the Department of Applied Economics and Mathematics at the Faculty of Economics of the Universidad Pompeu Fabra university in Barcelona as well as in the Department of Mathematics at the School of Civil Engineering of the Polytechnic University of Valencia. She is a member of the Board of Trustees of various Valencian Foundations such as the Foundation for Stock Market and Financial Studies, the University of Valencia-Companies Foundation (ADEIT) and the Cañada Blanch Foundation. She is a member of the Círculo de Empresarios (Entrepreneurs' Association) of Madrid.
MR JOSE LUIS COLOMER BARRIGÓN	MR JOSE LUIS COLOMER BARRIGÓN	José Luis Colomer Barrigón has a degree in Hispanic Studies from the University of Salamanca, a doctorate in Comparative Literature from the University of Bologna and a degree in Art History from the Sorbonne. He has been a research fellow at the Collège de France in Paris, the Warburg Institute in London and the Institute for Advanced Study in Princeton. After teaching Spanish literature and history as a tenured lecturer at the University of Lyon II (1993-1998), he was a member of the Casa de Velázquez in Madrid (2000-2002) and participated in projects of the State Association for Cultural Action Abroad (SEACEX). Since 2005 he has directed the Centro de Estudios Europa Hispánica (Hispanic Europe Studies Centre, CEEH), a private entity that promotes cultural initiatives - publications, documentaries, congresses and exhibitions - to foster international Hispanicism. His publications focus, among other things, on the Spanish presence in Europe during the 17th century and the cultural relations between Spain and Italy. This research has seen him decorated by the Italian Republic. José Luis Colomer is chairman of the Pryconsa Foundation, which, on its own initiative or in collaboration with other entities, carries out social and cultural projects in Spain. In addition, José Luis Colomer Barrigón, in his capacity as director of a large number of companies, has developed knowledge and skills and has

NON-EXECUTIVE PROPRIETARY DIRECTORS		
Name or company name of director	Name or company name of the significant shareholder whom he/she represents or who has proposed his/her appointment	Profil e
		sufficient experience in accounting, administration and the preparation of financial statements.

Total number of proprietary directors	2
% of the board as a whole	40.00

NON-EXECUTIVE INDEPENDENT DIRECTORS	
Name or company name of director	Profile
MR JUAN CARLOS URETA DOMINGO	Juan Carlos Ureta is the Chairman of Renta 4 Banco S.A., specialising in asset management, capital markets and business financing. Renta 4 Banco is the only bank specialising in asset management to be traded on the Spanish Stock Exchange. He holds a Diploma in Financial Law from the University of Deusto (Bilbao). He qualified as a Public Prosecutor, currently non-practising, in 1980 and as a stockbroker at the Madrid Stock Exchange in 1986, graduating top of his class. Chairman of the Spanish Institute of Financial Analysts, Chairman of the Financial Studies Foundation, Member of the Board of Directors and the Permanent Committee of the Governing Body of the Madrid Stock Exchange since 1989. He was a member of the Board of Directors of the Securities Clearing and Settlement Service (Iberclear) from 1996 to 2003. He was also Chairman of Iberclear in 2002. Member of the Board of Directors of BME (Bolsas y Mercados Españoles), the holding company covering all Spanish stock exchanges and clearing and settlement systems, from 2002 to 2006. Member of the Board of Directors of Indra Sistemas from 1998 to 2007. Member of the Advisory Board of Lucent Technologies in Spain from 1996 to 2001. Member of the Advisory Board of ING Direct. Consultant for several Spanish and foreign business groups and the author of numerous specialist publications on legal and financial matters. He also served as director of Bolsas y Mercados Españoles, S.A. until 2020.
MS IRENE HERNÁNDEZ ÁLVAREZ	Irene Hernández Álvarez is a founding partner of Impulsa Capital, a company specialising in providing corporate financial advisory services in the private equity/venture capital sector. Impulsa Capital advises companies and/or their shareholders in capital increase transactions, replacement of investors, MBOs, obtaining subordinated debt and in the sale of companies; it also advises private equity/venture capital funds in the search for investment commitments, as well as in investments and disinvestments. In addition, Impulsa Capital is an MAB Registered Advisor (now BME Groth), and is able to advise companies to become listed on that market. Previously, she worked at JP Morgan from 1987 to 2001 in the area of investment banking; from 1995, she worked in the IPO department, firstly for Latin American companies, from New York, and later managing the unit in Spain. With a degree in business administration from ICADE, she was awarded an extraordinary final project prize and the second national prize in economics. She is a founding member of Club Empresarial ICADE (ICADE Entrepreneurial Club) and has been on

NON-EXECUTIVE INDEPENDENT DIRECTORS	
Name or company name of director	Profile
	its executive committee since its foundation and participates in various educational activities aimed at promoting entrepreneurship. She also serves in the capacity as an independent director at Elecnor, S.A. and Ence Energía y Celulosa, S.A. in addition to Chairwoman of the Audit Committee at both firms and member of the Executive Committee at Ence Energía y Celulosa, S.A.

Total number of independent directors	2
% of the board as a whole	40.00

State whether any director classified as an independent receives from the company, or any group company, any amounts or benefits for an item other than the director's remuneration, or whether any director maintains or has maintained a business relationship with the company or any company in the group in the last year, whether in his/her own name or as a major shareholder, director or senior manager of an entity maintaining, or which has maintained, such a relationship.

If so, include a reasoned statement by the board on the reasons why it considers that such director may perform his/her duties as an independent director.

Name or company name of director	Description of the relationship	Reasoned statement
MR JUAN CARLOS URETA DOMINGO	Does not exist.	Not applicable.
MS IRENE HERNÁNDEZ ÁLVAREZ	Does not exist.	Not applicable.

OTHER NON-EXECUTIVE DIRECTORS			
Identify the other non-executive directors and state the reasons why they cannot be considered proprietary or independent directors, and their relationship with the company, its directors or shareholders:			
Name or company name of director	Reasons:	Company, director or shareholder with whom the link is held:	Profile
No data available			

Total number of other external directors	N.A.
% of the board as a whole	N.A.

State the changes, if any, that have come about in the types of directors during the period:

Name or company name of director	Date of change	Previous category	Current category
No data available			

C.1.4 Complete the table below with information on the number of female directors at the end of the last four financial years, and their type:

	Number of female directors				% of total number of directors of each type			
	2020	2019	2018	2017	2020	2019	2018	2017
Female Executives					0.00	0.00	0.00	0.00
Proprietary	1	1	1	1	50.00	50.00	50.00	50.00
Independent	1	1	1	1	50.00	50.00	50.00	50.00
Other Non-Executive Female Executives					0.00	0.00	0.00	0.00
Total	2	2	2	2	40.00	40.00	33.33	33.33

C.1.5 Indicate whether the company has diversity policies in relation to the company's board of directors with respect to issues such as age, gender, disability, or professional training and experience. Small and medium-sized entities, in accordance with the definition contained in the Spanish Audit Act (*Ley de Auditoría de Cuentas*), will have to report, at a minimum, on the policy they have established in relation to gender diversity.

[ ] Yes
[ ] No
[√] Partial policies

If yes, describe these diversity policies, their objectives, the measures and how they have been implemented, as well as their results for the year. The specific measures adopted by the Board of Directors and the Appointments and Remuneration Committee to achieve a balanced and diverse presence of directors must also be indicated.

If the company does not implement a diversity policy, explain the reasons why it does not do so.

Description of policies, objectives, measures and the way in which they have been applied, as well as the results obtained.

Pursuant to Article 14.7(g) of the Board of Directors Regulations, the Appointments and Remuneration Committee has to inform the board about diversity and gender-related issues. It may suggest to the board of directors the appointment of one or several female directors to bring before the General Shareholders Meeting. The director recruitment procedure is not affected by any kind of bias which may hinder or obstruct the election of women as members of the Board of Directors. The Board of Directors currently has two female directors (one proprietary and one independent), representing 40% of the total number of Board members.

The Company does not have diversity policies in place in relation to the Board of Directors of the company with regard to matters such as age or disability, but circumstances of this nature may not be an exclusive reason for ruling out possible candidates who might be able to join the Board of Directors.

C.1.6 Explain the measures agreed, if any, by the appointments committee to ensure that the selection procedures are not affected by any implicit biases against selecting female directors and to make sure that the company deliberately seeks to include, among potential candidates, women who meet the professional profile required, allowing a balanced presence of women and men to be achieved. Also indicate whether these measures include promoting a significant number of women in senior management positions at the company:

Explanation of the measures
See Section C.1.5. above.

Where the number of female directors or women in senior management positions at the company is few or none, despite the measures taken, if any, explain the reasons to justify this fact:

Explanation of the reasons
As previously stated, the number of female directors currently represents 40% of the total number of board members.

C.1.7 Explain the conclusions of the appointments committee regarding the verification of compliance with the policy aimed at promoting an appropriate composition on the Board of Directors.

The Company currently has no approved director selection policy. However, the direct selection procedures promote gender diversity, pursuant to the provisions of Article 529 bis of the Corporate Enterprises Act. In this regard, at the end of 2020, 40% of the Company's directors were female.

C.1.8 Explain, should it be the case, the reasons why proprietary directors have been appointed at the request of shareholders whose shareholding is below 3% of share capital:

Shareholder name or company name	Justification
No data available	

State whether any formal requests have been rejected for a seat on the board by shareholders whose shareholding is equivalent to or exceeds that of others at whose request proprietary directors have been appointed. If so, explain the reasons why such requests have been turned down:

[ ] Yes
[√] No

C.1.9 Indicate, if any, the powers and faculties delegated by the board of directors to directors or to board committees:

Name or company name of the director or committee	Brief description:
MARCO COLOMER BARRIGÓN	In accordance with the Article 20.6 of the Articles of Association, the board may appoint one or more Chief Executive Officers, notwithstanding the powers of attorney it may grant to any person and determine the powers of attorney to be granted in each case. The permanent delegation of any of the board of directors' powers to one or several Chief Executive Officers and the appointment of the director(s) who are to hold such offices shall require

Name or company name of the director or committee	Brief description:
	a vote in favour from two-thirds of the board members to be effective and shall not enter into effect until it is duly registered at the Companies Registry. Under no circumstances may the purpose of such delegation be accountability or the bringing of balances before the General Meeting, nor may the powers that the latter may confer upon the board be delegated, unless expressly authorised by it. In accordance with Article 4.3 of the Board Regulations, the board of directors shall hold responsibility for all the powers which cannot be delegated and are legally reserved for its deliberation, as well as any others that are necessary to responsibly exercise its general oversight duty. It may delegate the remaining powers to one or several Chief Executive Officers. At the board meeting held on 26 April 2018, it was agreed to re-appoint Marco Colomer Barrigón as the Company's Chief Executive Officer, to whom all the powers of the board of directors were delegated, with the exception of those that cannot be delegated by law.

C.1.10 Identify, as applicable, the members of the board who hold office as directors, representatives of directors or executives in other companies that form part of the listed company's group:

Name or company name of director	Company name of group company	Position	Do they have executive duties?
No data available			

C.1.11 For your company, give details, where applicable, of any directors, or representatives of directors that are legal persons, who are members of the board of directors, or representatives of directors that are legal persons, of other entities listed on regulated markets, other than companies in your group, of which the company has been notified:

Name or company name of director	Company name of listed company	Position
MR JUAN CARLOS URETA DOMINGO	RENTA 4 BANCO, S.A.	CHAIRMAN
MR MARCO COLOMER BARRIGÓN	RANK INVERSIONES SIL, S.A.	CHAIRMAN
MS IRENE HERNÁNDEZ ÁLVAREZ	ENCE ENERGÍA Y CELUSOSA, S.A.	DIRECTOR
MS IRENE HERNÁNDEZ ÁLVAREZ	ELECNOR, S.A.	DIRECTOR

C.1.12 State and, if necessary, explain whether the company has any rules concerning the maximum number of boards of companies of which its directors may form part, identifying, if applicable, where it is regulated:

[ ] Yes
[√] No

C.1.13 Indicate the amounts of the following items relating to the total remuneration of the Board of Directors:

Remuneration accrued in the year by the board of directors (€ thousands)	54

Amount of pension rights accumulated by the current Directors (€ thousands)	
Amount of pension rights accumulated by the ex-Directors (€ thousands)	

C.1.14 Identify the members of senior management that are not simultaneously executive directors and state the total remuneration accruing to them in the year:

Name or company name	Position(s)
No data available	

C.1.15 State whether any amendments have been made to the Board Regulations during the financial year:

[ ] Yes
[√] No

C.1.16 State the procedures used to select, appoint, re-elect and remove board members. Name the competent bodies, the procedures to be followed and the criteria used in each procedure.

Selection:

The Board of Directors and the Appointments and Remuneration Committee, within the scope of their responsibilities, strive to ensure that candidates of renowned solvency, competence and experience are chosen, taking particular care in the case of independent directors. The Appointments and Remuneration Committee is responsible for assessing the skills, knowledge and experience required on the Board of Directors in order to define the skills and capabilities required by candidates to cover each vacancy, and to assess the time and dedication required to properly carry out their duties.

Appointment:

Being a shareholder is not a requirement for appointment to the board and both natural and legal persons may be members, though in the latter case a natural person must be appointed to represent the legal person and to hold office. People who have been legally disqualified may not be directors; nor may those who have been declared incompatible according to legislation on senior executives and other specific general or regional provisions.

Directors are appointed by the General Shareholders' Meeting or, in the event of co-opted nomination to cover vacancies, by the Board of Directors according to the provisions set forth in applicable law.

Proposals for the appointment of independent directors are made by the Appointments and Remuneration Committee. Any proposals for the appointment of non-independent directors the board brings before the General Meeting for its deliberation and any appointment decisions the board adopts by virtue of the powers of co-option legally attributed to it shall be preceded by the relevant non-binding report issued by the Appointments and Remuneration Committee. Should the board reject the recommendations made by the Appointments and Remuneration Committee, it shall state the reasons thereof and record its reasons in the minutes of the meeting.

Re-election:

Directors hold office for a term of four years and may be re-elected once or more times for periods of equivalent duration. Once the term has expired, the appointment shall expire when the following General Meeting is held or the legal time limit for holding the General Shareholders' Meeting which has to resolve on the application of the previous year's accounts has elapsed.

Any proposals for the reappointment of directors which the board of directors decides to bring before the General Shareholders' Meeting should have been previously reported on by the Appointments and Remuneration Committee, which shall assess in its recommendation the quality of the work and the dedication to the office during their mandate. Likewise, the board of directors ensures that any independent directors who are re-elected do not remain on the same committee, except where the tasks in progress or other reasons suggest they should continue on the same committee.

Assessment:

Annually, the Board of Directors carries out an assessment of its functioning and that of its committees. Based on the outcome of this assessment, the Board of Directors proposes an action plan aimed at correcting the deficiencies detected.

Removal:

Directors leave office once the term for which they were appointed has elapsed, where they tender their resignation to the Company or where the General Shareholders' Meeting so decides, in exercise of the powers conferred on it, either by law or by the Articles of Association. Directors place their office at the disposal of the board of directors and tender their resignation, where the board may see fit, in any of the following circumstances:

a) where they stand down from executive offices linked to their appointment as a director;
b) where they are involved in any of the circumstances of incompatibility or legal prohibition laid down;
c) where they are issued a serious admonishment by the Audit and Compliance Committee for having failed to fulfil their obligations as a director; and
d) where their remaining on the board may place the company's interests at risk or negatively affect its good standing and reputation or where the reasons why they were appointed cease to exist (for example, when a proprietary director sells his/her interest in the company).

Where, due to resignation or for other reasons, a director relinquishes office before the end of their term of office, they should explain the reasons in a letter sent to every member of the Board of Directors, notice of which should be given as a relevant fact and explained in the Annual Corporate Governance Report.

C.1.17 Explain how far the annual assessment of the board has led to important changes in its internal organisation, and on the procedures applicable to its activities:

Description of changes

The board of directors meeting held on 21 July 2020 approved the Annual Assessment on the Performance of the Board of Directors, its Audit Committee and the Appointments and Compensation Committee, produced by the Appointments and Compensation Committee at the Company, concluding that the board of directors operates in an appropriate and efficient manner, pursuant to the provisions of the Articles of Association and the General Meeting's own regulations. Furthermore, it concluded that during 2019, the members of the board of directors performed their duties with diligence and loyalty to the company's corporate interests, without proposing the adoption of any corrective measure, as no deficiency was identified in the Board's performance.

Describe the assessment process and the areas evaluated carried out by the board of directors, aided where appropriate by an external consultant, with respect to the operation and composition of the board and its committees and any other area or aspect that has been subject to evaluation.

Description of the assessment process and areas evaluated

The process to assess the Board of Directors, its Committees and its Chairman and Chief Executive Officer for 2019 was overseen by the Appointments and Remuneration Committee. This process concluded with the Board of Director's approving the assessment's results in its meeting of 21 July 2020.

The main areas assessed were the following:

- The composition, meetings, functioning and most relevant agreements of the Board of Directors;
- Attendance of directors to Board meetings;
- Relationship of the Board of Directors with its committees;
- Performance of the Board Chairman and Chief Executive Officer, as well as the Secretary; and
- Performance of the Board of Directors Committees.

The Board of Directors was not assisted by any external consultant in carrying out this assessment.

C.1.18 Break down, in those years in which the evaluation has been assisted by an external consultant, the business relationship that the consultant or any company within its group maintains with the company or any company in its group.

No services have been required from an external consultant.

C.1.19 State the cases in which directors are obliged to resign.

Article 21 of the Board of Directors Regulations. Removal of directors:

1. Directors shall leave office once the term for which they have been appointed has elapsed, where they tender their resignation to the Company or where the General Meeting so decides, in exercise of the powers conferred on it, either by law or by the Articles of Association.

2. Directors shall place their office at the disposal of the board of directors and tender their resignation, where the board may see fit, in any of the following circumstances:

a) where they stand down from executive offices linked to their appointment as a director;
b) where they are involved in any of the circumstances of incompatibility or legal prohibition laid down;
c) where they are issued a serious admonishment by the Audit and Compliance Committee for having failed to fulfil their obligations as a director; and
d) where their remaining on the board may place the company's interests at risk or negatively affect its good standing and reputation or where the reasons why they were appointed cease to exist (for example, when a proprietary director sells his/her interest in the company).

C.1.20 Are reinforced majorities other than legal majorities required for any type of decision?

[ ] Yes
[√] No

If so, describe the differences.

C.1.21 Explain if there are any specific requirements to be appointed as chairman of the board of directors other than those which apply to directors.

[ ] Yes
[√] No

C.1.22 State whether the Articles of Association or the Board Regulations establish any age limit for directors:

[ ] Yes
[√] No

C.1.23 State whether the Articles of Association or the Board Regulations establish a limited mandate or other stricter requirements in addition to those legally established for independent directors, other than as set forth in the legal regulations:

[ ] Yes
[√] No

C.1.24 Indicate whether the Articles of Association or the Regulations of the Board of Directors establish specific rules for delegating votes to the board of directors, to other directors, how this should be done, and in particular, the maximum number of delegations any Director may have, and whether there is any limit as to the director category to which votes may be delegated, other than the limitations imposed by law. If so, give a brief summary of these rules.

Article 16.1 of the Board Regulations sets forth that Directors shall make every effort to attend board meetings and, when they cannot do so in person, they may grant proxy to another Director. Non-executive directors may only grant proxy to another non-executive director. They shall endeavour to appoint that proxy by means of a letter addressed to the Chairman and, on an exceptional basis, to another board member, containing the relevant instructions, provided the agenda for the meeting permits it.

C.1.25 State the number of board meetings held during the financial year. Also indicate, as applicable, the number of times that the Board has met without its Chairman attending. The calculation of attendance includes instances of representation with specific instructions.

Number of board meetings	6

Number of board meetings held without the chairman in attendance	0

Indicate the number of meetings held by the coordinating director with the other directors, without the attendance or representation of any executive directors:

Number of meetings	0

State the number of meetings held by the board's various committees during the year:

Number of AUDIT COMMITTEE meetings	7
Number of APPOINTMENTS AND COMPENSATION COMMITTEE meetings	2

C.1.26 State the number of board meetings held during the year and the attendance data of its members:

Number of meetings attended in person by at least 80% of the directors	6
Attendance in person as a percentage of total votes during the year	100.00
Number of meetings attended by all directors in person or by proxies with specific instructions	6
% of votes cast with in-person attendance and representations made with specific instructions, out of the total votes during the financial year	100.00

C.1.27 State whether the individual and consolidated financial statements that are submitted to the Board to be issued are certified in advance:

[ ] Yes
[√] No

Identify, as applicable, the person(s) who has/have certified the Company's separate and consolidated financial statements to be drawn up by the board:

C.1.28 Explain, where applicable, the mechanisms established by the Board of Directors to ensure that the Board of Directors submits financial statements to the General Shareholders' Meeting that comply with the accounting regulations.

Pursuant to Article 13.9 of the Board Regulations, the following, among others, are the Audit and Compliance Committee's responsibilities:

- To issue a report on an annual basis expressing an opinion of the auditor of accounts' independence prior to the audit report being issued. Said report shall, in any case, state the provision of additional services; in other words, any services provided by the auditor other than auditing services;

- To ensure that the auditing agreement is fulfilled, endeavouring to ensure that the opinion on the financial statements and the audit report's main contents are clearly and accurately worded, in addition to assessing the results of each audit;
- To act as a communications channel between the board of directors and the auditors, assessing the results of each audit and the management team's responses to their recommendations and mediating in the event of discrepancies between them regarding the principles and criteria applicable to drawing up the financial statements;
- To oversee the efficacy of the Company's internal controls, internal auditing, as applicable, and its risk management systems, and to verify their integrity by reviewing them periodically in order to identify risks, manage them and make them known, as well as discussing with the auditors of accounts or auditing firms any significant weaknesses detected in the internal control system during the performance of an audit;
- To review the Company's financial statements and the periodic financial reporting the board has to provide to the markets and their supervisory bodies, and to safeguard the fulfilment of legal requirements and the proper application of generally accepted accounting standards;
- To inform the board of directors of any significant changes in accounting principles and in- and off-balance sheet risks.

C.1.29 Is the secretary of the board also a director?

[ ] Yes
[√] No

If the secretary is not a director, complete the following table:

Name or company name of secretary	Representative
JOSE JUAN CANO RESINA	

C.1.30 State the specific mechanisms established by the company to preserve the independence of the external auditors, as well as, if any, the mechanisms to preserve the independence of financial analysts, investment banks and ratings agencies, including how the legal provisions have been implemented in practice.

Pursuant to Article 13.9 of the Board Regulations, the following, among others, are the Audit and Compliance Committee's responsibilities:

- To propose the appointment of the external auditors of accounts to the board of directors for submission to the General Shareholders Meeting's consideration. Likewise, to propose engagement conditions to the board of directors, the scope of professional mandates and, if applicable, the renewal thereof or not;

- To maintain relationships with the external auditors to receive information on any matters that could jeopardise their independence and regarding any other matters related to the account auditing process, as well as on any other disclosures laid down by account auditing legislation and technical auditing standards;

- To issue a report on an annual basis expressing an opinion of the auditor of accounts' independence prior to the audit report being issued. Said report shall, in any case, state the provision of additional services; in other words, any services provided by the auditor other than auditing services;

- To ensure that the auditing agreement is fulfilled, endeavouring to ensure that the opinion on the financial statements and the audit report's main contents are clearly and accurately worded, in addition to assessing the results of each audit;

- To act as a communications channel between the board of directors and the auditors, assessing the results of each audit and the management team's responses to their recommendations and mediating in the event of discrepancies between them regarding the principles and criteria applicable to drawing up the financial statements;

- To oversee the efficacy of the Company's internal controls, internal auditing, as applicable, and its risk management systems, and to verify their integrity by reviewing them periodically in order to identify risks, manage them and make them known, as well as discussing with the auditors of accounts or auditing firms any significant weaknesses detected in the internal control system during the performance of an audit;

C.1.31 State whether the Company has changed its external auditor during the year. If so, please identify the incoming and outgoing auditors:

[√] Yes
[ ] No

Outgoing auditor	Incoming auditor
ERNST & YOUNG, S.L.	BDO AUDITORES, S.L.P.

In case there were any disagreements with the outgoing auditor, explain the content of same:

[ ] Yes
[√] No

C.1.32 State whether the auditing firm carries out other work for the company and/or its group, other than auditing work, and, if so, state the total fees received for such work and the percentage that this amount represents of the fees billed for audit work to the company and/or its business group:

[ ] Yes
[√] No

C.1.33 State whether the audit report on the financial statements for the previous year includes any reservations. If so, state the reasons given to shareholders at the General Meeting by the chairman of the audit committee to explain the content and scope of these reservations.

[ ] Yes
[√] No

C.1.34 State the number of consecutive years that the current auditing firm has audited the company's separate and/or consolidated financial statements without interruption. Also, indicate how many years the current audit firm has been auditing the accounts as a percentage of the total number of years over which the financial statements have been audited.

	Separate	Consolidated
Number of consecutive years		

	Separate	Consolidated
Number of years audited by the current audit firm / Number of years that the company or its group has been audited (%)	0.00	0.00

C.1.35 State whether there is a procedure to enable directors to gain access to the information they need to prepare for meetings of governing bodies with sufficient time:

[√] Yes
[ ] No

Details of the procedure

Pursuant to Article 8.2 a) and c) of the Board Regulations:

2. The Chairman has ultimate responsibility for the effective functioning of the board of directors. In addition to carrying out the duties that are legally and statutorily attributed to the board of directors, he/she shall be responsible for:

a) Convening and presiding over meetings of the board of directors, setting the agenda of meetings and leading discussions and debates.

c) Ensuring that directors receive sufficient information in advance in order to deliberate the items on the agenda.

C.1.36 State whether the company has established rules that require directors to report on and, as applicable, resign when circumstances arise that affect them, whether related to their activity at the company or not, that may harm the company's good standing and reputation. If so, describe said rules:

[√] Yes
[ ] No

Explain the rules

Pursuant to Article 21.2.d) of the Board Regulations:

Directors shall place their office at the disposal of the board of directors and tender their resignation, where the board may see fit, in any of the following circumstances:

d) where their remaining on the board may place the company's interests at risk or negatively affect its good standing and reputation or where the reasons why they were appointed cease to exist (for example, when a proprietary director sells their interest in the company).

C.1.37 State, unless there have been special circumstances duly kept on record, whether the Board has been informed or made aware of any situation affecting a director, whether related to their activity at the company or not, that may harm the company's good standing and reputation

[ ] Yes
[√] No

C.1.38 List the significant agreements signed by the company and that come into force, are modified or are terminated in the case of a change in control of the company resulting from a take-over bid, and their effects.

None.

C.1.39 Identify on an individual basis, when it refers to directors, and on an aggregated basis in all other cases, and state, in detail, any agreements between the company and its directors, executives or employees that provide for severance payments or contain guarantee or bailout clauses, where such individuals resign or are unfairly dismissed, or on termination of the contractual relationship due to a take-over bid or a transaction of some other kind.

Number of beneficiaries	0

Type of beneficiary	Description of agreement:
None.	There are no agreements on this issue.

State whether, in addition to the cases provided for by law, the company or group's corporate governance bodies have to be informed of such contracts. If so, specify the procedures, cases and the nature of the bodies responsible for approving or communicating them:

	Board of Directors	General Shareholders Meeting
Body that authorises the clauses	√	

	Yes	No
Is the General Meeting informed about the clauses?	√	

C.2. Board of Directors Committees

C.2.1 List all the committees of the board of directors, their members and the proportion of Executive, Proprietary, Independent and other non-executive Directors thereon:

AUDIT COMMITTEE		
Name	Position	Category
MR JUAN CARLOS URETA DOMINGO	SECRETARY	Independent
MR JOSE LUIS COLOMER BARRIGÓN	MEMBER	Proprietary
MS IRENE HERNÁNDEZ ÁLVAREZ	CHAIRMAN	Independent

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other non-executive directors	0.00

Explain the functions, including, where appropriate, those additional to those provided for by law, attributed to this committee, and describe the procedures and rules for its organisation and operation. For each of these functions, indicate the most important actions carried out during the year and how each of the functions attributed to it has performed out in practice, whether in law or in the articles of association or in other corporate resolutions.

Article 13.9 of the Board of Director's Regulations states that:

Without prejudice to the other tasks assigned under the applicable regulations, the Articles of Association or by the Board, the Audit Committee shall be appointed the following basic responsibilities:

a) To report through its chairman and/or secretary on the issues shareholders may raise at General Shareholders Meetings connected with the Committee's area of responsibility;

b) To propose the appointment of the external auditors of accounts to the board of directors for submission to the General Shareholders Meeting's consideration. Likewise, to propose engagement conditions to the board of directors, the scope of professional mandates and, if applicable, the renewal thereof or not;

c) To maintain relationships with the external auditors to receive information on any matters that could jeopardise their independence and regarding any other matters related to the account auditing process, as well as on any other disclosures laid down by account auditing legislation and technical auditing standards;

d) To issue a report on an annual basis expressing an opinion of the auditor of accounts' independence prior to the audit report being issued. Said report shall, in any case, state the provision of additional services; in other words, any services provided by the auditor other than auditing services;

e) To ensure that the auditing agreement is fulfilled, endeavouring to ensure that the opinion on the financial statements and the audit report's main contents are clearly and accurately worded, in addition to assessing the results of each audit;

f) To act as a communications channel between the board of directors and the auditors, assessing the results of each audit and the management team's responses to their recommendations and mediating in the event of discrepancies between them regarding the principles and criteria applicable to drawing up the financial statements;

g) To oversee the efficacy of the Company's internal controls, internal auditing, as applicable, and its risk management systems, and to verify their integrity by reviewing them periodically in order to identify risks, manage them and make them known, as well as discussing with the auditors of accounts or auditing firms any significant weaknesses detected in the internal control system during the performance of an audit;

h) To review the Company's financial statements and review the periodic financial reporting the Company has to provide to the markets and their supervisory bodies, and to safeguard the fulfilment of legal requirements and the proper application of generally accepted accounting principles;

i) To inform the board of directors of any significant changes in accounting criteria and in- and off-balance sheet risks, as well as overseeing the process of preparing and presenting the mandatory financial information and submitting recommendations or proposals to the management body, aimed at safeguarding its integrity.

j) To receive information and, as necessary, issue reports on the disciplinary measures that are to be imposed on the Company's senior management;

k) To draw up and bring an Annual Corporate Governance Report before the board of directors for its approval;

l) To draw up an annual report on the Audit and Control Committee's activities;

m) To supervise the way in which the Company's website runs concerning the availability of corporate governance information;

n) To review issue prospectuses to be provided to the markets and supervisory bodies;

o) To report on the creation or acquisition of any interests in special purpose vehicles and companies registered in tax havens, as well as any other transactions or operations of a similar nature that could compromise the group's transparency due to their complexity, and also transactions with related parties.

Identify the directors appointed as members of the audit committee taking into account their knowledge and experience of accountancy, auditing, or both, and report on the date of appointment of the chairman of this committee to the post.

Name of the experienced director	MR JUAN CARLOS URETA DOMINGO / MR JOSE LUIS COLOMER BARRIGÓN / MS IRENE HERNÁNDEZ ÁLVAREZ
Date of appointment of the chairman to the post	26/04/2018

THE APPOINTMENTS AND COMPENSATION COMMITTEE		
Name	Position	Category
MR JUAN CARLOS URETA DOMINGO	CHAIRMAN	Independent
MR JOSE LUIS COLOMER BARRIGÓN	MEMBER	Proprietary

THE APPOINTMENTS AND COMPENSATION COMMITTEE		
Name	Position	Category
MS IRENE HERNÁNDEZ ÁLVAREZ	SECRETARY	Independent

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other non-executive directors	0.00

Explain the functions, including, where appropriate, those additional to those provided for by law, attributed to this committee, and describe the procedures and rules for its organisation and operation. For each of these functions, indicate the most important actions carried out during the year and how each of the functions attributed to it has performed out in practice, whether in law or in the Articles of Association or in other corporate resolutions.

Article 14.7 of the Board of Director's Regulations states that:

Without prejudice to the other tasks assigned under the applicable regulations, the Articles of Association or by the Board, the Appointments and Compensation Committee shall be appointed the following basic responsibilities:

a) To assess the skills, knowledge and experience required on the board, in order to define the skills and capabilities required by candidates to cover each vacancy, and to assess the time and dedication required to properly carry out their duties;

b) To examine or organise, in the manner deemed most appropriate, the chairman and the chief executive's succession, and to bring proposals before the board, if necessary, so that such successions come about in an orderly, well-planned fashion;

c) To report on the appointment and removal of senior executives the chief executive brings before the Board and any who report directly to the Company's chief executive;

d) To make proposals on the remuneration of the members of the board of directors, as well as in the case of the executive directors, any additional remuneration for their executive functions and other terms which apply that their contracts should respect as part of the remuneration policy approved by the General Meeting;

e) To issue preliminary reports on appointment or reappointment proposals of any non-independent director;

f) To make proposals on the appointment or re-election of any non-independent director;

g) To report to the Board about gender equality matters.

h) To establish a representation goal for the less represented gender on the Board of Directors and prepare guidelines on how to achieve this objective.

C.2.2 Complete the table below with information on the number of female directors on the board of directors' committees at the end of the last four financial years:

	Number of female directors							
	2020		2019		2018		2017	
	Number	%	Number	%	Number	%	Number	%
AUDIT COMMITTEE	1	33.33	1	33.33	0	0.00	0	0.00
THE APPOINTMENTS AND COMPENSATION COMMITTEE	1	33.33	1	33.33	1	33.33	1	33.33

C.2.3 State, as applicable, whether regulations governing the board's committees exist, where they are available for consultation and any amendments that have been made to them during the year. Also state whether an annual report on the activities of each committee has been voluntarily drafted.

The Board's committees are governed by the Board of Directors' Regulations, which are available on the Company's website and notice of which has be given to the (CNMV) and duly registered at the Madrid Companies Registry pursuant to Article 529 of the Spanish Corporate Enterprises Act (L.S.C.).

The Audit Committee and Appointments and Compensation Committee modified their composition and complemented their functions (Articles 13 and 14) during 2017 to adapt to the CNMV requirement of 18 August 2017, such that all its members were non-executive directors as provided for in the Board Regulations. This amendment was approved by the board meeting held on 26 October 2017.

The board meeting held on 21 July 2020 approved the ANNUAL ASSESSMENT OF THE PERFORMANCE OF THE BOARD OF DIRECTORS, ITS AUDIT COMMITTEE AND THE APPOINTMENTS AND COMPENSATION COMMITTEE, produced by the Appointments and Compensation Committee of the Company.

D. RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1. Explain the procedure and competent bodies, if any, to approve transactions with related parties and parties within the group.

Pursuant to Article 4.3.t) of the Board Regulations, the board of directors is responsible for:

t) The approval, subject to a report from the Audit Committee, of transactions that the company or group companies execute(s) with its directors, under the terms provided for in Articles 229 and 230, or with shareholders, either on an individual or joint basis, who retain a significant interest, including shareholders represented on the board of directors at the Company or at other Companies that form part of the same group or individuals related thereto.

The affected Directors or those representing or associated to affected shareholders must abstain from participating in the debate and vote on the agreement in question. Only transactions that simultaneously satisfy the three following conditions shall be exempt from the aforementioned approval:

1.º Those that are carried out under agreements with standardised conditions and are applied in a general way to numerous clients;

2. º Those that are carried out at rates or prices established on a general basis by the person acting as the supplier of the goods or service in question; and

3. º Their amount does not exceed 1% of the company's annual revenues.

Furthermore, Article 35 of the Board Regulations (Business Opportunities), establishes that:

1. Directors may not use the name of the Company nor cite their position as directors in order to carry out transactions on their own behalf or on behalf of parties related to them.

2. Directors may not make investments or carry out any transactions associated with the Company's assets, of which they have knowledge through the performance of their duties, for their own benefit or for the benefit of those related to them, when such an investment or transaction has been offered to the Company, or in which the Company has an interest, unless the Company has rejected the investment or transaction without the involvement of the director.

D.2. List transactions which are significant for their amount or relevant due to their subject matter, carried out between the company or entities in its group and significant shareholders of the company:

Name or company name of significant shareholder	Name or company name of the company or group company	Relationship type	Type of transaction	Amount (thousand of euros)
PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	SAINT CROIX HOLDING IMMOBILIER SOCIMI, S.A.	Contractual	Interest charged	474
PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	SAINT CROIX HOLDING IMMOBILIER SOCIMI, S.A.	Contractual	Operating lease agreements	22
PROMOCIONES Y CONSTRUCCIONES,	SAINT CROIX HOLDING	Contractual	Management contracts	2,410

Name or company name of significant shareholder	Name or company name of the company or group company	Relationship type	Type of transaction	Amount (thousand of euros)
PYC, PRYCONSA, S.A.	IMMOBILIER SOCIMI, S.A.			

D.3. List transactions which are significant for their amount or relevant due to their subject matter, carried out between the company or entities in its group and directors or executives of the company:

Name or company name of the directors or executives	Name or company name of the company or group company	Relationship	Nature of the transaction	Amount (thousand of euros)
No data available				N.A.

D.4. Report the significant transactions carried out by the company with other entities belonging to the same group, provided they are not eliminated in the process of drawing up the consolidated financial statements and do not form part of the company's normal business in relation to its purpose and conditions.

In any event, information is to be provided about any intragroup transactions carried out with entities established in countries or territories regarded as tax havens:

Company name of group company	Brief description of transaction	Amount (thousand of euros)
No data available		N.A.

D.5. Give details of any significant transactions between the company or entities in its group and other related parties that have not been disclosed under the foregoing headings:

Company name of the related party	Brief description of transaction	Amount (thousand of euros)
ISLA CANELA, S.A.	Service Provision Agreement with Mortgage Guarantee.	6
ISLA CANELA, S.A.	Technical Services Contract.	78
ISLA CANELA, S.A.	Property lease agreement.	84

D.6. List any mechanisms set up to detect, identify and resolve possible conflicts of interest between the company and/or its group and its board members, executives and significant shareholders.

Transactions with related and/or Group companies are dealt with by the board of directors and the Audit Committee, with each and every contract signed and in force with related and/or Group companies expressly mentioned in the financial statements for each year.

D.7. State whether the company is controlled by another entity as provided for in Article 42 of the Code of Commerce, whether said entity is listed or not, and whether it has relations either directly or through a subsidiary with said entity or any of its subsidiaries (other than the listed company) or performs activities relating to any of these.

[ ] Yes
[√] No

E. RISK MANAGEMENT AND CONTROL SYSTEMS

E.1. Explain the scope of the company´s Risk Management and Control System, including tax risks.

The main aim of internal control for the Company's board of directors is to offer a reasonable degree of security that the Company will attain its targets. In this regard, it is deemed that the Risk Management System should act to avoid any deviations from coming about with respect of the targets set and to detect such deviations as soon as possible.

To control risks inherent to its operations, the Company has established a variety of risk control and assessment systems, which is led and supervised directly by the board of directors; as set out in Article 4.3 of its Regulations, the Board is responsible for:

- supervising the effective functioning of the committees set up.
- establishing general strategies and policies of the company.
- preparing financial statements and submitting them to the General Shareholders' Meeting, decisions relating to the remuneration of directors, within the framework of the Articles of Association and, where applicable, the remuneration policy approved by the General Shareholders' Meeting.
- policy regarding treasury shares.
- approving the strategic or business plan, the yearly budget and management objectives, investment and financing policy, corporate social responsibility policy and dividend policy.
- establishing risk management and control policy, including tax policy, and supervising internal information and control systems.
- establishing the corporate governance policy for the company and the group of which it is the parent company; its organisation and functioning and, specifically, the approval or amendment of its own regulations.
- approving financial reports that the company, as a listed company, must periodically publish.
- defining the structure of the group of which the company is the parent company.
- approving investments or operations that, due to their significant value or special characteristics, are considered strategic or involve a particular tax risk, except those that are approved by the General Shareholders' Meeting.
- approval of the creation or acquisition of stakes in special-purpose entities or those domiciled in countries or territories deemed to be tax havens, as well as any other transactions or operations of an analogous nature which could erode the transparency of the company or group due to their complexity.
- approving, subject to a report submitted by the audit committee, related-party or intragroup transactions.
- establishing the company's tax strategy.

The powers which the Board performs directly and which have not been delegated to date allow it to control and oversee all of the Company's significant risks connected with:

- Investments and disposals.
- Borrowing levels for all items.
- Control and monitoring of Strategic Plans and Budget compliance.
- Investment limits on property fixed assets for renting out.

The Audit Committee's duties:

Within the scope of its responsibilities, the Audit Committee reviews the suitability and integrity of the Company's internal control systems aimed at mitigating the Company's risk exposure. Its duties include analysing, controlling and monitoring business risks.

Other executive departments involved in risk control and assessment: There are executive departments within the organisation of the Company and the Group to which it belongs that have important risk control and assessment responsibilities which follow the criteria laid down by the board of directors:

- Investment Department: This department is responsible for informing the board about any strategic decisions, investments and disposals which are relevant to the Company or the Group, as well as their suitability for the Budget and Strategic Plans before the board adopts any resolutions on them. The department currently comprises five people, one of whom is the director, who meet with the Chairman and Chief Executive Officer as often as is necessary to study all investment transactions involving real estate acquisitions, disposals, credits and loans, as well as any other relevant transactions which could pose risks to the Company's operations and solvency.
- Finance department, which provides the board with all the economic and financial reporting on a quarterly basis in order to control and assess risks. The finance department prepares and provides the audit committee with the information it requires and analyses business risk monitoring and control as part of its duty to identify them in addition to drafting the separate and consolidated Group financial statements.

- Technical Department, which oversees all building, refurbishment or corrective or preventive maintenance works carried out directly or by contracting third parties in order to ensure they are properly executed in all phases. It also supervises suppliers.

E.2. Identify the company's bodies responsible for setting up and implementing the Risk Management and Control System, including tax matters:

The Risk Management System is the responsibility of the board of directors, which has delegated its supervision and maintenance responsibilities to the Audit Committee.

The finance department for the business group with which the Company is linked prepares and provides the audit committee with the information the latter requires and analyses as part of its duty to identify, control and monitor risks to the business.

E.3. Indicate the main risks, including tax risks and, insofar as they are significant, those relating to corruption (the latter being understood within the scope of Royal Decree-Law 18/2017), which may affect the achievement of business objectives:

The main risks identified by the Group in relation to the attainment of its objectives are:

RISKS SPECIFIC TO THE COMPANY AND ITS BUSINESS SECTOR

Company operations, transactions and results are subject to risks linked to the business sector in which it operates, in addition to risks specific to the Company. Risks may materialise or get worse as a result of changes in competitive, economic, political, legal, regulatory, social, business or financial conditions and, therefore, all shareholders and investors must bear them in mind.

Below are the most relevant risks that may affect the Company, divided into 2 categories:

• risks specific to the Company's business sector;
• risks specific to the Company.

A) RISKS SPECIFIC TO THE BUSINESS SECTOR

a) Risks deriving from the cyclical nature of the real-estate business.
b) High levels of competition in the real-estate business in Spain may affect the Company's capacity to invest appropriately.
c) Risks inherent to the management of real estate assets.
d) Risks deriving from the solvency and liquidity of lessees.
e) The real-estate sector is regulated and, therefore, any substantial change to the applicable regulations may adversely affect the Company.
f) Property investments are relatively illiquid, which could make it difficult to proceed with disinvestments.
g) The Company may undertake divestments at an inopportune time in terms of maximising their value and could even experience losses.
h) Any cost associated with a potential investment that ultimately remains unrealised may negatively affect the Company.
i) Due diligence undertaken concerning an investment may fail to detect all risks and responsibilities resulting therefrom.
j) In the renovation or remodelling of its properties, the Company will often rely on the actions of third parties hired and may be exposed to liability deriving from their actions.
k) The Company may be exposed to liabilities and/or obligations in the future relating to properties sold.
l) Any forced expropriation of a Company asset may have an adverse impact.
m) The Company applies a wide-ranging investment policy, which may be subject to change and, therefore, the composition of the Company's asset portfolio may vary.
n) Any investment made by the Company as part of a joint venture carries associated risks that may have an adverse impact on the Company.

B) RISKS SPECIFIC TO THE COMPANY

a) The Company is managed externally by the management of Grupo Pryconsa and, therefore, is dependent on its capacity, experience and criteria.
b) Concentration of the Company's investment activity in Spain.
c) A significant part of the Company's assets are hotels and therefore, are connected to the tourism industry.
d) Risks deriving from the indebtedness of the Company.
e) A significant part of total invoicing from income at the Company is linked to a limited number of large customers and assets.
f) The Company may be adversely affected by any change in tax legislation, including the Real Estate Investment Trust (REIT) system, which could negatively impact the Company.
g) The requirements for retaining its status as a REIT may limit the capacity and flexibility of the Company to make investments or repay its debts.

h) Some property transfers may lead to negative repercussions on the Company in accordance with the REIT system.
i) The assessment of the Company's real estate assets portfolio may not accurately and precisely reflect their actual value.
j) Risk of fluctuation in interest rates
k) Inability to precisely foresee the market prices of real estate assets and rents.
l) Risk of damage to real estate assets and losses deriving from events not covered by insurance policies.
m) A decrease in the Company's credit rating may negatively affect it.
n) Shareholders and Directors at the Company may experience a conflict of interest with any of the companies that form the Company or a direct or indirect significant interest in a transaction that the Company is considering.
o) Risk of conflicts of interest in transactions with related parties.
p) Concentration of the Company's body of shareholders in the Colomer family, which has a very significant and decisive influence thereon.
q) Judicial and extra-judicial actions.
r) Dependence on certain key individuals in terms of management at the Company.
s) The Company's cash reserves may be insufficient to satisfy its obligations.

E.4. State whether the entity has risk tolerance levels, including for tax risk.

No risk tolerance level has been set on a formal basis. Notwithstanding the size of the Company and the characteristics and manner in which it goes about its business, all investment, divestment and financing activities can be analysed on an individual basis by the board of directors and the corresponding Committees, meaning that the risk level assumed is constantly assessed by the board of directors.

E.5. State which risks, including tax risks, have had an impact over the year:

No significant risks arose in 2020.

E.6. Explain the response and oversight plans for the company's major risks, including fiscal risks, as well as the procedures that it follows to ensure that the board of directors addresses new challenges:

See sections E.1 and E.4.

F. INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN RELATION TO THE INTERNAL CONTROL OVER FINANCIAL REPORTING SYSTEM (ICFR)

Describe the mechanisms which comprise the company's risk control and management systems in relation to the financial reporting process (ICFR).

F.1. The company's control environment.

Report at least the following, highlighting their main features:

F.1.1 What bodies and/or areas are responsible for: (i) the existence and maintenance of an adequate and effective internal control over financial reporting system (ICFR); (ii) its implementation, and (iii) its oversight.

The Regulation of the board of directors establishes, among other powers, the power of the board to set the risk management and control policy, which includes the ICFR, as well as periodically monitoring internal reporting and control systems. Furthermore, the audit committee is defined as the committee and body entrusted with assisting the board of directors in its duty of overseeing financial statements and the periodic disclosures made to regulatory bodies. Overseeing the efficacy of the company's internal control system and supervising the process of preparing and filing mandatory financial reporting are identified as being among its responsibilities.

F.1.2 State whether the following elements exist, especially with regard to the process of preparing financial reports:

· Departments and/or mechanisms responsible for: (i) designing and reviewing the organisational structure; (ii) clearly defining areas of responsibility and authority, with a suitable distribution of tasks and functions; and (iii) the existence of sufficient procedures for these to be properly disseminated within the entity:

The board of directors has set up a general framework to approve transactions and powers of attorney in order to ensure that all transactions are carried out with a suitable level of control designed to achieve the greatest efficiency and security for the Company's activity.

· Code of conduct, body responsible for its approval, degree of dissemination and training, principles and values included therein (indicating if any specific mention is made of the booking of transactions and financial reporting), body in charge of analysing non-compliance and proposing corrective actions and penalties:

On 28 April 2016, the Board of Directors approved the Internal Securities Market Conduct Regulations created by the audit committee, in compliance with the provisions of Article 225.2 of Royal Legislative Decree 4/2015, of 23 October, approving the consolidated text of the Spanish Securities Market Act (*Ley del Mercado de Valores*: "TRLMV").

For its part, on 25 July 2019, the Board of Directors approved the new Internal Code of Conduct, adapted to the LSC as amended by RDL 19/2018, which was duly communicated to the CNMV and published on the Company's website.

The objective of the regulations is to align the behaviour of the Company, its governing bodies, employees and representatives with the rules of conduct that, in the course of activities relating to the securities market, must be complied with by the aforementioned parties.

As a listed company, it is the duty and intention of the Company (including the aforementioned parties) to act with maximum diligence and transparency in all its undertakings, reducing the risk of conflicts of interest to a minimum and ensuring, in short, proper and timely information for investors, all of the foregoing in the interests of market integrity.

Furthermore, the Company's corporate culture and values are conveyed effectively on a daily basis. Given the size of the Company, which only employs five people, this way of conveying them is perfectly adequate.

· Whistle-blowing channel, which allows financial and accounting irregularities to be reported to the audit committee, along with any possible infringements of the code of conduct and irregular activities within the organisation. State whether it is confidential, as applicable:

At the same time as the Code of Conduct is approved and published, a whistle-blowing mailbox will be set up that will be formalised through a procedure that is awaiting the board of directors' approval. That procedure will state that the whistle-blowing channel is a direct, efficient and confidential means of reporting, which allows employees or third parties (suppliers, clients, public administrations, shareholders, etc.) to report any employees, executives or directors of the Company involved in breaking the law, internal regulations or the Code of Conduct, or committing financial or accounting irregularities or any other event of a similar nature.

The procedure, which is currently in the review stage and pending approval, sets forth that reports may be submitted through two channels:

- Whistle-blowing mailbox: by using the application enabled for such purpose on the Company's website and the Intranet.
- Written reports: sent confidentially in an envelope for the attention of the audit committee members.

· Regular training and refresher courses on, at least, accounting standards, audits, internal control and risk management for staff involved in preparing and reviewing financial reports and evaluating the ICFR:

The finance department for the Group to which the Company is linked is continually updating internal procedures to create the ICFR at both a personal as well as at a corporate level and is in constant communication with the Group's external auditors, so that any regulatory change on this issue is identified and implemented immediately.

F.2. Financial reporting risk assessment.

Report, at least:

F.2.1 Indicate the main features of the risk identification process, including error or fraud identification, with regard to:

· Whether the process exists and is documented:

The Group to which the Company is related, and by which it is run, is equipped with a procedures manual which includes a specific procedure for the accounting treatment of both routine transactions and less frequent and potentially complex transactions. It covers all financial reporting aims and is updated whenever any transactions that require it are detected. The introduction of a specific real estate management ERP and the segregation of review and supervisory duties and controls relating both to the processes for generating financial information and to internal and market reporting, make it possible to ensure its reliability and integrity. Furthermore, any information which is based on judgements or estimates is specifically analysed by the Group's Finance Department with the support of independent experts or under the supervision of the Audit Committee.

· Whether the process covers all financial reporting objectives (existence and occurrence; completeness; evaluation; presentation, itemisation and comparability; and rights and obligations), whether it is updated and how often:

As part of the activities aimed at improving the ICFR, the operational control activities already in place to cover all financial reporting objectives are being documented. Hence, the risk and control matrices will include a column setting out the financial reporting objectives being covered by the control activities and another column stating whether there is a risk of fraud.

· The existence of a process to identify the consolidation perimeter, taking into account the possible existence of complex corporate structures and specific or special purpose vehicles, among other matters:

The procedures manual of the Group to which the company is related includes a section on setting and reviewing the consolidation perimeter, which is reviewed annually and whenever legislative changes affecting it come about. The scope of critical processes and transactions having a significant impact on the Company's financial statements has been analysed in the design stage of the ICFR. In order to do so, risks have been assessed, taking quantitative (materiality in financial statements and/or number of transactions) and qualitative criteria into consideration, such as error or fraud risks, the complexity of the calculations, estimates or judgements, including any relevant provisioning, accounts closure and financial reporting processes.

· Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, tax, reputational, environmental risks, etc.) and the extent to which they affect financial statements:

The scope of critical processes and transactions having a significant impact on the Company's financial statements has been analysed in the design stage of the ICFR. In order to do so, risks have been assessed, taking quantitative (materiality in financial statements and/or number of transactions) and qualitative criteria into consideration, such as error or fraud risks, the complexity of the calculations, estimates or judgements, including any relevant provisioning, accounts closure and financial reporting processes.

· Which governing body of the company oversees the process:

The audit committee in conjunction with the Group's finance department.

F.3. Control activities.

Report whether your company has at least the following, highlighting their main features:

F.3.1 Financial reporting review and authorisation procedures and a description of the ICFR for the financial reports to be published on the securities markets, indicating who is responsible for them, as well as descriptive documents on the flows of activities and controls (including those on fraud risks) for the different kinds of activities that could materially affect the financial statements, including the accounts closure process and the specific review of relevant judgements, estimates, valuations and forecasts

The Company has an accounts closure procedure, which is covered in the procedures manual. Its aim is to set out internal review and approval practices for the financial reports to be provided to the markets (including the annual accounts, quarterly and half-yearly reports, the Annual Corporate Governance Report and the Board Member Remuneration Report), which are to be carried out by the audit committee and subsequently by the board of directors.

The procedure sets out the relevance which certain judgements, estimates and forecasts subject to a greater or lesser degree of uncertainty, or the choice of certain accounting criteria, could have for financial reporting. As regards these issues, the procedures which should exist internally are covered, including those performed by the board of directors to review and approve judgements, estimates and provisions. A risk map has been created, as part of which the processes set out below were identified, since they are deemed to have a significant impact on the Group's financial reporting:

- Real Estate Investment Cycle
- Procurement and Accounts Payable Cycle
- Budget and Business Plan Cycle
- Cash Flow and Financing Cycle
- Asset Valuation Cycle
- Procurement Cycle
- Tax Cycle
- Consolidation and Reporting Cycle

It is expected that the activity and control flows that materially affect the financial statements will be described for these cycles, and risk matrices and controls summarising the risks identified and the controls implemented to mitigate them will be designed. The departments of the Company that forms part of the Group identified in the cycles will hold responsibility for abiding by the processes and for notifying any changes made to the processes that could affect the design and fulfilment of the controls identified in the processes. The risk matrices and controls will include the frequency of control activities – stating whether these are for prevention or detection purposes, manual or automatic – the financial reporting aims covered and whether fraud risks exist.

All the risk descriptions, matrices and controls will be validated by the people holding responsibility for the processes. The areas and departments identified in them will be responsible for abiding by them and for notifying any changes made to the processes that could affect the design and fulfilment of the controls identified in the processes.

The section on Accounts Closure in the Company's Procedures Manual describes the review and authorisation procedures for the financial reporting to be published on the securities markets, indicating who is responsible for it

(Finance Department, Audit Committee and board of directors), its frequency (Q1, H1, Q3 and H2), the official formats of the CNMV for the reporting and a description of the documents to be sent to regulators.

F.3.2 Internal control policies and procedures regarding information systems (including secure access, change tracking, operation, operational continuity and separation of duties) which support the company's processes relating to the preparation and publication of financial reports.

The Corporate Rules include two rules connected with the internal control of information systems, which are set out below:

1. Corporate Rule on Information System Management. This rule sets out all aspects of physical security (backup copies, server maintenance and access, contingency and disaster recovery plan), software security (access control, registration and de-registration procedure, firewalls, etc.), duty segregation policy, information record and traceability policy, privacy policy, development policy, maintenance policy (incident management and user help desk) and training.

2. Corporate Rule on the Spanish Data Protection Act (*Ley de Protección de Datos*: LOPD) and Media. This rule aims to set out the action framework for compliance with existing personal data protection legislation and also covers Internet and e-mail use policy, as well as security and control aspects relating to the use of IT tools provided by the Company. The security measures set out in the Rule cover both the data processing of automated or computer files and paper records.

F.3.3 Internal control policies and procedures aimed at supervising the management of activities outsourced to third parties, as well as any assessment, calculation or valuation aspects entrusted to independent experts, which could materially affect the financial statements.

The activities outsourced to third parties having the greatest impact on the financial statements are asset valuation processes and legal/tax contingencies. There is a specific section in the Company's procedures manual which describes the criteria and selection process for appraisers/valuation experts, lawyers/legal advisers and tax advisers. It also sets out the controls which have been put in place to assess litigation and valuation methods, as well as the monitoring, billing and accounting for these services.

F.4. Reporting and Communications.

Report whether your company has at least the following, highlighting their main features:

F.4.1 A specific area responsible for defining and updating accounting policies (accounting policy area or department) and resolving queries or conflicts arising from their interpretation, maintaining constant communication with those responsible for operations in the organisation, and an updated manual of accounting policies communicated to the units through which the entity operates.

The audit committee, in coordination with the Group's finance director, is responsible for defining and keeping the Group's accounting policies up to date, as set forth in the Company's procedures manual.

The Financial Manager is also in charge of resolving any doubts and conflicts that may arise from their interpretation with the support of the department's staff and, if needed, external experts. The Company continuously updates its accounting policies manual. The aim of the Manual is to define the criteria to be followed for drawing up separate financial statements according to the Spanish New General Accounting Plan (NPGC).

F.4.2 Mechanisms to generate and prepare financial reports with standard formats, which are being applied and used in all units of the company or group and which support the main financial statements and notes, as well as the information provided on the internal financial reporting control system (ICFR).

The Company is equipped with an Enterprise Resource Planning (ERP) system which records transactions and prepares all Group companies' financial reports. The Quality Management System includes a series of indicators that have been defined to exercise control over the finance area and to ensure the ERP system runs properly, thereby guaranteeing the integrity of financial reporting.

F.5. Supervision of the system.

Report, stating its main features, including at least:

F.5.1 The internal financial reporting control system (ICFR) supervision activities performed by the audit committee and whether the company has an internal audit function whose responsibilities cover supporting the committee in supervising the internal control system, including the ICFR. Information should also be provided on ICFR assessment during the year and the procedure whereby those responsible for the assessment report its results, whether the entity is equipped with an action plan setting out any possible corrective measures, and whether its impact on financial reporting has been taken into account.

In 2020, a variety of actions have continued to be carried out in connection with the ICFR, the development of relevant documents (corporate rules, risk matrices and controls, policies and procedures) and the design of the control activities needed to comply with current legislation.

Pursuant to its Regulations, the Audit Committee holds the following responsibilities:

- To oversee the process of preparing and filing mandatory financial reports.
- To oversee the efficacy of the Company's internal controls and its management systems, as well as discussing with the auditors of accounts any significant weaknesses detected in the internal control system during the performance of an audit.

In addition, the Committee held meetings with the external auditors to review and monitor these activities, as well as any weaknesses detected in them and the recommendations made by the auditors in the review of the ICFR.

F.5.2 State whether the company is equipped with a procedure whereby the auditor of accounts (in accordance with the provisions of the Technical Auditing Standards), the internal audit function and other experts can report to senior management and the audit committee or directors any significant weaknesses in internal control identified during the process of reviewing the financial statements or any other reviews they may have been entrusted with. Likewise, state whether there is an action plan to correct or mitigate any weaknesses observed.

The Board Regulations set forth that he board should establish, either directly or through the Audit Committee, an objective, professional and ongoing relationship with the Company's external auditors appointed by the General Meeting, respect their independence and ensure that they are provided with all the necessary information. The Board Regulations establish that it is the responsibility of the audit committee to discuss any significant weaknesses detected in the internal control system during the course of the audit with the auditors. The audit committee may request additional information and request the clarifications it deems necessary in order to set its own criteria and issue its corresponding report to the Board of Directors.

For the external audit, the audit committee meets with the external auditors in January of every year to carry out a complete review of the financial statements subject to the audit.

F.6. Other relevant information.

It has not been considered necessary to provide further information.

F.7. External auditor report.

Report on:

F.7.1 Whether the ICFR reports submitted to the markets have been reviewed by the external auditor, in which case the company must include the corresponding report as an appendix. Otherwise, provide information on the reasons why.

The annual financial information (annual financial audit) has been reviewed by an external auditor before being communicated to the market.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the Company's degree of compliance with the recommendations of the Code of Good Governance for listed companies.

If any recommendation is not followed, or is partially followed, a detailed explanation of the reasons why is to be included, in order for shareholders, investors and the market in general to have sufficient information to assess the company's performance. General explanations are not acceptable.

1. The articles of association of listed companies should not limit the maximum number of votes that a single shareholder may cast, nor contain other restrictions that stand in the way of a company take-over through the acquisition of its shares in the market.

   Complies [X]   Explain [ ]

2. When the listed company is controlled, as provided for in Article 42 of the Code of Commerce, by another entity, whether said entity is listed or not, and it has relations either directly or through a subsidiary with said entity or any of its subsidiaries (other than the listed company) or performs activities relating to any of these, it publishes precise information about:

   a) The corresponding areas of activity and possible business relationships between, on the one hand, the listed company or its subsidiaries and, on the other, the parent company or its subsidiaries.

   b) The mechanisms established to resolve any possible conflicts of interest that may arise.

   Complies [ ]   Partially complies [ ]   Explain [ ]   Not applicable [X]

3. That during the ordinary general meeting, in addition to circulating the annual corporate governance report in writing, the chairman of the board of directors verbally informs the shareholders, in sufficient detail, of the most important aspects of the company´s corporate governance and, in particular:

   a) About changes that have occurred since the last ordinary general meeting.

   b) About specific reasons why the company does not follow any of the recommendations in the Corporate Governance Code and, if any, alternative rules applicable in this area.

   Complies [X]   Partially complies [ ]   Explain [ ]

4. The company defines and promotes a policy of communication and contact with shareholders and institutional investors as part of their involvement at the company, in addition to voting advisers which fully respects regulations against market abuse and gives similar treatment to shareholders who are in the same position. And that the company publishes the policy on its website, including information relating to the way in which it is put into practice and identifying the contact persons or those responsible for carrying it out.

   Notwithstanding the legal obligations to disclose insider information and other types of regulated information, the company also has a general policy regarding the communication of economic and financial, non-financial and corporate information using the channels it deems appropriate (the media, social media or other means) that helps to maximise the dissemination and quality of the information available to the market, investors and other stakeholders.

   Complies [ ]   Partially complies [ ]   Explain [X]

At year-end 2020, there is no policy regarding communication and contact with shareholders or with institutional investors or formally approved voting advisers. However, the Company considers that the communication with its shareholders is adequate, and, to date, has not considered the formal approval of a policy in this regard to be essential.

5. That the board of directors does not escalate a proposal to the general meeting for delegation of powers to issue shares or convertible securities which exclude preferential subscription rights for more than 20% of the company's capital at the time of delegation.

   And that when the board of directors approves any issue of shares or convertible securities excluding preferential subscription rights, the company immediately publishes reports on its website about this exclusion as referred to under company law.

   Complies [X]   Partially complies [ ]   Explain [ ]

6. That listed companies drawing up the reports listed below, whether on a compulsory or voluntary basis, publish them on their website sufficiently in advance of the ordinary general meeting being held, even if their circulation is not mandatory:

   a) Report on the independence of the auditor.

   b) Reports on the work of the audit and appointments and remuneration committees.

   c) Audit committee report on related-party transactions.

   Complies [ ]   Partially complies [ ]   Explain [X]

The Company believes that said reports form part of the internal scope of management at the company and does not believe it is appropriate for the board of directors to disseminate them.

7. That the company transmits General Shareholders' Meetings live on its website.

   The company has mechanisms in place that facilitate the delegation and exercise of votes remotely and, in the case of companies with a high capitalisation and insofar as it is proportionate, active attendance and participation at the General Shareholders' Meeting.

   Complies [ ] Partially complies [ ] Explain [X]

The Company does not believe that their live broadcasting is mandatory, nor has the board of directors received any suggestion to this effect from any of the Company's shareholders.

8. The Audit Committee ensures that the financial statements submitted to the General Shareholders' Meeting by the Board of Directors comply with the accounting regulations. In cases in which the accounts auditor has included any qualifications in its audit report, the Chairman of the Audit Committee provides a clear explanation of the Audit Committee's opinion to the Shareholders' Meeting in terms of its content and scope, providing shareholders with a summary of the opinion when the invitation to the meeting is sent, along with the other Board reports and proposals.

   Complies [X] Partially complies [ ] Explain [ ]

9. That the company permanently publishes the requirements and procedures that it will accept to prove ownership of shares, the right to attend the General Shareholders Meeting and the exercise or delegation of the voting rights.

   And that such requirements and procedures facilitate the shareholders' attendance and the exercise of their right to vote and that they are applied in a non-discriminatory manner.

   Complies [X] Partially complies [ ] Explain [ ]

10. That where any legitimate shareholder has, prior to the General Shareholders Meeting being held, exercised the right to supplement the agenda or submit new proposals for resolution, the company:

a) Immediately circulates such supplementary points and new proposals for resolution.

b) Publicises the attendance card form or vote delegation or remote voting form with the amendments needed so that the new points on the agenda and alternative proposals for resolution may be voted on under the same terms as those proposed by the board of directors.

c) Puts all such points or alternative proposals to the vote and applies the same voting rules as those for the points made by the board of directors including, in particular, the assumptions or deductions on the outcome of the vote.

d) Report, after the General Shareholders Meeting, the breakdown of the vote on such supplementary points or alternative proposals.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

11. That, in the event that the company foresees payment of fees for attendance at the General Shareholders Meeting, it sets up a general policy on such fees beforehand and that said policy is stable.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

12. That the board of directors performs its duties with a unity of purpose and independence of judgement, gives the same treatment to all shareholders who are in the same position and is guided by company interest, understood to be the achievement of a profitable business that is sustainable in the long term, that promotes its continuity and the maximisation of the company's financial value.

And that in pursuing company interests, apart from respecting the laws and regulations and behaviour based on good faith, ethics and respect for commonly accepted uses and good practice, it seeks to reconcile the company's best interests with, as appropriate, the legitimate interests of its employees, suppliers, customers and other stakeholders who may be affected, along with the impact of the company's activities on the community as a whole and the environment.

Complies [X] Partially complies [ ] Explain [ ]

13. That, in the interests of effectiveness and participation, the board of directors should comprise no fewer than five and no more than 15 members.

Complies [X] Explain [ ]

14. The Board of Directors approves a policy that seeks to promote the correct composition of the Board of Directors and that it:

a) Is specific and verifiable.

b) Ensures that proposals for appointment or re-election are based on prior analysis of the expertise required by the Board of Directors; and

c) Encourages diversity of knowledge, experience and gender. To this end, it is considered that diversity is promoted by the measures that seek to ensure that the company has a significant number of women in senior management positions.

The result of prior analysis of the expertise required by the Board of Directors is included in an explanatory report from the appointments committee which is published when calling the General Shareholders Meeting to which it is submitted for ratification, appointment or re-election of each director.

The Appointments Committee will verify compliance with this policy annually and will report on it in the annual corporate governance report.

Complies [ ] Partially complies [ ] Explain [X]

At year-end 2020 there is no formally approved director selection policy. The Company bases its appointment proposals based on a prior analysis of the needs of the Board of Directors and selects its directors based on high standards of knowledge, experience, merit and gender diversity, among other aspects.

To date, the formal approval of a director selection policy has not been considered essential.

15. Non-executive proprietary directors and independent directors should comprise a significant majority of the board of directors, and the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the percentage shareholdings of the executive directors in the company.

The number of female directors accounts for at least 40% of the members of the Board of Directors before the end of 2022 and that thereafter, this figure never drops below 30%.

Complies [X] Partially complies [ ] Explain [ ]

16. That the ratio of proprietary directors to the total number of non-executive directors should not be greater than the existing ratio between the capital of the company represented by such directors and the remaining capital.

These criteria may be flexible:

a) In companies with high capitalisation where shareholdings that are legally considered to be significant are scarce.

b) In companies in which there are numerous shareholders represented on the board of directors and these shareholders have no links between them.

Complies [X] Explain [ ]

17. That independent directors represent at least half of all the directors.

    Nevertheless, where the company does not have high capitalisation or where, even if it does, it has one shareholder, or several acting jointly, who control more than 30% of the share capital, the number of independent directors represents, at least, one-third of all the directors.

    Complies [X] Explain [ ]

18. That companies publish and update the following information about their directors on their web site:

    a) Professional and biographical profile.

    b) Other boards of directors to which they belong, whether or not they are listed companies, along with information about their other remunerated activities, whatever they may be.

    c) Indication of the director's category stating, in the case of proprietary directors, the shareholder that they represent or with whom they have ties.

    d) Date of their first appointment as a director in the company as well as the date of subsequent re-appointments.

    e) Shares and share options held by the director.

    Complies [X] Partially complies [ ] Explain [ ]

19. That the annual corporate governance report, after verification by the appointments committee, explains the reasons why proprietary directors have been appointed on behalf of shareholders with shareholdings of less than 3% in the company capital and the reasons for ignoring, if applicable, formal requests for presence on the Board from shareholders with shareholdings equal to or greater than others who have successfully proposed proprietary directors.

    Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

20. Proprietary directors should tender their resignation once the shareholder they represent transfers its entire interest in the company. They should also do so in the relevant number where such a shareholder reduces its interest in the company down to a level that would require a reduction in the number of proprietary directors.

    Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

21. The board of directors does not propose the removal of any independent director before the statutory period for which the director has been appointed concludes, unless the board of directors has just cause, based on a report by the appointments committee. In particular, it will be understood that just cause exists where the director takes up new posts or undertakes new obligations which prevent him/her from dedicating the time needed to perform the duties of the post of director, or failing to carry out the duties inherent to the post or he/she falls into any of the circumstances which cause him/her to lose his/her independent status, in accordance with the provisions of applicable law.

    The removal of independent directors may also be proposed as a result of mergers, take-overs or other similar corporate actions that change the structure of the company's capital when such changes in the structure of the board of directors obey the criteria of proportionality indicated in Recommendation 16.

    Complies [X]   Explain [ ]

22. That companies establish rules that require directors to inform and, as applicable, resign when circumstances arise that affect them, whether related to their activity at the company or not, that may harm the company's good standing and reputation, and in particular that they are required to notify the Board of Directors of any criminal proceedings in which they are involved and of subsequent developments in the proceedings.

    Having been informed or having been made aware of the circumstances mentioned above, the Board investigates the case as soon as possible and, depending on the specific circumstances, decides, subject to a report from the Appointments and Remuneration Committee, whether or not to adopt measures, such as the launch of an internal investigation, request the resignation of the director or propose their dismissal. The Annual Corporate Governance Report contains details of this, unless other special circumstances justify refraining from doing so; these circumstances shall be duly kept on record. This is without prejudice to the information that the company must disclose, if appropriate, at the time of the adoption of the corresponding measures.

    Complies [X]   Partially complies [ ]   Explain [ ]

23. All of the directors should clearly state their opposition if they consider that a proposed decision submitted to the board of directors may be contrary to the company's interests. In particular, independent and other directors who are not affected by any potential conflict of interest should oppose decisions that may be detrimental to shareholders not represented on the board of directors.

    Where the board of directors passes significant or repeated decisions regarding which a director has expressed serious reservations, that director should draw his/her conclusions and, if he/she chooses to resign, he/she should explain the reasons for doing so in the letter mentioned in the following recommendation.

    This recommendation also applies to the secretary of the board of directors, even though they may not be a director.

    Complies [X]   Partially complies [ ]   Explain [ ]   Not applicable [ ]

24. When a director leaves his or her post before the end of their term, either by resignation or by resolution of the General Shareholders Meeting, a detailed explanation for their departure is provided or, in the case of non-executive directors, the Board's report on the reasons for their resignation is sent by post to all members of the Board of Directors.

 And, notwithstanding this being reflected in the Annual Corporate Governance Report, insofar as relevant to investors, the company discloses the departure of the director as soon as possible, providing a sufficiently detailed explanation as to the reasons or circumstances provided by the director.

 Complies [X]   Partially complies [ ]   Explain [ ]   Not applicable [ ]

25. That the appointments committee ensures that non-executive directors have sufficient time available to perform their duties properly.

 That the company rules set out the maximum number of company boards that its directors may belong to:

 Complies [ ]   Partially complies [X]   Explain [ ]

Although the Appointments and Remuneration Committee periodically reviews the temporary availability of the Company's non-executive directors, at year end 2020 there was no provision in the Board Regulations limiting the number of boards of other companies on which they can sit.

The Company considers that limiting the number of boards of other companies on which they can sit could be an obstacle when it comes to attracting highly qualified directors with sufficient experience. That is why, to date, the Company has not considered it appropriate to include a provision in the Board Regulations in this respect, and assesses the temporary availability of each candidate to form part of the Company's Board of Directors on a case by case basis.

26. The board of directors is to meet as frequently as required to efficiently perform its functions, at least eight times a year, following the schedule of dates and matters established at the start of the year, and each director, individually, may propose other items not initially included on the agenda.

 Complies [ ]   Partially complies [X]   Explain [ ]

The Company considers that the Board of Directors meets with the necessary frequency to effectively perform its functions and, in any case, it does so following the schedule of dates and matters established prior to the start of each year, and the directors may propose any points in addition to those initially included in the agenda.

However, in 2020 the Board of Directors met six times instead of the eight allocated by this recommendation. For the time being, and given the Company's particular characteristics and size, it does not believe it necessary to increase the number of Board meetings to a minimum of eight, notwithstanding the fact that, should circumstances so prevail, the number of meetings could be greater.

27. Directors may only be absent when it is essential and the number of absences should be included in the annual corporate governance report. When non-attendance is inevitable, the absent director may nominate a proxy and provide instructions.

 Complies [X]   Partially complies [ ]   Explain [ ]

28. When directors or the secretary raise concerns about a proposal or, in the case of directors, about the performance of the company, and such concerns are not resolved by the board of directors, those concerns are recorded in the minutes at the request of the director raising them.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

29. The company sets up appropriate channels so that directors may obtain the advice needed to perform their duties, including, if deemed fit in the circumstances, external advice payable by the company.

Complies [X] Partially complies [ ] Explain [ ]

30. Independently of the knowledge demanded from the directors to carry out their duties, the companies also offer directors with the opportunity to participate in knowledge refresher programmes where required under certain circumstances.

Complies [X] Explain [ ] Not applicable [ ]

31. The agenda at meetings clearly shows the points regarding which the board of directors must make a decision or adopt a resolution so that the directors can study them or gather the information needed for their adoption beforehand.

Where, exceptionally, for reasons of urgency, the chairman wishes to submit decisions or resolutions for the board of directors' approval which do not appear on the agenda, prior, express, consent will be required from the majority of directors present, which will be duly recorded in the minutes.

Complies [X] Partially complies [ ] Explain [ ]

32. Directors are periodically informed about changes in shareholdings and the opinion that significant shareholders, investors and ratings agencies have about the company and its group.

Complies [X] Partially complies [ ] Explain [ ]

33. The chairman, being responsible for the effective functioning of the board of directors, in addition to carrying out the duties that are legally and statutorily attributed thereto, prepares and submits a programme of dates and matters to be addressed to the board of directors; organises and coordinates the periodic assessment of the board and, if necessary, the company's Chief Executive Officer; ensures that sufficient time is given to the discussion of strategic matters, and agrees and reviews knowledge refresher programmes for each director where required under certain circumstances.

Complies [X] Partially complies [ ] Explain [ ]

34. Where there is a coordinating director, the articles of association or board of directors' regulations offer him/her the following powers, in addition to the powers provided by the law: chair the board of directors in the absence of the chairman and vice-chairmen, if any; speak up for non-executive directors concerns; maintain contact with investors and shareholders to establish their points of view for the purposes of forming an opinion on their concerns, particularly in relation to the company's corporate governance; and coordinate the chairman's succession plan.

Complies [ ]   Partially complies [X]   Explain [ ]   Not applicable [ ]

Pursuant to Article 8.4 of the Board of Director's Regulations: The Coordinating Director has specific powers to call a meeting of the Board of Directors or include new items on the agenda of a scheduled meeting, in addition to coordinating and bringing together non-executive directors and leading, as applicable, the periodic assessment of the Chairman of the Board of Directors.

35. That the secretary of the board of directors takes particular care so that, in their actions and decisions, the board of directors are aware of the recommendations on good governance contained in this Code of Good Governance applicable to the company.

Complies [X]   Explain [ ]

36. Once a year the board of directors, at a plenary session, assesses and adopts, as necessary, an action plan correcting shortcomings detected in relation to:

a) The quality and efficiency of the board of directors' work.

b) The operation and composition of its committees.

c) The diversity of the composition and powers of the board of directors.

d) The performance of the Chairman of the board of directors and the Chief Executive Officer of the company.

e) The performance and contribution of each director, paying particular attention to those responsible for the various committees of the board.

Assessment of the various committees will be based on the report that they submit to the board of directors and, with respect to the board, the report submitted by the appointments committee.

Every three years, the board of directors will be aided in carrying out the assessment by an external consultant, whose independence will be verified by the appointments committee.

The business relationship of the consultant, or any company in its group, with the company, or any company in its group, must be specified in the annual corporate governance report.

The process and the areas assessed will be described in the annual corporate governance report.

Complies [ ]   Partially complies [X]   Explain [ ]

Although the Board of Directors assesses the terms indicated in the recommendation annually, there is no external consultant to assist the Company in this task every three years. In this regard, the Company has not considered it necessary to outsource this task to an external consultant.

37. When an Executive Committee has been created on which at least two non-executive directors serve, at least one of them is independent; and that the Committee's secretary is the secretary to the Board of Directors.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

38. The board of directors is always aware of the issues discussed and the decisions adopted by the executive committee and each member of the board of directors receives a copy of the minutes of the executive committee's meetings.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

39. Members of the Audit Committee, particularly its chairman, are appointed on the basis of their knowledge and experience in accountancy, auditing and financial and non-financial risk management.

Complies [X] Partially complies [ ] Explain [ ]

40. Under supervision of the audit committee, there is a unit that carries out the internal audit function, tasked with ensuring the proper functioning of the information and internal control systems and that functionally comes under the non-executive chairman of the board or of the audit committee.

Complies [ ] Partially complies [ ] Explain [X]

At year-end 2020, the Company did not have a unit which could assume the internal audit function. The Company has a very small number of employees, none of whom are qualified to perform internal audit tasks. As a result, implementation of this measure would imply hiring at least one new employee, which the Company does not currently consider necessary.

41. The head of the unit responsible for the internal audit function submits his/her annual work plan to the Audit Committee for approval by Committee or the Board, directly informs the Board about progress made, including incidents and limitations of scope affecting his/her work and the results and monitoring of recommendations and submits an activity report to the Committee at the end of every year.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

42. In addition to those provided for by the law, the audit committee is responsible for the following functions:

1. In connection with reporting and internal control systems:

   a) Overseeing and assessing the preparation process and the integrity of financial and non-financial information, in addition to the financial and non-financial risk management and control systems in relation to the company and, as applicable, the Group, including operating, technological, legal, social, environmental, political and reputational or corruption-related risks, ensuring compliance with regulatory requirements, the proper definition of the consolidation perimeter and the correct application of accounting criteria.

   b) Safeguarding the independence and effectiveness of the unit responsible for the internal audit function; proposing the selection, appointment, and removal of the manager of the internal audit service; proposing the budget for this service; approving or proposing the approval to the Board of its focus and annual internal audit work plan, ensuring that its activity is mainly focused on relevant risks (including reputational risk) for the company; receiving periodic information about its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.

   c) Establishing and supervising a mechanism that allows employees and other people related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report potentially significant irregularities, including financial and accounting,
   and other types of irregularities relating to the company that they become aware of in their role at the company or Group. This mechanism shall ensure the confidentiality and allow communications to be made anonymously, respecting the rights of the complainant and the person to whom the complaint refers.

   d) Generally ensuring that the internal control policies and systems are effectively applied in practice.

2. In relation to the external auditor:

   a) If the external auditor resigns, examining the circumstances leading up to the resignation.

   b) Ensuring that the external auditor's remuneration for their work does not compromise their quality or independence.

   c) Making sure the company notifies a change of auditor to the CNMV, attaching thereto a statement on any disagreements, if any, with the outgoing auditor and their content.

   d) Ensuring that the external auditor has an annual meeting with the board of directors in plenary to report on the work carried out and on the evolution of the accounting position and risks to the company.

   e) Ensuring that the company and the external auditor follow prevailing regulations on the provision of services other than audit services, the limits on the concentration of business with the auditor and, in general, any other regulations on the independence of the auditors;

Complies [ ]   Partially complies [X]   Explain [ ]

These provisions are not expressly established in full in Article 13 of the Board Regulations; however, they are carried out de facto by the Audit Committee.

43. The Audit Committee may summon any employee or executive of the company and may require the appearance of the same without the presence of any other executive.

Complies [X] Partially complies [ ] Explain [ ]

44. The audit committee is informed about any transactions involving structural or corporate changes which the company plans to carry out, so that it can analyse and report on them beforehand to the Board of Directors, as regards their financial terms and their accounting impact and, in particular, where appropriate, the proposed swap ratio.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

45. The risk management and control policy should identify or determine at least:

a) The different types of risk, either financial or non-financial (inter alia, operational, technological, legal, social, environmental, political and reputational, including those in relation to corruption), to which the company is exposed, including, among financial and economic risks, contingent liabilities and other off-balance sheet risks.

b) A risk control and management model based on different levels, that will form part of a specialist risk committee when the sectoral rules so provide or the company deems so appropriate.

c) The level of risk that the company considers acceptable.

d) The measures planned to mitigate the impact of identified risks should they materialise.

e) The internal control and information systems that will be used to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies [ ] Partially complies [ ] Explain [X]

The Company does not have a formally approved risk management and control policy. However, the various types of risk faced by the Company and the measures planned to mitigate their impact are identified, and the Company has not thus far considered the formal approval of a risk management and control policy, which includes the aspects indicated in this recommendation, to be essential.

46. Under the direct supervision of the audit committee or, as appropriate, a specialist committee of the board of directors, there is an internal risk control and management system run by an internal unit or department at the company which is expressly given the following functions:

    a) Ensuring the proper functioning of the risk control and management systems and, in particular, that all significant risks that may affect the company are adequately identified, managed and quantified.

    b) Actively taking part in drawing up risk strategy and in important decisions on its management.

    c) Ensuring that risk control and management systems suitably mitigate risks within the framework of the policy defined by the board of directors.

    Complies [ ]   Partially complies [ ]   Explain [X]

At year-end 2020, the Company did not have a unit which could assume the internal risk management and control function. The Company has a very small number of employees, none of whom are qualified to perform internal risk management and control tasks. In addition, given that the Company is not of a significant size, it does not consider the creation of a specific internal unit absolutely necessary.

47. The members of the Appointments and Compensation committee (or the Appointments Committee and Compensation Committee, if they are separate) are appointed endeavouring to ensure that they have suitable knowledge, skills and experience for the functions that they are called to perform and that the majority of such members are independent directors.

    Complies [X]   Partially complies [ ]   Explain [ ]

48. Companies with high capitalisation have separate Appointments and Compensation Committees.

    Complies [ ]   Explain [ ]   Not applicable [X]

49. The appointments committee consults the Chairman of the board of directors and the Chief Executive Officer of the company, particularly regarding issues concerning executive directors.

    And that any director can request the appointments committee to take into consideration potential candidates to cover any director vacancies, if, in their opinion, they deem the candidate appropriate.

    Complies [X]   Partially complies [ ]   Explain [ ]

50. The compensation committee carries out its functions independently and, apart from the functions allotted to it by the law, also carries out the following:

a) Proposing the basic conditions of contracts for senior management to the board of directors.

b) Monitoring compliance with the remuneration policy established by the company.

c) Periodically reviewing the remuneration policy applicable to directors and senior management, including systems of remuneration with shares and their application, in addition to ensuring that individual remuneration is proportionate to that paid to the company's other directors and senior management.

d) Ensuring that possible conflicts of interest do not affect the independence of the external advice given to the committee.

e) Verifying the information regarding directors' and senior management's remuneration contained in the various corporate documents, including the annual report on directors' remuneration.

Complies [X]   Partially complies [ ]   Explain [ ]

51. The Compensation Committee consults the chairman and the Chief Executive Director of the company, particularly regarding issues concerning executive directors.

Complies [X]   Partially complies [ ]   Explain [ ]

52. The rules on the composition and functioning of the supervision and control committees are contained in the board of directors' rules and are consistent with those applicable to the committees that are legally mandatory in accordance with the above-mentioned recommendations, including:

a) That they are exclusively made up of non-executive directors, with a majority of independent directors.

b) The chairmen are independent directors.

c) The board of directors appoints the members of these committees taking into account the knowledge, skills and experience of the directors and the tasks of each committee; it discusses their proposals and reports, and during the first plenary session following their meetings, gives account of their activities which responds to the work carried out;

d) The committees should be able to seek external advice whenever they see fit to perform their duties.

e) Minutes of their meetings are drawn up and made available to all the directors.

Complies [ ]   Partially complies [ ]   Explain [ ]   Not applicable [X]

53. Supervision of compliance with the company's environmental, social and corporate governance policies and rules, in addition to the internal codes of conduct, is allocated to one or distributed between several Board of Directors Committees, such as the Audit Committee, the Appointments and Compensation Committee, a specialist Sustainability and Corporate Social Responsibility Committee or another specialist committee that the board of directors, in the exercise of its powers of self-organisation, has decided to create. This Committee is solely made up of non-executive directors, most of whom are independent, and they are specifically allocated the minimum functions indicated in the following recommendation.

Complies [ ]   Partially complies [ ]   Explain [X]

At the end of 2020, the Company had not expressly assigned the functions indicated in the recommendation to any of the board of directors' committees. The audit committee is responsible for this however. In that regard, it was the audit committee that proposed the new Internal Code of Conduct that was approved by the Board of Directors on 25 July 2019. It is the audit committee that periodically assesses the adequacy of the corporate governance system.

54. The minimum functions to which the previous recommendation refers are as follows:

a) Overseeing compliance with the company's corporate governance rules and internal code of conduct, ensuring that the corporate culture is aligned with its purpose and values.

b) Supervision of the application of the general policy in relation to the reporting of economic and financial, non-financial and corporate information in addition to communication with shareholders and investors, voting advisers and other stakeholders. Furthermore, monitoring shall be performed to ensure that the entity communicates and interacts with small and medium-sized investors.

c) Periodically assessing and revising the company's corporate governance system and environmental and social policy, so that it complies with its mission to promote company interests and takes into account, as appropriate, the legitimate interests of other stakeholders.

d) Supervision of the company's environmental and social practices are in line with the defined policy and strategy.

e) Overseeing and assessing relationship processes with the various stakeholders.

Complies [ ]   Partially complies [ ]   Explain [X]

At year-end 2020, the Company did not have a corporate social responsibility policy. Given the size of the Company and its limited number of employees, for the time being, the Board of Directors has not considered producing a corporate social responsibility policy to be necessary.

55. Environmental and social policies identify and include, at least:

a) The principles, commitments, objectives and strategy related to shareholders, employees, customers, suppliers, social matters, the environment, diversity, tax responsibility, respect for human rights and the prevention of corruption and other illegal behaviour.

b) The methods or systems for monitoring compliance with policies, the associated risks and their management.

c) Mechanisms for supervising non-financial risk, including company ethics and corporate behaviour.

d) Channels for communication, participation and dialogue with stakeholders.

e) Responsible communication practices that avoid the manipulation of information and safeguard integrity and honour.

Complies [ ] Partially complies [ ] Explain [X]

The Company does not produce a corporate social responsibility report nor report on this matter in the annual corporate governance report. This is due to the fact that, at year-end 2020, the Company had not established a corporate social responsibility policy and had not carried out any actions in this area during 2020.

56. Directors' remuneration is sufficient to attract and retain directors with the desired profile and to remunerate the dedication, qualification and responsibility that the post demands, but not so high as to compromise the independent opinion of non-executive directors.

Complies [X] Explain [ ]

57. Variable remuneration linked to company and personal performance is limited to executive directors, in addition to remuneration with shares, options or rights over shares or instruments referenced to share value and long-term savings systems such as pension plans, retirement plans or other social benefits systems.

Giving shares by way of remuneration to non-executive directors may be considered when this is conditional on said shares being retained until they cease to be directors. The foregoing will not be applicable to shares that a director needs to dispose of, as appropriate, to pay for the costs related to their acquisition.

Complies [ ] Partially complies [ ] Explain [X]

Article 21 of the Articles of Association do not state that variable remuneration may only be offered to Executive Directors: Article 21.3 establishes that in addition to the remuneration system set out in the preceding sections (allowances, fixed and variable remuneration), directors may be remunerated in the form of shares, or by option rights over shares, in addition to remuneration linked to the value of shares, provided that the application of any of these systems is approved in advance by the General Shareholders' Meeting. Said approval shall establish, as appropriate, the number of shares to be provided to each Director, the strike price of the option, the value of shares taken as a reference and the duration of the remuneration system.

58. In the case of variable remuneration, payment policies incorporate the limits and technical safeguards required to ensure that such remuneration is in line with the professional performance of the beneficiaries and is not solely derived from the general developments in the markets or the business sector of the company or from other similar circumstances.

In particular, the variable components of remuneration:

a) Are bound to performance criteria that are predefined and measurable and that such criteria consider the risk assumed to obtain a result.

b) Promote the company's sustainability and include non-financial criteria that are appropriate for the creation of long-term value, such as compliance with the company's internal rules and procedures and its policies for risk control and management.

c) Are set up on the basis of a balance between fulfilling objectives in the short, medium and long term that make it possible to reward continuous performance during a period of time that is sufficient to appreciate the contribution to sustainable creation of value, in such a way that the elements for measuring this performance are not solely based around one-off, occasional or extraordinary events.

Complies [ ] Partially complies [ ] Explain [X] Not applicable [ ]

The Company's compensation policy does not expressly incorporate any of the specific elements indicated in this recommendation in terms of setting the variable component of director remuneration. The setting of the variable component of remuneration is performed by the Board of Directors in response to criteria such as the responsibilities assumed, the performance or the dedication employed by each director, so some of these criteria are taken into account in practice. The Company did not consider it necessary to expressly include these elements in the current compensation policy, approved in June 2015 and renewed in April 2018, giving greater discretion to the Board of Directors. However, the Company will assess its inclusion in the preparation of the new remuneration policy when the current one expires.

59. The payment of variable remuneration components is subject to a sufficiently rigorous check that performance conditions or other conditions defined in advance have been satisfied. Entities shall include criteria in the Annual Report on Remuneration of Directors regarding the required amount of time and methods for this check, depending on the nature of each variable component.

Furthermore, entities give consideration to establishing a malus clause involving the deferral of a portion of the variable components for a sufficient period of time that entails their total or partial loss in case, prior to their payment, any event occurs that makes proceeding in this manner advisable.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

60. Remuneration linked to the company's results should take into consideration any possible qualifications in the auditor's report that might reduce such results.

Complies [X] Partially complies [ ] Explain [ ] Not applicable [ ]

61. A significant percentage of the executive directors' variable remuneration is linked to the handover of shares or financial instruments referenced to their value.

Complies [ ] Partially complies [ ] Explain [X] Not applicable [ ]

In 2020, there was no percentage of variable remuneration linked to the handover of shares or financial instruments referenced to the share's value.

The CEO is also a significant shareholder in the Company, so his interests as an executive director are fully aligned with that of the shareholders. That is why the Company does not consider it necessary to include these components in their variable remuneration.

62. Once the shares, options or financial instruments corresponding to the remuneration systems have been allocated, the executive directors cannot transfer their ownership or exercise them until a period of at least three years has elapsed.

The foregoing shall not apply when the director maintains, at the time of the transfer or exercise, a net economic exposure to the change in price of shares for a market value equivalent to at least twice their fixed annual remuneration through the holding of shares, options or other financial instruments.

This shall not apply to shares that the director needs to dispose of to pay the costs relating to their acquisition or pursuant to a favourable report by the Appointments and Compensation Committee, to overcome extraordinary situations that so require.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

63. Contractual agreements include a clause that allows the company to claim repayment of the variable components of remuneration where the payment has not been adjusted to the terms for performance or where they were paid in the light of data which is later proven to be inaccurate.

Complies [ ] Partially complies [ ] Explain [X] Not applicable [ ]

The Company's contract with the CEO does not include a clawback clause on the variable components of his remuneration. The Company has not considered including a clause of this type necessary given the insignificant nature of the variable components of his remuneration.

64. Payments for termination or resolution of contract do not exceed an amount equivalent of two years total annual remuneration and they are not paid until the company has been able to prove that the director fulfilled the performance criteria or conditions established for their receipt.

For the purposes of this recommendation, payments for termination or resolution of contract shall include any payments accrued or required as a result of or pursuant to the termination of the contractual relationship that was binding on the director, including previously unconsolidated sums relating to long-term savings systems and amounts paid on post-contractual non-compete agreements.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

H. OTHER INFORMATION OF INTEREST

1. If there are any other relevant aspects concerning the company's corporate governance or that of the group's entities not covered in the other sections of this report, but which should be included to provide more comprehensive and reasoned information on the structure and governance practices of the company or of its group, please provide brief details thereof.

2. Any other information, clarification or further details concerning previous sections of the report may also be included in this section in so far as they are relevant and not reiterative.

   More specifically, state whether the company is subject to legislation other than Spanish legislation on corporate governance matters and, as applicable, include any information it is obliged to provide which is different from the information required in this report.

3. The company may also state if it has voluntarily joined other international, industry-specific or any other kind of codes on ethical principles or best practice. If so, state the code in question and the date the company joined it. In particular, it will mention whether it has adhered to the Code of Good Tax Practices of 20 July 2010:

1. There is no relevant additional aspect concerning corporate governance that has not been covered in this annual report.
2. The Company is not subject to any legislation on corporate governance matters other than Spanish legislation.
3.- The Company has not voluntarily adhered to any of the aforementioned codes.

This Annual Corporate Governance Report was approved by the company's board of directors at its meeting held on

25/02/2021

State whether any directors either voted against or abstained from voting with regard to the approval of this Report.

[ ] Yes
[√] No

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

Directors' Responsibility Statement

For the purposes of the provisions of Article 8 of Royal Decree 1362/2007, of 19 October, the members of the Board of Directors at the Company hereby confirm that as far as we are aware, the Financial Statements as at 31 December 2020 for SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A. drafted in line with the applicable accounting principles, faithfully reflect the equity, financial situation and results of the issuer taken as a whole, and that the Management Report as at 31 December 2020 also faithfully reflects the evolution and business performance and position of the issuer and the companies consolidated within its scope taken as a whole, along with the description of the main risks and uncertainties that they face.

Madrid, 25 February 2021

Mr Marco Colomer Barrigón
Chairman and Chief Executive Officer

Mr Juan Carlos Ureta Domingo
Director

Mr José Luis Colomer Barrigón
Vice-Chairman

Ms Irene Hernández Álvarez
Director

Ms Mónica de Quesada Herrero
Director

Mr José Juan Cano Resina
Non-Board Secretary

Diligence in Drawing Up the Financial Statements

These financial statements and management report were approved by the Board of Directors at its meeting on 25 February 2021 for verification by the auditors and subsequent approval by the General Meeting. These financial statements and the management report appear on 133 sheets of ordinary paper, which are numbered from 1 to 133, inclusively, with all directors signing this last sheet.

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

Madrid, 25 February 2021

Mr Marco Colomer Barrigón
Chairman and Chief Executive Officer

Mr Juan Carlos Ureta Domingo
Director

Mr José Luis Colomer Barrigón
Vice-Chairman

Ms Irene Hernández Álvarez
Director

Ms Mónica de Quesada Herrero
Director

Mr José Juan Cano Resina
Non-Board Secretary