SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

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

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SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

Annual Report
2020

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

BALANCE SHEET AT 31 DECEMBER 2020

(euros)

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.

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. 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 Initial amount	Outstanding capital	Maturity
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	**Euros**		
Property	**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.

C. Bensell Mirasierra, S.L.U.

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

<table>
<tr><th>Description</th><th>2020</th></tr>
<tr><td rowspan="6">f) Acquisition date of the properties allocated to lease which generate income subject to this special scheme.</td><td>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</td></tr>
<tr><td>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</td></tr>
<tr><td>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</td></tr>
<tr><td>Properties from the absorbed company INVERETIRO, SOCIMI, S.A.U.
- Titán, 13: 12/02/2014
- Conde de Peñalver, 16: 01/12/2013</td></tr>
<tr><td>Properties from the absorbed company BENSELL MIRASIERRA, S.L.U.
Valle de la Fuenfría, 3: 09/03/2015</td></tr>
<tr><td>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</td></tr>
<tr><td>g) Acquisition date of interests in the capital of the entities referred to in paragraph 1, Article 2 of this Law.</td><td>- 2019: Unibail Rodamco. 6,950 shares (current value €0.45 million)
- 2020: Inmobiliaria Colonial: 1,572,296 shares (€12.61 million)</td></tr>
</table>

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

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

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