SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

Management Report
31 March 2021

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Management Report
2021
(31 March 2021)

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

Management Report at 31 March 2021

1. Explanation of the figures at 31 March 2021

A breakdown of the main figures at 31 March 2021 compared to 31 March 2020 is provided below:

	Euros		
Income statement	**31/03/2021**	**31/03/2020**	**+ / -**
Income	**5,546,169**	**4,883,479**	**14%**
Leases	5,501,444	4,856,528	
Provision of sundry services	44,725	26,951	
Operating expenses	-463,307	-505,898	-8%
Net operating income (NOI)	**5,082,862**	**4,377,581**	**16%**
General expenses	-179,218	-198,682	-10%
EBITDA	**4,903,644**	**4,178,899**	**17%**
Financial profit (loss)	-58,869	-819,451	-93%
EBTDA	**4,844,775**	**3,359,448**	**44%**
Depreciation	-1,388,593	-1,386,916	
Subsidies	14,088	14,936	
Other gains (losses)	-	-10,940	
Impairment/Reversal of trade operations	4,275	353	
Profit/(loss) on disposal of real estate assets	-6,929	-69,520	
EBT	**3,467,616**	**1,907,361**	**82%**
Corporation tax	-	-	
Net profit (loss)	**3,467,616**	**1,907,361**	**82%**

Sector indicators as at 31 March 2021

	Euros					
	31/03/2021	**Per share**	**31/03/2020**	**Per share**	**31/12/2020**	**Per share**
Recurring net profit	3,122,687	0.70	2,510,447	0.56	9,193,157	2.06
Net value of assets	489,414,386	109.93	506,960,575	113.87	483,745,570	108.65
Costs	642,525		701,952		4,460,780	
Income	5,546,169		4,883,479		20,016,216	
Cost/income ratio	11.59%		14.37%		22.86%	
Vacancy ratio	4.68%		5.32%		4.03%	
Net profitability	4.72%		3.72%		4.62%	

Main figures as at 31 March 2021

	31/03/2021	**31/03/2020**	**31/12/2020**
Annualised income (million €)	25.57	20.52	26.02
FFO (million €)	4.88	4.17	15.47
FFO (€/share)	1.10	0.94	3.47
GAV (million €) (*)	566.62	551.88	563.20
NAV (million €) (*)	489.41	506.96	483.75
ROA	0.81%	0.47%	2.37%
ROE	1.17%	0.63%	3.23%
Gross leasable surface area (risk-free m^2) (*)	157,274	157,692	157,364
% occupancy at year-end (eliminating plots of land)	92.27%	92.22%	92.58%
Lease portfolio (€M)	140.95	134.00	148.56
WAULT	7.21	6.53	7.60
LTV	16.01%	15.24%	16.48%
Adjusted LTV	16.01%	15.88%	16.65%
Net debt (millions €)	93.28	90.90	95.44
Profit (€/share)	0.78	0.43	2.12
Dividend (€/share)	-	-	1.91
Gross profitability via dividend	-	-	2.71%

(*) Does not include m^2e of not developed plots

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): As of 31 March 2021, gross property investments valued at acquisition cost amounted to 437,339,014 euros. In 2021, the following investments and disinvestments took place:

Investments undertaken amounting to 2,802,802 euros:

- During the first quarter of 2021, there were additions amounting to 2,802,802 euros, corresponding mainly to the refurbishment of the Hotel Gran Vía 34 in Madrid for 2,714,616 euros.

Divestments made amounting to 192,693 euros:

- Sale of offices (lofts). During the year, one loft from the Coslada III development (with its respective annexes) was sold, resulting in a net loss in the period of 6,929 euros.

Dividends:

<u>Dividends payable 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.

<u>Dividends paid out by to shareholders in 2020:</u>

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 93,280,173 euros (95,436,654 euros at 31 December 2020). The breakdown of this debt is as follows:

Details of the debt	Euros	
	31/03/2021	31/12/2020
José Abascal, 41	10,374,000	10,944,000
Titán, 13	11,040,946	11,239,286
Conde de Peñalver, 16	7,169,072	7,297,857
Valle de la Fuenfría, 3	8,644,328	8,769,425
Juan Ignacio Luca de Tena, 17	11,487,840	11,615,880
Glorieta de Cuatro Caminos 6 and 7	3,975,000	4,150,000
Mortgage-backed debt	**52,691,185**	**54,016,448**
Bonds and debentures	10,000,000	10,000,000
Drawn down credit facilities	472,649	452,847
Loan Goya, 59	9,200,000	9,450,000
Loan Gran Vía, 55	9,252,850	9,414,000
Long-term loans	42,000,000	13,694,398
Interest accrued pending maturity	339,426	330,423
Derivative	393,578	440,811
Unsecured debt	**71,658,503**	**43,782,480**
Cash and bank	-31,069,515	-2,362,274
Net financial debt	**93,280,173**	**95,436,654**

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 2021, totalled 62,328 euros (62,328 in 2020), recorded under "Financial expenses" in the attached profit and loss account.

The expenses incurred each year in connection with the issue, registration and maintenance of fixed-income securities programs are registered in the Company's income statement for each year, due to their immateriality. At 31 March 2021, these expenses amounted to 5,501 euros (8,335 euros at 31 March 2020). There have been no placement costs or fees.

At 31 December 2021, the Company had mortgage debt of 52,691,185 euros pending maturity (54,016,448 euros at 31 December 2020) 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 2021, are pending maturity and repayment.

In 2021, the Company has arranged the following:

- fixed-rate long-term loan for the sum of 30,000,000 euros with Banco Santander, maturing on 11 March 2026. This loan has a one-year grace period and four years of repayment without collateral.

The Company's LTV at 31 March 2021 was 16.01% (16.48% at year-end 2020). During the first quarter of 2021, the mortgage charge existing at 31 December 2020 on the hotels located in Isla Canela of 972,719 euros has been definitively cancelled (and thus also the mortgage guarantee contract signed with Isla Canela, S.A.) and therefore, at 31 March 2021, the adjusted LTV matches the LTV.

Income: As of 31 March 2021, the Company had obtained total income of 5,546,169 euros (4,883,479 euros at 31 March 2020). The breakdown of income per asset type is as follows:

	Euros		Variation in %	
				Like for Like
	31/03/2021	31/03/2020	Growth	Growth
Hotels	1,075,513	1,418,242	-24.17%	-24.17%
Offices	2,368,422	1,529,127	54.89%	54.89%
Retail	1,755,978	1,603,705	9.50%	9.50%
Industrial	346,255	332,405	4.17%	4.17%
Total	**5,546,169**	**4,883,479**	**13.57%**	**13.57%**

Year-on-year income from rents increased by +14% with a general increase in all areas, especially the commercial and office areas, except for the hotel area, which is still the sector that has been hit hardest by COVID-19. There are no differences in variation with regard to the application of the "Growth" and "LFLG" criteria. The main deviations focus on:

- **Hotels:** Decrease of -24%. Widespread decrease in all hotels except for Iberostar, which increased its revenue by 23% due to the contract negotiations that took place in 2020.

- **Offices:** Increase of +55%. This increase is mainly due to the generation of revenues from the offices located at Juan Ignacio Luca de Tena 17 and José Abascal 41, which in the first quarter of 2020 were being refurbished and did not generate revenues.

- **Commercial:** Increase of +10%. The increase is mainly due to the increase in revenue from the commercial premises located at Gran Vía 55, which was being refurbished in the first quarter of 2020 and thus did not generate revenue.

- **Industrial:** Increase of +4% due to an increase in the income of the Daganzo de Arriba warehouse.

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	
Operating leases	**Nominal value**	
Minimum instalments	**31/03/2021**	**31/12/2020**
Less than a year	25,566,943	26,023,053
Between two and five years	67,566,454	70,503,577
More than five years	47,816,598	52,028,968
Total	**140,949,995**	**148,555,598**

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

Type	**WAULT**	
	31/03/2021	**31/12/2020**
Hotels	5.37	6.70
Offices	3.62	3.86
Retail	13.27	13.08
Industrial	6.58	6.76
Total Average	**7.21**	**7.60**

NOI: Net Operating Income was positive and amounted to 5,082,862 euros (4,377,581 euros at 31 March 2020), an increase of 16%. The breakdown of NOI per asset type is as follows:

	Euros	
	31/03/2021	**31/03/2020**
Hotels	957,625	1,256,057
Offices	2,054,748	1,251,527
Retail	1,726,286	1,543,803
Industrial	344,203	326,194
NOI	**5,082,862**	**4,377,581**

At 31 March 2021, **EBITDA** was positive and amounted to 4,903,644 euros (4,178,899 euros at March 2020), a year-on-year increase of +17%.

Financial profit (loss): The financial loss at 31 March 2021 was -58,869 euros (-819,451 euros at March 2020). The breakdown of this result is as follows:

- The total financial income derived from the Group's financing system amounted to 17,573 euros (212,564 euros in March 2020), to which the financial income of third parties amounting to 2,212 euros (43,398 euros in March 2020) must be added.

- Financial expenses amounted to 482,137 euros (456,238 euros in March 2020), due to the increase in net financial debt year-on-year.

- The Company valued its portfolio of listed shares held in its assets at year-end, obtaining a positive value adjustment of 403,483 euros (negative value adjustment of 619,176 euros in the first quarter of 2020).

At 31 March 2021, **EBITDA** was positive and amounted to 4,844,775 euros (3,359,448 euros at March 2020), a year-on-year increase of +44%.

Depreciation: Depreciation expense was 1,388,593 euros compared to 1,386,916 euros for the same period in the previous year. In the absence of relevant investments, depreciation charges do not vary materially between periods.

Subsidies: Income from subsidies amounted to 14,088 euros (14,936 euros in March 2020).

Profit/(loss) on disposal of real estate assets: During the year, one loft from the Coslada III development (with its respective annexes) was sold, resulting in a net loss in the period of 6,929 euros.

As at 31 March 2021, **EBT** was positive, amounting to 3,467,616 euros (March 2020: 1,907,360 euros), i.e. an 82% year-on-year increase mainly due to increased revenues, reduced costs and improved valuation of listed equity investments.

Net profit/(loss): Net profit at 31 March 2021 amounted to 3,467,616 euros (1,907,360 euros in March 2020), giving net earnings per share of 0.78 euros (0.43 euros in March 2020).

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).

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.

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).

The gross market value of property investments at 31 March 2021 amounted to 566,616,787 euros (563,203,443 euros at 2020 year-end). The breakdown by business segment is as follows:

	Euros	
	31/03/2021	31/12/2020
Hotels	145,681,835	142,268,491
Offices	181,113,823	181,113,823
Retail	195,810,240	195,810,240
Industrial	19,583,300	19,583,300
Plots	24,427,590	24,427,590
Total	**566,616,787**	**563,203,443**

3. Segmented reporting

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

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

- Hotels
- Offices
- Retail
- Industrial

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

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

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

2021 (31 March)

31/03/2021	Euros					
	Hotels	Offices	Retail	Industrial	Others	Total
Income	1,075,513	2,368,422	1,755,978	346,255	-	5,546,169
Indirect costs	-117,888	-313,674	-29,692	-2,053	-	-463,307
Net Margin	**957,625**	**2,054,748**	**1,726,286**	**344,203**	**-**	**5,082,862**
General expenses	-34,754	-76,533	-56,743	-11,189	-	-179,218
EBITDA	**922,871**	**1,978,215**	**1,669,544**	**333,014**	**-**	**4,903,644**
% of income	**85.81%**	**83.52%**	**95.08%**	**96.18%**	**-**	**88.41%**
Depreciation	-539,973	-554,267	-257,964	-36,006	-383	-1,388,593
Subsidies	14,088	-	-	-	-	14,088
Extraordinary profits (losses)	-	-	-	-	-	-
Profit/(loss) on disposal of real estate assets	-	-6,929	-	-	-	-6,929
Impairment/Reversal	-	-	4,275	-	-	4,275
Financial profit (loss)	-	-141,653	-180,390	-	263,174	-58,869
EBT	**396,986**	**1,275,366**	**1,235,465**	**297,008**	**262,790**	**3,467,616**
Corporation tax	-	-	-	-	-	-
Net profit (loss)	**396,986**	**1,275,366**	**1,235,465**	**297,008**	**262,790**	**3,467,616**
% of income	**36.91%**	**53.85%**	**70.36%**	**85.78%**	**-**	**62.52%**

2020 (31 March)

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

The breakdown of the **income and net book value** for real estate assets heading at 31 March 2021 is as follows:

	Euros						
	31/03/2021			**31/03/2020**			**31/12/2020**
	Income	**%**	**Net cost**	**Income**	**%**	**Net cost**	**Net cost**
Hotels	1,075,513	19.39%	106,025,973	1,418,242	29.04%	104,536,366	103,845,471
Offices	2,368,422	42.70%	142,346,015	1,529,127	31.31%	141,932,231	142,988,883
Retail	1,755,978	31.66%	88,199,714	1,603,705	32.84%	89,643,270	88,457,678
Industrial	346,255	6.24%	12,846,675	332,405	6.81%	12,990,697	12,882,682
Plots	-	-	23,267,079			-	23,265,453
Total income	**5,546,169**	**100.00%**	**372,685,457**	**4,883,479**	**100.00%**	**349,102,564**	**371,440,168**

At 31 March 2021, 19% of revenue was generated by hotel assets, 43% by offices, 32% by commercial premises and the remaining 6% by industrial properties. There has been a marked change in the revenue mix in terms of specific weighting due to the reduction in revenue in the hotel segment as a result of COVID-19.

At 31 March 2021, the hotels were fully leased; offices were partially leased at 89%; commercial premises were 66% leased and the industrial area was 100% leased. At 31 March 2021, the occupancy rate of real estate assets was 92% (deducting the effect of plots). The Gross Leasable Area (GLA) was 157,274 m2.

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

Area	Euros			
	31/03/2021		**31/03/2020**	
	Income	**Income (%)**	**Income**	**Income (%)**
Madrid	4,465,440	80.51%	3,769,069	77.18%
Huelva	1,080,729	19.49%	1,114,410	22.82%
Total	**5,546,169**	**100.00%**	**4,883,479**	**100.00%**

From a geographic point of view, all of the income obtained in the first quarter of 2021 was generated in Madrid and Huelva (both in Spain). Madrid thus accounts for 81% of revenue, and Huelva for 19%.

Furthermore, it is of interest to highlight the evolution of the **occupation rates** by type of asset from the **standpoint of asset types**: At 31 March 2021, the occupation rate of the Company's assets allocated to leases was 92% (92% in March 2020 and 93% in December 2020) based on square metres leased, with the breakdown as follows:

Type of asset	% occupation			Floor area in m^2 above ground level		
	31/03/2021	31/03/2020	31/12/2020	31/03/2021	31/03/2020	31/12/2020
Hotels	100.00%	100.00%	100.00%	80,135	80,135	80,135
Offices	89.56%	88.88%	90.72%	39,764	39,764	39,436
Retail	66.41%	67.26%	66.58%	23,982	23,982	23,982
Industrial	100.00%	100.00%	100.00%	13,810	13,810	13,810
Total	**92.27%**	**92.22%**	**92.58%**	**157,692**	**157,692**	**157,364**

During the first quarter of 2021, the occupancy rate of real estate has not been maintained as it was at 31 December 2020.

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

4. Property Investment

Due to the widespread recent reduction in expected yields, the Company is seeking new, diversified medium and long-term investment opportunities that would allow it to combine high yields in sectors where it is not currently present with yields of around 5% and 6% and high-quality tenants, as well as a number of added value real estate asset transformation operations for subsequent operation under a leasing scheme. The Company will maintain the current expected revenues from existing lease contracts contingent on how quickly the negative effects of the pandemic abate, especially in the hotel segment.

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

	2021	2020
	Days	
Average payment period to suppliers	37.88	77.92
Ratio of paid transactions	39.35	89.43
Ratio of transactions pending payment	30.25	67.28
	Euros	
Total payments made	3,548,715	2,989,896
Total payments pending	679,789	3,232,194

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).

6. Earnings per share at 31 March 2021

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

	Euros	
	31/03/2021	31/03/2020
Net profit	3,467,616	1,907,360
Weighted average number of shares	4,452,197	4,452,197
Earnings per share	**0.78**	**0.43**

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.

7. Acquisition of treasury shares

At 31 March 2021, the Company did not hold any treasury shares in its portfolio.

8. Research and development activities

The Company does not carry out research and development activities.

9. Main risks to the Company

The management of the Company's financial risks is centralised in the Group's Financial Management and in the policies of the Group in the consolidation scope of which it lies, 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 March 2021, 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.

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.

f) Impact of 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.

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 fall in tourism activities in the cities where these hotels are located could have a negative effect on their use and occupation rates. As a result, this could have a negative effect on the yield and performance of these assets if tenants renegotiate current lease agreements.

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 in terms of maintaining the terms of long-term leases once they have been negotiated, to adapt them insofar as it is possible to the current situation arising due to the COVID-19 pandemic. The 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.

11. Information on conflicts of interest among the Directors

On 31 March 2021, 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 March 2021 and up to the date of approval of this management report, no significant events have occurred that could significantly affect the information set forth herein.

Madrid, 29 April 2021

Mr. Marco Colomer Barrigón
Chairman and Chief Executive Officer