SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

Consolidated Management Report

First quarter 2015

31 March 2015

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SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

Consolidated Management Report

31 March 2015

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.
AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2015

(Euros)

ASSETS	31/03/2015	31/12/2014	LIABILITIES	31/03/2015	31/12/2014
NON-CURRENT ASSETS	**286,759,023**	**221,143,090**	**EQUITY**	**273,158,865**	**270,410,768**
Tangible fixed assets	**385**	**412**	Capital	267,577,040	267,577,040
Plant and other tangible fixed assets	385	412	Legal Reserve	156,252	156,252
Real estate investments	**284,843,756**	**219,960,746**	Reserves in consolidated companies	2,677,476	-9,117,017
Long-term financial investments	**1,914,882**	**1,181,932**	Year's profit (loss) attributed to the Parent Company	2,748,097	11,794,493
Other financial assets	1,914,882	1,181,932			
			NON-CURRENT LIABILITIES	**10,347,088**	**7,940,669**
			Subsidies	**1,495,204**	**1,522,383**
			Long-term debts	**8,851,884**	**6,418,286**
			Debts with credit institutions	4,617,552	4,616,144
			Other financial liabilities	4,234,332	1,802,142
CURRENT ASSETS	**8,163,150**	**59,738,809**	**CURRENT LIABILITIES**	**11,416,220**	**2,530,462**
Inventories	**3,510**	**9,196**	**Short-term debts**	**9,277,503**	**1,356,332**
Advance payments to suppliers	3,510	9,196	Debts with credit institutions	9,277,503	1,356,200
Trade and other accounts receivable	**2,851,887**	**1,674,597**	Other financial liabilities	-	132
Accounts receivable for sales and services	1,703,654	992,930	**Short-term debts with associated companies**	**-**	**19,201**
Other receivables	401,075	-	**Trade creditors and other accounts payable**	**2,138,717**	**1,154,929**
Other credits with the public administration	747,158	681,667	Suppliers	1,128,017	438,119
Short-term investments in associated companies	**4,563,288**	**57,579,278**	Sundry creditors	1,071	1,534
Credits to associated companies	-	57,579,278	Other debts with the public administration	462,816	192,946
Short-term financial investments	**-**	**120**	Advance payments from customers	546,813	522,330
Other financial assets	-	120			
Short-term accruals	**744,465**	**475,618**			
Cash and cash equivalents	744,465	475,618			
TOTAL ASSETS	**294,922,173**	**280,881,899**	**TOTAL EQUITY AND LIABILITIES**	**294,922,173**	**280,881,899**

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.
AND SUBSIDIARY COMPANIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2015
(FIRST QUARTER)

(Euros)

	31/03/2015	31/03/2014
CONTINUED OPERATIONS		
Net turnover	**4,480,762**	**3,144,980**
Provision of services	4,480,762	3,144,980
Other operating income	**25,560**	**62,196**
Non-core and other current management income	25,560	62,196
Operating subsidies included in profit (loss) for the year	**-499,935**	**-551,832**
Procurements	-	-60,573
Work performed by other companies	-499,935	-491,259
Personnel expenses	**-29,378**	**-20,188**
Wages, salaries and similar outgoings	-18,999	-16,834
National Insurance contributions	-10,379	-3,354
Other operating expenses	**-312,669**	**-277,407**
Outside services	-301,250	-248,528
Taxes and similar levies	-11,419	-3,179
Losses, impairment and changes in provisions for trade transactions	-	-25,700
Fixed asset depreciation	**-1,273,227**	**-1,119,805**
Allocation of non-financial fixed asset subsidies and others	**27,179**	**27,179**
Impairment and gains (losses) on fixed asset and real estate investment disposals	**-**	**-1,739,966**
Impairment and losses	-	-1,739,966
Gains (losses) on disposals and others	-	-
Operating profit (loss)	**2,418,292**	**-474,843**
Financial income	**377,659**	**309,497**
From transferable securities and other financial instruments	377,659	309,497
In associated companies	377,183	305,273
In third parties	476	4,224
Financial expenses	**-47,854**	**-21,537**
From related-party debts	-	-
From debts with third parties	-47,854	-21,537
FINANCIAL PROFIT (LOSS)	**329,805**	**287,960**
CONSOLIDATED PROFIT (LOSS) BEFORE TAX	**2,748,097**	**-186,883**
Tax on profits	-	-3,210
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	**2,748,097**	**-190,093**
Profit (loss) attributed to non-controlling interests	-	-
YEAR'S PROFIT (LOSS) ATTRIBUTED TO PARENT COMPANY	**2,748,097**	**-190,093**

Earnings per share:		
Basic and diluted earnings per share	0.62	-0.04

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A. AND SUBSIDIARY COMPANIES

Consolidated Management Report
First quarter 2015
31 March 2015

1. Origin and background

"SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A." (formerly called SAINT CROIX HOLDING IMMOBILIER, SOCIÉTÉ ANONYME" and hereinafter referred to as the "Parent Company") was incorporated on **1 December 2011** under Luxembourg law. Its registered address since its incorporation was at 9B, Boulevard Prince Henri, L-1724, Grand Duchy of Luxembourg and it was duly registered at the Luxembourg Companies Registry (Registre de Commerce et des Sociétés) under the number B165103. In 2014, the Parent Company moved its registered address, the Company's effective place of management and central administration or headquarters, from 9B, Boulevard Prince Henri L-1724 Luxembourg, Grand Duchy of Luxembourg to Glorieta de Cuatro Caminos 6 and 7, 4th floor, E-28020, Madrid, Spain.

The Parent Company was incorporated in 2011 through an in-kind contribution, by means of which the shareholders of the two investee companies initially incorporated in 2009 contributed all their shares to the Company in the form of capital. This operation was based on a valuation commissioned by both investee companies' boards of directors. The valuation used for the operation was carried out based on the cost of the two investee companies' equity at 30 September 2011, as modified by adjustments to the fair value of their assets and liabilities, which gave rise to the final swap equation used in the Parent Company's incorporation. The Company acquired all the shares of the two investee companies through this share swap or contribution operation. The Parent Company was incorporated with 3,784,368 shares having a par value of 60.10 euros per share, resulting an initial share capital of 227,440,517 euros.

Subsequently, on **15 December 2011**, the Parent Company's board of directors resolved to increase the Company's share capital by the amount of 40,136,522.90 euros by issuing 667,829 new shares at a par value of 60.10 euros per share. Those new shares were offered for subscription to existing shareholders and to other new investors. Some of the existing founder members or shareholders waived their pre-emptive subscription rights, and just two of them, PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A. and COGEIN, S.L., subscribed part of the capital increase (23,926,050.40 euros). New shareholders subscribed the rest of the capital increase (16,210,472.50 euros). All the Parent Company's shares were issued under Luxembourg Law. After the aforementioned capital increase and therefore until today, the Company's share capital amounts to 267,577,039.70 euros and consists of 4,452,197 shares at a par value of 60.10 euros per share. All the shares are of the same class with the same voting rights. The Company may issue new shares in order to finance acquisitions or swap them in an acquisition transaction.

All the Parent Company's shares (4,452,197 shares) were admitted to trading on the first regulated market of the Luxembourg Stock Exchange on **21 December 2011** and have been on its official listing since then. Such shares are accepted for clearance through Euroclear system under the common code number 072069463. The ISIN Code of the Company's shares is **LU0720694636** and the Luxembourg Stock Exchange (CBL) long name is **StCroixHldgImSo**.

On 10 June 2014, Parent Company's shareholders unanimously resolved the following resolutions, among others, at an Extraordinary General Meeting, the transfer of its registered office, as well as the Company's effective place of management and central administration or headquarters, from 9B, Boulevard Prince Henri L-1724 Luxembourg, Grand Duchy of Luxembourg to Glorieta de Cuatro Caminos 6 and 7, 4th floor, E-28020, Madrid, Spain and the change of Company's trade name from "SAINT CROIX HOLDING IMMOBILIER, S.A." to "SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.".

The Company was duly registered with the Commercial Registry of Madrid, Spain on **15 October 2014**. This means, among other aspects, that the company has definitively obtained Spanish nationality. Its tax identification number is A-87093902.

The Parent Company and its Subsidiaries are "Real Estate Investment Trusts (SOCIMI)" and they are governed by Law 11/2009 of 26 October, as amended by Law 16/2012 of 27 December, of the Kingdom of Spain.

The Parent Company's activity includes holding interests in the capital of other companies, mainly Spanish companies known as "Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario" (Listed Real Estate Investment Trusts), hereinafter "SOCIMIs", or in other companies, regardless of whether they are domiciled in Spain or not, with similar corporate purpose to SOCIMIs and analogous or similar dividend policy to the legal, tax or statutory policies set forth for Spanish SOCIMIs.

There were no corporate operations affecting the Parent Company's share capital in 2015.

The Parent Company's Group engages mainly in the operation of leased Real Estate assets.

2. Group Structure

At the incorporation of the Parent Company, it owned all the shares of its two investee companies (SOCIMIs), COMPAÑÍA IBÉRICA DE BIENES RAÍCES, 2009, SOCIMI, S.A.U. and COMPAÑÍA IBÉRICA DE RENTAS URBANAS, 2009, SOCIMI, S.A.U. At that moment, the Group was integrated by three companies, the Parent Company and two 100% owned Subsidiaries, elaborating its accounts based on global consolidated procedures.

After the approval of the merger operation of both companies held on **25 June 2013**, with effect from 1 January 2013, the Parent Company began to integrate by global consolidation only one Subsidiary COMPAÑÍA IBERICA DE BIENES RAÍCES, 2009, SOCIMI, S.A.U., which integrates the assets and liabilities of the absorbed subsidiary, COMPAÑÍA IBERICA DE RENTAS URBANAS 2009, SOCIMI, S.A.U.

On **22 January 2015**, the Parent Company's Board of Directors approved the acquisition of all the shares in the company INVERETIRO, S.L., for an amount of 52,000,000 euros. This amount was calculated on the basis of the market value of the company's assets, net of any debt. These assets include:

- an office building located at Titán 13 in Madrid with a surface of 6,630.77 m2 above ground and 7,936.94 m2 underground (it is currently leased to Compañía Logística de Hidrocarburos, S.A. (CLH); and
- several adjoining retail outlets measuring 2,667.80 m2 above ground and 55.59 m2 of parking spaces located at Conde de Peñalver 16 in Madrid (currently leased to ZARA Spain, S.A.).

The acquisition of all the shares of the Subsidiary was signed on **27 March 2015** in front of the Public Notary of Madrid D. Luis Perez-Escolar Hernando. As a result, the Subsidiary is 100% owned by the Parent Company changing its name to INVERETIRO, SOCIMI, S.A.U. and adapting its Articles of Incorporation according to the SOCIMI´s regulations. The appraisal of the acquired company's assets, which is the basis of the transaction's value, was conducted on 31 December 2014 by the independent expert TINSA Tasaciones Inmobiliarias, S.A. by applying the valuation standards of the Royal Institution of Chartered Surveyors (RICS).

After the acquisition operation, the new structure of the Group is the following:

	As at 31 March 2015
SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.	Parent Company Capital Stock: 267,577,040 euros Assets: 318,852,675 euros Net Equity: 264,385,331 euros Financial Investment CIBRA: 266,597,702 euros Financial Investment INVERETIRO: 52,000,000 euros Financial Debt: Not applicable
Cibra 2009 Socimi S.A.U.	Subsidiary Company at 100% Capital Stock: 257,160,000 euros Assets: 295,345,685 euros Net Equity: 274,302,361 euros Financial Debt: 13,895,055 euros
InveRetiro SOCIMI, S.A.U.	Subsidiary Company at 100% Capital Stock: 44,992,853 euros Assets: 46,212,884 euros Net Equity: 45,486,234 euros Financial Debt: Not applicable

The consolidated balance and the profit and loss account of the Group as at 31 March 2015 have been elaborated according to the Group Structure described above.

3. Explanation of the consolidated figures as at 31 March 2015

A breakdown of the main consolidated figures at 31 March 2015 compared to 31 December 2013 (balance) and 31 March 2014 (profit and loss account) is provided below:

	Euros		
Balance	**31/03/2015**	**31/12/2014**	**+ / -**
• Real estate investments (gross)	338,092,267	271,661,342	66,430,925
• Cumulative depreciation	-27,785,505	-26,237,590	-1,547,915
• Cumulative impairment	-25,463,006	-25,463,006	-
Net real estate investments **(*)**	284,843,756	219,960,746	64,883,010
Long-term financial investments	1,914,882	1,181,932	732,950
Trade and other accounts receivable	2,851,887	1,674,597	1,177,290
Short-term investments in associated companies	4,563,288	57,579,278	-53,015,990
Net equity	273,158,865	270,410,768	2,748,097
Grants	1,495,204	1,522,383	-27,179
Long term debt	8,851,884	6,418,286	2,433,598
Short term debt	9,277,503	1,356,332	7,921,171
Trade creditors and other accounts payable	2,138,717	1,154,929	983,788

	Euros		
Income statement	**31/03/2015**	**31/03/2014**	**+ / -**
Revenues	4,506,322	3,207,176	1,299,146
Net Margin	4,006,387	2,655,344	1,351,043
% / revenues	**88.91%**	**82.79%**	**6.11%**
EBITDA	**3,664,340**	**2,357,749**	**1,306,591**
% / revenues	**81.32%**	**73.51%**	**7.80%**
Depreciation and amortization (net)	-1,273,227	-2,859,771	1,586,544
Allocation of grants	27,179	27,179	-
Financial result	329,805	287,960	41,845
EBT	**2,748,097**	**-186,883**	**2,934,980**
% / revenues	**60.98%**	**-5.83%**	**66.81%**
Corporate tax	-	-3,210	3,210
Net Result	**2,748,097**	**-190,093**	**2,938,190**
% / revenues	**60.98%**	**-5.93%**	**66.91%**

EPRA indicators:

EPRA	Euros			
	31/03/2015	Per share	31/12/2014	Per share
Earning	2.808.226	0,63	10.466.895	2,35
NAV	338.881.075	76,12	326.021.086	73,23
NNNAV	323.411.035	72,64	319.904.018	71,85
Cost ratio	7,06%		13,62%	
Vacancy rate	5,11%		6,12%	
Net Initial Yield	5,86%		5,69%	

Real estate investments (gross): As at 31 March 2015, the real estate investments of the Group amounts up to 338,092,267 euros (271,661,342 euros in December 2014) representing an increase of 66,430,925 euros mainly due to:

- **Investments during 2015:** During the current year the Group has invested 66,430,925 euros (516,169 euros in 2014) as follows:

  - Hotel refurbishments amounting up to 446,389 euros: Hotel Playa Canela (404,110 euros), Hotel Meliá Atlántico (537 euros), Hotel Isla Canela Golf (24,091 euros), Hotel Barceló (4,368 euros) and Hotel Tryp Cibeles (13,283 euros).

  - As at 27 February 2015, COMPAÑIA IBERICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U. acquired a logistics warehouse located in Daganzo de Arriba (Madrid) with 13.810 sq. built on a plot of 27.165 m2 and an additional suitability for building of 5,200 m2, amounting to 13,600,000 euros paid in cash. The warehouse is currently leased to TELEPIZZA, S.A. pursuant to a long-term contract lease for a mandatory fixed period of time until May 2027 that may be extended. Transaction costs, including warehouse acquisition cost, amounted to 13,722,813 euros.

  - As at 27 March 2015, the Parent Company acquired 100% of the shares of the company called INVERETIRO, SOCIMI, S.A.U., amounting up to 52,000,000 euros. This transaction means the incorporation into the consolidated real estate assets of the company of the following assets valued at gross cost: an office building located at 13 Street Titan in Madrid with a surface of 6,630.77 m2 above ground and 7,936.94 m2 underground (currently leased to "Compañía Logística de Hidrocarburos, S.A. (CLH)") with a cost of 26,240,597 euros and, (ii) several commercial spaces with a surface of 2,667.80 m2 above ground plus 55.59 m2 of parking lots located at Conde de Peñalver 16 of Madrid (currently leased to "ZARA Spain, S.A.") with a cost of 18,782,719 euros. This transaction has arised a goodwill amounting to 7,238,407 euros which has been registered as higher cost for consolidation purposes.

- **Disposals during 2015:** There has been no disposal during 2015.

Cumulative depreciation: At the end of the first quarter of the year 2015, the balance of accumulated depreciation of investment property amounts to 27.785.505 euros (26.237.590 euros in December 2014). Variation is due to depreciation of investment property for the year 2015 in the amount of 1,273,227 euros and the inclusion of the accumulated depreciation of investment property arising from the acquisition transaction of INVERETIRO, SOCIMI, S.A.U. in the amount of 274,679 euros.

Cumulative impairment: During the year 2015, the Group did not made any adjustment of value of investment property because there were not significant facts that may affect the evaluations made by the independent expert at the end of the year 2014. The Board of Directors consider that the real estate assets are properly valued. The amount of the accumulated impairment losses as at 31 March 2015 amounts to 25,463,006 euros (the same as at the end of December 2014).

Net real estate investments: As a result of the foregoing, as at 31 March 2015, the net investment property of the Group amounted to 284,843,756 euros (219,960,746 euros in December 2014) representing a net increase of 64,883,010 euros as a result of movements described above.

Long-term financial investments: It mainly corresponds to long term deposits to recover. As at 31 March 2015, the balance of this item amounts to 1,914,882 euros (1,181,932 euros in December 2014) representing an increase of 732,950 euros. The increase is mainly due to the normal variation associated to the rental activity from investments amounting to 179,505 euros as well as the result of the inclusion for consolidation of the company INVERETIRO, SOCIMI, S.A.U. in the amount of 553,445 euros.

Trade receivables and other receivables: As at 31 March 2015, the Group has accounts receivables arising from its normal activity of leasing amounting to 2,851,887 euros (1.674.597 euros in December 2014) representing an increase of 1,177,290 euros. Within these balance there are amounts still to be recovered from Spanish Tax Authority for the amount of 747,158 euros (681,667 euros in December 2014).

Financial investments in associated companies: The Group generates cash resources as a result of its rental activity. The excess of funds generated is loaned to companies associated at a market interest rate. At the end of the first quarter of 2015, these balances receivable from the rest of the Group companies have decreased in 53,015,990 euros due to the effect of the acquisition of INVERETIRO, SOCIMI, S.A.U. amounting to 52,000,000 euros. The net balance of loans to companies associated as at 31 March 2015 amounts to 4,563,288 euros (57,579,278 euros in December 2014).

The breakdown is as follows:

Debtor/Creditor	Euros	Description
Promociones y Construcciones, PYC, PRYCONSA, S.A.	4,568,107	Working capital finance
COGEIN, S.L.	-4,819	Working capital finance
Total	**4,563,288**	

Net Equity: As at 31 March 2015, the Group has a positive net equity of 273,158,865 euros (270,410,768 euros in December 2014). The increase with respect to previous period amounts to 2,748,097 euros as a consequence of the positive results of the first quarter of 2015 in the same amount. The potential negative effect on the consolidation reserves derived from the acquisition of INVERETIRO, SOCIMI, S.A.U. (first consolidation) amounting to 7,238,407 euros, corresponding to the difference between the acquisition value of shares (52,000,000 euros) with respect to net equity value of the company acquired on 31 December 2014, i.e., 44,761,593 euros. This difference has been attributed to a more realizable value of the real estate assets of the company acquired in comparison with their book value and, therefore, is considered as higher value of real estate investments.

Dividends: No dividends were paid during the first quarter of 2015. The forecast for the year 2015 in this regard is as follows:

Dividends payable by Subsidiaries to the Parent Company in the year 2015:

The positive net result of COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U. as at 31 December 2014 amounted to 12,082,697 euros. The proposal for distribution of profit made by the Sole Administrator dated 24 February 2015 is the following:

Distribution of net profit in 2014	Euros
Net profit as at 31 December 2014	**12,082,697**
• Legal reserve	1,208,270
• Voluntary reserve	2,174,885
• Dividends (to be paid in July 2015)	8,699,542

The company INVERETIRO, SOCIMI, S.A.U. is transformed into SOCIMI as at 18 March 2015 (date of registration in the trade register). Therefore, in the 31 December 2014 it had no obligation to distribute dividends. Despite the above, the proposed distribution of the result of the subsidiary made by the Sole Administrator dated 31 March 2015 has been as follows:

Distribution of net profit in 2014	Euros
Net profit as at 31 December 2014	**1,563,417**
• Prior years losses	1,563,417

Dividends to be paid by the Parent Company to its Shareholders in the year 2015:

The positive net result of SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A. as at 31 December 2014 amounted to 921.102 euros. Taking into account that as at 31 December 2014 the Parent Company recorded a negative reserve to adjust its Balance Sheet to the local accounts standards as a consequence of the transfer of the registered office and tax address conducted during the fiscal year 2014, it is not possible to distribute dividends until this negative reserve has been fully compensated. The negative reserve as at 31 March 2015 amounts to 2,877,951 euros. Therefore, the positive results of the financial year 2014 will be fully allocated to compensate partially this negative reserve.

Grants: Subsidies granted in prior years to COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U., correspond to the grant from the General Direction of Regional Economic Incentives amounting to 3,180,000 euros. As at 31 March 2015, the remaining amount to be allocated to results amounts to 1,495,204 euros (1,522,383 euros in December 2014). The reduction of the balance by 27.179 euros corresponds to the allocation to the results of the first quarter of 2015 of the prorated amount.

Long and short term debt: As at 31 March 2015, the Group has short and long term financial debts amounting to 18,129,387 euros compared to the 7,774,618 euros at the end of December 2014. This implies an increase of the debt amounting to 10,354,769 euros. As at 31 March 2015, the financial debt is comprised of:

		Euros	
	Guarantee	**31/03/2015**	**31/12/2014**
Caixa Bank Loan	Mortgage	5,491,695	5,972,344
Banca March Credit	Personal	2,967,323	-
Bankinter Credit	Personal	4,906,500	-
Deposits		4,234,332	1,802,274
Confirming to be paid	Personal	529,537	-
Total		**18,129,387**	**7,774,618**

The debt of the group corresponds to 2 mortgage loans with a single bank (Caixa Bank). The purpose of this funding is to finance the investments in commercial real estate assets located in Castellón and acquired in 2011. As at 31 March 2015, the total amount outstanding of amortization is 5,491,695 euros (5,972,344 euros in December 2014). In addition, during the year 2014, COMPAÑÍA IBERICA DE BIENES RAICES 2009, SOCIMI, S.A.U. signed a new short term line of credit with maturity on 12 November of 2015 with Banca March for working capital purposes amounting to 3,000,000 euros. At the end of March 2015, an amount of 2,967,323 euros has been drawn down. On 16 January 2015 COMPAÑÍA IBERICA DE BIENES RAICES 2009, SOCIMI, S.A.U. signed with Bankinter an additional line of credit for working capital purposes of 5,000,000 euros with a 12 months maturity. At the end of March 2015, an amount of 4,906,500 euros has been drawn down.

Trade creditors and other Payables: As at 31 March 2015, the Group has accounts payables associated to the normal activity of leasing amounting to 2,138,717 euros (1,154,929 euros in December 2014) representing an increase of 983,788 euros. Within these balances there are amounts still to be paid to the Spanish Tax Authority by 462,816 euros (192,946 euros in December 2014).

Revenues: At the end of the first quarter of 2015, the Group has obtained revenues amounting to 4,506,322 euros (3,207,176 euros in the first quarter of 2014) representing a year over year increase of 1,299,146 euros (+41%). Revenues on 1Q 2015 include incomes for services for a value of 25,560 euros (62,196 euros on 1Q 2014).

At the end of the first quarter of 2015, the Group's **Net Margin** was positive standing at 4,006,387 euros (2,655,344 euros in the first quarter of 2014), 88.91% of revenues compared with 82.79% for the same period of 2014, a growth of 6.11 percentage points (a 51% margin increase amounting to 1,351,043 euros).

At the end of the first quarter of 2015, the **Ebitda** of the group is positive and amounts to 3,664,340 euros (2,357,749 euros in the first quarter of 2014), this is, 81.32% of revenues compared with 73.51% of the same period in 2014, a growth of 7.80 percentage points (a 55% increase in Ebitda amounting to 1,306,591 euros).

Depreciation: As at 31 March 2015, depreciation of real estate investments for the first quarter of 2015 amounted to 1,273,227 euros (1,119,805 euros in the first quarter of 2014).

Impairment/reversal: The Group has not recorded impairments or reversals of impairments for any real estate investment at the end of the first quarter of 2015. At the end of the first quarter of 2014, the Group impaired assets amounted to 1,739,966 euros.

Allocation of grants: In the first quarter of 2015, COMPAÑÍA IBERICA DE BIENES RAICES, SOCIMI, S.A.U. has allocated as revenues for capital grants a total of 27,179 euros (vs. 27,179 euros in the first quarter of 2014). These grants are associated to the hotels located in Ayamonte (Huelva).

Financial results: Mainly as result of the policy of financing to the associate companies with the excess of cash, the Group generated a positive financial result for an amount of 329,805 euros in the first quarter of 2015 (vs. 287,960 euros in the first quarter of 2014).

Net result: As at 31 March 2015, the group obtained a net positive result of 2,748,097 euros (60.98% on revenues) compared to negative results for the first quarter of 2014 amounting to -190,093 euros (-5.93% on revenues). This represents an improve of 2,938,190 euros mainly due to an increase in revenues and margins and also to the stable performance of the real estate assets value as a consequence of the improvement in the Real Estate sector and Spain's economic outlook.

4. Real estate assets valuation

The Group carries out an external and independent assessment of their real estate assets at the end of each fiscal year. For this purpose, at the end of the financial year 2014 commissioned CBRE Valuation Advisory, S.A., independent expert, an assessment of its assets in order to determine the fair values of all real estate investments at the end of the year 2014. Final report was issued on January 21, 2015. Such valuations were conducted on the basis of the replacement value and the market lease value (which consists of capitalising net incomes from each property and updating future flows), whichever is lower. A consensus-based discount rate was used to calculate the fair value for a potential investor, in line with those applied by the market for properties of similar characteristics and locations. Assessments were made in accordance with standards of the Royal Institution of Chartered Surveyors (RICS).

During the first quarter of 2015, the Parent Company's Directors consider that no significant changes occurred in the variables used in the mentioned assessment at the end of the year 2014 by the independent expert nor in the content and conditions of lease contracts in effect used in this evaluation. In consequence, Directors consider that market values of the Group’s assets at the end of first quarter of the year 2015 are similar to those at the end of the year 2014.

According to the estimations carried out, the fair value of real estate assets at the end of financial year 2014 revealed unregistered latent capital gains (by comparing the updated gross fair market value and net book value) of 48,080,867 euros, mainly associated to commercial premises and hotels located at 34 Gran Vía Street, Madrid, at Caleruega Street, Madrid, and Hotel Barceló Isla Canela, Huelva.

Gross Market Value (GAV) of real estate assets at the end of first quarter 2015 taking into account those 3 new investments amounts to 333,600,722 euros (268,041,613 euros in 2014).

5. Segment Information

Details of **revenues and net book value** of real estate assets at 31 March 2015 compared with those at 31 March 2014 are as follow:

	Euros					
	31/03/2015			31/03/2014		
	Revenues	**%**	**Net Cost**	**Revenues**	**%**	**Net Cost**
Meliá Atlántico	537	0.01%	28,458,237	-	-	28,434,211
Barceló Isla Canela	499,992	11.10%	20,708,758	497,614	15.52%	20,933,683
Tryp Atocha	347,698	7.72%	22,089,636	347,698	10.84%	21,471,803
Iberostar Isla Canela	345,796	7.67%	21,251,534	323,468	10.09%	21,354,955
Tryp Cibeles	294,035	6.52%	18,524,385	293,448	9.15%	19,034,784
Playa Canela	404,110	8.97%	13,740,209	-	-	13,410,951
Isla Canela Golf	49,041	1.09%	3,614,408	25,000	0.78%	3,590,776
Hotels	**1,941,209**	**43.08%**	**128,387,165**	**1,487,228**	**46.37%**	**128,231,162**
Pradillo 42	381,302	8.46%	16,500,696	380,541	11.87%	16,500,696
Sanchinarro VI	14,123	0.31%	7,717,118	7,147	0.22%	8,334,754
Sanchinarro VII	11,083	0.25%	6,281,632	4,050	0.13%	6,818,885
Titan 13	523,599	11.62%	31,520,981	-	-	-
Coslada III	5,525	0.12%	5,632,418	2,550	0.08%	4,455,359
Vallecas Comercial I	7,831	0.17%	3,228,630	3,720	0.12%	3,355,920
Gran Vía 1-2º Right	-	-	1,854,097	27,898	0.87%	1,797,485
Gran Vía 1-1º Right	17,115	0.38%	1,766,327	25,672	0.80%	1,715,054
Gran Vía 1-2º Left	-	-	1,582,618	23,522	0.73%	1,534,667
Sanchinarro V	-	-	198,187	-	-	188,734
Offices	**960,577**	**21.32%**	**76,282,703**	**475,100**	**14.81%**	**44,701,554**
Gran Vía 34	653,399	14.50%	19,763,171	651,913	20.33%	20,099,969
Plaza de España	333,861	7.41%	9,477,776	333,861	10.41%	10,099,233
Conde de Peñalver 16	302,141	6.70%	20,327,318	-	-	-
San Antón 25 y 27	-	-	3,016,399	-	-	3,278,701
Vallecas Comercial II	41,400	0.92%	3,651,518	41,400	1.29%	3,603,568
Centro Com. Marina Isla Canela	3,321	0.07%	2,078,578	-872	-0.03%	2,341,905
Albalá 7	49,502	1.10%	2,626,910	58,754	1.83%	2,550,813
Gran Vía 1-1º Left	-	-	2,186,429	26,172	0.82%	1,768,076
Dulcinea 4	28,637	0.64%	1,352,881	24,065	0.75%	1,352,881
Caleruega	26,400	0.59%	962,232	26,400	0.82%	967,935
Rutilo	21,001	0.47%	1,019,866	20,959	0.65%	1,019,930
Commercial	**1,459,661**	**32.39%**	**66,463,077**	**1,182,652**	**36.88%**	**47,083,010**
Daganzo de Arriba	119,315	2.65%	13,710,811	-	-	-
Industrial	**119,315**	**2.65%**	**13,710,811**	**-**	**-**	**-**
Other revenues	25,560	0.57%	-	62,196	1.94%	-
Total revenues	**4,506,322**	**100.00%**	**284,843,756**	**3,207,177**	**100.00%**	**220,015,727**

From a **geographical point of view**, most of the revenues are generated in Madrid and Huelva (both in Spain). In this sense, Madrid maintains its contribution to total income (64%), Huelva increases it by 3 points (29%) and Castellón decreases by 3 points (7%). Commercial premises located at Cáceres did not generate income in 1Q 2015 or throughout 2014. These assets remain vacant since the end of 2013 after early termination of the existing lease contract.

The contribution of income from a geographical point of view is as follows:

	Euros			
	31/03/2015		31/03/2014	
Zone	**Revenues**	**%**	**Revenues**	**%**
Madrid	2,869,664	63.68%	2,028,106	63.24%
Huelva	1,302,797	28.91%	845,210	26.35%
Castellón	333,861	7.41%	333,861	10.41%
Cáceres	-	-	-	-
Total	**4,506,322**	**100.00%**	**3,207,177**	**100.00%**

As shown in the table above, the Group's activity is mainly located in Madrid and Huelva (93% in 2015 as compared to 89% in 2014 over total activity). Madrid and Huelva account for 69% and 31% of that average, respectively.

Furthermore, from the typology of assets viewpoint, it is interesting to note the evolution of the occupancy rate by type of asset:

	31/03/2015		**31/12/2014**	
Type of Property	**M2 (s+b/r)**	**Occupancy**	**M2 (s+b/r)**	**Occupancy**
Hotel	112,257	100.00%	112,257	100.00%
Offices	38,038	62.71%	23,469	39.59%
Commercial	24,190	71.26%	21,466	73.35%
Industrial	13,810	100.00%	-	-
Total	**188,295**	**89.92%**	**157,285**	**87.54%**

Revenues increased 41% over the same period last year. The rate of occupancy as at 31 March 2015 is 89.92% (87.54% at 31 December 2014 and 87.41% at 31 March 2014). The evolution of the occupancy remains very stable and reinforces the Group's solvency due to the good performance of lease contracts and the quality of tenants.

At 31 March 2015, 43% of revenues are generated by hotel assets (46% in the first quarter of 2014), 21% by offices (15% in the first quarter of 2014), 32% by commercial premises (37% in the first quarter of 2014) and 3% by industrial activity (0% in the first quarter of 2014) with an occupancy rate of 89.92% (87.41% in the first quarter of 2014). At the end of first quarter 2015, hotels remain fully rented with no changes from the end of the year 2014; offices are still partially leased at 62.71% (39.59% at the end of 2014); commercial premises are leased at 71.26% (73.35% at the end of 2014) and the industrial building at 100% (0% at the end of 2014). The occupancy rate is expected to remain at least at current levels after having reached, at the end of first quarter 2015, the 90% goal set for the year.

Details for **income, square meters (m2) and occupancy rate** by type of asset at 31 March 2015 as compared to 31 March 2014 are as follows:

	Euros					
	31/03/2015			31/03/2014		
	Revenues	**M2 (s/r)**	**Occup.**	**Revenues**	**M2 (s/r)**	**Occup.**
Meliá Atlántico	537	20,116	100.00%	-	20,116	100.00%
Barceló Isla Canela	499,992	17,756	100.00%	497,614	17,756	100.00%
Tryp Atocha	347,698	7,825	100.00%	347,698	7,825	100.00%
Iberostar Isla Canela	345,796	18,114	100.00%	323,468	18,114	100.00%
Tryp Cibeles	294,035	6,881	100.00%	293,448	6,881	100.00%
Playa Canela	404,110	13,408	100.00%	-	13,408	100.00%
Isla Canela Golf	49,041	3,860	100.00%	25,000	3,860	100.00%
Hotels	**1,941,209**	**87,960**	**100.00%**	**1,487,228**	**87,960**	**100.00%**
Pradillo 42	381,302	4,705	100.00%	380,541	4,705	100.00%
Sanchinarro VI	14,123	2,833	21.62%	7,147	2,899	15.35%
Sanchinarro VII	11,083	2,234	23.21%	4,050	2,300	20.10%
Titán 13	523,599	6,631	100.00%	-	-	-
Coslada III	5,525	3,339	9.92%	2,550	3,339	5.00%
Vallecas Comercial I	7,831	2,315	21.57%	3,720	2,315	15.75%
Gran Vía 1-2º Right	-	542	100.00%	27,898	542	100.00%
Gran Vía 1-1º Right	17,115	542	100.00%	25,672	542	100.00%
Gran Vía 1-2º Left	-	461	100.00%	23,522	461	100.00%
Sanchinarro V	-	67	-	-	67	-
Offices	**960,577**	**23,669**	**62.71%**	**475,100**	**17,170**	**44.78%**
Gran Vía 34	653,399	3,348	100.00%	651,913	3,348	100.00%
Plaza de España	333,861	2,858	100.00%	333,861	2,858	100.00%
Conde de Peñalver 16	302,141	1,238	100.00%	-	-	-
San Antón 25 y 27	-	1,736	-	-	1,736	-
Vallecas Comercial II	41,400	1,843	100.00%	41,400	1,843	100.00%
C. Com. Marina Isla Canela	3,321	6,162	32.83%	-872	6,162	28.00%
Albalá 7	49,502	823	100.00%	58,754	823	100.00%
Gran Vía 1-1º Left	-	442	100.00%	26,172	442	100.00%
Dulcinea 4	28,637	1,037	100.00%	24,065	1,037	100.00%
Caleruega	26,400	362	100.00%	26,400	362	100.00%
Rutilo	21,001	593	100.00%	20,959	593	100.00%
Commercial	**1,459,661**	**20,442**	**71.26%**	**1,182,652**	**19,204**	**67.86%**
Daganzo de Arriba	119,315	13,810	100.00%	-	-	-
Industrial	**119,315**	**13,810**	**100.00%**	**-**	**-**	**-**
Other revenues	25,560	-	-	62,196	-	-
Total revenues	**4,506,322**	**145,881**	**89.92%**	**3,207,177**	**124,334**	**87.41%**

Total square meters of real estate assets owned by the group as at 31 March 2015 amounts to 188,295 m2, of which 145,881 m2 above ground and 42,414 m2 below ground (124,334 m2 above ground in March 2014).

Properties listed above are mainly located in Castellón, Madrid, Cáceres and Isla Canela (Huelva).

The contribution of each type of asset to the total is as follows:

Type of asset	Euros			
	31/03/2015		31/12/2014	
	GAV	**Net Book Value**	**GAV**	**Net Book Value**
Hotels	40.34%	46.24%	50.16%	58.60%
Offices	22.89%	25.47%	16.76%	20.38%
Commercial	32.69%	23.36%	33.08%	21.02%
Industrial	4.08%	4.93%	-	-
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

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The G.A.V. property is detailed as follows:

Property	GAV (Euros)	
	31/03/2015	31/12/2014
Gran Vía, 34	61,841,379	61,841,379
Titán 13	31,520,981	-
Hotel Meliá Atlántico	28,653,941	28,653,941
Hotel Barceló Isla Canela	24,428,000	24,428,000
Hotel Tryp Atocha	22,262,833	22,262,833
Hotel Iberostar Isla Canela	21,341,600	21,341,600
Hotel Tryp Cibeles	20,713,684	20,713,684
Conde de Peñalver 16	20,327,318	-
Pradillo 42	16,571,000	16,571,000
Daganzo de Arriba	13,710,811	-
Hotel Playa Canela	13,447,200	13,447,200
Plaza de España	9,528,440	9,528,440
Sanchinarro VI	7,742,893	7,742,893
Sanchinarro VII	6,298,316	6,298,316
Coslada III	5,655,164	5,655,164
Vallecas Comercial II	3,659,950	3,659,950
Hotel Isla Canela Golf	3,602,941	3,602,941
Vallecas Comercial I	3,241,670	3,241,670
San Antón 25 y 27	3,032,697	3,032,697
Albalá 7	2,666,280	2,666,280
Gran Vía 1, 1º Left	2,196,353	2,196,353
Centro Comercial Marina Isla Canela	2,091,673	2,091,673
Gran Vía 1, 2º Right	1,864,611	1,864,611
Gran Vía 1, 1º Right	1,777,273	1,777,273
Gran Vía 1, 2º Left	1,585,952	1,585,952
Dulcinea 4	1,359,000	1,359,000
Caleruega	1,255,000	1,255,000
Rutilo	1,025,080	1,025,080
Sanchinarro V	198,683	198,683
Total	**333,600,722**	**268,041,613**

Finally, the consolidated result of the Group by type of asset is as follows:

2015 (as at 31 March)

	Euros					
	Hotels	**Offices**	**Commercial**	**Industrial**	**Others**	**Total**
Revenues	1.941.209	960.577	1.459.661	119.315	25.560	4.506.322
Indirect costs	-383.705	-74.838	-31.124	-10.269	-	-499.935
Net Margin	**1.557.504**	**885.739**	**1.428.537**	**109.046**	**25.560**	**4.006.387**
Overheads	-147.345	-72.911	-110.794	-9.056	-1.940	-342.047
Ebitda	**1.410.159**	**812.828**	**1.317.743**	**99.990**	**23.620**	**3.664.340**
% s/ revenues	**72,64%**	**84,62%**	**90,28%**	**83,80%**	**92,41%**	**81,32%**
Depreciation	-742.090	-210.189	-308.945	-12.003		-1.273.227
Allocation of grants	27.179	-	-	-	-	27.179
Disposal of assets	-	-	-	-	-	-
Impairment /Reversal	-	-	-	-	-	-
Financial result	129.317	75.078	114.086	9.326	1.998	329.805
Ebt	**824.565**	**677.717**	**1.122.885**	**97.313**	**25.617**	**2.748.097**
Corporate tax	-	-	-	-	-	-
Net result	**824.565**	**677.717**	**1.122.885**	**97.313**	**25.617**	**2.748.097**
% s/ revenues	**42,48%**	**70,55%**	**76,93%**	**81,56%**	**100,23%**	**60,98%**

2014 (as at 31 March)

	Euros					
	Hotels	**Offices**	**Commercial**	**Industrial**	**Others**	**Total**
Revenues	1.487.228	475.100	1.182.652	-	62.196	3.207.177
Indirect costs	-423.537	-82.606	-34.355	-11.335	-	-551.833
Net Margin	**1.063.691**	**392.494**	**1.148.298**	**-11.335**	**62.196**	**2.655.344**
Overheads	-138.000	-44.085	-109.739	-	-5.771	-297.595
Ebitda	**925.691**	**348.409**	**1.038.559**	**-11.335**	**56.425**	**2.357.749**
% s/ revenues	**62,24%**	**73,33%**	**87,82%**	**-**	**90,72%**	**73,51%**
Depreciation	-734.682	-188.489	-196.634	-	-	-1.119.805
Allocation of grants	27.179	-	-	-	-	27.179
Disposal of assets	-	-	-	-	-	-
Impairment /Reversal	-	-	-1.739.966	-	-	-1.739.966
Financial result	112.910	65.552	99.611	8.142	1.744	287.960
Ebt	**331.097**	**225.473**	**-798.430**	**-3.192**	**58.169**	**-186.883**
Corporate tax	-	-	-	-	-3.210	-3.210
Net result	**331.097**	**225.473**	**-798.430**	**-3.192**	**54.959**	**-190.093**
% s/ revenues	**22,26%**	**47,46%**	**-67,51%**	**#¡DIV/0!**	**88,36%**	**-5,93%**

6. Real Estate Assets

Main lease contracts still in force at 31 March 2015 are as follows:

- **Hotel Meliá Atlántico, Isla Canela, Huelva:** a four-star beachfront hotel with 359 rooms (718 beds) leased to Meliá Hotels International, S.A. from April 2013 according to the lease agreement entered into in May 2012. The lease agreement came into force in April 2013 for a ten-year period (May 2022) and the parties may terminate the contract in 2017 without penalty provided certain conditions are met. The agreement sets forth an annual rent review in line with CPI.

- **Hotel Barceló Isla Canela, Isla Canela, Huelva:** A four-star beachfront hotel with 351 rooms (702 beds) leased to Barceló Arrendamientos Hoteleros, S.L. The agreement came into force on 1 March 2006 and terminates on 31 October 2026. It may be extended at the parties' discretion. In addition, the parties may terminate the agreement without penalty in 2017. The agreement sets forth an annual rent review in line with CPI.

- **Hotel Tryp Atocha, Madrid:** A four-star hotel located in Atocha with 150 rooms and operated by Sol Meliá. The lease agreement came into force on 4 June 1999 and terminated on 4 June 2009. It was subsequently extended until 24 March 2022 and may be extended at the parties' discretion. The agreement sets forth an annual rent review in line with CPI.

- **Hotel Iberostar, Isla Canela, Huelva:** A four-star beachfront hotel with 300 rooms (600 beds) leased to Hispano Alemana de Management Hotelero, S.A. The agreement came into force on 1 December 2007 and was extended in 2012 until 31 October 2022. It may be extended at the parties' discretion. The agreement sets forth an annual rent review in line with CPI.

- **Hotel Tryp Cibeles, Madrid:** A four-star hotel located at Mesonero Romanos, 13 (Gran Vía-Madrid) with 132 rooms. Operated by Sol Meliá. The agreement came into force on 10 February 1998 and terminated on 10 October 2008. It was subsequently extended until 15 March 2020 and may be extended at the parties' discretion. The agreement sets forth an annual rent review in line with CPI.

- **Hotel Playa Canela, Isla Canela, Huelva:** A four-star beachfront hotel with 202 rooms (404 beds) leased to Grupo Hoteles Playa, S.A. The agreement came into force on

15 July 2002 and terminates on 31 October 2022. It may be extended at the parties' discretion. The agreement sets forth an annual rent review in line with CPI.

- **Hotel Isla Canela Golf, Isla Canela, Huelva:** A four-star hotel located on a golf course with 58 rooms (116 beds). After early termination of the lease agreement with Vincci Hoteles, S.A. in 2011 and the execution of bank guarantees due to non-payment of the rent, a new lease contract was signed with an associated company, Isla Canela S.A. in order to run the hotel. The agreement was entered into on 31 December 2012 and activities commenced on 14 January 2013 until 31 December 2014. Moreover, the parties agreed on an extension until 31 December 2017. The agreement may be extended for an additional three-year period provided that the parties reach an agreement prior to end of lease. The agreement also sets forth an annual rent review in line with CPI.

- **Building at Pradillo 42, Madrid:** The agreement came into force on 27 February 2009 and terminates on 27 February 2019. It may be extended at the parties' discretion. The agreement sets forth annual CPI increases. The lessee, UNEDISA, informed the Company of its intention to early terminate the agreement by letter dated 3 February 2014. After that, the lessee breached the agreement by failing to fulfil its contractual obligations, such as: (i) payment of the rent due in March 2014; (ii) delivery of bank guarantee for the annual rent and; (iii) payment of the additional deposit as per the agreement in force. As a result of this situation, the Company enforced the existing bank guarantees but tenant settled the debt and an additional amount required as deposit (1,839,981 euros) and avoided execution. This amount in advance was allocated to pay monthly rents until February 2015. From then on, the Subsidiary continued to invoice the monthly rent but no payment was made. As at 31 March 2015, unpaid rents amount to 169,919 euros and they were booked under Trade Debtors.

- **Retail outlets at Gran Vía 34, Madrid:** two retail outlets located at Gran Vía 34 operated by Inditex (Zara). The agreement came into force on 24 April 2000 and terminates on 3 October 2025. It may be extended at the parties' discretion and may be cancelled without any penalties in 2020. The agreement sets forth rises in line with the annual CPI.

- **Retail outlets in Plaza de España 5, Castellón:** operated by Inditex (Zara). The agreement came into force on 1 July 2007 and terminates on 18 November 2023. It may be extended at the parties' discretion. The agreement sets forth an annual rent review in line with CPI.

- **Retail outlets at San Antón 25 and 27, Cáceres:** two retail outlets and eight units for residential use. The retail outlets were operated by PUNTO ROMA until 2013. Although the agreement came into force on 15 July 2005 and set forths 15 December 2035 as termination date, the Company and the lessee agreed to terminate it at the end of 2013. The retail outlets are still available for rent.

- **Retail outlets at Albalá 7, Madrid:** retail outlets. Operated under a lease agreement by CAPRABO, S.A. The agreement came into force on 31 July 2002 and terminates on 31 July 2027. The lessee may terminate the lease agreement in 2016 with twelve months prior notice and no penalty. The agreement sets forth an annual rent review in line with CPI.

- **Retail outlets at Dulcinea 4, Madrid:** Retail outlets operated under lease agreement dated 17 February 2003 by JAVISA SPORT, S.L. with termination date on 17 February 2018. It may be extended at the parties' discretion. The agreement sets forth an annual rent review in line with CPI.

- **Marina Isla Canela Shopping Mall, Isla Canela, Huelva:** Commercial spaces leased to several operators.

- **Retail outlet located at Gran Vía 1, 1st Floor Left, Madrid**: This retail remained vacant until the end of the financial year. A lease contract was signed with Hiponemes y Atalanta, S.L. as at 23 December 2014 coming into force on 14 January 2015 and expires on 14 January 2019.

- **Offices at Gran Vía 1, 2nd Floor Right and Left, Madrid:** Two properties available to use as an office. At the end of the year the asset remained vacant. However, on 20 February 2015, they were leased to Drago Broadcast Services S.L. until 31 March 2018.

- **Gran Vía 1, 1st Floor Right, Madrid:** a property for office use leased by Arkadin Spain Servicios de Teleconferencia S.L. The lease contract was signed on 28 October 2011 and remains valid until 28 February 2017.

- **Five retail outlets located at Caleruega 66, Madrid**. Currently leased by Begope Restauración S.L. The agreement was entered into on 1 December 2011 and will remain in force until 1 December 2026.

- **31 offices and 31 garage parking spaces located at Tineo 2 and 4, Madrid (Vallecas Comercial I**). Leased to several tenants.

- **Three offices and 48 garage parking spaces located at Valderebollo 1 and 3, Madrid (Vallecas Comercial II).** Leased on 11 July 2012 until 1 December 2022 to Inversión y Gestión Acebo 2000, S.L.

- **One office and one garage parking space located at Manuel Pombo Angulo 14, 16 and 18, Madrid (Sanchinarro V)**. At the end of the financial year this property is still vacant.

- **42 offices and 42 garage parking spaces located at Manuel Pombo Angulo 6, 8, 10 and 12, Madrid (Sanchinarro V)**. At the end of the financial year this property was leased to several tenants.

- **33 offices and 33 garage parking spaces located at Manuel Pombo Angulo 20, 22, and 24, Madrid (Sanchinarro V).** At the end of the financial year this property was leased to several tenants.

- **32 offices and 32 garage parking spaces located at Avda. Constitución 85, Coslada, Madrid (Coslada III).** At the end of the financial year this property was leased to several tenants.

- **Four retail outlets located at Rutilo 21, 23 and 25, Madrid:** Premises operated under a lease agreement by DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN S.A. (DIA). The agreement came into force on 5 October 2000 and terminates on 5 October 2020. The lessee may terminate the lease agreement on the termination date by giving twelve months' prior notice thereof. The agreement sets forth an annual rent review in line with CPI.

- **An industrial warehouse located in Daganzo de Arriba (Madrid):** Industrial warehouse currently leased to TELEPIZZA S.A. The contract is in force since 18 May 2007 for an initial period of 10 years and it was amended on 1 December 2011 to extend the initial term of the contract to 20 years. Therefore, it expires on 18 May 2027. The contract sets forth an annual rent review in line with CPI.

- **3 commercial premises and 5 parking spaces in 16, Conde de Peñalver Street (Madrid):** Leased to ZARA Spain S.A. as retail outlet. The contract was signed on 28 December 2004 and entered into force on 1 January 2005 with term until until 1 January 2027. The contract set forth a mandatory period until 31 December 2018. The contract sets forth an annual rent review in line with CPI.

- **1 office building in Titan 13 (Madrid):** Office building currently leased to COMPAÑÍA LOGÍSTICA DE HIDROCARBUROS, S.A. (CLH). The contract was signed on 5 March 2007 and it was amended by annex dated 17 June 2014. The contract sets forth a mandatory term until 31 January 2024 and the possibility to extend it for 2 additional periods of five years each. The lessee may terminate the contract of lease expired with a six months in advance notice.

Due to the recent reduction in expected yields in prime areas, the Subsidiary Company is seeking after new diversified medium and long-term investment opportunities in order to mix high yields in sectors where it is not currently present with 5 - 6% yields and top-quality tenants. In addition, added value real estate assets to be renovated or transformed and subsequently leased are also a target. The Group expects to keep the current level of income from lease agreements now in force. The Subsidiary Company's dividend policy will also ensure a source of income to the Parent Company in the future.

Taking into consideration the Group’s performance with regards to real estate assets leased over the long term, the Administrators' forecast a positive evolution based on the existence of long-term agreements with top-quality lessees of the Spanish hotel industry along with new retail outlet lease agreements with very solvent and reliable tenants. This policy will ensure the Group's viability in the medium term.

7. Acquisition of treasury shares

At 31 March 2014, the Parent Company did not hold any treasury shares in its portfolio.

8. Main risks of the Group

In general terms, the Group is exposed to several risks and uncertainties. In particular, its financial risk include:

- **Credit risk:** The Group's main financial assets are cash and bank and cash equivalents, accounts receivable and financial investments or equity instruments, which account for the main exposure to credit risks affecting financial assets. The Group's credit risk is largely attributable to trade debtors and to solvent related companies.

- **Interest rate risk**: The Group has financial debt and debtor financial accounts which are exposed to the volatility of interest rates. The Group’s policy does not consider to take out derivatives or interest rates swaps to cover this risk. However, it is not excluded to use this kind of financial instruments taking into consideration the current low level of Euribor interest rates.

- **Liquidity risk:** Taking into consideration the current situation of the financial markets and the Board of Directors’s forecast about the cash generation capacity, the Group considers to have enough strength to obtain financing from third parties if necessary to undertake new investments. Therefore, there is no evidence of liquidity problems in the medium term. Liquidity is guaranteed by the nature of the investments carried out, the high credit rating of the lessees and the existing rent guarantees set forth in the lease agreements, all of which allow the Group to obtain high yields and liquidity by means of dividends.

- **Valuation risk**: The majority of Group's assets are exposed to fluctuations of the market value that may arise as a result of changes in certain index. Nevertheless, given the quality of the Subsidiary Company's assets and the long-term lease agreements, the Parent Company's Administrators consider that any change as a result of further valuations of the Subsidiary Company's assets would not be relevant and therefore it should not affect the Group's result.

- **Eurozone risk**: All the Group's assets are located in the European Union. Therefore, any political or economic factor affecting EU could have an effect on revenue and profit.

Other market risks to which the Group is exposed include:

- **Regulatory risks:** The Group must comply with legal provisions in force (legal, accounting, environmental, employment, tax, data protection, among others). Any future regulatory change may have a positive or negative effect on the Group.

- **Tourism risk**: A significant part of the Group's assets (mainly hotels) are related to the tourism industry. Any decline of the tourism industry where these assets are located may have a negative effect on occupancy rates and, consequently, on yields and performance for operators that could result in tenants renegotiating current lease agreements.

Finally, it is important to point out that the Group is exposed to other risks, such as: (i) environmental risks; (ii) occupational health and safety risks; and (iii) occupational hazard prevention risks.

9. Subsequent events (further 31 March 2015)

After the end of first quarter 2015 and until the date of approval of this report, the following events should be mentioned in this note:

- As at 17 April 2015, INVERETIRO, SOCIMI, S.A.U. took out two long term loans with Banco Santander S.A. for a total amount of 25,952,000 euros. Both loans are guaranteed with two real estate assets owned by the company and have a maximum maturity date of 10 years with regular repayments for half of the amount and a final repayment for the remaining half at maturity date.

10. Other information (update)

- On 27 January 2015, the Parent Company was notified by the Spanish Tax Agency in reply to a request of the Company dated 11 November 2014 with regards to Article 8 of Law 11/2009, October 26 (Official State Gazette October 27, 2009) about SOCIMIs. According to the aforementioned article, special tax scheme related to SOCIMI entities require written notice to the local Tax Agency after resolution passed at the Shareholders General Meeting and always prior to the beginning of the last quarter of every fiscal year. According to the Tax Agency's reply, the written notice did not comply with this deadline and, thereby, it prevents the Company from applying SOCIMIs tax scheme. On 10 February 2015 the Company filed a claim against the Tax Agency's resolution. On 5 March 2015 Spanish Tax Agency rejects the claim and the Company filed a motion for reversal on 30 March 2015. The Board of Directors consider that all the legal formalities were properly fulfilled, thus, once resolved the motion the Parent Company will continue to benefit of the aforementioned special tax scheme. In the unlikely event that this scheme may not apply for the 2014 fiscal year, the effect on the Parent Company's accounts would be of no significance.

- On 20 January 2015, the Subsidiary Company received notice of a claim lodged by UNEDISA (Unidad Editorial, S.A.) regarding the asset located at Pradillo 42, with the following content: (i) the lease agreement signed on 27 February 2009 to be declared as terminated on 1 March 2014; (ii) UNEDISA to be declared not bound to pay additional compensation on exceed of 1,676,870 euros, that being the amount of the guarantee already enforced by the Company; and (iii) the Company to be sentenced to pay court costs. The amount at issue has been set at 1,676,870 euros. On 17 February 2015 the Subsidiary Company allegued to the claim and UNEDISA answered on 17 April 2015. The date for preliminary hearing is still pending.

- In 2011 Vincci Hoteles, S.A., the lessee of the “Hotel Vincci Selección Canela Golf” (nowadays, Hotel Isla Canela Golf) failed to pay the quarterly rent due on 15 October 2011 leading to early termination of the contract. The Group was therefore obliged to activate the necessary contractual and legal mechanisms as a result of the lessee's breach of contract. In 2013, the Group enforced the lease guarantees and booked the rent until termination of the agreement in the "Net turnover - Real estate asset operations" account of the consolidated income statement. The guarantee amount in excess of 179,094 euros was booked in "Other operating income - Non-core and other current management income" account of the consolidated income statement for 2013. The Parent Company's Administrators and their legal advisors consider that in any case the Parent Company did not breach the lease agreement and early termination of the contract by tenant has no legal basis. Moreover, Parent Company's Administrators consider that Vincci Hoteles S.A. breached the contract obligation to pay the rent, thus terminating the lease, the Group claimed additional compensation amounting to 947,732 euros through a legal claim brought on 26 December 2012. The claim was deemed admissible by Madrid Court of First Instance No. 69 under Ordinary Proceedings 974/2013 and it was alleged by Vincci Hoteles on 30 December 2013 aditionally claiming for an amount of 1,794,154 euros. A preliminary hearing was held on 3 December 2014 and the trial is scheduled to be held on 13 and 14 May 2015.

11. Forecast for 2015

The Board considers that the year 2015 will remain positive regarding distribution of dividends by the subsidiaries. The forecast is positive taking into account the long-term of the contracts and the hotel, retail, commercial and industrial tenants’ great solvency that ensure the feasibility of the business in the medium and long term.

12. Corporate Governance

a) Board of Directors:

Name	Date of appointment	Position	Nature
Marco Colomer Barrigón	10 June 2014	Chairman and C.E.O.	Executive
Jose Luis Colomer Barrigón	10 June 2014	Director	Proprietary (*)
Celestino Martin Barrigón	10 June 2014	Director	Independent
Juan Carlos Ureta Domingo	2 December 2014	Director	Independent
Ofelia María Marín-Lozano Montón	2 December 2014	Coordinating Director	Independent
Jose Juan Cano Resina	11 June 2014	Non Board Member Secretary	

(*) Shares of the Director

b) Audit Committee:

Name	Date of appointment	Position
Juan Carlos Ureta Domingo	2 December 2014	President
Jose Luis Colomer Barrigón	24 February 2015	Member
Celestino Martin Barrigón	24 February 2015	Member and Secretary

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c) Appointments, Remuneration and Good Governance Committee:

Name	Date of appointment	Position
Ofelia María Marín-Lozano Montón	2 December 2014	President
Celestino Martin Barrigón	2 December 2014	Member
Jose Luis Colomer Barrigón	2 December 2014	Member and Secretary

13. Stock exchange

	Euros		
	31/03/2015	31/03/2014	+/-
Par value	60.10	60.10	-
Stock exchange value	**65.00**	**59.80**	**+8.69%**

Madrid, 23 April 2015

Mr. Marco Colomer Barrigón
Chairman y Chief Executive Officer