

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A. and Subsidiary Companies

**Consolidated Annual Accounts for the year
ending 31 December 2015 and Consolidated
Management Report, with the Independent
Audit Report**

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Audit Report on the Consolidated Annual Accounts 2015

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Saint Croix Holding Immobilier, SOCIMI, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

Directors' Responsibility for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the consolidated equity, consolidated financial position and consolidated results of Saint Croix Holding Immobilier, SOCIMI, S.A. and Subsidiaries in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the audit regulations in force in Spain. Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation by the Parent's directors of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of Saint Croix Holding Immobilier, SOCIMI, S.A. and Subsidiaries as at 31 December 2015, and their consolidated results and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated directors' report for 2015 contains the explanations which the Parent's directors consider appropriate about the situation of Saint Croix Holding Immobilier, SOCIMI, S.A. and Subsidiaries, the evolution of their business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2015. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Saint Croix Holding Immobilier, SOCIMI, S.A. and Subsidiaries.

DELOITTE, S.L.

Registered in ROAC under no. S0692

A handwritten signature in blue ink, appearing to read 'Fernando García Beato', with a long horizontal line extending to the right.

Fernando García Beato
26 February 2016

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A. and Subsidiary Companies

**Consolidated Annual Accounts for the year
ending 31 December 2015 and Consolidated
Management Report**

Consolidated Annual Report 2015

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A. and SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2015
 (€)

ASSETS	Notes Report	31/12/2015	31/12/2014	LIABILITIES	Notes Report	31/12/2015	31/12/2014
NON- CURRENT ASSETS		264,691,677	221,143,090	EQUITY	13	289,687,089	270,410,768
Tangible fixed assets		2,253	412	Capital		267,577,040	267,577,040
Plant and other tangible fixed assets		2,253	412	Legal reserve		156,252	156,252
Property investment	7	262,990,569	219,960,746	Reserves in consolidated companies		2,673,040	-9,117,017
Long-term financial investments	9	1,698,855	1,181,932	Year's profit (loss) attributed to the Parent Company		19,280,757	11,794,493
Other financial assets		1,698,855	1,181,932				
				NON-CURRENT LIABILITIES		32,229,505	7,940,669
				Subsidies	14	1,413,665	1,522,383
				Long-term debts	15	30,815,840	6,418,286
				Debts with credit institutions		27,200,524	4,616,144
				Other financial liabilities		3,615,316	1,802,142
CURRENT ASSETS		64,630,900	59,738,809	CURRENT LIABILITIES		7,405,983	2,530,462
Inventories		1,079	9,196	Short-term debts	15	5,618,153	1,356,332
Advance payments to suppliers		1,079	9,196	Debts with credit institutions		5,461,579	1,356,200
Trade and other accounts receivable	10	3,345,402	1,674,597	Other financial liabilities		156,574	132
Accounts receivable for sales and services		2,717,189	992,930	Short-term debts with associated companies	20.2	28,907	19,201
Other credits with Public Administrations	18.1	628,213	681,667	Trade creditors and other accounts payable		1,758,923	1,154,929
Short-term investments in associated companies	9 and 20.2	61,053,472	57,579,278	Suppliers		1,143,493	438,119
Credits to associated companies		61,053,472	57,579,278	Sundry creditors		1,601	1,534
Short- term financial investments	9	17,608	120	Other debts with Public Administrations	18.1	613,829	192,946
Other financial assets		17,608	120	Advance payments from customers		-	522,330
Cash and cash equivalents	11	213,339	475,618				
Cash and bank		213,339	475,618				
TOTAL ASSETS		329,322,577	280,881,899	TOTAL EQUITY AND LIABILITIES		329,322,577	280,881,899

Notes 1 to 24 set out in the consolidated annual report attached hereto form an integral part of the consolidated balance sheet at 31 December 2015

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A. and SUBSIDIARY COMPANIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR 2015

(€)

	Notes Report	Financial year 2015	Financial year 2014
CONTINUED OPERATIONS			
Revenues	19.1	19,969,217	15,356,313
Service provision		19,969,217	15,356,313
Other operating income	19.1	71,988	93,176
Non-core and other current management income		71,988	93,176
Procurements		-103,429	-502,536
Work performed by other companies		-103,429	-502,536
Staff costs	19.3	-107,173	-90,608
Wages, salaries and similar outgoings		-89,812	-74,643
National insurance contributions		-17,361	-15,965
Other operating expenses		-2,266,706	-2,151,481
Charges for external services	19.2	-1,022,693	-939,009
Taxes and similar levies	19.2	-1,156,371	-1,154,927
Losses, impairment and changes in provisions for trade transactions		-87,642	-57,545
Fixed asset depreciation	7	-5,206,152	-4,469,732
Charging of non-financial fixed asset subsidies and others	14 and 19.1	108,718	108,717
Impairment and profits (losses) on disposal of fixed assets and real-estate investments	7	6,709,383	1,385,143
Impairment and losses		2,598,836	1,687,357
Gains (losses) on disposals and others		4,110,547	-302,214
Exceptional income and expenses		-226,150	-
OPERATING PROFIT (LOSS)		18,949,696	9,728,992
Financial income		1,138,904	2,166,621
From transferable securities and other financial instruments		1,138,904	2,166,621
- In associated companies	20.1	1,047,411	2,092,686
- In third parties		91,493	73,935
Financial expenses	15	-807,843	-101,120
From debts with third parties		-807,843	-101,120
FINANCIAL PROFIT (LOSS)		331,061	2,065,501
CONSOLIDATED PROFIT (LOSS) BEFORE TAX		19,280,757	11,794,493
Tax on profits	18.3	-	-
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR		19,280,757	11,794,493
Profit (loss) attributed to non-controlling interests		-	-
YEAR'S PROFIT (LOSS) ATTRIBUTED TO THE PARENT COMPANY	19.4	19,280,757	11,794,493
		-	-
Earnings per share:			
Basic and diluted earnings per share	19.5	4.33	2.65

Notes 1 to 24 set out in the consolidated annual report attached hereto form an integral part of the consolidated profit and loss account for 2015.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2015

A) CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE

(€)

	Notes Report	Financial year 2015	Financial year 2014
RESULT OF THE PROFIT AND LOSS ACCOUNT (I)	13	19,280,757	11,794,493
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)		-	-
TOTAL TRANSFERS TO PROFIT AND LOSS ACCOUNT (III)		-	-
TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)		19,280,757	11,794,493
Attributable to Parent Company		19,280,757	11,794,493
Attributable to non-controlling interests		-	-

Notes 1 to 24 set out in the consolidated annual report attached hereto form an integral part of the consolidated statement of recognised income and expense corresponding to 2015.

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A. AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2015
B) CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL EQUITY
 (€)

	Capital	Legal Reserve	Profit (Loss) Previous Years	Reserves in Consolidated Companies	Profit (Loss) for the Year	Total
CLOSING BALANCE 31 DECEMBER 2013	267,577,040	-	-1,228,592	-6,245,782	1,482,394	261,585,060
Total recognised total income and expenses	-	-	-	-	11,794,493	11,794,493
Transactions with shareholders	-	156,252	1,228,592	-2,871,235	-1,482,394	-2,968,785
- Profit (loss) distribution	-	156,252	1,228,592	-2,871,235	-1,482,394	-2,968,785
CLOSING BALANCE 31 DECEMBER 2014	267,577,040	156,252	-	-9,117,017	11,794,493	270,410,768
Total recognised total income and expenses	-	-	-	-	19,280,757	19,280,757
Transactions with shareholders	-	-	-	11,790,057	-11,794,493	-4,436
- Profit (loss) carry-forward	-	-	-	11,794,493	-11,794,493	-
- Expansion perimeter INVERETIRO	-	-	-	-4,436	-	-4,436
CLOSING BALANCE 31 December 2015	267,577,040	156,252	-	2,673,040	19,280,757	289,687,089

Notes 1 to 24 set out in the consolidated annual report attached hereto form an integral part of the consolidated statement of changes in equity for 2015

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A. and SUBSIDIARY COMPANIES
CONSOLIDATED CASH FLOW STATEMENT FOR 2015

(€)

	Notes Report	Financial year 2015	Financial year 2014
CASH FLOWS FROM OPERATING ACTIVITIES (I)		16,592,625	15,713,024
Profit (loss) before tax for the year		19,280,757	11,794,493
Adjustments:		-1,855,368	967,916
- Fixed asset depreciation (+)	7	5,206,152	4,469,732
- Changes in provisions for trade transactions (+/-)		87,642	57,545
- Impairments and gains (losses) on fixed asset-write offs and disposals (+/-)	7	-6,709,383	-1,385,143
- Financial income (-)	20.1	-1,138,904	-2,166,621
- Financial expenses (+)	15	807,843	101,120
- Allocation of subsidies (+/-)	14	-108,718	-108,717
Changes in working capital		-1,163,825	885,114
- Inventories (+/-)		8,117	-9,196
- Trade and other accounts receivable (+/-)	10	-1,758,447	799,289
- Other current assets (+/-)		-17,488	5,000
- Trade creditors and other accounts payable (+/-)		603,993	90,021
Other cash flows from operating activities:		331,061	2,065,501
- Interest payments (-)		-807,843	-101,120
- Interest receivable (+)		1,138,904	2,166,621
CASH FLOWS FROM INVESTMENT ACTIVITIES (II)		-42,062,783	1,332,205
OPERATING PROFIT (LOSS)		-68,283,270	-528,292
Investment payments		-15,761,914	-516,610
- Real estate and fixed asset investments	7	-15,761,914	-516,610
- Other financial assets		-516,923	-11,682
- Group and associated companies	1	-52,004,433	-
Receivables from disposals		26,220,487	1,860,497
- Real estate investments	7	26,220,487	1,849,999
- Other financial assets		-	10,498
CASH FLOWS FROM FINANCING ACTIVITIES (III)		25,207,879	-17,263,074
Dividend and other equity instrument payments		-	-2,968,786
- Dividends		-	-2,968,786
Financial liability instrument receivables and payables		25,207,879	-14,294,288
- Issues of debts with credit institutions	20.2	28,659,375	-
- Repayment and redemption of debts with credit institutions	20.2	-	-1,009,379
- Payments for loans granted to Group and associated companies		22,698	-13,303,163
- Debt issues with associated companies	20.2	-3,474,194	19,201
- Other financial liabilities		-	-947
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (I+II+III)		-262,279	-217,845
Cash or cash equivalents at beginning of the year		475,618	693,463
Cash or cash equivalents at end of the year		213,339	475,618

Notes 1 to 24 in the consolidated annual report attached hereto form an integral part of the consolidated cash flow statement corresponding to 2015.

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

Consolidated Annual Report for the
Year Ending
31 December 2015

1. The Group's Activity

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

- To move the registered, tax and administrative office (headquarters) to Glorieta de Cuatro Caminos 6 and 7 in Madrid, without winding up or liquidating the company, and to continue performing the activities included under its corporate purpose in Spain as a Spanish public limited company (sociedad anónima) and more specifically under the legal and tax framework for listed real estate investment trusts (SOCIMI), while maintaining the listing of all its shares on the Luxembourg Stock Exchange.
- To change the Company name from "SAINT CROIX HOLDING IMMOBILIER, S.A." to "SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.".
- To approve the Parent Company's financial statements at 31 May of 2014 (date accounts were closed prior to moving address and therefore the change of nationality).
- To approve the new Articles of Association and the General Shareholders Meeting Regulations in accordance with Spanish Law.

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

Its corporate purpose includes the following activities:

- The holding of interests in the capital of other listed real estate investment trusts (hereinafter "SOCIMIs") or in the capital of other entities not domiciled in Spanish territory which have the same corporate purpose as SOCIMIs and which are subject to a similar scheme as the one laid down for SOCIMIs with regard to mandatory, legal or statutory policies on the distribution of profits.
- The holding of interests in the capital of other entities, whether or not they are domiciled in Spanish territory, which have as their main corporate purpose the acquisition of urban real estate assets for leasing and which are subject to the same scheme as that established for listed real estate investment trusts (SOCIMIs) concerning mandatory, legal or statutory policies on the distribution of profits and which meet the investment requirements laid down by Law 11/2009 of 26 October governing Listed Real Estate Investment Trusts (hereinafter the "SOCIMI Act").
- The holding of shares or interests in collective real estate investment institutions governed by Act 35/2003 of 4 November on Collective Investment Institutions.

- The performance of other non-core or complementary financial and non-financial activities that generate revenues which together amount to less than the percentage the SOCIMI Act sets forth at any time for the company's revenue in each tax period, such as:
 - The acquisition and development of urban real estate for leasing. Development activities include the refurbishment of buildings under the terms set forth in Act 37/1992 of 28 December on Value Added Tax.
 - The construction, development and sale of retail outlets, garages and housing units in both the free market and the officially protected or public market, and others related to said activity, such as the acquisition of land and the financing, development and subdivision into plots, along with the refurbishment of buildings.
 - The acquisition, plot subdivision, operation and sale of rural, agricultural, forestry and stock breeding properties and of any other real estate asset, along with the marketing of their products and other consumer goods.
 - The acquisition, holding and disposal of moveable property and fixed income and equity securities after having received, if applicable, the relevant administrative authorisation, along with the purchase and sale of works of art.
 - The management, administration and operation of hotels, aparthotels, student halls of residence and nursing homes for the elderly in any of the ways provided for by Law and in general of any kind of property where an economic activity is carried out.
 - The assignment of its own capital in exchange for the payment of interest or other kinds of consideration.

As regards the subsidiaries, COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U. e INVERETIRO SOCIMI, S.A.U., their corporate purposes consist of the acquisition and development of urban real estate assets for leasing, which includes the refurbishment of buildings, under the terms laid down by Law 37/1992 of 28 December, the Value Added Tax Law.

Group structure

At the time of incorporating the Parent Company, on 1 December 2011, it owned 100% of the shares of two Spanish subsidiaries (SOCIMI) named COMPAÑÍA IBÉRICA DE BIENES RAÍCES, 2009, SOCIMI, S.A.U. and COMPAÑÍA IBÉRICA DE RENTAS URBANAS, 2009, SOCIMI, S.A.U. At the time, the Group comprised three companies, the holding companies and the two fully-owned companies, with its consolidated financial statements thus filed under the full consolidation method.

After approving the merger of both companies on 25 June 2013 with effect from 1 January 2013, the Parent Company began to fully consolidate just the subsidiary COMPAÑÍA IBÉRICA DE BIENES RAÍCES, 2009, SOCIMI, S.A.U. This company in turn included the assets and liabilities of the absorbed subsidiary, COMPAÑÍA IBÉRICA DE RENTAS URBANAS, 2009, SOCIMI, S.A.U., thus not affecting the total consolidation of the Group in any way.

On 22 January 2015, the Parent Company's Board of Directors approved the acquisition of all the shares in the company INVERETIRO, S.L., which amount to 52,000,000 euros. This amount was calculated on the basis of the market value of the company's assets (mainly real estate assets) net of any debt.

The transaction to purchase all shares in the subsidiary company was raised to public status on 27 March 2015 before the Notary Public of Madrid, Mr. Luis Pérez-Escolar Hernando. Following the aforementioned acquisition, the company is now fully owned by the Parent Company, having

been transformed and having changed its company name to INVERETIRO, SOCIMI, S.A.U., adapting its Articles of Association to those of a SOCIMI. The appraisal of the acquired company's assets, on 31 December 2014, which served as the basis of the transaction's value, was conducted by the independent expert TINSA Tasaciones Inmobiliarias, S.A. by applying the valuation standards of the Royal Institution of Chartered Surveyors (RICS).

From this moment onwards, the Parent Company files consolidated financial statements under the full consolidation method for the two fully-owned subsidiaries, that is, COMPAÑÍA IBÉRICA DE BIENES RAÍCES, 2009, SOCIMI, S.A.U. and INVERETIRO, SOCIMI, S.A.U.

Following the aforementioned transaction, the Group's structure is as follows:

	Data at 31 December 2015
	Parent Company Share capital: 267,577,040 euros Assets: 320,216,786 euros Equity: 275,532,349 euros Investment in CIBRA equity: 267,931,197 euros Investment in INVERETIRO equity: 52,004,436 euros Financial debt: None
	Fully-owned company Share capital: 257,160,000 euros Assets: 294,181,740 euros Equity: 281,603,375 euros Financial debt: 8,001,420 euros
	Fully-owned company Share capital: 44,992,853 euros Assets: 73,132,180 euros Equity: 44,992,853 euros Financial debt: 25,101,238 euros

2015 Fixed Income Securities Issuance Programme

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

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

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

At 31 December 2015, no Fixed Income securities have been issued by the Parent Company under the aforementioned programme, as the Directors of the Parent Company believe that the market conditions at the time were not appropriate to the established objectives.

2. Applicable law

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

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

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

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

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

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

The term shall be calculated:

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

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

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

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

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

- a) More flexible criteria for the inclusion and maintenance of real estate assets: there is no lower limit on the number of real estate assets to be contributed at the SOCIMI's incorporation, except for housing units, of which at least eight must be contributed. Real estate assets no longer have to remain on the company's balance sheet for seven years but only for at least three years.
- b) Reduction in capital requirements and freedom to leverage: the minimum capital required was reduced from 15 a 5 million euros, eliminating the restriction on the property investment vehicle's maximum borrowing.
- c) Reduction in dividend payout: until the Law came into force, 90% of the profits had to be distributed. This mandatory figure was reduced to 80% as from 1 January 2013.

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

The Parent Company's Administrators deemed at year-end 2015 that the Group's two companies had fulfilled all the requirements laid down by the aforementioned Law.

3. Basis of presentation of the Consolidated Annual Accounts and Consolidation Principles

3.1. Accounting principles

These consolidated annual accounts of Saint Croix Holding Immobilier, SOCIMI, S.A. and subsidiary companies for 2015 have been drawn up by the Parent Company's Administrators at the Board of Directors meeting held on 25 February 2016 in accordance with the provisions set forth in the International Financial Reporting Standards as adopted by the European Union according to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council (hereinafter "IFRS-EU").

In accordance with the IFRS-EU in force at the close of the year, these annual accounts offer a true reflection of the Group's equity and financial situation at 31 December 2015 and of the profits (losses) from its operations, the consolidated changes in equity and the consolidated cash flows which have come about in the Group during the year ending on said date.

The consolidated annual accounts of Grupo Saint Croix were prepared on the basis of the accounting records kept by the Parent Company and its subsidiary companies. Each company prepares its annual accounts following the accounting standards and principles in force in the country where it performs its operations. Thus, the necessary adjustments and reclassifications were made during the consolidation process to make said standards and principles uniform and to ensure they are in keeping with the IFRS-EU.

The consolidated annual accounts for 2014 were drawn up in accordance with the provisions set forth in the IFRS-EU and were approved by the Annual General Meeting of Saint Croix Holding Immobilier, S.A. held on 29 June 2015, which were filed in the Madrid Companies Registry. Furthermore, the consolidated annual accounts of the Group and the entities comprising it corresponding to 2015 are pending approval by their respective Annual General Shareholders Meetings. Nonetheless, the directors of the Parent Company believe that said financial statements will be approved without any significant changes.

Standards and interpretations effective in this period

The standards and interpretations set out below, which are mandatory for 2015, were adopted by the European Union in 2015. If applicable, they were used by the Group to draw up the consolidated annual accounts:

- New obligatory regulations, amendments and interpretations for the year commencing 1 January 2015:

New standards, amendments and interpretations approved for use in the European Union		Obligation for years beginning on or after:
Improvements to IFRS 2011-2013 cycle	Minor amendments to a series of standards.	1 January 2015
Amendment to IAS 19 – Employee contributions to defined benefit plans	The impact will normally be limited, facilitating the possibility of deducting these contributions from the service cost in the same period they are paid if certain requirements are met.	1 February 2015
Improvements to IFRS 2010-2012 cycle	Minor amendments to a series of standards.	

The application of these new standards and amendments has not had any significant impacts on the consolidated annual accounts for 2015.

- Standards and interpretations issued and not in force:

The following standards and interpretations had been published by the IASB on the date these consolidated annual accounts were drawn up but had not yet entered into force either because the date of their entry into force was subsequent to the date of the summarised consolidated financial statements or because they had not yet been adopted by the European Union:

New standards, amendments and interpretations approved for use in the European Union		Application mandatory for financial years as from:
Approved for use in the European Union		
Amendment to IAS 16 and IAS 38 Acceptable methods of depreciation and amortisation	Clarifies the methods acceptable for depreciating and amortising property, plant and equipment and tangible and intangible assets, which do not include those based on income.	1 January 2016
Amendments to IFRS 11 Accounting for acquisitions of shares in joint ventures	Specifies the way to book an acquisition of an interest in a joint operation the activity of which constitutes a business.	1 January 2016
Amendments to IAS 16 and IAS 41: Bearer plants (published in June 2014)	Bearer plants will be measured at cost instead of fair value	1 January 2016
Amendment to IAS 27: Equity Method in Separate Financial Statements (published in August 2014)	The equity method will be allowed in an investor's separate financial statements.	1 January 2016
Amendment to IAS 1: Disclosures initiative	Clarifications with regard to disclosures (materiality, aggregation, order of notes, etc.)	1 January 2016
Yet to be approved for use in the European Union		
IFRS 15 - Revenue from Contracts with Customers	New standard on revenue recognition (replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31).	1 January 2018
IFRS 9 - Financial Instruments	It replaces the requirements for classification, valuation, recognition and derecognition of financial assets and liabilities in accounts, hedge accounting and impairment of IAS 39.	1 January 2018
IFRS 16 Leases (published in January 2016)	New standard on leases that replaces IAS 17. Lessees will include all leases on the balance sheet as if they were financial purchases.	1 January 2019
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities (December 2014)	Clarifications on the exception for consolidation of investment companies	No date set

The Parent Company's Administrators are in the process of assessing the potential impacts arising from the future application of the rest of these standards on the Group's consolidated annual accounts.

3.2. Consolidation standards and companies included in the consolidation perimeter

Subsidiaries

Companies over which the Parent Company has the capacity to exercise control are deemed as subsidiaries. This capacity is manifested where the Company has the power to manage the financial and operating policies of an investee company in order to benefit from its activities. It is assumed such control exists where the Parent Company holds 50% or more of the voting rights in investee entities either directly or indirectly or, where the percentage is lower, if agreements exist with other shareholders of said companies which grant the Company control over them.

The annual accounts of subsidiaries are consolidated with those of the Company by applying the full consolidation method. Consequently, all the balances and effects of any transactions carried out between consolidated companies have been eliminated in the consolidation process.

When a Subsidiary Company is acquired, the Subsidiary Company's assets, liabilities and contingent liabilities are booked at their fair value on the acquisition date. Any excess in the acquisition cost compared to the fair value of the identifiable net assets acquired is recognised as goodwill. Any defect in the acquisition cost with regard to the fair value of the identifiable net assets acquired, in other words a discount on the acquisition, is charged to the year's profit or loss on the date of acquisition.

The subsidiary companies included within the consolidation perimeter for 2015, which are consolidated by the full consolidation method, are the following:

Euros								
Company	Registered Office	Cost of the Investment and outstanding disbursements	Impairment	% Holding	Corporate purpose	Share capital	Other Equity Elements	Profit (Loss) for the Year
Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U. (*)	Glorieta de Cuatro Caminos 6 and 7, Madrid	267,931,197	-	100.00%	Holding of real estate assets for rental (SOCIMI)	257,160,000	4,531,093	18,498,617
INVERETIRO, SOCIMI S.A.U (*)	Glorieta de Cuatro Caminos 6 and 7, Madrid	52,004,436	-	100.00%	Holding of real estate assets for rental (SOCIMI)	44,992,853	-231,260	2,464,962
Total		319,935,633	-					

(*) Data obtained from the separate annual accounts at 31 December 2015, audited by Deloitte, S.L.

The subsidiary companies included within the consolidation perimeter for 2014, which are consolidated by the full consolidation method, are the following:

Euros								
Company	Registered Office	Cost of the Investment and outstanding disbursements	Impairment	% Holding	Corporate purpose	Share capital	Other Equity Elements	Profit (Loss) for the Year
Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U. (*)	Glorieta de Cuatro Caminos 6 and 7, Madrid	266,597,702	-	100.00%	Holding of real estate assets for rental (SOCIMI)	257,160,000	4,845,207	12,082,697
Total		266,597,702	-					

(*) Data obtained from the separate annual accounts at 31 December 2014, audited by Deloitte, S.L.

3.3. Comparison of the information

The information contained in this consolidated annual report which refers to 2015 is presented along with the information for 2014 for the comparison purposes. However, the 2015 inclusion of INVERETIRO, SOCIMI, S.A.U. within the scope of consolidation, as stated in Notes 1 and 3.2 of this consolidated annual report, must be taken into consideration.

3.4. Grouping of items

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

3.5. Responsibility for the information and the estimates made

The Parent Company's Administrators are responsible for the information contained in these consolidated annual accounts.

The estimates made by the Group's management and the consolidated entities' management to value some of the assets, liabilities, revenues, expenses and undertakings booked in the annual accounts attached hereto have sometimes been used in the process of drawing up the annual accounts. These estimates essentially refer to:

- The valuation of any possible impairment losses of specific assets (see notes 5.1 and 5.3).
- The useful life of real estate assets (see Note 5.1).

Despite the fact that these estimates were made on the basis of the best available information at the end of financial year 2015, it is possible that future events may make it necessary to adjust them either upward or downward in upcoming financial years, which will be done, as appropriate, prospectively.

3.6 Currency

These consolidated annual accounts are presented in euros, since it is the main functional currency of the economic environment in which the Group operates.

4. Distribution of the Parent Company's profit (loss)

The proposal for the distribution of the Parent Company's profits for financial year 2015 to be submitted by the Board of Directors to the shareholders is as follows:

	Euros
Basis of distribution:	
Profit and Loss	9,755,905
Distribution:	
Reserves first application of General Accounting Plan (PGC)	1,800,596
Legal reserve	975,590
Dividends	6,979,719

In 2015, the Parent Company has not paid any dividends against the Company's individual profit in 2014, given that on 31 December 2014, the negative reserves booked were greater than the net profit obtained in 2014. Said negative reserves were generated as a result of the new General Accounting Plan (PGC) being applied given the relocation of its registered office, as mentioned in Note 1.

5. Accounting standards and policies and valuation criteria applied

The main booking and valuation standards used by the Group to draw up its consolidated annual accounts for 2015 were as follow:

5.1 Real estate investments

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

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

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

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

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

Impairment in the value of real estate investments

Whenever evidence for impairment may exist, the Group proceeds to estimate through the so-called "Impairment Test" the possible existence of impairments which reduce the recoverable value of such assets to below their book value.

The recoverable amount is determined as the higher between fair value minus sales costs and usage value.

The Company commissioned CBRE Valuation Advisory, S.A., an independent expert, to conduct a valuation of the assets, which was issued on 26 January 2016, in order to determine the fair values of all its real estate investments at the close of the year. Such valuations were conducted on the basis of the replacement value and the market lease value (which consists of capitalising net rents from each property and updating future flows), whichever is lower. 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).

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

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

5.2 Leases

Leases are classified as financial leases whenever it can be deduced from the lease agreements that the risks and benefits inherent to owning the asset which is the purpose of the agreement are substantially transferred to the lessee. All other leases are classified as operating leases. The Group had no financial leases at year-end 2015 or 2014.

Operating leases

The expenses arising from the operating lease agreements are charged to the consolidated income statement in the financial year in which they accrue.

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

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

5.3. Financial instruments

5.3.1 Financial assets

Classification -

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

- a) Loans and receivables: financial assets resulting from the sale of assets or the provision of services for the Company's trade operations, or any that do not have their origin in trade operations, are not equity instruments or derivatives and whose charges are of a fixed or determinable amount and are not traded in an active market.
- b) Surety and guarantees posted by the Group in compliance with contractual clauses of the different leases booked.

Initial valuation -

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

Subsequent valuation -

Loans, receivables and investments held to maturity are valued at their amortised cost.

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

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

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

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

5.3.2 Financial liabilities

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

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

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

5.4 Classification of balances into current and non-current balances

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

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

5.5 Tax on profits

After its amendment by Law 16/2012 of 27 December, the special tax regime for SOCIMIs is based on a zero per cent Corporation Tax rate, provided certain requirements are met. Among these, it is worth highlighting the requirement that at least 80% of assets must be comprised of urban properties designated for leasing which are fully owned or acquired through interests in

companies that meet the same investment and distribution of results requirements, be they Spanish or foreign, whether or not they are listed on organised markets. Likewise, the main sources of income of these entities must come from the property market, be it from leases, the subsequent sale of real estate after a minimum maintenance period or the income from interests in entities having similar characteristics. Nonetheless, the tax is accrued proportionally to the payout of dividends carried out by the company. Any dividends received by the partners are exempt, except where the beneficiary is a legal person subject to Corporation Tax or a permanent establishment belonging to a foreign entity, in which case a deduction has been established for the total tax liability, so that such income is taxed at the partner's tax rate. However, the rest of income will not be taxed while it is not paid out to the members.

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

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

5.6 Income and expenses

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

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

Any interest received from financial assets is recognised by using the effective interest rate method and dividends are recognised when the shareholder's entitlement to receive them is declared. In any event, the interest and dividends from financial assets accrued subsequent to the moment of acquisition are recognised as income in the profit and loss account.

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

5.7 Provisions and contingencies

When drawing up the accounts, the Parent Company's administrators have differentiated between:

- a) Provisions: credit balances which cover current obligations arising from past events whose cancellation will probably lead to an outflow of resources, but which cannot be determined as to their amount and/or moment of cancellation.
- b) Contingent liabilities: possible obligations arising as a consequence of past events, whose future materialisation is conditional upon whether or not one or more future events which are beyond the Group's control take place.

The consolidated annual accounts reflect all the provisions regarding which the likelihood of having to face an obligation is estimated to be higher than not having to do so. Contingent

liabilities are not recognised in the annual accounts. Information about them, however, is provided in the notes to the consolidated annual report to the extent by which they are not deemed as remote possibilities.

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

5.8 Severance indemnities

In accordance with prevailing legislation, the Group is required to pay severance indemnities to employees it makes redundant under certain conditions. Thus, any severance indemnities susceptible to being reasonably quantified are booked as an expense in the financial year in which the dismissal decision is taken and valid expectations are created among third parties. No dismissals were foreseen that would make it necessary to create a provision for such an item at 31 December 2015.

5.9 Environmental equity elements

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

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

5.10 Subsidies, donations and bequests

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

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

5.11 Related-party transactions

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

6. Segment reporting

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

The segments identified in this way in 2015 are as follows:

- Hotels

- Offices
- Sales
- Industrial

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

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

The expenses for each segment are determined by the expenses arising from its operating activities that are directly attributable to it plus the corresponding proportion of the expenses that can be attributed to the segment by using fair rules of distribution.

Segmented consolidated balance sheet
2015

ASSETS	Euros					
	Total	Hotels	Offices	Sales	Industrial	Others
NON- CURRENT ASSETS	264,691,677	107,055,447	76,943,197	66,395,723	13,795,058	502,253
Tangible fixed assets	2,253	-	-	-	-	2,253
Property investment	262,990,569	106,879,025	76,279,283	65,729,467	13,602,794	500,000
Long-term financial investments	1,698,855	176,421	663,914	666,256	192,264	-
CURRENT ASSETS	64,630,900	269,962	2,421,767	43,068	-	61,896,103
Inventories	1,079	-	-	-	-	1,079
Trade and other accounts receivable	3,345,402	269,962	2,404,159	43,068	-	628,213
Short-term investments in associated companies	61,053,472	-	-	-	-	61,053,472
Short- term financial investments	17,608	-	17,608	-	-	-
Cash and cash equivalents	213,339	-	-	-	-	213,339
TOTAL ASSETS	329,322,577	107,325,409	79,364,964	66,438,791	13,795,058	62,398,356

LIABILITIES	Euros					
	Total	Hotels	Offices	Sales	Industrial	Others
EQUITY	289,687,089	104,482,727	78,217,087	63,890,135	13,581,431	29,515,709
Capital	267,577,040	94,556,944	74,593,453	59,705,608	12,664,337	26,056,698
Legal reserve	156,252	-	-	-	-	156,252
Reserves in consolidated companies	2,673,040	-	-	-	-	2,673,040
Year's profit (loss) attributed to the Parent Company	19,280,757	9,925,783	3,623,634	4,184,527	917,094	629,719
NON-CURRENT LIABILITIES	32,229,505	1,699,189	354,514	848,677	213,627	29,113,499
Subsidies	1,413,665	1,413,665	-	-	-	-
Long-term debts	30,815,840	285,524	354,514	848,677	213,627	29,113,499
CURRENT LIABILITIES	7,405,983	1,143,493	793,363	1,699,979	-	3,769,148
Short-term debts	5,618,153	-	793,363	1,699,979	-	3,124,811
Short-term debts with associated companies	28,907	-	-	-	-	28,907
Trade creditors and other accounts payable	1,758,923	1,143,493	-	-	-	615,430
TOTAL EQUITY AND LIABILITIES	329,322,577	107,325,409	79,364,964	66,438,791	13,795,058	62,398,356

2014

ASSETS	Euros					
	Total	Hotels	Offices	Sales	Industrial	Others
NON- CURRENT ASSETS	221,143,090	128,892,371	45,314,457	46,935,850	-	412
Tangible fixed assets	412	-	-	-	-	412
Property investment	219,960,746	128,682,866	44,935,562	46,342,318	-	-
Long-term financial investments	1,181,932	209,505	378,895	593,532	-	-
CURRENT ASSETS	59,738,809	667,295	325,635	-	-	58,745,879
Inventories	9,196	-	-	-	-	9,196
Trade and other accounts receivable	1,674,597	667,295	325,635	-	-	681,667
Short-term investments in associated companies	57,579,278	-	-	-	-	57,579,278
Short- term financial investments	120	-	-	-	-	120
Cash and cash equivalents	475,618	-	-	-	-	475,618
TOTAL ASSETS	280,881,899	129,559,666	45,640,092	46,935,850	-	58,746,291

LIABILITIES	Euros					
	Total	Hotels	Offices	Sales	Industrial	Others
EQUITY	270,410,768	127,253,527	44,688,610	39,936,153	-	58,532,478
Capital	267,577,040	119,792,522	44,437,347	35,741,119	-	67,606,052
Legal reserve	156,252	-	-	-	-	156,252
Reserves in consolidated companies	-9,117,017	-	-	-	-	-9,117,017
Year's profit (loss) attributed to the Parent Company	11,794,493	7,461,005	251,263	4,195,034	-	-112,809
NON-CURRENT LIABILITIES	7,940,669	1,868,019	429,152	5,643,498	-	-
Subsidies	1,522,383	1,522,383	-	-	-	-
Long-term debts	6,418,286	345,636	429,152	5,643,498	-	-
CURRENT LIABILITIES	2,530,462	438,119	522,330	1,356,200	-	213,813
Short-term debts	1,356,332	-	-	1,356,200	-	132
Short-term debts with associated companies	19,201	-	-	-	-	19,201
Trade creditors and other accounts payable	1,154,929	438,119	522,330	-	-	194,480
TOTAL EQUITY AND LIABILITIES	280,881,899	129,559,666	45,640,092	46,935,850	-	58,746,291

Segmented consolidated income statement

2015

	Euros					
	Hotels	Offices	Sales	Industrial	Others	Total
Income	8,452,391	4,239,686	6,204,307	1,106,985	37,835	20,041,204
Indirect costs	-938,421	-735,813	-340,216	-56,538	-15,630	-2,086,618
Net Margin	7,513,970	3,503,873	5,864,091	1,050,447	22,206	17,954,587
General expenses	-101,817	-33,585	-65,041	-13,335	-176,915	-390,692
EBITDA	7,412,153	3,470,288	5,799,051	1,037,113	-154,709	17,563,895
% of income	87.69%	81.85%	93.47%	93.69%	-408.90%	87.64%
Depreciation	-2,686,953	-1,384,050	-1,014,793	-120,019	-337	-5,206,152
Subsidies	108,718	-	-	-	-	108,718
Extraordinary profits (losses)	-297,679	58,492	18,575	-	-5,537	-226,150
Profits (losses) on asset disposals	4,142,524	-31,977	-	-	-	4,110,547
Impairment/Reversal	1,237,406	1,780,195	-418,765	-	-	2,598,836
Financial profit (loss)	9,613	-269,314	-199,539	-	790,302	331,062
EBT	9,925,783	3,623,634	4,184,527	917,094	629,719	19,280,757
Corporation tax	-	-	-	-	-	-
Net profit (loss)	9,925,783	3,623,634	4,184,527	917,094	629,719	19,280,757
% of income	117.43%	85.47%	67.45%	82.85%	1664.36%	96.21%

2014

	Euros				
	Hotels	Offices	Sales	Others	Total
Income	8,660,505	1,910,768	4,865,785	12,430	15,449,488
Indirect costs	-1,183,711	-413,009	-198,820	-103,036	-1,898,576
Net Margin	7,476,794	1,497,759	4,666,965	-90,606	13,550,912
General expenses	-496,823	-166,465	-182,758	-	-846,046
EBITDA	6,979,971	1,331,294	4,484,207	-90,606	12,704,866
% of income	80.60%	69.67%	92.16%	-728.93%	82.23%
Depreciation	-2,941,204	-702,268	-826,233	-28	-4,469,732
Subsidies	108,717	-	-	-	108,717
Profits (losses) on asset disposals	-	-302,215	-	-	-302,215
Impairment/Reversal	2,142,292	-333,956	-120,979	-	1,687,357
Financial profit (loss)	1,171,229	258,408	658,039	-22,175	2,065,501
EBT	7,461,005	251,263	4,195,034	-112,809	11,794,493
Corporation tax	-	-	-	-	-
Net profit (loss)	7,461,005	251,263	4,195,034	-112,809	11,794,493
% of income	86.15%	13.15%	86.21%	-907.55%	76.34%

The breakdown of the **income and net book value** for real estate assets, including tangible fixed assets in progress, at 31 December 2015 compared to 31 December 2014 is as follows:

Segment	Euros					
	31/12/2015			31/12/2014		31/12/2014
	Income	%	Net cost	Income	%	Net cost
Hotels	8,452,391	42.18%	106,879,025	8,660,505	56.06%	128,682,866
Offices	4,239,686	21.15%	76,279,283	1,910,768	12.37%	44,935,562
Sales	6,204,307	30.96%	65,729,467	4,865,785	31.49%	46,342,318
Industrial	1,106,985	5.52%	13,602,794	-	-	-
Other income	37,836	0.19%	500,000	12,430	0.08%	-
Total income	20,041,205	100.00%	262,990,569	15,449,488	100.00%	219,960,746

From a geographic standpoint, most of the income is generated in Madrid and Huelva (both of which are in Spain). In this regard, Madrid maintains its contribution to total income (60%). The breakdown of contribution to income from a geographic standpoint is as follows:

Area	Euros			
	31/12/2015		31/12/2014	
	Income	%	Income	%
Madrid	12,036,683	60.06%	7,855,078	50.84%
Huelva	6,648,837	33.18%	6,258,965	40.51%
Castellón	1,355,685	6.76%	1,335,445	8.64%
Total	20,041,205	100.00%	15,449,488	100.00%

As is shown in the table above, most of the Group's activity was focused on Madrid and Huelva (93% in 2015 compared to 91% in 2014) and maintained the proportion between Madrid (60%) and Huelva (33%).

7. Property investment

The movements in this item of the consolidated balance sheet, as well as the most significant information that affected this item during 2015 and 2014 are as follows:

2015

	Euros					
	Balance at 31/12/2014	Increase in scope (Note 1)	Additions	Disposals/ Reversals	Transfers	Balance at 31/12/2015
Cost:						
Leased properties	271,594,479	52,261,724	14,329,736	-32,430,077	66,862	305,822,724
Investments in progress and advance	66,862	-	1,430,000	-	-66,862	1,430,000
Total cost	271,661,341	52,261,724	15,759,736	-32,430,077	-	307,252,724
Accumulated depreciation:						
Leased properties	-26,237,589	-274,380	-5,206,152	4,105,169	-	-27,612,952
Total accum. depr.	-26,237,589	-274,380	-5,206,152	4,105,169	-	-27,612,952
Impairment:						
Leased properties	-25,463,006	-	-418,766	9,232,569	-	-16,649,203
Total impairment	-25,463,006	-	-418,766	9,232,569	-	-16,649,203
Net real-estate investments	219,960,746	51,987,344	10,134,818	-19,092,339	-	262,990,569

2014

	Euros			
	Balance at 31/12/2013	Additions	Disposals/ Reversals	Balance at 31/12/2014
Cost:				
Leased properties	273,329,406	516,168	-2,184,233	271,661,341
Total cost	273,329,406	516,168	-2,184,233	271,661,341
Accumulated depreciation:				
Leased properties	-21,799,904	-4,469,733	32,048	-26,237,589
Total accum. depr.	-21,799,904	-4,469,733	32,048	-26,237,589
Impairment:				
Leased properties	-27,150,363	-1,958,477	3,645,834	-25,463,006
Total impairment	-27,150,363	-1,958,477	3,645,834	-25,463,006
Net real-estate investments	224,379,139	-5,912,042	1,493,649	219,960,746

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

The "Fixed assets in progress and advance payments" item on the balance sheet at 31 December 2015 attached hereto reflects the cost of the investments in progress, which will be transferred to the "Real estate investments" item the moment they enter into use. These amounted to 930,000 euros at 31 December 2015, all of which were invested in 2015 (66,862 euros in 2014). Furthermore, the "Fixed assets in progress and advance payments" item includes the payment of 500,000 euros made by COMPAÑÍA IBÉRICA DE BIENES RAÍCES, SOCIMI, S.A.U. on 5 May 2015 as an advance on the purchase of premises on Gran Vía de Madrid. The total purchase price will be 13,000,000 euros and will be completed within a period of eighteen months, provided that the property is provided in the specified conditions.

Investments in property in 2015 totalled 66,591,459 euros (449,306 euros in 2014). The main inclusions recorded in this item, during 2015, correspond mainly to:

- Refurbishments on hotels in the amount of 1,536,924 euros: Hotel Playa Canela (414,067 euros), Hotel Meliá Atlántico (37,944 euros), Hotel Isla Canela Golf (65,704 euros), Hotel Barceló (930,000 euros), Hotel Tryp Cibeles (56,446 euros) and Hotel Tryp Atocha (25,186 euros) and Sanchinarro VI (7,577 euros).
- On 27 February 2015, COMPAÑÍA IBÉRICA DE BIENES RAÍCES, SOCIMI, S.A.U. purchased industrial/logistics premises located in Daganzo de Arriba (Madrid) with a built surface area of 13,810 m² on a plot of 27,165 m² and an additional development potential of 5,200 m², for the sum of 13,600,000 euros paid in cash. The industrial premises are currently leased to TELEPIZZA, S.A. pursuant to a long-term lease contract whose mandatory duration ends in May 2027, although this is renewable. The total cost of the transaction, including the acquisition costs, amounted to 13,722,813 euros.
- On 27 March 2015, the Parent Company purchased 100% of the shares in INVERETIRO, SOCIMI, S.A.U. for a sum of 52,000,000 euros. This transaction involved the inclusion of the following assets, valued at gross cost, into the Company's consolidated real estate assets: an office building located at Calle Titán 13 in Madrid comprising 6,630.77 m² above ground level + 7,936.94 m² below ground level (currently leased to "Compañía Logística de Hidrocarburos, S.A. (CLH)"), the carrying value of which amounted to 26,240,597 euros, and, (ii) various commercial premises measuring 2,667.80 m² above ground level + 55.59 m² car park spaces located at Calle Conde de Peñalver 16 in Madrid (currently leased to "ZARA España, S.A."), the carrying value of which amounted to 18,782,719 euros. The aforementioned transaction has generated goodwill attributable to its assets in the amount of 7,238,407 euros, which was recognised as increases in cost for the purposes of consolidation and will be depreciated over the expected useful life of the buildings. The appraisal of the acquired company's assets, on 31 December 2014, which served as the basis of the transaction's value, was conducted by the independent expert TINSA Tasaciones Inmobiliarias, S.A. by applying the valuation standards of the Royal Institution of Chartered Surveyors (RICS). Said acquisition was undertaken with an associate of the Group named COGEIN, S.L. under market conditions.

Investments in property amounting to 32,430,077 euros (2,184,233 euros in 2014) were made this year. The main disposals in 2015 for a gross amount of 32,198,586 euros corresponded to the sale of Hotel Tryp Atocha in addition to properties in Sanchinarro VII for the amount of 231,491 euros, which were sold to third-parties at a joint net profit of 4,110,547 euros (net loss of 302,215 euros in 2014). Said amount has been booked in the "Impairment and gains (losses) on fixed asset disposals" item of the consolidated profit and loss account for 2015 attached hereto. At the time of its sale, Hotel Tryp Atocha had an associated impairment of 6,214,967 euros, which has been written off as a result of its disposal.

Furthermore, the Group proceeded to appraise all of its real estate assets at year-end 2015 as stipulated in the standards. Said appraisals, which were conducted by the independent expert CBRE Valuation Advisory, S.A., resulted in a fair value for some assets lower than their net book value. The Group has therefore calculated the corresponding impairments. The breakdown of the segments for which it has been necessary to book impairments is as follows:

Segments	Impairments (Euros)	
	2015	2014
Hotels	-	241,022
Offices	-	890,490
Sales	418,766	826,964
Industrial	-	-
Total	418,766	1,958,476

As a result of the aforementioned appraisal of the Group's assets, the Group proceeded to reverse impairments amounting to 3,017,602 euros in 2015 as per the following breakdown (3,645,834 euros in 2014):

Segments	Reversals (Euros)	
	2015	2014
Hotels	1,237,407	2,383,315
Offices	1,335,433	556,534
Sales	444,762	705,985
Industrial	-	-
Total	3,017,602	3,645,834

Furthermore, according to the appraisals made, the fair value of the real estate investments revealed an unbooked unrealised capital gain (by comparing the updated gross fair market value and the net book value) of 63,315,286 euros (48,080,867 euros in 2014), which was primarily due to the premises located at Gran Vía 34 in Madrid, Calle Albalá, 7 in Madrid, Hotel Barceló Isla Canela, Hotel Tryp Cibeles in Madrid, the industrial premises located in Daganzo de Arriba, the offices located at Calle Titán, 13 in Madrid and the premises located at Calle Conde Peñalver, 16 in Madrid.

The gross asset value (GAV) of the real estate investments at year-end 2015 and 2014 broken down by activity segment is as follows:

Segments	GAV (Euros)	
	31/12/2015	31/12/2014
Hotels	113,102,010	134,450,199
Offices	76,502,309	44,935,562
Sales	120,148,186	88,655,852
Industrial	16,053,350	-
Total	325,805,855	268,041,613

The breakdown of floor space in square metres above ground level of the real estate investments owned by the group was:

Segments	Floor area in m2 above ground level	
	31/12/2015	31/12/2014
Hotels	80,135	87,960
Offices	23,602	17,038
Sales	20,441	19,204
Industrial	13,810	-
Total	137,988	124,202

The occupation level of the Group's assets allocated to leases at 31 December 2015 amounted to 91.18% (87.56% in 2014) of the floor space (sq.m.) leased.

The real estate investments described above are mainly located in Madrid, Castellón, Cáceres and Isla Canela in the province of Huelva.

There are five hotels located in Isla Canela in the province of Huelva which were covered by mortgage guarantees at 31 December 2015 amounting to 22,946,506 euros (29,741,863 euros in 2014) corresponding to five bank mortgage loans granted to Isla Canela, S.A., which has become the sole debtor of these guarantee obligations, thereby leaving COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U. as the owner of the aforementioned registered properties, but not as the debtor thereof. The breakdown of the mortgage loan balance pending maturity and repayment at 31 December 2015 by assets is as follows:

Property	Euros	
	2015	2014
Hotel Meliá Atlántico	10,247,704	12,007,694
Hotel Barceló Isla Canela	8,130,512	9,852,341
Hotel Iberostar Isla Canela	2,400,000	4,000,000
Hotel Playa Canela	1,961,542	3,269,234
Hotel Isla Canela Golf	206,748	612,594
Total value of mortgages pending maturity on hotels	22,946,506	29,741,863

On 1 January 2010, Isla Canela, S.A. and COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U. entered into a "Service Provision Agreement with Mortgage Guarantee", by means of which the latter provides the former with the mortgage guarantee service whereby the hotels owned by the latter will respond for repayment by the former of the mortgage-backed loans taken out from the institutions in accordance with the arrangements agreed upon in their articles of incorporation deeds until each of the mortgage loans entered into is definitively redeemed. Isla Canela, S.A. undertakes to pay any depreciation instalments and ancillary costs that may arise punctually until the loans guaranteed with a mortgage are redeemed. Due to the provision of the service described above, Isla Canela, S.A. pays the subsidiary company a fee; this an annual lump-sum amount equivalent to 0.25% of the average annual outstanding balance of the mortgage-backed loans calculated on 31 December each year, which is invoiced and paid on the last day of each calendar year. This amount may be amended annually through an agreement between the parties to adapt to it the average market prices paid by the subsidiary company for the provision of bank guarantees (bank guarantees and surety bonds) by financial institutions. The revenue resulting from this agreement due in 2015 and invoiced to Isla Canela, S.A. amounted to 67,079 euros (82,761 euros in 2014) (see Note 20.1).

Furthermore, the Subsidiary Companies' assets are affected by mortgage guarantees amounting to 29,693,866 euros at 31 December 2015, corresponding to bank mortgage-backed loans.

The breakdown of the mortgage loan balance pending maturity and repayment at 31 December 2015 by assets is as follows:

Property	Euros
Titán, 13	15,206,092
Conde de Peñalver, 16	9,873,571
Plaza de España (Castellón)	4,614,203
Total value of mortgages pending maturity on assets	29,693,866

The rental income from the Group's real estate investments in 2015 and 2014 amounted to 19,969,217 euros and 15,356,313 euros, respectively (see Note 19.1).

At year-end 2015, there was no kind of constraint on making new real estate investments, or on collecting the income arising from them or concerning the resources that could be obtained from a possible disposal.

At year-end 2015, the Company had fully depreciated real estate investment elements that were still in use for the amount of 4,680,402 euros (same amount at year-end 2014).

The Group's policy is to take out insurance policies to cover the possible risks that may affect its real estate investments. At the end of 2015, there will be no shortfalls relating to any of the aforementioned risks.

8. Operating leases

At the end of 2015 and 2014, the Group had reached agreements with lessees on the following minimal rental instalments in accordance with prevailing agreements, without taking into account the passing on of condominium expenses, future increases in the CPI or any rent reviews agreed upon in their contracts.

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

Operating leases Minimum instalments	Euros	
	Nominal value 2015	Nominal value 2014
Less than a year	18,651,518	15,534,760
Between two and five years	66,215,792	72,694,557
More than five years	40,028,534	29,638,326
Total	124,895,844	117,867,643

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

Type	WAULT	
	31/12/2015	31/12/2014
Hotels	6.34	8.55
Offices	5.42	3.82
Sales	6.88	7.91
Industrial	12.00	-
Total Average	6.70	7.21

9. Other financial assets and investments in related companies

The balances of the accounts in this item at year-end 2015 and 2014 are as follows:

Financial Assets: Type / Category	Euros	
	31/12/2015	31/12/2014
	Loans and receivables	
Other financial assets	1,698,855	1,181,932
Long-term / non-current	1,698,855	1,181,932
Loans to related companies (Note 20.2)	61,053,472	57,579,278
Short-term / Current	61,053,472	57,579,278
Total	62,752,327	58,761,210

The Group generates a cash surplus from current operations arising from its main activity, as set forth in the corporate purpose of the Parent Company and its subsidiary companies. As a result of this, the Subsidiary Companies have reached several financing agreements in this regard with related parties under market conditions (See Note 20.2) in order to take maximum advantage of its positive cash flows. These loans granted to related companies are booked in the "Short-term

investments in associated companies" item of the consolidated balance sheet at 31 December 2015 attached hereto.

The movements of the "Short-term loans to associated companies" and the "Other non-current financial assets" items during 2015 and 2014 are as follows:

2015

Financial assets Type/Category	Euros					31/12/2015
	31/12/2014	Increase in scope (Note 1)	Additions	Disposals	Transfers	
Loans to associates (Note 20.2)	57,579,278	28,067,582	17,826,688	-42,420,076	-	61,053,472
Other financial assets	1,181,932	553,445	204,864	-223,778	-17,608	1,698,855
Total	58,761,210	28,621,027	18,031,552	-42,643,854	-17,608	62,752,327

2014

Financial assets Type/Category	Euros		
	31/12/2013	Additions	31/12/2014
Loans to associates (Note 20.2)	44,276,115	13,303,163	57,579,278
Other financial assets	1,170,250	11,682	1,181,932
Total	45,446,365	13,314,845	58,761,210

During 2015, the change in the "Loans to associated companies" item essentially corresponds to the cash pooling account the subsidiary companies have with Promociones y Construcciones, PYC, PRYCONSA, S.A. through which the Group has ended 2015 euros with an outstanding amount of 60,864,365 euros under this financing scheme for the Group.

The rest of the amount in the "Loans to associated companies" item at 31 December 2015 corresponds to the loan granted to the related company COGEIN, S.L. amounting to 189,107 euros.

Furthermore, the "Other non-current financial assets" item reflects the guarantees connected with the leases set out in Note 8 received from clients and deposited at the IVIMA (Madrid Housing Institute).

The breakdown by due dates of the entries that comprise the "Other current and non-current financial assets" item at 31 December 2015 is as follows:

	Euros					Total
	2016	2017	2018	2019	2020 and subsequent	
Other financial assets	17,608	424,422	82,046	203,361	989,026	1,716,463
Total	17,608	424,422	82,046	203,361	989,026	1,716,463

10. Trade and other accounts receivable

The breakdown of the item at year-end 2015 and 2014 was as follows:

Description	Euros	
	31/12/2015	31/12/2014
Accounts receivable for sales and services	2,717,189	992,928
Other credits with Public Administrations (Note 18.1)	628,213	681,667
Total	3,345,402	1,674,597

The balance of the “Accounts receivable for sales and services” can be broken down as follows, for year-end 2015 and 2014:

Description	Euros	
	31/12/2015	31/12/2014
Customers	719,230	174,661
Commercial paper in portfolio	1,997,959	818,267
Customers with doubtful debts	236,895	270,881
Impairment	-236,895	-270,881
Total	2,717,189	992,928

The customer balance, at the end of 2015, includes the outstanding balance corresponding to income in the fourth quarter of 2015, in addition to variable income from Hotel Iberostar Isla Canela (Huelva), owned by COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U.

One of the lessees, Unidad Editorial S.A., informed COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U., of its desire to terminate the contract in a letter dated 3 February 2014. Since said date, the lessee breached the lease contract. On 20 January 2015, the subsidiary company was notified of the claim brought by Unidad Editorial S.A. regarding the building located at Calle Pradillo 42, through which the following was sought: (i) that the lease contract of 27 February 2009 be declared as terminated on 1 March 2014; (ii) that Unidad Editorial S.A. should be declared not bound to pay compensation amounting to 1,676,870 euros, which matches the amount of the guarantee which had already been enforced by the subsidiary company; and (iii) that the subsidiary company be ordered to pay costs. On 17 February 2015, the subsidiary company contested the claim by filing a counterclaim, which was contested by Unidad Editorial S.A. by means of a brief on 17 April 2015. The trial began on 9 September 2015 and on 2 de October 2015 a ruling was handed down by the Madrid Court of First Instance No. 44 (P.O. 10/2015), which dismissed the claim filed by Unidad Editorial S.A. and upheld the counterclaim filed by the subsidiary company in full; as a result, the lease contract was deemed as remaining in full effect with Unidad Editorial S.A. bound to pay all lease related fees and provide the agreed guarantees (promissory notes and annual endorsements) through to maturity of the contract. At 31 December 2015, the outstanding amount associated to this contract totalled 1,554,044 euros, included in the “Commercial paper in portfolio” item of the consolidated balance sheet on said date.

On 9 February 2016, the subsidiary company received payment of all invoices outstanding at 31 December 2015 in addition to the lease amount corresponding to January and February 2016. Furthermore, Unidad Editorial, S.A. has provided the subsidiary company with all promissory notes corresponding to 2016 as stated in the contract.

11. Cash and cash equivalents

The balance stated under “Cash” primarily corresponds to the balance available in current accounts on 31 December 2015. The availability of these balances is subject to no restrictions and they accrue interest at market rates.

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

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

a) Credit risk

The Group's main financial assets are cash flow and cash balances, trade creditors and other accounts receivable in investments. These account for the Group's maximum exposure to credit risk as regards financial assets. The Group'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 Group 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 Parent Company's Administrators on the Group's cash generating capacity, the Group estimates it has enough capacity to obtain financing from third parties were it necessary to make new investments. Consequently, there is no evidence that the Group 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 Group's exchange rate risk at 31 December 2015, it did not have any assets or liabilities in foreign currencies. Hence, there is no risk in this regard.

d) Interest rate risk

The Group has four long-term loans financing long-term assets, as well as short-term working capital financing facilities. The risk of interest rate fluctuations is very low since the Group is not highly exposed to debt. The Group'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 immaterial effect on the Group's results, taking into account its low debt levels and today's very low interest rates.

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 have 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 Group's main investment activity.

13. Total equity and shareholders' equity

a) Authorised capital

At 31 December 2015 and 2014, the Parent Company's subscribed share capital was comprised of 4,452,197 registered shares at a par value of 60.10 euros each. All these shares belong to a single class and series and all have been fully subscribed and paid up, which means that the Parent Company's notarised share capital amounts to 267,577,040 euros.

All the shares making up the share capital are entitled to the same rights, although there are certain restrictions on their transferability in the Articles of Association (preferential purchase rights).

All the Parent Company's shares have been admitted to trading on the Luxembourg Stock Exchange since 21 December 2011. The year-end share price and the average share price in the last quarter of 2015 were 63.80 and 63.41 euros per share, respectively. The shares are registered shares and are represented by means of book entries. They are constituted as such by virtue of their registration in the corresponding accounting record.

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

The companies holding an interest in the Parent Company's share capital equivalent to or greater than 10% at 31 December 2015 were as follows:

Shareholder	Number of Treasury	Percentage Interest
PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	498,201	11.19%
COGEIN, S.L.	459,786	10.33%

b) Parent Company Reserves

Legal reserve

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

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

At 31 December 2015, the Parent Company's legal reserve had not yet been fully allocated.

Reserves first application of General Accounting Plan (PGC)

As indicated in Note 1, during 2014 the Parent Company relocated its registered office to Spain; as a result, pursuant to the law in force, the financial statements for 2014 were the first to be filed pursuant to the General Accounting Plan (PGC) approved by Royal Decree No. 1514/2007 of 16 November and which came into force on 1 January 2008.

Specifically, the only adjustment needed to adapt comparative figures from 2013 to the Spanish National Chart of Accounts approved by Royal Decree No. 1514/2007 of 16 November corresponded to the filing, in previous years, of income from dividends distributed by the subsidiary company, COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U. Given that said distributed dividends were inextricably attributable to profits generated prior to the date on which the investment was made, pursuant to the General Accounting Plan, the amount was not to be filed as income, but by reducing the sum of investment. To this end, the Company restated the comparative information from 2013, registering a reduction of the cost of the stake held in the subsidiary company and charged an amount equivalent to the dividends received in previous years to reserves and recorded as income, for a total amount of 4,211,445 euros.

During 2015, the Parent Company has adjusted part of the negative reserves calculated on 31 December 2014 to the value of investments in equity instruments, reducing said negative reserves by 1,333,495 euros against the value of long-term financial investments in group companies and associates. The balance of this item at 31 December 2015 thus corresponds to the reserve for the first application of the Spanish National Chart of Accounts in the amount of 1,956,848 euros.

c) Distribution of profits

SOCIMIs are governed by the special tax regime set forth in Law 11/2009 of 26 October governing Listed Real Estate Investment Trusts, as amended by Law 16/2012 of 27 December. Once all the trading obligations that may correspond to them are fulfilled, such companies are obliged to

distribute to their shareholders the profits obtained in the year. Such distribution must be resolved as set out below within the six months following the end of each financial year:

- a) All the profits from dividends or profit-sharing distributed by the entities referred to in paragraph 1, Article 2 of this Law.
- b) At least 50 per cent of the profits resulting from the transfer of the real estate assets and shares or interests referred to in paragraph 1, Article 2 of said Law which are carried out once the periods referred to in paragraph 3, Article 3 of this Law have elapsed and which are allocated to fulfilling its main corporate purpose. The rest of such profits must be reinvested in other properties or interests included under the corporate purpose within the three years following the date of transfer. Failing this, such profits must be fully distributed together with the profits, if any, from the year in which the reinvestment period ends. Should the elements subject to reinvestment be transferred before the maintenance period elapses, any profits therefrom must be fully distributed jointly with the profits, if any, of the financial year in which they have been transferred. The distribution obligation does not cover the proportion of profits, if any, charged to financial years in which the Company did not pay taxes under the special tax regime set forth by the aforementioned Act.
- c) At least 80 per cent of the rest of the profits obtained.

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

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

Capital management

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

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

d) Reserves in consolidated companies

The breakdown of the reserves in consolidated companies item by company is as follows:

	Euros	
	31/12/2015	31/12/2014
Saint Croix Holding Immobilier, SOCIMI, S.A.	8,917,579	1,209,306
COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.	-6,240,104	-10,326,323
INVERETIRO, SOCIMI, S.A.U.	-4,435	-
Total	2,673,040	-9,117,017

14. Capital grants

The changes in this item during financial years 2015 and 2014 were as follows:

2015

	Euros		
	31/12/2014	Applications	31/12/2015
Capital grants	1,522,383	-108,718	1,413,665
Total	1,522,383	-108,718	1,413,665

2014

	Euros		
	31/12/2013	Applications	31/12/2014
Capital grants	1,631,099	-108,716	1,522,383
Total	1,631,099	-108,716	1,522,383

The subsidies granted to the Group in previous years correspond to the following items: Subsidy granted by the Directorate-General of Regional Economic Incentives amounting to 3,180,000 euros for the development of the area.

The following should be highlighted within this group of subsidies:

- Subsidy granted by the Directorate-General of Regional Economic Incentives amounting to 1,550,000 euros corresponding to 10% of the investment made to build a hotel in Ayamonte, Huelva.
- Subsidy granted by the Directorate-General of Regional Economic Incentives amounting to 1,106,000 euros corresponding to 10% of the investment made to build a hotel in Ayamonte, Huelva.
- Subsidy granted by the Directorate-General of Regional Economic Incentives amounting to 490,000 euros corresponding to 14% of the investment made to build a hotel in Ayamonte, Huelva.
- Subsidy granted by the Directorate-General of Regional Economic Incentives amounting to 34,000 euros in order to improve the facilities of the Hotel Barceló Isla Canela located in Ayamonte, Huelva.

Apart from the subsidy for the Hotel Barceló Isla Canela, which was granted in the 2011, the aforementioned subsidies were transferred to the Group from Isla Canela, S.A. based on the partial division agreement which gave rise to the Subsidiary Company, since all of them were allocated to the activity subject to the transfer. Taking into account that the partial division transaction mentioned above was performed with accounting effects as of 1 January 2009, the Subsidiary Company has booked the subsidies thus transferred in income since then.

Hence, in 2015 income amounting to 108,718 euros was booked as income in the "Assignment of non-financing fixed asset subsidies" item of the consolidated profit and loss account attached hereto (108,717 euros in 2014).

15. Current and non-current liabilities

The balances of the accounts in this item at the end of 2015 and 2014 are as follows:

	Euros	
	31/12/2015	31/12/2014
Long-term debts with credit institutions	27,200,524	4,616,144
Other financial liabilities	3,615,316	1,802,142
Total long-term liabilities	30,815,840	6,418,286
Short-term debts with credit institutions	5,461,579	1,356,200
Other financial liabilities	156,574	132
Total short-term debts	5,618,153	1,356,332
Total short-term and long-term financial debts	36,433,993	7,774,618

The "Long-term debts with credit institutions" and "Short-term debts with credit institutions" items correspond to mortgage-backed loans taken out with Caixa Bank and Banco Santander, which, at the end of 2015, are pending maturity and repayment. Said mortgage-backed loans correspond to loans as part of which the Group is subrogated (Caixabank) in the process of acquiring the premises purchased in 2011 in Plaza de España (Castellón), in addition to the 2015 contracting of two mortgage-backed loans from Banco Santander against commercial properties located at Conde de Peñalver 16 (Madrid) and offices at Calle Titán 13 (Madrid).

The characteristics of said loans are as follows (Note 7):

Property	Start	Euros		Maturity
		Initial amount	Outstanding capital	
Plaza España, Castellón	2007	4,195,000	938,420	2018
Plaza España, Castellón	2010	7,200,000	3,675,783	2020
Titán, 13	2015	15,735,000	15,206,092	2025
Conde de Peñalver, 16	2015	10,217,000	9,873,572	2025
Total		37,347,000	29,693,867	

Furthermore, the "Short-term debts with credit institutions" item includes two credit facilities: one contracted with Banca March, which began in November 2014 and was renewed on 19 November 2015 with a limit of 3,000,000 euros, of which 2,851,534 euros had been drawn down at 31 December 2015; and another with Bankinter, which began on 19 January 2015, with a limit of 5,000,000 euros, of which 95,129 euros had been drawn down at 31 December 2015 and having been renewed for a further 12 months after its maturity.

The financial expenses arising from debts with credit institutions in 2015 amounted to 807,843 euros (101,120 euros in 2014) and are booked in the "Financial expenses" item of the consolidated income statement account attached hereto.

The interest rates on the loans are set under market conditions plus a fixed spread.

The "Guarantees and deposits" item reflects the guarantees received from clients connected with the leases set out in Note 8.

The breakdown by due dates at 31 December 2015 is as follows:

	Euros					
	2016	2017	2018	2019	2020 and subsequent	Total
Bank borrowings (*)	5,461,579	2,510,093	2,107,903	2,082,610	20,499,918	32,662,103
Long-term guarantees	-	778,148	212,878	380,353	2,243,937	3,615,316
Short-term guarantees	156,574	-	-	-	-	156,574
Total	5,618,153	3,288,241	2,320,781	2,462,963	22,743,855	36,433,993

(*) Mortgage-backed loans in the amount of 29,693,867 euros, drawdowns on credit facilities in the amount of 2,946,663 euros and interest accrued pending maturity in the amount of 21,573 euros.

16. 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.

	2015
	Days
Average payment period to suppliers	25.42
Ratio of paid transactions	26.00
Ratio of transactions pending payment	21.06
Euros	
Total payments made	3,621,870
Total payments pending	481,136

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 attached consolidated 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 Group in 2015 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).

17. Guarantees undertaken with third parties

At 31 December 2015 and 31 December 2014, the Company had not granted any guarantees to third parties.

The foregoing notwithstanding, as mentioned in Note 7, the five hotels owned by the Group which are located in Isla Canela in Ayamonte, Huelva are subject to mortgage guarantees amounting to 22,946,506 euros corresponding to five banks loans granted to Isla Canela, S.A., which has become the sole debtor of the obligations thereof. Such balance corresponds to the outstanding balance at 31 December 2015 of the five mortgage-backed loans mentioned, which correspond to each of the real estate assets. In this regard, the Group entered into a mortgage guarantee agreement with Isla Canela, S.A., as mentioned in Note 7, to ensure the repayment by said related company of the mortgage-backed loans on the hotels owned by the Group until the loans are finally redeemed. The Group receives a commission fee equivalent to 0.25% of the average outstanding balance of the mortgage-backed loans thus guaranteed.

18. Public Administrations and Tax situation

18.1. Current balances with Public Administrations

The breakdown of the current balances with Public Administrations is as follows:

Debit balances

	Euros	
	31/12/2015	31/12/2014
Tax Authorities, withholdings in the year	369,632	681,667
Tax Authorities, withholdings in previous years	253,954	-
Value Added Tax	4,627	-
Total	628,213	681,667

The debts the Inland Revenue had with the Group at 31 December 2015 corresponded, in principle, to the withholdings made on capital interests arising from the Group's financing scheme and dividends.

On 2 February 2016, a sum of 253,954 euros corresponding to withholdings on outstanding dividends at the end of 2015 and 2014 have been received in full by the Parent Company.

Credit balances

	Euros	
	31/12/2015	31/12/2014
Inland Revenue, Income Tax payable	15,764	11,021
Inland Revenue, VAT payable	417,201	180,585
Social Security	2,372	1,340
Others	178,492	-
Total	613,829	192,946

18.2. Reconciliation of the consolidated accounting profit/loss and the consolidated tax base

The reconciliation between the accounting profit or loss and the corporation tax base Group Companies in 2015 and 2014 was as follows (in euros):

2015

Item	Euros
Accounting profit before tax	19,280,756
Temporary differences	-621,577
Prior tax base	18,659,179
Offsetting of negative tax bases	-479,228
Tax base	18,179,951
Total tax liability (0%)	-
Withholdings and interim payments	369,632
Net (payable)/refunded	369,632

2014

Item	Euros
Accounting profit before tax	11,794,493
Temporary differences	1,340,911
Prior tax base	13,135,404
Offsetting of negative tax bases	-
Tax base	13,135,404
Total tax liability (0%)	-
Withholdings and interim payments	681,667
Net (payable)/refunded	681,667

Parent Company:

No permanent or temporary differences came about in 2015 in the tax base calculation. The tax base therefore corresponds to the pre-tax profit.

At the end of 2015, the Parent Company had no temporary differences pending allocation (0 euros in 2014).

At the end of 2015, there were no financial expenses that have not been deducted from the tax base for corporation tax.

In accordance with Article 9.2 of Law 11/2009 of 26 October governing Listed Real Estate Investment Trusts, as amended by Law 16/2012 of 27 December, the tax self-assessment return has to be filed on the part of the period's tax base which proportionally corresponds to the dividend whose distribution has been resolved with regard to the profit obtained in the year. As is indicated in Note 4, the Parent Company's Board of Directors proposed the allocation of 6,979,719 euros to dividends at the 2015 year-end (0 euros in 2014) to the General Shareholders Meeting. Hence, Corporation Tax became due on such dividends to the amount of 0 euros (0 euros in 2014). The after-tax profit for 2015 amounted to 9,755,905 euros (921,102 euros in 2014).

At 31 December 2015, there were no negative tax bases or tax deductions pending application.

Subsidiaries:

Temporary differences in 2015 that reduced the pre-tax accounting profit for the subsidiaries amounted to 621,577 euros, and corresponded to:

- Downward adjustment for the recovery of the depreciation allocation for non-deductible property investments pursuant to Law 16/2012, establishing that accounting depreciation of tangible and intangible fixed assets, in addition to property investments, were only deductible up to 70% of the depreciation that would have been fiscally deductible recovering, from 2015, on a 10-year straight-line basis, the amount of 231,635 euros;
- Downward adjustment for the recovery of the depreciation of real estate assets sold in 2015 against which tax depreciation was adjusted in the aforementioned years in the amount of 415,674 euros;
- Upward adjustment for the impairment of property investments in 2015 in the amount of 418,765 euros.
- Downward adjustment for the recovery of the deduction of financial expenses in previous years in the amount of 393,033 euros

At the end of 2015, Subsidiaries have temporary differences pending allocation of 2,503,478 euros (3,125,054 in 2014), for which the deferred tax asset has not been booked given that the rate applicable is 0%. Said temporary differences include the amount of adjusted depreciation in 2013 and 2014 pending deduction in the amount of 2,084,712 euros, in addition to the impairment of property investments in 2015 in the amount of 418,765 euros.

At the end of 2015, there were no financial expenses that have not been deducted from the tax base for corporation tax.

Furthermore, pursuant to Article 6 of Law 11/2009 of 26 October, amended by Law 16/2012 of 27 December, the Group is obliged to distribute dividends equal to at least 50 percent of the profits resulting from the transfer of the real estate assets and shares or interests referred to in paragraph 1, Article 2 of said Law which are carried out once the periods referred to in paragraph 3, Article 3 of this Law have elapsed and which are allocated to fulfilling its main corporate purpose. The rest of such profits must be reinvested in other properties or interests included under the corporate purpose within the three years following the date of transfer. Failing this, such profits must be fully distributed together with the profits, if any, from the year in which the reinvestment period ends. If the elements subject to reinvestment are transferred before the maintenance period established in paragraph 3, article 3 of this Act elapses, those profits must be fully distributed together with the profits, if any, from the year in which they have been transferred. To this end, 50% of the profits from the sale of real estate assets yet to be distributed by the Group resulting from disinvestment transactions undertaken in 2015 should be reinvested prior to 14 July 2018, with the amount for reinvestment totalling 2,055,274 euros, 50% of the profits obtained from said transactions, which came to 4,110,547 euros (Note 7).

At 31 December 2015, there were no negative tax bases or tax deductions pending application.

On 29 December 2009, the subsidiary COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U. was established through a partial spin-off operation of Isla Canela, S.A. which contributed part of its real estate assets under the taxation neutrality regime.

According to the mentioned above and in order to comply with the provisions of the Article 86 of the LIS (Income Corporate Tax Law) this information is included and detailed:

- a) Tax period in which the transferor, Isla Canela, S.A., acquired the assets transferred:
- Gran Vía 1 2nd left: 1987
 - Marina Isla Canela Mall: 2000
 - Barceló Hotel: 1998
 - Meliá Atlántico Hotel: 2000
 - Playa Canela Hotel: 2002
 - Iberostar Hotel: 2002
 - Isla Canela Golf Hotel: 2007

- b) Last balance sheet closed by the transferor: The transferring company submitted its real assets to COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U. in 2009. The transferor company is currently developing its activity normally having closed its last financial year in 2015.
- c) Detail of real estate assets acquired and incorporated into the accounting books with a different value than the one for which were registered in the transferor's accounting book prior to the completion of the spin-off transaction, detailing both values as well as the valuation adjustments registered in the accounting books of the two companies:

Real Estate Asset	Euros		
	Tax value (outcome value)	Incorporation value (income value)	Deferred income
Gran Vía 1 2nd left	374,654	1,940,000	1,565,346
Marina Isla Canela Mall	1,798,346	4,700,000	2,901,654
Barceló Hotel	7,090,735	23,700,000	16,609,265
Atlántico Hotel	18,667,707	29,200,000	10,532,293
Playa Canela Hotel	14,984,936	15,900,000	915,064
Iberostar Hotel	18,358,560	23,700,000	5,341,440
Isla Canela Golf Hotel	4,147,317	4,700,000	552,683
Total	65,422,256	103,840,000	38,417,744

- d) There are no tax benefits of the transferor, for which the company must assume compliance with certain requirements in accordance with the provisions of paragraph 1 of article 84 LIS.

On the other hand, after the merger operation carried out in 2013, COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U. acquired the assets and liabilities of the other subsidiary, COMPAÑÍA IBÉRICA DE RENTAS URBANAS 2009, SOCIMI, S.A.U. The real estate assets of COMPAÑÍA IBÉRICA DE RENTAS URBANAS 2009, SOCIMI, S.A.U. came from a restructuring operation (spin-off operation) by which the transferor company COGEIN, S.L. exercised the Article 77.2 of the referred LIS. In addition, in the merger operation there were no differences between the net book value and market value of the real estate assets according to the appraisal carried out by CBRE Valuation Advisory, S.A. dated 31 January 2013. This valuation was validated by an independent expert ARCO Valoraciones, S.A. appointed for that purpose by the Commercial Registry of Madrid. Therefore, the net book value of assets acquired by COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U. to COMPAÑÍA IBÉRICA DE RENTAS URBANAS 2009, SOCIMI, S.A.U. coincides with their tax value. Therefore, COMPAÑÍA IBÉRICA DE RENTAS URBANAS 2009, SOCIMI, S.A.U. or COGEIN, S.L. had no tax advantages arising from this operation for which COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U. must assume any tax obligation in accordance with the provisions of paragraph 1 of article 84 LIS.

18.3. Reconciliation between the consolidated accounting profit and consolidated corporation tax expenses

The reconciliation between the accounting profit or loss and the taxable base for Corporation Tax of Group Companies in 2015 and 2014 is as follows:

2015

Item	Euros
Profit (loss) before tax	19,280,756
Temporary differences	-621,577
Prior tax base	18,659,179
Offsetting of negative tax bases	-479,228
Tax base	18,179,951
Total tax liability (0%)	-
Tax expenses recognised in the profit and loss account	-

2014

Item	Euros
Profit (loss) before tax	11,794,493
Temporary differences	1,340,911
Prior tax base	13,135,404
Offsetting of negative tax bases	-
Tax base	13,135,404
Total tax liability (0%)	-
Tax expenses recognised in the profit and loss account	-

18.4. Years open for review and tax audits

Prior to 31 May 2014, the Parent Company's tax domicile was in Luxembourg. With the change of address, the Company settled all its taxes in said country, although all years since the Company was incorporated remain open to inspection.

On 11 November 2014, Saint Croix Holding Immobilier SOCIMI SA issued a communication to the Inland Revenue stating that it wished to continue benefiting from the tax benefits referred to by Article 8 of Law 11/2009 of 26 October, which regulates Listed Real Estate Investment Trusts for the tax period ending on 31 December 2014.

On 27 January 2015, the Parent Company was notified by the Inland Revenue in reply to the notice it had given on 11 November 2014, that the request was sent after the deadline, thereby preventing this tax scheme from being applied in said tax period.

Following said notification from the Inland Revenue, various claims have been made, in addition to an economic-administrative appeal filed on 3 June 2015 before the Regional Economic Administrative Court (TEAR) of Madrid, given that the Board of Directors at the Parent Company believes that it has appropriately complied with the procedure in due time and manner and that, therefore, following the appeal submitted, the Parent Company shall continue to be covered by the aforementioned Special Tax Scheme for 2014. In any case, on 9 July 2015, the Parent Company informed the Inland Revenue the option of applying the SOCIMI Scheme for 2015 and subsequent years.

At the time of drafting these consolidated financial statements, no response has been received from the Inland Revenue regarding the economic-administrative appeal filed by the Parent Company.

In accordance with prevailing legislation in Spain, taxes cannot be considered to have been definitively settled until the returns filed have been inspected by the tax authorities or until the four-year statute of limitations period has elapsed. At year-end 2015, the Parent Company's taxes corresponding to the last four years remained open to inspection. The Parent Company's Administrators consider that the settlements of the above-mentioned taxes have been properly filed. Hence, although discrepancies may arise regarding the tax treatment given to the operations due to the interpretation of prevailing regulations, any liabilities that may eventually result therefrom, should they come about, will not significantly affect the consolidated annual accounts attached hereto.

18.5. Reporting requirements arising from SOCIMI status, Law 11/2009, as amended by Law 16/2012

This information on both Parent Company as well as its subsidiary companies is contained in Appendices 1, 2 and 3 attached hereto.

19. Income and expenses

19.1 Net turnover and other operating income.

The breakdown of these items at 31 December 2015 and 2014 is as follows:

	Euros	
	31/12/2015	31/12/2014
Hotels	8,452,391	8,660,505
Offices	4,239,686	1,910,768
Sales	6,204,307	4,865,785
Industrial	1,106,985	-
Provision of sundry services	37,836	12,430
Operating subsidies	108,718	108,717
Total	20,149,923	15,558,205

The Group's entire turnover in 2015 and 2014 was generated in Spain.

19.2 External charges for services, taxes and similar levies

The breakdown of this item for 2015 and 2014 is as follows:

	Euros	
	2015	2014
Repairs and maintenance	31,355	23,430
Independent professional services	529,357	540,051
Insurance policies	83,495	56,250
Banking services and similar	931	14,316
Advertising and public relations	4,788	4,972
Supplies	65,062	64,129
Other services	307,705	235,861
Taxes and similar levies	1,156,371	1,154,927
Total	2,179,064	2,093,936

19.3 Wages, salaries and National Insurance contributions

The balance of this item in 2015 and 2014 was comprised as follows:

	Euros	
	2015	2014
Wages and salaries:		
Wages, salaries and similar outgoings	89,812	74,643
National Insurance contributions:		
Social Security contributions incurred by the company	15,058	15,838
Other social expenses	2,303	127
Total	107,173	90,608

19.4 Contribution to consolidated profit (loss)

The contribution to the consolidated profit (loss) by Companies is as follows:

	Euros	
	2015	2014
Saint Croix Holding Immobilier, SOCIMI, S.A.	-1,118,521	-288,204
COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.	18,498,617	12,082,697
INVERETIRO, SOCIMI, S.A.U.	1,900,661	-
Total	19,280,757	11,794,493

19.5 Earnings per share

The net earnings (loss) attributable to shareholders per share is as follows:

	Euros	
	2015	2014
Net profit (loss) attributable to Parent Company	19,280,757	11,794,493
Weighted average number of shares	4,452,197	4,452,197
Earnings per share	4.33	2.65

Basic earnings per share are calculated as the sum of net profit for the period attributable to the Parent Company and the weighted average number of common shares in circulation during the period, without including the average number of shares that the Parent Company holds in the Group's companies.

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

At the end of 2015 and 2014, the basic and diluted earnings per share matched.

20. Related-party transactions

20.1 Related-party transactions

The transactions made with related companies in 2015 and 2014 were as follows:

	Euros					
	31/12/2015			31/12/2014		
	Operating expenses	Operating income	Financial income	Operating expenses	Financial expenses	Financial income
Isla Canela, S.A.	127,215	-	67,121	108,665	-	82,852
Promociones y Construcciones, PYC, PRYCONSA S.A.	37,465	-	739,229	41,513	-	299,645
COGEIN, S.L.	-	3,156	241,061	-	-	1,710,189
Total (Note 20.2)	164,680	3,156	1,047,411	150,178	-	2,092,686

20.2 Balances with related companies

Balances with related companies at 31 December 2015 and 2014 are as follows:

2015

	Euros	
	Loans granted to related companies	Loans received from related companies
Isla Canela, S.A.	-	28,907
COGEIN, S.L.	189,107	-
Promociones y Construcciones, PYC, PRYCONSA, S.A.	60,864,365	-
Total	61,053,472	28,907

2014

	Euros	
	Loans granted to related companies	Loans received from related companies
Isla Canela, S.A.	-	19,201
COGEIN, S.L.	42,609,183	-
Promociones y Construcciones, PYC, PRYCONSA, S.A.	14,970,095	-
Total	57,579,278	19,201

The agreements currently in force the Group companies have with related companies are as follows:

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

2009, SOCIMI, S.A.U. a fee consisting of an annual lump-sum amount equivalent to 0.25% of the average annual outstanding balance of the mortgage-backed loans calculated on 31 December each year, which will be invoiced and paid on the last day of each calendar year. This amount may be amended annually through an agreement between the parties to adapt to it the average market prices paid by the Company for the provision of bank guarantees (surety and banking insurance) by financial institutions. The costs due for this item in 2015 amounted to 67,079 euros (82,761 euros in 2014), which are booked in the "Financial income" item at 31 December 2015.

- In 2010, Isla Canela, S.A. and COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U. entered into a financing agreement by means of which the latter would finance the former under market conditions with the excess liquidity it generates as a result for performing its activity, provided its financing needs are covered. The financing agreement is for a term is of three years and it may automatically be renewed for three-year terms. The financial conditions for the agreement set forth the accrual of interest equivalent to the quarterly EURIBOR rate plus a spread similar to the average spread said entity pays as a result of the mortgage-backed loans it holds. The agreement is reciprocal. In other words, the financing can be generated in either way under the same terms and conditions. The interest accrued and booked in the Group's consolidated income statement at 31 December 2015 amounted to 42 euros as financial income (91 euros in 2014 as financial expenses).
- On 1 June 2012, Isla Canela S.A. and COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U. entered into a technical services provision agreement for the maintenance of the hotels owned by COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U. Pursuant to the aforementioned agreement, Isla Canela, S.A. provides the Subsidiary Company with an integrated preventive maintenance service for the hotels owned by COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U. in exchange for economic consideration equivalent to 74,500 euros per year, which will rise according to the CPI on an annual basis. The agreement is annual but may be tacitly extended by the parties on an annual basis, although either of the parties may terminate it at any time. The costs due in 2015 as a result of this service provision agreement amounted to 74,127 euros (74,350 euros in 2014), which are booked in the "Other operating expenses" item of the Group's consolidated income statement for 2015.
- In addition to the technical services agreement mentioned in the point above, there is an addendum through which Isla Canela, S.A. provides COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U. with a corrective refurbishment works management service for the hotels owned by the latter and whose preventive maintenance is carried out by Isla Canela, S.A. Under this addendum, this entity acts as the works manager in the hotels' refurbishment. The consideration it receives in exchange for this service amounts to 5% of remuneration calculated on the value of the refurbishments performed under the framework of said agreement. The Subsidiary Company's costs in 2015 connected with this addendum to the agreement amounted to 53,088 euros (34,315 euros in 2014), which are booked in the "Other operating expenses" item of the Group's consolidated income statement for 2015.
- In 2010, Promociones y Construcciones, PYC, PRYCONSA, S.A. and COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U. entered into a financing agreement by means of which the latter would finance the former under market conditions with the excess liquidity it generates as a result for performing its activity, provided its financing needs are covered. The financing agreement is for a term is of three years and it may automatically be renewed for three-year terms. The financial conditions set forth in the agreement imply the accrual of interest equivalent to the quarterly EURIBOR rate plus a market spread. The agreement is reciprocal. In other words, the financing can be generated in either way under the same terms and conditions. The interest accrued and booked in the Group's consolidated income statement at 31 December 2015 came to 382,898 euros as financial expenses (299,645 euros in 2014).

- On 1 January 2010, Promociones y Construcciones, PYC, PRYCONSA, S.A. and COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U. entered into a sundry services provision agreement by means of which the former provides mainly administration services to the latter, among others. In principle, the agreement is for a term of ten years and it may be tacitly renewed on an annual basis. The annual amount of the contract amounts to 30,000 euros, which will be reviewed in line with the annual CPI. The amount due in 2015 as a result of this contract came to 31,637 euros (31,732 euros in 2014), which were booked at year-end 2015 in the "Other operating expenses" item of the Group's consolidated income statement for 2015.
- In 2010, COGEIN, S.L. and COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U. entered into a financing agreement whereby the latter would finance the former under market conditions with the excess liquidity it generates as a result for performing its activity, provided its financing needs are covered. The financing agreement is for a term is of two years and it may automatically be renewed for two-year terms. The financial conditions in the agreement imply the accrual of interest at the legally established rate on the average annual balance of the debt existing between the parties. The agreement is reciprocal. In other words, the financing can be generated in either way under the same terms and conditions. The interest accrued and booked in the Group's consolidated income statement at 31 December 2015 amounted to 241,061 euros as financial income (1,710,189 euros).
- On 11 June 2014, the Parent Company entered into a service provision agreement with one of its significant shareholders, Promociones y Construcciones, PYC, PRYCONSA, S.A., whereby the latter would provide the Parent Company with an integrated management assistance service for legal, administrative and tax services, in addition to granting the use of space. The agreement is open-ended. The costs invoiced to the Parent Company in 2015 amounted to 17,508 euros (9,781 euros in 2014), which are booked under the "Operating expenses" item of the attached consolidated profit and loss account at 31 December 2015.
- In 2015, Promociones y Construcciones, PYC, PRYCONSA, S.A. and INVERETIRO, SOCIMI, S.A.U. entered into a financing agreement by means of which the latter would finance the former under market conditions with the excess liquidity it generates as a result for performing its activity, provided its financing needs are covered. The financing agreement is for a term is of three years and it may automatically be renewed for three-year terms. The financial conditions set forth in the agreement imply the accrual of interest equivalent to the quarterly EURIBOR rate plus a market spread. The agreement is reciprocal. In other words, the financing can be generated in either way under the same terms and conditions. The interest accrued and booked in the group's consolidated income statement at 31 December 2015 came to 356,331 euros as financial expenses (0 euros in 2014).
- During 2015, Promociones y Construcciones, PYC, PRYCONSA, S.A. and INVERETIRO, SOCIMI, S.A.U. entered into a sundry services provision agreement by means of which the former provides mainly administration services to the latter, inter alia. In principle, the agreement is for a term of ten years and it may be tacitly renewed on an annual basis. The annual amount of the contract amounts to 8,000 euros, which will be reviewed in line with the annual CPI. The amount due in 2015 as a result of this contract amounted to 5,600 euros, which were booked at year-end 2015 in the "Other operating expenses" item of the Group's consolidated profit and loss account for (0 euros in 2014).

20.3 Remuneration for the Board of Directors and senior management

The total remuneration due in 2015 and 2014 for all items of the members of the Board of Directors and the senior management of Saint Croix Holding Immobilier, SOCIMI, S.A. and people performing similar duties at the end of each year can be summarised as follows:

Board of Directors	Euros	
	2015	2014
Fixed remuneration	40,000	4,282
Allowances	15,000	-
Pension plans	-	-
Attendance allowances	-	-
Others	-	-
Total	55,000	4,282

Senior management	Euros	
	2015	2014
Salaries	-	-
Pension plans	-	-
Others	-	-
Number of executives	-	-

Furthermore, at 31 December 2015 and 2014, there were no advances or credits or any other kind of pension or life insurance guarantees or obligations in connection with current and former members of the Board of Directors.

The number of Directors distributed by gender was as follows in 2015 and 2014:

2015			2014		
Male	Female	Total	Male	Female	Total
4	1	5	4	1	5

21. Information on conflicts of interest among the Administrators.

At year-end 2015, 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 interest with those of the Parent Company.

22. Other information

22.1 Personnel

The average number of people employed in 2015 and 2014 broken down by job category is as follows:

Categories	2015	2014
Management	-	-
Administrative staff	1	2
Operational staff	-	-
Total	1	2

Likewise, the distribution by gender at the end of 2015 and 2014 broken down by category was as follows:

Categories	2015		2014	
	Male	Female	Male	Female
Directors	4	1	4	1
Management	-	-	-	-
Technical staff and middle management	1	-	1	-
Administrative staff	-	-	-	-
Operational staff	-	-	-	-
Total	5	1	5	1

22.2 Auditing fees

The fees for account auditing services and other services provided by the Company's auditor, Deloitte, S.L., or by a company related to the auditor or jointly owned or controlled by it were as follows in 2015 and 2014:

Description	Euros	
	Services rendered by the auditor of accounts and by related companies	
	2015	2014
Auditing services	60,200	50,700
Other verification services	-	-
Total auditing and related services	60,200	50,700
Tax advisory services	-	-
Other services	-	17,000
Total professional services	60,200	67,700

23. Environmental information

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

The corporate purpose of the Parent Company and its Subsidiary Companies, as provided for in their Articles of Association, is stated in Note 1.

Given the nature of the activities that the companies perform, they have no environmental liabilities, costs, assets, provisions or contingencies which might be significant in relation to their assets, financial situation or results. As a result, no specific breakdowns of information on environmental matters have been included in this report on the annual accounts.

At 31 December 2015 and 2014, the Company had not booked any provisions for possible environmental risks, given that the Administrators do not believe that there are any significant contingencies related to possible litigation, compensation or other concepts.

24. Subsequent disclosures

No additional significant events took place after the end of the year that have not been mentioned in the consolidated annual accounts for 2015, with the exception of the receipt of all outstanding debt at 31 December 2015 from Unidad Editorial, S.A. (Note 10).

Appendix 1 (Saint Croix Holding Immobilier, SOCIMI, S.A.)

Description	2015
a) Reserves from years prior to the application of the tax scheme set forth in Law 11/2009, as amended by Law 16/2012 of 27 December.	As is set out in Note 1, the Company was incorporated on 1 December 2011 in Luxembourg without having allocated any prior year's profits to reserves.
b) Reserves of each financial year in which the special tax regime set forth in said Law applies	<ul style="list-style-type: none"> • Profits in 2014 allocated to reserves: 921,102 euros • Profits in 2015 allocated to reserves: 2,776,186 euros
<ul style="list-style-type: none"> • Profits from income subject to the general tax rate 	-
<ul style="list-style-type: none"> • Profits from income subject to tax at a rate of 19% 	-
<ul style="list-style-type: none"> • Profits from income subject to tax at a rate of 0% 	<ul style="list-style-type: none"> • Profits in 2014 allocated to reserves: 921,102 euros • Profits in 2015 allocated to reserves: 2,776,186 euros
c) Dividends paid out and charged to profits of each financial year in which the tax scheme set forth in this Act can be applied	-
<ul style="list-style-type: none"> • Dividends from income subject to the general tax rate 	-
<ul style="list-style-type: none"> • Dividends from income subject to taxation at 18% (2009) and 19% (2010 to 2012). 	-
<ul style="list-style-type: none"> • Dividends from income subject to tax at a rate of 0% 	-
d) Dividends paid out and charged to reserves	-
<ul style="list-style-type: none"> • Dividends charged to reserves subject to taxation at the general tax rate. 	-
<ul style="list-style-type: none"> • Dividends charged to reserves subject to taxation at 19% 	-
<ul style="list-style-type: none"> • Dividends charged to reserves subject to taxation at 0% 	-
e) Date of the dividend payout resolution referred to by items c) and d) above	-
f) Acquisition date of the properties allocated to lease which generate income subject to this special scheme	-
g) Acquisition date of interests in the capital of the entities referred to in paragraph 1, Article 2 of this Law.	-
h) Identification of the assets calculated within the eighty per cent referred to by paragraph 1, Article 3 of this Act	<ul style="list-style-type: none"> • The interest in COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U., as indicated in the Note 5. (Total assets amounting to 267,931,197 euros) • The interest in INVERETIRO, SOCIMI, S.A.U., as indicated in Note 5. (Total assets amounting to 52,004,436 euros)
i) Reserves from years in which the special tax regime set forth in this Act has applied and have been drawn down during the tax period, but not for distribution or to offset losses. The financial year from which said reserves come should be indicated.	-

Appendix 2 (COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.)

Description	2015
a) Reserves from years prior to the application of the tax scheme set forth in Law 11/2009, as amended by Law 16/2012 of 27 December.	The Company was incorporated for accounting purposes in January 2009 with a share capital of 103,840,000 euros. It had therefore not applied any previous years' profit to reserves.
b) Reserves of each financial year in which the special tax regime set forth in said Law applies	<ul style="list-style-type: none"> • Profits in 2009 allocated to reserves: 936,358 euros • Profits in 2010 allocated to reserves: 871,431 euros • Profits in 2011 allocated to reserves: 1,000,888 euros • Profits in 2012 allocated to reserves: 43,627 euros • Profits in 2013 allocated to reserves: 470,286 euros • Profits in 2014 allocated to reserves: 1,208,270 euros • Profits in 2015 allocated to reserves: 3,699,608 euros
<ul style="list-style-type: none"> • Profits from income subject to the general tax rate 	-
<ul style="list-style-type: none"> • Profits from income subject to tax at a rate of 19% 	<ul style="list-style-type: none"> • Profits in 2009 allocated to reserves: 936,358 euros • Profits in 2010 allocated to reserves: 871,431 euros • Profits in 2011 allocated to reserves: 1,000,888 euros • Profits in 2012 allocated to reserves: 43,627 euros
<ul style="list-style-type: none"> • Profits from income subject to tax at a rate of 0% 	<ul style="list-style-type: none"> • Profits in 2013 allocated to reserves: 470,286 euros • Profits in 2014 allocated to reserves: 1,208,270 euros • Profits in 2015 allocated to reserves: 3,699,608 euros
c) Dividends paid out and charged to profits of each financial year in which the tax scheme set forth in this Act can be applied	<ul style="list-style-type: none"> • Distribution of dividends in 2009: 3,382,919 euros • Distribution of dividends in 2010: 3,121,886 euros • Distribution of dividends in 2011: 3,585,669 euros • Distribution of dividends in 2012: 156,295 euros • Distribution of dividends in 2013: 1,209,306 euros • Distribution of dividends in 2014: 10,874,427 euros
<ul style="list-style-type: none"> • Dividends from income subject to the general tax rate • Dividends from income subject to taxation at 18% (2009) and 19% (2010 to 2012). 	-
<ul style="list-style-type: none"> • Dividends from income subject to tax at a rate of 0% 	<ul style="list-style-type: none"> • Distribution of dividends in 2009: 3,382,919 euros • Distribution of dividends in 2010: 3,121,886 euros • Distribution of dividends in 2011: 3,585,669 euros • Distribution of dividends in 2012: 156,295 euros • Distribution of dividends in 2013: 1,209,306 euros • Distribution of dividends in 2014: 10,874,427 euros
d) Dividends paid out and charged to reserves	-
<ul style="list-style-type: none"> • Dividends charged to reserves subject to taxation at the general tax rate. 	-
<ul style="list-style-type: none"> • Dividends charged to reserves subject to taxation at 10% 	-
<ul style="list-style-type: none"> • Dividends charged to reserves subject to taxation at 0% 	-

Description	2015
e) Date of the dividend payout resolution referred to by items c) and d) above	<ul style="list-style-type: none"> • 2009 dividends: 29 June 2010 • 2010 dividends: 30 June 2011 • 2011 dividends: 28 June 2012 • 2012 dividends: 20 June 2013 • 2013 dividends: 30 June 2014 • 2014 dividends: 22 June 2015
f) Acquisition date of the properties allocated to lease which generate income subject to this special scheme	<p>The real estate assets that have been owned by the Company as from 29/12/2009 Due to the partial division transaction set out in Note 2, the dates of ownership are the following:</p> <ul style="list-style-type: none"> • Hotel Isla Canela Golf: 28/12/2007 • Hotel Barceló Isla Canela: 06/07/1998 • Hotel Iberostar Isla Canela: 01/07/2002 • Hotel Playa Canela: 16/05/2002 • Hotel Meliá Atlántico: 25/05/2000 • Marina Isla Canela Shopping Mall: 17/10/2000 • Property on Calle Gran Vía: 19/10/1987 • Retail outlets at Calle Caleruega: 30/12/2011 <p>The following real estate investments, which were acquired from the related company PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A. were included in 2012:</p> <ul style="list-style-type: none"> • Offices Sanchinarro V: 30/10/2012 • Offices Sanchinarro VI: 29/11/2012 • Offices Sanchinarro VII: 29/11/2012 • Vallecas Comercial I: 30/10/2012 • Vallecas Comercial II: 30/10/2012 • Offices Coslada III: 29/11/2012 <p>The merger with Compañía Ibérica de Rentas Urbanas 2009 SOCIMI, S.A.U resulting from its take-over took place in 2013. The company therefore included all the real estate assets from the company taken over on its balance sheet without any associated tax effects. (see Note 1)</p> <ul style="list-style-type: none"> • Hotel Tryp Atocha: 26/12/2001 (sold in 2015) • Hotel Tryp Cibeles: 16/05/2002 • Retail outlet on Calle Rutillo: 06/04/2000 • Retail outlet at Gran Vía 34 (1+2): 16/05/2002 • Retail outlet at Gran Vía 34 (3): 16/05/2002 • Retail outlet on Dulcinea: 21/09/1995 • Building on Calle Pradillo: 27/02/2009 • Retail outlet at Albalá 7: 26/09/2003 • Offices at Gran Vía 1, 1st and 2nd Floor Right: 15/10/1993 • Offices at Gran Vía, 1, 1st Floor Left: 10/02/1998

Description	2015
	<ul style="list-style-type: none"> • Building on C/ San Antón, Cáceres: 15/06/2011 • Building on Plaza España, Castellón: 29/12/2011 <p>During 2015, the following property investments were booked:</p> <ul style="list-style-type: none"> • Daganzo de Arriba Industrial Premises: 27/02/2015
g) Acquisition date of interests in the capital of the entities referred to in paragraph 1, Article 2 of this Law.	-
h) Identification of the assets calculated within the eighty per cent referred to by paragraph 1, Article 3 of this Act	<p>The breakdown of the real estate assets (included under work in progress) and their book value, including fixed assets in progress (254.99 million euros) expressed in million euros is as follows:</p> <ul style="list-style-type: none"> • Marina Isla Canela Shopping Mall: 4.70 • Barceló Isla Canela: 24.85 • Meliá Atlántico: 34.78 • Playa Canela: 17.14 • Iberostar Isla Canela: 25.58 • Isla Canela Golf: 4.91 • Gran Vía 1, 2nd Floor Left: 1.94 • Caleruega: 0.98 • Sanchinarro V: 0.22 • Sanchinarro VI: 9.24 • Sanchinarro VII: 7.09 • Vallecas Comercial I: 3.92 • Vallecas Comercial II: 3.91 • Coslada III: 6.71 • Tryp Cibeles: 21.59 • Daganzo de Arriba: 13.72 • Gran Vía 34: 21.53 • Pradillo 42: 18.23 • Albalá 7: 2.87 • Gran Vía 1, 1st Floor Left: 2.73 • Gran Vía 1, 2nd Floor Right: 2.87 • Gran Vía 1, 1st Floor Right: 3.01 • Rutilo: 1.38 • Dulcinea: 1.53 • San Antón: 3.96 • Plaza España: 15.10 • Advance Gran Vía: 0.50
i) Reserves from years in which the special tax regime set forth in this Act has applied and have been drawn down during the tax period, but not for distribution or to offset losses. The financial year from which said reserves come should be indicated.	-

Description	2015
j) Date of the dividend payout resolution referred to by items c) and d) above	<ul style="list-style-type: none"> • 2009 dividends: 29 June 2010 • 2010 dividends: 30 June 2011 • 2011 dividends: 28 June 2012 • 2012 dividends: 20 June 2013 • 2013 dividends: 30 June 2014 • 2014 dividends: 22 June 2015
k) Acquisition date of the properties allocated to lease which generate income subject to this special scheme	<p>The real estate assets that have been owned by the Company as from 29/12/2009 Due to the partial division transaction set out in Note 2, the dates of ownership are the following:</p> <ul style="list-style-type: none"> • Hotel Isla Canela Golf: 28/12/2007 • Hotel Barceló Isla Canela: 06/07/1998 • Hotel Iberostar Isla Canela: 01/07/2002 • Hotel Playa Canela: 16/05/2002 • Hotel Meliá Atlántico: 25/05/2000 • Marina Isla Canela Shopping Mall: 17/10/2000 • Property on Calle Gran Vía: 19/10/1987 • Retail outlets at Calle Caleruega: 30/12/2011 <p>The following real estate investments, which were acquired from the related company Promociones y Construcciones, PYC, PRYCONSA, S.A. were included in 2012:</p> <ul style="list-style-type: none"> • Offices Sanchinarro V: 30/10/2012 • Offices Sanchinarro VI: 29/11/2012 • Offices Sanchinarro VII: 29/11/2012 • Vallecas Comercial I: 30/10/2012 • Vallecas Comercial II: 30/10/2012 • Offices Coslada III: 29/11/2012 <p>The merger with Compañía Ibérica de Rentas Urbanas 2009 SOCIMI, S.A.U resulting from its take-over took place in 2013. The company therefore included all the real estate assets from the company taken over on its balance sheet without any associated tax effects. (see Note 1)</p> <ul style="list-style-type: none"> • Hotel Tryp Atocha: 26/12/2001 (sold in 2015) • Hotel Tryp Cibeles: 16/05/2002 • Retail outlet on Calle Rutillo: 06/04/2000 • Retail outlet at Gran Vía 34 (1+2): 16/05/2002 • Retail outlet at Gran Vía 34 (3): 16/05/2002 • Retail outlet on Dulcinea: 21/09/1995 • Building on Calle Pradillo: 27/02/2009 • Retail outlet at Albalá 7: 26/09/2003 • Offices at Gran Vía 1, 1st and 2nd Floor Right: 15/10/1993 • Offices at Gran Vía, 1, 1st Floor Left: 10/02/1998

Description	2015
	<ul style="list-style-type: none"> • Building on C/ San Antón, Cáceres: 15/06/2011 • Building on Plaza España, Castellón: 29/12/2011 During 2015, the following property investments were booked: <ul style="list-style-type: none"> • Daganzo de Arriba Industrial Premises: 27/02/2015
l) Acquisition date of interests in the capital of the entities referred to in paragraph 1, Article 2 of this Law.	-
m) Identification of the assets calculated within the eighty per cent referred to by paragraph 1, Article 3 of this Act	The breakdown of the real estate assets (included under work in progress) and their book value, including fixed assets in progress (254.99 million euros) expressed in million euros is as follows:
	<ul style="list-style-type: none"> • Marina Isla Canela Shopping Mall: 4.70 • Barceló Isla Canela: 24.85 • Meliá Atlántico: 34.78 • Playa Canela: 17.14 • Iberostar Isla Canela: 25.58 • Isla Canela Golf: 4.91 • Gran Vía 1, 2nd Floor Left: 1.94 • Caleruega: 0.98 • Sanchinarro V: 0.22 • Sanchinarro VI: 9.24 • Sanchinarro VII: 7.09 • Vallecas Comercial I: 3.92 • Vallecas Comercial II: 3.91 • Coslada III: 6.71 • Tryp Cibeles: 21.59 • Daganzo de Arriba: 13.72 • Gran Vía 34: 21.53 • Pradillo 42: 18.23 • Albalá 7: 2.87 • Gran Vía 1, 1st Floor Left: 2.73 • Gran Vía 1, 2nd Floor Right: 2.87 • Gran Vía 1, 1st Floor Right: 3.01 • Rutilo: 1.38 • Dulcinea: 1.53 • San Antón: 3.96 • Plaza España: 15.10 • Advance Gran Vía: 0.50
n) Reserves from years in which the special tax regime set forth in this Act has applied and have been drawn down during the tax period, but not for distribution or to offset losses. The financial year from which said reserves come should be indicated.	-

Appendix 3 (INVERETIRO, SOCIMI, S.A.U.)

Description	2015
a) Reserves from years prior to the application of the tax scheme set forth in Law 11/2009, as amended by Law 16/2012 of 27 December.	The Company was incorporated as SOCIMI for accounting purposes in January 2015 with a share capital of 44,992,853 euros. It had therefore not applied any previous years' profit to reserves.
b) Reserves of each financial year in which the special tax regime set forth in said Law applies	<ul style="list-style-type: none"> • Profits in 2015 allocated to reserves: 477,756 euros
<ul style="list-style-type: none"> • Profits from income subject to the general tax rate 	-
<ul style="list-style-type: none"> • Profits from income subject to tax at a rate of 19% 	-
<ul style="list-style-type: none"> • Profits from income subject to tax at a rate of 0% 	<ul style="list-style-type: none"> • Profits in 2015 allocated to reserves: 477,756 euros
c) Dividends paid out and charged to profits of each financial year in which the tax scheme set forth in this Act can be applied	<ul style="list-style-type: none"> • Distribution of dividends in 2015: 1,987,206 euros
<ul style="list-style-type: none"> • Dividends from income subject to the general tax rate 	-
<ul style="list-style-type: none"> • Dividends from income subject to taxation at 18% (2009) and 19% (2010 to 2012). 	-
<ul style="list-style-type: none"> • Dividends from income subject to tax at a rate of 0% 	<ul style="list-style-type: none"> • Distribution of dividends in 2015: 1,987,206 euros
d) Dividends paid out and charged to reserves	-
<ul style="list-style-type: none"> • Dividends charged to reserves subject to taxation at the general tax rate. 	-
<ul style="list-style-type: none"> • Dividends charged to reserves subject to taxation at 19% 	-
<ul style="list-style-type: none"> • Dividends charged to reserves subject to taxation at 0% 	-
e) Date of the dividend payout resolution referred to by items c) and d) above	<ul style="list-style-type: none"> • 2015 dividends: pending approval
f) Acquisition date of the properties allocated to lease which generate income subject to this special scheme	<p>The dates of ownership are as follows:</p> <ul style="list-style-type: none"> • Titán, 13: 12/02/2014 • Conde de Peñalver, 16: 01/12/2013
g) Acquisition date of interests in the capital of the entities referred to in paragraph 1, Article 2 of this Law.	-
h) Identification of the assets calculated within the eighty per cent referred to by paragraph 1, Article 3 of this Act	<p>The breakdown of real estate assets, expressed as millions of euros, is as follows:</p> <ul style="list-style-type: none"> • Titán, 13: 26.24 • Conde de Peñalver, 16: 18.78
i) Reserves from years in which the special tax regime set forth in this Act has applied and have been drawn down during the tax period, but not for distribution or to offset losses. The financial year from which said reserves come should be indicated.	-

Consolidated Management Report 2015

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

Consolidated management report at year-end 2015

1. Explanation of consolidated figures at 31 December 2015

A breakdown of the main consolidated figures at 31 December 2015 compared to 31 December 2014 is provided below:

Balance sheet	Euros		
	31/12/2015	31/12/2014	+ / -
• Property investments (gross)	307,252,723	271,661,342	35,591,381
• Accumulated depreciation	-27,612,951	-26,237,590	-1,375,361
• Accumulated impairment	-16,649,203	-25,463,006	8,813,803
Net property investments	262,990,569	219,960,746	43,029,823
Financial investments in associated companies	61,024,565	57,579,278	3,445,287
Equity	289,687,089	270,410,768	19,276,321
Net financial debts	32,448,765	5,496,726	26,952,039

Income statement	Euros		
	31/12/2015	31/12/2014	+ / -
Income	20,041,204	15,449,488	4,591,716
Net margin	17,954,587	13,550,912	4,403,675
% of revenue	89.59%	87.71%	1.88%
EBITDA	17,563,895	12,704,866	4,859,029
% of revenue	87.64%	82.23%	5.40%
Depreciation	-5,206,152	-4,469,733	-736,419
Subsidies	108,718	108,717	1
Extraordinary profits (losses)	-226,148	-	-226,148
Profits (losses) on asset disposals	4,110,546	-302,215	4,412,761
Impairment/Reversal	2,598,836	1,687,357	911,479
Financial profit (loss)	331,061	2,065,501	-1,734,440
EBT	19,280,757	11,794,493	7,486,264
% of revenue	96.21%	76.34%	19.86%
Corporation tax	-	-	-
Net profit (loss)	19,280,757	11,794,493	7,486,264
% of revenue	96.21%	76.34%	19.86%

EPRA Indicators

EPRA	Euros			
	31/12/2015	Per share	31/12/2014	Per share
Earnings	12,811,889	2.88	10,466,895	2.35
NAV	351,818,025	79.02	326,021,086	73.23
Cost ratio	11.92%		17.39%	
Vacancy rate	5.36%		6.12%	
Net Initial Yield	5.31%		5.69%	

Real estate investments (gross): The Group's real estate investments at 31 December 2015 amounted to 307,252,723 euros (271,661,342 euros in 2014). This involves a year-on-year increase amounting to 35,591,381 euros largely due to:

- **Investments made in 2015:**
 - Refurbishments on hotels in the amount of 1,536,924 euros: Hotel Playa Canela (414,067 euros), Hotel Meliá Atlántico (37,944 euros), Hotel Isla Canela Golf (65,704 euros), Hotel Barceló (930,000 euros), Hotel Tryp Cibeles (56,446 euros) and Hotel Tryp Atocha (25,186 euros) and Sanchinarro VI (7,577 euros).

- On 27 February 2015, COMPAÑÍA IBÉRICA DE BIENES RAÍCES, SOCIMI, S.A.U. purchased industrial/logistics premises located in Daganzo de Arriba (Madrid) with a built surface area of 13,810 m² on a plot of 27,165 m² and an additional development potential of 5,200 m², for the sum of 13,600,000 euros paid in cash. The industrial premises are currently leased to TELEPIZZA, S.A. pursuant to a long-term lease contract whose mandatory duration ends in May 2027, although this is renewable. The total cost of the transaction, including the acquisition costs, amounted to 13,722,813 euros.
 - On 27 March 2015, the Parent Company purchased 100% of the shares in INVERETIRO, SOCIMI, S.A.U. for a sum of 52,000,000 euros. This transaction involved the inclusion of the following assets, valued at gross cost, into the Company's consolidated real estate assets: an office building located at Calle Titán 13 in Madrid comprising 6,630.77 m² above ground level + 7,936.94 m² below ground level (currently leased to “Compañía Logística de Hidrocarburos, S.A. (CLH)”), the carrying value of which amounted to 26,240,597 euros, and, (ii) various commercial premises measuring 2,667.80 m² above ground level + 55.59 m² car park spaces located at Calle Conde de Peñalver 16 in Madrid (currently leased to “ZARA España, S.A.”), the carrying value of which amounted to 18,782,719 euros. The aforementioned transaction has generated goodwill attributable to its assets in the amount of 7,238,407 euros, which was recognised as increases in cost for the purposes of consolidation and will be depreciated over the expected useful life of the buildings.
 - On 5 May 2015, COMPAÑÍA IBÉRICA DE BIENES RAÍCES, SOCIMI, S.A.U. made a payment of 500,000 euros as an advance on the purchase of premises on Gran Vía de Madrid. The total purchase price will be 13,000,000 euros and will be completed within a maximum period of eighteen months, provided that the property is provided in the specified conditions.
- **Disposals made in 2015:**
 - A loft in Sanchinarro VII, which has generated losses net of tax and expenses of 31,977 euros (231,491 euros disinvestment)
 - On 14 July 2015, COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U. concluded the sale of the property owned by said company at Calle Atocha, 83-83 duplicated and Calle Moratín 10 and 12 in Madrid for hotel use to MELIÁ HOTELS INTERNATIONAL, S.A. The sale price totalled 27,750,000 euros, which has generated profit net of tax and expenses of 4,142,523 euros (32,198,586 euros disinvestment)

Accumulated depreciation: At 31 December 2015, the cumulative depreciation balance amounted to 27,612,951 euros (26,237,590 euros in 2014). Movement in the year has been attributable to: (i) real estate investment depreciation costs in 2015 which amounted to 5,205,815 euros (4,469,704 euros at year-end 2014), (ii) the effect of real estate investment write-offs, which amounted to 4,105,170 euros (4,099,979 euros on Hotel Atocha plus 5,190 euros from the loft in Sanchinarro VI), and (iii) the inclusion of real estate assets belonging to INVERETIRO, SOCIMI, S.A.U. with accumulated depreciation of 274,717 euros.

Accumulated impairment: At 31 December 2015, the cumulative impairment balance corresponding to property investments amounted to 16,649,203 euros (25,463,006 euros in 2014). Based on the valuation of its real estate assets conducted by independent experts at the end of the year, the Group booked in 2015 (i) impairments of real estate investments for the amount of 418,765 euros, (ii) reversals of real estate asset impairments amounting to 3,017,602 euros, which resulted in a net positive effect on the Company's income statement of 2,598,837 euros, and (iii) the reversal of impairment on the sale of Hotel Atocha of 6,214,967 euros. In 2014,

impairments amounting to 1,958,476 euros were booked and impairment reversals for the amount of 3,645,834 euros were booked, leading to a net impairment of 1,687,357 euros.

Net real estate investments: As a consequence of the above, the Group's net real estate investments totalled 262,990,569 euros at 31 December 2015 (219,960,746 euros in 2014), including the investments in progress amounting to 1,430,000 euros.

Financial investments in associated companies: The Group generates liquidity as a result of its real estate leasing activity. The surplus funds are loaned out to associate companies under market conditions. The net balance of loans to associated companies at 31 December 2015 came to 61,024,565 euros (57,560,077 euros in 2014).

The breakdown is as follows:

Debtor/Creditor	Euros	Item
Promociones y Construcciones, PYC, PRYCONSA, S.A.	60,864,365	Financing associates' working capital
Isla Canela, S.A.	-28,907	Financing associates' working capital
COGEIN, S.L.	189,107	Financing associates' working capital
Total	61,024,565	

Equity: At 31 December 2015, the Group reported a positive equity of 289,687,089 compared to 270,410,768 at year-end 2014. The increase of 19,276,321 euros corresponds to (i) profits in 2015 totalling 19,280,757 euros; and (ii) the negative impact on consolidation reserves in the amount of 4,436 euros as a result of including INVERETIRO SOCIMI, S.A.U. within the Group's consolidation perimeter.

Dividends:

Dividends paid out by the Subsidiary Companies to the Parent Company in 2015:

- The net profit of the Subsidiary Company (COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.) at 31 December 2014 stood at 12,082,697 euros. At the company's Annual General Shareholders Meeting celebrated on 22 June 2015, it approved the payment of a dividend to the Parent Company corresponding to 2014 in the amount of 10,874,427 euros. The breakdown of the distribution of profits is as follows:

Distribution of net profit in 2014	Euros
Profit at 31 December 2014	12,082,697
• Legal reserve	1,208,270
• Dividends (payable before 22 July 2015)	10,874,427

- The Subsidiary Company (INVERETIRO, SOCIMI, S.A.U.) was not included under the SOCIMI Special Scheme at 31 December 2014 and therefore was not obliged to distribute dividends. Furthermore, it booked negative reserves of 1,882,512 euros. To this end, the proposal to distribute income for 2014 for the sum of 1,563,417 euros was as follows:

Distribution of net profit in 2014	Euros
Profit at 31 December 2014	1,563,417
• Offsetting of prior years' losses	1,563,417

Dividends paid out by the Parent Company to shareholders in 2015:

The profit obtained by the Parent Company in 2014 amounted to 921,102 euros. When approving the distribution of income booked in 2014, approved by the Company's Ordinary General Shareholders Meeting held on 29 June 2015, the Parent Company booked negative reserves for

the first application of the Spanish National Chart of Accounts in the amount of 2,877,950 euros. The breakdown of the distribution of profits was as follows:

Distribution of net profit in 2014	Euros
Profit at 31 December 2014	921,102
<ul style="list-style-type: none"> Offsetting of Negative Reserves due to application of the General Accounting Plan (PGC) 	921,102

Dividends payable by the Parent Company to shareholders in 2016:

The Parent Company's net profit at 31 December 2015 stood at 9,755,905 euros. At its Annual General Shareholders Meeting to be held in 2016, it is expected that the following distribution of profits for 2015 will be approved, which translates to a gross dividend payment of 6,979,719 euros. The breakdown of the distribution of profits is as follows:

Proposed distribution of net profit in 2015	Euros
Profit at 31 December 2015	9,755,905
<ul style="list-style-type: none"> Reserves first application of General Accounting Plan (PGC) Legal reserve Dividends 	1,800,596 975,590 6,979,719

Net financial debt: At 31 December 2015, the Group had a net financial debt with credit institutions amounting to 32,448,765 euros (5,496,726 euros in 2014), an increase of 26,952,039 euros year-on-year. The Group's debt corresponds to four mortgage loans with banking institutions (two with Caixa Bank and two with Banco Santander). The purpose of this financing was to finance the investments in real estate assets for commercial use located in Castellón, which were purchased in 2011, and commercial premises and an office in Madrid purchased by one of the Subsidiary Companies and financed on 17 April 2015. At 31 December 2015, the total outstanding principal stood at 29,693,866 euros. Furthermore, the Group has different outstanding drawn down credit facilities contracted with Banca March and Bankinter for the joint sum of 2,946,662 euros and a net cash position of 653,894 euros.

The details of the debt at 31 December 2015 are as follows:

Details of the debt	Euros
Titán, 13	15,206,092
Conde de Peñalver, 16	9,873,571
Plaza de España (Castellón)	4,614,203
Total mortgage-backed debt	29,693,866
Drawn down credit facilities	2,946,662
Interest accrued pending maturity	21,574
Total unsecured debt	2,968,236
Cash and bank	-213,339
Net financial debt	32,448,763

The Group's LTV at 31 December 2015 stood at 9.16% (1.69% in 2014). Considering the mortgage burden on hotels located in Isla Canela (Ayamonte – Huelva), the LTV is 15.63% (10.81% in 2014).

Considering the financing offered by the Group to related companies, Net Financial Debt (banking and non-banking) totals -28,575,800 euros (-52,082,552 euros in 2014).

Income: At 31 December 2015, the Group had obtained income amounting to 20,041,204 euros (15,449,488 euros in 2014), a year-on-year increase of 4,591,717 euros (up by 30%). All the income in 2015 came from the activity of leasing real estate, apart from 37,836 euros (12,430 euros in 2014) which came from services.

At 31 December 2015, the Group's **net margin** was positive, standing at 17,954,587 euros (13,550,912 euros in 2014), 90% of income as compared to 88% in 2014, an increase of 2 percentage points.

At 31 December 2015, the Group's **EBITDA** was positive, standing at 17,563,895 euros (12,704,866 euros in 2014), 88% of income as compared to 82% in 2014, an increase of 6 percentage points.

Depreciation: At 31 December 2015, depreciation expenses on the Group's real estate investment stood at 5,206,152 euros (4,469,733 euros in 2014).

Impairment/Reversal: The Group booked real estate investment impairments for the amount of 418,765 euros and real estate asset impairment reversals of 3,017,602 euros, which resulted in a net positive effect on the Company's income statement of 2,598,837 euros. In 2014, impairments amounting to 1,958,477 euros were booked and impairment reversals for the amount of 3,645,834 euros were booked, leading to a net increase of 1,687,357 euros.

Allocation of subsidies: In 2015, the Subsidiary Company allocated income from capital grants to profit (loss) amounting to 108,718 euros (108,717 euros in 2014). These subsidies are connected with the ownership of the hotels in Ayamonte, Huelva.

Profits (losses) on asset disposals: As mentioned previously, divestments undertaken in 2015 have resulted in a positive effect on the income statement for the year in the amount of 4,110,546 euros compared to losses on the sale of real estate assets for the previous year in the amount of -302,215 euros. The profits for the year include the effect of reversals of provisions for impairment associated with the divested assets in addition to the costs of divestment.

Financial profit (loss): The Group generated a financial profit amounting to 331,061 euros in 2015 (2,065,501 euros in 2014). This was essentially a result of the policy of financing related companies with cash and bank surpluses.

Net profit (loss): At 31 December 2015, the Group booked net consolidated profit of 19,280,757 euros compared to 11,794,493 euros in 2014, a year-on-year increase of 7,486,264 euros.

2. Valuation of real estate assets

The Company commissioned CBRE Valuation Advisory, S.A., an independent expert, to conduct a valuation of the assets, which was issued on 26 January 2016, in order to determine the fair values of all its real estate investments at year-end 2015. Such valuations were conducted on the basis of the replacement value and the market lease value (which consists of capitalising net rents from each property and updating future flows), whichever is lower. Acceptable discount rates were used to calculate fair value for a potential investor, which are in keeping with those used by the market for properties having similar characteristics and locations. The valuations were made in accordance with the Appraisal and Valuation Standards published by the United Kingdom's Royal Institute of Chartered Surveyors (RICS).

Said valuations generated a net profit in the Company's income statement at 31 December 2015 amounting to 2,598,836 euros (1,687,357 euros in 2014).

Furthermore, according to the appraisals made, the fair value of the real estate investments revealed an unbooked unrealised capital gain (by comparing the updated gross fair market value and the net book value) of 63,315,286 euros (48,080,867 euros in 2014), which was primarily due to the premises located at Gran Vía 34 in Madrid, Calle Albalá, 7 in Madrid, Hotel Barceló Isla Canela, Hotel Tryp Cibeles in Madrid, the industrial premises located in Daganzo de Arriba, the offices located at Calle Titán, 13 in Madrid and the premises located at Calle Conde Peñalver, 16 in Madrid.

The gross asset value (GAV) of the real estate investments at year-end 2015 came to 325,805,855 euros (268,041,613 euros in 2014). The breakdown by business segment is as follows (in euros):

Segments	GAV (Euros)	
	31/12/2015	31/12/2014
Hotels (*)	113,102,010	134,450,199
Offices	76,502,309	44,935,562
Sales	120,148,186	88,655,852
Industrial	16,053,350	-
Total	325,805,855	268,041,613

(*) At 31 December 2014, the GAV of hotel assets takes into consideration the market value of Hotel Tryp Atocha sold in 2015.

3. Segmented reporting

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

The segments identified in this way in 2015 are as follows:

- Hotels
- Offices
- Sales
- Industrial
- Others

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

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

The expenses for each segment are determined by the expenses arising from its operating activities that are directly attributable to it plus the corresponding proportion of the expenses that can be attributed to the segment by using fair rules of distribution.

Segmented consolidated income statement

2015

31/12/2015	Euros					
	Hotels	Offices	Sales	Industrial	Others	Total
Income	8,452,391	4,239,686	6,204,307	1,106,985	37,835	20,041,204
Indirect costs	-938,421	-735,813	-340,216	-56,538	-15,630	-2,086,618
Net Margin	7,513,970	3,503,873	5,864,091	1,050,447	22,206	17,954,587
General expenses	-101,817	-33,585	-65,041	-13,335	-176,915	-390,692
EBITDA	7,412,153	3,470,288	5,799,051	1,037,113	-154,709	17,563,895
% of income	87.69%	81.85%	93.47%	93.69%	-408.90%	87.64%
Depreciation	-2,686,953	-1,384,050	-1,014,793	-120,019	-337	-5,206,152
Subsidies	108,718	-	-	-	-	108,718
Extraordinary profits (losses)	-297,679	58,494	18,575	-	-5,537	-226,148
Profits (losses) on asset disposals	4,142,523	-31,977	-	-	-	4,110,546
Impairment/Reversal	1,237,406	1,780,195	-418,765	-	-	2,598,836
Financial profit (loss)	9,613	-269,314	-199,539	-	790,301	331,061
EBT	9,925,782	3,623,636	4,184,527	917,094	629,718	19,280,757
Corporation tax	-	-	-	-	-	-
Net profit (loss)	9,925,782	3,623,636	4,184,527	917,094	629,718	19,280,757
% of income	117.43%	85.47%	67.45%	82.85%	1664.36%	96.21%

2014

31/12/2014	Euros					
	Hotels	Offices	Sales	Industrial	Others	Total
Income	8,660,505	1,910,768	4,865,785	-	12,430	15,449,488
Indirect costs	-1,183,711	-413,009	-198,820	-	-103,036	-1,898,576
Net Margin	7,476,794	1,497,759	4,666,965	-	-90,606	13,550,912
General expenses	-496,823	-166,465	-182,758	-	-	-846,046
EBITDA	6,979,971	1,331,294	4,484,207	-	-90,606	12,704,866
% of income	80.60%	69.67%	92.16%	-	-728.93%	82.23%
Depreciation	-2,941,204	-702,268	-826,233	-	-28	-4,469,733
Subsidies	108,717	-	-	-	-	108,717
Profits (losses) on asset disposals	-	-302,215	-	-	-	-302,215
Impairment/Reversal	2,142,292	-333,956	-120,979	-	-	1,687,357
Financial profit (loss)	1,171,229	258,408	658,039	-	-22,175	2,065,501
EBT	7,461,005	251,263	4,195,034	-	-112,809	11,794,493
Corporation tax	-	-	-	-	-	-
Net profit (loss)	7,461,005	251,263	4,195,034	-	-112,809	11,794,493
% of income	86.15%	13.15%	86.21%	-	-907.55%	76.34%

The breakdown of the **income and net carrying value** of real estate assets, including tangible fixed assets in progress, at 31 December 2015 compared to 31 December 2014 is as follows:

	Euros					
	31/12/2015			31/12/2014		
	Income	%	Net cost	Income	%	Net cost
Hotels	8,452,391	42.18%	106,879,025	8,660,505	56.06%	128,682,866
Offices	4,239,686	21.15%	76,279,283	1,910,768	12.37%	44,935,562
Sales	6,204,307	30.96%	65,729,467	4,865,785	31.49%	46,342,319
Industrial	1,106,985	5.52%	13,602,794	-	-	-
Others	37,836	0.19%	500,000	12,430	0.08%	-
Total income	20,041,205	100.00%	262,990,569	15,449,488	100.00%	219,960,747

It is important to point out that, at 31 December 2015, 42% of the revenues were generated by hotel assets (56% in 2014), 21% by offices (12% in 2014) 31% by retail premises (31% in 2014), and the remaining 6% to industrial assets (0% in 2014). At the end of December 2015, all hotels have been leased, as in 2014; 74% of the offices were leased in 2015 (46% in 2014). In 2015, 75%

of the retail outlets were leased (68% in 2014). The Group's objective for this year was to reach an average occupation rate of 90%, having achieved this with a rate of 91.18% (88% in 2014).

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

Area	Euros			
	31/12/2015		31/12/2014	
	Income	%	Income	%
Madrid	12,036,683	60.06%	7,855,078	50.84%
Huelva	6,648,837	33.18%	6,258,965	40.51%
Castellón	1,355,685	6.76%	1,335,445	8.64%
Cáceres	-	-	-	-
Total	20,041,205	100.00%	15,449,488	100.00%

From a geographic standpoint, most of the income is generated in Madrid and Huelva (both of which are in Spain). In this regard, Madrid increased its contribution to total income by 9 percentage points (60%), Huelva decreased it by eight percentage points (33%) and Castellón fell by two percentage points (7%). Cáceres did not obtain any income in 2015.

As is shown in the table above, most of the Group's activity was focused on Madrid and Huelva (93% in 2015 compared to 91% in 2014), with the proportion between Madrid and Huelva in 2015 being 60%:33%. At the end of December 2015, there was no income in Cáceres since the lease contract of the only asset located there was terminated early at the end of 2013 and, so far, it has not been leased again.

Furthermore, it is of interest to highlight the evolution of the **occupation rates** by type of asset from the **standpoint of asset types**: The occupation rate of the Group's assets allocated to leases at 31 December 2015 amounted to 91.18% (87.56% at year-end 2014) of the floor space (sq.m.) leased, with the breakdown as follows:

Segments	% occupation		Floor area in m2 above ground level	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Hotels	100.00%	100.00%	80,135	87,960
Offices	74.15%	45.74%	23,602	17,038
Sales	75.26%	68.22%	20,441	19,204
Industrial	100.00%	-	13,810	-
Total	91.18%	87.56%	137,988	124,202

The trend in the occupation rate of the Group's real estate assets is highly stable and enhances its solvency because of the quality of its clients, lease agreements and new properties.

Rental income has increased 29.72% year-on-year. Disregarding the effect of new investments and disinvestments in real estate assets over the course of 2015, the year-on-year increase in rental income is 2.80%; the 4.87% increase in hotel activity, the 3.46% increase in office activity and the 1.72% in commercial activity are all particularly worthy of note. The breakdown is as follows:

	Euros		Variation in %	
	31/12/2015	31/12/2014	Growth	Like for Like Growth
Hotels	8,452,391	8,660,505	-2.40%	4.87%
Offices	4,239,686	1,910,768	121.88%	3.46%
Sales	6,204,307	4,865,785	27.51%	1.72%
Industrial	1,106,985	-	N/A	-
Others	37,836	12,430	204.40%	-
Total	20,041,205	15,449,488	29.72%	2.80%

4. Property Investment

Due to the recent reduction in expected yields in prime areas, the Group 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 5-6% and top-quality tenants, as well as some added value real estate asset transformation operations for subsequent operation under a leasing scheme. The Group will maintain the income it currently expects to obtain from the lease agreements that are now in force. The Subsidiary Companies' dividend policy will ensure income for the Parent Company in the future.

In view of the activity performed by the Group with real estate assets leased over the long term, the Administrators' forecasts are positive based on the existence of long-term agreements with top-quality lessees in both the Hotel industry and the Offices, Commercial and Industrial industry, which ensure the Group's viability in the medium term, along with new retail outlet lease agreements with lessees with 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.

	2015
	Days
Average payment period to suppliers	25.42
Ratio of paid transactions	26.00
Ratio of transactions pending payment	21.06
	Euros
Total payments made	3,621,870
Total payments pending	481,136

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 attached consolidated 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 Group in 2015 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 December 2015

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

	Euros	
	31/12/2015	31/12/2014
Net profit (loss) attributable to Parent Company	9,755,906	921,102
Weighted average number of shares	4,452,197	4,452,197
Earnings per share	2.19	0.21
Year-on-year variation	+943%	

Basic earnings per share are calculated as the sum of net profit for the period attributable to the Parent Company and the weighted average number of common shares in circulation during the period, without including the average number of shares that the Parent Company holds in the Group's companies.

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

At the end of 2015 and 2014, the basic and diluted earnings per share matched.

The dividend per share breakdown is as follows:

	Euros	
	2015	2014
Gross dividend paid out to shareholders (*)	6,979,719	-
Average number of common shares in circulation	4,452,197	4,452,197
Gross dividend per share	1.57	-
Year-on-year variation	N/A	

(*) For each year to be paid the following year

Despite the Parent Company registering a profit in 2014 of 921,102 euros, the company's Ordinary General Shareholders Meeting held on 29 June 2015 approved the allocation of the entire amount of profit to partially offset the negative reserves for the first application of the General Accounting Plan that had to be recorded as a result of the process to transfer the Company's headquarters and effective management to Spain in 2014.

Pursuant to the proposed distribution of profit in 2015 to be arranged by the Administrators of the Parent Company, the dividend to be distributed in 2016 in line with 2015 profits will amount to 6,979,719 euros (1.57 euros per share).

7. Acquisition of treasury shares

At 31 December 2015, the Parent Company did not hold any treasury shares in its portfolio.

8. Research and development activities

The company does not undertake any research and development activities.

9. Main risks affecting the Group

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

The main financial risks which have an impact on the Group are set out below:

- **Credit risk**

The Group's main financial assets are cash flow and cash balances, trade creditors and other accounts receivable in investments. These account for the Group's maximum exposure to credit risk as regards financial assets. The Group'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 Group loans its excess liquidity to related companies which are very solvent, thereby guaranteeing the repayment of the funds thus loaned.

- **Liquidity risk**

Taking into account the current situation of the financial market and the estimates made by the Parent Company's Administrators on the Group's cash generating capacity, the Group estimates it has enough capacity to obtain financing from third parties were it necessary to make new investments. Consequently, there is no evidence that the Group will encounter liquidity problems. 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.

- **Exchange rate risk**

As regards the Group's exchange rate risk at 31 December 2014, it did not have any assets or liabilities in foreign currencies. Hence, there is no risk in this regard.

- **Interest rate risk**

The Group has two long-term loans financing long-term assets, as well as short-term working capital financing facilities. The risk of interest rate fluctuations is very low since the Group is not highly exposed to debt. The Group'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 immaterial effect on the Group's results, taking into account its low debt levels and today's very low interest rates.

- **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 have 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 Group's main investment activity.

Other market risks to which the Group is exposed include:

- **Regulatory risks:** the Group is subjected 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 Group.

- **Tourism risk:** a significant part of the Group'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.

Lastly, it is important to take into account that the Group is exposed to other risks: (i) environmental risks; (ii) occupational health and safety risks; and (iii) occupational hazard prevention risks.

10. Outlook for 2016

Given the Group's activity, the Administrators of the Parent Company consider that 2016 will continue to be positive as regards the maintenance of long-term lease contract conditions and the new acquisition undertaken by SOCIMI Holding mentioned in the subsequent disclosures section. 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 Administrators

At year-end 2015, 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

No events have taken place after the end of the year and prior to drafting these financial statements for 2015 that warrant mention, with the exception of the receipt of all outstanding debt at 31 December 2015 from Unidad Editorial, S.A.

13. Annual Corporate Governance Report

See **Appendix 1**.

Appendix 1

ANNEX I

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED PUBLIC LIMITED COMPANIES

IDENTIFICATION DETAILS OF THE ISSUER

END DATE OF 12-MONTH PERIOD OF REFERENCE	31/12/2015
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TAX ID CODE (CIF)	A87093902
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COMPANY NAME

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

REGISTERED OFFICE

GLORIETA DE CUATRO CAMINOS 6 AND 7, 4TH FLOOR, MADRID

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED PUBLIC LIMITED COMPANIES

A COMPANY OWNERSHIP STRUCTURE

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

Date of last modification	Share capital (€)	Number of Shares	Number of voting rights
15/12/2011	267,577,039.70	4,452,197	4,452,197

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

Yes

No

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

Shareholder name or company name	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
MR JAIME COLOMER BERROCAL	272,315	0	6.12%
MR JUAN COLOMER BERROCAL	272,314	0	6.12%
MR MARCO COLOMER BERROCAL	272,315	0	6.12%
COGEIN, S.L.	459,786	0	10.33%
PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	498,360	0	11.19%
GRAN VIA 34, S.A.	342,305	0	7.69%

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

Shareholder name or company name	Date of transaction	Description of transaction
COGEIN, S.L.	15/12/2015	Exceeded 10% of share capital

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

Name or company name of director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
MR CELESTINO MARTÍN BARRIGÓN	20	0	0.00%
MR JUAN CARLOS URETA DOMINGO	0	0	0.00%
MS OFELIA MARÍA MARÍN-LOZANO MONTÓN	0	0	0.00%
MR JOSE LUIS COLOMER BARRIGÓN	1,386,303	0	31.14%
MR MARCO COLOMER BARRIGÓN	570,457	272,315	18.93%

Name or company name of the indirect shareholder	Via: Name or company name of the direct shareholder	Number of voting rights
MR MARCO COLOMER BARRIGÓN	MR JAIME COLOMER BERROCAL	272,315

% of total voting rights held by the board of directors	50.07%
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Complete the following tables with information on the members of the company's board of directors who hold rights on shares in the company:

Name or company name of director	Number of direct voting rights	Number of indirect voting rights	Number of equivalent shares	% of total voting rights
MR MARCO COLOMER BARRIGÓN	570,457	272,315	570,457	18.93%
MR JOSE LUIS COLOMER BARRIGÓN	1,386,303	0	1,386,303	31.14%
MR CELESTINO MARTÍN BARRIGÓN	20	0	20	0.00%
MR JUAN CARLOS URETA DOMINGO	0	0	0	0.00%
MS OFELIA MARÍA MARÍN-LOZANO MONTÓN	0	0	0	0.00%

Name or company name of the indirect shareholder	Via: Name or company name of the direct shareholder	Number of voting rights
MR MARCO COLOMER BARRIGÓN	MR JAIME COLOMER BERROCAL	272,315

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

Related party name or company name
MR MARCO COLOMER BARRIGÓN
MR JOSE LUIS COLOMER BARRIGÓN

Relationship type: Family

Brief description:

BROTHERS

Related party name or company name
MR JOSE LUIS COLOMER BARRIGÓN
MR CELESTINO MARTÍN BARRIGÓN

Relationship type: Family

Brief description:

COUSINS

Related party name or company name
MR MARCO COLOMER BARRIGÓN
MR CELESTINO MARTÍN BARRIGÓN

Relationship type: Family

Brief description:

COUSINS

Related party name or company name
MR MARCO COLOMER BARRIGÓN
MR JAIME COLOMER BERROCAL

Relationship type: Family

Brief description:

FATHER - SON

Related party name or company name
MR MARCO COLOMER BARRIGÓN
MR JUAN COLOMER BERROCAL

Relationship type: Family

Brief description:

FATHER - SON

Related party name or company name
MR MARCO COLOMER BARRIGÓN
MR MARCO COLOMER BERROCAL

Relationship type: Family

Brief description:

FATHER - SON

Related party name or company name
MR MARCO COLOMER BARRIGÓN
PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.

Relationship type: Corporate

Brief description:

CHAIRMAN AND CHIEF EXECUTIVE OFFICER. IS A SHAREHOLDER WITH A 0.3406% INTEREST

Related party name or company name
MR MARCO COLOMER BARRIGÓN
COGEIN, S.L.

Relationship type: Corporate

Brief description:

CHAIRMAN AND CHIEF EXECUTIVE OFFICER. IS A SHAREHOLDER WITH A 26.6276% INTEREST

Related party name or company name
MR MARCO COLOMER BARRIGÓN
GRAN VIA 34, S.A.

Relationship type: Corporate

Brief description:

SOLE DIRECTOR, NATURAL PERSON, REPRESENTING PER 32, S.L. IS A SHAREHOLDER WITH A 0.009%

Related party name or company name
MR JOSE LUIS COLOMER BARRIGON
PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.

Relationship type: Corporate

Brief description:

DIRECTOR REPRESENTING GESTORA DE PROMOCIONES AGROPECUARIAS, S.A. IS A SHAREHOLDER WITH A 0.4338%

Related party name or company name
MR JOSE LUIS COLOMER BARRIGÓN
COGEIN, S.L.

Relationship type: Corporate

Brief description:

DIRECTOR. IS A SHAREHOLDER WITH A 33.8126% INTEREST

Related party name or company name
MR MARCO COLOMER BERROCAL
PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.

Relationship type: Corporate

Brief description:

DIRECTOR. IS A SHAREHOLDER WITH A 0.0311% INTEREST

Related party name or company name
MR MARCO COLOMER BERROCAL
COGEIN, S.L.

Relationship type: Corporate

Brief description:

IS A SHAREHOLDER WITH A 2.4111% INTEREST

Related party name or company name
MR JAIME COLOMER BERROCAL
PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.

Relationship type: Corporate

Brief description:

IS A SHAREHOLDER WITH A 0.0311% INTEREST

Related party name or company name
MR JAIME COLOMER BERROCAL
COGEIN, S.L.

Relationship type: Corporate

Brief description:

IS A SHAREHOLDER WITH A 2.4111% INTEREST

Related party name or company name
MR JUAN COLOMER BERROCAL
PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.

Relationship type: Corporate

Brief description:

IS A SHAREHOLDER WITH A 0.0311% INTEREST

Related party name or company name
MR JUAN COLOMER BERROCAL
COGEIN, S.L.

Relationship type: Corporate

Brief description:

IS A SHAREHOLDER WITH A 2.4111% INTEREST

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

Related party name or company name
SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.
PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.

Relationship type: Contractual

Brief description:

SERVICE PROVISION AGREEMENT

Related party name or company name
SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

Related party name or company name
COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.

Relationship type: Contractual

Brief description:

FINANCING AGREEMENT

Related party name or company name
SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.
COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.

Relationship type: Contractual

Brief description:

COST SHARING AGREEMENT

Related party name or company name
COGEIN, S.L.
COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.

Relationship type: Contractual

Brief description:

FINANCING AGREEMENT

Related party name or company name
SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.
INVERETIRO, SOCIMI, S.A.U.

Relationship type: Contractual

Brief description:

FINANCING AGREEMENT

Related party name or company name
SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.
INVERETIRO, SOCIMI, S.A.U.

Relationship type: Contractual

Brief description:

COST SHARING AGREEMENT

Related party name or company name
PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.
COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.

Relationship type: Contractual

Brief description:

SERVICE PROVISION AGREEMENT

Related party name or company name
PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.
COMPANÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.

Relationship type: Contractual

Brief description: FINANCING

AGREEMENT

Related party name or company name
PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.
INVERETIRO, SOCIMI, S.A.U.

Relationship type: Contractual

Brief description:

SERVICE PROVISION AGREEMENT

Related party name or company name
PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.
INVERETIRO, SOCIMI, S.A.U.

Relationship type: Contractual

Brief description: FINANCING

AGREEMENT

A.6 State whether the company has been informed of shareholders' agreements which affect it, as set forth under Articles 530 and 531 of the Corporate Enterprises Act. If so, describe them briefly and list the shareholders bound by the agreement:

Yes

No

Participants in the shareholder agreement
COGEIN, S.L.
JP MORGAN CHASE & CO.

Percentage of share capital affected: 4.99%

Brief description of the agreement:

COGEIN, S.L. HOLDS A CALL OPTION ON THE PERCENTAGE INTEREST HELD BY JP MORGAN CHASE & CO., WHICH EXPIRES IN DECEMBER 2016.

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

Yes

No

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

A.7 State whether any natural or legal person exercises or could exercise control over the company as per the provisions of Article 4 of the Securities Market Law (LMV). If so, identify them:

Yes

No

Remarks

A.8 Complete the following tables on the company's treasury stock:

At year end:

Number of direct shares	Number of indirect shares (*)	% of total share capital
0	0	0.00%

(*) Through:

Describe any significant changes that occurred during the year pursuant to the provisions of Royal Decree 1362/2007:

Explain the significant changes

A.9 Describe the conditions and the term of the current mandate of the board of directors to issue, repurchase or transfer treasury stock, as conferred by the General Shareholders Meeting.

THEY DO NOT EXIST

A.9.bis Estimated floating capital:

	%
Estimated floating capital	15.00

A.10 State whether there is any constraint on the transferability of securities and/or any restriction on voting rights. More specifically, report the existence of any kind of constraints that could hinder control of the company being taken over through the acquisition of its shares on the market.

Yes

No

A.11 State whether the general meeting has resolved to adopt any measures to neutralise take-over bids pursuant to the provisions set forth in Law 6/2007.

Yes No

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

A.12 State whether the company has issued securities which are not traded on a regulated EU market.

Yes No

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

B GENERAL SHAREHOLDERS MEETING

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

Yes No

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

Yes No

Describe how it differs from the scheme set forth in the Corporate Enterprises Act (LSC).

B.3 State the regulations which apply to the amendment of the company's Articles of Association. More specifically, report the majorities set forth to amend the Articles of Association and, as applicable, the rules laid down to safeguard members' rights when the Articles of Association are amended.

In accordance with Articles 2.3 and 7.1.c of the General Shareholders Meeting Regulations, the general meeting holds the power to amend the Articles of Association and the General Meeting's own regulations at the proposal and after received a report from the board of directors. The system of majorities set forth to amend the Articles of Association and protection of members rights, where applicable, is regulated pursuant to the provisions of the Corporate Enterprises Act.

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

Date of general meeting	Attendance data				
	% in person	% by proxy	% remote voting		Total
			Electronic voting	Others	
20/03/2014	42.30%	52.70%	0.00%	0.00%	95.00%
10/06/2014	42.30%	57.70%	0.00%	0.00%	100.00%
02/12/2014	75.56%	18.35%	0.00%	0.00%	93.91%
29/06/2015	75.56%	18.35%	0.00%	0.00%	93.91%

B.5 State whether there are any statutory restrictions that establish the minimum number of shares required to attend the General Shareholder's Meeting:

Yes No

B.6 Paragraph repealed.

B.7 Indicate the URL and way to gain access to information on corporate governance and other information on general meetings which must be made available to shareholders on the Company website.

The URL of the Company's website is: www.saintcroixhi.com

Information on Corporate Governance, Shareholders Meetings and other information that has to be made available to Company shareholders can be found under the "Shareholders and Investors" menu.

C STRUCTURE OF THE COMPANY'S CORPORATE ADMINISTRATION

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors set forth in the company's Articles of Association:

Maximum number of directors	11
Minimum number of directors	3

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

Name or company name of director	Representative	Director category	Office on the board	Date of first appointment	Date of last appointment	Appointment procedure
MR CELESTINO MARTÍN BARRIGÓN		Independent	DIRECTOR	10/06/2014	10/06/2014	AGREEMENT BY SHAREHOLDERS' MEETING
MR JUAN CARLOS URETA DOMINGO		Independent	DIRECTOR	02/12/2014	02/12/2014	AGREEMENT BY SHAREHOLDERS' MEETING
MS OFELIA MARÍA MARÍN-LOZANO MONTÓN		Independent	DIRECTOR	02/12/2014	02/12/2014	AGREEMENT BY SHAREHOLDERS' MEETING
MR JOSE LUIS COLOMER BARRIGÓN		Proprietary	DIRECTOR	10/06/2014	10/06/2014	AGREEMENT BY SHAREHOLDERS' MEETING
MR MARCO COLOMER BARRIGÓN		Executive	CHAIRMAN - CHIEF EXECUTIVE OFFICER	10/06/2014	10/06/2014	AGREEMENT BY GENERAL SHAREHOLDERS MEETING

Total number of directors	5
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Indicate the directors who have left the board of directors during the reporting period:

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

EXECUTIVE DIRECTORS

Name or company name of director	Office in the company's organisation chart
MR MARCO COLOMER BARRIGÓN	CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

NON-EXECUTIVE PROPRIETARY DIRECTORS

NON-EXECUTIVE INDEPENDENT DIRECTORS

Name or company name of director:

MR JUAN CARLOS URETA DOMINGO

Profile:

Juan Carlos Ureta is the Chairman of Renta 4 Banco, specialising in asset management, capital markets and business funding. Renta 4 Banco is the only bank specialising in asset management to be traded on the Spanish Stock Exchange. He holds a Diploma in Financial Law from the University of Deusto (Bilbao). He qualified as a Public Prosecutor, currently non-practicing, in 1980 and as a stockbroker at the Madrid Stock Exchange in 1986, graduating top of his class. Chairman of the Spanish Institute of Financial Analysts, Chairman of the Financial Studies Foundation, Member of the Board of Directors and the Permanent Committee of the Governing Body of the Madrid Stock Exchange since 1989.

He was a member of the Board of Directors of the Securities Clearing and Settlement Service (Iberclear) from 1996 to 2003. He was also Chairman of Iberclear in 2002. Member of the Board of Directors of BME (Bolsas y Mercados Españoles), the holding company covering all Spanish stock exchanges and clearing and settlement systems, from 2002 to 2006. Member of the Board of Directors of Indra Sistemas from 1998 to 2007. Member of the Advisory Board of Lucent Technologies in Spain from 1996 to 2001. Member of the Advisory Board of ING Direct. Consultant for several Spanish and foreign business groups and the author of numerous specialist publications on legal and financial matters.

Name or company name of director:

MS OFELIA MARÍA MARÍN-LOZANO MONTÓN

Profile:

Ofelia Marín-Lozano Montón is currently the Managing Director of 1962 CAPITAL SICAV, an investment company dedicated to investment management and active commercialisation for new investors outside the core business of this variable share capital UCITS. She holds Bachelor's degrees in Law (1992) and Economics and Business Studies from ICADE, Madrid (1993), and took doctorate courses in business studies at ICADE from 1995 to 1997. She has been a lecturer at ICADE since 1998 and a Member of the National Management Board of the Spanish Institute of Financial Analysts since 2011 (Member of the Organisation, Members, Appointments and Remuneration, and Communications and Institutional Relations Committees).

She was the Director of Economics at Círculo de Empresarios from 2012 to 2013, Director of Analysis at BANCA MARCH from 2000 to 2012, and the head of Spanish Equity Analysis and Consulting at Banco Santander Negocios (now "BANIF") for the private banking offices in Spain and some abroad, from 1993 to 2000. Since 2009 she has presented a number of lectures in Spain and abroad, and has written and published many articles on economics.

Total number of independent directors	2
% of board total	40.00%

State whether any director classified as an independent receives from the company, or any group company, any amounts or benefits for an item other than the director's remuneration, or whether any director maintains or has maintained a business relationship with the company

or with any company in the group, whether in his own name or as a significant shareholder, director or senior manager of an entity maintaining or which has maintained such a relationship.

No.

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

OTHER NON-EXECUTIVE DIRECTORS

Identify the other non-executive directors and state the reasons why they cannot be considered proprietary or independent directors, and their relationship with the company, its directors or shareholders:

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

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

	Number of female directors			% of total number of directors of each type				
	2015	2014	2013	2012	2015	2014	2013	2012
Female Executive	0	0	N.A.	N.A.	0.00%	0.00%	N.A.	N.A.
Proprietary	0	0	N.A.	N.A.	0.00%	0.00%	N.A.	N.A.
Independent	1	1	N.A.	N.A.	50.00%	50.00%	N.A.	N.A.
Other Non-Executive Female Executives	0	0	N.A.	N.A.	0.00%	0.00%	N.A.	N.A.
Total:	1	1	N.A.	N.A.	20.00%	20.00%	N.A.	N.A.

C.1.5 Explain the measures taken, if any, to seek to include a number of women on the board of directors which would permit a balanced presence of women and men.

Explanation of the measures

According to Article 14.7.g of the Board of Directors Regulations, the Appointments and Compensation Committee has to inform the board about diversity and gender-related issues. It may suggest to the board of directors the appointment of one or several female directors to bring before the General Shareholders Meeting. The director recruitment procedure is not affected by any kind of bias and it does not hinder or obstruct the election of women as members of the board of directors.

C.1.6 Explain the measures agreed, if any, by the appointments committee to ensure that the selection procedures do not suffer from any implicit biases against selecting female directors and to make sure that the company deliberately seeks to include women among potential candidates who meet the professional profile required:

Explanation of the measures

See Section C.1.5. above.

Where the number of female directors is scarce or non-existent despite the measures taken, if any, explain the reasons to justify this fact:

Explanation of the reasons

See paragraphs C.1.5, C.1.6 and G.14 of this report.

C.1.6 bis Explain the conclusions of the appointments committee regarding the verification of compliance with the policy on director selection. In particular, explain how this policy promotes the objective that by 2020 the number of female directors is at least 30% of the total number of members of the board of directors.

Explanation of the conclusions

The Appointments and Compensation Committee meeting held on 23 April 2015 approved the ANNUAL ASSESSMENT ON THE PERFORMANCE OF THE BOARD OF DIRECTORS, ITS AUDIT COMMITTEE AND THE APPOINTMENTS AND COMPENSATION COMMITTEE of the Company, concluding that the board of directors operates in an appropriate and efficient manner, pursuant to the provisions of the Articles of Association and the Board Regulations. Furthermore, it concluded that during 2014, the members of the board of directors performed their duties with diligence and loyalty to the company's corporate interests, without proposing the adoption of any corrective measure, as no deficiency was identified in the Board's performance, without any specific mention to promote the objective that by 2020, the number of female Directors represents at least 30% of all members of the board of directors, given that currently, the number of female directors on the board already represents 20%.

C.1.7 Explain how shareholders holding significant interests are represented on the board.

Pursuant to Article 19 of the Articles of Association, being a director is not a requirement for appointment to the board and both natural and legal persons may be members, although in the latter case a natural person must be appointed to represent the legal person and office.

The way shareholders holding significant interests are represented on the board is not explicitly governed in either the Articles of Association or the Board Regulations, Articles 17 and 18 of which refer to the appointment of directors under the following terms:

Article 17. Appointment of directors: 1 - Directors shall be appointed by the General Meeting or by the board of directors according to the provisions set forth in applicable law. 2 - Any proposals for the appointment of non-independent directors the board brings before the General Meeting for its deliberation and any appointment decisions the board adopts by virtue of the powers of co-option legally attributed to it shall be preceded by the relevant non-binding report issued by the Appointments and Compensation Committee. Should the board reject the recommendations made by the Appointments and Compensation Committee, it shall state the reasons thereof and record its reasons in the minutes of the meeting. Proposals for the appointment of independent directors shall be made by Appointments and Compensation Committee.

Article 18. Appointment of non-executive directors: The board of directors and the Appointments and Compensation Committee shall endeavour within the scope of their responsibilities to ensure that candidates of renowned solvency, competence and experience are chosen, taking particular care in the case of Independent Directors.

Furthermore, Article 21 of said Regulations explicitly provides for the resignation of proprietary directors who dispose of their interests in the Company.

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

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

Yes

No

C.1.9 State whether any director has left office prior to the completion of their term of office, whether said director has explained his reasons to the board, and by what means; and, if written notice thereof was given to the entire board, at least explain the reasons said director has given:

C.1.10 State the powers that have been delegated to the Chief Executive Officer(s), if such authorisations exist:

Name or company name of director:

MR MARCO COLOMER BARRIGÓN

Brief description:

In accordance with the Article 20.6 of the Articles of Association, the board may appoint one or more Chief Executive Officers, notwithstanding the powers of attorney it may grant to any person and determine the powers of attorney to be granted in each case. The permanent delegation of any of the board of directors' powers to one or several Chief Executive Officers and the appointment of the director(s) who are to hold such offices shall require a vote in favour from two-thirds of the board members to be effective and shall not enter into effect until it is duly registered at the Companies Registry. Under no circumstances may the purpose of such delegation be accountability or the bringing of balances before the General Meeting, nor may the powers that the latter may confer upon the board be delegated, unless expressly authorised by it.

In accordance with Article 4.3 of the Board Regulations, the board of directors shall hold responsibility for all the powers which cannot be delegated and are legally reserved for its deliberation, as well as any others that are necessary to responsibly exercise its general oversight duty. It may delegate the remaining powers to one or several Chief Executive Officers. At the board of directors meeting held on 10 June 2014, an agreement was reached to appoint Mr Marco Colomer Barrigón as the Company's Chief Executive Office, to whom all the board of directors' powers were delegated with the exception of those that cannot be delegated by Law.

C.1.11 Identify, as applicable, the members of the board who hold office as directors or executives in other companies that form part of the listed company's group:

Name or company name of director	Company name of group company	Position	Do they have executive duties?
MR MARCO COLOMER BARRIGÓN	COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.	Individual Representative of the Sole Director	YES
MR MARCO COLOMER BARRIGÓN	INVERETIRO, SOCIMI, S.A.U.	Individual Representative of the Sole Director	YES

C.1.12 State, as applicable, the directors of your company that are members of the board of directors of other entities listed on official stock exchanges, other than companies in your group, of which the company has been notified:

Name or company name of director	Company name of group company	Position
MR MARCO COLOMER BARRIGÓN	RANK INVERSIONES, SICAV, S.A.	CHAIRMAN
MR JUAN CARLOS URETA DOMINGO	RENTA 4 BANCO, S.A.	CHAIRMAN

C.1.13 State and, if necessary, explain whether the company has laid down any rules concerning the number of boards on which its directors may sit:

Yes

No

C.1.14 Paragraph repealed.

C.1.15 State the overall remuneration of the board of directors:

Remuneration of the board of directors (thousand euros)	55
Amount of pension rights accumulated by the current Directors (€ thousands)	0
Amount of pension rights accumulated by the ex-Directors (€ thousands)	0

C.1.16 Identify the members of senior management that are not simultaneously executive directors and state their total remuneration due in the year:

C.1.17 State, where applicable, the identity of board members who are also members of the board of directors of companies of significant shareholders and/or entities belonging to their group:

Name or company name of director	Company name of significant shareholder	Position
MR JOSE LUIS COLOMER BARRIGÓN	COGEIN, S.L.	DIRECTOR
MR JOSE LUIS COLOMER BARRIGÓN	PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	DIRECTOR
MR MARCO COLOMER BARRIGÓN	COGEIN, S.L.	CHAIRMAN - CHIEF EXECUTIVE OFFICER
MR MARCO COLOMER BARRIGÓN	PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	CHAIRMAN - CHIEF EXECUTIVE OFFICER
MR MARCO COLOMER BARRIGÓN	GRAN VIA 34, S.A.	SOLE DIRECTOR

State, where applicable, any relevant relationships, other than those set out in the point above, of members of the board of directors which link them to significant shareholders and/or to entities belonging to the group:

Name or company name of the related director:

MR MARCO COLOMER BARRIGÓN

Name or company name of the related significant shareholder:

PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.

Description of relationship:

Shareholder with a 0.34% interest

Name or company name of the related director:

MR MARCO COLOMER BARRIGÓN

Name or company name of the related significant shareholder:

COGEIN, S.L.

Description of relationship:

Shareholder with a 26.63% interest

Name or company name of the related director:

MR MARCO COLOMER BARRIGÓN

Name or company name of the related significant shareholder:

GRAN VIA 34, S.A.

Description of relationship:

Shareholder with a 0.009% interest

Name or company name of the related director:

MR JOSE LUIS COLOMER BARRIGÓN

Name or company name of the related significant shareholder:

PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.

Description of relationship:

Shareholder with a 0.43% interest

Name or company name of the related director:

MR JOSE LUIS COLOMER BARRIGÓN

Name or company name of the related significant shareholder:

COGEIN, S.L.

Description of relationship:

Shareholder with a 33.81% interest

Name or company name of the related director:

MR JOSE LUIS COLOMER BARRIGÓN

Name or company name of the related significant shareholder:

GRAN VIA 34, S.A.

Description of relationship:

Shareholder with a 0.0086% interest

C.1.18 State whether any amendments have been made to the Board Regulations during the financial year:

Yes

No

Description of changes

At the board of directors meeting held on 24 February 2015, the Chairman of the Board informed the other Directors of the report submitted by the Secretary of the Board entitled "ANALYSIS OF THE MAIN NEW PROVISIONS INTRODUCED BY LAW 31/2014, OF 3 DECEMBER, MODIFYING THE CORPORATE ENTERPRISES ACT TO IMPROVE CORPORATE GOVERNANCE" and it was agreed that any necessary amendments to the Company's Articles of Association and regulations to align to the law reform would be studied. Furthermore, the Audit Committee drafted a proposed amendment to certain articles of the Board Regulations, in addition to the inclusion of a number of the recommendations set out in the "Code of Good Governance of Listed Companies" of February 2015, published by the Spanish National Securities Market Commission (CNMV). Having analysed and debated the content of the proposals, the board of directors approved the amendment to Articles 4, 7, 8, 10, 12, 13, 14, 15, 16, 20, 25 and 26 of the Board Regulations on 24 February 2015; these amendments were raised to public status and entered into the Companies Registry of Madrid, with the CNMV informed accordingly.

C.1.19 State the procedures used to select, appoint, re-elect, assess and remove board members. Name the competent bodies, the procedures to be followed and the criteria used in each procedure.

Article 19 of the Articles of Association.- Directors: being a shareholder is not a requirement for appointment to the board and both natural and legal persons may be members, though in the latter case a natural person must be appointed to represent the legal person and to hold office. People who have been legally disqualified may not be directors; nor may those who have been declared as incompatible according to legislation on senior executives and other general or regional specific implementing provisions.

Article 22 of the Articles of Association.- Term of office: Directors shall hold office for a term of six years and may be re-elected once or more times for periods of equivalent duration. Once the term has expired, the appointment shall expire when the following General Meeting has been held or the legal time limit has elapsed for holding the General Meeting that has to resolve on the application of the previous year's accounts.

Article 7 of the General Shareholders Meeting Regulations: The appointment and removal of directors is the responsibility of the General Shareholders Meeting, liquidators and, where appropriate, the auditors of accounts, or where any corporate liability actions are brought against any of them.

Articles 17 and 22 of the Board of Directors Regulations: TITLE V APPOINTMENT AND REMOVAL OF DIRECTORS

Article 17.- Appointment of directors:

1 - Directors shall be appointed by the General Meeting or by the board of directors according to the provisions set forth in applicable law.

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

Article 18.- Appointment of non-executive directors: The board of directors and the Appointments and Compensation Committee shall endeavour within the scope of their responsibilities to ensure that candidates of renowned solvency, competence and experience are chosen, taking particular care in the case of Independent Directors.

Article 19.- Re-election of directors:

1.- Any proposals for the reappointment of directors which the board of directors decides to bring before the General Meeting shall have to have been previously reported on by the Appointments and Compensation Committee, which shall assess in its recommendation the quality of the work and the dedication to the office during their mandate.

2.- The board of directors shall endeavour to ensure that any independent directors who are reappointed do not remain on the same committee, except where the tasks in progress or other reasons suggest they should continue on the same committee.

Article 20.- Term of office:

1.- Directors shall hold office for a term of four (4) years and may be re-elected once or more times for periods of equivalent duration.

2.- Directors appointed by co-option shall hold office until the date of the first General Meeting at which the ratification of their appointment is, as applicable, submitted or until the legal time limit to hold the General Meeting which has to resolve on the approval of the accounts of the previous year has expired.

3.- Any director whose mandate ends or who ceases to hold office for any other reason may not provide services to another entity having a corporate purpose which is analogous to the Company's during two (2) years where the board of directors justifiably deems that it would place the company's interests at risk.

Article 21.- Removal of Directors:

1.- Directors shall stand down from office once the term for which they have been appointed has elapsed, where they tender their resignation to the Company or where the General Meeting should so resolve, making use of the responsibilities with which it has been attributed, either legally or in the Articles.

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

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

Article 22.- Expressing the reasons of removal from office as a director:

Where, due to resignation or for other reasons, a director relinquishes office before the end of his term of office, he shall explain the reasons thereof in a letter sent to every member of the board, notice of which shall be given as a relevant fact and explained in the Annual Corporate Governance Report.

C.1.20 Explain how far the annual assessment of the board has led to important changes in its internal organisation, and on the procedures applicable to its activities:

Description of changes

The board of directors meeting held on 23 April 2015 approved the ANNUAL ASSESSMENT ON THE PERFORMANCE OF THE BOARD OF DIRECTORS, ITS AUDIT COMMITTEE AND THE APPOINTMENTS AND COMPENSATION COMMITTEE, produced by the Appointments and Compensation Committee at the Company, concluding that the board of directors operates in an appropriate and efficient manner, pursuant to the provisions of the Articles of Association and the General Meeting's own regulations. Furthermore, it concluded that during 2014, the members of the board of directors performed their duties with diligence and loyalty to the company's corporate interests, without proposing the adoption of any corrective measure, as no deficiency was identified in the Board's performance.

C.1.20.bis Describe the assessment process and the areas that have been assessed by the board of directors aided, as appropriate, by an external consultant, with respect to the diversity of its composition and duties, the functioning and composition of its committees, performance of the Chairman of the board of directors and the Chief Executive of the company and the performance and contribution of each director.

The board of directors meeting held on 23 April 2015 approved the ANNUAL ASSESSMENT ON THE PERFORMANCE OF THE BOARD OF DIRECTORS, ITS AUDIT COMMITTEE AND THE APPOINTMENTS AND COMPENSATION COMMITTEE, produced by the Appointments and Compensation Committee at the Company, in which the assessment process and areas assessed are described (without assistance from non-executive directors). Said report contains all the details of the assessment process and areas assessed by the board of directors with respect to the diversity of its composition and duties, working and composition of its committees, performance of the Chairman of the board of directors and the Chief Executive of the company and the performance and contribution of each director.

C.1.20.ter Break down, as appropriate, the business relationship that the consultant or any company within its group maintains with the company or any company in its group.

No services have been required from non-executive directors.

C.1.21 State the cases in which directors are obliged to resign.

Article 21 of the Board of Directors Regulations.- Resignation of directors:

1.- Directors shall stand down from office once the term for which they have been appointed has elapsed, where they tender their resignation to the Company or where the General Meeting should so resolve, making use of the responsibilities with which it has been attributed, either legally or in the Articles.

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

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

C.1.22 Paragraph repealed.

C.1.23 Are reinforced majorities other than legal majorities required for any type of decision?

Yes

No

If so, describe the differences.

C.1.24 Explain if there are any specific requirements to be appointed as chairman of the board of directors other than those which apply to directors.

Yes

No

C.1.25 Indicate whether the Chairman has the casting vote:

Yes

No

Matters for which there is a casting vote
--

According to Articles 20.4 of the Articles of Association and 16.3 of the Board Regulations, resolutions are adopted by an absolute majority of the directors in attendance, either in person or by proxy. In the event of a tied vote, the Chairman shall hold the casting vote.

C.1.26 State whether the Articles of Association or the Board Regulations establish any age limit for directors:

Yes

No

C.1.27 State whether the Articles of Association or the Board Regulations establish a limited mandate for independent directors, other than as set forth in the legal regulations:

Yes

No

C.1.28 Indicate whether the Articles of Association or the Regulations of the Board of Directors establish specific rules for delegating votes to the board of directors, how this should be done, and in particular, the maximum number of delegations any Director may have, and whether there is any limit as to the director category to which votes may be delegated, other than the limitations imposed by law. If so, give a brief summary of these rules.

Article 16.1 of the Board Regulations sets forth that Directors shall make every effort to attend board meetings and, when they cannot do so in person, they may grant proxy to another Director. Non-executive directors may only grant proxy to another non-executive director. They shall endeavour to grant proxy through a letter sent to the Chairman, and on an exceptional basis to another board member, along with the relevant instructions, provided the wording of the agenda permits this.

C.1.29 State the number of board of directors meetings held during the financial year. Also indicate, as applicable, the number of times that the Board has met without its Chairman attending. The calculation of attendance includes representations made with specific instructions.

Number of board meetings	6
Number of board meetings held without the chairman in attendance	0

If the Chairman is an executive director, indicate the number of meetings held with no attendance or representation of any executive director and under the chairmanship of the coordinating director.

Number of meetings	0
---------------------------	---

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

Committee	No. of Meetings
AUDIT COMMITTEE	4
APPOINTMENTS AND COMPENSATION COMMITTEE	3

C.1.30 State the number of board of directors meetings held during the year with all of its members in attendance. The calculation of attendance includes representations made with specific instructions.

Number of meetings attended by all the directors	6
Attendance as a percentage of total votes during the year	100.00%

C.1.31 State whether the individual and consolidated financial statements that are presented to the Board to be approved are certified in advance:

Yes No

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

C.1.32 Explain, if applicable, the mechanisms established by the board of directors to prevent the separate and consolidated financial statements drawn up by it from being submitted to the General Shareholder's Meeting with audit report qualifications.

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

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

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

C.1.33 Is the secretary of the board also a director?

Yes

No

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

Name or company name of secretary	Representative
MR JOSE JUAN CANO RESINA	

C.1.34 Paragraph repealed.

C.1.35 State the mechanisms established by the Company, if any, to preserve the independence of external auditors, financial analysts, investment banks and rating agencies.

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

- To propose the appointment of the external auditors of accounts to the board of directors for submission to the General Shareholders Meeting's consideration. Likewise, to propose engagement conditions to the board of directors, the scope of professional mandates and, if applicable, the renewal thereof or not;
- To maintain relationships with the external auditors to receive information on any matters that could jeopardise their independence and regarding any other matters related to the account auditing process, as well as on any other disclosures laid down by account auditing legislation and technical auditing standards;
- To issue a report on an annual basis expressing an opinion of the auditor of accounts' independence prior to the audit report being issued. Said report shall, in any event, state the provision of additional services; in other words, any services provided by the auditor other than auditing services.

C.1.36 State whether the Company has changed its external auditor during the year. If so, please identify the incoming and outgoing auditors:

Yes

No

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

C.1.37 State whether the auditing firm carries out other work for the company and/or its group other than auditing work and, if so, state the total fees received for such work and the percentage this represents of the fees billed to the company and/or its business group:

Yes No

C.1.38 State whether the audit report on the financial statements for the previous year included any qualifications or reservations. If so, state the reasons given by the chairman of the Audit Committee to explain the content and scope of these qualifications or reservations.

Yes No

C.1.39 State the number of consecutive years that the current auditing firm has audited the financial statements of the company and/or its group without interruption. Also, indicate how many years the current audit firm has been auditing the accounts as a percentage of the total number of years over which the annual accounts have been audited.

	Company	Group
Number of consecutive years	2	2
Number of years audited by the current audit firm / Number of years that the company has been audited (%)	40.00%	40.00%

C.1.40 Indicate and, if applicable, provide details of whether there is a procedure whereby directors can receive external advice:

Yes No

Details of the procedure

Article 16.2 of the Board Regulations sets forth that:

- The Chairman shall organise debates and endeavour to ensure all directors take part in the deliberations, ensuring that the board is duly informed. For such purpose, the chairman may invite any external experts and the Company's executives and technical staff he may deem appropriate to attend meetings, who may voice an opinion but not vote.

C.1.41 State whether there is a procedure to enable directors to gain access to the information they need to prepare for meetings of governing bodies with sufficient time:

Yes No

Details of the procedure

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

2. The Chairman is the maximum authority in terms of the effective functioning of the board of directors. In addition to carrying out the duties that are legally and statutorily attributed to the board of directors, he shall be responsible for:

- Convening and presiding over meetings of the board of directors, setting the agenda of meetings and leading discussions and debates.
- Ensure that Directors receive sufficient information in advance to deliberate on matters in the agenda.

C.1.42 State whether the company has established rules that require directors to report on and, as applicable, resign in cases where the company's good standing and reputation may be harmed. If so, describe said rules:

Yes No

Explain the rules

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

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

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

C.1.43 State whether any member of the board of directors has reported to the company that he has been tried or that legal proceedings have been brought against him for any of the offences set forth in Article 213 of the Corporate Enterprises Act:

Yes

No

State whether the board of directors has studied the case. If so, give a reasoned explanation of the decision taken as to whether the director involved should remain in office or not, or, as applicable, describe the actions taken by the board of directors up to the date of this report or those it intends to take.

C.1.44 List the significant agreements signed by the company and that come into force, are modified or are terminated in the case of a change in control of the company resulting from a take-over bid, and their effects.

None

C.1.45 Identify in general terms and state in detail any agreements between the company and its directors, executives or employees that set forth severance or guarantee clauses where these stand down or are unfairly dismissed, or upon termination of the contractual relationship due to a take-over bid.

Number of beneficiaries: 0

Type of beneficiary: None

Description of Agreement:

There are no agreements on this issue.

State whether the company or group's corporate governance bodies have to be informed of such contracts:

	Board of Directors	General Shareholders Meeting
Body that authorises the clauses	Yes	No

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

C.2 Board of Directors Committees

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

AUDIT COMMITTEE

Name	Position	Category
MR CELESTINO MARTÍN BARRIGÓN	SECRETARY	Independent
MR JUAN CARLOS URETA DOMINGO	CHAIRMAN	Independent
MR JOSE LUIS COLOMER BARRIGÓN	MEMBER	Proprietary

% of Proprietary Directors	33.00%
% of Independent Directors	67.00%
% other non-executive directors	0.00%

Explain the functions of this committee, describe its organisational and working procedures and rules and summarise its most important activities during the financial year.

The functions assigned to this Committee, in addition to its working procedures and rules are provided for in Article 13 of the Board Regulations (Audit Committee); the Committee met 4 times in 2015 to carry out the tasks entrusted to this body in section 9 of the aforementioned article, as set out below:

- a) To report through its chairman and/or secretary on the issues shareholders may raise at General Shareholders Meetings connected with the Committee's area of responsibility;
- b) To propose the appointment of the external auditors of accounts to the board of directors for submission to the General Shareholders Meeting's consideration. Likewise, to propose engagement conditions to the board of directors, the scope of professional mandates and, if applicable, the renewal thereof or not;
- c) To maintain relationships with the external auditors to receive information on any matters that could jeopardise their independence and regarding any other matters related to the account auditing process, as well as on any other disclosures laid down by account auditing legislation and technical auditing standards;
- d) To issue a report on an annual basis expressing an opinion of the auditor of accounts' independence prior to the audit report being issued. Said report shall, in any case, state the provision of additional services; in other words, any services provided by the auditor other than auditing services;
- e) To oversee the auditing agreement is fulfilled, endeavouring to ensure that the opinion on the annual accounts and the audit report's main contents are clearly and accurately worded, in addition to assessing the results of each audit;
- f) To act as a communications channel between the board of directors and the auditors, assessing the results of each audit and the management team's responses to their recommendations and mediating in the event of discrepancies between them regarding the applicable principles and criteria to draw up the financial statements;
- g) To oversee the efficacy of the Company's internal controls, internal auditing, as applicable, and its risk management systems, and to verify their integrity by reviewing them periodically in order to identify risks, manage them and make them known, as well as discussing with the auditors of accounts or auditing firms any significant weaknesses detected in the internal control system during the performance of an audit;
- h) To review the Company's annual accounts and the periodic financial reporting the board has to provide to the markets and their supervisory bodies, and to safeguard the fulfilment of legal requirements and the proper application of generally accepted accounting standards;
- i) To inform the board of directors of any significant changes in accounting principle and in- and off-the-balance-sheet risks;
- j) To receive information and, as necessary, issue reports on the disciplinary measures that are to be imposed on the Company's senior management;
- k) To draw up and bring an Annual Corporate Governance Report before the board of directors for its approval;
- l) To draw up an annual report on the Audit and Control Committee's activities;
- m) To supervise the way in which the Company's website runs concerning the availability of corporate governance information;
- n) To review issue prospectuses to be provided to the markets and supervisory bodies;
- o) To report on the creation or acquisition of any interests in special purpose vehicles and companies registered in tax havens, as well as about any other transactions or operations of a similar nature that could lessen the group's transparency due to their complexity, in addition to transactions with related parties.

Identify the director appointed as member of the audit committee taking into account their knowledge and experience of accountancy, auditing, or both, and report on how many years the chairman of this committee has held the post.

Name of the experienced director	MR JUAN CARLOS URETA DOMINGO
No. of years chairman in post	0

APPOINTMENTS AND COMPENSATION COMMITTEE

Name	Position	Category
MR CELESTINO MARTÍN BARRIGÓN	MEMBER	Independent
MS OFELIA M ^a MARÍN-LOZANO MONTÓN	CHAIRMAN	Independent
MR JOSE LUIS COLOMER BARRIGÓN	SECRETARY	Proprietary

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

Explain the functions of this committee, describe its organisational and working procedures and rules and summarise its most important activities during the financial year.

The functions assigned to this Committee, in addition to its working procedures and rules are provided for in Article 14 of the Board Regulations (Appointments and Compensation Committee); the Committee met 3 times in 2015 to carry out the tasks entrusted to this body in section 7 of the aforementioned article, as set out below:

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

- a) To assess the skills, knowledge and experience required on the board in order to define the skills and capabilities required by candidates to cover each vacancy, and to assess the time and dedication required to properly carry out their duties;
- b) To examine or organise, as deemed most appropriate, the chairman and the chief executive's succession, and to bring proposals before the board, if necessary, so that such successions come about in an orderly, well-planned fashion;
- c) To report on the appointment and removal of senior executives the chief executive brings before the Board and any who report directly to the Company's chief executive;
- d) To make proposals on the remuneration of the members of the board of directors, as well as in the case of the executive directors, any additional remuneration for their executive functions and other terms which apply that their contracts should respect as part of the remuneration policy approved by the General Meeting;
- e) To issue preliminary reports on appointment or reappointment proposals of any non-independent director;
- f) To make proposals on the appointment or re-election of any non-independent director;
- g) To report to the Board about gender equality matters.

C.2.2 Complete the table below with information on the number of female directors on board of directors committees in the last four financial years:

	Number of female directors							
	2015		2014		2013		2012	
	Number	%	Number	%	Number	%	Number	%
AUDIT COMMITTEE	0	0.00%	0	0.00%	0	0.00%	0	0.00%
APPOINTMENTS AND COMPENSATION COMMITTEE	1	33.00%	1	33.00%	0	0.00%	0	0.00%

C.2.3 Paragraph repealed

C.2.4 Paragraph repealed.

C.2.5 State, as applicable, whether regulations governing the board's committees exist, where they are available for consultation and any amendments that have been made to them during the year. Also state whether an annual report on the activities of each committee has been voluntarily drafted.

The Board's committees are governed by the Board of Directors' Regulations, which are available on the Company's website and notice of which has been given to the National Securities Market Commission (CNMV) and duly registered at the Madrid Companies Registry pursuant to Article 529 of the Corporate Enterprises Act (L.S.C.).

The composition of the Audit Committee was amended in 2015 to adapt to the legal requirement that all its members are non-executive Directors, as provided for in Article 13.1 of the Board Regulations. This amendment was approved by the board of directors meeting held on 24 February 2015.

The board of directors meeting held on 23 April 2015 approved the ANNUAL ASSESSMENT ON THE PERFORMANCE OF THE BOARD OF DIRECTORS, ITS AUDIT COMMITTEE AND THE APPOINTMENTS AND COMPENSATION COMMITTEE, produced by the Appointments and Compensation Committee at the Company.

C.2.6 Paragraph repealed.

D RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1 Explain the procedure, if any, to approve transactions with related parties and parties within the group.

Procedure for reporting approval of related party transactions

Pursuant to Article 4.3.t) of the Board Regulations, the board of directors is responsible for:

t) The approval, subject to a report from the Audit Committee, of transactions that the company or group companies execute(s) with its directors, under the terms provided for in Articles 229 and 230, or with shareholders, either on an individual or joint basis, who retain a significant interest, including shareholders represented on the board of directors at the Company or at other Companies that form part of the same group or individuals related thereto. The affected Directors or those representing or associated to affected shareholders must abstain from participating in the debate and vote on the agreement in question. Only transactions that simultaneously satisfy the three following conditions shall be exempt from the aforementioned approval:

1. Those that are carried out under agreements with standardised conditions and are applied in a general way to numerous clients;
2. Those that are carried out at established rates or prices, which in general are set by the supplier of the good or service; and
3. Their amount does not exceed 1% of the company's annual revenues.

Furthermore, Article 35 of the Board Regulations (Business Opportunities), establishes that:

- 1.- Directors may not use the name of the Company nor cite their position as directors in order to carry out transactions on their own behalf or on behalf of parties related to them.
- 2.- Directors may not make investments or carry out any transactions associated with the Company's assets, of which they have knowledge through the performance of their duties, for their own benefit or for the benefit of those related to them, when such an investment or transaction has been offered to the Company, or in which the Company has an interest, unless the Company has rejected the investment or transaction without the involvement of the director.

D.2 List transactions which are significant for their amount or relevant due to their subject matter between the company or entities in its group and significant shareholders of the company:

Name or company name of significant shareholder	Name or company name of the company or group company	Relationship type	Type of transaction	Amount (thousand of euros)
PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.	Contractual	Financing agreements: loans	383
PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.	Contractual	Service provision	32
COGEIN, S.L.	COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U.	Contractual	Financing agreements: loans	241
PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.	Contractual	Service provision	18
PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	INVERETIRO, SOCIMI, S.A.U.	Contractual	Financing agreements: loans	356
PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	INVERETIRO, SOCIMI, S.A.U.	Contractual	Service provision	6

D.3 List transactions which are significant for their amount or relevant due to their subject matter between the company or entities in its group and directors or executives of the company:

D.4 Report the significant transactions carried out by the company with other entities belonging to the same group, provided they are not eliminated in the process of drawing up the consolidated financial statements and do not form part of the company's normal business in relation to its purpose and conditions.

In any event, information is to be provided about any intragroup transactions made with entities established in countries or territories deemed as tax havens:

D.5 State the amount of the transactions carried out with other related parties.

194 (in thousand euros).

D.6 List any mechanisms set up to detect, identify and resolve possible conflicts of interest between the company and/or its group and its board members, executives and significant shareholders.

Transactions with related and/or Group companies are dealt with by the board of directors and the Audit Committee, with each and every contract signed and in force with related and/or Group companies (subsidiaries) expressly mentioned in the individual and consolidated financial statements for each year.

D.7 Is more than one company in the Group listed in Spain?

Yes

No

Identify subsidiaries that are listed in Spain:

Listed subsidiary company

State whether the respective areas of activity and any possible business relationships between them have been publicly and accurately defined, as well as those of the listed subsidiary with the rest of group companies;

State any possible business relationships between the parent company and the listed subsidiary, and between the latter and other group companies

State the mechanisms created for resolving any conflicts of interest between the listed subsidiary and the other companies in the Group:

Mechanisms to resolve any possible conflicts of interest

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the company's Risk Management System, including tax risks.

The main aim of internal control for the Company's board of directors is to offer a reasonable degree of security that the Company will attain its targets. In this regard, it is deemed that the Risk Management System should act to avoid any deviations from coming about with respect of the targets set and to detect such deviations as soon as possible.

To control risks inherent to its operations, the Company has established a variety of risk control and assessment systems, which is led and supervised directly by the board of directors; as set out in Article 4.3 of its Regulations, the Board is responsible for:

- supervising the effective functioning of the committees set up.
- establishing general strategies and policies of the company.
- drafting financial statements and submitting them to the General Shareholders Meeting.
- decisions relating to the remuneration of directors, within the framework of the Articles of Association and, where applicable, the remuneration policy approved by the General Shareholders Meeting.
- policy regarding treasury shares.
- approving the strategic or business plan, the yearly budget and management objectives, investment and financing policy, corporate social responsibility policy and dividend policy.
- establishing risk management and control policy, including tax policy, and supervising internal information and control systems.
- establishing the corporate governance policy for the company and the group of which it is the parent company; its organisation and functioning and, specifically, the approval or amendment of its own regulations.
- approving financial reports that the company, as a listed company, must periodically disclose.
- defining the structure of the group of which the company is the parent company.
- approving investments or operations that, due to their significant value or special characteristics, are considered strategic or involve a particular tax risk, except those that are approved by the General Shareholders' Meeting.
- approval of the creation or acquisition of stakes in special-purpose entities or those domiciled in countries or territories deemed to be tax havens, as well as any other transactions or operations of an analogous nature which could erode the transparency of the company or group due to their complexity.
- approving, subject to a report submitted by the audit committee, related-party or intragroup transactions.
- establishing the company's tax strategy.

The powers which the Board performs directly and which have not been delegated to date allow it to control and oversee all of the Company's significant risks connected with:

- Investments and disposals.
- Borrowing levels for all items.
- Control and monitoring of Strategic Plans and Budget compliance.
- Investment limits on fixed-asset elements allocated to leases. The Audit

Committee's duties:

Within the scope of its responsibilities, the Audit Committee reviews the suitability and integrity of the Company's internal control systems aimed at mitigating the Company's risk exposure. Its duties include analysing, controlling and monitoring business risks.

Other executive departments involved in risk control and assessment: There are executive departments within the organisation of the Company and the Group to which it belongs that have important risk control and assessment responsibilities which follow the criteria laid down by the board of directors:

- Investment Department: This department is responsible for informing the board about any strategic decisions, investments and disposals which are relevant to the Company or the Group, as well as their suitability for the Budget and Strategic Plans before the board adopts any resolutions on them. The department currently comprises one person, who meets as often as is necessary with the Chairman and Chief Executive Officer to study all investment transactions involving real estate acquisitions, disposals, credits and loans, as well as any other relevant transactions which could involve risks to the Company's operations and solvency.
- Finance Department, which provides the board with all the economic and financial reporting on a quarterly basis in order to control and assess risks. The Finance Department prepares and provides the Audit Committee with the information it requires and analyses business risk monitoring and control as part of its duty to identify them in addition to drafting the individual and consolidated Group financial statements.

-Technical Department, which oversees all building, refurbishment or corrective maintenance works carried out directly or by contracting third parties in order to ensure they are properly executed in all phases. It also supervises suppliers.

E.2 Identify the company's bodies responsible for setting up and implementing the Risk Management System.

The Risk Management System is the responsibility of the board of directors, which has delegated its supervision and maintenance responsibilities to the Audit Committee.

The Group's Financial Department prepares and provides the Audit Committee with the information the latter requires and analyses as part of its duty to identify, control and monitor risks to the business.

E.3 State the main risks, including tax risks, which may affect business goal achievement.

The main risks identified by the Group in the attainment of its objectives are: RISKS SPECIFIC

TO THE GROUP AND ITS BUSINESS SECTOR

Group operations, transactions and results are subject to risks linked to the business sector in which it operates, in addition to risks specific to the Group. Risks may materialise or get worse as a result of changes in competitive, economic, political, legal, regulatory, social, business or financial conditions and, therefore, all shareholders and investors must bear them in mind.

Below are the most relevant risks that may affect the Group, divided into 2 categories:

- risks specific to the Group's business sector;
- risks specific to the Group.

A) RISKS SPECIFIC TO THE BUSINESS SECTOR

- a) Risks deriving from the cyclical nature of the real-estate business.
- b) High levels of competition in the real-estate business in Spain may affect the Group's capacity to invest appropriately.
- c) Risks inherent to the management of real estate assets.
- d) Risks deriving from the solvency and liquidity of lessees.
- e) The real-estate sector is regulated and, therefore, any substantial change to the applicable regulations may adversely affect the Group.
- f) Property investments are relatively illiquid, which could make it difficult to embark upon disinvestments.
- g) The Group may undertake divestments at an inopportune time in terms of maximising their value and could even experience losses.
- h) Any cost associated with a potential investment that ultimately remains unrealised may negatively affect Grupo Saint Croix.
- i) Due diligence undertaken concerning an investment may fail to detect all risks and responsibilities resulting therefrom.
- j) In the renovation or remodelling of its properties, the Group will often rely on the actions of third parties hired and may be exposed to liability deriving from their actions.
- k) The Group may be exposed to liabilities and/or obligations in the future relating to properties sold.
- l) Any forced expropriation of a Group asset may have an adverse impact.
- m) The Company applies a wide-ranging investment policy, which may be subject to change and, therefore, the composition of the Company's asset portfolio may vary.
- n) Any investment made by the Group as part of a joint venture carries associated risks that may have an adverse impact on the Group.

B) RISKS SPECIFIC TO THE GROUP

- a) The Group is managed externally by the management of Grupo Pryconsa and, therefore, is dependent on its capacity, experience and criteria.
- b) Concentration of the Group's investment activity in Spain.
- c) A significant part of the Group's assets are hotels and therefore, are connected to the tourism industry.
- d) Risks deriving from the indebtedness of Grupo Saint Croix.
- e) A significant part of total invoicing from income at the Group is linked to a limited number of large customers and assets.
- f) The Group may be adversely affected by any change in tax legislation, including the Real Estate Investment Trust (SOCIMI) system, which could negatively impact the Group.
- g) The requirements for preserving the status of SOCIMI may limit the capacity and flexibility of Grupo Saint Croix to make investments or repay its debts.
- h) Some property transfers may lead to negative repercussions on Grupo Saint Croix in accordance with the SOCIMI system.
- i) The assessment of the Group's real estate assets portfolio may not accurately and precisely reflect their actual value.
- j) Risk of fluctuation in interest rates
- k) Inability to precisely foresee the market prices of real estate assets and rents.
- l) Risk of damage to real estate assets and losses deriving from events not covered by insurance policies.

- m) A decrease in the credit rating of Saint Croix may negatively affect the Group.
- n) Shareholders and Directors at the Company may experience a conflict of interests with any of the companies that form Grupo Saint Croix or a direct or indirect significant interest in a transaction that the Group is considering.
- o) Risk of a conflict of interests in transactions with related parties.
- p) Concentration of the Company's body of shareholders in the Colomer family, which has a very significant and decisive influence thereon.
- q) Judicial and extra-judicial actions.
- r) Dependence on certain key individuals in terms of management at the Group.
- s) The Group's cash reserves may be insufficient to satisfy its obligations

E.4 State whether the entity has a risk tolerance level, including for tax risk.

No risk tolerance level has been set on a formal basis. Nevertheless, the size of the Company and the characteristics and the way in which it performs its business allow all investment, divestment and financing transactions to be analysed on an individual basis by the board of directors and the relevant committees. Thus, the level of risk is assessed on an ongoing basis by the board of directors.

E.5 State which risks, including tax risks, have had an impact over the year.

No significant risks materialised in 2015.

E.6 Explain the response and supervision plans for the entity's main risks, including tax risks.

See sections E.1 and E.4.

F INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING CONTROL SYSTEM (ICFR)

Describe the mechanisms which comprise the company's internal control and risk management systems related to the financial reporting control system (ICFR).

F.1 The company's control environment

Report at least the following, highlighting their main features:

F.1.1. What bodies and/or areas are responsible for: (i) the existence and maintenance of an adequate and effective internal financial reporting control system (ICFR); (ii) its implementation, and (iii) its supervision.

The Regulation of the board of directors establishes, among other powers, the power of the Board to set the risk management and control policy, which includes the ICFR, as well as periodically monitoring internal reporting and control systems. Furthermore, the Audit Committee is defined as the committee and body entrusted with assisting the board of directors in its duty of supervising financial statements and the periodic disclosures supplied to regulatory bodies. "To supervise the efficacy of the company's internal control system" and "to supervise the process of drawing up and filing mandatory financial reporting" are included among the responsibilities set forth for its control duty.

F.1.2. State whether the following elements exist, especially with regard to the process of drawing up financial reports:

- Departments and/or mechanisms responsible for: (i) designing and reviewing the organisational structure; (ii) clearly defining areas of responsibility and authority, with a suitable distribution of tasks and functions; and (iii) the existence of sufficient procedures for these to be properly disseminated within the entity

The board of directors has set a general framework to approve transactions and powers of attorney in order to ensure all transactions are carried out with a suitable level of control that seeks to achieve the greatest efficiency and security for the Company's activity.

- Code of Conduct: Body responsible for its approval, degree of dissemination and training, principles and values included therein (indicating if any specific mention is made to the booking of transactions and financial reporting), body in charge of analysing non-compliances and putting forward corrective actions and penalties.

The Company intends to draw up a Code of Conduct, which is pending the board of directors' approval. It will lay down the basic principles and rules of conduct to regulate good corporate governance and the behaviour of the Group's companies and the actions of all its employees. However, the Company's corporate culture and values are conveyed effectively on a daily basis. Given the size of the Company and its Group, which only employs one person, this way of transmitting them is perfectly adequate.

- Whistleblowing channel, which allows financial and accounting irregularities to be reported to the Audit Committee, along with any possible infringements of the code of conduct and irregular activities within the organisation. State whether it is confidential, as applicable.

At the same time as the Code of Conduct is approved and published, a whistleblowing mailbox will be enabled that will be formalised through a procedure that is pending the board of directors' approval. Said procedure will set forth that the whistleblowing channel is a direct, efficient and confidential means of reporting that allows employees or third parties (suppliers, clients, public administrations, shareholders, etc.) to report any employees, executives or directors of the Company involved in breaking the law, internal regulations or the Code of Conduct, and of committing financial or accounting irregularities or any other event of a similar nature.

The procedure, which is currently in the review stage and pending approval, sets forth that reports may be submitted through two channels:

- Whistleblowing mailbox: by using the application enabled for such purpose on the corporate website and the Intranet.
- Written reports: sent confidentially in an envelope to the attention of the Audit Committee members.

- Regular training and refresher courses on, at least, accounting standards, audits, internal control and risk management for staff involved in preparing and reviewing financial reports and evaluating the ICFR.

The Group's Finance Department is continually updating internal procedures to create the ICFR at both a personal as well as at a corporate level and is in constant communication with the Group's external auditors, so that any regulatory change on this issue is identified and implemented immediately.

F.2 Financial reporting risk assessment

Report, at least:

F.2.1. What the main features of the risk identification process are, including error or fraud identification, with regard to:

- Whether the process exists and is documented.

The Group to which the Company belongs, and by which it is run, is equipped with a Procedures Manual which includes a specific procedure for the accounting treatment of both routine transactions and less frequent and potentially complex transactions. It covers all financial reporting aims and is updated whenever any transactions that require it are detected. The implementation of a specific real estate management ERP, the segregation of review and supervisory duties and controls for both internal reporting and financial reporting processes for the markets ensure their reliability and integrity. Furthermore, any information which is based on judgements or estimates is specifically analysed by the Group's Finance Department with the support of independent experts or under the supervision of the Audit Committee.

- Whether the process covers all financial reporting assertions (existence and occurrence; completeness; evaluation; presentation, disclosure and comparability; and rights and obligations), whether it is updated and how often.

As part of the activities aimed at improving the ICFR, operational control activities are being documented to cover all financial reporting aims. Hence, the risk and control matrices will include a column setting out the financial reporting aims being covered by the control activities and another column stating whether there is a risk of fraud.

The Accounting Policy Manual, which is also being drawn up, will include the reporting review and control policy on the consolidation perimeter, which covers a periodic review of the consolidation perimeter and the main changes which have come about, inter alia.

- The existence of a process to identify the consolidation perimeter, taking into account the possible existence of complex corporate structures and specific or special purpose vehicles, among other matters.

The Procedures Manual includes a section on setting and reviewing the consolidation perimeter, which is reviewed annually and whenever legislative changes affecting it come about. The scope of critical processes and transactions having a significant impact on the Group's separate and consolidated financial statements have been analysed in the design stage of the ICFR. In order to do so, risks have been assessed, taking quantitative (materiality in financial statements and/or number of transactions) and qualitative criteria into consideration, such as error or fraud risks, the complexity of the calculations, estimates or judgements, including any relevant provisioning, accounts closure and financial reporting processes.

- Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, reputation, environmental risks, etc.) and the extent to which they affect financial statements.

The scope of critical processes and transactions having a significant impact on the Group's separate and consolidated financial statements have been analysed in the design stage of the ICFR. In order to do so, risks have been assessed, taking quantitative (materiality in financial statements and/or number of transactions) and qualitative criteria into consideration, such as error or fraud risks, the complexity of the calculations, estimates or judgements, including any relevant provisioning, accounts closure and financial reporting processes.

- Which governing body of the company supervises the process.

The Audit Committee in conjunction with the Group's Finance Department.

F.3 Control activities

Report whether your company has at least the following, highlighting their main features:

F.3.1. Financial reporting review and authorisation procedures and a description of the ICFR for the financial reports to be published on the securities markets, indicating who holds responsibility thereof, as well as descriptive documents on the flows of activities and controls (including those on fraud risks) for the different kinds of activities that could materially affect the financial statements, including the accounts closure process and the specific review of relevant judgements, estimates, valuations and forecasts.

The Company is equipped with an accounts closure procedure, which is covered in the Procedures Manual. Its aim is to set out internal review and approval practices for the financial reports to be provided to the markets (including the annual accounts, quarterly and half-yearly reports and the Annual Corporate Governance Report), which are to be performed by the Audit Committee and subsequently by the board of directors.

The procedure sets out the relevance of certain judgements, estimates and forecasts subject to a greater or lesser degree of uncertainty or the choice of certain accounting principles could have on financial reporting. As regards these issues, the procedures which should exist internally are covered, including those performed by the board of directors to review and approve judgements, estimates and provisions. The drawing up of a Risk Map was initiated in 2014. In order to do so, the processes set out below were identified, since they are deemed to have a significant impact on the Group's financial reporting:

- Real Estate Investment Cycle
- Procurement and Accounts Payable Cycle
- Budget and Business Plan Cycle
- Cash Flow and Financing Cycle
- Asset Valuation Cycle

- Procurement Cycle
- Tax Cycle
- Consolidation and Reporting Cycle

It is expected that the activity and control flows that materially affect the financial statements will be described for these cycles and risk matrices and controls summarising the risks identified and the controls implemented to mitigate them will be designed. The departments of the Group identified in the cycles will hold responsibility for abiding by the processes and for notifying any changes made to the processes that could affect the design and fulfilment of the controls identified in the processes. The risk matrices and controls will include the frequency of control activities – stating whether these are for prevention or detection purposes, manual or automatic –, the financial reporting aims covered and whether fraud risks exist.

All the risk descriptions, matrices and controls will be validated by the people holding responsibility for the processes. The Areas and Departments identified in them will hold responsibility for their abiding by them and for notifying any changes made to the processes that could affect the design and fulfilment of the controls identified in the processes.

The section on Accounts Closure in the Company's Procedures Manual describes the review and authorisation procedures for the financial reporting to be published on the securities markets, indicating who is responsible for it (Finance Department, Audit Committee and board of directors), its frequency (Q1, H1, 3Q and 2H), the official formats of the National Securities Market Commission (CNMV) for the reporting and a description of the documents to be sent to regulators.

F.3.2. Internal control policies and procedures regarding information systems (including secure access, change tracking and operation thereof, operational continuity and separation of duties) which support the company's processes on the drawing up and publication of financial reports.

The Corporate Rules include two rules connected with the internal control of information systems, which are set out below:

1. Corporate Rule on Information System Management - This rule sets out all aspects of physical security (backup copies, server maintenance and access, contingency and disaster recovery plan), software security (access control, registration and de-registration procedure, firewalls, etc.), duty segregation policy, information record and traceability policy, privacy policy, development policy, maintenance policy (incident management and user help desk) and training.
2. Corporate Rule on the Data Protection Act (LOPD) and Media - This rule aims to set out the action framework to comply with existing personal data protection legislation and the Internet and e-mail use policy, along with security and control aspects for the computer tools provided by the Company. The security measures set forth in the Rule cover both the data processing of automated or computer files and hard copy records.

F.3.3. Internal control policies and procedures aimed at supervising the management of activities outsourced to third parties, as well as any assessment, calculation or valuation aspects entrusted to independent experts, which could materially affect the financial statements.

The activities outsourced to third parties having the greatest impact on the financial statements are asset valuation processes and legal/tax contingencies. There is a specific section in the Company's Procedures Manual which describes the criteria and selection process for appraisers/valuation experts, solicitors/legal advisors and tax advisors. It also sets out the controls which have been set to assess litigation and valuation methods, as well as the monitoring, billing and accounting record of these services.

F.4 Reporting and Communications

Report whether your company has at least the following, highlighting their main features:

- F.4.1. A specific area responsible for defining and updating accounting policies (accounting policy area or department) and resolving queries or conflicts arising from their interpretation, maintaining constant communication with those responsible for operations in the organisation, and an updated manual of accounting policies communicated to the units through which the entity operates.

The Audit Committee, in coordination with the Group's Financial Manager, is responsible for setting and keeping the Group's accounting policies up to date, as set forth in the Company's Procedures Manual. The Financial Manager is also in charge of resolving any doubts and conflicts that may arise from their interpretation with the support of the department's staff and, if needed, external experts.

The Company is developing an Accounting Policies Manual, which will be updated regularly. The aim of the Manual, which is currently being prepared, is to set the criteria to be followed for drawing up separate financial statements according to the New General Chart of Accounts (NPGC). It will also set out the accounting standards to be followed by the Group when drawing up consolidated financial statements in accordance with the IFRS, especially in cases where the standards allow for the use of different alternatives and cover criteria which are different from Spanish accounting standards.

F.4.2. Mechanisms to generate and prepare financial reports with standard formats, which are applied and used in all units of the company or group, that support the main financial statements and notes, as well as the information provided on the internal financial reporting control system (ICFR).

The Company is equipped with an Enterprise Resource Planning (ERP) system which records transactions and prepares all Group companies' financial reports. The Quality Management System includes a series of indicators that have been defined to exercise control over the finance area and to ensure the ERP system runs properly, thereby guaranteeing the integrity of financial reporting.

F.5 Supervision of the system

Report, stating its main features, including at least:

F.5.1. The internal financial reporting control system (ICFR) supervision activities performed by the Audit Committee and whether the company has an internal audit function whose responsibilities cover supporting the committee in supervising the internal control system, including the ICFR. Information should also be provided on ICFR assessment during the year and the procedure whereby those responsible for the assessment report its results, whether the entity is equipped with an action plan setting forth any possible corrective measures, and whether its impact on financial reporting has been taken into consideration.

In 2015, a variety of actions have continued to be carried out in connection with the ICFR, the development of relevant documents (corporate rules, risk matrices and controls, policies and procedures) and the design of the control activities needed to fulfil current legislation.

According to its Regulations, the Audit Committee holds the following responsibilities:

- To oversee the process of drawing up and filing mandatory financial reports.
- To oversee the efficacy of the Company's internal controls and its management systems, as well as to discuss with the auditors of accounts any significant weaknesses detected in the internal control system during the performance of an audit.

In addition, the Committee held meetings with the external auditors to review and monitor these activities, as well as any weaknesses detected in them and the recommendations made by the auditors in the review of the ICFR.

F.5.2. State whether the company is equipped with a procedure whereby the auditor of accounts (in accordance with the provisions set forth in the Technical Auditing Standards), the internal audit function and other experts can report to senior management and the Audit Committee or directors any significant weaknesses in internal control identified during the process of reviewing the annual accounts or any other reviews they may have been entrusted with. Likewise, state whether there is an action plan to correct or mitigate any weaknesses observed.

The Board Regulations set forth that board should establish, either directly or through the Audit Committee, an objective, professional and ongoing relationship with the Company's external auditors appointed by the General Meeting, respect their independence and ensure that they are provided with all the necessary information. The Board Regulations state that discussing with the auditors of accounts any significant weaknesses detected in the internal control system during the performance of an audit lies within the Audit Committee's area of responsibility. The Audit Committee may request further information and seek any clarifications it may deem necessary in order to set its own criteria and issue its corresponding report to the board of directors.

F.6 Other relevant information

It has not been considered necessary to provide further information.

F.7 Report by the external auditor

Report on:

F.7.1. Whether the ICFR reports submitted to the markets have been reviewed by the external auditor, in which case the company must include the corresponding report as an appendix. Otherwise, provide information on the reasons why.

The separate and consolidated annual financial reports together with the Subsidiary Companies' financial reports were reviewed by the external auditor before being submitted to the market.

G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the Company's degree of compliance with the recommendations of the Code of Good Governance for listed companies.

If any recommendation is not followed or partially followed, a detailed explanation of the reasons why is to be included, in order for shareholders, investors and the market in general to have sufficient information to assess the company's performance. General explanations are not acceptable.

1. The articles of association of listed companies should not limit the maximum number of votes that a single shareholder may cast, nor contain other restrictions that stand in the way of a company take-over through the acquisition of its shares in the market.

Complies

Explain

2. Where the parent company and a subsidiary company are listed, both should accurately define in public the following:

a) Their respective areas of activity and any possible business relationships between them, as well as those of the listed subsidiary with other group companies;

b) The mechanisms set forth to resolve any possible conflicts of interest that may arise.

Complies

Partially complies

Explain

Not applicable

3. That during the ordinary general meeting, in addition to circulating the annual corporate governance report in writing, the chairman of the board of directors verbally informs the shareholders, in sufficient detail, of the most important aspects of the company's corporate governance and, in particular:

a) About changes that have occurred since the last ordinary general meeting.

b) About specific reasons why the company does not follow any of the recommendations in the Corporate Governance Code and, if any, alternative rules applicable in this area.

Complies

Partially complies

Explain

4. That the company defines and promotes a policy of communication and contact with shareholders, institutional investors and voting advisers which fully respects regulations against market abuse and gives similar treatment to shareholders who are in the same position.

And that the company publishes the policy on its web site, including information relating to the way in which it is put into practice and identifying the contact persons or those responsible for carrying it out.

Complies Partially complies Explain

5. That the board of directors does not bring a proposal to the general meeting for delegation of powers to issue shares or convertible securities which exclude preferential subscription rights for more than 20% of the company's capital at the time of delegation.

And that when the board of directors approves any issue of shares or convertible securities excluding preferential subscription rights, the company immediately publishes reports on its web site about this exclusion as referred to under company law.

Complies Partially complies Explain

6. That listed companies drawing up the reports listed below, whether on a compulsory or voluntary basis, publish them on their web site sufficiently in advance of the ordinary general meeting being held, even if their circulation is not mandatory:

- a) Report on the independence of the auditor.
- b) Reports on the work of the audit and appointments and remuneration committees.
- c) Audit committee report on related-party transactions.
- d) Report on the corporate social responsibility policy.

Complies Partially complies Explain

The Company believes that said reports form part of the internal scope of management at the company and does not believe it is appropriate for the board of directors to disseminate them.

7. That the company transmits General Shareholders' Meetings live on its web site.

Complies Explain

The Company's does not believe that their live broadcasting is mandatory, nor has the board of directors received any suggestion to this end by any of the Company's shareholders.

8. That the audit committee ensures that the board of directors makes every effort to present financial statements to the General Shareholders Meeting that are free from limitations or qualifications in the audit report and, in exceptional circumstances where they may exist, both the Chairman of the Audit Committee and the auditors shall provide the shareholders with a clear explanation of the content and scope of such limitations or qualifications.

Complies Partially complies Explain

9. That the company permanently publishes the requirements and procedures that it will accept to prove ownership of shares, the right to attend the General Shareholders Meeting and the exercise or delegation of the voting rights.

And that such requirements and procedures facilitate the shareholders' attendance and the exercise of their right to vote and that they are applied in a non-discriminatory manner.

Complies Partially complies Explain

10. That where any legitimate shareholder has, prior to the General Shareholders Meeting being held, exercised the right to supplement the agenda or submit new proposals for resolution, the company:

- a) Immediately circulates such supplementary points and new proposals for resolution.
- b) Publicises the attendance card form or vote delegation or remote voting form with the amendments needed so that the new points on the agenda and alternative proposals for resolution may be voted on under the same terms as those proposed by the board of directors.
- c) Puts all such points or alternative proposals to the vote and applies the same voting rules as those for the points made by the board of directors including, in particular, the assumptions or deductions on the outcome of the vote.
- d) Report, after the General Shareholders Meeting, the breakdown of the vote on such supplementary points or alternative proposals.

Complies Partially complies Explain Not applicable

11. That, in the event that the company foresees payment of fees for attendance at the General Shareholders Meeting, it sets up a general policy on such fees beforehand and that said policy is stable.

Complies Partially complies Explain Not applicable

12. That the board of directors performs its duties with a unity of purpose and independence of judgement, gives the same treatment to all shareholders who are in the same position and is guided by company interest, understood to be the achievement of a profitable business that is sustainable in the long term, that promotes its continuity and the maximisation of the company's financial value.

And that in pursuing company interests, apart from respecting the laws and regulations and behaviour based on good faith, ethics and respect for commonly accepted uses and good practice, it seeks to reconcile company interest with, as appropriate, the legitimate interests of its employees, suppliers, customers and other stakeholders who may be affected, along with the impact of the company's activities on the community as a whole and the environment.

Complies Partially complies Explain

13. That, in the interests of effectiveness and participation, the board of directors should comprise no fewer than five and no more than 15 members.

Complies Explain

14. That the board of directors approves a policy for selecting directors that:

- a) Is specific and verifiable.
- b) Ensures that proposals for appointment or re-election are based on prior analysis of the board of directors' needs.
- c) Encourages diversity of knowledge, experience and gender.

That the result of prior analysis of the board of directors' needs is included in an explanatory report from the appointments committee which is published when calling the General Shareholders Meeting to which it is submitted for ratification, appointment or re-election of each director.

And that the policy for selecting directors promotes the objective that by 2020 the number of female directors is at least 30% of the total number of members of the board of directors.

The appointments committee will verify compliance with the policy for selecting directors annually and will report on it in the annual corporate governance report.

Complies Partially complies Explain

15. Non-executive proprietary directors and independent directors should comprise a significant majority of the board of directors, and the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the percentage shareholdings of the executive directors in the company.

Complies Partially complies Explain

16. That the ratio of proprietary directors to the total number of non-executive directors should not be greater than the existing ratio between the capital of the company represented by such directors and the remaining capital.

This criteria may be flexible:

- a) In companies with high capitalisation where shareholdings that are legally considered to be significant are scarce.
- b) In companies in which there are numerous shareholders represented on the board of directors and these shareholders have no links between them.

Complies Explain

17. That independent directors represent at least half of all the directors.

Nevertheless, where the company does not have high capitalisation or where, even if it does, it has one shareholder, or several acting jointly, who control more than 30% of the share capital, the number of independent directors represents, at least, one-third of all the directors.

Complies Explain

18. That companies publish and update the following information about their directors on their web site:

- a) Professional background and biography.
- b) Other boards of directors to which they belong, whether or not they are listed companies, along with information about their other remunerated activities, whatever they may be.
- c) Indication of the director's category stating, in the case of proprietary directors, the shareholder that they represent or with whom they have ties.
- d) Date of their first appointment as a director in the company as well as the date of subsequent re-appointments.

e) Shares and share options held by the director.

Complies Partially complies Explain

19. That the annual corporate governance report, after verification by the appointments committee, explains the reasons why proprietary directors have been appointed on behalf of shareholders with shareholdings of less than 3% in the company capital and the reasons for ignoring, if applicable, formal requests for presence on the Board from shareholders with shareholdings equal to or greater than others who have successfully proposed proprietary directors.

Complies Partially complies Explain Not applicable

20. Proprietary directors should tender their resignation once the shareholder they represent transfers its entire interest in the company. They should also do so in the relevant number where such a shareholder reduces its interest in the company down to a level that would require a reduction in the number of proprietary directors.

Complies Partially Complies Explain Not applicable

21. The board of directors does not propose the removal of any independent director before the statutory period for which the director has been appointed concludes, unless the board of directors has just cause, based on a report by the appointments committee. In particular, it will be understood that just cause exists where the director takes up new posts or undertakes new obligations which prevent him/her from dedicating the time needed to perform the duties of the post of director, or failing to carry out the duties inherent to the post or he/she incurs in any of the circumstances which cause him/her to lose his/her independent status, in accordance with the provisions of applicable law.

The removal of independent directors may also be proposed as a result of mergers, take-overs or other similar corporate actions that change the structure of the company's capital when such changes in the structure of the board of directors obey the criteria of proportionality indicated in Recommendation 16.

Complies Explain

22. Companies should establish rules that require directors to inform and, as applicable, resign when circumstances arise that could damage the company's good standing and reputation, and in particular they should be obliged to notify the board of any criminal proceedings in which they are involved and of subsequent developments in the proceedings.

If a director is indicted or sent for trial for any of the offences provided for in company law, the board of directors shall examine the case as soon as possible and, based on the specific circumstances, decide whether the director should continue in their post. The board of directors reports and explains all such occurrences in the annual corporate governance report.

Complies Partially complies Explain

23. All of the directors should clearly state their opposition if they consider that a proposed decision submitted to the board of directors may be contrary to the company's interests. Particularly independent and other directors who are not affected by any potential conflict of interest should oppose decisions that may be detrimental to shareholders not represented on the board of directors.

Where the board of directors passes significant or repeated decisions regarding which a director has expressed serious reservations, said director should draw his conclusions and, if he chooses to resign, he should explain the reasons for doing so in the letter mentioned in the following recommendation.

This recommendation also applies to the secretary of the board of directors, even though they may not be a director.

Complies Partially complies Explain Not applicable

24. Where a director relinquishes office before the end of his term, either through resignation or for any other reason, he should explain the reasons thereof in a letter to be sent to all of the members of the board of directors. And, notwithstanding the fact that this departure is reported as a significant event, the reason for the departure is reported in the annual corporate governance report.

Complies Partially complies Explain Not applicable

25. That the appointments committee ensures that non-executive directors have sufficient time available to perform their duties properly.

That the company rules set out the maximum number of company boards that its directors may belong to:

Complies Partially complies Explain

26. The board of directors is to meet as frequently as required to efficiently perform its functions, at least eight times a year, following the schedule of dates and matters established at the start of the year, and each director, individually, may propose other items not initially included on the agenda.

Complies Partially complies Explain

The board of directors meets often enough to be able to perform its duties effectively. In 2015, it met 6 times.

27. Directors may only be absent when it is essential and the number of absences should be included in the annual corporate governance report. When non-attendance is inevitable, the absent director may nominate a proxy and provide instructions.

Complies Partially complies Explain

28. When directors or the secretary raise concerns about a proposal or, in the case of directors, about the performance of the company, and such concerns are not resolved by the board of directors, these concerns are recorded in the minutes at the request of the director raising them.

Complies Partially complies Explain Not applicable

29. The company sets up appropriate channels so that directors may obtain the advice needed to perform their duties, including, if the circumstances deem fit, external advice payable by the company.

Complies Partially complies Explain

30. Independently of the knowledge demanded from the directors to carry out their duties, the companies also offer directors with the opportunity to participate in knowledge refresher programmes where the circumstances so require.

Complies

Explain

Not applicable

31. The agenda at meetings clearly shows the points regarding which the board of directors must make a decision or adopt a resolution so that the directors can study them or gather the information needed for their adoption beforehand.

Where, exceptionally, on the grounds of urgency, the chairman wishes to submit decisions or resolutions for the board of directors' approval which do not appear on the agenda, prior, express consent will be required from the majority of directors present, and this will be duly recorded in the minutes.

Complies

Partially complies

Explain

32. Directors are periodically informed about changes in shareholdings and the opinion that significant shareholders, investors and ratings agencies have about the company and its group.

Complies

Partially complies

Explain

33. The chairman, being responsible for the effective functioning of the board of directors, in addition to carrying out the duties that are legally and statutorily attributed thereto, prepares and submits a programme of dates and matters to be addressed to the board of directors; organises and coordinates the periodic assessment of the board and, if necessary, the company's Chief Executive Officer; ensures that sufficient time is given to the discussion of strategic matters, and agrees and reviews knowledge refresher programmes for each director where the circumstances so require.

Complies

Partially complies

Explain

34. Where there is a coordinating director, the articles of association or board of directors' regulations offer him/her the following powers, in addition to the powers provided by the law: chair the board of directors in the absence of the chairman and vice-chairmen, if any; speak up for non-executive directors concerns; maintain contact with investors and shareholders to establish their points of view for the purposes of forming an opinion on their concerns, particularly in relation to the company's corporate governance; and coordinate the chairman's succession plan.

Complies

Partially Complies

Explain

Not applicable

35. That the secretary of the board of directors takes particular care so that, in their actions and decisions, the board of directors are aware of the recommendations on good governance contained in this Code of Good Governance applicable to the company.

Complies

Explain

36. Once a year the board of directors, in plenary, assesses and adopts, as necessary, an action plan correcting shortcomings detected in relation to:

- a) The quality and efficiency of the board of directors' work.
- b) The operation and composition of its committees.
- c) The diversity of the composition and powers of the board of directors.
- d) The performance of the Chairman of the board of directors and the Chief Executive Officer of the company.
- e) The performance and contribution of each director, paying particular attention to those responsible for the various committees of the board.

Assessment of the various committees will be based on the report that they submit to the board of directors and, with respect to the board, the report submitted by the appointments committee.

Every three years, the board of directors will be aided in carrying out the assessment by an external consultant whose independence will be verified by the appointments committee.

The business relationship of the consultant, or any company in its group, with the company, or any company in its group, must be broken down in the annual corporate governance report.

The process and the areas assessed will be subject to description in the annual corporate governance report.

Complies Partially complies Explain

It complies with all provisions of this section, with the exception of the provision that the board of directors will be assisted when carrying out the assessment by an external adviser, whose independence will be verified by the Appointments and Compensation Committee. This aspect is not contemplated at this time.

37. When there is an executive committee, the participation structure of the different director categories is similar to that of the main board of directors and its secretary is the Secretary of the Board.

Complies Partially complies Explain Not applicable

38. The board of directors is always aware of the issues discussed and the decisions adopted by the executive committee and each member of the board of directors receives a copy of the minutes of the executive committee's meetings.

Complies Partially complies Explain Not applicable

39. Members of the audit committee, particularly its chairman, are appointed on the basis of their knowledge and experience in accountancy, auditing or risk management and the majority of its members are independent directors.

Complies Partially complies Explain

40. Under supervision of the audit committee, there is a unit that carries out the internal audit function, tasked with ensuring the proper functioning of the information and internal control systems and that functionally comes under the non-executive chairman of the board or of the audit committee.

Complies Partially complies Explain

There is no specific unit in this regard. However, the Group's Finance Department has established procedures that ensure the correct functioning of IT and internal control systems, which report functionally to the Chair of the Audit Committee.

41. The manager of the unit responsible for the internal audit function submits his/her annual work plan to the audit committee, directly reports corresponding incidents and submits an activity report to the committee at the end of every year.

Complies Partially complies Explain Not applicable

42. In addition to those provided for by the law, the audit committee is responsible for the following functions:

1. In connection with reporting and internal control systems:

- a) Supervise the drafting process and integrity of the financial reporting relating to the Company and, as applicable, to the group, reviewing compliance with regulatory requirements, the appropriate scope of consolidation and the correct application of accounting principles.
- b) Safeguarding the independence and effectiveness of the unit responsible for the internal audit function; proposing the selection, appointment, re-election and removal of the manager of the internal audit service; proposing the budget for this service; approving its focus and work plans, ensuring that its activity is mainly focussed on relevant risks for the company; receiving periodic information about its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.
- c) Establishing and supervising a mechanism that allows employees to report confidentially and, if possible and considered appropriate, anonymously, any potentially significant irregularities, particularly financial and accounting, they discover within the Company.

2. In relation to the external auditor:

- a) If the external auditor resigns, examining the circumstances leading up to the resignation.
- b) Ensuring that the external auditor's remuneration for their work does not compromise their quality or independence.
- c) Making sure the company notifies a change of auditor as a relevant fact to the National Securities Market Commission (CNMV), attaching thereto a statement on any disagreements, if any, with the outgoing auditor and their content.
- d) Ensuring that the external auditor has an annual meeting with the board of directors in plenary to report on the work carried out and on the evolution of the accounting position and risks to the company.
- e) Ensuring that the company and the external auditor follow prevailing regulations on the provision of services other than audit services, the limits on the concentration of business with the auditor and, in general, any other regulations on the independence of the auditors;

Complies Partially complies Explain

These provisions are not expressly contemplated in full in Article 13 of the Board Regulations; however, they are de facto carried out by the Audit Committee.

43. The Audit Committee may summon any employee or executive of the company and may require the appearance of the same without the presence of any other executive.

Complies Partially complies Explain

44. The audit committee is informed about structural and corporate amendment transactions that the company plans to carry out for analysis and prior reporting to the board of directors about their

financial terms and their accounting impact and, in particular, as appropriate, on the proposed swap ratio.

Complies Partially Complies Explain Not applicable

45. The risk management and control policy should identify at least:

- a) The different types of risk, either financial or non-financial, (operational, technological, legal, social, environmental, reputational, amongst others) to which the company is exposed, including contingent liabilities and other off-balance sheet risks amongst financial and economic risks.
- b) The level of risk that the company considers acceptable.
- c) The measures planned to mitigate the impact of identified risks should they materialise.
- d) The internal control and information systems that will be used to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies Partially complies Explain

46. Under the direct supervision of the audit committee or, as appropriate, a specialist committee of the board of directors, there is an internal risk control and management system run by an internal unit or department at the company which is expressly given the following functions:

- a) Ensure the proper functioning of the risk control and management systems and, in particular, that all significant risks that may affect the company are adequately identified, managed and quantified.
- b) Actively take part in drawing up risk strategy and in important decisions on its management.
- c) Ensure that risk control and management systems suitably mitigate risks within the framework of the policy defined by the board of directors.

Complies Partially complies Explain

47. The members of the Appointments and Compensation committee (or the Appointments Committee and Compensation Committee, if they are separate) are appointed endeavouring to ensure that they have suitable knowledge, skills and experience for the functions that they are called to perform and that the majority of such members are independent directors.

Complies Partially complies Explain

48. Companies with high capitalisation have separate Appointments and Compensation Committees.

Complies Explains Not applicable

49. The appointments committee consults the Chairman of the board of directors and the Chief Executive Officer of the company, particularly regarding issues concerning executive directors.

And that any director can request the appointments committee to take into consideration potential candidates to cover any director vacancies, if, in their opinion, they deem the candidate appropriate.

Complies

Partially complies

Explain

50. The compensation committee carries out its functions independently and, apart from the functions allotted to it by the law, also carries out the following:

- a) Propose the basic conditions of contracts for senior management to the board of directors.
- b) Monitor compliance with the remuneration policy established by the company.
- c) Periodically review the remuneration policy applicable to directors and senior management, including systems of remuneration with shares and their application, in addition to ensuring that individual remuneration is proportionate to that paid to the company's other directors and senior management.
- d) Ensure that possible conflicts of interest do not affect the independence of the external advice given to the committee.
- e) Verify the information regarding directors' and senior management's remuneration contained in the various corporate documents, including the annual report on directors' remuneration.

Complies

Partially complies

Explain

51. The Compensation Committee consults the chairman and the Chief Executive Director of the company, particularly regarding issues concerning executive directors.

Complies

Partially complies

Explain

52. The rules on the composition and functioning of the supervision and control committees are contained in the board of directors' rules and are consistent with those applicable to the committees that are legally mandatory in accordance with the above-mentioned recommendations, including:

- a) That they are exclusively made up of non-executive directors, with a majority of independent directors.
- b) The chairmen are independent directors.
- c) The board of directors appoints the members of these committees taking into account the knowledge, skills and experience of the directors and the tasks of each committee; it discusses their proposals and reports, and during the first plenary session following their meetings, gives account of their activities which responds to the work carried out;
- d) The committees should be able to seek external advice whenever they see fit to perform their duties.
- e) Minutes of their meetings are drawn up and made available to all the directors.

Complies

Partially Complies

Explain

Not applicable

53. Supervision of compliance with the corporate governance rules, internal rules of conduct and corporate social responsibility policy is the responsibility of one or distributed amongst several committees of the board of directors which may include the audit, appointment or corporate social responsibility committee, if there is one, or a specialist committee that the board of directors, exercising its powers of self-organisation, decides to create for that purpose, to which the following functions are given, as a minimum:

- a) Supervise compliance and internal codes of conduct, as well as the company's rules of corporate governance

- b) Supervise the communications strategy and relationship with shareholders and investors, including small and medium shareholders.
- c) Periodically assess the adequacy of the company's corporate governance system, for the purpose that it complies with its mission to promote company interests and takes into account, as appropriate, the legitimate interests of other stakeholders.
- d) Review the company's corporate responsibility policy, ensuring that it is directed at creating value.
- e) Monitor corporate social responsibility strategy and practices and assess the level of compliance therewith.
- f) Supervise and assess relationship processes with the various stakeholders.
- g) Assess all matters relating to the company's non-financial risks including operational, technological, legal, social, environmental, political and reputational.
- h) Coordinate the process for non-financial and diversity information reporting in accordance with applicable regulations and international reference standards.

Complies

Partially complies

Explain

54. The corporate social responsibility policy includes the principles or undertakings that the company assumes voluntarily in its relationships with the various stakeholders and identifies, as a minimum:

- a) The aims of the corporate social responsibility policy and the development of support tools.
- b) Corporate strategy in relation to sustainability, the environment and social matters.
- c) Specific practices in matters related to: shareholders, employees, customers, suppliers, social matters, the environment, diversity, tax responsibility, respect for human rights and the prevention of illegal behaviour.
- d) The methods or systems for monitoring the results of the application of specific practices listed under the previous letter, associated risks and their management.
- e) Mechanisms for supervising non-financial risk, company ethics and behaviour.
- f) Channels for communication, participation and dialogue with stakeholders.
- g) Responsible communication practices that avoid the manipulation of information and protect integrity and honour.

Complies

Partially complies

Explain

The Company has no specific corporate social responsibility policy in place.

55. The company reports, in a separate document or in the management report, on matters related to corporate social responsibility, using one of the internationally accepted methodologies to do so.

Complies

Partially complies

Explain

Explained in paragraph G.54.

56. Directors' remuneration is sufficient to attract and retain directors with the desired profile and to remunerate the dedication, qualification and responsibility that the post demands, but not so high as to compromise the independent opinion of non-executive directors.

Complies

Explain

57. Variable remuneration linked to company and personal performance is limited to executive directors, in addition to remuneration with shares, options or rights over shares or instruments referenced to share value and long-term savings systems such as pension plans, retirement plans or other social benefits systems.

Giving shares by way of remuneration to non-executive directors may be contemplated when this is conditional on said shares being retained until they cease to be directors. The foregoing will not be applicable to shares that a director needs to dispose of, as appropriate, to pay for the costs related to their acquisition.

Complies

Partially complies

Explain

Article 21 of the Articles of Association do not state that variable remuneration may only be offered to Executive Directors: Article 21.3 establishes that in addition to the remuneration system set out in the preceding sections (allowances, fixed and variable remuneration), Directors may be remunerated in the form of shares, or by option rights over shares, in addition to remuneration referenced to the value of shares, provided that the application of any of these systems is approved in advance by the General Shareholders Meeting. Said approval shall establish, as appropriate, the number of shares to be provided to each Director, the strike price of the option, the value of shares taken as a reference and the duration of the remuneration system.

58. In the case of variable remuneration, payment policies incorporate the limits and technical safeguards required to ensure that such remuneration is in line with the professional performance of the beneficiaries and is not solely derived from the general evolution of the markets or the business sector of the company or from other similar circumstances.

In particular, the variable components of remuneration:

- a) Are bound to performance criteria that are predefined and measurable and that such criteria consider the risk assumed to obtain a result.
- b) Promote the company's sustainability and include non-financial criteria that are appropriate for the creation of long-term value, such as compliance with the company's internal rules and procedures and its policies for risk control and management.
- c) Are set up on the basis of a balance between fulfilling objectives in the short-, medium- and long-term that make it possible to reward continuous performance during a period of time that is sufficient to appreciate the contribution to sustainable creation of value, in such a way that the elements for measuring this performance are not solely based around one-off, occasional or extraordinary events.

Complies

Partially complies

Explain

Not applicable

Article 21.c of the Articles of Association and the remuneration policy for 2015 to 2017 approved by the General Shareholders Meeting of 29 June 2015 state that, regardless of the remuneration considered in the preceding sections (allowances and fixed remuneration), the General Shareholders Meeting will approve the variable remuneration made up of equity in earnings; this sum may only be deducted from net profit and after having covered the mandatory reserve and the legal reserve established in the Articles of Association and once shareholders have been provided with a minimum dividend of 4%. This variable sum may not exceed 10% of the profits to be distributed amongst the partners.

Therefore, the Company's internal rules do not expressly provide for the variable components of Director remuneration being the same as those indicated in this section, although, de facto, they are considered when calculated under the principle of prudence and the principle of preserving the company's liquidity.

59. Payment of a significant part of variable components of remuneration is deferred for a sufficient minimum period of time to verify that the remuneration terms previously set up have been fulfilled.

Complies Partially complies Explain Not applicable

In 2015, no variable remuneration has been paid to Directors.

60. Remuneration linked to the company's results should take into consideration any possible qualifications in the auditor's report that might reduce such results.

Complies Partially complies Explain Not applicable

61. A significant percentage of the executive directors' variable remuneration is linked to the handover of shares or financial instruments referenced to their value.

Complies Partially complies Explain Not applicable

According to 21.3 of the Articles of Association, Directors may be remunerated in the form of shares, or by option rights over shares, in addition to remuneration referenced to the value of shares, provided that the application of any of these systems is approved in advance by the General Shareholders Meeting. Said approval shall establish, as appropriate, the number of shares to be provided to each Director, the strike price of the option, the value of shares taken as a reference and the duration of the remuneration system.

62. Once the shares or options or rights over shares relating to the remuneration system have been allotted, the directors may not transfer ownership of a number of shares equivalent to twice their annual fixed remuneration, nor may they exercise the options or rights until a period of, at least, three years has passed since their allotment.

The foregoing will not be applicable to shares that a director needs to dispose of, as appropriate, to pay for the costs related to their acquisition.

Complies Partially complies Explain Not applicable

63. Contractual agreements include a clause that allows the company to claim repayment of the variable components of remuneration where the payment has not been adjusted to the terms for performance or where they were paid in the light of data which is later proven to be inaccurate.

Complies Partially complies Explain Not applicable

64. Payments for termination of contract do not exceed an amount established as the equivalent of two years total annual remuneration and they are not paid until the company has been able to prove that the director fulfilled the performance criteria set up beforehand.

Complies Partially complies Explain Not applicable

H OTHER INFORMATION OF INTEREST

1. If there are any other relevant aspects concerning the company's corporate governance or that of the group's entities not covered in the other sections of this report, but which should be included to provide more comprehensive and reasoned information on the structure and governance practices of the company or of its group, please provide brief details thereof.

2. Any other information, clarification or further details concerning previous sections of the report may also be included in this section in so far as they are relevant and not reiterative.

More specifically, state whether the company is subject to legislation other than Spanish legislation on corporate governance matters and, as applicable, include any information it is obliged to provide which is different from the information required in this report.

3. The company may also state if it has voluntarily joined other international, industry-specific or any other kind of codes on ethical principles or best practice. If so, state the code in question and the date the company joined it.

1.- There is no relevant additional aspect concerning corporate governance that has not been covered in this annual report.

2.- The Company is not subject to any legislation on corporate governance matters other than Spanish legislation.

3.- The Company has not voluntarily adhered to any of the aforementioned codes.

This Annual Corporate Governance Report was approved by the company's board of directors at its meeting held on 25/02/2016.

State whether any directors either voted against or abstained from voting with regard to the approval of this Report.

Yes

No

Administrators' Responsibility Statement

For the purposes of the provisions of Article 8 of Royal Decree 1362/2007, of 19 October, the members of the Board of Directors at the Parent Company hereby confirm that as far as we are aware, the Consolidated Financial Statements as at 31 December 2015 for SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A., and Subsidiary Companies drafted in line with the applicable accounting principles, faithfully reflect the equity, financial situation and results of the issuer and the companies consolidated within its scope taken as a whole, and that the Consolidated Management Report as at 31 December 2015 also faithfully reflects the evolution and business performance and position of the issuer and the companies consolidated within its scope taken as a whole, along with the description of the main risks and uncertainties that they face.

Madrid, 25 February 2016

Mr. Marco Colomer Barrigón
(Chairman and Chief Executive
Officer)

Mr. Juan Carlos Ureta Domingo
(Director)

Mr. Jose Luis Colomer Barrigón
(Director)

Ms. Ofelia Marín-Lozano Montón
(Director)

Mr. Celestino Martín Barrigón
(Director)

Mr. José Juan Cano Resina
(Non-Board Secretary)

Diligence in Drawing Up the Consolidated Annual Accounts

The drawing up of these consolidated annual accounts was approved by the Parent Company's board of directors at its meeting held on 25 February 2016 with a view to their verification by the auditors and subsequent approval by the General Shareholders Meeting. Said accounts and the management report appear on 122 sheets of ordinary paper, which are numbered from 1 to 122, inclusive. All said sheets are signed by the Board Secretary and this last sheet is signed by all the Directors.

The undersigned, in their capacity as the Parent Company's Administrators, do hereby state that no item in the Parent Company's books has been omitted which should be included in this document, apart from the environmental information required under the Ministry of Justice Order of 8 October 2001.

Madrid, 25 February 2016

Mr. Marco Colomer Barrigón
(Chairman and Chief Executive
Officer)

Mr. Juan Carlos Ureta Domingo
(Director)

Mr. Jose Luis Colomer Barrigón
(Director)

Ms. Ofelia Marín-Lozano Montón
(Director)

Mr. Celestino Martín Barrigón
(Director)

Mr. José Juan Cano Resina
(Non-Board Secretary)