Saint Croix Holding Immobilier, SOCIMI, S.A.

Financial Statements for the year ended 31 December 2016 Directors' Report, together with Independent Auditor's Report

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.

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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

Report on the Financial Statements

We have audited the accompanying financial statements of Saint Croix Holding Immobilier, SOCIMI, S.A., which comprise the balance sheet as at 31 December 2016, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

Directors' Responsibility for the Financial Statements

The Directors are responsible for preparing the accompanying financial statements so that they present fairly the equity, financial position and results of Saint Croix Holding Immobilier, SOCIMI, S.A. in accordance with the regulatory financial reporting framework applicable to the Company in Spain (identified in Note 3.a to the accompanying financial statements) and for such internal control as the directors determine is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation by the entity's directors of the 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 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 financial statements present fairly, in all material respects, the equity and financial position of Saint Croix Holding Immobilier, SOCIMI, S.A. as at 31 December 2016, and their results and their cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Report on Other Legal and Regulatory Requirements

The accompanying directors' report for 2016 contains the explanations which the directors consider appropriate about the situation of Saint Croix Holding Immobilier, SOCIMI, S.A., the evolution of their business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2016. Our work as auditors was confined to checking the 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.

DELOITTE, S.L.

Registered in ROAC under no. S0692

Fernando García Beato

24 February 2017

SAINT CROIX
HOLDING IMMOBILIER,
SOCIMI, S.A.

Annual Accounts for the year ending
31 December 2016
and Management Report

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Annual Report
2016

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

BALANCE SHEET AT 31 DECEMBER 2016
(€)

ASSETS	Notes to the Report	2016	2015
NON- CURRENT ASSETS		**294,682,143**	**319,935,633**
Intangible fixed assets		**4,659**	**-**
Computer applications		3,388	-
Ongoing computer applications		1,271	-
Tangible fixed assets		**1,708**	**-**
Plant and other tangible fixed assets		1,708	-
Long-term investments in Group and associate companies	6	**-**	**319,935,633**
Equity instruments		-	319,935,633
Property investment	7	**293,023,533**	**-**
Net property investments		293,023,533	-
Long-term financial investments	9	**1,652,243**	**-**
Other financial assets		1,652,243	-
CURRENT ASSETS		**60,364,178**	**281,153**
Stocks		**5,278**	**-**
Advance payments to suppliers		5,278	-
Trade and other accounts receivable	10	**2,196,146**	**258,581**
Accounts receivable for sales and services		1,611,797	-
Staff		112	-
Other credits with Public Administrations	10 and 17.1	584,237	258,581
Short-term investments in Group and associate companies	9 and 19.2	**47,430,376**	**17,666**
Short-term loans to Group and associate companies		47,430,376	17,666
Short- term financial investments	9	**10,163,527**	**-**
Equity instruments available for sale		10,110,694	-
Other financial assets		52,833	-
Cash and cash equivalents	11	**568,851**	**4,906**
Cash and bank		568,851	4,906
TOTAL ASSETS		**355,046,321**	**320,216,786**

EQUITY AND LIABILITIES	Notes to the Report	2016	2015
EQUITY		**299,694,974**	**275,532,349**
SHAREHOLDERS' EQUITY			
Capital	13	**267,577,040**	**267,577,040**
Authorised capital		267,577,040	267,577,040
Reserves	13	**15,130,330**	**-1,800,596**
Legal and statutory		1,131,843	156,252
Other reserves		13,998,487	-1,956,848
Profit (Loss) for the year	4	**15,682,656**	**9,755,905**
SUBSIDIES, DONATIONS AND BEQUESTS	13	**1,304,948**	-
Subsidies, donations and bequests		1,304,948	-
NON-CURRENT LIABILITIES		**42,843,198**	-
Long-term debts	14	**42,843,198**	-
Bonds and debentures		10,130,822	-
Debts with credit institutions		29,465,941	-
Other financial liabilities		3,246,435	-
CURRENT LIABILITIES		**12,508,149**	**44,684,437**
Short-term debts	14	**11,709,858**	**-**
Debts with credit institutions		11,199,473	-
Other financial liabilities		510,385	-
Short-term debts with Group and associate companies	19.2	**6,982**	**44,473,133**
Trade creditors and other accounts payable		**791,309**	**211,304**
Suppliers	15	298,083	15,427
Sundry creditors	15	114,773	103
Other debts with Public Administrations	17.1	377,453	195,774
Advance payments from customers		1,000	-
TOTAL EQUITY AND LIABILITIES		**355,046,321**	**320,216,786**

Notes 1 to 25 set out in the annual report attached hereto form an integral part of the balance sheet at 31 December 2016

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

PROFIT AND LOSS ACCOUNT FOR 2016

(€)

	Notes to the Report	2016	2015
CONTINUED OPERATIONS			
Revenues	18.1	**20,223,534**	**10,991,104**
Income from shares in equity instruments		-	10,874,427
Service provisions		-	116,677
Rental of properties		20,223,534	-
Procurements		**-85,927**	**-**
Work performed by other companies		-85,927	-
Other operating income	18.1	**23,250**	**-**
Non-core and other current management income		23,250	-
Staff costs	18.2	**-198,850**	**-107,173**
Wages, salaries and similar outgoings		-121,092	-89,956
National insurance contributions		-77,758	-17,217
Other operating expenses		**-2,362,491**	**-211,267**
Charges for external services	18.3	-970,201	-211,237
Taxes and similar levies	18.3	-1,365,474	-30
Losses, impairment and changes in provisions for trade transactions		-26,811	-
Other current management expenses		-5	-
Fixed asset depreciation	7	**-4,648,510**	**-**
Charging of non-financial fixed asset subsidies and others	13 and 18.1	**108,717**	**-**
Impairment and gain (loss) on fixed asset-write offs and disposals	7	**573,237**	**-**
Impairment and losses		1,040,347	-
Gains (losses) on disposals and others		-467,110	-
Other gains (losses)		**11,856**	**71**
Exceptional income and expenses		11,856	71
OPERATING PROFIT (LOSS)		**13,644,816**	**10,672,735**
Financial income		**1,254,859**	**775**
From transferable securities and other financial instruments		1,254,859	775
- In Group and associate companies	19.1	894,416	-
- In third parties		360,443	775
Financial expenses		**-917,032**	**-917,605**
- From debts with Group and associate companies	19.1	-	-915,342
From debts with third parties	14	-917,032	-2,263
Variation in the fair value of financial instruments	9	**1,700,013**	**-**
Gains (losses) on the trading portfolio		1,700,013	-
FINANCIAL PROFIT (LOSS)		**2,037,840**	**-916,830**
PROFIT (LOSS) BEFORE TAX		**15,682,656**	**9,755,905**
Tax on profits	17	-	-
PROFIT (LOSS) FOR THE YEAR	4	**15,682,656**	**9,755,905**

Notes 1 to 25 set out in the annual report attached hereto form an integral part of the profit and loss account for 2016.

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

STATEMENT OF CHANGES IN EQUITY FOR 2016

A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE
(€)

	Notes to the Report	2016	2015
RESULT OF THE PROFIT AND LOSS ACCOUNT (I)	4	**15,682,656**	**9,755,905**
Income and expenses recognised directly in equity			
- Tax effect		-	-
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)		**-**	**-**
Transfers to profit and loss account			
- Subsidies, donations and bequests		-108,717	-
TOTAL TRANSFERS TO PROFIT AND LOSS ACCOUNT (III)		**-108,717**	**-**
TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)		**15,573,939**	**9,755,905**

Notes 1 to 25 set out in the annual report attached hereto form an integral part of the statement of recognised income and expense corresponding to 2016

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

STATEMENT OF CHANGES IN EQUITY FOR 2016

B) STATEMENTS OF CHANGES IN TOTAL EQUITY

(€)

	Capital	Legal reserve	Other reserves	Profit (Loss) for the year	Subsidies, donations and bequests	Total
CLOSING BALANCE 31 DECEMBER 2014	**267,577,040**	**156,252**	**-4,211,445**	**921,102**	**-**	**264,442,949**
Total recognised total income and expenses	-	-	-	**9,755,905**	**-**	**9,755,905**
Other variations in equity	-	**-**	**2,254,597**	**-921,102**	-	**1,333,495**
- Distribution of profit in 2014	-	-	921,102	-921,102	-	-
- Other movements	-	-	1,333,495		-	1,333,495
CLOSING BALANCE FOR 2015	**267,577,040**	**156,252**	**-1,956,848**	**9,755,905**	**-**	**275,532,349**
Total recognised total income and expenses	-	-	-	**15,682,656**	**-108,717**	**15,573,939**
Transactions with shareholders	**-**	**-**	**14,154,738**	**-**	**1,413,665**	**15,568,403**
- Other operations: merger (Note 1)	-	-	14,154,738	-	1,413,665	15,568,403
Other variations in equity	-	**975,591**	**1,800,597**	**-9,755,905**	-	**-6,979,717**
- Distribution of profit in 2015	-	975,591	1,800,597	-9,755,905	-	-6,979,717
CLOSING BALANCE FOR 2016	**267,577,040**	**1,131,843**	**13,998,487**	**15,682,656**	**1,304,948**	**299,694,974**

Notes 1 to 25 set out in the annual report attached hereto form an integral part of the statement of changes in equity for 2016

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

CASH FLOW STATEMENT FOR 2016
(€)

	Notes to the Report	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES (I)		**17,348,388**	**9,931,676**
Profit (loss) before tax for the year		**15,682,656**	**9,755,905**
Adjustments:		**1,955,527**	**-9,957,597**
- Fixed asset depreciation	7	4,648,510	-
- Valuation adjustments for impairment	7	-1,040,347	-
- Gains (losses) on fixed asset write offs and disposals	7	467,110	-
- Variation in provisions (trade credits)		26,811	-
- Allocation of subsidies	13	-108,717	-
- Income from shares in equity instruments	9	-1,700,013	-10,874,427
- Financial income		-1,254,859	-775
- Financial expenses		917,032	917,605
Changes in working capital		**135,972**	**175,771**
- Trade and other accounts receivable	10	1,122,445	-4,627
- Stocks		-4,199	9,196
- Trade creditors and other accounts payable	15	-967,104	171,202
- Other current financial liabilities	14	-15,170	-
Other cash flows from operating activities:		**-425,767**	**9,957,597**
- Interest payments		-786,210	-917,605
- Interest receivable		360,443	775
- Dividends receivable		-	10,874,427
CASH FLOWS FROM INVESTMENT ACTIVITIES (II)		**15,616,970**	**-52,004,433**
Investment payments		**-48,316,374**	**-52,004,433**
- Other financial assets	9	-13,377,614	-
- Real estate investments	7	-34,933,511	-
- Group and associated companies	19	-	-52,004,433
- Fixed assets		-5,249	-
Receivables from disposals		**63,933,343**	**-**
- Group and associated companies	19	58,129,023	-
- Real estate investments	7	826,000	-
- Other financial assets	9	4,978,320	-
CASH FLOWS FROM FINANCING ACTIVITIES (III)		**-33,050,399**	**42,067,666**
- Subsidies			
Dividend and other equity instrument payments	4	**-6,979,719**	-
Financial liability instrument receivables and payables		**-26,070,680**	**42,067,666**
- Payments for loans granted to Group and associate companies	19	-44,527,852	-17,666
- Issuance of debts with Group and associate companies	19	894,416	42,085,332
- Issuance of bonds and other transferable securities	14	10,000,000	-
- Issues of debts with credit institutions	14	7,562,756	-
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		**-85,041**	**-5,091**
Cash or cash equivalents at beginning of the year		**653,892**	**9,997**
Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U.		642,701	-
INVERETIRO SOCIMI, S.A.U.		6,285	-
Cash or cash equivalents at end of the year		**568,851**	**4,906**

Notes 1 to 25 in the annual report attached hereto form an integral part of the cash flow statement corresponding to 2016.

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

Report for
the year ending
31 December 2016

1. **Company's activity**

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

- To move the registered, tax and administrative office (headquarters) to Glorieta de Cuatro Caminos 6 and 7 in Madrid, without winding up or liquidating the company, and to continue performing the activities included under its corporate purpose in Spain as a Spanish public limited company (sociedad anónima) and more specifically under the legal and tax framework for listed real estate investment trusts (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 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 Company was duly registered in the Madrid Companies Registry on 15 October 2014.

Its corporate purpose includes the following activities:

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

- The holding of interests in the capital of other listed real estate investment trusts (hereinafter "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.

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

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

At 31 December 2015, the Company headed a Group with two subsidiary companies, and pursuant to the legislation in force, was obliged to produce separate consolidated annual accounts. The consolidated annual accounts of Grupo Saint Croix for 2015 were produced under the International Financial Reporting Standards adopted by the European Union (IFRS-EU)

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

Company	Registered Office	Euros				
		Investment Cost	% Holding	Share capital	Other Equity Elements	Profit (Loss) for 2015
Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U	Glorieta de Cuatro Caminos 6 and 7, Madrid	267,931,197	100.00%	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%	44,992,853	-231,260	2,464,962
Total		**319,935,633**				

Merger by absorption

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

The main aspects resulting from said merger are as following:

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

- Pursuant to trade law, the date on which the operations of the Absorbed Companies must be considered undertaken for accounting purposes by Saint Croix Holding Immobilier, SOCIMI, S.A. shall be 1 January 2016.

- The book values incorporated as a result of the merger correspond to the values recorded in the consolidated annual accounts of the Group to which the Absorbed Companies belonged on 31 December 2015 by virtue of the provisions of Accounting and Measurement Rule No. 21 of the General Accounting Plan.

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

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

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

The merger has been undertaken under the special system of mergers, divisions, transfers of assets and exchanges of securities provided for under Chapter VIII of Law 27/2014, of 27 November on the Corporation Tax Law and pursuant to the provisions of the aforementioned legislation, the following are provided in Annexes 2, 3, 4 and 5:

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

2015 Fixed Income Securities Issuance Programme

On 30 September 2015, the Company filed the base informative document regarding the incorporation of mid- and long-term securities regarding a "2015 Fixed Income Securities Issuance Programme" on the Alternative Fixed Income Market ("MARF"). The Base Document was published on the website of the Alternative Fixed Income Market, as well as on the Company's website. For the purposes of registering said bond programme, the Company was awarded a credit rating of BBB, stable (investment grade) by Axesor. The 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

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

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

Average APR of both issues for the issuer was 2.73% per annum. The two sets of securities issued have been traded on the Alternative Fixed Income Market "MARF" since 24 June 2016 (see Note 14).

2016 Fixed Income Securities Issuance Programme

On 18 October 2016, for the second consecutive year, the Company filed the base informative document regarding the incorporation of mid- and long-term securities regarding a "2016 Fixed Income Securities Issuance Programme" on the Alternative Fixed Income Market ("MARF"). The Base Document was published on the website of the Alternative Fixed Income Market, as well as on the Company's website. For the purposes of registering said bond programme, the Company was awarded a credit rating of BBB, stable (investment grade) by Axesor. The programme 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: 70,000,000 euros
- Repayment period: Between 2 and 7 years
- Coupon: Annual
- Nominal unit value≥ 100,000 euros
- Aimed at: accredited investors

At 31 December 2016, no Fixed Income securities have been issued under the aforementioned programme obtained during the year, as the Directors of the Company believe that the market conditions at the time were not appropriate to the established objectives.

2. Applicable law

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

1. 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 to 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.

At the end of 2016, the Directors of the Company deemed that it had fulfilled all the requirements laid down by the aforementioned Law.

3. Basis for presenting the annual accounts

a) Regulatory financial information framework applicable to the Company

These annual accounts have been produced by the Directors pursuant to the regulatory financial information framework applicable to the Company, established in:

- the Code of Commerce and other trade law.
- General Accounting Plan approved by Royal Decree 1514/2007 and the sectoral adaptation for real-estate companies.
- The mandatory regulations approved by the Institute of Accounting and Account Audits in developing the General Accounting Plan and its complementary regulations.
- Law 11/2009 of 26 October governing Listed Real Estate Investment Trusts (SOCIMI), as amended by Law 16/2012 of 27 December.
- Other applicable Spanish accounts regulations.

b) True reflection

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

These annual accounts, which have been produced by the Directors of the Company, shall be subject to approval by the General Shareholders' Meeting, and it is considered that they will be approved without changes. In turn, the annual accounts for the year ending 31 December 2015 were approved by the General Shareholders' Meeting held on 1 April 2016.

c) Non-mandatory accounting principles employed

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

d) Grouping of items

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

e) **Critical aspects of the valuation and assessment of uncertainty**

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

- The valuation of any possible impairment losses of specific assets (see Note 5.1 and 5.3.).
- The useful life of real estate assets (see Note 5.1).
- The calculation of provisions (see Note 5.7).

Despite the fact that these estimates were made on the basis of the best available information at the end of financial year ending on 31 December 2016, it is possible that future events may make it necessary to adjust them either upward or downward in upcoming financial years, which will be done, as appropriate, prospectively.

f) **Comparison of the information**

Given the merger undertaken in Note 1 of this report, the information referred to in 2015 is not comparable to the 2016 information.

g) **Correction of errors**

In the production of the attached annual accounts, no error has been identified that requires the re-statement of amounts included in the annual accounts for 2015.

h) **Changes to accounts criteria**

In the financial year ending 31 December 2016, there have been no significant changes to accounts criteria in terms of the criteria applied in the financial year ending 31 December 2015.

4. Profit distribution

The proposal for the distribution of the Company's profits for 2016 to be submitted by the Directors of the Company to the shareholders is as follows:

	Euros
Basis of distribution:	
Profit and Loss	15,682,656
Distribution:	
Reserves first application of General Accounting Plan (PGC)	156,252
Legal reserve	1,568,266
Dividends	13,958,138

The dividend corresponding to 2015 in the amount of €6,979,717 approved by the Directors of the Company on 1 April 2016 and paid in full on 18 April 2016.

5. Accounting principles and accounting and measurement rules

The accounting and measurement rules used by the Company in the production of its annual accounts for the financial year ending 31 December 2016, pursuant to the provisions of the General Accounting Plan, have been as follows:

5.1 Property investment

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

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

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

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

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

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

Impairment in the value of real estate investments

Whenever evidence for impairment may exist, the Company proceeds to estimate through the so-called "Impairment Test" the possible existence of impairments which reduce the recoverable value of such assets to below their book value. The recoverable amount is determined as the higher between fair value minus sales costs and usage value.

The Company has tasked CBRE Valuation Advisory, S.A., an independent expert, with carrying out an assessment of its assets, which was issued on 30 January 2017 to establish the fair value of all its real estate investments at year-end with the exception of the investment in an office building located at Calle José Abascal 41 in Madrid made in December 2016. 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 Company'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 Company had no financial leases at year-end 2016 or 2015.

Operating leases

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

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

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

5.3 Financial instruments

5.3.1 Financial assets

Classification -

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

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

b) Sureties and guarantees posted by the Company in compliance with contractual clauses of the different leases booked.

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

Initial valuation -

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

Subsequent valuation -

Loans and items receivable are valued at their amortised cost.

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

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

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

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

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

5.3.2 Financial liabilities

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

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

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

5.4 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 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.

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

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

5.7 Provisions and contingencies

When drawing up the annual accounts, the Directors of the Company have differentiated between:

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

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

The 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 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 Environmental asset elements

Environmental asset elements are deemed to be any assets which are used in a long-lasting manner in the Company's operations and 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 Company's operations do not have any significant environmental impacts.

5.9 Subsidies, donations and bequests

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

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

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

5.10 Related-party transactions

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

6. Long-term investments in Group and associate companies

The balance of the "Long-term investments in Group and associate companies" item at the of the financial years ending 31 December 2016 and 31 December 2015, of the attached balance sheet is as follows:

Categories	Euros			
	31/12/2016		31/12/2015	
	Long-Term Financial Instruments			
	Equity Instruments	Total	Equity Instruments	Total
Group Company equity instruments	-	-	319,935,633	319,935,633
Total	**-**	**-**	**319,935,633**	**319,935,633**

The balance of this item at 31 December 2015 corresponds to the Company's shareholdings in the share capital of Compañía Ibérica de Bienes Raíces SOCIMI, S.A.U. and INVERETIRO SOCIMI, S.A.U. for the amount of €267,931,197 and €52,004,436, respectively.

As set out in Note 1, on 27 July 2016, the deed concerning the merger by absorption granted by the Company as the Absorbing Company and Compañía Ibérica de Bienes Raíces SOCIMI, S.A.U. and INVERETIRO SOCIMI, S.A.U. as the Absorbed Companies was entered into the Companies Registry. As a result of the aforementioned operation, the Company has written off its shareholding in said companies.

The main details of the Group and associate companies at the end of the financial year ending 31 December 2015, were as follows:

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.

7. Property investment

The movements in this item of the balance sheet, as well as the most significant information that affected this item during 2016 are as follows:

2016

	Euros					
	Balance at 31/12/2015	**Inclusions following merger (Annex 4)**	**Additions**	**Disposals/ Reversals**	**Transfers**	**Balance at 31/12/2016**
Cost:						
Leased properties	-	305,822,724	34,933,511	-1,358,810	1,430,000	340,827,425
Ongoing and advanced investments	-	1,430,000	-	-	-1,430,000	-
Total cost	**-**	**307,252,724**	**34,933,511**	**-1,358,810**	**-**	**340,827,425**
Accumulated depreciation:						
Leased properties	-	-27,612,952	-4,647,373	65,289	-	-32,195,036
Total accumulated depreciation	**-**	**-27,612,951**	**-4,647,373**	**65,289**	**-**	**-32,195,036**
Impairment:						
Leased properties	-	-16,649,203	-3,424,111	4,464,458	-	-15,608,856
Total impairment	**-**	**-16,649,203**	**-3,424,111**	**4,464,458**	**-**	**-15,608,856**
Net real-estate investments	**-**	**262,990,569**	**26,862,027**	**3,170,937**	**-**	**293,023,533**

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.

As a result of the merger by absorption set out in Note 1, the real-estate investments held by the Absorbed Companies at 31 December 2015 have been included in the Absorbing Company's balance sheet.

Real estate investments in 2016 totalled €34,933,511. The main inclusions recorded in this item, during 2016, correspond mainly to the following acquisitions:

- On 1 March 2016, the commercial premises located at Calle Gran Vía, 55 (Madrid) occupying a built surface area of 1,360 m2 were purchased for €13,000,000. Said commercial premises are currently vacant. The total cost of the transaction, including the acquisition costs, amounted to €13,455,000.

- On 2 December 2016, a building housing offices and parking spaces, located at Calle José Abascal, 41 (Madrid) occupying a built surface area of 3,438 m2 was purchased for €19,000,000. It is currently leased, subject to different lease agreements. The total cost of the transaction, including the acquisition costs, amounted to €19,400,332.

On the other hand, the item covers inclusions of €3,508,179 as a result of the remodelling of the Barceló Isla Canela, Meliá Atlántico, Playa Canela and Isla Canela Golf hotels, which the company has capitalised under this item.

Real estate write downs amounting to €1,358,810 were undertaken in 2016. The main write downs in 2016 for the gross sum of €1,358,810 correspond to the sale of different properties in Sanchinarro VI for the sum of €458,664, in addition to the sale of different offices in Coslada III for the sum of €900,146, which were sold to third-parties for an overall net loss of €467,110. Said amount has been booked in the "Impairment and gains (losses) on fixed asset disposals" item of the profit and loss account for 2016 attached hereto.

Under the "Ongoing and advanced real-estate investments" item of the attached balance sheet at 31 December 2016, €1,430,000 have been transferred to "Real-estate investments" as a result of the completion and commissioning of the investments classed as ongoing on 31 December 2015 for the sum of €930,000, in addition to the completion of the purchase of premises at Calle Gran Vía 55 in Madrid, which involved the advance payment of €500,000 at 31 December 2015. The aforementioned "Ongoing and advanced real-estate investments" were booked at 31 December 2015 in the balance sheet pertaining to Compañía Ibérica de Bienes Raíces 2009 SOCIMI, S.A.U.

Furthermore, the Company proceeded to appraise all of its real estate assets at year-end 2016 as stipulated in the standards. Said valuations, which have been performed by an independent expert, CBRE Valuation Advisory, S.A., with the exception of the new investment undertaken in December 2016 corresponding to the acquisition of an office building located at Calle José Abascal 41, Madrid, involve assets at a fair value lower than the net book value thereof and as a result, the Company has calculated the corresponding impairment. The breakdown by segment of the real-estate investments for which it has been necessary to book impairment is as follows:

Segments	Impairments (Euros)	
	2016	2015
Offices	416,096	-
Retail	3,008,015	-
Total	**3,424,111**	**-**

As a result of the aforementioned appraisal of the Company's assets, the Group proceeded to reverse impairments amounting to €4,464,458 in 2016 as per the following breakdown:

Segments	Reversals (Euros)	
	2016	2015
Hotels	3,503,434	-
Offices	566,370	-
Retail	394,654	-
Total	**4,464,458**	**-**

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 €85,191,328, which was primarily due to the premises located at Gran Vía 34 in Madrid, Calle Conde de Peñalver, 16 in Madrid, Gran Vía, 55 in Madrid, Hotel Barceló Isla Canela, Hotel Tryp Cibeles in Madrid and the industrial warehouse located in Daganzo de Arriba in Madrid.

The gross asset value (GAV) of the real estate investments at year-end 2016 and 2015 broken down by activity segment is as follows:

Segments	GAV (Euros)	
	31/12/2016	31/12/2015
Hotels	123,925,492	-
Offices	94,867,220	-
Retail	142,104,150	-
Industrial	17,318,000	-
Total	**378,214,862**	**-**

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

Segments	Floor area in m2 above ground level	
	31/12/2016	31/12/2015
Hotels	80,135	-
Offices	26,442	-
Retail	21,801	-
Industrial	13,810	-
Total	**142,188**	**-**

The occupation level of the Company's assets allocated to leases at 31 December 2016 amounted to 91.64% 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.

As part of the Company's asset portfolio, there are 5 hotels located in Isla Canela (Huelva), that have been transferred from Compañía Ibérica de Bienes Raíces 2009 SOCIMI, S.A.U. to the Company as a result of the merger set out in Note 1, which are covered by mortgage guarantees amounting to €16,289,049 at 31 December 2016, corresponding to five bank mortgage loans granted to Isla Canela, S.A., which remains the sole debtor of the main obligations under said loans, with the Company constituted as the owner, not the debtor, of the aforementioned registered estates. The breakdown of the mortgage loan balance pending maturity and repayment at 31 December 2016 by assets is as follows:

Property	Euros	
	2016	2015
Hotel Meliá Atlántico	8,456,780	-
Hotel Barceló Isla Canela	6,378,419	-
Hotel Iberostar Isla Canela	800,000	-
Hotel Playa Canela	653,850	-
Total value of mortgages pending maturity on hotels	**16,289,049**	**-**

NB: The net book value of the properties underwriting these loans at 31 December 2016 comes to €92,896,949.

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 Absorbed 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 Company for the provision of bank guarantees (bank guarantees and surety bonds) by financial institutions.

As a result of the merger set out in Note 1, the rights and obligations of the aforementioned contract have been transferred to the Absorbing Company, Saint Croix Holding Immobilier, SOCIMI, S.A.

The revenue resulting from this agreement due in 2016 and invoiced to Isla Canela, S.A. amounted to €50,064 (see Note 19).

Furthermore, the Companies' assets are affected by mortgage guarantees amounting to €27,201,132 at 31 December 2016, corresponding to bank mortgage-backed loans.

The breakdown of the mortgage loan balance pending maturity and repayment at 31 December 2016 and 2015 by assets is as follows:

Property	Euros	
	2016	2015
Titán, 13	14,412,731	-
Conde de Peñalver, 16	9,358,428	-
Plaza de España (Castellón)	3,429,972	-
Total value of mortgages pending maturity on assets (Note 14)	**27,201,131**	**-**

In 2016, the rental income from real estate investments belonging to the Company comes to €20,223,534.

At year-end 2016, 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 2016, the Company had fully depreciated real estate investment elements that were still in use for the amount of €4,680,402.

The Company's policy is to take out insurance policies to cover the possible risks that may affect its real estate investments. At the end of 2016, there will be no shortfalls relating to any of the aforementioned risks.

8. Operating leases

At the end of 2016 and 2015, the Company had reached agreements with lessees on the following minimal rental instalments in accordance with prevailing agreements, without taking into account the passing on of condominium expenses, future increases in the CPI or any rent reviews agreed upon in their contracts.

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

Operating leases Minimum instalments	Euros	
	Nominal value 2016	Nominal value 2015
Less than a year	18,318,112	-
Between two and five years	56,896,067	-
More than five years	28,192,729	-
Total	**103,406,908**	**-**

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

Type	WAULT	
	31/12/2016	31/12/2015
Hotels	5.76	-
Offices	5.69	-
Retail	8.38	-
Industrial	11.00	-
Total Average	**7.18**	**-**

9. Other financial assets and investments in related companies

The balances of the accounts in this item at year-end 2016 and 2015 are as follows:

Financial Assets: Type / Category	Euros	
	31/12/2016	31/12/2015
	Loans and receivables	
Other financial assets	1,652,243	-
Long-term / non-current	**1,652,243**	**-**
Loans to related companies (Note 19.2)	47,430,376	17,666
Short-term financial investments in equity instruments	10,110,694	-
Other financial assets	52,833	-
Short-term / Current	**57,593,903**	**17,666**
Total	**59,246,146**	**17,666**

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

The movement in the "Short-term loans to Group and associate companies", "Equity instruments" and the "Other financial assets" items during 2016 is as follows:

2016

Financial assets	Euros						
	31/12/2015	Inclusions following merger (Annex 4)	Write downs following merger	Additions	Disposals	Adjustments for changes in value	31/12/2016
Loans to associates (Note 19.2)	17,666	61,053,472	-17,666	-	-13,623,096	-	47,430,376
Other financial assets	-	1,716,464	-	554,849	-566,237	-	1,705,076
Equity instruments available for sale	-	-	-	13,377,614	-4,523,224	1,256,304	10,110,694
Total	**17,666**	**62,769,936**	**-17,666**	**13,932,463**	**-18,712,557**	**1,256,304**	**59,246,146**

The variation in the "Loans to associate companies" is mainly attributable to the merger set out in Note 1 and the balance at 31 December 2016 corresponds to the cash pooling account that the Company holds with Promociones y Construcciones, PYC, PRYCONSA, S.A., for the total sum of €47,430,376 as part of this system of financing extended to the Group.

Furthermore, in 2016, the Company purchased several blocks of shares in another SOCIMI that jointly came to 1,478,770 shares for a total purchase cost of €13,377,614, which were booked under "Equity instruments available for sale". The Directors of the Company have considered these financial instruments in the trading portfolio.

Furthermore, in 2016, the Company has sold this type of share, generating gains of €443,709, booked under "Gains (losses) on the trading portfolio". The Company has undertaken an assessment of the other shares that have not been subject to sale as at 31 December 2016, resulting in an upward adjustment of €1,256,304, booked under "Gains (losses) on the trading portfolio" as at 31 December 2016.

Furthermore, the "Other non-current financial assets" and "Other non-current financial assets" items reflect the guarantees connected with the leases set out in Note 8 received from clients and deposited with public authorities.

The breakdown by due dates of the entries that comprise the "Other non-current financial assets" item at 31 December 2016 is as follows:

	Euros					
	2017	2018	2019	2020	2021 and subsequent years	Total
Other financial assets	52,833	226,833	229,748	580,029	615,633	1,705,076
Total	**52,833**	**226,833**	**229,748**	**580,029**	**615,633**	**1,705,076**

10. Trade and other accounts receivable

The breakdown of the item at year-end 2016 and 2015 was as follows:

Description	Euros	
	31/12/2016	31/12/2015
Accounts receivable for sales and services	1,611,797	-
Staff	112	-
Other credits with Public Administrations (Note 17.1)	584,237	258,581
Total	**2,196,146**	**258,581**

The balance of the "Accounts receivable for sales and services" can be broken down as follows, for year-end 2016 and 2015:

Description	Euros	
	31/12/2016	31/12/2015
Customers	1,189,721	-
Commercial paper in portfolio	422,076	-
Customers with doubtful debts	131,727	-
Impairment	-131,727	-
Total	**1,611,797**	**-**

The customer balance at the end of 2016 primarily includes some of the amounts pending payment corresponding to income from the fourth quarter of 2016 in addition to the variable income from specific hotels belonging to the Company that is calculated and invoiced at the end of the year based on GOP and income for the year.

11. Cash and cash equivalents

The balance stated under "Cash" primarily corresponds to the balance available in current accounts on 31 December 2016 and 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 Company's financial risks is centralised in the Group's Financial Management and in Grupo PYCONSA's policies, which has established the necessary mechanisms to control exposure to changes in exchange rates, along with credit and liquidity risks. The main financial risks which have an impact on the Company are set out below:

a) Credit risk

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

b) Liquidity risk

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

c) Exchange rate risk

As regards the Company's exchange rate risk at 31 December 2016, it did not have any assets or liabilities in foreign currencies. Hence, there is no risk in this regard.

d) Interest rate risk

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

e) Real estate business risks

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

13. Total equity and shareholders' equity

a) Authorised capital

At 31 December 2016, the Company's subscribed share capital was comprised of 4,452,197 registered shares at a par value of €60.10 each. All these shares belong to a single class and series and all have been fully subscribed and paid up, which means that the Company's notarised share capital amounts to €267,577,040.

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 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 2016 were 70.00 and 68.07 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.

Operations in 2016 that affect significant shareholdings

On 14 December 2016 Multiactividades Reunidas, S.L. purchased 222,160 shares amounting to 5% of the Company's share capital, represented by means of book entries. The breakdown of shareholders who have sold their shares as part of this operation is as follows:

Selling Shareholder	No shares	% Holding
Mr. Jose Luis Colomer Barrigón	18,571	0.4171199%
Mr. Marco Colomer Barrigón	18,571	0.4171199%
COGEIN, S.L.	185,468	4.1657636%
Total	**222,610**	**5.0000034%**

On 16 December 2016, COGEIN, S.L. exercised the purchase right it held on all Company shares retained by JP Morgan, which amounted to 4.99% of the Company's share capital. The shareholder retained said purchase right as a result of the agreement entered into between the parties in December 2011 and the right was exercised upon the maturity of said agreement.

The companies holding an interest in the share capital equivalent to or greater than 10% at 31 December 2016 were as follows:

Shareholder	Number of Shares	Percentage Holding
COGEIN, S.L.	517,819	11.63%
Promociones y Construcciones, PYC, PRYCONSA, S.A.	498,360	11.19%

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

b) Reserves

Legal reserve

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

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 2016, the legal reserve had not yet been fully allocated.

Other reserves

Reserves first application of General Accounting Plan (PGC)

As indicated in Note 1, during 2014 the 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. In this regard, the information contained in the report corresponding to the financial year ending 31 December 2014 was presented, for the purposes of comparison, with the information for the financial year ending 31 December 2013, performing the adjustments and reclassifications required on the aforementioned comparative figures, using the 2013 reserves as a counterpart.

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.

During 2015, the Company 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 against the value of long-term financial investments in group and associate companies.

In 2014 and 2015, the Company applied part of the income from said years, the sum of €2,721,698, to the reduction of these reserves.

The balance of this item at 31 December 2016 thus corresponds to the reserve for the first application of the General Accounting Plan in the amount of €156,252. Said reserve was completely offset once the application of the Company's 2016 income was authorised (Note 4).

Merger reserves

As a result of the merger operation set out in Note 1, merger reserves of €14,154,738 have been provided for, generated on account of the difference between the individual book values of the Absorbed Companies and the book values incorporated as part of the merger.

c) 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 income 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 income, 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.

d) Capital management

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

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

e) Capital grants

The changes in this item during 2016 were as follows:

2016

	Euros			
	31/12/2015	**Inclusions following merger (Annex 4)**	**Applications**	**31/12/2016**
Capital grants	-	1,413,665	-108,717	1,304,948
Total	**-**	**1,413,665**	**-108,717**	**1,304,948**

The inclusions that have occurred during the course of the year have occurred as a result of the merger set out in Note 1.

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

These subsidies correspond to the subsidy granted by the Directorate-General of Regional Economic Incentives amounting to €3,180,000 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 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 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 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 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 year, the aforementioned subsidies were transferred to the Absorbed Company, Compañía Ibérica de

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

Hence, in 2016 income amounting to €108,717 was booked as income in the "Assignment of non-financing fixed asset subsidies" item of the profit and loss account attached hereto.

14. Current and non-current liabilities

The balances of the accounts in this item at the end of 2016 and 2015 are as follows:

	Euros	
	31/12/2016	**31/12/2015**
Bonds and debentures	10,130,822	-
Long-term debts with credit institutions	29,465,941	-
Other financial liabilities	3,246,435	-
Total long-term liabilities	**42,843,198**	**-**
Short-term debts with credit institutions	11,199,473	-
Other financial liabilities	510,385	-
Total short-term debts	**11,709,858**	**-**
Total short-term and long-term financial debts	**54,553,056**	**-**

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

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

Average APR of both issues for the issuer was 2.73% per annum. The two sets of securities issued have been traded on the Alternative Fixed Income Market “MARF” since 24 June 2016. The financial expenses resulting from the aforementioned issuances, accrued and pending maturity in 2016, totalled €130,822, booked under “Financial expenses” in the attached profit and loss account.

The "Long-term debts with credit institutions" and "Short-term debts with credit institutions" items correspond mainly to mortgage-backed loans taken out with Caixa Bank and Banco Santander, which, at the end of 2016, are pending maturity and repayment. Said mortgage-backed loans correspond to loans as part of which the Absorbed Company, Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U. is subrogated to 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 by the Absorbed Company, INVERETIRO SOCIMI, S.A.U from Banco Santander on the commercial property located at Conde de Peñalver 16 (Madrid) and the offices located at Calle Titán 13 (Madrid).

The characteristics of these loans are as follows:

Property	Start	Euros		Maturity
		Initial amount	Outstanding capital	
Plaza España, Castellón	2007	4,195,000	490,515	2018
Plaza España, Castellón	2010	7,200,000	2,939,457	2020
Titán, 13	2015	15,735,000	14,412,731	2025
Conde de Peñalver, 16	2015	10,217,000	9,358,428	2025
Total		**37,347,000**	**27,201,131**	

Furthermore, in 2016, the Company signed three new long-term loans with Sabadell, Liberbank and Abanca, which are booked under "Long-term debts with credit institutions" and "Short-term debts with credit institutions".

The characteristics of said loans are as follows:

Institution	Start	Euros		Maturity
		Initial amount	Outstanding capital	
Sabadell	2016	5,000,000	4,729,244	2019
Liberbank	2016	2,000,000	1,337,955	2018
Abanca	2016	3,000,000	2,345,714	2019
Total		**10,000,000**	**8,412,913**	

Lastly, 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 18 November 2016 with a limit of €5,000,000, of which €4,966,504 had been drawn down at 31 December 2016; and a second contracted with Bankinter, which began on 19 January 2015, renewed on 3 March 2016 with a limit of €5,000,000, of which €40,726 had been drawn down at 31 December 2016 and having been renewed for a further 12 months after its maturity.

The financial expenses arising from debts with credit institutions in 2016 amounted to €736,290 and are booked in the "Financial expenses" item of the profit and loss 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 2016 is as follows:

	Euros					
	2017	2018	2019	2020	2021 and subsequent years	Total
Bonds and debentures	-	-	-	-	10,130,822	10,130,822
Debts with credit institutions (*)	11,199,473	5,126,230	3,839,152	1,963,414	18,537,145	40,665,414
Long-term guarantees	-	358,269	422,627	770,628	1,694,911	3,246,435
Short-term guarantees	510,385	-	-	-	-	510,385
Total	**11,709,858**	**5,484,499**	**4,261,779**	**2,734,042**	**30,362,878**	**54,553,056**

(*) Mortgage-backed loans in the amount of €27,201,131, loans of €8,412,913, drawdowns on credit facilities in the amount of €5,007,230 and interest accrued pending maturity in the amount of €44,140.

15. Disclosure on supplier payment deferrals

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

	2016	2015
	Days	Days
Average payment period to suppliers	13.70	3.84
Ratio of paid transactions	13.53	3.21
Ratio of transactions pending payment	71.82	42.15
	Euros	**Euros**
Total payments made	25,276,555	935,295
Total payments pending	75,298	15,531

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

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

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

The maximum legal payment period applicable to the Company in 2016 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).

16. Guarantees undertaken with third parties

At 31 December 2016 and 31 December 2015, the Company had not granted any guarantees to third parties.

The foregoing notwithstanding, as mentioned in Note 7, the five hotels owned by the Company which are located in Isla Canela in Ayamonte, Huelva are subject to mortgage guarantees amounting to €16,289,049 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 2016 of the five mortgage-backed loans mentioned, which correspond to each of the real estate assets. In this regard, the Company, as a result of the merger set out in Note 1, entered into a mortgage guarantee agreement with Isla Canela, S.A., as mentioned in Note 7, to ensure the repayment by said related company of the mortgage-backed loans on the hotels that following the aforementioned merger became property of the Company until the loans are finally redeemed. The Company receives a commission fee equivalent to 0.25% of the average outstanding balance of the mortgage-backed loans thus guaranteed.

17. Public administrations and tax situation

17.1. Current balances with Public Administrations

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

	Euros			
	31/12/2016		31/12/2015	
	Owed	Due	Owed	Due
Withholdings on dividends	44,666	-	253,954	-
Other withholdings	169,939	-	-	178,492
Withholdings from previous years	369,632	-	-	-
Value Added Tax		364,424	4,627	-
Personal Income Tax	-	10,687	-	14,910
Social Security	-	2,342	-	2,372
Total	**584,237**	**377,453**	**258,581**	**195,774**

The "Other withholdings" balance of €169,939 corresponds to the withholdings on capital interests resulting from Grupo PRYCONSA's financing system.

The "Withholdings from previous years" balance of €369,632 is attributable to the Absorbed Companies, following the merger set out in Note 1, and can be traced to withholdings from 2015 on capital interests resulting from Grupo PRYCONSA's financing system that are pending collection at the end of 2016. Following the close of the 2016 financial year, €299,042 was collected in January 2017.

17.2 Reconciliation between accounting profit or loss and the tax base

The reconciliation between the accounting profit or loss and the Corporation Tax base in 2016 and 2015 was as follows:

2016

Item	Euros
Profit (loss) before tax	15,682,656
Permanent differences	313
Temporary differences	2,799,443
Prior tax base	**18,482,412**
Tax base (0%)	18,038,703
Tax base (25%)	443,709
Offsetting of negative tax bases	-443,709
Tax base at 0%	**18,038,703**
Tax base at 25%	**-**
Total tax liability (0%)	**-**
Total tax liability (25%)	**-**
Withholdings and interim payments	214,605
Net (payable)/refunded	**214,605**

2015

Item	Euros
Profit (loss) before tax	9,755,905
Prior tax base	**9,755,905**
Offsetting of negative tax bases	-
Tax base	**9,755,905**
Total tax liability (0%)	**-**
Withholdings and interim payments	-
Net (payable)/refunded	**-**

Temporary differences in 2016 that changed the pre-tax accounting profit amounted to €2,799,443 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.

- Downward adjustment due to the recovery of non-deductible financial costs in 2015, deducted in 2016 for the sum of €393,033.

- Upward adjustment for the impairment of property investments in 2016 in the amount of €3,424,111.

At the end of 2016, the Company has temporary differences pending allocation of €5,695,954 (€0 in 2015), 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 €1,853,078, in addition to the impairment of investments in the amount of €3,842,876.

At the end of 2016, there were no financial expenses that have not been deducted from the tax base for corporation tax.

Pursuant to Article 9.2 of Law 11/2009 of 26 October governing Listed Real Estate Investment Trusts, as amended by Law 16/2012 of 27 December, the tax self-assessment return has to be filed on the part of the period's tax base which proportionally corresponds to the dividend whose distribution has been resolved with regard to the profit obtained in the year. As is indicated in Note 4, the Directors proposed the allocation of €13,958,138 to dividends at 2016 year-end to the Shareholders. Hence, Corporation Tax became due on such dividends to the amount of €0. The after-tax profit for 2016 amounted to €15,682,656 (€9,755,905 in 2015).

Furthermore, pursuant to Article 6 of Law 11/2009 of 26 October, amended by Law 16/2012 of 27 December, the Company is obliged to distribute dividends equal to at least 50 percent of the profits resulting from the transfer of the real estate assets and shares or interests referred to in paragraph 1, Article 2 of said Law which are carried out once the periods referred to in paragraph 3, Article 3 of this Law have elapsed and which are allocated to fulfilling its main corporate purpose. The rest of such profits must be reinvested in other properties or interests included under the corporate purpose within the three years following the date of transfer. Failing this, such profits must be fully distributed together with the profits, if any, from the year in which the reinvestment period ends. If the elements subject to reinvestment are transferred before the maintenance period established in paragraph 3, article 3 of this Act elapses, those profits must be fully distributed together with the profits, if any, from the year in which they have been transferred. In this regard, as a result of the sale of real-estate assets undertaken in 2016, losses of €467,110 were recorded; therefore, the obligations in terms of the distribution of dividends and reinvestment provided for by Law were not applied (see Note 7).

On 31 December 2016, a negative tax base of €35,519 was pending allocation, attributable to INVERETIRO SOCIMI, S.A.U.

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

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

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

- Gran Vía 1 2º izquierda: 1987
- Marina Isla Canela Shopping Mall: 2000
- Hotel Barceló: 1998

- Hotel Atlántico: 2000
- Hotel Playa Canela: 2002
- Hotel Iberostar: 2002
- Hotel Golf Isla Canela: 2007

b) List of purchased assets included in the books at a value that differs from the value booked by the transferring entity prior to the operation; both values are expressed, as are the value corrections shown in the books of both entities:

Property	Euros		
	Net tax value	**Market value of transfer**	**Deferred income**
Gran Vía 1 2º izquierda	374,654	1,940,000	1,565,346
Marina Isla Canela Shopping Mall	1,798,346	4,700,000	2,901,654
Hotel Barceló	7,090,735	23,700,000	16,609,265
Hotel Atlántico	18,667,707	29,200,000	10,532,293
Hotel Playa Canela	14,984,936	15,900,000	915,064
Hotel Iberostar	18,358,560	23,700,000	5,341,440
Hotel Isla Canela Golf	4,147,317	4,700,000	552,683
Total	**65,422,256**	**103,840,000**	**38,417,744**

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

In 2013, COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U., absorbed COMPAÑÍA IBÉRICA DE RENTAS URBANAS 2009, SOCIMI, S.A.U. in such a way that it acquired all its assets and liabilities. The real-estate acquired by COMPAÑÍA IBÉRICA DE RENTAS URBANAS 2009, SOCIMI, S.A.U. can be traced to a restructuring operation as part of which COGEIN, S.L. exercised the right referred to in Article 77.2 of the LIS. In turn, as part of the merger by absorption, there were no differences in the net book values and the corresponding market values pursuant to the appraisal performed by CBRE Valuation Advisory, S.A. on 31 January 2013 and subsequently validated by ARCO Valoraciones, S.A. appointed by the Madrid Companies Register. Therefore, the net book value of assets acquired by COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U. from COMPAÑÍA IBÉRICA DE RENTAS URBANAS 2009, SOCIMI, S.A.U. match their tax value, with no tax benefits enjoyed by COMPAÑÍA IBÉRICA DE RENTAS URBANAS 2009, SOCIMI, S.A.U. or COGEIN, S.L. in terms of those with which COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U. must partially comply pursuant to the provisions of Article 84.1 of the LIS.

17.3 Reconciliation between the accounting profit or loss and the corporation tax base

The reconciliation between the accounting profit or loss and the corporation tax base for the years ending 31 December 2016 and 2015 is as follows:

2016

Item	Euros
Profit (loss) before tax	15,682,656
Permanent differences	313
Temporary differences	2,799,443
Prior tax base	**18,482,412**
Tax base (0%)	18,038,703
Tax base (25%)	443,709
Offsetting of negative tax bases	-443,709
Tax base at 0%	**18,038,703**
Tax base at 25%	**-**
Total tax liability (0%)	**-**
Total tax liability (25%)	**-**
Tax expense recognised in the profit and loss account	**-**

2015

Item	Euros
Profit (loss) before tax	9,755,905
Temporary differences	-
Prior tax base	**9,755,905**
Offsetting of negative tax bases	-
Tax base	**9,755,905**
Total tax liability (0%)	**-**
Tax expenses recognised in the profit and loss account	**-**

17.4. Years open for review and tax audits

Prior to 31 May 2014, the 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 in Luxembourg.

On 11 November 2014, Saint Croix Holding Immobilier SOCIMI S.A. 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 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 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 Company informed the Inland Revenue the option of applying the SOCIMI Scheme for 2015 and subsequent years.

At the time of drafting these 2016 annual accounts, no response has been received from the Inland Revenue regarding the economic-administrative appeal filed by the 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 2016, the Company's taxes corresponding to the last four years remained open to inspection. The Directors of the Company consider that the settlements of the above-mentioned taxes have been properly filed. Hence, although discrepancies may arise regarding the tax treatment given to the operations due to the interpretation of prevailing regulations, any liabilities that may eventually result therefrom, should they come about, will not significantly affect the annual accounts attached hereto.

17.5. Reporting requirements as a SOCIMI

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

18. Income and expenses

18.1 Net turnover and other operating income

The breakdown of these items at 31 December 2016 and 2015 is as follows:

	Euros	
	2016	**2015**
Hotels	8,190,160	-
Offices	4,531,434	-
Retail	6,195,256	-
Industrial	1,306,684	-
Rental subtotal	**20,223,534**	**-**
Income from shares in equity instruments	-	10,874,427
Provision of sundry services	23,250	116,677
Operating subsidies	108,717	-
Total income	**20,355,501**	**10,991,104**

The Company's entire turnover in 2016 and 2015 was generated in Spain. The net turnover of €10,874,427 booked by the Company on 31 December 2015 was primarily attributable to the dividends received from the absorbed companies (see Note 1).

18.2 Staff costs

The balance of this item in 2016 and 2015 was comprised as follows:

	Euros	
	2016	**2015**
Wages and salaries:		
Wages, salaries and similar outgoings	121,092	89,956
National Insurance contributions:		
Social Security contributions incurred by the company	24,533	15,058
Other social expenses	53,225	2,159
Total	**198,850**	**107,173**

18.3 External charges for services, taxes and similar levies

The breakdown of this item for 2016 and 2015 is as follows:

	Euros	
	2016	**2015**
Repairs and maintenance	52,003	645
Independent professional services	513,506	150,716
Insurance policies	59,311	-
Banking services and similar	863	39
Advertising and public relations	15,982	3,640
Supplies	74,153	227
Other services	254,383	55,970
Other levies	1,365,474	30
Total	**2,335,675**	**211,267**

19. Related-party transactions and balances

19.1 Related-party transactions

The transactions made with related companies in 2016 and 2015 were as follows:

	Euros						
	31/12/2016			31/12/2015			
	Operating expenses	Operating income	Financial income	Operating expenses	Operating income	Financial expenses	Financial dividends (Note 18.1)
Isla Canela, S.A.	221,816	149,564	-	-	-	-	-
Promociones y Construcciones, PYC, PRYCONSA S.A.	65,333	10,000	894,416	17,508	-	-	-
COGEIN, S.L.	-	348	-	-	3,156	3,156	-
Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U.	-	-	-	-	94,983	909,423	10,874,427
Inveretiro, SOCIMI, S.A.	-	-	-	-	18,538	5,919	-
Total	**287,149**	**159,912**	**894,416**	**17,508**	**116,677**	**915,342**	**10,874,427**

19.2 Balances with Group and associate companies

Balances with Group and associate companies at 31 December 2016 and 2015 are as follows:

2016

	Euros	
	Loans granted to related companies	Loans received from related companies
COGEIN, S.L.	-	6,982
Promociones y Construcciones PYC, Pryconsa, S.A.	47,430,376	-
Total	**47,430,376**	**6,982**

2015

	Euros	
	Loans granted to Group companies	Loans received from Group companies
Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U.	-	44,436,080
Inveretiro, SOCIMI, S.A.U.	17,666	-
Promociones y Construcciones, PYC, PRYCONSA, S.A.	-	37,053
Total	**17,666**	**44,473,133**

The agreements currently in force which the Company has with Group and associate companies are as follows:

- On 11 June 2014, the 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 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 Company in 2016 amounted to €57,500, which are booked under the "Operating expenses" item of the attached profit and loss account.

- As a result of the merger, (see Note 1) the Company is subrogated to the financing agreement signed in 2010 between Promociones y Construcciones, PYC, PRYCONSA, S.A. and the Absorbed Companies, as part of which they would finance the former, under market conditions, using the excess liquidity generated as a result of their operations provided that their own financing needs were satisfied. The agreement is for a term is of three years and it may automatically be renewed for three-year terms. The financial conditions of this cash-pooling account 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 income statement at 31 December 2016 came to €894,416 as financial expenses.

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

- On 1 January 2010, Isla Canela, S.A. and Compañía Ibérica de Bienes Raíces 2009, SOCIMI, S.A.U. entered into a "Service Provision Agreement with Mortgage Guarantee", by means of which the latter 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 Absorbed Company for the provision of bank guarantees (sureties and banking insurance) by financial institutions.

  The interest due for this item in 2016 amounted to €50,064, which are booked in the Company's Financial income item at 31 December 2016.

- 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 the Absorbed Company 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 Company's income statement at 31 December 2016 came to €0 as financial income.

- 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 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 2016 as a result of this service provision agreement amounted to €75,313, which are booked in the "Other operating expenses" item of the Company's profit and loss account for 2016.

- 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, Isla Canela, S.A. acts as the works manager in the hotels' refurbishment. The consideration that Isla Canela, S.A. 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 costs of this concept in 2016 connected with this addendum to the agreement amounted to €123,707, which are booked in the "Other operating expenses" item of the Company's profit and loss account for 2016.

20. Remuneration for the Board of Directors and Senior Management

The total remuneration due in 2016 and 2015 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 2016	Euros 2015
Fixed remuneration	40,000	40,000
Variable remuneration	1,000	-
Allowances	12,500	15,000
Pension plans	-	-
Attendance allowances	-	-
Others	-	-
Total	**53,500**	**55,000**

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

Furthermore, at 31 December 2016 and 2015, there were no advances or credits or any other kind of pension or life insurance guarantees or obligations in connection with current and former members of the Board of Directors.

During 2016, the Company has not paid any amounts on the grounds of civil liability insurance associated with the Directors.

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

The number of Directors distributed by gender was as follows in 2016 and 2015:

2016			2015		
Male	**Female**	**Total**	**Male**	**Female**	**Total**
4	1	5	4	1	5

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

21. Information on conflicts of interest among the Directors

At year-end 2016, neither the members of the Board of Directors of Saint Croix Holding Immobilier, SOCIMI, S.A. or the parties related to them, as laid down pursuant to the Corporate Enterprises Act, had reported to the other members the Board of Directors any direct or indirect conflict of interests with those of the Company.

22. Other information

22.1 Personnel

The average number of people employed in 2016 and 2015 broken down by job category is as follows:

Categories	2016	2015
Management	-	-
Technical staff and middle management	1	1
Administrative staff	1	-
Total	**2**	**1**

Likewise, the distribution by gender at the end of 2016 and 2015 broken down by category was as follows:

Categories	2016		2015	
	Male	Female	Male	Female
Directors	4	1	4	1
Management	-	-	-	-
Technical staff and middle management	1	-	1	-
Administrative staff	-	1	-	-
Total	**5**	**2**	**5**	**1**

No individuals are employed with a level of disability equal to or greater than 33%.

22.2 Auditing fees

The fees for account auditing services and other services provided by the Company's auditor by a company related to the auditor or jointly owned or controlled by it were as follows in 2016 and 2015:

Description	Euros Services provided by the auditor of accounts and related companies	
	2016	2015
Auditing services	48,500	25,000
Other verification services	-	-
Total auditing and related services	**48,500**	**25,000**
Tax advisory services	-	-
Other services	-	-
Total professional services	**48,500**	**25,000**

During the year ending 31 December 2016, there was an increase in fees associated with accounts auditing services following the merger set out in Note 1.

23. Environmental information

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

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

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

At 31 December 2016 and 2015, the Company had not booked any provisions for possible environmental risks, given that the Directors do not believe that there are any significant contingencies related to possible litigation, compensation or other concepts.

24. International Financial Reporting Standards

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

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

25. Subsequent disclosures

Following the close of the 2016 financial year and prior to the date of publishing the 2016 Annual Accounts, the following subsequent disclosures have occurred:

- On 20 January 2017, the Company took out a mortgage loan with Banca March, for the sum of €11,400,000, maturing on 1 January 2031, using the asset located at Calle Jose Abascal, 41 in Madrid as the mortgage security.
  On the aforementioned agreement, on 17 February 2017, the Company took out a financial derivative instrument for interest-rate coverage (SWAP), amounting to €8,550,000, for the period between 1 April 2019 and 1 April 2026.

- On 21 January 2017, the lease agreement for the premises located in Plaza de España, 5 (Castellón), leased to Inditex (Zara), was rescinded.

- On 7 February 2017, a building housing offices and parking spaces, located at Calle Francisco Gervás 13 on the corner of Calle Orense 62 in Madrid occupying a gross lettable surface area of 1,827 m2, was acquired. The value of the transaction came to €3,000,000, paid up front. The building, at the time of its purchase, was unlet.

- On 10 February 2017, commercial premises and two parking spaces located at Calle Goya 59 in Madrid, with a gross lettable area of 862.74 m2 were acquired for the sum of €15,250,000, paid for up front. The premises, at the time of its purchase, were unlet.

- On 6 February 2017, an agreement was signed with the tenant, Unidad Editorial S.A., corresponding to the lease agreement signed with the Company concerning the property located at Calle Pradillo 42 de Madrid, via which the majority of the property was sublet by Unidad Editorial, S.A. to Cabify until the end of the agreement in place between the Company and UNEDISA, which expires on 26 February 2019. Specifically, 1,941 m2 will be sublet from 6 March 2017 and 3,100 m2 from 6 March 2018.

Annex 1. Reporting requirements as a SOCIMI

<table>
<tr><th>Description</th><th>2016</th></tr>
<tr><td>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.</td><td>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.</td></tr>
<tr><td>b) Reserves of each financial year in which the special tax regime set forth in said Law applies</td><td>Profits allocated to reserved by the Company
• Profits in 2014 allocated to reserves: 921,102 euros
• Profits in 2015 allocated to reserves: 2,776,186 euros
Profits allocated to reserved by COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U:
• Profits in 2009 allocated to reserves: 936,358 euros
• Profits in 2010 allocated to reserves: 871,431 euros
• Profits in 2011 allocated to reserves: 1,000,888 euros
• Profits in 2012 allocated to reserves: 43,627 euros
• Profits in 2013 allocated to reserves: 470,286 euros
• Profits in 2014 allocated to reserves: 1,208,270 euros
• Profits in 2015 allocated to reserves: 3,699,608 euros
Profits allocated to reserved by INVERETIRO, SOCIMI, S.A.U:
• Profits in 2015 allocated to reserves: 477,756 euros</td></tr>
<tr><td>• Profits from income subject to the general tax rate</td><td>-</td></tr>
<tr><td>• Profits from income subject to tax at a rate of 19%</td><td>Profits allocated to reserved by COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U:
• Profits in 2009 allocated to reserves: 936,358 euros
• Profits in 2010 allocated to reserves: 871,431 euros
• Profits in 2011 allocated to reserves: 1,000,888 euros
• Profits in 2012 allocated to reserves: 43,627 euros</td></tr>
<tr><td>• Profits from income subject to tax at a rate of 0%</td><td>Profits allocated to reserved by the Company
• Profits in 2014 allocated to reserves: 921,102 euros
• Profits in 2015 allocated to reserves: 2,776,186 euros
Profits allocated to reserved by COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U:
• Profits in 2013 allocated to reserves: 470,286 euros
• Profits in 2014 allocated to reserves: 1,208,270 euros
• Profits in 2015 allocated to reserves: 3,699,608 euros
Profits allocated to reserved by INVERETIRO, SOCIMI, S.A.U:
Profits in 2015 allocated to reserves: 477,756 euros</td></tr>
<tr><td>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</td><td>Dividends distributed by the Company
• Distribution of dividends in 2015: 6,979,719
Dividends distributed by COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U:
• Distribution of dividends in 2009: 3,382,919 euros
• Distribution of dividends in 2010: 3,121,886 euros
• Distribution of dividends in 2011: 3,585,669 euros
• Distribution of dividends in 2012: 156,295 euros
• Distribution of dividends in 2013: 1,209,306 euros
• Distribution of dividends in 2014: 10,874,427 euros
• Distribution of dividends in 2015: 14,799,010 euros
Dividends distributed by INVERETIRO, SOCIMI, S.A.U:
• Distribution of dividends in 2015: 1,987,206 euros</td></tr>
<tr><td>• Dividends from income subject to the general tax rate</td><td>-</td></tr>
</table>

Description	2016
• Dividends from income subject to taxation at 18% (2009) and 19% (2010 to 2012).	**Dividends distributed by COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U:** • Distribution of dividends in 2009: 3,382,919 euros • Distribution of dividends in 2010: 3,121,886 euros • Distribution of dividends in 2011: 3,585,669 euros • Distribution of dividends in 2012: 156,295 euros
• Dividends from income subject to tax at a rate of 0%	**Dividends distributed by the Company** • Distribution of dividends in 2015: 6,979,719 **Dividends distributed by COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U:** • Distribution of dividends in 2013: 1,209,306 euros • Distribution of dividends in 2014: 10,874,427 euros • Distribution of dividends in 2015: 14,799,010 euros **Dividends distributed by INVERETIRO, SOCIMI, S.A.U:** • Distribution of dividends in 2015: 1,987,206 euros
d) Dividends paid out and charged to reserves	-
• Dividends charged to reserves subject to taxation at the general tax rate.	-
• Dividends charged to reserves subject to taxation at 19%	-
• Dividends charged to reserves subject to taxation at 0%	-
e) Date of the dividend payout resolution referred to by items c) and d) above	**Dividends distributed by the Company** • 2015 dividends: 1 April 2016 **Dividends distributed by COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U:** • 2009 dividends: 29 June 2010 • 2010 dividends: 30 June 2011 • 2011 dividends: 28 June 2012 • 2012 dividends: 20 June 2013 • 2013 dividends: 30 June 2014 • 2014 dividends: 22 June 2015 • 2015 dividends: 1 April 2016 **Dividends distributed by INVERETIRO, SOCIMI, S.A.U:** • 2015 dividends: 1 April 2016

Description	2016
a) Acquisition date of the properties allocated to lease which generate income subject to this special scheme	**Properties inherited from COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U:** The real estate assets that have been owned by the Absorbed Company since 29/12/2009. Due to the partial division transaction of Isla Canela, S.A., the dates of ownership are as follows: • Hotel Isla Canela Golf: 28/12/2007 • Hotel Barceló Isla Canela: 06/07/1998 • Hotel Iberostar Isla Canela: 01/07/2002 • Hotel Playa Canela: 16/05/2002 • Hotel Meliá Atlántico: 25/05/2000 • Marina Isla Canela Shopping Mall: 17/10/2000 • Property on Calle Gran Vía: 19/10/1987 • Retail outlets at Calle Caleruega: 30/12/2011 The following real estate investments, which were acquired from the related company Promociones y Construcciones, PYC, PRYCONSA, S.A. were included in 2012: • Offices Sanchinarro 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 The merger with Compañía Ibérica de Rentas Urbanas 2009 SOCIMI, S.A.U resulting from its take-over took place in 2013. The Absorbed Company therefore included all the real estate assets from the company taken over on its balance sheet without any associated tax effects. • 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 • 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: • Daganzo de Arriba Industrial Premises: 27/02/2015 **Properties inherited from INVERETIRO, SOCIMI, S.A.U:** • Titán, 13: 12/02/2014 • Conde de Peñalver, 16: 01/12/2013 During 2016, the following property investments were booked: • Retail outlet at Gran Vía 55: 01/03/2016 • Edificio José Abascal 41: 02/12/2016

Description	2016
b) Acquisition date of interests in the capital of the entities referred to in paragraph 1, Article 2 of this Law.	-
c) Identification of the assets calculated within the eighty per cent referred to by paragraph 1, Article 3 of this Law	The breakdown of real estate assets and their gross booked cost expressed as millions of euros, is as follows: • Marina Isla Canela Shopping Mall: 4.70 • Barceló Isla Canela: 27.29 • Meliá Atlántico: 34.9 • Playa Canela: 17.15 • 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: 8.78 • Sanchinarro VII: 7.09 • Vallecas Comercial I: 3.92 • Vallecas Comercial II: 3.91 • Coslada III: 5.81 • 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 • Titán, 13: 31.83 • Conde Peñalver: 20.43 • Gran Vía 55: 13.46 • José Abascal: 19.4
d) Reserves from years in which the special tax regime set forth in this Act has applied and which have been drawn down during the tax period, but not for distribution or to offset losses. The financial year from which said reserves come should be indicated.	-

Annex 2. Acquisition of assets subject to depreciation

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

Year of acquisition	Cost in euros	
	Property investment	Data processing equipment
2009	117,856,290	-
2010	3,288,602	-
2011	13,878,786	-
2012	17,768,699	-
2013	4,269,296	-
2014	449,308	440
2015	8,779,738	2,178
Total	**166,290,718**	**2,618**

- **INVERETIRO SOCIMI, S.A.U.**

Year of acquisition	Cost in euros
	Property investment
2009	-
2010	-
2011	-
2012	-
2013	9,328,812
2014	18,412,947
2015	-
Total	**27,741,759**

The above details do not include the cost of land, as it is not subject to depreciation.

Annex 3. Temporary differences and negative tax bases

The temporary difference pending allocation, in addition to the negative tax bases to be offset as at 31 December 2015 corresponding to the Absorbed Companies are as follows:

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

Temporary differences	
Item	**Euros**
Depreciation	2,011,684
Impairment of real estate investments	418,765
Total	**2,430,449**

- **INVERETIRO SOCIMI, S.A.U.**

Negative tax bases	
Year	**Euros**
2011	91,219
2013	388,009
Total	**479,228**

Temporary differences	
Item	**Euros**
Financial expenses	393,033
Depreciation	73,029
Total	**466,062**

Annex 4.1 Audited balance sheet as at 31/12/2015 of Compañía Ibérica de Bienes Raíces 2009 SOCIMI, S.A.U.

COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U.
BALANCE SHEET AT 31 DECEMBER 2015 (euros)

ASSETS	2015	2014	EQUITY AND LIABILITIES	2015	2014
NON- CURRENT ASSETS	**213,029,849**	**221,143,090**	**EQUITY**	**281,603,375**	**274,087,903**
Tangible fixed assets	**2,254**	**412**	**SHAREHOLDERS' EQUITY**		
Plant and other tangible fixed assets	2,254	412	**Capital**	**257,160,000**	**257,160,000**
Property investment	**211,882,184**	**219,960,746**	Authorised capital	257,160,000	257,160,000
Net property investments	210,452,184	219,893,884	**Reserves**	**4,531,093**	**3,322,823**
Ongoing and advanced real-estate investments	1,430,000	66,862	Legal and statutory	2,877,442	1,669,173
Long-term financial investments	**1,145,411**	**1,181,932**	Other reserves	1,653,651	1,653,651
Other financial assets	1,145,411	1,181,932	**Profit (Loss) for the year**	**18,498,617**	**12,082,697**
			SUBSIDIES, DONATIONS AND BEQUESTS	**1,413,665**	**1,522,383**
			Subsidies, donations and bequests	1,413,665	1,522,383
			NON-CURRENT LIABILITIES	**6,491,335**	**6,418,286**
			Long-term debts	**6,491,335**	**6,418,286**
			Debts with credit institutions	3,429,364	4,616,144
			Other financial liabilities	3,061,971	1,802,142
CURRENT ASSETS	**80,711,336**	**61,854,373**	**CURRENT LIABILITIES**	**5,646,475**	**2,491,273**
Stocks	**1,079**	**912**	**Short-term debts**	**4,288,075**	**1,356,332**
Advance payments to suppliers	1,079	912	Debts with credit institutions	4,131,501	1,356,200
Trade and other accounts receivable	**3,016,232**	**1,420,641**	Other financial liabilities	156,574	132
Accounts receivable for sales and services	2,717,189	992,928	**Short-term debts with Group and associate companies**	**28,906**	**19,201**
Other credits with Public Administrations	299,043	427,713	**Trade creditors and other accounts payable**	**1,329,494**	**1,115,740**
Short-term investments in Group and associate companies	**77,474,151**	**59,967,078**	Suppliers	1,122,319	409,068
Short-term loans to Group and associate companies	77,474,151	59,967,078	Sundry creditors	1,519	2,064
Short- term financial investments	**17,608**	**-**	Other debts with Public Administrations	205,656	182,277
Other financial assets	17,608	-	Advance payments from customers	-	522,331
Short-term accruals and deferrals	**120**	**120**			
Cash and cash equivalents	**202,146**	**465,622**			
Cash and bank	202,146	465,622			
TOTAL ASSETS	**293,741,185**	**282,997,463**	**TOTAL EQUITY AND LIABILITIES**	**293,741,185**	**282,997,463**

Annex 4.2 Audited balance sheet as at 31/12/2015 of INVERETIRO SOCIMI, S.A.U.

INVERETIRO SOCIMI, S.A.U.
BALANCE SHEET AT 31 DECEMBER 2015 (euros)

ASSETS	2015	2014 (*)	EQUITY AND LIABILITIES	2015	2014 (*)
NON- CURRENT ASSETS	**44,987,724**	**45,302,044**	**EQUITY**	**47,226,555**	**44,761,593**
Property investment	**44,434,279**	**44,748,599**	**SHAREHOLDERS' EQUITY**		
Long-term financial investments	**553,445**	**553,445**	**Capital**	**44,992,853**	**44,992,853**
Other financial assets	553,445	553,445	Authorised capital	44,992,853	44,992,853
			Reserves	**87,835**	**87,835**
			Legal and statutory	22,855	22,855
			Other reserves	64,980	64,980
			Prior years' losses	**-319,095**	**-1,882,512**
			Profit (Loss) for the year	**2,464,962**	**1,563,417**
			NON-CURRENT LIABILITIES	**24,324,605**	**553,445**
			Long-term debts	**24,324,605**	**553,445**
			Debts with credit institutions	23,771,160	-
			Other financial liabilities	553,445	553,445
CURRENT ASSETS	**28,144,456**	**526,652**	**CURRENT LIABILITIES**	**1,581,020**	**513,658**
Trade and other accounts receivable	**70,589**	**19,691**	**Short-term debts**	**1,330,078**	-
Other credits with Public Administrations	70,589	19,691	Debts with credit institutions	1,330,078	-
Short-term investments in Group and associate companies	**28,067,582**	**-**	**Short-term debts with Group and associate companies**	**32,795**	**-**
Short-term loans to Group and associate companies	28,067,582	-	**Trade creditors and other accounts payable**	**218,147**	**513,658**
Cash and cash equivalents	**6,285**	**506,961**	Suppliers	5,747	8,217
Cash and bank	6,285	506,961	Sundry creditors	-	4,690
			Other debts with Public Administrations	212,400	500,751
TOTAL ASSETS	**73,132,180**	**45,828,696**	**TOTAL EQUITY AND LIABILITIES**	**73,132,180**	**45,828,696**

(*) Year not audited

Annex 5. Merger balance sheet as at 31/12/2015 effective 01/01/2016

ASSETS	01/01/2016	EQUITY AND LIABILITIES	01/01/2016
NON- CURRENT ASSETS	**264,691,679**	**EQUITY**	**291,100,752**
Tangible fixed assets	**2,254**	**Capital**	**267,577,040**
Plant and other tangible fixed assets	2,254	Authorised capital	267,577,040
Property investment	**262,990,569**	**Reserves**	**12,354,142**
Gross property investments	305,822,723	Legal and statutory	156,252
Accumulated depreciation	-27,612,951	Reserves application of General Accounting Plan (PGC)	-1,956,848
Impairment	-16,649,203	Merger reserves	14,154,738
Ongoing real-estate investments	930,000	**Profit (Loss) for the year**	**9,755,905**
Advances	500,000		
Long-term financial investments	**1,698,856**	**SUBSIDIES, DONATIONS AND BEQUESTS**	**1,413,665**
Other financial assets	1,698,856	Subsidies, donations and bequests	1,413,665
		NON-CURRENT LIABILITIES	**30,815,940**
		Long-term debts	**30,815,940**
		Debts with credit institutions	27,200,524
		Other financial liabilities	3,615,416
CURRENT ASSETS	**64,672,904**	**CURRENT LIABILITIES**	**7,447,891**
Stocks	**1,079**	**Short-term debts**	**5,618,153**
Advance payments to suppliers	1,079	Debts with credit institutions	5,461,579
Trade and other accounts receivable	**3,345,402**	Other financial liabilities	156,574
Accounts receivable for sales and services	2,717,189	**Short-term debts with Group and associate companies**	**70,793**
Other credits with Public Administrations	628,213	**Trade creditors and other accounts payable**	**1,758,945**
Short-term investments in Group and associate companies	**61,095,358**	Suppliers	1,143,493
Short-term loans to Group and associate companies	61,095,358	Sundry creditors	1,622
Long-term financial investments	**17,608**	Other debts with Public Administrations	613,830
Other financial assets	17,608		
Short-term accruals and deferrals	**120**		
Cash and cash equivalents	**213,337**		
Cash and bank	213,337		
TOTAL ASSETS	**329,364,583**	**TOTAL EQUITY AND LIABILITIES**	**329,364,583**

Management Report
2016

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

Management report at year-end 2016

1. Explanation of figures at 31 December 2016

When comparing the figures for the year ending 31 December 2016 with those for the previous years, it must be noted that in 2016, the merger by absorption set out in Note 1 took place. In this regard, the comparative details provided below concerning the year ending 31 December 2015 correspond to the individual financial statements of Saint Croix Holding Immobilier, SOCIMI, S.A.

A breakdown of the main figures at 31 December 2016 compared to 31 December 2015 is provided below:

Income statement	Euros		
	31/12/2016	**31/12/2015**	**+ / -**
Income	20,246,784	10,991,104	+84.21%
Net operating income (NOI)	**18,208,945**	**10,991,104**	**+65.67%**
General expenses	-582,618	-318,369	+83.00%
EBITDA	**17,626,327**	**10,672,735**	**+65.15%**
Financial profit (loss)	337,827	-916,830	-136.85%
EBTDA	**17,964,154**	**9,755,905**	**+84.14%**
Depreciation	-4,648,510	-	
Subsidies	108,717	-	
Impairment/Reversal	1,013,537	-	
Other gains (losses)	11,855	-	
Gains (losses) on disposal of real estate assets	-467,110	-	
Gains (losses) disposal of financial assets	443,709	-	
Fair value of financial instruments	1,256,304	-	
EBT	**15,682,656**	**9,755,905**	**+60.75%**
Corporation tax	-	-	-
Net profit (loss)	**15,682,656**	**9,755,905**	**+60.75%**

Sector indicators as at 31 December 2016

	Euros	
	31/12/2016	**Per share**
Recurring net profit	13,879,926	3.12
Net value of assets	384,886,299	86.45
Net profitability	12.52%	
Vacancy ratio	10.04%	
Cost/income ratio	4.84%	

Main figures as at 31 December 2016

	Financial year 2016
Annualised income (million €)	20.36
FFO (million €)	17.64
FFO (€/share)	3.96
Value of real estate assets (million €)	378.21
GAV (million €)	435.11
NAV (million €)	384.89
Risk-free assets under management (No.)	215
Gross lettable surface area (risk-free m2)	142,188
% occupancy at year end	91.64%
WAULT	7.18
LTV	11.54%
Adjusted LTV	15.29%
Net debt (millions €)	50.23
Profit (€/share)	3.52
Dividend (€/share)	3.14
Gross profitability via dividend	4.66%

Real estate investments (gross): At 31 December 2016, the Company's gross real-estate investments came to €340,827,425. In 2016, the following investments and disinvestments took place:

- **Investments undertaken amounting to €34,933,511:**
  - Refurbishments on hotels in the amount of €2,578,179.
  - Acquisition of a commercial property. On 1 March 2016, the acquisition of a commercial property located at Gran Vía 55 in Madrid was arranged, paid up front. The value of the transaction came to €13,000,000 including the advance of €500,000 that was paid in 2015 (€13,455,000 with acquisition costs and taxes). The aforementioned property has a built surface area of approximately 1,400 square metres.
  - Acquisition of an office building. On 2 December 2016, a building used for housing offices and parking spaces was purchased, located at Calle José Abascal 41 in Madrid, with 5,287 m2 of developable surface area, for the sum of €19,000,000. The total cost of the transaction, including the acquisition costs, paid in 2016, amounted to €€19,400,332.
- **Divestments undertaken amounting to €1,358,810:**
  - Sale of offices (lofts). During the year, 3 lofts de from the Coslada III development and 2 from the Sanchinarro VI development were sold (including their corresponding annexes), generating net losses of €467,110.

Dividends:

Dividends paid out by the Company to shareholders in 2016:

The profit obtained by the Company in 2015 amounted to €9,755,905. Profits were distributed as follows:

Distribution of net profit in 2015	Euros
Profit at 31 December 2015	**9,755,905**
• Reserves first application of General Accounting Plan (PGC)	1,800,596
• Legal reserve	975,590
• Dividends	6,979,719

Dividends payable by the Company to shareholders in 2017:

The Company's net profit at 31 December 2016 stood at €€15,682,656. At its Annual General Shareholders Meeting to be held in 2017, it is expected that the following distribution of profits for 2016 will be approved, which translates to a gross dividend payment of €13,958,138. The breakdown of the distribution of profits is as follows:

Proposed distribution of net profit in 2016	Euros
Profit at 31 December 2016	**15,682,656**
• Reserves first application of General Accounting Plan (PGC)	156,252
• Legal reserve	1,568,266
• Dividends	13,958,138

The gross dividend per share in 2016 was €3.14 per share compared to the €1.57 per share obtained in 2015. Dividend yield in 2016 was 4.66% compared to the 2.36% in 2015, calculated using the average trade price for each year.

Net financial debt: The Company has a net financial debt of €50,227,385. The breakdown of this debt is as follows.

Details of the debt	Euros
	31/12/2016
Titán, 13	14,412,731
Conde de Peñalver, 16	9,358,428
Plaza de España (Castellón)	3,429,972
Mortgage-backed debt	**27,201,131**
Bonds and debentures	10,000,000
Drawn down credit facilities	5,007,230
Long-term loans	8,412,913
Interest accrued pending maturity	174,962
Unsecured debt	**23,595,105**
Cash and bank	-568,851
Net financial debt	**50,227,385**

Furthermore, on 20 January 2017, the Company took out a long-term mortgage-backed loan with Banca March, S.A. on one of its real-estate assets for the sum of €11,400,000. Said loan has a 2-year grace period and a 12-year repayment period (14 years in total) with an increasing amortisation system from the second year onwards.

The Company's LTV at 31 December 2016 was 11.54%. The adjusted LTV was 15.29%. Said adjusted LTV includes the impact of the mortgage burden on hotels located in Isla Canela

(€16,289,049 at 31 December 2016).

Income: At 31 December 2016, the Company had obtained total income of €20,246,784. The breakdown of income per asset type is as follows:

	Euros
	31/12/2016
Hotels	8,208,394
Offices	4,531,435
Retail	6,195,256
Industrial	1,306,684
Others	5,016
Income	**20,246,784**

NOI: Net Operating Income is positive and comes to €18,208,945. The breakdown of NOI per asset type is as follows:

	Euros
	31/12/2016
Hotels	7,114,084
Offices	3,952,688
Retail	5,876,422
Industrial	1,260,735
Others	5,016
NOI	**18,208,945**

The net turnover of €10,991,104 booked by the Company on 31 December 2015 was primarily attributable to the dividends received from the absorbed companies (see Note 1).

At 31 December 2016, **EBITDA** was positive and amounted to €17,626,327 (€10,672,735 in 2015).

Impairment/Reversal: After the valuation of the Company's real estate assets, impairment of €3,424,111 has been recorded, suffered in principle by the Retail department, in addition to reversals of impairment in the sum of €4,464,458, particularly in the Hotels and Offices area. The net profit on the income statement for 2016 was €1,040,347 (€0 in 2015). Furthermore, impairment on commercial loans to the sum of €26,810 was recorded (€0 in 2015).

Profits (losses) on asset disposals: At 31 December 2016, 3 lofts in the Coslada III development and 2 lofts in the Sanchinarro VI development have been sold, generating combined losses of €-467,110 (€0 in 2015).

Profits (losses) on financial asset disposals: At 31 December 2016, profit had been recorded on the sale of traded assets to the sum of €443,709 (€0 in 2015) and profits to the sum of €1,256,304 (€0 in 2015) recognised as a result of the valuation of financial assets at the end of the year.

Financial profit (loss): The Company generated a financial profit amounting to €894,416 in 2016, in addition to third-party financial income of €125,387 and dividends of €235,055. This was a result of the policy of financing related companies with cash and bank surpluses. Thus, total financial income has amounted to €1,254,858. The financial expenses recorded by the Company in 2016 amounted to €917,032. This translates into financial profit for 2016 of €337,827 (€-916,830 in 2015).

Net profit (loss): Net profit in 2016 was €15,682,656 (€9,755,905 in 2015), which translates to net profit per share of €3.52 (€2.19 in 2015).

2. Valuation of real estate assets

The Company has tasked CBRE Valuation Advisory, S.A., an independent expert, with carrying out an assessment of its assets, which was issued on 30 January 2017 to establish the fair value of all its real estate investments at year-end with the exception of the investment in an office building located at Calle José Abascal 41 in Madrid made in December 2016. 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 Group's income statement at 31 December 2016 amounting to €1,040,347.

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 €85,191,329, which was primarily due to the premises located at Gran Vía 34 in Madrid, Calle Conde de Peñalver, 16 in Madrid, Gran Vía, 55 in Madrid, Hotel Barceló Isla Canela, Hotel Tryp Cibeles in Madrid and the industrial premises located in Daganzo de Arriba in Madrid.

The gross asset value of the real estate investments at year-end 2016 came to €378,214,861. The breakdown by business segment is as follows:

Segments	**31/12/2016**
Hotels	123,925,492
Offices	94,867,220
Retail	142,104,150
Industrial	17,318,000
Total	**378,214,862**

Over the course of the year, the main movements corresponded primarily to:

- Investments in the Capex of Hotels: 2,578,179 euros
- Increase in the value of real estate assets: 14,906,396 euros
- Acquisitions during the year: 36,282,242 euros
- Divestment in real estate assets: 1,358,810 euros

3. Segmented reporting

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

The segments identified in this way in 2016 are as follows:

- Hotels
- Offices
- Retail
- Industrial
- Others

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

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

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 income statement

2016

	Euros					
31/12/2016	**Hotels**	**Offices**	**Retail**	**Industrial**	**Others**	**Total**
Income	8,208,394	4,531,435	6,195,256	1,306,684	5,016	20,246,784
Indirect costs	-1,094,310	-578,747	-318,833	-45,949	-	-2,037,839
Net Margin	**7,114,084**	**3,952,688**	**5,876,422**	**1,260,735**	**5,016**	**18,208,945**
General expenses	-236,262	-130,428	-178,318	-37,610	-	-582,618
EBITDA	**6,877,822**	**3,822,260**	**5,698,105**	**1,223,125**	**5,016**	**17,626,327**
% of income	**83.79%**	**84.35%**	**91.98%**	**93.61%**	**100.00%**	**87.06%**
Depreciation	-2,422,480	-1,058,139	-1,023,868	-144,023	-	-4,648,510
Subsidies	108,717	-	-	-	-	108,717
Extraordinary profits (losses)	-	2,500	6,710	-	2,646	11,856
Profits (losses) on asset disposals	-	-467,110	-	-	-	-467,110
Impairment/Reversal	3,503,434	148,125	-2,638,022	-	-	1,013,537
Financial profit (loss)	-	-279,997	-202,361	-	2,520,197	2,037,840
EBT	**8,067,492**	**2,167,639**	**1,840,563**	**1,079,102**	**2,527,860**	**15,682,656**
Corporation tax	-	-	-	-	-	-
Net profit (loss)	**8,067,492**	**2,167,639**	**1,840,563**	**1,079,102**	**2,527,860**	**15,682,656**
% of income	**98.28%**	**47.84%**	**29.71%**	**82.58%**	**50393.12%**	**77.46%**

The breakdown of the **income and net carrying value** of real estate assets, including tangible fixed assets in progress, at 31 December 2016 is as follows:

	Euros		
	31/12/2016		
	Income	%	Net cost
Hotels	8,208,394	40.54%	110,538,158
Offices	4,531,435	22.38%	93,479,367
Retail	6,195,256	30.60%	75,547,237
Industrial	1,306,684	6.45%	13,458,771
Others	5,016	0.02%	-
Total income	**20,246,784**	**100.00%**	**293,023,533**

It is important to point out that, at 31 December 2016, 41% of the revenues were generated by hotel assets, 22% by offices, 31% by retail premises, and the remaining 6% by industrial assets. At the end of December 2016, all hotels are leased; 82% of offices are leased; 67% of retail premises are leased; and 100% of industrial assets are leased. At 31 December 2016, the degree of occupancy of real-estate assets was 91.64%. The Gross Lettable Area (GLA) was 142,187 m2 (215 assets under management).

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

Area	Euros	
	31/12/2016	
	Income	Income (%)
Madrid	11,756,703	58.07%
Huelva	7,154,606	35.34%
Castellón	1,335,475	6.60%
Cáceres	-	-
Total	**20,246,784**	**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 remains in first position, contributing around 60% to total income, followed by Huelva with 35% and Castellón with 7%. Cáceres did not obtain any income in 2016.

As is shown in the table above, most of the Group's activity was focused on Madrid and Huelva, with 93%, with the proportion between Madrid and Huelva being 63%:37%. At the end of December 2016, 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. In addition, effective from January 2017, the premises in Castellón have become vacant and so the Company has started to market them.

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 2016 amounted to 91.64% of the floor space (sq.m.) leased, with the breakdown as follows:

Segments	% occupation	Floor area in m2 above ground level
	31/12/2016	31/12/2016
Hotels	100.00%	80,135
Offices	82.12%	26,442
Retail	67.15%	21,800
Industrial	100.00%	13,810
Total	**91.64%**	**142,187**

4. Property Investment

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

In view of the activity performed by the Company with real estate assets leased over the long term, the Directors' forecasts are positive based on the existence of long-term agreements with top-quality lessees in both the Hotel industry and the Offices, Retail and Industrial industry, which ensure the Company'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.

	2016	2015
	Days	
Average payment period to suppliers	13.70	3.84
Ratio of paid transactions	13.53	3.21
Ratio of transactions pending payment	71.82	42.15
	Euros	
Total payments made	25,276,555	935,295
Total payments pending	75,298	15,531

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

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

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

The maximum legal payment period applicable to the Company in 2016 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 2016

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

	Euros	
	31/12/2016	**31/12/2015**
Net profit (loss) attributable to Parent Company	15,682,656	9,755,906
Weighted average number of shares	4,452,197	4,452,197
Earnings per share	**3.52**	**2.19**

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

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

At the end of 2016 and 2015, the basic and diluted earnings per share matched.

The dividend per share breakdown is as follows:

	Euros	
	2016	**2015**
Gross dividend paid out to shareholders (*)	13,958,138	6,979,719
Average number of common shares in circulation	4,452,197	4,452,197
Gross dividend per share	**3.14**	**1.57**
Year-on-year variation	**100%**	

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

Pursuant to the proposed distribution of profit in 2016 to be arranged by the Directors of the Company, the dividend to be distributed in 2017 from 2016 profits will amount to €13,958,138 (€3.14 per share).

7. Acquisition of treasury shares

At 31 December 2016, the Company did not hold any treasury shares in its portfolio.

8. Research and development activities

The company does not undertake any research and development activities.

9. Main risks affecting the Group

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

a) Credit risk

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

b) Liquidity risk

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

c) Exchange rate risk

As regards the Company's exchange rate risk at 31 December 2016, it did not have any assets or liabilities in foreign currencies. Hence, there is no risk in this regard.

d) Interest rate risk

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

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 Company's main investment activity.

Other market risks to which the Company is exposed include:

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

- **Tourism risk**: a significant part of the Company's assets (mainly hotels) are connected to the tourism industry. Any 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 2017

Given the Company's activity, the Directors of the Company consider that 2017 will continue to be positive as regards the maintenance of long-term lease contract conditions and the new acquisition undertaken by the 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 Directors

At year-end 2016, 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

Following the close of the 2016 financial year and prior to the date of publishing the 2016 Annual Accounts, the following subsequent disclosures have occurred:

- On 20 January 2017, the Company took out a mortgage loan with Banca March, for the sum of €11,400,000, maturing on 1 January 2031, using the asset located at Calle Jose Abascal, 41 in Madrid as the mortgage security.
  On the aforementioned agreement, on 17 February 2017, the Company took out a financial derivative instrument for interest-rate coverage (SWAP), amounting to €8,550,000, for the period between 1 April 2019 and 1 April 2026.

- On 21 January 2017, the lease agreement for the premises located in Plaza de España, 5 (Castellón), leased to Inditex (Zara), was rescinded.

- On 7 February 2017, a building housing offices and parking spaces, located at Calle Francisco Gervás 13 on the corner of Calle Orense 62 in Madrid occupying a gross lettable surface area of 1,827 m2, was acquired. The value of the transaction came to €3,000,000, paid up front. The building, at the time of its purchase, was unlet.

- On 10 February 2017, commercial premises and two parking spaces located at Calle Goya 59 in Madrid, with a gross lettable area of 862.74 m2 were acquired for the sum of €15,250,000, paid for up front. The premises, at the time of its purchase, were unlet.

- On 6 February 2017, an agreement was signed with the tenant, Unidad Editorial S.A., corresponding to the lease agreement signed with the Company concerning the property located at Calle Pradillo 42 de Madrid, via which the majority of the property was sublet by Unidad Editorial, S.A. to Cabify until the end of the agreement in place between the Company and UNEDISA, which expires on 26 February 2019. Specifically, 1,941 m2 will be sublet from 6 March 2017 and 3,100 m2 from 6 March 2018.

13. Annual Corporate Governance Report

See **Annex A**.

Annex A. Annual Corporate Governance Report

ANNEX I

ANNUAL CORPORATE GOVERNANCE REPORT

FOR LISTED PUBLIC LIMITED COMPANIES

IDENTIFICATION DETAILS OF THE ISSUER

END DATE OF 12-MONTH PERIOD OF REFERENCE	31/12/2016

TAX ID CODE (CIF)	A87093902

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 JUAN COLOMER BERROCAL	272,314	0	6.12%
MR MARCO COLOMER BERROCAL	272,315	0	6.12%
COGEIN, S.L.	517,819	342,305	19.32%
COMPAÑÍA ADMINISTRADORA DE RECURSOS Y OBLIGACIONES, S.L.	0	222,610	5.00%

Name or company name of the indirect shareholder	Via: Name or company name of the direct shareholder	Number of voting rights
COGEIN, S.L.	GRAN VIA 34, S.A.	342,305
COMPAÑÍA ADMINISTRADORA DE RECURSOS Y OBLIGACIONES, S.L.	MULTIACTIVIDADES REUNIDAS, S.L.	222,610

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

Shareholder name or company name	Date of transaction	Description of transaction
COMPAÑÍA ADMINISTRADORA DE RECURSOS Y OBLIGACIONES, S.L.	14/12/2016	Exceeded 5% of share capital
COGEIN, S.L.	14/12/2016	Fell below 15% of share capital
JP MORGAN CHASE & CO.	16/12/2016	Fell below 3% of share capital
COGEIN, S.L.	16/12/2016	Exceeded 15% 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	1,367,732	498,360	41.91%
MR MARCO COLOMER BARRIGÓN	551,886	272,315	18.51%

Name or company name of the indirect shareholder	Via: Name or company name of the direct shareholder	Number of voting rights
MR JOSE LUIS COLOMER BARRIGÓN	PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	498,360
MR MARCO COLOMER BARRIGÓN	MR JAIME COLOMER BERROCAL	272,315

% of total voting rights held by the board of directors	60.43%

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	551,886	272,315	551,886	18.51%
MR JOSE LUIS COLOMER BARRIGÓN	1,367,732	498,360	1,367,732	41.91%
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
MR JOSE LUIS COLOMER BARRIGÓN	PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	498,360

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:

SIBLINGS

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 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
COGEIN, S.L.

Relationship type: Corporate

Brief description:

MARCO COLOMER BARRIGÓN IS THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF COGEIN, S.L. AND HAS A 26.15% SHAREHOLDING

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

Relationship type: Corporate

Brief description:

JOSE LUIS COLOMER BARRIGÓN IS A BOARD MEMBER OF COGEIN, S.L. AND HAS A 33.12% SHAREHOLDING

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

Relationship type: Corporate

Brief description:

MARCO COLOMER BERROCAL HAS A 2.34% SHAREHOLDING

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

Relationship type: Corporate

Brief description:

JUAN COLOMER BERROCAL HAS A 2.34% SHAREHOLDING IN COGEIN, S.L.

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:

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 ☒

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:

NONE

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 (*)	% total of capital social
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
NONE

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 [X]

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 [X]

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 [X]

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 [X]

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 [X]

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 shareholders' rights when the Articles of Association are amended.

In accordance with Articles 2.3 and 7.1.c of the General Shareholders Meeting Regulations, the general meeting holds the power to amend the Articles of Association and the General Meeting's own regulations at the 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:

	Attendance data				
Date of general meeting	**% in person**	**% by proxy**	**% remote voting**		**Total**
			Electronic voting	**Others**	
29/06/2015	75.56%	18.35%	0.00%	0.00%	93.91%
01/04/2016	74.64%	18.34%	0.00%	0.00%	92.98%
19/05/2016	75.56%	19.38%	0.00%	0.00%	94.94%

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 [X]

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 GENERAL SHAREHOLDERS MEETING
MR JUAN CARLOS URETA DOMINGO		Independent	DIRECTOR	02/12/2014	02/12/2014	AGREEMENT BY GENERAL SHAREHOLDERS MEETING
MS OFELIA MARÍA MARÍN-LOZANO MONTÓN		Independent	DIRECTOR	02/12/2014	02/12/2014	AGREEMENT BY GENERAL SHAREHOLDERS MEETING
MR JOSE LUIS COLOMER BARRIGÓN		Proprietary	DIRECTOR	10/06/2014	10/06/2014	AGREEMENT BY GENERAL 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

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-practising, in 1980 and as a stockbroker at the Madrid Stock Exchange in 1986, graduating top of his class. Chairman of the Spanish Institute of Financial Analysts, Chairman of the Financial Studies Foundation, Member of the Board of Directors and the Permanent Committee of the Governing Body of the Madrid Stock Exchange since 1989.

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

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 a 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 given 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 any company in the group in the last year, whether in his own name or as a major 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			
	2016	**2015**	**2014**	**2013**	**2016**	**2015**	**2014**	**2013**
Female Executive	0	0	0	N.A.	0.00%	0.00%	0.00%	N.A.
Proprietary	0	0	0	N.A.	0.00%	0.00%	0.00%	N.A.
Independent	1	1	1	N.A.	50.00%	50.00%	50.00%	N.A.
Other Non-Executive Female Executives	0	0	0	N.A.	0.00%	0.00%	0.00%	N.A.
Total:	1	1	1	N.A.	20.00%	20.00%	20.00%	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 are not affected by 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 28 July 2016 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 2015, 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 give 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:

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 JUAN CARLOS URETA DOMINGO	RENTA 4 BANCO, S.A.	CHAIRMAN
MS OFELIA MARÍA MARÍN-LOZANO MONTÓN	1962 CAPITAL SICAV, S.A.	CHIEF EXECUTIVE OFFICER
MR MARCO COLOMER BARRIGÓN	RANK INVERSIONES, SICAV, 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)	54
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

Name or company name of director	Company name of significant shareholder	Position
MR MARCO COLOMER BARRIGÓN	COGEIN, S.L.	CHAIRMAN - CHIEF EXECUTIVE OFFICER

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 JOSE LUIS COLOMER BARRIGÓN

Name or company name of the related significant shareholder:

COGEIN, S.L.

Description of relationship:

Shareholder with a 33.12% 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 26.15% interest

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

Yes ☐ No ☒

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 28 July 2016 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 2015, 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 28 July 2016 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 an external consultant). 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 an external consultant.

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	5
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:

Committe	No. of Meetings
AUDIT COMMITTEE	5
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	5
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 has/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;
- 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;
- 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;
- 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 includes 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	3	2
Number of years audited by the current audit firm / Number of years that the company has been audited (%)	50.00%	33.00%

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 [X] 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:
a) Convening and presiding over meetings of the board of directors, setting the agenda of meetings and leading discussions and debates.
c) 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 [X] 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 jeopardise the company's interests 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 [X]

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

% of proprietary directors	33.33%
% of independent directors	66.67%
% 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 compromise 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 JOSE LUIS COLOMER BARRIGÓN
No. of years chairman in post	2

APPOINTMENTS AND COMPENSATION COMMITTEE

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

% of proprietary directors	33.33%
% of independent directors	66.67%
% 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							
	2016		2015		2014		2013	
	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%	1	33.00%	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 be 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 28 July 2016 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. During 2016, no changes have been made to this committee.

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:

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.

249 (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 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 or preventive maintenance works carried out directly or by contracting third parties in order to ensure they are properly executed in all phases. It also supervises suppliers.

E.2 Identify the company's bodies responsible for setting up and implementing the Risk Management 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 COMPANY AND ITS BUSINESS SECTOR

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

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

• risks specific to the Company's business sector;
• risks specific to the Company.

A) RISKS SPECIFIC TO THE BUSINESS SECTOR

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

B) RISKS SPECIFIC TO THE COMPANY

a) The Company is managed externally by the management of Grupo Pryconsa and, therefore, is dependent on its capacity, experience and criteria.
b) Concentration of the Company's investment activity in Spain.
c) A significant part of the Company's assets are hotels and therefore, are connected to the tourism industry.
d) Risks deriving from the indebtedness of Saint Croix as a Company.
e) A significant part of total invoicing from income at the Company is linked to a limited number of large customers and assets.
f) The Company may be adversely affected by any change in tax legislation, including the Real Estate Investment Trust (SOCIMI) system, which could negatively impact the Company.
g) The requirements for preserving the status of SOCIMI may limit the capacity and flexibility of Saint Croix as a Company to make investments or repay its debts.
h) Some property transfers may lead to negative repercussions on Saint Croix as a Company in accordance with the SOCIMI system.
i) The assessment of the Company's real estate assets portfolio may not accurately and precisely reflect their actual value.
j) Risk of fluctuation in interest rates
k) Inability to precisely foresee the market prices of real estate assets and rents.
l) Risk of damage to real estate assets and losses deriving from events not covered by insurance policies.
m) A decrease in the credit rating of Saint Croix may negatively affect the Company.
n) Shareholders and Directors at the Company may experience a conflict of interests with any of the companies that form Saint Croix or a direct or indirect significant interest in a transaction that the Company 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 Company.
s) The Company'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. Notwithstanding the size of the Company and the characteristics and manner in which it goes about its business, all investment, divestment and financing activities can be analysed on an individual basis by the board of directors and the corresponding Committees, meaning that the risk level assumed is constantly assessed by the board of directors.

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

No significant risks materialised in 2016.

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 INTERNAL CONTROL OVER FINANCIAL REPORTING SYSTEM (ICFR)

Describe the mechanisms which comprise the company's internal control and risk management systems related to the internal control over financial reporting 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 control over financial reporting 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 up 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 designed to achieve the greatest efficiency and security for the Company's activity.

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

On 28 April 2016, the Board of Directors approved the Internal Securities Market Conduct Regulations created by the Audit Committee, in compliance with the provisions of Article 225.2 of Royal Legislative Decree 4/2015 of 23 October, approving the consolidated text of the Securities Market Act (hereinafter the “TRLMV”).

The objective of the Regulation is to align the behaviour of the Company, its governing bodies, employees and representatives with the rules of conduct that, as part of activities relating to the securities market, must be complied with by the aforementioned parties, as set out in the “TRLMV”, and Royal Decree 1333/2005, of 11 November, on market abuse.

As a listed company, it is the duty and intention of the Company (including the aforementioned parties) to act with maximum diligence and transparency in all its undertakings, reducing the risk of conflicts of interests to a minimum and ensuring, in summary, proper and timely information for investors, all of the above to the benefit of market integrity.

Furthermore, the Company's corporate culture and values are conveyed effectively on a daily basis. Given the size of the Company, which only employs two people, this way of conveying 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 Company's 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 Company's 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 has an accounts closure procedure, which is covered in the Procedures Manual. Its aim is to set out internal review and approval practices for the financial reports to be provided to the markets (including the annual accounts, quarterly and half-yearly reports, the Annual Corporate Governance Report and the Board Member Remuneration Report), which are to be 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. A Risk Map has been created, as part of which the processes set out below were identified, since they are deemed to have a significant impact on the Group's financial reporting:

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

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

All the risk descriptions, matrices and controls will be validated by the people holding responsibility for the processes. The Areas and Departments identified in them will 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 IT 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 Spanish New General Chart of Accounts (NPGC).

F.4.2. Mechanisms to generate and prepare financial reports with standard formats, which are be 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 control on financial reporting 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 2016, 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 he board should establish, either directly or through the Audit Committee, an objective, professional and ongoing relationship with the Company's external auditors appointed by the General Meeting, respect their independence and ensure that they are provided with all the necessary information. The Board Regulations 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.

Annual financial information has been reviewed by an external auditor before being communicated to the market.

G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

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

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

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

Complies [X] Explain [ ]

2. 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 [X]

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

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

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

Complies [X] Partially complies [ ] Explain [ ]

4. 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 website, including information relating to the way in which it is put into practice and identifying the contact persons or those responsible for carrying it out.

Complies [X] 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 website about this exclusion as referred to under company law.

Complies [X] Partially complies [ ] Explain [ ]

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

a) Report on the independence of the auditor.

b) Reports on the work of the audit and appointments and remuneration committees.

c) Audit committee report on related-party transactions.

d) Report on the corporate social responsibility policy.

Complies [ ] Partially complies [ ] Explain [X]

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

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

Complies [ ] Explain [X]

The Company does not believe that their live broadcasting is mandatory, nor has the board of directors received any suggestion to this 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 [X] Partially complies [ ] Explain [ ]

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

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

Complies [X] Partially complies [ ] Explain [ ]

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

    a) Immediately circulates such supplementary points and new proposals for resolution.

    b) Publicises the attendance card form or vote delegation or remote voting form with the amendments needed so that the new points on the agenda and alternative proposals for resolution may be voted on under the same terms as those proposed by the board of directors.

    c) Puts all such points or alternative proposals to the vote and applies the same voting rules as those for the points made by the board of directors including, in particular, the assumptions or deductions on the outcome of the vote.

    d) Report, after the General Shareholders Meeting, the breakdown of the vote on such supplementary points or alternative proposals.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

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

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

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

    And that in pursuing company interests, apart from respecting the laws and regulations and behaviour based on good faith, ethics and respect for commonly accepted uses and good practice, it seeks to reconcile 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 [X] Partially complies [ ] Explain [ ]

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

Complies [X] Explain [ ]

14. 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 [X] 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 [X] Partially complies [ ] Explain [ ]

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

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 [X] Explain [ ]

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

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

Complies [X] Explain [ ]

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

a) Professional 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 [X] Partially complies [ ] Explain [ ]

19. That the annual corporate governance report, after verification by the appointments committee, explains the reasons why proprietary directors have been appointed on behalf of shareholders with shareholdings of less than 3% in the company capital and the reasons for ignoring, if applicable, formal requests for presence on the Board from shareholders with shareholdings equal to or greater than others who have successfully proposed proprietary directors.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

20. Proprietary directors should tender their resignation once the shareholder they represent transfers its entire interest in the company. They should also do so in the relevant number where such a shareholder reduces its interest in the company down to a level that would require a reduction in the number of proprietary directors.

Complies [X] Partially Complies [ ] Explain [ ] Not applicable [ ]

21. The board of directors does not propose the removal of any independent director before the statutory period for which the director has been appointed concludes, unless the board of directors has just cause, based on a report by the appointments committee. In particular, it will be understood that just cause exists where the director takes up new posts or undertakes new obligations which prevent him/her from dedicating the time needed to perform the duties of the post of director, or failing to carry out the duties inherent to the post or he/she falls into any of the circumstances which cause him/her to lose his/her independent status, in accordance with the provisions of applicable law.

The removal of independent directors may also be proposed as a result of mergers, take-overs or other similar corporate actions that change the structure of the company's capital when such changes in the structure of the board of directors obey the criteria of proportionality indicated in Recommendation 16.

Complies [X] Explain [ ]

22. 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 [X] Partially complies [ ] Explain [ ]

23. All of the directors should clearly state their opposition if they consider that a proposed decision submitted to the board of directors may be contrary to the company's interests.

In particular, independent and other directors who are not affected by any potential conflict of interest should oppose decisions that may be detrimental to shareholders not represented on the board of directors.

Where the board of directors passes significant or repeated decisions regarding which a director has expressed serious reservations, 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 [X] 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 [X] Partially Complies [ ] Explain [ ] Not applicable [ ]

25. That the appointments committee ensures that non-executive directors have sufficient time available to perform their duties properly.

    That the company rules set out the maximum number of company boards that its directors may belong to:

Complies [X] 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 [X] Explain [ ]

The board of directors meets often enough to be able to perform its duties effectively. In 2016, it met 5 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 [X] Partially complies [ ] Explain [ ]

28. When directors or the secretary raise concerns about a proposal or, in the case of directors, about the performance of the company, and such concerns are not resolved by the board of directors, these concerns are recorded in the minutes at the behest of the director raising them.

Complies [X] Partially Complies [ ] Explain [ ] Not applicable [ ]

29. The company sets up appropriate channels so that directors may obtain the advice needed to perform their duties, including, if deemed fit in the circumstances, external advice payable by the company.

Complies [X] Partially complies [ ] Explain [ ]

30. Independently of the knowledge demanded from the directors to carry out their duties, the companies also offer directors with the opportunity to participate in knowledge refresher programmes where the circumstances so require.

Complies [X] Explain [ ] Not applicable [ ]

31. The agenda at meetings clearly shows the points regarding which the board of directors must make a decision or adopt a resolution so that the directors can study them or gather the information needed for their adoption beforehand.

    Where, exceptionally, 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 [X] Partially complies [ ] Explain [ ]

32. Directors are periodically informed about changes in shareholdings and the opinion that significant shareholders, investors and ratings agencies have about the company and its group.

Complies [X] Partially complies [ ] Explain [ ]

33. The chairman, being responsible for the effective functioning of the board of directors, in addition to carrying out the duties that are legally and statutorily attributed thereto, prepares and submits a programme of dates and matters to be addressed to the board of directors; organises and coordinates the periodic assessment of the board and, if necessary, the company's Chief Executive Officer; ensures that sufficient time is given to the discussion of strategic matters, and agrees and reviews knowledge refresher programmes for each director where the circumstances so require.

Complies [X] Partially complies [ ] Explain [ ]

34. Where there is a coordinating director, the articles of association or board of directors' regulations offer him/her the following powers, in addition to the powers provided by the law: chair the board of directors in the absence of the chairman and vice-chairmen, if any; speak up for non-executive directors concerns; maintain contact with investors and shareholders to establish their points of view for the purposes of forming an opinion on their concerns, particularly in relation to the company's corporate governance; and coordinate the chairman's succession plan.

Complies [X] 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 [X] Explain [ ]

36. Once a year the board of directors, in plenary session, assesses and adopts, as necessary, an action plan correcting shortcomings detected in relation to:

a) The quality and efficiency of the board of directors' work.

b) The operation and composition of its committees.

c) The diversity of the composition and powers of the board of directors.

d) The performance of the Chairman of the board of directors and the Chief Executive Officer of the company.

e) The performance and contribution of each director, paying particular attention to those responsible for the various committees of the board.

Assessment of the various committees will be based on the report that they submit to the board of directors and, with respect to the board, the report submitted by the appointments committee.

Every three years, the board of directors will be aided in carrying out the assessment by an external consultant, whose independence will be verified by the appointments committee.

The business relationship of the consultant, or any company in its group, with the company, or any company in its group, must be broken down in the annual corporate governance report.

The process and the areas assessed will be described 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 ☐

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) Supervising 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 focused 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 X 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 [X] 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 [X] 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) Ensuring the proper functioning of the risk control and management systems and, in particular, that all significant risks that may affect the company are adequately identified, managed and quantified.

b) Actively taking part in drawing up risk strategy and in important decisions on its management.

c) Ensuring that risk control and management systems suitably mitigate risks within the framework of the policy defined by the board of directors.

Complies [X] 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 [X] Partially complies [ ] Explain [ ]

48. Companies with high capitalisation have separate Appointments and Compensation Committees.

Complies [ ] Explains [ ] Not applicable [X]

49. The appointments committee consults the Chairman of the board of directors and the Chief Executive Officer of the company, particularly regarding issues concerning executive directors.

And that any director can request the appointments committee to take into consideration potential candidates to cover any director vacancies, if, in their opinion, they deem the candidate appropriate.

Complies [X] Partially complies [ ] Explain [ ]

50. The compensation committee carries out its functions independently and, apart from the functions allotted to it by the law, also carries out the following:

   a) Proposing the basic conditions of contracts for senior management to the board of directors.

   b) Monitoring compliance with the remuneration policy established by the company.

   c) Periodically reviewing the remuneration policy applicable to directors and senior management, including systems of remuneration with shares and their application, in addition to ensuring that individual remuneration is proportionate to that paid to the company's other directors and senior management.

   d) Ensuring that possible conflicts of interest do not affect the independence of the external advice given to the committee.

   e) Verifying the information regarding directors' and senior management's remuneration contained in the various corporate documents, including the annual report on directors' remuneration.

Complies [X] Partially complies [ ] Explain [ ]

51. The Compensation Committee consults the chairman and the Chief Executive Director of the company, particularly regarding issues concerning executive directors.

Complies [X] Partially complies [ ] Explain [ ]

52. The rules on the composition and functioning of the supervision and control committees are contained in the board of directors' rules and are consistent with those applicable to the committees that are legally mandatory in accordance with the above-mentioned recommendations, including:

   a) That they are exclusively made up of non-executive directors, with a majority of independent directors.

   b) The chairmen are independent directors.

   c) The board of directors appoints the members of these committees taking into account the knowledge, skills and experience of the directors and the tasks of each committee; it discusses their proposals and reports, and during the first plenary session following their meetings, gives account of their activities which responds to the work carried out;

   d) The committees should be able to seek external advice whenever they see fit to perform their duties.

   e) Minutes of their meetings are drawn up and made available to all the directors.

Complies [X] 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 committee 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) Supervising compliance and internal codes of conduct, as well as the company's rules of corporate governance

b) Supervising the communications strategy and relationship with shareholders and investors, including small and medium shareholders.

c) Periodically assessing 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) Reviewing the company's corporate responsibility policy, ensuring that it is directed at creating value.

e) Monitoring corporate social responsibility strategy and practices and assessing the level of compliance therewith.

f) Supervising and assessing relationship processes with the various stakeholders.

g) Assessing all matters relating to the company's non-financial risks including operational, technological, legal, social, environmental, political and reputational risks.

h) Coordinating the process for non-financial and diversity information reporting in accordance with applicable regulations and international reference standards.

Complies [X] 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 safeguard integrity and honour.

Complies [ ] Partially complies [ ] Explain [X]

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 [X]

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 [X] Explain [ ]

57. Variable remuneration linked to company and personal performance is limited to executive directors, in addition to remuneration with shares, options or rights over shares or instruments referenced to share value and long-term savings systems such as pension plans, retirement plans or other social benefits systems.

Giving shares by way of remuneration to non-executive directors may be 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 [X]

Article 21 of the Articles of Association do not state that variable remuneration may only be offered to Executive Directors: Article 21.3 establishes that in addition to the remuneration system set out in the preceding sections (allowances, fixed and variable remuneration), Directors may be remunerated in the form of shares, or by option rights over shares, in addition to remuneration 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 [X] 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, in fact, 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 2016, no relevant 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 23/02/2017.

State whether any directors either voted against or abstained from voting with regard to the approval of this Report.

Yes ☐ No ☒

Directors' Responsibility Statement

For the purposes of the provisions of Article 8 of Royal Decree 1362/2007, of 19 October, the members of the Board of Directors at the Company hereby confirm that as far as we are aware, the Financial Statements as at 31 December 2016 for SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A. drafted in line with the applicable accounting principles, faithfully reflect the equity, financial situation and results of the issuer taken as a whole, and that the Management Report as at 31 December 2016 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, 23 February 2017

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)

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

Diligence in Drawing Up the Annual Accounts

The drawing up of these annual accounts and this management report was approved by the Board of Directors at its meeting held on 23 February 2017 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 Directors of the Company, do hereby state that no item in the 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, 23 February 2017

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)