Half-Year Consolidated Financial Statements

As at 30 June 2012

9, Boulevard Prince Henri
L 1724 Luxembourg
R.C.S. Luxembourg: B 165 103

SAINT CROIX
HOLDING IMMOBILIER, S.A.

Interim Consolidated Financial Statements

As at 30 June 2012

SAINT CROIX HOLDING IMMOBILIER, S.A.

Saint Croix Holding Immobilier S.A.
Consolidated statement of financial position at 30 June 2012
(Euros)

ASSETS	Notes	30-06-12	31-12-11	EQUITY AND LIABILITIES	Notes	30-06-12	31-12-11
NON-CURRENT ASSETS		**278.843.482**	**242.581.686**	**EQUITY**		**267.414.827**	**263.175.649**
Investment property	5	214.317.012	216.049.230	**SHAREHOLDERS' EQUITY**	9		
Loans to related companies	7	63.376.454	25.436.295	Share capital		267.577.040	267.577.040
Financial assets	7	1.150.016	1.096.161	Reserves		-4.401.391	-9.685.415
				Profit for the year		4.239.178	5.284.024
				NON-CURRENT LIABILITIES		**13.909.610**	**14.518.066**
				Grants related to assets	10	1.425.995	1.497.312
CURRENT ASSETS		**4.861.133**	**36.487.229**	Other financial liabilities	11	12.145.300	12.669.533
Inventories		-	-	Deferred tax liabilities	13	338.315	351.221
Trade and other receivables		1.347.634	811.672	**CURRENT LIABILITIES**		**2.380.178**	**1.375.200**
Current tax assets	13	3.266.106	2.999.398	Other payables		448.650	6.109
Loans to related companies	7	1.320	9.785.856	Payables to related companies	16	-	-
Other financial assets		-	100	Trade and other payables		-	308.540
Prepayments and accrued income		-	26.697	Current tax liabilites	13	651.147	1.016.834
Cash and cash equivalents		246.073	22.863.507	Accounts payable to public authorities	13	1.280.381	43.717
TOTAL ASSETS		**283.704.615**	**279.068.915**	**TOTAL EQUITY AND LIABILITIES**		**283.704.615**	**279.068.915**

The accompanying Notes 1 to 19 are an integral part of the half-year consolidated financial statements at 30 June 2012

Saint Croix Holding Immobilier S.A.
Consolidated statement of comprehensive income for the period of six months ended 30 June 2012
(Euros)

	Notes	30-06-12	31-12-11
CONTINUING OPERATIONS			
Revenue	**14.1**	7.493.718	18.346.386
Procurements	**-**	-312.323	-793.074
Staff and employee benefits costs	**14.3**	-51.505	-1.339.141
Other operating expenses	**14.2**	-356.424	-1.718.153
Depreciation and amortisation charge	**5**	-2.541.171	-4.855.178
Allocation to profit or loss of grants related to non-financial non-current assets	**10**	84.223	175.275
Impairment and gains or losses on disposals of non-current assets	**5**	-	-4.043.318
Other tax		-276	-
PROFIT FROM OPERATIONS		**4.316.242**	**5.772.797**
Finance income		721.146	908.360
Finance costs		-145.488	-57.155
FINANCIAL PROFIT		**575.658**	**851.205**
PROFIT BEFORE TAX		**4.891.900**	**6.624.002**
Income tax	**13**	-652.722	-1.339.978
PROFIT FOR THE YEAR		**4.239.178**	**5.284.024**
Other comprehensive income		-	-
Total comprehensive income for the year attributable to equity holders of the Company		**4.239.178**	**5.284.024**

Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the year (expressed in EUR per Share) (6 months in 2012 and 12 months in 2011)	**15**	**0,95**	**1,28**

The accompanying Notes 1 to 19 are an integral part of the half-year consolidated financial statements at 30 June 2012

Saint Croix Holding Immobilier S.A.

Consolidated statement of changes in equity for the period of six months ended 30 June 2012

(Euros)

		Reserves				
	Share capital	Legal reserve	Voluntary reserve	Consolidation reserve	Profit for the year	Total
2011 ENDING BALANCE	**267.577.040**	**1.769.526**	**1.592.573**	**(13.047.514)**	**5.284.024**	**263.175.649**
Result of the year	-	-	-	-	**4.239.178**	**4.239.178**
Transactions with shareholders	-	-	-	-	-	-
- Capital increase	-	-	-	-	-	-
- Dividends paid	-	-	-	-	-	-
Other changes in reserves	-	**665.871**	**599.285**	**4.018.868**	**(5.284.024)**	-
- Consolidation reserve	-	-	-	4.018.868	(4.018.868)	-
- Legal reserve	-	665.871	-	-	(665.871)	-
- Voluntary reserve	-		599.285	-	(599.285)	-
June 2012 ENDING BALANCE	**267.577.040**	**2.435.397**	**2.191.858**	**(9.028.646)**	**4.239.178**	**267.414.827**

The accompanying Notes 1 to 19 are an integral part of the half-year consolidated financial statements at 30 June 2012

Saint Croix Holding Immobilier S.A.
Consolidated statement of cash flow for the period of six months ended 30 June 2012
(Euros)

	Notes	Total 2012 (6 months)	Total 2011
CASH FLOWS FROM OPERATING ACTIVITIES (I)		**6.925.099**	**10.585.401**
Profit/Loss for the year before tax		**4.891.900**	**6.624.002**
Adjustments for:			
- Depreciation and amortisation charge		2.541.171	4.855.178
- Impairment and gains or losses on disposals of non-current assets		-	4.043.318
- Changes in provisions (commercial credit)		276	43.122
- Recognition of grants in profit or loss		-	(175.275)
- Finance income		(721.236)	(908.360)
- Finance costs		145.488	57.155
- Other income and expenses		(84.223)	-
Changes in working capital			
- Inventories		-	62.896
- Trade and other receivables		(778.053)	(2.706.035)
- Current prepayments and accrued income		(72.951)	213.973
- Trade and other payables		1.442.328	(1.020.493)
- Other current financial assets		-	(22.106)
			-
Other cash flows from operating activities			-
- Interest paid		(145.488)	(57.155)
- Interest received		721.146	908.360
- Income tax paid		(1.015.259)	(1.333.179)
- Other amounts received (Paid)		-	-
CASH FLOWS FROM INVESTING ACTIVITIES (II)		**(862.808)**	**(60.576.671)**
Payments due to investment			
- Related companies		-	(1.273.165)
- Other non-current financial assets		(53.855)	(36.704)
- Investment property		(808.953)	(19.766.833)
- Investment in subsidiaries		-	(39.499.969)
CASH FLOWS FROM FINANCING ACTIVITIES (III)		**(28.679.725)**	**72.628.432**
Proceeds and payments relating to equity instruments			
- Proceeds from issue of equity instruments		-	82.396.492
- Grants recognised in equity		-	33.920
Dividends and returns on other equity instruments paid			
- Dividends		-	(6.172.651)
Proceeds and payments relating to financial liability instruments			
- Payments for loans granted to Group companies and associates		(28.155.592)	(13.413.049)
- Repayment of borrowings from Group companies and associates			(1.505.762)
- Bank borrowings		(555.233)	10.994.817
- Other financial liabilities			63.641
- Other payables		31.100	231.024
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		**(22.617.434)**	**22.637.162**
		-	-
Cash and cash equivalents at beginning of year		**22.863.507**	**226.345**
Cash and cash equivalents at end of year		**246.073**	**22.863.507**

The accompanying Notes 1 to 19 are an integral part of the half-year consolidated financial statements at 30 June 2012

Notes to the consolidated financial statements for the period of six months ended 30 June 2012

Note 1 - General information

Saint Croix Holding Immobilier S.A. (hereafter “the Company”) and its subsidiaries (together “the Group”) is a real estate group owning a portfolio of real estate in Spain.

The Company is a “Société Anonyme” incorporated on 1 December 2011 for an unlimited period of time an registered in Luxembourg under number B 165 103. The registered office of the Company is established at 9, Boulevard Prince Henri, L 1724 Luxembourg.

The main activity of the Company is the holding of equity interests in Luxembourg and/or foreign Company(ies) and mainly in Spanish Real Estate Investments Companies (Spanish acronym: SOCIMI) or in other companies, whether resident or not in Spain, which have a corporate purpose similar to those of Spanish SOCIMIs and which are subject to earnings distribution requirements that are similar to that established by legal or statutory policy for Spanish SOCIMIs. These SOCIMIs are to be resident in Spain and covered by the special tax regime under the conditions established in the Spain Law 11/2009 of 26 October.

In addition, as a complementary activity, the Company may further guarantee, grant loans or otherwise assist the Spanish SOCIMIs in which it holds a direct or indirect participation or which form part of the same group of companies as the Company.

The financial year begins on 1 January and ends on 31 December at of each year. Nevertheless, the interim financial information included in this report comprises the period of six months ended 30 June 2012.

All the shares of the Company, (4.452.197 shares) are admitted to trading on the Luxembourg Stock Exchange since 21 December 2011.

Note 2 - Significant accounting policies

2.1 Basis of preparation

2.1.1 Statement of compliance

The interim consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union by the Company’s Management at the Board of Directors Meeting held on 19 December 2011.

2.1.2 Income and cash flow statement

The Group has elected to present a single statement comprehensive income and presents its expenses by nature.

The Group reports cash flows from operating activities using the indirect method.

2.1.3 Preparation of the consolidated financial statements

The interim consolidated financial statements have been prepared on a going concern basis, applying a historical cost convention.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the interim consolidated financial statements are disclosed in Note 3.

These estimates relate basically to the following:

- The assessment of possible impairment losses on certain assets;
- The useful life of property assets;
- The calculation of provisions;
- The estimation of the corporate income tax.

Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the consolidated income statement for the years affected.

(a) The Group has adopted the following new and amended IFRS:

- IAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies which items should be included in the statement of changes in equity. The amendment also clarifies that, for each component of equity, the analysis of other comprehensive income by item may be presented either in the statement of changes in equity or disclosed within the notes. In addition, the amount of dividends recognized as distributions to owners during the period and the related amount per share are now disclosed either in the statement of changes in equity or in the notes and can no longer be presented in the income statement;
- IAS 24 (Revised in November 2009), 'Related Party Disclosures'. The revised standard clarifies the definition of a related party and eliminates inconsistencies from the definition. Additionally, the standard provides a partial exemption from the disclosure requirements for

transactions with government-related entities. The adoption of the revised standard did not have any impact on the related party disclosure of the Group.

(b) New and amended standards mandatory for financial year but currently not relevant to the Group.

- 'Improvement to IFRS', the improvement project contains numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvement to IFRS' comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. Most of the amendments are effective for annual periods. No material changes to accounting policies arose as a result of these amendments;
- IFRS 7 'Financial instruments: Disclosures'. The amendment of IFRS 7 emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. Adoption of this amendment did not have a significant impact on the consolidated financial statement of the Group;

(c) The following new and amended standards have been issued and are mandatory for the group's accounting and are expected to be relevant to the Group:

- Amendment to IAS 1, 'Presentation of items of other comprehensive income'. In June 2011, the IASB issued 'Presentation of items of other comprehensive income' (amendments to IAS 1). The amendments improved the consistency and clarity of the presentation of items of other comprehensive income (OCI). The amendments also highlighted the importance that the Board places on presenting profit or loss and OCI together and with equal prominence. The amendments issued in June 2011 retain the requirement to present profit and loss and OCI together, but focus on improving how items of OCI are presented. The main change resulting from the amendments was a requirement for entities to group items presented in OCI on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments did not address which items are presented in OCI. The Group is yet to assess the full impact of the IAS 1 amendments and intends to adopt the amendments to IAS 1 no later than the accounting period beginning on 1 January 2013;
- IFRS 9, 'Financial instruments' - classification and measurement IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its

financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements;

The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The standards also results in one impairment method replacing the numerous impairment methods in IAS 39 that arise from the different classification categories. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on 1 January 2013.

- IFRS 10 'Consolidated Financial Statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on 1 January 2013;
- IFRS 12 'Disclosure of Interests in Other Entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on 1 January 2013;
- IFRS 13 'Fair value measurement' IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Group is yet to assess IFRS 13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on 1 January 2013.

(d) Early adoption of standards

The Group did not early adopt any new amended standards during the first six months of 2012.

2.1.4 Common control using predecessor accounting

The Company was incorporated on 1 December 2011 by means of a contribution in kind, through which the shareholders contributed all their shares in the subsidiaries mentioned below to the Company.

As a result of the shareholder reorganisation described above, the Company owns 100% of the shares of the following subsidiaries:

- Compania Ibérica de Bienes Raices 2009, SOCIMI, S.A. ("CIBRA");
- Compania Ibérica de Rentas Urbanas 2009, SOCIMI, S.A. ("CIRU").

The above transactions fall within the definition of a common control transaction which is defined within IFRS as being a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination, and that such control is not transitory.

IFRS 3 which deals with business combinations does not contain any specific guidance on accounting for common control transactions. In the absence of such guidance, the Board of Directors has proceeded to select an appropriate accounting policy using the hierarchy described in paragraphs 10 - 12 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, and has considered the pronouncements of other standard-setting bodies.

As a consequence; and in order to ensure consistency and comparability of the financial statements; the Board of Directors has elected to apply the pooling method and has hence used predecessor accounting for the purposes of accounting for this business combination in the consolidated financial statements as at and for the year ended 31 December 2011.

This treatment had the following implications in the consolidated financial statements as at 31 December 2011 (reflected on the comparative figures of the interim consolidated financial statements as at and for the period ended 30 June 2012:

- Full consolidation of the financial information of the controlled subsidiaries prepared under IFRS;
- The consolidated financial statements were prepared as a continuation of the combined financial statements of CIRU and CIBRA as if the Company had been in existence throughout the reported periods presented and adjusting the Company's share capital to reflect the legal share capital;
- The consolidated profit and loss account for the period ended 31 December 2011 comprises the profit and loss accounts of the previously separate entities (the subsidiaries) combined from the beginning of the period until 1 December 2011 (the date of the incorporation of the company, by means of the contribution in kind). From 1 December 2011 until 31 December the consolidated profit and loss account comprises the profit and loss accounts of the Company and its subsidiaries;
- No new goodwill arose, and the consolidated financial position was presented as of the statement of balance sheet and other financial information of the company and its subsidiaries as at the beginning of the period as though the assets and liabilities had been transferred at that date;

- The following adjustment was required in order to reflect the common control presentation of the consolidated financial statements:
  - Elimination of the participation of the Company in the subsidiaries under common control. The remaining difference is recorded in equity as reserve.
  - Transactions and balances with subsidiaries have also been eliminated accordingly.

Note 3 - Accounting policies and measurement basis

The principal accounting policies applied in the preparation of these interim consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

3.1 Investment property

"Investment Property" in the consolidated balance sheet reflects the carrying amounts of the land, buildings and other structures held either to earn rentals or for capital appreciation as a result of future increases in market prices.

These assets are initially recognized at acquisition or production cost, less any accumulated depreciation and any accumulated impairment losses.

Subsequent to initial recognition, investment property is measured using cost model.

The Group depreciates its investment property by the straight-line method at annual rates based on the years of estimated useful life of the assets, the detail being as follows:

	Years of Estimated Useful Life
Buildings	50
Plant	15-20
Machinery	8
Other fixtures	20
Tools and furniture	10
Other items of property, plant and equipment	6-10

As indicated above, the Group depreciates its assets based on the years of estimated useful life detailed above, taking into consideration as a basis of depreciation the historical cost values of the assets, increased by any new investments when they lead to an increase in the assets' added value or estimated useful life.

As required by IAS 40, the Group periodically determines the fair value of its investment property items. Fair value is taken to be the amount at which two knowledgeable parties would be willing to perform a transaction. This fair value is determined taking as reference values the appraisals undertaken by independent valuers each year, so that at year-end the fair value reflects the market conditions of the property investments at that date. The Group does not use to update theses valuations during the year unless there is an obvious evidence of impairment.

The method used to calculate the aforementioned fair value is as follows:

Impairment of investment property

Whenever there are indications of impairment, the Group tests the investment property for impairment to determine whether the recoverable amount of the assets has been reduced to below their carrying amount.

Recoverable amount is the higher of fair value less costs to sell and value in use.

The Group commissioned an appraisal of its properties from valuations of property assets from independent valuers to determine their value at the end of each year. These valuations are performed on the basis of the lower of the replacement value and the market rental value (which consists of capitalising the net rental income from each property and discounting the future flows). The fair value was calculated using discount rates acceptable to a prospective investor and in line with those used in the market for properties of similar characteristics in similar locations. The valuation was performed in accordance with the applicable Appraisal and Valuation Standards pursuant to Ministry of Economy Order ECO 805/2003.

Where it is necessary to recognise an impairment loss of a cash-generating unit, the carrying amount of the cash-generating unit's assets is reduced to the limit of the higher value between the following: fair value less costs to sell and value in use.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized as income.

3.2 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Operating leases

Lease expenses from operating leases are recognized in income statement on an accrual basis.

Also, the acquisition cost of the leased asset is presented in the consolidated balance sheet according to the nature of the asset, increased by the costs directly attributable to the lease, which are recognized as an expense over the lease term, applying the same method as that used to recognise lease income.

A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

Properties leased out under operating leases are included in investment property in the consolidated balance sheet.

Rental income receivable from operating leases is recognized on a straight line basis over the term of the lease.

The Group does not hold any assets under finance leases.

3.3 Financial instruments

3.3.1 Financial assets

Classification

All of the Group's financial assets are classified under "Loans and Receivables" and consist of financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Group's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.

Initial recognition

Financial assets are initially recognized at the fair value of the consideration given, plus any directly attributable transaction costs.

Subsequent measurement

"Loans and Receivables" are measured at amortised cost less provision for impairment.

At least at each reporting date the Group tests financial assets not measured at fair value for impairment. Objective evidence of impairment is considered to exist when the recoverable amount of the financial asset is lower than its carrying amount. When this occurs, the impairment loss is recognized in the consolidated income statement.

In particular, the Group calculates valuation adjustments relating to trade and other receivables by recognising annual impairment losses on balances of a certain age or whose circumstances reasonably support their classification as doubtful debts.

The Group derecognises a financial asset when the rights to the cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership of the financial asset have also been transferred.

However, the Group does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received in transfers of financial assets in which substantially all the risks and rewards of ownership are retained.

3.3.2 Financial liabilities

Financial liabilities include accounts payable by the Group that have arisen from the purchase of goods or services in the normal course of the Group's business and those which, not having commercial substance, cannot be considered to be derivative financial instruments.

Accounts payable are initially recognized at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These liabilities are subsequently measured at amortised cost.

The Group derecognises financial liabilities when the obligations giving rise to them cease to exist.

3.3.3 Classification of balances as current and non-current

Current assets are assets associated with the normal operating cycle, which in general is considered to be one year; other assets which are expected to mature, be disposed of or be realised within twelve months from the end of the reporting period and cash and cash equivalents. Assets that do not meet these requirements are classified as non-current assets.

Similarly, current liabilities are liabilities associated with the normal operating cycle and, in general, all obligations that will mature or be extinguished at short term. All other liabilities are classified as non-current liabilities.

3.3.4 Provisions and contingent liabilities

The Group's financial statements include all the material provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognized in the consolidated financial statements, but rather are disclosed, as required by IAS 37.

Provisions, which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are reviewed and adjusted at the end of each reporting period, are used to cater for the specific obligations for which they were originally recognized. Provisions are fully or partially reversed when such obligations cease to exist or are reduced.

In the preparation of the consolidated financial statements, the Management drew a distinction between:

- Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain as to its amount and/or timing will be required to settle the obligations; and
- Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group.

The consolidated financial statements include all the provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognized in the consolidated financial statements, but rather are disclosed, unless the possibility of an outflow in settlement is considered to be remote.

3.3.5 Income tax

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

The income tax expense is recognized in the consolidated income statement, unless it arises as a consequence of a transaction, the result of which is recorded directly in equity, in which case the income tax expense is also recognized in equity.

The income tax expense for the year is calculated on the basis of taxable profit for the year. The taxable profit differs from the net profit reported in the consolidated income statement because it excludes income and expense items that are taxable or deductible in other years and also excludes items that will never be taxable or deductible. The Group's liability for current income tax is calculated using tax rates which have been approved at the consolidated balance sheet date.

Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carry forwards from prior years effectively offset in the current year reduce the current income tax expense.

Deferred tax assets and liabilities are the amounts expected to be recoverable or payable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax bases used in calculating the taxable profit. They are recognized using the balance sheet liability method and are quantified at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax assets are recognized to the extent that it is considered probable that the Group will have taxable profits in the future against which the deferred tax assets can be utilised.

The deferred tax assets and liabilities recognized are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability.

The special tax regime of the subsidiaries CIBRA and CIRU (REITs regime) is based on the application of a 19% income tax charge provided that they meet certain requirements. Among these, it is important to note the need for at least 80% of their assets to consist of either urban properties earmarked for lease and taken into full ownership or investments in companies that meet the same investment and profit distribution requirements, whether Spanish or foreign, whether listed or not on organised markets. Also, these entities' main sources of revenue must be the property market, whether through rent, the subsequent sale of properties after a minimum rental period or from income from investments in entities with similar characteristics. However, taxes are accrued in proportion to the dividends distributed by the subsidiaries. Dividends received by the Group are tax-exempt, unless the recipient is an individual subject to income tax or a permanent establishment of a foreign entity, in which case a tax credit will be taken on the gross tax payable such that the income will be taxed at the rate applicable to the shareholder. However, all other income will not be taxed provided that it is not distributed to shareholders.

3.3.6 Revenue and expense recognition

Revenue and expenses are recognized on an accrual basis.

Specifically, revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Rental income is recognized on an accrual basis and incentives and the initial lease costs are allocated to income on a straight-line basis.

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial assets to the asset's carrying amount.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences. Where discounting is used, adjustments made to provisions are recognized as interest cost on an accrual basis.

3.3.7 Termination benefits

Under current legislation in Spain, the subsidiaries CIRU and CIBRA are required to pay termination benefits to employees terminated under certain conditions. Therefore, termination benefits that can be reasonably quantified are recognized as an expense in the year in which the decision to terminate the employment relationship is taken and valid expectations are created on the part of third parties. At 30 June 2012, no terminations were expected to make it necessary to recognize a provision in this connection.

3.3.8 Statement of cash flows

The following terms are used in the statement of cash flows with the meanings specified:

- Cash flows: inflows and outflows of cash and cash equivalents;
- Operating activities: the principal revenue-producing activities of the Group and other activities that are not investing or financing activities;
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents;
- Financing activities: activities that result in changes in the size and composition of the Group's equity and borrowings.

For the purposes of preparing the statement of cash flows, "Cash and cash equivalents" were considered to be cash, demand deposits and highly liquid short-term investments that can be easily realized in cash and are not subject to significant changes in value.

3.3.9 Grants, donations or gifts and legacies received

The Group measures grants at the fair value of the amount or the asset received by the Group, based on whether or not they are monetary grants, and they are taken to income in proportion to the period depreciation taken on the assets for which the grants were received or, where appropriate, on disposal of the asset or on the recognition of an impairment loss, except for grants received from shareholders or owners, which are recognized directly in equity and do not give rise to the recognition of any income.

3.3.10 Borrowing costs

Borrowing costs are charged to consolidated income statement in the period in which they are incurred.

3.3.11 Profit from operations

Profit from operations is presented before finance investment income and finance costs.

3.3.12 Related party transactions

The Group performs all its transactions with related parties on an arm's-length basis. Also, the transfer prices are adequately supported and, therefore, the Group's Management considers that there are no material risks in this connection that might give rise to significant liabilities in the future.

3.3.13 Costs relating to issuing and equity transactions

Costs related to the issuing costs and equity transactions expenses are classified in equity as consolidation reserve.

Note 4 - Segmental information

4.1 Basis of segmentation

For investment property, discrete financial information is provided on a property-by-property basis to the board of Directors, which is the chief operating decision maker. Consequently, each investment property is viewed as an operating segment.

The majority of the revenue generated by the investment properties relates to rental income, with a portion of the current period income derived in the form of management services, relating to Riu Atlántico Hotel, as reported under Note 5 "Investment property".

The investment properties, as disclosed under Note 5 "Investment Property", are located in Spain.

Within Spain, 40% of the investment property activities are located in Isla Canela (Huelva), 51% in Madrid, 7% in Castellón and 2% in Cáceres.

The following table shows the geographical breakdown of rental revenue and total assets, as reported under Note 5 "Investment property".

Euro	Revenues 2012 (six months)	%	Total assets 30 June 2012 (net book value per property)
Barceló Isla Canela	970.493	12,95%	21.484.519
Riu Atlántico Hotel	257.943	3,44%	29.995.298
Iberostar Isla Canela	1.033.217	13,79%	21.239.160
Playa Canela	505.000	6,74%	14.291.996
Selección Isla Canela Golf	102.859	1,37%	3.749.671
Marina Isla Canela Shopping Center	121.547	1,62%	3.720.278
Rental Revenues in Huelva	**2.991.059**	**39,91%**	**94.480.922**
Cibeles Hotel	566.326	7,56%	19.749.076
Premises at Gran Vía, 34	1.241.099	16,56%	20.689.275
Sol Meliá Hotel, Atocha	869.245	11,60%	28.955.003
Building at c/Pradillo, 42	733.122	9,78%	16.298.202
Industrial building at c/Albalá, 7	112.413	1,50%	2.518.788
Apartments at Gran Vía, 1	155.897	2,08%	9.390.444
Premises c/Pinar Chamartin	48.000	0,64%	971.352
Premises c/Rutilo	40.448	0,54%	1.199.033
Premises c/Dulcinea	56.779	0,76%	1.281.904
Rental Revenues in Madrid	**3.823.329**	**51,02%**	**101.053.077**
Premises c/San Antón 25 and 27	137.667	1,84%	3.705.875
Rental Revenues in Cáceres	**137.667**	**1,84%**	**3.705.875**
Premises Pza. España	541.663	7,23%	15.077.138
Rental Revenues in Castellón	**541.663**	**7,23%**	**15.077.138**
Total Revenues	**7.493.718**	**100,00%**	**214.317.012**

Note 5 - Investment property

The changes in “Investment Property” in the balance sheet during the first six months of 2012 and the most significant information affecting this line item were as follows (in euro):

2012 (six months):

	EUR		
Investment property	**Balance as at 31.12.11**	**Additions**	**Balance as at 30.06.12**
Cost: Properties for rental/lease	234,755,643	808,953	235,564,596
Total cost	**234,755,643**	**808,953**	**235,564,596**
Accumulated depreciation: Properties for rental/lease	(13,860,467)	(2,541,171)	(16,401,638)
Total accumulated depreciation	**(13,860,467)**	**(2,541,171)**	**(16,401,638)**
Accumulated impairment losses: Properties for rental/lease	(4,845,946)	-	(4,845,946)
Total impairment losses	**(4,845,946)**	**-**	**(4,845,946)**
Investment property, net	**216,049,230**	**(1,732,218)**	**214,317,012**

"Investment Property" includes the carrying amount of the properties that are ready for their intended use and are leased through one or more operating leases and of vacant properties earmarked for lease through one or more operating leases.

During the period of six months ended 30 June 2012, the Group has not recognized impairment losses (2011: EUR 4,043,318) on its investment properties. As explained above, the Group appraises its real estate properties once at the end of the financial year unless there are evidences of impairment losses during the financial year.

The main additions recognized in "Investment Property" in 2012 (six months) relate to certain overhaul and refurbishing costs. No investments (new acquisitions have been performed during this period.

In addition, the consolidated amortization cost of the Group during the first six months of the year has amounted up to EUR 2,541,171 (2011: EUR 4,855,178).

The detail of the square meters of the investment property owned by the Group is as follows:

	Square metres
Hotel Barceló Isla Canela (Huelva)	20,134
Hotel Riu Atlántico (Huelva)	30,311
Hoteles Playa (Huelva)	20,050
Hotel Iberostar Isla Canela (Huelva)	27,500
Hotel Selección Isla Canela Golf (Huelva)	4,378
Marina Isla Canela shopping centre (Huelva)	6,119
Commercial premises at c/ Caleruega (Madrid)	362
Office Building at c/Pradillo, 42 (Madrid)	7,346
Office 2° Dcha. Gran Vía, 1 (Madrid)	542
Office 1° Izda. Gran Vía, 1 (Madrid)	442
Office 2° Dcha. Gran Vía, 1 (Madrid)	430
Office 1° Dcha. Gran Vía, 1 (Madrid)	542
Premises no. 2,3,4 and 5 at c/Rutilo 21, 23 and 25 (Madrid)	593
Premises at c/Dulcinea, 4 (Madrid)	1,037
Industrial building at c/Albalá, 7 (Madrid)	1,522
Hotel Sol Meliá at c/Atocha, 53 (Madrid)	9,229
Hotel Tryp at Gran Vía, 34 (Madrid)	6,881
Two premises at Gran Vía, 34 (Madrid)	3,348
Two premises and eight housing units in the building at c/San Antón, 25 and 27 (Cáceres)	1,736
Premises at Plaza España (Castellón)	2,857
Total square metres	**145,359**

The first five hotels here above mentioned in the table are located in Isla Canela (Huelva) and were mortgaged at 30 June 2012 for EUR 46,426,233 relating to five bank loans granted to Isla Canela, S.A. which is the single debtor of the principal obligations under these loans. The subsidiary CIBRA was incorporated as the non-debtor owner of the aforementioned registered properties.

On 1 January 2010, Isla Canela, S.A. and CIBRA entered into a “Mortgage Service Agreement” whereby the latter will provide the mortgage service to the former. In this respect, the hotels owned by the latter will be liable for the repayment by the former of the mortgage loans arranged with banks, in accordance with the covenants entered into in the mortgage deeds, until each loan has been definitively repaid. Isla Canela S.A. is obliged to make all the timely repayments and settle any ancillary costs that might arise until the mortgage loans have been definitively repaid. In relation to the provision of the service described, Isla Canela, S.A. will pay CIBRA a fee of an annual lump sum equal to 0.25% of the annual average outstanding balance of the mortgage loans, calculated at 31 December of each year, which will be billed and paid on the last day of each calendar year. This amount may be modified annually by agreement between the parties in order to adapt it to the average market price to be paid by CIBRA for the provision of bank guarantees (bank guarantees and insurance) by financial institutions.

The other investment properties described above are located mainly in Madrid, Cáceres and Castellón. At this respect, the Group, through its subsidiary CIRU has two bank borrowings relating to loans arranged with La Caixa and Caja Extremadura. The purpose of the loans from La Caixa was to finance the investment in the premises located in Pza. España (Castellón), which were acquired in 2011. The loan from Caja Extremadura relates to a mortgage on the property located at c/ San Antón, in Cáceres. As at 30 June 2012, the balance of the loans amounts up to EUR 8,602,291 and EUR 1,817,774 respectively.

The Group has taken out insurance policies that cover the possible risks to which all its investment property is subject to.

During the first six months of 2012, the rental income earned from investment property owned by the Group amounted to EUR 7,493.718 (2011: EUR 15,852,400) (see Note 14.1).

At 30 June 2012 there are no restrictions on making new investment property investments, on the collection of rental income there from or in connection with the proceeds to be obtained from a potential disposal thereof.

At 30 June 2012, the Group has no items of fully depreciated investment property that were still in use, except for the building earmarked for office use in Madrid, amounting to EUR 1,940,000.

There were no investment property purchase commitments or investment properties located outside Spain at 30 June 2012.

Note 6 - Operating leases

At 30 June 2012, the Group had arranged the following minimum lease payments with its lessees, based on the agreements currently in force, disregarding any passed-on common expenses, future CPI-linked increases and future contractually-stipulated rent reviews. The most significant operating leases relate to the lease of properties, which constitutes the base of the Group’s activities, the detail of the related minimum lease payments being as follows (in EUR):

Minimum operating lease payments	Nominal value	Nominal value
	30-06-2012	**31-12-2011**
Within one year	16,720,790	16,720,790
Between one and five years	72,743,286	76,490,145
After five years	52,113,147	42,960,006
Total (*)	**141,577,223**	**136,170,941**

The main leases in force at 30 June 2012 were the following:

- Hotel Playa Canela lease: the lease term commenced on 15 July 2002 for a period until 31 October 2022, renewable by agreement of the parties. The lease agreement provides for annual CPI-linked increases;
- Lease of Hotel Barceló Isla Canela: the lease commenced on 1 March 2006 and expires on 31 December 2022, and is renewable at the discretion of the parties. In relation to future rental income, the agreement provides for annual CPI-linked increases;
- Lease of Hotel Riu Atlántico: the lease commenced on 1 June 2007. Between 1 April 2010 and 31 May 2011, Hotel Riu Atlántico was operated under a management agreement that was converted back to a property lease for hotel use on 1 June 2011, due to expire on 31 March 2013, renewable at the discretion of the parties;
- Lease of Hotel Iberostar Isla Canela: the lease commenced on 1 December 2007 and expires on 31 October 2012. As at 5 June 2012 the lease agreement has been renewable until 31 October 2022. The lease agreement provides for annual CPI-linked increases;
- Hotel Canela Golf: the lease term commenced on 15 May 2004 for a period until 1 December 2014. In the last quarter of 2011, the failure to pay the quarterly rent led to the early cancellation of the agreement and the execution of the bank guarantee that secured collection of the annual rent by CIBRA. (see Note 17 and 19);
- Lease of a hotel at c/Atocha, 83, Madrid: the lease commenced on 4 June 1999 and expired on 4 June 2009, and was subsequently extended until 24 March 2022, renewable at the discretion of the parties. The lease provides for annual CPI-linked increases;
- Lease of a hotel at Gran Vía, 34, Madrid: the lease commenced on 10 February 1998 and expired on 10 February 2008, and was subsequently extended until 15 March 2020, renewable at the discretion of the parties. The lease provides for annual CPI-linked increases;
- Lease of premises at c/Albalá, 7, Madrid: the lease commenced on 31 July 2002 and expires on 31 July 2027. The lessee may terminate the lease at the end of the tenth year provided that twelve months' notice is given. The lease provides for annual CPI-linked increases;

- Lease of premises at c/ Dulcinea, 4, Madrid: the lease commenced on 17 February 2003 and expires on 17 February 2018, and is renewable at the discretion of the parties. The lease provides for annual CPI-linked increases;
- Lease of a building at c/Pradillo, 42, Madrid: the lease commenced on 27 February 2009 and expires on 27 February 2019, and is renewable at the discretion of the parties. The lease provides for annual CPI-linked increases;
- Lease of premises at Gran Vía, 34, Madrid: the lease commenced on 24 April 2000 and expires on 3 May 2020, and is renewable at the discretion of the parties. The lease provides for annual CPI-linked increases;
- Lease of premises at Plaza de España, 5, Castellón: the lease commenced on 1 July 2007 and expires on 1 January 2028, and is renewable at the discretion of the parties. The lease provides for annual CPI-linked increases;
- Lease of premises at c/San Antón 25, Cáceres: the lease commenced on 15 July 2005 and expires on 14 December 2035, and is renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.

There was no contingent rent at 30 June 2012.

Note 7 - Financial assets, non-current and current loans to related companies and associates

The Group generates surplus cash through ordinary trading operations arising from its main line of business. In this regard, as a result of this and in order to maximize the return on its positive cash flows, the Group has entered into various financing agreements with related parties on an arm's length basis (see Note 16). These amounts are disclosed in the consolidated balance sheet in "Loans to related companies" for the non-current portion and in "Loans to related companies" for the current portion.

"Financial assets" includes the guarantees received from customers and deposited in the Madrid Institute for Housing (IVIMA) in relation to the leases indicated in Note 6.

Note 8 - Information on the nature and level of risk of financial instruments

The Group's financial risk management is centralized in the Group's Financial Department and has established the mechanisms required to control exposure to exchange rate fluctuations and credit and liquidity risk. The main financial risks affecting the Group are as follows:

8.1 Credit risk

The Group's credit risk is mainly due to the loan to the related companies Isla Canela, S.A., Promociones y Construcciones PYC Pryconsa, S.A. and Cogein, S.L. These companies' financing needs are covered in the short term thanks to their capacity to generate cash through ordinary trading operations arising from, inter alia, the property assets rental operations. Additionally, the leases are arranged with entities of acknowledged solvency and are billed on a monthly or quarterly basis.

8.2 Liquidity risk

Liquidity risk is due to the timing mismatches between the funds required to cater for commitments relating to working capital requirements and the funds arising from cash generated in the course of the Group's ordinary operations.

8.3 Foreign currency risk

At 30 June 202, the Group did not have any foreign currency assets or liabilities involving significant amounts and, accordingly, there was no foreign currency risk

8.4 Interest rate risk

The Company and CIBRA did not have any borrowings at 30 June 2012. The latter lends its cash surplus to related companies in accordance with the financing conditions agreed upon with these companies by virtue of certain financing agreements (three-month EURIBOR plus a spread of 1.25%). In view of the nonexistence of bank borrowings and the existence of receivables from related companies, Management considers that there is no interest rate risk. In this scenario, CIBRA does not arrange interest rate hedges.

CIRU has bank borrowings relating to loans arranged with La Caixa and Caja Extremadura. The purpose of the loan from La Caixa was to finance the investment in new premises located in Castellón, which were acquired in 2011. The loan from Caja Extremadura relates to a mortgage on the property located at calle San Antón, in Cáceres.

The loans described above are not significant considering the financial position of the Group. Also, the Management of the Group does not consider that the evolution of the interest rate in the future will have a relevant negative impact in the results of the Group.

For this reason, the Management of the Group decided to not enter into interest rate hedges. Management of the Group continues however to monitor on a regular basis fluctuation of interest rates.

8.5 Property business risks

Changes in the economic situation, both in Spain and internationally, rates of growth in occupancy, employment and interest rates, tax legislation and consumer confidence all have a considerable impact on property markets. Any adverse effect on these or other economic, demographic or social variables in Europe and Spain in particular could cause a downturn in the property business in these countries. The cyclical nature of the economy has been proven statistically, as has the existence of micro- and macroeconomic factors that have a direct or indirect impact on the performance of the property market and, in particular, the rental market which represents the Group's principal investment activity.

Management's strategy is to invest in core assets located in well located areas. Considering the quality of the assets held by the Group, Management considers that the variation in the valuations of the Group's assets should not be relevant and therefore should not significantly affect its results.

Note 9 - Equity and shareholders' equity

9.1 Registered share capital

The Company, being the sole shareholder of CIBRA and CIRU, was incorporated on 1 December 2011 with a share capital amounted to EUR 227,440,516.80, represented by 3,784,368 fully subscribed and paid shares of EUR 60.10 par value each, all of the same class and carrying the same rights and obligations.

On 15 December 2011, the shareholders of the Company resolved to increase the Company's share capital by EUR 40,136,523, which was paid through monetary contributions by the issuance of 667,829 new registered shares with a par value of EUR 60.10.

All the Company's shareholders fully subscribed and paid both of the share capital increases in the proportion that corresponds to each of them.

On 21 December 2011, all the shares of the Company were admitted to trading on the Luxembourg Stock Exchange. The opening share price was EUR 60.10. The share price at 30 June 2012 was EUR 59.10.

9.2 Legal reserve

For CIRU and CIBRA, incorporated under the laws of Spain, 10% of the net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

The Company, incorporated under the laws of Luxembourg, is required to allocate a minimum of 5% of its annual net income to the legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

9.3 Consolidation reserve

In order to reflect the common control presentation, a consolidation reserve is presented in the interim consolidated financial statements as at 30 June 2012. This consolidation reserve is the result of the following adjustments:

- The elimination of the participation of the Company in the subsidiaries, CIRU and CIBRA, amounting to a total of EUR 266,940,517 as at 30 June 2012 against the share capital of the subsidiaries (amounting to a total of EUR 253,960,177). The remaining difference of EUR 12,980,340 has been recorded in equity as consolidation reserve.

- Also, the costs related to the issuing costs and equity transactions expenses are amounting to EUR 477,800 out of which EUR 477,800 were accrued or payable at 2011 year end.

- Elimination of the intercompany balances amounting up to EUR 4,055,151. This amount corresponds to the dividends approved in the Annual General Meeting of CIBRA and CIRU in June 2012 (CIRU: EUR 469,484 and CIBRA: EUR: 3,585,667). The dividends are expected to be paid to the holding company during the month of July 2012.

9.4 Distribution of profit to the Company

CIBRA and CIRU are regulated by Real Estate Investment Trusts Law 11/2009, of 26 October. REITs are required to distribute in the form of dividends to shareholders, once the related corporate obligations have been met, the profit obtained in the year, the distribution of which must be approved within six months of each year-end, as follows:

- At least 90% of distributable profits before taxes not arising from the transfer of property, shares or investments to which the company object refers and of profits relating to income from ancillary activities.

- At least 50% of the profits arising from the transfer of property, shares or investments to which the company object refers. The remainder of these profits should be reinvested in other buildings or investments related to the performance of this object within three years from the transfer date. Otherwise these profits should be distributed in full together with any profit arising in the year in which the reinvestment period expires. If the items subject to reinvestment are transferred before the maintenance period, the related profits must be distributed in full together with any profits arising in the year in which they were transferred. The distribution obligation does not extend to the portion of these profits, if any, assignable to years in which the company did not file tax returns under the special tax regime established in Law 11/2009.

- All of the profit arising from dividends or shares of profits distributed by the entities to which Article 2.1 of Law 11/2009 refers. The dividend must be paid within one month from the dividend declaration date. The payment obligation does not extend to the portion of profit arising from income subject to the standard tax rate.

- when dividends are distributed with a charge to reserves out of profit for a year in which the special tax regime had been applied, the distribution must be approved subject to the conditions set out in the preceding paragraph.
- the legal reserve of companies which have chosen to avail themselves of the special tax regime established in Law 11/2009 must not exceed 20% of the share capital The bylaws of these companies may not establish any other restricted reserve.

9.5 Management of capital

The Company is admitted to trading on the Luxembourg Stock Exchange. It may raise funds by issuing new shares on the market.

CIRU and CIBRA are financed mainly by equity. They may only raise funds on the credit markets in the case of new investments, by financing the acquisition of these investments through mortgage loans.

CIRU and CIBRA are obliged to distribute at least 90% of its profits in the form of dividends to the Sole Shareholder in accordance with the legal obligation in force through the application of Law 11/2009.

9.6 Voluntary reserve

Voluntary reserve is composed by the reserves of CIRU and CIBRA generated since the incorporation of the companies in 2009 and are created as a 10% of the net profit after 10% of legal reserve allocation.

The balance relating to voluntary reserves is recognized gross since these reserves are not taxed. When the voluntary reserves are distributed, a 19% withholding tax is applied to the recipients.

Note 10 - Grants related to assets

The changes in “Grants Related to Assets” in the first six months of 2012 are as follows (in EUR):

	31/12/11	Amounts used	Additions	Net tax effect	30/06/12
Grants related to assets	1,497,312	(84,223)	-	12,906	1,425,995
Total	**1,497,312**	**(84,223)**	**-**	**12,906**	**1,425,995**

The grants awarded to CIBRA in prior years relate to the following items:

Grant from the Directorate General of Regional Economic Incentives for KEUR 3,146 to develop the area. The collection of grants included the following:

- Grant from the Directorate General of Regional Economic Incentives, amounting to KEUR 1,550 and corresponding to 10% of the investment made in a hotel in Ayamonte (Huelva).
- Grant from the Directorate General of Regional Economic Incentives, amounting to KEUR 1,106 and corresponding to 10% of the investment made in a hotel in Ayamonte (Huelva).
- Grant from the Directorate General of Regional Economic Incentives, amounting to KEUR 490 and corresponding to 14% of the investment made in a hotel in Ayamonte (Huelva).

A new grant related to assets was received in 2011 amounting to EUR 33,921 for improving the facilities of Hotel Barceló Isla Canela.

Except for the new grant in 2011, all the grants described above were transferred to CIBRA from Isla Canela, S.A. on the basis of the partial spin-off agreement described in Note 2, since all these grants were associated with the business that was transferred. Due to the fact that the aforementioned partial spin-off transaction was carried out on 1 January 2009 for accounting purposes, CIBRA recognized the allocation of the amounts of the transferred grants to profit or loss from that date.

In this regard, in 2012 (six months), EUR 84,223 was recognized as income under “Allocation to profit or loss of grants related to non-financial non-current assets and other grants” in the income statement (2011: EUR 175,275).

Note 11 - Other financial liabilities

The detail of “Other financial liabilities” at 30 June 2012 and 31 December 2011 is as follows (in EUR):

	EUR	
	30-06-12	**31-12-11**
Non-current bank borrowings	10,420,064	10,994,817
Guarantees and deposits	1,725,236	1,674,716
Total	**12,145,300**	**12,669,533**

The borrowing costs incurred on the bank borrowings in 2012 amounted to EUR 145,488 and are recognized under “Finance Costs” in the accompanying consolidated income statement.

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

"Non-current bank borrowings" relates to the loans arranged with la Caixa and Caja Extremadura. The loan from La Caixa relates to a loan taken out to pay the new premises acquired during the year in Castellón. The loan from Caja Extremadura mortgages the building on c/San Antón in Cáceres.

“Guarantees and Deposits” includes the rent deposits received from customers.

Note 12 – Guarantee commitments to third parties

The detail, by maturity, at 30 June 2012 is as follows (in EUR):

	2012	2013	2014	2015	2016 and subsequent years	Total
Non-current payables	586,450	1,194,137	1,222,731	1,252,013	6,164,733	10,420,064
Rent deposits	163,511	-	-	-	1,561,725	1,725,236
Total	**749,961**	**1,194,137**	**1,222,731**	**1,252,013**	**7,726,458**	**12,145,300**

At 30 June 2012 and 31 December 2011, the Group had not provided any guarantees to third parties.

As indicated in Note 5, the five hotels owned by CIBRA are mortgaged for EUR 46,426,233, relating to five bank loans granted to Isla Canela, S.A. which is the sole debtor for the principal related obligations. This amount relates to the outstanding balance at 30 June 2012 of the aforementioned five long-term mortgage loans corresponding to each hotel In this regard, as indicated in Note 5, CIBRA entered into a mortgage guarantee agreement with Isla Canela, S.A. whereby CIBRA became liable for the repayment by Isla Canela, S.A. of the mortgage loans on the hotels owned by CIBRA until the loans have been definitively repaid. CIBRA charged a fee equal to 0.25% of the average annual outstanding balance of the guaranteed mortgage loans.

Note 13 - Tax matters

13.1 Current tax receivables and payables

The detail of the current tax receivables and payables is as follows:

Tax receivables

	EUR	
	30/06/12	**31/12/11**
Current:		
VAT refundable	2,614,000	2,592,538
Tax withholdings and prepayments	652,106	406,860
Total	**3,266,106**	**2,999,398**

Tax payables

	EUR	
	30/06/12	**31/12/11**
Current:		
VAT	499,216	-
Income tax	1,418,527	1,015,259
Other	13,785	45,292
Total	**1,931,528**	**1,060,551**

13.2 Deferred tax liabilities

The source of the deferred tax liabilities relates in full to the grants related to assets that are recognized in the Group's equity and are to be transferred to the consolidated income statement (see Note 10).

The detail of "Deferred Tax liabilities" at 30 June 2012 is as follows:

	Euro		
	31/12/11	**Decrease (Note 10)**	**30/06/12**
Deferred tax	351,221	(12,906)	338,315
Total deferred tax liabilities	**351,221**	**(12,906)**	**338,315**

13.4 Years open for review and tax audits

Under current legislation in Spain, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute-of-limitations period has expired. At 30 June 2012, CIBRA and CIRU have all years since inception open for review for all taxes applicable to it. The Management considers that the tax returns for the aforementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax treatment afforded to certain transactions; such liabilities as might arise would not have a material effect on the accompanying financial statements.

Note 14 - Income and expenses

14.1 Rental of properties

The detail of "Revenue" at 31 December 2011 and 2010 is as follows (in EUR):

	2012 (six months)	**2011**
Barceló Isla Canela	970,493	2,100,050
Riu Atlántico	257,943	2,235,192
Iberostar Isla Canela	1,033,217	2,017,359
Playa Canela	505,000	1,141,300
Selección Isla Canela Golf	102,859	407,863
Cibeles Hotel	566,326	1,115,167
Premises at Gran Vía, 34	1,241,099	2,418,693
Sol Meliá Hotel, Atocha	869,245	1,699,297
Building at c/Pradillo, 42	733,122	1,436,148
Industrial building at c/Albalá, 7	112,413	220,876
Apartments at Gran Vía, 1	155,897	413,209
Premises c/San Antón 25 & 27	137,667	-
Premises Pza. España	541,663	-
Other rentals	266,774	647,146
Rental revenue subtotal	**7,493,718**	**15,852,400**
Riu management	-	2,493,986
Total revenue	**7,493,718**	**18,346,386**

14.2 Other operating expenses

Other operating expenses are composed by "Outside Services" and "Taxes Other than Income Tax" in 2011 and 2010 which can be detailed as follows (in EUR):

	2012 (six months)	2011
Rent and royalties	2,560	157,581
Repairs and upkeep	285	83,800
Independent professional services	171,642	356,620
Insurance premiums	79,832	73,749
Banking and similar services	5,000	4,854
Advertising, publicity and public relations	457	73,097
Utilities	248	130,510
Other services	81,168	282,416
Donations	-	73,970
Taxes other than income tax	15,232	481,556
Total	**356,424**	**1,718,153**

14.3 Staff and employee benefit costs

The detail of “Staff and employee benefit costs” in 2011 and 2010 is as follows (in EUR):

	2012 (six months)	2011
Staff costs:	39,146	1,032,968
Employee benefit costs:		
Employer social security costs	12,359	301,305
Other employee benefit costs	-	4,868
Total	**51,505**	**1,339,141**

Note 15 - Earning per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

	2012 (six months)	2011
Net profit attributable to shareholders	4,239,178	5,284,024
Weighted average number of ordinary shares in issue	4.452.197	4,118,282
Basic earnings per share	0,95	1.28

(*) Following the reorganisation of the shareholder structure described in Note 1, Management decided to present the earnings per share after the reorganisation only.

The Company has no dilutive potential ordinary shares. The diluted earnings per share are the same as the basic earnings per share.

Notes 16 - Related party transactions and balances

16.1 Related party transactions

The detail of the related party transactions and balances as at 30 June 2012 is as follows (in EUR):

	2012		
	Loans to related companies	Finance income	Finance costs
Isla Canela, S.A.	7,277,705	26,471	-
Pryconsa, S.A.	20,217,279	274,423	-
Cogein, S.L.	35,882,790	420,252	-
Total	**63,377,774**	**721,146**	**-**

Isla Canela, S.A. is part of the Pryconsa Group. Promociones y Construcciones, PYC, Pryconsa, S.A. has 18% of interest in Isla Canela, S.A. Promociones y Construcciones, PYC, Pryconsa, S.A. is one of the major shareholders of the Company as well as Cogein, S.L.

In 2010 Isla Canela, S.A. and CIBRA entered into a financing agreement whereby the latter financed the former with the cash surplus it generated, at market rates. The term of the agreement is three years, automatically renewable for further three-year periods. The financing agreement with Isla Canela, S.A. accrues interest at three-monthly EURIBOR plus a spread similar to the variable portion of the spread of the mortgage loans of Isla Canela, S.A. (see Note 12).

In 2010 a financing agreement was arranged between the entity of the Pryconsa and CIBRA, maturing in 2013, through which CIBRA will transfer its cash surpluses to Pryconsa at year-end. It will accrue interest at three-month EURIBOR plus 1.25% on the average balance for the year.

As indicated in Note 7, CIRU arranged a financing agreement with the related company Cogein, S.L. on an arm's-length basis.

Related party transactions were made on terms and conditions equivalent to those that prevail in arm's-length transactions or, when this was not the case, the related compensation in kind was recognized.

16.2 Remuneration of directors and senior executives

In 2012 the Group has recognised and accrued the prorated amount in relation to the remuneration or other benefits earned by the Board of Directors according to the articles of association or the company. In addition, it has no pension or life insurance premium payment obligations to former or current directors. Additionally, there were no termination benefits or equity instrument-based payments.

No advances or loans were granted to senior executives or Board members.

16.3 Other related parties

Other related parties include Marco Colomer Barrigon, who has significant influence over the Company, given that he is a Director of the Company and also has a 12,80860% interest in the share capital of the Company. Marco Colomer Barrigon and Jose Colomer Barrigon are related parties because they are close family members of Marco Colomer Barrigon.

Apart from the mentioned interest, there were no transactions with these related parties during the year.

Note 17 - Other contingent liabilities

During the last quarter of the 2011 year, Vincci Hoteles, S.A., the tenant of Hotel Vincci Selección Canela Golf, abandoned the property and stopped paying the quarterly rent expiring on 15 October 2011, so that CIBRA has been forced to activate the contractual and legal mechanisms for failure of the tenant, that may ultimately encourage early termination of the contract and the execution of bank guarantee to the Company the payment of the annual rent and the duration of the contract.

Vincci Hoteles S.A. argued that their abandonment of the property was done in line with the terms and conditions of the lease contract, and are requesting a return of the bank guarantee issued in favour of CIBRA, and a payment of KEUR 1,357 in compensation.

The management and its legal advisors do not consider there to have been any breach of the lease agreement and, accordingly, declare that the termination of the lease is groundless and, consequently, not effective.

The management does not expect any significant liabilities to arise from this possible litigation.

Note 18 - Other disclosures

18.1 Headcount

The average number of employees in 2012, by category, was as follows:

Category	2012	2011
Management	2	2
Line personnel and middle management	-	7
Clerical staff	-	2
Operative staff	-	42
Total	**2**	**53**

Note 19 – Events after the reporting period

- The dividend payment of the subsidiaries to the Holding Company has been done as at 23 July 2012 according to the following:
  - CIRU: EUR 469.484
  - CIBRA: EUR 3.585.667
- As at 19 July 2012, the Annual General Meeting of the Company approved among others, the Audited Annual Standalone and Consolidated Accounts of the Company as at 31 December 2011
- As at 19 July 2012, the Board of Directors decided to increase the shared capital of its Subsidiaries Compania Ibérica de Rentas Urbanas 2009, SOCIMI, S.A. ("CIRU"), and Compania Ibérica de Bienes Raices, 2009, SOCIMI, S.A. ("CIBRA"), both Spanish companies located in Madrid, Spain, as follows:
  - Capital increase of CIRU for an amount of EUR 378,630 (three hundred seventy eight thousand six hundred thirty euros) by the issue of 6,300 new shares of EUR 60.10 each so as to raise it from its current amount of EUR 138,360,176.60 (one hundred thirty eight million three hundred sixty thousand one hundred seventy six euros sixty cents) to an amount of EUR 138,738,806.60 (one hundred thirty eight million seven hundred thirty eight thousand eight hundred six euros sixty cents)

- Capital increase of CIBRA for an amount of EUR 3,490,000 (three million four hundred ninety thousand euros) by the increase of the nominal value of its shares from EUR 115.60 to EUR 119.09 in order to reach a new shared capital of EUR 119,090,000 (one hundred nineteen million ninety thousand euros)

- CIRU and CIBRA have acted the above capital increases by a notary deed executed on July 26, 2012

SAINT CROIX
HOLDING IMMOBILIER, S.A.

Half-Year Consolidated Management Report

As at 30 June 2012

SAINT CROIX HOLDING IMMOBILIER, S.A.

Half-Year Consolidated Management Report

As at 30 June 2012

The Directors have pleasure in presenting their report, which constitutes the management report ("Management Report") as defined by Luxembourg Law, together with the half year financial report as of June 30, 2012.

1. Activity and highlights of the Company (consolidated figures – Half Year 2012)

The Company activity includes the holding of equity interests in Luxembourg and/or foreign companies and mainly in Spanish Real Estate Investments Companies ("Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario" (hereinafter referred under the Spanish acronym "SOCIMI") or in other Companies, whether resident or not in Spain, which have a corporate purpose similar to those of Spanish SOCIMIs and which are subject to earnings distribution requirements that are similar to that established by legal or statutory policy for Spanish SOCIMIs. As at March 31, 2012, the Company owns 100% of two SOCIMIs incorporated under Spanish law, COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A. (hereinafter "CIBRA") and COMPAÑÍA IBÉRICA DE RENTAS URBANAS 2009, SOCIMI, S.A. (hereinafter "CIRU"), being hereinafter collectively referred to as the Subsidiaries (together with the Company referred to as "the Group").

Given the corporate purpose of the Company, holding of shares, the company is the result of the consolidation of two investments in Spanish companies ("The Subsidiaries"), whose main purposes are the acquisition and/or construction of real-estate assets for lease.

Explanation of the consolidated figures as at 30 June 2012

Below are shown the consolidated salient figures of the Group as at 30 June 2012 in comparison to 31 December 2011:

Balance Sheet (salient figures in Euro)	31-12-11	30-06-12	+ / -
Investment property (net)	216.049.230	214.317.012	-1.732.218
Investments in Group companies and associates	35.222.151	63.377.774	28.155.623
Net equity	263.175.649	267.414.827	4.239.178

Profit and Loss Account (salient figures in Euro)	31-12-11	30-06-12
Revenues	18.346.386	7.493.718
Gross margin	17.553.312	7.181.395
% / revenues	*95,68%*	*95,83%*
EBITDA	**14.671.293**	**6.857.413**
% / revenues	*79,97%*	*91,51%*
Depreciation & amortisation (net)	-8.898.496	-2.541.171
Financial result	851.205	575.658
EBT	**6.624.002**	**4.891.900**
% / revenues	*36,11%*	*65,28%*
Income tax	-1.339.978	-652.722
Net Result	**5.284.024**	**4.239.178**
% / revenues	*28,80%*	*56,57%*

- At the closing date of 30 June 2012, the Net Balance of Consolidated Investment Property amounts up to EUR 214.32 million in comparison to EUR 216.05 million as at 31 December 2011. It means a decrease of EUR 1.73 million (0.80%) between periods mainly due to the amortization of assets between periods (EUR 2.54 million) and new investments carried out during this period of 6 months (EUR 0.81 million). No new investments (acquisitions) have been made during the first half year of 2012
- The Subsidiaries generates cash as result of its rental real estate activity. The amount of excess of cash is borrowed to Group companies at market conditions. The increase in the balance of investment in Group companies and associates (6 months) amounts up to EUR 28.16 million (EUR 22.87 million from the reclassification between cash loan to related companies and free cash flow amounting up to EUR 5.30 million from normal activities). The balance of loans to Group as at 30 June 2012 amounts up to EUR 63.38 million
- Income for the half year 2012 amounts to EUR 7.49 million. All revenues come from the rental activity of the real estate investment properties
- During the half year 2012, the gross margin of the Group amounts up to EUR 7.18 million. It means 95.83 % of the revenues in comparison to the 95.68% in 2011. It implies that the gross margin of the Group remains stable
- At the end of the half year 2012, EBITDA amounts EUR 6.86 million, 91.51% on revenues in comparison to 79.97% on revenues in 2011
- As result of the above explanations, the Group obtained in the half year 2012 a Net Profit after taxes of EUR 4.24 million. It means 56.57% in 2012 in comparison to 28.80% in 2011. In 2011, provisions of impairment were recorded by EUR 4.04 million

The detail of revenues until 30 June 2012 and net book value of the Real Estate Assets at that date is as follows:

Euro	Revenues 2012 (six months)	%	Total assets 30 June 2012 (net book value per property)
Barceló Isla Canela	970.493	12,95%	21.484.519
Riu Atlántico Hotel	257.943	3,44%	29.995.298
Iberostar Isla Canela	1.033.217	13,79%	21.239.160
Playa Canela	505.000	6,74%	14.291.996
Selección Isla Canela Golf	102.859	1,37%	3.749.671
Marina Isla Canela Shopping Center	121.547	1,62%	3.720.278
Rental Revenues in Huelva	**2.991.059**	**39,91%**	**94.480.922**
Cibeles Hotel	566.326	7,56%	19.749.076
Premises at Gran Vía, 34	1.241.099	16,56%	20.689.275
Sol Meliá Hotel, Atocha	869.245	11,60%	28.955.003
Building at c/Pradillo, 42	733.122	9,78%	16.298.202
Industrial building at c/Albalá, 7	112.413	1,50%	2.518.788
Apartments at Gran Vía, 1	155.897	2,08%	9.390.444
Premises c/Pinar Chamartin	48.000	0,64%	971.352
Premises c/Rutilo	40.448	0,54%	1.199.033
Premises c/Dulcinea	56.779	0,76%	1.281.904
Rental Revenues in Madrid	**3.823.329**	**51,02%**	**101.053.077**
Premises c/San Antón 25 and 27	137.667	1,84%	3.705.875
Rental Revenues in Cáceres	**137.667**	**1,84%**	**3.705.875**
Premises Pza. España	541.663	7,23%	15.077.138
Rental Revenues in Castellón	**541.663**	**7,23%**	**15.077.138**
Total Revenues	**7.493.718**	**100,00%**	**214.317.012**

Earnings per share as at 30 June 2012

The detail of the earning per share is as follows:

	30/06/2012	31/12/2011
Net profit attributable to shareholders	4.239.177,72	5.284.024,00
Weighted average number of ordinary shares in issue	4.452.197,00	4.118.282,00
Basic earning per shares for the 2nd quarter 2012	**0,95**	**1,28**

2. Future development / evolution of the Group

The Company, through its Subsidiaries, will continue its activity of real estate rental business as well as analyze new opportunities of investments in real estate assets that will be able to generate at least a 7% of annual yield in prime zones. In addition, given the long term rental contracts of the Subsidiaries, the Group will keep the current lease contracts to generate the expected revenues. The dividend policy of the subsidiaries guarantees incomes for the Company in the future. At this respect, as at 23 July 2012, both Subsidiaries paid to the Holding Company the dividend of the 2011 financial year according to the following breakdown:

- CIRU: EUR 469.484
- CIBRA: EUR 3.585.667

In view of the activity carried on by the Company and its subsidiaries with long-term rental assets, the Board of Directors forecasts are positive, due to the existence of long-term agreements with high-ranking lessees in the Spanish hotel sector, which guarantee the medium-term viability of the business, together with new lease agreements for commercial premises with lessees that have good solvency ratings.

Due to the real estate business of the Group there is no specific research which is conducted other than explained above.

3. Main risks of the Group

In general, the Group is exposed to a series of risks and uncertainties. The financial risks include notably:

- **Credit risk:** the Group's principal financial assets are cash and cash equivalents, trade and other receivables and investments, which represent the maximum exposure to credit risk in relation to financial assets. The Group's credit risk is attributable mainly to trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by Group management based on prior experience and its assessment of the current economic environment.
- **Interest rate risk:** the Group has several long term borrowings which are financing long term assets. Although the Group does not arrange interest rate hedges, the management of the Group does not consider that the evolution of the interest rate in the future will have a relevant negative impact in the results of the Group.
- **Liquidity risk:** taking into consideration the current situation of the financial market and management's estimates of the Group's cash-generating capacity, the Group estimates that it has sufficient capacity to obtain third-party financing if it were required for new investments. Accordingly, in the medium term, there are no indications that the

Group will have liquidity problems. Liquidity is provided by the nature of the investments made, the high creditworthiness of the lessees and the guarantees of collection in place in the agreements in force.

- **Valuation risk:** Given the Group's core business, i.e., investment in real estate for rental, most of the assets of the Group consist of such assets that are exposed to fluctuations in the valuations that the market can make based on changes in certain indexes that influence these ratings. Nevertheless, given the quality of the Group's assets and long-term lease contracts associated to them, the Group's management considers that the variation in the valuations of the Group's assets should not be relevant and therefore should not significantly affect its results.
- **Eurozone risk:** All the Group's assets that generate income in the Group are located within the European Union. Consequently, any factor that could affect politics and the economy of the EU could have an effect on the ability to generate revenues and results of operations.

Other market risks to which the Group is exposed are:

- **Regulatory risks:** the Group is subject to compliance with the various applicable regulations in force, both general and specific (legal, accounting, environmental, labour, tax, data protection regulations, among others). Any regulatory changes occurring in the future could have a positive or negative effect on the Group.
- **Tourism risk:** An important part of the Group's assets (mainly hotels) are significantly linked to tourism sector. Any decline in tourism activity in the cities where these hotels are located, could have a negative effect on the use and occupation of the hotels. This could, as a consequence, have a negative effect in the profitability and yield of these assets if the tenants renegotiate current leases contracts.

Lastly, it is important to note that there are other risks to which the Group is exposed: (i) environmental risks; (ii) risks from damage occurring in the workplace; and (iii) risks relating to occupational risk prevention.

By order of the Board of Directors

Marco Colomer Barrigón	Ismael Dian
Director	*Director*