SAINT CROIX
HOLDING IMMOBILIER,
SOCIMI, S.A.

Half-Year Consolidated Financial Statements (unaudited)

As at 30 June 2014

Glorieta de Cuatro Caminos 6 - 7, 4th floor
Madrid
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Interim Consolidated Financial Statements

As at 30 June 2014

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.
Consolidated statement of financial position at 30 June 2014
(Euros)

ASSETS	Notes	30.06.2014	31.12.2013	EQUITY AND LIABILITIES	Notes	30.06.2014	31.12.2013
NON-CURRENT ASSETS		**218,619,244**	**225,549,389**	**EQUITY**		**258,972,040**	**261,585,060**
Investment property	**5**	217,428,746	224,379,139	SHAREHOLDERS' EQUITY	**9**		
Financial assets	**7**	1,190,498	1,170,250	Share capital		267,577,040	267,577,040
				Legal reserve		156,252	-
				Consolidation reserve		(9,117,016)	(6,245,782)
				Losses from previous years		-	(1,228,592)
				Net result for the year		355,764	1,482,394
				NON-CURRENT LIABILITIES		**8,907,903**	**9,216,079**
				Grants related to assets	**10**	1,576,741	1,631,099
				Financial liabilities	**11**	5,489,958	5,781,758
				Other financial liabilities	**11**	1,841,204	1,803,222
CURRENT ASSETS		**55,789,019**	**47,516,627**	**CURRENT LIABILITIES**		**6,528,320**	**2,264,877**
Trade and other receivables		1,295,540	912,233	Financial liabilities	**11**	1,025,635	1,199,965
Loans to related companies	**7, 16.1**	53,011,046	44,276,115	Trade and other payables		557,186	844,769
Prepayments and accrued income		7,688	10,618	Current tax liabilities		-	6,929
Accounts receivable from public authorities	**13.1**	1,172,983	1,619,198	Accounts payable to public authorities	**13.1**	282,792	213,214
Cash and cash equivalents		301,762	693,463	Payables to related parties	**16.3**	2,971,187	-
Deferred charges		-	5,000	Deferred income	**5, 6**	1,691,520	-
TOTAL ASSETS		**274,408,263**	**273,066,016**	**TOTAL EQUITY AND LIABILITIES**		**274,408,263**	**273,066,016**

The accompanying Notes 1 to 19 are an integral part of the half-year consolidated financial statements at 30 June 2014

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.
Consolidated statement of comprehensive income of the period of six months ended 30 June 2014
(Euros)

	Notes	30.06.2014	30.06.2013
CONTINUING OPERATIONS			
Revenue	**14.1**	6,632,790	6,815,346
Procurements	**-**	(721,093)	(363,436)
Staff and employee benefits costs	**14.3**	(45,222)	(199,179)
Other operating expenses	**14.2**	(579,856)	(801,806)
Depreciation and amortization charge	**5**	(2,236,031)	(2,131,513)
Allocation to profit or loss of grants related to non-financial non-current assets	**10**	54,298	54,359
Impairment and gains or losses on disposals of non-current assets	**5**	(3,215,423)	(3,000,000)
PROFIT FROM OPERATIONS		**(110,537)**	**373,771**
Finance income from related parties	**16.1**	499,005	589,641
Finance income from third parties		30,327	332,117
Finance income		**529,332**	**921,758**
Finance costs from related parties	**16.1**	-	(63,174)
Finance costs from third parties	**11**	(59,758)	(105,831)
Finance costs		**(59,758)**	**(169,005)**
FINANCIAL PROFIT		**469,574**	**752,753**
PROFIT / (LOSS) BEFORE TAX		**359,037**	**1,126,524**
Income tax	**13.2**	(3,273)	(3,210)
PROFIT / (LOSS) FOR THE YEAR/PERIOD		**355,764**	**1,123,314**
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year/period attributable to equity holders of the Company		**355,764**	**1,123,314**

Basic and diluted earnings per share for profit / (loss) attributable to the equity holders of the Company	**15**	**0.08**	**0.25**

The accompanying Notes 1 to 19 are an integral part of the half-year consolidated financial statements at 30 June 2014

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.
Consolidated statement of changes in equity for the period of six months ended 30 June 2014
(Euros)

			Reserves					
	Notes	Share capital	Legal	Voluntary	Losses from previous years	Consolidated	Net result for the year	Total
31 December 2012	**9**	**267,577,040**	**-**	**-**	**(581,257)**	**(4,297,934)**	**(2,595,181)**	**260,102,668**
Transactions with shareholders								
- Result distribution		-	-	-	(647,335)	(1,947,846)	2,595,181	-
- Capital increase		-	-	-	-	-	-	-
- Dividends		-	-	-	-	-	-	-
Total comprehensive income for the period 01.01.2013 to 30.06.2013		-	-	-	-	-	1,123,314	1,123,314
30 June 2013	**9**	**267,577,040**	**-**	**-**	**(1,228,592)**	**(6,245,780)**	**1,123,314**	**261,225,982**
Total comprehensive income for the period 01.07.2013 to 31.12.2013		-	-	-	-	-	359,080	359,080
31 December 2013	**9**	**267,577,040**	**-**	**-**	**(1,228,592)**	**(6,245,780)**	**1,482,394**	**261,585,062**
Transactions with shareholders								
- Result distribution		-	156,252	-	1,228,592	(2,871,234)	1,486,390	-
- Capital increase		-	-	-	-	-	-	-
- Dividends	**16.3**	-	-	-	-	-	(2,968,784)	(2,968,784)
Total comprehensive income for the period 01.01.2014 to 30.06.2014		-	-	-	-	-	355,764	355,764
30 June 2014	**9**	**267,577,040**	**156,252**	**-**	**-**	**(9,117,014)**	**355,764**	**258,972,042**

The accompanying Notes 1 to 19 are an integral part of the half-year consolidated financial statements at 30 June 2014

SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A.
Consolidated statement of cash flow for the period of six months ended 30 June 2014 (Euros)

	Notes	30.06.2014	30.06.2013
CASH FLOWS FROM OPERATING ACTIVITIES (I)		**7,306,304**	**9,255,996**
Profit/(Loss) for the year/period before tax		**355,764**	**1,126,524**
Adjustments for:			
- Depreciation and amortization charge	5	2,236,031	2,131,513
- Impairment and gains or losses on disposals of non-current assets	5	3,229,040	3,000,000
- Changes in provisions (commercial credit)		-	-
- Recognition of grants in profit or loss	10	(54,358)	(54,358)
- Finance income		(529,332)	(921,758)
- Finance costs		59,758	169,005
- Other income and expenses		-	-
Changes in working capital			
- Inventories		-	-
- Trade and other receivables		62,908	(792,966)
- Current prepayments and accrued income		7,930	-
- Trade and other payables		1,468,989	4,371,594
- Other current financial assets		-	3,365
Other cash flows from operating activities			
- Interest paid		(59,758)	(105,275)
- Interest received		529,332	331,562
- Income tax paid		-	(3,210)
- Other amounts received (Paid)		-	-
CASH FLOWS FROM INVESTING ACTIVITIES (II)		**1,465,074**	**(3,446,372)**
Payments due to investment			
- Related companies		-	-
- Other non-current financial assets		(20,248)	68,735
- Investment property	5	1,485,322	(3,515,107)
- Investment in Subsidiaries		-	-
CASH FLOWS FROM FINANCING ACTIVITIES (III)		**(9,163,079)**	**(3,053,996)**
Proceeds and payments relating to equity instruments			
- Proceeds from issue of equity instruments		-	-
- Grants recognized in equity		-	-
Dividends and returns on other equity instruments paid			
- Dividends	9	-	-
Proceeds and payments relating to financial liability instruments			
- Payments for loans granted to Group companies and associates		-	(2,921,847)
- Repayment of borrowings from Group companies and associates		(8,734,931)	(4,849,798)
- Bank borrowings	11	(428,148)	4,664,662
- Other financial liabilities	11	-	-
- Other payables	11	-	52,987
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		**(391,701)**	**2,755,628**
Cash and cash equivalents at beginning of year		693,463	225,508
Cash and cash equivalents at end of period		301,762	2,981,136

The accompanying Notes 1 to 19 are an integral part of the half-year consolidated financial statements at 30 June 2014

Notes to the interim consolidated financial statements for the period of six months ended 30 June 2014

Note 1 - General information

1.1 Background

"SAINT CROIX HOLDING IMMOBILIER, SOCIÉTÉ ANONYME" (hereinafter, the "Company") was incorporated on **1 December 2011** under the laws of Luxembourg having (at its incorporation) its registered office at 9B, Boulevard Prince Henri, L-1724 Luxembourg, Grand-Duchy of Luxembourg and registered with the Luxembourg Company Register (Registre de Commerce et des Sociétés) under the number B165103. ***As explained in point 1.6 of this notes to the interim consolidated financial statements for the period of six months ended 30 June 2014, the Company is currently immerse within the process of transferring its registered office, place of effective management and central administration of the Company from 9B, Boulevard Prince Henri L-1724 Luxembourg, Grand-Duchy of Luxembourg, to Glorieta de Cuatro Caminos 6 and 7, 4th floor, E-28020, Madrid, Spain.***

The 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.

The Company was incorporated by means of a contribution in kind operation, through which the shareholders of the initial two Subsidiaries contributed all their shares to the Company (equity), based on the valuation performed by the Board of Directors of the Company as at 1 December 2011. The valuation used was derived from the net equity of both Subsidiaries as of 30 September 2011 modified by fair value adjustments, which resulted in the share exchange ratio. By means of this share swap or contribution in kind operation, the Company held all the shares of the two Subsidiaries. The Company was incorporated with 3,784,368 Shares with a nominal value of EUR 60.10 resulting on an initial share capital of EUR 227,440,517.

On **15 December 2011**, the Board of Directors of the Company decided to increase the share capital with an amount of EUR 40,136,523 through the issuance of 667,829 new shares with a nominal value of EUR 60.10. Such capital increase has been offered for subscription to existing Shareholders and external Shareholders approached for this purpose by the Company. Some of the founders or existing Shareholders have waived their rights for subscription of new Shares but two of them, PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A. and COGEIN, S.L. subscribed a part of the capital increase (EUR 23,926,050.40). New investors were searched by the Company directly and subscribed the rest of the capital increase (EUR 16,210,472.50). All Shares of the Company have been issued under Luxembourg Law. After the mentioned capital increase and, therefore until today, the Company's share capital amounts up to EUR 267,577,040 and is formed by 4,452,197 shares with a nominal value of EUR 60.10 each. There is no class of Shares. The Shares have the same voting rights. The Company may issue further classes of Shares. The Company may also issue new Shares in order to finance acquisitions or to exchange such Shares in case of acquisitions.

The Shares (4,452,197 shares), representing the entire share capital of the Company, were admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange as at **21 December 2011**. The Shares were accepted for clearance through Euroclear and Clear stream under common code number 072069463. The ISIN code of the Shares of the Company is LU0720694636 and the CBL long name SHS SAINTCROIX HOLDING IMMOBILIER S. A.

The share market price at **30 June 2014** was EUR 60.10 per share.

Although at the incorporation of the Company, it owned 100% of the shares of two subsidiaries (SOCIMI), nowadays; the Company owns 100% of one SOCIMI incorporated under Spanish law, COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A. since during the 2013 financial year a merger operation was carried out affecting the two initial subsidiaries of the Company. The merger operation is explained in point 1.5 within these notes to the interim consolidated financial statements for the period of six months ended 30 June 2014.

During the period of six months ended 30 June 2014, there has been no corporate operation affecting the Share Capital of the Company.

The Company engages mainly in the operation of leased assets.

1.2 Origin of the Subsidiaries

The two Subsidiaries wholly owned by the Company at its incorporation were, as well, incorporated as a result of two simultaneous partial splits described below:

1. COMPAÑÍA IBÉRICA DE BIENES RAÍCES, 2009, SOCIMI, S.A.U. ("CIBRA") was created from the partial split of another company, ISLA CANELA, S.A., on 29 December 2009. The new Company, CIBRA, was set up with the leased assets of ISLA CANELA, S.A. valued at EUR 103,840,000. The assets were valued by TECNITASA, an independent expert appointed for this purpose by the Spanish Mercantile Registry. The deed of the partial split and the incorporation of CIBRA were filed with the Mercantile Registry of Madrid on 8 February 2010 and effective from 30 December 2009 (date of initial entry, and from 1 January 2009 for accounting purposes). The Company's registered office is at Glorieta de Cuatro Caminos, 6-7, Madrid (Spain).

2. COMPAÑÍA IBÉRICA DE RENTAS URBANAS, 2009, SOCIMI, S.A.U. ("CIRU") was created from the partial split of another Company, COGEIN, S.L., that took place on 22 December 2009. This new Company, CIRU, was set up with the leased assets of COGEIN, S.L., valued at EUR 107,860,208. The assets were valued by GABINETE DE TASACIONES INMOBILIARIAS, S.A., an independent expert appointed for this purpose by the Spanish Mercantile Registry. The deed of the partial split and incorporation of CIRU was filed with Mercantile Registry of Madrid on 26 January 2010, and effective from 29 December 2009 (date of initial entry, and from 1 January 2009 for accounting purposes). The Company registered office is at San Vicente Ferrer 60, Madrid (Spain).

1.3 Subsidiaries´ Corporate Purpose

The bylaws of the Subsidiary, (wholly owned by the Company), fully comply with the Spanish law 11/2009 of 26 October 2009, on "Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario" (Real Estate Investment Trusts, or its Spanish acronym, SOCIMI)".

The **Subsidiaries´ Corporate Purpose** is explained as follows:

- The acquisition and development of urban properties earmarked for lease. Development activities include the refurbishment of buildings under the terms and conditions established in VAT Law 37/1992, of 28 December.

- The ownership of interests in the share capital of other real estate investment trusts ("REITs" or "SOCIMI") or other companies not resident in Spain with a company object identical to that of the former, which are subject to a similar regime to that established

for the REITs in relation to the obligatory profit distribution policy stipulated by law or the bylaws.

- The ownership of interests in the share capital of other companies, resident or not in Spain, the principal company purpose of which is the acquisition of urban properties earmarked for lease, which are subject to the regime established for REITs in relation to the obligatory profit distribution policy stipulated by law or the bylaws and meet the investment and borrowing requirements referred to in Articles 3 and 7 of Law 11/2009, of 26 October.

- The ownership of shares or investments in property collective investment undertakings governed by Collective Investment Undertakings Law 35/2003, of 4 November.

- The performance of other ancillary financial and non-financial activities that generate rental income, which as a whole represent at least 20% of the Company's rental income in each tax period.

The aforementioned business activities may also be fully or partially carried on indirectly by the Subsidiary through investments in other companies with a similar object. All activities required by law to meet special requirements that are not met by the Company are excluded.

In view of the business activities currently carried on by the Subsidiary, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the financial statements.

1.4 Subsidiaries´ Special Regulation

The Subsidiary is regulated by **Real Estate Investment Trusts Law 11/2009, of 26 October.** Article 3 of Law 11/2009, of 26 October establishes the investment requirements of this type of company:

1. REITs must have invested at least 80% of the value of their assets in urban properties earmarked for lease, in land to develop properties to be earmarked for that purpose, provided that development begins within three years following its acquisition, and in equity investments in other companies referred to in Article 2.1 of Law 11/2009, of 26 October. The value of the asset is calculated based on the average of the quarterly individual balance sheets of the year. To calculate this value, the Company may opt to substitute the carrying amount for the fair value of the items contained in these balance sheets, which will apply to all the balance sheets of the year. The money or collection rights arising from the transfer of the aforementioned properties or investments made in the year or in prior years will not be included in the calculation, as appropriate, provided that, in the latter case, the reinvestment period referred to in Article 6 of Law 11/2009, of 26 October has not expired.

2. Also, at least 80% of the rental income from the tax period corresponding to each year, excluding the rental income deriving from the transfer of the ownership interests and the properties used by the company to achieve its principal object, once the retention period referred to below has elapsed, should be obtained from the lease of properties and dividends or shares of profits arising from the aforementioned investments. This percentage must be calculated on the basis of the consolidated profit if the company is the parent of a group, in accordance with the criteria established in Article 42 of the Spanish Commercial Code, regardless of its place of residence and of the obligation to formally prepare consolidated financial statements. This group must be composed exclusively of REITs and the other companies referred to in Article 2.1 of Law 11/2009, of 26 October.

3. The properties included in the company's assets should remain leased for at least three years. For properties developed by the company, the term will be seven years. The time during which the properties have been made available for lease will be included in calculating this term, with a maximum of one year. The term will be calculated:

   a. For properties included in the company's assets before the company avails itself of the regime, from the beginning of the first tax period in which the special tax regime established in Law 11/2009, of 26 October applies, provided that at that date, the asset is leased or made available for lease; otherwise b) shall apply.

   b. For properties developed or acquired subsequently by the company, from the date on which they were leased or made available for lease for the first time.

   c. In the case of shares or ownership interests in the companies referred to in Article 2.1 of Law 11/2009 of 26 October, they should be retained on the asset side of the company's balance sheet for at least three years following their acquisition or, as appropriate, from the beginning of the first tax period in which the special tax regime established in Law 11/2009, of 26 October applies.

4. In order to ensure adequate diversification of the property investments, the companies' assets must include at least three properties, none of which may represent more than 40% of the company's assets at the date of acquisition. This calculation will be performed on the consolidated balance sheet of the group referred to in Article 2.1 and the company may opt to substitute the carrying amount of the items included in the aforementioned balance sheet with their market value.

As established by Transitional Provision 1 of Real Estate Investment Trusts Law 11/2009, of 26 October, the company may opt to apply the special tax regime under the terms and conditions established in Article 8 of Law 11/2009, even though it does not meet the requirements established therein, provided that such requirements are met within two years after the date of the option to apply that regime.

Non-compliance of this condition implies that the Company will file income tax returns under the general tax regime from the tax period in which the aforementioned condition is not met. The Company will also be obliged to pay, together with the amount relating to the aforementioned tax period, the difference between the amount of tax payable under the general tax regime and the amount paid under the special tax regime in the previous tax periods, including any applicable late-payment interest, surcharges and penalties.

Subsequent regulatory update: Notwithstanding the foregoing, **Law 16/2012 was approved on 27 December 2012**, whereby various tax measures were adopted aimed at consolidating public finances and promoting economic activities, by introducing certain amendments to the tax and legal regimes of Real Estate Investment Trusts (SOCIMI) and also to investment and other requirements. The most noteworthy amendments to the aforementioned Law, which came into force on 1 January 2013, are as follows:

1. Flexibility of entry and of property-holding criteria: there is no minimum to the number of properties that must be contributed in the incorporation of a REIT, except in the case of housing units, where a minimum contribution of eight is required. Properties must remain on the Company's balance sheet for a minimum period of 3 years, instead of the seven-year period required previously.

2. Lower capital requirements and unrestricted leverage threshold: the minimum capital required has been reduced from EUR 15 million to EUR 5 million,

eliminating the restriction on the maximum debt limit of the property investment vehicle.

3. Decrease in distribution of dividends: before this Law came into force, the obligatory distribution of profit was 90%, and this obligation was reduced to 80% from 1 January 2013.

4. A 0% corporate income tax rate was established for REITs. However, when the dividends paid by the REIT to its shareholders with an ownership interest of more than 5% are exempt or taxed at a rate below 10%, the REIT will be subject to a special charge of 19%, which shall be treated as corporate income tax on the amount of the dividend paid to the shareholders. If it applies, this special charge must be paid by the REIT within two months after the dividend payment date.

1.5 Merger operation affecting to the Subsidiaries

In 2013, COMPAÑÍA IBÉRICA DE BIENES RAÍCES, 2009, SOCIMI, S.A.U. (the absorbing company) was merged into COMPAÑÍA IBÉRICA DE RENTAS URBANAS, 2009, SOCIMI, S.A.U. (the absorbed company).

Main characteristics of this merger plan, approved by the sole director of both companies on 20 June 2013, were as follows:

- COMPAÑÍA IBÉRICA DE BIENES RAÍCES, 2009, SOCIMI, S.A.U. absorbs COMPAÑÍA IBÉRICA DE RENTAS URBANAS, 2009, SOCIMI, S.A.U. which is dissolved without liquidation, thereby acquiring all its assets and liabilities by universal succession and is subrogated to its rights and obligations under the regime provided for in Article 49 of Law 3/2009, of 3 April, on structural changes to companies. By virtue of the aforementioned Article, as a result of indirectly owning all the shares of the absorbed company, the intervention of independent experts, the issuance of reports on the merger plan by the directors, disclosures 2, 6, 9 and 10 of Article 31 of Law 3/2009, or the approval of the merger by the shareholders at the General Meeting of the absorbed company were not required. However, an official appraisal of the absorbed company was performed, which was conducted by an expert (Arco Valoraciones, S.A.) appointed by the Mercantile Registry of Madrid. The result of the appraisal was positive and, therefore, the appraisal was certified through which the merger of both companies became effective.

- The date from which the transactions of COMPAÑÍA IBÉRICA DE RENTAS URBANAS, 2009, SOCIMI, S.A.U. must be considered to have been performed for accounting purposes by COMPAÑÍA IBÉRICA DE BIENES RAÍCES, 2009, SOCIMI, S.A.U. is 1 January 2013.

- The merger was executed in a public deed on 25 June 2013, was submitted for registration at the Madrid Mercantile Registry on 26 June 2013 and was definitively registered on 8 November 2013 and in accordance with Article 55.1 of the Spanish Mercantile Registry Regulations, the date of registration was taken to be the date of the filing entry, i.e. 26 June 2013.

- The capital increase was performed by increasing the share capital of COMPAÑÍA IBÉRICA DE BIENES RAÍCES, 2009, SOCIMI, S.A.U. (absorbing company) by EUR 138,070,000, which corresponded to the value of the equity of COMPAÑÍA IBÉRICA DE RENTAS URBANAS, 2009, SOCIMI, S.A.U. (absorbed company) at 31 December 2012, in accordance with Article 36 of Law 3/2009, of 3 April on structural changes to companies. The aforementioned capital increase was performed by increasing the nominal value of the shares by EUR 138.07, which currently stand at EUR 257.16.

- As a result of the aforementioned transaction, the merger reserves stood at EUR 233.

1.6 Migration of the Company

On 10 June 2014, the 100% of the shareholders of the Company approved, between others, and within the frame of an **Extraordinary and Universal General Shareholders Meeting**:

1. Transfer of the registered office, the place of effective management and the central administration of the Company from 9B, Boulevard Prince Henri L-1724 Luxembourg, Grand-Duchy of Luxembourg, to Glorieta de Cuatro Caminos 6 and 7, 4th floor, E-28020, Madrid, Spain;

2. Change of the Company's name from "Saint Croix Holding Immobilier S.A." to "Saint Croix Holding Immobilier, SOCIMI, S.A.";

3. Approval of the accounting situation of the Company as at May 31, 2014;

4. Subsequent restating of the articles of association of the Company to comply with the Spanish law and approval of the new articles of association and the approval of the Regulations of the General Shareholders' Meeting;

5. Approval of the resignation of the directors and auditor presently in charge and granting of full discharge for the execution of their respective mandates;

6. Appointment of the new directors of the Company in Spain, for a period of six (6) years;

7. Appointment of the new auditor of the Company in Spain, for the financial year ending on 31 December 2014;

8. Designation of the attorneys to represent the Company in Spain before any authorities whatsoever and to do whatever is deemed necessary or required in relation with any administrative, fiscal or else procedures to be performed in Spain for the realization of the contemplated transfer of the registered office, the place of effective management and the central administration of the Company.

On 11 June 2014, a new **Board of Directors Meeting** took place in Madrid. The main resolutions approved were as follows:

1. The Board of Directors takes knowledge of the decisions approved by the Extraordinary General Meeting and Universal of the company dated 10 June 2014 detailed above and appoints new Directors as follows: (i) President and CEO: Mr. Marco Colomer Barrigón; (ii) Director: Jose Luis Colomer Barrigón; (iii) Director: Celestino Martín Barrigón; and (iv) Secretary not Director: Mr. José Juan Cano Resina.

2. Approval of the Regulations of the Board of Directors pursuant to article 528 of the Spanish Mercantile Law.

3. Creation of the Audit Committee. In accordance with article 12.1 and 13 of the regulations of the Board of Directors, it is agreed to create an Audit Committee integrated by three members who has to be as well part of the Board of Directors. It is agreed to delegate on this Audit Committee the internal control function, internal audit actions and management of the risk of the Board of Directors and, in particular, those contained in article 13.9 of the regulations of the Board of Directors. It is also agreed to appoint as Chairman of the Audit Committee to Mr. Celestino Martín Barrigón. It is also agreed to appoint Mr. José Luis Colomer Barrigón as Secretary of the Executive Committee. Both shall serve in office for a period of six years.

4. Mr. Marco Colomer Barrigón is empowered to act before the National Commission of the Spanish Securities Market (CNMV) to get the certificate of legal persons (CIFRADOC) provided for in the resolution of the President of the CNMV on 16 November 2011 and authorizes its use to let the company to comply with respect to the procedures and obligations with CNMV, all in accordance with the Official Register of CNMV.

5. Mr. Marco Colomer Barrigón is empowered to act before the CNMV to get the legal entities certificate (CIFRADOC) provided for in the resolution of the President of the CNMV on 16 of November 2011 and authorizes its use to report to CNMV any Significant Fact under the "HSR" code (significant or relevant fact), and "IGC" (annual report of corporate governance), all in accordance with the Official Register of CNMV.

Nowadays; the Extraordinary and Universal General Shareholders Meeting Notary Deed is "under registration and inscription" at the Trade Register of Madrid. The Company is for the moment registered for tax purposes as a non-resident Company acting in Spain with the tax code number N-0182770-H. As soon as the Company is definitively registered in Spain, the Spanish Tax Authority will change the non-resident tax code number for a Spanish one.

1.7 Others

- 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 2014.

- **On 10 June 2014**, the Annual General Shareholders Meeting of the Company resolved to approve the proposal made by the Directors of the Company to allocate the profit for the financial year ended 31 December 2013 amounting to EUR 4,353,630 as follows:

Allocation of 2013 financial year net results	EUR
Profit as of 31 December 2013	**4,353,630**
Loss from previous years compensation	1,228,592
Net Profit	**3,125,038**
• Legal reserve	156,252
• Dividends (fully paid as at 10 July 2014)	2,968,786

- The Chairman and CEO, Mr. Marco Colomer gave his authorization to issue this Interim Consolidated Financial Statements as at 30 June 2014 on 28 August 2014.

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**.

Accounting policies and methods of computation followed in the interim consolidated financial statements as at 30 June 2014 are the same as the ones used in the consolidated annual financial statements as at 31 December 2013.

2.1.2 Income and cash flow statement

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

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

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.

2.1.3 Preparation of the interim consolidated financial statements

The preparation of the interim financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment 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.

These estimates relate basically to the following:

- **The assessment of possible impairment losses on certain assets (investment properties).** The fair value of investment property is determined by real estate valuation experts at the end of the financial year using recognized valuation techniques and the principles of IFRS 13. The significant methods and assumptions used by valuators in estimating the fair value of investment property are set out in Note 3.1. Inventory property is stated at the lower of cost and net realizable value (NRV). Nevertheless, at the different reporting periods, NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for properties in the same geographical market serving the same real estate segment. Should the fair value of the investment properties be lower than the cost value; the negative difference is impaired accordingly.

- **The useful life of property assets.** Given the type of assets which are included in the portfolio of investments of the Group, (Hotels, Commercial premises and offices), the Group considers that the useful life of the mentioned assets is assessed by reference to the experience of similar assets at the construction or acquisition date and is determined by the Group, based on comparable assets for properties of the same characteristics of use, size and real estate segment. The Group depreciates its assets based on its years of estimated useful life, 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 indicated in Note 1, the Group performs its real estate activity through its Subsidiary.

Over 80% of the assets of the Group are Real Estate assets for rent.

The Group has an experience of more than 45 years in the Real Estate activity. The Directors thereof have enough experience to determine the estimated useful life of the properties in which the Group invests. Every year, the company perform physical "in depth" inspections of the buildings held for leasing and determines the need for additional investments, scheduled or unscheduled, within the preventive and / or corrective maintenance program. The costs of preventive maintenance are recorded in the profit and loss account as they do not increase the useful life of the properties but they preserve the properties from the eventual accelerated deterioration due to external reasons while the costs of corrective maintenance are considered as a higher cost of the properties since they increase the useful life of the mentioned assets beyond the initially estimated.

Regardless of the use (hotel, commercial or offices) or location of the property, the buildings have an estimated useful life of 50 years since a building does not deteriorate more or less depending on its use or its location but the maintenance plan programed and performed. Based on the Group's experience, maintenance plans established in all its properties ensures the mentioned useful life. The residual value of an asset is often insignificant and therefore immaterial in the calculation of the depreciable amount. The Group considers that the residual value of its properties is null or not relevant given that once the useful life of the property is finished, its value is non-existent (except for the land which is not subject to depreciation) and should be demolished to build a new one with better living conditions. Demolition costs are no relevant just in case.

Additionally, as also indicated above, the Group performs (at the end of the financial year) an external assessment of all its real estate assets. This assessment is carried out by independent experts who determine the fair value of assets for rent based on market conditions, lease contract, location, type of each individual asset and expected returns, among others. The Group determines the impairment losses associated to each property based on market value compared with net book value (cost of acquisition or construction of buildings less accumulated depreciation calculated according to the estimated useful life). Should the difference be negative, i.e., the market value is lower than the net book value, impairment losses are recorded while if the market value is higher, the mentioned positive difference is not recorded except in those cases in which in previous years an impairment loss has been recorded. In these cases, the impairment recovered is reversed with the limit of the impairment losses accrued in prior years. This practice allows to correct any eventual change or error occurred in the estimation of the useful life of assets reducing or increasing the impairment losses of assets for rent.

- **The operating lease contracts.** The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments, that it retains all the significant risks and rewards of ownership of these properties and accounts for the leases as operating leases.

- **Grants.** The Group accounts for grants, donations and legacies received from third parties other than the owners as follows:

    - Non-refundable grants, donations and legacies related to assets: these are measured at the fair value of the amount or the asset received, 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.

- Refundable grants: while they are refundable, they are recognized as a liability.

- **The calculation of provisions and contingencies.** The 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 financial statements, but rather are disclosed, unless the possibility of an outflow in settlement is considered to be remote. 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. When preparing the financial statements, the Group's Directors made 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 Company's control.

- **Current/Non-current classification.** 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 realized 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.

- **The estimation of the corporate income tax.** Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could need future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective Group Company’s domicile.

- **Revenue and expense recognition.**

    - Revenue and expenses are recognized on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

    - Revenue from sales is recognized when the significant risks and rewards of ownership of the goods sold have been transferred to the buyer, and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

- Interest income from financial assets is recognized using the effective interest method and dividend income is recognized when the shareholder's right to receive payment has been established. Interest and dividends from financial assets accrued after the date of acquisition are recognized as income.

- Property rental income is recognized on an accrual basis and the difference between the billings made and the income recognized on this basis is recognized under "Current Prepayments and Accrued Income" and "Current Accruals and Deferred Income".

- **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 Company's Directors considers that there are no material risks in this connection that might give rise to significant liabilities in the future. Moreover, all the cash generated by the Group (through its Subsidiary) is borrowed to the upper Group on an arm's length basis as well. All the interest paid or received by the Group is based on operating activities since the Group does not carry out financial activity. The entire cash surplus generated by the Subsidiary is borrowed to the rest of companies of the Group for their normal activities out of the financial one.

Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8, recognizing the effects of the change in estimates in the consolidated statement of profit or loss and other comprehensive income for the years affected.

a) New standards and interpretations adopted by the Group that have entered into force since 1 January 1 2014 are as follows:

New standards and interpretations	Brief description
IFRS 10 Consolidated financial Statements (issued on May 2011) (1)	It replaces the requirements of IAS 27 consolidation
IFRS 11 Joint arrangements (issued on May 2011) **(1)**	It replaces IAS 31 consolidation requirements
IFRS 12 Disclosure of interests in “Other Entities” (issued on May 2011) **(1)**	Single standard that establishes the breakdowns related to interests in subsidiaries, associates, joint ventures and unconsolidated entities
IAS 27 (Revised) Investments in associates and joint ventures (issued on May 2011) **(1)**	Revised standard, since after the issuance of IFRS 10. Separate financial statements of the entity will be included
IAS 28 (Revised) Investments in associates and joint ventures (issued on May 2011) **(1)**	Simultaneous review in connection with the issuance of IFRS 11 joint agreements
Rules of transition: amendment to IFRS 10, 11 and 12 (issued on June 2012) **(1)**	Clarification of the rules of transition of these rules
Investment companies: amendment to IFRS 10, 12 IFRS and IAS 27 (published in October 2012)	Exception to the consolidation of dominant companies that meet the requirements of investment company
Amendment to IAS 32 Financial instruments: presentation - compensation for assets with liabilities (published in December 2011)	Additional clarifications to the rules of compensation of financial assets and liabilities in IAS 32
Amendments to IAS 36-breakdowns on the recoverable amount of non-financial assets (published in May of 2013)	It clarifies when certain breakdowns are needed and extends those required when the recoverable value is based on the fair value less cost of sales
Amendments to IAS 39 - novation of derivatives and the continuation of the hedge accounting (issued on June 2013)	Amendments to determine in which cases and under what criteria, the novation of a derivative not necessary interruption of the hedge accounting
***(1)** European Union delayed the date of mandatory application in a year. The original implementation of the IASB date was January 1, 2013.*	

IFRS 10 consolidated financial statements, IFRS 11 joint arrangements, IFRS 12 breakdowns on holdings in other entities, IAS 27 (revised) financial statements and IAS 28 (revised) investment in associates and joint ventures.

This 'package' of five regulations or amendments are issued together and come to replace current standards in relation to consolidation and accounting for investments in subsidiaries, associates and joint ventures, as well as related breakouts.

IFRS 10, which is the new consolidation rule, replaces all part of consolidation of IAS 27, as well as the interpretation SIC-12 consolidation of special purpose entities.

The main change of IFRS 10 is the modification of the definition of control coming to the coexistence and sometimes inconsistency of the previous dual model of IAS 27 control with the risks and benefits of SIC 12. The new definition of control pivots on three elements which must always comply with: power over the investee, exposure, or the right to the variable results of investment and the ability to use that power to influence the amount of those returns.

Furthermore, IFRS 11 joint arrangements replace the current IAS 31 “Interests in Joint Ventures”. It requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement. Joint arrangements are either joint operations or joint ventures:

- A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint operators recognize their assets, liabilities, revenue and expenses in relation to its interest in a joint operation (including their share of any such items arising jointly)

- A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (joint ventures) have rights to the net assets of the arrangement. A joint venture applies the equity method of accounting for its investment in a joint venture in accordance with IAS 28 Investments in Associates and Joint Ventures (2011). Unlike IAS 31, the use of 'proportionate consolidation' to account for joint ventures is not permitted.

IFRS 12 Disclosure of Interests in Other Entities: It requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. In high-level terms, the required disclosures are grouped into the following broad categories:

- Significant judgments and assumptions - such as how control, joint control, significant influence has been determined

- Interests in subsidiaries - including details of the structure of the group, risks associated with structured entities, changes in control, and so on

- Interests in joint arrangements and associates - the nature, extent and financial effects of interests in joint arrangements and associates (including names, details and summarized financial information)

- Interests in unconsolidated structured entities - information to allow an understanding of the nature and extent of interests in unconsolidated structured entities and to evaluate the nature of, and changes in, the risks associated with its interests in unconsolidated structured entities

IFRS 12 lists specific examples and additional disclosures which further expand upon each of these disclosure objectives, and includes other guidance on the extensive disclosures required.

Rules of transition: amendment to IFRS 10, 11 and 12 through this modification the IASB has wanted to clarify some issues regarding the rules of transition of these rules. It is clarified that the initial implementation date is the beginning of the period in which the IFRS 10 applies for the first time. This would be the date in which the inverter would make his analysis of whether there are changes or not in the conclusions on shares which are to be strengthened. On the other hand, in relation to the comparative sets if there are no changes in the date of initial application on the findings of consolidation is not necessary to make any adjustments to the comparative figures. If there are changes, there will be made re-evaluation but only the previous year.

Investment companies: amendment to IFRS 10, 12 IFRS and IAS 27. This modification establishes an exception to the rules of IFRS 10 consolidation for companies that meet the requirements to be considered as investment companies.

An entity will be an investment company if it gets one or more investors funds to provide those investment management services, its business purpose is to invest the funds with the sole aim of obtaining returns of investments or the increase in value of those shares and, finally, values and assesses the results of substantially all their investments on the basis of their fair value. If this definition is met, the entity must post these participations in subsidiaries at their fair value with changes in results according to the standard of financial instruments, with the exception of the subsidiary that provides investment services, if this is the case, for which the standard considers that it would be an extension of their own activities and if it must consolidate this dependent company according to the usual methodology.

This exception does not apply to the dominant company of the investment company that should consolidate all the subsidiaries under control, but in the case that the holding is also an investment entity. The date of application in the European Union is the same as the package of new rules of consolidation, on 1 January 2014.

Amendment to IAS 32 financial instruments: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7): The modification introduces additional clarification in the implementation on the requirements of the standard guide to compensate an asset and a financial liability in its presentation in the balance sheet according to paragraph 42 of IAS 32.

This standard already indicates that an asset and a financial liability may only offset when the entity has at the present time the enforceable right legally offset the recognized amounts. The modified implementation guide indicates, among other things, that to meet this condition, the right to compensation should not depend on future events and should be legally enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. It also clarifies in which cases compensation gross could be considered equivalent to a settlement by the net. The date of application in the European Union is 1 January 2014.

Amendment to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets: Amends IAS 36 Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The date of application in the European Union is 1 January 2014.

Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting: Recognition and Measurement to make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are

met. A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations. It is applicable to annual periods beginning on or after 1 January 2014.

All these new amendments have no relevant effect of the consolidated financial statements of the Company as at 30 June 2014.

b) New standards and interpretations to be in force on 2015 are as follows:

New standards and interpretations	Brief description	Effective date
Approved for use in the European Union		
IFRIC 21 Levies (published in May 2013)	Provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain	17 June 2014 (1)
Not approved yet for use in the European Union on the date of publication of this document (1)		
IFRS 9 financial instruments: classification and valuation (published in November 2009 and October 2010) and subsequent modification of IFRS 9 and IFRS 7 effective date and breakdowns of transition (published in December) and accounting for hedges and other modifications (published in November 2013).	It replaces the requirements for classification, valuation of assets and liabilities financial, low in accounts and IAS 39 hedge accounting.	Not defined yet
IFRS 15 revenue from contracts with customers (published in May 2014)	New standard revenue recognition (replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31	1 January 2017
Amendment of IAS 19 - contributions by employees (published in November 2013) defined-benefit plans	The modification is issued to facilitate the possibility of deducting these contributions from the cost of the service in the same period they are paid if certain requirements are met	1 July 2014
Improvements to the IFRS cycle 2010-2012 and cycle 2011-2013 (published in December 2013)	Minor changes	1 July 2014
Modification of IAS 16 and IAS 38 - acceptable methods of depreciation and amortization (published in May 2014)	Clarified the acceptable methods of amortization and depreciation of tangible and intangible.	1 January 2016
Amendment to IFRS 11 - accounting of the acquisitions of interests in joint ventures (published in May 2014)	Specifies the way of accounting for the acquisition of a stake in a joint operation whose activity constitutes a business.	1 January 2016
(1)*The European Union has endorsed the IFRIC 21 (Bulletin EU 2014 June 14), modifying the original effective date established by the IASB (1 January 2014) by June 17, 2014.*		

All these new standards and interpretations are expected not to have a relevant effect on the consolidated financial statements of the Company when applied.

2.1.4 Common control using predecessor accounting

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

As a result of the shareholder reorganization described above, during 2012, the Company owned 100% of the shares of the following subsidiaries:

- COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U ("CIBRA");
- COMPAÑÍA IBÉRICA DE RENTAS URBANAS 2009, SOCIMI, S.A.U ("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 utilized 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 for the year ended 31 December 2011 (first consolidation of the Group):

- Full consolidation of the financial information of the controlled subsidiaries prepared under IFRS;

- The consolidated financial statements have been 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 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 2011, the consolidated profit and loss account comprises the profit and loss accounts of the Company and its subsidiaries;

- No new goodwill arises, and the consolidated financial position is 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.

Following the merger of the two subsidiaries described in Note 1 which took place during 2013, the Company owns 100% of the shares of COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U., as at 31 December 2013. From then on, there has been no change at this regards.

2.1.5 Consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

They are de-consolidated from the date that control ceases.

All the group companies have 31 December as their year end. Consolidated financial statements are prepared using uniform accounting policies for all transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Note 3 - Accounting policies and measurement basis

The principal accounting policies applied in the preparation of these 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

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.

The Group invests in different type of assets (hotels, offices and commercial premises). Strategy of investment followed by Management is driven by two main objectives: invest in prime assets, in prime locations and with the intention to hold the assets for a long period (no differentiation is done between assets). On this basis, Management considers that depreciation on 50 years for

all type of assets is correct since all of the buildings have a maintenance program (preventive and corrective) to ensure that the useful life of each is not affected.

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 valuators each year, so that at year-end the fair value reflects the market conditions of the investment properties at that date.

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

Impairment of investment property

Whenever there are indications of impairment, the Company (through its Subsidiary) 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 asset appraisal as at 31 December 2013 that was issued on 28 January 2014 from an independent valuator, CBRE Valuation Advisory, S.A. (CBRE), to determine the fair value of all its investment properties at year-end. These appraisals were performed on the basis of the lower of replacement value and market rental value (which consists of capitalizing the net rental income from each property and discounting the future flows).

The fair value was calculated by performing discounted cash flow projections using discount rates acceptable to a prospective investor and capitalization method, in line with those used in the market for properties of similar characteristics in similar locations.

The appraisals were conducted in accordance with the Appraisal and Valuation Standards issued by the Royal Institute of Chartered Surveyors (RICS) of the United Kingdom.

A summary of the different valuation methods and key features per asset is as follows:

Main hypothesis considered in the valuation of assets (capitalization, discounted cash flow and market price) carried out by CBRE as at 31 December 2013 are as follows:

- **Capitalization method**

	Capitalization	
Property	**Initial Yield**	**Equivalent Yield**
Gran Vía, 34	5.00%	5.66%
Pradillo, 42	9.25%	6.55%
San Antón 25 and 27	0.00%	6.50%
Albalá, 7	8.55%	8.26%
Gran Vía 1 - 2º Right	5.98%	5.60%
Gran Vía 1 - 1º Left	5.95%	5.60%
Gran Vía 1 - 1º Right	5.98%	5.60%
Gran Vía 1 - 2º Left	6.00%	5.60%
Dulcinea 4	8.20%	7.75%
Caleruega	7.88%	7.25%
Rutilo	8.19%	7.45%

Property	Capitalization	
	Current gross rent per year	Market gross rent per year
Gran Vía, 34	2,607,640	2,865,135
Pradillo, 42	1,525,207	896,208
San Antón 25 and 27	-	202,310
Albalá, 7	235,017	95,710
Gran Vía 1 - 2º Right	202,136	186,611
Gran Vía 1 - 1º Left	102,000	88,108
Gran Vía 1 - 1º Right	-	-
Gran Vía 1 - 2º Left	102,380	92,400
Dulcinea 4	108,780	99,590
Caleruega	96,593	47,781
Rutilo	80,896	67,602

- **Discounted Cash Flow method**

Property	Discounted Cash Flow					
	I.R.R.	Discounted rate	Yield year 1	Yield year 2	Yield year 3	Yield at exit
Meliá Atlántico Hotel	9.97%	10.50%	5.85%	6.54%	7.13%	7.00%
Barceló Isla Canela Hotel	10.49%	11.00%	7.87%	8.07%	8.27%	7.75%
Tryp Atocha Hotel	8.66%	9.50%	6.13%	6.13%	8.31%	6.75%
Iberostar Isla Canela Hotel	9.96%	10.50%	6.83%	7.11%	7.59%	7.50%
Tryp Cibeles Hotel	8.45%	9.00%	5.95%	6.09%	6.25%	6.25%
Playa Canela Hotel	11.11%	10.75%	7.11%	7.68%	8.08%	7.60%
Plaza de España	10.00%	-	13.08%	13.40%	13.74%	7.00%
Isla Canela Golf Hotel	10.23%	11.00%	2.67%	8.43%	8.68%	8.00%
Marina Isla Canela Shopping Centre	9.50%	-	6.97%	8.12%	8.49%	9.00%

Property	Occupancy rate
Meliá Atlántico Hotel	70%
Barceló Isla Canela Hotel	69%
Tryp Atocha Hotel	72%
Iberostar Isla Canela Hotel	71%
Tryp Cibeles Hotel	79%
Playa Canela Hotel	73%
Plaza de España	-
Isla Canela Golf Hotel	53%
Marina Isla Canela Shopping Centre	-

Property	Market price €/m2
Sanchinarro VI	2,866 €/m2
Sanchinarro VII	3,019 €/m2
Coslada III	2,032 €/m2
Vallecas Comercial II	1,678 €/m2
Vallecas Comercial I	1,607 €/m2
Sanchinarro V	2,852 €/m2

Where it is necessary to recognize 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.

In addition, at the different reporting periods, Net Realizable Value (NRV) for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group through its Management, based on comparable transactions identified by the Group for properties in the same geographical market serving the same real estate segment. Should the fair value of the investment properties be lower than the cost value; the negative difference is impaired accordingly.

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 the consolidated statement of profit or loss and other comprehensive income on an accrual basis.

A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortized 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

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 and are classified under “Loans and Receivables”.

Initial recognition

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

Subsequent measurement

Financial assets are measured at amortized 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 statement of profit or loss and other comprehensive income.

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

The Group derecognizes 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 derecognize financial assets, and recognizes 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 amortized cost.

The Group derecognizes 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 realized 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 Provision 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.

3.4 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 statement of profit or loss and other comprehensive income, 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 statement of profit or loss and other comprehensive income 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 realized 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 utilized.

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 Subsidiary CIBRA (REITs regime), following their amendment by Law 16/2012, of 27 December is based on the application of a 0% income tax charge provided that they meet certain requirements. These requirements include most notably 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 organized markets. Also, the main sources of revenue of these entities 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, income tax accrues in proportion to the dividends distributed by the Subsidiary. Dividends received by shareholders are tax-exempt, unless the recipient is a legal entity 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 so 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.

As established by Transitional Provision Nine of Real Estate Investment Trusts Law 11/2009, of 26 October, amended by Law 16/2012, of 27 December, the Subsidiary will be subject to a special charge of 19% of the total amount of the dividends or shares in profits paid to the shareholders, whose ownership interest in the subsidiary's share capital is equal to or higher than 5%, when such dividends, paid to the shareholders, are exempt or taxed at a rate below 10%. Notwithstanding the foregoing, the special charge shall not apply when the dividends or shares in profits are received by non-resident entities as referred to in Article 2.1-b of this Law, (the ownership of interests in the share capital of other REITs or other companies not resident in Spain with a company object identical to that of the former, which are subject to a regime similar to that established for REITs in relation to the obligatory profit distribution policy stipulated by law or the bylaws) with respect to shareholders holding an ownership interest equal to or higher than 5% of the share capital of such companies and are taxed in relation to such dividends or shares in profits at a rate of at least 10%.

3.5 Revenue 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 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.

3.6 Termination benefits

Under current legislation in Spain, the Subsidiary is 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 2014, no terminations were expected that would require recognizing a provision.

3.7 Grants related to assets

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.

The income generated by Government grants are disclosed in a dedicated caption in consolidated statement of profit or loss and other comprehensive income: "Allocation to profit and loss of grants related to non-financial non-current assets".

At this respect the Group applies the IAS 20 and particularly:

"Government grants related to assets (or capital), including non-monetary nature, are valued at their fair value on the balance sheet. Given that, at this respect, IAS 20 allows two different types of presentation, the Group has chosen to present the grants as a deferred income and not deducting the grants from the value of assets related. It implies that the grant is presented as a deferred income which is recognized as income in the profit and loss account of the Group during the different financial years based on a systematic and rational basis, over the useful life of the assets related."

3.8 Borrowing costs

Borrowing costs are charged to consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred.

3.9 Profit from operations

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

3.10 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.

3.11 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 bases on the Board of Directors, which is the chief operating decision maker. As result, each investment is viewed as a reportable segment.

From a **geographical point of view**, the most part of revenues are generated in Madrid and Huelva (all of them in Spain). At this respect, Madrid has increased its contribution to the total revenues by 8 points to the detriment of Huelva. The detail of the contribution of the revenues per a geographical point of view is as follows:

Location	30.06.2014		31.12.2013	
	Revenues	%	Revenues	%
Madrid	3,927,081	59%	7,808,740	51%
Huelva	2,037,988	31%	5,761,049	38%
Castellón	667,722	10%	1,456,131	10%
Cáceres	-	-	190,086	1%
Total	**6,632,790**	**100%**	**15,216,006**	**100%**

As shown in the above table, the Group locates the most part of the activity in Madrid and Huelva (90% in 2014 versus 89% in 2013) although the weight of Huelva in the total activity has

decrease in 2014 as well as it decreased in 2013. The weight of revenues coming from the activity in Madrid has increased again from the 41% in 2011 to the 59% in 2014 (51% in 2013) according to the strategy of the Company to reinforce the investment in prime time zones.

In addition, from a **type of asset point of view** it is interesting to point out the occupancy rate evolution:

Type of asset	30.06.2014		31.12.2013	
	M2	**Occupancy Rate**	**M2**	**Occupancy rate**
Hotels	118,843	100.00%	118,843	100.00%
Offices	24,673	41.61%	25,273	39.59%
Commercial premises	21,466	71.07%	21.466	73.35%
Total	**164,982**	**87.50%**	**165,582**	**87.54%**

Revenues have fallen down by 3% (30 June 2014 vs. 30 June 2013). The occupancy rate as at 30 June 2014 is 87.50% (87.54% as at 31 December 2013 and 85.38% as at 30 June 2013). The evolution of the level of occupancy rate of the real estate assets of the Company is very stable. It reinforces the solvency of the Company thanks to the quality of the clients and lease contracts.

It is important to point out that 49% of revenues are generated from hotels assets (53% in 2013), 15% from offices assets (13% in 2013) and 36% from commercial premises (34% in 2013) with an occupancy rate of 87.50% (87.54% in 2013). Hotels are fully rented as well as in 2013; offices are partially rented with a rate of 41.61% (39.59% in 2013). Commercial premises are rented at 71.07% (73.35% in 2013). Management of the Company considers that the occupancy rate will keep as it at least and is implementing certain commercial measures in order to beat the target of 90%.

Revenues during the first six months of 2014 have kept quite similar to the revenues obtained during the same period of 2013 with a slight decrease of 3%, mainly based on the lower revenues obtained by the commercial premises lease.

The detail of **revenues, square meters and occupancy rate per assets and activity** as at 30 June 2014 (6 months) in comparison to 31 December 2013 (12 months) is as follows:

Property	30.06.2014				31.12.2013			
	Revenues	**%**	**M2**	**Occup. rate**	**Revenues**	**%**	**M2**	**Occup. rate**
Meliá Atlántico Hotel	-	-	30,311		1,125,613	7.40%	30,311	
Barceló Isla Canela Hotel	1,055,211	15.91%	20,494		1,991,929	13.09%	20,494	
Tryp Atocha Hotel	695,396	10.48%	9,229		1,403,864	9.23%	9,229	
Iberostar Isla Canela Hotel	646,935	9.75%	27,500		1,301,768	8.56%	27,500	
Tryp Cibeles Hotel	586,897	8.85%	6,881		1,177,477	7.74%	6,881	
Playa Canela Hotel	267,150	4.03%	20,050		1,018,585	6.69%	20,050	
Isla Canela Golf Hotel	25,000	0.38%	4,378		88,092	0.58%	4,378	
Hotels	**3,276,588**	**49.40%**	**118,843**	**100.00%**	**8,107,328**	**53.28%**	**118,843**	**100.00%**
Pradillo, 42	761,843	11.49%	7,252		1,521,761	10.00%	7,252	
Sanchinarro VI	15,630	0.24%	4,273		2,360	0.02%	4,498	
Sanchinarro VII	4,096	0.06%	3,444		9,400	0.06%	3,594	
Coslada III	5,100	0.08%	4,499		6,006	0.04%	4,574	
Vallecas Comercial I	6,213	0.09%	3,390		8,030	0.05%	3,390	
Gran Vía 1 - 2º Right	55,796	0.84%	542		102,160	0.67%	542	
Gran Vía 1 - 1º Right	51,344	0.77%	542		112,900	0.74%	542	
Gran Vía 1 – 2º Left	47,044	0.71%	461		93,979	0.62%	461	
Sanchinarro V	-	-	271		-	-	421	
Offices	**947,065**	**14.28%**	**24,673**	**41.61%**	**1,856,596**	**12.20%**	**25,273**	**39.59%**
Gran Vía, 34	1,303,922	19.66%	3,348		2,542,788	16.71%	3,348	
Plaza de España	667,722	10.07%	2,858		1,456,131	9.57%	2,858	
San Antón 25 and 27	-	-	1,736		190,087	1.25%	1,736	
Vallecas Comercial II	80,800	1.22%	3,154		165,600	1.09%	3,154	
Marina Isla Canela Shop. Centre	43,692	0.66%	6,396		235,062	1.54%	6,396	
Albalá 7	117,626	1.77%	1,540		233,934	1.54%	1,540	
Gran Vía 1 - 1º Left	52,345	0.79%	442		103,073	0.68%	442	
Dulcinea 4	48,312	0.73%	1,037		111,506	0.73%	1,037	
Caleruega	52,800	0.80%	362		101,200	0.67%	362	
Rutilo	41,917	0.63%	593		83,244	0.55%	593	
Commercial premises	**2,409,137**	**36.32%**	**21,466**	**71.07%**	**5,222,625**	**34.32%**	**21,466**	**73.35%**
Total rent revenues	**6,632,790**	**100.00%**	**164,982**	**87.50%**	**15,186,549**	**99.81%**	**165,582**	**87.54%**
Other revenues	-	-	-	-	29,457	0.19%	-	-
Total	**6,632,790**	**100.00%**	**164,982**	**87.50%**	**15,216,006**	**100.00%**	**165,582**	**87.54%**

The following table shows the **geographical breakdown of rental revenue and total assets** (fair and net book value), as reported under Note 5 "Investment property" as at 30 June 2014 in Euro.

	Revenues	%	Net Book Value	Market Value	Unrealized Gains
Barceló Isla Canela Hotel	1,055,211	15.91%	20,840,427	24,428,000	3,587,573
Meliá Atlántico Hotel	-	-	28,238,422	28,238,422	-
Iberostar Isla Canela Hotel	646,935	9.75%	21,264,911	21,264,911	-
Marina Isla Canela Shop. Center	43,692	0.66%	2,328,810	2,328,810	-
Playa Canela Hotel	267,150	4.03%	13,371,903	13,371,903	-
Isla Canela Golf Hotel	25,000	0.38%	3,579,132	3,579,132	-
Huelva	**2,037,988**	**30.73%**	**89,623,604**	**93,211,178**	**3,587,573**
Pradillo 42	761,843	11.49%	15,713,198	15,713,198	-
Gran Vía 1-2º Right	55,796	0.84%	1,786,970	1,786,970	-
Tryp Cibeles Hotel	586,897	8.85%	18,903,896	19,680,000	776,104
Tryp Atocha Hotel	695,396	10.48%	21,298,605	21,298,605	-
Gran Vía 1-1º Right	51,344	0.77%	1,704,109	1,704,109	-
Gran Vía 1-2º Left	47,044	0.71%	1,531,333	1,531,333	-
Gran Vía 1-1º Left	52,345	0.79%	1,758,152	1,758,152	-
Vallecas Comercial II	80,800	1.22%	3,595,137	3,595,137	-
Dulcinea 4	48,312	0.73%	1,346,761	1,346,761	-
Albalá 7	117,626	1.77%	2,539,626	2,539,626	-
Gran Vía 34	1,303,922	19.66%	20,015,770	52,670,000	32,654,230
Caleruega	52,800	0.80%	966,509	1,224,000	257,491
Rutilo	41,917	0.63%	1,014,572	1,014,572	-
Sanchinarro V	-	-	179,369	179,369	-
Sanchinarro VI	15,630	0.24%	8,308,346	8,308,346	-
Sanchinarro VII	4,096	0.06%	6,773,372	6,773,372	-
Vallecas Comercial I	6,213	0.09%	3,342,920	3,342,920	-
Coslada III	5,100	0.08%	4,432,613	4,432,613	-
Madrid	**3,927,081**	**59.21%**	**115,211,258**	**148,899,083**	**33,687,825**
Pza. España	667,722	10.07%	9,331,479	9,331,479	-
Castellón	**667,722**	**10.07%**	**9,331,479**	**9,331,479**	**-**
San Antón 25 and 27	-	-	3,262,405	3,262,405	-
Cáceres	**-**	**-**	**3,262,405**	**3,262,405**	**-**
Other revenues	-	-	-	-	-
Total	**6,632,790**	**100.00%**	**217,428,746**	**254,704,145**	**37,275,398**

In addition, the detail as at 31 December 2013 is as follows (in Euro):

	Revenues	%	Net Book Value	Market Value	Unrealized Gains
Barceló Isla Canela Hotel	1,991,929	13.09%	21,026,938	24,428,000	3,401,062
Meliá Atlántico Hotel	1,125,613	7.40%	28,630,000	28,630,000	-
Iberostar Isla Canela Hotel	1,301,768	8.56%	21,445,000	21,445,000	-
Marina Isla Canela Shop. Center	235,062	1.54%	2,355,000	2,355,000	-
Playa Canela Hotel	1,018,585	6.69%	13,450,000	13,450,000	-
Isla Canela Golf Hotel	88,092	0.58%	3,603,000	3,603,000	-
Huelva	**5,761,049**	**37.86%**	**90,509,938**	**93,911,000**	**3,401,062**
Pradillo 42	1,521,761	10.00%	16,571,000	16,571,000	-
Gran Vía 1-2º Right	102,160	0.67%	1,808,000	1,808,000	-
Tryp Cibeles Hotel	1,177,477	7.74%	19,165,671	19,680,000	514,329
Tryp Atocha Hotel	1,403,864	9.23%	21,645,000	21,645,000	-
Gran Vía 1-1º Right	112,900	0.74%	1,726,000	1,726,000	-
Gran Vía 1-2º Left	93,979	0.62%	1,538,000	1,538,000	-
Gran Vía 1-1º Left	103,073	0.68%	1,778,000	1,778,000	-
Vallecas Comercial II	165,600	1.09%	3,612,000	3,612,000	-
Dulcinea 4	111,506	0.73%	1,359,000	1,359,000	-
Albalá 7	233,934	1.54%	2,562,000	2,562,000	-
Gran Vía 34	2,542,788	16.71%	20,184,168	52,670,000	32,485,832
Caleruega	101,200	0.67%	969,361	1,224,000	254,639
Rutilo	83,244	0.55%	1,025,000	1,025,000	-
Sanchinarro V	-	-	605,000	605,000	-
Sanchinarro VI	2,360	0.02%	9,057,000	9,057,000	-
Sanchinarro VII	9,400	0.06%	7,205,000	7,205,000	-
Vallecas Comercial I	8,030	0.05%	3,369,000	3,369,000	-
Coslada III	6,006	0.04%	6,245,000	6,245,000	-
Madrid	**7,779,283**	**51.13%**	**120,424,200**	**153,679,000**	**33,254,800**
Pza. España	1,456,131	9.57%	10,150,000	10,150,000	-
Castellón	**1,456,131**	**9.57%**	**10,150,000**	**10,150,000**	**-**
San Antón 25 and 27	190,087	1.25%	3,295,000	3,295,000	-
Cáceres	**190,087**	**1.25%**	**3,295,000**	**3,295,000**	**-**
Other revenues	29,457	0.19%	-	-	-
Total	**15,216,006**	**100.00%**	**224,379,138**	**261,035,000**	**36,655,862**

The split of **each type of asset value within the total fair market value and net book value** of the Company is shown as follows (30 June 2014 in comparison 31 December 2013):

Type of asset	30.06.2014		31.12.2013	
	Fair Value	Net Book Value	Fair Value	Net Book Value
Hotels	50.26%	58,64%	50.91%	57.47%
Offices	17.25%	20,13%	18.44%	21.45%
Commercial premises	32.49%	21,23%	30.66%	21.08%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Finally, the following tables show the contribution of each type of asset in the result of the year (2013 and 2012):

30 June 2014	Hotels	Offices	Commercial	Others	Total
Revenues	3.276.588	947.065	2.409.137	-	6.632.790
Overheads	(928.571)	(140.004)	(203.063)	(60.917)	(1.332.554)
EBITDA	**2.348.018**	**807.062**	**2.206.074**	**(60.917)**	**5.300.236**
% on revenues	*72.42%*	*70.73%*	*92.12%*	*95.19%*	*79.98%*
Depreciation and amortization charge	(1.469.375)	(320.815)	(445.841)	-	(2.236.031)
Allocation of grants	-	-	-	54.298	54.298
Result from operations I	**878.643**	**486.247**	**1.760.233**	**(6.619)**	**3.118.503**
% on revenues	***31.83%***	***31.38%***	***76.53%***	***95.19%***	***49.50%***
Impairment losses	-	(2.511.847)	(717.194)	-	(3.229.040)
Result from operations II	**878.643**	**(2.025.600)**	**1.043.040**	**(6.619)**	**(110.537)**
Financial result	210.656	62.269	155.015	134	428.074
Income tax	-	-	-	(3.273)	(3.273)
Net result	**1.089.299**	**(1.963.331)**	**1.198.055**	**(9.758)**	**314.264**
% on revenues (1)	***41.01%***	***43.10%***	***89.64%***	***95.13%***	***60.50%***

(1) excluding impairment losses effect

31 December 2013	Hotels	Offices	Commercial	Others	Total
Revenues	8,107,328	1,856,596	5,222,625	29,457	15,216,006
Overheads	(1,612,517)	(369,270)	(1,038,760)	(5,859)	(3,026,406)
EBITDA	**6,494,811**	**1,487,326**	**4,183,865**	**23,598**	**12,189,600**
% on revenues	***80.11%***	***80.11%***	***80.11%***	***80.11%***	***80.11%***
Depreciation and amortization charge	(2,821,390)	(718,932)	(826,233)	-	(4,366,555)
Allocation of grants	108,717	-	-	-	108,717
Result from operations I	**3,782,138**	**768,394**	**3,357,632**	**23,598**	**7,931,762**
% on revenues	***46.65%***	***41.39%***	***64.29%***	***80.11%***	***52.13%***
Impairment losses	(5,102,160)	(2,423,222)	(578,173)	(63,041)	(8,166,595)
Result from operations II	**(1,320,022)**	**(1,654,828)**	**2,779,459**	**(39,443)**	**(234,833)**
Financial result	825,569	800,694	94,174	-	1,720,437
Income tax	(1,876)	(326)	(1,008)	-	(3,210)
Net result	**(496,329)**	**(854,460)**	**2,872,625**	**(39.443)**	**1,482,394**
% on revenues (1)	***56.81%***	***104.33%***	***59.03%***	***80.11%***	***63.41%***

(1) excluding impairment losses effect

Note 5 - Investment property

"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.

The changes in “Investment Property” in the balance sheet during the first six months of 2014 and the most significant information affecting this line item were as follows (in euro):

30.06.2014:

Investment property	EUR			
	Balance as at 31.12.2013	**Additions**	**Disposals/ reversals**	**Balance as at 30.06.2014**
Cost:				
Properties for rental/lease	273,329,406	-	(1,738,148)	271,591,258
Total cost	**273,329,406**	**-**	**(1,738,148)**	**271,591,258**
Accumulated depreciation:				
Properties for rental/lease	(21,799,904)	(2,236,030)	23,785	(24,012,149)
Total accum. depreciation	**(21,799,904)**	**(2,236,030)**	**23,785**	**(24,012,149)**
Accumulated impairment losses:				
Properties for rental/lease	(27,150,363)	(3,000,000)	-	(30,150,363)
Total impairment losses	**(27,150,363)**	**(3,000,000)**	**-**	**(30,150,363)**
Investment property, net	**224,379,139**	**(5,236,030)**	**(1,714,363)**	**217,428,746**

Additions: No investments and / or new acquisitions have been carried out during the period of six months ended 30 June 2014.

Disposals: During the first six months of 2014, the Subsidiary has sold eight offices and eight parking sites, according to the following detail (in Euro):

	Units	**Income**	**Net Book Value**	**Result Profit / (Losses)**
Coslada III	1	160,000	229,591	(69,591)
Sanchinarro VII	2	370,000	396,806	(26,806)
Sanchinarro V	2	375,000	423,982	(48,982)
Sanchinarro VI	3	595,000	665,044	(70,044)
Total	**8**	**1,500,000**	**1,715,423**	**(215,423)**

This amount has been recognized under “Impairment and Gains or Losses on Disposals of Non-Current Assets” in the consolidated statement of profit or loss and other comprehensive income. Some of the mentioned sales have been partially financed by the Subsidiary. “Deferred income” in the consolidated statement of financial position as at 30 June 2014 includes an amount of EUR 465,308 corresponding to the financial income related to the mentioned financed sales contracts with different maturity dates.

Amortization: In addition, the consolidated amortization cost of the Group during the first six months of the year has amounted up to EUR 2,236,030.

Impairment losses: During the period of six months ended 30 June 2014, the Group has recognized impairment losses for the amount of EUR 3,000,000 on its investment properties based on internal assumptions given that, as explained above, the Group appraises (by external assessments) its real estate properties once at the end of the financial year unless there are evidences of impairment losses during the financial year. This amount is recorded in the consolidated statement of financial position at 30 June 2014 as “Impairment and gains or losses on disposals of non-current assets” where losses amounted up to EUR 229,040 are also recorded as result of the sales of assets mentioned above.

31.12.2013:

The changes in "Investment Property" in the balance sheet in 2013 and the most significant information affecting this line item were as follows (in euro):

Investment property	EUR			
	Balance as at 31.12.12	**Additions**	**Disposals/ Reversals**	**Balance as at 31.12.13**
Cost:				
Properties for rental/lease	269,545,434	4,269,296	(485,324)	273,329,406
Total cost	**269,545,434**	**4,269,296**	**(485,324)**	**273,329,406**
Accumulated depreciation:				
Properties for rental/lease	(17,434,430)	(4,366,555)	1,081	(21,799,904)
Total accum. depreciation	**(17,434,430)**	**(4,366,555)**	**1,081**	**(21,799,904)**
Accumulated impairment losses:				
Properties for rental/lease	(19,046,809)	(8,911,385)	807,831	(27,150,363)
Total impairment losses	**(19,046,809)**	**(8,911,385)**	**807,831**	**(27,150,363)**
Investment property, net	**233,064,195**	**(9,008,644)**	**323,588**	**224,379,139**

Additions: During the financial year 2013, the main additions recognized under "Investment Property" relate to the refurbishment of the hotels Meliá Atlántico, Iberostar Isla Canela and Isla Canela Golf, that the Subsidiary has capitalized under this heading.

Disposals: The main disposals in 2013, amounting to EUR 485,324 relate to sales of properties in Sanchinarro VI and VII, which were sold to third parties at a net loss of EUR 63,041. This amount was recognized under "Impairment and Gains or Losses on Disposals of Non-Current Assets" in the consolidated statement of profit or loss and other comprehensive income.

Amortization: In addition, the consolidated amortization cost of the Group during 2013 amounted up to EUR 4,366,555.

Impairment losses: During the financial year ended 31 December 2013, the Group recognized impairment losses for the amount of EUR 8,911,385 on its investment properties based on valuations from external independent valuators (CBRE Valuation Advisory, S.A.). The fair values of investment properties are determined by the latter using discounted cash flow valuation or other valuation techniques (which corresponds to level 3 of the fair value hierarchy in accordance with IFRS 13). A cash flow period of 10 years was taken into consideration and was based on an estimate of the future potential net income generated by use of the properties. External valuators use assumptions that are mainly based on market conditions existing at each balance sheet date. This amount was recorded in the consolidated statement of financial position at 31 December 2013 as "Impairment and gains or losses on disposals of non-current assets".

The detail of the square meters of the investment property owned by the Group as at 30 June 2014 is as follows:

Properties	Square meters
Meliá Atlántico Hotel	30,311
Iberostar Isla Canela Hotel	27,500
Barceló Isla Canela Hotel	20,494
Playa Canela Hotel	20,050
Isla Canela Golf Hotel	4,378
Tryp Atocha Hotel	9,229
Pradillo. 42	7,252
Tryp Cibeles Hotel	6,881
Marina Isla Canela shopping Centre	6,396
Coslada III	4,499
Sanchinarro VI	4,273
Vallecas Comercial II	3,154
Plaza de España	2,858
Sanchinarro VII	3,444
Vallecas Comercial I	3,390
Gran Vía. 34	3,348
San Antón. 25 and 27	1,736
Albalá. 7	1,540
Dulcinea. 4	1,037
Rutilo	593
Gran Vía. 1 – 1º Right	542
Gran Vía. 1 - 2º Right	542
Gran Vía. 1 – 1º Left	442
Gran Vía. 1 – 2º Left	461
Caleruega	362
Sanchinarro V	271
Total square meters	**164,982**

The five first hotels detailed in the foregoing table are located in Isla Canela (Huelva) and were mortgaged at 30 June 2014 for EUR 33,113,161 (EUR 36,467,088 as at 31 December 2013), relating to five bank loans granted to Isla Canela, S.A., a related party, which is the single debtor of the principal obligations under these loans. The subsidiary is the non-debtor owner of the aforementioned registered properties.

On 1 January 2010, Isla Canela, S.A. and the Subsidiary 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 to the Subsidiary 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 the Subsidiary for the provision of bank guarantees (bank guarantees and insurance) by financial institutions.

The rest of the investment properties described above are located mainly in Madrid, Castellón and Cáceres.

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

In 2014 (six months) and 2013, the rental income earned from investment property owned by the Group amounted to EUR 6,632,790 and EUR 15,215,946 respectively (see Note 14.1).

At the end of the second quarter 2014 there were 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.

There were no investment property purchase commitments or investment properties located abroad at 30 June 2014.

Note 6 - Operating leases

At 30 June 2014, 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 30.06.2014	Nominal value 30.06.2013
Within one year	13,995,021	13,752,076
Between one and five years	52,098,870	50,727,477
After five years	31,065,004	28,081,171
Total (*)	**97,158,895**	**92,560,724**

(*) It includes additions of investment property in the year and excluding possible lease renewals and annual CPI revisions.

The main leases in force at 30 June 2014 are the following:

- Lease of **Playa Canela Hotel**: a four star hotel located on the sea front with 202 rooms (404 beds) and held to earn rentals from Grupo Hoteles Playa, S.A. The lease commenced on 15 July 2002, expires on 31 October 2022, and is renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.

- Lease of **Barceló Isla Canela Hotel**: a four star hotel located on the sea front with 350 rooms (700 beds) and held to earn rentals from Barceló Arrendamientos Hoteleros, S.L. The lease commenced on 1 March 2006, expires on 31 December 2022, and is renewable at the discretion of the parties. Also, the parties may terminate the agreement without incurring any penalties in 2017. In relation to future rental income, the agreement provides for annual CPI-linked increases.

- Lease of **Meliá Atlántico Hotel**: a four-star hotel located on the sea front with 359 rooms (718 beds) and held to earn rentals from Meliá Hotels International, S.A. from April 2013 according to the lease arrangement signed in May 2012. The lease will commence in April 2013 for a term of ten years (May 2022) and the parties may terminate it in 2017 without incurring any penalties, provided that certain conditions are met. The lease provides for annual CPI-linked increases.

- Lease of **Iberostar Isla Canela Hotel**: a four star hotel located on the sea front with 300 rooms (600 beds) and held to earn rentals from Hispano Alemana de Management Hotelero, S.A. the lease commenced on 1 December 2007 and was renewed in 2012. It expires on 31 October 2022 and is renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.

- Lease of **Isla Canela Golf Hotel**: a four star hotel located on a golf course with 58 rooms (116 beds). After the early cancellation of the lease agreement entered into with Vincci Hoteles, S.A. (which took place in 2011) due to non-payment by the latter, which gave rise to the cancellation and to the execution of the bank guarantee for payment of

the rent, the Subsidiary decided to sign a lease agreement with a related party (associated), Isla Canela, S.A., by which this company is currently operating the hotel under a lease contract. The lease was arranged on 31 December 2012 with the related company Isla Canela, S.A., to commence activities on or after 14 January 2013. The term of the lease was extended until 31 December 2014. However, once the initial term has expired, the lease may be extended by three-year periods, provided that an agreement has been reached previously by the parties. The lease provides for annual CPI-linked increases.

- Lease of **Tryp Atocha Hotel**, Madrid: four-star hotel located at Atocha, with 150 rooms and operated by Sol Meliá. 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 **Tryp Cibeles Hotel**, Madrid: four-star hotel located at Mesonero Romanos, 13 (Gran Vía- Madrid), with 132 rooms. Operated by Sol Meliá. The lease commenced on 10 February 1998 and expired on 10 February 2008. It 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 **Albalá, 7**, Madrid: premises for commercial use. Operated under lease by CAPRABO, S.A. The lease commenced on 31 July 2002 and expires on 31 July 2027. The lessee may terminate the lease in 2016 provided that twelve months' notice is given. The lease provides for annual CPI-linked increases.

- Lease of premises at **Dulcinea, 4**, Madrid: basement for commercial use. Operated under lease by JAVISA SPORT, S.L. The lease commenced on 17 February 2003 and expires on 17 February 2018, renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.

- Lease of a building at **Pradillo, 42**, Madrid: the lease commenced on 27 February 2009 and expires on 27 February 2019, renewable at the discretion of the parties. The lease provides for annual CPI-linked increases. The tenant, UNEDISA, expressed to the Subsidiary its willingness to resolve the contract by sending a letter dated 3 February 2014. Since that date, the tenant breached the contract by not complying with its contractual obligations, such as: (i) payment of the rents from March 2014, (ii) delivery to the subsidiary of the bank guarantee that guarantees the payment of annual rent and, (iii) payment of the additional deposit required by the existing contract. After these not complying actions, the Subsidiary has required to the Bank that guarantees the payments the execution of the bank guarantee. The tenant has responded directly paying the required amount (EUR 1,839,981). The Subsidiary is applying this amount, paid in advance, to cover the monthly rents but foresees legal actions (lawsuit) from the tenant. The deferred income related to this contract is recorded as “Deferred income” in the consolidated statement of financial position as at 30 June 2014 for the amount of EUR 1,226,212.

- Lease of premises at **Gran Vía, 34,** Madrid: two commercial premises in c/Gran Vía. Operated by Inditex (Zara). The lease commenced on 24 April 2000 and expires on 3 May 2025. It is renewable at the discretion of the parties and can be terminated in 2020. The lease provides for annual CPI-linked increases.

- Lease of premises at **Plaza de España 5**, Castellón: operated by Inditex (Zara). The lease commenced on 1 July 2007 and expires on 18 November 2023, renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.

- Lease of premises at **San Antón 25**, Cáceres: two commercial premises and eight premises for residential use. During 2013, the commercial premises have been operated by PUNTO ROMA. Although the lease commenced on 15 July 2005 and expires on 15 December 2035, the Subsidiary and the tenant agreed to terminate it in advance at the end of 2013. The premises are not leased for the time being.

There was no contingent rent at 30 June 2014.

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 current portion and in "Investments in Group companies and associates" for the non-current portion (assets and liabilities).

"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. The balance of this item as at 30 June 2014 amounts up to EUR 1,190,498 (EUR 1,170,250 as at 31 December 2013).

30.06.2014:

As at 30 June 2014, the detail of the current and non-current loans to related companies and associates is as follows:

	Non-current assets	Current assets	Non-current liabilities
Cogein, S.L.	-	44,712,829	-
Promociones y Construcciones, PYC, Pryconsa, S.A.	-	8,251,524	-
Isla Canela, S.A.	-	46,693	-
Total	**-**	**53,011,046**	**-**

The detail, by maturity, of the items included under "Financial Assets" at 30 June 2014 is as follows (in EUR):

	2014 (6 months)	2015	2016	2017 and Subsequent Years	Total
Loans and receivables	6,597	14,850	374,331	794,720	1,190,498

	Fully performing	Past due but not impaired			Impaired	Total
		Less than 1 month	1 month and 3 months	More than 3 months		
Loans and receivables	1,190,498	-	-	-	-	1,190,498

31.12.2013:

As at 31 December 2013, the detail of the current and non-current loans to related companies and associates is as follows:

	Non-current assets	Current assets	Non-current liabilities
Cogein, S.L.	-	44,276,115	-
Total	**-**	**44,276,115**	**-**

The detail, by maturity, of the items included under "Financial Assets" at 31 December 2013 is as follows (in EUR):

	2014	2015	2016	2017 and Subsequent Years	Total
Loans and receivables	35,820	14,850	374,331	745,249	1,170,250

	Fully performing	Past due but not impaired			Impaired	Total
		Less than 1 month	1 month and 3 months	More than 3 months		
Loans and receivables	1,170,250	-	-	-	-	1,170,250

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. There has not been any change in the objectives, policies and process to manage risks compared to last year. 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 company COGEIN, S.L. and PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A. (see note 16.1). The corporate purpose of these companies is mainly the real estate and financial investments as well as real estate developments. It makes its investment activities, promotion and development with a proven track record for over 30 and 45 years respectively, also continuing to work with banks on a regular basis. Both Companies are solvent and generates positive cash flow in the development of its activities. For these reasons, Group management considers that credit risk is very low or non-existent.

The Group's credit risk is also attributable to its trade receivables which are reflected net of allowances for doubtful debts, estimated by Group management based on prior years' experience and on its assessment of the current economic environment.

The Group's financing needs are covered in the short term, due to its capacity to generate cash through ordinary trading operations arising from its rental assets management business and the possibility of financing with related companies. 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 obtained from the Company's ordinary business activities.

The Management considers that the financing needs envisaged for 2014 are sufficiently covered due to the Group's capacity to generate cash through ordinary trading operations (projected rental income) and, accordingly, he does not expect any liquidity risks to arise that have not already been taken into account in the cash projections.

8.3 Foreign currency risk

At 30 June 2014, the Group did not have any significant assets or liabilities denominated in foreign currencies and, accordingly, there is no foreign currency risk.

8.4 Interest rate risk

The Company did not have any borrowings at 30 June 2014. The Subsidiary 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 addition, the Subsidiary has bank borrowings relating to loans arranged with CaixaBank (short and long term). The purpose of one of the loans from CaixaBank was to finance the investment in new premises located in Castellón acquired in 2011.

Nevertheless, the loans described above are not significant considering the financial position of the Group (total bank debt amounts up to EUR 6,515,593 as at 30 June 2014, EUR 6,981,175 as at 31 December 2013). 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.

Interest rate sensitivity analysis

Considering the weighted average financial debt of the Company (related and non-related to Group) during 2014, should interest rates have been higher by 100 basis points with all other variables constant, the decrease on the Group's net result would amount to KEUR 65.

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

As described in Note 1, shareholder structure has been reorganized in 2011. The Company, being the sole shareholder of CIBRA and CIRU (absorbed by CIBRA in June 2013), 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. As result, the share capital of the Company is represented by 4,452,197 shares with a par value of EUR 60.10 which represent an amount of EUR 267,577,039.70.

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

As a result of the common control presentation described in Note 2.1.4, the increase in share capital on a consolidation basis as presented in the consolidated statement of changes in equity for 2011, amounts to EUR 55,876,832, as the prior year balance represents the combined share capital of the subsidiaries prior to the incorporation of the Company.

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 2014 was EUR 60.10 (30 June 2013: EUR 58.90).

On 13 March 2014, the most relevant shareholder of the Company (Mrs. Andrea Barrigón González) donated all her shares in the Company (1,633,887 shares equivalent to 36.6984% of the capital stock) to the following related persons:

	Shares	%	Relationship
Mr. Jose Luis Colomer Barrigón	816,973	18.3499%	Son
Mr. Marco Colomer Berrocal	272,315	6.1164%	Grandson
Mr. Jaime Colomer Berrocal	272,315	6.1164%	Grandson
Mr. Juan Colomer Berrocal	272,314	6.1164%	Grandson

After the mentioned operations, the most relevant shareholders of the Company are the following:

	Shares	%
Mr. Jose Luis Colomer Barrigón	1,386,303	31.1375%
Mr. Marco Colomer Barrigón	570,457	12.8129%
Promociones y Construcciones, PYC, PRYCONSA, S.A.	498,360	11.1936%
COGEIN, S.L.	429,786	9.6533%
Gran Vía 34, S.A.	342,305	7.6885%
Mr. Marco Colomer Berrocal	272,315	6.1164%
Mr. Jaime Colomer Berrocal	272,315	6.1164%
Mr. Juan Colomer Berrocal	272,314	6.1164%
JP Morgan Securities, Plc.	222,544	4.9985%

9.2 Legal reserve

For the Subsidiary, 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. On 10 June 2014, the Annual General Shareholders Meeting of the Company resolved to approve the proposal made by the Directors of the Company to allocate the profit for the financial year ended 31 December 2013 amounting to EUR 4,353,630 as follows:

Allocation of 2013 financial year net results	EUR
Profit as of 31 December 2013	**4,353,630**
Loss from previous years compensation	1,228,592
Net Profit	**3,125,038**
• Legal reserve	156,252
• Dividends (fully paid as at 10 July 2014)	2,968,786

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 2014. This consolidation reserve amounted up to EUR 9,117,016 is the result of:

- The elimination of the participation of the Company in the Subsidiary amounting to a total of EUR 270,809,147 as at 30 June 2014 against the net equity of the Subsidiary amounting to a total of EUR 260,482,824 at that date. The remaining difference of EUR 10.326.322 has been recorded in equity as consolidation reserve

- The elimination of the dividends from the Subsidiary approved as at 30 June 2014 amounted up to EUR 1,209,306 to be paid within a period of 30 days since the approval of the mentioned dividend. As at 30 June 2014, the Annual General Shareholders Meeting of the Subsidiary (Sole Shareholder Decision) mainly resolved:

    - Approval of the Audited Annual Accounts and Management Report of the Subsidiary as at 31 December 2013;
    - Allocation of the profit for the financial year ended 31 December 2013 amounting to EUR 1,679,591 as follows:

Allocation of 2013 financial year net results	EUR
Profit as of 31 December 2013	**1,679,591**
• Legal reserve	167,959
• Voluntary reserve	303,327
• Dividends (fully paid as at 30 July 2014)	1,209,306

9.4 Distribution of profit to the Company

The Subsidiary is regulated by Spanish 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.

The Subsidiary is 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.

The Subsidiary is 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. In this respect, the new updated regulatory requirements should be considered from 1 January 2013 (Note 1).

9.6 Voluntary reserve

For the Subsidiary, voluntary reserve is composed by the reserves of the Subsidiary generated since its incorporation 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.

In the case of the Company, no voluntary reserve has been allocated since the Company distributes 95% of the net profit as dividends and allocates a 5% to legal reserve according to Note 9.2.

Note 10 - Grants related to assets

The changes in "Grants Related to Assets" in the balance sheet during the first six months of 2014 and the most significant information affecting this line item were as follows (in euro):

30.06.2014:

	31.12.2013	Amounts used	Additions	30.06.2014
Grants related to assets	1,631,099	(54,359)	-	1,576,041
Total	**1,631,099**	**(54,359)**	**-**	**1,576,041**

The changes in "Grants Related to Assets" in the balance sheet during the financial year ended as at 31 December 2013 and the most significant information affecting this line item were as follows (in euro):

31.12.2013:

	31.12.2012	Amounts used	Additions	30.12.2013
Grants related to assets	1,739,816	(108,717)	-	1,631,099
Total	**1,739,816**	**(108,717)**	**-**	**1,631,099**

All the grants have been awarded to the Subsidiary in prior years relating to the Directorate General of Regional Economic Incentives for KEUR 3,180 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).

- Grant from the Directorate General of Regional Economic Incentives, amounting to EUR 34 thousand to improve the facilities of Barceló Isla Canela Hotel in Ayamonte, (Huelva).

Except for the grant awarded to Barceló Isla Canela Hotel in 2011, the aforementioned grants above were transferred to the Subsidiary from Isla Canela, S.A., 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, the Subsidiary recognized the allocation of the amounts of the transferred grants to profit or loss from that date.

In this regard, as at June 2014, EUR 54,359 was recognized as income under "Allocation to profit or loss of grants related to non-financial non-current assets and other grants" in the statement of comprehensive income (2013: EUR 108,717).

Grants are due upon completion of the constructions subject to the grant. All the conditions have been fulfilled and there are no contingencies with regards to the money already received by the Subsidiary (CIBRA).

Note 11 - Other financial liabilities

The detail of "Other financial liabilities" at 30 June 2014 and 31 December 2013 is as follows (in EUR):

	EUR	
	30.06.2014	**31.12.2013**
Non-current bank borrowings	5,489,958	5,781,785
Guarantees and deposits	1,841,204	1,803,195
Total non-current payables	**7,331,162**	**7,584,980**
Current bank borrowings	1,025,635	1,199,965
Total current payables	**1,025,635**	**1,199,965**

The borrowing costs incurred on the bank borrowings in 2014 (six months) amounted to EUR 59,758 (2013: EUR 550,882) 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 loan arranged with CaixaBank. This relates to a loan taken out to invest in the new premises acquired in Castellón in 2011. Due to the ordinary repayment schedules of these loans, the repayments envisaged during the next 12 months, amounting to EUR 1,025,635, were classified at short term within **"Current bank borrowings"**.

"Guarantees and Deposits" includes the rent deposits received from customers. The balance as at 30 June 2014 amounts up to EUR 1,841,204.

The detail, by maturity, at 30 June 2014 is as follows (in euros):

	2014 (6 months)	**2015**	**2016**	**2017**	**2018 and Subsequent Years**	**Total**
Bank borrowings	512,818	1,154,236	1,086,325	1,125,657	2,636,558	6,515,593
Rent deposits	-	-	-	-	1,841,204	1,841,204
Total	**512,818**	**1,154,236**	**1,086,325**	**1,125,657**	**4,477,762**	**8,356,797**

Note 12 - Guarantee commitments to third parties

At 30 June 2014, 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 33,113,161, 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 2014 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	
	30.06.2014	**31.12.2013**
Current:		
VAT refundable	680,671	-
Income Tax refundable	-	1,252,642
Tax withholdings and prepayments	492,312	366,556
Total	**1,172,983**	**1,619,198**

Tax payables:

	EUR	
	30.06.2014	**31.12.2013**
Current:		
Personal income tax withholdings payable	12,559	62,288
Accrued social security taxes payable	1,329	-
VAT Payable	268,904	150,926
Total	**282,792**	**213,214**

13.2 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 2014, all the years since inception of the Company are 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.

The shareholders that incorporated the Company on 1 December 2011 have committed to indemnify the Company should any additional liability arise in relation to any tax contingency in the frame of the Subsidiary with regards to the special tax regime applied by the Subsidiary since 1 January 2009 to 1 December 2011, the date of incorporation of the Company.

Note 14 - Income and expenses

14.1 Rental of properties

The detail of "Revenues" at 30 June 2014 and 30 June 2013 is as follows (in EUR):

	30.06.2014	30.06.2013
Barceló Isla Canela Hotel	1.055.211	993,242
Meliá Atlántico Hotel	-	-
Iberostar Isla Canela Hotel	646.935	645,000
Tryp Cibeles Hotel	586.897	577,086
Tryp Atocha Hotel	695.396	695,396
Playa Canela Hotel	267.150	252,500
Isla Canela Golf Hotel	25.000	50,000
Hotels	**3.276.588**	**3,213,224**
Pradillo 42	761.843	753,180
Gran Vía 1-2º Right	55.796	55,629
Gran Vía 1-1º Right	51.344	49,748
Gran Vía 1-2º Left	47.044	47,076
Sanchinarro V	-	-
Sanchinarro VI	15.630	1,200
Sanchinarro VII	4.096	3,000
Vallecas Comercial I	6.213	3,600
Coslada III	5.100	906
Offices	**947.065**	**914,339**
Marina Isla C. Shop. Center	43.692	66,802
Gran Vía 1-1º Left	52.345	51,000
Vallecas Comercial II	80.800	82,800
Caleruega	52.800	50,400
Rutilo	41.917	40,704
Pza. España	667.722	771,055
Dulcinea 4	48.312	61,344
Albalá 7	117.626	115,301
Gran Vía 34	1.303.922	1,269,375
San Antón 25 and 27	-	141,068
Commercial premises	**2.409.137**	**2,649,849**
Other revenues	-	37,934
Total Revenues	**6.632.790**	**6,815,346**

14.2 Other operating expenses

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

	30.06.2014	30.06.2013
Rent and royalties	3,671	2,625
Repairs and upkeep	8,285	220,914
Independent professional services	300,086	359,954
Insurance premiums	56,197	67,434
Banking and similar services	380	-
Advertising, publicity and public relations	4,847	110,242
Utilities	11,549	48,338
Other services	96,593	5,080
Taxes other than income tax	98,247	(12,421)
Total operating expenses	**579,856**	**801,806**

14.3 Staff and employee benefit costs

The detail of "Staff and employee benefit costs" as at 30 June 2014 and 30 June 2013 is as follows (in EUR):

	30.06.2014	30.06.2013
Staff costs	38,502	88,026
Employer social security costs	6,721	111,153
Total	**45,222**	**199,179**

Note 15 - Earning per share

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

	30.06.2014	30.06.2013	2013	2012
Net profit (loss) attributable to shareholders	355,764	1,123,314	1,482,394	(2,595,181)
Weighted average number of ordinary shares in issue	4,452,197	4,452,197	4,452,197	4,452,197
Basic earnings per share	**0.08**	**0.25**	**0.33**	**(0.58)**

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

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

Note 16 - Related party transactions and balances

16.1 Related party transactions

The detail of the related party transactions and balances as at 30 June 2014 and 30 June 2013 is as follows (in EUR):

30.06.2014:

	30.06.2014				
	Loan to related companies	Payable to Group Companies	Lease rent	Finance income /(expense)	Service costs
Cogein, S.L.	44,712,829	-	-	436.696	-
Promociones y Construcciones, PYC, Pryconsa, S.A.	8,251,524	-	-	20,809	(15,550)
Isla Canela, S.A.	46,693	-	50,000	41,500	(37,250)
Total	**53,011,046**	**-**	**50,000**	**499,005**	**(52,800)**

30.06.2013:

	30.06.2013				
	Loan to related companies	Payable to Group Companies	Lease rent	Finance income /(expense)	Service costs
Cogein, S.L.	43,755,904	-	-	540,196	-
Promociones y Construcciones, PYC, Pryconsa, S.A.	-	5,132,124	-	(63,174)	(15,000)
Isla Canela, S.A.	-	7,221	50,000	49,445	(37,250)
Codes Capital Partners, S.A.	124,289	-	-	-	-
Total	**43,880,193**	**5,139,345**	**50,000**	**526,467**	**(52,250)**

Related parties are the following:

- Promociones y Construcciones, PYC, PRYCONSA, S.A. is the proprietor of:

    - 18.00000% of interest in Isla Canela, S.A.
    - 11.19357% of interest in the Company

- COGEIN, S.L. is the proprietor of:

    - 2.71843% of interest in Promociones y Construcciones, PYC, PRYCONSA, S.A.
    - 9.15520% of interest in Isla Canela, S.A.
    - 9,65335% of interest in the Company

As at 30 June 2014, the following contracts are in force with regards to the Subsidiary and related parties:

a) 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. There has been no financial interest recorded in CIBRA during 2014 given that there is no balance due associated to this financial source.

b) In 2010 a financing agreement was arranged between PRYCONSA and CIBRA, through which CIBRA transfers its cash surpluses to PRYCONSA. The agreement has been duly renewable for further three-year periods until 1 January 2016. It accrues interest at three-month EURIBOR plus 1.25% on the average balance for the year. The financial expense recorded in CIBRA during 2014 (six months) has amounted EUR 20,809 (EUR 263,174 expenses in 2013 (six months)).

c) CIBRA arranged a financing agreement on January 2010 with the related company COGEIN, S.L. on an arm's-length basis. The purpose of this agreement is that, provided that CIBRA has covered the financial needs arising from its activities, the latter is committed to finance COGEIN's financial needs arising from its normal activity and corporate purpose. Interest are calculated based on a legal interest of 4% as determined by the State Budget (Government) and published in the Official Gazette, on the outstanding balance and are due on a quarterly basis. The term of the agreement is set to two years automatically renewable for periods of two years unless expressly terminated by parties. The financial income recorded in CIBRA during 2014 (six months) has amounted EUR 436,696 in comparison to EUR 540,196 in 2013 (six months).

d) On 1 June 2012, Isla Canela S.A. and CIBRA signed a contract to provide services related to the maintenance of the hotels owned by CIBRA. Isla Canela S.A. provides a full preventative maintenance service in exchange for an economic compensation equivalent to EUR 74,500 per year increased annually by the CPI. The contract does not expire, is annual and renewable by the parties tacitly although, at any time, either party may terminate it. The expense recorded in the income statement of CIBRA in 2014 (six months) for this concept amounted up to EUR 37,250 (EUR 37,250 in 2013 (six months)).

e) Additionally, this mentioned contract signed on 1 June 2012 includes a management service addendum with regards to the reforms that CIBRA is entitled to perform in the hotels owned and subject to maintenance. Isla Canela S.A., under this addendum, acts as the project manager of the reform works. The financial compensation for Isla Canela S.A. in exchange for this service is a 5% of the value of works performed in relation to

these reforms. Given that this kind of works have finished for the time being, no amount has been invoiced or accrued in the income statement of CIBRA in 2014.

f) The five hotels owned by CIBRA and located in Ayamonte (Huelva) were mortgaged at 30 June 2014 for EUR 33,113,161, relating to five bank loans granted Isla Canela, S.A. which is the single debtor of the principal obligations under these loans. 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 financial income recorded in CIBRA during 2014 (six months) has amounted EUR 41,500.

g) On January 1, 2010, PRYCONSA and CIBRA signed a contract to provide administration services by which PRYCONSA provides to CIBRA certain minimum administration services. The contract is signed on an annual basis and tacitly renewed by the companies in exchange of a compensation equivalent to EUR 30,000 per year increased by the annual CPI from the first year of the contract. The expense recorded in CIBRA due to this administration service contract in 2014 (six months) has been EUR 15,550 (2Q 2013: EUR 15,000).

h) Lease of Isla Canela Golf Hotel: the lease was arranged on 31 December 2012 with the related company Isla Canela, S.A., to commence activities on or after 14 January 2013. The term of the lease was extended until 31 December 2014. However, once the initial term has expired, the lease may be extended by three-year periods, provided that an agreement has been reached beforehand by the parties. The lease provides for annual CPI-linked increases. The lease rent on an annual basis amounts up to EUR 100,000. During the first six months of 2014, the rent income accrued amounts up to EUR 50,000.

i) On June 11, 2014, PRYCONSA and Saint Croix Holding Immobilier, SOCIMI, S.A. signed a contract to provide administration services by which PRYCONSA provides to the Company certain minimum administration services and site. The contract is signed on an annual basis and tacitly renewed by the companies in exchange of a compensation equivalent to EUR 17,500 per year increased by the annual CPI from the first year of the contract. The expense recorded in the Company due to this administration service and rental contract in 2014 (six months) has been EUR 0 (2Q 2013: EUR 0) since the contract has been recently signed.

Related parties PRYCONSA and COGEIN also rendered some administrative and other services during the year to the Company without remuneration. The counterparts confirmed that there is no claim for remuneration in relation to the services rendered.

16.2 Remuneration of directors and senior executives

In 2014 (until June 2014) the Group has recognized 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.

The remuneration for 2014 of the Directors approved in the Annual General Meeting of the Company that took place on 19 June 2013 is as follows:

- Director A: EUR 12,000 (2013: EUR 12,000)
- Director B: EUR 6,048 in total (2013: EUR 6,048 in total)

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

16.3 Other related parties

Other related parties include Marco Colomer Barrigón, who has significant influence over the Company, given that he is a Director of the Company and also has a 12.8127079% interest in the share capital of the Company. Marco Colomer Barrigón and José Luis Colomer Barrigón are brothers and related parties because they are close family members of Colomer Family. In addition, after the donation operation explained in the Note 9, Marco Colomer Berrocal, Jaime Colomer Berrocal and Juan Colomer Berrocal are also shareholders of the Company with relevant influence over the Company since they all are sons of Marco Colomer Barrrigón.

Apart from the mentioned interest, there were no transactions with these related parties during the year, other than the directors fees paid.

As explained in note 9.2 a dividend of the Company has been approved to be paid before 10 July 2014 amounted to EUR 2,968,786. The allocation of the mentioned amount is recorded as “Payables to related parties” in the Consolidated Statement of financial position at 30 June 2014. In addition, the accrued Director A fees amounted EUR 2,400 is also recorded in this item. Both amounts have been fully paid during July 2014.

Note 17 - Other contingent liabilities

In 2011 Vincci Hoteles, S.A., the lessee of Vincci Selección Canela Golf Hotel abandoned the building and ceased to pay the quarterly rent maturing on 15 October 2011. Accordingly, the Company was obliged to instigate the necessary legal contractual mechanisms in view of the breach by the lessee. In 2012 the Company executed the guarantee provided by the lessee, and recognized under "Revenue - Revenue of Properties" in the income statement the rental income that would correspond up until the date of termination of the agreement. The Company recognized the guarantee surplus of EUR 179,094 under “Other Operating Income - Non-Core and Other Current Operating Income" in the income statement of the financial year 2012.

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. Furthermore, since the management considers that it was Vincci Hoteles, S.A. that breached the payment obligation of its rental income, use of the property and term of the aforementioned agreement, the Company filed a court claim against them on 12 March 2012 and on 26 December 2012, for additional compensation of EUR 947,732.

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 as at 30 June 2014 and 30 June 2013, by category, was as follows:

Category	30.06.2014	30.06.2013
Management	1	1
Line personnel and middle management	-	-
Clerical staff	-	1
Operative staff	-	3
Total	**1**	**5**

Note 19 - Events after the reporting period

1. **Dividends of the Company:** On 10 June 2014, the Annual General Shareholders Meeting of the Company resolved to approve the proposal made by the Directors of the Company to allocate the profit for the financial year ended 31 December 2013 amounting to EUR 4,353,630 as follows. The dividend was fully paid as at **10 July 2014.**

Allocation of 2013 financial year net results	EUR
Profit as of 31 December 2013	**4,353,630**
Loss from previous years compensation	1,228,592
Net Profit	**3,125,038**
• Legal reserve	156,252
• Dividends	2,968,786

2. **Dividends from the Subsidiary:** Pursuant to Article 9.2 of Real Estate Investment Trusts Law 11/2009, of 26 October, tax self-assessments are performed on the basis of the proportion of taxable profit for the tax period that corresponds to dividends distributed out of profit for the year. As at 30 June 2014, the Annual General Shareholders Meeting of the Subsidiary (Sole Shareholder Decision) resolved to allocate the profit for the financial year ended 31 December 2013 amounting to EUR 1,679,591 as follows. The dividend was fully paid as at **30 July 2014**.

Allocation of 2013 financial year net results	EUR
Profit as of 31 December 2013	**1,679,591**
• Legal reserve	167,959
• Voluntary reserve	303,327
• Dividends	1,209,306

3. The Extraordinary and Universal General Shareholders Meeting Notary Deed dated 10 June 2014 is “under registration and inscription” at the Trade Register of Madrid.

Half-Year Consolidated Management Report

As at 30 June 2014

Half-Year Consolidated Management Report
As at 30 June 2014

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 30 June 2014.

1. Activity and highlights of the Company (consolidated figures - Half Year 2014)

"SAINT CROIX HOLDING IMMOBILIER, SOCIÉTÉ ANONYME" (hereinafter, the "Company") was incorporated on **1 December 2011** under the laws of Luxembourg having (at its incorporation) its registered office at 9B, Boulevard Prince Henri, L-1724 Luxembourg, Grand-Duchy of Luxembourg and registered with the Luxembourg Company Register (Registre de Commerce et des Sociétés) under the number B165103. ***As explained in point 1.6 of this notes to the interim consolidated financial statements for the period of six months ended 30 June 2014, the Company is currently immerse within the process of transferring its registered office, place of effective management and central administration of the Company from 9B, Boulevard Prince Henri L-1724 Luxembourg, Grand-Duchy of Luxembourg, to Glorieta de Cuatro Caminos 6 and 7, 4th floor, E-28020, Madrid, Spain.***

The 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.

The Company was incorporated by means of a contribution in kind operation, through which the shareholders of the initial two Subsidiaries contributed all their shares to the Company (equity), based on the valuation performed by the Board of Directors of the Company as at 1 December 2011. The valuation used was derived from the net equity of both Subsidiaries as of 30 September 2011 modified by fair value adjustments, which resulted in the share exchange ratio. By means of this share swap or contribution in kind operation, the Company held all the shares of the two Subsidiaries. The Company was incorporated with 3,784,368 Shares with a nominal value of EUR 60.10 resulting on an initial share capital of EUR 227,440,517.

On **15 December 2011**, the Board of Directors of the Company decided to increase the share capital with an amount of EUR 40,136,523 through the issuance of 667,829 new shares with a nominal value of EUR 60.10. Such capital increase has been offered for subscription to existing Shareholders and external Shareholders approached for this purpose by the Company. Some of the founders or existing Shareholders have waived their rights for subscription of new Shares but two of them, PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A. and COGEIN, S.L. subscribed a part of the capital increase (EUR 23,926,050.40). New investors were searched by the Company directly and subscribed the rest of the capital increase (EUR 16,210,472.50). All Shares of the Company have been issued under Luxembourg Law. After the mentioned capital increase and, therefore until today, the Company's share capital amounts up to EUR 267,577,040 and is formed by 4,452,197 shares with a nominal value of EUR 60.10 each. There is no class of Shares. The Shares have the same voting rights. The Company may issue further classes of Shares. The Company may also issue new Shares in order to finance acquisitions or to exchange such Shares in case of acquisitions.

The Shares (4,452,197 shares), representing the entire share capital of the Company, were admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange as at **21 December 2011**. The Shares were accepted for clearance through Euroclear and Clear stream under common code number

072069463. The ISIN code of the Shares of the Company is LU0720694636 and the CBL long name SHS SAINTCROIX HOLDING IMMOBILIER S. A.

The share market price at **30 June 2014** was EUR 60.10 per share.

Although at the incorporation of the Company, it owned 100% of two subsidiaries (SOCIMI), nowadays; the Company owns 100% of one SOCIMI incorporated under Spanish law, COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A. since during the 2013 financial year a merger operation was carried out affecting the two initial subsidiaries of the Company. The merger operation is explained in point 1.5 within these notes to the interim consolidated financial statements for the period of six months ended 30 June 2014.

During the period of six months ended 30 June 2014, there has been no corporate operation affecting the Share Capital of the Company.

The Company engages mainly in the operation of leased assets.

Migration of the Company

On 10 June 2014, the 100% of the shareholders of the Company approved, between others, and within the frame of an **Extraordinary and Universal General Shareholders Meeting**:

9. Transfer of the registered office, the place of effective management and the central administration of the Company from 9B, Boulevard Prince Henri L-1724 Luxembourg, Grand-Duchy of Luxembourg, to Glorieta de Cuatro Caminos 6 and 7, 4th floor, E-28020, Madrid, Spain;

10. Change of the Company's name from "Saint Croix Holding Immobilier S.A." to "Saint Croix Holding Immobilier, SOCIMI, S.A.";

11. Approval of the accounting situation of the Company as at May 31, 2014;

12. Subsequent restating of the articles of association of the Company to comply with the Spanish law and approval of the new articles of association and the approval of the Regulations of the General Shareholders' Meeting;

13. Approval of the resignation of the directors and auditor presently in charge and granting of full discharge for the execution of their respective mandates;

14. Appointment of the new directors of the Company in Spain, for a period of six (6) years;

15. Appointment of the new auditor of the Company in Spain, for the financial year ending on 31 December 2014;

16. Designation of the attorneys to represent the Company in Spain before any authorities whatsoever and to do whatever is deemed necessary or required in relation with any administrative, fiscal or else procedures to be performed in Spain for the realization of the contemplated transfer of the registered office, the place of effective management and the central administration of the Company.

On 11 June 2014, a new **Board of Directors Meeting** took place in Madrid. The main resolutions approved were as follows:

6. The Board of Directors takes knowledge of the decisions approved by the Extraordinary General Meeting and Universal of the company dated 10 June 2014 detailed above and appoints new Directors as follows: (i) President and CEO: Mr. Marco Colomer Barrigón;

(ii) Director: Jose Luis Colomer Barrigón; (iii) Director: Celestino Martín Barrigón; and (iv) Secretary not Director: Mr. José Juan Cano Resina.

7. Approval of the Regulations of the Board of Directors pursuant to article 528 of the Spanish Mercantile Law.

8. Creation of the Audit Committee. In accordance with article 12.1 and 13 of the regulations of the Board of Directors, it is agreed to create an Audit Committee integrated by three members who has to be as well part of the Board of Directors. It is agreed to delegate on this Audit Committee the internal control function, internal audit actions and management of the risk of the Board of Directors and, in particular, those contained in article 13.9 of the regulations of the Board of Directors. It is also agreed to appoint as Chairman of the Audit Committee to Mr. Celestino Martín Barrigón. It is also agreed to appoint Mr. José Luis Colomer Barrigón as Secretary of the Executive Committee. Both shall serve in office for a period of six years.

9. Mr. Marco Colomer Barrigón is empowered to act before the National Commission of the Spanish Securities Market (CNMV) to get the certificate of legal persons (CIFRADOC) provided for in the resolution of the President of the CNMV on 16 November 2011 and authorizes its use to let the company to comply with respect to the procedures and obligations with CNMV, all in accordance with the Official Register of CNMV.

10. Mr. Marco Colomer Barrigón is empowered to act before the CNMV to get the legal entities certificate (CIFRADOC) provided for in the resolution of the President of the CNMV on 16 of November 2011 and authorizes its use to report to CNMV any Significant Fact under the "HSR" code (significant or relevant fact), and "IGC" (annual report of corporate governance), all in accordance with the Official Register of CNMV.

Nowadays; the Extraordinary and Universal General Shareholders Meeting Notary Deed is "under registration and inscription" at the Trade Register of Madrid. The Company is for the moment registered for tax purposes as a non-resident Company acting in Spain with the tax code number N-0182770-H. As soon as the Company is definitively registered in Spain, the Spanish Tax Authority will change the non-resident tax code number for a Spanish one.

Others

- **On 10 June 2014**, the Annual General Shareholders Meeting of the Company resolved to approve the proposal made by the Directors of the Company to allocate the profit for the financial year ended 31 December 2013 amounting to EUR 4,353,630 as follows:

Allocation of 2013 financial year net results	EUR
Profit as of 31 December 2013	**4,353,630**
Loss from previous years compensation	1,228,592
Net Profit	**3,125,038**
• Legal reserve	156,252
• Dividends (fully paid as at 10 July 2014)	2,968,786

2 Explanation of the consolidated figures as at 30 June 2014

Below are shown the consolidated salient figures of the Group as at 30 June 2014 in comparison to 31 December 2013:

Balance Sheet	**30.06.2014**	**31.12.2013**	+ / -
Investment property (gross)	271,591,259	273,329,406	(1,738,147)
Accumulated amortization	(24,012,149)	(21,799,904)	(2,212,245)
Impairment losses	(30,150,363)	(27,150,363)	(3,000,000)predillo
Investment property (net)	217,428,746	224,379,139	(6,950,393)
Investments in Group companies and associates	53,011,046	44,276,115	8,734,931
Net equity	258,972,040	261,585,060	(2,613,020)

Profit and Loss Account	**30.06.2014**	**30.06.2013**
Revenues	6,632,790	6,815,346
Gross margin	5,911,697	6,451,910
% / revenues	**89.13%**	**94,67%**
EBITDA	**5,286,619**	**5,450,925**
% / revenues	**79.70%**	**79.98%**
Depreciation & amortization (net)	(5,397,156)	(5,077,154)
Financial result	469,574	752,753
EBT	**359,037**	**1,126,524**
% / revenues	**5.41%**	**16.53%**
Income tax	(3,273)	(3,210)
Net Result	**355,764**	**1,123,314**
% / revenues	**5.36%**	**16.48%**

At the closing date of 30 June 2014, the Net Balance of Consolidated Investment Property amounts up to EUR 217.43 million in comparison to EUR 224.38 million as at 31 December 2013. It means a decrease of EUR 6.95 million between periods mainly due to:

- Sales of certain assets totaling EUR 1,72 million being the detail as follows:

K EUR	**Units**	**Income**	**Net Book Value**	**Result Profit / (Losses)**
Coslada III	1	160	230	(70)
Sanchinarro VII	2	370	397	(27)
Sanchinarro V	2	375	424	(49)
Sanchinarro VI	3	595	665	(70)
Total	**8**	**1,500**	**1,715**	**(215)**

- Amortization of assets during this period of 6 months (EUR 2.24 million).
- Impairment losses recorded in 2014 totaling EUR 3.00 million. During the period of six months ended 30 June 2014, the Group has recognized impairment losses for the amount of EUR 3.00 million on its investment properties based on internal assumptions given that 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.
- Losses on disposals of non-current assets amounted EUR 0.22 million.

No new investments or acquisitions have been carried out during this period of 6 months.

The Subsidiary 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 8.73 million. The balance of loans to Group as at 30 June 2014 amounts up to EUR 53.11 million.

Income for the half year 2014 amounts to EUR 6.63 million. All revenues come from the rental activity of the real estate investment properties.

During the half year 2014, the gross margin of the Group amounts up to EUR 5.91 million. It means 89.13% of the revenues in comparison to the 94.67% in June 2013. It implies that the gross margin of the Group has decrease slightly mainly due to the decrease of certain rents (termination of PUNT ROMA contracts).

At the end of the half year 2014, EBITDA amounts EUR 5.29 million, 79.70% on revenues in comparison to 79.98% on revenues in June 2013. No important change has been produced between periods.

As result of the above explanations, the Group obtained in the half year 2014 a Net Profit after taxes of EUR 0.36 million. It means 5.36% on revenues in 2014 in comparison to 16.48% in June 2013.

The detail of revenues until 30 June 2014 and net book value of the Real Estate Assets at that date is as follows:

	Revenues	**%**	**Net Book Value**
Barceló Isla Canela Hotel	1,055,211	15,91%	20,840,427
Meliá Atlántico Hotel	-	-	28,238,422
Iberostar Isla Canela Hotel	646,935	9,75%	21,264,911
Marina Isla Canela Shop, Center	43,692	0,66%	2,328,810
Playa Canela Hotel	267,150	4,03%	13,371,903
Isla Canela Golf Hotel	25,000	0,38%	3,579,132
Huelva	**2,037,988**	**30,73%**	**89,623,605**
Pradillo 42	761,843	11,49%	15,713,198
Gran Vía 1-2º Right	55,796	0,84%	1,786,970
Tryp Cibeles Hotel	586,897	8,85%	18,903,896
Tryp Atocha Hotel	695,396	10,48%	21,298,605
Gran Vía 1-1º Right	51,344	0,77%	1,704,109
Gran Vía 1-2º Left	47,044	0,71%	1,531,333
Gran Vía 1-1º Left	52,345	0,79%	1,758,152
Vallecas Comercial II	80,800	1,22%	3,595,137
Dulcinea 4	48,312	0,73%	1,346,761
Albalá 7	117,626	1,77%	2,539,626
Gran Vía 34	1,303,922	19,66%	20,015,770
Caleruega	52,800	0,80%	966,509
Rutilo	41,917	0,63%	1,014,572
Sanchinarro V	-	-	179,369
Sanchinarro VI	15,630	0,24%	8,308,346
Sanchinarro VII	4,096	0,06%	6,773,372
Vallecas Comercial I	6,213	0,09%	3,342,920
Coslada III	5,100	0,08%	4,432,613
Madrid	**3,927,081**	**59,21%**	**115,211,258**
Pza, España	667,722	10,07%	9,331,479
Castellón	**667,722**	**10,07%**	**9,331,479**
San Antón 25 and 27	-	-	3,262,405
Cáceres	**-**	**-**	**3,262,405**
Total	**6,632,791**	**100,00%**	**217,428,747**

Earnings per share as at 30 June 2014

The detail of the earning per share is as follows:

	30.06.2014	30.06.2013
Net profit (loss) attributable to shareholders	335,764	1,123,314
Weighted average number of ordinary shares in issue	4,452,197	4,452,197
Basic earnings per share	**0.08**	**0.25**

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

2. Future development / evolution of the Group

The Company, through its Subsidiary, 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 30 July 2014, CIBRA paid to the Holding Company the dividend of the 2013 financial year totaling EUR 1,209,306, result approval of the allocation of 2013 financial year results (Annual General Meeting of the Subsidiary held on 30 June 2014) according to:

Allocation of 2013 financial year net results	EUR
Profit as of 31 December 2013	**1,679,591**
• Legal reserve	167,959
• Voluntary reserve	303,327
• Dividends (fully paid as at 30 July 2014)	1,209,306

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. Dividends

On 10 June 2014, the Annual General Shareholders Meeting of the Company resolved to approve the proposal made by the Directors of the Company to allocate the profit for the financial year ended 31 December 2013 amounting to EUR 4,353,630 as follows:

Allocation of 2013 financial year net results	EUR
Profit as of 31 December 2013	**4,353,630**
Loss from previous years compensation	1,228,592
Net Profit	**3,125,038**
• Legal reserve	156,252
• Dividends (fully paid as at 10 July 2014)	2,968,786

4. 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, labor, 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.

5. Stock Market Price Data

The evolution of Company´s share price at the Regulated Stock Market of Luxembourg is as follows:

30.06.2014	31.12.2013	30.06.2013	31.12.2012
60.10	58.50	58.90	60.76

By order of the Board of Directors on 26 August 2014

Mr. Marco Colomer Barrigón
Chairman and Chief Executive Officer

Director's Responsibility Statement

As at 30 June 2014

Director's responsibility statement
As at 30 June 2014

We confirm to the best of our knowledge that:

1. The Interim Consolidated Financial Statements as at 30 June 2014 of SAINT CROIX HOLDING IMMOBILIER, SOCIMI, S.A., presented in the Half-Year Report as at 30 June 2014 and established in conformity with International Financial Reporting Standards as adopted in the European Union give a true and fair view of the assets, liabilities, financial position and results of SAINT CROIX HOLDING IMMOBILIER, S.A. and the undertakings included within the consolidation taken as a whole; and

2. The Half-Year Management Report as at 30 June 2014 includes a fair review of the development and performance of the business and position of SAINT CROIX HOLDING IMMOBILIER, S.A. and the undertakings included within the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

By order of the Board of Directors on 26 August 2014

Mr. Marco Colomer Barrigón
Chairman and Chief Executive Officer