SAINT CROIX
HOLDING IMMOBILIER, S.A.

Annual Report

for the year ended 31 December 2011

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

SAINT CROIX
HOLDING IMMOBILIER, S.A.

Table of contents

SAINT CROIX
HOLDING IMMOBILIER, S.A.

Consolidated Management Report

for the year ended 31 December 2011

Consolidated Management Report

for the year ended 31 December 2011

The Directors have pleasure in presenting their report, which constitutes the management report ("Management Report") as defined by Luxembourg Law, together with the audited consolidated financial statements and annual accounts as of 31 December 2011, and for the accounting period then ended. As permitted by Luxembourg Law, the Directors have elected to prepare a single Management Report covering both the Company and the Group.

1. Background and origin

"SAINT CROIX HOLDING IMMOBILIER, SOCIÉTÉ ANONYME" (hereinafter, the "Company") is a limited liability Company (société anonyme), incorporated under the laws of Luxembourg, having 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. The Company activity includes the holding of equity interests in Luxembourg and/or foreign companies and mainly in Spanish Real Estate Investments Companies ("Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario" (hereinafter referred under the Spanish acronym "SOCIMI") or in other Companies, whether resident or not in Spain, which have a corporate purpose similar to those of Spanish SOCIMIs and which are subject to earnings distribution requirements that are similar to that established by legal or statutory policy for Spanish SOCIMIs. As at 31 December 2011, the Company owns 100% of two SOCIMIs incorporated under Spanish law, COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A. (hereinafter "CIBRA") and COMPAÑÍA IBÉRICA DE RENTAS URBANAS 2009, SOCIMI, S.A. (hereinafter "CIRU"), being hereinafter collectively referred to as the Subsidiaries (together with the Company referred to as "the Group"). The Subsidiaries were both incorporated in December 2009 under Spanish law and have, mainly as corporate purpose:

a) the acquisition and development of urban real estate for leasing;

b) the ownership of equity interests in other SOCIMIs or in other companies not resident in Spanish territory having a status similar to the SOCIMII's regime in their country of residence;

c) the ownership of equity interests in other companies, whether or not these are domiciled in Spain, under certain condition, among which the main corporate purpose must be the acquisition of urban real estate for leasing; and

d) the holding of shares or interests in collective real estate investment institutions governed by Spanish law 35/2003 of 4 November 2003 on Collective Investment Institutions.

The Company was incorporated by means of a contribution in kind, through which the shareholders of the two Subsidiaries contributed all their shares to the Company, based on the valuation performed by the Board of Directors of the Company on 1st 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, the Company holds 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 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. On 31 December 2011, the Company's share capital of EUR 267,577,040 is divided into 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. 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 to part of the capital increase (EUR 23,926,050.40). New investors were searched by the Company directly and subscribed to the rest of the capital increase (EUR 16,210,472.50). All Shares of the Company have been issued under Luxembourg Law.

The 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 Clearstream 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 Company engages mainly in the operation of leased assets.

2. Origin of the Subsidiaries

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

- COMPAÑÍA IBÉRICA DE BIENES RAÍCES, 2009, SOCIMI, S.A. (hereinafter "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 Mercantile Registry. The deed of the partial split and the incorporation of CIBRA was filed with the Mercantile Registry of Madrid on February 8, 2010 and effective from 30 December 2009 (date of initial entry, and from 1 January 2009 for accounting purposes).

- COMPAÑÍA IBÉRICA DE RENTAS URBANAS, 2009, SOCIMI, S.A. (hereinafter "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 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 bylaws of both Subsidiaries, (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)".

3. Activity and highlights of the Company

Given the corporate purpose of the company, holding of shares, the company is the result of the consolidation of two investments in Spanish companies, whose main purposes are the acquisition and/or construction of real-estate assets for lease. During 2011, the total consolidated revenues amounted 18.35 million EUR with a consolidated profit from operations of EUR 5.77 million (31%). This figure includes charges of depreciation and amortization for the amount of EUR 8.90 million. The Company has recorded positive net financial result for the amount of EUR 0.85 million. After that, the profit for the period, after taxes, has amount EUR 5.28 million.

At 31 December 2011, the Company did not held any treasury shares.

4. Activity of the Subsidiaries

A. CIBRA:

I. Properties

At 31 December 2011, CIBRA owns five hotels located in the Isla Canela tourist complex that are currently held to earn rentals:

Hotel Vincci Selección Isla Canela Golf: a five star hotel located on a golf course with 58 rooms (116 beds). A new lessee is currently being sought as a result of the early cancellation of the lease agreement entered into with Vincci Hoteles, S.A. 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.

- Hotel Barceló Isla Canela: 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.
- Hotel Iberostar Isla Canela: 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..
- Hotel Playa Canela: 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..
- Hotel Riu Atlántico: a four star hotel located on the sea front with 359 rooms (718 beds) and held to earn rentals from Grupo Hoteles Playa, S.A..

It also owns other rental assets, namely:

- Marina Isla Canela shopping centre: held to earn rentals from various customers.
- Property for office use on Gran Vía, Madrid. The current tenant is G2 World Wide Spain, S.L.U.
- Five commercial premises located on Calle Caleruega, 66, Madrid. The current tenant is Begope Restauración, S.L.

According to the valuations carried out in the last quarter of 2011 pursuant to Ministry of Economy Order ECO 805/2003, the appraisal value of the assets associated with CIBRA's activity is EUR 103.57 million, which represents unrecognized unrealised gains of EUR 5.21 million calculated as the difference between the appraisal value and the carrying amount at that date.

II. Highlights of 2011

The highlights of the results for 2011 were as follows:

- Income in 2011 amounted to EUR 10.69 million, EUR 8.21 million of which related to the operation of leased assets and EUR 2.48 million related to the management of these assets. Overall, total income declined by around EUR 3 million, mainly as a result of the change in the agreement with Hotel Riu from a management agreement to a lease agreement.
- The gross margin amounted to EUR 8.70 million and EBITDA amounted EUR 7.55 million, in line with the results obtained in 2010. Overhead costs (procurements, staff costs and other operating expenses) totalled EUR 3.14 million.
- CIBRA obtained net profit of EUR 4.59 million. As a result, it proposes to distribute net dividends of EUR 3.59 million.

On 20 December 2011, the Company's Sole Shareholder approved a capital increase at the Company of EUR 9 million which was fully paid on 20 December 2011. As a result, the Company's share capital is represented by 1,000,000 shares of EUR 115.60 par value each.

III. Investments and disposals in 2011

In 2011, CIBRA made only one investment, of EUR 1 million, to acquire the five premises on calle Caleruega, Madrid. This investment was acquired from a related party at market prices, taking as a reference the appraisal made of these assets in October 2011.

IV. Acquisition of treasury shares

At 31 December 2011, CIBRA did not hold any treasury shares. No transactions involving treasury shares were performed in 2011.

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.

V. Events after the reporting period

- On 31 January 2012, the Company executed the financial guarantee of Vincci Hoteles, S.A. issued by the financial institution Bankia amounting to EUR 411,437.33 in guarantee of payment of the rent for a year under the property lease agreement for hotel use dated 25 May 2004 that the lessee, Vincci Hoteles, S.A. has breached with regard to the obligation to pay the rent under this agreement. The lessee stopped paying rent from the third quarter of 2011.
- As a result of the shareholder restructuring transaction performed in December 2011 on 19 January 2012, the following CIBRA resolutions were executed in a public deed signed before Madrid notary Mr Miguel García-Gil, under protocol number 90:
  - Financial statement approval;
  - Declaration of the Company's sole-shareholder status;
  - Removal of the Board of Directors and appointment of a Sole Director in the figure of its sole shareholder, Saint Croix Holding Immobilier, S.A., represented by Marco Colomer Barrigón;
  - Statutory modification;
  - Capital increase.

B. CIRU:

I. Properties

At 31 December 2011, CIRU owned the following assets:

- Hotel Tryp Cibeles (Hotel Sol Meliá): four star hotel located at calle de Mesonero Romanos, 13 (Gran Vía- Madrid), with 132 rooms. Operated by Sol Meliá.
- Hotel Tryp Atocha: four-star hotel located at calle de Atocha, with 150 rooms and operated by Sol Meliá.
- Premises at calle San Antón (Cáceres): two commercial premises and eight premises for residential use. The commercial premises are operated by PUNTO ROMA.
- Premises at calle Rutilo: five premises for commercial use (ground floor).
- Premises at calle Pradillo: five premises for office use.
- Premises at Gran Vía, 34: two commercial premises in Gran Vía. Operated by Inditex (Zara).
- Hotel Sol Meliá: hotel located at Gran Vía, 34, with 132 rooms.
- Premises at Gran Vía, 1: three premises for office use.
- Premises at calle Dulcinea: basement for commercial use. Operated under lease by JAVISA SPORT, S.L.
- Premises at calle Albalá: premises for commercial use. Operated under lease by CAPRABO, S.A.

According to the valuations carried out in the last quarter of 2011, pursuant to Ministry of Economy Order ECO 805/2003, the appraisal value of the assets associated with CIRU's activity is EUR 119.18 million, which represents unrecognized unrealised gains of EUR 1.49 million calculated as the difference between the appraisal value and the carrying amount at that date.

II. Highlights of 2011

Noteworthy results in 2011 include the following:

- Income in 2011 amounted to EUR 7.64 million arising from the operation of leased assets. Overall, total income increased by EUR 767 thousand as a result of rental-income reviews and the new lease relating to premises in Cáceres.
- EBITDA amounted to EUR 1.09 million, considerably lower than the results obtained in 2010 due to the impairment recognized. Overhead costs (staff costs and other operating expenses) totalled EUR 471 thousand.
- CIRU's net profit amounted to EUR 1.21 million and, as a result, it proposes to distribute net dividends of EUR 947 thousand.

CIRU has bank borrowings relating to loans arranged with La Caixa and Caja Extremadura. The purpose of the loan from La Caixa was to finance the investment in new premises located in

Castellón, which were acquired in 2011. The loan from Caja Extremadura relates to a mortgage on the property located at calle San Antón, in Cáceres.

On 29 December 2011, the share capital of CIRU was increased for an amount of EUR 30.50 million, which was fully paid, after which CIRU's share capital was represented by 2,302,166 shares of EUR 60.10 par value each.

III. Investments and disposals in 2011

In 2011, CIRU made two investments: EUR 3.88 million relating to the acquisition of properties located at calle San Antón (Cáceres) and EUR 14.80 million relating to premises in Castellón. These investments were acquired from related parties at market prices, taking as a reference the appraisal carried out in relation to these assets in October 2011.

IV. Acquisition of treasury shares

At 31 December 2011, CIRU did not hold any treasury shares. No transactions involving treasury shares were performed in 2011.

V. Events after the reporting period

From 31 December 2011 to the date of preparation of the financial statements for the year then ended, no events occurred that would significantly affect the future performance of the Company or its financial statements.

5. Common control

See 2.1.4 of the Notes to the consolidated financial statements for the year ended 31 December 2011.

6. Rules governing the appointment and replacement of the Board of Directors

The Company is represented and administered by a Board of Directors consisting of three (3) members elected at the General Meeting. Each member of the Board of Directors is referred to as a "Director". The General Meeting can decide to qualify the appointed Directors as category A Director(s) (the "Category A Director") and category B Director(s) (the "Category B Director").

It is not necessary to be a shareholder in order to be appointed as a Director as this role can be occupied by both physical and legal persons. The General Shareholders Meeting may, at any time and ad nutum, remove and replace any Director.

Individuals declared unsuitable under any Luxembourg legal provision, may not be appointed as Directors.

The General Shareholders Meeting may agree to remunerate the Directors for attending meetings of the Board and additionally, where appropriate, to agree on a fixed annual compensation. When the General Meeting agrees on an annual fixed compensation, the Board of

Directors will have the discretional power for sharing such fixed compensation between the Directors.

Directors shall hold office for a period of maximum six (6) years, and may be re-elected by the General Meeting once or more for a period of equal duration. At the end of this period, the appointment shall be effective after the next General Meeting has been held.

After the incorporation of the Company as at 1 December 2011, the General Shareholders Meeting approved the following resolutions:

a) The number of directors was fixed at three and the number of the statutory auditor at one.
b) The following Directors were appointed:
   i. Mr. Marco Colomer Barrigón, born in Madrid (Spain), on 14 December 1960, with principal office at Glorieta de Cuatro Caminos 6 and 7 (28020) Madrid (Spain), as Category A Director of the Company and as the "Chairman" of the Board. He has a wide experience of the real estate sector and has been managing different real estate companies (a.o. from Pryconsa Group and Cogein Group). He is also acting as CEO of all these companies. In addition he has been member of the board of BANCO POPULAR ESPAÑOL and member of the "Global Advisory Council" in the "Chase Manhattan Private Bank," today J. P. Morgan. This office will end at the ordinary General Meeting to be held in 2017.
   ii. Mr. Patrick Sganzerla, born in Toulon (France), on 28 March 1968 with principal office at 46, Boulevard Grande Duchesse Charlotte, L-1026 Luxembourg, Grand-Duchy of Luxembourg, as Category B Director of the Company. He has an experience of chartered accountant and auditor in Luxembourg and France and has worked for audit firms. He has also practice his accounting skills in a Luxembourg holding Company. This office will end at the ordinary General Meeting to be held in 2017.
   iii. Mr. Ismaël Dian, born in Virton (Belgium), on 15 November 1979 with principal office at 46, Boulevard Grande-Duchesse Charlotte, L-1026 Luxembourg, Grand-Duchy of Luxembourg, as Category B Director of the Company. He has an experience of accountant and Tax specialist having worked for various fiduciaries and audit firms. He further specializes in real estate market being certified as Specialist in Real Estate in Luxembourg (Lux Alfi). This office will end at the ordinary General Meeting to be held in 2017.

With respect to third parties, every Director, whatever its category, can validly represent and act for the Company solely for all actions of a value of maximum EUR 5,000 (five thousand Euros).

The Board of Directors, may appoint from among its members an Executive Committee or one or more Managing Directors, determining the individuals responsible for these functions and their expected performance. It may delegate to the latter, in part or in full, temporarily or permanently, such faculties as are delegable according to Law.

The Board of Directors may also delegate its representative powers to one or more Directors on a permanent basis, determining, if they designate more than one, whether they have to act jointly or whether they can act separately.

7. Future development / evolution of the Group

The Company, through its Subsidiaries, will continue its activity of real estate rental business as well as analyze new opportunities of investments in real estate assets that will be able to generate at least a 7% of annual yield in prime zones. In addition, given the long term rental contracts of the Subsidiaries, the Group will keep the current lease contracts to generate the expected revenues. The dividend policy of the subsidiaries guarantees incomes for the Company in the future.

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.

8. Main risks of the Group

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

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

investments made, the high creditworthiness of the lessees and the guarantees of collection in place in the agreements in force.

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

Other market risks to which the Group is exposed are:

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

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

By order of the Board of Directors

Marco Colomer Barrigón
Director

Ismael Dian
Director

Corporate Governance statement
for the year ended 31 December 2011

Corporate governance statement

1. Corporate governance framework

The Company complies with the corporate governance regime applicable in Luxembourg. The Directors monitor the Company's affairs and must apply due diligence when carrying out their responsibilities. A Director who is unable to attend a meeting may authorize another Director in writing to be his proxy. The Directors may from time to time cause the Company to enter into agreements with third parties for the provision of services to the Company.

2. Duties of the Board of Directors

The Board of Directors shall meet on the days agreed upon during a Board Meeting, wherever specified by the Chairman or requested by one of its members, in which case it shall be called to meet within fifteen (15) days of the request. Meetings of the Board of Directors (each a "Board Meeting") shall always be convened in writing and addressed personally to each Director, a minimum of five (5) days in advance of the meeting date.

The Board of Directors shall be validly constituted only if a majority of Directors is present or represented at the Board Meeting, including at least one Category A Director and one Category B Director in case the shareholder(s) has(have) qualified the Directors as Category A Director(s) and Category B Director(s).

In order to be represented at the Board Meeting, it is necessary for this representation to be assumed by another Director.

Any Director may act at any Board Meeting by appointing in writing or by telegram, facsimile, or e-mail another Director as his proxy.

All resolutions shall be taken by a majority vote of the Directors present and represented, including at least one vote of a Category A Director and one vote of a Category B Director in case the shareholder(s) has(have) qualified the Directors as Category A Director(s) and Category B Director(s).

In the event of votes being tied, the Chairman shall have the casting vote.

The Company shall be bound towards third parties in all matters by the joint signature of any Category A Director and any Category B Director of the Company in case the shareholder(s) has(have) qualified the Directors as Category A Director(s) and Category B Director(s), or by the joint signature of two Directors in case no Director has been qualified as Category A Director or Category B Director.

Notwithstanding the foregoing, a resolution of the Board of Directors may also be passed by unanimous consent in writing which may consist of one or several documents containing the resolutions and signed by each and every Director. The date of such a resolution shall be the date of the last signature.

If the General Meeting does not designate a Chairman, the Board of Directors shall appoint one from among its members, as well as one or several Vice Chairman, should it deem this to be necessary.

It shall likewise freely appoint an individual to perform the functions of Secretary, and if it considers it advisable, a Vice Secretary. These do not have to be Directors, and shall attend Board Meetings with speaking but not voting rights, unless they hold the status of Directors.

The Board of Directors shall regulate its own functioning, shall accept the resignation of Directors and, where relevant, shall proceed, should vacancies arise during the period for which Directors were appointed, to designate individuals from among the shareholders to occupy these posts until the next General Meeting is held. It shall also be able to appoint an "Executive Committee" from among its members, or one or more "Managing Directors", without prejudice to the powers of representation that it may confer upon any individual, and with the exception of such powers that may not be legally delegated.

The discussions and resolutions of the Board of Directors shall be maintained in a Minute Book and shall be signed by the Chairman and the Secretary, or by the Vice Chairman and the Vice Secretary, as necessary. The certification of minutes shall be issued by the Secretary of the Board of Directors or, if necessary, by the Vice Secretary, with the approval of the Chairman or Vice Chairman, as appropriate.

Any of the members of the Board of Directors may have responsibility for formalizing resolutions in public documents, as may its Secretary or Vice Secretary, even if they are not Directors.

The Board of Directors shall be responsible for representing the Company, both in court and outside court, as a body and by majority decision, being empowered in the broadest sense to carry out general contracting, to conduct all kinds of actions and businesses, whether obligatory or provided for legally, of ordinary or extraordinary administration and strict jurisdiction, with regard to all types of goods, movable and immovable assets, money, transferable securities and commercial bills, with no other exception than in relation to matters which are the competence of other bodies or which are not included in the corporate purpose.

The Board of Directors is entitled to, without limitation:

a) Signing for and representing the Company, authorizing Company correspondence and whatever documents may be needed for this requirement.
b) Directing and managing all Company businesses to their full extent, and ensuring the smooth running of the Company, as well as all its offices and premises, proposing to the

General Meeting the measures, reforms and regulations that, in its judgment, are in the Company's best interests.

c) Appointing and suspending the Company's technical, administrative and ancillary personnel, overseeing management of these personnel and setting their remuneration.
d) Fulfilling and executing the resolutions of the General Meeting, and issuing certifications.
e) Paying, charging and receiving sums of all kinds; opening, maintaining and cancelling current accounts with any banks or institutions, signing chits, cheques and transfer orders on behalf of the Company; withdrawing and furnishing cash deposits, also at any banks or institutions, accepting, negotiating and discounting bills of exchange, promissory notes, cheques and other commercial or credit documents, as well as contesting them when necessary; acting as guarantor for credit and other transactions, and mutual guarantee transactions.
f) Appearing before any competent tribunal or court of justice, in order to represent the Company, bring and respond to all kinds of actions and appeals and confer, if necessary, the relevant powers of legal representation to lawyers and prosecutors.
g) Requesting simple loans, mortgages or other types of credit, providing any guarantees that it deems necessary; establishing chattel mortgages; conducting lease and financial rental operations, all of these according to the stipulated agreements and conditions inherent to such contracts.
h) Executing and contracting all kinds of works, services and supplies; financing construction; administering the Company's assets, renting them and halting the rent thereof; contracting with the central government, regional, provincial and municipal authorities; representing the Company in all types of tenders, auctions and direct contracting, providing all forms of guarantee.
i) Purchasing, selling and exchanging, and by any other means acquiring or disposing of all forms of movable or immovable assets or transferable securities, for prices and under conditions that are freely stipulated, acknowledging or deferring the receipt thereof, in this case establishing such guarantees as it deems necessary, including mortgages or conditions subsequent, which shall be paid in due course.
j) Any other powers not reserved for the General Meeting under Law or by law or by these Articles of Association.

The Board of Directors may delegate all or some of its legally-delegable powers, and both the Board of Directors and the Directors may confer all kinds of legal and extra-legal powers, and revoke powers and delegations.

The Board will be responsible for the management of the Company. It will act in the best interests of the company and will protect the general interests of the shareholders by ensuring the sustainable development of the Company. It will function in a well-informed manner as a collective body.

All matters not governed by the Articles of Association shall be determined in accordance with the applicable Luxembourg legal provisions, being notably the law of 10 August 1915 regarding commercial companies, as amended, and the law of 24 May 2011 on the exercise of certain rights of shareholders in general meetings of listed companies.

3. Composition of the board and the special committees

The Company is represented and administered by a Board of Directors consisting of three (3) members elected at the General Meeting. Each member of the Board of Directors is referred to as a "Director". The General Meeting can decide to qualify the appointed Directors as category A Director(s) (the "Category A Director") and category B Director(s) (the "Category B Director")

It is not necessary to be a shareholder in order to be appointed as a Director as this role can be occupied by both physical and legal persons. The General Shareholders Meeting may, at any time and ad nutum, remove and replace any Director.

Individuals declared unsuitable under any Luxembourg legal provision, may not be appointed as Directors.

The General Shareholders Meeting may agree to remunerate the Directors for attending meetings of the Board and additionally, where appropriate, to agree on a fixed annual compensation. When the General Meeting agrees on an annual fixed compensation, the Board of Directors will have the discretional power for sharing such fixed compensation between the Directors.

Directors shall hold office for a period of maximum six (6) years, and may be re-elected by the General Meeting once or more for a period of equal duration. At the end of this period, the appointment shall be effective after the next General Meeting has been held.

After the incorporation of the Company as at 1 December 2011, the General Shareholders Meeting approved the following resolutions:

a) The number of directors was fixed at three and the number of the statutory auditor at one.
b) The following Directors were appointed:
   i. Mr. Marco Colomer Barrigón, born in Madrid (Spain), on 14 December 1960, with principal office at Glorieta de Cuatro Caminos 6 and 7 (28020) Madrid (Spain), as Category A Director of the Company and as the "Chairman" of the Board. He has a wide experience of the real estate sector and has been managing different real estate companies (a.o. from Pryconsa Group and Cogein Group). He is also acting as CEO of all these companies. In addition he has been member of the board of BANCO POPULAR ESPAÑOL and member of the "Global Advisory Council" in the "Chase

Manhattan Private Bank," today J. P. Morgan. This office will end at the ordinary General Meeting to be held in 2017.

ii. Mr. Patrick Sganzerla, born in Toulon (France), on 28 March 1968 with principal office at 46, Boulevard Grande Duchesse Charlotte, L-1026 Luxembourg, Grand-Duchy of Luxembourg, as Category B Director of the Company. He has an experience of chartered accountant and auditor in Luxembourg and France and has worked for audit firms. He has also practice his accounting skills in a Luxembourg holding Company. This office will end at the ordinary General Meeting to be held in 2017.

iii. Mr. Ismaël Dian, born in Virton (Belgium), on 15 November 1979 with principal office at 46, Boulevard Grande-Duchesse Charlotte, L-1026 Luxembourg, Grand-Duchy of Luxembourg, as Category B Director of the Company. He has an experience of accountant and Tax specialist having worked for various fiduciaries and audit firms. He further specializes in real estate market being certified as Specialist in Real Estate in Luxembourg (Lux Alfi). This office will end at the ordinary General Meeting to be held in 2017.

With respect to third parties, every Director, whatever its category, can validly represent and act for the Company solely for all actions of a value of maximum EUR 5,000 (five thousand Euros).

4. Appointment of Directors and Executive Managers

The Board of Directors may appoint from among its members an Executive Committee, or one or more Managing Directors, determining the individuals responsible for these functions and their expected performance. It may delegate to the latter, in part or in full, temporarily or permanently, such faculties as are delegable according to Law.

The Board of Directors may also delegate its representative powers to one or more Directors on a permanent basis, determining, if they designate more than one, whether they have to act jointly or whether they can act separately.

5. Conflicts of interest

Individuals subject to the conflicts of interest set forth in any Luxembourg legal provision, may not occupy positions in this Company. Should a Director discover a conflict of interest he or she is obligated to inform the Company accordingly and must not vote on the subject causing the conflict of interest. Any Director having an interest in a transaction submitted for approval to the Board conflicting with that of the Company, shall be obliged to advise the Board thereof and to cause a record of his statement to be included in the minutes of the meeting. He may not take part in any related deliberations. At the next following General Meeting, before any other resolution is put to vote, a special report shall be made on any transactions in which any of the Directors may have had an interest conflicting with that of the Company.

It should be noted that some of the Directors also work for companies with which the Company has contractual relationships. In particular, Marco Colomer Barrigón is in charge of the different functions within the following companies related to the family Colomer Barrigón:

Name of Director	Company	% ownership	Corporate purpose	Charge / Functions
Marco Colomer Barrigón	COGEIN, S.L.	23.28%	Real Estate Development	Chairman CEO
	ROYAL INMOBILIARIA, S.A	30.00%	Real Estate Development	CEO Secretary (Rep. Cogein, S.L.)
	SORANSA 1989, S.A.	-	Real Estate Development	CEO
	COMPAÑÍA IBERICA DE VIVIENDAS SIGLO XXII, S.L.	-	Real Estate Development	Chairman CEO
	ISLA CANELA, S.A.	-	Real Estate Development	Chairman CEO
	GRAN VIA, 34, S.A.	-	Real Estate Development	Chairman CEO (Rep. Cogein, S.L.)
	BOETTICHER Y NAVARRO, S.A.	-	Real Estate Development	Chairman CEO
	PROPIEDADES CACEREÑAS, S.L.	18.46%	Real Estate Development	Chairman CEO
	PRYGECAM ARROYOMOLINOS VIVIENDA JOVEN, S.L.	-	Real Estate Development	Chairman
	PRYGECAM MOSTOLES VIVIENDA JOVEN, S.L.	-	Real Estate Development	Chairman
	PLANIFICACION RESIDENCIAL Y GESTION S.A. (PRYGESA)	-	Management	Administrator (Rep. Pryconsa)
	TRIANGULO PLAZA DE CATALUÑA, S.L.	-	Real Estate Development	Administrator (Rep. Snc Boetie Hamelin Investments II)
	GESTORA PROMOCIONES AGROPECUARIAS, S.A.	-	Real Estate Development	Chairman CEO
	PER 32, S.L.	49.99%	Real Estate Development	Chairman CEO
	ANOA FINANZAS, S.L.	-	Real Estate Development	Chairman CEO
	CODES CAPITAL PARTNERS, S.L.	-	Real Estate Development	Administrator (Rep. Parsofi, SPRL)
	INVERETIRO	-	Real Estate Development	Chairman CEO
	PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	-	Real Estate Development	Chairman CEO
	SAINT CROIX HOLDING IMMOBILIER, S.A.	12.81%	Investment Holding	Director

In addition, Mr. Marco Colomer Barrigón is one of the major Shareholders of the Company. As at 31 December 2011 he directly owns 570.264 shares of the Company, i.e. 12.80860%.

There are no conflicts of interest between any duties of the Directors to the Company and their private interest or other duties.

There are no remuneration or audit committees. The Company however, reserves the right to set up such committees. None of the members of its administrative, management or supervisory bodies has been convicted of fraudulent offences in the previous five years, and that none has been subject to any bankruptcy, receivership or liquidation proceedings or any official public incrimination and/or sanctions in the previous five years.

There is no service contract concluded between the Directors and the Company or the Subsidiaries providing for benefits upon termination of employment.

There is no such arrangement or understanding with major Shareholders, customers, suppliers or others, pursuant to which any Directors was selected as a member of the administrative, management or supervisory bodies or member of senior management.

There is no restriction agreed by the Directors on the disposal within a certain period of time of their holdings in the Company's securities.

The detail of entities in which the Directors are manager or member of the administrative, management or supervisory bodies or partner in the previous five years are as follows:

a) Mr. Marco Colomer Barrigón

The entities of which Mr. Marco Colomer Barrigón is a member of the administrative, management or supervisory bodies or partner for the last five years are detailed in the table above. All these mandates are in force.

b) Mr. Patrick Sganzerla

Mr. Patrick Sganzerla has been manager and/or member of the board of directors of the following companies incorporated under Luxembourg law for the last five years:

- FPS Audit S.à r.l.
- Fiduciaire Patrick Sganzerla S.à r.l.
- Sofidec S.à r.l.
- FPS Office Center S.à r.l.
- Insurance & Reinsurance Consultant Agency S.A.
- La Balme S.A.
- Calista Capital Spf
- Gaïa International Financial Investment S.A.
- Geyser Investments S.A.
- G&P Properties S.à r.l.

- Lux Investments Company S.A.
- Socavia III S.à r.l.
- Turbolux S.à r.l.
- R.H. Conseil S.à r.l.
- Plazza Investment & Properties S.à r.l.
- Mederach Investments S.à r.l.
- Walter Mnagement & Financing S.A.
- West & Orient S.à r.l.

All these mandates are in force.

c) Mr. Ismaël Dian

Mr. Ismaël Dian has been manager and/or member of the board of directors of the following companies incorporated under Luxembourg law for the last five years:

- Captiva 2 Juna Holding S.à r.l.
- Mekong Corporation S.à r.l.
- Captiva 2 KQ Holding S.à r.l.
- Captiva 2 Johannes S.à r.l.
- Kemisse S.à r.l.
- Mercurio Retail S.à r.l.
- MRP Investments S.à r.l.
- MRP Investments 2 S.à r.l.
- Captiva Nexis S.à r.l.
- Mercurio Retail Holding S.à r.l.
- Captiva Healthcare S.à r.l.
- Captiva Industrial S.à r.l.
- Captiva Capital III GP S.à r.l.
- MRP Apollo Investment S.à r.l.
- SDB Mercurio S.à r.l.
- Trian Institutional Real Estate I S.A.
- Captiva MIV S.à r.l.
- Mercurio Asset Management S.à r.l.
- Axiom Asset 3 S.à r.l.
- Axiom Asset 4 S.à r.l.
- Sky II GP A S.à r.l.
- Sky II GP B S.à r.l.
- Sky II Asset A S.à r.l.
- Sky II Asset B S.à r.l.

- Sky II Acquisition C S.à r.l.
- Fiduciaire Patrick Sganzerla S.à r.l.
- Sofidec S.à r.l.
- FPS Office Center S.à r.l.
- ID Consulting Sàrl

All these mandates are in force.

6. Evaluation of the performance of the Board of Directors

The operations of the Company shall be supervised by one or several statutory auditors who will be appointed and dismissed according to the legal provisions in force. Their term of office may not exceed six (6) years. In this respect, Deloitte Audit, S.à.r.l has been appointed statutory auditor having its registered office at 560, rue de Neudorf, Luxembourg L-2220, Grand-Duchy of Luxembourg.

In addition, the General Shareholders Meeting will supervise and evaluate the performance of the Board of Directors. It is the responsibility of the shareholders to take a majority decision during a General Meeting on the matters for which it has legal competence. Such competence is being extended to the issuance of bonds, notes and similar securities.

General Meetings may be ordinary or extraordinary. Ordinary General Meetings are those that have been previously announced, and must necessarily be held within the first six (6) months of each year in order to review corporate management, to approve, where appropriate, the accounts of the previous year and to take a decision regarding the appropriation of earnings.

All other General Meetings shall be extraordinary, and shall be held when convened by the Board of Directors, whenever it deems such meetings advisable for corporate interests or when they are requested by a number of shareholders holding at least five per cent (5%) of the share capital. Such requests are to mention the items to be discussed at the General Meeting and in accordance with law.

A General Meeting, even if convened as an Ordinary General Meeting, shall also be able to consider and decide on any issue within the scope of its powers if such issue has been mentioned in the convening notice or advertisement to the meeting, and as long as this complies with the Law, where appropriate.

The convening, either to the Ordinary General Meeting or to an Extraordinary one, shall be announced in a public advertisement in the Luxembourg Official Gazette (the "Mémorial"), in one of the other Luxembourg newspapers and in media which may reasonably be relied upon for the effective dissemination to the public throughout the European Economic Area, and which are accessible rapidly and on a non-discriminatory basis, at least thirty (30) days before the date set for the General Meeting.

If all the shares are registered, the Board of Directors may, in such cases as permitted by law, replace the legally required publications with a written notice to each shareholder or interested party, which must in each case comply with legal provisions.

Directors shall attend General Meetings.

The General Meeting shall have a valid quorum upon the first convening if the shareholders present or represented possess at least fifty percent (50%) of the share capital with voting rights. There will be a valid quorum for the meeting upon the second convening regardless of the proportion of the capital present or represented.

For the ordinary or extraordinary General Meeting to be able to take valid decisions upon the issue of bonds, notes or similar securities, capital increases or decreases, the transformation, merger or division of the Company, and in general, any amendment to the Articles of Association, the resolution will be validly passed provided that a majority of two-thirds (2/3) of the votes is expressed.

Notwithstanding all of the above, the General Meeting shall be understood to have been validly called and assembled to discuss any subject as long as the entirety of the share capital is present, and that those in attendance are unanimous in accepting the holding of the General Meeting.

General Meetings shall be held in the municipality where the Company has its registered office. The Chairman and Secretary of the Board of Directors shall perform the same functions at the General Meeting. In the event of their absence, the people to fulfill these roles shall be decided on at the General Meeting itself, with the agreement of those present. If there is a Vice Chairman and a Vice Secretary of the Board of Directors, they shall be responsible for performing these functions in the absence of the Chairman and the Secretary.

The Board of Directors may only discuss and vote on the issues included in the convening advertisement or notice.

The Chairman shall be responsible for guiding deliberations, granting participants speaking time and determining the duration of speeches.

Resolutions shall be taken by the majority of the present or represented capital, except in the case of any legal provision to the contrary.

All other provisions relating to the verification of attendees, voting and the shareholders' right to information shall be those established by Law.

Minutes of the General Meeting shall be recorded in the book maintained for this purpose and published when required, according to the requirements as set forth by law. The minutes may be approved by the General Meeting itself or, failing this, within a period of fifteen (15) days by the Chairman and two (2) auditors, one representing the majority and the other the minority.

Certification of the minutes shall be issued by the Secretary of the Board of Directors or, where applicable, by the Vice Secretary, with the approval of the Chairman or Vice Chairman, as appropriate.

It is the responsibility of the individuals with the power to certify corporate resolutions to ensure that such resolutions be duly filed and published if required by law. Such publicity may also be ensured by any member of the Board of Directors without the need for them to be expressly delegated to do this.

7. Management structure

According to the Articles, The Board is validly constituted only if a majority of Directors is present or represented at the Board meeting with at least one Director of each categories, A and B Director in case the shareholders have qualified the Directors as Category A Director(s) and Category B Director(s).

All resolutions to be adopted by the Board shall be taken by a majority vote of the Directors with, as the case may be, at least one vote of each category of Directors. Furthermore, the Company is bound towards third parties in all matters by the joint signature of any Category A Director and any Category B Director or by the joint signature of two Directors in case no Director has been qualified as Category A Director or Category B Director.

The Board shall be responsible for representing the Company, both in court and outside court, as a body, being empowered in the broadest sense to carry out general contracting, to conduct all kinds of actions and businesses, whether obligatory or provided for legally, of ordinary or extraordinary administration and strict jurisdiction, with regard to all types of goods, movable and immovable assets, money, transferable securities and commercial bills, with no other exception than in relation to matters which are the competence of other bodies or which are not included in the corporate purpose.

The Board may appoint from among its members an Executive Committee or one or more Managing Directors, determining the individuals responsible for these functions and their expected performance. It may delegate to the latter, in part or in full, temporarily or permanently, such faculties as are delegable according to law.

The Board may also delegate its representative powers to one or more Directors on a permanent basis, determining, if they designate more than one, whether they have to act jointly or whether they can act separately.

8. Remuneration policy

The General Meeting may agree to remunerate the Directors for attending meetings of the Board and additionally, where appropriate, to agree on a fixed annual compensation. Directors and other officers of the Company, both past and present, are entitled to indemnification from the Company to the fullest extent permitted by law against liability and all expenses reasonably incurred by them in connection with any claim, action, suit or proceeding in which they are involved by virtue of their being or having been a Director or other officer respectively. The Company may purchase and maintain for any Director or other officer insurance against any such liability. However, no indemnification shall be provided against any liability to the Company or its Shareholders by reason of willful misconduct of a Director in the exercise of his office.

9. Financial reporting, internal control and risk management

The Board of Directors shall draw up its annual accounts, its management report and a proposal for the appropriation of earnings within the legally established period, to be presented to the General Meeting once they have been reviewed and reported by the auditor(s) of the accounts, where relevant.

From the annual net profits of the Company, five per cent (5%) shall be allocated to the reserve required by Law. This allocation shall cease to be required when the amount of the legal reserve shall have reached ten per cent (10%) of the subscribed share capital.

The General Meeting shall decide upon the appropriation of the annual profits in accordance with the approved balance sheet. The distribution of dividends to shareholders will be made in proportion to the capital that has been paid in, against the benefits of each year. In this regard, the Company commits to distribute annual dividends, up to 100% of the remaining yearly distributable profit earned by the Company after having made the minimum allocation to the legal reserve as required by law.

The Company has organized the management of internal control and corporate risks by defining its control environment (general framework), identifying and classifying the main risks to which it is exposed, analyzing its level of control of these risks and organizing 'control of control'.

It also pays particular attention to the reliability of the financial reporting and communication process.

1) Control environment
   a) Group organization: The Subsidiaries of the Company are organized into a number of departments as set out in an organization chart. Each person has a job description. There is a power of attorney procedure; the support functions are the Accounts, IT, Legal and Human Resources Departments and the Secretariat General. Management control is the responsibility of the Controlling Team. The CFO is in charge of organizing the risk management; for the annual closure, the Company's executive Management fill in an individual questionnaire so that any transactions they have carried out with the Group as "related parties" can be identified.
   b) Organization of internal control: There is no Audit Committee in the Company. Nevertheless, The Subsidiaries have a specific Internal Audit Department in charge of the internal control and corporate risk management. In this context, the Internal Audit

Department makes use in particular of the work of internal auditing, which reports directly to the CEO of the Subsidiaries.

c) Ethics: The Board of Directors has drafted and approved a Corporate Governance Rules and a Code of Ethics included in the Articles of Association of the Company.

2) Risk analysis and control activities: According to the experience of the three members of the Board of Directors, all the risks of the Company activities are discussed internally to detail them and to define the necessary measures to mitigate them. The conclusions of the discussions are reviewed twice a year. These risks are described in annual accounts of the Company.

3) Financial information and communication: The process of establishing financial information is organized as follows: A retro planning chart sets out the tasks to be completed for the quarterly, half yearly and annual closures of the Company and its subsidiaries, with deadlines. The Company and its Subsidiaries has a check list of actions to be followed up by the Financial Department of the Subsidiaries. The accounts team produces the accounting figures under the supervision of the Chief Accountant. The Controlling team checks the validity of these figures and produces the reporting. The figures are checked using the following techniques:
   - Coherence tests by comparison with historical or budget figures;
   - Sample checks of transactions according to their materiality.

10. Shareholders

No option regarding the Shares of the Company has been granted to the Directors at the date of this report.

The Company has not set up any stock options scheme and did not grant any stock options over the past fiscal year. At the close of the fiscal year, the Director A (Mr. Marco Colomer Barrigón) owns 570.264 shares of the Company, i.e. 12.80860%.

11. Information about General Shareholders Meeting

It is the responsibility of the shareholders to take a majority decision during a General Meeting on the matters for which it has legal competence. Such competence is being extended by virtue of these Articles of Association to the issuance of bonds, notes and similar securities.

All shareholders, including those with dissenting opinions and those who may not have taken part in the meeting, shall be subject to the resolutions of the General Meeting, without prejudice to the statutory rights to which they are legally entitled.

Ordinary General Meetings are those that have been previously announced, and must necessarily be held within the first six (6) months of each year in order to review corporate management, to approve, where appropriate, the accounts of the previous year and to take a decision regarding the appropriation of earnings.

All other General Meetings shall be extraordinary, and shall be held when convened by the Board of Directors, whenever it deems such meetings advisable for corporate interests or when they are requested by a number of shareholders holding at least five per cent (5%) of the share capital. Such requests are to mention the items to be discussed at the General Meeting and in accordance with law.

A General Meeting, even if convened as an Ordinary General Meeting, shall also be able to consider and decide on any issue within the scope of its powers if such issue has been mentioned in the convening notice or advertisement to the meeting, and as long as this complies with the Law, where appropriate.

The convening, either to the Ordinary General Meeting or to an Extraordinary one, shall be announced in a public advertisement in the Luxembourg Official Gazette (the "Mémorial"), in one of the other Luxembourg newspapers and in media which may reasonably be relied upon for the effective dissemination to the public throughout the European Economic Area, and which are accessible rapidly and on a non-discriminatory basis, at least thirty (30) days before the date set for the General Meeting.

The advertisement shall contain at least the date and the location of the General Meeting, all the items that must be discussed and, where required by law, the right of shareholders to go to the registered office and examine, and where relevant obtain, immediately and free of charge, any documents that must be submitted for the approval of the General Meeting and legally-required technical reports. It may also state the date on which the General Meeting will be held in the second convening, if applicable.

There must be a period of at least 24 hours between the first and second convening to the General Meeting.

The provisions of this article are without effect in cases where a legal provision establishes different or stricter requirements for General Meetings dealing with general or specific issues, in which case the specific provisions must be observed.

The legally-established requirements shall be enforced when resolutions must be taken affecting various types of shares in accordance with article 49 of the Law, shares without voting rights, or just some of the shares within the same category.

If all the shares are registered, the Board of Directors may, in such cases as permitted by law, replace the legally-required publications with a written notice to each shareholder or interested party, which must in each case comply with legal provisions.

All shareholders, including those without voting rights, may attend General Meetings.

Shareholders must have registered the ownership of their shares in the Company's shareholder register, at least one (1) day in advance of the General Meeting, as an essential prerequisite for attendance.

Directors, managers, technical experts and other individuals with an interest in the smooth running of corporate affairs may at-tend the General Meeting.

Directors shall attend General Meetings.

Any shareholder with the right to attend may be represented in the General Meeting by another individual, even if this person is not a shareholder, in the manner and according to the requirements set forth by law.

The General Meeting shall have a valid quorum upon the first convening if the shareholders present or represented possess at least fifty percent (50%) of the share capital with voting rights. There will be a valid quorum for the meeting upon the second convening regardless of the proportion of the capital present or represented.

For the ordinary or extraordinary General Meeting to be able to take valid decisions upon the issue of bonds, notes or similar securities, capital increases or decreases, the transformation, merger or division of the Company, and in general, any amendment to the Articles of Association, the resolution will be validly passed provided that a majority of two-thirds (2/3) of the votes is expressed.

Notwithstanding all of the above, the General Meeting shall be understood to have been validly called and assembled to discuss any subject as long as the entirety of the share capital is present, and that those in attendance are unanimous in accepting the holding of the General Meeting.

General Meetings shall be held in the municipality where the Company has its registered office. The Chairman and Secretary of the Board of Directors shall perform the same functions at the General Meeting. In the event of their absence, the people to fulfill these roles shall be decided on at the General Meeting itself, with the agreement of those present. If there is a Vice Chairman and a Vice Secretary of the Board of Directors, they shall be responsible for performing these functions in the absence of the Chairman and the Secretary.

They may only discuss and vote on the issues included in the convening advertisement or notice.

The Chairman shall be responsible for guiding deliberations, granting participants speaking time and determining the duration of speeches.

Resolutions shall be taken by the majority of the present or represented capital, except in the case of any legal provision to the contrary.

All other provisions relating to the verification of attendees, voting and the shareholders' right to information shall be those established by Law.

Minutes of the General Meeting shall be recorded in the book maintained for this purpose and published when required, according to the requirements as set forth by law. The minutes may be approved by the General Meeting itself or, failing this, within a period of fifteen (15) days by the Chairman and two (2) auditors, one representing the majority and the other the minority.

Certification of the minutes shall be issued by the Secretary of the Board of Directors or, where applicable, by the Vice Secretary, with the approval of the Chairman or Vice Chairman, as appropriate.

It is the responsibility of the individuals with the power to certify corporate resolutions to ensure that such resolutions be duly filed and published if required by law. Such publicity may also be ensured by any member of the Board of Directors without the need for them to be expressly delegated to do this.

12. Additional information

- As at the date of this Report, the Ordinary shares are freely transferable, subject only to the restrictions on shareholdings set forth in the Company's Articles of Association and as set out above in respect of the Relationship Agreements and Lock-up Arrangements. The Company now has a 100% weighting in the FTSE free float indices;
- AII of the issued and outstanding Ordinary shares in the Company have equal voting rights and there are no special control rights attaching to the Ordinary shares;
- There are no agreements between the Company and its Directors or employees providing tor compensation on loss of office or employment (whether through resignation, purported redundancy or otherwise) that would occur because of a takeover bid; and

The Company has not entered into any agreements in the ordinary course of business with customers and suppliers that could be affected upon a change of control of the Company;

By order of the Board of Directors

Marco Colomer Barrigón
Director

Ismael Dian
Director

Financial information

for the year ended 31 December 2011

Director's responsibility statement

for the year ended 31 December 2011

SAINT CROIX
HOLDING IMMOBILIER, S.A.

Director´s Responsibility Statement

We confirm to the best of our knowledge that:

1. The Consolidated Financial Statements of SAINT CROIX HOLDING IMMOBILIER, S.A. presented in this Annual Report 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 Annual Accounts of SAINT CROIX HOLDING IMMOBILIER, S.A. presented in this Annual Report and established in conformity with the Luxembourg legal and regulatory requirements relating to the preparation of Annual Accounts give a true and fair view of the assets, liabilities, financial position and results of the Company; and

3. The Management Report and the Corporate Governance Statement include 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

Marco Colomer Barrigón
Director

Ismael Dian
Director

Consolidated Financial Statements

for the year ended 31 December 2011

Saint Croix Holding Immobilier S.A.
Consolidated statement of financial position at 31 December 2011
(Euros)

ASSETS	Notes	31-12-11	31-12-2010 (unaudited)	EQUITY AND LIABILITIES	Notes	31-12-11	31-12-2010 (unaudited)
NON-CURRENT ASSETS		242.581.686	218.262.890	EQUITY		263.175.649	221.234.958
Investment property	5	216.049.230	205.180.893	SHAREHOLDERS' EQUITY	9		
Loans to related companies	7	25.436.295	12.023.277	Share capital		267.577.040	211.700.208
Financial assets	7	1.096.161	1.058.720	Reserves		-9.685.415	1.601.472
				Profit for the year		5.284.024	7.933.278
				NON-CURRENT LIABILITIES		14.518.066	3.369.939
				Grants related to assets	10	1.497.312	1.611.809
				Other financial liabilities	11	12.669.533	1.380.051
				Deferred tax liabilities	13	351.221	378.079
CURRENT ASSETS		36.487.229	10.191.595	CURRENT LIABILITIES		1.375.200	3.849.588
Inventories		-	62.896	Other payables		6.109	28.215
Trade and other receivables		811.672	1.136.836	Payables to related companies	16	-	1.505.762
Current tax assets	13	2.999.398	-	Trade and other payables		308.540	535.399
Loans to related companies	7	9.785.856	8.512.691	Current tax liabilites	13	1.016.834	1.333.179
Other financial assets		100	837	Accounts payable to public authorities		43.717	447.033
Prepayments and accrued income		26.697	251.990				
Cash and cash equivalents		22.863.507	226.345				
TOTAL ASSETS		279.068.915	228.454.485	TOTAL EQUITY AND LIABILITIES		279.068.915	228.454.485

The accompanying Notes 1 to 19 are an integral part of the consolidated financial statements at 31 December 2011

Saint Croix Holding Immobilier S.A.
Consolidated statement of comprehensive income of the year ended 31 December 2011
(Euros)

	Notes	31-12-11	31-12-2010 (unaudited)
CONTINUING OPERATIONS			
Revenue	14.1	18.346.386	20.531.933
Procurements	-	-793.074	-1.298.101
Staff and employee benefits costs	14.3	-1.339.141	-2.579.433
Other operating expenses	14.2	-1.718.153	-2.044.242
Depreciation and amortisation charge	5	-4.855.178	-5.143.031
Allocation to profit or loss of grants related to non-financial non-current assets	10	175.275	171.883
Impairment and gains or losses on disposals of non-current assets	5	-4.043.318	-802.628
PROFIT FROM OPERATIONS		5.772.797	8.836.381
Finance income		908.360	430.130
Finance costs		-57.155	-54
FINANCIAL PROFIT		851.205	430.076
PROFIT BEFORE TAX		6.624.002	9.266.457
Income tax	13	-1.339.978	-1.333.179
PROFIT FOR THE YEAR		5.284.024	7.933.278
Other comprehensive income		-	-
Total comprehensive income for the year attributable to equity holders of the Company		5.284.024	7.933.278

Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the year (expressed in EUR per Share)	15	1,28	-

The accompanying Notes 1 to 19 are an integral part of the consolidated financial statements at 31 December 2011

Saint Croix Holding Immobilier S.A.
Consolidated statement of changes in equity for the year ended 31 December 2011
(Euros)

		Reserves				
	Share capital	Legal reserve	Voluntary reserve	Consolidation reserve	Profit for the year	Total
2010 ENDING BALANCE (unaudited)	211.700.208	842.880	758.592	-	7.933.278	221.234.958
Result of the year					5.284.024	5.284.024
Transactions with shareholders						
- Capital increase	55.876.832					55.876.832
- Dividends paid					(6.172.651)	(6.172.651)
Other changes in reserves						
- Consolidation reserve				(13.047.514)		(13.047.514)
- Legal reserve		926.646			(926.646)	
- Voluntary reserve			833.981		(833.981)	
2011 ENDING BALANCE	267.577.040	1.769.526	1.592.573	(13.047.514)	5.284.024	263.175.649

The accompanying Notes 1 to 19 are an integral part of the consolidated financial statements at 31 December 2011

Saint Croix Holding Immobilier S.A.
Consolidated statement of cash flow for the year ended 31 December 2011
(Euros)

	Notes	Total 2011	Total 2010 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES (I)		10.585.401	20.601.263
Profit/Loss for the year before tax		6.624.002	9.266.457
Adjustments for:			
- Depreciation and amortisation charge		4.855.178	5.143.031
- Impairment and gains or losses on disposals of non-current assets		4.043.318	802.628
- Changes in provisions (commercial credit)		43.122	51.964
- Recognition of grants in profit or loss		(175.275)	(171.883)
- Finance income		(908.360)	(430.130)
- Finance costs		57.155	54
- Other income and expenses			
Changes in working capital			
- Inventories		62.896	(62.896)
- Trade and other receivables		(2.706.035)	3.674.333
- Current prepayments and accrued income		213.973	-
- Trade and other payables		(1.020.493)	446.501
- Other current financial assets		(22.106)	1.533.977
Other cash flows from operating activities			
- Interest paid		(57.155)	(54)
- Interest received		908.360	430.130
- Income tax paid		(1.333.179)	(432.532)
- Other amounts received (Paid)			(231.667)
CASH FLOWS FROM INVESTING ACTIVITIES (II)		(60.576.671)	(12.843.363)
Payments due to investment			
- Related companies		(1.273.165)	
- Other non-current financial assets		(36.704)	-
- Investment property		(19.766.833)	(4.331.992)
- Investment in subsidiaries		(39.499.969)	
CASH FLOWS FROM FINANCING ACTIVITIES (III)		72.628.432	(7.531.557)
Proceeds and payments relating to equity instruments			
- Proceeds from issue of equity instruments		82.396.492	-
- Grants recognised in equity		33.920	-
Dividends and returns on other equity instruments paid			
- Dividends		(6.172.651)	(5.785.873)
Proceeds and payments relating to financial liability instruments			
- Payments for loans granted to Group companies and associates		(13.413.049)	(1.745.684)
- Repayment of borrowings from Group companies and associates		(1.505.762)	-
- Bank borrowings		10.994.817	-
- Other financial liabilities		63.641	
- Other payables		231.024	
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		22.637.162	226.343
Cash and cash equivalents at beginning of year		226.345	-
Cash and cash equivalents at end of year		22.863.507	226.345

The accompanying Notes 1 to 19 are an integral part of the consolidated financial statements for 2011

Notes to the consolidated financial statements for the year ended 31 December 2011

Note 1 - General information

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

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

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

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

The financial year begins on 1 January and ends on 31 December at of each year.

During the year, the shareholder structure of the Group has been reorganised. The founding shareholders of the subsidiaries transferred their shares to the Company as a contribution in kind on the incorporation date, 1 December 2011. Following this reorganisation, the Company increased its share capital as described in Note 9.

All the shares of the Company were admitted to trading on the Luxembourg Stock Exchange on 21 December 2011.

Note 2 - Significant accounting policies

2.1 Basis of preparation

2.1.1 Statement of compliance

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

2.1.2 Income and cash flow statement

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

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

2.1.3 Preparation of the consolidated financial statements

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

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

These estimates relate basically to the following:

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

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

(a) The Group has adopted the following new and amended IFRS as of 1 January 2011:

- IAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies which items should be included in the statement of changes in equity. The amendment also clarifies that, for each component of equity, the analysis of other comprehensive income by item may be presented either in the statement of changes in equity or disclosed within the notes. In addition, the amount of dividends recognized as distributions to owners during the period and the related amount per share are now disclosed either in the statement of changes in equity or in the notes and can no longer be presented in the income statement;
- IAS 24 (Revised in November 2009), 'Related Party Disclosures' (effective 1 January 2011). The revised standard clarifies the definition of a related party and eliminates inconsistencies from the definition. Additionally, the standard provides a partial exemption from the

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

(b) New and amended standards mandatory for financial year beginning 1 January 2011 but currently not relevant to the Group.

- 'Improvement to IFRS', the improvement project contains numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvement to IFRS' comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. Most of the amendments are effective for annual periods beginning on or after 1 January 2011. No material changes to accounting policies arose as a result of these amendments;
- IFRS 7 'Financial instruments: Disclosures'. The amendment of IFRS 7 emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. Adoption of this amendment did not have a significant impact on the consolidated financial statement of the Group;

(c) The following new and amended standards have been issued and are mandatory for the group's accounting periods beginning on or after 1 January 2012 or later periods and are expected to be relevant to the Group:

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

recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements;

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

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

(d) Early adoption of standards

The Group did not early adopt any new amended standards in 2011.

2.1.4 Common control using predecessor accounting

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

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

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

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

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

As a consequence; and in order to ensure consistency and comparability of the financial statements; the Board of Directors has elected to apply the pooling method and has hence utilised 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 has the following implications:

- 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 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 comparative information for prior periods during which the subsidiaries were under common control was included to allow comparability. As such, the combined balance sheet and profit and loss accounts of CIRU and CIBRA for the year ending on 31 December 2010

are included as prior year financial information. The combined balance sheet and profit and loss accounts of CIRU and CIBRA for the year ending 31 December 2010 was not audited;

- 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.

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

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

As required by IAS 40, the Group periodically determines the fair value of its investment property items. Fair value is taken to be the amount at which two knowledgeable parties would be willing to perform a transaction. This fair value is determined taking as reference values the appraisals undertaken by independent valuers each year, so that at year-end the fair value reflects the market conditions of the property investments at that date.

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

Impairment of investment property

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

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

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

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

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

3.2 Leases

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

Operating leases

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

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

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

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

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

The Group does not hold any assets under finance leases.

3.3 Financial instruments

3.3.1 Financial assets

Classification

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

Initial recognition

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

Subsequent measurement

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

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

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

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

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

3.3.2 Financial liabilities

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

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

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

3.3.3 Classification of balances as current and non-current

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

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

3.3.4 Provisions and contingent liabilities

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

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

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

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

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

3.3.5 Income tax

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

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

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

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

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

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

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

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

3.3.6 Revenue and expense recognition

Revenue and expenses are recognized on an accrual basis.

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

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

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

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

3.3.7 Termination benefits

Under current legislation in Spain, the subsidiaries CIRU and CIBRA are required to pay termination benefits to employees terminated under certain conditions. Therefore, termination benefits that can be reasonably quantified are recognized as an expense in the year in which the decision to terminate the employment relationship is taken and valid expectations are created on the part of third parties. At 31 December 2011, no terminations were expected to make it necessary to recognise a provision in this connection.

3.3.8 Statement of cash flows

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

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

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

3.3.9 Grants, donations or gifts and legacies received

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

3.3.10 Borrowing costs

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

3.3.11 Profit from operations

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

3.3.12 Related party transactions

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

3.3.13 Costs relating to issuing and equity transactions

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

Note 4 - Segmental information

4.1 Basis of segmentation

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

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

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

Within Spain, 58% of the investment property activities are located in Isla Canela (Huelva), 41% in Madrid and 1% in Cáceres.

The following table shows the geographical breakdown of rental revenue and total assets, also splitting rental revenue and hotel management in respect of Riu Atlántico Hotel, as reported under Note 5 "Investment property".

	Revenues 2011 in euro	%	Total assets 2011 (net book value per property)
Barceló Isla Canela	2,100,150	11.45%	21,823,044
Riu Atlántico Hotel	2,235,192	12.18%	30,345,794
Iberostar Isla Canela	2,017,359	11.00%	21,536,253
Playa Canela	1,141,300	6.22%	14,111,798
Vincci Selección Isla Canela Golf	407,863	2.22%	3,885,432
Marina Isla Canela Shopping Center	241,468	1.32%	3,739,196
Management Riu Atlantico Hotel	2,493,986	13.59%	N/A
Rental Revenues/Property net book value in Huelva	**10,637,318**	**57.98%**	**95,441,517**
Cibeles Hotel	1,115,167	68.08%	20,010,851
Premises at Gran Vía, 34	2,418,693	13.18%	20,857,584
Sol Meliá Hotel, Atocha	1,699,297	9.26%	29,301,398
Building at c/Pradillo, 42	1,436,148	7.83%	16,438,811
Industrial building at c/Albalá, 7	220,876	1.20%	2,541,162
Apartments at Gran Vía, 1	483,567	2.65%	9,453,213
Premises c/Pinar Chamartin	-	-	980,767
Premises c/Rutilo	79,984	0.44%	1,209,461
Premises c/Dulcinea	105,159	0.57%	1,294,143
Rental Revenues/Property net book value in Madrid	**7,561,891**	**41.22%**	**102,087,390**
Premises c/San Antón 25 and 27	147,177	0.80%	3,719,987
Rental Revenues/Property net book value in Cáceres	**147,177**	**0.80%**	**3,719,987**
Premises Pza. España	-	-	14,800,336
Rental Revenues/Property net book value in Castellón	-	-	**14,800,336**
Total Revenues/Property net book value	**18,346,386**	**100.00%**	**216,049,230**

Note 5 - Investment property

The changes in "Investment Property" in the balance sheet in 2011 and 2010 and the most significant information affecting this line item were as follows (in euro):

2011:

	EUR		
Investment property	**Balance as at 31.12.10 (unaudited)**	**Additions**	**Balance as at 31.12.11**
Cost:			
Properties for rental/lease	214,988,810	19,766,833	234,755,643
Total cost	**214,988,810**	**19,766,833**	**234,755,643**
Accumulated depreciation:			
Properties for rental/lease	(9,005,289)	(4,855,178)	(13,860,467)
Total accumulated depreciation	**(9,005,289)**	**(4,855,178)**	**(13,860,467)**
Accumulated impairment losses:			
Properties for rental/lease	(802,628)	(4,043,318)	(4,845,946)
Total impairment losses	**(802,628)**	**(4,043,318)**	**(4,845,946)**
Investment property, net	**205,180,893**	**10,868,337**	**216,049,230**

2010 (unaudited):

	EUR		
Investment property	**Balance as at 31.12.09**	**Additions**	**Balance as at 31.12.10**
Cost:			
Properties for rental/lease	211,700,208	3,288,602	214,988,810
Total cost	**211,700,208**	**3,288,602**	**214,988,810**
Accumulated depreciation:			
Properties for rental/lease	(3,852,257)	(5,143,032)	(9,005,289)
Total accumulated depreciation	**(3,852,257)**	**(5,143,032)**	**(9,005,289)**
Accumulated impairment losses:			
Properties for rental/lease	-	(802 628)	(802,628)
Total impairment losses	-	**(802,628)**	**(802,628)**
Investment property, net	**207,837,951**	**(2,657,058)**	**205,180,893**

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

During the year ended 31 December 2011, the Group recognized impairment losses of EUR 4,043,318 (2010: EUR 802,628) on its investment properties for which the market value calculated in the appraisals conducted by the independent valuators (Tecnitasa and Gabinete de Tasaciones Immobiliaras S.A.) on October and December 2011 was less than the carrying amount.

The total market value based on the appraisals conducted by the valuators amounted to EUR 222,752,685 at 31 December 2011 The unrealised gains not recognized in the Group's accounting records, arising on the assets owned by it, amounted to EUR 6 703 455 based on the appraisals performed.

The main additions recognized in "Investment Property" in 2011 relate to:

- The purchase from a related company (Promociones y Construcciones PYC Pryconsa, S.A.) of five commercial premises, which are completed and for let, on Calle Caleruega in Madrid. The acquisition cost of these premises amounted to EUR 980,967 million at the date of acquisition. This value is the same as the appraisal performed by the independent valuer not connected to the Group (TECNITASA);
- The purchase on 29 December 2011 of commercial premises of 3,350 square metres from CODES Capital Partners, S.L., located at Plaza España ,5, Castellón. The acquisition price of these premises was EUR 14,800,432 plus VAT. This value is based on the up-to-date appraisal conducted by an independent valuer not connected to the Group (Gabinete de Tasaciones Inmobiliarias, S.A.);
- The purchase on 15 June 2011 of ten commercial premises from Promoción, Gestión y Marketing Inmobiliario, S.A., with a total built area of 1,736 square metres, located at c/San Antón, Madrid. The acquisition price of these premises was EUR 3,881,604 plus VAT. This value is based on the up-to-date appraisal conducted by an independent valuer not connected to the Group (Gabinete de Tasaciones Inmobiliarias, S.A.).

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

	Square metres
Hotel Barceló Isla Canela	20,494
Hotel Riu Atlántico	30,311
Hoteles Playa	20,050
Hotel Iberostar Isla Canela	27,500
Hotel Vincci Selección Isla Canela Golf	4,378
Marina Isla Canela shopping centre	6,119
Office building located at Gran Vía 1, Madrid	430
Commercial premises on Calle Caleruega	362
Building at c/Pradillo, 42	7,252
Piso 2º Dcha. Gran Vía, 1	530
Piso 1º Izda. Gran Vía, 1	461
Piso 1º Dcha. Gran Vía, 1	554
Premises no. 2,3,4 and 5 in La Perla building	593
Premises at c/Dulcinea, 4	922
Industrial building at c/Albalá, 7	1,522
Hotel Sol Meliá at c/Atocha, 53	9,229
Hotel Tryp at Gran Vía, 34	6,495
Two premises at Gran Vía, 34	3,231
Two premises and eight housing units in the building at c/San Antón, 25 and 27 (Cáceres)	1,736
Premises at Plaza España (Castellón)	3,350
Total square metres	**145,519**

The first five hotels here above mentioned in the table are located in Isla Canela (Huelva) and were mortgaged at 31 December 2011 for EUR 49,712,261, relating to five bank loans granted to Isla Canela, S.A. which is the single debtor of the principal obligations under these loans. The subsidiary CIBRA was incorporated as the non-debtor owner of the aforementioned registered properties.

On 1 January 2010, Isla Canela, S.A. and CIBRA entered into a "Mortgage Service Agreement" whereby the latter will provide the mortgage service to the former. In this respect, the hotels owned by the latter will be liable for the repayment by the former of the mortgage loans arranged with banks, in accordance with the covenants entered into in the mortgage deeds, until each loan has been definitively repaid. Isla Canela S.A. is obliged to make all the timely repayments and settle any ancillary costs that might arise until the mortgage loans have been definitively repaid. In relation to the provision of the service described, Isla Canela, S.A. will pay

CIBRA a fee of an annual lump sum equal to 0.25% of the annual average outstanding balance of the mortgage loans, calculated at 31 December of each year, which will be billed and paid on the last day of each calendar year. This amount may be modified annually by agreement between the parties in order to adapt it to the average market price to be paid by CIBRA for the provision of bank guarantees (bank guarantees and insurance) by financial institutions.

The other investment properties described above are located mainly in Madrid.

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

In 2011 and 2010, the rental income earned from investment property owned by the Group amounted to EUR 15,852,400 and EUR 13,415,557, respectively (see Note 14.1).

On 1 April 2010, the lease agreement on Hotel Riu Atlántico was converted into a professional services agreement relating to the management, operation and administration of the hotel complex. This term of this agreement was until 31 March 2012, on which date it was set to convert back into a property lease agreement for hotel use until 31 March 2013. However, on 1 June 2011, the professional services agreement relating to the management, operation and administration of the Hotel Riu Atlántico hotel complex converted back into a property lease agreement for hotel use expiring on 31 March 2013 and renewable by mutual agreement of the parties. The lessor will receive a fixed minimum income and a variable income based on the gross profit earned by the hotel in each calendar year.

At 2011 year-end there were no restrictions on making new investment property investments, on the collection of rental income therefrom or in connection with the proceeds to be obtained from a potential disposal thereof.

At 2011 year-end, the Group had no items of fully depreciated investment property that were still in use, except for the building earmarked for office use in Madrid, amounting to EUR 1,940,000.

There were no investment property purchase commitments or investment properties located outside Spain at 31 December 2011.

Note 6 - Operating leases

At 31 December 2011, 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 31-12-2011	Nominal value 31-12-2010 (unaudited)
Within one year	16,720,790	21,471,586
Between one and five years	76,490,145	57,308,698
After five years	42,960,006	18,632,540
Total (*)	**136,170,941**	**97,412,824**

(*) Including additions of investment property in the year (premises in calle Caleruega) and excluding possible lease renewals and annual CPI revisions.

The main leases in force at 2011 year-end were the following:

- Hotel Playa Canela lease: the lease term commenced on 15 July 2002 for a period until 31 October 2022, renewable by agreement of the parties. The lease agreement provides for annual CPI-linked increases;
- Lease of Hotel Barceló Isla Canela: the lease commenced on 1 March 2006 and expires on 31 December 2018, and is renewable at the discretion of the parties. In relation to future rental income, the agreement provides for annual CPI-linked increases;
- Lease of Hotel Riu Atlántico: the lease commenced on 1 June 2007. Between 1 April 2010 and

  31 May 2011, Hotel Riu Atlántico was operated under a management agreement that was converted back to a property lease for hotel use on 1 June 2011, due to expire on 31 March 2013, renewable at the discretion of the parties;
- Lease of Hotel Iberostar Isla Canela: the lease commenced on 1 December 2007 and expires on 31 October 2012, and is renewable at the discretion of the parties. The lease agreement provides for annual CPI-linked increases;
- Hotel Vincci Canela Golf lease: the lease term commenced on 15 May 2004 for a period until 1 December 2014. In the last quarter of 2011, the failure to pay the quarterly rent led to the early cancellation of the agreement and the execution of the bank guarantee that secured collection of the annual rent by CIBRA. (see Note 17 and 19);
- Lease of a hotel at c/Atocha, 83, Madrid: the lease commenced on 4 June 1999 and expired on 4 June 2009, and was subsequently extended until 24 March 2022, renewable at the discretion of the parties. The lease provides for annual CPI-linked increases;
- Lease of a hotel at Gran Vía, 34, Madrid: the lease commenced on 10 February 1998 and expired on 10 February 2008, and was subsequently extended until 15 March 2020,

renewable at the discretion of the parties. The lease provides for annual CPI-linked increases;

- Lease of premises at c/Albalá, 7, Madrid: the lease commenced on 31 July 2002 and expires on 31 July 2027. The lessee may terminate the lease at the end of the tenth year provided that twelve months' notice is given. The lease provides for annual CPI-linked increases;
- Lease of premises at c/ Dulcinea, 4, Madrid: the lease commenced on 17 February 2003 and expires on 17 February 2018, and is renewable at the discretion of the parties. The lease provides for annual CPI-linked increases;
- Lease of a building at c/Pradillo, 42, Madrid: the lease commenced on 27 February 2009 and expires on 27 February 2019, and is renewable at the discretion of the parties. The lease provides for annual CPI-linked increases;
- Lease of premises at Gran Vía, 34, Madrid: the lease commenced on 24 April 2000 and expires on 3 May 2020, and is renewable at the discretion of the parties. The lease provides for annual CPI-linked increases;
- Lease of premises at Plaza de España, 5, Castellón: the lease commenced on 1 July 2007 and expires on 1 January 2028, and is renewable at the discretion of the parties. The lease provides for annual CPI-linked increases;
- Lease of premises at c/San Antón 25, Cáceres: the lease commenced on 15 July 2005 and expires on 14 December 2035, and is renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.

There was no contingent rent at 31 December 2011.

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 maximise the return on its positive cash flows, the Group has entered into various financing agreements with related parties on an arm's length basis (see Note 16). These amounts are disclosed in the consolidated balance sheet in "Loans to related companies" for the non-current portion and in "Loans to related companies" for the current portion.

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

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

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

8.1 Credit risk

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

8.2 Liquidity risk

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

The main figures in the Group's cash budget for 2012 are as follows:

	KEUR
Cash flows from operating activities	19,779
Cash flows from financing activities (**)	(14,306)
Cash flows from investing activities (*)	(2,400)
General cash flows	(3,073)
Net cash flows	-

(*) Includes Group's management's 2012 budget for investments in assets earmarked for lease.

(**) Includes financing to the Group and related parties amounting to EUR 15,695 thousand, which is the actual cash surplus estimated to arise in 2012.

As shown in the foregoing table, the financing needs forecast for 2012 are sufficiently covered thanks to the Group's capacity to generate cash through ordinary trading operations (forecast rental income). Accordingly, Management 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 31 December 2011, the Group did not have any foreign currency assets or liabilities involving significant amounts and, accordingly, there was no foreign currency risk.

8.4 Interest rate risk

The Company and CIBRA did not have any borrowings at 31 December 2011. The latter lends its cash surplus to related companies in accordance with the financing conditions agreed upon with these companies by virtue of certain financing agreements (three-month EURIBOR plus a spread of 1.25%). In view of the nonexistence of bank borrowings and the existence of receivables from related companies, Management considers that there is no interest rate risk. In this scenario, CIBRA does not arrange interest rate hedges.

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

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

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

Interest rate sensitivity analysis

At 31 December 2011, should interest rates have been higher by 100 basis points with all other variables constant, the decrease on the Group's net profit would amount to KEUR 100. Similarly, if interest rates had been 0.5% lower, then the Group's net profit would have increased by KEUR 100.

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

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

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

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 the year, amounts to EUR 55,876,832, as the opening 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 2011 year-end was EUR 60.10.

9.2 Legal reserve

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

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

9.3 Consolidation reserve

In order to reflect the common control presentation, a consolidation reserve is presented in the consolidated financial statements for the year ended 31 December 2011. This consolidation reserve is the result of the following adjustments:

- The elimination of the participation of the Company in the subsidiaries, CIRU and CIBRA, amounting to a total of KEUR 266,940 as at 31 December 2011 against the share capital of the subsidiaries (amounting to a total of KEUR 253,960). The remaining difference of KEUR 12,980 has been recorded in equity as consolidation reserve.

- Also, the costs related to the issuing costs and equity transactions expenses are amounting to KEUR 545 out of which KEUR 478 were accrued or payable at year end. The latter has been reversed and the remaining amount of KEUR 67 reclassified in equity as consolidation reserve.

9.4 Distribution of profit to the Company

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

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

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

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

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

9.5 Management of capital

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

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

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

9.6 Voluntary reserve

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

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

Note 10 - Grants related to assets

The changes in "Grants Related to Assets" in 2011 and 2010 were as follows (in EUR):

2011

	31/12/10	Amounts used	Additions	Net tax effect	31/12/11
Grants related to assets	1,611,809	(175,275)	33,921	26,857	1,497,312
Total	**1,611,809**	**(175,275)**	**33,921**	**26,857**	**1,497,312**

2010 (unaudited)

	31/12/09	Amounts used	REITs tax rate adjustment	Net tax effect	31/12/10
Grants related to assets	1,513,239	(171,883)	218,888	(120,318)	1,611,809
Total	**1,513,239**	**(171,883)**	**218,888**	**(120,318)**	**1,611,809**

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

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

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

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

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

In this regard, in 2011, EUR 175,275 was recognized as income under "Allocation to profit or loss of grants related to non-financial non-current assets and other grants" in the income statement (2010: EUR 171,883).

Note 11 - Other financial liabilities

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

	EUR	
	31-12-11	31-12-10 (unaudited)
Non-current bank borrowings	10,994,817	-
Guarantees and deposits	1,674,716	1,380,051
Total	**12,669,533**	**1,380,051**

The borrowing costs incurred on the bank borrowings in 2011 amounted to EUR 30,520 and are recognized under "Finance Costs" in the accompanying consolidated income statement.

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

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

"Guarantees and Deposits" includes the rent deposits received from customers.

Note 12 – Guarantee commitments to third parties

The detail, by maturity, at 31 December 2011 is as follows (in EUR):

	2012	2013	2014	2015	2016 and subsequent years	Total
Non-current payables	1,161,064	1,194,137	1,222,731	1,252,013	6,164,733	10,994,817
Rent deposits	327,022	-	-	-	1,347,694	1,674,716
Total	**1,488,086**	**1,194,137**	**1,222,731**	**1,252,013**	**7,512,427**	**12,669,533**

At 31 December 2011 and 31 December 2010, 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 49,712,261, 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 December 2011 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	
	31/12/11	31/12/10
Current:		
VAT refundable	2,592,538	-
Tax withholdings and prepayments	406,860	-
Total	**2,999,398**	-

13.2 Reconciliation of the accounting profit to the taxable profit

The reconciliation of the accounting profit to the taxable profit for income tax purposes for 2011 and 2010 is as follows (in EUR):

2011

	EUR
Accounting profit before tax	**6,624,002**
Income tax expense calculated at 19%	1,258,560
Other adjustments in accordance with the special tax regime as explained in note 3.3.5	79,843
Tax expense reported in income statement relating to SOCIMIs	**1,338,403**
Taxable profit subject to tax in Luxembourg	-
Tax expense reported in income statement relating to the Company (Minimum tax payable in Luxembourg)	**1,575**
Total tax expense reported in the income statement of the Group	**1,339,978**

2010 (unaudited)

	EUR
Accounting profit before tax	**9,266,457**
Income tax expense calculated at 19%	1,760,627
Other adjustments in accordance with the special tax regime as explained in note 3.3.5	-427,448
Tax expense reported in income statement relating to SOCIMIs	**1,333,179**
Taxable profit subject to tax in Luxembourg	-
Tax expense reported in income statement relating to the Company (Minimum tax payable in Luxembourg)	-
Total tax expense reported in the income statement of the Group	**1,333,179**

At 31 December 2011, the tax losses carried forward are amounting to approx 576 K EUR

13.3 Deferred tax liabilities

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

The detail of "Deferred Tax liabilities" at 31 December 2011 and 2010 is as follows:

2011

	Euro		
	31/12/10	Decrease (Note 10)	31/12/11
Deferred tax	378,079	(26,858)	351,221
Total deferred tax liabilities	**378,079**	**(26,858)**	**351,221**

2010 (unaudited)

	Euro		
	31/12/09	Decrease (Note 10)	31/12/10
Deferred tax	648,531	(270,453)	378,079
Total deferred tax liabilities	**648,531**	**(270,453)**	**378,079**

13.4 Years open for review and tax audits

Under current legislation in Spain, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute-of-limitations period has expired. At 31 December 2011, CIBRA and CIRU have all years since inception open for review for all taxes applicable to it. The Management considers that the tax returns for the aforementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax treatment afforded to certain transactions; such liabilities as might arise would not have a material effect on the accompanying financial statements.

Note 14 - Income and expenses

14.1 Rental of properties

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

	2011	2010 (unaudited)
Barceló Isla Canela	2,100,050	2,033,258
Riu Atlántico	2,235,192	543,375
Iberostar Isla Canela	2,017,359	1,965,134
Playa Canela	1,141,300	1,272,600
Vincci Selección Isla Canela Golf	407,863	415,352
Cibeles Hotel	1,115,167	1,081,450
Premises at Gran Vía, 34	2,418,693	1,933,620
Sol Meliá Hotel, Atocha	1,699,297	1,659,900
Building at c/Pradillo, 42	1,436,148	1,399,267
Industrial building at c/Albalá, 7	220,876	215,973
Apartments at Gran Vía, 1	413,209	401,715
Other rentals	647,146	493,986
Rental revenue subtotal	**15,852,400**	**13,415,540**
Riu operation	2,493,986	7,116,316
Total revenue	**18,346,386**	**20,531,856**

14.2 Other operating expenses

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

	2011	2010 (unaudited)
Rent and royalties	157,581	324,798
Repairs and upkeep	83,800	154,469
Independent professional services	356,620	51,330
Insurance premiums	73,749	86,789
Banking and similar services	4,854	12,527
Advertising, publicity and public relations	73,097	303,841
Utilities	130,510	226,698
Other services	239,305	260,352
Donations	73,970	-
Taxes other than income tax	481,556	571,474
Total	**1,675,042**	**1,992,278**

Other operating expenses also includes losses on, impairment of and charges in allowances for trade receivables for an amount of EUR 43,111. (2010: EUR 51,964)

14.3 Staff and employee benefit costs

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

	2011	2010 (unaudited)
Staff costs:	1,032,968	1,985,070
Employee benefit costs:		
Employer social security costs	301,305	583,404
Other employee benefit costs	4,868	10,959
Total	**1,339,141**	**2,579,433**

Note 15 - Earning per share

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

	2011	2010
Net profit attributable to shareholders	5,284,024	- (*)
Weighted average number of ordinary shares in issue	4,118,282	- (*)
Basic earnings per share	1.28	- (*)

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

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

Notes 16 - Related party transactions and balances

16.1 Related party transactions

The detail of the related party transactions and balances in 2011 and 2010 is as follows (in EUR):

2011

	2011		
	Loans to related companies	**Finance income**	**Finance costs**
Isla Canela, S.A.	7,765,160	264,056	-
Pryconsa, S.A.	17,671,166	306,405	-
Cogein, S.L.	9,784,536	329,459	-
Other shareholders	-	-	25,82
Total	**35,220,862**	**899,920**	**25,82**

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

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

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

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

As indicated in Note 5, the Group purchased from Pryconsa S.A. five commercial premises for a total acquisition cost of KEUR 980,967.

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

2010 (unaudited)

	2010		
	Loans to Group companies	Payable to Group companies	Finance income
Isla Canela, S.A.	7,555,822	-	257,223
Pryconsa, S.A.	4,467,455	(270,863)	46,485
Cogein, S.L.	8,511,371	-	329,459
Other shareholders	-	(1,234,899)	-
Total	**20,534,648**	**(1,505,762)**	**633,167**

The long-term debt held by CIBRA at December 31, 2010, came mainly from management fees from the spin off process of Isla Canela, S.A.. Such a financing contract accrues interest on a quarterly basis equivalent to Euribor plus a spread similar to the differential variable mortgage financing of Isla Canela, S.A.

The balance of "Current payables to group companies" at 31 December 2010 relates to a short-term loan granted to CIBRA by all the shareholders.

16.2 Remuneration of directors and senior executives

In 2011 and 2010 the Group did not recognise or accrue any amount in relation to remuneration or other benefits earned by the Board of Directors and did not have any pension or life insurance premium payment obligations to former or current directors. Additionally, there were no termination benefits or equity instrument-based payments.

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

16.3 Other related parties

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

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

Note 17 - Other contingent liabilities

During the last quarter of the year, Vincci Hoteles, S.A., the tenant of Hotel Vincci Selección Canela Golf, abandoned the property and stopped paying the quarterly rent expiring on

15 October 2011, so that CIBRA has been forced to activate the contractual and legal mechanisms for failure of the tenant, that may ultimately encourage early termination of the contract and the execution of bank guarantee to the Company the payment of the annual rent and the duration of the contract.

Vincci Hoteles S.A. has argued that their abandonment of the property was done in line with the terms and conditions of the lease contract, and are requesting a return of the bank guarantee issued in favour of CIBRA, and an payment of KEUR1,357 in compensation.

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

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

Note 18 - Other disclosures

18.1 Headcount

The average number of employees in 2011, by category, was as follows:

Category	2011	2010 (unaudited)
Management	2	2
Line personnel and middle management	7	13
Clerical staff	2	2
Operative staff	42	122
Total	**53**	**139**

18.2 Fees paid to auditors

In 2011 and 2010, the fees for the financial audit services and other professional services provided by the Group's auditor, or by a firm related to the auditor by control, common ownership or management were as follows (in EUR):

	Services provided by the auditor and related companies	
	2011	2010 (unaudited)
Audit services	142,240	14,000
Other attest services	38,000	-
Total audit and related services	**180,240**	**14,000**
Tax counselling services	-	-
Other services	-	-
Total professional services	**180,240**	**14,000**

Note 19 - Events after the reporting period

On 31 January 2012, CIBRA executed the financial guarantee of Vincci Hoteles, S.A. issued by the financial institution Bankia amounting to EUR 411,437.33 in guarantee of payment of the rent for a year under the property lease agreement for hotel use dated 25 May 2004 that the lessee, Vincci Hoteles, S.A. has breached with regard to the obligation to pay the rent under this agreement. The lessee stopped paying rent from the third quarter of 2011 (see Notes 6 and 17).

The Group has considered the announcement on 27 April 2012 of the rating agency, Standard and Poor's, to downgrade the credit rating of Spain to BBB+. Given the proximity of the announcement to the date of approval of the consolidated financial statements the Board has not concluded its assessment of the potential impact, but does not expect this to have a significant impact on the operations, financial position and cash flows.

Report of the Réviseur d'Entreprises Agréé on the consolidated financial statements

Deloitte.

Deloitte Audit
Société à responsabilité limitée
560, rue de Neudorf
L-2220 Luxembourg
B.P. 1173
L-1011 Luxembourg
Tel: +352 451 451
Fax: +352 451 452 992
www.deloitte.lu

To the Shareholders of
Saint Croix Holding Immobilier S.A.
9b, Boulevard Prince Henri
L-1724 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGRÉÉ

Report on the consolidated financial statements

Following our appointment by the Board of Directors, we have audited the accompanying consolidated financial statements of Saint Croix Holding Immobilier S.A., which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted in the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

Deloitte.

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Saint Croix Holding Immobilier S.A. as of December 31, 2011 and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union.

Other matters

The corresponding figures as at December 31, 2010 presented in the consolidated financial statements of Saint Croix Holding Immobilier S.A., consist of the combined financial statements of Compania Ibérica de Bienes Raices 2009, SOCIMI, S.A. and Compania Ibérica de Rentas Urbanas 2009, SOCIMI, S.A., and are not audited. Refer to note 2.1.4 on common control.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

The accompanying Corporate Governance Statement on pages 14 - 30 which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and includes the information required by the law.

For Deloitte Audit, *Cabinet de révision agréé*

John Psaila, *Réviseur d'entreprises agréé*
Partner

April 30, 2012

Annual Accounts

for the year ended 31 December 2011

Balance sheet as at 31 December 2011

	Notes	31.12.2011
ASSETS		**EUR**
Fixed assets		
• Financial fixed assets	2.2.2, 3	
- shares in affiliated undertakings		266,940,517
Current assets		
• Debtors	2.2.3	
- other receivables		
· becoming due and payable within one year		11,321
• Cash at bank, cash in postal cheque accounts, cheques and cash in hand		542,282
		553,603
TOTAL ASSETS		**267,494,120**

	Notes	31.12.2011
LIABILITIES		**EUR**
Equity		
• Subscribed capital	4	267,577,040
• Loss for the financial period		(581,257)
		266,995,783
Non-subordinated debts	2.2.4	
• Trade creditors		
- becoming due and payable within one year		496,731
• Amounts owed to affiliated undertakings		
- becoming due and payable within one year		31
• Tax and social security debts	6	1,575
		498,337
TOTAL LIABILITIES		**267,494,120**

The accompanying notes form an integral part of these annual accounts.

Profit and loss account for the period from 1 December 2011 (date of incorporation) to 31 December 2011

	Notes	From 01.12.2011 to 31.12.2011
		EUR
CHARGES		
Other external charges	7	579,682
Tax on profit or loss	6	1,575
TOTAL CHARGES		581,257
INCOME		-
Loss for the financial period		581,257
TOTAL INCOME		581,257

The accompanying notes form an integral part of these annual accounts.

Notes to the annual accounts as at 31 December 2011

Note 1 - General information

Saint Croix Holding Immobilier S.A. (hereafter "the Company") was incorporated on 1 December 2011 and is organized under the laws of Luxembourg as a « société anonyme » for an unlimited period.

The registered office of the Company is established at 9 b, Boulevard Prince Henri, L 1724 Luxembourg.

The Company is registered with the "Registre de Commerce et des Sociétés" under R.C.S. B 165 103.

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

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

The financial year begins on 1 January and ends on 31 December at of each year, with the exception of the first period which began on 1 December 2011 (date of incorporation) and ended on 31 December 2011.

The Company also prepares consolidated financial statements, which are published according to the provisions of the Luxembourg law.

The Company is listed on the Luxembourg Stock Exchange.

Note 2 - Summary of significant accounting policies

2.1 General principles

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention.

2.2 Valuation rules

2.2.1 Formation expenses

The formation expenses are directly written off in the financial period in which they are incurred.

2.2.2 Financial fixed assets

Shares in affiliated undertakings are recorded at their acquisition price including the expenses incidental thereto.

In case of durable depreciation in value according to the opinion of the Management, value adjustments are made in respect of financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date.

These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.3 Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where to the opinion of the Management their recovery is compromised.

The value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.4 Debts

Debts are recorded at their repayment value.

2.2.5 Foreign currency translation

The books of the Company are kept into EUR and the annual accounts are prepared in this same currency.

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. Long-term assets expressed in currencies other then EUR are translated into EUR at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profits and loss account of the year/period.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealized exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account at the moment of their realization.

Where there is an economic link between an asset and a liability, these are values in total according to the method described above and the net unrealized losses are recorded in the profit and loss account and the net unrealized exchange gains are not recognized.

2.2.6 Charges and income

Other external charges, interest expense and interest income are booked on an accrual basis.

Note 3 - Financial fixed assets

The movements of financial fixed assets for the period are as follows:

Shares in affiliated undertakings	Total
	EUR
Gross book value – opening balance	-
Additions for the period	266,940,517
Gross book value – closing balance	**266,940,517**
Net book value – closing balance	**266,940,517**
Net book value – opening balance	-

Undertakings in which the Company holds at least 20% in their share capital are as follows:

Name and registered office	Ownership %	Net book value as at 31 December 2011	Net equity as at 31 December 2011 (*), (**)	Result for the year ending 31 December 2011 (*)
		EUR		
Compañía Ibérica de Bienes Raíces 2009 SOCIMI, S.A. Glorieta de Cuatro Caminos, 6-7 Madrid (Spain)	100%	126,309,206	123,491,658	4,586,555
Compañía Ibérica de Rentas Urbanas 2009 SOCIMI, S.A. Calle San Vicente Ferrer, 60, Madrid (Spain)	100%	140,631,311	140,648,237	733,000

(*) Audited annual accounts.

(**) Includes share of result on the year.

According to the opinion of the Management, the reduction in value of Compañía Ibérica de Bienes Raíces 2009 SOCIMI, S.A. is not of a durable nature. Consequently, no value adjustment has been recorded as at 31 December 2011.

Note 4 - Subscribed capital

The Company was incorporated on 1 December 2011 with a capital of EUR 227,440,517 represented by 3,784,368 shares with a par value of EUR 60.10 each.

By a resolution dated 15 December 2011, the Board of Directors of the Company decided to increase the share capital by an amount of EUR 40,136,523 so as to raise the subscribed capital to EUR 267,577,040 by the creation and issue of 667,829 shares with a par value of EUR 60.10 each.

The authorized capital amounts to EUR 270,000,000.

Note 5 - Legal reserve

In accordance with the Luxembourg company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders.

Note 6 - Tax

The Company is subject to all taxes applicable to Luxembourg companies.

Note 7 - Other external charges

	2011 EUR
Rent and service charges	700
Bank charges	878
Legal fees	87,234
Audit fees	10,100
Accounting fees	15,000
Directorship fees	492
Custodian fees	110,500
Professional fees	354,778
Total	**579,682**

Professional fees are mainly linked to fees in relation to the listing of the Company on the Luxembourg Stock Exchange.

Note 8 - Staff number

The Company did not have any employee during the year.

Note 9 - Subsequent events

There is no significant subsequent event to report.

Report of the Réviseur d'Entreprises Agréé on the annual accounts

Deloitte.

Deloitte Audit
Société à responsabilité limitée
560, rue de Neudorf
L-2220 Luxembourg
B.P. 1173
L-1011 Luxembourg
Tel: +352 451 451
Fax: +352 451 452 992
www.deloitte.lu

To the Shareholders of
Saint Croix Holding Immobilier S.A.
9b, Boulevard Prince Henri
L-1724 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGRÉÉ

Report on the annual accounts

We have audited the annual accounts of Saint Croix Holding Immobilier S.A., which comprise the balance sheet as at December 31, 2011 and profit and loss account for the period from December 1, 2011 (date of incorporation) to December 31, 2011, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

Deloitte.

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

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

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Saint Croix Holding Immobilier S.A. as of December 31, 2011 and of the results of its operations for the period from December 1, 2011 (date of incorporation) to December 31, 2011, in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

For Deloitte Audit, *Cabinet de révision agréé*

John Psaila, *Réviseur d'entreprises agréé*
Partner

April 30, 2012