Annual Report

for the year ended 31 December 2013

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for the year ended 31 December 2013

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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 2013, and for the accounting year then ended. As permitted by Luxembourg Law, the Directors have elected to prepare a single Management Report covering both the Company and the Group. The Management Report relates to the consolidated financial statements and the annual accounts for the year ended 31 December 2013.

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.

Although as at 31 December 2012, the Company owned 100% of two subsidiaries (SOCIMI), as at 31 December 2013, the Company owns 100% of one SOCIMI incorporated under Spanish law, COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A. since during the 2013 financial year a merger operation has been carried out. The merger operation is explained by a specific point within this Management Report.

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

On 15 December 2011, the Board 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 was formed by 4,452,197 shares with a nominal value of EUR 60.10 each. There is no class of Shares. The Shares have the same voting rights. The Company may issue further classes of Shares. The Company may also issue new Shares in order to finance acquisitions or to exchange such Shares in case of acquisitions. Such capital increase has been offered for subscription to existing Shareholders and external Shareholders approached for this purpose by the Company. Some of the founders or existing Shareholders have waived their rights for subscription of new Shares but two of them, PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A. and COGEIN, S.L. subscribed a part of the capital increase (EUR 23,926,050.40). New investors were searched by the Company directly and subscribed the rest of the capital increase (EUR 16,210,472.50). All Shares of the Company have been issued under Luxembourg Law.

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

On 21 December 2011, all the shares of the Company were admitted to trading on the Luxembourg Stock Exchange. The share market price at 2013 year-end was EUR 58.50 per share.

During the financial year 2013, there has been no corporate operation affecting the Share Capital of the Company except for the operation explained under the point 6 of this Management Report with regards to the acquisition and disposal of 1,700 shares of the Company.

The Company engages mainly in the operation of leased assets.

2. Origin of the Subsidiaries

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

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

purposes). The Company's registered office is at Glorieta de Cuatro Caminos, 6-7, Madrid.

2. 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 Spanish Mercantile Registry. The deed of the partial split and incorporation of CIRU was filed with Mercantile Registry of Madrid on 26 January 2010, and effective from 29 December 2009 (date of initial entry, and from 1 January 2009 for accounting purposes). The Company registered office is at San Vicente Ferrer 60, Madrid.

3. **Subsidiaries´ Corporate Purpose**

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)". The **Subsidiaries´ Corporate Purpose** is as follows:

- The acquisition and development of urban properties earmarked for lease. Development activities include the refurbishment of buildings under the terms and conditions established in VAT Law 37/1992, of 28 December.
- The ownership of interests in the share capital of other real estate investment trusts ("REITs" or "SOCIMI") or other companies not resident in Spain with a company object identical to that of the former, which are subject to a regime similar to that established for the REITs in relation to the obligatory profit distribution policy stipulated by law or the bylaws.
- The ownership of interests in the share capital of other companies, resident or not in Spain, the principal company purpose of which is the acquisition of urban properties earmarked for lease, which are subject to the regime established for REITs in relation to the obligatory profit distribution policy stipulated by law or the bylaws and meet the investment and borrowing requirements referred to in Articles 3 and 7 of Law 11/2009, of 26 October.
- The ownership of shares or investments in property collective investment undertakings governed by Collective Investment Undertakings Law 35/2003, of 4 November.
- The performance of other ancillary financial and non-financial activities that generate rental income, which as a whole represent at least 20% of the Company's rental income in each tax period.

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

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

4. Subsidiaries´ Special Regulation

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

1. REITs must have invested at least 80% of the value of their assets in urban properties earmarked for lease, in land to develop properties to be earmarked for that purpose, provided that development begins within three years following its acquisition, and in equity investments in other companies referred to in Article 2.1 of Law 11/2009, of 26 October. The value of the asset is calculated based on the average of the quarterly individual balance sheets of the year. To calculate this value, the Company may opt to substitute the carrying amount for the fair value of the items contained in these balance sheets, which will apply to all the balance sheets of the year. The money or collection rights arising from the transfer of the aforementioned properties or investments made in the year or in prior years will not be included in the calculation, as appropriate, provided that, in the latter case, the reinvestment period referred to in Article 6 of Law 11/2009, of 26 October has not expired.
2. Also, at least 80% of the rental income from the tax period corresponding to each year, excluding the rental income deriving from the transfer of the ownership interests and the properties used by the company to achieve its principal object, once the retention period referred to below has elapsed, should be obtained from the lease of properties and dividends or shares of profits arising from the aforementioned investments. This percentage must be calculated on the basis of the consolidated profit if the company is the parent of a group, in accordance with the criteria established in Article 42 of the Spanish Commercial Code, regardless of its place of residence and of the obligation to formally prepare consolidated financial statements. This group must be composed exclusively of REITs and the other companies referred to in Article 2.1 of Law 11/2009, of 26 October.
3. The properties included in the company's assets should remain leased for at least three years. For properties developed by the company, the term will be seven years. The time during which the properties have been made available for lease will be

included in calculating this term, with a maximum of one year. The term will be calculated:

a. For properties included in the company's assets before the company avails itself of the regime, from the beginning of the first tax period in which the special tax regime established in Law 11/2009, of 26 October applies, provided that at that date, the asset is leased or made available for lease; otherwise b) shall apply.
b. For properties developed or acquired subsequently by the company, from the date on which they were leased or made available for lease for the first time.
c. In the case of shares or ownership interests in the companies referred to in Article 2.1 of Law 11/2009 of 26 October, they should be retained on the asset side of the company's balance sheet for at least three years following their acquisition or, as appropriate, from the beginning of the first tax period in which the special tax regime established in Law 11/2009, of 26 October applies.

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

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

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

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

1. Flexibility of entry and of property-holding criteria: there is no minimum to the number of properties that must be contributed in the incorporation of a REIT,

except in the case of housing units, where a minimum contribution of eight is required. Properties must remain on the Company's balance sheet for a minimum period of 3 years, instead of the seven-year period required previously.

2. Lower capital requirements and unrestricted leverage threshold: the minimum capital required has been reduced from EUR 15 million to EUR 5 million, eliminating the restriction on the maximum debt limit of the property investment vehicle.
3. Decrease in distribution of dividends: before this Law came into force, the obligatory distribution of profit was 90%, and this obligation was reduced to 80% from 1 January 2013.
4. A 0% corporate income tax rate was established for REITs. However, when the dividends paid by the REIT to its shareholders with an ownership interest of more than 5% are exempt or taxed at a rate below 10%, the REIT will be subject to a special charge of 19%, which shall be treated as corporate income tax on the amount of the dividend paid to the shareholders. If it applies, this special charge must be paid by the REIT within two months after the dividend payment date.

5. Merger operation affecting to the Subsidiaries

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

The main aspects included in this merger plan, approved by the sole director of both companies on 20 June 2013, were as follows:

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

- The date from which the transactions of COMPAÑÍA IBÉRICA DE RENTAS URBANAS, 2009, SOCIMI, S.A.U. must be considered to have been performed for accounting purposes by COMPAÑÍA IBÉRICA DE BIENES RAÍCES, 2009, SOCIMI, S.A.U. is 1 January 2013.
- The merger was executed in a public deed on 25 June 2013, was submitted for registration at the Madrid Mercantile Registry on 26 June 2013 and was definitively registered on 8 November 2013 and in accordance with Article 55.1 of the Spanish Mercantile Registry Regulations, the date of registration was taken to be the date of the filing entry, i.e. 26 June 2013.
- The capital increase was performed by increasing the share capital of COMPAÑÍA IBÉRICA DE BIENES RAÍCES, 2009, SOCIMI, S.A.U. (absorbing company) by EUR 138,070,000, which corresponded to the value of the equity of COMPAÑÍA IBÉRICA DE RENTAS URBANAS, 2009, SOCIMI, S.A.U. (absorbed company) at 31 December 2012, in accordance with Article 36 of Law 3/2009, of 3 April on structural changes to companies. The aforementioned capital increase was performed by increasing the nominal value of the shares by EUR 138.07, which currently stand at EUR 257.16.
- As a result of the aforementioned transaction, the merger reserves stood at EUR 233.

6. 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 the financial investments in Spanish Companies, whose main purposes are the acquisition and/or construction of real-estate assets for lease purpose.

During 2013, the total consolidated revenues amounted up to EUR 15,216,006, (EUR 16,492,470 in 2012), with consolidated losses from operations of EUR 234,833 (-2%), (EUR 4,492,011, (-27%) in 2012). This figure includes charges of depreciation and amortization for the amount of EUR 4,366,555, (EUR 3,573,963 in 2012) as well as impairment losses amounted up to EUR 8,166,595 (EUR 14,200,863 in 2012). The Company has recorded positive net financial result for the amount of EUR 1,720,437, (EUR 1,928,101 in 2012). As result, the consolidated profit for the period, after taxes, has amounted up to EUR 1,482,394 (losses of EUR 2,595,181 in 2012).

At 31 December 2013, the Company did not hold any treasury shares. Nevertheless, it is important to point out that as at 23 July 2013 one of the shareholders of the Company, BARMAR SIETE, S.L., sold 1,700 shares of the Company for a total amount of EUR 100,164 through the Luxembourg Stock Exchange (EUR 58.92 each). The total number of shares was acquired by the Company itself. At the date of the close of the books, the Company has no treasury shares since all of them (1,700 shares) were also sold to market through the Luxembourg Stock Exchange. The sale operation was performed as at 5 December 2013 with no effect in the results of the Company as at 31 December 2013 since the selling price was fixed at EUR 58.92 each.

Below there is a comparison table of the main figures of the Consolidated Profit and Loss Account for the year ended 31 December 2013 in comparison to financial year 2012:

EUR	2013		2012	
Revenues	15,216,006		16,492,470	
EBITDA	**12,189,600**	**80%**	**13,174,098**	**80%**
Depreciation and amortization charge Impairment losses on assets	(4,366,555) (8,166,595)		(3,573,963) (14,200,863)	
Net Result	**1,482,394**	**10%**	**(2,595,181)**	**(16%)**

Revenues

In 2013, revenues have kept quite similar to the revenues obtained in 2012 with a slight decrease of 8% mainly motivated by the change of lease conditions in some assets (mainly hotels). The detail of revenues, square meters and occupancy rate per assets and activity in 2013 compared to 2012 is as follows:

	2013				2012			
Property	**Revenues**	**%**	**M2**	**Occup. rate**	**Revenues**	**%**	**M2**	**Occup. rate**
Meliá Atlántico Hotel	1,125,613	7.40%	20,116		1,840,774	11.16%	30,311	
Barceló Isla Canela Hotel	1,991,929	13.09%	17,756		1,930,500	11.71%	20,494	
Tryp Atocha Hotel	1,403,864	9.23%	8,621		1,749,500	10.61%	9,229	
Iberostar Isla Canela Hotel	1,301,768	8.56%	18,114		1,938,043	11.75%	27,500	
Tryp Cibeles Hotel	1,177,477	7.74%	6,881		1,139,826	6.91%	6,495	
Playa Canela Hotel	1,018,585	6.69%	13,408		1,024,553	6.21%	20,050	
Isla Canela Golf Hotel	88,092	0.58%	3,860		274,291	1.66%	4,378	
Hotels	**8,107,328**	**53.28%**	**88,756**	**100.00%**	**9,897,487**	**60.01%**	**118,457**	**100.00%**
Pradillo, 42	1,521,761	10.00%	7,345		1,472,017	8.93%	7,252	
Sanchinarro VI	2,360	0.02%	4,179		-	-	4,272	
Sanchinarro VII	9,400	0.06%	3,286		-	-	3,399	
Coslada III	6,006	0.04%	4,499		-	-	4,499	
Vallecas Comercial I	8,030	0.05%	3,390		1,200	0.01%	3,282	
Gran Vía 1 - 2º Right	102,160	0.67%	542		83,485	0.51%	530	
Gran Vía 1 - 1º Right	112,900	0.74%	542		90,032	0.55%	554	
Gran Vía 1 – 2º Left	93,979	0.62%	461		74,677	0.45%	430	
Sanchinarro V	-	-	271		-	-	270	
Offices	**1,856,596**	**12.20%**	**24,515**	**39.59%**	**1,721,411**	**10.44%**	**24,488**	**35.91%**
Gran Vía, 34	2,542,788	16.71%	3,348		2,482,026	15.05%	3,231	
Plaza de España	1,456,131	9.57%	2,858		1,188,626	7.21%	3,350	
San Antón 25 and 27	190,087	1.25%	1,736		276,241	1.67%	1,736	
Vallecas Comercial II	165,600	1.09%	3,370		13,800	0.08%	3,370	
Marina Isla Canela Shop. Centre	235,062	1.54%	2,442		257,430	1.56%	6,119	
Albalá 7	233,934	1.54%	1,521		226,609	1.37%	1,522	
Gran Vía 1 - 1º Left	103,073	0.68%	442		112,993	0.69%	461	
Dulcinea 4	111,506	0.73%	1,037		113,875	0.69%	922	
Caleruega	101,200	0.67%	362		96,400	0.58%	362	
Rutilo	83,244	0.55%	593		80,896	0.49%	593	
Commercial premises	**5,222,625**	**34.32%**	**17,709**	**87.21%**	**4,848,896**	**29.40%**	**21,666**	**60.14%**
Total rent revenues	**15,186,549**	**99.81%**	**130,980**	**87.37%**	**16,467,794**	**99.85%**	**164,611**	**85.22%**
Other revenues	29,457	0.19%	-	-	24,677	0.15%	-	-
Total	**15,216,006**	**100.00%**	**130,980**	**87.37%**	**16,492,471**	**100.00%**	**164,611**	**85.22%**

As commented, revenues have fallen down by 8% but the occupancy rate has increased 2 points from 85.22% in 2012 to 87.37% in 2013.

It is important to point out that 53% of revenues are generated from hotels assets (60% in 2012), 12% from offices assets (10% in 2012) and 34% from commercial premises (30% in 2012) with an occupancy rate of 87.37% (85.22% in 2012) on an average basis. Hotels are fully rented as well as in 2012; offices are partially rented with a rate of 39.59% (35.91% in 2012). Commercial premises are rented at 87.21% (60.14% in 2012). Management of the Company consider that the occupancy rate will be increased during 2014 to get between 90 and 95%.

In addition, from a geographical point of view, the most part of revenues are generated in Madrid and Huelva (all of them in Spain). At this respect, Madrid has increased its contribution to the total revenues by 4 points to the detriment of Huelva. The detail of the weight of the revenues is as follows:

	2013		2012	
Location	**Revenues**	**%**	**Revenues**	**%**
Madrid	7,808,740	51%	7,737,336	47%
Huelva	5,761,049	38%	7,290,267	44%
Castellón	1,456,131	10%	1,188,626	7%
Cáceres	190,086	1%	276,241	2%
Total	**15,216,006**	**100%**	**16,492,470**	**100%**

EBITDA

As a percentage of revenues, it has no variation between years, (80% on revenues). It is an important positive sign of strength in the quality of rental contracts and tenant. Despite the short fall of revenues by 8%, the gross margin of the Company remains very similar, calculated as percentage on revenues. Despite the decrease in revenues by EUR 1,276,464, the EBITDA of the Company only has decreased by EUR 984,498.

Impairment losses

It has amounted up to by EUR 8,166,595 (EUR 14,200,863 in 2012). The figure for 2013 includes EUR 8,911,385 of impairment losses, EUR 807,831 of impairment losses reversed and EUR 63,041 of losses coming from disposals operations.

Whenever there are indications of impairment, the Company (through its Subsidiary) tests the investment property for impairment to determine whether the recoverable amount of the assets has been reduced to below their carrying amount. Recoverable amount is the higher of fair value less costs to sell and value in use. The Subsidiary commissioned an asset appraisal issued on 28 January 2014 from an independent valuator, CBRE Valuation Advisory, S.A., to determine the fair value of all of its investment property at year-end. These appraisals were performed on the basis of the lower of replacement value and market rental value (which consists of capitalizing the net rental income from each property and discounting the future flows). The fair value was calculated using discount rates acceptable to a prospective investor, which were in line with those used in the market for properties of similar characteristics in similar locations. The appraisals were conducted in accordance with the Appraisal and Valuation Standards issued by the Royal Institute of Chartered Surveyors (RICS) of the United Kingdom.

According to these appraisals, the fair value of certain real estate assets is lower than their carrying amount and, accordingly, the Company has calculated the corresponding impairment losses. The detail of the properties for which it was necessary to recognise an impairment loss thereon is as follows:

	Impairment Loss	
Property	**2013**	**2012**
Tryp Atocha Hotel	1,677,211	4,593,608
Meliá Atlántico Hotel	1,587,780	1,151,592
Iberostar Isla Canela Hotel	1,539,483	-
Sanchinarro VI offices	952,072	-
Plaza de España	729,345	3,811,786
Sanchinarro VII	522,346	140,113
Vallecas Comercial I	488,924	-
Coslada III	401,313	192,616
Playa Canela Hotel	271,805	772,005
Marina Isla Canela Shopping Centre	206,619	1,029,184
San Antón 25 and 27	90,809	281,338
Isla Canela Golf Hotel	37,101	230,369
Sanchinarro V	33,521	-
Gran Vía 1 - 2º Right	15,711	655,270
Gran Vía 1 - 1º Right	-	843,819
Gran Vía 1 - 1º Left	-	519,817
Gran Vía 1 - 2º Left	335,334	406,437
Vallecas Comercial II	14,616	241,337
Albalá, 7	7,251	-
Rutilo	144	142,605
Total impairment losses	**8,911,385**	**15,011,896**

In addition, according to the mentioned valuations, the detail of assets for which the Company has reversed impairments losses in 2013 is shown above.

	Reversal	
Property	**2013**	**2012**
Caleruega	406,437	-
Tryp Cibeles Hotel	11,221	190,697
Pradillo, 42	281,217	413,407
Albalá 7	-	117,594
Gran Vía 1 - 1º Left	39,697	-
Gran Vía 1 - 1º Right	44,782	-
Dulcinea 4	24,477	89,335
Total impairment losses reversed	**807,831**	**811,033**

Also, in accordance with the appraisals conducted, the fair value of the property investments of the Company evidences unrecognised unrealised gains (from comparing the updated gross fair market value and the carrying amount) of EUR 36,655,862 (EUR 30,609,106 in 2012). Most part of this amount is associated to the premises located at Gran Vía, 34, Caleruega (both in Madrid) and the Barceló Isla Canela Hotel (Ayamonte - Huelva).

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

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

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

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

Dividends

Pursuant to Article 9.2 of Real Estate Investment Trusts Law 11/2009, of 26 October, amended by Spain Law 16/2012 of 27 December, tax self-assessments are performed on the basis of the proportion of taxable profit for the tax period that corresponds to dividends distributed out of profit for the year.

During 2013, the Company has obtained dividends from COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U. for the amount of EUR 156,295 according to the following detail:

Subsidiary	2013	2012
COMPAÑIA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U.	156,295	3,585,667
COMPAÑIA IBÉRICA DE RENTAS URBANAS 2009 SOCIMI, S.A.U.	-	469,484
Total dividends paid	**156,295**	**4,055,151**

The dividend paid by the Subsidiary in 2013 was approved by the General Annual Meeting of COMPAÑIA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U. which was held on 20 June 2013 and was fully paid as of 12 July 2013. It comes as result of the positive Net Result of the Subsidiary at the end of 2012 (EUR 199,922). According to the local regulatory requirements, a net amount of EUR 156.295 was distributed to the Company in 2013 as dividends.

In 2012 the dividends received by the Company were originated by the positive results of the Subsidiaries in 2011.

7. Activity of the Company (through its Subsidiary)

I. Properties

At 31 December 2013, the Company owns the following Real Estate Assets:

1) **Hotels:** (88,756 square meters representing 68% of the total available surface for rent with a 100% of occupancy rate. These assets generates 53% of total revenues)

The Company is the owner of 5 hotels currently held to earn rentals located in Isla Canela Tourist Resort (Huelva):

- Hotel Isla Canela Golf: a four star hotel located on a golf course with 58 rooms (116 beds). After the early cancellation of the lease agreement entered into with Vincci Hoteles, S.A. (which took place in 2011) due to non-payment by the latter, which gave rise to the cancellation and to the execution of the bank guarantee for payment of the rent, the Subsidiary decided to sign a lease agreement with a related party (associated), Isla Canela, S.A., by which this company is currently operating the hotel under a lease contract. The lease was arranged on 31 December 2012 with the related company Isla Canela, S.A., to commence activities on or after 14 January 2013. The term of the lease was extended until 31 December 2014. However, once the initial term has expired, the lease may be extended by three-year periods, provided that an agreement has been reached previously by the parties. The lease provides for annual CPI-linked increases.
- 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. The lease commenced on 1 March 2006, expires on 31 December 2022, and is renewable at the discretion of the parties. Also, the parties may terminate the agreement without

incurring any penalties in 2017. In relation to future rental income, the agreement provides for annual CPI-linked increases.

- 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. the lease commenced on 1 December 2007 and was renewed in 2012. It expires on 31 October 2022 and is renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.
- 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. The lease commenced on 15 July 2002, expires on 31 October 2022, and is renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.
- Hotel Meliá Atlántico: a four-star hotel located on the sea front with 359 rooms (718 beds) and held to earn rentals from Meliá Hotels International, S.A. from April 2013 according to the lease arrangement signed in May 2012. The lease will commence in April 2013 for a term of ten years (May 2022) and the parties may terminate it in 2017 without incurring any penalties, provided that certain conditions are met. The lease provides for annual CPI-linked increases.

In addition, the Company is also the owner of 2 hotels located in Madrid:

- Hotel Tryp Cibeles (Hotel Sol Meliá): four-star hotel located at Mesonero Romanos, 13 (Gran Vía- Madrid), with 132 rooms. Operated by Sol Meliá. The lease commenced on 10 February 1998 and expired on 10 February 2008. It was subsequently extended until 15 March 2020, renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.
- Hotel Tryp Atocha: four-star hotel located at Atocha, with 150 rooms and operated by Sol Meliá. The lease commenced on 4 June 1999 and expired on 4 June 2009, and was subsequently extended until 24 March 2022, renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.

2) **Offices:** (24,515 square meters representing 19% of the total available surface for rent with a 40% of occupancy rate. These assets generates 12% of total revenues:
   - Premises at Pradillo 42: five premises for office use. The lease commenced on 27 February 2009 and expires on 27 February 2019, renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.
   - 46 offices and parking spaces located in the 6, 8, 10 and 12 Manuel Pombo Angulo Street, Madrid (Sanchinarro VI)
   - 36 offices and parking spaces located in the 20, 22 and 24 Manuel Pombo Angulo Street, Madrid (Sanchinarro VII)
   - 33 offices and parking spaces located in the 85 of Constitución Ave., Coslada (Madrid) (Coslada III)

- 31 offices and parking spaces located in the 2 and 4 Tineo Street, Madrid (Vallecas Comercial I) operated under lease to various lessees
- Premises at Gran Vía, 1: 3 premises for office use. Current tenants are G2 WORLDWIDE, S.A. (2 offices) and ARKADIN SPAIN SERVICIOS DE TELECONFERENCIA, S.L. (1 office)
- 3 offices and parking spaces located in the 14, 16 and 18 Manuel Pombo Angulo Street, Madrid (Sanchinarro V)

3) **Commercial:** (17,709 square meters representing 14% of the total available surface for rent with an 87% of occupancy rate. These assets generates 34% of total revenues:

- Premises at Gran Vía, 34: two commercial premises in c/Gran Vía. Operated by Inditex (Zara). The lease commenced on 24 April 2000 and expires on 3 May 2025. It is renewable at the discretion of the parties and can be terminated in 2020. The lease provides for annual CPI-linked increases.
- Premises at Plaza España (Castellón) operated by Inditex (Zara). The lease commenced on 1 July 2007 and expires on 18 November 2023, renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.
- Premises at San Antón 25 and 27 (Cáceres): two commercial premises and eight premises for residential use. During 2013, the commercial premises have been operated by PUNTO ROMA. Although the lease commenced on 15 July 2005 and expires on 15 December 2035, the Subsidiary and the tenant agreed to terminate it in advance at the end of 2013.
- Three commercial premises and 48 parking spaces located in the 1 and 3 Valderebollo Street, Madrid (Vallecas Comercial II) operated under lease to Inversión y Gestión Acebo 2000, S.L.
- Marina Isla Canela Shopping Centre: operated under lease by various lessees
- Premises at Albalá 7: premises for commercial use. Operated under lease by CAPRABO, S.A. The lease commenced on 31 July 2002 and expires on 31 July 2027. The lessee may terminate the lease in 2016 provided that twelve months' notice is given. The lease provides for annual CPI-linked increases.
- Property for commercial use on the 1 Gran Vía Street, Madrid. The current tenant is GULA GULA MADRID, S.L.
- Premises at Dulcinea: basement for commercial use. Operated under lease by JAVISA SPORT, S.L. The lease commenced on 17 February 2003 and expires on 17 February 2018, renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.
- Five commercial premises located on the 66 Caleruega Street, Madrid. The current tenant is Begope Restauración, S.L.
- Premises at Rutilo: five premises for commercial use (ground floor)

The **fair value** of the investment property at the end of 2013 in comparison to the book value detailed by properties is as follows (in Euro):

		2013				
	Location	Net Book Value	%	Fair Value	%	Unrealised Gains
Barceló Isla Canela Hotel	Huelva	21,026,938		24,428,000		3,401,062
Meliá Atlántico Hotel	Huelva	28,630,000		28,630,000		-
Iberostar Isla Canela Hotel	Huelva	21,445,000		21,445,000		-
Tryp Cibeles Hotel	Madrid	19,165,671		19,680,000		514,329
Tryp Atocha Hotel	Madrid	21,645,000		21,645,000		-
Playa Canela Hotel	Huelva	13,450,000		13,450,000		-
Isla Canela Golf Hotel	Huelva	3,603,000		3,603,000		-
Hotels		**128,965,609**	**57%**	**132,881,000**	**51%**	**3,915,391**
Pradillo 42	Madrid	16,571,000		16,571,000		-
Gran Vía 1-2º Right	Madrid	1,808,000		1,808,000		-
Gran Vía 1-1º Right	Madrid	1,726,000		1,726,000		-
Gran Vía 1-2º Left	Madrid	1,538,000		1,538,000		-
Sanchinarro V	Madrid	605,000		605,000		-
Sanchinarro VI	Madrid	9,057,000		9,057,000		-
Sanchinarro VII	Madrid	7,205,000		7,205,000		-
Vallecas Comercial I	Madrid	3,369,000		3,369,000		-
Coslada III	Madrid	6,245,000		6,245,000		-
Offices		**48,124,000**	**22%**	**48,124,000**	**18%**	**-**
Marina Isla Canela Shop. Center	Huelva	2,355,000		2,355,000		-
Gran Vía 1-1º Left	Madrid	1,778,000		1,778,000		-
Vallecas Comercial II	Madrid	3,612,000		3,612,000		-
Caleruega	Madrid	969,361		1,224,000		254,639
Rutilo	Madrid	1,025,000		1,025,000		-
Pza. España	Castellón	10,150,000		10,150,000		-
Dulcinea 4	Madrid	1,359,000		1,359,000		-
Albalá 7	Madrid	2,562,000		2,562,000		-
Gran Vía 34	Madrid	20,184,168		52,670,000		32,485,832
San Antón 25 and 27	Cáceres	3,295,000		3,295,000		-
Commercial premises		**47,289,529**	**21%**	**80,030,000**	**31%**	**32,740,471**
Total		**224,379,138**	**100%**	**261,035,000**	**100%**	**36,655,862**

In addition, the detail as at 31 December 2012 is as follows (in Euro):

		2012				
	Location	Net Book Value	%	Fair Value	%	Unrealised Gains
Barceló Isla Canela Hotel	Huelva	21,428,937		24,428,000		2,999,063
Meliá Atlántico Hotel	Huelva	28,653,000		28,653,000		-
Iberostar Isla Canela Hotel	Huelva	21,411,927		21,439,000		27,073
Tryp Cibeles Hotel	Madrid	19,678,000		19,678,000		-
Tryp Atocha Hotel	Madrid	24,015,000		24,015,000		-
Playa Canela Hotel	Huelva	13,878,000		13,878,000		-
Isla Canela Golf Hotel	Huelva	3,555,000		3,555,000		-
Hotels		**132,619,864**	**57%**	**135,646,000**	**51%**	**3,026,136**
Pradillo 42	Madrid	16,571,000		16,571,000		-
Gran Vía 1-2º Right	Madrid	1,480,230		1,480,230		-
Gran Vía 1-1º Right	Madrid	1,865,770		1,865,770		-
Gran Vía 1-2º Left	Madrid	1,725,000		1,725,000		-
Sanchinarro V	Madrid	644,450		644,450		-
Sanchinarro VI	Madrid	10,396,703		10,396,703		-
Sanchinarro VII	Madrid	8,010,247		8,010,247		-
Vallecas Comercial I	Madrid	3,910,085		3,910,085		-
Coslada III	Madrid	6,740,472		6,740,472		-
Offices		**51,343,957**	**22%**	**51,343,957**	**20%**	**-**
Marina Isla Canela Shop. Center	Huelva	2,614,000		2,614,000		-
Gran Vía 1-1º Left	Madrid	1,778,000		1,778,000		-
Vallecas Comercial II	Madrid	3,660,342		3,660,342		-
Caleruega	Madrid	975,064		1,255,000		279,936
Rutilo	Madrid	1,046,000		1,046,000		-
Pza. España	Castellón	11,082,000		11,082,000		-
Dulcinea 4	Madrid	1,359,000		1,359,000		-
Albalá 7	Madrid	2,614,000		2,614,000		-
Gran Vía 34	Madrid	20,520,966		47,824,000		27,303,034
San Antón 25 and 27	Cáceres	3,451,000		3,451,000		-
Commercial premises		**49,100,372**	**21%**	**76,683,342**	**29%**	**27,582,970**
Total		**233,064,193**	**100%**	**263,673,299**	**100%**	**30,609,106**

II. Investments and disposals in 2013

In 2013 the Subsidiary has not invested in the acquisition of new real estate assets. Nevertheless, some refurbishment works have been performed in the Meliá Atlántico Hotel, Iberostar Isla Canela Hotel and Isla Canela Golf Hotel. The total amount invested has amounted up to EUR 4,269,296.

The main disposals in 2013 for a gross amount of EUR 485,324 relate to sales of properties in Sanchinarro VI and VII, which were sold to third parties at a net loss of EUR 63,041. The aforementioned amount was recognised in the Subsidiary´s income statement at 31 December 2013 under "Impairment and gains or losses on disposals of non-current assets - Losses on disposals and other”.

III. Acquisition of treasury shares

At 31 December 2013, la Company did not hold any treasury shares.

Nevertheless, as at 23 July 2013 one of the shareholders of the Company, BARMAR SIETE, S.L., sold 1,700 shares of the Company for a total amount of EUR 100,164 through the Luxembourg

Stock Exchange (EUR 58.92 each). The total number of shares was acquired by the Company itself. At the date of the close of the books, the Company has no treasury shares since all of them (1,700 shares) were also sold to market through the Luxembourg Stock Exchange. The sale operation was performed as at 5 December 2013 with no effect in the results of the company as at 31 December 2013 since the selling price was fixed at EUR 58.92 each.

IV. Bank borrowings

The company has no debt. The Subsidiary has bank borrowings relating to loans arranged with Caixa Bank. The purpose of the loan from Caixa Bank is to finance the investment in the commercial asset located in Castellón, which were acquired in 2011. As at 31 December 2013, the total amount pending repayment is EUR 6,981,723.

Finance income from third parties includes mainly the income earned by the Subsidiary for the amount of EUR 318,425 arising from the repayment in advance of the loan granted by Caja Extremadura, which mortgaged the property at San Antón, in Cáceres.

The detail, by maturity, at 31 December 2013 is as follows:

	2014	2015	2016	2017	2018 and subsequent years	Total
Bank borrowings	1,199,965	1,166,727	1,183,689	1,203,139	2,228,203	6,981,723
Total	**1,199,965**	**1,166,727**	**1,183,689**	**1,203,139**	**2,228,203**	**6,981,723**

V. Events after the reporting period

On 14 February 2014, the Board of Directors agree to recommend to the shareholders of the Company during an Extraordinary General Meeting planned on 20 March 2014 to proceed to the transfer of the registered seat of the Company from Luxembourg to Spain and to proceed to the change of nationality of the Company without dissolution or preliminary liquidation of the Company which will continue to exist under the Spanish nationality and will continue as a "sociedad anonima" under the Spanish law, under the special tax regime of the SOCIMI´s (SOCIEDADES ANÓNIMAS COTIZADAS DE INVERSIÓN EN EL MERCADO INMOBILIARIO). At this respect, the Company will be regulated by the Spanish Real Estate Investment Trusts Law 11/2009, of 26 October and its amendment Spanish Law 16/2012 approved on 27 December 2012. It is also recommended that the 4,452,197 shares of the company will continue being listed in the Luxembourg Stock Exchange as it is now. The Board of Directors note that once the Transfer being effective, the registered seat of the Company will be transferred from 9B, boulevard Prince Henri, L-1724 Luxembourg in Luxembourg to Glorieta de Cuatro Caminos 6 and 7, 4th floor, 28020, Madrid in Spain.

8. Common control and consolidation

See 2.1.4 and 2.1.5 of the Notes to the consolidated financial statements for the year ended 31 December 2013.

9. 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.

According to the Article 17 of the Articles of Association of the Company, 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. In addition, as at 31 August 2012, the Board of Directors took the following resolutions:

   a. Accept the resignation of Mr. Patrick Sganzerla as Director B of the Company.
   b. Further to the mentioned resignation of Mr. Patrick Sganzerla and in order to comply with the Luxembourg law and the bylaws of the Company, Mrs. Pascale Nutz was appointed as new Director B of the Company by cooptation in replacement of Mr. Patrick Sganzerla for a period of 6 years.
   c. The appointment of Mrs. Pascale Nutz was approved by resolution of the Board of Directors dated 31 August 2012.

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.

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 judgement, 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 the 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 extralegal powers, and revoke powers and delegations.

In addition, the Board of Directors is authorized, during a period of five years ending on the 5th anniversary of the publication in the Mémorial C, Recueil des Sociétés et Associations, of the incorporation of the Company, to increase in one or several times the subscribed capital, within the limits of the authorized capital. Such increased amount of capital may be subscribed for and issued in the form of shares to be paid-up in cash.

The Board of Directors is especially authorized to proceed to such issues without reserving to the then existing shareholders a preferential right to subscribe to the shares to be issued. The Board of Directors may delegate to any duly authorized director or officer of the Company, or to any other duly authorized person, the duties of accepting subscriptions and receiving payment for shares representing part or all of such increased amounts of capital.

After each increase of the subscribed capital performed in the legally required form by the Board of Directors, the present article is, as a consequence, to be adjusted to this amendment.

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 one 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.

10. Future development / evolution of the Group

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

In view of the activity carried on by the Company and its Subsidiary 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.

11. 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 one long term borrowing which is financing a long term asset. 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 are located within the European Union. Consequently, any factor that could influence politics and the economy of the EU could have an effect on the ability to generate revenues and the results of operations. Specifically, all revenues and activities of the Subsidiary are located in Spain which is in an economic recession. The Subsidiary has been subject to renegotiation of the rental agreements partially due to this situation. The negative effect of the above-mentioned has already been considered in the projections and activity of the Subsidiary. The Management of the Company is aware of the crisis but does not believe that it will have any additional negative impact on the Company following the renegotiation of the rental contracts and the quality of the existing tenants.
- **Property risks:** The Management also assessed the risk related to the insurance coverage of the investment properties. The difference between the net book value (net of land cost) and the insured value of the investment properties is estimated to EUR 60 Million for the whole portfolio. It is mainly related to certain properties (Gran Vía 34, Tryp Cibeles Hotel, Tryp Atocha Hotel, Pradillo 42 and Premises in Pza. España in Castellón). Management has reviewed the insurance policy to increase the insured value of these properties but still considers that the risk for the Group remains low.

Other market risks to which the Group is exposed are:

- **Regulatory risks:** the Group is subject to compliance with the various applicable regulations in force, both general and specific (legal, accounting, environmental, labor, tax, data protection regulations, among others). Any regulatory changes occurring in the future could have a positive or negative effect on the Group.

- **Tourism risk:** An important part of the Group's assets (mainly hotels) are significantly linked to tourism sector. Any decline in tourism activity in the cities where these hotels are located, could have a negative effect on the use and occupation of the hotels. This could, as a consequence, have a negative effect in the profitability and yield of these assets if the tenants renegotiate current leases contracts.

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

Luxembourg as at 22 April 2014

By order of the Board of Directors

Marco Colomer Barrigón *Director*	Ismael Dian *Director*

Corporate Governance Statement
for the year ended 31 December 2013

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, promissory notes, checks 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, checks 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:
    iv. 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.
    v. 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.

vi. Mr. Ismaël Dian, born in Virton (Belgium), on 15 November 1979 with principal office at 5 rue Guillaume Kroll, L-1882 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.

As at 31 August 2012, the Board of Directors took the following resolutions:

- Accept the resignation of Mr. Patrick Sganzerla as Director B of the Company.
- Further to the mentioned resignation of Mr. Patrick Sganzerla and in order to comply with the Luxembourg law and the bylaws of the Company, Mrs. Pascale Nutz was appointed as new Director B of the Company by cooptation in replacement of Mr. Patrick Sganzerla for a period of 6 years.
- The appointment of Mrs. Pascale Nutz was approved by resolution of the Board of Directors dated 31 August 2012.

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 one 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 conflicts of interest issue. 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. 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 one of the Directors also works 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 Colomer family:

Company	% Interest	Corporate Purpose	Position or Functions
COGEIN, S.L.	26.63%	Property development	Sole director (Rep. PER 32, S.L.)
COMPAÑÍA IBERICA DE VIVIENDAS SIGLO XXII, S.L.	-	Property development	Sole director
ISLA CANELA, S.A.	-	Property development	Chairman and CEO
GRAN VIA, 34, S.A.	-	Property development	Sole director (Rep. PER 32, S.L.)
TENEDORA DE TERRENOS, S.L.U.	-	Holding company	Sole director
TENEDORA DE SOLARES, S.L.U.	-	Holding company	Sole director
GESTORA DE SOLARES, S.L.U.	-	Holding company	Sole director
RENOVERCIA SOLAR ECIJA (1 A 19) S.L.U.	-	Power generation	Sole director (Rep. CODES CAPITAL PARTNERS, S.L.
PARSOFI, S.P.R.L.	-	Holding company	Manager
TENIVI, L.D.A.	-	Holding company	Manager
SNC BOETIE HAMELIN INVESTMENTS II	-	Holding company	Manager (Rep. Parsofi, s.p.r.l.)
COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U.	-	Investment Property	Sole director (Rep. SCHI)
BOETTICHER Y NAVARRO, S.A.U.	-	Property development	Chairman and CEO
PROPIEDADES CACEREÑAS, S.L.	18.46%	Property development	Sole director (Rep. COGEIN, S.L.)
PRYGECAM ARROYOMOLINOS VIVIENDA JOVEN, S.L.	-	Property development	Chairman (Repr. PRYCONSA)
PRYGECAM MOSTOLES VIVIENDA JOVEN, S.L.	-	Property development	Chairman (Repr. PRYCONSA)
PLANIFICACION RESIDENCIAL Y GESTION S.A. (PRYGESA)	-	Cooperative management	Sole director (Rep. PRYCONSA)
TRIANGULO PLAZA DE CATALUÑA, S.L.	-	Property development	Sole director (Rep. Snc Boetie Hamelin Investments II)
GESTORA PROMOCIONES AGROPECUARIAS, S.A.	-	Property development	Sole director (Rep. COGEIN, S.L.)
PER 32, S.L.	49.99%	Property development	Sole director
ANOA FINANZAS, S.L.	-	Property development	Sole director (Rep. COGEIN, S.L.)
CODES CAPITAL PARTNERS, S.L.	-	Property development	Joint director (Rep. Parsofi, SPRL)
INVERETIRO	-	Property development	Sole director (Rep. PER 32, S.L.)
PROMOCIONES Y CONSTRUCCIONES, PYC, PRYCONSA, S.A.	-	Property development	Chairman and CEO
SAINT CROIX HOLDING IMMOBILIER, S.A.	12.81%	Holding company	Type A director

In addition, Mr. Marco Colomer Barrigón is one of the major Shareholders of the Company. As at 31 December 2013 he directly owns 570.457 shares of the Company, i.e. 12.8129%.

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 Subsidiary 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 investment holding 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) Mrs. Pascale Nutz

Mrs. Pascale Nutz has been manager and/or member of the board of directors of the following companies incorporated under Luxembourg law for the last five years:

- Acacia S.à r.l.
- Aiga Eastern Europe Investments S.à r.l.
- Alpha Investissements Immobiliers S.A.
- B.V. Feldrien Investments
- British Vita (Lux III) S.à r.l.
- British Vita (Lux IV) S.à r.l.
- British Vita (Lux V) S.à r.l.
- Carla S. à r.l.
- Carpathian Holdings S.à r.l.
- Carpathian Properties S. à r.l.
- Chichester Luxembourg S.à r.l.
- Cidron Iugo S.à r.l
- Cidron Power LP S.à r.l.
- Clemalux S.à r.l.
- Cognis S.à r.l.
- Colfin Europe Sàrl
- ConvaTec Healthcare B S.à.r.l
- ConvaTec Healthcare C S.à.r.l
- ConvaTec Healthcare D S.à.r.l
- ConvaTec Healthcare E S.A.
- Emfasis Mailing & Billing I S.à r.l.
- Emfasis Mailing & Billing II S.à r.l.
- FOSCA Finance S.à r.l.
- FOSCA II Manager S.à r.l.
- FOSCA Managers S.à r.l.
- Fung Properties S.à r.l.
- Glanbia Luxembourg S.A.
- Glanbia Luxfin S.A.
- Glanbia Luxinvest S.A.
- GlobalComm S.à r.l.
- Helena 2 Investments S.à r.l.
- Helena Debtco S.à r.l.
- High-Tech Hotel Investments S.à r.l.
- High-Tech Hotel Investments II S.à r.l.
- Investment Light I S. à r.l.
- Investment Light II S. à r.l.

- INVESTPOL S.A.
- ITV Investments in Valencia I Sàrl
- ITV Investments in Valencia II S.à r.l.
- Lata Lux Holding Parent S. à r.l.
- Lata Lux Holding S. à r.l.
- Laude Invest I S.à r.l.
- Laude Invest II S.à r.l.
- LBS Holdings S.à r.l.
- Luxembourg Bridge S.à r.l.
- Maflolu Investments Limited
- Orizon Luxembourg S.à r.l.
- Pavix S.à r.l.
- REComm S.à r.l.
- Redpier Holdings S.à r.l.
- Saint Croix Holding Immobilier S.A.
- Santé Europe Investissements S.à r.l.
- Santé Europe Participations S.à r.l.
- Silver Sea Developments S.à r.l.
- Silver Sea Holdings S.A.
- Silver Sea Property Holdings S.àr.l.
- Spanish Security Services I S. à r.l.
- Spanish Security Services II S. à r.l.
- TEIF Germany Einbeck S.à r.l.
- TEIF Germany Simmern S.à r.l.
- TEIF Germany Urbach S.à r.l.
- TEIF Luxembourg Investments S.à r.l.
- TEIF Luxembourg S.à r.l.
- TEIF Luxembourg Scandi S.à r.l.
- Third Continuation Investments SA
- Thistle S.A.
- Vipax 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 Investment holding S.à r.l.
- Mekong Corporation S.à r.l.
- Captiva 2 KQ Investment 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 Investment 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. (in liquidation)
- Trian Institutional Real Estate I S.A.
- Captiva MIV S.à r.l.
- Mercurio Asset Management S.à r.l. (in liquidation)
- 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
- Captiva Capital (Luxembourg) S.à r.l.
- Caposition Sàrl

All these mandates are in force excepted in the following entities where he was replaced:

- Fiduciaire Patrick Sganzerla S.à r.l.
- Sofidec S.à r.l.
- FPS Office Center S.à r.l.

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, Grant Thornton Lux Audit S.A. has been appointed statutory auditor having its registered office at 89A, Pafebruch, L-8308 Capellen, 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 investment 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 Investment 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 one 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. According to the fourth resolution of the Annual General Meeting of the Company that took place on 19 June 2013, the yearly fixed compensation granted to the members of the management for the financial year are as follows: Director A: EUR 12,000 (2012: EUR12,000) and Director B (each): EUR 3,024 (2012: EUR 2,950)

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 Subsidiary of the Company is 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.
   b) Organization of internal control: There is no Audit Committee in the Company. Nevertheless, The Subsidiary has 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 Subsidiary.
   c) Ethics: The Board of Directors has drafted and approved Corporate Governance Rules included in the Prospectus 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 Subsidiary, with deadlines. The Company and its Subsidiary have a check list of actions to be followed up by the Financial Department of the Subsidiary. 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 570,447 shares of the Company, i.e. 12.8127079%.

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 Investment 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 attend 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 Investment 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. Takeover Bid Information

Pursuant to the law of 11 January 2008 on transparency requirements for issuers of securities and with reference to the paragraphs a) to k) of the Article 11 of the law of 19 May 2006 on takeover bids, the companies concerned shall publish certain information on the structures and measures that could hinder the acquisition and control over the company by an offeror.

In this respect:

a) All the shares of the Company are admitted to trading on the Luxembourg Stock Exchange. There are no different classes of shares and all of them have the same rights and obligations.
b) There are no limits or restrictions on the transfer of securities, such as limitations on the holding of securities or the need to obtain the approval of the company or other holders of securities, without prejudice to article 46 of Directive 2001/34/EC.

c) The next table shows the major shareholders of the Company as at 31 December 2013:

Shareholder	%	Share Capital
Andrea Barrigón González	36.6984%	98,196,608.70
Promociones y Construcciones, PYC, PRYCONSA, S.A.	11.1936%	29,951,436.00
COGEIN, S.L.	9.6533%	25,830,138.60
BARMAR SIETE, S.L.	2.1553%	5,767,015.70
Marco Colomer Barrigón	12.8129%	34,284,465.70
Jose Luis Colomer Barrigón	12.7883%	34,218,536.00
Gran Vía 34, S.A.	7.6885%	20,572,530.50
PER 32, S.L.	0.9137%	2,444,868.00
JP MORGAN (London Office)	4.9985%	13,374,894.40
Others	1.0975%	2,936,546.10

d) There are no holders with any securities with special control rights.

e) The Company has no employee share scheme.

f) There are no restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities;

g) As described in the prospectus for the admission to trading of the shares of the Company in the Luxembourg Stock Exchange approved by CSSF as at 21 December 2011, an agreement was concluded between COGEIN S.L., which is a major Shareholder of the Company, and JP Morgan Suisse SA and hedged by J.P. Morgan Securities Ltd. pursuant to which J.P. Morgan Securities Ltd. became a Shareholder of the Company. Under this agreement, J.P. Morgan Securities Ltd. is the owner of 222,544 shares and can use the Shares in its sole discretion. Upon maturity of this agreement in December 2016 unless the agreement has been terminated early through a settlement in cash, the agreement will be settled by a physical delivery of the Shares currently owned by J.P. Morgan Securities Ltd. to COGEIN S.L.

h) See the section 4. Appointment of Directors and Executive Managers p. 28 for the rules governing the appointment and replacement of board members and the amendment of the articles of association.

i) See the section 2 Duties of the Board of Directors p.28 for the powers of board members, and in particular the power to issue or buy back shares.

j) 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.

k) There are no special agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

13. Mechanisms established by the Company to preserve the independence of auditors:

The Board of Directors is the responsible to preserve the independence of the external auditor. The Board of Directors will ensure the independence of the external auditor, particularly establishing adequate measures so that:

- The Board of Directors will request annually to the auditors of the Company written confirmation of their independence from the company or companies related to it directly or indirectly as well as information on additional services of any kind provided to these entities by the auditors or by persons or entities related to them.
- The company will report to CSSF as significant event any change of auditor accompanied by a statement of any disagreements with the outgoing auditor and, if they existed, the content. In case of resignation of the external auditor, the Board will consider the unusual circumstances that may have caused it.
- The Board of Directors shall issue annually and before to the issuance of the audit report, a report expressing an opinion on the independence of auditors. This report shall include any additional services provided to the Company or the related entities, directly or indirectly, by the auditor or by persons or entities related to it.

Luxembourg as at 22 April 2014

By order of the Board of Directors

Marco Colomer Barrigón
Director

Ismael Dian
Director

Financial information
for the year ended 31 December 2013

Director's Responsibility Statement

for the year ended 31 December 2013

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.

Luxembourg as at 22 April 2014

By order of the Board of Directors

Marco Colomer Barrigón
Director

Ismael Dian
Director

SAINT CROIX
HOLDING IMMOBILIER, S.A.

Consolidated Financial Statements

for the year ended 31 December 2013

SAINT CROIX
HOLDING IMMOBILIER, S.A.

Saint Croix Holding Immobilier S.à r.l.
Consolidated statement of financial position at 31 December 2013
(Euros)

ASSETS	Notes	31-12-13	31-12-12	EQUITY AND LIABILITIES	Notes	31-12-13	31-12-12
NON-CURRENT ASSETS		**225,549,389**	**234,291,391**	**EQUITY**		**261,585,062**	**260,102,668**
Investment property	**5**	224,379,139	233,064,195	**SHAREHOLDERS' EQUITY**	**9**		
Loans to related companies	**7**	-	44,414	Share capital		267,577,040	267,577,040
Financial assets	**7**	1,170,250	1,182,782	Reserves		(8,890,482)	(8,934,343)
				Retained earnings		2,898,504	1,459,971
				NON-CURRENT LIABILITIES		**9,216,079**	**22,604,524**
				Grants related to assets	**10**	1,631,099	1,739,816
				Payables to related companies	**7**	-	10,455,050
				Financial liabilities	**11**	7,584,980	10,409,658
CURRENT ASSETS		**47,516,627**	**52,086,576**	**CURRENT LIABILITIES**		**2,264,875**	**3,670,775**
Trade and other receivables		912,233	1,803,291	Financial liabilities	**11**	1,199,965	1,215,551
Loans to related companies	**7**	44,276,115	40,942,201	Trade and other payables		844,767	2,440,743
Other financial assets		-	3,364	Current tax liabilities		6,929	1,850
Accounts receivable from public authorities	**13.1**	1,619,198	9,107,212	Accounts payable to public authorities	**13.1**	213,214	12,631
Prepayments and accrued income		10,618	-				
Cash and cash equivalents		693,463	225,508				
Deferred charges		5,000	5,000				
TOTAL ASSETS		**273,066,016**	**286,377,967**	**TOTAL EQUITY AND LIABILITIES**		**273,066,016**	**286,377,967**

The accompanying Notes 1 to 19 are an integral part of the consolidated financial statements at 31 December 2013

Saint Croix Holding Immobilier S.à r.l.
Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2013
(Euros)

	Notes	31-12-13	31-12-12
CONTINUING OPERATIONS			
Revenue	**14.1**	15,216,006	16,492,470
Procurements	**-**	(520,582)	(315,183)
Staff and employee benefits costs	**14**	(225,665)	(378,477)
Other operating expenses	**14.2**	(2,280,159)	(2,624,712)
Depreciation and amortisation charge	**5**	(4,366,555)	(3,573,963)
Allocation to profit or loss of grants related to non-financial non-current assets	**10**	108,717	108,717
Impairment and gains or losses on disposals of non-current assets	**5**	(8,166,595)	(14,200,863)
PROFIT / (LOSS) FROM OPERATIONS		**(234,833)**	**(4,492,011)**
Finance income		2,271,319	2,220,703
Finance costs		(550,882)	(292,602)
FINANCIAL PROFIT		**1,720,437**	**1,928,101**
PROFIT / (LOSS) BEFORE TAX		**1,485,604**	**(2,563,910)**
Income tax	**13.2**	(3,210)	(31,271)
PROFIT / (LOSS) FOR THE YEAR		**1,482,394**	**(2,595,181)**
Other comprehensive income		-	-
Total profit or loss and other comprehensive income/(loss) for the year attributable to equity holders of the Company		**1,482,394**	**(2,595,181)**

Basic and diluted earnings per share for profit / (loss) attributable to the equity holders of the Company during the year (expressed in EUR per Share)	**15**	**0.33**	**(0.58)**

The accompanying Notes 1 to 19 are an integral part of the consolidated financial statements at 31 December 2013

SAINT CROIX
HOLDING IMMOBILIER, S.A.

Saint Croix Holding Immobilier S.à r.l.
Consolidated statement of changes in equity for the year ended 31 December 2013
(Euros)

	Notes	Share capital	Reserves			Retained earnings	Total
			Legal reserve	Voluntary reserve	Consolidation reserve		
2011 ending balance		**267,577,040**	**1,769,526**	**1,592,573**	**(12,980,340)**	**4,739,050**	**262,697,849**
Transactions with shareholders							
- Capital increase	9.1	-	-	-	-	-	-
- Dividends paid	9.4	-	-	-	-	-	-
Other changes in reserves							
- Consolidation reserve	9.3	-	-	-	-	-	-
- Legal reserve	9.2	-	665,871	-	-	(665,871)	-
- Voluntary reserve	9.6	-	-	18,027	-	(18,027)	-
Total comprehensive loss for the year 2012		-	-	-	-	(2,595,181)	(2,595,181)
2012 issued capital and reserves attributable to owners of the parent		**267,577,040**	**2,435,397**	**1,610,600**	**(12,980,340)**	**1,459,971**	**260,102,668**
Transactions with shareholders							
- Capital increase	9.1	-	-	-	-	-	-
- Dividends paid	9.4	-	-	-	-	-	-
Other changes in reserves							
- Consolidation reserve	9.3	-	-	-	233	(233)	-
- Legal reserve	9.2	-	22,962	-	-	(22,962)	-
- Voluntary reserve	9.6	-	-	20,666	-	(20,666)	-
Total comprehensive income for the year 2013		-	-			1,482,394	1,482,394
2013 issued capital and reserves attributable to owners of the parent		**267,577,040**	**2,458,359**	**1,631,266**	**(12,980,107)**	**2,898,504**	**261,585,062**

The accompanying Notes 1 to 19 are an integral part of the consolidated financial statements at 31 December 2013

SAINT CROIX
HOLDING IMMOBILIER, S.A.

Saint Croix Holding Immobilier S.à r.l.
Consolidated statement of cash flows for the year ended 31 December 2013
(Euros)

	Notes	Total 2013	Total 2012
CASH FLOWS FROM OPERATING ACTIVITIES (I)		**21,019,701**	**7,122,071**
Profit/(Loss) for the year before tax		**1,485,604**	**(2,563,910)**
Adjustments for:			
- Depreciation and amortisation charge	5	4,366,555	3,573,963
- Impairment and gains or losses on disposals of non-current assets	5	8,103,554	14,200,863
- Impairment of and charges in allowances for trade receivables	14	48,085	28,119
- Recognition of grants in profit or loss	10	(108,717)	(108,717)
- Finance income		(2,271,319)	(2,220,703)
- Finance costs		550,882	292,602
- Other income and expenses		63,041	-
Changes in working capital			
- Inventories			
- Trade and other receivables		8,773,527	(6,166,423)
- Prepayments and accrued income		-	1,327,033
- Trade and other payables		(1,393,523)	303,274
- Other financial assets		-	(6,111)
Other cash flows from operating activities			
- Interest paid		(550,882)	(292,602)
- Interest received		1,952,894	791,805
- Income tax paid		-	(2,037,122)
CASH FLOWS FROM INVESTING ACTIVITIES (II)		**(4,240,942)**	**(64,564,029)**
Payments due to investment			
- Related companies		-	(29,684,353)
- Financial assets		(5,154)	(89,885)
- Investment property	5	(4,269,296)	(34,789,791)
Proceeds from disposals			
- Investment property		20,976	-
- Other financial assets		12,532	-
CASH FLOWS FROM FINANCING ACTIVITIES (III)		(16,310,804)	34,803,959
Proceeds and payments relating to financial liability instruments (IV)			
- Proceeds from loan to related parties		(9,988,132)	-
- Repayments of loan to related parties		6,654,218	25,393,232
- Repayment of payables to related companies		(10,455,050)	10,455,050
- Bank borrowings	11	(2,526,510)	(1,168,159)
- Other financial liabilities	11	4,670	87,400
- Other payables	11	-	36,436
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		**467,955**	**(22,637,999)**
Cash and cash equivalents at beginning of year		225,508	22,863,507
Cash and cash equivalents at end of year		693,463	225,508

The accompanying Notes 1 to 19 are an integral part of the consolidated financial statements for 2013

Notes to the consolidated financial statements for the year ended 31 December 2013

Note 1 - General information

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

The Company is a "Société Anonyme" incorporated on 1 December 2011 for an unlimited period of time and is 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 Spanish Law 11/2009 of 26 October, amended by the Spanish Law 16/2012 of 27 December.

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

1. Flexibility of entry and of property-holding criteria: there is no minimum to the number of properties that must be contributed in the incorporation of a REIT, except in the case of housing units, where a minimum contribution of eight is required. Properties must remain on the Company's balance sheet for a minimum period of 3 years, instead of the seven-year period required previously.
2. Lower capital requirements and unrestricted leverage threshold: the minimum capital required has been reduced from EUR 15 million to EUR 5 million, eliminating the restriction on the maximum debt limit of the property investment vehicle.
3. Decrease in distribution of dividends: before this Law came into force, the obligatory distribution of profit was 90%, and this obligation was reduced to 80% from 1 January 2013.
4. A 0% corporate income tax rate was established for REITs. However, when the dividends paid by the REIT to its shareholders with an ownership interest of more

than 5% are exempt or taxed at a rate below 10%, the REIT will be subject to a special charge of 19%, which shall be treated as corporate income tax on the amount of the dividend paid to the shareholders. If it applies, this special charge must be paid by the REIT within two months after the dividend payment date.

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.

The Company was incorporated by means of a contribution in kind operation, through which the shareholders of the two Subsidiaries contributed all their shares to the Company (equity), 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 operation, 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 was divided into 4,452,197 shares with a nominal value of EUR 60.10 each. There are no different classes 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 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 Euro clear and Clear stream under common code number 072069463. The ISIN code of the shares of the Company is LU0720694636 and the CBL long name SHS SAINTCROIX HOLDING IMMOBILIER S. A.

During the financial year 2012, there has been no corporate operation affecting the Share Capital of the Company. During the financial year 2013, there has been no corporate operation affecting the Share Capital of the Company except for the operation explained under the note 9.1 with regards to the acquisition and disposal of 1,700 shares of the Company.

Merger operation carried out during the financial year 2013

During the financial year 2013 the merger of the Subsidiaries of the Company, COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U. (CIBRA as absorbing company) and COMPAÑÍA IBÉRICA DE RENTAS URBANAS 2009 SOCIMI, S.A.U. (CIRU as absorbed company) has been carried out. The main characteristics of the merger have been approved by the sole director of both companies on 20 June 2013 and are summarized as follows:

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

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

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

- The capital increase was performed by increasing the share capital of COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U. (absorbing company) by EUR

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

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

The detail of the new Net Equity of COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U. after the merger is as follows (out of EUR 1,739,816 for capital grants):

	EUR
Capital Share	257,160,000
Reserves	2,808,910
Results (2012 financial year)	199,922
Net Equity (retrospective effect 1 January 2013)	**260,168,832**

Once the merger agreement is approved, the Spanish Company has exercise the option of applying the tax neutrality regime as per the Chapter VIII, Title VII of the Spanish Legislative Royal Decree 4/2004 dated on 5 March 2013 that approved the revised text of the Spanish Corporate Income Tax Law. The Directors granted a single power to the Sole Administrator of both Subsidiaries to implement and carry out the needed measures to perform the described merger before 30 June 2013.

Given the mentioned merger operation, the consolidated financial statements as at 31 December 2013 will be referred to COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U. as the unique Subsidiary of the Company which includes all the activity and operations of COMPAÑÍA IBÉRICA DE RENTAS URBANAS 2009 SOCIMI, S.A.U. since 1 January 2013.

The Company engages mainly in the ownership and operation of leased assets.

The Directors Marco Colomer and Ismael Dian gave their authorization to issue consolidated financial statements for the year ended 31 December 2013 on 22 April 2014.

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.

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

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

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

2.1.3 Preparation of the 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.

These estimates relate basically to the following:

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

- The useful life of property assets. Given the type of assets which are included in the portfolio of investments of the Group, (Hotels, Commercial premises and offices), the Group considers that the useful life of the mentioned assets is assessed by reference to the experience of similar assets at the construction or acquisition date and is determined by the Group, based on comparable assets for properties of the same characteristics of use, size and real estate segment. The Group depreciates its assets based on its years of estimated useful life, taking into consideration as a basis of depreciation the historical cost values of the assets, increased by any new investments when they lead to an increase in the assets' added value or estimated useful life.

As indicated in Note 1, the Group performs its real estate activity through its subsidiary. Over 80% of the assets of the Group are Real Estate assets for rent.

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

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

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

- The operating lease contracts. The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.
- Grants. The Group accounts for grants, donations and legacies received from third parties other than the owners as follows:
    - Non-refundable grants, donations and legacies related to assets: these are measured at the fair value of the amount or the asset received, based on whether or not they are monetary grants, and they are taken to income in proportion to the period depreciation taken on the assets for which the grants were received or, where appropriate, on disposal of the asset or on the recognition of an impairment loss.
    - Refundable grants: while they are refundable, they are recognized as a liability.
- The calculation of provisions and contingencies. The financial statements include all the provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognized in the financial statements, but rather are disclosed, unless the possibility of an outflow in settlement is considered to be remote. Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences. Where discounting is used, adjustments made to provisions are recognized as interest cost on an accrual basis. When preparing the financial statements, the Group's Directors made a distinction between:
    - Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain as to its amount and/or timing will be required to settle the obligations; and

  - Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Company's control.
- Current/Non-current classification. Current assets are assets associated with the normal operating cycle, which in general is considered to be one year; other assets which are expected to mature, be disposed of or be realized within twelve months from the end of the reporting period and cash and cash equivalents. Assets that do not meet these requirements are classified as non-current assets. Similarly, current liabilities are liabilities associated with the normal operating cycle and, in general, all obligations that will mature or be extinguished at short term. All other liabilities are classified as non-current liabilities.
- The estimation of the corporate income tax. Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could need future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective Group Company’s domicile.
- Revenue and expense recognition.
  - Revenue and expenses are recognized on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.
  - Revenue from sales is recognized when the significant risks and rewards of ownership of the goods sold have been transferred to the buyer, and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
  - Interest income from financial assets is recognized using the effective interest method and dividend income is recognized when the shareholder's right to receive payment has been established. Interest and dividends from financial assets accrued after the date of acquisition are recognized as income.
  - Property rental income is recognized on an accrual basis and the difference between the billings made and the income recognized on this basis is recognized under "Current Prepayments and Accrued Income" and "Current Accruals and Deferred Income".

- Related party transactions. The Group performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Company's sole director considers that there are no material risks in this connection that might give rise to significant liabilities in the future. Moreover, all the cash generated by the Group (through its Subsidiary) is borrowed to the upper Group on an arm's length basis as well. All the interest paid or received by the Group is based on operating activities since the Group does not carry out financial activity. The entire cash surplus generated by the Subsidiary is borrowed to the rest of companies of the Group for their normal activities out of the financial one.

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

a) The Group has adopted the following new and amended IFRS as of 1 January 2013:

- Amendment to IAS 1, 'financial statement presentation', regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially classifiable to profit or loss subsequently (reclassification adjustments).
- Amendment to 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.

b) New and amended standards mandatory for financial year beginning 1 January 2013 but currently not relevant to the Group:

- Amendment to IFRS 7, 'financial instruments Disclosures', on asset and liability offsetting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.
- Amendment to IFRS 1, 'First time adoption', on government loans. This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008.
- Amendments to IAS 32, 'Financial instruments: Presentation', on asset and liability offsetting. These amendments are to the application guidance in IAS 32, 'financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. Amendment to IFRIC 20, 'Stripping

costs in the production phase of a surface mine'. This interpretation sets out the accounting for overburden waste removal (stripping) cost in the production phase of a mine. The interpretation may require mining entities reporting under IFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body.

- Amendment to IAS 12, 'Deferred tax – recovery of underlying assets'. The IASB has amended IAS 12, 'income taxes' to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value.

c) The following new and amended standards have been issued and are mandatory for the group's accounting periods beginning after 1 January 2013 or later periods and are expected to be relevant to the Group:

- Amendment to IAS 27 (revised 2011), 'Separate financial statements'. IAS 27 (Revised 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
- Amendment to IAS 28 (Revised 2011), 'Associates and joint ventures'. IAS 28 (Revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
- Amendment to IFRS 11, 'Joint arrangements'. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.
- Amendment to IFRSs 10, 11 and 12 on transition guidance. These amendments provide additional transition relief to IFRS 10, 11 and 12, limiting the requirement to provide adjusted comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.
- Amendment to IFRS 12, 'Disclosures of interests in other entities'. IFRS 12 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.
- IFRS 10 'Consolidated financial statements'. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply

the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.

- Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment entities. These amendments mean that many funds and similar entities will be exempt from consolidating most of their Subsidiary. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make.
- Amendments to IAS 36, 'Impairment of assets on recoverable amount disclosures'. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

d) Standards and interpretations not yet effective and which are not expected to be relevant for the group.

Standards/ Interpretation	**Content detail**	**Effective date**
IAS 39	Financial instruments: Recognition and Measurement, amendment to IAS 39 'Novation of derivatives'	1 January 2014
IFRIC 21	'Levies'	1 January 2014
IFRS 9*	'Financial instruments'	1 January 2015

*IFRS 9 has not been yet adopted by the European Union

The directors have assessed that the implementation of the applicable standards will have no material impact on the consolidation financial statements, except for the amendment to IFRS 10. If the Fund is qualified as an investment entity, no consolidated financial statements will be prepared in the subsequent years.

e) Early adoption of standards :

- The Group did not early adopt any new amended standards in 2013.

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, in 2012 the Company owned 100% of the shares of the following subsidiaries:

- COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U ("CIBRA");
- COMPAÑÍA IBÉRICA DE RENTAS URBANAS 2009, SOCIMI, S.A.U ("CIRU")

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

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

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

This treatment has the following implications for the year ended 31 December 2011:

- 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 following adjustment was required in order to reflect the common control presentation of the consolidated financial statements:
    - Elimination of the participation of the Company in the subsidiaries under common control. The remaining difference is recorded in equity as reserve.

Following the merger of the two subsidiaries described in note 1, the Company owns 100% of the shares of COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U., as at 31 December 2013.

2.1.5 Consolidation

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

Note 3 - Accounting policies and measurement basis

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

3.1 Investment property

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

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

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

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

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

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

The Group invests in different type of assets (hotels, offices and commercial premises). Strategy of investment followed by Management is driven by two main objectives: invest in prime assets, in prime locations and with the intention to hold the assets for a long period (no differentiation is done between assets). On this basis, Management considers that depreciation on 50 years for all type of assets is correct since all of the buildings have a maintenance program (preventive and corrective) to ensure that the useful life of each is not affected.

With regards to the depreciation of assets, it is important to point out that during the financial year 2012, the Subsidiary; CIBRA changed the amortization procedure applied on lease assets until 31 December 2011. The change in the depreciation procedure was adjusted in the Financial Statements of the Subsidiary at 31 December 2012. At this respect:

Procedure applied until 31 December 2011

The Subsidiary was incorporated through a spin off operation of a company named Isla Canela, S.A. This operation took place on 29 December 2009, segregating part of its equity and Real Estate Assets which were transferred in block to the Subsidiary. The Real Estate Assets value was based on an independent external and expert valuator appointed by the Official National Companies Registrar. The new company (CIBRA) received, at market value, certain leased assets of Isla Canela, S.A. with a value of EUR 103.84 million.

The detail of assets and its market value in comparison to the cost value (in Isla Canela, S.A.) is the following:

	(1)	(2)		
	Market Value	**Gross Book Value**	**Accumulated Depreciation**	**Net Book Value**
Hotel Iberostar Isla Canela	23,700,000	24,692,846	(6,334,286)	18,358,560
Hotel Playa Canela	15,900,000	20,032,885	(5,047,950)	14,984,935
Hotel Riu Atlántico (Meliá)	29,200,000	26,796,243	(8,128,536)	18,667,707
Hotel Vincci Selección Canela Golf	4,700,000	6,027,947	(1,880,630)	4,147,317
Hotel Barceló Isla Canela	23,700,000	15,344,486	(8,253,750)	7,090,736
Marina Isla Canela Shopping Center	4,700,000	2,125,587	(327,242)	1,798,345
Office at Gran Via 1, Madrid	1,940,000	448,849	(74,195)	374,654
Total	**103,840,000**	**95,468,843**	**(30,046,589)**	**65,422,254**

(1) Data of initial cost in CIBRA at its incorporation date in December 2009 (market value)
(2) Data of exit cost in Isla Canela, S.A. in December 2009 (spin off operation)

Since its incorporation and with accounting effect 1 January 2009 and until 31 December 2011 (three years), the Subsidiary depreciated its assets based on the initial estimated useful life detailed below, taking into consideration, as a basis of depreciation, the historical cost values of the assets (gross book value in Isla Canela, S.A. (column 2), increased by any new investments made by CIBRA, when the mentioned new investments leads to an increase in the assets' added value or estimated useful life. It means that the depreciation cost included in the profit and loss account of CIBRA in 2009, 2010 and 2011 was calculated considering this procedure instead of the new cost (market value) of CIBRA (column 1) at its incorporation plus the new investments made.

The depreciation rates used for these purposes were as follows according to the useful life of each asset:

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

Procedure applied since 1 January 2012

During 2012, in order to define and calculate as better as possible, the depreciation of every kind of assets in CIBRA, the Subsidiary decided to change its Real Estate Assets depreciation method as follows:

- Accounting effectiveness date: 1 January 2012
- Retrospective calculation effectiveness date: 1 January 2009
- Base of depreciation:
  - Land: The amount corresponding to land is not subject to depreciation in any method
  - Buildings: The market value of the total Real Estate Assets (EUR 103.84 million) at the incorporation of the Subsidiary less the market value of the land (included in the independent valuation) less the gross book value of the rest of assets as they were recorded in Isla Canela, S.A. at the incorporation of the date of the spin off
  - Rest of assets: Gross book value in Isla Canela, S.A.
- Depreciation Rates:
  - Land: Not applicable
  - Buildings: Years of useful life remaining after amortization since its acquisition or construction date. [If at the end of 2011 the remaining useful life of a building is 45 years, it will be amortized during 45 years (on a straight line basis)]
  - Rest of assets: Years of useful life remaining after amortization since its acquisition or construction date. [If at the end of 2011 the remaining useful life of an asset included in this item is 2 years, it will be amortized during 2 years (on a straight line basis)]

Conclusion derived from the change of depreciation procedure applied on Real Estate Assets of the Subsidiary - The final effect in the profit and loss account of the Subsidiary (CIBRA) as result of the change affecting the depreciation method applied was not relevant given that the most part of the revalorization of assets coming from the independent valuation has been focused on the "Land" which is not subject to depreciation. The depreciation cost accounted in the profit and loss account of the Subsidiary (CIBRA) as at 31 December 2012, considering the retrospective effect (since 1 January 2009), amounted up to EUR 1,256,323. Should the change of methodology would not have been applied, the results of the Subsidiary as at 31 December 2012 would have decreased by EUR 662,287 since the depreciation cost would have amounted up to EUR 1,918,610.

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

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

<u>Impairment of investment property</u>

Whenever there are indications of impairment, the Company (through its Subsidiary) tests the investment property for impairment to determine whether the recoverable amount of the assets has been reduced to below their carrying amount. Recoverable amount is the higher of fair value less costs to sell and value in use.

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

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

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

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

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

- **Capitalization method**

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

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

- **Discounted Cash Flow method**

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

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

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

Where it is necessary to 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 the consolidated statement of profit or loss and other comprehensive income on an accrual basis.

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

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

Initial recognition

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

Subsequent measurement

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

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 Provision and Contingent liabilities

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

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

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

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

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

3.4 Income tax

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

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

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

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

Deferred tax assets and liabilities are the amounts expected to be recoverable or payable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax bases used in calculating the taxable profit. They are recognized using the balance sheet liability method and are quantified at the tax rates that are expected to apply in the period when the asset is 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 Subsidiary CIBRA (REITs regime), following their amendment by Law 16/2012, of 27 December is based on the application of a 0% income tax charge provided that they meet certain requirements. These requirements include most notably the need for at least 80% of their assets to consist of either urban properties earmarked for lease and taken into full ownership or investments in companies that meet the same investment and profit distribution requirements, whether Spanish or foreign, whether listed or not on organised markets. Also, the main sources of revenue of these entities must be the property market, whether through rent, the subsequent sale of properties after a minimum rental period or from income from investments in entities with similar characteristics. However, income tax accrues in proportion to the dividends distributed by the Subsidiary. Dividends received by shareholders are tax-exempt, unless the recipient is a legal entity subject to income tax, or a permanent establishment of a foreign entity, in which case a tax credit will be taken on the gross tax payable so that the income will be taxed at the rate applicable to the shareholder. However, all other income will not be taxed provided that it is not distributed to shareholders.

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

3.5 Revenue recognition

Revenue and expenses are recognized on an accrual basis.

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

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

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

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

3.6 Termination benefits

Under current legislation in Spain, the Subsidiary is required to pay termination benefits to employees terminated under certain conditions. Therefore, termination benefits that can be reasonably quantified are recognized as an expense in the year in which the decision to terminate the employment relationship is taken and valid expectations are created on the part of third parties. At 31 December 2013, no terminations were expected that would require recognizing a provision.

3.7 Grants related to assets

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

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

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

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

3.8 Borrowing costs

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

3.9 Profit from operations

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

3.10 Related party transactions

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

3.11 Costs relating to issuing and equity transactions

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

Note 4 - Segmental information

For investment property, discrete financial information is provided on a property-by property bases on the board of Directors, which is the chief operating decision maker. As result, each investment is viewed as a reportable segment.

From a geographical point of view, the most part of revenues are generated in Madrid and Huelva (all of them in Spain). At this respect, Madrid has increased its contribution to the total revenues by 4 points to the detriment of Huelva. The detail of the weight of the revenues is as follows:

	2013		2012	
Location	**Revenues**	**%**	**Revenues**	**%**
Madrid	7,808,740	51%	7,737,336	47%
Huelva	5,761,049	38%	7,290,267	44%
Castellón	1,456,131	10%	1,188,626	7%
Cáceres	190,086	1%	276,241	2%
Total	**15,216,006**	**100%**	**16,492,470**	**100%**

As shown in above table, the Group locate the most part of the activity in Madrid and Huelva (89% in 2013 versus 91% in 2012) although the weight of Huelva in the total activity has decrease in 2013 as well as it decreased in 2012. The weight of revenues coming from the activity in Madrid has increased again from the 41% in 2011 to the 51% in 2013 (47% in 2012) according to the strategy of the Company to reinforce the investment in prime time zones.

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

	2013		2012	
Type of asset	**M2**	**Occupancy rate**	**M2**	**Occupancy rate**
Hotels	88,756	100.00%	118,457	100.00%
Offices	24,515	39.59%	24,488	35.91%
Commercial premises	17,709	87.21%	21,666	60.14%
Total	**130,980**	**87.37%**	**164,611**	**85.22%**

Revenues have fallen down by 8% but the occupancy rate has increased 2 points from 85.22% in 2012 to 87.37% in 2013.

It is important to point out that 53% of revenues are generated from hotels assets (60% in 2012), 12% from offices assets (10% in 2012) and 34% from commercial premises (30% in 2012) with an occupancy rate of 87.37% (85.22% in 2012) on an average basis. Hotels are fully rented as well as in 2012; offices are partially rented with a rate of 39.59% (35.91% in 2012). Commercial premises are rented at 87.21% (60.14% in 2012). Management of the Company consider that the occupancy rate will be increased during 2014 to get between 90 and 95%.

In 2013, revenues have kept quite similar to the revenues obtained in 2012 with a slight decrease of 8% mainly motivated by the change of lease conditions in some assets (mainly hotels).

The detail of revenues, square meters and occupancy rate per assets and activity in 2013 in comparison to 2012 is as follows:

	2013				2012			
Property	**Revenues**	**%**	**M2**	**Occup. rate**	**Revenues**	**%**	**M2**	**Occup. rate**
Meliá Atlántico Hotel	1,125,613	7.40%	20,116		1,840,773	11.16%	30,311	
Barceló Isla Canela Hotel	1,991,929	13.09%	17,756		1,930,500	11.71%	20,494	
Tryp Atocha Hotel	1,403,864	9.23%	8,621		1,749,500	10.61%	9,229	
Iberostar Isla Canela Hotel	1,301,768	8.56%	18,114		1,938,043	11.75%	27,500	
Tryp Cibeles Hotel	1,177,477	7.74%	6,881		1,139,826	6.91%	6,495	
Playa Canela Hotel	1,018,585	6.69%	13,408		1,024,553	6.21%	20,050	
Isla Canela Golf Hotel	88,092	0.58%	3,860		274,291	1.66%	4,378	
Hotels	**8,107,328**	**53.28%**	**88,756**	**100.00%**	**9,897,486**	**60.01%**	**118,457**	**100.00%**
Pradillo, 42	1,521,761	10.00%	7,345		1,472,017	8.93%	7,252	
Sanchinarro VI	2,360	0.02%	4,179		-	-	4,272	
Sanchinarro VII	9,400	0.06%	3,286		-	-	3,399	
Coslada III	6,006	0.04%	4,499		-	-	4,499	
Vallecas Comercial I	8,030	0.05%	3,390		1,200	0.01%	3,282	
Gran Vía 1 - 2º Right	102,160	0.67%	542		83,485	0.51%	530	
Gran Vía 1 - 1º Right	112,900	0.74%	542		90,032	0.55%	554	
Gran Vía 1 – 2º Left	93,979	0.62%	461		74,677	0.45%	430	
Sanchinarro V	-	-	271		-	-	270	
Offices	**1,856,596**	**12.20%**	**24,515**	**39.59%**	**1,721,411**	**10.44%**	**24,488**	**35.91%**
Gran Vía, 34	2,542,788	16.71%	3,348		2,482,026	15.05%	3,231	
Plaza de España	1,456,131	9.57%	2,858		1,188,626	7.21%	3,350	
San Antón 25 and 27	190,087	1.25%	1,736		276,241	1.67%	1,736	
Vallecas Comercial II	165,600	1.09%	3,370		13,800	0.08%	3,370	
Marina Isla Canela Shop. Centre	235,062	1.54%	2,442		257,430	1.56%	6,119	
Albalá 7	233,934	1.54%	1,521		226,609	1.37%	1,522	
Gran Vía 1 - 1º Left	103,073	0.68%	442		112,993	0.69%	461	
Dulcinea 4	111,506	0.73%	1,037		113,875	0.69%	922	
Caleruega	101,200	0.67%	362		96,400	0.58%	362	
Rutilo	83,244	0.55%	593		80,896	0.49%	593	
Commercial premises	**5,222,625**	**34.32%**	**17,709**	**87.21%**	**4,848,896**	**29.40%**	**21,666**	**60.14%**
Total rent revenues	**15,186,549**	**99.81%**	**130,980**	**87.37%**	**16,467,793**	**99.85%**	**164,611**	**85.22%**
Other revenues	29,457	0.19%	-	-	24,677	0.15%	-	-
Total	**15,216,006**	**100.00%**	**130,980**	**87.37%**	**16,492,470**	**100.00%**	**164,611**	**85.22%**

The following table shows the geographical breakdown of rental revenue and total assets (fair and net book value), as reported under Note 5 "Investment property" for the financial year 2013 in Euro.

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

In addition, the detail as at 31 December 2012 is as follows (in Euro):

	Revenues	%	Net Book Value	Market Value	Unrealised Gains
Barceló Isla Canela Hotel	1,930,500	11.71%	21,428,937	24,428,000	2,999,063
Meliá Atlántico Hotel	1,840,773	11.16%	28,653,000	28,653,000	-
Iberostar Isla Canela Hotel	1,938,043	11.75%	21,411,927	21,439,000	27,073
Marina Isla Canela Shop. Center	257,430	1.56%	2,614,000	2,614,000	-
Playa Canela Hotel	1,024,553	6.21%	13,878,000	13,878,000	-
Isla Canela Golf Hotel	274,291	1.66%	3,555,000	3,555,000	-
Huelva	**7,265,590**	**44.05%**	**91,540,864**	**94,567,000**	**3,026,136**
Pradillo 42	1,472,017	8.93%	16,571,000	16,571,000	-
Gran Vía 1-2º Right	83,485	0.51%	1,480,230	1,480,230	-
Tryp Cibeles Hotel	1,139,826	6.91%	19,678,000	19,678,000	-
Tryp Atocha Hotel	1,749,500	10.61%	24,015,000	24,015,000	-
Gran Vía 1-1º Right	90,032	0.55%	1,865,770	1,865,770	-
Gran Vía 1-2º Left	74,677	0.45%	1,725,000	1,725,000	-
Gran Vía 1-1º Left	112,993	0.69%	1,778,000	1,778,000	-
Vallecas Comercial II	13,800	0.08%	3,660,342	3,660,342	-
Dulcinea 4	113,875	0.69%	1,359,000	1,359,000	-
Albalá 7	226,609	1.37%	2,614,000	2,614,000	-
Gran Vía 34	2,482,026	15.05%	20,520,966	47,824,000	27,303,034
Caleruega	96,400	0.58%	975,064	1,255,000	279,936
Rutilo	80,896	0.49%	1,046,000	1,046,000	-
Sanchinarro V	-	-	644,450	644,450	-
Sanchinarro VI	-	-	10,396,703	10,396,703	-
Sanchinarro VII	-	-	8,010,247	8,010,247	-
Vallecas Comercial I	1,200	0.01%	3,910,085	3,910,085	-
Coslada III	-	-	6,740,472	6,740,472	-
Madrid	**7,737,336**	**46.91%**	**126,990,329**	**154,573,299**	**27,582,970**
Pza. España	1,188,626	7.21%	11,082,000	11,082,000	-
Castellón	**1,188,626**	**7.21%**	**11,082,000**	**11,082,000**	**-**
San Antón 25 and 27	276,241	1.67%	3,451,000	3,451,000	-
Cáceres	**276,241**	**1.67%**	**3,451,000**	**3,451,000**	**-**
Other revenues	24,677	0.15%	-	-	-
Total	**16,492,470**	**100.00%**	**233,064,193**	**263,673,299**	**30,609,106**

The split of each type of asset value within the total fair market value and net book value of the Company is shown as follows (2013 in comparison to 2012):

Type of asset	2013		2012	
	Fair Value	Net Book Value	Fair Value	Net Book Value
Hotels	50.91%	57.47%	51.45%	56.90%
Offices	18.44%	21.45%	19.47%	22.03%
Commercial premises	30.66%	21.08%	29.08%	21.07%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

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

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

(1) excluding impairment losses effect

31 December 2012	**Hotels**	**Offices**	**Commercial**	**Others**	**Total**
Revenues	9,897,487	1,721,411	4,848,896	24,677	16,492,471
Overheads	(2,786,202)	(193,297)	(337,875)	(999)	(3,318,373)
EBITDA	**7,111,285**	**1,528,114**	**4,511,021**	**23,678**	**13,174,098**
% on revenues	***71.85%***	***88.77%***	***93.03%***	***95.95%***	***79.88%***
Depreciation and amortisation charge	(2,320,337)	(453,036)	(800,592)	-	(3,573,965)
Allocation of grants	108,717	-	-	-	108,717
Result from operations I	**4,899,665**	**1,075,078**	**3,710,429**	**23,678**	**9,708,850**
% on revenues	***49.50%***	***62.45%***	***76.52%***	***95.95%***	***58.87%***
Impairment losses	(6,556,877)	(1,824,848)	(5,819,139)	-	(14,200,864)
Result from operations II	**(1,657,212)**	**(749,770)**	**(2,108,710)**	**23,678**	**(4,492,014)**
Financial result	1,097,143	424,760	406,200	-	1,928,103
Income tax	(18,766)	(3,264)	(9,194)	(47)	(31,270)
Net result	**(578,835)**	**(328,273)**	**(1,711,704)**	**23,631**	**(2,595,181)**
% on revenues (1)	***60.40%***	***86.94%***	***84.71%***	***95.76%***	***70.37%***

(1) excluding impairment losses effect

Note 5 - Investment property

The changes in "Investment Property" in the balance sheet in 2013 and 2012 and the most significant information affecting this line item were as follows (in euro):

2013:

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

2012:

	EUR			
Investment property	**Balance as at 31.12.11**	**Additions**	**Disposals/ reversals**	**Balance as at 31.12.12**
Cost: Properties for rental/lease	234,755,643	34,789,791	-	269,545,434
Total cost	**234,755,643**	**34,789,791**	**-**	**269,545,434**
Accumulated depreciation: Properties for rental/lease	(13,860,467)	(3,573,963)	-	(17,434,430)
Total accum. depreciation	**(13,860,467)**	**(3,573,963)**	**-**	**(17,434,430)**
Accumulated impairment losses: Properties for rental/lease	(4,845,946)	(15,011,896)	811,033	(19,046,809)
Total impairment losses	**(4,845,946)**	**(15,011,896)**	**811,033**	**(19,046,809)**
Investment property, net	**216,049,230**	**16,203,932**	**811,033**	**233,064,195**

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

During the financial year 2012, the main additions recognized in "Investment Property" relate to the purchase from a related company (Promociones y Construcciones, PYC, PRYCONSA, S.A.), of various property assets in six completed developments located in Sanchinarro, Vallecas and Coslada (Madrid), with the intention of being leased by the Subsidiary as offices. The acquisition cost of these properties was EUR 33,974,585, which was paid in cash by cheque (see Note 7 and 16.1). This acquisition cost was determined through appraisals of the properties conducted by independent valuators not related to the Company (TASASUR and TINSA).

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

Fair valuation:

The best evidence of fair value is current prices in an active market for similar assets. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgment, the Group considers information from a variety of sources including:

i. Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

ii. Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

iii. Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

In 2013 and 2012, Management decided to utilise valuations from external independent valuators (CBRE Valuation Advisory, S.A.) in order to determine market value of its real estate investments. The fair values of investment properties are determined by the latter using discounted cash flow valuation or other valuation techniques (which corresponds to level 3 of the fair value hierarchy in accordance with IFRS 13). A cash flow period of 10 years is taken into consideration and is based on an estimate of the future potential net income generated by use of the properties. External valuators use assumptions that are mainly based on market conditions existing at each balance sheet date.

The principal assumptions for the estimation of fair value are those related to: the potential use of the asset, the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. Fair value is the highest value, determined from market evidence, by considering any other use that is financially feasible, justifiable and reasonably probable. The different methodology and key features are described in note 3.1.

The Management estimates that a decrease of 1% in the yields would imply a decrease of the market value of investment properties by EUR 21 Million while an increase of 1% would imply an increase by EUR 58 Million.

The detail of the assets on which an impairment loss was recognised at 31 December 2013 is as follows:

Properties	2013	2012
Tryp Atocha Hotel	1,677,211	4,593,608
Premises at Plaza España (Castellón)	729,345	3,811,786
Meliá Atlántico Hotel	1,587,780	1,151,592
Marina Isla Canela Shopping Centre	206,619	1,029,184
Iberostar Isla Canela Hotel	1,539,483	-
Albalá 7	7,251	-
Gran Vía 1 - 1º Right	-	843,819
Playa Canela Hotel	271,805	772,005
Gran Vía 1 - 2º Right	15,711	655,270
Gran Vía 1 - 1º Left	-	519,817
Gran Vía 1 - 2º Left	335,334	406,437
San Antón 25 and 27 (Cáceres)	90,809	281,338
Vallecas Comercial I	488,924	-
Vallecas Comercial II	14,616	241,337
Isla Canela Golf Hotel	37,101	230,369
Coslada III	401,313	192,616
Rutilo	144	142,605
Sanchinarro V	33,521	-
Sanchinarro VI	952,072	-
Sanchinarro VII	522,346	140,113
Total impairment losses recognised (in EUR)	**8,911,385**	**15,011,896**

The detail of the assets on which a reversal of impairment was recognised at 31 December 2013 is as follows:

Properties	2013	2012
Pradillo, 42	281,217	413,407
Tryp Cibeles Hotel	11,221	190,697
Albalá 7	-	117,594
Gran Vía 1 - 1º Left	39,697	-
Gran Vía 1 - 1º Right	44,782	-
Caleruega	406,437	-
Dulcinea 4	24,477	89,335
Total impairment losses reversed (in EUR)	**807,831**	**811,033**

The reversal of impairment losses are based on the valuators reports by comparing the market value with the net book value at the same date only in case that the impairment losses were recorded in prior years. 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.

Also, in accordance with the appraisals conducted, the fair value of the investment property gives rise to an unrecognised unrealised gain (by comparing the updated market gross fair value and the carrying amount) of EUR 36,655,861, associated, mainly, with the premises located at Gran Vía, 34, Caleruega, (both in Madrid) and the Barceló Isla Canela Hotel in Ayamonte (Huelva).

The fair value, detailed per property, of the investment property at the end of 2013 is as follow (in euros):

Property	2013	2012
Gran Vía, 34	52,670,000	47,824,000
Meliá Atlántico Hotel	28,630,000	28,653,000
Barceló Isla Canela Hotel	24,428,000	24,428,000
Tryp Atocha Hotel	21,645,000	24,015,000
Iberostar Isla Canela Hotel	21,445,000	21,439,000
Tryp Cibeles Hotel	19,680,000	19,678,000
Pradillo, 42	16,571,000	16,571,000
Playa Canela Hotel	13,450,000	13,878,000
Sanchinarro VI	9,057,000	10,396,703
Sanchinarro VII	7,205,000	8,010,247
Coslada III	6,245,000	6,740,472
Vallecas Comercial I	3,369,000	3,910,085
Vallecas Comercial II	3,612,000	3,660,342
Isla Canela Golf Hotel	3,603,000	3,555,000
San Antón 25 and 27 (Cáceres)	3,295,000	3,451,000
Marina Isla Canela Shopping Centre	2,355,000	2,614,000
Albalá 7	2,562,000	2,614,000
Gran Vía 1 - 1º Right	1,726,000	1,865,770
Plaza España (Castellón)	10,150,000	11,082,000
Gran Vía 1 - 2º Right	1,808,000	1,725,000
Gran Vía 1 - 2º Left	1,538,000	1,480,230
Caleruega	1,224,000	1,255,000
Dulcinea 4	1,359,000	1,359,000
Gran Vía 1 - 1º Left	1,778,000	1,778,000
Rutilo	1,025,000	1,046,000
Sanchinarro V	605,000	644,450
Total fair value (in EUR)	**261,035,000**	**263,673,299**

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

Properties	2013	2012
Meliá Atlántico Hotel	20,116	30,311
Iberostar Isla Canela Hotel	18,114	27,500
Barceló Isla Canela Hotel	17,756	20,494
Playa Canela Hotel	13,408	20,050
Isla Canela Golf Hotel	3,860	4,378
Tryp Atocha Hotel	8,621	9,229
Pradillo, 42	7,345	7,252
Tryp Cibeles Hotel	6,881	6,495
Marina Isla Canela Shopping Centre	2,442	6,119
Coslada III	4,499	4,499
Sanchinarro VI	4,179	4,272
Sanchinarro VII	3,286	3,399
Vallecas Comercial II	3,370	3,370
Plaza España (Castellón)	2,858	3,350
Vallecas Comercial I	3,390	3,282
Gran Vía, 34	3,348	3,231
San Antón, 25 and 27 (Cáceres)	1,736	1,736
Albalá, 7	1,521	1,522
Dulcinea, 4	1,037	922
Rutilo	593	593
Gran Vía, 1 – 1º Right	542	554
Gran Vía, 1 - 2º Right	542	530
Gran Vía, 1 – 1º Left	442	461
Gran Vía, 1 - 2º Left	461	430
Caleruega	362	362
Sanchinarro V	271	270
Total square metres	**130,980**	**164,611**

The investment properties described above are located mainly in Madrid, Castellón, Cáceres and Isla Canela (Huelva). The Subsidiary rental asset portfolio includes five hotels located in Isla Canela (Huelva), which were mortgaged at 31 December 2013 for EUR 36,467,088 (2012: EUR 37,827,467), in relation to five mortgage loans from banks granted to Isla Canela, S.A., which is the single debtor of the principal obligations under these loans. CIBRA was incorporated as the non-debtor owner of the aforementioned registered properties.

The detail, by asset, of the outstanding mortgage loans at 31 December 2013 is as follows:

Property	Euros
Meliá Atlántico Hotel	13,737,284
Barceló Isla Canela Hotel	11,544,428
Iberostar Isla Canela Hotel	5,600,000
Playa Canela Hotel	4,576,926
Isla Canela Golf Hotel	1,008,450
Total outstanding mortgages on hotels	**36,467,088**

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. In 2013 the income earned arising from this agreement and billed to Isla Canela, S.A. amounted to EUR 99,488 (see Note 16.1).

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

In 2013 and 2012 the rental property income from investment property owned by the Group amounted to EUR 15,186,549 and EUR 16,467,793, respectively (see Note 14.1).

On 1 June 2011, the professional services agreement relating to the management, operation and administration of the RIU Atlántico Hotel was converted into a property lease agreement for hotel use. The lease agreement with RIU expired in 31 October 2012 and a new lease agreement of the hotel was entered into in May 2012 with Meliá Hotels International, S.A., expiring in May 2022, which became effective from April 2013.

At the end of 2013 there were no restrictions on making new investment property investments, on the collection of rental income there from or in connection with the proceeds to be obtained from a potential disposal thereof.

At 2013 year-end the Group had fully depreciated investment property still in use, amounting to EUR 4,680,402 (2012: 4,652,100).

There were no investment property purchase commitments or investment properties located abroad at 31 December 2013.

There are no restrictions to disposals of any of the investment properties of the Company. In addition, the Company has no planned to acquire any new investments property immediately. Obviously, the Corporate Purpose of the Company is to invest in these types of assets and it is continuously analysing new investments opportunities coming regularly into its pipeline. No new repairs or enhancements are foreseen to be implemented in short out of the normal maintenance service of the Company focussed on keeping the useful life of its real estate properties.

Note 6 - Operating leases

At 31 December 2013 and 2012, the Group had contracted with tenants for the following minimum lease payments, based on the leases currently in force, without taking into account the charging of common expenses, future increases in the CPI or future contractual lease payment revisions. 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 31-12-2013	Nominal value 31-12-2012
Within one year	13,838,539	14,163,980
Between one and five years	45,300,900	52,247,891
After five years	19,371,181	28,922,825
Total (*)	**78,510,620**	**95,334,696**

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

The main leases in force at 2013 year-end were the following:

- Lease of **Playa Canela Hotel**: the lease commenced on 15 July 2002 having been revised in 2011. It expires on 31 October 2022 and is renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.
- Lease of **Barceló Isla Canela Hotel**: the lease commenced on 1 March 2006, expires on 31 December 2022, and is renewable at the discretion of the parties. Also, the parties may terminate the agreement without incurring any penalties in 2017. In relation to future rental income, the lease provides for annual CPI-linked increases.
- Lease of **Meliá Atlántico Hotel**: the lease was arranged on 7 May 2012 and came into force in April 2013 for a term of ten years. The parties may terminate it in 2016 without incurring any penalties, provided that certain conditions are met. The lease provides for annual CPI-linked increases.
- Lease of **Iberostar Isla Canela Hotel**: the lease commenced on 1 December 2007 and was renewed in 2012. It expires on 31 October 2022 and is renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.
- Lease of **Isla Canela Golf Hotel**: the lease was arranged on 31 December 2012 with the related company Isla Canela, S.A., to commence activities on or after 14 January 2013. The term of the lease was extended until 31 December 2014. However, once the initial term has expired, the lease may be extended by three-year periods, provided that an agreement has been reached previously by the parties. The lease provides for annual CPI-linked increases.
- Lease of hotel at c/Atocha, 83, Madrid - **Tryp Atocha Hotel**: the lease commenced on 4 June 1999 and expired on 4 June 2009. It was subsequently extended until 24 March 2022, renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.
- Lease of hotel at c/Gran Vía, 34, Madrid - **Tryp Cibeles Hotel**: the lease commenced on 10 February 1998 and expired on 10 February 2008. It was subsequently extended until 15 March 2020, renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.

- Lease of premises at **Albalá, 7,** Madrid: the lease commenced on 31 July 2002 and expires on 31 July 2027. The lessee may terminate the lease in 2016 provided that twelve months' notice is given. The lease provides for annual CPI-linked increases.
- Lease of premises at **Dulcinea, 4**, Madrid: the lease commenced on 17 February 2003, was revised in 2013, expires on 17 February 2018 and is renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.
- Lease of building at **Pradillo, 42,** Madrid: the lease commenced on 27 February 2009, 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 2025. It is renewable at the discretion of the parties and can be terminated in 2020. The lease provides for annual CPI-linked increases.
- Lease of premises at **Plaza de España 5,** Castellón: the lease commenced on 1 July 2007 and expires on 18 November 2023, renewable at the discretion of the parties. The lease was revised in 2012. The lease provides for annual CPI-linked increases.
- Lease of premises at **San Antón 25 and 27**, Cáceres: The property is not currently leased. On 12 December 2013, the Subsidiary reached a settlement agreement with the former tenant, PUNT ROMA, S.L. relating to the mutual early termination of the lease in force until that date.

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

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

Exceptionally, at 31 December 2012 and as a result of having acquired various property assets in certain property developments from the related company Promociones y Construcciones, PYC, PRYCONSA, S.A. (see note 16.1), the Subsidiary has an account payable to that company, within the financing framework mentioned previously, totaling EUR 10,440,266 and recognized in 2012 under “Non-current liabilities – payables to related companies”. This account payable was settled in full in 2013.

The increase in “Loans to Group Companies” relates to the addition of EUR 3,429,328 on the loan granted to the related company COGEIN, S.L.

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

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

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

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

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

The Group's financial risk management is centralized in the Group's Financial Department and has established the mechanisms required to control exposure to exchange rate fluctuations and credit and liquidity risk. There has not been any change in the objectives, policies and process to manage risks compared to last year. The main financial risks affecting the Group are as follows:

8.1 Credit risk

The Group's credit risk is mainly due to the loan to the related company COGEIN, S.L. (see note 16.1). The corporate purpose of this company is mainly real estate and financial investments. It makes its investment activities, promotion and development with a proven track record for over 30 years, also continuing to work with banks on a regular basis. The Group is solvent and generates positive cash flow in the development of its activities. For these reasons, Group management considers that credit risk is very low or nonexistent.

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

The Group's financing needs are covered in the short term, due to its capacity to generate cash through ordinary trading operations arising from its rental assets management business and the possibility of financing with related companies. Additionally, the leases are arranged with entities of acknowledged solvency and are billed on a monthly or quarterly basis.

At this respect, in 2010 COGEIN, S.L. and the Subsidiary entered into a financing agreement whereby the latter financed the former with the surplus liquidity it would generate at market rates as a result of the performance of its activity, provided that its financing requirements were met. The term of the financing agreement is two years, automatically renewable for two-year periods. Accordingly, the next maturity date is 1 January 2016.

8.2 Liquidity risk

Liquidity risk is due to the timing mismatches between the funds required to cater for commitments relating to working capital requirements and the funds obtained from the Group's ordinary business activities.

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

8.3 Foreign currency risk

At 31 December 2013, the Group did not have any significant assets or liabilities denominated in foreign currencies and, accordingly, there is no foreign currency risk.

8.4 Interest rate risk

The Company did not have any borrowings at 31 December 2013. The Subsidiary lends its cash surplus to related companies in accordance with the financing conditions agreed upon with these companies by virtue of certain financing agreements (three-month EURIBOR plus a spread of 1.25%). Nevertheless, the Subsidiary has bank borrowings relating to loans arranged with CaixaBank (short and long term). The purpose of the loan from CaixaBank was to finance the investment in new premises located in Castellón, which were acquired in 2011. Moreover, the subsidiary has signed in 2013 a new credit line (short term) with CaixaBank in order to finance the VAT recovery that was fully paid before the year end after the recovery of the VAT amount.

The loans described above are not significant considering the financial position of the Group (total bank debt amounts up to EUR 6,981,175). 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

Considering the weighted average financial debt of the Group (related and non-related to Group) during the financial year 2013, should interest rates have been higher by 100 basis points with all other variables constant, the effect on the Group's net result would amount to KEUR 284 (positive given the positive position of net debt).

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.

Management also assessed the risk related to the insurance coverage of the investment properties. The difference between the net book value (net of land cost) and the insured value of the investment properties is estimated to EUR 60 Million for the whole portfolio. It is mainly related to certain properties (Gran Vía 34, Tryp Cibeles Hotel, Tryp Atocha Hotel, Pradillo 42 and Premises in Pza. España in Castellón) which represents 85% of the said difference. Management is currently reviewing the insurance policy to increase the insured value of these properties but still considers that the risk for the Group remains low.

Note 9 - Equity and shareholders' equity

9.1 Registered share capital

As described in Note 1, shareholder structure has been reorganized in 2011. The Company 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. As result, the share capital of the Company is represented by 4,452,197 shares with a par value of EUR 60.10 which represent an amount of EUR 267,577,039.70. The authorized capital amounts to EUR 270,000,000.

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

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

On 21 December 2011, all the shares of the Company were admitted to trading on the Luxembourg Stock Exchange. The opening share price was EUR 60.10. The share price at 2013 year-end was EUR 58.50 (2012: EUR 60.76).

As at 23 July 2013 one of the shareholders of the Company, BARMAR SIETE, S.L., sold 1,700 shares of the Company for a total amount of EUR 100,164 through the Luxembourg Stock Exchange (EUR 58.92 each). The total number of shares was acquired by the Company itself. At the date of the close of the books, the Company has no treasury shares since all of them (1,700 shares) were also sold to market through the Luxembourg Stock Exchange. The sale operation was performed as at 5 December 2013 with no effect in the results of the company as at 31 December 2013 since the selling price was fixed at EUR 58.92 each.

9.2 Legal reserve

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

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

9.3 Consolidation reserve

In order to reflect the common control presentation and the merger of the Subsidiaries, a consolidation reserve is presented in the consolidated financial statements for the year ended 31 December 2013. This consolidation reserve is the result of the following adjustments:

- The elimination of the participation of the Company in the Subsidiary amounting to a total of EUR 270,809,147 as at 31 December 2013 (2012: EUR 270,809,147) against the share capital of the Subsidiary amounting to a total of EUR 257,160,000 (2012: EUR 257,828,807). The remaining difference is amounting to EUR 13,649,147 and has been recorded in equity as follow:
  - EUR 12,980,340 as consolidation reserve being the initial consolidation difference resulting from the common control presentation;
  - EUR 668,807 as retained earnings resulting from the merger of CIBRA and CIRU.
- A merger reserve amounting to EUR 233 (see Note 1).

9.4 Distribution of profit to the Company

The Subsidiary is regulated by Spanish Real Estate Investment Trusts Law 11/2009, of 26 October, amended by Law 16/2012, of 27 December. 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:

- All the profit from dividends or shares in profits paid by the entities referred to in Article 2.1 of Law 11/2009, of 26 October.
- At least 50% of the profits arising from the transfer of property, shares or investments referred to in Article 2.1 of this Law, once the periods referred to in Article 3.3 of this Law have elapsed, used by the company to achieve its principal object. The remainder of these profits should be reinvested in other property 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, that may be allocated to years in which the company did not file tax returns under the special tax regime established in Law 11/2009, of 26 October.
- At least 80% of the rest of the profit obtained.

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, of 26 October must not exceed 20% of the share capital The bylaws of these companies may not establish any other restricted reserve.

9.5 Management of capital

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

The Subsidiary is financed mainly by equity. It may only raise funds on the credit markets in the case of new investments, by financing the acquisition of these investments through mortgage loans or by obtaining financing from related companies.

The Subsidiary is required to distribute at least 80% of its distributable profits in the form of dividends to the Sole Shareholder pursuant to Law 11/2009, of 26 October, amended by amended by Law 16/2012, of 27 December.

9.6 Voluntary reserve

Voluntary reserve is composed by the reserves of the Subsidiary (including the effect of the merger operation) generated since the incorporation of the company 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 2013 and 2012 were as follows (in EUR):

2013:

	31/12/12	Amounts used	Additions	31/12/13
Grants related to assets	1,739,816	(108,717)	-	1,631,099
Total	**1,739,816**	**(108,717)**	**-**	**1,631,099**

2012:

	31/12/11	Amounts used	Additions	31/12/12
Grants related to assets	1,848,533	(108,717)	-	1,739,816
Total	**1,848,533**	**(108,717)**	**-**	**1,739,816**

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

Grant from the Directorate General of Regional Economic Incentives for EUR 3,180 thousand to develop the area. The collection of grants included the following:

- Grant from the Directorate General of Regional Economic Incentives, amounting to EUR 1,550 thousand 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 EUR 1,106 thousand 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 EUR 490 thousand and corresponding to 14% of the investment made in a hotel in Ayamonte (Huelva).
- Grant from the Directorate General of Regional Economic Incentives, amounting to EUR 34 thousand to improve the facilities of Barceló Isla Canela Hotel in Ayamonte, (Huelva).

Except for the grant awarded to Barceló Isla Canela Hotel in 2011, the aforementioned grants were transferred to the Subsidiary from Isla Canela, S.A., since all these grants were associated with the business that was transferred.

In this regard, in 2013, EUR 108,717 was recognized as income under "Allocation to Profit or Loss of Grants Related to Non-Financial Non-Current Assets and Other Grants" in the consolidated statement of profit or loss and other comprehensive income (2012: EUR 108,717).

Note 11 - Other financial liabilities

The detail of “Other financial liabilities” at 31 December 2013 and 2012 is as follows (in EUR):

	EUR	
	31-12-13	**31-12-12**
Non-current bank borrowings	5,781,785	8,611,106
Guarantees and deposits	1,803,195	1,798,552
Total non-current payables	**7,584,980**	**10,409,658**
Current bank borrowings	1,199,965	1,215,551
Total current payables	**1,199,965**	**1,215,551**

The borrowing costs incurred on the bank borrowings in 2013 amounted to EUR 277,177 (2012: EUR 248,593) and are recognized under “Finance Costs” in the accompanying consolidated statement of profit or loss and other comprehensive income. The interest rates on the loans are set at market rates plus a fixed spread.

“Non-Current Bank Borrowings” and “Current Bank Borrowings” relate to loans arranged with Caixabank. These mortgage loans relate to loans taken out to invest in the premises acquired in 2011 in Castellón. Also, on 8 February 2013, the Subsidiary repaid the EUR 1,450,605 loan from Caja Extremadura, which mortgaged the property at San Antón, in Cáceres. At the date of execution of this transaction, the capital payments outstanding amounted to EUR 1,769,030. Accordingly, the Subsidiary recognized extraordinary income of EUR 318,425 under "Finance Income" in the accompanying consolidated statement of profit or loss and other comprehensive income.

“Guarantees and Deposits” includes the rent deposits received from customers in relation to the leases indicated in Note 6.

The detail, by maturity, at 31 December 2013 is as follows (in euros):

	2014	2015	2016	2017	2018 and Subsequent Years	Total
Bank borrowings	1,199,965	1,166,727	1,183,689	1,203,139	2,228,203	6,981,723
Rent deposits	-	-	-	-	1,803,222	1,803,222
Total	**1,199,965**	**1,166,727**	**1,183,689**	**1,203,139**	**4,031,425**	**8,784,945**

Note 12 – Guarantee commitments to third parties

At 31 December 2013, the Group had not provided any guarantees to third parties.

As indicated in Note 5, the five hotels owned by the Subsidiary located at Isla Canela are mortgaged for EUR 36,467,088 (2012: 37,827,467), 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 31 December 2013 of the aforementioned five mortgage loans corresponding to each hotel. In this regard, as indicated in Note 5, the Subsidiary entered into a mortgage guarantee agreement with Isla Canela, S.A. whereby the Subsidiary became liable for the repayment by Isla Canela, S.A. of the mortgage loans on the hotels owned by the Subsidiary until the loans have been definitively repaid. The Subsidiary 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	
	31/12/13	31/12/12
Current:		
VAT refundable	-	7,972,881
Income Tax refundable	1,252,642	322,332
Tax withholdings and prepayments	366,556	811,999
Total	**1,619,198**	**9,107,212**

The Group recognized under “Income Tax Refundable" the amounts receivable from the tax authorities arising from income tax prepayments for 2012, having requested the refund thereof. It also includes an improper payment made in 2013, for which it has requested the refund thereof.

Tax payables:

	EUR	
	31/12/13	**31/12/12**
Current:		
Personal income tax withholdings payable	62,288	11,416
Accrued social security taxes payable	-	1,215
VAT Payable	150,926	-
Total	**213,214**	**12,631**

The Group recognized under input VAT the VAT paid on the properties acquired from the related company, Promociones y Construcciones, PYC, PRYCONSA, S.A. This balance was refundable and, accordingly, the Group requested the refund thereof in accordance with its property lease and investment activities, which was received in 2013.

13.2 Reconciliation of the accounting profit to the taxable profit

The reconciliation of the accounting loss to the taxable profit for income tax purposes for 2013 and 2012 is as follows (in EUR):

2013:

	EUR
Accounting profit before tax	**1,485,604**
Income tax expense calculated at 0% (*)	-
Other adjustments in accordance with the special tax regime as explained in note 3.4	-
Tax expense reported in income statement relating to SOCIMIs	**-**
Taxable profit subject to tax in Luxembourg	-
Tax expense reported in income statement relating to the Company (Minimum tax payable in Luxembourg)	3,210
Total tax expense reported in the consolidated statement of profit or loss and other **comprehensive income of the Group**	**3,210**

(*) Calculated on the profit subject to tax in Spain for the Subsidiary at a tax rate of 0%

2012:

	EUR
Accounting loss before tax	**(2,563,916)**
Income tax expense calculated at 19% (*)	29,696
Other adjustments in accordance with the special tax regime as explained in note 3.4	-
Tax expense reported in income statement relating to SOCIMIs	**29,696**
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 consolidated statement of profit or loss and other **comprehensive income of the Group**	**31,271**

(*) Calculated on the profit subject to tax in Spain for the Subsidiaries at a tax rate of 19%

At 31 December 2013, the tax losses carried forward of the Company are amounting to EUR 904,416 (2012: EUR 5,280,318).

13.3 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 2013, The Subsidiary has 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.

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

Note 14 - Income and expenses

14.1 Rental of properties

The detail of "Revenue" at 31 December 2013 and 2012 is as follows (in EUR):

Property	2013	2012
Meliá Atlántico Hotel	1,125,613	1,840,773
Barceló Isla Canela Hotel	1,991,929	1,930,500
Tryp Atocha Hotel	1,403,864	1,749,500
Iberostar Isla Canela Hotel	1,301,768	1,938,043
Tryp Cibeles Hotel	1,177,477	1,139,826
Playa Canela Hotel	1,018,585	1,024,553
Isla Canela Golf Hotel	88,092	274,291
Pradillo, 42	1,521,761	1,472,017
Sanchinarro VI	2,360	-
Sanchinarro VII	9,400	-
Coslada III	6,006	-
Vallecas Comercial I	8,030	1,200
Gran Vía 1 - 2º Right	102,160	83,485
Gran Vía 1 - 1º Right	112,900	90,032
Gran Vía 1 – 2º Left	93,979	74,677
Sanchinarro V	-	-
Gran Vía, 34	2,542,788	2,482,026
Plaza de España	1,456,131	1,188,626
San Antón 25 and 27	190,087	276,241
Vallecas Comercial II	165,600	13,800
Marina Isla Canela Shop. Centre	235,062	257,430
Albalá 7	233,934	226,609
Gran Vía 1 - 1º Left	103,073	112,993
Dulcinea 4	111,506	113,875
Caleruega	101,200	96,400
Rutilo	83,244	80,896
Rental revenue subtotal	**15,186,549**	**16,467,793**
Services rendered	29,457	24,677
Total revenues	**15,216,006**	**16,492,470**

14.2 Other operating expenses

Other operating expenses are composed by "Outside Services" and "Taxes Other than Income Tax" in 2013 and 2012 which can be detailed as follows (in EUR):

	2013	2012
Rent and royalties	13,465	13,564
Repairs and upkeep	19,074	1,022,872
Independent Professional services	703,751	473,624
Insurance premiums	68,941	83,208
Banking and similar services	10,335	9,072
Advertising, publicity and public relations	145,011	56,577
Utilities	89,543	430
Other services	274,590	130,280
Taxes other than income tax	907,364	806,966
Total direct operating expenses	**2,232,074**	**2,596,593**
Impairment of and charges in allowances for trade receivables	48,085	28,119
Total operating expenses	**2,280,159**	**2,624,712**

14.3 Staff and employee benefit costs

The detail of "Staff and employee benefit costs" in 2013 and 2012 is as follows (in EUR):

	2013	2012
Staff costs	125,334	322,124
Employer social security costs	99,499	56,293
Other employee benefit costs	832	-
Total	**225,665**	**378,477**

Note 15 - Earning per share

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

	2013	2012	2011	2010
Net profit (loss) attributable to shareholders	1,482,394	(2,595,181)	5,284,024	- (*)
Weighted average number of ordinary shares in issue	4,452,197	4,452,197	4,118,282	- (*)
Basic earnings per share	**0.33**	**(0.58)**	**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 2013 and 2012 is as follows (in EUR):

2013:

	Loans to related companies	2013		
		Finance income	Finance cost	Service costs
Isla Canela, S.A.	-	99,488	86	321,226
PRYCONSA, S.A.	-	-	273,619	31,860
COGEIN, S.L.	44,276,115	1,745,506	-	-
Total	**44,276,115**	**1,844,994**	**273,705**	**353,086**

2012:

	Loans to related companies	2012		
		Payable to Group companies	Finance income	Service costs
Isla Canela, S.A.	44,414	14,784	140,628	81,774
PRYCONSA, S.A.	-	10,440,266	651,058	31,796
COGEIN, S.L.	40,897,787	-	1,428,811	-
Total	**40,942,201**	**10,455,050**	**2,220,497**	**113,570**

Related parties are the following:

- Promociones y Construcciones, PYC, PRYCONSA, S.A. It has:
    - 18.00000% of interest in Isla Canela, S.A.
    - 11.19357% of interest in the Company
- COGEIN, S.L.: It has:
    - 2.71843% of interest in Promociones y Construcciones, PYC, PRYCONSA, S.A.
    - 9.15520% of interest in Isla Canela, S.A.
    - 9,65335% of interest in the Company

As at 31 December 2013, the following contracts are in force with regards to the Subsidiary and related parties:

a) On 1 January 2010, Isla Canela, S.A. and the Subsidiary entered into a “Mortgage Service Agreement” whereby the latter will provide the mortgage service to the former. In this respect, the hotels owned by the latter will be liable for the repayment by the former of the mortgage loans arranged with banks, in accordance with the covenants entered into in the mortgage deeds, until each loan has been definitively repaid. Isla Canela S.A. is obliged to make all the timely repayments and settle any ancillary costs that might arise until the mortgage loans have been definitively repaid. In relation to the provision of the service described, Isla Canela, S.A. will pay to the Subsidiary a fee of an annual lump sum equal to 0.25% of the annual average outstanding balance of the mortgage loans, calculated at 31 December of each year, which will be billed and paid on the last day of each calendar year. This amount may be modified annually by agreement between the parties in order to adapt it to the average market price to be paid by the Subsidiary for the provision of bank guarantees (bank guarantees and insurance) by financial institutions. The expense incurred in this connection in 2013 amounted to EUR 99,488 (2012: EUR 116,696), which is recognized under "Finance Income" at 31 December 2013.

b) In 2010 Isla Canela, S.A. and the Subsidiary entered into a financing agreement whereby the latter financed the former with the surplus liquidity it would generate at market rates as a result of the performance of its activity, provided that its financing requirements were met. The term of the financing agreement is three years, automatically renewable for three-year periods. The financial terms and conditions of the agreement include interest earned at three-month EURIBOR plus a spread similar to the average spread of the financing paid by the Subsidiary arising from its mortgage loans. The agreement is reciprocal, i.e. the financing can be generated in any direction, the terms and conditions remaining the same. The interest accrued and recognized in the consolidated statement of profit or loss and other comprehensive income as at 31 December 2013, amounted to EUR 86 in the form of a finance expense (2012: EUR 23,932).

c) On 1 June 2012, Isla Canela S.A. and the Subsidiary entered into a "Technical Services Agreement" relating to the maintenance of the hotels owned by the Subsidiary. In accordance with this agreement, Isla Canela S.A. will provide the Subsidiary with an integral preventative maintenance service for the hotels owned by the SOCIMI in exchange for an annual payment of EUR 74,500 that will increase in line with the CPI on an annual basis. The agreement is annual but is automatically renewable by the parties each year, although it may be terminated by either party at any given time. The expense incurred in 2013 arising from this service agreement amounted to EUR 74,575 (2012: EUR 43,458) and is recognized under "Other Operating Expenses" in the consolidated statement of profit or loss and other comprehensive income for 2013.

d) Also, the technical services agreement mentioned previously contains an addendum whereby Isla Canela, S.A. provides a corrective refurbishment work management service to the Subsidiary, for the hotels owned by the latter and whose preventative maintenance work is being entrusted to Isla Canela, S.A. Under this addendum, Isla Canela S.A. acts as the foreman of the hotel refurbishment work. The remuneration received by Isla Canela S.A. in exchange for this service is 5% calculated based on the value of the refurbishment work performed within the framework of the aforementioned agreement. The cost for the Subsidiary in 2013 relating to this addendum to the agreement was EUR 246,651 (2012: EUR 38,315), which is recorded in the profit or loss and other comprehensive income.

e) In 2010 Promociones y Construcciones, PYC, PRYCONSA, S.A. and the Subsidiary entered into a financing agreement whereby the latter financed the former with the surplus liquidity it would generate at market rates as a result of the performance of its activity, provided that its financing requirements were met. The term of the financing agreement is three years, automatically renewable for three-year periods. The financial terms and conditions of the agreement include interest earned at three-month EURIBOR plus a market spread. The agreement is reciprocal, i.e. the financing can be generated in any direction, the terms and conditions remaining the same. The interest accrued and recognized in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2013, amounted to EUR 273,619 in the form of a finance expense (2012: EUR 674,990).

f) On 1 January 2010, Promociones y Construcciones, PYC, PRYCONSA, S.A. and the Subsidiary entered into an agreement for the provision of sundry services whereby the former would provide administrative services mainly to the latter, inter alia. In theory, the term of the contract is ten years and is automatically renewable each year. The annual amount of the agreement is EUR 30,000, which will be reviewed in accordance with the annual CPI. The expense incurred in 2013 arising from this agreement was EUR 31,860 (2012: EUR 31,235), which was recognized at 2013 year-end under "Other Operating Expenses" in the consolidated statement of profit or loss and other comprehensive income for the year ended 2013.

g) In 2010 COGEIN, S.L. and the Subsidiary entered into a financing agreement whereby the latter financed the former with the surplus liquidity it would generate at market rates as a result of the performance of its activity, provided that its financing requirements were met. The term of the financing agreement is two years, automatically renewable for two-year periods. The financial terms and conditions of the agreement include the legal interest accrued, which will be calculated based on the average annual balance of the debt between the parties. The agreement is reciprocal, i.e. the financing can be generated in any direction, the terms and conditions remaining the same. The interest accrued and recognized in the income statement of the Subsidiary as at 31 December 2013, amounted to EUR 1,745,506 in the form of a finance income (2012: EUR 1,428,811).

As indicated in Note 5, in addition to the purchase in 2011 of five commercial premises for a total acquisition cost of KEUR 980,967, the Group acquired to Promociones y Construcciones, PYC, PRYCONSA, S.A. certain property assets in six completed developments located in Sanchinarro, Vallecas and Coslada (Madrid), with the intention of being leased as offices. The acquisition cost of these properties was EUR 33,974,585, fully paid in cash. This acquisition cost was determined through appraisals of the properties conducted by independent valuators not related to the Company (TASASUR and TINSA).

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

With regards to the name of the ultimate controlling party, the Spanish Company with registered name PER, 32, S.L is the major and ultimate shareholder of the most part of the shareholders of the Company out of the JPM stake and minority shareholders tranche.

16.2 Remuneration of directors and senior executives

The yearly fixed compensation granted to the members of the management for the financial year is as follows:

- Director A: EUR 12,000 (2012: 12,000)
- Directors B: EUR 6,955 in total (2012: EUR 3,688) as per service agreements

The Group 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 Barrigón, who has significant influence over the Company, given that he is a Director of the Company and also has a 12.8127079% interest in the share capital of the Company. Marco Colomer Barrigón and José Luis Colomer Barrigón are brothers and related parties because they are close family members of Colomer Family.

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

Note 17 - Other contingent liabilities

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

The management and its legal advisors do not consider there to have been any breach of the lease agreement and, accordingly, declare that the termination of the lease is groundless and, consequently, not effective. Furthermore, since the management considers that it was Vincci Hoteles, S.A. that breached the payment obligation of its rental income, use of the property and term of the aforementioned agreement, the Subsidiary filed a court claim against them on 12 March 2012 and on 26 December 2012, for additional compensation of EUR 947,732. The claim was definitively given leave to proceed by the Madrid Court of First Instance no. 69, Ordinary Proceeding Order 974/2013, and Vincci Hoteles responded to the claim and filed a counterclaim on 30 December 2013. In the aforementioned counterclaim, which has not yet been given leave to proceed, a EUR 1,794,154 claim was filed against the Subsidiary.

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 2013, by category, was as follows:

Category	2013	2012
Management	1	1
Line personnel and middle management	-	-
Clerical staff	-	1
Operative staff	8	6
Total	**9**	**8**

18.2 Fees paid to auditors

In 2013 and 2012, 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	
	2013	**2012**
Audit services	70,127	138,050
Other attest services	-	-
Total audit and related services	**70,127**	**138,050**
Tax counselling services	-	-
Other services	-	-
Total professional services	**70,127**	**138,050**

Note 19 - Events after the reporting period

There is no significant subsequent event to report that might have a direct impact in the consolidated financial statements of the Group.

On 14 February 2014, the Board of Directors agree to recommend to the shareholders of the Company during an Extraordinary General Meeting planned on 20 March 2014 to proceed to the transfer of the registered seat of the Company from Luxembourg to Spain and to proceed to the change of nationality of the Company without dissolution or preliminary liquidation of the

Company which will continue to exist under the Spanish nationality and will continue as a "sociedad anonima" under the Spanish law, under the special tax regime of the SOCIMI´s (SOCIEDADES ANÓNIMAS COTIZADAS DE INVERSIÓN EN EL MERCADO INMOBILIARIO). At this respect, the Company will be regulated by the Spanish Real Estate Investment Trusts Law 11/2009, of 26 October and its amendment Spanish Law 16/2012 approved on 27 December 2012. It is also recommended that the 4,452,197 shares of the company will continue being listed in the Luxembourg Stock Exchange as it is now. The Board of Directors note that once the Transfer being effective, the registered seat of the Company will be transferred from 9B, boulevard Prince Henri, L-1724 Luxembourg in Luxembourg to Glorieta de Cuatro Caminos 6 and 7, 4th floor, 28020, Madrid in Spain.

On 18 March 2014, the Board of Directors unanimously resolves to acknowledge the lack of quorum for the Extraordinary General Meeting planned on 20 March 2014 (the required quorum of 100% of shareholders is not expected to be met) and, as result, the Board of Directors unanimously resolves to cancel the mentioned Extraordinary General Meeting.

Report of the Réviseur d'Entreprises Agréé on the Consolidated Financial Statements

To the Board of Directors of
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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the consolidated financial statements

Following our appointment by the general meeting of the Shareholders dated on November 27, 2013, 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 31,2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility 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 by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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.

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 judgment of the Réviseur d'Entreprises Agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risks 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 of 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, 2013, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Other matter

The consolidated financial statement of Saint Croix Holding Immobilier S.A. for the year ended December 31, 2012 were audited by another auditor who expressed an unmodified opinion on those statements on April 29, 2013.

Report on other legal and regulatory requirements

The management report as set out on pages 3 to 26, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

The corporate governance statement as set out on pages 27 to 45, which is the responsibility of the Board of Directors, includes the information required by the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, and the description included with respect to Article 68bis paragraphs c and d of aforementioned law is consistent with the consolidated financial statements.

Luxembourg, April 22, 2014

Hugues WANGEN
Réviseur d'Entreprises Agréé
Grant Thornton Lux Audit S.A.

Annual Accounts

As at and for the year ended 31 December 2013

SAINT CROIX HOLDING IMMOBILIER, S.A.

Balance sheet as at 31 December 2013

	Notes	31.12.2013	31.12.2012
ASSETS		**EUR**	**EUR**
Fixed assets			
• Financial fixed assets	**2.2.2, 3**		
- shares in affiliated undertakings		270,809,147	266,414,614
Current assets			
• Debtors	**2.2.3**		
- other receivables			
· becoming due and payable within one year		2,100	-
• Cash at bank, cash in postal cheque accounts, cheques and cash in hand		10,442	11,807
		12,542	11,807
Prepayments		5,000	5,000
TOTAL ASSETS		**270,826,689**	**266,431,421**

	Notes	31.12.2013	31.12.2012
LIABILITIES		**EUR**	**EUR**
Equity	**4**		
• Subscribed capital		267,577,040	267,577,040
• Loss brought forward		(1,228,592)	(581,257)
• Result for the financial year		4,353,630	(647,335)
		270,702,078	266,348,448
Non-subordinated debts	**2.2.4**		
• Trade creditors			
- becoming due and payable within one year		68,488	81,123
• Amounts owed to affiliated undertakings			
- becoming due and payable within one year		51,000	-
• Tax and social security debts	**6**	5,123	1,850
		124,611	82,973
TOTAL LIABILITIES		**270,826,689**	**266,431,421**

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

Profit and loss account for the financial year ended 31 December 2013

	Notes	From 01.01.2013 to 31.12.2013	From 01.01.2012 to 31.12.2012
		EUR	EUR
CHARGES			
Other external charges	**7**	174,926	282,782
Other operating charges	**9**	12,000	23,321
Value adjustments on financial fixed assets	**3**	-	4,394,533
Extraordinary charges	**10**	7,000	-
Income tax	**6**	3,210	1,575
Other taxes not included in the previous caption	**6**	62	275
Profit for the financial year		**4,353,630**	**-**
TOTAL CHARGES		**4,550,828**	**4,702,486**
INCOME			
Income from financial fixed assets			
- derived from affiliated undertakings	**11**	4,550,828	4,055,151
Loss for the financial year		**-**	**647,335**
TOTAL INCOME		**4,550,828**	**4,702,486**

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

Notes to the accounts as at 31 December 2013

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 9b, 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 Corporate Purpose 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, amended by the Spain Law 16/2012 of 27 December.

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.

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 year in which they are incurred.

Notes to the accounts as at 31 December 2013 - continued

Note 2 – Summary of significant accounting policies - continued

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 than 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.

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.

Notes to the accounts as at 31 December 2013 - continued

Note 2 – Summary of significant accounting policies - continued

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 financial year are as follows:

Shares in affiliated undertakings	Total 2013	Total 2012
	EUR	EUR
Gross book value – opening balance	**270,809,147**	**266,940,517**
Additions for the year	-	3,868,630
Gross book value – closing balance	**270,809,147**	**270,809,147**
Accumulated value adjustment – opening balance	**(4,394,533)**	**-**
Allocations for the year /reversal of value adjustment	4,394,533	(4,394,533)
Accumulated value adjustment – closing balance	**-**	**(4,394,533)**
Net book value – closing balance	270,809,147	266,414,614
Net book value – opening balance	266,414,614	266,940,517

Additions for the year

- In 2013, no movements affecting the gross value of the financial fixed assets have taken place, as the merger of the two subsidiaries was carried out at cost.
- In 2012, the Company reinvested part of the dividend received during the year from its Subsidiaries (refer to note 11). The amounts invested in 2012 were as follows:

Subsidiary	EUR
COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U.	3,490,000
COMPAÑIA IBÉRICA DE RENTAS URBANAS 2009 SOCIMI, S.A.U.	378,630
Total reinvested in share capital	**3,868,630**

Notes to the accounts as at 31 December 2013 - continued

Note 3 - Financial fixed assets - continued

Allocations for the year /reversal of value adjustment

- In 2012, the Management decided to record a value adjustment of EUR 4,394,533 on its participation in COMPAÑIA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U. in order to reflect the decrease in value of the latter. This decision was mainly the result from the decrease in value compared to 2011 of some underlying properties held by the subsidiary. The analysis performed by the Management to test the durable decrease in value was based on the estimation of the net equity of the subsidiaries taking into account the revaluation of the investment properties from their net book value to their fair value (as determined by independent valuators). Therefore, in consideration of the adjustment described above for purposes of durable impairment testing, the net equity values including revaluation of investment properties amount to EUR 125,404,673 for COMPAÑIA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U. and EUR 165,373,266 for COMPAÑIA IBÉRICA DE RENTAS URBANAS 2009 SOCIMI, S.A.U. as at 31 December 2012. Accordingly, the net book value of COMPAÑIA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U. was impaired by EUR 4,394,533 to EUR 125,404,673 and no impairment was recorded on COMPAÑIA IBÉRICA DE RENTAS URBANAS 2009 SOCIMI, S.A.U.

- In 2013, the Management of the Company decided to reverse the value adjustment of EUR 4,394,533 booked on the participation in COMPAÑIA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U. in order to reflect the increase in value of the latter. This decision is mainly resulting from the increase in value compared to last year of some underlying properties held by the subsidiary, and the effect of the merger of the two subsidiaries during the year as detailed below. The same value analysis as last year has been performed. Consequently, the net equity values including revaluation of investment properties amount to EUR 299,979,090 for COMPAÑIA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U. as at 31 December 2013 (EUR 263,323,229 corresponding to the audited Net Equity of the Subsidiary as at 31 December 2013 plus unrealised gains in Real Estate Assets amounting up to EUR 36,655,861). In accordance, the net book value of COMPAÑIA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U. amounts to EUR 270,809,147 as at 31 December 2013.

The net equity value of the subsidiary as disclosed below is based on Spanish GAAP where the accounting policy for investment properties is the “cost method”.

Notes to the accounts as at 31 December 2013 – continued

Note 3 - Financial fixed assets - continued

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

Name and registered office	%	Net book value as at 31 December 2013	Net equity as at 31 December 2013 (*), (**)	Result for the year ending 31 December 2013 (*)
		EUR		
COMPAÑIA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U. Glorieta de Cuatro Caminos, 6-7 Madrid (Spain)	100%	270,809,147	261,692,130	1,679,592

(*) Audited annual accounts under IFRS

(**) It includes share of result on the year.

In 2013, the two Spanish subsidiaries merged with retrospective effect from 1 January 2013 (COMPAÑIA IBÉRICA DE RENTAS URBANAS 2009 SOCIMI, S.A.U. being the absorbed company whilst COMPAÑIA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U. being the absorbing one).

Given the nature of the merger, the entire share capital of both subsidiaries belongs to the Company; there was no swap ratio on exchange of shares procedure.

As at 31 December 2013, the net book value of COMPAÑIA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U. amounts to EUR 270,809,147 (as at 31 December 2012, EUR 125,404,673 for COMPAÑIA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U., including EUR 4,394,533 of value adjustment, and EUR 141,009,941 for COMPAÑIA IBÉRICA DE RENTAS URBANAS 2009 SOCIMI, S.A.U.).

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.

Notes to the accounts as at 31 December 2013 – continued

Note 4 - Subscribed capital - continued

	Subscribed capital	Legal reserve	Loss brought forward	Result for the financial year	Total
As at 31 December 2012	**267,577,040**	**-**	**(581,257)**	**(647,335)**	**266,348,448**
Movements for the year:					
Allocation of previous year result	-	-	(647,335)	647,335	-
Result for the financial year	-	-	-	4,353,630	4,353,630
As at 31 December 2013	**267,577,040**	**-**	**(1,228,592)**	**4,353,630**	**270,702,078**

Acquisition of Treasury Shares

As at 23 July 2013 one of the shareholders of the Company, BARMAR SIETE, S.L., sold 1,700 shares of the Company for a total amount of EUR 100,164 through the Luxembourg Stock Exchange (EUR 58.92 each). The total number of shares was acquired by the Company itself. At the date of the close of the books, the Company has no treasury shares since all of them (1,700 shares) were also sold to market through the Luxembourg Stock Exchange. The sale operation was performed as at 5 December 2013 with no effect in the results of the company as at 31 December 2013 since the selling price was fixed at EUR 58.92 each.

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. During the year, no allocation was made to legal reserve due to accumulated losses.

Note 6 - Tax

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

Notes to the accounts as at 31 December 2013 – continued

Note 7 - Other external charges

	2013 EUR	2012 EUR
Rent and service charges	8,654	8,451
Bank charges	1,187	572
Legal fees	1,503	14,005
Audit fees	43,786	106,050
Accounting fees	43,725	38,363
Directorship fees	6,955	7,932
Custodian fees	8,500	8,500
Professional fees	60,616	98,909
Total	**174,926**	**282,782**

Note 8 – Emolument granted to the members of the management

The yearly fixed compensation granted to the members of the management for the financial year is as follows:

- Director A: EUR 12,000 (2012: EUR 12,000)
- Directors B: EUR 6,955 in total (2012: EUR 3,688) as per service agreements

Note 9 – Other operating charges

The other operating charges are composed of Director A' remuneration, refer to Note 8 (2012: non-recoverable VAT for EUR 11,321 and Director A' remuneration for EUR 12,000).

Note 10 – Extraordinary charges

The extraordinary charges are composed of an administrative fine from the Commission de Surveillance du Secteur Financier (CSSF) for an amount of EUR 7,000.

Notes to the accounts as at 31 December 2013 – continued

Note 11 – Income from financial fixed assets

Pursuant to Article 9.2 of the Spanish Real Estate Investment Trusts Law 11/2009, of 26 October, amended by Spain Law 16/2012 of 27 December, tax self-assessments are performed on the basis of the proportion of taxable profit for the tax period that corresponds to dividends distributed out of profit for the year. During 2013, the Company has obtained dividends from the Subsidiary (COMPAÑIA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U.). The Subsidiary obtained a positive Net Result at the end of 2012 (EUR 199,922). According to the local regulatory requirements, a net amount of EUR 156,295 was distributed to the Company in 2013 as dividends according to the General Annual Meeting of COMPAÑIA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U. which was held on 20 June 2013 (2012: EUR 3,585,667 from COMPAÑIA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U. and EUR 469,484 from COMPAÑIA IBÉRICA DE RENTAS URBANAS 2009 SOCIMI, S.A.U.). The dividend was fully paid as of 12 July 2013.

The income derived from affiliated undertakings is also composed of the reversal of the value adjustment on the participation in COMPAÑIA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U. for an amount of EUR 4,394,533 (refer to note 3).

At this respect, the detail of income derived from affiliated undertakings is as follows:

	2013 EUR	2012 EUR
Dividends from:		
• COMPAÑIA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U.	156,295	3,585,667
• COMPAÑIA IBÉRICA DE RENTAS URBANAS 2009 SOCIMI, S.A.U.	-	469,484
Reversal of value adjustment on:		
• COMPAÑIA IBÉRICA DE BIENES RAÍCES 2009 SOCIMI, S.A.U.	4,394,533	-
Total	**4,550,828**	**4,055,151**

Note 12 - Staff number

The Company did not have any employee during the year.

Notes to the accounts as at 31 December 2013 – continued

Note 13 - Subsequent events

On 14 February 2014, the Board of Directors agree to recommend to the shareholders of the Company during an Extraordinary General Meeting planned on 20 March 2014 to proceed to the transfer of the registered seat of the Company from Luxembourg to Spain and to proceed to the change of nationality of the Company without dissolution or preliminary liquidation of the Company which will continue to exist under the Spanish nationality and will continue as a "sociedad anonima" under the Spanish law, under the special tax regime of the SOCIMI´s (SOCIEDADES ANÓNIMAS COTIZADAS DE INVERSIÓN EN EL MERCADO INMOBILIARIO). At this respect, the Company will be regulated by the Spanish Real Estate Investment Trusts Law 11/2009, of 26 October and its amendment Spanish Law 16/2012 approved on 27 December 2012. It is also recommended that the 4.452.197 shares of the company will continue being listed in the Luxembourg Stock Exchange as it is now. The Board of Directors note that once the Transfer being effective, the registered seat of the Company will be transferred from 9B, boulevard Prince Henri, L-1724 Luxembourg in Luxembourg to Glorieta de Cuatro Caminos 6 and 7, 4th floor, 28020, Madrid in Spain.

On 18 March 2014, the Board of Directors unanimously resolves to acknowledge the lack of quorum for the Extraordinary General Meeting planned on 20 March 2014 (the required quorum of 100% of shareholders is not expected to be met) and, as result, the Board of Directors unanimously resolves to cancel the mentioned Extraordinary General Meeting.

Report of the Réviseur d'Entreprises Agréé on the Annual Accounts

To the Board of Directors of
Saint Croix Holding Immobilier S.A.
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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the annual accounts

Following our appointment by the general meeting of the Shareholders dated on November 27, 2013, we have audited the accompanying annual accounts of Saint Croix Holding Immobilier S.A., which comprise the balance sheet as at December 31, 2013, and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory notes to the annual accounts.

Board of Directors' responsibility 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the Réviseur d'Entreprises Agréé, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risks 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 of 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 at December 31, 2013, and of the results of its operations for the year then ended in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Other matter

The annual accounts of Saint Croix Holding Immobilier S.A. for the year ended December 31, 2012 were audited by another auditor who expressed an unmodified opinion on those statements on April 29, 2013.

Report on other legal and regulatory requirements

The management report as set out on pages 3 to 26, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

Luxembourg, April 22, 2014

Hugues WANGEN
Réviseur d'Entreprises Agréé
Grant Thornton Lux Audit S.A.