

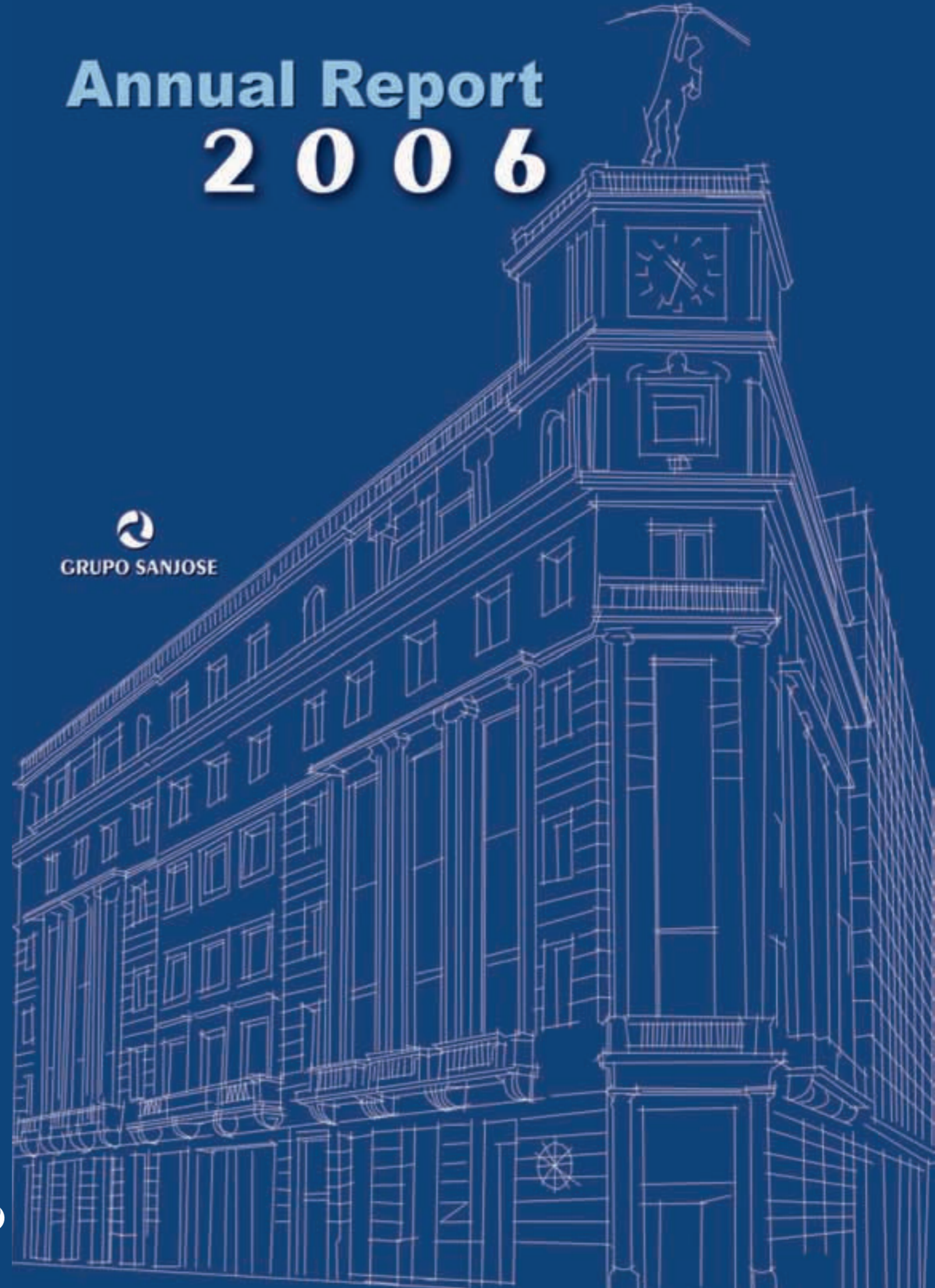
Junction of Las Tablas with the M-40, Madrid.



Annual Report 2006



GRUPO SANJOSE



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GRUPO SANJOSE

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Letter from the President

Dear Shareholders:

Revenues of Group SANJOSE for the year 2006, including Parquesol activities, increased to 1,555 million euros, and generated Earnings Before Taxes of 166 million euros.

The most significant event of 2006 was the successful takeover bid for Parquesol. This acquisition allows the Group to have a presence in the public stock market for the first time in its history, as well as to strengthen and consolidate its activity in the real estate market.

Both projected results and strategic goals were attained this year. The projects undertaken have put our technological capacity to the test. The newly acquired companies opened up new markets and new business opportunities. We have also intensified operations in the energy sector. In general, new fundamental business paths have been established for the future of our Group.

In the upcoming year, we will need be prepared to face a difficult market environment with increased competition and complexity, where only companies capable of facing these changes will survive.

I must emphasize that business growth is only possible with the support of our team, who I encourage to continue following our core values: work safety, commitment to quality, and strict compliance with deadlines, both in the performance of our projects and the rendering of our services.

As always, my gratitude goes to all our clients, suppliers, subcontractors, employees, managers and shareholders, who are the basis for the solid and steady growth of this Group.

Jacinto Rey

PRESIDENT



SANJOSE in figures*

The net annual turnover of Group SANJOSE in 2006 amounted to 1,555 million euros, a 29% annual growth, that is primarily due to the inclusion of Parquesol. An exclusive look at the Group's organic growth shows revenue growth of 8.3 %, which demonstrates the existence of both a solid and well-established structure and efficient

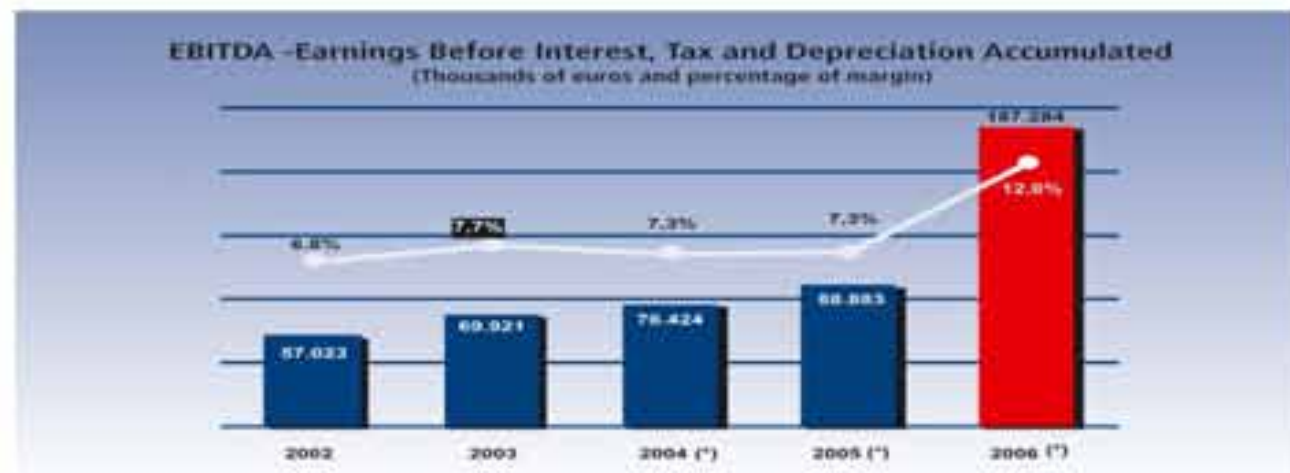
control mechanisms that make sustained growth possible.

Considering that in 2006 the Spanish economy and the national construction sector experienced annual growth rates of 3.9 % and 6 %, respectively, the results achieved by Group SANJOSE reflect the success of its strategy and management in the accomplishment of its set goals.



The Gross Operating Profit of the Group reached 187 million euros, representing a 111 % increase compared to

2005. The Gross Operating Margin also improved substantially from 7.3 % in 2005 to 12 % in 2006.



* Although effective control of Parquesol did not take place until January, 2007 it is appropriate to include its contribution to the Group when reporting the Group's 2006 figures, in order to show the actual volume of the Group's operations at the present time. In the tonnetables shown, the data corresponding to years 2004, 2005 and 2006 has been obtained by applying new international accounting rules.

Earnings for the Year

Earnings Before Taxes of Group SANJOSE amounted to 166 million euros, a 10.6% margin, representing a 120% increase over 2005.

After a deduction of 53.8 million euros in Corporate Income Tax, and before allocating

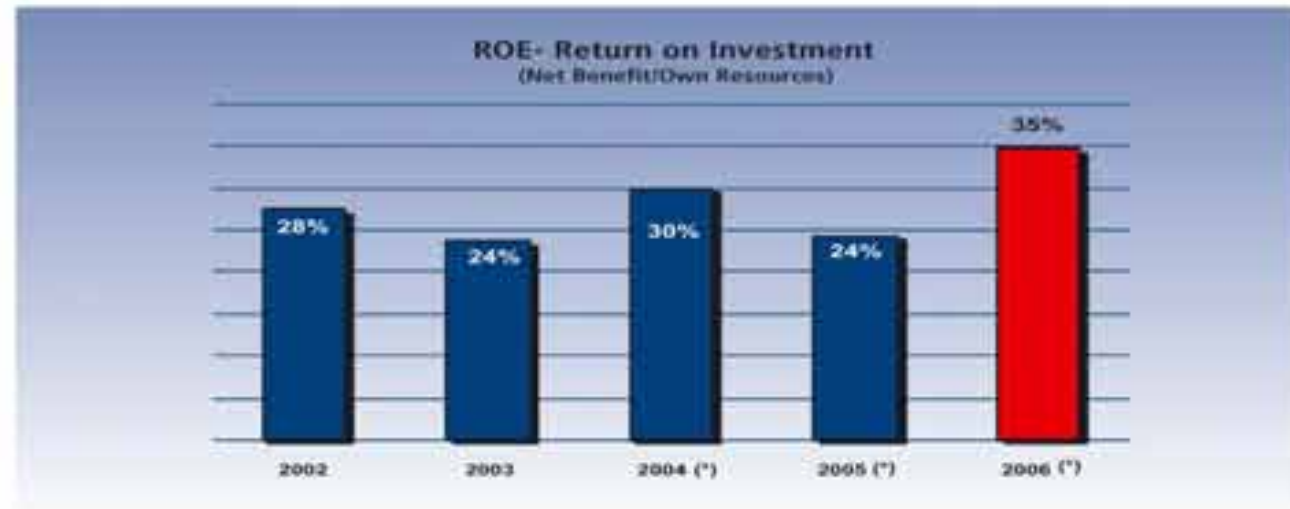
43.6 million euros to external shareholders, Net Income for the Group totaled 112 million euros, a 115% growth compared with 2005 figures and a margin of 7.2 % in annual revenues.



Shareholder Profitability

The strong growth in the Group's turnover volume has not prevented us from

maintaining high rates of return on investment, at almost 35 %, an indication of balanced growth without impairing equity returns.

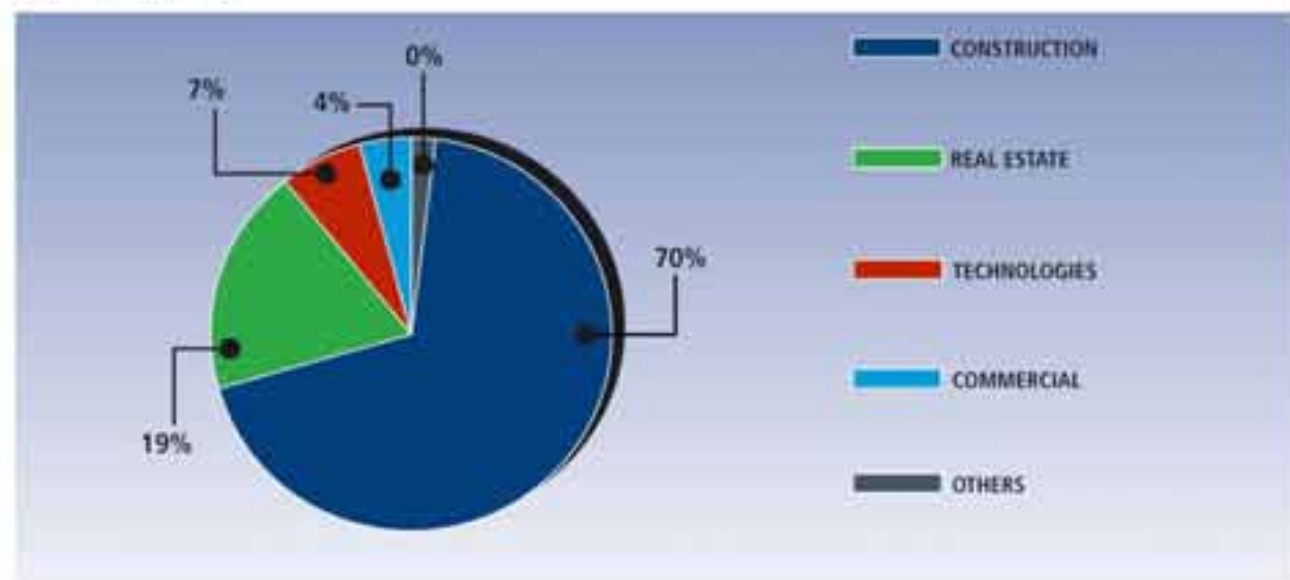


Activity Sectors

In 2006, the percentage that construction activities represented of the Group's entire operations saw a significant decrease from last year, from 80% to 70% of the

total. This is a result of the diversification strategy carried out by the Group, and provides for reduced dependence on construction activity despite the increased production volume in this segment.

Areas of activity



SANJOSE Headquarters in Tres Cantos, Madrid

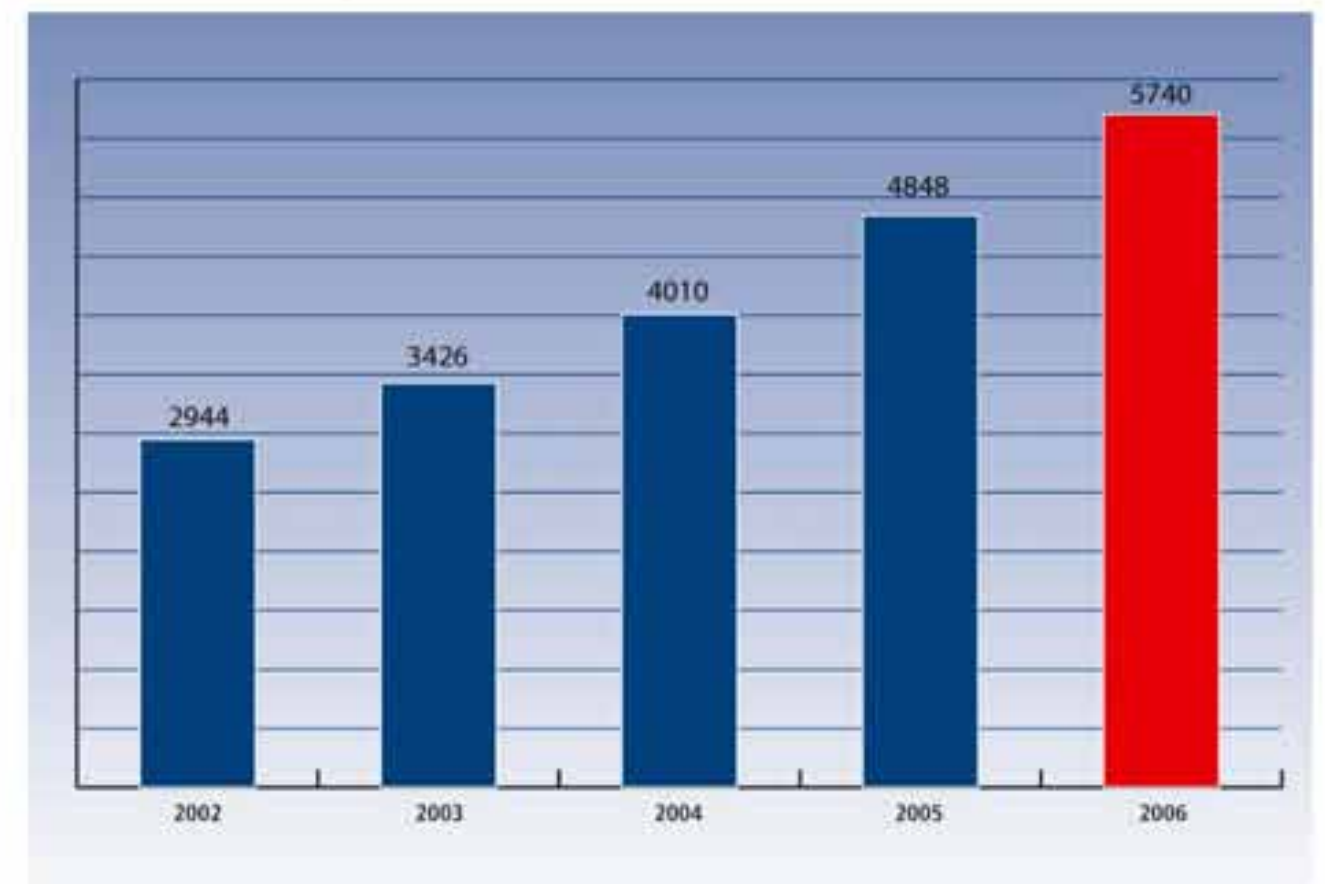


Team SANJOSE

The workforce of the Group has increased substantially in the last years, with

annual increases of more than 10 %. Currently, Group SANJOSE has 5,740 employees on its payroll, with productivity ratios higher than the average for the Spanish construction sector.

Evolution of the Average Staff



Facts of the Year

■ Parquesol

In 2006, Group SANJOSE launched a takeover bid for 100 % of PARQUESOL, which was successfully concluded in early 2007.

In the near future, it is the objective of the Group to consolidate all real estate activities under a single brand name, bringing operational and financial synergies as well as a higher degree of efficiency.

The new strategic plan of SANJOSE's real estate division includes:

- Increased market quota in the residential segment.
- Specialization in development of high-end residences.
- Incursion into the market of Social Housing Developments.
- Intensified presence in the national territory through new local offices.
- Increased international activity, with expansion in the American market and countries of Eastern Europe.

■ Airport Projects

The main projects include the expansion and construction of the Passenger Terminal at Tocumen International Airport (Panama), the expansion and renovation of the Menorca Airport (Spain), and the construction of the main power facility at the new terminal of Barcelona Airport.

Parquesol Headquarters in Pozuelo de Alarcón, Madrid



■ Rail Projects

SANJOSE constructed the light rail line between Pozuelo de Alarcón and Boadilla del Monte (Madrid). Fire protection systems were also installed along the extension of the Madrid subway system, which includes seven new stations.

■ Water Treatment Facilities

The Group's new market activity is characterized in part by the incursion into new water treatment technology. The most noteworthy activity of the year in this area was the participation in the joint venture that will expand the desalinization plant of El Mojón (Murcia).

■ Energy Projects

A fundamental aspect of SANJOSE Technologies' strategic plan is participation in ambitious projects, two of which stand out: the construction of the poly-generating electrical facilities, cooling and heating in Cerdanyola del Vallès, and tri-generation in the new building of the Government's Office in Malaga.

■ Urban Planning

The development of La Tablada in La Matanza, Buenos Aires is an example of traditional urban planning and will represent the birth of a brand new city, with 20,000 residences and related facilities.

■ Museums

The expansion of the Prado Museum, with the rehabilitation of the Jeronimos Church Cloister and the famous "Cubo de Moneo" has been a first-class architectural event which has required innovation and represents an important contribution to Spanish cultural heritage. In the spring of 2007, the Minister of Culture presented the project to the mass media. The King and Queen of Spain, together with the

President, are expected to attend the official opening sometime this year.

■ Bio-fuels

At the end of 2006, the Group decided to participate in the manufacture of bio-fuels in response to the demand for environmentally-friendly products. As a result of this decision and in order to participate in the development of economically depressed areas in South America, the Group is evaluating projects of this kind in Argentina and Paraguay.

■ Maintenance Services

Two important clients entered into new contracts with Group SANJOSE: Airbus Spain, which awarded Tecnocontrol the comprehensive maintenance of the Illescas and Getafe plants, and Real Madrid, which assigned SANJOSE with facility maintenance at its new Sports City.

The Prado Museum, Madrid



SANJOSE Construction

Special Projects

Building Construction

Civil Projects

International

- Europe
- America
- Africa

Subsidiaries



SANJOSE Construction

As the main company of the Group, the activity of SANJOSE Construction, both at the national and international level, is carried out through its Building, Civil Works and Special Projects divisions.

Business in 2006 has been characterized by an important increase in its backlog and revenues.

Special Projects

Among the many construction projects that Group SANJOSE carries out each year, there are always those that are noteworthy due to their historical relevance, magnitude, aesthetic value or the technical challenge presented. The Group has acquired a high degree of specialization in this type of projects and its name is therefore associated with some of the most important jobs at the national and international level.

The extension of the Prado Museum, as part of architect Rafael Moneo's plan, is a project with great social impact and is one of the most awaited projects by both the city of Madrid and the art world. The project entails complex rehabilitation of the old Museum building, incorporating the Jerónimos Cloister and the construction of the popularly known "Cubo de Moneo".

Prado Museum, Madrid.



The project covers a surface area of 38,000 m² and has progressed satisfactorily according to the agreed upon schedule.

The following notable projects have also been carried out:

- University of Industrial Engineering of Malaga, with an area of 56,000 m² and capacity for 3,660 students.



Prado Museum, Madrid.

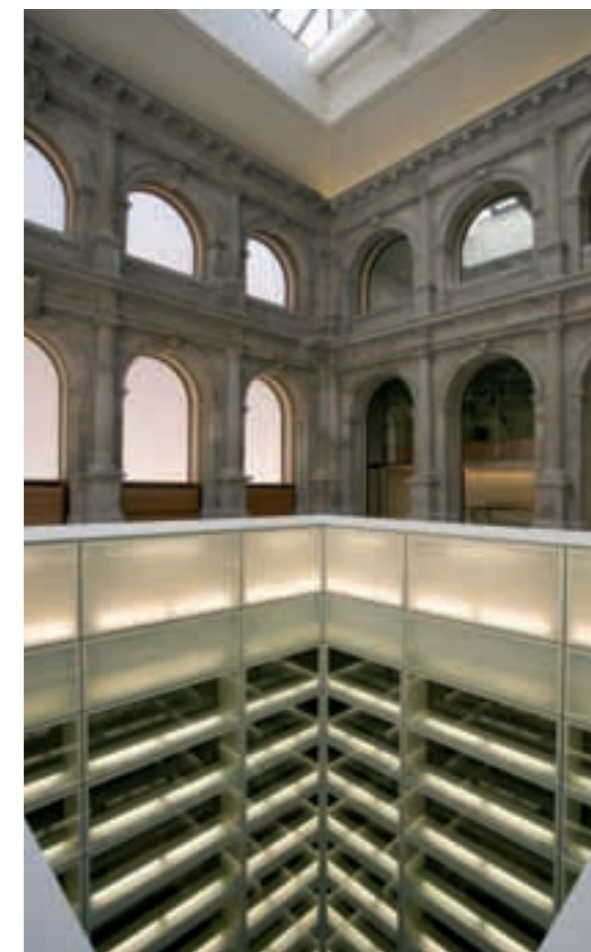
- Restoration and enlargement of the Palace of Gran Canary Island's Municipal Council.

- Head office of Barclays Bank in Zaragoza, under the "sustainable architecture" parameters of architect Gonzalo Cano Laso.

- New Headquarters of Caixanova in Pontevedra. This renovation project by the renowned Galician architect César Portela, comprises various kinds of artistic finishes within its area of 11,718 m². The building also has a spectacular exterior design, which combines two stones façades with an enormous, modern and avant-garde glass structure in the back.

SANJOSE Construction is also present in EXPOAGUA 2008, an International Exhibition in Zaragoza where it is currently building the PAVILION of SPAIN, also called Pavilion Actur. With 22,500 m², it was designed by the prestigious architect Patxi Mangado, and repre-

Prado Museum, Madrid.



Prado Museum, Madrid.



University School of Industrial Engineering, Malaga.

sents Spain in one of the main events of the coming year. Another important project by the same architect, due to its design and significance, is the Municipal Auditorium in Teulada (Alicante).

During 2006, SANJOSE gained presence, market share and prestige by completing these big projects. It continues to develop, among others, the following projects: the extension of the airport of Menorca, the City of Culture in Santiago de Compostela, the Administrative Building of Campolongo in Pontevedra, the New Head Office of the County Council of Malaga, and the Administrative Building in Almanjajar, Granada.

The increasing volume and importance of contracts awarded to our company requires that the production teams of these projects work independently from the regional offices.



Head Office of Caixanova Caixanova, Pontevedra.



Municipal Auditorium of Teulada, Alicante.



Palace of the City Hall of Gran Canary Island



Head Office of Barclays Bank, Zaragoza.



Pavilion of Spain for EXPOAGUA 2008 of Zaragoza.



Airport of Minorca.



Administrative Building in Almanjyar, Granada.



Administrative Building in Campolongo, Pontevedra.



Head Office of the Council of Malaga.



Hospital and Retirement home of Castilleja de la Cuesta, Seville.

Building Construction

The building activity of the Group has included constructions of all kinds, both in the public and private sectors.

The public sector has always been a high mark in the business of SANJOSE. As in previous years, work has been performed for the National, Regional and Local governments as well as for public infrastructure companies. Among these, the most noteworthy projects included hospitals, health centers, assistance centers, educational centers, residences, sports facilities, etc.

In the private sector, the company has an important presence in residential and non-residential buildings, shopping centers/malls, recreation facilities and commercial buildings. The most significant activity is highlighted in the following sections.

■ Health Centers

The Hospital Division of Group SANJOSE is active in all the autonomous regions, carrying out design, construction and management of

hospitals, health centers and retirement communities.

It is one of the leading companies in this sector, and is highly regarded for its quality and access to the latest technological advances.

The most relevant activities at the beginning of 2007 were the Hospital and Retirement Home of Castilleja de la Cuesta in Sevilla, with capacity for 823 beds in its 74,000 m², and the General Hospital of Almansa (Albacete), with 203 beds and 40,000 m².

Within this sector two projects are still in progress:



Hospital and Retirement home of Castilleja de la Cuesta, Seville.



General Hospital of Almansa, Albacete.

- Central University Hospital of Asturias, with an area of 310,000 m² and 1,039 patient beds.

- Hospital Xeral of Lugo, with 151,398 m² and 823 beds.

Renovation work was also performed at the hospitals of Hellín (Albacete) and Nuestra Señora de Gracia, in Zaragoza; along with reforms at the University Hospital of Vall d'Hebrón (Barcelona).



General Hospital of Almansa, Albacete.



University Hospital of Asturias, Oviedo.



Hospital Xeral of Lugo.



Health Center of Sanchinarro, Madrid.

The Hospital of Gandía, with an area of 63,500 m² and 240 beds, stands out as one of the most notable projects of the year.

In addition to work on large hospitals, SANJOSE is highly specialized in all kinds of work in the healthcare sector including: health centers, assistance centers, retirement facilities, etc.

In January 2007, the Health Center of Sanchinarro in Madrid was completed, with an area of 3,553 m². In this autonomous region, work is still being done on three additional centers: Leganés, Silvano and Lucero, on Portugal Avenue.

Other notable works related to the healthcare sector are the projects Cap Roger Flor in Barcelona, the Retirement Home in Hospitalet de Llobregat, and the completion of the Health Center of San Fernando in Cádiz.



Cap Roger Flor, Barcelona.



Retirement Home in Hospitalet de Llobregat, Barcelona.



Commercial Center "Zona Este", Seville.



Commercial Center "Zona Este", Seville.

■ Shopping Malls

The specialization acquired in previous projects has made SANJOSE a market leader in the construction of commercial centers. Facilities already completed or in progress at the end of 2006, include:

The Commercial and Recreation Center "Zona Este" located in the Airport of Sevilla industrial park. This four floor, 30,000 m² building is built on a plot of more

than 10,400 m², and includes parking, commercial zones and movie theaters. The commercial zone has storefronts and a supermarket, all equipped with the latest technology. The exterior areas are finished in a very elegant urban design, with decorative elements and urban installations.

In Castellón de la Plana, Group SANJOSE also has finished the **Commercial Center "La Salera"** for ING Real Estate.



Shopping Center "La Salera", Castellón.



Shopping Center "El Ventanal" in Colmenar Viejo, Madrid.

This is a building with four floors: two of them, with a total of 84,000 m², dedicated to parking and another two (19,000 m² each) with commercial areas.

In Colmenar Viejo (Madrid), SANJOSE is working on the **Commercial Center "El Ventanal de la Sierra"** for Alcampo. This center is located on a plot of 82,500 m², with the following distribution: two stories of underground parking, and a 25,000 m² floor with commercial space, restaurants, a gas station, mechanics/auto shop, and ground level parking.

The **Commercial Center "Pajarete"** in the city of Algeciras is currently in progress, and will have an area of approximately 105,000 m² distributed over two floors. This is an ambitious project of Group SANJOSE, meant to provide Algeciras with a new area of urban services to meet the consumption needs of its population. It will

have an ample shopping area, as well as recreation areas and 2,000 parking spaces.

In addition to the completion of the above projects, the Group has also participated in the structural work of the **Carrefour** centers in **Torremolinos (Málaga), La Coruña** and **"Alcalá Magna"** in Madrid.



Shopping Center "Alcala Magna" in Alcalá de Henares, Madrid.



Multi-Sport Center "Pilar Fernández de Valderrama", Valladolid.



Indoor Swimming Pool of Alcoy, Alicante.

■ Sport Facilities

In this area, diverse multi-sports facilities and indoor swimming pools have been completed all around the nation. The most important among completed projects are:

- **Multi-Sport Facility "Pilar Fernández de Valderrama"** in Valladolid, which occupies a plot of 9,890 m² of which 5,680 m² are dedicated to gymnasium, locker rooms, storage areas, offices and common areas, as well as a 1,132 m² track with capacity to seat 1,545.



Multi-Sport Center "Pilar Fernández de Valderrama", Valladolid.

- **The Sports City of Umbrete** (Sevilla) is located on a plot of 62,000m² and houses facilities for both indoor and outdoor sports. The new complex includes a multi-sport pavilion, several soccer fields, athletic tracks, tennis courts, swimming pools, bleachers and locker rooms.



Sports City in Umbrete, Sevilla.

- **Indoor Swimming Pool in Alcoy** (Alicante). This 3,000m² project, for the local City Council houses two swimming pools, Jacuzzis, a gymnasium and other necessary facilities.

- **Multi-Use Building in Villamayor de Armuña** (Salamanca), over 4,000m² of space intended for both sport and cultural use.

- **The Multi-Sport Facility of Murillo, Rio Leza** (La Rioja) has been developed to meet local needs and supplements pre-existing facilities.

We must also emphasize the award of the two following projects:

- **The Sports City of Merida**, with an area of 130,000 m², includes a 10,015 m² building.

- **Municipal Sports Center "Francisco Fernández Ochoa"** in Carabanchel (Madrid), is located on a plot of 31,519 m², and utilizes the topography of the area in order to provide direct exterior access to three of its four floors.



Multi-Use Building in Villamayor de Armuña, Salamanca.



Multi-Sport Center in Murillo de Rio Leza, La Rioja.



Main campus of the University of Vigo.

■ Educational Centers

Since its inception over thirty years ago, Group SANJOSE has demonstrated its expertise in this sector, with a proven track record of meeting project delivery deadlines and the strictest compliance with quality requirements. Worth mentioning among the projects completed during 2006, are the following:

- **Rectorado de Vigo**, an emblematic building at the University of Vigo campus, occupies over 3,000m² integrated with the surrounding environment.

- **University Residence Hall "Heliópolis"**, in Sevilla. This is an enclosed area for students, teachers and administrative personnel with a six- and four-storey building with a combined area of over 14,500 m². In addition to 380 rooms (437 occupants), the residence hall also features an indoor swimming pool, gymnasium, conference room, paddle ball and tennis courts..

- **CIBUS Building** for the University of Santiago. This building houses the research laboratories of the Department of Biology and other expanding departments. It consists of



Main campus of the University of Vigo.

four basement levels, a ground floor and three other floors.

- **IES in Sant Esteve de Ses Rovires (Barcelona)**. With a constructed area of 3,355 m², this institute includes all the facilities necessary for a teaching institution as well as an 8,200 m² area of sports facilities.

Other noteworthy projects completed to date are the elementary schools in Valdemoro and Encinar de los Reyes, in Madrid.



University Residence Hall "Heliópolis", Sevilla.



CIBUS Building for the University of Santiago.

■ Residential

In 2006 SANJOSE completed over 3,000 residential units. The sales volume generated by this activity as a percentage of total revenues and the high quality standards expected by final users reflects the importance that this segment represents to our company's growth.

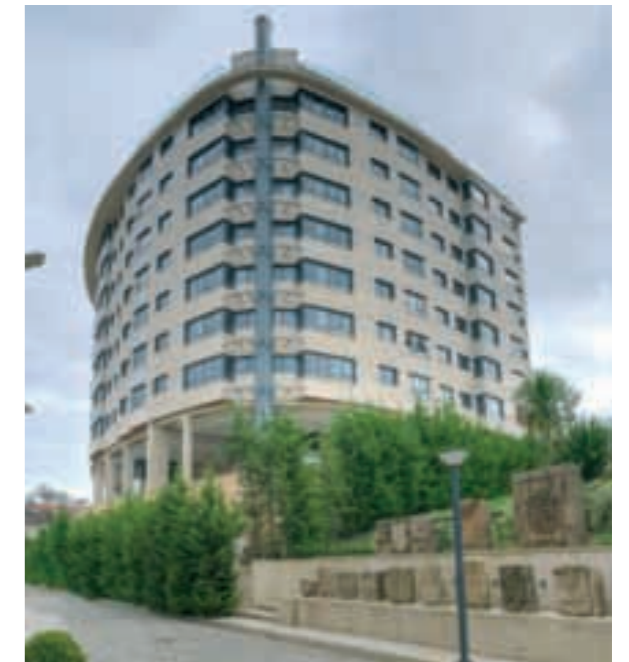
Our client base includes the most important private real estate and property development companies in the market.

It is important to emphasize the growing presence of public local and regional residential developers among our clientele (IRVI, EMVISESA, IVVSA, INCASOL, etc.).

The most significant among the residential projects completed during 2006 are:

- Residential Community Monteoliva in San Agustín de Guadalix, Madrid.
- Sensat Estate in Vigo.
- Residential Area Las Sabinas in Zaragoza.

Sensat Farm, Vigo.



Residences Monteoliva in San Agustín de Guadalix, Madrid.



Residences Las Sabinas, Saragossa.





Park Olivar in Torremolinos, Malaga.



Residences Oasis Beach in Altea, Alicante.

- Olivar de Torremolinos Park in Málaga.
- Galileo Building in Sevilla.
- Rivera de Palma de Mallorca.
- Country Club Loma Martín Miguel in Sanlúcar de Barrameda (Cádiz).
- Residential Area Galera Beach in Almuñecar (Granada).
- Residential Area Oasis Beach in Altea (Alicante).
- Residences and parking garage in Cardenal Herrera Oria Street in Madrid.
- Residential Community Belcanto in Tenerife.
- Residences in Boadilla del Monte (Madrid).
- Residences in Castellarnau (Barcelona).
- Residential Area Brisas Golf in Molina de Segura (Murcia).
- Residences in Torreblanca (Castellón).
- Residences in Yebes (Guadalajara).
- Residences in El Escorial.
- Apartments for PMH in Barcelona.
- Residential Project Beleyma Bulevar in Tenerife.



Residences Playa Galera in Almuñecar, Granada.



Urban development Country Club Loma Martin Miguel in Sanlúcar de Barrameda, Cadiz.



Residences de la Rivera, Palma.



Residences in Castellarnou, Barcelona.



Galilean Building, Sevilla.



Residences in Cardinal Herrera Oria Street, Madrid.



Hotel del Alba in Muchamiel, Alicante.

■ Non-Residential Buildings

Hotel projects deserve special mention. Among completed projects in 2006, the following are especially notable:

- **Hotel del Alba in Muchamiel** (Alicante), with 275 rooms, swimming pool and parking distributed over more than 13,000 m².

- **Hotel Cordoba Center**, a downtown project comprised of two independent buildings totaling 45,092 m². One building includes a four-star, 207-room hotel with swimming pool, Jacuzzi and convention center with capacity for 1,000. The second building includes 101 luxury residences.

- **Hotel Barcelona Cathedral**, with over 5,900 m², this four-star, 80-room hotel is located in the old quarter of the city. Its three basement levels and five above-ground stories include all the facilities of a hotel of this class: an interior garden, work center, bar - restaurant, solar panels, etc.



Hotel Catedral, Barcelona.



Hotel Cordoba Center.



Funeral Home for Servisa, Valencia.



Bluenet, High Tech Building, Seville.

Other non-residential projects include buildings for administrative, industrial, judicial and other purposes. Within this category of non-residential projects, the following must be emphasized:

- **The Funeral Home for Servisa** (Valencia) is an impressive three-storey, 8,000 m² building with a chapel, gardens and all the necessary installations for the activities of a funeral home.

- **Bluenet, Hi-Tech Building**, in Sevilla. Designed to house hi-tech compa-

nies, this building aims to attain the maximum output, safety, reliability and operational capacity that the latest technological advances can provide.

- **Offices of the Youth Center of Logroño**, a construction with clear, straight lines that also emphasizes elliptical shapes. These features, as well as ample windows and luminosity give this building a youthful, modern and avant-garde appeal.



Main Youth Center of Logroño, La Rioja.



Maintenance Hangar at the Airport of Palma de Mallorca.

- **The Courthouse of Antequera** (Malaga) is a 3,696 m² building characterized by its four-storey tower and its black glass fiber reinforced concrete (GRC) façade, which contrasts with the white interior. It also features spacious public areas and an impressive main hall with high ceilings and large decorative windows.

- Industrial projects, like the **Wind Farms of Lugo (Buio, Gamoide and Rioboo)**, which span 36 km and where wind turbine components are manufactured.

- **Maintenance Hangar of the Palma de Mallorca Airport.** With an entire constructed area of 16,164 m², this project includes offices, storage facilities and most importantly a large, airy space for airplane maintenance.



Courthouse of Antequera, Malaga.



Courthouse of Antequera, Malaga.



Metro station Pinar del Rey, Madrid.

Civil Work

The year 2006 and early 2007 have seen intense activity in the civil work market as a result of the completion of local and regional legislative programs, areas in which public works have been strongly supported.

As for the Central Government, investment levels have been maintained, primarily through the ADIF, Central Highway Agency and SEITT.

SANJOSE actively participated in this environment of high activity. Many important projects were completed in 2006 and other important civil works will conclude in early 2007. The most significant are the following:

- **New station of "Pinar del Rey"**, in line 8 of the Madrid Subway. This contract by MINTRA involved placing concrete screens, at a depth of 36 meters, between two existing stations.

This unique three-level design was completed without interrupting subway service.



Metro station Pinar del Rey, Madrid.



Junction of Las Tablas with the M-40, Madrid.

- **Las Tablas Intersection with the M-40**, in Madrid. This contract with the Madrid local government for a new highway junction consists of nine large structures, on of which is a 400-meter overpass above the A-1 highway. This

project completes the M-40 service road between the M-607 and the A-1, adding up to 14 lanes which facilitate highway access to the neighborhoods of Las Tablas and Sanchinarro, as well as to the Telefónica City of Communications.



Junction of Las Tablas with the M-40, Madrid.



Seafront of Sanlúcar de Barrameda, Cadiz.

- **Junction of Roads N-550 and AC-301** in Padron for the Galician Autonomous Government. Consists of a beltway joining Padron with Rois (La Coruña) designed to avoid the urban transit along the route through Padron.

- **Access to Rivas Oeste from the A-3** for the City Council of Rivas-Vaciamadrid. This is a new junction providing highway access from this locality in Madrid province by means of a lower underpass. A decorative element more than 50 meters high and two ornamental fountains stand out.

- **Sea front of Sanlúcar de Barrameda** (Cádiz) for the General Office of Coasts of the Ministry of the Environment. The project scope includes redesigning the beach and surrounding area with protective walls, white concrete pavements, road infrastructures, sanitation networks and supplies as well as gardening.

- **Urban development of Costa Ballena**, in Chipiona (Cadiz), for the Compensation Council. In this completed work, paving activity is to be highlighted.

- **Counterdike in the Port of the Atunara**, in La Línea de la Concepción (Cadiz), for the Ports Authority of the Council of Andalusia. A new concrete block wharf was constructed using underwater formwork and concrete structures. Breakwater protections and exterior dredging were also built.



Counter-dike of the Port of Atunara in La Línea de la Concepción, Cadiz.



Urban development Coasta Ballena in Chipiona, Cadiz.

- **Interconnection System of la Jarosa** in San Lorenzo del Escorial, for the Channel of Isabel II. It consists of a system of water pipelines and a new 20,000 m³ deposit tank.

- **Adaptation, improvements, lane conversion and redesigning of the Ronda Este, Avda. Alvaro Domeq and the North Branch in Jerez**. Consisting of several urban roads to which necessary infrastructures and services were added.

At the time of writing this Annual Report the following projects were still in progress, with some of them very near completion:



High Speed Railroad access of Madrid-Valencia.



High Speed Railroad access of Madrid-Valencia.

■ Railroad Projects

- New High-Speed railroad access joining Madrid with Valencia, at the Reservoir of Contreras-Villargordo del Gabriel section, with 6 km in length of which 4 km are tunnels and 1.5 km are three independent structures over the Reservoir.
- Two-way Light Rail Colonia Jardín-Boadilla del Monte, with a length of 13.7 km, 12 stations and 11 structures.
- New High Speed railroad access joining Madrid with Valencia, at the Ocaña-Villarrubia de Santiago section, with 21 km in length and two viaducts.



Light Rail Colonia Jardín-Boadilla del Monte, Madrid.

■ Highways

- Access to Valdebebas from the M-11.
- A-50 Salamanca - Encinas de Abajo (Salamanca).
- A-67 Osorno-Marcilla de Campos (Palencia).
- A-45 Encinas Reales-Benamej (Cordoba).
- AP-53 Alto de Santo Domingo - Cea A-52 junction (Orense).
- Viaducts over the Barbantiño and Miño rivers in the AP-53 (Orense).
- Highway Verín - Portuguese Border.

■ Hydraulic projects

- EDAR Arroyo de la Vega(Madrid).
- EDAR North Aranjuez (Madrid).
- Channel of Páramo Bajo (León).
- Channel of Villalaco (Palencia).
- Infrastructure rehabilitation of the Fountains at La Granja Palace (Segovia).

- Environmental restoration of the River Nonaya in Salas (Asturias).
- Reusable water irrigation systems in Alcorcón (Madrid).
- Water supply systems to Manzanares del Real from the reservoir of Santillana (Madrid).
- Improvements to the general water supply system in El Puerto de Santa Maria (Cadiz).

■ Other projects:

- Linear park of 80,000 m² in the municipality of Rivas Vaciamadrid (Madrid).
- Urban development Anillo Norte Estación de Delicias (Zaragoza).
- San Isidro Neighborhood urban development, in Navalcarnero, Madrid.
- Urban development La Maquinilla, in Colmenar Viejo (Madrid).
- Urban development Fabricas, in San Fernando (Cadiz).



Linear park of Rivas Vaciamadrid, Madrid.



Municipal library of Castelo Branco, A Guarda.



Main Office of Mira Businesses, Aveiro.

International

The construction activity of Group SANJOSE stands out in European countries such as Portugal, Germany, France and Belgium; in America in Argentina, Peru, Panama and the USA; and in Africa in Cape Verde.

Europe

■ Portugal

Our group is present in the construction sector with two companies:

- SANJOSE Constructora - Representacao em Portugal
- Construction Udra, Lda.

Both are active in the areas of construction, rehabilitation and building restoration.



Municipal library of Castelo Branco, A Guarda.

In spite of the competition in the sector and the continued downward trend in volume of activity in 2006 (investment in civil construction and public works decreased as a result of the policies aimed at reducing fiscal and current account deficits), our companies maintained strong performances, achieving very positive results and revenue growth rates.

Constructora SANJOSE, Representacao em Portugal.

Constructora SANJOSE, Representacao em Portugal in continental Portugal through its 4 offices located in Porto, Coimbra, Lisbon and Albufeira.



Professional Training Center of Figueira de Foz, Coimbra.

2006 was once again a positive year, with an increase in both its production and administrative staff in all four local offices.

The most outstanding projects were following:

- Hospitals and Health facilities.

This is a sector in which Constructora SANJOSE has become a company of reference, with large notoriety and the respect by both public and private institutions.

A few projects stand out among the rest such as the Health Center of Massamá, the work at the Hospital of Santa Maria in Lisbon, the Drug Rehabilitation Treatment Unit of Olhão, the Hospital Rovisco Pais in Tocha, the new Emergency Room at the Hospital Infante D. Pedro in Aveiro and a building for the pharmaceutical company Farma APS.

- Institutional, Cultural and Educational buildings

Activity in this segment also stands out, and worth mentioning are:

The completion of the Youth Center in Brandoa, the Portuguese Center of Refugee



Portuguese Refugee Assistance Center, Lisbon.

Assistance, the Center of Professional Training of Figueira da Foz, the Market of Portimão, the Head Office of Incubadora de Empresas de Mira, the Swimming Center of Belem, the Municipal Library of Castelo Branco and the Economics Department of the University of Porto.



Hospital Infante D. Pedro, Aveiro.



Tourism Facility of Burgau, Algarbe.

- Hotels.

In addition to the complete rehabilitation of the luxurious Peña Longa Hotel in Sintra, the new Spa and surrounding gardens were also added.

The addition and rehabilitation of Hotel of la Baleeira also started in the region of Algarve.

- Rehabilitation Projects.

Important projects were completed in Lisbon's Barrio Alto, as well as in the Cultural House of Amarante.

- Residential

The three most notable projects were:

- In Lisbon, the tourist complex of Quinta das Rosas.
- In Algarve, Empreendimento del Burgau.
- In Porto, buildings in Monte dos Burgos and Edificio Casas Brancas in the Urban development Porto Douro.



Peña Longa Hotel in Sintra, Lisbon.



Peña Longa Hotel in Sintra, Lisbon.

**Constructora Udra Lda.
Portugal**

Constructora Udra initiated its activity in Portugal in the Greater Lisbon area, where its offices are located. It progressively extended its operations to other regions in the country.

Dedicated initially to rehabilitation and conservation, it has experienced substantial growth, and currently operates in important public and private works.

Year 2006 was, once again, a period of growth for Constructora Udra, with the following projects among the most important:

- Administrative buildings: an office building in one of the main avenues in Lisbon and the Archives do Pau Queimado (Montijo), along with the rehabilitation of the head office of Citeforma.
- Sport facilities like the pavilion and the annex buildings of Porto Salvo.
- Rehabilitation: six shops for C&A, distributed from North to South in the Portuguese territory.
- Other buildings: enlargement of the Social Center of Quinta do Anjo, Convention Center in Barrancos, and alteration of a multiuse building in Castelo Branco.

Among the work in progress at the end of 2006, worth mentioning are the construction of the Vila Almeida Hotel in Lisbon, with 140 rooms and six luxurious apartments, and



Head Office of Citeforma, Lisboa.

the construction of the museum complex Santa Marta in Cascais.

For the year 2007, continuing growth of Construction Udra is expected, with private contracts (residential and non-residential) having significant weight in its total revenues.



Nursery in Palmela, Lisboa.



Multi-Use Building in Castelo Branco, A Guarda.



Tourist - residential complex on the shore of Lake Schwielowsee in Petzow, Berlin.

Germany

In Germany, the Group's presence has developed by way of two companies: SANJOSE Bau, which was constituted in 1995, the year in which the Group began its international expansion, and later, SJB Müllroser Baugesellschaft mbH, which was constituted as a second subsidiary. The latter has been the driving force of our activity in Germany during the last few years.

The company operates in all construction segments in Germany, with special focus on the residential and hotel sectors. The following stand out among the projects in Germany:

- A 52-room hotel located in North Berlin.
- A 130-room hotel with an area of 10,020 m², situated in an urban development next to lake Schwielowsee in Petzow, near Postdam.
- A set of 14 residences with a total area of 2,750m² was constructed in the same urban development.
- Apartment building in the Manestrassen area (Berlin).

Other European Countries

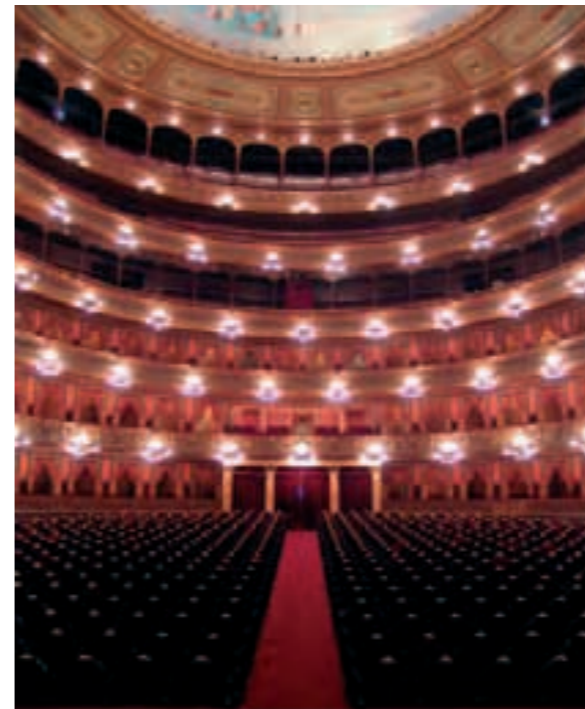
The Group is also present through important projects in countries such as France and Belgium.



Apartment Building in Manestrassen, Berlin.

In France, the group works under the name SANJOSE France S.A.S., and one of its most remarkable projects is the construction of the Spanish Lyceum "Luis Buñuel" in Paris. This is an important building dedicated to providing education applying the Spanish educational model.

In Brussels (Belgium) the company has constructed the "Le Peuple" building for the Principality of Asturias, a project of social and cultural relevance, particularly for the resident Spanish community.



Colon Theater, Buenos Aires.

America

Argentina

After the crisis of 2001, which caused a 10.9% decline in economic activity in 2002, the Gross Domestic Product (GDP) has continued growing at over 8 % every year since, and reaching 8.5% in 2006, mainly as a result of the advances in the construction and industrial sectors.

Future prospects are also optimistic. The Argentine Government projects a GDP growth of 4 % for 2007, whereas private analysts predict an increase of as much as 7 %.

The year 2006 marked the beginning of a new period of business strength and resumption for SANJOSE Argentina. This is based on the work performed during the year as well as the contracted backlog.

The most significant project was the Channel Reducción Los Andes, in Mendoza. The most important for Spanish citizens was the alterations to the Consulate of Spain in Buenos Aires.

Contracts have been obtained for projects of various categories, such as: official buildings, public works, hospitals, etc. Due to the emblematic character for the city of Buenos Aires and for the entire nation, the Rehabilitation of the Main Hall in Colon Theatre is noteworthy.

An agreement for the construction of the Pan-American Commercial Center has also been reached, with an estimated area of 160,000 m². Other awarded projects are the Rawson Hospital in San Juan, the Velarde Channel in Salta, the Rodríguez Peña Route in Mendoza, or the new buildings for the Argentinian Army in the municipality of Vicente López.



Channel Reduction The Andes, Mendoza.



Del Aire Condominium, Lima.

■ Peru

The main economic indicators of this South American country continue confirming the expansion period in Peru. For the fifth year in a row, its GDP grew in excess of 5%, reaching 8.03 % and exceeding the analysts' projections. The construction sector reached a growth of 14.74 % compared to 2005, representing 5.58% of GNP and establishing itself as the fourth economic factor of the country.

Our presence in the construction sector is established under the name SANJOSE Peru.

During 2006, SANJOSE Peru met its scheduled targets in the social housing project of Condominium del Aire, having completed and delivered three of seven project phases (568 residential units) and the

underground parking garage (73 spaces). The fourth phase started in September (236 units), with completion estimated for May, 2007.

Additionally, SANJOSE Peru was selected to build the first hotel (130 rooms), to be lo-



Hotel at Jorge Chávez International Airport, Lima.



Chabrier Building, Lima.

cated within Jorge Chávez International Airport (Lima), which is the main port of entry for civil and commercial air traffic in Peru. Its construction began in August, 2006 and will finalize in April, 2007.

The main projects started in 2005 were completed:

- The Chabrier Building, with 9 luxury apartments.
- The Rina Dibós Building, with 15 storeys and 42 apartments of 85m² each.
- The Punta del Este Building, with four towers (one for offices and three for apartments), all with a high-end finishes.
- Remodeling of the head office of the Minera Aurífera Retamas Corporation (MARSA), whose architectural proposal was also designed by SANJOSE Peru.

- Construction started at the Multifamily Ambassador Building, with 52 apartments of 85m² each, whose completion is expected in October, 2007.



Main Office of MARSA, Lima.



Punta del Este Building, Lima.

■ Panama

Group SANJOSE, through its subsidiary CPA (Airport Construction Company of Panama) completed and delivered the design-build project for the Extension of the Passenger Terminal at Tocumen International Airport.

This work has consisted in:

- Enlargement of the main terminal building.
- Renovation of the existing building, including Terminals A and B.
- Construction of two new buildings in the airport premises: for public services, maintenance and storage of Tocumen, S.A.

The entire construction activity spanned over 40,000m², including 19,625 m² of new construction, without interruption of daily airport operations.

Tocumen International Airport, Panama City.



Tocumen International Airport, Panama City.



West Avenue, Miami Beach.

■ United States of America

The Group has been present in the United States since 1997 under the name of SANJOSE Construction. The company has built several important projects of various kinds, like schools, administrative buildings, parking garages, airport projects and recreational centers.

The company operates mainly in the Washington D.C. metropolitan area. The most noteworthy event of 2006 was its expansion into the southern part of the country, in particular to the city of Miami, where it is initiating its activity in the segment of residential construction.



Hogar Hispano, Washington D.C.

AFRICA

■ Cape Verde

In this country, the Group operates under the name Constructora SANJOSE Cape Verde. It recently completed the Miraflores Educational Center, located in the city of Praia, Isle of Santiago. This is an important training center, with an area of 5,900 m², consisting of several buildings: main classrooms unit, students' residence, a sports pavilion, a dining hall and a chapel. The exterior infrastructure of the project include a soccer field and a basketball court, as well as a completely equipped playground.

The international efforts of SANJOSE for 2007 will be directed at:

- Strengthening its operations in the countries where it is already present.
 - Entering new markets to maintain itself as point of reference on the real estate market.
 - Evaluating investment opportunities in Eastern European countries, like Hungary, Romania and Bulgaria.
 - Creating new business platforms in other American countries, particularly in the Caribbean.
- On a global scale, a strategy of expansion and growth will be developed, supporting at all times the Group's identity: customer service, quality and safety in its execution.



Educational Center Miraflores in Praia, Isla de Santiago.

Subsidiaries

Group SANJOSE provides part of its construction services in Spain through its subsidiary companies, with the goal to adopt its configuration to the different conditions established by each autonomous region.

In the year 2006 growth has been maintained with the expansion of all six regional subsidiaries:

- C&C S.L: Galicia, Asturias and Cantabria.
- Constructora Avalos S.A.: Madrid, Castille - Leon and Castille-La Mancha.
- EBA S.L. (Eraikuntza Birgaikuntza Artapena): Basque Country, Navarre and La Rioja.
- Balltagi Mediterrani, S.A.: Catalonia and Aragon.
- Mediterranean Alcava, S.A.; Valencian Community, Balearic Islands and Murcia.
- Cartuja Inmobiliaria: Andalusia and Extremadura.

The year has seen activity in rehabilitation and construction of residential projects, schools, university facilities, hotels, health centers, parking lots, sports facilities, buildings and industrial areas, retirement facilities, residence halls, etc.

The diversity and the large number of projects undertaken throughout the entire national territory, provides an idea of the professionalism achieved by this technologically advanced subsidiaries. The significance and magnitude of the awarded projects are an indication of our client's confidence in this subsidiaries.

■ Constructora Avalos

The year 2006 was a period of expansion for the company in the Autonomous regions of Madrid and Castilla La Mancha. This translates into an increased portfolio of private and public clients: local governments, universities, government-owned companies, and public infrastructure Management firms.

The following stand out among completed projects:

- Recreational Facilities, like the Swimming Center of Agua Salada and Spa Urbano for the City Council in Parla.

The Swimming Center is a 35,000 m² complex, and includes the biggest swimming pool in the Madrid Autonomous Region, a salt water treatment system and an area of 3,200 m².

The Spa has a water circuit including a Jacuzzi, thermal areas, water jets, a therapeutic



Recreational Facilities in Parla, Madrid.

swimming pool, sauna, Turkish bath, thermal and essence showers, rain, fog and thermal areas.

- Public buildings, like the construction of the new Tenencia de Alcaldía de Rivas Vaciamadrid and the Police station of Parla.

- Educational centers, such as Public School No. 13 of Rivas Vaciamadrid, the Official School of Languages of Pinto and the Institute of Secondary Education of Campo Real.

- Renovation of the old building of the Tenencia de Alcaldía de Rivas Vaciamadrid.

- Urban development of the Square and Gardens of Rivas Vaciamadrid.

- 48 new residential units for the Co-operative La Codorniz in La Fortuna, Leganés, and 173 units for the Municipal Housing Company of Rivas Vaciamadrid.

At the end of 2006, some of the projects in progress were:

■ Madrid Autonomous Region

- 260 apartment units in El Bercial, Getafe for Nuevo Siglo S.C. of Madrid.

- 116 apartment units in San Sebastián de los Reyes for the Co-operative La Codorniz.

- 76 apartment units in Dehesa Vieja in San Sebastian de Los Reyes.

- 83 residential units in Madrid for Co-operative Sanchinarro of Banca and Ana of Austria.

- 76 residential units in Collado Villalba for Sierra de Maliciosa Developers.



Tenencia de Alcaldía of Rivas Vaciamadrid, Madrid.

- Rehabilitation of the Façades of the Neighborhood of San Ramón for the City Council of Parla.

■ Autonomous Region of Castille La Mancha

- Theater Auditorium of Los Yébenes for GICAMAN.

- Logistics center of the Fire Fighting Center in Guadalajara for GEACAM.

- Enlargement of the Fermín Caballero Building for the University of Castille La Mancha.

- 31 residential units in Marchamalo and 63 in Taracena, for Reálitas Grupo Real Estate.

- 62 residential units in Ciudad Real for Urbis.

- 33 residential units in Puertollano for Hard Houses.



Recreational Facilities in Parla, Madrid.



Police Station of Parla, Madrid.



Chemistry Department of the University of Valencia.

■ Alcava Mediterranea, S.A.

During the year 2006, Alcava almost doubled its volume, with projects for IVVA (Institute of Housing of Valencia); several Universities (Valencia, Alicante, "Miguel Hernández" and "Jaime I" of Castellón); the Valencia Chamber of Commerce, C&A and CIEGSA.

The most notable projects completed were:

- In the city of Valencia, the buildings, residences, store fronts and parking lots of the Tree Square (Plaza del Árbol), for the Institute of Housing.

- In Peñíscola, the enlargement of the Hotel Acuazul.

At the end of 2006, the following were in progress:

- In the city of Valencia, the construction of 44 residences in Arolas Street,, and reforms in the Chamber of Commerce and the Biology Department of the University.

- In Aldaia, Center of Citizen Participation.

- In Bigastro, CEIP San José de Calasanz.



21 residences in Plaza del Árbol, Valencia.



Pharmacy Department of the University of Valencia.

■ **Balltagi Mediterrani, S.A.**

With two offices in Barcelona and Tarragona, this company satisfactorily maintained the level of its business operations, with an important presence in the Catalan market of public projects.

The five most significant projects completed in 2006 were the following:

- Two Centers for Pre K and Elementary Education (CEIP): "Sant Jordi" in Tarragona, and "Beethoven" in Barcelona.
- A municipal stadium in Montcada.
- Municipal nursery in L'Atmella del Mar in Tarragona.
- 46 residences in Barberá del Vallés.

The main projects in progress at end of 2006 were: the Fire Department Park of Mataró, the Sports Center of Arenys de Munt, the Center of Pre K and Elementary Education "Joan Maragall" of Barcelona, retirement facilities and facilities for the disabled in El Perelló and Terrassa.



Municipal Nursery of L'Atmella del Mar, Tarragona.



46 residences in Barberá del Vallés, Barcelona.



Municipal stadium of Montcada, Barcelona.

■ **C&C, Construction, Rehabilitation and Conservation**

This company basically operates in the segments of industrial buildings, Port facilities, office buildings, residential and services/commercial.

Two of the projects finished in 2006 stand out:

- The Supply and Industrial buildings of Texvigo.

- The customer facilities in the Port of Cangas.

At year end, C&C was building a total of 163 residences, 67 of them in Santiago de Compostela and 96 in Sanxenxo (Pontevedra), as well as the building for the Social Security Agency in Santiago and the manufacturing facility for Eurográficas, also in Santiago.



Buildings of Texvigo, Pontevedra.

■ **Cartuja Inmobiliaria**

It is organized in 2 geographical areas: Easter Andalusia and Western Andalusia, with offices in Seville and Malaga, respectively.

Cartuja I. is fully consolidated as a leading company in its area, and is expanding its operations at the same time that it diversifies its activity into new types of projects, as demonstrated by the beginning of construction of the Shopping Center "San Pablo Plaza".

Its most relevant projects are found in the sector of residential buildings and health care centers.

In residential projects:

- 61 units in Pescaderia (Huelva)
- 106 units in Residential Galicia (Granada)
- 237 units in Residential Calanova, in Mijas (Malaga)

Completed health centers in 2006 were the Health Center of Levante, in La Línea de la Con-



Hospital of Alta Resolución de Guadix, Granada.

cepción, and the High Resolution Hospital in Guadix (Granada). Two Type C 2 centers were also completed in Malaga and Manilva, and another two Type C-4 in Agudulce and Seville-East.

The following projects are in progress, among others:

- In the city of Seville, 40 residences, store fronts and garages in El Conjunto San Laureano; the rehabilitation of the House of the Artists; and diverse industrial facilities in Parsi Industrial park.

- In Peñarroya, the Hospital Valle del Guadiato.

- In Pozoblanco, rehabilitation and enlargement of the Hospital Valle de los Pedroches.

- In Mairena del Aljarafe, construction of the pre k and primary school.



Residences of Calanova en Mijas, Malaga.



Pre K and Elementary Education Center (CEIP) Seville East.



61 residences in Pescaderia, Huelva.



70 Social Housing units in Noain, Navarre.

■ EBA S.L. (Eraikuntza Birgaikuntza Artapena)

The performance in 2006 has been extremely positive, with strong growth in all areas where the company operates, through its offices in Alava-Vizcaya and Navarra-Guipúzcoa.

The construction of residential projects, educational centers, health centers and urban facilities stand out:

- 239 residences: 94 in Ibaiondo (Alava), 75 in Mutilva Alta (Navarre) and 70 in Noain (Navarre).
- Elementary School in Ibaiondo.
- Pre K school in Lakua-Vitoria.
- Health Center Gazalbide-Txagorritxu-Vitoria.
- Mechanical ramps in the Medieval area of Vitoria.

At the end of 2006, the following were in progress for completion in 2007:

- In the province of Alava: 103 residential units in Llodio; 190 residential units in Salburua; Retirement home in Salvatierra; Reform to the University Department of Language and Literature; Pre K School of Zabalgana-Vitoria.

- In the province of Guipuzcoa: 171 residential units in Loyola.

- In Navarre: Hotel Zénit (Pamplona); Students' Residence Hall of Navarre.



Center of Primary Education (CEP) in Ibaiondo, Álava.



Mechanical ramps in the Medieval Area of Vitoria.

SANJOSE Real Estate

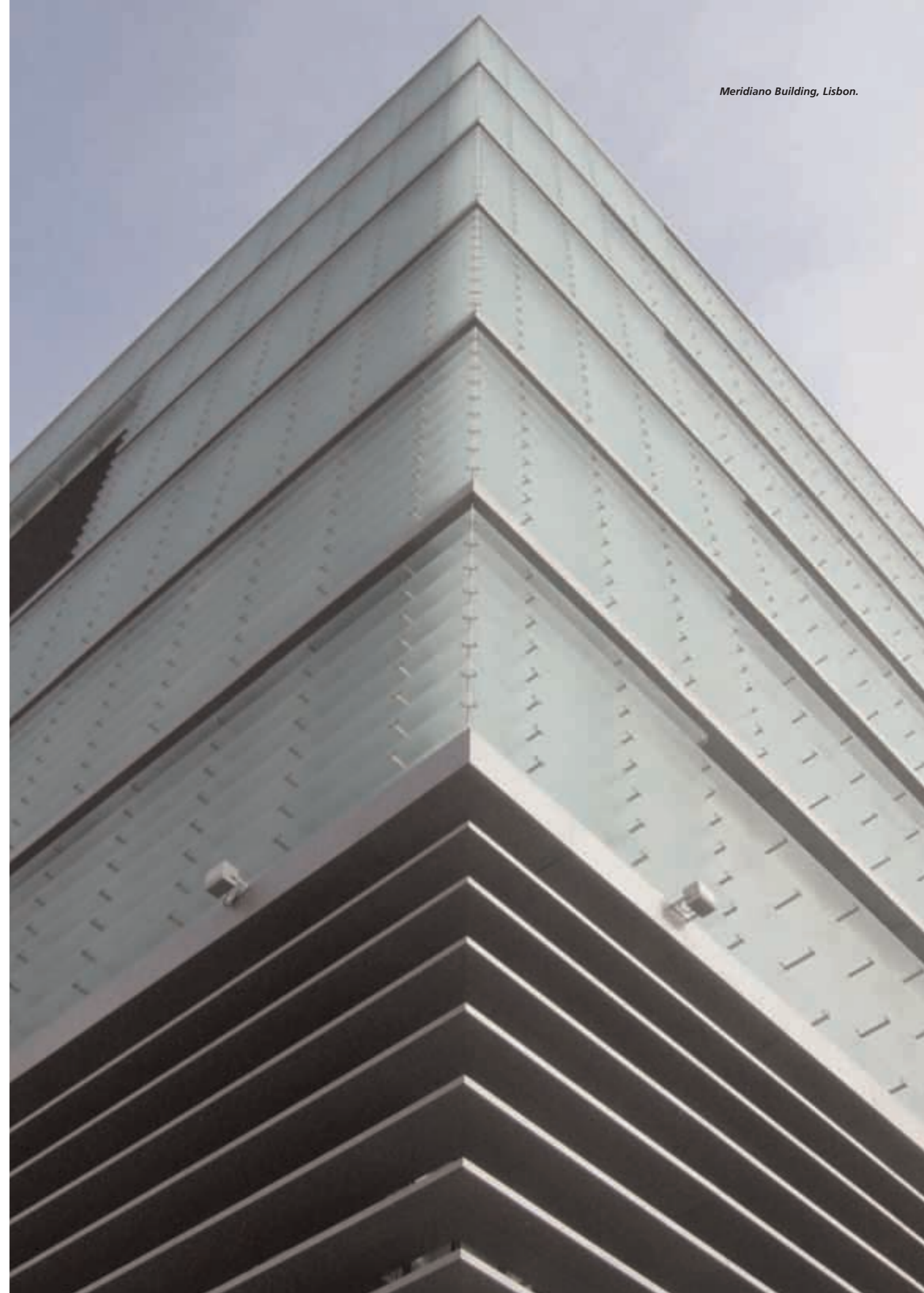
National

International

- Portugal
- Argentina
- Peru
- United States

Urban development

Parquesol



SANJOSE Real Estate

The real estate operations of Group SANJOSE are intended to fully develop its activity by:

- Generating permanent land reserves that allow for the medium and long term growth of the real estate division.
- Reinforcing the Asset Management business in order to reduce exposure to the seasonal changes of the economic cycle.
- Optimizing the timing of delivery and quality of projects, which directly affect the final user.
- Maintaining a personalized attention to the customer.
- Increasing our presence in the local and international markets where we currently operate, and entering into new markets that offer potential for important development.

■ **Inmobiliaria Udra.** This Real Estate development company has participated in mul-



Residential development in Barberá del Vallés, Barcelona.

iple domestic projects during 2006, particularly in the Autonomous regions of Galicia, Catalonia and Madrid. Among these, the residential developments of Espai Boulevard (Tarragona), Barberá del Vallés (Barcelona) and Valdemoro (Madrid) must be highlighted.

Regarding the project in the Sevillian locality of Gélves, all requirements have been met in order to start an urban development of approximately 170 dwellings with an area of nearly 18,000 m².



Residential development Espai Boulevard, Tarragona.



Residential development Las Galeras, Santiago de Compostela.

At the same time, new residential developments are projected in Leganés (Madrid) and in the city of León, and investments have been made for future developments in La Coruña and Fuente el Saz (Madrid).

■ **Douro Atlántico, S. L.** a wholly owned subsidiary of Inmobiliaria Udra, operates in Galicia. During 2006, the development of Santiago de Compostela (La Coruña) was marketed and land acquisition continued for a development project in Vigo (Pontevedra).

■ **Copaga, S.A.** is another subsidiary of the Real Estate Division, developing a high end project projects in Compostela Square in Vigo (Pontevedra).

■ **Udralar,** a Real Estate developer in which Inmobiliaria Udra maintains an ownership per-

centage, has acquired three plots in the center of La Coruña with a total sellable area of 25,000 m², to develop a project of approximately 250 apartments. In this area of the city, very close to the port, an important town-planning project is expected which will provide the city with a series of public infrastructures which will increase its attractiveness and modern look.



Residential development in Avda. de Vigo, Pontevedra.



Maestranza Building, Seville.

■ **Pontegran, S.L.**, a company in partnership with Osuna Real Estate, is developing more than 79,000m² for residential and commercial use where the old San Bernardo railway station was located, in the center of Sevilla. In 2006, the Maestranza Building was almost entirely sold, being the first completed of the entire project with 79 units. Construction of the second phase has been also completed, and the marketing of the 104 units of Puerta Real Building continues.

Finally, construction of the Puerta del Príncipe Building has started, which represents the third phase of the project, and is intended for commercial use.

Inmobiliaria Udra also participates in **Antigua Rehabilitalia**, in partnership with Group Larcovi, for the promotion of residences in Colmenar Viejo, Alcorcón (Retamar de la Huerta), Berrocales (Madrid) and

Conil (Cadiz) that represent some 95,000m² of building area. The projects of Colmenar and Conil were started in 2006.



Porto Real Building, Seville.



Meridiano Building, Lisbon.

International

In foreign markets, Group SANJOSE participates in real estate developments in Europe and America.

■ Portugal

The most important European real estate presence of SANJOSE is in Portugal. Developments are located predominantly in the cities of Lisbon and Porto.

Douro Atlantico develops residential projects in the municipalities of Porto and Maia. This company is developing the Meridiano building, with 7,000 m² in the area of Parque das Nações in the Expo of Lisbon.

Also in the office building segment, the company **Burgo Fundiarios** is constructing an office building for lease in the avenue of Boavista in Porto. This 15,000 m² development is composed of an 18-storey tower and an annex.



Office building in Boavista Avenue, Porto.

In America, important projects are in progress in Argentina and Peru, as well as in the United States.

■ Argentina

The most outstanding project is the residential development in Buenos Aires (Tablada) with 20,000 residential units.

Also in Argentina, the company **Udra Argentina** was created to assist in the real estate business of the Group. At present it has a 700 m² property for lease in the Alem Tower (Buenos Aires),.



Residential Development of La Tablada, Buenos Aires.

■ Peru

In Peru, Group SANJOSE performs architectural projects and real estate developments. Among the architectural services provided by the Group, the 7 storey Office building of San Isidro, with 12,000 m² and 3 underground parking levels (150 spaces) is of note. The building began construction at the beginning of 2007 in front of the San Isidro Business Center, one of the most important zones in Lima. With this project, the Group is starting its activity in the market of office buildings, a very attractive sector given the good economic environment of the country.

Also, residential projects directed at average and upper-class socioeconomic segments have been designed:

- Ambassador Building, with 52 apartments of 85 m² each, whose construction began in December, 2006.

- Jacinto Lara Building composed of 7 stories with 3 duplex apartments of 350 m² each.

- El Olivar Building (6 floors with 20 apartments of 180 m²), an exclusive building whose real estate development and construction will be carried out by the Group in 2007.

Architectural services have also been provided to external clients, among them the Portillo building, with 9 apartments of 250 m² distributed in 5 floors and an underground parking lot.

It is important to mention the awards issued by the Architects' School of Peru to the Condominium del Aire Project (Second Place in the Category of Multi family Housing - Mi-vivienda of the V National Contest of Architectural Quality 2005) and Chabrier (Second Honorable Mention of the Area of Multi family Housing of the XIth National Biennial of Architecture), which help strengthen the Group's image in the Peruvian real estate market.

As for real estate developments in 2006, the following are noteworthy:

- The sale of 622 of 1,392 residences of the Condominium del Aire, as well as 9 luxury apartments with 200 to 385 m² of Chabrier Building and 42 apartments with 85 m² of the Rina Dibós Building.



Ambassador Building, Lima.



Condominiums del Aire, Lima



Chabrier Building, Lima.

- Real estate development of the Santa Margarita building, a residential project of 8 apartments with 380 to 900 m², being constructed in the most exclusive area of Lima in 2007, to enter into the most luxurious segment of the Peruvian market.

In order to guarantee future similar growth, architectural designs and real estate development of new housing projects are foreseen for 2007. The economic housing project Condominium FIP stands out with 3,072 residences and a ground level parking for 1,024 vehicles, which will be constructed in Lima with a 100,000 m² area.

■ The United States

SANJOSE Construction, has more than ten years experience in the American building market, in the areas of Washington D.C. and of Miami.

Through this company, Group SANJOSE is completing its first real estate operations in the United States.

The most outstanding project is "West Avenue", in a central area of Miami Beach. It is a 5-storey building of approximately 9,000 m², with 36 apartment units, 6 commercial space units and parking space in the first and second floors.



West Avenue, Miami Beach.



Commercial Center "San Pablo Plaza", Sevilla.

Urban developments

The development and subsequent management of shopping centers is a supplementary activity, and the leasing of such properties provides an additional source of income from leasing.

In accordance with this philosophy, Group SANJOSE has owned and operated three large shopping centers in the city of Buenos Aires since 2005. In 2006, three new mall projects were started in Sevilla, Algeciras (Cadiz) and Buenos Aires.

In Sevilla, the **Shopping Center "San Pablo Plaza"** will be located in Nervión-San Pablo, the second most populated district in the city, with 125,000 inhabitants. The project, which has already begun, will have some 55,000 m² of constructed area and 800 parking spaces. Stores will be distributed over three stories of 18,500 m².



Commercial Center "Pajarete" en Algeciras, Cadiz.

The **Shopping Center "Pajarete"** in Algeciras, in the province of Cadiz, will be inaugurated in 2008 with the goal of serving the 110,000 inhabitants of the city. The enclosure, where work has already started, will include an area of approximately 105,000 m² distributed in two floors, with a gross rentable area of some 31,000 m² and 2,000 parking spaces.

In Buenos Aires, SANJOSE acquired the real estate properties of Auchan Argentina in 2005, with three commercial centers in



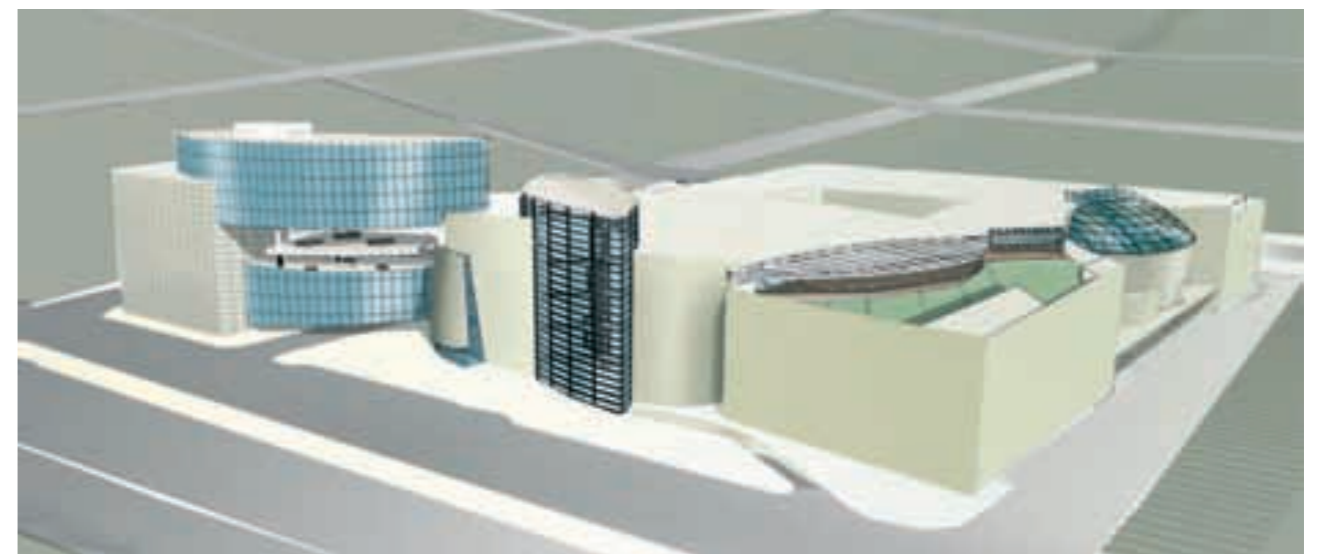
Commercial Center "Pajarete" en Algeciras, Cadiz.

Avellaneda, La Tablada (Commercial Park "Buenos Aires 2") and **Quilmes**, in the province of Buenos Aires. All three centers were operational.

At the end of 2006 a new project started in Buenos Aires, around the area of General Paz Avenue and the Pan-American Route. The project is the **Commercial "Pan-American"**

Center. Work has started on the first phase, which extends 60,000 m² and includes a tower destined to house offices of some 12,000 m². Completion is expected by the end of 2008.

The second phase will consist of 88,000 m² of additional space, for a total of 160,000 m² with the two phases combined.



Shopping Center "Panamericano", Buenos Aires.



Parquesol Headquarters in Pozuelo de Alarcón, Madrid.

Parquesol

This renowned real estate development company has experienced increasing activity over its thirty years of existence, combining the business of residential devel-

opment and the management of its real estate assets.

The origins of this group started in Valladolid in the 1970s with an emblematic town planning project: "Parquesol City". This was a project of reference in its time, and the com-



Residences Jardines de Zorrilla, Valladolid.



Residences Guadalmarina 1 and 2 in Sotogrande, Cadiz.

pany has evolved into a publicly traded corporation with presence in eight Autonomous regions in Spain, two international offices in Lisbon and Warsaw; and real estate projects currently in progress in countries like France.

With no doubt, 2006 has been the most decisive year for Parquesol so far. It started with larger diversification and more international exposure, as well as with a bigger concentration in the asset management area, without losing its focus in the first and second residential markets.

Property acquisitions such as those in Blau Port in Barcelona, the Headquarters of insurer Generali in Lisbon or the purchase of its first building in Paris near the Champs-Élysées, are only a sample of its activity during the year.

However, residential development is still the main business of Parquesol. The careful analysis of investments, definition of the product profile, proactive management of de-

veloped land and a proper land portfolio turnover, are the principles in which the group strategy is based in this area. Considering that its development projects are directed to a middle/upper class segment, with less exposure to economic cycles, this is the most important area in the organization.



Residences of Metrocity in the Parque de las Naciones, Lisbon.

SANJOSE Technologies

Health

Integral Facilities

Infrastructures and Transport

Industrial

Environment

Energy



SANJOSE Technologies

The year 2006 was characterized by our consolidation in the technology sector, specialization in different areas, the opening of new markets, as well as having attained a balanced distribution of our project portfolio among those markets.

The main performances and relevant facts of 2006 have been the following:

Health Centers

The Health care market is one of our most traditional segments. Around it we provide services that go from improvements, installations, as well as comprehensive and specialized maintenance of electro-medicine. Tecnocontrol is the company of the Group which can pride itself with more than 25 years of quality and successful service in this sector.



Mall Playground "Ensanche de Vallecas", Madrid.

Our most important projects are the reforms in the hospitals of Vall d'Hebrón (Barcelona), Verge la Cinta (Tortosa) and Our Lady of Grace (Zaragoza); as well as installations of the Hospital Gregorio Marañón (Madrid).

Internal facilities

With an important presence in end client projects, we must emphasize the award and initiation of the following contracts:

■ Electrical and Telecommunication facilities in the Commercial Playground Park "Ensanche de Vallecas"

As part of a new service infrastructure for the area of Vallecas in Madrid, Carrefour has awarded the contract to install electrical installations of medium and low voltage as well as special installations for its new shopping center. At the same location, Tecnocontrol has also been hired to complete installation work for IKEA.



Project 30 Street, Madrid.

Infrastructures and Transport

Two important strategies define the performance of Group SANJOSE in this sector:

- To maintain and increase our presence on projects of large investment programs of air, railroad and ground transportation being undertaken in Spain.

- To maintain our presence in network telecommunication operators and electric utilities, which operate and invest in the large infrastructures of the country.

Among others, Tecnocontrol worked in the following projects in 2006:

■ Power Station at the Airport of Barcelona

This station will service the entire complex and is part of the Barcelona Plan, devised by Aena for the construction of a new airport terminal.

■ Subway of Madrid. Installation of fire protection systems in the extension of line 3

Extension of subway line 3, with seven new stations: Almendrales, Hospital 12 de Octubre, San Fermín, C. de los Ángeles, Villaverde Cruce, San Cristóbal and Villaverde Alto.

The basic infrastructure projects that define this route includes tunnels, air vents, pumping stations, installation rooms, tunnel lighting systems, architectural design of the stations, stairwells, elevator shafts, etc. The contracts are awarded by MINTRA.

■ Street 30 in Madrid. Electrical Installation in MT y Lighting system for the South Bypass at the North Tunnel

The Madrid City Council contracted the construction of the South North By-Pass Tunnel as part of the plan to improve and bury the M-30 route underground. Tecnocontrol is working in this project in the installation of electrical facilities in MT and the tunnel lighting system.



Airbus Plant in Illescas, Toledo.

Industrial Projects

One of the clear examples of our growing specialization is the large number of projects we are executing in the industrial area. This is a key element in our objective to place Tecnocontrol where we have planned.

Some of the most significant activities are:

■ Production Plants of AIRBUS. Integral maintenance in the Production Plants of AIRBUS in Illescas and Getafe

Tecnocontrol works on the integral maintenance of the industrial plants of Illescas and Getafe. The first of these is a Factory of approximately 100,000 m² and 500 employees. The plant Getafe employs nearly 2,000 people, 180 of them exclusively for the A380 aircraft. These two factories and the none in Puerto Real manufacture a great portion of this plane central section (where the wings are assembled), the rear fuselage (carrying no passengers), the hori-

zontal stabilizer (commonly known as the rear wing of the plane), the directional rudder, the doors of the main landing gear and the supports to the main wings (internal structure).

The scope of our work is the comprehensive maintenance of the facilities of the entire building, 24 hours a day, 365 days a year. All the tasks of preventive and corrective maintenance as well as those of improvements and repairs, are performed without interrupting the productive processes of the factory.



Airbus Plant in Illescas, Toledo.



New facilities of Technicolor in the City of Image, Madrid.

■ New Facilities of Technicolor. Laboratories and offices, in the City of Image.

The company Technicolor is a multinational firm dedicated to the publishing, processing and distribution of films, and develops its activity in Madrid in its at the Conde de Orgaz Park. For operational purposes, the company is moving its offices, workshops and laboratories for film processing to another building. Tecnocontrol obtained a turn key contract to build and equip the new factory. It includes the installations of complex energy systems, purification, air conditioning and constructive solutions adapted to the peculiar needs of their production processes.

■ EADS. Facilities in the Hangars and Buildings HI-2 and C-2 in San Pablo (Sevilla)

The goal of EADS CASA is to provide an industrial plant with the latest technological advances for the assembly and repair of the military airliner A400M. To do so, Airbus Spain was

chosen to design and construct several hangars in a new factory in the Air Arsenal, located in property land of the Ministry of Defense, next to the Airport of San Pablo in Sevilla. The components of this airliner are manufactured in seven different countries, and it is here that the whole process concludes with the final assembly phase.

Tecnocontrol has been hired by EADS for the installation of all the electrical facilities in the hangar Areas 1.1 and 1.2 C-2.



Facilities of EADS in San Pablo, Sevilla.

Environmental Projects

As part of this market we must highlight our firm goal to take part in the Program AGUA(WATER) of the Ministry of the Environment, directed at the construction of desalinization plants and Urban-Hospital Solid Waste Treatment Plants. We operate in this sector by establishing specific alliances with strategic partners.

The most outstanding activity in this area has been:

■ Desalinization plant of El Mojón (Murcia).

ACUAMED is performing a great investment effort in the construction of desalinization plants in all of the Mediterranean basin, as part of the Program AGUA.

The enlargement of the desalinization plant and its mains in El Mojón (Murcia) has been awarded to the joint venture formed by Tecnocontrol, Tecnología Canaria del Agua, Depuración Aguas del Mediterraneo and Villegas Construcciones. The contract includes the project design, as well as its construction, operation and maintenance.

The work will allow the increase of up to 6 Hm³ the annual capacity of the current plant. It will mainly be used for irrigation purposes, will improve the environmental conditions of the area and will limit the salt water drainage in the Mar Menor.

Energy projects

One of the markets where we focus our attention for the coming years is the energy sector. This is one of the sectors with the greatest growth expectations in our Strategic Plan.

The strict requirements that the Kyoto protocol places on our country and the liberal-

ization of this market anticipate the emergence for new projects and investments. All of them are oriented at obtaining a higher degree of energy efficiency in the entire process: generation, transport and final consumption. The large financial commitments that these projects require can only be made on by a few groups.

In the year 2007, Group SANJOSE will take part in several projects related to Power Generation, and in the 2006 operations we must highlight:

■ Tri-generation facility at the New Head Office the County Council of Malaga

The goal of the tri-generation project for this client is to provide the following energy services: electrical, cooling and heating necessary to attend to the needs of the new building. The goal is to obtain the highest possible savings, both in energy and financial resources, in operating the building. Although the installation of the cogeneration equipment requires a considerable investment, they allow for important savings a notable decrease in energy consumption.

The criterion followed in the layout of the facilities has been that of attending to 100% of the electrical needs of the building, during the hours of peak and lowest activity.

The plant will function in a parallel connection to the network of Sevillana/Endesa, in order to provide a real double building source to guarantee service without interruptions.

The excess electrical energy of the facility will be sent to the network, and when the facility is off the necessary energy will also be taken from the same network, from the entry - exit connection to the Thermal Center substation of Sevillana/Endesa.

Thermal energy will be sufficient to attend to heating needs during the winter months, with no supporting supply being necessary during this time period.



Main office of the Council of Malaga.

In the warm months, cooling will take place with the absorption equipment that will be supplemented with some water-cooling equipment.

In the year 2007 we expect that a public policy of improvement in infrastructures, transportation and the environment along with the strong growth of the energy sector, will allow for an attractive growth in this market.

The public sector is expected to continue being the driving force of the market. The leaders of this growth will be:

- Big environmental projects with the Program AGUA.
- The development of renewable energy and the new clean energy projects.
- The continuation of the development of the Strategic Infrastructure and Transportation Plan (PEIT).

- In the private sector, growth will be achieved by the activity in the construction sector and the recovery of investment plans of telecommunication operators.

Nevertheless, the inclusion of new companies, along with slower economic growth, will put exceptional pressure on prices. These circumstances should induce the main companies in the sector to look for market niches with higher technological or financial barriers, which will allow them to operate in these markets at a more comfortable level of profitability.

In the international area, the main driving force for our Group will be in countries of Latin America, Africa and Eastern Europe. They already have a growing presence of Spanish corporations, ready to fulfill the investment needs in infrastructure demanded by these countries.

In response to our growth objectives, the change in market conditions, and the requirements that these present through the needs of our clients, the future strategy of SANJOSE Tecnologías will be determined by its ability to adapt to our clients needs, and defined to a greater extent by technological advances and a degree of diversification and specialization of our operations.

The rendering of comprehensive services, the delivery of turn-key projects, the development of strategic alliances with the appropriate partners, as well as the adequate technical and financial solutions will allow us to successfully achieve our strategic objectives.

We intend to apply two specific tools in order to develop our master strategies:

- A higher degree of specialization in our operations.
- Full utilization of our own resources in order to concentrate on projects demanding higher technological and financial commitments, which place the Group in a segment with high value added services.

SANJOSE **Concessions** **and Services**

Highway Projects

Maintenance Projects

- Hospitals
- Large Companies and Corporations

Conservation **of Parks and Gardens**



SANJOSE Concessions and Services

The service sector is a very specialized and atomized market. During the year 2006, a total of approximately 4,380 million euros of concessions were publicly bid.

The Group experienced considerable growth in both its revenue volume and client portfolio. Also, these quality-based services provide businesses opportunities which, due to their long term nature, provide a stable source of income to the Group.

SANJOSE Concessions and Services operates in the following segments:

- Road Maintenance and Conservation.
- Water treatment plants Maintenance and Conservation.
- Facilities Maintenance and conservation.
- Hospitals.
- Large companies and corporations.
- Conservation and Cleaning services.
- Conservation of Parks and Gardens
- Road cleaning.
- Collection of solid urban waste

Highway Projects

Group SANJOSE has formed a consortium with other specialized companies in order to bid certain projects that will be awarded during 2007.

Among them we find the adaptation, reform and conservation of 2,096 km of freeways with a total budget of 3,650 million euros during a 20 year-period. These projects are part of the Reform program for First Generation Freeways.

These first generation freeways were constructed in the middle of the 1980s, under



Map of Highways

the first General Roads Plan. In large part, they were built along the existing roads. The goal of the current Plan is to improve their condition and to adapt them to the quality and safety requirements of modern freeways.

The companies being awarded with these concessions will perform the entire work, operating and maintaining them for a concession period of 20 years. The Spanish Government funds these projects using the so called "toll in shade" (peaje en sombra), concession method, which allows for the modernization of these infrastructures at no cost to its users.

Hospital Maintenance

Hospital and other health care facility maintenance is a very technical market. With its extensive experience in the healthcare sector, SANJOSE Concessions and Services conducts a variety of activities in this area: from the most basic systems such as plumbing and heating to the most complex, like electro-medicine, surgical systems, etc. In addition, a new energy sales service is now offered with considerable room for growth.



Hospital of Torrecárdenas, Almería.

■ The concession at Hospital Torrecárdenas (Almería) is of special importance.

The project consists of remodeling the energy generation centers to include new solar panels, low- and medium-voltage electrical installations and corresponding civil work.

With a 10-year concession, we are operating the power generation system for the Hospital facilities. This concession includes the dismantling of the existing and obsolete facilities and the installation of new thermal facilities, which will be maintained for 10 years.

Reforms to the temperature controls of the Hospital Torrecárdenas include:

- Dismantling the current cooling system.
- Installation of new cooling equipment

in the new area 3 water cooling systems with refrigerating power capacity of 1200 kW and 2 systems with 550 kW.

- Dismantling of existing hydraulic networks and water pumping systems
- Installation of a hydraulic cooling and pumping network for the substation.
- Dismantling of all existing steam equipment.
- Dismantling of the tanks for heating and production of sanitary water, as well as heat interchangers, pumping equipment and associated hydraulic networks.
- Civil work in the thermal control center to adapt it to current needs.
- New installations for boilers and warm sanitary water pumps, including two heating



Telecommunications City of Telefónica, Madrid.

ranks of 3200 kW and one for sanitary water of 2000 kW.

- Installation of two electrical transformers MT/BT of 1250 KVA each, to supply electricity to the new heating and cooling units in the power control center.

- Low-voltage electrical access for the equipment in the power control center.

company professionals. Construction took place in four sets of three buildings each. This large infrastructure project consisted of equipment installation and maintenance in half of the buildings. Together with other large contracts with Telefónica, this project strengthens our relationship with this company.

Maintenance Services for Large Companies and Corporations.

■ Telefónica: Facility installation and maintenance in six buildings at the City of Telecommunications in Las Tablas - district C.

District C is an example of a new work culture at Telefónica. Occupying an area of 200,000 m², it accommodates up to 14,000



Telecommunications City of Telefónica, Madrid.



Sports City of Real Madrid in Valdebebas, Madrid.

■ Real Madrid: Air conditioning, heating, plumbing, electrical and fire protection systems in the new Sports City

Real Madrid, during its relocation from the old sports area of Castellana, contracted the construction of new facilities at the sport city and at the new “Alfredo Di Stéfano” Stadium in Valdebebas. We are in responsible for systems installation and maintenance for both projects. Along with those at the Santiago Bernabéu Stadium, these contracts reinforce our client-contractor relationship with Real Madrid.

- Fuencarral- El Pardo
- Moncloa-Aravaca
- Latina

In the international arena, Group SANJOSE is studying the management of municipal services in other countries, principally in Chile, with regard to the collection of urban waste, road clean-up and maintenance of parks and gardens.

Conservation of Parks and Gardens

During 2006, Group SANJOSE provided conservation, maintenance and clean-up services in the largest parks and gardens of the City of Madrid. This contract spanned a total of 7 million m² and provided work for 512 employees. This project covered the areas of:



Conservation Services of Parks and Gardens, Madrid.

Commercial

Arena

And1

Teva

Ugg Australia

Simple

Fred Perry

Betsey Johnson

Levi's Kid's Footwear



Commercial

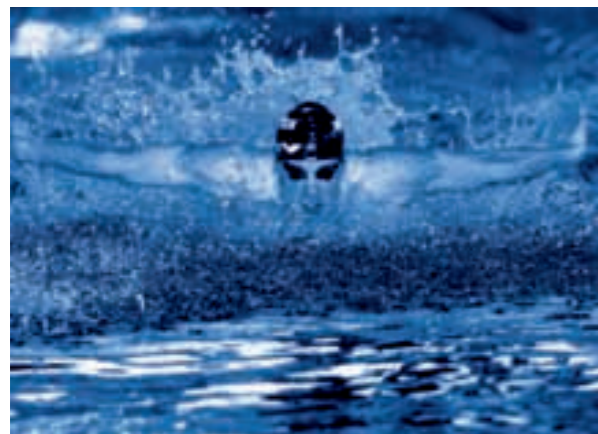
SANJOSE has been present in the commercial sector for more than ten years. In its distribution of sports and fashion items, the Group channels various prestigious international brand names such as:

ARSEREX, SAU – ARENA

ARSEREX S.A.U. has been licensed to manufacture and distribute sports equipment for the international brand ARENA in Spain since 1993.

Since then the brand has maintained constant growth and reached its current leading position. Its products are sold in the top sport shops and department stores, such as El Corte Inglés, Intersport, Base Detall, Forum Sport and Calderon Sport.

In the international sector, Arena has positioned itself as a leader in water sports, thanks to its quality, design and endorsements by renowned athletes. Elite international swimmers including Mark Spitz and Alex Popov have also provided their image to product marketing campaigns.



Arena.



BASKET KING, SAU - AND1

BASKET KING S.A.U. has focused on distributing products by the North American brand AND1 in Spain and Portugal since late 1999.

Less than 8 years since its spectacular launch into the Spanish market, the brand is sold in the best stores in the country, maintaining constant sales growth and positioning AND1 as a leading brand in basketball.

The growth of AND1 in Spain goes hand in hand with the growing popularity of basketball, local competitions, and especially with the patronage of teams like MMT Estudiantes, Caja San Fernando, Plus Puyol Lleida and Ovarense in Portugal, which have contributed to the brand's fame and reputation.

At the international level AND1 is considered to be a specialized brand in basketball, with a presence in over 85 countries in five continents and sales figures that place it as the second ranking brand in basketball. Its powerful brand image promises great future prospects.

OUTDOOR KING, SAU - TEVA / UGG / SIMPLE

Distribution company in Spain and Portugal for the brands Teva, Ugg Australia and Simple.

■ Teva

Dedicated to specialized outdoor footwear (mountain, water sports, etc) it is the original and leading brand of sport sandals in the USA.

Outdoor King has distributed Teva in Spain since 2003, with a strong presence in outdoor and mountain gear stores and an increasing position in multi-sport stores. Its goal is to create new sales opportunities for Teva and position it as the outdoor lifestyle brand of choice.



Teva.



Ugg Australia.

■ Ugg Australia

Since 2004, Outdoor King also distributes UGG Australia, the original sheepskin leather footwear brand.

A sought after fashion accessory during several seasons, Uggs were an obligatory accessory for celebrities around the world, with numerous appearances in fashion and style magazines.

The brand has evolved and adapted itself to new fashion tendencies while remaining faithful to its essence. This has allowed Ugg to maintain its position as a high end brand and extend its product line to purses and other accessories, as well as develop an exclusive line for home decor.



Simple.

Simple

Outdoor King began distribution of the brand Simple in 2004, marketing towards young and casual customers.

In the last few seasons, Simple has reinvented itself and is now committed to exclusively providing attractive, environmentally-friendly products.

Outdoor King is in the process of introducing a new line of Simple footwear, with great marketing prospects, given the limited competition for this type of product in then Spanish market.

TRENDY KING - FRED PERRY

Trendy King will start distributing the footwear line of the well-known brand Fred Perry.

Since its origins in the 1940s, with three-time Davis Cup and Wimbledon champion, Fred Perry, the brand has been linked to the sports world. It has also had a presence in fashion, music and accessories.

The distribution of this brand began in Spring/Summer 2007. Marketed in some of the most important stores in the country, such as El Corte Ingles, the brand has made significant inroads into the Spanish market.



Fred Perry.



Levi's® Kid's Footwear.

FASHION KING - BETSEY JOHNSON

Fashion King distributes the original garments of the New York designer Betsey Johnson around Europe since 2005.

Betsey Johnson has continued surprising the market with her original designs since the 60s. In her designs we find a clear influence of the days of Andy Warhol and like The Velvet Underground. The American designer is mostly recognized for her extravagant garments, worn by people who like unique and fun designs.

Fashion King has successfully met the challenge of securing international distribution of this prestigious brand, as well as meeting growth expectations in such a competitive market.

RUNNING KING, SAU – LEVI'S KID'S

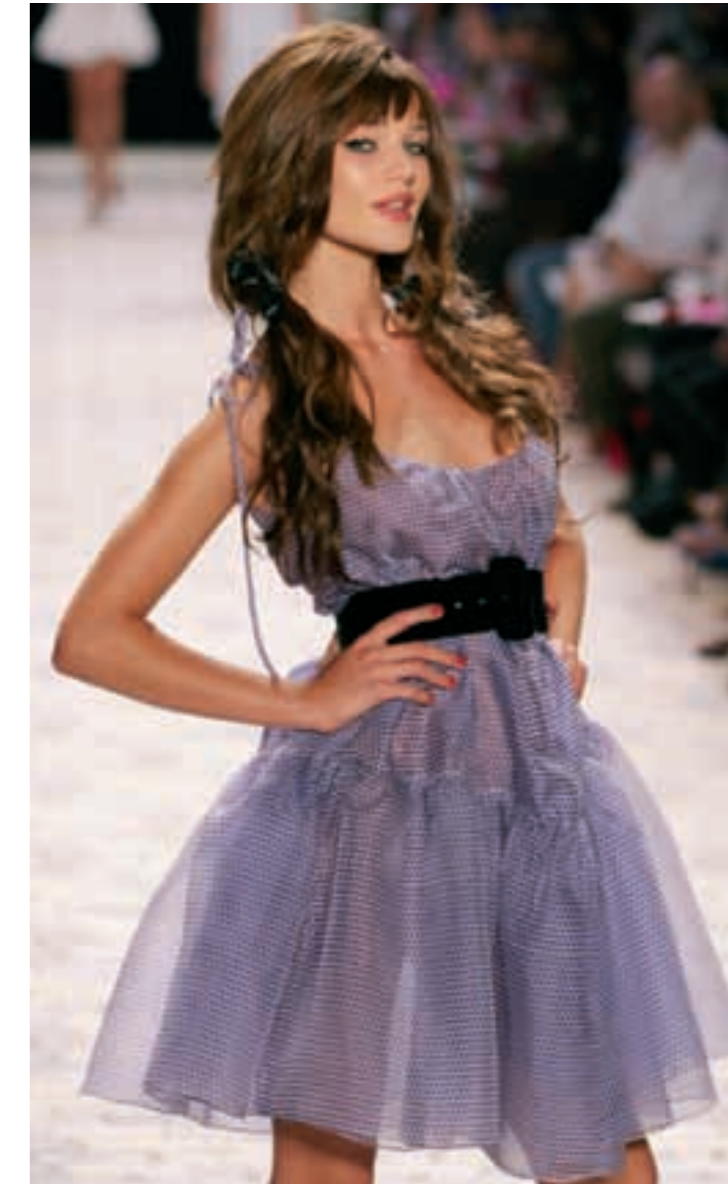
Running King, SAU has recently come to an agreement with DC Company Spain S.A.U., the licensed European dealer of Levi's® footwear and accessories, for the exclusive distribution of Levi's Kids footwear in Spain and Andorra.

This license agreement is part of DC Company's strategy to provide Levi's® Kid's

Footwear with a leading marketing image, in order to maintain its recent growth.

For Running King, this brand represents an excellent business opportunity and the incursion into the children sector.

Betsey Johnson.



Venture Capital and Investments

Venture Capital

Media sector

Altanza Winery



In addition to the five previously described business areas, Group SANJOSE maintains investments in:

- Venture capital firms (Corsabe and Unirisco-Uninvest) to encourage managerial initiatives and research.
- Media sector (Filmanova and Filmanova Invest), supporting the Spanish film industry, as well as cultural and educational activities.
- Other investments, most notably the Al-tanza Winery in La Rioja.

Venture capital firms.

■ Corsabe (Corporacion Sant Bernat, SCR, S.A.)

Headquartered in Barcelona, this firm's business objective is to provide management and financing to high growth, non-financial companies with no presence in secondary stock markets

With a private and independent character since its inception in 1986, Corsabe transmits the experience of its team members to the companies in which it invests, influencing their strategies in order to increase their value.

As a result of its restructuring in 2005, Group SANJOSE (through Constructora San Jose, S.A.), is the majority shareholder in Corsabe, maintaining ownership of 50.17 % of its equity capital.

During 2006, Corsabe divested its holdings in Dispatching, S.A. (a promotional logistics company), with new investment opportunities being evaluated at the present time.

■ Unirisco – Uninvest

Group SANJOSE has a strong commitment to academia and Research and Development activities. The Group strives to create links between the academic and business worlds.



Uninvest.

For these reason, the venture capital firm UNIRISCO GALICIA, S.C.R., S.A was created at the end of the year 2000.

This society brings together three Galician Universities - Santiago, Vigo and La Coruña-, three Galician financial institutions - Caixanova, Caixa Galicia and Banco Pastor – and a series of Galician companies, including Group SANJOSE, which holds 15.98 % of Unirisco's equity.

In the year 2005, UNINVEST, SGEGR, S.A. was established as a venture capital management firm. It currently manages the "I+D Unifondo" investment fund. A total of 16 Spanish universities invest in Uninvest, with the expectation that more will join in the near future, including five Portuguese universities and the CSIC (Superior Center for Scientific Investigation). Group SANJOSE holds 10.8 % direct ownership in I+D Unifondo.

Uninvest constitutes the first Spanish venture capital firm bringing together universities to invest in new technologies and is the most important of its kind in Spain and Europe. The data speaks for itself: the project covers more than 700,000 students, 58,000 professors, 600 university departments and 30 centers of innovation, technology or foundations.

Since the beginning of 2006, Uninvest-Unifondo has invested more than 4 million euros in high tech and research companies:

- **Biotechnology** (projects involving microorganisms as substitutes for traditional chemical agents, with agricultural, medical and other applications).
- **Nanotechnology**
- **Renewable energies**
- **Medical instrumentation**

Uninvest.





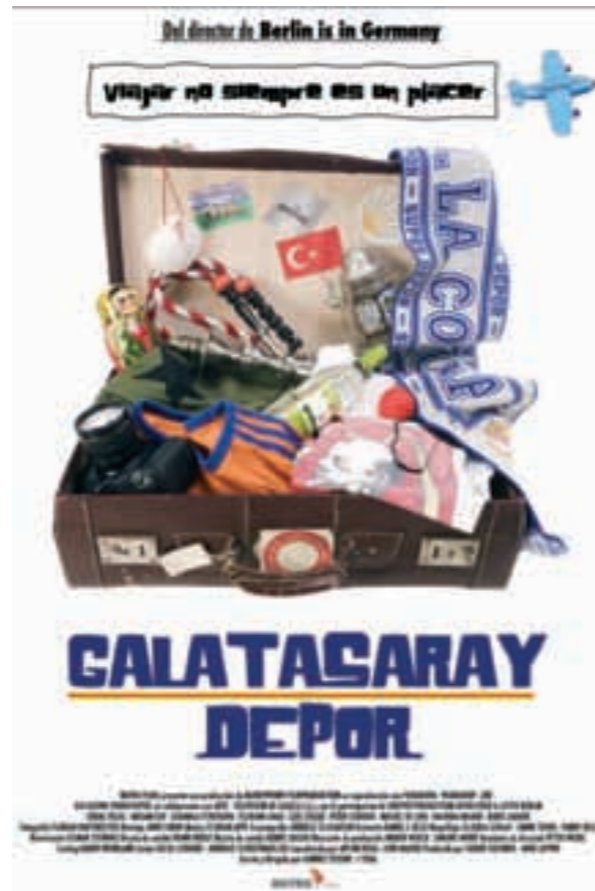
A casa, 1906.

Media sector

SANJOSE participates through Udra Medios in two media sector companies: Filmanova SL (management and production of contents and services for cinema and TV) and Filmanova Invest SA (film financing).

In the television sector, the group developed and produced in 2006 the reality show "A casa de 1906" aired by TVG. The show was a success with the number of viewers peaking at more than 28% and an average audience of up to 20.6%, which allowed the show a prime time spot.

The excellent ratings permitted the signing of co-production agreements to develop the format with other individual channels like Canal Sur, TV3 and ETB, which contributed to national expansion. The documentary "Compostela Cruce de Miradas" shown on TVG and the full length documentary "Unha historia galega", an international co-production with France, were also produced.



Poster of the Full-length film "Galatasaray-Depor".



Sequence of the shooting of "Hotel Tivoli".



Still of "The Totenwackers".

As for Filmanova Invest and cinematographic production in 2006, the premier of the full-length film "Galatasaray - Depor. One day in Europe", with co-production with in Germany, written and directed by the filmmaker Hannes Störh, was a success "Hotel Tivoli", the second movie by director Antón Reixa, was finished in 2006 and will be released in May 2007. Reixa's film has been selected for the official section in the Cinema Festival of Malaga 2007. Also, the co-productions of "Los Totenwackers" by Ibón Cormenzana, and "TWO", by Guillermo Groizard are in postproduction and will premiere in 2007. "Los Totenwackers" is a fantasy directed at a family audience and "TWO", is a psychological thriller, a slightly unusual genre for Spanish cinema, and it demonstrates the

versatility of the group and the ability to support diverse genres as a basic premise for the quality of proposals.

Filmanova Invest also participated in the already released movies "Camarón", "Señora Beba", "No sos vos, soy yo", "El lápiz del carpintero", "El año de la garrapata", "Descongélate" (produced with El Deseo, by Almodóvar), "Lena" and "Tres en el Camino".

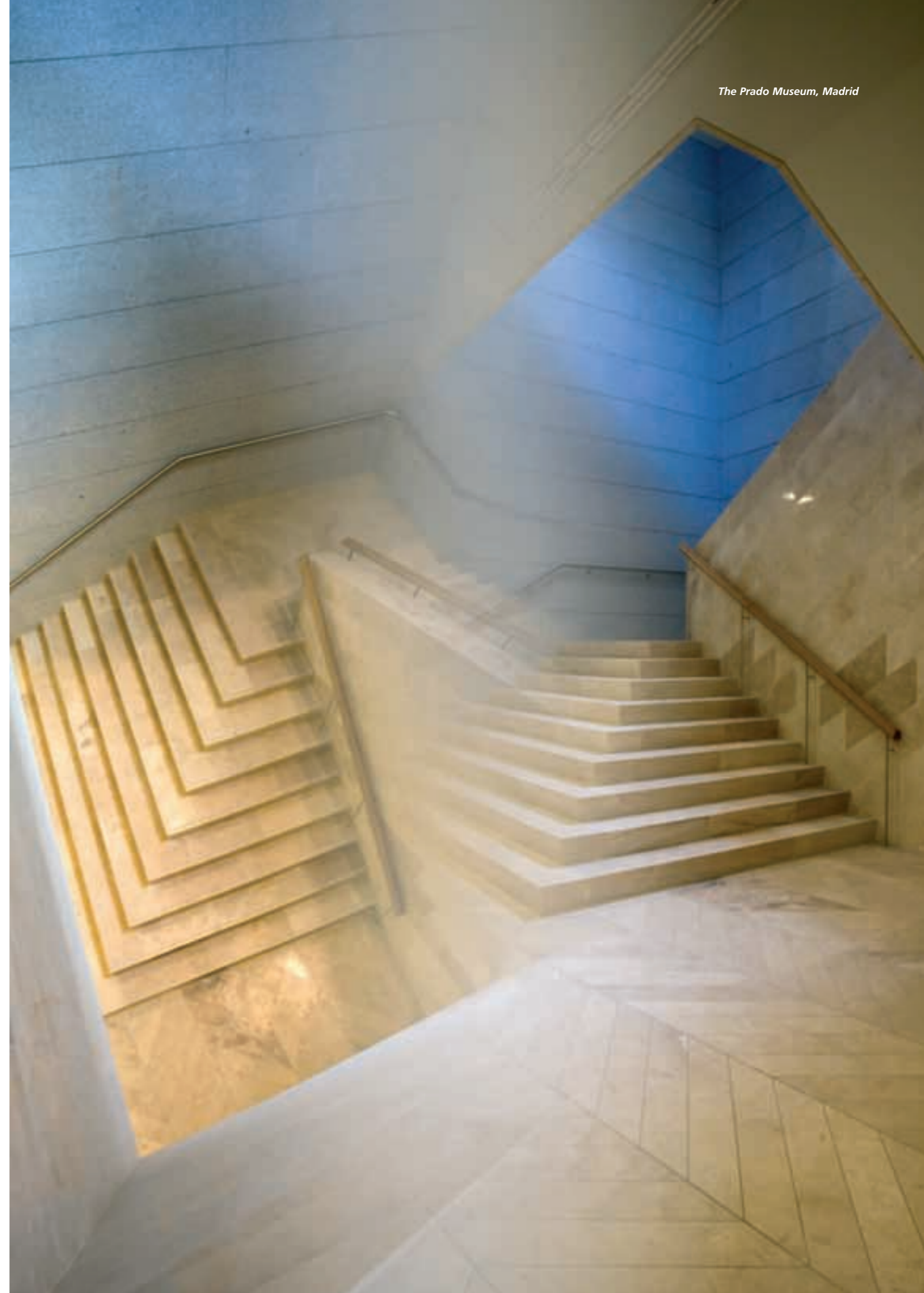
Altanza Winery

Group SANJOSE is also present in the wine market, through Bodegas Altanza, which produces and commercializes wine from Rioja with Denomination of Origin from its winery in Fuenmayor (La Rioja).



Main building of the Altanza Winery in Fuenmayor, La Rioja.

**On the Verge of
The Extraordinary**





At the time of publishing the 2006 Annual Report, some of the Group SANJOSE most recent projects will position us before new and exiting opportunities. These are projects of significant scope and volume. Of these, we want to emphasize three:

- The Urban Planning of La Matanza, Argentina,
- The polygeneration facilities in Cerdanyola del Vallés.
- And the bio-fuel project studies in Argentina and Paraguay.

Urban Development of La Matanza-Buenos Aires

This is one of the most important private urban developments in Argentina in the last decades.

At completion, Group SANJOSE will have built 20,000 residential units in an area of 1,123,800 m², in the neighborhood of La Matanza, a strategic zone in the outskirts of Buenos Aires.

These urban dwellings will be marketed to the middle class, and top priority will be given to quality and safety.

The most important details of this urban plan are the following:

- Construction of 1,500,000 m².
- Creation of 200,000 m² of new streets.
- Creation of 160,000 m² of natural spaces.
- Enlargement of the existing commercial center in the area.
- Conversion of the ancient barracks of La Tablada into an area of services and equipment.
- Provision of spaces for recreation, cultural activities, education and health-care.
- Creation of innumerable direct and indirect jobs.

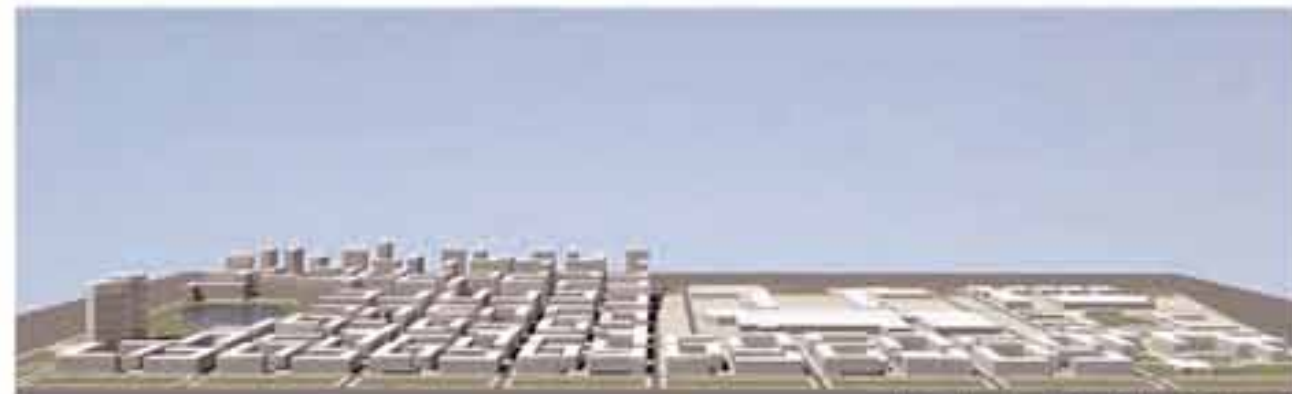
The approximate cost of the operation is upwards of 700 million dollars.

The project has been designed by the prestigious Portuguese architect Alvaro Siza.

Urban Development of La Matanza, Buenos Aires.



Urban Development of La Matanza, Buenos Aires.



Polygeneration of Energy in Cerdanyola del Vallés

This is a emblematic project in Spain. For Group SANJOSE, this is the first large concession project, which opens the door to new expansion opportunities for the Group and will put its technical capacity to the test. The award of this important project signifies the recognition of the Group's efficiency.

The technical description is the "Construction and development of several multi-generating electrical facilities for cooling and heating and several distribution networks as part of the partial plan of the center of Cerdanyola del Vallés".

In short, it entails the construction of a power plant and energy distribution facility.

It will supply power to a 340 hectares industrial park, where the Laboratory of Luz Sincotróon is located, one of the largest particle accelerators in the world. The urban planning falls under the parameters of the European program "Policity", which outlines energy efficiency.



Alternative Fuels

In view of the present conditions in the international energy market, the increasing demand for fossil fuels and the negative impact of global warming, SANJOSE is making a firm commitment to the development of clean and environmentally-sustainable technology.

Within this context, among the different activities that the Group promotes in South America, its bio-fuels evaluation project is of special note for its sustainability and the importance that is given to regional economic development.

The most immediate short-term goals are being pursued in Argentina and Paraguay. The structure of both projects is similar and is based on the installation of medium capacity production plants, using oil seeds as raw material in areas with intense agricultural activity that are removed from traditional industrial oil merchants.

This allows the production plants to be supplied by local raw materials and also to produce a main product along with by-products.

The study of these projects will permit us to develop a flexible, modular technology, which will allow us to progressively adapt to the availability and needs for resources where production plants are located.



Laboratory of Luz Sincotróon in Cerdanyola del Vallés, Barcelona.

Corporate Social Responsibility

Principles

Human Resources and Training

Quality

Environment

Risk Prevention

I + D + i

Clients and Suppliers

Communication



*Main Office SANJOSE
in Tres Cantos, Madrid.*

Principles

Since its inception, the companies of Group SANJOSE have based their internal and external activities on ethical values that define the norms of good management.

These values, which must be enforced by all the Group companies, are those of quality, guarantee, solvency, client confidence, suppliers and shareholder relations, commitment, transparency, respect for the environment and fair management of human resources.

Based on these criteria, the Group has designed its human resources policies.

Human Resources and Training

Human resources management in the Group is determined by the growth of the various companies, the expansion of operations and the increasing number of projects. As a consequence the company has experienced a considerable increase in personnel, which at present amounts to more than 5,700 employees.

■ Search for the best

One of the characteristics that distinguish SANJOSE and each of its subsidiaries is the concern for providing the best teams. With this goal in mind, joint actions have been developed with certain universities and business centers, especially the Instituto de Empresa, several technical engineering schools and the University Pontificate of Comillas.

■ The Best Trained

Group SANJOSE considers its human capital to be the most valuable. Therefore training is a key element in our managerial



development. Thus not only do we hire qualified, efficient and professional teams; but we also look for a high degree of competitiveness, a key condition to achieve company goals.

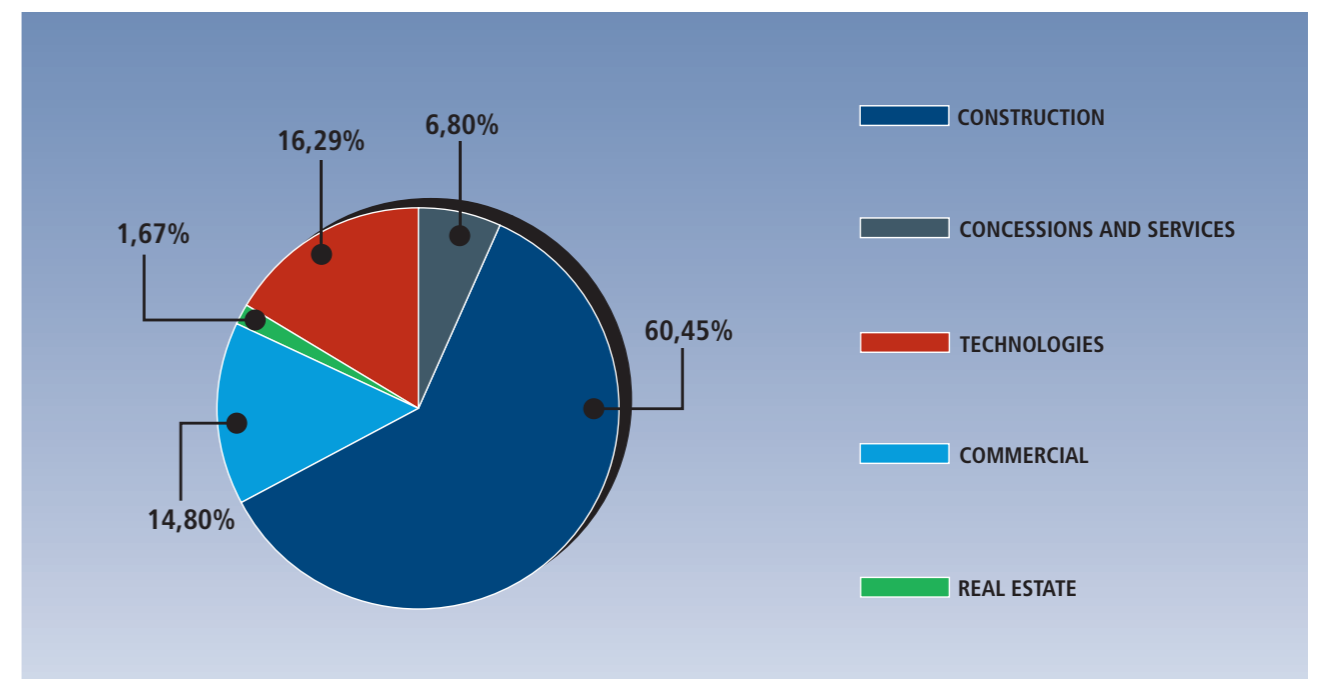
The Training Department of the Group has designed and put into play some plans

adapted to each of the activities and individual needs of every sector. Training is done both at internal and external levels, with the group being provided with technological systems that make on-line training possible by using the platform of Synchronized Distance Learning of the Hispasat Satellite.



: Offices SANJOSE, Santiago de Compostela.

Distribution of the Staff by Sectors



Education and Culture

In order to improve the access of students to the work place, the Group has agreements with universities and business schools, both public and private, in the national and international sectors. This activity represents a very important area of education by allowing incorporation into the market with confidence and quality.

Accordingly, the Company has developed a scholarship program for students in their last year of studies in the main Spanish universities. It also works with different teaching foundations and institutions. It is necessary to emphasize cooperation with the Fundación Empresa of the University of Galicia, the different Polytechnic Universities, ICADE-ICAI, IESE and the Fundación Antonio Camuñas.

In the cultural arena, SANJOSE has created in cooperation with other founding partners and the Government of Asturias, The Labor Foundation Center for Art and Industrial Creation.

This Center is above all a space for artistic exchange, founded to promote an alliance between art, design, culture, industry

and economic development. It is a place for interaction and dialogue between art and industrial creation.



Labor Foundation Center of Art and Industrial Creation in Gijón, Asturias

Quality

The quality control policy strives for maximum client satisfaction, increasing the quality level of the work, products and services, by way of continuous progress and constant motivation. The goal is to achieve a

system of effective quality and adapt it to the functioning of SANJOSE.

The system of Quality management of our company is based on the norm UNE-EN ISO 9001:2000 and provides a framework to establish and check the following:

- To offer a service that is adaptable to the requirements specified by our clients.
- To establish permanent training programs, which allow us to have highly qualified personnel.
- To maintain permanent contact with our clients and suppliers, in order to work jointly with them in evaluating of the quality of projects, products and services.
- To implicate, to motivate and to require managers and employees to actively participate in the development of these activities.
- To assure that laws and rules are followed and fully enforced.

The commitment to these policies and the developed actions have ensured and maintained quality following the rule ISO 9001 for the different companies that make up Group SANJOSE in the sectors of Construction and Technology.

In order to act upon different areas established in the Policy of Quality, the following objectives, among others, have been established:

- To amplify the implementation of a Quality Management System in the Real estate sector.
- To improve client services in the Construction Sector, with the creation and development of a Client Services Department to deal with suggestions, complaints and claims.



Labor Foundation Center of Art and Industrial Creation in Gijón, Asturias

Certified Companies

Sector	Company	Certified	Number
CONSTRUCTION	CONSTRUCTORA SAN JOSÉ, S.A.	QUALITY	ER-0510/1997
	CARTUJA INMOBILIARIA S.A.U.	QUALITY	ER-0748/2000
	CONSTRUCTORA ÁVALOS S.A.	QUALITY	ER-1363/1999
	BALLTAGI MEDITERRANI, S.A.	QUALITY	ER-1161/2004
	ALCAVA MEDITERRÁNEA,S.A.U.	QUALITY	ER-1138/2005
	CONSTRUCCIÓN, REHABILITACIÓN Y CONSERVACIÓN, S.L	QUALITY	ER-1167/2004
	EBA, S.L	QUALITY	ER-1170/2004
	CONSTRUCTORA SAN JOSÉ, S.A. (Representação em Portugal)	QUALITY	ER-0011/2002
	CONSTRUCTORA UDRA LTDA.	QUALITY	2005/CEP2460
TECHNOLOGY	TECNOCONTROL, S.A.	QUALITY	ER-0335/2000
	TECNOCONTROL SERVICIOS, S.A.	QUALITY	ER-1202/1998
COMMERCIAL	ARSEREX	QUALITY	ER-1675/2005



Environment

The environmental policy is aimed at defending and preserving the natural environment where we act. Its main goals are based on the following actions:

- To implement measures to diminish the environmental impact of activities, work and services.

- To prevent contamination.
- To minimize the consumption of resources (water, wood, fuel, etc.)
- To encourage efficient and energy saving facilities.
- To manage waste appropriately.
- To train, implicate and motivate personnel in environmental matters.

Certified Companies

Company	Registry	Year of Certification
CONSTRUCTORA SAN JOSÉ, S.A.	GA - 2003 / 0398	2003
CARTUJA INMOBILIARIA S.A.U.	GA - 2006 / 0028	2006
CONSTRUCTORA ÁVALOS S.A.	GA - 2005 / 0328	2005

As a result of our concern for the natural environment, different companies of the Group have a System of Environmental Management, in accordance with the norm established by UNE-EN ISO 14001:2004, that sets the rules of performance in this area.

In 2006 the following strategic goals related to the defense and preservation of the environment were defined:

- Improvement in the training and environmental implication of all people who work for the Group or in its name, that could affect the environment.
- Implementation and certification of the System of Environmental Management in all the companies of the Construction Sector.
- Implementation of a System of Environmental Management to other areas of the company.
- Optimization of the current waste management process.
- Increased use of recycled materials and recyclables.

Risk Prevention

In each and every one of the activities developed, the health and safety of the workers comes first and foremost for Group SANJOSE.

Our commitment is to reach the highest possible level of safety and health in the workplace and to incorporate preventive measures in the activities of the companies as well as at all company levels.

The strategic goals related to labor prevention are the following:

- To follow current laws in this matter at all times.
- To improve preventive actions
- To periodically update our preventive methods adapting them to technical progress.

- To guarantee our employees that they will receive sufficient information and adequate theoretical and practical training.

We believe that it is the obligation of all people to apply the preventive and corrective measures to avoid risks.

To do so, this policy is enforced in all the companies of the Group, both in Spain and abroad. Nevertheless, in every country, and particularly in those that do not belong to the European Union, the need to incorporate other laws from these countries will also be kept in mind.

In light of the increase of immigrant workers on our projects, we have translated our signs and manuals into Portuguese, Arabic, Romanian, Polish, English and French.

In this area, in 2006 a total of 1,055 employees had received specific training about labor risk prevention in different courses. Also, 2,050 work site visits were made, of which 392 were supplemented with specific training courses.



Research, development and innovation (I+D+I)

During 2006 Group SANJOSE has experienced large growth in infrastructure and development, creating new platforms for more mobility and flexibility of information.

These platforms have turned out to be represented by services such as distance learning or different systems of connectivity, with an example being the satellite communication route.

The most outstanding activities, largely derived from the dimensions of the company, have been:

■ Infrastructures

- Remote access systems, both at large work centers and at geographically isolated projects. To achieve this, the most novel platforms of connectivity are used; UMTS, LMDS, VPN, Macrolan networks (MPLS) or satellite communication routes. Special interest has been given to the level of encryption and safety of the information that the different channels offer.

- Start up of the distance learning projects, which provide management dynamism to human resources of the company.

- Development of a company backup support center, Backup Restore System (BRS). This center will be provided with the necessary infrastructure for continuity in the different environments of development, in case of disaster or loss of service at the highest level.

■ Information Systems:

The development of infrastructures was accompanied by the parallel development of the Information Systems. The implantation of new computer systems for Planning of Managerial Resources (ERP) in



the company increased the levels of productivity.

It is important to make note of some of the main processes of reengineering that have been carried out on the Planning of Managerial Resources :

- Process reengineering; analysis and treatment.
- Improvement of the interdepartmental flow of information.
- Hierarchical structuring of different process maps.
- Definition of the different models of processes.

Later, the different processes of control, progress and maintenance of the Planning of Managerial Resources was implemented.

Clients and Providers

There are two groups of people who need the most attention from SANJOSE: the client and the supplier.

With our clients, only one philosophy is applied: attention, respect, guarantee and fulfillment of all commitments, both of quality and of completion period of work or service. And one goal directs all activity and relationships: to obtain maximum satisfaction.

Suppliers are one of the main factors of the performance, soundness and guarantee of the Group, because they are the ones providing the materials and services. The relationship is established in a climate of confidence, professional cooperation and maximum respect for mutual interests.

In order to guarantee attention and to create a fluid and direct relationship with the

goal of resolving complaints in the least among of time possible, assistance is provided by the Supplier or Client Representative.

Image and Communication

SANJOSE realizes that it is facing a global society, where information is and must be essential. That's why the Group supports diverse open channels of communication to transmit real-time and continuous information about the company at all times to all the groups of interest (shareholders) that we have relationships with: the employees themselves, clients, providers, mass media, etc.

To do so, all the marketing and communication activity developed by the Group is established under a heading of political cooperation.



SANJOSE Headquarters in Tres Cantos, Madrid.



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Fax 986 869 770

■ Central

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Fax 91 806 54 11

■ SANJOSE Technologies

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Fax 91 807 63 10

■ SANJOSE Construction

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Fax 91 806 54 11

■ SANJOSE Concessions and Services

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■ SANJOSE Real Estate

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■ Parquesol

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Complejo Empresarial Ática
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Fax 91 799 49 97

■ Commercial

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Fax 91 762 82 10