



Contents

| | |
|----------------------------------|-----|
| Letter from the President | 5 |
| GRUPO SANJOSE | 6 |
| SANJOSE Construction | 12 |
| SANJOSE Real Estate | 58 |
| SANJOSE Technologies | 70 |
| SANJOSE Energy | 78 |
| SANJOSE Concessions and Services | 86 |
| Commercial | 94 |
| Venture Capital and Investments | 98 |
| Corporate Social Responsibility | 104 |

LETTER FROM THE PRESIDENT

Dear Shareholders

During the 2007 fiscal year GRUPO SANJOSE stayed true to its business plan with a clear strategy of diversification and international expansion of the company, strengthening the well conceived policy that began several years ago. The companies acquired this year are giving us access to new markets and allowing us to develop new areas of business activities that are in step with the technological advances and the demand for novel forms of energy and solutions that society today needs.

This plan, together with good management and the synergies among all the companies that make up the group, has allowed SANJOSE to close this complex fiscal year with a turnover of 1.56 billion euros and a gross operating profit of 156 million euros.

The integration of Parquesol and the acquisition of more than 50% of Carlos Casado, a listed company in Argentina that has innovative lines particularly in the area of biofuels and biopharmaceuticals, show the strength of SANJOSE, a forward looking business group that is competitive, innovative, committed, and inspires trust while being open to new challenges and new business opportunities.

2007 has been a year of changes marked by an environment of distrust and financial problems. This is indicative of a new and complicated business cycle and the Group will have to respond quickly and effectively to these new uncertainties. Our listing on the stock market is an exciting challenge that, given the difficulties of the aforementioned situation, will require all of our efforts during this time. Our responsibility is evident since the Company will be undergoing continual analysis and evaluation.

In this Annual Report, I wish to express my gratitude to all those who made these results possible: clients, suppliers, employees, executives, and stockholders. In addition, I renew our commitment to the values that make it possible for this Group to be so solid: quality, customer service, respect for the environment, and strict compliance with deadlines and terms.

PRESIDENT

GRUPO SANJOSE

GRUPO SANJOSE

SANJOSE is a multinational, diversified Company with the ability to generate business, a well conceived investment policy, and sustained growth in its areas of activity, which are:

- Construction
- Real Estate
- Technologies and Energy Projects
- Concessions and Services
- Retail
- Venture Capital and Investments

From its very inception, the Group has stayed true to its fundamental characteristics: quality, respect for the environment, and commitment to the customer. The recent market changes have put its agility to the test and have once again validated its business model and its ability to take on new challenges.

Meanwhile, the Group has diversified its business activities and has continually grown, necessitating the exploration of and entry into new markets. And this is how a multinational group with a prominent presence throughout Spain, with more than 40 local offices, and in more than ten countries in Europe, America, and Africa came to be. Some of the specific countries where the Group has a presence are Portugal, France, Germany, the United States, the Dominican Republic, Peru, Uruguay, Paraguay, Panama, Mexico, Argentina, Cape Verde, and Morocco, among others.

SANJOSE is currently continuing its international expansion, analyzing interesting projects in different countries in South America and Eastern Europe.

It should also be highlighted that in 2007 the takeover bid for 100% of Grupo Parquesol was successfully completed. This takeover forms a part of the global strategy to diversify our business. In addition, it is equally important as the first step toward the future offering of GRUPO SANJOSE on the stock market, which we envision will occur before the end of the 2008 fiscal year and which proves the success of the company and the good management that it has had since its inception.

SANJOSE IN FIGURES

SANJOSE is one of the top Spanish business groups with a turnover in the last fiscal year of more than 1.56 billion euros.

Over the last 10 years, GRUPO SANJOSE has experienced



Central Headquarters of SANJOSE in Tres Cantos, Madrid.

very strong growth without this having impacted its profitability, a reflection of the success of its strategy.

In this same vein, it should be mentioned that during the last two fiscal years the structure of the company has undergone profound changes, the goal being to continue to ensure that objectives are met and that growth is orderly and efficient. Additionally, it is key to highlight the Company's agile and dynamic organizational structure, always in harmony with its activities and localized to the part of the world where it is in place, which provides a solid base from which future challenges can be met.

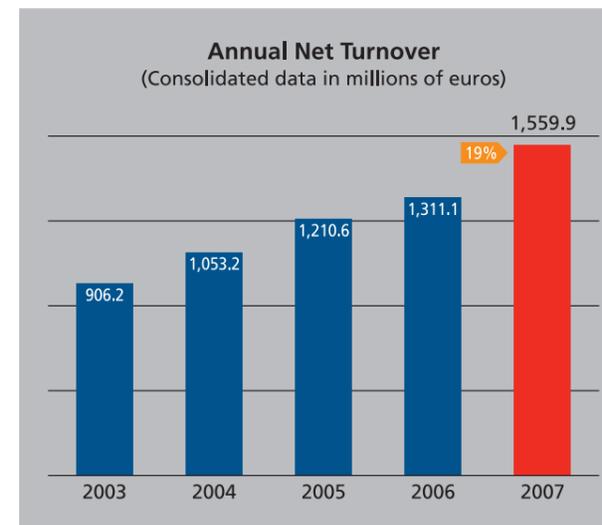
Finally, I would mention that the 2007 consolidated Financial Statements for GRUPO SANJOSE have been prepared, for the second year running, in accordance with International Accounting Standards. This means that the Group has met the legal requirement a year before it goes into effect.

Turnover

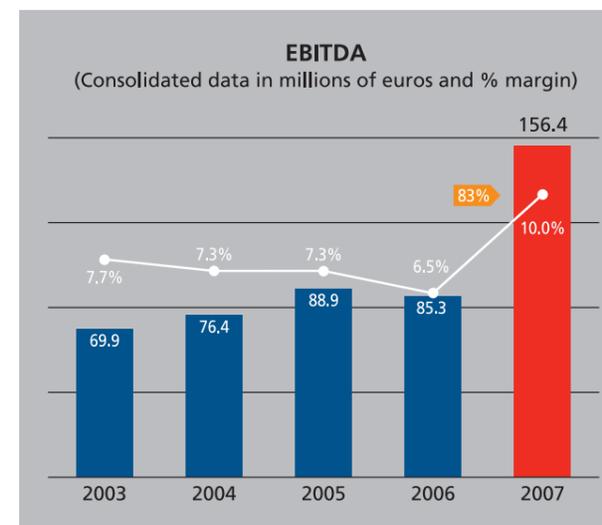
The net annual turnover of Group SAN JOSE in 2007 amounted to 1.56 billion euros, which represents an increase of some 250 million Euros over 2006 (a 19% annual growth).

The main contributors to this have been the integration of Grupo Parquesol, contributing a turnover of 188 million Euros this year, and the growth experienced by the construction sector in the area of civil projects.

The recent growth of the net annual turnover can be seen in the graph that accompanies this text and speaks, in great measure, to the success of the management during the last few fiscal years. The Group also has the control mechanisms necessary to ensure efficiency and, therefore, maintain growth on into the future.



For its part, the gross operating profit of the Group in 2007 reached 156 million Euros, representing a 71 million euro increase compared to 2006 and placing the gross operating margin at 10%, significantly higher than in 2006.

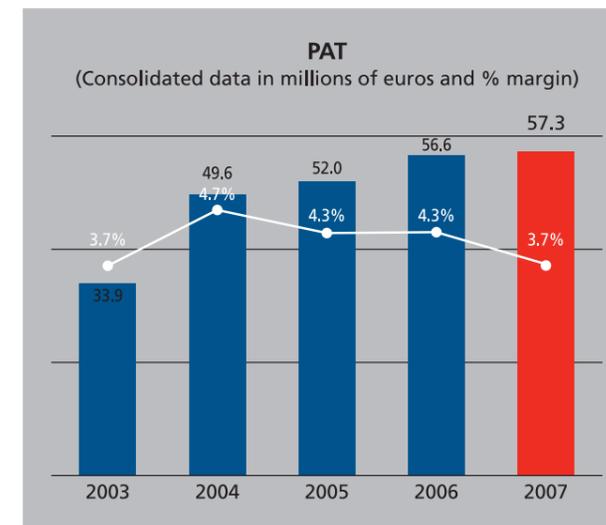


Earnings for the Year

Earnings before taxes for GRUPO SANJOSE amounted to 104 million Euros, a 6.7% margin, representing a 28% increase over 2006. After a deduction of 46.6 million Euros for corporate income taxes, net income for the Group totaled 57.3 million Euros, a margin of 3.7% of annual revenues.

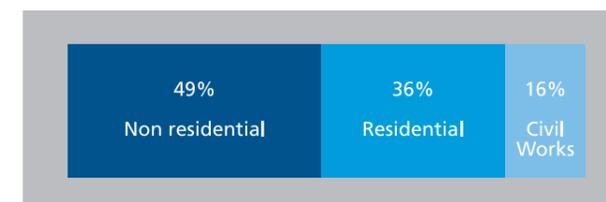
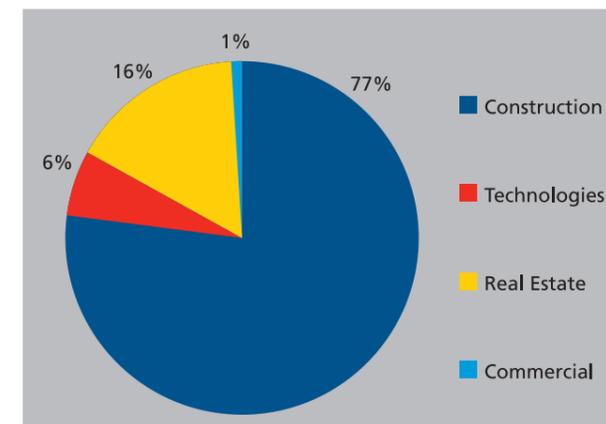
Activity Sectors

The main activity of the Group in 2007 continued to be construction, which represents 77% of the total net turno-



ver for the Company. However, the success of SANJOSE's diversification strategy bears mentioning since during 2006 and 2007 construction was 80% and 83%, respectively, of total activity.

Additionally, within construction itself there is a very important positive balance among the different sub activities, with Civil Projects gaining specific weight over the last few years and with further growth forecasted in that area.



During the 2007 fiscal year the Real Estate Division has gained specific weight within the Group's portfolio of products, increasing from 3.4% in 2006 to 16% in 2007. This increase is mainly due to Parquesol's activities.

SANJOSE's real estate assets could be described as high quality, in the sense that they are listed far below their market value (according to existing appraisal reports), with latent real estate appreciation making it unnecessary to adjust property values during 2007, which, barring any major shifts in the current real estate market, may continue to be unnecessary in the near future. Additionally, it should be noted that of all the real estate assets, less than 1% are unfinished.

GRUPO SANJOSE is banking strongly on development in the area of Technologies and Energy Projects. 2006 and 2007 have seen certain stability in the turnover of this division because the foundations are being laid to ensure impressive growth in the coming years and to give added value to the Group.

SANJOSE's current projects in the areas of renewable energy, wind power, cogeneration power plants, etc. are worth highlighting.

Geographical Areas

International expansion is a priority for strategic development and diversification of geographic markets. In this regard, 15% of the Group's production occurred in international markets in 2007, very much in line with the 2006 levels even though the Group's production increased by 250 million Euros with respect to the previous year.

GRUPO SANJOSE is banking strongly on the international markets, having taken these last few years to develop a consolidated position in markets such as Argentina and Peru, an unquestioned leadership in the Portuguese market, and the beginnings of operations in collaboration with Deconalva S.A. in the Dominican Republic and the Caribbean.

Client Characteristics

There continues to be a good balance of public and private clients. In 2007, 47% of the Group's business activity was with different public clients.

HIGHPOINTS OF THE YEAR

In this chapter we highlight the most important events of 2007, which include the merger with Parquesol, the acquisition of companies that allow further international expansion, the increase in civil projects carried out by the Group's



firms, and the development of large projects in the areas of energy and the environment.

Without a doubt, the most outstanding project finished this year, with the most profound cultural impact has been the enlargement of the Prado Museum, considered to be one of the most important cultural events in Spain today and one of the greatest architectural challenges for this kind of building.

Meanwhile, SANJOSE is working on unique and far-reaching projects, both in Spain and abroad. Two of these stand out in particular: the Spanish Pavilion EXPOAGUA in Zaragoza in 2008, and, in Argentina, the birth of a new city with residences and facilities for 80,000 inhabitants in La Matanza, Buenos Aires.

MERGER WITH PARQUESOL AND INITIAL PUBLIC OFFERING FOR SANJOSE IN 2008

This year GRUPO SANJOSE wrapped up the successful take-



over bid it had launched for 100% of the stock of "Parquesol Inmobiliaria y Proyectos, S.A.", thereby acquiring the Group of firms belonging to the parent company (hereinafter Parquesol), in which stockholders held 50.79% of the total authorized share capital. On December 31, 2007 SANJOSE achieved 53.08% ownership of Parquesol.

SANJOSE, majority stockholder of Parquesol, is currently in a merger process with the listed real estate firm. This will give rise to the birth of a new, more diversified, stronger Group, better equipped to take on a greater diversity of projects.

The bulk of Parquesol's activities are in asset management (offices, hotels, and shopping centers), land management, and residential development. It has a presence in 8 of Spain's autonomous communities as well as Poland, Portugal, and France.

GRUPO SANJOSE is now:

- taking a very important step forward in the process of diversification that it has undertaken, improving its strategic and competitive position.
- consolidating the growth experienced in recent years.
- beginning the process necessary to list GRUPO SANJOSE on the stock market. We are currently in the process of submitting the required filings so that by the end of the 2008 fiscal year GRUPO SANJOSE will become the seventh Spanish construction group to be listed on the stock market.

SANJOSE's merger with Parquesol and the diversification the Group has undertaken will give the real estate firm a presence in all the valuable segments of that sector: asset and land management, development of first and low-income houses, as well as development of logistical and business parks, management of shopping centers and office buildings, and development of specialized products for niche markets or strategic cities.

Furthermore, the plans for expansion include opening new local offices, thereby increasing our national presence, and expanding international projects in countries such as the United States, Argentina, and Peru.

Central Headquarters of Parquesol in Pozuelo de Alarcón, Madrid.

INTERNATIONAL EXPANSION

In 2007 the Group has continued to open up to international markets by acquiring companies whose activities are synergistic with those of SANJOSE.

Specifically, we have purchased significant amounts of stock in Constructora Deconalva S.A., allowing the Group to enter the Caribbean and Central American markets, and in the real estate firm Carlos Casado S.A., which will increase our presence in that sector of the Argentine market.

The details of the transactions are as follows:

Constructora Deconalva (Dominican Republic)

GRUPO SANJOSE has acquired 75% of Deconalva S.A., whose core activity is in construction. This firm brings with it a wide range of experience in large and varied projects, and is known for being highly specialized in the tourism market, where it has worked for the largest clients in the Caribbean. Its human, technical, and financial resources give it what it needs to embark on a new stage of growth and development.

With this acquisition, the Group continues its policy of international expansion and sets off on a new path of strategic diversification in Central America and the Caribbean. The newly acquired company has experience and local knowledge which, when combined with the strength and support of a group like SANJOSE, will launch a new era of development.

Offices for Constructora Deconalva, Dominican Republic.



Carlos Casado (Argentina)

This year GRUPO SANJOSE acquired 33.74% of the authorized share capital of the Argentine real estate firm Carlos Casado, S.A., a company listed on the Buenos Aires stock market. With this acquisition, the Group now holds 39.9% of Carlos Casado, S.A. and expects to increase that holding to at least 50% during 2008.

This firm, founded in 1909 and listed since 1958, is mainly active in the real estate and agricultural and livestock sectors in Argentina, Paraguay, and Uruguay. It has valuable real estate holdings, offices in the microcenter of Buenos Aires, and a wide range of activity in the financial sector, including its holdings in the Florida (U.S.A.) Alarion Financial Bank. Its agricultural assets include the 310,000 hectares it owns in the Paraguayan Chaco, where it runs a large, technology intensive agricultural and livestock production thanks to the studies carried out through research, development, and innovation projects and those carried out in biofuel production.

The experimental plantings of the poisonous perennial shrub *Jatropha curcas*, notable for the high oil content of its seed, which can be processed to produce biodiesel, are just one example of this.

GROWTH IN THE AREA OF CIVIL PROJECTS

2007 was the year in which Civil Projects came into their own at GRUPO SANJOSE, with a remarkable increase in the volume of business and revenues in the competitive market of infrastructure.

Several large projects completed during the last few years clearly demonstrate this, for example: the Pinar del Rey metro station, the two-way, light rail system at Colonia Jardín-Boadilla del Monte, and the intersection of Las Tablas with the M-40 in Madrid.

Some of these infrastructure projects have been awarded prizes worthy of mention. For example, the School of Engineering for Roadways, Canals, and Ports awarded the Vigo Beltway project (connecting Castrelos-Bouzas with the Puxeiros-Val Miñor highway) an Honorable Mention in the 2007 San Telmo Prize. In addition, the onramp to Rivas Oeste from the A-3 is competing for the International Puente de Alcántara 2005-2007 Prize.

Vigo Beltway, Pontevedra.



New large projects that are currently underway include several high speed train lines, such as the Montcada-Mollet (Madrid-Barcelona) line; the noteworthy Contreras-Villargordo del Gabriel dam (Madrid-Levante), one of the most technically difficult dams being built in Spain; the widening of the Sueca-Sollana stretch of the N-332 from Almeria to Valencia; and the new AG-53 freeway that will link Santiago with Orense.

This kind of project requires a great deal of specialization given the complex technical tools and experienced teams needed to carry it out. SANJOSE, because of the quality and professionalism of its entire team, can take on any project within the area of civil or infrastructure projects: railway, roadway, hydraulic, airport, maritime, developments, etc.

SANJOSE TECHNOLOGIES AND ENERGY PROJECTS

SANJOSE Technologies, with more than 25 years of experience and with a balanced project portfolio that is diversified into different areas (energy, environment, health care, industry and infrastructure, and transportation), specializes in carrying out turnkey projects, as well as those of maintenance, comprehensive management, and design of all kinds of facilities. Its main goal is to offer solutions and services that meet the needs of each specific client.

A fundamental part of SANJOSE Technologies' strategic plan in recent years has been to participate in ambitious projects in the area of energy and the environment, examples are: the construction and management of the polygeneration facilities for the Directional Center in Cerdanyola del Vallés (Barcelona) and the Thermal Plant in La Senia (Tarragona), the maintenance and management of the Solid Waste and Recycling Plant in Colmenar Viejo (Madrid), the enlargement of the Desalination Plant in El Mojón (Murcia), and the polygeneration facilities in the new headquarters for the Malaga Provincial Government, inaugurated this year.

PROJECT OF THE YEAR: THE PRADO MUSEUM

The largest enlargement in the history of the Prado was also the cultural event of the year. Their Royal Majesties, the King and Queen of Spain and the Prince and Princess of Asturias, together with the President Jose Luis Rodriguez Zapatero inaugurated the renovation designed by Rafael Moneo, "the most important in the history of this nearly two-hundred year old museum", according to His Majesty Juan Carlos.

This architectural event has been the most anxiously awaited project in recent years for Spain and the city of Madrid. The new Prado Museum has an additional 22,000 m², with four exhibition halls; first class architectural works such as the



Prado Museum, Madrid.

complete restoration of the Cloister of the Jeronimos or the construction of the "Cubo Moneo"; and spacious, modern facilities for internal use that will improve the work environment for all those employed there.

URBAN DEVELOPMENT PROJECT OF THE YEAR LA MATANZA-BUENOS AIRES (ARGENTINA)

In addition to the traditional urban planning activities, SANJOSE is working on the development of La Matanza, Buenos Aires, a project located in La Tablada (Argentina) that will represent the birth of a "brand new city", with everything necessary for 20,000 residences and some 80,000 inhabitants.

This year the Group broke ground on this large urban development (112 hectares), which was designed by the prestigious Portuguese architect Alvaro Siza, and which will partially alleviate the serious housing shortage facing the middle class in Argentina.

SANJOSE is also developing another of the most important projects being carried out in Argentina: the "Panamerican Mall" shopping center. This mall will open its doors in 2009 and give downtown Buenos Aires more than 60,000 m² of commercial space and a 12,000m² tower for offices.

Urban Development of La Matanza, Buenos Aires.





Special Projects
Buildings
Civil Projects
Affiliate Companies
International Market



The City of Culture, Santiago de Compostela.



This firm has its roots in construction, which continues to be one of its core activities. Its development over the years has been remarkable for its national and international expansion, its specialization, its diversification, and its ability to innovate. The volume of business and revenue, in addition to the recognition it receives for the quality of all of its projects, has made this firm and the Group as a whole a benchmark for the sector.



SANJOSE Construction has a reputation in the sector for the high quality of its projects and for the diversity of the same. Having won the trust of its clients, the firm has helped both public governments and private companies to materialize projects and infrastructure capable of creating wealth and growth. The different divisions and professionals in Special Projects, Construction, and Civil Projects work hard to achieve that goal.

SPECIAL PROJECTS

The Special Projects department takes on those projects that stand out for their historical importance, size, artistic value, or for the technological advances used in their development. Through the specialization acquired in this kind of unique buildings, the company name has become associated with internationally renowned projects such as the following:

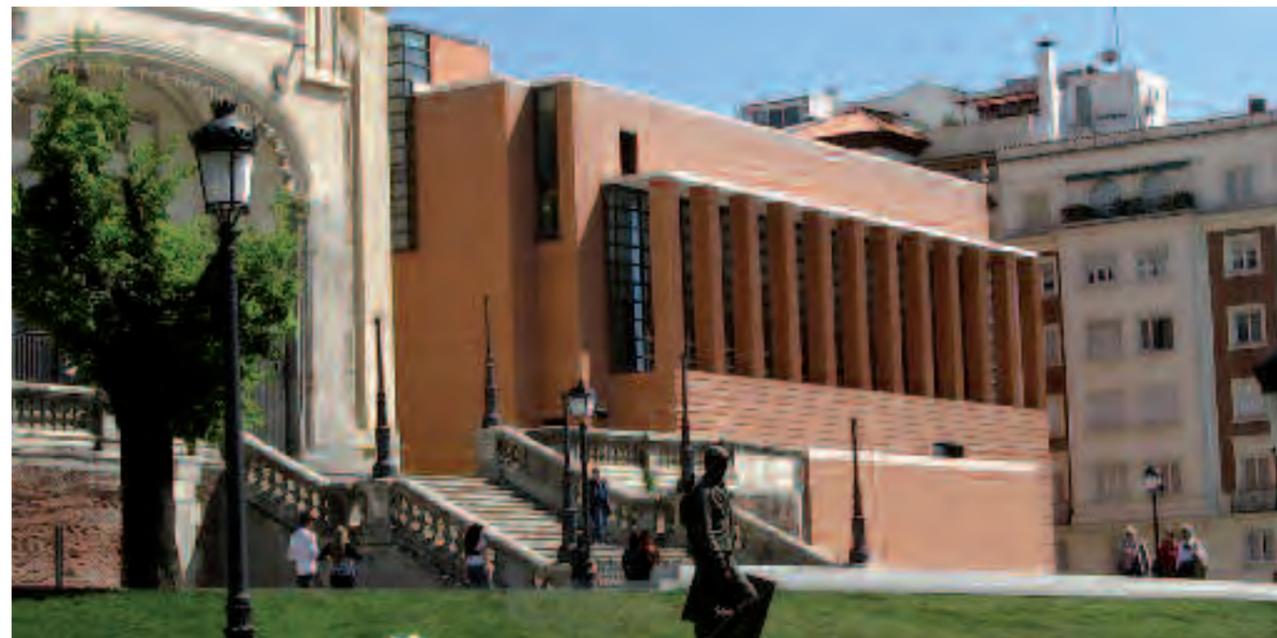
Prado Museum

The largest art gallery in the world opens its doors to the public once again with an additional 22,000 m². The new addition extends from the rear of the building, joined to the well-known Villanueva Building by a new eight-story building known as the "Cubo Moneo" which houses three floors open to the public where we find the restaurant and the splendid Cloister of the Jeronimos; four temporary exhibit halls totaling 1,386 m²; an auditorium capable of holding 400 people; a great hall, store, bookstore, and restaurant cafe; while the five floors dedicated to internal use hold the workshops for restoration, documentation, and climate controlled storage for artwork...



Expansion of the Prado Museum, Madrid.

Expansion of the Prado Museum, Madrid.



Spanish Pavilion for EXPOAGUA, Zaragoza.

Spanish Pavilion for EXPOAGUA Zaragoza 2008

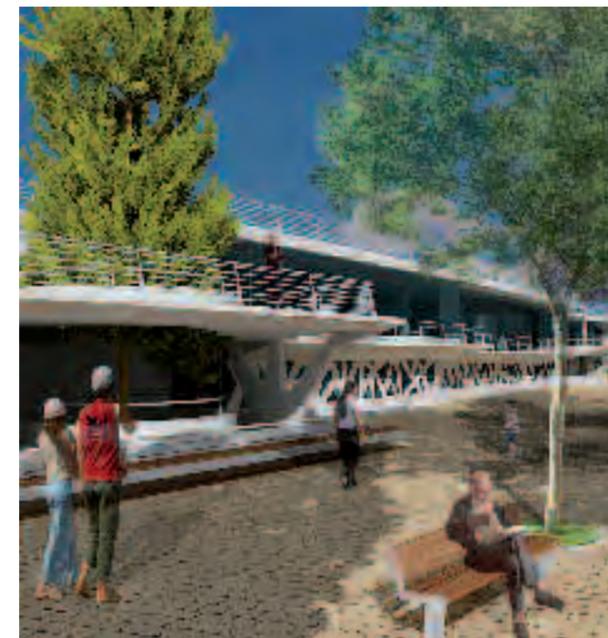
This project, which will be a highlight of this International Exposition and includes a building of more than 10,500 m², stands out for its spectacular design and for the way it showcases a complete commitment to the environment and renewable energies.

The Spanish Pavilion was designed by the Navarran architect Patxi Mangado, together with the National Center for Renewable Energies [Centro Nacional de Energías Renovables - CENER]. The building has an air of peace that filters down to

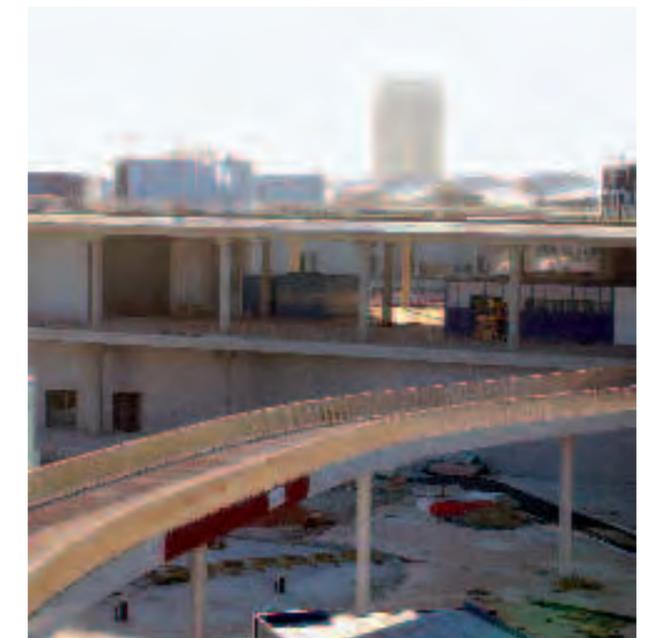
the visitors through its transparent walls, which lend a sense of spaciousness and luminosity, and through the unique forest of ceramic pillars (trees) that envelop it entirely.

SANJOSE has developed other projects for ExpoZaragoza such as the 2.3. concrete support structures for the Participants' Pavilion, the 15 cast-iron walkways connecting the different pavilions, and the finishes and facilities for the Club Náutico Zaragoza, a sports and dining facility, the contracts for which were awarded toward the end of last year.

Club Náutico in EXPOAGUA 2008, Zaragoza.



Participants Pavilion and walkway, EXPOAGUA 2008, Zaragoza.





The Reina Sofia School of Music

While new technologies have left their mark on this modern, very functional building, it was built to be in keeping with the architectural style of Madrid's older buildings. The new facilities, designed by the architect Miguel de Oriol, are located in the Plaza de Oriente, next to the Royal Palace and Royal Theater, symbols of the history and life of Spanish music.

Regarding the project itself, there are nine floors made up of three underground levels and six aboveground that together comprise 5,000 m². Within that space are more than 60 rooms for teaching, dressing rooms, space for instruments, a library, conference room, and an auditorium for chamber music with seating capacity for 380, as well as the renowned archives of the Albéniz Foundation, which are completely digitalized and which also house the Rubinstein Fund.



The REINA SOFIA School of Music, Madrid.

The REINA SOFIA School of Music, Madrid.



Cristalia Building

AMA Seguros has collaborated with the prestigious architect Rafael de la Hoz in the design of this unique building that will house their new headquarters. The project is of some 22,000 m² with seven floors aboveground and will stand out for its boat-like shape with the two ends suspended in the air like the bow and stern of a ship. This shape makes the construction process very complex and requires the same technology as that used to build bridges.



Cristalia Building, Madrid.

Cristalia Building, Madrid.





BUILDINGS

In keeping with its area of specialty, GRUPO SANJOSE, and specifically its construction firm, has raised and remodeled a wide variety of buildings for the different levels of government (central, autonomous regions, and local), as well as for companies in the private sector.

Public Buildings

Since SANJOSE's inception, it has maintained and continues to maintain a fluid and constant relationship with the major

Spanish governments, taking on public projects in all of their possible permutations: construction, design and build, and leasehold.

2007 has seen the construction of hospitals, health centers, educational institutions, residences, sports and cultural facilities, subsidized housing, police stations, courts, shopping malls, offices, and hotels...

A sampling of these projects is summarized below.

Asturian Central University Hospital, Oviedo.



Asturian Central University Hospital, Oviedo.



Health Care

Any building in the health care sector could be considered to be a Special Project, and appear under that subtitle, although it is more important to showcase the high level of specialization that SANJOSE Construction has in this market.

The Group has worked on some of the largest projects in the area of health care in Spain for both publicly and privately owned facilities. This is due, in part, to the fact that it has a specific hospital division, capable of contributing highly specialized knowledge of the product and all its specifications,

essential for achieving optimal results on such demanding projects.

During 2007, work has been done on a great number of hospitals, among them the following stand out

- Central University Hospital of Asturias, 310,000 m² and 1,039 beds.
- Xeral Hospital in Lugo, 151,398 m² and 823 beds.
- Gandia Hospital, 63,500 m² and 240 beds.

Xeral Hospital, Lugo.



Xeral Hospital, Lugo.



Meanwhile, renovation and expansion work has been done on the hospitals of Hellin (Albacete), Virgen del Puerto (Plasencia), and Our Lady of Grace (Zaragoza).

SANJOSE's specialization in the field of health care is such that it excels in all areas of the field. As well as building large hospitals, it is continually working on other kinds of health care projects such as health centers, outreach centers, retirement facilities, etc...

Virgen del Puerto Hospital in Plasencia, Extremadura.



Socio Sanitaria Residence in Arucas, Grand Canary.



El Cachorro Health Center, Seville.



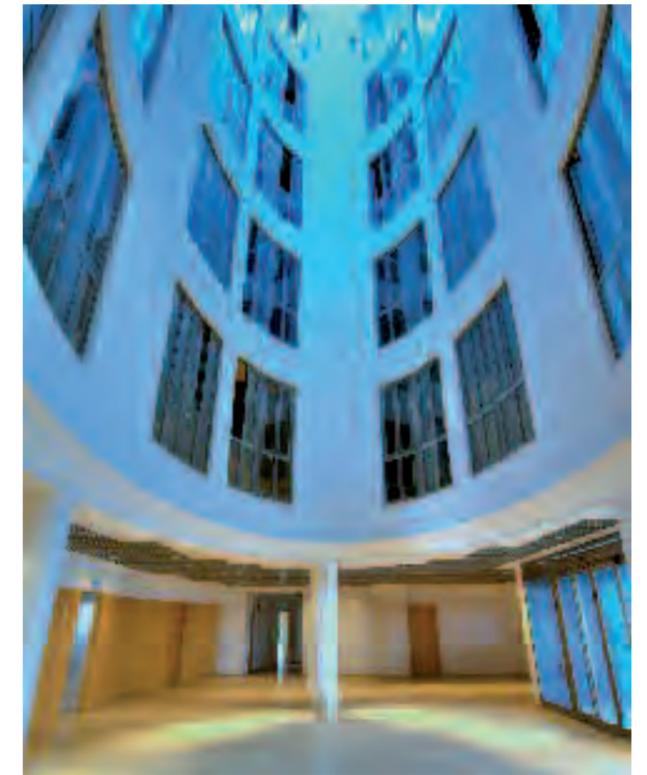
Specific projects that cannot go without mention are the El Cachorro Health Center (Seville), the Alzira Residence and Day Center (Valencia), the Arucas Senior Residence and Healthcare Center (Grand Canary), and, of course, the four health centers that SANJOSE has built for the autonomous community of Madrid: Silvano, Lucero, Leganés, and Sanchinarro.

Alzira Day Center, Valencia.



The Group has had large projects for the private health care sector as well in 2007, in particular, the Hospital and Geriatric Center of Castilleja de la Cuesta (finished in January of this year) with its 73,900 m² of top-notch, luxury facilities; and there is the renovation and expansion of the Perpetuo Socorro Hospital in Alicante.

Castilleja de la Cuesta Hospital and Nursing Home, Seville.



Castilleja de la Cuesta Hospital and Nursing Home, Seville.

Lucero Health Center, Madrid.



Silvano Health Center, Madrid.





High School in the Solana, Ciudad Real.



Medical School and the Miguel Hernandez University, Alicante.

Education

SANJOSE's projects in the field of education merit special mention. In this area as well, the Group has accumulated experience that is hard to beat in the building and renovation of all kinds of educational institutions; from day-care centers and primary schools, to high schools, and the most prestigious universities in our country. Throughout this process, SANJOSE offers construction techniques that are tailor-fit to the needs of the institution and always guarantee quality and on-time delivery of the product so the students can enter the classrooms on schedule.

In 2007, 25 educational centers have been completed for different local governments on time and in full compliance with the contract, among which the following stand out: the

- University of Lleida. Designed by Álvaro Siza, the new 6,670 m² building is on the Cappont campus and houses that department's most unique spaces: music rooms, gymnasium, laboratories...
- High School in the Solana (Ciudad Real). This new high school for the Board of Education for Castilla-La Mancha gives the community 20 new classrooms and an indoor multi-sport pavilion.
- CEIP Avinyonet (Barcelona). This is a new primary school with approximately 2,700 m² and comprises classrooms, a library, administrative offices, a computer room, a gymnasium with changing rooms, and outdoor tracks.
- Baix Emporda High School in Palafrugell (Gerona). Here, the existing 4,190 m² building has been renovated, 2,243 m² have been developed, and a new three floor,

2,619 m² building was erected with different administrative offices, 16 classrooms, an art room, and a dining hall / cafeteria that is open to the public.

- The Logroño Language School is noteworthy for its new design and use of high quality, modern materials. The project has included the renovation of the already existing building, construction of an acoustically sound auditorium, and the addition of a new, square, two-story building that is connected to the auditorium.
- Addition to the Casería de la Merced for the children's home in Granada. This project stands apart for the complex restoration of the ancient country house and renovation of the grounds, which now have a basketball court, game area, green areas, a library, dining facilities, study halls, a chapel, an infirmary, and new sleeping areas both for the nuns and for the children.
- The Petra Sanchez Rollán School in Los Alcáceres (Murcia) is on a 9000 m² plot with a two-story 2,500 m² square building where both pre-school and primary school can be taught. There are other facilities as well, such as sports facilities, a parking lot, gymnasium, and playground.
- Auxiliary classrooms at the Elche Campus for the Miguel Hernández University (Alicante). This building took five months to build, and comprises 2,543 m² in a one-story, solid structure that allows for an additional story to be added on in the future.
- Renovation of the Medical School on the Alicante Campus for the Miguel Hernández University, with restoration of a building of more than 3,000 m².

Currently, there are a few projects underway that deserve special mention:

- The School for Industrial Engineers (Málaga). This new 56,000 m² building with capacity for 3,600 students will be a model not only for its energy use and environmental sustainability, but also for the quality of and latest technology used in its facilities. We finalized the foundations and framing of the main building in 2007 and the projected completion date is in October of 2008.
- The University of Valencia has completely trusted in the experience of the Group to carry out its two most important projects: the School of Education and the Technical School for Engineering. These two projects make up more than 58,500 m² and will be completed in 2009.



Department of Education at the University of Valencia.

The School for Industrial Engineers, Malaga.





Non-Residential Buildings

Among the main public sector projects of the Group are the following:

- The Administrative Building for the Government of Galicia in Campolongo (Pontevedra). This is a ten-story complex of some 46,602 m² that will house the governmental departments in Pontevedra (1,500 employees), the headquarters for the Autonomous Police, post office, the Department of Health laboratories, an exhibition hall, and an auditorium. Manuel Gallego Jorroto, who has won the National Prize for Architecture, designed the project.
- The Administrative Building in Almanjayar (Granada). There are four buildings joined together around the patio, with stepped heights of three, five, seven, and nine floors. The exterior zinc façade has horizontal win-

Administrative Building for the Government of Galicia in Campolongo, Pontevedra.



dowed holes throughout the entire building that are uninterrupted by the structure.

- Expansion and restoration of the Plaza del Pilar Courthouse in Zaragoza. The project, which did not interfere with the courts' daily business, is a combination of a new 1,000 m² building and the renovation of the existing building (considered to be of historical interest), so as to enlarge and improve the previous facilities by creating new hearings' rooms, chambers, offices, and courtrooms. All of this was designed to meet the complex needs of the facilities and fine finishes that a project of this type requires.
- The Police Station in Castelldefels for the Autonomous Police of Catalonia. A new 1,780 m² building, this is outfitted with communications and surveillance facilities as well as the other appropriate installations for this kind of building.
- The Municipal Pool Nuestra Señora del Carmen in Torremolinos (Malaga). The project here consisted of the expansion and construction of a new pool, gymnasium, and bathrooms, steam rooms, and hydro massage.
- The Cultural, Social, and Recreational Center in Guardamar del Segura (Alicante). This has 3,460 m² of modern facilities which include a library, a children's library, an exhibition area, audiovisual rooms, a senior day center, a dining room and kitchen, a game room, a cafeteria, open areas...
- The El Palero Sports Center, in Palencia. Three large buildings of some 3,441 m² have a reception desk, an administrative area, changing room, gymnasium, pools, Jacuzzis, and a multi-sport track. Outside, there are sports' tracks, a solarium, green spaces, and 3,960 m² of parking space. The center has also integrated a new energy source: 11 geothermal catchment wells that allow energy savings akin to that from solar panels, without the visual impact.
- The multi-sport facility Francisco Fernández Ochoa in Carabanchel (Madrid). This is on a 32,000 m² parcel of land with a 50x25 m pool (the second Olympic sized indoor pool in Madrid), a roofed pavilion with three tracks, gymnasium, and rooms for physical exercise for senior citizens, changing rooms, and shops. Outside, there is a hockey rink for inline-skaters without lateral enclosures, two soccer 7 fields, eight paddle ball courts, and six tennis courts.



Zaragoza Courts.



The Francisco Fernando Ochoa Multi-sport Facility in Carabanchel, Madrid.

The Cultural, Social, and Recreational Center in Guardamar del Segura, Alicante.





Menorca Airport.

Projects Underway:

- The Municipal Auditorium of Teulada (Alicante) designed by Patxi Mangado. This is a cultural building of some 8000 m² distributed over four floors. The complex is eye-catching due to its spectacular exterior design using concrete and ironwork and its location with views of the mountain and ocean, which imbue it with a unique lighting.
- The new terminal at the Menorca Airport, to be finished in 2008, has increased the size of the old building by more than 13,000 m². One of its main attractions will be the new retail area, with more than 1,400 m² for restaurants and cafes, and more than 1,200 m² for stores. The most stunning piece is a new, very modern dike with an oval section that simulates the wing of an airplane, contrasting with the warm interior in which wood, granite, and plantings dominate.
- The City of Culture in Santiago de Compostela. SANJOSE is an active participant in this great cultural complex for the autonomous community of Galicia, both in the development stage and the construction of the Central Services Building where all the activities related to administration as well as publicity and communication for the "City" are slated to take place.
- The Government building for the Municipal Council in Grand Canary. This project is 28,332 m² and, designed by the architect Alejandro de la Sota, stands out for having maintained the modern feel of the current building and the original auditorium, while adding a unique shape and design characteristics.

Private Buildings

SANJOSE Construction contributes to the economic growth of our country by helping companies from all the industrial sectors get their projects up and running as quickly as possible with record completion schedules and high quality work that comes in at the budgeted price.

We see ourselves as travelling companions through this process, we can give technical advice, collaborate in the development of the project, and can adapt to the needs and demands that arise along the way.

SANJOSE has built buildings for businesses, shopping centers, recreational centers, offices, and hotels, and has been an important player in the residential housing market. During 2007 in particular, it has headed up the building of 12 office projects and five prestigious hotels, of which we should mention the following:

- The Sports City of Mérida. This extends over an area of more than 130,000 m², made up of outdoor areas and a 10,015 m² building.
- The Headquarters for Barclays Bank of Zaragoza. This 25,000 m² office building, is located at the Business Park in Zaragoza, and will be the Central Headquarters of Barclays Bank in Southern Europe. The project is currently underway and will stand out for its use of white concrete in the façade (from which will hang attention calling formwork); its main atrium built 20 meters high with the same materials; and for the absence of pillars thanks to the use of post-tensioned concrete.
- Hotel Melia Colón (Seville). Interior renovation of all the finishes and paneling was carried out for this large,



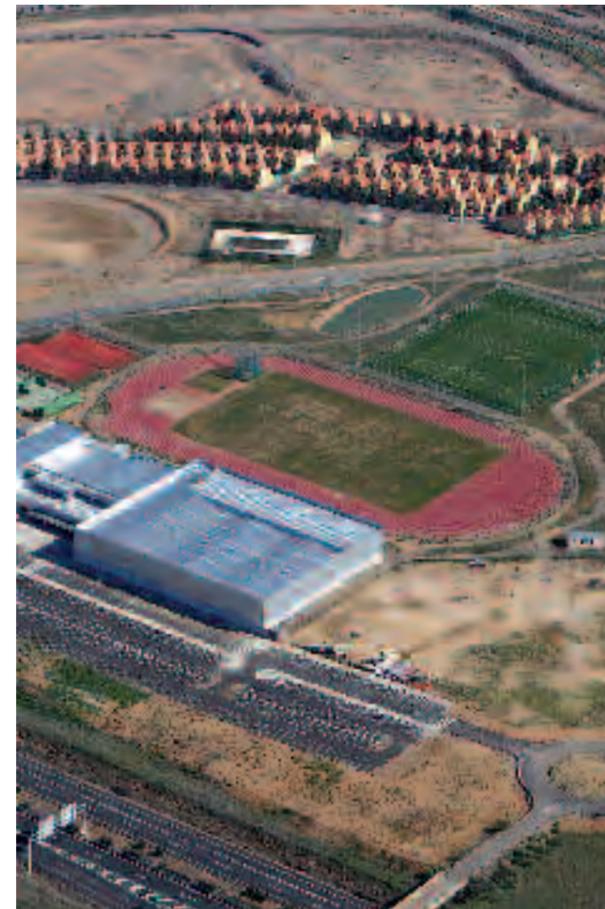
Headquarters for Barclays Bank, Zaragoza.

more than 7,440 m² hotel in the capital of Andalusia with 8 floors, a sub-basement, and basement.

- Aparthotel Doña Leonor in Valladolid. This project is in the Communication City in the capital of the Province of Valladolid, and will have 43 intelligent, "remote control"

intelligent apartments with one, two, or three bedrooms, including several penthouses with balconies. It will also have all the essentials: gymnasium, sauna, pool, reception desk, business center, conference room, restaurant, climate control, etc.

Sports City of Merida, Caceres.



Aparthotel Doña Leonor, Valladolid.



Shopping Centers

SANJOSE Construction also has a division solely dedicated to building shopping malls, which has made the Group a leader in this kind of construction. They have very specialized teams with extensive experience that are capable of tackling the significant challenges that come up with this kind of private project. Among the projects completed in 2007 are the following:

- "El Ventanal de la Sierra" in Colmenar Viejo (Madrid) for Alcampo. Located on an approximately 95,000 m² plot of land, this is designed to be a landmark for the north of Madrid. To do so, it has used the most advanced technologies in all of its facilities: more than 9,000 m² for the supermarket, a restaurant area, a large commercial section, parking, a gas and repair station, etc.
- "Alcalá Magna". This is on a more than 28,000 m² plot within the city of Alcalá de Henares. The new mall will



"El Ventanal de la Sierra" Shopping Center in Colmenar Viejo, Madrid.

"El Ventanal de la Sierra" Shopping Center in Colmenar Viejo, Madrid.



become another important part of this city as it is next to the bullfighting ring, just 10 minutes by foot from the historical district. The inhabitants of the city will have all the advantages now that they have a great selection of stores, recreation, restaurants, and supermarket nearby.

- Shopping Center "Puerto Europa Algeciras" (Cádiz). This project is underway and will have 105,000 m² in a two-story building. This ambitious project will meet the shopping and recreational needs of the community that will at last have a mall with 106 stores, between eight and ten movie theaters, and two thousand parking spaces.
- "Espacio Coruña". This is a new shopping center for Coruña in Galicia and will have 105,000 m² distributed over two underground levels, and three above-ground floors with all the services necessary for a building of this type. It is currently under construction.



"Espacio Coruña" Shopping Center, La Coruña.

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



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

"Puerto Europa Algeciras" Shopping Center, Cadiz.





HOUSING

SANJOSE Construction has developed a great number of residential projects in Spain, both subsidized as well as for the free market. It brings more than 20 years of experience in working throughout the entire country.

Subsidized Housing

SANJOSE is collaborating with the main public agents of subsidized housing developments to meet Spanish society's growing demand for affordable housing. As this Annual Report goes to press, the company has broken ground on more than 1,500 units of subsidized housing throughout the country. The following projects are among them:

- Residences in Valdegastea (Logroño).
- Rental units for young adults and apartments in Torrevieja (Alicante).
- Subsidized housing, 61 parking spaces, and 4 commercial spaces in Elche (Alicante).
- Subsidized housing in Polígono Casines in Puerto Real (Cadiz).



Residences in Torrevieja, Alicante.



Subsidized housing in Elche, Alicante.

Residences in Valdegastea, Logroño.



Subsidized housing in Casines Industrial Park in Puerto Real, Cadiz.





Market Priced Housing

SANJOSE Construction has the best teams in the sector; true specialists in residential developments. This allows us to bring more demanding projects to fruition and meet the demands of the most prestigious real estate developers in the Spanish market.

Completely versed in the sector and the real estate market as a whole, and therefore in the needs of every developer, we offer fixed prices and guarantee construction schedules so as to ensure quick sale of the residences with strict cost controls in construction.

We also have specific departments to handle the post-sale process, so as to guarantee maximum satisfaction for both the real estate developer and the final owner of the residence.

We are currently building 4,030 residences for direct sales throughout Spain. The following projects are among them:

- Single-family homes in Salobre Golf (Grand Canary).
- Single-family homes in Calatayud.
- Luxury residences on Calle Ortega y Gasset (Madrid).
- Residences on Calle Conde de Xiquena (Madrid).
- "Dehesa Vieja" apartment building in San Sebastian de los Reyes (Madrid).
- "Las Brisas Golf" Residences in Molina de Segura (Murcia).
- Apartments in San Javier (Murcia).
- Áncora III Building in the Port of Santa María (Cadiz).
- Residences in Bormujos (Seville).
- Residences in Nuevos Corrales, Aljaraque (Huelva).
- Residences and developments in Zamora.
- Residences in Blanes (Girona).
- Apartments in Jávea (Alicante).
- Single-family homes in San Antonio de Benagéber (Valencia).
- Residences and developments in Torreblanca (Castellón).



Residences on Calle Conde de Xiquena, Madrid.



Salobre Golf Villas in San Bartolomé de Tirajana, Grand Canary.



Áncora III Building in the Port of Santa María, Cadiz.



Residences in Zamora.



Apartments in Jávea, Alicante.



Residences in Torreblanca, Castellón.



San Isidro Neighborhood urban development, in Navalcarnero, Madrid.

CIVIL PROJECTS

The production and contracting rate achieved by SANJOSE in the domestic and international market combined with its clear commitment to quality and technological innovation has solidified its reputation as one of the primary construction groups specializing in infrastructure development and management.

This can be seen in a growth rate that is 51% higher for this year than for last, and in the great participation it has in projects from the Ministry of Public Works through the Adminis-

trator for Railway Infrastructure [ADIF], from the General Office of Railway Transportation, from the General Office for Roadways, and from the State Company for Transportation Infrastructures [SEITT].

Large projects have been completed this year in this area, among which the following should be mentioned:

- The Light Metro Colonia Jardín-Boadilla del Monte in Madrid is 13.7 km. long, two-way, with 12 stations and 11 buildings. Thanks to this new infrastructure development, the Community of Madrid has directly benefitted some 25,000 daily commuters, who will make this trip in 30 minutes at a maximum velocity of 70 km. per hour
- Supply to Manzanares el Real from the Santillana reservoir (Madrid). This project consists of building a pumping station at the D.W.T.P. in Santillana, located at the base of the Santillana Reservoir, as well as running the connection that follows the road from Manzanares to Soto del Real in the province of Madrid.
- The Barrio de San Isidro Development, in Navalcarnero (Madrid), measuring a total of 697,403 m² that encompass residential, commercial, and industrial real estate, as well as green zones.

Light Metrorail in Boadilla del Monte, Madrid.



- Improvements to the general water supply system from the Port of Santa María (Cadiz). The construction project has consisted of building a 36,000 m³ reinforced concrete tank for the water supply, as well as the conduits to connect it to the main network.

- Parque Lineal, 85,000 m², in the municipality of Rivas Vaciamadrid (Madrid). As well as the normal elements of this kind of project, there are more than 9,000 m² of green areas with a lake, an estuary, and a circular steel lookout tower.

Light Metrorail in Boadilla del Monte, Madrid.



Water Supply Systems to Manzanares el Real, Madrid.



Parque Lineal, in the municipality of Rivas Vaciamadrid, Madrid.



Water Tank at the Port of Santa María, Cadiz.



In addition to these examples of infrastructure that are in use, the following projects are under construction and are listed by type:

Railways

Here, two legs of the new high speed railway connector that will join Madrid with Valencia stand out as does another one for the high speed Madrid-Zaragoza-Barcelona-French Border line:

- Embalse de Contreras - Villargordo del Cabriel leg. This is the most remarkable leg of the entire high speed Madrid-Valencia line and one of the most technically difficult tackled to date in Spain, given that 85% of the stretch is made up of three tunnels and three viaducts.
- The Ocaña-Villarubia de Santiago leg of the high speed Madrid-Valencia line; 21 km. long with two viaducts to be built.
- Construction of the platform for the high speed Madrid-Zaragoza-Barcelona-French Border line. Section: Montcada-Mollet (Barcelona). Technical challenges present in this project are the construction of three viaducts and two false tunnels.



High Speed Railway Madrid-Valencia Line.



High Speed Railway Madrid-Valencia Line.

High Speed Railway Madrid-Valencia Line.



High Speed Railway Madrid-Valencia Line.



Roads and Highways

SANJOSE is currently participating in a wide variety of road-way projects, among which are the following:

- Off-ramps from the M-11 to Valdebebas (Madrid). The Valdebebas Junta de Compensación [a land planning board made of property owners] has entrusted the Group with the building of the main off-ramp from the M-11 highway to the new development. A parallel project within this one is the construction, for the Madrid Railway Institute, of an underpass between the rail terminal (IFEMA) and the area where this is to be expanded in Valdebebas.
- A-50 Salamanca-Encinas de Abajo (Salamanca). This is a 15 km. stretch of highway where three diamond interchanges will have to be built, along with 23 structures, of which the more than 500 meters long viaduct over the Rio Tormes deserves special mention.
- A-45 Encinas Reales-Benamejé (Cordoba). Between the provinces of Cordoba and Malaga there is construction along an 11.5 km corridor, in particular there is a unique viaduct over the Rio Genil that is 605 meters long with pillars up to 78 meters high and arches that are 95 meters wide.
- A-67 Osorno-Marcilla de Campos (Palencia). Along the nearly 10 km. of highway over flat terrain, the six overpasses, eight underpasses, and 90 meter long viaduct make this project stand out.
- AG-53 Alto de Santo Domingo connector with Cea A-52 (Orense). The infrastructure built by SANJOSE includes 12.6 km. of highway and will help shorten the trip from Santiago de Compostela to Orense by more than 30 minutes.
- The viaducts over the Barbantiño and Miño Rivers on the AG-53 (Orense). The first viaduct is 810 meters long and 90 meters high, while the second crosses the river with 450 meters of length and 150 meters of height.
- A-75 Verín Highway - Portuguese Border. This large project will serve to link the high speed networks between Spain and Portugal. The construction includes building 11.3 km of highway, three interchanges, and 16 structures: three viaducts, six overpasses, and seven underpasses.
- Widening of the N-332 highway from Almería to Valencia. Section: Sueca-Sollana (Valencia). The project includes building 8.2 km. of new road to convert the existing road into a highway, changing the present interchange from Sollana, and building 10 new viaducts and modif-

ying one existing viaduct. The future highway will have two roadways, each one 7 meters wide, with external hard shoulders measuring 2.5 meters, interior ones measuring 1.5 meters and a 2 meter wide median strip between platform edges.

- Highway Link Road southwest of Toledo. The new project, of some 24 km., is a large step forward in the development of the metropolitan concept for the city of Toledo and all the surrounding communities. Regarding its construction, there are a total of nine interchanges and 45 structures that should be mentioned, among them 5 viaducts, 18 overpasses, 21 underpasses, and one tunnel for wildlife.
- Connector of the AP-68 with the area of the Estación de Delicias (Zaragoza). This important piece of infrastructure for the capital of Aragon will allow access to and egress from the city towards the west, mainly in the direction of the AP-68. In addition, this project will also go a long way to resolving the long-standing difficulty in accessing the bus station from the north.

Off-ramps to Valdebebas, Madrid.



Highway AG-53, Orense.

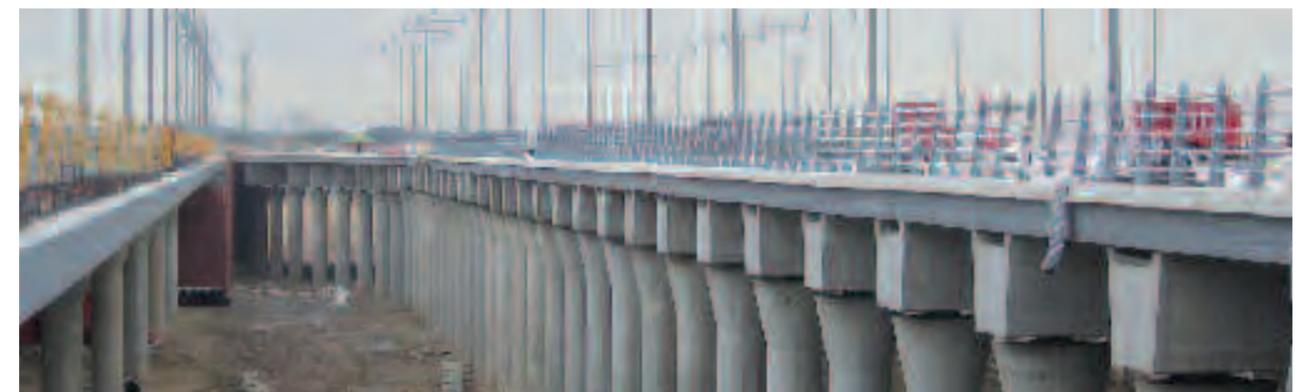


Highway A-50, Salamanca.



Highway A-67, Palencia.

Connector of the AP-68 with the Estación de Delicias, Zaragoza.



Hydraulic Projects

Given its historical importance and the surrounding area of the project, the infrastructure work being done to the fountains at the Royal Palace de la Granja (Segovia) must be highlighted. This work is being carried out in order to make the fountain water supply independent from the water supply for the urban area.

Currently Patrimonio Nacional has the concession for the water supply and is in charge of maintenance, watering the gardens, and the fountains at the Royal Palace. It bears mentioning that during the dry season the water supply to the community takes priority over that of the fountains.



Arroyo de la Vega WWTP, Madrid.



Páramo Bajo Channel, León.



Environmental restoration of the River Nonaya in Salas, Asturias.

Hydraulic Projects in La Granja, Segovia.



Aranjuez WWTP, Madrid.



In addition, the following hydraulic projects must be pointed out:

- The Arroyo de la Vega wastewater treatment plant [WWTP] (Madrid).
- The Aranjuez Norte WWTP (Madrid).
- Paramo Bajo Canal (Leon).
- Villalaco Canal (Palencia).
- Habitat restoration of the Nonaya River in Salas (Asturias).
- The use of recycled water for irrigation in Alcorcon (Madrid).
- Sewer line from El Paular to Oreruero in Rascafría (Madrid).

Other Projects

- Approaches for and development of the "Parque Imperial" shopping center in Zaragoza, the largest commercial area in Aragon. This project that SANJOSE is developing is located 10 km. from the center of the city, next to the A-2 highway. It includes a 10 hectare area with 80,000 m² of roads, 5,000 parking spots, and another 20,000 m² of sidewalks and green areas. The new development will have more than 11,000 meters of plumbing and a lighting network measuring 8,000 meters in length.
- La Maquinilla development in Colmenar Viejo (Madrid). The project has meant the construction of 9 roads, five roundabouts for traffic regulation, and the provision of

the necessary services and equipment. There is a two-way, main road that is separated by a median strip that requires a structure 30 meters wide by 11.5 meters high to cross the Pozanco Arroyo that runs from north to south through the plot that is a main access point to the "El Ventanal de la Sierra" shopping center.

- Fbricas Development in San Fernando (Cadiz). This is the development of an 18 hectare industrial park for the town hall. The project includes all of the conduit work for the services and the roadway infrastructure.

Development of and access roads to "Parque Imperial" Mall, Zaragoza.



AFFILIATE COMPANIES

GRUPO SANJOSE's affiliate construction companies are structured geographically as a mark of their own individual personality, adapted to the unique characteristics of the area in which they operate. They are the following:

- In Castilla La Mancha, Madrid, and Castilla León, Constructora Ávalos.
- In Valencia, Murcia, and the Balears Islands, Alcava Mediterránea.
- In Catalonia and Aragon, Balltagi Mediterrani.
- In Andalusia and Extremadura, Cartuja Inmobiliaria.
- In Galicia, Asturias, and Cantabria, C&C (Construction, Rehabilitation, and Preservation).
- In the Basque Country, and Navarra, and La Rioja, EBA (Eraikuntza Birgaikuntza Artapena).

Over this past year, they have diversified both their public and private projects, among which are hospital projects, educational centers, offices, commercial establishments, residences, restoration work, industrial buildings, hotels, residences for senior citizens and for students, sports centers, developments...



During 2007, Constructora Ávalos continued to grow and develop in its area of operation through different building projects for public and private clients.

Among the projects completed in this fiscal year are:

- 192 units of subsidized housing in Dehesa Vieja in San Sebastian de los Reyes (Madrid).
- 260 residences at El Bercial in Getafe (Madrid).
- Rehabilitation of the facades of 300 residences in the barrio of San Ramón in Parla (Madrid).

Residences at El Bercial in Getafe, Madrid.



Subsidized Apartments in Dehesa Vieja, San Sebastian de Los Reyes, Madrid.



Expansion of the University of Castilla la Mancha, Ciudad Real.

- The logistical center for the fire-fighters in El Serranillo (Guadalajara).
- Additions to the Fermín Caballero Building at the University of Castilla la Mancha in Ciudad Real.
- Auditorium / Theater in Los Yébenes (Toledo).

As this Annual Report goes to press, the following are currently under construction:

- 75 residences in Villalba (Madrid).
- 62 residences in Ciudad Real.
- Rehabilitation of the facades of 113 residences in the barrio of San Ramón in Parla (Madrid).
- 33 residences in Puertollano (Ciudad Real).
- 63 residences in Taracena (Guadalajara).
- Health Clinic in Guadalix (Madrid).



Alcava Mediterránea has strengthened its position in its initial area of activity with the opening of a new office in Alicante, the continued growth in the number of contracts with all kinds of clients, and the execution of more diverse and complex projects.

Among the projects carried out in 2007 is the head office for the Valencia Chamber of Commerce. This noteworthy project includes the comprehensive rehabilitation of the existing building allowing it to house the new head office for the Chamber of Commerce, Industry, and Navigation of Valencia. It was inaugurated on November 7, 2007 by their Majesties the Prince and Princess of Asturias. The 6,000 m² edifice is split into two, eight-story, asymmetrical buildings, linked by a patio of lights that shine and allow for views between the two buildings. The facades are made of curtain walls with glass serigraphed using the most advanced technologies in Spain.

An addition to this unique project, the following finished projects should be mentioned:

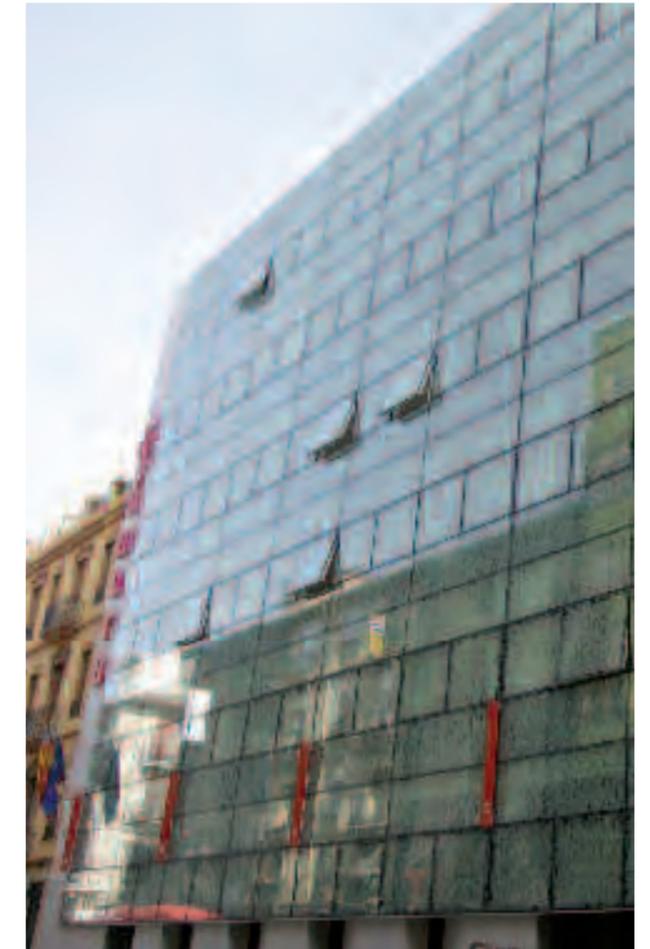
- The San José de Calasanz School in Bigastro (Alicante).
- The Maria Antonia Mir Museum in Catarroja (Valencia).
- 110 residences in Calpe (Alicante).
- The Bioengineering Department on the Elche Campus at the Miguel Hernandez University (Alicante).
- Commercial offices for C&A in Cartagena, Murcia, Elche, and Massalfassar (Valencia).
- Renovation of the Biology Department at the University of Valencia, Burjassot Campus.
- The new headquarters of the Technological Institute for Packing, Shipping, and Logistics [Instituto Tecnológico del Embalaje, Transporte y Logística - ITENE] in the Technology Park in Paterna (Valencia).

The following are some of the projects underway in 2008:

- 44 subsidized housing units, shops, and parking on Calle Arolas for IVVSA.
- 126 residences in Residencial Garbí in Xàtiva (Valencia).
- 114 units at Residencial Tramuntana in Xàtiva (Valencia).
- The "Mas del Rosari" residential complex in Paterna (Valencia).
- Community Center "Espejo" in Aldaia (Valencia).
- Teacher Training and Social Sciences School (UTE Constructora San Jose, S.A. - Alcava Mediterránea, S.A.), University of Valencia, Tarongers Campus.

- Superior Technical School for Engineering (UTE Constructora San Jose, S.A. - Alcava Mediterránea, S.A.), University of Valencia, Burjassot Campus.
- The "Las Arcadias Guillen de Castro" Residence, building with 85 units of assisted living in Valencia.
- Building renovation for the Taller de Imagen, University of Alicante, San Vicente Campus.

Chamber of Commerce, Industry, and Navigation, Valencia.



The Maria Antonia Mir Museum in Catarroja, Valencia.





Located and well established in Catalonia, Balltagi Mediterrani develops projects from the ground up for the major public agencies in Catalonia and has simultaneously been increasing the number of its private clients.

Among the principal projects it completed in 2007, are these five noteworthy projects:

- Fire Station in Mataró (Barcelona).
- Center for Primary Care in Santa Eulalia (Barcelona).
- San Jordi Center for Early Childhood Education and Primary School in L'Atmella de Mar (Barcelona).
- 104 home residential unit in Miami Playa (Tarragona).
- Remodeling of the Municipal Stadium of Montcada i Reixac (Barcelona).

In 2008 these large projects, among others, are underway,

- Residence and Day-Center for the developmentally disabled in Tarrasa (Barcelona).
- Nursing home in El Perello (Tarragona).
- 48 residences and basement apartments in Sant Feliu de Codines (Barcelona).
- 40 residences with parking in Igualada (Barcelona).

CAP Santa Eulalia, Barcelona.



Miami Playa Residence, Tarragona.



Fire Station in Mataró, Barcelona.



For more than 15 years, Cartuja has had a strong presence in Andalusia, with offices in Malaga and Seville. The wide experience acquired and the professionalism shown on each one of its projects has allowed Cartuja to gain the complete trust of its broad portfolio of public and private clients, which has allowed it to carry out very diverse and complex projects during 2007, such as the:

- Industrial warehouses PERI-TO 5 in Seville.
- School in Mairena del Aljarafe (Seville).
- School in El Puerto de Santa María (Cadiz).
- 84 residences for EMVISESA in Seville.
- Pedro Espinosa School in Antequera (Malaga).
- Offices for Iberdrola in Malaga.
- Restoration of the Casa de los Artistas in Seville.
- Parking Lot in Olvera (Cadiz).

At the close of this Annual Report the following are currently under construction, the:

- Emperador Carlos Parking Center in San Fernando (Cadiz).
- San Pablo Shopping Center in Seville.
- Block renovation of 3,000 residences in the Martinez Montañes neighborhood in Seville.
- Nursing home in Carretera de Carmona de Seville.
- 167 Residences for EMVISESA at Polígono Airport in Seville.
- Educational Center in Aguadulce (Seville).
- Community Center Inmaculada Virgen in Malaga.
- University center for experimentation and animal production in Jaen.
- 73 residences in Granada.
- Valle del Guadiato Hospital in Peñarroya Pueblonuevo (Cordoba).
- Expansion of the Valle de los Pedroches Hospital in Pozoblanco (Cordoba).
- 9 residences en Almería.

Offices and Commercial Local in Torremolinos, Malaga.



Industrial Warehouse at the Parsi Industrial Park, Seville.



Residences in Pino Montano, Seville.





C&C has focused its activity in 2007 in the autonomous community of Galicia with large projects requiring technical specialization that have allowed it to grow and establish itself, meeting its objectives to the satisfaction of its diverse public and private clients.

Among the principal projects finished in 2007 are the following:

- Civic and industrial buildings for Texvigo that will be the future headquarters for 42 businesses, among them industry and the textile sector in Vigo.
- 67 residences on Calle Galera in Santiago de Compostela, a project of the prestigious architect César Portela, known for his use of stone and glass in his facades.
- Rehabilitation of the facades of the Monelos building in La Coruña, which modernized the building for the Xunta de Galicia in that city.

The following projects are some of those underway:

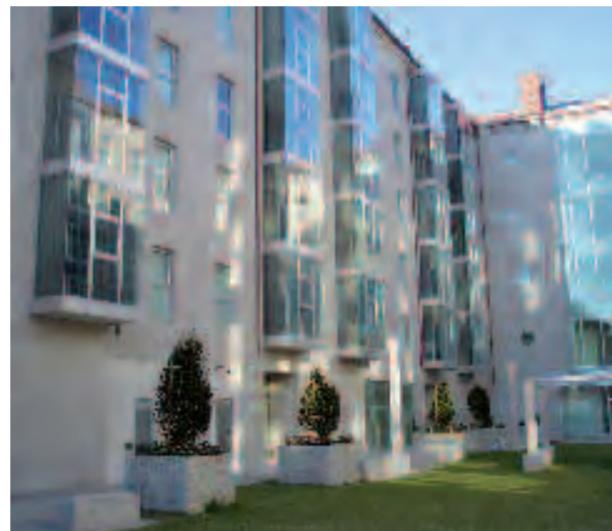
- The Library for the Sciences Department in el Cuvi (University of Vigo), a work of innovative design, with geometric shapes superimposed on prefabricated concrete, glass, and aluminum.
- The headquarters for the Treasury General of Social Security in Santiago de Compostela, in a privileged area of the city, near the Cathedral.
- 98 residences at Baltar beach, in Portonovo (Pontevedra), mostly for vacation homes.
- 31 residences in Vigo, one of the highest quality projects in the city, keeping the historical facade on the renowned Plaza Compostela.

Texvigo Industrial Buildings, Pontevedra.



Monelos Building, La Coruña.

Calle Galera Residences in Santiago de Compostela, La Coruña.



In 2007 EBA has continued to successfully establish and diversify, installing itself throughout its area of influence. Among its projects a few of those that were completed this year that deserve special mention are the:

- Zenit Hotel in Pamplona.
- The old-age home in Salvatierra (Alava).
- Student residences in Pamplona.
- Primary School in Zabalgana (Vitoria).
- 55 residences in Echabbarri (Vizcaya).

The following projects underway deserve special mention:

- 60 units of subsidized housing in Buenavista in San Sebastián.
- 190 units of subsidized housing in Salburua de Vitoria.
- Development and construction of 62 subsidized housing units in Mariturri de Vitoria.
- 90 residences in Bilbao.
- 219 residences in Vitoria
- 168 Residences in Zabalgana de Vitoria.

Residences in Echabbarri, Vizcaya.



Student residences, Pamplona.



Zenit Hotel, Pamplona.



INTERNATIONAL MARKET

International expansion of the Group is fundamental for SANJOSE in its plans for development and sustained growth. The Company currently has international experience in more than 10 countries in Europe, the Americas, and Africa.

During 2007, the Group continued to strengthen itself in those countries where it has a presence, it has acquired others, such as Deconalva (Dominican Republic and the Caribbean), and has continued to direct its growth, over the short term, to new countries through project contests and associations with or acquisitions of local companies in markets with potential such as Eastern Europe (Poland, the Czech Republic, Rumania...), Chile and Brazil in the Americas, and Angola in Africa.

EUROPE

Within the European market, SANJOSE holds its own as the main company in Portugal, although it has large projects in development in other countries such as Germany, France, Belgium, etc.

Residences in the Parque das Naciones, Lisbon.



Portugal

Construction in Portugal over this year, even with the continued negative growth of the past few years, has already showed a clear rebound in several segments of the industry such as infrastructure, or non-residential building, this last being largely driven by private initiative. This will be reflected heavily in 2008 and will continue to show very positive growth in the coming years. Regarding residential construction, 2007 has had a downward trend, but significant recuperation is expected beginning in 2008.

In general however, and looking at the possibilities for short and medium term investment in sectors such as civil projects, tourism, commercial projects, etc., 2008 is already shaping up to be a year of growth for construction in Portugal.

GRUPO SANJOSE's presence in Portugal is rooted in the construction, renovation, and preservation that its two companies in the country carry out.

- SANJOSE Construction - Representação em Portugal
- Udra Construction

SANJOSE CONSTRUCTION PORTUGAL

SANJOSE Construction Portugal has maintained strong growth in its four offices spread out from North to South in the country: Oporto, Coimbra, Lisbon, and Albufeira, particularly when the decrease in public and private investment, felt most strongly in the north and center of the country, is taken into account.

Two years after opening its doors, the Algarve office can consider itself to be well-established in the area, which is seen in the execution of different residential complexes for the main real estate companies and unique projects like the Hotel Baleeira in Sagres. It is also more competitive in bids for public contracts, which is reflected in having won projects like the Parchal Stadium, the Mexilhoeira Grande Pools, or the projects in the Fishing Port of Quarteira, Portimão Market, or the Santa María School in Lagos.

The Lisbon office has also stood out for the size or importance of some of the bids it has been awarded, among them: the apartment building for Madrid Lisboa in the Parque das Naciones in Lisbon, Bom Sucesso in Óbidos, the luxury com-

plex in Quinta da Marinha, Quinta da Rosas, the Loures Archives, the Carlos Queiroz Sports Park in Outorela, and the Vincci Hotel in Lisbon.

The Coimbra office is working on large projects like the Posada de la Juventud de Lousã and it has grown as a specialist in the health care industry, with large clients for whom

Baleeira Hotel, Sagres.



Loures Archive.



Posada de la Juventud de Lousa, Coimbra.



Domus Iberica Residence in Praia de Luz, the Algarve.



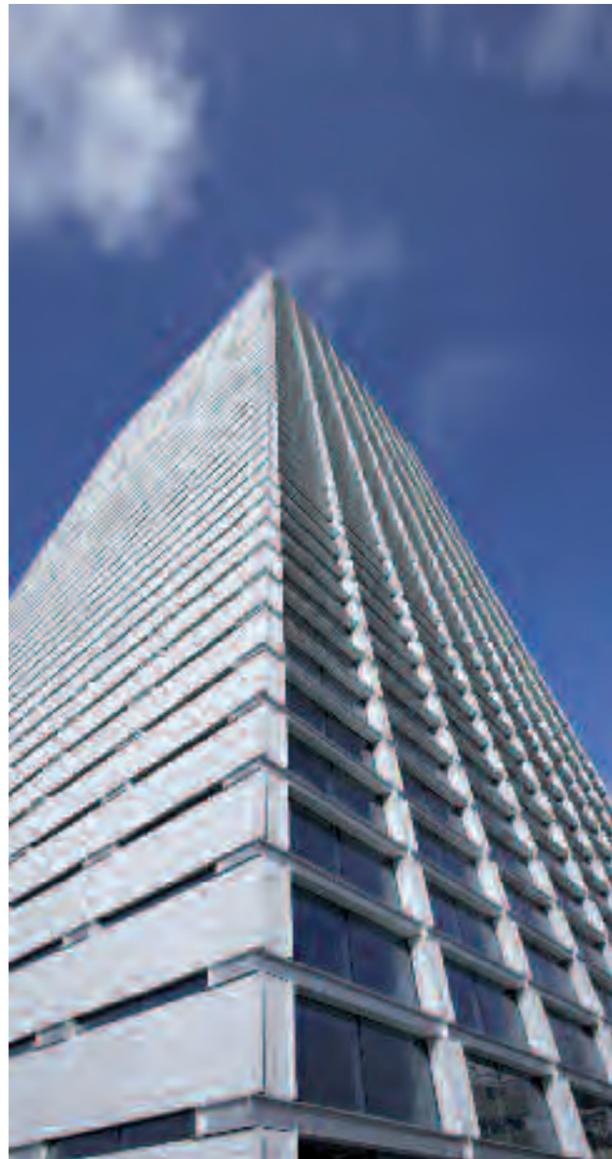
it has developed projects as important as the remodeling of the Seia Hospital or the Psychiatry Department at the Covilhã Hospital.

The Oporto office's most significant contribution was the completion of the Torre del Burgo. This is a project that manages to combine architecture in its highest expression with the use of the most advanced technologies. However, we should not forget to mention other projects such as the Courthouse in Vila Nova de Famalicão, The Conde Ferreira Hospital in Oporto, the Novo Rumo apartment building in Maia, and the Eduardo Brazao Movie Theatre in Vila Nova de Gaia.



Eduardo Brazao Movie Theater, Oporto.

Burgo Building, Oporto.



Courthouse in Vila Nova de Famalicão.

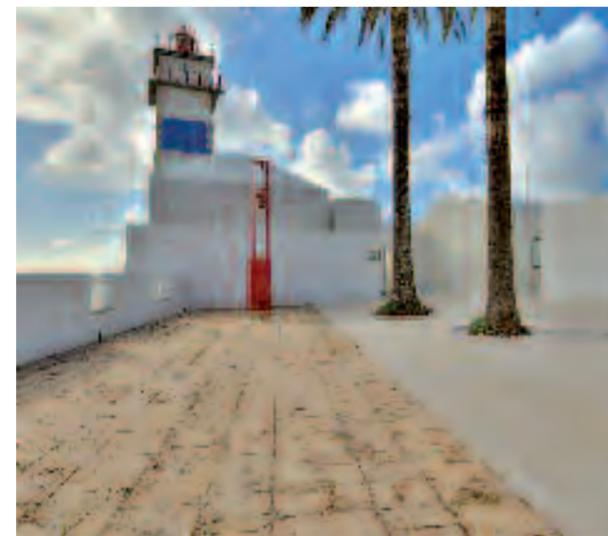
Novo Rumo Residences, Oporto.



This fiscal year has been characterized by an increase in revenue, the expansion of its traditional area of activity (Lisbon, Alentejo, and the Algarve), and its advance as a company of national importance. Its activity has responded to the demand in the public and private sector.

The following projects have been carried out for government entities: the Museum Complex of Santa Marta de Cascais, awarded by the City Hall of that area; the expansion of the Reguengo Grande School Zone (a complex of school buildings), for the City Hall of Lourinha, the civil project called the requalification of the Casal do Cotão neighborho-

Santa Maria de Cascais Museum Complex.



Vila Almeida Hotel, Lisbon.

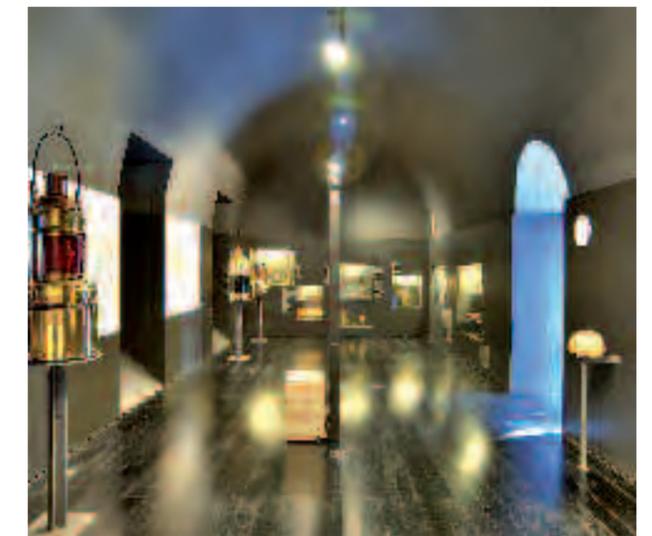


od, and the rehabilitation/reconversion of the Cultural Complex at the Palacete dos Melos for the City Hall of Borba (Alentejo).

Among the most important private initiative projects was the Vila Almeida Hotel and residences in downtown Lisbon and a building with 42 apartments and businesses, as well as the shops in Maia (Oporto), San Juan de Madeira (Oporto), and Castelo Branco for the multinational company C&A.

At this point in time, there are projects underway including the building for the College of Technology and Management - Blocks D and E, in Beja; the remodeling of the EB1 #3 school in Loures, and new apartment buildings in Fanhões.

Santa Maria de Cascais Museum Complex.



Cultural Complex of the Dos Melos Palacete, Alentejo.



THE AMERICAS

SANJOSE has a great deal of experience in the Americas where it has been working for many years on different projects in countries such as Uruguay, Panama, and Mexico, etc. although the Group's presence and strength in Argentina, Peru, the Dominican Republic, and the United States must be mentioned.

Argentina

The Argentine economy has continued growing in 2007 with an 8.7% increase in the GDP. This has allowed GRUPO SANJOSE to increase its presence in the country in all areas of its business.

SANJOSE ARGENTINA

The year stands out for the important projects that are underway; among them the following must be mentioned:

- Restoration and modernization of the Colón Theater in Buenos Aires, a remarkable project because it is the most important historical-cultural building in Argentina. The great challenge here is to respect its architectural design and preserve its acoustics, which have made the building famous the world over.
- The "Panamerican Mall", a new shopping center in Buenos Aires, with an estimated 190,000 m², is one of the

Panamerican Mall, Buenos Aires.



largest projects in the country and SANJOSE is in charge of its development and construction.

- The New Dr. Guillermo Rawson Hospital in San Juan. The project will restore 9,100 m² of the old facilities, considered to be an historical monument, and build a new 37,863 m² edifice for 407 beds.

Several other projects should also be mentioned such as the Naval University Institute, the new buildings for the Argentine Navy, the Rodriguez Peña Route in Mendoza, and the Velarde Canal in Salta.



Colón Theater, Buenos Aires.

Peru

For the sixth consecutive year, the GDP grew more than 6% in 2007. The macroeconomic forecasts estimate an annual growth of more than 5% for the next five years. Between October 2006 and October 2007, the construction sector reached a 19.87% growth rate.

The Group, working through SANJOSE Perú and Esparq Construcción, has known how to take full advantage of the opportunities offered by this market, continuing to expand the client base and improving the Company's numbers.

SANJOSE PERU

The large projects that our company in Peru is participating on are:

- Condominio del Aire, a great low-income housing program. Five of the seven stages have been completed and turned in, with 988 residences built. The sixth step began in October with 184 residences.
- Hotel Ramada Costa del Sol (130 rooms), the first hotel at the Jorge Chávez International Airport (Lima).

The following concessions have been granted outside of Lima.



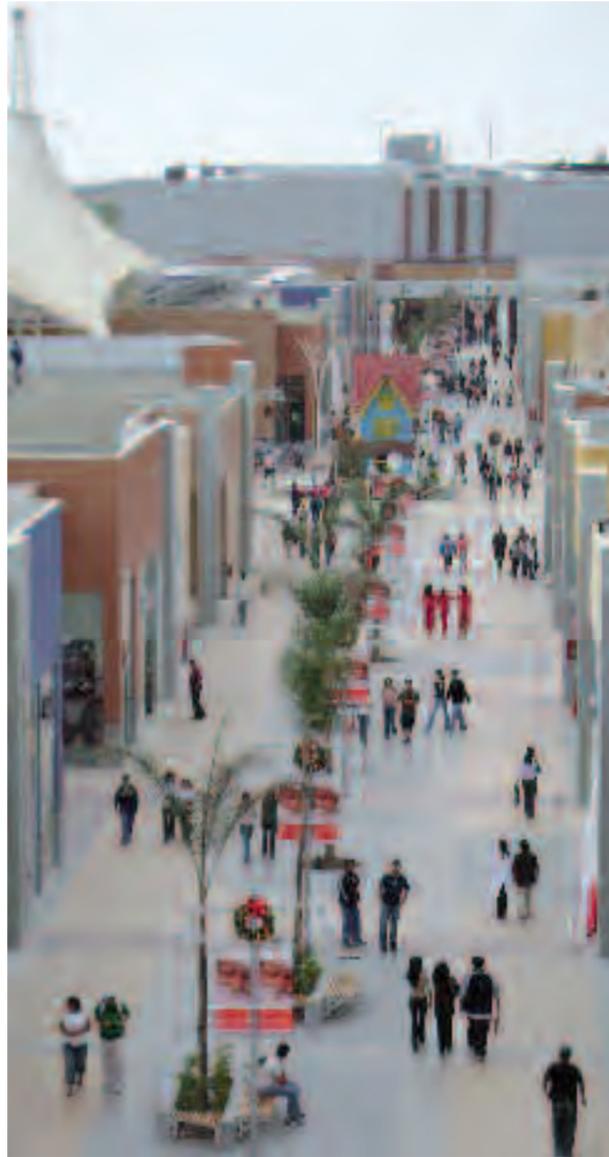
Condominio del Aire, Lima.

Ramada Costa del Sol Hotel, Lima.



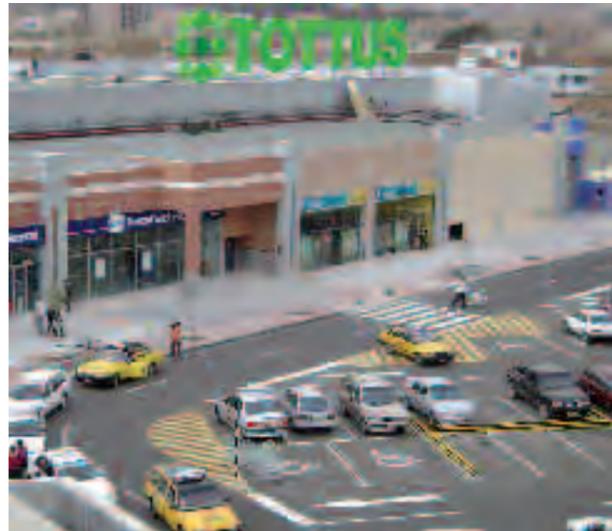


- "Plaza Vea" shopping center in Chiclayo (10,000 m² civil project and finish work).
- The "Mall Plaza Trujillo" shopping center (70,000 m² civil project).
- Two TOTTUS Supercenters, in Chorrillos (15,700 m² civil project) and in Chiclayo (22,000 m² civil project).
- Remodeling and expansion of the offices of UNIQUE-YANIBEL International, and construction of the jewelry factory located in the Los Olivos district.
- SANJOSE office building, a 7 story project (12,000 m²) with 3 underground parking levels (150 spots) where the offices of GRUPO SANJOSE will be located after February 2008.



"Mall Plaza Trujillo" Shopping Center, Lima.

Tottus Hypermarket in Chorrillos, Lima.



SANJOSE Offices, Peru.



GRUPO SAN JOSE is also developing in Peru other kind of business focused on the middle-upper class socioeconomic sectors in the country. Among this exclusive works carried out during 2007 the following should be stressed:

The most noteworthy projects of 2007 have been:

- The building of Ambassador apartments.
- The Santa Margarita building with 7 floors of luxury residences ranging in size from 354 m² to 1,062 m².
- The Portillo Building; 11 floors and 257 m².
- The LOFT building, located in the exclusive San Isidro District it is the first building the Group has built in Peru that is higher than 17 floors.
- The Malecón Iglesias Building; 24 floors and 125 to 513 m².
- The Bayly-Marsano House; 1,800 m² of residences and parking.

LOFT Building, Lima.



Santa Margarita Building, Lima.

Ambassador Building, Lima.





Dominican Republic

The construction sector here has grown 3.2% over 2006, which reflects the economic improvement in the country and the region, and generates renewed economic dynamism at the same time.

2007 also stands out for the investment that the central government has made in construction, which has grown 61.7% over the same period during the last fiscal year.



Since its inception in 1985, Deconalva S.A. has focused on construction, executing large projects in building, civil projects, industrial facilities, remodeling, restoration, and above all, in the development of large tourism and recreational projects for the most important hotel chains operating in the Caribbean.

During 2007, already a part of GRUPO SANJOSE, it has completed the following buildings:

- The Hotel Bahía Príncipe Cayacoa; 23,625 m² of buildings, with 318 rooms, casino, discotheque, pools, Jacuzzis, spa, stores, reading rooms, gymnasium, etc.
- The five-star Hotel Bahía Príncipe Cayo Levantado, with 219 rooms, restaurants, bars, tennis courts, pools, dock, and heliport.
- The Hotel Bahía Príncipe (Jamaica) project included the partial construction of two hotels (73,000 m²) with common areas and services, 244 rooms, restaurants, and an amphitheater.

- The Hotel Altabella Sanctuary Spa. In its more than 40,000 m² it has 177 rooms, 27 villas, restaurants, pools, a piano bar, beach club, etc.
- The "Plaza Palma Real" Shopping Center Cinemas, with 3 movie theaters and the corresponding infrastructure.

By the close of the fiscal year, the following projects, among others, will be underway:

- Cap Maison Residences in St. Lucia (West Indies).
- 21 story Atiemar apartment building in Santo Domingo.
- La Esmeralda White Sand residential complex in Punta Cana.
- Buildings for the Club Mediterranee.
- Different single-family homes.



The Hotel Altabella Sanctuary Spa, Dominican Republic.

Bahía Príncipe Cayo Levantado Hotel, Dominican Republic.



Atiemar Residences, Dominican Republic.

Atiemar Residential Tower, Dominican Republic.



United States

SANJOSE CONSTRUCTION

The Group has had a presence in the United States since 1997 through SANJOSE Construction, a firm that until now has focused on schools, non-residential buildings (public parking lots, recreational centers, auditoriums, police headquarters, etc.), and airport projects.

The Company works in the Washington, D.C. metropolitan area, but has already begun expanding into the South, specifically Miami, and is currently analyzing expansion into other areas that would allow greater diversification of its client base.

Lincoln Square, Miami.





Domestic

International

Urban developments



*Office block
in Jose Abascal 45,
Madrid.*

SANJOSE REAL ESTATE

DOMESTIC MARKET

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

- Generating permanent and balanced land reserves that allow for the medium and long term growth of the real estate division.
- Strengthening 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 impacts 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 significant development.

INMOBILIARIA UDRA

In 2007, Inmobiliaria Udra has carried out large, detailed studies in different autonomous communities, seeking to guarantee its future real estate operations in both projects and assets.

In addition, it has continued developing projects that were begun in previous years, in communities such as Galicia, Catalonia, and Madrid. It bears mentioning the Espai Boulevard Development with 122 residential units in Tarragona, the Mirania Residence with 105 units in Barbera del Valles, and Las Lomas de Valdemoro (Madrid).

Lastly, the planning stage for a new development of 164 residences and 14 commercial locales in Gelves (Seville) is being finished. This development will be strategically located

Las Lomas de Valdemoro Residential Development, Madrid.



Espai Boulevard Residential Development, Tarragona.

Residential Development in Barberá del Vallés, Barcelona.



in an enclave on a nearly 18,000 m² plot near the left bank of the Gualdalquivir River.

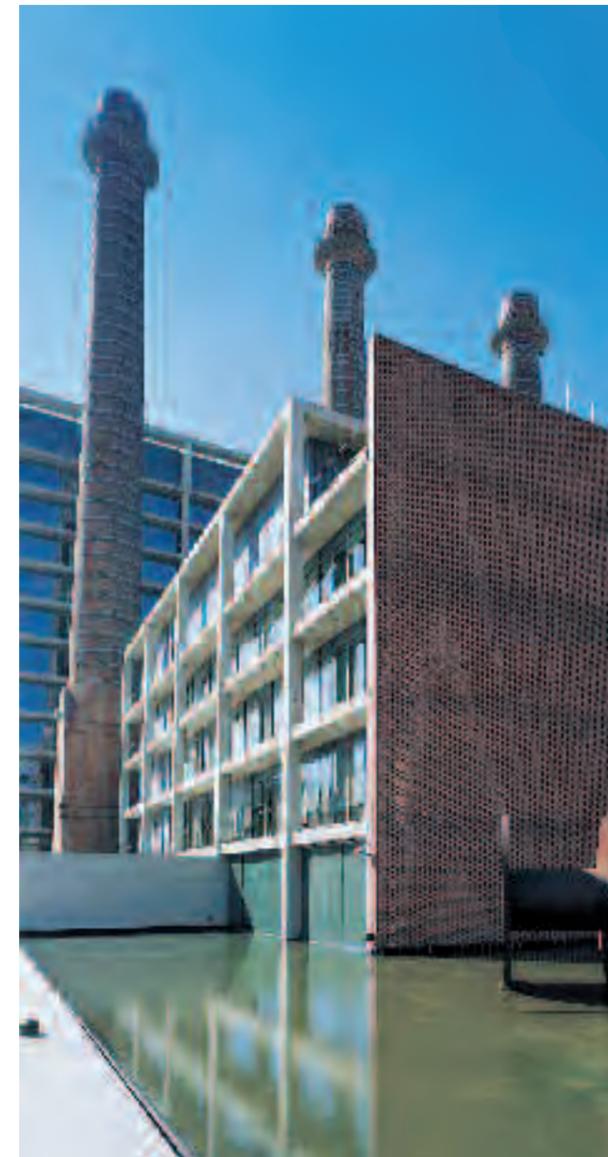
PARQUESOL

The roots of this real estate firm go back to the 1970's with the "Ciudad Parquesol" project in Valladolid and now, a little more than three decades later, it is a leader for the sector and listed on the stock markets of Madrid, Barcelona, Bilbao, and Valencia.

Parquesol's commitment to its clients and collaborators is based on principles of transparency of information, a solid balance sheet for the Company and sustainability of business, guarantees of quality and efficiency, and productivity in the methods and resources utilized.

The Company is active in residential development, as well as land and asset management. It has a presence in eight autonomous communities and in several European countries, such as France (Paris), Poland (Warsaw), and Portugal (Lisbon).

Neo-Fescsa Building, Barcelona.



The residential strategy is focused on the primary home market in the principal urban areas (85% of its sales) and a selective second home market. Projects are medium or small in size and are directed to the medium and high income buyer.

Parquesol's projects are characterized by an extreme attention to detail in their planning, design, and construction. The personalized attention and service begin with the siting of the project, continue with the plot acquisition phase, and lasts through delivery of the residences. The high quality of the Company's products comes through everything they do.

Land management is another of the Company's strongest core areas and it has more than 800,000 m² of land under management. In 2007, 81 million Euros were invested in land, mainly in Madrid, Cadiz, and Malaga.

Parquesol has offices in four very distinct regions:

North. Here it covers the provinces of Valladolid, Zaragoza, Santander, Oviedo, Ponferrada, Palencia, and Salamanca. Noteworthy residential projects are Jardines de Jalón and Jardines de Zorrilla, both located in the south of Valladolid, as well as the El Balcón del Prado building, sold in its entirety to an investment fund.

During the last year, work was started on 124 units at the Residencial La Joya, located in Ciudad Parquesol, as well as two phases of a 151 residence project in Zaragoza Gold, located in La Muela (Zaragoza).

Regarding the land management aspect of the Company, development continues in the non-delimited areas capable of being developed such as: Homogenous Area 8 in Valladolid; El Peral and Los Santos 2 in Valladolid; and Sector 2 in Liendres (Cantabria), as well as other consolidated urban land in the city of Valladolid.

Jardines de Jalón Residence, Valladolid.



Andalusia. Here it focuses its activity mainly in Malaga, Cadiz, and Seville. There are currently a total of 7 developments, of which some, like Barama and Pueblo Serena, are entering the marketing phase and some, like Palatina, are still under construction. Other developments also stand out, like the Juan Gris (primary home), located near the new Convention Center in Malaga, and Residencial Mirabella, located in an exceptional area of Malaga called the Doña Julia Development, next to the golf course and Hyatt Hotel in Casares (Malaga).

The other focal point of Parquesol's activity in Andalusia is in the province of Seville where two projects in Dos Hermanas have broken ground: the Av. Libertad building and the Parque Libertades building. The work on the Alameña Residences in Espartinas has been completed.

Center. This includes the entire Madrid Autonomous Region. Throughout 2007 and even during the first few months of 2008, the residential units at El Pinar del Parque (Navalcarnero) and the Reserva de Guadarrama (Guadarrama) have continued to sell. In non-residential construction, we have begun to develop the Borneo building located in the area of Usera and Marqués de Monteaugudo, a professional office building right in downtown Madrid.

Adding to the work started in 2006, the land in management continues to be developed, with land set aside in the downtown area for 1,735 residences, in areas like Boadilla del Monte, Pozuelo de Alarcón, Somosaguas, Torreldones, Las Rozas, which solidifies the presence of Parquesol in the most prestigious areas of Madrid, and real estate development is beginning in adjoining provinces.

Mirabella Residences, Malaga.



East. Here its radius of activity is in Murcia, Alicante, Castellon, and Valencia. Three current projects are exemplary of its activity: the first two are in the province of Murcia, one in la Manga del Mar Menor by San Javier and the other in the city of Murcia in the Nueva Condomina, the most cosmopolitan area under development now. The third is located in Torreblanca in the province of Castellon.

Viña del Mar Residence, Murcia.



El Pinar del Parque Residence, Madrid.



During recent years, Parquesol has moved decisively into asset management. It currently has several noteworthy buildings in Madrid, Barcelona, Lisbon, and Paris. It also has four hotels (two in Valladolid, one in Barcelona, and another in Gijon) and a shopping center in Valladolid. The projects underway in this area will add nearly 30,000 m² to the more than 200,000 m² already under management.

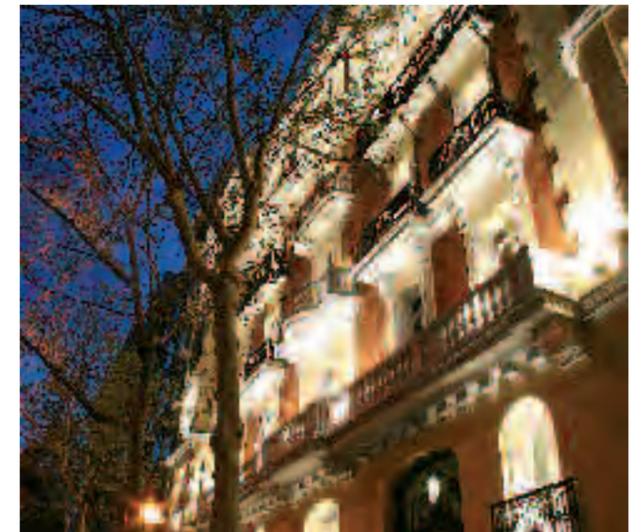
The integration of Parquesol in GRUPO SANJOSE through the takeover bid in January of 2007 will increase the depth and breadth of both companies. Through the merger of these two companies SANJOSE Real Estate will be reborn as a stronger firm, with the resources necessary to take advantage of the opportunities in the marketplace, capable of performing better in the current environment and expanding its potential and products as well as its geographical reach.



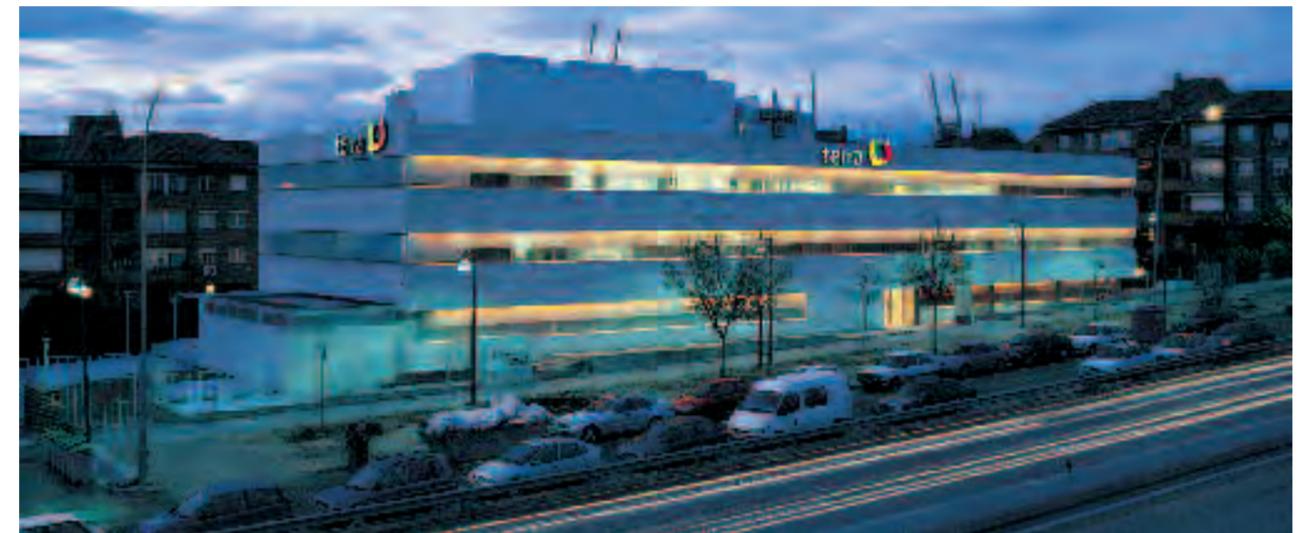
Apolo Hotel, Barcelona.



Recoletos Hotel, Valladolid.



Office block in Jose Abascal 45, Madrid.



Vía de las dos Castillas Building, Madrid.

DOURO ATLÁNTICO S.L. focuses its activity in Galicia. In 2007, marketing of Galeras development in Santiago de Compostela has continued, as has the search for and market study of opportunities for new projects

COPAGA S.A. is another subsidiary of the Real Estate Division, with a high end development in Compostela Square in Vigo.

UDRALAR S.L. Real Estate developer in which SANJOSE Real Estate maintains an ownership percentage, has acquired three plots in the center of La Coruña with a total marketable area of 25,000 m². In 2007, licenses were obtained to develop two of the three buildings, or 164 residences. In the area around the port, a large urban development is planned as soon as the new exterior port is completed.

PONTEGRAN. Pontegran, S.L., a company in partnership with Osuna Real Estate, is developing more than 79,000m² in the center of Seville for residential and commercial use where the former San Bernando railway station was located. In 2007, the 79 units in the Maestranza Building were almost completely sold, along with 50% of the 104 residences in the Puerta Real Building, while construction has begun on the Puerta del Príncipe Building, which will have 132 residences and a non-residential building.

ANTIGUA REHABILITALLIA. In a joint venture with Group Larcovi, which has some 95,000m² of buildable area, the firm will develop residences in such areas as Colmenar Viejo (Madrid), Alcorcón (Retamar de la Huerta), Berrocales (Madrid), and Conil (Cadiz).



Puerto Real Building, Seville.



Residential Development Las Galeras, Santiago de Compostela.

Residential Development on the Avenida de Vigo, Pontevedra.



INTERNATIONAL MARKET

Portugal

SANJOSE's most important real estate presence in Europe is in Portugal through Parquesol and Douro Atlántico, acting primarily in the two largest cities in the country, Oporto and Lisbon.

DOURO ATLÁNTICO S.A.

In 2007 two of the Group's large real estate projects of offices buildings in Portugal were almost completely sold.

- The first is the Burgo Building, on Avenida Boavista de

Oporto, which comprises an 18-story tower and an annex in its some 35.000m².

- The second is the Meridiano Building, with 7,000 m² in the area of Parque das Nações in the Expo of Lisbon.

In addition, in the residential, commercial, and service sector the Novo Rumo Building project in Maia was completed this year, as were the Casas Brancas project in the Porto Douro development, and the apartment building in Prelada (Oporto).

Finally, we should mention the land purchased in Vila Nova de Gaia, south of Oporto, where there are plans to build a large development with more than 38,000 m² of buildings.

Burgo Building, Oporto.



Meridiano Building, Lisbon.



Metrocity Residence in the Park of Nations, Lisbon.



Argentina

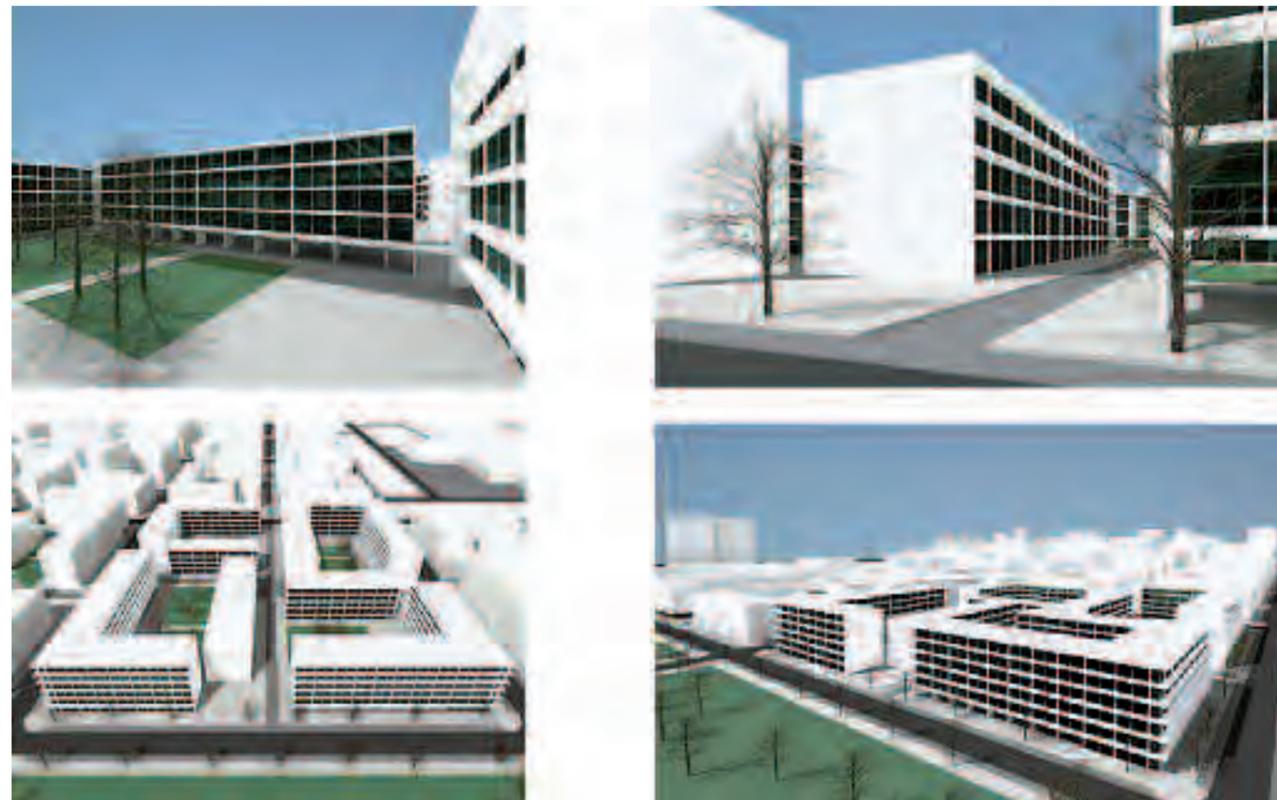
The highpoints of the year in Argentina have already been mentioned at the beginning of this Annual Report, included as highpoints for SANJOSE as a whole, and they are the following:

- The acquisition of a large amount (39.9%) of the authorized share capital of the Argentinian real estate firm Carlos Casado, S.A., a company founded in 1909 and listed on the Buenos Aires stock market since 1958 with valuable real estate assets, offices in the Buenos Aires micro center, and significant participation in a variety of other firms.
- The urban development of La Matanza-Buenos Aires is a

large project promoted by SANJOSE and designed by Álvaro Siza, which will create a "new city" of 80,000 inhabitants and 20,000 residential units in La Tablada (Argentina), strategically located just outside the Argentine capital.

During the past year the infrastructure design work needed to make this large urban development a reality has been carried out. The development encompasses 122 hectares and includes construction of 1,500,000 m² of buildings, the laying down of 200,000 m² of new roads, the creation of 160,000 m² of green spaces, and the enlargement of the existing shopping center in the area, with space for recreation, health, culture, educational services, and more....

Urban Development of La Matanza, Buenos Aires.



Urban Development of La Matanza, Buenos Aires.



Peru

The Group is fully established in the country and is well known for its excellent reputation. SANJOSE Peru received the third biennial award granted by the Master's in Management of Real Estate Businesses [Maestría en Dirección de Empresas Inmobiliarias - MDI], an awards series begun in Madrid 19 years ago to recognize those companies or professionals who have performed outstanding work in the real estate sector.

In Peru, GRUPO SANJOSE undertakes architectural projects and real estate developments. Among the architectural designs provided for the Group itself is the SANJOSE Building, a 7-story office building (12,000 m²) with 3 underground parking levels (150 spaces) that was built across the street from the Business Center of San Isidro, one of the most established areas in Lima. With this project, the Group is entering the market of office buildings in Lima, a very attractive sector given the strong economic growth in the country.

Similarly, residential projects were designed for outside clients, for example, the El Olivar Building (6 floors with 20 apartments of 180 m²), construction of which will be carried out by the Group beginning in 2008.

In addition, a contract was signed with UNIQUE-YANBAL International, a firm with international presence that manufactures and markets cosmetics and jewelry, to provide design and finish engineering services for its offices, customer contact areas, and production areas. During 2007, in accordance with this contract, design plans were drawn up for the remodeling and expansion of the offices and the jewelry studio located in Los Olivos. Similarly, design work is underway for a 15,000 m² distribution center in the south of Lima in coordination with Berthier Architects of France.

With regard to real estate developments for the year 2007, the sale of 428 residential units from the Condominio del Aire stand out, making accumulated sales to date of 1,058, out of the 1,392 units in the project. Additionally, seven luxury apartments ranging in size from 354 to 1,062 m² were sold in the Santa Margarita building and 30 of the 52 85 m² apartments in the Ambassador building.

The business plan for 2008 includes new and ambitious projects in real estate development; one of the more remarkable ones is the construction of 4,000 residential units on a 100,000 m² plot of land located in San Miguel district that used to be occupied by the International Fair of the Pacific.

A notable increase in activity is expected thanks to the current contracts underway and the continued development of new lines of business.



Ambassador Building, Lima.



Condominio del Aire, Lima.

The United States

SANJOSE REAL ESTATE DEVELOPMENT

The mortgage and credit crisis in the economy of the United States has affected residential development and the construction sector as a whole. The reduction in the construction of new residences combined with the additional decrease in residential demand has led to housing stock in excess of eight months.

The feasibility studies of residential projects are more important now than ever and the financing of these projects has become the exclusive territory of those few candidates who can present projects guaranteed to be successful. SANJOSE has demonstrated great ability in this realm, obtaining, together with local partners, the financing commitment necessary to carry out the "Lincoln Square" project in an exclusive area of Miami Beach, with a 9,000 m² building divided into 36 apartments, five commercial locales, and garage space for 79 vehicles.

URBAN DEVELOPMENTS

One of the activities that SANJOSE takes the most care in is urban developments. And it does so because this sector has some of the highest value and some of the highest demands in society today: for services, modern equipment, and a demonstrated contribution to the well-being of the citizen and to the betterment of his or her quality of life.

SANJOSE, as a business group of developers, is well aware of its role at this time, and sees its urban development projects as a way of creating prosperity locally. In keeping with the philosophy of its corporate culture, it seeks to make economic and technological growth compatible with the ideal of sustainable development. Hence the Group's constant concern regarding respect for the environment and for maintaining or improving it, one of its defining traits.

Shopping malls contribute a great deal of dynamism to the economy and, given this, deserve our closest attention. SANJOSE not only builds malls, but, once they are up and running it manages them as a complementary activity falling within the rubric of real estate asset management and constituting an impressive source of rental income for the Group.

Along these lines, three new shopping malls are being developed that will open their doors in 2009 in Algeciras (Cadiz), Seville, and Buenos Aires (Argentina).

The "Puerta Europa Algeciras" shopping center, in the province of Cadiz, will provide the city of 100,000 and the surrounding areas with a wide variety of recreation and specialty shopping possibilities. The property, where work has already started, will include an area of approximately 105,000 m² distributed over two floors with shopping centers, a gross rentable area of some 31,000 m², and 2,000 parking spaces.

The "Puerta Europa Sevilla" shopping center is 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, which includes 15,500 m² and three floors devoted to commercial space, and 800 parking spaces.

The "Panamerican Mall" in Buenos Aires is located at the intersection of General Paz Avenue and the Pan-American Highway. The development of this shopping center began at the end of 2006, and by 2009 it will have 60,000 m² of commercial space and a 12,000 m² office tower.

Similarly, since 2005 GRUPO SANJOSE has owned and managed the stores of three large shopping centers located in Avellaneda, La Tablada ("Buenos Aires 2" mall), and Quilmes in Buenos Aires.

Desarrollo Urbanístico Chamartín (DUCH) is the investee company of GRUPO SANJOSE and BBVA that is charged with carrying out one of the largest urban developments in Europe, known as "Operación Charmartín".

This project, which encompasses more than three million cubic meters of land and will lengthen the Paseo de la Castellana by three and a half kilometers, will convert the land occupied by the train tracks from the former Chamartín Train Station (Madrid) into property that can be developed. As a result, a large, new space will be created in Madrid's financial center with residential areas, offices, public buildings, green zones, and the like.

Panamerican Mall, Buenos Aires.



"Puerta Europa Algeciras" Shopping Center, Cadiz.



"Puerta Europa Sevilla" Shopping Center, Seville.



Chamartín Urban Development, Madrid.





Energy Projects

Water and Environmental Projects

Industrial Projects

Infrastructure Projects

Building Construction



Prado Museum installations, Madrid.

SANJOSE TECHNOLOGIES

In 2007, the market of Installations and Assembly generated more than 10 billion Euros, which indicates a 4% increase over the previous fiscal year. By sectors, Industrial Projects has seen a 3.6% increase while Energy Projects has seen the greatest development with a jump of 30% in wind energy and 40% in solar energy. Environmental Projects is a market that is also attracting significant investments.

In a field characterized by the existence of a multitude of small companies, there has been a high level of concentration, given that the 10 largest companies have a joint market share of more than 60%.

Demand, however, is determined by large public plans such as the "Strategic Plan for Infrastructure and Transportation", which is programmed out to 2020 with an estimated investment of 241.392 billion Euros, of which 43% is earmarked for railways, 25% for roadways, and 32% for ports and airports; or the "National Plan for Water Quality", which envisions the investment of 19.2 billion Euros over the next seven years; and the "Renewable Energy Plan" [Plan de Energías Renovables - PER] 2005-2010 represents another one of the areas slated for large investments in the coming years with the goals for 2011-2020 being set this year.

In this market environment, SANJOSE Technologies has continued to evolve, rendering comprehensive services, delivering turn-key projects, and responding with the technical and financial solutions that will allow us to successfully achieve our strategic objectives. At the same time, it is attempting to specialize and acquire technological training.

This Annual Report highlights some of the more important achievements made during this fiscal year in the markets in which SANJOSE has the highest degrees of specialization and where our growth strategies are aimed.

ENERGY PROJECTS

As has been the case in previous years, the energy sector has been a priority for the Group's strategic plan. As a result, it has received special attention and remarkable steps have been taken in energy generation projects, and those related to transportation and consumption. Some of these place GRUPO SANJOSE on the leading edge of energy technology.



Thermosolar Plant in Seville

With an initial investment of approximately 300 million Euros, this new clean energy plant will add 50 MW to the Spanish electrical network and ensure 3,500 hours annually at full load during times of peak energy demand.

The solar field consists of rows of cylindrical, mirrored, parabolic collectors, which reflect and concentrate the solar radiation along the focal line.

Cylindrical Parabolic Collectors.



Construction of the Polygeneration Plant for Heating and Cooling (Cerdanyola del Vallès)

The development company Poligeneració Parc d'Alba ST4, which uses the Cooling and Heating Service in the Science and Technology Park belonging to the Urban Development Consortium of Cerdanyola, charged SANJOSE Technologies with the task of building the polygenerating plant and the networks associated with providing this service.

In its final phase, the production center should meet an expected demand of 214,000 MWh of cooling and 113,000 MWh of heating with an electrical production of 281,000 MWh. Four high efficiency cogeneration plants will be built for this as well as a biomass gasification plant, a solar cooling system, and a water tank to meet the demands of the state-of-the-art cooling system. All of this to be regulated by a centralized system for management and production control.

The initial execution phase is 18 months, and the other phases will move in step with the development of the Park.

Revaluation Plant for Byproducts of the Furniture and Secondary Biomass Industry (Tarragona)

The firm EcoEnergía has given SANJOSE Technologies a 12 year contract to build, operate, and maintain the Plant for the Revaluation of Byproducts from the Furniture and Secondary Biomass Industry by Combustion.

Located in La Senia (Tarragona), this new Thermal Plant will generate 85 million kilowatts/hour, with the annual reuse of 80,000 tons of product waste and byproducts from the furniture, forestry, and agricultural sectors

This is an extremely complex 20 step process that begins with planting and collecting wood, ends in the electrical transmission lines and includes: transportation of the wood, chipping, preparation, storage of coarse fuel, fine fuel, and support fuel, feeder, air intake, boiler, economizer, ash catcher, electro filter, feed water, condenser, heat recovery, turbines, generator, and transformers.

The project was started in 1995 with the partnership between businessmen from Baix Maestrat (Castellon) and Montsia (Tarragona), and it could be considered truly ground-breaking regarding the sustainable management of field waste, of pruning by-products, and the process of building and destroying furniture.

We are, without a doubt, looking at something that will not only resolve the problem of agricultural and industrial byproducts, but will clearly benefit the environment as it will simultaneously avoid emissions of pollutants and forest fires.

Polygeneration Plant, Cerdanyola del Vallès, Tarragona.



WATER AND THE ENVIRONMENT

We have an outstanding record of performance in the area of water and, as we have seen in the La Senia plant, in everything that has to do with the environment. This is an area where large investments are expected to be made through the AGUA Program and where there is a strong demand for action on the part of society. Here are two of the most important events from 2007:

Expansion of the Desalination plant in El Mojón (Murcia)

The contract for the expansion of the El Mojón (Murcia) desalination plant and its collectors includes drawing up the construction project, execution of the work, operation, and maintenance for a period of 15 years.

The Ministry of Environment contracted Acuamed for the project through the AGUA Program and will allow the enlargement of the current plant to six cubic hectometers annually, which will be used for irrigation. Another of its goals is to improve the environmental conditions of the area and limit salt water drainage in the Mar Menor.



El Mojón Desalination Plant, Murcia.

Recycling Plant in Colmenar Viejo (Madrid)

Located in Colmenar Viejo, in the autonomous community of Madrid, this plant will substitute an automatic system of treatment and classification of containers and container waste for the manual one. The most modern machinery will be installed for this. Energy savings will be achieved through a photovoltaic roof array.

Treatment capacity is estimated to be 20,000 tons annually, which could be doubled without interrupting the process.

INDUSTRIAL PROJECTS

SANJOSE Technology has continued developing different activities in the area of Industrial Projects in 2007. One the most important is the following:

Manufacturing Plant for Photovoltaic Wafers (Leon)

With an initial investment of 12 million Euros, this is the first Spanish factory to grow multicrystalline silicon and cut wafers, a necessary first step in the construction of photovoltaic panels.

Our client's goal is to produce 8.6 million pieces a year, with an initial capacity for 30 MW, which could be doubled or tripled in later phases of expansion.

The factory has 3,000 m², ten crystal growing furnaces, four advanced technology cutters, equipment to clean raw materials, to treat the crucibles and to recycle materials, as well as equipment for measuring, packaging, and for quality control.

Manufacturing Plant for Photovoltaic Wafers.



Recycling Plant in Colmenar Viejo, Madrid.



INFRASTRUCTURE PROJECTS

In the area of infrastructure, SANJOSE Technology has been carrying out different activities in some of the most important projects taken on by government. Among the most notable, are several that are occurring in Catalonia and Madrid.

Power Plant at the Airport of Barcelona

Spanish Airports and Airspace [Aeropuertos Españoles y Navegación Aérea - AENA] has invested in the Barcelona Plan through the construction of a new terminal at the airport. The role of SANJOSE Technologies in the project includes the construction of the energy plant that will service the entire complex. This building, separate from the airport, will house the following production systems:

- Cold water production: through 6 5.27kW water-water refrigeration units and a 1,204kW air-water refrigeration unit. The cooling of the plant condensers is done through 6 6.3 kW refrigeration towers.
- Hot water production: with five 5,200 kW boilers fed by natural gas.
- Production of electricity for the site: the system is distributed in two high tension rooms (25kv), one medium tension (2kv), and one low tension.

In addition, a plumbing and sewer system was installed, as was closed circuit television (CCTV), and a fire protection system: with two 1,000 m³ water storage tanks and two pumps.

Power Plant at the Airport of Barcelona.



Electrical Feed from the Railway (Anoia and el Bages)

Ferrocarriles de la Generalitat de Catalunya has entrusted SANJOSE with the project for a traction substation for the trains between Anoia and Bages, as well as for the electrical connection between that substation and others along that system of tracks.

Electrical Substation, Anoia and el Bages.



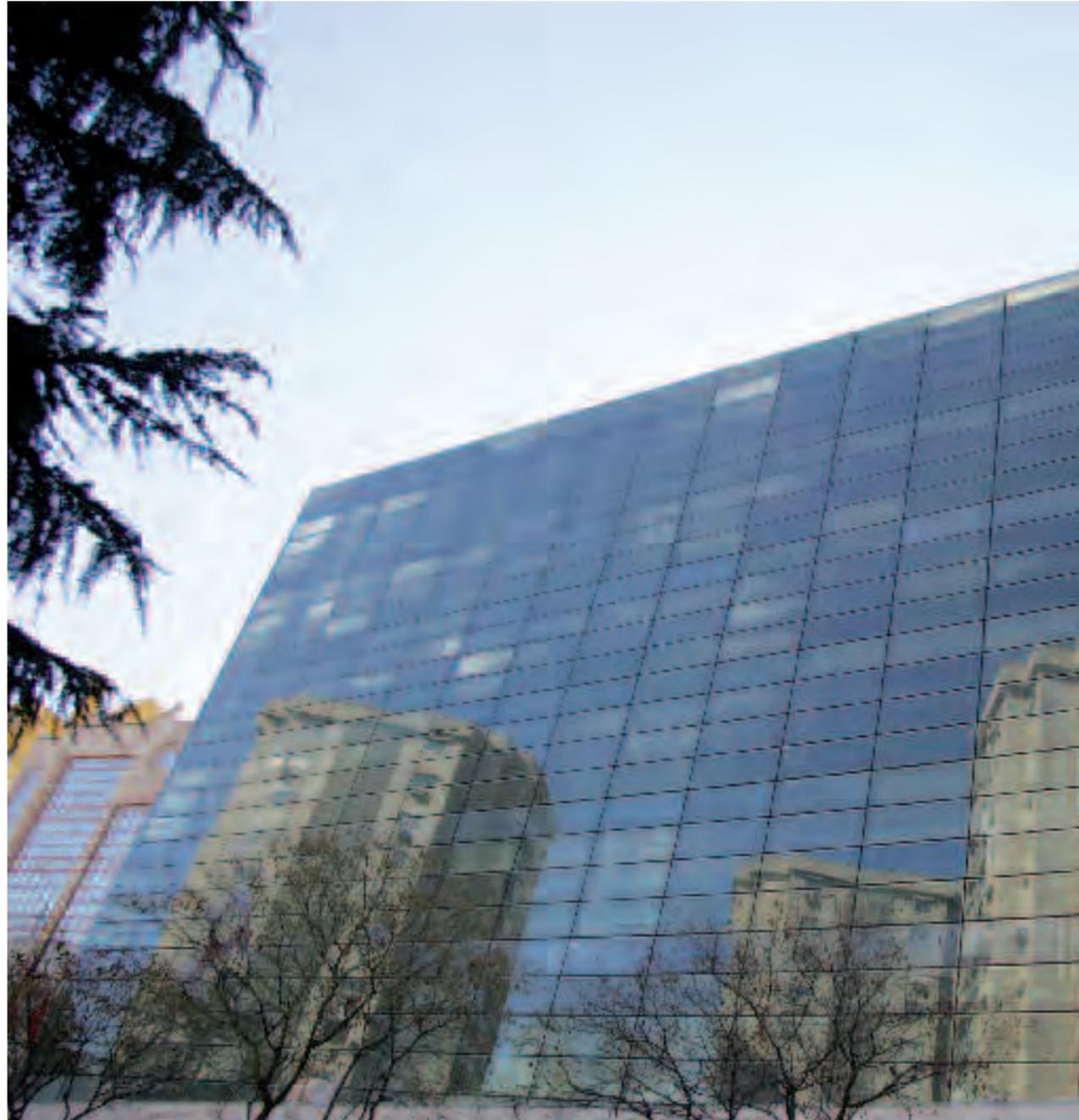
Tunnel By-pass South / M-30 (Madrid)

SANJOSE Technologies has installed the lighting and medium tension cabling for the Calle 30 By-pass Sur project: permanent, emergency, and tunnel emergency lighting as well as marker lights and floodlights.

More than seven thousand luminaires have been installed, 15,000 meters of high tension cable, and 170,000 meters of low tension cable, as well as transformers for lighting, power, fans, and services.

Tunnel By-pass South / M-30, Madrid.





Oncisa Hotel and Offices, Madrid.

BUILDING CONSTRUCTION

The field of Building Construction has seen impressive activity in hotels, civic centers, shopping malls, and in unique projects such as the following:

Hotel-Offices in Madrid

These are a variety of facilities in the Hotel and Offices of Oncisa at Calle Ramirez Arellano, 21, in Madrid.

All of the installations of the electrical, computer, security,

climate control, hot and cold water, solar sanitary hot water, extractors, elevators, and pressure groups' systems have been completed.

Hotel Prestige (Lucena, Cordoba)

Installation of the low and medium tension electrical system have been completed for the new hotel of the Prestige chain in Lucena, as it has for fire detection and extinguishing, voice and data network, television, loudspeaker, monitoring, plumbing and sewer lines.



Carrefour Shopping Center, Madrid.

Youth Center (Zaragoza)

The Zaragoza City Hall has decided to convert the old Rabal sugar plant buildings into a youth center. It will have areas for growth, activities, vocational workshops, a book tower, and a "Cubit" library.

The facilities were given a comprehensive renovation with climate control, electricity, plumbing, courts, fixtures, and drainage systems.

Carrefour Shopping Center (Madrid)

Electrical work installing low and medium tension cables was done at the La Gavia Carrefour shopping center, in Madrid, in Vallecas, with parking facilities for Ikea and Carrefour and the La Gavia mall.



Energy Projects

Cogeneration

Wind Energy

Solar Energy

Biomass

Biofuels



SANJOSE ENERGY

ENERGY PROJECTS

One of the biggest strategic goals that SANJOSE has set itself for the coming years is in the energy production market. The Group has been active in this sector for some years, carrying out different projects including wind farms, electrical substations, energy production plants, and distribution infrastructure. This has given the Company the experience and technical and human resources to develop this activity and make it into an important engine for growth.

Energy demand is a market with strong growth worldwide, which, of course, includes those countries in which SANJOSE is currently operating. However, this growth must be planned with scrupulous attention to the Kyoto Protocol on progressive reduction of CO₂ emissions to the atmosphere, which guides investment toward renewable energies and cogeneration. The European Union has given itself the challenge that by 2020, 20% of energy consumed will come from renewable sources and 10% of fuels consumed in each country will be biofuels.

However, in the field of renewable energies, the most immediate reference point is the Renewable Energies Plan (PER 2005-2010), which is currently in force, and the next PER 2011-2020, which is in the process of being prepared.

In general terms, this plan establishes the goals to be met regarding renewable energies by 2010 in our country, taking into account the commitment to meet the needs of at least 12% of total energy consumption needs with renewable energies at that time, as well as incorporating two other very indicative goals: to generate 29.4% of electricity with rene-

Trigeneration in the Provincial Council of Málaga.



wables and that 5.75% of total fuel consumed in the same year be biofuels.

SANJOSE Energy uses the following techniques to increase its portfolio of energy production:

- Bidding on public tenders to access energy consumption management of the Public Governments themselves in markets such as the health care and cogeneration in public buildings.
- Obtaining concessions for energy production promoted by the different governments as in the case of wind farms, hydraulic facilities, and biomass plants.
- Developing either on its own or with third parties, in association or through acquisition, production plants such as thermoelectric photovoltaic solar energy, and biofuel plants.

The different forms of energy that GRUPO SANJOSE manages are:

COGENERATION

Spain in 2006 had an installed capacity of 5,873 MW in 853 plants throughout the country, with an estimated production of 25,000 GWh per year, of which 15,400 went directly to the transportation and distribution network. By the end of 2007, installed capacity was expected to be some 6,500 MW.

Cogeneration saves 1,000 PEKT [petroleum equivalent kilotons] and reduces emissions by 9 million tons of CO₂. In addition, it reduces energy loss through the electrical networks by 1,500 GWh.

The government has set a goal of 9,500 MW by 2010, which means a very strong drive to recover some of the dynamism that these facilities have had in recent years. The improvement in the subsidy schedule associated with cogeneration that is provided for in the May 25 RD 661/2007 and the development measures included in the RD 616/2007 are instruments that the government has implemented to aid these technologies in their growth.

GRUPO SANJOSE is also working internationally on cogeneration and combined cycle projects which are a potential market of great interest.

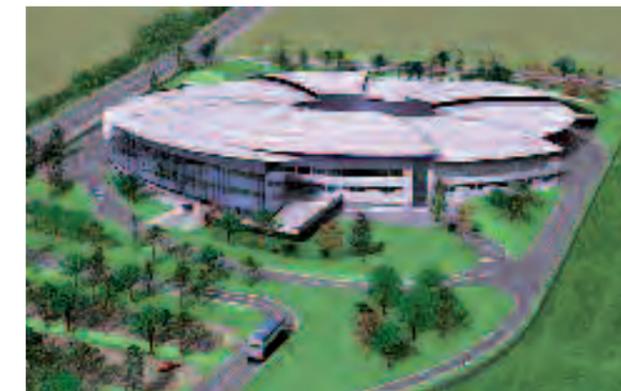
The following are but a few examples of projects within this area:

Heating and Cooling Polygeneration Facilities in the Science and Technology Park (Cerdanyola del Vallés)

This is a contract for a public works concession for the management of a general interest service comprised of four energy plants with a total installed capacity of 37 MW. It stipulates the construction and development of several multi-generating electrical facilities for cooling and heating and their respective distribution networks in the area included in the partial plan of the center of Cerdanyola del Vallés.

The total surface area of the development plan is 3.4 million square meters, distributed in the following ways: 557,000 for a residential and commercial area (3,300 residential units); 157 hectares for a green area; and 1.3 million square meters designated for the Science and Technology Park, the heart of which is the Luz Sincrotrón Alba Laboratory.

The Sincrotron is a particle accelerator that allows high resolution observation of the atomic structure of materials. Alba is the first particle accelerator in Spain and in the whole of Southeastern Europe. When it enters into operation in 2010, it will increase in the scientific and industrial competitiveness of Southern Europe in fields as diverse as Medicine, Biochemistry, and the food and textile industries.



Particle Accelerator in Cerdanyola del Vallés.

Particle Accelerator in Cerdanyola del Vallés.



Sale of Energy to Hospitals in Puerto Real, Torrecárdenas, and Jaén

Energy sales consist of making the investments necessary to undertake the construction or remodeling of the thermal plants for the hospitals as well as the management of those facilities through a concession that includes the following commitments:

- To maintain and do the upkeep on the entire thermal plant, taking responsibility by fully guaranteeing that equipment installed by the company.
- To provide the service needed (heating, cooling, steam, ACS, etc.) to meet the hospital's demand, supplying the fuel for the boilers.

In addition to those hospitals mentioned, we have other large clients within the health care segment of the energy sales market. Among them are the Primary Care Centers of Catalonia [CAPS], Just Olivers, Anoaia, Parragones, and Villanova del Camí.

Puerto Real Hospital, Cadiz.



Torrecardenas Hospital, Almeria.



Jaen Hospital.

Gas Cycles and Cogeneration in Argentina

One of the countries where our group has had a presence for some time and is committed to actively participating in its economic and social development is Argentina. Of the structural needs of the country, energy is high on the list of concerns for the government and citizens. There is an inability to produce enough energy to meet a growing demand. Added to this is the fact that the distribution networks are in poor condition, frequently slowing the supply of energy to new areas of industrial development and of services.

The best way to meet these demands is to develop either single-cycle or combined cycle cogeneration plants. Therefore, our group is working on a series of projects to meet the existing demand:

- Single-cycle for the Aluar Factories: the installation of a 120MW single-cycle plant with turbines for the factories that Aluminios de Argentina has in Puerto Madryn.
- 30 MW cogeneration plant for the Firestone factory in Lavallol (Buenos Aires).

WIND ENERGY

Wind Energy has raised its goal prior to PER 2005-2010 to 20,155 MW, meaning that 50% of electricity will be produced using renewable sources according to this Plan.

In truth, it has been the most successful renewable energy source of all those in use in Spain. To the state of the technology and a solid policy of subsidies are added the strong wind resources in a large part of the country, particularly in areas such as Galicia and Castilla.

This explains why there have been marked differences in the development of this resource depending on the area. While it has been successfully developed in Galicia, Castilla León, Aragón, Navarra, and Castilla la Mancha, this is not the case in Andalusia and Valencia where it has barely taken off and there is no infrastructure in place as of now, and there are regions, for example, Madrid, Baleares, Extremadura, and the Basque Region where the goals are very low and there are practically no opportunities in this field.

This notwithstanding, it should be mentioned that, independent of the goals set by the PER 2005-2010, each autonomous community has drawn up its own plan and its own goals, which are generally much more ambitious than those set by the PER. The main data given by the different governments of the autonomous communities are:

Andalusia (4,000 MW in 2010)

Catalonia (3,000 MW in 2010)

Castilla y Leon (6,700 MW in 2010)

Galicia (6,300 MW in 2010)

Castilla-La Mancha (4,450 MW in 2011)

Aragon (4,000 MW in 2012)

Canary Islands (893 MW in 2010)

Valencia (2,359 MW in 2010)

This confirms the importance of this sector. If we take these forecasts into account, the final goal for the entire country would be 37,000 MW between 2010 and 2012, almost double that forecast by the Renewable Energies Plan and a 300% increase with respect to the current situation.

Given this scenario, our Group is particularly active in the concession tenders that each autonomous community is floating. So, 2008 will be a year in which some of these tenders will be awarded, as in the case of Galicia, and in which others are floated as may be the case with Asturias, Cantabria, and Andalusia.



SOLAR ENERGY

In a country like ours, which receives many hours of sunshine a year, the field of solar energy has a natural resource more plentiful there than in any other place in the European Union. Moreover, it is one of the few forms of renewable energy where Spain has developed its own indigenous technology renowned worldwide for its high quality. This ability to access both the technology and the available natural resource makes this kind of energy generation doubly attractive to SANJOSE Energy.

The enormous increase in photovoltaic facilities has led to a rethinking of the government benefits and goals, which will be defined by September of 2008, but there is so little certainty regarding the final parameters that it is impossible to work on new projects in this field until it has been determined what the final scenario will look like, putting our participation on hold until such time as that happens.

That notwithstanding, there are currently very interesting projects in Spain in the field of thermoelectric solar power. The goals set by the government for 2010 were for 500 MW,

while the current number of projects underway would provide four to five times that amount. Because this form of generation is something that is done on a large scale and with a certain level of technical complexity, this is a market with high barriers for entry, which makes it very attractive as one of the pillars for the development of our project. So, the Group is participating in the development of some facilities that will commence shortly.

Thermosolar Plant in Andalusia

With an initial investment of approximately 300 million Euros, this new clean energy plant will add 50 MW to the Spanish electrical network and ensure 3,500 hours annually at full load during times of peak energy demand.

The solar field consists of rows of cylindrical, mirrored, parabolic collectors, which reflect and concentrate the solar radiation along the focal line and includes a salt based storage system, which allows the plant to function for many more hours a day.

Solar Panels.



Cylindrical Parabolic Collectors.



BIOMASS

This is a form of renewable energy that brings together a variety of diverse sources and technologies, which makes homogenous business proposals or single responses to the government difficult.

This situation is complicated by the difficulty in guaranteeing the primary energy resources, each of which, because of their diverse origins, have a unique supply chain, very much a product of their environment.

Different measures have been adopted in order to increase the feasibility of this kind of energy, from increasing subsidies, already included in the RD 661/2007, to initiatives such as allowing the co-combustion of these materials in carbon plants as well as the hybridization, that is, the mixing of several types of biomass in one single plant, thus alleviating the uncertainties regarding availability of materials that plague these projects.

Although this is not the chief means of energy production in our Strategic Plan, we have worked to develop energy production initiatives for different types of biomass, from furniture makers (secondary biomass) as is the case of the plant that is part of the Cerdanyola del Vallés Polygeneration Plant, to initiatives sponsored by the local governments to use forest byproducts (primary forest biomass) like the Technical Plan for Use of Forestry Biomass drawn up by the Xunta of Galicia, which provides for the authorization of up to seven biomass plants with an output of some 10 MW.

Jatropha curcas.



BIOFUELS

The original goal in this area was to cover 5.7% of the total fuel consumption by transportation in each European country with biofuels by 2010 in accordance with the European Union's 2003/30 Directive. As a result of a shift in thinking about this, the EU has recently revised that goal to 10% by 2020.

In Spain, this change in the European Directive has fixed the numbers that must be met at 3.4% in 2009 and 5.83% in 2010. The substitution of biodiesel for diesel and bioethanol for gas by these amounts is mandatory.

One of the main challenges of this business is to guarantee the supply of the raw material at a stable price, as the refined oil used by biodiesel is in the hands of just a few producers who act as special interest group to set prices. Similarly, the fact that these crops come from areas such as South America, Southeast Asia, and Africa, means their prices are also affected by the policies followed by the governments of the producer countries, who are under pressure from public outcry regarding the price increases of basic agricultural products in their markets, which adds instability to this business. To complicate matters more, there is another cyclical situation in Europe owing to the competition with biodiesel that comes in tariff free from the Americas, which has frozen those plants that were operating for a good part of 2007 and into early 2008.

So, our Group has a two-pronged strategy for this sector:

- To insert ourselves directly into the first steps of this market's value chain, entering the business of the raw materials and investing in projects that plant and produce oil seed and/or alcohol producing plants. The takeover of Carlos Casado S.A. is a fruit of this initiative, as the company has 310,000 hectares in Paraguay to set aside for this kind of energy crops. Currently the company has planted a part of this land to *Jatropha curcas*, a shrubby species that is ideal for biodiesel given its high oil content, and has the added benefit of not affecting the food channel.
- To develop refineries and biodiesel plants in those countries where we have a presence and the legislation is particularly favorable to this kind of production. We are currently studying several projects in Argentina and Peru.



Highways

Buildings and Facilities

Conservation of Parks and Gardens



Tunnel from Barajas Airport, Madrid.



SANJOSE CONCESSIONS AND SERVICES

The service sector is an increasingly significant market for the Group given that it brings together all those long-term activities that lend economic stability to the Company.

SANJOSE has made a real commitment to this area of business, which has led to remarkable degrees of specialization while increasing its portfolio of both public and private clients and its areas of activity.

Currently, the area of Concessions and Services unites the specialized activities of maintenance, management, and preservation of roadways, airports, hospitals, facilities, assets, urban real estate, as well as parks and gardens.

HIGHWAYS

During 2007, GRUPO SANJOSE formed a consortium with other businesses specialized in the sector, allowing it to bid on a several projects within the Ministry of Development's "Plan for Conditioning First Generation Highways".

The Plan's objective is to improve the quality and safety of the oldest highways within the National Network of Roadways so that their conditions equal those of the most modern ones, which will mean the comprehensive reconditioning of 2,131 km. of highways. The Ministry will invest 6.34 billion Euros into this two-phase project. The first phase was carried out in 2007 with contracts awarded for 1,522 km of projects through a competitive bidding process with an initial budget of 4.85 billion Euros. For 2008, the Ministry plans to invest 1.52 billion Euros in a second phase and will accept bids for projects to finish the remaining 609 km.

The companies that were awarded the aforementioned concession contracts will work in the following different areas:

- Area 1: new-build and reconditioning projects to upgrade the highway system so that it allows effective provision of services.
- Area 2: resurfacing and large repair projects during the life of the contract.
- Area 3: infrastructure maintenance on the existing stretches of road and those that will go into service after the new-build projects.

The total cost of the work will be paid to the companies over a period of 19 years, which is the payment system employed by the government through a fee per vehicle/kilometer, or the so-called "shadow toll".



BUILDINGS AND FACILITIES

The experience gathered by working with and maintaining large buildings, public works, and service and industrial facilities allows SANJOSE to constantly add to its portfolio of large clients.

Airbus Factories

The Group carries out the comprehensive maintenance of the Airbus factories in Illescas (Toledo) and Getafe (Madrid).

In the case of both factories this mean preventive, corrective, and technical-legal maintenance of the infrastructure and includes the electrical, climate control, ventilation,

extraction, plumbing, sewer, fire protection, voice and data, audiovisual, and centralized control systems.

Tunnels from Barajas Airport

AENA has entrusted SANJOSE with the comprehensive management and maintenance of the security systems and monitoring of the administration of the Madrid-Barajas airport.

The contract also provides for preventive, corrective, and technical-legal maintenance of the two-way tunnels: the M-111 (between Barajas and Paracuellos) and the M-14; those between the T-1, T-2, and T-3 terminals as well as the new T-4 terminal; and Airport Services between the T-4 and the Satellite, the La Muñoza Tunnel, and the three tunnels under the runway.

AIRBUS Production Plant in Illescas, Toledo.



AIRBUS Production Plant in Illescas, Toledo.



Tunnels from Barajas Airport, Madrid.





Maintenance for hospitals belonging to the Health Services of Catalonia, Andalusia, and Madrid

The National Health Institute [Instituto Nacional de la Salud - INSALUD] has turned over to SANJOSE the preventive, corrective, and technical-legal maintenance of its hospital facilities: climate control, including boilers for heat, cooling plants for water, air conditioners and air purifiers, hot and cold water circulating pumps, liquid distribution lines, ventilation, plumbing, burner ramps, and facilities' monitoring.

Torreardenas Hospital, Almeria.



Jaen Hospital.

Facilities in the Jaen Hospital.



Ciudad de Telefónica

In the new Ciudad Telefónica, located in Las Tablas (Madrid), the basic construction facilities have been outfitted to provide 7,000 employees with the following services: electrical, climate control, voice, fire detection, loudspeakers, etc.

The working points and new areas have been wired for electricity and more than 9,800 work stations have been installed with Schneider units, 23.8 km of electrical cable tray, and 152.8 km of hoses and cables.

In addition to carrying out the installation work for this large project, SANJOSE has taken on the maintenance of half of the buildings built, which, when added to other large contracts that we have with Telefónica, has consolidated an already magnificent relationship between the two companies.

Ciudad de Telefónica, Madrid.



Ciudad de Telefónica, Madrid.



Asset Management for Real Madrid:

Real Madrid has entrusted SANJOSE with the comprehensive management of all of the facilities for the New Sports City as well as the Santiago Bernabéu Stadium and its annex.

The concession includes preventive, corrective, and technical-legal maintenance of the following systems: electrical, transformer center, backup generator, uninterrupted feed, exterior and interior power and lighting, lightning rod, climate control including boilers for heat, water cooling, air conditioning, air purifying, cold/hot water circulation, ventilation, plumbing, sewer, fire protection, voice and data, CO₂ detection and extraction in garages, waste water purification, burglar alarm, ornamental fountains, pumping and irrigation, as well as the centralized system for the management and monitoring of the facilities.



New Sports City, Madrid.

Santiago Bernabéu Stadium, Madrid.



CONSERVATION OF PARKS AND GARDENS

During 2007, in Madrid, GRUPO SANJOSE has continued the upkeep, maintenance, and execution of new projects and improvement of the parks and gardens in what is called Zone 2, which is in the jurisdiction of the Madrid City Hall (the largest in the country, both in terms of budget and surface area). Encompassing nearly 8 million square meters, it employs more than 550 workers who are specialists in the most advanced gardening techniques and are prepared to take on the daily challenge of meeting the quality standards set by a City Hall like the one for the capital of Spain.

Within this area, the company has been assigned parks that are particularly frequented by the citizenry because of their location, such as:

- In the Moncloa district - Aravaca: the Plaza de España, the Paseo del Pintor Rosales, the Puerta de Hierro, the

Service for Conservation of Parks and Gardens, Madrid.



Service for Conservation of Parks and Gardens, Plaza de España, Madrid.



Parque Arroyopozuelo, the Parque de la Bombilla, etc.

- In the Fuencarral District - El Pardo: La Vaguada, La Alcazaba, Norte, and El Pardo parks, the new urban planning action plans for Las Tablas and Montecarmelo, etc.
- In the Latina district: the Cuña Verde, Cerro de Almodóvar, Aluche, and Las Cruces Parks, etc.

In 2007 the upkeep and comprehensive maintenance of the Parque Lineal belonging to the municipality of Rivas - Vaciamadrid was begun, an outstanding work among the green spaces created by municipal legislatures and recipient of praise from the inhabitants.

GRUPO SANJOSE was also awarded the contracts for the Work and Conservation Projects, and Improvement of the Green Areas at the Isabel II Canal in the E and F zones. Service is scheduled to start in February, 2008.

Service for Conservation of Parks and Gardens, Moncloa, Madrid.





Commercial

Arena

AND1

Teva

Ugg Australia

Betsey Johnson

Filippa K

Fred Perry

Levi's Kids Footwear



Fred Perry

COMMERCIAL

The Commercial Division of SANJOSE continues to grow thanks to the consolidation of its brands and the incorporation of new distribution agreements, making this conglomeration one of the country's most powerful distributors of sports and fashion.

ARSEREX, SAU - ARENA

Since 1993, Arserex has held the license in Spain for distribution and production of the top brand name for swimming articles, ARENA. Its continual growth has allowed it to position the brand at the head of the sector, with a presence in the main sale points in the country. It will become the sole distributor for the entire Iberian Peninsula in 2008 when the recently obtained license to begin distribution and production of the ARENA brand in Portugal goes into effect.

Arena.



BASKET KING, SAU - AND1

BASKET KING has focused on distributing products by the United States' basketball brand AND1 in Spain and Portugal since late 1999. It has banked on basketball to the highest degree, sponsoring the teams of Club MMT Estudiantes, Pamesa Valencia, Caja Sol de Sevilla, Plus Puyol Lleida, and Ovarense in Portugal. 2008 will be a year of consolidation of its status as the leader with a new and ambitious project: the international license for the textile production of AND1, which expands Basket King's distribution in Spain and Portugal and makes it the worldwide producer and distributor for AND1 and its entire textile line.

OUTDOOR KING, SAU - TEVA / UGG AUSTRALIA

In Spain and Portugal, Outdoor King distributes the two main brands belonging to Deckers Corporation worldwide: TEVA and UGG AUSTRALIA. TEVA, the specialized brand of outdoor footwear and world leader in technical sandals, is holding onto its growing presence in outdoor mountaineering stores, expanding into sports stores, and gaining recognition for the brand through its participation in events like adventure raids, mountain races, and kayaking championships, among others. The evolution of the brand has allowed it to increase its product portfolio with new lines of bags and accessories. Outdoor King plans to continue making UGG AUSTRALIA an essential high-end item in the shoe department.

FASHION KING, SAU - BETSEY JOHNSON / FILIPPA K

Fashion King focuses its activities in textile distribution for Europe on two international brands: Betsey Johnson and more recently the Swedish firm Filippa K. Widely recognized in the world of fashion for its elegant and sophisticated designs, Filippa K is also considered to be a brand with great prospects, giving Fashion King some interesting expectations with regard to its introduction in the domestic market over the next year.

RUNNING KING, SAU - LEVI'S KIDS' FOOTWEAR

In 2007 Running King began to distribute Levi's Kids Footwear, the children's footwear line belonging to the prestigious American brand of the same name. The result has been wildly successful, exceeding sales' forecasts and gaining an entry with large, new clients throughout the country, which signals positive growth expectations for 2008.



AND1.



Teva.



Filippa K.



Levi's Kids Footwear.

TRENDY KING, SAU - FRED PERRY

2007 has been the year in which Trendy King, which distributes the footwear line of the well-known brand Fred Perry, has taken off. After a successful launching, Trendy King has positioned the brand in both the main fashion shoe stores and the most exclusive sports stores of the sector, making Fred Perry one of the trendy brands for the year, with magnificent growth prospects for 2008.

Fred Perry.





Venture
Capital and
Investments

Venture Capital Companies

Audiovisual Sector

Altanza Winery



VENTURE CAPITAL AND INVESTMENTS

GRUPO SANJOSE, in addition to its five areas of business described in this Annual Report, maintains financial interests in several venture capital companies, in the audiovisual market, and in other investments, particularly Altanza Winerias (La Rioja).

VENTURE CAPITAL COMPANIES

CORSABE

GRUPO SANJOSE is the main stockholder (50.17%) of this private, independent venture capital company that, since 1986, has been investing in companies with a high potential for growth that do not have a presence in the stock market and are not part of the financial or real estate field.

Corsabe.



Headquartered in Barcelona, the firm's business objective is to provide management and financing to the companies in which it has controlling interests, as well as to share the experience of its professional team. This objective is the same for the design or improvement of its strategies and in the execution of its business plans, all of which translates into increased value.

During 2007, Corsabe withdrew from its participation in Grupo Intercom de Capital, S.C.R., S.A. (an incubator for internet related projects) and Tárraco Eólica, S.A. (renewable energies sector).

It has instead invested in Fractalia Remote Systems, a leader in remote network administration software, while continuing its investments in Ovelar, a Spanish firm that is a leader of the large distribution supply sector; in Softonic, a web leader in software downloads; and in Eolia, one of the chief players in the area of renewable energies.

Uninvest.



Uninvest.



UNIRISCO - UNINVEST

UNIRISCO Galicia, S.C.R., S.A. is the first university venture capital company authorized by the CNMV [Spain's stock market regulator]. It was formed in November of 2000 by the three universities in Galicia to promote the creation of companies that would use the knowledge generated by the university, by temporarily investing in their capital or other financial instruments, always with an eye to promoting profitability and job creation. It is, therefore, a business stimulus tool that is instrumental in:

- Technological development, opening up alternative ways to transfer university knowledge to society, through the creation of companies.
- The creation and maintenance of employment in the heart of the university community.
- The creation of a culture of entrepreneurship at the university, increasing the predisposition of the members of its community to start their own businesses.

Unirisco invests in two kind of projects: "young business", business initiatives carried out by students, college graduates, PhDs, doctors, professors, administrative and service staff..., which is to say, by members of the university community and in which they use the knowledge acquired during their educational/research time at the institution; and "scientific technological spin-offs", business initiatives based on the commercial use of the scientific-technological results of a group of researchers or that depend on the relationship with these university research groups to function and grow.

I+D UNIFONDO is a venture capital fund managed by UNINVEST (management company for venture capital firms) created to strengthen knowledge transfer from the university to society by founding companies. Its motto, "We Finance Knowledge", states its *raison d'être*: to drive the creation of businesses developed at Spanish universities and research centers, contributing venture capital during the initial phases and providing support to the company's development team. Driven by the collaboration among universities, financial entities, and private companies, UNIVEST covers more than 700,000 students, 58,000 professors, 600 university departments as well as 30 centers of innovation, technology, and foundations.

I+D UNIFONDO was born out of a desire to contribute in:

- Technological development, opening up alternative ways to transfer knowledge from the university and public research centers to society, through the creation of companies.
- The creation and maintenance of qualified jobs in the heart of the university community.
- The creation of a culture of entrepreneurship at the university.

Preferred Sectors for Investment:

- Health Sciences
- The Environment
- New Materials
- Information Technology and Communications
- Biotechnology



AUDIOVISUAL SECTOR

FILMANOVA

SANJOSE has a presence in this sector through its investments in the Grupo Audiovisual Filmanova, which in 2007 carried out the following activities under the different headings:

Television

The most notable has been the success of the reality documentary format in "A Casa de 1906" [The 1906 House] presented by TVG in 2006, which won it a new run in Galicia and the exportation to other channels for other autonomous regions like Catalonia, the Basque Country, and Andalusia.

Other notable productions are the contest program "O Gran Camiño" (about the Camino de Santiago), the new episodes of the documentary series "Galicia Cruce de Miradas", the fiction series "Os Atlánticos" and three new documentaries: "Castelao", "Unha Historia Galega", and "Casón".

Publicity, Corporate Videos, and Multimedia

This is a large market for Filmanova given the boom in the creation of corporate television, content for cell phones and internet, publicity, and the great number of videos that are being produced in recent years regarding great public or civil works, both for clients and subject-specific channels.

Filmanova heads into 2008 with the premiere of two movies, the production of new television series and programs; but above all with a strategy of promoting the new lines of business allowed by information technology and new systems: small format digital content for internet and cell phones, corporate television, etc.

Film

The following new releases stand out from this year.

- "Hotel Tívoli" by Antón Reixa, co-produced by Denmark, Portugal, Argentina, and Spain, has been selected for the official section in the Festival Spanish Film in Malaga.
- "Los Totenwackers" by Ibon Cormenzana, an adventure film in the style of Harry Potter and was chosen for the Guadalajara Film Festival (Mexico).



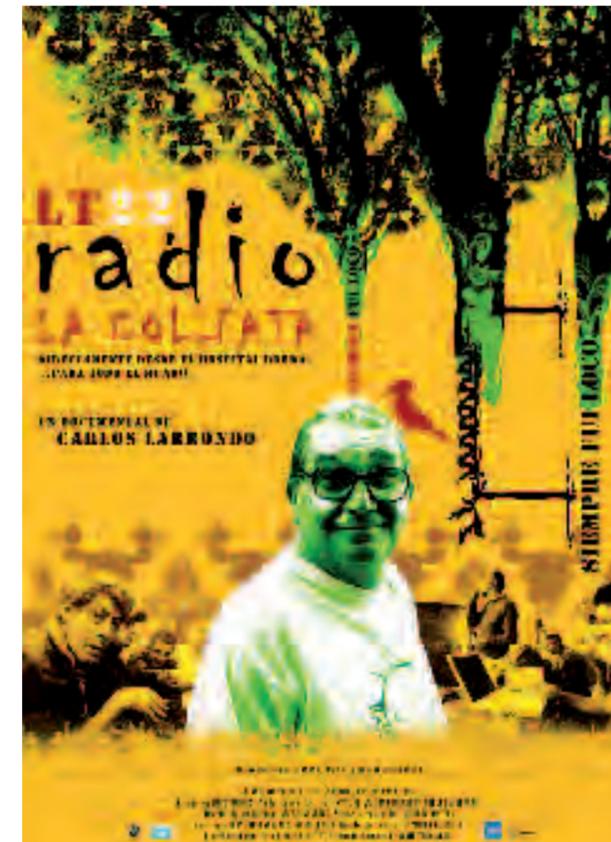
Billboard for the Feature Film "Hotel Tívoli".



Billboard for the Feature Film "Los Totenwackers".

In addition, filming was completed for both "Una Palabra Tuya" by Angeles González Sinde and Carlos Larrondo's interesting proposal "LT22 Radio La Colifata". This last documentary deals with the therapeutic experience of some mentally ill Argentines who take part in a radio program. Several highpoints of this project should be mentioned; the musical collaboration with Manu Chao as well as the fact that it was chosen for the Havana Film Festival and for the Play Doc Documentary Film Festival

Billboard for the Documentary "La Colifata".



Altanza Winery, La Rioja.

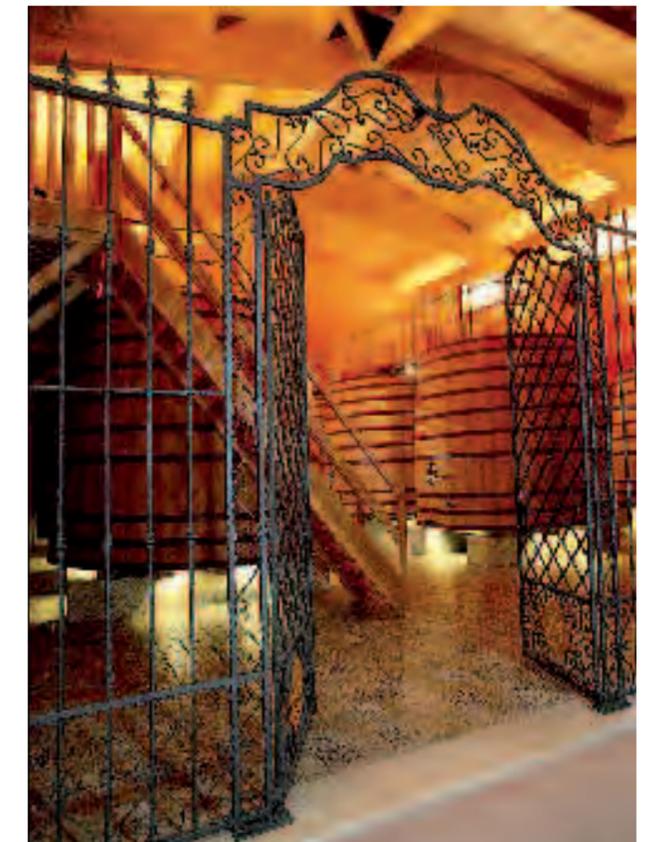


OTHER INVESTMENTS

ALTANZA WINERY

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

Altanza Winery, La Rioja.





Corporate Social Responsibility

Human Resources and Training

Education and Culture

Quality

Environment

Risk Management and Insurance

Clients and Suppliers

R&D&I



CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility has always been a top priority for GRUPO SANJOSE in its policies regarding the company's internal actions as well as its external ones.

Innovation, communication, and transparency are the foundations upon which our Company has been built. SANJOSE is characterized by its good governance and unquestionable ethical values: guarantee, solvency, trust, attention, and respect.

HUMAN RESOURCES AND TRAINING

The Human Resources Department seeks to have the best professionals and to create the best teams for each one of our activities.

SANJOSE attempts to create value by attracting and motivating its employees, who must be capable of creating unity and dynamism in a Company that believes that talent, innovation, dedication, and continuing education are the surest ways to success and sustained development.

The management of the Company's excellent human capital is determined by the continual growth of the different companies that make up the Group, by the expansion of their areas of activity, and by the participation in a growing number of projects of all kinds.



Team SANJOSE

The human team that is the permanent staff of the Group has increased substantially in recent years, with annual increases of more than 10%. Currently, owing to the sale in of three Auchan supermarkets that the Group had in asset management in Argentina, the number of SANJOSE employees has dropped to 5,112.

Primary Value of the Company

SANJOSE considers its professionals to be the company's



greatest asset. Along those lines, we have reached agreements with certain universities and business centers, especially the Instituto de Empresa, several technical engineering schools and the Pontificate University of Comillas...

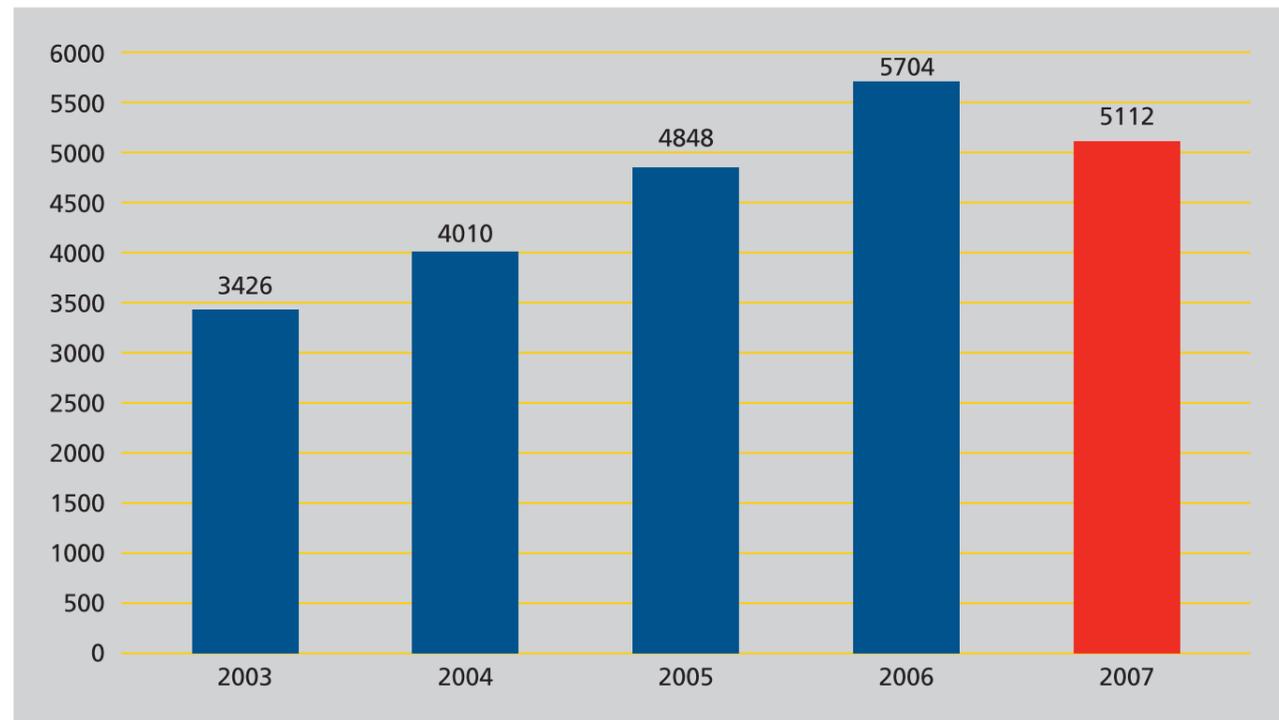
The Best Educated

For the Group, education is a strategic tool in the development of its business and its labor policy. It therefore continues to develop and promote an educational policy of life-long learning that is always adapted to the needs of the indi-

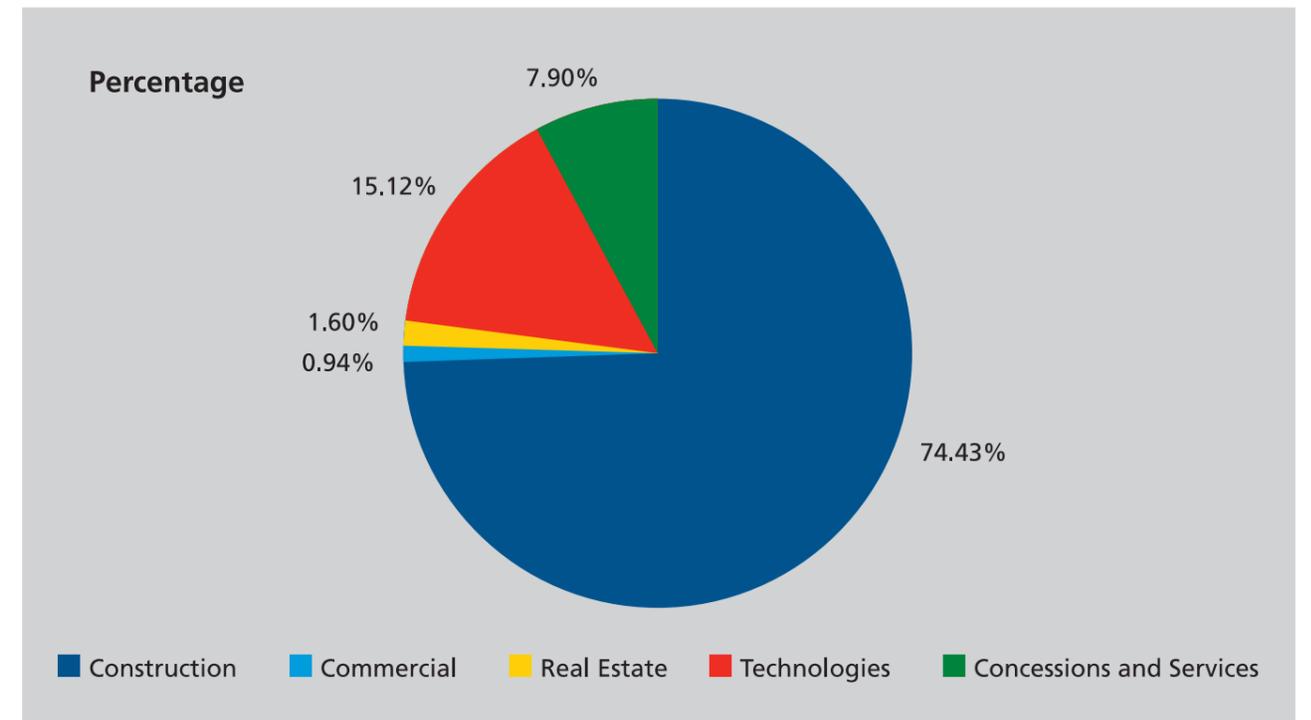
vidual company and capable of rigorously complying with the educational plans of each sector, with one basic end: to have the best professionals and the most competitive teams in each area of specialty.

The best way to support innovation, strengthen competitiveness, and grow a business that can adapt to the changes in the market is by banking on the main value of any company: its human capital.

Development of the staff.



Sectoral distribution of the staff.



EDUCATION AND CULTURE

SANJOSE contributes to the enrichment of knowledge, development of aptitudes, and improvement of the abilities of its workers by:

- Placing special emphasis on job specific training that includes new technologies, negotiation techniques, and team leadership building.
- Having particularly exceptional training in job place risk prevention, quality control, and the environment. This will always be an essential, mandatory activity for SANJOSE as it is the best way of ensuring the health and safety of our employees and the environment.
- Supervising the training activities and subjecting them to annual evaluation through internal and external audits. This is the only way to achieve the highest level of commitment to and quality of the goals that have been set, as well as continuous improvement of our training programs.
- In order to improve the access of students to the work place, the Group has agreements with Spanish and

international universities and business schools, both public and private. This activity represents a very important area of education by allowing the transition into the market to occur 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. We should highlight the cooperation with the Fundacion Empresa of the University of Galicia, the different Polytechnical Universities, ICADE-ICAI, IESE, and the Antonio Camuñas Foundation.
- In the cultural arena, SANJOSE has created, in collaboration with other founding partners and the Government of Asturias, The LABoral Centro de Arte y Creación Industrial [Labor Foundation Center for Art and Industrial Creation].

This was conceived of as a cultural and educational center, and a space for artistic exchange, founded to promote an alliance among art, design, culture, industry, and economic development. It is a place for interaction and dialogue bet-

ween art and industrial creation. It attempts to open a channel for production, creation, education, and research of the most recent artistic concepts.

As such, it promotes the following activities: exhibits, production samples, multidisciplinary visual and industrial arts; artistic and technological research and innovation in its laboratories; space for young researchers to develop projects related to art and new technologies; workshops with expert training and training in publicity; courses, seminars, and conference series regarding artistic education; artistic production on different levels, calls for competitions, festivals, and presentations.

LABoral Centro de Arte y Creación Industrial opened its doors on March 20, 2007. In the following nine months of activity LABoral Centro de Arte y Creación Industrial produced a total of 8 exhibitions. It held 13 workshops and three seminars, given by 47 instructors to a total of 400 participants who came from around the world and locally to take part. It has begun the CREATIC project, and initiated its program of artistic production with a total of 21 works. The Project Office is up and running and it has held events such as



the LEV Festival and two contests: LABciberespacios, for inaugural exhibitions, and LABjoven_Experimenta, in collaboration with the Asturian Youth Institute.

LABoral Centro de Arte y Creación Industrial, Gijón.



QUALITY

The quality control policy defined by GRUPO SANJOSE strives for maximum client satisfaction, increasing the quality level of the work, products and services, by way of continuous progress and constant motivation of Company employees. The goal is to develop a system of effective, dynamic quality control and adapted to meet the needs of SANJOSE.

Our company's system of quality management is based UNE-EN ISO 9001:2000 and provides a framework to establish and ensure the following is done:

- To offer a service that adapts to the requirements specified by our clients.
- To establish ongoing 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 draw in, motivate, and 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 arising from these policies and the actions that have developed have allowed us to obtain and keep the

quality certification issued by the Spanish Association for Standardization and Certification [Asociación Española de Normalización y Certificación - AENOR] in accordance with ISO 9001 for the different companies that make up Group SANJOSE in the commercial, technological, and construction sectors.

In order to achieve the different goals established in the Policy of Quality, the following plans of action, among others, have been established:

- Increase the efficacy of the technical documentation of the Quality Control System and Environment by revising, adapting, and updating it to meet the new laws in effect and the new needs detected by the organization.
- Integrate the Quality Control System through the computerized implementation of management in the construction sector.
- Improve the operational processes related to the Administration Department, geared towards optimizing the timeframes and procedures and make them more agile.
- Continue improving client services with the creation and development of a Customer Service Department to deal with suggestions, complaints, and claims.

| Sector | Company | Certified | Number |
|--------------|--|-----------|--------------|
| CONSTRUCTION | CONSTRUCTORA SAN JOSÉ S.A. | Quality | ER-0510/1997 |
| | CARTUJA INMOBILIARIA S.A.U. | Quality | ER-1363/1999 |
| | CONSTRUCTORA ÁVALOS S.A. | Quality | ER-0748/2000 |
| | 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 |
| TECHNOLOGIES | CONSTRUCTORA SAN JOSÉ S.A. (Representação em Portugal) | Quality | ER-0011/2002 |
| | CONSTRUCTORA UDRA LDA. | Quality | 2005/CEP2460 |
| COMMERCIAL | TECNOCONTROL S.A. | Quality | ER-0335/2000 |
| | TECNOCONTROL SERVICIOS S.A. | Quality | ER-1202/1998 |
| | ARTEL INGENIEROS | Quality | ER-1253/1999 |
| COMMERCIAL | ARSEREX | Quality | ER-1675/2005 |

| Sector | Company | Certified | Number |
|--------------|-----------------------------|-------------|--------------|
| CONSTRUCTION | CONSTRUCTORA SAN JOSÉ S.A. | Environment | GA-2003/0398 |
| | CARTUJA INMOBILIARIA S.A.U. | Environment | GA-2006/0028 |
| | CONSTRUCTORA ÁVALOS S.A. | Environment | GA-2005/0328 |
| | ALCAVA MEDITERRÁNEA S.A.U. | Environment | GA-2007/0372 |
| | EBA S.L. | Environment | GA-2007/0371 |
| TECHNOLOGIES | TECNOCONTROL S.A. | Environment | GA-2007/0396 |
| | TECNOCONTROL SERVICIOS S.A. | Environment | GA-2007/0395 |



ENVIRONMENT

The system of environmental management, as it is defined in our policy, is geared toward the defense, protection, and preservation of the natural world, which are essential for the development of a sustainable business. Its main goals are based on the following actions, to:

- Implement measures to diminish the environmental impact of activities, work, and services.
- Prevent pollution.
- Minimize the consumption of resources (water, wood, fuel, etc.).
- Encourage energy savings in the facilities and energy efficiency.
- Appropriately manage generated waste.
- Train, involve, and motivate staff in environmental issues.

As a result of our concern for the natural environment, the different companies of the Group have a Environmental

Management System, in accordance with the norm established by UNE-EN ISO 14001:2004 that sets the rules for performance in this area.

In 2007 the following strategic goals related to the defense and preservation of the environment were defined, to:

- Optimize the processes carried out in the Group's own activities, minimizing environmental impact by reducing consumption of natural resources, improving waste management, etc., continually relating the environmental issues at a given time with the commercial and strategic goals established by the management.
- Hold courses, consciousness raising workshops, etc. that are specific and oriented to the Organization staff, so as to strengthen an environmental awareness that enables the established goals to be met.
- Expand upon the Environmental Management System certified by AENOR, including the companies from the Construction and Industrial Sector of GRUPO SANJOSE.

RISK MANAGEMENT AND INSURANCE

Job Place Risk Prevention

The human team is the main asset of SANJOSE; the health and safety of its workers are an absolute priority in all the activities carried out by the Group and something of fundamental value to it.

Seeking to continually improve in this area, in 2007 a large investment was made in material and human measures exclusively in the area of Job Place Risk Prevention. Additionally, we have modified the current Prevention Plan in order to make it fit, as much as possible, the specific reality of the Group and fully integrate prevention into all the activities and at all the levels of the companies that comprise it.

The high level of specialization in the Group's lines of business demands a different approach to prevention for each business, even though the goals are the same for all. As a result of that, the Technological Sector already has its own Prevention Plan and a specific Department of Job Place Risk Prevention.

The preventive policy of SANJOSE continues to include constant improvements in preventive actions, information accompanied by appropriate education, and strict compliance with the legal norms. All those who work for this Group are responsible for complying appropriately with the preventive policy.

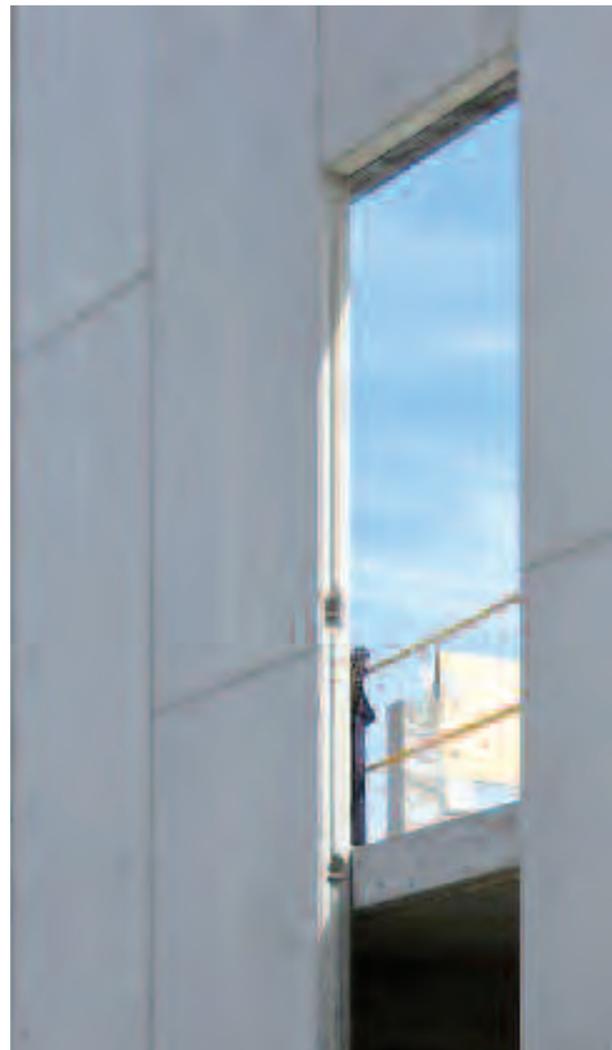


Insurance

GRUPO SANJOSE has put an integrated accident management system in place to analyze, mitigate, and control all those threats that might affect the company's activity, which includes both personal and material damage.

SANJOSE's recent growth in business and diversification has been accompanied by a new focus on insurance, seeing it as an instrument to manage risks to the service and to protect the Group's companies and the human teams that work for them.

In 2007 the Insurance Department underwent an evaluation to redesign and manage an insurance program that would provide adequate coverage for basic needs and be an added value to accompany the important and sustained business growth of the Group.



CLIENTS AND SUPPLIERS

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: customer service, respect, guarantee, and fulfillment of all commitments, both regarding quality and adherence to deadlines in the work or service. The fundamental goal guiding that relationship and all of our activities is to provide the greatest client satisfaction.

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

In order to guarantee customer service and create a fluid and direct relationship so as to resolve complaints as quickly as possible, assistance is provided by the Supplier or Client Representative.



R&D&I

The R&D&I policy for GRUPO SANJOSE is to apply new construction techniques and to optimize those products and services already developed; to increasingly and more effectively use innovation as a discipline and tool to search for new opportunities to improve and strengthen the applied technology and the care it takes with society and the environment.

SANJOSE works to expand the culture of R&D&I throughout the Company and promote a workplace climate that favors and rewards the generation of ideas of and innovative practices by the employees, accepting the inherent risks and recognizing the creative contributions, and, in this way, establishing the foundations for competitive improvement and technological safety.

During 2007, the groundwork was laid for the R&D&I Management System implemented in the Industrial Sector to be certified by AENOR in accordance with ISO 166.002, and this initiative will be shared with the rest of the Group's sectors, thereby promoting a new corporate culture based on the commitment to knowledge, continued improvement, consolidation of teams and technological quality.

Along these lines, research projects into the area of construction have also begun. These are fundamentally related to the field of Civil Projects, and take advantage of different agreements and conventions established with university foundations, technical schools, and universities. Among them we should mention the studies researching different pathologies that are generally seen on projects using cement. Specifically, there has been a study of the influence that different superfluidifiers have, in accordance with their nature and transport time, on the mechanical resistance of the cement on the job.



Information Systems' Development

The past year has led to several watershed moments in the Company's production line. These developments, which in some areas will continue on during the first half of the year, have been clearly marked by the actions of previous years that would define the evolution and building processes for 2007. Two clear areas of work can be said to have been significantly impacted by this: development of architecture and the proliferation of the developments regarding the monitoring of the productive aspect of information systems.

The core of the architectural headquarters, subject to a change from previous years, has been strengthened so as to improve the ease and quality of communications at the central headquarters and has been adapted to fit the infrastructure needs that have arisen in recent years due to the expansion of the companies. Hardware and software will be updated this year in the central headquarters and in the majority of offices throughout Spain. New security systems for hardware and software are being implemented, giving an added value with regard to encapsulation and encryption of communication channels. This has also created the environment that has enabled one of the Company's principles during previous years to be implemented, single sign on, the unification of usernames and passwords.

The efforts into research and adjustment of the virtualization systems by the many existing services are also worthy of note. This development will directly impact availability of critical systems and the optimization of architectural resources, allowing a decrease in hardware acquisition costs and an improved quality of service.

The area of development constantly promoted the optimization of production monitoring through the:

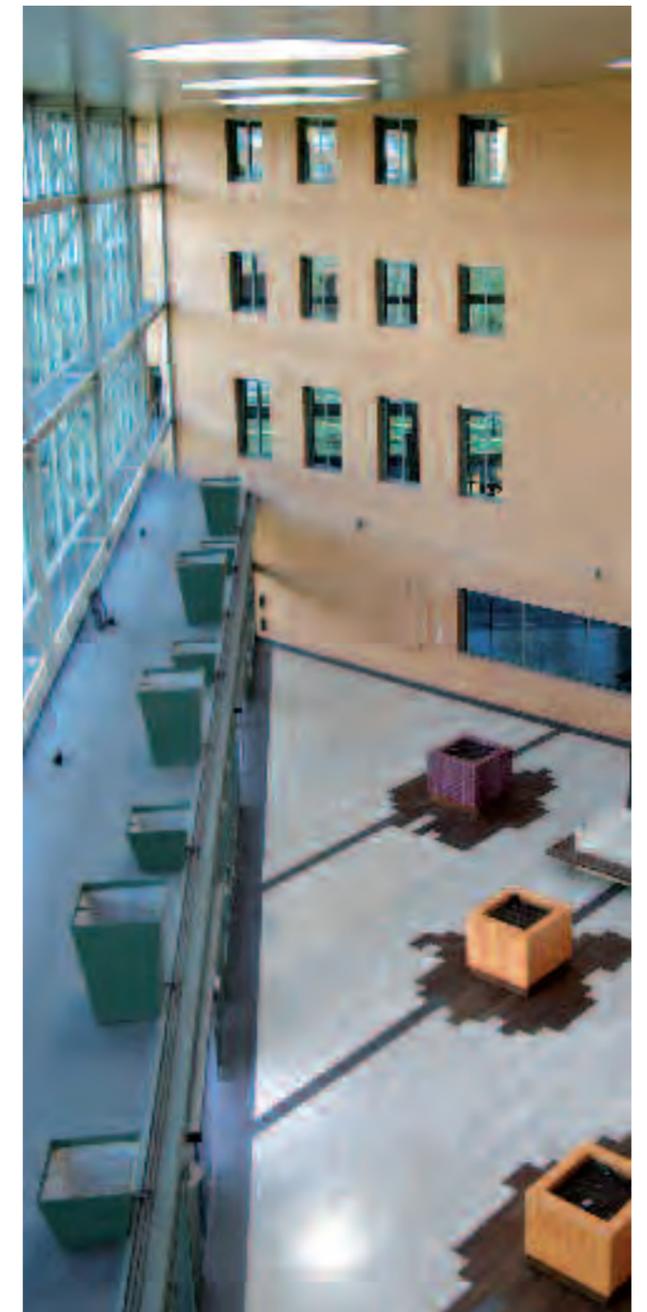
- Analysis and optimization of the monthly closing of projects.
- Cost controls.
- Implementation of a new mode of operation through the creation of multiple development, integration, and preproduction environments.

And lastly, this fiscal year has seen the launching of one of the most ambitious projects in this area since the ERP was implemented in the Company. The integration of the HR application in the corporate environment will lead to a new line of production exponentially more efficient than the current one that will directly benefit the existing flow of processes.



Offices of Grupo SANJOSE.

Offices of SANJOSE Technologies.





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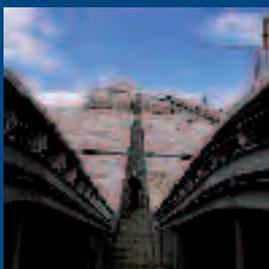
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