



July 30th, 2014

Dear Investor

We are delighted to inform you that the restructuring plan of the Company, which was mentioned in our previous update back in May, is progressing in accordance with the timeframes set forth.

We entered 2014 in a great deal of uncertainty caused by the over dependence of our business model on the UK SIPP market that became subject to abrupt and unforeseen restrictions by the *Financial Conduct Authority* (FCA) which are still in force today.

During an era of economic austerity, banks and other financial institutions have been very unwilling to advance credit to even the most robust of commercial Projects such as *Los Pandos*. Until we sought another viable alternative to overcome our financial predicament, the Company was faced with the very real prospect of entering a voluntary liquidation solution but the management were determined to avoid this route at all costs. Under these circumstances, it would have been so easy to have accepted defeat and to have chosen the path of least resistance, but ultimately we were determined to take control of our own destiny and overcome all obstacles that stood in our path to success.

Thanks entirely to the support and confidence afforded by our investors, as well as the invaluable collaboration of our business associates (*Fundación Metrópoli, Pérez Segura* and *Deloitte*, among others), we have managed with the greatest of determination to move the Project forward. During the past few months, the number one priority has been to commission a plan with our aforementioned business associates that would necessitate the complex restructuring of the Company.

This important strategic decision was taken in order that we could achieve our primary objective to establish a separate Property Development Company, which would adequately reflect the huge uplift in the net asset capital value created by the major advances in planning objectives achieved over the past seven years, in a Project now widely regarded to be of both National and European significance.

Thanks to the progress made in recent months the success of the Project is closer today than ever before. In summary,

Advances in ADMINISTRATIVE processing:

From the perspective of the administrative process of the *POM (Plan de Ordenación Municipal)* previously referred to as the “*New Urban Plan of Almansa*” or *NUPA*, considerable progress has been made since the inaugural presentation of the document at the very start of the process. We are, therefore, extremely optimistic that the final adoption of the *POM*, which is the cornerstone of the Project, will be met by the original date estimated to be during the first half 2015.

- The consultations to the different Public Administrations have been made and finalized.
- Suggestions arising from these consultations have been drawn up, approved and passed to the Town Hall of Almansa to be included within the very important *Reference Document*.
- Just a few days ago, and ahead of the deadline, the Municipality of Almansa has submitted the *Environmental Sustainability Report (ISA – “Informe de Sostenibilidad Ambiental”)*, which took into account the recommendations contained within the *Reference Document*. The *ISA* identifies, describes and assesses the likely significant impact on the environment that may arise from the implementation of the Plan or

Program, and is the key precursor to the drafting of the *Consolidated Text* section of the *POM* required for final approval and publication.

In short, having presented the *ISA*, we are one final step away from the final stage of approval of the Project we began several years ago.

Our planning lawyers, *Pérez Segura*, are carrying out the follow-up to this whole process.

Progress in the CORPORATE RESTRUCTURING process:

Alongside the administrative processing of the *POM*, the restructuring of our business has also been moving forward according to plan within the original timescales. The key points here are:

- The deployment of a team of several independent and highly acclaimed industry experts to value the Project. This valuation is a vital component of the restructuring process, enabling *Deloitte* to justify the true capital asset value of the new Development Company. This team of professionals includes:

A) An industrial engineer with a Master's degree in engineering and logistics by the *MIT (Massachusetts Institute of Technology)*, who is also a principal investigator for the Research and Transport Group and an associate of the *Zaragoza Logistics Centre*.

B) A technical architect with Master's degree in real estate valuations, and an auctioneer with more than 20 years of experience as a leading auctioneer for the ten of the most reputable companies in this sector.

C) An architect with a Master's Degree in real estate valuations who teaches at the *Polytechnic University of Catalonia*, an editor of 8 general

plans and an author of several books on the subject of real estate valuation, as well as a guest speaker at numerous conferences and seminars.

- Detailed market studies of logistics, tertiary and industrial soil.
- An analysis of the prospects for growth and demand.
- A diagnosis of the potential sectorial impacts, economic and environmental for the centre of transportation and logistics (CTE).
- Study of various scenarios and business models for the determination of the ideal one to incorporate within the Project.
- Diagnosis and agenda of conclusions, establishing guidelines and final recommendations to update the business model of the Project, undertaken by *Deloitte*.

Our business associates, Fundación Metrópoli, who are one of the world's leading authorities on sustainable living, will be in a position to define the final Master Plan of the Project once all of the preliminary work above has been completed.

NEXT STEPS

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| <i>August / September 2014:</i> | Final Valuation Report issued by the team of independent professionals referred to above. |
| <i>October / November 2014:</i> | The Establishment of the new Development Company, by <i>Deloitte</i> |

November/December 2014: A summary of conclusions, guidelines and recommendations provided by Deloitte, which will be incorporated within the updated business model. At this stage, we will be working with *Fundación Metrópoli* in modelling the final Master Plan.

Having established an accurate market value for the Development Company, we will be in an ideal position to invite big commercial groups and other entities, who have already expressed an interest to invest in the Project thereby enabling us to meet the various contractual obligations with our investors.

Without wishing to repeat the contents of our interim letter released to investors in early July 2014, The Company is committed to repaying all of its investors, including a compensation sum where appropriate, hopefully within the first half of 2015, with shares only being offered as a last resort in the new Development Company in the unlikely event we are unable to undertake this contractual obligation as quickly as anticipated.

I should like to take this opportunity to personally express my gratitude to all of our investors for their patience and confidence displayed throughout these turbulent times. Without any shadow of a doubt, we have experienced a most difficult period during the past few years, but all parties will benefit from our continued perseverance, tenacity and determination in completing our task.

Yours sincerely



Eduardo Martín

Managing Director