

**INTERNAL RULES OF CONDUCT IN SECURITIES
MARKETS FOR
FADESA INMOBILIARIA S.A.**

**Approved by the Board of Directors of
FADESA INMOBILIARIA S.A. on March 1st, 2004**

CONTENTS

- 1. PURPOSE**
- 2. RESPECT FOR LEGISLATION IN FORCE**
- 3. SUBJECTIVE SCOPE**
- 4. SECURITIES AND FINANCIAL INSTRUMENTS AFFECTED**
- 5. GENERAL RULES OF CONDUCT IN RELATION TO SECURITIES**
 - 5.1 Obligation to report
 - 5.2 Restricted periods
 - 5.3 Privileged information
 - 5.4 Information on conflicts of interest
- 6. TRANSACTIONS OF SPECIAL SIGNIFICANCE**
- 7. RELEVANT INFORMATION**
- 8. TREASURY STOCK MANAGEMENT RULES**
- 9. COMPLIANCE OFFICER**
- 10. NON-COMPLIANCE**
- 11. EFFECTIVE DATE**

1. PURPOSE

The present Internal Rules of Conduct in securities markets (hereinafter, the “**Regulations**”) of Fadesa Inmobiliaria S.A. (hereinafter, the “**Company**”) determines the standards of conduct and actions to be followed by the relevant personnel in connection with the transactions described herein, as well as the treatment, use and disclosure of pertinent information, in order to encourage transparency in the activities of the companies in the Fadesa Group and adequate information and protection for investors.

2. RESPECT FOR LEGISLATION IN FORCE

These Regulations are approved pursuant and subject to the Securities Market Act (Law 24 dated July 28th, 1988), as amended by the Financial System (Reform Measures) Act (Law 44 dated November 22nd, 2002), Royal Decree 629 dated May 3rd, 1993, concerning rules for acting in securities markets and mandatory registrations as well as other applicable statutes.

3. SUBJECTIVE SCOPE

The following individuals will be considered to be subject to the present Regulations (hereinafter, the “**Individuals Affected**”):

- (i) the members of the Company’s Board of Directors;
- (ii) the Company’s senior management; and
- (iii) the specified managers and employees, whether in the Company or its subsidiaries, who are carrying out activities in areas related to the securities markets or who have access to pertinent information regarding the Company or its subsidiaries.
- (iv) the external advisors and consultants hired by FADESA to participate in transactions that come under paragraph 6 of these Regulations, who shall in all cases be subject to paragraph 5.3 and, insofar as they provide services to FADESA, to the stipulations in said paragraph 6. For these purposes, all contracts or assignments signed with external advisors and consultants will contain a sufficient mention that the present regulations apply to them.

The body indicated in paragraph 9 of these Regulations (hereinafter the “**Compliance Officer**”) will keep a permanently updated list comprising the individuals subject to these Regulations available to the securities markets supervising authorities.

4. SECURITIES AND FINANCIAL INSTRUMENTS AFFECTED

Any securities, whether fixed income or variable income, issued by the Company and its subsidiaries forming part of the Company's group listed on the Stock Market or other organized secondary securities markets, as well as any financial instruments derived from such securities, shall be considered as securities for the purposes of the provisions of the present Regulations (hereinafter, the "**Securities**"). The Compliance Officer will keep an updated list of the Securities.

5. GENERAL RULES OF CONDUCT IN RELATION TO SECURITIES

5.1 Obligation to report

All Persons Affected must notify the Compliance Officer of any transaction referring to the Securities, whether carried out for their own or another's account, directly or indirectly.

This notification must be effected within the term of seven (7) calendar days counted from the date of the transaction. Persons included for any reason in the subjective scope of the Regulations for the first time must notify the ownership of any Securities on the date they come under the said Regulations.

The obligation to report transactions shall also apply to those performed:

- 1) by companies effectively controlled by the Person Affected or in collusion with the same;
- 2) by intermediaries;
- 3) by the spouse of the Person Affected, unless they only affect the spouse's personal property;
- 4) by the minor children of the Person Affected in the parental custody of the same.

Transactions ordered, without the participation of the Persons Affected, by the entities to whom they have permanently entrusted the management of their securities portfolio will not be subject to reporting obligations. Nevertheless, the existence of such contracts and the identity of the management body must be notified to the Compliance Officer, and the said management body is obliged to attend the requests for information made by the Compliance Officer.

At the request of the Compliance Officer, the Persons Affected must report at all times on their transactions, in full detail and in writing if so requested.

The Compliance Officer will be obliged to guarantee the strictest confidentiality of all information given in connection with the said transactions.

5.2 Restricted periods

The Persons Affected may not perform transactions referring to the Securities in the following cases:

- a) During the thirty (30) days prior to the estimated publication date of quarterly, mid-year or annual results of the corporation or its group or during any term of more than 15 days that the Board of Directors or the Compliance Officer may set in specific cases. For the present purposes, the estimated dates for the publication of results, which shall be adequately announced, shall be those generally determined by the Company.
- b) At any other time or period that the Company's Board of Directors or the Compliance Officer so determines.

The Compliance Officer may exceptionally authorize the performance of the transactions indicated above during these periods when there is due cause and following a formal statement by the parties requesting such authorization that they are not in possession of insider information.

5.3 Privileged information

The Persons Affected shall take extreme care not to engage in any prohibited conduct regarding the improper use or transmission of privileged information related to the Company, its subsidiaries or the Securities. Any doubts about whether information is privileged or not shall be referred to the Compliance Officer.

In accordance with article 81 of the Securities Market Act, all specific information referring directly or indirectly to one or more negotiable securities or financial instruments of those included within the sphere of application of the Securities Market Act, or to one or more issuers of said negotiable securities or financial instruments that has not been made public and that, if it is made or had been made public, might have or have had a considerable impact on the quotation thereof in a organized dealing market or system is hereby deemed privileged information.

In addition, in accordance with point 2 of article 81 of the Securities Market Act, all Persons Affected and holding privileged information shall refrain from executing any of the following conducts for their own or another's benefit, whether directly or indirectly:

- a. Preparing or performing any type of transaction of those mentioned in the above paragraph on negotiable securities or on financial instruments to which the information refers, or on any

other security, financial instrument or contract of any type, whether or not negotiated on a secondary market, when derived from the negotiable securities or financial instruments to which the information refers.

The preparation and performance of transactions whose very existence constitutes privileged information, as well as transactions carried out in the performance of an obligation already matured to acquire or assign negotiable securities or financial instruments, are excepted when such obligations are included in an agreement entered into before the person involved came into possession of the privileged information, or are other transactions made in accordance with applicable rules and regulations.

- b. Communicating this information to third parties, except in the normal exercise of their work, profession or office.
- c. Recommending the purchase or assignment of negotiable securities or financial instruments to any third party or that such third party should have another do so, on the basis of such information.

The prohibitions established in this paragraph apply to any person in possession of privileged information when this person knows, or should have known, that the information is privileged.

5.4 Information on conflicts of interest

In exercising their offices or in performing their activities, Persons Affected shall at all times act with due impartiality, without in any case putting their own interest ahead of those of the Company.

Consequently, Persons Affected shall report potential conflicts of interest that might arise through the ownership of personal or family property or through any cause that interferes in the exercise of the activities referred to in these Regulations.

6. **TRANSACTIONS OF SPECIAL SIGNIFICANCE**

During the study or negotiation phases of any type of legal or financial transaction affecting the Company as a listed company where this may have a considerable impact on the listing of Securities, the following measures shall be adopted:

- 1) The knowledge of such information will be strictly limited to those persons, inside or outside the organization, whose participation is indispensable (informed parties).
- 2) For each transaction, maintain a documentary record indicating the names of the informed parties and the date when each one of these

obtained the information. This documentary record shall be managed by the Compliance Officer.

- 3) The individuals included on the record must be given express notice of the nature of the information, their duty to preserve its confidentiality and the prohibition on its use. To this end, the Compliance Officer may draw up a form to be signed by such informed parties stating that they know and accept the confidential nature of the information to which they have had access.
- 4) Security measures must be established for the safe-keeping, filing, access to, reproduction and distribution of the information (including the assignment of a codename to the transaction), avoiding the possibility of such information being the object of abusive or unfair use and, where necessary, immediately taking the necessary steps to correct any consequences that may result from this.
- 5) The evolution of the securities in question on the market must be supervised together with the news potentially affecting them distributed by professional broadcasters of economic information and the mass media.
- 6) In the event of any abnormal evolution in the volumes traded or the prices negotiated and if there are reasonable indications that this is being produced as a consequence of the premature, partial or distorted dissemination of the transaction, a significant event report must be immediately published indicating clearly and precisely the state of the transaction in progress or containing a preliminary announcement of the information to be supplied, all without prejudice to the provisions of article 82.4 of the Securities Market Act.

7. RELEVANT INFORMATION

The Corporation is obliged to inform the market immediately through a communication to the CNMV of all relevant information. Every event, decision or agreement related to the Company shall be considered as relevant information when, if known, it may reasonably affect an investor's decision to purchase or transfer Securities and may therefore substantially influence its listing on a secondary market. An exception is made for those cases in which the corresponding exemption has been requested and obtained from the CNMV in line with legal provisions.

Notification to the CNMV shall be made before the information is broadcast by any other medium and as soon as the pertinent fact is known, the decision has been adopted or the agreement or contract has been signed with third parties. The contents of such notifications shall be true, clear, complete and, when so required by the nature of the information, quantified so that they do not lead to confusion or deceit. In all cases, the relevant information shall appear on the Company's web page in the exact terms notified to the CNMV. The

dissemination of this information must be guaranteed to be effected in a comprehensible, cost-free, direct manner easily accessible to investors.

Notifications of relevant information to the CNMV shall be made through the Secretary to the Board of Directors, the Secretary-General or such person or persons as the Company's Board of Directors may decide.

8. TREASURY STOCK MANAGEMENT RULES

Treasury stock transactions are deemed to be those referring to shares in the Company or a derivative instrument based on such underlying shares. These transactions may be effected directly by the Company or by its subsidiaries.

Treasury stock management shall be based on the following principles:

- a) Purpose. The purpose shall be to facilitate adequate liquidity and depth for investors in the trading of their securities, to minimize temporary occasional imbalances between market supply and demand, to execute treasury stock buyback programs approved by the Board of Directors or resolutions of a General Meeting of Shareholders, or to comply with previously contracted, legitimate commitments. In no case will the transactions respond to the purpose of intervening in the free process of price formation.
- b) Transparency. Treasury stock management must be transparent with respect to the supervisors and governing bodies of markets and all obligations to disseminate information or notify the said bodies as may be established shall be diligently performed.
- c) No exploitation of privileged information. Investment or divestiture decisions or transactions where the direct or indirect object is the company's own shares and that are a consequence of or are affected by the possession of privileged information shall be avoided at all times.
- d) Neutrality. The Company's actions in the market with respect to treasury stock must not represent a dominant position in trading. Unless specifically authorized for good reason by the Compliance Officer, treasury stock transactions may not be contracted with companies inside the group, members of their Boards of Directors or significant shareholders, nor shall purchase and sales orders be given simultaneously on the Company's own stock.

The Board of Directors of the Corporation shall designate the entity or person in charge of managing treasury stock. The individuals forming part of the Company's treasury stock management area must sign a special confidentiality undertaking in connection with the Company's treasury stock strategy and transactions.

The unit or person in charge of treasury stock management shall have the following functions:

- a) Management of treasury stock in accordance with the criteria established by the competent bodies of the Company and following the general principles of the present Regulations.
- b) Overseeing the evolution of the security, reporting to the Compliance Officer any significant variation in the listing not attributable to normal market factors.
- c) Maintenance of a file with all the transactions ordered and carried out with respect to treasury stock.
- d) Information to the Compliance Officer regarding any significant incident arising in the management of treasury stock.

9. COMPLIANCE OFFICER

The Compliance Officer may be a single individual, a group of people acting as a body, or it may be formed by at least two people acting jointly. In all cases, the members must be individuals at the management level of the company and shall be appointed by its Board of Directors.

This body shall receive and examine the notifications considered in the preceding paragraphs and in general oversee compliance with the Regulations. In particular, the following functions will be exercised by the Compliance Officer:

- a) Proposing the measures deemed appropriate with respect to the control of information flows and, in general, for due compliance of these Regulations and the principles inspiring them within the organization of the Company, encouraging the establishment and adoption of additional procedures and rules to this effect.
- b) Receiving from the Persons Affected, the notifications and information provided for in the Regulations, filing these in an orderly fashion and keeping them under adequate safe-keeping.
- c) Maintaining a confidential record of the securities affected by privileged information. The corresponding individuals in charge shall supply the aforesaid body with the information needed for keeping this record properly.
- d) Keeping a record of the lists of individuals who have received information from any area of the Corporation participating in a project or transaction that, because of its special significance, involves privileged information.
- e) Conducting regular tests based on sampling techniques, as appropriate, in order to check that the operations performed in the market by Persons Affected are not contaminated by improper access to confidential or privileged information, and in order to prove for the effects established in paragraph 5.1 of these regulations that the transactions performed under a

portfolio management contract are carried out without any intervention by the Person Affected.

- f) Where appropriate, granting the authorizations provided for under these Regulations and keeping a proper record of the authorizations granted.
- g) Reporting to the Board of Directors or to the Audit and Supervision Committee of all relevant incidents as may arise with respect to compliance with the present Regulations. In all cases, a general report must be given at least once a year on compliance with these Regulations.
- h) Performing any other function assigned to the same in accordance with the provisions of these Regulations.

10. NON-COMPLIANCE

Failure to comply with these Regulations shall be considered a breach of employment terms and the severity of such a breach will be determined in the procedure followed pursuant to the legal provisions in force.

The foregoing shall be understood to be without prejudice to the administrative liability derived from the Securities Market Act and such other statutes as may apply in each case under civil or criminal law and are enforceable against the person failing to comply.

11. EFFECTIVE DATE

Once approved by the Board of Directors, these Regulations shall come into effect on the date when the Company's shares are admitted for trading, expected to be on April 30th, 2004.

Mr. Manuel Jove Capellán
Chair

Mrs. María Felipa Jove Santos
1st Deputy Chair

Mr. Manuel Jove Santos
2nd Deputy Chair

Mr. José Luis Macía Sarmiento
Managing Director

Mr. José María Castellano Ríos
Llamazares Nieto
Member

Mr. José Enrique Fernández-
Member

Mr. Joaquín Sánchez-Izquierdo Aguirre
Member

Mr. José Luis Suárez Barragato
Member

Mr. Modesto Rodríguez Blanco
Member