SAINT CROIX
HOLDING IMMOBILIER, S.A.

Consolidated Management Report

For the Third quarter 2013

30 September 2013

9, Boulevard Prince Henri

L 1724 Luxembourg

R.C.S. Luxembourg: B 165 103

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Consolidated Management Report

for the third quarter 2013

The Directors have pleasure in presenting their report, which constitutes the management report ("Management Report") as defined by Luxembourg Law, together with the quarterly financial report as of September 30, 2013 (for the third quarter 2013).

1. Activity and highlights of the Company

The Company activity includes the holding of equity interests in Luxembourg and/or foreign companies and mainly in Spanish Real Estate Investments Companies ("Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario" (hereinafter referred under the Spanish acronym "SOCIMI") or in other Companies, whether resident or not in Spain, which have a corporate purpose similar to those of Spanish SOCIMIs and which are subject to earnings distribution requirements that are similar to that established by legal or statutory policy for Spanish SOCIMIs. After the merger process explained above which took place in June 2013, as at 30 September 2013, the Company owns 100% of one SOCIMI incorporated under Spanish law, COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U. (hereinafter "CIBRA"), being hereinafter referred to as the Subsidiary (together with the Company referred to as "the Group").

Given the corporate purpose of the Company, holding of shares, the Company is the result of the consolidation of one investment in a Spanish company ("The Subsidiary"), whose main purpose is the acquisition and/or construction of real-estate assets for lease.

2. Merger of the Subsidiaries

During the Board of Directors Meeting held on 19 June 2013, it was resolved that the merger of the two Spanish SOCIMIS was going to be supported by the Directors of the Company. As result, COMPAÑÍA IBÉRICA DE RENTAS URBANAS 2009, SOCIMI, S.A.U. (CIRU) has been decided to be the absorbed company whilst COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U. (CIBRA) is the absorbing one. The merger has been performed and signed through Notary Deed as at 25 June 2013 with retrospective effect from 1 January 2013.. Given the nature of the merger performed, and belonging the entire share capital of both companies to the same Shareholder, (absorbing and absorbed one), no swap ratio is to be calculated nor exchange of shares procedure to be carried out. The merger has been based on the Net Audited Equity Value of both companies as at 31 December 2012 without taking into account any potential unrealized gains existing at that date in both companies and linked to the Real Estate Assets property of the companies. Given that the Net Audited Equity of CIRU as at 31 December 2012 amounts to EUR 138,070,233 the capital increase performed in CIBRA (the absorbing company), has amounted EUR 138,070,233. The merger has been carried out by increasing the nominal value (par value) of the shares (1,000,000 shares) of CIBRA (EUR 119.09) by EUR 138.07, which implies a new par value of EUR 257.16 for each of the shares. The resulting new capital share of CIBRA is

EUR 257,160,000. Since the number of shares of CIBRA is 1,000,000, and the increase of the par value to ensure the merger of the companies is EUR 138.07 a difference of EUR 233 arises (rounding effect) has been considered as reserves. The mentioned capital increase has been based on an independent third party valuation report which result has been positive (not qualified). The valuator (Arco Valoraciones, S.A.) was appointed by the Trade Register in order to validate the amount of capital increase.

The detail of the new Net Equity of CIBRA after the merger is as follows (out of EUR 1,409,251 for capital grants):

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

Once the merger agreement is approved, the Spanish Companies will exercise the option of applying the tax neutrality regime as per the Chapter VIII, Title VII of the Spanish Legislative Royal Decree 4/2004 dated on 5 March 2013 that approved the revised text of the Spanish Corporate Income Tax Law. The Directors granted a single power to the Sole Administrator of COMPAÑÍA IBÉRICA DE RENTAS URBANAS 2009, SOCIMI, S.A.U. and COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U. to implement and carry out the needed measures to perform the described merger before 30 June 2013.

Given the mentioned merger operation, the current consolidated financial statements as at 30 September 2013 will be referred to COMPAÑÍA IBÉRICA DE BIENES RAÍCES 2009, SOCIMI, S.A.U. (CIBRA) as the unique Subsidiary of the Company (Saint Croix Holding Immobilier, S.A.) which includes all the activity and operations of COMPAÑÍA IBÉRICA DE RENTAS URBANAS 2009, SOCIMI, S.A.U. since 1 January 2013.

3. Explanation of the consolidated figures as at 30 September 2013

Below are shown the consolidated salient figures of the Company as at September 30, 2013 in comparison to 30 September 2012:

Balance Sheet (salient figures in Euro)	**3 Q 2012**	**3 Q 2013**	**+ / -**
Investment property (net)	213,057,574	227,495,730	14,438,156
Investments in Group companies and associates	67,122,743	47,478,753	(19,643,990)
Net equity	270,515,611	260,455,035	(10,060,576)

Profit and Loss Account (salient figures in Euro)	**3 Q 2012**	**3 Q 2013**	**+ / -**
Revenues	12,843,670	10,600,296	(2,243,374)
Gross margin	12,489,176	9,778,617	(2,710,559)
% / revenues	*97.24%*	*92.25%*	
EBITDA	**11,379,069**	**8,550,887**	**(2,828,182)**
% / revenues	*88.60%*	*80.67%*	
Depreciation & amortisation (net)	(3,714,012)	(9,166,484)	(5,452,472)
Financial result	807,204	972,435	165,231
EBT	**8,472,262**	**356,838**	**(8,115,423)**
% / revenues	*65.96%*	*3.37%*	
Income tax	(1,132,300)	(4,473)	1,127,828
Net Result	**7,339,963**	**352,366**	**(6,987,597)**
% / revenues	*57.15%*	*3.32%*	

- At the closing date of 30 September 2013, the net balance of consolidated investment properties amounts up to EUR 227.50 million in comparison to EUR 213.06 million as at 30 September 2012. It means an increase of EUR 14.44 million (6.78%) between years mainly due to the amortization of assets (EUR 4.76 million), impairment losses (EUR 20.20 million) between periods and new investments carried out during this period of 12 months (EUR 39.40 million, 35.89 in the 4Q of 2012 and 3.51 million during 2013). During the 2013 new investments have been made with regards to work reforms in certain hotels for a total amount of EUR 3.51 million. The amortization expense has amounted EUR 3.25 million (nine months).
- The Subsidiary generates cash as result of its rental real estate activity. The amount of excess of cash is borrowed to Group companies at market conditions. The decrease in cash (12 months) amounts up to EUR 19.64 million mainly due to the investments made by one the Group during the last quarter of 2012 (EUR 35.89 million) and the work reforms performed during the 2013 (EUR 3.51 million). The net balance of loans to Group as at 30 September 2013 amounts up to EUR 47.48 million.
- Revenues for the third quarter of 2013 amounts to EUR 10.60 million. Total revenues decreased by EUR 2.24 million in comparison to the third quarter of 2012 (EUR 12.84 million). This short fall in revenues is mainly due to:
    - the lower revenue of Hotel Meliá Atlántico according to new conditions of the lease arrangement signed in May 2012 with the new hotel operator (RIU was the former hotel operator in the 3Q 2012 based on other different conditions). The mentioned new lease contract has come into force in April 2013.
    - lower revenues in the Hotel Iberostar (EUR 0.59 million) and Tryp Atocha (EUR 0.26 million) has completed the mentioned short fall in revenues which has been partially offset by additional incomes derived of the commercial premises in Vallecas Comercial II or premises at Plaza España (Castellón).
- During the third quarter of 2013, the gross margin of the Subsidiary amounts up to EUR 9.78 million. It means a slight decrease of EUR 2.71 million in comparison to the third quarter of 2012 (EUR 12.49 million). In terms of percentage on revenues, it finally implies that the gross margin for the third quarter of 2013 (92.25% of the revenues) is slightly lower than the prior year one 97.24%. The short fall is also based on the decrease on revenues already explained.
- At the end of the third quarter of 2013, EBITDA amounts up to EUR 8.55 million (80.67% on revenues). In terms of amount, it is lower in comparison to the same period of 2012 (EUR 11.38 million and 88.60%).
- As result of the above explanations, the Group obtained during the third quarter 2013 a Net Profit after taxes of EUR 0.35 million in comparison to EUR 7.34 million reported in the third quarter 2012. In terms of percentage on revenues, it means 3.32% in 2013 in

comparison to 57.45% in 2012. Out of the explanations on gross margin and EBITDA, the net result at the end of 3 Q 2013 is much lower than in 3Q 2012 due to:

- New tax frame in the Subsidiary: Tax rate 0% in 2013 versus 19% in 2012.
- Lower depreciation cost by EUR 0.55 million.
- At the end of the 3 Q 2013, the Group has recognized impairment losses for the amount of EUR 6.00 million on its investment properties based on internal assumptions given that, as explained above, the Group appraises its real estate properties once at the end of the financial year unless there are evidences of impairment losses during the financial year. No impairment losses was estimated and/or recorded at the end of 2 Q 2012 although it was finally recorded at the end of the year based on the real valuation from third and independent valuators.
- Increase of financial income by EUR 0.26 million. It includes an extra financial income of EUR 0.32 million coming from the cancellation in advance of one of the bank loans of CIRU (now CIBRA) with Liberbank (former Caja Extremadura).

The detail of revenues and net book value of the Real Estate Assets as at 30 September 2013 is as follows in comparison to the prior year (3 Q 2012):

	3 Q 2012			3 Q 2013		
	Revenues	**%**	**Net Book Value**	**Revenues**	**%**	**Net Book Value**
Barceló Isla Canela Hotel	1,453,118	11.29%	21,315,385	1,489,863	14.05%	20,845,305
Meliá Atlántico Hotel	1,887,542	14.67%	29,820,051	1,394	0.01%	28,530,400
Iberostar Isla Canela Hotel	1,555,978	12.09%	21,117,071	967,500	9.13%	22,804,016
Tryp Cibeles Hotel	851,282	6.62%	19,618,190	867,265	8.18%	19,034,331
Tryp Atocha Hotel	1,303,867	10.13%	28,781,806	1,043,094	9.84%	21,709,128
Playa Canela Hotel	772,053	6.00%	14,183,239	761,793	7.19%	13,581,751
Isla Canela Golf Hotel	102,859	0.80%	3,681,790	50,000	0.47%	3,475,691
Hotels	**7,926,699**	**61.60%**	**138,517,532**	**5,180,909**	**48.88%**	**129,980,622**
Pradillo 42	1,102,569	8.57%	16,227,898	1,133,341	10.69%	16,147,153
Gran Vía 1-2º Right	71,397	0.55%	2,743,713	83,444	0.79%	1,810,351
Gran Vía 1-1º Right	65,448	0.51%	2,784,884	76,785	0.72%	1,670,139
Gran Vía 1-2º Left	61,481	0.48%	2,737,756	70,528	0.67%	1,852,241
Sanchinarro V	-	-	-	-	-	631,673
Sanchinarro VI	-	-	-	-	-	9,906,728
Sanchinarro VII	-	-	-	5,350	0.05%	7,644,644
Vallecas Comercial I	-	-	-	5,400	0.05%	3,820,583
Coslada III	-	-	-	3,456	0.03%	6,583,042
Offices	**1,300,895**	**10.11%**	**24,494,251**	**1,378,339**	**13.00%**	**50,066,553**
Marina I. Canela Shop. Center	234,883	1.83%	3,710,819	183,000	1.73%	2,541,203
Gran Vía 1-1º Left	60,716	0.47%	1,092,707	76,535	0.72%	1,725,474
Vallecas Comercial II	-	-	-	124,200	1.17%	3,587,736
Caleruega	72,000	0.56%	966,644	75,600	0.71%	557,004
Rutilo	60,672	0.47%	1,193,819	61,896	0.58%	1,016,947
Pza. España (Castellón)	865,145	6.72%	14,944,536	1,103,918	10.41%	10,787,750
Dulcinea 4	85,327	0.66%	1,275,785	86,922	0.82%	1,323,193
Albalá 7	169,511	1.32%	2,507,594	174,055	1.64%	2,546,853
Gran Vía 34	1,860,868	14.46%	20,605,121	1,905,126	17.97%	20,004,567
San Antón 25 and 27	206,954	1.61%	3,748,766	188,506	1.78%	3,357,827
Commercial premises	**3,616,076**	**28.10%**	**50,045,791**	**3,979,758**	**37.54%**	**47,448,555**
Other revenues (services)	24,677	0.19%		61,325	0.58%	
Total Revenues (rents)	**12,868,347**	**100.00%**	**213,057,574**	**10,600,296**	**100.00%**	**227,495,730**

4. Earnings per share as at September 30, 2013

The detail of the earning per share is as follows:

	30/09/2013	30/09/2012
Net profit attributable to shareholders	352,366	7,339,963
Weighted average number of ordinary shares in issue	4,452,197	4,452,197
Basic earnings per shares for the 3rd quarter 2013	**0.08**	**1.65**

5. Properties

At 30 September 2013, the Company owns the following Real Estate Assets:

- **Hotels:** (118,457 square meters representing 72% of the total available surface for rent with a 100% of occupancy rate. These assets generates 49% of total revenues).

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

- **Hotel Isla Canela Golf:** a four star hotel located on a golf course with 58 rooms (116 beds). After the early cancellation of the lease agreement entered into with Vincci Hoteles, S.A. (which took place in 2011) due to non-payment by the latter, which gave rise to the cancellation and to the execution of the bank guarantee for payment of the rent, the Subsidiary has decided to sign a lease agreement with a related party (associated), Isla Canela, S.A., by which this company is currently operating the hotel under a lease contract. The lease was arranged on 31 December 2012 with the related company Isla Canela, S.A., to commence activities on or after 14 January 2013. The term of the lease was extended until 31 December 2014. However, once the initial term has expired, the lease may be extended by three-year periods, provided that an agreement has been reached previously by the parties. The lease provides for annual CPI-linked increases.
- **Hotel Barceló Isla Canela:** a four star hotel located on the sea front with 350 rooms (700 beds) and held to earn rentals from Barceló Arrendamientos Hoteleros, S.L. The lease commenced on 1 March 2006, expires on 31 December 2022, and is renewable at the discretion of the parties. Also, the parties may terminate the agreement without incurring any penalties in 2017. In relation to future rental income, the agreement provides for annual CPI-linked increases.
- **Hotel Iberostar Isla Canela:** a four star hotel located on the sea front with 300 rooms (600 beds) and held to earn rentals from Hispano Alemana de Management Hotelero, S.A. the lease commenced on 1 December 2007 and was renewed in 2012. It expires on 31 October 2022 and is renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.
- **Hotel Playa Canela:** a four star hotel located on the sea front with 202 rooms (404 beds) and held to earn rentals from Grupo Hoteles Playa, S.A. The lease commenced on

15 July 2002, expires on 31 October 2022, and is renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.

- **Hotel Meliá Atlántico:** a four-star hotel located on the sea front with 359 rooms (718 beds) and operated until 31 October 2012 by RIUSA II, S.A. under lease, and from April 2013 by Meliá Hotels International, S.A., according to the lease arrangement signed in May 2012. The lease will commence in April 2013 for a term of ten years and the parties may terminate it in 2017 without incurring any penalties, provided that certain conditions are met. The lease provides for annual CPI-linked increases.

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

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

- **Offices:** (24,488 square meters representing 15% of the total available surface for rent with a 36% of occupancy rate. These assets generate 13% of total revenues).

It also owns other rental offices, namely:

- **Premises at Pradillo:** five premises for office use. The lease commenced on 27 February 2009 and expires on 27 February 2019. The lease provides for annual CPI-linked increases.
- 46 offices and parking spaces located in the 6, 8, 10 and 12 Manuel Pombo Angulo Street, Madrid **(Sanchinarro VI)**.
- 36 offices and parking spaces located in the 20, 22 and 24 Manuel Pombo Angulo Street, Madrid **(Sanchinarro VII)**.
- 33 offices and parking spaces located in the 85 of Constitución Ave., Coslada (Madrid) **(Coslada III)**.
- 31 offices and parking spaces located in the 2 and 4 Tineo Street, Madrid **(Vallecas Comercial I)** operated under lease to various lessees.
- **Premises at Gran Vía, 1:** three premises for office use. Current tenants are G2 WORLDWIDE, S.A. (2 offices) and ARKADIN SPAIN SERVICIOS DE TELECONFERENCIA, S.L. (1 office).
- 3 offices and parking spaces located in the 14, 16 and 18 Manuel Pombo Angulo Street, Madrid **(Sanchinarro V)**.

- **Commercial:** (21,666 square meters representing 13% of the total available surface for rent with a 60% of occupancy rate. These assets generate 38% of total revenues).
  - **Premises at Gran Vía, 34:** two commercial premises in c/Gran Vía. Operated by Inditex (Zara). The lease commenced on 24 April 2000 and expires on 3 May 2020. It is renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.
  - **Premises at Plaza España (Castellón)** operated by Inditex (Zara). The lease commenced on 1 July 2007 and expires on 31 December 2027, renewable at the discretion of the parties. There is also a break option date which could be executed as at 31 December 2016. The lease provides for annual CPI-linked increases.
  - **Premises at San Antón (Cáceres):** two commercial premises and eight premises for residential use. The commercial premises were operated by PUNTO ROMA. The lease commenced on 15 July 2005. It has been recently cancelled by the tenant on date 31 August 2013. The Subsidiary is looking for a new tenant to replace the previous one. Additionally, the Company is claiming in court the outgoing tenant unpaid rent.
  - 3 commercial premises and 48 parking spaces located in the 1 and 3 Valderebollo Street, Madrid **(Vallecas Comercial II)** operated under lease to Inversión y Gestión Acebo 2000, S.L. The lease commenced on 1 December 2012 and expires on 1 December 2022, renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.
  - **Marina Isla Canela Shopping Centre:** operated under lease by various lessees.
  - **Premises at Albalá:** premises for commercial use. Operated under lease by CAPRABO, S.A. The lease commenced on 31 July 2002 and expires on 31 July 2027. The lessee may terminate the lease in 2016 provided that twelve months' notice is given. The lease provides for annual CPI-linked increases.
  - Property for commercial use at **Gran Vía 1**, Madrid. The current tenant is GULA GULA MADRID, S.L. The lease commenced on 26 December 1996 and expires on 26 December 2019, renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.
  - **Premises at Dulcinea:** ground floor and basement for commercial use. Operated under lease by JAVISA SPORT, S.L. The lease commenced on 17 February 2003 and expires on 17 February 2018, renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.
  - 5 commercial premises located at the **Caleruega 66**, Madrid. The current tenant is Begope Restauración, S.L. The lease commenced on 1 December 2011 and expires on 1 December 2026, renewable at the discretion of the parties. The lease provides for annual CPI-linked increases.
  - **Premises at Rutilo:** premises for commercial use (ground floor) currently leased to DIA, S.A. The lease expires on 5 October 2020.

According to the valuations carried out at the closing date of 2012 in accordance with the Appraisal and Valuation Standards issued by the Royal Institute of Chartered Surveyors (RICS) of the United Kingdom, the appraisal value of the assets associated to the Subsidiaries´ activity is EUR 263.87 million, which represents unrecognized unrealized gains of EUR 36.37 million (14% potential increase in net equity) calculated as the difference between the appraisal value at the closing date and the book value at 30 September 2013.

6. Investments and disposals during 2013 (until 3 Q 2013)

New investments: New investments have been carried out during 2013 with regards to repairing works in real estate assets that enlarge the useful life of the mentioned assets, mainly in hotels (Meliá and Iberostar Hotels). The amount already incurred during the period of 9 months of 2013 amounts up to EUR 3.51 million. These works were already finished in the third quarter of 2013.

Disposals: During the first quarter of 2013, CIBRA has sold two offices, one in Sanchinarro VI and one in Sanchinarro VII for a total amount of EUR 0.42 million with no relevant effect in the results of the Company.

7. Bank borrowings

At 30 September 2013, the Group has bank borrowings relating to loans arranged with CaixaBank for the amount of EUR 7.21 million. The purpose of this loan is to finance the investment of the premises located in Castellón, which were acquired in 2011.

During the third quarter of 2013 the Subsidiary has completely recovered the outstanding amount pending to be recovered from the Spanish Tax Authority with regards to the VAT of 2012 amounting around EUR 7.00 million. It has implied the cancellation of the credit line that the Subsidiary had obtained during the first quarter 2013 to finance the mentioned receivable account (working capital credit line).

In addition, as at 31 December 2012, CIRU had a loan from Liberbank (former Caja Extremadura) related to a mortgage on the property located at San Antón, in Cáceres. On 8 February 8 2013, the mentioned mortgage loan amounting EUR 1,769,030.42 (capital + interest) has been canceled in advance for an amount of EUR 1,450,604.94. The positive effect in the profit and loss account of CIRU has amounted EUR 318,425.48 (financial and extraordinary income). The detail of the operation is as follows:

	Nominal Amount	**Efective amount (after 18% discount)**	**Positive Effect**
Capital	1,767,079.27	1,449,005.00	318,074.27
Interest	1,951.15	1,599.94	351.21
Total	**1,769,030.42**	**1,450,604.94**	**318,425.48**

8. Acquisition of treasury shares (own shares)

As at 23 July 2013 one of the shareholders of the Company, Barmar Siete, S.L. has sold 1,700 shares of the Company for a total amount of EUR 100,164 through the Luxembourg Stock Exchange. The total number of shares has been acquired by the Company itself.

9. Events after the reporting period (until publication of this results)

There are no relevant events to point out.

10. Dividends

Pursuant to Article 9.2 of Real Estate Investment Trusts Law 11/2009, of 26 October, tax self-assessments are performed on the basis of the proportion of taxable profit for the tax period that corresponds to dividends distributed out of profit for the year. During the three quarters of 2013, the Company has obtained dividends from the Subsidiary (CIBRA). It obtained a positive Net Result at the end of 2012 (EUR 199,922). According to the local regulatory requirements, a net amount of EUR 156,295 has been distributed to the Company in 2013 as dividends according to the AGM of the Subsidiary (June 2013). Nevertheless, the mentioned dividend has been paid as at 12 July 2013.

By order of the Board of Directors

Luxembourg, 25 November 2013

Marco Colomer Barrigón
Director

Ismael Dian
Director