

ANNUAL REPORT
2017



The REIT of reference in **Retail**

GAV €1,538m EPRA
NAV €951.5m Profit
€135.6m Dividend
€45m (€0.49 per
share)

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“The 2017 results were exceptional, once again more than comfortably meeting all of the objectives set out by the Company”.

José Luis del Valle Doblado

Lar España’s Chairman





1.1 Letter from the Chairman



Four years after listing on the Spanish Stock Exchange, our project has become a defined, pioneering and innovative reality. Defined, because what started out as an idea filled with promise is now a tangible reality that can be both assessed and measured. Pioneering because we are changing the face of the retail business in Spain; and innovative because Lar España has faced this challenge head on with innovation. We are already one of the leading shopping centre owners in Spain and the number one retail park owner.

Lar España and all its professionals have carried out great work in 2017:

We have achieved outstanding results, and once again more than comfortably met our targets.

Lar España's properties generated a gross rental income of over EUR77 million, up 29% y-o-y, while net profits broke above the EUR135 million mark, 48% up on 2016.

This has allowed us to propose a shareholder remuneration of EUR45 million, in line with our dividend policy, which places this at circa 5% of the average annual NAV, and backed by sufficient funds from operations to be able to meet this commitment.

The NAV excluding debt stood at EUR951 million at the end of 2017, equating to EUR10.27 per share, 12% up y-o-y.

According to the latest valuation dated 31 December 2017, the value of our properties increased 12.5% in like for like terms over the year up to EUR1,538 million, a 28.5% increase on their acquisition price. This value uplift is partly thanks to the overall improving market climate, but mainly due to our value-add asset management strategy. In fact, 62% of the value uplift is solely down to our management strategy.

The Lar España team is constantly looking to improve the customer experience in our shopping centres by both repositioning assets and actively managing the retail space. Between letting new units, lease renewals and relocations, our team completed a total of 128 letting operations in 2017. This means that new leases were signed for 36% more retail space than in 2016. It therefore comes as no surprise that Lar España's retail business has reached some significant milestones, welcoming 57 million customers to its properties in 2017 alone.

Our properties under development are on the verge of becoming a significant source of value uplift for our shareholders. And it is for precisely this reason that the Board of Directors requested that a valuation be completed on these properties at 31 March 2018. The conclusion of this valuation will be published in mid-May.

The VidaNova Parc retail park in Sagunto, will start to operate in Q3 2018. Over the course of 2017, eight new lettings were signed, with almost all of the gross lettable area let to top-tier retailers, such as Decathlon, Leroy Merlin and Worten.

Meanwhile in Seville, Palmas Altas is set to become Andalusia's leading retail destination and is due to open its doors in mid-2019. With 29 lettings already signed with first-rate retailers such as Primark and Mercadona, more than half of the gross lettable area has already been pre-let.

In terms of the Lagasca99 residential development, 80% of the units have already been reserved and the first units will be delivered in mid-2018. Very few projects in the sector can proclaim to have been as successful as this one, both in terms of the project's complexity and its unique characteristics.

In February 2018, the management agreement between the manager Grupo Lar and Lar España was renewed, more than one year prior to the expiry of the previous agreement. This involved agreeing to the

new terms and conditions set out by the company and bringing the agreement into line with standard market practices.

The business plan, confirmed and ratified in the new management agreement, was presented at the Analyst Day on 1 December 2017 and is now being implemented and showing some very promising initial results. Our goal is to sell non-strategic assets or assets in a very advanced stage of maturity for more than €450 million and use those funds to invest in both developments under construction and new retail assets, as well as to remunerate our shareholders.

Between 2017 and the first few months of 2018 we have sold four assets for EUR145 million, 25.9% more than the acquisition price, and on average, 7.2% above the latest valuation price.

Aware of the importance of divesting assets, in 2017, the Board of Directors and the Management Company agreed to modify the 2017 performance fee. A maximum limit was set for the fee and it was agreed that the Management Company would receive an amount linked to obtaining a minimum divestment target of EUR100 million, a target that was reached in March 2018 with the sale of the Alisal and Villaverde retail parks.

During this same period, Lar España invested EUR195 million in new retail assets, acquiring mainly properties in the up and coming retail park segment, and in properties that the company already partly-owned in order to maximise management synergies.

In 2017, we closed or improved financing agreements in the amount of EUR202 million. As a whole, Lar España is diversifying its sources of financing across a range of banking and non-banking capital providers, with different maturity dates and hedges based on the needs of the business plan.



2017 has also been a year of transformation driven by innovation, with Lar España making a concerted decision to place innovation at the heart of its management strategy.

In 2017, Lar España has also worked extremely hard to create a closer relationship with our main stakeholders. Following the success of our "Investor Day" in 2016, in 2017 we held our first "Analyst Day".

Despite the market turmoil at the start of the year, the share price increased by 26% in 2017, versus 7% for the Ibex 35.

As regards financial and operational information, we are once again proud to have achieved a high degree of transparency and consistency. For the third year running, Lar España was recognized with the Gold Award 2017 by the European Public Real Estate Association (EPRA).

In addition to this, we received the Silver EPRA Award for Sustainability for the first time. This recognised our hard work publishing information on Corporate Social Responsibility and was complemented by the EPRA Most Improved Award for Sustainability.

We are fully aware that ensuring good governance through transparency, ethics, corporate social responsibility and regulatory compliance is essential if we want to create a sustainable business model that will generate value, not only for our shareholders but also for all of our stakeholders as a whole. 80% of our assets are therefore assessed and certified for sustainability according to the Building Research Establishment Environmental Assessment Method (BREEAM).

In 2017, Lar España also created over 20,000 direct jobs, reduced its real estate portfolio's CO₂ emissions by 41% and invested over EUR212,000 in social initiatives.

I would like to end this letter by thanking the magnificent team of people that we are privileged to have here at Lar España for all their exceptional hard work. Their expertise, helped by the support of our shareholders, has been the key behind our unrivalled and successful active management philosophy.

Lar España is delighted to count on your support as we embark on a 2018 filled with optimism.

Mr. José Luis del Valle Doblado

Chairman

April, 2018

1.2 Key Figures

Portfolio Information

GAV

1,538

Million €

+21% vs Q4 2016

Annualised Net Rent

73.6

Million €

+17% vs Q4 2016

Assets

32

4 acquisitions in 2017

EPRA NIY

5.5%

GLA

899,195

sqm

+27% vs Q4 2016

Occupancy Rate ⁽¹⁾

95.1%

WAULT

2.6

Years

2017 Investments

121.6

Million €

GAV by asset class (%)



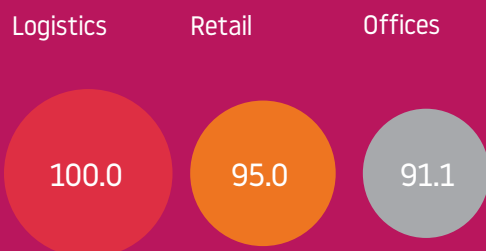
EPRA Net Initial Yield by asset class (%)



5.5%

Total Lar España

Occupancy Rate by asset class (%) ⁽¹⁾



95.1%

Total Lar España

(1) Ratio calculated under EPRA recommendations.

(2) For further information, see section 8 EPRA information.

Financial Information

EPRA NAV

951.5

Million €
(10.27€/share)

Net LTV

35%

Average Cost
of Debt

2.20%

Financial Debt

590.2

Million €

ROE

15.77%

Rental Income

77.6

Million €
+29% vs 2016

EBIT

148.4

Million €
+40% vs 2016

Net Profit

135.6

Million €
+48% vs 2016

Dividend

45.0

Million €
(0.49€/share)
+46% vs 2016

Rental Income by asset class (%)



CSR

CERTIFICATIONS

80% assets
certified in **BREEM**®

ACCESSIBILITY

Accessibility audits
performed on
70% of our assets

CONSUMPTION PERFORMANCE

2,2 liters/person/year
of water consumption
(-13.7% vs 2015)
36.9 kWh/sqm
of energy consumption
(-10.5% vs 2015)

EMISSIONS

2,139 tCO₂ eq/year
of total emissions
(-74.2% vs 2015)
3.2 kg CO₂ eq/sqm/year
(-74.2% vs 2015)

SOCIETY

Over 20,000 direct jobs
generated
Over 225 days
of environmental initiatives
We have worked with over
28 NGOs and foundations

1.3 Key Indicators Performance

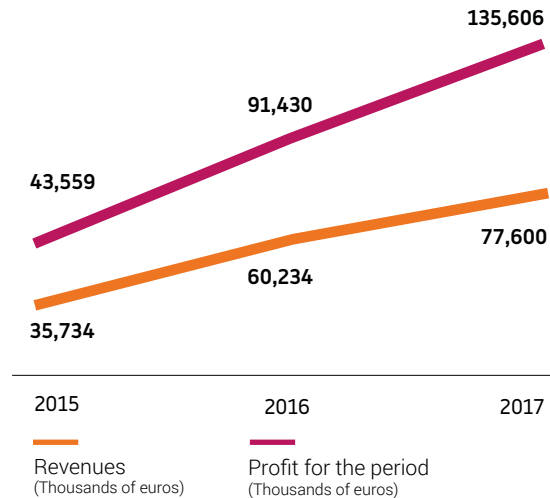
135,606
Thousand Euros
Net Profit
2017

10.27
€/share
EPRA NAV per
share 31.12.17

a) Performance of principal economic and financial results

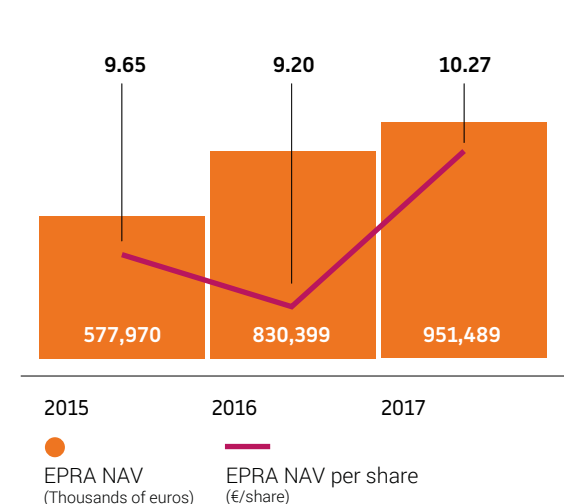
Rental income obtained at the close of the financial year was **77,600 thousand Euros**. This combined with the revaluation of the assets held in our portfolio gave a **net profit** figure of **135,606 thousand Euros**, an **increase of 48%** on the previous year (91,430 thousand Euros).

Performance throughout the last three years is shown in the following figure:



b) Performance of principal EPRA indicators

The following figure shows the performance of the company's **EPRA NAV**, which indicates the value creation achieved during the course of the last three years. At 31 December 2017, the EPRA NAV stood at **951,489 thousand Euros (10.27 €/share)**, an increase of 12% on the previous year:

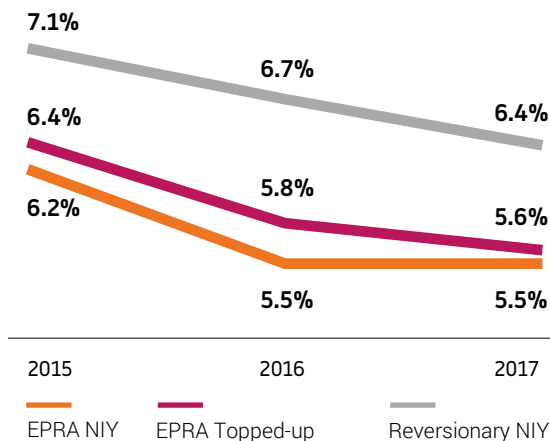
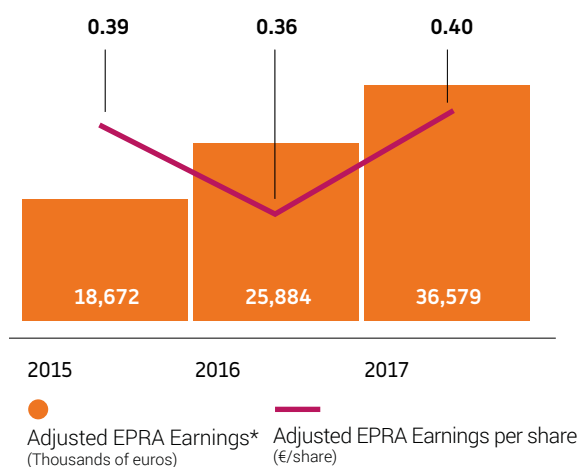


The following graph shows the change in the operating income figure (**EPRA Earnings**), which at the close of 2017 stood at **36,579 thousand Euros** (25,884 thousand Euros in 2016). This is mainly due to the efficient management of the assets held in the portfolio, along with some excellent sales and letting work.

As regards the performance of **EPRA Yields** and their comparison with the Reversionary NIY, one can see the notable profitability of Lar España's portfolio and the potential growth that the company could still obtain, thanks to the active management of the portfolio:

0.40
€/share
EPRA Earnings
per share
2017

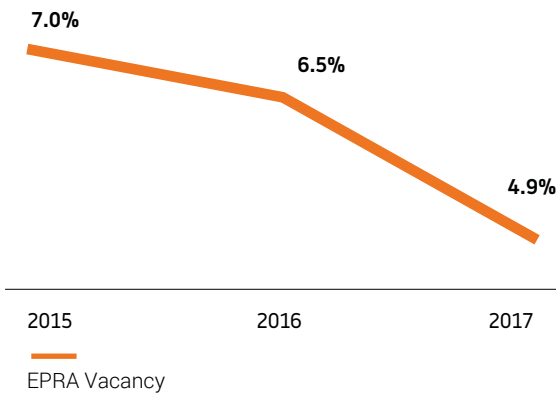
5.6%
EPRA
Topped-up NIY
2017



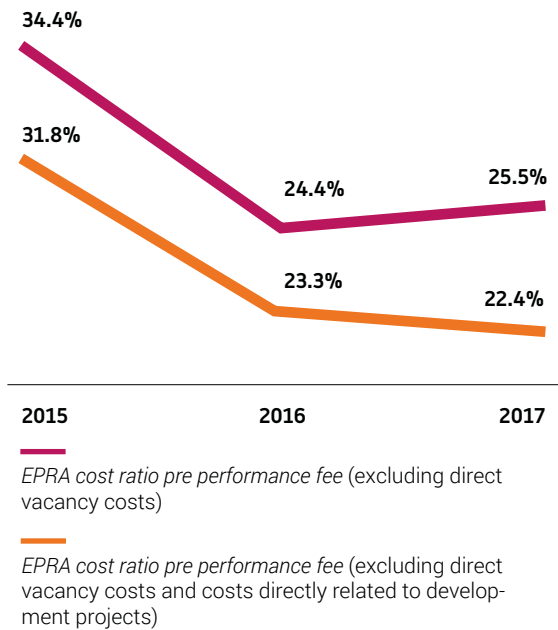
* See section 8, EPRA information.

4.9% EPRA Vacancy -25% vs 2016

The **EPRA Vacancy ratio** fell during the last three years as the result of active and efficient sales and letting activity, standing at **4.9%** at the close of 2017:



The performance of the **EPRA Cost Ratio** over the course of the last three years demonstrates Lar España's efficiency in reducing the costs associated with operational management:



c) Major operative milestones evolution

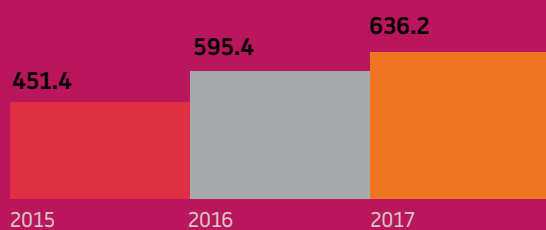
The performance of the key retail indicators during the last three years is detailed below. Lar España reached total **sales** in the shopping centres of **636.2 million Euros**, driven by the growing number of people visiting our shopping centres (**56.9 million visits**). A total of 38,962 sqm have been rotated, 36% up on 2016.

636.2
Million euros
Sales in shopping
centres

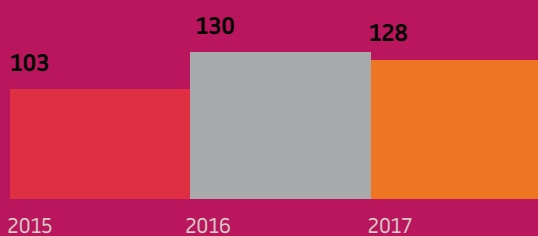
56.9
Million
visitors

38,962
Sqm
rotated

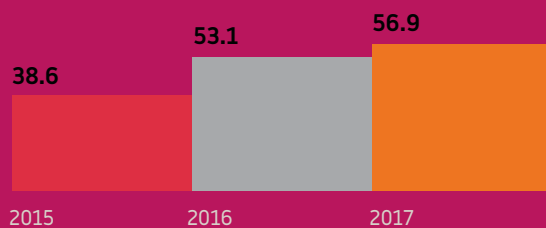
Sales (€ Mn)



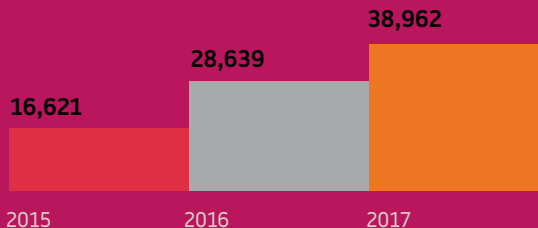
Number of operations (*)



Footfall (Mn visitors)



GLA rotation (sqm)

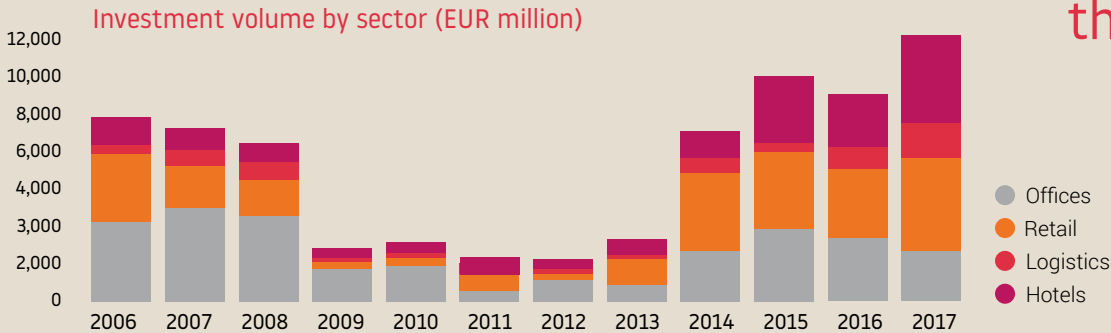


(*) Includes renewals, relocations, relettings and new lettings.

1.4 Quick View

Market environment

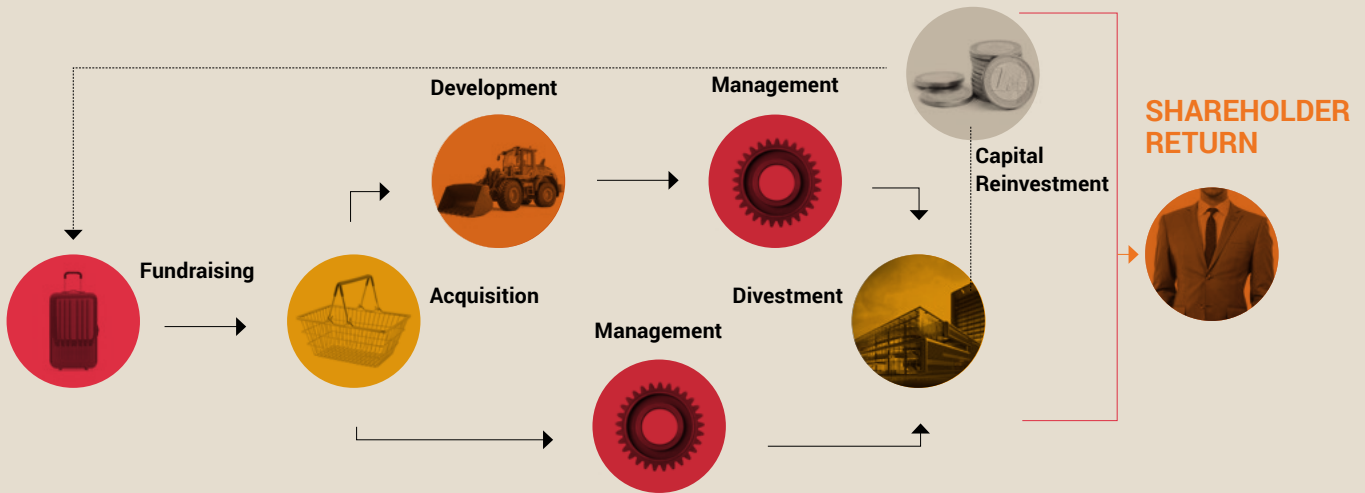
€11.4bn invested in the tertiary sector at year-end 2017.



Business model

The Company's investment policy is primarily based on:

- Strategic assets, **basically shopping centres and retail parks.**
- **Investment opportunities in mid-sized assets** that offer significant upside via management, avoiding the segments where there is greater competition.
- **Risk diversification**, expanding in Spain and primarily investing in retail spaces.



Governance

Corporate Governance

- Update of Board Regulation
- Audit Committee Regulation
- Update of Internal Securities Markets Code of Conduct
- Communication Policy and Contacts with shareholders, investors and proxy advisors

Ethics and compliance

- Implementation of the behavior guidelines emanating from the Code of Conduct
- Oversight of the Whistle-blowing Channel by the Ethics Committee
- Implementation of the Crime Prevention Model
- Approval and implementation of the Anti-Money Laundering Manual

Corporate Social Responsibility

- Implementation of the Corporate Social Responsibility Master Plan in 2018
- Value generation via:
 - Responsible asset management
 - Positive effect on the community and other stakeholders

Risks & opportunities

- Risk Control and Management Policy as dynamic framework
- Update of the Enterprise Risk Management (ERM) system
- Review of the risk tolerance thresholds by the Audit and Control Committee
- Monitoring strategy and Action Plan

Portfolio risk management

Portfolio diversification by asset classes and investment volumes.

Maximum investment of up to 20% of capital in a single asset

Strategy

- REIT specialized in **commercial property** managed exclusively by Grupo Lar
- **Property acquisitions:** carefully selected; proprietary dealflow
- Generation of compelling shareholder returns: **annualised net rental income of €73.6 million**
- Competitive profit-sharing policy. Dividend per share (DPS): €0.49
- Active and diversified management - **annual LfL asset revaluation: 12.5%**

2017 Results

- Asset valuation: €1,538 million
- 100% delivery of investment strategy
- Highest average yield on cost in the listed real estate sector
- €122 million invested in new assets

Innovation

Innovation focused on **improving the environment and customer experience** through:

- The incorporation of environmental criteria for new acquisitions
- The promotion of the construction and building of sustainable buildings
- Continuous improvement in the management, awareness and minimization of environmental impacts
- The positioning of the customer as the center of the business model

Projects related to:

Energy efficiency

Water management

Air quality

Solar power

Sustainability certifications

Digitalisation

Customer journey improvement

Sales management

Brand value

Entrepreneurship

Outlook

- **Enhancing cash flows** from portfolio properties and value creation in order to **maximise shareholder returns**
- Continuing the process of consolidating the company as one of the most active REITs in Europe and a benchmark in the **Spanish real estate sector**

2

MARKET CONTEXT

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Commercial investment
volume in retail, offices
and logistics reached circa
EUR7,520 million in Spain
during 2017, 15% up on
2016.





2.1 Economy

+3.1%
GDP



GDP and Private Consumption

The Spanish economy performed well in 2017, with **GDP growing by 3.1%** in the full year, and ticking up by 0.8% in the last quarter, according to Oxford Economics. This placed Spain's GDP growth 6 b.p. ahead of the European Union's average (2.5%), a growth that was largely underpinned by **domestic demand**, which climbed by an estimated 2.7% over the course of the year. **Private consumption** also ticked up (2.4%), thanks to rising job creation (2.6%) and low inflation rates, which helped boost disposable household income.

These news are very encouraging for a sector that is so closely linked to the macroeconomic backdrop: the stronger the economy, the higher the consumption.

2.6%
Employment
growth



16.6%
Unemployment
rate

Labour market

The number of people in employment grew 2.6% y-o-y in Q4 2017, allowing the **unemployment rate to dip to 16.55%**, down 2.09% y-o-y. Graduates was the collective to see the sharpest reduction in unemployment, with levels dropping by almost 6% y-o-y.

Job creation in 2018 is expected to come in at circa **2.2%** compared to 2.6% in 2017, with Spain generating one of the highest number of jobs in Europe.

+2.4%
Private
consumption



Consumer Confidence Index

In December, the **Consumer Confidence Index (CCI)** stood at **102.5 points**, up two points on the previous month and higher than the figures recorded from January to March. **The Index performed well** versus 2016, up by 1.8 points, although it remains a long way off the all-time highs recorded in 2015 (107.4 points).

12.4%

Tourism spending increase



Tourism

In 2017, Spain received a record number of tourists for a fifth consecutive year, welcoming **82 million tourists** and breaking the previous year's record of 75 million, according to the Ministry of Energy and Tourism. **Tourist spending also grew** in 2017, climbing 12.4% y-o-y to EUR87,000 million.

Inflation

Economic growth and rising corporate and household demand was spurred by a **low average inflation rate of 2.0%**, resulting from reduced energy costs.



Spain's outlook for 2018 is positive, with the country expected to remain one of the **fastest growing economies**, not only in Europe but also **in the world**. According to Oxford Economics, the average annual rate of GDP growth will slow to 2.9%, dampened by a number of factors such as weaker household consumption and the political uncertainty surrounding Catalonia which, should it continue, could hamper growth.

2.2 Investment market in Spain

The **commercial** (offices, retail and logistics) **investment** volume reached circa **EUR7,520 million in Spain** in 2017, **up 15% on 2016**. If the hotel investment volume was also added to this, the 2017 figure would reach circa **EUR11,400 million**. 2017 was a particularly good year for real estate investment, comfortably outstripping the pre-crisis records set in 2006. The Spanish real estate market has without doubt recovered well, and become a firm fixture on both national and international investors' radar.

Quality, well-located properties are becoming ever-more important to investors, who are also increasingly looking to add value to their properties, largely by focusing on post-acquisition property consolidation and management, a strategy that many SOCIMIs are following.

**EUR 7,520
million
invested in retail,
offices and
logistics
+15% vs. 2016**

Retail

The recovery of the Spanish economy and the market has had a positive knock-on effect on the retail investment market, with high street retail units, shopping centres, retail parks, supermarkets and all the other retail segments registering impressive investment levels in 2017. In total, 2017 saw **71 investment deals** completed in Spain, totalling over **EUR3,900 million** and equating to a 31% increase y-o-y. Not only was this a record for the Spanish retail market, but it made it the core real estate investment sector in 2017, accounting for 34% of total Commercial Real Estate (hotels, industrial, offices and retail) investment.

The shopping centre segment accounted for the largest share of the **total retail investment** figure (**52%**), with more than **EUR2,000 million invested over 19 transactions**. This was followed by high street retail units, in which close to **EUR970 million** was invested over **30 transactions**, accounting for 25% of total retail investment. Retail parks also piqued investor interest in 2017, registering the third highest investment volume.

By region, **Madrid** topped the table, attracting over **EUR1,900 million** of investment and accounting for 49% of the total retail investment figure in 2017.

Offices

The office sector accounted for 29.4% of commercial investment in Spain, booking a total volume of **EUR2,210 million** in 2017, 20% down on 2016 (EUR2,755 million). This was largely owing to the slump in investment in Madrid (down 38% y-o-y), which was in fact the opposite of what was seen in Barcelona, where investment jumped by 60%. This overall drop in investment volume was not due to waning investor interest, but rather a lack of product and the fact that the previous two years had been record years.

This lack of product turned investor interest towards land in 2017, with a record amount of EUR109 million invested in Barcelona and EUR193 million in Madrid. The main investors were funds (48% of investment), followed by SOCIMIs (23%) and private investors (12%), with 60% of investment coming from national investors.

Madrid saw close to **EUR1,374 million** invested over **42 transactions**, distributed across the CBD (13), Secondary Area (17) and the Periphery (12).

A total of **EUR835 million** was invested in **Barcelona** over **27 transactions**, closed in Paseo de Gracia/ Diagonal (3), the City Centre (7), New Business Areas (13) and the Periphery (4).

Logistics

The logistics sector accounted for 19% of all commercial investment in Spain in 2017, registering a total investment volume of **EUR1,410 million**. This was a record-breaking figure, with investment surging by 72% y-o-y (EUR819 million in 2016), over a total of **28 investment deals**. Q4 was the quarter to register the highest investment figure, with a total of EUR833 million invested over seven transactions.

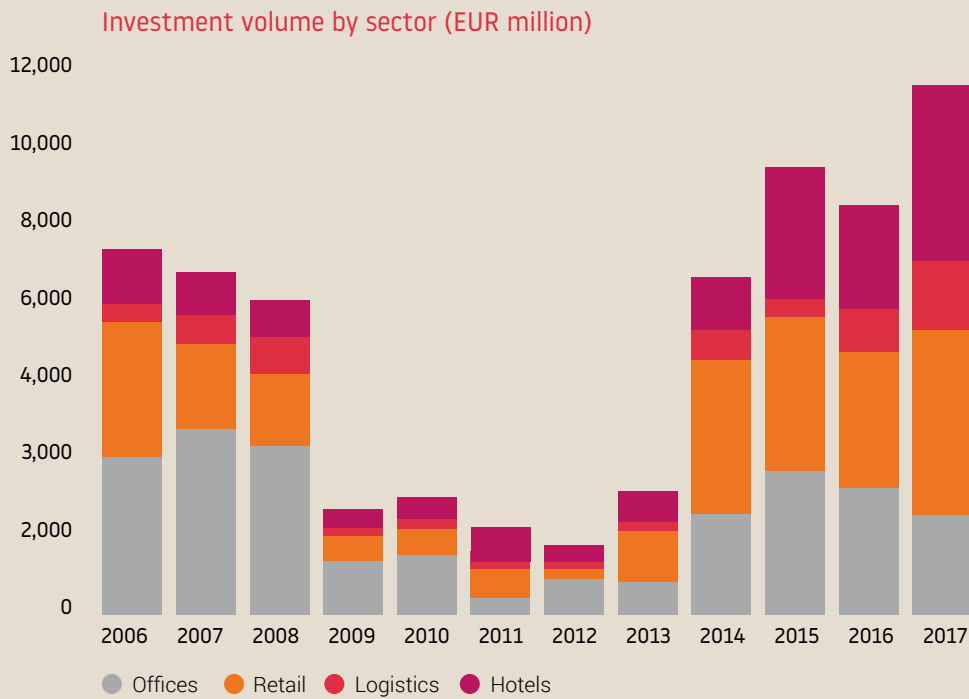
In 2017, international investors accounted for the lion's share of activity (more than 90% of the total), whilst more than 70% of investment was made by Funds and just 10% by SOCIMIs, who were less active than in previous years.

71
Retail
transactions

69
Offices
transactions (*)

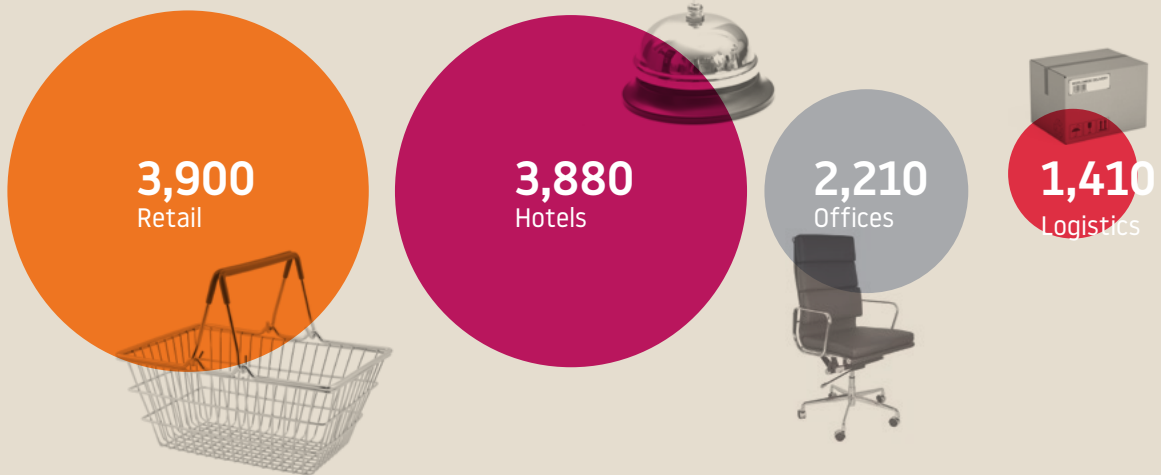
28
Logistics
transactions

(*) In Madrid and Barcelona



Source JLL

EUR 11,400
million invested in 2017



Lagasca99 Residential (Madrid)



2.3 Retail Market

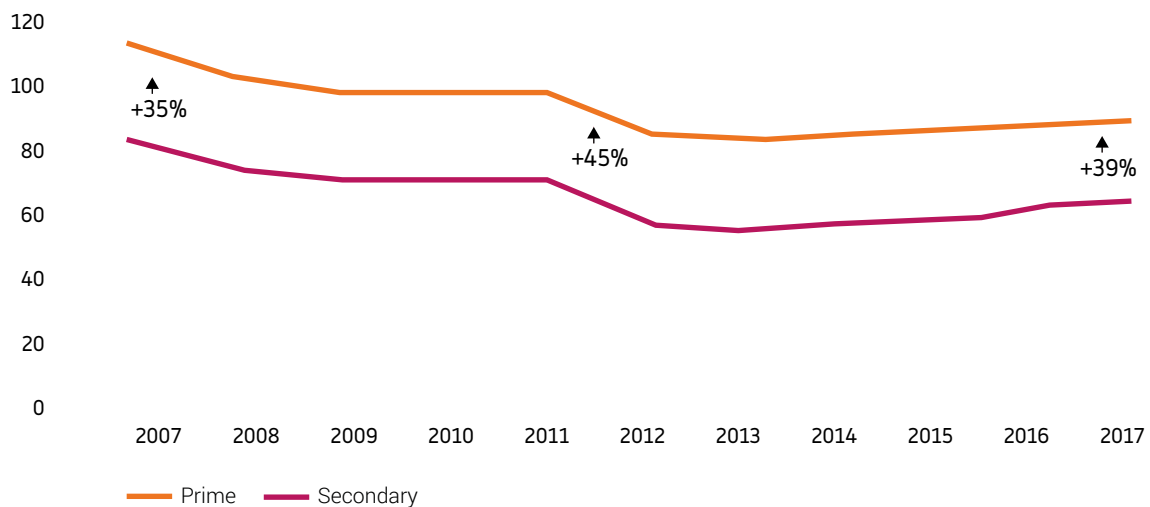
€ 1,122
per sqm/year
in Shopping
Centres
+3.9% vs. 2016

€ 222
per sqm/year
in Retail Parks and
Retail Warehouses
+7.3% vs. 2016

Prime rents in the Spanish shopping centre market continued to grow in 2017, climbing 3.9% y-o-y to **€1,122 per sqm/year**. Prime retail park and retail warehouse rents also grew, reaching **7.3% to €222 per sqm/year** by year-end.

The gap between prime and secondary rents has been narrowing steadily since 2012, a clear sign of the recovery that is taking place at the lower end of the market.

Prime versus secondary rents in shopping centres (€/sqm/month)



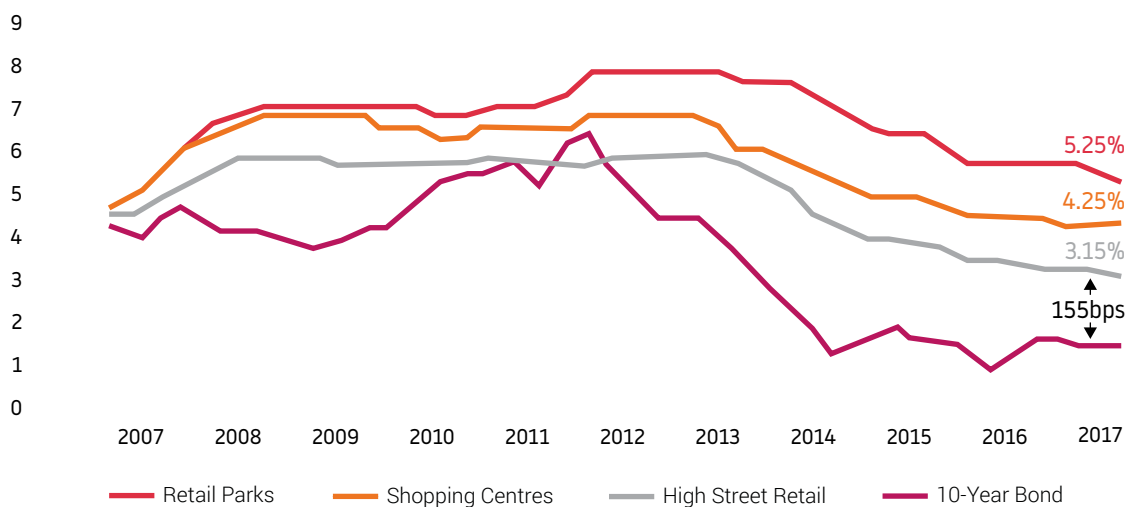
In 2017, **shopping centre sales** grew by 1.2% according to Spain Retail Sales Index and **footfall** rose by 1.8% according to Shopper Track Index.

Retail property yields hardened in 2017 on the back of strong investor demand, with shopping centre yields for the best prime properties tightening to 4.25%. The top prime high street yields in Madrid and Barcelona stood in the region of 3.15% and 3.25% respectively, whilst they came in at circa 3.75% in both cities for secondary properties in 2017. Meanwhile retail park yields have also tightened in recent months and currently stand in the region of 5.25%.

+1.2%
vs 2016
in Sales

+1.8%
vs 2016
in Footfall

Prime Yields (%)



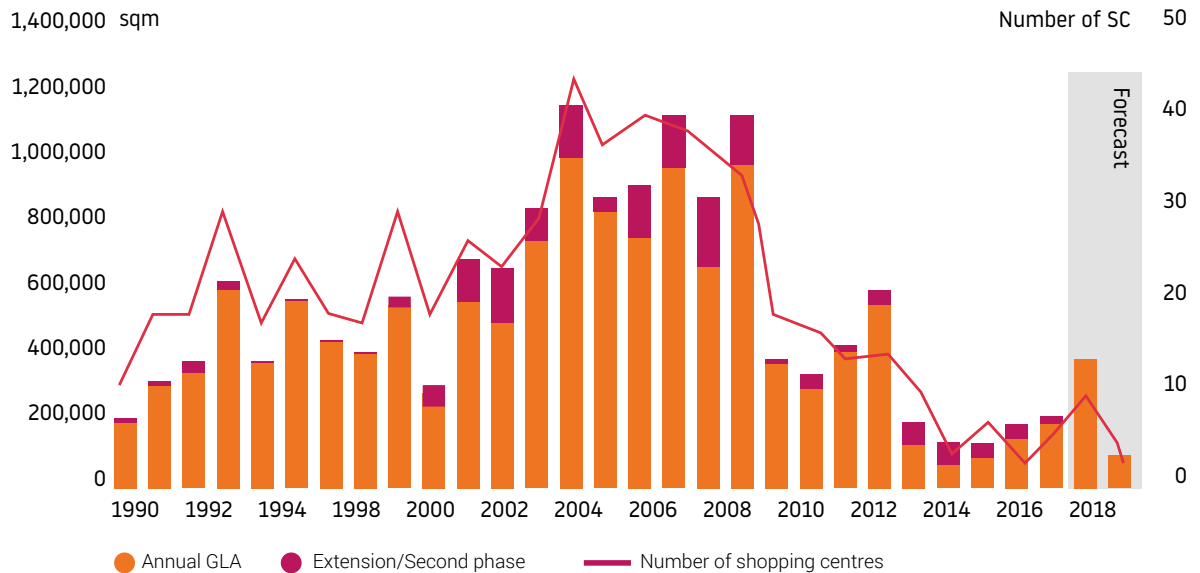
Source JLL

Translation of information originally prepared in Spanish. In the event of a discrepancy, the Spanish-language version shall prevail.

A total of **221,000 sqm** of new GLA came onto the market in 2017, of which 208,500 sqm related to new shopping centres, and 12,500 sqm to extensions and second phases. There are a total of 552 shopping centres in Spain, combining a total GLA of **15.6 million sqm**. Spain is a mature market when it comes to shopping centres, with a retail density of close to 340 sqm GLA per 1,000 residents. By province, Zaragoza has the highest retail density, followed by Las Palmas, Álava and Madrid, with each location exceed-

ing 475 sqm per 1,000 residents. At the other end of the scale, Lleida has the lowest retail density, followed by Jaén and Girona, all of which have less than 100 sqm per 1,000 residents .

With 3.1 million sqm, Madrid is the Autonomous Region with the largest retail GLA, followed by Andalusia which boasts 2.7 million sqm. The Region of Valencia is ranked third with 1.9 million sqm, ahead of fourth-placed Catalonia, with 1.6 million sqm.



There are two main trends shaping the Spanish retail market when it comes to store openings: flagship stores and large-format stores opening outlets in city centres. There is also an influx of international retailers looking to bolster their presence in Spain.

Source JLL

Translation of information originally prepared in Spanish. In the event of a discrepancy, the Spanish-language version shall prevail.



Anec Blau Shopping Centre (Barcelona)

2.4 Office market

Madrid

1,639,000 sqm
Available space

10.89%
Vacancy rate

560,000 sqm
Take-up
+30.2% vs. 2016

€31.25
per sqm/month
Prime Rent
+7.8% vs. 2016



Supply

When it comes to choosing the best workplace, location, quality and price are the main factors that come into play.

Burgeoning demand continued to squeeze vacancy rates in 2017, with availability falling to **1,639,000 sqm**, equating to a **vacancy rate of 10.89%**. However, vacancy is even lower in the CBD and Secondary area (around 7% in both areas).

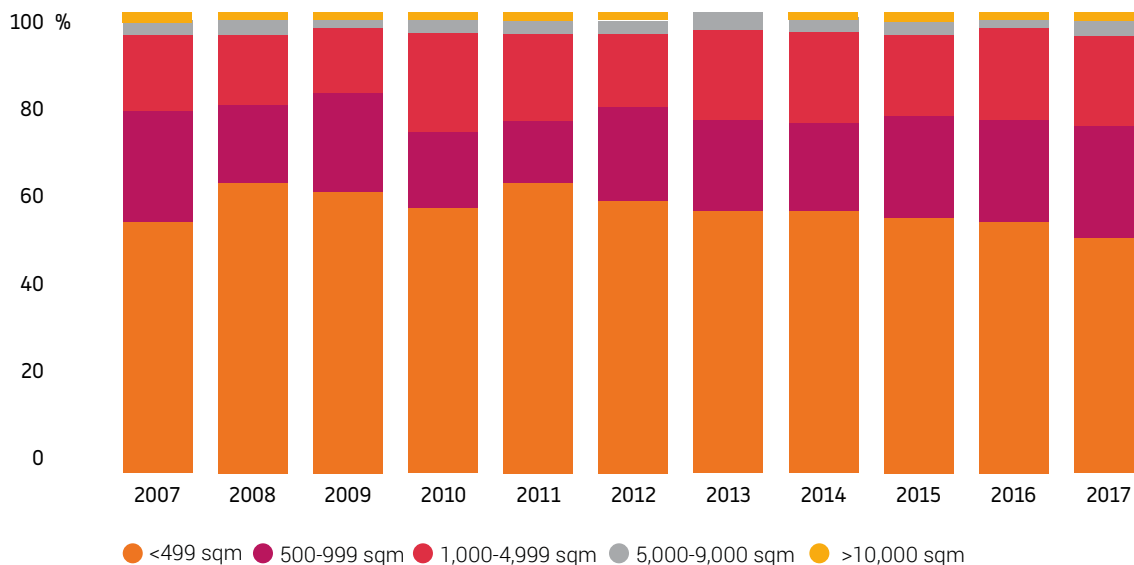
The lion's share of available space largely comprises average quality, small and medium offices. As a result, many landlords that are now aware of this, are relaunching some of their portfolios via increasingly innovative methods.

Take-up

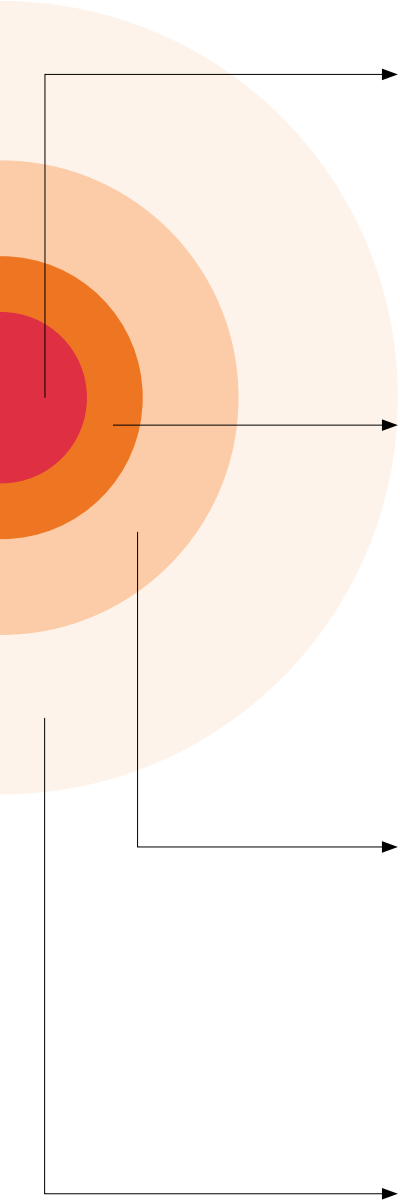
Office take-up continued to rise on the back of growing employment in Spain, with over **560,000 sqm** let in Madrid in 2017, **30% up y-o-y**. In terms of location, 82% of total take-up was signed in the CBD and Periphery, primarily due to the current market trend to move back towards the city centre.

In terms of the number of transactions, **37 lettings** were signed in Madrid **for spaces comprising over 3,500 sqm** (mostly in the CBD and Periphery), **up 48% y-o-y**, whilst five lettings of over 10,000 sqm were signed. Meanwhile, most of the lettings of over 1,000 sqm were signed by firms in the professional services sector, that accounted for 22% of total office take-up.

Transactions by range of leased surface area in Madrid (%)



Source JLL



**€31.25 per
sqm/month**
CBD
+7.8% vs.
2016

**€18.25 per
sqm/month**
Secondary
area
+10.6% vs.
2016

**€16.00 per
sqm/month**
Periphery
+12.3% vs.
2016

**€10.50 per
sqm/month**
Out-of-Town
Unchanged
vs. 2016

Rents

Over the last year, **prime rents** in the CBD **grew by 7.76% to €31.25 per sqm/month**, returning to levels similar to those last seen in 2009.

Rents in the remaining areas (Secondary and Periphery) grew by 10.61% and 12.28% y-o-y respectively, thanks to a number of high quality projects. Rents remained stable in the Out-of-Town area throughout the year.

The increase in maximum rents was clear to see from the closing rents signed, with the number of lettings over €30 per sqm/month doubling compared to 2016, and rental incentives declining.



Egeo Office Building (Madrid)

Barcelona

456,000 sqm
Available space

7.68%
Vacancy rate

332,000 sqm
Take-up
+8.6% vs. 2016

**€23.25 per
sqm/month**
Prime Rent
+8.1% vs. 2016



Supply

Supply for immediate occupancy fell to 456,000 sqm, with the **vacancy rate** dropping 58 basis points y-o-y to **7.68%**. This downward trend is set to continue, given the lack of available supply and solid take-up levels.

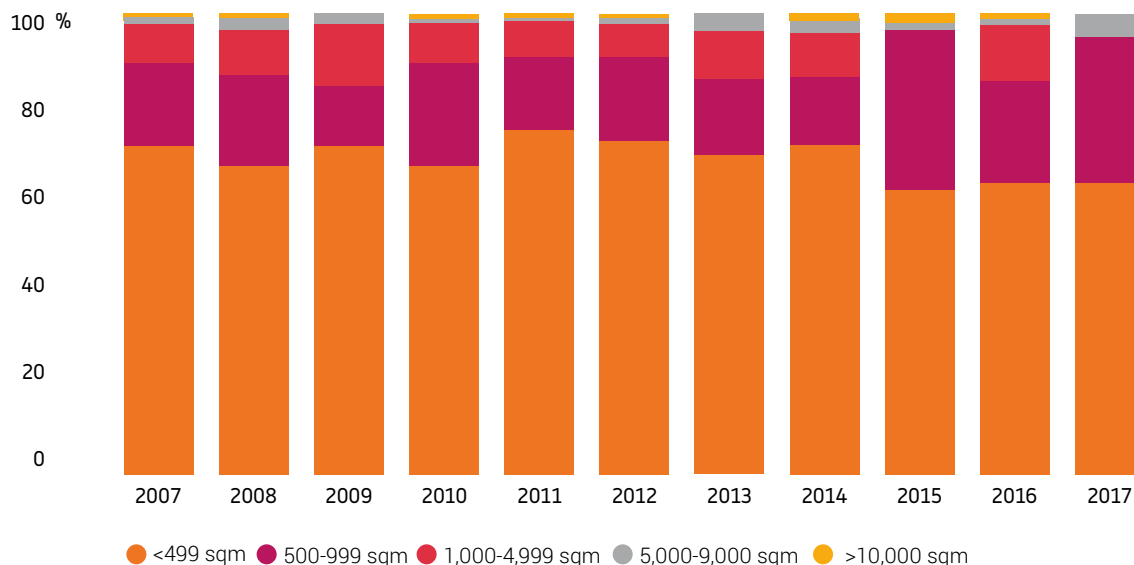
The vacancy rate stands at circa 3.5% and 5.3% respectively for the Paseo de Gracia/Diagonal and City Centre areas, with prospective tenants finding it increasingly difficult to find immediately available quality offices that offer over 800 sqm of space on one floor. In the New Business Areas, the vacancy rate stands at 6.7%, a level that hasn't been reached in the Barcelona market since 2007.

Take-up

Office take-up continues to climb in spite of political instability, exceeding **332,000 sqm** in Barcelona in 2017, **9% up y-o-y**. The New Business Areas accounted for the lion's share of take-up (45%), whilst there is very low availability in the city centre due to the lack of quality properties.

In terms of the number of transactions, 17 lettings were signed in Barcelona, mostly in the New Business Areas, for spaces comprising over **3,500 sqm, up 112% y-o-y**. Most of the lettings of over 1,000 sqm were signed by firms in the professional services sector, which accounted for 40% of total office take-up.

Transactions by range of leased surface area in Barcelona (%)



Source JLL



**€23.25 per
sqm/month**
Paseo de
Gracia/
Diagonal
**+8.1% vs.
2016**

**€20.25 per
sqm/month**
New Business
areas
**+9.5% vs.
2016**

Rents

Maximum rents climbed once again in Q4 2017, **rising 8.14% y-o-y** in the prime Paseo de Gracia/Diagonal area to **€23.25 per sqm/month**, similar to the levels last seen in 2009. In the New Business Areas, maximum rents once again topped rents in the City Centre, climbing 9.46% to €20.25 per sqm/month.

This increase in maximum rents was clear to see from the closing rents signed, with the amount of lettings over €20 per sqm/month doubling compared to 2016, and rental incentives declining.

Source JLL

Cardenal Marcelo Spínola Office Building (Madrid)



2.5 Logistics market

Madrid

800,000 sqm
Logistics take-up
volume

64
Transactions
+49% vs. 2016

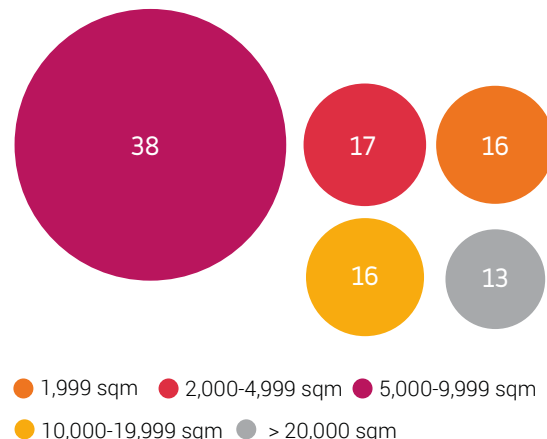
€5.00 per
sqm/month
year-end rental
levels

The **vacancy rate** fell during the first three quarters of 2017 as a result of the recovery in demand, however, it ticked up to 4.21% in Q4 (compared to 3.41% in 2016). This was primarily due to increased availability in Tier 3, following the shift of tenants towards more central areas of the city.

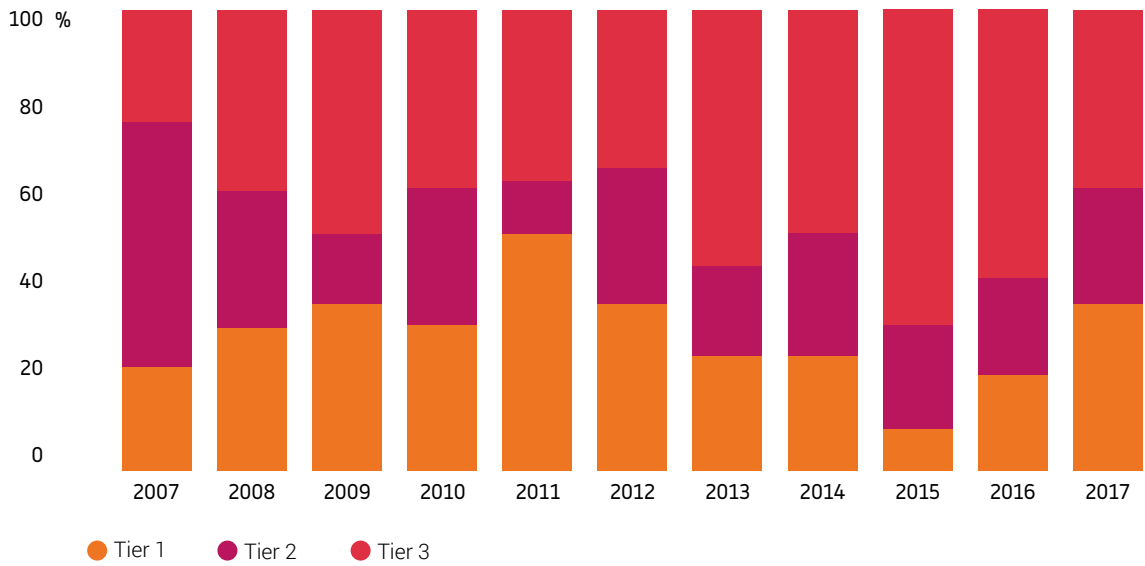
The country's strong economy boosted logistics take-up, which rose to **800,000 sqm**, no less than double the figure registered in 2016. This was chiefly caused by the large **number of lettings signed**, which rose to **64** (21 transactions more than in the previous year).

The bulk of demand in Madrid was for **medium-sized spaces** (5,000 sqm-10,000 sqm), which accounted for 38% of lettings. In terms of markets, Tier 3 continued to account for the lion's share of take-up (39%), although Tier 1 registered a significant uptick, accounting for 34% compared to 19% in 2016.

Take-up by floor space in 2017 (%)

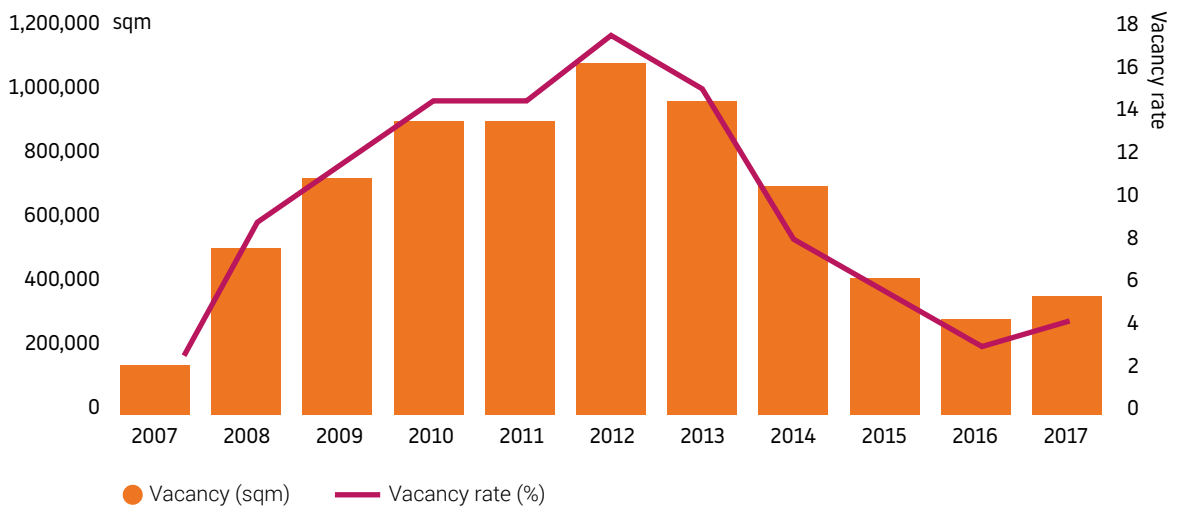


Take-up by submarket (per floor space)



Logistics rents remained stable, ending 2017 at **€5.00 per sqm/month**.

Availability and vacancy rate



Source JLL

Barcelona

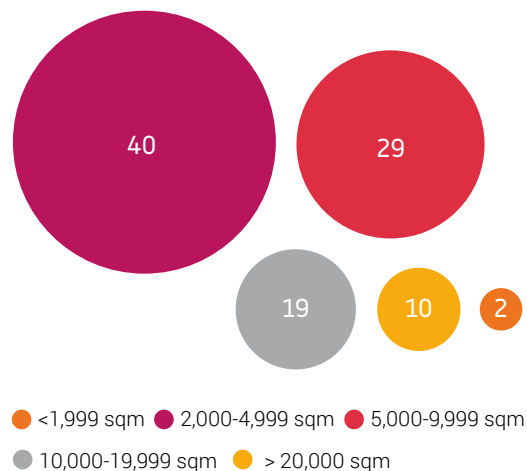
460,000 sqm
of logistics
take-up

€6.75 per
sqm/month
year-end rental
levels

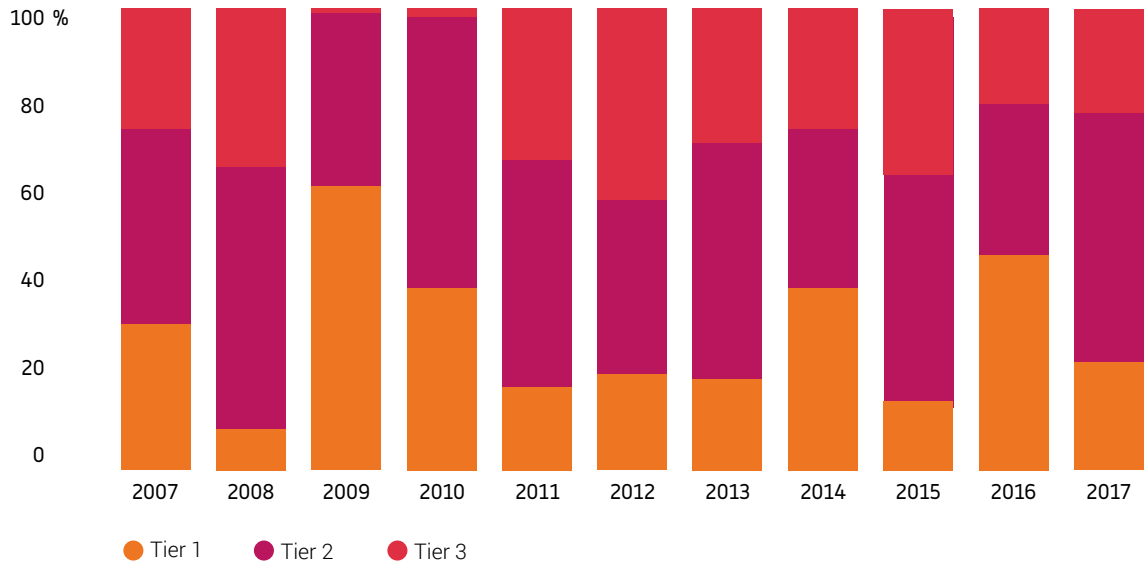
The **vacancy rate** fell to **3.20%** in 2017, despite the completion of various new logistics developments. However, the lack of supply on the market caused take-up levels to fall by 30% y-o-y, ending 2017 at **460,000 sqm** compared to 659,000 sqm in 2016.

In Barcelona lettings involving smaller warehouses (between 2,000 and 5,000 sqm) accounted for 40% of transactions, notably higher than in Madrid. In so far as markets are concerned, Tier 2 was a hive of activity in 2017 - accounting for 55% of take-up - mostly due to the lack of supply in the more central areas of the city.

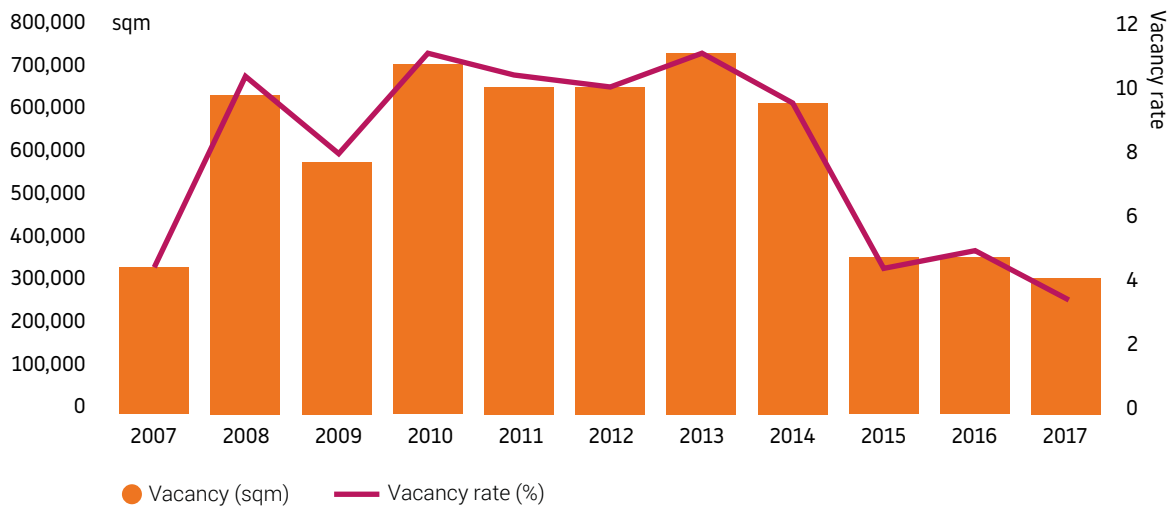
Take-up by floor space in 2017 (%)



Take-up by submarket (per floor space)



Availability and vacancy rate



Logistics rents remain stable, with the prime rent standing at **€6.75 per sqm/month**.

Source JLL

Translation of information originally prepared in Spanish. In the event of a discrepancy, the Spanish-language version shall prevail.

2.6 Residential Market

+16%
Housing sales
vs. 2016

The number of transactions closed in 2017 continued to **trend upwards** as in previous years, with housing sales jumping 16% y-o-y.

A total of **532,367 transactions were completed in 2017**, the highest number seen since 2010, and largely thanks to the increasing number of existing homes bought and sold, **up 17% y-o-y**. Fewer new-build home purchases were seen comparatively speaking, given the lack of supply on the market.

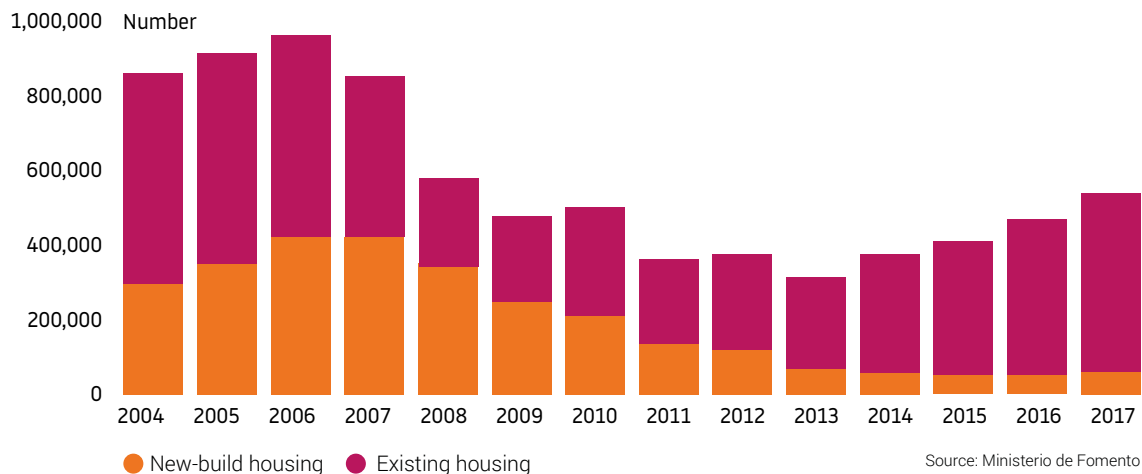


In 2017, Madrid, Barcelona and the Costa del Sol were the regions in which the most capital was deployed and international investors were most active.

532,367
Transactions
in 2017

Source JLL

Transaction Volume (Number)



In **terms of financing**, the number of residential mortgage loans granted in 2017 climbed 9.7% y-o-y, reaching **310,096 according** to data released by INE.

The number of homes purchased by **overseas buyers** climbed 13.8% y-o-y, which in absolute terms equated

to **89,205 homes** and 16.8% of the total number of transactions.

This, together with the recovering investment market, is continuing to drive up prices, with the average housing price standing at **€1,538.60 per sqm** in 2017, up 2.4% y-o-y.

€1,539 per sqm
Average housing price

+9.7%
Number of mortgage loans granted

3

OUR BUSINESS

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Business
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strategy and
positioning
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Grupo Lar, Lar
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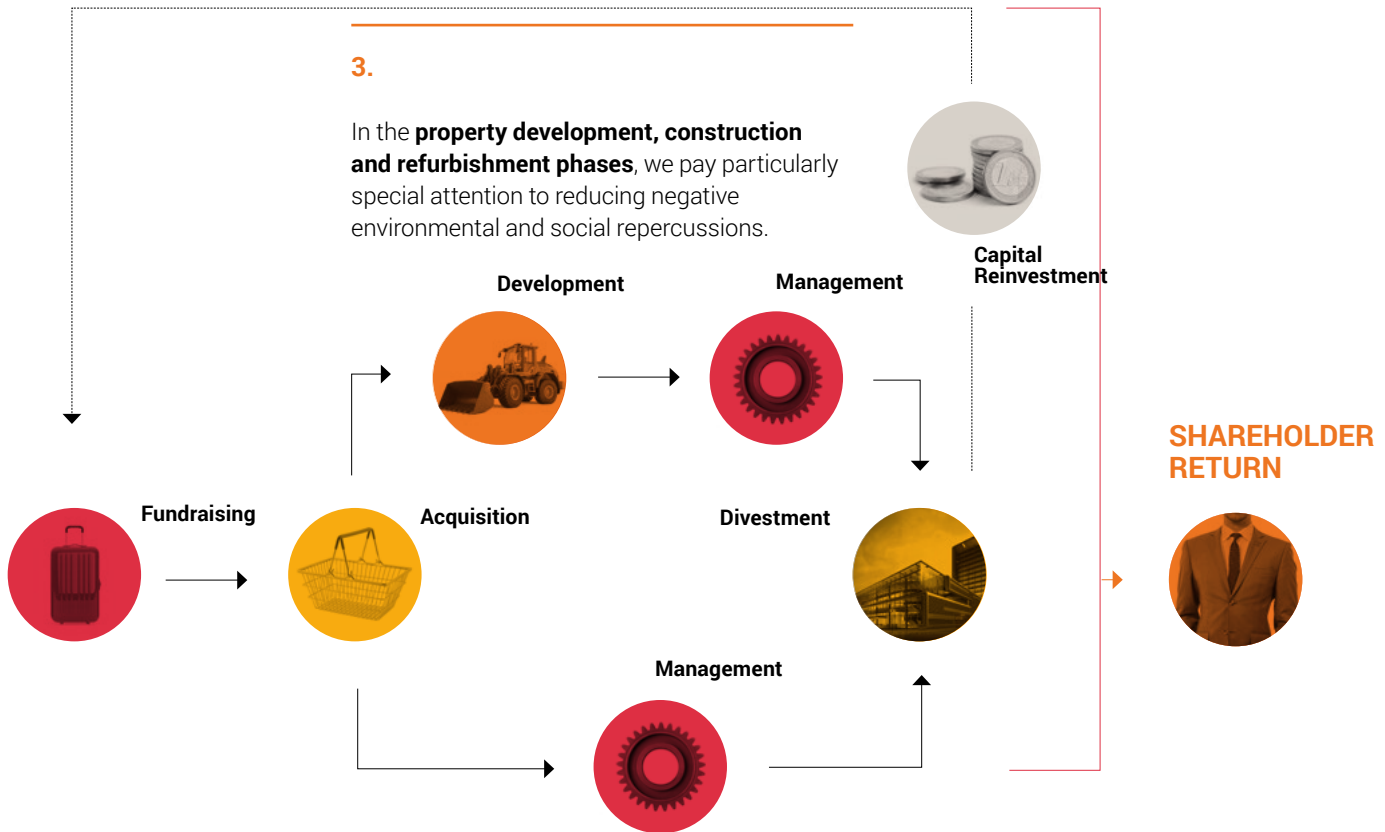


Lar España is the **leading SOCIMI in the retail sector**, managed by Grupo Lar, and is strongly committed to **innovation and generating value** for its shareholders.





3.1 Business model



1.

The **investment** and real estate management process begins at corporate level, where investment decisions are made and **financing** is acquired via:

- Financial Markets (IPO and share capital increases).
- Bank Financing.
- Alternative Financing (Bonds).

2.

Once an in-depth analysis of the investment opportunity and its future returns has been carried out, a **decision to purchase** is then made.

4.

We look at the deal from an **active management** point of view, analysing the most efficient way to conserve the properties, paying particular attention to aspects such as, sustainability, innovation, accessibility, ensuring value creation for all of our stakeholders.

5.

We sell our properties at the optimal moment, after **maximising their value creation**, and ensuring that returns have been achieved in line with those approved in the acquisition process.



3.2 Corporate strategy and positioning

Who are we?

Lar España Real Estate SOCIMI, S.A., (hereinafter Lar España) is a SOCIMI (Listed Real Estate Investment Company) that has been listed on the Madrid Stock Exchange since 5 March 2014.

It was founded at an **ideal juncture in the Spanish property cycle**, when real estate prices had just bottomed out at record lows and the real estate market was entering a new cycle. Lar España also ushered in a change of trend for the Stock Market, as it was not only the **first Spanish SOCIMI to be floated**, but it was also the very first listing to take place following a three-year dearth, and the first listing of a real estate company in seven years.

Lar España is exclusively managed by **Grupo Lar**, a real estate company whose extensive experience in the sector is of particular note. It boasts a large team of professionals that actively manage and work to diversify the portfolio in order to maximise its operational efficiency, as well as each asset's yield.

The Company works with the following asset classes:

- **Shopping centres:** Retail unit and retail warehouse lettings. Its strategy is focused on identifying shopping centres that are poorly managed and that have strong upside potential, especially centres where there is an opportunity for repositioning or extending them.
- **Offices:** Office lettings. Lar España has and is currently implementing a value-add plan for the office properties in its portfolio, with the aim of maximising shareholder returns when they are sold.
- **Logistics:** Logistics warehouse lettings. Lar España has and is currently implementing a value-add plan for the logistics properties in its portfolio, with the aim of maximising shareholder returns when they are sold.

- **Residential:** Investment in the residential market, mainly focusing on primary homes located in the most consolidated area of Madrid.

The Company's investment policy is primarily based on:

- Strategic assets, **basically shopping centres and retail parks.**
- **Investment opportunities in mid-sized assets** that offer significant upside via management, avoiding the segments where there is greater competition.
- **Risk diversification**, expanding in Spain and primarily investing in retail spaces.

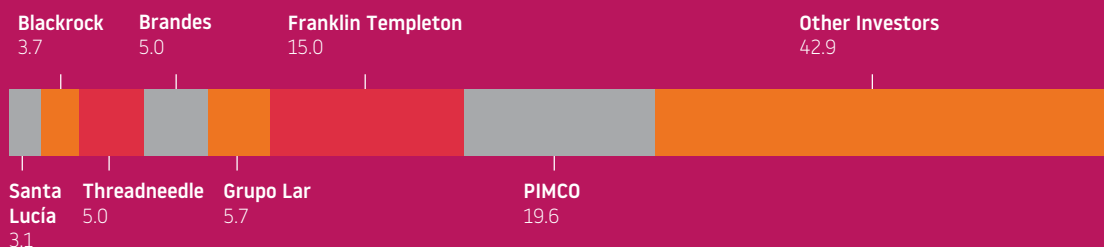
The company's pipeline remains solid, allowing it to continue to comfortably meet its forecast investment targets.

The objective set out for the company when it was first created was to invest in the Spanish real estate market under a long-term asset management plan. A plan, aimed at generating **high returns for its shareholders**, via the payment of considerable annual dividends, and creating value by increasing the company's EPRA NAV.

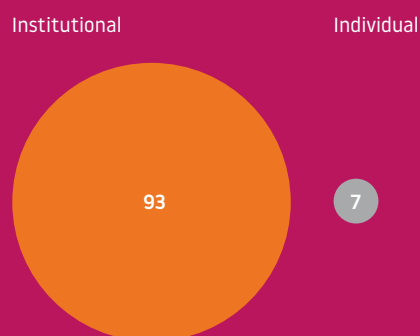
Shareholder structure

Lar España's shareholders include some of the most important investment and financial groups in the world, such as **PIMCO** and **Franklin Templeton**.

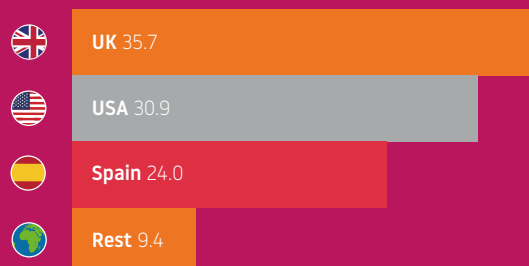
Shareholder structure 31.12.2017 (%)



Shareholder structure by profile (%)



Institutional shareholders by geographic area (%)



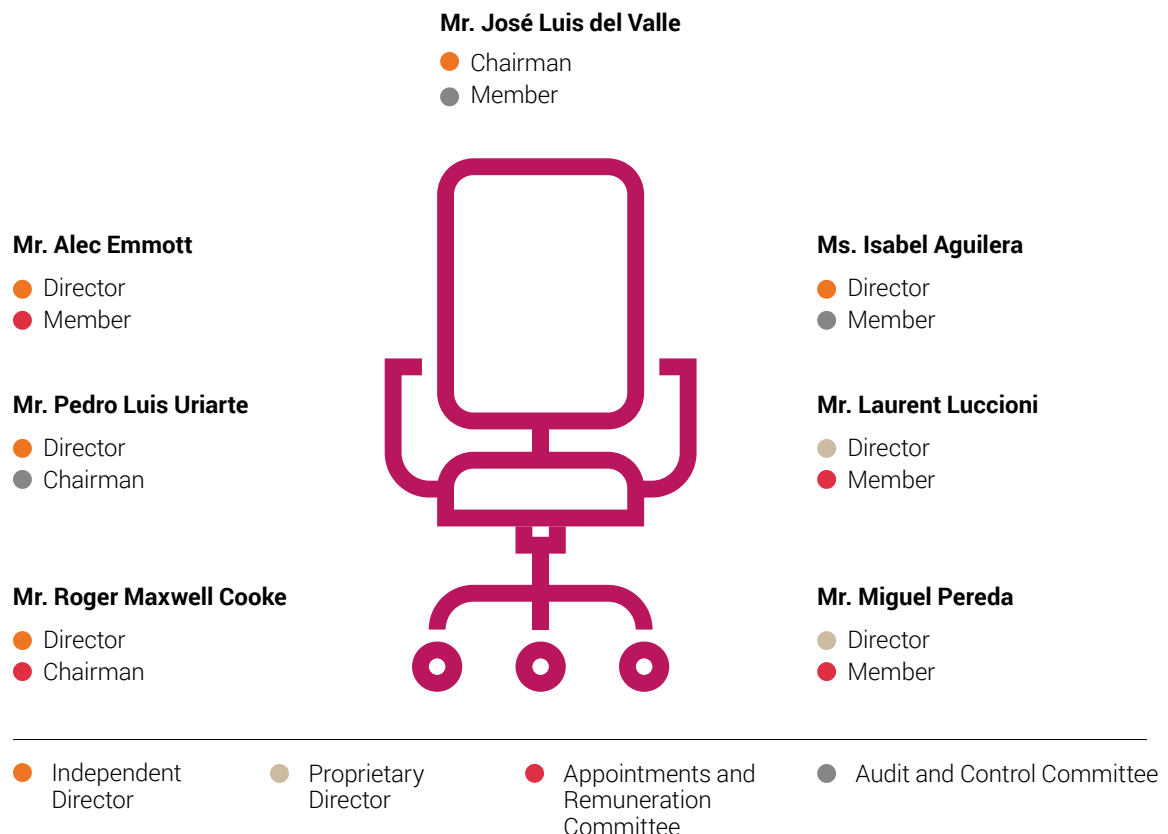
Organisational structure

The **Board of Directors** is Lar España's main governing body, the role of which is to supervise the management of the Company with the common aim of championing social interest.

It is also Lar España's management system and possesses the most far-reaching powers in terms of the running of the company, except for matters that require approval from the Annual General Shareholders Meeting.

It comprises 7 members, **5 of whom are independent and 2 of whom are proprietary**, from PIMCO and Grupo Lar.

All of the members of the Board of Directors hold or have held senior executive positions in listed companies in the financial and real estate sectors. (See the information provided in section 4 – **Good Governance**).



Mr. Juan Gómez-Acebo
 Secretary of the Board
 (Non-Director)

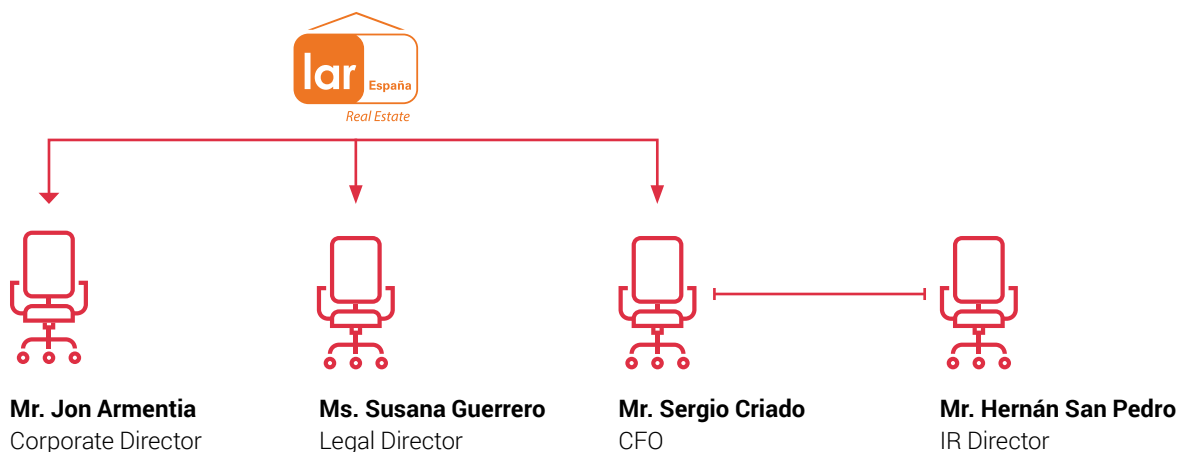
Ms. Susana Guerrero
 Vice-secretary of the Board
 (Non-Director)



Lar España also features a **Management Team** that runs Lar España and is comprised of four people (three men and one woman) that benefit from extensive experience in the real estate sector, as well as an expert knowledge of the market.

100% is covered by a Collective Agreement, and the absenteeism rate in 2017 stood at 0%.

Its structure is detailed below:



Mr. Jon Armentia



Mr. Jon Armentia is the Corporate Director of the Company. He joined Lar España in 2014.

Mr. Jon Armentia was appointed CFO of Grupo Lar in 2006, covering the area of retail properties. Previously he worked in Deloitte (formerly Arthur Andersen) for four years.

Mr. Jon Armentia has a Bachelor Degree in Business Management and Administration from Universidad de Navarra and has over 16 years of experience in audit, finance and real estate, in which he has participated in several Committees and Boards of Directors.

“Lar España’s excellent operating results obtained in 2017 have further cemented its leading position in the retail sector”

Ms. Susana Guerrero



“It is key for our Company to ensure good governance and regulatory compliance”

Ms. Susana Guerrero is the Legal Manager and Vice-secretary of the Board of Directors of the Company. She joined Lar España in November 2014.

Previously she worked as a corporate and M&A lawyer at Uría Menéndez for 10 years.

Ms. Susana Guerrero studied Law at the Complutense University in Madrid and has an LLM in Business Law from Instituto de Empresa (IE).

Mr. Sergio Criado



Mr. Sergio Criado is the Chief Financial Officer of the Company since 2014.

He started his career in the technology and distribution sector. From 2006 he is working in the real estate sector within the financial department through different roles – from Treasury & Financing Director to CFO - of Grupo Lar for Spain and Portugal.

Graduated in Business Administration and Executive MBA, has more than 18 years of experience in different positions in the financial and real estate sectors in which he has participated in several local and international Committees and Boards of Directors.

“We have a solid financial structure, with a LTV ratio that still allows room for further acquisitions”

Mr. Hernán San Pedro



“In 2017 we started to be covered by two new investment firms and the share price registered a positive performance”

Mr. Hernán San Pedro is the Head of IR of the Company. He joined Lar España in January 2016.

Previously he worked at Grupo Sacyr Vallehermoso as Head of IR, Skandia-Old Mutual Group and Banco Santander.

Mr. Hernán San Pedro studied Law at Universidad San Pablo - CEU (Madrid), holds an MTA from Escuela Europea de Negocios and has over 26 years of experience in different positions in the financial, construction and real estate sectors.

Lar España is still the leading SOCIMI in terms of EPRA financial and sustainability reporting.

International Standards

Lar España aims to comply with the highest international standards of transparency, comparability and commitment. Hence, it is a member of the **European Public Real Estate Association (EPRA)**, the leading international association in the sector, which aims to provide comparable financial information between publicly listed Real Estate companies.

On June 4 2015 the SOCIMI joined the **FTSA EPRA/NAREIT** index, a select global index designed to showcase general trends, which includes some of the biggest real estate companies in the world.

In September 2015, Lar España received the **GOLD AWARD** from the **European Public Real Estate Association (EPRA)** in recognition of the quality of the information provided within the Index standards framework. It became the first Spanish SOCIMI to receive this award.

In September 2016, Lar España was awarded with the most prestigious recognition from EPRA, the **GOLD AWARD**. Once again our effort in providing quality information within the Index standards framework has been recognized.

Additionally, In September 2017, Lar España has been awarded for the **third year running the Gold Award** from the European Public Real Estate Association (EPRA) in **recognition of the quality of the financial information provided** by the company. Lar España has also been awarded for the first time with the **EPRA Award for Sustainability (Silver)** for the improvement carried out related to the information about Corporate Social Responsibility. Also in this area, the company has been awarded with the **EPRA Most Improved Award of Sustainability**.



Lar España also collaborates with MSCI-IPD and forms part of its annual real estate index, **IPD Spain Annual Property Index**, which provides additional information and visibility of the real estate sector.



According to **Informe Reporta 2017** - the benchmark for reporting standards in Spain - Lar España remained the number one SOCIMI in terms of the quality of financial and non-financial information reporting for the third consecutive year in 2017.

Ranked 33rd overall, the 65.3 points achieved outstrips the 43.2 points average achieved by companies on the Madrid Stock Exchange General Index (IGBM) and only fell just slightly of the 68.2 average recorded by the Ibex-35 companies. It also stood head and shoulders above the 47.1 average recorded for the Financial and Real Estate Services sector.



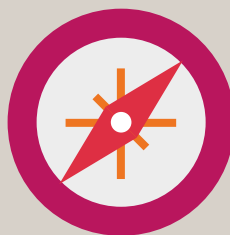
Mission

- ✓ Identification of the best investment opportunities in the Spanish market.
- ✓ Income-producing vehicle for our shareholders.
- ✓ Active management of the portfolio aimed at creating asset value.



Vision

- ✓ Continue to consolidate as one of the most active SOCIMIs in Europe and remain a benchmark company in the Spanish real estate sector.
- ✓ Improve the cash flows of the portfolio's properties and generate value to maximise shareholder returns.



Values

- ✓ Experience, Transparency, Commitment, Meticulous investment strategy, Quality and Sustainability.

The Company continues to cement its position as one of the most active SOCIMIs in Europe and remains a standard bearer in the Spanish real estate and retail sector.

Experience

We would highlight **Grupo Lar's extensive experience**, with over **45 years** as a developer, investor and asset manager in the real estate business. It boasts an **experienced team of professionals** that are exclusively dedicated to Lar España, and that are fully aligned with the interests of the company's investors and geared to achieve the objective of increasing shareholder returns via active and value-add management.

Transparency

Lar España aims **to comply with the highest international standards of transparency**, comparability and commitment. Hence, it is a member of **EPRA (European Public Real Estate Association)**, the sector's leading association that aims to provide comparable financial and sustainability information between publicly-listed real estate companies. The company also boasts a well-defined communications policy for our shareholders, in order to **align our interests** and establish a relationship based on trust and transparency.

Commitment

The **exceptional talent of the management team**, in addition to the extensive experience of the professionals at Grupo Lar, their exclusive dedication and expertise in decision-making throughout every single phases of the value chain, all provide a **solid guarantee for our shareholders**.

Meticulous investment strategy

Comprehensive and in-depth individual analysis of each potential acquisition in order to fully assess how **high yields** can be achieved in each asset. Strong resolution to identify **potential investment opportunities** in a competitive environment.

Quality

We will continue to consolidate our position as one of the **most active SOCIMIs in Europe** and a **highly-renowned company in the sector**, both in terms of the quality of our portfolio and our extremely effective asset management.

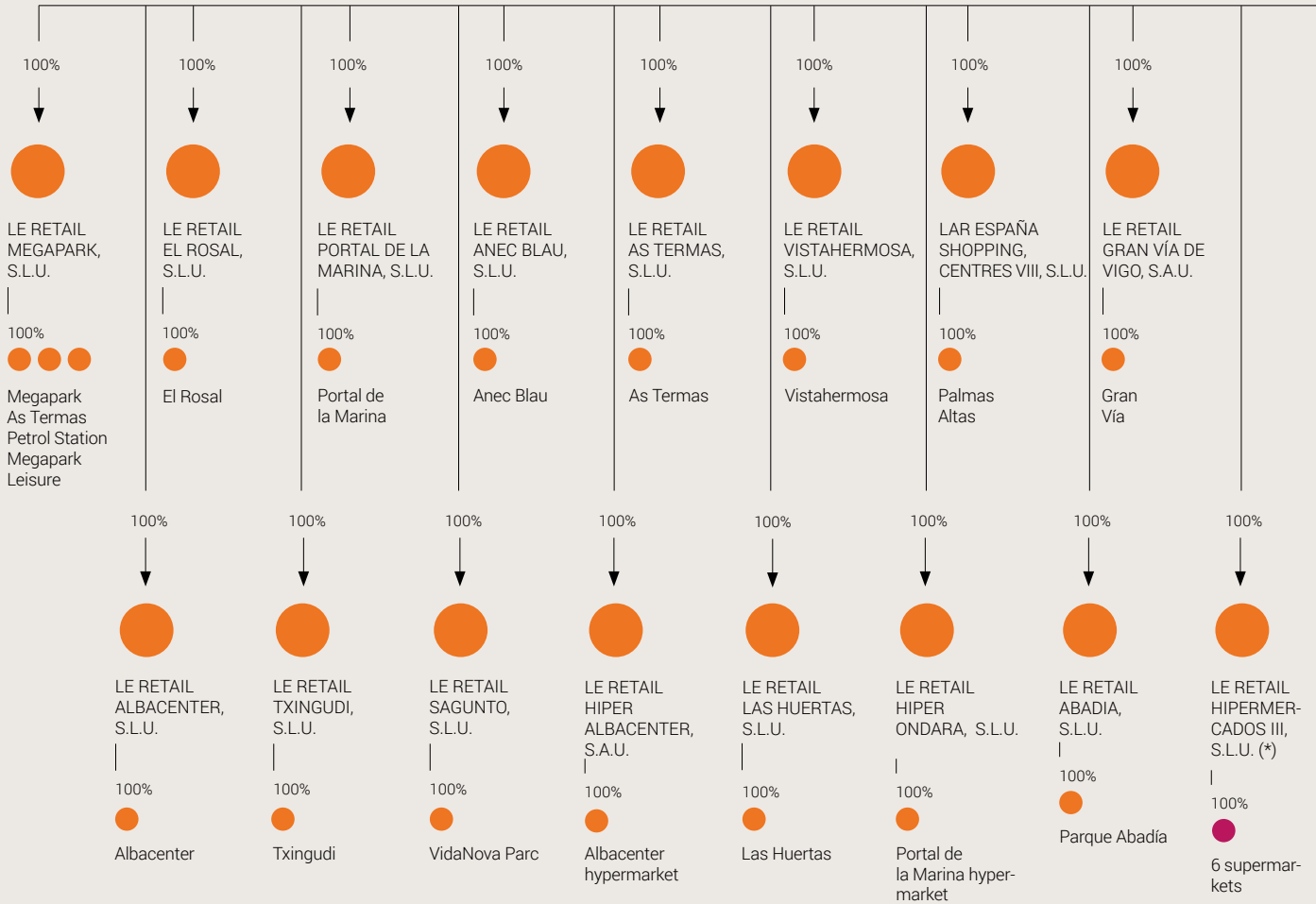
Sustainability

Our objective will continue to be **value creation** that can be sustained both over time and within the business environment, always in compliance with ethical, environmental and corporate governance standards.

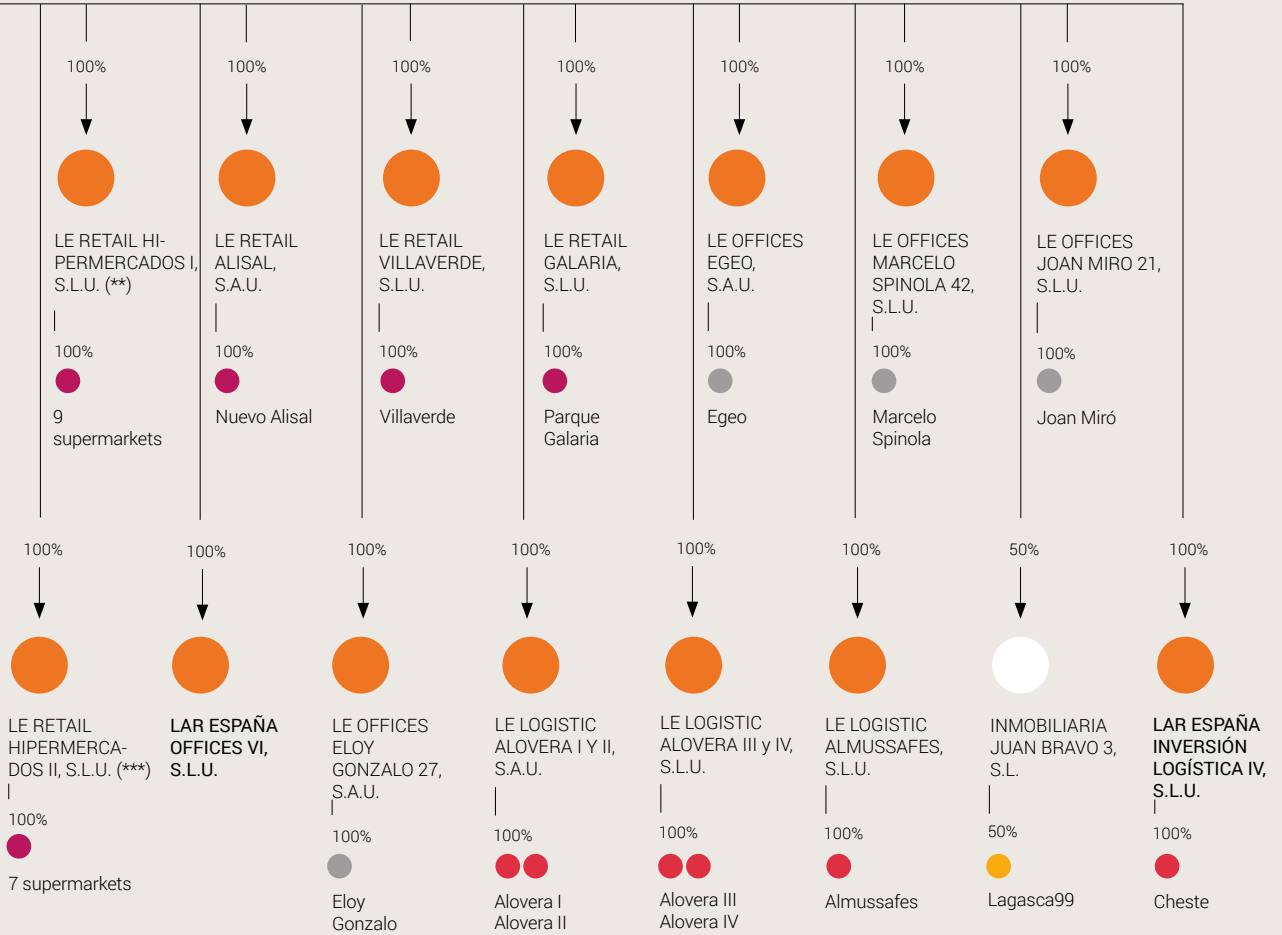


3.3 Company chart 31.12.2017

The scope of the Group's consolidation is as follows:



(*) Previously named NPS EUROPEAN PROPERTY (RETAIL) III, S.L.U.
 (**) Previously named NPS EUROPEAN PROPERTY (RETAIL) I, S.L.U.
 (***) Previously named NPS EUROPEAN PROPERTY (RETAIL) II, S.L.U.



Company

Full Consolidation

Equity Method

Asset Class

Shopping Centres

Retail Warehouses

Offices

Logistics

Residential

3.4 Main milestones

2017

JANUARY

+15.8% value uplift versus acquisition price

Lar España received the valuation reports for its assets as at 31.12.2016, which assigned them a total value of EUR1,275 million, up 15.8% versus their acquisition price.

MARCH

Acquisition of the Abadía retail complex and 22 retail units

Lar España purchased the Parque Abadía shopping centre and a portfolio of 22 fully-occupied retail units for a total of EUR110.7 million.



Parque Vistahermosa and Gran Vía de Vigo financing agreement

Following the acquisition of both the Parque Vistahermosa retail complex and the holding company that owned Gran Vía de Vigo shopping centre, the Company signed two five-year term bank financing agreements amounting to a total of EUR103.9 million.



APRIL

Lagasca99 financing

Lar España secured EUR78 million of bank financing with Banco Santander for the Lagasca99 development. This agreement allowed the company to improve both costs and debt amortisation.



MAY

Annual General Shareholders Meeting

The Lar España Annual General Shareholders Meeting was held on 29 May 2017.

Dividend

Following approval at the Annual General Shareholder Meeting, the shareholder dividend payment was made. The total dividend was fixed at EUR0.332 per share.

Board of Directors composition

Isabel Aguilera Navarro was co-opted as an Independent Company Director, and the number of Board Members was increased with the appointment of Laurent Luccioni as a new Proprietary Director, in representation of PIMCO.

Cheste Acquisition

Lar España acquired a plot of land with a GLA of 112,813 sqm in Cheste (Valencia) for EUR2.2 million, for the development of a logistics complex.



JUNE

Parque Abadía Financing

The company signed EUR35 million of bank financing, secured by the Parque Abadía retail complex



2017

JULY

+19.5% value uplift versus acquisition price

Lar España received the valuation reports for its assets as at 30.06.2017, which assigned them a total value of EUR1,448.2 million, up 19.5% versus their acquisition price.

Reinvestment of the Grupo Lar Performance Fee

Lar España raised EUR19.2 million via a share capital increase, which included the subscription of pre-emptive rights, fully subscribed and paid up by Grupo Lar, increasing the latter's stake in Lar España to 5.7%.

AUGUST

Construction works on Palmas Altas started

Construction works on the Palmas Altas shopping centre got underway on 1 August, with completion expected in 2019.



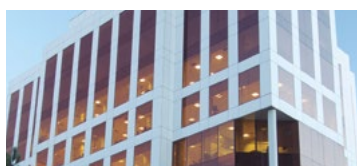
SEPTEMBER

VidaNova Parc financing

The company signed a EUR24 million bank financing agreement with CaixaBank for the VidaNova Parc retail park development.

Divestment of Arturo Soria office building

The Company transferred all of the shares held by its subsidiary, LAR ESPAÑA ARTURO SORIA OFFICES S.L.U., the sole shareholder and owner of the office property at Arturo Soria 336, to Inmobiliaria Colonial for EUR32.5 million.



EPRA Gold Award

EPRA Silver Award for Sustainability

EPRA Most Improved Award for Sustainability

For the third year running, Lar España was awarded the EPRA Gold Award in recognition of the quality of the financial information provided by the company, and achieved the EPRA Sustainability Award (Silver) in recognition of the improvements made in terms of Corporate Social Responsibility for the first time. The Company was also awarded the EPRA Most Improved Award for Sustainability.



OCTOBER

Acquisition of Megapark Leisure

Lar España acquired the right to use 33 retail units for a total of EUR8.7 million. This strategic acquisition allowed the Company to operate 83,380 sqm of the Megapark Barakaldo retail complex.



DECEMBER

Analyst Day

On 1 December in Madrid, Lar España held its first Analyst Day.

+28.5% value uplift versus acquisition price

Lar España received the valuation reports for its assets as at 31.12.2017, in which they were assigned a total value of EUR1,538 million, up 28.5% versus their acquisition price.



2018

JANUARY

Megapark Leisure Financing

Lar España signed a EUR8.2 million financing agreement for the acquisition and subsequent refurbishment of the leisure area at Megapark Barakaldo.



Divestment of Egeo office building

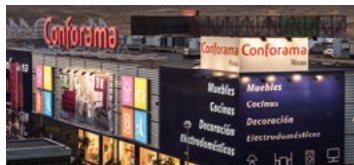
As sole shareholder and owner of the Egeo office building, the Company transferred all of its shares for an initial price of EUR79.3 million (a figure which could be upwardly adjusted), achieving 22.2% capital gains on the acquisition price.



FEBRUARY

Acquisition of Rivas Futura Retail Park

The Company acquired 100% of the shares held by the Spanish company which owned the Rivas Futura retail park for a total of EUR61.6 million. The park comprises a gross lettable area of approximately 36,724 sqm.



Renewal of the Manager's management contract

Renewal of the terms of the investment management contract with Grupo Lar, which will have a term of 4 years from 1 January 2018. Certain modifications were made to the terms of the agreement, please see our website for more information.



Acquisition of Parque Abadía Commercial Gallery

The Company acquired the Parque Abadía commercial gallery for EUR14 million, taking its total ownership of the complex to over 43,252 sqm (following on from the acquisition of the retail park in March 2017).



MARCH

Sale of the Nuevo Alisal retail warehouse

Lar España sold the retail warehouse located in Santander for EUR20.9 million, achieving a value uplift of 23.1% on the acquisition price.



Sale of the Villaverde retail warehouse

Lar España sold the retail warehouse for EUR12.3 million, achieving a value uplift of 34.7% on the acquisition price.





3.5 Grupo Lar, Lar España's Manager

Lar España Real Estate SOCIMI, S.A., is exclusively managed by **Grupo Lar**, a seasoned, family owned, Spanish private Real Estate developer, investor and asset manager with over 45 years of experience, working both national and internationally.

In February 2018, Lar España entered into an agreement with Grupo Lar in order to **novate the investment management agreement** until 2021.



Grupo Lar's competitive advantages

1. Stable ownership & governance

- The Pereda Family owns **100%**.
- Strong **Corporate Governance** regulations. 4 out of 10 Independent Directors. Grupo Lar has highly regarded individuals in the Real Estate and/or Financial landscape.

2. Strong management team

- **321 employees in 7 countries** with on-going training programmes in each country and talent selection processes in order to build on middle management capabilities.
- Large **experience and knowledge** of the Spanish real estate market.

3. Geographical diversification

- **International presence:** the Company portfolio is spread across **7 countries** in Europe and the Americas.



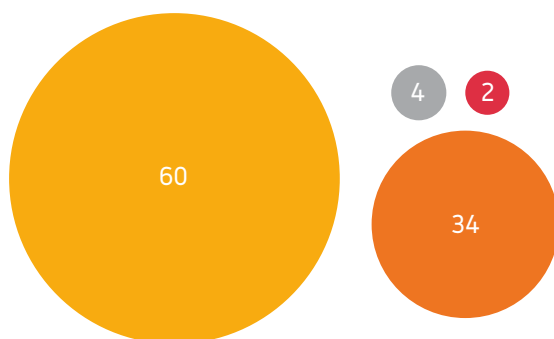
Weighting of each country in the portfolio (%)

53 Spain
20 Mexico
13 Peru
8 Brazil
3 Poland
2 Colombia
1 Romania

4. Product diversification

- Grupo Lar is a developer, investor and asset manager in **shopping centres, offices, residential, industrial and logistics.**

% GAV managed by Grupo Lar



- Shopping Centres ● Logistics ● Offices
- Residential

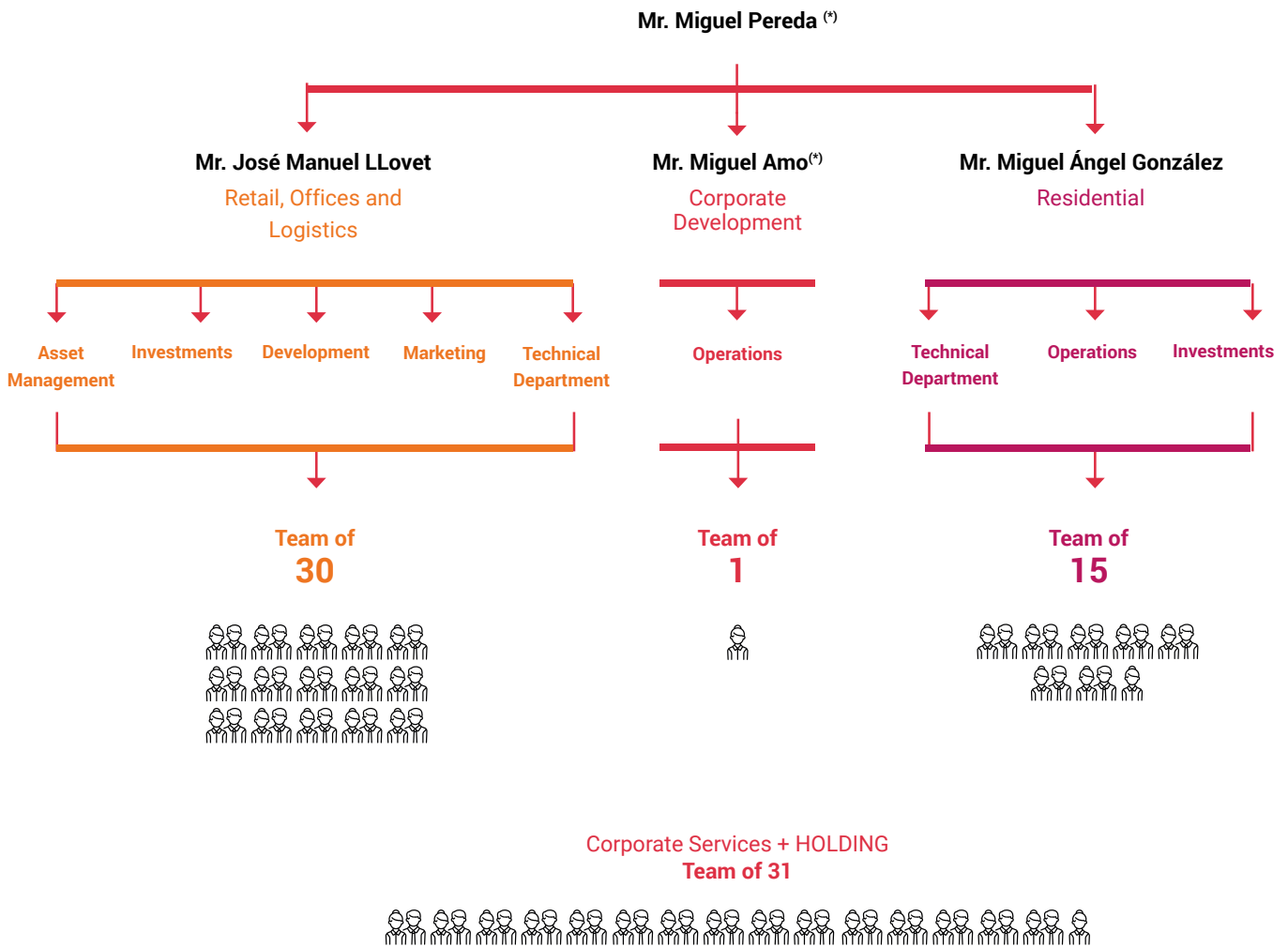
5. Reliable manager and partner of third party funds

- **Co-investor and operational partner** for Institutional Investors and Hedge-Funds.
- Grupo Lar has a unique track record of successfully leveraging on **JVs and Alliances with tier 1 Investor and Corporations** in order to maximise the return on investment for its partners.

6. Strong balance sheet

- It boasts a **solid financial position** and the ability to adapt to different property cycles thanks to the **diversity of its assets and their locations.**

Below we detail the **management team**, which is heavily involved in the day-to-day running of Lar España:



(*) Grupo Lar Inversiones Inmobiliarias Board Member

Proven partner in Alliances/JVs

One of the key differentiating values of Grupo Lar is its proven experience of establishing **alliances with prestigious international investors**, such as Green Oak, Grosvenor, Goldman Sachs, Henderson Global Investors and Ivanhoe Cambridge, among others:



Long term successful Joint Ventures:

- Grupo Lar has successfully partnered with the **Real Estate funds of highly regarded international institutions**.
- **50-50% JV With Grosvenor**, from 2000 to 2008, to develop, invest and manage office, shopping and business centres in Spain (6 industrial parks, 6 office buildings and 13 shopping centres).
- Grupo Lar and **Whitehall (Goldman Sachs)** set up an alliance (1998-02) to invest in shopping Centres and offices.

Alliances and JVs to invest in different assets and locations:

- **Germany:** In 2007, Grupo Lar invested in Office and residential business for La Caixa Private Banking Clients.

Spain:

Shopping Centres: JVs with Invanhoé Cambridge, Eroski, Vastned Retail, Acciona Inmobiliaria, GreenOak, Sonae Inmobiliaria, Morgan Stanley, GE Capital, Henderson and Rockspring.

Residential: More than 3,850 dwellings under alliances with Banco Sabadell, Bankia, AXA RE and Catalunya Caixa, and Real Estate developers.

- **LatAm:** Strategic Alliances and JVs with Grupo Acción in Mexico; RB Capital, Mero do Brasil and Concima in Brazil; and Cosapi in Peru.

Grupo Lar's extensive experience and in-depth knowledge are clearly emulated in **Gentalia**, the largest retail property manager in Spain and in which Grupo Lar is the majority shareholder (66%).

Gentalia's business covers the areas of **consultancy, asset management, letting and shopping centre management**.

Gentalia carries out these activities for the vast majority of Lar España's retail portfolio.

As well as exemplary management, having its own team enables it to win the loyalty of a large number of retailers. It also optimises the operating costs of the shopping centres via the establishment of economies of scale.

Gentalia's portfolio currently comprises **44 shopping centres** and 4 projects of varying types, operating throughout Spain. This equates to a **gross lettable area of 1,404,403 sqm**, providing the company with access to up-to-date knowledge and constant contact with the tenants of over 2,921 retail units, including all the **prestigious retailers on the market**.



Grupo Lar fees as Lar España's Manager in 2017

1) Base fee (Fixed fees)

The **base fee**, under the terms of the Investment Manager Agreement (IMA) signed between Lar España and its manager, Grupo Lar, and amended on 6 October 2016 after a GAV (gross asset value) in excess of one thousand million euros had been reached, amounts to 1.25% of NAV (net asset value) up to 600,000 thousand Euros + 1% of NAV above 600,000 thousand Euros.

As a result, the fixed fees entered in the Global Consolidated Income Statement for Lar España at 31 December 2017 total 9,023 thousand Euros.

2) Performance fee (Variable fees)

Pursuant to Clause 7.2 of the Investment Management Contract, Grupo Lar has the right to a **Performance Fee** that is paid to the manager depending on the **profitability obtained by Lar España shareholders**.

In this respect, the annual profitability of shareholders is defined in the contract as the sum of the change to EPRA NAV of the Group during the period, less net funds obtained from the issue of shares during the period, plus the dividends distributed during said period.

The amount of the actual **return for the shareholder** is as follows:

BASE FEE

	(Thousands of Euros)
EPRA NAV 31.12.16	830,399
Gross fee	9,804
Grupo Lar expenses incurred by Lar España	(277)
Fees indirectly paid in subsidiary companies (*)	(504)
BASE FEE	9,023

(*) Lagasca99 fees

	(Thousands of Euros)
EPRA NAV 31.12.16	830,399
EPRA NAV 31.12.17	961,489
Difference	131,090
2016 Dividend paid in 2017	30,000
Net annual increase	161,090
SHAREHOLDER RETURN (%)	19.40%

Grupo Lar had the right to a fee equal to 20% of the return of the shareholders when same exceeds 10%, and 20% of any excess over 12% in the event the return exceeds 12% up to 22%.

On 28 December 2017, Lar España and Grupo Lar have agreed to amend, retroactively to 1 January 2017, Clause 7.2 of the Investment Management Agreement, which stipulates the definition and calculation of the Performance Fee, such that **the amount earned per year by the manager** for this concept may not surpass the **maximum amount of EUR 10,000 thousand**.

The parties also agreed that the management company will be entitled to **remuneration linked to the sale of real estate assets** and on the condition that returns have been generated for the shareholder, provided that such **sales amount to at least EUR 100 million**. The amount of this remuneration will be accrued by the management company in the year the Group sells its investments at the aforementioned price or when, having generated value for the shareholder, Lar España unilaterally terminates the management agreement, neither of which has occurred as at 31 December 2017.

The amount of this remuneration will be the excess of EUR10,000 thousand of the return generated for the shareholder, which is determined in accordance with the original clause of the agreement (20% of the shareholder's return if this exceeds 10%, and, additionally, if the return exceeds 12% and up to 22%, 20% of the excess of 12%).

Therefore, the sum of **19,023 thousand Euros** that results from adding the base fee to the performance fee is entered in the Global Consolidated Income Statement at 31 December 2017 under the heading "Other Costs". See section 7.3, "Consolidated Financial Statements 31.12.2017 (IFRS)". Fixed and variable fees have been taken into account in the EPRA Cost Ratio calculation (see, section 8 "EPRA Information").

In order to pay the performance fee, the following process will be followed as detailed in the IMA:

- Approval by Lar España.
- Payment of the amount corresponding to the performance fee (10,000 thousand Euros) to Grupo Lar.
- Reinvestment of this amount by Grupo Lar (after tax deductions) via the subscription of new Lar España shares.

	%	(Thousands of Euros)
Performance fee	100	10,000
Taxes	25	(2,500)
Grupo Lar reinvestment	75	7,500

The 7,500 thousand Euros will be used to acquire new shares issued by Lar España via a share capital increase after obtaining the 2018 General Shareholders Meeting approval.

Lar España and Grupo Lar have agreed to **subscribe new Lar España shares** at the company's 2017's EPRA NAV closing price, in other words, at **EUR10.27 per share**.

3.6 Innovation and technology

Lar España is aware of the importance in the sector today of **innovation and emerging technology as drivers of a sustainable business model**. Such a model is necessary in order to create value for its stakeholders, to which end the Company is striving to embed innovation into the everyday management of all of its business activities and assets.

All over the world, the sector is becoming increasingly aware of the need to commit strategically to innovation and technology in order to adapt to new externalities, especially those emanating from climate change, population growth and new social behaviour derived from disruptive technology.

It is against this backdrop that Lar España is beginning to gradually integrate into its business model certain strategic positions and initiatives that affect **both its financial and non-financial performance**. The use of new technology for smart town planning will pave the way for offering society new and more sustainable and appropriate building methods, this responding to the needs and trends challenging the sector over the short, medium and long term.

Innovation at Lar España

Lar España's commitment to innovation is intrinsic to its principles and values and is embodied in the general principles of its **Corporate Social Responsibility (CSR) Policy** in relation to environmental management and shared value creation and in its short- and long-term strategic targets, as follows:

- 1 Mainstreaming of environmental criteria into the due diligence work performed when acquiring new properties.
- 2 Promoting the construction and certification of sustainable buildings.
- 3 Ensuring continuous improvement by fine-tuning the management of environmental risks, increasing awareness of these risks and minimising their impact.
- 4 Generating experiences and placing users at the heart of the business model.

Lar España is unwaveringly committed to innovating across the board. It is similarly committed to **embracing emerging technologies and making its properties more energy-efficient and sustainable**. Not to mention attracting the finest talent in order to adapt to its customers, shareholders and other stakeholders' needs.

At the sector level, Lar España collaborates actively on transforming the real estate sector by fostering awareness and sharing its extensive experience in order to ensure sustainability in a sector prone to cyclical swings. To this end, it strives to exchange experiences and search for new and innovative solutions that boost sector credibility and help **add value for stakeholders**.

Key lines of initiative in the innovation arena:



Environmental innovation



Customer-oriented innovation



Other innovations



1. Environmental innovation

Lar España is committed to addressing the problems that could affect the communities in which it does business by being socially responsible, which means actively trying to mitigate or remedy such issues. As a result, Lar España is taking action to **preserve the environment**, looking inwards by setting strategic targets and issuing corporate policies and looking outside the firm by educating society about its values and searching tirelessly for **smarter and more efficient ways to develop and operate its real estate assets** in order to reduce their environmental impact.

At the heart of Lar España's innovation on the environmental front lies its commercial property portfolio. This strategic focus translates into the following initiatives:

- a) Energy efficiency
- b) Water management
- c) Air quality
- d) Solar power
- e) Sustainability certificates
- f) Other lines of initiative

a) Energy efficiency

Lar España is working actively to make its retail properties more **energy efficient** with two aims: (i) **reducing its energy expenditure** and (ii) **becoming more environmentally friendly** in its business communities.

By making its businesses and communities more energy efficient it not only reduces the environmental impact footprint but lowers its operating expenses, thereby generating tangible benefits for the business.

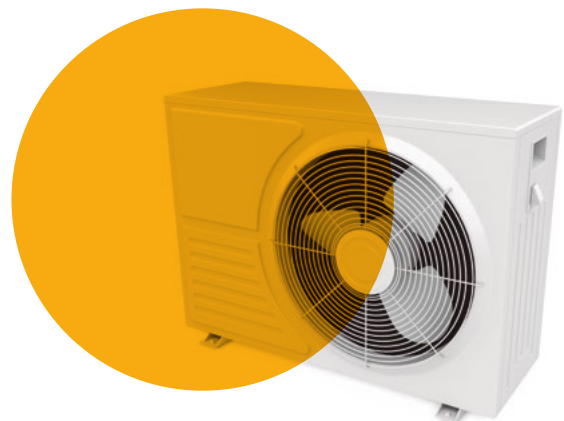
Whether developing new commercial properties or refurbishing existing ones, Lar España is embracing and innovating with new technologies and processes involving alternative energy sources designed to deliver a sustainable and low-carbon future. In 2017, it focused specifically on:

- **Lighting:** By installing light sensors, sub-dividing circuits, embedding motion detectors into light switches and replacing bulbs with more efficient LED systems.
- **Climate control:** By installing free cooling technology in air conditioning systems, variable-frequency drives and air curtains.
- **Building systems:** By installing variable speed drivers in access ramps and lifts, fitting presence detectors in vertical displacement systems and continuous improvement of building management systems.

b) Water management

Lar España is firmly committed to improving **water management** and quality at all its retail assets by means of practical innovations that enable **more rational water usage**. Indeed, ensuring an efficient water management system in order to minimise consumption and administer water quality is a top priority, delivering lower operating expenses and reducing the Company's environmental footprint in tandem. This priority materialised in the following initiatives in 2017:

- **Smart meters and taps fitted with presence detectors:** These devices enable efficient control of consumption and immediate detection of possible leaks.
- **Watering systems:** Timed watering systems fitted with the latest technology in order to regulate consumption as a function of evolving needs.
- **Cooling towers:** Installation of smart meters in order to control consumption more efficiently.



c) Air quality

One of the areas requiring greatest attention - and presenting significant room for improvement in terms of building habitability - is the **quality of the indoor air** provided by heating, ventilation and air conditioning (HVAC) systems.

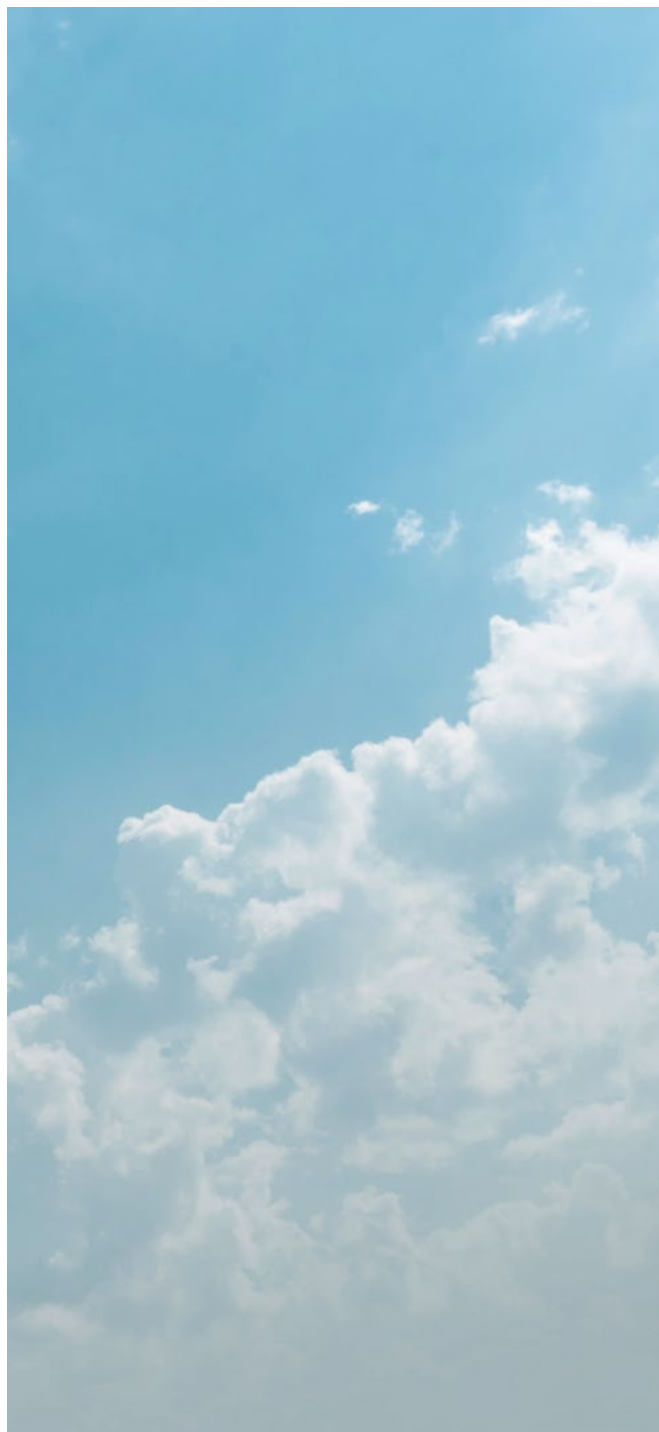
Lar España is currently analysing two fields of initiative in this respect:

- **More complex control systems** designed to enable **continuous adaptation** to demands for ventilation as a function of **occupancy needs and prevailing air quality readings**. These systems analyse, in addition to the customary controls over the CO₂ content of the air generated by these systems, other parameters such as relative humidity and enthalpy (dew point), which are essential to perceived user comfort.
- **Air purifier systems**, through active polarisation air filtration systems, which generate substantial advantages in terms of equipment energy consumption: airflow resistance is significantly lower compared to conventional filters of similar capacity so that the power consumed by the ventilators is considerably reduced.

d) Solar power

Lar España's approach to the use of **alternative energy sources** is concentrated, above all, on the use of photovoltaic solar power. It installs solar panels in its retail properties. Highlights:

- Its positioning in the development of eco-friendly shopping centres.
- Three properties in Lar España's portfolio have been fitted with these panels.



e) Sustainability certificates

Lar España is committed to the use of **tools for rating** and certifying its assets in order to **vouch for their sustainability**. The continuous management and innovation effort being undertaken by the Lar España

team is improving the energy performance certificates at the assets where action has been taken. The most important certifications obtained are:

✓ ISO 9001-certified quality management systems.



✓ OHSAS 18000-certified occupational health and safety management system.



✓ The certificate guaranteeing the renewable origin of the power used (issued by the CNMC, Spain's anti-trust authority and energy sector watchdog)



✓ Lar España is in the process of obtaining BREEAM certification for in-use sustainability for the majority of its properties.



f) Other lines of initiative

- **Tri-generation:** Taking co-generation one step further, tri-generation is the production of electricity, heat and cooling in a single process. This technology is particularly effective for retail properties as the heat generated is used to heat the buildings in winter, while the cooling function is availed of in the summer.
- **Eco-friendly transportation,** by setting up electric vehicle charging stations and reserving parking spaces for this purpose.
- **Guided parking,** using lights to signal free and occupied parking spaces, thereby facilitating mobility within car parks and preventing unnecessary displacement, helping to reduce carbon emissions.



2. Customer-oriented innovation

a) Digital solutions to facilitate the shopping process

Lar España, aware of the challenges looming, is immersed in **far-reaching digital transformation**, the cornerstone of which is e-commerce. This supplementary sales channel consists of facilitating purchases at its shopping centres by means of a dedicated online platform, www.tucentro.com. The goals of Lar España's e-commerce endeavour are:

Providing a multi-channel shopping platform, enhancing its customers' shopping experience

Generating additional revenue via the new online platform

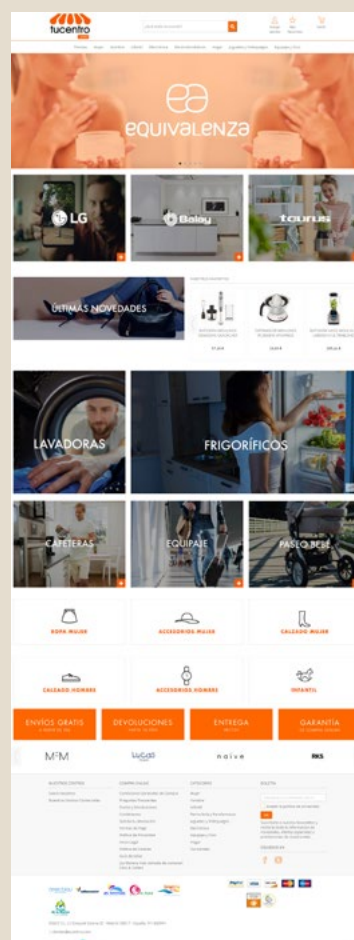
Adding value to the Company's properties and setting them apart from the competition

Transforming the perceived risk posed by e-commerce into a new business opportunity, creating a new business line

Providing retailers with a new e-commerce outlet



In 2017, the Company updated its platform, enhancing ease of access and use, specifically improving the following aspects:



Header

More visual and interactive buttons have been added. Sign-in, favourites and shopping cart.

Menu

The main categories have been simplified and narrowed down

Slider

Three main sliders, which rotate automatically, have been incorporated.

Bullets

Space has been added to accommodate customer service updates.

Banner

The number of banner ads on the home page has been increased by creating two larger areas designed to increase the presence of the stores on the shopping centres' websites.

Footer

At the bottom, social media buttons and the option for signing up for the newsletter have been added.

b) Seeking

Lar España is developing a **multi-channel solution** that will integrate the information generated via all its shopping centre channels, enabling it to then cross-reference and analyse the data with the aim of generating value for direct and indirect customers. The seeking system uses nodes or beacons (antennae) that are installed in the shopping centre (hardware) combined with powerful business intelligence software. The main goals of this development include:

Developing proximity marketing initiatives to drive footfall and customer satisfaction

Enhancing shopping centre management by means of advanced data analytics

Identifying unique visitors

Better understanding traffic by store and region and visit frequency and length patterns

Analysing events and their conversion ratios

**Benefits in respect of the customer journey and marketing objectives**

- ✓ Enhancing the shopping experience and customer loyalty
- ✓ Identifying ways to enhance the shopping route
- ✓ Maximising remarketing opportunities, boosting conversion and sales rates
- ✓ Activating off- and online visits and sales at optimal shopping times
- ✓ Measuring the effectiveness and ROI of online and social media advertising in terms of drawing people to a given shopping centre
- ✓ Improving conversion ratios by identifying the driving forces

Sales management benefits

- ✓ Identifying the most profitable areas (hot and cold areas)
- ✓ Enhancing the location of stores, screens and signage and identifying imbalances in the mix
- ✓ Understanding customer profiles and loyalty patterns in detail
- ✓ Measuring the impact of specific events on traffic and time spent in the centre
- ✓ Identifying the times of the day of greatest impact in terms of organising store openings, events, promotions, etc.

c) Geoblink

September 2017 marked the start-up of the Geoblink project, the main goal of which is to implement a **location intelligence** solution that will enable the Company to identify the main **social and economic characteristics of its customers**, as well as the main demographic traits of the shopping centres' catchment areas with the aim of understanding customer needs in detail and designing personalised marketing strategies. It also enables the Company to analyse key competitor data and consumer behaviour in order to generate omni-channel content and articulate geo-marketing campaigns around shopping trends.

d) Mobile-enabled customer app

In 2017, Lar España's marketing area began to work on developing and launching an app for its shopping centres that will enable **two-way communication with customers**. The idea is to use this tool to offer promotions of interest and other information of relevance to its customers.





3. Other innovations

a) Differentiation and Brand value

Lar España is working on an **innovative project related with brand differentiation**. This project reflects Lar España's wish to become the sector leader by differentiating itself from its main competitors. More specifically, Lar España is looking to build a brand

promise and a unique value proposition for its customers that will also add value for investors, articulated around three phases:

Inspiration

Completed phase:

This phase consisted of segment identification, sector benchmarking and the formulation of new proposals.

Design

Completed phase:

Phase during which a list of initiatives was drawn up via co-creation sessions with the project's different stakeholders.

Implementation

Ongoing.

Phase during which we drew up an initiatives road map, detailing more than 60 trial initiatives to be implemented in shopping centres in the short, medium and long term.

The selected differentiation strategy was "Enjoy something different"; over the other alternative options: "Committed to you" and "At the cutting-edge of retail".



Each differentiation strategy, **"Enjoy something different"** being the option selected, involves short, medium and long-term initiatives aimed at **improving the customer experience at Lar España's shopping centres.**

b) Entrepreneurship

Lar España supports innovation via entrepreneurship by means of a **project** named **Wonderful**, a cycle of events conducted simultaneously across its shopping centres with the aim of fostering and promoting the **most enterprising and innovative ideas for solutions that create tangible benefits for shopping centres and society as a whole**.

These projects are classified into two categories:

- Innovation in shopping centres and retail
- Innovation in the city in which the shopping centre is located



The key characteristics of the Wonderful scheme are:

8 shopping centres:

- Albacenter
- Aneclblau
- As Termas
- El Rosal
- Gran Vía de Vigo
- Megapark Barakaldo
- Portal de la Marina
- Vistahermosa

2 categories:

- (i) Innovation in shopping centres and retail;
- (ii) Innovation in the city in which the shopping centre is located

Jury:

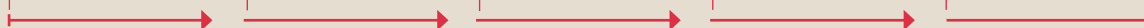
The shopping centre managers and owners, city councillors and collaborating institutions

Prize:

Presentation of the project to the investor network in search of local investors

Wonderful Summit Final Event:

A seminar devoted to innovation which analysed trends in the retail sector and how the sector is adapting to emerging technology. The Wonderful Awards, for which over 120 initiatives competed, were handed out at this event.



c) MAPIC Leasing Tool

In conjunction with the international retail property trade fair, MAPIC 2017, and under the umbrella of the innovation and digitalisation strategy being pursued by Lar España, the Company has developed a **new digital tool to support the teams tasked with marketing its properties**. This tool provides a user-friendly interface that displays all the key information about the various properties (sales dossier, refurbishment dossier, blueprints, etc.). All of the documents can be accessed in digital format and real time from any mobile device or PC.

d) Retail Thinking Journey

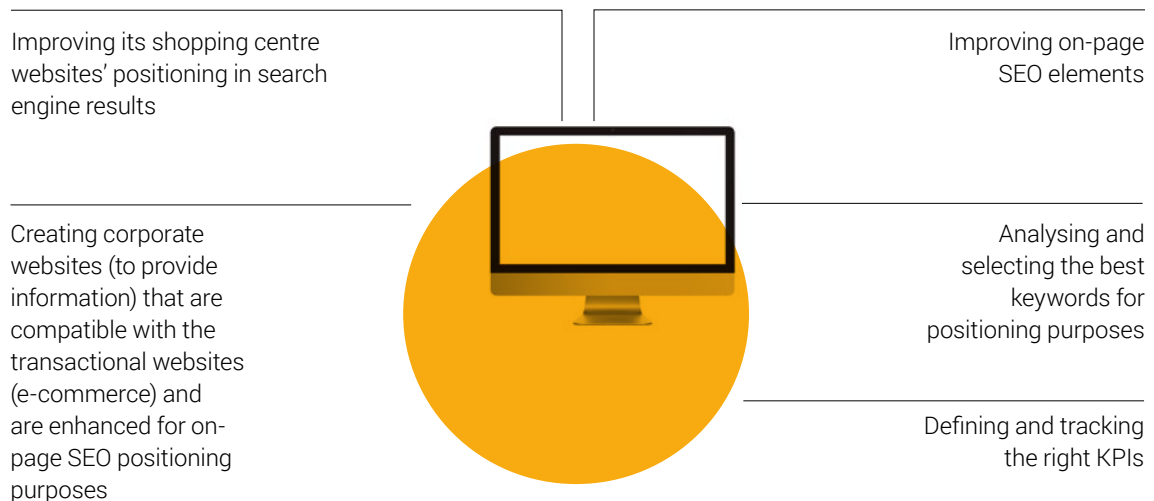
October 2017 marked the culmination of the internal training programme created especially for Lar España and its Manager by Professor Pablo Foncillas, specifically for the development of the Company's executives and shopping centre management teams. The overriding objective of these training sessions was to facilitate the **acquisition of new digital know-how and skills** so that the organisation gains a deeper understanding of the transformation process that is taking place in the shopping centre sector.

Thanks to this programme, the Company's managers have become better acquainted with the characteristics of today's digital consumer. The course participants designed specific initiatives for delivery of an efficient omni-channel transformation process and devised the '2020 Lar España shopping centre'.



e) SEO positioning

SEO positioning refers to the visibility of a website in search results across the various search engines. Lar España works continuously and specifically on **improving its SEO positioning** by designing and adapting elements of its websites to be smarter and more effective with the ultimate goal of:



On-page positioning

Direct control: **website content and elements** are **designed with search engine friendliness in mind**. The key factors to be tackled in order to improve positioning are the URLs, website content and maps, among others.

Off-page positioning

This encompasses all the **external factors** that influence positioning beyond the website, essentially consisting of link-building activities.

4

GOOD GOVERNANCE

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Lar España
and Corporate
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4.4

Risk control and
management system
p. 108



Lar España continues to make great strides forward in terms of **transparency, ethics and regulatory compliance**, thereby guaranteeing **good governance** both in terms of the company and its governing bodies.



rimark oystho
ringfield pull & bear
bershka
lanco HI & MI
stradivarius
le agent new yorker
edia Markti
calzedonia



albacenter



Albacenter Shopping Centre (Albacete)



4.1 Corporate Governance at Lar España

Annual General Meeting

The general meeting is Lar España's **highest decision-making and control body**; it is the vehicle around which shareholders' right to intervene in the Company's essential decisions, within their purview, is articulated. Its powers include those of **determining the number of members of the Board of Directors** within a minimum and maximum stipulated in the Articles of Association and **appointing or removing directors**,

without prejudice to the Board of Director's power to appoint directors by co-option in the interim.

In 2017, the Annual General Meeting was initially called for 27 and 28 April and was later postponed, in order to increase the number of directors, to 26 May at first call and 29 May 2017 at second call, which is when it took place. The main matters addressed were:

Annual General Meeting, 29 May 2017

1. Ratification of the individual and consolidated annual financial statements for 2016.
2. Ratification of the 2016 management reports.
3. Grant of discharge to the Board of Directors for its management and performance in 2016.
4. Approval of the proposed appropriation of profit and dividend distribution in respect of 2016.
5. Re-election of the Company's statutory auditor.
6. Establishment of the number of members of the Board of Directors by means of the appointment of Mr. Laurent Luccioni as external proprietary director of the Company and the re-election of the remaining serving directors .
7. Grant of a waiver from the restrictions contemplated in article 229 of Spain's Corporate Enterprises Act in keeping with the terms of article 230 of that same Act in respect of the director Mr. Miguel Pereda Espeso.
8. Empowerment of the Board of Directors to issue equity on one or more occasions and at any time, within the five-year term beginning on the date of ratification of the resolution, by an amount of up to half of the current share capital.
9. Delegation in the Board of Directors of the power to issue marketable securities.
10. Authorisation to the Board of Directors to carry out the derivative acquisition of shares of Lar España Real Estate SOCIMI, S.A.
11. Issuance of shares to be subscribed by the Management Company by way of performance fee and delegation in the Board of Directors of the power to execute the resolution.
12. Approval of the 2016 Annual Report on Director Remuneration by means of a favourable advisory vote.
13. Empowerment to the Board of Directors, the Chairman and the Secretary of the Board Directors so that any of these parties may execute the resolutions ratified at the Annual General Meeting.

Board of Directors

The **Board of Directors** is Lar España's management body with the broadest powers to manage the Company, except in relation to the matters reserved to the shareholders in **general meeting**. In its capacity as the **highest governance body**, the Board's duties include that of supervising the Company's management with the goal of upholding the organisation's corporate interest. The Board met 19 times in 2017.

The Board of Directors has two **supervisory and control committees**: the Audit and Control Committee, made up of three members, and the Appointments and Remuneration Committee, made up of four. In 2017, the Audit and Control Committee met thirteen times and the Appointments and Remuneration Committee met on eight times.

In 2017, in line with prevailing corporate governance recommendations, **two new directors were added to the Board of Directors of Lar España**: Mr. Laurent Luccioni, ensuring due representation of the shareholders' interests on the Board; and Ms. Isabel Aguilera, as independent director, in line with the Company's commitment to fostering boardroom diversity.

The professional profiles of the Company's directors are summarised below:

Mr. José Luis del Valle

Chairman of the Board and Independent Director



Mr. José Luis del Valle boasts an extensive career in the banking and energy sectors.

Between 1988 and 2002, he held several positions at Banco Santander, one of Spain's most prominent financial institutions. In 1999, he was named the bank's General Manager and CFO (1999-2002).

He later worked as Director of Strategy and Business Development at Iberdrola, one of Spain's leading power utilities (2002-2008), CEO of Scottish Power (2007-2008), Director of Strategy and Research at Iberdrola (2008-2010) and advisor to the Chairman of Gamesa, the wind turbine manufacturer (2011-2012). He currently sits on the boards of insurance group Ocaso; Abengoa, S.A., a supplier of innovative technological sustainable development solutions; Verditek Plc, an investor in the clean energy technology sector; and IC-A, Spain's association of company directors. José Luis is an engineering graduate from Madrid's Polytechnic University (Spain).

He specialised in Mining Engineering and graduated number one in his class. He also holds a Masters in Nuclear Science and Engineering from the Massachusetts Institute of Technology (Boston, US). Lastly, he holds an MBA with High Distinction (Baker Scholar) from Harvard Business School (Boston, US).

Mr. Pedro Luis Uriarte

Independent Director



After spending nine years working in the industrial sector, between 1975 and 2001, Mr. Pedro Luis Uriarte held a range of positions at BBV and later BBVA, one of Spain's leading banks. In 1994 he was named CEO, a position he held simultaneously with that of Vice-Chairman of the Board of Directors of BBV and then BBVA. He has also served as Vice-Chairman of the Board of Telefónica, Spain's leading telecommunications provider. In the public sector, he was named councillor of the economy and finance in the Basque regional government in 1980, a position he held until 1984. In 2007 he founded Innobasque, the Basque innovation agency, which he presided until 2009, since which time he has been collaborating on multiple initiatives in the R&D arena. He is currently the Executive Chairman of the strategic consultancy, Economía, Empresa, Estrategia, and is a member of several boards and board advisory committees of Spanish and international companies.

He has also served on the Board of Trustees of UNICEF Spain. Pedro Luis holds a dual degree in business studies and law from Deusto University (Bilbao, Spain) and is a member of the board of Deusto Business School. He has received several accolades, notably including the Gran Cruz al Mérito Civil [Civil Merit Cross] (awarded by the Spanish government) in 2002, the Gold Medal of Guipuzcoa in 2005 and Executive of the Year (awarded by CEDE, Spain's Confederation of Executives) in 2011.

Mr. Alec Emmott

Independent Director



Mr. Alec Emmott has built an extensive career in the real estate sector in Europe, having worked at listed and unlisted companies. He resides in Paris. He worked as CEO of Société Foncière Lyonnaise (SFL) between 1997 and 2007 and later as executive advisor to SFL until 2012.

He is currently Director of Europroperty Consulting, and has been a Director of CeGeREAL S.A. (where he represents Europroperty Consulting) since 2011. He is also a member of the advisory committee of Weinberg Real Estate Partners (WREP I/II).

He has been a member of the Royal Institution of Chartered Surveyors (MRICS) since 1971. He holds an MA from Trinity College (Cambridge, UK).

Mr. Roger Maxwell Cooke

Independent Director



Mr. Roger M. Cooke boasts more than 30 years' experience in the real estate sector. In 1980, he joined the London office of Cushman & Wakefield, where he participated in the drafting of its appraisal standards (Red Book). From 1995 until the end of 2013, he worked as CEO of Cushman & Wakefield Spain, during which time he positioned the company at the sector's forefront.

In 2017, Queen Elizabeth II decorated Roger with an MBE for his contribution to British enterprises in Spain and to Anglo-Spanish trade and investment. Roger holds a degree in Urban Estate Surveying from the Trent Polytechnic University (Nottingham, UK) and is currently a fellow of the Royal Institution of Chartered Surveyors (FRICS). He presided the British Chamber of Commerce in Spain until May 2016.

He has been a Senior Advisor to Ernst & Young since 2014. Lastly, Roger Maxwell has been the Chairman of the Publishing Board of Iberian Property since September 2017.

Ms. Isabel Aguilera

Independent Director



Ms. Isabel Aguilera has built her career at a range of companies in different sectors. For example, she has worked as President of General Electric's Spanish and Portuguese unit, Managing Director of Google's Spanish and Portuguese unit, Chief Operating Officer at NH Hotel Group and CEO for Spain, Italy and Portugal for Dell Computer Corporation. She has also sat on the boards of a number of companies, including Indra, Banco Mare Nostrum, Aegon and Laureate Inc. At present, Isabel is a director of Grupo Egasa and Oryzon Genomics. Isabel holds a degree in Architecture and Town Planning from Seville's School of Architecture and a Masters in Sales and Marketing Management from IE.

She has also completed IESE's General Management Programme and the San Telmo Institute's Programme for Senior Executives of Leading Enterprises and Institutions. She is currently an Associate Professor in ESADE.

Mr. Miguel Pereda

Proprietary Director (Grupo Lar)



Miguel Pereda boasts over 25 years' experience in the real estate sector. He has been a director of Grupo Lar Inversiones Inmobiliarias, S.A. for over 10 years and before that was the CEO of the Lar Grosvenor Group for six years. In 2015 he was confirmed as an Eminent Fellow of the Royal Institution of Chartered Surveyors (RICS) in London. He currently presides Villamagna, S.A., a Grosvenor group company, and the Altamira Lar Foundation. Mr. Pereda holds a Bachelor's Degree in Economics and Business Administration from Madrid's Complutense University, an MBA from Instituto de Empresa (IE) and a Master of Taxation from ICADE.

He has completed the Breakthrough Programme for Senior Executives run by IMD, and Harvard University's Real Estate Management Programme.

Mr. Laurent Luccioni

Proprietary Director (PIMCO)



Mr. Laurent Luccioni has been working in the financial and investment services industry for more than 18 years. He is currently Managing Director and Portfolio Manager in PIMCO's London office and is in charge of supervising the European commercial real estate team. Before joining PIMCO, Mr. Luccioni was CEO for Europe of MGPA, a real estate private equity firm backed by Macquarie, and before that he worked for Cherokee Investment Partners in London. At present, Mr. Luccioni sits on the boards of Echo Investment, S.A. and Carmila SAS.

Mr. Luccioni holds an MBA from Northwestern University's Kellogg School of Management and a PhD in Civil and Environmental Engineering from UC Berkeley.

Remuneration policy

The Director remuneration Policy determines how much the Directors are paid in their capacity as such under the scope of the remuneration regime provided for in the company's Articles of Association. It was approved by the Board of Directors and the General Meeting in 2015.

This policy is based on the principles of **transparency, moderation, compensation for dedication and correlation with performance**. Thus, remuneration must be in line with the Company's importance, the evolving economic situation and market standards for comparable companies.

The remuneration regime is designed to foster the Company's long-term profitability and sustainability and inject the safeguards needed to prevent the assumption of too much risk or the reward of adverse results.

More detailed information about Lar España's governance system can be found in the **2017 Annual Corporate Governance Report**, which is available on the Company's corporate website (<http://www.larespana.com>).

Fixed remuneration ^(*)

Chairman of the Board:

€90,000 per annum

Independent directors:

€60,000 per annum

Proprietary directors:

No remuneration

Directors who sit on the boards of investees:

Up to €15,000 per annum

Board members who sit on either of its committees:

€15,000 per annum

See 2017 Annual Report on Directors Remuneration on the Company's website (www.larespana.com)

(*) There are no variable remuneration neither other additional compensations.

4.2 Lar España and Corporate Governance

Lar España has prioritised corporate governance since it was incorporated in 2014, thereby addressing a **key concern** for companies, regulators, investors and shareholders insofar as it has pledged to guarantee that the Company's **governing bodies** are adequately integrated and functioning as intended.

In response to the growing demand for disclosures about corporate governance practices, Lar España has rolled out an **Action Plan** which is designed to enable the organisation to comply with prevailing regulations and position it in line with best practices in this field.

More specifically, the Action Plan is articulated around the following objectives:

- 1.**
Ensuring strong governance
by means of transparency, business ethics, corporate social responsibility and regulatory compliance.
- 2.**
Leveraging director activities
selection, remuneration and training to pursue more advanced management and enhance transparency.
- 3.**
Furthering the process
of evaluating and improving the Board's performance.

Key milestones in 2017

Progress was made on the following fronts in 2017:

Amendments to the Board Regulations

As part of Lar España's efforts to continually review and update its universe of internal governance rules, on 27 December 2017, the Board approved certain amendments to the Board Regulations, for the reasons outlined below:

- **Incorporation of the basic principles and criteria contained in the security market regulator's Technical Guide 3/2017 on audit committees at public-interest entities** and, in relation thereto, the express incorporation of some of the **corporate governance** recommendations the Company states it complies with in its 2017 Annual Corporate Governance Report and also recognition of the **criteria related with boardroom diversity** stipulated in Spain Royal Decree-Law 18/2017.
- Incorporation of the corporate governance recommendations enshrined in the **Good Governance Code of Listed Companies** ("Corporate Governance Code") approved by Spain's securities market regulator (the "CNMV" for its acronym in Spanish) on 18 February 2015.

Amendments to the Board Regulations

Article 8

Qualitative composition

Article 14

Audit and Control Committee.
Composition, authority and functioning

Article 15

Appointments and Remuneration Committee.
Composition, authority and functioning

Internal Securities Markets Code of Conduct

At a meeting held on 27 December 2017, the Board of Directors of Lar España agreed to amend its **Internal Securities Markets Code of Conduct, thereby complying with the terms of article 225.2 of the Securities Market Act**, enacted by means of Spanish Royal Decree 4/2015, and Regulation (EU) No. 596/2014 of the European Parliament and Council on market abuse and its enacting regulations.

The purpose of this Code is to stipulate the rules of conduct which must be upheld by the Company, its governance bodies, employees other bound parties when **dealing with the securities markets**.

Audit and Control Committee Regulations

The Board of Directors also approved the Regulations governing the Audit and Control Committee of Lar España on 27 December 2017, thereby implementing article 14 of its Board Regulations and **incorporating the basic aspects of audit committee composition, duties and organisation stipulated in CNMV Technical Guide 3/2017**.

The Regulations **establish the Audit and Control Committee's rules of organisation and operation** with the aim of facilitating optimal performance of its duties, framed by the best practices recommendations and criteria established by the CNMV.

Policy on Communication and Contact with Shareholders, Institutional Investors and Proxy Advisors

On 24 February 2017, the Board of Directors of Lar España approved the Policy on Communication and Contact with Shareholders, Institutional Investors and Proxy Advisors, designed to **build confidence and transparency vis-a-vis Spanish and international shareholders and investors** and also comply with recommendation 4 of the Corporate Governance Code. That Policy was subsequently amended at the Board meeting of 27 December 2017 to factor the emphasis placed on this matter in Directive 2017/828 of the European Parliament and of the Council, amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement.

The aim of the Policy is to delimit, analyse and develop the **main tools, channels and mechanisms used by the Company to communicate with and report to its shareholders, investors, proxy advisors and other stakeholders.**

The core principles of this policy are:

- 1. Veracity and transparency of all information provided and equal treatment of all recipients.**
- 2. Protection of the legitimate rights and interests of all shareholders.**
- 3. Continuous dialogue, accessibility and speed of information provision.**
- 4. Stringent compliance, in time and manner, with the Company's legally-stipulated communication and reporting obligations.**
- 5. Equal treatment in acknowledging the rights of all shareholders and facilitating their exercise.**
- 6. Commitment to encouraging and facilitating informed shareholder participation in general meetings and the exercise of shareholder rights.**

Corporate Governance Policy

The Corporate Governance Policy ensures that the Company's practices are in line with the best practices pursued by listed companies.

It articulates the Company's **corporate governance framework**, factoring in, on the one hand, its binding obligations under Spanish Company Law (the Corporate Enterprises Act) and the recommendations issued in the latest version of the CNMV's Corporate Governance Code, approved on 18 February 2015.

The aim of the policy is to help Lar España maximise its competitiveness, foster **transparency and thereby build the confidence of Spanish and international shareholders and investors**, improve internal control and corporate responsibility and ensure due segregation of functions, duties and responsibilities, all from the standpoint of maximum professionalism and rigour.

1

To **maximise**, on a sustained basis, the **Company's economic value**, in keeping with the legitimate public and/or private interests that come into play in the pursuit of any economic activity.

6

To ensure the existence of appropriate director selection procedures so as to guarantee reasonable boardroom balance and diversity.

2

To **establish the mechanisms and instruments** needed to ensure that the Company identifies, analyses and adopts, as required, the best prevailing practices, standards and recommendations in the **corporate governance** field.

7

To establish the appropriate mechanisms for circumscribing the duties and responsibilities of the directors and enabling the **discovery and resolution of potential conflicts of interest** between the directors and the Company.

3

To guarantee **equal treatment of all shareholders**, duly protecting and facilitating the exercise of their rights

8

To ensure a director remuneration policy based on the principles of transparency, moderation, compensation for dedication and correlation with the Company's performance.

4

To promote adequate **transparency and disclosure vis-a-vis the market**, so that the Company reports to its various stakeholders in a clear, comprehensive, simple, orderly and comprehensible manner.

9

To ensure the **quality and effectiveness of the work performed by the Board of Directors**, its members and its committees by means of an annual evaluation, attempting to this end to rely on the support and assistance of independent external advisors.

5

To oversee the safeguards in place to ensure the **honourability, suitability, solvency, skills, experience, qualification, training, availability and commitment** to their duties of the directors and senior officers.

10

To facilitate the **directors' ongoing learning** so as to ensure familiarity with the Company's business and its corporate governance rules by means of an annual training and education program.

Corporate Social Responsibility Policy

The Appointments and Remuneration Committee is responsible for supervision and enforcement of the CSR Policy, monitoring corporate responsibility strategy and practices and evaluating the level of policy compliance before reporting to the Board of Directors.

The policy is framed by Lar España's commitment to **sustainable business development and the creation of shared value over the long term**. Against this backdrop, it establishes the fundamental principles and values underpinning the running and management of Lar España and its investees with a view to generating a business model capable of contributing to long-term value creation, satisfying the needs and expectations of its stakeholders and generating socially-responsible externalities.

In 2017, the Appointments and Remuneration Committee periodically reviewed the design and implementation of the CSR Policy, emphasising what it deemed the most material aspects, namely building accessibility for persons with reduced mobility, environmental protection in the course of development of the Company's business activities and the need to duly engage tenants in the task of delivering these objectives.

Under the umbrella of its CSR Policy, **in 2018 Lar España will roll out its CSR Master Plan**, which it has been working on since 2016 by means of the implementation of initiatives aimed at reducing the Company's environmental impact, improving access to its buildings and enhancing relations with its stakeholders.

Director Selection Policy

The Director Selection Policy is a **crucial element of the Company's governance** as it shapes its effectiveness and influences decision-making quality and the ability to effectively champion the Company's interests. This policy was approved by the Board of Directors on 20 January 2016.

It defines the procedure for selecting and appointing directors, which is based on **analysis of the suitability of the candidates**. The procedure is triggered as a function of the needs detected by the Appointments

and Remuneration Committee and concludes when the Board submits its director appointment proposals to the General Meeting for ratification.

The **Appointments and Remuneration Committee verifies compliance with this policy annually** and reports on its findings in the Annual Corporate Governance Report. Moreover, it strives to make sure the candidates put forward are sufficiently honourable, suitable, solvent, competent, experienced, qualified, trained, available and committed to their duties, that the candidate selection process results in adequate balance in the boardroom as a whole, enriches the decision-making process and helps prevent conflicts of interest such that the common interest always prevails over individual interests.

The policy tasks the Board of Directors with ensuring that its director selection procedures foster **diversity in terms of gender, professional backgrounds and skills and are unbiased** so as to prevent discrimination on any grounds; in particular, it must work to facilitate the selection of female directors.

In parallel, the policy serves to establish the internal requirements and procedures needed to ensure the selection of the best directors for Lar España by means of pursuit of the following specific **objectives**:

- Being concrete and verifiable.
- Assuring that resolutions to appoint or re-elect directors are underpinned by prior analysis of the Board's needs.
- Duly fostering diversity in terms of skills, backgrounds and gender.
- Making a concerted effort to ensure that by 2020 at least 30% of all members of the Board of Directors are female.

The policy also includes an **annual appraisal for all Directors**, in order to ensure that they continue to meet the company's requirements.

Evaluation of the Board of Directors, its members and its committees

Both the CNMV's new Corporate Governance Code and article 529 nonies of the Corporate Enterprises Act echo the **growing importance ascribed to evaluation of the Board, its members and its committees**. Against this backdrop, Lar España has a specific procedure for carrying out these assessments. In performing the procedure in 2017 the following **specific areas were assessed**:

- The quality and efficiency of the work performed by the Board of Directors.
- The diversity of the backgrounds and skills represented on the Board of Directors.
- The performance of the Chairman of the Board of Directors.
- The performance and contribution of individual directors, with particular attention to the chairmen of the Board committees.
- The operations and composition of the Board committees.

Lar España hired an external advisor to assist it with the Board evaluation process in order to render it more objective. The phases comprising the evaluation process in 2017 were the following:



Looking forward

Officer evaluation

The significant influence exerted by senior officers over strategic decision-making, strategy implementation and, ultimately, the Company's results, highlights the importance of senior management evaluation and remuneration as a tool for ensuring that the Board of Directors has the best management team for executing its strategy. Senior officer evaluation permits enhanced individual and collective performance and establishment of the foundations of the remuneration system which in turn exerts a crucial influence on their behaviour.

To this end, on 20 January 2016, the Board of Directors of Lar España approved a **senior officer evaluation procedure**. This system stipulates the formal process for evaluating senior officer performance in terms of the criteria established and approved by the Board of Directors, as well in relation to internal efficiency in fulfilling their duties and in managing people and teams. The results of this procedure have provided feedback for fine-tuning the remuneration scheme and the executive development program.

The Appointments and Remuneration Committee spearheaded this process. Having reviewed the conclusions drawn from the evaluation exercise and the level of delivery of the targets for 2017, it proceeded to approve the **payment of the corresponding percentages of the bonuses established for each of the officers**.

In addition, the Committee reviewed and approved the proposed targets for the Company's employees for 2017, agreeing a structure articulated around 75% of shared objectives applicable to all professionals and 25% of individually-personalised objectives.

Director training

Training directors to optimally **fulfil their duty** to provide leadership and take decisions about group strategy is crucial in an increasingly demanding and changing corporate environment. **Regular review** of the training and briefing programmes addressing corporate governance and relevant sector aspects constitutes a clear competitive advantage when it comes to **informed decision-making** by the Board of Directors.

To this end, Lar España has developed a **director training programme** encompassing several **skills and knowledge refresher initiatives**. This process encompassed the following lines of initiative:

Analysis of the Board's **training and education needs**.

Preparation of a **training programme for new members** of the Board of Directors covering topics related to the Company's business and CSR and corporate governance issues.

Preparation of an **annual training programme** for directors adapted to prevailing/emerging market trends.

Txingudi Shopping Centre (Guipúzcoa)



4.3 Ethics and compliance

On principle, all the people and entities related to Lar España must conduct their corporate activities in keeping with prevailing legislation, steering clear of unethical or unprofessional conduct which could harm the Company's image.

In order to **guarantee ethical conduct and enforce regulatory compliance**, Lar España has established a number of **control and supervision mechanisms** to ensure that all employees and members of the Company's governing bodies behave in accordance with its **ethics principles** and uphold moral standards which enable every individual to behave with honesty, truthfulness and transparency, with the ultimate aim of preventing any form of legal breach or professional misconduct.

Code of Conduct and Whistle-blowing Channel

The Code of Conduct, approved by the Board of Directors in 2014 to **complement the Internal Securities Markets Code of Conduct**, applies and is binding upon all the members of the Board of Directors, the senior officers and management team of Grupo Lar, to all the executives and employees of its investees and to third parties who have professional dealings with Lar España. It establishes the **rules of conduct** to be followed by all those who act in the name of Lar España and its subsidiaries.

Framed by a commitment to analysing and responding to queries and complaints arising in relation to the Company's in-house governance rules, Lar España has set up a **Whistle-blowing channel**, which has its own Operating Rules and is governed by the principles of good faith, confidentiality and protection. The Company has also set up an **Ethics Committee** which is tasked with the duties deriving from implementation of this channel. Failure to comply with the Code's provisions constitutes an infraction and may derive in the application of disciplinary measures.

Crimen prevention model

Framed by its commitment to stringent compliance with prevailing legislation and the prevention of illicit practices which could imply legal responsibilities and/or harm the Company's reputation, Lar España has defined and adopted an **Organisational and Management Model for the Prevention of Crime** (hereinafter, the Crime Prevention Model or CPM) with the following characteristics:

1. It is articulated around the various processes and activities of Lar España
2. For each process and activity, it identifies the criminal risk to which it is most exposed
3. For each risk factor identified, it associates one or more internal controls that mitigate or in some way eliminate or diminish the probability that each criminal risk will materialise
4. It includes controls which belong to the Internal Control over Financial Reporting (ICFR) system which are deemed preventative in terms of mitigating the probability of the commission of crime. These controls notably include those associated with the management of Lar España's financial resources
5. The internal controls that mitigate or in some way eliminate or diminish the probability that each criminal risk will materialise are, for the large part, officially enshrined in internal policies and rules

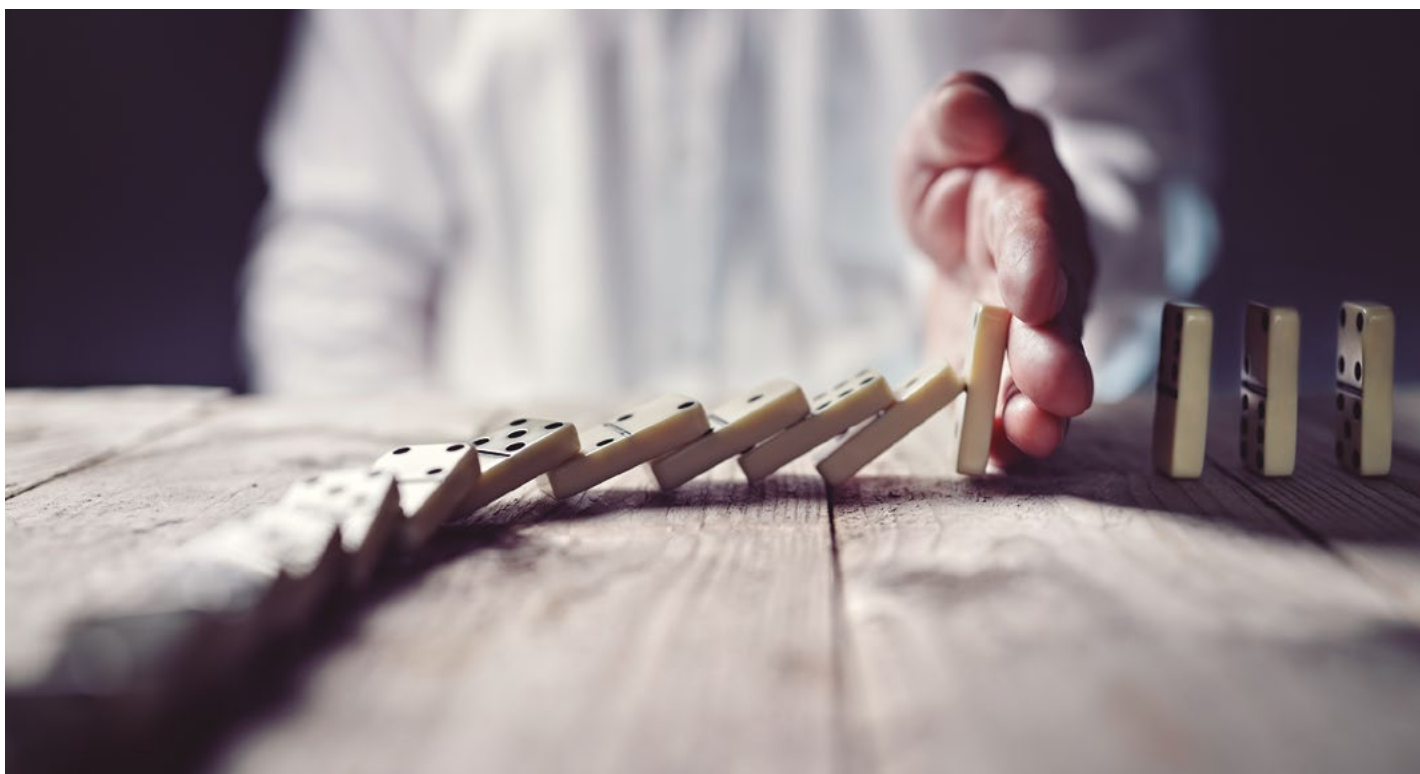
Anti-Money Laundering Manual

The **Board of Directors is the body ultimately responsible for the CPM's implementation and effective execution.** In addition, the Audit and Control Committee and the person responsible for oversight of the CPM have been tasked with its correct functioning and enforcement.

In turn, because it has delegated a large part of its management, Lar España requires the companies it has contractual relationships with to comply with prevailing legislation. To this end, Lar España requires those companies to have crime prevention models which mirror the company's own CPM and reserves the right to ask for information evidencing their existence. Meanwhile, the Whistle-blowing Channel can be used to report any perceived model breaches.

The real estate sector is subject to strict regulations designed to prevent money laundering and establish the rules of engagement with the Executive Branch of the Commission for the Prevention of Money Laundering and Monetary Infractions ("SEPBLAC" for its acronym in Spanish). Against this backdrop, Lar España has drawn up an **Anti-Money Laundering Manual**, which was formally approved by the Board of Directors in 2016, as required under Spanish Law 10/2010, of 28 April 2010, on anti-money laundering and counter-terrorist financing measures. This Manual was in force throughout 2017.

The Company has attempted to emulate best prevailing practices in this effort, prioritising ethical and transparent conduct and the abolishment of any form of fraudulent or illicit activity. In addition, the Manual dictates the exchange of information with all parties related to Lar España and its management company (Grupo Lar) in order to detect potentially-suspicious transactions.



4.4 Risk control and management system

As stipulated in the **Risk Control and Management Policy** approved in February 2015, the Company approaches risk management as a continuous and dynamic process encompassing the identification, assessment, prioritisation and management of risks effectively and efficiently, factoring in the organisation’s specific circumstances and the economic and regulatory environments prevailing in its operating markets.

The integrated **enterprise risk management (ERM) system** of Lar España and its subsidiaries, implemented at the highest level of the corporation, has been designed to mitigate the risks (including tax risks) to which the organisation is exposed by virtue of its business activities.

The system’s overriding goal is to guarantee reasonable assurance that it will be able to achieve its strategic, operating, reporting and compliance objectives.

Accordingly, the ERM system is aligned with the key guidelines established in the “Enterprise Risk Management - Integrated Framework. Committee of Sponsoring Organizations of the Treadway Commission (COSO)” report (hereinafter, COSO).

As set out in its ERM system, Lar España views **risk management as a continuous and dynamic process** which encompasses the following steps:



Risk ownership

The **ERM system** affects and involves all of the organisation's staff. Due to the specific characteristics of Lar España, certain risk management activities are performed by specialist service providers which assist with significant processes such as:

- **Investment and asset management**, performed primarily by Grupo Lar
- Preparation of the organisation's **financial, accounting and tax information**

- Half-yearly **asset appraisals**

However, Lar España follows detailed processes for supervising the third parties responsible for these outsourced services to ensure that these suppliers perform the activities contemplated in the ERM model.

The main participants in the ERM model, their responsibilities and duties are:

Body/Party	Responsibility	Duties
Process Manager or Owner	Direct management via everyday operations	Risk identification, analysis, assessment and mitigation
Risk Officer	Analysing and consolidating the risk information compiled by the process owners	Compiling risk files, identifying new events, gathering information and preparing action and monitoring plans as required
Audit and Control Committee	Monitoring application of the Risk Control and Management Policy defined by the Board of Directors	<p>Identifying risks, establishing risk tolerance thresholds and identifying adequate risk mitigation measures, IT systems and controls</p> <p>Reporting to the Board of Directors on its activities over the course of the year and monitoring application of the Risk Control and Management Policy</p> <p>Analysing, at least once a year, the continued validity of the risk map and adding, modifying or eliminating risks as a result of changes at the organisation or in its business environment</p>
Board of Directors	Approval of the Risk Control and Management Policy	Ultimate responsibility for identification of the main risks facing the Company and for supervision of its internal control systems

Lar España has identified the risks that could jeopardise its ability to achieve its objectives and successfully execute its strategies. In order to identify these risks, management's experience in the real estate sector and the Company's specific circumstances were factored in, as were the medium-term strategic initiatives contemplated by the firm.

The Company has an updated **risk map** depicting the universe of risks that could affect the organisation. The risks listed below are the risks that have been prioritised by Lar España in the wake of this risk mapping exercise, updated annually; in 2017, it managed and monitored these risks adequately, a process which will be ongoing in the years to come:

Main risks

The **risk map** is the tool used by Lar España to identify and assess its risks. All the risks contemplated, including tax risks, are evaluated considering various indicators of impact and likelihood.

The organisation's most significant risks have been duly identified:

- Management of REIT regime-related requirements
- Real estate asset sale-purchases: planning, information and implementation.
- Property values
- Retaining talent
- Reputation
- Impact of socio-economic and political changes
- Board functioning
- Financing
- Dependence on the Asset/Investment Manager
- Accounting and financial reporting
- Investor and media relations
- Integrity and security of the information
- Confidentiality

The risk monitoring process consists of tracking all internal and external variables that could help anticipate or foresee the materialisation of these or other risks of relevance to Lar España.

The **ERM system** categorises risks into one of three levels for management purposes - high, medium and low - depending on how critical the objective with which the risk is associated is deemed. The risk tolerance determination system is reviewed at least annually by the **Audit and Control Committee**.



Response and monitoring plans

The specific characteristics of Lar España, coupled with those of the business sector in which it operates, make it of significant relevance to correctly monitor and update the various risks to which the organisation is exposed, including tax risks.

The level and frequency with which it monitors the risks identified varies as a function of the perceived importance or criticality of these risk factors and the level of effectiveness of the controls currently in place. Accordingly, Lar España has defined different scenarios for **managing its risks**:

Exhaustive analysis

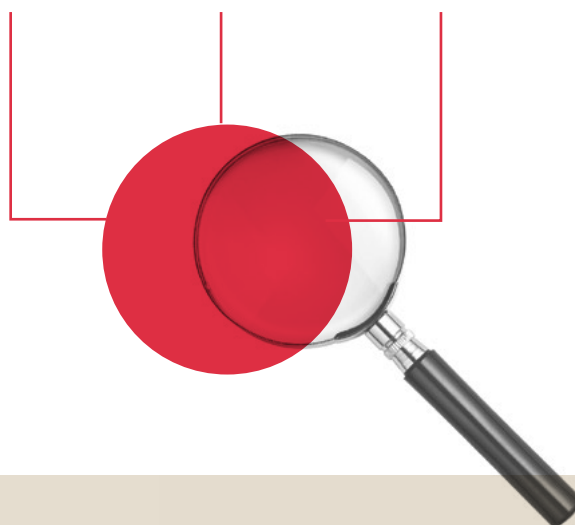
Risks deemed highly critical

Assesment and surveillance

Risks assessed to be of medium importance

Rationalisation and optimisation

Less critical risks



Based on these levels, Lar España has established four kinds of strategies in relation to the level of risk assumed in each instance:

- **Reduction:** this implies undertaking response activities designed to reduce the probability of occurrence or impact of the risk, or both simultaneously. This may entail the introduction of new controls or the improvement of existing ones.
- **Sharing:** a risk's probability of occurrence or impact can be reduced by transferring or sharing a portion of that risk (e.g., via insurance policies).
- **Avoidance:** this implies withdrawal from the risk-generating activities. In this instance, the risk response may be to get out of a given business unit or line and/ or decide not to pursue new business activities associated with such risks.
- **Acceptance:** in this instance no action is taken to modify the risk's probability or impact; risk is assumed at its inherent level as this is deemed appropriate for the activity and established objectives.

Lar España prioritises action plans depending on how critical the risks being mitigated are, the cost/benefit analysis of the proposed course of action and available resources. To this end, identified risks are documented in the form of **individual risk** files in order to enable enhanced monitoring.

These files specify the controls in place and the key indicators (KRIs) that enable anticipation and/ or monitoring of the associated risks. The plan is to **further advance this risk management** and monitoring process in the years to come.

5

CORPORATE SOCIAL RESPONSIBILITY

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Value creation via Corporate Social Responsibility is one of Lar España's defining attributes, via the **responsible management of its assets**, the creation of wealth in the communities it operates in and the active listening of its Stakeholders.



Palmas Altas Shopping Centre (Sevilla)



5.1 Lar España's approach to CSR

What does CSR mean at Lar España?

Building shared value. Lar España is aware of its ability to impact urban life and thus embraces the opportunity to improve the quality of living of city dwellers by sparking socio-economic progress in Spain and generating financial returns for investors.

Lar España is currently in the process of implementing its CSR Master Plan, which is articulated around the most stringent sustainability standards (general and sector-specific), the recommendations made by the securities market regulator, its stakeholders' legitimate expectations, the United Nations Sustainable Development Goals (SDGs) and the priorities for the business for the coming years.

Lar España's CSR principles



a) Environment

The physical environment understood like an asset that has a direct impact on the corporate financial return, thus generating value for the Company:

- **Positive impact on the community.** Creation of jobs and regional competitiveness: **Over 20,000 direct jobs.**
- **Fostering of responsible investment.** Investment in sustainable assets: **80% of the operational assets** for which Lar España has full autonomy, are certified in BREEAM or are in the process of obtaining **BREEAM certification.** Considering the assets that are found in the co-ownership and in which they are also being intervene in the management, this percentage goes up to 86%.
- **Climate change resilience and mitigation.** During 2017, Lar España has **reduced CO₂ emissions across its entire portfolio of real estate assets by 41%.**



b) Corporate governance

Lar España's business model seeks to have a positive impact on the environment and society, while generating financial returns and alleviating environmental and social pressures deriving from its business activities.

- **Good governance.** Awareness-raising activities targeted at the governance body addressing social and environmental issues and reporting on the initiatives undertaken to tackle them.
- **Ethics and integrity.** Resolution of and response to complaints and claims received in 2017, including labour-related lawsuits.
- **Transparency.** Reporting on non-financial aspects in Lar España's 2017 integrated report.
- **Risk management.** Performance of environmental and social due diligence in respect of the various phases of the business model. In addition, the Company has identified the universe of material risks and their potential consequences, including those related with climate change.

Talent is the basis of the economic model and value created by the organisation.



c) Social capital

Talent is the basis of the economic model and value created by the organisation:

- **Shareholders/ investors.** Subject to checks - financial, references and foreign asset holdings - for all potential investors and sellers.
- **Supply chain.** By means of fair, objective and transparent tendering processes which factor in CSR criteria.
- **Customers.** A communication channel is being designed to engage customers in the CSR Master Plan. Annual surveys are carried out to assess user satisfaction with the quality of the services received.
- **Employees.** Work-life and equal opportunities policies, training courses, talent retention programmes, among other initiatives.



d) Assets (portfolio)

- **Sustainability strategy.** 100% of the real estate assets over which Lar España has full management autonomy have implemented environmental and/or social sustainability initiatives. As of April 2017, 18 of Lar España's 26 properties, or **69% of the portfolio**, had been audited.
- **Sustainability certification. 80% of the operational assets** for which Lar España has full autonomy, are certified in BREEAM or are in the process of obtaining BREEAM certification. Considering the assets that are found in the co-ownership and in which they are also being intervene in the management, this percentage goes up to 86%.
- **Innovation to spearhead the environmental agenda.** Investment in innovation. Collaboration with research and training centres. Use of ICT, management programmes, innovative filters, among other initiatives.

Lar España relies **on four strategic cornerstones in its bid to build shared value** that translates into economic and social progress while generating a financial return for its shareholders and investors.



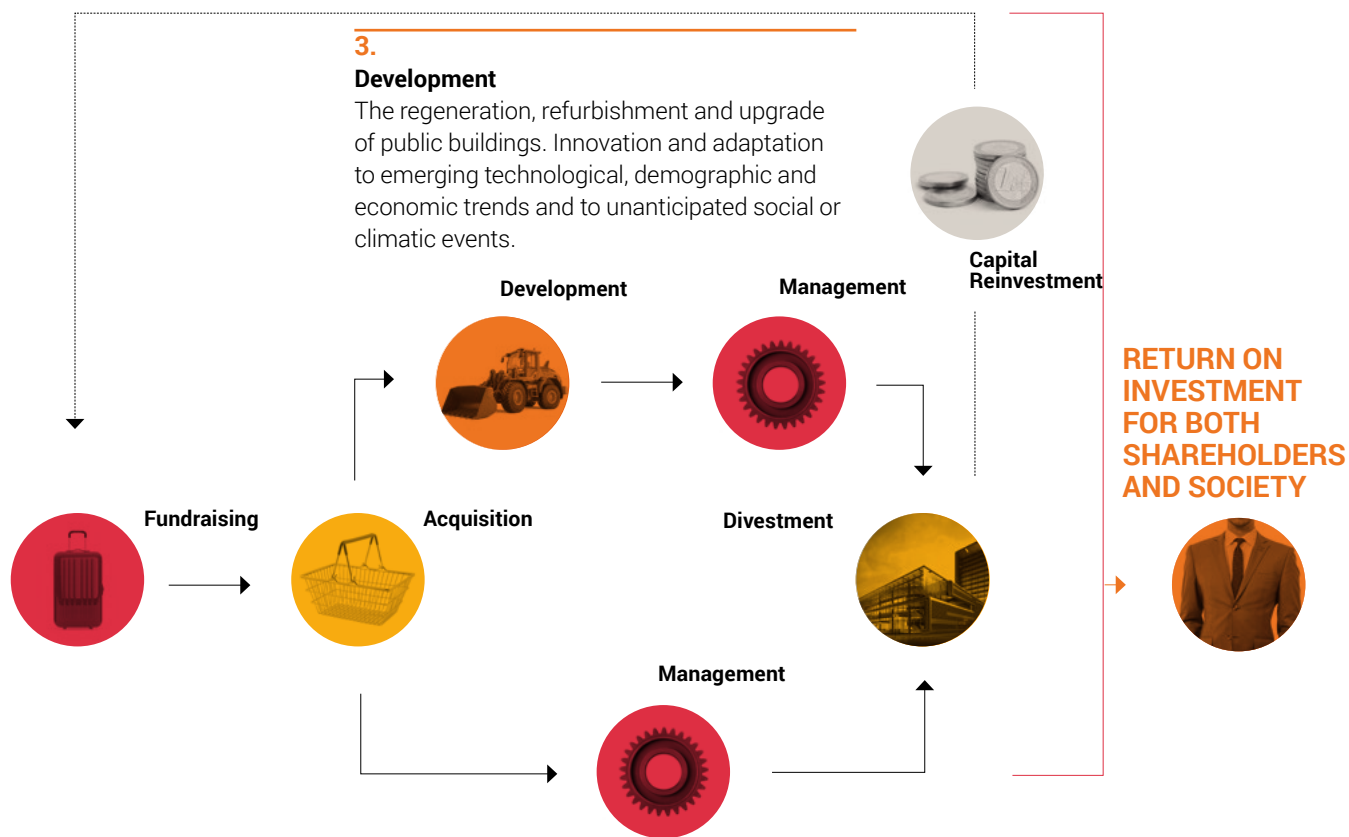
Additionally, group-wide, value creation is framed by:

- **Environmental and social innovation** applied to each phase of the business model
- Maintenance of **open and ongoing dialogue** with the **key stakeholders**

Responsible business model

Building Shared Value in every phase of the business model:

The very essence of Lar España’s business model and its economic activity is to help tackle social and environmental challenges. **‘Doing business better’** not only generates returns for investors, it also adds real value for the society in which the organisation operates.



1. Fundraising
Lar España promotes responsible investing.

2. Asset acquisition
The Company strives to minimise the environmental impact of its investments while safeguarding their economic viability and financial returns.

4. Management
User-focused, fostering interaction and favouring management-employee cohesion. The management style attempts to encourage participation, communication and transparency and engage with the Company’s customers and communities.

5. Divestment
Asset assessments take into consideration social and environmental criteria.

5.2 Our Stakeholders

Lar España strives to build **stable and long-lasting relationships with its stakeholders**, to which end it attempts to engage in smooth and constant dialogue with them.

As players engaged in the development of its corporate social responsibility strategy, Lar España has identified and analysed its **key internal and external stakeholders** with the aim of responding to their needs and expectations.

To this end, it has evaluated in what ways the organisation's activities could interfere with delivery of its stakeholders' objectives. As a result, Lar España can identify the most relevant areas of its **corporate social responsibility** effort.

Stakeholders are those groups involved, directly or indirectly, in the pursuit of the Company's business activity, which means that they have the ability to influence it.

In response to the sector's expectations, primordial among which are transparency and involvement in decision-making, Lar España views the following as vital:

- **Reporting** on the Company's activities, and the environmental and social ramifications thereof.
- Promoting **two-way dialogue** framed by international standards to optimise management of its impact on every phase of the business model, including a whistle-blowing channel.
- Undertaking of a **materiality assessment** in order to identify and prioritise the key sustainability issues with the purpose of subsequently embedding them into the Company's strategy, vision and objectives.

Analysis of the key environmental and social aspects for each identified stakeholder group:

With the aim of better adapting its sustainability strategy to its **stakeholders' expectations**, in 2017 Lar España specifically analysed the environmental expectations of each group. In order to identify and classify the issues of relevance to its stakeholders, it made a distinction between two dimensions:

- Internal - issues that directly affect Lar España's employees.
- External - sub-divided into three categories: economic, environmental and social, as classified below.



Economic

- Investment manager
- Suppliers
- Investors
- Competitors
- Co-owners/Partners



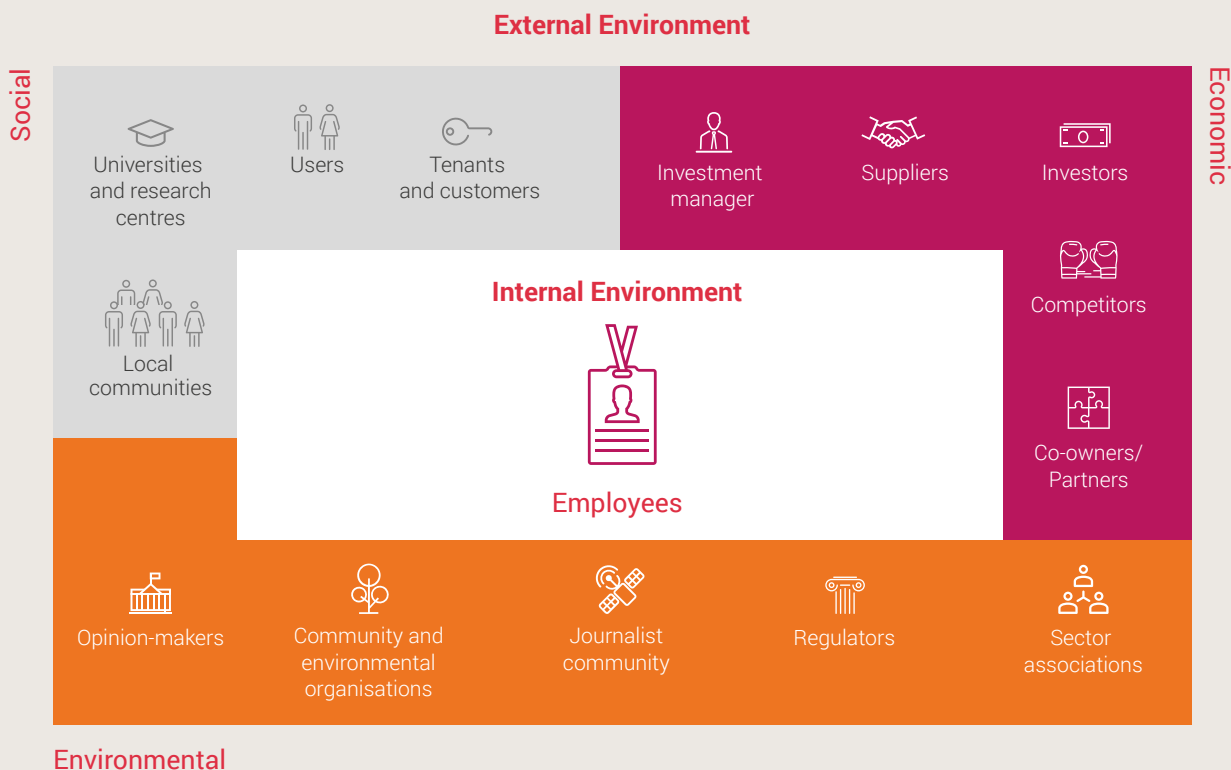
Environmental

- Opinion-makers
- Community and environmental organisations
- Journalist community
- Regulators
- Sector associations



Social

- Universities and research centres
- Local communities
- Users
- Tenants and customers



Below are the **expectations and needs** - both social and environmental - for each identified stakeholder group:

EXTERNAL ENVIRONMENT "ECONOMIC"	Investment Manager	<ul style="list-style-type: none"> • Corporate governance and transparency • Ethics and compliance • Risk management
	Suppliers	<ul style="list-style-type: none"> • Transparent business relations • Risk management
	Investors (includes shareholders, banks and research analysts)	<ul style="list-style-type: none"> • Corporate governance and transparency • Ethics and compliance • Anti-corruption and anti-money laundering • Risk management • Investment in CSR • Responsible investment
	Competitors	<ul style="list-style-type: none"> • Corporate governance and transparency • Building certification • Accessibility and connectivity • Relationship with the local community and job creation • Employment: talent retention and training
	Co-owners and partners	<ul style="list-style-type: none"> • Transparent business relations • Risk management • Relationship with the local community and job creation • Investment in CSR
EXTERNAL ENVIRONMENT "ENVIRONMENTAL"	Opinion-makers	<ul style="list-style-type: none"> • Corporate governance and transparency • Anti-corruption and anti-money laundering • Impact management • Investment in CSR • Responsible investment
	Community and environmental organisations	<ul style="list-style-type: none"> • Cooperation with other entities and firms for the promotion of knowledge sharing • Building certification
	Journalist community	<ul style="list-style-type: none"> • Relationship with the local community and job creation • Sustainability permeating products, slogans and campaigns • Transparent business relations
	Regulators	<ul style="list-style-type: none"> • Standardised CSR reporting • Corporate governance and transparency • Ethics and integrity • Impact management • Relations with tenants and communities • Accessibility and connectivity • Urban longevity • Property refurbishment and conservation
	Sector associations	<ul style="list-style-type: none"> • Standardised CSR reporting • Cooperation with other firms for the promotion of knowledge sharing

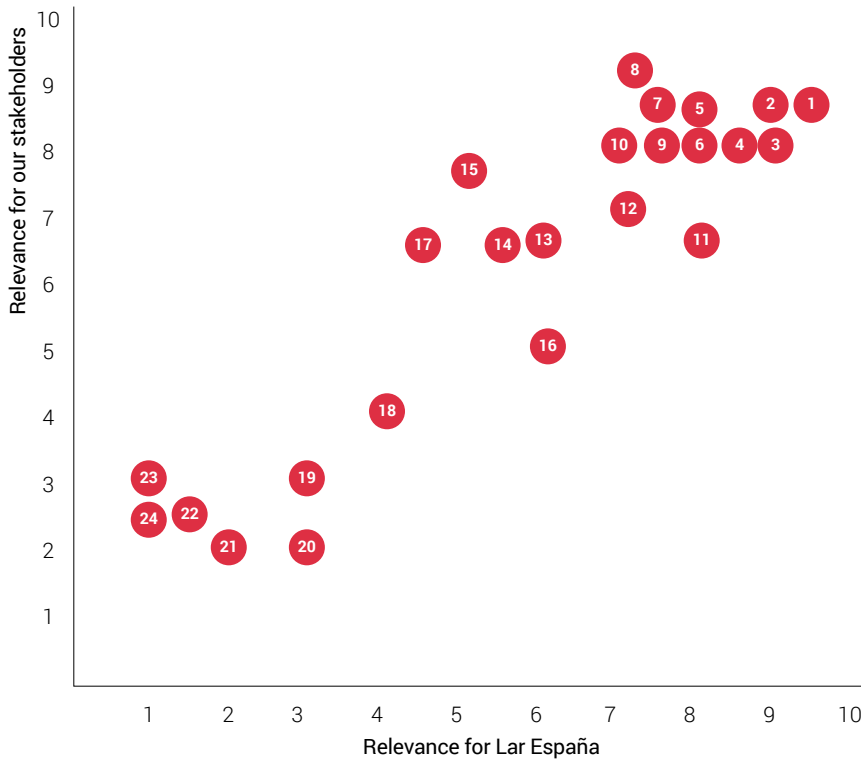
EXTERNAL ENVIRONMENT "SOCIAL"	Universities and research centres	<ul style="list-style-type: none"> Standardised CSR reporting Cooperation with other firms for the promotion of knowledge sharing
	Local communities	<ul style="list-style-type: none"> Impact management Two-way communication channels Relationship with the local community and job creation Creating shared value
	Users	<ul style="list-style-type: none"> Connectivity and accessibility Management of eco-efficient buildings Safe and healthy environment Modern and well-designed facilities New experiences and services
	Tenants and customers	<ul style="list-style-type: none"> Transparent business relations Safe and healthy environment Connectivity and accessibility Management of eco-efficient buildings Modern and well-designed facilities New experiences and services: technological innovation
INTERNAL ENVIRONMENT	Employees	<ul style="list-style-type: none"> Talent retention and training Equal opportunities and non-discrimination Safe and healthy environment Work-life balance Transparent remuneration policy Ethics, integrity and compliance: Ethical and responsible company



Based on the analysis of the material aspects identified by the main stakeholder groups and the importance ascribed to them by each, **Lar España drew up its materiality matrix.**

This depicts visually the material environmental and social aspects that have been accordingly prioritised and built into the **Company's sustainability strategy and CSR Master Plan.**

Materiality matrix



- | | | | |
|--|--|---------------------------------------|--|
| 1 Good Governance | 7 Responsible Investment | 13 Safe and healthy environment | 19 Urban resilience |
| 2 Ethics and compliance | 8 Environmental and social management | 14 Modernism and design | 20 Refurbishments and conservation |
| 3 ESG Risk Management | 9 Interaction with local community and job creation | 15 New experiences and services | 21 Standard CSR reporting |
| 4 Transparency in business relations | 10 Retain talent and training | 16 Cooperation with other entities | 22 Equal opportunities and non-discrimination |
| 5 Anti-corruption and anti-money laundering | 11 Sustainable product marketing | 17 Two-way dialogue with tenants | 23 Work-life balance |
| 6 CSR investment | 12 Communication channels with the local community | 18 Accessibility and transport links | 24 Transparent remuneration policy |

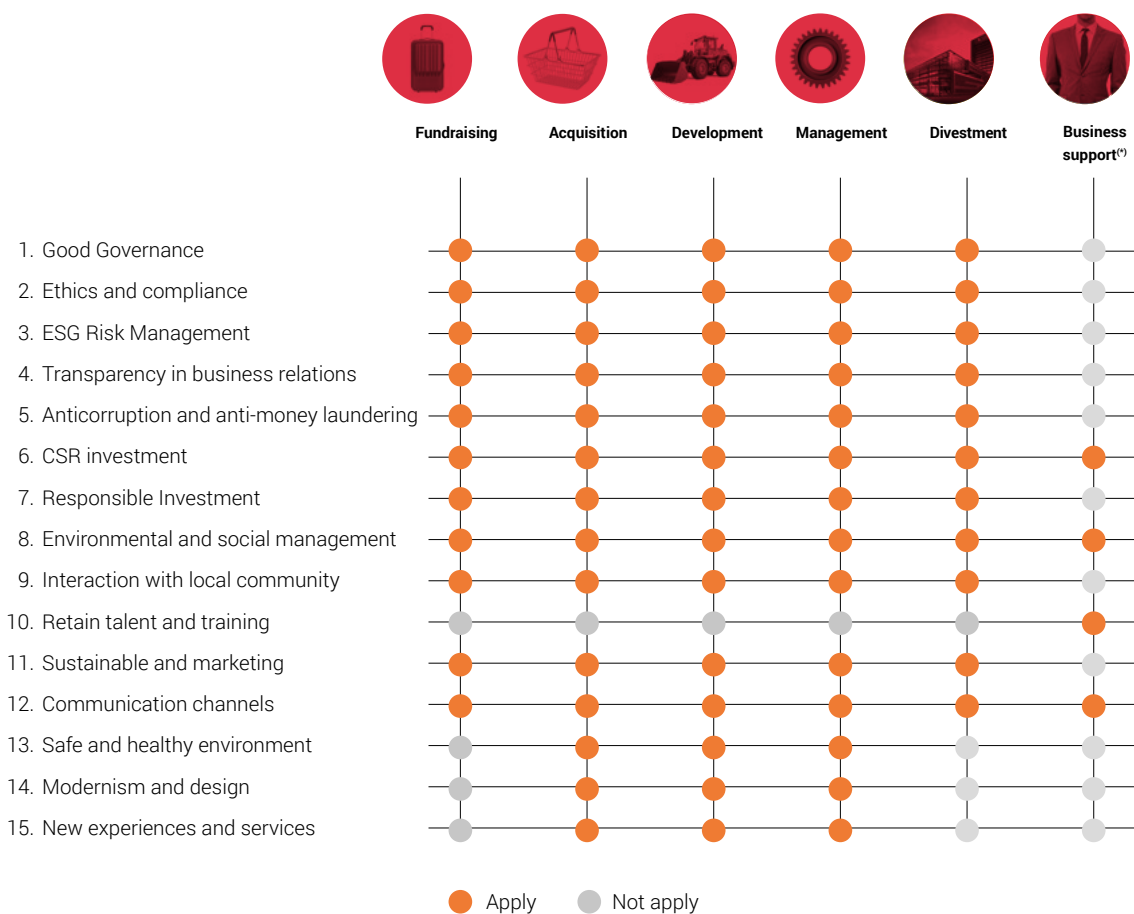
Translation of information originally prepared in Spanish. In the event of a discrepancy, the Spanish-language version shall prevail.

The importance ascribed to each aspect on the **materiality matrix** is determined by its relative positioning.

In keeping with GRI methodology, the material aspects are those located in the upper right-hand quadrant of the matrix, which means they obtained a score of 6 or higher on the two variables analysed:

- The level of importance for each stakeholder group.
- Relevance for the Company.

Below are the material environmental and social aspects of greatest relevance to Lar España for each phase of the corporate business model. All of these aspects are addressed and fleshed out in the **Corporate Social Responsibility Master Plan**, which also stipulates the short-, medium- and long-term measures and objectives associated with each.

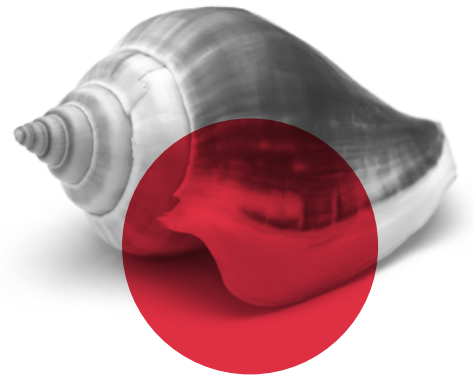


(*) Business support refers to tasks relating to the coordination and development of the various phases of the business model by the company, in other words, by the employees.

Note: The relevant issues presented in this report have been placed in descending order according to the Importance Variable for Lar España. In cases where more than one issue has obtained the same value, the Importance Variable of the issue has been taken into account for the stakeholders.

5.3 Responsible asset management

Building projects have a significant impact on their natural surroundings. The building certifications Lar España is in the process of obtaining provide a roadmap for minimising their impact in the short, medium and long term. In parallel, the Company safeguards the economic **viability of and financial returns on its investments**, while striving to boost aspects that benefit society.



In 2017, Lar España continued to make progress on the commitments assumed under the scope of its **CSR policies**, specifically in the **sustainability** field.

Lar España's CSR Master Plan defines the actions to be taken with the goal of spearheading initiatives designed to improve environmental conditions and have a positive impact on its stakeholders' they are framed by the Environmental Sustainability Principles for the Real Estate Industry established at the World Economic Forum in January 2016.

Indeed, the **CSR Master Plan** articulates the targets and programmes devised to enable Lar España to continuously enhance its real estate activities. It stipulates the adoption of best sector practices and the dissemination of planned and executed sustainability initiatives. Lastly it prescribes oversight of the environmental performance of all of the Company's assets in order to assess its environmental footprint and exposure to natural risks, regulatory risks and economic fallout from climate change in each phase of its business model.

Environmental initiatives

Lar España encourages its solid and diversified base of tenants to pursue **sustainability certification measures** and adopt new technology to improve quality and management.

Lar España applies this approach across its portfolio as a function of the characteristics of the classes of assets it manages.

a) Environmental initiatives in the shopping centres

Lar España has implemented a series of activities at its shopping centres with the goal of enhancing their environmental performance and raising user awareness in order to engage them in this effort. Specifically, it has taken the following measures:



Electricity

Negotiation of capacity charges and rates

Lighting: light sensors and LED technology

HVAC: Free-cooling technology

Process systematisation: BMS and SCADA

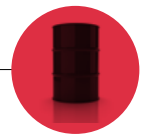
Power generation: installation of photovoltaic solar panels

Water

Watering: efficient systems and reuse of treated wastewater

Toilets and common areas: low-consumption devices

HVAC: water filling controls



Gas/Diesel

Electronic thermostats in gas boilers

Reuse of residual heat and use of clean fuels

Solar panels to heat domestic water

Additional environmental measures


Tri-generation for hot water, heating and air conditioning


Accessible siting: public transport, municipal bike schemes


Parking spaces and charging stations for electric vehicles

Waste management





	Electricity	<p>Electricity rates: Depending on type of consumption: fixed tariff or pool price. 100% from renewable sources.</p> <p>Lighting: Installation of light sensors, sub-division of circuits to boost efficiency, replacement of bulbs with more energy-efficient technology, fitting of motion detectors into light switches and maximisation of natural daylight.</p> <p>HVAC: Installation of free-cooling technology in air conditioning systems and of variable-frequency drives in pumps, opening of aerators, installation of air curtains and increase in thermostats to 26°C.</p> <p>Building systems: Installation of variable speed drivers in access ramps and lifts, of presence detectors in vertical displacement systems and improvement of building management systems.</p> <p>Reduction in power consumption: 0.1% in 2017.</p>
	Water	<p>Watering systems: Control over water consumption for gardening purposes, efficient watering systems, use of native plants (which require less water), reuse of treated wastewater, etc.</p> <p>Toilets and community areas: Reduction of working pressure in pumps, replacement of flush valve cartridges, taps with presence sensors, installation of meters in different areas, etc.</p> <p>Reduction in water consumption: 6.5% in 2017.</p>
	Gas/Diesel	<p>Boilers: Replacement of burners, reuse of residual heat from other installations, use of STE panels, use of environmentally-friendly fuels, etc.</p> <p>Solar thermal energy panels: Installation of STE panels for the production of hot water (hot water for domestic consumption and for heating).</p>
	Additional environmental measures	<p>Public transport - municipal bikes and parking spaces: The idea is to promote the use of public transport; no agreement has been reached yet.</p> <p>Tri-generation (CCHP): a heat absorption system has been added to the process that enables the generation of chilled water from a source of heat (derived from CHP). In winter the heat is used for to heat water and for heating purposes; in summer it is used to generate chilled water for air conditioning.</p>


	Electricity	<p>Electricity prices: fixed rate all year round. 100% from renewable sources.</p> <p>Lighting: Installation of motion detectors in emergency corridors, sub-division of circuits to boost efficiency, replacement of bulbs with more energy-efficient technology (LED), fine-tuning of lighting schedules to make the most of natural daylight, etc.</p> <p>HVAC: Installation of air curtains, adjustment of thermostats (min. 26°C in summer and max. 22°C in winter), enhancement of cooling tower functioning, replacement of cooler with a more efficient one.</p> <p>Building systems: The free cooling function in the building management system (BMS) has been reprogrammed and the scheduling options increased. Repair and adjustment of capacitor banks. Installation of airjet hand dryers.</p>
	Water	<p>Toilets and common areas: Reduction of working pressure in pumps, replacement of time-delayed taps with water-saving devices, readjustment of flush valve discharge levels, etc.</p>
	Gas/Diesel	<p>Boilers: Although this shopping centre is fitted with boilers for the water condensed in the cooling towers, they are rarely in use.</p> <p>Electronic and firefighting pump group: Adjustments to reduce expenditure on gasoil.</p>
	Additional environmental measures	<p>Bike parking spaces: Portal de la Marina has parking spaces for bikes outside the centre and in the underground car park.</p> <p>Ecological parking spaces: Pending study of the use of electric vehicles in the vicinity of the shopping pending for the potential installation of ecological parking spaces.</p> <p>Tri-generation (CCHP): a heat absorption system has been added to the process that enables the generation of chilled water from a source of heat (derived from CHP). In winter the heat is used for to heat water and for heating purposes; in summer it is used to generate chilled water for air conditioning.</p>



		<p>Electricity rates: In 2015 a reduction in the fixed capacity charge was negotiated with Gas Natural. Monthly saving of around 30%.</p> <p>Lighting:</p> <ul style="list-style-type: none"> • Replacement of old light fittings and bulbs with LED technology embedded into new suspended ceilings. • Lighting in the various areas of the shopping centre is separated into different circuits which switch on sequentially as required. • The switching on and off of lights is automated thanks to a BMS which carries out these functions depending on opening and daylight hours. • Specific lighting points in the car park so that the entire car park does not have to be lit up. • All cleaning and maintenance work is undertaken during daylight hours. • The glass and diffusers in the light fittings are cleaned regularly so that their performance does not dip. <p>Building systems:</p> <ul style="list-style-type: none"> • Installation of variable speed drivers in access ramps and lifts, of presence detectors in vertical displacement systems and improvement of building management systems (BMS). • Daily meter checks to detect unwanted surges in consumption • Efficient, high-speed hand dryers fitted with motion detectors in toilets. <p>HVAC:</p> <ul style="list-style-type: none"> • Use of free-cooling technology. Equipment is shut down in certain periods in which it is not strictly needed. • Air curtains in entrances to prevent outside air from coming in. • Thermostats (set at 26°C in summer and 21°C in winter) are checked daily to prevent unnecessary expenditure.
	<p>Water</p>	<p>Daily consumption checks to detect leaks.</p> <p>There is a watering system for the gardens which is programmed appropriately for the various seasons.</p> <p>Time-delayed tap switches.</p> <p>Toilet tank capacity adjusted to reduce water consumption.</p> <p>Daily bathroom checks by the security and maintenance department in order to detect leaks or blocked taps/toilets.</p>
	<p>Gas/Diesel</p>	<p>N/A (there is no natural gas or gasoil installation).</p>
	<p>Additional environmental measures</p>	<p>Public transport: Bus stops located a five-minute walk away from the centre. The buses pass every 5 to 10 minutes. The commuter train (RENFE) station is a 10-minute walk from the centre.</p> <p>Municipal bikes: The Company is trying to reach an agreement with the city council for the installation of a municipal bike station.</p> <p>Bike and electric cars parking spaces: There are spaces reserved for bikes in the centre's gardens and spaces for electric vehicles with charging stations.</p> <p>Tri-generation (CCHP): a heat absorption system has been added to the process that enables the generation of chilled water from a source of heat (derived from CHP). In winter the heat is used for to heat water and for heating purposes; in summer it is used to generate chilled water for air conditioning.</p> <p>Other initiatives:</p> <ul style="list-style-type: none"> • Recycling bins (plastic and paper) for customers. • Earth Day: façade lights switched off in solidarity. • Reduction in power consumption: 8% • Paper/board, plastic, wood and other materials recycled (152 tonnes). • Bulbs and light fittings recycled (703 kg) • Customer batteries recycled



<p style="text-align: center;">Electricity</p>	<p>Electricity process: Savings of 7.2% in terms of the overall bill as well as ensuring that 100% of the power consumed comes from clean sources.</p> <p>Lighting:</p> <ul style="list-style-type: none"> • Fluorescent bulbs in the ground floor car park replaced by LED lighting. • Lighting sectioned into three different circuits which light up sequentially as needed. • In some areas in which there is a surplus of light, not all the fittings are switched on. • Permanent emergency lighting on in the car park so that the regular lights don't have to be turned on during circulation. • All cleaning and maintenance work is undertaken during daylight hours. • Lights in lifts are automatically switched off when there is no activity. <p>Building systems:</p> <ul style="list-style-type: none"> • Air conditioning and domestic water pumps fitted with variable speed drivers to align power expenditure with demand and prevent surges during start-up. • BMS programmed to turn lights on and off as a function of opening hours and daylight hours. • Lifts, access ramps and stairs fitted with variable speed drivers and motion detectors. • One of the three transformers is kept idle. The idle transformer is rotated annually. • The service lifts are programmed so that during idle periods, one goes to the top floor and the other to the bottom floor to prevent unnecessary calls. • The cleaning equipment has been adapted for the building's dimensions to minimise passes thereby saving staff time and battery charging consumption. • Daily meter checks to detect unwanted surges in consumption. • The SCADA system measures consumption in each electrical control panel to detect malfunctions and minimise consumption. • Contracted power levels are reviewed periodically with the aim of reducing them gradually as the centre's power consumption comes down. • High-performance hand dryers with presence sensors in bathrooms so that they are only switched on when necessary. <p>HVAC:</p> <ul style="list-style-type: none"> • Constant monitoring of temperatures in the shopping centre; free cooling technology. Air curtains in entrances to prevent outside air from coming in. • Daily check and fine-tuning of thermostats and heating/cooling schedules to maximise comfort while minimising power consumption. <p>Power generation: The shopping centre produces electricity which it does not consume. 100% of this power is dispatched to the grid.</p>
<p style="text-align: center;">Water</p>	<p>HVAC: The cooling towers are fitted with automatic steam traps so that only the water strictly necessary is discharged.</p> <p>Watering systems: Watering of the gardens is programmed to water in the appropriate amounts when the soil is most receptive. It is equipped with a rain gauge to shut off the watering system when it rains.</p> <p>Toilets and community areas: The bathroom taps are activated by means of presence detectors so that they only release water when necessary.</p> <p>Flow diffusers Flow diffusers fitted in taps to increase water speed and create the sensation of increased flow at lower consumption.</p> <p>Toilet tank capacity has been adjusted to reduce water usage.</p> <p>Daily bathroom checks by security personnel to detect leaks or blocked taps/toilets.</p>
<p style="text-align: center;">Gas/Diesel</p>	<p>There are two natural gas-fuelled boilers (performance: 93.8%) fitted with modulating burners and an electronic thermostat so that their capacity is adjusted continuously.</p>

	<p>Additional environmental measures</p>	<p>Public transport: the bus station is a five-minute walk from the centre. The station is amply serviced by secondary and tertiary network buses. The buses pass at 15-minute intervals.</p> <p>Municipal bikes: there is a municipal bike station in the shopping centre gardens.</p> <p>Preferential parking: The car park has preferential spaces for vehicles used by two or more people and for bikes (in the car park, gardens and inside the centre itself).</p> <p>Tri-generation (CCHP): a heat absorption system has been added to the process that enables the generation of chilled water from a source of heat (derived from CHP). In winter the heat is used for to heat water and for heating purposes; in summer it is used to generate chilled water for air conditioning.</p> <p>Earth Hour. Annual event.</p> <p>Reduction in power consumption: 5.1% in 2017.</p> <p>Reduction in gas/gasoil consumption: 0.5% in 2017</p>
	<p>Electricity</p>	<p>Electricity rates: The energy bill was reduced by 10.1% in 2017. 100% of the power consumed at Albacenter comes from renewable sources.</p> <p>Lighting: Installation of light sensors, sub-division of circuits to boost efficiency, replacement of bulbs with more energy-efficient technology, fitting of motion detectors into light switches and maximisation of natural daylight.</p> <p>HVAC: Installation of free-cooling technology in temperature control systems and of variable-frequency drives in pumps, opening of aerators and external doors, installation of air curtains and increase in thermostats to 26°C, adjustment of position of air extractors.</p> <p>Building systems: Installation of variable speed drivers in access ramps and lifts, of presence detectors in vertical displacement systems and improvement of building management systems (BMS).</p> <p>Power generation: The shopping centre produces electricity which it does not consume. 100% of this power is dispatched to the grid.</p>
	<p>Water</p>	<p>Toilets and common areas: taps fitted with presence detectors.</p> <p>Cooling towers: installation of metres in different areas for more exhaustive control over water consumption.</p>
	<p>Additional environmental measures</p>	<p>Boilers: Exhaustive maintenance to ensure the boilers perform optimally; the boilers are integrated into the building management system to ensure more efficient consumption. The Company is studying the possibility of upgrading to more efficient technology.</p> <p>Public transport: There are five bus stops in the area.</p> <p>Ecological parking spaces: There is a bike parking station in the outdoors car park and electric vehicle parking spaces with charging stations in the underground car park. There are three Tesla chargers</p> <p>Earth Hour. Annual event.</p> <p>This shopping centre obtained BREEAM certification in 2017.</p> <p>In 2017 it recycled 80 tonnes of paper and board.</p> <p>Energy consumption savings of 3.24%.</p> <p>Tri-generation (CCHP): a heat absorption system has been added to the process that enables the generation of chilled water from a source of heat (derived from CHP). In winter the heat is used for to heat water and for heating purposes; in summer it is used to generate chilled water for air conditioning.</p> <p>Certificate guaranteeing the renewable origin of the power used (issued by the CNMC, Spain's anti-trust authority and energy sector watchdog).</p> <p>Guided parking: Guided parking uses lights to signal free and occupied parking spaces, thereby facilitating mobility within car parks and preventing unnecessary displacement, while helping to reduce carbon emissions.</p>

	<p>Electricity</p>	<p>Electricity prices: In 2017, the reduction in contracted capacity translated into savings of €4,100, thanks to continued fine-tuning. Since 2016, 100% of the power consumed at GV de Vigo has come from renewable sources.</p> <p>Lighting: Installation of sensors (light and presence), restructuring of floor lighting circuits, replacement of light fittings with more efficient LED technology, maximisation of natural daylight, lighting time management, activities undertaken as part of preventative maintenance effort, etc.</p> <p>HVAC: Optimisation of percentage of time water coolers are switched on, management of cold/hot air generation schedules, review and monitoring of thermostats, free cooling in air conditioning units, air curtains over external doors, air distribution strategies, etc.</p> <p>Building systems: Replacement of the current thermal energy control system, improvement proposals based on metering and management of secondary electricity consumption via connection to the BMS, air conditioning unit controls, etc.</p>
	<p>Water</p>	<p>Watering systems: Consumption is monitored daily. The state of the sprinklers is also checked regularly. Proposal to fit humidity probes to reduce watering times by area.</p> <p>Toilets and common areas: Flow reduction in bathroom taps, testing of waterless toilets near the centre's fashion store cluster and placement of independent meters to control consumption by circuit.</p> <p>HVAC water usage: In order to prevent unnecessary water consumption in the heat circuit, the automatic installation filling is also checked manually.</p>
	<p>Gas/Diesel</p>	<p>Boilers: In order to check that the installation is working properly, emissions are analysed monthly during the months in which the boilers are in operation. The heating ring on the fashion floor is kept closed as the establishments do not demand heating all year round.</p>
	<p>Additional environmental measures</p>	<p>Public transport: There is a bus stop outside the entrance to the Gran Vía shopping centre to encourage the use of public transport by customers.</p> <p>Bike parking spaces: There are two bike parking areas at the main entrances to the landscaped deck.</p> <p>Ecological parking spaces: There are proposals for the creation of parking spaces fitting with charging stations for electric vehicles.</p> <p>Earth Hour. Annual event.</p> <p>Tri-generation (CCHP): a heat absorption system has been added to the process that enables the generation of chilled water from a source of heat (derived from CHP). In winter the heat is used for to heat water and for heating purposes; in summer it is used to generate chilled water for air conditioning.</p> <p>Reduction in electricity consumption: 2.1% in 2017</p> <p>Recycling of 190 tonnes of board, 25.7 tonnes of plastic, 0.5 tonnes of bulbs and 43.9 tonnes of other waste.</p> <p>Certification: ISO 14001 and BREEAM</p>

	Electricity	Lighting: Light fittings replaced by more efficient LED technology in July 2016.
	Additional environmental measures	<p>Electric vehicle charging station and reserved parking spaces.</p> <p>Recycling facilities for customer usage.</p> <p>Active recycling machine: Earn money recycling - installation of a bottle recycling machine that returns money on 21 March.</p> <p>Campaign to encourage recycling to mark World Environment Day on 5 June.</p> <p>Water saving awareness drive</p>
	Additional environmental measures	Earth Hour. Annual event.

b) Environmental initiatives in office properties

The main initiatives undertaken at Lar España's office properties in 2017 were aimed at **reducing power consumption and enhancing energy efficiency**:

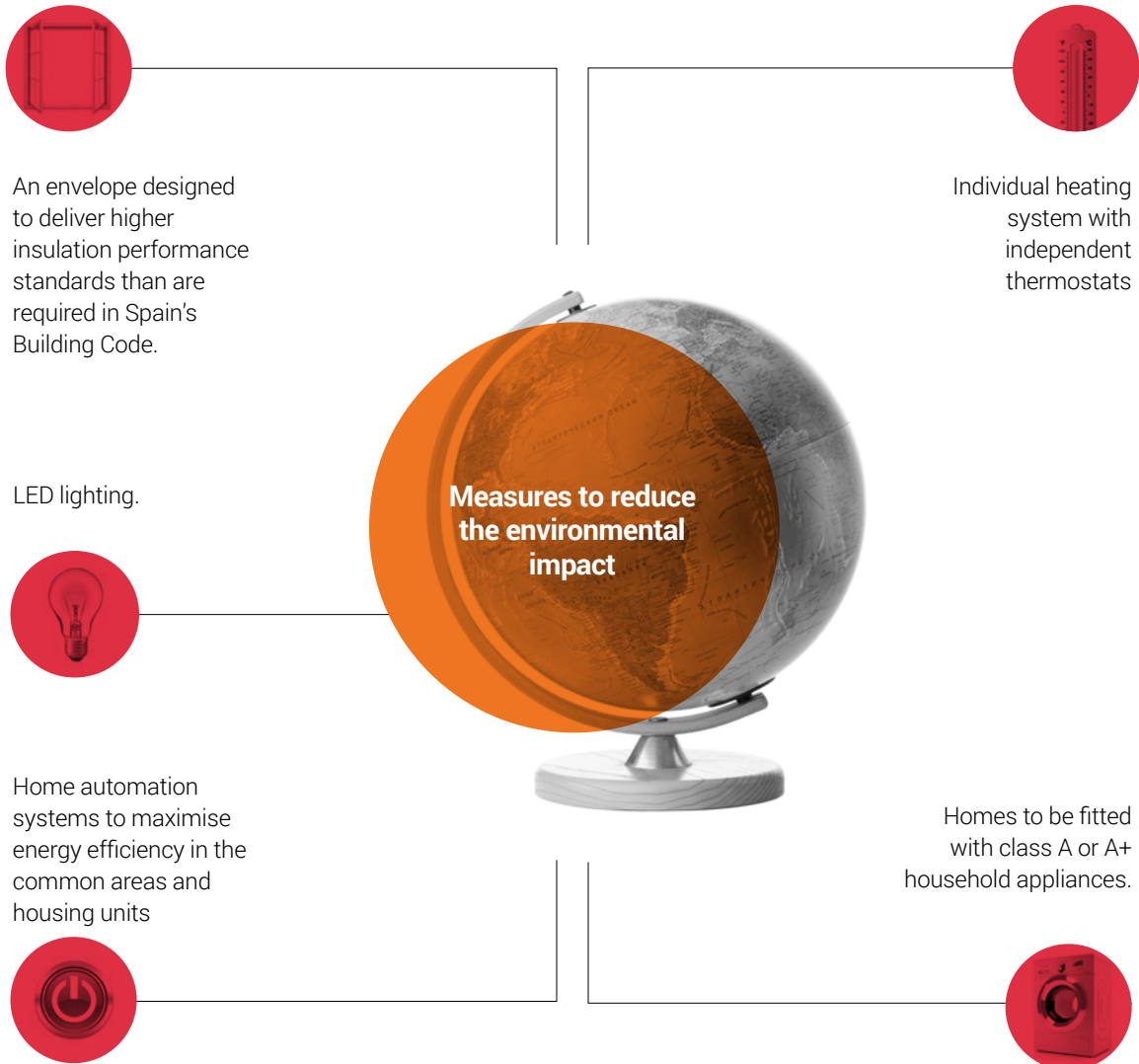
Egeo	Electricity	<p>Lighting: Light fittings in common areas replaced by more efficient LED technology .</p> <p>HVAC: Adapting the HVAC system to increase its efficiency.</p>
	Environmental Initiatives	<p>Obtained BREEAM building certification – obtained score "Good".</p> <p>Process of obtaining BREEAM In-Use certification initiated.</p>
Eloy Gonzalo	Electricity	HVAC: Renewal of air conditioning facilities and insulation initiated. It will be finalized in 2018.
	Environmental Initiatives	Refurbishment project certified with BREEAM New-Build, "Very Good" rating. (*)
Arturo Soria	Electricity	<p>Lighting: light fittings in common areas and garages replaced by more efficient LED technology.</p> <p>HVAC: HVAC system audited and air ducts cleaned. Improvement of the BMS system.</p>
	Electricity	HVAC: Renewing thermal enclosure and HVAC facilities.
Marcelo Spínola	Electricity	HVAC: Renewing thermal enclosure and HVAC facilities.
	Environmental Initiatives	Obtained BREEAM building certification – obtained score "Good".
Joan Miró	Electricity	<p>Lighting: installation of presence detectors in lighting in emergency stairways and secondary interior stairways.</p> <p>HVAC: Starting the refurbishing process including the improvement of HVAC and insulations.</p>

(*) Achieved "Very Good" score on the design phase.

c) Environmental initiatives in residential buildings

The Lagasca99 residential property, construction of which began in 2016, is **BREEAM-certified**, thereby guaranteeing more stringent sustainability standards in the construction, operation and maintenance of this property along with the reduction of its environmental footprint.

The following measures have been taken **to reduce its environmental impact**:




2017 environmental performance

a) Assets 100% owned by Lar España

In its four wholly-owned and fully operative office buildings and six wholly-owned shopping centres, Lar España can report on the **energy and water consumption** it contracts and pays for in its capacity as owner. Note that it does not yet have information about the consumption directly contracted by its tenants.

c) Lar España properties in planning or under construction

The following ongoing **shopping centre** developments are excluded from Lar España's environmental performance reporting effort: the Palmas Altas (Seville) and VidaNova Parc (Sagunto) shopping centres and leisure complexes; the Lagasca99 **residential development** (Madrid, currently under construction); the **logistics development** in Cheste and the Cardenal Marcelo Spínola **office building**, where the work has recently finished but the building is not yet in use.



Operational limits and coverage

b) Assets co-owned by Lar España

In the case of the properties jointly owned by the Company (four shopping centres: Las Huertas, Txingudi, As Termas and Megapark) Lar España does not have full autonomy to introduce and apply its sustainability policies. However, it Lar España influences the **adoption of sustainability and energy efficiency measures** at these properties.

d) Lar España assets managed by the tenants

The following five logistics warehouses and three big box stores are excluded from Lar España's environmental performance reporting effort, it is the **tenants that directly contract their utilities. They also directly manage their waste collection and recycling.**

Lar España cannot yet report on these properties' environmental performances. The Master Plan put together in 2017 contemplates two-way communication channels to be set in motion in the years to come.

At the **corporate level, Lar España leases two floors of an office building that is not part of its property portfolio** (it shares its offices with the Management Company's employees). Therefore, the environmental policies outlined in this report can only be applied to a limited extent. In this instance the data are reported as a corporate expense and are therefore excluded from the Company's environmental performance calculations.

Methodology

With the goal of compiling and reporting on the information needed to comply with the **EPRA Sustainability Performance Measures**, Lar España has used the following sources of information and made the following assumptions:

All properties

Based on the bills paid by Lar España, the Company reports on its energy and water consumption; the electricity, gas and other fuel consumption figures exclude the utilities contracted directly by its tenants. None of Lar España's assets use district heating and cooling.

Offices

The owner pays for all of the water consumed in the buildings. Water consumption intensity is calculated by dividing total consumption by the common parts area.

$$\text{Water consumption intensity} = \frac{\text{Total building consumption}}{\text{Floor space occupied by communal areas (CAB)}}$$

The owner supplies the tenants with heating, ventilation and air conditioning (HVAC) services. To calculate energy consumption and CO₂ emission intensity, the total energy consumption paid for by the owner is

allocated to the sum of the floor area of the common areas of the building and the lettable floor areas, measured using the standard prescribed by the Spanish Office Association (AEO, 2014).

$$\text{Energy intensity} = \frac{\text{Consumption paid by the owner}}{\text{Floor space occupied by communal areas (CAB)} + \text{tenants private space}}$$

$$\text{CO}_2 \text{ emissions intensity} = \frac{\text{Emissions generated by the consumption paid by the owner}}{\text{Floor space occupied by communal areas (CAB)} + \text{tenants private space}}$$

The GHG emissions and energy and water consumption ratios are also calculated per job and year.

Retail

The owner does not supply HVAC services in this instance, although it does supply warm water for use in the tenant's HVAC systems.

the owner is allocated to the common parts area of the shopping centres. In addition, the GHG emissions ratio and energy and water consumption intensities are calculated per visitor and year.

In calculating CO₂ consumption and emission intensity performance measures, the consumption paid by

$$\text{Water consumption intensity} = \frac{\text{Consumption paid by the owner}}{\text{Communal areas}}$$

$$\text{Energy intensity} = \frac{\text{Consumption paid by the owner}}{\text{Communal areas}}$$

$$\text{CO}_2 \text{ emissions intensity} = \frac{\text{Emissions generated by the consumption paid by the owner}}{\text{Communal areas}}$$



Performance calculations

Lar España's environmental performance in 2017 was calculated on the basis of the EPRA Sustainability Performance Measures, bearing in mind the limits, coverages and information-sourcing methodology outlined above.

Assets:

Below are the performance calculations:

a) Energy consumption performance

In 2017, overall **electricity and gas** consumption across Lar España's shopping centres (retail) and office buildings decreased by **1.5%** and **18%**, respectively, compared to 2016.

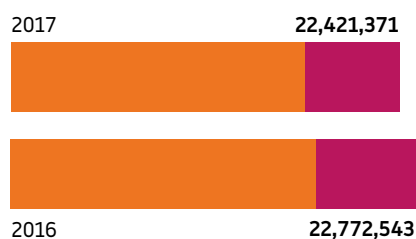
EPRA Sustainability Measures				LAR España Assets								
EPRA code	Unit of measurement	Indicator		TOTAL LAR			TOTAL LAR RETAIL			TOTAL LAR OFFICES		
				2016	2017	Like for like comparison	2016	2017	Like for like comparison	2016	2017	Like for like comparison
Elec-Abs, Elec-LfL	kWh	Electricity	Electricity consumption from non-renewable sources	7,708,187	4,593,143	-40.4%	5,794,417	2,673,066	-53.9%	1,913,770	1,920,077	0.3%
			Electricity consumption from renewable sources	15,294,502	18,090,143	18.3%	15,294,502	18,090,143	18.3%	No data	No data	No data
			(Sub) metered consumption exclusively to tenants	Not apply			Not apply			Not apply		
			Electricity production fed into the electricity grid	230,146	261,915	13.8%	230,146	261,915	13.8%	0	0	0.0%
			Total electricity consumption owner	22,772,543	22,421,371	-1.5%	20,858,773	20,501,294	-1.7%	1,913,770	1,920,077	0.3%
EPRA-DH & C-Abs	kWh	Energy	Total consumption of heating and urban cooling	Does not apply. There are no Lar assets with district heating and cooling (DH & C-Abs)								
Fuels-Abs, Fuels-LfL	kWh	Fuel	Total fuel consumption owner	2,993,296	2,453,300	-18.0%	1,733,415	1,659,072	-4.3%	1,259,881	794,228	-37.0%
Energy-Int	kWh/sqm /year	Energy intensity in buildings per sqm		38.2	36.9	-3.5%	36.2	35.6	-1.9%	61.5	52.6	-14.5%
Applicable assets				14 of 14			10 of 10			4 of 4		
Cert-tot	% BREEAM certifications			64.3%			80.0%			25.0%		
	Applicable assets			14 of 14			10 of 10			4 of 4		

Energy consumption per square meter in all of Lar España's assets, has decreased 3.5%. This decrease has taken place in retail and office buildings in a 1.9% and a 14.5%, respectively.

As a result of Lar España's efforts in 2017, to **reduce energy consumption** in its portfolio, electric and gas consumption have been reduced in a 1.5% and 18.3% respectively. Also 40.4% of the electricity consumption has been generated from renewable sources which translates into a significant **reduction of GHG emissions**.

Electricity consumption in kWh

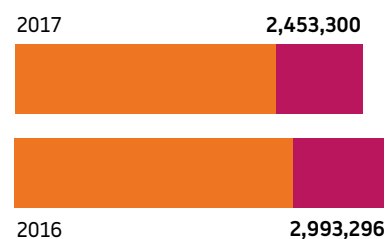
-1.5%
vs 2016



● Retail ● Offices

Gas consumption in kWh

-18%
vs 2016



● Retail ● Offices

The **energy intensity** consumed per square meter has gone down around a 3.5% in 2017, as a result of the efforts carried out by Lar España to decrease energy consumption in its portfolio.

Variation in energy consumption in kWh/sqm

-3.5%
vs 2016



b) GHG emissions performance

Greenhouse gas emissions are calculated by multiplying energy consumption by the emission conversion factors defined by Spain's Ministry of Industry, Energy and Tourism in 2014, valid until 2016. In 2017 Lar España uses the updated factors published by Spain's Ministry of Industry, Energy and Tourism in 2016. The factors used by Lar España to calculate its GHG emissions are the following:

2016:

- 0.372 kg eq CO₂ / kWh of electricity
- 0.252 kg eq CO₂ / kWh of gas

2017:

- 0.331 kg eq CO₂ / kWh of electricity
- 0.252 kg eq CO₂ / kWh of gas

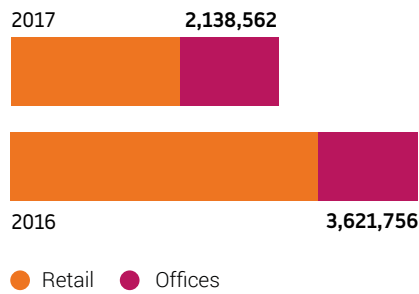
In 2017, Lar España consumed **electricity generated from renewable sources** at seven of its shopping centres (one more property than in 2016). This effort had a positive impact on the reduction in GHG emissions attributable to Lar España's property portfolio in comparison with 2016.

EPRA Sustainability Measures			LAR España Assets								
EPRA code	Unit of measurement	Indicator	TOTAL LAR			TOTAL LAR RETAIL			TOTAL LAR OFFICES		
			2016	2017	Like for like comparison	2016	2017	Like for like comparison	2016	2017	Like for like comparison
GHG-Dir-Abs, GHG-Dir-LfL	kg eq CO ₂	Direct emissions	754,310	618,232	-18.0%	436,821	418,086	-4.3%	317,490	200,145	-37.0%
		Indirect emissions	2,867,446	1,520,330	-47.0%	2,155,523	884,785	-59.0%	711,923	635,545	-10.7%
		Indirect emissions	No data			No data			No data		
		Total	3,621,756	2,138,562	-41.0%	2,592,344	1,302,871	-49.7%	1,029,412	835,691	-18.8%
GHG-Int	Kg CO ₂ per sqm/year	Emissions intensity per sqm	5.4	3.2	-41.0%	4.1	2.1	-49.7%	1.6	1.3	-18.8%
		Applicable assets	14 of 14			10 of 10			4 of 4		

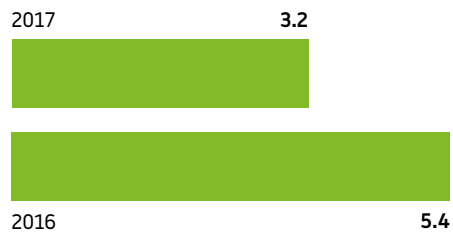
* NB: to calculate the GHG intensity indicator, the floor space occupied by communal areas was used for the shopping centres and the floor space occupied by both communal and private areas was used for the offices.

The **total emissions at Lar España's assets have decreased** 3,622 tons of CO₂ equivalent to 2,139 tons of CO₂ equivalent in 2017, with a total 41% emissions reduction. The emission intensity per asset square meter has also decreased in the same percentage.

GHG emissions in kg CO₂ eq



GHG emissions in kg eq CO₂ /sqm



-41%
vs 2016



c) Water consumption performance

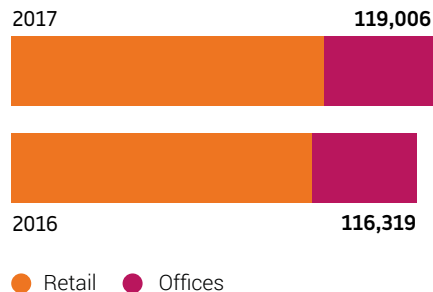
Lar España's properties' total water consumption increased by 2.3% from 2016, which translates into a 4,1 litre increase per square metre.

The increase is attributable to the growth in the number of users (visits) in its shopping centres of 870 thousand people in 2017. Water consumption per person stayed at the same level reflecting the efficient use of water in Lar España's assets.

EPRA Sustainability Measures			LAR España Assets								
EPRA code	Unit of measurement	Indicator	TOTAL LAR			TOTAL LAR RETAIL			TOTAL LAR OFFICES		
			2016	2017	Like for like comparison	2016	2017	Like for like comparison	2016	2017	Like for like comparison
Water-Abs, Water-LfL	m ³	Water consumption in communal areas	116,319	119,006	2.3%	102,472	104,793	2.3%	13,847	14,213	2.6%
Water-Int	Litres/sqm/year	Water consumption intensity per sqm	183.2	187.4	2.3%	164.4	168.1	2.3%	1,188	1,220	2.6%
	Litres/person/year	Water consumption intensity per visitor for retail and per employee for offices	2.2	2.2	0.6%	1.9	1.9	0.6%	5,645	6,970	23.5%
		Applicable assets	14 of 14			10 of 10			4 of 4		

* Note:

- To calculate the water intensity indicator per sqm, the floor space occupied by communal areas was used for the shopping centres and the offices.

Water consumption in m³

Variation of water consumption in litres/sqm



Variation of water consumption in litres/person



d) Waste management performance

A large percentage of the **waste generated by Lar España** is currently recycled, specifically **53%** of the waste generated in 2016.

EPRA Sustainability Measures			LAR España Assets								
EPRA code	Unit of measurement	Indicator	TOTAL LAR			TOTAL LAR RETAIL			TOTAL LAR OFFICES		
			2016	2017	Like for like comparison	2016	2017	Like for like comparison	2016	2017	Like for like comparison
Waste-Abs, Waste-LFL	Kg	Generation of waste	961,077	2,009,341	-	961,077	2,009,341	-	No data	No data	-
		Recycled waste	45%	53%	-	45%	53%	-	No data	No data	-
	Number of assets		3 of 18	8 of 14		3 of 13	8 of 10	-	0 of 5	0 of 4	-

In the year 2017, Lar España has increased very significantly the information related to the generation and recycling of waste in its assets by reporting information related to eight of its assets, mainly shopping centers, compared to the three assets reported in 2016.

Corporate office:

Below are the energy consumption, GHG emissions, water consumption and waste generation performance measure calculations at the corporate level:

Electricity and water consumption have increased slightly compared to 2016, up to a 11,8% and 9,2% respectively. This is due to a renovation that took place during three months in 2016 (the electricity and water consumption during those months was much lower). Consumption during the remaining months in 2017 was very similar to the ones recorded in 2016.

Impact area	EPRA Sustainability Measures				LAR CORPORATE OFFICES			TOTAL LAR CORPORATE OFFICES		
	EPRA code	Unit of measurement	Indicator		2016	2017	Like for like comparison	2016	2017	Like for like comparison
Energy	Elec-Abs, Elec-LfL	kWh	Electricity	Electricity consumption owner shared services	7,463	7,585	1.6%	133,563	149,332	11.8%
				(Sub)metered consumption exclusively to tenants	Not apply			Not apply		
				Electricity production fed into the electricity grid	0	0	0.0%	0	0	0.0%
				Total electricity consumption owner	7,463	7,585	1.6%	133,563	149,332	11.8%
	EPRA-DH&C-Abs	kWh	Energy	Total consumption of heating and urban cooling	Not apply			Not apply		
	Fuels-Abs, Fuels-LfL	kWh	Fuel	Total fuel consumption owner	0	0	0.0%	0	0	0.0%
	Energy-Int	kWh/sqm/ year	Energy intensity in buildings per sqm		97.0	100.5	3.6%	97.0	108.4	11.8%
kWh/ employee / year		Energy intensity in buildings per employee		1,865,8	1,896,3	1.6%	1,865,8	2,086,1	11.8%	
GHG emissions	GHG-Dir-Abs, GHG-Dir-LfL	kg eq CO ₂	Direct emissions	Scope 1 (fuel)	0	0	0.0%	0	0	0.0%
			Indirect emissions	Scope 2 (electricity)	2,776	2,511	-9.6%	49,685	49,429	-0.5%
	Indirect emissions		Scope 3	Not apply			Not apply			
	Total		Scope 1 + 2	2,776	2,511	-9.6%	49,685	49,429	-0.5%	
	GHG-Int	kg eq CO ₂ /m ² per sqm	Emissions intensity per sqm		36.1	33.3	-7.8%	33.4	33.3	-0.5%
		kg eq CO ₂ / employee/ year	Emissions intensity per employee		694.09	627.67	-9.6%	694.09	627.67	-9.6%
Water	Water-Abs, Water-LfL	m ³	Water consumption in comunal areas		43	42	-3.4%	688	751	9.2%
	Water-Int	Litres/sqm/year	Water consumption intensity per sqm		0.6	0.6	-1.5%	0.5	0.5	1.2%
		Litres/person/year	Water consumption intensity per visitor for retail and per employee for offices		9.61	10	-0.8%	9.61	9.54	-0.8%
Waste	Waste-Abs, Waste-LfL	Ton	Generation of waste		No data	No data	-	No data	No data	-
		%	Recycled waste		No data	No data	-	No data	No data	-



5.4 Accessibility

Via a design that is conceived by and for people, Lar España is working to **achieve and maintain high accessibility standards that will allow everyone to be able to access its properties correctly and comfortably, taking into account existing problems.**

In recent years, Lar España has been working on obtaining ISO 21542 certification (accessibility and usability of the built environment) and on meeting the UNE-EN 17000 standard (universal accessibility), thus demonstrating its commitment to integration.

In order to achieve these targets, in 2017 the Company put together a work schedule on the basis of the diagnosis made of the status of its properties in order to establish priorities and the best actions to carry out on the buildings. In this manner, the Company implements measures designed to enhance building accessibility in parallel with those aimed at **making them more profitable, healthy, safe and efficient.** Also, all renovations in Lar España's assets, are taking into account accessibility requirements from the new building code.

This diagnosis was undertaken in collaboration with **ILUNION, ONCE and AENOR** (the Spanish Association for Standardization and Certification). Their audits highlight the level of compliance with prevailing regulations and make recommendations as to how to obtain **universal accessibility certifications.**

These audits report on three levels of initiative:



1

Lowering risks for building users where there are existing accessibility deficiencies in the buildings.

2

Compliance with current regulations in the buildings under construction and in the buildings in use by adopting reasonable adjustments that allow these regulations to be met (TBC and other regulations).

3

Evaluate the possibilities and costs of being certified via the Universal Accessibility Standards a step that would require reaching excellence in this regard.

These **accessibility audits** have been performed at eleven of the retail properties. In 2017, the Company started to implement the recommendations flagged as requiring urgent intervention; the goal is to implement the remaining recommendations in the coming months and to compile the accessibility reports for the recently acquired shopping centres. An accessibility diagnosis has also been performed at all office buildings. The main achievements in 2017 are as follows:

- Eloy Gonzalo office building: **AENOR** universal accessibility certification for the refurbishment work ^(*).
- In October 2017, **ILUNION** formally acknowledged Lar España's efforts to enhance universal accessibility at its properties and to accommodate persons with disabilities.

() Provisional until completion of the building works.*



5.5 Supplier relations

Lar España and its sole Manager work continuously on enhancing relations with **suppliers**, a group of stakeholders of vital importance for the business. As a result, Lar España and its sole Manager apply stringent controls so that they only collaborate with suppliers of renowned solvency, making sure that they have internal **control mechanisms and codes of conduct** that guarantee due diligence.

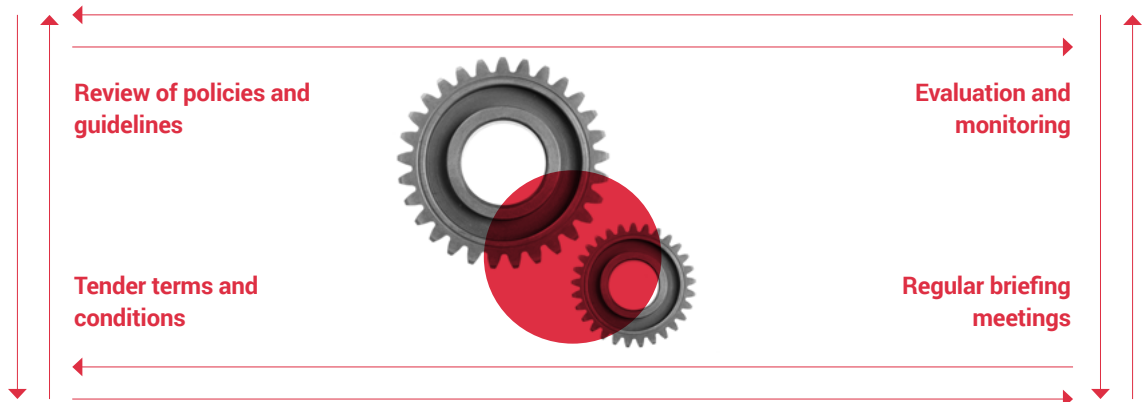
Generation of economic value

Lar España has strong ties with the communities where its operations take place. The total number of suppliers is **640 being most of them local companies**. Lar España’s activity is distributed all along the national territory generating wealth in very diverse communities. During 2017 Lar España paid its suppliers more than 120 million Euros .

Lar España acquired products and services to its suppliers for more than 120 million Euros generating wealth in the communities where it operates

Supplier certification mechanisms

Lar España is aware of the need to work with other organisations that pursue similar goals to it: **doing business responsibly for all groups, communities and society in general**. To this end, it strives to establish supplier controls in order to ensure they comply with prevailing regulations and whose conduct is in line with the values embraced by Lar España.



5.6 Customer relations

In order to remain on the roadmap dictated by Lar España's mission - that of "Continuing to cement its position as one of the most active REITs in Europe and a benchmark in the Spanish real estate sector", the organisation places the customer and user at the heart of its business.

To this end, the Company attempts to anticipate their needs and demands in order **to provide them with optimal product and service quality**. In addition, the safety and health of its property occupants is crucial to the Company. As a result, it pays special attention **to compliance with basic health and safety regulations** by duly coordinating its business activities and information about safety risks at work centres and correctly distributing the emergency evacuation protocols.

Lar España's philosophy for maximising customer satisfaction:

1. Improving communication channels and active listening
2. Adding value by means of product and process innovation
3. Building health and safety
4. Adapting to the diversity of customer needs

FOOTFALL 2017

High **footfall indicator** in our shopping centres:

56.9 million of visitors

+2.7%
vs 2016

+1.8%
Shopper
Track Index



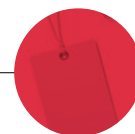
SALES 2017

Good **sales** performance in the shopping centres

636.2 million of euros.

+3.3%
vs 2016

+1.2%
Spain
Retail Sales



The process of actively listening to and engaging in two-way communication with its customers is essential to the Company's business development. This is why it has identified several tools designed to foster the communication process:

- An incident reporting protocol with the property managers in the form of a dedicated e-mail inbox (**'Incidencias LAR Project'**).
- Specific **meetings with the property manager** upon demand by either party.
- **Customer satisfaction surveys** at office buildings.
- **Mobile app** for the shopping centres featuring relevant content such as promotions of interest, news, etc.
- **Direct dialogue** between the asset manager assigned to each property and its tenants.

In addition, the following awareness initiatives have been carried out with the aim of fostering best sustainability practices on the part of tenants:

- Provision of **information about energy consumption and efficiency**.
- Specific **health and safety training**.
- Provision of **sustainability guides and manuals to tenants**: this initiative is planned as part of a pilot test for the Cardenal Marcelo Spínola offices when they are in operation following full refurbishment.



5.7 Society-based initiatives

Lar España is keenly aware that it is part of a sector that simultaneously generates economic benefits for multiple players, thousands of direct and indirect jobs and profits for other companies, among other benefits, which unquestionably have a considerable impact on the economy and employment in Spain in general and in the communities in which its properties are located in particular. Specifically, in 2017 Lar España's asset portfolio is estimated to have created over **20.000 direct jobs**. Regarding the projects under construction (Palmas Altas and VidaNova Parc) the creation of **5,900 additional jobs** are expected, 2,150 of which are direct jobs, 2,050 are indirect jobs and 1,700 are construction-related jobs.

In maximising the value of our assets, city and citizens are an inseparable whole and end-to-end rehabilitation and operation of the portfolio implicitly implies specific consideration of and engagement with the local populations where we operate, looking out for their sustained progress.

Lar España's portfolio assets generate social impacts that transform and build **shared value in** the communities in which they are located:

- They create new business opportunities
- They transform the social climate
- They encourage citizen participation
- They promote health and well-being
- They foster inclusion
- They strengthen society's values

Within Lar España's solid community engagement effort, under the umbrella of which it seeks to reinforce social and economic vitality in the areas in which it operates, in 2017 a broad range of **activities and initiatives were carried out to engage and collaborate with its local communities:**

+ 225 days
days of environmental
initiatives at our
shopping centres

+ 28 NGOs
and charities
collaborated with




+€212,000
earmarked to
community
collaborations and
initiatives



+ 25,500 Kg
of clothing donated



+ 25,000 Kg
of food collected in
several campaigns



Lar España's properties in operation and under construction create more than 25,000 jobs

a) Activities implemented in Lar España's assets

	<p>Premises loaned to rural women's association.</p> <p>Mall space loaned to 15 NGOs for 150 days.</p> <p>Toy collection drive at Christmas in collaboration with the Red Cross (900 toys).</p> <p>Flashmob and magic show events staged by local associations which were given mall space for free.</p> <p>Collaboration with the Lugo municipal authorities:</p> <ul style="list-style-type: none"> • Sports council: Sponsorship of charity running and bike races . • Culture council: Sponsorship of town festival ("Arde Lucus"). • Advertising contribution for the institutional campaign run under the slogan <i>I'm from Lugo</i>. <p>Regional authorities: Health department: Free loan of space for the installation of a blood donation bus.</p> <p>Lugo school network: environmentally-themed drawing competition and prize ceremony at the shopping centre</p> <p>Sponsorship of the San Froilán rally.</p> <p>The Wonderful Project.</p>
	<p>Collaboration with the town council: use of the Ondara town council job bank for potential hires.</p> <p>Sponsorship of sporting activities:</p> <ul style="list-style-type: none"> • Peu La Marina Tour • La Marina Cycling Tour • Collaboration with Gayá Campus <p>Agreement with JOVEMPA: Young business owners in Marina Alta.</p> <p>Charity shopping cart event: For every kilogram collected, another 2 kg were donated to the Red Cross.</p> <p>Encuentro con Gaya event and economic donation to ADIMA (the Marina Alta disabled persons association).</p>
	<p>Food and toy collection drive in collaboration with the Red Cross.</p> <p>Used clothing collection containers: 25 tonnes, preventing the emission of 79 tonnes of CO₂.</p> <p>Food collection drive for animal shelter: 1,950 kg.</p> <p>Monthly animal care awareness and adoption sessions: 31 animals adopted.</p> <p>Mall space loaned to eight NGOs (Red Cross, UNICEF, Josep Carreras Foundation, Save the Children, the Richi Foundation, Enriqueta Villavecchia Foundation, Save A-Paw, ISTEA).</p> <p>The Wonderful Summit project.</p> <p>Sponsorship of ISTEA (autism association) in the form of a charity race.</p> <p>Sponsorship of the Playa Castelldefels basketball tournament.</p> <p>Sponsorship of Canal Olimpic summer race.</p> <p>Collaboration with the city council:</p> <ul style="list-style-type: none"> • Collaboration for Carnival . • Sponsorship of the Baix Llobregat business association. • Sponsorship of city charity races. <p>City:</p> <ul style="list-style-type: none"> • Collaboration with institutions in the area for the provision of workshops advertised at ANEC BLAU. • Reading room installed in shopping centre all year round. • Photography gallery installed in shopping centre for a few months. <p>Environment:</p> <ul style="list-style-type: none"> • Recycling bins (plastic and paper) for customers. • Earth Day: façade lights switched off in solidarity.

	<p>Mall space loaned to eight NGOs and one Brotherhood.</p> <p>Premises loaned to local artists.</p> <p>Drives with food banks.</p> <p>Toy collection drive in collaboration with the Red Cross.</p> <p>Sponsorship of the San Silvestre Berciana race in collaboration with the local sports council and the Red Cross.</p> <p>Collection for the Red Cross.</p> <p>The Wonderful Summit project.</p> <p>Sponsorship of the local football team.</p> <p>Sponsorship of the local basketball team.</p> <p>Participation in Earth Hour.</p> <p>Collaboration with the city council:</p> <ul style="list-style-type: none"> Community work council: 'Grow with me' campaign. Loan of a premises for an exhibition and of space for a videowall <p>Multiple charity collaborations:</p> <ul style="list-style-type: none"> Blood Donation Brotherhood: Campaigns at the shopping centre in February and September. La Inmaculada school: premises loaned to exhibit Bierzo tourism project.
	<p>Collaboration with a number of entities on environmental, social, labour awareness campaigns Play Fitness event. Fitness Centre event.</p> <p>Third edition of charitable Pilates event to raise money for AFANION (children with cancer).</p> <p>Collaboration with the Spanish Cancer Society: charity tables.</p> <p>Collaboration with volunteers from the Spanish Parkinson's Association.</p> <p>Awareness and fund-raising campaign for children with leukaemia.</p> <p>Colour Festival to raise money for AFANION.</p> <p>Collaboration with ACNUR (help for refugees) and the Red Cross (Earth Day).</p> <p>Awareness workshop and fund-raising event for AMAC (women with cancer).</p> <p>Mall space loaned to 10 NGOs and one foundation.</p> <p>Charity events taking up 150 days of the year.</p> <p>Collection of 10,000 kg of food.</p> <p>Collaboration with the city council:</p> <ul style="list-style-type: none"> Christmas lights in Albacete. Environmental education programme. <p>Sponsorship of cultural events:</p> <ul style="list-style-type: none"> Sponsorship of children's shows. Tickets sold online. <p>Environmental events: Earth Day: façade lights switched off in solidarity.</p>

	<p>Mall space loaned to Save the Children.</p> <p>Mall space loaned to Médecins Sans Frontières.</p> <p>Mall space loaned to DOA (mental health association).</p> <p>Mall space loaned to ASPANAEX (persons with psychic disabilities).</p> <p>Mall space loaned to ACNUR.</p> <p>Mall space loaned to APAMP (association for relatives of cerebral palsy patients).</p> <p>Mall space loaned for major food bank collection drive.</p> <p>Sponsorship of the tenth Vigo City Rally with €3,000, the loan of two areas for the display of classic cars and of one area for a stand.</p> <p>Sponsorship of charity race.</p> <p>Three Erasmus scholarships awarded to Vigo University.</p> <p>Collaboration with the city council:</p> <ul style="list-style-type: none"> • Help with Christmas lights in Vigo • Participation in the city's Christmas parade. • Youth council: printed information about jobs, studies, leisure and other topics of interest for local youths. <p>Environmental events:</p> <p>Dedicated environmentally responsible area: recycling of used batteries and bulbs (including fluorescent lights) and container for collecting used clothing for Caritas.</p> <p>Paper recycling bins placed throughout the mall.</p> <p>Participation in Earth Day: lights switched off for one hour.</p>
	<p>Space loaned to: Food banks.</p> <p>Space loaned to: Spanish Cancer Society.</p> <p>Space loaned to: SOS Children's Villages and ACNUR (refugees).</p> <p>Space loaned to: toy collection drive (REMAR).</p> <p>Space loaned to: the Red Cross.</p> <p>Avenida de Madrid neighbour's association: sponsorship of charity race.</p> <p>Palencia Women's Basketball Club: assistance for children's team. Pavilion fencing.</p> <p>Sponsorship of Palencia basketball match.</p> <p>DANISA cycling club: Tarpaulins for fencing and magazine feature.</p> <p>Campaign to encourage recycling to mark World Environment Day.</p> <p>Water saving awareness campaign championed by Carrefour Property.</p>

	<p>25 March 2017: Earth Hour.</p> <p>17 June 2017: collaboration with the local NGO, Walk On Project.</p> <p>22 December 2017: Toy donation for children in the cancer ward of the Cruces Hospital (Barakaldo).</p> <p>Mall space loaned to Médecins Sans Frontières.</p> <p>Caritas: charitable collection. A circular was sent to the service providers (security, cleaning and maintenance) and tenants encouraging them to participate and providing two collection points to make it easier.</p> <p>EMAÚS: Used clothing collection. Fashion Outlet collaborated with the charity Emáus Bizkaia to collect used clothing on the premises.</p>
	<p>Mall space loaned for the purposes of a new member drive:</p> <ul style="list-style-type: none"> • Josep Carreras Foundation (12, 13 and 14 January). • Red Cross (2 initiatives, in May and June). • WWF (World Wild Life), in May and June. • SOS Children's Villages (3 - 7 July). • ADEMG (2 June) to raise money for multiple sclerosis. • ACNUR (26 December). <p>Mall space loaned for collection of food and other products:</p> <ul style="list-style-type: none"> • TADAMUN, food drive for people living in the Sahara (28 January). • 'Breakfasts with heart' (Red Cross) (3 - 4 November). • Gipuzkoa food bank drive (1 - 2 December). • PROVIDA, collection of products for mothers and children (16 December). <p>Other local associations:</p> <ul style="list-style-type: none"> • Financial donation to the DYA, a road assistance association. • Collaboration with the Irun town council in the form of vouchers.

b) Activities implemented by the Company



Norte Joven Foundation

Participated in the “Grants, training and lunch for students at the Norte Joven Foundation” project with:

- Monthly charity lunches.
- Assistance provided by Lar España employees to help the Foundation’s youth members prepare for job interviews
- Regular financial donations
- Six-month training employment in administration works for Norte Joven students



Créate Foundation

Participated in the Professional Training part of the “Support and Assistance for Entrepreneurial Projects” programme:

- Mentoring assistance for the definition and preparation of an entrepreneurship and innovation project for the Foundation’s vocational training student members



Aladina Foundation

- Christmas raffle to raise money for this charity



Acción contra el Hambre Foundation

- Lar España employees donated their meal vouchers. All proceeds were used to buy therapeutic food which was donated to Acción contra el Hambre Foundation, the NGO that fights against the consequences and causes of malnutrition in the world.



6

PORTFOLIO

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Portfolio location
and description
p. 162

6.2
Real estate
valuation
p. 192

6.3
Additional portfolio
information
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At YE 2017, Lar España's **portfolio** reached a total value of **EUR1,538 million**, equating to a **28.5% value uplift** on the acquisition price.



AS TERMAS CINES

SALA 1 SALA 2 SALA 3 SALA 4 SALA 5 SALA 6 SALA 7 SALA 8

CALERO

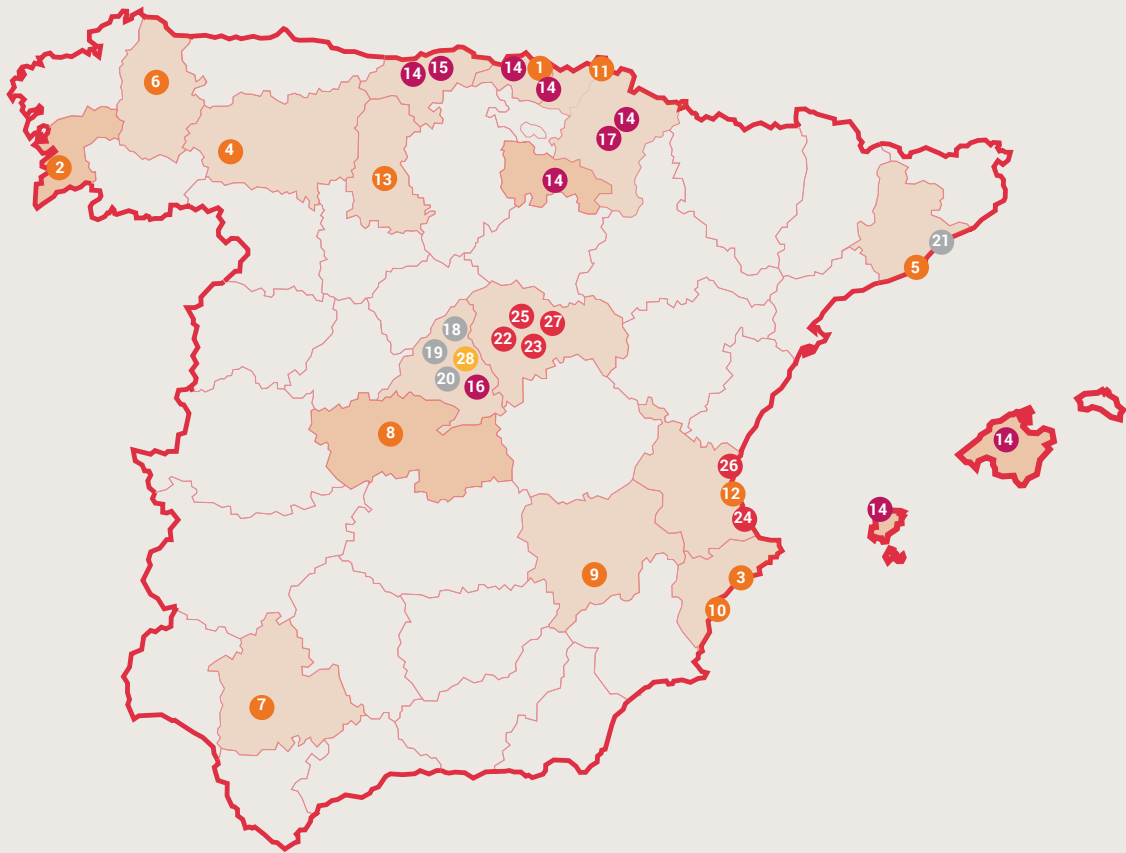
LOUTIMO

Enterate de todo
www.astermas.es

As Termas Shopping Centre (Lugo)



6.1 Portfolio location and description



GAV
1.5
BILLION EUROS



Shopping Centres

- 1 Megapark + Megapark Leisure (Vizcaya)
- 2 Gran Vía (Vigo)
- 3 Portal de la Marina + Hypermarket (Alicante)
- 4 El Rosal (León)
- 5 Anec Blau (Barcelona)
- 6 As Termas + Petrol Station (Lugo)
- 7 Palmas Altas (Sevilla)
- 8 Parque Abadía (Toledo)
- 9 Albacenter + Hypermarket and Retail Units (Albacete)
- 10 Vistahermosa (Alicante)
- 11 Txingudi (Guipúzcoa)
- 12 VidaNova Parc (Valencia)
- 13 Las Huertas (Palencia)



Retail Warehouses

- 14 Supermarkets Portfolio (22 units)
(Cantabria, País Vasco, La Rioja, Navarra and Baleares)
- 15 Nuevo Alisal (Santander)
- 16 Villaverde (Madrid)
- 17 Parque Galaria (Navarra)



Offices

- 18 Egeo (Madrid)
- 19 Marcelo Spínola (Madrid)
- 20 Eloy Gonzalo (Madrid)
- 21 Joan Miró (Barcelona)



Logistics

- 22 Alovera II (Guadalajara)
- 23 Alovera I (Guadalajara)
- 24 Almussafes (Valencia)
- 25 Alovera IV (C5-C6) (Guadalajara)
- 26 Cheste (Valencia)
- 27 Alovera III (C2) (Guadalajara)



Residential

- 28 Lagasca99 (Madrid)

Megapark, Bilbao

Shopping Centre

BREEAM^{ES}
MegaPark[®]
 B A R A K A L D O


Location & Profile

The centre is located in the largest retail area in the País Vasco.

Primary catchment area of more than 965,000 people.

Excellent location and access via the A-8 motorway.

Total sales at the end of the year reached EUR101,530,481.

Footfall 2017: 10,271,613 visitors.

Investment Rationale

Features some of the top international retail warehouse operators, such as Decathlon, Conforama, Mediamarkt or Leroy Merlin.

The retail arcade has excellent tenants such as Tommy Hilfiger, CK, Converse, Desigual and Mercadona (Spain's leading distributor).

It is the only Outlet Centre in a 400 km radius.

Strategic acquisition of the leisure complex in October 2017 to gain full control of the retail park.

The leisure complex boasts big name tenants including Burger King, Ribs, Tagliatella, Jugettos, as well as the cinemas with the highest turnover in the Basque Country (totalling 11 screens).

Asset Characteristics

Property Name	Megapark
Property Type	Shopping Centre
Location	Bilbao
Ownership (%)	100%
Year of Construction	2007
GLA	83,380 sqm
Purchase Date	19 October 2015/27 October 2017
Acquisition Price	€178.7 million
Market Value (*)	€214.0 million
Price/sqm	€2,143 per sqm
Value/sqm	€2,567 per sqm
No. of Tenants	78
WAULT	2.3 years

Key Performance Indicators

EPRA Vacancy Rate	7.4%
EPRA Net Initial Yield	5.4%

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

Gran Vía, Vigo Shopping Centre

BREEAM^{ES}

Location & Profile

Shopping centre located in Vigo, the largest city in Pontevedra and the most populated city in the autonomous region of Galicia.

It boasts an urban location that can be accessed on foot from any point of the city. It can also be very easily reached by car and public transport, and features 1,740 parking spaces.

Its main catchment area is home to almost 300,000 people, who all live within 30-minutes or less from the centre.

Footfall 2017: 7,017,700 visitors.

Total sales at the end of the year reached EUR 100,362,449 (2.1% y-o-y increase).

Investment Rationale

Dominant shopping centre in its region thanks to its retail mix, premium quality and large size.

Rich retail offering, boasting a total of 132 stores, which are home to key retailers such as Zara, Massimo Dutti, H&M, Bimba y Lola, Tous, Pepe Jeans, C&A and Carrefour, with high occupancy levels (97.8%).

Asset Characteristics

Property Name	Gran Vía de Vigo
Property Type	Shopping Centre
Location	Vigo
Ownership (%)	100%
Year of Construction	2006
GLA	41,426 sqm
Purchase Date	15 September 2016
Acquisition Price	€141.0 million
Market Value (*)	€163.0 million
Price/sqm	€3,401 per sqm
Value/sqm	€3,935 per sqm
No. of Tenants	103
WAULT	2.7 years

Key Performance Indicators

EPRA Vacancy Rate	1.4%
EPRA Net Initial Yield	5.6%

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

Portal de la Marina and Hypermarket, Alicante Shopping Centre



Location & Profile

Dominant shopping centre in the area area comprised of Gandía, Denia and Calpe, three of Spain's main tourist destinations.

Located 100 km from Valencia beside the AP-7 Motorway, with a catchment area of more than 320,000 inhabitants.

Main tenants: H&M, Zara, C&A, Cortefiel, Massimo Dutti, Pull & Bear, Stradivarius, Lefties and Carrefour.

Total sales at the end of the year reached EUR69,798,047 (4.6% y-o-y increase).

Footfall 2017: 4,188,302 visitors (10.4% y-o-y increase).

Investment Rationale

High footfall due both to its high population density and the volume of tourists who visit.

Offering targets local customers and the large number of tourists.

This is a stable property with potential for growth and refurbishment plans underway.

This property also includes the hypermarket located inside the centre, which has been purchased for an excellent price and gives Lar España full control of the shopping centre.

The hypermarket annexed to this asset is currently occupied by Carrefour, who replaced Eroski after signing an assignment agreement on 7 February 2017.

Strategic acquisition of the hypermarket to gain full control of the adjacent shopping centre.

Asset Characteristics

Property Name	Portal de la Marina
Property Type	Shopping Centre
Location	Ondara (Alicante)
Ownership (%)	100%
Year of Construction	2008
GLA	40,158 sqm
Purchase Date	30 October 2014/30 March 2016/9 June 2015
Acquisition Price	€89.2 million ⁽¹⁾
Market Value (*)	€119.8 million
Price/sqm	€2,221 per sqm
Value/sqm	€2,983 per sqm
No. of Tenants	107
WAULT	2.2 years

Key Performance Indicators

EPRA Vacancy Rate	3.2%
EPRA Net Initial Yield	4.9%

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

(1) Weighted average price of the acquisitions.

El Rosal, León

Shopping Centre

BREEAM^{ES}

Location & Profile

Shopping centre located in the centre of Ponferrada, León.

El Rosal is the dominant shopping centre in the Bierzo region and the largest in the province of León.

It has excellent transport links and direct access to the A6 motorway.

Total sales at the end of the year reached EUR96,477,905 (1.3% y-o-y increase).

Footfall 2017: 5,388,883 visitors (0.8% y-o-y decrease).

Investment Rationale

Main tenants include, among others, leading top-tier brands such as Carrefour, Zara, H&M, Cortefiel, Worten and Burger King.

Comprises over 50,000 sqm of lettable area in an area with no competition boasting a 90.1% market share.

Asset Characteristics

Property Name	El Rosal
Property Type	Shopping Centre
Location	León
Ownership (%)	100%
Year of Construction	2007
GLA	51,022 sqm
Purchase Date	7 July 2015
Acquisition Price	€87.5 million
Market Value (*)	€109.0 million
Price/sqm	€1,715 per sqm
Value/sqm	€2,135 per sqm
No. of Tenants	112
WAULT	2.7 years

Key Performance Indicators

EPRA Vacancy Rate	8.9%
EPRA Net Initial Yield	5.6%

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

Anec Blau, Barcelona

Shopping Centre

BREEAM^{ES}

Location & Profile

Centre located in the best Catalan tourist destination, Castedefells. Located 18 km south of Barcelona, with access via the C-32.

Situated in a prized location 10 minutes from El Prat airport.

Its primary catchment area comprises 400,000 inhabitants.

Total sales at end of year reached EUR65,858,964 (5.3% y-o-y increase).

Footfall 2017: 5,853,572 visitors (7.5% y-o-y increase).

Investment Rationale

Medium sized shopping centre, which is the leading centre in its catchment area.

Excellent tenants such as Zara, Massimo Dutti, Pull & Bear, C&A, H&M and Mercadona (leading distribution company in Spain, which has a 3,156 sqm retail unit).

Asset Characteristics

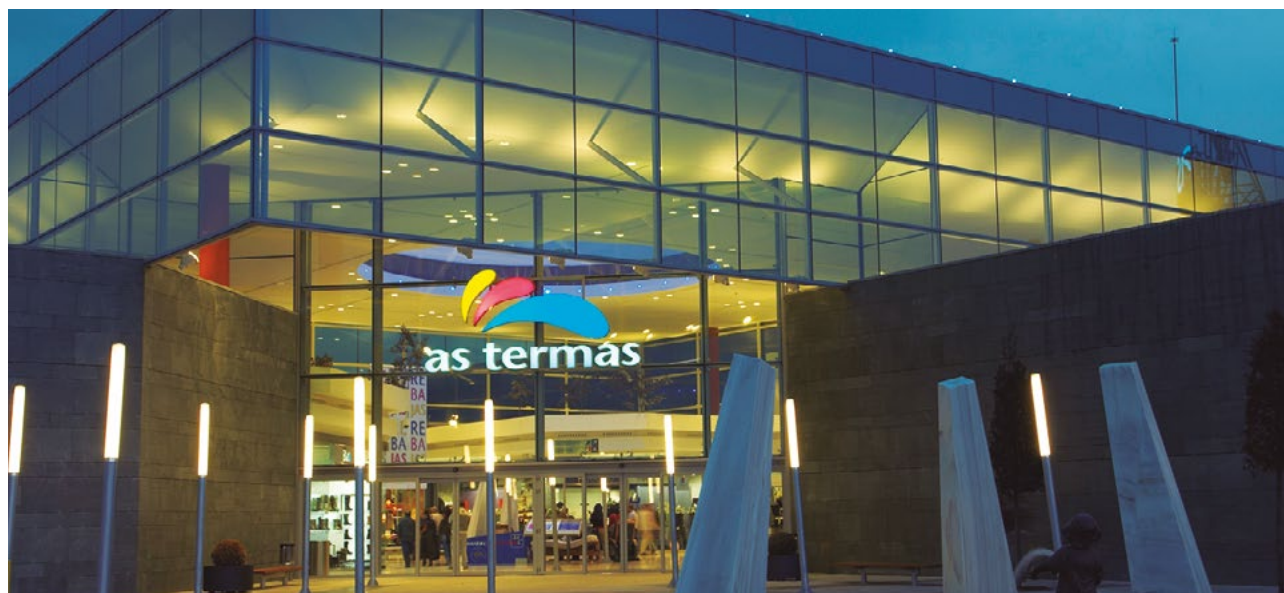
Property Name	Anec Blau
Property Type	Shopping Centre
Location	Barcelona
Ownership (%)	100%
Year of Construction	2006
GLA	28,609 sqm
Purchase Date	31 July 2014
Acquisition Price	€80.0 million
Market Value (*)	€95.4 million
Price/sqm	€2,797 per sqm
Value/sqm	€3,334 per sqm
No. of Tenants	93
WAULT	2.6 years

Key Performance Indicators

EPRA Vacancy Rate	6.6%
EPRA Net Initial Yield	4.5%

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

As Termas + Petrol Station, Lugo Shopping Centre

BREEAM^{ES}

Location & Profile

As Termas is located in the northern outskirts of Lugo, the capital city in a province of 350,000 inhabitants in the North West of Spain.

It is the dominant centre in the area, with a large primary catchment area (over 200,000 people).

The shopping centre has excellent visibility and is easily accessible from the N-VI, N-640 and A-6.

It also features 2,200 parking spaces.

Total sales at the end of the year reached EUR55,652,858 (5.2% y-o-y increase).

Footfall 2017: 3,768,265 visitors (2.0% y-o-y increase).

Investment Rationale

Medium size dominant shopping centre in its catchment area.

The property provides the right mix of interesting current yields and upside potential.

Asset Characteristics

Property Name	As Termas
Property Type	Shopping Centre
Location	Lugo
Ownership (%) (*)	100%
Year of Construction	2005
GLA	35,127 sqm
Purchase Date	15 April 2015/28 July 2015
Acquisition Price	€68.8 million
Market Value (**)	€84.2 million
Price/sqm	€1,959 per sqm
Value/sqm	€2,398 sqm
No. of Tenants	74
WAULT	1.9 years

Key Performance Indicators

EPRA Vacancy Rate	4.8%
EPRA Net Initial Yield	6.1%

(*) Lar España owns 100% of the shopping arcade.

(**) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

Palmas Altas, Sevilla Shopping Centre



Location & Profile

Plot of land classified with retail use in Palmas Altas Norte, Seville, acquired in March 2016, where a family retail and leisure-entertainment complex is planned.

Excellent location 4 kilometres from the centre of Seville.

100,000 sqm of retail and family leisure space.

High footfall in area: 1.5 million inhabitants.

Shopping centre scheduled to open in H1 2019.

Currently in the process of obtaining the BREEAM ES® certification.

At the end of the year, round to 59% of GLA signed or with binding contract with leading retailers

Investment Rationale

In advanced negotiations with many future tenants following the major interest received from the main restaurant, leisure and fashion brands.

A potential yearly revenue of EUR14 million is forecast.

Asset Characteristics

Property Name	Palmas Altas
Property Type	Shopping Centre
Location	Seville
Ownership (%)	100%
Year of Construction	2016
Estimated year of opening	2019
Status	WIP
Retail and family leisure space	100,000 sqm
Purchase Date	1 March 2016
Acquisition Price	€40.5 million ⁽¹⁾
Market Value (*)	€71.5 million ⁽¹⁾
No. Of Tenants	Multi-tenant

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

(1) Includes a potential extra building rights.

Parque Abadía, Toledo

Shopping Centre



Location & Profile

Retail park located in Toledo, the most popular in its catchment and the largest in Castilla-La Mancha.

Easily accessed and the go-to retail park in the region, attracting people from Toledo and the surrounding provinces.

Its catchment includes over 300,000 people that live within a half-hour drive from the centre, which is located next to the Madrid-Toledo motorway, ten minutes from Toledo.

Footfall 2017: 2,986,438 visitors (2.5% y-o-y increase).

Total sales at the end of the year reached €20,263,492 euros (0.8% y-o-y increase).

Investment Rationale

Dominant shopping centre in its region thanks to its retail mix, premium quality and size.

Benefits from an excellent location, can be very easily accessed, and boasts first rate design and visibility.

Extensive retail offering, with over 50 stores located throughout the retail park. These are all complemented by the wide variety of products on offer at the Alcampo Hypermarket, Petrol Station and Pharmacy.

Comprises over 50,000 sqm with 2,800 parking spaces (1,200 covered parking spaces).

Strategic acquisition of the retail park's shopping centre in February 2018, giving Lar España full control of the park.

Asset Characteristics

Property Name	Parque Abadía
Property Type	Shopping Centre
Location	Toledo
Ownership (%)	100%
Year of Construction	2006
GLA	37,009 sqm
Purchase Date	27 March 2017
Acquisition Price	€63.1 million
Market Value (*)	€65.0 million
Price/sqm	€1,705 per sqm
Value/sqm	€1,757 sqm
No. of Tenants	35
WAULT	2.5 years

Key Performance Indicators

EPRA Vacancy Rate	0.0%
EPRA Net Initial Yield	6.4%

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

Albacenter, Hyper and retail units, Albacete Shopping Centre

BREEAM[®] ES

Location & Profile

Located in the heart of Albacete, it is the dominant shopping centre in the province.

The centre was opened in 1996, extended in 2004 and refurbished in 2008.

Catchment area: more than 278,000 inhabitants.

Urban shopping centre, with easy access via A31 Motorway, with 1,223 parking spaces.

Total sales at the end of the year reached EUR29,093,896 (5.3% y-o-y increase).

Footfall 2017: 4,740,584 visitors (2.7% y-o-y decrease).

Investment Rationale

Medium size dominant shopping centre in its catchment area.

The centre features renowned fashion retailers, such as H&M, Springfield, Pull&Bear and Bershka, among others.

Hypermarket that complements the Albacenter shopping centre, also owned by Lar España. Eroski and Primark provide security in terms of income stream, size, quality and lease term.

Strategic acquisition in order to guarantee full control of the Albacenter shopping centre.

Asset Characteristics

Property Name	Albacenter
Property Type	Shopping Centre
Location	Albacete
Ownership (%)	100%
Year of Construction	1996
GLA	27,890 sqm
Purchase Date	30 July 2014/19 December 2014
Acquisition Price	€39.9 million
Market Value (*)	€56.3 million
Price/sqm	€1,431 per sqm
Value/sqm	€2,019 per sqm
No. of Tenants	52
WAULT	2.5 years

Key Performance Indicators

EPRA Vacancy Rate	8.5%
EPRA Net Initial Yield	5.9%

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

Vistahermosa, Alicante

Shopping Centre

BREEAM^{ES}

Location & Profile

Located along one of the three main roads in Alicante.

It boasts a large catchment area, reaching 450,000 people.

Parque Vistahermosa features unique retailers that cannot be found in other shopping centres in Alicante.

Total sales at year-end 2017 came in at EUR69,147,167.

Footfall 2017: 6,885,156 visitors (10.3% y-o-y increase).

Investment Rationale

Some of its main tenants include major anchors such as Leroy Merlin, Alcampo and Media Markt.

Considerable repositioning potential.

Only urban retail park in Alicante.

Asset Characteristics

Property Name	Vistahermosa
Property Type	Shopping Centre
Location	Alicante
Ownership (%)	100%
Year of Construction	2002
GLA	33,550 sqm
Purchase Date	16 June 2016
Acquisition Price	€42.5 million
Market Value (*)	€50.4 million
Price/sqm	1,246 per sqm
Value/sqm	1,502 per sqm
No. Of Tenants	13
WAULT	5.6 years

Key Performance Indicators

EPRA Vacancy Rate	6.1%
EPRA Net Initial Yield	5.8%

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

Txingudi, Guipúzcoa

Shopping Centre



Location & Profile

Highly consolidated shopping centre in its catchment area, with limited current and future competition.

Closest primary catchment area comprises of 100,000 inhabitants.

Consolidated industrial and retail area with excellent access to the national motorway and the city.

Total sales at the end of the year reached EUR19,872,378 (18.6% y-o-y increase)

Footfall 2017: 3,670,411 visitors (0.9% y-o-y increase)

During 2017 has been remodeled.

Investment Rationale

Its location near the border attracts a significant amount of traffic from France drawn by the Centre's offerings and prices.

The anchor tenants are: H&M, Kiabi, Mango, Springflid, Punto Roma and Promod.

Strong asset management opportunities based on reduction in non-recoverable costs and improving vacancy and tenant mix. Reducing leisure and improving the offering of fashion brands will help to achieve a better balance of Spanish and French customers.

Asset Characteristics

Property Name	Txingudi
Property Type	Shopping Centre
Location	Guipúzcoa
Ownership (%) (*)	100%
Year of Construction	1997
GLA	10,712 sqm
Purchase Date	24 March 2014
Acquisition Price	€27.7 million
Market Value (**)	€39.0 million
Price/sqm	€2,735 per sqm
Value/sqm	€3,641 per sqm
No. of Tenants	44
WAULT	2.9 years

Key Performance Indicators

EPRA Vacancy Rate	5.5%
EPRA Net Initial Yield	6.1%

(*) Lar España owns 100% of the shopping arcade.

(**) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

VidaNova Parc, Valencia Shopping Centre



Location & Profile

120,000 sqm in Sagunto (Valencia), acquired for the future development of a shopping centre.

Urban location, in an area with high tourist footfall, Sagunto (Valencia).

Over 95% of GLA already pre-let to renowned retailers.

Catchment area: 250,000 inhabitants.

Estimated opening: Q3 2018.

Investment Rationale

The property will comprise a shopping centre, featuring a hypermarket and a retail arcade with fashion, accessories and service stores. It will also include a retail park, offering stores that specialise in sports, DIY, decoration, homewares, toys, fashion and accessories.

Some of our main tenants will include Leroy Merlin, Decathlon, Yelmo Cines, Urban Planet, C&A and Worten.

A yearly revenue of EUR4 million is forecast.

Asset Characteristics

Property Name	VidaNova Parc
Property Type	Retail Complex
Location	Valencia
Ownership (%)	100%
Year of Construction	2016
Estimated year of opening	2018
Status	WIP
GLA	44,252 sqm
Purchase Date	3 August 2015
Acquisition Price	€14.0 million
Market Value (*)	€24.8 million
No. Of Tenants	Multi-tenant

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

Las Huertas, Palencia

Shopping Centre



Location & Profile

Located in Palencia, within the Castilla y León Region in North West Spain.

Direct catchment area of more than 81,000 inhabitants.

The immediate surrounding area comprises a mixed residential and retail area, therefore 35% are pedestrians. Well located, connecting the city centre with the A-67 highway (main connection between Palencia and Valladolid).

Total sales at the end of the year reached EUR8,351,986.

Footfall 2017: 2,167,224 visitors.

In 2016 the property was refurbished and given a "new look"

Investment Rationale

Only shopping centre in Palencia in where we would particularly note the presence of the Carrefour Hypermarket.

The Centre has a good offering centred on professional retailers, with well-renowned international and national brands: Springfield, Deichman, Time Road and Sprinter.

Asset Characteristics

Property Name	La Huertas
Property Type	Shopping Centre
Location	Palencia
Ownership (%) (*)	100%
Year of Construction	1989
GLA	6,267 sqm
Purchase Date	24 March 2014
Acquisition Price	€11.7 million
Market Value (**)	€12.6 million
Price/sqm	€1,867 per sqm
Value/sqm	€2,011 per sqm
No. of Tenants	26
WAULT	2.2 years

Key Performance Indicators

EPRA Vacancy Rate	9.0%
EPRA Net Initial Yield	6.6%

(*) Lar España owns 100% of the shopping arcade.

(**) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

Supermarkets Portfolio

Retail Warehouse



Location & Profile

Diversified portfolio of 22 supermarkets operated by Eroski, located in Northern Spain and the Balearic Islands.

100% occupied with long-term leases.

Investment Rationale

Off-market purchase at a very attractive price of a diversified portfolio comprising 22 retail units operated by Eroski, 100% occupied, with long-term leases and stable cash flow.

Asset Characteristics

Property Name	Supermarkets Portfolio
Property Type	Retail Warehouse
Location	Cantabria, País Vasco, La Rioja, Navarra and Baleares
Ownership (%)	100%
GLA	28,822 sqm
Purchase Date	27 March 2017
Acquisition Price	€47.6 million
Market Value (*)	€52.5 million
Price/sqm	€1,652 per sqm
Value/sqm	€1,823 per sqm
No. of Tenants	1
WAULT	12.8 years

Key Performance Indicators

EPRA Vacancy Rate	0.0%
EPRA Net Initial Yield	7.0%

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

Nuevo Alisal, Santander

Retail Warehouse



Location & Profile

Free standing retail warehouses located next to the consolidated retail park, Nuevo Alisal, which has been operational since 2004.

Located in Santander, capital city of Cantabria in the North of Spain, which has a strong and stable economy and good growth potential.

Investment Rationale

Media Markt and Toys R Us are two well-renowned international retailers.

It is a retail warehouse and is in an excellent state of repair.

Forms part of the most successful retail park in the region.

Highly liquid property due to the size of investment, prime location, prestigious tenants and lease term.

Asset Characteristics

Property Name	Nuevo Alisal
Property Type	Retail Warehouse
Location	Santander
Ownership (%)	100%
Year of Construction	2010
GLA	7,649 sqm
Purchase Date	17 December 2014
Acquisition Price	€17.0 million
Market Value (*)	€19.3 million
Price/sqm	€2,223 per sqm
Value/sqm	€2,525 per sqm
No. of Tenants	2
WAULT	2.1 years

Key Performance Indicators

EPRA Vacancy Rate	0.0%
EPRA Net Initial Yield	6.3%

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

Villaverde, Madrid

Retail Warehouse



Location & Profile

Property located in a well established and populated area of southern Madrid, Villaverde, with more than 142,000 inhabitants.

Excellent visibility: fronts on to Avenida Andalucia, the main urban link to the South of Madrid, with connections to the M-30, M-40 and M-45 ring roads.

The building has been let to Media Markt since 2003, a European electronics retail chain, on a long term lease.

Highly liquid property due to the size of investment, prime location, prestigious tenant and lease term.

During 2016 was remodeled.

Investment Rationale

Media Markt (part of the Metro Group) is the leading electronics retailer in Spain and one of the largest in Europe.

The retailer has increased its market share over the crisis, benefiting from the closure of a number of competitors and bolstering its position in Spain.

The rent was renegotiated prior to the acquisition, generating strong cash flow with mid-term potential.

Asset Characteristics

Property Name	Villaverde
Property Type	Retail Warehouse
Location	Madrid
Ownership (%)	100%
Year of Construction	2002
GLA	4,391 sqm
Purchase Date	29 July 2014
Acquisition Price	€9.1 million
Market Value (*)	€11.3 million
Price/sqm	€2,072 per sqm
Value/sqm	€2,583 per sqm
No. of Tenants	1
WAULT	4.8 years

Key Performance Indicators

EPRA Vacancy Rate	0.0%
EPRA Net Initial Yield	6.1%

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

Parque Galaria, Navarra Retail Warehouse



Location & Profile

Retail warehouse located in the most important retail area in Navarra, with a very large catchment area (600,000 inhabitants).

Parque Galaria has excellent transport links to the city centre via the PA-31 highway and the AP-15 and PA-30 radial roads, which allow the inhabitants of a large metropolitan area to easily access the retail park. Pamplona features circa 200,000 inhabitants and one of the highest per capita income levels in Spain.

Investment Rationale

Currently occupied by top-tier tenants such as El Corte Inglés Oportunidades, Aldi and Feuvert.

Highly liquid property due to the size of investment, prime location, prestigious tenants and lease term.

Asset Characteristics

Property Name	Parque Galaria
Property Type	Retail Warehouse
Location	Pamplona
Ownership (%)	100%
Year of Construction	2003
GLA	4,108 sqm
Purchase Date	23 July 2015
Acquisition Price	€8.4 million
Market Value (*)	€10.7 million
Price/sqm	€2,055 per sqm
Value/sqm	€2,605 per sqm
No. of Tenants	3
WAULT	3.9 years

Key Performance Indicators

EPRA Vacancy Rate	0.0%
EPRA Net Initial Yield	6.3%

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

Egeo, Madrid Offices



BREEM^{ES}



Location & Profile

Located at Avenida Partenón 4-6, in front of the Campo de las Naciones Exhibition Centre and just a few minutes from the Adolfo Suárez-Madrid Barajas (T4) International Airport.

Excellent public transport links. The "Campo de las Naciones" metro stop is on Line 8 and is located just 150 m from the property.

The property comprises 18,254 sqm, arranged over six above-ground floors, as well as 350 parking spaces.

Offers two independent wings with symmetrical floors, with an appealing central lobby crowned with a large skylight which bathes the internal areas in natural light.

The size and (standard floor space of 3,000 sqm) flexibility of its floors, which can be divided up into as many as eight modules, allows it to be highly marketable to many different potential occupiers.

Investment Rationale

Established office location and high occupancy level with market rents and potential for rental growth.

In a good state of repair, has a large investment lot size, which would be highly attractive to future institutional investors.

Stable medium term occupancy. The main tenant (77% GLA) has a term certain until December 2021.

As of the date of this report, the asset has been sold to Inmobiliaria Colonial at a price of 79,300 thousand Euros (4,344 €/sqm).

Asset Characteristics

Property Name	Egeo
Property Type	Office building
Location	Madrid
Ownership (%)	100%
Year of Construction	1993
GLA	18,254 sqm
Purchase Date	16 December, 2014
Acquisition Price	€64.9 million
Market Value (*)	€78.1 million
Price/sqm	€3,555 per sqm
Value/sqm	€4,280 per sqm
No. of Tenants	3
WAULT	3.7 years

Key Performance Indicators

EPRA Vacancy Rate	10.1%
EPRA Net Initial Yield	4.1%

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

Marcelo Spínola, Madrid Offices



BREEAM® ES



Location & Profile

Office building located in Madrid inside the M-30 ring road.

Total lettable area of 8,875 sqm, set on a 12,412 sqm plot of land, improving the AEO efficiency ratio.

The building comprises a ground floor, 12 above-ground floors, an attic floor and 3 below-ground floors (semibasement is currently let and car park).

The location, design and visibility of the property, make it an undeniably attractive property.

Flexible and versatile property with modern installations and efficient LED lighting, changing rooms with showers, bicycle parking, CCTV.

BREEAM® certification will provide significant savings for its tenants (energy consumption will decrease by between 50-70%, water consumption by 40%, and operating and maintenance costs will fall by between 7-8%).

Rental of 1,000 sqm of offices during 2017.

Investment Rationale

Consolidated location with excellent visibility from the M30 ring road.

The investment strategy was to reposition the property via a full refurbishment.

Asset Characteristics

Property Name	Marcelo Spínola
Property Type	Office building
Location	Madrid
Ownership (%)	100%
Year of Construction	1991
GLA	8,875 sqm
Purchase Date	31 July, 2014
Acquisition Price	€19.0 million
Market Value (*)	€37.5 million
Price/sqm	€2,141 per sqm
Value/sqm	€4,225 per sqm
No. of Tenants	(**)
WAULT	N/A (**)

Key Performance Indicators

EPRA Vacancy Rate	N/A (**)
EPRA Net Initial Yield	N/A (**)

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

(**) Recently refurbished and in commercialization.

Eloy Gonzalo, Madrid Offices



BREEAM® ES



Location & Profile

Located on Eloy Gonzalo, 27, is in an excellent location, just one kilometre from the central Paseo de la Castellana, very close to the city's central business district.

The "Iglesia" metro station (Line 1) is situated just 100 m from the property. "Quevedo" station, line 2 is situated 350 m from the building.

The property comprises 6,231 sqm (GLA), arranged over eight above ground floors.

The property's operating licence permits Office use, and Retail use on the ground and lower ground floors. Town planning regulations also permits Residential use.

The property is rectangular in shape, and has facades that front on to Calle Eloy Gonzalo (22.50 m) and Calle Santísima Trinidad (32.20 m).

During 2017 has been fully remodeled.

Investment Rationale

The average rent in the property is clearly below market rent.

Its flexible design and abundance of natural light provide a flexible space for a wide variety of office occupiers.

The proposed strategy involves repositioning the property via a partial refurbishment, with the aim of resolving the current fragmentation of the rented space, in order to attract better quality tenants.

The property features a wrap around terrace on the top floor (7th).

Asset Characteristics

Property Name	Eloy Gonzalo
Property Type	Office building
Location	Madrid
Ownership (%)	100%
Year of Construction	1962
GLA	6,231 sqm
Purchase Date	23 December, 2014
Acquisition Price	€12.7 million
Market Value (*)	€26.5 million
Price/sqm	€2,038 per sqm
Value/sqm	€4,253 per sqm
No. of Tenants	7
WAULT	2.1 years

Key Performance Indicators

EPRA Vacancy Rate (**)	N/A (**)
EPRA Net Initial Yield (**)	N/A (**)

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

(**) Recently refurbished and in commercialization.

Joan Miró, Barcelona Offices



BREEM^{ES}



Location & Profile

Located at Calle Joan Miró, 21, in an excellent location within the Olympic Village, close to the 22@ technological district and just 350 m from the Ronda Litoral and prestigious properties such as the Hotel Arts.

The "Ciudadella/Vila Olímpica" metro station (Line 4) is located 350 m from the property.

Arranged over seven above ground floors. The ground floor features two retail units.

The town planning regulations allow for potential residential use.

The property is horizontally divided into independent properties, and is managed via a Property Owner's Association, in which Lar España represents 85% of the total. The other co-owner of the property (15%) is the Spanish Land and Mercantile Registrars Association.

The Pompeu Fabra University, which heads up the ranking of Spanish universities, has various of its main properties on the "Ciudadella Campus" just 300 m from the property.

Investment Rationale

Established office location.

Attractive purchase price (€/sqm) and potential rental growth.

The standard floor area (2,100 sqm), makes it flexible for multiple tenants.

The main tenants are the Land Registry (Registro de la Propiedad), Mutua Pelayo and BBVA.

The property features a spectacular terrace on the 5th floor.

Asset Characteristics

Property Name	Joan Miró
Property Type	Office building
Location	Barcelona
Ownership (%)	85%
Year of Construction	1992
GLA	8,607 sqm
Purchase Date	11 June, 2015
Acquisition Price	€19.7 million
Market Value (*)	€21.5 million
Price/sqm	€2,288 per sqm
Value/sqm	€2,492 per sqm
No. of Tenants	5
WAULT	0.5 years

Key Performance Indicators

EPRA Vacancy Rate	5.9%
EPRA Net Initial Yield	1.6%

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

Alovera II, Guadalajara

Logistics



Location & Profile

The property is located at Km. 48 on the A2 highway, in the town of Alovera (Guadalajara), in the very heart of the Henares Corridor, the country's main industrial and logistics hub.

Set on a 142,144 sqm plot of land, is divided up in to 6 warehouses and comprises a total built area of 83,952 sqm, as well as a parking area.

Warehouses 1.A and 1.B, and 2.A and 2.B were constructed in 2000 (Phase 1). Warehouse 3 was constructed in 2006 and warehouse 4 in 2007 (Phase 2).

The complex is currently 100% occupied by Carrefour (the leading international distribution company in Europe and third in the world).

Investment Rationale

Tenant: Carrefour (100%), a core tenant.

Purchase price below replacement cost.

The GLA of this complex is a distinguishing feature compared to other warehouses in the surrounding area and particularly due to the lack of logistics development in the area.

The complex is highly flexible, allowing the complex to house 3 separate tenants.

Very solid logistics location.

Asset Characteristics

Property Name	Alovera II
Property Type	Logistics warehouse
Location	Guadalajara
Ownership (%)	100%
Year of Construction	2000 / 2006 & 2007
GLA	83,952 sqm
Plot Size	142,144 sqm
Purchase Date	13 October, 2014
Acquisition Price	€32.1 million
Market Value (*)	€43.7 million
Price/sqm	€382 per sqm
Value/sqm	€520 per sqm
No. of Tenants	1
WAULT	2.2 years

Key Performance Indicators

EPRA Vacancy Rate	0.0%
EPRA Net Initial Yield	6.7%

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

Alovera I, Guadalajara Logistics



Location & Profile

Logistics warehouse located at Km. 48 on the A2 highway, in the town of Alovera (Guadalajara), right on the Henares Corridor, the country's main industrial and logistics hub.

Comprises two logistics warehouses constructed between 2000 and 2004, set on a 57,982 sqm plot.

Currently occupied by Tech Data (leading wholesaler of IT products and services in the Iberian Peninsula).

Comprises a total built area of 35,196 sqm, 33 metre turning circle on both façades, as well as 42 loading bays on both sides of the warehouse.

Investment Rationale

Main tenant: TechData. Well established tenant with a lease agreement since 2009.

Highly consolidated logistics location.

Purchase price below replacement cost.

The logistics operator has invested heavily in technological facilities related to its business needs.

Direct access to the A2 highway and highly visible.

Asset Characteristics

Property Name	Alovera I
Property Type	Logistics warehouse
Location	Guadalajara
Ownership (%)	100%
Year of Construction	2000 - 2004
GLA	35,196 sqm
Plot Size	57,982 sqm
Purchase Date	7 August, 2014
Acquisition Price	€12.7 million
Market Value (*)	€18.8 million
Price/sqm	€361 per sqm
Value/sqm	€534 per sqm
No. of Tenants	1
WAULT	1.5 years

Key Performance Indicators

EPRA Vacancy Rate	0.0%
EPRA Net Initial Yield	6.6%

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

Almussafes, Valencia

Logistics



Location & Profile

Logistics warehouse located in the Juan Carlos I Industrial Park in Almussafes, 17 Km from Valencia, next to the Ford Spain factory, with excellent access from the AP7 motorway.

This area has become one of the most sought after logistics areas in Valencia due to the presence of the automobile company, whose most technologically advanced factory in the world is located in Almussafes.

The property comprises 19,211 sqm of constructed area, set on a 22,887 sqm plot of land.

The property is currently 100% let to Grupo Valautomoción (a car parts and accessories supplier for Ford Spain, which was recently acquired by Ferrostal).

Investment Rationale

Almussafes has become one of the most expensive and sought after logistics areas in Valencia, due to the presence of the Ford factory, which generally requires that its suppliers are located no more than 6 km from its facilities.

Stable lease and 100% let.

Rent is at market with potential for growth.

Asset Characteristics

Property Name	Almussafes
Property Type	Logistics warehouse
Location	Valencia
Ownership (%)	100%
Year of Construction	2005
GLA	19,211 sqm
Plot Size	22,887 sqm
Purchase Date	26 May, 2015
Acquisition Price	€8.4 million
Market Value (*)	€10.3 million
Price/sqm	€437 per sqm
Value/sqm	€536 per sqm
No. of Tenants	1
WAULT	1.9 years

Key Performance Indicators

EPRA Vacancy Rate	0.0%
EPRA Net Initial Yield	6.7%

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

Alovera IV (C5-C6), Guadalajara Logistics



Location & Profile

Located in a consolidated industrial area, Alovera (Guadalajara). Next to the main logistics hubs linked to the national and international distribution sector, including companies such as Volvo and Mahou.

Its location allows for direct access to the R-2 motorway (Madrid-Guadalajara) and the A-2 (Madrid-Zaragoza-Barcelona), as well as the potential of accessing the Azuqueca de Henares Dry Port services due to its proximity.

The warehouse is occupied by Saint Gobain Isover Ibérica (worldwide leader in the design, manufacturing and distribution of construction materials).

Investment Rationale

Strategic location.

Possibility of putting a logistics sub-portfolio on the market along with the other warehouses belonging to the portfolio in Alovera.

High quality and established tenant (Saint Gobain has been the sole tenant in the warehouse since 2008 - the warehouse was constructed as a turn-key project for Saint Gobain)

Semi-industrial activity (involving manufacturing) retains tenants for longer than the pure logistics business.

Asset Characteristics

Property Name	Alovera IV (C5-C6)
Property Type	Logistics warehouse
Location	Guadalajara
Ownership (%)	100%
Year of Construction	2008
GLA	14,891 sqm
Plot Size	22,530 sqm
Purchase Date	26 May, 2015
Acquisition Price	€7.2 million
Market Value (*)	€9.6 million
Price/sqm	€484 per sqm
Value/sqm	€645 per sqm
No. of Tenants	1
WAULT	1.2 years

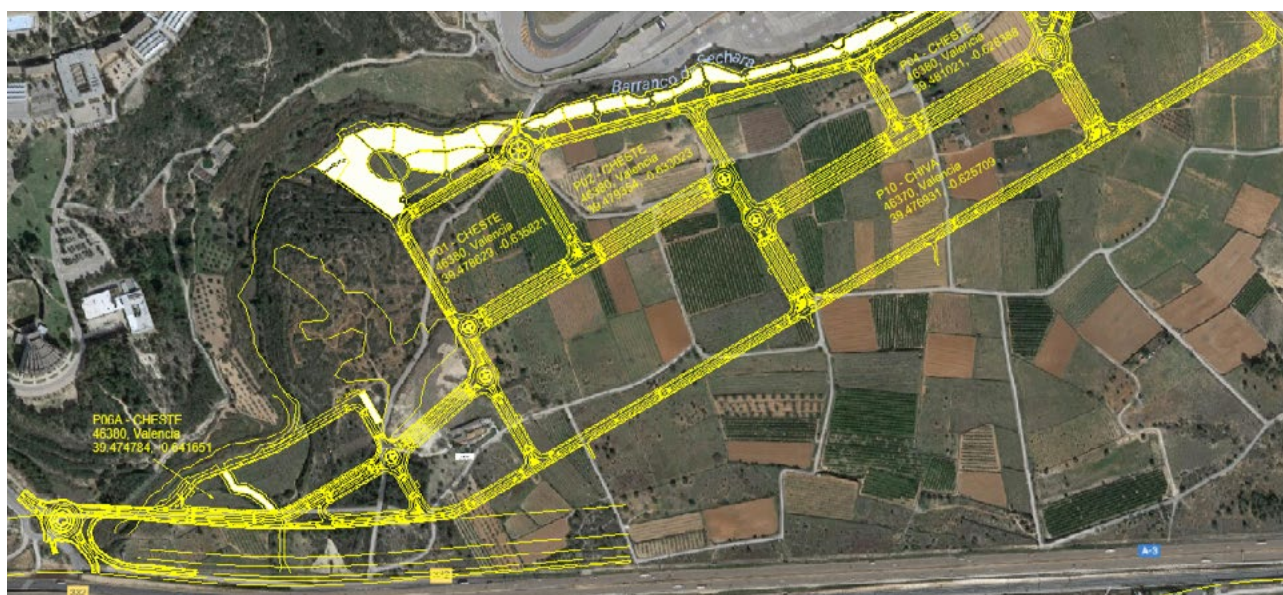
Key Performance Indicators

EPRA Vacancy Rate	0.0%
EPRA Net Initial Yield	7.4%

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

Cheste, Valencia

Logistics



Location & Profile

Located in the town of Cheste, just 14 km from the airport and 18 km from the city of Valencia, this is the primary logistics park in the Levante area. The infrastructure along the Mediterranean Corridor and at the Port of Valencia ensure fast international connections.

Valencia is Spain's the third largest city in terms of logistics, and currently has record low vacancy rates (6.1%), with no warehouses of over 5,000 sqm available in the area.

The area in which the plot is located is directly connected to the A3 via two different access routes, and also benefits from a bus connection with Valencia and a Renfe Cercanías train station.

The plot is being marketed as a turn-key development, thus offering flexibly in terms of being able to adapt to the needs of each client. Delivery is scheduled for Q4 2019.

Designed and developed in line with the specifications required to obtain the prestigious BREEAM® quality and sustainability certification.

Investment Rationale

One of the most sought-after logistics areas given that Levante's catchment lies within a 350 km radius (Madrid, Barcelona, Zaragoza and Valencia) of half of Spain's active population.

Excellent opportunity to buy at a price well below the logistics market average.

In the process of fulfilling the requirements needed to achieve the GREEN certification, which would make it the first private logistics park in Spain to do so.

The total cost of the plot (land and planning) is estimated at EUR16.5 million (EUR84.60 per sqm).

Asset Characteristics

Property Name	Cheste
Property Type	Logistics warehouse
Location	Valencia
Ownership (%)	100%
Year of Construction	2018
Status	WIP
GLA	112,813 sqm
Plot Size	196,726 sqm
Purchase Date	12 May 2017
Acquisition Price	€2.2 million
Market Value (*)	€5.2 million
No. Of tenants	Multi tenants

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

Alovera III (C2), Guadalajara Logistics



Location & Profile

Located in a consolidated industrial area, Alovera (Guadalajara). Next to the main logistics hubs linked to the national and international distribution sector, including companies such as Nestle.

Its location allows for direct access to the R-2 motorway (Madrid-Guadalajara) and the A-2 (Madrid-Zaragoza-Barcelona) with the potential of accessing the Azuqueca de Henares Dry Port services due to its proximity.

The warehouse comprises a total built area of 8,591 sqm, and the existing tenant is Factor 5 (a logistics company that operates in the following sectors: industry, mass consumption, food, cosmetics, e-commerce and retail)

Investment Rationale

Strategic location.

The warehouse was purchased as part of a portfolio along with another two warehouses.

Purchase price similar to or below replacement cost.

Current rent in line with market rent.

Asset Characteristics

Property Name	Alovera III (C2)
Property Type	Logistics warehouse
Location	Guadalajara
Ownership (%)	100%
Year of Construction	2007
GLA	8,591 sqm
Plot Size	13,251 sqm
Purchase Date	26 May, 2015
Acquisition Price	€3.0 million
Market Value (*)	€4.3 million
Price/sqm	€349 per sqm
Value/sqm	€501 per sqm
No. of Tenants	1
WAULT	2.0 year

Key Performance Indicators

EPRA Vacancy Rate	0.0%
EPRA Net Initial Yield	5.5%

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

Lagasca99, Madrid Residential



Location & Profile

Urban plot of land under construction in the very heart of the Salamanca Neighbourhood, one of Madrid's most exclusive areas and set to become a landmark property in the luxury residential sector.

It will occupy most of the block between Juan Bravo, Maldonado, Claudio Coello and Lagasca streets, an exceptional location in the heart of Madrid's Salamanca neighbourhood.

This is a prime location within the city, close to the Serrano and Ortega y Gasset retail high streets, known as the "Golden Mile" due to the presence of top-tier brands and international designers.

Plot with 4 facades that will feature 42 apartments with an average floor area of 400-450 sqm.

Project carried out by the world renowned Rafael de la Hoz architectural studio and actually in the process of gaining BREEAM® certification.

Access: Located 300 metres from Paseo de la Castellana and 10 minutes from the M-30 ring-road. Metro, Nuñez de Balboa, lines 5 and 9. Buses 9, 19, 51 and N4.

Investment Rationale

Its development potential makes this a unique property, due to the lack of available high quality new-build homes in the city centre.

Considerable interest from national and international investors. As at 31 December 2017, 78.6% of apartments pre-sold.

Asset Characteristics

Property Name	Lagasca99
Property Type	Residential
Location	Madrid
Ownership (%)	50%
Year of Construction	2016, WIP
GLA	26,203 sqm
Purchase Date	30 January 2015
Acquisition Price (*)	€50.1 million
Market Value (*) (**)	€83.3 million
Price/sqm	€1,912 sqm
Value/sqm	€3,177 sqm
No. of Owners	Multi owners

(*) Corresponds to the 50% of the JV with PIMCO.

(**) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

6.2 Real estate valuation

Introduction

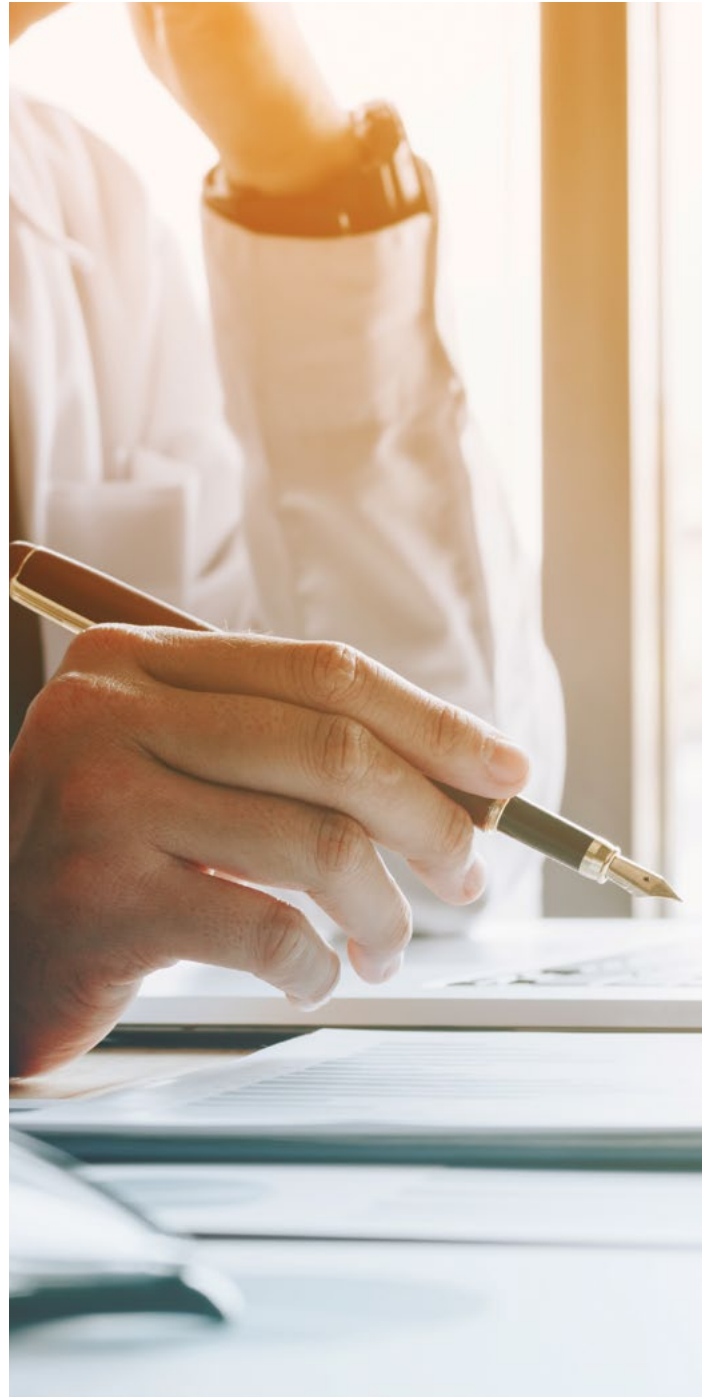
Lar España bases its business activity on the investment in, and management of real estate assets. Hence, the regular monitoring and valuation of its assets is a key process in order to provide correct financial information to all stakeholders. Hence, Lar España has drawn up a **Property Valuation Policy**, which was approved by the Board of Directors in 2015.

Lar España recognises that the valuation of the property portfolio is inherently subjective, and may be based on assumptions that may not prove to be accurate, particularly in periods of volatility or low transaction flow in the property market. The company's policy on this subject is designed to **mitigate such risks and increase confidence in the prevalence and credibility of external valuations**, and will be reviewed by the Board on a regular basis.

In accordance with Lar España's IPO prospectus, the Company will **publish an estimate of the Fair Value all of its real estate assets every six months** (at 30 June and 31 December of each year). The valuation will be undertaken by an independent, external, qualified valuer (Valuer) and who is a Registered Valuer, accredited by the RICS (Royal Institution of Chartered Surveyors).

The valuations are in **accordance with RICS standards** (Valuation – Professional Standards 2012) and are arrived at by reference to market evidence of transactions for similar properties.

The valuations carried out as at 31 December must be full valuations, including a physical inspection of each one of the assets. A physical inspection of each one of the properties may not need to be made (at the Valuer's discretion) when carrying out the valuations at 30 June in the absence of material changes to the asset.



Selection and appointment of the external valuer

Lar España's **Audit and Control Committee** (A&C Committee) is tasked with appointing and overseeing the external Valuers/regulated Valuers (*tasadores*) instructed to carry out the valuation of the Company's real estate assets.

In order to qualify for selection the Valuers must comply with the following:

- Be a qualified Registered Valuer accredited by RICS (Royal Institution of Chartered Surveyors).
- Be able to demonstrate independence and to declare that there is no conflict of interests.
- Be a firm that has a previous track record of valuing properties for companies similar to Lar España.
- Be affiliated to a reputable international firm.

When deciding on the selection and appointment of the Valuer, the European Public Real Estate Association (EPRA)'s Best Practices Recommendations will be adopted, ensuring that there is no form of conflict of interest in relation to the firms that value the real estate assets. In order to manage potential conflicts of interest that could arise in relation to any of the real estate assets, Lar España will work with at least two different Valuers.

The **A&C Committee** will also decide on two important points related to the valuation of the assets:

- Frequency with which each of the assets should rotate between Valuer.
- Minimum level of professional indemnity insurance to be requested from the Valuers.

Implementation of the valuation process

The process of completing, approving and publishing Lar España's property valuations is carried out as follows:

Coordinator

Roles

PROPERTY MANAGER

- Preparation of information

ASSET MANAGER

- Review the information prepared by the Property Manager
- Send this information to the valuers
- Review the draft valuations sent by the valuers and confirm that everything is correct

HEAD OF BUSINESS UNIT
+ CORPORATE DIRECTOR

- Review the final reports and confirm that they are in agreement with them

REVIEW BY THE DELOITTE REAL ESTATE DEPARTMENT
(LAR ESPAÑA'S AUDITOR)

AUDIT AND CONTROL COMMITTEE

- Review and approve the information related to the valuations prior to sending to the Board of Directors

BOARD OF DIRECTORS

- Review and approve the information related to the final valuations

PUBLICATION OF FINAL VALUATIONS ALONG WITH THE REGULAR FINANCIAL INFORMATION



We also include the valuation **certificates issued by the independent external valuers** (C&W and JLL) relating to the valuations of the Lar España portfolio as at 31 December 2017:



El Rosal
Shopping Centre
(León)



Marcelo Spínola
Office Building
(Madrid)



Lagasca99
Residential
(Madrid)



Alovera IV (C5-C6)
Logistic Warehouse
(Guadalajara)



Palmas Altas
Development
(Seville)



LAR ESPAÑA REAL ESTATE SOCIMI, S.A
C/ Rosario Pino, 14-16
28020 Madrid

JLL Valoraciones, S.A.
Paseo de la Castellana, 130 - 1ª planta, 28046 Madrid
Tel. +34 91-789 11 00 Fax. +34 91-789 12 00

Evan Lester, MRICS
Teresa Martínez, MRICS
Valuation Advisory, Spain
E-mail: evan.lester@eu.jll.com
E-mail: teresa.martinez@eu.jll.com

Mr. Jon Armentia

31st December 2017

Dear Sirs,

According to your instructions, we include the **Valuation Certificate** of the freehold interest of various assets located in Spain belonging to the portfolio of properties of **LAR ESPAÑA REAL ESTATE SOCIMI** as at **31st December 2017**. This letter should be considered as an annex of the Valuation Report issued by JLL Valoraciones S.A. for accounting purposes and dated 10th January 2018.

Considering the characteristics of the assets at valuation date, we are of the opinion that the Net Market Value of the 100% freehold interest of the subject properties as at 31st December 2017 is:

Asset	Use	Location	Area (sqm)	Net Market Value (€)	Existing Use Value (€)
Albacenter	Shopping Centre & Eroski/Primark	Albacete	27,890	56,322,000	56,322,000
Albacenter	Shopping Centre	Albacete	15,427	41,309,000	41,309,000
Albacenter	Eroski&Primark	Albacete	12,463	15,013,000	15,013,000
L'Anec Blau	Shopping Centre	Castelldefels (Barcelona)	28,647	95,380,000	95,380,000
El Rosal	Shopping Centre	Ponferrada (León)	51,233	108,950,000	108,950,000
Media Markt	Retail Warehouse	Villaverde (Madrid)	4,391	11,343,000	11,343,000
El Alisal	Retail Warehouses	Santander	8,106	19,313,000	19,313,000
Vistahermosa	Retail Park	Alicante	33,950	50,390,000	50,390,000
Parque Abadía	Retail Park	Toledo	37,008	65,040,000	65,040,000
Sagunto Plot	Plot of Land	Sagunto (Valencia)	44,356	24,780,000	24,780,000
Alovera II	Industrial	Alovera (Guadalajara)	83,952	43,680,000	43,680,000
Edificio Egeo	Office	Madrid	18,254	78,120,000	78,120,000
Joan Miró 21	Office	Madrid	8,610	21,450,000	21,450,000



Therefore, in accordance with your instructions, we are of the opinion that the Net Market Value of the 100% freehold interest in the above indicated properties, subject to the comments, qualification and financial data contained within our report dated 10th January 2018, and assuming that the properties are free of encumbrances, restrictions or other impediments of an onerous nature which would affect the value, as of the 31st of December 2017 is:

Net Market Value of LAR ESPAÑA REAL ESTATE SOCIMI S.A. Portfolio

574,768.000 Euros

(Five Hundred Seventy Four Million Seven Hundred Sixty Eight Thousand Euros)

Evan Lester, MRICS
National Director
Head of Valuations
Corporates/Investors

Teresa Martínez, MRICS
Associate Director
Head of Retail Valuations
Corporates/Investors

For and on behalf of
JLL Valoraciones, S.A.



C/ José Ortega y Gasset, 29 – 6ª planta
28006 Madrid
Tel + 34 (91) 781 00 10
Fax + 34 (91) 781 00 50
cushmanwakefield.es

Jon Armentia
LAR ESPAÑA REAL ESTATE SOCIMI, S.A.
C/Rosario Pino, 14-16 8ª planta
28020 Madrid

Our Ref: ctg2163

12 March 2018

Dear Jon,

As requested, we set out below the summary table from our valuation report dated 31 December 2017, undertaken for financial reporting purposes as at 31 December 2017 in accordance with our Engagement Letter and Standard Terms and Conditions dated April 2017.

PROPERTY	MARKET VALUE	Ownership Lar España %	% Market Value as at 31 December 2017 ⁽¹⁾
	(Net of Acquisition Costs) AS AT 31 DECEMBER 2017		
Portal de la Marina ⁽²⁾	110,500,000	100%	110,500,000
Hyper at Portal de la Marina ⁽²⁾	9,300,000	100%	9,300,000
Txingudi	39,000,000	100%	39,000,000
Las Huertas	12,600,000	100%	12,600,000
As Termas ⁽²⁾	82,250,000	100%	82,250,000
Petrol Station at As Termas ⁽²⁾	1,975,000	100%	1,975,000
Gran Vía de Vigo	163,000,000	100%	163,000,000
Megapark RP and FOC	203,000,000	100%	203,000,000
Megapark Ocio	11,000,000	100%	11,000,000
3 retail warehouses at Galaria RP	10,700,000	100%	10,700,000
Alovera I	18,800,000	100%	18,800,000
Alovera C2	4,300,000	100%	4,300,000
Alovera C5-C6	9,600,000	100%	9,600,000
Almussafes	10,300,000	100%	10,300,000
Cardenal Marcelo Spinola 42	37,500,000	100%	37,500,000
Eloy Gonzalo 27	26,500,000	100%	26,500,000
Lagasca 99	166,500,000	50%	83,250,000
Palmas Altas	71,500,000	100%	71,500,000
Land in Cheste, Valencia	5,200,000	100%	5,200,000
22 Supermarkets Portfolio	52,533,113	100%	52,533,113
TOTAL PORTFOLIO	1,046,058,113		962,808,113

(1) We assume a sale of 100% of the asset in which the proceeds are shared between the joint venture partners in accordance with their percentage ownership share.

(2) Portal de la Marina comprises a Shopping Centre and Hypermarket that we assume is sold together, with our valuation of each element being an apportionment. The same principal applies to As Termas Shopping Centre and petrol filling station.



The opinion stated above totalling €1,046,058,113 represents the aggregate of the values attributable to the individual properties and should not be regarded as an opinion of value of the portfolio as a whole in the context of a sale as a single lot.

We point out that the above table of values should be read in conjunction with our full valuation report (of 31 December 2017) and Engagement Letter with its Terms and Conditions, as referred to above, given that our full Basis of Valuation, extent of our enquiries and the assumptions we have made is fully explained therein.

Our valuation is confidential to you, for your sole use and for the specific purpose stated. We will not accept responsibility to any third party in respect of its contents.

Yours faithfully

Signed for and on behalf of Cushman & Wakefield Sucursal en España.

A handwritten signature in black ink, appearing to read 'A. Loughran', written over a light pink rectangular background.

Tony Loughran MRICS

Partner

+34 91 781 38 36

tony.loughran@eur.cushwake.com

A handwritten signature in black ink, appearing to read 'R. J. Cardiff', written over a light pink rectangular background.















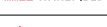














Reno Cardiff MRICS

Partner

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reno.cardiff@eur.cushwake.com

The gross value of Lar España's assets stood at **EUR1,538 million** at year-end 2017. The breakdown by asset and the y-o-y comparison with 2016 is detailed below. The **like for like (LfL) value uplift** compared with year-end 2016 stands at **12.5%**. Thus, the portfolio's value has climbed **28.5%** versus the **acquisition price**.

Assets	Valuer	Acquisition price (Thousands of Euros)	Market Value 31.12.2016 (Thousands of Euros)
Megapark	 CUSHMAN & WAKEFIELD	170,000	190,000
Gran Vía de Vigo	 CUSHMAN & WAKEFIELD	141,000	144,500
Portal de la Marina + Hyper	 JLL	89,181	107,100
El Rosal	 JLL	87,500	99,790
Anec Blau	 JLL	80,000	93,250
As Termas + Petrol station	 CUSHMAN & WAKEFIELD	68,800	80,000
Parque Abadía	 JLL	63,100	N/A
Albacenter + Hyper	 JLL	39,913	49,777
Supermarkets Portolio	 CUSHMAN & WAKEFIELD	47,600	N/A
Vistahermosa	 JLL	42,500	45,580
Txingudi	 CUSHMAN & WAKEFIELD	27,673	35,500
Nuevo Alisal	 JLL	17,000	18,334
Las Huertas	 CUSHMAN & WAKEFIELD	11,708	13,300
Villaverde	 JLL	9,100	10,771
Megapark Leisure	 CUSHMAN & WAKEFIELD	8,700	N/A
Parque Galaria	 CUSHMAN & WAKEFIELD	8,442	10,400
Total Retail		912,217	898,302
Egeo	 JLL	64,900	73,930
Marcelo Spínola	 CUSHMAN & WAKEFIELD	19,000	33,500
Eloy Gonzalo	 CUSHMAN & WAKEFIELD	12,730	15,000
Joan Miró	 JLL	19,700	21,420
Total Offices		116,330	143,850
Alovera II	 JLL	32,150	37,450
Alovera I	 CUSHMAN & WAKEFIELD	12,675	17,400
Almussafes	 CUSHMAN & WAKEFIELD	8,350	9,500
Alovera IV (C5-C6)	 CUSHMAN & WAKEFIELD	7,180	8,500
Alovera III (C2)	 CUSHMAN & WAKEFIELD	3,000	3,625
Total Logistics		63,355	76,475
VidaNova Parc	 JLL	11,600	17,320
Palmas Altas	 CUSHMAN & WAKEFIELD	40,500	46,000
Cheste	 CUSHMAN & WAKEFIELD	2,200	N/A
Lagasca99	 CUSHMAN & WAKEFIELD	50,100	65,750
Total Development		104,400	129,070
TOTAL LAR ESPAÑA		1,196,302	1,247,697

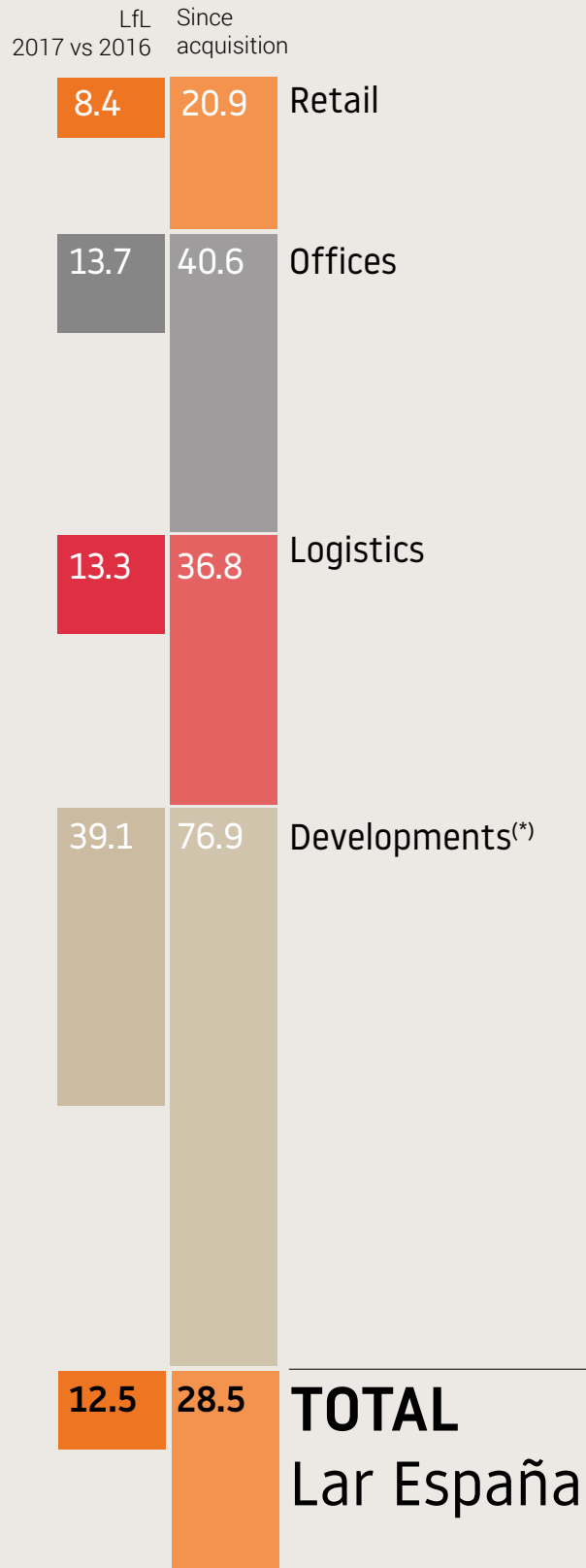
Market Value 31.12.2017 (Thousands of Euros)	€/sqm 31.12.2017	Like for Like revaluation (2017 vs 2016) (%)	Revaluation 2017 vs aquisition price (%)	EPRA NIY 31.12.2017
203,000	3,193	6.8%	19.4%	5.1%
163,000	3,935	12.8%	15.6%	5.6%
119,800	2,983	11.9%	34.3%	4.9%
108,950	2,135	9.2%	24.5%	5.6%
95,380	3,334	2.3%	19.2%	4.5%
84,225	2,398	5.3%	22.4%	6.1%
65,040	1,757	N/A	3.1%	6.4%
56,322	2,019	13.1%	41.1%	5.9%
52,533	1,823	N/A	10.4%	7.0%
50,390	1,502	10.6%	18.6%	5.8%
39,000	3,641	9.9%	40.9%	6.1%
19,313	2,525	5.3%	13.6%	6.3%
12,600	2,011	-5.3%	7.6%	6.6%
11,343	2,583	5.3%	24.6%	6.1%
11,000	555	N/A	26.4%	10.3%
10,700	2,605	2.9%	26.7%	6.3%
1,102,596	2,505	8.4%	20.9%	5.6%
78,120	4,280	5.7%	20.4%	4.1%
37,500	4,225	11.9%	97.4%	(1)
26,500	4,253	76.7%	108.2%	(2)
21,450	2,492	0.1%	8.9%	1.6%
163,570	3,898	13.7%	40.6%	3.6% (1)(2)
43,680	520	16.6%	35.9%	6.7%
18,800	534	8.0%	48.3%	6.6%
10,300	536	8.4%	23.4%	6.7%
9,600	645	12.9%	33.7%	7.4%
4,300	501	18.6%	43.3%	5.5%
86,680	536	13.3%	36.8%	6.7%
24,780	N/A	43.1%	113.6%	N/A
71,500	N/A	55.4%	76.5%	N/A
5,200	N/A	N/A	136.4%	N/A
83,250	N/A	26.6%	66.2%	N/A
184,730	N/A	39.1%	76.9%	N/A
1,537,576	2,101	12.5%	28.5%	5.5% (1)(2)

(1) Marcelo Spínola's project has not been included in the calculation, in commercialization after a full refurbishment.

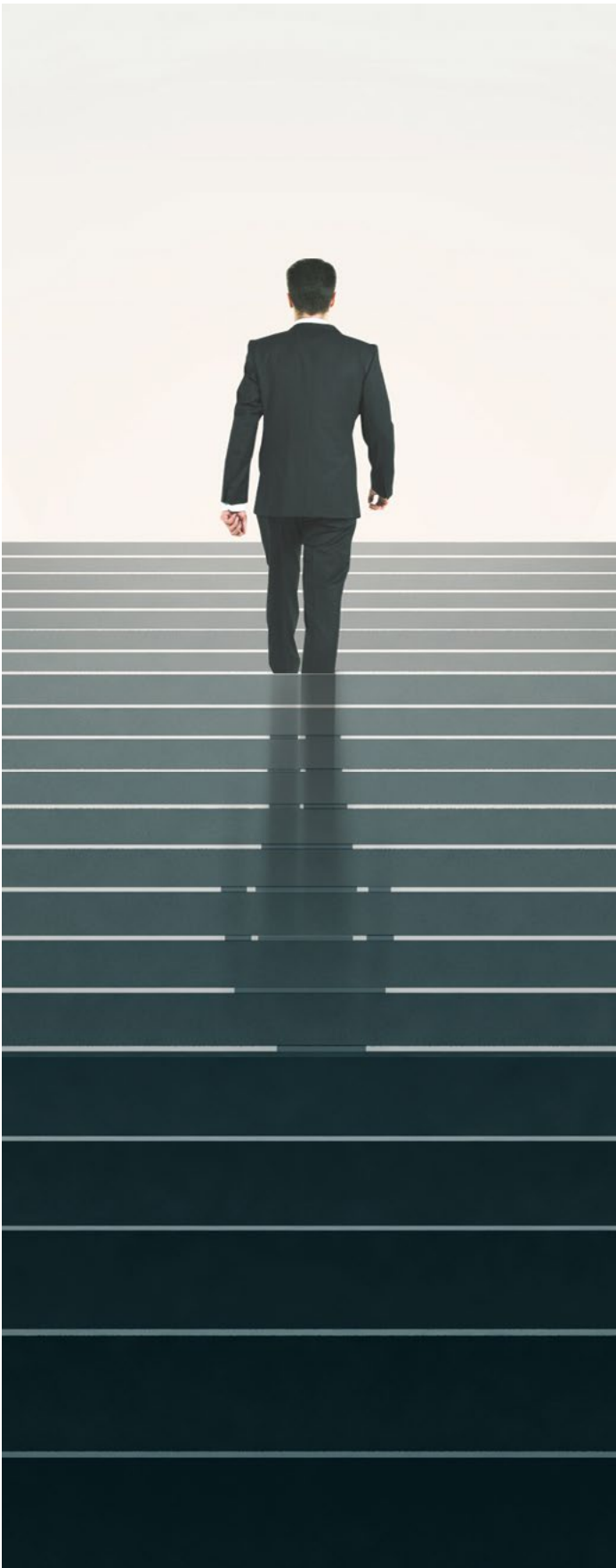
(2) Eloy Gonzalo, currently being refurbished, is not included.

Revaluation by asset class (%)

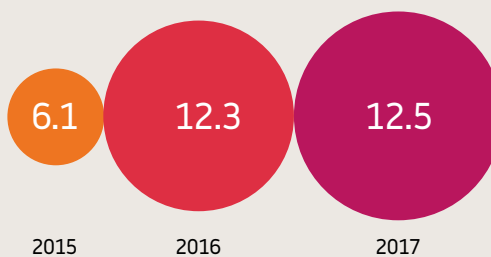
The portfolio's value of Lar España has climbed **28.5%** versus the acquisition price.



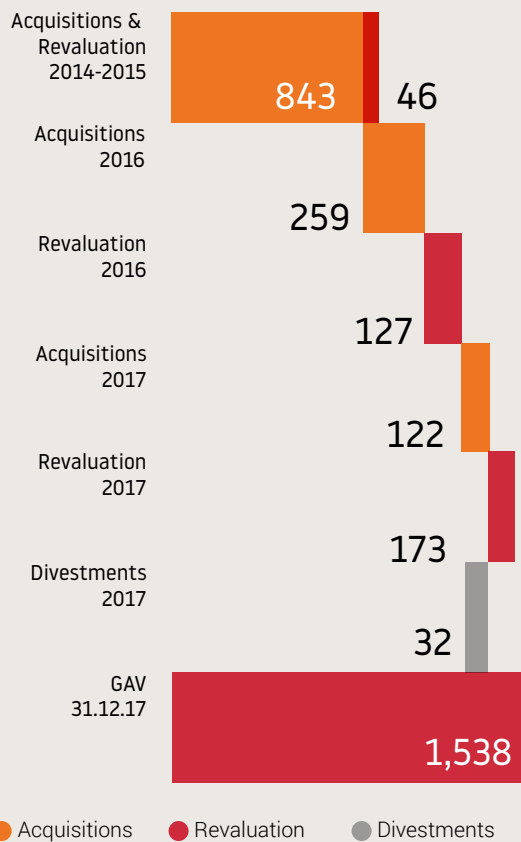
(*) Palmas Altas and VidaNova Parc (retail), Lagasca99 (residential) and Cheste (logistics) included.



LfL Lar España's portfolio evolution (%)



GAV reconciliation 31.12.17 (Millions of euros)



6.3 Additional portfolio information

a. Rental income

Rental income reached **77,600 thousand Euros** during 2017 (60,234 thousand Euros in the same period of the year before). The increase in rental income between 2017 and 2016 mainly corresponds to the Group's acquiring and launching new real estate investments during said period (mainly by the shopping

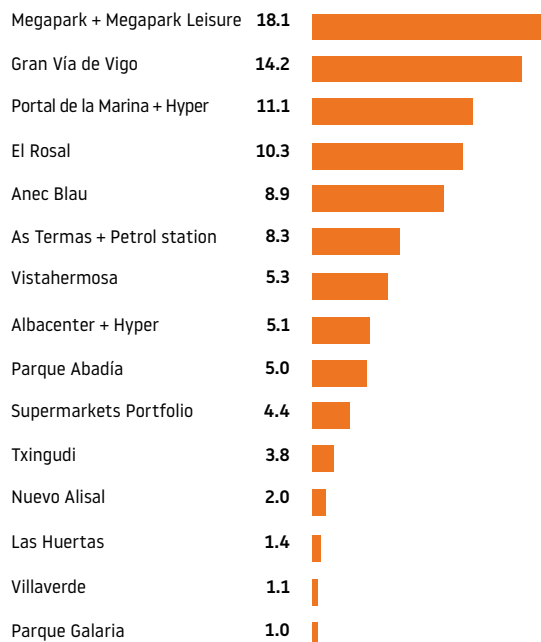
centres Gran Vía de Vigo, Parque Abadía and 22 supermarkets).

The relative weigh of rental income by line of business at 31 December 2017 is as follows:

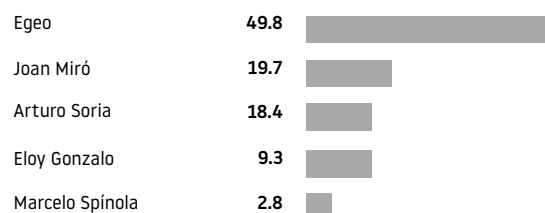
Rental Income by asset class. Year 2017 (%) *



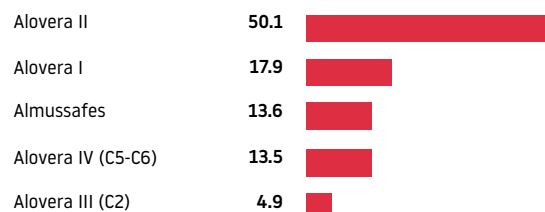
Income by Shopping Centre (%)



Income by Office Building (%)

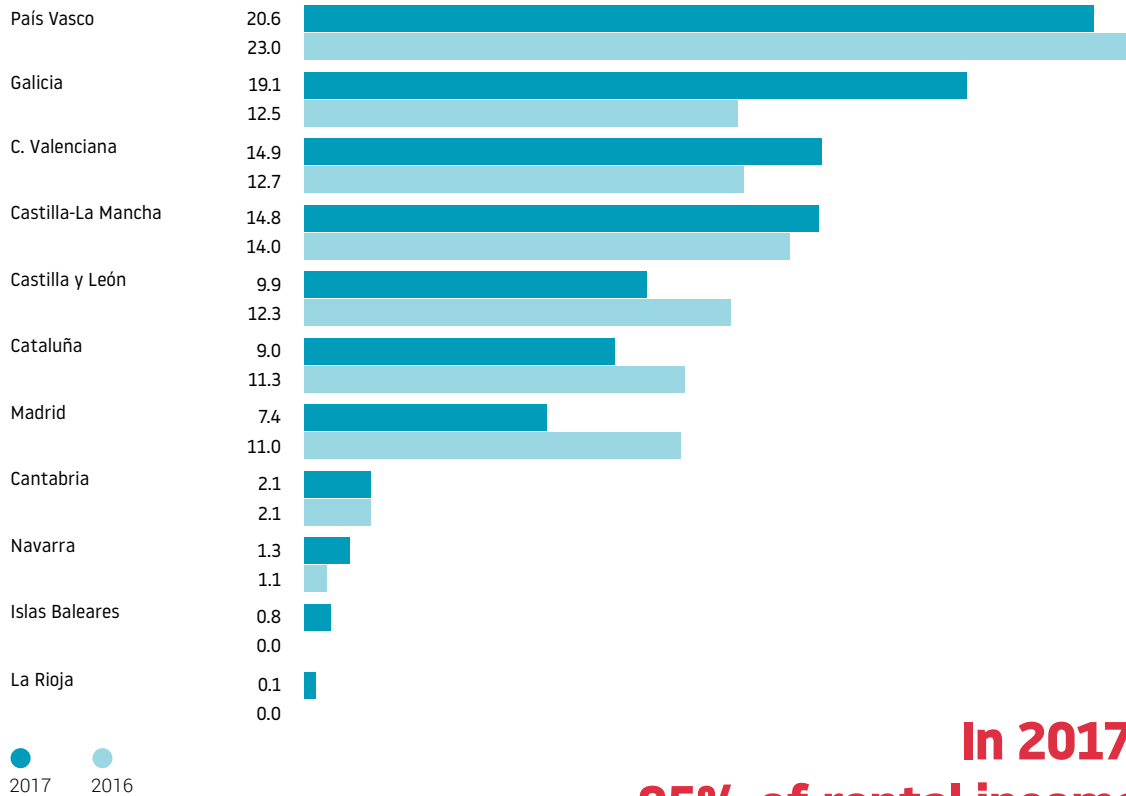


Income by Logistics Warehouse (%)



(*) 2016 rental income distribution by asset class was as follows: Retail (79%), offices (12%), logistics (9%).

Rental Income by region (%)



In 2017,
85% of rental income
 was generated by the
 retail business, with the
 Basque Country provi-
 ding the highest turnover
 by Autonomous Region,
 particularly highlighting
 the Megapark shopping
 centre, in Bilbao.

Gross annualised rents

The **annualised GRI** (*) of Lar España is detailed below, as well as the **annualised GRI per occupied sqm** for the year ended 2016 and 2017:

(Thousands of euros)

Asset	31.12.17			31.12.16		
	Gross Annualised Rents	GLA Occupied (sqm)	Gross Rent (€/sqm/month)	Gross Annualised Rents	GLA Occupied (sqm)	Gross Rent (€/sqm/month)
SHOPPING CENTRES	57,577	319,232	15.0	58,071	309,218	15.6
Megapark	10,870	61,096	14.8	11,323	59,075	16.0
Gran Vía Vigo	9,866	40,513	20.3	9,593	39,040	20.5
Portal de la Marina + Hypermarket	7,590	39,310	16.1	7,698	37,000	17.3
El Rosal	7,207	47,601	12.6	7,144	47,370	12.6
Anec Blau	5,299	25,799	17.1	6,016	25,588	19.6
As Termas + Petrol station	5,730	33,648	14.2	5,753	32,790	14.6
Vistahermosa	3,654	30,352	10.0	3,498	30,049	9.7
Albacenter + Hypermarket	3,742	25,050	12.4	3,589	25,611	11.7
Txingudi	2,633	10,261	21.4	2,449	7,262	28.1
Las Huertas	986	5,602	14.7	1,008	5,433	15.5
RETAIL WAREHOUSES	2,800	16,148	14.4	2,756	16,148	14.2
Nuevo Alisal	1,317	7,649	14.3	1,296	7,649	14.1
Villaverde	792	4,391	15.0	780	4,391	14.8
Parque Galaria	691	4,108	14.0	680	4,108	13.8
TOTAL RETAIL	60,377	335,380	15.0	60,827	325,366	15.6
OFFICES	3,993	25,280	13.2	5,160	30,409	14.1
Egeo	3,365	17,050	16.4	3,228	16,710	16.1
Marcelo Spínola	(**)	(**)	(**)	(**)	(**)	(**)
Joan Miró	628	8,230	6.4	1,193	8,533	11.7
Eloy Gonzalo	(**)	(**)	(**)	739	5,166	11.9
TOTAL OFFICES	3,993	25,280	13.2	5,160	30,409	14.1
LOGISTICS	6,296	161,841	3.2	5,806	161,841	3.0
Alovera II	3,188	83,952	3.2	2,720	83,952	2.7
Alovera I	1,338	35,196	3.2	1,323	35,196	3.1
Almussafes	761	19,211	3.3	749	19,211	3.2
Alovera IV (C5-C6)	758	14,891	4.2	746	14,891	4.2
Alovera III (C2)	251	8,591	2.4	268	8,591	2.6
TOTAL LOGISTICS	6,296	161,841	3.2	5,806	161,841	3.0
TOTAL LAR ESPAÑA LIKE FOR LIKE	70,666	522,501	11.3	71,793	517,616	11.5

(*) The GRI is calculated using the EPRA NIY of table calculation (See section 8. "EPRA Information"). Annualised GRI = annualised passing rental income from real estate investments + effect of rent-free periods and temporary rental discounts.

(**) Data related to Marcelo Spinola (fully refurbishment and in commercialization) and Eloy Gonzalo (under refurbishment) has not been included due to its lack of representatives. The asset has been fully refurbished and it is in commercialization.

Like for like 2017 vs 2016

11.3
€/sqm/month vs **11.5**
at 31.12.2017 **at 31.12.2016**

(Thousands of euros)

Asset	31.12.17			31.12.16		
	Gross Annualised Rents	GLA Occupied (sqm)	Gross Rent (€/sqm/month)	Gross Annualised Rents	GLA Occupied (sqm)	Gross Rent (€/sqm/month)
NEW ACQUISITIONS	9,326	75,594	10.3	N/A	N/A	N/A
Parque Abadía	4,315	37,009	9.7	N/A	N/A	N/A
Supermarkets Portfolio	3,793	28,822	11.0	N/A	N/A	N/A
Megapark Leisure	1,218	9,763	10.4	N/A	N/A	N/A
TOTAL NEW ACQUISITIONS	9,326	75,594	10.3	N/A	N/A	N/A
DIVESTMENTS	N/A	N/A	N/A	1,465	7,128	17.1
Arturo Soria	N/A	N/A	N/A	1,465	7,128	17.1
TOTAL DIVESTMENTS	N/A	N/A	N/A	1,465	7,128	17.1
TOTAL LAR ESPAÑA	79,992	598,095	11.1	73,258	524,744	11.6

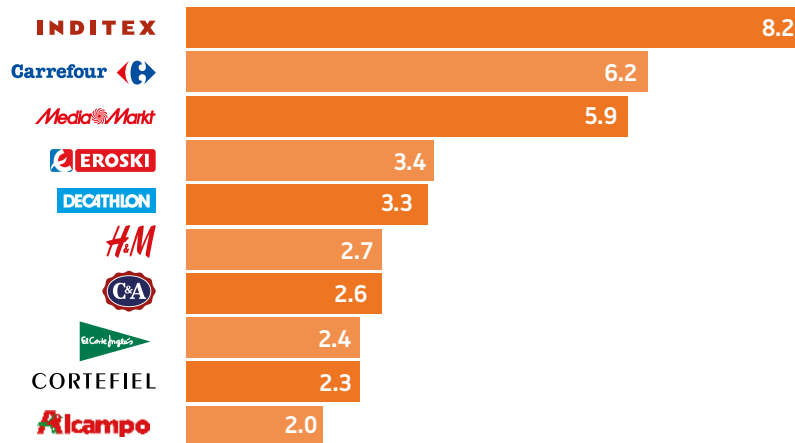
11.1
€/sqm/month
Lar España average
2017



Top tenants

Below are the tenants broken down by business unit that have generated the highest amounts of rental income during 2017:

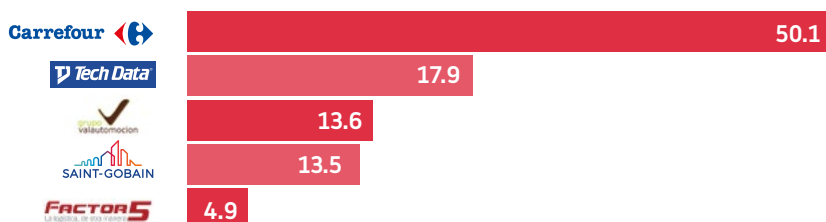
Income by Shopping Centres (%)



Income by Office Buildings (%)

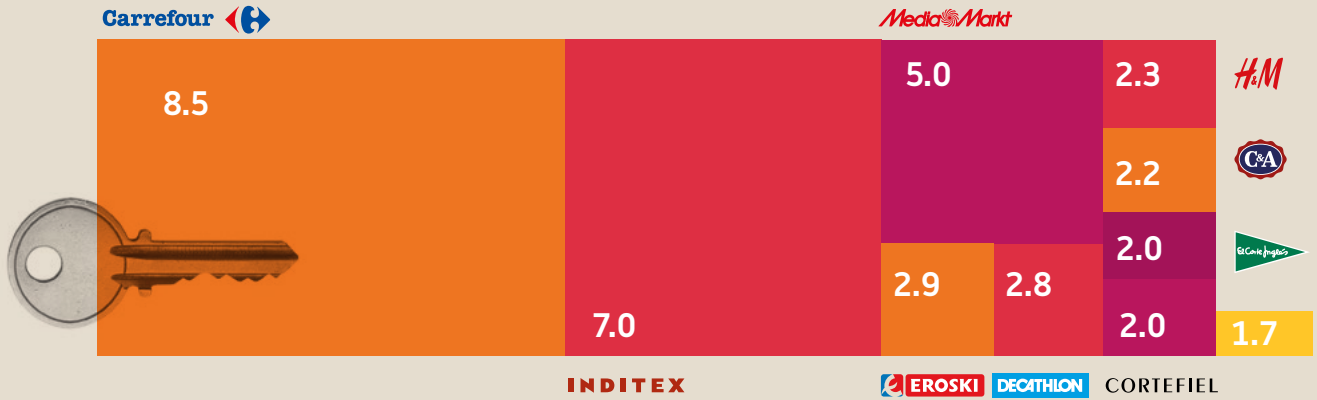


Income by Logistics Warehouses (%)



Lar España's portfolio top tenants (%)

Below are the tenants that have generated the highest amounts of rental income during 2017:



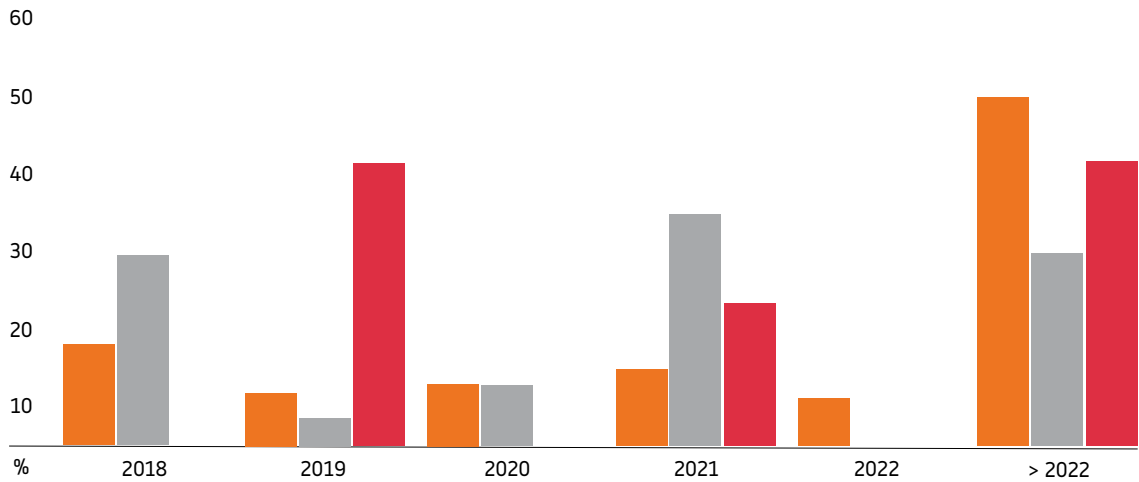
Gran Via Shopping Centre (Vigo)

b. Lease expiration and WAULT

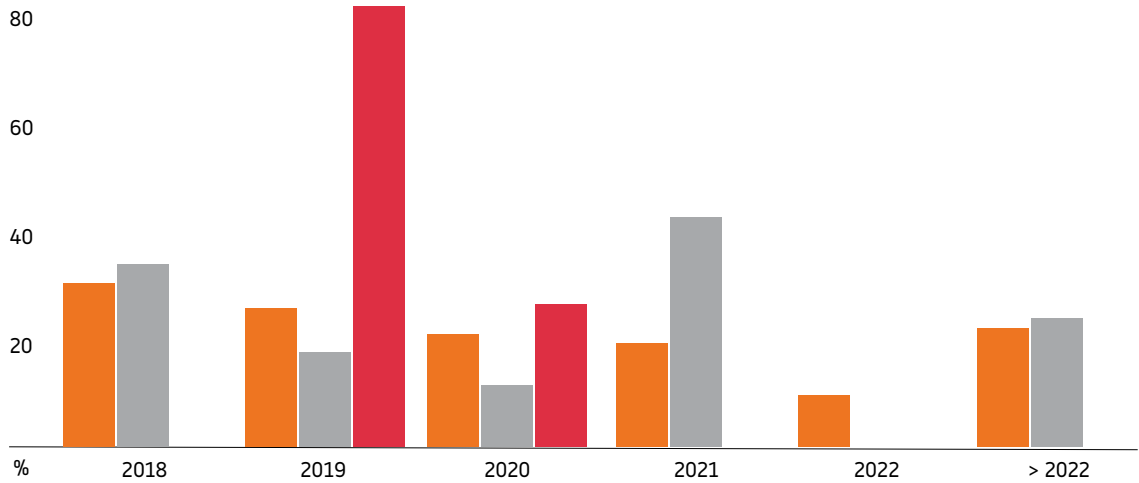
The proactive management carried out by Lar España allows us to have a **solvent and diversified tenant base**.

Renovations have been carried out at the properties occupied by our key tenants, thereby prolonging the lease terms, which allows us to have a significant level of **guaranteed minimum rents**.

Annual lease expiration (end of contract) (%)



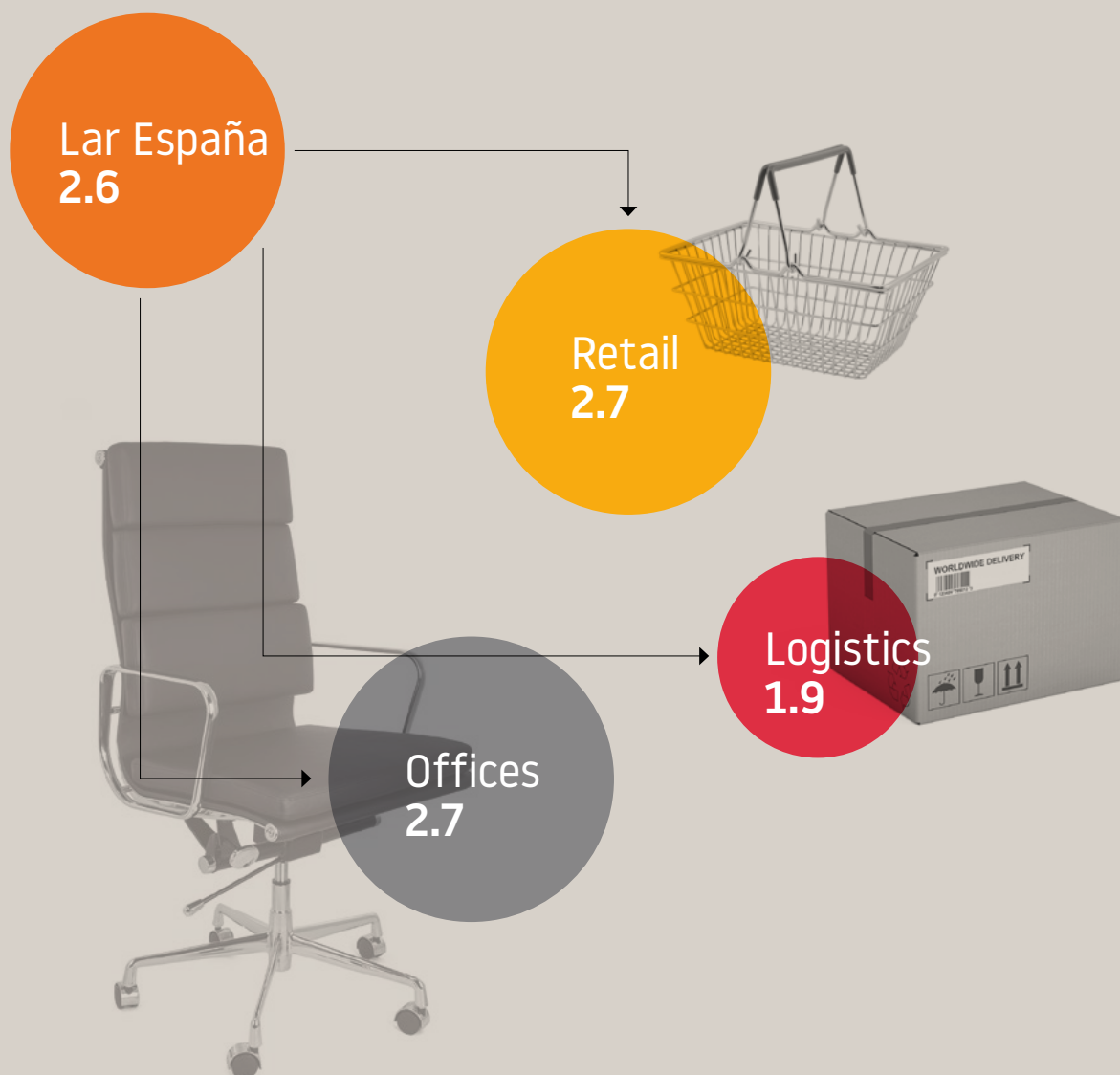
Annual lease expiration (break option) (%)



● Retail ● Offices ● Logistics

WAULT (years)

Thus, the **WAULT** (*) (weighted average unexpired lease term) at 31 December 2017 of Lar España's portfolio was **2.6 years**. Below you will find the detail by asset class:



(*) Calculated as the number of years from the current date to the first break option, weighted by the gross rent for each lease. The WAULT of each asset is detailed in section 6.1 "Portfolio location and description".

c. Occupancy (in sqm)

The gross leasable area (GLA) of Lar España's income producing assets at 31 December 2017 stood at **628,822 sqm**, whilst the average occupancy rate stood at **95.1%**. The GLA at 31 December 2016 reached 557,525 sqm, with an average occupancy of 94.1%.

The increase in the GLA was largely due to the acquisition of the Parque Abadía, 22 supermarkets and the leisure area of Megapark Barakaldo during 2017.

The occupancy as at 31 December 2017 by asset class is shown below:

Shopping Centres	Total GLA (sqm)	Occupied GLA (sqm)	% occupancy
Megapark + Megapark Leisure	83,380	70,859	85.0
Gran Vía de Vigo	41,426	40,513	97.8
El Rosal	51,022	47,601	93.3
Portal de la Marina + Hypermarket	40,158	39,310	97.9
Anec Blau	28,609	25,799	90.2
As Termas + Petrol station	35,127	33,648	95.8
Vistahermosa	33,550	30,352	90.5
Albacenter + Hypermarket	27,890	25,050	89.8
Txingudi	10,712	10,261	95.8
Parque Abadía	37,009	37,009	100.0
Las Huertas	6,267	5,602	89.4
TOTAL	395,150	366,004	92.6

Retail Warehouses	Total GLA (sqm)	Occupied GLA (sqm)	% occupancy
Supermarkets Portfolio	28,822	28,822	100
Nuevo Alisal	7,649	7,649	100
Villaverde	4,391	4,391	100
Parque Galaria	4,108	4,108	100
TOTAL	44,970	44,970	100

Offices	Total GLA (sqm)	Occupied GLA (sqm)	% occupancy
Egeo	18,254	17,050	93.4
Marcelo Spínola (*)	N/A	N/A	N/A
Joan Miró	8,607	8,230	95.6
Eloy Gonzalo (*)	N/A	N/A	N/A
TOTAL	26,861	25,280	94.1

Logistics	Total GLA (sqm)	Occupied GLA (sqm)	% occupancy
Alovera II	83,952	83,952	100
Alovera I	35,196	35,196	100
Almussafes	19,211	19,211	100
Alovera IV (C5-C6)	14,891	14,891	100
Alovera III (C2)	8,591	8,591	100
TOTAL	161,841	161,841	100

628,822 sqm
total GLA

598,095 sqm
occupied GLA

95.1%
Occupancy (sqm)
+ 1 p.p. vs 2016



(*) The GLA corresponding to 2017 for the Marcelo Spínola and Eloy Gonzalo has not been included in the calculation given that it was undergoing full-scale renovation works during this time. Nevertheless, the GLA corresponding to 2016 included Eloy Gonzalo GLA.

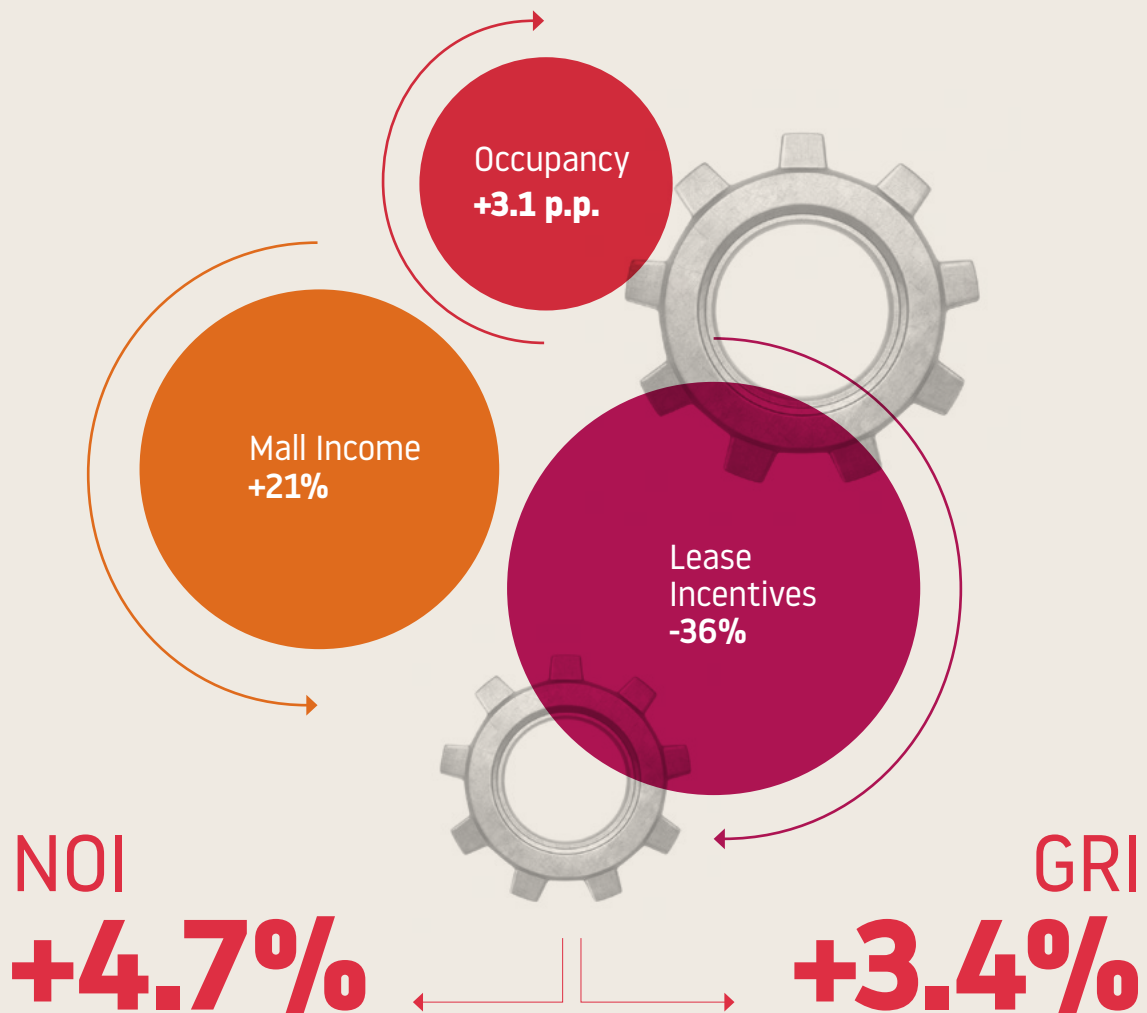
d. Annual evolution by asset class

In 2017, Lar España continued to implement its strategy to actively manage its portfolio. The performance of the **key retail indicators** in 2017 is detailed below.



Retail

LfL key indicators evolution

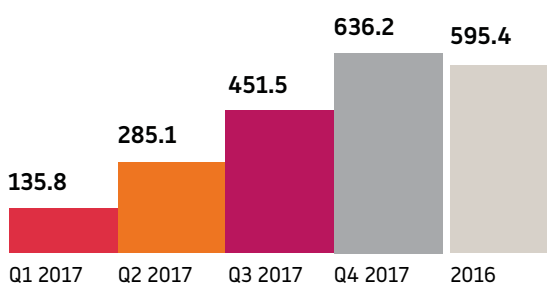


Major operative milestones

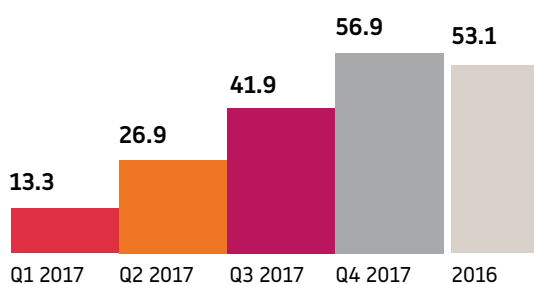
Lar España reached **total sales** in the shopping centres of **EUR636.2 million**, driven by the growing **number of people** visiting our shopping centres (**56.9 million visits**). A total of **38,962 sqm** have been rotated, **36%** up on 2016.

128 deals were closed in the retail sector, including renovations, relocations and leases signed with new tenants.

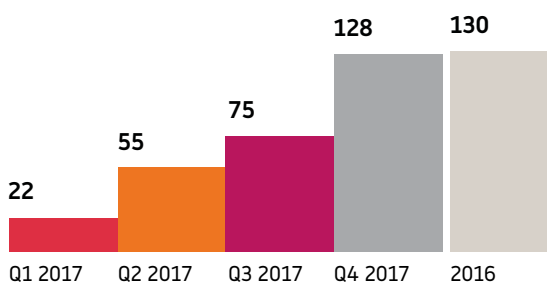
Total Sales (€ Mn)



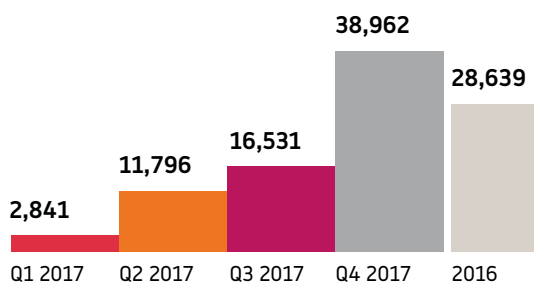
Footfall (Mn visitors)



Number of Operations (*)



GLA Rotation (sqm)



(*) Includes renewals, relocations, relettings and new lettings.

Footfall (Mn visitors)

2017	56.9
2016	53.1

+7.2%
+2.7% LfL
Footfall

Sales (€ Mn)

2017	636.2
2016	595.4

+6.9%
+3.3% LfL
Sales

GLA Rotation (sqm)

2017	38,962
2016	28,639

+36.0%
GLA
Rotation

	Renewals	Relocations & Relettings	New Lettings	TOTAL
Nº Operations	68	43	17	128
sqm	19,338	12,845	6,779	38,962

+13%
rent uplift

Some of the **key deals** closed in 2017 are detailed below:

New Lettings



As Termas
1,012 sqm



Albacenter
1,205 sqm



Z A R A H O M E

Portal de la Marina
305 sqm



Vistahermosa
892 sqm

Renewals



Megapark
6,187 sqm

Z A R A

El Rosal
1,666 sqm



KIABI

Megapark
2,194 sqm



Megapark
1,065 sqm

Relocations & Relettings

MANGO

El Rosal
438 sqm

DECIMAS

Gran Vía Vigo
747 sqm



Las Huertas
1,050 sqm

BOSTON

Megapark
1,980 sqm

2017 was another good year for signing space in retail projects under development, with a total of **36,612 sqm** let. Over the course of the year, **eight tenants** were signed at **VidaNova Parc** shopping centre, most notably Decathlon, Leroy Merlin and Worten, whilst **twenty-nine new tenants** let space at **Palmas Altas** shopping centre, including big names such as Mercadona, Primark and McDonalds.

Palmas Altas
29 lease
agreements

VidaNova Parc
8 lease
agreements

TOTAL
36,612 sqm
signed for
developments

PRIMARK®

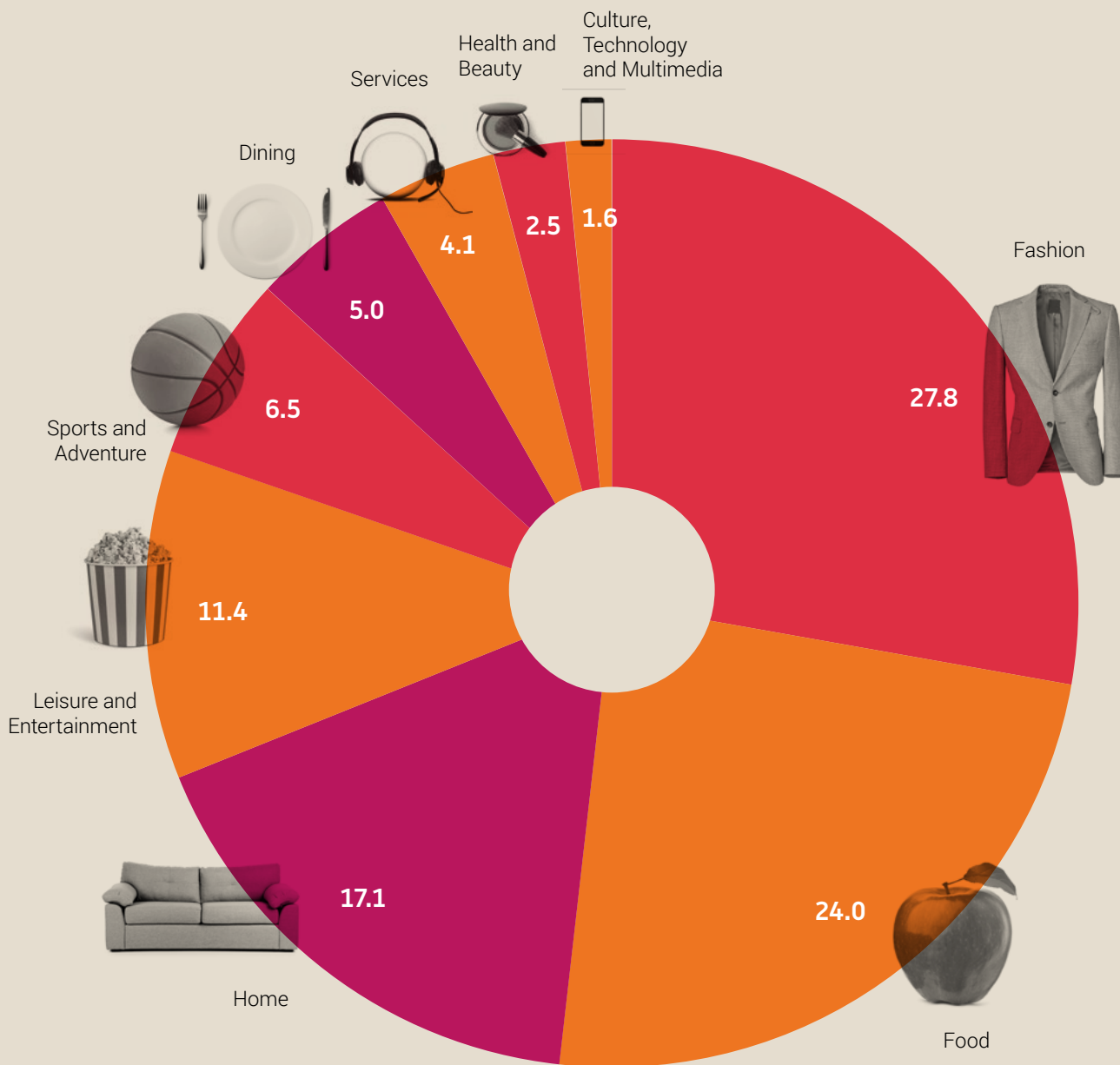
DECATHLON

MERCADONA
SUPERMERCADOS DE CONFIANZA

LEROY MERLIN

Retail Tenant Mix (%)

The **tenant mix** of Lar España's retail portfolio at 31 December 2017 by space let is as follows:





Offices

Arturo Soria

Sold on 27 September 2017 for **€32.54 million** to Inmobiliaria Colonial (€3,756 per sqm).

The sales price equates to a **34.5% value uplift** on the acquisition price, thanks to an active management plan implemented during the past 3 years, as well as a significant CAPEX investment.

100% occupied (compared to initial occupation of approximately 80%) and refurbishment works finished in **the lobby and the hall** of each floor.

Egeo

In 2018, the asset has been sold to Inmobiliaria Colonial at a price of **79,300 thousand Euros (4,344 €/sqm)**.

The sale price represents **value uplift of 22.2%** on the acquisition price.

Completion of the full renovation of the fire detection system at the building, weatherproofing of the plant rooms on the roof of the building and the refurbishment of the suspended ceilings in all the building's lift lobbies before the sale.

Obtained **"Good" in-use BREEAM®** certification.

Letting of 1,572 sqm of offices to Giorgio Armani, 340.50 sqm of offices to Ineco and a block of **15 parking spaces**.

Joan Miró

Initiation of the analysis, contracting and management process for **the property's refurbishment**.

Announcement of a process for the tendering of ideas, with the aim of selecting the most suitable firm of architects for this refurbishment.

The sale of the **Arturo Soria** office building achieved a **34.5%** value uplift on the acquisition price.

Cardenal Marcelo Spínola

Rental of 330 sqm of offices to the licensee, which designs, produces and markets paddle tennis sports equipment worldwide under the Adidas brand, until 2022.

Rental of 660 sqm of offices to BMIND until 2022.

Both lettings were closed at a **good rental** level and represented a boost for increased **letting activity** (more than 30 visits over the last quarter).

BREEAM® certified with a "Very Good" rating.

New sustainable garden completed

Accessibility audit at the beginning of the year.

Eloy Gonzalo

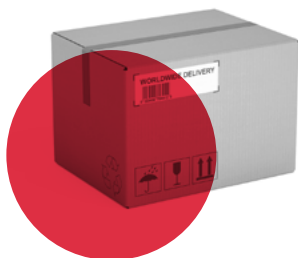
Refurbishment project certified **BREEM® New-Build, with "Very Good" rating**.

Refurbishment project certified with the **AENOR Universal Accessibility certification**.

Completion of Phase 1, development of Phase 2 and **start of Phase 3 of the refurbishment works**.

Negotiations are currently at an advanced stage for the lease of the entire **area being refurbished**.

Rental of 4,364 sqm of offices to WeWork, leader in coworking spaces.



Logistics

Alovera I

Tech Data remains committed to the Alovera I warehouse and has decided to **renew its lease**.

Warehouse improvement works completed.

Almussafes

Start of roof refurbishment works.

General repair and improvement works to the flooring of the retail warehouse.

Alovera II

Carrefour accepted the novation proposal for the lease agreements.

Agreement reached regarding the investment required to secure Carrefour's renewal and tendering and awarding of works committed to in the novation agreement.

Completion of a large percentage of the works undertaken in the agreement for the novation of the contract with Carrefour.

**100% occupancy
logistics portfolio**

Alovera III (C2)

Renewal of the Factor 5 lease agreement until 2019.

Completion of CAPEX works that included the **repair of external walls and the floor of the plot**.



Residential

Lagasca99

Lagasca99 building works progressing on schedule.

Strong interest from national and international investors.

78.60%
Pre-sales at
31 December
2017



Lagasca99 Residential (Madrid)



e. Capex⁽¹⁾

The company remains committed to its policy to improve and develop its assets. In order to generate value, **EUR45.3 million** were invested in 2017.

The breakdown by asset class and the y-o-y comparison with 2016 is detailed below:

Acquisitions		2017		2016	
(Thousands of euros)	CAPEX	%	CAPEX	%	
Parque Abadía	2	0.9	N/A	N/A	
Supermarkets Portfolio	-	0.0	N/A	N/A	
Cheste	94	48.4	N/A	N/A	
Megapark Leisure	99	50.7	N/A	N/A	
TOTAL	195	100	-	-	

Retail		2017		2016	
(Thousands of euros)	CAPEX	%	CAPEX	%	
Megapark	1,743	15.4	270	3.1	
Gran Vía	821	7.2	26	0.3	
Portal de la Marina + Hypermarket	709	6.3	710	8.2	
El Rosal	1,119	9.9	568	6.6	
Anec Blau	766	6.8	1,191	13.8	
As Termas + Petrol station	191	1.7	1,450	16.8	
Vistahermosa	1,187	10.5	528	6.1	
Albacenter + Hypermarket	707	6.2	2,072	24.0	
Txingudi	3,914	34.5	1,124	13.0	
Huertas	39	0.3	645	7.5	
Alisal	80	0.7	13	0.2	
Villaverde	22	0.2	41	0.5	
Parque Galaria	38	0.3	-	0.0	
TOTAL	11,336	100.0	8,638	100.0	

(1) For the company, CAPEX refers to any investment made to improve or reposition its real estate assets.

Offices	2017		2016	
	CAPEX	%	CAPEX	%
(Thousands of euros)				
Egeo	576	12.9	34	0.4
Marcelo Spínola	218	4.9	7,065	97.9
Arturo Soria	953	21.3	40	0.6
Joan Miró	282	6.3	3	0.0
Eloy Gonzalo	2,436	54.6	77	1.1
TOTAL	4,465	100.0	7,219	100.0

Logistics	2017		2016	
	CAPEX	%	CAPEX	%
(Thousands of euros)				
Alovera II	57	18.2	90	39.6
Alovera I	37	11.9	-	0.0
Almussafes	30	9.5	14	6.2
Alovera IV (C5-C6)	34	10.9	32	14.1
Alovera III (C2)	155	49.5	91	40.1
TOTAL	313	100.0	227	100.0

Development	2017		2016	
	CAPEX	%	CAPEX	%
(Thousands of euros)				
Lagasca99	9,966	34.4	9,216	64.0
Palmas Altas	13,381	46.2	2,932	20.4
VidaNova Parc	5,623	19.4	2,248	15.6
TOTAL	28,970	100.0	14,396	100.0

CAPEX investment (€ Million)

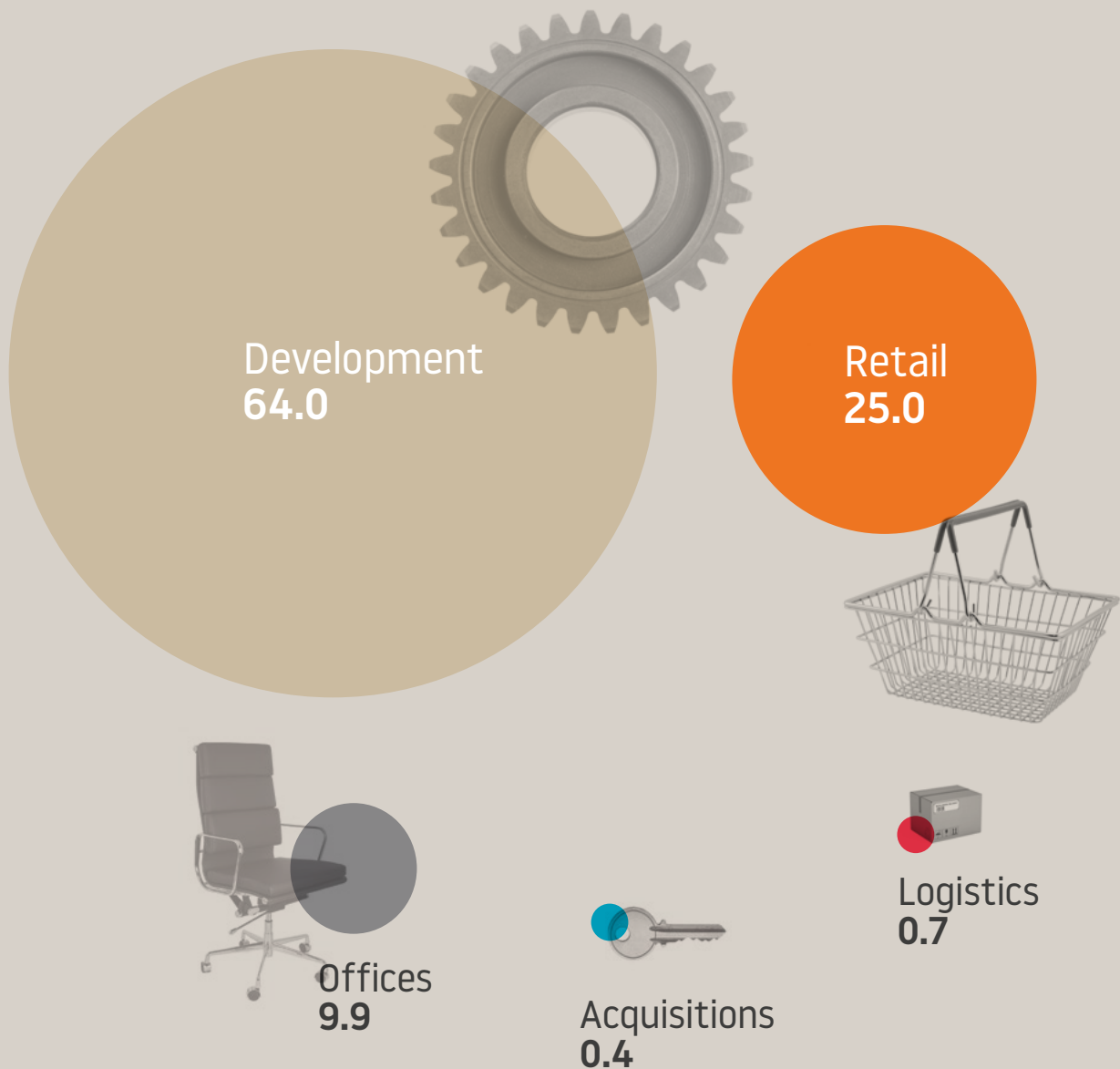


Development Retail Offices Acquisitions Logistics

€45.3 million
total invested

CAPEX IN 2017 (%)

In 2017, **CAPEX investment** was mainly focused on development projects and the shopping centre portfolio:



Palmas Altas Shopping Centre (Seville)



f. Development projects

Palmas Altas

Your retail and family space in Seville

Retail Development

<p>Excellent location, 4 km from Seville's city centre</p>	<p>Estimated opening: H1 2019</p>		
<p>Acquisition price: €40.5 million ⁽¹⁾</p>	<p>100,000 sqm of retail and family leisure space</p>		
<p>Market value (*): €71.5 million</p>			
<p>Purchase date: Q1 2016</p>	<p>In the process of gaining certification</p> <p>BREEAM ES</p>	<p>Round to 59% of GLA signed or with binding contract with leading retailers</p>	<p>Some of our main tenants:</p>
<p>Large catchment area: 1.5 million people</p>	<p>Status: under construction and letting</p>		
<p>Forecast annual revenue of €14 million</p>	<p>Estimated construction cost to completion: €151.6 million</p>		
	<p>Costs to date: €14.7 million</p>		
		<p>(1) Includes a potential extra building rights. (*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.</p>	

VidaNova Parc



Retail Development

A family retail and leisure park bringing the region alive



<p>Urban retail and leisure park located in an important tourist area, Sagunto (Valencia)</p>	<p>Estimated opening: Q3 2018</p>
<p>Acquisition price: €14 million</p>	<p>44,252 sqm GLA</p>
<p>Market value (*): €24.8 million</p>	
<p>Purchase date: Q3 2015</p>	<p>In the process of gaining certification</p> <p>BREEAM ES</p>
<p>Large catchment area: 250,000 people</p>	<p>Status: under construction and letting</p>
<p>Forecast annual revenue of €4 million</p>	<p>Estimated construction cost to completion: €33.9 million</p>
<p>Costs to date: €6.4 million</p>	<p>More than 95% of GLA signed with leading retailers</p>

Some of our main tenants:



(*). The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

Lagasca99 LAGASCA99

Residential Development

*Unique,
outstanding,
exclusive*

<p>Urban plot of land under construction in the very heart of the Salamanca Neighbourhood, one of Madrid's most exclusive areas and set to become a landmark property in the luxury residential sector.</p>	<p>Construction works start date: Q1 2016</p>		
<p>Acquisition price: €50.1 M (**)</p>	<p>Estimated delivery date: 2018</p>		
<p>Market value (*): €83.3 M (**)</p>	<p>In the process of gaining certification</p> <p>BREEAM ES</p>	<p>The property will include a full range of facilities: indoor and outdoor swimming pool, spa, gym and communal rooms</p>	<p>Plot with 4 façades that will feature 42 apartments with an average floor area of 400-450 sqm</p>
<p>Acquisition date: Q1 2015</p>	<p>Status: under construction and letting</p>		
<p>As at 31 December 2017 78.6% of apartments pre-sold</p>	<p>Estimated construction cost to completion: €45.0 million</p>		
<p>Project carried out by the world renowned Rafael de la Hoz architectural studio</p>	<p>Costs to date: €14.4 million</p>		

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

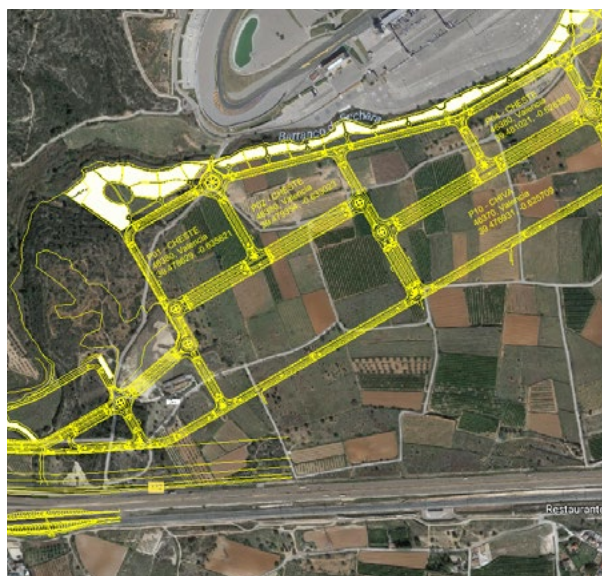
(**) Corresponds to the 50% of the Joint Venture with PIMCO.

Cheste

Logistics Development



The logistics platform of reference in Valencia



Prime and strategic location along the main logistics axis of Valencia, a key location for international trade within the Mediterranean Corridor

Urbanization works start date: **Q1 2018**

First logistics warehouses delivery date: **Q4 2019**

Total cost of land (land cost + urbanization): **€16.5 million (84.6 €/sqm)**

Purchase date:
H1 2017

Status: in process of obtaining licenses and permissions and starting urbanization works

Acquisition price:
€2.2 M

Valencia: 3rd largest logistics city in Spain with vacancy rate at record lows (6.1%). Currently, there are no logistics warehouses bigger than 5,000 sqm in the area

GLA: **112,813 sqm**

Market value (*):
€5.2 M

Estimated construction cost to completion:
€40.3 million

Excellent opportunity with a price lower than market

Costs to date:
€0.3 million

(*) The valuations have been made at 31 December 2017 by external independent valuers: JLL or C&W.

Development main milestones

2017

Q1

Lagasca99**Record of commencement of phase III works.**

Once phases I and II were completed, and after obtaining the record of commencement of works, the third phase of the project began.

50% of works Completed.

VidaNova Parc**Phase I of works completed.**

Earthworks, site clearance and levelling.

Phase II building permit.

Deed of plots.

Palmas Altas

Pre-lets signed with Yelmo Cines and Mercadona.

Q2

Lagasca99**Banco Santander Financing .**

On 27 April, Lar España signed a financing agreement for EUR78 million with Banco Santander, in order to finance the construction of the property and potentially finance the buyers.

50% pre-sold.

Above-ground structure completed.

VidaNova Parc**Phase II of works commenced.**

Work started on internal infrastructure.

Palmas Altas

Integrated Environmental Authorisation Granted.

Cheste

Land deed.

2017

Q3

Vidanova Parc

Permit obtained and phase III of works commenced.

€24M financing agreement with Caixa.

Palmas Altas

Building Permit obtained.

Amendment to the Urbanisation Project (infrastructure, streets & services) approved.

Construction works started.

Lease signed with Primark.

Q4

Vidanova Parc

Website launch.

Lease signed with Conforama for 6,896 sqm.

Palmas Altas

59% of GLA pre-let.

The official laying of the first brick.

Above-ground construction commenced.

Cheste

Official project presentation to commence sales marketing.

Development main milestones

2018

Q1



Lagasca99

80% pre-sold.

VidaNova Parc

Leroy Merlin unit delivered.

97% pre-lettings.

Cheste

Amendment to the Local Level Plan approved.

Amendment to the Urbanisation Project
(infrastructure, streets & services) approved.

Amendment to the Plot Subdivision Project
approved.

Start of urbanisation (infrastructure, streets &
services) works and earthworks.



7

FINANCIAL INFORMATION

7.1

ICFR
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7.2

Key Indicators
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7.3

Consolidated
Financial
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31.12.2017 (IFRS)
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Financial debt
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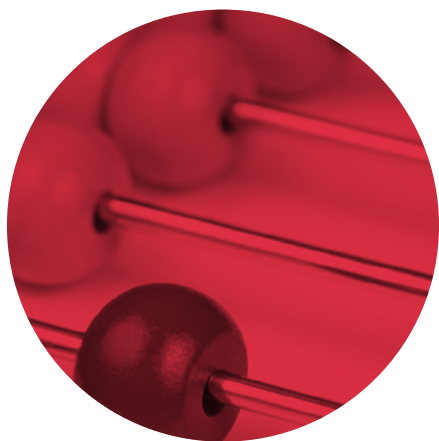
Shareholder return
p. 253

7.6

Proposed Shareholder
remuneration
p. 254

7.7

Share Price
Performance
p. 256



Net profit in 2017 reached EUR135.6 million, allowing us to distribute a dividend of EUR45 million to our shareholders (€0.49/share).



Gran Vía de Vigo Shopping Centre (Vigo)



7.1 Internal Control Over Financial Reporting (ICFR) System

The internal control over financial reporting (**hereinafter, ICFR**) system has been designed and configured to provide reasonable assurance as to the reliability of the financial information disclosed to the markets.



In the following table is a summary of the bodies involved in the ICFR, their responsibilities and duties with respect to it:

Body/Party	Responsibility	Duties
Board of Directors	Ultimately responsible for the existence and maintenance of a suitable and effective ICFR system	<ul style="list-style-type: none"> • Approving the financial information which the organisation must report periodically in its capacity as a listed entity • Approving the risk control and management policy and the periodic monitoring of the internal information and control systems
Audit and Control Committee	Supervising the ICFR system (with the support of the internal audit function), control of compliance and reporting to the Board of Directors	<ul style="list-style-type: none"> • Supervising the effectiveness of the internal controls of the Company and its group and of its enterprise risk management systems • Analysing, in conjunction with the external auditor, any material internal control system weaknesses uncovered during the audit process • Monitoring the process of drawing up and disclosing regulated financial information
Corporate Management	Responsible for the design, implementation and workings of the ICFR system	<ul style="list-style-type: none"> • Defining, proposing and implementing a model for generating financial information • Defining, implementing and documenting the ICFR system • Assisting the Audit and Control Committee in preparing the financial statements and other financial information and selecting the criteria used in the process • Verifying, at least annually, the comprehensiveness and suitability of ICFR documentation and performance • Reporting on developments in terms of ICFR documentation to the Audit and Control Committee and to the Internal Audit Service so they are familiar with and can appraise such developments
Internal Audit Service	Supporting supervision of the ICFR system, a duty vested in it by the Audit and Control Committee	<ul style="list-style-type: none"> • Supervising the operation of the ICFR system and its general controls and processes • Collaborating on the definition and classification of incidents and on the design of any required action plans, and monitoring the latter • Reporting to the Audit and Control Committee on the incidents detected during the evaluation and oversight process • Assisting Corporate Management to prepare reports on the status and description of the ICFR system
Process owners involved in the financial reporting process	Staff with financial reporting responsibilities	<ul style="list-style-type: none"> • Defining, documenting, and updating the internal processes and procedures • Executing the control activities as designed and intended and documenting evidence of their performance for traceability purposes • Reporting to Corporate Management on any change to their modus operandi or transactions that could trigger the need to update how their processes and controls are defined and documented and on any control shortcomings they may detect • Defining and implementing action plans in response to incidents observed within their sphere of responsibility

Corporate Management, following the guidelines set by the Board of Directors, ensures the existence of an adequate organisational structure, allocation of roles and accountability and the staggered deployment of sufficient procedures, which are allocated among the parties intervening in the processes.

The Corporate Director can call on the resources, whether internal or external, he or she needs to manage the different activities of the Company, for assistance and advice. Against this backdrop, Lar España has entered into a **Management Agreement with Grupo Lar** under which the Manager undertakes to devote the staff and resources needed to fulfil its functions, including its **financial reporting** related duties.

Lar España's ICFR Manual provides that whenever the services provided by a "service organisation" are part of the Company's IT system, they must be encompassed by the **ICFR evaluation process** either by means of specific and direct assessment of the controls applied by the service organisation or by obtaining an internationally recognised SSAE certificate (Statement on Standards for Attestation Engagements No. 16, Reporting on Controls at a Service Organization) or by carrying out alternative procedures ⁽¹⁾.

Training

Corporate Management, in its capacity as the party responsible for the design, implementation and operation of the ICFR system, is obliged to make sure that all staff involved in preparing the Group's financial statements have received sufficient and up-to-date training on the International Financial Reporting Standards (IFRS) and the internal control over financial reporting principles. Corporate Management directly checks with the accounting expert engaged to prepare the Company's financial and accounting information that the teams assigned to these activities have the **required ICFR-related skills and knowledge**.

The Corporate Director, who is responsible for ICFR, boasts an extensive background in accounting and financial reporting, acquired during his years in auditing and financial management work. In 2017, the Corporate Director was in frequent contact with the financial statement auditor and the firm tasked with the accounting function during the year, addressing any issues arising and receiving updates from them on any developments with an **impact on the ICFR system**.

Lar España has a relatively small staff which is, however, bolstered by the **assistance provided by external advisers in certain areas**, specifically including, as detailed in other sections, some of the activities related to the financial statement preparation process and the implementation and rollout of the ICFR system.

Lar España **selects the service organisations to which it outsources these activities rigorously so that it works with specialist firms of renowned prestige** that are chosen for their quality and expertise. Corporate Management ensures that these advisors indeed have the expertise required and continuous learning policies in respect of these areas of expertise.

In addition, the Internal **Audit Plan** prepared by the Internal Audit Service and approved by the **Audit and Control Committee** of Lar España contemplates the training needed by the people involved in these matters.

(1) The second option is currently being pursued following confirmation from the third party that is providing accounting services.

Financial reporting risk assessment

The process of **identifying financial reporting risks, including risks** of error or fraud, is one of the most important aspects of Lar España's ICFR methodology. This process is documented in an internal methodology guide explaining the ICFR management and assessment process: "**Internal Control over Financial Reporting (ICFR) Manual of Lar España Real Estate SOCIMI**".

Lar España has assessed the risk associated with its financial accounts. Having determined the level of risk associated with each account, the most significant risks were related with the Company processes which generate and control its material financial information. The purpose of this mapping exercise is to identify the processes or business units within the Group of greatest importance in terms of financial information generation.

Lar España has documented the most significant processes. In 2017, it revised the documentation prepared the year before. This documentation identifies and analyses, among other things, transaction flows, potential financial reporting error and fraud risks and the controls established by the Company **to mitigate the risks associated with each process**. Having documented the majority of the most significant processes during the previous years, the idea is to continue to flesh out and fine-tune this information for these and other processes related with the financial reporting function.

As stipulated in the ICFR Manual, the significant processes documentation covers existing risks and defines controls related with different financial reporting objectives: existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations. The documentation is updated whenever significant changes occur and is additionally subjected to an annual review.

Control activities

Lar España has documented the **Organisation's General Controls and its most significant processes** (including the period-end closing - providing for a specific review of critical judgements, estimates, valuations and projections -, revenue recognition, asset appraisals and property acquisitions). Last year, it also reviewed and updated the documentation detailing some of the processes related with the generation of financial information.

In addition to the ICFR oversight process (tasked to the Audit and Control Committee with the assistance of the Internal Audit Service), the **ICFR Manual** of Lar España contemplates the performance of an annual internal evaluation intended to ensure that the ICFR controls remain valid, well-designed and capable of delivering the intended objectives. In 2017, Corporate Management continued the process of gradually implementing **the policies and procedures** itemised in the ICFR Manual.

Information and communication

Lar España has an effective and **duly-approved Accounting Policy Manual** encompassing, in a structured manner, the accounting rules, policies and criteria being applied in general at all of the organization's companies.

The book-keeping process per se is handled at present by an outsourced, prestigious, specialist firm which is working with Lar España on the definition and application of accounting criteria, in keeping with prevailing legislation. This process is being supervised continually by **Corporate Management**, which is reporting to the **Audit and Control Committee** on the progress made on a regular basis. In addition, the external auditor is being contacted as required to confirm certain stances taken in order to resolve any questions and avoid any potential conflicts arising from the interpretation of any given accounting standard.

Lastly, the **Board of Directors** approves the financial information which the Company must report periodically in its capacity as a listed entity.

System monitoring

The gradual rollout of the ICFR system continued in 2017, identifying the most critical accounts and processes and working to document them in detail⁽²⁾. Management and the Audit and Control Committee were kept abreast of related developments and the progress made on implementing the system.

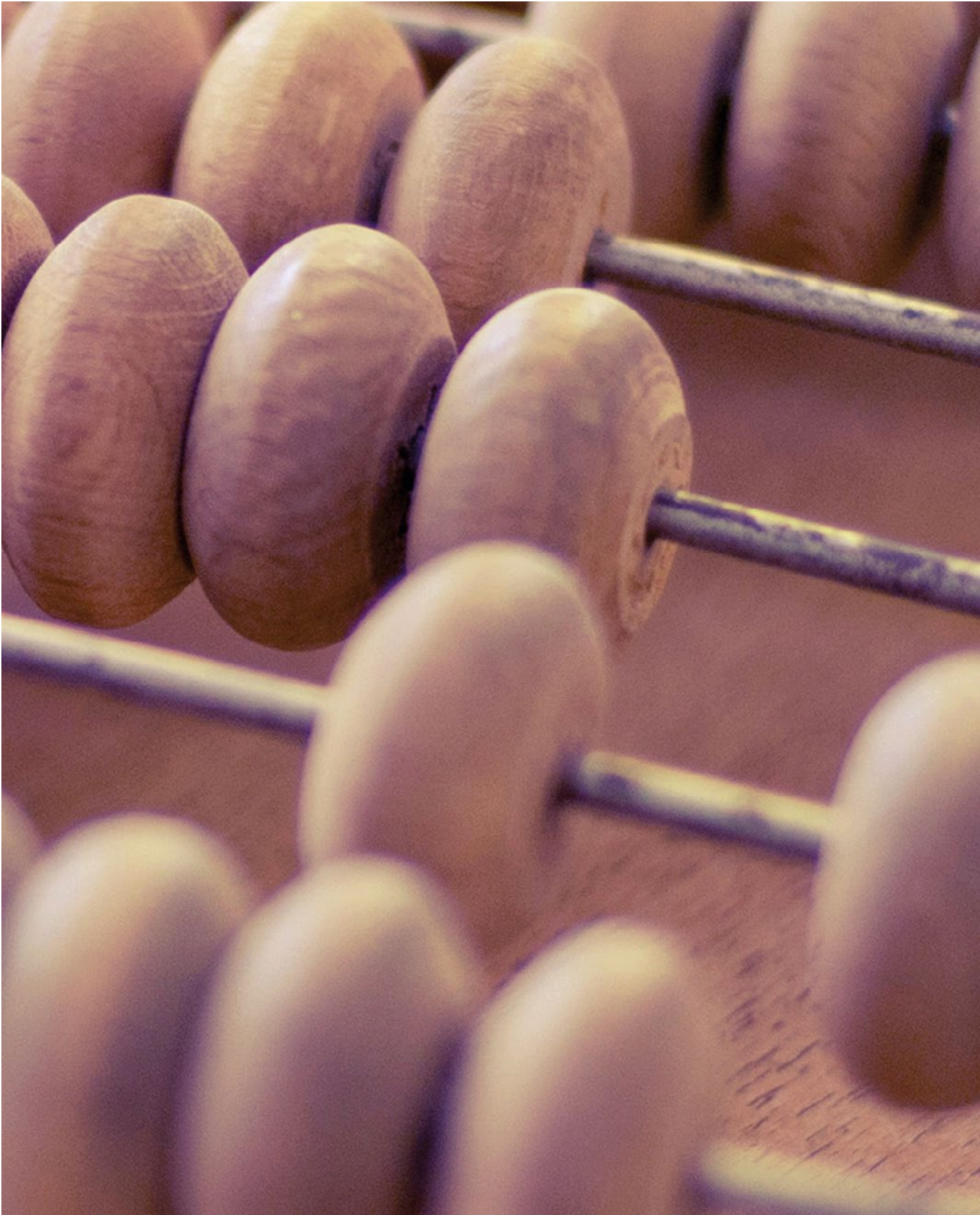
In addition, Corporate Management and the Audit and Control Committee reviewed the financial information submitted to the securities market regulator (and its timeliness) quarterly. Meanwhile, the **ICFR Manual** contemplates annual assessment and oversight of the system's various components.

Lastly, it is worth noting in this respect that Corporate Management meets regularly with the **external auditor** to discuss its proposed financial reporting criteria and the level of progress made on developing the ICFR system. All required steps were taken to facilitate the provisions contained in the Board Regulations with respect to its mandate to the Audit and Control Committee, specifically that of:

- Analysing, in conjunction with the external auditor, any material internal control system weaknesses uncovered during the audit process and adopting the opportune measures for addressing them, as required.
- Establishing the opportune relationship with the auditor in order to receive feedback on any issues that could jeopardise its independence.

Internal risk monitoring and management systems information have been reviewed by the **external auditor** and no inconsistencies or incidences were raised that could affect this.

(2) The processes relating to asset valuations, revenues, closing and consolidation have been reviewed and no significant findings have been found.

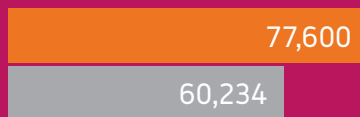


7.2 Key Indicators

During 2017 Lar España generated **revenues of 77,600 thousand Euros** and a **net profit of 135,606 thousand Euros**.

Revenues

(Thousands of Euros)



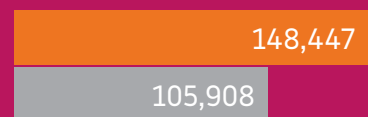
EBITDA

(Thousands of Euros)



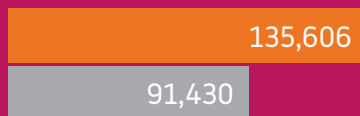
EBIT

(Thousands of Euros)



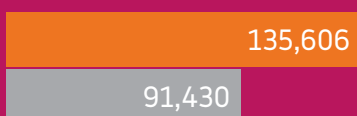
EBT

(Thousands of Euros)



Net profit

(Thousands of Euros)



● 2017 ● 2016

77,600

Thousands of
Euros
Revenues

135,606

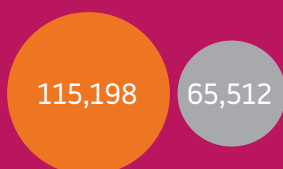
Thousands of
Euros
Net Profit

Other Financial Indicators

The Group presents the following financial indicators:

15.77%
ROE

Working capital
(Thousands of Euros)



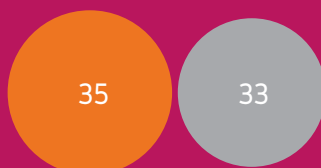
Liquidity ratio
(%)



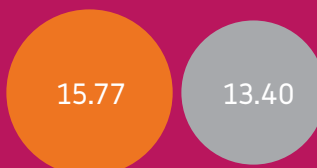
Solvency ratio
(%)



Net LTV
(%)



ROE
(%)



ROA
(%)



● 2017 ● 2016

At 31 December 2017 and 31 December 2016, the Group presented ratios related to liquidity (working capital and liquidity ratio) with very high values, showing that the Group has sufficient liquidity and a high safety margin to meet its payments.

At 31 December 2017, the **ROE ("Return on Equity")**, which measures the Group's profitability as a percentage of its shareholders equity, amounted to **15.77%** (13.40% at 31 December 2016) whilst the **ROA ("Return on Assets")**, which measures the efficiency of the Group's total assets regardless of the sources of financing used, i.e. the ability of a company's assets to generate income, was **9.15%** (7.74% at 31 December 2016).

7.3

Consolidated Financial Statements 31.12.2017 (IFRS)

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Consolidated Statement of Financial Position at 31 December 2017^(*)

ASSETS

(Thousands of euros)	31.12.2017	31.12.2016
Intangible assets	8,673	2
Investment properties (**)	1,306,350	1,191,089
Financial assets with associates	2,161	2,270
Equity-accounted investees	5,526	7,645
Non-current financial assets	11,928	11,205
NON-CURRENT ASSETS	1,334,638	1,212,211
Non-current assets held for sale	124,295	-
Trade and other receivables	14,413	18,067
Financial assets with associates	27,718	45,288
Other current financial assets	7,118	5,393
Other current assets	553	617
Cash and cash equivalents	45,617	31,591
CURRENT ASSETS	219,714	100,956
TOTAL ASSETS	1,554,352	1,313,167

(*) These financial statements are an integral part of the 2017 Consolidated Annual Accounts. On February 23rd 2018 Deloitte issued its unqualified audit report.

(**) Investment properties are presented at their fair value at the end of the financial year and are not subject to amortization. Profits or losses due to variation in the fair value of the investment properties are included in the results of the period in which they arise.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Consolidated Statement of Financial Position at 31 December 2017^(*)

EQUITY AND LIABILITIES

(Thousands of euros)	31.12.2017	31.12.2016
Share capital	185,248	181,081
Share premium	487,349	498,914
Other reserves	111,854	42,898
Retained earnings	135,606	91,430
Treasury shares	(175)	(823)
Valuation adjustments	(1,663)	(1,365)
EQUITY	918,219	812,135
Financial liabilities from issue of bonds and other marketable securities	138,787	138,506
Loans and borrowings	361,165	301,738
Deferred tax liabilities	14,613	8,536
Derivatives	831	1,890
Other non-current liabilities	16,221	14,918
NON-CURRENT LIABILITIES	531,617	465,588
Liabilities related to assets held for sale	47,618	-
Financial liabilities from issue of bonds and other marketable securities	3,482	3,482
Loans and borrowings	5,580	7,877
Liabilities with associates	7,505	-
Derivatives	1,267	1,384
Trade and other payables	147	193
Other financial liabilities	38,917	22,508
CURRENT LIABILITIES	104,516	35,444
TOTAL EQUITY AND LIABILITIES	1,554,352	1,313,167

(*) These financial statements are an integral part of the 2017 Consolidated Annual Accounts. On February 23rd 2018 Deloitte issued its unqualified audit report.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Consolidated Income of Financial Position at 31 December 2017 (*)

(Thousands of euros)	2017	2016
Revenues	77,600	60,234
Other income	2,198	1,792
Personnel expenses	(542)	(446)
Amortisation expenses	(15)	-
Other expenses	(35,847)	(46,401)
Other results	653	2,914
Changes in the fair value of investment properties	101,558	87,815
Results of disposals of investments properties	2,842	-
RESULTS FROM OPERATIONS	148,447	105,908
Financial income	3,559	4,009
Financial expenses	(14,281)	(17,746)
Impairment and results of disposal of financial instruments	-	13
Share in profit (loss) for the period of equity-accounted companies	(2,119)	(754)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	135,606	91,430
Income tax	-	-
PROFIT FOR THE PERIOD	135,606	91,430

135,606
Thousands of Euros
Profit 2017

Net Profit
+48% vs 2016

(*) These financial statements are an integral part of the 2017 Consolidated Annual Accounts. On February 23rd 2018 Deloitte issued its unqualified audit report.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Consolidated Cash Flows Position at 31 December 2017 (*)

(Thousands of euros)	2017	2016
A) CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	48,688	19,132
Profit/(loss) for the period before tax	135,606	91,430
Profit adjustments	(92,178)	(56,720)
Changes in operating assets and liabilities	17,389	(5,863)
Other cash flows used in operating activities	(12,129)	(9,715)
B) CASH FLOWS USED IN INVESTING ACTIVITIES	(129,142)	(237,915)
Payments for investments	(163,530)	(249,477)
Proceeds from divestments	34,388	11,562
C) CASH FLOWS FROM FINANCING ACTIVITIES	97,945	214,819
Payments made and received for equity instruments	779	142,460
Proceeds from and payments for financial liability instruments	127,145	84,368
Payments for dividends and remuneration on other equity instruments	(29,979)	(12,009)
D) CASH AND CASH EQUIVALENTS IN NON-CURRENT ASSETS HELD FOR SALE	(3,465)	-
E) NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	14,026	(3,964)
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	31,591	35,555
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+F)	45,617	31,591

(*) These financial statements are an integral part of the 2017 Consolidated Annual Accounts. On February 23rd 2018 Deloitte issued its unqualified audit report.

7.4 Financial debt

At 31 December 2017, Lar España's debt stood at **EUR590.2 million**, with an **average cost of 2.2%**.

The main debt indicators and the amortisation schedule is detailed below:

The **net LTV** ratio was 35%, complying with the objective round to, whilst the average debt **maturity stood at 5.3 years**.

(Thousands of euros)	31/12/2017	31/12/2016
GAV	1,537,576	1,274,857
Gross financial debt ^(*)	590,216	453,729
Cash ^(*)	46,717	31,591
Net financial debt ^(*)	543,499	422,138
Net LTV	35%	33%
Average cost of debt	2.2%	2.2%
Average maturity period (years)	5.3	5.9

^(*) Includes figures from Companies consolidated by equity method and full consolidation.

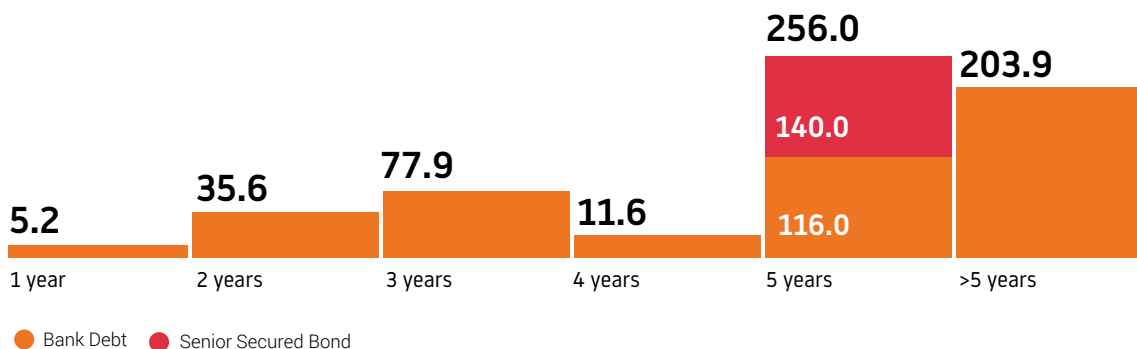
5.3 years
Average maturity
period

35%
Net LTV

2.2%
Average cost
of debt

Back-Loaded Amortization Profile (€ Million)

590.2



7.5 Shareholder return

The **shareholder rate of return** in 2017 stood at **15.22%**. To calculate the rate of return, we use the growth per share over the financial year, which is the sum of:

- (a) The variation in the Company's EPRA NAV per share.
- (b) Dividend per share distributed during the financial year.

$$\text{Shareholder Rate of Return 2017} = \frac{\text{Growth (NAV+Dividend) per share}}{\text{EPRA NAV per share 2016}}$$

	Thousands of euros	€/share
EPRA NAV 31.12.16	830,399	9.20
EPRA NAV 31.12.17	951,489	10.27
a) NAV Growth 2017	121,090	1.07
b) 2016 Dividend paid in 2017	30,000	0.33
Growth (NAV+Dividend)	151,090	1.40
SHAREHOLDER RETURN (%)		15.22%



15.22%
Shareholder
Rate of Return

7.6 Proposed Shareholder remuneration

The Company intends to maintain a **dividends policy** which takes account of sustainable levels of dividend payments that reflect the Company's future profit forecasts. Lar España was formed with the aim of generating **high returns for its shareholders** through the **annual payment of significant dividends** and the **creation of value** in the form of an increase in the Company's EPRA NAV.

In line with the most recent announcement made by Lar España (**dividend yield to be over 5% of 2017's average quarterly EPRA NAV**), the proposed shareholder remuneration will be as follows:

EPRA NAV

(Thousands of euros)

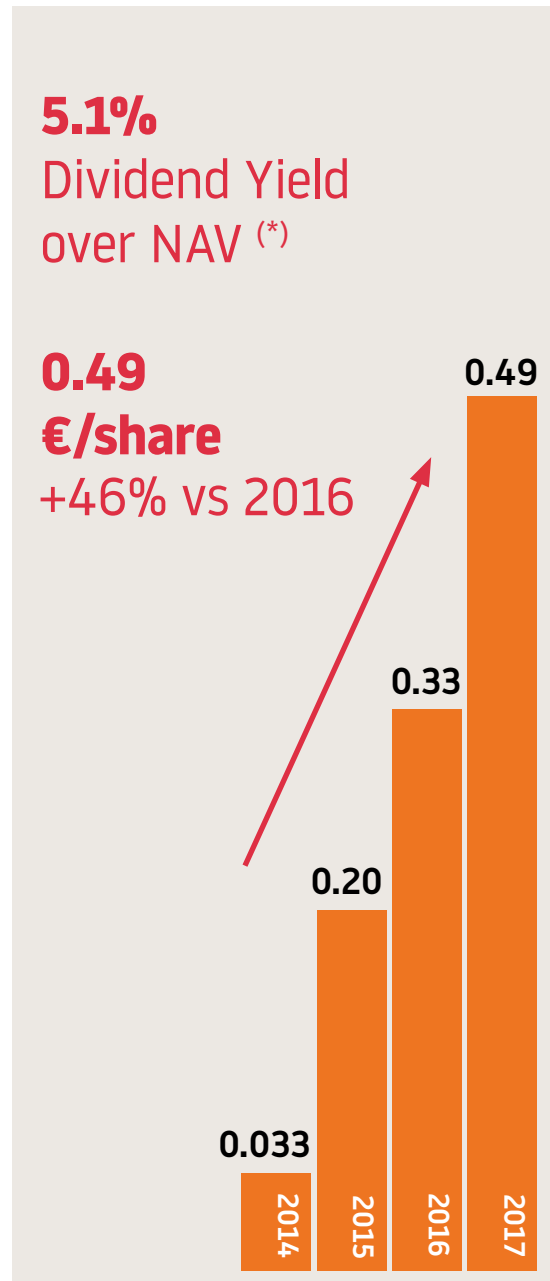
Q1	838,128
Q2	859,244
Q3	880,241
Q4	951,489
AVERAGE	882,276

As a result, the amount to be put to the General Shareholders Meeting as the proposed **shareholder dividend** for the financial year ending 31 December 2017 will be **45,000 thousand Euros (5.1% of the year's average EPRA NAV)**, representing a payment of **0.486 Euros per share**.

Since 5 February 2018, Lar España has formed part of the **Ibex Top Dividendo**, a group comprising 25 shares listed on the Ibex 35, the Ibex Medium Cap or the Ibex Small Cap that offer shareholders **the highest return in terms of dividends**. This has further advanced our aim of generating value for our investors.



The following figure shows the annual performance of the dividend paid per share (euros):



(*) 5.5% Dividend Yield over 31 December 2017 closing price

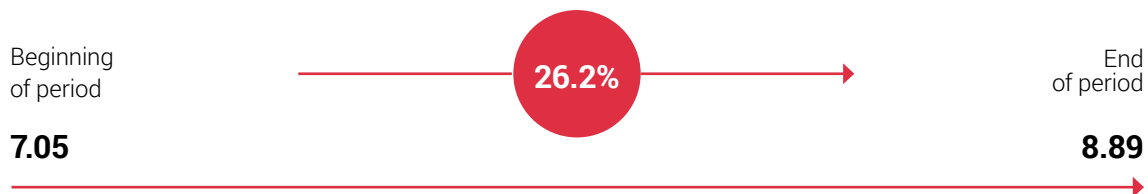
Megapark Shopping Centre (Bilbao)



7.7 Share Price Performance

Details of shares (Eur)

Price at the beginning and end of period (January-December 2017)



Maximum and minimum price (January-December 2017)



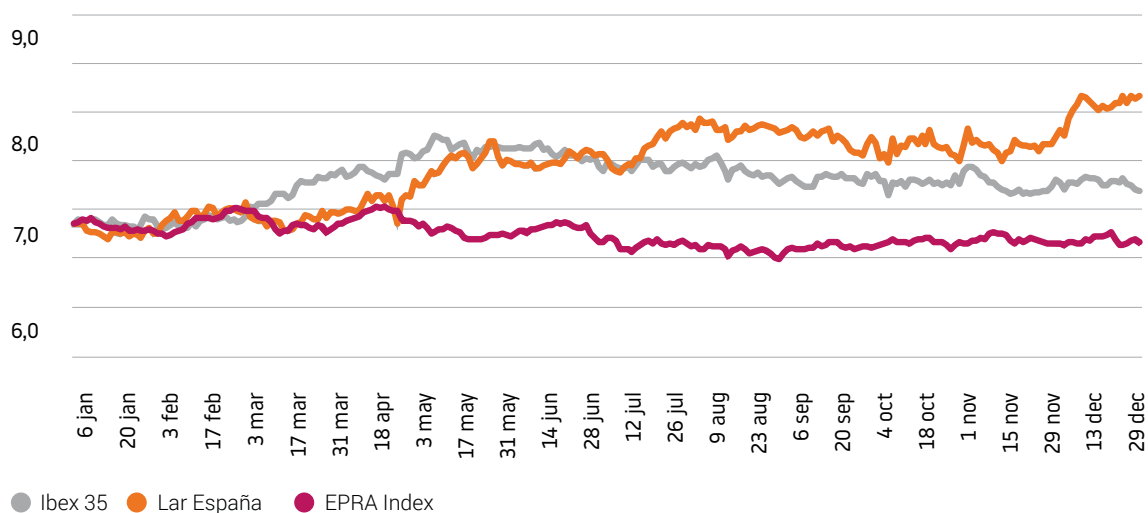
ADTV	180,707
Market Cap 31/12/2017 (Euros)	823,428,222
Number of shares 31/12/2017	92,624,097

(*) Average Daily Trading Volumen in number of shares.



The **share price performance** during 2017 compared with the IBEX 35 and EPRA Index performance can be seen in the following graph:

Lar España share price performance vs Ibex 35 and EPRA Index (January-December 2017)



26.17%
2017 Lar España
Revaluation

vs

6.64%
IBEX 35
Revaluation

Analyst recommendation and Investor Relation Activities

As of the date of this report, Lar España has the coverage of 14 analysts, whose average target price is **€9.84**.

Broker	Recommendation	Analysis Date	Target Price (Euros)
 Ahorro Corporación	Buy	16/11/2016	9.00
 Santander	Buy	16/11/2016	9.10
 Kepler Cheuvreux	Hold	22/03/2017	Under revision
 J.P.Morgan Asset Management	Hold	29/03/2017	9.50
 intermoney valores sv	Buy	17/05/2017	9.50
 bankinter.	Buy	20/02/2018	10.25
 Sabadell	Buy	26/02/2018	Under revision
 MIRABAUD	Hold	26/02/2018	10.30
 fidentiis	Buy	26/02/2018	10.80
 JBCapitalMarkets	Buy	26/02/2018	11.50
 ING	Hold	26/02/2018	8.50
 HAITONG	Buy	27/02/2018	9.70
 GVC Gaesco Beka	Buy	27/02/2018	9.97
 KEMPEN & CO	Hold	02/04/2018	9.90

64%
Buy

36%
Hold

0%
Sell

10.6%^(*)
Potential
Return

(*) Taken into account the average target price and the price at the end of the period.

**461 Buy-side
Meetings**

**70 Conference
Calls**

**72 Sell-side
Meetings**

**32 Market
impacts**

**3,228 Media
impacts**

New analysts
coverage in 2017

 **HAITONG**

Buy
31st January

ING 

Hold
15th July



8

EPRA INFORMATION

8.1

EPRA Earnings
p. 266

8.2

EPRA NAV and
EPRA NNAV
p. 267

8.3

EPRA NIY and EPRA
“topped-up” NIY
p. 268

8.4

EPRA Vacancy Rate
p. 270

8.5

EPRA Cost Ratios
p. 271



For the third year running, Lar España received an EPRA award in recognition of the **quality of the financial and sustainability information** it provided to stakeholders.





EPRA awards

- **In November 2016**, the Reporting & Accounting Committee of EPRA (European Public Real Estate Association¹) updated a Best Practices Recommendations² document in order to improve the presentation, transparency, comparability and relevance of the published results of listed real estate companies in Europe.

Lar España fully supports and endorses the principle of standardising the reporting of performance indicators from the perspective of comparability and improving the quality of information provided to investors and other users of the annual report.

For this purpose, Key EPRA performance indicators are reported in a separate chapter at the end of our financial reporting.

- **In September 2015**, Lar España received the “Gold Award” from EPRA in recognition of the quality of the financial information provided, becoming the first Spanish SOCIMI to receive this award.
- **In September 2016**, Lar España was awarded with the most prestigious recognition from EPRA, the Gold Award. Once again our effort in providing quality information within the Index standards framework was recognized.
- **In September 2017**, Lar España has been awarded for the **third year running the Gold Award** from the European Public Real Estate Association (EPRA) in **recognition of the quality of the financial information provided** by the company. Lar España has also been awarded for the first time with the **EPRA Award for Sustainability (Silver)** for the improvement carried out related to the information about Corporate Social Responsibility. Also in this area, the company has been awarded with the **EPRA Most Improved Award of Sustainability**.



(1) Not-for-profit association founded in 1999 registered in Belgium which aims to make the financial statements of public real state companies clearer, more transparent and comparable across Europe.

(2) “Best Practices Recommendations - BPR” available at www.epra.com.

2015



2016



2017



Key performance indicators described in the Best Practices Recommendations developed by EPRA are shown as follows:

Indicator	Description	Reference	31/12/2017 (Thousands of euros)/%	31/12/2017 (Euros per share)
EPRA Earnings	Earnings from operational activities.	Page 266	36,579 (*)	0.40
EPRA NAV	Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.	Page 267	951,489	10.27
EPRA NNNAV	EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.	Page 267	936,687	10.11
EPRA Net Initial Yield (NIY)	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	Page 268-269	5.5%	-
EPRA "topped-up" NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and stepped rents).	Page 268-269	5.6%	-
EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	Page 270	4.9%	-
EPRA Cost Ratio	Administrative & operating costs (including direct vacancy costs) divided by gross rental income.	Page 271	29.1% (**)	-
EPRA Cost Ratio (excluding direct vacancy costs)	Administrative & operating costs (excluding direct vacancy costs) divided by gross rental income.	Page 271	25.5% (**)	-

(*) Adjusted EPRA Earnings.

(**) Indicators calculated not taken into account the performance fee.

8.1 EPRA Earnings

(Thousands of euros)	2017	2016
EARNINGS PER IFRS INCOME STATEMENT	135,606	91,430
Change in value of investment properties	(101,558)	(87,815)
Companies acquisitions effect	(653)	1,191
Change in fair value of financial instruments	(1,474)	1,909
Companies divestments effect	(2,842)	-
EPRA EARNINGS	29,079	6,715
Weighted average number of shares (excluding treasury shares)	91,372,891	72,707,108
EPRA EARNINGS PER SHARE (EUROS)	0.32	0.09
Company specific adjustment ^(*)	7,500	19,169
ADJUSTED EPRA EARNINGS	36.579	25.884
ADJUSTED EPRA EARNINGS PER SHARE (EUROS)	0.40	0.36

(*) Corresponds to the part of the Performance fee that the Manager will be obliged to reinvest in Lar España, although this does not mean that there is any cash outlay for the Company.

**Adjusted EPRA
Earnings
+41% vs 2016**

8.2 EPRA NAV

(Thousands of euros)	31/12/2017	31/12/2016
NET ASSET VALUE PER THE FINANCIAL STATEMENTS	918,219	812,135
Change in fair value of non current assets	18,468	14,990
Fair value of financial instruments	189	3,274
Deferred tax liabilities	14,613	-
EPRA NAV	951,489	830,399
Number of Shares (excluding treasury shares)	92,604,217	90,245,429
EPRA NAV PER SHARE (EUROS)	10.27 (*)	9.20

(*) When analyzing this measure it is important to take into account the shareholders remuneration amounting 30,000 thousand euros in Q2 2017 (0.33€/share), relating to 2016 financial year.

EPRA NAV
per share
10.27 €/share

EPRA NNAV

(Thousands of euros)	31/12/2017	31/12/2016
EPRA NAV	951,489	830,399
Fair value of financial instruments	(189)	(3,274)
Deferred tax liabilities	(14,613)	-
EPRA NNAV	936,687	827,125
Number of shares (excluding treasury shares)	92,604,217	90,245,429
EPRA NNAV PER SHARE (EUROS)	10.11 (*)	9.17

(*) When analyzing this measure it is important to take into account the shareholders remuneration amounting 30,000 thousand euros in Q2 2017 (0.33€/share), relating to 2016 financial year.

8.3 EPRA NIY and EPRA “topped-up” NIY (31/12/2017)

(Thousands of euros)

Asset	Completed Property Portfolio	Allowance for estimated purchasers costs	Gross up completed property portfolio valuation (A)	Annualised cash passing rental income	
SHOPPING CENTRES	1,008,707	24,169	1,032,876	63,110	
Megapark + Megapark Leisure	214,000	4,066	218,066	12,088	
Gran Vía Vigo	163,000	4,483	167,483	9,866	
Portal de la Marina + Hypermarket	119,800	2,875	122,675	7,590	
El Rosal	108,950	2,726	111,676	7,207	
Anec Blau	95,380	2,380	97,760	5,299	
As Termas + Petrol station	84,225	2,316	86,541	5,730	
Parque Abadía	65,040	1,630	66,670	4,315	
Albacenter + Hypermarket	56,322	1,408	57,730	3,742	
Vistahermosa	50,390	1,260	51,650	3,654	
Txingudi	39,000	741	39,741	2,633	
Las Huertas	12,600	284	12,884	986	
RETAIL WAREHOUSES	93,889	1,968	95,857	6,593	
Supermarkets portfolio	52,533	1,051	53,584	3,793	
Nuevo Alisal	19,313	483	19,796	1,317	
Villaverde	11,343	284	11,627	792	
Parque Galaria	10,700	150	10,850	691	
TOTAL RETAIL	1,102,596	26,137	1,128,733	69,703	
OFFICES	163,570	4,340	102,053 ^{(1) (2)}	3,993	
Egeo	78,120	1,950	80,070	3,365	
Marcelo Spínola	37,500	1,088	38,588	⁽¹⁾	
Eloy Gonzalo	26,500	769	27,269	⁽²⁾	
Joan Miró	21,450	533	21,983	628	
TOTAL OFFICES	163,570	4,340	102,053 ^{(1) (2)}	3,993	
LOGISTICS	86,680	2,716	89,396	6,296	
Alovera II	43,680	1,091	44,771	3,188	
Alovera I	18,800	733	19,533	1,338	
Almussafes	10,300	350	10,650	761	
Alovera IV (C5-C6)	9,600	374	9,974	758	
Alovera III (C2)	4,300	168	4,468	251	
TOTAL LOGISTICS	86,680	2,716	89,396	6,296	
TOTAL LAR ESPAÑA	1,352,846	33,193	1,320,182	79,992	

(1) Marcelo Spínola's data have not been taken into account because the asset has been fully refurbished and in commercialization.

(2) Eloy Gonzalo's data have not been taken into account due to its currently refurbishment.

Property outgoings	Annualised net rents (B)	Notional rent expiration of rent free periods or other lease incentives	Topped-up net annualised rent (C)	EPRA NET INITIAL YIELD (B/A)	EPRA TOPPED-UP NET INITIAL YIELD (C/A)
(6,102)	57,009	947	57,955	5.5%	5.6%
(392)	11,696	258	11,954	5.4%	5.5%
(494)	9,372	75	9,447	5.6%	5.6%
(1,552)	6,039	117	6,155	4.9%	5.0%
(904)	6,303	231	6,534	5.6%	5.9%
(923)	4,375	26	4,401	4.5%	4.5%
(453)	5,277	34	5,311	6.1%	6.1%
(60)	4,255	73	4,328	6.4%	6.5%
(355)	3,387	24	3,411	5.9%	5.9%
(649)	3,005	50	3,055	5.8%	5.9%
(190)	2,444	22	2,466	6.1%	6.2%
(130)	856	37	893	6.6%	6.9%
(209)	6,384	0	6,384	6.7%	6.7%
(38)	3,755	0	3,755	7.0%	7.0%
(78)	1,239	0	1,239	6.3%	6.3%
(81)	711	0	711	6.1%	6.1%
(12)	679	0	679	6.3%	6.3%
(6,311)	63,393	947	64,339	5.6%	5.7%
(337)	3,656	81	3,737	3.6%	3.7%
(71)	3,294	81	3,375	4.1%	4.2%
(1)	(1)	(1)	(1)	(1)	(1)
(2)	(2)	(2)	(2)	(2)	(2)
(266)	362	0	362	1.6%	1.6%
(337)	3,656	81	3,737	3.6%	3.7%
(312)	5,984	84	6,068	6.7%	6.8%
(184)	3,004	0	3,004	6.7%	6.7%
(54)	1,284	0	1,284	6.6%	6.6%
(47)	714	0	714	6.7%	6.7%
(22)	736	0	736	7.4%	7.4%
(5)	246	84	330	5.5%	7.4%
(312)	5,984	84	6,068	6.7%	6.8%
(6,960)	73,033	1,112	74,144	5.5%	5.6%

(1) Marcelo Spinola's data have not been taken into account because the asset has been fully refurbished and in commercialization.

(2) Eloy Gonzalo's data have not been taken into account due to its currently refurbishment.

8.4 EPRA Vacancy Rate

EPRA Vacancy Rate
4.9%
-25% vs 2016

Asset	ERV (Thousands of euros)	ERV Vacancy (Thousands of euros)	EPRA VACANCY RATE %
Megapark + Megapark Leisure	14,363	1,061	7.4%
Gran Vía	9,761	141	1.4%
Portal de la Marina + Hypermarket	7,753	251	3.2%
El Rosal	7,446	659	8.9%
Anec Blau	6,285	418	6.6%
As Termas + Petrol station	5,612	272	4.8%
Parque Abadía	3,879	0	0.0%
Vistahermosa	3,633	220	6.1%
Albacenter + Hypermarket	3,909	333	8.5%
Txingudi	2,875	158	5.5%
Las Huertas	1,058	95	9.0%
TOTAL SHOPPING CENTRES	66,574	3,608	5.4%
Supermarkets portfolio	3,276	0	0.0%
Nuevo Alisal	1,231	0	0.0%
Villaverde	738	0	0.0%
Parque Galaria	664	0	0.0%
TOTAL RETAIL WAREHOUSES	5,909	0	0.0%
TOTAL RETAIL	72,483	3,608	5.0%
Egeo	3,883	391	10.1%
Marcelo Spínola	N/A	N/A	N/A
Eloy Gonzalo	N/A	N/A	N/A
Joan Miró	1,436	85	5.9%
TOTAL OFFICES	5,319	476	8.9%
Alovera II	3,274	0	0.0%
Alovera I	1,330	0	0.0%
Almussafes	807	0	0.0%
Alovera IV (C5-C6)	643	0	0.0%
Alovera III (C2)	335	0	0.0%
TOTAL LOGISTICS	6,389	0	0.0%
TOTAL	84,191	4,084	4.9%

8.5 EPRA Cost Ratios

(Thousands of euros)	2017	2016
Administrative expenses	(542)	(446)
Operating costs net of recoverable income ^(*) (**)	(29,523)	(40,018)
Administrative/operating expenses in associates	(1,206)	(1,030)
EPRA Cost (including direct vacancy costs) (A)	(31,271)	(41,494)
Direct vacancy costs	(2,659)	(2,221)
EPRA Cost (excluding direct vacancy costs) (B)	(28,612)	(39,273)
Gross Rental Income less ground rent costs-per IFRS	79,346	61,555
Gross Rental Income less ground rent costs in associates	-	959
Net associated costs (net service charge)	(6,324)	(6,383)
Gross Rental Income (C)	73,022	56,131
EPRA COST RATIO (including direct vacancy costs) A/C	42.8%	73.9%
EPRA COST RATIO (excluding direct vacancy costs) B/C	39.2%	70.0%
EPRA COST RATIO pre performance fee (including direct vacancy costs) (***)	29.1%	28.4%
EPRA COST RATIO pre performance fee (excluding direct vacancy costs) (***)	25.5%	24.4%

(*) Maintenance costs totalling 1,011 thousands of euros are included.

(**) Management fees included (fixed and variable).

(***) Excluding costs directly related to development projects, as at 31 December 2017, including and excluding direct vacancy costs, the ratios would be 26.0% and 22.4% respectively.

About this Annual Report

Report boundary

The information included in the **2017 Annual Report** relates to all of the activities carried out by **Lar España Real Estate SOCIMI, S.A.** and its subsidiaries (together, the Group) between 1 January 2017 and 31 December 2017.

The last annual report presented by Lar España corresponded to the period elapsing between 1 January and 31 December 2016. The organisation has not undergone any significant change in its reporting boundary in the interim that would affect the information presented in this report.

The information presented herein refers to the most significant aspects of **Lar España's financial and non-financial performance** in respect of all the asset classes in its real estate portfolio - shopping centres, offices, residences and logistics centres -, unless specifically indicated to the contrary in the report.

In addition, this report draws from other reports in order to provide more detailed disclosures on specific items; for example, the **Group's consolidated financial statements** for the year ended 31 December 2017 are referenced in order to reinforce the disclosures detailing the economic dimension.

Guidelines and criteria used

Lar España's 2017 Annual Report was prepared on the basis of the guidelines established in the most updated version of the Best Practices Recommendations report for real estate sector companies issued by the Reporting and Accounting Committee of the **European Public Real Estate Association (EPRA)**.

In addition, for the third time, this report follows the **Global Reporting Initiative (GRI) Sustainability Reporting Guidelines** in respect of the non-financial sustainability disclosures provided in the annual report. More specifically, the report follows the instructions provided in the **GRI Standards** based on the latest version of the GRI Guidelines with the aim of covering the essential material aspects, as determined by means of a materiality assessment, reporting at least one indicator for the aspects considered material in respect of Lar España.

In order to give an account of the organisation's performance in 2017, the following principles were applied, in keeping with the guidelines provided in the GRI Sustainability Reporting Standards with respect to the preparation of sustainability reports:

- The principles for determining the content of the report: stakeholder inclusiveness, the sustainability context and completeness.
- The principles for determining the quality of the report: balance, comparability, accuracy, timeliness, clarity and reliability.

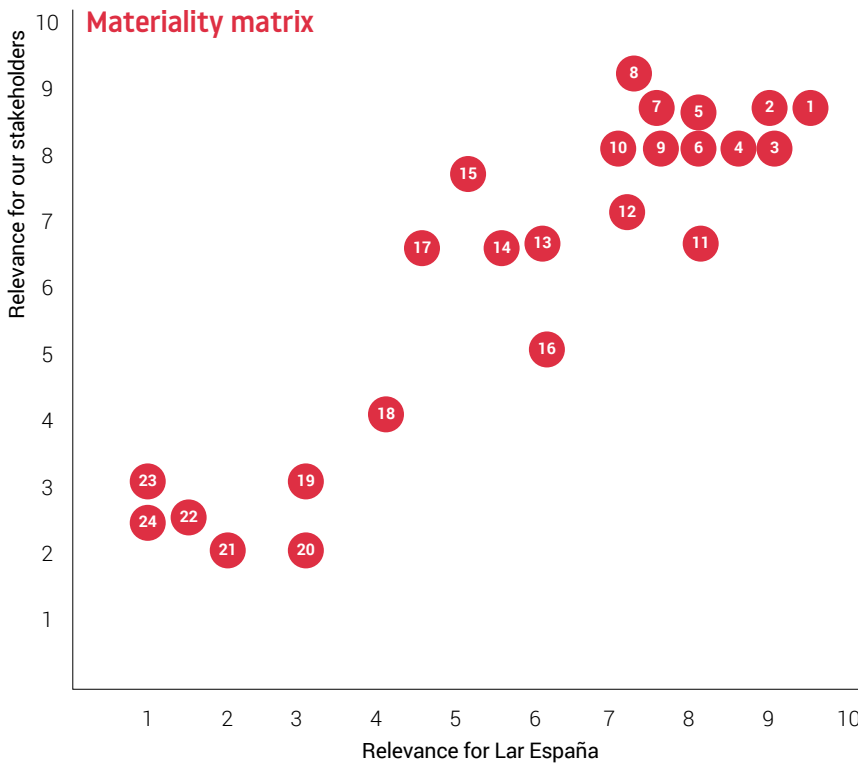


Materiality assessment

Lar España's 2017 Annual Report aims to identify and report exhaustively on all aspects that reflect the **organisation's significant economic, social or environmental impacts** and on those that enable it to align its corporate strategy with its **stakeholders' expectations**.

The report has been articulated around the reporting methodology prescribed in the GRI Standards, which involves undertaking a more in-depth analysis of the

topics of greatest relevance to the organisation. Starting from the materiality assessment performed in 2016, management identified a series of material aspects that are embedded within the vision, mission and strategic objectives of Lar España. Following in-depth analysis, introspection and consultation with the main stakeholders, the outcome of the materiality assessment is as follows:



- | | | | |
|--|--|---|--|
| 1 Good Governance | 7 Responsible Investment | 13 Safe and healthy environment | 19 Urban resilience |
| 2 Ethics and compliance | 8 Environmental and social management | 14 Modernism and design | 20 Refurbishments and conservation |
| 3 ESG Risk Management | 9 Interaction with local community and job creation | 15 New experiences and services | 21 Standard CSR reporting |
| 4 Transparency in business relations | 10 Retain talent and training | 16 Cooperation with other entities | 22 Equal opportunities and non-discrimination |
| 5 Anti-corruption and anti-money laundering | 11 Sustainable product marketing | 17 Two-way dialogue with tenants | 23 Work-life balance |
| 6 CSR investment | 12 Communication channels with the local community | 18 Accessibility and transport links | 24 Transparent remuneration policy |

Translation of information originally prepared in Spanish. In the event of a discrepancy, the Spanish-language version shall prevail.



International standards

As noted above, Lar España's 2017 Annual Report was prepared following the **GRI Sustainability Reporting Standards**.

It also factors in the guiding principles for the preparation of integrated reports provided in the International IR Framework developed by the Integrated Reporting Council (IIRC). Specifically

- Strategic focus and future orientation
- Connectivity of information
- Stakeholder relationships
- Materiality
- Conciseness
- Reliability and completeness
- Consistency and comparability

Independent Review

The sustainability information in this Annual Report has been **reviewed by an external third party with a limited review scope and taking into account the GRI Sustainability Reporting Standards (GRI Standards)**. The GRI Standards include a set of principles and indicators, references to which appear throughout this Annual Report.

Contact details

Anyone who would like to request additional information about this 2017 Annual Report and its contents may submit their queries to the following addresses:

General communication channels and contact

Queries, questions, comments or information requests

info@larespana.com
+34 91 436 04 37
larespana.com/contacto/

Press

Press office, information on Lar España news and activities

prensa@larespana.com
+34 91 436 04 37
larespana.com/prensa/

Shareholder and investor information

info@larespana.com
+34 91 436 04 37

Complaints channel

canaldenuncias@larespana.com

Independent Review



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INDEPENDENT REVIEW REPORT OF SUSTAINABILITY INDICATORS INCLUDED IN LAR ESPAÑA REAL ESTATE SOCIMI S.A. 2017 ANNUAL REPORT

To the management of Lar España Real Estate SOCIMI S.A.

Scope of the work

As commissioned by the management of Lar España Real Estate SOCIMI, S.A. (hereinafter, Lar España), we have carried out the review of the sustainability indicators included in the GRI content index included as an Annex in Lar España's Annual Report. This Report was prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards (GRI Standards) as stated in section "Guidelines and criteria used".

The boundary determined by Lar España for the preparation of the Report is included in section "Report boundary" in the annex, of the attached Report.

The preparation of the sustainability information, as well as its content, is the responsibility of the management bodies of Lar España. They are also responsible for defining, adapting, and maintaining the management and internal control systems from which the information is obtained. Our responsibility is to issue an independent report based on the procedures applied in our review.

Criteria

Our review was carried out based on:

- The Guidelines for reviewing Corporate Responsibility Reports, issued by the Instituto de Censores Jurados de Cuentas de España (ICJCE), and
- Standard ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC), with a limited scope of assurance.

Applied procedures

Our review consisted in performing inquiries to the management bodies as well as the various business units that have participated in the preparation of the Report, and in applying analytical procedures and sampling review tests as described below:

- Interviews with those in charge of the preparation of the sustainability information in order to understand how sustainability goals and policies are considered, implemented and integrated into Lar España's overall strategy.
- Analysis of the processes for collecting and validating the sustainability information contained in the attached Report.
- Verification of the processes that Lar España has in place to define the material aspects, as well as the participation of stakeholders on those.

- Analysis of the adaptation of the structure and content of the sustainability information as indicated in the GRI Standards Guidelines.
- Test, on a sample basis, of the quantitative and qualitative information of the indicators included in GRI Standards content index, incorporated as an Annex in the Report, as well as its adequate compilation from data supplied by information sources. The review tests have been defined in order to provide assurance levels as described before.
- Checking that the financial information included in the Report has been audited by independent third parties.

These procedures have been applied on the sustainability information included in the Report and in the GRI content index included as an Annex in the Report, with the scope defined before.

The scope of this review is considerably lower than a reasonable assurance report. Therefore, the degree of assurance is also less extensive.

This report in no case should be considered an audit report.

Independence and quality control

We have met the independence requirements and other ethical requirements of the Code of Ethics for Accounting Practitioners Issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies the International Quality Control Standard 1 (NICC 1) and maintains, therefore, a global quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

Conclusions

As a result of our review, we conclude that no matter came to our attention that would indicate that the sustainability information included in the Report has not been prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines GRI Standards, which includes the reliability of the data, the adequacy of the information presented and the absence of significant deviations and omissions, having reviewed the GRI Content Index included in the Annex.

This report has been prepared solely according to Lar España's interest, in accordance with the terms set out in our engagement letter.

ERNST & YOUNG, S.L.

(Free translation from the Original Report on Independent Review in Spanish dated April 16th, 2018. In case of any discrepancy, the Spanish version always prevails.)

Global Reporting Initiative (GRI) Standards & EPRA sBPR

General disclosures

CATEGORY	CODE	INDICATOR	PAGE
ORGANISATIONAL PROFILE	102-1	Name of the organisation	272
	102-2	Activities, brands, products, and services	64
	102-3	Location of the organisation's headquarters	284
	102-4	Location of operations	162
	102-5	Ownership and legal form	54
	102-6	Markets served	26-47
	102-7	Scale of the organisation	64
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	102-9	Description of the organisation's supply chain	52
	102-10	Significant changes to the organization and its supply chain	8 - 11
	102-11	Precautionary principle or approach	108
	102-12	A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes, or which it endorses	80
	102-13	Membership of associations	60
STRATEGY	102-14	Statement from senior decision-makers	8 - 11
	102-15	Key impacts, risks, and opportunities	108-111
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GOVERNANCE	102-18	Description of the organisation's governance structure	92-93
	102-19	Description of the process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees	56-57
	102-20	Indication as to whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics and whether post holders report directly to the highest governance body	57
	102-21	Description of the processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics	120-125
	102-22	Composition of the highest governance body and its committees	93
	102-23	Indication as to whether the chair of the highest governance body is also an executive officer in the organisation. If so, a description of his or her function within the organisation's management and the reasons for this arrangement	The President of the Board does not hold an executive position
	102-24	Description of the nomination and selection processes for the highest governance body and its committees and the criteria used for nominating and selecting highest governance body members	102
	102-25	Description of the processes for the highest governance body to ensure conflicts of interest are avoided and managed.	102
	102-26	Description of the highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics	101
	102-27	Itemisation of the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics	104
	102-28	"Description of the processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics. Indication as to whether such evaluation is independent or not, and its frequency; and whether such evaluation is a self-assessment"	103

CATEGORY	CODE	INDICATOR	PAGE
GOVERNANCE	102-29	"Description of the highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities Indication as to the highest governance body's role in the implementation of due diligence processes."	108-111
	102-30	Description of the highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental, and social topics	109
	102-31	Statement of the frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities	Annually
	102-32	Indication of which is the highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material topics are covered.	Annual report is reviewed by the main board
	102-33	Description of the process for communicating critical concerns to the highest governance body	106
	102-34	Total number and nature of critical concerns that were communicated to the highest governance body and mechanism(s) used to address and resolve critical concerns	Information available in Annual Corporate Governance Report on Lar España's website
	102-35	Description of remuneration policies for the highest governance body and senior executives for the following types of remuneration	97
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	102-37	Explanation of how stakeholders' views are sought and taken into account regarding remuneration and, if applicable, the results of votes on remuneration policies and proposals	92
	102-38	Annual total compensation ratio	NA
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STAKEHOLDER ENGAGEMENT	102-40	A list of stakeholder groups engaged by the organisation	122-123
	102-41	Percentage of total employees covered by collective bargaining agreements	100%
	102-42	The basis for identification and selection of stakeholders with whom to engage	122-123
	102-43	The organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	120-125
	102-44	Key topics and concerns that have been raised through stakeholder engagement, including how the organisation has responded to those key topics and concerns, including through its reporting Specification of the stakeholder groups that raised each of the key topics and concerns	120-125
REPORTING PRACTICE	102-45	Entities included in the consolidated financial statements	64-65
	102-46	Definition of report content and topic Boundaries	272
	102-47	List of material topics	125
	102-48	Restatements of information	NA
	102-49	Changes in reporting	272
	102-50	Reporting period (e.g., the fiscal or calendar year)	272
	102-51	Date of most recent report, if applicable	April 20th 2017
	102-52	Reporting cycle (annual, biennial, etc.).	Annually
	102-53	The contact point for questions regarding the report or its contents	284
	102-54	Claims of reporting in accordance with the GRI Standards	276
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Topic-specific disclosures

CATEGORY		CODE	INDICATOR	PAGE
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	Indirect economic impacts	203-1	Development and impact of infrastructure investments and services supported	248
ENVIRONMENTAL PERFORMANCE	Energy	302-1	Energy consumption within the organisation	138
		EPRA Elec-Abs	Total electricity consumption	138
		EPRA Elec-LfL	Like-for-like total electricity consumption	138
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	Water	303-1 EPRA Water-Abs	Total volume of water withdrawn by source	142
		EPRA Water-LfL	Like-for-like total water consumption	142
		CRE2 EPRA Water-Int	Building water intensity	142
	Emissions	305-1 EPRA GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions (Scope 1)	140
		EPRA GHG-Dir-LfL	Like-for-like total direct greenhouse gas (GHG) emissions	140
		305-2 EPRA GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions (Scope 2) (generated off site during combustion of the energy source)	140
		CRE3 EPRA GHG-Indir-LfL EPRA GHG-Int	Like-for-like total indirect greenhouse gas (GHG) emissions	140
		305-4	Greenhouse gas (GHG) emissions intensity	140
		305-5	Reduction of greenhouse gas (GHG) emissions	140
	Discharges and waste	306-2 EPRA Waste-Abs	Total weight of waste by type and disposal method	143
		EPRA Waste-LfL	Like-for-like total weight of waste by disposal route	143
	Regulatory compliance	307-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Lar España was not fined or sanctioned for non-compliance with any environmental law or regulation in 2017

CATEGORY		CODE	INDICATOR	PAGE		
SOCIAL PERFORMANCE	Labour practices and decent work	403-1	Workers representation in formal joint management-worker health and safety committees	57		
		403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	57		
		404-1	Training and education	404-1	Average hours of training per year per employee by gender, and by employee category	104
				404-2	Programmes for upgrading employee skills and transition assistance programs	104
				404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	104
	Society	Diversity and equal opportunities	405-1	Diversity of governance bodies and employees	93-96, 58-59	
			Society	413-1	Percentage of operations with implemented local community engagement, impact assessments and development programmes	151
		Anti-corruption		205-2	Communication and training on anti-corruption policies and procedures	106
				205-3	Confirmed incidents of corruption and actions taken	No incidents of corruption were confirmed in 2017
		Regulatory compliance	419-1	Non-compliance with laws and regulations in the social and economic area	The company did not receive any significant fines for non-compliance with laws or regulations in 2017	

Sector-specific disclosures

CATEGORY		CODE	INDICATOR	PAGE	
ENVIRONMENTAL PERFORMANCE	Energy	CRE1	Building energy intensity	138	
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	Emissions	CRE3	Greenhouse gas emissions intensity from buildings	140	
				140	
	Land degradation, contamination and remediation	CRE5	Greenhouse gas emissions intensity from new construction and redevelopment activity	140	
NA					
SOCIAL PERFORMANCE	Labour practices and decent work	Training and education	CRE6	Percentage of the organisation operating in verified compliance with an internationally recognised health and safety management system	80
	Society	Local communities	CRE7	Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project	No persons have been voluntarily and / or involuntarily displaced and/ or resettled by development projects of the company in 2017
	Product responsibility	Product and service labelling	CRES EPRA Cert Tot	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment	140

PBT

Profit Before Tax.

EBIT

Earnings Before Interest and Tax.

EBITDA

Earnings Before Interest, Tax, Depreciation and Amortisation.

Net profit/(loss)

Profit/(Loss) for the period after tax.

ROE (Return on Equity)

Return on equity, calculated by dividing profit for the last 12 months by the company's average equity of the last four quarters.

Reversionary Yield

Yield calculated as the ratio between the rental income that would be obtained from leasing the entire area at the market prices estimated by the independent valuers (ERV) and the gross asset value.

ROA (Return on Assets)

Return on assets, calculated by dividing profit for the last 12 months by the company's average assets of the last four quarters.

Liquidity ratio

The Company's capacity to meet its obligations with liquid assets, calculated as the ratio between the Company's current assets and current liabilities.

Solvency ratio

The Company's financial capacity to meet its payments obligations with all the assets and resources available. It is calculated by dividing equity plus non-current liabilities by non-current assets.

EPRA

European Public Real Estate Association.

EPRA Earnings

Earnings from operational activities.

EPRA NAV

Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.

EPRA NNNAV

EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.

EPRA Net Initial Yield (NIY)

Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.

EPRA "topped-up" NIY

This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and stepped rents).

EPRA Vacancy Rate

Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.

EPRA Cost Ratio

Administrative & operating costs (including direct vacancy costs) divided by gross rental income.

EPRA Cost Ratio (excluding direct vacancy costs)

Administrative & operating costs (excluding direct vacancy costs) divided by gross rental income.

GAV

Gross Asset Value.

GLA

Gross Leasable Area in sqm.

WAULT

Weighted average unexpired lease term, calculated as the number of years of unexpired lease term, as from 30 september 2016, until the first break option, weighted by the gross rent of each individual lease contract.

Net LTV (Loan to Value)

Ratio that measures the total amount of outstanding principal, discounted available cash, against the value of the assets.

Net LTV = Net debt / GAV.

Dividend Yield

Profitability by dividend, that shows, in percentage, the shareholder performance by the dividends. Result of Dividend/ Average quarterly EPRA NAV of the last four quarters of the year.

Gross Annualised Rent

Gross annual investment return excluding temporary rental discounts or rent-free periods.

Average maturity period (years)

Represents the average maturity term of the company's debt.

GRI (Gross Rental Income)

Gross income for the period.

NOI (Net Operating Income)

Gross income discounting costs incurred during the period.

Shareholder Rate of Return

Return generated for the shareholders as the sum of the annual EPRA NAV variation and the dividends distributed divided by the company's year-end EPRA NAV value.

CBD

Central Business District, the most central, attractive shopping and office locations

Prime rent

The highest basic rents in the best properties in various areas.

Like for like (Lfl)

Comparison of one period, with that of the same period the year before, taking into consideration the same number of assets.

Elec – Abs:

Total electricity consumption.

Elec – Lfl:

Like for like total electricity consumption.

Fuels – Abs:

Total fuel consumption.

Fuels – Abs:

Like for like total fuel consumption.

Energy – Int:

Building energy intensity.

GHG – Dir – Abs:

Total direct greenhouse gas (GHG) emissions.

GHG – Dir – Lfl:

Like for like total direct greenhouse gas (GHG) emissions.

GHG – Indir – Abs:

Total indirect greenhouse gas (GHG) emissions.

GHG – Indir – Lfl:

Like for like total indirect greenhouse gas (GHG) emissions.

GHG – Int:

Greenhouse gas (GHG) intensity from building energy consumption.

Waste – Abs:

Total weight of waste by disposal route.

Waste – Lfl:

Like for like total weight of waste by disposal route.

Water – Abs:

Total water consumption.

Water – Lfl:

Like for like total water consumption.



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