lar España

Real Estate

QUARTERLY RESULTS

January – September 2014

1. EXECUTIVE SUMMARY

On 23 July 2014 LAR ESPAÑA REAL ESTATE, SOCIMI, S.A. (the “Company” or “Lar España”) incorporated the Spanish limited liability company LAR ESPAÑA, INVERSIÓN LOGÍSTICA, S.A. (“Lar España Logística”), which will be governed by its by-laws and whose statutory activity is the acquisition and development of urban real estate for subsequent lease.

Pursuant to article 42 of the Spanish Code of Commerce, a group exists when one company directly or indirectly exercises or is entitled to exercise control over another or other companies, making Lar España the parent of a group with one subsidiary, Lar España Logística.

Pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, all companies that are governed by the law of an EU Member State and that have securities admitted to trading in a regulated market must present their consolidated accounts for the years commenced on or after 1 January 2005 in accordance with the International Financial Reporting Standards previously endorsed by the European Union (IFRS-EU). This information has not been audited.

The consolidated financial statements of the consolidated Lar España Group are presented in accordance with the accounting criteria set out in the International Financial Reporting Standards (IFRS-EU) approved by the European Parliament at the present date. These consolidated financial statements have been prepared based on the individual accounting records of Lar España and of its subsidiary, and include the necessary adjustments and reclassifications to bring them into line with the criteria set out in the IFRS-EU. The reconciliation of the financial statements under IFRS-EU is as follows:

	30/09/2014		
In thousand of Euros	Spanish GAAP	Adjustments	IFRS-EU
Investment property	215.478	824	216.302
Other investments	2.532	-	2.532
NON-CURRENT ASSETS	**218.010**	**824**	**218.834**
Inventories	2.639	-	2.639
Trade and other receivables	1.331	-	1.331
Other investments	135.315	-	135.315
Prepayments	333	-	333
Cash and cash equivalents	38.386	-	38.386
CURRENT ASSETS	**178.004**	**-**	**178.004**
TOTAL ASSETS	**396.014**	**824**	**396.838**

	30/09/2014		
In thousand of Euros	Spanish GAAP	Adjustments	IFRS-EU
Capital	80.060	-	80.060
Share premium	320.000	-	320.000
Reserves	(9.421)	-	(9.421)
Treasury shares	(1.937)	-	(1.937)
Other shareholder contributions	240	-	240
Retained earnings	650	824	1.474
TOTAL EQUITY	**389.592**	**824**	**390.416**
Other financial liabilities	3.696	-	3.696
NON-CURRENT LIABILITIES	**3.696**	**-**	**3.696**
Trade and other payables	2.726	-	2.726
CURRENT LIABILITIES	**2.726**	**-**	**2.726**
TOTAL EQUITY AND LIABILITIES	**396.014**	**824**	**396.838**

	January - September 14		
In thousand of Euros	Spanish GAAP	Adjustments	IFRS-EU
Revenue	3.822	-	3.822
Other income	126	229	355
Personnel expenses	(36)	-	(36)
Operating expenses	(4.623)	-	(4.623)
Other expenses	-	(42)	(42)
Depreciation	(637)	637	-
OPERATING LOSS	**(1.348)**	**824**	**(524)**
Finance income	1.998	-	1.998
NET FINANCE INCOME	**1.998**	**-**	**1.998**
PROFIT BEFORE TAX	**650**	**824**	**1.474**
Income tax	-	-	-
PROFIT FOR THE YEAR*	**650**	**824**	**1.474**

* The distribution of dividends will be made on the basis of individual results of LAR ESPAÑA under Generally Accepted Accounting Principles in Spain

1.1. Significant Events

➢ LAR ESPAÑA REAL ESTATE, SOCIMI, S.A. ("the Company" or "Lar España") is a Spanish property investment company incorporated on 17 January 2014. On 5 February 2014 the Company opted into the SOCIMI (Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario, a Spanish real estate investment trust) regime.

The Company has the support of and is managed exclusively by its designated management company, Grupo Lar Inversiones Inmobiliarias, S.A.

The main focus of the Company's activity is the acquisition and management of shopping centres and offices. It may also, to a lesser extent, invest in other assets for rental or direct sale (commercial premises, logistics buildings, logistics centres or residential property).

➢ On 5 March 2014, the Company was floated on the Spanish stock exchange via the automated quotation system (Mercado Continuo), with a public share offering of 40 million shares at Euros 10 per share (par value of Euros 2 and share premium of Euros 8).

Following this offering, Lar España's management company, Grupo Lar Inversiones Inmobiliarias, S.A., held 2.5% of its share capital, with Anchor Investor PIMCO holding a further 12.5%.

Lar España agreed to authorise the presentation of subscription proposals by shareholders covered by the ERISA legislation in the US for up to 7% of the total shares included in the offering. This is the maximum percentage that can be allocated to this type of investor.

➢ The Company acquired the Txingudi shopping centre in Irún (Basque Country, Spain) and the Las Huertas shopping centre in Palencia (Castilla y León, Spain) – with a combined gross lettable area (GLA) of approximately 16,200 square metres – from Corio Real Estate España, S.L. on 24 March 2014.

The total cost of this acquisition was Euros 39.4 million.

The Txingudi shopping centre is well consolidated in its area of influence, with limited competition at present or foreseen in the future. It is anchored to the Alcampo hypermarket, which has been well established in the area since 1997, and shares parking and services with a retail park boasting a specialised, unique and attractive commercial offering from local and international retailers. The centre acts as a focal point in an area with a population of 370,000 potential customers. Due to its proximity to the French border, it receives major traffic from France, attracted by the offering and differences in pricing.

The Las Huertas shopping centre has operated on an exclusive basis since it opened in 1989. It is anchored to a Carrefour hypermarket and has a direct area of influence of over 100,000 inhabitants. The centre boasts an attractive offering based on professional operators and brands of recognised prestige and international or nationwide presence.

Lar España's first transaction reinforces its aim of making long-term investments in the Spanish property sector, particularly in the retail segment, and demonstrates its solid relationship with market players, giving it access to a portfolio of transactions that Lar España considers to be exclusive.

➢ On 26 June 2014 Mr. Jon Armentia Mendaza was appointed as Lar Españas Corporate Director, reporting directly to the company´s Board of Directors.

➢ On 29 July 2014 the Company acquired a single-tenant commercial property from Internationales Inmobilien Institut GMBH. This property is located at Santa Petronila no. 3 in Villaverde, Madrid and has a gross lettable area (GLA) of approximately 4,391 square metres. The acquisition was carried out for a total amount of Euros 9.1 million, paid in full using the Company's own funds.

➢ On 29 July 2014 the Company acquired an office building from IVG Institutional Funds GMBH, sucursal en España. This property is located at calle Arturo Soria no. 336, Madrid and has a gross lettable area (GLA) of approximately 8,663 square metres. The acquisition was carried out for a total amount of Euros 24.2 million, paid in full using Company equity.

➢ On 30 July 2014 the Company acquired the Albacenter shopping centre from Unibail-Rodamco. This asset is located in Albacete and has a gross lettable area (GLA) of approximately 15,696 square metres. The acquisition was carried out for a total amount of Euros 28.4 million, paid in full using Company equity.

➢ On 31 July 2014 the Company acquired the AnecBlau shopping centre from IGIPT SPAIN ONE SLU. This asset is located in Castelldefells, Barcelona and has a gross lettable area (GLA) of approximately 28,863 square metres. The acquisition was carried out for a total amount of Euros 80 million, paid in full using the Company's own funds.

➢ On 31 July 2014 the Company acquired an office building in Madrid from Reyal Urbis S.A. This property is located at calle Marcelo Spínola numbers 42-44 and has a gross lettable area (GLA) of approximately 8,584 square metres. The acquisition was carried out for a total amount of Euros 19 million, paid in full using Company equity.

- On 7 August 2014 the Company, through its newly-created subsidiary Lar España Inversión Logística, S.A., acquired two logistics centres from INTERNOS GLOBAL INVESTORS. These logistics centres are located at Km. 48 of the A2, in the municipality of Alovera (Guadalajara), in the centre of Corredor del Henares, and have a gross lettable area (GLA) of approximately 35,196 square metres. The acquisition was carried out for a total amount of Euros 12.7 million, paid in full using Company equity.

- On 15 September 2014 the Group announced that its management company Grupo Lar Inversiones Inmobiliarias, S.A. ("Grupo Lar") had informed it that it had acquired a controlling interest in Gentalia 2006, S.L. ("Gentalia") from Servicios e Inversiones en GLA, S.L., thereby increasing its total interest in this entity from 50% to 61%. Pursuant to the Investment Manager Agreement entered into between the Company and the Lar Group on 12 February 2014, Gentalia has become an Investment Manager Affiliate as a result of this controlling interest.

1.2. Key Performances Indicators

Financial Indicators

The financial indicators are as follows:

In thousand of Euros	January - September 14 *
Revenue	3,822
EBITDA	(524)
EBITDA Margin	**
EBIT	(524)
Profit before tax	1,474
Net Profit	1,474

* Note: Comparative figures are not presented because the Company was incorporated in 2014

** Note: EBITDA Margin is not representative because EBITDA is negative

During the first nine months of 2014 the consolidated Lar España Group signed sale-purchase agreements relating to four shopping centres (Txingudi, Las Huertas, Anecblau and Albacenter), a single-tenant commercial property (Mediamarkt), two office buildings (Marcelo Spínola and Arturo Soria) and two logistics centres (both located in Alovera).

At 30 September 2014 the Group recognises the total revenues accrued from the rents generated by these three lines of business since the signing date of each sale-purchase agreement, which amount to Euros 3,822 thousand.

At the close of the third quarter of 2014 (hereinafter, 2014), the Group posts negative EBITDA of Euros 524 thousand, due primarily to the operating expenses incurred during the start-up of the activity and, for the acquisition of the assets (see "Individual Income Statement" section).

The Company has negative EBIT of Euros 524 thousand at 30 September 2014.

At 30 September 2014, profit for the period amounted to Euros 1,474 thousand.

These figures are in line with the Group's expectations, considering that they reflect the start-up stage.

The Group is analysing and evaluating the investment opportunities that are in line with its policy and which it expects will materialise in the short term (see "Subsequent Events" section).

Other Financial Indicators

At 30 September 2014, the Group presents the following financial indicators:

	30/09/2014*
Working Capital (in thousand of Euros)	175,278
Liquidity Ratio	65
Solvency Ratio	2
Return on equity (ROE)	0.38%
Return on Assets (ROA)	0.37%

* Note: Comparative figures are not presented because the Company was incorporated in 2014

As can be seen in the above table, at ·30 September 2014 the Group presents liquidity-related ratios (working capital, liquidity ratio, solvency ratio) with very substantial figures, showing that the Group has sufficient liquidity and a high security margin vis-à-vis its engagements.

The ROE (Return on Equity) measures the return obtained by the Group on its equity and amounts to 0.38%; the ROA (Return on Assets), which amounts to 0.37%, measures the efficiency of the Group's total assets irrespective of the sources of financing employed, i.e., the capacity of the assets of a company to generate income.

Operating Indicators

At 30 September 2014, the Group owns a total gross lettable area (GLA) of 116,998 m². A total area of 14,263 m² is vacant at that date, with total occupancy standing at 87.8%.

To date, the Group reports on three lines of business, in accordance with its corporate structure:

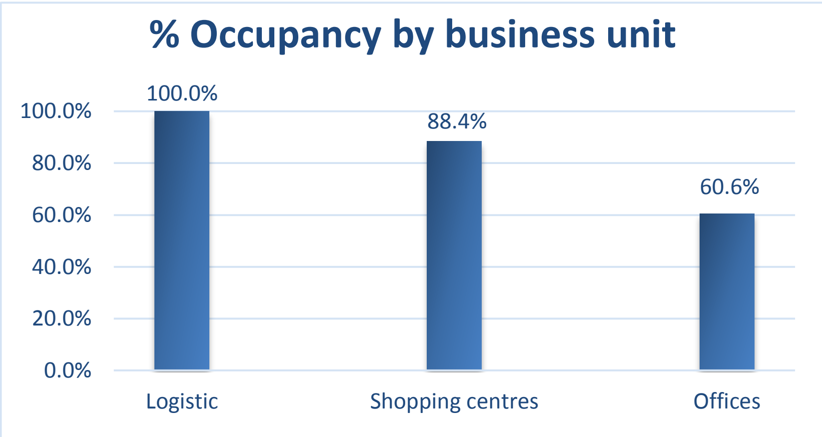
- Shopping centres, which comprises the lease of the commercial premises and of the single-tenant commercial property.
- Offices, which comprise the office rental business.
- Logistics, which comprise the logistics centres rental business.

Details of the gross lettable area (GLA), the occupied and unoccupied areas and the percentage of occupancy by line of business are as follows:

	Shopping centres						Offices			Logistic		GROUP
	Txingudi	Las Huertas	Albacenter	Anecblau	Villaverde	Total Shopping	Arturo Soria	Marcelo Spinola	Total offices	Alovera	Total Logistic	TOTAL
Total Gross Lettable Area (GLA) (m^2)	9,861	6,288	15,677	28,337	4,391	**64,554**	8,663	8,586	**17,249**	35,195	**35,195**	**116,998**
Vacant (m^2)	360	973	3,779	2,347	-	**7,459**	1,495	5,309	**6,804**	-	**-**	**14,263**
Ocuppied (m^2)	9,501	5,315	11,898	25,990	4,391	**57,095**	7,168	3,277	**10,445**	35,195	**35,195**	**102,735**
% Ocuppancy (m^2)	96.3%	84.5%	75.9%	91.7%	100.0%	**88.4%**	82.7%	38.2%	**60.6%**	100.0%	**100.0%**	**87.8%**

* Note: Comparative figures are not presented because the Company was incorporated in 2014

At 30 September 2014 87.8% of the total gross lettable area (GLA) of the Group's three lines of business is occupied. Occupancy rates by line of business are as follows:



2. FINANCIAL STATEMENTS

2.1. Income Statement

In thousand of Euros	January - September 14 *
Revenue	3,822
Other income	355
Personnel expenses	(36)
Operating expenses	(4,623)
Other expenses	(42)
OPERATING LOSS	**(524)**
Finance income	1,998
Finance cost	-
NET FINANCE INCOME	**1,998**
PROFIT BEFORE TAX	**1,474**
Income tax	-
PROFIT FOR THE YEAR	**1,474**

* Note: Comparative figures are not presented because the Company was incorporated in 2014

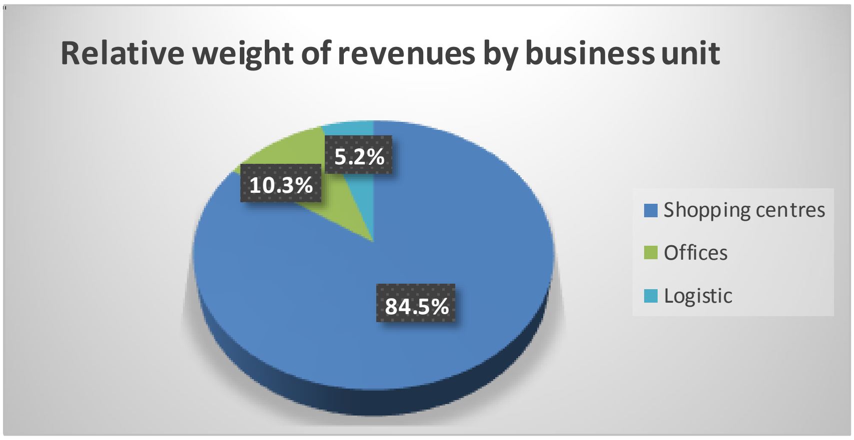
Operating Loss

At 30 de September 2014, the Group presents an operating loss of Euros 524 thousand due to:

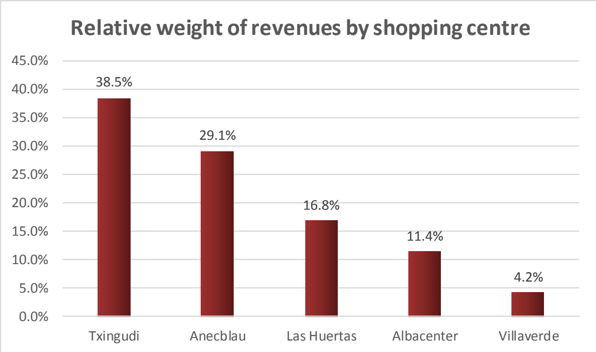
Revenue

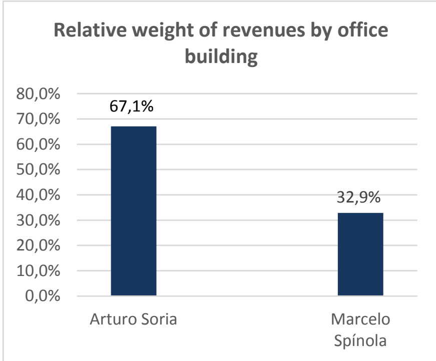
Revenues for 2014 amounted to Euros 3,822 thousand.

Details of Group revenues by line of business are as follows:



Taking into account that 94.8% of the revenues of the consolidated Lar España Group derive from the rents received from leases over shopping centre premises, the single-tenant commercial property and the office buildings, a breakdown of the revenues received per line of business is included, the results of which are as follows:





The chart below presents the principal tenants that contributed to rental revenues during the first nine months of 2014, as well as the main characteristics of each one:

Ranking	Label	Project	% as of total of rents	% Accumulated	Maturity	Sector
1	Mediamarkt	Villaverde	3.63%	3.63%	2022	Technology
2	Los Telares	Txingudi/Las Huertas	3.30%	6.93%	2018/2017	Fashion
3	C & A	Txingudi/Anecblau	2.86%	9.79%	2020/2025	Fashion
4	Gambrinus-Jabugo	Txingudi	2.58%	12.38%	2021/2020	Restaurant
5	Kiabi	Txingudi	2.48%	14.86%	2027	Fashion
6	Mercadona	Anecblau	1.93%	16.78%	2030	Distribution
7	If	Txingudi	1.86%	18.65%	2019	Cosmetic
8	Tech Data	Alovera	1.82%	20.47%	2019	Technology
9	Punto Roma	Txingudi	1.56%	22.03%	2025	Fashion
10	Zara	Anecblau	1.52%	23.55%	2025	Fashion

Other Income

During 2014 the Group has recognised other revenues of Euros 355 thousand deriving from the adjustment to IFRS-EU on measuring its investment property at fair value (Euros 229 thousand), from repurchase agreements relating to the common areas of the shopping centres (Euros 78 thousand) and from the early cancellation of leases (Euros 48 thousand).

Personnel Expenses

Personnel expenses amounted to Euros 36 thousand and reflect the remuneration received by management personnel hired on 26 June 2014.

Operating Expenses

At 30 September 2014, the Company has incurred operating expenses of Euros 4,623 thousand, mainly due to:

- Advisory services regarding the acquisition of assets (commercial, technical, and legal due diligence) rendered by companies not related to Lar España (Euros 1,913 thousand).

- Management fees for services rendered to the Company by Grupo Lar Inversiones Inmobiliarias, S.A. (Euros 1,190 thousand).

- Other expenses (accounting advisory services, insurance premiums, property management fees, directors' remuneration, legal counsel).

Other Expenses

Other expenses amounting to Euros 42 thousand reflect the adjustment derived from compliance with IFRS-EU as the Group measures its investment property at fair value.

Net Finance Cost

Net finance income totaled Euros 1,998 thousand and comprised the interest accrued at market rates on the Group's current accounts and deposits since the shares were issued on 5 March 2014. Following an analysis of the possibilities available on the market, the Group has opted to arrange conservative products with low risk profiles, essentially to maintain the principal invested.

Individual Income Statement

The income and expenses recognised by the Company at 30 September 2014 by business unit are as follows:

	Shopping centres						Offices			Logistic			Group
In thousand of Euros	Txingudi	Las Huertas	Albacenter	Anecblau	Villaverde	Total Shopping centres	Arturo Soria	Marcelo Spinola	Total Offices	Alovera	Total Logistic	LRE**	TOTAL
Revenue	1,243	543	369	938	136	**3,229**	265	130	**395**	198	**198**	-	**3,822**
Other income	268	31	26	30	-	**355**	-	-	**-**	-	**-**	-	**355**
Personnel expenses	-	-	-	-	-	**-**	-	-	**-**	-	**-**	(36)	**(36)**
Operating expenses***	(200)	(159)	(83)	(127)	(14)	**(583)**	(29)	(120)	**(149)**	(53)	**(53)**	(3,838)	**(4,623)**
Other expenses	-	(42)	-	-	-	**(42)**	-	-	**-**	-	**-**	-	**(42)**
OPERATING PROFIT / (LOSS)	**1,311**	**373**	**312**	**841**	**122**	**2,959**	**236**	**10**	**246**	**145**	**145**	**(3,874)**	**(524)**

* Note: Comparative figures are not presented because the Company was incorporated in 2014

** Note: The cost recognised by LRE are corporate expenses

*** Note: The advisory costs related to the acquisition of the assets are included in the LRE column

At 30 September 2014 the shopping centres present positive results from operating activities of Euros 2,959 thousand; the offices, positive results of Euros 246 thousand; and the logistics centres located in Alovera, positive results of Euros 145 thousand. The Euros 1,913 thousand cost incurred to acquire the assets (presented in the LRE column) reflects non-recurrent acquisition costs (shopping centres, offices and logistics centres). The LRE column also includes management fees amounting to Euros 1,190 thousand.

2.2. Balance Sheet

In thousand of Euros	30/09/2014 *
Investment property	216,302
Other investments	2,532
NON-CURRENT ASSETS	**218,834**
Inventories	2,639
Trade and other receivables	1,331
Other investments	135,315
Prepayments	333
Cash and cash equivalents	38,386
CURRENT ASSETS	**178,004**
TOTAL ASSETS	**396,838**

In thousand of Euros	30/09/2014 *
Capital	80,060
Share premium	320,000
Reserves	(9,421)
Own shares	(1,937)
Other shareholder contributions	240
Retained earnings	1,474
TOTAL EQUITY	**390,416**
Other financial liabilities	3,696
NON-CURRENT LIABILITIES	**3,696**
Trade and other payables	2,726
CURRENT LIABILITIES	**2,726**
TOTAL EQUITY AND LIABILITIES	**396,838**

* Note: Comparative figures are not presented because the Company was incorporated in 2014

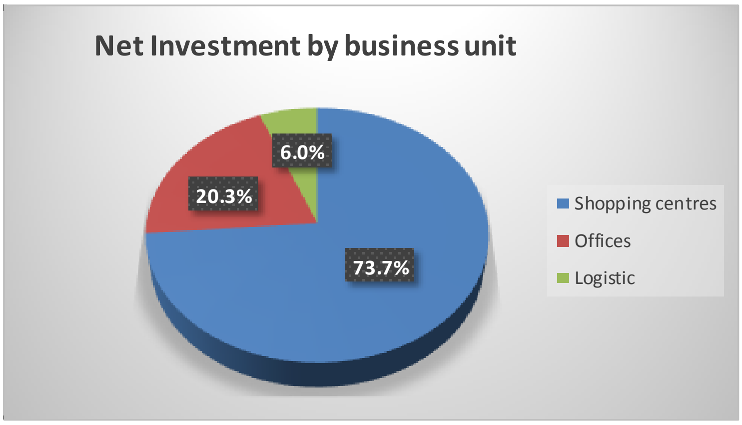
Non-Current Assets

Investment Property

Investment property is classified under non-current assets at a fair value of Euros 216,302 thousand and reflects the five shopping centres, the two office buildings and the two logistics centres. The investment in the shopping centres amounts to Euros 159,525 thousand, and the corresponding rental revenues represent 84.5% of the Group's total revenues for the first nine months of 2014 (see “Revenues” section).

In thousand of Euros	Net Investment
Shopping centres	159,525
Offices	43,848
Logistic	12,929
Investment property	**216,302**

The chart below provides details of the Group's net investment by line of business in which it operates:



Details of the gross lettable area, the cost of acquisition and the initial yield of each shopping centre are as follows:

	Shopping Centre						Offices			Logistic		GRUPO
	Txingudi	Las Huertas	Albacenter	Anecblau	Villaverde	Total Shopping Centres	Arturo Soria	Marcelo Spínola	Total Oficces	Alovera	Total Logistic	Total
Total Gross Lettable Area (GLA) (m^2)	9,861	6,288	15,677	28,337	4,391	64,554	8,663	8,586	17,249	35,195	35,195	116,998
Fair value (in thousand of Euros)	28,040	11,900	28,968	81,290	9,327	159,525	24,563	19,285	43,848	12,929	12,929	216,302
(Initial Yield)	7.3%	8.0%	7.2%	6.3%	7.7%	-	5.5%	7.9%	-	9.9%	-	-

Other Investment

Other non-current investments include the security deposits received from the lessees of the shopping centres, offices and logistics centres, which the Company has placed with the corresponding public authorities.

Inventories

Inventories amount to Euros 2,639 thousand and reflect garage spaces acquired by the Group for resale.

Other Investments

In 2014 other investments amount to Euros 135,315 thousand and primarily reflect current deposits placed with a financial institution earning interest at a current market rate (see "Net Finance Cost" section).

Working Capital

The issue of shares on the Spanish stock market has led to the generation of significant funds for the Company, resulting in a working capital balance of Euros 175,278 thousand.

Non-Current Liabilities

Non-current liabilities amounting to Euros 3,696 thousand comprise the security deposits received by the Group from the lessees of the shopping centres, offices and logistics centres.

Equity

At 30 September 2014 the share capital of the Company comprises 40,030,000 registered shares at a price of Euros 10, belonging to a single class and series. All shares are subscribed and fully paid.

The Company was incorporated with capital of Euros 60 thousand corresponding to 30 thousand shares with a par value of Euros 2 each.

On 5 February 2014 an agreement was reached to increase share capital by Euros 80 million through the issue of 40 million ordinary shares with a par value of Euros 2 and a share premium of Euros 8 each, to be subscribed and paid in exchange for monetary consideration and earmarked for inclusion in a public offering.

To bring the value of the subscribed shares to Euros 10, the shareholders made a contribution of Euros 240 thousand, comprising 30 thousand shares at a price of Euros 8.

The Company has recognised the Euros 9,421 thousand expense incurred for this share issue as a decrease in reserves under equity.

During August and September 2014 the Company acquired 211,879 of treasury shares at an average unit price of 9.1433. These purchases were carried out in the framework of a discretionary treasury share management agreement that was reported to the CNMV in compliance with the recommendations published by that entity on 18 July 2013. At 30 September 2014 the share price is Euros 9.35.

2.3. Statement of Cash Flows

In thousand of Euros	January - September 14 *
A) CASH FLOWS FROM OPERATING ACTIVITIES	**2.978**
1. Profit for the period before tax	**1.474**
2. Adjustment for:	**(2.095)**
Impairment of trade receivables	90
(Profit)/Loss from adjustments to the fair value of investment property	(187)
Finance Income	(1.998)
3. Changes in working capital	**2.029**
Inventories	(2.639)
Trade and other receivables	(1.421)
Trade and other payables	2.726
Other current assets	(333)
Other non-current liabilities	3.696
4. Other cash flows from operating activities	**1.570**
Interest receipt	1.570
B) CASH FLOWS USED IN INVESTING ACTIVITIES	**(353.534)**
1. Payments for investments (-)	**(353.534)**
Investment property	(216.115)
Other financial assets	(137.419)
C) CASH FLOWS FROM FINANCING ACTIVITIES	**388.942**
1. Proceeds from and payments for equity instruments	**388.942**
D) EFFECT OF EXCHANGE RATE FLUCTUATIONS	-
E) NET CASH INCREASE/DECREASE (A+B+C+D)	**38.386**
F) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	-
G) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (E+F)	**38.386**

* Note: Comparative figures are not presented because the Company was incorporated in 2014

Operating Activities

Net cash of Euros 2,978 thousand was generated from operating activities.

Investing Activities

Net cash flows of Euros 353,534 thousand were used in investment activities, reflecting, on one hand, the acquisition of shopping centres, offices and logistics centres and, on the other hand, both security deposits received from lessees and placed with public authorities and short term deposits made by the Group (see "Other Investments" section).

Financing Activities

Cash flows from financing activities amounting to Euros 388,942 thousand (net of the share issue costs totalling Euros 9,421 thousand) reflect balances received from third parties due to the issue of shares by the Company, as well as the shareholders' contribution for the incorporation thereof.

Additionally, the Company has recognised a cash outflow of Euros 1,937 thousand to reflect the Company's acquisition of treasury shares.

3. PERSONNEL AND BOARD OF DIRECTORS

At 30 September 2014 the Company has two executive personnel.

Details of the members of the board of directors are as follows:

Board of Directors	Date of appointment	Position
José Luis del Valle Doblado	05/02/2014	Non-Executive independent Chairman
Alec Emmott	05/02/2014	Non-Executive independent Director
Roger Maxwell Cooke	05/02/2014	Non-Executive independent Director
Pedro Luis Uriarte Santamarina	05/02/2014	Non-Executive independent Director
Miguel Pereda Espeso	05/02/2014	Non-Executive Propietary Director
Juan Gómez-Acebo	05/02/2014	Secretary of the Board (non-Director)

4. SHARE PRICE PERFORMANCE

Share information (€)	January - September 14 *
Flotation price (05-03-14)	10.00
Closing price (30-09-14)	9.35
Performance over the period	**-6.50%**
Maximum for the period	10.795
Minimum for the period	8.75
Average for the period	**9.80**

* Note: Comparative figures are not presented because the Company was incorporated in 2014

5. SUBSEQUENT EVENTS

The following significant events related to the Company have occurred since 30 September 2014:

- On 13 October 2014 the Company, through its subsidiary Lar España Inversión Logística S.A.U., acquired six logistics centres from HENARES EDIFICIOS S.A. These logistics centres are located at Km. 48 of the A2, in the municipality of Alovera (Guadalajara), at the centre of Corredor del Henares and have a gross lettable area (GLA) of approximately 83,951 square metres. The acquisition was carried out for a total amount of Euros 32.15 million.

- On 13 October 2014 the Company entered into an agreement with CECOSA HIPERMERCADOS, S.A. to acquire shares representing 58.78% of the share capital of Puerta Marítima Ondara, S.L. (which was definitively enforced during October), the owner of the "Portal de la Marina" shopping centre (except for the local hypermarket) located in Ondara (Alicante). The remaining shareholding is owned by a subsidiary of Grupo Lar Inversiones Inmobiliarias, S.A., the Company's management company. The Portal de la Marina shopping centre has a gross lettable area (GLA) of approximately 30,007 square metres, distributed over two floors and 1,600 parking spaces. The acquisition, which is expected to be completed in the next few days, will cost a total of Euros 17.5 million, which will be paid in full using Company equity.

6. GLOSSARY

Item	Description
Profit/loss before tax	Results from operating activities before tax
Profit/loss for the year	Profit/loss for the year after tax
Market capitalisation	This is the value of the Company´s capital calculated based on its market price, and reflects a result of multiplying the number of shares in circulation by the listed price thereof
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest,Tax, Depreciation and Amortisation
Working Capital	This indicator reflect whether the Company has enough resources to pay its immediate debts. This amount is calculated as the difference between Current Assets and Current Liabilities
Spanish GAAP	Generally Accepted Accounting Principles in Spain
Liquidity Ratio	This value indicates the Company´s capacity to meet its obligations with liquid assets. It is calculated as the ratio between the Company´s current assets and current liabilities
Solvency Ratio	This value indicates the financial capacity of the Company to meet its payment obligations with all the assets and resources available. It reflects the ratio between equity plus non-current liabilities and non-current assets.
ROA	Return on assets, reflecting EBT as a percentage of total assets.
ROE	Return on equity, reflecting EBT as a percentage of equity

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND DEPENDENT COMPANY

Interim Consolidated Financial Statements corresponding to the period of eight months and fourteen days ended at 30 September 2014.

(Prepared in accordance with the International Financial Reporting Standards adopted by the European Union)

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of interim consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 30). In the event of a discrepancy, the Spanish-language version prevails.

Report on limited review of interim consolidated financial statements

To the Board of Directors of Lar España Real Estate SOCIMI, S.A.:

Introduction

We have performed a limited review of the interim consolidated financial statements ("the interim financial statements") of Lar España Real Estate SOCIMI, S.A. ("the Parent") and Dependent Company ("the Group"), which comprise the consolidated statement of financial position at 30 September 2014 and the related consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and explanatory notes thereto for the eight-month-and-fourteen-day period then ended. The Parent's directors are responsible for the preparation of these interim consolidated financial statements so that they present fairly the equity, financial position and results of operations of Lar España Real Estate SOCIMI, S.A. and Dependent Company in conformity with the regulatory financial reporting framework applicable to the Group in Spain, identified in Note 2a to the accompanying explanatory notes, and for the internal control that they consider necessary to permit the preparation of interim consolidated financial statements free from material misstatement, whether due to fraud or error. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Scope of the review

We conducted our limited review in accordance with International Standard on Review Engagements 2400, "Engagements to Review Financial Statements". A limited review of financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying certain analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the audit regulations in force in Spain and, consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim consolidated financial statements.

Conclusion

As a result of our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing came to our attention that might lead us to conclude that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the equity and financial position of Lar España Real Estate SOCIMI, S.A. and Dependent Company at 30 September 2014 and the results of their operations and their cash flows for the eight-month-and-fourteen-day period then ended, in accordance with the regulatory financial reporting framework applicable to the Group and, in particular, with the accounting principles and rules contained therein.

Paragraph on other matters

This report has been prepared at the request of the Board of Directors of Lar España Real Estate SOCIMI, S.A. as part of the Group's bond issue process for the purposes of providing financial information on the Group.

DELOITTE, S.L.

Antonio Sánchez-Covisa Martín-González

3 February 2015

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

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LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND DEPENDENT COMPANY
Consolidated Financial Statement corresponding to the period of eight months and fourteen days ended at 30 September 2014

(Expressed in thousands of Euros)

Translation of consolidated interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 30). In the event of a discrepancy, the Spanish-language version prevails.

Assets	Note	2014
Investment property	6	216,302
Non-current financial assets	8	2,532
Total non-current assets		218,834
Inventory	9	2.639
Trade debtors and other receivables	8.10	1,331
Other current financial assets	8	135,315
Other current assets		333
Cash and other equivalent liquid assets	11	38,386
Total current assets		178,004
Total assets		396,838

Explanatory notes 1 to 30 hereto attached form an integral part of the Consolidated Financial Statement at 30 September 2014.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND DEPENDENT COMPANY
Consolidated Financial Statement corresponding to the period of eight months and fourteen days ended at 30 September 2014

(Expressed in thousands of Euros)

Translation of consolidated interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 30). In the event of a discrepancy, the Spanish-language version prevails.

Liabilities and Net Worth	Note	2014
Capital	12a	80,060
Share premium	12b	320,000
Other reserves	12c	(9,421)
Cumulative gains		1,474
Treasury shares	12c	(1,937)
Other shareholder contributions	12a	240
Total net equity		390,416
Other non-current liabilities	14,15	3,696
Total non-current liabilities		3,696
Trade creditors and other accounts payable	14.16	2,726
Total current liabilities		2,726
Total liabilities and equity		396,838

Explanatory notes 1 to 30 hereto attached form an integral part of the Consolidated Financial Statement at 30 September 2014.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND DEPENDENT COMPANY
Consolidated Statement of Overall Result corresponding to the period of eight months and fourteen days ended at 30 September 2014
(Expressed in thousands of Euros)

Translation of consolidated interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 30). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated Statement of Result	Note	2014
Ordinary revenue	4b,21	3,822
Other revenue	22	355
Employee remuneration expenses	24	(36)
Other expenses	23	(4,665)
Operations Result		(524)
Financial revenue	25	1,998
Pre-tax profit from ongoing activities		1,474
Profit for the financial year ongoing activities		1,474
Tax on profit	18	-
Profit for the financial year		1,474
Basic result per share (in Euros)		0,000039
Result per diluted share (in Euros)		0,000039

Consolidated Statement of Overall Result	2014
Profit and loss account result (I)	1,474
Other Overall Result Attributed Directly to Net Equity (II)	-
Other Transfers to profit and loss account (III)	-
Total Overall Result (I+II+III)	1,474

Explanatory notes 1 to 30 hereto attached form an integral part of the consolidated statement of overall result corresponding to the period of eight months and fourteen days ended at 30 September 2014

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND DEPENDENT COMPANY

Consolidated Statement of Changes in Net Equity corresponding to the period of eight months and fourteen days ended at 30 September 2014

Translation of consolidated interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 30). In the event of a discrepancy, the Spanish-language version prevails.

	Equity attributed to holders of net equity instruments of the parent company						
	Capital	Share premium	Other reserves	Cumulative gains	Treasury shares	Other Shareholder contributions	Total net equity
Founding of Parent Company	60	-	(2)	-	-	-	58
Capital increases	80,000	320,000	(9,419)	-	-	240	390,821
Treasury shares	-	-	-	-	(1,937)	-	(1,937)
Income and expense recognised in net equity	-	-	-	1,474	-	-	1,474
Balance at 30 September 2014	80,060	320,000	(9,421)	1,474	(1,937)	240	390,416

The accompanying explanatory notes 1 to 30 form an integral part of the consolidated statement of changes in net equity at 30 September 2014.

Translation of consolidated interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 30). In the event of a discrepancy, the Spanish-language version prevails.

	Note	2014
Cash flows from operating activities		
Profit for the financial year		1,474
Adjustments for :		
Losses through impairment of value of trade debtors	10a	90
(Profits)/Losses through adjustments fair value of investment property	6	(187)
Financial revenue	25	(1,998)
Inventory	9	(2,639)
Trade debtors and other receivables	10	(1,421)
Trade creditors and other accounts payable	16	2,726
Other current assets	8	(333)
Other non-current liabilities	14,15	3,696
Net cash generated by operating activities		1,408

	Note	2014
Cash flows from investment activities		
Interest received		1,570
Payments for the acquisition of investment property	6	(216,115)
Payments for the acquisition of financial assets	8	(137,419)
Net cash generated by investment activities		(351,964)

	Note	2014
Cash flows from financing activities		
Collections derived from the capital issue	12a	390,879
Payments derived from the acquisition issue of treasury shares and own equity instruments	12a	(1,937)
Net cash generated by financing activities		388,942
Net Increase (Reduction) of cash and other equivalent liquid resources Equivalent	11	38,386
Cash and other equivalent liquid assets		
Cash and cash equivalents at 30 September	11	38,386

Explanatory notes 1 to 30 hereto attached form an integral part of the consolidated cash flows statement for the period of eight months and fourteen days ending at 30 September 2014.

(Continued)

Translation of consolidated interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 30). In the event of a discrepancy, the Spanish-language version prevails.

(1) Nature, Activities and Composition of the Group

Lar España Real Estate SOCIMI, S.A. (hereinafter the Parent Company or Lar España) was incorporated as a Public Limited Liability Company in Spain on 17 January 2014, for an unlimited time period, under the name of Lar España Real Estate, S.A., which was modified to that which it currently holds on 6 February 2014.

It has its registered office at the address Calle Rosario Pino, 14-16, 28020 Madrid.

The corporate purpose of the Parent Company, according to its bylaws, is as follows:

- The acquisition and promotion of urban real estate assets for leasing.

- The holding of stakes in the capital of other Real Estate Market Investment Companies (or 'SOCIMI') or in other entities not domiciled within Spanish territory which have the same purpose as the former and which are subject to a similar regime to that established for SOCIMIs in terms of the policy established by mandatory regulation, law or bylaws for the distribution of profits.

- The holding of stakes in the capital of other entities, whether or not they are domiciled within Spanish territory, the main corporate purpose of which is the acquisition of urban real estate assets for leasing, and which are subject to the same regime as established for SOCIMIs in terms of the policy established by mandatory regulation, law or bylaws for the distribution of profits, and which comply with the investment requirements set out in Article 3 of Act 11/2009, of 26 October 2009, modified by Act 16/2012, of 27 December 2012, regulating Listed Real Estate Market Investment Vehicles.

- The holding of shares or stakes in Collective Real Estate Investment Vehicles governed by Collective Investment Vehicles Act 35/2003, of 4 November 2003, or any regulation which might replace this in the future.

- Alongside the economic activity derived from the main corporate purpose, SOCIMIs may engage in other ancillary activities, to be understood as those which as a whole account for less than 20% of the revenue of the Company over each taxation period, or any which may be deemed ancillary in accordance with the law applicable at the time in question.

Lar España Real Estate SOCIMI, S.A. and its dependent company Lar España Inversiones Logísticas, S.A. (hereinafter, the Group), details of which are set out below, have as their main activity the acquisition and management of retail centres and offices in the main, although they may to a lesser extent invest in other assets for rental or direct sales (commercial premises, industrial warehouses, logistical centres, residential products).

Lar España Real Estate SOCIMI, S.A. has had its shares titles listed for trading on the Spanish Securities Markets and on the Continuous Market since 5 March 2014.

The Parent Company is subject to Act 11/2009 of 26 October, amended by Act 16/2012 of 27 December, regulating listed Real Estate Market Investment Companies (SOCIMI, from the Spanish Acronym). Article 3 establishes the investment requirements applicable to these Companies, namely:

1. SOCIMIs must have invested at least 80% of the value of their assets in urban properties earmarked for lease, in land to develop properties to be earmarked for that purpose, provided that development begins within three years following its acquisition, and in equity investments in other companies referred to in Article 2.1 of Law 11/2009.

   The value of the assets is calculated based on the average of the quarterly separate balance sheets of the year. To calculate this value, the Company may opt to replace the carrying amount with the market value of the items contained in these balance sheets, which would apply to all the balance sheets for the year. Any money or collection rights deriving from the transfer of the aforementioned properties or ownership interest during the year or in prior years will not be included in the calculation unless, in the latter case, the reinvestment period referred to in Article 6 of Law 11/2009, of 26 October has elapsed.

2. At least 80% of the rental income from the tax period corresponding to each year, excluding the rental income deriving from the transfer of the ownership interests and the properties used by the Company to achieve its principal object, once the retention period referred to below has elapsed, should arise from the lease of properties and dividends or shares of profits arising from the aforementioned investments.

   This percentage will be calculated using the consolidated result if the company is the parent one in the group, as per the criteria set out in article 42 of the Code of Commerce, irrespective of the place of residence and the obligation of presenting consolidated annual accounts. This group must be exclusively formed by SOCIMIs, and the other entities referred to in section 1 of article 2 of this Act.

3. The properties included in the company's assets should remain leased for at least three years. The time during which the properties have been made available for lease will be included in calculating this term, with a maximum of one year.

   The period will be calculated:

   a) Property that is recorded under the company's assets prior to the application of this regime, from the date on which the first tax period, in which the special tax regime established in this Act is applied, begins, provided the property in question is already leased or offered for lease on that date. Otherwise, the provisions of the next paragraph will apply.

b) If the company builds or acquires the property after the application of the regime, from the date on which the property was leased or offered for lease for the first time.

With regard to the shares or participations in the entities referred to in section 1 of article 2 of this Act, they must remain part of the company's assets for at least three years from acquisition or, where applicable, from the beginning of the first tax period in which the special tax regime established in this Act was applied.

As established in Transitional Provision One of Act 11/2009 of 26 October, amended by Act 16/2012 of 27 December regulating Listed Real Estate Market Investment Companies, the company may choose to apply the special tax regime in the terms established in article 8 of that Act, even when the requirements are not met, provided that such requirements are fulfilled within two years following the date on which the option to apply that regime was taken.

Failure to fulfil this will imply that the Company must pay tax under the normal Corporation Tax regime from the tax period on which this failure takes place, unless it is corrected in the next financial year. Furthermore, the Company will be obliged to pay, along with the rate corresponding to that tax period, the difference between the normal rate under the general regime and the rate paid under the terms of the special tax regime, in the preceding tax periods, notwithstanding the interest that may apply for delays, surcharges and fines.

In addition to the above, the amendment of Act 11/2009 of 26 October by Act 16/2012 of 27 December 2012, establishes the following specific changes:

- Flexibility of criteria for property recorded and kept on the books: there is no lower limit in terms of the number of properties that must be registered for the foundation of a SOCIMI, except for those built for residential purposes, which must be at least 8. The properties no longer have to remain in the company's balance sheet for 7 years, but only a minimum of 3.

- Reduced capital needs and unlimited leverage: the minimum capital required is reduced from 15 to 5 million Euros, and the restriction on the maximum indebtedness permitted for the real estate investment vehicle is eliminated.

- Reduced dividend distribution: prior to the entry into law of this Act, the obligatory distribution of profit was 90%; from 1 January 2013 this is reduced to 80 %.

- The rate of tax for Corporation Tax applicable to SOCIMI is 0%. However, when the dividends that the SOCIMI distributes to its shareholders with a participation of more than 5% are exempt or are taxed at a rate of less than 10%, the SOCIMI will be subject to a special tax of 19% that will be considered the Corporate Tax rate, on the sum of the dividend distributed to those shareholders. If applicable, this special tax must be paid by the SOCIMI within two months from the date on which the dividend was distributed.

Lar España Real Estate SOCIMI, S.A., as the Parent Company of the Group, incorporated and holds 100% of the stock in its subsidiary Lar España Inversión Logística. It exercises effective control over said company without reliance on third parties.

Company name	Registered Office Social Security	Activity	Company owning the stake	% stake
Lar España Inversión Logística S.A.	Calle Rosario Pino, 14-16 28020 Madrid	leasing of real estate assets	Lar España Real Estate SOCIMI, S.A.	100

(2) Basis for presentation

(a) Regulatory framework

The consolidated interim financial statements corresponding to the period of eight months and fourteen days ending 30 September 2014, were drawn up on the basis of the accounting records of Lar España Real Estate SOCIMI, S.A. and of the consolidated dependent entity, and in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU) and all other provisions of the regulatory framework that apply to the Group, namely:

- Code of commerce and all other trade legislation.

- International Financial Reporting Standards (IFRS) adopted by the European Union in accordance with CE Regulation No 1606/2002 of the European Parliament and with Act 62/2003 of 30 December on tax, administrative and social measures, as well as the applicable standards and instructions published by the Spanish Securities and Exchange Commission.

- All other Spanish accounting laws that may apply,

in order to present a true image of the consolidated equity and consolidated financial situation of Lar España Real Estate SOCIMI, S.A. and its dependent company at 30 September 2014, and of their consolidated financial performance, their consolidated cash flows and changes in their consolidated net equity corresponding to the period of eight months and fourteen days ended at said date.

These consolidated financial statements were drawn up in accordance with the regulations in force at 30 September 2014.

(b) <u>Basis for presenting the consolidated interim financial statements</u>

The consolidated interim financial statements were drawn up on the basis of the historical cost principle, with the following exceptions:

- Investment properties were recorded at their fair value.

(c) <u>Operating currency and currency of presentation</u>

The consolidated interim financial statements are presented in thousand of Euros, which is the Parent Company's operating and presentation currency.

(d) <u>Comparative information</u>

As detailed in Note 1, the Parent Company was incorporated on 17 January 2014, and the period for presenting its consolidated interim financial statements therefore corresponds to the period running from 17 January 2014 up until 30 September 2014. As this is the first financial period of the Parent Company's operations, the Directors have not included comparative balances in the consolidated financial statement, consolidated statement of overall result, consolidated statement of changes in net equity, consolidated statement of cash flows or the explanatory notes.

(e) <u>Significant accounting estimates, significant assumptions and judgements in the application of accounting policies</u>

Preparation of the consolidated interim financial statements in accordance with the IFRS-EU requires the application of significant accounting estimates and the application of judgements, estimates and assumptions in the process of applying the Group's accounting policies.

In this regard, a summary is set out below of the details of those aspects involving the greatest degree of judgment, complexity, or where the hypotheses or estimates are significant in preparing the consolidated interim financial statements.

(i) <u>*Significant book estimates and assumptions*</u>

- Calculation of fair values of investment property through the application of valuation models (Note 6).

- Valuation correction for doubtful client´s debts, review of individual balances based on the credit rating of clients, current market trends and historical analysis of insolvencies at the aggregate level entail a considerable degree of judgment by Executive Management (Note 10).

- Calculation of the fair value of determined financial instruments (note 8).

- Evaluation of provisions and contingencies.

- Financial risk management.

(ii) *Changes in estimate*

Although the estimates performed by the Directors of the Parent Company were calculated in accordance with the best information available at 30 September 2014, it is possible that future events could force them to be modified in future financial years. The effect on the consolidated interim financial statements of any modifications which may arise out of adjustments to be made during future periods would be recorded on a forward-looking basis.

(iii) *Determination of fair values*

Certain accounting and Group policies require determination of fair values for both financial and non-financial assets and liabilities, when applicable.

In order to determine the fair value of an asset or liability, the Group employs as far as possible observable market data. Fair values are classified at different hierarchal levels of fair value in accordance with the input data employed in the evaluation techniques, as follows:

- Level 1: listed price (unadjusted) on active markets for identical assets and liabilities.

- Level 2: variables other than the listed prices included in Level 1 which can be observed for the asset or liability directly (such as prices) or indirectly (such as variables derived from prices).

- Level 3: variables employed for the asset or liability which are not based on observable market data (non-observable variables).

If the input data employed to measure the fair value of an asset or liability may be categorised at different levels of the fair value hierarchy, then measurement of the fair value is classified overall at the same fair value hierarchy level as that corresponding to the significant input data level for the full measurement which reveals the lowest Level.

The Group registers transfers between levels of the fair value hierarchy at the end of the period when the change occurred.

The following notes include additional information regarding the assumptions made when measuring fair values:

- Note 6 Investment property

- Notes 8 and 14 Financial instruments

(f) Standards and interpretations adopted from 1 January 2014 onwards

- IFRS 10 Consolidated financial statements. This establishes a single consolidation model for all entities based on the controlling interest, irrespective of the nature of the investee. It replaces the consolidation requirements of IAS 27.

- IFRS 11. Joint agreements. Replaces the consolidation requirements of IAS 31.

- IFRS 12. Disclosure of Interests in Other Entities. Establishes the required itemisation of shares in subsidiaries, associates, joint businesses and non-consolidated entities.

- IAS 27. Individual financial statements. After the publication of IFRS 10, this regulation only includes an entity's separated financial statements.

- IAS 28. Investments in associates and joint businesses. Revised in parallel with the publication of IFRS 11. Joint agreements. Also covers treatment of joint investee entities, as they must be consolidated, obligatorily, using the equity method, like associates.

- Transition rules: Amendment of IFRS 10, 11 and 12. Clarification of the transitional rules of these regulations.

- Investment companies: Amendment of IFRS 10, IFRS 12 and IFRS 27. Exception in the consolidation for parent companies that fulfil the definition of an investment company.

- Amendment of IAS 32, Financial instruments (Presentation). Offsetting assets with financial liabilities. Additional clarifications to the rules for offsetting financial assets and liabilities under IAS 32.

- Amendment of IAS 36, Itemisations of the recoverable sum of non-financial assets. Clarifies when determined itemisations are necessary and extends the requirements when the recoverable value is based on the fair value minus sales costs.

- Amendment of IAS 39, Novation of derivatives and continuation of hedge accounting. The modifications determine the cases and the criteria under which the novation of a derivative means that the hedge accounting does not have to be interrupted.

(g) Standards and interpretations issued which are not effective from 1 January 2014 onwards

- IFRS 9 Financial instruments (financial years beginning at or after 1 January 2018). Replaces the requirements of classification, valuation of financial assets and liabilities, deletions from accounts and hedge accounting of IAS 39. Pending adoption by the EU.

– IFRS 10 and IAS 28, Sale or contribution of assets between an investor and their associate or joint business. Effective date for financial years commencing from 1 January 2016 onwards.

– Amendment of IFRS 11, Reporting acquisitions of shares in joint operations (published May 2014). The amendment specifies the way in which the acquisition of a share in a joint operation whose activity constitutes a business must be reported. Effective date for financial years commencing from 1 January 2016 onwards.

– IFRS 14, Accounts of regulated activity deferrals. Effective date for financial years commencing from 1 January 2016 onwards.

– IFRS 15, Earnings from contracts with clients, (published May 2014). New regulation for earnings recognition (Replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31). Effective for financial years commencing from 1 January 2017 onwards. Pending adoption by the EU.

– IAS 16 and IAS 38, Acceptable methods of depreciation and amortisation (published in May 2014). Clarification regarding acceptable amortisation and depreciation methods. Effective on a forward-looking basis from 1 January 2016 onwards. Pending adoption by the EU.

– Modification of IAS 19, Employee contributions to defined benefit schemes (published November 2013). The modifications for clarifying the requirements concerning how to attribute the contributions of employees or related parties to their service periods. Effective for financial years commencing from 1 July 2014.

– IFRIC 21, Levies (published May 2013). The European Union endorsed IFRIC 21 (EU Official Journal of 14 June 2014), modifying the original date of enforcement established by the IASB, 1 January 2014, to 17 June 2014. Interpretation on when to recognise a liability for taxes or levies that are conditional on the entity's participation in an activity on a specific date.

– IAS 27, Modifications for considering the application of the equity method of accounting in separate financial statements. Effective date for financial years commencing from 1 January 2016.

(3) Accounting principles

(a) Dependent entities

Dependent entities, including structured entities, are understood as those over which the Parent Company exerts control, either directly or indirectly through its dependents. The Parent Company controls a dependent entity if as result of its involvement therein is exposed or entitled to variable yields and it has the capacity to influence said yields through the power which it exerts over it. The Parent Company has this power if it holds substantial rights in force which give it the ability to direct significant activities. The Parent Company is exposed or entitled to variable yields through its involvement in the dependent entity if the yields obtained by said involvement may vary depending on the economic evolution of the entity.

A structured entity is one designed such that voting rights and other similar rights are not the primary factor in deciding who controls the entity, for example in the event that potential voting rights refer solely to administrative tasks, with the relevant activities being governed by contractual agreements.

The revenue, expenses and cash flows of the dependent entities are included in the consolidated interim financial statements from the date of acquisition, which is the date when the Group obtains effective control thereof. Dependent companies are excluded from consolidation from the date on which the control is lost.

Transactions and balances held with Group companies and profits or losses not realised have been eliminated in the process of consolidation. Nonetheless, not realised losses have been considered as an indicator of impairment of the value of the assets transferred.

The accounting policies of the dependent entities have been adapted in accordance with the Group's accounting policies, for transactions and other events which are similar and occurred under similar circumstances.

The annual accounts or financial statements of the dependent Entities employed in the process of consolidation refer to the same date of presentation and the same period as those of the Parent Company.

(b) Investment property

Investment properties are real estate properties, including those in progress or development for future use as a real estate investment, which are maintained wholly or partly in order to obtain rent, capital gains or both, rather than for use in the production or supply of goods or services, or otherwise the administrative purposes of the Group, or for sale in the ordinary course of operations. Investment properties are initially recognised at their cost, including transaction costs.

All assets classified as investment properties are in operation, with several tenants. The purpose of these properties is for leasing to third parties. The Executive Management of the Group does not expect to dispose of these assets within the timeframe considered, and therefore chose to maintain the assets as investment property in the consolidated statement of financial position.

The Group values its investment property subsequent to initial recognition at their fair value. Profits or losses derived from changes in the fair value are recorded in the results.

In order to establish the fair value of investment property, the Group commissions independent valuation experts not associated with the Group to value all its assets every 30 June and every 31 December. Real estate properties are valued individually, taking into consideration each of the lease agreements in force at the date of valuation. For buildings with non-leased areas, these are valued in accordance with the estimated future rents, discounting a commercialisation period.

(c) Leases

(i) *Classification of leases*

The Group classifies as financial leases those contracts which at the outset substantially transfer the risks and benefits inherent in ownership of the assets to the lessee. Otherwise, the contracts are classified as operational leases. The Group is not engaged in financial leasing operations.

(ii) *Accounting of the lessor*

- Operational leases.

  Assets leased to third parties and operational lease contracts are set out in accordance with the nature thereof.

  Revenue derived from operational leases, net of any incentives granted, is recognised as revenue on a straight-line basis over the course of the term of the lease.

  Contingent lease instalments are recognised as revenue once it is probable that they will be obtained. This generally occurs when the conditions established in the contract arise.

(d) Financial instruments

(i) *Classification of financial instruments*

Financial instruments are classified at their initial recognition as a financial asset, a financial liability or an equity instrument, according to the economic basis of the contractual agreement and the definitions of financial asset, financial liability or equity instrument set out in IAS 32 "Financial instruments: Presentation”.

Financial instruments are recognised when the Group becomes an obliged part of the contract or legal business in accordance with the provisions thereof.

For the purposes of valuation, financial instruments are classified under the financial asset and liability categories at their fair value, with changes in results, a distinction being drawn between those initially designated as being held for trading, loans and accounts receivable, investments held until maturity, financial assets available for sale and financial liabilities at amortised cost. Classification into the above categories is performed in accordance with the characteristics of the instrument and the intentions of the Group at the time of initial recognition.

(ii) *Compensation principles*

Financial assets and liabilities are subject to compensation only if the Company enjoys a legally enforceable right to compensate the sums recognised and intends to liquidate the net amount or realise the asset and simultaneously cancel the liability.

(iii) *Financial assets and liabilities at fair value with changes in results*

Financial assets and liabilities at fair value with changes in results are those which are classified as being held for trading or those which have been so designated since the point of initial recognition.

A financial asset or liability is classified as being held for trading if:

- It is acquired or incurred essentially for the purpose of sale or repurchase in the immediate future;

- In the initial recognition it forms a part of a portfolio of identified financial instruments, managed jointly and for which there is evidence of a recent pattern of short-term profits being derived; or

- It is a derivative, except for a derivative designated as a hedging instrument which fulfils the conditions to be effective, and a derivative which is a financial guarantee contract.

Financial assets and liabilities at fair value with changes in results are initially recognised at their fair value. Transaction costs directly attributable to the purchase or issue are recognised as an expense as they are incurred.

Following initial recognition, they are recognised at their fair value, with variations being recorded under the results. The fair value is not reduced by transaction costs which may be incurred as a result of possible sale or disposal by some other means.

The Group does not reclassify any financial asset or liability from or to this category while it is recognised on the consolidated financial statement, except for a change in the classification of financial derivative hedging instruments.

(iv) *Loans and accounts receivable*

Loans and receivables are non-derivative financial assets with fixed or determinable payments and are non-trade in an active market. These are essentially sureties deposited with public agencies and received in turn from lessees, deposits made in banking entities and interest accruing not collected on the deposits arranged. These are included under current assets, except those with a maturity date beyond twelve months from the date of the consolidated statement of financial position, which are classified as non-current assets. Loans and items receivable for trade operations are included under "Trade debtors and other accounts receivable" in the consolidated statement of financial position, and the sureties and deposits made have been included under "Non-current financial assets" and "other current financial assets", depending on their maturity date.

These financial assets are initially valued at their fair value, including transaction costs directly attributable, and subsequently at the amortised cost, recognising interest accruing in accordance with the actual rate of interest, understood as the updated rate equal to the book value of the instrument with all estimated cash flows up until maturity. Notwithstanding the above, credits involved in trade operations with a maturity date of within one year are valued, both at the time of initial recognition and subsequently, at their nominal value, provided that the effect of not discounting the cash flows would not be significant.

At least at the close of the financial year, the necessary valuation corrections based on impairment in value are applied, if there is any evidence that all sums owed will not be collected.

(v) *Financial assets on maturity:*

The financial assets held to maturity are assets with a fixed or determinable collectible and whose date of maturity is set. With regard to these assets, the Group declares its intentions and its capacity to hold them in possession from the date of purchase to the date of maturity.

(vi) *Value impairment and unrecoverable financial assets*

A financial asset or group of assets is impaired, and an impairment loss has been recognized, if there is objective evidence of the impairment as a result of one or more events occurring following initial recognition of the asset, and if this event or events causing the loss has an impact on estimates of future cash flows from the asset or group of financial assets which can be reliably estimated.

- Value impairment of financial assets - valued at amortised cost

The amount of the impairment loss from financial assets valued at the amortised cost is the difference between the book value of the financial asset and the present value of the estimated future cash flows, excluding future credit losses not incurred, discounted at the original effective interest rate of the asset. For variable interest rate financial assets, the effective interest rate corresponding to the valuation date in accordance with the contractual conditions is employed.

If the financial asset is guaranteed, calculation of the impairment is performed at the present value of the flows which could result from allocation, net of costs of allocation and sale, discounted at the original effective interest rate. If the financial asset is not guaranteed, the Group applies the same criteria from the point at which allocation thereof is considered probable.

The Group recognises the impairment loss and the no-recoverability of loans and other accounts receivable and debt instruments through the registration of a corrective financial asset account. At the point at which it is held that the impairment and no-recoverability are irreversible, the book value is written down against the amount of the corrective account.

The recognised impairment loss is charged to results and is reversible in subsequent financial years if the reduction can be objectively linked to an event following recognition. Nonetheless, reversal of the loss is limited to the amortised cost which the assets would have had, if the value impairment loss had not been recorded. The reversal of the loss is recognised against the amount of the corrective account.

(vii) *Financial liabilities*

Financial liabilities, including trade creditors and other accounts payable, which are not classified at their fair value with changes in results, are recognised initially at their fair value adjusted for directly imputable transaction costs, and subsequently registered at the amortised cost, in accordance with the effective interest rate method. The effective rate of interest is the updated rate equal to the book value of the instrument, with the expected flow of future payments foreseeable up until maturity of the liability.

Notwithstanding the above, in accordance with the regulations, debts through trade operations which do not have a maturity beyond one year and have no contractual interest rate have been valued at all times at their face value, as the increase in the figure through the discounting of cash flows is not significant.

(viii) *Derecognitions of financial assets*

The Group applies criteria for the deregistration of financial assets to a part of a financial asset or a part of a group of similar financial assets or to a financial asset or a group of similar financial assets.

Financial assets are deregistered from the accounts when the rights to receive cash flows connected therewith have matured or been transferred, and the Group has substantially transferred the risks and benefits derived from ownership thereof.

(ix) *Derecognitions and modifications of financial liabilities*

The Company deregisters a financial liability or a part thereof once it has fulfilled the obligation contained in the liability or is legally released from the main responsibility contained in the liability, either as a result of court proceedings or by the creditor.

The exchange of debt instruments between the Group and the counterparty or substantial modifications to the initially recognised liabilities are recorded in the accounts as a cancellation of the original financial liability and the recognition of a new financial liability, provided that the instruments have substantially different conditions.

The Group considers that the conditions are substantially different if the present value of the discounted cash flows under the new conditions, including any commission paid, net of any commission received, and employing the original effective interest rate to perform the discounting, differs at least 10% from the present discounted value of the cash flows which still remain from the original financial liability.

If the exchange is registered as a cancellation of the original financial liability, the costs or commissions are recognised in the results, forming a part of the result thereof. Otherwise, cost or commissions adjust the book value of the liability and are amortised by the amortised cost method throughout the remaining useful life of the modified liability.

The Group recognises the difference between the book value of the financial liability or part thereof cancelled or assigned to a third party and the consideration paid, including any asset assigned which is other than cash or a liability assumed in the results.

(e) Parent Company Treasury Shares

Acquisition by the Group of equity instruments of the Parent Company is presented separately at the cost of acquisition as a reduction in the net equity on the consolidated financial statement, irrespective the reason behind the acquisition thereof. In transactions performed with own equity instruments, no result is recognised.

The subsequent amortisation of Parent Company equity instruments arises to a reduction in capital for the face value of the shares and the positive or negative difference between the price of acquisition and the face value of the shares, is charged or credited to the reserve accounts.

Transaction costs related with own equity instruments, including issue costs connected with a business combination, are registered as a reduction in the net equity, following consideration of any taxation impact.

At 30 September 2014 Lar España Real Estate SOCIMI, S.A. acquired treasury shares.

(f) Distributions to Shareholders

Dividends are paid in cash and are recognised as a reduction in net equity at the point at which they are approved by the General Shareholders' Meeting.

Pursuant to the terms of Article 6 of Act 11/2009, of 26 October 2009, modified by Act 16/2012, of 27 December 2012, those SOCIMIs opting for the special taxation regime will be obliged to distribute in the form of dividends to their shareholders the profit obtained during the financial year, following fulfilment of the corresponding corporate obligations, being required to agree the distribution thereof within six months of the conclusion of each financial year, to be paid within the month following the date of the distribution agreement.

(g) Inventory

Inventory is valued at the cost of acquisition.

The cost of acquisition includes the amount invoiced by the vendor following deduction of any discount, rebate or other similar items, in addition to any interest incorporated within the nominal amount of debts and others directly attributable to the acquisition, in addition to indirect taxes which could not be recovered from the Tax Office.

The Group employs the same cost formula for all inventory which has the same nature and a similar use within the Group.

The cost value of the inventory is corrected when the cost exceeds the net realisable value, understood as the estimated sales price, minus the costs necessary for the sale to take place.

The valuation correction previously recognised is reversed against results if the circumstances which caused the value reduction no longer exist, or if there is clear evidence of an increase in the realisable net value as a result of a change in economic circumstances. The valuation correction reversal is limited to the lower of the cost and the new net realisable value of the inventories.

At 30 September 2014 the Group maintain as inventory the acquisition of a number of parking spaces associated with a real estate development operation intended for sale.

(h) Cash and other equivalent liquid assets

Cash and cash equivalents include cash on hand and demand deposits at banks and credit institutions. This item also covers other highly liquid short-term investments provided that they can easily be converted into specific sums of cash and are subject to insignificant exchange rate risk. For these purposes investments maturing less than three months from the date of acquisition are included.

For the purposes of the consolidated statement of cash flows, these are included as cash and other equivalent liquid assets.

The Group classifies the cash flows corresponding to interest received and paid and dividends received and paid as financing activities.

(i) Employee remuneration

- *Short-term employee remuneration*

  Short-term employee remuneration is remuneration paid to employees, apart from end of contract compensation, which payment is expected to be settled in full before 12 months of the close of the financial year during which the employees provided the services entitling them to the remuneration.

  Short-term employee remuneration is reclassified as long-term if the characteristics of the remuneration change or if occurs a non-temporary change in the settlement expectations.

  The Group recognises the expected cost of short-term remuneration in the form of paid leave, the entitlement to which progressively accumulates, as employees provide the services entitling them to receive this right. If leave is not cumulative, the expense is recognised as the leave arises.

  The Group recognises the expected cost of profit-sharing or work incentive plans when there exists a present, legal or implicit obligation as a result of past events, and the value of the obligation can be reliably estimated.

(j) Provisions

(i) *General criteria*

Provisions are recognised when the Company has a present obligation, either legally, contractually, implicitly or tacitly, as a result of a past event, it is probable that there will be outgoing resources in order to settle the obligation, and the sum of the obligation can be reasonably reliably estimated.

The amounts recognised on the consolidated financial statement correspond to the best estimate at the date of close of the disbursements required in order to settle the present obligation, following consideration of risks and uncertainties connected with the provision and, where significant, the financial effect caused by the discounting, provided that it is possible to reliably establish the disbursements which will be performed in each period. The type of discounting is established pre-tax, based on the time value of money, and the specific risks not taken into consideration in future flows connected with the provision on each date of close.

Isolated obligations are valued on the basis of the most likely outcome. If the obligation entails a substantial population of uniform entries, it is valued by weighting the potential outcomes on the basis of their probabilities. If there is a continuous range of potential outcomes and each point of the range has the same probability as the remainder, the obligation is valued as the mean amount.

The financial effect of provisions is recognised as "financial expenses" in the results.

Provisions do not include the taxation impact or the gains expected from the disposal or abandonment of assets.

Reimbursement rights which may be demanded of third parties to settle the provision are recognised as a separate asset when it is practically certain that they will effectively be collected. The revenue connected with the reimbursement is recognised, where applicable, in the results as a reduction in the cost associated with the provision, subject to a limit of the amount of the provision.

Provisions are reversed against results when it is unlikely that there will be outgoing resources required to settle the obligation. The reversal is performed against the financial account where the corresponding expense was registered, and the surplus, when applicable, is recognised under the entry for "other revenues".

(k) Recognition of ordinary revenue

Lease revenue is recognised at the fair value of the consideration received or to be received as a result thereof.

Discounts (rent grace periods and rebates) granted to clients are recognised in the moment when the conditions establishing the granting thereof are deemed probable to be fulfilled, as a reduction in revenue through sales.

The discounts are recorded for accounting purposes by recognising the total rent concessions on a straight-line basis over the entire period for which the tenant's contract remains in force. If the lease is cancelled earlier than expected, the outstanding rent concession will be recognised during the last period before the contract is terminated.

(i) *Leasing of investment property to third parties*

The main activity of the companies comprising the Group is the acquisition and management of retail centres and offices in the main, with the possibility of investing to a lesser extent in other assets for rent or for direct sale (commercial premises, industrial warehouses, logistical centres, residential products). The Group's ordinary revenue is derived from the leasing of these investment properties to third parties.

Ordinary revenue derived from the leasing of investment properties, is recognised on the basis of the degree of realisation of the consideration on the date of close when the result of the transaction may be reliably estimated. The Group's leasing revenue is recognised by the companies on a monthly basis in accordance with the conditions and amounts agreed in the various contracts with the lessees. This revenue is recognised only when it can be reliably valued and it is probable that economic benefits will be received as a result of the lease.

In the case of the rendering of services where the final result cannot be reliably estimated, revenue is recognised only up to the limit of the recognised recoverable costs.

The community expenses that are re-invoiced to lessors are presented net of other operating income.

The Group regularly evaluates whether any service provision contract is onerous in nature, in which case it recognises any applicable provisions.

(l) Profits tax

Profits or expenses from tax on income comprise the part corresponding to profits or expenses from the current tax and the part corresponding to profits or expenses from the deferred tax.

Current tax is the sum that the Company pays as a result of profits tax settlements for a particular financial year. The deductions and other tax benefits affecting the tax rate, excluding withholdings and payments on account, and the tax losses from previous years that may be offset and effectively applied in the current period, reduce the sum of the current tax.

Deferred tax income or expense corresponds to the recognition and cancellation of deferred tax assets and liabilities. These include temporary differences that are identified as the sums that may be payable or recoverable deriving from differences between the book value of the assets and liabilities and their tax value, as well as negative tax bases that are yet to be offset and credits for tax deductions that have not been applied. These sums are recognised by applying the temporary difference or credit corresponding to the tax rate at which they are expected to be recovered or settled.

The special taxation regime applicable to SOCIMIs, after the amendments brought about by Act 16/2012 of 27 December, is built around a Corporation Tax rate of 0 per cent, provided certain requirements are met. One of these requirements is that at least 80 per cent of these assets must be urban buildings intended for lease and acquired in full ownership or thorough shares in companies that fulfil the same investment and result distribution requirements, whether Spanish or foreign, and whether or not they are listed on organised markets. Likewise, the main sources of income from these entities must come from the real estate market, whether it is through leases, the subsequent sale of property after a minimum period of lease or from holding shares in similar entities. However, the Tax will accrue proportionally to the distribution of dividends. Dividends received by shareholders will be exempt, unless the receiver is a legal person subject to Corporation Tax or a foreign entity’s permanent establishment, in which case the total tax rate will be subject to a deduction, in such a way that this income will be taxed at the same rate as normally paid by the shareholder. However, the rest of the income will not be taxed, so long as it is not distributed to the shareholders.

As provided in Transitional Provision Nine of Act 11/2009, of 26 October 2009, amended by Act 16/2012, of 27 December, regulating listed Public Limited Liability Real Estate Investment Companies, the entity will be subject to a special taxation rate of 19 per cent of the full amount of dividends or shares in profits distributed to shareholders where the stake in the capital stock of the entity is equal to or greater than 5 per cent, if said dividends, at the shareholders themselves, are exempt or are taxed at a rate of below 10 per cent. In this regard, the Group has established the procedure through which is guaranteed a confirmation by shareholders of their tax rate proceeding, if necessary, to withhold 19% of the dividend distributed to shareholders who do not meet the tax requirements mentioned above.

Thus, the Group has applied a tax rate of 0% on the dividends paid to its shareholders.

(m) Financial information by segment

An operating segment is a component of the Group which performs business activities capable of generating ordinary revenue and incurring costs, the operating results of which are reviewed regularly by the highest authority in reaching decisions as to the Group's operations, so as to decide about the resources which should be assigned to the segment, through an evaluation of its performance, and with regard to which separate financial information is available.

(n) Classification of assets and liabilities as either current or non-current

The Group presents its consolidated financial statement by classifying assets and liabilities as current or non-current. For these purposes, current assets or liabilities of those which comply with the following criteria:

- Assets are classified as current if they are expected to be realised or intended to be sold or consumed over the course of the normal Group operating cycle, are held essentially for trading purposes, are expected to be realised within a period of 12 months from the date of close, take the form of cash or other equivalent liquid assets, except in those cases where they cannot be exchanged or employed to cancel out a liability, at least within the 12 months following the date of close.

- Liabilities are classified as current if they are expected to be settled within the normal Company operating cycle, are held essentially for trading purposes, must be settled within a period of 12 months from the date of close or if the Group does not enjoy the unconditional right to delay settlement of assets during the 12 months following the date of close.

Derivative financial instruments which are not held for trading purposes are classified as current or as non-current depending on the maturity or periodic settlement term applicable to them.

(o) Insurance contracts

The Group maintains Civil Liability insurance and damage to property, plant and equipment insurance associated with those investment property which it has in operation or under construction. In addition, there are insurance policies in force with regard to members of the Board of Directors and Senior Management of the group.

(p) Environment

The Group undertakes operations which main aim is to prevent, reduce or rectify any damage which it could cause to the environment as a result of its activities.

The expenses derived from environmental activities are recognised as "Other operating expenses" in the financial year in which they are incurred. In any case, the Group's business does not cause any significant environmental effects, due to its inherent nature.

(q) Cash flow statement

The cash flow statement, prepared according to the indirect method, uses the following expressions with the following definitions:

- Cash flows: cash and cash equivalents inflow and outflow, understood as short-term investments that are highly liquid and not subject to significant risk of change in value.

- Business activities: normal activities of the Company, as well as other activities that cannot be classified as investment or financing activity.

- Investment activities: the acquisition, alienation or disposal by other means of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that cause changes in the size and composition of the net equity and liabilities, which are not part of the business activities.

(4) Financial information by segment

At 30 September 2014 the Group is internally divided into operational segments, with 3 separate business lines: retail centres (including the business for the leasing of commercial premises and central reservations), offices (including the office rental business) and logistics (including the logistical warehouse rental business), which are the strategic units of the business.

At 30 September 2014 the Group comprised the following operational segments, the main revenue and services of which are distinguished as follows:

- Retail centres: Txingudi, Las Huertas, Albacenter, Anec Blau and Villaverde.

- Office buildings: Arturo Soria and Cardenal Marcelo Spinola.

- Logistics: Alovera.

The profit from each segment, and from each asset within each segment, is used as a measurement of performance, as the Group believes that this information is the most significant in evaluating the results of certain segments with regard to other groups operating in these businesses.

Below is set out the information by segment of these activities, at 30 September 2014:

	Shopping Centres 2014	Office Buildings 2014	Logistics 2014	Other Activities 2014*	Total 2014
Ordinary revenue from external clients:	3,229	395	198	-	3,822
Lease revenue	3,229	395	198	-	3,822
Total ordinary revenue	3,229	395	198	-	3,822
Other Revenue	355	-	-	-	355
Personnel costs	-	-	-	(36)	(36)
Operating costs	(583)	(149)	(53)	(3,880)	(4,665)
Operating profit/(Operating loss)	3,001	246	145	(3,916)	(524)
Net Financials	-	-	-	1,998	1,998
	3,001	246	145	(1,918)	1,474

* Under “Other Activities”, the Group has included the revenue and costs of putting the Group into operation.

(Continued)

	Shopping Centres	Office Buildings	Logistics	Other Activities	Total
	2014	2014	2014	2014	2014
Investment property	159,525	43,848	12,929	-	216,302
Non-current financial assets	1,901	380	251	-	2,532
Total non-current assets	161,426	44,228	13,180	-	218,834
Inventory	-	-	-	2,639	2,639
Trade debtors and other accounts receivable	637	118	-	576	1,331
Other current financial assets	-	-	-	135,315	135,315
Other current assets	-	-	-	333	333
Cash and other equivalent liquid assets	-	-	-	38,386	38,386
Total current assets	637	118	-	177,249	178,004
Total assets	162,063	44,346	13,180	177,249	396,838

	Shopping Centres	Office Buildings	Logistics	Other Activities	Total
	2014	2014	2014	2014	2014
Total Net Equity	-	-	-	390,416	390,416
Other non-current liabilities	3,004	440	252	-	3,696
Trade creditors and other accounts payable	741	56	368	1,561	2,726
Total liabilities	3,745	496	620	1,561	6,422
Total liabilities and Net equity	3,745	496	620	391,977	396,838

(a) Geographical segments

As information is presented for geographical segments, the revenue from the segment is established on the basis of the geographical location of the assets. The segment assets are established on the basis of their geographical location.

(b) Geographical information

The table below details the summary of the ordinary revenue and non-current assets for each of the assets held by the Group, by geographical area:

	Thousands of Euros	
	30 September 2014	
	Ordinary revenue	Non-current assets
Basque Country	1,243	28,040
Catalonia	938	81,290
Castile-La Mancha	567	41,897
Castile-Leon	543	11,900
Autonomous Region of Madrid	531	53,175
	3,822	216,302

All activities performed within Spain.

(c) Main client

This caption presents a breakdown list of those tenants generating the greatest rental income at 30 September 2014, along with the key characteristics of each of them:

Position	Name	Project	% Out of total Rents	% Cumulative	Expiry	Sector
1	Mediamarkt	Villaverde	3.63%	3.63%	2022	Technology
2	Los Telares	Txingudi/Las Huertas	3.30%	6.93%	2017/2018	Fashion
3	C&A	Txingudi/Anec Blau	2.86%	9.79%	2020/2025	Fashion
4	Gambrinius – Jabugo	Txingudi	2.58%	12.38%	2020/2021	Restaurants
5	Kiabi	Txingundi	2.48%	14.86%	2027	Fashion
6	Mercadona	Anecblau	1.93%	16.78%	2030	Supermarket
7	If	Txingundi	1.86%	18.65%	2019	Cosmetics
8	Tech Data	Alovera	1.82%	20.47%	2019	Technology
9	Punto Roma	Txingundi	1.56%	22.03%	2025	Fashion
10	Zara	Anecblau	1.52%	23.55%	2025	Fashion

(5) Dependent Entities

(a) Group Composition

The dependent entities included within the Group's consolidation perimeter, with details of the accounting method applied in the consolidation at 30 September 2014, are as follows:

a.1) LAR España Real Estate SOCIMI, S.A.: A Spanish company incorporated on 17 January 2014, with a share capital of 60 thousand Euros, comprising 30,000 shares of a par value of 2 Euros each. On 5 February 2014 a capital increase of 80 million Euros was agreed, comprising 40 million shares of a par value of 2 Euros each, with a share premium of 8 Euros each. The main activity of the Company is the acquisition and management of retail centres and offices in the main, with the possibility of investing to a lesser extent in other assets for rent or for direct sale (commercial premises, industrial warehouses, logistical centres, residential products). It is the parent company of the Group.

a.2) LAR España Inversión Logística, S.A.: A Spanish company incorporated on 23 July 2014, with a share capital of 60 thousand Euros, comprising 30,000 shares of a par value of 2 Euros each. The main activity of the Company is the leasing of real estate assets (industrial warehouses) on its own account. A dependent company of the Group, 100% of its share capital being owned by LAR España Real Estate SOCIMI, S.A. It consolidates its results with the Group by means of the global integration method.

(6) Investment property

The investment property comprises 4 shopping centres, 2 office buildings, 1 commercial central reservation, 1 logistical warehouse, in addition to the corresponding land on which they are located, owned by the Group, maintained in order to derive lease revenue, and therefore not occupied by the Group.

Pursuant to the terms of Article 3 of Act 11/2009, of 26 October 2009, modified by Act 16/2012, of 27 December 2012, the Group must hold at least 80% of the value of its assets in urban real estate properties intended for lease. Given the recent incorporation of the Group, it has not yet attained the aforementioned percentage. Executive Management expects the Group to attain the required percentage over the course of the coming months. The Group has 2 years from application of its option as a Listed Public Limited Liability Real Estate Investment Company to fulfil the required percentages.

According to the regulations in force, at least 80% of income for the taxation period corresponding to each financial year, excluding income derived from the transfer of shares and of real estate assets, both associated with performance of its primary corporate purpose, must have the following origin:

- Leasing of real estate assets attached to the performance of its primary corporate purpose to individuals or entities not subject to any of the circumstances set out in Article 42 of the Code of Commerce, irrespective of residency, and/or

- Dividends or shares in profits derived from stakes associated with performance of its primary corporate purpose.

The composition and movements occurring in the accounts included under the caption on the Group consolidated financial statement of position as Investment property at 30 September 2014 were as follows:

	Thousands of Euros	
	Investment property completed	Total
Registrations in the period	216,115	216,115
Change in fair value	187	187
Balance at 30 September 2014	216,302	216,302
Fair value at 30 September 2014	216,302	216,302

Investment property is valued at their fair value.

The Group recognised the fair value of the following investment property held under operational leases at 30 September 2014:

	Thousands of Euros	
	Investment property held	Total
Retail centres and central reservation	159,525	159,525
Office buildings	43,848	43,848
Logistical warehouses	12,929	12,929
	216,302	216,302

At 30 September 2014 all real estate assets comprising the caption "Real Estate Investment" were insured.

At 30 September 2014 the detail of gross surface area and percentage occupancy by business line were as follows:

	Square meters	
	Gross leasable area	% occupation
Retail centres and central reservation	64,554	88.40%
Office buildings	17,249	60.60%
Logistical warehouses	35,195	100.00%

The fair value of investment properties was established by an external and independent valuation company of established professional capacity with recent experience in the location and category of the investment properties being valued. The independent valuation company provides the fair value of the Group's portfolio of investment property every six months.

These investments are valued in accordance with the statements in the RICS Evaluation and Valuation Manual published by the Royal institution of Chartered Surveyors (the "Red Book"), with headquarters in the United Kingdom.

The method used to calculate the market value of investments consists of preparing 10 years of projected revenues and expenses for each asset that will then be updated at the financial position statement date, by applying a market discount rate. The residual sum at the end of year 10 is calculated by applying a rate of return ("Exit yield" or "cap rate") of the projected net revenues for year 11. The market values obtained in this manner are analysed by calculating and analysing the yield capitalisation implicit in these values. The projections are intended to reflect the Group's best estimates, revised by the surveyor, on future revenues and expenses of real estate assets. Both the yield rate and the discount rate are defined in accordance with local real estate conditions and institutional market conditions; the rationality of the market value obtained in this manner is tested in terms of the initial gains.

The valuation company which performed the valuations of the investment property of the Group at 30 June 2014 was as follows:

	Valuation Company
Txingudi Retail Centre	Jones Lang Lasalle España, S.A.
Las Huertas Retail Centre	Jones Lang Lasalle España, S.A.

The remaining investment properties were acquired during the last three months of the period, so that their fair value does not differ from their acquisition price.

The fair value of investment property, amounting to 216,302 thousand Euros, was classified at fair value Level 3, on the basis of the variables in the valuation technique employed.

The fees paid by the Group to the valuation company were as follows:

	Thousands of Euros
	2014
For valuation services	6
	6

(7) Operational leases - Lessor

At 30 September 2014, the Group held retail centres, office buildings, the central reservation and logistical warehouses leased to third parties under operational lease conditions.

The real estate properties employed for leasing, which at 30 September 2014 were occupied to a level of 87.80%, generated ordinary revenue as detailed in the table below:

	Thousands of Euros								
	Shopping Centres					Office		Industrial Warehouses	Total
	Txingudi	Huertas	Albacenter	Anec Blau	Villaverde	Cardenal Marcelo Spinola	Arturo Soria	Alovera	
	1,243	543	369	938	136	130	265	198	3,822
Ordinary revenue	1,243	543	369	938	136	130	265	198	3,822

The Group has the following classes of assets leased to third parties under operational lease arrangements:

	Thousands of Euros								
	Shopping Centres					Office		Industrial Warehouses	Total
	Txingudi	Huertas	Albacenter	Anec Blau	Villaverde	Cardenal Marcelo Spinola	Arturo Soria	Alovera	
	28,040	11,900	28,968	81,290	9,327	19,285	24,563	12,929	216,302
Fair value	28,040	11,900	28,968	81,290	9,327	19,285	24,563	12,929	216,302

The lease contract which the Group has in place with its clients established a fixed rent and, where applicable, a variable rent depending on the development of the tenants' activities.

The earnings accruing as indicated in the above table referred to the revenue through the leasing of premises at retail centres, offices and warehouses accruing from 24 March 2014 up until 30 September 2014.

The minimum future rents for operational leases which cannot be cancelled are as follows:

	Thousands of Euros
	2014
Up to one year	13,394
Between one and five years	28,161
More than five years	19,903
	61,458

(8) Financial Assets by Category

(a) Classification of financial assets by category

The financial assets held by the Group at 30 September 2014 are sureties deposited with public agencies, accounts receivable with clients and Public Administrations and fixed-term cash deposits. They are detailed separately in the table below, at 30 September 2014:

	Thousands of Euros	
	2014	
	Not current	Current
	Book value	Book value
Loans and accounts receivable		
Deposits and guarantees	2,532	134,887
Other financial assets	-	428
Trade debtors and other receivables	-	
Clients for sales and provision of services (note 10)	-	755
Other credits with Public Administrations (note 10)	-	576
Total	2,532	136,646
Total financial assets	2,532	136,646

For financial assets recorded at their cost or amortised cost, the book value is not significantly different from the fair value.

At 30 September 2014 the entry "Deposits and bonds" essentially comprises bonds and deposits received from the tenants of the retail centres referred to in Note 4 as surety, and which the Group has deposited with the corresponding Public Agencies (“Deposits and sureties – non-current”) as well as the deposits made in financial entities maturing less than twelve months from 30 September 2014 (“Deposits and sureties – current”).

The entry "Other (current) financial assets" covers the financial interest accruing and not collected as a result of the Group's current accounts. This interest, at market rates, accrues monthly and is collected upon maturity. The interest is at the market rate, accruing and being collected on maturity.

(b) Classification of financial assets by maturity

The detail, by maturity, of Financial Assets is as follows:

	2014		
	Miles de Euros		
	Less than a year	Indeterminated	Total
Deposits and guarantees	134,887	2,532	137,419
Other financial assets	428	-	428
Trade debtors and other receivables	1,331	-	1,331
	136,646	2,532	139,178

(c) Net losses and gains by category of financial asset

The amount of net losses and gains by category of financial asset is as follows:

	Thousands of Euros	
	2014	
	Loans and items receivable	Total
Financial revenue applying the amortised cost method	1,998	1,998
Net Gains/(Losses) in losses and gains	1,998	1,998
Total	1,998	1,998

(9) Inventory

The detail of the inventory entry in the statement of financial position includes parking spaces which the Group associated with a real estate development operation intended for sale

This entry amounts to a total of 2,639 thousand Euros, and a total of 16 parking spaces.
The composition and movements occurring in the accounts included within the inventory of the real estate business are as follows:

	Thousands of Euros	
	2014	
	Parking spaces	Total
Net book value at 17 January 2014	-	-
Purchases	2,639	2,639
Balance at 30 September 2014	2,639	2,639

(10) Trade debtors and other receivables

The detail of trade debtors and other accounts receivable is as follows:

	Thousands of Euros	
	2014	
	Non-current	Current
Operational lease clients	-	849
Clients through operational leases - invoices pending formalisation	-	346
Other credits with Public Administrations (note 18)	-	576
Less valuation corrections for a unrecoverable status	-	(440)
Total	-	1,331

(a) Value impairment

The movement in the valuation corrections through value impairment and unrecoverable status of debts owed by tenants to the Group is as follows:

	Thousands of Euros
	2014
Balance at 17 January	-
Value impairment recognitions	350
Value impairment endowments	90
Balance at 30 September	440

Registrations through value impairment and unrecoverable debts owed by tenants to the Group correspond to collection rights at zero cost in acquisitions of investment properties at the Txingudi Retail Centre and the Las Huertas Retail Centre.

(11) Cash and other equivalent liquid assets

The detail of the cash and other equivalent liquid assets entry is as follows:

	Thousands of Euros
	2014
Banks	38,386
	38,386

The amount deposited in banks at 30 September 2014 is in sight deposits and is available for use.

The total financial revenue accruing at 30 September 2014 amounted to 1,998 thousand Euros.

(12) Net worth

(a) Capital

The movement of shares in circulation during the 2014 financial year was as follows:

	Thousands of Euros
	2014
Incorporation of Parent Company	60
Capital increases - share premium	80,000
Acquisition of treasury shares	(1,937)
At 30 September	78,123

At 30 September 2014 the shares of Lar España Real Estate SOCIMI, S.A amounted to 80,060 thousand Euros, represented by 40,030,000 registered shares, represented by book entries, of a par value of 2 Euros each, fully subscribed and paid up, giving the holders the same rights.

All shares in the Company Lar España Real Estate SOCIMI, S.A. are officially listed for trading on the stock Markets of Madrid, Barcelona, Bilbao and Valencia. There are no restrictions on the free transfer of shares.

On 5 February 2014 Grupo Lar Inversiones Inmobiliarias, S.A., the sole shareholder in the Company Lar España Real Estate SOCIMI, S.A., decided to increase the share capital of the latter by 80,000 thousand Euros, through the issuance and release of 40 million ordinary shares, of a value of 2 Euros each, to be subscribed and paid up by means of monetary contribution, and subsequently to be employed in a subscription offer ("Subscription Offer"). The sole shareholder likewise decided to issue these shares at their par value of 2 Euros, plus a share premium of 8 Euros per share, resulting in an issue price of 10 Euros per share.

In order to offset the difference between the issue rate corresponding to the shares subscribed by Grupo Lar Inversiones Inmobiliarias S.A. (2 Euros per share) and that corresponding to the Subscription Offer (10 Euros per share), Grupo Lar Inversiones Inmobiliarias, S.A. decided to increase the net equity of the company Lar España Real Estate, SOCIMI, S.A., without increasing the share capital, by means of a contribution to the net equity of a monetary amount of 240 thousand Euros, the result of multiplying the number of shares subscribed by Grupo Lar Inversiones Inmobiliarias S.A at the time of incorporation of the company Lar España Real Estate, SOCIMI, S.A. by the difference between the share issue rates (8 Euros).

As of 30 September 2014 the main shareholders of the Parent Company was as follows

	2014
Franklin Templeton Institutional, LLC	16.921%
PIMCO Bravo II Fund, L.P.	12.491%
Cohen & Steers, Inc	6.540%
Other shareholders with less than 5% of shares	64.048%
At 30 September	100%

The objectives of the Group in its capital management are to safeguard its capacity to continue as a company in operation, allowing it to continue offering returns to shareholders while benefiting other stakeholders, and maintaining an optimum capital structure so as to reduce the cost of capital.

So as to maintain and adjust the capital structure, the Group may adjust the amount of the dividends payable to shareholders, may return capital, issue shares or may sell assets so as to reduce its debt.

At 30 September 2014 the Consolidated Group had in place no loans or credits received on the part of the Group, related or unrelated or third parties.

(b) Share premium

The Consolidated Text of the Capital Companies Act expressly allows the balance of the share premium to be employed in order to increase the share capital, and places no form of specific restriction in terms of the availability of this balance.

This reserve is freely available provided that as a result of the distribution thereof the shareholder equity of the Company would not fall below the figure corresponding to the share capital.

At 30 September 2014 the Share Issue Premium of the Group amounted to 320,000 thousand Euros.

(c) Other reserves

(i) *Legal reserve*

The legal reserve has been provided for in accordance with Article 274 of the Consolidated Text of the Capital Companies Act, which lays down that, in all cases, a figure equal to 10% of profit for the financial year shall be used for this purpose until it reaches the level of at least 20% of the capital stock.

This may not be distributed, and if it is used to offset losses, should there be no other reserves sufficient and available for this purpose, it must be replaced from future profits.

At 30 September 2014 the Group had not endowed this reserve with the minimum limit established by the Consolidated Text the Capital Companies Act, as the 2014 financial year is the first year of operations for Lar España Real Estate SOCIMI, S.A. It will be endowed through distribution of the result from 2014 financial year.

Pursuant to Act 11/2009, regulating listed public limited liability real estate market investment companies (SOCIMIs), the legal reserve of those companies opting to apply the special taxation regime established in said Act may not exceed 20% of the capital stock. The bylaws of such companies may not establish any non-available reserve other than the above.

(ii) *Other Reserves*

This reserve corresponds to the expenses associated with the incorporation of the Parent Company and capital increase through the issuance of shares undertaken on 5 March 2014, amounting to 9,421 thousand Euros.

(iii) *Treasury shares*

At 30 September 2014, the parent company held treasury shares with a value of 1,937 thousand Euros. The movements that occurred during the eight month and fourteen day period were as follows:

	Number of shares	Thousand Euros
17 January 2014	-	-
Additions	233,752	2,135
Deletions	(21,873)	(198)
30 September 2014	211,879	1,937

(d) Dividends and restrictions on the distribution of dividends

Pursuant to the terms of Article 6 of Act 11/2009, 26 October 2009, modified by Act 16/2012, of 27 December 2012, those SOCIMIs opting for the special taxation regime will be obliged to distribute in the form of dividends to their shareholders, following fulfilment of the corresponding corporate obligations, the profit obtained during the financial year, being required to agree the distribution thereof within six months of the conclusion of each financial year, to be paid within the month following the date of the distribution agreement.

The Group has not agreed the distribution of any dividend since it was incorporated.

Those reserves of the Parent Company designated as being freely distributable, along with the profit for the financial year, are nonetheless subject to the limitations on distribution thereof set out below:

i. 100% of the profits derived from dividends or shares in profits distributed by the entity as referred to in Article 2.1 Act 11/2009.

ii. At least 50% of the profits derived from the transfer of real estate properties and shares or stakes as referred to in Article 2.1 of Act 11/2009, if performed after expiry of the periods referred to in Article 3.2 of Act 11/2009, where attached to performance of the primary corporate purpose. All other profits must be reinvested in other real estate assets or stakes attached to the performance of said object within a period of three years of the date of transfer. Such profits must otherwise be distributed in their entirety, together with any profits derived from the financial year when the reinvestment period concludes. If elements subject to reimbursement are transferred prior to the lock-in deadline, those profits must be distributed in their entirety together with any profits derived from the financial year during which they were transferred. The obligation to distribute does not, where applicable, amount to the part of those profits imputable to financial years during which the Group did not pay taxes under the special regime established in said Act.

iii. At least 80% of all other profits earned.

If the distribution of dividends is charged to reserves derived from profits from a financial year when the special taxation regime was applied, the distribution thereof shall be adopted on a mandatory basis in the manner described above.

(e) Capital management

The Group is fundamentally financed with its own funds. The Company can only resort to credit markets to finance the acquisition of new investments, by formalising mortgage surety loans, or otherwise obtain financing from related companies.

(13) Profit per share

(i) *Basic*

The profit per basic share is calculated by dividing the profit from the financial year attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares in circulation during the period, excluding own shares.

The detail of the calculated profit (loss) per basic share is as follows:

	Thousands of Euros
	30 September 2014
Profit (Loss) for the financial year attributable to holders of net equity instruments in the Parent Company (in thousands of Euros)	1,474
Weighted average number of ordinary shares in circulation (in titles)	37,802,773
Profit (Loss) per basic share (in thousands of Euros)	0.000039

The average number of ordinary shares in circulation is calculated as follows:

	30 September 2014
Incorporation of Parent Company (in titles)	30,000
Increase in Share Capital (in titles)	37,812,500
Average effect of treasury shares	(39,727)
Weighted average number of ordinary shares in circulation at 30 September (in titles)	37,802,773

(ii) *Diluted*

The profit per diluted share is calculating by adjusting the profit for the financial year attributable to holders of net equity instruments in the Parent Company and the weighted average number of ordinary shares in circulation with all the inherent dilutive effects to potential ordinary shares, in other words, as if all the potentially dilutive ordinary shares had been converted.

The Parent Company does not have different classes of potentially dilutive ordinary shares.

(14) Financial liabilities by Category

(a) Classification of financial liabilities by category

The classification of financial liabilities by category and class is as follows:

	2014	
	Non-current	Current
	Book Value	Book Value
Debts and accounts payable		
Other financial liabilities	3,696	-
Trade creditors and other accounts payable		
Creditors	-	2,454
Other accounts payable with Public Administration.	-	272
Total financial liabilities	3,696	2,726

(b) Classification of financial liabilities by maturity

The detail, by maturity, of “Non-current - Other financial liabilities” and “Trade creditors and other accounts payable” is as follows

	2014		
	Thousands of Euros		
	Less than a year	Indeterminate	Total
Other financial liabilities	-	3,696	3,696
Trade creditors and other accounts payable	2,726	-	2,726
Total	2,726	3,696	6,422

(15) Other non-current financial liabilities

Under the caption for other non-current financial liabilities, the Company recognises 3,696 thousand Euros at 30 September 2014 corresponding to the sureties delivered to the Group by the different lessors of the premises comprising the real estate assets. This sum generally represents two months’ lease and will be returned upon termination of the contracts.

(16) Trade creditors and other accounts payable

The detail of trade creditors and other accounts payable is as follows:

	Thousands of Euros
	2014
Trade creditors	1,823
Trade creditors, group companies	547
Advances pending payment	84
Other accounts payable with the Public Administration (note 18)	272
	2,726

(17) Information regarding deferrals of payment made to suppliers. Third Additional Provision. "Duty of Disclosure": Act 15/2010, of 5 July 2010"

Information regarding deferrals of payment to suppliers by the consolidated companies is set out below:

	Payments made and pending payment on the date of close of the balance sheet	
	2014	
	Amount	%
Within the maximum legal period	16,527	100%
Other	-	-
Total payments in financial year	16,527	100%
Weighted Average Payment Period Exceeded (days)	-	-
Deferrals which at the date of close were in excess of the maximum legal period	-	-

(18) Public Administrations and Tax Situation

(a) Current balances with Public Administrations

Debt Balances

	Thousands of Euros
	30 September 2014
Tax Agency payable for VAT	241
Tax Agency, other withholdings made	335
	576

Credit Balances

	Thousand of Euros
	30 September 2014
Tax Office, receivable for VAT	199
Tax Office, receivable for Income Tax	70
Creditor bodies of the Social Security	3
	272

(b) Conciliation of book value and tax base

At 30 September 2014, the tax base was calculated based on the result for the financial year plus expenses deriving from the foundation and extension of the capital of the Parent Company, which was directly taken to equity as well as timing differences due to existing limitations. At close of the interim financial statements, the Group has not recorded any deferred tax asset under this concept, as it is subject to the SOCIMI special Tax Regime.

	Thousand Euros
Profit before tax of ongoing operations	1,474
Permanent differences	(10,245)
Temporary differences	-
Tax Base (Losses)	(8,771)
Tax rate	-

(19) Risk Management and Policy

(a) Financial risk factors

The Group’s activities are exposed to a variety of financial risks: market risk, credit risk, liquidity risk and interest rate risk in cash flows. The Group’s overall risk management programme focuses on the uncertainty of the financial markets and aims to minimise any potential adverse effects on its financial profitability.

Risk management is controlled by Senior Executive Management of the Group in accordance with the policies approved by the Board of Directors. Senior Executive Management identifies, evaluates and hedges financial risks in close cooperation with the Group's operational units. The Board provides written policies for overall risk management, and also specific measures such as market risk, interest rate risk, liquidity risk and the investment of surplus liquidity.

(i) *Market Risk*

In accordance with the current situation of the real estate sector, and in order to minimise any impact that this could generate, the Group has established specific measures will be adopted in order to minimise the impact on its financial situation.

The application of these measures depends on the results of the sensitivity analyses which the Group recurrently prepares. These analyses take into consideration:

- Economic environment within which it performs its operations: Design of different economic scenarios, modifying the key variables which could affect the group (interest rates, share price, % occupancy of investment property, etc.). Identification of interdependent variables and their level of association.
- Timeframe for which the evaluation is being performed: Consideration will be given to the timeframe of the analysis and any possible deviations.

(ii) *Credit risk*

A credit risk is defined as the risk faced by the Group if a client or counterparty does not fulfil its contractual obligations.

The Group has no significant concentrations of credit risk. The Group has policies to limit the volume of risk with clients and exposure to risk in the recovery of credits is administered as a part of standard operations.

The Group has in place formal procedures for the detection of impairment in trade credits. These procedures and an individual analysis by business area serve to identify late payments and establish methods to be followed so as to estimate the impairment loss.
The maximum exposure to credit risk for credits and other items receivable at the date of the balance sheet is as follows:

	In thousands of Euros	
	Note	2014
Deposits and Guarantees	8	137,419
Other financial assets	8	428
Trade debtors and other receivables	10	1,331
Cash and cash equivalents	11	38,386
		177,564

The group policy regarding the impairment of trade debtors establishes that any debtors with a debt in excess of 90 days must have 100% of the total debt pending provisioned, less any guarantees and bonds provided by the debtor.

	2014			
	Thousands of Euros			
	Less than 3 months	More than 3 months and less tan 6 months	More than 6 months and less than 1 year	Total
Trade debtors and other receivables (excluding balances with the Public Administration)	755	152	288	1,195
Total Assets	755	152	288	1,195

The table below sets out the maximum exposure to credit risk by geographical region representing the Group's operations.

	Thousands of Euros	
	Note	2014
Basque Country	4.b	324
Castile-Leon	4.b	116
		440

Cash and cash equivalents

The Group holds cash and cash equivalents amounting to 38,386 thousand Euros, representing its maximum exposure to the risk associated with such assets.

Cash and cash equivalents are held with banks and financial institutions.

(iii) *Liquidity risk*

Liquidity risk is defined as the risk of the Group having difficulties in fulfilling its obligations associated with its financial liabilities which are settled by the handover of cash or other financial assets.

The Group applies a prudent management of the liquidity risk, based on maintaining sufficient liquidity in order to fulfil its obligations when they mature, under both normal and stressed conditions, without incurring any unacceptable losses or jeopardising the Group’s reputation.

Exposure of the Group to liquidity risk at 30 September 2014 is detailed below. The enclosed tables reflect the analysis of financial liabilities by contractual remaining maturity dates.

	2014			
	Thousands of Euros			
	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	Total
Trade creditors and other accounts payable (excluding balances with the Public Administration)	404	1,983	67	2,454
Total	404	1.983	67	2,454

(iv) *Exchange rate risk in cash flows and fair value*

At 30 September 2014 the Group held short-term fixed-interest financial assets (Deposits) in order to generate returns on its cash surplus not invested in investment property. Fixed-interest financial assets are mainly independent of variations in market interest rates.

At the close of the financial year, the revenue and cash flows from the Group's operating activities were mainly independent of variations in market interest rates.

At 30 September 2014 the Consolidated Group had in place no loans or credits received from the Group, related, unrelated or third parties.

(20) Disclosures regarding the Fair Value of Financial and Non-Financial Assets and Liabilities

(a) Assets and Liabilities valued at their fair value

The detail of assets and liabilities valued at their fair value, and the hierarchy by means of which they are classified, are as follows:

	Thousands of Euros			
	2014			
	Total	Level 1	Level 2	Level 3
Recurrent valuations at fair value				
Investment property				
Shopping centres				
- Land	59,933	-	-	59,933
- Buildings	99,592	-	-	99,592
Office Buildings				
- Land	20,523	-	-	20,523
- Buildings	23,325	-	-	23,325
Industrial units				
- Land	1,681	-	-	1,681
- Buildings	11,248	-	-	11,248
Total Assets valued recurrently at fair value	216,302	-	-	216,302

During the financial year there were no transfers of assets and liabilities between the different levels.

The main assumptions used in the calculation of the investment property' fair value have been the following:

Net initial Yield	7.26% - 7.79%
Internal rate of return	11.25% - 12%
Exit Yield	7.50% - 8%

(21) Ordinary Revenue

The detail of ordinary revenue was set out in Note 4b, together with information by segment.

(22) Other Revenue

During the 2014 financial year, the Group includes other revenue amounting to 355 thousand Euros, corresponding mainly to the variations in the fair value method for its investment property (187 thousand Euros), temporary assignments of communal areas of retail centres (78 thousand Euros) and the premature termination of lease contracts (48 thousand Euros).

(23) Other Costs

The detail of other expenses is as follows:

	Thousands of Euros 2014
Operational lease expenses	72
Independent professional services	3,844
Insurance premiums	87
Banking expenses	4
PR and advertising	88
Taxes	174
Losses through value impairment and unrecoverable status of trade debts and other accounts receivable (see Note 10a)	90
Remuneration of the Board of Directors	187
Other expenses	119
	4,665

(24) Employee remuneration expenses

The detail of employee remuneration expenses at 30 September 2014 was as follows:

	Thousands of Euros 2014
Wages, salaries, et al.	29
Other social security expenses and taxes	7
	36

(25) Financial costs and revenue

The detail of Financial Revenue and Expenses was as follows:

	Thousands of Euros 2014
Financial revenue from other financial assets at amortised cost	1,998
Total financial income	1,998

(26) Balances and Transactions with Related Parties

(a) Balances and Transactions with related parties

On 12 February 2014 an Investment Management Contract was signed by and between Grupo Lar Inversiones Inmobiliarias, S.A. and Lar España Real Estate SOCIMI, S.A. the terms of which agreed management services on the part of Grupo Lar Inversiones Inmobiliarias, S.A, including among others the acquisition and management of real estate assets in the name of the Parent Company and financial Management. The contract accrues fixed fees based on the percentage of the fair value (EPRA NAV) of the investments made as well as variable fees that will depend on management performance.

These services are recorded in the operating expenses account of the consolidated results statement. At 30 September 2014, the cost for this concept is 1,190 thousand Euros, and the agreed limits for variable remuneration were not met.

At 30 September 2014, the Group has accounts payable for this concept in the sum of 547 thousand Euros.

In addition, the Group has formalised a contract with the binding company Gentalia 2006, SL, for the provision of services related to management and administration of real estate assets. At 30 September 2014, the cost for this concept was 116 thousand Euros.

(b) Information regarding the Directors of the Parent Company and the Group's senior executive personnel

The remuneration received during the 2014 financial year by the members of the Board of Directors and Senior Executive Management of the Company, classified by item, was as follows:

	Thousands of Euros	
	2014	
	Salaries	Expenses
Board of Directors	-	187
Senior Management	29	-

At 30 September 2014 the Group had no obligations in place with regard to pensions and life assurance for the former or current members of the Board of Directors or the Senior Executive Management of the parent Company.

At 30 September 2014, there were no advances or credits which had been granted to members of the Board of Directors or Senior Executive Management.

(c) Transactions outside ordinary dealings or under conditions other than market conditions undertaken by Directors and members of the Governing Board of the Parent Company

Aside from transactions with related parties as disclosed above during the 2014 financial year, the Directors and members of the Governing Board of the Parent Company did not perform with it or with Group companies any operations lying outside ordinary dealings, or under non-market conditions.

(27) Information on employees

The average number of Group employees at 30 September 2014, broken down by category, was as follows:

	2014
Professional category	
Senior Management	2
Board Members	5
Total	7

Meanwhile, the gender distribution of the Group at 30 September 2014 was as follows:

	Number	
	2014	
	Women	Men
Senior Management	-	2
Board Members	-	5
Total	-	7

(28) Auditors' fees

At 30 September the Group recorded the following sums corresponding to fees for the services involved in auditing the accounts of the Group or other related services provided by Deloitte, S.L.

	Thousands of Euros
	30 September 2014
Services related to audits	
Audit at 24 January 2014	4
Other services related to audits	189
Other services	212

The title "Other services related to audits" includes the services performed in the process of increasing the share capital and the Parent Company's flotation on the stock market.

(29) Subsequent Events

Subsequent to 30 September 2014, the following significant events connected with the Group occurred:

- On 13 October 2014 the Group, through its subsidiary Lar España Inversión Logística S.A.U., acquired from HENARES EDIFICIOS S.A. six logistical warehouses located at km. 48 on the A2 motorway in the municipality of Alovera (Guadalajara), at the heart of Corredor de Henares, with a gross leasable area (GLA) of approximately 83,951 square metres. The acquisition was undertaken for a total amount of 32.15 million Euros.

- On 13 October 2014, the Parent Company formalised with CECOSA HIPERMERCADOS, S.A. an agreement for the acquisition of shares representing 58.78% of the share capital of the company Puerta Marítima Ondara, S.L., the owner of the retail centre (except for the hypermarket premises) "Portal de la Marina" in Ondara, Alicante. The acquisition was performed for a total amount of 17.5 million Euros, which were paid in full with the Parent Company's equity. The remaining proportion of the shares in Puerta Marítima Ondara, S.L. is owned by a subsidiary of Grupo Lar Inversiones Inmobiliarias Lar, S.A., Manager of the Company.

- On 16 December 2014 the Group purchased the "Egeo" office building in Madrid from MEAG MUNICH ERGO KAPITALAN, Sucursal en España, with a gross leasable area (GLA) of approximately 18,252 square metres, through its subsidiary Lar España Offices, S.A.U. This acquisition totalled Euros 64.9 million.

- On 17 December 2014 the Group purchased the "Nuevo Alisal" retail park in Alisal, Santander, which comprises three single-tenant commercial properties, from GRUPO EMPRESARIAL SADISA, S.L., with a gross leasable area (GLA) of approximately 8,107 square metres, through its subsidiary Lar España Parque de Medianas, S.A.U. This acquisition totalled Euros 17 million.

- On 19 December 2014 the Group purchased a hypermarket in the ALBANCENTER shopping centre in Albacete from JOPARNY, S.L., with a gross leasable area (GLA) of approximately 12,486 square metres, through its subsidiary Lar España Shopping Centres, S.A.U. This acquisition amounted to Euros 11.5 million.

- On 23 December 2014 the Group purchased an office building in Madrid from HERMANOS BERNAL PAREJA, C.B., with a gross leasable area (GLA) of approximately 6,232 square metres, through its subsidiary RIVERTON GESTION, S.L. This acquisition totalled Euros 12.7 million.

(30) Explanation added for translation to English

These consolidated interim financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2.a). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND DEPENDENT COMPANY

Presentation of the Consolidated Interim Financial Statements corresponding to the period of eight months and fourteen days ended at 30 September 2014

The Directors Lar España Real Estate SOCIMI, S.A. met on 2nd February 2015, and in accordance with the requirements laid down in Articles 253 of the Consolidated Text of the Capital Companies Act and in Article 37 of the Code of Commerce, proceeded to draw up the Consolidated Interim Financial Statements corresponding to the period of eight months and fourteen days ending on 30 September 2014. The Consolidated Interim Financial Statements comprise the annexed documents preceding this text.

Signatories:

Mr Jose Luis del Valle Doblado (Chairman)	Mr Alec Emmott
Mr Roger Maxwell Cooke	Mr Pedro Luis Uriarte Santamarina
Mr Miguel Pereda Espeso	