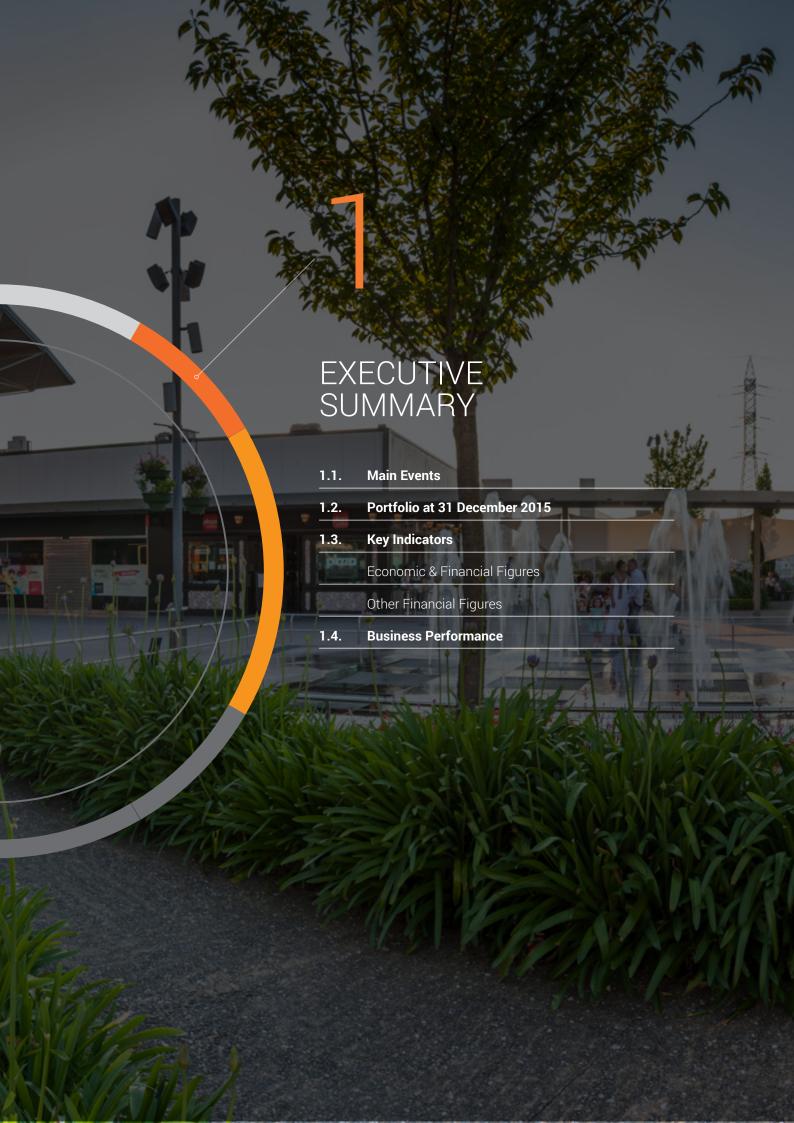






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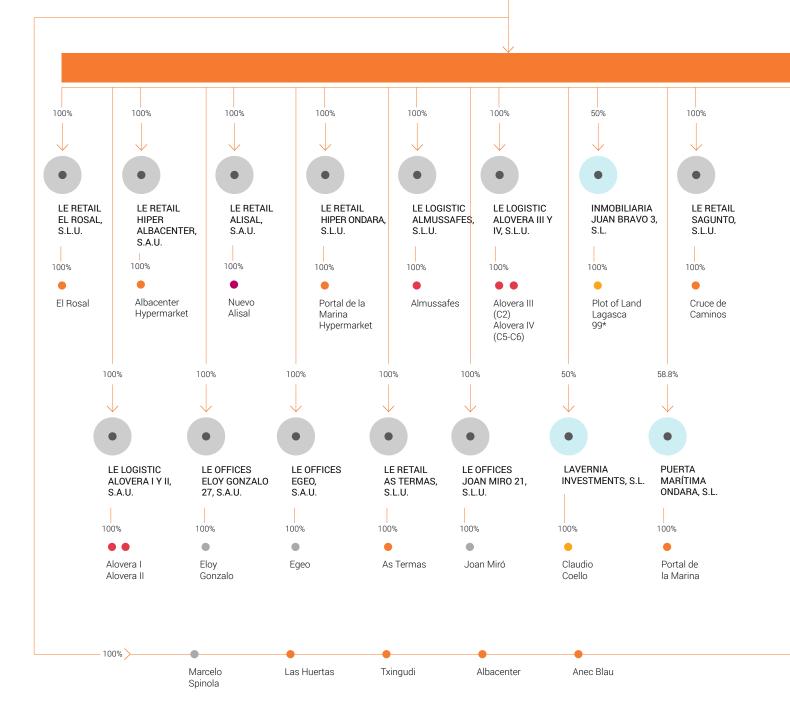




At 31 December 2015, the consolidated financial statements of the consolidated Lar España Group (hereinafter the "Group") were presented in accordance with the accounting principles established in the International Financial Reporting Standards adopted by the European Parliament (EU-IFRS) up until this date.

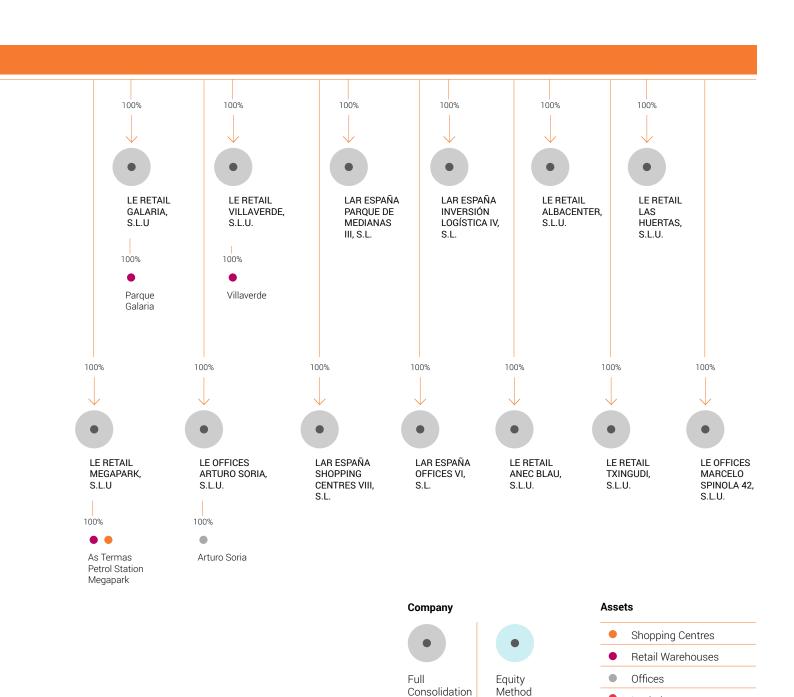
The scope of the Group's consolidation is as follows:

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.



Logistics Residential

For comparative purposes, the balances of the Consolidated Comprehensive Income Statement and the Consolidated Statement of Financial Position are shown together with those for the year before.



#### 1.1. Main Events

- On 30 January 2015 Lar España completed the acquisition, through two joint ventures shared 50% with the Luxembourg-based company LVS II LUX XIII S.a.r.l., whose investment adviser is Pacific Investment Management Company LLC ("PIMCO") or its subsidiaries, of the following real estate assets located in one of the prime areas of the city of Madrid:
  - A plot of land located at Calle Juan Bravo, 3 which will be used for a residential development with a total area of 26,203 sqm, of which 19,453 sqm are buildable.
  - A Residential building located at Calle Claudio Coello, 108, with a total built area of 5,318 sqm, of which 4,479 sqm are above ground and 839 sqm are below ground, which is already occupied and rented out.

The acquisition was carried out for a maximum total amount (still pending adjustments) of 120 million Euros which have been paid up by the shareholders and the joint ventures through a combination of shareholder's equity and bank financing.

- On 12 February 2015, Lar España announced that, on this date, Morgan Stanley & Co. International plc, by virtue of the mandate granted by the Company, successfully completed a process of book building aimed exclusively at qualified investors for the placement of ordinary (senior) guaranteed bonds (the "Bonds") issued by the Company to investors for a total of 140,000,000 Euros, with maturity on 21 February 2022. In accordance with the bond agreement adopted by the company's board of directors, the bonds will be issued at par with a face value of 100,000 Euros and an annual coupon rate of 2.90%.
- On 15 April 2015 the Company, through its subsidiary LE Retail AsTermas, S.L.U. (previously named Global Noctua, S.L.U.) acquired As Termas Shopping Centre in Lugo (Galicia), with a gross leasable area (GLA) of approximately 33,151 sqm, from Lugo Retail Gallery, S.A.

The acquisition was carried out for a total amount of 67 million Euros, fully paid up with the Company's shareholder's equity.





• The Company acquired a portfolio of three logistics warehouses from UBS REAL ESTATE GmbH's branch in Spain on 26 May 2015 through two 100% owned subsidiaries. Two of the warehouses are located in Alovera (Guadalajara) and have a total gross leasable area (GLA) of approximately 23,482 sqm. The third warehouse is located in Almussafes (Valencia) and has a gross leasable area (GLA) of approximately 19,211 sqm.

The acquisition was carried out for a total amount of 18.5 million Euros, fully paid up with the Company's shareholder's equity.

- On 4 June 2015, FTSE announced the results of its quarterly review of the "FTSE EPRA/NAREIT Global Real Estate Index" series including the shares of Lar España.
- On 9 June 2015, the Company acquired the hypermarket located in Portal de la Marina Shopping Centre from Altadena Invest, SL. through its 100% subsidiary LE Retail HiperOndara, S.L.U. (previously named Global Brisulia, S.L.U.) This hypermarket has a total gross leasable area (GLA) of 9,924 sqm.

The acquisition was carried out for a total amount of 7 million Euros, fully paid up with the Company's shareholder's equity.

On 11 June 2015, the Company acquired an **office building** and a **ground floor retail unit**, located at **Joan Miró 21 in Barcelona**, with a gross leasable area (GLA) of approximately 8,610 sqm, from MUTUA PELAYO DE SEGUROS Y REASEGUROS A PRIMA FIJA through its 100% subsidiary LE Offices Joan Miró,21, S.L.U. (previously named Global Meiji, SLU.).

The acquisition was carried out for a total amount of 19.7 million Euros, fully paid up with the Company's shareholder's equity.

 On 7 July 2015 the Company acquired 100% of the share capital of the company LE Retail El Rosal, S.L.U. (previously named El Rosal Retail, S.L.U.), owner of the "El Rosal" Shopping Centre in Ponferrada (León) with a gross leasable area (GLA) of approximately 51,142 sqm from DHCRE II NETHERLANDS II BV.

The acquisition was carried out for a total sum of 87.5 million Euros, subject to the subsequent adjustments that are customary with this type of operation, paid with a combination of shareholder's equity and bank financing.









Additionally, the Company reports the signing of two **bank loans** with CaixaBank and ING associated with the shopping centres **El Rosal** and **As Termas**, respectively, for a total sum of 87.34 million Euros.

On 16 July, the National Securities Market Commission approved the prospectus corresponding to the Capital Increase to be carried out within the framework of the authorisation granted to the Board by the General Meeting of Shareholders of Lar España on 28 April 2015 to increase the capital by up to a maximum of 50% of its amount, with preferential subscription rights.

This prospectus, which contains the terms and conditions of the Capital Increase and the procedure established for the subscription of the New Shares, is available on Lar España's website (www.larespana.com) and will also be published on the CNMV's website (www.cnmv.es).

On 20 July 2015 the Company reached an agreement with OCM Gaudí Master Holdco BV for the purchase of 100% of the share capital of LE Retail Megapark, S.L.U. (previously named Elisandra Spain VIII, S.L.U.) the owner of a shopping centre that includes 14 single-tenant retail warehouses with a gross leasable area (GLA) of 44,532 sqm and a set of single-tenant retail premises that includes 61 premises, with a gross leasable area (GLA) of 19,395 sqm, both located within the real estate development Megapark Barakaldo (Vizcaya) for a total amount of approximately, 170 million Euros. Overall, the Project is expected to have an initial occupancy of 92% and an initial yield on cost of 6.25%.

- On 23 July 2015, the Parent Company, through its subsidiary company LE Retail Galaria, S.L.U. (previously named Global Misner, S.L.U.) entered into an agreement with Galaria Superficie Comercial Pamplona, S.L.U. for the purchase of two single-tenant retail premises at Parque Galaria (Pamplona), with a gross leasable area (GLA) of 4,108 sqm. The agreed amount of the purchase was 8.4 million euros.
- On 3 August 2015, the Company, through its wholly owned subsidiary LE Retail Sagunto, S.L.U. (previously named Global Regimonte, S.L.) entered into an agreement with ACTIVIDADES INTEGRADAS URBANÍSTICAS S.L. Urban Developer of the PAI for macro-sector-IV and the adjoining PGOUs belonging to Sagunto for the acquisition of a 120,000 sqm plot in macro-sector-IV- Sagunto (Valencian Community), on which the retail complex "Cruce de Caminos" is expected to be developed, with a 45,000 sqm gross leasable area (GLA). The complex will comprise a shopping centre of

approximately 20,000 sqm (with a hypermarket and a retail arcade) and a retail park of 25,000 sqm with specialised "big-boxes". This project, which forms part of the pipeline under exclusivity referred to in the capital increase prospectus registered with the CNMV on 16 July 2015 under "Real Estate Portfolio - Pipeline under exclusivity", is expected to be completed between the end of 2016 and spring 2017, at a total cost of 53 million Euros, of which 14 million Euros relate to the purchase of the plot of land, and the remainder, to the development of the project.



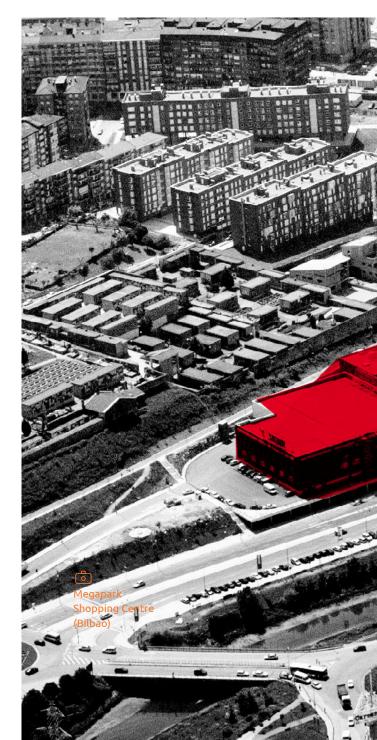
- On 6 August 2015, the Company finalized its share capital increase for which 19,967,756 new ordinary shares were subscribed for a total issue price of Euros 2 each plus a share premium of Euros 4.76 per share, for a total issue price of Euros 6.76 per new share. As a result, the new ordinary shares subscribed amount to gross proceeds of Euros 134,982,030.56. The new ordinary shares were duly registered with the Commercial Registry of Madrid on 7 August 2015. The new ordinary shares started trading on the Spanish Stock Market on August 10 2015.
- On 19 October 2015, and in conjuction with the regulatory news published on 20 July 2015, the Company notified that it had reached an agreement with OCM Gaudí Master Holdco BV (a company controlled by Oaktree Capital Management) for the acquisition of 100% of the capital stock of LE Retail Megapark S.L.U. (previously named Elisandra Spain VIII, S.L.U.), which owned (i) a retail park, which includes 14 retail warehouses with a gross leasable area (GLA) of 44,532 sqm and (ii) an Outlet Shopping centre, with 61 retail units and a GLA of 19,395 sqm, both of which are located in real estate complex Megapark Barakaldo (Vizcaya) this acquisition had now been completed.

As previously mentioned, the acquisition was carried out for a total amount of approximately 170 million Euros, which has been fully paid up with Company equity.

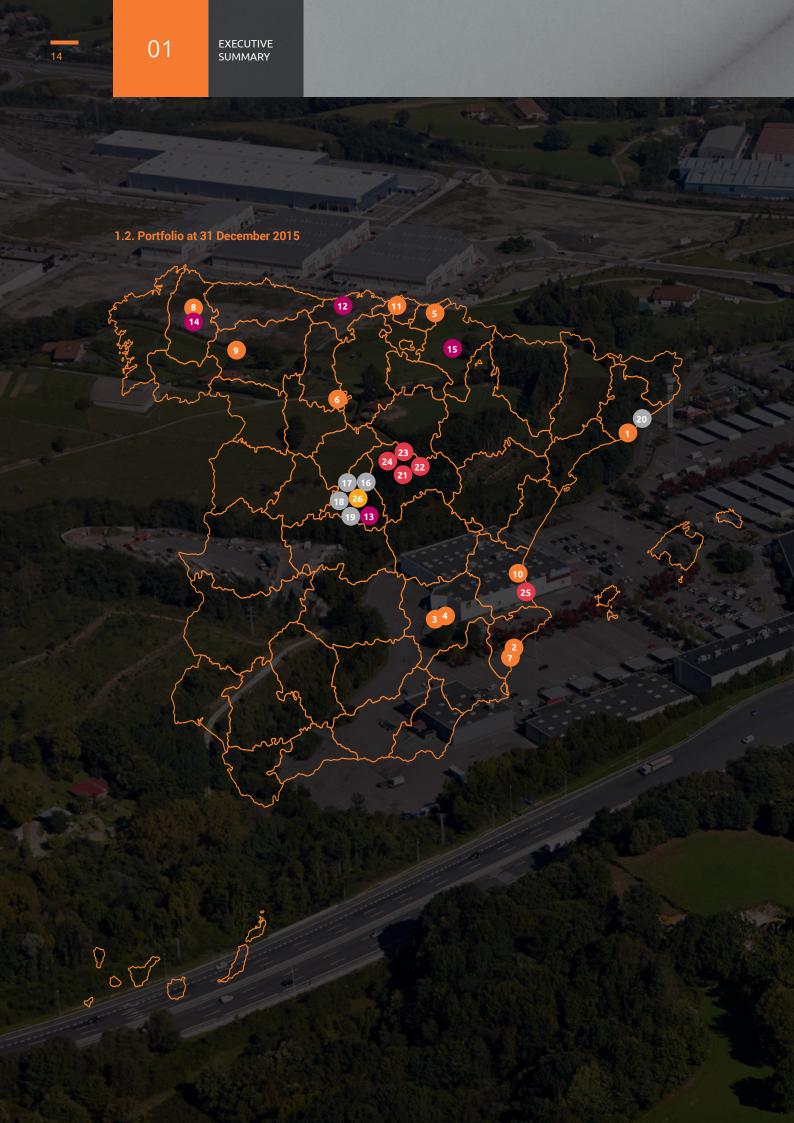
This is the largest transaction that Lar España has carried out to date.

The complex comprises a leasable retail area of 64,000 sqm, and features top-tier brands such as El Corte Inglés, Decathlon, Conforama, Media Markt, Maison du Monde and Toys 'R' Us.

• On 18 December 2015, the Extraordinary Shareholders' Meeting of Lar España, (at second call), has approved, with the majorities established by law and in the bylaws, all the proposals for resolutions submitted to its consideration and vote, on the terms submitted to the shareholders in the documentation made available to them with the notice of call for this shareholders' meeting, a copy of which was remitted to the CNMV by means of a relevant fact dated 16 November 2015 (with registration number 231023).







## Shopping Centres

- 1 Anec Blau (Barcelona)
- 2 Portal de la Marina (Alicante)
- 3 Albacenter (Albacete)
- 4 Albacenter Hypermarket and Retail Units (Albacete)
- 5 Txingudi (Guipúzcoa)
- 6 Las Huertas (Palencia)
- 7 Portal de la Marina Hypermarket (Alicante)
- 8 As Termas (Lugo)
- 9 El Rosal (León)
- 10 Cruce de Caminos (Valencia)
- 11 Megapark (Bilbao)

### Retail Warehouses

- 12 Nuevo Alisal (Santander)
- 13 Villaverde (Madrid)
- 14 As Termas Petrol Station (Lugo)
- 15 Parque Galaria (Pamplona)

### Offices

- 16 Egeo (Madrid)
- 17 Arturo Soria (Madrid)
- 18 Marcelo Spinola (Madrid)
- 19 Eloy Gonzalo (Madrid)
- 20 Joan Miró (Barcelona)

### Logistics

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

#### Residential

26 Lagasca 99/ Claudio Coello (Madrid)

## 1 ANEC BLAU, BARCELONA



Location	Barcelona
GLA	28,603 sqm
Purchase Date	31 July 2014
Acquisition Price	EUR 80.0 m
Market Value (31December 2015)*	EUR 84.9 m

### 2 PORTAL DE LA MARINA, ALICANTE



Location	Ondara (Alicante)
GLA	17,638 <sup>(1)</sup> sqm
Purchase Date	30 October 2014
Acquisition Price	EUR 47.6 m
Market Value (31December 2015)*	EUR 51.0 m

(1) Lar España ha adquirido el 58,78% de Puerta Marítima Ondara, S.L. SBA total: 30.007 m².

### **3 ALBACENTER, ALBACETE**



Location	Albacete
GLA	15,428 sqm
Purchase Date	30 July 2014
Acquisition Price	EUR 28.4 m
Market Value (31December 2015)*	EUR 32.3 m

### 4 ALBACENTER HYPERMARKET, **ALBACETE**



Location	Albacete
GLA	12,462 sqm
Purchase Date	19 December 2014
Acquisition Price	EUR 11.5 m
Market Value (31December 2015)*	EUR 12.4 m

### **5 TXINGUDI, GUIPÚZCOA**



Location	Irún (Guipúzcoa)
GLA	9,862 sqm
Purchase Date	24 March 2014
Acquisition Price	EUR 27.7 m
Market Value (31December 2015)*	EUR 30.7 m

### **6 LAS HUERTAS, PALENCIA**



Location	Palencia
GLA	6,225 sqm
Purchase Date	24 March 2014
Acquisition Price	EUR 11.7 m
Market Value (31December 2015 )*	EUR 11.7 m

 $<sup>\</sup>star$  The valuations have been made at 31December 2015 by external independent valuers: JLL or C&W

### 7 PORTAL DE LA MARINA HYPERMARKET, ALICANTE



Location	Ondara (Alicante)
GLA	9,924 sqm
Purchase Date	9 June 2015
Acquisition Price	EUR 7.0 m
Market Value (31December 2015)*	EUR 7.8 m

### 8 AS TERMAS, LUGO



Location	Lugo
GLA	33,150 sqm
Purchase Date	15 April 2015
Acquisition Price	EUR 67.0 m
Market Value (31December 2015)*	EUR 68.5 m

### 9 EL ROSAL, LEÓN



Location	Ponferrada (León)
GLA	51,022 sqm
Purchase Date	7 July 2015
Acquisition Price	EUR 87.5 m
Market Value (31December 2015)*	EUR 89.6 m

### 10 CRUCE DE CAMINOS, VALENCIA (2)



Location	Sagunto (Valencia)
GLA	43,091 sqm
Purchase Date	3 August 2015
Acquisition Price	EUR 14 m
Market Value (31December 2015)*	EUR 15.7 m

<sup>(2)</sup> Development of the project dependent on planning and commercialization fulfillment.

### 11 MEGAPARK, BILBAO



Location	Bilbao
GLA	63,938 sqm
Purchase Date	19 October 2015
Acquisition Price	EUR 170.0 m
Market Value (31December 2015)*	EUR 171.4 m

 $<sup>\,^{\</sup>star}$  The valuations have been made at 31December 2015 by external independent valuers: JLL or C&W

### **12 NUEVO ALISAL, SANTANDER**



Location	Santander
GLA	7,649 sqm
Purchase Date	17 December 2014
Acquisition Price	EUR 17.0 m
Market Value (31December 2015 )*	EUR 17.2 m

### 13 VILLAVERDE, MADRID



Location	Madrid
GLA	4,391sqm
Purchase Date	29 July 2014
Acquisition Price	EUR 9.1 m
Market Value	EUR 9.9 m

### 14 AS TERMAS PETROL STATION, LUGO



Location	Lugo
GLA	2,000 sqm
Purchase Date	28 July 2015
Acquisition Price	EUR 1.8 m
Market Value (31December 2015)*	EUR 1.8 m

### 15 PARQUE GALARIA, PAMPLONA



Location	Pamplona
GLA	4,108 sqm
Purchase Date	23 July 2015
Acquisition Price	EUR 8.4 m
Market Value (31December 2015)*	EUR 9.5 m

#### 16 EGEO, MADRID



Location	Madrid
GLA	18,254 sqm
Purchase Date	16 December 2014
Acquisition Price	EUR 64.9 m
Market Value (31December 2015)*	EUR 69.2 m

### 17 ARTURO SORIA, MADRID



Location	Madrid
GLA	8,663 sqm
Purchase Date	29 July 2014
Acquisition Price	EUR 24.2 m
Market Value (31December 2015)*	EUR 25.6 m

### 18 MARCELO SPINOLA, MADRID



Location	Madrid
GLA	8,586 sqm
Purchase Date	31July 2014
Acquisition Price	EUR 19.0 m
Market Value (31December 2015)*	EUR 21.5 m

### 19 ELOY GONZALO, MADRID



Location	Madrid
GLA	6,231 sqm
Purchase Date	23 December 2014
Acquisition Price	EUR 12.7 m
Market Value (31December 2015)*	EUR 13.0 m

### 20 JOAN MIRÓ, BARCELONA



Location	Barcelona
GLA	8,610 sqm
Purchase Date	11 June 2015
Acquisition Price	EUR 19.7 m
Market Value (31December 2015)*	EUR 20.4 m

### 21 ALOVERA I, GUADALAJARA



Location	Guadalajara
GLA	35,195 sqm
Purchase Date	7 August 2014
Acquisition Price	EUR 12.7 m
Market Value (31December 2015 )*	EUR 14.3 m

#### 22 ALOVERA II, GUADALAJARA



Location	Guadalajara
GLA	83,952 sqm
Purchase Date	13 October 2014
Acquisition Price	EUR 32.1 m
Market Value (31December 2015 )*	EUR 36.8 m

#### 23 ALOVERA III (C2), GUADALAJARA



Location	Guadalajara
GLA	8,591 sqm
Purchase Date	26 May 2015
Acquisition Price	EUR 3 m
Market Value (31December 2015)*	EUR 3.3 m

### 24 ALOVERA IV (C5-C6), GUADALAJARA



Location	Guadalajara
GLA	14,891 sqm
Purchase Date	26 May 2015
Acquisition Price	EUR 7.2 m
Market Value (31December 2015)*	EUR 7.5 m

#### **25 ALMUSSAFES, VALENCIA**



Location	Valencia
GLA	19,211 sqm
Purchase Date	26 May 2015
Acquisition Price	EUR 8.4 m
Market Value (31December 2015)*	EUR 8.5 m

### 26 LAGASCA 99 AND CLAUDIO COELLO, MADRID



Location	Madrid
GLA	31,521 <sup>(1)</sup> sqm
Purchase Date	30 January 2015
Acquisition Price	60 <sup>(2)</sup> m
Market Value (31December 2015)*	EUR 64.4 m

 $<sup>26,\!203</sup>$  sqm for development in Lagasca 99 and 5,318 sqm corresponds to the Claudio Coello building. Corresponds to the 50% of the JV with PIMCO.

 $<sup>\</sup>star$  The valuations have been made at 31 December 2015 by external independent valuers: JLL or C&W

## Economic & Financial Figures

1.3. Key Indicators

During 2015 the Group generated an **EBITDA** of **18,699** thousand Euros and a net profit for the business year of **43,559** thousand Euros.

(Thousands of Euros)	Q4 2015	Q4 2014
Revenues	35,734	8,606
nevenues	30,134	0,000
EBITDA	18,699	1,484
	44.677	1.006
EBIT	44,677	1,926
РВТ	43,559	3,456
Not weeft	42.550	2.456
Net profit	43,559	3,456

The Group is immersed in the analysis and evaluation of investment opportunities in line with its policies.

### Other Financial Indicators

The Group presents the following financial indicators:

	31/12/2015	31/12/2014
Working capital (Thousands of Euros)	49,645	52,380
Liquidity ratio	3.5	11.8
Solvency ratio	1.1	1.1
Return on Equity (ROE)	9.05%	0.89%
Return on Assets (ROA)	5.72%	0.79%

At 31 December 2015, the Group presented ratios related to liquidity (working capital and liquidity ratio) with very high values, showing that the Group has sufficient liquidity and a high safety margin to meet its payments.

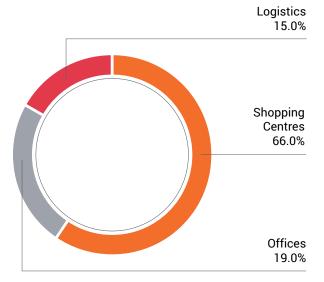
At 31 December 2015, the **ROE** ("Return on Equity"), which measures the Group's profitability as a percentage of its shareholders equity, amounted to **9.05%** (0.89% at 31 December 2014) whilst the **ROA** ("Return on Assets"), which measures the efficiency of the Group's total assets regardless of the sources of financing used, i.e. the ability of a company's assets to generate income, was **5.72%** (as opposed to 0.79% at 31 December 2014).

#### 1.4. Business Performance

#### **Income Distribution**

**Rental income reached 35,734 thousand Euros** in 2015 (versus 8,606 thousand Euros in the same period of the year before). The relative weight of rental income by line of business at 31 December 2015 is as follows:

### Q4 2015 % RENTAL INCOME BY BUSINESS UNIT

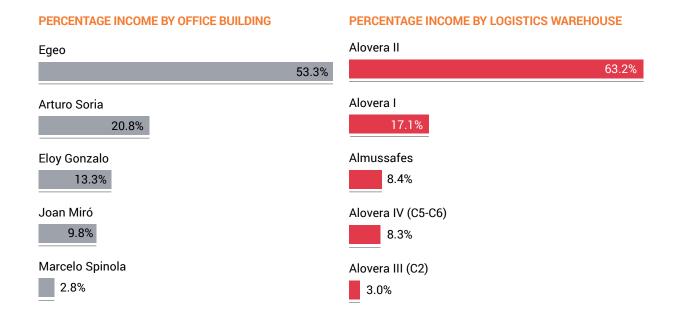


The breakdown of the **income per asset** for these three lines of business in 2015 is as follows:

#### PERCENTAGE INCOME BY SHOPPING CENTRE



0.2%



Below are the ten **tenants that have generated the most revenue** during 2015 and their main characteristics:

Ranking	Trade name	Project	%/ total rental income	% Accumulated	Expiry date	Sector
1	Centros Comerciales Carrefour, S.A.	Alovera II/El Rosal	11.45%	11.45%	2017-2028	Distribution
2	Ingeniería y Economía del Transporte, S.A.	Egeo	7.66%	19.11%	2021	Transport
3	Media Markt	Villaverde/As Termas/Alisal	5.16%	24.27%	2030-2036	Technology
4	Tech Data	Alovera I	2.57%	26.84%	2019	Technology
5	Cecosa Hipermercados, S.L.	Albacenter Hyper/Portal de la Marina Hyper/As Termas	2.24%	29.08%	2024-2060	Distribution
6	C&A Modas, S.L.	Txingudi/El Rosal/Anec Blau	2.02%	31.10%	2022-2025	RM Fashion
7	Toys r us Iberia, SA	Nuevo Alisal	1.78%	32.88%	2036	Distribution
8	Zara España, S.A.	Anecblau/El Rosal/As Termas	1.71%	34.59%	2025-2030	RM Fashion
9	Cortefiel, S.A.	El Rosal/As Termas/ Albacenter/Txingudi/Las Huertas/Anecblau	1.54%	36.13%	2017-2025	RM Fashion
10	Segurcaixa Adeslas, S.A.	Arturo Soria	1.45%	37.58%	2020	Insurance





#### 2.1. Consolidated Statement of Comprehensive Income

Thousands of Euros	2015	2014
Revenues	35,734	8,606
Other income	3,374	217
Personnel expenses	(396)	(108)
Other expenses	(20,013)	(7,231)
Changes in the fair value of investment properties	25,978	(442)
RESULTS FROM OPERATING ACTIVITIES	44,677	1,926
Financial income	2,444	2,391
Financial expenses	(6,127)	(519)
Impairment and results on disposals of financial instruments	(29)	=
Share in profit (loss) for the period of equity-accounted companies	2,594	(342)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	43,559	3,456
Income tax	-	-
PROFIT FOR THE PERIOD	43,559	3,456

#### Results from operating activities

At 31 December 2015 the Group presented a **positive result for its operations** amounting to **44,677 thousand Euros** (versus losses of 1,926 thousand Euros at 31 December 2014).

### Revenues

**Revenue** during 2015 amounted to **35,734 thousand Euros**, 85% of which was rental income from shopping centres and offices.

#### Other income

At 31 December 2015, **other income** is mainly made up of the difference between the cost of the business combination and the value of the identifiable assets acquired and the liabilities taken on corresponding to the acquisition of the company LE Retail El Rosal, S.L.U. (previously named El Rosal Retail, S.L.U.).

#### Other expenses

At 31 December 2015 the Group incurred **other expenses** amounting to **20,013 thousand Euros**, mainly related to:

- Management fees (performance fee included) for management services provided to the Company by Grupo Lar Inversiones Inmobiliarias ("Grupo Lar") (11,241 thousand Euros).
- Professional services (accounting and legal advice, audit and property valuations), amounting to 3,939 thousand Euros.

#### Change in the fair value of investment properties

The amount in this entry is made up of the difference in the fair value of investment properties following the latest valuations conducted by independent experts (C&W and JLL) at 31 December 2015.

#### Net financial result

The financial result was a negative balance of 3,683 thousand Euros at 31 December 2015 (versus a positive result of 1,872 thousand Euros at 31 December 2014).

In 2015 the **financial income** amounting to **2,444 thousand Euros**, corresponds to the interest accrued on the current accounts and deposits held by the Group at financial institutions, whilst the **financial expenses of 6,127 thousand Euros** correspond, on the one hand, to interest accrued on loans taken out by the Group with

financial institutions, as well as the interest accrued on the bonds issued by the Group in February 2015 (see item 1.1. Significant Events).

Consolidated Statement of Comprehensive Income by business line.

The income and expenses recorded by the Group at 31 December 2015 broken down by business line are as follows:

Thousands of Euros	Shopping Centres	Offices	Logistics	Residential	LRE*	Total
Revenues	23,588	6,771	5,375	=	-	35,734
Other income	3,084	218	23	49	-	3,374
Personnel expenses					(396)	(396)
Other expenses	(3,937)	(1,101)	(416)	(10)	(14,549)	(20,013)
Changes in the fair value of investment properties	16,023	4,536	5,419	-	-	25,978
RESULTS FROM OPERATING ACTIVITIES	38,758	10,424	10,401	39	(14,945)	44,677
Net financial income/cost	(1,370)	(660)	6	1,559	(3,218)	(3,683)
Impairments and results of disposal of financial instruments	(29)	-	-	-	-	(29)
Share in profit (loss) for the period of equity-accounted companies	5,515	-	-	(2,921)	-	2,594
PROFIT FOR THE PERIOD	42,874	9,764	10,407	(1,323)	(18,163)	43,559

<sup>(\*)</sup> The amount included in LRE column are corporate expenses.

At 31 December 2015 shopping centres presented an operating profit of 38,758 thousand Euros; offices an operating profit of 10,424 thousand Euros; and the logistics warehouses an operating profit of 10,401 thousand Euros. The "LRE" column includes management fees amounting to 11,241 thousand Euros.

### 2.2. Consolidated Statement of Financial Position

31/12/2015	31/12/2014
1	-
776,375	357,994
16,774	
43,217	18,087
8,475	3,841
844,842	379,922
-	2,843
4,647	1,970
26,717	<u> </u>
1,676	32,032
601	136
35,555	20,252
69,196	57,233
914,038	437,155
	1 776,375 16,774 43,217 8,475 844,842 - 4,647 26,717 1,676 601 35,555 69,196

Thousands of Euros	31/12/2015	31/12/2014
Share capital	119,996	80,060
Share premium	415,047	320,000
Other reserves	(5,767)	(9,185)
Retained earnings	43,559	3,456
Treasury shares	(709)	(4,838)
Valuation adjustments	(1,560)	-
EQUITY	570,566	389,493
Financial liabilities from issue of bonds and other marketable securities	138,233	-
Loans and borrowings	173,354	37,666
Derivatives	1,560	-
Other non-current liabilities	10,774	5,143
NON-CURRENT LIABILITIES	323,921	42,809
Financial liabilities from issue of bonds and other marketable securities	3,504	-
Loans and borrowings	5,593	156
Other financial liabilities	2,651	18
Trade and other payables	7,803	4,679
CURRENT LIABILITIES	19,551	4,853
TOTAL EQUITY AND LIABILITIES	914,038	437,155

#### Non-current assets

### Investment properties

At 31 December 2015, **investment properties** are classified under non-current assets, at a fair value of **776,375 thousand Euros** (357,994 thousand euros at 31 December 2014). The Group's investment properties consist of nine shopping centres, four retail warehouses, two plots of land, five office buildings and five logistics warehouses. Of particular significance is the investment in shopping centres and offices amounting to 705,985 thousand Euros (311,923 thousand euros at 31 December 2014), with revenue from leases representing 85% of the Group's total revenues during 2015 (86% of Group's revenues at 31 December 2014).

#### **NET INVESTMENT**

Thousands of Euros	31/12/2015	31/12/2014
Shopping Centres	547,707	189,053
Offices	149,750	122,870
Logistics	70,390	46,071
Others (*)	8,528	
Investment Properties	776,375	357,994

<sup>\*</sup> The amount detailed in the item "Others" among others relates to the fair value of the Cruce de Caminos plot of Land. (See point 1.1 Main Events).

The **GLA**, the **fair value** and the **initial yield** per asset is as follows:

### **SHOPPING CENTRES**

	Txingudi	Las Huertas	Albacenter	Anec Blau	Villaverde	Hypermarket Albacenter	Nuevo Alisal
Total gross leasable area (GLA) (sqm)	9,862	6,225	15,428	28,603	4,391	12,462	7,649
Fair value (Thousands of Euros)	30,700	11,700	32,332	84,890	9,851	12,437	17,202
Net Initial Yield	5,97% - 6,88%						

	Hypermarket Portal de la Marina	As Termas	As Termas Petrol Station	Galaria	El Rosal	Megapark	Total Shopping Centres
Total gross leasable area (GLA) (sqm)	9,924	33,150	2,000	4,108	51,022	63,938	248,762
Fair value (Thousands of Euros)	7,750	68,500	1,845	9,500	89,600	171,400	547,707
Net Initial Yield			5.97% - 6.88	3%			

### **OFFICES**

	Arturo Soria	Marcelo Spínola	Egeo	Eloy Gonzalo	Joan Miró	Total Offices
Total gross leasable area (GLA) (sqm)	8,663	8,586	18,254	6,231	8,610	50,344
Fair value (Thousands of Euros)	25,600	21,500	69,210	13,000	20,440	149,750
Net Initial Yield		(1) 4.63% - 5.19%				

 $<sup>(1) \</sup> No \ net \ initial \ yield \ is \ taken \ into \ account \ for \ Marcelo \ Sp\'{n}ola \ as \ it \ is \ undergoing \ refurbishment$ 

### **LOGISTICS**

	Alovera I	Alovera II	Alovera III (C2)	Alovera IV (C5-C6)	Almussafes	Total Logistics
Total gross leasable area (GLA) (sqm)	35,195	83,952	8,591	14,891	19,211	161,840
Fair value (Thousands of Euros)	14,300	36,840	3,250	7,500	8,500	70,390
Net Initial Yield			7.859	% - 9.52%		

	Total Others	Total Group
Total gross leasable area (GLA) (sqm)	-	460,946
Fair value (Thousands of Euros)	8,528	776,375

#### Financial assets with associates

The amount recognised under this item at 31 December 2015 reflects loans extended to Inmobiliaria Juan Bravo 3, S.L..

#### Equity-accounted investees

At 31 December 2015, the amount reflects investments held by the Group that are accounted for using the equity method: Puerta Marítima Ondara, Lavernia Investments, S.L. and Inmobiliaria Juan Bravo 3, S.L. (Puerta Marítima Ondara, S.L., and Lavernia Investments, S.L. at 31 December 2014).

The increase in this section during 2015 is primarily due to the capitalization of credits granted to Inmobiliaria Juan Bravo 3, S.L. and Lavernia Investments, S.L.

#### Non-current financial assets

At 31 December 2015 the Group has recognised as non-current financial assets mainly security deposits received from tenants, which the Group has deposited with the corresponding public bodies.

#### **Current assets**

#### Inventories

At 31 December 2014 the balance of inventories amounted to 2,843 thousand Euros, and corresponded to the parking spaces purchased by the Group with the sole purpose of selling them. In July 2015, all of the parking spaces were sold without producing any significative profit for the Group.

#### Financial assets with associates

At 31 December 2015 the amount of this item mainly reflects the loan and current accounts with the associate Inmobiliaria Juan Bravo 3, S.L.

#### **Financial liabilities**

#### Loans & Borrowings

The characteristics of the Loans & Borrowings are as follows:

Туре	Project	Entity	Interest rate	Maturity date	Nominal amount (Thousands of Euros)	Current (Thousands of Euros)	Non-current (Thousands of Euros)
Mortgage Loan	Egeo	WestImmo	Eur 3M + 2%	15/12/2019	30,000	-	30,000
Mortgage Loan	Nuevo Alisal	Bankinter	Eur 3M + 2.90%	16/06/2025	7,822	166	7,509
Mortgage Loan	Lagasca 99	Banco Santander	Eur 3M + 2.83%	30/01/2018	25,000	5,119	19,839
Mortgage Loan	As Termas	ING BANK N.V.	Eur 3M + 1.80%	25/06/2020	37,345	-	36,445
Mortgage Loan	El Rosal	Caixabank	Eur 3M + 1.75%	07/07/2030	50,000	264	48,646
Mortgage Loan	Villaverde	Bankinter	1.75% until 30/09/2018 (afterwards Eur 12 month + 1.75%)	13/10/2020	4,550	4	4,461
Mortgage Loan	Arturo Soria	Bankinter	1.80% until 30/09/2018 (afterwards Eur 12 month + 1.80%)	09/11/2020	13,000	32	12,746
Mortgage Loan	Parque Galaria	Caixabank	1.75% until 14/03/2016 (afterwards Eur 3M + 1.75%)	14/12/2029	4,200	3	4,168
Mortgage Loan	Joan Miró	BBVA	Eur 3M + 1.75%	23/12/2020	9,800	4	9,540

# Financial liabilities from the issue of bonds and other securities

Corresponds to bonds issued by the Group, amounting to 140,000 thousand Euros (see point 1.1. Main Events).

### Other non-current liabilities

These correspond to deposits received as guarantees from the tenants of shopping centres, offices and logistics warehouses.

#### **Equity**

At 31 December 2015 the Company's **share capital** consisted of **59,997,756** registered shares represented by book entries with **a par value of 2 Euros each**, fully subscribed and paid up, giving their holders equal rights.

- The Company was incorporated with a capital of 60 thousand Euros, which corresponded to 30,000 shares with a par value of 2 Euros.
- On 5 February 2014, it was decided to increase the share capital by 80 million Euros by issuing and putting into circulation 40 million common shares in the Company with a par value of 2 Euros each and an issue premium of 8 Euros each, to be subscribed and paid up in cash and to be offered in a subscription offer.
- In order to make the value of the subscribed shares equal to 10 Euros, the shareholders made a contribution of 240 thousand Euros, corresponding to 30,000 shares at a price of 8 Euros.
- On 6 August, the process of increasing Lar España's capital by 39,935,512 Euros was completed through the issuance and distribution of 19,967,756 new shares with a subscription price of 6.76 Euros each (with a nominal value of 2 Euros plus a share issue premium of 4.76 Euros per share).

The Company has recognised **share issue costs** of **14,184 thousand Euros** as a reduction in reserves under equity.

During 2015 the Company has carried out its own share sale and purchase transactions, as described below:

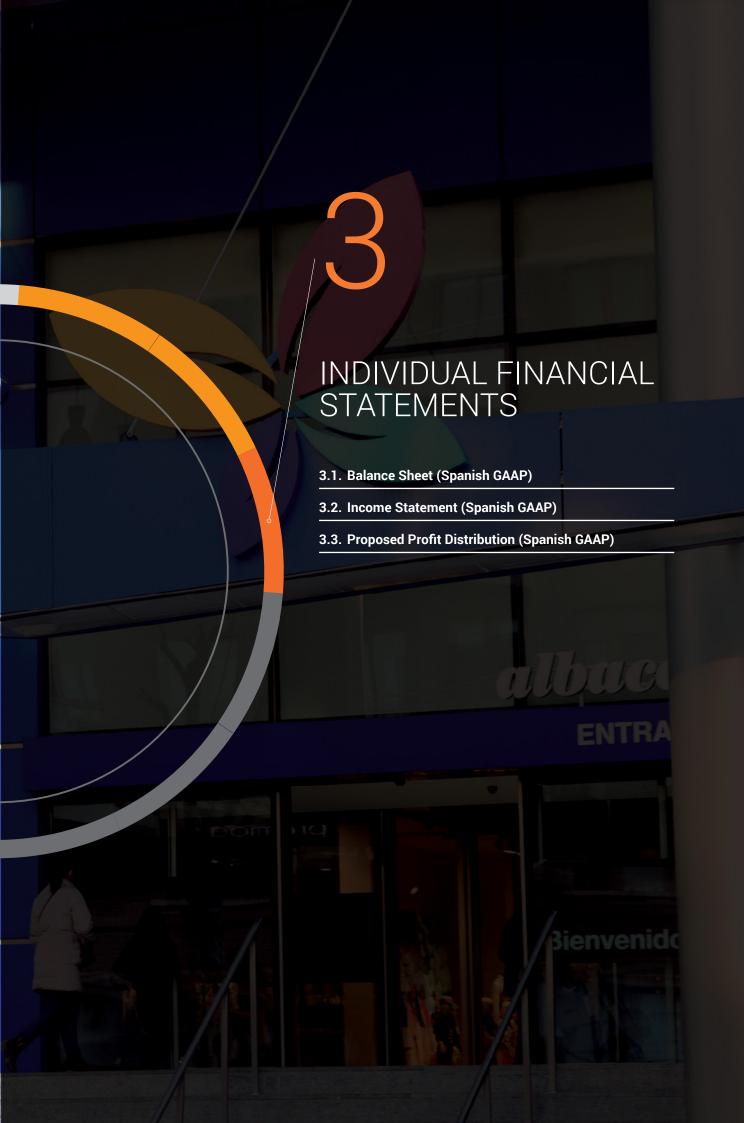
	Number of shares	Thousands of Euros
31 December 2014	531,367	4,838
Additions	959,433	9,098
Disposals	(1,416,550)	(13,227)
31 December 2015	74,250	709

The 759 thousand Euros gain made from the sale of treasury shares during 2015 has been recognised under "Other Reserves".

### 2.3. Consolidated Statement of Cash Flows

Thousands of Euros	2015	2014
A) CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	18,759	2,807
Profit/ (loss) for the period before tax	43,559	3,456
Adjustments for :	(21,237)	(1,810)
Profit / (loss) from adjustments to fair value of investment properties	(25,978)	(442)
Impairment (+/-)	95	162
Financial income (-)	(2,444)	(2,391)
Financial expenses (+)	6,127	519
Share in profit (loss) for the period of equity-accounted companies	(2,594)	342
Expenses from payment based on shares	5,298	=
Adjustments to the consideration provided against income for the business combination	(1,741)	-
Changes in operating assets and liabilities	(2,030)	(414)
Inventories (+/-)	2,843	(2,843)
Trade and other receivables (+/-)	(987)	(2,132)
Other current assets (+/-)	(465)	(136)
Trade and other payables (+/-)	(3,421)	4,697
Other cash flows from operating activities	(1,533)	1,575
Interest paid (-)	(1,676)	(519)
Interest received (+)	143	2,094
B) CASH FLOW FROM INVESTING ACTIVITIES	(370,221)	(411,557)
Payments for investments (-)	(400,577)	(411,557)
Associates	(64,175)	(18,429)
Intangible assets	(1)	=
Outflow of liquid in business acquisitions	(198,382)	=
Investment properties	(136,851)	(357,552)
Other financial assets	(1,168)	(35,576)
Proceeds from divestments (+)	30,356	-
Other financial assets	30,356	=
C) CASH FLOWS FROM FINANCING ACTIVITIES	366,765	429,002
Payments made and received for equity instruments	139,022	386,037
Proceeds from issue of share capital (+)	134,134	390,879
Issue of equity instruments (+)	4,888	-
Acquisition/disposal of equity instruments (-/+)	-	(4,842)
Proceeds from and payments for financial liability instruments	229,074	42,965
Bonds and other marketable securities (+)	138,005	-
Loans and borrowings (+)	86,149	37,822
Other financial liabilities (+)	4,920	5,143
Payments for dividends and remuneration on other equity instruments	(1,331)	-
E) NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	15,303	20,252
F) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	20,252	-
	35,555	20,252





### 3.1. Balance Sheet (Spanish GAAP)

Investment properties         176,691         202,310           Land         67,736         80,456           Buildings         108,955         121,854           Non-current investments in Group companies and associates         471,693         134,525           Equity instruments         260,267         134,525           Loans to companies         211,426         -           Non-current investments         1,909         2,409           Other financial assets         1,909         2,409           Total non-current assets         650,293         339,244           Inventories         -         3,102           Trade         -         2,843           Advances         -         2,59           Trade and other receivables         2,974         1,870           Client receivables for sales and rendering of services         522         1,170           Client, group companies and associates         52         1,70           Client, group companies and associates         52         1           Current investments in group companies and associates         37,332         -           Current financial investments         6         32,066           Other financial investments         6         32,066 </th <th>ASSETS (Thousands of euros)</th> <th>31/12/2015</th> <th>31/12/2014</th>	ASSETS (Thousands of euros)	31/12/2015	31/12/2014
Buildings         108,955         121,854           Non-current investments in Group companies and associates         471,693         134,525           Equity instruments         260,267         134,525           Loans to companies         211,426         -           Non-current investments         1,909         2,409           Other financial assets         1,909         2,409           Total non-current assets         650,293         339,244           Inventories         -         3,102           Trade         -         2,843           Advances         -         2,59           Trade and other receivables         2,974         1,870           Client receivables for sales and rendering of services         522         1,170           Clients, group companies and associates         55         -           Other credits with Public Administrations         2,397         700           Current investments in group companies and associates         37,332         -           Current financial assets         12,013         -           Current financial investments         6         32,066           Other financial investments         6         32,066           Other financial assets         6         32,	Investment properties	176,691	202,310
Non-current investments in Group companies and associates         471,693         134,525           Equity instruments         260,267         134,525           Loans to companies         211,426         -           Non-current investments         1,909         2,409           Other financial assets         1,909         2,409           Total non-current assets         650,293         339,244           Inventories         -         3,102           Trade         -         2,843           Advances         -         259           Trade and other receivables         2,974         1,870           Client receivables for sales and rendering of services         522         1,170           Clients, group companies and associates         55         -           Other credits with Public Administrations         2,397         700           Current investments in group companies and associates         37,332         -           Loans to companies         25,319         -           Other financial assets         6         32,066           Other financial investments         6         32,066           Other financial assets         6         32,066           Other financial assets         6         32,066	Land	67,736	80,456
Equity instruments         260,267         134,525           Loans to companies         211,426         -           Non-current investments         1,909         2,409           Other financial assets         1,909         2,409           Total non-current assets         650,293         339,244           Inventories         -         3,102           Trade         -         2,843           Advances         -         259           Trade and other receivables         2,974         1,870           Client receivables for sales and rendering of services         522         1,170           Clients, group companies and associates         55         -           Other credits with Public Administrations         2,397         700           Current investments in group companies and associates         37,332         -           Loans to companies         25,319         -           Other financial assets         12,013         -           Current financial investments         6         32,066           Other financial assets         6         32,066           Prepayments for current assets         387         95           Cash and cash equivalents         17,467         17,467	Buildings	108,955	121,854
Loans to companies         211,426         -           Non-current investments         1,909         2,409           Other financial assets         1,909         2,409           Total non-current assets         650,293         339,244           Inventories         -         3,102           Trade         -         2,843           Advances         -         259           Trade and other receivables         2,974         1,870           Client receivables for sales and rendering of services         522         1,170           Clients, group companies and associates         55         -           Other credits with Public Administrations         2,397         700           Current investments in group companies and associates         37,332         -           Loans to companies         25,319         -           Other financial assets         12,013         -           Current financial investments         6         32,066           Prepayments for current assets         387         95           Cash and cash equivalents         17,482         17,467           Cash         17,482         17,467	Non-current investments in Group companies and associates	471,693	134,525
Non-current investments         1,909         2,409           Other financial assets         1,909         2,409           Total non-current assets         650,293         339,244           Inventories         -         3,102           Trade         -         2,843           Advances         -         259           Trade and other receivables         2,974         1,870           Client receivables for sales and rendering of services         522         1,170           Clients, group companies and associates         55         -           Other credits with Public Administrations         2,397         700           Current investments in group companies and associates         37,332         -           Loans to companies         25,319         -           Other financial assets         12,013         -           Current financial investments         6         32,066           Other financial assets         6         32,066           Prepayments for current assets         387         95           Cash and cash equivalents         17,482         17,467           Cash         17,482         17,467	Equity instruments	260,267	134,525
Other financial assets         1,909         2,409           Total non-current assets         650,293         339,244           Inventories         -         3,102           Trade         -         2,843           Advances         -         259           Trade and other receivables         2,974         1,870           Client receivables for sales and rendering of services         522         1,170           Clients, group companies and associates         55         -           Other credits with Public Administrations         2,397         700           Current investments in group companies and associates         37,332         -           Loans to companies         25,319         -           Other financial assets         12,013         -           Current financial investments         6         32,066           Other financial assets         6         32,066           Prepayments for current assets         387         95           Cash and cash equivalents         17,482         17,467           Cash         17,482         17,467	Loans to companies	211,426	-
Total non-current assets         650,293         339,244           Inventories         -         3,102           Trade         -         2,843           Advances         -         259           Trade and other receivables         2,974         1,870           Client receivables for sales and rendering of services         522         1,170           Clients, group companies and associates         55         -           Other credits with Public Administrations         2,397         700           Current investments in group companies and associates         37,332         -           Loans to companies         25,319         -           Other financial assets         12,013         -           Current financial investments         6         32,066           Other financial assets         6         32,066           Prepayments for current assets         387         95           Cash and cash equivalents         17,482         17,467           Cash         17,482         17,467	Non-current investments	1,909	2,409
Inventories         650,293         339,244           Inventories         -         3,102           Trade         -         2,843           Advances         -         259           Trade and other receivables         2,974         1,870           Client receivables for sales and rendering of services         522         1,170           Clients, group companies and associates         55         -           Other credits with Public Administrations         2,397         700           Current investments in group companies and associates         37,332         -           Loans to companies         25,319         -           Other financial assets         12,013         -           Current financial investments         6         32,066           Other financial investments         6         32,066           Other financial sesets         6         32,066           Prepayments for current assets         387         95           Cash and cash equivalents         17,482         17,467           Cash         17,482         17,467	Other financial assets	1,909	2,409
Inventories         -         3,102           Trade         -         2,843           Advances         -         259           Trade and other receivables         2,974         1,870           Client receivables for sales and rendering of services         522         1,170           Clients, group companies and associates         55         -           Other credits with Public Administrations         2,397         700           Current investments in group companies and associates         37,332         -           Loans to companies         25,319         -           Other financial assets         12,013         -           Current financial investments         6         32,066           Other financial assets         6         32,066           Prepayments for current assets         387         95           Cash and cash equivalents         17,482         17,467           Cash         17,482         17,467	Total non-current assets		
Trade         -         2,843           Advances         -         259           Trade and other receivables         2,974         1,870           Client receivables for sales and rendering of services         522         1,170           Clients, group companies and associates         55         -           Other credits with Public Administrations         2,397         700           Current investments in group companies and associates         37,332         -           Loans to companies         25,319         -           Other financial assets         12,013         -           Current financial investments         6         32,066           Other financial assets         6         32,066           Prepayments for current assets         387         95           Cash and cash equivalents         17,482         17,467           Cash         17,482         17,467		650,293	339,244
Advances         -         259           Trade and other receivables         2,974         1,870           Client receivables for sales and rendering of services         522         1,170           Clients, group companies and associates         55         -           Other credits with Public Administrations         2,397         700           Current investments in group companies and associates         37,332         -           Loans to companies         25,319         -           Other financial assets         12,013         -           Current financial investments         6         32,066           Other financial assets         6         32,066           Prepayments for current assets         387         95           Cash and cash equivalents         17,482         17,467           Cash         17,482         17,467	Inventories	-	3,102
Trade and other receivables         2,974         1,870           Client receivables for sales and rendering of services         522         1,170           Clients, group companies and associates         55         -           Other credits with Public Administrations         2,397         700           Current investments in group companies and associates         37,332         -           Loans to companies         25,319         -           Other financial assets         12,013         -           Current financial investments         6         32,066           Other financial assets         6         32,066           Prepayments for current assets         387         95           Cash and cash equivalents         17,482         17,467           Cash         17,482         17,467	Trade	-	2,843
Client receivables for sales and rendering of services         522         1,170           Clients, group companies and associates         55         -           Other credits with Public Administrations         2,397         700           Current investments in group companies and associates         37,332         -           Loans to companies         25,319         -           Other financial assets         12,013         -           Current financial investments         6         32,066           Other financial assets         6         32,066           Prepayments for current assets         387         95           Cash and cash equivalents         17,482         17,467           Cash         17,482         17,467	Advances	-	259
Clients, group companies and associates         55         -           Other credits with Public Administrations         2,397         700           Current investments in group companies and associates         37,332         -           Loans to companies         25,319         -           Other financial assets         12,013         -           Current financial investments         6         32,066           Other financial assets         6         32,066           Prepayments for current assets         387         95           Cash and cash equivalents         17,482         17,467           Cash         17,482         17,467	Trade and other receivables	2,974	1,870
Other credits with Public Administrations         2,397         700           Current investments in group companies and associates         37,332         -           Loans to companies         25,319         -           Other financial assets         12,013         -           Current financial investments         6         32,066           Other financial assets         6         32,066           Prepayments for current assets         387         95           Cash and cash equivalents         17,482         17,467           Cash         17,482         17,467	Client receivables for sales and rendering of services	522	1,170
Current investments in group companies and associates       37,332       -         Loans to companies       25,319       -         Other financial assets       12,013       -         Current financial investments       6       32,066         Other financial assets       6       32,066         Prepayments for current assets       387       95         Cash and cash equivalents       17,482       17,467         Cash       17,482       17,467	Clients, group companies and associates	55	-
Loans to companies       25,319       -         Other financial assets       12,013       -         Current financial investments       6       32,066         Other financial assets       6       32,066         Prepayments for current assets       387       95         Cash and cash equivalents       17,482       17,467         Cash       17,482       17,467	Other credits with Public Administrations	2,397	700
Other financial assets         12,013         -           Current financial investments         6         32,066           Other financial assets         6         32,066           Prepayments for current assets         387         95           Cash and cash equivalents         17,482         17,467           Cash         17,482         17,467	Current investments in group companies and associates	37,332	-
Current financial investments         6         32,066           Other financial assets         6         32,066           Prepayments for current assets         387         95           Cash and cash equivalents         17,482         17,467           Cash         17,482         17,467	Loans to companies	25,319	-
Other financial assets         6         32,066           Prepayments for current assets         387         95           Cash and cash equivalents         17,482         17,467           Cash         17,482         17,467	Other financial assets	12,013	-
Prepayments for current assets         387         95           Cash and cash equivalents         17,482         17,467           Cash         17,482         17,467	Current financial investments	6	32,066
Cash and cash equivalents         17,482         17,467           Cash         17,482         17,467	Other financial assets	6	32,066
Cash 17,482 17,467	Prepayments for current assets	387	95
	Cash and cash equivalents	17,482	17,467
Total current assets         58,181         54,600	Cash	17,482	17,467
	Total current assets	58,181	54,600

TOTAL ASSETS 708,474 393,844

EQUITY AND LIABILITIES (Thousands of euros)	31/12/2015	31/12/2014
Share Capital	119,996	80,060
Share capital	119,996	80,060
Share premium	415,047	320,000
Reserves	(7,799)	(9,425)
Legal and statutory	166	
Other reserves	(7,965)	(9,425)
(Treasury shares)	(709)	(4,838)
Other shareholder contributions	240	240
Profit for the period	5,006	1,664
Total equity	531,781	387,701
Non-current payables	161,079	3,603
Bonds and other marketable securities	138,233	
Loans and borrowings	19,839	
Other financial liabilities	3,007	3,603
Total non-current liabilities	161,079	3,603
Current payables	11,274	-
Bonds and other marketable securities	3,504	-
Loans and borrowings	5,119	-
Other financial liabilities	2,651	-
Trade and other payables	4,340	2,540
Current suppliers, related parties	2,516	866
Other payables	1,635	1,578
Personnel (salaries payable)	115	18
Other debts with Public Administrations	74	78
Total current liabilities	15,614	2,540

### 3.2. Income Statement (Spanish GAAP)

(Thousands of euros)	2015	2014
Continuing operations		
Revenues	13,259	7,207
Sales	13,259	7,207
Other operating income	807	217
Non-trading and other operating income	807	217
Personnel expenses	(396)	(108)
Salaries and wages	(355)	(93)
Benefits	(41)	(15)
Other operating expenses	(17,214)	(6,824)
External services	(16,591)	(6,441)
Taxes	(549)	(221)
Losses, impairment and changes in trade provisions	(74)	(162)
Amortisation of fixed assets	(2,466)	(1,219)
Impairments and result from disposal of fixed assets	(328)	-
Impairments and losses	(328)	-
Operating profit	(6,338)	(727)
Financial income	16,274	2,391
From stakes in equity instruments	11,990	-
In group companies and associates	11,990	=
From negotiable securities and other financial instruments	4,284	2,391
From group companies and associates	3,771	-
From third parties	513	2,391
Financial expenses	(4,474)	-
From debts with third parties	(4,474)	-
Impairments and gains (losses) on disposals of financial instruments	(456)	-
Impairments and losses	(456)	-
Financial profit	11,344	2,391
Profit before income tax	5,006	1,664
Income tax expense	-	-
Profit from continuing operations	5,006	1,664
PROFIT FOR THE PERIOD	5,006	1,664

### 3.3. Proposed Profit Distribution (Spanish GAAP)

The proposed distribution of the result for the financial year ended at 31 December 2015 and the other reserves of the Company to be presented to the General Shareholders' Meeting is as follows:

#### **Proposed Profit Distribution** (Thousands of euros)

(modeland or edico)	
Basis of allocation	
- Profit for the year	5,006
- Share premium	7,538
	12,544
Distribution	
- Legal reserve	501
- Dividends (*)	12,037
- Voluntary reserve	6
	12,544

<sup>(\*)</sup> The company has proposed to distribute 90% of its EPRA Earnings figure registered as at 31/12/2015. See point 4. EPRA Information, page 44.

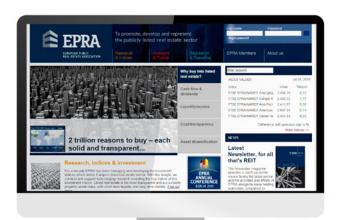




- In December 2014, the Reporting & Accounting Committee of EPRA (European Public Real Estate Association<sup>1</sup>) updated a Best Practices Recommendations<sup>2</sup> document in order to improve the presentation, transparency, comparability and relevance of the published results of listed real estate companies in Europe.
  - Lar España fully supports and endorses the principle of standardising the reporting of performance indicators from the perspective of comparability and improving the quality of information provided to investors and other users of the annual report.

For this purpose, Key EPRA performance indicators are reported in a separate chapter at the end of our financial reporting.

- On September 24, 2015. Lar España, the listed real estate investment company, has received the 'Gold Award' from the European Public Real Estate Association (EPRA) in recognition of the quality of the information provided by Lar España within the Index standards framework.
  - Lar España has therefore become the first and only Spanish SOCIMI to receive this award, the most prestigious in the real estate sector. The companies awarded were selected from among 106 real estate companies (92 of which are European listed companies on the FTSE EPRA/Nareit index).





- Not-for-profit association founded in 1999 registered in Belgium which aims to make the financial statements of public real estate companies clearer, more transparent and comparable across Europe.
- (2) "Best Practices Recommendations BPR" available at www.epra.

Key performance indicators described in the Best Practices Recomendations developed by EPRA are shown as follows:

EPRA Indicator	31/12/2015 (Thousands of Euros) / %	31/12/2015 (Euro per share)
EPRA Earnings	13,374	0.28
EPRA NAV	577,970	9.65
EPRA NNNAV	576,226	9.62
EPRA Net Initial Yield (NIY)	6.2%	-
EPRA "topped-up" NIY	6.4%	-
EPRA Vacancy Rate	7.0%	-
EPRA Cost Ratio	56.5%	-
EPRA Cost Ratio (excluding costs of direct vacancy)	53.1%	-

### **EPRA EARNINGS**

(Thousands of Euros)	31/12/2015	31/12/2014
Earnings per IFRS income statement	43,559	3,456
Change in value of investment properties	(25,978)	(442)
Negative goodwill	(1,741)	(87)
Change in value of investment properties in associates	(2,466)	(353)
Change in fair value of financial instruments in associates	-	(58)
EPRA Earnings	13,374	2,516
Weighted average number of shares (excluding treasury shares)	47,790,562	38,276,618
EPRA EARNINGS PER SHARE (EUROS)	0.28	0.07

### **EPRA NAV**

(Thousands of Euros)	31/12/2015	31/12/2014
Net Asset Value per the Financial Statements	570,566	389,493
Change in fair value of non current asses	5,660	-
Fair value of financial instruments	1,560	-
Deferred tax	-	-
Fair value of financial instruments in associates	184	527
Deferred tax in associates	-	(158)
EPRA NAV	577,970	389,862
Number of Shares (excluding treasury shares)	59,923,506	39,498,633
EPRA NAV PER SHARE (EUROS)	*9.65	9.87

<sup>(\*)</sup> When analyzing this value, the capital increase completed by Lar España in August 2015 must be taken into account (EUR 135 m with a subscription price of 6.76 Euros per share).

### **EPRA NNNAV**

(Thousands of Euros)	31/12/2015	31/12/2014
EPRA NAV	577,970	389,862
Fair value of financial instruments	(1,560)	-
Deferred tax	-	-
Fair value of financial instruments in associates	(184)	(527)
Deferred tax in associates	-	158
EPRA NNNAV	576,226	389,493
Number of Shares (excluding treasury shares)	59,923,506	39,498,633
EPRA NNNAV PER SHARE (EUROS)	9.62	9.86

### EPRA NIY and "Topped-up" NIY

<u>EPRA</u>	NIY and	"Topped-	·up" N	ΙΥ				,	,		,				
								RETAIL							•
					Shopping	Centres						Retail Warehous	ses		TOTAL RETAIL
	Albacenter	Albacenter Hypermarket	Anec Blau	Las Huertas	Txingudi	As Termas	El Rosal	Megapark	Portal de la Marina Hypermarket	Portal de la Marina (1)	Villaverde	As Termas Petrol Station	Parque Galaria	Nuevo Alisal	
Completed property portfolio	32,332	12,437	84,890	11,700	30,700	68,500	89,600	171,400	7,750	51,021	9,851	1,845	9,500	17,202	598,728
Allowance for estimated purchasers' costs	801	319	1,320	293	583	1,713	1,504	3,257	194	1,390	246	46	133	430	12,229
Gross up completed property portfolio valuation (A)	33,133	12,755	86,210	11,993	31,283	70,213	91,104	174,657	7,944	52,411	10,097	1,891	9,633	17,632	610,956
Annualised cash passing rental income	2,824	932	6,270	997	2,154	5,005	7,150	10,728	528	4,178	769	112	680	1,234	43,561
Property outgoings	(322)	(10)	(740)	(140)	(208)	(584)	(942)	(394)	(5)	(420)	(88)	-	(9)	(79)	(3,941)
Annualised net rents (B)	2,503	922	5,530	856	1,946	4,421	6,208	10,334	522	3,758	681	112	671	1,155	39,619
Notional rent expiration of rent free periods or other lease incentives	19	46	72	42	9	149	327	198		75	-	-	_	50	987
Topped-up net annualised rent (C)	2,522	969	5,602	898	1,955	4,570	6,534	10,533	522	3,832	681	112	671	1,205	40,606
EPRA NET INITIAL YIELD (B/A)	7.6%	7.2%	6.4%	7.1%	6.2%	6.3%	6.8%	5.9%	6.6%	7.2%	6.7%	5.9%	7.0%	6.5%	6.5%
EPRA TOPPED-UP NET INITIAL YIELD (C/A)	7.6%	7.6%	6.5%	7.5%	6.2%	6.5%	7.2%	6.0%	6.6%	7.3%	6.7%	5.9%	7.0%	6.8%	6.6%

<sup>(1)</sup> The stake in PMO through LRE reaches 58.78%.

			STICS	LOGI					CES	OFFI		
TOTAL	TOTAL LOGISTICS						TOTAL OFFICES					
		Almussafes	Alovera IV (C5-C6)	Alovera III (C2)	Alovera II	Alovera I		Marcelo Spínola (2)	Joan Miró	Eloy Gonzalo (3)	Egeo	Arturo Soria
818,868	70,390	8,500	7,500	3,250	36,840	14,300	149,750	21,500	20,440	13,000	69,210	25,600
18,818	1,796	170	150	65	1,125	286	4,793	580	640	325	2,003	1,245
837,685	72,186	8,670	7,650	3,315	37,965	14,586	154,543	22,080	21,080	13,325	71,213	26,845
55,811	5,429	749	746	201	2,720	1,013	6,821	(2)	1,191	747	3,466	1,417
(4,868)	(303)	(32)	(13)	(1)	(184)	(73)	(624)	(2)	(33)	(279)	(148)	(164)
50,943	5,127	717	733	201	2,536	940	6,197	(2)	1,158	468	3,318	1,253
1,362	375	-	-	67	-	308	-	(2)	-	-	-	-
52,305	5,502	717	733	268	2,536	1,248	6,197	(2)	1,158	468	3,318	1,253
<b>6.2%</b> (2)	7.1%	8.3%	9.6%	6.1%	6.7%	6.4%	<b>4.7%</b> (2)	(2)	5.5%	3.5%	4.7%	4.7%
<b>6.4%</b> (2)	7.6%	8.3%	9.6%	8.1%	6.7%	8.6%	<b>4.7%</b> (2)	(2)	5.5%	3.5%	4.7%	4.7%

<sup>(2)</sup> Data related to Marcelo Spinola Investment asset has not been included in both Total Portfolio and Office EPRA Vacancy ratio due to its lack of representativeness. During the fourth quarter of 2014, the asset had been preparing and evicting for a refurbishment that began during the second quarter of 2015 and is expected to finish during the second quarter of 2016. This fact explains the % EPRA Vacancy obtained for Marcelo Spinola.

<sup>(3)</sup> Ratio distorted as two floors of the property are to be refurbished.

**EPRA VACANCY RATE** 

#### **Asset Class**

Asset Class	ERV		EPRA
	<b>Vacancy</b> (Thousands of Euros)	<b>ERV</b> (Thousands of Euros)	VACANCY RATE %
Retail	44,987	3,577	7.95%
Shopping Centres	42,310	3,577	8.45%
Albacenter	2,851	364	(1) 12.76%
Albacenter Hypermarket	899	0	0.00%
As Termas	5,412	603	11.14%
Anec Blau	6,084	506	8.32%
Las Huertas	1,334	251	18.81%
El Rosal	7,142	592	8.29%
Portal de la Marina	3,941	351	(2) 8.91%
Megapark	11,569	570	4.93%
Txingudi	2,542	340	13.37%
Portal de la Marina Hypermarket	536	0	0.00%
Retail Warehouses	2,677	0	0.00%
Villaverde	738	0	0.00%
Parque Galaria	568	0	0.00%
As Termas Petrol Station	112	0	0.00%
Nuevo Alisal	1,259	0	0.00%
Offices	7,088	493	(3) 6.95%
Arturo Soria	1,299	278	21.40%
Egeo	3,423	141	4.12%
Eloy Gonzalo	1,137	51	4.49%
Joan Miró	1,229	23	1.90%
Marcelo Spinola	1,928	1,776	(3) 92.12%
Logistics	5,862	0	0.00%
Alovera I	1,267	0	0.00%
Alovera II	2,922	0	0.00%
Alovera III (C2)	283	0	0.00%
Alovera IV (C5-C6)	583	0	0.00%
Almussafes	807	0	0.00%
TOTAL ERV	57,937	4,070	(3) <b>7.02</b> %

- (1) A rental guarantee has been taken into consideration.
- (2) The stake in PMO via LRE amounts to 58.78%.
- (3) Data related to the Marcelo Spinola Investment asset has not been included in both the Total Portfolio and Office EPRA Vacancy ratio due to its lack of representativeness. During the fourth quarter of 2014, the asset had been preparing and evicting for a refurbishment that began during the second quarter of 2015 and is expected to finish during the second quarter of 2016. This fact explains the % EPRA Vacancy obtained for Marcelo Spinola.

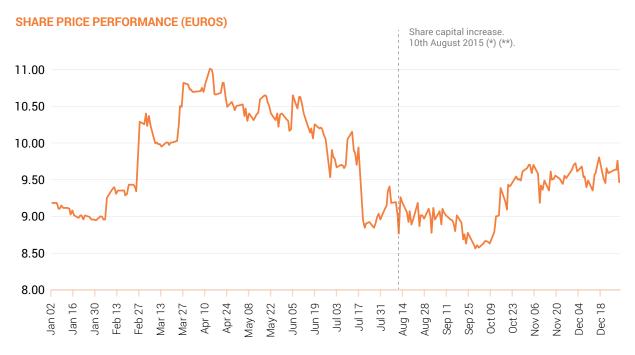
### **EPRA COST RATIOS**

(Thousands of Euros)	31/12/2015	31/12/2014
Administrative expenses	(396)	(108)
Operating expenses (including net service charges)	(20,011)	(7,231)
Administrative/operating expenses in associates	(1,792)	(875)
EPRA Cost (including direct vacancy costs) (A)	(22,199)	(8,214)
Direct vacancy costs	(1,328)	(474)
EPRA Cost (excluding direct vacancy costs) (B)	(20,871)	(7,740)
Gross Rental Income less ground rent costs – per IFRS	35,734	8,606
Gross Rental Income less ground rent costs in associates	3,589	393
Gross Rental Income (C)	39,323	8,999
EPRA COST RATIO (including direct vacancy costs) A/C	56.5%	91.3%
EPRA COST RATIO (excluding direct vacancy costs) B/C	53.1%	86.0%

## 5. SHARE PRICE PERFORMANCE

Details of shares (Eur)	Jan-Dec 2015
Price at the beginning of the period	9.18
Price at the end of the period	9.46
Performance during the period (%)	3.05
Maximum price for the period	11.01
Minimum for the period	8.55
Average price for the period	9.62

The **share price performance** during 2015 can be seen in the following graph:

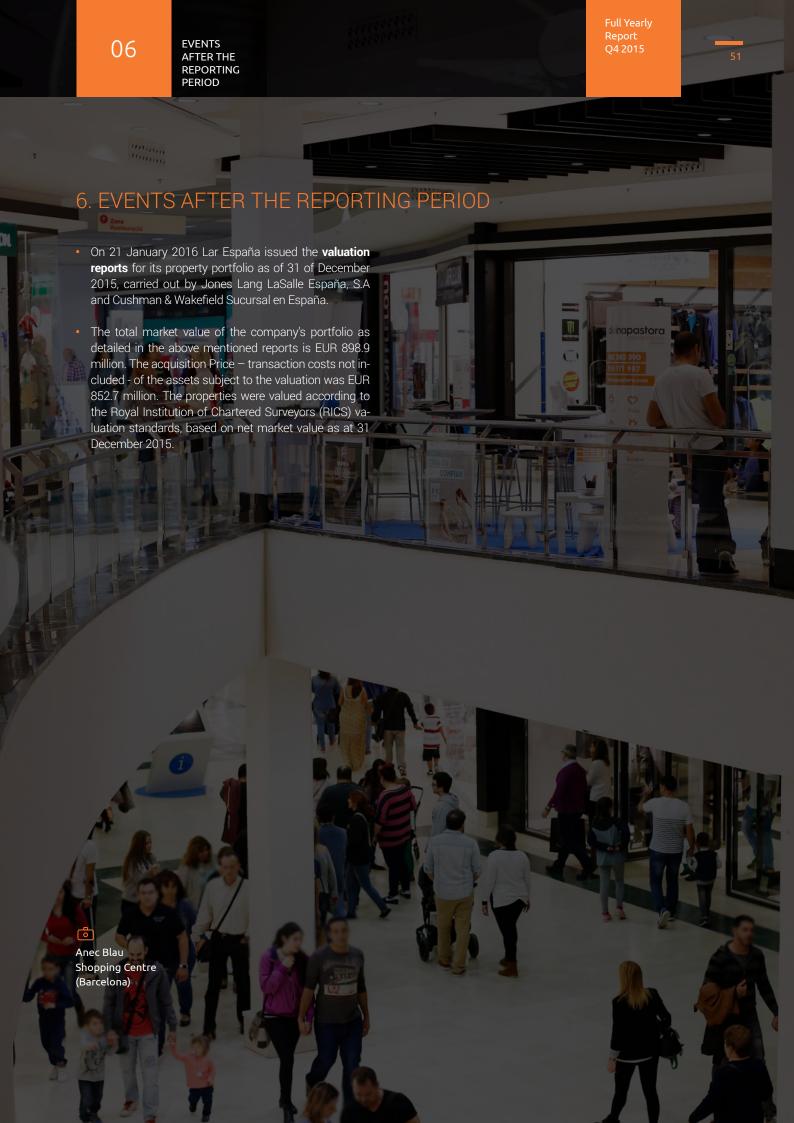


- (\*) The process of increasing Lar España's capital on August 2015 was completed through the issuance and distribution of new shares with a subscription price of 6.76 Euros each.

  (\*\*) The weighted share price after the capital increase amounted to 8.92 Euros per share.

Broker	Recommendation	Analysis Date	Target Price (Euros)*
Banco Sabadell	Buy	05/10/2015	11.44
JP Morgan	Overweight	12/01/2016	11.50
JB Capital Markets	Neutral	18/01/2016	9.40
Bankinter	Buy	21/01/2016	10.70
Fidentiis Equities	Buy	22/01/2016	12.15
Santander	Buy	28/01/2016	11.20
Kempen & Co	Sell	29/01/2016	9.10
Ahorro Corporación	Buy	03/02/2016	11.50

<sup>(\*)</sup> The target market price of the shares after the share capital increase is as proposed by the above-mentioned institutions.



# 7. GLOSSARY

Concept	Description		
PBT/(LBT)	Profit/(Loss) Before Tax.		
EBIT	Earnings Before Interest and Tax.		
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation.		
Net profit/(loss)	Profit/(Loss) for the period after tax.		
ROE	Return on equity, calculated by dividing profit for the year by weighted average equity.		
ROA	Return on assets, calculated by dividing profit for the year by weighted average Company assets.		
Liquidity ratio	The Company's capacity to meet its obligations with liquid assets, calculated as the ratio between the Company's current assets and current liabilities.		
Solvency ratio	The Company's financial capacity to meet its payments obligations with all the assets and resources available. It is calculated by dividing equity plus non-current liabilities by non-current assets.		
Spanish GAAP	Spanish General Accounting Plan approved by Royal Decree 1514/2007 of 16th November 2007.		
EPRA Earnings	Earnings from operational activities.		
EPRA NAV	Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.		
EPRA NNNAV	EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.		
EPRA Net Initial Yield (NIY)	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.		
EPRA "topped-up" NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and stepped rents).		
EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.		
EPRA Cost Ratio	Administrative & operating costs (including direct vacancy costs) divided by gross rental income.		
EPRA Cost Ratio (excluding direct vacancy costs)	Administrative & operating costs (including & excluding direct vacancy costs) divided by gross rental income.		

