

HALF-YEARLY REPORT

H1
2016



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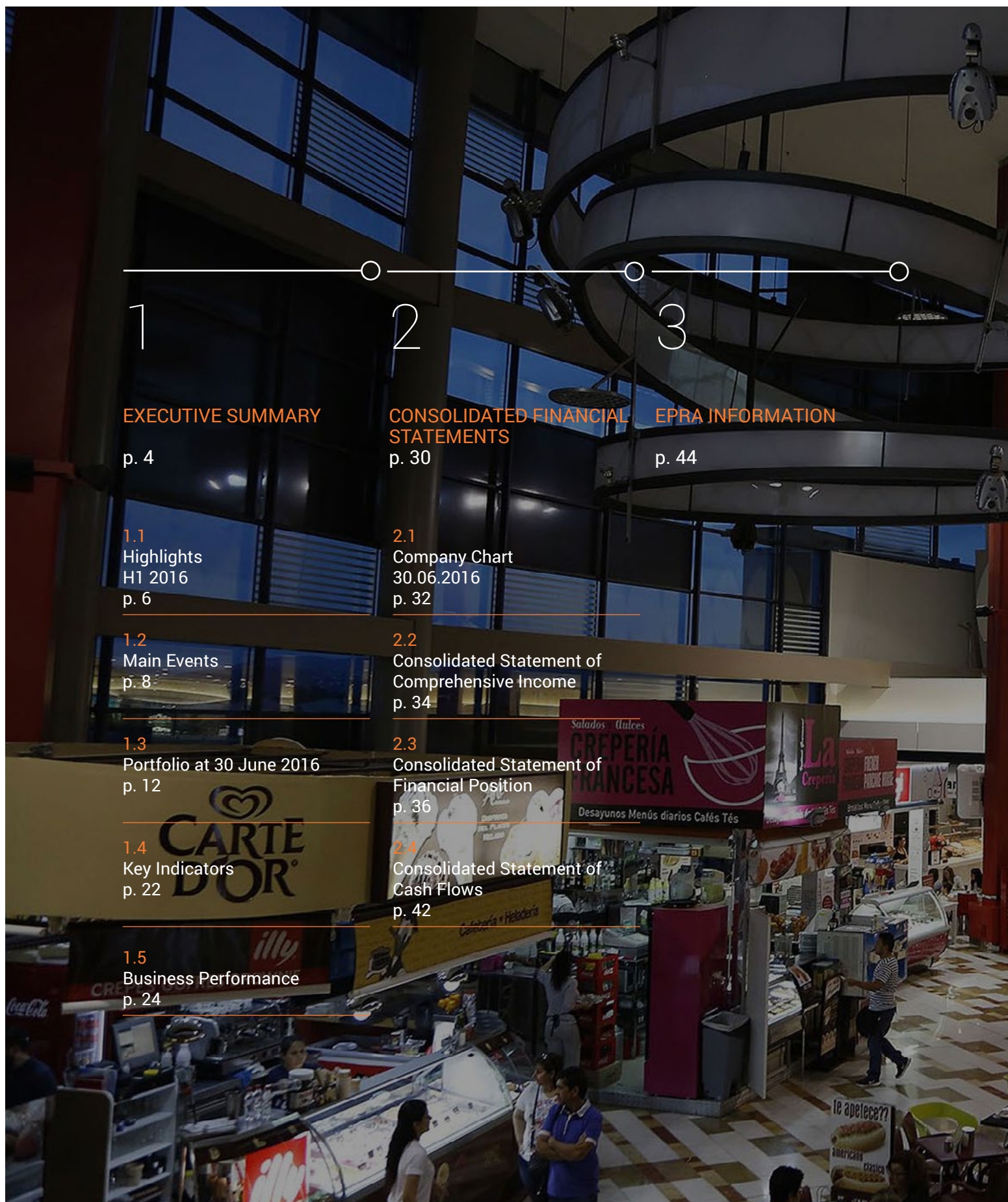
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Portal de la Marina Shopping Centre
(Alicante)

MSCI

EPRA

REIT
FINANCIERO

IBEX SMALL CAP®
BME X
BOLSA Y MERCADOS ESPAÑOLES



Anec Blau Shopping Centre
(Barcelona)

○

1

EXECUTIVE SUMMARY



1.1
Highlights
H1 2016
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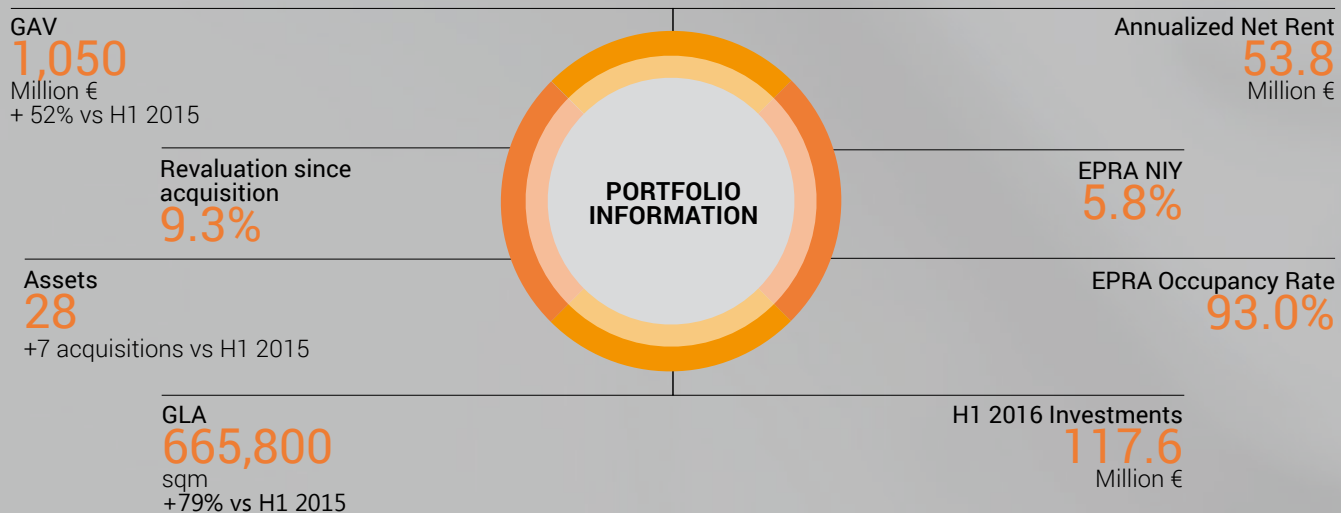
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Portfolio
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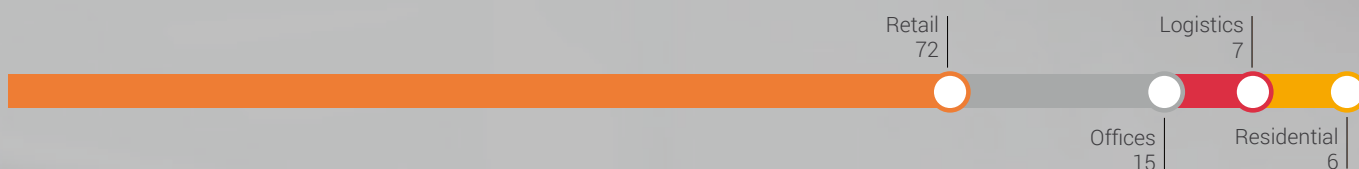
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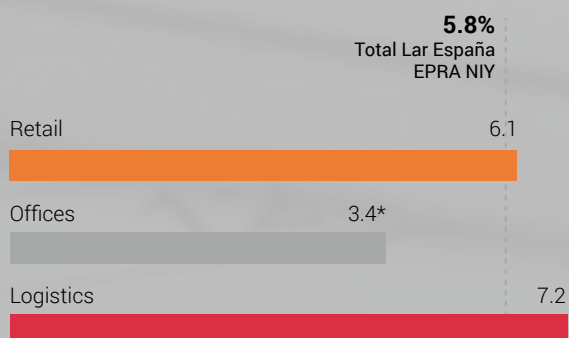
1.1 Highlights H1 2016



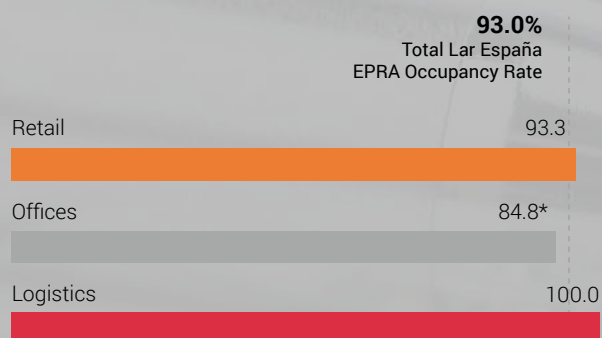
GAV by asset class (%)



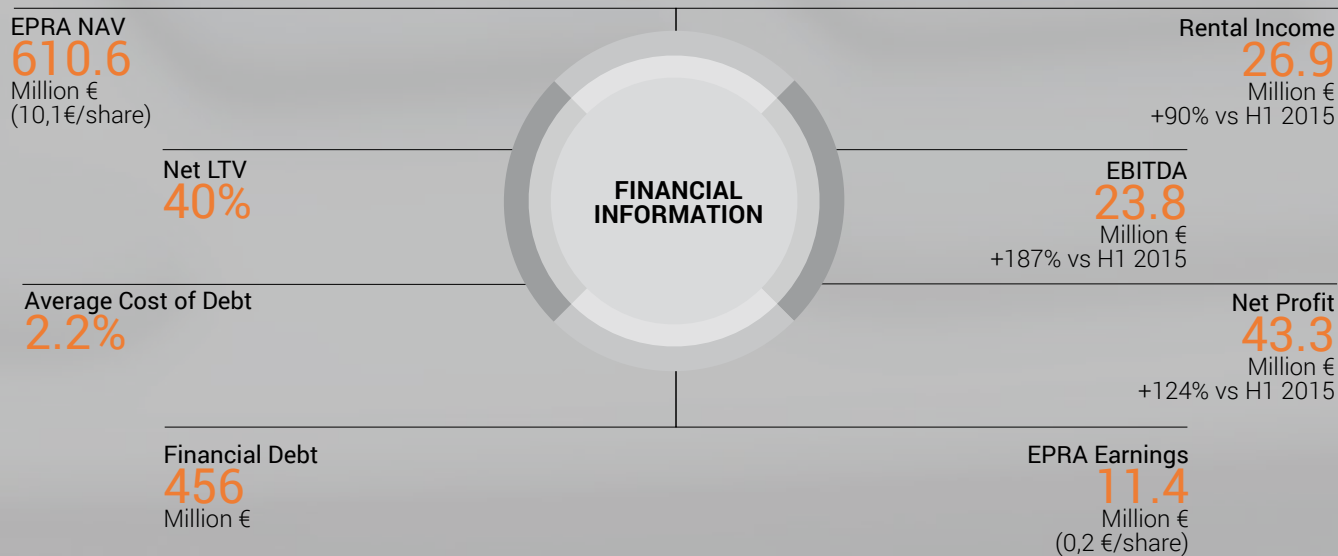
EPRA Net Initial Yield by asset class (%)



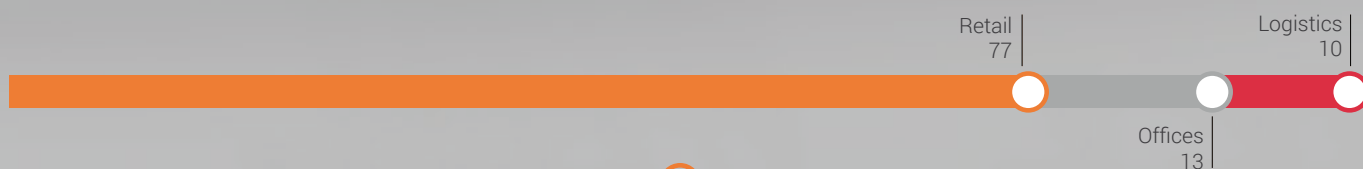
EPRA Occupancy Rate breakdown by asset class (%)



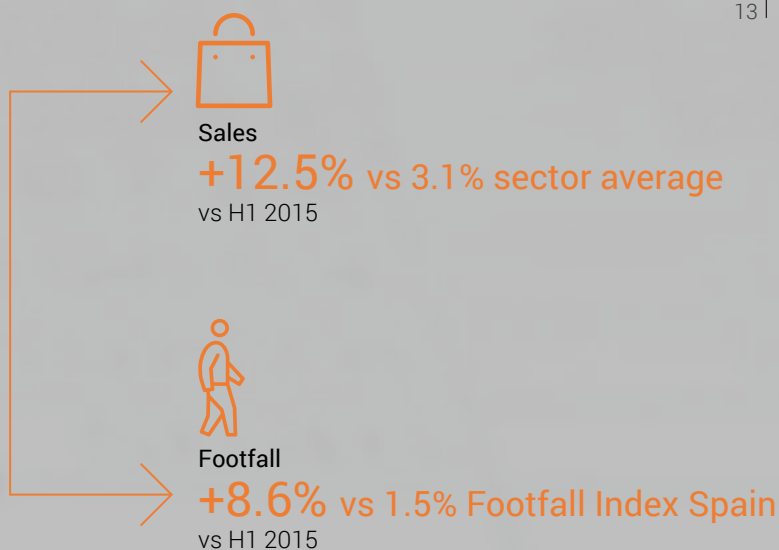
(*) For further information see point 3 "EPRA Information"



Rental Income by asset class (%)



Retail Performance



1.2 Main Events

1. Valuation reports as at 31 December 2015

21.01.2016 Lar España has received the **valuation reports** for its property portfolio as of 31 of December 2015, carried out by Jones Lang LaSalle España, S.A and Cushman & Wakefield Sucursal en España.. The total **market value** of the company's portfolio as detailed in the abovementioned reports is **898.9 million Euros**. The acquisition Price – transaction costs not included - of the assets subject to the valuation was 852.7 million Euros.

The properties were valued according to the Royal Institution of Chartered Surveyors (RICS) valuation standards, based on net market value as at 31 December 2015.



2. Megapark financing

25.02.2016 In connection with the material facts of last 20 July and 19 October 2015 (with Registry numbers 226456 and 229825 respectively), where it was reported that the Company had reached an agreement for, and subsequently totally implemented, the acquisition of (i) a retail park, including 14 retail units with a gross leasable area (GLA) of 44,532 square metres and (ii) an Outlet shopping centre, with 61 units and a GLA of 19,395 square metres, both located in the building complex of

Megapark Barakaldo (Vizcaya); it is now reported that yesterday the Company has entered into a **bank financing agreement** with NATIXIS, as Agent bank, Credit Agricole CIB and Santander, associated to the above referred assets, for a total amount of **EUR 97 million**, a 7 years duration and a “bullet” amortization structure.

3. Palmas Altas acquisition

02.03.2016 On 1 March 2016 the Company, through its wholly owned subsidiary LAR ESPAÑA SHOPPING CENTRES VIII, S.L.U. reached an agreement with *Inmobiliaria VIAPOL, S.A.* for the acquisition of a **plot intended for commercial use in Palmas Altas Norte, Seville**. On this commercial plot with a surface area of more than 123,000 sqm, it is planned the development of a large commercial and family leisure-entertainment complex.



Megapark Shopping Centre
(Bilbao)



Palmas Altas Shopping Centre
(Seville)

It is forecasted that this development venture will be accomplished by the end of 2018, involving an approximated total cost of **145 million euros**, corresponding 36 million euros to the plot purchase price. The rest of the investment will be used for the development of the commercial and leisure-family entertainment macro-complex.

4. Acquisition of 41.22% of Portal de la Marina stake

31.03.2016 On 30 March 2016, making use of the authorisation granted by the Extraordinary General Shareholders' Meeting held on 18 December 2015 under item one of its agenda, the Company finalised the **acquisition of the 41.22% stake in Puerta Marítima Ondara, S.L.** from Grupo Lar Actividad Arrendamiento, S.A., fully owned by Grupo Lar Inversiones Inmobiliarias, S.A. the Company's manager.

The acquisition was carried out for a total amount of 14.588.336 Euros, becoming Lar España the sole shareholder of Puerta Marítima Ondara, S.L., and indirectly the owner of 100% of the Portal de la Marina Shopping Centre.



Portal de la Marina Shopping Centre
(Alicante)

5. Approval of the Ordinary General Shareholder's Meeting

21.04.2016 The **ordinary shareholders' meeting of Lar España**, held on the, 21st of April 2016, 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 18 March 2016 (with registration number 236455).

6. Dividends distribution

21.04.2016 The General Shareholders' Meeting of Lar España, validly held on the 21st of April 2016, on second call, has approved, among other resolutions, to **distribute**:

- (i) as dividend for the fiscal year, an amount of **4,499 thousand euros**, at a ratio of 0.075 euros gross per share;
- (ii) with charge to share premium, an amount of **7,538 thousand euros**, at a ratio of 0.125 euros gross per share.

The distribution will be carried out on 20 May 2016, by Banco Santander, S.A., via the depositaries participating entities in Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear).

It is reiterated that, pursuant to article 47 of the Bylaws, the authorized persons appearing on the accounting records of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, Sociedad Anónima Unipersonal (Iberclear) at 23:59 hours on the day on which the Shareholders' Meeting approves the distribution, that is, today (record date) shall be entitled to receive the dividend.

7. Performance Fee Capital Share Increase

29.04.2016 Lar España hereby informs that, on the 29th of April 2016, in compliance with article 7.2 of the Investment Manager Agreement entered into between the Company and the Manager –Grupo Lar Inversiones Inmobiliarias, S.A. (“Grupo Lar”)– on 12 February 2014 and widely described in the Initial Public Offering Prospectus, has carried out a capital increase with the sole purpose that **the Performance Fee** due to Grupo Lar for the services provided as exclusive manager of the Company **is invested in ordinary shares of the Company**. This **capital increase**, which has been fully subscribed and paid by Grupo Lar, **has been carried out for a total nominal value of 1,258,654 Euros** through the issuance of **629,327 new shares** with a nominal value of 2 Euros per share, of the same class and series as the existing shares of Lar España, granting, therefore, the same political and economic rights.

The new shares will have a **lock-up period of three years**. The new shares have been issued with a premium of 6.4189 Euros per share, amounting to a **total premium of 4,039,590.37 Euros**, pursuant to the authorisation granted to the Board of Directors by the extraordinary General Shareholders’ Meeting held on 18 December 2015 at second call.



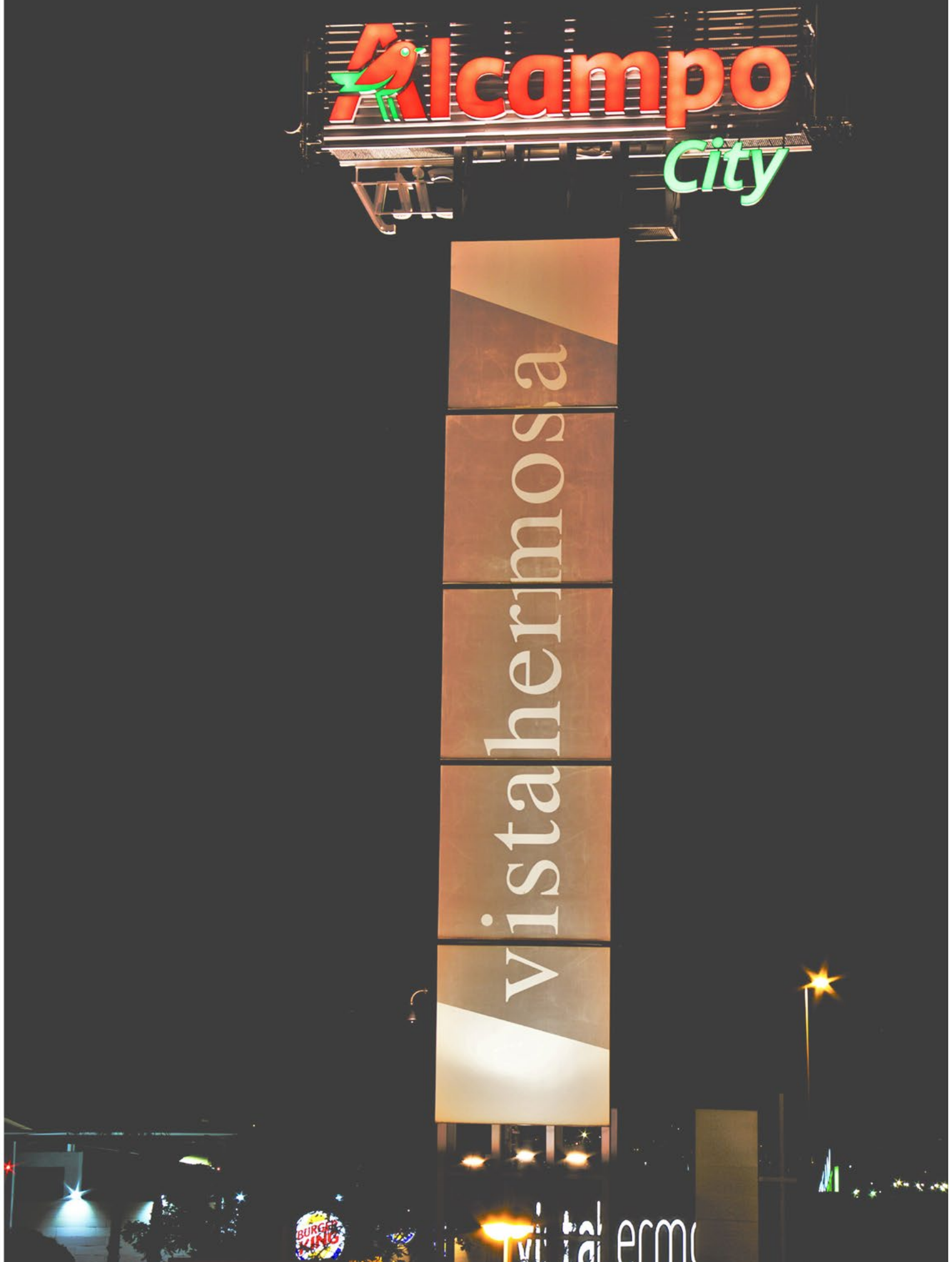
8. Vistahermosa Retail Complex acquisition

17.06.2016 On the 16th of June 2016, the Company, through a wholly owned subsidiary, has acquired the **retail complex “Parque Vistahermosa”** located in Alicante, with a total gross leasable area (GLA) of approximately 33,550 square metres.

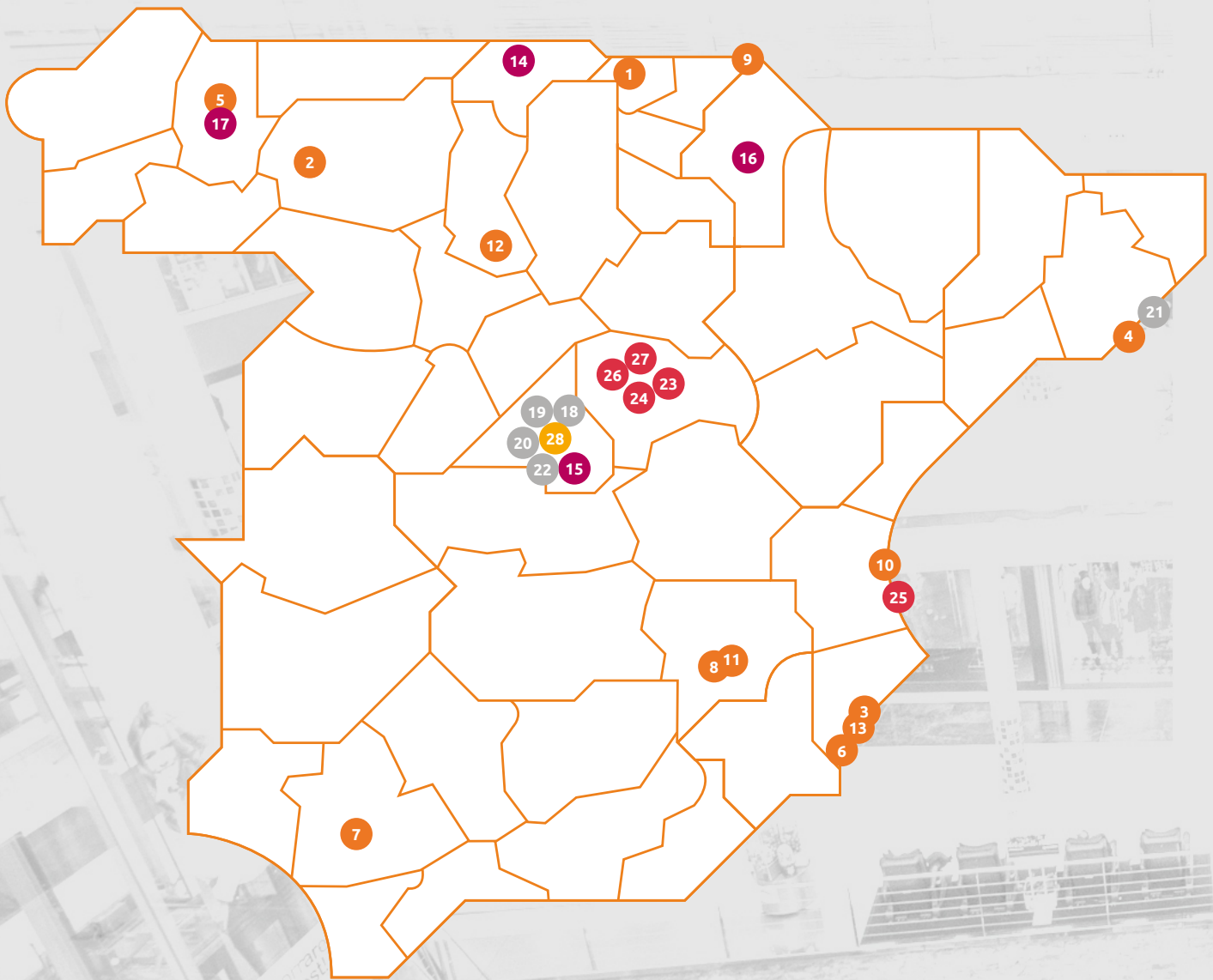
The acquisition was carried out for a total amount of **EUR 42.5 million**.



Vistahermosa Retail Complex
(Alicante)



1.3 Portfolio at 30 June 2016



| GAV=1.1 billion euros

SHOPPING CENTRES

- 1 Megapark (Bilbao)
- 2 El Rosal (León)
- 3 Portal de la Marina (Alicante)
- 4 Anec Blau (Barcelona)
- 5 As Termas (Lugo)
- 6 Vistahermosa (Alicante)
- 7 Palmas Altas (Seville)
- 8 Albacenter (Albacete)
- 9 Txingudi (Guipúzcoa)
- 10 Vidanova Parc[®] (Valencia)
- 11 Albacenter Hypermarket (Albacete)
- 12 Las Huertas (Palencia)
- 13 Portal de la Marina Hypermarket (Alicante)

RETAIL WAREHOUSES

- 14 Nuevo Alisal (Santander)
- 15 Villaverde (Madrid)
- 16 Parque Galaria (Navarra)
- 17 As Termas Petrol Station (Lugo)

OFFICES

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

LOGISTICS

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

RESIDENTIAL

- 28 Lagasca 99 (Madrid)

(*) Previously named Cruce de Caminos

1 MEGAPARK, BILBAO

Location	Bilbao
GLA	63,645 sqm
Purchase Date	19 October 2015
Acquisition Price	EUR 170.0 m
Market Value (30 June 2016)*	EUR 178.0 m
WAULT	3.0 years
EPRA Net Initial Yield	5.9%
EPRA Occupancy Rate	96.2%

2 EL ROSAL, LEÓN

Location	Ponferrada (León)
GLA	51,022 sqm
Purchase Date	7 July 2015
Acquisition Price	EUR 87.5 m
Market Value (30 June 2016)*	EUR 93.3 m
WAULT	2.6 years
EPRA Net Initial Yield	6.3%
EPRA Occupancy Rate	92.6%

3 PORTAL DE LA MARINA, ALICANTE

Location	Ondara (Alicante)
GLA	30,093 sqm
Purchase Date	30 October 2014/30 March 2016
Acquisition Price	EUR 82.2 m ⁽¹⁾
Market Value (30 June 2016)*	EUR 91.5 m
WAULT	1.8 years
EPRA Net Initial Yield	6.9%
EPRA Occupancy Rate	93.0%

(1) Weighted average price of both acquisitions.

4 ANEC BLAU, BARCELONA

Location	Barcelona
GLA	28,603 sqm
Purchase Date	31 July 2014
Acquisition Price	EUR 80.0 m
Market Value (30 June 2016)*	EUR 87.5 m
WAULT	2.9 years
EPRA Net Initial Yield	5.2%
EPRA Occupancy Rate	93.3%

5 AS TERMAS, LUGO



Location	Lugo
GLA	33,127 sqm
Purchase Date	15 April 2015
Acquisition Price	EUR 67.0 m
Market Value (30 June 2016)*	EUR 72.2 m
WAULT	2.2 years
EPRA Net Initial Yield	6.8%
EPRA Occupancy Rate	94.0%

6 VISTAHERMOSA, ALICANTE



Location	Alicante
GLA	33,550 sqm
Purchase Date	16 June 2016
Acquisition Price	EUR 42.5 m
Market Value (30 June 2016)*	EUR 42.5 m
WAULT	8.7 years
EPRA Net Initial Yield	5.5%
EPRA Occupancy Rate	84.5%

7 PALMAS ALTAS, SEVILLE



Location	Seville
GLA	72,000 sqm
Purchase Date	1 March 2016
Acquisition Price	EUR 40.5 m
Market Value (30 June 2016)*	EUR 40.7 m
WAULT	N/A
EPRA Net Initial Yield	N/A
EPRA Occupancy Rate	N/A

8 ALBACENTER, ALBACETE



Location	Albacete
GLA	15,428 sqm
Purchase Date	30 July 2014
Acquisition Price	EUR 28.4 m
Market Value (30 June 2016)*	EUR 33.5 m
WAULT	1.8 years
EPRA Net Initial Yield	5.4%
EPRA Occupancy Rate	91.1%

* The valuations have been made at 30 June 2016 by external independent valuers: JLL or C&W

9 TXINGUDI, GUIPÚZCOA



Location	Irún (Guipúzcoa)
GLA	10,052 sqm
Purchase Date	24 March 2014
Acquisition Price	EUR 27.7 m
Market Value (30 June 2016)*	EUR 32.0 m
WAULT	2.7 years
EPRA Net Initial Yield	6.1%
EPRA Occupancy Rate	88.9%

10 VIDANOVA PARC, VALENCIA ⁽²⁾

Location	Sagunto (Valencia)
GLA	43,091 sqm
Purchase Date	3 August 2015
Acquisition Price	EUR 14.0 m
Market Value (30 June 2016)*	EUR 16.1 m
WAULT	N/A
EPRA Net Initial Yield	N/A
EPRA Occupancy Rate	N/A

(2) Development of the project subjected on planning and commercialization fulfillment.

11 ALBACENTER HYPERMARKET
AND RETAIL UNITS ALBACETE

Location	Albacete
GLA	12,462 sqm
Purchase Date	19 December 2014
Acquisition Price	EUR 11.5 m
Market Value (30 June 2016)*	EUR 12.6 m
WAULT	1.2 years
EPRA Net Initial Yield	7.3%
EPRA Occupancy Rate	100.0%

12 LAS HUERTAS, PALENCIA



Location	Palencia
GLA	6,267 sqm
Purchase Date	24 March 2014
Acquisition Price	EUR 11.7 m
Market Value (30 June 2016)*	EUR 12.0 m
WAULT	2.0 years
EPRA Net Initial Yield	6.6%
EPRA Occupancy Rate	82.8%

* The valuations have been made at 30 June 2016 by external independent valuers: JLL or C&W

**13 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 (30 June 2016)*	EUR 7.8 m
WAULT	14 years
EPRA Net Initial Yield	6.6%
EPRA Occupancy Rate	100.0%

14 NUEVO ALISAL, SANTANDER

Location	Santander
GLA	7,649 sqm
Purchase Date	17 December 2014
Acquisition Price	EUR 17.0 m
Market Value (30 June 2016)*	EUR 17.5 m
WAULT	3.6 years
EPRA Net Initial Yield	6.5%
EPRA Occupancy Rate	100.0%

15 VILLAVERDE, MADRID

Location	Madrid
GLA	4,391 sqm
Purchase Date	29 July 2014
Acquisition Price	EUR 9.1 m
Market Value (30 June 2016)*	EUR 10.4 m
WAULT	6.3 years
EPRA Net Initial Yield	6.5%
EPRA Occupancy Rate	100.0%

16 PARQUE GALARIA, NAVARRA

Location	Pamplona
GLA	4,108 sqm
Purchase Date	23 July 2015
Acquisition Price	EUR 8.4 m
Market Value (30 June 2016)*	EUR 9.8 m
WAULT	5.4 years
EPRA Net Initial Yield	6.7%
EPRA Occupancy Rate	100.0%

* The valuations have been made at 30 June 2016 by external independent valuers: JLL or C&W

17 AS TERMAS PETROL STATION, LUGO



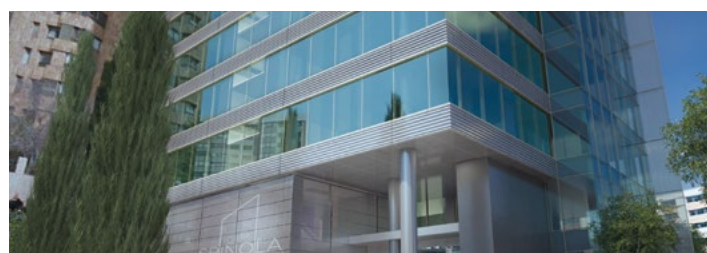
Location	Lugo
GLA	2,000 sqm
Purchase Date	28 July 2015
Acquisition Price	EUR 1.8 m
Market Value (30 June 2016)*	EUR 1.8 m
WAULT	15 years
EPRA Net Initial Yield	5.9%
EPRA Occupancy Rate	100.0%

18 EGEO, MADRID



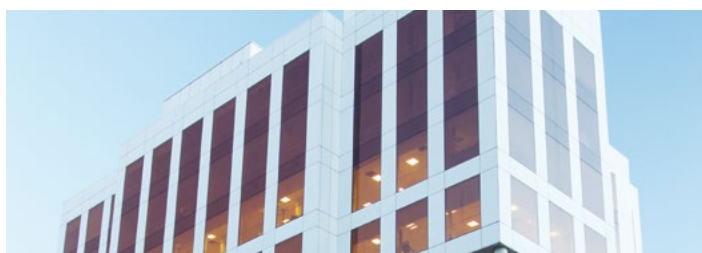
Location	Madrid
GLA	18,254 sqm
Purchase Date	16 December 2014
Acquisition Price	EUR 64.9 m
Market Value (30 June 2016)*	EUR 71.9 m
WAULT	4.9 years
EPRA Net Initial Yield	2.5%
EPRA Occupancy Rate	91.5%

19 MARCELO SPINOLA, MADRID



Location	Madrid
GLA	8,586 sqm
Purchase Date	31 July 2014
Acquisition Price	EUR 19.0 m
Market Value (30 June 2016)*	EUR 27.0 m
WAULT	N/A
EPRA Net Initial Yield	N/A**
EPRA Occupancy Rate	N/A**

20 ARTURO SORIA, MADRID



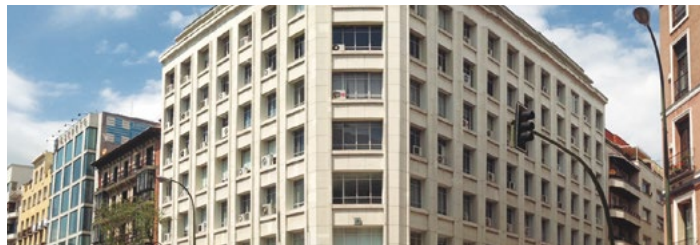
Location	Madrid
GLA	8,663 sqm
Purchase Date	29 July 2014
Acquisition Price	EUR 24.2 m
Market Value (30 June 2016)*	EUR 26.0 m
WAULT	2.8 years
EPRA Net Initial Yield	4.8%
EPRA Occupancy Rate	78.6%

* The valuations have been made at 30 June 2016 by external independent valuers: JLL or C&W

** For further information see point 3 EPRA INFORMATION

21 JOAN MIRÓ, BARCELONA

Location	Barcelona
GLA	8,611 sqm
Purchase Date	11 June 2015
Acquisition Price	EUR 19.7 m
Market Value (30 June 2016)*	EUR 21.0 m
WAULT	1.5 years
EPRA Net Initial Yield	5.6%
EPRA Occupancy Rate	99.1%

22 ELOY GONZALO, MADRID

Location	Madrid
GLA	6,231 sqm
Purchase Date	23 December 2014
Acquisition Price	EUR 12.7 m
Market Value (30 June 2016)*	EUR 14.0 m
WAULT	2.0 years
EPRA Net Initial Yield	2.2%
EPRA Occupancy Rate	55.8%

23 ALOVERA II, GUADALAJARA

Location	Guadalajara
GLA	83,952 sqm
Purchase Date	13 October 2014
Acquisition Price	EUR 32.1 m
Market Value (30 June 2016)*	EUR 37.4 m
WAULT	1.2 years
EPRA Net Initial Yield	6.7%
EPRA Occupancy Rate	100.0%

24 ALOVERA I, GUADALAJARA

Location	Guadalajara
GLA	35,195 sqm
Purchase Date	7 August 2014
Acquisition Price	EUR 12.7 m
Market Value (30 June 2016)*	EUR 15.0 m
WAULT	2.3 years
EPRA Net Initial Yield	7.1%
EPRA Occupancy Rate	100.0%

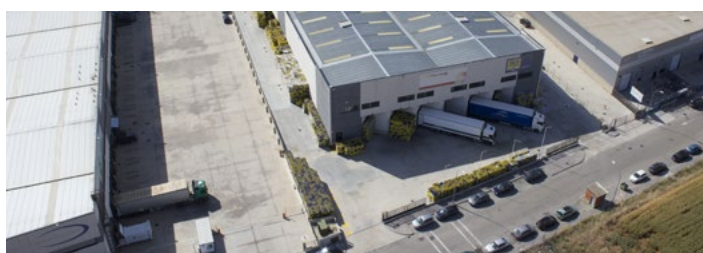
* The valuations have been made at 30 June 2016 by external independent valuers: JLL or C&W

25 ALMUSSAFES, VALENCIA

Location	Valencia
GLA	19,211 sqm
Purchase Date	26 May 2015
Acquisition Price	EUR 8.4 m
Market Value (30 June 2016)*	EUR 8.8 m
WAULT	0.5 years
EPRA Net Initial Yield	7.9%
EPRA Occupancy Rate	100.0%

26 ALOVERA IV (C5-C6), GUADALAJARA

Location	Guadalajara
GLA	14,891 sqm
Purchase Date	26 May 2015
Acquisition Price	EUR 7.2 m
Market Value (30 June 2016)*	EUR 7.9 m
WAULT	2.7 years
EPRA Net Initial Yield	9.0%
EPRA Occupancy Rate	100.0%

27 ALOVERA III, GUADALAJARA

Location	Guadalajara
GLA	8,591 sqm
Purchase Date	26 May 2015
Acquisition Price	EUR 3.0 m
Market Value (30 June 2016)*	EUR 3.3 m
WAULT	3.4 years
EPRA Net Initial Yield	6.9%
EPRA Occupancy Rate	100.0%

28 LAGASCA 99, MADRID

Location	Madrid
GLA	26,203 sqm
Purchase Date	30 January 2015
Acquisition Price	EUR 50.1 ⁽³⁾ m
Market Value (30 June 2016)*	EUR 58.3 m
WAULT	N/A
EPRA Net Initial Yield	N/A
EPRA Occupancy Rate	N/A

(3) Corresponds to the 50% of the JV with PIMCO

Works at Lagasca 99 Residential
(Madrid)



1.4 Key Indicators

Economic & Financial Figures

In the first half of 2016, Lar España (hereby the "Group"), generated an **EBITDA of 23,803 thousand Euros** and a **net profit of 43,327 thousand Euros**

Thousands of Euros	H1 2016	H1 2015
Revenues	26,872	14,116
EBITDA	23,803	8,301
EBIT	52,869	20,771
PBT	43,327	19,346
Net profit	43,327	19,346

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

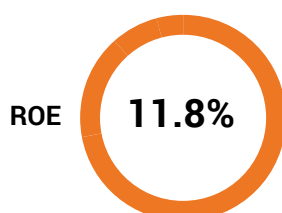
Other Financial Indicators

The Group presents the following financial indicators:

	30/06/2016	31/12/2015
Working capital (Thousands of Euros)	46,548	49,645
Liquidity ratio	2.0	3.5
Solvency ratio	1.0	1.1
ROE	11.80%*	9.05%
ROA	6.85%*	5.72%

*Indicators calculated using the figures from the last 12 months

At 30 June 2016 and 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 30 June 2016, the **ROE ("Return on Equity")**, which measures the Group's profitability as a percentage of its shareholders equity, amounted to **11.80%** (9.05% at 31 December 2015) 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 **6.85%** (5.72% at 31 December 2015).



Arturo Soria Office Building
(Madrid)

1.5 Business Performance

Income Distribution

Rental income reached **26,872 thousand Euros** in the first half of 2016 (14,116 thousand Euros in the same period of the year before). The increase in rental income between the first half of 2016 and the same period of the previous year mainly corresponds to the Group's acquiring and launching

new real estate investments during said period (five shopping centres and two retail warehouses).

The relative weigh of rental income by line of business at 30 June 2016 is as follows:

Rental Income by asset class. H1 2016 (%)



The breakdown of the **income per asset** for these three lines of business in the first half of 2016 is as follows:

Income by Shopping Centre (%)

Megapark	28.2	
El Rosal	15.4	
Anec Blau	13.2	
As Termas	12.5	
Portal de la Marina	7.8	
Albacenter	5.6	
Txingudi	4.7	
Nuevo Alisal	3.1	
Albacenter Hypermarket	2.4	
Las Huertas	2.0	
Villaverde	1.9	
Parque Galaria	1.7	
Portal de la Marina Hyper	1.3	
As Termas Petrol Station	0.2	

Income by Office Building (%)

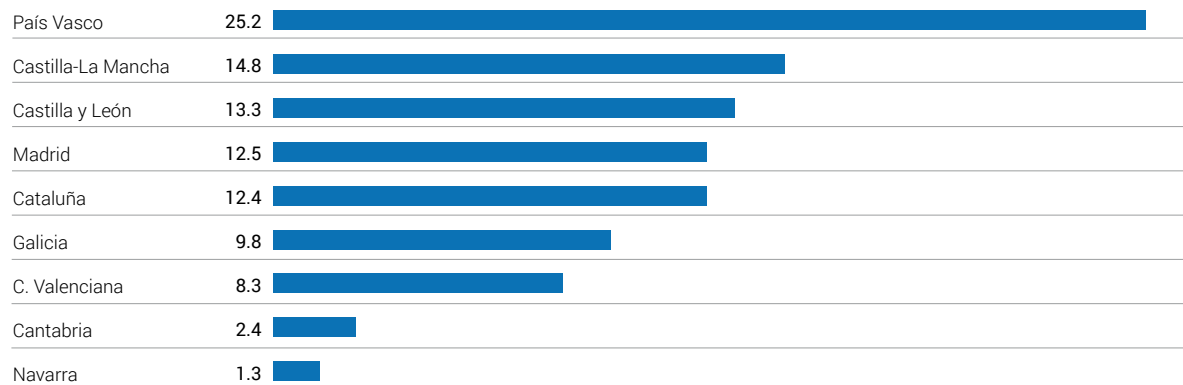
Egeo	48.6	
Arturo Soria	19.9	
Joan Miró	17.3	
Eloy Gonzalo	11.8	
Marcelo Spínola	2.4	

Income by Logistics Warehouse (%)











Alovera II	50.1	
Alovera I	18.7	
Almussafes	13.8	
Alovera IV (C5-C6)	13.7	
Alovera III (C2)	3.7	

This graph details the breakdown of **income per region** for H1 2016:

Rental Income by region (%)



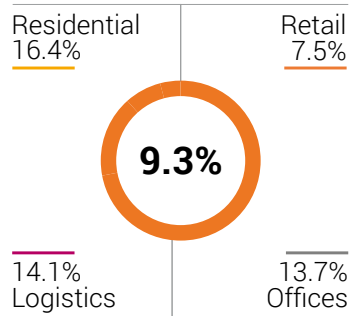
Below are the **ten tenants that have generated the most revenue** during the first half of 2016 and their main characteristics:

Ranking	Tenant	Project	% of total rental income	% Accumulated	Lease end	Sector
1	 Carrefour	Alovera II/El Rosal	8.15%	8.15%	2017-2042	Distribution/ Hypermarket
2	 INDITEX	Anec Blau/Albacenter/El Rosal/As Termas/ Huertas/Portal de la Marina	6.05%	14.20%	2025-2033	Retail Fashion
3	 MediaMarkt	Megapark/As Termas/Villaverde/Nuevo Alisal	5.32%	19.52%	2030-2036	Technology
4	 ineco	Egeo	5.11%	24.63%	2021	Engineering
5	 DECATHLON	Megapark	3.57%	28.20%	2036	Distribution
6	 El Corte Inglés	Megapark/Parque Galaria	3.02%	31.22%	2027-2036	Distribution
7	 C&A	Anec Blau/El Rosal/ As Termas /Megapark/ Portal de la Marina	2.70%	33.92%	2016-2026	Retail Fashion
8	 H&M	Anec Blau/Albacenter/El Rosal/As Termas/ Portal de la Marina	2.21%	36.12%	2022-2040	Retail Fashion
9	 Toys R Us	Megapark/Nuevo Alisal	2.08%	38.21%	2024-2036	Distribution
10	 EROSKI	As Termas Petrol Station/Portal de la Marina Hyper/Albacenter Hyper	2.01%	40.22%	2024-2060	Distribution

Valuations

According to the valuation reports published by JLL and Cushman & Wakefield dated 30th June 2016, the total value of Lar España's Portfolio totals **EUR 1,050 million, a 9.3% increase** on the acquisition price.

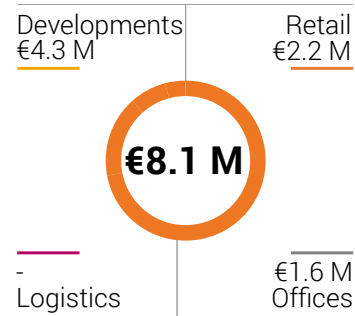
The breakdown of value uplift by asset class is as follows:



Capex

The company has continued to refurbish and improve the assets in its portfolio in order to generate more value, investing over **EUR 8 million** in H1 2016.

The breakdown of investment by asset class is as follows:



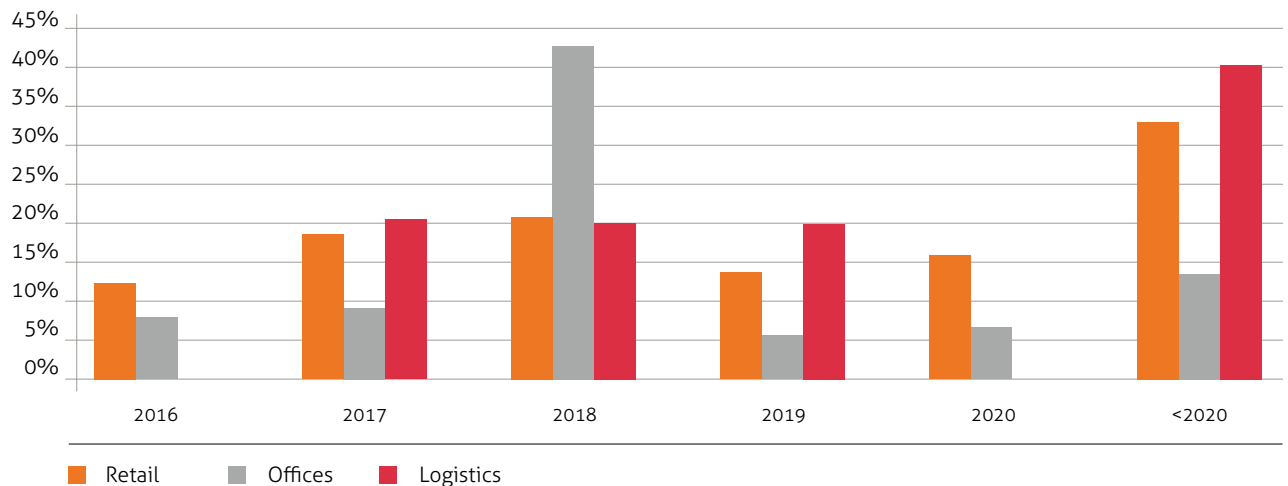
New Image Las Huertas Shopping Centre (Palencia)

Lease Expiry

We continue to actively manage our portfolio, allowing us to achieve a **solid and diversified tenant base**. Leases with our main tenants have been

renewed and extended, thereby achieving sizeable minimum guaranteed rent levels.

Lease expiry scheduled (%)



Retail activity

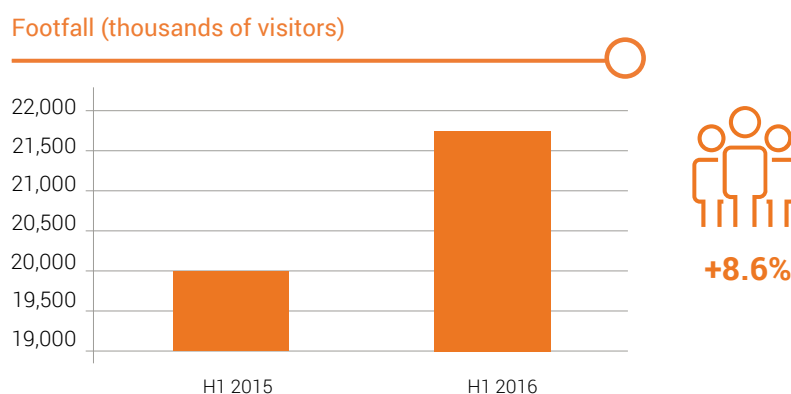
During the first six months of 2016 Lar España continued to actively manage its retail portfolio. It closed **65 transactions** including renewals, reloca-

tions and new lettings, resulting in an annualised tenant rotation rate of 10% for the portfolio.

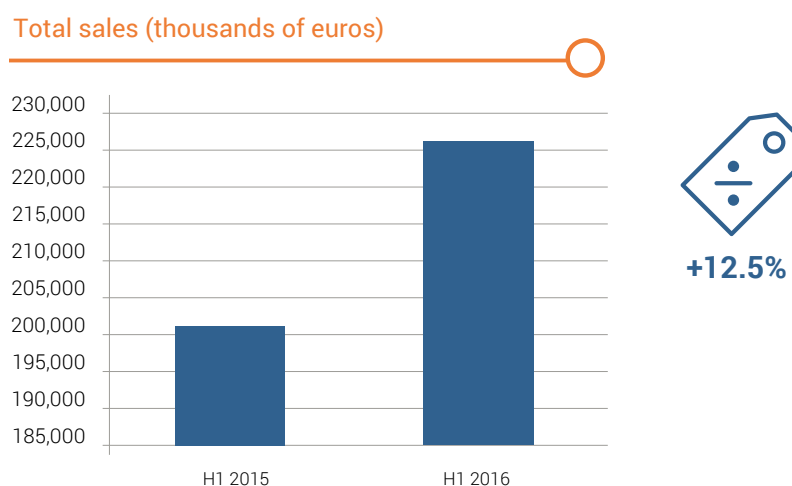
• Tenant Rotation Rate



- Shopping centre **footfall** was up **8.6%** vs. H1 2015



- **Sales** rose **12.5%** vs. H1 2015 (4.6% like for like)



(1) Indicator calculated on renewals and relocations only

Retail:

Some of the **main deals** from H1 2016 are detailed below:

Signed

lefties

Albacenter
1,044 sqm

Portal de la Marina
562 sqm

LEROY MERLIN

Vidanova Parc
9,472 sqm

H&M

Txingudi
2,309 sqm

MANGO

As Termas
837 sqm

Txingudi
495 sqm

New Openings

D
DEICHMANN

Las Huertas
541 sqm

SoloOptical

As Termas
146 sqm

Txingudi
150 sqm

Koröshi.
Maniaks Graphic Design TM

Txingudi
398 sqm

El Rosal
346 sqm

women'secret

Txingudi
152 sqm

Offices:

- The Cardenal Marcelo Spinola's **refurbishments** are proceeding on schedule.
- We continue to work on our project to achieve maximum **energy efficiency** across all of our assets.

Logistics:

- The **occupancy rate** still stands at 100%.
- We would note the continued **maintenance and repair works** carried out in the warehouses to ensure they are kept in excellent condition.

Residential:

- **Building work at Lagasca 99** started in February 2016.

- Considerable interest from national and international **investors**.



Las Huertas Shopping Centre
(Palencia)




Txingudi Shopping Centre
(Guipuzcoa)



El Rosal Shopping Centre
(León)



As Termas Shopping Centre
(Lugo)



Egeo Office Building
(Madrid)

2

CONSOLIDATED FINANCIAL STATEMENTS



2.1
Company Chart
30.06.2016
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Consolidated Statement of
Comprehensive Income
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Consolidated Statement of
Financial Position
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Consolidated Statement of
Cash Flows
p. 42

2.1 Company Chart 30.06.2016

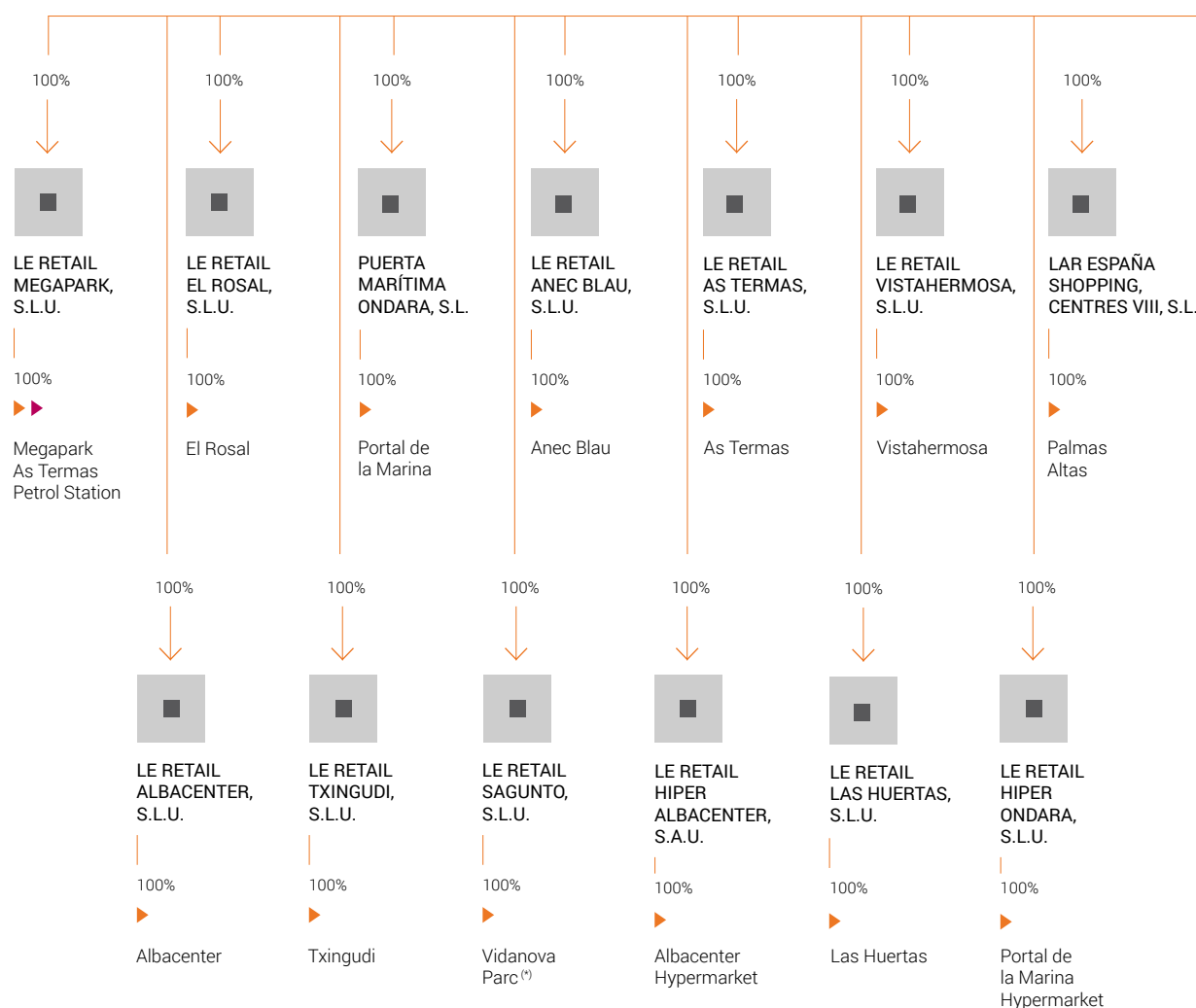
At 30 June 2016, the consolidated financial statements of the Group were presented in accordance with the accounting principles established in the International Financial Reporting Standards adopted by the European Parliament (EU-IFRS) up until this date.

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

LAR ESPAÑA
REAL ESTATE
SOCIMI, S.A.

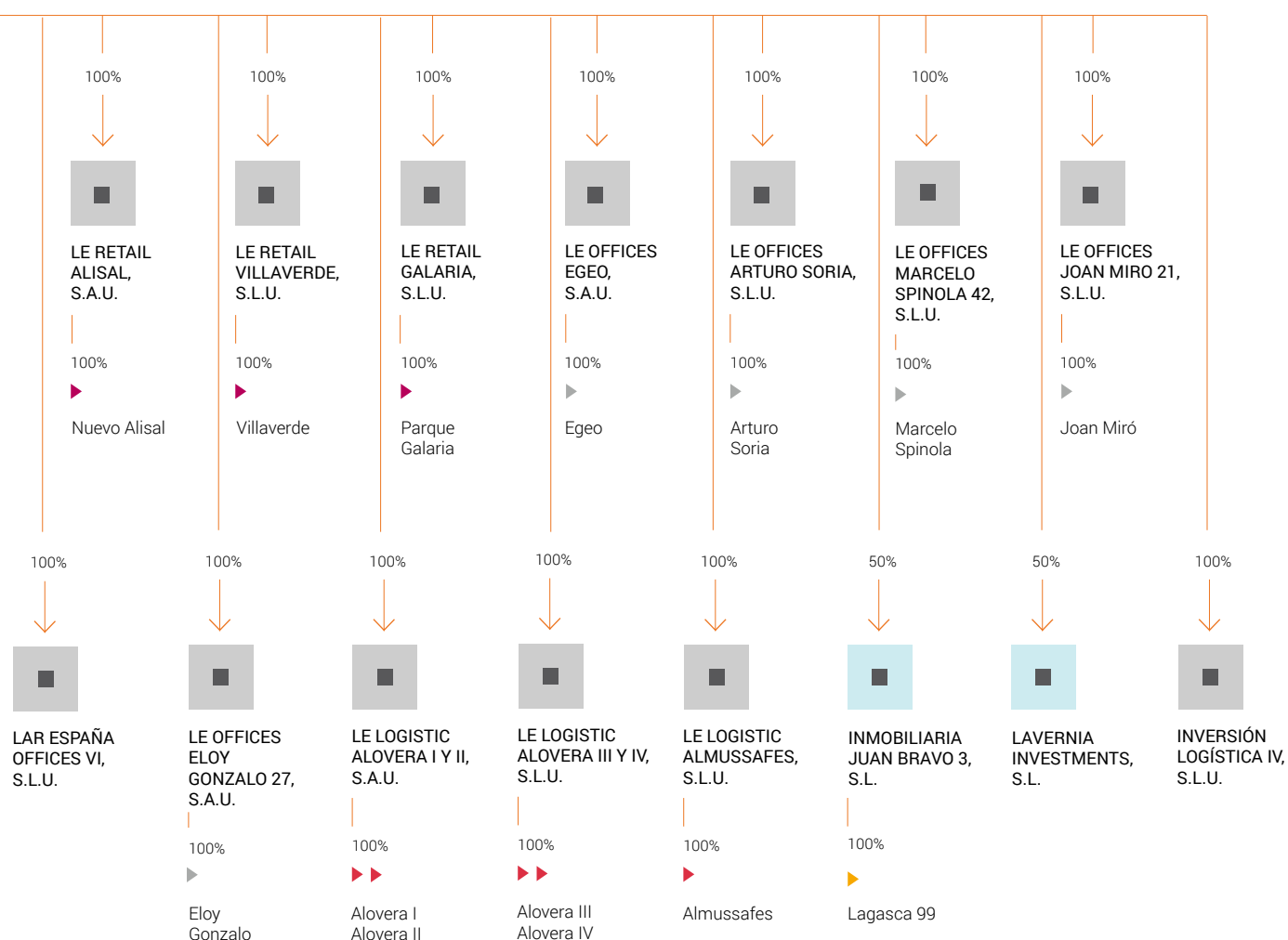


Real Estate



(*) Previously named Cruce de Caminos

For comparative purposes, the balances of the Consolidated Comprehensive Income Statement are shown together with those for the same period the year before, whilst for the Consolidated Statement of Financial Position they are shown together with those corresponding to 31 December 2015.



Company

	Full Consolidation
	Equity Method

Assets

	Shopping Centres
	Retail Warehouses
	Offices
	Logistics
	Residential

2.2 Consolidated Statement of Comprehensive Income

(Thousands of Euros)	H1 2016	H1 2015
Revenues	26,872	14,116
Other income	7,772	400
Personnel expenses	(175)	(160)
Other expenses	(10,666)	(6,055)
Changes in the fair value of investment properties	29,066	12,470
RESULTS FROM OPERATIONS	52,869	20,771
Financial income	1,978	615
Financial expenses	(9,776)	(2,330)
Impairment and results of disposals of financial instruments	29	(257)
Share in profit (loss) for the period of equity-accounted companies	(1,773)	547
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	43,327	19,346
Income tax	-	-
PROFIT FOR THE PERIOD	43,327	19,346

Results from operating activities

At 30 June 2016, the Group presented a positive **result for its operations** amounting to **52,869 thousand Euros** (revenue of 20,771 thousand Euros at 30 June 2015).

Revenues

Revenue for the first semester of 2016 amounted to **26,872 thousand Euros**, 90% of which was rental income from shopping centres and offices (83.5% for the first semester of 2015).

Other income

At 30 June 2016, **other income** mainly reflect a positive adjustment amounting to 6,978 thousand Euros from the acquisition of 100% of the subsidiary company Puerta Marítima Ondara, S.L. Said amount is the difference between the amount paid and the fair value of the acquired assets and liabilities.

Other expenses

At 30 June 2016, the Group incurred **other expenses** amounting to **10,666 thousand Euros**, mainly related to:

- Recurring services and services directly linked to the daily management of the assets (property management, utilities, property tax (IBI)...) of 4,966 thousand Euros.
- Management fees (base and performance fee included) for management services provided to the Company by Grupo Lar Inversiones Inmobiliarias ("Grupo Lar") (3,557 thousand Euros).

Change in the fair value of investment properties

The amount in this entry, **29,066 thousand Euros**, 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 30 June 2016.

Net Financial Result

The financial result was a negative balance of 7,798 thousand Euros at 30 June 2016 (negative balance of 1,715 thousand Euros at 30 June 2015).

Financial income amounting to 1,978 thousand Euros in the first half of 2016 mainly comprises the interest accrued on credits granted to equity-accounted companies, while financial expenses amounting to 9,776 thousand Euros mainly comprises the following items:

- Because of the control gained over the subsidiary company Puerta Marítima Ondara, S.L., and consequently the valuation at fair value of the 58.78% shareholding that the Group held, a negative adjustment amounting to **4,105 thousand Euros** was recognised, which is the difference between said fair value and the current carrying amount.
- Interest accrued on loans taken out by the Group with financial institutions and the bonds issued by the Group in February 2015.

Consolidated Statement of Comprehensive Income by business line

The income and expenses recorded by the Group at 30 June 2016 broken down by business line are as follows:

Thousands of Euros	Shopping Centres	Offices	Logistics	Residential	LRE*	Total
Revenues	20,577	3,580	2,715	-	-	26,872
Other income	7,654	104	14	-	-	7,772
Personnel expenses	-	-	-	-	(175)	(175)
Other expenses	(3,904)	(705)	(357)	-	(5,700)	(10,666)
Changes in the fair value of investment properties	20,309	6,867	1,890	-	-	29,066
RESULTS FROM OPERATIONS	44,636	9,846	4,262	-	(5,875)	52,869
Net finance income/cost	(6,625)	(577)	-	1,525	(2,121)	(7,798)
Impairment and results of disposals of financial instruments	29	-	-	-	-	29
Share in profit for the period of equity-accounted companies	580	-	-	(2,353)	-	(1,773)
PROFIT/(LOSS) FOR THE PERIOD	38,620	9,269	4,262	(828)	(7,996)	43,327

(*) The amounts included in LRE column are corporate expenses.

At 30 June 2016 shopping centres presented an operating profit of 44,636 thousand Euros; offices an operating profit of 9,846 thousand Euros; and the

logistics warehouses an operating profit of 4,262 thousand Euros. The "LRE" column includes, inter alia, management fees of 3,557 thousand Euros.

2.3 Consolidated Statement of Financial Position

ASSETS (Thousands of Euros)	30/06/2016	31/12/2015
Intangible assets	2	1
Investment properties	974,915	776,375
Financial assets with associates	20,351	16,774
Equity-accounted investees	6,711	43,217
Non-current financial assets	9,866	8,475
NON-CURRENT ASSETS	1,011,845	844,842
Trade and other receivables	21,913	4,647
Financial assets with associates	25,000	26,717
Other current financial assets	1,717	1,676
Other current assets	776	601
Cash and cash equivalents	39,405	35,555
CURRENT ASSETS	88,811	69,196
TOTAL ASSETS	1,100,656	914,038

EQUITY AND LIABILITIES (Thousands of Euros)	30/06/2016	31/12/2015
Share capital	121,254	119,996
Share premium	411,566	415,047
Other reserves	28,362	(5,767)
Retained earnings	43,327	43,559
Treasury shares	(1,143)	(709)
Valuation adjustments	(4,829)	(1,560)
EQUITY	598,537	570,566
Financial liabilities from issue of bonds and other marketable securities	138,367	138,233
Loans and borrowings	303,467	173,354
Derivatives	4,829	1,560
Other non-current liabilities	13,193	10,774
NON-CURRENT LIABILITIES	459,856	323,921
Financial liabilities from issue of bonds and other marketable securities	1,435	3,504
Loans and borrowings	7,692	5,593
Trade and other payables	122	2,651
Other financial liabilities	33,014	7,803
CURRENT LIABILITIES	42,263	19,551
TOTAL EQUITY AND LIABILITIES	1,100,656	914,038

Non-current assets

Investment properties

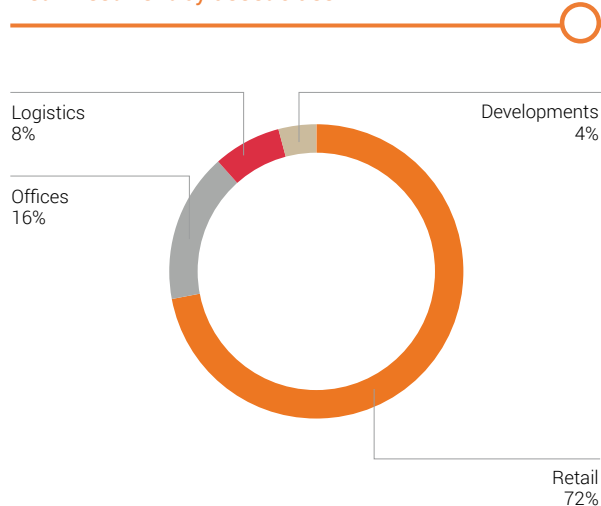
At 30 June 2016, **investment properties** are classified under non-current assets, at a fair value of **974,915 thousand Euros** (776,375 thousand Euros at 31 December 2015). The Group's investment properties consist of eleven shopping centres, four retail warehouses, two plots of land, five office buildings and five logistical warehouses. Of particular significance is the investment in shopping centres and offices amounting to 862,200 thousand Euros (705,985 thousand Euros at 31 December 2015), with revenue from leases representing 90% of the Group's total revenues in the first semester of 2016 (85% of the Group's revenues at 31 December 2015).

NET INVESTMENT

(Thousands of Euros)	31/03/2016	31/12/2015
Shopping Centres	702,370	547,707
Offices	159,830	149,750
Logistics	72,280	70,390
Developments (*)	40,435	8,528
INVESTMENT PROPERTIES	974,915	776,375

(*) The amount included under "Other" mainly corresponds to the fair value of the plots of land acquired in relation to the Vidanova Parc (Valencia) and Palmas Altas (Seville) projects.

Net investment by asset class



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

Assets	Total gross leasable ares (GLA)(sqm)	Fair value (Thousands of Euros)	Net initial yield (NIY) (*)
Megapark	63,645	178,000	5.25%-6.70%
El Rosal	51,022	93,290	
Portal de la Marina	30,093	91,500	
Anec Blau	28,603	87,470	
As Termas	33,127	72,200	
Vistahermosa	33,550	42,540	
Albacenter	15,428	33,521	
Txingudi	10,052	32,000	
Nuevo Alisal	7,649	17,502	
Las Huertas	6,267	12,000	
Albacenter Hypermarket	12,462	12,602	
Villaverde	4,391	10,350	
Parque Galaria	4,108	9,800	
Portal de la Marina Hypermarket	9,924	7,750	
As Termas Petrol Station	2,000	1,845	
TOTAL SHOPPING CENTRES AND RETAIL WAREHOUSES	312,321	702,370	
Egeo	18,254	71,850	3.58%-5.10% (**)
Marcelo Spinola	8,586	27,000	
Arturo Soria	8,663	25,990	
Joan Miró	8,611	20,990	
Eloy Gonzalo	6,231	14,000	
TOTAL OFFICES	50,345	159,830	
Alovera II	83,952	37,380	6.28%-9.09%
Alovera I	35,195	15,000	
Almussafes	19,211	8,800	
Alovera IV (C5-C6)	14,891	7,850	
Alovera III (C2)	8,591	3,250	
TOTAL LOGISTICS	161,840	72,280	
Vidanova Parc	43,091	4,235	N/A
Palmas Altas	72,000	36,200	
TOTAL OTHERS	115,091	40,435	
TOTAL GROUP	639,597	974,915	

(*) Yields provided in the valuations reports made by JLL and C&W at 30 June 2016.

(**) Net Initial Yield does not take into account Marcelo Spinola due to it currently being under refurbishment.

Financial assets with associates

The amount recognised under this item at 30 June 2016 and 31 December 2015 reflects loans extended to Inmobiliaria Juan Bravo 3, S.L..

Equity-accounted investees

At 30 June 2016, the amount reflects investments held by the Group that are accounted for using the equity method: Lavernia Investments, S.L. and Inmobiliaria Juan Bravo 3, S.L. (Puerta Marítima Ondara, S.L., Lavernia Investments, S.L. and Inmobiliaria Juan Bravo 3, S.L. at 31 December 2015).

The decrease in balance compared to 31 December 2015 is mainly due to the acquisition of the remaining 41.22% of the company Puerta Marítima Ondara S.L. The shareholding in the company thus being 100%, the global integration method was therefore used.

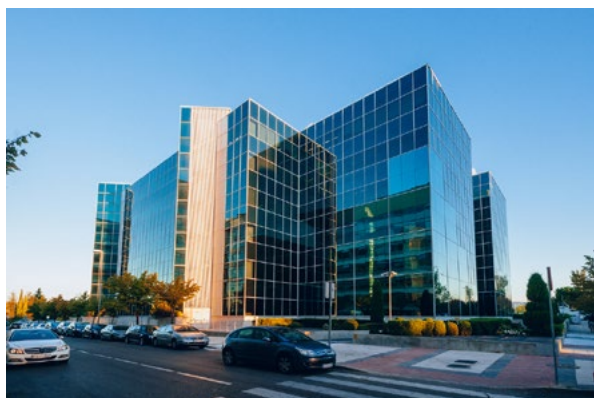
Current assets

Trade and other receivables

As of 30 June 2016, this heading principally reflects the earnest money deposit of 7,500 thousand Euros made as part of the agreement to purchase the Gran Vía de Vigo shopping centre (see the notice of material fact dated 11 July 2016), as well as other public administration credits in the amount of 11,258 thousand Euros.

Financial assets with associates

At 30 June 2016 and 31 December 2015, the amount of this item mainly reflects the loan and current accounts with the associate Inmobiliaria Juan Bravo 3, S.L.



Egeo Office Building
(Madrid)



Eloy Gonzalo Office Building
(Madrid)

Financial liabilities**Loans and borrowings**

The characteristics of the Loans & Borrowings at 30 June 2016 are as follows:

Type	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 + 2.00%	15/12/2019	30,000	-	30,000
Mortgage loan	Nuevo Alisal	bankinter	Eur 3M + 2.90%	16/06/2025	7,822	164	7,431
Mortgage loan	Lagasca 99	Santander	Eur 3M + 2.83%	30/01/2018	25,000	2,594	17,209
Mortgage loan	As Termas	ING DIRECT People in progress	Eur 3M + 1.80%	25/06/2020	37,345	-	36,520
Mortgage loan	El Rosal	CaixaBank	Eur 3M + 1.75%	07/07/2030	50,000	285	48,720
Mortgage loan	Villaverde	bankinter	1.75% until 30/09/2018 (later on Eur 12M + 1.75%)	13/10/2020	4,550	4	4,471
Mortgage loan	Arturo Soria	bankinter	1.80% until 30/09/2018 (later on Eur 12M + 1.80%)	09/11/2020	13,000	31	12,771
Mortgage loan	Galaria	CaixaBank	Eur 3M + 1.75%	14/12/2029	4,200	3	4,102
Mortgage loan	Joan Miró	BBVA	Eur 3M + 1.75%	23/12/2020	9,800	4	9,569
Mortgage loan	Megapark	Santander NATIXIS CRÉDIT AGRICOLE	Eur 3M + 1.70%	24/02/2023	97,000	221	95,229
Mortgage loan	Portal de la Marina	CaixaBank BBVA Sabadell	Eur 3M + 0.88%	17/05/2020	66,000	4,386	37,445

Financial liabilities from the issue of bonds and other securities

Corresponds to the bonds issued by the Group amounting to 140,000 thousand Euros in 2015.

Thousands of Euros	30/06/2016
GAV	1,049,540
Gross Debt	456,102
Cash	39,405
Net Debt	416,697
Net LTV*	40%

* Result of Net Debt/GAV

Net Equity

At 30 June 2016, the Company's **share capital** consisted of **60,627,083 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 an issue premium of 4.76 Euros per share).
- On 21 April 2016 it was agreed that 4,499 thousand Euros should be distributed as dividend for the fiscal year, at 0.075 gross Euros per share; and that 7,538 thousand Euros should be distributed, at 0.125 gross Euros per share, charged to the share premium. (See notice of material fact of 21 April 2016).

- On 29 April 2016 a capital increase was implemented for a total nominal value of 1,258,654 Euros through the issuance of 629,327 new shares with a par value of 2 Euros per share, with the sole purpose that the Performance Fee due to Grupo Lar for the services provided as exclusive manager of the Company is invested in ordinary shares in the Company. This capital increase was fully subscribed and paid by Grupo Lar. The new shares have been issued with a premium of 6.4189 Euros per share, amounting to a total premium of 4,039,590.37 Euros, pursuant to the authorisation granted to the Board of Directors by the Extraordinary General Shareholders' Meeting held on 18 December 2015 at second call. (See notice of material fact of 29 April 2016).

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

During the first half of 2016, the Company has carried out its own share sale and purchase transactions, as described below:

	Number of shares	Thousands of Euros
31 December 2015	74,250	709
Additions	1,086,711	9,301
Disposal	(1,025,580)	(8,867)
30 June 2016	135,381	1,143

The negative balance arising from the sale of own shares in the first three months of 2016 amounted to 732 thousand Euros, recorded under "Other reserves".

2.4 Consolidated Statement of Cash Flows

(Thousands of Euros)	30/06/2016 ^(*)	31/06/2015 ^(*)
A) CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(2,634)	8,369
1. Profit/(loss) for the period before tax	43,327	19,346
2. Adjustments for:	(26,022)	(11,081)
Profit / (loss) from adjustments to fair value of investment properties	(29,066)	(12,470)
Impairment (+/-)	8	221
Financial income (-)	(1,978)	(615)
Financial expenses (+)	9,776	2,330
Share in profit (loss) for the period of equity-accounted companies	1,773	(547)
Other income and expenses (+/-)	443	-
Adjustments to the consideration provided against income for the business combination	(6,978)	-
3. Changes in operating assets and liabilities	(11,832)	447
Trade and other receivables (+/-)	(16,168)	(251)
Other current assets (+/-)	508	(375)
Trade and other payables (+/-)	3,109	1,073
Other current liabilities (+/-)	29	-
Other non-current assets and liabilities (+/-)	690	-
4. Other cash flows used in operating activities	(8,107)	(343)
Interest paid (-)	(8,137)	(624)
Interest received (+)	30	281
B) CASH FLOWS USED IN INVESTING ACTIVITIES	(67,654)	(149,971)
1. Payments for investments (-)	(79,034)	(175,143)
Intangible assets	(1)	(1)
Outflow of liquid in business acquisitions	(14,225)	(57,989)
Investment property	(62,808)	(115,452)
Other financial assets	(2,000)	(1,701)
2. Proceeds from divestments (+)	11,380	25,172
Other financial assets	-	25,172
Associates	9,663	-
Other assets	179	-
Dividends received	1,538	-
C) CASH FLOWS FROM FINANCING ACTIVITIES	74,138	207,784
1. Payments made and received for equity instruments	(419)	5,641
Acquisition/disposal of treasury shares (- /+)	(419)	5,641
2. Proceeds from and payments for financial liability instruments	86,577	203,474
a) Issue of:	95,078	203,552
Bonds and other marketable securities (+)	-	138,005
Loans and borrowings (+)	95,078	61,986
Other financial liabilities (+)	-	3,561
b) Redemption and repayment of:	(8,501)	(78)
Loans and borrowings (-)	(2,390)	-
Other financial liabilities (+)	(6,111)	(78)
3. Payments for dividends and remuneration on other equity instruments	(12,020)	(1,331)
E) NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	3,850	66,182
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	35,555	20,252
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+F)	39,405	86,434

(*) Six months period.



Anec Blau Shopping Centre
(Barcelona)



Albacenter Shopping Centre
(Albacete)



○

3

EPRA INFORMATION

- **In December 2014**, the Reporting & Accounting Committee of EPRA (European Public Real Estate Association¹) updated a Best Practices Recommendations² document in order to improve the presentation, transparency, comparability and relevance of the published results of listed real estate companies in Europe.
- **In September 2015**, Lar España received the 'GOLD AWARD' from the European Public Real Estate Association (EPRA) in recognition of the quality of the information provided, it became the first Spanish SOCIMI to receive this award.

Lar España fully supports and endorses the principle of standardising the reporting of performance indicators from the perspective of comparability and improving the quality of information provided to investors and other users of the annual report.

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

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

Lar España therefore became the first Spanish SOCIMI to receive this award, two years in a row, the most prestigious in the real estate sector. The companies awarded were selected from among 117 real estate companies (97 of which are European listed companies on the FTSE EPRA/Nareit index).



- (1) 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.com



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

Indicator	30/06/2016 (Thousands of Euros) / %	30/06/2016 (Euro per share)
EPRA Earnings	11,388	0.19
EPRA NAV	610,638	10.09
EPRA NNNAV	605,809	10.01
EPRA Net Initial Yield (NIY)	5.8%	-
EPRA "topped-up" NIY	6.1%	-
EPRA Vacancy Rate	7.0%	-
EPRA Cost Ratio	41.9%	-
EPRA Cost Ratio (excluding costs of direct vacancy)	38.1%	-

See terms definitions in Glossary, point 6.

Villaverde Retail Warehouse
(Madrid)



EPRA EARNINGS

(Thousands of Euros)	30/06/2016	30/06/2015
Earnings per IFRS income statement	43,327	19,346
Change in value of investment properties	(29,066)	(12,470)
Negative goodwill ⁽¹⁾	(2,873)	-
Change in value of investment properties in associates	-	5
Change in fair value of financial instruments in associates	-	(105)
EPRA Earnings	11,388	6,776
Weighted average number of shares (excluding treasury shares)	60,445,460	39,646,939
EPRA EARNINGS PER SHARE (EUROS)	0.19	0.17

(1) Effect due to negative goodwill resulting from Portal de la Marina 41.22% acquisition.

**EPRA Earnings
per share**
vs. H1 2015

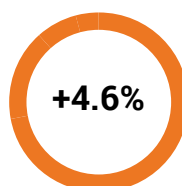
+11.8%



EPRA NAV

(Thousands of Euros)	30/06/2016	31/12/2015
Net Asset Value per the Financial Statements	598,537	570,566
Revaluation of other non-current investments	7,272	5,660
Fair value of financial instruments	4,829	1,560
Fair value of financial instruments in associates	-	184
EPRA NAV	610,638	577,970
Number of Shares (excluding treasury shares)	60,491,702	59,923,506
EPRA NAV PER SHARE (EUROS)	10.09	9.65

EPRA NAV
per share
vs. Q4 2015



EPRA NNNAV

(Thousands of Euros)	30/06/2016	31/12/2015
EPRA NAV	610,638	577,970
Fair value of financial instruments	(4,829)	(1,560)
Fair value of financial instruments in associates	-	(184)
EPRA NNNAV	605,809	576,226
Number of Shares (excluding treasury shares)	60,491,702	59,923,506
EPRA NNNAV PER SHARE (EUROS)	10.01	9.62

EPRA NIY and EPRA “topped-up” NIY

Assets	Completed Property Portfolio	Allowance for estimated purchasers costs	Gross up completed property portfolio valuation (A)	Annualised cash passing rental income	
SHOPPING CENTRES	662,873	15,358	678,232	47,199	
Megapark	178,000	3,382	181,382	11,772	
El Rosal	93,290	2,333	95,623	7,013	
Portal de la Marina ⁽¹⁾	91,500	2,287	93,788	7,035	
Anec Blau	87,470	2,190	89,660	5,727	
As Termas	72,200	1,851	74,051	5,504	
Vistahermosa	42,540	1,060	43,600	3,088	
Albacenter	33,521	838	34,359	2,438	
Txingudi	32,000	608	32,608	2,178	
Albacenter Hypermarket	12,602	315	12,917	953	
Las Huertas	12,000	300	12,300	963	
Portal de la Marina Hypermarket	7,750	194	7,944	528	
RETAIL WAREHOUSES	39,497	880	40,377	2,813	
Villaverde	10,350	259	10,609	775	
Parque Galaria	9,800	137	9,937	680	
Nuevo Alisal	17,502	438	17,940	1,246	
As Termas Petrol Station	1,845	46	1,891	112	
TOTAL RETAIL	702,370	16,238	718,609	50,012	
Egeo	71,850	1,442	73,292	2,009	
Marcelo Spinola ⁽³⁾	27,000	783	27,783	⁽³⁾	
Arturo Soria	25,990	543	26,533	1,416	
Joan Miró	20,990	497	21,487	1,227	
Eloy Gonzalo ⁽²⁾	14,000	350	14,350	615	
TOTAL OFFICES	132,830	2,832	135,662	5,267	
Alovera II	37,380	971	38,351	2,720	
Alovera I	15,000	300	15,300	1,156	
Almussafes	8,800	176	8,976	749	
Alovera IV (C5-C6)	7,850	157	8,007	746	
Alovera III (C2)	3,250	65	3,315	235	
TOTAL LOGISTICS	72,280	1,669	73,949	5,606	
TOTAL LAR ESPAÑA	907,480	20,739	928,220	60,885	

(1) Since 30/03/2016 Lar España has owned 100% of Puerta Marítima Ondara, S.L.

(2) Ratio distorted as two floors of the property are being refurbished.

(3) Data related to Marcelo Spinola has not been included in the EPRA NIY calculation due to its lack of representativeness. 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 third quarter of 2016.

Property outgoings	Annualised net rents (B)	Notional rent expiration of rent free periods or other lease incentives	Topped-up net annualised rent (C)	EPRA NET INITIAL YIELD (B/A)	EPRA TOPPED-UP NET INITIAL YIELD (C/A)
(5,741)	41,456	935	42,392	6.1%	6.2%
(1,029)	10,743	145	10,889	5.9%	6.0%
(979)	6,034	179	6,213	6.3%	6.5%
(637)	6,398	147	6,545	6.9%	7.0%
(1,029)	4,698	70	4,768	5.2%	5.3%
(430)	5,074	159	5,233	6.8%	7.1%
(673)	2,415	25	2,440	5.5%	5.6%
(589)	1,848	138	1,986	5.4%	5.8%
(205)	1,973	23	1,996	6.1%	6.1%
(10)	943	21	964	7.3%	7.5%
(155)	808	28	836	6.6%	6.8%
(5)	522	-	522	6.6%	6.6%
(179)	2,634	50	2,684	6.5%	6.7%
(89)	686	-	686	6.5%	6.5%
(11)	669	-	669	6.7%	6.7%
(78)	1,168	50	1,218	6.5%	6.8%
(1)	111	-	111	5.9%	5.9%
(5,920)	44,090	985	45,076	6.1%	6.2%
(150)	1,859	1,308	3,167	2.5%	4.3%
(3)	(3)	(3)	(3)	(3)	(3)
(134)	1,283	-	1,283	4.8%	4.8%
(27)	1,200	3	1,203	5.6%	5.6%
(294)	320	1	321	2.2%	2.2%
(605)	4,662	1,312	5,974	3.4%	4.4%
(167)	2,553	-	2,553	6.7%	6.7%
(62)	1,095	167	1,261	7.1%	8.2%
(42)	707	-	707	7.9%	7.9%
(24)	722	-	722	9.0%	9.0%
(5)	230	34	263	6.9%	8.0%
(300)	5,307	201	5,506	7.2%	7.4%
(6,825)	54,059	2,498	56,556	5.8%	6.1%

(1) Since 30/03/2016 Lar España has owned 100% of Puerta Marítima Ondara, S.L.

(2) Ratio distorted as two floors of the property are being refurbished.

(3) Data related to Marcelo Spinola has not been included in the EPRA NIY calculation due to its lack of representativeness. 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 third quarter of 2016.

EPRA VACANCY RATE

Asset	ERV (Thousands of Euros)	ERV Vacancy (Thousands of Euros)	EPRA VACANCY RATE %
Megapark	12,174	459	3.8%
El Rosal	7,399	548	7.4%
Portal de la Marina	6,925	488	7.1%
Anec Blau	6,277	421	6.7%
As Termas	5,566	336	6.0%
Vistahermosa	3,500	542	15.5%
Albacenter ⁽¹⁾	2,883	256	8.9%
Txingudi	2,601	288	11.1%
Portal de la Marina Hypermarket	536	0	0.0%
Las Huertas ⁽²⁾	1,329	229	17.2%
Albacenter Hypermarket	870	0	0.0%
TOTAL SHOPPING CENTRES	50,060	3,567	7.1%
Villaverde	738	0	0.0%
Parque Galaria	664	0	0.0%
Nuevo Alisal	1,231	0	0.0%
As Termas Petrol Station	120	0	0.0%
TOTAL RETAIL WAREHOUSES	2,753	0	0.0%
TOTAL RETAIL	52,813	3,567	6.7%
Egeo	3,286	278	8.5%
Marcelo Spinola ⁽³⁾	N/A	N/A	N/A
Arturo Soria	1,299	277	21.3%
Joan Miró	1,188	11	0.9%
Eloy Gonzalo ⁽⁴⁾	1,081	478	44.2%
TOTAL OFFICES ⁽³⁾	6,854	1,044	15.2%
Alovera II	2,821	0	0.0%
Alovera I	1,267	0	0.0%
Almussafes	807	0	0.0%
Alovera IV (C5-C6)	583	0	0.0%
Alovera III (C2)	283	0	0.0%
TOTAL LOGISTICS	5,761	0	0.0%
TOTAL	65,428	4,611	7.0%

(1) The existence of a rental guarantee has been taken into account.

(2) Ongoing negotiations with new tenants.

(3) The data corresponding to Marcelo Spinola has been excluded from the total income and by sector due to it not being of significance. The property is currently being remodelled and is scheduled to be completed in Q3 2016. This is the reason for the % EPRA Vacancy rate for this specific property.

(4) Ratio distorted as two floors of the property are to be refurbished.

EPRA COST RATIOS

(Thousands of Euros)	30/06/2016	30/06/2015
Administrative expenses	(175)	(160)
Operating expenses (including net service charges) ^(*)	(10,699)	(6,055)
Administrative/operating expenses in associates	(403)	(400)
EPRA Cost (including direct vacancy costs) (A)	(11,277)	(6,615)
Direct vacancy costs	(1,034)	(347)
EPRA Cost (excluding direct vacancy costs) (B)	(10,243)	(6,268)
Gross Rental Income less ground rent costs – per IFRS	26,872	14,116
Gross Rental Income less ground rent costs in associates	-	1,742
Gross Rental Income (C)	26,872	15,858
EPRA COST RATIO (including direct vacancy costs) A/C	41.9%	41.7%
EPRA COST RATIO (excluding direct vacancy costs) B/C	38.1%	39.5%

(*) Management fee included (fixed and variable)



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



Palmas Altas Shopping Centre
(Seville)



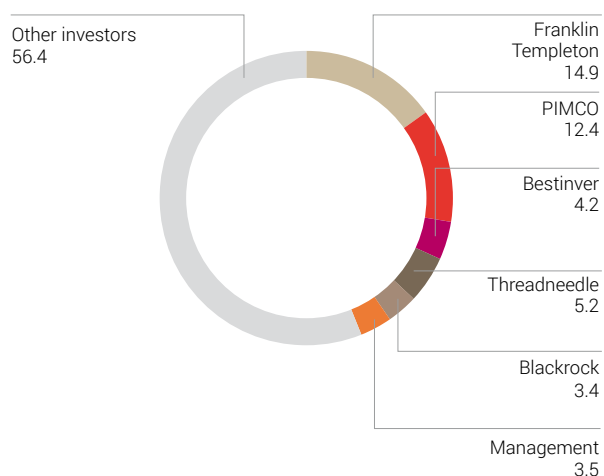
4 SHARE PRICE PERFORMANCE

4. SHARE PRICE PERFORMANCE

Details of shares (Eur)	H1 2016
Price at the beginning of the period	9.46
Price at the end of the period	8.05
Performance during the period	-14.87%
Maximum price for the period	9.74
Minimum for the period	7.73
Average price for the period	8.68
ADTV (*)	150,199
Market Cap (Euros) 30/06/2016	488,229,972
Number of shares	60,627,092

*Average Daily Trading Volume in number of shares

Share distribution at 30 June 2016 (%)



The share **price performance** during the first half of 2016 can be seen in the following graph:

LAR ESPAÑA share price performance vs Ibex 35. H1 2016



49.6%

Potential Return^(**)

Analyst Recommendations

Broker	Recommendation	Analysis date	Target Price (Euros)
fidentiis <small>EQUITIES S.F. S.A.</small>	Buy	13/01/2016	10.88^(*)
bankinter.	Buy	21/01/2016	10.60^(*)
J.P.Morgan <small>Asset Management</small>	Overweight	29/02/2016	10.30^(*)
MIRABAUD	Sell	08/07/2016	5.07
JBCapitalMarkets	Neutral	18/07/2016	9.50
Sabadell	Buy	26/07/2016	9.05
bekafinance	Buy	02/08/2016	9.00
Kepler Cheuvreux	Buy	03/08/2016	7.55
Santander	Buy	04/08/2016	9.10
Ahorro Corporación	Buy	08/08/2016	9.50
KEMPEN & CO <small>Banking Group</small>	Neutral	11/08/2016	6.25

Source: Bloomberg

(*) This target price was set before the capital increase announced the 7th of July 2016.

(**) Calculated from the closing price as of 08.09.2016 €6.35





Marcelo Spinola Office Building
(Madrid)



5

EVENTS AFTER THE REPORTING PERIOD

5. EVENTS AFTER THE REPORTING PERIOD

1. Capital Increase Agreement

07.07.2016 The Company informs that its **Board of Directors**, at a meeting held on 6 July 2016, pursuant to the authorization granted by the ordinary Shareholders' Meeting of Lar España of 21 April 2016 under item sixth of the agenda, has adopted, inter alia, the following resolutions:

- i) **To increase the share capital of Lar España** by a total nominal amount up to €59,826,958 by the issuance and **placing into circulation up to 29,913,479 new ordinary shares**, each with a par value of €2, of the same class and series as those currently in circulation and represented by book entries with **preferential subscription rights** for all the existing shareholders (the "New Shares" and the "Capital Increase", respectively). The New Shares shall confer on the holders thereof the same rights as the shares currently in circulation from their entry in the accounting records of the Spanish securities, clearance and settlement system (Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.) ("Iberclear").
- ii) The New Shares are issued at **par value of €2 plus a share premium of €2.92 per share**, which gives rise to an **issue price of €4.92 for each New Share**, which must be paid by means of monetary contributions. Therefore, the **actual total amount of the Capital Increase shall be €147,174,316.68**, accounting for the possibility of an incomplete subscription.
- iii) In accordance with the provisions of Article 304 of the Spanish Companies Act, the shareholders of Lar España who acquire their shares up to the date of publication of the compulsory announcement of the Capital Increase in the Official Gazette of the Commercial Registry ("BORME") (which is expected to occur on 8 July 2016) and whose transactions are settled up to 13 July 2016 through Iberclear, both dates inclusive, are entitled to a preferential subscription right in relation to the New Shares. For each existing share of Lar España its holder shall be entitled to one **preferential subscription right**. Ninety-one preferential subscription rights shall be necessary in order to subscribe for New Shares.

The preferential subscription rights shall be transferable under the same conditions as the shares from which they are derived and may be traded through the Spanish Automated Quotation System (Sistema de Interconexión Bursátil Española). Therefore, investors who acquire preferential subscription rights on the market may also subscribe for New Shares.

The preferential subscription period during which the preferential subscription rights may be exercised shall be 15 calendar days, beginning on the day following the date of publication of the compulsory announcement of the Capital Increase in the BORME.

- iv) In relation to the foregoing, on 7 July 2016 an **underwriting agreement** has been signed between the Company as issuer, Grupo Lar Inversiones Inmobiliarias, S.A. as Lar España's investment manager, **J.P. Morgan Securities plc** and **Morgan Stanley & Co. International plc**, acting as joint global coordinators and joint bookrunners in connection with the Capital Increase, and **Fidentiis Equities, Sociedad de Valores, S.A.**, acting as joint bookrunner in connection with the Capital Increase. According to the underwriting agreement, all the New Shares have been underwritten by J.P. Morgan Securities plc, Morgan Stanley & Co. International plc and Fidentiis Equities, Sociedad de Valores, S.A.



- v) The Company's purpose is to use the net proceeds of the Capital Increase to **expand its existing Portfolio, enhance it through capital expenditures** as well as **to fund the Company's operating expenses** consistently with its business strategy. In particular, the Company has identified **market opportunities with an estimated size of €838.5 million**, of which approximately €145 million correspond to a retail complex in the north of Spain in respect of which the Company has entered into a purchase agreement which is expected to be closed during the fourth quarter of 2016.

2. Informative prospectus approval

07.07.2016 Following the previous material fact, the Company informs that the **Spanish National Securities Market Commission** (Comisión Nacional del Mercado de Valores or CNMV) **has approved today the informative prospectus** corresponding to the Capital Increase described in the referred material fact.

Said prospectus, which describes the terms and conditions of the Capital Increase and the procedure established for the subscription of the New Shares, is available at the website of Lar España (www.larespana.com) and at the website of the CNMV (www.cnmv.es).

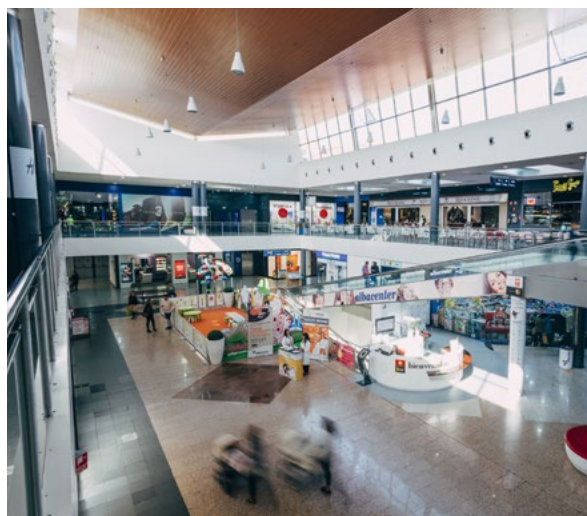
As indicated in the prospectus, the **preferential subscription period** for the Capital Increase is expected to start on 9 July 2016, once the publication of the corresponding compulsory announcement in the Official Gazette of the Commercial Registry (Boletín Oficial del Registro Mercantil or BORME) has taken place.

3. Valuation reports as at 30 June 2016

08.07.2016 Lar España has received the valuation reports for its property portfolio as of 30 of June 2016, carried out by JLL Valoraciones, S.A and Cushman & Wakefield Sucursal en España.

The **total market value** of the company's portfolio as detailed in the above mentioned reports is **Eur 1,049.5 million**. The acquisition price – transaction costs not included – of the assets subject to the valuation was Eur960.3 million.

The **properties were valued according to the Royal Institution of Chartered Surveyors (RICS) valuation standards**, based on net market value as at 30 June 2016.



Albacenter Shopping Centre
(Albacete)

4. Gran Vía de Vigo Shopping Center acquisition

11.07.2016 As described in the informative prospectus registered with the Spanish National Securities Exchange Commission (CNMV) on 7 July 2016 under section “Short-term pipeline”, **the Company entered into an agreement in June 2016 to acquire an important shopping centre in the North of Spain.** As informed in certain media, this shopping centre is **Gran Vía de Vigo**. However, this agreement is subject to certain conditions usual in this type of transactions which, once met, will give rise to the acquisition of this asset by the Company.

The execution thereof is expected to take place by the end of October and will be communicated to the market by means of the corresponding relevant fact notice. The main characteristics of this asset are described in the informative prospectus referred to above.

5. Capital Increase Full Subscription

29.07.2016 Further to the Material Fact published on 7 July 2016, with register number 240593, the Company hereby informs that upon the expiration of the Preferential Subscription Period and the Additional Allocation Period provided for in the prospectus regarding the Share Capital Increase of the Company, registered with the Official Registries of the National Securities Market Commission on 7 July 2016 under register number 10676 (the “Prospectus”), **29,913,479 New Ordinary Shares have been subscribed for, amounting to gross proceeds of EUR 147,174,316.68**, as detailed below:



Gran Vía de Vigo Shopping Centre
(Vigo)

- a) Preferential Subscription Period: during the Preferential Subscription Period, which ended on **23 July 2016, 29,587,095 New Ordinary Shares of Lar España, representative of 98.91% of the total amount** of New Ordinary Shares offered in the Share Capital Increase, **have been subscribed** for, leaving 326,384 New Ordinary Shares available for allocation during the following periods.
- b) Additional Allocation Period: during the above-mentioned Preferential Subscription Period, **341,766,220 additional New Ordinary Shares of Lar España were requested**, and therefore 326,384 New Ordinary Shares were subscribed for during the Additional Allocation Period, representative of 1.09% of the total amount of New Ordinary Shares offered in the Share Capital Increase. Given that the number of additional New Ordinary Shares requested has exceeded the **326,384 New Ordinary Shares available for allocation, the agent bank of the Share Capital Increase has determined the pro rata allotment of such New Ordinary Shares as provided for in the Prospectus.**

The **total number of New Ordinary Shares subscribed for during the Preferential Subscription Period plus the additional New Ordinary Shares requested represent a demand of 12.41 times** the New Ordinary Shares offered in the Share Capital Increase.

As a consequence of the above, given that the totality of the New Ordinary Shares offered in the Share Capital Increase has been fully subscribed for, the Discretionary Allocation Period established in the Prospectus is not to be opened.

In addition, it is reported that Lar España will grant the public deed of the Share Capital Increase on 1 August 2016 and will process its registration with the Commercial Registry of Madrid.



Alovera II Logistics
(Guadalajara)

6. Share capital increase has been filed with the Commercial Registry of Madrid

02.08.2016 Further to the Material Fact published on 29 July 2016, with register number 241626, the Company hereby informs that the **share capital increase notarial deed has been filed with the Commercial Registry of Madrid** today and is expected to be registered tomorrow 3 August 2016. Its registration will be communicated through the relevant Material Fact. Once the share capital increase notarial deed has been registered, Lar España will **request admission to listing of the New Ordinary Shares in the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges**, which is expected to be obtained on 4 August 2016, with trading of the New Ordinary Shares on the Automated Quotation System (Sistema de Interconexión Bursátil, SIBE) expected to commence on 5 August 2016.

7. Share capital increase has been duly registered with the Commercial Registry of Madrid

03.08.2016 Further to the Material Fact published on 2 August 2016 it is hereby announced that the public deed relating to the **share capital increase of Lar España for a nominal amount of EUR 59,826,958 through the issuance and placing of 29,913,479 New Ordinary Shares of Lar España** of two euros nominal value each and a share premium of EUR 2.92 each, which are of the same class and series as the existing shares currently in circulation, **has been duly registered with the Commercial Registry of Madrid**. Therefore, the **total amount of the Share Capital Increase amounts to EUR 147,174,316.68**. Consequently, the **share capital of Lar España has been**

set at EUR 181,081,124, divided into 90,540,562 shares, with a nominal value of two euros each, all of which belong to the same class and series. Likewise, the Company hereby informs that today has requested admission to listing of the New Ordinary Shares in the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, which is expected to be verified by the National Securities Market Commission on 4 August 2016. Admission to listing of the New Ordinary Shares will be communicated through the relevant Material Fact. Consequently, it is expected that on 5 August 2016 trading of the New Ordinary Shares will begin in the referred Spanish Stock Exchanges.

8. Admission to trading of the new ordinary shares

04.08.2016 As at 4 August, it is hereby announced that the National Securities Market Commission has verified the compliance with the requirements for the **admission to trading of the New Ordinary Shares** today and the Stock Exchange Management Companies of Madrid, Barcelona, Bilbao and Valencia **have agreed the admission to trading of the New Ordinary Shares through the SIBE (Sistema de Interconexión Bursátil or Mercado Continuo) of the Spanish Stock Exchanges where the outstanding shares of Lar España already trade**. Consequently, it is expected that on 5 August 2016 trading of the New Ordinary Shares will begin in the referred Spanish Stock Exchanges. In case of delay for any reason it will be immediately announced to the market through the release of the appropriate Material Fact.

6. GLOSSARY

PBT

Profit Before Tax.

EBIT

Earnings Before Interest and Tax.

EBITDA

Earnings Before Interest, Tax, Depreciation and Amortisation.

Net profit/(loss)

Profit/(Loss) for the period after tax.

ROE

Return on equity, calculated by dividing profit for the last 12 months by weighted average equity.

ROA

Return on assets, calculated by dividing profit for the last 12 months 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.

WAULT

Weighted average unexpired lease term, calculated as the number of years of unexpired lease term, as from 30 June 2016, until the lease contract expiration, weighted by the gross rent of each individual lease contract.



Txingudi Shopping Centre
(Guipúzcoa)

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