



## FULL YEARLY REPORT

2016





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Anec Blau Shopping Centre  
(Barcelona)





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1

## EXECUTIVE SUMMARY





**1.1**  
Highlights  
Q4 2016  
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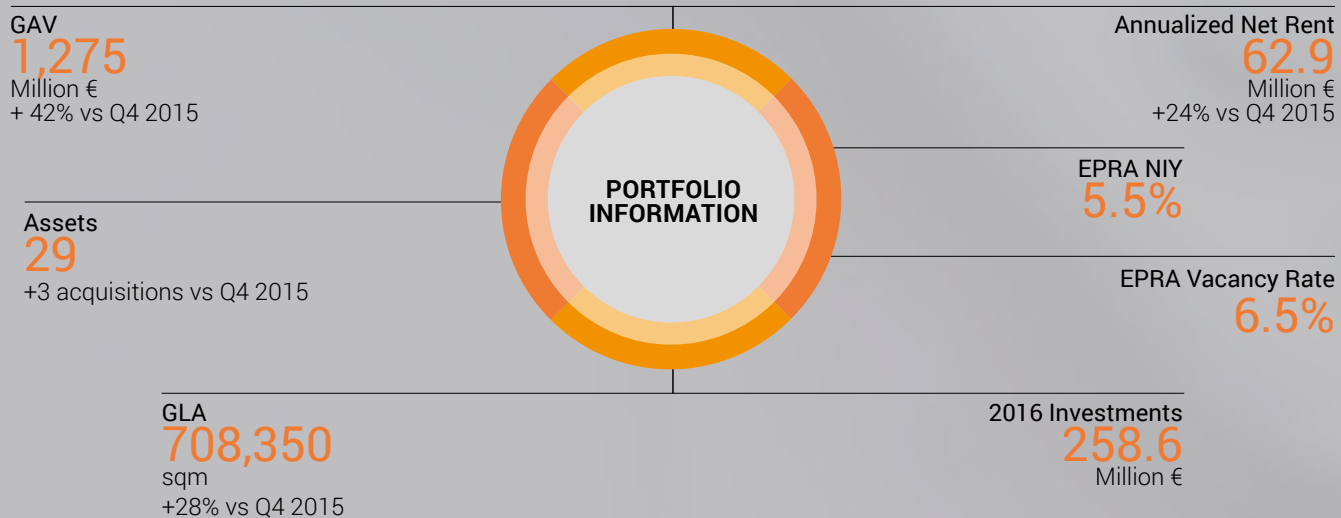
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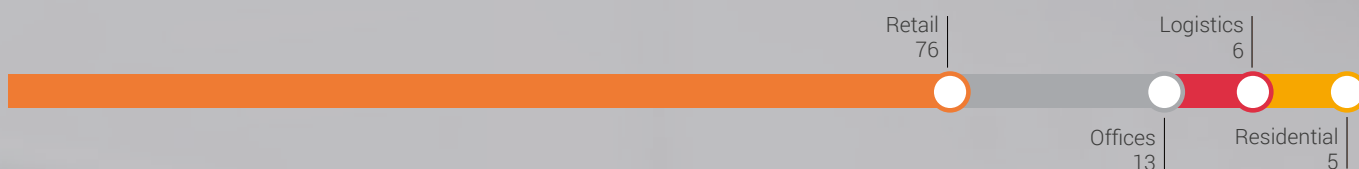
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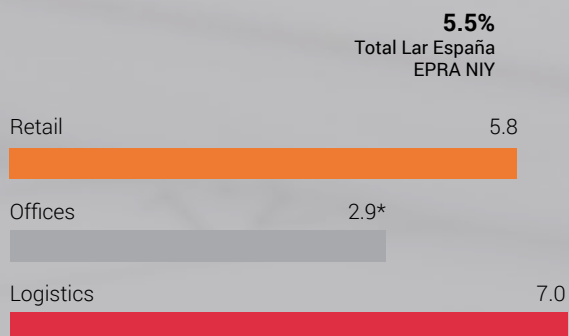
## 1.1 Highlights Q4 2016



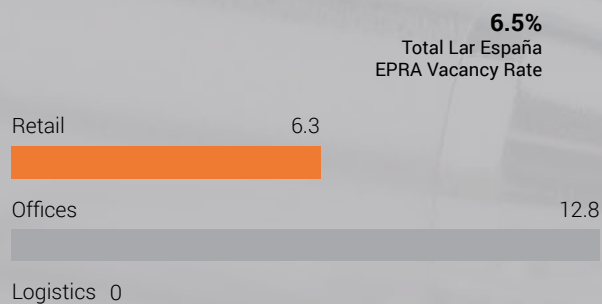
### GAV by asset class (%)



### EPRA Net Initial Yield by asset class (%)

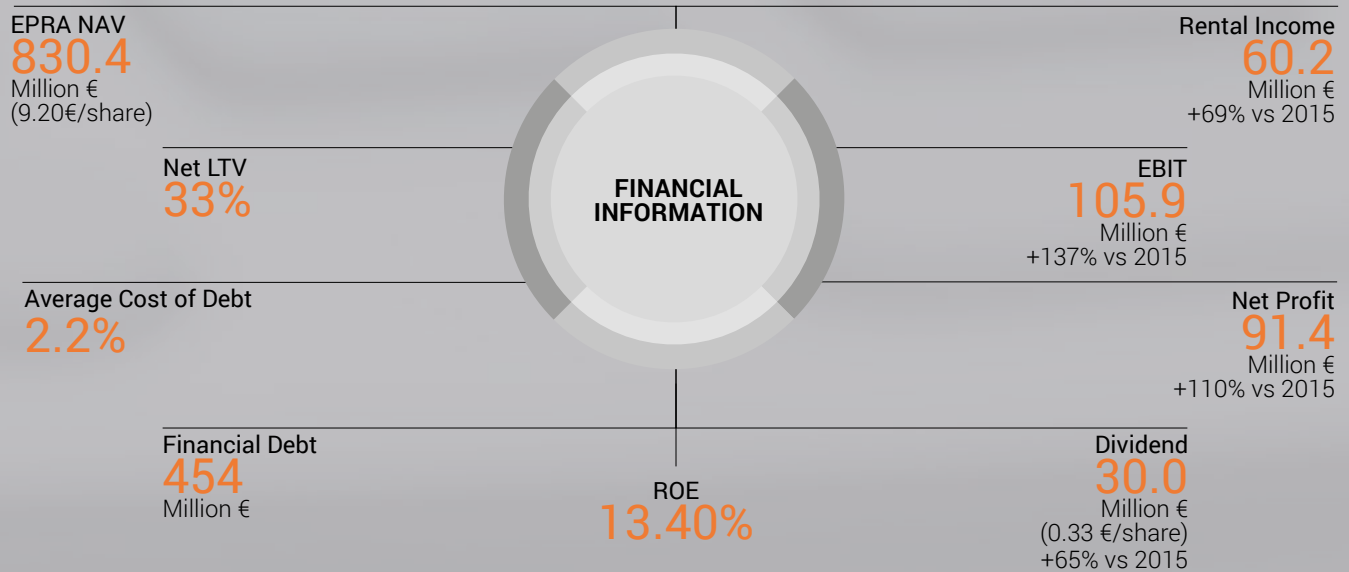


### EPRA Vacancy Rate breakdown by asset class (%)

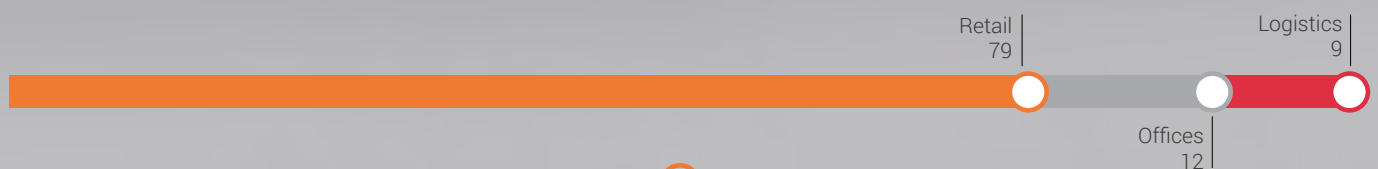


(\*) For further information see point 3 "EPRA Information"

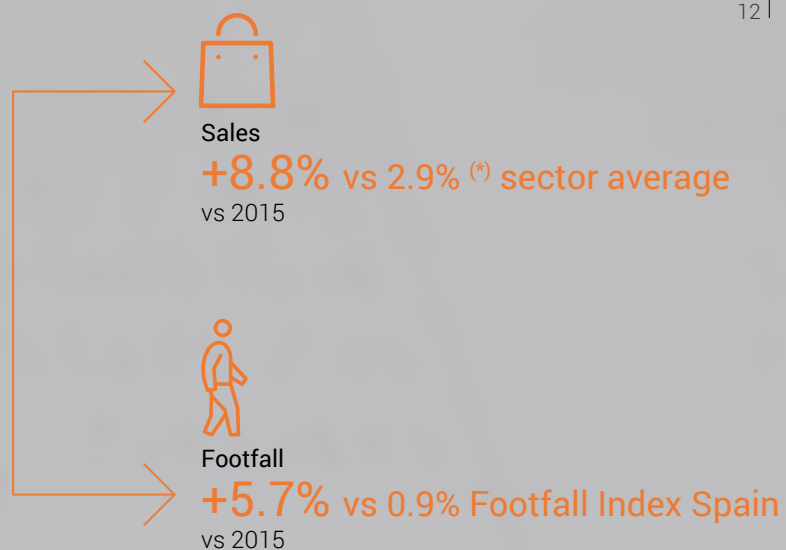




#### Rental Income by asset class (%)



#### Retail Performance



(\*) Source: INE

## 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.

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.



Megapark Shopping Centre  
(Bilbao)



Palmas Altas Shopping Centre  
(Seville)



#### 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 By-laws, 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.



General Shareholders Meeting

## 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)



## 9. 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 forty-five 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 Español*). 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.

#### 10. 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](http://www.larespana.com)) and at the website of the CNMV ([www.cnmv.es](http://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 (expected for tomorrow, 8 July 2016).

#### 11. 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 Eur 960.3 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)



## 12. 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.

## 13. 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 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 Warehouse  
(Guadalajara)

#### 14. 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.

#### 15. 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.

#### 16. 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.

## 17. Liquidity contracts and specialists

**15.09.2016** According to the provisions of section 2 of the Fourth rule of Circular 3/2007, of 19 December, by the Comisión Nacional del Mercado de Valores on Liquidity Contracts for the purposes of their acceptance as a market practice, the Company informs that a **liquidity contract** that will enter into force tomorrow (the "Liquidity Contract") has been executed today with the company **JB Capital Markets, Sociedad de Valores, S.A.U.** (the "Financial Intermediary"), with the purpose of **favouring liquidity and regular trading in the shares of the Company**. For the purposes of the provisions under section 2.a) of the aforementioned Fourth rule, the Company informs as follows:

- Securities object of the Liquidity Contract: **Lar España Real Estate SOCIMI, S.A. shares**.
- Markets where the trades are to be made: **Madrid, Barcelona, Bilbao and Valencia stock exchanges**.
- Duration of the Liquidity Contract: **12 months tacitly renewable for the same length of time unless the parties indicate otherwise**.
- Number of shares allocated to the securities account under the Liquidity Contract: **135,381 shares currently held by the company as treasury shares**.
- Amount allocated to the cash account under the Liquidity Contract: **850,000 euros**.

The Liquidity Contract has been prepared following the provisions of Circular 3/2007 of 19 December, by the Comisión Nacional del Mercado de Valores on Liquidity Contracts and a copy of the relevant agreement has been provided to CNMV for the purposes of section 3 of the Fourth rule of Circular 3/2007.

## 18. Gran Vía de Vigo shopping centre acquisition

**16.09.2016**. In connection with the material fact of last 11 July 2016 with Registry number 240695, it is now reported that on 15 September 2016 the Company has formalized and executed the **acquisition of 100% of the share capital of the company GRAN VÍA CENTRUM HOLDINGS, S.A.U.**, owner of the shopping centre "**Gran Vía de Vigo**", with a gross leasable area (GLA) of around **41,386 square metres**, formerly owned by Quercus Opportunitas Iberia Holdings, S.A.U. The acquisition has been carried out for a total amount of approximately **€141 million**, subject to subsequent adjustments customary in these kind transactions, and has been **fully paid with the funds of the Company**.



Gran Vía Shopping Centre (Vigo)





## 19. Investor Day: Information for analysts and investors

**06.10.2016** The company provides key information (Corporate Governance, Corporate Social Responsibility, management value uplift, business unit strategy) presented at the investor day.

## 20. Management fees

**06.10.2016** Lar España informs that, after reaching a GAV (gross asset value) of more than one billion euros, the investment manager (Grupo Lar Inversiones Inmobiliarias, S.A.) has proposed a **reduction of its management fees** that has been accepted by the Board of Directors of the Company. Therefore, as from this date, the base fee (management fees are annual and calculated on NAV at 31 December of the previous year) will be as follows: **1.25% NAV (net asset value) up to 600 million euros + 1% NAV over 600 million euros.**

## 21. Investor Day: Growth and business plan

**06.10.2016** The company provides key information on the business plan and future growth, presented at the investor day.

## 22. Operations under the liquidity contract

**10.10.2016** According to the provisions of section 2 of the Fourth rule of Circular 3/2007, of 19 December, by the Comisión Nacional del Mercado de Valores on Liquidity Contracts for the purposes of their acceptance as a market practice, the Company hereby reports the **transactions executed by JB Capital Markets**, Sociedad de Valores, S.A.U. (the "Financial Intermediary"), in the context of the **Liquidity Contract** from 16 September 2016 to 30 September 2016, as well as the total amount of shares sold and purchased, and the overall amount of cash used for these transactions. In addition, we inform that the holdings of the cash account and the securities deposit account managed by the Financial Intermediary for the purposes of the Liquidity Contract were as follow on 30 September 2016 and at the beginning of the contract.





Aneç Blau Shopping Centre  
(Barcelona)

### 23. Lar España Board of Directors Note regarding PIMCO's decision to increase its stake

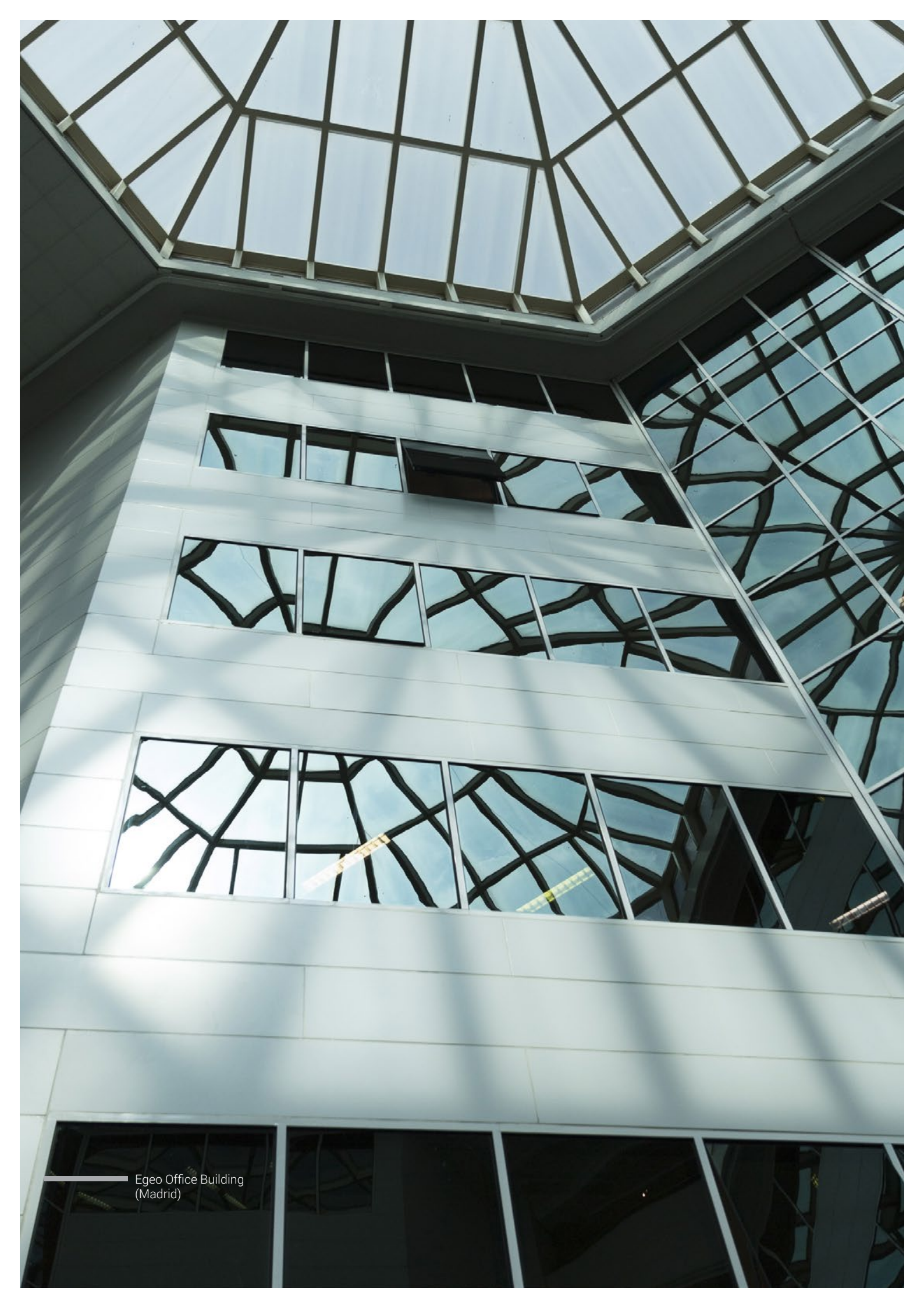
**18.11.2016** The Board of Directors of Lar España notes that PIMCO BRAVO Fund II, L.P. ("PIMCO") has increased its stake in the Company to approximately 17%, according to the latest material fact published yesterday, with register number 244844.

PIMCO has been the anchor shareholder in Lar España since its IPO and recently expressed to the Board of Directors its interest to **potentially extend its ownership stake based on their assessment of the attraction and potential of Lar España as an investment opportunity. PIMCO also stated that it had no intention to exceed the mandatory offer threshold.**

**The Board of Directors is fully committed to act in the best interests of all its stakeholders** while continuing to focus on the execution of Lar España's strategy based on a build-up of the leading retail property portfolio in Spain.

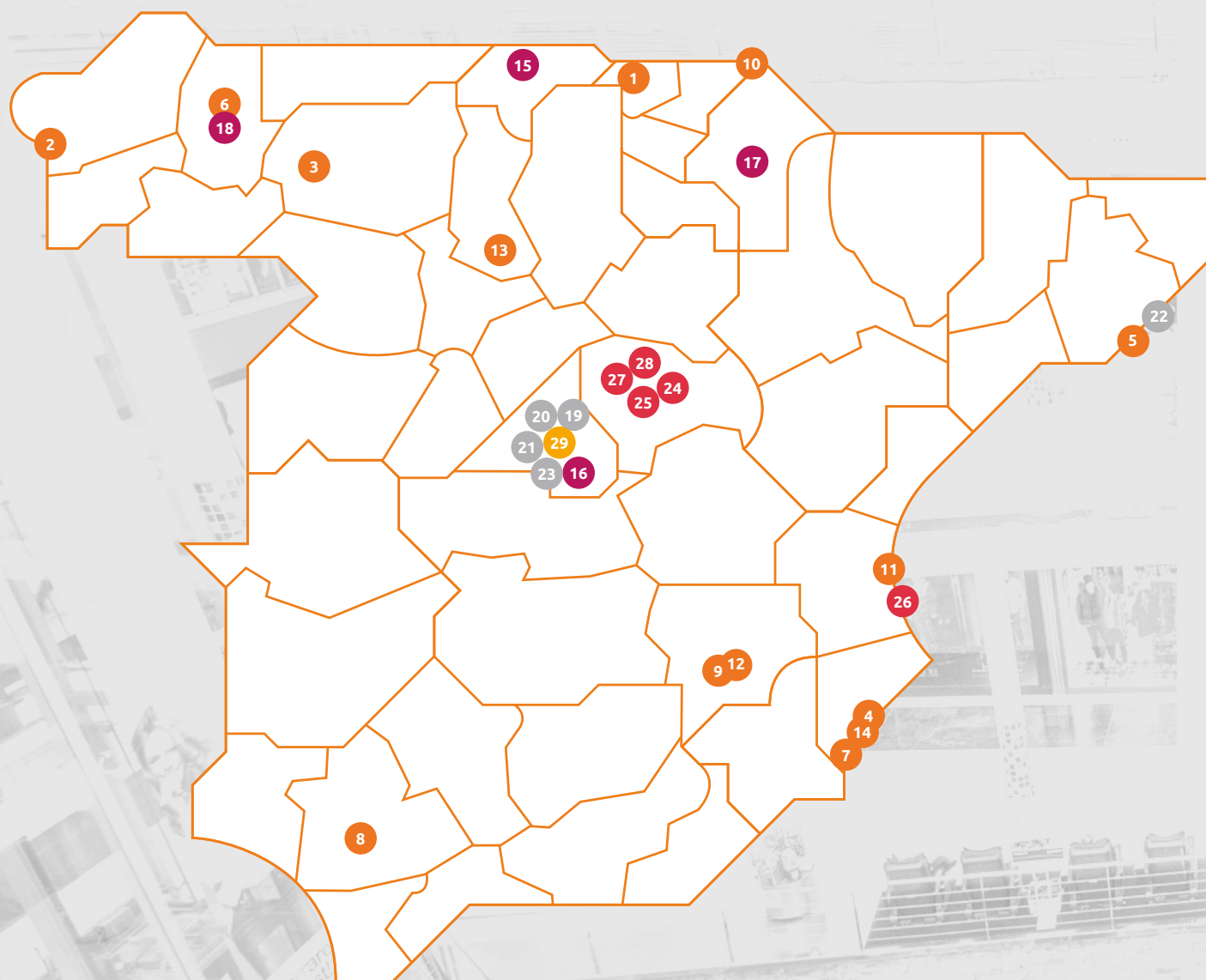
Its intense asset management strategy, including property turnarounds on its rental properties and the development of premium assets in well consolidated locations, provides Lar España with **very attractive value creation and growth prospects for the immediate future.** Additionally, it has an attractive pipeline of new acquisitions where to deploy its existing firepower, which will foster further growth, efficiency and visibility to the Company.





Egeo Office Building  
(Madrid)

## 1.3 Portfolio at 31 December 2016



**GAV=1.3**  
billion euros

### SHOPPING CENTRES

- 1 Megapark (Bilbao)
- 2 Gran Vía (Vigo)
- 3 El Rosal (León)
- 4 Portal de la Marina (Alicante)
- 5 Anec Blau (Barcelona)
- 6 As Termas (Lugo)
- 7 Vistahermosa (Alicante)
- 8 Palmas Altas (Sevilla)
- 9 Albacenter (Albacete)
- 10 Txingudi (Guipúzcoa)
- 11 Vidanova Parc<sup>®</sup> (Valencia)
- 12 Albacenter Hypermarket and retail units (Albacete)
- 13 Las Huertas (Palencia)
- 14 Portal de la Marina Hypermarket (Alicante)

### RETAIL WAREHOUSES

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

### OFFICES

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

### LOGISTICS

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

### RESIDENTIAL

- 29 Lagasca 99 (Madrid)

(\*) Previously named Cruce de Caminos, Sagunto.



**1 MEGAPARK, BILBAO**

**MegaParx**  
BARAKALDO


Location	Bilbao
GLA	63,576 sqm
Purchase Date	19 October 2015
Acquisition Price	EUR 170.0 m
Market Value (31 December 2016)*	EUR 190.0 m
WAULT	2.7 years
EPRA Net Initial Yield	5.2%
EPRA Vacancy Rate	6.0%

**2 GRAN VÍA, VIGO**

**GranVía**  
de Vigo  
CENTRO COMERCIAL


Location	Vigo
GLA	41,462 sqm
Purchase Date	15 September 2016
Acquisition Price	EUR 141.0 m
Market Value (31 December 2016)*	EUR 144.5 m
WAULT	3.1 years
EPRA Net Initial Yield	5.9%
EPRA Vacancy Rate	4.5%

**3 EL ROSAL, LEÓN**

**el Rosal**  
CENTRO COMERCIAL


Location	Ponferrada (León)
GLA	51,022 sqm
Purchase Date	7 July 2015
Acquisition Price	EUR 87.5 m
Market Value (31 December 2016)*	EUR 99.8 m
WAULT	2.7 years
EPRA Net Initial Yield	5.9%
EPRA Vacancy Rate	6.2%

**4 PORTAL DE LA MARINA, ALICANTE**

**PORTAL DE LaMarina**  
CENTRO COMERCIAL


Location	Ondara (Alicante)
GLA	30,234 sqm
Purchase Date	30 October 2014/30 March 2016
Acquisition Price	EUR 82.2 m <sup>(1)</sup>
Market Value (31 December 2016)*	EUR 98.5 m
WAULT	1.5 years
EPRA Net Initial Yield	6.4%
EPRA Vacancy Rate	7.2%

(1) Weighted average price of both acquisitions.

\*The valuations have been made at 31 December 2016 by external independent valuers: JLL or C&W

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

## 5 ANEC BLAU, BARCELONA



Location	Barcelona
GLA	28,598 sqm
Purchase Date	31 July 2014
Acquisition Price	EUR 80.0 m
Market Value (31 December 2016)*	EUR 93.3 m
WAULT	3.0 years
EPRA Net Initial Yield	5.4%
EPRA Vacancy Rate	7.0%

## 6 AS TERMAS, LUGO



Location	Lugo
GLA	33,127 sqm
Purchase Date	15 April 2015
Acquisition Price	EUR 67.0 m
Market Value (31 December 2016)*	EUR 78.1 m
WAULT	1.8 years
EPRA Net Initial Yield	6.4%
EPRA Vacancy Rate	5.3%

## 7 VISTAHERMOSA, ALICANTE



Location	Alicante
GLA	33,550 sqm
Purchase Date	16 June 2016
Acquisition Price	EUR 42.5 m
Market Value (31 December 2016)*	EUR 45.6 m
WAULT	6.3 years
EPRA Net Initial Yield	5.8%
EPRA Vacancy Rate	11.3%

## 8 PALMAS ALTAS, SEVILLE



Location	Seville
Retail and family leisure space	100,000 sqm
Purchase Date	1 March 2016
Acquisition Price	EUR 40.5 m
Market Value (31 December 2016)*	EUR 46.0 m <sup>(2)</sup>
WAULT	N/A
EPRA Net Initial Yield	N/A
EPRA Vacancy Rate	N/A

(2) Includes a potential extra building rights.

\*The valuations have been made at 31 December 2016 by external independent valuers: JLL or C&W

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

## 9 ALBACENTER, ALBACETE



Location	Albacete
GLA	15,428 sqm
Purchase Date	30 July 2014
Acquisition Price	EUR 28.4 m
Market Value (31 December 2016)*	EUR 35.5 m
WAULT	2.9 years
EPRA Net Initial Yield	5.3%
EPRA Vacancy Rate	12.6%

## 10 TXINGUDI, GUIPÚZCOA



Location	Irún (Guipúzcoa)
GLA	10,127 sqm
Purchase Date	24 March 2014
Acquisition Price	EUR 27.7 m
Market Value (31 December 2016)*	EUR 35.5 m
WAULT	2.7 years
EPRA Net Initial Yield	6.1%
EPRA Vacancy Rate	14.8%

11 VIDANOVA PARC, VALENCIA <sup>(3)</sup>

Location	Sagunto (Valencia)
GLA	44,252 sqm
Purchase Date	3 August 2015
Acquisition Price	EUR 14.0 m
Market Value (31 December 2016)*	EUR 17.3 m
WAULT	N/A
EPRA Net Initial Yield	N/A
EPRA Vacancy Rate	N/A

## 12 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 (31 December 2016)*	EUR 14.3 m
WAULT	0.7 years
EPRA Net Initial Yield	6.6%
EPRA Vacancy Rate	0.0%

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

\*The valuations have been made at 31 December 2016 by external independent valuers: JLL or C&W



**13 LAS HUERTAS, PALENCIA**

Location	Palencia
GLA	6,267 sqm
Purchase Date	24 March 2014
Acquisition Price	EUR 11.7 m
Market Value (31 December 2016)*	EUR 13.3 m
WAULT	2.3 years
EPRA Net Initial Yield	6.2%
EPRA Vacancy Rate	15.1%

**14 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 (31 December 2016)*	EUR 8.6 m
WAULT	13.3 years
EPRA Net Initial Yield	5.9%
EPRA Vacancy Rate	0.0%

\*The valuations have been made at 31 December 2016 by external independent valuers: JLL or C&W

**15 NUEVO ALISAL, SANTANDER**

Location	Santander
GLA	7,649 sqm
Purchase Date	17 December 2014
Acquisition Price	EUR 17.0 m
Market Value (31 December 2016)*	EUR 18.3 m
WAULT	3.1 years
EPRA Net Initial Yield	6.2%
EPRA Vacancy Rate	0.0%

**16 VILLAVERDE, MADRID**

Location	Madrid
GLA	4,391 sqm
Purchase Date	29 July 2014
Acquisition Price	EUR 9.1 m
Market Value (31 December 2016)*	EUR 10.8 m
WAULT	5.8 years
EPRA Net Initial Yield	6.2%
EPRA Vacancy Rate	0.0%

**17 PARQUE GALARIA, NAVARRA**

Location	Pamplona
GLA	4,108 sqm
Purchase Date	23 July 2015
Acquisition Price	EUR 8.4 m
Market Value (31 December 2016)*	EUR 10.4 m
WAULT	4.9 years
EPRA Net Initial Yield	6.3%
EPRA Vacancy Rate	0.0%

**18 AS TERMAS PETROL STATION, LUGO**

Location	Lugo
GLA	2,000 sqm
Purchase Date	28 July 2015
Acquisition Price	EUR 1.8 m
Market Value (31 December 2016)*	EUR 1.9 m
WAULT	14.4 years
EPRA Net Initial Yield	5.8%
EPRA Vacancy Rate	0.0%

\*The valuations have been made at 31 December 2016 by external independent valuers: JLL or C&W

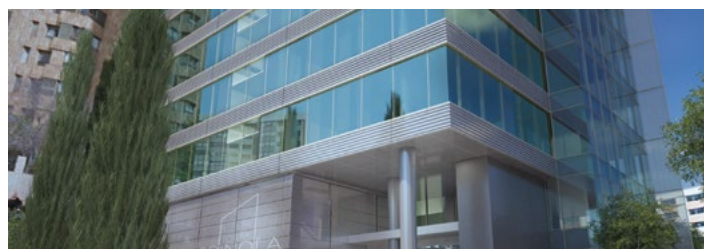
## 19 EGEO, MADRID



Location	Madrid
GLA	18,254 sqm
Purchase Date	16 December 2014
Acquisition Price	EUR 64.9 m
Market Value (31 December 2016)*	EUR 73.9 m
WAULT	4.4 years
EPRA Net Initial Yield	1.6%
EPRA Vacancy Rate	11.0%

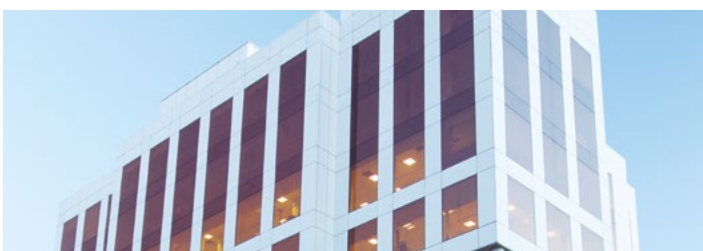
## 20 MARCELO SPINOLA, MADRID

BREEAM® ES



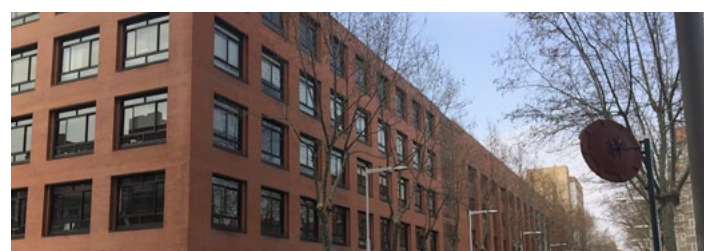
Location	Madrid
GLA	8,875 sqm
Purchase Date	31 July 2014
Acquisition Price	EUR 19.0 m
Market Value (31 December 2016)*	EUR 33.5 m
WAULT	N/A
EPRA Net Initial Yield	N/A **
EPRA Vacancy Rate	N/A **

## 21 ARTURO SORIA, MADRID



Location	Madrid
GLA	8,663 sqm
Purchase Date	29 July 2014
Acquisition Price	EUR 24.2 m
Market Value (31 December 2016)*	EUR 27.2 m
WAULT	2.3 years
EPRA Net Initial Yield	4.8%
EPRA Vacancy Rate	21.2%

## 22 JOAN MIRÓ, BARCELONA



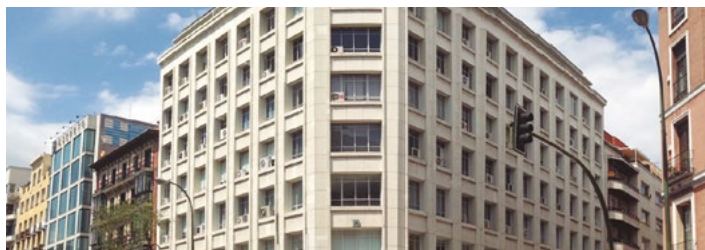
Location	Barcelona
GLA	8,611 sqm
Purchase Date	11 June 2015
Acquisition Price	EUR 19.7 m
Market Value (31 December 2016)*	EUR 21.4 m
WAULT	1.1 years
EPRA Net Initial Yield	5.3%
EPRA Vacancy Rate	2.7%

\* The valuations have been made at 31 December 2016 by external independent valuers: JLL or C&amp;W

\*\* For further information see point 3 EPRA INFORMATION

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



**23 ELOY GONZALO, MADRID**

Location	Madrid
GLA	6,231 sqm
Purchase Date	23 December 2014
Acquisition Price	EUR 12.7 m
Market Value (31 December 2016)*	EUR 15.0 m
WAULT	1.9 years
EPRA Net Initial Yield **	2.7%
EPRA Vacancy Rate **	17.1%

**24 ALOVERA II, GUADALAJARA**

Location	Guadalajara
GLA	83,952 sqm
Purchase Date	13 October 2014
Acquisition Price	EUR 32.1 m
Market Value (31 December 2016)*	EUR 37.5 m
WAULT	0.7 years
EPRA Net Initial Yield	7.0%
EPRA Vacancy Rate	0.0%

**25 ALOVERA I, GUADALAJARA**

Location	Guadalajara
GLA	35,196 sqm
Purchase Date	7 August 2014
Acquisition Price	EUR 12.7 m
Market Value (31 December 2016)*	EUR 17.4 m
WAULT	1.8 years
EPRA Net Initial Yield	6.0%
EPRA Vacancy Rate	0.0%

**26 ALMUSSAFES, VALENCIA**

Location	Valencia
GLA	19,211 sqm
Purchase Date	26 May 2015
Acquisition Price	EUR 8.4 m
Market Value (31 December 2016)*	EUR 9.5 m
WAULT	2.9 years
EPRA Net Initial Yield	7.3%
EPRA Vacancy Rate	0.0%

\* The valuations have been made at 31 December 2016 by external independent valuers: JLL or C&amp;W

\*\* For further information see point 3 EPRA INFORMATION

**27 ALOVERA IV (C5-C6), GUADALAJARA**

Location	Guadalajara
GLA	14,891 sqm
Purchase Date	26 May 2015
Acquisition Price	EUR 7.2 m
Market Value (31 December 2016)*	EUR 8.5 m
WAULT	2.2 years
EPRA Net Initial Yield	8.3%
EPRA Vacancy Rate	0.0%

**28 ALOVERA III (C2), GUADALAJARA**

Location	Guadalajara
GLA	8,591 sqm
Purchase Date	26 May 2015
Acquisition Price	EUR 3.0 m
Market Value (31 December 2016)*	EUR 3.6 m
WAULT	1.0 years
EPRA Net Initial Yield	6.7%
EPRA Vacancy Rate	0.0%

**29 LAGASCA 99, MADRID**

Location	Madrid
GLA	26,203 sqm
Purchase Date	30 January 2015
Acquisition Price	EUR 50.1 m
Market Value (31 December 2016)*	EUR 65.8 m
WAULT	N/A
EPRA Net Initial Yield	N/A
EPRA Vacancy Rate	N/A

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

\* The valuations have been made at 31 December 2016 by external independent valuers: JLL or C&W

## 1.4 Key Indicators

### Economic & Financial Figures

During 2016, Lar España (hereby, "The Group"), generated **revenues of 60,234 thousand Euros** and a net profit of **91,430 thousand Euros**.

Thousands of Euros	2016	2015
<b>Revenues</b>	60,234	35,734
<b>EBITDA</b>	18,093	18,699
<b>EBIT</b>	105,908	44,677
<b>PBT</b>	91,430	43,559
<b>Net profit</b>	91,430	43,559

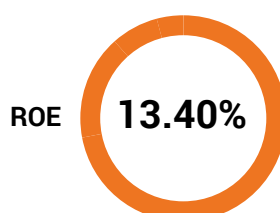
The Group is immersed in the analysis and evaluation of investment opportunities in line with its policies.

### Other Financial Indicators

The Group presents the following financial indicators:

	31/12/2016	31/12/2015
<b>Working capital</b> (Thousands of Euros)	65,512	49,645
<b>Liquidity ratio</b>	2.8	3.5
<b>Solvency ratio</b>	1.1	1.1
<b>Net LTV</b>	33%	39%
<b>ROE</b>	13.40%	9.05%
<b>ROA</b>	7.74%	5.72%

At 31 December 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 31 December 2016, the **ROE ("Return on Equity")**, which measures the Group's profitability as a percentage of its shareholders equity, amounted to **13.40%** (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 **7.74%** (5.72% at 31 December 2015).





Marcelo Spinola Office Building  
(Madrid)



## 1.5 Business Performance

### Income Distribution

**Rental income** reached **60,234 thousand Euros** during 2016 (35,734 thousand Euros in the same period of the year before). The increase in rental income between 2016 and the same period of the previous year mainly corresponds to the Group's acquiring and launching new real estate invest-

ments during said period (Mainly by the shopping centres Megapark, Vistahermosa and Gran Vía de Vigo).

The relative weigh of rental income by line of business at 31 December 2016 is as follows:

### Rental Income by asset class. Year 2016 (%)



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

### Income by Shopping Centre (%)

Megapark	24.7
El Rosal	13.7
Anec Blau	11.7
As Termas	11.0
Portal de la Marina	10.1
Albacenter	5.6
Gran Vía de Vigo	4.6
Txingudi	4.4
Vistahermosa	3.3
Nuevo Alisal	2.7
Albacenter Hypermarket	2.1
Las Huertas	1.8
Villaverde	1.6
Parque Galaria	1.4
Portal de la Marina Hyper	1.1
As Termas Petrol Station	0.2

### Income by Office Building (%)

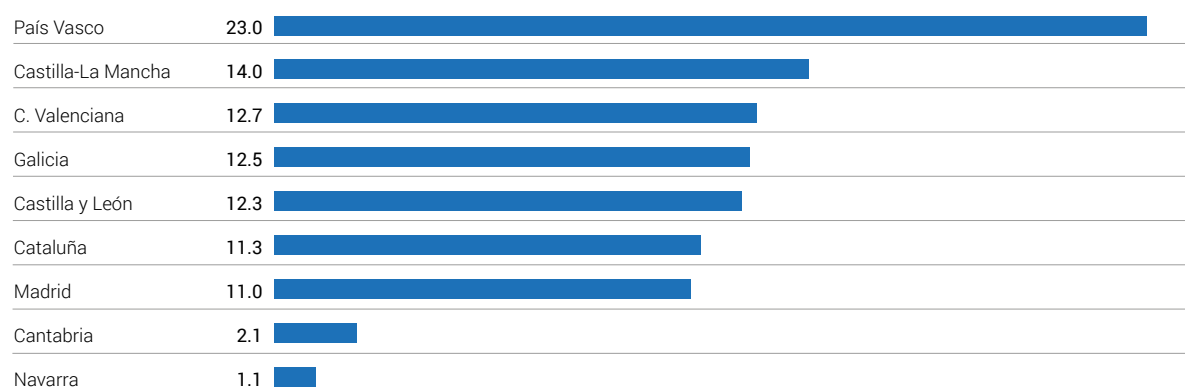
Egeo	48.2
Arturo Soria	20.6
Joan Miró	17.5
Eloy Gonzalo	11.3
Marcelo Spínola	2.4

### Income by Logistics Warehouse (%)

Alovera II	48.9
Alovera I	20.6
Almussafes	13.5
Alovera IV (C5-C6)	13.4
Alovera III (C2)	3.6

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

#### Rental Income by region (%)



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

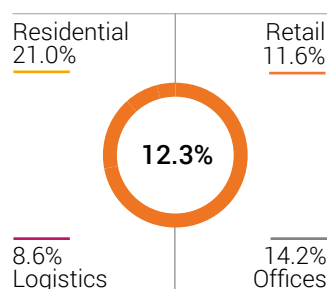
Ranking	Tenant	Project	% of total rental income	% Accumulated	Lease end	Sector
1	Carrefour	Alovera II/El Rosal/Gran Vía de Vigo	8.08%	8.08%	2017-2046	Distribution/ Hypermarket
2	INDITEX	Anec Blau/Albacenter/El Rosal/As Termas/Las Huertas/Portal de la Marina/Gran Vía de Vigo	6.17%	14.25%	2025-2034	Retail Fashion
3	MediaMarkt	Megapark/As Termas/Villaverde/Nuevo Alisal/Vistahermosa	5.37%	19.62%	2023-2036	Technology
4	ineco	Egeo	4.56%	24.18%	2021	Engineering
5	DECATHLON	Megapark	3.13%	27.31%	2036	Distribution
6	El Corte Inglés	Megapark/Parque Galaria/Gran Vía de Vigo	2.72%	30.03%	2020-2036	Distribution
7	C&A	Anec Blau/El Rosal/As Termas/Megapark/Portal de la Marina/Gran Vía de Vigo	2.68%	32.71%	2016-2026	Retail Fashion
8	H&M	Anec Blau/Albacenter/El Rosal/As Termas/Portal de la Marina/Gran Vía de Vigo	1.95%	34.66%	2022-2040	Retail Fashion
9	CORTEFIEL	Anec Blau/Albacenter/El Rosal/As Termas/Portal de la Marina/Gran Vía de Vigo/Las Huertas/Megapark/Txingudi/Vistahermosa	1.92%	36.58%	2017-2031	Retail Fashion
10	Toys R Us	Megapark/Nuevo Alisal	1.86%	38.44%	2024-2036	Distribution



## Valuations

According to the valuation reports published by JLL and Cushman & Wakefield dated 31st December 2016, the total value of Lar España's portfolio totals **EUR 1,275 million**. The **like for like assets value increase during 2016** (those held in the portfolio during 12 months) is **12.3%**.

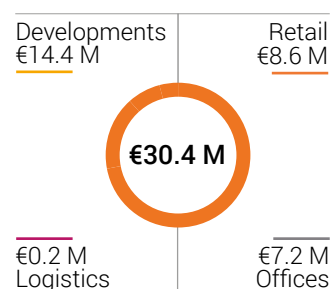
The breakdown of value uplift by asset class is as follows:



## Capex

The company has continued to refurbish and improve the assets in its portfolio in order to generate more value, investing **EUR 30.4 million** during 2016.

The breakdown of investment by asset class is as follows:



Vistahermosa Shopping Centre new image (Alicante)



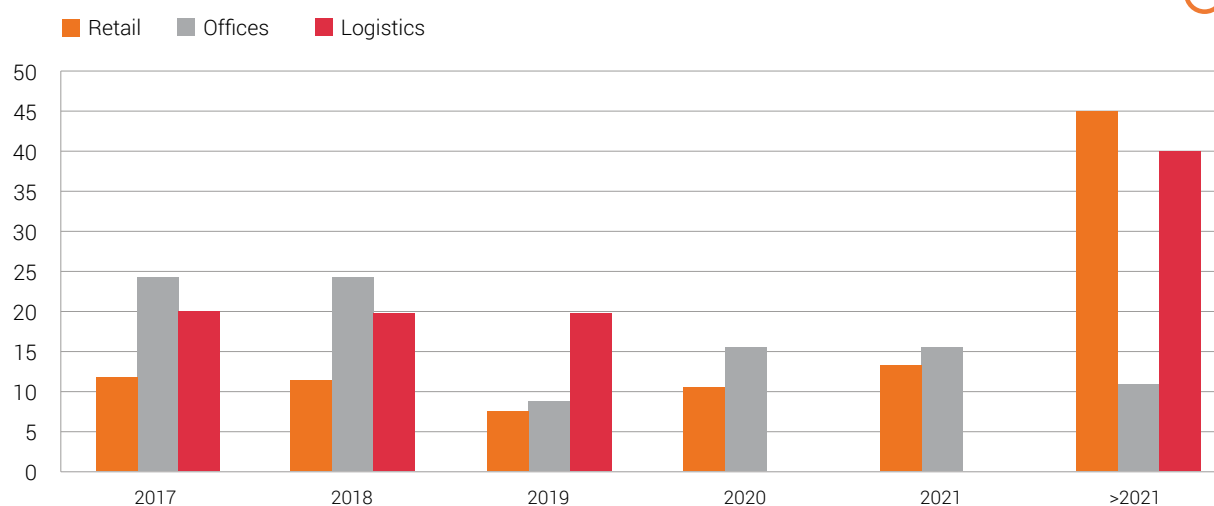
Lagasca 99 Building works (Madrid)

## 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 (%)



## Main events

### Retail:



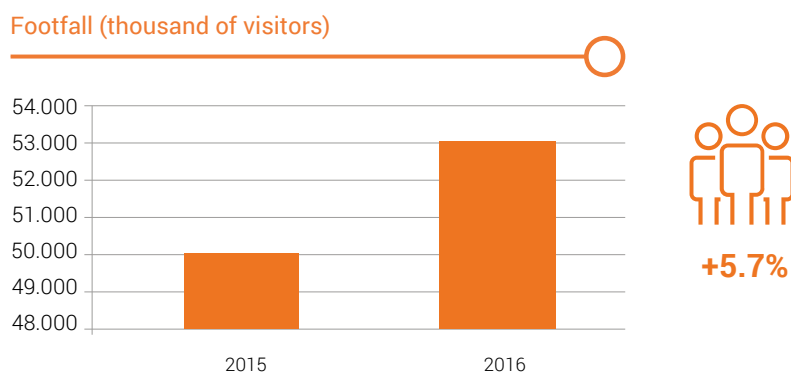
During 2016 Lar España continued to actively manage its retail portfolio. It closed **130 transactions** including renewals, relocations and new lettings,

resulting in an annualised tenant rotation rate of 8% for the portfolio.

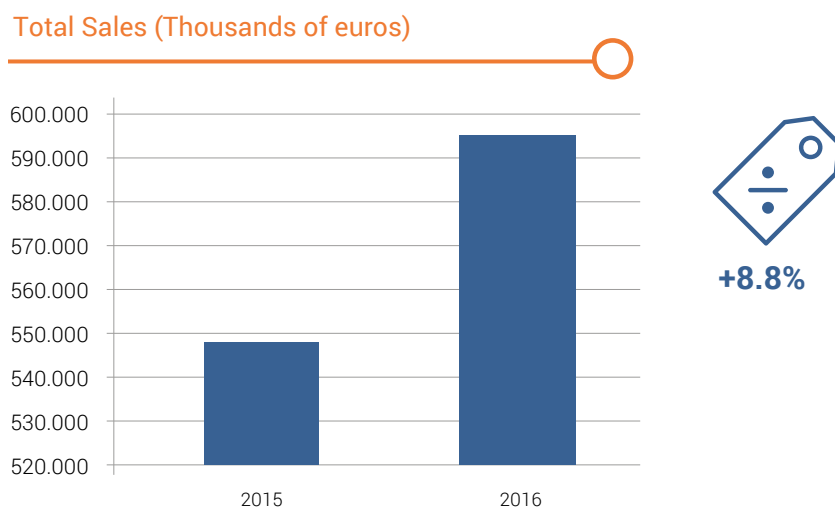
### • Tenant Rotation Rate



### • Shopping centre **footfall** was up: **+5.7%** vs.2015



### • **Sales** rose **8.8%** vs. 2015 (2.7% like for like)



(1) Indicator calculated on renewals and relocations only

Some of the **main deals** from Q4 2016 are detailed below:

### Signed



Vistahermosa  
2,535 sqm



El Rosal  
489 sqm



Megapark  
230 sqm



Megapark  
126 sqm

### New Openings



Vistahermosa  
622 sqm



Albacenter  
215 sqm



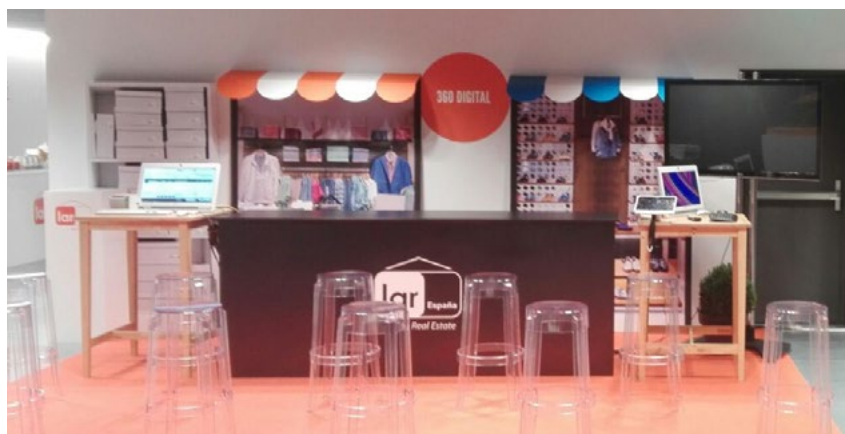
Anec Blau  
100 sqm



Gran Vía  
99 sqm

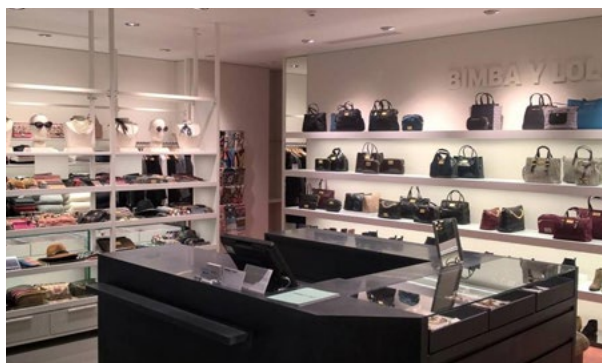
During this year, we announced the launch (scheduled for Q1 2017) of the **first online sales platform for omni-channel shopping centres**. This pioneering initiative in Europe forms part of our growth and value creation strategy for our shopping centre portfolio. This will be genuinely revolutionary for the sector,

as it will allow all stores to sell their products via digital channels, a move which is likely to push up sales considerably; combining bricks-and-mortar store sales with the potential of online sales as well.



360 Digital stand, Investors Day





Gran Vía Shopping Centre  
(Vigo)



Vistahermosa Shopping Centre  
(Alicante)



Albacenter Shopping Centre  
(Albacete)

#### Offices:



- Complete construction works at Cardenal Marcelo Spinola and obtain **BREEAM certification**.
- Increase **business** at Arturo Soria.
- **Complete Basic Refurbishment Project** at Eloy Gonzalo 27 and works tender.
- **Accessibility** Audit at Eloy Gonzalo, Egeo, Arturo Soria and Joan Miró.

#### Logistics:



- Maintain 100% **occupancy**.
- Carry out improvements in warehouses and a study for **general roof maintenance**.
- Install a full **fire protection system** at Almussafes.

#### Residential:



- Continue with the building **works at Lagasca 99**.
- **Considerable interest** from national and international **investors**.
- As at 31 December 2016, 44.5% of **apartments pre-sold**.

## Development projects

## PALMAS ALTAS

Your retail and family space in Seville



- ✓ Excellent location, 4 km from Seville's city centre
- ✓ Acquisition price: €40.5 million <sup>(1)</sup>
- ✓ Market value (\*): €46.0 million
- ✓ Purchase date: Q1 2016
- ✓ Estimated opening: H1 2019
- ✓ 100,000 sqm of retail and family leisure space
- ✓ In the process of gaining **BREEAM ES** certification
- ✓ Large catchment area: 1.5 million people
- ✓ In negotiations with the leading restaurant, leisure and fashion brands
- ✓ Forecast annual revenue of €14 million

(1) Includes a potential extra building rights.



## VIDANOVA PARC

A family retail and leisure park bringing the region alive



- ✓ Urban retail and leisure park located in an important tourist area, Sagunto (Valencia)
- ✓ Acquisition price: €14 million
- ✓ Market value (\*): €17.3 million
- ✓ Purchase date: Q3 2015
- ✓ Estimated opening: H1 2018
- ✓ 44,252 sqm GLA
- ✓ More than 60% of GLA signed with leading retailers
- ✓ Catchment area of 250,000 people
- ✓ Some of our main tenants:



- ✓ Forecast annual revenue of €4 million

(\*) The valuations have been made at 31 December 2016 by external independent valuers: JLL or C&amp;W.

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



## LAGASCA 99

Unique, Outstanding, Exclusive



- ✓ Urban plot of land under construction in the very heart of the Salamanca Neighbourhood, one of Madrid's most exclusive areas and set to become a landmark property in the luxury residential sector
- ✓ Plot with 4 façades that will feature 42 apartments with an average floor area of 400-450 sqm
- ✓ Project carried out by the world renowned Rafael de la Hoz architectural studio
- ✓ The property will include a full range of facilities: indoor and outdoor swimming pool, spa, gym and communal rooms
- ✓ In the process of gaining **BREEAM ES** certification
- ✓ Acquisition price: €50.1 M (\*\*)
- ✓ Market value (\*): €65.8 M (\*\*)
- ✓ Acquisition date: Q1 2015
- ✓ Construction works start date: Q1 2016
- ✓ Estimated delivery date: 2018
- ✓ Comprises more than 26,000 sqm (B/G & A/G)
- ✓ As at Q4 2016 44.5% of apartments pre-sold

(\*\*) Corresponds to the 50% of the Joint Venture with PIMCO



Lagasca 99 Building works  
(Madrid)



(\*) The valuations have been made at 31 December 2016 by external independent valuers: JLL or C&W.

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





Megapark Shopping Centre  
(Bilbao)

○

2

## CONSOLIDATED FINANCIAL STATEMENTS



## 2.1

Company Chart  
31.12.2016  
p. 42

## 2.2

Consolidated Statement of  
Comprehensive Income  
p. 44

## 2.3

Consolidated Statement of  
Financial Position  
p. 46

## 2.4

Consolidated Statement of  
Cash Flows  
p. 52

## 2.5

Fees received by Grupo Lar as  
Lar España's Manager in 2016  
p. 54

## 2.6

Proposed Shareholder  
Remuneration  
p. 56

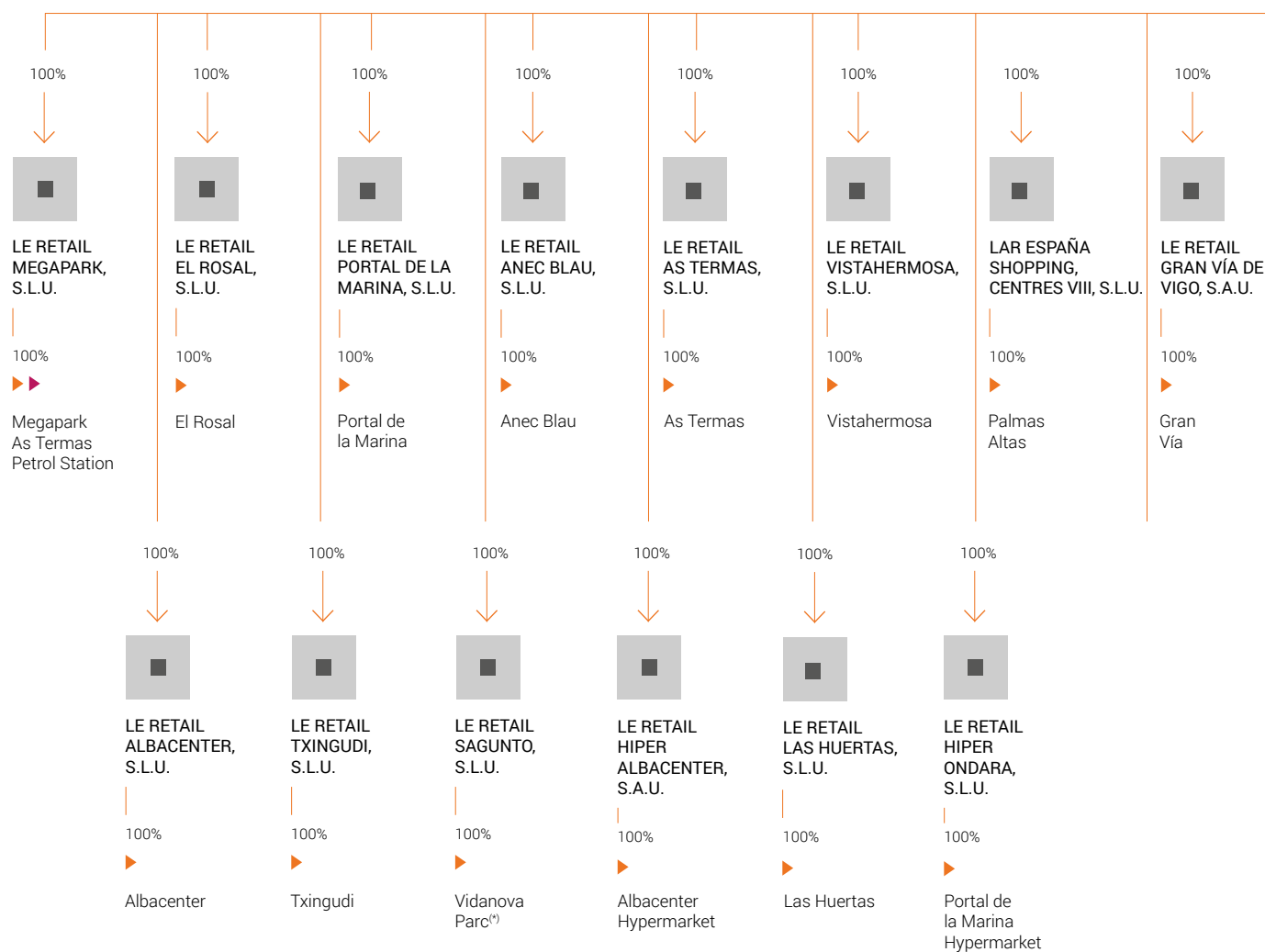


## 2.1 Company Chart 31.12.2016

At 31 December 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:

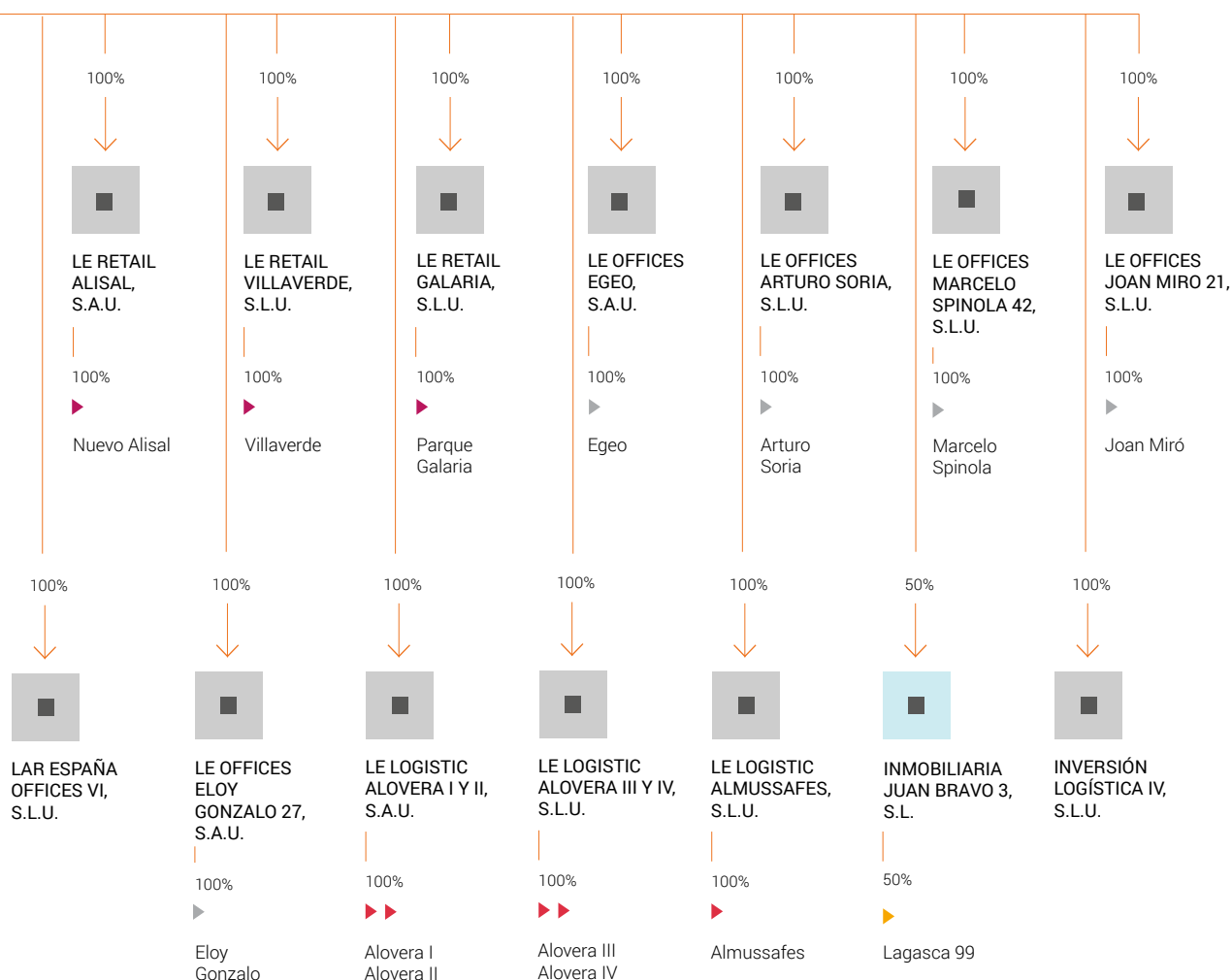
LAR ESPAÑA  
REAL ESTATE  
SOCIMI, S.A.



(\*) 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)	2016	2015
Revenues	60,234	35,734
Other income	1,792	1,039
Personnel expenses	(446)	(396)
Other expenses	(46,401)	(20,013)
Changes in the fair value of investment properties	87,815	25,978
Other results	2,914	2,335
<b>RESULTS FROM OPERATIONS</b>	<b>105,908</b>	<b>44,677</b>
Financial income	4,009	2,444
Financial expenses	(17,746)	(6,127)
Impairment and results of disposals of financial instruments	13	(29)
Share in profit (loss) for the period of equity-accounted companies	(754)	2,594
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>91,430</b>	<b>43,559</b>
Income tax	-	-
<b>PROFIT FOR THE PERIOD</b>	<b>91,430</b>	<b>43,559</b>

### Results from operating activities

At 31 December 2016, the Group presented a positive **result for its operations** amounting to 105,908 thousand Euros (revenue of 44,677 thousand Euros at 31 December 2015).

#### Revenues

**Revenue** during 2016 amounted to **60,234 thousand Euros**, (revenue of 35,734 thousand Euros during the year 2015) 91%% of which was rental income from shopping centres and offices (85% during the year 2015).

#### Other expenses

At 31 December 2016, the Group incurred **other expenses** amounting to **46,401 thousand Euros**, mainly related to:

- Recurrent services that are directly linked to the everyday management of the assets (supplies, IBI -property tax-, etc.) in the amount of 9,974 thousand Euros.
- Management fees (base and performance fee) for management services provided to the Company by Grupo Lar Inversiones Inmobiliarias ("Grupo Lar") (31,961 thousands Euros, 6,403 thousands Euros fixed and 25,558 thousands Euros variable). See section 2.5 "Fees received by Grupo Lar as Lar España's Manager in 2016".

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

The amount in this entry, **87,815 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 31 december 2016.

#### Other results

At 31 December 2016, Other results reflect the **positive adjustment and the net loss** amounting to **6,978 thousand Euros and 4,064 thousand Euros** from the acquisition of 100% of the subsidiaries companies LE Retail Portal de la Marina, S.L. (previously named Puerta Marítima Ondara, S.L.) and LE Retail Gran Vía de Vigo, S.A.U. (previously named GRAN VÍA CENTRUM HOLDINGS, S.A.U.), respectively. Said amounts are the **differences between the amount paid and the fair value of the acquired assets and assumed liabilities**. These acquisitions occurred on 30 March and 15 September 2016 (See the notices of materials facts 4 and 18), respectively, which calculations made related to the business combination are provisional and are subject to adjustment up to one year after the date of the acquisition.

At 31 December 2015, Other results reflect the positive adjustment amounting to 2,335 thousand Euros from the acquisition of 100% of the subsidiary company El Rosal Retail, S.L.U.

### Net Financial Result

**The financial result** was a negative balance of 13,737 thousand Euros at 31 December 2016 (negative balance of 3,683 thousand Euros at 31 December 2015).

**Financial income** amounting to 4,009 thousand Euros during 2016 mainly comprises the interest accrued on credits granted to equity-accounted companies, while **financial expenses** amounting to 17,746 thousand Euros mainly comprises the following items:

- Because of the control gained over the subsidiary company LE Retail Portal de la Marina, 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 31 December 2016 broken down by business line are as follows:

(Thousands of Euros)	Shopping Centres	Offices	Logistics	Residential	LRE*	Total
Revenues	47,617	7,054	5,563	-	-	<b>60,234</b>
Other income	1,675	117	-	-	-	<b>1,792</b>
Personnel expenses	-	-	-	-	(446)	<b>(446)</b>
Other expenses	(8,972)	(683)	(319)	-	(36,427)	<b>(46,401)</b>
Changes in the fair value of investment properties	67,945	13,969	5,901	-	-	<b>87,815</b>
Other results	2,914	-	-	-	-	<b>2,914</b>
<b>RESULTS FROM OPERATIONS</b>	<b>111,179</b>	<b>20,457</b>	<b>11,145</b>	<b>-</b>	<b>(36,873)</b>	<b>105,908</b>
Net finance income/cost	(11,421)	(1,158)	-	3,174	(4,332)	<b>(13,737)</b>
Impairment and results of disposals of financial instruments	29	-	-	-	(16)	<b>13</b>
Share in profit for the period of equity-accounted companies	579	-	-	(1,333)	-	<b>(754)</b>
<b>PROFIR BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>100,366</b>	<b>19,299</b>	<b>11,145</b>	<b>1,841</b>	<b>(41,221)</b>	<b>91,430</b>
Income tax	-	-	-	-	-	<b>-</b>
<b>PROFIT FOR THE PERIOD</b>	<b>100,366</b>	<b>19,299</b>	<b>11,145</b>	<b>1,841</b>	<b>(41,221)</b>	<b>91,430</b>

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

At 31 December 2016 shopping centres presented an operating profit of 111.179 thousand Euros; of-fices an operating profit of 20,457 thousand Euros;

and the logistics warehouses an operating profit of 11,145 thousand Euros. The "LRE" column includes, inter alia, management of 31,961 thousand Euros.



## 2.3 Consolidated Statement of Financial Position

ASSETS (Thousands of Euros)	31/12/2016	31/12/2015
Intangible assets	2	1
Investment properties	1,191,089	776,375
Financial assets with associates	2,270	16,774
Equity-accounted investees	7,645	43,217
Non-current financial assets	11,205	8,475
<b>NON-CURRENT ASSETS</b>	<b>1,212,211</b>	<b>844,842</b>
Trade and other receivables	18,067	4,647
Financial assets with associates	45,288	26,717
Other current financial assets	5,393	1,676
Other current assets	617	601
Cash and cash equivalents	31,591	35,555
<b>CURRENT ASSETS</b>	<b>100,956</b>	<b>69,196</b>
<b>TOTAL ASSETS</b>	<b>1,313,167</b>	<b>914,038</b>

EQUITY AND LIABILITIES (Thousands of Euros)	31/12/2016	31/12/2015
Share Capital	181,081	119,996
Share premium	498,914	415,047
Other reserves	42,898	(5,767)
Retained earnings	91,430	43,559
Treasury shares	(823)	(709)
Valuation adjustments	(1,365)	(1,560)
<b>EQUITY</b>	<b>812,135</b>	<b>570,566</b>
Financial liabilities from issue of bonds and other marketable securities	138,506	138,233
Loans and borrowings	301,738	173,354
Deferred tax liabilities	8,536	-
Derivatives	1,890	1,560
Other non-current liabilities	14,918	10,774
<b>NON-CURRENT LIABILITIES</b>	<b>465,588</b>	<b>323,921</b>
Financial liabilities from issue of bonds and other marketable securities	3,482	3,504
Loans and borrowings	7,877	5,593
Derivatives	1,384	-
Other financial liabilities	193	2,651
Trade and other payables	22,508	7,803
<b>CURRENT LIABILITIES</b>	<b>35,444</b>	<b>19,551</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,313,167</b>	<b>914,038</b>

## Non-current assets

### Investment properties

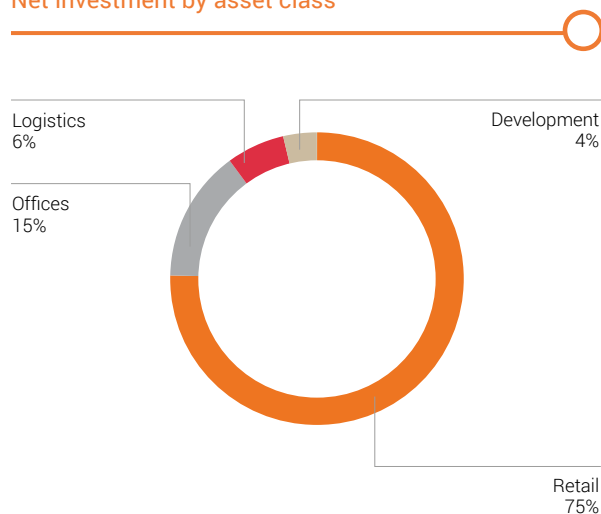
At 31 December 2016, **investment properties** are classified under non-current assets, at a fair value of **1,191,089 thousand Euros** (776,375 thousand Euros at 31 December 2015). The Group's investment properties consist of twelve shopping centres, four retail warehouses, two plots of land, five office buildings and five logistical warehouses. Of particular significance is the investment in **shopping centres and offices** amounting to 1,069,312 thousand Euros (697,457 thousand Euros at 31 December 2015), with revenue from leases representing 91% of the Group's total revenues during the 2016 (85% of the Group's revenues at 31 December 2015).

## NET INVESTMENT

(Thousands of Euros)	31/12/2016	31/12/2015
Shopping Centres	898,302	547,707
Offices	171,010	149,750
Logistics	76,475	70,390
Development <sup>(*)</sup>	45,302	8,528
<b>INVESTMENT PROPERTIES</b>	<b>1,191,089</b>	<b>776,375</b>

(\*) The amount included under "Development" 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 Area (GLA)(sqm)	Fair value (Thousands of Euros)	Net initial yield (NIY) (*)
Megapark	63,576	190,000	5.40%-6.35%
Gran Vía	41,462	144,500	
El Rosal	51,022	99,790	
Portal de la Marina	30,234	98,500	
Anec Blau	28,598	93,250	
As Termas	33,127	78,100	
Vistahermosa	33,550	45,580	
Albacenter	15,428	35,464	
Txingudi	10,127	35,500	
Nuevo Alisal	7,649	18,334	
Las Huertas	6,267	13,300	
Albacenter Hypermarket	12,462	14,313	
Villaverde	4,391	10,771	
Parque Galaria	4,108	10,400	
Portal de la Marina Hypermarket	9,924	8,600	
As Termas Petrol Station	2,000	1,900	
<b>TOTAL SHOPPING CENTRES AND RETAIL WAREHOUSES</b>	<b>353,925</b>	<b>898,302</b>	
Egeo	18,254	73,930	4.33%-5.16% (**)
Marcelo Spinola	8,875	33,500	
Arturo Soria	8,663	27,160	
Joan Miró	8,611	21,420	
Eloy Gonzalo	6,231	15,000	
<b>TOTAL OFFICES</b>	<b>50,634</b>	<b>171,010</b>	
Alovera II	83,952	37,450	6.27%-8.35%
Alovera I	35,196	17,400	
Almussafes	19,211	9,500	
Alovera IV (C5-C6)	14,891	8,500	
Alovera III (C2)	8,591	3,625	
<b>TOTAL LOGISTICS</b>	<b>161,841</b>	<b>76,475</b>	
Vídanova Parc	44,252	6,189	N/A
Palmas Altas	(***)	39,113	
<b>TOTAL OTHERS</b>	<b>44,252</b>	<b>45,302</b>	
<b>TOTAL GROUP</b>	<b>610.652</b>	<b>1.191.089</b>	

(\*) Yields provided in the valuations reports made by JLL and C&W at 31 December 2016.

(\*\*) Net Initial Yield does not take into account Marcelo Spinola and Eloy Gonzalo due to their refurbishment.

(\*\*\*) 100,000 sqm of retail and family leisure space.



### Financial assets with associates

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

### Equity-accounted investees

At 31 December 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.

### Non-current financial assets

At 31 December 2016 and 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

#### Trade and other receivables

As of 31 December 2016, this heading principally reflects other public administration credits in the amount of 14,746 thousand Euros (7,819 thousand Euros mainly corresponds to Palmas Altas acquisition).

### Financial assets with associates

At 31 December 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.



As Termas Shopping Centre  
(Lugo)

## Net Equity

At 31 December 2016, the **Company's share capital** consisted of **90,540,562 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 2015, 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).

- On 3 August 2016 the process of share capital increase for Lar España was concluded. This increased the share capital by EUR 59,826,958 through the issue and entry into circulation of 29,913,479 new shares at a subscription price of EUR 4.92 per share (with a nominal value of EUR 2 each and a premium of EUR 2.92 per share).

The Company has recognised share issue costs of 18,320 thousand Euros as a reduction in reserves under equity.

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











	Number of shares	Thousands of Euros
<b>31 December 2015</b>	<b>74,250</b>	<b>709</b>
Additions	2,169,722	16,494
Disposal	(2,125,974)	(16,380)
<b>31 December 2016</b>	<b>117,998</b>	<b>823</b>

The negative balance arising from the sale of own shares in the first nine months of 2016 amounted to 577 thousand Euros, recorded under "Other reserves".

## Financial liabilities

### Loans and borrowings

The characteristics of the Loans & Borrowings at 31 December 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	165	7,352
Mortgage loan	Lagasca 99		Eur 3M + 2.83%	30/01/2018	25,000	2,583	17,336
Mortgage loan	As Termas		Eur 3M + 1.80%	25/06/2020	37,345	-	36,620
Mortgage loan	El Rosal		Eur 3M + 1.75%	07/07/2030	50,000	295	48,779
Mortgage loan	Villaverde	bankinter.	1.75% until 30/09/2018 (later on Eur 12M + 1.75%)	13/10/2020	4,550	4	4,480
Mortgage loan	Arturo Soria	bankinter.	1.80% until 30/09/2018 (later on Eur 12M + 1.80%)	09/11/2020	13,000	31	12,797
Mortgage loan	Parque Galaria		Eur 3M + 1.75%	14/12/2029	4,200	3	4,106
Mortgage loan	Joan Miró	BBVA	Eur 3M + 1.75%	23/12/2020	9,800	5	9,594
Mortgage loan	Megapark	  	Eur 3M + 1.70%	24/02/2023	97,000	217	95,440
Mortgage loan	Portal de la Marina	  	Eur 3M + 0.88%	17/05/2020	66,000	4,574	35,234
<b>LOANS AND BORROWINGS</b>						<b>7,877</b>	<b>301,738</b>

(\*) The 62% of the principal is covered by derivatives.

### 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	31/12/2016
GAV	1,274,857
Gross Debt	453,729
Cash	31,591
Net Debt	422,138
<b>Net LTV*</b>	<b>33%</b>

\* Result of Net Debt/GAV

### Deferred tax liabilities

As of 31 December 2016, this heading reflects the deferred tax liability arising from the acquisition of LE Retail Gran Vía de Vigo, S.A.U. This amount corresponds to the fiscal effect of the difference between the fair value and the tax value of the property investment acquired.

### Other non-current liabilities

Correspond to security deposits received by way of guarantee from the tenants of the company's shopping centres, offices and logistics warehouses.



## 2.4 Consolidated Statement of Cash Flows

(Thousands of Euros)	31/12/2016	31/12/2015
<b>A) CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>	<b>19,132</b>	<b>22,674</b>
1. Profit/(loss) for the period before tax	91,430	43,559
2. Adjustments for:	(56,720)	(21,237)
Profit / (loss) from adjustments to fair value of investment properties	(87,815)	(25,978)
Impairment (+/-)	349	95
Financial income (-)	(4,009)	(2,444)
Financial expenses (+)	17,746	6,127
Costs corresponding to share-based payments	19,169	5,298
Share in profit (loss) for the period of equity-accounted companies	754	(2,594)
Adjustments for the consideration booked against results for combined businesses	(2,914)	(1,741)
3. Changes in operating assets and liabilities	(5,863)	1,885
Inventories (+/-)	-	2,843
Trade and other receivables (+/-)	(12,750)	(987)
Other non-current assets and liabilities (+/-)	(1,015)	(465)
Trade and other payables (+/-)	7,902	494
4. Other cash flows used in operating activities	(9,715)	(1,533)
Interest paid (-)	(9,758)	(1,676)
Interest received (+)	43	143
<b>B) CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(237,915)</b>	<b>(370,221)</b>
1. Payments for investments (-)	(249,477)	(400,577)
Outflow of liquid in business acquisitions	(152,042)	(198,382)
Associates	(2,000)	(64,175)
Intangible assets	(1)	(1)
Investment property	(93,699)	(136,851)
Other financial assets	(1,735)	(1,168)
2. Proceeds from divestments (+)	11,562	30,356
Other financial assets	9,663	30,356
Other assets	361	-
Dividends received	1,538	-
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>214,819</b>	<b>362,850</b>
1. Payments made and received for equity instruments	142,460	135,107
Proceeds from issue of share capital (+)	143,038	130,219
Acquisition/disposal of treasury shares (- /+)	(578)	4,888
2. Proceeds from and payments for financial liability instruments	84,368	229,074
a) Issue of:	84,368	229,074
Bonds and other marketable securities (+)	-	138,005
Loans and borrowings (+)	85,724	86,149
Other financial liabilities (+)	(1,356)	4,920
3. Payments for dividends and remuneration on other equity instruments	(12,009)	(1,331)
Dividends (-)	(12,009)	(1,331)
<b>E) NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>	<b>(3,964)</b>	<b>15,303</b>
<b>F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>35,555</b>	<b>20,252</b>
<b>G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+F)</b>	<b>31,591</b>	<b>35,555</b>

# Las Huertas



## 2.5 Fees received by Grupo Lar as Lar España's Manager in 2016

### 1) Base fee (Fixed fees)

The **base fee**, in accordance with the Investment Manager Agreement (IMA) agreed between Lar España and its Manager, Grupo Lar, will be paid monthly to the Manager and will amount **to the figure proportional to 1.25% of the EPRA NAV figure (excluding cash) as at 31 December of the previous year**, in this case, 31 December 2015.

On 6 October 2016 (see main event number 20, page 16), Lar España informs that, after reaching a GAV (gross asset value) of more than one billion euros, the investment manager (Grupo Lar) has proposed a **reduction of its management fees**. Therefore, as from this date, the base fee will be as follows: 1.25% NAV (net asset value) up to 600 million euros + 1% NAV over 600 million euros.

The fixed fees received by Grupo Lar in 2016 for its management of the Lar España portfolio amounted to 6,403 thousand Euros.

### BASE FEE

	(Thousands euros)
<b>EPRA NAV 31/12/2015</b>	<b>577,970</b>
Gross fee = 1,25% x EPRA NAV 31/12/2015	7,225
Grupo Lar expenses incurred by Lar España	(255)
Fees indirectly paid in subsidiary companies <sup>(*)</sup>	(567)
<b>BASE FEE</b>	<b>6,403</b>

<sup>(\*)</sup> Lagasca 99 and Portal de la Marina (in this case, until 30.03.2016, when Lar España acquires the 100% of Portal de la Marina stake)

### 2) Performance fee (Variable fees)

A performance fee is also included in the IMA, as an incentive to our Manager, which depends on the annual return generated to our shareholders.

The performance fee becomes payable when the annual increase in Lar España's EPRA NAV (net of share capital increases and dividend distributions), exceeds 10% and is calculated as follows:

- **Promote fee:** 20% of the shareholders annual return over 10%.
- **Catch-up fee:** an additional 20% of the portion of the excess return between 12% and 22%.

Performance fee calculation for 2016 is shown below:

### PERFORMANCE FEE

	(Thousands euros)
EPRA NAV 31/12/15	577,970
EPRA NAV 31/12/16	836,788
<b>Difference</b>	<b>258,818</b>
Capital increase	(147,174)
Capital increase expenses	4,136
2015 Dividend paid in 2016	12,009
<b>Net annual increase</b>	<b>127,789</b>
<b>INCREASE % 31/12/15 - 31/12/16</b>	<b>22.11%</b>
<b>Above 10%</b>	<b>12.11%</b>
Promote fee	13,999
<b>Between 12%-22%</b>	<b>10.00%</b>
Catch-up fee	11,559
<b>PROMOTE + CATCH-UP = PERFORMANCE FEE <sup>(*)</sup></b>	<b>25,558</b>

<sup>(\*)</sup> Data audited by Deloitte



Hence, the variable fees received by Grupo Lar in 2016 due to it achieving excellent returns for our shareholders amounted to 25,558 thousand Euros.

The amount of 31,961 thousand Euros resulting from the base fee and performance fee are entered in the Consolidated Income Statement as at 31 December 2016 under the entry "Other Expenses". See page 44, section 2 "Consolidated Financial Statements".

Fixed and variable fees have been taken into account in the EPRA Cost Ratio calculation. See page 67, section 3 "EPRA Information".

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

- Approval by Lar España.
- Payment of the amount corresponding to the performance fee (25,558 thousand Euros) to Grupo Lar.
- Reinvestment of this amount by Grupo Lar (after tax deductions) via the subscription of new Lar España shares.

	%	(Thousands euros)
Performance fee	100	25,558
Taxes	25	(6,390)
<b>GRUPO LAR REINVESTMENT</b>	<b>75</b>	<b>19,168</b>

The 19,168 thousand Euros will be used to acquire new shares issued by Lar España via a share capital increase after obtaining the General Shareholders Meeting approval (expected to be held in April 2017).



## 2.6 Proposed Shareholder Remuneration

In line with the last statement issued by the Company (**dividend yield to be over 4% of 2016's average quarterly EPRA NAV**), the proposed shareholder remuneration will be as follows:

The proposed **shareholder remuneration** for the year ending 31 December 2016 and to be presented at the Annual General Shareholders Meeting stands at **EUR 30 million (4.3% of the year's average EPRA NAV)**.

There by resulting in a dividend of **€0.33 per share**.

EPRA NAV	(Thousands of Euros)
Q1	582,780
Q2	610,638
Q3	757,872
Q4	830,399
<b>AVERAGE</b>	<b>695,423</b>

**0.33 €/share**

**Dividend Yield → 4.3%**

vs. 2015

**+65%**







Icar

España

Real Estate



Vistahermosa Shopping Centre  
(Alicante)





3

## EPRA INFORMATION



- **In November 2016**, 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.
- **In September 2015**, Lar España received the 'GOLD AWARD' from 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 EPRA, 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 state companies clearer, more transparent and comparable across Europe.
- (2) "Best Practices Recommendations - BPR" available at [www.epra.com](http://www.epra.com).





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

Indicator	31/12/2016 (Thousands of Euros) / %	31/12/2016 (Euro per share)
EPRA Earnings	25,884 <sup>(*)</sup>	0.36
EPRA NAV	830,399	9.20
EPRA NNNAV	827,125	9.17
EPRA Net Initial Yield (NIY)	5.5%	-
EPRA "topped-up" NIY	5.8%	-
EPRA Vacancy Rate	6.5%	-
EPRA Cost Ratio	28.4% <sup>(**)</sup>	-
EPRA Cost Ratio (excluding costs of direct vacancy)	24.4% <sup>(**)</sup>	-

(\*) Adjusted EPRA Earnings. See page 62.

(\*\*) Indicators calculated not taken into account the performance fee.  
See terms definitions in Glossary, section 6.

Alovera III (C2) Logistics Warehouse  
(Guadalajara)



## EPRA EARNINGS

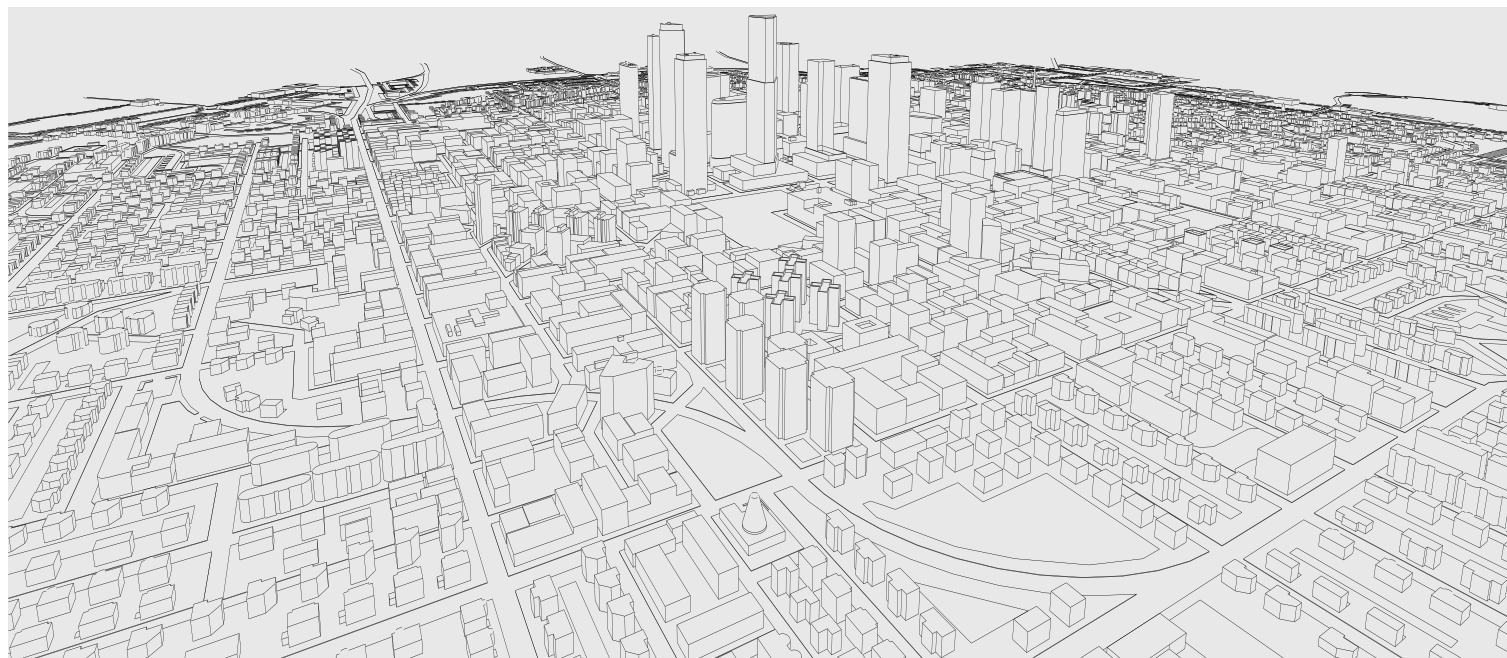
(Thousands of Euros)	2016	2015
<b>EARNINGS PER IFRS INCOME STATEMENT</b>	<b>91,430</b>	<b>43,559</b>
Change in value of investment properties	(87,815)	(25,978)
Companies acquisitions effect	1,191	(1,741)
Change in value of investment properties in associates	-	(2,466)
Change in fair value of financial instruments	1,909	-
<b>EPRA EARNINGS</b>	<b>6,715</b>	<b>13,374</b>
<b>Weighted average number of shares (excluding treasury shares)</b>	<b>72,707,108</b>	<b>47,790,562</b>
<b>EPRA EARNINGS PER SHARE</b>	<b>0.09</b>	<b>0.28</b>
Company specific adjustment <sup>(*)</sup>	19,169	5,298
<b>COMPANY SPECIFIC ADJUSTED EPRA EARNINGS</b>	<b>25,884</b>	<b>18,672</b>
<b>COMPANY SPECIFIC ADJUSTED EPRA EARNINGS PER SHARE</b>	<b>0.36</b>	<b>0.39</b>

(\*) Corresponds to the part of the Performance fee that the Manager is obliged to reinvest in Lar España, although this does not mean that there is any cash outlay for the company.

Adjusted  
EPRA Earnings

vs. 2015

**+39%**



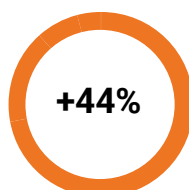
## EPRA NAV

(Thousands of Euros)	31/12/2016	31/12/2015
<b>NET ASSET VALUE PER THE FINANCIAL STATEMENTS</b>	<b>812,135</b>	<b>570,566</b>
Revaluation of other non-current investments	14,990	5,660
Fair value of financial instruments	3,274	1,560
Fair value of financial instruments in associates	-	184
<b>EPRA NAV</b>	<b>830,399</b>	<b>577,970</b>
<b>Number of Shares (excluding treasury shares)</b>	<b>90,245,429</b>	<b>59,923,506</b>
<b>EPRA NAV PER SHARE (EUROS)</b>	<b>9.20 <sup>(*)</sup></b>	<b>9.65</b>

(\*) When analyzing this measure it is important to take into account the capital increase completed by Lar España in Q3 2016 (€147,2M with a subscription price of 4.92 Euros each).

### EPRA NAV

vs. 2015



## EPRA NNNAV

(Thousands of Euros)	31/12/2016	31/12/2015
<b>EPRA NAV</b>	<b>830,399</b>	<b>577,970</b>
Fair value of financial instruments	(3,274)	(1,560)
Fair value of financial instruments in associates	-	(184)
<b>EPRA NNNAV</b>	<b>827,125</b>	<b>576,226</b>
<b>Number of Shares (excluding treasury shares)</b>	<b>90,245,429</b>	<b>59,923,506</b>
<b>EPRA NNNAV PER SHARE (EUROS)</b>	<b>9.17 <sup>(*)</sup></b>	<b>9.62</b>

(\*) When analyzing this measure it is important to take into account the capital increase completed by Lar España in Q3 2016 (€147,2M with a subscription price of 4.92 Euros each).



## 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	856,897	20,629	877,526	57,046	
Megapark	190,000	3,610	193,610	11,220	
Gran Vía Vigo	144,500	3,974	148,474	9,449	
El Rosal	99,790	2,496	102,286	6,996	
Portal de la Marina	98,500	2,463	100,963	7,059	
Anec Blau	93,250	2,330	95,580	5,977	
As Termas	78,100	2,148	80,248	5,567	
Vistahermosa	45,580	1,140	46,720	3,332	
Albacenter	35,464	887	36,351	2,545	
Txingudi	35,500	675	36,175	2,408	
Albacenter Hypermarket	14,313	358	14,671	974	
Las Huertas	13,300	333	13,633	991	
Portal de la Marina Hypermarket	8,600	215	8,815	528	
RETAIL WAREHOUSES	41,405	921	42,326	2,821	
Villaverde	10,771	269	11,040	780	
Parque Galaria	10,400	146	10,546	680	
Nuevo Alisal	18,334	458	18,792	1,246	
As Termas Petrol Station	1,900	48	1,948	115	
<b>TOTAL RETAIL</b>	<b>898,302</b>	<b>21,550</b>	<b>919,852</b>	<b>59,867</b>	
OFFICES	137,510	2,932	140,442	4,633	
Egeo	73,930	1,481	75,411	1,305	
Marcelo Spinola <sup>(1)</sup>	33,500	972	34,472	<sup>(1)</sup>	
Arturo Soria	27,160	573	27,733	1,465	
Joan Miró	21,420	503	21,923	1,191	
Eloy Gonzalo <sup>(2)</sup>	15,000	375	15,375	672	
<b>TOTAL OFFICES</b>	<b>137,510</b>	<b>2,932</b>	<b>140,442</b>	<b>4,633</b>	
LOGISTICS	76,475	1,751	78,226	5,598	
Alovera II	37,450	976	38,426	2,720	
Alovera I	17,400	348	17,748	1,129	
Almussafes	9,500	184	9,684	749	
Alovera IV (C5-C6)	8,500	170	8,670	746	
Alovera III (C2)	3,625	73	3,698	254	
<b>TOTAL LOGISTICS</b>	<b>76,475</b>	<b>1,751</b>	<b>78,226</b>	<b>5,598</b>	
<b>TOTAL LAR ESPAÑA</b>	<b>1,112,287</b>	<b>26,233</b>	<b>1,138,520</b>	<b>70,098</b>	

(1) Data related to Marcelo Spinola has not been included in the EPRA NIY calculation due to its lack of representatives. The asset had been preparing and evicting for a refurbishment that began during the second quarter of 2015 and had finished at the third quarter of 2016.

(2) Ratio distorted as the property is being refurbished.

Property outgoings	Annualised net rents (B)	Notional rent expiration of rent free periods or other lease incentives	Topped-up net annualised rent (C)	EPRA NET INITIAL YIELD (B/A)	EPRA TOPPED-UP NET INITIAL YIELD (C/A)
(6,351)	50,694	910	51,603	5.8%	5.9%
(1,113)	10,107	103	10,210	5.2%	5.3%
(739)	8,710	144	8,854	5.9%	6.0%
(960)	6,036	148	6,184	5.9%	6.0%
(646)	6,413	111	6,524	6.4%	6.5%
(855)	5,122	39	5,161	5.4%	5.4%
(445)	5,122	71	5,193	6.4%	6.5%
(603)	2,729	166	2,895	5.8%	6.2%
(633)	1,912	70	1,981	5.3%	5.5%
(195)	2,213	41	2,254	6.1%	6.2%
(10)	964	0	964	6.6%	6.6%
(147)	844	17	861	6.2%	6.3%
(5)	522	-	522	5.9%	5.9%
(182)	2,639	50	2,689	6.2%	6.4%
(92)	688	-	688	6.2%	6.2%
(11)	669	-	669	6.3%	6.3%
(78)	1,168	50	1,218	6.2%	6.5%
(1)	114	-	114	5.8%	5.8%
<b>(6,533)</b>	<b>53,333</b>	<b>960</b>	<b>54,292</b>	<b>5.8%</b>	<b>5.9%</b>
(549)	4,083	1,992	6,074	2.9%	4.3%
(123)	1,182	1,923	3,105	1.6%	4.1%
(1)	(1)	(1)	(1)	(1)	(1)
(125)	1,339	-	1,339	4.8%	4.8%
(39)	1,152	2	1,153	5.3%	5.3%
(262)	410	67	477	2.7% (2)	3.1% (2)
<b>(549)</b>	<b>4,083</b>	<b>1,992</b>	<b>6,074</b>	<b>2.9% (1)</b>	<b>4.3% (1)</b>
(155)	5,442	208	5,651	7.0%	7.2%
(21)	2,699	-	2,699	7.0%	7.0%
(69)	1,060	194	1,254	6.0%	7.1%
(38)	712	-	712	7.3%	7.3%
(23)	722	-	722	8.3%	8.3%
(4)	249	14	264	6.7%	7.1%
<b>(155)</b>	<b>5,442</b>	<b>208</b>	<b>5,651</b>	<b>7.0%</b>	<b>7.2%</b>
<b>(7,237)</b>	<b>62,858</b>	<b>3,160</b>	<b>66,017</b>	<b>5.5% (1)</b>	<b>5.8% (1)</b>

(1) Data related to Marcelo Spinola has not been included in the EPRA NIY calculation due to its lack of representatives. The asset had been preparing and evicting for a refurbishment that began during the second quarter of 2015 and had finished at the third quarter of 2016.

(2) Ratio distorted as the property is being refurbished.

## EPRA VACANCY RATE

Asset	ERV (Thousands of Euros)	ERV Vacancy (Thousands of Euros)	EPRA VACANCY RATE %
Megapark	12,373	740	6.0%
Gran Vía	9,417	422	4.5%
El Rosal	7,436	465	6.2%
Portal de la Marina	6,929	496	7.2%
Anec Blau	6,102	424	7.0%
As Termas	5,540	292	5.3%
Vistahermosa	3,518	119	3.4% <sup>(1)</sup>
Albacenter	3,043	384	12.6%
Txingudi	2,778	410	14.8% <sup>(2)</sup>
Portal de la Marina Hypermarket	536	0	0.0%
Las Huertas	1,303	197	15.1%
Albacenter Hypermarket	884	0	0.0%
<b>TOTAL SHOPPING CENTRES</b>	<b>59,859</b>	<b>3,949</b>	<b>6.6 %</b>
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%
<b>TOTAL RETAIL WAREHOUSES</b>	<b>2,753</b>	<b>0</b>	<b>0.0%</b>
<b>TOTAL RETAIL</b>	<b>62,612</b>	<b>3,949</b>	<b>6.3%</b>
Egeo	3,678	406	11.0%
Marcelo Spinola	N/A	N/A	N/A <sup>(3)</sup>
Arturo Soria	1,628	346	21.2% <sup>(4)</sup>
Joan Miró	1,307	36	2.7%
Eloy Gonzalo	1,403	240	17.1% <sup>(3)</sup>
<b>TOTAL OFFICES</b>	<b>8,016</b>	<b>1,028</b>	<b>12.8% <sup>(3)</sup></b>
Alovera II	2,821	0	0.0%
Alovera I	1,330	0	0.0%
Almussafes	807	0	0.0%
Alovera IV (C5-C6)	581	0	0.0%
Alovera III (C2)	335	0	0.0%
<b>TOTAL LOGISTICS</b>	<b>5,874</b>	<b>0</b>	<b>0.0%</b>
<b>TOTAL</b>	<b>76,502</b>	<b>4,977</b>	<b>6.5% <sup>(3)</sup></b>

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

(2) On the date of publication of this report, and with the addition of one new lease signed, the ratio stands at 3.4%

(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 has been remodelled.

(4) On the date of publication of this report, and with the addition of one new lease signed, the ratio stands at 13.4%.

(5) Ratio distorted as the property is being refurbished.

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



## EPRA COST RATIOS

(Thousands of Euros)	2016	2015
Administrative expenses	(446)	(396)
Operating costs net of recoverable income <sup>(*)</sup> <sup>(**)</sup>	(40,018)	(20,013)
Administrative/operating expenses in associates	(1,030)	(1,792)
<b>EPRA Cost (including direct vacancy costs) (A)</b>	<b>(41,494)</b>	<b>(22,201)</b>
Direct vacancy costs	(2,221)	(1,328)
<b>EPRA Cost (excluding direct vacancy costs) (B)</b>	<b>(39,273)</b>	<b>(20,873)</b>
Gross Rental Income less ground rent costs – per IFRS	61,555	35,734
Gross Rental Income less ground rent costs in associates	959	3,589
Net asset associated costs ( <i>net service charge</i> )	(6,383)	-
<b>Gross Rental Income (C)</b>	<b>56,131</b>	<b>39,323</b>
<b>EPRA COST RATIO (including direct vacancy costs) A/C</b>	<b>73.9%</b>	<b>56.5%</b>
<b>EPRA COST RATIO (excluding direct vacancy costs) B/C</b>	<b>70.0%</b>	<b>53.1%</b>
<b>EPRA COST RATIO pre performance fee (including direct vacancy costs) <sup>(***)</sup></b>	<b>28.4%</b>	<b>37.7%</b>
<b>EPRA COST RATIO pre performance fee (excluding direct vacancy costs) <sup>(***)</sup></b>	<b>24.4%</b>	<b>34.4%</b>

(\*) Maintenance costs totalling €1,399 are included.

(\*\*) Management fees included (fixed and variable).

(\*\*\*) Discounting costs directly related to development projects, in 2016, the ratios would be 27.3% and 23.3% respectively.







Gran Vía Shopping Centre  
(Vigo)





4

## SHARE PRICE PERFORMANCE

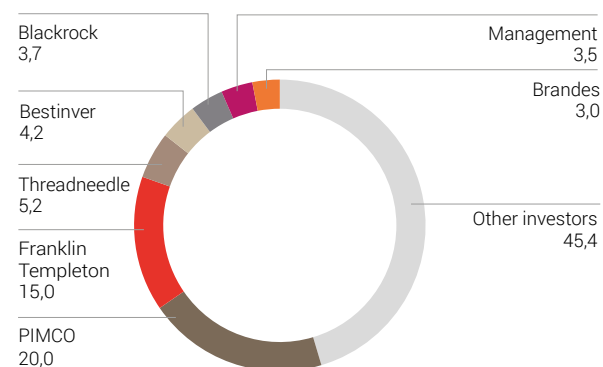


## 4. SHARE PRICE PERFORMANCE

Details of shares (Eur)	Jan-Dic 2016
Price at the beginning of the period	9.46
Price at the end of the period	7.03
<b>Performance during the period</b>	<b>-25.69%</b>
Maximum price for the period	9.74
Minimum price for the period	6.01
<b>Average price for the period</b>	<b>7.54</b>
ADTV (*)	204,867
Market Cap (Euros) 31/12/2016	636,500,151
Number of shares 31/12/2016	90,540,562

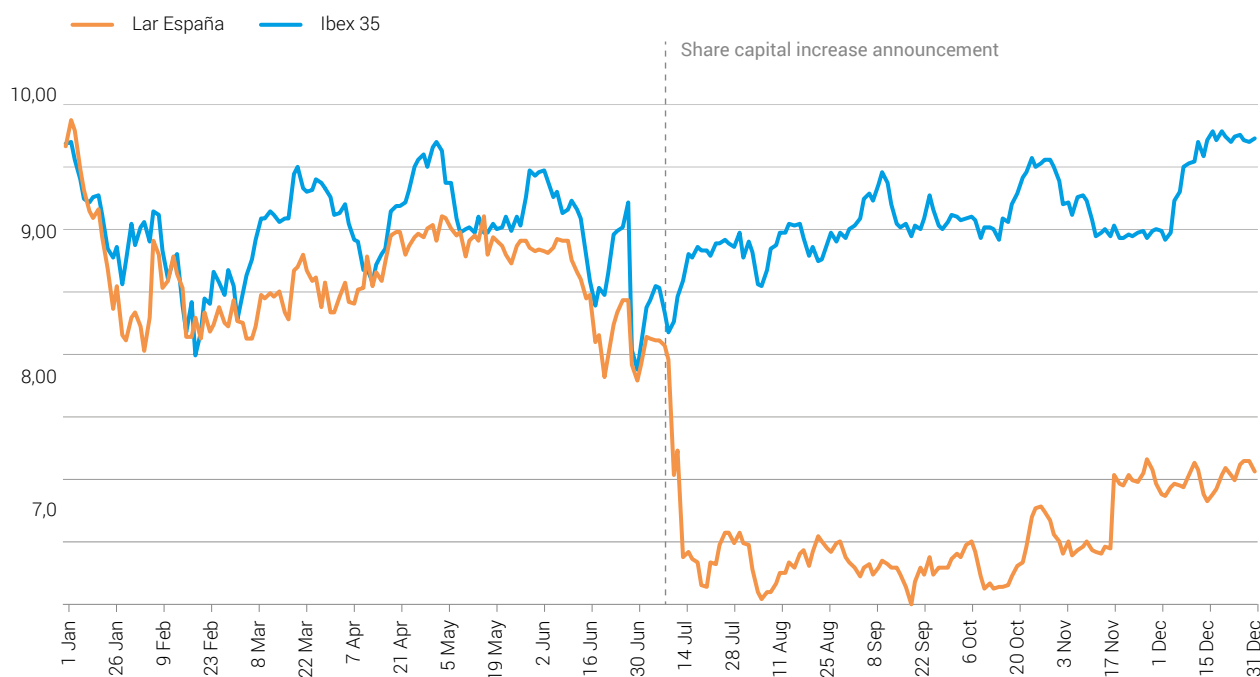
\* Average Daily Trading Volumen in number of shares

Share distribution at 31 December 2016 (%)
















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

LAR ESPAÑA share price performance vs Ibex 35 (January-December 2016)



**26%**  
Potencial  
Return<sup>(\*\*)</sup>

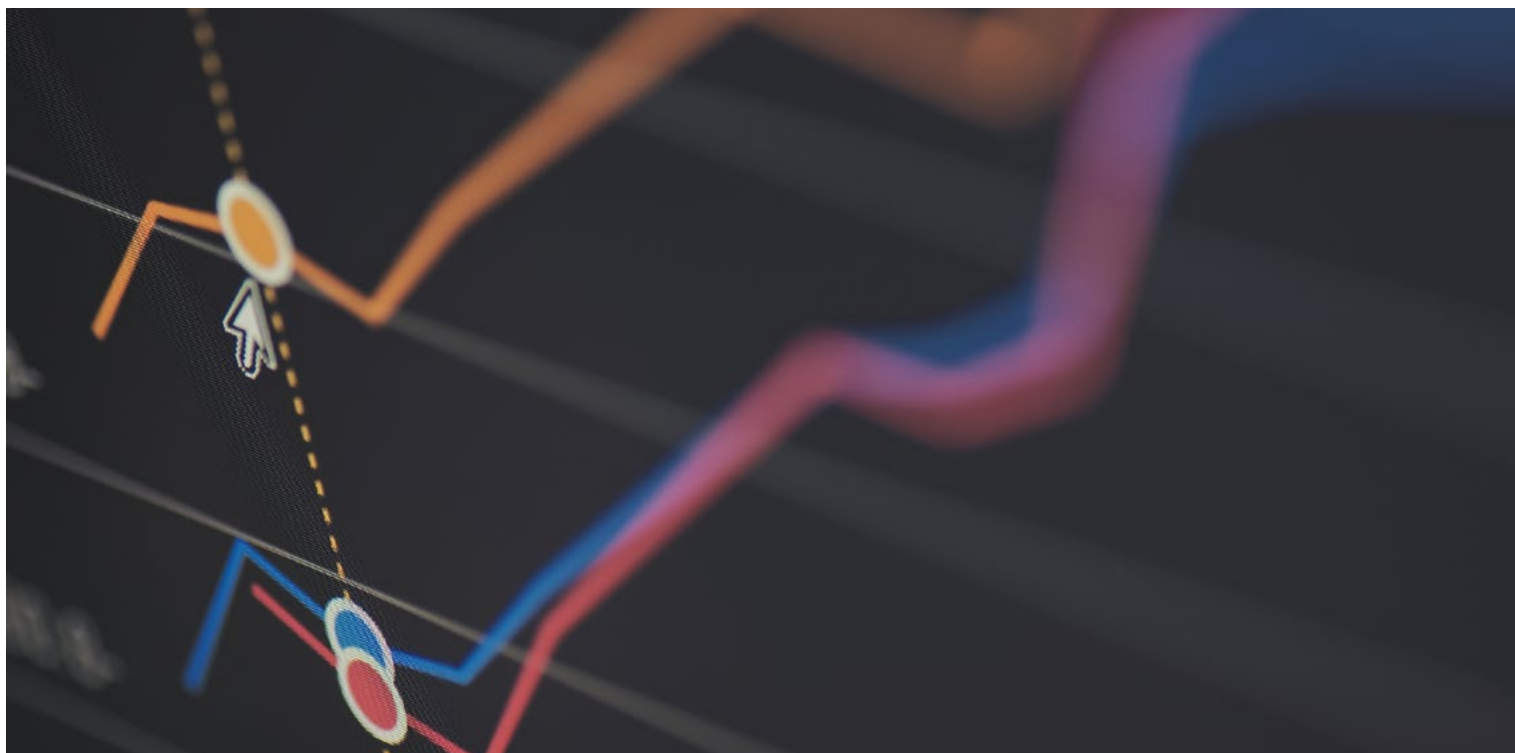
### Analyst Recommendations

Broker	Recommendation	Analysis date	Target Price (Euros) <sup>(*)</sup>
 <b>Sabadell</b>	Buy	26/07/2016	<b>9.05</b>
 <b>intermoney valores sv</b>	Buy	19/09/2016	<b>9.00</b>
 <b>bankinter</b>	Buy	16/11/2016	<b>10.60</b>
 <b>Ahorro Corporación</b>	Buy	16/11/2016	<b>9.00</b>
 <b>fidentiis</b> <small>EDUITIS S.V. S.A.</small>	Buy	16/11/2016	<b>10.90</b>
 <b>Kepler Cheuvreux</b>	Buy	16/11/2016	<b>7.50</b>
 <b>bekafinance</b>	Buy	16/11/2016	<b>9.00</b>
 <b>Santander</b>	Buy	16/11/2016	<b>9.10</b>
 <b>J.P.Morgan Asset Management</b>	Neutral	14/12/2016	<b>8.25</b>
 <b>KEMPEN &amp; CO</b> <small>Member of Bank</small>	Sell	09/01/2017	<b>6.50</b>
 <b>JBCapitalMarkets</b>	Neutral	17/01/2017	<b>10.70</b>
 <b>MIRABAUD</b>	Sell	23/01/2017	<b>6.72</b>
 <b>HAITONG</b>	Buy	31/01/2017	<b>8.80</b>

Source: Bloomberg

(\*) In the target price capital increase announced on 7 July should be taken into account.

(\*\*) Taken into account the average target price and the price at the end of the period.





As Termas Shopping Centre  
(Lugo)





## 5 EVENTS AFTER THE REPORTING PERIOD



## 5. EVENTS AFTER THE REPORTING PERIOD

### 1. Operations under the liquidity contract

**04.01.2017** According to the provisions of section 2 of the Fourth rule of Circular 3/2007, of 19 December, by the *Comisión Nacional del Mercado de Valores* on Liquidity Contracts for the purposes of their acceptance as a market practice, the Company hereby reports the **transactions executed by JB Capital Markets**, Sociedad de Valores, S.A.U. (the "Financial Intermediary"), in the context of the **Liquidity Contract** (the "Liquidity Contract") from **1 October 2016 to 31 December 2016**, the total amount of shares sold and purchased, and the overall amount of cash used for these transactions







Lagasca 99 Residential  
(Madrid)



## 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)**

*Return on equity, calculated by dividing profit for the last 12 months by the company's average equity of the last four quarters.*

### **ROA (Return on Assets)**

*Return on assets, calculated by dividing profit for the last 12 months by the company's average assets of the last four quarters.*

### **Liquidity ratio**

*The Company's capacity to meet its obligations with liquid assets, calculated as the ratio between the Company's current assets and current liabilities.*

### **Solvency ratio**

*The Company's financial capacity to meet its payments obligations with all the assets and resources available. It is calculated by dividing equity plus non-current liabilities by non-current assets.*

### **Spanish GAAP**

*Spanish General Accounting Plan approved by Royal Decree 1514/2007 of 16th November 2007.*

### **EPRA**

*European Public Real Estate Association.*

### **EPRA Earnings**

*Earnings from operational activities.*

### **EPRA NAV**

*Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.*

### **EPRA NNNAV**

*EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.*

### **EPRA Net Initial Yield (NIY)**

*Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.*

### **EPRA "topped-up" NIY**

*This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and stepped rents).*

### **EPRA Vacancy Rate**

*Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.*

### **EPRA Cost Ratio**

*Administrative & operating costs (including direct vacancy costs) divided by gross rental income.*

### **EPRA Cost Ratio (excluding direct vacancy costs)**

*Administrative & operating costs (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 september 2016, until the first break option, weighted by the gross rent of each individual lease contract.*

### **Net LTV (Loan to Value)**

*Ratio that measures the total amount of outstanding principal, discounted available cash, against the value of the assets.  
Net LTV = Net debt / GAV.*

### **GAV**

*Gross Asset Value.*

### **GLA**

*Gross Leasable Area in sqm.*

### **Dividend Yield**

*Profitability by dividend, that shows, in percentage, the shareholder performance by the dividends. Result of Dividend/ Average quarterly EPRA NAV of the last four quarters of the year.*



Arturo Soria office building  
(Madrid)





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