



## THIRD QUARTER REPORT





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# EXECUTIVE SUMMARY

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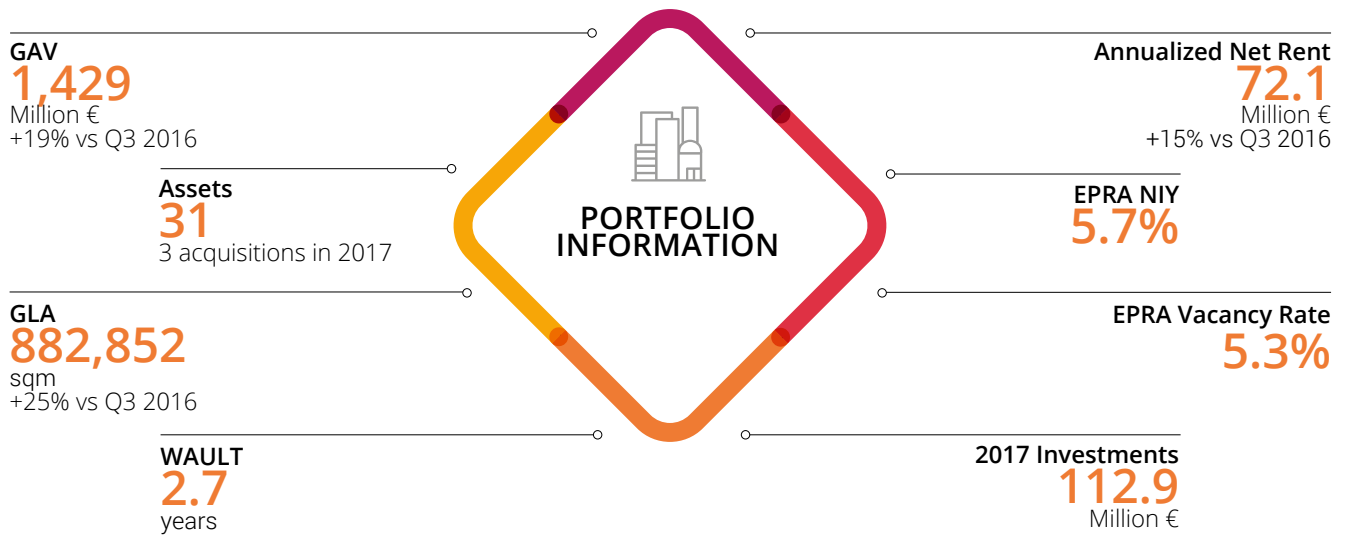
## 1.5

Business Performance  
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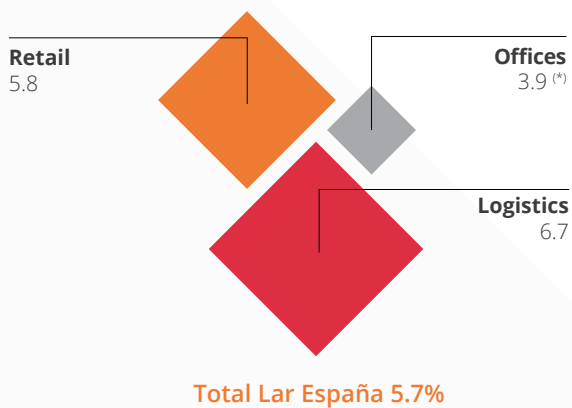
## 1.1 Highlights Q3 2017



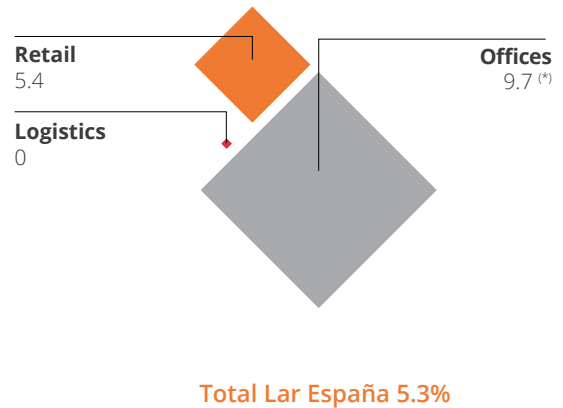
### GAV by asset class (%)



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

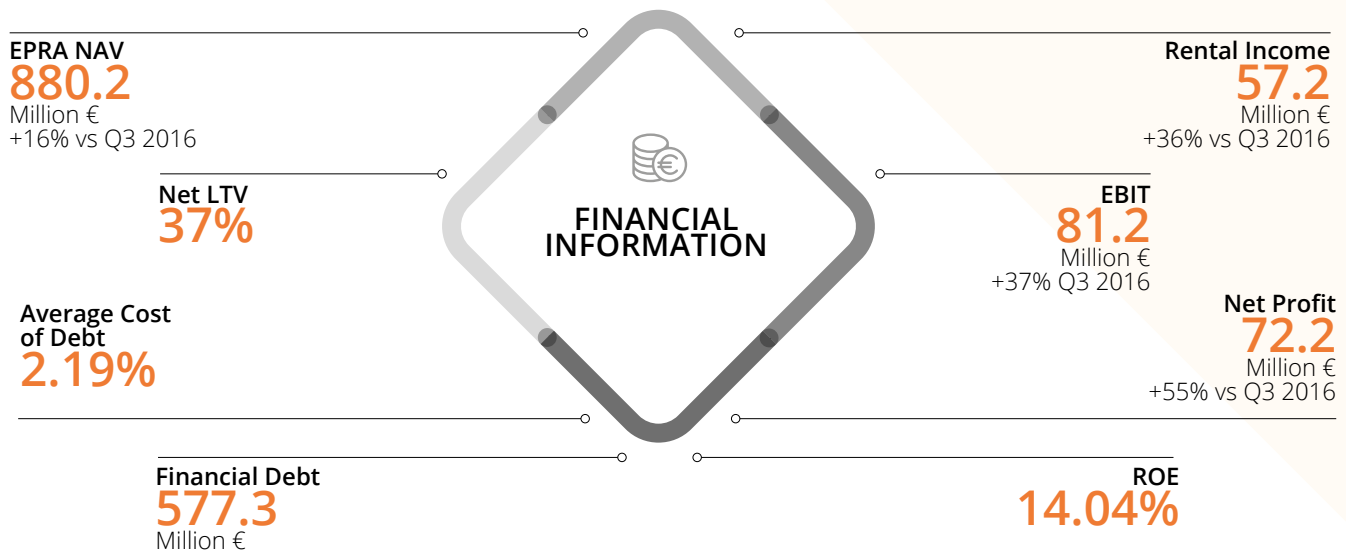


### EPRA Vacancy Rate by asset class (%)

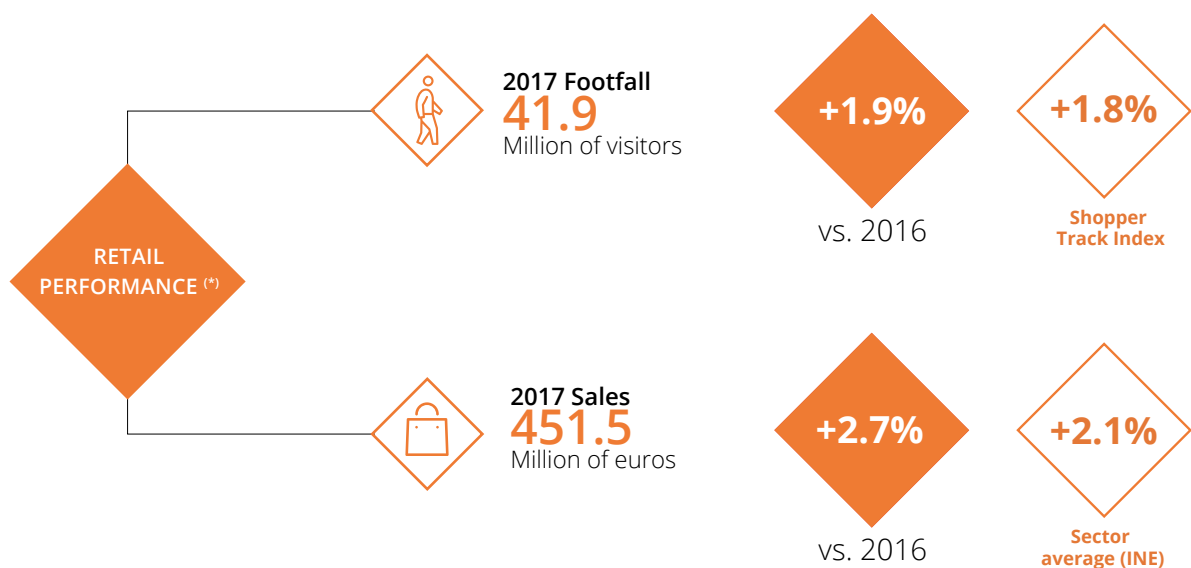


(\*) For further information see section 3 "EPRA information".





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



(\*) January to September data

## 1.2 Main events

1

### Liquidity contracts and specialists

**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.

total gross leasable area (GLA) of approximately 33,550 square metres; it is now reported that the Company has entered into a bank financing agreements with ING Bank NV sucursal en España and BBVA, associated respectively to the above referred assets, for a total amount of **EUR 103.9 million**, a 5 years duration and a “bullet” amortization structure.

2

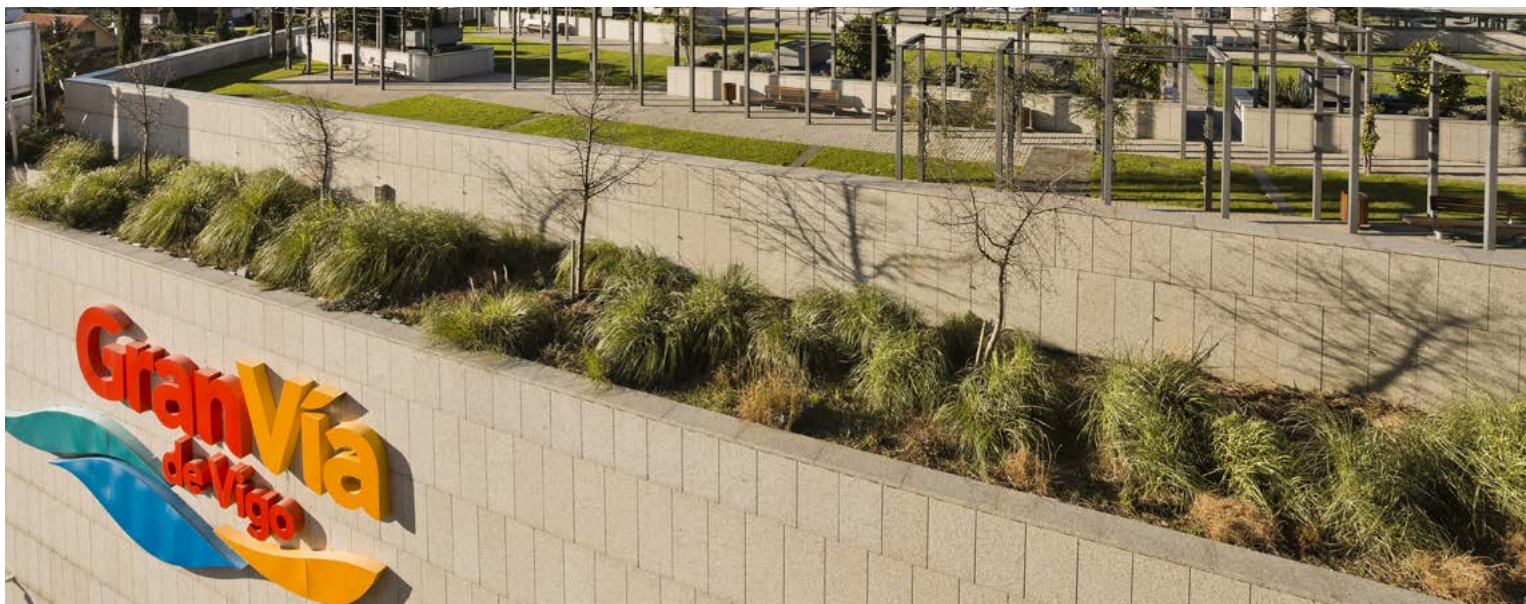
### Parque Vistahermosa and Gran Vía financing

**15.03.2017** In connection with the material facts of last 16 September and 17 June 2016 (with Registry numbers 242769 and 239851 respectively), where it was reported that the Company had acquired (i) 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 and (ii) **the retail complex “Parque Vistahermosa”** located in Alicante, with a

### Parque Abadía and a portfolio of 22 retail units acquisitions

**27.03.2017** On 27 March 2017, the Company has acquired from Rockspring NPS European Property Holding, B.V. (i) in Toledo, **Parque Abadía retail complex**, a gross leasable area (GLA) of around 37,114 square metres, fully occupied; and (ii) in different parts of Spain, a **portfolio of 22 retail units** with a total gross leasable area (GLA) of approximately 28,822 square metres, totally occupied. The acquisition has been carried out for a total amount of approximately **€110.7 million**, subject to the subsequent customary price adjustments in this kind of transactions, and has been fully paid with the funds of the Company.

Gran Vía de Vigo Shopping Centre (Vigo)





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### Liquidity contracts and specialists

**06.04.2017** 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 January 2017 to 31 March 2017**, the total amount of shares sold and purchased, and the overall amount of cash used for these transactions.

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### Lagasca99 financing

**28.04.2017** Lar España informs that, on 27 April 2017, it has reached an agreement to secure the **bank financing of the asset Lagasca99**. It is a loan in favor of its subsidiary Inmobiliaria Juan Bravo 3, S.L., for an amount of **EUR 78 million**, granted by Banco Santander, which will be used to finance the construction of the property; a part of it is also intended for potential buyers financing. Part of the transaction is also the amendment of the terms and conditions of an additional balance of EUR 40 million from previous financing associated with the purchase of the plot of land. This transaction betters both the cost and the amortization of the debt.

◆ Lagasca99 Residential (Madrid)



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### Announcements and agreements of shareholders general meetings

**29.05.2017 The ordinary shareholders' meeting of Lar España** announced on 25 April 2017 on "El Economista" and the Company's corporate web page —copy of which was remitted to the CNMV by means of a relevant fact with registration number 251046— and which took place on second call today, **29 May 2017, has approved the resolutions submitted to its consideration** and vote, as stated in the attached voting results report.

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### Information on dividends

**29.05.2017 The General Shareholders' Meeting of Lar España**, validly held today, 29 May 2017, on second call, **has approved**, among other resolutions, to distribute:

(i) as dividend for the fiscal year, an amount of 3,416 thousand euros, at a ratio of 0.038 euros gross per share;

(ii) with charge to share premium, an amount of 26,584 thousand euros, at a ratio of 0.294 euros gross per share.

**The distribution will be carried out on 31 May 2017** via the depositaries participating entities in Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., Unipersonal (Iberclear).

It is reiterated that, pursuant to article 47 of the Bylaws, the authorized persons appearing on the accounting records of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., 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.

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### Composition of the Board of Directors

**30.05.2017** As stated on the announcement of and in accordance with the information provided to the shareholders during the ordinary General Shareholders Meeting held on 29 May 2017, the Board of Directors of Lar España, after the ordinary General Shareholders Meeting, **approved the appointment of Ms. Isabel Aguilera Navarro as an independent director of the Company by means of the co-option system** (cooptación). This appointment was based on the appointment proposal issued by the Appointments and Remunerations Committee.

Consequently, after the ordinary General Shareholders Meeting of 29 May 2017, on which the number of members of the Board of Directors was increased and **Mr. Laurent Luccioni was appointed as proprietary director of the Company**, and after the following meeting of the Board, the Board of Directors of the Company is composed of the following members:

*Mr. José Luis del Valle*  
Chairman and Independent Director

*Mr. Pedro Luis Uriarte*  
Independent Director

*Mr. Alec Emmot*  
Independent Director

*Mr. Roger Maxwell Cooke MBE*  
Independent Director

*Ms. Isabel Aguilera Navarro*  
Independent Director

*Mr. Miguel Pereda*  
Proprietary Director

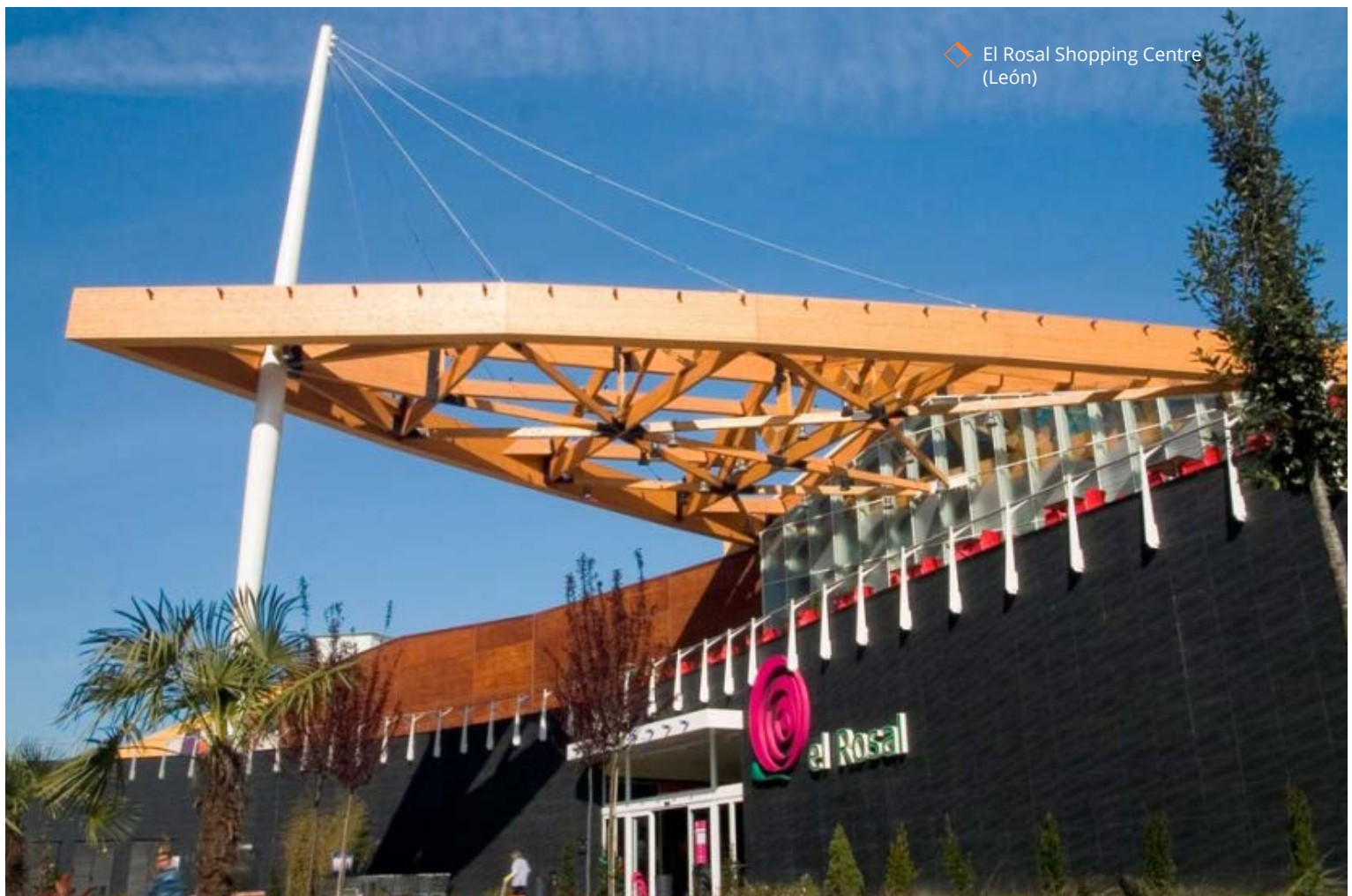
*Mr. Laurent Luccioni*  
Proprietary Director



◇ Anec Blau Shopping Centre  
(Barcelona)



◇ El Rosal Shopping Centre  
(León)



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### Liquidity contracts and specialists

**06.07.2017** 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 April 2017 to 30 June 2017**, the total amount of shares sold and purchased, and the overall amount of cash used for these transactions.

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### Valuation reports as at 30 June 2017

**06.07.2017** Lar España has received the **valuation reports** for its property portfolio as of 30 June 2017, 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 abovementioned reports is EUR **1,448.2 million**. The acquisition price – transaction costs not included – of the assets subject to the valuation was EUR 1,211.8 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 2017.

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### Liquidity contracts and specialists

**10.07.2017** Lar España announces the termination, effective on 11 July 2017, of the **Liquidity Contract, currently in force with JB Capital Markets**, S.V., S.A.U. (hereinafter, "JB Capital Markets" and the "Liquidity Contract") as a consequence of (i) the removal 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 ("Circular 3/2007"), and (ii) the execution of a new liquidity contract between Lar España and JB Capital Markets, effective on 11 July 2017, pursuant to Circular 1/2017, of 26 April, by the Comisión Nacional del Mercado de Valores on liquidity contracts ("Circular 1/2017").



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### Liquidity contracts and specialists

**10.07.2017** Pursuant to Section 2 of the Fourth Rule of Circular 1/2017, of 26 April, by the Comisión Nacional del Mercado de Valores, on **liquidity contracts** ("Circular 1/2017"), the Company announces the execution on 5 July 2017 of a liquidity contract (the "Liquidity Contract") with **JB Capital Markets, S.V.**, S.A.U. ("JB Capital Markets"), in accordance with the provisions of Circular 1/2017, **effective on 11 July 2017.**

According to clause a) of the above referred Fourth Rule, the Company informs of the following details concerning the Liquidity Contract:

- Name of the financial intermediary: **JB Capital Markets, S.V.**, S.A.U.
- Identification of the **securities affected by the Liquidity Contract**: Lar España Real Estate SOCIMI, S.A. ordinary shares under ISIN: ES0105015012
- **Markets where transactions will be executed**: Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Sistema de Interconexión Bursátil - SIBE (Mercado Continuo).
- **Duration of the Liquidity Contract**: 12 months since its signature on 5 July 2017 and automatically extended for the same term unless otherwise indicated by any of the parties.
- **Amount of shares** allocated to the securities deposit account for the purposes of the Liquidity Contract: 63,000 shares.
- Amount of cash allocated to the **cash account for the purposes** of the Liquidity Contract: 500,000.00 €.

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### 13. Share capital increase: Manager's Performance Fee reinvestment

**02.08.2017** It is hereby announced that on 25 July 2017, the public deed relating to the **share capital increase** of Lar España, approved on 29 May 2017 by the ordinary General Shareholders Meeting, under item twelfth of the agenda, for a nominal amount of EUR 4,167,070 through the issuance and placing of 2,083,535 new ordinary shares of Lar España of two euros nominal value each and a share premium of EUR 7.20 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 ("Capital Increase"). Therefore, the total amount of the **Capital Increase amounts to EUR 19,168,522.**

The Capital Increase was **fully subscribed and paid for through monetary contributions by Grupo Lar Inversiones Inmobiliarias, S.A., manager of Lar España**, in accordance with the provision included in the twelfth resolution approved by the ordinary General Shareholders Meeting of Lar España on 29 May 2017.

Consequently, the **share capital of Lar España has been set at EUR 185,248,194, divided into 92,624,097 shares**, with a nominal value of two euros each, all of which belong to the same class and series.

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**Admission to trading of the New Ordinary Shares**

**19.08.2017** Further to the Material Fact published on 2 August 2017, with register number 255621, it is hereby announced that the National Securities Market Commission verified the compliance with the requirements for the **admission to trading of the New Ordinary Shares** yesterday 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 21 August 2017 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.

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**Arturo Soria 336 office building divestment**

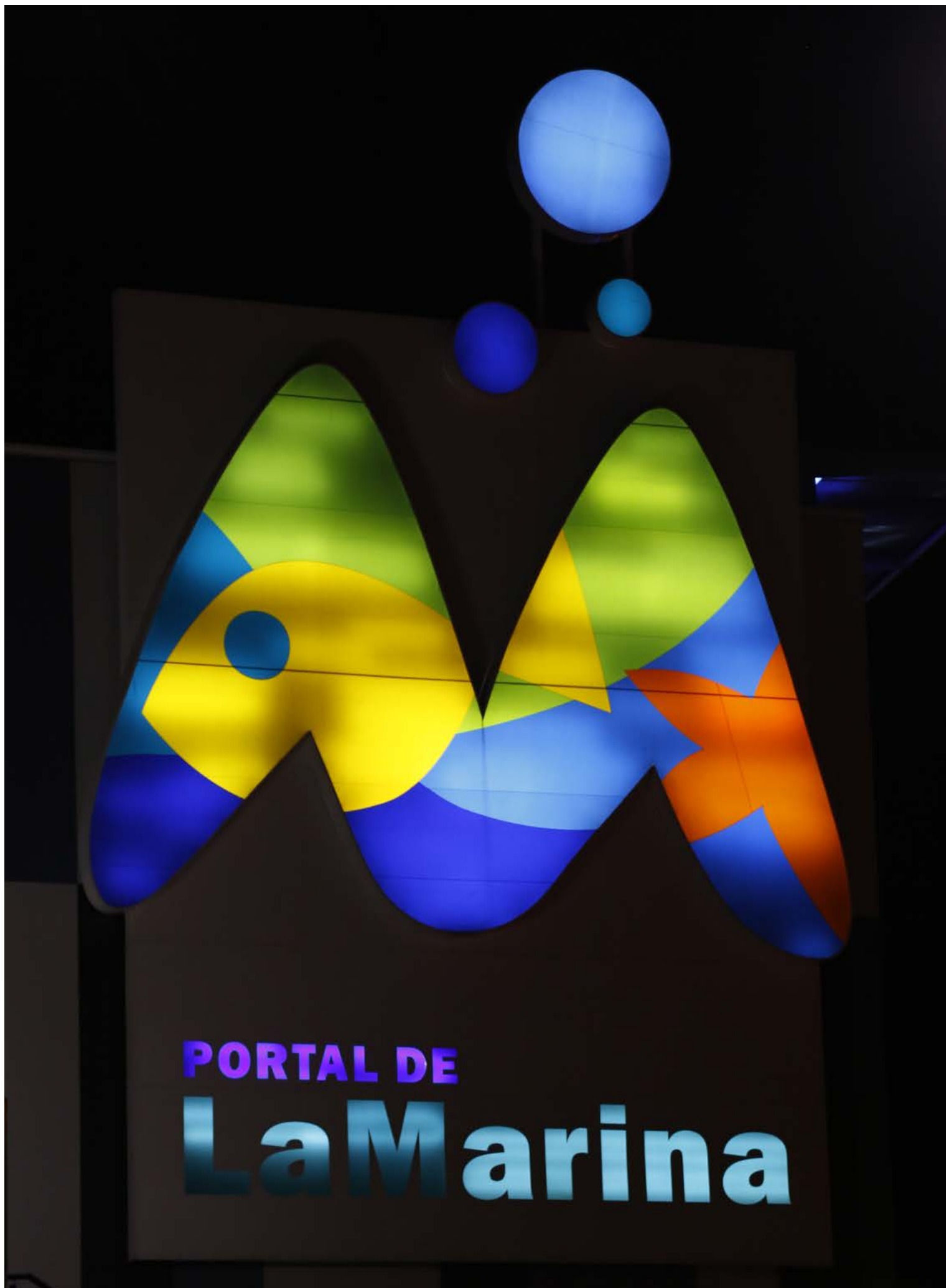
**27.09.2017** On 27 September 2017, the Company **has transferred all the shares (participaciones sociales) in its wholly owned subsidiary LAR ESPAÑA OFFICES ARTURO SORIA, S.L.U.**, sole owner and proprietor of the office building Arturo Soria 336.

The aforementioned sale has been formalized in public deed on the referred date, for a total **initial price of 32,540,000 euro**, which may be adjusted upwards in the terms and pursuant to the mechanisms that are typical in this kind of transactions.

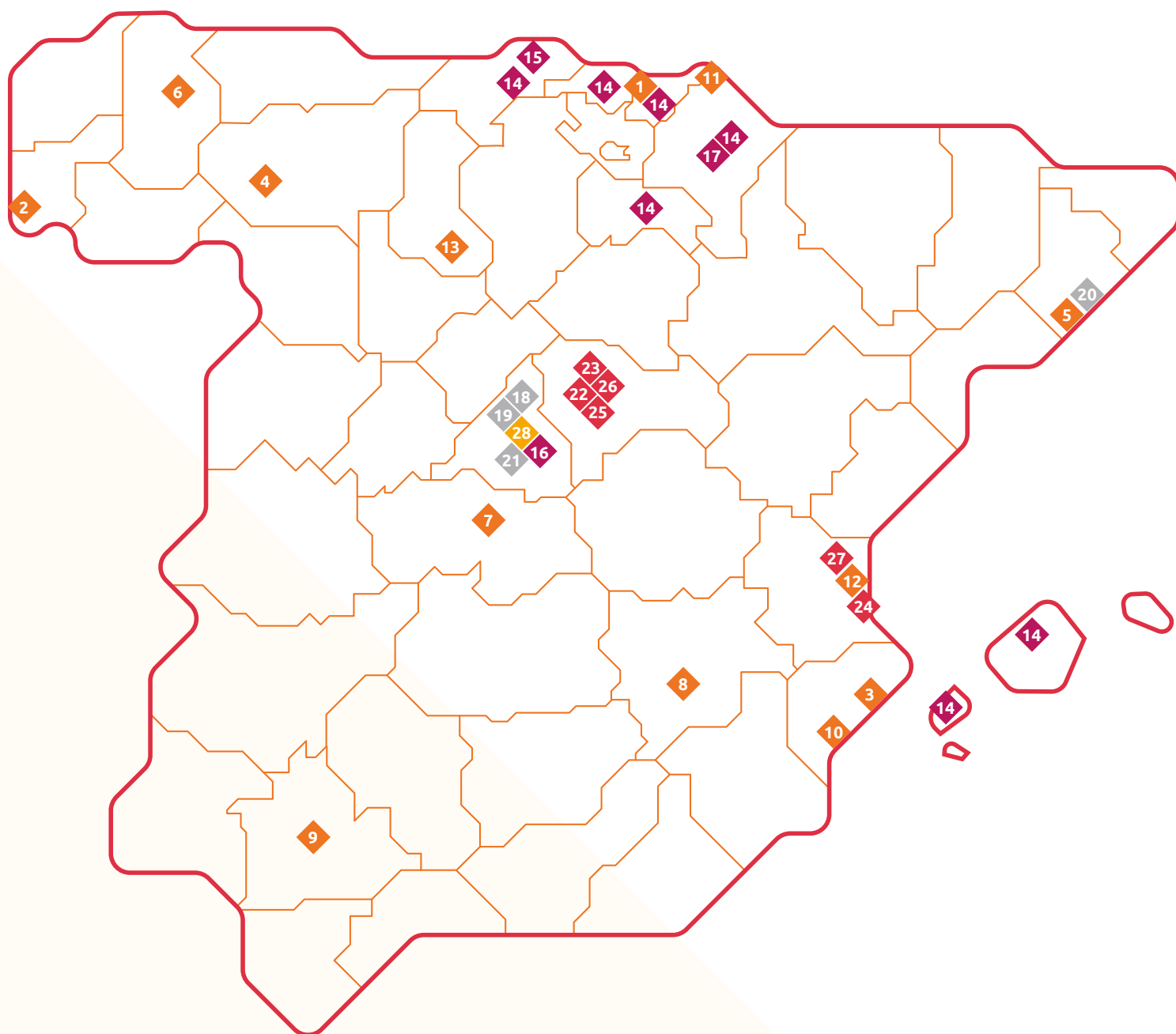


Arturo Soria Office Building  
(Madrid)





## 1.3 Portfolio at 30 September 2017

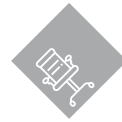


**GAV=1.4**  
billion euros



### SHOPPING CENTRES

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



### OFFICES

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



### LOGISTICS

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



### RETAIL WAREHOUSES

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



### RESIDENTIAL

- 28 Lagasca99 (Madrid)



## 1 MEGAPARK, BILBAO



Location	Bilbao
GLA	63,576 sqm
Purchase Date	19 October 2015
Acquisition Price	EUR 170.0 m
Market Value (30 June 2017)*	EUR 192.0 m
WAULT	2.4 years
EPRA Net Initial Yield	5.1%
EPRA Vacancy Rate	6.8%

## 2 GRAN VÍA DE VIGO, VIGO



Location	Vigo
GLA	41,435 sqm
Purchase Date	15 September 2016
Acquisition Price	EUR 141.0 m
Market Value (30 June 2017)*	EUR 153.0 m
WAULT	2.7 years
EPRA Net Initial Yield	5.8%
EPRA Vacancy Rate	3.2%

## 3 PORTAL DE LA MARINA AND HYPERMARKET, ALICANTE



Location	Ondara (Alicante)
GLA	40,158 sqm
Purchase Date	30 October 2014/30 March 2016/9 June 2015
Acquisition Price	EUR 89.2 m
Market Value (30 June 2017)*	EUR 114.3 m
WAULT	2.3 years
EPRA Net Initial Yield	5.5%
EPRA Vacancy Rate	4.3%

## 4 EL ROSAL, LEÓN



Location	Ponferrada (León)
GLA	51,022 sqm
Purchase Date	7 July 2015
Acquisition Price	EUR 87.5 m
Market Value (30 June 2017)*	EUR 100.4 m
WAULT	2.4 years
EPRA Net Initial Yield	6.3%
EPRA Vacancy Rate	9.1%

\* The valuations have been made at 30 June 2017 by external independent valuers: JLL or C & W

## 5 ANEC BLAU, BARCELONA



Location	Barcelona
GLA	28,608 sqm
Purchase Date	31 July 2014
Acquisition Price	EUR 80.0 m
Market Value (30 June 2017)*	EUR 95.0 m
WAULT	2.5 years
EPRA Net Initial Yield	4.9%
EPRA Vacancy Rate	8.0%

## 6 AS TERMAS AND PETROL STATION, LUGO



Location	Lugo
GLA	35,127 sqm
Purchase Date	15 April 2015/ 28 July 2015
Acquisition Price	EUR 68.8 m
Market Value (30 June 2017)*	EUR 80.8 m
WAULT	2.0 years
EPRA Net Initial Yield	6.4%
EPRA Vacancy Rate	5.0%

## 7 PARQUE ABADÍA, TOLEDO



Location	Toledo
GLA	37,114 sqm
Purchase Date	27 March 2017
Acquisition Price	EUR 63.1 m
Market Value (30 June 2017)*	EUR 63.7 m
WAULT	2.8 years
EPRA Net Initial Yield	6.4%
EPRA Vacancy Rate	0.0%

## 8 ALBACENTER AND ALBACENTER HYPERMARKET AND RETAIL UNITS



Location	Albacete
GLA	27,890 sqm
Purchase Date	30 July 2014/19 December 2014
Acquisition Price	EUR 39.9
Market Value (30 June 2017)*	EUR 52.1
WAULT	2.6 years
EPRA Net Initial Yield	6.0%
EPRA Vacancy Rate	10.6%

\* The valuations have been made at 30 June 2017 by external independent valuers: JLL or C &W



## 9 PALMAS ALTAS, SEVILLA



Location	Sevilla
Retail and family leisure place	100,000 sqm
Purchase Date	1 March 2016
Acquisition Price	EUR 40.5 m
Market Value (30 June 2017)*	EUR 52.0 m <sup>(1)</sup>
WAULT	N/A
EPRA Net Initial Yield	N/A
EPRA Vacancy Rate	N/A

(1) Includes a potential extra buildings rights.

## 11 TXINGUDI, GUIPÚZCOA



Location	Irún (Guipúzcoa)
GLA	10,712 sqm
Purchase Date	24 March 2014
Acquisition Price	EUR 27.7 m
Market Value (30 June 2017)*	EUR 38.5 m
WAULT	2.8 years
EPRA Net Initial Yield	6.0%
EPRA Vacancy Rate	1.9%

## 10 VISTAHERMOSA, ALICANTE



Location	Alicante
GLA	33,550 sqm
Purchase Date	16 June 2016
Acquisition Price	EUR 42.5 m
Market Value (30 June 2017)*	EUR 47.5 m
WAULT	5.9 years
EPRA Net Initial Yield	5.9%
EPRA Vacancy Rate	7.4%

## 12 VIDANOVA PARC, VALENCIA <sup>(2)</sup>



Location	Sagunto (Valencia)
GLA	44,252 sqm
Purchase Date	3 August 2015
Acquisition Price	EUR 14.0 m
Market Value (30 June 2017)*	EUR 19.6 m
WAULT	N/A
EPRA Net Initial Yield	N/A
EPRA Vacancy Rate	N/A

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



**13 LAS HUERTAS, PALENCIA**

Location	Palencia
GLA	6,267 sqm
Purchase Date	24 March 2014
Acquisition Price	EUR 11.7 m
Market Value (30 June 2017)*	EUR 12.6 m
WAULT	2.4 years
EPRA Net Initial Yield	6.5%
EPRA Vacancy Rate	11.3%

**14 SUPERMARKETS PORTFOLIO (22 UNITS)**

Location	Cantabria, País Vasco, La Rioja, Navarra and Baleares
GLA	28,822 sqm
Purchase Date	27 March 2017
Acquisition Price	EUR 47.6 m
Market Value (30 June 2017)*	EUR 50.1 m
WAULT	13.0 years
EPRA Net Initial Yield	7.3%
EPRA Vacancy Rate	0.0%

**15 NUEVO ALISAL, SANTANDER**

Location	Santander
GLA	7,649 sqm
Purchase Date	17 December 2014
Acquisition Price	EUR 17.0 m
Market Value (30 June 2017)*	EUR 19.1 m
WAULT	2.3 years
EPRA Net Initial Yield	6.3%
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 (30 June 2017)*	EUR 11.2 m
WAULT	5.1 years
EPRA Net Initial Yield	6.0%
EPRA Vacancy Rate	0.0%

\* The valuations have been made at 30 June 2017 by external independent valuers: JLL or C &W.

## 17 PARQUE GALARIA, PAMPLONA



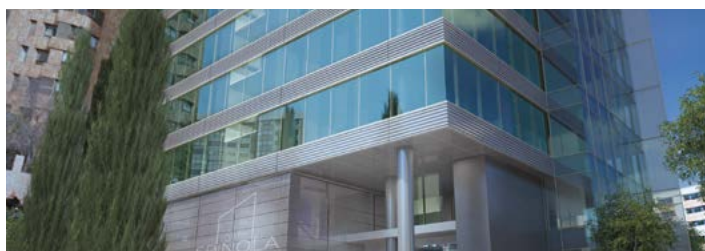
Location	Pamplona
GLA	4,108 sqm
Purchase Date	23 July 2015
Acquisition Price	EUR 8.4 m
Market Value (30 June 2017)*	EUR 10.6 m
WAULT	4.2 years
EPRA Net Initial Yield	6.3%
EPRA Vacancy Rate	0.0%

## 18 EGEO, MADRID



Location	Madrid
GLA	18,254 sqm
Purchase Date	16 December 2014
Acquisition Price	EUR 64.9 m
Market Value (30 June 2017)*	EUR 76.1 m
WAULT	4.0 years
EPRA Net Initial Yield	4.1%
EPRA Vacancy Rate	11.0%

## 19 MARCELO SPÍNOLA, MADRID



Location	Madrid
GLA	8,875 sqm
Purchase Date	31 July 2014
Acquisition Price	EUR 19.0 m
Market Value (30 June 2017)*	EUR 33.5 m
WAULT	N/A
EPRA Net Initial Yield	N/A **
EPRA Vacancy Rate	N/A **

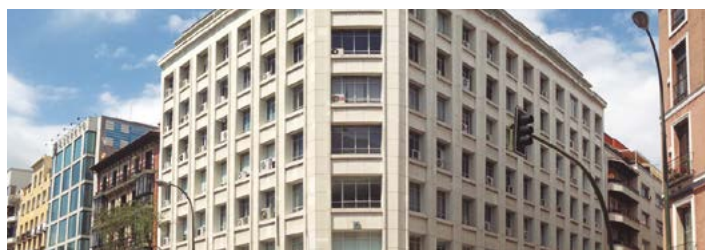
## 20 JOAN MIRÓ, BARCELONA



Location	Barcelona
GLA	8,607 sqm
Purchase Date	11 June 2015
Acquisition Price	EUR 19.7 m
Market Value (30 June 2017)*	EUR 21.4 m
WAULT	0.7 years
EPRA Net Initial Yield	3.2%
EPRA Vacancy Rate	5.9%

\* The valuations have been made at 30 June 2017 by external independent valuers: JLL or C &amp; W.

\*\* For further information, see section 3 EPRA Information.

**21 ELOY GONZALO, MADRID**

Location	Madrid
GLA	6,231 sqm
Purchase Date	23 December 2014
Acquisition Price	EUR 12.7 m
Market Value (30 June 2017)*	EUR 18.8 m
WAULT	2.2 years
EPRA Net Initial Yield	N/A **
EPRA Vacancy Rate	N/A **

**22 ALOVERA II, GUADALAJARA**

Location	Guadalajara
GLA	83,952 sqm
Purchase Date	13 October 2014
Acquisition Price	EUR 32.1 m
Market Value (30 June 2017)*	EUR 41.5 m
WAULT	2.5 years
EPRA Net Initial Yield	6.4%
EPRA Vacancy Rate	0.0%

**23 ALOVERA I, GUADALAJARA**

Location	Guadalajara
GLA	35,196 sqm
Purchase Date	7 August 2014
Acquisition Price	EUR 12.7 m
Market Value (30 June 2017)*	EUR 18.4 m
WAULT	1.7 years
EPRA Net Initial Yield	6.8%
EPRA Vacancy Rate	0.0%

**24 ALMUSSAFES, VALENCIA**

Location	Valencia
GLA	19,211 sqm
Purchase Date	26 May 2015
Acquisition Price	EUR 8.4 m
Market Value (30 June 2017)*	EUR 9.8 m
WAULT	2.3 years
EPRA Net Initial Yield	7.1%
EPRA Vacancy Rate	0.0%

\* The valuations have been made at 30 June 2017 by external independent valuers: JLL or C &amp; W.

\*\* For further information, see section 3 Epra Information.



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

Location	Guadalajara
GLA	14,891 sqm
Purchase Date	26 May 2015
Acquisition Price	EUR 7.2 m
Market Value (30 June 2017)*	EUR 9.5 m
WAULT	1.5 years
EPRA Net Initial Yield	7.6%
EPRA Vacancy Rate	0.0%

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

Location	Guadalajara
GLA	8,591 sqm
Purchase Date	26 May 2015
Acquisition Price	EUR 3.0 m
Market Value (30 June 2017)*	EUR 4.1 m
WAULT	0.3 years
EPRA Net Initial Yield	5.0%
EPRA Vacancy Rate	0.0%

**27 CHESTE, VALENCIA**

Location	Valencia
GLA	118,160 sqm
Purchase Date	12 May 2017
Acquisition Price	EUR 2.2 m
Market Value (30 June 2017)*	EUR 2.3 m
WAULT	N/A
EPRA Net Initial Yield	N/A
EPRA Vacancy Rate	N/A

**28 LAGASCA99, MADRID**

Location	Madrid
GLA	26,203 sqm
Purchase Date	30 Jan 2015
Acquisition Price	EUR 50.1 m <sup>(3)</sup>
Market Value (30 June 2017)*	EUR 71.5 m
WAULT	N/A
EPRA Net Initial Yield	N/A
EPRA Vacancy Rate	N/A

(3) Corresponds to the 50% of the Joint Venture with PIMCO.



Marcelo Spínola Office Building  
(Madrid)



## 1.4 Key Indicators

### Economic & Financial Figures

In the first nine months of 2017 the Group generated **revenues of 57,240 thousand Euros** and a **net profit of 72,189 thousand Euros**.

(Thousands of Euros)	Q3 2017	Q3 2016
<b>Revenues</b>	57,240	42,237
<b>EBITDA</b>	34,321	30,332
<b>EBIT</b>	81,245	59,398
<b>PBT</b>	72,189	46,572
<b>Net profit</b>	72,189	46,572

### Other Financial Indicators

The Group presents the following financial indicators:

	30/09/2017	31/12/2016
<b>Working capital</b> (Thousands of Euros)	105,911	65,512
<b>Liquidity ratio</b>	2.5	2.8
<b>Solvency ratio</b>	1.1	1.1
<b>Net LTV</b>	37%	33%
<b>ROE</b>	14.04% (*)	13.40%
<b>ROA</b>	8.23% (*)	7.74%

(\*) Indicators calculated using the figures from the last 12 months

At 30 September 2017 and 31 December 2016, the Group presented ratios related to liquidity (working capital and liquidity ratio) with very high values, showing that the Group has sufficient liquidity and a high safety margin to meet its payments.



At 30 September 2017, the **ROE ("Return on Equity")**, which measures the Group's profitability as a percentage of its shareholders equity, amounted to **14.04%** (13.40% at 31 December 2016) whilst the **ROA ("Return on Assets")**, which measures the efficiency of the Group's total assets regardless of the sources of financing used, i.e. the ability of a company's assets to generate income, was **8.23%** (7.74% at 31 December 2016).





◇ Egeo Office Building  
(Madrid)



◇ As Termas Shopping Centre  
(Lugo)

## 1.5 Business Performance

### a) Income Distribution

**Rental income** reached **57,240 thousand Euros** in the first nine months of 2017 (versus 42,237 thousand Euros in the same period of the year before). The increase in rental income between the first nine months of 2017 and the same period of the year before mainly corresponds to the Group's acquiring

and launching new real estate investments during said period (mainly by Gran Vía de Vigo, Parque Abadía and the supermarkets portfolio).

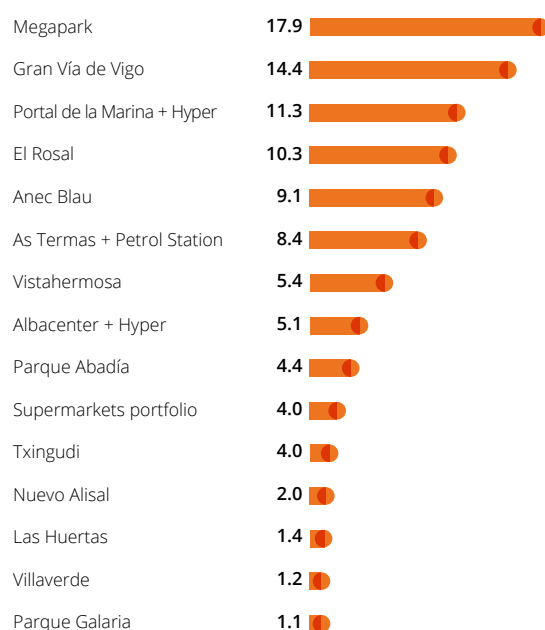
The relative weigh of rental income by line of business at 30 September 2017 is as follows:

#### Rental Income by asset class. First nine months (%)

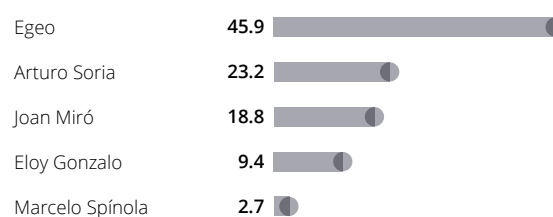


The breakdown of the **income per asset** for these three lines of business in the first nine months of 2017 is as follows:

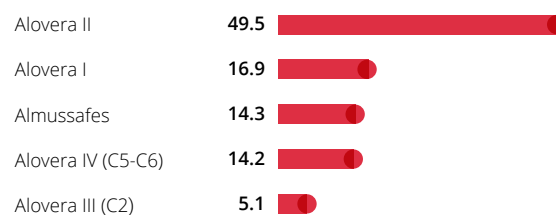
#### Income by Shopping Centre (%)



#### Income by Office Building (%)

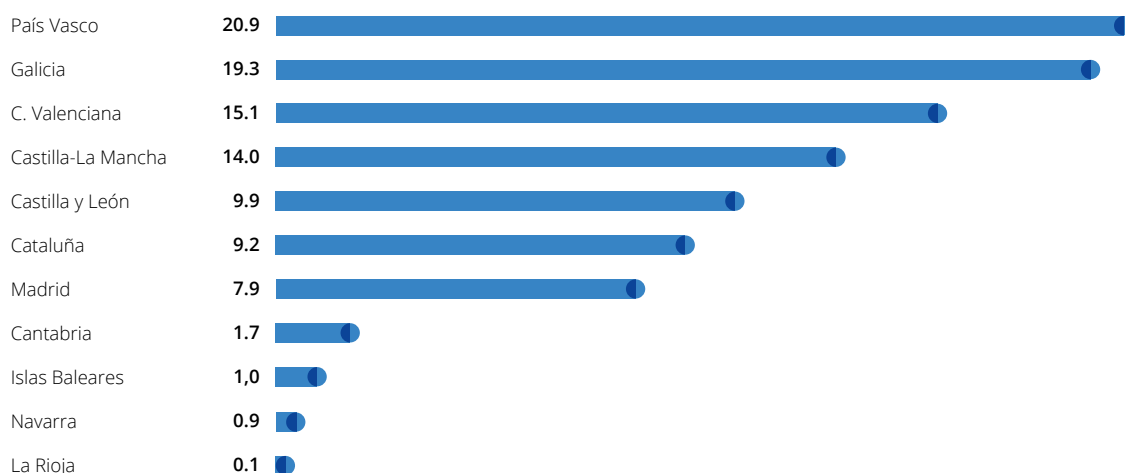


#### Income by Logistics Warehouse (%)



This graph details the breakdown of **income per region** for the first nine months of 2017:

### Income per region (%)



Below are the **ten tenants that have generated the most revenue** during the first nine months of 2017 and their main characteristics:

Ranking	Trade name	Project	% of total rental income	% acumulated	Lease end	Sector
1	Carrefour	Alovera II/El Rosal/Gran Vía de Vigo/Portal de la Marina hypermarket	8.98%	8.98%	2019-2060	Distribution/ Hypermarket
2	INDITEX	Anec Blau/Albacenter/El Rosal/As Termas/Huertas/ Portal de la Marina/Gran Vía de Vigo	7.38%	16.36%	2017-2034	Retail Fashion
3	MediaMarkt	Megapark/As Termas/Villaverde/Nuevo Alisal/ Vistahermosa/Parque Abadía	5.19%	21.55%	2023-2041	Technology
4	EROSKI	Albacenter hypermarket/As Termas petrol station/ Supermarkets Portfolio	4.26%	25.81%	2024-2051	Hypermarket /Petrol Station
5	DECATHLON	Megapark/Parque Abadía	2.84%	28.65%	2036-2041	Distribution
6	H&M	Anec Blau/Albacenter/El Rosal/As Termas/Portal de la Marina/Gran Vía de Vigo/Txingudi	2.36%	31.01%	2022-2047	Retail Fashion
7	C&A	Anec Blau/As Termas/Megapark/Portal de la Marina/Gran Vía de Vigo/Parque Abadía	2.34%	33.35%	2017-2026	Retail Fashion
8	El Corte Inglés	Megapark/ Parque Galaria/Gran Vía de Vigo	2.17%	35.52%	2020-2036	Distribution
9	CORTEFIEL	Anec Blau/Albacenter/El Rosal/As Termas/Portal de la Marina/Gran Vía de Vigo/Las Huertas/Megapark/ Txingudi/Vistahermosa	2.10%	37.62%	2019-2030	Retail Fashion
10	Conforama	Megapark/Parque Abadía	1.69%	39.31%	2023-2032	Distribution



## Gross annualised rents

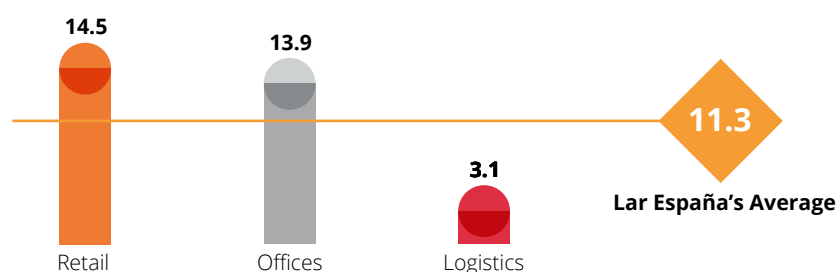
The **annualised GRI** (\*) of Lar España is detailed below, as well as the **annualised GRI per occupied sqm** at 30.09.2017:

Asset	Gross Annualized Rents (thousands of euros)	GLA occupied (sqm)	Gross Rent (€/sqm)
SHOPPING CENTRES	61,864	349,579	17.7
Megapark	11,172	58,870	15.8
Gran Vía Vigo	9,726	39,651	20.4
Portal de la Marina	7,129	38,553	15.4
El Rosal	7,380	46,029	13.4
Anec Blau	5,700	25,506	18.6
As Termas + Petrol Station	5,736	33,020	14.5
Parque Abadía	4,252	37,114	9.5
Vistahermosa	3,544	30,352	9.7
Albacenter + hypermarket	3,706	24,615	12.5
Txingudi	2,541	10,546	20.1
Las Huertas	978	5,323	15.3
RETAIL WAREHOUSES	6,568	44,970	12.2
Portfolio Supermarkets	3,793	28,822	11.0
Nuevo Alisal	1,304	4,391	24.7
Villaverde	780	4,108	15.8
Parque Galaria	691	7,649	7.5
<b>TOTAL RETAIL</b>	<b>68,432</b>	<b>394,549</b>	<b>14.5</b>
OFFICES	4,158	24,940	13.9
Egeo	3,287	16,710	16.4
Marcelo Spinola	(**)	(**)	(**)
Joan Miró	871	8,230	8.8
Eloy Gonzalo	(**)	(**)	(**)
<b>TOTAL OFFICES</b>	<b>4,158</b>	<b>24,940</b>	<b>13.9</b>
LOGISTICS	5,996	161,841	3.1
Alovera II	2,926	83,952	2.9
Alovera I	1,332	35,196	3.2
Almussafes	761	19,211	3.3
Alovera IV (C5-C6)	758	14,891	4.2
Alovera III (C2)	219	8,591	2.1
<b>TOTAL LOGISTICS</b>	<b>5,996</b>	<b>161,841</b>	<b>3.1</b>
<b>TOTAL LAR ESPAÑA</b>	<b>78,586</b>	<b>581,330</b>	<b>11.3</b>

(\*) The annualised GRI is calculated using the EPRA NIY of table calculation (See section 3 "EPRA Information"). Annualised GRI = annualised passing rental income from real estate investments + effect of rent-free periods and temporary rental discounts.

(\*\*) Data related to Marcelo Spinola (fully refurbished and in commercialization) and Eloy Gonzalo (under refurbishment) have not been included due to its lack of representativeness.

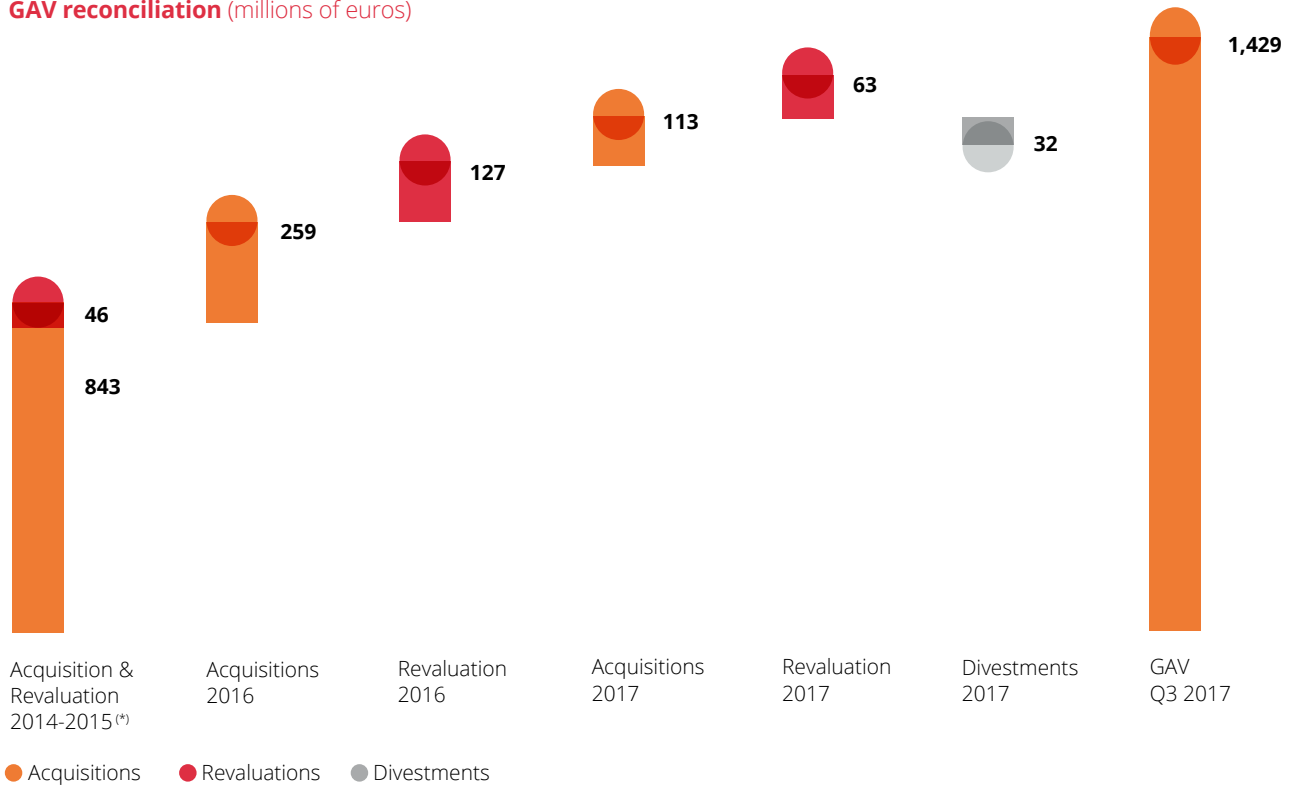
## Gross Annualised rent / sqm occupied by asset class (€/sqm)



## b) Portfolio Valuation


As at 30 of September of 2017, the total value of Lar España's portfolio totals **EUR 1,429 million**.

### GAV reconciliation (millions of euros)



(\*) Claudio Coello project not taken into account



 Txingudi Shopping Centre  
(Guipúzcoa)

### d) Capex

The company has continued to refurbish and improve the assets in its portfolio in order to generate more value, investing close to **25,000 thousands of euros** during the the first nine months of 2017.

#### CAPEX investment (thousands of euros)

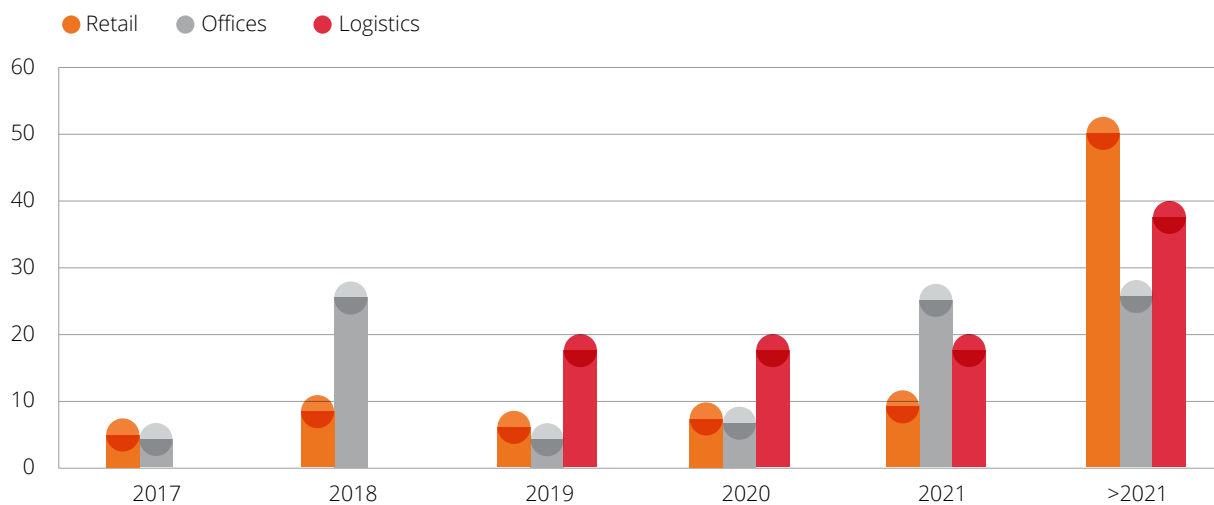




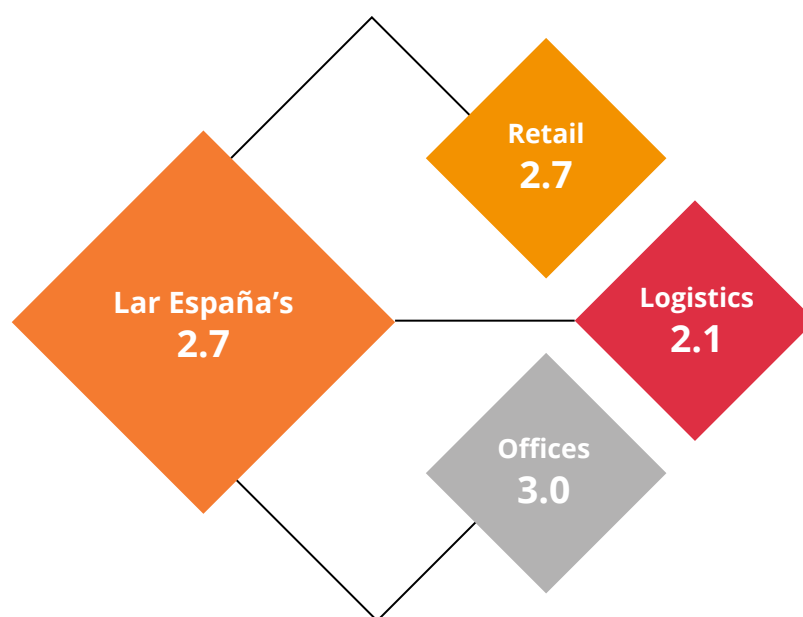
### e) Lease Expiry and WAULT

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 (%)



Thus, the **WAULT** (\*) (weighted average unexpired lease term) at 30 of September 2017 of Lar España's portfolio was **2.7 years**. Below you will find the detail by asset class:

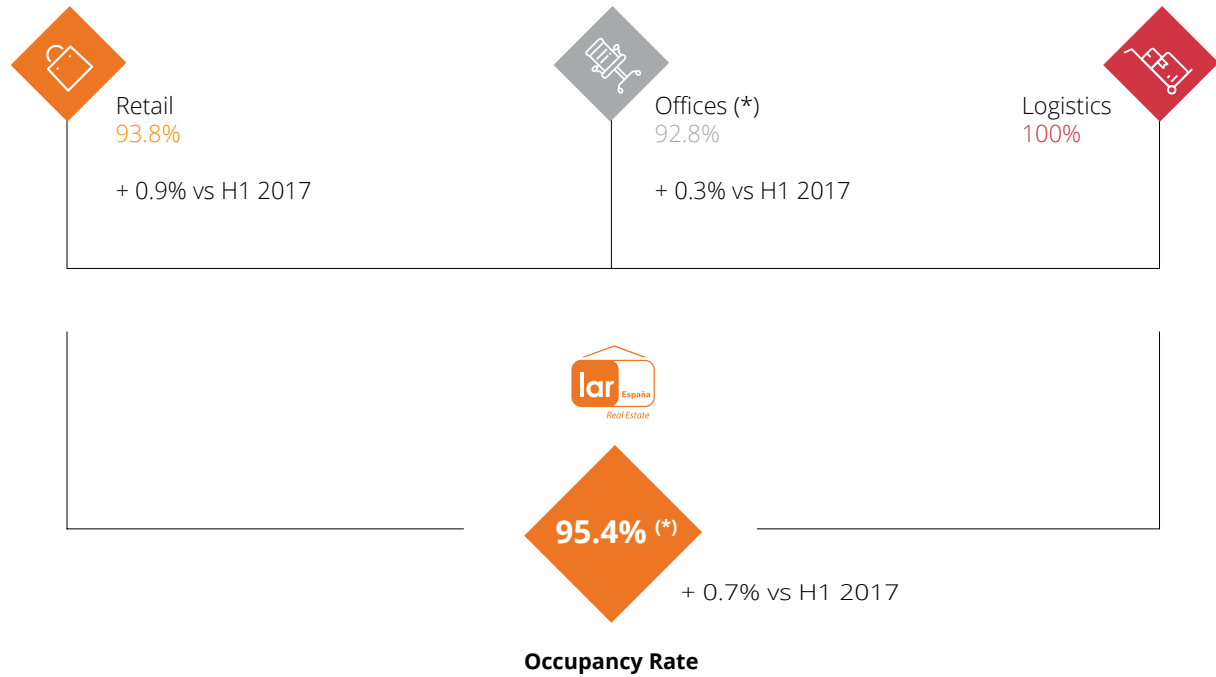


(\*) Calculated as the number of years from the current date to the first break option, weighted by the gross rent for each lease. The WAULT of each asset is detailed in section 1.3 "Portfolio at 30 September 2017".

### f) Q3 2017 Occupancy (sqm)

The gross leasable area (GLA) of Lar España's income producing assets at 30 September 2017 stood at 624,236 sqm, whilst the **occupancy rate** stood at **95.4%<sup>(\*)</sup>**.

The occupancy rate by asset class is shown below:



(\*) Marcelo Spínola's project has not been included in the calculation, in commercialization after a full refurbishment. Neither Eloy Gonzalo, currently being refurbished, is included..



## f) Main Events

### Retail:



During the first nine months of 2017 Lar España continued to actively manage its retail portfolio.

It closed **75 transactions** including renewals, relocations, relettings and new lettings, resulting in an annualised tenant rotation rate of 6% for the portfolio.

### • Tenant Rotation Rate

**12,805 sqm**  
of relocation,  
renewal  
or reletting

**3,726 sqm**  
of new  
lettings

**6%**

### 2017 FOOTFALL (\*)

- High footfall indicator in our shopping centres: **41.9 Million of visitors.**



**+1.9% vs  
2016**

**+1.8%  
Shopper  
Track Index**



### 2017 SALES (\*)

- Good **sales** performance in the shopping centres: **451.5 Million of euros.**



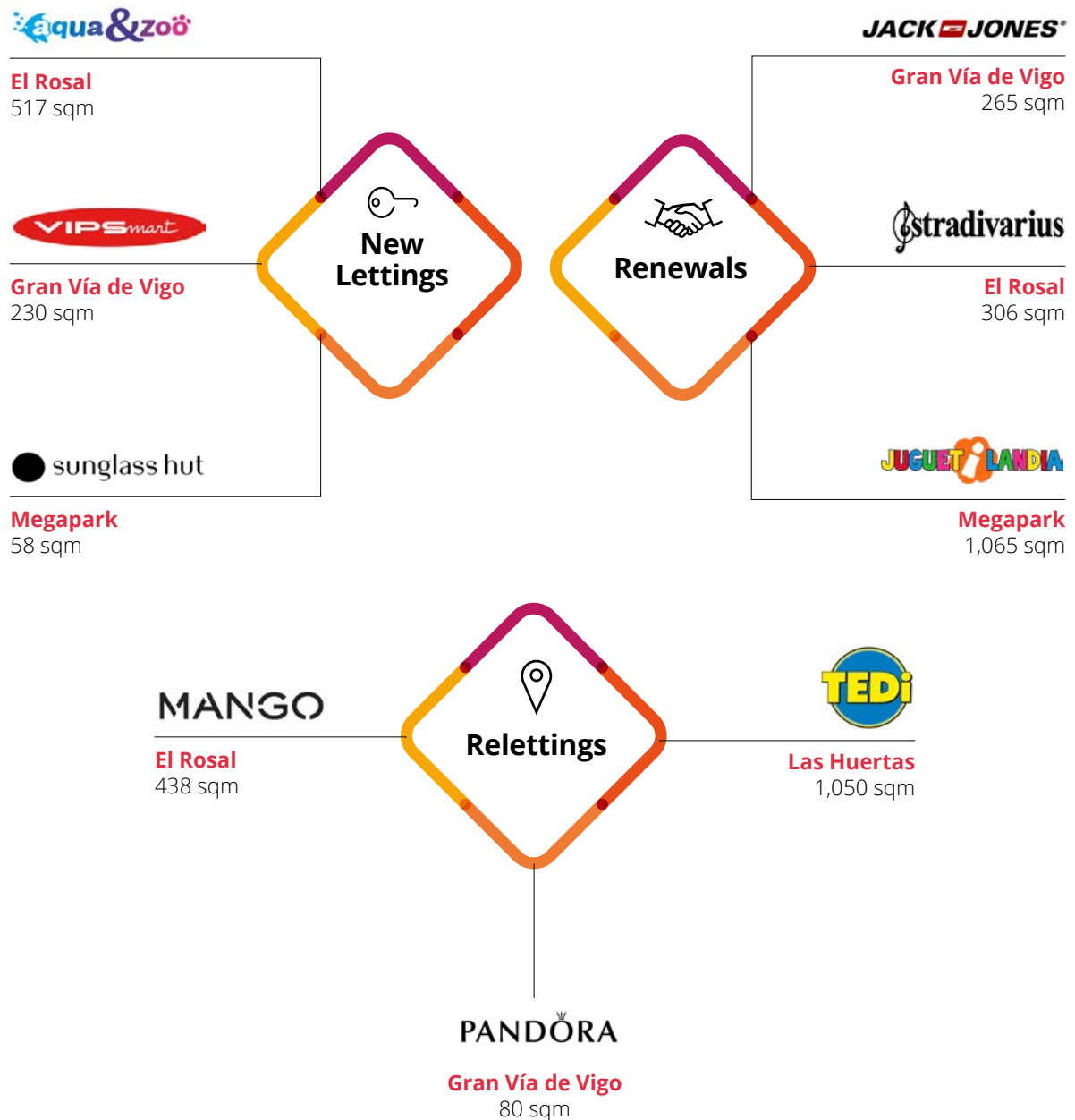
**+2.7% vs  
2016**

**+2.1%  
Sector  
average (INE)**

(\*) January to September data



Some of the **main deals** during the third quarter of 2017 are detailed below:



The rate of pre-lets for retail projects under development remains upbeat. In 2017, **five lease agreements** have been signed for **Vidanova Parc** and **eleven lettings** have been signed for the **Palmas Altas** shopping centre, equating to a total of over 26,206 sqm.





## Innovation and digitalisation

Lar España is strongly committed to investing in **innovation and new technology**, considering them to be key drivers for the development of a **sustainable business model**; a fundamental requirement for both **creating value for its stakeholders** and bolstering the daily management of all the company's business activities and properties.

To this end, during Q3 2017 it continued to implement challenging and unique projects within the sector:

### Geoblink

September saw the start of the Geoblink project, which primarily sets out to implement a **geo-social analysis tool**, which will allow us to **unlock the main social and economic attributes of our customers**, in order to build the marketing strategy, as well as the main **demographic aspects of our catchment area**. It will also allow us to analyze the main facts about our competitors, and carry out geo-marketing campaigns based on the shopping trends and behaviour of our existing customers in order to develop and launch omni-channel campaigns (online and offline).

### Territorio Lar

Lar España is fully aware of the importance of making its properties stand out, in order to provide its customers, retailers and shareholders with added value. By **identifying the trends in the sector and market segments**, it aims to adopt the best-suited form of communication in its shopping centres and thereby generate a **unique offer** that will then translate into both increased sales and increased dwell time in the shopping centres. Lar España is carrying out a series of initiatives, including the first ever shopping centre drone championship, which has already been carried out and was a huge success.

The next steps in the immediate future include two new projects, **"Hola Mamá"**, which will change the look, design and location of the breastfeeding rooms at our shopping centres, and **"The Cube"**, which sets out to create rehearsal rooms and recording studios for musicians within the shopping centres.



Drone Championship in Anec Blau (Barcelona) Shopping Centre.



## Customer Journey

In two of our main shopping centres, Portal de la Marina and Gran Vía de Vigo, Lar España has implemented a research programme designed to **both learn more about and define** each customer's journey, from the very moment they decide to visit one of our shopping centres, enabling us to identify different customer types and how each **one behaves during their visit**. This will allow us to identify the touchpoints with the customer, to see which ones are satisfactory and which are unsatisfactory.

One of the main aims of this project is to get to know our customers better and identify those that meet the company's business plan, in order to create **shopping and leisure experiences** for our core customers that are **unique and superior to those offered by the competition**, and thereby **increase customer satisfaction**.

## Mobile APPs

In September 2017, we launched an **app designed especially for analysts and investors**, which provides a flow of information between the buy and sell side, as well as analysing and resolving any doubts they may have about the company.

Lar España's marketing department is also working on an **app for shopping centres** that enables a two-way dialogue with the customer, providing them with offers and promotions that may interest them.

## Others

### The Palmas Altas project has taken another great leap forwards

On 17 October 2017, the Mayor of Seville, Juan Espadas, and Miguel Pereda **officially inaugurated the start of construction works** for what will become one of the **largest family leisure and retail complexes** in Andalusia. Notable local representatives from businesses and institutions, as well as highly regarded figures from Andalusian society, also attended the ceremony in which the first brick was laid at Palmas Altas.

Palmas Altas will be the largest retail and entertainment hub in the city, comprising a total area of 123,500 sqm, 100,000 sqm of which will be retail and leisure space. The scheme will also feature a lake and entertainment activities for the whole family.



First brick ceremony in Palmas Altas (Sevilla).





Marcelo Spínola Office Building  
(Madrid)



Vidanova Parc Shopping Centre  
(Valencia)

## Offices

**Arturo Soria**

- Sold on 27 September 2017 for **€32.54 million** to Inmobiliaria Colonial (€3,756 per sqm)
- The sales price equates to a **34.5% value uplift** on the acquisition price, thanks to an active management plan implemented during the past 3 years, as well as a significant CAPEX investment
- **100% occupied** (compared to initial occupation of approximately 80%)

**Cardenal Marcelo Spínola**

- **Increased retail activity**
- **BREEAM® certified** with a “Very Good” rating

**Egeo**

- Letting of 1,572 sqm of offices to **Giorgio Armani**
- Completion of the **refurbishment of the suspended ceilings** in all the building's lift lobbies
- Obtained “Good” in-use **BREEAM® certification**
- Start of a full overhaul of the **building's fire detection system**

**Eloy Gonzalo**

- **Development of Phase 1 and the start of Phase 2** of the refurbishment works
- Refurbishment project certified **BREEM® New-Build, with “Very Good” rating**
- Refurbishment project certified with the **AENOR Universal Accessibility certification**
- **Negotiating lettings** for all of the space being refurbished



## Logistics



### Alovera III (C2)

- **Renewal of the Factor 5 lease agreement** until 2019
- Completion of CAPEX works that included the **repair of external walls and the floor of the plot**

### Alovera II

- Novation of **Carrefour's** lease agreement
- **Tendering and awarding of works** committed to in the novation agreement

### Almussafes

- General **repair and improvement works to the flooring** of the retail warehouse
- **Tendering and awarding** of the roof renewal works

## Residential



- **Lagasca 99 building works** progressing on schedule
- Strong interest from national and international **investors**
- **Pre-sales** at 30 September 2017 stood at **67.63%** <sup>(\*)</sup>

(\*) As per the reporting date, November 2017, pre-sales stands at 70%.

## Development projects

## PALMAS ALTAS

## RETAIL DEVELOPMENT

*Your retail and family space in Sevilla*



- ✓ Excellent location, 4 km from Sevilla's city centre
  - ✓ Acquisition price: €40.5 million <sup>(1)</sup>
  - ✓ Market value (\*): €52.0 million
  - ✓ Purchase date: Q1 2016
  - ✓ Estimated opening: H1 2019
  - ✓ 100,000 sqm of retail and family leisure space
  - ✓ Round to 56% of GLA signed or with binding contract with leading retailers
  - ✓ In the process of gaining certification **BREEAM** ES
  - ✓ Large catchment area: 1.5 million people
  - ✓ Some of our main tenants:
- 



- ✓ Forecast annual revenue of €14 million







(1) Includes a potential extra building rights.

## VIDANOVA PARC

## RETAIL DEVELOPMENT

*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 (\*): €19.6 million
  - ✓ Purchase date: Q3 2015
  - ✓ Estimated opening: H1 2018
  - ✓ 44,252 sqm GLA
  - ✓ More than 88% 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 30 June 2017 by external independent valuers: JLL or C&W.

## LAGASCA99

### RESIDENTIAL DEVELOPMENT

*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 certification **BREEAM ES**
- ✓ Acquisition price: €50.1 M (\*\*)
- ✓ Market value (\*): €71.5 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 H1 2017 67.6% of apartments pre-sold

(\*) The valuations have been made at 30 June 2017 by external independent valuers: JLL or C&W.

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

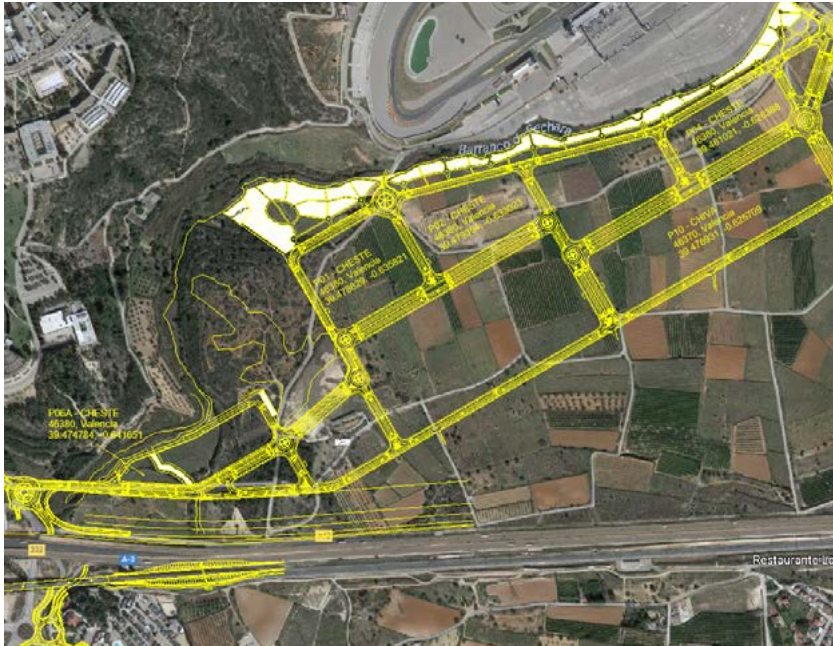
◆ Lagasca 99 (Madrid) penthouse indoor





## CHESTE

### LOGISTICS DEVELOPMENT



- ✓ Prime and strategic location along the main logistics axis of Valencia, a key location for international trade within the Mediterranean Corridor
- ✓ Valencia: 3rd largest logistics city in Spain with vacancy rate at record lows (6.1%). Currently, there is no logistics warehouses bigger than 5,000 sqm in the area
- ✓ Acquisition price: €2.2 M
- ✓ Market value (\*): €2.3 M
- ✓ Excellent opportunity with a price lower than market
- ✓ Purchase date: H1 2017
- ✓ Urbanization works start date: Q1 2018
- ✓ First logistics warehouses delivery date: Q4 2019
- ✓ Total cost of land (Land cost + urbanization): €16.5 million (84.6 €/sqm)
- ✓ GLA: 118,160 sqm

(\*) The valuations have been made at 30 June 2017 by external independent valuers: JLL or C&W.

## Sustainability

Throughout 2017, Lar España has made great progress in the commitments established in its **Corporate Social Responsibility (CSR)** policies, particularly in the field of sustainability. Lar España is committed to using **classification and certification** tools in its properties, to ensure the highest standards of sustainability.

This year, we have achieved the following certifications:



- ✓ Eloy Gonzalo office building: Refurbishment project certified with **BREEAM® New-Build, "Very Good" rating** <sup>(\*)</sup>



- ✓ Marcelo Spínola office building: certified with **BREEAM® New-Build, "Very Good" rating**



- ✓ Egeo office building: Obtaining **"Good" BREEAM® In-Use certification**

We continue working to improve our sustainability performance, a commitment that is demonstrated by the fact that before the end of the year we expect to obtain the BREEAM® certification, with a "Very Good" rating in six of our shopping centres (Vistahermosa, Albacenter, Megapark, Gran Vía, As termas and El Rosal).

(\*) Provisional until completion of the building works

In Portal de la Marina, Txingudi, Anec Blau and Las Huertas all the measures required to obtain the certification over the coming months are already being implemented (under the supervision of a specialist engineer).

In both our shopping centre (**Palmas Altas and Vidanova Parc**) and residential (**Lagasca99**) development projects, we are applying all our expert knowledge and the latest technology to develop sustainable buildings that respect the environment and the people using and occupying them. These projects are also being designed and developed in line with the specifications required to obtain the prestigious BREEAM® quality and sustainability certification.

In September 2017, Lar España achieved an **EPRA Award for Sustainability (Silver)** for the first time in recognition of the work and the improvements made during the past year in terms of the information published concerning **Corporate Social Responsibility**. The company also received the **EPRA 'Most Improved Award' for Sustainability**.



## Accessibility

Lar España is also working to achieve and maintain **high accessibility standards** that will allow everyone to be able to access its properties correctly and comfortably, taking into account existing problems.

Lar España aims to gain **ISO 21542 certification** (Accessibility of the Built Environment), and comply with the **UNE-EN 17000 standard for Universal Accessibility**, thereby demonstrating its commitment to promoting social integration.

In order to achieve this objective, the conditions of the assets were analysed via **accessibility audits**, to establish priorities and determine what actions were required for each building.

At the date of publishing this report, accessibility audits had been carried out on eleven of the company's **retail properties**. In addition, the recommendations issued throughout 2017 regarding measures to be put in place immediately are also being implemented, whilst the company plans to

implement the remaining recommendations over the coming months, as well as carry out accessibility audits in its recently acquired shopping centres.

An accessibility audit has been completed in all its **office buildings**, except Joan Miró.

The main achievements in 2017 are as follows:

- ✓ Eloy Gonzalo office building: Refurbishment project certified with the **AENOR Universal Accessibility certification** <sup>(\*)</sup>
- ✓ Lar España received recognition from **ILUNION Technology and Accessibility** in October 2017 for its **initiatives and projects aimed at improving universal accessibility** and for its focus on people with disabilities.

(\*) Provisional until completion of the building works





2



# CONSOLIDATED FINANCIAL STATEMENTS

## 2.1

Company Chart  
30.09.2017  
p. 50

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## 2.2

Consolidated Statement of  
Comprehensive Income  
p. 52

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## 2.3

Consolidated Statement of  
Financial Position  
p. 54

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## 2.4

Consolidated Statement of  
Cash Flows  
p. 61

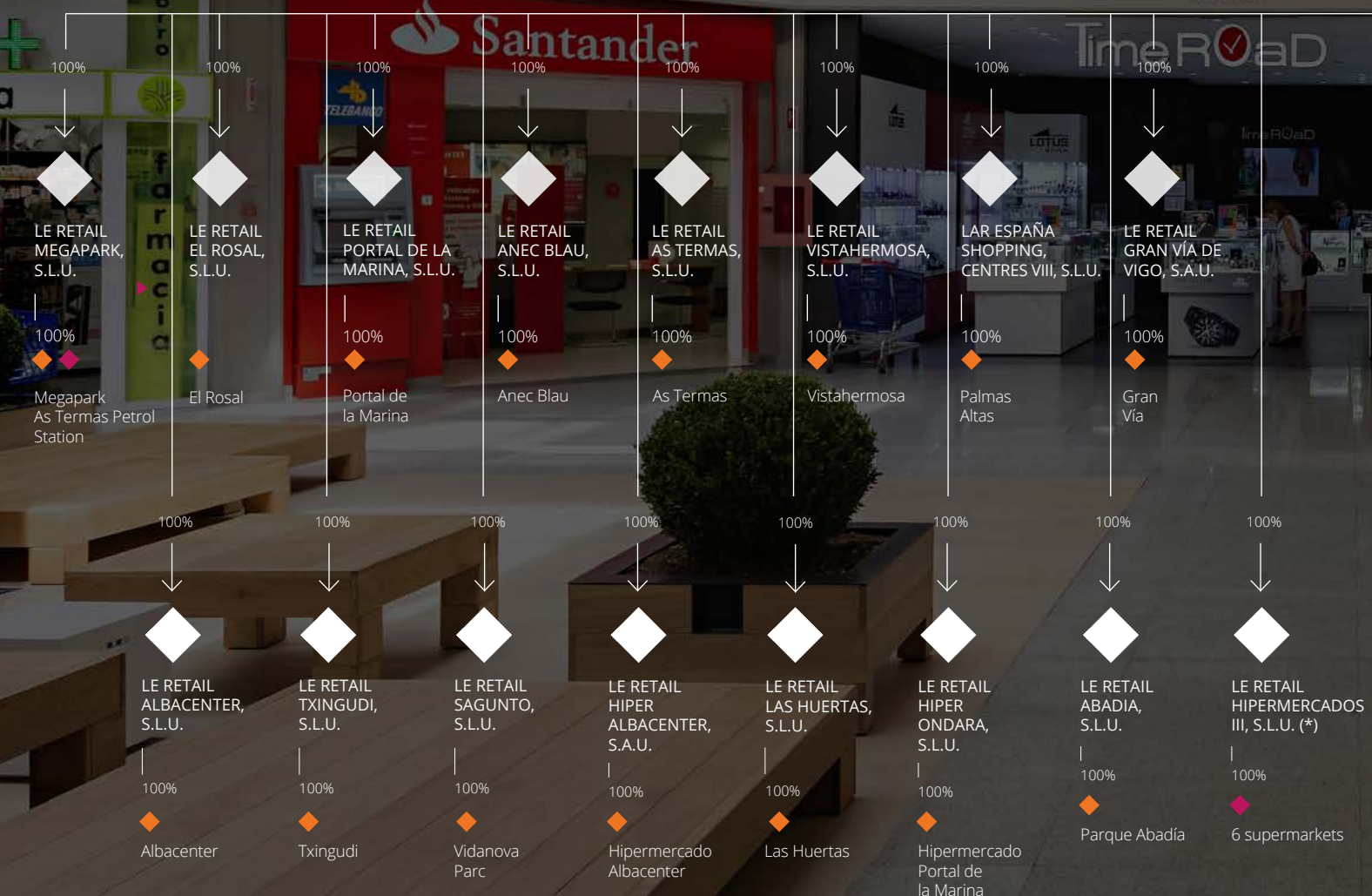
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## 2.1 Company Chart 30.09.2017

At 30 September 2017, 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::



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



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 2016.



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

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

## 2.2 Consolidated Statement of Comprehensive Income

(Thousands of Euros)	Q3 2017	Q3 2016
Revenues	57,240	42,237
Other income	1,598	1,322
Personnel expenses	(405)	(304)
Other expenses	(27,607)	(15,721)
Changes in the fair value of investment properties	46,924	29,066
Other results	653	2,798
Results of disposals of investments properties	2,842	-
<b>RESULTS FROM OPERATIONS</b>	<b>81,245</b>	<b>59,398</b>
Financial income	2,715	2,990
Financial expenses	(10,658)	(12,842)
Impairment and results of disposals of financial instruments	-	29
Share in profit (loss) for the period of equity-accounted companies	(1,113)	(3,003)
<b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>72,189</b>	<b>46,572</b>
Income tax	-	-
<b>PROFIT FOR THE PERIOD</b>	<b>72,189</b>	<b>46,572</b>

Non audited data at 30 September of 2017

### Result from operating activities

At 30 September 2017, the Group presented a positive **result for its operations amounting to 81,245 thousand Euros** (revenue of 59,398 thousand Euros at 30 September 2017).

#### Revenues

**Revenue** for the first nine months of 2017 amounted to **57,240 thousand Euros** (revenue of 42,237 thousand Euros during the first nine months of 2016), 85% of which was rental income from shopping centres (78% for the first nine months of 2016).

#### Other expenses

At 30 September 2017, the Group incurred **other expenses** amounting to **27,607 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 9,550 thousand Euros.
- Management fees (fixed and variable fee included) for management services provided to the Company by Grupo Lar Inversiones Inmobiliarias ("Grupo Lar") totals 14,309 thousand Euros. The fixed amount totals 6,753 thousand of euros, discounting Grupo Lar expenses incurred by Lar España as fees indirectly paid in subsidiary companies (381 thousand Euros) and other administrative expenses (220 thousand Euros). The variable amount totals 7,556 thousand Euros.

### Other results

At 30 September 2017, other results include the revenue for the amount of 653 thousand Euros derived from the buyout of 100% of the subsidiaries LE Retail Hipermercados I, S.L.U. (previously named NPS European Porperty (Retail) I, S.L.U.), LE Retail Hipermercados II, S.L.U. (previously named NPS European Property (Retail) II, S.L.U.), and LE Retail Hipermercados III, S.L.U. (previously named NPS European Property (Retail) III, S.L.U.). This amount is derived from the **difference between the amount paid and the fair value of the assets acquired and liabilities assumed**. These acquisitions took place on 27 March 2017 (see notice of material fact 3), whose calculations made in the business combinations are provisional and are subject to adjustments up to one year following the date of the acquisition.

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

The amount in this entry, **46,924 thousand Euros**, is made up of the difference in the fair value of investment properties following the latest valuations conducted by independent experts (C&W and JLL) at 30 June 2017.

#### Gain/(loss) on disposal of investment property

At 30 September 2017, this comprises the gain of **EUR 2,842 thousand on the sale of Arturo Soria** (see significant event 15).

## Net Financial Result

The **financial result** was a negative balance of 7,943 thousand Euros at 30 September 2017 (negative balance of 9,852 thousand Euros at 30 September 2016).

**Financial income** amounting to 2,715 thousand Euros in the first nine months of 2017 mainly comprises the interest accrued on credits granted to equity-accounted companies, while **financial expenses** amounting to 10,658 thousand Euros mainly comprises the interest accrued on loans

taken out by the Group with financial institutions and the bonds issued by the Group in February 2015.

At 30 September 2016, due to 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.

## Consolidated Statement of Comprehensive Income by business line

The income and expenses recorded by the Group at 30 September 2017 broken down by business line are as follows:

(Thousands of Euros)	Retail	Offices	Logistics	Residential	LRE (*)	Total
Revenues	48,393	4,847	4,000	-	-	<b>57,240</b>
Other income	1,460	87	51	-	-	<b>1,598</b>
Personnel expenses	-	-	-	-	(405)	<b>(405)</b>
Other expenses	(7,853)	(1,265)	(432)	-	(18,057)	<b>(27,607)</b>
Other results	653	-	-	-	-	<b>653</b>
Changes in the fair value of investment properties	33,270	6,851	6,803	-	-	<b>46,924</b>
Results of disposals of investments properties	-	2,842	-	-	-	<b>2,842</b>
<b>RESULTS FROM OPERATIONS</b>	<b>75,923</b>	<b>13,362</b>	<b>10,422</b>	<b>-</b>	<b>(18,462)</b>	<b>81,245</b>
Net finance income/cost	(5,202)	(931)	12	1,633	(3,455)	<b>(7,943)</b>
Share in profit (loss) for the period of equity-accounted companies	-	-	-	(1,113)	-	<b>(1,113)</b>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>70,721</b>	<b>12,431</b>	<b>10,434</b>	<b>1,633</b>	<b>(21,917)</b>	<b>72,189</b>

(\*) The amounts included in LRE column are corporate expenses.  
Non audited data at 30 September of 2017

At 30 September 2017 retail presented an operating profit of 75,923 thousand Euros; offices an operating profit of 13,362 thousand Euros; and the logistics

warehouses an operating profit of 10,422 thousand Euros. The "LRE" column includes, inter alia, management of 14,309 thousand Euros.



## 2.3 Consolidated Statement of Financial Position

<b>ASSETS</b> (Thousands of Euros)	<b>30/09/2017</b>	<b>31/12/2016</b>
Intangible assets	2	2
Investment properties	1,274,039	1,191,089
Financial assets with associates	2,140	2,270
Equity-accounted investees	6,531	7,645
Non-current financial assets	12,083	11,205
<b>NON-CURRENT ASSETS</b>	<b>1,294,795</b>	<b>1,212,211</b>
Non current assets held for sale	79,239	-
Trade and other receivables	12,997	18,067
Financial assets with associates	27,236	45,288
Other current financial assets	7,672	5,393
Other current assets	684	617
Cash and cash equivalents	48,952	31,591
<b>CURRENT ASSETS</b>	<b>176,780</b>	<b>100,956</b>
<b>TOTAL ASSETS</b>	<b>1,471,575</b>	<b>1,313,167</b>

<b>EQUITY AND LIABILITIES</b> (Thousands of Euros)	<b>30/09/2017</b>	<b>31/12/2016</b>
Share capital	185,248	181,081
Share premium	487,349	498,914
Other reserves	111,825	42,898
Retained earnings	72,189	91,430
Treasury shares	(557)	(823)
Valuation adjustments	(2,038)	(1,365)
<b>EQUITY</b>	<b>854,016</b>	<b>812,135</b>
Financial liabilities from issue of bonds and other marketable securities	138,715	138,506
Loan and borrowings	374,937	301,738
Deferred tax liabilities	14,613	8,536
Derivatives	2,449	1,890
Other non-current liabilities	15,976	14,918
<b>NON-CURRENT LIABILITIES</b>	<b>546,690</b>	<b>465,588</b>
Liabilities related to assets held for sale	31,369	-
Financial liabilities from issue of bonds and other marketable securities	2,458	3,482
Loans and borrowings	5,678	7,877
Derivatives	429	1,384
Other financial liabilities	144	193
Trade and other payables	30,791	22,508
<b>CURRENT LIABILITIES</b>	<b>70,869</b>	<b>35,444</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,471,575</b>	<b>1,313,167</b>

Non audited data at 30 September of 2017

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

## Non-current assets

### Investment properties

At 30 September 2017, **investments properties** are classified under non-current assets, at a fair value of **1,274,039 thousand Euros** (1,191,089 thousand Euros at 31 December 2016), except for the investment property comprising the **Egeo** office building of **76,278 thousand Euros**, which is classified under "Non-current assets held for sale" (see assets and liabilities held for sale).

The Group's investment properties, including the Egeo office building, consist of thirteen shopping centres, twenty-two retail units, four retail warehouses, three plots of land, four office buildings and five logistical warehouses. Of particular significance is the investment in shopping centres and offices amounting to 1,194,617 thousand Euros (1,069,312 thousand Euros at 31 December 2016), with revenue from leases representing 93% of the Group's total revenues in the first nine months of 2017 (91% of the Group's revenues at 31 December 2016).

During the first nine months of the year 2017, the Group purchased the shopping center Parque Abadía and twenty-two retail units (see relevant fact 3), whose fair values amount to 63,690 thousands Euros and 50,147 thousands Euros, respectively.

During the first nine months of 2017, the Group also sold the Arturo Soria office building, the fair value of which at the transaction date was EUR 29,664 thousand (see significant event 15).

### NET INVESTMENT

(Thousands of Euros)	30/09/2017	31/12/2016
Shopping Centres	1,043,095	898,302
Offices	151,521(**)	171,010
Logistics	83,455	76,475
Others (*)	72,246	45,302
<b>Investment properties</b>	<b>1,350,317(**)</b>	<b>1,191,089</b>

(\*) As at 30 September 2017 the amount included under "Others" mainly corresponds to the fair value of the plots of land acquired in relation to Vidanova Parc (Valencia) Palmas Altas (Sevilla) and Cheste (Valencia) projects.

(\*\*) This amount includes the Egeo investment of EUR 76,278 thousand, which has been reclassified to "Non current assets held for sale".

### 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	192,858	<b>5.25%-6.81%</b>
Gran Vía	41,435	153,000	
Portal de la Marina + Hypermarket	40,158	114,422	
El Rosal	51,022	100,519	
Anec Blau	28,608	94,860	
As Termas + Petrol station	35,127	80,800	
Abadía	37,114	63,690	
Albacenter + Hypermarket	27,890	52,379	
Supermarket portfolio	28,822	50,147	
Vistahermosa	33,550	47,783	
Txingudi	10,712	39,032	
Nuevo Alisal	7,649	19,123	
Las Huertas	6,267	12,613	
Villaverde	4,391	11,235	
Parque Galaria	4,108	10,634	
<b>TOTAL SHOPPING CENTRES AND RETAIL WAREHOUSES</b>	<b>420,429</b>	<b>1,043,095</b>	<b>0.79% - 5.40%</b>
Egeo	18,254	76,278	
Marcelo Spínola	8,875	33,662	
Joan Miró	8,607	21,440	
Eloy Gonzalo	6,231	20,141	
<b>TOTAL OFFICES</b>	<b>41,967</b>	<b>151,521</b>	<b>3.86% - 7.71%</b>
Alovera II	83,952	41,550	
Alovera I	35,196	18,400	
Almussafes	19,211	9,822	
Alovera IV (C5-C6)	14,891	9,500	
Alovera III (C2)	8,591	4,183	
<b>TOTAL LOGISTICS</b>	<b>161,841</b>	<b>83,455</b>	<b>N/A</b>
Vidanova Parc	44,252	21,036	
Palmas Altas	(***)	48,890	
Cheste	118,160	2,320	
<b>TOTAL OTHERS</b>	<b>162,412</b>	<b>72,246</b>	
<b>TOTAL LAR ESPAÑA</b>	<b>786,649</b>	<b>1,350,317</b>	

(\*) Yields provided in the valuations reports made by JLL and C&W at 30 June 2017.

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



### Financial assets with associates

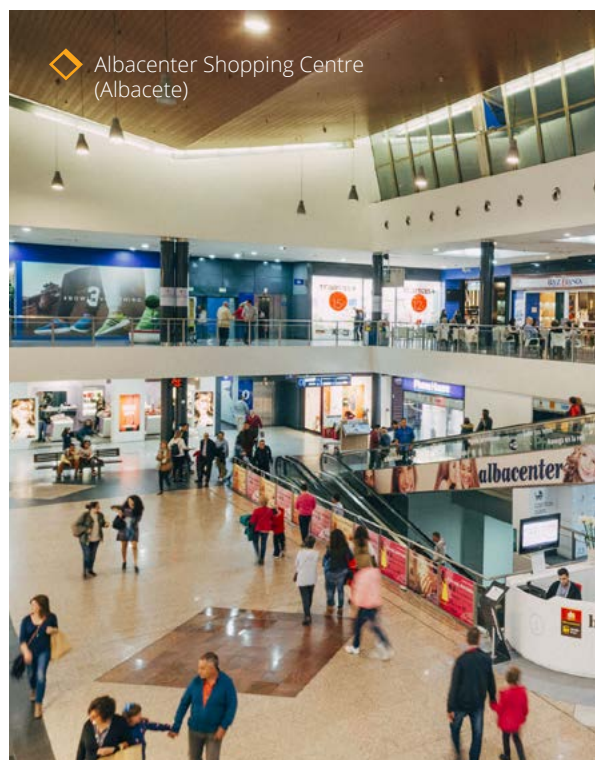
The amount recognised under this item at 30 September 2017 and 31 December 2016 reflects loans extended to Inmobiliaria Juan Bravo 3, S.L.

### Equity-accounted investees

At 30 September 2017 and 31 December 2016, the amount reflects investments held by the Group that are accounted for using the equity method: Inmobiliaria Juan Bravo 3, S.L.

### Non-current financial assets

At 31 September 2017 and 31 December 2016, 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

### Assets and liabilities held for sale

At 30 September 2017, this heading comprises the assets and liabilities of the company **LE Offices Egeo, S.A.U.**, which have been classified as held for sale following IFRS 5 <sup>(\*)</sup>.

### Non current assets held for sale

Thousand of euros	30/09/2017
Investment properties	76.278
Non-current financial assets	500
Other current assets	3
Trade and other receivables	2.067
Cash and cash equivalents	391
<b>Non current assets held for sale</b>	<b>79.239</b>

### Liabilities related to assets held

Thousand of euros	30/09/2017
Loans and borrowings	30.000
Other non-current liabilities	554
Loans and borrowings - Current	152
Trade and other payables	663
<b>Liabilities related to assets held for sale</b>	<b>31.369</b>

### Trade and other receivables

As of 30 September 2017, this heading principally reflects other public administration credits in the amount of 7,076 thousand Euros.

### Financial assets with associates

At 30 September 2017 and 31 December 2016, the amount of this item mainly reflects the loan and current accounts with the associate Inmobiliaria Juan Bravo 3, S.L.

<sup>(\*)</sup> IFRS (International Financial Reporting Standards).

## Net Equity

At 30 September 2017, **the Company's share capital consisted of 92,624,097 registered shares** represented by book entries with a par value of 2 Euros each, fully subscribed and paid up, giving their holders equal rights.

- The Company was incorporated with a capital of 60 thousand Euros, which corresponded to 30,000 shares with a par value of 2 Euros.
- On 5 February 2014, it was decided to increase the share capital by 80 million Euros by issuing and putting into circulation 40 million common shares in the Company with a par value of 2 Euros each and an issue premium of 8 Euros each, to be subscribed and paid up in cash and to be offered in a subscription offer.
- In order to make the value of the subscribed shares equal to 10 Euros, the shareholders made a contribution of 240 thousand Euros, corresponding to 30,000 shares at a price of 8 Euros.
- On 6 August, the process of increasing Lar España's capital by 39,935,512 Euros was completed through the issuance and distribution of 19,967,756 new shares with a subscription price of 6.76 Euros each (with a nominal value of 2 Euros plus an issue premium of 4.76 Euros per share).
- On 21 April 2016 it was agreed that 4,499 thousand Euros should be distributed as dividend for the fiscal year, at 0.075 gross Euros per share; and that 7,538 thousand Euros should be distributed, at 0.125 gross Euros per share, charged to the share premium.
- 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.
- 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).
- On 29 May 2017, the Shareholders' General Meeting approved the distribution of a dividend of EUR 3,416 thousand, at EUR 0.038 per share charged to the results for the financial year 2016, and of EUR 26,584 thousand, at EUR 0.294 per share. (See notice of material fact of 29 May 2017).
- On 29 May 2017 the Shareholders' Meeting agreed to increase the company's capital by the nominal amount of EUR 4,167 thousand through a share issue (2,083,535 ordinary shares with a nominal value of EUR 2) and an issue premium for the amount of EUR 15,001 thousand to be issued by the managing company Grupo Lar as performance fee reinvestment in compliance with the terms of the Investment Manager Agreement (IMA).

The Company has recognised share issue costs of 16,428 thousand Euros as a reduction in reserves under equity.

During the first nine months of 2017, the Company has carried out its own share sale and purchase transactions, as described below:

	Number of shares	Thousands of Euros
<b>31 December 2016</b>	<b>117,998</b>	<b>823</b>
Additions	2,204,407	25,197
Disposals	(2,278,473)	(25,463)
<b>30 September 2017</b>	<b>43,932</b>	<b>557</b>

The positive balance arising from the sale of own shares in the first nine months of 2017 amounted to 103 thousand Euros, recorded under "Other reserves".

## Financial liabilities

### Loans & Borrowings

The characteristics of the Loans & Borrowings at 30 September 2017 are as follows:

Type	Project	Entity	Interest rate <sup>(*)</sup>	Maturity date	Nominal amount (Thousands of Euros)	Current (Thousands of Euros)	Non-Current (Thousands of Euros)
Mortgage Loan <sup>(**)</sup>	Egeo	WestImmo	Eur 3M + 2%	15/12/2019	30,000	-	30,000
Mortgage Loan	Nuevo Alisal	bankinter.	Eur 3M + 2.90%	16/06/2025	7,822	164	7,235
Mortgage Loan	As Termas	ING BANK	Eur 3M + 1.80%	25/06/2020	37,345	-	36,781
Mortgage Loan	El Rosal	CaixaBank	Eur 3M + 1.75%	07/07/2030	50,000	298	48,864
Mortgage Loan	Villaverde	bankinter.	1.75% until 30/09/2018 (later on Eur 12 meses + 1.75%)	13/10/2020	4,550	4	4,494
Mortgage Loan	Parque Galaria	CaixaBank	Eur 3M + 1.75%	14/12/2029	4,200	3	4,114
Mortgage Loan	Joan Miró	BBVA	Eur 3M + 1.75%	23/12/2020	9,800	3	9,631
Mortgage Loan	Megapark	Santander NATIXIS CRÉDIT AGRICOLE	Eur 3M + 1.70%	24/02/2023	97,000	228	95,616
Mortgage Loan	Portal de la Marina	CaixaBank BBVA Sabadell	Eur 3M + 0.88%	17/05/2020	49,266	4,891	31,589
Mortgage Loan	Vistahermosa	BBVA	Eur 3M + 1.85%	02/03/2022	21,550	31	21,052
Mortgage Loan	Gran Vía Vigo	ING BANK	Eur 3M + 1.75%	14/03/2022	82,400	-	81,775
Mortgage Loan	Parque Abadía	Santander	Eur 3M + 1.75%	23/05/2024	34,750	56	33,786
<b>LOANS AND BORROWINGS</b>					<b>428,683</b>	<b>5,678</b>	<b>404,937</b>

(\*) The 68% of the principal is covered by derivatives.

(\*\*) This mortgage loan is connected with the Egeo project and has been reclassified to "Liabilities associated with non-current assets held for sale".

### 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.

Below you will find the net **Loan To Value** calculation as at 30 September 2017:

(Thousands of Euros)	30/09/2017
<b>GAV</b>	<b>1,428,950</b>
Full Consolidation Gross Debt	555,882
Equity Method Gross Debt	21,401
<b>Total gross debt</b>	<b>577,283</b>
Cash	48,952
<b>Total net debt</b>	<b>528,331</b>
<b>Net LTV*</b>	<b>37%</b>

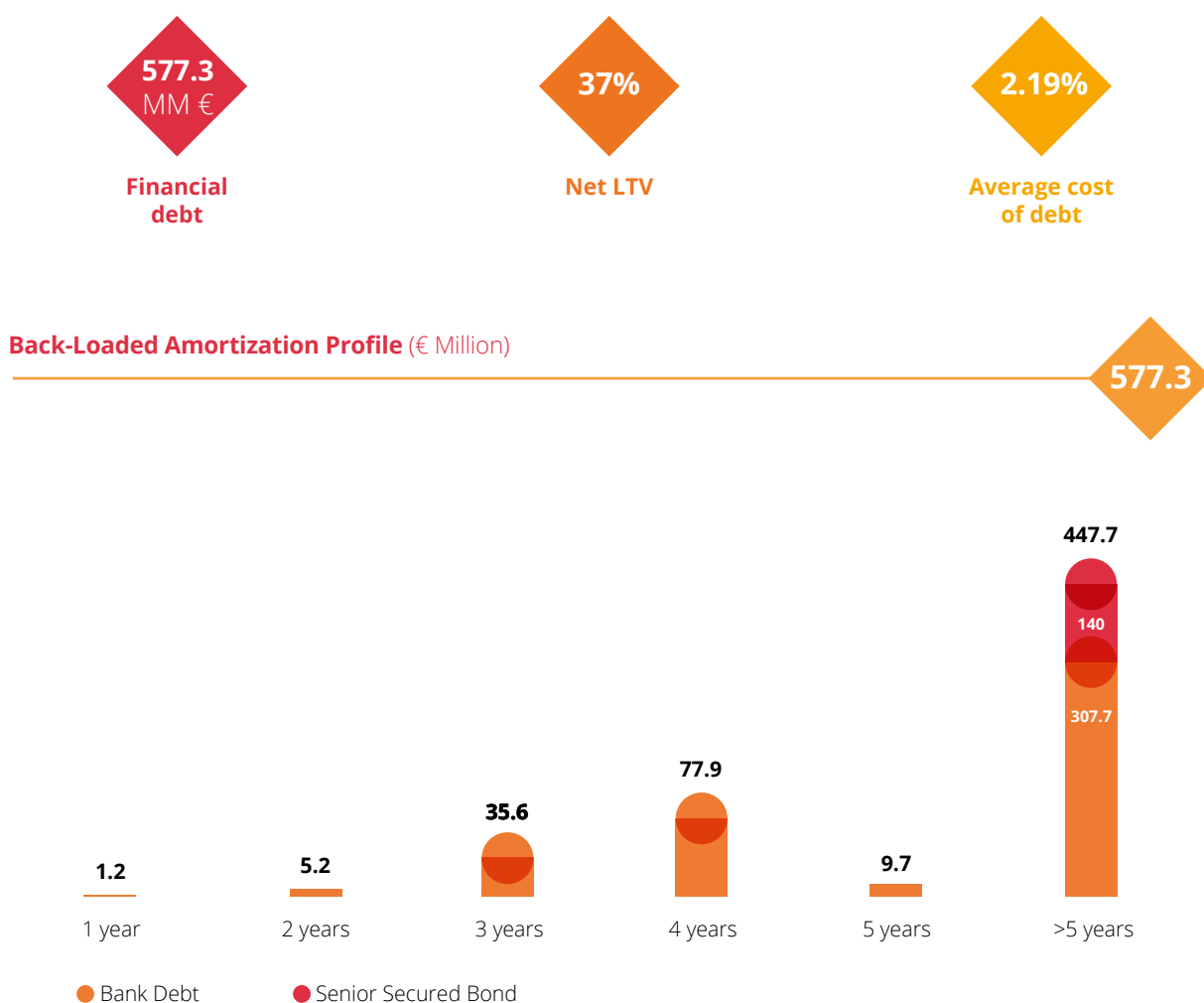
\* Result of Net Debt/GAV



At 30 September 2017, Lar España's debt stood at EUR 577.3 million, with an **average cost of 2.19%.**

The net **LTV** ratio is **37%**, complying with the objective not to exceed 50%, whilst the average **debt maturity** stood at **6.3 years.**

The main debt indicators and the amortisation schedule is detailed below:



### Deferred tax liabilities

At 30 September 2017, this heading covers the deferred tax liability derived from the business combinations carried out during the first half of the year 2017 (see notice of material fact 3), as well as the acquisition of the subsidiary LE Retail Gran Vía de Vigo, S.A.U. during the year 2016. These amounts correspond to the tax effect derived from the difference between the fair value and the fiscal value of the acquired real estate investments.

### 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)	30/09/2017 (*)	30/09/2016 (*)
<b>A) CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>	<b>33,821</b>	<b>11,474</b>
1. Profit/(loss) for the period before tax	72,189	46,572
2. Adjustments for:	(37,628)	(18,561)
Profit / (loss) from adjustments to fair value of investment properties	(46,924)	(29,066)
Results of disposal of investments properties	(2,842)	-
Impairment (+/-)	5	8
Financial income (-)	(2,715)	(2,990)
Financial expenses (+)	10,658	12,842
Other income and expenses (+/-)	3,730	443
Share in profit (loss) for the period of equity-accounted companies	1,113	3,003
Adjustments to the consideration given against profit and loss from business combinations	(653)	(2,801)
<b>3. Changes in operating assets and liabilities</b>	<b>7,735</b>	<b>(8,313)</b>
Trade and other receivables (+/-)	3,279	(9,933)
Other current assets and liabilities (+/-)	1,797	508
Trade and other payables (+/-)	2,416	499
Other current liabilities (+/-)	(49)	(94)
Other non-current assets and liabilities (+/-)	292	707
<b>4. Other cash flows used in operating activities</b>	<b>(8,475)</b>	<b>(8,224)</b>
Interest paid (-)	(8,490)	(8,254)
Interest received (+)	15	30
<b>B) CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(97,415)</b>	<b>(149,012)</b>
1. Payments for investments (-)	(132,854)	(160,458)
Net cash outflow from acquisitions of businesses	(110,242)	(72,788)
Intangible assets	-	(1)
Investment property	(22,612)	(85,669)
Other financial assets	-	(2,000)
2. Proceeds from divestments (+)	35,439	11,446
Group companies	15,439	-
Associates	20,000	9,729
Other assets	-	179
Dividends received	-	1,538
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>80,955</b>	<b>135,982</b>
1. Payments made and received for equity instruments	367	143,256
Proceeds from issue of share capital (+)	-	59,827
Issue of equity instruments (+)	-	83,972
Acquisition/disposal of treasury shares (- / +)	367	(543)
2. Proceeds from and payments for financial liability instruments	110,570	4,736
a) Issue of:	136,319	95,153
Bank borrowings (+)	136,319	95,153
Other financial liabilities (+)	-	-
b) Redemption and repayment of:	(25,749)	(90,417)
Bank borrowings (-)	(25,749)	(88,027)
Other financial liabilities (+)	-	(2,390)
3. Payments for dividends and remuneration on other equity instruments	(29,982)	(12,010)
Dividends (-)	(29,982)	(12,010)
<b>E) NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>	<b>17,361</b>	<b>(1,556)</b>
<b>F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>31,591</b>	<b>35,555</b>
<b>G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+F)</b>	<b>48,952</b>	<b>33,999</b>

(\*) Nine months period.

Non audited data at 30 September of 2017



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.

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

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

- **In September 2015**, Lar España received the 'GOLD AWARD' from EPRA in recognition of the quality of the financial information provided, it became the first Spanish SOCIMI to receive this award.
- **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.
- **In September 2017**, Lar España has been awarded for the **third year running the Gold Award** from the European Public Real Estate Association (EPRA) in **recognition of the quality of the financial information provided** by the company. Lar España has also been awarded for the first time with the **EPRA Award for Sustainability (Silver)** for the improvement carried out related to the information about Corporate Social Responsibility. Also in this area, the company has been awarded with the **EPRA Most Improved Award of Sustainability**.



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

2015



2016



2017



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

Indicator	30/09/2017 (Thousands of Euros) / %	30/09/2017 (Euro per share)
EPRA Earnings	26,368 <sup>(*)</sup>	0.29
EPRA NAV	880,241	9.51
EPRA NNNAV	864,659	9.34
EPRA Net Initial Yield (NIY)	5.7%	-
EPRA "topped-up" NIY	5.9%	-
EPRA Vacancy Rate	5.3%	-
EPRA Cost Ratio	30.6% <sup>(**)</sup>	-
EPRA Cost Ratio (excluding costs of direct vacancy)	26.7% <sup>(**)</sup>	-

(\*) Adjusted EPRA Earnings

(\*\*) Excludes the variable performance fee

See terms definitions in Glossary, section 6





## EPRA EARNINGS

(Thousands of euros)	30/09/2017	30/09/2016
<b>EARNINGS PER IFRS INCOME STATEMENT</b>	<b>72,189</b>	<b>45,572</b>
Change in value of investment properties	(46,924)	(29,066)
Companies acquisitions effect	(653)	1,307
Change in fair value of financial instruments	(1,069)	-
Companies divestments effect	(2,842)	-
<b>EPRA EARNINGS</b>	<b>20,701</b>	<b>18,813</b>
<b>Weighted average number of shares (excluding treasury shares)</b>	<b>90,746,461</b>	<b>90,272,086</b>
<b>EPRA EARNINGS PER SHARE (EUROS)</b>	<b>0.23</b>	<b>0.21</b>
Company specific adjustment <sup>(*)</sup>	5,667	333
<b>ADJUSTED EPRA EARNINGS</b>	<b>26,368</b>	<b>19,146</b>
<b>ADJUSTED EPRA EARNINGS PER SHARE (EUROS)</b>	<b>0.29</b>	<b>0.21</b>

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

**Adjusted  
EPRA  
Earnings**

vs Q3 2016

**+38%**



## EPRA NAV

(Thousands of euros)	30/09/2017	31/12/2016
<b>NET ASSET VALUE PER THE FINANCIAL STATEMENTS</b>	<b>854,016</b>	<b>812,135</b>
Change in fair value of non current assets	10,643	14,990
Fair value of financial instruments	969	3,274
Deferred tax liabilities	14,613	-
<b>EPRA NAV</b>	<b>880,241</b>	<b>830,399</b>
<b>Number of Shares (excluding treasury shares)</b>	<b>92,556,294</b>	<b>90,245,429</b>
<b>EPRA NAV PER SHARE (EUROS)</b>	<b>9.51 (*)</b>	<b>9.20</b>

(\*) When analyzing this measure it is important to take into account the dividend's shareholders remuneration amounting 30,000 thousand euros in Q2 2017 (0.33€/share), relating to 2016 financial year.

**EPRA NAV  
per share**

**9.51  
€/share**

## EPRA NNNAV

(Thousands of euros)	30/09/2017	31/12/2016
<b>EPRA NAV</b>	<b>880,241</b>	<b>830,399</b>
Fair value of financial instruments	(969)	(3,274)
Deferred tax liabilities	(14,613)	-
<b>EPRA NNNAV</b>	<b>864,659</b>	<b>827,125</b>
<b>Number of shares (excluding treasury shares)</b>	<b>92,556,294</b>	<b>90,245,429</b>
<b>EPRA NNNAV PER SHARE</b>	<b>9.34 (*)</b>	<b>9.17</b>

(\*) When analyzing this measure it is important to take into account the dividend's shareholders remuneration amounting 30,000 thousand euros in Q2 2017 (0.33€/share), relating to 2016 financial year.

## EPRA NIY y EPRA “topped-up” NIY (30/09/2017)

Asset	Completed Property Portfolio	Allowance for estimated purchasers costs	Gross up completed property portfolio valuation (A)	Annualised cash passing rental Income	
SHOPPING CENTRES	951,956	22,913	974,870	61,864	
Megapark	192,858	3,648	196,506	11,172	
Gran Vía Vigo	153,000	4,208	157,208	9,726	
Portal de la Marina + hypermarket	114,422	2,858	117,280	7,129	
El Rosal	100,519	2,514	103,033	7,380	
Anec Blau	94,860	2,370	97,230	5,700	
As Termas + Petrol Station	80,800	2,217	83,017	5,736	
Parque Abadía	63,690	1,590	65,280	4,252	
Vistahermosa	52,379	1,302	53,681	3,706	
Albacenter + hypermarket	47,783	1,190	48,973	3,544	
Txingudi	39,032	732	39,764	2,541	
Las Huertas	12,613	284	12,897	978	
RETAIL WAREHOUSES	91,139	1,910	93,049	6,568	
Cartera supermercados	50,147	1,003	51,150	3,793	
Nuevo Alisal	19,123	478	19,601	1,304	
Villaverde	11,235	281	11,516	780	
Parque Galaria	10,634	148	10,782	691	
<b>TOTAL RETAIL</b>	<b>1,043,095</b>	<b>24,823</b>	<b>1,067,919</b>	<b>68,432</b>	
OFFICES	151,521	3,468	99,746 <sup>(1)(2)</sup>	4,158	
Egeo	76,278	1,518	77,797	3,287	
Marcelo Spínola (1)	33,662	972	34,634	<sup>(1)</sup>	
Joan Miró	21,440	509	21,949	871	
Eloy Gonzalo (2)	20,141	469	20,610	<sup>(2)</sup>	
<b>TOTAL OFFICES</b>	<b>151,521</b>	<b>3,468</b>	<b>99,746<sup>(1)(2)</sup></b>	<b>4,158</b>	
LOGISTICS	83,455	1,915	85,369	5,996	
Alovera II	41,550	1,079	42,629	2,926	
Alovera I	18,400	368	18,768	1,332	
Almussafes	9,822	196	10,018	761	
Alovera IV (C5-C6)	9,500	190	9,690	758	
Alovera III (C2)	4,183	82	4,265	219	
<b>TOTAL LOGISTICS</b>	<b>83,455</b>	<b>1,915</b>	<b>85,369</b>	<b>5,996</b>	
<b>TOTAL LAR ESPAÑA</b>	<b>1,278,071</b>	<b>30,206</b>	<b>1,253,034</b>	<b>78,586</b>	

(1) Marcelo Spínola's data have not been taken into account because the asset has been fully refurbished and in commercialization.

(2) Eloy Gonzalo's data have not been taken into account due to its currently refurbishment.



Property outgoings	Annualised net rents (B)	Notional rent expiration of rent free periods or other lease incentives	Topped-up net annualised rent (C)	EPRA NET INITIAL YIELD (B/A)	EPRA TOPPED-UP NET INITIAL YIELD (C/A)
(6,065)	55,799	1,148	56,947	5.7%	5.8%
(1,063)	10,109	368	10,477	5.1%	5.3%
(537)	9,189	83	9,271	5.8%	5.9%
(729)	6,400	99	6,498	5.5%	5.5%
(894)	6,486	214	6,700	6.3%	6.5%
(901)	4,799	28	4,827	4.9%	5.0%
(429)	5,307	86	5,394	6.4%	6.5%
(58)	4,194	80	4,274	6.4%	6.5%
(499)	3,207	33	3,240	6.0%	6.0%
(646)	2,899	84	2,982	5.9%	6.1%
(169)	2,372	33	2,405	6.0%	6.0%
(140)	838	40	878	6.5%	6.8%
(220)	6,348	12	6,360	6.8%	6.8%
(38)	3,755	0	3,755	7.3%	7.3%
(78)	1,226	12	1,238	6.3%	6.3%
(92)	688	0	688	6.0%	6.0%
(12)	679	0	679	6.3%	6.3%
<b>(6,285)</b>	<b>62,147</b>	<b>1,160</b>	<b>63,307</b>	<b>5.8%</b>	<b>5.9%</b>
(267)	3,892	90	3,982	3.9%	4.0%
(92)	3,195	89	3,284	4.1%	4.2%
(1)	(1)	(1)	(1)	(1)	(1)
(175)	697	1	698	3.2%	3.2%
(2)	(2)	(2)	(2)	(2)	(2)
<b>(267)</b>	<b>3,892</b>	<b>90</b>	<b>3,982</b>	<b>3.9%<sup>(1)(2)</sup></b>	<b>4.0%<sup>(1)(2)</sup></b>
(318)	5,678	373	6,051	6.7%	7.1%
(184)	2,742	262	3,004	6.4%	7.0%
(60)	1,272	6	1,278	6.8%	6.8%
(45)	716	0	716	7.1%	7.1%
(24)	734	0	734	7.6%	7.6%
(5)	214	105	319	5.0%	7.5%
<b>(318)</b>	<b>5,678</b>	<b>373</b>	<b>6,051</b>	<b>6.7%</b>	<b>7.1%</b>
<b>(6,870)</b>	<b>71,717<sup>(1)(2)</sup></b>	<b>1,623</b>	<b>73,340</b>	<b>5.7%<sup>(1)(2)</sup></b>	<b>5.9%<sup>(1)(2)</sup></b>

(1) Marcelo Spínola's data have not been taken into account because the asset has been fully refurbished and in commercialization.

(2) Eloy Gonzalo's data have not been taken into account due to its currently refurbishment.

## EPRA VACANCY RATE

Asset	ERV (Thousands of euros)	ERV Vacancy (Thousands of euros)	EPRA VACANCY RATE %
Megapark	12,736	871	6.8%
Gran Vía	9,554	307	3.2%
Portal de la Marina + Hypermarket	7,621	324	4.3%
El Rosal	7,306	665	9.1%
Anec Blau	6,237	500	8.0%
As Termas + Petrol Station	5,699	285	5.0%
Parque Abadía	3,879	0	0.0%
Vistahermosa	3,863	410	10.6%
Albacenter + Hypermarket	3,590	267	7.4%
Txingudi	2,795	54	1.9%
Las Huertas	1,095	123	11.3%
<b>TOTAL SHOPPING CENTRES</b>	<b>64,375</b>	<b>3,806</b>	<b>5.9%</b>
Cartera de supermercados	2,938	0	0.0%
Nuevo Alisal	1,231	0	0.0%
Villaverde	738	0	0.0%
Parque Galaria	664	0	0.0%
<b>TOTAL RETAIL WAREHOUSES</b>	<b>5,571</b>	<b>0</b>	<b>0.0%</b>
<b>TOTAL RETAIL</b>	<b>69,946</b>	<b>3,806</b>	<b>5.4%</b>
Egeo	3,795	416	11.0%
Marcelo Spínola	N/A	N/A	N/A
Joan Miró	1,307	77	5.9%
Eloy Gonzalo	N/A	N/A	N/A
<b>TOTAL OFFICES</b>	<b>5,102</b>	<b>493</b>	<b>9.7% <sup>(1)(2)</sup></b>
Alovera II	3,022	0	0.0%
Alovera I	1,330	0	0.0%
Almussafes	807	0	0.0%
Alovera IV (C5-C6)	643	0	0.0%
Alovera III (C2)	335	0	0.0%
<b>TOTAL LOGISTICS</b>	<b>6,137</b>	<b>0</b>	<b>0.0%</b>
<b>TOTAL</b>	<b>81,185</b>	<b>4,299</b>	<b>5.3% <sup>(1)(2)</sup></b>

(1) Marcelo Spínola's data have not been taken into account because the asset has been fully refurbished and in commercialization.

(2) Eloy Gonzalo's data have not been taken into account due to its currently refurbishment.

**EPRA  
Vacancy Rate**

**5.3%**

## EPRA COST RATIOS

(Thousands of euros)	30/09/2017	30/09/2016
Administrative expenses	(405)	(304)
Operating costs net of recoverable income <sup>(*)</sup> (**)	(22,573)	(15,721)
Administrative/operating expenses in associates	(910)	(848)
<b>EPRA Cost (including direct vacancy costs) (A)</b>	<b>(23,888)</b>	<b>(16,873)</b>
Direct vacancy costs	(2,069)	(1,615)
<b>EPRA Cost (excluding direct vacancy costs) (B)</b>	<b>(21,819)</b>	<b>(15,258)</b>
Gross Rental Income less ground rent costs-per IFRS	58,466	43,145
Gross Rental Income less ground rent costs in associates	-	959
Net Associated Costs (net service charge)	(5,034)	-
<b>Gross Rental Income (C)</b>	<b>53,432</b>	<b>44,104</b>
<b>EPRA COST RATIO (including direct vacancy costs) A/C</b>	<b>44.7%</b>	<b>38.3%</b>
<b>EPRA COST RATIO (excluding direct vacancy costs) B/C</b>	<b>40.8%</b>	<b>34.6%</b>
<b>EPRA COST RATIO pre performance fee (including direct vacancy costs) (***)</b>	<b>30.6%</b>	<b>37.3%</b>
<b>EPRA COST RATIO pre performance fee (excluding direct vacancy costs) (***)</b>	<b>26.7%</b>	<b>33.6%</b>

(\*) Maintenance costs totalling 699 thousands of euros are included.

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

(\*\*\*) Excluding costs directly related to development projects, as at 30 September 2017, the ratios would be 26.7% and 22.8% respectively.





4



## SHARE PRICE PERFORMANCE

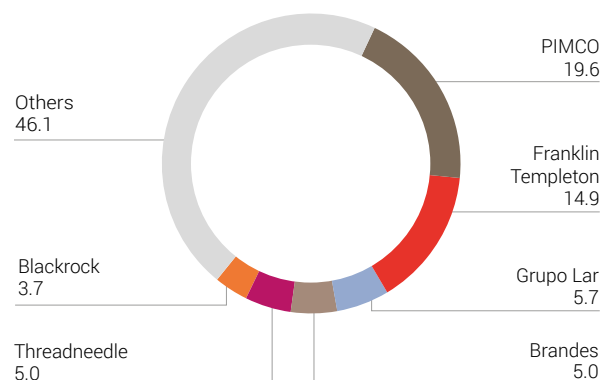


## 4. Share Price Performance

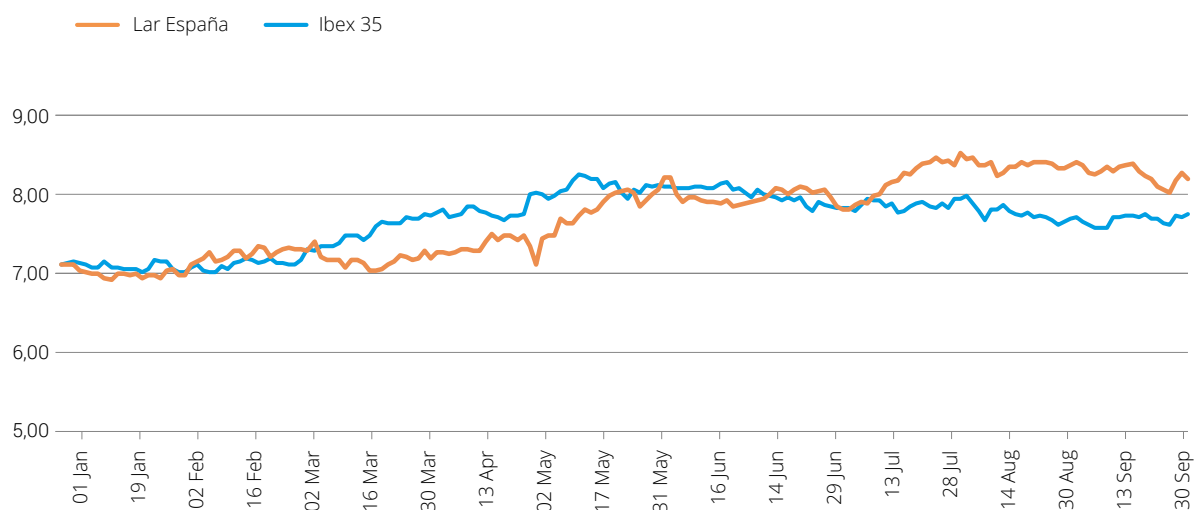
Details of shares (Eur)	Jan-Sep 2017
Price at the beginning of the period	7.05
Price at the end of the period	8.22
<b>Performance during the period</b>	<b>16.66%</b>
Maximum price for the period	8.57
Minimum price for the period	6.83
<b>Average price for the period</b>	<b>7.70</b>
ADTV (*)	190,041
Market Cap (Euros) 30/09/2017	761,370,077
Number of shares 30/09/2017	92,624,097

(\*) Average Daily Trading Volumen in number of share

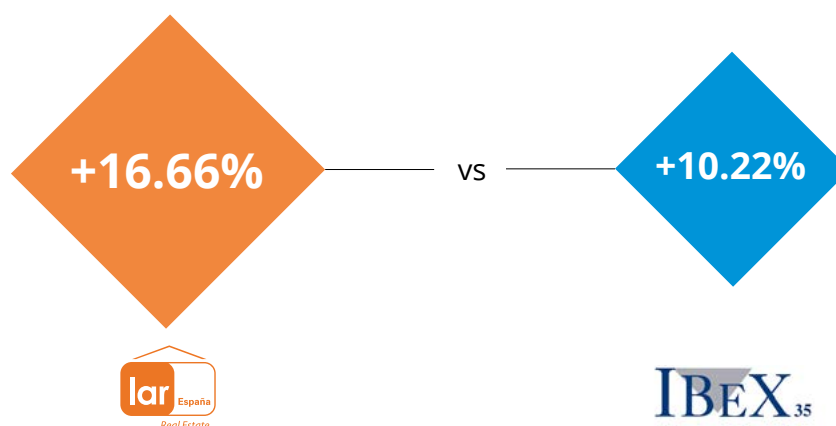
Share distribution at 30 september 2017 (%)



Lar España share price performance vs Ibex 35 (January-September 2017)



### 2017 Revaluation









**13%**  
Potencial  
Return <sup>(\*)</sup>

## Analyst Recommendations

As of the date of this report, Lar España has the coverage of 14 analysts, whose average target price is **€ 9.29**.

Broker	Recommendation	Analysis Date	Target Price (Euros)
 <b>Sabadell</b>	Buy	26/07/2016	<b>9.05</b>
 <b>Ahorro Corporación</b>	Buy	16/11/2016	<b>9.00</b>
 <b>Santander</b>	Buy	16/11/2016	<b>9.10</b>
 <b>fidentiis</b> <small>EDUITES S.V. S.A.</small>	Buy	01/03/2017	<b>10.90</b>
 <b>KEMPEN &amp; CO</b> <small>Merchant Bank</small>	Sell	01/03/2017	<b>7.60</b>
 <b>J.P. Morgan</b> <small>Asset Management</small>	Hold	01/03/2017	<b>8.50</b>
 <b>bekafinance</b>	Buy	08/03/2017	<b>9.97</b>
 <b>Kepler Cheuvreux</b>	Hold	22/03/2017	<b>7.80</b>
 <b>intermoney</b> <small>valores sv</small>	Buy	17/05/2017	<b>9.50</b>
 <b>bankinter.</b>	Buy	26/06/2017	<b>10.10</b>
 <b>ING BANK</b>	Hold	11/07/2017	<b>8.50</b>
 <b>HAITONG</b>	Buy	13/07/2017	<b>9.70</b>
 <b>MIRABAUD</b> <small>dbi</small>	Hold	11/09/2017	<b>9.30</b>
 <b>JBCapitalMarkets</b>	Buy	15/09/2017	<b>11.00</b>

Source: Bloomberg

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



5





## EVENTS AFTER THE REPORTING PERIOD





## 5. Events after the Reporting Period

1

### Liquidity contracts and specialists


**05.10.2017** According to the provisions of section 2 of the Fourth rule of Circular 1/2017, of 26 April, by the Comisión Nacional del Mercado de Valores on Liquidity Contracts for the purposes of their acceptance as a market practice, and intending to complete Material Information released under number 257019 on 4 October 2017, 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 11 July 2017 to 30 September 2017.**

2

### Megapark Ocio acquisition

**30.10.2017** On 27 October 2017, the Company has acquired from Arcona Ibérica the assets that allow the management of **33 units** with a gross leasable area (SBA) of approximately 19,800 m2, intended to be used as **recreational and leisure facilities, located in the retail complex Megapark Barakaldo (Vizcaya).** This strategic acquisition, in addition to those already communicated through material facts of 20 July and 19 October 2015 (with Registry numbers 226456 and 229825 respectively), where it was reported the acquisition of (i) a retail park, including 14 retail units with a gross leasable area (GLA) of approx. 44,500 square metres and (ii) an Outlet shopping centre, with 61 units and a GLA of approx. 19,300 square metres, allows the Company to operate a total SBA of approximately 83,500 m2 of the Megapark Barakaldo retail complex.

The acquisition has been carried out for a total amount of approximately **€8.7 million**, subject to the subsequent customary price adjustments in this kind of transactions, and has been fully paid with the funds of the Company.

 Megapark Shopping Centre (Bilbao)



## 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.*

### **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*

### **Like for like (LfL)**

*Comparison of one period, with that of the same period the year before, taking into consideration the same number of assets.*

### **IFRS**

*International Financial Reporting Standards.*





**Lar España Real Estate SOCIMI, S.A.**

C/ Rosario Pino 14-16 8ª planta.

28020 Madrid, España

+34 91 436 04 37

[www.larespana.com](http://www.larespana.com)

[info@larespana.com](mailto:info@larespana.com)

