



H1 2018 HALF-YEARLY REPORT



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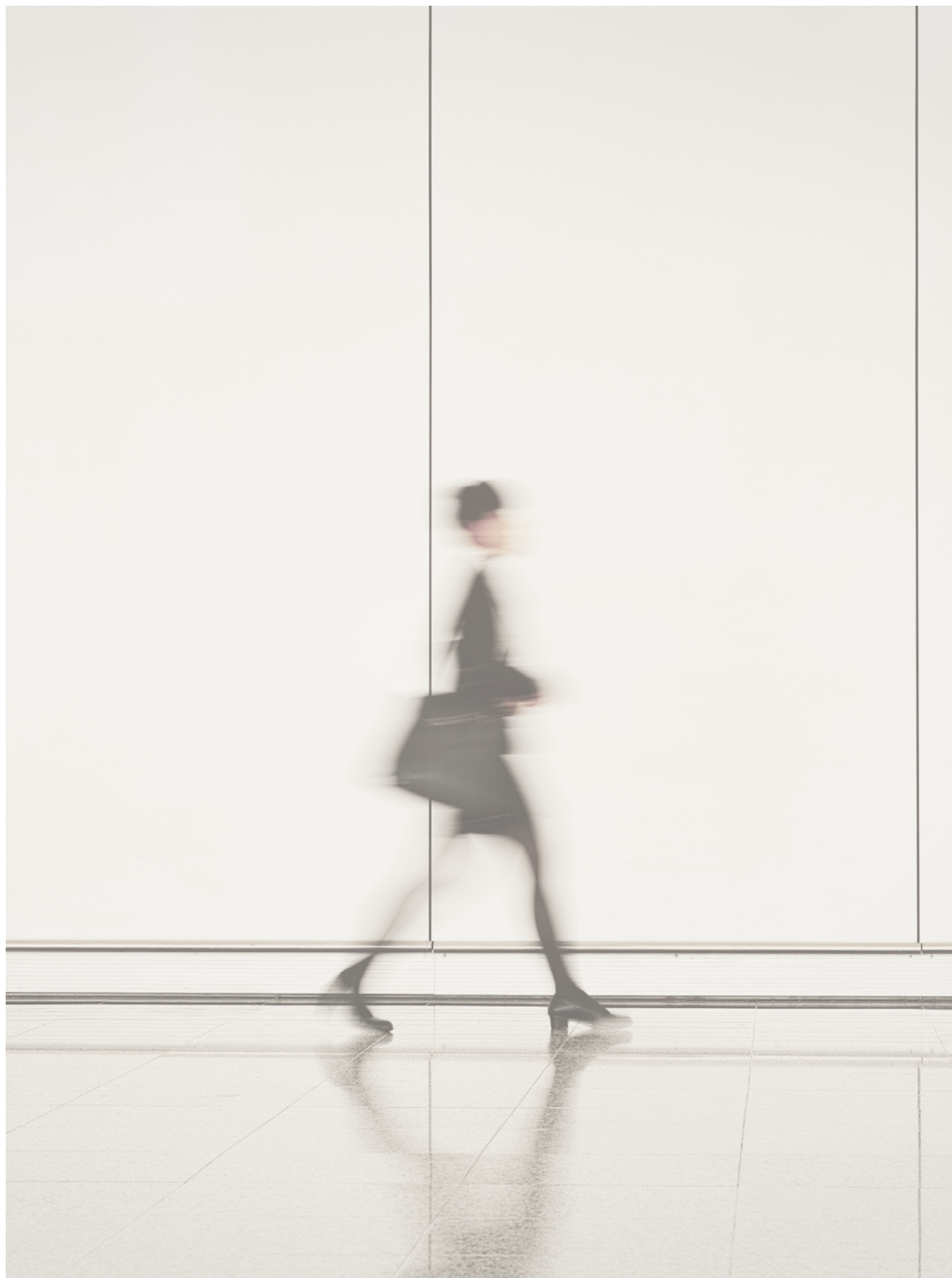
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Gran Vía Shopping Centre (Vigo)



1.1 Highlights H1 2018

Portfolio Information

GAV
1,580
Million €

Assets
30
2 acquisitions in 2018

GLA
903,065
sqm

WAULT
3.3
Years

Annualised Net Rent
74.3
Million €

EPRA topped-up NIY
5.5%

Occupancy Rate ⁽¹⁾
93.3%

2018 Divestments
112.5
Million €

2018 New Investments
75.6
Million €

GAV by asset class (%) ^(*)



(*) As at 30 June 2018, development projects represent **14%** of the total GAV.

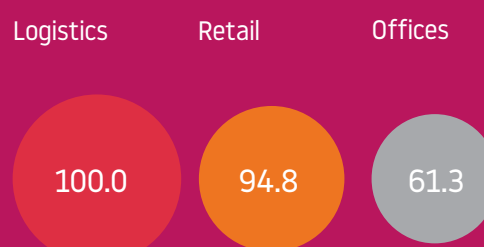
EPRA topped-up NIY by asset class (%)



5.5%
Total Lar España

(1) Ratio calculated under EPRA recommendations

Occupancy Rate by asset class (%) ⁽¹⁾



93.3%
Total Lar España

Financial Information

EPRA NAV

979.3Million €
(10.34 €/share)

Rental Income

39.8

Million €

Net LTV

36%

EBIT

51.3

Million €

Average Cost
of Debt**2.19%**

Net Profit

43.9

Million €

Financial Debt

614.3

Million €

ROE

10.65%

Rental Income by asset class (%)



Retail Performance

H1 2018 Footfall

26.9

Million of visits



H1 2018 Sales

303.6⁽²⁾

Million €

**+1.1%**

vs. H1 2017

-0.9%Average Spanish Footfall ⁽¹⁾**+2.0%**

vs. H1 2017

-0.3%Spain Retail Sales ⁽³⁾

(1) Shopper Track Index

(2) Declared Sales

(3) National Statistics Institute (INE)

1.2 Main Events

The **regulatory notices** published and submitted to the Spanish Stock Market Commission (CNMV) during the first six months of 2018 are listed below in chronological order:

1 Liquidity contracts and specialists

04.01.2018 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, 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" or the "Contract") from **1 October 2017 to 31 December 2017**, as well as the total amount of shares sold and purchased, and the overall amount of cash used for these transactions.

2 Egeo office building divestment

17.01.2018 On 16 January 2018, **the Company has transferred to Inmobiliaria Colonial Socimi, S.A. all the shares (*participaciones sociales*) in its wholly owned subsidiary LE OFFICES EGEO, S.A.U.**, sole owner and proprietor of the office building Egeo, located in Madrid, Avenida Partenón 4-6.

The aforementioned sale has been formalized in public deed on the referred date, **for a total initial price of 79,279,870 euro**, which may be adjusted upwards in the terms and pursuant to the mechanisms that are typical in this kind of transactions.

3 Egeo office building divestment additional information

17.01.2018 As a supplement to the Material Fact published on this date with register number 260739, it is hereby announced that the initial price agreed with Inmobiliaria Colonial Socimi, S.A. for the transfer of all the shares (*participaciones sociales*) of LE OFFICES EGEO, S.A.U. (79,279,870 euro) represents (i) **a capital gain of 22.2% on the acquisition price** paid by the Company for the office building Egeo in December 2014, and (ii) **an increase of 4.2% over the last valuation of the asset.**

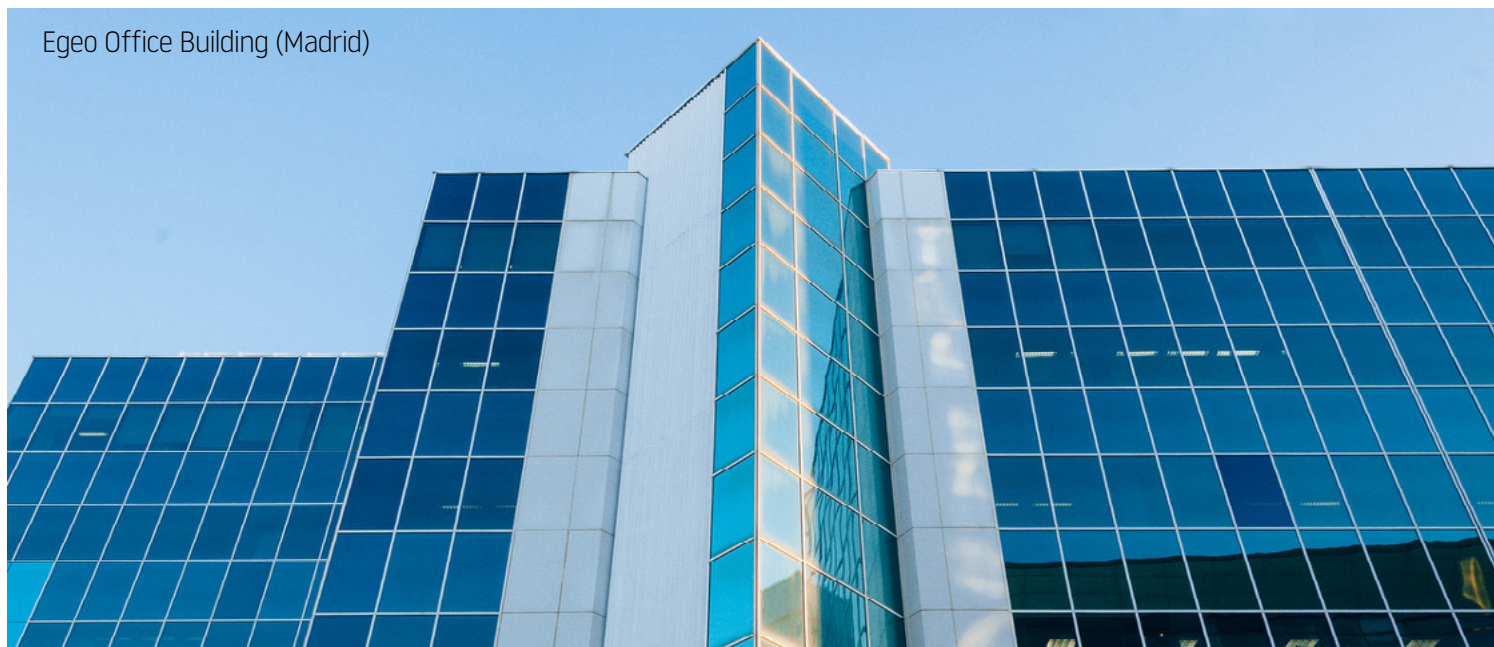
4 Valuation reports as at 31 December 2017

25.01.2018 Lar España has received the valuation reports for its property portfolio as of 31 December 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 above-mentioned reports is **EUR 1,537.6 million.**

The acquisition price – transaction costs not included - of the assets subject to the valuation was EUR 1,196.3 million. The properties were valued according to the Royal Institution of Chartered Surveyors (RICS) valuation standards, based on net market value as at 31 December 2017.

Egeo Office Building (Madrid)



5 Rivas Futura retail park acquisition

06.02.2018 Lar España has acquired from a Credit Suisse investment fund all the shares (*participaciones sociales*) of the Spanish company owner of a gross leasable area (GLA) of approximately 36,724 square metres in the **retail park Rivas Futura (Rivas-Vaciamadrid)**. The total price of the transaction is approximately **EUR 61.6 million**, which may be adjusted in the terms and pursuant to the mechanisms that are typical in this kind of transactions.

6 Novation of the investment manager agreement with the Manager

19.02.2018 On this date the Company has entered into an agreement with its investment manager, Grupo Lar Inversiones Inmobiliarias, S.A. (the "Investment Manager"), **in order to novate the investment manager agreement** executed by both parties on 12 February 2014 (the "IMA").

Pursuant to the referred novation, the IMA (which originally expired on 12 February 2019) will be effective for **4 years as from 1 January 2018**. Additionally, certain provisions of the IMA have been amended in order to update its content in line with the expertise achieved and the growth experienced in Spain by the SOCIMI's market since the initial subscription of the IMA. The most relevant amendments are as follows:

- **Investment strategy:** With effects as of 1 January 2018, **the real estate investments** of the Company must be distributed among **retail properties, logistic properties on a selective basis and other properties** that could represent a maximum of 10% of the total GAV of the assets forming part of the Company's real estate portfolio (in all cases, across Spain).

No acquisitions consisting of properties comprised predominantly of offices or residential units shall be pursued by the Company. The Company shall focus on **assets with potential for value creation** or which constitute **active asset management opportunities**, including development projects.

- **Investment Manager's exclusivity and Board representation:** The **Investment Manager will preserve its exclusivity obligations towards Lar España**, adapted in line with the new investment strategy defined in the IMA.

The **Investment Manager will be entitled to appoint one non-executive member of the Board of Directors of Lar España** (currently, Mr. Miguel Pereda), regardless of the number of directors seating in the Board from time to time.

- **Management fees:** The **Investment Manager's fee structure** (base fee and performance fee) **has been amended in order to improve the cost structure of the Company and further align the interests of the Investment Manager and the Company's shareholders**.

Starting in the 2018 fiscal year, the base fee to be drawn by the Investment Manager will be calculated by reference to an annual amount equivalent to the higher of (i) **€2 million**, or (ii) the sum of (a) **1.00% of the portion of the EPRA NAV** (excluding net cash) as of the prior December 31 **which is up to and including €1,000 million**, and (b) **0.75% of the portion of the EPRA NAV** (excluding net cash) as of the prior December 31 **which is in excess of €1,000 million**.

Likewise, starting in the 2018 fiscal year the **performance fee** to be drawn by the Investment Manager **will be linked to both the EPRA NAV and the market capitalisation of the Company**, and subject to an overall cap equivalent to 3% of the EPRA NAV of the Company as of 31 December of the preceding year. Further information on the calculation and payment of the performance fee is included in the presentation.

- **Termination:** The novated IMA **allows the Company to terminate the agreement at its sole discretion at any time prior to its expiration bearing a termination fee** that may range between 1.50% and 2.00% of the last reported EPRA NAV of the Company (adjusted for acquisitions and disposals of real estate properties up to the date of the termination notification), depending on the circumstances and the prior notice given.

7

Commercial gallery acquisition in Parque Abadía

20.02.2018 Today, the Company has acquired a **commercial gallery in Parque Abadía (Toledo)** with a gross leasable area (GLA) of approximately 6,138 sqm. This strategic acquisition, which is added to the one already communicated through material fact of 27 March 2017 (with registry number 250038), that informed of the acquisition of, among others, a gross leasable area (GLA) of approximately 37,114 sqm, fully occupied, in the same retail park, allows the Company to operate a total GLA of approximately 43,252 sqm of the Parque Abadía real estate complex. The acquisition has been carried out for a **total amount of approximately €14 million**, subject to the subsequent customary price adjustments in this kind of transactions.

9

Liquidity contracts and specialists

06.04.2018 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, 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" or the "Contract") from **1 January 2018 to 31 March 2018**, as well as the total amount of shares sold and purchased, and the overall amount of cash used for these transactions.

8

Nuevo Alisal retail warehouse and Villaverde commercial warehouse divestment

12.03.2018 Today, the Company has transferred to Pierre plus Scpi two retail warehouses with a total gross leasable area (GLA) of approximately 7,649 sqm in the **Nuevo Alisal retail park** in Santander, and a **commercial warehouse** with a GLA of 4,391 sqm in Villaverde, Madrid. The aforementioned sales have been formalized in public deeds dated today, for a total **price of 33.2 million euros**. The sale price agreed for the transfer of the mentioned properties (33.2 million euros) represents (i) a **capital gain of 27% on the acquisition price** paid by the Company for said properties in December 2014 (Nuevo Alisal) and July of that same year (Villaverde), and (ii) **an increase of 8.2% over the last valuation of these assets** made at the end of 2017.

Parque Abadía retail park (Toledo)



10 Announcements and agreements of shareholders general meetings

19.04.2018 The **ordinary shareholders' meeting of Lar España** announced on 16 March 2018 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 262964— and which took place on second call today, **19 April 2018, has approved the resolutions submitted to its consideration and vote**, as stated in the attached voting results report.

11 Information on dividends

19.04.2018 The **General Shareholders' Meeting of Lar España**, validly held today, 19 April 2018, on second call, has approved, among other resolutions, to distribute:

- As dividend for the fiscal year, an amount of 17,286 thousand euros, at a ratio of 0.187 euros gross per share.
- With charge to share premium, an amount of 27,714 thousand euros, at a ratio of 0.299 euros gross per share.

The distribution will be carried out on 18 May 2018 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.

12 Share capital increase to reinvest the performance/divestment fee

07.05.2018 Lar España hereby informs that today, in compliance with the contractual agreements entered into with the Manager, Grupo Lar Inversiones Inmobiliarias, S.A. ("Grupo Lar"), the Board of Directors of the Company approved a **share capital increase** with the sole purpose of allowing the amount payable to Grupo Lar as performance fee for the financial year 2017, adjusted in accordance with the agreement reached by both parties in December 2017, as well as the amount payable in connection with the divestment of real estate assets for more than 100 million euro (**divestment fee**), also as agreed by both parties in December 2017, to be **invested in shares of the Company**.

This capital increase, will be carried out with the exclusion of pre-emptive rights by virtue of the authority granted to the Board of Directors by the ordinary General Shareholders' Meeting of the Company on 29 May 2017 and will be fully subscribed and paid for by Grupo Lar, for an effective total amount of **20,923,697.47 euro** (4,278,874 euro corresponding to nominal value and 16,644,823.47 euro to share premium), through **the issuance of 2,139,437 new ordinary shares** of Lar España, of the same class and series as the outstanding shares of the Company, for an **effective price of 9.78 euro** (2.00 euro corresponding to nominal value and 7.78 to share premium).

The referred price is equivalent to **the EPRA NAV per share of the Company as of 31 December 2017**, adjusted to the dividend payments and share premium distributions approved by the ordinary General Shareholders' Meeting on 19 April 2018, which was published on the Company's website on 4 May 2018. The new shares that will be subscribed by Grupo Lar will have a mandatory lock-up period of three years, in accordance with the provisions included in the Investment Management Agreement entered into between Grupo Lar and the Company.

The Company will grant the corresponding capital increase public deed after the auditor appointed by the Commercial Registry issues the mandatory report confirming that the issuance price complies with the applicable provisions of the Spanish Companies Act.

The map displays the geographical distribution of 26 numbered points across Spain. The points are color-coded as follows:

- Orange:** 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 26
- Purple:** 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25
- Red:** 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 26
- Grey:** 18, 19

The points are distributed across various regions, with a concentration in the central and southern parts of the country, and a few points in the Balearic Islands.

**GAV
1.6
BILLION EUROS**



Shopping Centres

- 1 Megapark + Megapark Leisure Area (Vizcaya)
- 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 Palmas Altas (Sevilla) ^(*)
- 8 Parque Abadía and Commercial Gallery (Toledo)
- 9 Rivas Futura (Madrid)
- 10 Albacenter + Hypermarket and retail units (Albacete)
- 11 Vistahermosa (Alicante)
- 12 Txingudi (Guipúzcoa)
- 13 VidaNova Parc (Valencia) ^(*)
- 14 Las Huertas (Palencia)



Retail Warehouses

- 15 Supermarkets Portfolio (22 units)
(Cantabria, País Vasco, La Rioja, Navarra and Baleares)
- 16 Parque Galaria (Navarra)



Offices

- 17 Marcelo Spínola (Madrid)
- 18 Eloy Gonzalo (Madrid)
- 19 Joan Miró (Barcelona)



Logistics

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



Residential

- 26 Lagasca99 (Madrid) ^(*)

(*) Projects under development

MEGAPARK, BILBAOBREEAM® ES MegaPark®
BARAKALDO

Location	Barakaldo (Bilbao)
GLA	83,379 sqm
Purchase Date	19 October 2015/27 October 2017
Acquisition Price	EUR 178.7 m
Market Value (30 June 2018)*	EUR 217.9 m
WAULT	3.6 years
EPRA Net Initial Yield	5.4%
EPRA Vacancy Rate	8.1%

GRAN VÍA, VIGOBREEAM® ES GranVía
de Vigo
CENTRO COMERCIAL

Location	Vigo
GLA	41,446 sqm
Purchase Date	15 September 2016
Acquisition Price	EUR 141.0 m
Market Value (30 June 2018)*	EUR 165.0 m
WAULT	2.4 years
EPRA Net Initial Yield	5.6%
EPRA Vacancy Rate	1.4%

**PORTAL DE LA MARINA AND
HYPERMARKET, ALICANTE**BREEAM® ES PORTAL DE
LaMarina
CENTRO COMERCIAL

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 2018)*	EUR 122.5 m
WAULT	2.9 years
EPRA Net Initial Yield	5.8%
EPRA Vacancy Rate	4.7%

EL ROSAL, LEÓNBREEAM® ES el Rosal
CENTRO COMERCIAL

Location	Ponferrada (León)
GLA	51,155 sqm
Purchase Date	7 July 2015
Acquisition Price	EUR 87.5 m
Market Value (30 June 2018)*	EUR 109.0 m
WAULT	3.5 years
EPRA Net Initial Yield	5.8%
EPRA Vacancy Rate	4.7%

* The valuations have been made by external independent valuers : JLL or C&W.

ANEC BLAU, BARCELONA

BREEAM® ES



Location	Casteldefels (Barcelona)
GLA	28,617 sqm
Purchase Date	31 July 2014
Acquisition Price	EUR 80.0 m
Market Value (30 June 2018)*	EUR 95.9 m
WAULT	2.7 years
EPRA Net Initial Yield	4.8%
EPRA Vacancy Rate	11.0% **

AS TERMAS AND PETROL STATION, LUGO

BREEAM® ES



Location	Lugo
GLA	35,127 sqm
Purchase Date	15 April 2015/28 July 2015
Acquisition Price	EUR 68.8 m
Market Value (30 June 2018)*	EUR 85.6 m
WAULT	1.8 years
EPRA Net Initial Yield	5.7%
EPRA Vacancy Rate	4.9%

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 2018)*	EUR 88.5 m
WAULT	N/A
EPRA Net Initial Yield	N/A
EPRA Vacancy Rate	N/A

PARQUE ABADÍA AND COMMERCIAL GALLERY, TOLEDO

Location	Toledo
GLA	43,154 sqm
Purchase Date	27 March 2017/20 February 2018
Acquisition Price	EUR 77.1 m
Market Value (30 June 2018)*	EUR 80.9 m
WAULT	2.3 years
EPRA Net Initial Yield	5.8%
EPRA Vacancy Rate	1.1%

* The valuations have been made by external independent valuers : JLL or C&W.

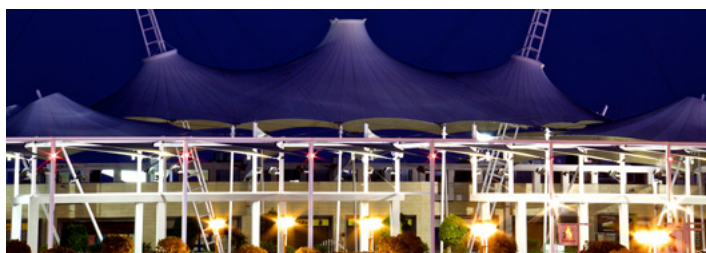
** The property is undergoing significant refurbishments meaning that some units are being vacated temporarily.

RIVAS FUTURA, MADRID

Location	Madrid
GLA	36,726 sqm
Purchase Date	6 February 2018
Acquisition Price	EUR 61.6 m
Market Value (30 June 2018)*	EUR 65.4 m
WAULT	2.1 years
EPRA Net Initial Yield	5.7%
EPRA Vacancy Rate	2.6%

**ALBACENTER, HYPER
AND R.U., ALBACETE**

Location	Albacete
GLA	27,890 sqm
Purchase Date	30 July 2014/19 December 2014
Acquisition Price	EUR 39.9 m
Market Value (30 June 2018)*	EUR 57.9 m
WAULT	2.1 years
EPRA Net Initial Yield	5.9%
EPRA Vacancy Rate	6.0%

**VISTAHERMOSA,
ALICANTE**

Location	Alicante
GLA	33,550 sqm
Purchase Date	16 June 2016
Acquisition Price	EUR 42.5 m
Market Value (30 June 2018)*	EUR 49.7 m
WAULT	5.2 years
EPRA Net Initial Yield	5.6%
EPRA Vacancy Rate	7.8%

TXINGUDI, GUIPÚZCOA

Location	Irún (Guipúzcoa)
GLA	10,712 sqm
Purchase Date	24 March 2014
Acquisition Price	EUR 27.7 m
Market Value (30 June 2018)*	EUR 37.5 m
WAULT	2.5 years
EPRA Net Initial Yield	6.4%
EPRA Vacancy Rate	5.6%

* The valuations have been made by external independent valuers : JLL or C&W.

VIDANOVA PARC, VALENCIA

Location	Sagunto (Valencia)
GLA	45,137 sqm
Purchase Date	3 August 2015
Acquisition Price	EUR 14.0 m
Market Value (30 June 2018)*	EUR 35.8 m
WAULT	N/A
EPRA Net Initial Yield	N/A
EPRA Vacancy Rate	N/A

LAS HUERTAS, PALENCIA

Location	Palencia
GLA	6,267 sqm
Purchase Date	24 March 2014
Acquisition Price	EUR 11.7 m
Market Value (30 June 2018)*	EUR 12.6 m
WAULT	1.9 years
EPRA Net Initial Yield	6.7%
EPRA Vacancy Rate	10.5%

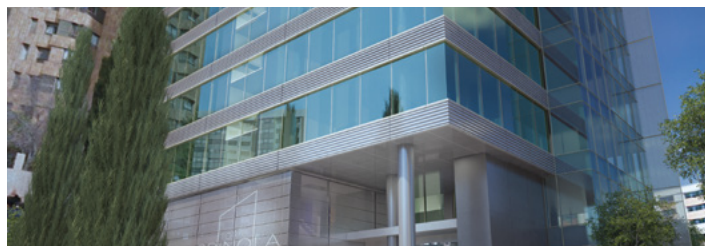
SUPERMARKETS PORTFOLIO (22 UNITS)

Location	Cantabria, País Vasco, La Rioja, Navarra and Baleares
GLA	27,909 sqm
Purchase Date	27 March 2017
Acquisition Price	EUR 47.6 m
Market Value (30 June 2018)*	EUR 52.9 m
WAULT	12.8 years
EPRA Net Initial Yield	7.1%
EPRA Vacancy Rate	0.0%



Location	Pamplona
GLA	4,108 sqm
Purchase Date	23 July 2015
Acquisition Price	EUR 8.4 m
Market Value (30 June 2018)*	EUR 10.9 m
WAULT	3.4 years
EPRA Net Initial Yield	6.2%
EPRA Vacancy Rate	0.0%

* The valuations have been made by external independent valuers : JLL or C&W.

MARCELO SPÍNOLA, MADRID**BREEAM® ES**

Location	Madrid
GLA	8,875 sqm
Purchase Date	31 July 2014
Acquisition Price	EUR 19.0 m
Market Value (30 June 2018)*	EUR 38.5 m
WAULT	1.6 years
EPRA Net Initial Yield	0.0% **
EPRA Vacancy Rate	75.7% **

ELOY GONZALO, MADRID**BREEAM® ES**

Location	Madrid
GLA	6,363 sqm
Purchase Date	23 December 2014
Acquisition Price	EUR 12.7 m
Market Value (30 June 2018)*	EUR 37.5 m
WAULT	11.7 years
EPRA Net Initial Yield	1.5%
EPRA Vacancy Rate	0.0%

JOAN MIRÓ, BARCELONA

Location	Barcelona
GLA	8,610 sqm
Purchase Date	11 June 2015
Acquisition Price	EUR 19.7 m
Market Value (30 June 2018)*	EUR 21.5 m
WAULT	0.5 years
EPRA Net Initial Yield	-0.6%
EPRA Vacancy Rate	23.5%

ALOVERA II, GUADALAJARA

Location	Guadalajara
GLA	83,952 sqm
Purchase Date	13 October 2014
Acquisition Price	EUR 32.1 m
Market Value (30 June 2018)*	EUR 48.1 m
WAULT	1.7 years
EPRA Net Initial Yield	6.2%
EPRA Vacancy Rate	0.0%

* The valuations have been made by external independent valuers : JLL or C&W.

** Recently refurbished and in commercialization.

ALOVERA I, GUADALAJARA

Location	Guadalajara
GLA	35,196 sqm
Purchase Date	7 August 2014
Acquisition Price	EUR 12.7 m
Market Value (30 June 2018)*	EUR 19.0 m
WAULT	1.0 years
EPRA Net Initial Yield	6.5%
EPRA Vacancy Rate	0.0%

ALMUSSAFES, VALENCIA

Location	Valencia
GLA	19,211 sqm
Purchase Date	26 May 2015
Acquisition Price	EUR 8.4 m
Market Value (30 June 2018)*	EUR 10.8 m
WAULT	1.4 years
EPRA Net Initial Yield	6.5%
EPRA Vacancy Rate	0.0%

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 2018)*	EUR 9.6 m
WAULT	0.7 years
EPRA Net Initial Yield	7.4%
EPRA Vacancy Rate	0.0%

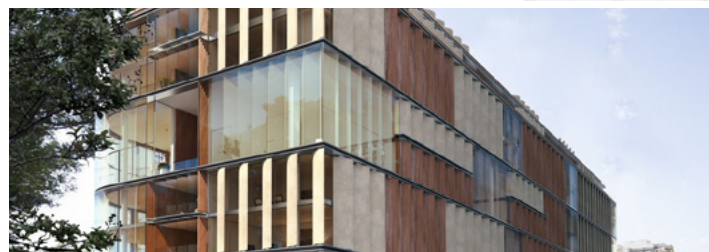
CHESTE, VALENCIA

Location	Valencia
GLA	105,838 sqm
Purchase Date	12 May 2017
Acquisition Price	EUR 2.2 m
Market Value (30 June 2018)*	EUR 8.8 m
WAULT	N/A
EPRA Net Initial Yield	N/A
EPRA Vacancy Rate	N/A

* The valuations have been made by external independent valuers : JLL or C&W.

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 2018)*	EUR 4.5 m
WAULT	1.5 years
EPRA Net Initial Yield	7.0%
EPRA Vacancy Rate	0.0%

LAGASCA99, MADRID

Location	Madrid
GLA	26,203 sqm
Purchase Date	30 January 2015
Acquisition Price	EUR 50.1 m ⁽³⁾
Market Value (30 June 2018)*	EUR 94.0 m ⁽³⁾
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.

* The valuations have been made by external independent valuers : JLL or C&W.

Lagasca99 Residential (Madrid)

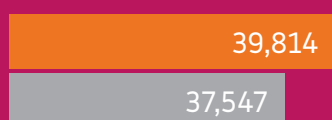


1.4 Key Indicators

In the first six months of 2018 Lar España generated revenues of **39,814 thousand Euros** and a net profit of **43,855 thousand Euros**, being the most relevant figures the following:

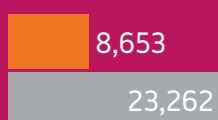
Revenues

(Thousands of Euros)



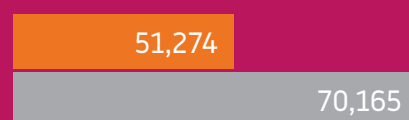
EBITDA (*)

(Thousands of Euros)



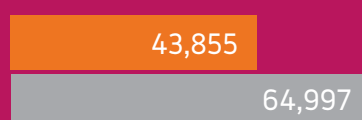
EBIT (*)

(Thousands of Euros)



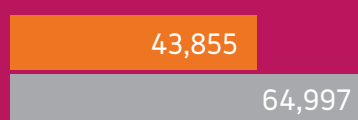
EBT (*)

(Thousands of Euros)



Net Profit (*)

(Thousands of Euros)



● H1 2018 ● H1 2017

39,814
Thousands of
Euros
Revenues

43,855
Thousands of
Euros
Net Profit

(*) **Recurring EBITDA** as of 30 June 2018 amounts to **29,581 thousands of euros, 12.4% higher** than that registered in the same period of the previous year.

Recurring EBIT as of 30 June 2018 amounts to **29,505 thousands of euros, 12.1% higher** than that registered the same period of the previous year.

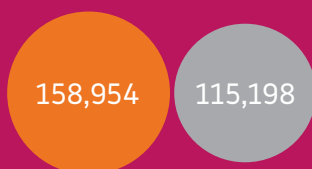
Recurring EBT and Net Profit as of 30 June 2018 amounts to **22,086 thousands of euros, 4.5% higher** than that registered the same period of the previous year.

Other Financial Indicators

The Group presents the following financial indicators:

Working capital

(Thousands of Euros)



Liquidity ratio

(%)



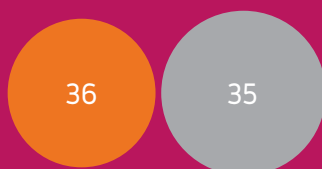
Solvency ratio

(%)



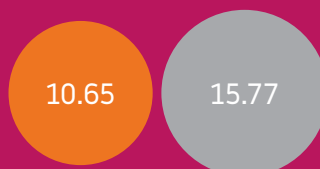
Net LTV

(%)



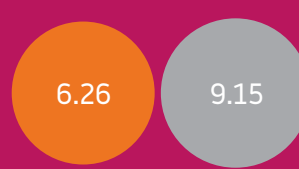
ROE

(%)



ROA

(%)



● 30/06/2018 ● 31/12/2017

At 30 June 2018, and 31 December 2017, the Group presented ratios related to liquidity (working capital and liquidity ratio) with very high values, showing that the Group has sufficient liquidity and a high safety margin to meet its payments.

At 30 June 2018, the **ROE ("Return on Equity")**, which measures the Group's profitability as a percentage of its shareholders equity, amounted to **10.65%** (15.77% at 31 December 2017) whilst the **ROA ("Return on Assets")**, which measures the efficiency of the Group's total assets regardless of the sources of financing used, i.e. the ability of a company's assets to generate income, was **6.26%** (9.15% at 31 December 2017).

1.5 Business Performance

a. Income Distribution

Rental Income

Rental income reached **39,814 thousand Euros** in the first half of 2018 (versus 37,547 thousand Euros in the same period of the year before). The increase in rental income between the first half of 2018 and the same period of the year before mainly corresponds to the Group's acquiring and launching new real estate investments during

said period (Rivas Futura retail park and Parque Abadía commercial gallery).

The relative weigh of rental income by line of business at 30 June 2018 is as follows:

Rental Income by asset class (%). First half of 2018.



The breakdown of the **income per asset** for these three lines of business during the first six months of 2018 is as follows:

Income by Shopping Centre (%)

Megapark + Megapark Leisure Area	18.0	
Gran Vía de Vigo	13.6	
Portal de la Marina + Hyper	10.2	
El Rosal	9.4	
Anec Blau	8.1	
As Termas + Petrol Station	7.8	
Parque Abadía + Commercial Gallery	7.2	
Supermarkets Portfolio	5.3	
Albacenter + Hyper	5.2	
Vistahermosa	4.7	
Rivas Futura	3.8	
Txingudi	3.6	
Las Huertas	1.3	
Parque Galaria	1.0	
Villaverde (*)	0.4	
Nuevo Alisal (*)	0.4	

Income by Logistics Warehouse (%)

Alovera II	51.7	
Alovera I	19.6	
Almussafes	13.0	
Alovera IV (C5-C6)	12.9	
Alovera III (C2)	2.8	

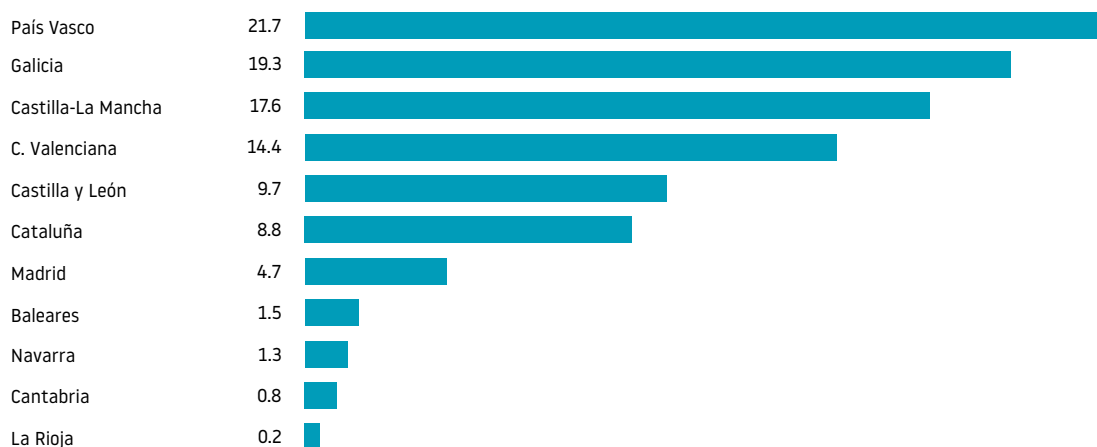
Income by Office Building (%)

Joan Miró	59.7	
Marcelo Spínola	15.4	
Egeo (*)	13.1	
Eloy Gonzalo	11.8	








(*) Asset sold during 2018

This graph details the **breakdown of rental income per region** for H1 2018:

Income per region (%)



Below are the **ten tenants that have generated the most revenue** during the first half of 2018 and their main characteristics:

Ranking	Trade Name	Asset	% of total rental income	% Acumulated	Lease end	Sector
1	Carrefour 	Alovera II, El Rosal, Gran Vía de Vigo, Portal de la Marina Hypermarket	9.33%	9.33%	2021-2060	Distribution / Hypermarket
2	INDITEX	Anec Blau, Albacenter, El Rosal, As Termas, Huertas, Portal de la Marina, Gran Vía de Vigo	7.61%	16.94%	2025-2034	Retail Fashion
3	MediaMarkt 	Megapark, Vistahermosa, As Termas, Parque Abadía, Rivas Futura, Villaverde, Nuevo Alisal	4.14%	21.08%	2023-2041	Technology
4	EROSKI 	Albacenter Hypermarket, As Termas Petrol Station, Supermarkets Portfolio	3.83%	24.91%	2019-2051	Petrol Station / Distribution
5	DECATHLON 	Megapark, Parque Abadía	2.90%	27.81%	2036-2041	Distribution
6	CORTEFIEL	Abacenter, Anec Blau, As Termas, Parque Galaria, Las Huertas, Megapark, Portal de la Marina, Txingudi, El Rosal, Gran Vía de Vigo, Vistahermosa	2.34%	30.15%	2019-2030	Retail Fashion
7	Conforama	Rivas Futura, Parque Abadía, Megapark	2.16%	32.31%	2028-2035	Distribution
8	Alcampo 	Parque Abadía, Vistahermosa	2.00%	34.31%	2055-2061	Distribution / Hypermarket
9	H&M 	Anec Blau, Albacenter, El Rosal, As Termas, Portal de la Marina, Gran Vía de Vigo, Txingudi	1.98%	36.29%	2022-2047	Retail Fashion
10	C&A 	As Termas, Portal de la Marina, Megapark, Anec Blau, Gran Vía de Vigo, Parque Abadía	1.90%	38.19%	2023-2029	Retail Fashion

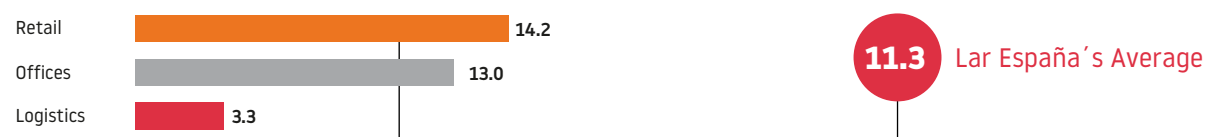
Gross annualised rents

The **annualised GRI** ^(*) of Lar España is detailed below, as well as the **annualised GRI per occupied sqm** at 30.06.2018:

Asset	Gross Annualised Rents (thousands of euros)	GLA occupied (sqm)	Gross Rent (€/sqm/month)
SHOPPING CENTRES	70,152	406,059	14.4
Megapark + Leisure Area	12,497	71,772	14.5
Gran Vía Vigo	10,138	40,132	21.1
Portal de la Marina + Hypermarket	7,971	39,150	17.0
El Rosal	7,544	47,919	13.1
Anec Blau	5,734	23,704	20.2
As Termas + Petrol Station	5,544	33,668	13.7
Parque Abadía + Commercial Gallery	5,252	42,925	10.2
Rivas Futura	4,307	35,488	10.1
Albacenter + Hypermarket	3,952	25,291	13.0
Vistahermosa	3,561	30,352	9.8
Txingudi	2,635	10,166	21.6
Las Huertas	1,017	5,492	15.4
RETAIL WAREHOUSES	4,538	32,017	11.8
Portfolio Supermarkets	3,839	27,909	11.5
Parque Galaria	699	4,108	14.2
TOTAL RETAIL	74,690	438,076	14.2
OFFICES	2,348	15,017	13.0
Eloy Gonzalo	1,658	6,363	21.7
Marcelo Spínola	417	1,905	18.3
Joan Miró	273	6,749	3.4
TOTAL OFFICES	2,348	15,017	13.0
LOGISTICS	6,403	161,841	3.3
Alovera II	3,188	83,952	3.2
Alovera I	1,344	35,196	3.2
Almussafes	770	19,211	3.3
Alovera IV (C5-C6)	766	14,891	4.3
Alovera III (C2)	335	8,591	3.2
TOTAL LOGISTICS	6,403	161,841	3.3
TOTAL LAR ESPAÑA	83,441	614,934	11.3

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

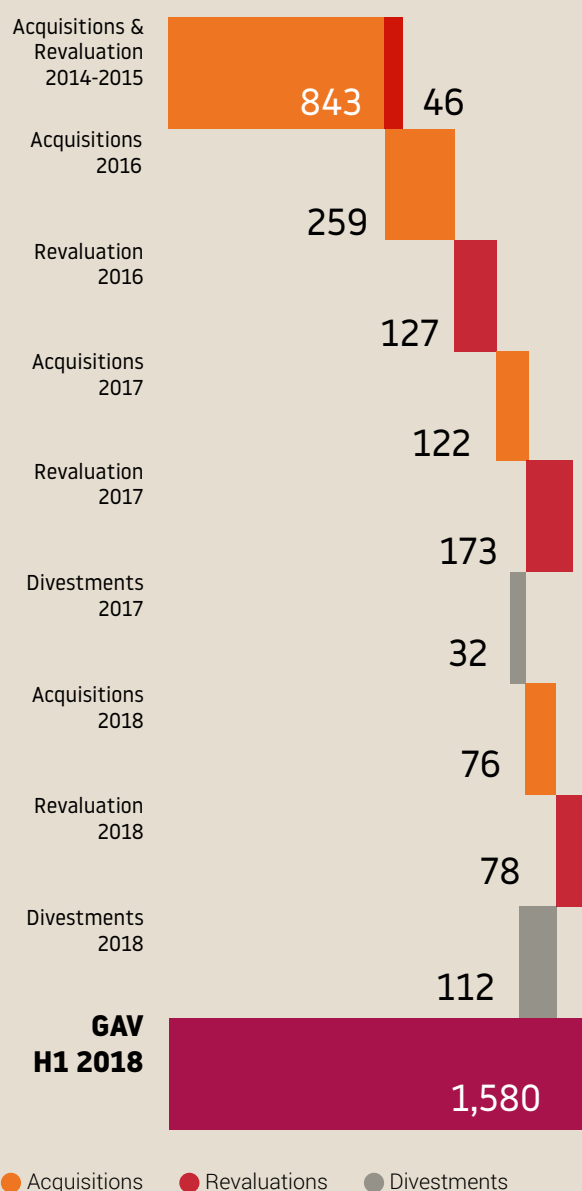
Gross annualised rent / sqm occupied by asset class (€/sqm/month)





b. Value of Lar España's portfolio at 30.06.18

As at 30 June of 2018, the total value of Lar España's portfolio totals **EUR 1,580 million**.

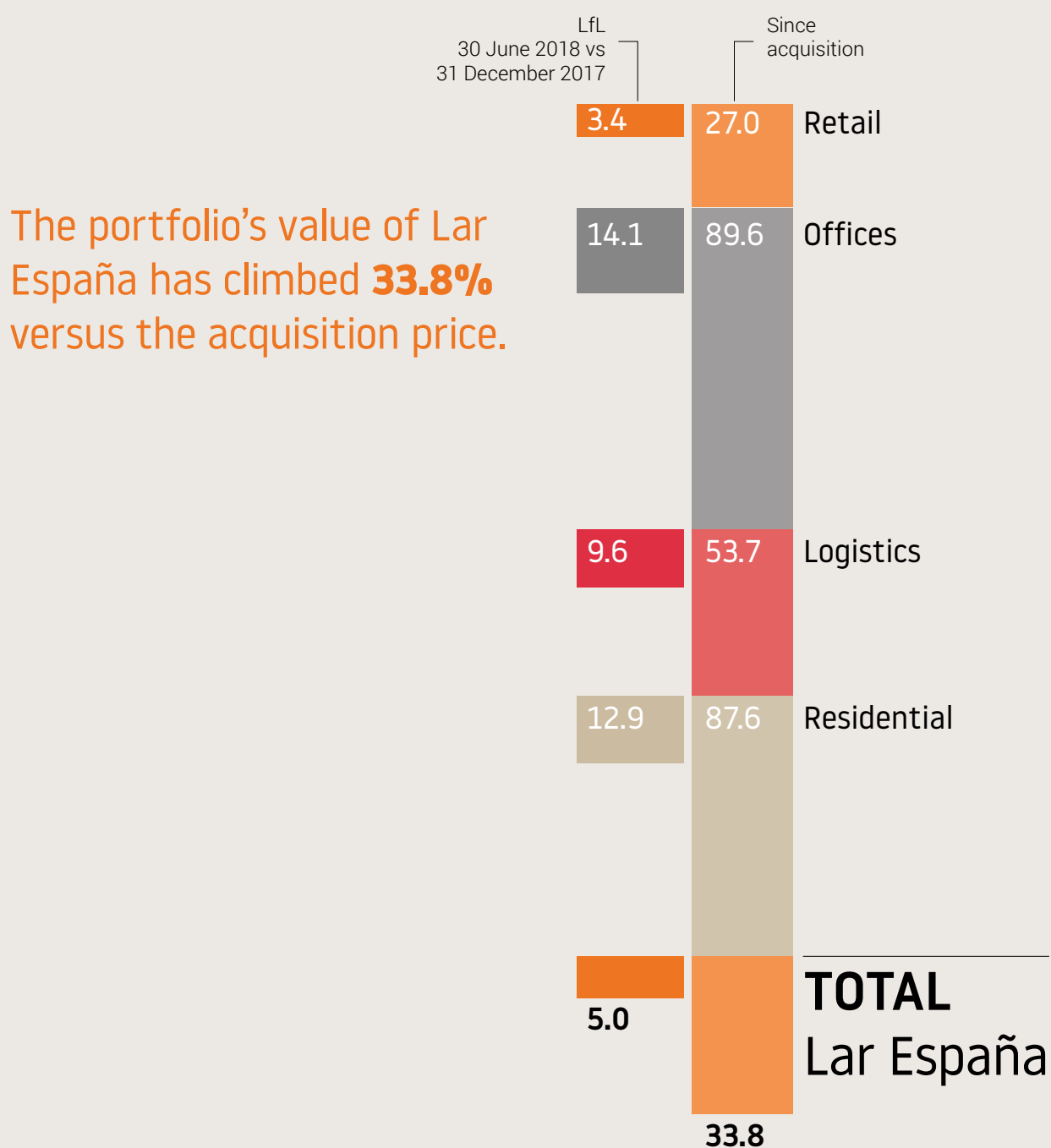


During H1 2018 Lar España acquired two properties for **€76 million** (Rivas Futura Retail Park and Parque Abadía Commercial Gallery). It also made disposals of **€112 million** (Egeo office building and Nuevo Alisal and Villaverde retail warehouses).

Revaluation by type of asset (%)

According to the valuation reports published by JLL and C&W dated 30th June 2018, the total value of Lar España's Portfolio has climbed a **33.8%** versus the acquisition price.

The breakdown of value uplift by asset class vs 31 December 2017 and acquisition price is as follows:



c. Capex

The company has continued to refurbish and improve the assets in its portfolio in order to generate more value, investing more than **€41.3 million** during the first half of 2018.

The breakdown of investment by asset class is as follows:

CAPEX investment (Thousands of euros)



The largest investment made was at **Palmas Altas** shopping centre, followed by **Lagasca99** and **VidaNova Parc**. With more than €1,500,000 of investment, **El Rosal** and **Albacenter** shopping centres lead investment in retail. The recently refurbished **Eloy Gonzalo** office building had the highest capex investment in the office sector.



Palmas Altas development (Sevilla)

Refurbishment pipeline

Megapark Shopping Centre

With an investment of approximately €6.5 million, Megapark will be transformed into an appealing modern urban space. Its feel-good areas will ensure visitors enjoy a **fantastic shopping experience**, while its new leisure and dining area – which will bring together first-rate restaurants, terraces and alternative leisure spaces – will complete one of the best retail offerings in the north of Spain.

The refurbishment is being carried out in two phases (outlet area and shopping arcade + leisure area). The new and improved Megapark is scheduled to reopen at the end of 2019, although the new retail park and factory outlet will be completed before the end of 2018.



Anec Blau Shopping Centre

Refurbishments will start on the Anec Blau Shopping Centre in the upcoming quarter. The aim is to transform it into the **leading lifestyle shopping centre** in Baix Llobregat by carrying out a full-scale refurbishment designed to give both the interior and the exterior of the centre a completely new look and feel.

As such, **innovative open-air** spaces will be incorporated into Anec Blau, to convey a more **ECO attitude**, be more akin with the surrounding area and to reap the full benefit of the local climate. The **new light-filled dining area** will allow visitors to enjoy a retail offering to suit everyone's tastes.

Portal de la Marina Shopping Centre

Portal de la Marina is the no.1 shopping centre in the area, which is bordered by Denia, Gandía and Calpe. The refurbishment project, which is already underway, includes the **renovation of the main entrance**, adding a large portico that will offer a warm welcome to customers at the shopping centre.

A total of approximately €3 million will be invested, which will include **improvements to the dining area**, with a new food court to create a more inviting and modern environment.

Portal de la Marina will become the **leading shopping centre, with a Mediterranean look and feel** and the best dining options.



As Termas Shopping Centre

We will improve the **design of the dining area** at our leading shopping centre in Lugo, making it more relaxed, modern and adding **local cultural** touches.

Refurbishments at As Termas will immerse the centre in and adapt it to the local ethos, improving its interior and the services offered.



El Rosal Shopping Centre

El Rosal shopping centre is being transformed to become the go-to location in Ponferrada. Its **fresh new look combines tradition and cutting-edge design**, reconfiguring its spaces and providing it with a **fully-renovated dining area**. A total of €2 million will be invested in the refurbishment works, which are expected to be completed in Q3 2018.

El Rosal will become the leading family leisure shopping centre in its catchment area.

Albacenter Shopping Centre

€3 million has been invested in the shopping centre located in Albacete to renovate its entrances and create dynamic, feel-good and urban spaces, by **remodelling the retail and dining areas**.

The refurbishment is based on bringing the city centre to Albacenter via urban walkways, inviting terraces, green spaces incorporated into the architecture and wooden slats.

The refurbishment, which began in November 2017, was designed by the Mesura architectural firm and took 7 months to complete.



Eloy Gonzalo Office Building

Office building located at Calle Eloy Gonzalo, 27 in the Chamberí district of Madrid, fronting onto two streets and boasting high visibility. It is perfectly located within striking distance of the Paseo de la Castellana and benefits from excellent public transport links.

With approximately €4 million being invested in a **full-scale interior refurbishment**, including all of the facilities, the property has maintained its classical essence, while enhancing its overall appeal, so much so that **it has already been fully pre-let prior to completion of the refurbishment works**.

Over the summer, anchor tenant **WeWork** will start to open some of its new co-working centre in Madrid, which will be located on the first six floors of the building.

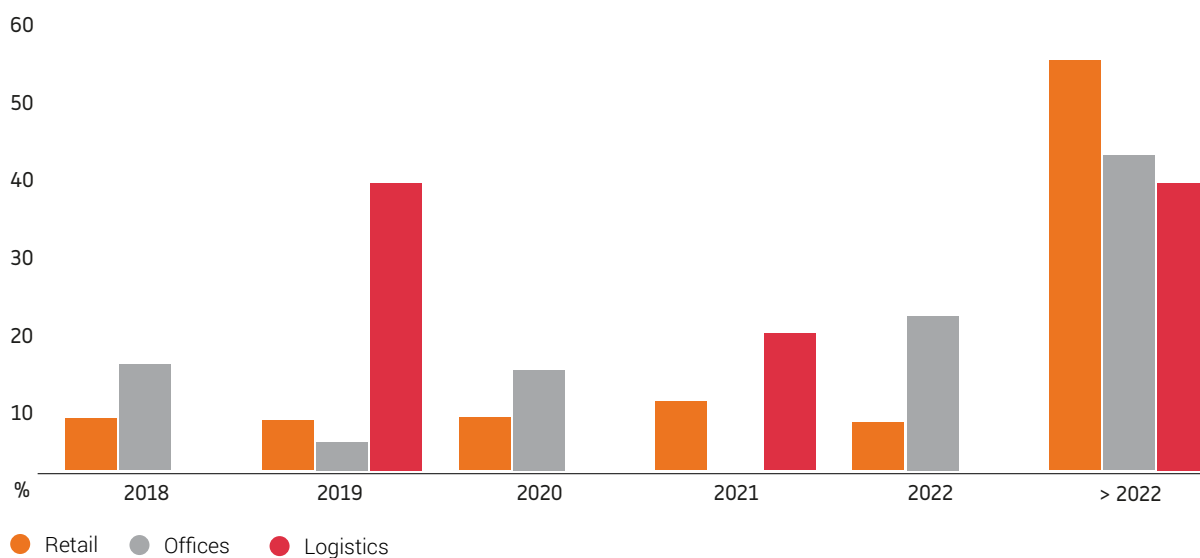
d. Lease Expiry and WAULT

We continue to actively manage our portfolio, allowing us to achieve a **solid and diversified tenant base**.

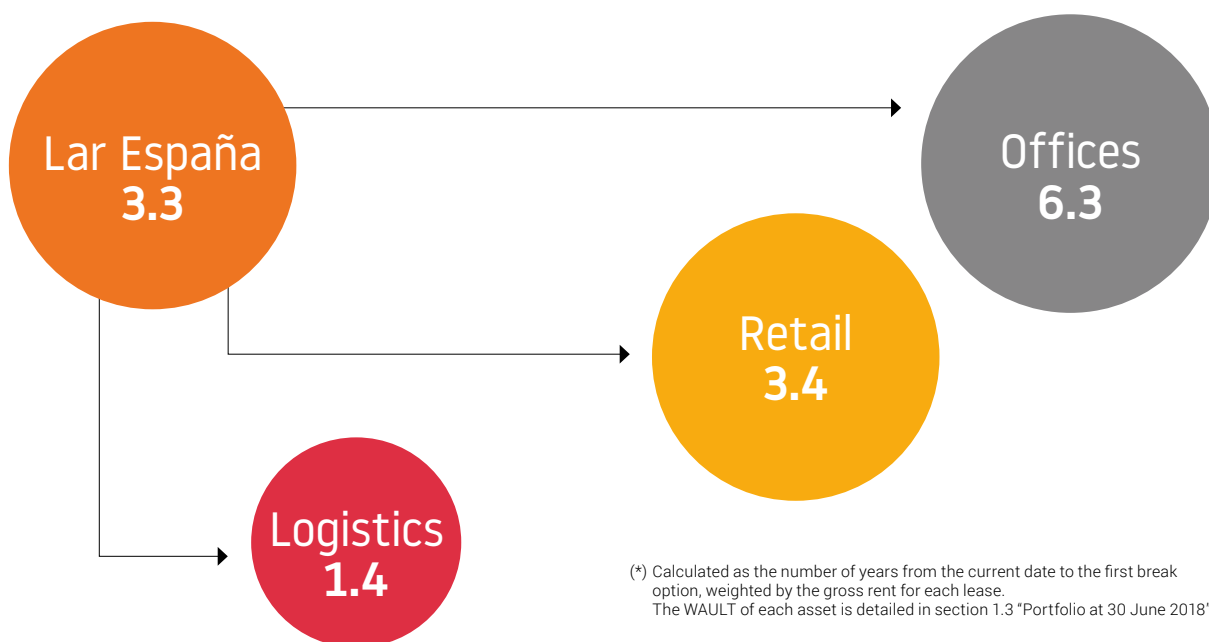
Leases with our main tenants have been renewed and extended, thereby achieving sizeable minimum guaranteed

rent levels. During Q2 2018 new long-term lease agreements have been signed with new tenants. We would note that as at 30 June 2018, **55% of all of Lar España's lease agreements** in force have at least five years left on the leases.

Lar España's portfolio lease expiry scheduled by year (%)



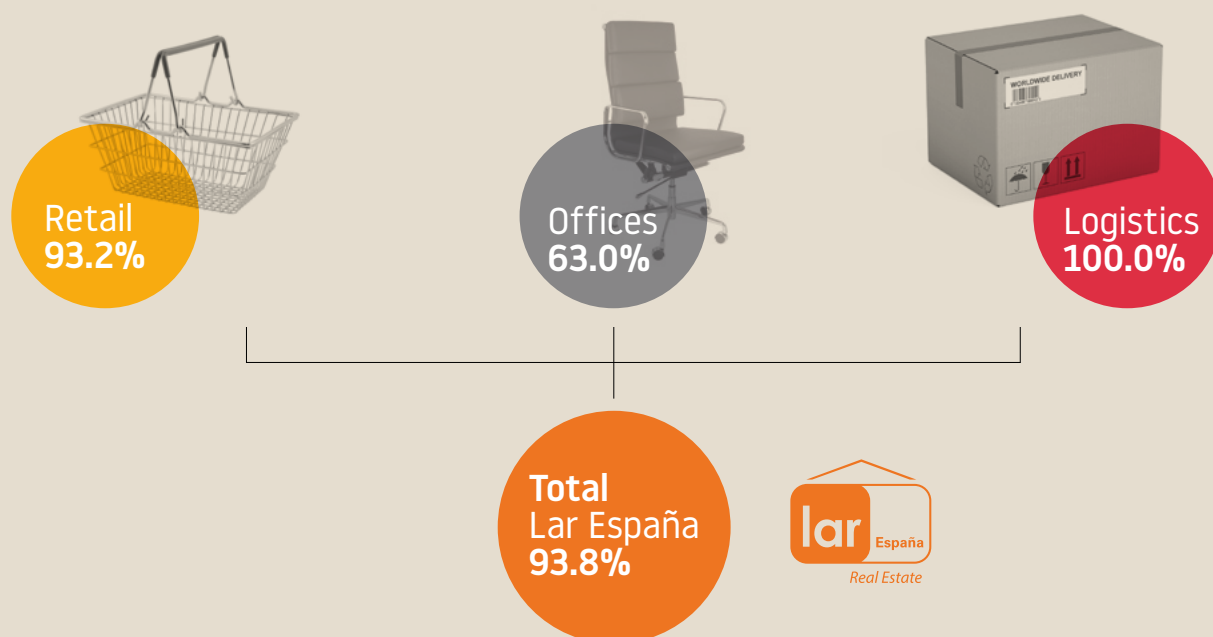
Thus, the **WAULT** ^(*) (weighted average unexpired lease term) at 30 June 2018 of Lar España's portfolio is **3.3 years**. Below you will find the detail by asset class:



e. Occupancy (sqm)

The gross leasable area (GLA) of Lar España's income producing assets at 30 June 2018 stood at **655,887 sqm**, whilst the occupancy rate stood at **93.8%**.

The occupancy rate by asset class at 30 June 2018 is shown below:





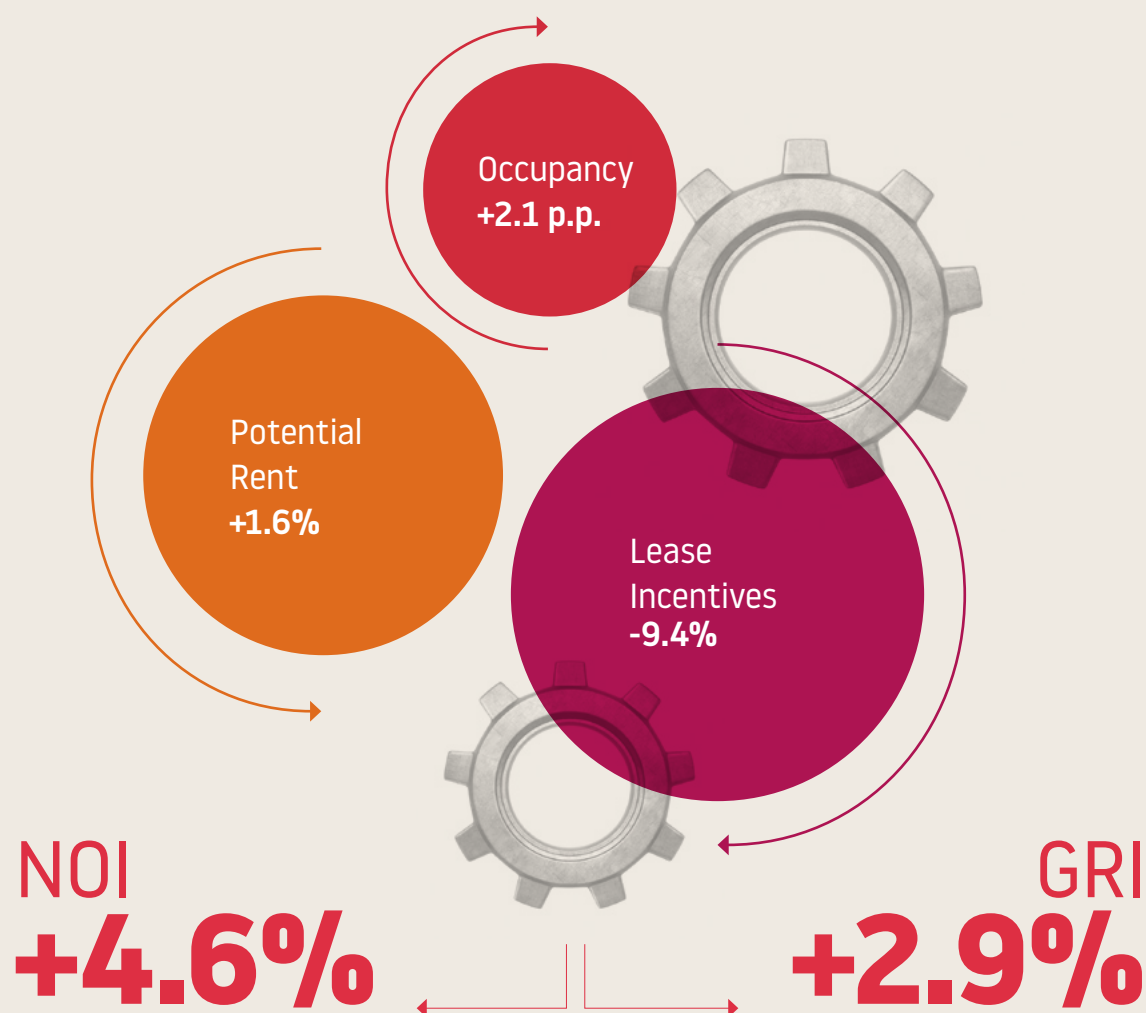
f. Main Milestones

Lar España continued to implement its strategy to actively manage its portfolio. The **performance of the key indicators in the first six months** of 2018 is detailed below.



Retail

LfL key indicators evolution



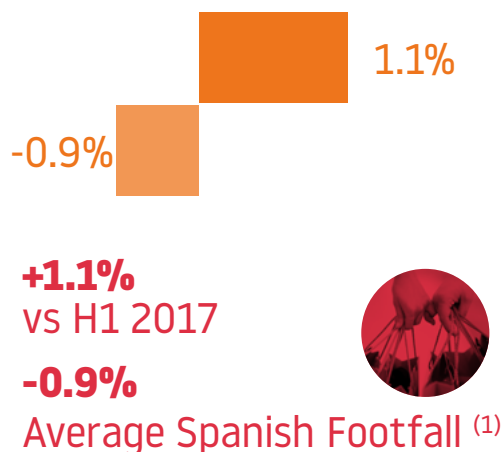
Major operative milestones

During the first six months of 2018 Lar España continued to actively manage its retail portfolio. It closed **74 transactions** including renewals, relocations, relettings and new lettings, resulting in an annualised tenant rotation rate of 5% for the portfolio.

11,508 sqm Rotated
5% Annualised tenant rotation rate
+8.6% Rent uplift
EUR 3.5 million negotiated rent

H1 2018 Footfall

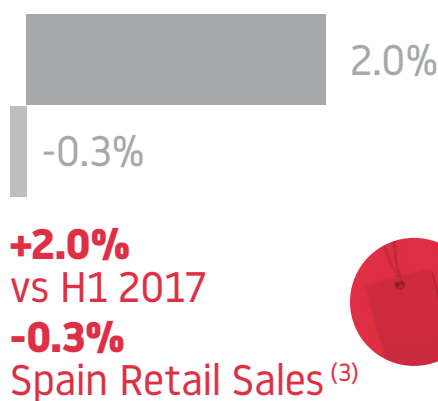
High footfall indicator in our shopping centres:
26.9 Million of visits.



(1) Shopper Track Index

H1 2018 Sales

Good sales performance in the shopping centres:
303.6⁽²⁾ Million of euros.



(2) Declared Sales

(3) National Statistics Institute (INE)



Anec Blau Shopping Centre (Barcelona)

Retail Users Data

In order to **gain a better understanding of our customers' habits**, we are using the **Seeketing** tool in some of our main shopping centres (Albacenter, Anec Blau, As Termas, El Rosal and Portal de la Marina). This tool provides us with invaluable information, helping us to make more-informed management decisions for our properties.

Among the data we can extract from this tool, we would highlight the **average customer dwell time**, as well as the **number of visits**. These two figures allow us to work out the **total use** of the shopping centre, by multiplying the average dwell time registered by the number of visits.

The results obtained during H1 2018 were as follows:



88 min
average
dwell time

+8.64%
vs. H1 2017



959,261,794 min
of
total use^(*)

+8.63%
vs. H1 2017

The shopping centres analysed registered an **8.64%** increase in average customer dwell time y-o-y (88 minutes vs. 81 minutes), this combined with an increase in total number of visitors drove the total use up by **8.63%**.

As well as the Seeketing tool, we are also introducing the **"Customer Journey"** project in our properties, a research programme that will allow us to map out the route that customers take when they visit our centre, identifying customer profiles and how they spend their time during their visit.

These tools not only allow us to better understand customer trends, but also their likes and dislikes, providing us with invaluable insights in terms of better managing our shopping centres, creating a unique and stand-out offering, and increasing overall customer satisfaction.

(*) Figure calculated by multiplying the average dwell by the number of visitors in the period.



Some of the **main operations** during the period between 1 April and 30 June 2018 are detailed below:

c. €462,000 annual negotiated rent

7 operations



Main operations:

- Renewal of Base Sports (415 sqm)
- Reletting of Inside (281 sqm)

1,287 sqm

c. €318,000 annual negotiated rent

4 operations



Main operations:

- Reletting of Urban Planet (1,096 sqm)
- Reletting of Ginos (348 sqm)

1,626 sqm

c. €237,000 annual negotiated rent

6 operations



Main operations:

- Renewal of El Galeón (270 sqm)
- Reletting of La Urbana (230 sqm)

870 sqm

c. €663,000 annual negotiated rent

22 operations



Main operations:

- Renewal of Purificación García (192 sqm) at Megapark
- Renewal of Marypaz (130 sqm) at Albacenter

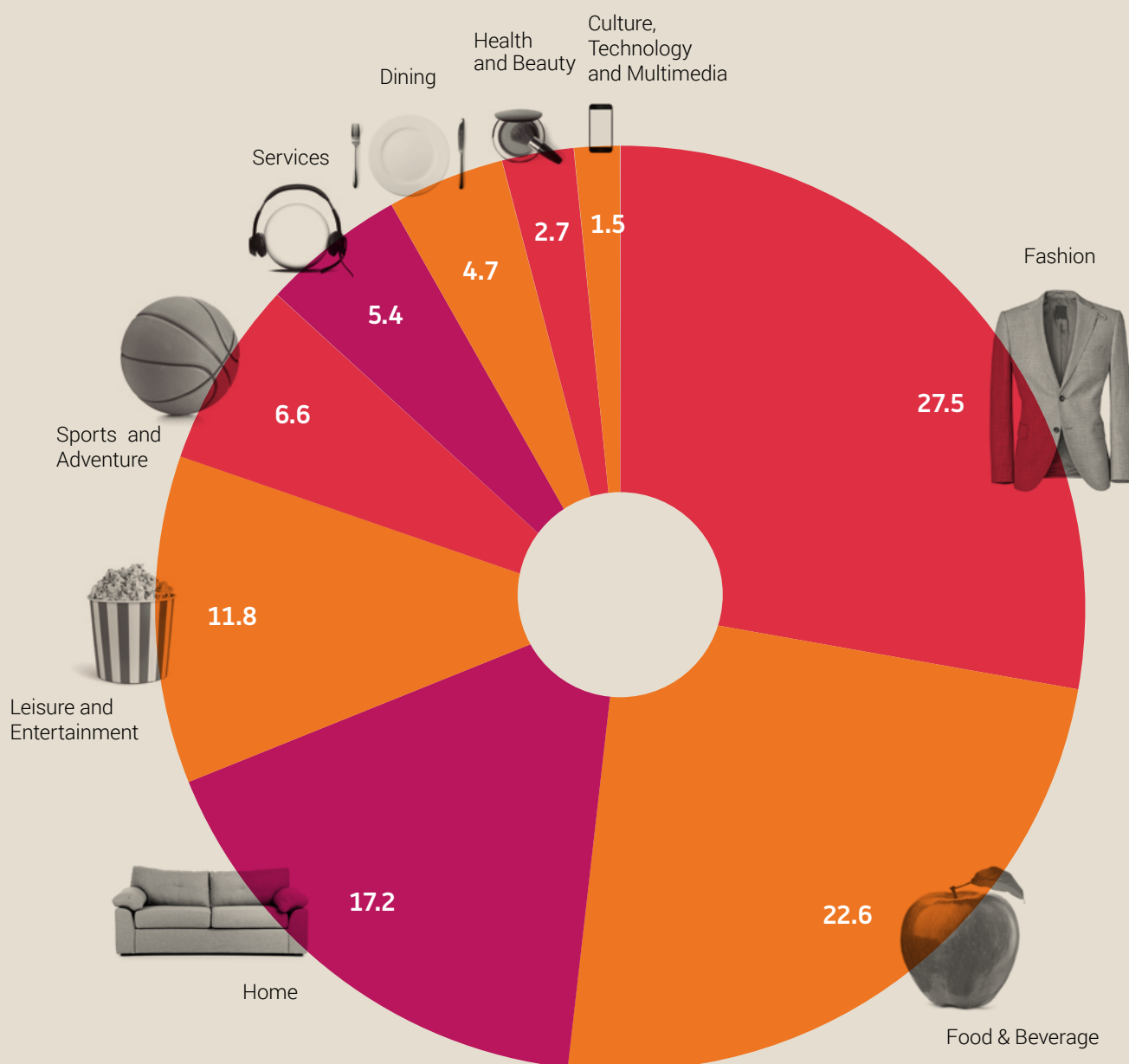
Rest of the portfolio

1,894 sqm

The healthy pre-let rate continues in **retail projects under development**. During H1 2018, **seven deals were signed** (2,200 sqm) at **VidaNova Parc** retail complex, taking the pre-let occupancy to 100%, whilst **seventeen lettings** (3,643 sqm) were signed at **Palmas Altas** shopping centre, meaning that 73% of GLA has now either been signed or has a binding document in place.

Retail Tenant Mix (%)

Below you will find the **tenant mix** of Lar España's retail portfolio at 30 June 2018 by space let. The fashion, food & beverage, home and leisure and entertainment sectors account for 79% of the retail offering in Lar España's shopping centres.



Innovation, differentiation and events

Project Wonderful

In March 2018, the second edition of **Project Wonderful** was launched, an entrepreneurial **innovation project that aims to drive innovation and entrepreneurship in the shopping centre** sector and society as a whole. This initiative forms part of Lar España's **Corporate Social Responsibility (CSR)** action plan and is sponsored by Sabadell BStartUp, IBM, El Economista, Indra and Universidad Francisco de Vitoria.

In this second edition, more than 100 initiatives were received in some of the provinces where Lar España owns a centre: Albacete, Alicante, Barcelona, León, Lugo, Pontevedra, Toledo, Madrid, Vizcaya and Valencia.

Project "Hola Familia"

Lar España launched this project in 2016 as part of its asset **differentiation strategy** and to provide its shopping centre customers with unique experiences.

The aim of **Project "Hola Familia"** is to create a comfortable, welcoming and feel-good space, where parents can go to feed their children while at the shopping centre.

Following the approval of the concept developed by the architectural firm Mesura during H1 2018, Project Welcome Family is now very nearly a reality, and is due to launch once the project has been awarded to the contractor. This works tender will allow Lar España to implement this project at Gran Vía de Vigo Shopping Centre, which will be the first Lar España property to apply this unique concept that provides **added-value to customers**.

Reopening of the Albacenter Shopping Centre

On 7 June, an event was held to launch the **new-look Albacenter Shopping Centre**. The event was attended by the local mayor, Manuel Serrano, various town councillors and Lar España staff and partners.

The new Albacenter unveiled its new look following the renovation project that began in November 2017, and which was carried out by the Mesura architectural firm. This refurbishment has changed both, the shopping centre's look and its feel in terms of how customers enjoy their shopping and leisure experience, by introducing the new Albacenter philosophy: URBAN-TOPIA, consisting in **adding urban-style spaces where visitors can enjoy a walk, shopping and a range of leisure experiences**. The refurbished shopping centre will reclaim its position as the go-to location for shopping and leisure in the heart of the city.

With its new look, the centre will welcome its customers with large glazed windows and new and improved relaxation areas for visitors. Interior terraces will bathe the centre in natural light and the widened walkways will allow visitors to wander through with ease. The project has been carried out with **urban-style architecture**, using practical and high-end materials, city paving and green spaces, changes which aim to bring Albacete city centre to the very heart of our shopping centre.

Albacenter also wanted to invite customers to come and celebrate its re-launch. The event featured a range of activities for visitors, including a DJ, hairdressing and make-up tutorials, hundreds of gifts, children's activities and €400 in spending money to be won at prize draws at the centre and online.



Albacenter Shopping Centre's brand new look

"Móntalo" day at As Termas Shopping Centre

As Termas Shopping Centre hosted a "Móntalo" day, in a bid to **attract new franchises**. The day consisted of a workshop entitled "10 tips for successfully investing and launching your business in Lugo", organised in collaboration with Lugo City Council and the EOI School of Industrial Organisation.

This event took place on 12 June at CEI Nodus de Lugo (Business and Innovation Centre) and was organised by Pablo Gimeno, private investor, economist, speaker and international presenter, who revealed the **key tips for successfully investing and launching a business**, giving good examples of successful retailers and unique opportunities to develop a business in the city of Lugo.

In conjunction with this event, on the 22 and 23 of June a "Make it Happen" stand was placed in our As Termas Shopping Centre, where visitors could learn more about the investment opportunities at the shopping centre and visit the units available.

Technical workshop in Seville organised by AECC

On 14 June, the Second **Workshop organised by the Spanish Association of Shopping Centres and Retail Parks (AECC)** took place in Seville, entitled "From project to reality."

The aim of this workshop was to demonstrate the main features and challenges of the major shopping centres that are currently under construction in Seville: **Palmas Altas**, owned by Lar España, and Torre Sevilla.

The workshop took place at Club Antares in Seville, where more than 120 attendees were able to take part in a variety of conferences to learn more about both projects. Attendees could also visit the centres to see how construction work was progressing.

Palmas Altas will become the **go-to shopping centre in Seville**, and is scheduled to open in H1 2019. It comprises 100,000 sqm of retail and family leisure space, with close to 150 retail units. Construction work began in August 2017, with the foundations and below-ground structure now fully completed. The façades and roofs are now being put in place, mechanical systems are being installed and work is starting on the centre's interior.

Opening of Leroy Merlin in the VidaNova Parc Retail Park

VidaNova Parc, the largest retail park between Valencia and Castellón, partially opened to the public on Friday 22 June, with the **opening of the multinational French store Leroy Merlin** on Thursday 21 June. The whole retail park, as well as its wide array of other stores are expected to open this September.

Leroy Merlin organised an institutional event, which was attended by the Mayor of Sagunto, Francesc Fernández, the Spokesperson for the Municipal Government, Pepe Gil, the Councillor for Economic Development, Miguel Chover, and the Councillor for Activities, Guillermo Sampedro. Also in attendance were Leroy Merlin's Managing Director in Spain, its Head of Expansion, Regional Director of Eastern Spain and the Manager of the store itself.

The Leroy Merlin store comprises more than 8,500 sqm of retail space, with an initial workforce of 120 employees and will be one of the anchor stores at VidaNova Parc.

In addition to the already operational Leroy Merlin, other brands that will be in the retail park include: Masymas, Decathlon, Worten, C&A, Urban Planet, Yelmo Cines, Norauto, Tiendanimal, Burger King and Fifty Factory (Grupo Cortefiel), among others.



Opening of Leroy Merlin in the VidaNova Parc Retail Park

Customer Journey Presentation

Lar España remains committed to being the **leading company in the transformation of the retail sector**, creating new ways to more efficiently and digitally interact with both internal and external customers.

Hence, it continues to carry out initiatives linked to the company's **TES project (Technology, Engagement & Sustainability)**. This project forms part of our research programme to better understand our customers' journeys at our shopping centres, from the moment they plan their visit, right up to the moment they leave, identifying all of the contact points and the main "Pains & Gains" encountered along the journey.

This project launched last year, with a research programme carried out at the Portal de la Marina and Gran Vía de Vigo shopping centres and this was also carried out at the **Anec Blau, As Termas and El Rosal Shopping Centres** in H1 2018.

The general objectives of this research programme are to: i) evaluate the visitor experience at our shopping centres and transform the centres into destinations; ii) offer a unique and standout value proposal; and iii) improve the strategic positioning of each one of our properties.

Food Truck Experience at As Termas Shopping Centre

On 21, 22 and 23 June, once again **As Termas shopping centre** held a "Food Truck" experience, which included something for everyone: music, activities and dining for people all ages.

These events have been a huge success for the city of Lugo, which included eight food trucks, live concerts and DJs, magic shows and kids workshops. In so doing, **Lar España yet again demonstrated its commitment to family leisure, innovation and driving activity** at its shopping centres.



Partners & Friends Event

On 26 June the second edition of the **"Partners & Friends"** event took place, and this year it was held at 'El Paracaidista', located in Madrid's Malasaña neighbourhood. The event is a coming together of shopping centre professionals organised by Lar España, and this edition saw more than eighty retail sector professionals take part, with talks on **various projects and improvements carried out by Lar España** at its shopping centres.

Those attending the event enjoyed a relaxed day, with big brands such as AmRest, C&A, Carrefour, Décimas, Día, Grupo Restalia, Grupo Vips, La Casa del Libro, Leroy Merlin and Lidl also taking part.

The day ended with a spectacular barbecue with colleagues and friends on the roof terrace.



Talk given by Miguel Pereda, Board Member of Lar España, at the Partners & Friends event

"Quack Music" showcase with Carlos Baute in the Anec Blau Shopping Centre

The acclaimed Venezuelan singer, Carlos Baute, gave a rousing and emotional concert to customers at the **Anec Blau shopping centre**. To attend the concert, visitors had to present a receipt, or various receipts showing they had spent at least €30 at the centre.

Technical audit of services and customer service at our shopping centres

In May 2018, as part of its strategy to improve the management of its shopping centres, Lar España put in place a series of **technical and services and customer support audits**.

Technical audits:

The aim of these audits is to guarantee that the Lar España shopping centres comply with technical regulations in terms of active and passive fire protection and existing evacuation routes.

These audits began in the Gran Vía, Anec Blau and Vistahermosa shopping centres. Each property received a **technical status report** indicating any deficiencies, a technical solutions proposal and an account of any need to adapt to current regulations. These audits will soon be carried out in the other shopping centres in the portfolio.

Audit of services and customer support

The aim is to ensure that the knowledge, experience and investments applied to the whole value chain, drive good management at Lar España's shopping centres. We are looking to obtain indicators relating to the quality of the services we offer our customers, in line with the firm commitment we have made to providing our **customers with an exceptional experience** at our centres.

By implementing these services and customer support audits at Gran Vía and Anec Blau, we obtained **mystery shopper reports** detailing qualitative and quantitative indicators that: ensure that the strong points of the customer service cycle are upheld; identify both good practices and opportunities and areas for improvement in each phase; and improve both customer confidence and the level of engagement of each and every one of the employees.

The results from both audits have allowed us to put corrective measures in place, implement improvements and rectify defects in two critical areas: customer services and security.





Sustainability

Lar España continues to make great progress in terms of its commitments to its **Corporate Social Responsibility (CSR)** policies, particularly in the field of sustainability. It is committed to achieving certifications at its properties, to ensure the **highest standards of sustainability**.

During H1 2018, two more of our properties in our portfolio were certified:

- **Las Huertas Shopping Centre:** BREEAM® in Use "Good", obtained on 24 May 2018
- **Txingudi Shopping Centre:** BREEAM® in Use "Good", obtained on 20 June 2018

With these new certifications, **every single one of our shopping centres** is now BREEAM® certified. BREEAM® is the global leader in assessing and certifying sustainable construction processes, using the most advanced technical assessment methods.

In both of our shopping centres (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.

BREEAM® ES

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**.

Lar España is currently implementing its **CSR Master Plan**, which is articulated around the most stringent sustainability standards (general and sector-specific), the recommendations made by the securities market regulator, its stakeholders' legitimate expectations, the United Nations Sustainable Development Goals (SDGs) and the priorities for the business for the coming years.



During 2018, Lar España has participated for the first time in **GRESB's (Global Sustainability Real Estate Benchmark)** assessment, which in the last five years, has become the **reference framework for environmental, social and governance (ESG) issues** in the Real Estate sector. In 2017, 850 companies and real estate funds, from 62 countries, representing more than USD 3.7 trillion in assets under management, carried out this assessment. Moreover, 70 institutional investors including pension funds and insurance companies (representing a total of USD 17 trillion in capital) use the tools and data provided by GRESB to improve and protect shareholder value. This action **shows Lar España's commitment with transparency** and is included in the continuous improvement process in CSR matters that is taking place in the company.



Txingudi Shopping Centre, Guipúzcoa

2017 MSCI - IPD Spain Annual Property Index results

For the third consecutive year, Lar España has collaborated with MSCI-IPD, featuring on its annual real estate index – **IPD Spain Annual Property Index** – that provides additional information and visibility on the real estate sector.

According to MSCI's latest IPD report for 2017 – published in April 2018 – Lar España's retail results comfortably exceeded the benchmark for the sector.

Both Lar España's **shopping centre** and **retail warehouse sectors** booked positive returns of **13.4% and 15.0%** respectively for the year, topping the benchmark index (11.9% and 9.1%).

This positive difference is due both to a strong **return on capital** (7.3% for shopping centres and 7.8% for retail warehouses) and to **rental returns** of 5.7% and 6.7% respectively.

The 2017 IPD index for Spain analyses 44 portfolios, including a total of 508 assets valued at almost €18 billion in the real estate market.



Offices

Cardenal Marcelo Spínola

- End of **works to improve** the property's car park.
- Signing of an agreement to install **CitiboxSmart Mailboxes**.

Eloy Gonzalo

- Completion of the **third and final phase** of the refurbishment works.
- Delivery of the second floor (727 sqm) of the building to **WeWork** on 3 April, once the refurbishment had been completed and **start of fit-out works**, following the review and approval of the fit-out project for the second to sixth floors.
- **New lease agreement** for one of the retail units (79 sqm) with **Grupo Treboleta, S.L.** replacing the previous tenant, with a 3-year term certain, renewable for a further 6.



Logistics

Alovera II

- **Completion of works** undertaken in the agreement for the novation
- Request made to the **Tajo Water Confederation** to grant a concession right for the use of subterranean waters for industrial use from Well I.

Alovera III

- **End of works** to improve the outdoor floor slab of the warehouse and the side walling.

Almussafes

- Completion of indoor floor slab repair works.
- Roof renovation works completed.



Residential

Lagasca99

- **Lagasca99 building works** progressing on schedule.
- **Strong interest** from national and international **investors**.
- **Pre-sales** at 30 June 2018 stood at **80%**. **This amount reached 86% at the reporting date, July 2018.**



As per the reporting date, July 2018, pre-sales stands at **86%.**

Development projects

Palmas Altas

Retail Development

Your retail and family space in Seville

Excellent location, 4 km from Seville's city centre	Estimated opening: Q2 2019		
Acquisition price: €40.5 million	100,000 sqm of retail and family leisure space		
Market value (*): €88.5 million			
Purchase date: Q1 2016	In the process of gaining certification BREEAM® ES	73% of GLA signed or with binding contract with leading retailers 73%	Some of our main tenants:
Large catchment area: 1.5 MM people	Status: under construction and letting		  
Forecast annual revenue of c. €15 million	Estimated construction cost to completion: €151.6 million		     FIVE GUYS

(*) The valuations have been made at 30 June 2018 by external independent valuers: JLL or C&W.

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)

Estimated opening:
Q3 2018

Acquisition price:
€14 million

45,137 sqm GLA

Market value (*):
€35.8 million

**Leroy Merlin
opening at 21 June**



Purchase date:
Q3 2015

In the process of
gaining certification

BREEAM ES

Large catchment area:
250,000 people

Status: under
construction and
letting

Forecast annual
revenue of c. **€5 million**

Estimated construction
cost to completion:
€33.9 million

100% of GLA
signed with leading
retailers

100%

Some of our
main tenants:

DECATHLON

VIPS

YELMO CINES

LIZARRAN

worten

VOLAPÉ

Urban Planet

BURGER KING

C&A

Total: 39 tenants


(*) The valuations have been made at 30 June 2018 by external independent
valuers: JLL or C&W.

Lagasca99

LAGASCA99

Residential Development

*Unique,
outstanding,
exclusive*

<p>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</p>	<p>Construction works start date: Q1 2016</p>		
<p>Acquisition price: €50.1 million (**)</p>	<p>Estimated delivery date: 2018</p>		
<p>Market Value (*): €94.0 million (**)</p>	<p>In the process of gaining certification</p> <p>BREEAM® ES</p>	<p>The property will include a full range of facilities: indoor and outdoor swimming pool, spa, gym and communal rooms</p> <p>Plot with 4 façades that will feature 44 apartments with an average floor area of 400-450 sqm</p>	
<p>Acquisition date: Q1 2015</p>	<p>Status: under construction and letting</p>		
<p>As at 30 June 2018 80% (***) of apartments pre-sold</p>	<p>Estimated construction cost to completion: €45.0 million</p>	<p>Project carried out by the world renowned Rafael de la Hoz architectural studio</p>	

(*) The valuations have been made at 30 June 2018 by external independent valuers: JLL or C&W.

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

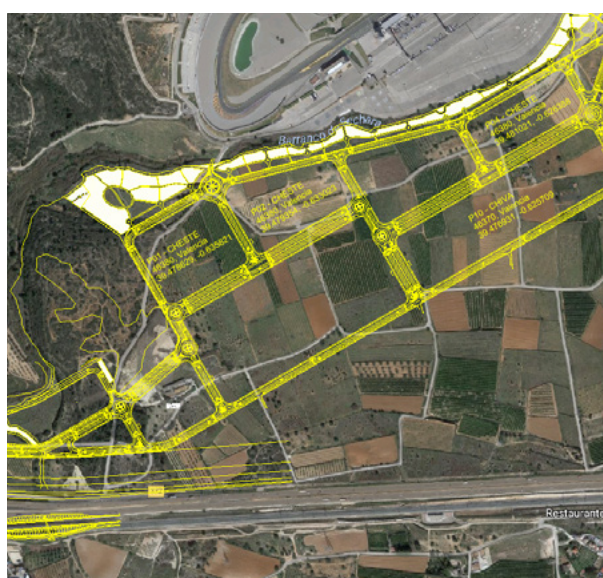
(***) As per the reporting date, **July 2018, pre-sales stands at 86%**.

Cheste



The logistics platform of reference in Valencia

Logistics Development



Prime and strategic location along the main logistics axis of Valencia, a key location for international trade within the Mediterranean Corridor

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)

Purchase date:
H1 2017

Status: in process of obtaining licenses and permissions and starting urbanization works

Acquisition price:
€2.2 million

Valencia: 3rd largest logistics city in Spain with vacancy rate at record lows (6.1%). Currently, there are no logistics warehouses bigger than 5,000 sqm in the area

GLA: **105,838 sqm**

Market value (*):
€8.8 million

Estimated construction cost to completion:
€40.3 million

Excellent opportunity with a price lower than market

(*) The valuations have been made at 30 June 2018 by external independent valuers: JLL or C&W.

2

CONSOLIDATED FINANCIAL STATEMENTS

2.1

Company Chart
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2.3

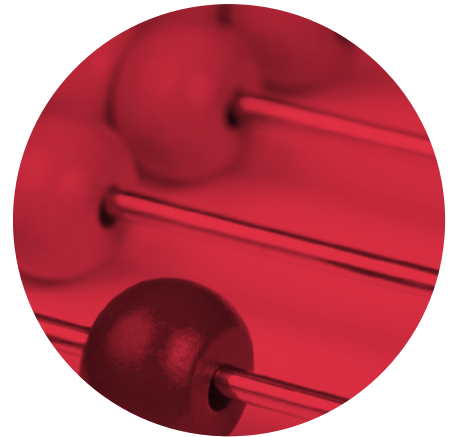
Consolidated Statement
of Financial Position
p. 60

2.2

Consolidated
Statement of
Comprehensive
Income
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2.4

Consolidated Statement
of Cash Flows
p. 67



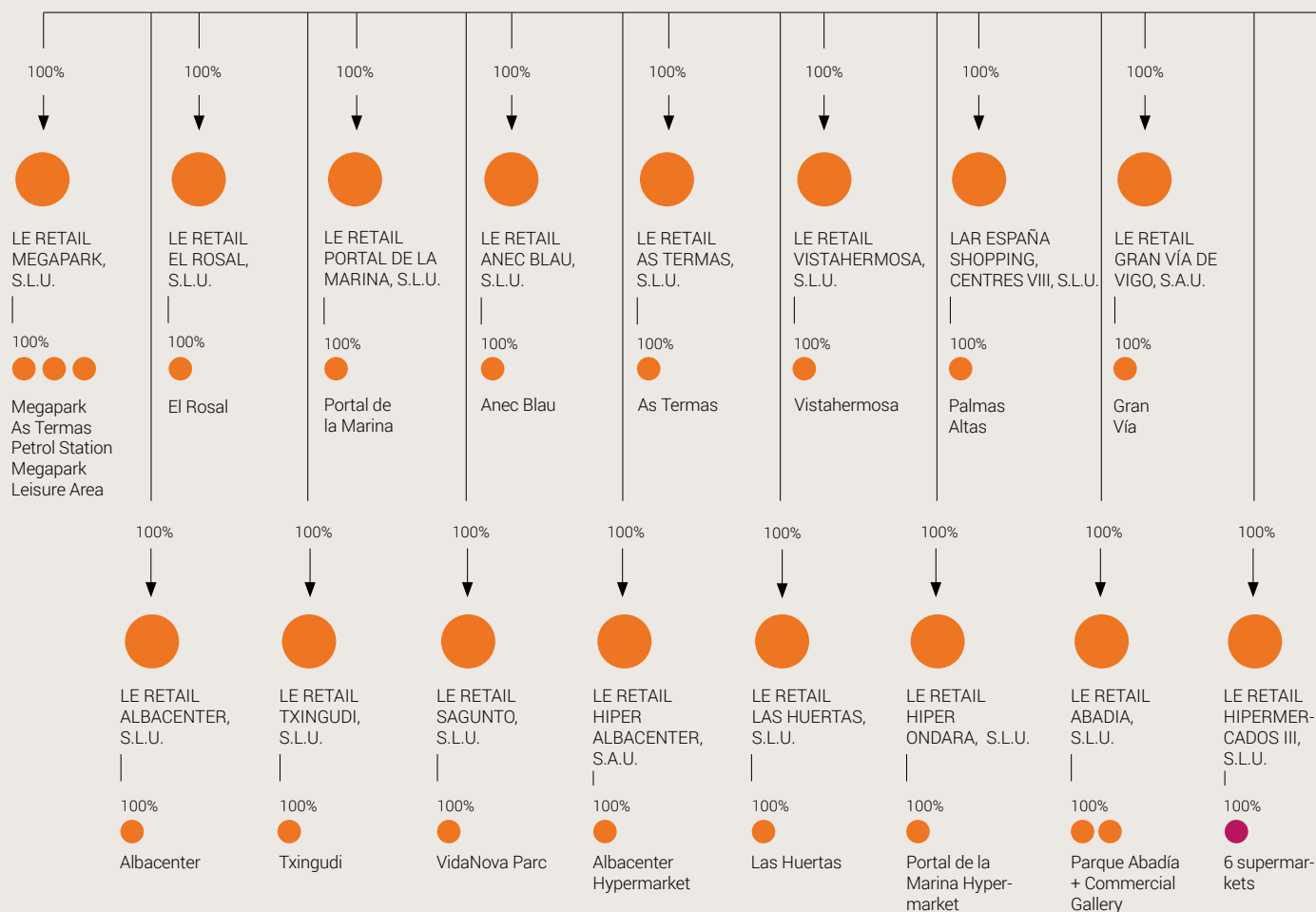
Eloy Gonzalo Office Building (Madrid)



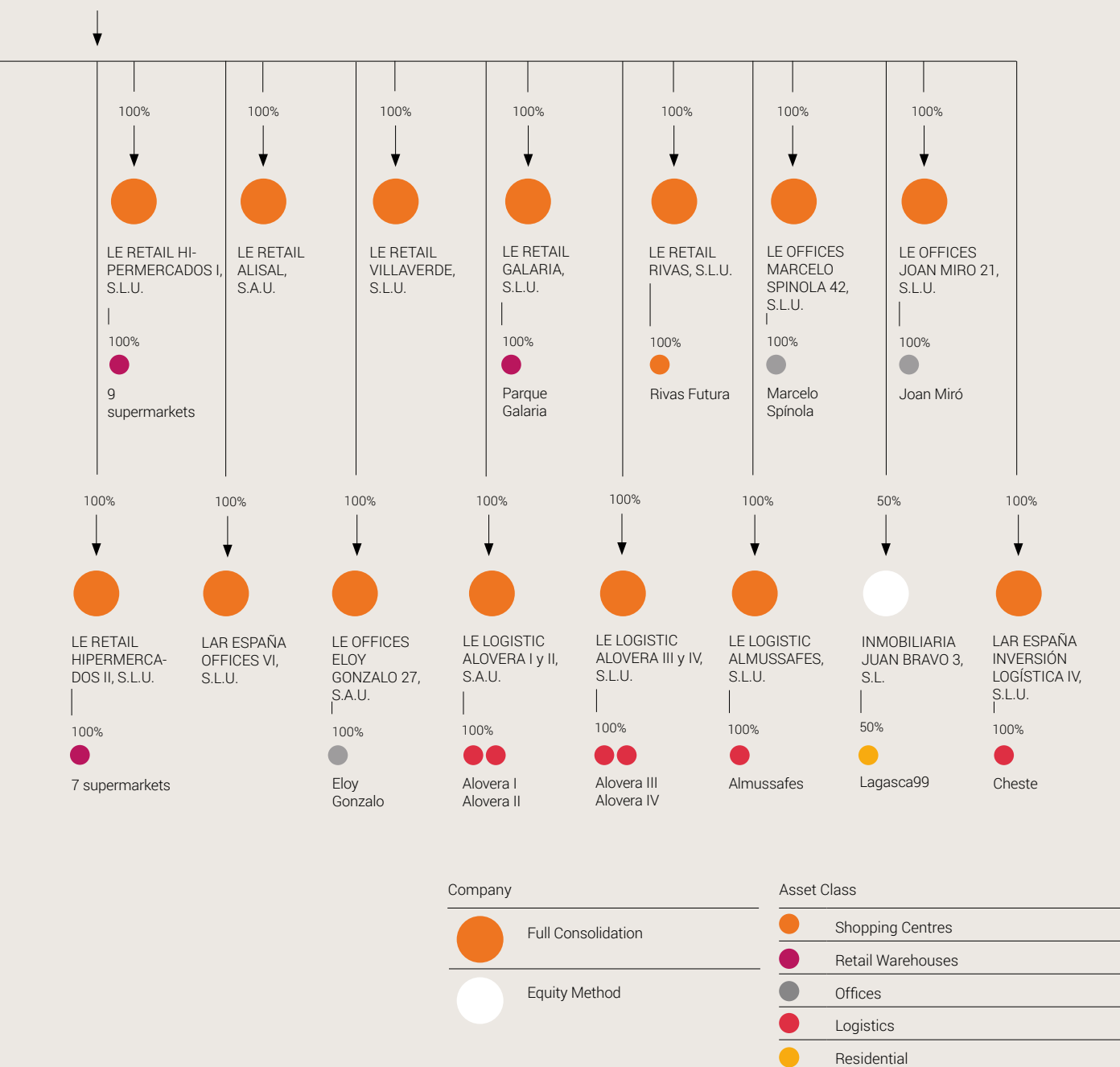
2.1 Company Chart 30.06.2018

At 30 June 2018, 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:



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 2017.



2.2 Consolidated Statement of Comprehensive Income

(Thousands of euros)	Recurring		Non-recurring		Total	
	H1 2018	H1 2017	H1 2018	H1 2017	H1 2018	H1 2017
Revenues	39,814	37,547	-	-	39,814	37,547
Other income	2,450	1,002	-	-	2,450	1,002
Personnel expenses	(270)	(222)	-	-	(270)	(222)
Amortisation expenses	(76)	-	-	-	(76)	-
Other expenses	(12,413)	(12,014)	(24,229)	(3,704)	(36,642)	(15,718)
Other results	-	-	-	653	-	653
Changes in the fair value of investment properties	-	-	42,697	46,903	42,697	46,903
Results of disposals of investment properties	-	-	3,301	-	3,301	-
RESULT FROM OPERATIONS (1)	29,505	26,313	21,769	43,852	51,274 (1)	70,165
Financial income	631	1,860	-	-	631	1,860
Financial expenses	(7,600)	(6,316)	-	-	(7,600)	(6,316)
Share in profit (loss) for the period of equity-accounted companies	(450)	(712)	-	-	(450)	(712)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	22,086	21,145	21,769	43,852	43,855	64,997
Income tax	-	-	-	-	-	-
PROFIT FOR THE PERIOD	22,086	21,145	21,769	43,852	43,855	64,997

Recurring result from operations
29,505 thousands of euros
+12% vs. H1 2017

(1) On 18 July the logistics portfolio was sold for circa 119,700 thousand Euros (see Point 4 of "Events after the reporting period").
This divestment will have a positive impact of approximately 17,000 thousand Euros on the Group's operating profit.

Result from operating activities

At 30 June 2018, the Group presented a positive **result for its operations** amounting to **51,274 thousand Euros** (positive results from operations of 70,165 thousand Euros at 30 June 2017).

Revenues

Revenues during the first half of 2018 amounted to **39,814 thousand Euros** (revenue of 37,547 thousand Euros during the first half of 2017), 90% of which was rental income from shopping centres (84% during the first half of 2017).

Other expenses

At 30 June 2018, the Group incurred **other expenses** amounting to **36,642 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 7,740 thousand Euros.
- Management fees (fixed and variable fee included) for management services provided to the Company by Grupo Lar Inversiones Inmobiliarias ("Grupo Lar") totals 27,508 thousand Euros. The fixed amount totals 4,328 thousand of euros, discounting indirectly fees paid in subsidiary companies (254 thousand Euros) and other expenses incurred by Grupo Lar and paid by Lar España (176 thousand Euros). The variable amount, 23,180 thousand of euros, relates to the divestment fee that was accrued in Q1 2018 after exceeding €100 million in divestments (17,898 thousand Euros) and the performance fee provision included in the financial statements as at 30 June 2018 (5,282 thousand Euros).

Other results

At 30 June 2017, other results included the profit 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 was 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.

Change in the fair value of investment properties

On 30 June 2018, the amount in this entry, **42,697 thousand of 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).

Results of disposals of investment properties

On 30 June 2018, **this heading includes the gain of EUR 2,519 thousand** from the sale of the Villaverde and Nuevo Alisal retail warehouses, which were owned by the subsidiaries LE Retail Villaverde, S.L.U. and LE Retail Alisal, S.L.U, respectively, and **the gain of EUR 782 thousand** from the sale of the company LE Offices Egeo, S.A.U., owner of the Egeo office building (See significant event 2 and 8).

Amortisation expenses

At 30 June 2018, this entry includes the **amortisation of the right of use** of the surface area intended to be used as recreational and leisure facilities, located in the retail complex **Megapark Barakaldo** (Vizcaya) (See intangible assets).

Net Financial Result

The **financial result** was a negative balance of 6,969 thousand Euros at 30 June 2018 (negative balance of 4,456 thousand Euros at 30 June 2017).

Financial income amounting to 631 thousand Euros in the first six months of 2018 mainly comprises the interest accrued on credits granted to equity-accounted companies, while **financial expenses** amounting to 7,600 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.

Consolidated Statement of Comprehensive Income by business line

The income and expenses recorded by the Group at 30 June 2018 broken down by business line are as follows:

(Thousands of Euros)	Retail	Offices	Logistics	Residential	LRE (*)	Total
Revenues	35,904	948	2,962	-	-	39,814
Other income	2,450	-	-	-	-	2,450
Personnel expenses	-	-	-	-	(270)	(270)
Amortisation expenses	(76)	-	-	-	-	(76)
Other expenses	(30,732)	(2,299)	(2,217)	-	(1,394)	(36,642)
Changes in the fair value of investment properties	25,339	11,506	5,852	-	-	42,697
Results of disposals of investments properties	2,519	782	-	-	-	3,301
RESULT FROM OPERATIONS	35,404	10,937	6,597	-	(1,664)	51,274
Net finance income/cost	(6,089)	(886)	(470)	605	(129)	(6,969)
Share in profit (loss) for the period of equity-accounted companies	-	-	-	(450)	-	(450)
PROFIT/(LOSS) FOR THE PERIOD	29,315	10,051	6,127	155	(1,793)	43,855

(*) The amounts included in LRE column are corporate expenses not re-invoiced to the business lines.

At 30 June 2018 retail assets presented an operating profit of 35,404 thousand Euros; offices an operating profit of 10,937 thousand Euros; and the logistics warehouses an operating profit of 6,597 thousand Euros.



2.3 Consolidated Statement of Financial Position

ASSETS

(Thousands of Euros)

	30/06/2018	31/12/2017
Intangible assets	8,637	8,673
Investment properties	1,323,829	1,306,350
Financial assets with associates	-	2,161
Equity-accounted investees	5,076	5,526
Non-current financial assets	11,708	11,928
Trade and other receivables	2,734	-
NON-CURRENT ASSETS	1,351,984	1,334,638
Non-current assets held for sale	153,306	124,295
Trade and other receivables	16,562	14,413
Financial assets with associates	17,952	27,718
Other current financial assets	2,509	7,118
Other current assets	909	553
Cash and cash equivalents	28,703	45,617
CURRENT ASSETS	219,941	219,714
TOTAL ASSETS	1,571,925	1,554,352

EQUITY AND LIABILITIES

(Thousands of Euros)

	30/06/2018	31/12/2017
Share capital	189,527	185,248
Share premium	476,301	487,349
Other reserves	230,220	111,854
Retained earnings	43,855	135,606
Treasury shares	(340)	(175)
Valuation adjustments	(1,492)	(1,663)
EQUITY	938,071	918,219
Financial liabilities from issue of bonds and other marketable securities	138,929	138,787
Loans and borrowings	398,954	361,165
Deferred tax liabilities	17,201	14,613
Derivatives	853	831
Other non-current liabilities	16,930	16,221
NON-CURRENT LIABILITIES	572,867	531,617
Liabilities related to assets held for sale	7,988	47,618
Financial liabilities from issue of bonds and other marketable securities	1,435	3,482
Loans and borrowings	22,896	5,580
Liabilities with associates	-	7,505
Derivatives	1,291	1,267
Other financial liabilities	-	147
Trade and other payables	27,377	38,917
CURRENT LIABILITIES	60,987	104,516
TOTAL EQUITY AND LIABILITIES	1,571,925	1,554,352

Non-current assets

Investment properties

At 30 June 2018, **investments properties** are classified under non-current assets, at a fair value of **1,323,829 thousand of euros** (1,306,350 thousand of euros at 31 December 2017), except for the logistics warehouses Alovera I, Alovera II, Alovera III (C2), Alovera IV (C5-C6) and Almussafes for a total amount of 91,985 thousand of euros, the retail warehouse Parque Galaria amounting to 10,900 thousand of euros, the office building Eloy Gonzalo amounting to 37,500 thousands of euros and the plot of land acquired in relation to Cheste project amounting to 8,750 which are classified under "Non-current assets held for sale" (see assets and liabilities held for sale).

The Group's investment properties, including the assets classified under "Non-current assets held for sale", consist of fourteen shopping centres, one retail warehouse, twenty-two retail units, three office buildings, and six logistical assets. Of particular significance is the invest-

ment in shopping centres amounting to 1,150,399 thousand of euros (1,091,596 thousand of euros at 31 December 2017), with revenue from leases representing 90.2% of the Group's total revenues during the first half of 2018.

During the first half of 2018, the Group purchased the shopping center Parque Comercial Rivas Futura and a commercial gallery of the retail complex Parque Abadía (see relevant facts 5 and 7), whose fair values at 30 June 2018 amount to 65,400 thousands of euros and 15,080 thousands of euros, respectively.

During the first six months of 2018, the Group also sold the office building Egeo, and the retail warehouses Villaverde and Nuevo Alisal, whose fair values at the transaction dates amount to 76,674, 11,343 and 19,313 thousand of euros (see significant events 2 and 8).

NET INVESTMENT

(Thousands of Euros)	30/06/2018	31/12/2017
Shopping Centres (*)	1,150,399	1,091,596
Offices (**)	97,490	162,124
Logistics (***)	91,985	86,680
Development (****)	133,090	83,980
Investment properties	1,472,964	1,424,380

(*) This amount includes Parque Galaria for an amount of 10,900 thousand Euros, which has been reclassified to "Non-current assets held for sale".

(**) This amount includes office building Eloy Gonzalo for an amount of 37,500 thousand Euros which has been reclassified to "Non-current assets held for sale".

(***) This amount has been reclassified to "Non-current assets held for sale".

(****) At 30 June 2018, the amount included 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. Cheste has been reclassified to "Non-current assets held for sale".

Net investment by asset class (%)

78.1%

Shopping
Centres



9.0%

Development



6.6%

Offices



6.3%

Logistics



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

ASSET	Total Gross Leasable Area (GLA) (sqm)	Fair Value (thousands of euros)	Net Initial Yield (NIY) (*)
Megapark	63,575	204,600	4.95%-7.15%
Gran Vía	41,446	165,000	
Portal de la Marina + Hypermarket	40,158	122,500	
El Rosal	51,155	108,960	
Anec Blau	28,617	95,910	
As Termas + Petrol Station	35,127	85,575	
Parque Abadía + Commercial Gallery	43,154	80,930	
Rivas Futura	36,726	65,400	
Albacenter + Hypermarket	27,890	57,940	
Supermarkets Portfolio	27,909	52,884	
Vistahermosa	33,550	49,700	
Txingudi	10,712	37,500	
Las Huertas	6,267	12,600	
Parque Galaria	4,108	10,900	
TOTAL SHOPPING CENTRES AND RETAIL WAREHOUSES	450,394	1,150,399	
Marcelo Spínola	8,875	38,500	0.56%-4.06%
Eloy Gonzalo	6,363	37,500	
Joan Miró	8,610	21,490	
TOTAL OFFICES	23,848	97,490	
Alovera II	83,952	48,110	6.31%-7.40%
Alovera I	35,196	19,000	
Almussafes	19,211	10,750	
Alovera IV (C5-C6)	14,891	9,625	
Alovera III (C2)	8,591	4,500	
TOTAL LOGISTICS	161,841	91,985	N/A
VidaNova Parc	45,137	35,840	
Palmas Altas	(**)	88,500	
Cheste	105,838	8,750	
TOTAL DEVELOPMENTS	150,975	133,090	
TOTAL LAR ESPAÑA	787,058	1,472,964	

(*) Yields provided in the last valuations reports made by JLL and C&W.

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

Current assets

Intangible assets

At 30 June 2018 and 31 December 2017, intangible assets comprise the **right of use of the floor space where the Megapark Barakaldo leisure facilities are located**. Said leisure facilities are currently operated by group company LE Retail Megapark, S.L.U. and earn leasing income.

The right of use, which expires in year 2056, was acquired on 27 October 2017 for 8,686 thousand Euros and has accrued an amortisation of 76 thousand Euros during the first six months of 2018. Once the right of use expires, the assets contained on leased floor space will be delivered to the Barakaldo City Council.

Financial assets with associates

The amount recognised under this item at 31 December 2017 reflected loans extended to Inmobiliaria Juan Bravo 3, S.L.

Equity-accounted investees

At 30 June 2018 and 31 December 2017, the amount reflects investment of 50% held by the Group in Inmobiliaria Juan Bravo 3, S.L. that is accounted for using the equity method.

Non-current financial assets

At 30 June 2018 and 31 December 2017, 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.

Assets and liabilities held for sale

At 31 December 2017, this heading included the assets and liabilities of the **companies LE Offices Egeo, S.A.U., LE Retail Villaverde, S.A.U., LE Retail Galaria, S.A.U. and LE Retail Alisal, S.A.U., which were classified as held for sale**. The investment properties that were owned by these companies were sold in the first half of 2018 (See notice of material facts 2 and 8), except for Parque Galaria.

At 30 June 2018, this heading includes the assets and liabilities of the companies **LE Logistic Alovera I y II, S.A.U., LE Logistic Alovera III y VI, S.A.U., LE Logistic Almussafes, S.A.U. and LE Retail Galaria, S.A.U., LE Offices Eloy Gonzalo 27, S.A.U. and Lar España Inversión Logística IV, S.L.U.**, which were classified as held for sale as per IFRS 5. (*)

At 30 June 2018 assets and liabilities held for sale are as follows:

Non current assets held for sale

(Thousands of euros)	30/06/2018
Investment properties	149,136
Non-current financial assets	1,118
Other current assets	2
Trade and other receivables	2,588
Other current financial assets	4
Cash and cash equivalents	458
Non current assets held for sale	153,306

Liabilities related to assets held for sale

(Thousands of euros)	30/06/2018
Loans and borrowings	4,121
Other non-current liabilities	1,497
Loans and borrowings	3
Other current financial liabilities	1,725
Trade and other payables	642
Liabilities related to assets held for sale	7,988

(*) IFRS (International Financial Reporting Standards).

Trade and other receivables

As of 30 June 2018 and 31 December 2017, this heading principally reflects other public administration credits in the amount of 11,777 thousand Euros and 6,833 thousand Euros, respectively.

Financial assets with associates

At 30 June 2018 and 31 December 2017, the amount of this item mainly reflects the loan and current accounts with the associate Inmobiliaria Juan Bravo 3, S.L.

Net Equity

At 30 June 2018, the **Company's share capital** consisted of **94,763,534 registered shares** represented by book entries with a par value of 2 Euros each, fully subscribed and paid up, giving their holders equal rights.

During the first half of the year, the most important milestones are the following:

- On 19 April 2018, the Shareholders' General Meeting approved the distribution of a **dividend of EUR 17,286 thousand**, at EUR 0.187 per share (taking into account all the shares issued) and **recognised in profit and loss for the 2017 period, and of EUR 27,714 thousand**, at EUR 0.299 per share (taking into account all the shares issued), **charged to the share premium**.
- On 7 May 2018, the Board of Directors approved an increase in share capital of EUR 20,924 thousand in par value by issuing shares (**2,139,437 ordinary shares of EUR 2 par value**) and an issue premium of EUR 16,645 thousand. This capital increase has been subscribed by Grupo Lar Inversiones Inmobiliarias, S.A. as a performance fee in compliance with the provisions of the Investment Management Agreement. This capital increase was carried out with the exclusion of pre-emptive subscription rights.

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

During the first half of 2018, the Company has carried out its own share sale and purchase transactions, as described below:

	Number of shares	Thousands of euros
31 December 2017	19,880	175
Additions	1,353,611	12,516
Disposals	(1,337,482)	(12,351)
30 June 2018	36,009	340

The positive balance arising from the sale of own shares in the first half of 2018 amounted to 33 thousand Euros, recorded under "Other reserves".



Financial liabilities

Loans & Borrowings

The characteristics of the Loans & Borrowings at 30 June 2018 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	As Termas	ING  BANK	EUR 3M + 1.8%	25/06/2020	37,345	-	36,931
Mortgage Loan	El Rosal	 CaixaBank	EUR 3M + 1.75%	07/07/2030	50,000	292	48,951
Mortgage Loan	Joan Miró	 BBVA	EUR 3M + 1.75%	23/12/2020	9,800	58	9,677
Mortgage Loan	Megapark + Megapark Leisure Area	  	EUR 3M + 1.70%	24/02/2023	105,250	185	100,187
Mortgage Loan	Portal de la Marina	  	EUR 3M + 0.88%	17/05/2020	66,000	5,220	27,718
Mortgage Loan	Vistahermosa	ING  BANK	EUR 3M + 1.85%	02/03/2022	21,550	32	21,133
Mortgage Loan	Parque Abadía + Commercial Gallery		1.80% and 1.93%	23/05/2024	42,060	54	40,932
Mortgage Loan	Gran Vía Vigo	ING  BANK	EUR 3M + 1.75%	14/03/2022	82,400	(38)	80,587
Developer's Loan	VidaNova Parc	 CaixaBank	EUR 3M + 2.10%	14/09/2020	24,000	10	5,425
Mortgage Loan (**)	Parque Galaria	 CaixaBank	EUR 3M + 1.75%	14/12/2029	4,200	3	4,121
Mortgage Loan	Rivas Futura	 BBVA	2.28%	30/06/2020	27,500	-	27,413
Developer's Loan	Palmas Altas	  	EUR 3M + 2.25%	29/06/2025	98,500	-	-
Credit Line	LERE		EUR 12M + 1.20%	16/05/2019	25,000	17,083	-
LOANS AND BORROWINGS					593,605	22,899	403,075

(*) The 64% of the principal is covered by derivatives.

(**) This mortgage loan 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 June 2018:

(Thousands of Euros)	30/06/2018
GAV	1,580,214
Full Consolidation Gross Debt	572,292
Equity Method Gross Debt	41,961
Total gross debt	614,253
Cash (Full Consolidation and equity method)	48,190
Total net debt	566,063
NET LTV (*)	36%

(*) Result of Total net debt/GAV

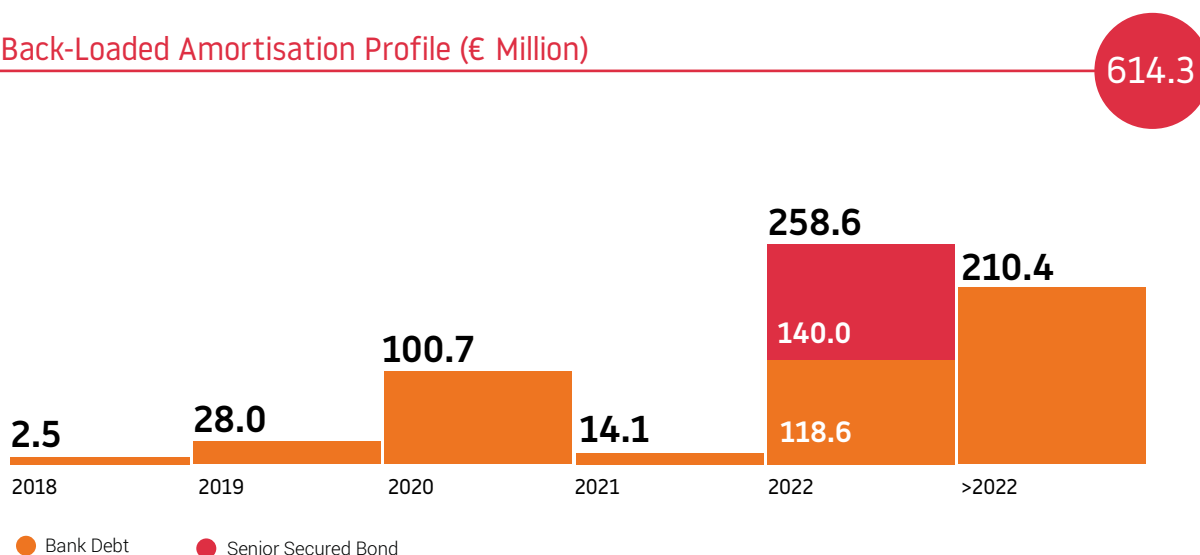
At 30 June 2018, Lar España's debt stood at 614,253 thousands of euros, with an **average cost of 2.19%**.

The **net LTV** ratio is **36%**, whilst the **average debt maturity** stood at **6.3 years**.

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

€614.3 Million Financial Debt **36%** Net LTV **2.19%** Average cost of debt

Back-Loaded Amortisation Profile (€ Million)



Deferred tax liabilities

At 30 June 2018, this entry included deferred tax liabilities deriving from the business combination carried out by the acquisition of the subsidiary LE Retail Rivas, S.L.U. (See notice of material fact 5) as well as the acquisitions of the subsidiaries LE Retail Abadía, S.A.U., LE Retail Hipermercados I, S.A.U., LE Retail Hipermercados II, S.A.U., LE Retail Hipermercados III, S.A.U. and LE Retail Gran Vía de Vigo, S.A.U. in 2017 and 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 centers, offices and logistics warehouses.

Liabilities with associates

This heading reflected the credit facility signed with the associate Inmobiliaria Juan Bravo 3, S.L.. At 31 December 2017, the Company used 7,500 thousand Euros of this facility. This liability is completely amortised at 30 June 2018.

2.4 Consolidated Statement of Cash Flows

(Thousands of Euros)	30/06/2018(*)	30/06/2017(*)
A) CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(12,870)	8,573
1. Profit/(loss) for the period before tax	43,855	64,997
2. Adjustments for:	(38,532)	(42,397)
Amortisation of intangible assets (+)	76	-
Profit / (loss) from adjustments to fair value of investment properties	(42,697)	(46,903)
Results of disposal of investments properties	(3,301)	-
Impairment (+/-)	(29)	(9)
Financial income (-)	(607)	(1,860)
Financial expenses (+)	7,600	6,316
Changes in Fair value of financial instruments (+/-)	(24)	-
Share in profit (loss) for the period of equity-accounted companies	450	712
Adjustments to the consideration given against profit and loss from business combinations	-	(653)
3. Changes in operating assets and liabilities	(9,268)	(6,086)
Trade and other receivables (+/-)	(5,108)	(5,345)
Other current assets and liabilities (+/-)	4,904	1,721
Trade and other payables (+/-)	(11,372)	(2,462)
Other non-current assets and liabilities (+/-)	2,308	-
4. Other cash flows used in operating activities	(8,925)	(7,941)
Interest paid (-)	(8,925)	(7,955)
Interest received (+)	-	14
B) CASH FLOWS USED IN INVESTING ACTIVITIES	4,815	(99,885)
1. Payments for investments (-)	(82,992)	(119,885)
Net cash outflow from acquisitions of businesses	(33,331)	(110,218)
Investment property	(49,661)	(9,583)
Other financial assets	-	(84)
2. Proceeds from divestments (+)	87,807	20,000
Group companies	46,629	-
Investment property	36,178	-
Associates	5,000	20,000
C) CASH FLOWS FROM FINANCING ACTIVITIES	(8,859)	84,751
1. Payments made and received for equity instruments	20,792	543
Acquisition/disposal of treasury shares (- /+)	20,792	543
2. Proceeds from and payments for financial liability instruments	15,315	114,190
a) Issue of:	29,818	136,555
Bank borrowings (+)	29,818	136,319
Other financial liabilities (+)	-	236
b) Redemption and repayment of:	(14,503)	(22,365)
Bank borrowings (-)	(14,503)	(22,365)
3. Payments for dividends and remuneration on other equity instruments	(44,966)	(29,982)
Dividends (-)	(44,966)	(29,982)
D) NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	(16,914)	(6,561)
E) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	45,617	31,591
F) CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+F)	28,703	25,030

(*) Six months period.

3

EPRA INFORMATION

3.1

EPRA Earnings
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3.2

EPRA NAV and
EPRA NNNAV
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3.3

EPRA NIY and
EPRA “topped-up”
NIY
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3.4

EPRA Vacancy Rate
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3.5

EPRA Cost Ratios
p. 77



Albacenter Shopping Centre (Albacete)



EPRA Awards

- In **November 2016**, the Reporting & Accounting Committee of EPRA (European Public Real Estate Association⁽¹⁾) updated a Best Practices Recommendations⁽²⁾ 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 financial information.

For this purpose, we have included an specific chapter with our main economic indicators following EPRA guidances.

- In **September 2016**, Lar España was 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 was 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 was also 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

- In **September 2015**, Lar España received the 'Gold Award' from EPRA in recognition of the quality of the financial information provided and, it became the first Spanish SOCIMI to receive this award.

2015



2016



2017



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

Indicator	30/06/2018 (Thousands of euros)	30/06/2018 (Euros per share)
EPRA Earnings	15,294 ^(*)	0.17 ^(*)
EPRA NAV	979,347	10.34
EPRA NNNNAV	960,678	10.14
EPRA Net Initial Yield (NIY)	5.4%	-
EPRA "topped-up" NIY	5.5%	-
EPRA Vacancy Rate	6.7%	-
EPRA Cost Ratio	27.4% ^(**)	-
EPRA Cost Ratio (excluding costs of direct vacancy)	24.4% ^(**)	-

(*) Adjusted EPRA Earnings

(**) Excludes the variable performance/divestment fee

See terms definitions in Glossary, section 6



3.1 EPRA Earnings

(Thousands of euros)	30/06/2018	30/06/2017
EARNINGS PER IFRS INCOME STATEMENT	43,855	64,997
Change in value of investment properties	(42,697)	(46,903)
Companies acquisitions effect	-	(653)
Change in fair value of financial instruments	(24)	(456)
Investment properties/Companies divestments effect	(3,301)	-
Amortisation of intangible assets	76	-
EPRA EARNINGS	(2,091)	16,985
Weighted average number of shares (excluding treasury shares)	92,625,732	90,608,987
EPRA EARNINGS PER SHARE (EUROS)	(0.02)	0.19
Company specific adjustment ^(*)	17,385	1,913
ADJUSTED EPRA EARNINGS	15,294	18,898
ADJUSTED EPRA EARNINGS PER SHARE (EUROS)	0.17	0.21

(*) It corresponds to the part of the Performance/Divestment Fee that the Manager would be obliged to reinvest in Lar España, thus avoiding any real cash outflow for the company.



3.2 EPRA NAV

(Thousands of euros)	30/06/2018	31/12/2017
NET ASSET VALUE PER THE FINANCIAL STATEMENTS	938,071	918,219
Change in fair value of non-current assets	22,607	18,468
Fair value of financial instruments	1,468	189
Deferred tax liabilities	17,201	14,613
EPRA NAV	979,347	951,489
Number of shares (excluding treasury shares)	94,727,525	92,604,217
EPRA NAV PER SHARE (EUROS)	10.34 ^(*)	10.27

(*) When analyzing this measure it is important to take into account the dividend paid in Q2 2018 (0.49€/share).

EPRA NNNAV

(Thousands of euros)	30/06/2018	31/12/2017
EPRA NAV	979,347	951,489
Fair value of financial instruments	(1,468)	(189)
Deferred tax liabilities	(17,201)	(14,613)
EPRA NNNAV	960,678	936,687
Number of shares (excluding treasury shares)	94,727,525	92,604,217
EPRA NNNAV PER SHARE (EUROS)	10.14 ^(*)	10.11

(*) When analyzing this measure it is important to take into account the dividend paid in Q2 2018 (0.49€/share).

3.3

EPRA NIY and EPRA “topped-up” NIY (30/06/2018)

(Thousands of euros)

Asset	Completed Property Portfolio	Allowance for estimated purchasers costs	Gross up completed property portfolio valuation (A)	Annualised cash passing rental income
SHOPPING CENTRES	1,099,865	26,760	1,126,625	68,799
Megapark + Leisure Area	217,850	4,139	221,989	12,396
Gran Vía Vigo	165,000	4,538	169,538	10,006
Portal de la Marina + Hypermarket	122,500	2,940	125,440	7,845
El Rosal	108,960	2,721	111,681	7,225
Anec Blau	95,910	2,880	98,790	5,693
As Termas + Petrol Station	85,575	2,353	87,928	5,409
Parque Abadía + Commercial Gallery	80,930	2,030	82,960	5,035
Rivas Futura	65,400	1,472	66,872	4,135
Albacenter + Hypermarket	57,940	1,450	59,390	3,928
Vistahermosa	49,700	1,240	50,940	3,542
Txingudi	37,500	713	38,213	2,598
Las Huertas	12,600	284	12,884	987
RETAIL WAREHOUSES	63,784	1,209	64,993	4,538
Supermarkets portfolio	52,884	1,056	53,940	3,839
Parque Galaria	10,900	153	11,053	699
TOTAL RETAIL	1,163,649	27,969	1,191,618	73,337
OFFICES	97,490	2,847	100,337	1,340
Marcelo Spínola	38,500	1,117	39,617	417
Eloy Gonzalo	37,500	1,088	38,588	650
Joan Miró	21,490	642	22,132	273
TOTAL OFFICES	97,490	2,847	100,337	1,340
LOGISTICS	91,985	2,859	94,844	6,403
Alovera II	48,110	1,201	49,311	3,188
Alovera I	19,000	741	19,741	1,344
Almussafes	10,750	366	11,116	770
Alovera IV (C5-C6)	9,625	375	10,000	766
Alovera III (C2)	4,500	176	4,676	335
TOTAL LOGISTICS	91,985	2,859	94,844	6,403
TOTAL LAR ESPAÑA	1,353,124	33,675	1,386,799	81,080

Property outgoings	Annualised net rents (B)	Notional rent expiration of rent free periods or other lease incentives	Topped-up net annualised (C)	EPRA NET INITIAL YIELD (B/A)	EPRA TOPPED-UP NET INITIAL YIELD (C/A)
(5,524)	63,275	1,353	64,626	5.6%	5.7%
(404)	11,992	100	12,092	5.4%	5.4%
(428)	9,578	133	9,710	5.6%	5.7%
(566)	7,279	126	7,405	5.8%	5.9%
(757)	6,468	319	6,787	5.8%	6.1%
(987)	4,706	40	4,746	4.8%	4.8%
(439)	4,971	135	5,106	5.7%	5.8%
(214)	4,820	218	5,038	5.8%	6.1%
(308)	3,827	172	3,999	5.7%	6.0%
(442)	3,485	24	3,509	5.9%	5.9%
(685)	2,857	19	2,876	5.6%	5.6%
(165)	2,434	37	2,470	6.4%	6.5%
(129)	858	30	888	6.7%	6.9%
(25)	4,512	0	4,512	6.9%	6.9%
(13)	3,825	0	3,825	7.1%	7.1%
(12)	687	0	687	6.2%	6.2%
(5,549)	67,787	1,353	69,138	5.7%	5.8%
(914)	426	1,008	1,434	0.4%	1.4%
(426)	(9)	0	(9)	0.0% (*)	0.0% (*)
(84)	566	1,008	1,574	1.5%	4.1%
(404)	(131)	0	(131)	(0.6%)	(0.6%)
(914)	426	1,008	1,434	0.4%	1.4%
(282)	6,122	0	6,122	6.5%	6.5%
(145)	3,044	0	3,044	6.2%	6.2%
(54)	1,290	0	1,290	6.5%	6.5%
(52)	718	0	718	6.5%	6.5%
(25)	741	0	741	7.4%	7.4%
(6)	329	0	329	7.0%	7.0%
(282)	6,122	0	6,122	6.5%	6.5%
(6,745)	74,335	2,361	76,694	5.4%	5.5%

(*) The asset has been recently refurbished and in commercialization.

5.5%
EPRA topped-up NIY

6.4%
Reversionary yield

3.4 EPRA Vacancy Rate

Asset	ERV (Thousands of euros)	ERV Vacancy (Thousands of euros)	EPRA VACANCY RATE (%)
Megapark + Leisure Area	14,468	1,168	8.1%
Gran Vía	9,974	142	1.4%
Portal de la Marina + Hypermarket	7,707	360	4.7%
El Rosal	7,449	350	4.7%
Anec Blau	6,319	692	11.0% (*)
As Termas + Petrol Station	5,578	272	4.9%
Parque Abadía + Commercial Gallery	5,232	55	1.1%
Rivas Futura	4,539	117	2.6%
Albacenter + Hypermarket	4,015	242	6.0%
Vistahermosa	3,625	284	7.8%
Txingudi	2,894	162	5.6%
Las Huertas	1,058	111	10.5%
TOTAL SHOPPING CENTRES	72,858	3,955	5.4%
Supermarkets portfolio	3,276	0	0.0%
Parque Galaria	664	0	0.0%
TOTAL RETAIL WAREHOUSES	3,940	0	0.0%
TOTAL RETAIL	76,798	3,955	5.2%
Marcelo Spínola	2,191	1,658	75.7% (**)
Eloy Gonzalo	1,516	0	0.0%
Joan Miró	1,465	345	23.5%
TOTAL OFFICES	5,172	2,003	38.7%
Alovera II	3,274	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%
TOTAL LOGISTICS	6,389	0	0.0%
TOTAL	88,359	5,958	6.7%

(*) The property is undergoing significant refurbishments meaning that some units are being vacated temporarily.

(**) The asset has been recently refurbished and in commercialization.

3.5 EPRA Cost Ratios

(Thousands of euros)	30/06/2018	30/06/2017
Administrative expenses	(270)	(222)
Operating costs net of recoverable income ^(*) ^(**)	(32,727)	(12,013)
Administrative/operating expenses in associates	(230)	(606)
EPRA Cost (including vacancy cost) (A)	(33,227)	(12,841)
Direct vacancy costs	(1,090)	(1,365)
EPRA Cost (excluding vacancy cost) (B)	(32,137)	(11,476)
Gross Rental Income less ground rent costs-per IFRS	40,629	38,338
Net associated costs (net service charge)	(3,916)	(3,705)
Gross Rental Income (C)	36,713	34,633
EPRA COST RATIO (including direct vacancy costs) A/C	90.5%	37.1%
EPRA COST RATIO (excluding direct vacancy costs) B/C	87.5%	33.1%
EPRA COST RATIO PRE PERFORMANCE/DIVESTMENT FEE (INCLUDING DIRECT VACANCY COSTS) (***)	27.4%	29.7%
EPRA COST RATIO PRE PERFORMANCE/DIVESTMENT FEE (EXCLUDING DIRECT VACANCY COSTS) (***)	24.4%	25.8%

(*) Maintenance costs totalling 476 thousands of euros are included

(**) Fixed and variable management fees included (27,508 thousand euros in 2018 and 7,032 thousand euros in 2017).

(***) Excluding costs directly related to development projects, as at 30 June 2018, the ratios would be 25.1% and 22.1%, respectively



4

SHARE PRICE PERFORMANCE

4.1

Share price
information and
performance
p.80

4.2

Analyst
Recommendations
p.81



Lagasca99 Residential (Madrid)



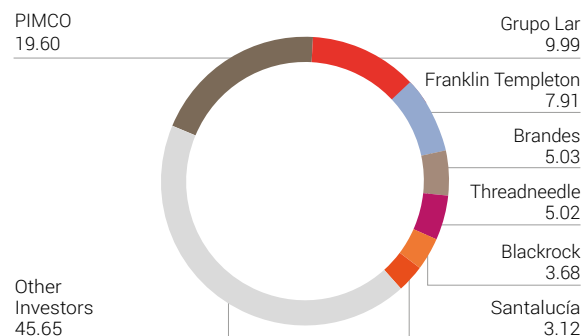
4.1 Share price information and performance

Detail of shares (Euros) Jan-Jun 2018

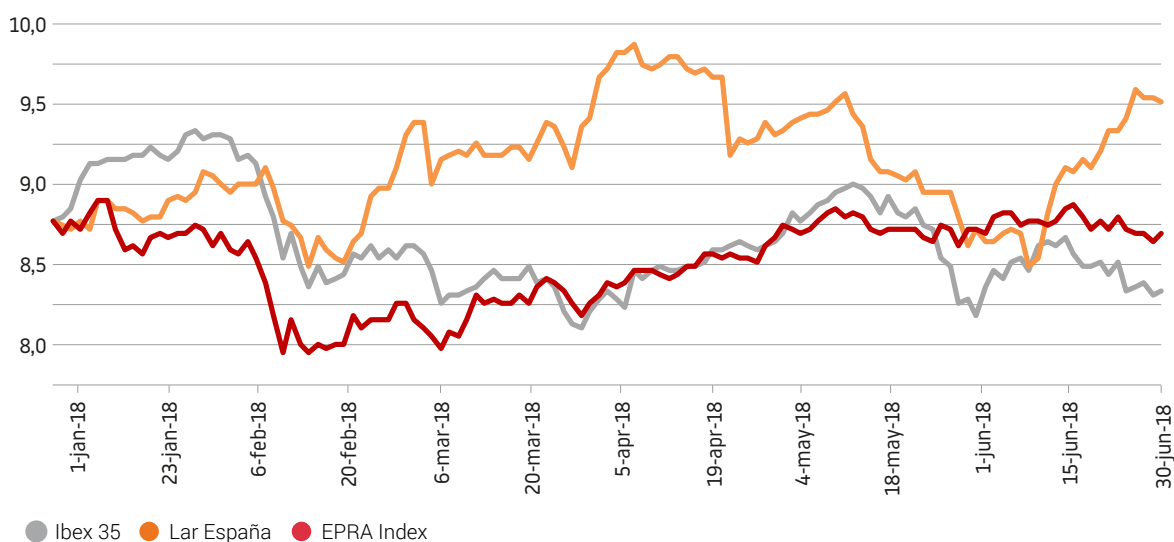
Price at the beginning of the period	8.89
Price at the end of the period	9.56
Performance during the period	7.5%
Maximum price for the period	9.87
Minimum price for the period	8.64
Average price for the period	9.22
ADTV (*)	241,869
Market Cap (Euros)	905,939,385
Number of shares	94,763,534

(*)Average Daily Trading Volumen in number of shares

Share distribution at 30 June 2018 (%)



Lar España share price performance vs Ibex 35 and EPRA Index (January-June 2018)



+7.5%
Lar España






-4.2%
IBEX 35

-0.7%
EPRA Index

4.2 Analyst Recommendations

9.8%
Potential
Return^(*)

As of the date of this report, Lar España has the coverage of 14 analysts, whose average target price is **€10.50**.

Broker	Recommendation	Analysis Date	Target Price (Euros)
 GVC Gaesco Beka	Buy	13/06/2018	11.02
 Ahorro Corporación	Buy	12/06/2018	11.00
 JBCapitalMarkets	Buy	11/06/2018	12.50
 Sabadell	Buy	07/06/2018	10.95
 fidentiis	Buy	16/05/2018	10.80
 KEMPEN & CO	Hold	14/05/2018	9.90
 J.P.Morgan Asset Management	Hold	14/05/2018	11.00
 MIRABAUD	Hold	11/05/2018	10.27
 HAITONG	Buy	27/02/2018	9.70
 ING	Under Revision	26/02/2018	Under Revision
 bankinter	Buy	20/02/2018	10.25
 intermoney valores sv	Buy	17/05/2017	9.50
 Kepler Cheuvreux	Under Revision	22/03/2017	Under Revision
 Santander	Buy	16/11/2016	9.10

Source: Bloomberg

(*) Taken into account the average target price and the price at the end of the period. **The potential return would be 12.3% considering the coverage of analysts made in 2018.**

75%
Buy

25%
Hold

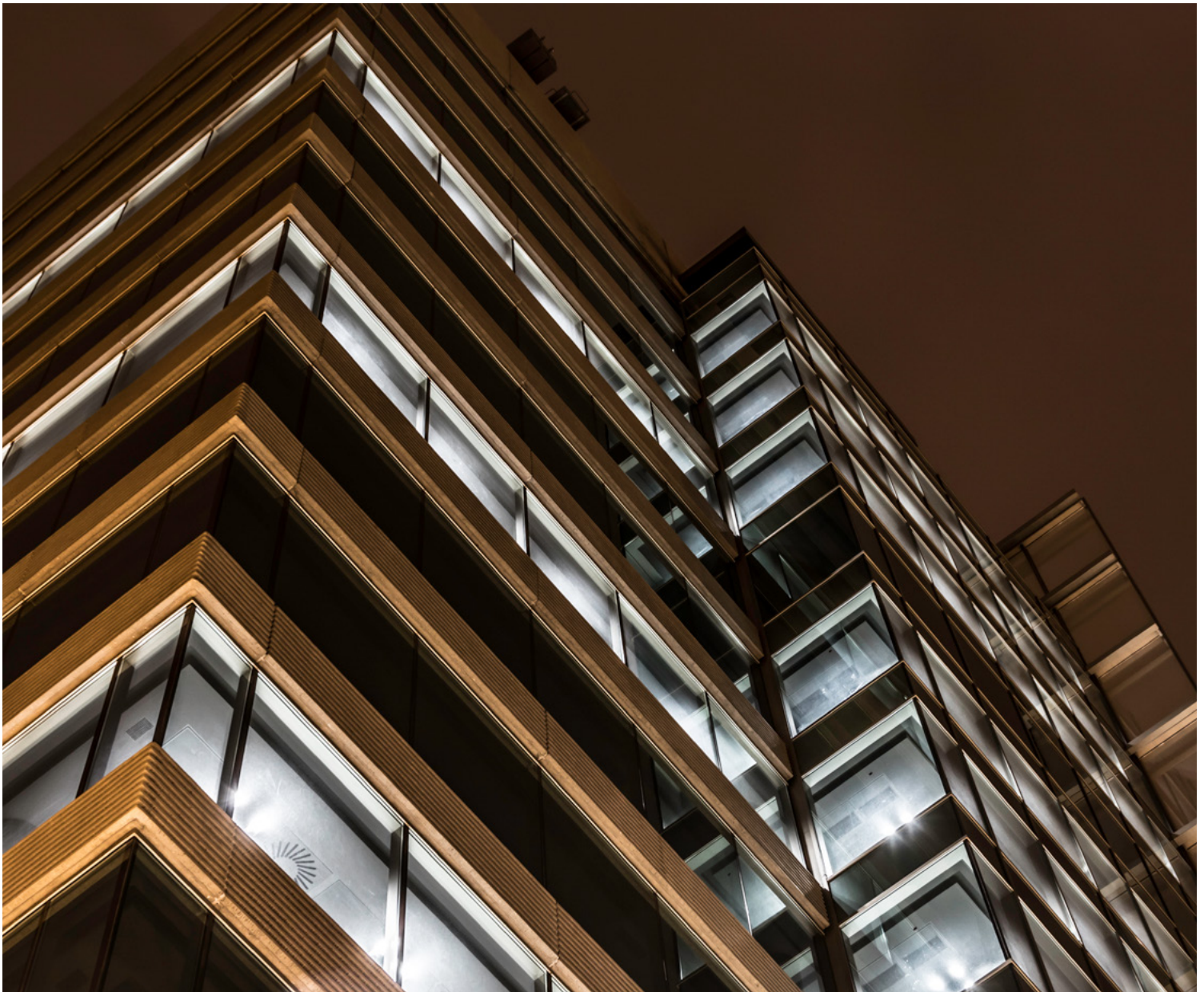
0%
Sell

5

**EVENTS AFTER
THE REPORTING
PERIOD**



Marcelo Spínola Office Building (Madrid)



Events after the reporting period

The **regulatory notices** published and submitted to the Spanish Stock Market Commission (CNMV) since 30 June 2018 to the date of this report are listed below in chronological order:

1

Palmas Altas shopping centre financing

02.07.2018 In connection with the material fact of last 2 March 2016 (with Registry number 235835), which informed that the Company, through its wholly owned subsidiary Lar España Shopping Centres VIII, S.L.U., had acquired a plot intended for commercial use: ZE N°1 in Sector SUNP-GU-01, currently SUO-DBP-01, Palmas Altas Norte in Seville for the development of a large commercial and family leisure-entertainment complex; it is now reported that the Company has entered into a **syndicated bank financing** agreement for a total amount of **EUR 98.5 million** and **7 years duration**, for the development and future management of the aforementioned asset.

2

Liquidity contracts and specialists

04.07.2018 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, 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"** or the **"Contract"**) from **1 April 2018 to 30 June 2018**, as well as the total amount of shares sold and purchased, and the overall amount of cash used for these transactions.

Palmas Altas Shopping Centre (Sevilla)





Almussafes Logistics Warehouse (Valencia)

3

Share capital increase

12.07.2018 In connection with the Material Fact published on 7 May 2018, with registry number 265267, Lar España hereby announces that on this date the public deed relating to the share **capital increase of Lar España**, approved on 7 May 2018 by the Board of Directors of the Company – which was **fully subscribed and paid for by the manager of Lar España, Grupo Lar Inversiones Inmobiliarias, S.A. (“Grupo Lar”)**, through monetary contributions equivalent to the received performance and divestment fee—has been duly registered with the Commercial Registry of Madrid.

Consequently, the share capital of Lar España has been set at **EUR 189,527,068**, divided into **94,763,534 shares**, with a nominal value of two euros each, all of which belong to the same class and series.

It is expected that the National Securities Market Commission and the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges will verify and approve the admission to trading of the new shares of the Company in the following days.

The new shares will be subject to a **lock-up period** by Grupo Lar of **three years**, in accordance with the provisions included in the investment manager agreement entered into with Lar España.

Additionally, it is hereby announced that Grupo Lar has notified to Lar España the acquisition of **2,068,902 additional shares** of the Company that, together with the new shares subscribed in the context of the share capital increase refe-

rred to in the previous paragraphs and the shares previously owned, add up to a **total of 9,474,100 ordinary shares** of Lar España, **representing 9.998% of the share capital**.

The referred acquisition reinforces the existing alignment of interests of Grupo Lar and Lar España and highlights the trust that Grupo Lar has in the potential of the assets that form Lar España’s portfolio.

4

Logistics portfolio divestment

18.07.2018 Today, the Company has transferred to companies indirectly controlled by investment funds affiliated to The Blackstone Group LP (i) **five logistic assets** with a total gross leasable area (GLA) of 161,838 sqm, four of them in Alovera (Guadalajara) and the fifth in Almussafes (Valencia); and (ii) 17 plots with a total gross area of 181,617 sqm, intended for logistical use in Cheste (Valencia). The aforementioned sales have been formalized in public deeds dated today, for a **total price of 119.7 million euros**. The sale price agreed for the transfer of the mentioned properties represents (i) a **capital gain of 83%** on the acquisition price paid by the Company for said properties, and (ii) an **increase of 30% over the valuation of these assets made at the end of 2017**.

6

GLOSSARY



As Termas Shopping Centre (Lugo)



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 rentfree periods (or other unexpired lease incentives such as discounted rent periods and stepped rents).

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.

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 current date, 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. $\text{Net LTV} = \text{Net debt} / \text{GAV}$.

GAV

Gross Asset Value.

GLA

Gross Leasable Area in sqm.

IFRS

International Financial Reporting Standards.

GRI (Gross Rental Income)

Gross income for the period.

NOI (Net Operating Income)

Gross income discounting costs incurred during the period.

Reversionary Yield

Yield calculated as the ratio between the rental income that would be obtained from leasing the entire area at the market prices estimated by the independent valuers (ERV) and the gross asset value.





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