

**THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Prospectus, or as to what action you should take, you should immediately consult an appropriately authorised professional advisor.**

This document constitutes a prospectus for the purposes of Article 3 of the European Parliament and Council Directive 2003/71/EC of 4 November 2003, as amended by Directive 2010/73/EU (hereinafter, the “**Prospectus Directive**”), its implementing measures in Spain and the Commission Regulation (EC) No. 809/2004, as amended, relating to Lar España Real Estate SOCIMI, S.A. (the “**Company**” or “**Lar España**”) (the “**Prospectus**”).

The Prospectus has been approved by the *Comisión Nacional del Mercado de Valores* (“**CNMV**”), as competent authority under the Prospectus Directive and its implementing measures in Spain, on 16 July 2015. Such approval relates to the offering of the Preferential Subscription Rights (as defined below) and the New Ordinary Shares (as defined below) that are to be admitted to trading on the Spanish Stock Exchanges (as defined below), or other regulated markets for the purposes of the Directive 2004/39/EC.

Investing in the New Ordinary Shares and/or the Preferential Subscription Rights involves certain risks. You should read this Prospectus in its entirety and in particular the risk factors set out in the section of this Prospectus headed “*Risk Factors*” before investing in the New Ordinary Shares and/or the Preferential Subscription Rights.

Mr. Miguel Pereda Espeso, acting in the name and on behalf of the Company in his condition as member of its board of directors (the “**Board of Directors**” or “**Board**”), accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and Mr. Miguel Pereda Espeso (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.



# Lar España Real Estate SOCIMI, S.A.

*(Incorporated and registered in Spain under the Spanish Companies Act)*

**ISSUE OF UP TO 19,967,756 NEW ORDINARY SHARES BY MEANS OF A RIGHTS OFFERING AT A PRICE OF €6.76 PER NEW ORDINARY SHARE AND ADMISSION TO TRADING ON THE SPANISH STOCK EXCHANGES**

*Sole Global Coordinator and Bookrunner*

## J.P.Morgan

**The date of this Prospectus is 16 July 2015**

This Prospectus relates to the offering of up to 19,967,756 new ordinary shares of the Company (the “**New Ordinary Shares**”), each with a nominal value of €2.00, pursuant to a capital increase through a rights offering (the “**Offering**”) approved by the Company’s general shareholders’ meeting of 28 April 2015 and the Board of Directors on 15 July 2015, for a total nominal amount of €39,935,512 and a total subscription amount of €134,982,030.56, with possibility of incomplete subscription.

Subject to the terms and conditions set out herein, holders (the “**Shareholders**”) of the Company’s ordinary shares (the “**Ordinary Shares**”) according to the accounting records of the Spanish securities, clearance and settlement system (*Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores*,

S.A.U.) ("**Iberclear**") as of 23:59 h. (Madrid time) on the date of announcement of the Offering in the Spanish Commercial Registry Official Gazette (*Boletín Oficial del Registro Mercantil* or "**BORME**"), which is expected to be on 17 July 2015 (the "**Record Date**"), including the purchasers of existing Ordinary Shares as of that date (all of them, jointly, the "**Eligible Shareholders**"), will be granted one transferable subscription right (collectively, the "**Preferential Subscription Rights**") for each existing Ordinary Share (each, an "**Existing Ordinary Share**") held by such Eligible Shareholders on the Record Date. The exercise of two Preferential Subscription Rights entitles the relevant Eligible Shareholder to subscribe for one New Ordinary Share in exchange for payment of a subscription price of €6.76 per New Ordinary Share, which is referred to as the "**Subscription Price**".

The preferential subscription period will commence on the calendar day following the announcement of the Offering in the BORME and will last up to and including the fifteenth calendar day thereafter. During the preferential subscription period the Eligible Shareholders will be able to sell all or part of their Preferential Subscription Rights if they decide not to subscribe, or to subscribe in part, for New Ordinary Shares, subject to any applicable restrictions on transfer described in this Prospectus. In addition, other investors apart from the Eligible Shareholders may acquire Preferential Subscription Rights in the market in the required proportion and subscribe for the corresponding New Ordinary Shares. Eligible Shareholders and other investors that may acquire Preferential Subscription Rights may also subscribe for additional New Ordinary Shares during the additional allocation period, as described in this Prospectus. Preferential Subscription Rights not exercised within the preferential subscription period will expire without value or any payment to the holders of Preferential Subscription Rights who have decided not to exercise or sell them. Assuming the New Ordinary Shares are fully subscribed, they will represent approximately 33.3% of the Company's issued and paid up share capital following the Offering.

The Existing Ordinary Shares are listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges (the "**Spanish Stock Exchanges**") and are quoted through the Automated Quotation System (SIBE - *Sistema de Interconexión Bursátil* or *Mercado Continuo*) of the Spanish Stock Exchanges. Application will be made to list the New Ordinary Shares on the Spanish Stock Exchanges and to have the New Ordinary Shares quoted through the SIBE ("**Admission**"). The Company expects the New Ordinary Shares to be listed and quoted on the Spanish Stock Exchanges on or about 10 August 2015. On 15 July 2015, the last reported sale price of the Existing Ordinary Shares was €9.87 per Existing Ordinary Share.

The Company has entered into an underwriting agreement with J.P. Morgan Securities plc as sole global coordinator and bookrunner (the "**Sole Global Coordinator and Bookrunner**") in connection with the Offering (the "**Underwriting Agreement**"). The Sole Global Coordinator and Bookrunner will seek to place any New Ordinary Shares that are not subscribed for during the preferential subscription period or the additional allocation period to the extent described herein with qualified institutional investors during a discretionary allocation period, and any such underwritten New Ordinary Shares that remain unsold after such discretionary allocation period will, subject to the terms of the Underwriting Agreement, be acquired by the Sole Global Coordinator and Bookrunner at the Subscription Price.

The New Ordinary Shares and the Preferential Subscription Rights have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be exercised (with respect to the Preferential Subscription Rights), offered, sold, subscribed for, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Accordingly, the Preferential Subscription Rights may only be exercised (i) within the United States by 'qualified institutional buyers' ("**QIBs**") (as defined in Rule 144A under the Securities Act ("**Rule 144A**")) in reliance on Section 4(a)(2) under the Securities Act and only by persons that have executed and timely returned an investor letter to the Company in the form set forth in Annex A to this Prospectus, or (ii) outside the United States in offshore transactions (as defined in Regulation S under the Securities Act ("**Regulation S**")) in reliance on Regulation S.

The New Ordinary Shares are expected to be delivered through the book entry facilities of the Spanish securities, clearance and settlement system Iberclear, subject to payment, on or about 7 August 2015 (with respect to New Ordinary Shares subscribed during the preferential subscription period and additional allocation period) and on or about 12 August 2015 (with respect to New Ordinary Shares placed during the discretionary allocation period).

**Investing in the Preferential Subscription Rights or the New Ordinary Shares involves risk. See Risk Factors beginning on page 28 of this Prospectus.**

## IMPORTANT NOTICE TO OVERSEAS INVESTORS

The distribution of this Prospectus and the offering, sale, exercise or transfer of the New Ordinary Shares and the Preferential Subscription Rights in certain jurisdictions is restricted by law. No action has been taken by the Company to permit a public offering of the New Ordinary Shares or the Preferential Subscription Rights or possession or distribution of this Prospectus (or any other offering or publicity materials relating to the New Ordinary Shares or the Preferential Subscription Rights) in any jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this Prospectus nor any advertisement may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Company and the Sole Global Coordinator and Bookrunner to inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This Prospectus does not constitute or form part of an offer to sell, or the solicitation of an offer to buy or subscribe for, New Ordinary Shares or Preferential Subscription Rights to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful. Further information on the restrictions to which the distribution of this Prospectus is subject is set out in Part XV (*"The Offering"*).

**The New Ordinary Shares and the Preferential Subscription Rights have not been, and will not be, registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be exercised (with respect to the Preferential Subscription Rights), offered, sold, subscribed for, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Accordingly, the Preferential Subscription Rights may only be exercised (i) within the United States by QIBs in reliance on Section 4(a)(2) under the Securities Act and only by persons that have executed and timely returned an investor letter to the Company in the form set forth in Annex A to this Prospectus, or (ii) outside the United States in offshore transactions (as defined in Regulation S) in reliance on Regulation S.**

In addition, the Sole Global Coordinator and Bookrunner may arrange for New Ordinary Shares not taken up in the preferential subscription period or the additional allocation period to be offered and sold (i) within the United States only to persons they reasonably believe are QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, or (ii) outside the United States in offshore transactions (as defined in Regulation S) in reliance on Regulation S. Prospective investors are hereby notified that the Sole Global Coordinator and Bookrunner may be relying on the exemption from the registration provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on the offering, sale, exercise or transfer of the Preferential Subscription Rights and the New Ordinary Shares, see Part XV (*"The Offering"*). By exercising or purchasing Preferential Subscription Rights or subscribing or purchasing New Ordinary Shares, investors will be deemed to have made the acknowledgments, representations, warranties and agreements set out in section 15.6 of Part XV (*"The Offering"*). In addition, investors will be deemed to represent (unless otherwise specifically agreed in writing with the Company) that they are not using assets of retirement plans or pension plans subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (*"ERISA"*) or Section 4975 of the United States Internal Revenue Code (the *"Code"*) to invest in the New Ordinary Shares and the Preferential Subscription Rights.

**None of the US Securities and Exchange Commission, any other US federal or state securities commission or any US regulatory authority has approved or disapproved of the New Ordinary Shares or the Preferential Subscription Rights referred to in this Prospectus nor have such authorities reviewed or passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.**

**Investors are cautioned that this Prospectus is not a “prospectus” within the meaning of the Securities Act.**

This Prospectus and the Offering are only addressed to and directed at persons in member states of the European Economic Area (“EEA”) (other than Spain), who are qualified investors (the “**Qualified Investors**”) within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC, including any amendments thereto, including Directive 2010/73/EU, to the extent implemented in the relevant member state, and including any relevant implementing measure in each relevant member state).

In addition, in the United Kingdom, this Prospectus is only being distributed to and is only directed at (1) Qualified Investors who are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”) or high net worth entities falling within Article 49(2)(a)-(d) of the Order or (2) persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as “**relevant persons**”). This Prospectus and its contents must not be acted upon or relied upon (1) in the United Kingdom, by persons who are not relevant persons or (2) in any member state of the EEA other than the United Kingdom and Spain, by persons who are not Qualified Investors. Any investment or investment activity to which this Prospectus relates is available only (1) in the United Kingdom, to relevant persons, and (2) in any member state of the EEA other than the United Kingdom and Spain, to Qualified Investors, and will only be engaged in with such persons.

The New Ordinary Shares and the Preferential Subscription Rights have not been and will not be registered under the applicable securities laws of Australia, Canada, Japan, Switzerland, Singapore or the Republic of South Africa. Accordingly, subject to certain exceptions, the New Ordinary Shares and the Preferential Subscription Rights may not be exercised, offered or sold in Australia, Canada, Japan, Switzerland, Singapore or the Republic of South Africa or to, or for the account or benefit of, any resident of Australia, Canada, Japan, Switzerland, Singapore or the Republic of South Africa.

**NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955, AS AMENDED (“RSA”), WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

**Other Important Notices**

No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by the Company. Neither the publication of this Prospectus nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or that the information in this Prospectus is correct as at any time subsequent to its date. The contents of this Prospectus should not be construed as legal, financial or tax advice. Each investor should consult his, her or its own legal, financial or tax advisor for advice.

Certain terms used in this Prospectus, including certain technical and other items, are explained or defined in Part XIX (“*Definitions*”).

## CONTENTS

1.	PART I: SUMMARY .....	1
2.	PART II: RISK FACTORS .....	28
3.	PART III: USE OF PROCEEDS .....	59
4.	PART IV: DILUTION .....	60
5.	PART V: EXPECTED TIMETABLE .....	61
6.	PART VI: OFFERING STATISTICS .....	62
7.	PART VII: REGISTERED OFFICE, INVESTMENT MANAGER AND ADVISERS ..	63
8.	PART VIII: IMPORTANT INFORMATION .....	64
9.	PART IX: MARKET OVERVIEW .....	68
10.	PART X: INFORMATION ON THE COMPANY .....	75
11.	PART XI: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS .....	106
12.	PART XII: GRUPO LAR AND THE INVESTMENT MANAGER AGREEMENT ....	119
13.	PART XIII: THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE .	130
14.	PART XIV: HISTORICAL FINANCIAL INFORMATION .....	140
15.	PART XV: THE OFFERING .....	148
16.	PART XVI: TAXATION INFORMATION .....	173
17.	PART XVII: CERTAIN ERISA CONSIDERATIONS .....	188
18.	PART XVIII: ADDITIONAL INFORMATION .....	190
19.	PART XIX: DEFINITIONS .....	230
	ANNEX A – INVESTOR LETTER FOR UNITED STATES INVESTORS .....	249
	ANNEX B – VALUATION REPORTS .....	253

## 1. PART I: SUMMARY

Summaries are made up of disclosure requirements known as ‘Elements’. These elements are numbered in Sections A—E (A.1—E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary and it is shown as ‘not applicable’. Capitalised terms used in this Summary but not defined in the Summary shall have the meaning given to them in Part XIX (“*Definitions*”) of this Prospectus.

Section A—Introduction and warnings		
A.1	Introduction:	<p><b>THIS SUMMARY SHOULD BE READ AS AN INTRODUCTION TO THIS PROSPECTUS. ANY DECISION TO INVEST IN THE NEW ORDINARY SHARES AND / OR THE PREFERENTIAL SUBSCRIPTION RIGHTS SHOULD BE BASED ON CONSIDERATION OF THE PROSPECTUS AS A WHOLE BY THE INVESTOR, INCLUDING IN PARTICULAR THE RISK FACTORS.</b></p> <p><b>Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Union, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.</b></p> <p>Under Spanish law, civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	Subsequent resale of securities or final placement of securities through financial intermediaries:	Not applicable. The Company is not engaging any financial intermediaries for any resale of securities or final placement of securities requiring a prospectus after publication of this document.

Section B—Issuer		
B.1	Legal and commercial name:	The legal name of the issuer is Lar España Real Estate SOCIMI, S.A. The commercial name of the issuer is “Lar España”.
B.2	Domicile and legal form:	<p>The Company is incorporated as a public limited company (a <i>sociedad anónima</i> or S.A.) in Spain under the Spanish Companies Act. It has its registered office at Rosario Pino 14-16, 28020 Madrid. The Company is incorporated for an unlimited term.</p> <p><b><u>Regulatory Status of the Company</u></b></p>

Section B—Issuer		
		<p>The Company is a Listed Corporation for Investment in the Real Estate Market (<i>Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario</i>) (“<b>SOCIMI</b>”) and has notified such election to the Spanish tax authorities by means of the required filing. Such election will remain applicable until the Company waives its applicability or it does not meet the legal regime applicable to SOCIMIs pursuant to Spanish Law 11/2009, of 26 October, as modified by Spanish Law 16/2012, of 27 December (the “<b>SOCIMI Regime</b>”) requirements.</p>
<b>B.3</b>	Key factors relating to the nature of the issuer’s current operations and its principal activities:	<p>The Company’s principal activity is to acquire, own and operate commercial real estate properties through direct ownership of the property and other acquisition structures (primarily retail and offices and, to a lesser extent, other property classes such as residential) in Spain. The Company’s business strategy is to own and operate for rental its Portfolio (as defined herein) –consisting of properties fitting its Investment Strategy (as defined herein)– through active property management to deliver income and capital growth for its Shareholders (the “<b>Business Strategy</b>”). For such purposes, the Company expects to continue acquiring such commercial properties with the aim of creating value through active property management and maximizing operating efficiency and profitability at the property level in order to capture their cash flow and value.</p> <p>As of the date of this Prospectus, the Company’s real estate portfolio (the “<b>Portfolio</b>”) is composed by the following properties:</p> <ul style="list-style-type: none"> <li>– <u>Shopping centres</u>: L’Anec Blau (Castelldefells, Barcelona), Portal de la Marina shopping centre and Portal de la Marina hypermarket (Ondara, Alicante), Albacenter, Albacenter hypermarket and two retail units (Albacete), Txingudi (Irún, Guipúzcoa), Las Huertas (Palencia), As Termas (Lugo) and El Rosal (Ponferrada).</li> <li>– <u>Retail units</u>: Nuevo Alisal (Santander) and Media Markt Villaverde (Villaverde, Madrid).</li> <li>– <u>Offices</u>: Egeo (Madrid), Arturo Soria (Madrid), Marcelo Spínola (Madrid), Eloy Gonzalo (Madrid) and Joan Miró (Barcelona).</li> <li>– <u>Logistics warehouses</u>: Alovera I, Alovera II, Alovera III and Alovera IV (all of them located in Alovera, Guadalajara) and Almussafes (Almussafes, Valencia).</li> <li>– <u>Residential</u>: Project Juan Bravo (Madrid)</li> </ul> <p><b><u>Business Strategy</u></b></p> <p><b><i>Strategy on the existing Portfolio</i></b></p> <p>The Company, through the management team (the “<b>Management Team</b>”) appointed by Grupo Lar Inversiones Inmobiliarias, S.A. (the “<b>Investment Manager</b>”), this is, Mr. Luis Pereda, Mr. Miguel Pereda, Mr. Jorge Pérez de Leza, Mr. José Manuel Llovet, Mr. Miguel Ángel González and Mr. Arturo Perales, intends to continue implementing a thorough and disciplined approach to property acquisition and management with a view to managing the risk profile of income streams and in-depth underwriting of each capital expenditure plan (including rigorous analysis of tenant financial strength) with the aim of ensuring the optimization of its existing Portfolio in terms of occupancies and achievable rental income through the application of certain key operating principles and measures.</p>



## Section B—Issuer

### *Investment criteria*

Pursuant to the Investment Manager Agreement (as defined herein), in carrying out their functions under the Investment Manager Agreement, the Investment Manager and the members of the Management Team must follow certain investment and leverage criteria (the “**Investment Strategy**”).

The total gross asset value of the assets forming part of the Company’s real estate Portfolio (the “**Total GAV**”) must be distributed as follows (measured as at the time investments are made):

- (a) Over 80% of the Total GAV must be invested in the following target properties (jointly referred to as “**Commercial Property**”):
  - (i) Office properties across Spain, primarily focusing on office properties in Madrid and Barcelona;
  - (ii) Retail: shopping centres in Spain; retail parks including big boxes on a selective basis; and high street retail properties on a selective basis; and
  - (iii) Other selected commercial real estate properties, for example, industrial properties, which are expected to represent a limited percentage of the Total GAV.
- (b) Up to but less than 20% of the Total GAV may be invested in first-home residential properties across Spain (“**Residential Property**”).

As of the date of this Prospectus, the Company complies with the investment criteria and the dividend distribution requirements set forth under the Spanish SOCIMI Regime.

### **Financial Strategy**

#### *Investment funding*

Pursuant to the Investment Manager Agreement, when implementing the Company’s Investment Strategy, the Investment Manager and the members of the Management Team shall seek to use leverage over the long-term and shall consider using hedging where appropriate to mitigate interest rate risk, subject to the following principles:

- (a) The target of the Company is that total leverage, represented by the Company’s aggregate borrowings (net of cash) as a percentage of the most recent Total GAV of the Company, is up to 50% in total. As of 31 March 2015 the total leverage level as a percentage of Total GAV was 19.85%.

Notwithstanding the foregoing, the Board, including at the proposal of the Investment Manager, may modify the Company’s leverage policy (including the level of leverage) from time to time in light of then-current economic conditions, the relative costs of debt and equity capital, the fair value of the Company’s assets, growth and acquisition opportunities or other factors it deems appropriate.
- (b) Debt financing for acquisitions is assessed on a deal-by-deal basis initially with reference to the capacity of the Company to

Section B—Issuer		
		<p>support leverage.</p> <p>(c) Debt on development properties is, to the extent possible, ring-fenced in order to exclude recourse to other assets of the Company.</p> <p><b><i>Operating expenses</i></b></p> <p>In addition to using cash to make acquisitions and distributions to Shareholders, the Company incurs operating expenses that need to be funded. In addition to the Investment Manager’s fees under the Investment Manager Agreement, such operating expenses include (i) acquisition costs and expenses (such as due diligence costs, legal costs and taxes); (ii) costs in connection with debt financings; (iii) non-executive Director’s fees and audit fees; (iv) office lease and annual and semi-annual valuations of the Company’s Portfolio; and (v) other operational costs and expenses.</p> <p><b><u>Exclusivity and Co-Investment Rights and Conflicts of Interest</u></b></p> <p><b><u>Exclusivity in Commercial Property with respect to Investment Manager</u></b></p> <p>The Investment Manager has agreed that, during the term of the Investment Manager Agreement, it will not, and it will require that none of the Investment Manager Affiliates (as defined below) will (i) acquire or invest (on its own behalf or on behalf of third parties or through joint venture agreements) in Commercial Property in Spain which is within the parameters of the Investment Strategy of the Company (except for the following investments (each an “<b>Exception</b>”) which are expressly permitted (a) one or more investments carried out by shareholders of the Investment Manager on their own behalf, provided that such investment or investments do not exceed €2 million in the aggregate throughout the life of the Investment Manager Agreement (or such a higher amount, if any, approved by the Company’s Board of Directors in exceptional circumstances), and that they are notified to the Board of Directors of the Company following their undertaking, and (b) investments by the Investment Manager or any Investment Manager Affiliate (as defined herein) in Commercial Property for its own occupation if expressly waived by the Board of Directors) or (ii) act as investment manager, investment adviser or agent, or provide administration, investment management or other services, for any person, entity, body corporate or client other than the Company, for Commercial Property in Spain which is within the parameters of the Investment Strategy of the Company.</p> <p>In addition, this exclusivity right will be subject to certain exceptions.</p> <p><b><u>Co-investment right in Residential Property with respect to Investment Manager</u></b></p> <p>The Company has no exclusivity on any investment in Residential Property made or to be made by the Investment Manager or the Investment Manager Affiliates in or outside of Spain. However, pursuant to the Investment Manager Agreement, the Investment Manager has committed to offer to the Company at least a 20% stake of the overall investment in each Residential Property investment opportunity in Spain (a “<b>Relevant Residential Opportunity</b>”) it (or any of the Investment Manager Affiliates) may plan to carry out. If the stake available to the Investment Manager (and any of the Investment Manager Affiliates (as the case may be)) in a Relevant Residential Opportunity is less than 20%</p>

Section B—Issuer		
		<p>of the overall investment, the Investment Manager has undertaken not to participate in such investment opportunity (and shall procure the same of the Investment Manager Affiliates) and the Investment Manager shall be under no obligation to offer a stake in such investment opportunity to the Company.</p> <p>The Company shall not be entitled to elect less than a 20% stake of the overall investment in each Relevant Residential Opportunity offered by the Investment Manager unless the Company and the Investment Manager agree otherwise on a case by case basis.</p> <p><u>Commitment by members of Management Team</u></p> <p>Pursuant to the respective commitment letters entered into by the members of the Management Team in accordance with the Investment Manager Agreement, if any member of the Management Team identifies an investment opportunity which fits within the Investment Strategy of the Company (each such opportunity, a “<b>Management Team Investment Opportunity</b>”) in which such member of the Management Team or a person that is controlled by such member of the Management Team (excluding the Investment Manager or any Investment Manager Affiliate which is a corporation) (a “<b>Controlled Person</b>”), whether directly or indirectly, intends to participate, such member of the Management Team shall, before proceeding to effect such participation or the acquisition of the property which is the subject of that Management Team Investment Opportunity, give notice in writing of such opportunity to the Company and offer the Company (a) at least a 20% share of the total stake available to such member of the Management Team or the Controlled Person (as the case may be) in the Management Team Investment Opportunity if such opportunity relates to a Residential Property, or (b) the full stake available to such member of the Management Team or the Controlled Person (as the case may be) in the Management Team Investment Opportunity if such opportunity relates to a Commercial Property. These commitments shall end on the earlier of: (a) the date of termination of the Investment Manager Agreement; (b) with respect to a particular member of the Management Team, the date on which the relevant member of the Management Team ceases to be a member of the Management Team; and (c) the date one which a resolution is passed to cease the business and operations of the Company.</p> <p>The commitments referred to above are subject to certain exceptions.</p> <p><u>Conflicts of interest with respect to Investment Manager</u></p> <p>Pursuant to the Investment Manager Agreement, the Investment Manager shall not (and shall procure that no Investment Manager Affiliate shall), during the term of the agreement (i) sell, transfer or lease assets or properties to the Company or (ii) launch or invest in a property investment/real estate listed or unlisted fund or a property investment/real estate investment trust carrying on business in Spain to invest in Commercial Property. The Investment Manager is not prohibited from launching a property investment/real estate listed or unlisted fund or a property investment/real estate investment trust carrying on business in Spain to invest in Residential Property, although the Company would have certain co-investment rights as described above.</p> <p>In addition, the Company shall not, during the term of the Investment Manager Agreement, sell, transfer or lease assets or properties to the</p>

Section B—Issuer		
		<p>Investment Manager, unless approved by the Company’s Board.</p> <p>The Investment Manager shall disclose in writing to the Company any actual or potential conflicts of interests which it and/or any of the Investment Manager Affiliates have or may have from time to time, subject to any obligations of confidentiality to which the Investment Manager is contractually bound.</p> <p><i>Co-investment rights of Anchor Investor and Investment Manager</i></p> <p>Pursuant to the subscription agreement entered into between the Company, the Investment Manager and LVS II LUX XII S.À R.L., a Luxembourg law governed limited liability company (<i>société à responsabilité limitée</i>) having Pacific Investment Management Company LLC (PIMCO) as investment advisor (the “<b>Anchor Investor</b>”) on 12 February 2014 (the “<b>Anchor Investor Subscription Agreement</b>”), so long as an Anchor Investor Agreement Termination Event (as defined herein) has not occurred, the Company, the Anchor Investor and the Investment Manager shall have the rights and obligations summarised below.</p> <p><i>Anchor Investor’s right of first offer with respect to certain Commercial Property Investments undertaken by the Company</i></p> <p>If the Company seeks or intends to seek equity capital from one or more third parties in connection with any Commercial Property Investment (as defined herein) under consideration by the Company in Spain (a “<b>Commercial Property Co-Investment Opportunity</b>”), the Company shall in good faith provide the Anchor Investor or any entity in the Anchor Investor Group named by the Anchor Investor (any of them, an “<b>Anchor Investor Entity</b>”) with a right of first offer to participate together with the Company in any such investment, except in certain cases where the Commercial Property Co-Investment Opportunity is offered by a third party investor to the Company. In connection with each applicable Commercial Property Co-Investment Opportunity (i) the Company shall offer to the Anchor Investor Entity the full stake in the relevant Commercial Property Investment for which the Company is seeking a co-investor and (ii) the Anchor Investor Entity shall have the right to participate in the stake offered to it by the Company (but not less than such stake) in the relevant Commercial Property Investment.</p> <p><i>Anchor Investor’s right of first offer with respect to certain Residential Property Investments undertaken by the Investment Manager</i></p> <p>Subject to certain exceptions relating to purchases from the Spanish Company for the Management of Assets Proceeding from Restructuring of the Banking System (<i>Sociedad de Gestión de Activos procedentes de la Reestructuración Bancaria</i>) (“<b>SAREB</b>”) or offered by a third party investor to the Investment Manager, the Investment Manager shall in good faith provide the Anchor Investor Entity with a right of first offer to participate together with the Investment Manager in any Residential Property Investment undertaken by the Investment Manager (a “<b>Residential Property Co-Investment Opportunity</b>”). In connection with each Residential Property Co-Investment Opportunity (i) the Investment Manager shall offer to the Anchor Investor Entity the stake in such investment that would have remained available to the Investment Manager (and not to third parties) after deducting (a) any stake in such investment that the Company accepts from the Investment Manager and which is offered to it pursuant to the terms of the Investment Manager Agreement, and (b) any stake in such investment that the Investment</p>

## Section B—Issuer

Manager chooses to retain for itself; and (ii) the Anchor Investor Entity shall have the right to participate in the stake offered to it by the Investment Manager (but not less than such stake) in the relevant Residential Property Investment.

### *Reciprocity obligations of Anchor Investor and right of first offer of Investment Manager*

The Anchor Investor has agreed not to compete, directly or through any member of the Anchor Investor Group, with the Company or with the Investment Manager in competitive processes (including offerings for sale or tenure through an expression of interest, public lot draws, public auctions, requests for offers to purchase or requests for proposals) in respect of Commercial Property Investments and Residential Property Investments in Spain, but rather partner with the Company and the Investment Manager, as applicable, subject to certain exceptions if the Anchor Investor believes in good faith that a co-investment with the Company or the Investment Manager is impossible or inadvisable.

In addition, the Anchor Investor has agreed to provide the Investment Manager with a right of first offer to participate together with the Anchor Investor or an Anchor Investor Entity in any co-investment opportunity in respect of any Commercial Property Investment or Residential Property Investment (in each case only where management services of the type set out in the Investment Manager Agreement are expected to be provided in relation to such opportunity) which is being considered by the Anchor Investor Group in Spain (each, an “**Anchor Investor Co-investment Opportunity**”). In connection with each Anchor Investor Co-investment Opportunity, the Anchor Investor shall offer to the Investment Manager the stake in respect of which it is seeking a co-investor, subject to certain exceptions if the Anchor Investor believes in good faith that a co-investment with the Investment Manager or the Company (if applicable) is not possible or not advisable.

### **Regulatory Restrictions**

Pursuant to the Spanish SOCIMI Regime, the Company is required, among other things, to conduct a property rental business and comply with the following requirements: (i) it must invest at least 80% of its gross asset value in leasable urban real estate properties, land plots acquired for the development of leasable urban real property to the extent that development starts within the following three-year period as from acquisition or shares of other SOCIMIs, foreign entities or subsidiaries engaged in the aforementioned activities with similar distribution requirements, and (ii) at least 80% of its net annual income must derive from rental income and from dividends or capital gains in respect of the abovementioned assets. As of the date of this Prospectus, the Company complies with the investment criteria and the dividend distribution requirements set forth under the Spanish SOCIMI Regime.

### **Applicant’s Service Providers**

#### **Investment Manager Agreement**

Pursuant to the agreement entered into between the Company, as managed entity, and the Investment Manager, as investment manager, on 12 February 2014 (the “**Investment Manager Agreement**”), the Investment Manager has been appointed on an exclusive basis to, among other responsibilities: (i) acquire real estate properties on behalf and for the account of the Company using the Company’s cash assets and manage

## Section B—Issuer

the property and property-related assets of the Company, pursuant to and in accordance with the Investment Strategy and to enter into any agreement, contract, transaction or arrangement in relation to the purchase, acquisition, holding, exchange, transfer, sale or disposal of any property or property-related investment in Spain and has full authority to bind the Company in connection therewith and to delegate such authority; (ii) provide or procure the provision of various accounting, administrative, registration, reporting (including assistance and cooperation for due reporting by the Company to the CNMV), record keeping and other services to the Company as the Company may from time to time reasonably require including, without limitation, the preparation and submission to the Company of a report for review at any periodic meeting of the Board of Directors; (iii) act as the Company's agent in the performance of the services under, and the conduct of material contractual dealings pursuant to, and in accordance with, the Investment Manager Agreement (subject to certain reserved matters described in this Prospectus); (iv) carry out all actions required to provide the management services to be provided by the Investment Manager under the Investment Manager Agreement; and (v) structure all investments in a manner which allows the Company to comply with the Spanish SOCIMI Regime requirements.

### Management fees

According to the Investment Manager Agreement, the Investment Manager is entitled to receive a base fee (the “**Base Fee**”) and a performance fee (the “**Performance Fee**”) to the extent it becomes payable in accordance with the terms of the Investment Manager Agreement. The Investment Manager is also entitled to additional fees to be agreed with the Company in respect of the provision of any additional agreed services. To the extent such services are provided in respect of assets jointly owned by the Company and others, the Company shall only be responsible for the payment of its pro rata share of the resulting fees. Fees that fall due and payable to the Investment Manager are not subject to reduction or clawback due to any subsequent decrease that may occur in the net asset value of the Company 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 in accordance with guidelines issued by the European Public Real Estate Association (August 2011 version only, unless otherwise agreed between the Company and the Investment Manager) (“**EPRA NAV**”) of the Company.

Payment of the Performance Fee is dependent on performance exceeding an annual hurdle and it is also subject to an annual high-water mark, each as described in greater detail below.

The Base Fee for the period of eleven months and fourteen days ended 31 December 2014 amounted to €2,083 thousand. The Base Fee for the three months ended 31 March 2015 totalled €1,001 thousand. No Performance Fee was paid for the referred periods.

### Base Fee and expenses

The Base Fee is paid to the Investment Manager monthly in arrears in cash. The Base Fee in respect of each month is calculated by reference to 1.25% per annum of the EPRA NAV (excluding net cash (cash minus debt)) as of the prior December 31. The EPRA NAV as of 31 December 2013 has been deemed to be equal to the net proceeds of the Company's initial public offering (the “**Initial EPRA NAV**”). The EPRA NAV as of

## Section B—Issuer

31 December 2014 was €389,962,000.

### *Performance Fee*

The Performance Fee has been designed to incentivise and reward the Investment Manager for generating returns to the Shareholders of the Company. The return to Shareholders for a given year is equivalent to the sum of (a) the change in the EPRA NAV of the Company during such year less the net proceeds of any issues of Ordinary Shares during such year; and (b) the total dividends (or any other form of remuneration or distribution to the Shareholders) that are paid in such year (the result of the addition of (a) and (b), the “**Shareholder Return**”). The “**Shareholder Return Rate**” is the Shareholder Return for a given year divided by the EPRA NAV of the Company as of 31 December of the immediately preceding year.

The “**Relevant High Water Mark**” at any time is the higher of (i) the Initial EPRA NAV, and (ii) the EPRA NAV on 31 December (adjusted to include total dividends paid during that year and exclude the net proceeds of any issuance of Ordinary Shares during that year) of the most recent year in respect of which a Performance Fee was payable.

The Performance Fee is due in respect of a given year if both of two key hurdles are met:

- (a) the Shareholder Return Rate for such year exceeds 10% (the amount in euro by which the Shareholder Return for the year exceeds the Shareholder Return that would have produced a 10% Shareholder Return Rate being the “**Shareholder Return Outperformance**” and the extent of the Shareholder Return Rate above 10% being “Shareholder Return Outperformance Rate”); and
- (b) the sum of (A) the EPRA NAV of the Company on 31 December of such year and (B) the total dividends (or any other form of remuneration or distribution to the Shareholders) that are paid in such year or in any preceding year since the most recent year in respect of which a Performance Fee was payable exceeds the Relevant High Water Mark (the amount by which such sum exceeds the Relevant High Water Mark being the “**High Water Mark Outperformance**”).

If the above hurdles are met, the Performance Fee in respect of such year will be a “promote” equal to the lesser of (x) 20% of the Shareholder Return Outperformance and (y) 20% of the High Water Mark Outperformance (the “**Promote**”).

Furthermore, in respect of a year in which the Performance Fee is payable and is based on Shareholder Return Outperformance, the Performance Fee will also include a “promote equalization” feature (the “**Promote Equalization**”), once a Shareholder Return Rate of 12% has been achieved, and it will apply only until a Shareholder Return Rate of 22% is achieved. The Promote Equalization feature entitles the Investment Manager to receive an additional 20% of the portion of Shareholder Return Outperformance that reflects a Shareholder Return Rate of between 12% and 22%. Above 22% only the Promote will continue to apply. The Promote Equalization is intended to allow the Investment Manager to earn fees up to a maximum equivalent to 20% on the first 10% of the Shareholder Return for such year, which would not otherwise be payable.

Section B—Issuer		
		<p>The Performance Fee is calculated annually as of 31 December of each fiscal year, expressed in euros. Subject to certain limited exceptions, the Performance Fee will be paid in cash and the Investment Manager must use such cash (after deduction of corporate income tax and any other taxes applicable thereto) to subscribe for or acquire Ordinary Shares (the “<b>Performance Fee Shares</b>”). Any such payment will not be considered net proceeds of any issues of Ordinary Shares for purposes of calculating Shareholder Return. Subject to certain customary exceptions, the Performance Fee Shares will be subject to a three-year lock-up.</p> <p><b>Audit Services</b></p> <p>Deloitte, S.L. (“<b>Deloitte</b>”) is providing audit services to the Company and its subsidiaries. The Company’s audited consolidated financial statements are prepared in accordance with the International Financial Reporting Standards adopted by the European Union (“<b>IFRS-EU</b>”).</p> <p>The audit fees charged by Deloitte are negotiated annually and are set forth in Deloitte’s annual engagement letter.</p> <p><b>Property Appraisers</b></p> <p>Valuations of the Company’s real estate assets are made (i) as at 30 June in each year through an external desktop valuation (i.e., a limited valuation which does not involve a physical inspection of property and which is intended to update the previous 31 December valuation incorporating significant changes that may have taken place in the market conditions and/or within the relevant assets (i.e., leases, capital expenditures investments or legal liabilities)) and (ii) as at 31 December in each year through a physical valuation, in both cases performed by a suitable qualified RICS accredited appraiser to be appointed by the Audit and Control Committee. The first external valuation took place on 31 December 2014. Valuations of the Company’s real estate assets are made in accordance with the appropriate sections of the RICS Red Book at the date of valuation. This is an internationally accepted basis of real estate valuation.</p> <p>The Company has engaged Cushman &amp; Wakefield and Jones Lang LaSalle to act as qualified RICS accredited appraiser and carry out the valuations of the Portfolio.</p> <p><b>Property Management and On-site Services</b></p> <p>The Company and Gentalia entered into a property management framework agreement on 9 July 2014 to govern the provisions of the property management services to be provided by Gentalia with regards to the shopping centres acquired by the Company and an on site management framework agreement on 22 September 2014 to govern the provisions of day to day management with regards to the shopping centres acquired by the Company.</p> <p>The Investment Manager currently has a 66.6% participation in Gentalia.</p> <p><b>Agent Bank</b></p> <p>The Company has engaged Banco Santander, S.A. to act as an agent bank in the Offering.</p>
<b>B.4a</b>	A description of the most significant recent trends affecting the issuer and the	The impact of the international credit crisis, the European sovereign debt crisis and the domestic economic crisis since 2007 on the Spanish property market has been considerable, leading to a strong cyclical



Section B—Issuer		
	industries in which it operates:	<p>downturn and structural re-pricing of real estate assets. Since peaking in 2007, the Spanish commercial property market has seen a severe decline in the value of real estate assets, with the capital values of real estate assets falling by approximately 41.6% in industrial, 31.9% in office and 31.2% in retail, from 2007 to 2014 (Source: Datastream, May 2015). Rental levels have also adjusted sharply since 2007. The average rent price per square metre of an office in Madrid and Barcelona has decreased by 27.8% and 28.0% in the central business district (CBD) assets, respectively, from the first quarter of 2007 to the first quarter of 2015. The pricing adjustment was even more abrupt with respect to shopping centres since 2007, with the average rent price per square metre of a prime shopping centre in Madrid and Barcelona having decreased by 66.2% and 60.6%, respectively, from the first quarter of 2007 to the first quarter of 2015 (Source: Cushman &amp; Wakefield European Marketbeat Snapshots, Knight Frank Commercial Property Outlook, Q1 2015; Knight Frank European Market Indicator, Autumn 2007).</p> <p>Real estate transaction activity was also significantly and adversely affected by the economic downturn, with commercial investment volumes dropping from almost €10 billion in 2007 to about €2 billion in 2011 and 2012 and €2.3 billion in 2013 and partially recovered with over €6.5 billion in 2014 (Source: Savills World Research European Commercial, February 2015). Since the start of the credit crisis in mid-2007, the number of banks advancing new loans for the purchase of Spanish commercial property fell substantially and that decline, together with a tightening of lending policies by financial institutions, resulted in a significant contraction in the amount of debt available to fund real estate investments until 2014.</p> <p>From 2008 to 2013, the Spanish commercial real estate market contracted in terms of volume to the point that deal activity consisted of a limited number of relatively small scale transactions each year and there was no longer a fully functioning investment market. This negative trend has reverted since 2014. The lack of transactions during the 2008-2013 period was due to a number of factors including an overhang of excess supply, the absence of bank funding and deleveraging by foreign and domestic banks. Another key factor was the fact that the Spanish commercial real estate investment market was historically dominated by domestic participants who by the start of the credit crisis were holding a substantial amount of highly leveraged syndicated real estate investments. As asset values declined, the equity value within a vast number of those investments was eliminated, creating unsustainable leverage ratios and consequently leaving debt providers with significant exposure to impaired loans secured against commercial real estate assets. This ultimately led to the transfer of a significant portion of the Spanish banking system's real estate exposure to SAREB.</p>
<b>B.5</b>	Group description:	<p>As of the date of this Prospectus the Company holds a stake in the following subsidiaries: Lar España Inversión Logística, S.A.U. (100%), Lar España Shopping Centres, S.A.U. (100%), Lar España Parque de Medianas, S.A.U. (100%), Lar España Offices, S.A.U. (100%), Global Brisulia, S.L.U. (100%), Global Noctua, S.L.U. (100%), Global Zohar, S.L.U. (100%), Global Meji, S.L.U. (100%), Global Tannenberg, S.L.U. (100%), Lavernia Investments, S.L. (50%), Inmobiliaria Juan Bravo 3, S.L. (50%), Puerta Marítima Ondara, S.L. (58.78%), Riverton Gestión, S.L.U. (100%), El Rosal Retail, S.L.U. (100%), Global Morello, S.L.U. (100%) and Global Regimonte, S.L.U. (100%).</p> <p>The Company is currently undergoing a reorganization of its corporate</p>

Section B—Issuer																													
		<p>perimeter structure which involves carrying out all corporate actions that may be necessary so that certain real estate properties that at the date of this Prospectus are directly held by the Company are owned by fully-owned subsidiaries of the Company following such reorganization (the “<b>Subsidiarization</b>” process).</p>																											
<b>B.6</b>	Major shareholders:	<p>According to the latest information available from the CNMV, Franklin Templeton Institutional, LLC, PIMCO Bravo II Fund, L.P., Cohen &amp; Steers, Inc., Bestinver Gestión, S.A., S.G.I.I.C., Ameriprise Financial, Inc. and the Investment Manager held 15.072%, 12.491%, 3.387%, 4.184%, 3.747% and 3.000% respectively, of the Company’s share capital prior to the Offering.</p> <p>The Company is not aware of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company as of the date of this Prospectus.</p>																											
<b>B.7</b>	Historical key financial information:	<p><i>References to the “year ended 31 December 2014” refer to the 11 months and 14 days ended 31 December 2014.</i></p> <p><i>The Company was formed on 17 January 2014 and acquired most of the properties currently comprising its Portfolio after 30 June 2014. In particular, the Company has made significant acquisitions in 2015, including after 31 March 2015 (the date as of which the most recent financial statements are available). As a result, the Company has a very limited operating history with its current assets and liabilities and limited representative consolidated historical information on which you can evaluate the Company’s business, financial condition, results of operations and prospects.</i></p> <p><i>The financial information included in or incorporated by reference to this Prospectus is not intended to comply with the reporting requirements of the U.S. Securities and Exchange Commission. Compliance with such requirements would generally require the presentation of pro forma financial information giving effect to certain significant acquisitions made by the Company since its incorporation.</i></p> <p><b><u>Consolidated statement of financial position</u></b></p> <table> <tr> <th></th><th>31 December 2014 (in thousands of €)</th><th>31 March 2015 (unaudited and in thousands of €)</th></tr> <tr> <td><b>NON-CURRENT ASSETS</b></td><td><b>379,922</b></td><td><b>432,105</b></td></tr> <tr> <td>Investment property</td><td>357,994</td><td>358,250</td></tr> <tr> <td>Equity-accounted investees</td><td>18,087</td><td>20,214</td></tr> <tr> <td>Loans to equity-accounted investees</td><td>-</td><td>50,000</td></tr> <tr> <td>Non-current financial assets</td><td>3,841</td><td>3,641</td></tr> <tr> <td><b>CURRENT ASSETS</b></td><td><b>57,233</b></td><td><b>175,447</b></td></tr> <tr> <td>Inventories</td><td>2,843</td><td>2,843</td></tr> <tr> <td>Trade and other receivables</td><td>1,970</td><td>1,694</td></tr> </table>		31 December 2014 (in thousands of €)	31 March 2015 (unaudited and in thousands of €)	<b>NON-CURRENT ASSETS</b>	<b>379,922</b>	<b>432,105</b>	Investment property	357,994	358,250	Equity-accounted investees	18,087	20,214	Loans to equity-accounted investees	-	50,000	Non-current financial assets	3,841	3,641	<b>CURRENT ASSETS</b>	<b>57,233</b>	<b>175,447</b>	Inventories	2,843	2,843	Trade and other receivables	1,970	1,694
	31 December 2014 (in thousands of €)	31 March 2015 (unaudited and in thousands of €)																											
<b>NON-CURRENT ASSETS</b>	<b>379,922</b>	<b>432,105</b>																											
Investment property	357,994	358,250																											
Equity-accounted investees	18,087	20,214																											
Loans to equity-accounted investees	-	50,000																											
Non-current financial assets	3,841	3,641																											
<b>CURRENT ASSETS</b>	<b>57,233</b>	<b>175,447</b>																											
Inventories	2,843	2,843																											
Trade and other receivables	1,970	1,694																											

Section B—Issuer				
		Other current financial assets	32,032	6,995
		Other current assets	136	6,441
		Cash and cash equivalents	20,252	157,474
		<b>Total Assets</b>	<b>437,155</b>	<b>607,552</b>
		<b>EQUITY</b>	<b>389,493</b>	<b>394,621</b>
		Capital	80,060	80,060
		Share premium	320,000	320,000
		Other reserves	(9,185)	(5,642)
		Retained earnings	3,456	3,818
		Treasury shares	(4,838)	(3,615)
		<b>NON-CURRENT LIABILITIES</b>	<b>42,809</b>	<b>201,066</b>
		Financial liabilities from issue of bonds and other marketable securities	-	138,098
		Loans and borrowings	37,666	57,514
		Other non-current liabilities	5,143	5,454
		<b>CURRENT LIABILITIES</b>	<b>4,853</b>	<b>11,865</b>
		Financial liabilities from issue of bonds and other marketable securities	-	445
		Loans and borrowings	156	5,155
		Other financial liabilities	-	1,665
		Trade and other payables	4,697	4,600
		<b>Total Equity and Liabilities</b>	<b>437,155</b>	<b>607,552</b>
<b>Consolidated income statement</b>				
			<b>Year ended 31 December 2014 (in thousands of €)</b>	<b>Three-months ended 31 March 2015 (unaudited and in thousands of €)</b>
		<b>Revenues</b>	<b>8,606</b>	<b>6,471</b>
		Other income	217	130
		Employee benefits expenses	(108)	(93)
		Other expenses	(7,231)	(2,541)
		Changes in fair value of investment property	442	-
		<b>RESULTS FROM OPERATING ACTIVITIES</b>	<b>1,926</b>	<b>3,967</b>
		Finance income	2,391	198
		Finance costs	(519)	(824)

Section B—Issuer				
		Share in profit / (loss) for the period of equity-accounted companies	(342)	477
		<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>3,456</b>	<b>3,818</b>
		<b>PROFIT FROM CONTINUING OPERATIONS</b>	<b>3,456</b>	<b>3,818</b>
		Income tax expense	-	-
		<b>PROFIT FOR THE PERIOD</b>	<b>3,456</b>	<b>3,818</b>
		<b>BASIC EARNINGS PER SHARE (in €)</b>	0.09	0,10
		<b>DILUTED EARNINGS PER SHARE (in €)</b>	0.09	0,10
<b><u>Consolidated cash flow statement</u></b>				
			<b>Year ended 31 December 2014 (in thousands of €)</b>	<b>Three months ended 31 March 2015 (unaudited and in thousands of €)</b>
		Profit for the period	3,456	3,818
		<b>Adjustments for:</b>	<b>(1,810)</b>	<b>31</b>
		Profit / (loss) from adjustments to fair value of investment property	(442)	-
		Finance income	(2,391)	(198)
		Finance costs	519	824
		Share in profit / (loss) for the period of equity-accounted investees	342	(477)
		Impairment	162	(118)
		<b>Change in working capital</b>	<b>(414)</b>	<b>(4,032)</b>
		Inventories	(2,843)	-
		Trade and other receivables	(2,132)	394
		Trade and other payables	4,697	(79)
		Other current assets	(136)	(6,305)
		Other current liabilities	-	1,647
		Other non-current assets and liabilities	-	311
		<b>Other cash flows from operating activities</b>	<b>1,575</b>	<b>(539)</b>
		Interest received	2,094	198
		Interest paid	(519)	(737)

Section B—Issuer																																																		
		<table> <tr> <td><b>CASH FLOW FROM OPERATING ACTIVITIES</b></td><td><b>2,807</b></td><td><b>(722)</b></td></tr> <tr> <td>Acquisition of equity-accounted associates</td><td>(18,429)</td><td>(1,650)</td></tr> <tr> <td>Acquisition of investment property</td><td>(357,552)</td><td>(256)</td></tr> <tr> <td>Acquisition of financial assets</td><td>(35,576)</td><td>(24,763)</td></tr> <tr> <td><b>CASH FLOW FROM INVESTING ACTIVITIES</b></td><td><b>(411,557)</b></td><td><b>(26,669)</b></td></tr> <tr> <td>Proceeds from capital issue</td><td>390,879</td><td>-</td></tr> <tr> <td>Payments and proceeds from treasury shares and own equity instruments</td><td>(4,842)</td><td>1,223</td></tr> <tr> <td>Proceeds from financial liabilities from issue of bonds and other marketable securities</td><td>-</td><td>140,000</td></tr> <tr> <td>Payments for financial liabilities from issue of bonds and other marketable securities</td><td>-</td><td>(1,457)</td></tr> <tr> <td>Proceeds from loans and borrowings</td><td>37,822</td><td>24,847</td></tr> <tr> <td>Other non-current liabilities</td><td>5,143</td><td>-</td></tr> <tr> <td><b>CASH FLOWS FROM FINANCING ACTIVITIES</b></td><td><b>429,002</b></td><td><b>164,613</b></td></tr> <tr> <td><b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b></td><td><b>20,252</b></td><td><b>137,222</b></td></tr> <tr> <td><b>Cash and cash equivalents</b></td><td></td><td></td></tr> <tr> <td>Cash and cash equivalents at the beginning of the period</td><td></td><td>20,252</td></tr> <tr> <td>Cash and cash equivalents at the end of the period</td><td>20,252</td><td>157,474</td></tr> </table>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2,807</b>	<b>(722)</b>	Acquisition of equity-accounted associates	(18,429)	(1,650)	Acquisition of investment property	(357,552)	(256)	Acquisition of financial assets	(35,576)	(24,763)	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(411,557)</b>	<b>(26,669)</b>	Proceeds from capital issue	390,879	-	Payments and proceeds from treasury shares and own equity instruments	(4,842)	1,223	Proceeds from financial liabilities from issue of bonds and other marketable securities	-	140,000	Payments for financial liabilities from issue of bonds and other marketable securities	-	(1,457)	Proceeds from loans and borrowings	37,822	24,847	Other non-current liabilities	5,143	-	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>429,002</b>	<b>164,613</b>	<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>20,252</b>	<b>137,222</b>	<b>Cash and cash equivalents</b>			Cash and cash equivalents at the beginning of the period		20,252	Cash and cash equivalents at the end of the period	20,252	157,474
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2,807</b>	<b>(722)</b>																																																
Acquisition of equity-accounted associates	(18,429)	(1,650)																																																
Acquisition of investment property	(357,552)	(256)																																																
Acquisition of financial assets	(35,576)	(24,763)																																																
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(411,557)</b>	<b>(26,669)</b>																																																
Proceeds from capital issue	390,879	-																																																
Payments and proceeds from treasury shares and own equity instruments	(4,842)	1,223																																																
Proceeds from financial liabilities from issue of bonds and other marketable securities	-	140,000																																																
Payments for financial liabilities from issue of bonds and other marketable securities	-	(1,457)																																																
Proceeds from loans and borrowings	37,822	24,847																																																
Other non-current liabilities	5,143	-																																																
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>429,002</b>	<b>164,613</b>																																																
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>20,252</b>	<b>137,222</b>																																																
<b>Cash and cash equivalents</b>																																																		
Cash and cash equivalents at the beginning of the period		20,252																																																
Cash and cash equivalents at the end of the period	20,252	157,474																																																
<b>B.8</b>	Selected key pro forma financial information:	Not applicable. This Prospectus does not contain pro forma financial information.																																																
<b>B.9</b>	Profit forecast:	Not applicable. This Prospectus does not contain profit forecasts or estimates.																																																
<b>B.10</b>	A description of the nature of any qualifications in the audit report on the historical financial information:	The historical audited consolidated financial statements of the Company as of and for the period of eleven months and fourteen days ended 31 December 2014 have been prepared in accordance with IFRS-EU. The auditors have issued an audit report with an unqualified opinion where it is stated that the historical audited consolidated financial statements present in all material respects the consolidated equity, consolidated financial position, the consolidated results and the consolidated cash flows of the Company as of and for the period of eleven months and fourteen days ended 31 December 2014.																																																
<b>B.11</b>	Qualified working capital:	Not applicable. In the opinion of the Company, taking into consideration the Consolidated Financial Statements and the Net Proceeds to be received by the Company from the Offering, the working capital available to the Company is sufficient for the Company's present requirements and,																																																

Section B—Issuer		
		in particular, is sufficient for at least the next 12 months from the date of this Prospectus.

Section C—Securities		
<b>C.1</b>	Type and class of security:	<p>New Ordinary Shares with a nominal value of €2.00 each.</p> <p>The ISIN number of the Existing Ordinary Shares is ES0105015012. The New Ordinary Shares will receive a provisional ISIN number which upon Admission will be replaced with the ISIN number of the Existing Ordinary Shares. The Ordinary Shares are of the same class and the Company currently has no other class of shares.</p>
<b>C.2</b>	Currency of the securities issue:	The Ordinary Shares are denominated in euro.
<b>C.3</b>	The number of shares issued:	The Offering will be in respect of up to 19,967,756 New Ordinary Shares at a Subscription Price of €6.76 per New Ordinary Share. The Company expects the New Ordinary Shares issued in the Offering to start trading on the Spanish Stock Exchanges from on or about 10 August 2015. The Company will communicate significant developments in the Offering via significant information announcement ( <i>Hecho Relevante</i> ).
<b>C.4</b>	A description of the rights attached to the securities:	<p>When issued, the New Ordinary Shares will rank <i>pari passu</i> with the Existing Ordinary Shares, including in respect of the right to receive dividends approved by the Shareholders after the date on which ownership of such New Ordinary Shares is registered in the book-entry registries of the Spanish securities, clearance and settlement system (Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.) (“<b>Iberclear</b>”), which, in accordance with the envisaged timetable, is expected to take place on 7 August 2015.</p> <p>The Ordinary Shares grant their owners the rights set forth in the By-Laws and under Spanish Companies Act, such as, among others, (i) the right to attend general shareholders’ meetings of the Company with the right to speak and vote, (ii) the right to dividends proportional to their paid-up shareholding in the Company, (iii) the pre-emptive right to subscribe for newly-issued Ordinary Shares in capital increases with cash contributions, and (iv) the right to any remaining assets in proportion to their respective shareholdings upon liquidation of the Company.</p>
<b>C.5</b>	Restrictions on the free transferability of the securities:	<p>Under Spanish law, the Company may not impose restrictions on the free transferability of its Ordinary Shares in its By-Laws. However, the By-Laws contain indemnity obligations from Substantial Shareholders in favour of the Company designed to discourage the possibility that dividends may become payable to Substantial Shareholders. If a dividend payment is made to a Substantial Shareholder, the Company will be entitled to deduct an amount equivalent to the tax expenses incurred by the Company on such dividend payment from the amount to be paid to such Substantial Shareholder.</p> <p>In addition, the By-Laws contain certain information obligations with respect to Shareholders or beneficial owners of Ordinary Shares who are subject to a special legal regime applicable to pension funds or benefit plans (such as ERISA). Furthermore, according to the By-Laws, the Company will be able to take any measures it deems appropriate to avoid</p>

Section C—Securities		
		<p>any adverse effects to the Company or its Shareholders resulting from the application of laws and regulation relating to pension funds or benefit plans (in particular, ERISA). The purpose of these provisions is to provide the Company with the ability to minimize the risk that Benefit Plan Investors (or other similar investors) hold 25% or greater of any class of equity interest in the Company.</p> <p>The acquisition, exercise and holding of Preferential Subscription Rights and Ordinary Shares by an investor may also be affected by the law or regulatory requirements of its own jurisdiction, which may include restrictions on the free transferability of such securities. Investors should consult their own advisors prior to an investment in the Preferential Subscription Rights or the Ordinary Shares.</p> <p>Additionally, the Company and the Investment Manager have assumed certain lock-up undertakings described in section E.5 of this Summary.</p>
C.6	Admission:	<p>The Existing Ordinary Shares are listed on the Spanish Stock Exchanges through the SIBE (<i>Sistema de Interconexión Bursátil</i> or <i>Mercado Continuo</i>) of the Spanish Stock Exchanges under the symbol “LRE”. Application will be made to list the Company’s New Ordinary Shares on the Spanish Stock Exchanges and to have the New Ordinary Shares quoted through the SIBE of the Spanish Stock Exchanges.</p>
C.7	Dividend policy:	<p>The Company intends to maintain a dividend policy which has due regard to sustainable levels of dividend distribution and reflects the Company’s view on the outlook for sustainable recurring earnings. The Company will not create reserves that are not available for distribution to its Shareholders other than those required by law. The Company intends to pay dividends when the Board considers it appropriate. However, under the Spanish SOCIMI Regime, the Company will be required to adopt resolutions for the distribution of dividends, after fulfilling any relevant Spanish Companies Act requirement, to shareholders annually within the six months following the closing of the fiscal year of: (i) at least 50% of the profits derived from the transfer of real estate properties and shares in “<b>Qualifying Subsidiaries</b>” (meaning (1) Spanish SOCIMIs, (2) foreign entities with similar regime, corporate purpose and dividend distribution regime as a Spanish SOCIMI and (3) Spanish and foreign entities whose main corporate purpose is investing in real estate for developing rental activities and that shall be subject to the same dividend distribution regime and investment and income requirements as set out under the SOCIMI Regime, which share capital is fully owned by SOCIMIs or foreign entities with a similar regime and that do not hold participations in other companies) and real estate collective investment funds; provided that the remaining profits must be reinvested in other real estate properties or participations within a maximum period of three years from the date of the transfer or, if not, 100% of the profits must be distributed as dividends once such period has elapsed; (ii) 100% of the profits derived from dividends paid by Qualifying Subsidiaries and real estate collective investment funds; and (iii) at least 80% of all other profits obtained (<i>i.e.</i>, profits derived from ancillary activities). If the relevant dividend distribution resolution is not adopted in a timely manner, the Company would lose its SOCIMI status in respect of the year to which the dividends relate.</p>

Section C—Securities		
		<p>According to the By-Laws, any Shareholder must give notice to the Company's Board of Directors of any acquisition of Ordinary Shares which results in such Shareholder reaching a stake in the Company equal to or higher than 5% of its share capital. If a dividend payment is made to a Substantial Shareholder, the Company will be entitled to deduct an amount equivalent to the tax expenses incurred by the Company on such dividend payment from the amount to be paid to such Substantial Shareholder.</p> <p>In compliance with the described SOCIMI Regime dividend distribution requirements, the annual ordinary general shareholders' meeting of the Company held on 28 April 2015 approved a dividend distribution of €0.03345628 per Existing Ordinary Share, which was paid to Shareholders on 28 May 2015 as provided for in the By-Laws.</p>

Section D—Risks		
<b>D.1</b>	Key information on the key risks that are specific to the issuer or its industry:	<p>Prior to investing in the New Ordinary Shares, prospective investors should consider the risks associated therewith.</p> <p><u>RISKS INHERENT TO INVESTING IN A RECENTLY FORMED COMPANY</u></p> <ul style="list-style-type: none"> <li>— The limited operating history and the management structure of the Company contribute to the complexity of the investment in the Company and, therefore, in the New Ordinary Shares and the Preferential Subscription Rights.</li> <li>— The Company has limited available financial information, so investors in the Company will have limited data to assist them in evaluating the prospects of the Company and the related merits of an investment in the Company.</li> </ul> <p><u>RISKS RELATING TO THE MANAGEMENT STRUCTURE OF THE COMPANY AND THE INVESTMENT MANAGER AGREEMENT</u></p> <ul style="list-style-type: none"> <li>— The Company is reliant on the performance of the Investment Manager and the expertise of the Management Team.</li> <li>— The Company has entered into an Investment Management Agreement whereby functions normally exercised by the board or other corporate bodies of listed companies are carried out by the Investment Manager, except where such functions are considered expressly reserved for approval by the Board.</li> <li>— Actions taken by the Investment Manager may adversely affect the Company and the Company may not be able to terminate the Investment Manager Agreement at its discretion.</li> <li>— The past performance of the Management Team and the Investment Manager is not a guarantee of the future performance of the Company.</li> <li>— The Investment Manager may fail to retain the Key Persons or to identify suitable replacement members.</li> </ul>



Section D—Risks		
		<ul style="list-style-type: none"> <li>— There may be circumstances where the Investment Manager has a conflict of interest with the Company.</li> <li>— Members of the Management Team may have conflicts of interest in allocating their time and activity between the Company and the Investment Manager.</li> <li>— The calculation of the compensation to be paid to the Investment Manager is based on EPRA NAV and volatility in property values might lead to overpayment ahead of a cyclical peak.</li> <li>— The arrangements among the Company and the Investment Manager were negotiated in the context of an affiliated relationship and may contain terms that are less favourable to the Company than those which otherwise might have been obtained from unrelated parties.</li> </ul> <p><u>RISKS RELATING TO THE COMPANY'S ACTIVITY AND PROPERTIES</u></p> <ul style="list-style-type: none"> <li>— The Company faces numerous risks related to its rental business.</li> <li>— The Company's properties are concentrated in the Spanish commercial property market and the Company's properties have therefore greater exposure to political, economic and other factors affecting the Spanish market than more diversified businesses.</li> <li>— The value of any acquired properties and the rental income those properties yield are subject to fluctuations in the Spanish property market.</li> <li>— Competition in the real estate market may affect the ability of the Company to make appropriate acquisitions and to secure tenants at satisfactory rental levels.</li> <li>— The Company's business may be materially adversely affected by a number of factors inherent to real estate.</li> <li>— Default by tenants could cause significant losses of income, create additional costs, or cause a reduction in asset value and increased bad debts.</li> <li>— The Company faces risks related to the dependence on the revenue from its main properties.</li> <li>— Property valuation is inherently subjective and uncertain and the Company's net asset value is expected to fluctuate over time.</li> <li>— The Valuation Reports may not be indicative of the value of the Company's properties or the Company's performance.</li> <li>— Any costs associated with potential acquisitions that do not proceed to completion affect the Company's performance.</li> <li>— The Company's due diligence of a potential acquisition may not identify all possible risks and liabilities.</li> <li>— The Company may not acquire 100% control of certain properties and may therefore be subject to the risks associated with joint ownership.</li> </ul>

Section D—Risks		
		<ul style="list-style-type: none"> <li>— Real estate assets are relatively illiquid.</li> <li>— The Company is exposed to certain risks related to the maintenance and repair of its properties.</li> <li>— There is no assurance that the Company will realise anticipated returns on an investment in the construction, refurbishment, renovation or restoration of real estate properties.</li> <li>— The Company may be subject to liability following the disposal of its properties.</li> <li>— The Company may suffer losses in excess of insurance proceeds, if any, or from uninsurable events.</li> <li>— The Investment Manager’s insurance may not be sufficient to recoup all of the losses claimed by the Company.</li> <li>— The Company may dispose of properties at a time which results in a lower than expected return or a loss on such properties, and may be unable to dispose of properties at all.</li> <li>— Delays or difficulties in locating and/or acquiring suitable properties may have a material adverse effect on the Company’s business, financial condition, results of operations and prospects.</li> </ul> <p><b><u>RISKS RELATING TO THE COMPANY’S BOARD</u></b></p> <ul style="list-style-type: none"> <li>— The Company is reliant on the performance and retention of the members of the Board.</li> <li>— Reputational risk in relation to the Board may materially adversely affect the Company.</li> <li>— There may be circumstances where Directors have a conflict of interest.</li> </ul> <p><b><u>REGULATORY RISKS</u></b></p> <ul style="list-style-type: none"> <li>— Changes in laws and regulations may have a material adverse effect on the Company’s business, financial condition, results of operations and prospects.</li> <li>— Environmental and health and safety laws, regulations and standards may expose the Company to the risk of substantial costs and liabilities.</li> <li>— The assets of the Company could be deemed to be “plan assets” that are subject to certain requirements of ERISA and/or Section 4975 of the Code, which could restrain the Company from making certain investments.</li> <li>— The Company may take measures which are detrimental to certain investors in order to avoid any adverse effects to the Company or its Shareholders resulting from the application of laws and regulation relating to pension funds or benefit plans (such as ERISA).</li> <li>— The Company believes that it is, and expects to continue to be, a passive foreign investment company for US federal income tax purposes, which may result in adverse US federal income tax</li> </ul>

Section D—Risks		
		<p>consequences to US investors.</p> <ul style="list-style-type: none"> <li>— The Company may not impose restrictions on the free transferability of its Ordinary Shares and the acquisition of the Ordinary Shares (including the New Ordinary Shares) by certain investors could adversely affect the Company.</li> </ul> <p><u>RISKS RELATING TO THE COMPANY'S FINANCIAL STRUCTURE</u></p> <ul style="list-style-type: none"> <li>— The Company's Business Strategy includes the use of leverage, which exposes the Company to risks associated with borrowings.</li> <li>— Floating rate debt exposes the Company to risks associated with movements in interest rates.</li> </ul> <p><u>RISKS RELATING TO STRUCTURE AND TAXATION</u></p> <ul style="list-style-type: none"> <li>— The Company may cease to be qualified as a Spanish SOCIMI which would have adverse consequences for the Company and its ability to deliver returns to Shareholders.</li> <li>— Any change in tax legislation (including the Spanish SOCIMI Regime) may adversely affect the Company.</li> <li>— Restrictions under the Spanish SOCIMI Regime may limit the Company's ability and flexibility to pursue growth through acquisitions.</li> <li>— Certain disposals of properties may have negative implications under the Spanish SOCIMI Regime.</li> <li>— The Company may become subject to an additional tax charge if it pays a dividend to a Substantial Shareholder and, as a result, may result in a loss of profits for the Company.</li> </ul> <p><u>RISKS RELATING TO THE ECONOMY</u></p> <ul style="list-style-type: none"> <li>— Since the Company's properties are concentrated in Spain, adverse developments in general economic conditions in Spain and elsewhere and concerns regarding instability of the Eurozone may adversely affect the Company.</li> <li>— Economic and political tensions in the European Union, including as a result of the ongoing Greek debt crisis, could have a material adverse effect on the Company's business, financial condition and results of operations.</li> </ul>
<b>D.3</b>	Key information on the key risks that are specific to the securities:	<p><u>RISKS RELATING TO THE NEW ORDINARY SHARES AND THE PREFERENTIAL SUBSCRIPTION RIGHTS</u></p> <ul style="list-style-type: none"> <li>— The Underwriting Agreement between the Company, the Investment Manager and the Sole Global Coordinator and Bookrunner provides that such agreement may be terminated in certain circumstances and the underwriting commitment by the Sole Global Coordinator and Bookrunner is subject to certain customary conditions precedent.</li> <li>— There can be no assurance that an active trading market will develop for the Preferential Subscription Rights or that there will be sufficient liquidity for such rights</li> </ul>

Section D—Risks		
		<ul style="list-style-type: none"> <li>— A significant decline in the Company’s Ordinary Share price would likely have a material adverse effect on the value of the Preferential Subscription Rights.</li> <li>— The Ordinary Shares or the Preferential Subscription Rights may be sold on the market during the preferential subscription period (in the case of Preferential Subscription Rights), or during or after the preferential subscription period (in the case of Ordinary Shares), which may have an unfavourable impact on the value of the Preferential Subscription Rights or the market price of the Ordinary Shares.</li> <li>— Any delay in the admission to listing and trading of the New Ordinary Shares would affect their liquidity and would prevent their sale until they are so admitted.</li> <li>— Investors who exercise their Preferential Subscription Rights during the preferential subscription period will not be able to revoke their subscriptions.</li> <li>— The market price of the Ordinary Shares may not reflect the value of the assets of the Company and the Company’s Ordinary Share price may fluctuate widely in response to different factors.</li> <li>— Shareholders who do not exercise their Preferential Subscription Rights will have their interest in the Company diluted.</li> <li>— The Company may in the future issue new Ordinary Shares, which may dilute investors’ interest in the Company.</li> <li>— A current minority Shareholder or a third party may acquire a significant stake in the Company in the context of the Offering or otherwise.</li> <li>— Sales of Ordinary Shares by significant Shareholders, or the possibility of such sales, may affect the market price of the Ordinary Shares.</li> <li>— The interests of the Company’s major Shareholders may conflict with those of other Shareholders.</li> <li>— The Preferential Subscription Rights must be exercised through the Iberclear member entity in whose book entry registry such rights are registered and the Subscription Price must be paid for in euros.</li> <li>— Shareholders outside Spain may be unable to subscribe for New Ordinary Shares in the Offering or to exercise their Preferential Subscription Rights.</li> <li>— It may be difficult for Shareholders outside Spain to serve process on or enforce foreign judgments against the Company or the Directors.</li> <li>— An investor whose currency is not the euro is exposed to exchange rate fluctuations.</li> <li>— Shareholders may face difficulties in protecting their interests because of differences in shareholders’ rights and fiduciary responsibilities between Spanish laws and the laws of other jurisdictions, including most U.S. states.</li> </ul>

Section D—Risks		
		<ul style="list-style-type: none"> <li>— The Company's ability to pay dividends will depend upon its ability to generate profits available for distribution and access to sufficient cash.</li> <li>— Dividend payments to Substantial Shareholders may be subject to deductions.</li> <li>— Pre-emptive rights for US and other Shareholders outside Spain may be unavailable.</li> <li>— The Offering within the discretionary allocation period may not proceed or may be revoked in certain circumstances.</li> </ul>

Section E—Offer		
<b>E.1</b>	The total net proceeds and an estimate of the total expenses of the issue:	The Company expects to raise Net Proceeds of approximately €129,982,030.56 (assuming full subscription of the New Ordinary Shares and after deducting commissions and other estimated expenses and taxes related to the Offering).
<b>E.2</b>	Reasons for the issue, use of proceeds:	<p>The Company's principal use of the Net Proceeds will be to expand its existing Portfolio, enhance it through capital expenditures as well as to fund the Company's operating expenses consistently with the Business Strategy of the Company. The Company expects to have fully invested the Net Proceeds of the Offering within the twelve months following Admission.</p> <p>As of the date of this Prospectus, the Company has identified market opportunities with an estimated size of approximately €91 million (without considering Building Capex (as defined herein)), of which approximately €192 million corresponds to market opportunities being analysed under exclusivity and approximately €399 million corresponds to market opportunities under negotiation and analysis. In terms of property categories or nature of businesses, 49% of the referred market opportunities are retail facilities, 46% are office properties and the remaining 5% belong to other categories.</p>
<b>E.3</b>	A description of the terms and conditions of the issue:	<p>The Offering will be in respect of up to 19,967,756 New Ordinary Shares at a Subscription Price of €6.76 per New Ordinary Share.</p> <p>The Company is granting Eligible Shareholders Preferential Subscription Rights to subscribe for an aggregate of up to 19,967,756 New Ordinary Shares with a nominal value of €2.00 each. Each Existing Ordinary Share registered in the records of Iberclear at 23:59 (Madrid time) on the Record Date will entitle its holder to receive one Preferential Subscription Right. The exercise of two Preferential Subscription Rights will entitle the exercising holder to subscribe for one New Ordinary Share against payment of the Subscription Price in cash.</p> <p><u>The preferential subscription period (which lasts fifteen calendar days from 18 July 2015 through 1 August 2015 (both inclusive)):</u> The Preferential Subscription Rights are expected to be traded on the SIBE during the period from and including 08:30 (Madrid time) on 20 July 2015 to 17:30 (Madrid time) on 31 July 2015. During the preferential subscription period, Eligible Shareholders or purchasers of Preferential</p>

Subscription Rights may exercise or sell in the market during the SIBE trading days of this period their Preferential Subscription Rights, in whole or in part, and those having exercised their Preferential Subscription Rights in full may confirm their agreement to subscribe for additional New Ordinary Shares in excess of their *pro rata* entitlement during the additional allocation period described below.

Any Preferential Subscription Right regarding which full payment of the Subscription Price has not been received on or before the expiration date of the preferential subscription period will lapse and the holders of Preferential Subscription Rights that lapse will not be compensated. The exercise of Preferential Subscription Rights in the preferential subscription period is irrevocable, firm and unconditional and may not be cancelled or modified (except where a supplement to the Prospectus is published, in which case investors who have already agreed to subscribe for New Ordinary Shares will have the right, exercisable within two Madrid business days after publication of such supplement, to withdraw their subscriptions, provided that the new factor, mistake or inaccuracy to which the supplement refers arose before the final closing of the Offering and the delivery of the New Ordinary Shares).

Additional allocation period: The allocation of additional New Ordinary Shares is currently expected to take place on the fourth SIBE trading day immediately following the end of the preferential subscription period (which, in accordance with the envisaged timetable, is expected to be 6 August 2015). To the extent that at the expiration of the preferential subscription period there are New Ordinary Shares that have not been subscribed for, the Company will allocate them to holders of Preferential Subscription Rights that have exercised their Preferential Subscription Rights in full and have indicated their agreement to subscribe for additional New Ordinary Shares.

Depending on the number of New Ordinary Shares taken up in the preferential subscription period and the applications the Company receives for additional New Ordinary Shares, holders of Preferential Subscription Rights may receive fewer additional New Ordinary Shares than they have requested or none at all (but, in any event, not more additional New Ordinary Shares than those requested by them).

Discretionary allocation period: If any New Ordinary Shares remain unsubscribed following the close of the additional allocation period, the Sole Global Coordinator and Bookrunner has agreed, subject to the terms and conditions of the Underwriting Agreement, to use reasonable efforts to procure subscribers during a discretionary allocation period and, failing which, to subscribe and pay for such unsubscribed New Ordinary Shares at the Subscription Price.

The discretionary allocation period, if any, is expected to begin at 17:00 (Madrid time) on the fourth SIBE trading day immediately following the end of the preferential subscription period (this day is currently expected to be 6 August 2015) and end at 9:00 (Madrid time) on the fifth SIBE trading day immediately following the end of the preferential subscription period (this day is currently expected to be 7 August 2015) without prejudice to the ability of the Sole Global Coordinator and Bookrunner to terminate it early.

Underwriting: On 15 July 2015 the Company entered into an English law underwriting agreement with respect to the New Ordinary Shares with the Sole Global Coordinator and Bookrunner and the Investment Manager (the “**Underwriting Agreement**”). In consideration of the Sole Global Coordinator and Bookrunner entering into the Underwriting Agreement and providing the services as agreed thereunder, the

		<p>Company has agreed to pay it certain commissions. To the extent the New Ordinary Shares are not fully taken up during the preferential subscription period and the additional allocation period and subject to the terms set forth in the Underwriting Agreement, the Sole Global Coordinator and Bookrunner has agreed to procure subscribers and, failing which, to subscribe for any New Ordinary Shares not otherwise subscribed. If all the New Ordinary Shares are subscribed for by Eligible Shareholders or qualified investors in the preferential subscription period, the additional allocation period and the discretionary allocation period, as the case may be, no New Ordinary Shares will be allocated to the Sole Global Coordinator and Bookrunner.</p> <p>The Underwriting Agreement contemplates the possibility for the Sole Global Coordinator and Bookrunner to terminate the Underwriting Agreement until the time of registration of the capital increase deed with the Commercial Registry of Madrid under certain circumstances. These circumstances include the occurrence of certain material adverse changes in the Company's or the Investment Manager's condition (financial or otherwise), business affairs or prospects and certain changes in, among other things, certain national or international political, financial or economic conditions.</p> <p>In addition, the Sole Global Coordinator and Bookrunner's obligations under the Underwriting Agreement are subject to the fulfilment of certain conditions precedent, including the delivery of customary legal opinions.</p> <p>J.P. Morgan Securities plc is acting as the Sole Global Coordinator and Bookrunner.</p>
<b>E.4</b>	A description of any interest that is material to the issue/offer including conflicting interests:	<p>The Company is not aware of any link or significant economic interest between the Company and the entities participating in the Offering (Directors, Investment Manager, the Sole Global Coordinator and Bookrunner, Agent Bank, legal advisers and auditors), except for the strictly professional relationship derived from the legal and financial advice described therein in relation to the Offering and the interests of the Investment Manager, which at the date of this Prospectus holds 1,200,900 Existing Ordinary Shares. The Investment Manager considers that its current investment in the Company sufficiently reflects the alignment of its interest with those of the Company. However, to maintain its alignment and commitment, it intends to exercise the required number of Preferential Subscription Rights corresponding to its Existing Ordinary Shares in order to maintain a 2.5% stake in the Company (i.e. the stake held by the Investment Manager immediately following the initial public offering of the Company).</p>
<b>E.5</b>	Name of the person or entity offering to sell the securities and details of any lock-up agreements:	<p><b><u>Company's lock-up</u></b></p> <p>During the period from the date of the Underwriting Agreement to and including 180 days after the admission to trading of the New Ordinary Shares, the Company will not, without the prior written consent of the Sole Global Coordinator and Bookrunner (which consent shall not be unreasonably withheld or delayed):</p> <p>i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell any option, or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or lend or otherwise transfer or dispose of any Ordinary Shares or other shares of the Company or any securities convertible into or exercisable or exchangeable for Ordinary Shares or other shares of the Company or file any prospectus under the Prospectus Directive or any similar document with any other securities regulator, stock exchange or</p>

listing authority with respect to any of the foregoing;

- ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequences of ownership of any Ordinary Shares or other shares of the Company; or
- iii) enter into any other transaction with the same economic effects, or agree to do or announce or otherwise publicise the intention to do any of the foregoing,

whether any such swap or transaction described in any of sub-clauses (i), (ii) or (iii) above is to be settled by delivery of Ordinary Shares or any other securities convertible into or exercisable or exchangeable for Ordinary Shares, in cash or otherwise.

The foregoing sentence shall not apply to (A) the issue and/or sale and offer by the Company of the Preferential Subscription Rights and the New Ordinary Shares as described herein, (B) the issue and/or delivery of the Performance Fee Shares to be subscribed for by the Investment Manager according to the Investment Manager Agreement, and (C) the performance of ordinary treasury stock transactions in compliance with the applicable legal restrictions and consistently with the Company's past practices, which can be executed only after 90 days following the admission to trading of the New Ordinary Shares have elapsed.

#### **Investment Manager's lock-up**

Under the Investment Manager Agreement (with respect to the Performance Fee Shares) and the placing agreement entered into between the Company, the Investment Manager and the Sole Global Coordinator and Bookrunner in the context of the Company's initial public offering (with respect to any Ordinary Shares held by the Investment Manager), the Investment Manager agreed that, during a period commencing on the date of such agreement (i.e. 13 February 2014) and ending three years following the date on which the Existing Ordinary Shares were admitted to trading in the Spanish Stock Exchanges (i.e. 5 March 2014) (or, with respect to the Performance Fee Shares, ending three years following the date on which such Performance Fee Shares were delivered to the Investment Manager), the Investment Manager will not, without the prior written consent of the Sole Global Coordinator and Bookrunner (which consent shall not be unreasonably withheld or delayed):

- i). directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of any Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares or file any registration statement under the Securities Act with respect to any of the foregoing; or
- ii). enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Ordinary Shares,

whether any such swap or transaction described in (i) or (ii) above is to be settled by delivery of Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares, in cash or otherwise. The foregoing sentence shall not apply to (A) a disposal of Ordinary Shares effected to fund the payment or discharge by the Investment Manager of any liability to tax arising in connection with its receipt or acquisition of Performance Fee Shares and/or other Performance Fee Shares issued to the Investment Manager as part of the discharge of the Performance Fee; (B) a disposal of Ordinary Shares in



		connection with a takeover or sale of the Company that is recommended by the Board of Directors of the Company or if the Investment Manager is required by law to dispose of such Performance Fee Shares; or (C) following the termination of the Investment Manager Agreement.
<b>E.6</b>	Dilution:	<p>The Eligible Shareholders will receive Preferential Subscription Rights to subscribe for New Ordinary Shares and, thus, in the event they exercise such rights in full, they will suffer no dilution of their holdings of the Company's share capital at the Record Date.</p> <p>In the event that none of the Eligible Shareholders subscribes for New Ordinary Shares in the percentage to which their Preferential Subscription Rights entitle them, and further assuming that the New Ordinary Shares were entirely subscribed for by third party investors, the holdings of the Eligible Shareholders would represent approximately 66.719% of the total number of Ordinary Shares following the Offering, which would represent a dilution in ownership percentage of approximately 33.281%.</p>
<b>E.7</b>	Estimated expenses charged to the investor by the issuer:	Not applicable. No expenses will be charged to any investor by the Company in respect of the Offering.

## **2. PART II: RISK FACTORS**

*Any investment in the New Ordinary Shares and/or the Preferential Subscription Rights is subject to a number of risks. Accordingly, prior to making any investment decision, Shareholders and prospective investors should carefully consider all the information contained in this Prospectus and, in particular, the risk factors described below.*

*This Prospectus also contains forward-looking statements that involve risks and uncertainties. See “Forward looking statements” in Part VIII (“Important Information”) of this Prospectus. The Company’s actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by the Company described below and elsewhere in this Prospectus.*

*Shareholders and prospective investors should note that the risks relating to the Company, its industry (being mainly the commercial real estate market in Spain), the New Ordinary Shares and the Preferential Subscription Rights summarised in the section of this Prospectus headed Part I (“Summary”) are the risks that the Company believes to be the most essential to an assessment by a Shareholder or a prospective investor of whether to consider an investment in the New Ordinary Shares and/or the Preferential Subscription Rights. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, Shareholders and prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed Part I (“Summary”) but also, among other things, the entire description of such risks described below.*

*The Board of Directors of the Company considers the following risks to be material for Shareholders and prospective investors in the Company. However, the following is not an exhaustive list or explanation of all risks that Shareholders and prospective investors may face when making an investment in the New Ordinary Shares and/or the Preferential Subscription Rights and should be used as guidance only. Additional risks and uncertainties not currently known to the Board, or that the Board currently deems immaterial, may also have an adverse effect on the Company’s financial condition, business, prospects and/or results of operations. In such case, the market price of the New Ordinary Shares and/or the Preferential Subscription Rights could decline and Shareholders and prospective investors may lose all or part of their investment.*

*Shareholders and prospective investors should consider carefully whether an investment in the New Ordinary Shares and/or the Preferential Subscription Rights is suitable for them in light of the information in this Prospectus and their personal circumstances. If Shareholders or prospective investors are in any doubt about any action they should take, they should consult a competent independent professional advisor who specialises in advising on the acquisition of listed securities. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Company’s business, financial condition, results of operations and prospects.*

*Shareholders and prospective investors should read this section in conjunction with this entire Prospectus.*

### **2.1 Risks inherent to investing in a recently formed company**

***The limited operating history and the management structure of the Company contribute to the complexity of the investment in the Company and, therefore, in the New Ordinary Shares and the Preferential Subscription Rights***

The condition of the Company as a recently formed company with a limited operating history and financial information and the fact that the Company’s performance relies, among other things, on the expertise of an external Investment Manager are factors that contribute to the complexity of the investment in the New Ordinary Shares and the Preferential Subscription Rights. As a result,

institutional and qualified investors may be more capable to understand an investment in the Company or in securities issued by the Company and the risks involved therewith, and, in any event, consultation with financial, legal and tax advisors is strongly recommended in order to assess any such potential investment.

***The Company has limited available financial information, so investors in the Company will have limited data to assist them in evaluating the prospects of the Company and the related merits of an investment in the Company***

The Company was formed on 17 January 2014 and acquired most of the properties currently comprising its Portfolio (as defined herein) after 30 June 2014. In particular, the Company has made significant acquisitions in 2015, including after 31 March 2015 (the date as of which the most recent financial statements of the Company are available). As a result, the Company has a very limited operating history with its current assets and liabilities and limited representative consolidated historical information on which you can evaluate the Company's business, financial condition, results of operations and prospects and the related merits of an investment in the Company.

Moreover, the financial information included in or incorporated by reference to this Prospectus is not intended to comply with the reporting requirements of the US Securities and Exchange Commission. Compliance with such requirements would generally require the presentation of pro forma financial information giving effect to certain significant acquisitions made by the Company since its incorporation. While the Prospectus includes information on the properties currently comprising the Company's Portfolio in section 5 of Part X ("*Information on the Company*"), including the purchase price, and valuation information on each property (except for the Joan Miró offices and the Portal de la Marina hypermarket, which were acquired in June 2015, and El Rosal shopping centre, which was acquired in July 2015) is included in the Valuation Reports, there is limited financial information in respect of the revenues and expenses generated by certain of the Company's properties.

Furthermore, any investment in the New Ordinary Shares or the Preferential Subscription Rights will be subject to all of the risks and uncertainties associated with a recently formed business, including without limitation the risk that the Company cannot implement its Business Strategy (as defined herein) or achieve its objectives and that the value of the assets of the Company, and of the Ordinary Shares, could substantially decline.

## **2.2 Risks relating to the management structure of the Company and the Investment Manager Agreement**

***The Company is reliant on the performance of the Investment Manager and the expertise of the Management Team***

The investment manager agreement entered into by the Company and Grupo Lar on 12 February 2014 (the "**Investment Manager Agreement**") sets forth the management structure of the Company, the procedure to be followed by the Company in order to carry out its acquisitions and the mechanics for the estimation of the accrual of management fees to be paid by the Company to Grupo Lar Inversiones Inmobiliarias, S.A. ("**Grupo Lar**" or the "**Investment Manager**"). The Company's Portfolio is externally managed by the Investment Manager and the Company relies on the Investment Manager, and the experience, skill and judgment of the management team appointed by the Investment Manager which currently comprises Mr. Luis Pereda, Mr. Miguel Pereda, Mr. Jorge Pérez de Leza, Mr. Miguel Ángel González, Mr. Arturo Perales and Mr. José Manuel Llovet (together, the "**Management Team**"), to implement its Business Strategy, which includes the management of the Company's Portfolio and the identification, selection, and negotiation of suitable acquisitions and dispositions of properties and ultimately on its ability to create a property portfolio capable of generating shareholder returns through a rental business.

In addition, the Company is reliant on the Investment Manager to manage the Company's properties on behalf of the Company and to provide or procure the provision of various accounting, administrative, registration, reporting (including the provision of assistance and cooperation for reporting by the Company to the CNMV), record keeping and other services to the Company. There can be no assurance that the Investment Manager will be successful in achieving the Company's objectives.

Moreover, the ability of the Company to achieve its objectives is significantly dependent upon the expertise and operating skills of the Management Team. The departure for any reason of a member of the Management Team could have an adverse impact on the ability of the Investment Manager to achieve the objectives set forth in the Company's Business Strategy. Any member(s) of the Management Team could become unavailable due, for example, to death or incapacity, as well as due to resignation. In the event of such departure or unavailability of any member of the Management Team, there can be no guarantee that the Investment Manager would be able to find and attract other individuals with similar levels of expertise and experience in the Spanish commercial property market or similar relationships with commercial real estate lenders, property funds and other market participants in Spain. The loss of any member of the Management Team could also result in lost business relationships and reputational damage for the Company and, in particular, if any member of the Management Team transfers to a competitor this could have a material adverse effect on the Company's competitive position within the Spanish commercial real estate market. If alternative personnel are found, it may take time for the transition of those persons to the Investment Manager and the transition might be costly and ultimately might not be successful. The departure of any member of the Management Team without timely and adequate replacement of such person by the Investment Manager may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Investment Manager is also responsible for carrying out the day-to-day management and administration of the Company's affairs and, therefore, any disruption to the services of the Investment Manager (whether due to termination of the Investment Manager Agreement or otherwise) could cause a significant disruption to the Company's operations until a suitable replacement is found.

The Company is also dependent on the Investment Manager's ability to procure and maintain access to the asset management operation of Grupo Lar, as well as systems and other supporting functions, and to retain the services of the members of the Management Team (and any support staff to the extent it employs support staff directly). As the Company and the Investment Manager will rely on the asset management operation of Grupo Lar, the Company is also dependent on the ability of Grupo Lar to attract and retain the services of suitable property, financial and support staff.

The Investment Manager Agreement, has an initial term of five years from the date on which the Existing Ordinary Shares were admitted to trading in the Spanish Stock Exchanges (i.e. 5 March 2014) and thereafter will continue for consecutive three-year periods, unless terminated by either party in accordance with the terms further described in section 11.1 of Part XVIII ("*Additional Information*") of this Prospectus. There can be no assurance that the Investment Manager Agreement will be renewed at the end of the initial five-year term or any subsequent three-year term. Furthermore, in limited circumstances the Investment Manager may terminate the Investment Manager Agreement upon notice in writing to the Company. Upon expiry or termination (whether in accordance with its terms or otherwise) of the Investment Manager Agreement, there is no assurance that an agreement with a new investment manager can be entered into on similar terms or on a timely basis or that suitable personnel can be hired by the Company to internalize operations. Any entry into an agreement with less favourable terms or the replacement of the Investment Manager (whether on a timely basis or not) or the internalisation by the Company of operations performed by the Investment Manager may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***The Company has entered into an Investment Management Agreement whereby functions normally exercised by the board or other corporate bodies of listed companies are carried out by the Investment Manager, except where such functions are considered expressly reserved for approval by the Board***

The Company has entered into an Investment Management Agreement whereby functions normally exercised by the board or other corporate bodies of listed companies are carried out by the Investment Manager, except where such functions are considered expressly reserved for approval by the Board. See section 11.1 of Part XVIII ("*Additional Information*") for information on matters reserved to the Board. Such a structure is normally found in collective investment schemes or investment funds but the regulations applicable to this type of entities do not apply to the Company. In particular, it must be

noted that even if certain changes affecting Mr. Luis Pereda and Mr. Miguel Pereda (the “**Key Persons**”) or their positions as directors in the Investment Manager may trigger termination events under the Investment Manager Agreement, changes or alterations in the shareholding of the Investment Manager would not trigger an obligation to launch a public tender offer.

***Actions taken by the Investment Manager may adversely affect the Company and the Company may not be able to terminate the Investment Manager Agreement at its discretion***

There can be no assurance that the Investment Manager, which can exert substantial discretion over the services it provides to the Company under the Investment Manager Agreement, including the appointment of the Management Team, will be successful in advancing the Company’s interests or that its actions or any failure to act will not adversely affect the Company’s interests. For example, the Company has no control over the personnel of or used by the Investment Manager. If any such personnel were to do anything or be alleged to do anything that may be the subject of public criticism or other negative publicity or may lead to investigation, litigation or sanction, this may have an adverse impact on the Company by association, even if the criticism or publicity is factually inaccurate or unfounded and notwithstanding that the Company may have no involvement with, or control over, the relevant act or alleged act. Any damage to the reputation of the personnel of the Investment Manager could result in potential counterparties and other third parties such as tenants, joint venture partners, lenders or developers being unwilling to deal with the Investment Manager and/or the Company. This may have a material adverse effect on the ability of the Company to successfully pursue its Business Strategy and may have a material adverse effect on the Company’s business, financial condition, results of operations and prospects.

The Investment Manager Agreement has an initial term of five years from the date on which the Existing Ordinary Shares were admitted to trading in the Spanish Stock Exchanges (i.e. 5 March 2014) and thereafter will continue for consecutive three-year periods, unless terminated by either party in accordance with the terms further described in section 11.1 of Part XVIII (“*Additional Information*”) of this Prospectus. However, under the terms of the Investment Manager Agreement the Company is restricted in its ability to terminate the Investment Manager Agreement prior to the expiration of its initial term. Prior to expiration, the Company may terminate the Investment Manager Agreement only in limited circumstances, including, among other things, if the Investment Manager is in breach of a material term of the Investment Manager Agreement. Additionally, the Investment Manager Agreement does not provide for termination in the event of a change of control in the Company, even if it is pursuant to a takeover bid. This could discourage other persons from attempting to acquire control of the Company or launching a takeover bid over its Ordinary Shares, even if such acquisition could be beneficial to the Company’s Shareholders, which could have a negative effect on the market value of the Ordinary Shares of the Company. See section 11.1 of Part XVIII (“*Additional Information*”) for details on the Company’s termination rights under the Investment Manager Agreement.

***The past performance of the Management Team and the Investment Manager is not a guarantee of the future performance of the Company***

The Company is a recently created entity reliant on the Investment Manager and the Management Team to identify and manage investments in order to create value for Shareholders. However, the past performance of the Management Team and the Investment Manager is not indicative, or intended to be indicative, of the future performance or results of the Company. The investment objectives, fee arrangements, structure (including for tax purposes), terms, leverage, performance targets, market conditions and investment horizons used or prevailing in connection with acquisitions made in the past by the Investment Manager on its behalf may not be comparable to the conditions and circumstances faced by the Investment Manager when providing its services to the Company under the Investment Manager Agreement. All of these factors can affect returns and impact the usefulness of performance comparisons and, as a result, none of the publicly available historical information relating to the Investment Manager is directly comparable to the Company’s business or the returns which the Company may generate. In addition, the previous experience of the Management Team and companies and ventures advised and/or operated by members of the Management Team may not be directly comparable with the Company’s experience or performance.

***The Investment Manager may fail to retain the Key Persons or to identify suitable replacement members***

The successful implementation of the Business Strategy of the Company depends mainly on the availability of the Key Persons. Thus, if for any reason the Investment Manager is unable to retain the Key Persons as part of the Management Team, the Company's Business Strategy, and therefore its business, financial condition, results of operations and prospects may be adversely affected. In addition, the Company will have the ability to terminate the Investment Manager Agreement if either of the Key Persons ceases to be a member of the Management Team only in certain limited circumstances. See section 11.1 of Part XVIII ("*Additional Information*") of this Prospectus for additional details on the Investment Manager's obligations under the Investment Manager Agreement with respect to the Key Persons.

Moreover, the Investment Manager may fail to identify a replacement member for the Management Team if one of the Key Persons ceases to be significantly or materially involved in the delivery of the services provided for under the Investment Manager Agreement. In such case, the Company's Business Strategy, and therefore its business, financial condition, results of operations and prospects may also be adversely affected.

***There may be circumstances where the Investment Manager has a conflict of interest with the Company***

There may be circumstances in which the Investment Manager has, directly or indirectly, a material interest in a transaction being considered by the Company or a conflict of interest with the Company. Pursuant to the Investment Manager Agreement, the Investment Manager has agreed that, during the term of the Investment Manager Agreement, it will not, and it will require that none of the Investment Manager Affiliates (as defined herein) will (i) acquire or invest (on its own behalf or on behalf of third parties or through joint venture agreements) in Commercial Property (as defined herein) in Spain which is within the parameters of the Investment Strategy (as defined herein) of the Company or (ii) act as investment manager, investment adviser or agent, or provide administration, investment management or other services, for any person, entity, body corporate or client other than the Company, for Commercial Property in Spain which is within the parameters of the Investment Strategy of the Company subject to limited exceptions. For more information on these exceptions and the aforementioned undertakings, see section 11 of Part XVIII ("*Additional Information*") of this Prospectus. Beyond the scope of this exclusivity agreement, the Company expects that there will be conflicts of interest among the Investment Manager and the Company. These conflicts may include:

- Investment terms: in instances where the Company carries out a joint venture with the Investment Manager, the Investment Manager may control the structure and terms of the transaction;
- Shared legal counsel: the Company and the Investment Manager will generally engage common legal counsel in transactions in which both are participating, including transactions in which they may have conflicting interests; and
- Competition for tenants: the Investment Manager's portfolio comprised approximately €97.68 million of assets under management in Spain as of 31 March 2015. The Investment Manager's real estate portfolio could be put in direct competition for attraction and retention of tenants with the Company's real estate portfolio.

In addition, the number of Performance Fee Shares (as described herein) that the Investment Manager may receive each year in pay-out of its services according to the Investment Manager Agreement depends on the average closing price on the Spanish Stock Exchanges of the Ordinary Shares during certain period preceding the delivery of such shares. The number of Performance Fee Shares that the Investment Manager may receive is inversely related to the average closing price of the Ordinary Shares (i.e., a lower average closing price will lead to a higher number of Performance Fee Shares being paid to the Investment Manager). As a result, the interests of the Investment Manager with respect to the trading performance of the Company's Ordinary Shares may differ from those of the Company or other Shareholders of the Company during such certain period preceding the delivery of the Performance Fee Shares to the Investment Manager. Moreover, a member of the Management

Team sits on the Company's Board and is a member of the Company's Audit and Control Committee, which is responsible for supervising the calculation of the Performance Fee (as described herein) to be paid to the Investment Manager according to the Investment Manager Agreement among other matters.

Moreover, conflicts of interest could arise as a result of the provision of property management services by Gentalia 2006, S.L., a property management joint venture ("**Gentalia**"), to the Company due to the differing economic interests of the Investment Manager in Gentalia and the Company. The Investment Manager currently has a 66.6% participation in Gentalia, and Servicios e Inversiones en GLA, S.L. ("**Si-GLA**") holds the remaining 33.4%. In addition, one of the members of the Management Team is a member of the Board of Directors of Gentalia. Moreover, Gentalia, which is not a party to, and is not bound by, the Investment Manager Agreement, could in the future undertake activities or operations that compete with those undertaken by the Company. Gentalia is one of the leading companies in Spain in shopping centre property management, providing consultancy, asset management, leasing and day-to-day management services to shopping centres. It currently manages 50 shopping centres in Spain, with a gross leasable area of over 1,428,563 square meters ("**sqm**"). Gentalia has been appointed as property manager of part of the Company's properties within its Portfolio. See section 11.5 of Part XVIII ("*Additional Information*") for information on the framework agreements entered into with Gentalia.

If conflicts of interest with the Investment Manager result in decisions that are not in the best interests of the Company's Shareholders, the Company's business, financial condition, results of operations and prospects could be adversely affected.

***Members of the Management Team may have conflicts of interest in allocating their time and activity between the Company and the Investment Manager***

Members of the Management Team, in particular Luis Pereda and Miguel Pereda (who are members of the Pereda Family, which owns a controlling stake in the Investment Manager, and who hold executive positions in the Investment Manager), and the support staff available to the Investment Manager (including the staff of Gentalia) may have conflicts of interest in allocating their time and activity to matters relating to the Company. The Investment Manager is an active real estate developer, investor and asset manager in Spain. While pursuant to the Investment Manager Agreement, the Investment Manager is to ensure that the Key Persons devote such time to the supervision and performance of the obligations of the Investment Manager under the Investment Manager Agreement as is necessary to enable the Investment Manager to comply with its obligations under the Investment Manager Agreement, the Company cannot assure you that such contractual obligation will achieve the desired results.

***The calculation of the compensation to be paid to the Investment Manager is based on EPRA NAV and volatility in property values might lead to overpayment ahead of a cyclical peak***

According to the Investment Manager Agreement, the Investment Manager is entitled to receive a Base Fee and a Performance Fee to the extent it becomes payable in accordance with the terms of the Investment Manager Agreement, which calculation is based on the net asset value of the Company 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 in accordance with guidelines issued by the European Public Real Estate Association by August 2011 unless otherwise agreed (the "**EPRA NAV**"). Increases in the EPRA NAV of the Company will lead to an increase in the compensation to be paid to the Investment Manager. If increases in the EPRA NAV are the result of price overheating in the real estate sector, it is possible that the Management Team is overpaid ahead of a cyclical peak. Fees that fall due and payable to the Investment Manager are not subject to reduction or clawback due to any subsequent decrease that may occur in the EPRA NAV of the Company. In addition, in general, the net asset value of real estate companies and the evolution of such companies' share prices are not perfectly correlated. Accordingly, the Investment Manager's compensation is not directly linked to the price performance of the Company's Ordinary Shares and may be payable or increase even when the price performance of the Company's Ordinary Shares is deteriorating.

***The arrangements among the Company and the Investment Manager were negotiated in the context of an affiliated relationship and may contain terms that are less favourable to the Company than those which otherwise might have been obtained from unrelated parties***

The Investment Manager Agreement and the Company's internal policies and procedures for dealing with the Investment Manager were negotiated in the context of the Company's formation and the Company's initial public offering by persons who were, at the time of negotiation, members of the Management Team and affiliates of the Investment Manager. While the Company believes that the terms of these arrangements are broadly similar to what would have been obtainable from unaffiliated third parties, the Company cannot assure you that their terms, including terms relating to fees, performance criteria, contractual or fiduciary duties, conflicts of interest, limitations on liability, indemnification and termination, are not less favourable to the Company than otherwise might have resulted if the negotiations had involved unrelated parties from the outset.

### **2.3 Risks relating to the Company's activity and properties**

***The Company faces numerous risks related to its rental business***

The Company's core business is the leasing of properties which form part of the Company's Portfolio. If the Company fails to adequately manage its leased premises, including if the Company is unable to retain its current tenants due to the non-renewal of their lease agreements upon expiry and where the Company is unable to find new tenants, there is a risk that they will become vacant, resulting in a decrease in the Company's revenues. Even if the Company enters into new lease agreements with its existing tenants or new tenants, there is a risk that the Company may have to do so on less favourable terms due to prevailing market conditions at the time of entering into such new leases or other reasons.

In addition, the Company is exposed to the risk of insolvency or illiquidity of its tenants, which might cause them to default on their rental payment commitments. If the Company's gross rental income were to decline as a result, the Company would have less cash available and the value of its properties could significantly decline. Also, acquiring real estate properties for rent implies significant upfront investment, and, consequently, any increase in costs and/or any reduction in the targeted rental revenues from such assets could result in a materially reduced return on investment. Moreover, significant expenditures associated with the holding and managing of a property, such as taxes, service charges, insurance, maintenance and refurbishment costs, are generally not reduced proportionally to any decline in rental revenues from that property. If rental revenues from a property were to decline while the related costs did not decline, the Company's revenues and cash receipts could be materially adversely affected.

Any of the foregoing may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***The Company's properties are concentrated in the Spanish commercial property market and the Company's properties have therefore greater exposure to political, economic and other factors affecting the Spanish market than more diversified businesses***

The Company's Portfolio consists, and is expected to continue consisting in the future, primarily of direct or indirect interests in commercial property in Spain, the majority of which are located in Madrid, Barcelona and certain secondary locations. This means the Company has a significant industry and geographic concentration risk relating to the Spanish commercial property market, and an investment in the New Ordinary Shares or the Preferential Subscription Rights may therefore be subject to greater risk than investments in securities issued by companies with more diversified portfolios. Accordingly, the Company's performance may be significantly affected by events beyond its control affecting Spain, and the Spanish commercial property market in particular, such as a downturn in the Spanish economy, changing demand for commercial property in Spain, changing supply within a particular geographic location, the attractiveness of property relative to other investment choices, changes in domestic and/or international regulatory requirements and applicable laws and regulations (including in relation to taxation and land use), Spain's attractiveness as a foreign direct investment destination, political conditions, the condition of financial markets, the availability



of credit, the financial condition of tenants, interest rate and inflation rate fluctuations, accounting and control expenses and other developments. Any of these events could reduce the rental and/or capital values of the Company's Portfolio and/or the ability of the Company to acquire or dispose of properties and to secure or retain tenants on acceptable terms and, consequently, may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In addition, significant concentration of the Company's Portfolio in the Spanish commercial real estate market (and/or any particular sector within that market) may result in greater volatility in its value and any downturn in such market may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***The value of any acquired properties and the rental income those properties yield are subject to fluctuations in the Spanish property market***

The Company's performance is subject to, among other things, the conditions of the commercial property market in Spain, which affect both the value of the Company's properties and the rental income those properties yield. The value of real estate in Spain declined sharply starting in 2007 as a result of economic recession, the credit crisis, increased unemployment rates, an overhang of excess supply, overleveraged local real estate companies and developers and the absence mainly of bank debt financing. Since peaking in 2007, the Spanish commercial property market has seen a severe decline in the value of real estate assets, with the capital values of real estate assets falling by approximately 41.6% in industrial, 31.9% in office and 31.2% in retail, from 2007 to 2014 (Source: Datastream, May 2015). Spanish property values could decline further and those declines could be substantial, particularly if the economy were to suffer a decline or the recent increase in demand for Spanish real estate were to fade. Declines in the performance of the Spanish economy or the Spanish property market could have a negative impact on consumer spending, levels of employment, rental revenues and vacancy rates and, as a result, have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Factors that may materially adversely affect the Spanish economy include the risks posed by the Greek debt crisis and Greece's membership in the EU.

In addition to the general economic climate, the Spanish commercial property market and prevailing rental levels and asset values may also be affected by factors such as an excess supply of properties, the availability of credit, the level of interest rates and changes in laws and governmental regulations (both domestic and international), including those governing real estate usage, zoning and taxes. In addition, rental levels may also be affected by a fall in the general demand for rental property and reductions in tenants' and potential tenants' space requirements. All of these factors are outside of the Company's control, and may reduce the attractiveness of holding property as an asset class.

These factors could also have a material effect on the Company's ability to maintain the occupancy levels of the properties it has acquired or may acquire in the future through the execution of leases with new tenants and the renewal of leases with existing tenants, as well as its ability to maintain or increase rents over the longer term. In particular, non-renewal of leases or early termination by significant tenants in the Company's Portfolio could materially adversely affect the Company's net rental income. If the Company's net rental income declines, it would have less cash available to service and repay its indebtedness or make distributions to Shareholders. In addition, significant expenditures associated with a property, such as taxes, service charges and maintenance costs, are generally not reduced in proportion to any decline in rental revenue from that property. If rental revenue from a property declines while the related costs do not decline, the Company's income and cash receipts could be materially adversely affected. Declines in rent and demand for space might render refurbishment and redevelopment investments unattractive which may cause the value of properties to decline.

Any deterioration in the Spanish commercial property market, for whatever reason, could result in declines in market rents received by the Company, in occupancy rates for the Company's properties, in the carrying values of the Company's property assets and the value at which it could dispose of such assets. A decline in the carrying value of the Company's Portfolio may also weaken the Company's ability to obtain financing for new acquisitions. Any of the above may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***Competition in the real estate market may affect the ability of the Company to make appropriate acquisitions and to secure tenants at satisfactory rental levels***

The Company faces competition from other property investors for the purchase of desirable properties and in seeking creditworthy tenants for acquired properties. Competitors include not only regional Spanish investors and real estate developers with in-depth knowledge of the local markets, but also other property portfolio companies, including funds that invest nationally and internationally, institutional investors and foreign investors. Competitors may have greater financial resources than the Company and a greater ability to borrow funds to acquire properties, and may have the ability or inclination to acquire properties at a higher price or on terms less favourable than those the Company may be prepared to accept. Competition in the commercial property market may also lead to an over-supply of commercial properties through over-development or prices for existing properties being driven up through competing bids by potential purchasers. Furthermore, the number of entities and the amount of funds competing for suitable properties may increase. There can be no assurance that the Company has been or will be successful in identifying or acquiring suitable investment opportunities. The existence and extent of competition in the commercial property market may also have a material adverse effect on the Company's ability to secure tenants for its properties at satisfactory rental levels and on a timely basis and to subsequently retain such tenants. Competition may cause difficulty in achieving rents in line with the Company's expectations and may result in increased pressure to offer new and renewing tenants financial and other incentives. Any inability by the Company to compete effectively against other property investors or to effectively manage the risks related to competition may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***The Company's business may be materially adversely affected by a number of factors inherent to real estate***

Revenues earned from, and the capital value and disposal value of, properties held or sold by the Company and the Company's business may be materially adversely affected by a number of factors inherent in asset sales and management, including, but not limited to:

- sub-optimal tenant rotation policies or lease renegotiations;
- decreased demand by potential buyers for properties or tenants for space;
- material declines in property and/or rental values;
- excessive investment in extensions/refurbishment;
- the inability to recover operating costs such as local taxes and service charges on vacant space;
- incorrect repositioning of an asset in changing market conditions;
- exposure to the creditworthiness of buyers and tenants, which could result in delays in receipt of contractual payments, including rental payments, the inability to collect such payments at all including the risk of buyers and tenants defaulting on their obligations and seeking the protection of bankruptcy laws, the re-negotiation of purchase agreements or tenant leases on terms less favourable to the Company, or the termination of purchase agreements or tenant leases;
- defaults by a number of tenants with material rental obligations (including pre-let obligations (which are contracts entered into with potential tenants which allow the tenant to agree to lease a building before the construction has started)) or a default by a significant tenant at a specific property that may hinder or delay the sale or re-letting of such property;
- material litigation with buyers or tenants;
- material expenses in relation to the construction of new tenant improvements and re-letting a property, including the provision of financial inducements to new tenants such as rent free periods;

- reduced access to financing for tenants, thereby limiting their ability to alter existing operations or to undertake expansion plans; and
- increases in operating and other expenses or cash needs without a corresponding increase in turnover or tenant reimbursements, including as a result of increases in the rate of inflation in excess of rental growth, changes in or increased costs of compliance with governmental rules, regulations and fiscal policies, property taxes or statutory charges or insurance premiums, costs associated with tenant vacancies and unforeseen capital expenditure affecting properties which cannot be recovered from tenants.

The Company's properties may not generate income sufficient to meet operating expenses, including debt servicing and capital expenditures, including unforeseen capital expenditures. In addition, there are significant expenditures associated with an investment in real estate (such as mortgage payments, real estate taxes and maintenance costs) that generally do not decline when circumstances reduce the income from the property. If the Company's revenues earned from sales or tenants or the value of its properties are adversely affected by the above or other factors, the Company's business, financial condition, results of operations and prospects may be materially adversely affected.

***Default by tenants could cause significant losses of income, create additional costs, or cause a reduction in asset value and increased bad debts***

The Company derives a significant portion of its revenue directly from rent received from its tenants. Rent received from a small number of tenants may represent a significant portion of the total revenue. As of 31 March 2015, the ten largest tenants represented 44.79% of the Company's total rental income (based on their contribution to the rental income of the Company during the first quarter of 2015). In particular, the three main tenants, Centros Comerciales Carrefour, S.A., Ingeniería y Economía del Transporte, S.A., and Media Markt, represented 13.14%, 10.56% and 5.68%, respectively, of the Company's total rental income (based on their contribution to the rental income of the Company during the first quarter of 2015). A downturn in the business, or the bankruptcy or insolvency of any tenant could result in a significant loss of income, additional expenses, an increase in bad debts and decreased property value. In the event of a tenant default, the Company may experience delays in enforcing its rights as landlord and may incur substantial costs in protecting its investment. Moreover, such a default may prevent the Company from increasing rents or result in lease terminations by, or reductions in rent for, other tenants under the conditions of the leases or otherwise. In addition, adverse economic conditions affecting a particular industry of one or more of the Company's tenants could affect the financial ability of one or more of its tenants to make payments under their leases, which could cause delays in the Company's receipt of rental revenues or a vacancy in one or more of its properties for a period of time. Any of the above may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***The Company faces risks related to the dependence on the revenue from its main properties***

A significant portion of the Company's business depends on the revenue from its main properties. In the three months ended 31 March 2015, the revenue from (i) L'Anec Blau represented 40.5% of the total revenues generated by the shopping centres; (ii) Egeo represented 60.4% of the total revenues generated by the offices; and (iii) Alovera II represented 78.6% of the total revenues generated by the logistic centres. As a result of their substantial contribution to the Company's revenue, any event or condition affecting these properties, such as the discovery of construction defects or developments affecting the areas where such properties are located, could materially adversely affect the Company's business, financial condition, results of operations and prospects.

***Property valuation is inherently subjective and uncertain and the Company's net asset value is expected to fluctuate over time***

The success of the Company depends significantly on the ability of the Company and the Investment Manager to assess the values of properties, both at the time of acquisition and the time of disposal. Valuations of the Company's property Portfolio also have a significant effect on the Company's financial standing on an on-going basis and on its ability to obtain financing. The valuation of property and property-related assets is inherently subjective, in part because all property valuations are made on

the basis of assumptions which may not prove to be accurate (particularly in periods of volatility or low transaction flow in the commercial real estate market), and in part because of the individual nature of each property.

In determining the value of properties, the valuers are required to make assumptions in respect of matters including, but not limited to, the existence of willing sellers in uncertain market conditions, title, condition of structure and services, existence of deleterious materials, plant and machinery conditions, environmental matters, permits and licenses, statutory requirements and planning, expected future rental revenues from the property and other information. Such assumptions may prove to be inaccurate. Incorrect assumptions underlying the valuation reports could negatively affect the value of any property that the Company owns or may acquire in the future and thereby have a material adverse effect on the Company's financial condition. This is particularly so in periods of volatility or when there is limited real estate transactional data against which property valuations can be benchmarked. There can also be no assurance that these valuations have been or will be reflected in the actual transaction prices, even where any such transactions occur shortly after the relevant valuation date, or that the estimated yield and annual rental income prove to be attainable. For more information on the valuation of the Company's Portfolio (except for the Joan Miró offices and the Portal de la Marina hypermarket, which were acquired in June 2015, and El Rosal shopping centre, which was acquired in July 2015) and the assumptions made in determining the value of the Company's properties, see Annex B ("*Valuation Reports*") of this Prospectus.

The Company has acquired and may acquire properties in the future through different property-owning vehicles, and has utilised and may in the future utilise a variety of structures for the purpose of acquiring properties, such as joint ventures and minority stakes (particularly with respect to residential properties). Where a property or an interest in a property is acquired through another company or another structure, the value of the entity or the structure may not be the same as the value of the underlying property due, for example, to tax, environmental, contingent, contractual or other liabilities, or structural considerations. As a result, there can be no assurance that the value of property acquired through those structures accurately reflects the value of the underlying property.

As a result of each of these factors, Shareholders should note that actual net asset value may fluctuate from time to time, potentially materially.

To the extent valuations of the Company's properties, including the Valuation Reports, do not accurately reflect the value of the underlying properties, whether due to the above factors or otherwise, this may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***The Valuation Reports may not be indicative of the value of Company's properties or the Company's performance***

According to the Cushman & Wakefield valuation report dated 10 July 2015 and included in Annex B ("*Valuation Reports*") of this Prospectus (the "**C&W Valuation Report**"), the market value (net of acquisition costs) of the Company's properties to which it refers as at 31 May 2015 was as follows: Txingudi €8.750 million, Portal de la Marina shopping centre €82.150 million (€48.288 million considering the Company's 58.78% interest in the property), Las Huertas €12.300 million, Marcelo Spínola €19.650 million, Alovera I €14.000 million, Alovera III €3.250 million, Alovera IV €7.500 million, Almussafes €8.500 million, Eloy Gonzalo €13.000 million, As Termas €68.500 million, Claudio Coello €17.100 million (€8.550 million considering the Company's 50.00% interest in the property) and the land plot of Juan Bravo €105.100 million (€2.550 million considering the Company's 50.00% interest in the property).

According to the Jones Lang LaSalle valuation report dated 10 July 2015 and included in Annex B ("*Valuation Reports*") of this Prospectus (the "**JLL Valuation Report**" and together with the C&W Valuation Report, the "**Valuation Reports**"), the market value (net of acquisition costs) of the Company's properties to which it refers as at 31 May 2015 was as follows: Albacenter Shopping Centre €30.269 million, L'Anec Blau €82.650 million, Nuevo Alisal €17.057 million, Villaverde

€9.700 million, Albacenter Hypermarket and two Retail Units €12.158 million, Alovera II €35.280 million, Arturo Soria €25.320 million and Egeo €69.180 million.

The valuation of property and property-related properties is inherently subjective. As a result, valuations are subject to uncertainty. See the risk factor above *“Property valuations is inherently subjective and uncertain and the Company’s net asset value is expected to fluctuate over time”*. Moreover, all property valuations, including the Valuation Reports, are made on the basis of material assumptions which may not prove to be correct and which, in the case of the Valuation Reports, have not been confirmed or investigated by any third party. In the case of the Valuation Reports, these assumptions include rental growth forecasts, the existence of marketable title to the properties, the lack of contamination of the properties or the fact that tenants are capable of meeting their leasehold obligations and that existing occupational leases will be maintained. In addition, the valuers have made assumptions specific to certain properties, which are further described in the Valuation Reports, and which include assumptions regarding a forthcoming license to modify the Juan Bravo property, certain indemnity payments to two remaining tenants at Claudio Coello and capital expenditures for refurbishment of the Marcelo Spínola property. The Company cannot assure that any of the properties covered by the Valuation Reports could have been or could be sold at their respective market values set forth in the respective Valuation Reports, if at all, or that the actual market value of such properties, whether or not equivalent to the values set forth in the respective Valuation Reports, will not decline significantly over time due to various factors, including changing macro and microeconomic conditions and other factors set forth in this Part II (*“Risk Factors”*). The appraised value of properties covered by the Valuation Reports cannot, therefore, be construed as a guarantee of the prices which could be obtained should the Company seek to sell properties in the open market and is not an indication of the value of the Company’s properties, the Company’s performance or the price at which the New Ordinary Shares or the Preferential Subscription Rights may trade on the Spanish Stock Exchanges. Moreover, the Valuation Reports are as of 31 May 2015. The Company can give no assurance that a valuation at a more recent date would not produce a lower or higher value. Furthermore, the Valuation Reports do not include valuations on the Joan Miró offices and the Portal de la Marina hypermarket, which were acquired by the Company in June 2015, and El Rosal shopping centre, which was acquired in July 2015. As a result, investors will have limited information to assess such recent acquisitions.

***Any costs associated with potential acquisitions that do not proceed to completion affect the Company’s performance***

Before making an acquisition, the Company needs to identify suitable opportunities, investigate and pursue such opportunities and negotiate property acquisitions on suitable terms, all of which require significant expenditure prior to consummation of the acquisitions. The Company may incur certain third party costs, including in connection with financing, valuations and professional services associated with the sourcing and analysis of suitable properties. There can be no assurance as to the level of such costs and, given that there can be no guarantee that the Company will be successful in its negotiations to acquire any given property, the greater the number of potential acquisitions that do not reach completion, the greater the likely adverse impact of such costs on the Company’s business, financial condition, results of operations and prospects.

***The Company’s due diligence of a potential acquisition may not identify all possible risks and liabilities***

Prior to entering into an agreement to acquire any property or make a significant investment, the Investment Manager, on behalf of the Company, performs due diligence on the proposed acquisition. In doing so, it typically relies on third parties to conduct a significant portion of this due diligence (including providing legal reports on title and property valuations). In some cases the due diligence performed by the Investment Manager is limited due to lack of information or other reasons and there can be no assurance that due diligence examinations carried out by the Investment Manager, the Company or third parties in connection with a property or acquisition have revealed or will in the future reveal all of the risks associated with that property or acquisition, or the full extent of such risks. Properties the Company has acquired or may acquire or invest in may be subject to hidden material,

structural or other defects that were not apparent at the time of acquisition or investment. This risk is aggravated by the fact that most purchase agreements the Company has entered into contain indemnity exclusions and limitations. To the extent that the Company, the Investment Manager or other third parties underestimate or fail to identify risks and liabilities associated with an investment, the Company may be subject to one or more of the following risks:

- defects in title;
- environmental liabilities or structural or operational defects or liabilities requiring remediation and/or not covered by indemnities or insurance;
- lack or insufficiency of permits and licenses;
- an inability to obtain permits enabling the property to be used as intended; or
- the acquisition of properties that are not consistent with the Company’s Business Strategy or that fail to perform in accordance with expectations.

Any of these risks may have a material adverse effect on the Company’s business, financial condition, results of operations and prospects.

***The Company may not acquire 100% control of certain properties and may therefore be subject to the risks associated with joint ownership***

Pursuant to the Company’s Business Strategy, the Company may enter into a variety of acquisition structures through which the Company would acquire less than a 100% interest in a particular asset or entity and the remaining ownership interest is held by one or more third parties. In particular, the Company intends to hold minority stakes with respect to residential properties. As of the date of this Prospectus, the Company holds 58.78% of Puerta Marítima Ondara, S.L. (“PMO”), with Grupo Lar holding the remaining 41.22%, and 50% of the Juan Bravo land plot and Claudio Coello, with the PIMCO Investor (as defined herein) holding the remaining 50%. Despite the Company’s 58.78% stake in PMO, the Company does not have control over PMO. In particular, the Company nominates three of the directors of a board composed by five members; however, resolutions require approval by at least four of the five directors except for resolutions regarding certain limited matters, which will only require approval by three members of its board.

Minority stakes or joint venture arrangements may expose the Company to the risk that:

- business partners become insolvent or bankrupt, or fail to fund their share of any capital contribution which might be required, which may result in the Company having to pay the business partner’s share or risk losing the investment;
- business partners have economic or other interests that are inconsistent with the Company’s interests and are in a position to take or influence actions contrary to the Company’s interests and plans (for example, in implementing active asset management measures), which may create impasses on decisions and affect the Company’s ability to implement its strategies and/or dispose of the asset or entity;
- disputes develop between the Company and business partners, with any litigation or arbitration resulting from any such disputes increasing the Company’s expenses and distracting the Board and/or the Investment Manager from their other managerial tasks;
- business partners do not have enough liquid assets to make cash advances that may be required in order to fund operations, maintenance and other expenses related to the property, which could result in the loss of current or prospective tenants and may otherwise adversely affect the operation and maintenance of the property;
- an business partner breaches agreements related to the property, which may cause a default under such agreements and result in liability for the Company;
- income obtained from these minority investments does not qualify as income received from Qualifying Subsidiaries (as defined below), which may affect the Company’s ability to

comply with the SOCIMI Regime (as defined below). Failing to comply with the requirements to apply the SOCIMI Regime will lead the Company to be subject to regular Spanish corporate income tax (“**Corporate Income Tax**”), without being entitled to the tax regime corresponding to a SOCIMI. “**Qualifying Subsidiaries**” refers to (i) Spanish SOCIMIs (as defined below), (ii) foreign entities with a similar regime, corporate purpose and dividend distribution regime as a Spanish SOCIMI and (iii) Spanish and foreign entities which main corporate purpose is investing in real estate for developing rental activities and that shall be subject to the same dividend distribution regime and investment and income requirements as set out in the SOCIMI Act which share capital is fully owned by SOCIMIs or foreign entities with a similar regime and that do not hold participations in other companies. A Spanish SOCIMI is a Spanish Listed Corporation for Investment in the Real Estate Market (*Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario* or “**SOCIMI**” according to its initials in Spanish). The “**SOCIMI Regime**” refers to the special regime applicable to Spanish SOCIMIs;

- the Company is liable for the actions of business partners; and
- a default by a business partner constitutes a default under mortgage loan financing documents relating to the investment, which could result in a foreclosure and the loss of all or a substantial portion of the investment made by the Company.

Any of the foregoing may have a material adverse effect on the Company’s business, financial condition, results of operations and prospects.

***Real estate assets are relatively illiquid***

Real estate assets can be relatively illiquid for reasons including but not limited to the long-term nature of leases, commercial properties being tailored to tenants’ specific requirements and varying demand for commercial property. Such illiquidity may affect the Company’s ability to vary the composition of its Portfolio or dispose of properties in a timely fashion and/or at satisfactory prices in response to changes in economic, property market or other conditions. This may have a material adverse effect on the Company’s business, financial condition, results of operations and prospects.

***The Company is exposed to certain risks related to the maintenance and repair of its properties***

The Company intends to maintain its Portfolio in good condition. For this reason, and also to avoid loss of value, the Company performs maintenance and repairs on its properties. In addition, modernization of properties may be necessary to increase their appeal or to meet changing legal requirements, such as those relating to energy savings. Such measures can be large-scale and expensive. As a result, the Company could face higher than budgeted costs for maintenance, repair or modernization that it may be unable to pass onto the tenant. Moreover, required maintenance, repair or modernization work could be delayed, for example, by reason of bad weather, poor performance or insolvency of contractors, or the discovery of unforeseen structural defects which may result in increased costs to remedy such defects. Any of the above may have a material adverse effect on the Company’s business, financial condition, results of operations and prospects.

***There is no assurance that the Company will realise anticipated returns on an investment in the construction, refurbishment, renovation or restoration of real estate properties***

Construction, refurbishment, renovation or restoration projects are based on business plans devised by the Investment Manager and actual results might differ. There is no assurance that the Company will realise anticipated returns on an investment in property construction, refurbishment, renovation or restoration. Failure to generate anticipated returns may have a material adverse effect on the Company’s business, financial condition, results of operations and prospects.

Furthermore, the Company may be subject to claims due to defects relating to the construction, refurbishment, renovation or restoration of its properties, including following the disposal of such properties. In certain circumstances, it is possible that defects could give rise to a right by a purchaser to unwind a contract in addition to the payment of damages.

In addition, in circumstances where the Company seeks to create value by undertaking development, refurbishment or redevelopment of its Portfolio, it will typically be dependent on the performance of third party contractors who undertake the management or execution of such development, refurbishment or redevelopment on behalf of the Company. The risks of development, refurbishment or redevelopment include, but are not limited to:

- failure by such third party contractors in performing their contractual obligations;
- insolvency of such third party contractors;
- the inability of the third party contractors to retain key members of staff;
- cost overruns in relation to the services provided by the third party contractors;
- delays in properties being available for occupancy;
- fraud or misconduct by an officer, employee or agent of a third party contractor, which may result in losses to the Company and damage to the Company's reputation;
- disputes between the Company and third party contractors, which may increase the Company's expenses and distract the Board and the Management Team;
- liability of the Company for the actions of the third party contractors;
- inability to obtain governmental and regulatory permits on a timely basis or at all;
- inability to sell the developed, redeveloped or refurbished properties at prices that are favourable to the Company or at all; and
- inability to rent the properties to tenants at rental levels that are favourable to the Company or at all.

If the Company's third party contractors fail to successfully perform the services for which they have been engaged, either as a result of their own fault or negligence, or due to the Company's failure to properly supervise any such contractors, this could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***The Company may be subject to liability following the disposal of its properties***

The Company may be exposed to future liabilities and/or obligations with respect to the properties that it sells. The Company may be required or may consider it prudent to set aside provisions for warranty claims or contingent liabilities in respect of property disposals. The Company may be required to pay damages (including but not limited to litigation costs) to a purchaser to the extent that any representations or warranties given to a purchaser prove to be inaccurate or to the extent that the Company breaches any of its covenants or obligations contained in the disposal documentation. In certain circumstances, it is possible that representations and warranties incorrectly given could give rise to a right by the purchaser to unwind the contract in addition to the payment of damages. Further, the Company may become involved in disputes or litigation in connection with such disposed properties. Certain obligations and liabilities associated with the ownership of properties can also continue to exist notwithstanding any disposal, such as certain environmental liabilities. Any claims, litigation or continuing obligations in connection with the disposal of any properties may subject the Company to unanticipated costs and may require the Management Team to devote considerable time to dealing with them. As a result, any such claims, litigation or obligations may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***The Company may suffer losses in excess of insurance proceeds, if any, or from uninsurable events***

The Company's properties may suffer physical damage resulting in losses (including loss of rent) which may not be compensated for by insurance, either fully or at all. In addition, there are certain types of losses, generally of a catastrophic nature, that may be uninsurable or are not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations, and other factors, might also result in insurance proceeds being unavailable or insufficient to repair or replace a property or pay for environmental clean-up costs. Should an uninsured loss or a loss in



excess of insured limits occur, the Company may lose capital invested in the affected property as well as anticipated future revenue from that property. In addition, the Company could be liable to repair damage caused by uninsured risks or pay for uninsured environmental clean-up costs. The Company may also remain liable for any debt or other financial obligations related to that property. Any material uninsured losses may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***The Investment Manager's insurance may not be sufficient to recoup all of the losses claimed by the Company***

Pursuant to the terms of the Investment Manager Agreement, the Investment Manager is required to maintain at its own cost appropriate professional indemnity insurance to cover potential claims from the Company under said agreement until two years after the date of its termination. However, such insurance is subject to customary deductibles and coverage limits and may not be sufficient to recoup all of the losses claimed by the Company. Therefore, the Company could suffer losses which may not be fully compensated for by the referred insurance, or at all. Any material losses uninsured under the Investment Manager Agreement may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***The Company may dispose of properties at a time which results in a lower than expected return or a loss on such properties, and may be unable to dispose of properties at all***

The Company may elect to dispose of properties and may also be required to dispose of properties of its Portfolio at any time, including due to a requirement imposed by a third party (for example, a lending bank). There can be no assurance that, at the time the Company seeks to dispose of properties (whether voluntarily or otherwise) relevant market conditions will be favourable or that the Company will be able to maximise the returns on such disposed properties. It may be especially difficult to dispose of certain types of real estate during recessionary times. To the extent that market conditions are not favourable, the Company may not be able to dispose of properties at a gain and may even have to dispose of properties at a loss. Furthermore, the Company may be unable to dispose of properties at all, which would tie up the capital invested in such properties and could impede the Company's ability to take advantage of other opportunities. The Company could be particularly exposed to this risk in residential properties, as the prices in residential property have typically been more volatile. If the Company is required to dispose of a property on unsatisfactory terms, it may realise less than the value at which such property was previously recorded, which could result in a decrease in net asset value and lower returns to Shareholders. In addition, if the Company disposes of a property without complying with the minimum holding period (as described in section 1 of Part XVI ("*Taxation Information*")), gains arising from disposal of the property and the entire income derived from such asset, including rental income, will be taxable at regular Corporate Income Tax rates, i.e., 28% for 2015 and 25% for 2016 onwards). See "*Certain disposals of properties may have negative implications under the Spanish SOCIMI Regime*" in this section 3 of this Part II ("*Risk Factors*").

Further, in acquiring a property, the Company may agree to restrictions that prohibit the sale of that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. In addition, if the Company purchases properties when the rate of return is low and purchase prices are high, the value of such properties may not increase over time, and if the property is then sold the Company may incur a loss.

Any inability of the Company to dispose of its properties or to do so at a gain, or any losses on the disposal of the Company's investments, may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***Delays or difficulties in locating and/or acquiring suitable properties may have a material adverse effect on the Company's business, financial condition, results of operations and prospects***

The Board aims to expand the Company's Portfolio of properties in Spain, principally Commercial Property in Madrid, Barcelona and certain secondary locations.

There can be no assurance as to how long it will take for the Company to expand its Portfolio, as it may not find suitable properties to acquire. The Company is likely to face competition from a variety of other potential purchasers in identifying and acquiring suitable properties. The longer the period before investment the greater the likelihood that the Company's business, financial condition, results of operations and prospects, and its ability to make distributions to Shareholders, will be materially adversely affected.

Market conditions may have a negative impact on the Company's ability to identify and carry out acquisitions in suitable assets for rental purposes that generate acceptable returns for Shareholders. As was evident during the recent market downturn, market conditions have had a significant negative impact on the availability of credit, property pricing and liquidity levels. Lenders have also tightened their lending criteria, including lending lower loan to value and increasing leverage restrictions. Furthermore, locating suitable properties, conducting due diligence, negotiating acceptable purchase contracts and ultimately completing the purchase of a property typically require a significant amount of time. The Company may face delays in locating and acquiring suitable investments and, once the properties are identified, there could also be delays in completing the purchases, including delays in obtaining any necessary approvals. Necessary approvals may be refused, or granted only on onerous terms, and any such refusals, or the imposition of onerous terms, may result in an investment not proceeding as originally intended and could result in significant costs associated with aborting the transaction being incurred by the Company.

Moreover, the Company may acquire minority stakes in properties (particularly with respect to residential assets) or joint ventures (which could include minority investments or joint ventures with sellers of properties). In such cases, it will need to negotiate suitable arrangements with each of its proposed business partners, which may also prove to be time-consuming or could restrict the Company's ability to act quickly or unilaterally. The Company's inability to select and invest, alone or as business partner, in properties on a timely basis may have a material adverse effect on the Company's business, financial condition, results of operations and prospects and may delay or limit distributions to Shareholders by the Company.

## **2.4 Risks relating to the Company's Board**

### ***The Company is reliant on the performance and retention of the members of the Board***

The Company relies on the expertise and experience of the directors of the Company (the "**Directors**") to supervise the management of the Company's affairs. Although, pursuant to the Investment Manager Agreement, the Investment Manager manages the Company's Portfolio, certain reserved matters require the consent of the Board, including, among other things, all acquisitions or disposals of the properties above certain thresholds, financing and hedging arrangements above certain thresholds and entry into joint venture agreements to acquire any property. The performance of the Directors and their retention on the Board are, therefore, significant factors in the Company's ability to achieve its Business Strategy. The Directors' involvement with the Company is on a part time, not full time basis, and if there is any material disruption to the Investment Manager's performance of its services, the Directors may not have sufficient time or experience to manage the Company's business until a new investment manager is appointed. In addition, there can be no assurance as to the continued service of such individuals as Directors of the Company. The departure of any of these individuals from the Company without timely and adequate replacement may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

### ***Reputational risk in relation to the Board may materially adversely affect the Company***

The Board may be exposed to reputational risks. In particular, litigation, allegations of misconduct or operational failures by, or other negative publicity and press speculation involving any of the Directors, whether or not accurate, will harm the reputation of the relevant Director. Any damage to the reputation of any of the Directors could result in potential counterparties and other third parties such as tenants, landlords, joint venture partners, lenders or developers being unwilling to deal with the Company. This may have a material adverse effect on the ability of the Company to successfully

pursue its Business Strategy and may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***There may be circumstances where Directors have a conflict of interest***

There may be circumstances in which a Director has, directly or indirectly, a material interest in a transaction being considered by the Company or another conflict of interest with the Company. Any of the Directors and/or any person connected with them may from time to time act as director, investor or be otherwise involved in other investment vehicles (including vehicles that may have business strategies similar to the Company's) which may also be purchased or sold by the Company, subject at all times to the provisions governing such conflicts of interest both in law and in the by-laws of the Company (the "**By-Laws**"). Mr. Miguel Pereda, who is a Director of the Company, is also a director of the Investment Manager and a member of the Management Team. Although procedures have been put in place to manage conflicts of interest, it is possible that any of the Directors and/or their connected persons may have potential conflicts of interest with the Company.

## **2.5 Regulatory risks**

See "*Risk relating to structure and taxation*" for information on certain risks relating to the SOCIMI Regime.

***Changes in laws and regulations may have a material adverse effect on the Company's business, financial condition, results of operations and prospects***

The Company's operations must comply with laws and governmental regulations (both domestic and international (including in the European Union)) which relate to, among other things, property ownership and use, land use, development, zoning, health and safety requirements and environmental compliance. These laws and regulations often provide broad discretion to the administering authorities. Additionally, all of these laws and regulations are subject to change, which may be retrospective, and changes in regulations could adversely affect existing planning consents, costs of property ownership, the capital value of the Company's assets and the rental income arising from the Company's Portfolio. Such changes may also adversely affect the Company's ability to use a property as intended and could cause the Company to incur increased capital expenditure or running costs to ensure compliance with the new applicable laws or regulation which may not be recoverable from tenants. The occurrence of any of these events may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***Environmental and health and safety laws, regulations and standards may expose the Company to the risk of substantial costs and liabilities***

Laws and regulations, which may be amended over time, may impose environmental liabilities associated with the properties of the Company (including environmental liabilities that were incurred or that arose prior to the Company's acquisition of such properties). Such liabilities may result in significant investigation, removal, or remediation costs regardless of whether the Company originally caused the contamination or other environmental hazard. In addition, environmental liabilities could adversely affect the Company's ability to sell, lease or redevelop a property, or to borrow using a property as security and may in certain circumstances (such as the release of certain materials, including asbestos, into the air or water) form the basis for liability to third persons for personal injury or other damages. Environmental laws and regulations may limit the development of, and impose liability for, the disturbance of wetlands or the habitats of threatened or endangered species. The Company's Portfolio may include properties historically used for commercial, industrial and/or manufacturing uses. Such properties are more likely to contain, or may have contained, storage tanks for the storage of hazardous or toxic substances. Leasing properties, such as those containing warehouses, to tenants that engage in industrial, manufacturing and other commercial activities will cause the Company to be subject to increased risk of liabilities under environmental laws and regulations. In the event the Company is exposed to environmental liabilities or increased costs or limitations on its use or disposal of properties as a result of environmental laws and regulation this may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***The assets of the Company could be deemed to be “plan assets” that are subject to certain requirements of ERISA and/or Section 4975 of the Code, which could restrain the Company from making certain investments***

Under the current Plan Asset Regulations, if interests held by Benefit Plan Investors (as defined herein) are deemed to be “significant” within the meaning of the Plan Asset Regulations (as defined herein) (broadly, if Benefit Plan Investors hold 25% or greater of any class of equity interest in the Company) then the assets of the Company may be deemed to be “plan assets” within the meaning of the Plan Asset Regulations. The Company will be unable to monitor whether Benefit Plan Investors acquire Ordinary Shares and therefore, there can be no assurance that Benefit Plan Investors will never acquire Ordinary Shares. If the Company’s assets were deemed to constitute “plan assets” within the meaning of the Plan Asset Regulations, certain transactions that the Company may enter into in the ordinary course of business and operation may constitute non-exempt prohibited transactions under ERISA or the Code, resulting in the imposition of excise taxes and penalties. In addition, any fiduciary of a Benefit Plan Investor or a governmental, church, non-US or other plan which is subject to Similar Law (as defined herein) that is responsible for such plans investment in the Ordinary Shares could be liable for any ERISA fiduciary violations or violations of such Similar Law relating to the Company.

***The Company may take measures which are detrimental to certain investors in order to avoid any adverse effects to the Company or its Shareholders resulting from the application of laws and regulation relating to pension funds or benefit plans (such as ERISA)***

The By-Laws contain certain information obligations with respect to Shareholders or beneficial owners of Ordinary Shares who are subject to a special legal regime applicable to pension funds or benefit plans (such as ERISA). Moreover, the Company will have the ability to request from any Shareholder or beneficial owner of Ordinary Shares such information as the Company considers necessary or useful to determine whether any such person is subject to a special legal regime applicable to pension funds or benefit plans. Furthermore, according to the By-Laws, the Company will be able to take any measures it deems appropriate to avoid any adverse effects to the Company or its Shareholders resulting from the application of laws and regulation relating to pension funds or benefit plans (in particular, ERISA). The purpose of these provisions is to provide the Company with the ability to minimize the risk that Benefit Plan Investors (or other similar investors) hold 25% or greater of any class of equity interest in the Company. However, no assurance can be given that the Company’s assets will not be deemed to constitute “plan assets” within the meaning of the Plan Asset Regulations in the future.

***The Company believes that it is, and expects to continue to be, a passive foreign investment company for US federal income tax purposes, which may result in adverse US federal income tax consequences to US investors***

In general, a non-US corporation will be a passive foreign investment company (a “PFIC”) for US federal income tax purposes for any taxable year in which (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. Passive income generally includes interest, rents, dividends, royalties and certain gains.

The Company believes that it is a PFIC for US federal income tax purposes. In addition, the Company has invested and may invest in the future, directly or indirectly, in equity interests in subsidiaries and other entities that are PFICs (“**Lower-tier PFICs**”). US investors may be subject to adverse US federal income tax consequences on a disposition of the Company’s Ordinary Shares (and, under proposed Treasury regulations, Preferential Subscription Rights) or a deemed disposition of interests in Lower-tier PFICs and on certain distributions made by the Company or such Lower-tier PFICs. The Company does not intend to provide to US investors the information necessary for US investors to make “qualified electing fund” elections. Prospective US investors should review “Certain US Federal Income Tax Considerations” in section 3 of Part XVI (“*Taxation Information*”) and consult their tax advisers regarding the US federal income tax consequences applicable to shareholders in a PFIC.

***The Company may not impose restrictions on the free transferability of its Ordinary Shares and the acquisition of the Ordinary Shares (including the New Ordinary Shares) by certain investors could adversely affect the Company***

Under Spanish law, the Company may not impose restrictions on the free transferability of its Ordinary Shares in its By-Laws. Accordingly, the Company cannot refuse to register a transfer of any shares in the capital of the Company in favour of a person to whom a sale or transfer of shares, or whose direct, indirect or beneficial ownership of shares, would or might (i) cause the Company to be required to register as an “investment company” under the US Investment Company Act or to lose an exemption or status thereunder to which it might otherwise be entitled; (ii) cause the Company to be required to register under the US Exchange Act or any similar legislation; (iii) cause the Company not to be considered a “foreign private issuer” as such term is defined in rule 3b-4(c) under the US Exchange Act; (iv) result in a person holding shares in violation of the transfer restrictions set forth in any offering memorandum published by the Company (including in this Prospectus), from time to time; (v) result in any shares being owned, directly or indirectly, by Benefit Plan Investors or Controlling Persons; (vi) cause the assets of the Company to be considered “plan assets” under the Plan Asset Regulations; (vii) cause the Company to be a “controlled foreign corporation” for the purposes of the Code; (viii) result in the Ordinary Shares being owned by a person whose giving, or deemed giving, of the representations as to ERISA and the Code set forth in the By-Laws is or is subsequently shown to be false or misleading; (ix) result in a person becoming a Substantial Shareholder (as defined herein), or (x) otherwise result in the Company incurring a liability to taxation or suffering any pecuniary, fiscal, administrative or regulatory or similar disadvantage. Any of the above could have a material adverse effect on the Company’s business, financial condition, results of operations and prospects.

## **2.6 Risks relating to the Company’s financial structure**

***The Company’s Business Strategy includes the use of leverage, which exposes the Company to risks associated with borrowings***

The real estate business is highly capital intensive. The Company’s strategy is to fund the acquisition of properties, in part, through borrowings. In addition, the Company may seek funding to make improvements that may be necessary in order to attract and retain tenants or to provide financial inducements to potential new tenants such as rent free periods. However, since the middle of 2007, domestic and international financial markets have experienced significant disruptions mainly driven by tensions in the banking system. These disruptions have severely affected the availability of, and the terms applicable to, credit and have contributed to rising costs associated with obtaining credit. There can be no guarantee that the Company will be able to obtain the credit it may need on acceptable terms which could adversely affect its ability to achieve its investment strategy. If the Company is unable to obtain credit, it may seek additional capital through the issuance of debt or equity securities to fund further acquisitions.

As of 31 March 2015, the Company had directly or indirectly entered into three mortgage financing facilities in connection with the properties Egeo, Nuevo Alisal and Project Juan Bravo, respectively, for a total amount of €62.7 million. These facilities provide for covenants regarding loan to value and debt service coverage ratios to be met by the Company. See section 6 of Part X (“*Information on the Company*”) for further information on the Company’s capitalisation and indebtedness.

In addition, on 19 February 2015 the Company issued the Notes (as defined herein), with an aggregate principal amount of €140 million. The obligation of the Company under the Notes are, and must be, secured by: (i) first ranking mortgages (*hipotecas inmobiliarias de primer rango*) over certain properties owned by the Company and its subsidiaries with an aggregate maximum secured amount of 20% of the principal amount of the Notes (that could be extended to an aggregate maximum secured amount of 130% of the principal amount of the Notes under certain circumstances); and (ii) first ranking pledges (*prendas ordinarias de primer rango*) over the shares (*acciones*) or share quotas (*participaciones sociales*), as applicable, of Lar España Shopping Centres, S.A.U., Lar España

Shopping Inversión Logística, S.A.U. and Riverton Gestión, S.L. The Notes provide for covenants and events of default. See section 6 of Part X (*“Information on the Company”*) for further information on the Company’s capitalisation and indebtedness. Moreover, the Company has recently entered into two additional credit facilities which are further described in section 11 of Part XI (*“Management’s discussion and analysis of financial condition and results of operations”*).

The indebtedness incurred by the Company, or that it may incur in the future, is and will be subject to certain financial and operating covenants. To the extent the Company incurs a substantial level of indebtedness, this could reduce the Company’s financial flexibility and cash available to pay dividends to Shareholders due to the need to service its debt obligations. Prior to agreeing the terms of any debt financing, the Company expects to comprehensively consider its potential debt servicing costs and all relevant financial and operating covenants and other restrictions, including restrictions that might limit the Company’s ability to make distributions to Shareholders in light of cash flow projections. However, if certain events occur, including breach of financial covenants, the Company’s borrowings and any hedging arrangements that they may have entered into may be repayable prior to the date on which they are scheduled for repayment or could otherwise become subject to early termination. If the Company is required to repay borrowings early, it may be forced to sell assets when it would not otherwise choose to do so in order to make the payments and it may be subject to pre-payment penalties.

In addition, if the rental income of the Company’s Portfolio falls (for example, due to tenant defaults), the use of borrowings will increase the impact of such a fall on the net income of the Company and accordingly, will have an adverse effect on the Company’s ability to pay dividends to Shareholders. Moreover, in circumstances where the value of the Company’s assets is declining, the use of borrowings by the Company may depress its net asset value.

The Company may also find it difficult or costly to refinance indebtedness as it matures, and if interest rates are higher when the indebtedness is refinanced, the Company’s costs could increase.

Any of the foregoing events may have a material adverse effect on the Company’s financial condition, business, prospects, results of operations, taxes and ability to make distributions to Shareholders, which may affect the Company ability to retain its SOCIMI status.

#### ***Floating rate debt exposes the Company to risks associated with movements in interest rates***

The Company has incurred and may incur in the future debt with floating interest rates. As of the date of this Prospectus, 27.59% of the Company’s total indebtedness is subject to floating interest rates. Interest rates are highly sensitive to many factors, including international and domestic economic and political conditions, and other factors beyond the Company’s control. The level of interest rates can fluctuate due to, among other things, inflationary pressures, disruptions to financial markets and the availability of bank credit. If interest rates rise, the Company will be required to use a greater proportion of its revenues to pay interest expenses on its floating rate debt. Whilst the Company intends to hedge, totally or partially, its interest rate exposure, any such measures may not be sufficient to protect the Company from risks associated with movements in prevailing interest rates. In addition, any hedging arrangements will expose the Company to credit risk in respect of the hedging counterparty. Increased exposure to adverse interest rate movements through floating rate debt may have a material adverse effect on the Company’s business, financial condition, results of operations and prospects.

## **2.7 Risks relating to structure and taxation**

### ***The Company may cease to be qualified as a Spanish SOCIMI which would have adverse consequences for the Company and its ability to deliver returns to Shareholders***

The Company has elected for Spanish SOCIMI status under the SOCIMI Act and, thus, it will be subject to a 0% Corporate Income Tax rate –with the exceptions set forth in Part XVI (*“Taxation Information”*) of this Prospectus–. The requirements for maintaining Spanish SOCIMI status,

however, are complex and the Spanish SOCIMI Regime is relatively new with no practical history of interpretation (see Part XVI (“*Taxation Information*”) of this Prospectus for additional information on these requirements). Furthermore, there may be changes subsequently introduced (including a change in interpretation) to the requirements for maintaining Spanish SOCIMI status. Investors in the New Ordinary Shares and the Preferential Subscription Rights should note that there is no guarantee that the Company will continue to maintain its SOCIMI status (whether by reason of failure to satisfy the conditions for Spanish SOCIMI status or otherwise).

A company may lose its SOCIMI status due to any the following:

- delisting;
- substantial failure to comply with its information and reporting obligations, unless such failure is remedied by preparing fully compliant annual accounts which contain certain required information in the following year;
- failure to adopt a dividend distribution resolution or to effectively satisfy the dividends within the deadlines described in “Mandatory dividend distribution” in Part XVI (“*Taxation Information*”) of this Prospectus. In this case, the SOCIMI status would be lost in respect of the tax year when the undistributed profits were obtained and any subsequent period; or
- failure to meet the requirements established in the SOCIMI Act unless such failure is remedied within the following fiscal year.

Assets must be held for a minimum period of time; however, the failure to observe such minimum holding period requirement would not give rise to the loss of SOCIMI status, but (i) the assets that do not meet such requirement would be deemed to be non-qualifying assets; and (ii) income derived from such assets or from their transfer would be taxed at the standard Corporate Income Tax rate (28% for 2015 and 25% for 2016 onwards).

If the Company were to lose its SOCIMI status as a result of any of the above, it would have to pay Spanish Corporate Income Tax on the profits deriving from its activities at the standard Corporate Income Tax rate (28% for 2015 and 25% for 2016 onwards), and would not be eligible to become a SOCIMI (and benefit from its special tax regime) for three years. The shareholders in a company that loses its SOCIMI status are expected to be taxable as if the SOCIMI Regime had not been applicable to the company.

If the Company is unable to maintain its SOCIMI status, the resultant consequences may have a material adverse effect on the Company’s financial condition, business, prospects or results of operations and could adversely impact the marketability and liquidity of the Ordinary Shares and their value.

***Any change in tax legislation (including the Spanish SOCIMI Regime) may adversely affect the Company***

The Company is a Spanish SOCIMI. Provided certain conditions and tests are satisfied (see Part XVI (“*Taxation Information*”) of this Prospectus), as a Spanish SOCIMI, the Company does not have to pay Spanish Corporate Income Tax on most of the profits deriving from its activities. Therefore any change (including a change in interpretation) in the legislative provisions relating to Spanish SOCIMIs or in tax legislation more generally, either in Spain or in any other country in which the Company may operate in the future, including but not limited to the imposition of new taxes or increases in tax rates in Spain or elsewhere, may have a material adverse effect on the Company’s financial condition, business, prospects or results of operations.

***Restrictions under the Spanish SOCIMI Regime may limit the Company’s ability and flexibility to pursue growth through acquisitions***

The Spanish SOCIMI Regime distribution requirements may limit the Company’s ability to fund acquisitions and capital expenditures through retained income and debt financing.

In order to benefit from a 0% Spanish Corporate Income Tax rate, the Company is required, among other things, to adopt resolutions for the distribution of dividends, after fulfilling any relevant Spanish Companies Act requirement, to Shareholders annually within the six months following the closing of the fiscal year of: (i) at least 50% of the profits derived from the transfer of real estate properties and shares in Qualifying Subsidiaries and real estate collective investment funds; provided that the remaining profits must be reinvested in other real estate properties or participations within a maximum period of three years from the date of the transfer or, if not, 100% of the profits must be distributed as dividends once such period has elapsed; (ii) 100% of the profits derived from dividends paid by Qualifying Subsidiaries and real estate collective investment funds; and (iii) at least 80% of all other profits obtained (e.g., profits derived from ancillary activities).

If the relevant dividend distribution resolution is not adopted in a timely manner, the Company will lose its SOCIMI status as per the year to which the dividends relate and the Company will be required to pay Spanish Corporate Income Tax on the profits deriving from its activities at the standard rate (28% for 2015 and 25% for 2016 onwards) as from the relevant tax period in which the Company loses such status. In such case, the Company will not be eligible to become a SOCIMI (and benefit from its special tax regime) for three years. Summarized information on the Spanish SOCIMI Regime is included in Part XVI (“*Taxation Information*”) of this Prospectus.

As a result of the restrictions referred to above, the Company is able to apply only a limited amount of its income to acquiring additional properties and its ability to grow through acquisitions will be limited if it is unable to obtain further debt or equity financing. If the Company elects to rely on equity financing, Shareholders’ interests in the Company may be diluted.

In addition, differences in timing between the receipt of cash and the recognition of income for the purposes of the rules governing Spanish SOCIMIs and the effect of any potential debt amortisation payments could require the Company to borrow funds to make cash distributions.

The dividend distributions requirements that are necessary to achieve the full tax benefits associated with qualifying as a Spanish SOCIMI can be met by approving such distribution and satisfying the dividend in kind or immediately thereafter, converting credits deriving from such dividends into share capital of the Company, provided such dividends qualify as income for tax purposes. However, the Company cannot provide assurance that any such distribution will be approved by a general shareholders’ meeting or that the distribution will be considered as income for all Shareholders.

These requirements to maintain status as a Spanish SOCIMI could limit the Company’s ability and flexibility to make investments and pursue growth through acquisitions.

***Certain disposals of properties may have negative implications under the Spanish SOCIMI Regime***

At least 80% of a SOCIMI’s net annual income must derive from the lease of qualifying assets (as described in Part XVI (“*Taxation Information*”) of this Prospectus), or from dividends distributed by Qualifying Subsidiaries and real estate collective investment funds.

Capital gains derived from the sale of qualifying assets are in principle excluded from the 80%/20% net income test. However, if a qualifying asset is sold before the minimum holding period (as described in Part XVI (“*Taxation Information*”) of this Prospectus) is achieved, then (i) such capital gain would compute as non-qualifying revenue within the 20% thresholds that must not be exceeded for the maintenance of the SOCIMI Regime; and (ii) such gain would be taxed at the standard Corporate Income Tax rate (28% for 2015 and 25% for 2016 onwards). Furthermore, the entire income, including rental income, derived from such asset also would be subject to the standard Corporate Income Tax rate.

Further, if the Company generates income out of a non-property rental business, the 80%/20% gross asset or net income tests may not be met. In such case, the Company will have one-year grace period to cure that infraction. If the gross asset or net revenue tests are not met within that fiscal year, the Company will lose its SOCIMI status.



For more information on the Spanish SOCIMI Regime please see Part XVI (“*Taxation Information*”) of this Prospectus.

***The Company may become subject to an additional tax charge if it pays a dividend to a Substantial Shareholder and, as a result, may result in a loss of profits for the Company***

The Company may become subject to a 19% Corporate Income Tax on the gross dividend distributed to any Shareholder that holds a stake equal or higher than 5% of the share capital of the Company and either (i) is exempt from any tax on the dividends or subject to tax on the dividends received at a rate lower than 10% (for these purposes, final tax due under the Spanish Non Resident Income Tax Law is also taken into consideration) or (ii) does not timely provide the Company with the information evidencing its equal or higher than 10% taxation on dividends distributed by the Company in the terms set forth in the By-Laws (a “**Substantial Shareholder**”).

The Spanish General Directorate of Taxes (*Dirección General de Tributos*) (the “**DGT**”) has recently issued two binding rulings (n.3308-14 and n.0323-15) indicating that the 10% test to be carried out in order to identify substantial shareholders shall be focused on the tax liability arising from the dividend income considered individually, taking into account (a) exemptions and tax credits affecting the dividends received by the shareholder, and (b) those expenses incurred by the shareholder which are directly linked to the dividend income (e.g., fees paid in relation to the management of the shareholding in the relevant SOCIMI distributing the dividends, or financial expenses (interest) deriving from the financing obtained to fund the acquisition of the shares of the relevant SOCIMI). According to these rulings, the tax treatment applicable to other items of income that may be obtained by the shareholder should not be taken into account. In addition, the DGT has confirmed that the withholding tax levied on a dividend payment (including any non-resident income tax liability) should also be taken into consideration by the shareholder for assessing this 10% threshold.

The By-Laws contain indemnity obligations from Substantial Shareholders in favour of the Company designed to discourage the possibility that dividends may become payable to Substantial Shareholders. If a dividend payment is made to a Substantial Shareholder, the Company will be entitled to deduct an amount equivalent to the tax expenses incurred by the Company on such dividend payment from the amount to be paid to such Substantial Shareholder (the Board will maintain certain discretion in deciding whether to exercise this right if making such deduction would put the Company in a worse position). However, the Company cannot provide assurance that these measures will be effective. If these measures are ineffective, the payment of dividends to a Substantial Shareholder may generate an expense for the Company (since it may have to pay a 19% Corporate Income Tax on such dividend) and, thus, may result in a loss of profits for the rest of the Shareholders.

## **2.8 Risks relating to the economy**

***Since the Company’s properties are concentrated in Spain, adverse developments in general economic conditions in Spain and elsewhere and concerns regarding instability of the Eurozone may adversely affect the Company***

The Company’s Portfolio consists primarily of direct or indirect interests in commercial property assets in Spain. Accordingly, the performance of the Spanish economy affects the Company’s business, financial condition, results of operations and prospects.

The global financial system began to experience difficulties in mid-2007. This resulted in severe dislocation of financial markets around the world, including Spain, significant declines in the values of nearly all asset classes and unprecedented levels of illiquidity in capital markets. After rapid economic growth since 2004, Spain entered into a severe economic crisis which led to a GDP contraction between 2008 and 2013.

After several years of recession, Spain’s economy began to grow again in 2014 as labour market prospects improved, confidence strengthened, economic uncertainty faded and energy prices fell. After having expanded by 0.5% in each of the second and the third quarters of 2014, economic activity

gained further momentum in the last quarter, growing by 0.7%, leading to an overall GDP growth of 1.4% for 2014 as a whole. In 2015, the GDP generated by the Spanish economy registered a 0.9% increase in the first quarter versus 0.3% increase registered in the first quarter of 2014 (Source: Spanish National Statistic Institute (INE) – GDP Growth – April 2015). The European Commission has projected that GDP growth might reach 2.8% in 2015 and 2.6% in 2016, mainly driven by domestic demand (Source: European Economic Forecast – Spring 2015).

Despite the recent improvement, there continues to be uncertainties in the EU and Spanish economic outlook. Sovereign debt defaults and European Union and/or Eurozone exits (whether involving Spain or other countries) could have a material adverse effect on the Company by, for example, impacting the cost and availability of credit to the Company and causing uncertainty and disruption in relation to financing. Austerity and other measures (including, but not limited to currency redenomination or the reintroduction of exchange controls) introduced to limit, or to contain these issues, whether in Spain or elsewhere, may themselves lead to economic contraction and result in adverse effects on the Company's business, financial condition, results of operations and prospects.

In addition, uncertainty continues to surround the pace and scale of economic recovery, both in Spain and globally, and conditions could deteriorate. Negative macroeconomic conditions and the fiscal consolidation and reform efforts in Spain, along with global market turmoil, including the recent EU credit crisis and economic recession, have significantly affected, and may continue to affect, rental and/or capital values of property assets and may reduce the ability of the Company to obtain liquidity or acquire or dispose of properties and to secure or retain tenants on acceptable terms and, consequently, may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***Economic and political tensions in the European Union, including as a result of the ongoing Greek debt crisis, could have a material adverse effect on the Company's business, financial condition and results of operations.***

Uncertainty over Greece's future in the Eurozone has spiraled in the past few weeks as a result of the breakdown of talks among Greece and its lenders —other Eurozone countries and the International Monetary Fund—. The decision of the Prime Minister of Greece, on 27 June 2015, to put the aid package conditions, which require substantial cuts in public spending, to a popular vote on 5 July 2015 led to further uncertainty and increased withdrawals from Greek banks. Since 29 June 2015 Greek banks have been generally closed and capital controls have been imposed. The Eurozone portion of Greece's €245 billion bailout expired on June 30, the same day Greece faced a €1.5 billion payment to the IMF. According to the Bank of Greece's Report on Monetary Policy 2014-2015 (17 June 2015), in the absence of a deal, the debt crisis faced by Greece could snowball into an uncontrollable crisis that could bring a deep recession, a dramatic decline in income levels, an exponential rise in unemployment and a collapse of all that the Greek economy has achieved in the more than 30 years it has belonged to the European Union. As signaled by global markets on 29 June 2015, when stocks slumped after Greece closed its banks amid fears that the country was headed toward default, the outcome of the Greek debt crisis also poses significant threats to the world's economic and financial stability.

Moreover, the ongoing Greek debt crisis has revived concerns about the ongoing viability of the euro currency and the European Monetary Union (the "EMU"). These concerns are further exacerbated by the rise of Euro-skepticism in certain EU countries, including countries that decided not to enter the EMU such as the United Kingdom. The exit of one or more EU Member States from the EMU, including Greece, either voluntarily or involuntarily, could materially adversely affect the European and global economy, cause a redenomination of financial instruments or other contractual obligations from the euro to a different currency and substantially disrupt capital, interbank, banking and other markets, among other effects, any of which could have a material adverse effect on the Company's business, results of operations, financial condition and prospects. In addition, tensions among Member

States of the EU, and growing Euro-skepticism in certain EU countries, could pose additional difficulties in the EU's ability to react to future economic challenges.

## **2.9 Risks relating to the New Ordinary Shares and the Preferential Subscription Rights**

***The Underwriting Agreement between the Company and the Sole Global Coordinator and Bookrunner provides that such agreement may be terminated in certain circumstances and the underwriting commitment by the Sole Global Coordinator and Bookrunner is subject to certain customary conditions precedent***

The Underwriting Agreement between the Company and the Sole Global Coordinator and Bookrunner may be terminated in certain circumstances, including upon the occurrence of, among other things, certain material adverse changes in the condition (financial or otherwise), business affairs or prospects of the Company, and certain changes in, among other things, certain national or international political, financial or economic conditions and an event of force majeure. In addition, the Underwriting Agreement is subject to certain conditions precedent. For more information about the Underwriting Agreement, see section 3 of Part XV (*"The Offering"*). Should the Underwriting Agreement be early terminated or should the Sole Global Coordinator and Bookrunner fail to comply with its commitments under the Underwriting Agreement, the Offering may not be fully subscribed or revoked, which could have an adverse effect on the Company. See also *"The Offering within the discretionary allocation period may not proceed or may be revoked in certain circumstances"* in this Part II (*"Risk Factors"*).

***There can be no assurance that an active trading market will develop for the Preferential Subscription Rights or that there will be sufficient liquidity for such rights***

The Preferential Subscription Rights to subscribe for New Ordinary Shares offered hereby do not have an established trading market. Although the Preferential Subscription Rights offered hereby will be admitted to trading on the Spanish Stock Exchanges through the SIBE during the preferential subscription period described herein, the Company cannot assure holders of Preferential Subscription Rights that an active trading market will develop for these rights on the Spanish Stock Exchanges or that any over the counter trading market in the Preferential Subscription Rights will develop or that there will be sufficient liquidity for such rights during such period.

Pursuant to the Offering, the Company is offering New Ordinary Shares that are fungible with the Existing Ordinary Shares. The New Ordinary Shares will be listed on the Spanish Stock Exchanges and will be quoted on the SIBE. The owners of the New Ordinary Shares will be able to liquidate their investment through the sale on the respective trading markets. However, liquidity problems could arise and sell orders may not be promptly matched by adequate buy orders.

***A significant decline in the Company's Ordinary Share price would likely have a material adverse effect on the value of the Preferential Subscription Rights***

Because the trading price of the Preferential Subscription Rights depends on the trading price of the Ordinary Shares, a significant decline in such Ordinary Share price would be likely to have material adverse effect on the value of the Preferential Subscription Rights. Accordingly, all of the risks that affect the market price of the Ordinary Shares, including those risks described in this Prospectus, may also affect the trading price of the Preferential Subscription Rights. In addition, the Company cannot assure holders of Preferential Subscription Rights that the trading price of the Ordinary Shares will not decline below the Subscription Price after they elect to exercise their Preferential Subscription Rights. If that occurs, holders of Preferential Subscription Rights will have committed to buy the New Ordinary Shares at a price above the prevailing market price, and will suffer an immediate unrealised loss as a result. Moreover, the Company cannot assure holders of Preferential Subscription Rights that following the exercise of the Preferential Subscription Rights they will be able to sell their New Ordinary Shares at a price equal to or greater than the Subscription Price.

***The Ordinary Shares or the Preferential Subscription Rights may be sold on the market during the preferential subscription period (in the case of Preferential Subscription Rights), or during or after the preferential subscription period (in the case of Ordinary Shares), which may have an***

***unfavourable impact on the value of the Preferential Subscription Rights or the market price of the Ordinary Shares***

The Ordinary Shares or the Preferential Subscription Rights may be sold on the market, or such sales may be anticipated, during the preferential subscription period (in the case of Preferential Subscription Rights) or during or after the preferential subscription period (in the case of Ordinary Shares), which may have an unfavourable impact on the market price of the Ordinary Shares (including the New Ordinary Shares) or the value of the Preferential Subscription Rights. The Company cannot predict the possible effects on the value of the Preferential Subscription Rights or the market price of the Ordinary Shares of any such sales.

***Any delay in the admission to listing and trading of the New Ordinary Shares would affect their liquidity and would prevent their sale until they are so admitted***

The issuance of the New Ordinary Shares is subject to the registration of the capital increase deed with the Commercial Registry (*Registro Mercantil*) of Madrid. Although such deed is scheduled to be registered promptly with such Commercial Registry once it has been granted, such registration may, despite the Company's best efforts and for reasons beyond its control, not take place in time to enable the New Ordinary Shares to be admitted to listing on the Spanish Stock Exchanges or to trading on the SIBE on the expected date (currently, 10 August 2015). Any postponement of the admission to listing and/or trading of the New Ordinary Shares due to a delay in the registration of the capital increase deed with the Commercial Registry or for any other reason would affect the liquidity of the New Ordinary Shares and would make it more difficult for an investor to sell such New Ordinary Shares until they are admitted to listing and trading.

***Investors who exercise their Preferential Subscription Rights during the preferential subscription period will not be able to revoke their subscriptions***

Shareholders who exercise their Preferential Subscription Rights, and investors who acquire and exercise those Preferential Subscription Rights during the preferential subscription period described herein, will not be able to revoke the subscriptions made during that period even if the Underwriting Agreement is terminated (except where a supplement to the Prospectus is published, in which case investors who have already agreed to subscribe for New Ordinary Shares will have the right, exercisable within two Madrid business days after publication of such supplement, to withdraw their subscriptions, provided that the new factor, mistake or inaccuracy to which the supplement refers arose before the final closing of the Offering and the delivery of the New Ordinary Shares). Also, orders relating to the request for additional New Ordinary Shares to be allocated in the additional allocation period described herein and requests for subscription of New Ordinary Shares in the discretionary allocation period described herein will be deemed to be firm, irrevocable and unconditional whether or not the full amount of New Ordinary Shares ordered by the relevant investor will be delivered in full. Notwithstanding the foregoing, in the case of termination of the Underwriting Agreement or if the pre-funding or other obligations of the Sole Global Coordinator and Bookrunner do not become effective due to the Company's failure to fulfil one of the conditions precedent in the Underwriting Agreement, requests for subscription of New Ordinary Shares in the discretionary allocation period will be without effect.

***The market price of the Ordinary Shares may not reflect the value of the assets of the Company and the Company's Ordinary Share price may fluctuate widely in response to different factors***

The market price of the Ordinary Shares may not reflect the value of the assets of the Company and may be subject to wide fluctuations in response to many factors, including, among other things, variations in the Company's operating results, additional issuances or future sales of the Company's Ordinary Shares or other securities exchangeable for, or convertible into, its Ordinary Shares in the future, the addition or departure of members of the Board, replacement of or change in the Management Team, expected dividend yield, divergence in financial results from stock market expectations, changes in stock market analyst recommendations regarding the Spanish commercial property market as a whole, the Company or any of its assets, a perception that other markets may

have higher growth prospects, general economic conditions, prevailing interest rates, legislative changes in the Group's market and other events and factors within or outside the Company's control.

Stock markets experience extreme price and volume volatility from time to time, and this, in addition to general economic, political and other conditions, may materially adversely affect the market price for the Ordinary Shares. The market value of the Ordinary Shares may vary considerably from the Company's underlying net asset value. There can be no assurance, express or implied, that Shareholders (or investors, if the case may be) will receive back the amount of their investment in the Ordinary Shares.

***Shareholders who do not exercise their Preferential Subscription Rights will have their interest in the Company diluted***

The Offering is designed to enable the Company to raise capital in a manner that gives the opportunity to existing Shareholders to subscribe for New Ordinary Shares. Shareholders who do not exercise their Preferential Subscription Rights during the preferential subscription period described herein will have their equity interest diluted by approximately 33.3% with respect to their current holding, if all the New Ordinary Shares are subscribed for in full, by current Shareholders or other investors exercising their Preferential Subscription Rights and/or subscribing for additional New Ordinary Shares in excess of their *pro rata* entitlement during the additional allocation period described herein, or by qualified investors during the discretionary allocation period or by the Sole Global Coordinator and Bookrunner in accordance with the Underwriting Agreement.

Even where a Shareholder sells unexercised Preferential Subscription Rights, the consideration received by such Shareholders who elect to sell their Preferential Subscription Rights prior to the expiration of the preferential subscription period may not be sufficient to fully compensate them for the dilution of their percentage ownership of the Existing Ordinary Shares that may result from the Offering. Furthermore, after the preferential subscription period ends, Preferential Subscription Rights that have not been exercised will expire and Shareholders that have not exercised those Preferential Subscription Rights will not receive compensation for any expired Preferential Subscription Rights.

***The Company may in the future issue new Ordinary Shares, which may dilute investors' interest in the Company***

In case a share capital increase or the issue of any instruments convertible into new Ordinary Shares is approved excluding pre-emption rights or existing Shareholders choose not to subscribe for new Ordinary Shares (or any instruments convertible into new Ordinary Shares), the issuance of new Ordinary Shares may be dilutive to such existing Shareholders and could have an adverse effect on the market price of the Ordinary Shares as a whole.

The Spanish Companies Act provides for pre-emptive rights in respect of equity offerings for cash to be granted to its existing shareholders except in certain circumstances, including where such rights are disapplied.

The Company has agreed under the Underwriting Agreement that, without the prior written consent of the Sole Global Coordinator and Bookrunner, it will not, during the period commencing on the date of the Underwriting Agreement and ending 180 days after the Admission, directly or indirectly, issue any new Ordinary Shares; provided however, the foregoing restriction shall be subject to certain exceptions, including the issue and/or sale and offer of the New Ordinary Shares and the Preferential Subscription Rights pursuant to the Offering as described in this Prospectus. See section 6 of Part XV ("*The Offering*") for further information on the Underwriting Agreement and the restrictions on equity securities of the Company.

***A current minority Shareholder or a third party may acquire a significant stake in the Company in the context of the Offering or otherwise***

It is possible that a current minority Shareholder and/or a third party acquires a significant number of New Ordinary Shares in the Offering or acquires Ordinary Shares otherwise, which could potentially reduce the free float of the Ordinary Shares which are available for trading on the open market, having an adverse effect on the liquidity of the Ordinary Shares.

***Sales of Ordinary Shares by significant Shareholders, or the possibility of such sales, may affect the market price of the Ordinary Shares***

Sales of Ordinary Shares or interests in Ordinary Shares by significant Shareholders such as the Anchor Investor (as defined herein), or the possibility of such sales, could cause the market price of the Ordinary Shares to decline.

The sale of a substantial number of Ordinary Shares, or the perception that sales of this type could occur, could depress the market price of the Ordinary Shares. The occurrence of either or both of these scenarios could make it more difficult for other Shareholders to sell the Ordinary Shares at a favourable price and time or at all.

***The interests of the Company's major Shareholders may conflict with those of other Shareholders***

A significant investor may potentially possess sufficient voting power to have a significant influence on matters requiring Shareholder approval. The interests of a significant investor may conflict with those of other Shareholders. In addition, any significant investor may make investments in other businesses in the Spanish property market that may be, or may become, competitors of the Company.

Moreover, pursuant to the Anchor Investor Subscription Agreement (as defined herein), the Anchor Investor has a right of first offer with respect to certain Commercial Property Investments (as defined herein), undertaken by the Company. The Investment Manager has also granted the Anchor Investor with a right of first offer with respect to certain Residential Property Investments (as defined herein) undertaken by the Investment Manager. Co-investment and first offer rights granted to the Anchor Investor may conflict with other Shareholders' interests.

The Company and the PIMCO Investor (which, like the Anchor Investor, is advised by PIMCO (as defined herein)) have invested in the Juan Bravo land plot and Claudio Coello described in section 5.21 of Part X ("Information on the Company").

Given its shareholding and, in certain instances, its diverging business interests, the Anchor Investor may attempt to block strategies intended to be pursued by the Company.

***The Preferential Subscription Rights must be exercised through the Iberclear member entity in whose book entry registry such rights are registered and the Subscription Price must be paid for in euros***

The Preferential Subscription Rights will have to be exercised through the Iberclear member entity in whose book entry registry such rights are registered. Such Iberclear member will be located in Spain. In addition, payment of the Subscription Price must be made in euros to such Iberclear member. As a result, it may be difficult for those Shareholders and investors who are located outside Spain to exercise the Preferential Subscription Rights they hold, request any additional allocation of New Ordinary Shares and pay the Subscription Price in respect thereof.

***Shareholders outside Spain may be unable to subscribe for New Ordinary Shares in the Offering or to exercise their Preferential Subscription Rights***

The Company may not be able to offer the New Ordinary Shares to Shareholders in certain jurisdictions pursuant to the Preferential Subscription Rights, including to Shareholders in the United States, where unless a registration statement under the Securities Act is effective with respect to such New Ordinary Shares and Preferential Subscription Rights, or an exemption from the registration requirements of the Securities Act is available, no such offer may be made. The Company is not obliged to file a registration statement relating to the Preferential Subscription Rights or the New Ordinary Shares, and the Company has no intention to do so. The Preferential Subscription Rights not exercised will lapse and Shareholders will not be compensated.

***It may be difficult for Shareholders outside Spain to serve process on or enforce foreign judgments against the Company or the Directors***

The Company is a public limited company (a *sociedad anónima* or S.A.) incorporated in Spain. The rights of the Shareholders are governed by Spanish law and by the By-laws. These rights may differ from the rights of shareholders in non-Spanish corporations. A majority of the current Directors are

resident in Spain and all of the assets of the Company are currently located in Spain. As a result it may be difficult for Shareholders outside Spain to serve process on or enforce foreign judgments against the Company or the Directors.

***An investor whose currency is not the euro is exposed to exchange rate fluctuations***

The assets of the Company and any acquisitions made by the Company are and will be in euro. Additionally, the Ordinary Shares have been priced in euro on their primary trading market and any future payments of dividends on the Ordinary Shares will be denominated in euros. Any investment in Ordinary Shares by an investor whose principal currency is not the euro exposes the investor to foreign currency exchange risk. The US dollar or other currency equivalent of any dividends paid on the Ordinary Shares or any distributions made on an investment made in the Ordinary Shares could be adversely affected by the appreciation of the euro against other currencies.

***Shareholders may face difficulties in protecting their interests because of differences in shareholders' rights and fiduciary responsibilities between Spanish laws and the laws of other jurisdictions, including most US states***

Corporate governance matters for the Company are principally determined by Spanish corporate law, the By-Laws and the Company's internal rules governing the meetings of the Board and the Shareholders. Shareholders' rights and the fiduciary responsibilities of directors, officers and controlling shareholders are different under Spanish law when compared with the statutes and judicial precedents of other jurisdictions, including most states in the United States. As a result, Shareholders may have more difficulty in protecting their interests with regard to any acts on any failure to act by the Company's directors, officers or controlling Shareholders than would shareholders of a corporation incorporated in another jurisdiction or a state in the United States.

***The Company's ability to pay dividends will depend upon its ability to generate profits available for distribution and access to sufficient cash***

All dividends and other distributions paid by the Company will be made at the discretion of the Board and will be dependent on the availability of profits available for distribution (after fulfilling any relevant Spanish Companies Act requirement) and sufficient cash. The generation of profits available for distribution depends on a number of factors including the successful management of the Company's investments, the yields on the Company's properties, interest costs, taxes and profits on the development and sale of properties. The payment of any such dividends or other distributions will depend on the Company's ability to generate profits available for distribution and cash flow.

Pursuant to the Spanish SOCIMI Regime, the Company will be required to adopt resolutions for the distribution of dividends, after fulfilling any relevant Spanish Companies Act requirement, to Shareholders annually within the six months following the closing of the fiscal year of: (i) at least 50% of the profits derived from the transfer of real estate properties and shares in Qualifying Subsidiaries and real estate collective investment funds; provided that the remaining profits must be reinvested in other real estate properties or participations within a maximum period of three years from the date of the transfer or, if not, 100% of the profits must be distributed as dividends once such period has elapsed; (ii) 100% of the profits derived from dividends paid by Qualifying Subsidiaries and real estate collective investment funds; and (iii) at least 80% of all other profits obtained (i.e., profits derived from ancillary activities). See section 12 of Part X ("*Information on the Company*") for further details on the dividend requirements of the Spanish SOCIMI Regime.

There is a risk that the Company may generate profits, but not have sufficient cash to make distributions. If the Company does not have sufficient cash, it may have to borrow to fund the distribution, which would increase its finance costs, could reduce its ability to borrow to finance property acquisitions and could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The dividend distributions requirements that are necessary to achieve the full tax benefits associated with qualifying as a Spanish SOCIMI can be met by approving such distribution and satisfying the dividend in kind or immediately thereafter, converting credits deriving from such dividends into share capital of the Company, provided such dividends qualify as income for tax purposes. However, the

Company cannot provide assurance that any such distribution will be approved by a general shareholders' meeting or that the distribution will be considered as income for all Shareholders.

***Dividend payments to Substantial Shareholders may be subject to deductions***

The By-Laws contain indemnity obligations from Substantial Shareholders in favour of the Company designed to discourage the possibility that dividends may become payable to Substantial Shareholders in order to avoid that an additional 19% Corporate Income Tax be due on the gross amount of such dividend corresponding to a Substantial Shareholder. If a dividend payment is made to a Substantial Shareholder, the Company will be entitled to deduct an amount equivalent to the tax expenses incurred by the Company on such dividend payment from the amount to be paid to such Substantial Shareholder. As a result, Substantial Shareholders may receive less dividends per Ordinary Share than Shareholders that are not Substantial Shareholders.

***Pre-emptive rights for US and other Shareholders outside Spain may be unavailable***

In the case of certain increases in the Company's issued share capital, existing holders of Ordinary Shares are generally entitled to pre-emptive rights to subscribe for such shares, unless Shareholders waive such rights by a resolution at a shareholders' meeting. However, US holders of ordinary shares in Spanish companies are customarily excluded from exercising any such pre-emptive rights they may have, unless a registration statement under the Securities Act is effective with respect to those rights, or an exemption from the registration requirements thereunder is available. The Company does not intend to file any such registration statement in future capital increases, and the Company cannot assure prospective US investors that any exemption from the registration requirements of the Securities Act or applicable non-US securities laws would be available to enable US or other Shareholders outside Spain to exercise such pre-emptive rights or, if available, that the Company will utilise any such exemption.

***The Offering within the discretionary allocation period may not proceed or may be revoked in certain circumstances***

The Underwriting Agreement contemplates the possibility for the Sole Global Coordinator and Bookrunner to terminate the Underwriting Agreement until the time of registration of the capital increase deed with the Commercial Registry of Madrid under certain circumstances and in such a case any allocation within the discretionary allocation period will be automatically cancelled. See section 1.14 of Part XV ("*The Offering*") for further details on the circumstances in which the Underwriting Agreement may be terminated.



### 3. PART III: USE OF PROCEEDS

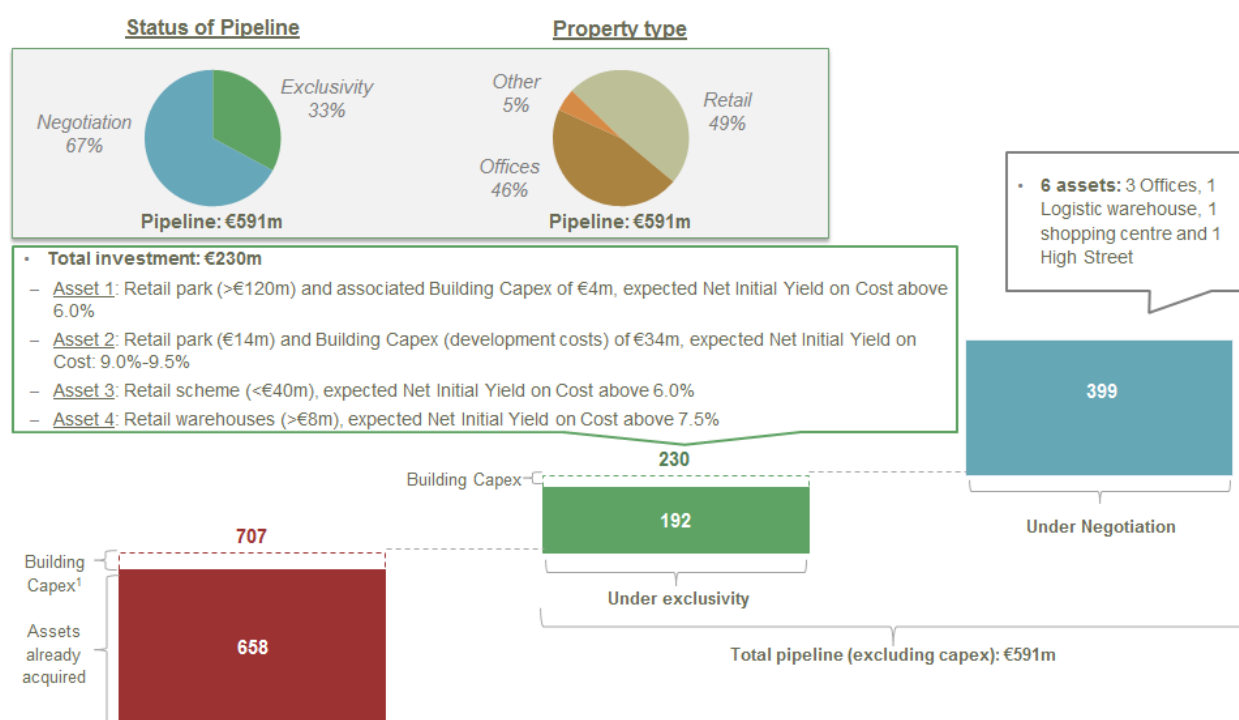
The Company's principal use of the net proceeds of the Offering (the "**Net Proceeds**") will be to expand its existing Portfolio, enhance it through capital expenditures as well as to fund the Company's operating expenses consistently with the Business Strategy of the Company disclosed in section 4 of Part X ("*Information on the Company*"). The Company expects to have fully invested the Net Proceeds of the Offering within the twelve months following the Offering.

As of the date of this Prospectus, the Company has identified market opportunities with an estimated size of approximately €591 million (without considering Building Capex), of which approximately €192 million corresponds to market opportunities being analysed under exclusivity and approximately a further €399 million corresponds to market opportunities under negotiation and analysis. In terms of property categories or nature of businesses, 49% of the referred market opportunities are retail facilities, 46% are office properties and the remaining 5% belong to other categories.

These potential acquisitions may be funded with the Net Proceeds and/or debt, which will be assumed in accordance with the leverage criteria further described in section 6.1 of Part X ("*Information on the Company*"), and may result in changes to the Company's leverage.

The Company expects the market opportunities being analysed under exclusivity to be formalised in the short term and, upon formalisation, it will inform the market and investors in due course through the relevant significant information announcement (*Hecho Relevante*). Please refer to section 5 of Part X ("*Information on the Company*") for further details on the pipeline under exclusivity.

Below is summarised information on the Company's pipeline, including indicative information on certain properties that may be acquired in the short term. The terms of these acquisitions (including the purchase price) are still pending finalization. Accordingly, the information provided below may be subject to changes. In addition, with respect to the pipeline under exclusivity, price indications provided below are meant to indicate whether such prices are expected to be above or below a certain figure unless when a specific approximation of such price is provided. Moreover, the consummation of any or all of the identified market opportunities under consideration may not materialise during the time periods currently believed by the Company or at all. Furthermore the Company faces risks relating to market conditions and other factors which may yield different results from those that are currently expected.



<sup>1</sup> Includes €20mm of development costs associated to Juan Bravo

#### 4. PART IV: DILUTION

The Eligible Shareholders will receive Preferential Subscription Rights to subscribe for New Ordinary Shares and, thus, in the event they exercise such rights in full, they will suffer no dilution of their holdings of the Company's share capital at the Record Date.

In the event that none of the Eligible Shareholders subscribes for New Ordinary Shares in the percentage to which their Preferential Subscription Rights entitle them, and further assuming that the New Ordinary Shares were entirely subscribed for by third party investors, the holdings of the Eligible Shareholders would represent approximately 66.719% of the total number of Ordinary Shares following the Offering, which would represent a dilution in ownership percentage of approximately 33.281%.

The table below sets forth the increase in the number of the Ordinary Shares as a result of the Offering.

	Prior to the Offering		Following completion of the Offering	
Number of Ordinary Shares outstanding prior to the Offering	40,030,000	100.0%	40,030,000	66.719%
Number of Ordinary Shares issued in the Offering <sup>(1)</sup>	-	-	19,967,756	33.281%
<b>Total</b>	40,030,000	100.0%	59,997,756	100.0%

(1) Assuming that there is no incomplete subscription (*suscripción incompleta*) of the Offering.

The Company may decide to carry out additional share capital increases in the future. In the event that share capital increases were effected, Shareholders could be diluted were they not to exercise their preferential subscription rights or in the event such share capital increases excluded preferential subscription rights for existing Shareholders in accordance with Spanish law.

## 5. PART V: EXPECTED TIMETABLE

Each of the following times and dates is subject to change without further notice. All references are made to Madrid (Spain) time.

Record Date / Announcement of the Offering in the BORME	17 July 2015
Commencement of the preferential subscription period	18 July 2015
Commencement of trading of the Preferential Subscription Rights	20 July 2015
End of trading of the Preferential Subscription Rights	31 July 2015
End of the preferential subscription period	1 August 2015
Additional allocation period (if applicable)	6 August 2015
Commencement of discretionary allocation period (if applicable)	6 August 2015
End of discretionary allocation period (if applicable)	7 August 2015
Payment by the participating entities of Iberclear to the Agent Bank of the New Ordinary Shares subscribed during the preferential subscription period and the additional allocation period (if applicable)	7 August 2015
Prefunding by the Sole Global Coordinator and Bookrunner of the Rump Shares (as defined herein) (if applicable)	7 August 2015
Execution of the share capital increase notarial deed	7 August 2015
Registration with the Commercial Registry of Madrid of the share capital increase notarial deed	7 August 2015
Registration of the New Ordinary Shares with Iberclear	7 August 2015
Execution of the special transaction for transfer of the prefunded Rump Shares to final investors (if applicable)	7 August 2015
Admission to listing and trading of the New Ordinary Shares by the CNMV and the Spanish Stock Exchanges	7 August 2015
Expected commencement of trading of the New Ordinary Shares on the Spanish Stock Exchanges	10 August 2015
Settlement of the special transaction regarding the Rump Shares (if applicable)	12 August 2015

**The specific dates for actions to occur in connection with the Offering that are set forth above and throughout this Prospectus are indicative only. There can be no assurance that the indicated actions will in fact occur on the cited dates or at all.**

## 6. PART VI: OFFERING STATISTICS

Subscription Price per New Ordinary Share	€6.76
Total number of Existing Ordinary Shares in issue immediately before the Offering	40,030,000
Total number of New Ordinary Shares being issued pursuant to the Offering <sup>(1)</sup>	19,967,756
Total number of Ordinary Shares in issue immediately following the Offering <sup>(1)</sup>	59,997,756
Estimated market capitalisation of the Company following the Offering <sup>(1) (2)</sup>	€29,900,180.99
Estimated Net Proceeds receivable by the Company <sup>(1) (3)</sup>	€29,982,030.56

(1) Assuming there is no incomplete subscription (*suscripción incompleta*) of the Offering.

(2) Calculated as TERP of €8.832 per share multiplied by the number of Ordinary Shares resulting from the Offering.

(3) The estimated Net Proceeds receivable by the Company are stated after the deduction of commissions and expenses payable by the Company in connection with the Offering of approximately €5 million (on the basis of a €34,982,030.56 Offering).

**7. PART VII: REGISTERED OFFICE, INVESTMENT MANAGER AND ADVISERS**

COMPANY'S REGISTERED OFFICE

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

Telephone no. +34 91 436 04 37  
Calle Rosario Pino, 14-16  
28020 Madrid  
Spain

INVESTMENT MANAGER

**Grupo Lar Inversiones Inmobiliarias, S.A.**

Calle Rosario Pino, 14-16  
28020 Madrid  
Spain

SOLE GLOBAL COORDINATOR AND BOOKRUNNER

**J.P. Morgan Securities plc**

25 Bank Street  
London E14 5JP  
United Kingdom

LEGAL ADVISERS

*To the Company as to Spanish law*

**Uría Menéndez Abogados, S.L.P.**

Calle Príncipe de Vergara, 187  
Plaza de Rodrigo Uría  
28002 Madrid  
Spain

*To the Company as to US and English law*

**Davis Polk & Wardwell LLP**

Paseo de la Castellana, 41  
28046 Madrid  
Spain

*To the Sole Global Coordinator and Bookrunner as to Spanish, US and English law*

**Linklaters, S.L.P**

Almagro, 40  
28010 Madrid  
Spain

INDEPENDENT AUDITORS

**Deloitte, S.L.**

Plaza Pablo Ruiz Picasso, 1  
Torre Picasso  
28020 Madrid  
Spain

## **8. PART VIII: IMPORTANT INFORMATION**

### **8.1 Forward looking statements**

This Prospectus includes statements that are, or may be deemed to be, forward looking statements. These forward looking statements can be identified by the use of forward looking terminology, including the terms “anticipates”, “believes”, “estimates”, “expects”, “intends”, “may”, “plans”, “projects”, “should” or “will”, or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include, but are not limited to, statements regarding the Company’s intentions, beliefs or current expectations concerning, among other things, the Company’s results of operations, financial position, prospects, growth, Business Strategy, financing strategies, prospects for relationships with tenants, liquidity of the Company’s assets, the Company’s pipeline and its intended acquisitions and expectations for the Spanish real estate industry.

By their nature, forward looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward looking statements are not guarantees of future performance and the actual results of the Company’s operations, and the development of the markets and the industry in which the Company operates, may differ materially from those described in, or suggested by, the forward looking statements contained in this Prospectus. In addition, even if the Company’s results of operations, financial position and growth, and the development of the markets and the industry in which the Company operates, are consistent with the forward looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments of the Company to differ materially from those expressed or implied by the forward looking statements including, without limitation, general economic and business conditions, Spanish real estate market conditions, industry trends, competition, changes in law or regulation, changes in taxation regimes or development planning regime, the availability and cost of capital, currency fluctuations, changes in its business strategy, political and economic uncertainty and other factors discussed in Part II (“*Risk Factors*”). The Company undertakes no obligation to update these forward looking statements and will not publicly release any revisions it may make to these forward looking statements that may occur due to any change in the Company’s expectations or to reflect events or circumstances after the date of this Prospectus, except where required by applicable law. Investors should note that the contents of these paragraphs relating to forward looking statements are not intended to qualify the statements made as to sufficiency of working capital in this Prospectus.

### **8.2 Market, economic and industry data**

This Prospectus includes certain market, economic and industry data, which were obtained by the Company from industry publications, data and reports compiled by professional organisations and analysts, data from other external sources and internal surveys conducted by or on behalf of the Management Team. The market, economic and industry data sourced from third parties used to prepare the disclosures in this Prospectus have been accurately reproduced and, as far as the Company is aware and is able to ascertain from the information provided to them by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading in any material respect.

Some of the aforementioned third party sources may state that the information they contain has been obtained from sources believed to be reliable. However, such third party sources may also state that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on significant assumptions. As the Company does not have access to the facts and assumptions underlying such market data, statistical information and economic indicators contained in these third party sources, the Company is unable to verify such information.

#### *Information on the Company’s properties*

Certain measures included in this Prospectus have been calculated on the basis of information provided to the Company by third parties (including the sellers of the properties acquired by the

Company). Other information, such as the historical number of visitors to the Company's properties, have also been provided by third parties. While such information is believed by the Company to be accurate, it has not been independently verified.

### 8.3 Currencies

Unless otherwise indicated, all references in this Prospectus to euro and € are to the lawful single currency of member states of the EU that adopt or have adopted the euro as their currency in accordance with the legislation of the EU relating to European Monetary Union and all references to US dollars are to the lawful currency of the United States of America. The Company intends to prepare its financial statements in euro.

### 8.4 Presentation of financial information

The Company was formed on 17 January 2014 and acquired most of the properties currently comprising its Portfolio after 30 June 2014. In particular, the Company has made significant acquisitions in 2015, including after 31 March 2015 (the date as of which the most recent financial statements are available). As a result, the Company has a very limited operating history with its current assets and liabilities and limited representative consolidated historical information on which you can evaluate the Company's business, financial condition, results of operations and prospects.

The Company's audited consolidated financial statements as of and for the period of eleven months and fourteen days ended 31 December 2014, which have been audited by Deloitte, who has issued an audit report with an unqualified opinion, and have been prepared in accordance with IFRS-EU; and the interim unaudited condensed consolidated financial statements as of and for the three months ended 31 March 2015, which have been subject to limited review by Deloitte and have been prepared in accordance with IAS 34 on "interim financial reporting" (jointly, the "**Consolidated Financial Statements**") are incorporated by reference to this Prospectus. The Consolidated Financial Statements are available at the website of the Company ([www.larespana.com](http://www.larespana.com)).

The financial information included in or incorporated by reference to this Prospectus is not intended to comply with the reporting requirements of the US Securities and Exchange Commission. Compliance with such requirements would generally require the presentation of pro forma financial information giving effect to certain significant acquisitions made by the Company since its incorporation. To assist investors in their evaluation of the Company and its Portfolio, the Prospectus includes Valuation Reports covering all of the properties currently comprising its Portfolio (except for the Joan Miró offices and the Portal de la Marina hypermarket, which were acquired in June 2015, and El Rosal shopping centre, which was acquired in July 2015) and includes other information regarding such recently-acquired properties.

In making an investment decision, investors must rely on their own examination of the Company, the terms of the Offering and the financial information in this Prospectus.

#### *Non-GAAP measures*

Total GAV and EPRA NAV as well as other data presented in this Prospectus are supplemental measures of the Company's performance that are not required by, or presented in accordance with, IFRS-EU. Total GAV, EPRA NAV and such other data presented in this Prospectus are not measures of the Company's performance under IFRS-EU and should not be considered as an alternative to performance measures derived in accordance with IFRS-EU or as an alternative to cash flow from operating, investing and financing activities as a measure of the Company's liquidity.

The Company believes that Total GAV and EPRA NAV and such other data presented in this Prospectus, facilitate comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures, tax positions, the age and booked amortisation of assets amongst other. The Company also presents Total GAV and EPRA NAV and such other data because the Company believes that they are frequently used by securities analysts, investors and other interested parties in evaluating similar companies in the Company's industry, many of whom present such non-GAAP financial measures as a supplemental measure of the Company's performance.

Nevertheless, such non-GAAP measures have limitations as analytical tools, and should not be considered in isolation from, or as a substitute for analysis of, the Company's financial conditions or results of operations, as reported under IFRS-EU. Furthermore, the Company's computation of these measures may not be comparable to those reported by other companies that define or calculate these measures differently; therefore, caution should be exercised when comparing these non-GAAP measures to those of other companies.

## **8.5 Rounding**

Some financial information in this Prospectus has been rounded. As a result of this rounding, figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. In addition, certain percentages presented in this Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

## **8.6 No incorporation of website information**

This Prospectus will be made available to the public in Spain at the website of the Company ([www.larespana.com](http://www.larespana.com)) and at the website of the CNMV ([www.cnmv.es](http://www.cnmv.es)). Notwithstanding the foregoing, the contents of the Company's website, the contents of any website accessible from hyperlinks on the Company's website, or any other website referred to in this Prospectus are not incorporated in and do not form part of this Prospectus.

## **8.7 Investment considerations**

An investment in the Company is suitable only for investors who are capable of evaluating the risks and merits of such investment, who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company and in the New Ordinary Shares or the Preferential Subscription Rights, for whom an investment in the New Ordinary Shares or the Preferential Subscription Rights constitutes part of a diversified property portfolio, who fully understand and are willing to assume the risks involved in investing in the Company and who have sufficient resources to bear any loss (which may be equal to the whole amount invested) which might result from such investment.

A prospective investor should be aware that the value of an investment in the Company is subject to normal market fluctuations and other risks inherent in investing in securities. There is no assurance that any appreciation in the value of the New Ordinary Shares will occur or that the investment or business objectives of the Company will be achieved. The value of investments and any income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in the Company.

The contents of this Prospectus are not to be construed as advice relating to legal, financial, taxation, accounting or regulatory matters, investment decisions or any other matter. Prospective investors must rely upon their own representatives, including their own legal advisors and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment therein. An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's business objective will be achieved. It should be remembered that the price of the New Ordinary Shares, and any dividends paid on the New Ordinary Shares (if any), can go down as well as up.

This Prospectus should be read in its entirety before making any investment in the New Ordinary Shares or the Preferential Subscription Rights. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the By-Laws, which prospective investors should review. A summary of the By-Laws is contained in section 6 of Part XVIII ("*Additional Information*").



## **8.8 Available Information**

The Company has agreed that, for so long as any New Ordinary Shares are “restricted securities” as defined in Rule 144(a)(3) under the Securities Act, it will during any period that it is neither subject to section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder furnish, upon request, to any holder or beneficial owner of Ordinary Shares or any prospective purchaser designated by any such holder or beneficial owner the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

## **8.9 Service of Process and Enforcement of Liabilities**

The Company and the Investment Manager were incorporated and are domiciled in Spain. All of the Directors and all of the members of the Management Team, are resident outside the United States, and a substantial portion of the assets of such persons and the Company are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Company or such persons or to enforce against any of them in the United States courts judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state or territory within the United States.

## 9. PART IX: MARKET OVERVIEW

### 9.1 Spanish Commercial Real Estate Market

#### *Impact of the economic downturn*

The impact of the international credit crisis, the European sovereign debt crisis and the domestic economic crisis since 2007 on the Spanish property market has been considerable, leading to a strong cyclical downturn and structural re-pricing of real estate assets. Since peaking in 2007, the Spanish commercial property market has seen a severe decline in the value of real estate assets, with the capital values of real estate assets falling by approximately 41.6% in industrial, 31.9% in office and 31.2% in retail, from 2007 to 2014 (Source: Datastream, May 2015). Rental levels have also adjusted sharply since 2007. The average rent price per square metre of an office in Madrid and Barcelona has decreased by 27.8% and 28.0% in the central business district (CBD) assets, respectively, from the first quarter of 2007 to the first quarter of 2015. The pricing adjustment was even been more abrupt with respect to shopping centres since 2007, with the average rent price per square metre of a prime shopping centre in Madrid and Barcelona having decreased by 66.2% and 60.6%, respectively, from the first quarter of 2007 to the first quarter of 2015 (Source: Cushman & Wakefield European Marketbeat Snapshots, Knight Frank Commercial Property Outlook, Q1 2015; Knight Frank European Market Indicator, Autumn 2007).

Real estate transaction activity was also significantly and adversely affected by the economic downturn, with commercial investment volumes dropping from almost €10 billion in 2007 to about €2 billion in 2011 and 2012 and €2.3 billion in 2013 and partially recovered with over €6.5 billion in 2014 (Source: Savills World Research European Commercial, February 2015). Since the start of the credit crisis in mid-2007, the number of banks advancing new loans for the purchase of Spanish commercial property fell substantially and that decline, together with a tightening of lending policies by financial institutions, resulted in a significant contraction in the amount of debt available to fund real estate investments until 2014.

From 2008 to 2013, the Spanish commercial real estate market contracted in terms of volume to the point that deal activity consisted of a limited number of relatively small scale transactions each year and there was no longer a fully functioning investment market. This negative trend has reverted since 2014. The lack of transactions during the 2008-2013 period was due to a number of factors including an overhang of excess supply, the absence of bank funding and deleveraging by foreign and domestic banks. Another key factor was the fact that the Spanish commercial real estate investment market was historically dominated by domestic participants who by the start of the credit crisis were holding a substantial amount of highly leveraged syndicated real estate investments. As asset values declined, the equity value within a vast number of those investments was eliminated, creating unsustainable leverage ratios and consequently leaving debt providers with significant exposure to impaired loans secured against commercial real estate assets. This ultimately led to the transfer of a significant portion of the Spanish banking system's real estate exposure to the Spanish Company for the Management of Assets Proceeding from Restructuring of the Banking System (*Sociedad de Gestión de Activos procedentes de la Reestructuración Bancaria*) ("**SAREB**").

SAREB was established in November 2012 as one of a number of initiatives taken by the Spanish Government to address the serious problems that arose in Spain's banking sector as the result of excessive property lending. Fourteen institutions initially participated in the capital of SAREB, including eight Spanish banks (Ibercaja, Bankinter, Unicaja, Cajamar, Caja Laboral, Banca March, Cecabank and Banco Cooperativo Español), two non-Spanish banks (Deutsche Bank and Barclays) and four insurers (Mapfre, Mutua Madrileña, Catalana Occidente and Axa). Participation has subsequently increased to include another six Spanish banks (Santander Group, Caixabank, Banco Sabadell, Banco Popular, Kutxabank and Banco Caminos) and the Spanish energy company Iberdrola. Insurers Generali, Zurich, Seguros Santa Lucía, Reale, Pelayo Seguros and Asisa have invested in purchases of subordinated debt from SAREB. Private institutional shareholders own a 55% stake in SAREB, while the remaining 45% is owned by the Spanish Government's Fund for the Orderly Restructuring of Banks (*Fondo de Reestructuración Ordenada Bancaria*) (the "**FROB**").

SAREB has acquired (i) foreclosed assets whose net carrying amount exceeds €100,000, (ii) loans/credits to real estate developers whose net carrying amount exceeds €250,000, calculated at the borrower, rather than the transaction, level, and (iii) controlling corporate holdings linked to the real estate sector, from banks in Spain that have required recapitalisation with Government aid (BFA-Bankia, Catalunya Banc, Novagalicia Banco, Banco de Valencia, Banco Mare Nostrum, CEISS, Caja3 and Liberbank). Assets estimated to have been acquired by SAREB total approximately €51 billion. In exchange for such assets, SAREB issued Spanish government-guaranteed securities to these institutions. The overall objective of SAREB is the management and orderly divestment of the portfolio of assets received, maximising their recovery, over a maximum time horizon of 15 years from 2012. In pursuing its activity, SAREB has to contribute to the restructuring of the financial system, while minimising the use of public funds and any market distortions it may cause.

### ***Market recovery***

#### ***Macro recovery***

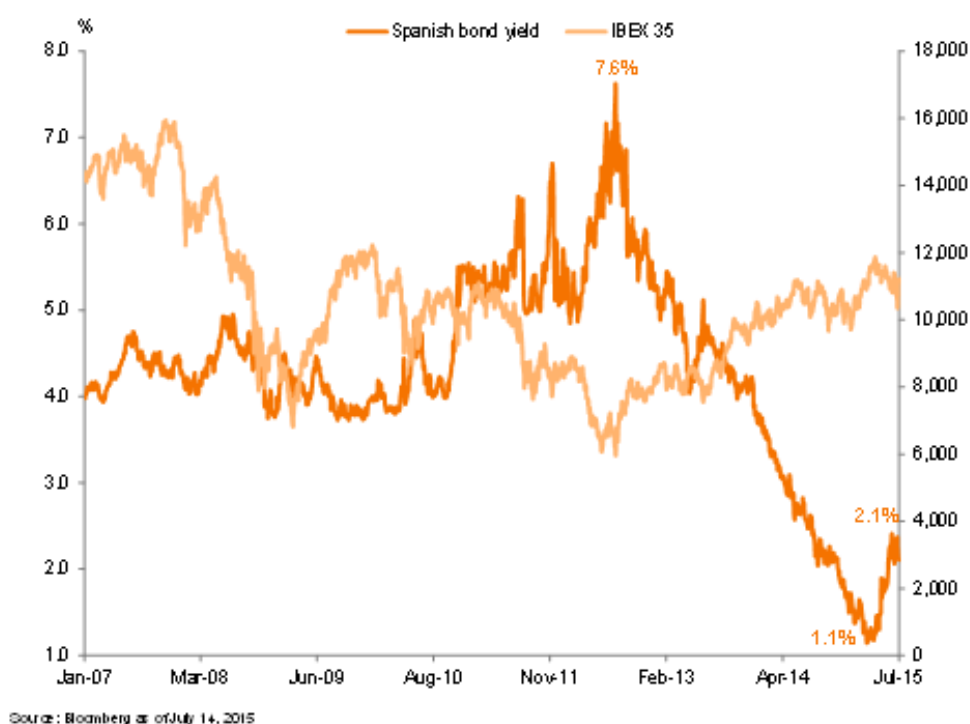
The Management Team believes that there are indications of recovery in the Spanish economy and certain segments of the Spanish commercial property market already reflected in 2014 and the beginning of 2015. The last *Markit Business Outlook Survey* prepared by Markit Economics (March 2015) suggests a further strengthening of business confidence in Spain, as the economy continues to recover from a prolonged period of economic downturn.

The Purchasing Managers' Index (PMI) recently signalled a return to growth in both manufacturing and services sectors, rebounding to 54.2 in April 2015, above the 50 line dividing growth from contraction. Spanish GDP growth resumed in the second half of 2013, with 0.1% quarter-on-quarter growth in the third quarter and 0.3% growth in the fourth quarter, followed in 2014 with a 0.3% growth in the first quarter, 0.5% growth in the second and third quarters and 0.7% in the fourth quarter, and accelerating to a 0.9% growth in the first quarter of 2015 (with a 2.6% year-on-year growth compared to the first quarter of 2014), stringing seven consecutive quarters of growth (Source: Spanish National Statistics Institute - INE). In the second quarter of 2014, Spain ranked above the Eurozone average growth for the first time in 19 quarters (Source: Savills Market Report – Spain Investment, February 2015).

On top of the existing macro recovery signs, growth is expected to continue receiving a major boost from expanding net exports (exports of goods and services are expected to grow 6.3% and 5.8% in 2015 and 2016 respectively; source: IMF website database, April 2015). According to estimates of the International Monetary Fund, GDP will continue to increase in the coming years with real GDP growth rates expected to be around 2.5%, 2.0% and 1.7%, respectively, in 2015, 2016 and 2018 (Source: IMF website database, April 2015). In addition, consumer confidence in Spain is improving with approximately 100% increase in the Consumer Confidence Index since April 2012 (Source: *Centro de Investigaciones Sociológicas* (CIS) as of April 2015). Furthermore, since early November 2013, Fitch Ratings, Standard & Poor's Ratings Services and Moody's Investors Service have raised Spain's outlook from "negative" to "stable". The latter did so on December 4, 2013 citing "evidence of a sustained rebalancing" in Spain's economy. Finally, yields on Spanish bonds have dropped, an indication that investors view Spain as a more attractive investment destination. Yields on 10-year Spanish sovereign debt crept down, after peaking to above 7.50% in July 2012, from 4.35% on 27 May 2013 and 2.88% as of January 2014 to 1.87% as of 27 May 2015 (Source: Factset, Bloomberg).

The below table shows yields on the 10-year Spanish sovereign debt and levels of the IBEX-35 for the indicated periods:

10y Spanish bond yield evolution and IBEX-35 performance since 2007



### *Real estate sector recovery*

#### *Investment volume*

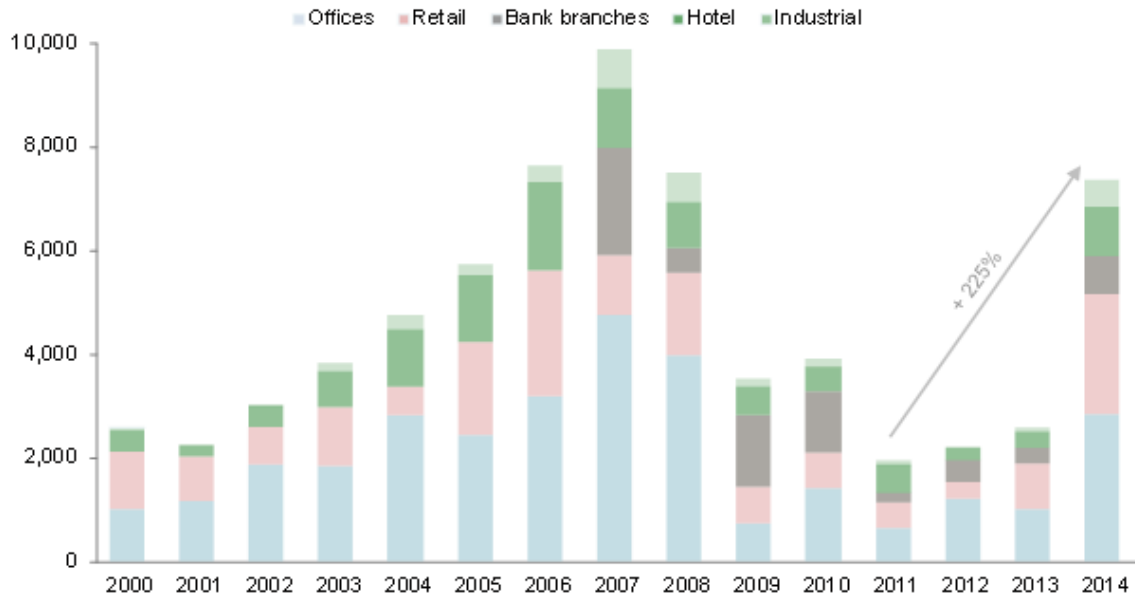
2014 has been the year when the Spanish real estate market turned around. Since the end of 2013, the improvement in macroeconomic indicators boosted confidence in Spain resulting in greater interest and investment flows from international investors, which saw it as a good moment to enter the Spanish market, taking advantage of the bottom of the cycle (Source: Savills Market Report – Spain Investment, February 2015). In fact, one of the most notable aspects of the Spanish real estate market in 2014 was the increase in foreign direct investment and the high activity of the newly created SOCIMIs:

- i) On the one hand, there has been significant take-up of investor interest in the Spanish real estate market, supported by the excess liquidity and the lack of product on the market that meets investors' requirements, with Spain becoming the third preferred country to invest in Europe in 2014 and 2015, and Madrid the second most attractive city for making property investment purchases in 2015 (Source: CBRE: EMEA Investor Intentions Survey 2015; Savills Market Report Spain Investment, February 2015). Foreign investors represented c.60% of the annual volume in commercial real estate investments in 2014 (Source: DTZ Investment Market Update Spain Q4 2014).
- ii) On the other, the addition of listed SOCIMIs to the market was a major catalyst, and have accounted for almost 33% of the total investment volume in Spain and close to 75% of domestic investment (Source: Savills Market Report – Spain Investment, February 2015).

This frenetic activity resulted in c.€7 billion invested in the Spanish commercial property market in 2014, three times the investment volumes achieved in 2013 and reaching 2008 investment levels. Offices and retail were the preferred segments, accounting for a combined 71% of the total investment volume (39% offices and 32% retail, respectively), which could indicate that institutional investors, which have deeper pockets, are actively back in the market (Source: Savills Market Report – Spain Investment, February 2015). The retail commercial real estate sector had a particularly strong recovery in 2014, with an annual volume of slightly above €2.3 billion, which is in line with the €2.4 billion of investment registered in 2006 at the peak of the real estate cycle in Spain. However, despite the general growth in overall investment volume in each segment, the greatest year-on-year increases were

seen in the logistics and hotel segments, mainly due to the growth of e-commerce and the recovery of tourism in Spain, which closed 2014 with 65 million international visitors, beating the previous record set in 2013 (Source: Savills Market Report – Spain Investment, February 2015).

#### Investment volume by sector (€mm)



Source: Savills

The high levels of investment seen in 2014 continued into the first quarter of 2015, with total investments far above the average quarterly investment level of the last five years, more than doubling the investment level of the first quarter of 2014 and the first quarter with the highest level of investments since 2007 with c.€2.1 billion investment, near the 2012 full-year investment volumes (Source: DTZ Investment Market Update Spain Q1 2015). SOCIMIs accounted for over 20% of the total investment volume in the first quarter of 2015 and were even more focused on retail than in 2014, with over 75% of their investments flowing into the retail sector. Overall, retail assets dominance has become less pronounced in the first quarter of 2015 with c.50% of total activity, against c.60% in 2014. The strongest growth was recorded in the logistics assets where relative activity grew from 4% in 2014 to over 10% of total activity in the first quarter of 2015 (Source: DTZ Investment Market Update Spain Q1 2015).

#### Yield

The yield compression that started in 2014 continues in all sectors as confidence in the Spanish economy keeps on strengthening, general interest rates continue at historical lows, quality assets keep getting scarcer and market keeps moving from an opportunistic-market to a competitive-market with an over-demand for good products (Source: DTZ Investment Market Update Spain Q1 2015). As long as general interest rates remain at their historical lows, yields could compress a bit further, even though the uncertainty surrounding the upcoming general elections at the end of 2015 might create for some upward pressure (Source: DTZ Investment Market Update Spain Q1 2015). As such, yields for prime retail fell further in the first quarter 2015 to 5.20% in both Madrid and Barcelona, office yields dropped to 5.25% in Madrid and 5.5% in Barcelona, while yields on logistic properties in both cities fell to 7.75%. This represents a compression in retail and office compared to 2008, when yields for prime shopping centres were at 5.5% and prime office at 6.0% in both Madrid and Barcelona; whereas it represents an expansion in prime logistics & industrial, with yields at 6.9% in 2008 in both Madrid and Barcelona (Source: Santander Real Estate SOCIMIs report of March 2015). DTZ expects some further yield compression in the short term and stabilising out near the end of the year, which is expected to place greater importance on rental growth in the coming years as yields have less room to move, and encouraging investment in more secondary assets and locations (Source: DTZ Investment Market Update Spain Q1 2015).

### *Occupancy*

With regards to the occupier market, it is showing increasing signs of recovery, which still need to be translated into significant movements in rents and vacancies:

- i) On retail, leasing activity was robust in the first quarter of 2015, with expanding domestic and international fashion and restaurant operators driving demand for prime space on high streets and shopping centres (Source: Cushman & Wakefield Retail Snapshot Spain Q1 2015). The main tourist locations remain a top target for retailers, while there has also been growing interest from international retailers to open flagship stores on prime retail thoroughfares in key cities. On the supply side, there is scarcity of prime units in core locations, particularly in Barcelona and Madrid, and this is forcing some tenants to look at non-central location for opportunities. Prime rents were generally stable in the first quarter of 2015, although rents for the best space remain under pressure to rise further (Source: Cushman & Wakefield Retail Snapshot Spain Q1 2015).
- ii) Office market also reported a strengthening occupier demand in the first quarter of 2015, with take-up volumes in Madrid aligned with those in the same period in the first quarter of 2014 (c.110,000 sqm, although demand shifted toward larger floor plates) and Barcelona showing a c.18% rise in leasing activity year-on-year (73,000 sqm take-up in the first quarter 2015 compared to 62,000 in the first quarter 2014). In the first quarter 2015, office rents continued to see moderate year-on-year growth for best assets in CBD with a 4% and 1.4% rent increase in Madrid and Barcelona, respectively, whilst secondary office assets' rents remained unchanged. Vacancy continued its gradual decline in both Madrid and Barcelona in the first quarter of 2015 at 11.4% and 12.2% respectively (Source: Cushman & Wakefield Office Snapshot Spain Q1 2015). For 2015 and 2016, Cushman & Wakefield expects occupier demand to improve, and tenants are expected to be willing to pay a premium for best quality assets. The restrained development activity may force tenants priced-out of central locations to consider quality space in secondary locations (Source: Cushman & Wakefield Office Snapshot Spain Q1 2015).
- iii) Logistics showed the strongest relative growth in the first quarter of 2015 compared to the same period in 2014, with 93% increase in investment volumes year-on-year. However, there was mixed sentiment in the first quarter of 2015, with take-up in Madrid still fairly subdued (89,200 sqm) whilst Barcelona achieved levels of absorption (212,000 sqm) representing 65% of total annual absorption in 2014 (Source: Cushman & Wakefield Industrial Snapshot Spain Q1 2015). Given the limited development pipeline on this type of asset, as well as the limited numbers of schemes currently under construction (most of which are either pre-let or turn-key projects), tenants seeking large premises are expected to struggle to find suitable space, particularly in the most popular cities. As a result, prices are beginning to rise and yields have compressed further (Source: Cushman & Wakefield Industrial Snapshot Spain Q1 2015).

The Company believes that investor confidence in the Spanish market will continue in 2015. As the economic situation continues to improve, there is a growing consensus that the Spanish property market has bottomed out, in turn attracting more foreign investors and channelling investment towards offices, retail and logistic assets. In fact, foreign investment has grown in importance in the market during the economic crisis, almost doubling in percentage terms from c.35% in the pre-crisis 2002-2007 period to c.60% in 2014 (Source: DTZ Research Spain Q4 2014).

With this market background, the Management Team believes that prospects for negotiating attractive investment opportunities should exist for investors such as the Company with readily available resources for acquisitions and the ability to source deals both from distressed and more conventional sellers. The Company believes that the market is at a stage in the cycle where there are positive gaps between investment yields and borrowing costs that should enable attractive risk adjusted returns to be generated in an environment of relatively modest leverage. The Management Team believes that following the completion of the Offering, the Company, as a strongly capitalised company with a strong investment capacity, will be well placed to invest in assets which require a high level of active management, within a sector that has been deprived of both intensive asset management and capital over part of the past five years.

## **9.2 The Spanish Economy**

The global financial crisis and the EU credit crisis have had a severe impact on the economy in Spain. Throughout Spain, as in certain other markets, there have been dramatic declines in the housing market, with falling home prices and increasing foreclosures, high levels of unemployment and underemployment, and reduced earnings or, in some cases losses, for businesses across many industries, and reduced investments.

During 2012, the sovereign debt crisis in the Eurozone continued to be the central focus of the global economy. While the Eurozone focused on strengthening the economic and fiscal governance of its Member States and introducing financial aid mechanisms, there has been continued instability in European financial sectors. During the first half of 2012, the European sovereign debt crisis worsened and its impact on Spain and certain other countries such as Greece and Italy was particularly damaging. The instability of the situation led to fragmentation of the capital markets and threatened the very existence of the single currency.

The actions taken by European and Spanish authorities starting in mid-2012 contributed to a clear improvement in the European financial markets. First, the European Central Bank stated that it would undertake all necessary measures to preserve the euro and announced a program of unlimited purchases of European sovereign debt in the secondary markets subject to certain conditions. Second, European authorities showed a political willingness to implement programs to strengthen European banking institutions and, in particular, the establishment of a banking union. Lastly, in Spain, the national authorities requested external financial assistance in late June 2012 in order to recapitalize the Spanish banking sector. The agreed program provided financing of up to €100 billion was stipulated in a Memorandum of Understanding. Since the inception of this program, the European authorities have disbursed a total of €41 billion for the restructuring of Spain's banking sector. The combination of these initiatives has contributed to a normalization of the financial markets, as well as a gradual reversion of the fragmentation process in the banking sector.

The Spanish economy remained weak in 2013 in large part due to subdued domestic demand. Domestic demand was hampered by factors such as the restrictive character of Spain's national fiscal and public spending policies and the deterioration of the labour market. Since 2010, Spain's government has adopted a number of fiscal consolidation and structural reforms, including reforms relating to the pension system and labour laws, and has implemented the reinforcement plan (*Plan de Reforzamiento*) to strengthen the financial sector. Economic activity was adversely affected by onerous financing conditions. However, in the first half of 2013, the economy moderated its rate of contraction with the GDP experiencing a negative growth rate of 0.1% in the second quarter. The second half of 2013 showed positive growth, with 0.1% GDP growth in the third quarter accelerating to 0.3% in the fourth quarter (Source: Spanish National Statistic Institute (*INE*) – GDP Growth).

After several years of recession, Spain's economy began to grow again in 2014 as labour market prospects improved, confidence strengthened, economic uncertainty faded and energy prices fell. After having expanded by 0.5% in each of the second and the third quarters of 2014, economic activity gained further momentum in the last quarter, growing by 0.7%, leading to an overall GDP growth of 1.4% for 2014 as a whole. In 2015, the GDP generated by the Spanish economy registered a 0.9% increase in the first quarter versus 0.3% increase registered in the first quarter of 2014 (Source: Spanish National Statistic Institute (*INE*) – GDP Growth – April 2015). The European Commission has projected that GDP growth might reach 2.8% in 2015 and 2.6% in 2016, mainly driven by

domestic demand (Source: European Economic Forecast – Spring 2015). The drag from external sector observed in 2014 is expected to narrow in 2015 and turn broadly neutral in 2016. Recent activity and confidence indicators suggest that private consumption remained quite resilient in the first quarter of 2015, with consumer confidence reaching historical highs (Source: European Economic Forecast – Spring 2015). Such resilience is expected to persist as a result of faster-than-foreseen employment growth and rising real gross disposable income, which are expected to also benefit from falling price levels throughout most of 2015 and low inflation thereafter (Source: European Economic Forecast – Spring 2015). Positive demand prospects, easing financing conditions and the projected rebound in exports are expected to underpin investment in equipment, despite the ongoing balance-sheet correction of non-financial corporations. After seven years of adjustment, a modest pick-up in construction, including residential investment, is expected to gather some strength in 2015 and 2016 (Source: European Economic Forecast – Spring 2015).

As for the labour market, the unemployment rate in the first quarter of 2015 (23.1%) reflected the continued recovery trend of the previous quarters, 25.2% in the first quarter of 2014, 24.7% in the second quarter of 2014, 24.2% in the third quarter of 2014 and 23.7% in the fourth quarter of 2014 (Source: Global Insight – Spain Employment rates). In 2014, the employment growth reached 1.2% compared to a 3.3% decline in 2013, being the first positive figure after a drop in six consecutive years (Source: European Economic Forecast – Spring 2015). These positive trends are expected to continue over the foreseeable future, helped by continued wage moderation and only modest increases in nominal unit labour costs. With the labour force contraction expected to gradually improve, unemployment is forecast to fall to 21.7% in the fourth quarter of 2015 and 20.7% in the second quarter of 2016 (Source: Global Insight – Spain Employment rates). Additionally, the 10-year sovereign bond yield fell from above 600 bps premium vs. Germany in the summer of 2012 to around 130 bps premium in May 2015, and nominal yields are currently at historical lows (Source: Factset, Bloomberg). Against a backdrop of weak economic conditions and low inflation rates, the European Central Bank Governing Council decided at its first monetary policy meeting of 2015 to launch an Expanded Asset Purchase Programme for euro-denominated investment-grade securities issued by euro area governments and agencies and EU institutions. The combined monthly asset purchases of public and private securities will amount to €60 billion. This quantitative easing is intended to be carried out from March 2015 until the end of September 2016 and will continue until the Governing Council sees a sustained adjustment in the path of inflation that is consistent with its aim of achieving an inflation rate that is close to, but below 2% over the medium term.

Thanks to the strong economic recovery and the enhanced financing conditions, public finances continued to improve in 2014 (Source: European Economic Forecast – Spring 2015). According to Eurostat data, the general government deficit narrowed to 5.7% of GDP last year, down from 6.3% of GDP in 2013 (net of bank recapitalisations in both years) and is expected to decrease to 4.5% of GDP in 2015 and to 3.5% of GDP in 2016 (Source: European Economic Forecast – Spring 2015). Additionally, going forward the government deficit is expected to fall to around 4.5% in 2015 and to fall further in 2016, exports are expected to accelerate in 2015 and 2016 backed by continued improvements in competitiveness and imports are forecast to moderate, for an expected current-account surplus of 1.52% of GDP in 2015 and 1.09% in 2016 (Source: European Economic Forecast – Spring 2015).

The improvement of Spanish economic growth stems from both the revenue and the expenditure side, indirect tax revenues being boosted by stronger domestic demand, job creation, falling unemployment, easier financing conditions and enhanced consumer confidence. Risks stem from uncertainty regarding the actual impact of the tax reform on revenues, contingent liabilities in the motorway sector and implementation risks in an election year, among other matters (Source: European Economic Forecast – Spring 2015).

Factors that may materially adversely affect the Spanish economy include the risks posed by the Greek debt crisis and uncertainty regarding Greece's membership in the EU.



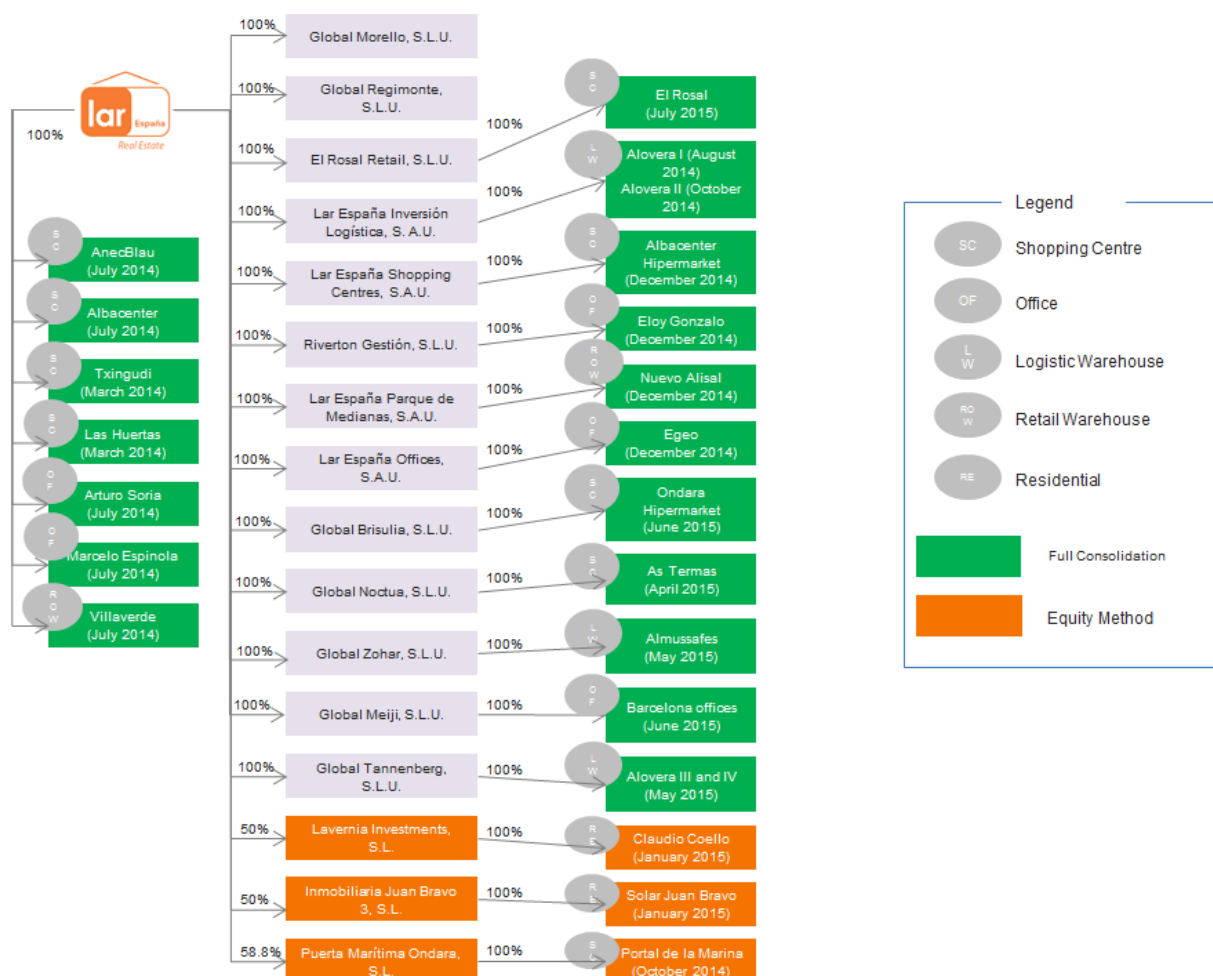
## 10. PART X: INFORMATION ON THE COMPANY

### 10.1 Introduction

Lar España Real Estate SOCIMI, S.A. is a Spanish company which was incorporated as a *sociedad anónima* on 17 January 2014. The Company has an experienced Board, chaired by Mr. José Luis del Valle, and is externally managed by Grupo Lar Inversiones Inmobiliarias, S.A. (“**Grupo Lar**” or the “**Investment Manager**”) on the terms and under the conditions set forth in the investment manager agreement entered into by the Company and the Investment Manager on 12 February 2014 (the “**Investment Manager Agreement**”). The Existing Ordinary Shares of the Company are listed on the Spanish Stock Exchanges and quoted through the SIBE (*Sistema de Interconexión Bursátil* or *Mercado Continuo*) of the Spanish Stock Exchanges. The Company is set up as a Spanish Listed Corporation for Investment in the Real Estate Market (*Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario* or “**SOCIMI**” according to its initials in Spanish) and, thus, is taxed under the special regime applicable to this kind of entities (the “**SOCIMI Regime**”) which is further described in Part XVI (“*Taxation Information*”) of this Prospectus.

The Company’s business strategy, which is further described in section 4 below, is to own and operate for rental its Portfolio –consisting of properties fitting its Investment Strategy – through active property management to deliver income and capital growth for its Shareholders (the “**Business Strategy**”). The Company relies on active property management to maximise operating efficiency and profitability at the property level. As of the date of this Prospectus, the Company’s Portfolio comprises the properties described in section 5 below.

Below is a corporate structure chart of the Company showing its subsidiaries and related properties:



As of the date of this Prospectus the Company holds a stake in the following subsidiaries:

Subsidiary	Stake	Property name	Consolidation
Lar España Inversión Logística, S.A.U.	100%	<ul style="list-style-type: none"> <li>Alovera I</li> <li>Alovera II</li> </ul>	Full consolidation
Lar España Shopping Centres, S.A.U.	100%	<ul style="list-style-type: none"> <li>Albacenter Hypermarket</li> </ul>	Full consolidation
Lar España Parque de Medianas, S.A.U.	100%	<ul style="list-style-type: none"> <li>Nuevo Alisal</li> </ul>	Full consolidation
Lar España Offices, S.A.U.	100%	<ul style="list-style-type: none"> <li>Egeo</li> </ul>	Full consolidation
Global Brisulia, S.L.U.	100%	<ul style="list-style-type: none"> <li>Ondara Hypermarket</li> </ul>	Full consolidation
Global Noctua, S.L.U.	100%	<ul style="list-style-type: none"> <li>As Termas</li> </ul>	Full consolidation
Global Zohar, S.L.U.	100%	<ul style="list-style-type: none"> <li>Almussafes</li> </ul>	Full consolidation
Global Meji, S.L.U.	100%	<ul style="list-style-type: none"> <li>Barcelona offices (Joan Miró)</li> </ul>	Full consolidation
Global Tannenberg, S.L.U.	100%	<ul style="list-style-type: none"> <li>Alovera III</li> <li>Alovera IV</li> </ul>	Full consolidation
Lavernia Investments, S.L.	50%	<ul style="list-style-type: none"> <li>Claudio Coello</li> </ul>	Equity Method
Inmobiliaria Juan Bravo 3, S.L.	50%	<ul style="list-style-type: none"> <li>Juan Bravo</li> </ul>	Equity Method
Puerta Marítima Ondara, S.L.	58.78%	<ul style="list-style-type: none"> <li>Portal de la Marina shopping centre</li> </ul>	Equity Method
Riverton Gestión, S.L.U. <sup>1</sup>	100%	<ul style="list-style-type: none"> <li>Eloy Gonzalo</li> </ul>	Full consolidation
El Rosal Retail, S.L.U.	100%	<ul style="list-style-type: none"> <li>El Rosal</li> </ul>	Full consolidation
Global Morello, S.L.U.	100%	-	Full consolidation
Global Regimonte, S.L.U.	100%	-	Full consolidation

1. The Company, as sole shareholder of Riverton Gestión, S.L.U., has approved its transformation into a *sociedad anónima*, which is pending registration with the Commercial Registry of Madrid.

## 10.2 The Management Team

The Company has outsourced its management to Grupo Lar according to the terms of the Investment Manager Agreement. In order to manage the Company's activity, Grupo Lar has appointed a management team which currently consists of Mr. Luis Pereda, Mr. Miguel Pereda, Mr. Jorge Pérez de Leza, Mr. Miguel Ángel González, Mr. Arturo Perales and Mr. José Manuel Llovet (together, the "**Management Team**"). All of the members of the Management Team are property and finance professionals with extensive experience in Spanish real estate and a notable track record of creating value for shareholders.

The Company believes that the extensive experience of the Management Team, which is one of the most experienced real estate management teams in Spain, and the Investment Manager's management professionals will provide the Company with business opportunities which fit with its Business Strategy. The track record of the Management Team is concentrated principally within Grupo Lar.

## 10.3 The business strengths

The Company benefits from its position as one of the first established and well capitalised Spanish SOCIMIs and the aid of an experienced active asset manager such as Grupo Lar to develop its Business Strategy and take advantage of the ongoing recovery in the real estate market in Spain. In

order to successfully implement its Business Strategy, the Company has access to the Investment Manager's management and administration function which addresses various operational matters, including the provision of various accounting, administrative, registration, reporting and record keeping services. This way, the Management Team can seize opportunities fitting the Company's Business Strategy in a timely manner without having to build a large internal infrastructure, and the Company has access to the property management functions of a leading Spanish real estate group in the most management-intensive cycle of the Company.

Moreover, the Company was recently included in the "FTSE EPRA/NAREIT Global Real Estate Index", a stock market index comprised of eligible property companies, which is expected to enhance the stock visibility of the Company among investors.

Additionally, the Company is focused on creating shareholder value by leveraging the following key strengths:

***Diversified property Portfolio acquired at attractive levels in a recovering market***

The Company has gradually fully deployed the net proceeds raised in its initial public offering in the acquisition of real estate properties throughout Spain. As of the date of this Prospectus, the aggregate investment amount incurred in the acquisitions of the properties within the Company's Portfolio totalled approximately €658 million.

The current Portfolio is diversified throughout different property classes. The main ones are retail and office with 60% and 21% of the total acquisition price, respectively. Additionally, the Company has acquired five prime logistic properties accounting for 10% of total acquisition price and a residential project accounting for the remaining 9% of the total acquisition price.

Geographically, the respective locations of the properties within the Portfolio are a consequence of the implementation of the Company's Business Strategy. Retail properties are mainly located in Northern Spain and in selected coastal areas. Office properties are located in Madrid and Barcelona and logistic properties are mainly located in a prime location in the Henares Corridor, one of Spain's main logistic hubs located in metropolitan Madrid in the area where the highway leading toward Barcelona and Valencia is located. Acquisitions have been done at attractive levels given the initial yields on cost reported by the Company (see details in table of section 5 below).

***The Company currently has a coherent Portfolio that offers material growth potential and room for accretive capital expenditure***

Since the Company went public in March 2014 achieving gross proceeds of €400 million, initial proceeds have been fully deployed to configure what the Company believes to be a best-in-class real estate Portfolio primarily focused on commercial property (mainly retail and office). Acquisitions carried out to date have been executed at an Average Initial Yield on Cost (as defined below) which the Company believes are attractive: approximately 6.5% in retail (on market adjusted low rents and high vacancies), approximately 5.8% in offices and approximately 9.6% in logistics.

Built Portfolio has a strong cash flow potential and the Company has distributed its first dividend on the back of the 2014 fiscal year (€0.03345628 dividend per Ordinary Share), which was paid to Shareholders on 28 May 2015. Properties acquired are mainly prime/good secondary real estate products in need of property management. The Company believes there is room for accretive capital expenditure. As of 31 March 2015, Building Capex expected for the Company's Portfolio as of such date for the following five-year period amounted to €43 million, of which €20 million corresponded to Project Juan Bravo. The Company has been able to reposition to date three properties -two office buildings and one shopping centre- which reflects management capabilities to create value through active property management.

The Company believes that it continues to offer investors an attractive investment opportunity in the Spanish real estate market as a result of the relatively limited competition in its niche segments, its focused Business Strategy, the opportune timing with which it entered the market and acquired the properties within its Portfolio and a robust pipeline of identified potential acquisition opportunities.

***Disciplined value creation on the back of an active property management***

The Company's Business Strategy is to own, operate and rent its existing Portfolio through active property management and expand it through the acquisition and operation of undermanaged high quality real estate properties with the aim of capturing their cash flow and value.

The Management Team pursues a disciplined value creation strategy mainly focused on: (i) quality properties that, when combined with the Management Team's value creation expertise, can produce attractive yields in the medium term, (ii) off-market opportunities where the upside potential is higher than in the case of properties sold through highly marketed auctions processes, and (iii) real estate properties located mainly in Madrid and Barcelona (for offices), but also on locations with limited density and higher GDP per capita than average throughout Spain (for retail).

The Management Team believes it has developed a unique approach to identify opportunities and operate properties which allows its members to bring valuable insight on each phase of a property's ownership cycle. The Management Team follows a disciplined property acquisition and operation process.

The Company relies on active property management to maximize operating efficiency, profitability and value creation at the property level, mainly focusing on mispriced properties or undermanaged high-quality properties with active management opportunities, for example, through repositioning, rental extension and/or rental optimization. The Management Team directly undertakes value creation activities, such as improving the quality of currently held properties through investing in conservation and modernization, improving the energy efficiency of currently held properties or renegotiating or surrendering leases.

***Strong track record of the Investment Manager and the members of the Management Team in commercial and residential real estate in Spain with access to a valuable and highly experienced asset management platform***

The Investment Manager is one of Spain's most recognisable real estate companies. The Investment Manager has a long and successful track record of creating value for shareholders by investing in and managing properties in a wide range of real estate property classes in Spain. Moreover, the Investment Manager's market position is enhanced by its ability to utilise the scale, experience and specialist expertise of its complementary business activities to maximise value through each property's ownership cycle. Notwithstanding the foregoing, as a result of the economic downturn occurred in the Spanish commercial real estate market in recent years, Grupo Lar obtained negative returns in 2011 and 2012.

The members of the Management Team, which have been appointed by the Investment Manager, have been well known within the Spanish real estate markets for many years and have established relationships in these markets with all of the main stakeholders in the property and rental markets, including with commercial real estate lenders, domestic banks, property funds, planning authorities, tenants and private investors. The Company believes that the Management Team's distinct knowledge of, and competence within, the Spanish commercial and residential property market make the Company well placed to capitalise on the opportunities presented by current and expected market conditions.

Through the Investment Manager, the Company has access to the asset and property management operation of Grupo Lar which, together with Gentalia, includes 249 full time property, financial and support staff. The Investment Manager has over 15 years of experience in the investment, development and management of shopping centres.

In addition, Grupo Lar currently has a 66.6% participation in Gentalia, one of the leading companies in Spain in shopping centre property management. Gentalia provides consultancy, asset management, leasing and day-to-day management services to shopping centres. It currently manages 50 shopping centres in Spain, with a gross leasable area of over 1,428,563 sqm.

***In-depth access to potential business opportunities and visible pipeline***

The Management Team has extensive and long-standing relationships in the Spanish real estate market and has in-depth relationships with deal sources including corporate and private landlords, brokers, all major domestic banks and the SAREB. These relationships and knowledge have enabled members of

the Management Team and Lar España to access both off-market and more widely marketed real estate transactions. The Company believes that the Management Team's relationships and experience provide the Company with the access and ability to cultivate appropriate business opportunities to meet the Company's Business Strategy as shown by the fact that approximately 60% of the transactions executed to date have been sourced as off-market deals.

On the back of the Management Team's strong network, the Company has been able to identify an acquisition pipeline comprised by approximately €230 million of properties being analysed under exclusivity (including Building Capex of €38 million) and approximately €399 million of properties under negotiation and analysis.

***Focus on an under-served niche market for medium size properties, often too small for remaining foreign and institutional investors and too big for local players trying to act with limited financing***

The Investment Manager has extensive experience in the acquisition of medium size properties, which are often too small for foreign and other institutional investors and too big for local players trying to act with limited access to financing. The Company works to leverage this experience in order to be positioned as the partner of choice for this type of properties by combining detailed local knowledge, availability of funding, strategic flexibility and cost of capital management.

***Strong domestic banking contacts and access to debt capital markets with low cost of debt and long-term maturing profile***

The Investment Manager has existing relationships with many Spanish financial entities. These relationships have enabled the Investment Manager to access debt financing packages in various phases of the economic cycle during the past 30 years. In addition, the Management Team has extensive knowledge of possible sources of third party capital, allowing it to tailor the risk profile of each investment and potentially extend its investment reach through joint ventures.

On the back of the strong relationship with the banking sector, Lar España has been able to source debt at a low cost (Euribor + 1.86% on average as of the date of this Prospectus). The Company has also been able to tap the debt capital markets through the issuance of a bond traded in the Main Securities Market of the Irish Stock Exchange for an amount of €140 million.

As of 31 March 2015, only 36.5% of the Company's existing debt was due in the following seven years (2015-21) allowing the Company to have a healthy maturity profile in the mid-term. The target of the Company is that total leverage, represented by the Company's aggregate borrowings (net of cash) as a percentage of the most recent Total GAV (as defined herein) of the Company, is up to 50% in total. Notwithstanding the foregoing, the Board, including at the proposal of the Investment Manager, may modify the Company's leverage policy (including the level of leverage) from time to time in light of then-current economic conditions, the relative costs of debt and equity capital, the fair value of the Company's assets, growth and acquisition opportunities or other factors it deems appropriate.

***An experience Board with real estate, financial and legal background and following best-in-class corporate governance principles***

All of the members of the Board of Directors have been elected on the basis of their proven long-term experience in the real estate or financial sectors. Moreover, the Board of Directors of the Company, which is composed exclusively by non-executive members, most of them -four out of five- independent, is strongly committed to carry out its duties following at all times best-in-class corporate governance principles, in line with the corporate governance recommendations included in the Spanish Corporate Governance Code and other good governance practices associated with the real estate sector.

***Alignment of interests of the Investment Manager with those of other Shareholders***

Various factors contribute to the alignment of interests of the Investment Manager with those of other Shareholders, including:

- (i) the fact that the Investment Manager acquired approximately a 2.5% stake in the Company in the context of the Company's initial public offering, which, with certain limited exceptions, is

subject to a lock-up period of three years from the date on which the Existing Ordinary Shares were admitted to trading on the Spanish Stock Exchanges (i.e., 5 March 2014) and the fact that it acquired a further 0.5% stake in the open market on 23 March 2015. The Investment Manager considers that its current investment in the Company sufficiently reflects the alignment of its interest with those of the Company. However, to maintain its alignment and commitment, it intends to exercise the required number of Preferential Subscription Rights corresponding to its Existing Ordinary Shares in order to maintain a 2.5% stake in the Company (i.e. the stake held by the Investment Manager immediately following the initial public offering of the Company);

- (ii) the fact that, in accordance with the Investment Manager's compensation structure, the Investment Manager receives Ordinary Shares (in addition to cash) as compensation for the services provided to the Company (such shares being also subject, with certain limited exceptions, to a lock-up period of three years from the date of their delivery to the Investment Manager);
- (iii) the fact that the Investment Manager is only able to conduct certain activities through the Company (as the Investment Manager has undertaken, subject to certain exceptions, not to acquire or invest in commercial property in Spain which is within the parameters of the Investment Strategy of the Company); and
- (iv) the fact that the Investment Manager Agreement can be terminated at the Company's election at the end of its initial five-year term with no penalty if the Company is not satisfied with the Investment Manager's performance.

As a result of the above, the Company believes that the interests of the Investment Manager should be closely aligned with those of the other Shareholders.

#### **10.4 Business Strategy**

The Company's principal activity is to acquire, own and operate commercial real estate properties through direct ownership of the property and other acquisition structures (primarily retail and offices and, to a lesser extent, other property classes such as residential) in Spain. The Company's Business Strategy focuses on owning and operating for rental its existing property Portfolio through active property management and expanding it through the acquisition and operation of real estate properties that fit its Investment Strategy, mainly undermanaged high quality commercial real estate properties. For such purposes, the Company expects to continue acquiring such commercial properties with the aim of creating value through active property management and maximizing operating efficiency and profitability at the property level in order to capture their cash flow and value.

The Management Team believes it is consolidating a high quality Portfolio of commercial real estate properties (and selective residential properties) with strong income and potential for value creation, based on their long term experience of active management. This growing Portfolio combines high value creation potential properties with low risk rental profile properties that are expected to generate recurrent income. The Company considers the potential for value enhancement that may be realized following the improved management of the property through, amongst other things, repositioning or re-leasing strategies, or as a result of investments in refurbishing or developing the property.

To date, the Company's particular value creation niche has been less crowded (the Company believes it is not sufficiently attractive for opportunistic money) than other segments. In this niche, real estate expertise is key and value creation potential, beyond the macro cycle, is achieved through a specialist approach to property management. The Company expects that, as values improve, its value creation strategy will become an increasingly important means of achieving returns. The Company targets good quality properties (or properties with high potential to become good quality properties) with vacancy, refurbishment requirements or more complex property management needs. The Company intends to continue to seek opportunities in the same consolidated areas as it has to date and expects that these areas will enjoy an earlier and more sustainable recovery.

##### ***Strategy on the existing Portfolio***

The Company, through the Management Team, intends to continue implementing a thorough and disciplined approach to property acquisition and management with a view to managing the risk profile of income streams and in-depth underwriting of each capital expenditure plan (including rigorous analysis of tenant financial strength) with the aim of ensuring the optimization of its existing Portfolio in terms of occupancies and achievable rental income through the application of the following key operating principles and measures:





- renegotiating or surrendering of leases, when appropriate. Renegotiating rents at market value to maximize rental yields through a considered approach to contract terms. The Company proactively manages lease renewals and pursues new leases to reduce vacancy periods through measures such as (i) early negotiations with tenants whose tenancies are about to expire and (ii) increasing rent on leases which are at below-market rental levels;
- improving lease lengths and tenant profile and establishing direct relationships with tenants to better understand their needs and requirements with an orientation towards creation of long term relationships with tenants with robust credit profiles, which includes satisfaction surveys. Such enhanced relationships may lead to tenant retention and thus increase the attractiveness of the properties;
- repositioning and upgrading properties by improving their condition through refurbishment or otherwise. As of 31 March 2015, Building Capex expected for the then-current Portfolio amounted to €43 million for the following five-year period, of which €20 million corresponded to Project Juan Bravo;
- improving the quality and marketability of the Company's Portfolio through investing in its conservation and modernization.

The Company, if deemed necessary, will work to reconfigure each of its properties to enhance and optimize the overall condition of the Portfolio with the aim of increasing occupancy and income generation;

- improving the energy efficiency of the properties;
- improving floor plans and space efficiency of specific properties;
- increasing control over the Company's shopping centre properties by acquiring the premises of other co-owners; and
- taking advantage of planning opportunities where appropriate.

#### ***Acquisition strategy***

The Company has a clear strategy driving property allocation and has identified a sizable pipeline to continue with its value-added strategy through the acquisition of selective properties. The Company's acquisition strategy is based on the Investment Strategy set forth in the Investment Manager Agreement and aims to follow the following criteria:

<ul style="list-style-type: none"> <li>▪ Clear strategy driving property allocation</li> <li>▪ Focus on properties with value creation potential beyond macro cycle</li> <li>▪ Specialist approach to property management</li> </ul>			 % weight on current portfolio
Property Class	Investment strategy	Location	
<b>Target &gt;80% GAV</b> <ul style="list-style-type: none"> <li>Retail (mainly S.C.) <ul style="list-style-type: none"> <li> 60% GAV</li> </ul> </li> <li>Logistics <ul style="list-style-type: none"> <li> 10% GAV</li> </ul> </li> <li>Office <ul style="list-style-type: none"> <li> 21% GAV</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Leading Shopping Centres in their catchment area</li> <li>▪ Retail parks with proven demand and profitability potential</li> <li>▪ Good quality properties with excellent access and visibility</li> </ul>	Throughout Spain, locations with limited density and higher GDP per capita and tourism	
	<ul style="list-style-type: none"> <li>▪ Focus on logistic properties on a selective basis with low rents, low capital values and high yields</li> </ul>	Main logistic hubs: Madrid, Barcelona and Valencia	
	<ul style="list-style-type: none"> <li>▪ Offices in core/consolidated locations of Madrid and Barcelona with good connections / public transport</li> </ul>	Madrid and Barcelona	
<b>Target &lt;20% GAV</b> <ul style="list-style-type: none"> <li>Residential <ul style="list-style-type: none"> <li> 9% GAV</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ First homes only</li> <li>▪ New developments in niche markets without zoning risk, limited supply and clear demand</li> </ul>	Madrid and other big cities on a very selective basis	

In the above table, “catchment area” refers to the geographical area where the retail properties are able to attract customers, mainly categorized by being located within driving distance.

### Investment criteria

Pursuant to the Investment Manager Agreement, in carrying out their functions under the Investment Manager Agreement, the Investment Manager and the members of the Management Team must follow certain investment and leverage criteria (the “**Investment Strategy**”).

Pursuant to the Investment Manager Agreement, the total gross asset value of the assets forming part of the Company’s real estate Portfolio (“**Total GAV**”) must be distributed as follows (measured as at the time investments are made):

- (a) Over 80% of the Total GAV shall be invested in the following target properties (herein jointly referred to as “**Commercial Property**”):
  - (i) Office properties across Spain, primarily focusing on office properties in Madrid and Barcelona.
  - (ii) Retail:
    - shopping centres in Spain;
    - retail parks including big boxes on a selective basis;
    - high street retail properties on a selective basis;
  - (iii) Other selected commercial real estate properties including industrial properties, which are expected to represent a limited percentage of the Total GAV.
- (b) Up to but less than 20% of the Total GAV may be invested in first-home residential properties across Spain (herein referred to as “**Residential Property**”). For the avoidance of doubt, second homes are excluded from Residential Property.

When acquiring Commercial Property, the Investment Manager and the members of the Management Team shall focus on mis-priced properties or properties with active property management opportunities, for example through repositioning, rental extension or rental optimisation, and adopt a conservative approach with regard to development opportunities in the context of the whole Portfolio.

When acquiring Residential Property, the Investment Manager and the members of the Management Team shall primarily target fully-built properties, in very specialised cases consider properties with development risk and consider investing in new developments in niche markets with limited supply of



first-homes (for example, in prime neighbourhoods of large cities in which there are limited residential developments).

The Management Team may also consider property development opportunities but currently expects that this will form a limited component of the overall Portfolio since the focus of the Company is on cash flow generated by the Company's rental activities and active asset management.

The Company has the ability to enter into (including at the Investment Manager's request) a variety of acquisition structures, including joint ventures, acquisitions of controlling interests or acquisitions of minority interests within the parameters stipulated in the Spanish SOCIMI Regime. There is no limit imposed by the Spanish SOCIMI Regime on the proportion of the Company's Portfolio that may be held through joint ventures. In addition, acquisitions of assets may be done through any type of agreement and structure, including though the acquisition of non-performing loans and other types of financial instruments.

When implementing the Company's Business Strategy, the Investment Manager will not in any event invest more than 20% of the Company's equity capital in a single asset.

Pursuant to the Spanish SOCIMI Regime, the Company is required, among other things, to conduct a property rental business and comply with the following requirements: (i) it must invest at least 80% of the Total GAV in leasable urban real estate properties, land plots acquired for the development of leasable urban real property to the extent that development starts within the following three-year period as from acquisition of shares of other SOCIMIs, foreign entities or subsidiaries engaged in the aforementioned activities with similar distribution requirements, and (ii) at least 80% of its net annual income must derive from rental income and from dividends or capital gains in respect of the abovementioned assets.

As of the date of this Prospectus, the Company complies with the investment criteria and the dividend distribution requirements set forth under the Spanish SOCIMI Regime.

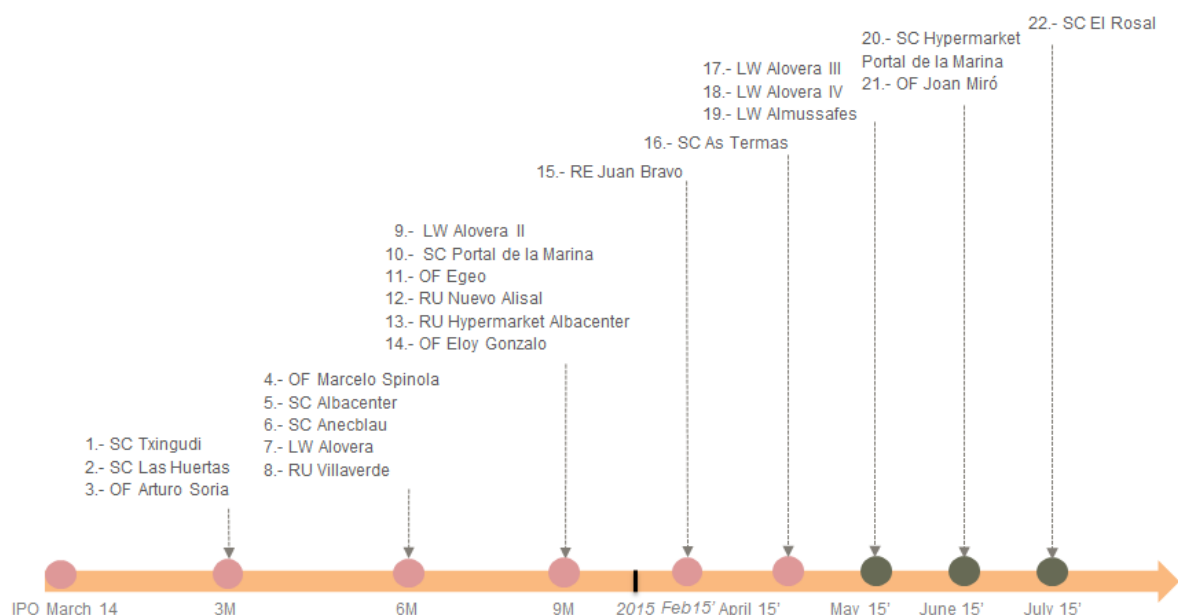
## **10.5 Real estate Portfolio**

### ***Real Estate Portfolio snapshot***

Since the initial public offering of the Company in March 2014, the Company has invested approximately €658 million in the acquisition of 22 properties spread across three commercial real estate property classes (retail, office and logistics properties) and a residential project located in different markets throughout Spain.

The Company has performed a selective acquisition approach when acquiring properties within its Portfolio. Approximately 95% of the properties acquired by number are cash flow generating properties, and approximately 5% corresponds to the development of one of the best residential plots in Spain located in calle Juan Bravo 3, Madrid.

A summarised timeline of the properties acquired to date is outlined on the chart below:



Where:

- SC means shopping centres;
- OF means offices;
- LW means logistic warehouses;
- RU means retail units; and
- RE means residential.

### ***Property management capabilities applied on current Portfolio***

In spite of the fact that most of the Company's properties have been acquired recently (less than one year ago), the Company has been able to implement its property management capabilities to generate value on the existing Portfolio:

#### Retail

Since the Company acquired its retail properties there has been a positive performance of these properties as shown by:

- 1 p.p. average physical occupancy increase from 31 December 2014 to 31 March 2015, considering the properties owned by the Company as of each respective date;
- with respect to shopping centres, 4% average growth in footfall in the period from April 2014 through February 2015 compared to the period from April 2013 through February 2014, considering the properties held as of 31 March 2015; and
- with respect to shopping centres owned as of 31 May 2015, 63 rental contracts signed with tenants since their acquisition until such date (36 of which correspond to new lettings of 4,888 sqm, 24 correspond to renewals relating to 1,900 sqm and three of which correspond to relocations relating to 668 sqm).



Key features of the Company's current retail portfolio include:

- 7.2% Average Gross Initial Yield;
- 6.5% Average Initial Yield on Cost (as defined below) and more than €26 million of Net Rental Income (as defined below); and
- properties which the Company believes to be resistant to the business cycle, with a sustainable income stream supported by a strong tenant lineup and a maintainable occupancy cost ratio.

Where:

**“Average Gross Initial Yield”** is the weighted average gross initial yield of the properties held by the Company, based on each property's purchase price, as of a given date. The **“Gross Initial Yield”** of a property is calculated as the annualised gross rental income derived from such property in the quarter of acquisition divided by its purchase price.

**“Average Initial Yield on Cost”** is the weighted average net initial yield on cost of the properties held by the Company, based on each property's acquisition costs, as of a given date. The **“Initial Yield on Cost”** of a property is calculated as the annualised Net Rental Income (as defined below) derived from such property in the quarter of acquisition divided by its acquisition costs.

**“Net Rental Income”** means the annual income generated by an income-producing property after taking into account all income collected from operations, and deducting all expenses incurred from operations.

#### Office and Logistics

The Company has also achieved a positive performance on its office/logistics Portfolio through an active property management.

Key features of the Company's existing office/logistics Portfolio include:

- with respect to the office portfolio, a 6.4% Average Gross Initial Yield, a 5.8% Average Initial Yield on Cost and approximately €8 million of Net Rental Income; and
- with respect to the Company's logistic warehouses, a 10.4% Average Gross Initial Yield, a 9.6% Average Initial Yield on Cost and approximately €6 million of Net Rental Income. The Company owns adaptive warehouses that the Company believes offer a combination of attractive prices (rent/sqm) and prime logistic locations.



#### **Pipeline under exclusivity**

The Company, through its Investment Manager, is currently considering the acquisition of further properties which main characteristics are described below. The terms of these acquisitions (including the purchase price) are still pending finalization. Accordingly, the information provided below may be subject to changes. In addition, with respect to the pipeline under exclusivity, price indications provided below are meant to indicate whether such prices are expected to be above or below a certain figure unless when a specific approximation of such price is provided. Moreover, the consummation of any or all of these market opportunities may not materialise during the time periods currently believed by the Company or at all. Furthermore the Company faces risks relating to market conditions and other factors which may yield different results from those that are currently expected.

- A retail park in the North of Spain which may create synergies with other shopping centres of the Company's current Portfolio. The purchase price is expected to exceed €120 million at an expected Initial Yield on Cost of above 6.0%. Building Capex associated to this shopping centre is expected to be €4 million. This transaction would be significantly larger than the largest transaction of the Company to date.
- A retail park project, including a retail gallery and hypermarket in the East coast of Spain with an expected all-in cost of approximately €48 million (including land price of approximately €14 million and Building Capex associated with the development of the land plot of approximately €34 million) with parking spaces and an important catchment area at an expected Initial Yield on Cost of approximately between 9.0% and 9.5%.
- A retail scheme located in a consolidated area of a city in the North of Spain for a purchase price that is not expected to exceed €40 million and an expected Initial Yield on Cost of above 6.0%. No significant Building Capex is associated to this retail park.
- Retail warehouses in the prime retail area of a capital city in the north of Spain for a total investment amount of above €8 million and Initial Yield on Cost of above 7.5%. No significant Building Capex is associated to these retail warehouses.

If acquired, the Company expects to incur approximately €38 million in Building Capex (including €34 million of development costs).

The Company expects the above acquisitions to be formalised in the short term and will inform the market and investors in due course through the relevant significant information announcement (*Hecho Relevante*).

### Detailed Portfolio overview

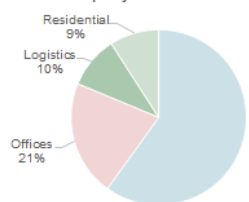
As of the date of this Prospectus, the aggregate investment amount incurred in the acquisitions of the properties within the Company's Portfolio totalled approximately €658 million. As of the date of the interim unaudited accounts, i.e. 31 March 2015, the Portfolio amounted to €459 million.

Certain details of the Company's Portfolio is shown in the table below:

All figures stated at the acquisition date

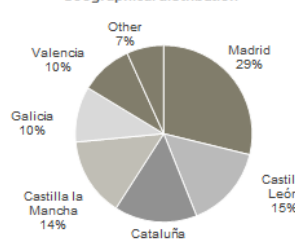
Asset Class	Units	Investment Amount	GLA	W.A.U.L.T as of March 2015	Avg. Rent/sqm	Avg. Initial Occupancy	Avg. Gross Initial Yield	Avg. Initial Yield on Cost	Net Rental Income
Retail	11	€394.5m	209,128 sqm	2.6	13.1€	92.8%	7.2%	6.5%	c.€26.2m
Offices	5	€140.5m	50,342 sqm	2.1 <sup>1</sup>	13.7€	95.6% <sup>1</sup>	6.4%	5.8%	c.€8.3m
Logistics	5	€63.4m	161,840 sqm	1.9	3.4€	100%	10.4%	9.6%	c.€6.1m
Residential	1	€60m	23,932 sqm	n/a	n/a	n/a	n/a	n/a	n/a
<b>Total</b>	<b>22</b>	<b>€658.4m</b>	<b>445,242 sqm</b>	<b>2.4</b>	<b>12.2€</b>	<b>95.7%</b>	<b>7.2%<sup>(2)</sup></b>	<b>6.7%<sup>(3)</sup></b>	<b>c.€40.6m</b>

Property class distribution



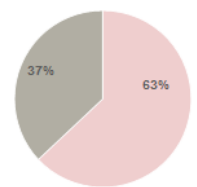
Investment: €658m

Geographical distribution



Investment: €658m

Mostly off-market acquisitions



Investment: €658m

<sup>1</sup> Marcelo Espinola has been excluded from calculation as it is being subject to total refurbishment.

<sup>2</sup> 7.2% is the Avg. Gross Initial Yield of rent generating assets. Thus, €60m investment for a residential development is not included in its calculation.

<sup>3</sup> 6.7% is the Avg. Initial Yield on Cost of rent generating assets. Thus, €60m investment for a residential development is not included in its calculation.

The following terms used in the above table are defined as follows:

- “**Gross Lettable Area**” or “**GLA**” represents the total floor area within a property. This area typically excludes common space.
- “**WAULT**” refers to the weighted average unexpired lease term, which is equal to the sum of the remaining contractual fixed lease payments of the relevant portfolio/asset (not including

any further extensions or options to extend the term of the relevant lease agreements) divided by the contractual annual rent of the relevant portfolio/asset at a specific moment in time. Lar España's Portfolio had an average WAULT of 2.4 years as of 31 March 2015.

- “**Initial Occupancy**” refers to the occupied area of a property divided by its GLA as of the date of acquisition by the Company of the relevant property.

Set forth below are certain key performance indicators of the properties comprising the Company's Portfolio:

Asset	Location	Asset Class	Ownership (%)	Acquisition Date	Total GLA (sqm)	Investment Amount (€ MM)	Initial Debt (as of acquisition date) (€MM)	Building Capex (€MM)	Initial Occupancy (%)	Initial Yield on Cost	Monthly Rent (€/sqm)
L'Anec Blau	Barcelona	Shopping center	100%	31-jul-2014	28,863	80.00	-	0.60	90.4%	6.1%	16.9
Portal de la Marina	Alicante	Shopping center	59%	30-oct-2014	30,007 <sup>1</sup>	47.60	30.1	-	89.9%	6.6%	17.6
Albacenter	Albacete	Shopping center	100%	30-jul-2014	15,488	28.40	-	1.30	91.7%	6.9%	12.4
Albacenter Hyper	Albacete	Hypermarket + 2 retail units	100%	19-dic-2014	12,486	11.51	-	0.32	100.0%	7.4%	6.2
Txingudi	Guipuzcoa	Shopping center	100%	24-mar-2014	9,920	27.67	-	0.58	90.3%	6.7%	18.8
Las Huertas	Palencia	Shopping center	100%	24-mar-2014	6,108	11.71	-	0.96	85.9%	6.9%	15.8
Nuevo Alisal	Santander	Retail warehouse	100%	17-dic-2014	7,648	17.00	7.8	0.035	100.0%	6.8%	13.6
Villaverde	Madrid	Retail warehouse	100%	29-jul-2014	4,391	9.10	-	0.10	100.0%	7.5%	14.8
Egeo	Madrid	Offices	100%	16-dic-2014	18,254	64.90	30.0	1.28	100.0%	5.6%	15.9
Arturo Soria	Madrid	Offices	100%	29-jul-2014	8,663	24.20	-	0.68	82.7%	5.4%	Offices: 15.6
Marcelo Spinola	Madrid	Offices	100%	31-jul-2014	8,584	19.00	-	8.50	38.2%	7.7% <sup>2</sup>	Offices: 13.9
Eloy Gonzalo	Madrid	Offices	100%	23-dic-2014	6,231	12.73	-	1.91	95.9%	5.2%	Offices: 7.9
Alovera II	Guadalajara	Logistic warehouse	100%	13-oct-2014	83,951	32.15	-	4.01	100.0%	10.2%	3.5
Alovera I	Guadalajara	Logistic warehouse	100%	07-ago-2014	35,196	12.68	-	0.97	100.0%	9.6%	3.1
Juan Bravo 3 / C. Coello Building	Madrid	Residential development	50%	30-ene-2015	23,932 <sup>3</sup>	60.00	25.0	NA	NA	NA	NA
As Termas	Lugo	Shopping center	100%	15-abr-2015	33,151	67.00	-	1.03	91.5%	6.2%	12.4
Alovera III	Guadalajara	Logistic warehouse	100%	26-may-2015	8,591	3.00	-	1.20	100.0%	8.3%	2.6
Alovera IV	Guadalajara	Logistic warehouse	100%	26-may-2015	14,891	7.18	-	0.70	100.0%	9.6%	4.2
Almussafes	Valencia	Logistic warehouse	100%	26-may-2015	19,211	8.35	-	0.50	100.0%	8.1%	3.2
Hypermarket Ondara	Alicante	Hypermarket	100%	09-jun-2015	9,924	7.00	-	0.22	100.0%	7.2%	4.4
Joan Miró	Barcelona	Offices	100%	11-jun-2015	8,610	19.66	-	1.50	99.0%	5.8%	11.3
El Rosal	Ponferrada	Shopping center	100%	07-jul-2015	51,142	87.50	50.0	1.83	91.6%	6.3%	10.7
<b>TOTAL</b>					<b>445,242.28</b>	<b>658.34</b>	<b>142.9</b>	<b>28.8</b>			

1. Total GLA, of which the Company owns 58.78% of the property.
2. Marcelo Espínola is being subject to total refurbishment which is currently affecting its Initial Occupancy. Therefore, Initial Yield on Cost is calculated on an estimated 65% occupancy.
3. Total GLA, of which the Company owns 50% of the properties.

“**Building Capex**” refers to the capital expenditures expected to be incurred in the following five-year period in connection with a property for its refurbishment, improvement, tenant incentives and fit-out costs (i.e. costs to be incurred in connection with the needs of a particular tenant). The above table does not reflect the €20 million Building Capex relating for Project Juan Bravo, associated to development costs. As of the date of this Prospectus the total Building Capex amounts to €48.8 million.

The below table shows the investment amount and market value (provided in the Valuation Reports), net of acquisition costs (the “**Net Market Value**”), of the properties comprising the Portfolio as of 31 December 2014 and as of 31 May 2015 corresponding to the respective valuations carried out by Cushman & Wakefield (C&W) and Jones Lang LaSalle (JLL). See Part II (“*Risk Factors*”) for information on the risks related to valuations of real estate properties. The Valuation Reports do not include valuations of the Joan Miró offices and the Portal de la Marina hypermarket, which were acquired in June 2015, and El Rosal shopping centre, which was acquired in July 2015.

Asset	Valuer	Asset Class	Purchase Price	Net Market Value (31-dec-2014)	Net Market Value (May 2015)	NMV 2014 o/NMV 2015	NMV 2015 o/Purchase Price
Albacenter	JLL	Shopping Centre	28,400,000	29,103,000	30,269,000	4.0%	6.6%
Hyper Albacenter	JLL	Shopping Centre	11,512,659	11,788,000	12,158,000	3.1%	5.6%
Villaverde	JLL	Retail Warehouse	9,100,000	9,345,000	9,700,000	3.8%	6.6%
Anec Blau	JLL	Shopping Centre	80,000,000	81,310,000	82,650,000	1.6%	3.3%
Nuevo Alisal	JLL	Retail Warehouse	17,000,000	17,007,000	17,057,000	0.3%	0.3%
Egeo	JLL	Office	64,900,000	65,980,000	69,180,000	4.8%	6.6%
Arturo Soria	JLL	Office	24,200,000	24,690,000	25,320,000	2.6%	4.6%
Alovera II	JLL	Logistics Warehouse	32,150,000	33,170,000	35,280,000	6.4%	9.7%
Eloy Gonzalo	C&W	Office	12,730,000	12,900,000	13,000,000	0.8%	2.1%
Marcelo Spinola	C&W	Office	19,000,000	19,300,000	19,650,000	1.8%	3.4%
Las Huertas	C&W	Shopping Centre	11,707,721	12,000,000	12,300,000	2.5%	5.1%
Txingudi	C&W	Shopping Centre	27,672,794	28,500,000	28,750,000	0.9%	3.9%
Portal de la Marina	C&W	Shopping Centre	47,611,800	47,964,480	48,287,770	0.7%	1.4%
Alovera I	C&W	Logistics Warehouse	12,675,000	12,900,000	14,000,000	8.5%	10.5%
As Termas	C&W	Shopping Centre	67,000,149	N/A	68,500,000	N/A	2.2%
Alovera III	C&W	Logistics Warehouse	3,000,000	N/A	3,250,000	N/A	8.3%
Alovera IV	C&W	Logistics Warehouse	7,180,000	N/A	7,500,000	N/A	4.5%
Almussafes	C&W	Logistics Warehouse	8,350,000	N/A	8,500,000	N/A	1.8%
Juan Bravo	C&W	Residential Development	50,099,550	N/A	52,550,000	N/A	4.9%
Claudio Coello	C&W	Residential	10,000,000	N/A	8,550,000	N/A	-14.5%
<b>Total</b>			<b>544,289,673</b>	<b>405,957,480</b>	<b>566,451,770</b>	<b>2.87%</b>	<b>4.07%</b>

Lar España's top ten tenants and the percentage their rentals represent over the Company's total rental income for the three months ended 31 March 2015 (based on their contribution to the revenues of the Company during such period) are detailed below:

Ranking	Trade name	Project	% of total rental income	% Accumulated	Expiry date	Sector
1	Centros Comerciales Carrefour, S.A.	Alovera II	13.14%	13.14%	2015	Distribution
2	Ingeniería y Economía del Transporte, S.A.	Egeo	10.56%	23.70%	2021	Transport
3	Tech Data	Alovera I	3.57%	27.27%	2019	Technology
4	Media Markt	Villaverde	5.68%	32.95%	2022	Technology
5	Toys R Us Iberia, S.A.	Nuevo Alisal	2.29%	35.24%	2033	Distribution
6	Cecosa Hipermercados, S.L.	Hyper Albacenter	2.29%	37.53%	2024	Distribution
7	Yelmo Films, S.L.	Anec Blau	1.93%	39.46%	2038	Film
8	Segurcaixa Adeslas, S.A.	Arturo Soria	1.84%	41.30%	2020	Insurance
9	Primark Tiendas, S.L.U.	Hyper Albacenter	1.74%	43.05%	2027	Retail fashion
10	C&A	Txingudi/Anec Blau	1.74%	44.79%	2020	Retail fashion

In the three months ended 31 March 2015, the revenue from (i) L'Anec Blau represented 40.5% of the total revenues generated by the shopping centres; (ii) Egeo represented 60.4% of the total revenues generated by the offices; and (iii) Alovera II represented 78.6% of the total revenues generated by the logistic centres.

Below is additional information on each property currently comprising the Company's portfolio. Properties comprising the Company's portfolio at any given point in time are referred to herein as "**Portfolio**":

### Shopping Centres

#### 10.5.1 L'Anec Blau

On 31 July 2014, the Company acquired from Igipt Spain One, S.L.U. a shopping centre located in Castelldefels, Barcelona, with an approximate GLA of 28,863 square meters.

The acquisition was carried out for a total amount of €80.0 million, and was fully paid with the funds of the Company.

With an estimated 4.7 million visitors in 2013, the shopping centre L'Anec Blau, opened in 2006, is situated in the city of Castelldefels, a tourist destination within the province of Barcelona.



The main tenants of this shopping centre are Yelmo, H&M, Mango, Inditex Group and Mercadona. The Initial Yield on Cost of the project amounts to 6.1%. It had an Initial Occupancy of 90.4% including the terrace and 98.2% in the mall area.

This shopping centre is registered with the Land Registry of Castelldefels.

#### *10.5.2 Portal de la Marina shopping centre*

On 30 October 2014, the Company formalised an agreement with Cecosa Hipermercados, S.A. for the execution of the acquisition of a 58.78% stake in the share capital of the company Puerta Marítima Ondara, S.L. (“PMO”), which is the owner of the Portal de la Marina shopping centre (except for the supermarket premises), in Ondara, Alicante. The remaining share capital of PMO is owned by a subsidiary of the Investment Manager. In connection with this property, the Company and such subsidiary of Grupo Lar entered into a shareholders’ agreement pursuant to which the Company does not have control over PMO despite having a 58.78% stake. Pursuant to this agreement, the board of directors of PMO is composed of five members. The Company nominates three of these directors, and the subsidiary of Grupo Lar nominates the remaining two. Resolutions require approval by four of the five directors except for resolutions regarding certain limited matters including the selection of property managers and external appraisers. The shareholders’ agreement provides for rights of first offer, tag-along and drag-along rights for both parties. The transaction was executed on 30 October 2014. The Company consolidates PMO by using the equity method. As of the date of this Prospectus PMO is not a Qualifying Subsidiary.

The acquisition was carried out for a total amount of €17.5 million. In the framework of this acquisition the Company has also assumed through PMO debt amounting to €30.1 million. Therefore, the total investment by the Company amounts to €47.6 million.

The shopping centre Portal de la Marina, opened in 2000, has an approximate GLA of 30,007 square meters, divided into two floors and 1,600 parking spaces.

The main tenants of this shopping centre are Inditex Group, H&M, Kiabi and Mango. The Initial Yield on Cost of the project amounts to 6.6%. It had an Initial Occupancy of 90%.

This shopping centre is registered with the Land Registry of Pedreguer.

#### *10.5.3 Portal de la Marina hypermarket*

On 9 June 2015, the Company, through its wholly owned subsidiary Global Brisulia, S.L.U. acquired from Altadena Invest, S.L. the hypermarket adjacent to the Portal de la Marina shopping centre, located in Ondara (Alicante). The acquisition was carried out for a total amount of €7 million, and was fully paid with the funds of the Company.

With this transaction the Company consolidates its position with respect to the Portal de la Marina shopping centre. Portal de la Marina is the dominant shopping centre in the area.

The anchor tenant of the hypermarket is Eroski, one of the most important retail players in Spain with a long term contract until 2030. The hypermarket had an Initial Occupancy of 100% and an Initial Yield on Cost of 7.2%. The approximate GLA is 9,924 square meters.

The hypermarket is registered with the Land Registry of Pedreguer.

#### *10.5.4 Albacenter Shopping Centre*

On 30 July 2014, the Company acquired from Unibail-Rodamco the gallery of a shopping centre located in Albacete, with an approximate GLA of 15,488 square meters.

The acquisition was carried out for a total amount of €28.4 million, and was fully paid with the funds of the Company.

Albacete, with an approximate provincial population of 402,837 inhabitants and a municipal population of approximately 172,472, is the largest city in Castilla-La Mancha. This shopping centre, with an estimated four million visitors in 2013, was opened in 1996 and extended in 2008. It includes mass market fashion tenants and is anchored by an Eroski hypermarket.

The main tenants of Albacenter shopping centre are Inditex Group, H&M, Sprinter and Burger King. The Initial Yield on Cost of the project amounts to 6.9%. It had an Initial Occupancy of 91.7%.

This shopping centre is registered with the Land Registry number 3 of Albacete.

#### *10.5.5 Albacenter Hypermarket and two retail units*

On 19 December 2014, the Company, through its subsidiary Lar España Shopping Centres, S.A.U. acquired from Joparny S.L. a hypermarket and two retail units which are part of Albacenter Shopping Centre, located in Albacete, with a GLA of 12,486 square meters. With this acquisition and the acquisition described under the paragraph above, the Company controls 100% of the shopping centre.

The acquisition was carried out for a total amount of €1.51 million and was fully paid with funds of the Company.

The tenants of the Albacenter Hypermarket are Eroski, Primark and Orchestra. The Initial Yield on Cost of the project amounts to 7.4%. The building had an Initial Occupancy of 100%.

The Albacenter Hypermarket and the two retail units are registered with the Land Registry number 3 of Albacete.

#### *10.5.6 Txingudi*

On 24 March 2014, the Company acquired from Corio Real Estate España, S.L. the shopping gallery of the Txingudi Parque Comercial shopping centre, located in Irún (Basque Country), with an approximate GLA of 9,920 square metres.

The acquisition was carried out for a total amount of €27.67 million and was fully paid with the funds of the Company.

Txingudi Parque Comercial was opened in 1997, has a total GLA of 34,400 square meters and had an estimated four million visitors in 2012. Its immediate area forms a consolidated mixed industrial and commercial area, with excellent and immediate access to the national motorway network and access to the city. Other owners of the shopping centre include Alcampo, Decathlon, Norauto, McDonalds, Casa and Merkál. The main tenants of the Company's units of Txingudi are Kiabi, Mango, Pimkie, Springfield and Promod.

The Initial Yield on Cost of the project amounts to 6.7%. The shopping gallery had an Initial Occupancy of 90%.

This shopping centre is registered with the Land Registry of Irún.

#### *10.5.7 Las Huertas*

On 24 March 2014, the Company acquired from Corio Real Estate España, S.L. the shopping gallery of the Centro Comercial Las Huertas, a shopping centre in Palencia (Castilla y León), with an approximate GLA of 6,108 square metres.

The acquisition was carried out for a total amount of €1.71 million and was fully paid with the funds of the Company.

Centro Comercial Las Huertas is a well located shopping centre in a mixed residential and retail area and was opened in 1989. It received an estimated 2.3 million visitors in 2013. The main tenants of the Company's units of Las Huertas are Sprinter, Merkál and Pull&Bear. Carrefour (owner-occupant) is the hypermarket anchoring this scheme.

The Initial Yield on Cost of the project amounts to 6.9%. The building had an Initial Occupancy of 86%.

This shopping centre is registered with the Land Registry number 3 of Palencia.

#### *10.5.8 As Termas*

On 15 April 2015, the Company through its subsidiary Global Noctua, S.L.U. acquired from Lugo Retail Gallery, S.A. the As Termas shopping centre in Lugo (Galicia), with an approximate GLA of 33,151 square metres, as well as 2,200 parking spaces.



The acquisition was carried out for a total amount of €7.0 million, and was fully paid with the funds of the Company, although it was later leveraged. See section 11 of Part XI (“Management’s discussion and analysis of financial condition and results of operations”) for further information on the As Termas financing.

Open since 2005, As Termas is a prime property, thanks to its excellent location on the northern outskirts of Lugo. Some of the main tenants are H&M, Media Markt, C&A, Sfera or Cortefiel, which are the only stores of their kind in the province and are a major draw for the region.

The Initial Yield on Cost of the project amounts to 6.2%. It had an Initial Occupancy of 91.5%.

The Shopping Centre is registered with the Land Registry of Lugo.

#### *10.5.9 El Rosal*

On 7 July 2015, the Company acquired from DHCRE II Netherlands II B.V. 100% of El Rosal Retail, S.L.U., which is the owner of El Rosal shopping centre, located in Ponferrada (León) with an approximate GLA of 51,142 square metres.

The acquisition was carried out for a total amount of €7.5 million and was partially funded with a €50 million credit facility and funds of the Company. As a result of this acquisition, good will may arise but as of the date of this Prospectus the Company is unable to quantify the exact amount due to insufficient information. The determination of the exact amount of goodwill should be based on the information available which, as of the date of this Prospectus, is not sufficient because the Company has not been able to complete the necessary studies to determine the related allocations of the purchase price.

El Rosal shopping centre was opened in 2007 and is the major shopping centre within a 100 km radius. Located in the North West of Spain, the shopping centre has an estimated catchment area of around 200,000 people and had an estimated five million visitors in 2013. The main tenants are Carrefour, Inditex group, H&M, Brico Group, Worten and La Dehesa.

The Initial Yield on Cost of the project amounts to 6.3%. The shopping gallery had an Initial Occupancy of 91.6%.

This shopping centre is registered with the Land Registry number 3 of Ponferrada.

### ***Retail Units***

#### *10.5.10 Nuevo Alisal*

On 17 December 2014, the Company, through its subsidiary Lar España Parque de Medianas S.A.U., acquired from Grupo Empresarial Sadisa, S.L. two big box retail warehouses located at Nuevo Alisal retail park, in Santander (Cantabria), with a GLA of approximately 7,648 square meters.

The acquisition was carried out for a total amount of €17.0 million, paid with a combination of equity and bank financing.

These stand-alone units were constructed in 2004.

The tenants of these two big box retail warehouses are Media Markt and Toys “R” Us. The Initial Yield on Cost of the project amounts to 6.8%. The building had an Initial Occupancy of 100%.

These retail big box warehouses are registered with the Land Registry number 2 of Santander.

#### *10.5.11 Media Markt Villaverde*

On 29 July 2014, the Company acquired from Internationales Immobilien Institut GMBH a big box retail warehouse located at Santa Petronila 1, Villaverde, Madrid, with an approximate GLA of 4,391 square meters.

The acquisition was carried out for a total amount of €9.1 million, and was fully paid with the funds of the Company.

This stand-alone unit, constructed in 2002, is situated in a consolidated urban and residential area and has an excellent visibility, facing Juan José Martínez Seco Street and Andalucía Avenue. The unit has 114 underground parking spaces.

The only tenant is Media Markt. The Initial Yield on Cost of the project amounts to 7.5%. The building had an Initial Occupancy of 100%.

This big box retail warehouse is registered with the Land Registry number 44 of Madrid.

### ***Office Buildings***

#### ***10.5.12 Egeo***

On 16 December 2014, the Company, through its subsidiary Lar España Offices, S.A.U., acquired from Meag Munich Ergo Kapitalanlagegesellschaft MBH the Egeo office building in Madrid, located at Campo de las Naciones, Avenida del Partenón 4-6, with an approximate GLA of 18,254 square meters.

The acquisition was carried out for a total amount of €64.9 million, and was paid with a combination of funds from the Company and bank financing.

This office building has six stories above ground and 340 parking units.

The main tenants of the Egeo building are Ineco and Sanofi. The Initial Yield on Cost of the project amounts to 5.6%. It had an Initial Occupancy of 100%.

The Egeo building is registered with the Land Registry number 33 of Madrid.

#### ***10.5.13 Arturo Soria***

On 29 July 2014, the Company acquired from IVG Institutional Funds GMBH, Sucursal en España an office building located at Arturo Soria Street 336, Madrid, with an approximate GLA of 8,663 square meters.

The acquisition was carried out for a total amount of €24.2 million, and was fully paid with the funds of the Company.

This freestanding building was constructed in 1994 and has nine stories above ground (the ground floor and eight office floors) and three underground floors with 193 parking spaces. The main tenants of the Arturo Soria office building are Banco Santander, Clear Channel and Adeslas.

The Initial Yield on Cost of the project amounts to 5.4%. The building had an Initial Occupancy of 82.7%.

This building on Arturo Soria Street is registered with the Land Registry number 29 of Madrid.

#### ***10.5.14 Marcelo Spínola***

On 31 July 2014, the Company acquired from Reyal Urbis S.A. an office building located at Marcelo Spínola 42-44, Madrid, with an approximate GLA of 8,584 square meters.

The acquisition was carried out for a total amount of €19.0 million, and was fully paid with the funds of the Company.

This freestanding building was constructed in 1994 and has 14 stories above ground (the ground floor and 13 office floors), two underground floors with 110 parking spaces and 46 further outdoor parking spaces. The principal façade of the building faces Madrid's highway M-30 and is highly visible.

It had an Initial Occupancy of 38.2%. During the last few months the building has been progressively vacated in order to carry out a total refurbishment and as of the date of this Prospectus there is only one lease in place, representing 4.2% occupancy. This tenant does not interfere with the refurbishment works and the Company believes that the presence of the tenant will be beneficial for the future profitability of the building. The Initial Yield on Cost of the project amounts to 7.7% with an estimated occupancy of 95% after total refurbishment, which is expected in 2015 or 2016.

#### *10.5.15 Eloy Gonzalo*

On 23 December 2014, the Company, through its subsidiary Riverton Gestión, S.L. acquired from Hermanos Bernal Pareja CB an office building in Madrid, located at Eloy Gonzalo 27, with an approximate GLA of 6,231 square meters.

The acquisition was carried out for a total amount of €12.73 million and was fully paid with funds of the Company.

This traditional style building was constructed in 1960 and has eight stories above ground (the ground floor and seven office floors) and a basement. The main entrance to the building is located at Eloy Gonzalo Street 27. The ground floor and the basement are dedicated to retail and represent a 23% of the total GLA.

The remaining floors are dedicated to office use although the licenses allow a conversion to residential use. Each of the seven floors consists of seven independent modules with the flexibility of combining the entire floor if desired.

The building has 26 different tenants, the main of which are Territorio Creativo, Spotify Spain and Optica Cottet. The Initial Yield on Cost of the project amounts to 5.2%. The building had an Initial Occupancy of 95.9%.

This building on Eloy Gonzalo Street is registered with the Land Registry number 28 of Madrid.

#### *10.5.16 Joan Miró*

On 11 June 2015, the Company, through its subsidiary Global Meiji, S.L.U. acquired the offices located on Joan Miró Street 21 in Barcelona for a total amount of €9.66 million, from Mutua Pelayo de Seguros y Reaseguros a Prima Fija.

The Initial Yield on Cost of the project amounts to 5.8% and had an Initial Occupancy of 99%. The office, with an approximate GLA of 8,610 square meters, also includes a car park, with 74 parking spaces. Its main tenants are the Property Registry (*Registro de la Propiedad*), Mutua Pelayo and BBVA.

The building is located within the Olympic Village and 400 metres away from Ronda Litoral.

This building is registered with the Land Registry of Barcelona.

### ***Logistics Warehouses***

#### *10.5.17 Alovera I*

On 7 August 2014, the Company, through its subsidiary Lar España Inversión Logística, S.A.U., acquired from Invista European RE Spanish Propco, S.L. two logistic warehouses located at Km. 48 of the A2 motorway in the Henares Corridor, Alovera (Guadalajara), with an approximate aggregate GLA of 35,196 square meters.

The acquisition was carried out for a total amount of €12.68 million, and was fully paid with the funds of the Company.

These logistic warehouses, constructed between 2000 and 2001, are situated in the municipality of Alovera, in the Henares Corridor, an industrial and business area developed along the Henares River. The total plot is approximately 57,982 square meters.

The main tenant of these two logistic warehouses is Tech Data España, S.A.U. The Initial Yield on Cost of the project amounts to 9.6%. It had an Initial Occupancy of 100%.

These logistic warehouses are registered with the Land Registry number 3 of Guadalajara.

#### *10.5.18 Alovera II*

On 13 October 2014, the Company, through its subsidiary Lar España Inversión Logística S.A.U., acquired from Henares Edificios, S.A. six logistic warehouses located, like Alovera I, at Km. 48 of the A2 motorway in the Henares Corridor, Alovera (Guadalajara), with an approximate aggregate GLA of 83,951 square meters.

The acquisition was carried out for a total amount of €2.15 million, and was fully paid with the funds of the Company.

These logistic warehouses were constructed between 2000 and 2007. The total plot is approximately 152,590 square meters.

The tenant of these warehouses is Carrefour. The Initial Yield on Cost of the project amounts to 10.2%. It had an Initial Occupancy of 100%.

These logistic warehouses are registered with the Land Registry number 3 of Guadalajara.

#### *10.5.19 Alovera III*

On 26 May 2015, the Company, through its subsidiary Global Tannenberg, S.L.U. acquired an industrial unit from UBS Real Estate GmbH, Sucursal en España. This industrial unit is located, like Alovera I and II, at Km. 48 of the A2 motorway in the Henares Corridor, Alovera (Guadalajara), an industrial area and prime logistics location.

The logistic warehouse has a GLA of 8,591 square meters, currently occupied by Factor 5 (logistic company operating in the manufacturer industry, mass market, food, cosmetics, e-commerce and retail sectors). The Initial Yield on Cost of the project amounts to 8.3%.

The acquisition was carried out for a total amount of €3 million.

This logistic warehouse is registered with the Land Registry number 3 of Guadalajara.

#### *10.5.20 Alovera IV*

Also, on 26 May 2015, the Company, through its subsidiary Global Tannenberg, S.L.U. acquired another industrial unit (logistic warehouse) from UBS Real Estate GmbH, Sucursal en España. This industrial unit is also located at Km. 48 of the A2 motorway in the Henares Corridor, Alovera (Guadalajara), like Alovera I, II and III.

The logistic warehouse has a GLA of 14,891 square meters, and is currently used by Saint Gobain Isover Ibérica (a leader in design, manufacture and distribution of construction materials).

The acquisition was carried out for a total amount of €7.18 million. The Initial Yield on Cost of the project amounts to 9.6%.

This logistic warehouse is registered with the Land Registry number 3 of Guadalajara.

#### *10.5.21 Almussafes*

In conjunction with the acquisition of Alovera III and Alovera IV, the Company, through its subsidiary Global Zohar, S.L.U. acquired on 26 May 2015 a logistic unit located at Juan Carlos I industrial park in Almussafes (Valencia) from UBS Real Estate GmbH, Sucursal en España. The warehouse of Almussafes has an approximate GLA of 19,211 square meters and had an Initial Occupancy of 100%. Its only tenant is Valautomoción, a car pieces and accessories supplier for Ford, recently acquired by Ferrostaal.

The industrial complex, which is located 17 km away from the city of Valencia, can be accessed from the AP-7 motorway, which links the Spanish Mediterranean coast.

The acquisition was carried out for a total amount of €8.35 million. The Initial Yield on Cost of the project amounts to 8.1%.

This logistic warehouse is registered with the Land Registry of Sueca.

### ***Residential***

#### *10.5.22 Project Juan Bravo*

On 30 January 2015, the Company, through two respective joint venture companies with the Luxembourg entity LVS II LUX XIII S.à r.l. –advised by Pacific Investment Management Company LLC or its affiliates (“PIMCO”)–, (the “PIMCO Investor”) each of the joint ventures 50% owned by

each of Lar España and the PIMCO Investor, formalised the acquisition of the following real estate properties located in one of the prime areas of Madrid:

- (i) a plot located at Calle Juan Bravo 3, which will be destined to residential development and has a surface available for building of 26,203 sqm, of which 19,453 sqm are buildable above ground according to the relevant special urban plan and 6,750 sqm below ground distributed in three floors; and
- (ii) the residential building located at Calle Claudio Coello 108, with a GLA of approximately 5,318 sqm, of which 4,479 sqm are above ground and 839 sqm below ground and which is already occupied and under a lease agreement.

For purposes of this Prospectus, the above properties are referred to as one single property and project (Project Juan Bravo).

This transaction is the first co-investment project carried out between the Company and an entity advised by PIMCO. Moreover, and in connection with these acquisitions, the Company entered into shareholders' agreements with the PIMCO Investor that provide for boards of directors each consisting of two nominees from each of the Company and the PIMCO Investor and no casting vote rights, an event of default upon a change of control, rights of first offer and both tag-along and drag-along rights for both parties. In addition, the Company and the PIMCO Investor entered into asset management agreements that appoint Grupo Lar as the asset manager for these two properties. These asset management agreements provide for base fees for Grupo Lar that are set annually by the parties as well as a scale of performance fees. For the avoidance of doubt, these fees are already considered when calculating the Management Fees (as defined herein), and therefore, do not imply additional costs for the Company beyond those included in the Management Fees.

The acquisition of these two properties was carried out for a total maximum amount (adjustments still pending as of the date of this Prospectus) of €120.0 million, which was paid by the two joint ventures with a combination of equity and bank financing.

As of the date of this Prospectus, the investment in Juan Bravo Project is deemed to relate to a non-qualifying asset and income arising from such investment in the future is expected to compute as non-qualifying income deriving from ancillary activities that do not fall under the scope of the main corporate purpose of the Company. According to the SOCIMI Regime, such ancillary activities must not exceed 20% of the assets or 20% of the revenues of the SOCIMI in each tax year as this may affect the Company's ability to comply with the SOCIMI Regime requirements.

The properties, which will be put for sale, are located in Calle Juan Bravo 3 and Calle Claudio Coello 108 are registered with the Land Registry number 1 of Madrid.

## **10.6 Financial strategy**

### *10.6.1 Investment funding*

Pursuant to the Investment Manager Agreement, when implementing the Company's Investment Strategy, the Investment Manager and the members of the Management Team shall seek to use leverage over the long-term and shall consider using hedging where appropriate to mitigate interest rate risk, subject to the following principles:

- (a) The target of the Company is that total leverage, represented by the Company's aggregate borrowings (net of cash) as a percentage of the most recent Total GAV of the Company, is up to 50% in total. As of 31 March 2015 the total leverage level as a percentage of Total GAV was 19.85%.

Notwithstanding the foregoing, the Board, including at the proposal of the Investment Manager, may modify the Company's leverage policy (including the level of leverage) from time to time in light of then-current economic conditions, the relative costs of debt and equity capital, the fair value of the Company's assets, growth and acquisition opportunities or other factors it deems appropriate.

- (b) Debt financing for acquisitions is assessed on a deal-by-deal basis initially with reference to the capacity of the Company to support leverage.
- (c) Debt on development properties is, to the extent possible, ring-fenced in order to exclude recourse to other assets of the Company.

The Investment Manager has undertaken, as a general rule and unless the nature of the acquisitions advises otherwise, to carry out acquisition using proceeds obtained from the initial public offering of the Company and any other issue of securities by the Company (including the Offering). When necessary, debt may be raised in line with the leverage criteria described above.

#### 10.6.2 Capitalisation and indebtedness

The tables below should be read in conjunction with the Consolidated Financial Statements. Please also refer to Part XI (*“Management’s Discussion and Analysis of Financial Condition and Results of Operations”*).

The table below presents the Company’s group consolidated capitalisation and indebtedness as of 31 December 2014 and 31 March 2015, derived from the Consolidated Financial Statements incorporated by reference in this Prospectus.

	31 December 2014 (in thousands of €)	31 March 2015 (unaudited and in thousands of €)
<b>DEBT</b>		
Current loans and borrowings	156	5,155
Current financial liabilities from issue of bonds and other marketable securities	0	445
<b>Total Current Loans and Borrowings and financial liabilities from issue of bonds and other marketable securities</b>	<b>156</b>	<b>5,600</b>
Non-Current loans and Borrowings	37,666	57,514
Non-Current financial liabilities from issue of bonds and other marketable securities	0	138,098
<b>Total Non-Current Loans and Borrowings and financial liabilities from issue of bonds and other marketable securities</b>	<b>37,666</b>	<b>195,612</b>
<b>SHAREHOLDERS’ EQUITY</b>		
Share capital plus share premium	400,060	400,060
Reserves, results and treasury shares	(10,567)	(5,439)
<b>Total Shareholders’ equity</b>	<b>389,493</b>	<b>394,621</b>

The tables below reflect the book value and the nominal value of the debt of the Company and its consolidated subsidiaries as of 31 December 2014 and as of 31 March 2015, respectively:

31 December 2014	Book Value (in thousands of €)			Nominal Value (in thousands of €)		
	Lar España	Lar Parque de Medianas, S.A.	Lar España Offices, S.A.	Lar España	Lar Parque de Medianas, S.A.	Lar España Offices, S.A.
<b>NON-CURRENT LIABILITIES</b>						

31 December 2014	Book Value (in thousands of €)			Nominal Value (in thousands of €)		
Loans and borrowings	-	7,665.08	30,000.00	-	7,665.08	30,000.00
<b>CURRENT LIABILITIES</b>						
Loans and borrowings	-	156.43	-	-	156.43	-
Interests of the loans and borrowings	-	-	-	-	-	-

31 March 2015	Book Value (in thousands of €)			Nominal Value (in thousands of €)		
	Lar España	Lar Parque de Medianas, S.A.	Lar España Offices, S.A.	Lar España	Lar Parque de Medianas, S.A.	Lar España Offices, S.A.
<b>NON-CURRENT LIABILITIES</b>						
Loans and borrowings	19,848.55	7,665.08	30,000.00	20,000.00	7,665.08	30,000.00
Financial liabilities from issue of bonds and other marketable securities	138,097.89	-	-	140,000.00	-	-
<b>CURRENT LIABILITIES</b>						
Loans and borrowings	4,917.79	117.32	-	5,000.00	117.32	-
Interests of financial liabilities from issue of bonds and other marketable securities	444.93	-	-	444.93	-	-
Interests of the loans and borrowings	120.16	-	-	120.16	-	-

The table below reflects the total net debt of the Company and its consolidated subsidiaries as of 31 December 2014 and as of 31 March 2015:

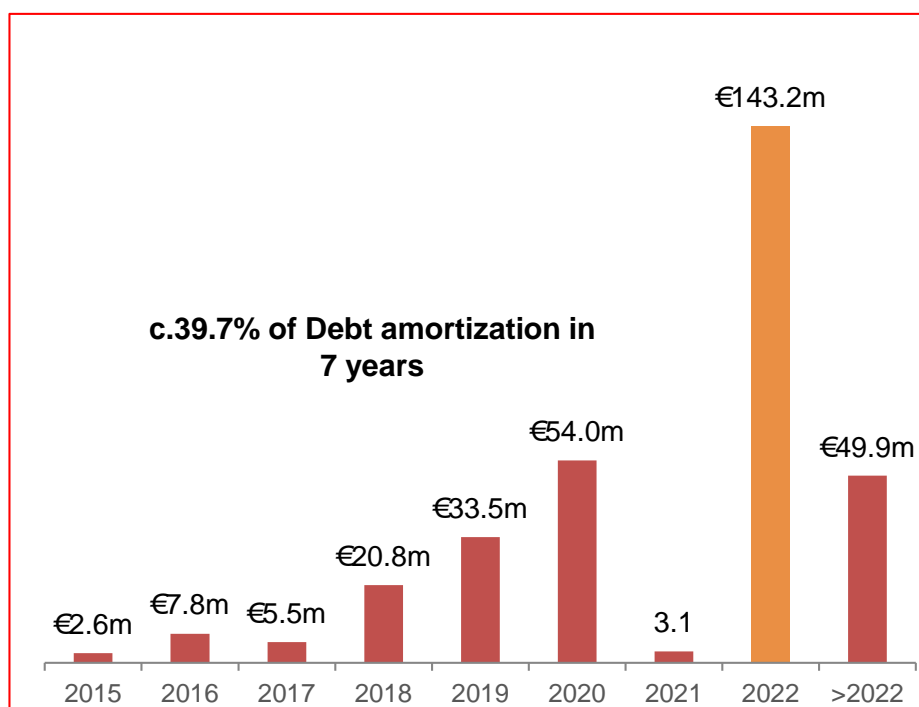
	31 December 2014 (audited and in thousands of €)	31 March 2015 (unaudited and in thousands of €)
<b>DEBT</b>		
<b>Total Current Loans and Borrowings and financial liabilities from issue of bonds and other marketable securities</b>	<b>156</b>	<b>5,600</b>

<b>Total Non-Current Loans and Borrowings and financial liabilities from issue of bonds and other marketable securities</b>	<b>37,666</b>	<b>195,612</b>
<b>Total Debt</b>	<b>37,822</b>	<b>201,212</b>
Other current financial assets <sup>1</sup>	32,032	6,995
Cash and cash equivalents	20,252	157,474
<b>Total Net Debt</b>	<b>(14,462)</b>	<b>36,743</b>

1. Mainly bank deposits with immediate liquidity.

For a description of certain transactions that have had an impact on our capitalisation and indebtedness since 31 March 2015, see section 11 of Part XI (“*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”).

The below chart reflects the maturity profile of the Company’s borrowings and Notes as of the date of this Prospectus:



For additional information regarding the Company’s indebtedness see section 7 of Part XI (“*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”).

### 10.6.3 Operating expenses

In addition to using cash to make acquisitions and distributions to Shareholders, the Company incurs operating expenses that need to be funded. In addition to the Investment Manager’s fees under the Investment Manager Agreement, described in section 2 of Part XII (“*Grupo Lar and the Investment Manager Agreement*”) such operating expenses include (i) acquisition costs and expenses (such as due diligence costs, legal costs and taxes); (ii) costs in connection with debt financings; (iii) non-executive Director’s fees and audit fees; (iv) office lease and annual and semi-annual valuations of the Company’s Portfolio; and (v) other operational costs and expenses.

The Company’s annualised running costs of the Company for the period from the initial public offering of the Company (i.e. 5 March 2014) to 31 December 2014, were approximately €2.08 million per annum of Base Fee and approximately €2.66 million of other costs not related to the Investment



Manager, including Board's remuneration, auditing costs, valuation costs, legal and tax advice expenses and property management expenses.

#### *10.6.4 Other sources of finance*

As substantially all of the cash raised pursuant to the Offering will be used in connection with the Company's acquisitions of property, the Company's future liquidity will depend primarily on: (i) the collection of rents from its Portfolio; (ii) the timing of the sale of the properties and property-holding entities it acquires; (iii) the Company's management of available cash; and (iv) the use of borrowings to fund acquisitions and, if necessary, to fund short-term liquidity needs. The Company may also use further equity offerings or consideration in the form of equity to finance the growth of its Portfolio.

Notwithstanding the foregoing, when implementing the Company's Investment Strategy, the Investment Manager has undertaken, as a general rule and unless the nature of the investment advises otherwise, to carry out investments using proceeds from the Offering and any other issue of the Company's Ordinary Shares. When necessary, debt may be raised in line with the leverage criteria described above.

### **10.7 Exclusivity, co-investment rights and conflicts of interest**

In accordance with the Investment Manager Agreement, subject to certain exceptions, the Investment Manager has agreed not to acquire or invest in Commercial Property in Spain which is within the parameters of the Investment Strategy of the Company (or to provide services to any person other than the Company in connection with such types of properties) and is required to offer to the Company at least a 20% interest of the overall investment in any Residential Property Investment Opportunity in Spain it (or any of its affiliates, as defined in the Investment Manager Agreement) may plan to carry out. In addition, subject to certain exceptions, each member of the Management Team has undertaken to offer the Company a 20% share (if in connection with a Residential Property) or the full share (if in connection with a Commercial Property) of the stake available to such member of the Management Team in any investment in which such member of the Management Team intends to participate and which fits within the Investment Strategy of the Company.

Additionally, the Company has granted to one of its main shareholder, LVS II Lux XII s.á r.l., a Luxembourg law-governed entity having PIMCO as investment advisor, which acquired 12.49% of the share capital of the Company in the context of its initial public offering in March 2014 (the "**Anchor Investor**"), a right of first offer in connection with certain Commercial Property Investments in respect of which the Company seeks or intends to seek equity capital from one or more third parties, subject to certain exceptions. In addition, the Investment Manager has granted the Anchor Investor with a right of first offer in connection with any Residential Property Investment it intends to undertake, subject to certain exceptions. The Anchor Investor has in turn agreed, with certain exceptions, not to compete with the Company or the Investment Manager in competitive processes relating to Commercial Property or Residential Property in Spain and, under certain circumstances, has granted the Investment Manager a right of first offer in connection with such potential acquisitions or investments.

These commitments are described in greater detail below.

#### *10.7.1 Investment Manager and Management Team*

Set forth below is a detailed description of the Investment Manager and Management Team's undertakings under the Investment Manager Agreement.

#### ***Exclusivity in Commercial Property with respect to Investment Manager***

The Investment Manager has agreed that, during the term of the Investment Manager Agreement, it will not, and it will require that none of the "**Investment Manager Affiliates**" (meaning, with respect to the Investment Manager, (a) a subsidiary or a subsidiary undertaking (whether direct or indirect) of the Investment Manager; (b) a direct or indirect (through controlled entities under article 42 of the Spanish Commercial Code) shareholder of the Investment Manager (other than those which are not part of the Pereda Family); or (c) another subsidiary or subsidiary undertaking controlled directly or indirectly pursuant to Article 42 of the Spanish Commercial Code by the entities referred to in (b)

above) will (i) acquire or invest (on its own behalf or on behalf of third parties or through joint venture agreements) in Commercial Property in Spain which is within the parameters of the Investment Strategy of the Company (except for the following investments (each an “**Exception**”) which are expressly permitted: (a) one or more investments carried out by shareholders of the Investment Manager on their own behalf, provided that such investment or investments do not exceed €2 million in the aggregate throughout the life of the Investment Manager Agreement (or such a higher amount, if any, approved by the Company’s Board in exceptional circumstances), and that they are notified to the Board of the Company following their undertaking, and (b) investments by the Investment Manager or any Investment Manager Affiliate in Commercial Property for its own occupation if expressly waived by the Board) or (ii) act as investment manager, investment adviser or agent, or provide administration, investment management or other services, for any person, entity, body corporate or client other than the Company, for Commercial Property in Spain which is within the parameters of the investment strategy of the Company.

However, this exclusivity shall not apply:

- (i) to any dealings by the Investment Manager or any Investment Manager Affiliate in respect of any property or property-related asset owned or managed, totally or partially, by it as of the date of the Investment Manager Agreement (i.e., 12 February 2014). Therefore, the Investment Manager and Investment Manager Affiliates may continue or agree to act as investment manager or investment adviser for other persons or provide administration, investment management or other services for other clients without making the same available to the Company, in each such case provided that (a) it is done pursuant to a then existing agreement which in each case was in place with the Investment Manager or such Investment Manager Affiliate at the date of the Investment Manager Agreement, or (b) such work relates to real estate properties which are subject to such an existing agreement.
- (ii) to any acquisition or investment (directly or indirectly) by the Investment Manager or an Investment Manager Affiliate of or in assets or properties which are adjacent to assets or properties held by the Investment Manager or an Investment Manager Affiliate as of the date of the Investment Manager Agreement or which are or have been acquired, pursuant to an Exception, by the Investment Manager or an Investment Manager Affiliate following the date of the Investment Manager Agreement in accordance with its terms;
- (iii) following the passage of a resolution of the Company’s general shareholders’ meeting to discontinue the investment strategy of the Company, cease the business and operations of the Company, or sell, liquidate or otherwise dispose of all or substantially all of the assets of the Company; or
- (iv) following the service by the Investment Manager of notice of termination of the Investment Manager Agreement due to a winding up event, an insolvency or court protection event or other similar event affecting the Company or an unremedied breach by the Company of a material term thereof.

#### ***Co-investment right in Residential Property with respect to Investment Manager***

The Company has no exclusivity on any investment in Residential Property made or to be made by the Investment Manager or the Investment Manager Affiliates in or outside of Spain. However, pursuant to the Investment Manager Agreement, the Investment Manager has committed to offer to the Company at least a 20% stake of the overall investment in each Relevant Residential Opportunity in Spain it (or any of the Investment Manager Affiliates) may plan to carry out. If the stake available to the Investment Manager (and any of the Investment Manager Affiliates (as the case may be)) in a Relevant Residential Opportunity is less than 20% of the overall investment, the Investment Manager has undertaken not to participate in such investment opportunity (and shall procure the same of the Investment Manager Affiliates) and the Investment Manager shall be under no obligation to offer a stake in such investment opportunity to the Company.

The Company shall not be entitled to elect less than a 20% stake of the overall investment in each Relevant Residential Opportunity offered by the Investment Manager unless the Company and the Investment Manager agree otherwise on a case by case basis.

The Investment Manager must, before proceeding to effect the investment that is the subject of a Relevant Residential Opportunity, present such opportunity to the Company for consideration as a possible co-investment.

If the Company elects to co-invest, it shall notify the Investment Manager of this as soon as reasonably practicable, and, in any event, within ten Madrid business days of service of notice to the Company by the Investment Manager.

If the Company gives notice to the Investment Manager that it does not intend to proceed with the co-investment, or if it does not serve notice within the prescribed period, the Investment Manager shall be free to carry out the Relevant Residential Opportunity in Spain without the Company.

#### ***Commitment by members of Management Team***

Pursuant to the respective commitment letters entered into by the members of the Management Team in accordance with the Investment Manager Agreement, if any member of the Management Team identifies an investment opportunity which fits within the Investment Strategy of the Company (each such opportunity, a “**Management Team Investment Opportunity**”) in which such member of the Management Team or a person that is controlled by such member of the Management Team (excluding the Investment Manager or any Investment Manager Affiliate which is a corporation) (a “**Controlled Person**”), whether directly or indirectly, intends to participate, such member of the Management Team shall, before proceeding to effect such participation or the acquisition of the property which is the subject of that Management Team Investment Opportunity, give notice in writing of such opportunity to the Company and offer (a) at least a 20% share of the total stake available to such member of the Management Team or the Controlled Person (as the case may be) in the Management Team Investment Opportunity if such opportunity relates to a Residential Property, or (b) the full stake available to such member of the Management Team or the Controlled Person (as the case may be) in the Management Team Investment Opportunity if such opportunity relates to a Commercial Property. These commitments are subject to certain exceptions and shall end on the earlier of: (a) the date of termination of the Investment Manager Agreement; (b) with respect to a particular member of the Management Team, the date on which the relevant member of the Management Team ceases to be a member of the Management Team; and (c) the date on which a resolution is passed to cease the business and operations of the Company.

#### ***Conflicts of interest with respect to the Investment Manager***

Pursuant to the Investment Manager Agreement, the Investment Manager shall not (and shall procure that no Investment Manager Affiliate shall), during the term of the agreement (i) sell, transfer or lease assets or properties to the Company or (ii) launch or invest in a property investment/real estate listed or unlisted fund or a property investment/real estate investment trust carrying on business in Spain to invest in Commercial Property. The Investment Manager is not prohibited from launching a property investment/real estate listed or unlisted fund or a property investment/real estate investment trust carrying on business in Spain to invest in Residential Property, although the Company would have certain co-investment rights as described above.

In addition, the Company shall not, during the term of the Investment Manager Agreement, sell, transfer or lease assets or properties to the Investment Manager, unless approved by the Company's Board.

The Investment Manager shall disclose in writing to the Company any actual or potential conflicts of interests which it and/or any of the Investment Manager Affiliates have or may have from time to time, subject to any obligations of confidentiality to which the Investment Manager is contractually bound.

#### ***10.7.2 Anchor Investor rights***

Pursuant to the subscription agreement entered into between the Company, the Investment Manager and the Anchor Investor on 12 February 2014 (the “**Anchor Investor Subscription Agreement**”), so long as an Anchor Investor Agreement Termination Event (as defined herein) has not occurred, the Company, the Anchor Investor and the Investment Manager shall have the rights and obligations

summarised below. For additional information on the Anchor Investor Subscription Agreement, see section 11.4 of Part XVIII (“*Additional Information*”).

***Anchor Investor's right of first offer with respect to certain Commercial Property Investments undertaken by the Company***

If the Company seeks or intends to seek equity capital from one or more third parties in connection with any Commercial Property Investment (as defined herein) under consideration by the Company in Spain (a “**Commercial Property Co-Investment Opportunity**”), the Company shall in good faith provide the Anchor Investor or any entity in the Anchor Investor Group named by the Anchor Investor (any of them, an “**Anchor Investor Entity**”) with a right of first offer to participate together with the Company in any such investment, except in certain cases where the Commercial Property Co-Investment Opportunity is offered by a third party investor to the Company. In connection with each applicable Commercial Property Co-Investment Opportunity (i) the Company shall offer to the Anchor Investor Entity the full stake in the relevant Commercial Property Investment for which the Company is seeking a co-investor and (ii) the Anchor Investor Entity shall have the right to participate in the stake offered to it by the Company (but not less than such stake) in the relevant Commercial Property Investment.

***Anchor Investor's right of first offer with respect to certain Residential Property Investments undertaken by the Investment Manager***

Subject to certain exceptions relating to Residential Property Co-Investment Opportunities (as defined below) relating to purchases from SAREB or offered by a third party investor to the Investment Manager, the Investment Manager shall in good faith provide the Anchor Investor Entity with a right of first offer to participate together with the Investment Manager in any Residential Property Investment undertaken by the Investment Manager (a “**Residential Property Co-Investment Opportunity**”). In connection with each Residential Property Co-Investment Opportunity (i) the Investment Manager shall offer to the Anchor Investor Entity the stake in such investment that would have remained available to the Investment Manager (and not to third parties) after deducting (a) any stake in such investment that the Company accepts from the Investment Manager and which is offered to it pursuant to the terms of the Investment Manager Agreement, and (b) any stake in such investment that the Investment Manager chooses to retain for itself; and (ii) the Anchor Investor Entity shall have the right to participate in the stake offered to it by the Investment Manager (but not less than such stake) in the relevant Residential Property investment.

According to the Anchor Investor Subscription Agreement, in any situation where a conflict of interest exists or may exist, regarding any Residential Property Co-Investment Opportunity between the Company and the Anchor Investor Entity based on their relationships with the Investment Manager pursuant to the terms of the Investment Manager Agreement and the Anchor Investor Subscription Agreement, respectively, or otherwise, the relationship between the Company and the Investment Manager and the Investment Manager's obligations under the Investment Manager Agreement shall prevail over the relationship between the Anchor Investor Entity and the Investment Manager and the Investment Manager's obligations under the Anchor Investor Subscription Agreement. Therefore, the Company's first offer or co-investment rights in connection with any Residential Property Investment under the Investment Manager Agreement may override any first offer or co-investment rights of the Anchor Investor Entity under the Anchor Investor Subscription Agreement.

***Reciprocity obligations of Anchor Investor and right of first offer of Investment Manager***

The Anchor Investor has agreed not to compete, directly or through any member of the Anchor Investor Group, with the Company or with the Investment Manager in competitive processes (including offerings for sale or tenure through an expression of interest, public lot draws, public auctions, requests for offers to purchase or requests for proposals) in respect of Commercial Property Investments and Residential Property Investments in Spain, but rather partner with the Company and the Investment Manager, as applicable, subject to certain exceptions if the Anchor Investor believes in good faith that a co-investment with the Company or the Investment Manager is impossible or inadvisable.

In addition, the Anchor Investor has agreed to provide the Investment Manager with a right of first offer to participate together with the Anchor Investor or an Anchor Investor Entity in any co-investment opportunity in respect of any Commercial Property Investment or Residential Property Investment (in each case only where management services of the type set out in the Investment Manager Agreement are expected to be provided in relation to such opportunity) which is being considered by the Anchor Investor Group in Spain (an “**Anchor Investor Co-Investment Opportunity**”). The Anchor Investor has acknowledged and agreed that the Investment Manager may be required to offer all or part of the participation in any such Anchor Investor Co-Investment Opportunity to the Company pursuant to the terms of the Investment Manager Agreement, in which case the Company shall also have the right to participate in such investment opportunity in accordance with the terms of the Anchor Investor Subscription Agreement. In connection with each Anchor Investor Co-Investment Opportunity, the Anchor Investor shall offer to the Investment Manager the stake in respect of which it is seeking a co-investor, subject to certain exceptions if the Anchor Investor believes in good faith that a co-investment with the Investment Manager or the Company (if applicable) is not possible or not advisable. There is no requirement that any co-investment opportunity offered by the Anchor Investor to the Investment Manager will be consistent with the Investment Strategy of the Company.

### **10.8 Valuation policy**

The EPRA NAV of the Company is calculated semi-annually and is communicated at the time of publication of the Company’s interim and annual financial results through the publication of a significant information announcement (*Hecho Relevante*). The EPRA NAV as of 31 December 2014 was €389,962,000.

For purposes of the Investment Manager Agreement, “EPRA NAV” is the net asset value of the Company 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 in accordance with guidelines issued by the European Public Real Estate Association (August 2011 version only, unless otherwise agreed between the Company and the Investment Manager).

The EPRA NAV of the Company is based on the Company’s real estate assets most recent valuation. Valuations of the Company’s real estate assets are made (i) as at 30 June in each year through an external desktop valuation (i.e., a limited valuation which does not involve a physical inspection of property and which is intended to update the previous 31 December valuation incorporating significant changes that may have taken place in the market conditions and/or within the relevant assets (i.e., leases, capital expenditures investments or legal liabilities)) and (ii) as at 31 December in each year through a physical valuation, in both cases performed by a suitable qualified RICS accredited appraiser to be appointed by the Audit and Control Committee. The first external valuation took place on 31 December 2014. Valuations of the Company’s real estate assets are made in accordance with the appropriate sections of the RICS Red Book at the date of valuation. This is an internationally accepted basis of real estate valuation.

### **10.9 Treasury policy**

The Company carries out a treasury policy designed to ensure capital preservation. Accordingly, the Company seeks to generate positive and steady rates of return with limited risk exposure. In particular, the Company focuses on highly liquid financial products where any early cancelation would result in no or a limited penalty.

The Company also intends to hedge, totally or partially, its interest rate exposure through the use of forward contracts, options, swaps or other forms of derivative instruments.

### **10.10 Dividend policy**

The Company intends to maintain a dividend policy which has due regard to sustainable levels of dividend distribution and reflects the Company’s view on the outlook for sustainable recurring earnings. The Company will not create reserves that are not available for distribution to its Shareholders other than those required by law. The Company intends to pay dividends when the Board

considers it appropriate. However, under the Spanish SOCIMI Regime, the Company is required to adopt resolutions for the distribution of dividends, after fulfilling any relevant Spanish Companies Act requirement, to Shareholders annually within the six months following the closing of the fiscal year of:

- (i) at least 50% of the profits derived from the transfer of real estate properties and shares in (a) Spanish SOCIMIs, (b) foreign entities with a similar regime, corporate purpose and dividend distribution regime as a Spanish SOCIMI, and (c) Spanish and foreign entities which main corporate purpose is investing in real estate for developing rental activities and that shall be subject to an equal dividend distribution regime and investment and income requirements as set out in the SOCIMI Act which share capital is fully owned by SOCIMIs or foreign entities with a similar regime and that do not hold participations in other companies (jointly, “**Qualifying Subsidiaries**”) and real estate collective investment funds; provided that the remaining profits must be reinvested in other real estate properties or participations within a maximum period of three years from the date of the transfer or, if not, 100% of the profits must be distributed as dividends once such period has elapsed;
- (ii) 100% of the profits derived from dividends paid by Qualifying Subsidiaries and real estate collective investment funds; and
- (iii) at least 80% of all other profits obtained (i.e., profits derived from ancillary activities).

If the relevant dividend distribution resolution is not adopted in a timely manner, the Company would lose its SOCIMI status in respect of the year to which the dividends relate.

In compliance with the described SOCIMI Regime dividend distribution requirements, the annual ordinary general shareholders’ meeting of the Company held on 28 April 2015 approved a dividend distribution of €0.03345628 per Existing Ordinary Share, which was paid to Shareholders on 28 May 2015 as provided for in the By-Laws.

### **10.11 Subsidiarization process**

The chart included in section 1 above (Introduction) reflects the corporate structure of the Company and its subsidiaries as of the date of this Prospectus. However, the Company is currently undergoing a reorganization of its corporate perimeter structure which involves carrying out all corporate actions that may be necessary so that certain real estate properties that at the date of this Prospectus are directly held by the Company are owned by fully-owned subsidiaries of the Company following such reorganization (the “**Subsidiarization**” process).

According to Spanish law, the Subsidiarization is subject to approval by the general shareholders’ meeting. In this regard, the annual ordinary general shareholders’ meeting of the Company held on 28 April 2015 resolved, under item 13 of its agenda, to approve the contribution by Lar España to wholly-owned subsidiaries of the Company of the properties in its Portfolio that were then owned directly by the Company –i.e., the shopping centres L’Áncel Blau, Albacenter, Txingudi and Las Huertas, the offices buildings in Arturo Soria and Marcelo Spínola, and the commercial premises in Villaverde.

The purpose of the approved Subsidiarization is to allow the corporate restructuring of the group of companies headed by Lar España in such a manner that the assets that are a part of its Portfolio are owned by wholly-owned subsidiaries of the Company, thus optimizing the organizational needs of the group and allowing the Company to maintain full control of all of its assets.

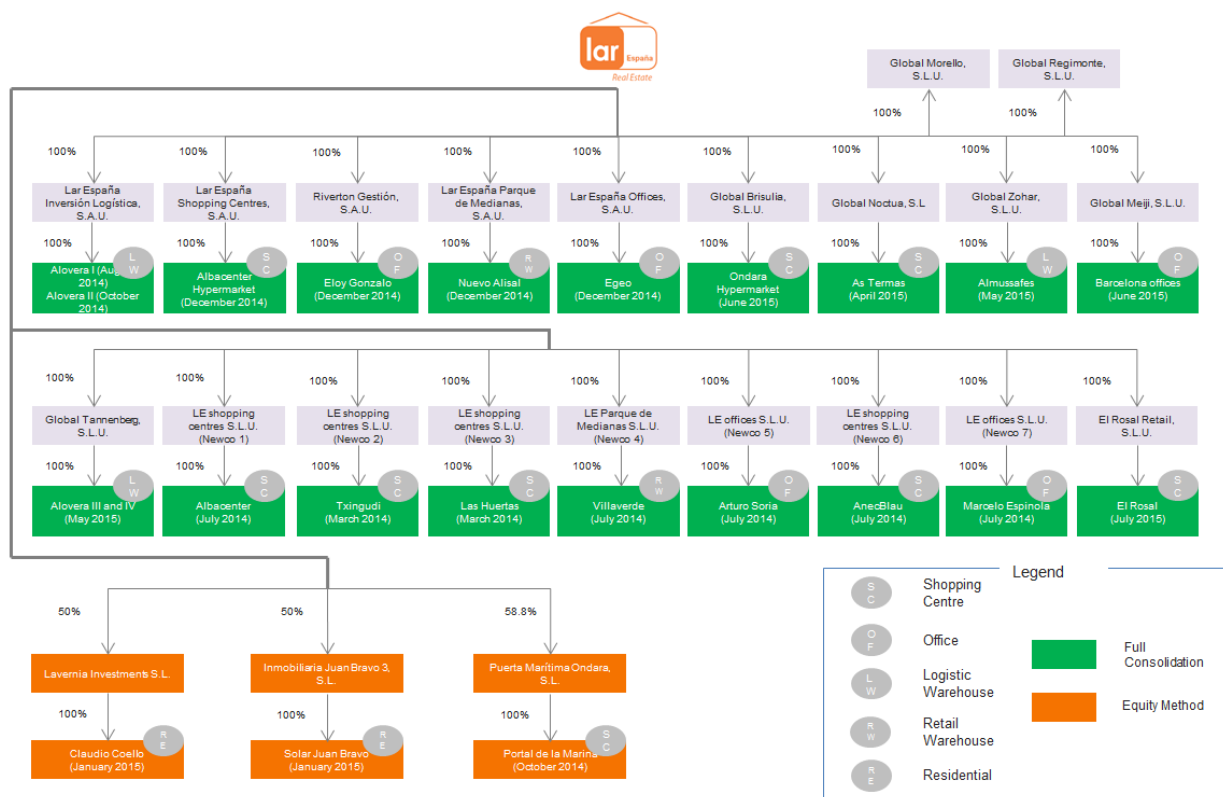
The general shareholders’ meeting of Lar España expressly authorised the Board of Directors of the Company so that it may:

- a) Set the terms of the Subsidiarization as it deems to be appropriate so that the resulting restructuring is undertaken on terms that the Board considers to be the most favourable to the Company. In particular, and without limitation, the Board of Directors may decide:
  - (i) whether the Subsidiarization will be implemented by way of the contribution of each of the affected assets to a different subsidiary, or by grouping various of the assets in one or more different subsidiaries;

- (ii) whether the Subsidiarization will be implemented using currently existing entities or newly-formed or acquired companies; and
- (iii) if the Board of Directors decides to form or acquire new companies to implement the Subsidiarization, the type of company and other corporate features of those companies.
- b) Take all such corporate actions and transactions as may be necessary or appropriate to allow the implementation of the Subsidiarization.

Additionally, the general shareholders' meeting of Lar España expressly authorised the Board of Directors of the Company to void this resolution as regards one or more of the assets affected by the Subsidiarization, if at the time of implementation of the Subsidiarization there are circumstances or facts that, in its opinion, advise against implementation for efficiency, organisation or any other reasons related to the Company's interest.

Following the Subsidiarization process the Company's structure is expected to be as follows:



## **11. PART XI: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion should be read in conjunction with the information set forth in Part XIV (Historical Financial Information) and the Consolidated Financial Statements and accompanying notes incorporated by reference to this Prospectus.*

*The following discussion contains certain forward-looking statements that involve risks and uncertainties. The Company's future results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, without limitation, those discussed in Part II ("Risk Factors"), Part X ("Information on the Company") and elsewhere in this Prospectus.*

*References in this section to "we", "our" and "us" refer to the Company. References to the "year ended 31 December 2014" when referring to financial data, refer to the 11 months and 14 days ended 31 December 2014.*

### **11.1 Overview**

Lar España Real Estate SOCIMI, S.A. is a Spanish company which was incorporated as a *sociedad anónima* on 17 January 2014. The Company has an experienced Board, chaired by Mr. José Luis del Valle, and is externally managed by Grupo Lar on the terms and under the conditions set forth in the Investment Manager Agreement. The Ordinary Shares of the Company are listed on the Spanish Stock Exchanges and quoted through the SIBE (*Sistema de Interconexión Bursátil* or *Mercado Continuo*) of the Spanish Stock Exchanges. The Company is set up as a Spanish SOCIMI and, thus, is taxed under the SOCIMI Regime, which is further described in Part XVI ("*Taxation Information*") of this Prospectus.

The Company's Business Strategy is to own and operate for rental its Portfolio consisting of properties fitting its Investment Strategy through active property management to deliver income and capital growth for its Shareholders. The Company relies on active property management to maximise operating efficiency and profitability at the property level.

For further information on our Business Strategy, Portfolio and Investment Strategy, see Part X ("*Information on the Company*") of this Prospectus.

### **11.2 Key factors affecting our results of operations**

Our results of operations are affected by a number of factors, including the following:

#### ***Macroeconomic market conditions***

The rental income and market value of our real estate Portfolio depend to a significant degree on general macroeconomic and market factors. In recent years, the Spanish economy has experienced a period of economic and financial uncertainty, with the economy declining by 1.6% in 2012 and 1.2% in 2013. Moreover, the Spanish fiscal deficit (expressed as a percentage of GDP) was 6.8% in 2012 and 6.6% in 2013. In addition, the Spanish banking sector underwent a profound restructuring process, generating uncertainty about its ability to generate income, its risk profile, its access to external financing and the cost of such financing. This restructuring process, together with unemployment rates in Spain that increased significantly since the beginning of the global economic crisis in 2007, affected the evolution of the Spanish economy, including the recovery of the real estate market in particular.

Although the Spanish economy remained weak in 2013, that year saw the beginning of improved global macroeconomic conditions, increased global financial stability and some growth in developed economies, fuelled by accommodative monetary policies. The Spanish economy returned to growth in the third quarter of 2013 and grew by 1.4% in 2014, with the fiscal deficit decreasing to 5.5%. In 2015, the GDP generated by the Spanish economy registered a 0.9% increase in the first quarter versus a 0.3% increase registered in the first quarter of 2014 (Source: Spanish National Statistic Institute (INE) – GDP Growth – April 2015). The European Commission has projected that GDP growth is



expected to be 2.8% in 2015 and 2.6% in 2016, mainly driven by domestic demand (Source: European Economic Forecast – Spring 2015). In addition, the unemployment rate in Spain declined to 23.1% in the first quarter of 2015 from a peak of 27.2% in the first quarter of 2013 (Source: Global Insight – Spain Employment Rates).

Although continued growth is currently expected, any adverse change in general economic conditions in Spain or in the real estate market in Spain could have a material adverse effect on our business, results of operations and financial condition.

### ***Cyclicality of the real estate industry***

Our results of operations are affected by the cyclical nature of the real estate industry. Property values and rental rates are affected by, among other factors, supply and demand for comparable properties, the liquidity of real estate investments, interest rates, inflation, the rate of economic growth, tax laws and political and economic developments and demographic and social factors in the regions in which we have operations. Cyclical changes in the real estate market, particularly in Spain, could result in fluctuations in our results of operations.

The slowdown of activity in the Spanish real estate sector, which up to the middle of 2007 was moderate, sharpened during the second half of 2007, and activity in the sector continued to decline through 2012. However, investment volumes started to increase in Spain during 2013 and 2014, reaching levels above 2007 (€10,483 million and €10,089 million, respectively) (Source: CBRE Spain). Although investment levels have increased, companies operating in the real estate sector in Spain suffered significant downward adjustments of the valuation of asset portfolios. Given the cyclical nature of the real estate industry, such downturns and valuation adjustments are likely to occur again in the future. In addition, access to bank financing for property companies was limited throughout these years.

Beginning at the end of 2013 and through 2014, Spanish real estate values began to stabilize, and values for prime assets have rallied through the end of 2014 and the first quarter of 2015. In spite of this recent momentum, we cannot predict whether these trends will continue or improve or whether a change in trends will negatively affect our business. Our results of operations could be materially adversely affected by a downturn in the real estate market.

### ***Impact of interest rate changes and cost of financing***

Changes in interest rates and in risk premium affect our business in a number of ways. Interest rates and risk premiums affect capitalization and discount rates, which in turn influence the fair value of our properties. Moreover, lower interest rates in the regions in which we operate tend to increase demand for properties, resulting in higher acquisition costs but lower interest expenses. Conversely, rising interest rates lead to economically less favourable financing terms and may negatively affect the sale of properties.

In addition, changes in interest rates affect our cost of financing. They affect the conditions at which we may obtain fixed rate financing and affect interest payment obligations under our floating rate debt obligations. A portion of our business is debt-financed, according to the leverage criteria described in section 6.1 of Part X (“*Information on the Company*”). We depend on the availability of debt financing and our results of operations may be materially affected by financing costs.

### ***Portfolio size and occupancy and rental rates***

Our level of gross rental income is a material factor affecting our income. The amount of gross rental income earned depends primarily on our rent per square meter and relevant rented space, which in turn depends primarily on the location and quality of our properties, as well as general economic conditions. Significant changes in our levels of rental income result primarily from property acquisitions, which affect the size of our total Portfolio and may have an impact on the average gross rental income per square meter. Moreover, as leases expire or are terminated, the corresponding properties become available again for rental to the market. Our rental income is dependent on our ability to attract tenants and increase or maintain rental rates.

Occupancy rates also have a considerable effect on our earnings, as a decline in occupancy rates can negatively affect the level of rental income and allocable operating expenses. The occupancy rate of our Portfolio was 90.7% at 31 March 2015 and 89.8% at 31 December 2014. Occupancy rates can also vary by region and asset class throughout the real estate cycle.

### ***Investment in our real estate portfolio***

We have invested, and we plan to continue investing, in the acquisition of new properties as well as the refurbishment of properties in our real estate Portfolio. Some of our properties require refurbishment or development before they begin generating rental income, and given the timing of our investments relative to the income that they produce, our results of operations or other indicators of our financial performance may not be directly comparable across different financial periods. Our actual investments in our real estate Portfolio, as well as the contribution to the revenue of our real estate business in the future, may be less or more than the amounts we currently expect or describe in this Prospectus. See “Forward-Looking Statements” in Part VIII (“*Important Information*”) of this Prospectus.

### ***Property values and valuation***

The value of the real estate properties that comprise our Portfolio has a significant effect on our financial performance, both in terms of the valuation of our real estate properties reflected in our financial statements and the prices we will be able to achieve upon the sale of any real estate properties. Furthermore, the management fee paid to Grupo Lar is based on our EPRA NAV.

Our consolidated EPRA NAV is based on the most recent valuation of our real estate properties on a consolidated basis. Valuations of our consolidated real estate assets are made as of each 30 June and 31 December. Additional valuations as of 31 May 2015 were prepared for the purposes of this Offering (see Annex B (“*Valuation Reports*”) of this Prospectus) (which do not cover the Joan Miró offices and the Portal de la Marina hypermarket, which were acquired in June 2015, and El Rosal shopping centre, which was acquired in July 2015).

We engage external, independent appraisers to value our real estate properties at each relevant reporting date, in accordance with the RICS Valuation Standards. However, real estate valuation is inherently subjective, in part because all real estate valuations are made on the basis of assumptions which may not prove to be accurate and in part because of the individual nature of each real estate properties.

We may seek to dispose of real estate properties from time to time. The price which we will be able to realise upon the sale of any real estate properties will depend on, amongst other things, market conditions at the time of the sale and may not always correspond with the most recent valuation of such properties. The price achieved by us upon the sale of a property will affect both our income during the financial reporting period in which the property is sold and the amount of proceeds we have available to reinvest in our business.

## **11.3 Considerations regarding the comparability of our financial condition and results of operations**

Given our limited operating history, our financial condition and results of operations as of and for the financial periods discussed in this Prospectus are not comparable with our financial condition and results of operations as of and for previous financial periods.

We were incorporated on 17 January 2014 but did not commence business operations, including the acquisition of properties, until after our initial public offering on 4 March 2014. As a result, we have no financial information for any period prior to 17 January 2014 and are therefore not able to compare our results of operations for the year ended 31 December 2014 with any prior period. In addition, given the timing of our initial public offering, our financial information for the first quarter of 2014 is extremely limited and does not present a useful comparison with our financial condition and results of operations for the three months ended 31 March 2015. Given the lack of relevant historical financial information, our financial condition and results of operations as described below have not been compared with prior periods.

Moreover, as we have acquired most of the properties currently comprising our Portfolio after 30 June 2014 and have made significant acquisitions in 2015, including after 31 March 2015 (the date as of which the most recent financial statements are available), we have a very limited operating history with our current assets and liabilities.

Given the Company's limited operating history, investors are cautioned against drawing any inferences from the Consolidated Financial Statements and/or other financial data included or incorporated by reference herein. The results for 2015 as a whole and future years will depend upon the Company's ability to derive value from the properties acquired so far and from the Company's future investments, the Spanish economic environment and other factors described elsewhere in this Prospectus. In addition, although most of the properties purchased by the Company have been in operation for a number of years, there is limited historical financial data available to the Company in respect of these properties, the tenants occupying them and the historical rental income and costs relating to them for periods prior to the Company's ownership of the properties. In acquiring these properties the Company placed somewhat greater emphasis on what it believed to be opportunities for capital appreciation and less on historical revenue and cost considerations.

Furthermore, the financial information included in or incorporated by reference to this Prospectus is not intended to comply with the reporting requirements of the US Securities and Exchange Commission. Compliance with such requirements would generally require the presentation of pro forma financial information giving effect to certain significant acquisitions we have made since our incorporation. While the Prospectus includes information on the properties currently comprising our Portfolio in section 5 of Part X ("*Information on the Company*"), including the purchase price, and the Valuation Reports include valuation information on each property (except for the Joan Miró offices and the Portal de la Marina hypermarket, which were acquired in June 2015, and El Rosal shopping centre, which was acquired in July 2015), there is limited financial information in respect of the revenues and expenses generated by the Company's current Portfolio. In addition, since we intend to continue expanding our Portfolio in the future, the information included herein regarding our current Portfolio may not be indicative of our future business, financial condition or results of operations. The timing of our acquisition of real estate properties and any delays in when such properties begin to generate rental income may affect our revenue and operating profit, which may make comparisons between periods difficult.

#### 11.4 Key statistics

We believe that the following key statistics relating to our business are helpful in understanding the discussion and analysis of our results of operations in this section. Additional operating statistics and other information concerning our business are set forth in Part X ("*Information on the Company*") of this Prospectus.

The following table shows certain unaudited financial and operating data as of 31 May 2015, 31 March 2015 and 31 December 2014.

	At 31 May 2015	At 31 March 2015	At 31 December 2014
Number of assets .....	19	15	14
GLA (sqm) .....	339,265	263,421	263,421
Total GAV (millions of €).....	566.452	466.214	405.957
Total debt net of cash (millions of €) .....	178.067	92.537	65.992 <sup>1</sup>
Loan-to-value (%) <sup>2</sup> .....	31.44%	19.85%	16.26%
EPRA NAV (millions of €).....	N/A <sup>3</sup>	394.956	389.962

1. The difference existing between debt net of cash (€65.992 million) and gross debt (€7.822 million) as of 31 December 2014 arises as a result of the exclusion in the latter of the banking indebtedness of PMO (which for the calculation of gross debt is accounted for following the equity method).

2. Means total loans (including the loans from subsidiaries accounted for following the equity method) and borrowings and Notes (net of cash) divided by Total GAV.
3. The EPRA NAV information is revised quarterly and, therefore, the Company is not in a position to provide the EPRA NAV as of 31 May 2015.

## **11.5 Critical accounting policies**

The 2014 audited consolidated financial statements and the accompanying notes contain information that is relevant to the discussion and analysis of our results of operations and financial condition set forth below. The preparation of financial statements in conformity with IFRS-EU requires our management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. Estimates are evaluated based on available information and experience. Actual results could differ from these estimates under different assumptions or conditions. We believe that, in particular, the critical accounting policies and estimates discussed below are important to an understanding of our financial information. For a detailed description of our significant accounting policies, see Note 5 to the 2014 audited consolidated financial statements.

### ***Revenue recognition***

We recognize revenue from leases at the fair value of the consideration received or receivable. Discounts, including rent-free periods and bonuses, granted to customers are recognised as a reduction in sales revenue when it is probable that the discount conditions will be met. Discounts are recognised by allocating the total amount of rent waived during the rent-free period or of the bonus on a straight-line basis over all the periods in which the tenant's contract is in force. Should the rental contract end sooner than expected, the unrecognised portion of the waived rent or bonus will be recorded in the last period prior to contract termination.

### ***Investment property***

Investment property is property, including that which is under construction or being developed for future use as investment property, which is earmarked totally or partially to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services, for administrative purposes or for sale in the ordinary course of business.

All properties classified as investment property are in operation and occupied by various tenants. These properties are intended for lease to third parties. We do not plan to dispose of these properties in the foreseeable future and have therefore decided to maintain these properties in the consolidated statement of financial position as investment property.

We recognize investment property at fair value at the reporting date, and it is not depreciated. Profits or losses derived from changes in the fair value of the investment properties are recognised when they arise. Execution and finance costs are capitalised during the period in which the works are carried out. When an asset enters into service, it is recognised at fair value.

When determining the fair value of an investment property, we commission independent appraisers to appraise all of our assets at each 30 June and 31 December. For purposes of this Offering, we also have commissioned independent appraisers to appraise our Portfolio at 31 May 2015 (see Annex B ("*Valuation Reports*") of this Prospectus). Buildings are appraised individually, taking into consideration each of the lease contracts in force at the appraisal date. Buildings with areas that have not been rented out are appraised on the basis of estimated future rents, minus a marketing period. The Valuation Reports do not cover the Joan Miró offices and the Portal de la Marina hypermarket, which were acquired in June 2015, and El Rosal shopping centre, which was acquired in July 2015.

## **11.6 Results of operations**

### ***Principal income statement line items***

The following is a brief description of certain captions in our consolidated income statements:

#### ***Revenues***

Our revenues consists of income from our rental properties.

#### *Other Income*

Other income consists mainly of mall income (primarily income derived from temporary kiosks included in our shopping centres) related to our shopping centres.

#### *Employee Benefits Expense*

Employee benefits expense consists of wages, salaries and similar items, including social security costs, contributions and provisions to pension schemes and other similar costs. Employee benefits expense does not include management fees paid to Grupo Lar as our Investment Manager.

#### *Other Expenses*

Other expenses mainly include a variety of costs that we assume with respect to our properties, the most significant of which are professional services, including the management fee paid to Grupo Lar, taxes, Board remuneration and advertising and publicity costs.

#### *Changes in Fair Value of Investment Property*

Changes in fair value of investment property consist of the change in fair value over a property's purchase price including capitalised expenses or prior-period-end fair value, as applicable.

#### *Finance Income*

Finance income principally consists mainly of interest income on security deposits placed with public bodies.

#### *Finance Expense*

Finance expense consists of interest paid on mortgage loans and other indebtedness, including the Notes.

#### *Share in Profit (Loss) for the Period of Equity-Accounted Companies*

Share in profit (loss) for the period of equity-accounted companies consists of income earned or losses recorded with respect to our investments in companies that are accounted for under the equity method.

#### *Income Tax Expense*

Income tax expense reflects the sum of the current tax expense, derived by applying the current tax rate to the tax base for the period after taking into account all applicable tax credits and relief, and the change in deferred tax assets and liabilities recognized in the income statement.

#### *Overview of results of operation*

	<b>Year ended 31 December 2014</b>	<b>Three months ended 31 March 2015</b>
	<b>(unaudited)</b>	
	<b>(thousands of €)</b>	
Revenues .....	8,606	6,471
Other income .....	217	130
Employee benefits expenses .....	(108)	(93)
Other expenses .....	(7,231)	(2,541)
Changes in fair value of investment property .....	442	-
<b>Results from operating activities .....</b>	<b>1,926</b>	<b>3,967</b>
Finance income .....	2,391	198
Finance costs .....	(519)	(824)
Share in profit / (loss) for the period of equity-accounted companies .....	(342)	477
<b>Profit before tax from continuing operations .....</b>	<b>3,456</b>	<b>3,818</b>
Income tax expense .....	-	-
<b>Profit from continuing operations .....</b>	<b>3,456</b>	<b>3,818</b>
<b>Profit for the period .....</b>	<b>3,456</b>	<b>3,818</b>

### ***Three months ended 31 March 2015***

*Revenues.* Revenues totalled €6,471 thousand in the three months ended 31 March 2015 principally due to rental income of the rental assets in our Portfolio during the period (except for the Portal de la Marina shopping centre, whose results are accounted for under the equity method).

*Other Income.* Other income totalled €130 thousand in the three months ended 31 March 2015 and related principally to mall income with respect to our shopping centres.

*Employee Benefits Expense.* Employee benefits expense totalled €93 thousand in the three months ended 31 March 2015 principally due to salaries and wages of our employees.

*Other Expenses.* Other expenses totalled €2,541 thousand in the three months ended 31 March 2015 and consisted of advisory services for the acquisition of properties provided by unrelated entities as well as the management fees paid to the Investment Manager. The Base Fee for the three months ended 31 March 2015 totalled €1,001 thousand (representing 39.39% of the total other expenses for the period).

*Results from Operating Activities.* As a result of the factors described above, results from operating activities totalled €3,967 thousand for the three months ended 31 March 2015.

*Finance Income.* Finance income totalled €198 thousand in the three months ended 31 March 2015 principally due to interest accrued on current and deposit accounts.

*Finance Costs.* Finance costs totalled €824 thousand in the three months ended 31 March 2015 principally due to interest accrued on our mortgage loans and the Notes.

*Share in Profit (Loss) for the Period of Equity-Accounted Companies.* Share in profit for the period of equity-accounted companies totalled €477 thousand in the three months ended 31 March 2015 and related mainly to PMO.

*Profit Before Tax from Continuing Operations.* As a result of the factors described above, profit before tax from continuing operations totalled €3,818 thousand in the three months ended 31 March 2015.

*Profit for the Period.* As a result of the factors described above, profit for the period totalled €3,818 thousand in the three months ended 31 March 2015.

### ***Year ended 31 December 2014***

*Revenues.* Revenues totalled €8,606 thousand in the year ended 31 December 2014, all of which was rental income generated by our Portfolio properties. This rental income was principally from shopping centres, which represented 73% of our revenues for the year ended 31 December 2014, with the Txingudi and L'Anec Blau shopping centres representing 68% of our rental income from shopping centres in the aggregate during such year. Revenues steadily increased during 2014 as we deployed the proceeds of our initial public offering in the acquisition of our Portfolio properties and began receiving income related to such properties. By the end of 2014, we had acquired a total of 14 properties, comprised of shopping centres, big box retail units, office buildings and logistics bays.

*Other Income.* Other income totalled €217 thousand in the year ended 31 December 2014 principally related to mall income with respect to our shopping centres.

*Employee Benefits Expense.* Employee benefits expense totalled €108 thousand in the year ended 31 December 2014, and principally related to salaries and wages to our employees.

*Other Expenses.* Other expenses totalled €7,231 thousand in the year ended 31 December 2014 and principally related to advisory services for the acquisition of properties provided by unrelated entities as well as the management fees paid to the Investment Manager. The Base Fee for the year ended 31 December 2014 totalled €2,083 thousand (representing 28.80% of the total other expenses for the period).

*Changes in Fair Value of Investment Property.* Changes in fair value of investment property totalled €442 thousand in the year ended 31 December 2014.

*Results from Operating Activities.* As a result of the factors described above, results from operating activities totalled €1,926 thousand for the year ended 31 December 2014.

*Finance Income.* Finance income totalled €2,391 thousand in the year ended 31 December 2014 due to interest received on our current account deposits during the period. Such deposits related to proceeds received from our initial public offering prior to their being used to acquire our properties.

*Finance Costs.* Finance costs totalled €519 thousand in the year ended 31 December 2014 due to interest accrued on our mortgage loans.

*Share in Profit (Loss) for the Period of Equity-Accounted Companies.* Share in loss for the period of equity-accounted companies totalled €342 thousand in the year ended 31 December 2014 and related mainly to PMO.

*Profit Before Tax from Continuing Operations.* As a result of the factors described above, profit before tax from continuing operations totalled €3,456 thousand in the year ended 31 December 2014.

*Profit for the Period.* As a result of the factors described above, profit for the period totalled €3,456 thousand in the year ended 31 December 2014.

## **11.7 Liquidity and capital resources**

Our business is capital-intensive, and we expect to have significant liquidity and investment requirements in order to finance and grow our business.

### ***Liquidity***

To date, our liquidity needs have been met largely from the proceeds of our initial public offering, as well as from a combination of financing from credit institutions, the proceeds from the issuance of the Notes and internally generated cash flow arising from the rental of our properties. At 31 March 2015, we had total available of €201.2 million, of which €138.0 million are available for future acquisitions.

We will continue to need significant cash resources following the offering to, among other things:

- acquire additional properties;
- meet our debt service requirements; and
- fund our operating expenses.

We have acquired real estate properties using the proceeds primarily from our initial public offering. In addition, on 19 February 2015 we issued the Notes for the purpose of financing the acquisitions of additional properties. For further information, see section 7 of Part X (“*Information on the Company*”) in this Prospectus. Additionally, we occasionally finance a property through a bank loan using such asset to secure its respective loan. As we seek financing for an asset, the credit institutions providing the financing and we typically consider the reasonableness of the loan-to-value ratio of the given asset, the ability of the property to generate sufficient cash flow to service the financing costs of the debt and the length of the maturities of the financing agreements, with respect to which we seek to have medium to long-term maturities.

Of the 22 properties that we own as of the date of this Prospectus, most were acquired fully paid using the proceeds of our initial public offering and Notes issuance. Five of our 22 properties, including the two properties acquired through partnerships with other entities (i.e. Project Juan Bravo, which was carried out through joint ventures with the PIMCO Investor, and the Portal de la Marina shopping centre which belongs to PMO, 58.78% owned by the Company and 41.22% owned by Grupo Lar), were acquired with a combination of proceeds from our securities offerings and bank financing.

As of 31 March 2015, only 36.5% of our existing debt was due in the following seven years (2015-21). However, we will eventually be required to refinance the debt that we have. If we are unable to refinance this debt prior to its maturity and do not have the funds to pay the outstanding balance thereunder, then we would default on the agreement, which could in turn trigger cross-default and cross-acceleration provisions in our other financing agreements. Moreover, if we do not have enough cash to service our other debt, meet obligations thereunder and fund other liquidity needs, we may be

required to take actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing all or part of our existing debt, or seeking additional equity capital. We cannot assure you that any of these remedies, including obtaining appropriate waivers from our lenders or refinancing our debt, can be effected on reasonable terms or at all.

We expect to continue to require significant levels of external finance to fund our capital requirements going forward. See “Risks relating to the Company’s Financial Structure—The Company’s Business Strategy includes the use of leverage, which exposes the Company to risks associated with borrowings” in Part II (“*Risk Factors*”) of this Prospectus.

### **Capital resources**

The following table provides a profile of our capital resources at the dates indicated.

	<b>At 31 March</b>	<b>At 31</b>
	<b>2015</b>	<b>December</b>
	<b>2015</b>	<b>2014</b>
	<b>(thousands of €)</b>	
Current loans and borrowings .....	5,155	156
Non-current loans and borrowings .....	57,514	37,666
Total loans and borrowings .....	62,669	37,822
Current financial liabilities from issue of bonds and other marketable securities .....	445	-
Non-current financial liabilities from issue of bonds and other marketable securities .....	138,098	-
Total financial liabilities from issue of bonds and other marketable securities .....	138,543	-
Cash and cash equivalents .....	157,474	20,252

### **Borrowings**

As of 31 March 2015, we had €62,669 thousand of debt outstanding (excluding the €140 million principal amount of the Notes outstanding as of such date), all of which was secured by certain of our properties. The Notes are secured by mortgages over certain of our properties as well as pledges over shares or share quotas of certain of our subsidiaries that own our properties. Below is further information regarding certain of our borrowings. Additional information regarding the Notes is provided further below.

<b>Type</b>	<b>Project</b>	<b>Entity</b>	<b>Interest rate</b>	<b>Maturity date</b>	<b>Nominal amount</b>	<b>Current</b>	<b>Non-current</b>
<b>(thousands of €)</b>							
Mortgage loan	<b>Egeo</b>	MEAG	3-month Euribor + 2%	15/12/2019	30,000	-	30,000
Mortgage loan	<b>Nuevo Alisal</b>	Bankinter	3-month Euribor + 2.90%	16/06/2025	7,822	117	7,665
Mortgage loan	<b>Juan Bravo</b>	Banco Santander	3-month Euribor + 2.83%	30/01/2018	25,000	5,038	19,849

### **€140,000,000 2.90% Senior Secured Notes due 2022**

- (a) General Description: On 19 February 2015 the Company issued senior secured notes for a total amount of €140,000,000 due 2022 at 2.90% in denominations of €100,000 (the “**Notes**”). Morgan Stanley & Co. International plc acted as sole lead manager, Citibank, N.A., London Branch acted as fiscal agent, Bondholders, S.L as Commissioner and Arthur Cox Listing Services Limited acted as listing agent. The Notes are admitted to trading in the Main Securities Market of the Irish Stock Exchange.



- (b) Status: The Notes and the corresponding coupons constitute direct, unconditional and unsubordinated obligations of the Company which must be secured as provided in the terms and conditions of the Notes. The Notes must at all times rank *pari passu* without any preference within themselves and at least equally with all other unsubordinated obligations of the Company from time to time outstanding.
- (c) Securities: The obligation of the Company under the Notes must be secured by:
- (i) a first ranking mortgage (*hipotecas inmobiliarias de primer rango*) over L'Anec Blau, Albacenter, Txingudi, Las Huertas, Albacenter hypermarket, Alovera I, Alovera II, Marcelo Spínola and Eloy Gonzalo (under the terms and conditions of the Notes, the Company undertook to transform Riverton Gestión, S.L. into a *sociedad anónima* and to grant a mortgage over Eloy Gonzalo upon registration of said transformation with the Commercial Registry of Madrid. The Company is currently in the process of completing such transformation once the relevant corporate authorisations have already been passed) with a total aggregate and maximum secured amount of 20 per cent. of the principal amount of the Notes to be granted by the Company in favour of the Commissioner (acting in the name and on behalf of the Noteholders) (the “**Mortgages**”); and
  - (ii) a first ranking pledge (*prendas ordinarias de primer rango*) over the Ordinary Shares (*acciones*) or share quotas (*participaciones sociales*), as applicable, of Lar España Shopping Centres, S.A.U, Lar España Shopping Inversión Logística, S.A.U. and Riverton Gestión, S.L. to be granted by the Company in favour of the Commissioner (acting in the name and on behalf of the Noteholders) (the “**Pledges**”).

The Mortgages and Pledges are hereinafter jointly referred to as the “**Security**”.

The initial secured amount under the Mortgages will be 20 per cent. of the principal amount of the Notes. In addition, the Company has undertaken to extend the Mortgages in order to secure up to 130 per cent. of the principal amount of the Notes in the event that as at any 30 June or 31 December:

- (i) the Interest Cover Ratio (as defined herein) is below 1.75:1; or
- (ii) the Loan to Value Ratio (as defined herein) is above 60.00 per cent,

If a mortgage extension event occurs, the Company will notify Noteholders of such event and will extend the Mortgage created over the properties to secure 130 per cent. of the principal amount of the Notes through the granting of an extension deed governed by Spanish law between the Company and its subsidiaries (as mortgagors) and the Commissioner (acting in the name and on behalf of the Noteholders).

The Security can be enforced by the Noteholders through the Commissioner upon all the Notes becoming immediately due and payable in accordance with the terms and conditions of the Notes.

- (d) Interest, Payments and Maturity Date: The interest of the Notes is 2.90% per annum payable annually in arrears on 21 February each year commencing on 2016. Unless previously redeemed or cancelled, the Notes will be redeemed at their principal amount on 21 February 2022.
- (e) Covenants: The terms and conditions of the Notes contain certain covenants, including:
- maintenance of Interest Cover Ratio;
  - maintenance of Loan to Value Ratio; and
  - creation of Security on the closing date of the Notes and other covenants further described in the prospectus relating to the Notes.
- (f) Redemption for tax reasons: The Notes may be redeemed at the option of the Company in whole, but not in part, at their principal amount together with interest accrued to the date fixed

for redemption, if the Company has or will become obliged to pay any additional amounts as a result of any change in law and such obligation cannot be avoided by the Company taking reasonable measures available to it.

- (g) Redemption at the option of the Company: The Company may at any time prior to the maturity date redeem all, but not some only, of the Notes at a redemption price per Note equal to the Make Whole Amount (as defined herein) together with interest accrued to but excluding the date fixed for such redemption.
- (h) Mandatory redemption upon the occurrence of a sale, transfer or other disposition by the Company of any of the properties: If following a sale or transfer of properties by the Company, the Pro Forma Notes Loan to Value Ratio (as defined herein) is above 60%, the Company shall redeem the Notes, at a redemption price per Note equal to the Make Whole Amount together with interest accrued to but excluding the date fixed for such redemption, in a principal amount as is necessary for the Company to ensure the Pro Forma Notes Loan to Value Ratio is lowered to at least 60%.
- (i) Events of Default: If any of the following events occurs and is continuing, the Commissioner may give written notice to the Company and the Fiscal Agent that such Notes are immediately repayable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest:
  - non-payment;
  - breach of obligations;
  - breach of covenant;
  - cross-acceleration;
  - enforcement proceedings;
  - security enforced;
  - insolvency;
  - winding-up;
  - authorisation and consents;
  - unlawfulness; and
  - certain other events.

The prospectus relating to the Notes, the content of which is not incorporated by reference, is available at the Central Bank of Ireland's website ([www.centralbank.ie](http://www.centralbank.ie)) and the Company's website ([www.larespana.com](http://www.larespana.com)).

### ***Cash flow analysis***

The following table sets forth our consolidated cash flow information for the periods indicated.

	Three months ended 31 March	Year ended 31 December
	2015	2014
	(thousands of €)	
Cash flows from/(used in) operating activities.....	(722)	2,807
Cash flows used in investing activities .....	(26,669)	(411,557)
Cash flows from financing activities.....	164,613	429,002
Cash and cash equivalents at end of period.....	157,474	20,252

### ***Cash Flows from/(Used in) Operating Activities***

Total net cash used in operating activities was €722 thousand for the three months ended 31 March 2015, principally due to a decrease in other current assets which was partially offset with the profit for the period and a decrease in other current liabilities.

Total net cash from operating activities was €2,807 thousand for the year ended 31 December 2014, principally related to a change in working capital related to trade and other payables due to positive changes in the timing of payments made by the Company.

#### *Cash Flows Used in Investing Activities*

Total net cash used in investing activities was €26,669 thousand for the three months ended 31 March 2015, principally related to a change in other financial assets due to a decrease in the deposit accounts in the first quarter of 2015.

Total net cash used in investing activities was €411,557 thousand for the year ended 31 December 2014, principally related to the acquisition of investment properties.

#### *Cash Flows from Financing Activities*

Total net cash from financing activities was €164,613 thousand for the three months ended 31 March 2015, principally related to proceeds received from the issuance of the Notes.

Total net cash from financing activities was €429,002 thousand for the year ended 31 December 2014, principally related to the proceeds of our initial public offering.

### **11.8 Capital expenditures**

Our capital expenditures consist primarily of investments we make in our properties for refurbishments and renovations designed to increase their future profitability. These investments are made to ensure that our properties, in particular our offices, shopping centres and logistic centres, remain at a high standard and are energy efficient, potentially leading to increases in value. Our capital expenditures were €0.56 million in the three months ended 31 March 2015 and €0.6 million in the year ended 31 December 2014.

As of 31 March 2015, we had invested an aggregate amount of €1.16 million in capital expenditures, consisting primarily of maintenance and improvements to our properties. As of such date, the Building Capex expected for the then-current Portfolio amounted to €43 million for the following five-year period of which €20 million corresponded to the development of Project Juan Bravo. As of the date of this Prospectus the total Building Capex amounts to €48.8 million.

Our estimated capital expenditures are based on our current Business Plan. Our actual capital expenditures for 2015 and future periods may be less than or exceed these amounts, and will change as we acquire additional properties. See “Forward-Looking Statements” in Part VIII (“*Important Information*”) of this Prospectus.

### **11.9 Off-statement of financial position arrangements**

As of the date of this Prospectus, we do not have any off-statement of financial position arrangements.

### **11.10 Risk management**

#### ***Market risk***

We are exposed to market risk due to the potential for vacancies in our properties or the need to negotiate rent reductions upon expiration of our leases. Should either of these risks materialise, it could have a direct negative impact on the valuation of our assets. We mitigate these risks with policies designed to select and attract reputable and financially-strong tenants and to negotiate leases with mandatory compliance, enabling us to maintain stable occupancy levels and to continue to receive steady rental income.

#### ***Interest rate risk***

We are exposed to interest rate risk arising from our bank borrowings, which are mostly based on variable interest rates. Increases in interest rates would increase interest expenses relating to our outstanding variable rate borrowings and increase the cost of new debt. As of 31 March 2015 we had no hedging arrangements in place against movements in interest rates under our outstanding borrowings.

### ***Tax risk***

We are exposed to the risk that we could be in breach of the Spanish SOCIMI Regime, for example if Shareholders were not to approve a dividend distribution proposed by the Board and calculated in accordance with the Spanish SOCIMI Regime. In such an event, we would lose its SOCIMI status in respect of the year to which the dividends relate and would be required to pay Corporate Income Tax on the profits deriving from our activities at the standard Corporate Income Tax rate (28% for 2015 and 25% for 2016 onwards), and would not be eligible to become a SOCIMI (and benefit from its special tax regime) for three years.

### **11.11 Recent developments**

Since 31 March 2015 we have acquired the following properties: As Termas, Alovera III, Alovera IV, Almussafes, Hypermarket Ondara, Joan Miro and El Rosal. See section 5 of Part X (*“Information on the Company”*) for further information on each of the properties.

On 25 June 2015, Global Noctua, S.L.U., a wholly-owned subsidiary of the Company, (for purposes of this paragraph only, the **“Borrower”**) entered into a mortgage loan facility with ING Bank, N.V., Sucursal en España, with a principal amount of €37,350,000, in order to finance the acquisition of the As Termas shopping centre. The loan has a maturity of five years and bears interest at Euribor-three months (with a floor at 0.00%), plus 1.80% per annum. The loan provides for certain financial covenants (including an interest cover ratio and a loan to value ratio), events of mandatory prepayment (including change of control) and events of default (including cross-default and damage to or abandonment of the As Termas shopping centre). It also provides for the granting of a first ranking security over various assets (including the As Termas shopping centre and 100% of the Borrower's shares) and a pledge of all lease receivables. In addition, the Borrower has undertaken to enter into an interest hedging agreement in respect of 100% of the outstanding amount under the loan, until its termination date.

On 7 July 2015, El Rosal Retail, S.L.U., a wholly-owned subsidiary of the Company, (for purposes of this paragraph only, the **“Borrower”**) entered into a term loan facility to finance the acquisition of the Borrower by the Company from DHCRE II Netherlands II B.V. The €50,000,000 term loan facility was granted by Caixabank, S.A., has a maturity of 15 years and bears interest at Euribor-three months (with a floor at 0.00%), plus 1.75% per every three months. The loan provides for certain financial covenants such as a maximum loan-to-value of 70% and a minimum debt service cover ratio of 1.10x, events of voluntary and mandatory prepayment (including change of control) and events of default (including non-payment of any amount due or insolvency, liquidation or bankruptcy of the Borrower). It also provides for the granting of certain securities such as a first ranking mortgage over the El Rosal shopping centre, assignment of insurance policies and a pledge of the shares of the Borrower and lease agreements, among others. In addition, the Borrower has undertaken to enter into an interest hedging agreement in respect of 100% of the drawn amount of the term loan facility, for a five-year period.

## 12. PART XII: GRUPO LAR AND THE INVESTMENT MANAGER AGREEMENT

### 12.1 Grupo Lar

#### 12.1.1 Overview

The Company is, pursuant to the Investment Manager Agreement, managed by Grupo Lar. Grupo Lar was incorporated in Spain in 1985 and is currently one of the biggest property companies in Spain with nearly 30 years of experience in the sector and with a presence in seven countries: Spain, Mexico, Brazil, Poland, Romania, Colombia and Peru. Grupo Lar has a diversified real estate business across asset classes (such as offices, retail, residential, etc.). Grupo Lar also has experience across the value chain through experience in investment, development, asset management and property management.

In addition, Grupo Lar currently has a 66.6% participation in Gentalia 2006, S.L. (“**Gentalia**”), one of the leading companies in Spain in shopping centre property management. Gentalia provides consultancy, asset management, leasing and day-to-day management services to shopping centres.

Grupo Lar is effectively controlled by the Pereda Family. Two of the six members of the Management Team (Mr. Luis Pereda and Mr. Miguel Pereda) are members of the Pereda Family and, therefore, shareholders of the Investment Manager. In addition, Mr. Luis Pereda and Mr. Miguel Pereda are, respectively, the Executive Chairman and Co-CEO of Grupo Lar. Mr. Miguel Pereda is also a member of the Company’s Board. The remaining share capital of Grupo Lar is distributed among treasury shares (approximately 2.5%) and an entity sub-advised by Proprium Capital Partners, LLC, a Delaware limited liability company.

Grupo Lar is operated by a team of property and finance professionals who between them have extensive experience in Spanish real estate and a strong track record of having successfully created value for shareholders and which includes the members of the Management Team. Thus, pursuant to the Investment Manager Agreement, the Company has access to the asset management operation of Grupo Lar which includes almost 249 full time property, financial and support staff members (of which 157 are located in Spain).

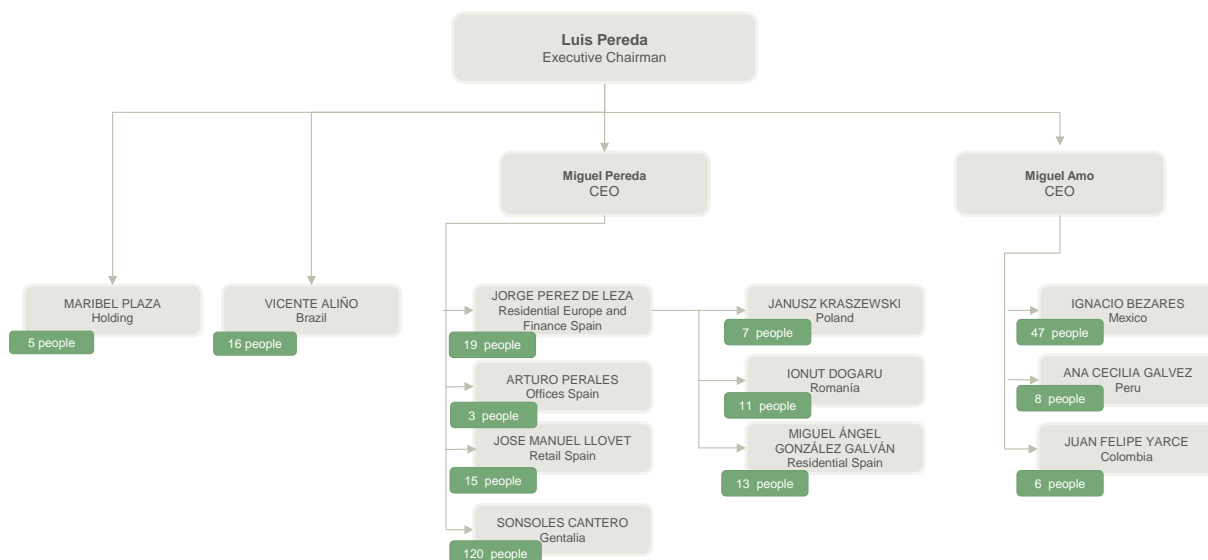
Grupo Lar is incorporated under the Spanish Companies Act as a public limited company (a *sociedad anónima* or S.A.). Grupo Lar is domiciled in Spain and its registered office and principal place of business is at Rosario Pino 14-16, 28020 Madrid, Spain.

#### *Organizational structure of Grupo Lar*

Grupo Lar has a broad organisational structure which relies mostly on independent country structures. Mr. Miguel Pereda heads the European platform and Mr. Miguel Amo is the head of the Latin American platform. There are individual teams in each major Latin American country where Grupo Lar operates, which report to the relevant country heads. There is also a team in charge of handling Central and Eastern Europe investments. In addition, there is a centralised support team which provides human resources, accounting and IT services.

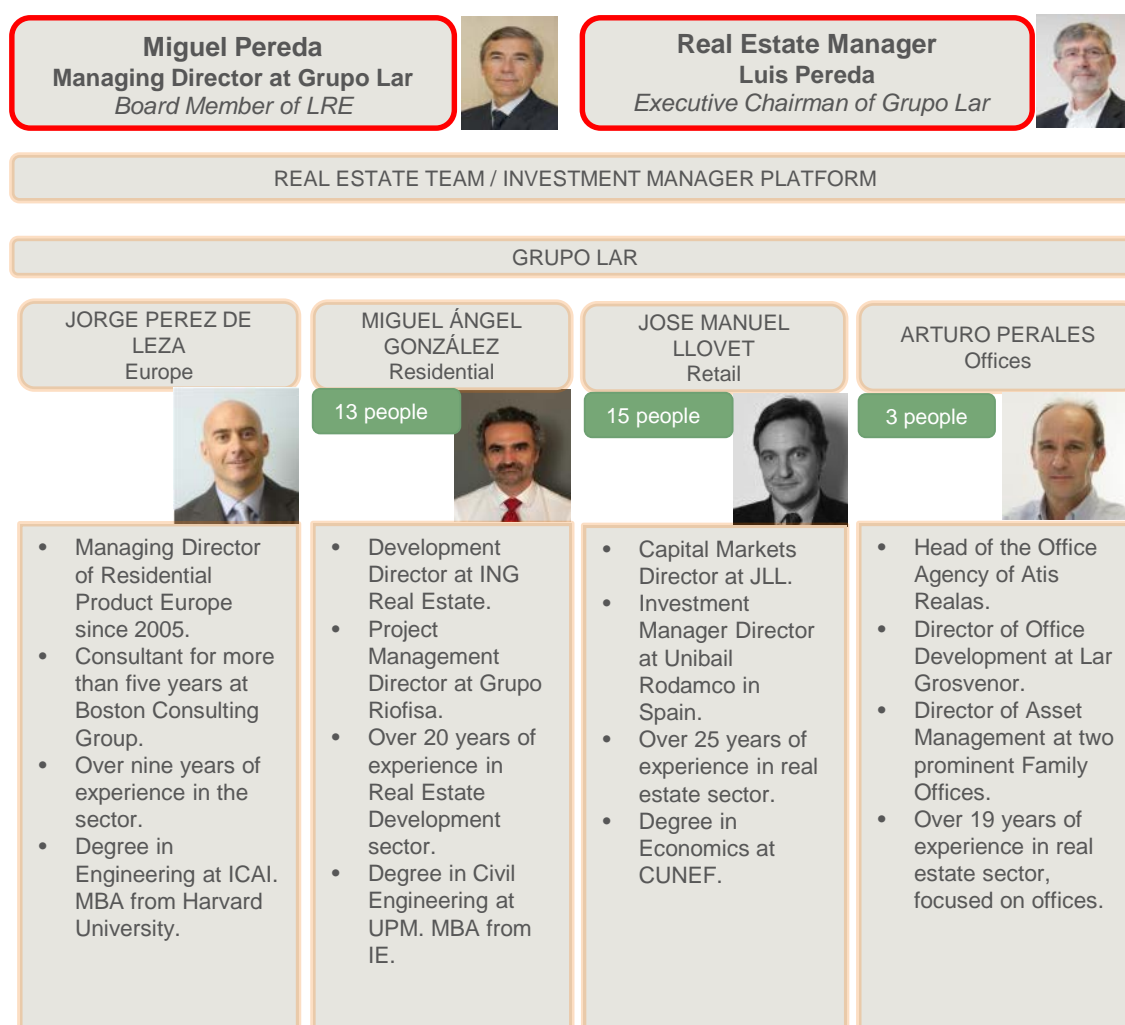
The Spanish platform is divided by sub-sectors, with a separate team for residential, shopping centres and offices.

The below chart shows the organisational structure of Grupo Lar:



Source: Grupo Lar

The members of the Management Team are part of the Grupo Lar team in Spain. The below chart shows the composition of the Management Team.



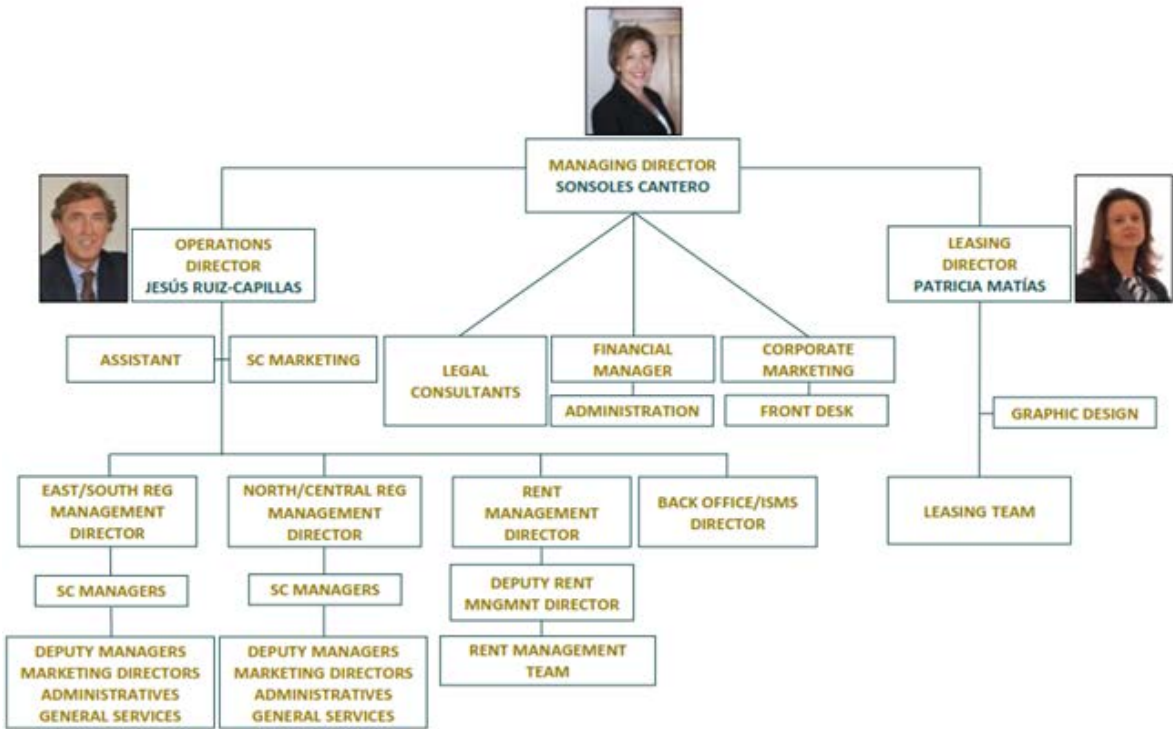
The Spanish platform, except for the Spanish offices team, is headed by Mr. Jorge Pérez de Leza. The platform is organised in the following sub-sectors: residential, shopping centres and offices. Each sub-sector has staff with skills relating to asset management and operations, as applicable. The Spanish offices sub-sector is in the process of being expanded.

In addition to the three sub-sectors referred to above, there is a specialised team which provides corporate services to the rest of the units, with skills in accounting, treasury, legal and other administrative services.

The Spanish platform also includes personnel who have been appointed for specific projects to ensure that all necessary skill sets are available within the company.

*Gentalia*

The below chart shows the organizational structure of Gentalia.



Source: Gentalia

Grupo Lar currently has a 66.6% participation in Gentalia, one of the leading companies in Spain in shopping centre property management. Gentalia provides consultancy, asset management, leasing and day-to-day management services to shopping centres. Its commercial and sales team is responsible for interacting with the tenants of properties under management and the drafting of key terms of property management agreements, among others.

Gentalia is one of the largest shopping centre management companies in Spain, with 50 shopping centres under management. The Company believes that its high degree of interaction with tenants of properties under management and its valuable experience with tenant relationships provides it with a competitive advantage.

See section 11.5 of Part XVIII (“Additional Information”) for information on the framework agreements entered into between the Company and Gentalia.

12.1.2 The Management Team

The Management Team appointed by the Investment Manager to lead the management services provided to the Company is led by Mr. Luis Pereda and Mr. Miguel Pereda and comprised of six members.

Brief biographical details of the members of the Management Team are provided below:

*Mr. Luis Pereda*

Mr. Luis Pereda is the Executive Chairman of Grupo Lar and has served as a Co-CEO of Grupo Lar since 1994. Prior to joining Grupo Lar, Mr. Luis Pereda was Deputy General Director of Banque Nationale de Paris in Paris from 1981 to 1983. Mr. Luis Pereda holds a Law BD degree and Economic Sciences BA degree (Major in Econometrics) from the Complutense University in Madrid, and an MBA from IESE, the graduate business school of the University of Navarra. He continued his studies at the Massachusetts Institute of Technology in Boston, and completed the Advanced Management Program at Harvard Business School. He is also a Professor of Management at the Instituto de Empresa in Madrid, Advisor to the Board of Grupo Barceló and Member of the Advisory Board of GED Fund Management.

*Mr. Miguel Pereda*

Mr. Pereda has a long executive career, of over 25 years, in the real estate sector. Mr. Pereda was appointed Co-CEO of Grupo Lar in 2007. He was previously the CEO of Grupo Lar Grosvenor for six years. Mr. Pereda has a Business degree from the Complutense University in Madrid and an MBA from IE (Madrid). Mr. Pereda has also completed a management program for senior executives from IMD and a Real Estate program from Harvard University.

*Mr. Jorge Pérez de Leza*

Mr. Jorge Pérez de Leza has been Managing Director of Europe of Grupo Lar since 2005. Previously, he worked as a consultant for more than five years at Boston Consulting Group. Mr. Jorge Pérez de Leza has over ten years of experience in the sector. Mr. Jorge Pérez de Leza has an Engineering degree from ICAI and an MBA from Harvard University.

*Mr. Arturo Perales*

Mr. Perales started his career in real estate following six years in an advertising company, where he held positions in the Treasury and Accounting department. He then joined Knight Frank in 1995, where he spent six years in the office department and was responsible for the leasing of over 60,000 sqm of GLA during that period. Later he joined Atis Real Estate (today BNP Paribas RE) as the head of the Office Agency, dealing with tenants and owners and preparing market information reports. He then became the Director of Office Development at Lar Grosvenor, where he identified, targeted and developed investment opportunities in Madrid and Barcelona until 2007. Subsequently, and until his return to Grupo Lar, Mr. Perales has held positions as Director of Asset Management at two prominent family offices in Spain, focusing on real estate assets held by such family offices.

Mr. Perales studied Business Administration at the Complutense University in Madrid, and he has more than 20 years of experience in real estate, focusing primarily on offices.

*Mr. Miguel Ángel González*

Mr. Miguel Ángel González joined Grupo Lar in 2015. He previously served at ING Real Estate Development, where he was a Board Member and Director of different departments such as Development and Project Management. He has also occupied responsibility positions in Grupo Rfofisa, Sacyr and Dragados. Mr. González has more than 20 years of experience in the Construction and Real Estate sectors, and has a Civil Engineering Degree from Universidad Politécnica de Madrid, and an MBA from IE (Madrid).

*Mr. José Manuel Llovet*

Mr. José Manuel Llovet is a renowned professional with 25 years of expertise in the real estate sector. He joined Grupo Lar in January 2015 to lead the shopping centres business. Previously, Mr. Llovet was Director of Capital Markets Retail at Jones Lang LaSalle Spain, where he led some of the largest transactions in the sector over the past four years. Prior to that, Llovet was Investment Management Director at Unibail-Rodamco Spain, where he was responsible for a shopping centre portfolio comprised of 12 centres valued at €1.2 billion.

Mr. Llovet holds a degree in Economics and Business Sciences from the Colegio Universitario de Estudios Financieros (CUNEF) and is also Member of the Royal Institution of Chartered Surveyors and Member and Treasurer of the Executive Committee of the Spanish Association of Shopping Centres and Retail Parks.



### *12.1.3 Grupo Lar's key figures*

As of 31 December 2014, Grupo Lar's consolidated portfolio comprised approximately €3.0 billion of assets under management (taking into account, in connection with residential property, a portfolio valuation as finished product (except for plots with a disposal strategy) as of 31 December 2014 and, in connection with shopping centres, the last available valuations provided by third parties and the "all in cost" method for centres under development). Approximately 31% of these assets were located in Spain. The Grupo Lar team (including Gentalia) comprises 249 full time property, financial and support staff of which 157 are located in Spain. Grupo Lar currently has a 66.6% participation in Gentalia, one of the leading companies in Spain in shopping centre property management. Gentalia provides consultancy, asset management, leasing and day-to-day management services to shopping centres. It currently manages 50 shopping centres in Spain, with a gross leasable area of over 1,428,563 sqm, and has a staff of 120 persons. As of the date of this Prospectus, Gentalia has been appointed as property manager of part of the Company's shopping centres.

## **12.2 Investment Manager Agreement**

Pursuant to the Investment Manager Agreement, the Investment Manager shall identify possible property acquisitions for, and opportunities with a view to investment by, the Company by reference to the Company's investment policy and strategy and is entitled to consult with professional advisors to assist it.

The Investment Manager has full discretionary authority to enter into transactions for and on behalf of the Company, subject to certain reserved matters which require the consent of the Board of the Company. Such matters include, among others, the acquisition or disposal of property investment where the aggregate acquisition cost/gross proceeds attributed to the Company in respect of such property investment is/are in excess of €30 million (in the case of income producing property) and entry into, or termination of, leases where the rent referable to the relevant lease is greater than 10% of the aggregate rental income of the Company. See section 11.1 of Part XVIII ("*Additional Information*") for additional information on the reserved matters which require the consent of the Board of the Company.

The Investment Manager Agreement has an initial term of five years from the date on which the Existing Ordinary Shares were admitted to trading in the Spanish Stock Exchanges (i.e. 5 March 2014) and thereafter will continue for consecutive three-year periods, unless terminated by either party in accordance with the terms further described in section 11.1 of Part XVIII ("*Additional Information*"). The Investment Manager Agreement is governed by Spanish law.

The Investment Manager currently owns 1,200,900 Ordinary Shares. The Company believes the Investment Manager's significant cash investment in the Company contributes to the alignment of its interests with those of the Company's other Shareholders.

For additional information on the Investment Manager Agreement see section 11.1 of Part XVIII ("*Additional Information*").

### *Management fee and incentives*

The Directors have sought to structure appropriate fees and incentive payments payable to the Investment Manager that provide a balance between incentivisation and alignment with shareholder interests. According to the Investment Manager Agreement, the Investment Manager is entitled to receive a Base Fee and a Performance Fee during the term of the Investment Manager Agreement (with respect to the latter, to the extent it becomes payable in accordance with the terms of the Investment Manager Agreement). The Investment Manager is also entitled to additional fees to be agreed with the Company in respect of the provision of any additional agreed services. To the extent such services are provided in respect of assets jointly owned by the Company and others, the Company shall only be responsible for the payment of its *pro rata* share of the resulting fees. Fees that fall due and payable to the Investment Manager are not subject to reduction or clawback due to any subsequent decrease that may occur in the EPRA NAV of the Company.

Payment of the Performance Fee is dependent on performance exceeding an annual hurdle and it is also subject to an annual high-water mark, each as described in greater detail below.

#### Base Fee and expenses

The Base Fee is paid to the Investment Manager monthly in arrears in cash. The Base Fee in respect of each month is calculated by reference to 1.25% per annum of the EPRA NAV (excluding net cash (cash minus debt)) as of the prior December 31. The EPRA NAV as of 31 December 2013 (the “**Initial EPRA NAV**”) was €390,579,296.5 (the net proceeds of the initial public offering of the Company) and as of 31 December 2014 was €389,962,000.

The Base Fee (together with any applicable VAT and other costs) is payable by the Company to the Investment Manager in arrears within ten Madrid business days following receipt by the Company from the Investment Manager of the relevant supporting valuation documentation.

Other than as otherwise agreed in writing from time to time, and notwithstanding any other provision of the Investment Manager Agreement, the Base Fee is deemed to include (and therefore such fees, costs and expenses are not paid separately by the Company) the (i) out of pocket day-to-day expenses of the Investment Manager, (ii) the fees and expenses of certain third parties appointed by the Investment Manager to carry out any of the Investment Manager’s Services (as defined herein), and (iii) any fees, costs or expenses incurred by the Investment Manager when it or an Investment Manager Affiliate is performing the Services.

If, in connection with any co-investment undertaken by the Company under the terms of the Investment Manager Agreement, the Investment Manager receives any base fee or property management fees (for asset or portfolio management services) which are separate from the fees due under the Investment Manager Agreement, the Investment Manager has undertaken to grant the Company with a credit right equal to the Company’s pro rata share (based on the Company’s stake in the relevant co-investment) of the amount of any such fees received by the Investment Manager in connection with any such co-investment and, accordingly, the Company shall be entitled to set off an amount equal to such credit right against the Base Fee payable in accordance with the Investment Management Agreement.

The Base Fee is not deemed to include (and therefore such expenses must be paid separately by the Company) any costs to be borne by the Company such as the Company Costs (as defined herein) reasonably and properly incurred.

All development related expenses incurred including capital expenditures and any costs associated with them must be billed at cost.

Any and all expenses related to the Company’s officers and employees hired upon the proposal of the Investment Manager must be deducted from the Base Fee.

#### Performance Fee

The Performance Fee has been designed to incentivise and reward the Investment Manager for generating returns to the Shareholders of the Company. The return to Shareholders for a given year is equivalent to the sum of (a) the change in the EPRA NAV of the Company during such year less the net proceeds of any issues of Ordinary Shares during such year; and (b) the total dividends (or any other form of remuneration or distribution to the Shareholders) that are paid in such year (the result of the addition of (a) and (b), the “**Shareholder Return**”). The “**Shareholder Return Rate**” is the Shareholder Return for a given year divided by the EPRA NAV of the Company as of 31 December of the immediately preceding year. The Initial EPRA NAV has been deemed to be equal to the net proceeds of the Company’s initial public offering.

The “**Relevant High Water Mark**” at any time is the higher of (i) the Initial EPRA NAV, and (ii) the EPRA NAV on 31 December (adjusted to include total dividends paid during that year and exclude the net proceeds of any issuance of Ordinary Shares during that year) of the most recent year in respect of which a Performance Fee was payable.

The Performance Fee is due in respect of a given year if both of two key hurdles are met:

- (a) the Shareholder Return Rate for such year exceeds 10% (the amount in euro by which the Shareholder Return for the year exceeds the Shareholder Return that would have produced a 10% Shareholder Return Rate being the “**Shareholder Return Outperformance**” and the extent of the Shareholder Return Rate above 10% being the “**Shareholder Return Outperformance Rate**”); and
- (b) the sum of (A) the EPRA NAV of the Company on 31 December of such year and (B) the total dividends (or any other form of remuneration or distribution to the Shareholders) that are paid in such year or in any preceding year since the most recent year in respect of which a Performance Fee was payable exceeds the Relevant High Water Mark (the amount by which such sum exceeds the Relevant High Water Mark being the “**High Water Mark Outperformance**”).

If the above hurdles are met, the Performance Fee in respect of such year will be a “promote” equal to the lesser of (x) 20% of the Shareholder Return Outperformance and (y) 20% of the High Water Mark Outperformance (the “**Promote**”).

Furthermore, in respect of a year in which the Performance Fee is payable and is based on Shareholder Return Outperformance, the Performance Fee will also include a “promote equalization” feature (the “**Promote Equalization**”), once a Shareholder Return Rate of 12% has been achieved, and it will apply only until a Shareholder Return Rate of 22% is achieved. The Promote Equalization feature entitles the Investment Manager to receive an additional 20% of the portion of Shareholder Return Outperformance that reflects a Shareholder Return Rate of between 12% and 22%. Above 22% only the Promote will continue to apply. The Promote Equalization is intended to allow the Investment Manager to earn fees up to a maximum equivalent to 20% on the first 10% of the Shareholder Return for such year, which would not otherwise be payable.

Set out below are four examples<sup>1</sup>. Examples (b), (c) and (d) assume that the hurdles to pay the Performance Fee are met and that the Performance Fees in respect of the relevant years are based on Shareholder Return Outperformance and so the Promote Equalization could apply (the Promote Equalization does not apply to years in respect of which the Performance Fee is based on High Water Mark Outperformance).

- (a) If the Shareholder Return Rate for a given year were 10%, the Shareholder Return Outperformance Rate would be 0% and the Investment Manager would receive no Promote or Promote Equalization in respect of that year.
- (b) If the Shareholder Return Rate for a given year were 12%, the Shareholder Return Outperformance Rate would be 2% and the Investment Manager would receive a Promote equal to 20% of the portion of the Shareholder Return Outperformance representing a Shareholder Return Outperformance Rate of 2% (being the excess of 12% above 10%). In this case no Promote Equalization would apply. In total, the Investment Manager would receive  $(20\% \times 2\%) = 0.4\%$  of the EPRA NAV as of 31 December of the previous year.
- (c) If the Shareholder Return Rate for a given year were 15%, the Shareholder Return Outperformance Rate would be 5% and the Investment Manager would receive (i) a Promote equal to 20% of the portion of the Shareholder Return Outperformance representing a Shareholder Return Outperformance Rate of 5% (being the excess of 15% above 10%), plus (ii) a Promote Equalization equal to 20% of the Shareholder Return Outperformance representing a Shareholder Return Outperformance Rate of 3% (being the excess of 15% above 12%). In total, the Investment Manager would receive  $(20\% \times 5\%) + (20\% \times 3\%) = 1\% + 0.6\% = 1.6\%$  of the EPRA NAV as of 31 December of the previous year.

---

<sup>1</sup> These are examples only and not Shareholder Return forecasts. There can be no assurance that the Shareholder Returns referred to in the examples can or will be met and they should not be seen as an indication of the Company’s expected or actual results or returns. Accordingly investors should not place any reliance on these examples in deciding whether to invest in the New Ordinary Shares and/or the Preferential Subscription Rights. In addition, prior to making any investment decision, Shareholders and prospective investors should carefully consider the risk factors described in Part II (“*Risk Factors*”) of the Prospectus.

- (d) If the Shareholder Return Rate for a given year were 25%, the Shareholder Outperformance Rate would be 15% and the Investment Manager would receive (i) a Promote equal to 20% of the portion of Shareholder Return Outperformance representing a Shareholder Return Outperformance Rate of 15% (being the excess of 25% above 10%), plus (ii) a Promote Equalization equal to 20% of the Shareholder Return Outperformance representing a Shareholder Return Outperformance Rate of 10% (being the excess of 22% above 12%). In this example, the maximum Promote Equalization is reached at a Shareholder Return Outperformance Rate of 22% and the Promote Equalization ceases to apply to the portion of Shareholder Return Outperformance representing a Shareholder Return Outperformance Rate above 22% (above that level only the Promote will continue to apply). The Promote Equalization component is calculated on a yearly basis and does not allow for equalization of previous years' returns. In total, the Investment Manager would receive  $(20\% \times 15\%) + (20\% \times 10\%) = 3\% + 2\% = 5\%$  of the EPRA NAV as of 31 December of the previous year.

The below example<sup>1</sup> intends to clarify the adjustment mechanisms relating to payments of dividends and issuances of new Ordinary Shares during a given year in the calculation of the Performance Fee, as well as to provide further clarity as to when the requirements for the payment of a Performance Fee would be met.

Item n°	Concept	Y1	Y2
1	EPRA NAV, BoP	100.0	112.0
2	EPRA NAV Growth	12.0	15.7
3	Dividend Paid	0.0	5.6
4	Capital Increase Proceeds	0.0	40.0
5	EPRA NAV, EoP	112.0	167.7
6	EPRA NAV EoP, Adjusted	112	133.3
7	High Water Mark	112.0	133.3
8	YoY Return	12.0%	19.0%
9	Return over HWM	12.0%	19.0%
10	Promote Payable:	Yes	Yes
11	Promote Equalization Payable:	No	Yes
12	Promote, Value	0.4	2.0
13	Promote Equalization, Value	0.0	1.6

Item n°	Concept	Explanation
1	EPRA NAV, BoP	BoP= Beginning of Period. Starting EPRA NAV assumed to be 100 for the sake of clarity. The subsequent year takes into consideration the previous year's return
2	EPRA NAV Growth	Assumption, example of yearly returns
3	Dividend Paid	Assumption, example of yearly dividends. Assumptions is that on first year no dividend would be paid out
4	Cap. Increase Proceeds	Example, assumes 40 of net proceeds. This is intended to showcase how a capital increase would be treated in terms of the Shareholder Return calculation
5	EPRA NAV, EoP	EoP = End of Period. In this case, it is 1 + 2 + 4
6	EPRA NAV EoP, Adjusted	5 + 3 - 4 (takes EPRA NAV, BoP, adds back the dividend paid in the period, and deducts net proceeds from any capital increase)
7	High Water Mark	The HWM is the maximum of: a) Initial EPRA NAV (for this example, 100), or b) the figure on row 6 for the most recent year where a performance fee was payable. The figures shown on row 7 represent the HWM that will be applicable for subsequent years (until a new HWM is established), and not the HWM against which the same year will be measured (e.g., the HWW of Y1 of 112.0 will apply to Y2 etc.)
8	YoY Return	For the first year, it is an assumption; for the rest of the years, it will use the data on row 6 (EPRA NAV EoP, Adjusted); $(EPRA\ NAV\ Adjusted\ Y(n) / EPRA\ NAV\ Adjusted\ Y(n-1)) - 1$
9	Return over HWM	Measures the figure on row 6, compared with the applicable HWM
10	Promote Payable:	If figure on row 8 is above hurdle (10%), and figure on row 9 is positive, Promote will be payable; otherwise it will not be payable
11	Promote Equalization Payable:	If Promote is payable, and figure on row 8 is above second hurdle (12%), Promote Equalization will be payable; otherwise it will not be payable
12	Promote, Value	If payable, it will be the lesser of $(20\% \times (\text{amount on row 8 less first hurdle of } 10\%))$ , or $(20\% \times \text{amount on row 9})$ , and then multiplied by the amount on row 1 for such year
13	Promote Equalization, Value	If payable, it will be $(20\% \times (\text{amount on row 8 less the second hurdle of } 12\%))$ and then multiplied by the amount on row 1 for such year

The Performance Fee is calculated annually as of 31 December of each fiscal year, expressed in euros. There is no maximum Performance Fee under the Investment Manager Agreement.

After delivery of a proposal from the Investment Manager setting out the Investment Manager's statement of the Performance Fee, the Company may agree with it, in which case the Investment Manager will issue an invoice within 10 Madrid business days and the Performance Fee shall become due and payable 20 Madrid business days after the date of the invoice. Alternatively, the Company may dispute the proposed amount by giving notice in writing to the Investment Manager within 10 Madrid business days of receiving it. If the Company disputes such proposal, the parties shall negotiate in good faith to resolve the dispute, provided that if the parties do not reach agreement on the items in dispute within five Madrid business days of the Company having disputed it (or such longer period as they may agree in writing), the Performance Fee payable shall be determined by an independent expert by reference to the audited financial statements of the Company and the valuation made by a RICS accredited appraiser in respect of the relevant year, following the approval by the Board of such financial statements and the delivery by the auditors of an unqualified audit opinion in respect of such financial statements.

The Investment Manager will invoice the aforesaid amount, as amended, if applicable, to reflect the agreement between the parties or the determination of the independent expert (as the case may be), and such invoice shall constitute a statement of the Performance Fee payable to the Investment Manager in respect of the relevant year and it shall become due and payable by the Company to the Investment Manager on the fifth Madrid business day following such agreement or determination.

If following the approval by the Board of the accounts of the Company and receipt of an unqualified audit opinion in respect of such financial statements, the Company or the Investment Manager is reasonably of the opinion that the Base Fee and/or the Performance Fee (if any) already payable to the Investment Manager in respect of the relevant year are greater than, or less than, the amount that should have been paid having regard to the audited financial statements of the Company, the parties shall negotiate in good faith to resolve the dispute, provided that if the parties do not reach agreement, any adjustment shall be determined by an independent expert by reference to the audited financial statements of the Company and the valuation made by a RICS accredited appraiser in respect of the relevant year. Following the agreement or determination of any adjustment, the Investment Manager shall: (i) where the adjustment relates to an overpayment of fees, pay or otherwise refund that sum to the Company within 20 Madrid business days (in Ordinary Shares if applicable); or (ii) where the adjustment relates to an underpayment of fees, deliver to the Company an invoice setting out the adjustment amount payable by the Company to the Investment Manager and such amount shall be deemed and be treated as a Performance Fee which fell due as of the date it should have been paid at originally (and the Average Closing Price in these circumstances for calculating the number of Performance Fee Shares to be allotted and issued shall be determined by reference to the date of the original invoice in respect of that Performance Fee; for these purposes, "**Average Closing Price**" is the average closing price on the Spanish Stock Exchanges in respect of Ordinary Shares of the Company over the period of twenty Madrid business days immediately prior to the business day immediately preceding the date of a relevant invoice from the Investment Manager setting out its statement of the Performance Fee that is payable in respect of a relevant period).

VAT due to the Investment Manager under the Performance Fee will be paid in cash.

The Investment Manager shall use the Performance Fee due to it (after deduction of corporate income tax and any other taxes applicable thereto) to subscribe for Performance Fee Shares (or, at the Company's choice, to acquire them from the Company), subject to certain limited exceptions described further below. Any such payment will not be considered net proceeds of any issues of Ordinary Shares for purposes of calculating Shareholder Return. The Company's liability to pay the Performance Fee in respect of any year shall be satisfied by the release by the Investment Manager of the sum due to it as that Performance Fee in consideration for the allotment and issue by the Company to the Investment Manager of such number of Performance Fee Shares, rounded down to the nearest whole number, as is determined by dividing the relevant Performance Fee by the Average Closing Price for the applicable period relating to that issue of Performance Fee Shares (such Average Closing Price being determined by reference to the period of twenty Madrid business days immediately prior

to the business day immediately preceding the date of the invoice from the Investment Manager in respect of such Performance Fee). The Company may opt to recognize the accrued Performance Fee as a credit to be capitalised and therefore satisfied in Performance Fee Shares issued as a result of such capitalisation.

The Performance Fee Shares to be issued or sold to the Investment Manager shall be issued or sold on the date on which the Performance Fee becomes due and payable and shall be subject to a lock-up period of three years, during which time there shall be no disposal of the Performance Fee Shares by the Investment Manager, except that such lock-up shall not apply: (i) to a disposal of Performance Fee Shares effected to fund the payment or discharge by the Investment Manager of any liability to tax arising in connection with its receipt or acquisition of Performance Fee Shares and/or other Performance Fee Shares issued to the Investment Manager as part of the discharge of the Performance Fee; (ii) to a disposal of Performance Fee Shares in connection with a takeover or sale of the Company that is recommended by the Board or if the Investment Manager is required by law to dispose of such Performance Fee Shares; or (iii) following the termination of the Investment Manager Agreement by the Company (save in the case when the Company has elected to terminate by reason of a material breach by the Investment Manager of a term of the Investment Manager Agreement), or due to a Company's material breach or insolvency event or due to other termination events which are not under the Investment Manager's sole control.

Any distributions or dividends attributable to Performance Fee Shares held by the Investment Manager declared and paid during the lock-up period shall be paid to and for the benefit of the Investment Manager.

If the Company determines (acting reasonably and having due regard to any reasonable representations made by the Investment Manager) that issuing any or all of the Performance Fee Shares to the Investment Manager on any relevant date is materially prejudicial for the Company for any reason (including as a result of any applicable law which prevents the issue of Ordinary Shares on that date or if the issue of Ordinary Shares to the Investment Manager would result in (i) the Investment Manager being required to make a mandatory offer to the Company's Shareholders pursuant to the applicable Spanish takeover rules or other applicable law, or (ii) the Company or the Investment Manager breaching the applicable Spanish takeover rules, or (iii) the Investment Manager becoming beneficially entitled to or controlling, directly or indirectly, at least 10% of the share capital or voting rights in the Company (despite the Investment Manager having used reasonable endeavours to dispose of sufficient Performance Fee Shares, where permitted by law, to avoid this occurring), or (iv) the Company breaching any applicable listing rules), then the Company shall instead pay the Performance Fee to the Investment Manager in cash. Such cash will not be subject to any lock-up arrangement and will not be subject to any re-investment obligation in the Company's shares.

If any change in the Company's share capital arising from reorganisation, restructuring, scheme of reconstruction or arrangement, consolidation, subdivision, bonus issue, share buy-back or other capital reorganization or restructuring (a "**Capital Restructuring**") occurs during any year which the Company or the Investment Manager believes (acting reasonably) will change the calculation or the amount of the Performance Fee (if any) payable in respect of that or any subsequent year having regard to the terms of the Investment Manager Agreement and (to the extent it is applicable) the basis of calculation of the Performance Fee, the Company and the Investment Manager shall negotiate in good faith to agree an appropriate adjustment to the calculation of the Performance Fee payable in respect of that or any subsequent year. If a dispute or difference arises between the Company and the Investment Manager in relation to the effect (if any) of a Capital Restructuring on any calculation of the Performance Fee and/or in relation to what adjustment (if any) is appropriate, which they cannot resolve by mutual agreement within two months of the matter first being notified by one party to the other in writing, the matter shall be referred to an independent expert for determination.

As of the date of this Prospectus the Investment Manager has received the following fees from the Company:

Concept	Amount 2014	Amount 1Q 2015
---------	-------------	----------------

Concept	Amount 2014	Amount 1Q 2015
	<i>(in thousands of €)</i>	
Base Fee	€2,083	€1,001
Performance Fee <sup>(1)</sup>	-	-
<i>Performance Fee Shares</i>	-	-
<b>Total</b>	<b>€2,083</b>	<b>€1,001</b>

(1) The Investment Manager has not received a Performance Fee as of the date of this Prospectus.

#### *Other Terms*

For a description of other terms of the Investment Manager Agreement, including the terms of exclusivity and co-investing rights and conflicts of interest, see section 11.1 of Part XVIII (“*Additional Information*”).

### **12.3 Other directorships and partnerships**

Save as set out below and except for directorships in companies of the Investment Manager group, or otherwise participated by the Investment Manager, members of the Management Team have not held any directorships of any company, other than the Company or any of its fully-owned subsidiaries, or been a partner in a partnership, at any time in the five years prior to the date of this Prospectus.

Management Team member	Current Directorships	Previous Directorships
Mr. Luis Pereda	Barceló Hoteles (Independent Advisor), Calle Puebla, S.L.	Eurohypo AG (International Advisory Board)
Mr. Miguel Pereda	Villamagna, S.A. (Chairman) and Fomento del Entorno Natural, S.L. (CEO)	—
Mr. Jorge Pérez de Leza	—	—
Mr. Miguel Ángel González	—	—
Mr. José Manuel Llovet	—	—
Mr. Arturo Perales	—	—

Within the period of five years preceding the date of this Prospectus, none of the members of the Management Team:

- has had any convictions in relation to fraudulent offences;
- has been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a director or senior manager; or
- has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

## 13. PART XIII: THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

### 13.1 Directors and Officers

#### 13.1.1 Directors

The business of the Company is managed by the Directors, each of whose business address is Rosario Pino 14-16, 28020 Madrid, Spain.

The members of the Company's Board and their positions are as follows:

Name	Position	Date appointed	Date of expiration
Mr. José Luis del Valle	Non-Executive Independent Chairman	5 February 2014	5 February 2017
Mr. Pedro Luis Uriarte	Non-Executive Independent Director	5 February 2014	5 February 2017
Mr. Alec Emmott	Non-Executive Independent Director	5 February 2014	5 February 2017
Mr. Roger M. Cooke	Non-Executive Independent Director	5 February 2014	5 February 2017
Mr. Miguel Pereda	Non-Executive Proprietary Director	5 February 2014	5 February 2017

There are no Executive Directors of the Company. The (non-Director) Secretary of the Board is Mr. Juan Gómez-Acebo.

Under the By-Laws, Directors are appointed for a term of three years, which may be renewed by Shareholders. However, under the Spanish Companies Act, Directors holding office for a consecutive period of more than 12 years cannot qualify as independent Directors.

There are no family relationships between any of the Directors or other relationships, as set out in the Spanish Companies Act, which could be perceived to compromise the independence of Mr. José Luis del Valle, Mr. Pedro Luis Uriarte, Mr. Alec Emmott and Mr. Roger M. Cooke. Mr. Miguel Pereda is the Investment Manager's nominee pursuant to the Investment Manager Agreement.

Brief biographical details of the Directors, all of whom are non-executive, are as follows:

#### *Mr. José Luis del Valle*

Mr. del Valle has a very wide career in the banking and energy sector. From 1988 until 2002, Mr. del Valle held different positions in Banco Santander, one of the largest banks in Spain. In 1999 he was appointed Executive Vice President and Chief Financial Officer of the bank (1999-2002). He subsequently served as Chief Strategy and Research Officer of Iberdrola, one of the leading energy companies in Spain (2008-2010), Chief Executive Officer of Scottish Power (2007-2008), Chief Strategy and Research Officer of Iberdrola (2008-2010) and Advisor to the Chairman of wind turbine manufacturer Gamesa (2011-2012). Mr. del Valle is currently Chairman of the Board of GES – Global Energy Services, a leading independent service provider of construction, operations and maintenance services to the global renewable energy industry and a member of the Accenture Global Energy Board. Mr. del Valle holds a Mining Engineering degree from Universidad Politécnica (Madrid), with number one ranking of his class, and a Master of Science and Nuclear Engineering from the Massachusetts Institute of Technology (Boston). He also holds an MBA with High Distinction from Harvard Business School (Boston).

#### *Mr. Pedro Luis Uriarte*

Mr. Uriarte has a long professional career. From 1975 to 2001 he held different positions in BBVA, one of the largest banks in Spain, such as Vice Chairman both in BBV and BBVA. He was appointed CEO of BBV in 1994. He served as Deputy Chairman of the board of Telefonica, the leading Spanish telecom company. Mr. Uriarte was appointed Regional Minister of Economy and Finance of the Basque Country government in 1980. In 2007 he founded and headed Innobasque, the Basque



Innovation Agency. He is currently Executive Chairman of “Economía, Empresa, Estrategia, S.L.”, a strategic consultancy firm, and sits on several different companies’ boards of directors or advisory boards. He is also Deputy Chairman of Bilbao Civil Council and has been a member of the board of UNICEF Spain. Mr. Uriarte holds a Business and Law degree from Deusto University (Bilbao) and is a member of the Board and Executive Committee of Deusto Business School and has been honoured with many relevant professional accolades such as the “Gran Cruz al Mérito Civil” (Spanish government) in 2002 and “Manager of the Year” (Spanish Confederation of Managers & Executives – CEDE) in 2011.

*Mr. Alec Emmott*

Mr. Emmott has a wide career in the listed and unlisted real estate sector in Europe, and is based in Paris. He served as CEO of Société Foncière Lyonnaise (SFL) from 1997 to 2007 and subsequently as senior advisor to SFL until 2012. He is currently the Principal of Europroperty Consulting, and since 2011, is a Director of CeGeREAL S.A. (representing Europroperty Consulting). He is also member of the advisory committee of Weinberg Real Estate Partners (WREP I and II), Cityhold AP and MITSUI FUDOSAN. He has been a member of the Royal Institution of Chartered Surveyors (MRICS) since 1971. Mr. Emmott holds an MA from Trinity College at Cambridge.

*Mr. Roger M. Cooke*

Mr. Cooke is an experienced professional with more than 30 years of experience in the real estate sector. Mr. Cooke joined Cushman & Wakefield in 1980 in London where he had a role in drafting valuation standards (Red Book). Since 1995 until the end of 2013, he served as General Director of Cushman & Wakefield Spain, leading the company to attain a leading position in the sector. Mr. Cooke holds an Urban Estate Surveying degree from Trent Polytechnic University (Nottingham, UK) and is currently President of the British Chamber of Commerce in Spain and a Fellow of the Royal Institution of Chartered Surveyors (FRICS). Since May 2014, Mr. Cooke has been a Senior Advisor at Ernst & Young.

*Mr. Miguel Pereda*

Mr. Pereda has a long executive career, of over 25 years, in the real estate sector. Mr. Pereda was appointed Co-CEO of Grupo Lar in 2007. He was previously the CEO of Grupo Lar Grosvenor for six years. Mr. Pereda has a Business degree from Complutense University in Madrid and an MBA from IE (Madrid), and has completed a management program for senior executives from IMD and a Real Estate program at Harvard University. Mr. Pereda is a member of the Pereda Family, which owns a controlling stake in the Investment Manager.

### *13.1.2 Officers*

The day to day running of the Company is managed by the Officers, each of whose business address is Rosario Pino 14-16, 28020 Madrid, Spain. The aggregate remuneration paid to the Officers for the 11 months and 14 days ended 31 December 2014 was €93,000. The aggregate remuneration paid to the Officers in the three months ended 31 March 2015 amounted to €83,000.

The Company’s Officers and their positions are as follows:

*Mr. Sergio Criado*

Mr. Sergio Criado is the Chief Financial Officer of the Company. Mr. Sergio Criado was appointed Financial Director of Grupo Lar for Spain and Portugal in 2006, covering the areas of residential, second-home, industrial and office properties. Mr. Sergio Criado studied Business at UAH (Madrid), holds an MBA from Instituto de Estudios Bursátiles (IEB) and has over 14 years of experience in different positions in the financial and real estate sectors.

*Mr. Jon Armentia*

Mr. Jon Armentia is the Corporate Manager of the Company. Mr. Jon Armentia was appointed Financial Director of Grupo Lar in 2006, covering the area of retail properties. Previously he worked in Deloitte (formerly Arthur Andersen) for four years. Mr. Jon Armentia has a Bachelor Degree in

Business Management and Administration from Universidad de Navarra and has over 12 years of experience in audit, finance and real estate.

*Ms. Susana Guerrero*

Ms. Susana Guerrero is the Legal Manager of the Company. Ms. Susana Guerrero joined Lar España in November 2014. Previously she worked as a corporate and M&A lawyer at Uría Menéndez for 10 years. Ms. Susana Guerrero studied law at the Complutense University in Madrid and has an LLM in business law from Instituto de Empresa (IE).

### 13.2 Conflicts of interest

Subject to certain exceptions, the Spanish Companies Act and the By-Laws generally prohibit Directors from voting at Board meetings or meetings of committees of the Board on any resolution concerning a matter in which they have a direct or indirect interest which is material, or a duty which conflicts or may conflict with the interests of the Company. Directors may not be counted in the quorum in relation to resolutions on which they are not entitled to vote.

The Investment Manager is effectively controlled by members of the Pereda Family, which includes two members of the Management Team, Mr. Luis Pereda and Mr. Miguel Pereda, who are also directors of the Investment Manager. In addition, Mr. Miguel Pereda is a member of the Company's Board.

The Company's Chairman (Mr. José Luis del Valle) and each of Mr. Pedro Luis Uriarte, Mr. Alec Emmott and Mr. Roger M. Cooke are independent with respect to each of the Company and the Investment Manager.

The rules of conflicts of interests and related transactions set forth in the Spanish Companies Act also apply to the Officers of the Company.

### 13.3 Interests of the Directors and Officers in share capital

As of 15 July 2015 (being the latest practicable date prior to the registration of this Prospectus with the CNMV) the Directors of the Company held the following interests in the share capital of the Company:

Name	Direct Interest		Indirect Interest		Total	
	Voting rights	%	Voting rights	%	Voting rights	%
Mr. José Luis del Valle	-	-	5,000	0.012	5,000	0.012
Mr. Pedro Luis Uriarte	24,500	0.061	-	-	24,500	0.061
Mr. Alec Emmott	500	0.001	-	-	500	0.001
Mr. Roger M. Cooke	-	-	-	-	-	-
Mr. Miguel Pereda(1)	-	-	-	-	-	-

(1) As explained below, Mr. Miguel Pereda is a shareholder of the Investment Manager, which holds 3.00% of the issued share capital of the Company.

As of 15 July 2015 (being the latest practicable date prior to the registration of this Prospectus with the CNMV), the Investment Manager held 1,200,900 Ordinary Shares representing 3.00% of the issued share capital of the Company. Grupo Lar is controlled by the Pereda Family. Two of the six members of the Management Team (Mr. Luis Pereda and Mr. Miguel Pereda) are members of the Pereda Family and, therefore, shareholders of the Investment Manager. In addition, Mr. Luis Pereda and Mr. Miguel Pereda are, respectively, the Executive Chairman and Co-CEO of Grupo Lar. Mr. Miguel Pereda is also a member of the Company's Board.

As of 15 July 2015 (being the latest practicable date prior to the registration of this Prospectus with the CNMV) the Officers of the Company held the following interests in the share capital of the Company:

Name	Direct Interest		Indirect Interest		Total	
	Voting rights	%	Voting rights	%	Voting rights	%
Mr. Sergio Criado	-	-	-	-	-	-
Mr. Jon Armentia	-	-	-	-	-	-
Mrs. Susana Guerrero	500	0.001	-	-	500	0.001

### 13.4 Remuneration arrangements

Pursuant to the By-Laws and the regulations of the Board, Directors, as members of the Board of the Company, shall be entitled to receive remuneration for the performance of their duties consisting of a fixed annual amount per Director to be set by the general meeting of shareholders. The Shareholders can also decide when or for what reason such amount can be reviewed and/or updated periodically. In addition, Board members will receive appropriate compensation for their travel expenses arising from attendance at meetings of the Board and the committees to which they belong. The Investment Manager shall be responsible for remunerating the Company's officers and employees who are hired upon the proposal of the Investment Manager (whose remuneration shall be deducted from the Base Fee). No Director appointed as a nominee of the Investment Manager to the Board shall be paid any fee or remuneration by the Company for his or her services as a non-executive Director.

In addition, those Directors who render services as directors in any of the Company's non-wholly owned subsidiaries, representing the Company, may receive an additional remuneration which will depend on whether the Company has or not a controlling stake in said subsidiary.

Below is information on the remuneration received by each Director for the 11 months and 14 days ended 31 December 2014 and the remuneration expected to be paid by the Company to such Directors in the twelve months ended 31 December 2015:

Name	Fixed annual amount		Other remuneration		TOTAL	
	2014	2015	2014	2015	2014	2015
Mr. José Luis del Valle	60,000	90,000	-	15,000 <sup>(1)</sup>	60,000	105,000
Mr. Pedro Luis Uriarte	50,000	60,000	-	15,000 <sup>(1)</sup>	50,000	75,000
Mr. Alec Emmott	50,000	60,000	-	15,000 <sup>(1)</sup>	50,000	75,000
Mr. Roger M. Cooke	50,000	60,000	-	35,000 <sup>(1)(2)</sup>	50,000	95,000
Mr. Miguel Pereda	-	-	-	-	-	-

(1) Additional remuneration paid to those Directors who participate in any of the Company's committees.

(2) Additional remuneration paid for holding a position in the board of Inmobiliaria Juan Bravo 3, S.L., and Puerta Marítima Ondara, S.L.

The Secretary of the Board, Mr. Juan Gómez-Acebo, received €50,000 for the performance of his duties during 2014.

### 13.5 Directors' and Officers' letters of appointment

The Directors do not have service contracts. Each Director has the same general legal responsibilities to the Company as any other Director of the Company and the Board of the Company as a whole is collectively responsible for the overall success of the Company.

No compensation is payable to any of the Directors nor any of the Officers in the event of the lawful termination of his or her appointment.

### 13.6 Other directorships and partnerships

Save as set out below and except (in the case of Mr. Miguel Pereda) for directorships in companies of the Investment Manager group, the Directors have not held any directorships of any company, other than the Company or any of its fully-owned subsidiaries, or been a partner in a partnership, at any time in the five years prior to the date of this Prospectus.

Name	Current Directorships	Previous Directorships
Mr. José Luis del Valle	GES – Global Energy Systems	Essentium Grupo
Mr. Pedro Luis Uriarte	Técnicas Reunidas, S.A., La Rioja Alta, S.A., Panda Security, S.L., Nanotechnology Investment Group, S.L., Penja Strategy, S.L., Grupo Barceló, SARquavita, TRYO Technologies and Economía, Empresa, Estrategia, S.L.	Tubacex, S.A., Idom, S.A. and Sistemas Técnicos de Encofrados, S.A. (STEN)
Mr. Alec Emmott	Europroperty Consulting and CeGeREAL S.A.	Silic SA and Catella France
Mr. Roger M. Cooke	Inmobiliaria Juan Bravo 3, S.L. (Chairman), Lavernia Investments, S.L. (Chairman), and Puerta Marítima Ondara, S.L.	Cushman & Wakefield LLP
Mr. Miguel Pereda	Villamagna, S.A. (Chairman) and Fomento del Entorno Natural, S.L. (CEO)	Gentalia 2006, S.L.

In addition, within the period of five years preceding the date of this Prospectus, Mr. Miguel Pereda has been a director of the following companies, which have gone into voluntary insolvency proceedings: Grupo Lar Imobiliare 3, SRL (Romania) and Grupo Lar Dritte GmbH (Germany). Within the period of five years preceding the date of this Prospectus, Mr. Miguel Pereda has been a director of the companies GLH ilka, Kft and GLH Saju, Kft (Hungary), which are being liquidated. All of the companies referred to in this paragraph are subsidiaries of Grupo Lar.

As of the date of this Prospectus, the Officers have not held any directorships of any company, other than the Company's subsidiaries, the Investment Manager or companies within the Investment Manager group, or been a partner in a partnership, at any time in the five years prior to the date of this Prospectus, except for Sergio Criado who was appointed board member of Inmoberica de Gestión, S.L. from January 2011 to February 2014.

Within the period of five years preceding the date of this Prospectus, and save as disclosed above, none of the Directors or Officers:

- has had any convictions in relation to fraudulent offences;
- has been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a director or senior manager; or
- has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

Pursuant to the Investment Manager Agreement, for so long as the Board of the Company is comprised of five or fewer Directors, the Investment Manager is entitled to nominate one person as a non-executive Director of the Company. For so long as the Board is comprised of more than five persons, the Investment Manager is entitled to nominate up to two non-executive Directors. Mr. Miguel Pereda is the Investment Manager's nominee pursuant to the Investment Manager Agreement.

Pursuant to the Investment Manager Agreement, the Chairman of the Board shall be entitled to request the attendance of the Chairman of the Investment Manager to meetings of the Board and the Chairman of the Investment Manager shall attend such meetings when so required, unless there is a material cause impeding such attendance. The Company's By-Laws and the Board's regulations permit and regulate such attendance commitment.

Save as discussed above, there are no arrangements or understandings with major shareholders, members, suppliers or others pursuant to which any Director was selected.

### **13.7 Corporate governance and Board practices**

#### *13.7.1 Corporate governance for the Company*

The Board supports high standards of corporate governance and the development of corporate governance policies and procedures in compliance with the requirements of the Spanish Corporate Governance Code.

As set forth in the Annual Corporate Governance Report for 2014, available in the Company's website ([www.larespana.com](http://www.larespana.com)), the Company complies with most of the recommendations of good governance contained in the Code of Good Governance for Listed Companies approved by the CNMV on 18 February 2015. Action has been taken by the Company to comply with the remaining recommendations in the following periods. The remaining recommendations to be complied with are the following:

- The By-Laws do not grant the Board of Directors the power to evaluate senior officers and the Directors' remuneration and, in the case of executive directors, any additional compensation for their management duties and other contractual obligations.
- With regards to the vacancies in the Board of Directors and the recommendation to carry out a recruitment process that has no implicit bias against women candidates, the Remuneration and Nomination Committee has not been able to comply with this recommendation because there have been no vacancies since the incorporation of the Company in January 2014.
- The Company has not established rules regarding the number of directorships that their Board members can hold.
- The Nomination and Remuneration Committee does not have all the powers set forth in the Spanish Corporate Governance Code, but they are expected to be granted such powers in the next draft of the Board of Directors Regulations.

#### *13.7.2 The Board*

The Spanish Companies Act provides that a company's board of directors is responsible for the management, administration and representation of a company in all matters concerning the business of the company, subject to the provisions of the company's by-laws and the powers conferred by shareholders' resolutions.

The By-Laws and the regulations of the Board provide for a Board consisting of between five and 15 members. Directors are elected by the Shareholders to serve for a term of three years and may be re-elected to serve for an unlimited number of terms (this notwithstanding, Directors holding office for a consecutive period of more than 12 years cannot qualify as independent Directors) A Director may resign or be removed from office at the recommendation of the Board at a general meeting of shareholders. However, the Board of the Company can only make such recommendation in the case of an independent Director if it is a "for cause dismissal" where, for example, a Director has breached an applicable corporate governance recommendation or has not fulfilled his or her duties or when he/she no longer complies with the definition of independent Director.

As at the date of this Prospectus, there are five Directors on the Board, all of whom are non-executive Directors. Mr. José Luis del Valle (the Chairman), Mr. Pedro Luis Uriarte, Mr. Alec Emmott and Mr. Roger M. Cooke are each considered independent pursuant to the Spanish Companies Act. Mr. Miguel Pereda is not considered to be independent as he is the Investment Manager's nominee pursuant to the Investment Manager Agreement. Pursuant to the Investment Manager Agreement, for so long as the

Board of the Company is comprised of five or fewer Directors, the Investment Manager is entitled to nominate one person as a non-executive Director of the Company. For so long as the Board is comprised of six or more Directors, the Investment Manager is entitled to nominate up to two non-executive Directors.

The Board of the Company is responsible for the management and establishes the strategic, accounting, organizational and financing policies of the Company. The By-Laws provide that the Chairman of the Board shall be elected from among the members of the Board by the members of the Board. The Board appoints the senior management team and the authorized signatories and supervises the operations of the Company. Moreover, the Board is entrusted with preparing shareholders' meetings and carrying out their resolutions.

The Directors are also responsible for the determination of the investment policy of the Company and have overall responsibility for overseeing the performance of the Investment Manager and the Company's activities. The Company has entered into an Investment Manager Agreement with the Investment Manager, pursuant to which, among other things, the Investment Manager is required to produce a business execution plan, the Business Plan, for the Company setting forth the Investment Manager's strategy for the provision of its services under the Investment Manager Agreement and the management of the properties held or acquired by the Company for rental purposes. While the Investment Manager Agreement provides for annual Business Plans to be prepared each year, the Company's current Business Plan covers five years and is updated and reviewed by the Board on an ongoing basis rather than annually. The Investment Manager has full discretionary authority to enter into transactions for and on behalf of the Company subject to certain matters which require the consent of the Board.

The By-Laws provide that the Board of the Company meet as frequently as necessary to effectively execute its duties and whenever its Chairman deems appropriate, and in any event, at least once every four months. In addition, the Board must meet when required to do so by Directors representing at least one third of its members. The By-Laws provide that a majority of the members of the Board (represented in person or by proxy by another member of the Board) constitutes a quorum. Resolutions of the Board are passed by a majority of the Directors present or represented at a Board meeting unless otherwise indicated in applicable laws or the By-Laws or the regulations of the Board.

The Board must meet at least four times in each calendar year and all Directors are to be given full and timely access to the information necessary to assist them in the performance of their duties. Since the listing of the Company on the Spanish Stock Exchanges on 5 March 2014, the Board has held 15 meetings in 2014 and six meetings in 2015. As a general rule, an agenda and Board papers are circulated to the Directors in advance of Board meetings to allow them an adequate opportunity for review and preparation for Board meetings. The Company's Secretary will be responsible for ensuring Board procedures are followed and all Directors have access to his advice and services. Where they judge it appropriate, all Directors shall have access to independent professional advice at the expense of the Company.

Any Director co-opted to the Board by the Directors will be subject to election by the Shareholders at the first annual general shareholders' meeting after his/her appointment and, pursuant to the By-Laws, all Directors are subject to dismissal decision at any shareholders' meeting of the Company.

The Investment Manager is entitled to require the Board to propose to the general shareholder's meeting to remove or replace any such person whom it has nominated as a member of the Board, provided that in the case of any such removal, the Investment Manager shall indemnify and hold harmless the Company (and any member of its group) against any and all costs, losses, liabilities and/or expenses suffered by the relevant company in connection with such removal. No Director appointed as a nominee of the Investment Manager to the Board shall be paid any fee or remuneration by the Company for his or her services as a non-executive Director.

In the performance of its duties, the Board is committed to maintaining a good understanding of the views of Shareholders and considerable importance is given to communicating with Shareholders. Regular contact is kept with institutional investors and presentations are given by members of the Management Team on the release of the Company's annual and interim results.

Pursuant to the Investment Manager Agreement, the Chairman of the Board shall be entitled to request the attendance of the Chairman of the Investment Manager to meetings of the Board and the Investment Manager shall procure that the Chairman of the Investment Manager shall attend such meetings when so required, unless there is a material cause impeding such attendance. The Company's By-Laws and the Board's regulations permit and regulate such attendance commitment.

Directors are expected to attend all Board meetings and the general shareholders' meeting of the Company.

Details of the remuneration of Directors are set out at section 5 above.

### *13.7.3 Board Committees of the Company*

Pursuant to the By-Laws, the Board has established an audit and control committee (the “**Audit and Control Committee**”), and a remuneration and nomination committee (the “**Remuneration and Nomination Committee**”). All members of the Audit and Control Committee and of the Remuneration and Nomination Committee must be non-executive Directors, but they are not required to be independent Directors except as described below.

#### *Audit and Control Committee*

The Audit and Control Committee is responsible for:

- supervising the calculation of the fees received by the Investment Manager for performance of its duties;
- reporting to the general shareholders' meeting regarding questions posed by Shareholders that fall within the scope of its authority;
- supervising the effectiveness of internal control system of the Company, as well as its risk management systems;
- together with the statutory auditors, analysing significant weaknesses of the internal control system detected during conduct of an audit;
- supervising the process of preparation and presentation of regulated financial information;
- making proposals to the Board of Directors for submission to the general shareholders' meeting concerning the appointment of statutory auditors, in accordance with applicable legislation;
- supervising the activity of the Company's internal audit function;
- liaising with the statutory auditors in order to receive information, for examination by the Audit and Control Committee, on matters that may jeopardise their independence and any other matters relating to the audit process and any other communications provided for in audit legislation and other audit regulations. In any event, on an annual basis the Committee must receive from the statutory auditors written confirmation of their independence vis-à-vis the Company or entities directly or indirectly related to it, in addition to information on additional services of any kind rendered to these entities by the aforementioned statutory auditors, or persons or entities related to them, as provided in the audit legislation;
- issuing annually, prior to the audit report, a report containing an opinion on the independence of the statutory auditors. This report must, in all cases, express an opinion about the provision of the additional services referred to above;
- appointing and supervising the services of external appraisers in relation to the appraisal of the Company's assets;
- reporting, prior to the Board of Directors meetings, on all matters contemplated in the law, the By-laws and the Board of Directors Regulations, in particular regarding: (i) the financial information the Company is to publish periodically; (ii) the creation or acquisition of interests in special-purpose vehicles or entities domiciled in countries or territories that are considered to be tax havens; and (iii) transactions with related parties; and

- any others given to it by the Board of Directors in its corresponding regulations.

The Audit and Control Committee must have a minimum of three and a maximum of five members, who are appointed by the Board following proposals from the Remuneration and Nomination Committee. Only external or non-executive Directors can form part of the Audit and Control Committee. The majority of its members must be independent Directors. Members of the Audit and Control Committee serve for a term of up to three years and may be re-elected to serve for an unlimited number of terms of the same duration.

The chairman of the Audit and Control Committee can serve a term of up to three years, after which he or she may not be re-elected until a year after the end of that appointment. Members of the Audit and Control Committee, and specially its chairman, must be appointed due to their knowledge of and experience in accounting, audit matters or risk management. The role of secretary of the Audit and Control Committee will be carried out by the Secretary of the Board.

In accordance with the By-Laws and the regulations of the Board, the Audit and Control Committee must meet every three months to review periodic financial information to be submitted to the relevant regulatory authorities as well as any information which the Board must approve to be included in the annual accounts. Any member of the Audit and Control Committee can also request that a meeting be held. In 2014, the Audit and Control Committee held five meetings and in 2015, three meetings.

The chairman of the Audit and Control Committee may also call a meeting, and he or she must do so on request of the Board or its Chairman, anytime it is necessary to approve a proposal, or when required to perform its role. A meeting of the Audit and Control Committee will be quorate if a majority of the members are present or represented, and resolutions will also be passed by a majority vote. The chairman of the Audit and Control Committee will have a casting vote.

Minutes of the meetings of the committee must be prepared and passed on to the Board.

The members of the Audit and Control Committee are Mr. José Luis del Valle (chairman of the committee), Mr. Pedro Luis Uriarte and Mr. Miguel Pereda. Mr. José Luis del Valle was appointed due to his knowledge of and experience in accounting, audit matters and risk management. Mr. Juan Gómez-Acebo is the secretary of the committee.

#### *Remuneration and Nomination Committee*

The Remuneration and Nomination Committee is responsible for:

- evaluating the skills, knowledge and experience required on the Board. For these purposes, it will define the functions and skills required of candidates that are to fill each vacancy and will evaluate the time and dedication necessary for them to be able to effectively perform their duties;
- establishing a goal for representation of women on the Board, and developing guidance on how to achieve that goal;
- making proposals to the Board of independent Directors to be appointed by co-option or for submission to decision by the general meeting of shareholders, and proposals for re-election or removal of Directors by the general shareholders' meeting;
- reporting on proposals for the appointment of the other Directors to be appointed by co-option or for submission to decision by the general shareholders' meeting, and proposals for their re-election or removal by the general shareholders' meeting;
- reporting on proposals for appointment and removal of senior managers and the basic terms of their contracts;
- examining and organising the succession of the Chairman of the Board and the chief executive of the Company and, if appropriate, making proposals to the Board so that that succession will occur in an orderly and planned manner;
- proposing to the Board the remuneration policy for Directors and general managers or those performing senior management functions under the direct supervision of the Board, executive



committees or managing Directors, as well as the individual remuneration and other contractual conditions of inside Directors, ensuring compliance therewith; and

- performing any other duties required by applicable law, the By-laws and regulations.

The Remuneration and Nomination Committee must have a minimum of three and a maximum of five members. The members must be external or non-executive Directors, appointed by the Board following recommendations from the Chairman of the Board. The majority of its members must be independent Directors.

Directors who are members to the Remuneration and Nomination Committee carry out their role while they still hold the position of Director, unless otherwise agreed by the Board. The re-appointment, re-election or termination of the appointment of a member of the Remuneration and Nomination Committee must be in accordance with what was agreed by the Board. At least one of the members of the Remuneration and Nomination Committee must have the knowledge, skills and experience adequate to carry out their duties. The Secretary of the Board, who will have no voting rights, must be the secretary of the Remuneration and Nomination Committee.

The Remuneration and Nomination Committee must meet at least once a year. The committee must also meet at the request of one of its members, and at the request of its Chairman. The chairman of the Remuneration and Nomination Committee must convene a meeting if so asked by the Board of the Company or if the Chairman requires a report or needs to adopt a proposal and as often as is necessary for the Remuneration and Nomination Committee to perform its role effectively. In 2014, five meetings were held and in 2015 only one meeting has been held so far.

A meeting of the Remuneration and Nomination Committee is quorate if a majority of the members are present or represented, and resolutions will be passed by majority voting. The Chairman of the Remuneration and Nomination Committee has a casting vote. The committee must keep minutes of its meetings and circulate them to the members of the Board.

The members of the Remuneration and Nomination Committee are Mr. Roger Cooke (Chairman of the committee), Mr. Alec Emmott and Mr. Miguel Pereda. Mr. Roger Cooke was elected due to his knowledge, skills and experience in remuneration matters. Mr. Juan Gómez-Acebo is the secretary of the committee.

#### *13.7.4 Internal controls*

The Board is responsible for overseeing the efficiency of the system of internal control and risk management maintained by the Investment Manager on behalf of the Company, in order to safeguard the Company's assets. Such a system is designed to identify, manage and mitigate financial, operational and compliance risks inherent to the Company. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

## 14. PART XIV: HISTORICAL FINANCIAL INFORMATION

The tables below set forth the Company's selected consolidated statement of financial position, consolidated income statement and other financial data for the periods indicated. The selected financial information should be read in conjunction with section 6 of Part X ("*Information on the Company*") and the Consolidated Financial Statements incorporated by reference in this Prospectus.

The Company was incorporated and registered in Spain on 17 January 2014 pursuant to the Spanish Companies Act as a public limited company (a *sociedad anónima* or S.A.). However, it did not commence business operation until the completion of its initial public offering, and related capital raising and listing on the Spanish Sock Exchanges, in March 2014. As of 31 March 2015, the Company owned a Portfolio of 14 commercial real estate properties located in Spain, which fit into the following categories: shopping centres, offices and logistics, and one residential real estate property in Spain. Since 31 March 2015 we have acquired the following properties: As Termas, Alovera III, Alovera IV, Almussafes, Hypermarket Ondara and Joan Miro. See section 5 of Part X ("*Information on the Company*") and section 11 of Part XI ("*Management's Discussion and Analysis of Financial Condition and Results of Operations*").

Given the Company's limited operating history, investors are cautioned against drawing any inferences from the Consolidated Financial Statements and/or other financial data included in or incorporated by reference to this Prospectus. The results for 2015 as a whole and future years will depend upon the Company's ability to derive value from the properties acquired so far and from the Company's future investments, the Spanish economic environment and other factors described elsewhere in this Prospectus. See Part X ("*Information on the Company*") and Part II ("*Risk Factors*"). In addition, although most of the properties purchased by the Company have been in operation for a number of years, there is limited historical financial data available to the Company in respect of these properties, the tenants occupying them and the historical rental income and costs relating to them for periods prior to the Company's ownership of the properties. In acquiring these properties the Company placed somewhat greater emphasis on what it believed to be opportunities for capital appreciation and less on historical revenue and cost considerations.

Furthermore, the financial information included or incorporated by reference in this Prospectus is not intended to comply with the reporting requirements of the US Securities and Exchange Commission. Compliance with such requirements would generally require the presentation of pro forma financial information giving effect to certain significant acquisitions we have made since our incorporation. While the Prospectus includes information on the properties currently comprising our Portfolio in section 5 of Part X ("*Information on the Company*"), including the purchase price, and the Valuation Reports include valuation information on each property (except for the Joan Miró offices and the Portal de la Marina hypermarket, which were acquired in June 2015, and El Rosal shopping centre which was acquired in July 2015), there is limited financial information in respect of the revenues and expenses generated by the Company's current Portfolio. In addition, since we intend to continue expanding our Portfolio in the future, the information included herein regarding our current Portfolio may not be indicative of our future business, financial condition or results of operations. The timing of our acquisition of real estate properties and any delays in when such properties begin to generate rental income may affect our revenue and operating profit, which may make comparisons between periods difficult.

References in this section to "year ended 31 December 2014" refer to the 11 months and 14 days ended 31 December 2014.

### 14.1 Statement of financial position

	31 December 2014 (in thousands of €)	31 March 2015 (unaudited and in thousands of €)	Dif (%)

<b>NON-CURRENT ASSETS</b>	<b>379,922</b>	<b>432,105</b>	<b>13.74%</b>
Investment property	357,994	358,250	0.07%
Equity-accounted investees	18,087	20,214	11.76%
Loans to equity-accounted investees	-	50,000	-
Non-current financial assets	3,841	3,641	(5.21)%
<b>CURRENT ASSETS</b>	<b>57,233</b>	<b>175,447</b>	<b>206.55%</b>
Inventories	2,843	2,843	0.00%
Trade and other receivables	1,970	1,694	(14.01)%
Other current financial assets	32,032	6,995	(78.16)%
Other current assets	136	6,441	4,636.03%
Cash and cash equivalents	20,252	157,474	677.57%
<b>Total Assets</b>	<b>437,155</b>	<b>607,552</b>	<b>38.98%</b>

	<b>31 December 2014 (in thousands of €)</b>	<b>31 March 2015 (unaudited and in thousands of €)</b>	<b>Dif (%)</b>
<b>EQUITY</b>	<b>389,493</b>	<b>394,621</b>	<b>1.32%</b>
Capital	80,060	80,060	0.00%
Share premium	320,000	320,000	0.00%
Other reserves	(9,185)	(5,642)	(38.57)%
Retained earnings	3,456	3,818	10.47%
Treasury shares	(4,838)	(3,615)	(25.28)%
<b>NON-CURRENT LIABILITIES</b>	<b>42,809</b>	<b>201,066</b>	<b>369.68%</b>
Financial liabilities from issue of bonds and other marketable securities	-	138,098	-
Loans and borrowings	37,666	57,514	52.69%
Other non-current liabilities	5,143	5,454	6.05%
<b>CURRENT LIABILITIES</b>	<b>4,853</b>	<b>11,865</b>	<b>144.49%</b>
Financial liabilities from issue of bonds and other marketable securities	-	445	-

Loans and borrowings	156	5,155	3,204.49%
Other financial liabilities	-	1,665	-
Trade and other payables	4,697	4,600	(2.07)%
<b>Total Equity and Liabilities</b>	<b>437,155</b>	<b>607,552</b>	<b>38.98%</b>

The most significant variations in the statement of financial position have taken place in the following items due to the reasons described below:

- Equity-accounted investees: mainly due to the new investment in Project Juan Bravo (including the Juan Bravo land plot and Claudio Coello through Inmobiliaria Juan Bravo 3, S.L. and Lavernia Investments, S.L. respectively).
- Other current financial assets: due to the decrease in the deposit accounts of the Company.
- Other current assets: mainly due to a current account of Inmobiliaria Juan Bravo 3, S.L.
- Loans to equity-accounted investees: due to loans granted to jointly-controlled entities, including Lavernia Investments, S.L. and Inmobiliaria Juan Bravo 3, S.L.
- Cash and cash equivalents: mainly due to the Notes issued in February 2015.
- Other reserves: mainly due to the no distribution of the results of the period as of 31 December 2014. The distribution of the results was approved by the shareholders meeting on April 2015.
- Treasury shares: mainly due to the sale of treasury shares in the first quarter of 2015.
- Financial liabilities from issue of bonds: due to the Notes issued in February 2015.
- Loans and borrowings: mainly due to the new financing signed in January 2015 related to the acquisition of the Project Juan Bravo.

## 14.2 Income Statement

The Company is organised internally into operating segments, with four distinct lines of business: shopping centres (which comprises the rental of shopping centre and single-tenant commercial premises), office buildings (constituting the office rental business), logistics (the logistics bay rental business) and residential.

Year ended 31 December 2014 (in thousands of €)						
	Shopping Centres	Office Buildings	Logistics	Residential (equity accounted investees)	Headoffice and other	Total
<b>Revenues</b>	6,298	1,115	1,193	-	-	<b>8,606</b>
Other income	217	-	-	-	-	<b>217</b>
Employee benefits expenses	-	-	-	-	(108)	<b>(108)</b>
Other expenses	(2,772)	(374)	(125)	-	(3,960)	<b>(7,231)</b>
Changes in fair value of investment property	462	(27)	7	-	-	<b>442</b>
<b>RESULTS FROM OPERATING ACTIVITIES</b>	<b>4,205</b>	<b>714</b>	<b>1,075</b>	-	<b>(4,068)</b>	<b>1,926</b>

Year ended 31 December 2014 (in thousands of €)						
Finance income	-	-	-	-	2,391	<b>2,391</b>
Finance costs	(195)	(324)	-	-	-	<b>(519)</b>
Share in profit / (loss) for the period of equity-accounted companies	(342)	-	-	-	-	<b>(342)</b>
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>3,668</b>	<b>390</b>	<b>1,075</b>	-	<b>(1,677)</b>	<b>3,456</b>
<b>PROFIT FROM CONTINUING OPERATIONS</b>	<b>3,668</b>	<b>390</b>	<b>1,075</b>	-	<b>(1,677)</b>	<b>3,456</b>
Income tax expense	-	-	-	-	-	-
<b>PROFIT FOR THE PERIOD</b>	<b>3,668</b>	<b>390</b>	<b>1,075</b>	-	<b>(1,677)</b>	<b>3,456</b>
<b>BASIC EARNINGS PER SHARE (in €)</b>						0.09
<b>DILUTED EARNINGS PER SHARE (in €)</b>						0.09

Three months ended 31 March 2015 (unaudited and in thousands of €)						
	Shopping Centres	Office Buildings	Logistics	Residential (equity accounted investees)	Headoffice and other	Total
<b>Revenues</b>	<b>3,845</b>	<b>1,545</b>	<b>1,081</b>	-	-	<b>6,471</b>
Other income	109	21	-	-	-	130
Employee benefits expenses	-	-	-	-	(93)	(93)
Other expenses	(420)	(264)	(143)	-	(1,714)	(2,541)
Changes in fair value of investment property	-	-	-	-	-	-
<b>RESULTS FROM OPERATING ACTIVITIES</b>	<b>3,534</b>	<b>1,302</b>	<b>938</b>	-	<b>(1,807)</b>	<b>3,967</b>
Finance income	-	-	-	-	198	198
Finance costs	(58)	(156)	-	-	(610)	(824)

Three months ended 31 March 2015 (unaudited and in thousands of €)						
Share in profit / (loss) for the period of equity-accounted companies	612	-	-	(135)	-	477
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>4,088</b>	<b>1,146</b>	<b>938</b>	<b>(135)</b>	<b>(2,219)</b>	<b>3,818</b>
<b>PROFIT FROM CONTINUING OPERATIONS</b>	<b>4,088</b>	<b>1,146</b>	<b>938</b>	<b>(135)</b>	<b>(2,219)</b>	<b>3,818</b>
Income tax expense	-	-	-	-	-	-
<b>PROFIT FOR THE PERIOD</b>	<b>4,088</b>	<b>1,146</b>	<b>938</b>	<b>(135)</b>	<b>(2,219)</b>	<b>3,818</b>
<b>BASIC EARNINGS PER SHARE (in €)</b>						0.10
<b>DILUTED EARNINGS PER SHARE (in €)</b>						0.10

#### 14.2.1 Geographical breakdown

The below tables show our revenues and non-current assets per geographical segment for the year ended 31 December 2014 and for the three months ended 31 March 2015 and as of such dates, respectively:

Year ended 31 December 2014 (in thousands of €)				
Region	Revenues	%	Non-current assets	%
Basque Country	1,887	22	28,500	8
Catalonia	2,377	27	81,310	23
Castile La Mancha	2,070	24	86,961	24
Castile and Leon	776	9	12,000	3
Madrid	1,446	17	132,215	37
Cantabria	50	1	17,007	5
<b>TOTAL</b>	<b>8,606</b>	<b>100</b>	<b>357,994</b>	<b>100</b>

Three months ended 31 March 2015 (in thousands of €)				
Region	Revenues	%	Non-current assets	%
Basque Country	557	9	28,500	8
Catalonia	1,557	24	81,310	23

Three months ended 31 March 2015 (in thousands of €)				
Castile La Mancha	2,026	31	86,962	24
Castile and Leon	273	4	12,220	3
Madrid	1,739	27	132,252	37
Cantabria	319	5	17,007	5
<b>TOTAL</b>	<b>6,471</b>	<b>100</b>	<b>358,250</b>	<b>100</b>

### 14.3 Main financial figures and ratios

Financial Indicator	Year ended 31 December 2014	Three months ended 31 March 2015
Working capital (in thousands of €)	52,380	163,582
Liquidity ratio <sup>(1)</sup>	11.8	14.8
Solvency ratio <sup>(2)</sup>	1.1	1.4
Return on equity (ROE) <sup>(3)</sup>	0.89%	3.76%
Return on assets (ROA) <sup>(4)</sup>	0.79%	2.46%
EPRA earnings (in thousands of €) <sup>(5)</sup>	2,516	3,727
EPRA earnings per share (in €)	0.07	0.09
EPRA NAV (in thousands of €)	389,962	394,956
EPRA NAV per share (in €)	9.87	9.97
Total GAV (in thousands of €)	405,957	466,214

- (1) Refers to the Company's capacity to meet its obligations with liquid assets, calculated as the ratio between the Company's current assets and current liabilities.
- (2) Refers to the Company's financial capacity to meet its payment obligations with all the assets and resources available, calculated by dividing equity plus non-current liabilities by non-current assets.
- (3) Return on equity, calculated by dividing profit for the period by average equity. Profit for the first quarter of 2015 has been annualized.
- (4) Return on assets, calculated by dividing profit for the period by total assets. Profit for the first quarter of 2015 has been annualized.
- (5) Refers to the net income generated from the operational activities, which is an indicator of the underlying income performance generated from the leasing and management of the Portfolio. It is calculated by excluding the following from "profit for the period": (i) changes in fair value of investment properties, (ii) profit/losses on disposal of investment properties, (iii) profit/ losses on sales of trading properties, (iv) tax on disposals, (v) negative goodwill, (vi) changes in fair value of financial instruments, (vii) acquisition costs on share deals and non-controlling joint ventures interests, (viii) deferred tax in respect of EPRA adjustments and (ix) adjustments (i) to (viii) in respect of joint ventures.

	Year ended 31 December 2014 (in thousands of €)	Three months ended 31 March 2015 (in thousands of €)
<b>Profit for the period per IFRS-EU income statement</b>	<b>3,456</b>	<b>3,819</b>
Change in value of investment properties	(442)	-
Negative goodwill	(87)	-

	Year ended 31 December 2014 (in thousands of €)	Three months ended 31 March 2015 (in thousands of €)
Change in value of investment properties in associates	(353)	-
Change in fair value of financial instruments in associates	(58)	(91)
<b>EPRA EARNINGS</b>	<b>2,516</b>	<b>3,727</b>

#### 14.4 Cash flow statement

	Year ended 31 December 2014 (in thousands of €)	Three months ended 31 March 2015 (unaudited and in thousands of €)
Profit for the period	3,456	3,818
<b>Adjustments for:</b>	<b>(1,810)</b>	<b>31</b>
Profit / (loss) from adjustments to fair value of investment property	(442)	-
Finance income	(2,391)	(198)
Finance costs	519	824
Share in profit / (loss) for the period of equity- accounted investees	342	(477)
Impairment	162	(118)
<b>Change in working capital</b>	<b>(414)</b>	<b>(4,032)</b>
Inventories	(2,843)	-
Trade and other receivables	(2,132)	394
Trade and other payables	4,697	(79)
Other current assets	(136)	(6,305)
Other current liabilities	-	1,647
Other non-current assets and liabilities	-	311
<b>Other cash flows from operating activities</b>	<b>1,575</b>	<b>(539)</b>
Interest received	2,094	198
Interest paid	(519)	(737)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2,807</b>	<b>(722)</b>
Acquisition of equity-accounted associates	(18,429)	(1,650)
Acquisition of investment property	(357,552)	(256)
Acquisition of financial assets	(35,576)	(24,763)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(411,557)</b>	<b>(26,669)</b>
Proceeds from capital issue	390,879	-



	Year ended 31 December 2014 (in thousands of €)	Three months ended 31 March 2015 (unaudited and in thousands of €)
Payments for acquisition of treasury shares and own equity instruments	(4,842)	1,223
Proceeds from financial liabilities from issue of bonds and other marketable securities	-	140,000
Payments for financial liabilities from issue of bonds and other marketable securities	-	(1,457)
Proceeds from loans and borrowings	37,822	24,847
Other non-current liabilities	5,143	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>429,002</b>	<b>164,613</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>20,252</b>	<b>137,222</b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the period		20,252
Cash and cash equivalents at the end of the period	20,252	157,474

## 15. PART XV: THE OFFERING

### 15.1 The Offering

#### 15.1.1 General

The Offering will be in respect of up to 19,967,756 New Ordinary Shares at a Subscription Price of €6.76 per New Ordinary Share.

The New Ordinary Shares will be issued pursuant to (i) a resolution of the general shareholders' meeting of the Company dated 28 April 2015 delegating to the Board the faculty to increase the share capital of the Company by up to 50% of the then existing share capital of the Company and (ii) a resolution of the Board dated 15 July 2015 authorising the capital increase in an aggregate nominal amount of €39,935,512 on the basis of the delegation under the resolution of the general shareholders' meeting. The possibility of incomplete subscription (*suscripción incompleta*) has been expressly foreseen.

The issue of the New Ordinary Shares does not require any authorisation or administrative pronouncement other than the general provisions on the CNMV's approval and registration of this Prospectus, according to the provisions established in Law 24/1988 on the Securities Market and its implementing regulations and the Spanish Companies Act.

The Company currently expects that the Record Date for the Offering will be on or about 17 July 2015 and that the dates for other actions to occur in connection with the Offering will be as provided below. However, these dates are indicative only and actual dates for the Offering and such other actions may vary from the indicative dates set forth below. The Company will communicate significant developments in the Offering via a significant information announcement (*hecho relevante*) filed with the CNMV in accordance with Spanish law. Information will also be made available on the Company's website ([www.larespana.com](http://www.larespana.com)).

The Company is granting Eligible Shareholders (that is, the Shareholders according to the accounting records of Iberclear as of 23:59 (Madrid time) on the Record Date, i.e. the date of announcement of the Offering in the BORME which, in accordance with the envisaged timetable, is expected to be 17 July 2015, including the purchasers of Existing Ordinary Shares as of that date) Preferential Subscription Rights to subscribe for an aggregate of 19,967,756 New Ordinary Shares with a nominal value of €2.00 each. Each Existing Ordinary Share registered in the records of Iberclear at 23:59 (Madrid time) on the Record Date will entitle its holder to receive one Preferential Subscription Right. The exercise of two Preferential Subscription Rights will entitle the exercising holder to subscribe for one New Ordinary Share against payment of the Subscription Price in cash.

The Subscription Price, which must be paid in euros, is €6.76 per New Ordinary Share. The Subscription Price represents an implied discount of 23.5% on the theoretical ex-rights price (TERP) (€8.832 based on the closing price of €9.87 as of 15 July 2015).

The Offering, if all the New Ordinary Shares are fully subscribed, will result in an increase of 19,967,756 issued Ordinary Shares from 40,030,000 Ordinary Shares to 59,997,756 Ordinary Shares, corresponding to an increase of 49.882% before the Offering and an increase of 33.281% following the Offering. Eligible Shareholders who do not participate in the Offering will have their ownership interest diluted.

#### 15.1.2 Subscription Rights and New Ordinary Shares

The Offering provides Eligible Shareholders with pre-emptive Preferential Subscription Rights to subscribe for New Ordinary Shares in order to, among other things, maintain their current level of ownership in the Company, if they so choose. The Preferential Subscription Rights are options to subscribe for and purchase the New Ordinary Shares and may be sold, subject to applicable laws and the restrictions set forth herein, to third parties, which the Company refers to as purchasers of Preferential Subscription Rights. In accordance with Article 306.2 of the Spanish Companies Act, the Preferential Subscription Rights will be freely transferable on the same terms as the New Ordinary

Shares in respect of which they are exercisable and will be tradable on the Spanish Stock Exchanges. Eligible Shareholders may, therefore, subscribe for New Ordinary Shares at the Subscription Price or sell their Preferential Subscription Rights through banks or brokers in Spain, subject, in each case, to applicable laws and the restrictions set forth herein. See section 6 of this Part XV (“*The Offering*”) for a description of certain selling and transfer restrictions in selected jurisdictions.

The Existing Ordinary Shares are listed and traded on the Spanish Stock Exchanges under the symbol “LRE”. The Company expects the New Ordinary Shares issued in the Offering to start trading on the Spanish Stock Exchanges from on or about 10 August 2015. When issued, the New Ordinary Shares will rank *pari passu* with the Existing Ordinary Shares, including in respect of the right to receive dividends approved by the Shareholders after the date on which ownership of such New Ordinary Shares is registered in the book-entry registries of Iberclear, which, in accordance with the envisaged timetable, is expected to take place on 7 August 2015.

On 15 July 2015, the last reported sale price of the Existing Ordinary Shares was €9.87 per Existing Ordinary Share. Below is additional historical trading price information:

	Share Price	
	High	Low
Months	(euros)	
July 2015 (through 15 July 2015) .....	10.15	9.65
June 2015 .....	10.65	9.52
May 2015 .....	10.65	10.22
April 2015 .....	11.01	10.44
March 2015 .....	10.81	9.94
February 2015 .....	10.28	8.95
January 2015 .....	9.18	8.94
<b>Annual</b>		
2015 (through 15 July 2015) .....	11.01	8.94
2014 .....	10.80	8.75
<b>Quarterly 2015</b>		
Third Quarter (through 15 July 2015) .....	10.15	9.65
Second Quarter .....	11.01	9.52
First Quarter .....	10.81	8.94
<b>Quarterly 2014</b>		
Fourth Quarter .....	9.43	8.80
Third Quarter .....	9.81	8.75
Second Quarter .....	10.40	9.50
First Quarter .....	10.80	10.15

Source: FactSet

### 15.1.3 Value of Preferential Subscription Rights

Based on the value of the Existing Ordinary Shares prior to the Offering (€9.87 per Existing Ordinary Share (the closing price of the Existing Ordinary Shares on the Spanish Stock Exchanges on 15 July 2015)), the underlying theoretical value of the Preferential Subscription Rights for the New Ordinary Shares would be €1.038, which is the result of applying the following formula:

$$UVR = \frac{(CP - SP) \times NNS}{PNS + NNS}$$

Where:

- UVR = underlying theoretical value of a Preferential Subscription Right
- CP = closing price of the Ordinary Shares on the Spanish Stock Exchanges on 15 July 2015
- SP = Subscription Price
- PNS = number of Ordinary Shares outstanding prior to the Offering
- NNS = maximum number of New Ordinary Shares to be issued under the Offering

In any event, the Preferential Subscription Rights will be freely negotiable and the value that the market will attribute to them cannot be anticipated.

### 15.1.4 Trading in Preferential Subscription Rights

Trading in Preferential Subscription Rights will take place on the SIBE of the Spanish Stock Exchanges during the period from 8:30 (Madrid time) on 20 July 2015 to 17:30 (Madrid time) on 31 July 2015, both inclusive.

Securities institutions that possess the required licenses will provide brokerage services for the sale and purchase of Preferential Subscription Rights. If an Eligible Shareholder does not exercise or sell any or all of the Preferential Subscription Rights by way of payment by the close of business (Madrid time) on 31 July 2015, such Preferential Subscription Rights to subscribe for New Ordinary Shares will lapse with no value and the holder will not be entitled to compensation.

### 15.1.5 Subscription of New Ordinary Shares

The Company has established a three-staged procedure for the subscription of the New Ordinary Shares:

- *The preferential subscription period.* According to the envisaged timetable, this period is expected to go from 18 July 2015 through 1 August 2015, in each case inclusive of the start and end dates (lasting fifteen calendar days), during which the Eligible Shareholders may exercise their Preferential Subscription Rights during the SIBE trading days of this period which, in accordance with the envisaged timetable, is expected to begin on and include 8:30 (Madrid time) on 20 July 2015, and end on and include 17:30 (Madrid time) on 31 July 2015. Alternatively, Eligible Shareholders may sell all or part of their Preferential Subscription Rights in the market during the SIBE trading days of this period and other investors, including other Eligible Shareholders (the “**purchasers of Preferential Subscription Rights**”) who may acquire said Preferential Subscription Rights in the market in the required proportion and subscribe for the corresponding number of New Ordinary Shares, in each case, in compliance with applicable laws and regulations. During the preferential subscription period, Eligible Shareholders or purchasers of Preferential Subscription Rights may exercise or sell their Preferential Subscription Rights, in whole or in part, and those having exercised their Preferential Subscription Rights in full may confirm their agreement to subscribe for additional New Ordinary Shares in excess of their *pro rata* entitlement during the additional allocation period described below.

**Subscriptions for New Ordinary Shares received during the preferential subscription period will be deemed irrevocable, firm and unconditional and may not be cancelled or modified by holders of Preferential Subscription Rights (except where a supplement to the Prospectus is published, in which case investors who have already agreed to subscribe for New Ordinary Shares will have the right, exercisable within two Madrid business days after publication of such supplement, to withdraw their subscriptions, provided that the new factor, mistake or inaccuracy to which the supplement refers arose before the closing of the Offering and delivery of the New Ordinary Shares).**

**If an authorised Iberclear member has not received full payment of the Subscription Price for the relevant New Ordinary Shares on or before the expiration date of the preferential subscription period which, in accordance with the envisaged timetable, is expected to be 1 August 2015, the related Preferential Subscription Rights will lapse. Holders of Preferential Subscription Rights that lapse will not be compensated.**

- *The additional allocation period.* To the extent that at the expiration of the preferential subscription period there are New Ordinary Shares that have not been subscribed for, the Company will allocate them to holders of Preferential Subscription Rights that have exercised their Preferential Subscription Rights in full and have indicated their agreement to subscribe for additional New Ordinary Shares in excess of their *pro rata* entitlement. This is currently expected to take place on the fourth SIBE trading day immediately following the end of the preferential subscription period (which, in accordance with the envisaged timetable, is expected to be 6 August 2015), which the Company refers to as the additional allocation period. The Company will allocate any additional New Ordinary Shares in accordance with the procedures described in “—Procedures—Additional allocation” below. Depending on the number of New Ordinary Shares taken up in the preferential subscription period and the applications the Company receives for additional New Ordinary Shares, holders of Preferential Subscription Rights may receive fewer additional New Ordinary Shares than they have requested or none at all (but, in any event, not more additional New Ordinary Shares than those requested by them).

Promptly after the end of the additional allocation period, the Company will publicly announce, via a significant information announcement (*hecho relevante*), the results of subscriptions during the preferential subscription period and, as applicable, the number of additional New Ordinary Shares requested in the additional allocation period, results of prorating (if relevant) and the number of additional New Ordinary Shares assigned.

Neither the orders to subscribe for New Ordinary Shares during the preferential subscription period nor the orders to subscribe for additional New Ordinary Shares will be affected by the termination of the Underwriting Agreement or by any unenforceability of any underwritten prefunding commitments.

- *The discretionary allocation period.* If any New Ordinary Shares remain unsubscribed following the close of the additional allocation period, the Sole Global Coordinator and Bookrunner has agreed, subject to the terms and conditions of the Underwriting Agreement, to use reasonable efforts to procure subscribers (subject to the restrictions described in section 6 of this Part XV (“*The Offering*”)) during a discretionary allocation period and, failing which, to subscribe and pay for such unsubscribed New Ordinary Shares at the Subscription Price. The discretionary allocation period, if any, is expected to begin at 17:00 (Madrid time) on the fourth SIBE trading day immediately following the end of the preferential subscription period (this day is currently expected to be 6 August 2015) and end at 9:00 (Madrid time) on the fifth SIBE trading day immediately following the end of the preferential subscription period (this day is currently expected to be 7 August 2015) without prejudice to the ability of the Sole Global Coordinator and Bookrunner to terminate it early.

If there is a discretionary allocation period, any unsubscribed New Ordinary Shares will be allocated in accordance with the allocation process described in section 1.9 of this Part XV (“*The Offering*”) below. The transfer to qualified investors of New Ordinary Shares allocated during the discretionary allocation period (if any) shall be effected by the Sole Global

Coordinator and Bookrunner by means of a “special transaction” (*operación bursátil especial*) outside of market hours. In accordance with the envisaged timetable, and if the case may be, it is expected that such special transaction will be executed on 7 August 2015 and settled on 12 August 2015.

**Allocations of New Ordinary Shares made during the discretionary allocation period will be deemed irrevocable and unconditional, unless the Underwriting Agreement is terminated before the registration with the Commercial Registry of Madrid of the public deed of share capital increase (which, in accordance with the envisaged timetable, is expected to take place on 7 August 2015), in which case all such allocations will be automatically cancelled.**

Promptly after the end of the discretionary allocation period, if any, the Company will publicly announce, via a significant information announcement (*hecho relevante*), the final results of the Offering, specifying the number of New Ordinary Shares taken up or allocated in each period.

The Company expects the New Ordinary Shares subscribed during the preferential subscription period and additional allocation period to be delivered on 7 August 2015, and the New Ordinary Shares placed during the discretionary allocation period through the book-entry facilities of the Spanish securities clearance and settlement system, Iberclear, on 12 August 2015.

The procedures for the Offering are described in detail under section 1.9 of this Part XV (“*The Offering*”) below. This description of the Offering should be read in conjunction with the other sections of this Prospectus, including but not limited to, the “Forward looking statements” in Part VIII (“*Important Information*”) of this Prospectus and Part II (“*Risk Factors*”) and the financial information included in this Prospectus.

#### 15.1.6 Expected Timetable of Principal Events

The summary timetable set forth below lists certain important dates relating to the Offering:

Registration of the Prospectus with the CNMV	16 July 2015
Record Date / Announcement of the Offering in the BORME	17 July 2015
Commencement of the preferential subscription period	18 July 2015
Commencement of trading of the Preferential Subscription Rights	20 July 2015
End of trading of the Preferential Subscription Rights	31 July 2015
End of the preferential subscription period	1 August 2015
Investor letters to be returned to the Company by persons in the US exercising Preferential Subscription Rights	No later than 1 August 2015
Additional allocation period (if applicable)	6 August 2015
Filing of significant information announcement ( <i>hecho relevante</i> ) announcing results of the preferential subscription period and additional allocation period (if applicable)	6 August 2015
Commencement of discretionary allocation period (if applicable)	6 August 2015
End of discretionary allocation period (if applicable)	7 August 2015
Payment by the participating entities of Iberclear to the Agent Bank of the New Ordinary Shares subscribed during the preferential subscription period and the additional allocation period (if applicable)	7 August 2015
Prefunding by the Sole Global Coordinator and Bookrunner of the Rump Shares (if applicable)	7 August 2015

Execution of the share capital increase notarial deed	7 August 2015
Registration with the Commercial Registry of Madrid of the share capital increase notarial deed	7 August 2015
Registration of the New Ordinary Shares with Iberclear	7 August 2015
Execution of the special transaction for transfer of the Rump Shares to final investors (if applicable)	7 August 2015
Admission to listing and trading of the New Ordinary Shares by the CNMV and the Spanish Stock Exchanges	7 August 2015
Expected commencement of trading of the New Ordinary Shares on the Spanish Stock Exchanges	10 August 2015
Settlement of the special transaction regarding the Rump Shares (if applicable)	12 August 2015

**The specific dates for actions to occur in connection with the Offering that are set forth above and throughout this Prospectus are indicative only. There can be no assurance that the indicated actions will in fact occur on the cited dates or at all.**

#### *15.1.7 Shareholders resident in certain unauthorised jurisdictions*

No action has been taken, or will be taken, in any jurisdiction other than Spain that would permit a public offering of the Preferential Subscription Rights or the New Ordinary Shares, or possession or distribution of this Prospectus or other offering or publicity materials issued in connection with this Offering, in any country or jurisdiction where for that purpose action is required.

Accordingly, the Preferential Subscription Rights and the New Ordinary Shares may not be exercised, offered or sold, directly or indirectly, and neither this Prospectus nor any other offering or publicity materials issued in connection with this Offering may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The Preferential Subscription Rights may not be exercised by any persons in the United States who have not executed and timely returned an investor letter to the Company in the form set forth in Annex A to this Prospectus. For more information on this requirement, see section 6 of this Part XVII (*"The Offering"*).

#### *15.1.8 Right to Dividend*

The New Ordinary Shares carry rights to dividends for the first time on the first dividend record date occurring after the date on which ownership of such New Ordinary Shares is registered in the book-entry registries of Iberclear. The New Ordinary Shares will have the same right to dividends as the Existing Ordinary Shares. For a description of the Company's dividend policy, see section 10 of Part X (*"Information on the Company"*).

#### *15.1.9 Procedures*

##### **(A) Notice**

The Company expects to announce the commencement of the Offering on 17 July 2015 in the BORME and the Spanish Stock Exchanges Official Gazette. The Company will communicate significant developments in the Offering via a significant information announcement (*hecho relevante*) through the CNMV website in accordance with Spanish law. Information will also be made available on the Company's website ([www.larespana.com](http://www.larespana.com)).

##### **(B) Record Date and time**

Eligible Shareholders at 23:59 (Madrid time) on the date on which the Company announces the Offering in the BORME which, in accordance with the envisaged timetable, is expected to be on 17

July 2015, will be entitled to Preferential Subscription Rights. Such Eligible Shareholders will be allocated one right for each Ordinary Share owned.

(C) Preferential subscription

To exercise Preferential Subscription Rights, Eligible Shareholders and purchasers of Preferential Subscription Rights during the preferential subscription period should contact the Iberclear member in whose register such securities are registered, indicating (i) their intention to exercise some or all of their Preferential Subscription Rights, (ii) their bank account number and securities account number and (iii) if they have elected to exercise their Preferential Subscription Rights in full, indicating whether they request additional New Ordinary Shares in the additional allocation period and, if so, specifying the maximum number (see “—*Additional allocation*” below). In accordance with the envisaged timetable, the preferential subscription period is expected to commence on 18 July 2015 and end on 1 August 2015, in each case inclusive of the start and end dates. The Preferential Subscription Rights are expected to be traded on the SIBE during the period from and including 08:30 (Madrid time) on 20 July 2015 to 17:30 (Madrid time) on 31 July 2015.

Orders to take up New Ordinary Shares received during the preferential subscription period will be deemed irrevocable, firm and unconditional and may not be cancelled or modified by holders of Preferential Subscription Rights (except where a supplement to the Prospectus is published, in which case investors who have already agreed to subscribe for New Ordinary Shares will have the right, exercisable within two Madrid business days after publication of such supplement, to withdraw their subscriptions, provided that the new factor, mistake or inaccuracy to which the supplement refers arose before the closing of the Offering and delivery of the New Ordinary Shares). Holders of Preferential Subscription Rights may exercise all or part of their Preferential Subscription Rights at their discretion.

During the preferential subscription period, the Iberclear members will notify Banco Santander, S.A., as the agent bank (the “**Agent Bank**”) of the Offering daily, no later than 17:00 (Madrid time) by email or fax, of the aggregate total number of New Ordinary Shares subscribed in accordance with the exercise of Preferential Subscription Rights by Eligible Shareholders and purchasers of Preferential Subscription Rights and the number of additional New Ordinary Shares requested since the start of the preferential subscription period.

The Iberclear members should communicate to the Agent Bank, on behalf of their clients or in their own name (as applicable), through the relevant electronic transmissions of files or, in default thereof, magnetic media, the aggregate amount of subscription orders for New Ordinary Shares received by them in accordance with the preferential subscription and, separately, the total volume of additional New Ordinary Shares requested, no later than 9:00 (Madrid time) on the fourth SIBE trading day following the end of the preferential subscription period (in accordance with the envisaged timetable, this would be 6 August 2015) in accordance with the operative instructions established by the Agent Bank and Iberclear.

The electronic transmissions to be sent by the Iberclear members to the Agent Bank of files or, in default thereof, magnetic media containing the details of the New Ordinary Shares subscribed during the preferential subscription period and of the request for additional New Ordinary Shares in the additional allocation period, must comply with the specifications of Notebook number 61, A1 format of the Manual on Operations with Issuers (*Manual de Operaciones con Emisores*) of the Spanish Banking Association (*Asociación Española de Banca*) (“**AEB**”), in 120-position format, incorporating the modifications introduced by Circular 1,909 of the AEB (“**Manual on Operations with Issuers**”).

The transmissions or magnetic media received by the Agent Bank must include details of the investors (including identification information in compliance with current legislation in place in relation to such transactions: name, surname, status, address and tax identity number (*número de identificación fiscal* or “**N.I.F.**”) (including minors) or, in the case of non-residents who do not have a N.I.F., passport number and nationality and, in the case of non-residents in Spain, residence and specifications set out in Notebook number 61 of the AEB). It is not the responsibility of the Agent Bank to verify the information provided by the Iberclear members who take full responsibility for any errors in the



information provided in the electronic submissions or magnetic media and, in general, for the failure to complete the process by them.

The Agent Bank may not accept communications or electronic transmissions or magnetic media from the Iberclear members submitted after the relevant deadline, or which do not comply with the relevant requirements set out in the Prospectus, or with relevant current legislation. If this occurs, the Agent Bank does not accept any responsibility, without prejudice to the potential responsibility of the relevant Iberclear participant towards parties who have submitted their orders within the required timeframe or in the correct format.

If an authorised Iberclear member does not receive full payment of the Subscription Price for the relevant New Ordinary Shares on or before the expiration date of the preferential subscription period, which, in accordance with the envisaged timetable, is expected to be 1 August 2015, the related Preferential Subscription Rights will lapse. Holders of Preferential Subscription Rights that lapse will not be compensated.

(D) Additional allocation

Holders of Preferential Subscription Rights that have exercised all of their Preferential Subscription Rights in the preferential subscription period may request at the moment they exercise their Preferential Subscription Rights for additional New Ordinary Shares in excess of their *pro rata* entitlement. Requests of holders of Preferential Subscription Rights are not subject to any maximum number of additional New Ordinary Shares. While requests for additional New Ordinary Shares may not be satisfied in full or at all, such requests shall nevertheless be considered firm and unconditional.

To request additional New Ordinary Shares, holders of Preferential Subscription Rights should contact the Iberclear member with whom their Preferential Subscription Rights are deposited. The Iberclear members will be responsible for verifying that each holder of Preferential Subscription Rights taking up additional New Ordinary Shares has exercised his or her Preferential Subscription Rights in respect of all of the Ordinary Shares deposited by such holder of Preferential Subscription Rights with such Iberclear member.

On the fourth SIBE trading day following the expiration of the preferential subscription period (in accordance with the envisaged timetable, this would be 6 August 2015), the Agent Bank will determine the number of New Ordinary Shares that have not been taken up in the preferential subscription period. The Agent Bank will allocate on the date of the additional allocation period (in accordance with the envisaged timetable, this would be 6 August 2015) the New Ordinary Shares not taken up during the preferential subscription period subject to the following allocation criteria:

- i) If the number of additional New Ordinary Shares requested by holders who have exercised in full their Preferential Subscription Rights is equal to or less than the additional New Ordinary Shares available, then the additional New Ordinary Shares will be assigned to the holders of Preferential Subscription Rights who requested additional New Ordinary Shares until their requests are fully satisfied.
- ii) If the number of additional New Ordinary Shares requested by holders who have exercised in full their Preferential Subscription Rights is greater than the additional New Ordinary Shares available, the Agent Bank will apply without limit the following *pro rata* allocation:
  - The number of additional New Ordinary Shares will be allocated *pro rata* to the volume of additional New Ordinary Shares requested by each holder of Preferential Subscription Rights. To this end, the Agent Bank will calculate the percentage, which will be rounded down to three decimals, of the number of additional New Ordinary Shares a given holder of Preferential Subscription Rights has requested divided by such aggregate.
  - The Agent Bank will then allocate to the holders of Preferential Subscription Rights the number of additional New Ordinary Shares that this percentage represents, rounded down to the nearest whole number of additional New Ordinary Shares.

- If after the *pro rata* allocation, additional New Ordinary Shares have not been allocated due to rounding, the Agent Bank will allocate these remaining additional New Ordinary Shares, one by one, starting with the holder of Preferential Subscription Rights who has solicited the greatest number of additional New Ordinary Shares. If two or more holders of Preferential Subscription Rights have requested the same number of additional New Ordinary Shares, the Agent Bank will determine allocations by alphabetical order, taking the first letter of the field “name and last name or corporate name”.

The Agent Bank will inform the relevant Iberclear members of the definitive allocation of the additional New Ordinary Shares during the additional allocation period on the day of the additional allocation period (which, in accordance with the envisaged timetable, is expected to take place on 6 August 2015). Any additional New Ordinary Shares allocated to holders of Preferential Subscription Rights during the additional allocation period will, for the purposes of payment, be deemed subscribed during the additional allocation period, not the preferential subscription period. In no circumstances shall more additional New Ordinary Shares be assigned to holders of Preferential Subscription Rights than those they have requested.

(E) Discretionary allocation and underwriting

The Company has entered into an Underwriting Agreement with the Sole Global Coordinator and Bookrunner in respect of the New Ordinary Shares subject to the terms set forth therein. The Sole Global Coordinator and Bookrunner will use reasonable efforts to procure subscribers during the discretionary allocation period for any New Ordinary Shares that remain unallocated after the additional allocation period (the “**Rump Shares**”), failing which the Sole Global Coordinator and Bookrunner will purchase the Rump Shares itself at the Subscription Price. The commitment of the Sole Global Coordinator and Bookrunner is subject to the satisfaction of certain conditions precedent and the Underwriting Agreement and its underwriting commitment may be terminated by the Sole Global Coordinator and Bookrunner in certain circumstances. Main terms of the Underwriting Agreement are further described in section 3 of Part XV (“*The Offering*”).

If, following the preferential subscription period and the additional allocation period, New Ordinary Shares remain unsubscribed, the Agent Bank will notify the Sole Global Coordinator and Bookrunner by no later than 12:00 (Madrid time) on the date of the additional allocation period (which, in accordance with the envisaged timetable, is expected to take place on 6 August 2015) of the approximate number of Rump Shares (if any) to be allocated during the discretionary allocation period and will provide the definitive number by not later than 17:00 (Madrid time) on such date. The discretionary allocation period, if any, will commence at 17:00 (Madrid time) on the fourth SIBE trading day after the end of the preferential subscription period (in accordance with the envisaged timetable, this would be 6 August 2015) and will end at 9:00 (Madrid time) on the fifth SIBE trading day after the end of the preferential subscription period (in accordance with the envisaged timetable, this would be 7 August 2015), without prejudice to the ability of the Sole Global Coordinator and Bookrunner to terminate it prior to such time.

The Company will announce the commencement of the discretionary allocation period through a significant information announcement (*hecho relevante*).

During the discretionary allocation period, those persons who have the status of qualified investors in Spain, as this term is defined in article 39 of Royal Decree 1310/2005, of November 4, and those persons who have the status of qualified investors outside Spain pursuant to the applicable legislation in each country (so that complying with the relevant regulations, the subscription and payment of the Rump Shares do not require registration or approval of any kind) may submit proposals to the Sole Global Coordinator and Bookrunner to subscribe for Rump Shares.

The subscription proposals must be firm and irrevocable and shall include the number of Rump Shares that each investor is willing to subscribe at the Subscription Price.

The Sole Global Coordinator and Bookrunner shall determine after consultation with the Company the definitive allocations of the Rump Shares to subscribers. The Sole Global Coordinator and Bookrunner shall give notice of the definitive allocation of Rump Shares to the Company and the Agent Bank no

later than 9:00 (Madrid time) on the date falling two SIBE trading days after the date on which the discretionary allocation period ends (expected to be 11 August 2015). Such definitive allocation shall be communicated to the Agent Bank through electronic transmissions of files or, in default thereof, magnetic media, which must comply with the specifications of Notebook number 61, A1 format of the Manual on Operations with Issuers (*Manual de Operaciones con Emisores*) of the AEB, in 120-position format, incorporating the modifications introduced by Circular 1,909 of the AEB. The Agent Bank will provide Iberclear, through the Madrid Stock Exchange, with the information regarding the subscribers which have been allocated Rump Shares in order to process the allotment needed of the corresponding register references (*referencias de registro*).

Once the allocations of Rump Shares have been communicated, such proposals shall automatically become firm subscription orders.

The underwriting commitment, if applicable, will be fulfilled by means of submission by the Sole Global Coordinator and Bookrunner at the end of the discretionary allocation period, in its own name, of an irrevocable subscription proposal for Rump Shares at the Subscription Price.

#### *15.1.10 Method of Subscription and Payment*

##### **(A) New Ordinary Shares subscribed during the preferential subscription period**

Subscribers must make payment in full of the Subscription Price, comprising the nominal value and premium, upon subscription for each New Ordinary Share subscribed for during the preferential subscription period. Subscribers should make payment to the Iberclear member through which they have filed their subscription orders. Applications for New Ordinary Shares in exercise of Preferential Subscription Rights for which payment is not received in accordance with the foregoing shall be deemed not to have been made.

The Iberclear member with whom orders for the subscription of New Ordinary Shares in exercise of Preferential Subscription Rights have been placed, shall pay to the Agent Bank all amounts payable with respect to such New Ordinary Shares, for same-day value, by no later than 09:00 (Madrid time) on the fifth SIBE trading day following the end of the preferential subscription period (which, in accordance with the envisaged timetable, is expected to be 7 August 2015).

If any Iberclear member that has made payment in full of the Subscription Price subsequently fails to confirm to the Agent Bank the list of subscribers on behalf of whom such payment has been made, the Agent Bank shall allocate the New Ordinary Shares subscribed to such Iberclear member, without any liability whatsoever for the Agent Bank, but without prejudice to any claim the holder of Preferential Subscription Rights in question may have against the defaulting Iberclear member.

##### **(B) New Ordinary Shares subscribed during the additional allocation period**

Full payment of the Subscription Price for each New Ordinary Share allocated during the additional allocation period will be made by each holder of Preferential Subscription Rights allocated additional New Ordinary Shares, via the Iberclear member through which such holder of Preferential Subscription Rights solicited the additional New Ordinary Shares. Applications for additional New Ordinary Shares in respect of which payment is not received in accordance with the foregoing will be deemed not to have been made.

Iberclear members may require that holders of Preferential Subscription Rights fund in advance the Subscription Price of the additional New Ordinary Shares requested by them at the time of such request. If a requesting holder of Preferential Subscription Rights prefunds and the number of additional New Ordinary Shares finally allocated to such requesting holder of Preferential Subscription Rights is less than the number of additional New Ordinary Shares requested and prefunded by him or her, the Iberclear member will return to such holder of Preferential Subscription Rights, without deduction for expenses and fees, the amount corresponding to the excess subscription monies or, as the case may be, the whole Subscription Price for any additional New Ordinary Shares (if no additional New Ordinary Shares are finally allocated to him or her), for same-day value as at the Madrid business day (excluding Saturdays) immediately following the end of the additional allocation period, all in accordance with the procedures applicable to such Iberclear member.

The Iberclear members receiving requests for additional New Ordinary Shares shall pay to the Agent Bank all amounts payable, for same-day value, by no later than 09:00 (Madrid time) on the fifth SIBE trading day following the end of the preferential subscription period (which in accordance with the envisaged timetable, is expected to be 7 August 2015).

If any Iberclear member that has made the payment in full of the Subscription Price subsequently fails to confirm to the Agent Bank the list of subscribers on behalf of whom such payment has been made, the Agent Bank shall allocate the New Ordinary Shares subscribed to such Iberclear member, without any liability whatsoever for the Agent Bank, but without prejudice to any claim the holder of Preferential Subscription Rights in question may have against the defaulting Iberclear member.

(C) New Ordinary Shares allocated during the discretionary allocation period

Full payment of the Subscription Price for each New Ordinary Share allocated during the discretionary allocation period shall be made by the qualified investors that have subscribed for such Rump Shares by no later than the third SIBE trading day immediately following the day on which the special stock exchange transaction relating to such New Ordinary Shares is carried out (the “**Settlement Date**”, such date expected to be 12 August 2015) through the Sole Global Coordinator and Bookrunner.

The Sole Global Coordinator and Bookrunner may require that the qualified investors which request the subscription for Rump Shares fund in advance the Subscription Price of the requested Rump Shares in order to secure payment in full in respect of such Rump Shares. If a qualified investor prefunds and the number of Rump Shares finally allocated to such investor is less than the number of Rump Shares requested and prefunded by it, the Sole Global Coordinator and Bookrunner will return to such investor, without deduction for expenses and fees, the amount corresponding to the excess subscription monies, for same-day value on the first Madrid business day following expiration of the discretionary allocation period.

For operational purposes to allow the admission of the New Ordinary Shares to listing on the Spanish Stock Exchanges to take place as soon as possible, the Sole Global Coordinator and Bookrunner (acting on behalf of the allocated qualified investors, if applicable) has agreed to subscribe for and prefund in full the subscription monies corresponding to the Rump Shares allocated to qualified investors during the discretionary allocation period or otherwise to be acquired by the Sole Global Coordinator and Bookrunner pursuant to its underwriting commitment, subject to the satisfaction of the conditions contained in the Underwriting Agreement. Such prefunded subscription monies must be received by the Company, without deduction of any underwriting or other commissions and expenses, by no later than 09:00 (Madrid time) on the fifth SIBE trading day following the end of the preferential subscription period (which in accordance with the envisaged timetable, is expected to be 7 August 2015). The prefunded subscription monies shall be deposited through a funds transfer order into the Company’s account opened at the Agent Bank.

Assuming the execution of the capital increase deed, including the granting of the capital increase deed and its registration in the Commercial Registry of Madrid (*escritura pública y su inscripción en el Registro Mercantil de Madrid*), takes place no later than 7 August 2015, admission of the New Ordinary Shares to listing on the Spanish Stock Exchanges is, in accordance with the envisaged timetable, expected to take place on 7 August 2015, commencement of trading of the New Ordinary Shares on the Spanish Stock Exchanges is, in accordance with the envisaged timetable, expected to take place on 10 August 2015, and settlement of the Rump Shares allocated during the discretionary allocation period, if any, (via a special stock exchange transaction) will take place on the Settlement Date which, in accordance with the envisaged timetable, is expected to take place on 12 August 2015.

15.1.11 *Payment*

Payments in respect of New Ordinary Shares must be made by final subscribers:

- i) in relation to New Ordinary Shares subscribed during the preferential subscription period, upon subscription;
- ii) in relation to additional New Ordinary Shares subscribed during the additional allocation period by no later than 7 August 2015 (or such earlier time as required by the rules of the particular Iberclear member); and

- iii) in relation to New Ordinary Shares allocated during the discretionary allocation period, no later than the Settlement Date, except as indicated in the immediately following paragraph.

Settlement in respect of Rump Shares allocated during the discretionary allocation period to qualified investors is expected to take place via a special stock exchange transaction, which, if the case may be, is expected to be executed on 7 August 2015 and to be settled on the Settlement Date which is expected to be on 12 August 2015. If the special stock exchange transaction is not executed on such date, payment by qualified investors of the Subscription Price for New Ordinary Shares allocated during the discretionary allocation period must be made no earlier than the date on which the special transaction is executed and by no later than the third SIBE trading day following such date.

#### *15.1.12 Registrations, delivery and admission to listing and trading in Spain of the New Ordinary Shares*

Following receipt of subscription monies due, the Company shall declare the share capital increase corresponding to the New Ordinary Shares complete (fully or partially, as the case may be) and proceed to the granting of the corresponding capital increase deed before a Spanish notary public, for its subsequent registration with the Commercial Registry of Madrid.

Granting of the capital increase deed is, in accordance with the envisaged timetable, expected to take place on 7 August 2015, and its registration with the Commercial Registry of Madrid. Following registration, a notarial testimony of the capital increase deed, duly registered, will be delivered to the CNMV, Iberclear and the Madrid Stock Exchange, as the lead stock exchange for the listing of the New Ordinary Shares.

Following delivery of the registered capital increase deed to Iberclear, Iberclear will create the registration references (*referencias de registro*) corresponding to the New Ordinary Shares issued upon exercise of Preferential Subscription Rights and pursuant to allocation in the additional allocation period and the discretionary allocation period. Iberclear will inform the Eligible Shareholders and investors via the relevant Iberclear members about the created registration references (*referencias de registro*) relating to their respective holdings of New Ordinary Shares (subscribed during the preferential subscription period and the additional allocation period).

The Company will request admission to listing and trading of the New Ordinary Shares on the Spanish Stock Exchanges and on the SIBE as soon as possible. Admission to listing and trading is expected to be obtained on the same date of registration of the capital increase deed with the Commercial Registry of Madrid. If there is any delay in the admission to listing and trading of the New Ordinary Shares on the Spanish Stock Exchanges, the Company will publicly announce, via a significant information announcement (*hecho relevante*), such delay and a revised expected date of admission to listing and trading.

Iberclear will also inform the Sole Global Coordinator and Bookrunner about the created registration references (*referencias de registro*) relating to the New Ordinary Shares temporarily allocated to it during the discretionary allocation period in accordance with its pre-funding obligations (on behalf of the allocated qualified investors) or allocated to the Sole Global Coordinator and Bookrunner in accordance with its underwriting commitment, as applicable.

Following the Admission, the Sole Global Coordinator and Bookrunner shall transfer the prefunded Rump Shares to the relevant qualified investors to which such Rump Shares have been allocated through a special stock exchange transaction.

#### *15.1.13 Announcement of the result of the Offering*

The Company expects to announce the outcome of the Offering on or about 7 August 2015.

#### *15.1.14 Termination*

The Company may choose to revoke and terminate the capital increase if the Underwriting Agreement for the Offering is terminated. If the capital increase is revoked and terminated, the monies paid by subscribers would be returned to them. However, any investors who had acquired Preferential

Subscription Rights would not receive any such amounts paid for such Preferential Subscription Rights from the Company.

The Underwriting Agreement also contemplates the possibility for the Sole Global Coordinator and Bookrunner to terminate the Underwriting Agreement until the time of registration of the capital increase deed with the Commercial Registry of Madrid if there shall have occurred in the good faith judgement of the Sole Global Coordinator and Bookrunner any of the following:

- i) there has been a breach by the Company or the Investment Manager, as applicable, of any of the representations or warranties contained in the Underwriting Agreement or any of the representations and warranties of the Company or the Investment Manager, as applicable, contained in the Underwriting Agreement is not, or has ceased to be true and correct, or a material breach by the Company or by the Investment Manager, as applicable, of any of the undertakings contained in the Underwriting Agreement has occurred;
- ii) the CNMV or any other relevant authority suspends or revokes any necessary approval for the capital increase or the Offering;
- iii) since the time of execution of the Underwriting Agreement or the earlier respective dates as of which information is given in this Prospectus (exclusive of any supplements hereto), there has been a Company's material adverse change as follows:
  - (a) any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition (financial, operational, legal or otherwise) or in the earnings, management, business affairs, solvency or prospects of the Company and its subsidiaries taken as a whole, whether or not arising in the ordinary course of business;
  - (b) any development reasonably likely to adversely affect the ability of the Company to remain a SOCIMI; or
  - (c) a Key Person Event (as defined herein);
- iv) since the time of execution of the Underwriting Agreement or the earlier respective dates as of which information is given in this Prospectus (exclusive of any supplements hereto), there has been an Investment Manager's material adverse change as follows:
  - (a) any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition (financial, operational, legal or otherwise) or in the earnings, management, business affairs, solvency or prospects of the Investment Manager and its subsidiaries considered as a whole, whether or not arising in the ordinary course of business;
  - (b) any event or circumstance which relates to the Investment Manager which would permit or otherwise give rise to any right for the Company to terminate the Investment Manager Agreement (whether or not such right is actually exercised);
  - (c) change in control of the Investment Manager to a person (or persons acting in concert) who did not at the date of the Underwriting Agreement exercise control of the Investment Manager; or
  - (d) a Key Person Event
- v) there has been a suspension of trading of the Ordinary Shares on the Spanish Stock Exchanges either (a) lasting more than 24 consecutive hours, if taking place within the first 13 calendar days of the preferential subscription period, or (b) lasting more than four consecutive hours, if taking place from the second-to-last calendar day of the preferential subscription period to the Subscription Date;
- vi) any moratorium on or suspension of commercial banking activities shall have been declared by competent authorities in the European Union, Spain, the United Kingdom, the United States or the State of New York, or a material disruption in commercial banking activities,

securities settlement, payment or clearance services in the European Union, Spain, the United Kingdom, the United States or the State of New York; or

vii) there has occurred:

- (a) a suspension or material limitation in trading in securities generally on any of the Spanish Stock Exchanges, the London Stock Exchange or the New York Stock Exchange;
- (b) any change or any development involving a prospective change in the national or international financial, political or economic conditions, any financial markets or any currency exchange rates or controls;
- (c) an outbreak or escalation of hostilities or acts of terrorism or a declaration of a national emergency or war or martial law; or
- (d) any other calamity, crisis or event,

if the effect of any such event under paragraphs (iii), (iv) and (vi) above, individually or together with any other such event, is material and adverse such as to make it impracticable or inadvisable to proceed with the Offering or the delivery of the New Ordinary Shares on the terms and in the manner contemplated in the Underwriting Agreement and this Prospectus.

## 15.2 The New Ordinary Shares

The New Ordinary Shares to be issued will be created pursuant to the Spanish Companies Act. Each of the New Ordinary Shares will carry one vote at a meeting of the Company's Shareholders. There will be no restrictions on the voting rights of the New Ordinary Shares. The ISIN number of the Existing Ordinary Shares is ES0105015012. The New Ordinary Shares will receive a provisional ISIN number which upon Admission will be replaced with the existing ISIN number of the Existing Ordinary Shares. Immediately following Admission, the New Ordinary Shares will be freely transferable under the By-laws, but will be subject to the selling and transfer restrictions referred to in section 6 of this Part XV (*"The Offering"*). The New Ordinary Shares will be represented in registered book-entry form and held through the clearance and settlement system managed by Iberclear.

The holding of New Ordinary Shares by investors may be affected by the law or regulatory requirements of the relevant jurisdiction, which may include restrictions on the free transferability of such New Ordinary Shares. Investors should consult their own advisers prior to an investment in the New Ordinary Shares.

## 15.3 Underwriting Agreement

On 15 July 2015 the Company entered into an English law underwriting agreement with respect to the New Ordinary Shares with the Sole Global Coordinator and Bookrunner and the Investment Manager (the **"Underwriting Agreement"**). In consideration of the Sole Global Coordinator and Bookrunner entering into the Underwriting Agreement and providing the services as agreed thereunder, the Company has agreed to pay them certain commissions.

The Company has also agreed to pay certain expenses in connection with the Offering. The Company estimates that its total expenses (including the commissions and expenses payable to the Sole Global Coordinator and Bookrunner) will be approximately €5 million. The Company expects to receive approximately €129,982,030.56 from the Offering, net of, among other items, the Sole Global Coordinator and Bookrunner's commissions and expenses.

To the extent the New Ordinary Shares are not fully taken up during the preferential subscription period and the additional allocation period and subject to the terms set forth in the Underwriting Agreement, the Sole Global Coordinator and Bookrunner has agreed to use reasonable efforts to procure subscribers and, failing which, to subscribe for any New Ordinary Shares not otherwise subscribed at the Subscription Price.

If all the New Ordinary Shares offered are subscribed for by Eligible Shareholders or qualified investors in the preferential subscription period, the additional allocation period and the discretionary

allocation period, as the case may be, no New Ordinary Shares will be allocated to the Sole Global Coordinator and Bookrunner.

The Underwriting Agreement contemplates the possibility for the Sole Global Coordinator and Bookrunner to terminate the Underwriting Agreement until the time of registration of the capital increase deed with the Commercial Registry of Madrid under certain circumstances. These circumstances include the occurrence of certain material adverse changes in the Company's or the Investment Manager's condition (financial or otherwise), business affairs or prospects and certain changes in, among other things, certain national or international political, financial or economic conditions. See section 1.14 of this Part XV ("*The Offering*").

In addition, the Sole Global Coordinator and Bookrunner's obligations under the Underwriting Agreement are subject to the fulfilment of certain conditions precedent, including the delivery of customary legal opinions.

If the Underwriting Agreement is terminated or any of the aforementioned conditions precedent is not satisfied, then the subscription of any New Ordinary Shares by the Sole Global Coordinator and Bookrunner as a consequence of its underwriting commitment will be revoked, terminated and without effect.

The Company and the Investment Manager have given customary representations and warranties to the Sole Global Coordinator and Bookrunner, including, among other things and as applicable, in relation to information contained in this Prospectus. The Company and the Investment Manager have further given customary indemnities to the Sole Global Coordinator and Bookrunner in connection with the Offering and have assumed certain undertakings in connection with the Offering.

## **15.4 Lock-ups**

### *15.4.1 Company's lock-up*

During the period from the date of the Underwriting Agreement to and including 180 days after the admission to trading of the New Ordinary Shares, the Company will not, without the prior written consent of the Sole Global Coordinator and Bookrunner (which consent shall not be unreasonably withheld or delayed):

- i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell any option, or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or lend or otherwise transfer or dispose of any Ordinary Shares or other shares of the Company or any securities convertible into or exercisable or exchangeable for Ordinary Shares or other shares of the Company or file any prospectus under the Prospectus Directive or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing;
- ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequences of ownership of any Ordinary Shares or other shares of the Company; or
- iii) enter into any other transaction with the same economic effects, or agree to do or announce or otherwise publicise the intention to do any of the foregoing,

whether any such swap or transaction described in any of sub-clauses (i), (ii) or (iii) above is to be settled by delivery of Ordinary Shares or any other securities convertible into or exercisable or exchangeable for Ordinary Shares, in cash or otherwise.

The foregoing sentence shall not apply to (A) the issue and/or sale and offer by the Company of the Preferential Subscription Rights and the New Ordinary Shares as described herein, (B) the issue and/or delivery of the Performance Fee Shares to be subscribed for by the Investment Manager according to the Investment Manager Agreement, and (C) the performance of ordinary treasury stock transactions in compliance with the applicable legal restrictions and consistently with the Company's past practices, which can be executed only after 90 days following the admission to trading of the New Ordinary Shares have elapsed.



#### 15.4.2 Investment Manager Agreement's lock-up

Under the placing agreement entered into between the Company, the Investment Manager and the Sole Global Coordinator and Bookrunner in the context of the Company's initial public offering, the Investment Manager agreed that, during a period commencing on the date of such agreement (i.e. 13 February 2014) and ending three years following the date on which the Existing Ordinary Shares were admitted to trading in the Spanish Stock Exchanges (i.e. 5 March 2014) (or, with respect to the Performance Fee Shares, ending three years following the date on which such Performance Fee Shares were delivered to the Investment Manager), the Investment Manager will not, without the prior written consent of the Sole Global Coordinator and Bookrunner (which consent shall not be unreasonably withheld or delayed):

- i) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of any Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares or file any registration statement under the Securities Act with respect to any of the foregoing; or
- ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Ordinary Shares,

whether any such swap or transaction described in sub-clause (i) or (ii) above is to be settled by delivery of Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares, in cash or otherwise.

The foregoing sentence shall not apply to (A) a disposal of Ordinary Shares effected to fund the payment or discharge by the Investment Manager of any liability to tax arising in connection with its receipt or acquisition of Performance Fee Shares and/or other Performance Fee Shares issued to the Investment Manager as part of the discharge of the Performance Fee; (B) a disposal of Ordinary Shares in connection with a takeover or sale of the Company that is recommended by the Board of Directors of the Company or if the Investment Manager is required by law to dispose of such Performance Fee Shares; or (C) following the termination of the Investment Manager Agreement.

#### 15.5 Admission and dealings

Application will be made to list the Company's New Ordinary Shares on the Spanish Stock Exchanges and to have the Company's New Ordinary Shares quoted through the SIBE (*Sistema de Interconexión Bursátil* or *Mercado Continuo*) of the Spanish Stock Exchanges. The Company expects the New Ordinary Shares to be listed and quoted on the Spanish Stock Exchanges on or about 10 August 2015.

##### *SIBE*

The SIBE (*Sistema de Interconexión Bursátil* or *Mercado Continuo*) links the four Spanish Stock Exchanges, providing those securities listed on it with a uniform continuous market that eliminates certain of the differences between the local exchanges. The principal feature of the system is the computerised matching of bid and offer orders at the time of entry of the relevant order. Each order is executed as soon as a matching order is entered, but can be modified or cancelled until it is executed. The activity of the market can be continuously monitored by investors and brokers. The SIBE is operated and regulated by Sociedad de Bolsas, S.A. ("**Sociedad de Bolsas**"). All trades on the SIBE must be placed through a brokerage firm, a dealer firm or a credit entity that is a member of a Spanish Stock Exchange.

In a pre-opening session held from 8:30 a.m. to 9:00 a.m. Madrid time each trading day, an opening price is established for each security traded on the SIBE based on a real-time auction in which orders can be entered, modified or cancelled but are not executed until the auction ends. During this pre-opening session, the system continuously displays the price at which orders would be executed if trading were to begin at that moment. Market participants only receive information relating to the auction price (if applicable) and trading volume permitted at the current bid and offer price. If an auction price does not exist, the best bid and offer price and associated volumes are shown. The auction terminates with a random period of 30 seconds in which share allocation takes place. Until the

allocation process has finished, orders cannot be entered, modified or cancelled. In exceptional circumstances (including the inclusion of new securities on the SIBE) and after giving notice to the CNMV, Sociedad de Bolsas may establish an opening price without regard to the reference price (the previous trading day's closing price), alter the price range for permitted orders with respect to the reference price or modify the reference price.

The computerised trading hours are from 9:00 a.m. to 5:30 p.m. Madrid time. During the trading session, the trading price of a security is permitted to vary up to a maximum so-called 'static' range of the reference price (the price resulting from the closing auction of the immediately preceding trading day or the immediately preceding volatility auction in the current trading session), provided that the trading price for each trade of such security is not permitted to vary in excess of a maximum so-called 'dynamic' range with respect to the trading price of the immediately preceding trade of the same security. If, during the trading session, there are matching bid and offer orders for a security within the computerised system which exceed any of the above 'static' and/or 'dynamic' ranges, trading on the security is automatically suspended and a new auction is held where a new reference price is set, and the 'static' and 'dynamic' ranges will apply over such new reference price. The 'static' and 'dynamic' ranges applicable to each particular security are set up and reviewed periodically by Sociedad de Bolsas. In a post-closing session auction held from 5:30 p.m. to 5:35 p.m. Madrid time, orders can be entered, modified or cancelled, but no trades can be made.

Between 5:30 p.m. and 8:00 p.m. Madrid time, trades may occur outside the computerised matching system without prior authorisation of Sociedad de Bolsas (provided such trades are communicated to Sociedad de Bolsas), at a price within the range of 5% above the higher of the average price and closing price for the day and 5% below the lower of the average price and closing price for the day if (i) there are no outstanding bids or offers, respectively, on the system matching or bettering the terms of the proposed off-system transaction, and (ii) if, among other things, the trade involves more than €300,000 and more than 20% of the average daily trading volume of the stock during the preceding three months. These trades must also relate to individual orders from the same person or entity and be reported to Sociedad de Bolsas before 8:00 p.m. Madrid time.

At any time trades may take place (with the prior authorisation of Sociedad de Bolsas) at any price if, among other things:

- the trade involves more than €1.5 million and more than 40% of the average daily trading volume of the stock during the preceding three months;
- the transaction derives from a merger or spin-off, or from the reorganisation of a group of companies;
- the transaction is executed for the purpose of settling litigation or completing a complex set of contracts; or
- Sociedad de Bolsas finds another appropriate cause.

Information with respect to the computerised trades which take place between 9:00 a.m. and 5:30 p.m. Madrid time, is made public immediately, and information with respect to trades which occur outside the computerised matching system is reported to the Sociedad de Bolsas by the end of the trading day and is also published in the Stock Exchange Official Gazette (*Boletín de Cotización*) and on the computer system by the beginning of the next trading day.

#### *Clearance and Settlement System*

Transactions carried out on the SIBE are cleared and settled through Iberclear. Only those entities participating in Iberclear are entitled to use it, and participation is restricted to authorized members of the Spanish Stock Exchanges, the Bank of Spain (when an agreement, approved by the Spanish Ministry of Economy, is reached with Iberclear) and, with the approval of the CNMV, other brokers who are not members of the Spanish Stock Exchanges, banks, savings banks and foreign settlement and clearing systems. Iberclear is owned by *Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.*, a holding company which holds a 100% interest in each of the Spanish official secondary markets and settlement systems. The clearance and settlement system and its participating entities are responsible for maintaining records of purchases and sales under the book

entry system. Shares of listed Spanish companies are held in book-entry form. Iberclear, which manages the clearance and settlement system, maintains a registry reflecting the number of shares held by each of its participating entities on its own behalf as well as the number of shares held on behalf of third parties. Each participating entity, in turn, maintains a registry of the owners of such shares. Spanish law considers the legal owner of the shares to be:

- the participating entity appearing in the records of Iberclear as holding the relevant shares in its own name; or
- the investor appearing in the records of the participating entity as holding the shares, in the case of shares held by Iberclear members on behalf of third parties.

Iberclear approved regulations introducing the so-called “T+3 Settlement System” by which the settlement of any transaction must be made within the three business days following the date on which the transaction was carried out. Naked short selling of listed shares is forbidden by specific Spanish regulations and at a European level by Regulation (EU) No. 236/2012 of the European Parliament and of the Council of March 14, on short selling and certain aspects of credit default swaps (“**Regulation 236/2012**”).

Obtaining legal title to shares of a company listed on a Spanish Stock Exchange requires the participation of a Spanish official stockbroker, broker-dealer or other entity authorized under Spanish law to record the transfer of shares. In order to evidence title to shares, the relevant participating entity must, at the owner’s request, issue a certificate of ownership. If the owner is a participating entity, Iberclear is in charge of the issuance of the certificate with respect to the shares held in the participating entity’s name.

Notwithstanding the foregoing, it should be noted that Law 32/2011, of October 4, which amends Law 24/1988, of July 28, on the securities market (*Ley 32/2011, de 4 de octubre, por la que se modifica la Ley 24/1988, de 28 julio, del Mercado de Valores*), anticipated some changes yet to be implemented in the Spanish clearing, settlement and registry procedures of securities transactions that will substantially modify the abovementioned system and will allow the connection of the post-trading Spanish systems to the European system Target-2 Securities, which is scheduled to be fully implemented in February 2017. In particular, Regulation (EU) No. 909/2014 of the European Parliament and of the Council of 23 July, on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 provides that the maximum settlement period shall be no later than on the second business day after the relevant trade takes place. On 28 May 2015 the CNMV and the Bank of Spain issued a release on the status of the reform of the Spanish securities settlement system where it stated that the first stage of the project (including the new T+2 settlement standard) will be in place in October 2015. In this regard, Law 11/2015, of 18 June, on recovery and resolution of credit entities, which first Final Disposition introduces the first set of changes in the new Spanish clearing, settlement and registry procedures, was enacted on 19 June 2015 and on 23 June 2015 the draft Royal Decree on the new clearing, settlement and registry of securities in book-entry form was subject to public hearing.

#### *Euroclear and Clearstream, Luxembourg*

Shares deposited with depositories for Euroclear Bank, S.A./N.V., as operator of the Euroclear System (“**Euroclear**”), and Clearstream Banking, société anonyme (“**Clearstream**”) and credited to the respective securities clearance account of purchasers in Euroclear or Clearstream against payment to Euroclear or Clearstream will be held in accordance with the Terms and Conditions Governing Use of Euroclear and Clearstream, the operating procedures of the Euroclear System, as amended from time to time, the Management Regulations of Clearstream and the Instructions to Participants of Clearstream as amended from time to time, as applicable. Persons on whose behalf accounts at Euroclear or Clearstream are maintained and to which shares have been credited (“investors”) shall have the right to receive the number of shares equal to the number of shares so credited, upon compliance with the foregoing regulations and procedures of Euroclear or Clearstream.

With respect to the shares that are deposited with depositories for Euroclear or Clearstream, such shares will be initially recorded in the name of Euroclear or one of its nominees or in the name of

Clearstream or one of its nominees, as the case may be. Thereafter, investors may withdraw shares credited to their respective accounts if they wish to do so, upon payment of the applicable fees described below, if any, and upon obtaining the relevant recording in the book-entry registries kept by the members of Iberclear.

Under Spanish law, only the record holder of the shares according to the registry kept by Iberclear is entitled to receive dividends and other distributions and to exercise voting, pre-emptive and other rights in respect of such shares. Euroclear or its nominee or Clearstream or its nominee will be the sole record holder of the shares that are deposited with the depositories for Euroclear and Clearstream, respectively, until such time as investors exercise their rights to withdraw such shares and cause them to obtain the recording of the investor's ownership of the shares in the book-entry registries kept by the members of Iberclear.

Cash dividends or cash distributions, as well as stock dividends or other distributions of securities, received in respect of the shares that are deposited with the depositories for Euroclear and Clearstream will be credited to the cash accounts maintained on behalf of the investors at Euroclear and Clearstream, as the case may be, after deduction for applicable withholding taxes, in accordance with the applicable regulations and procedures of Euroclear and Clearstream.

Each of Euroclear and Clearstream will endeavour to inform investors of any significant events of which they have notice affecting the shares recorded in the name of Euroclear or its nominees and Clearstream or its nominees and requiring action to be taken by investors. Each of Euroclear and Clearstream may, at its discretion, take such action as it shall deem appropriate in order to assist investors to direct the exercise of voting rights in respect of the shares. Such actions may include (i) acceptance of instructions from investors to execute or to arrange for the execution of, proxies, powers of attorney or other similar certificates for delivery to the Company, or its agent or (ii) voting of such shares by Euroclear or its nominees and Clearstream or its nominees in accordance with the instructions of investors.

If the Company offers or causes to be offered to Euroclear or its nominees and Clearstream or its nominees, as the record holders of the Ordinary Shares that are deposited with the depositories for Euroclear and Clearstream, respectively, any rights to subscribe for additional shares or rights of any other nature, each of Euroclear and Clearstream will endeavour to inform investors of the terms of any such rights issue of which it has notice in accordance with the provisions of its regulations and procedures referred to above. Such rights will be exercised, insofar as practicable and permitted by applicable law, according to written instructions received from investors, or such rights may be sold and, in such event, the net proceeds will be credited to the cash account maintained on behalf of the investor with Euroclear or Clearstream.

## **15.6 Selling and transfer restrictions and investors' representations and warranties**

Except in the case of Spain, no action has been or will be taken in any jurisdiction that would, or is intended to, permit a public offer of the New Ordinary Shares or Preferential Subscription Rights, or possession or distribution of this Prospectus or any other offering or publicity material, in any country or jurisdiction where action for that purpose is required.

**The New Ordinary Shares may not be offered, sold or otherwise distributed directly or indirectly, and this Prospectus may not be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the offer of New Ordinary Shares contained in this Prospectus. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to acquire any of the New Ordinary Shares or Preferential Subscription Rights to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.**

Investors should be aware that any sale or transfer of Preferential Subscription Rights must be done pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

*15.6.1 United States. Representations and agreements required from prospective investors in the United States and outside the United States*

Persons in the United States who wish to exercise Preferential Subscription Rights must execute and timely return an investor letter to the Company in the form set forth in Annex A to this Prospectus in which they must confirm their status as a QIB and assume certain obligations with respect to the Preferential Subscription Rights and New Ordinary Shares, among other things.

*Restrictions on offering under the Securities Act*

The Preferential Subscription Rights and New Ordinary Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be exercised (with respect to the Preferential Subscription Rights), offered, sold, subscribed for, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws.

The Preferential Subscription Rights may only be exercised (i) within the United States by QIBs in reliance on Section 4(a)(2) under the Securities Act and only by persons that have executed and timely returned an investor letter to the Company in the form set forth in Annex A to this Prospectus, or (ii) outside the United States in offshore transactions (as defined in Regulation S) in reliance on Regulation S. In addition, the Sole Global Coordinator and Bookrunner, directly or through their US broker-dealer affiliates, may arrange for the offer and sale of Rump Shares (i) within the United States only to persons they reasonably believe are QIBs and in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, or (ii) outside the United States in offshore transactions (as defined in Regulation S) in reliance on Regulation S. Terms used above have the same meaning given to them by Regulation S and Rule 144A.

In addition, until 40 days after the commencement of the Offering, an offer or sale of Preferential Subscription Rights or New Ordinary Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

**(A) Representations and agreements required from prospective investors in the United States**

Each person that is exercising Preferential Subscription Rights or purchasing or otherwise acquiring New Ordinary Shares and that is located within the United States will be deemed by its exercise of Preferential Subscription Rights or subscription for, purchase of or acceptance of New Ordinary Shares to have represented and agreed as follows:

- a. it is (a) a QIB, (b) aware, and each beneficial owner of Preferential Subscription Rights or New Ordinary Shares has been advised, that the sale of the Preferential Subscription Rights or New Ordinary Shares to it is being made in reliance on Section 4(a)(2) under the Securities Act or Rule 144A or another available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and (c) acquiring the Preferential Subscription Rights or New Ordinary Shares for its own account or for the account or benefit of a QIB, as the case may be;
- b. it understands that the Preferential Subscription Rights and New Ordinary Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be reoffered, resold, pledged or otherwise transferred except (A) (i) to a person whom the purchaser/acquiror and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account or benefit of a QIB in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or

Rule 904 of Regulation S or (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) and (B) in accordance with all applicable securities laws of the states of the United States. Such purchaser/acquiror acknowledges that the Preferential Subscription Rights and New Ordinary Shares granted, offered and sold in accordance with Rule 144A are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of the Company’s shares;

- c. unless otherwise agreed in writing by the Company, it is not, and is not acting on behalf of (a) an employee benefit plan (as defined in Section 3(3) ERISA) subject to Title I of ERISA, (b) a plan described in Section 4975(e)(1) of the Code including an individual retirement account or other arrangement that is subject to Section 4975 of the Code, or (c) any entity whose underlying assets could be deemed to include “plan assets” by reason of such employee benefit plan’s or plan’s investment in the entity pursuant to the United States Department of Labor Regulation Section 2510.3-101, as modified by Section 3(42) of ERISA or (d) a governmental, church, non-US or other plan which is subject to any federal, state, local, non-US or other laws or regulations that are substantially similar to the fiduciary responsibility and/or the prohibited transaction provisions of ERISA and/or Section 4975 of the Code and/or laws or regulations that provide that the assets of the Company could be deemed to include “plan assets” of such plan;
- d. it understands that for so long as New Ordinary Shares issued upon the exercise of Preferential Subscription Rights are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, no such New Ordinary Shares may be deposited into any American depositary receipt facility established or maintained by a depositary bank, other than a restricted depositary receipt facility, and that such New Ordinary Shares will not settle or trade through the facilities of the Depositary Trust Company or any other US exchange or clearing system;
- e. it has received a copy of this Prospectus and in making its investment decision to exercise the Preferential Subscription Rights, or subscribe or otherwise acquire New Ordinary Shares it is relying solely on this Prospectus and any supplement thereto issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company or the Offering. It acknowledges that neither the Company nor the Investment Manager nor the Sole Global Coordinator and Bookrunner nor any person representing any of them has made any representation to it with respect to the Company or the offering, sale, exercise of or subscription for any Preferential Subscription Rights or New Ordinary Shares other than as set forth herein or in the Prospectus which has been delivered to it. It agrees that none of the Company, the Investment Manager or the Sole Global Coordinator and Bookrunner, nor any of their respective officers, agents or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation and represents that it has had access to all information it believes necessary or appropriate in connection with its investment decision;
- f. the content of this Prospectus is exclusively the responsibility of the Company and its Board and apart from the liabilities and responsibilities, if any, which may be imposed on the Sole Global Coordinator and Bookrunner under any regulatory regime, neither the Sole Global Coordinator and Bookrunner nor any person acting on their behalf nor any of their affiliates makes any representation, express or implied, nor accepts any responsibility whatsoever for the contents of this document nor for any other statement made or purported to be made by them or on its or their behalf in connection with the Company or the Offering;
- g. it has conducted its own investigation before exercising the Preferential Subscription Rights, or subscribing or otherwise acquiring New Ordinary Shares and obtained its own independent advice (tax, legal and otherwise) to the extent it considers necessary or appropriate and has not relied, and will not be entitled to rely on any advice (legal and otherwise) given by the counsels to the Company or to the Sole Global Coordinator and Bookrunner in connection with the Offering and none of the Company, the Investment Manager, the Sole Global

Coordinator and Bookrunner or their respective affiliates, directors, officers, employees, advisors or representatives takes any responsibility as to any legal or tax consequences of the exercise of the Preferential Subscription Rights, or the subscription or acquisition of New Ordinary Shares;

- h. it is not an affiliate (as defined in Rule 501(b) under the Securities Act) of the Company, and it is not acting on behalf of an affiliate of the Company;
- i. it, and each other QIB, if any, for whose account it is acquiring Preferential Subscription Rights or New Ordinary Shares, in the normal course of business, invests in or purchases securities similar to the Preferential Subscription Rights and the New Ordinary Shares issuable upon the exercise of Preferential Subscription Rights, has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of purchasing any of the Preferential Subscription Rights and such New Ordinary Shares and is aware that it must bear the economic risk of an investment in each Preferential Subscription Right and any New Ordinary Share into which it may be exercised for an indefinite period of time and is able to bear such risk for an indefinite period;
- j. it is empowered, authorized and qualified to exercise the Preferential Subscription Rights and to subscribe for the New Ordinary Shares. If it is a broker-dealer acting as agent on behalf of a client, it has authority to make, and does make, these representations and agreements on behalf of its own client and has confirmed its client is a QIB;
- k. the Company, the Sole Global Coordinator and Bookrunner and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations and agreements; and
- l. if any of the representations or agreements made by it are no longer accurate or have not been complied with, it will immediately notify the Company and the Sole Global Coordinator and Bookrunner, and if it is exercising (with respect to the Preferential Subscription Rights) or acquiring any Preferential Subscription Rights or New Ordinary Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and it has full power to make such foregoing representations and agreements on behalf of each such account.

**Prospective purchasers are hereby notified that sellers of the Preferential Subscription Rights and New Ordinary Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.**

**Any person in the United States wishing to exercise Preferential Subscription Rights to subscribe for New Ordinary Shares must execute and deliver an investor letter in the form set forth in Annex A to this Prospectus to the Company and the Sole Global Coordinator and Bookrunner.**

**(B) Representations and agreements required from prospective investors outside the United States**

Each person that is exercising Preferential Subscription Rights or purchasing or otherwise acquiring New Ordinary Shares and that is located outside the United States will be deemed by its exercise of Preferential Subscription Rights or subscription for, purchase of or acceptance of New Ordinary Shares to have represented and agreed as follows:

- a. it is acquiring the Preferential Subscription Rights or New Ordinary Shares in an offshore transaction meeting the requirements of Regulation S;
- b. it understands that the Preferential Subscription Rights and New Ordinary Shares have not been, and will not be, registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be exercised (with respect to the Preferential Subscription Rights), offered, sold, subscribed for, pledged or otherwise transferred in the United States absent registration under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

- c. if in the future it decides to offer, sell, transfer, assign or otherwise dispose of the Preferential Subscription Rights or New Ordinary Shares, it will do so only in compliance with an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- d. it has received a copy of this Prospectus and in making its investment decision to exercise the Preferential Subscription Rights, or subscribe or otherwise acquire New Ordinary Shares it is relying solely on this Prospectus and any supplement thereto issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company or the Offering. It acknowledges that neither the Company, nor the Investment Manager, nor the Sole Global Coordinator and Bookrunner nor any person representing any of them has made any representation to it with respect to the Company or the offering, sale, exercise of or subscription for any Subscription Rights or New Ordinary Shares other than as set forth herein or in the Prospectus which has been delivered to it. It agrees that none of the Company, the Investment Manager or the Sole Global Coordinator and Bookrunner, nor any of their respective officers, agents or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation and represents that it has had access to all information it believes necessary or appropriate in connection with its investment decision;
- m. the content of this Prospectus is exclusively the responsibility of the Company and its Board and apart from the liabilities and responsibilities, if any, which may be imposed on the Sole Global Coordinator and Bookrunner under any regulatory regime, neither the Sole Global Coordinator and Bookrunner nor any person acting on their behalf nor any of their affiliates makes any representation, express or implied, nor accepts any responsibility whatsoever for the contents of this document nor for any other statement made or purported to be made by them or on its or their behalf in connection with the Company or the Offering;
- n. its exercise of Preferential Subscription Rights and/or the subscription or acquisition of New Ordinary Shares has complied with all applicable legislation in its jurisdiction (including any applicable legislative instruments implementing the AIFMD, to the extent it is domiciled in a EEA jurisdiction that has implemented the AIFMD (as these terms are defined below)), it has obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its exercise, subscription or purchase in any territory, and it has not taken any action or omitted to take any action which would result in the Company, the Investment Manager or the Sole Global Coordinator and Bookrunner or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, applicable in its jurisdiction in connection with the Offering. It does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to exercise the Preferential Subscription Rights, or subscribe or otherwise acquire New Ordinary Shares and it is not acting on a non discretionary basis for any such person;
- e. it has conducted its own investigation before exercising the Preferential Subscription Rights, or subscribing or otherwise acquiring New Ordinary Shares and obtained its own independent advice (tax, legal and otherwise) to the extent it considers necessary or appropriate and has not relied, and will not be entitled to rely on any advice (legal and otherwise) given by the counsels to the Company or to the Sole Global Coordinator and Bookrunner in connection with the Offering and none of the Company, the Investment Manager, the Sole Global Coordinator and Bookrunner or their respective affiliates, directors, officers, employees, advisors or representatives takes any responsibility as to any legal or tax consequences of the exercise of the Preferential Subscription Rights, or the subscription or acquisition of New Ordinary Shares;
- f. unless otherwise agreed in writing by the Company, it is not, and is not acting on behalf of (a) an employee benefit plan (as defined in Section 3(3) of ERISA)) subject to Title I of ERISA, (b) a plan described in Section 4975(e)(1) of the Code including an individual retirement



account or other arrangement that is subject to Section 4975 of the Code, or (c) any entity whose underlying assets could be deemed to include “plan assets” by reason of such employee benefit plan’s or plan’s investment in the entity pursuant to the United States Department of Labor Regulation Section 2510.3-101, as modified by Section 3(42) of ERISA or (d) a governmental, church, non-US or other plan which is subject to any federal, state, local, non-US or other laws or regulations that are substantially similar to the fiduciary responsibility and/or the prohibited transaction provisions of ERISA and/or Section 4975 of the Code and/or laws or regulations that provide that the assets of the Company could be deemed to include “plan assets” of such plan;

- g. the Company, the Sole Global Coordinator and Bookrunner and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations and agreements;
- h. if any of the representations or agreements made by it are no longer accurate or have not been complied with, it will immediately notify the Company and the Sole Global Coordinator and Bookrunner, and if it is exercising (with respect to the Preferential Subscription Rights) or acquiring any Preferential Subscription Rights or New Ordinary Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and it has full power to make such foregoing representations and agreements on behalf of each such account; and
- i. the Company and the Sole Global Coordinator and Bookrunner may require additional representations from investors resident in EEA jurisdictions that have implemented the AIFMD (as these terms are defined below).

#### *15.6.2 European Economic Area*

Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers (the “**AIFMD**”) was approved on 8 July 2011 and was implemented in Spain by means of Law 22/2014, of 12 November 2014, on venture capital entities, other closed-ended collective investment schemes and their management companies and the amendment of Law 35/2003 on Collective Investment Schemes (the “**Law 22/2014**”).

Under Law 22/2014, the Company is not an Alternative Investment Fund (an “**AIF**”) in Spain. In addition, the Company believes that it is not an AIF within the meaning of the AIFMD. However, it is uncertain whether the same conclusion could be reached in all the member states of the European Economic Area (“**EEA**”) according to the relevant legislative instruments that have implemented the AIFMD in each such jurisdictions.

Investors domiciled in EEA jurisdictions that have implemented the AIFMD by subscribing New Ordinary Shares either within the preferential subscription period (through the exercise of their Preferential Subscription Rights), the additional allocation period or the discretionary allocation period, will represent for the benefit of the Company and the Sole Global Coordinator and Bookrunner that such subscription complies with all applicable legislation, including relevant legislative instruments implementing the AIFMD, in such jurisdiction (as set out in section 6.1 B) above).

In addition to the above AIFMD considerations, as regards EEA jurisdictions that have implemented the Prospectus Directive (each, a “**Relevant Member State**”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), no offer of any Preferential Subscription Rights or New Ordinary Shares has been made, or will be made, to the public in that Relevant Member State, other than the Offering in Spain, except that an offer of Preferential Subscription Rights or New Ordinary Shares may, with effect from and including the Relevant Implementation Date, be made to the public in that Relevant Member State at any time:

- a. to any legal entity which is a “qualified investor” as defined under the Prospectus Directive;
- b. to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Sole Global Coordinator and Bookrunner for any such offer; or

c. in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Preferential Subscription Rights or New Ordinary Shares shall result in a requirement for the publication by the Company or the Sole Global Coordinator and Bookrunner of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the above, the expression an “offer of Preferential Subscription Rights or New Ordinary Shares to the public” in relation to any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Preferential Subscription Rights or New Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Preferential Subscription Rights or New Ordinary Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

#### *15.6.3 United Kingdom*

In addition to what it is provided for in the previous section, the Sole Global Coordinator and Bookrunner (A) has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the UK Financial Services and Markets Act 2000 (“**FSMA**”)) received by it in connection with the issue or sale of any Preferential Subscription Rights and New Ordinary Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company and (B) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Preferential Subscription Rights and New Ordinary Shares in, from or otherwise involving the United Kingdom.

#### **15.7 Interests of persons involved in the Offering**

The Company is not aware of any link or significant economic interest between the Company and the entities participating in the Offering (Directors, Company Secretary, Investment Manager, Sole Global Coordinator and Bookrunner, Agent Bank and legal advisors), except for the strictly professional relationship derived from the legal and financial advice described therein in relation to the Offering.

## 16. PART XVI: TAXATION INFORMATION

The following summary is a general description of certain tax considerations relating to the Company, the New Ordinary Shares and the Preferential Subscription Rights. It does not constitute tax advice and does not purport to be a complete analysis of all tax considerations relating to the Company, the New Ordinary Shares or the Preferential Subscription Rights, as applicable, whether in Spain or elsewhere, and does not deal with the tax consequences applicable to all categories of investors (such as look-through entities), some of which might be subject to special rules. This analysis does not cover all possible tax consequences of the transactions applicable to all categories of Shareholders, some of which (e.g., financial institutions, collective investment schemes, cooperatives, etc.) may be subject to special rules. Furthermore, this summary does not take into account the regional special tax regimes in force in the Basque Country and Navarre, or the regulations adopted by the Spanish Autonomous Regions.

Prospective investors should consult their own tax advisors as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Spain of acquiring, holding and disposing of New Ordinary Shares or Preferential Subscription Rights.

This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date. As a result, this description is subject to any changes in such laws or interpretations occurring after the date hereof, including changes having retroactive effect.

### 16.1 Spanish SOCIMI Regime

The following paragraphs are intended as a general guide only and constitute a high-level summary of the Company's understanding of current Spanish law in respect of the current SOCIMI Regime. The SOCIMI Regime was enacted originally in October 2009 and was amended at the end of 2012. The amendments introduced in 2012 improved the regime and facilitated the incorporation of the first SOCIMI during the second half of 2013. Interpretation of the rules is likely to develop as participants gain exposure to the regime. This summary is based on the key aspects of the Spanish SOCIMI Regime as they apply to the Company. The Company filed a request with the Spanish General Directorate of Taxes (the "DGT") for the DGT to clarify certain aspects of the SOCIMI Act. The responsive ruling was issued on 10 February 2014. Investors should seek their own advice in relation to taxation matters.

#### 16.1.1 Overview

The SOCIMI Regime is intended to facilitate attracting new sources of capital to the Spanish real estate rental market. It follows similar legislation adopted in the UK and other European countries, as well as a long-established real estate investment trusts regime in the United States. Some of the primary aims of these types of regimes are to minimize tax inefficiency of holding real estate through corporate ownership by removing corporate taxation at the level of the SOCIMI, as well as to promote rental activities and professional management of these types of businesses.

Provided certain conditions and tests are satisfied (see "Qualification as Spanish SOCIMI" below), a SOCIMI generally does not pay Spanish Corporate Income Tax on the profits deriving from its activities –technically, it is subject to a 0% Corporate Income Tax rate. Instead, profits must be distributed and such income could then be subject to taxation.

Under the Spanish SOCIMI Regime, a SOCIMI will be required to adopt resolutions for the distribution of dividends, after fulfilling any relevant Spanish Companies Act requirements, to shareholders annually within the six months following the closing of the fiscal year of: (i) at least 50% of the profits derived from the transfer of real estate properties and shares in Qualifying Subsidiaries and real estate collective investment funds; provided that the remaining profits must be reinvested in other real estate properties or participations within a maximum period of three years from the date of the transfer or, if not, 100% of the profits must be distributed as dividends once such period has elapsed; (ii) 100% of the profits derived from dividends paid by Qualifying Subsidiaries and real

estate collective investment funds; and (iii) at least 80% of all other profits obtained (i.e., profits derived from ancillary activities). If the relevant dividend distribution resolution were not adopted in a timely manner, the SOCIMI would lose its SOCIMI status in respect of the year to which the dividends relate.

#### *16.1.2 Qualification as Spanish SOCIMI*

In order to qualify for the Spanish SOCIMI Regime, a SOCIMI must satisfy certain conditions. A summary of the material conditions is set out below.

##### ***Trading requirement***

SOCIMIs must be listed on a regulated market or alternative investment market in Spain or in other European Union or European Economic Area member state uninterruptedly for the entire tax period. This trading requirement must be met during the whole fiscal year (without interruption) in which the special SOCIMI Regime is applicable.

##### ***Purpose of the SOCIMI / Minimum share capital***

SOCIMIs must take the form of a listed joint stock corporation, such as a *sociedad anónima*, with a minimum share capital of €5 million. Furthermore, a SOCIMI's shares must be in registered form, nominative and only one single class of shares is permitted. Since the Ordinary Shares are represented in nominative book entry form, this requirement is met.

A SOCIMI must have as its main corporate purpose:

- the acquisition, development and refurbishment of urban real estate for rental purposes;
- the holding of shares of other (a) SOCIMIs, (b) foreign entities that have the same corporate purpose of a SOCIMI and that shall be subject to a similar dividend distribution regime (“**foreign REITs**”), and (c) Spanish and foreign entities whose main corporate purpose is investing in real estate for developing rental activities and that shall be subject to equal dividend distribution regime and investment and income requirements as set out in the SOCIMI Act and which share capital is fully owned by SOCIMIs or foreign REITs and that do not hold participations in other companies (“**Qualifying Subsidiaries**”); or
- the holding of shares in real estate collective investment funds.

Qualifying Subsidiaries that are non-resident entities must be resident in countries with which Spain has a treaty or agreement providing for an exchange of tax information.

SOCIMIs are allowed to carry out other ancillary activities that do not fall under the scope of their main corporate purpose. However, such ancillary activities must not exceed 20% of the assets or 20% of the revenues of the SOCIMI in each tax year, in accordance with the minimum qualifying assets and qualifying income tests described below.

##### ***Restrictions on investments***

At least 80% of the SOCIMI's assets must be invested in:

- urban real property to be leased;
- land plots acquired for the development of urban real property to be leased afterwards, provided that the development of such property starts within three years as from the acquisition date;
- participations in Qualifying Subsidiaries (see “Purpose of the SOCIMI / Minimum share capital” above); or
- participations in real estate collective investment funds.

The DGT has confirmed that the assets should be measured on a gross basis, disregarding depreciation or impairments, in accordance with Royal Decree of November 16, 2007, approving the Spanish General Accounting Plan (*Plan General de Contabilidad*), which sets forth the Spanish generally accepted accounting principles (“**Spanish GAAP**”).

In the event that a SOCIMI has subsidiaries that are deemed to be a part of the same group of companies for Spanish corporate law purposes, the calculation of this 80% threshold will be made on a consolidated basis according to Spanish GAAP. For these purposes, the group of companies would be integrated exclusively by SOCIMIs and other Qualifying Subsidiaries described in “Purpose of the SOCIMI / Minimum share capital” above.

There are no asset diversification requirements.

### ***Restrictions on income***

At least 80% of a SOCIMI's net annual income must derive from the lease of qualifying assets (as described in “Restrictions on investments” above), or from dividends distributed by Qualifying Subsidiaries and real estate collective investment funds and companies.

The DGT considers that the annual income should be measured on a net basis, taking into consideration direct income expenses and a pro rata portion of general expenses. These concepts should be calculated in accordance with Spanish GAAP.

Lease agreements between related entities would not be deemed a qualifying activity and therefore, the rent deriving from such agreements cannot exceed 20% of a SOCIMI's income.

Capital gains derived from the sale of qualifying assets are in principle excluded from the 80%/20% net income test. However, if a qualifying asset is sold before the minimum holding period (as described below) is achieved, then (i) such capital gain would compute as non-qualifying revenue; and (ii) such gain would be taxed at the standard Corporate Income Tax rate (28% for 2015 and 25% for 2016 onwards); furthermore, the entire income, including rental income, derived from such asset also would be subject to the standard Corporate Income Tax rate.

### ***Minimum holding period***

Qualifying assets must be held by a SOCIMI for a three-year period from (i) the acquisition of the asset by the SOCIMI, or (ii) the first day of the financial year when the company became a SOCIMI if the asset was held by the company before becoming a SOCIMI. In case of urban real estate, the holding period requires that these assets are actually rented for at least three years; the period of time during which the asset is on the market for rent (even if vacant) is taken into account up to one year.

### ***Mandatory dividend distribution***

Under the Spanish SOCIMI Regime, a SOCIMI is required to adopt resolutions for the distribution of dividends, after fulfilling any relevant Spanish Companies Act requirement, to shareholders annually within the six months following the closing of the fiscal year of: (i) at least 50% of the profits derived from the transfer of real estate properties and shares in Qualifying Subsidiaries and real estate collective investment funds; provided that the remaining profits must be reinvested in other real estate properties or participations within a maximum period of three years from the date of the transfer or, if not, 100% of the profits must be distributed as dividends once such period has elapsed; (ii) 100% of the profits derived from dividends paid by Qualifying Subsidiaries and real estate collective investment funds; and (iii) at least 80% of all other profits obtained (e.g., profits derived from ancillary activities). If the relevant dividend distribution resolution was not adopted in a timely manner, a SOCIMI would lose its SOCIMI status in respect of the year to which the dividends relate.

The SOCIMIs must agree the dividend distributions of a given fiscal year within the six months following the closing of the fiscal year; those dividends must be due within the month following the distribution agreement.

### ***Leverage***

A SOCIMI is not subject to a specific limitation on indebtedness.

Recently approved tax limitations by the Spanish Government (tax deduction of financial expenses and annual depreciation, carrying-forward of tax losses, and tax credits) should have no practical impact provided that the SOCIMI is taxed at a 0% Corporate Income Tax rate if all the SOCIMI regime requirements are met.

## ***Sanctions***

The loss of SOCIMI status would trigger adverse consequences a company. Causes for such loss of status are:

- Delisting.
- Substantial failure to comply with its information and reporting obligations, unless such failure is remedied by preparing fully compliant annual accounts which contain certain required information in the following year.
- Failure to adopt a dividend distribution resolution or to effectively satisfy the dividends within the deadlines described under “Mandatory dividend distribution” above. In this case, the loss of SOCIMI status would have effects in the tax year in which the profits not distributed were obtained.
- Waiver of the SOCIMI Regime by the company.
- Failure to meet the requirements established in the SOCIMI Act unless such failure is remedied within the following fiscal year. However, the failure to observe the minimum holding period of qualifying assets would not give rise to the loss of SOCIMI status, but (i) the assets would be deemed non-qualifying assets; and (ii) income derived from such assets would be taxed at the standard Corporate Income Tax rate (28% for 2015 and 25% for 2016 onwards).

Should the Company lose its SOCIMI status, it would not be eligible to regain it for three years. In such case, the Company would have to pay Corporate Income Tax at the regular rate (28% for 2015 and 25% for 2016 onwards), and would not be able to elect for the SOCIMI Regime for the following three fiscal years. The shareholders in a company that loses its SOCIMI status are expected to be subject to taxes as if the SOCIMI Regime had not been applicable to the company.

Furthermore, in the event of non-compliance with information obligations, penalties between €1,500 and €30,000 are established depending on the kind of information not provided.

## **16.2 Spanish tax considerations**

The statements of Spanish tax law set out below are based on existing Spanish tax laws, including relevant regulations, administrative rulings and practices in effect on the date of this Prospectus and which may apply to investors who are the beneficial owners of shares in a SOCIMI. Legislative, administrative or judicial changes may modify the tax consequences described below.

The following is a summary of the material Spanish tax consequences of the acquisition, ownership and disposition of Ordinary Shares by Spanish and non-Spanish tax resident investors. This summary is not a complete analysis or listing of all the possible Spanish tax consequences of such transactions and does not address all tax considerations that may be relevant to all categories of potential purchasers, some of whom may be subject to special rules. In particular, this tax section does not address the Spanish tax consequences applicable to “lookthrough” entities (such as trusts or estates) that may be subject to the tax regime applicable to such non-Spanish tax resident entities under the Spanish Non-Resident Income Tax Law, approved by Royal Legislative Decree 5/2004 of March 5, as amended (the “**NRIT Law**”).

Accordingly, prospective investors in the shares should consult their own tax advisers as to the applicable tax consequences of their purchase, ownership and disposition of the shares, including the effect of tax laws of any other jurisdiction, based on their particular circumstances.

The description of Spanish tax laws set forth below is based on law currently in effect in Spain as of the date of this Prospectus, and on the administrative interpretations thereof. As a result, this description is subject to any changes in such laws or interpretations occurring after the date hereof, including changes having retroactive effect.

As used in this particular section “Spanish Tax Considerations”, the term “Spanish Shareholder” means a beneficial owner of Ordinary Shares: (i) who is an individual or corporation resident for tax

purposes in Spain; or (ii) who is an individual or corporation not resident for tax purposes in Spain but whose ownership of shares is effectively connected with a permanent establishment in Spain through which such holder carries on or has carried on business or with a fixed base in Spain from which such holder performs or has performed independent personal services; and (iii) that does not hold 5% or more of the Ordinary Shares.

As used in this particular section “Spanish Tax Considerations”, the term “Non-Spanish Shareholder” means a beneficial owner of the New Ordinary Shares: (i) who is an individual or corporation resident for tax purposes in any country other than Spain; and (ii) whose ownership of shares is not effectively connected with a permanent establishment in Spain through which such holder carries on or has carried on business or with a fixed base in Spain from which such holder performs or has performed independent personal services; and (iii) and that does not hold 5% or more of the Ordinary Shares.

#### *16.2.1 Taxation of entities qualifying for the SOCIMI Regime*

SOCIMIs and Spanish-resident Qualifying Subsidiaries may elect to apply the SOCIMI Regime. The election to apply the SOCIMI Regime must be adopted by the entity’s shareholders, and the Spanish tax authorities must be notified of such election prior to the last quarter of the tax year when the SOCIMI Regime is expected to apply. Such election will remain applicable until the company waives its applicability. The Company is a Spanish SOCIMI and benefits from the SOCIMI Regime.

An entity eligible for the SOCIMI Regime may apply for the special tax regime even if when the election is made such entity does not meet all the eligibility requirements, provided that it meets such requirements within two years (as from the date the corresponding election is filed with the Spanish tax authorities). In addition, such entity will have a one-year grace period to cure any non-compliance with certain eligibility requirements.

#### *Corporate Income Tax (“CIT”)*

Generally, all income received by a SOCIMI is taxed under CIT at a 0% rate. Nevertheless, rental income and capital gains stemming from qualifying assets being sold prior to the end of the minimum holding period (three years) would be subject to the standard CIT rate (28% in 2015 and 25% for 2016 onwards).

Furthermore, a special levy regime applies to dividends paid by the SOCIMI to domestic or foreign Substantial Shareholders. The SOCIMI must assess and pay a 19% Corporate Income Tax in respect of gross dividends distributed if the beneficiary of the dividends holds at least 5% of the shares of the SOCIMI, and is either exempt from any tax on the dividends or subject to tax on the dividend received at a rate lower than 10% or does not timely provide the Company with the information its equal to or higher than 10% taxation on dividends distributed by the Company. The DGT has recently issued two binding rulings (n.3308-14 and n.0323-15) indicating that the 10% test to be carried out in order to identify substantial shareholders shall be focused on the tax liability arising from the dividend income considered individually, taking into account (a) exemptions and tax credits affecting the dividends received by the shareholder, and (b) those expenses incurred by the shareholder which are directly linked to the dividend income (e.g., fees paid in relation to the management of the shareholding in the relevant SOCIMI distributing the dividends, or financial expenses (interest) deriving from the financing obtained to fund the acquisition of the shares of the relevant SOCIMI). According to these rulings, the tax treatment applicable to other items of income that may be obtained by the shareholder should not be taken into account. In addition, the DGT has confirmed that the withholding tax levied on a dividend payment (including any Non-Resident tax liability) should also be taken into consideration by the shareholder for assessing this 10% threshold.

The above-mentioned special levy will be considered an expense for the Company thus reducing the profits distributable to Shareholders. The By-Laws contain indemnity obligations from Substantial Shareholders in favour of the Company designed to discourage the possibility that dividends may become payable to Substantial Shareholders. If a dividend payment is made to a Substantial Shareholder, the Company will be entitled to deduct an amount equivalent to the tax expenses incurred by the Company on such dividend payment from the amount to be paid to such Substantial Shareholder (the Board will maintain certain discretion in deciding whether to exercise this right if making such deduction would put the Company in a worse position).

## 16.2.2 Spanish Resident Individuals

### *Taxation on dividends*

According to the Spanish Personal Income Tax Law (*Ley 35/2006, de 28 de noviembre, del Impuesto sobre la Renta de las Personas Físicas y de modificación parcial de las leyes de los Impuestos sobre Sociedades, sobre la Renta de no Residentes y sobre el Patrimonio*) (“**PIT Law**”), income received by a Spanish Shareholder in the form of dividends, shares in profits, consideration paid for attendance at shareholders’ meetings, income from the creation or assignment of rights of use or enjoyment of the shares and any other income received in his or her capacity as shareholder is subject to tax as capital income.

Gross capital income is reduced by any administration and custody expenses (but not by those incurred in individualized portfolio management); the net amount is included in the relevant Spanish Shareholder’s savings taxable base and taxed during the tax period 2015 at a flat rate of 19.5% for the first €6,000, 21.5% between €6,000.01 and €50,000 and 23.5% for any amount in excess of €50,000. As of 1 January 2016, each investor’s savings income tax base will be taxed at 19% for taxable income up to €6,000; 21% for taxable income between €6,000.01 and €50,000 and 23% for taxable income in excess of €50,000. No exemptions are allowed.

The payment to Spanish Shareholders of dividends or any other distribution made by a SOCIMI is subject to a withholding tax at the rate of 19.5% (19% in 2016 onwards). Such withholding tax is creditable from the PIT payable (*cuota líquida*); if the amount of tax withheld is greater than the amount of the net PIT payable, the taxpayer is entitled to a refund of the excess withheld in accordance with the PIT Law.

### *Taxation on capital gains*

Gains or losses recorded by a Spanish Shareholder as a result of the transfer of shares in the SOCIMI qualify for the purposes of the PIT Law as capital gains or losses and are be subject to taxation according to the general rules applicable to capital gains. The amount of capital gains or losses is equal to the difference between the shares’ acquisition value (plus any fees or taxes incurred) and the transfer value, which is the listed value of the share as of the transfer date or, if higher, the agreed transfer price, less any fees or taxes incurred.

Capital gains or losses arising from the transfer of shares held by a Spanish Shareholder are included in such Spanish holder’s capital income corresponding to the period when the transfer takes place; any gain resulting from such compensation is taxed at a flat rate of 19.5% for the first €6,000, 21.5% between €6,000.01 and €50,000 and 23.5% for any amount in excess of €50,000. As of 1 January 2016, each investor’s savings income tax base will be taxed at 19% for taxable income up to €6,000; 21% for taxable income between €6,000.01 and €50,000 and 23% for taxable income in excess of €50,000.

Capital gains arising from the transfer of shares are not subject to withholding tax on account of PIT. Losses arising from the transfer of shares admitted to trading on certain official stock exchanges will not be treated as capital losses if securities of the same kind have been acquired during the period between two months before and two months after the date of the transfer which originated the loss. In these cases, the capital losses are included in the taxable base upon the transfer of the remaining shares of the taxpayer. No tax credits for avoidance of double taxation are allowed.

### *Allotment and exercise of Preferential Subscription Rights.*

The allotment and exercise of Preferential Subscription Rights is not considered to be a taxable event under Spanish law and therefore is not subject to the PIT.

### *Transfer of Preferential Subscription Rights.*

Up to 31 December 2016, if an individual Spanish Shareholder transfers all or part of his or her Preferential Subscription Rights, the proceeds received are, for tax purposes, applied to reduce the acquisition value of the existing ordinary shares to which they pertain. Such reduction in the acquisition value will have tax consequences in the future in the event of such shares being sold. Any amount received by a Spanish Shareholder for the transfer of Preferential Subscription Rights in



excess of the acquisition value of his or her existing shares will be regarded as a capital gain taxed as described under “—Taxation on Capital Gains” above.

#### *Spanish Wealth Tax*

Individual Spanish Shareholders are subject to Spanish Wealth Tax on all their assets (such as the New Ordinary Shares) for tax year 2015. Spanish Wealth Tax Law (*Ley 19/1991, de 6 de junio, del Impuesto sobre el Patrimonio*) provides that the first €700,000 of net wealth owned by an individual Spanish Shareholder will be exempt from taxation, while the rest of the net wealth will be taxed at a rate ranging between 0.2% and 2.5%. However, this varies depending on the autonomous region of residency of the taxpayer; some regions, like Madrid, do not effectively levied Net Wealth Tax.

From 2016 onwards, a general 100% tax relief applies (set forth by article 61 of Law 36/2014 approving the General State Budget for 2015).

As such, prospective Shareholders should consult their tax advisors.

#### *Spanish Inheritance and Gift Tax*

Individuals resident in Spain for tax purposes who acquire shares by inheritance or gift will be subject to the Spanish Inheritance and Gift Tax (“IGT”) in accordance with the IGT Law (*Ley 29/1987, de 18 de diciembre, del Impuesto sobre Sucesiones y Donaciones*) (“IGT Law”), without prejudice to the specific legislation applicable in each autonomous region. The effective tax rate, after applying all relevant factors, ranges from 7.65% to 81.6% depending on the amount of the gift or inheritance, the net wealth of the heir or donee, and the kinship with the deceased or the donor. Some tax benefits could reduce the effective tax rate.

#### *Spanish Transfer Tax*

Subscription, acquisition and transfers of shares will be exempt from Transfer Tax (*Impuesto sobre Transmisiones Patrimoniales*) and Value Added Tax. Additionally, no Stamp Duty is levied on such subscription, acquisition and transfers.

### *16.2.3 Spanish Corporate Resident Shareholders*

#### *Taxation on dividends*

Dividends from a SOCIMI or a share of the Company’s profits received by corporate Spanish Shareholders, or by NRIT taxpayers who operate, with respect to its participation in the Company, through a permanent establishment in Spain, as a consequence of the ownership of the shares, less any expenses inherent to holding the shares, are included in the CIT or NRIT taxable base. The general CIT or NRIT tax rate is currently 28% (25% in 2016 onwards). No tax credits for the avoidance of double taxation may apply.

Also, CIT and NRIT taxpayers who operate, with respect to its participation in the Company, through a permanent establishment in Spain are subject to withholding tax on dividends at a 19.5% rate in 2015 (19% in 2016 onwards). Such withholding tax will be deductible from the net CIT payable, and if the amount of tax withheld is greater than the amount of the net CIT payable, the taxpayer will be entitled to a refund of the excess withheld in accordance with the CIT Law.

#### *Taxation on capital gains*

The gain or loss arising on transfer of the shares or from any other change in net worth relating to the shares are included in the tax base of CIT taxpayers, or of NRIT taxpayers who operate through a permanent establishment in Spain, in accordance with the CIT or NRIT Laws; such gain is taxed generally at a rate of 28% in 2015 (25% in 2016 onwards).

#### *Allotment and exercise of Preferential Subscription Rights.*

The allotment and exercise of Preferential Subscription Rights is not considered a taxable event under Spanish law and therefore is not subject to the Spanish CIT.

#### *Transfer of Preferential Subscription Rights.*

Taxation of the sale of Preferential Subscription Rights shall be determined by the accounting treatment of such sale by the transferor.

#### *Spanish Wealth Tax*

Not applicable.

#### *Spanish Inheritance and Gift Tax*

In the event of acquisition of the New Ordinary Shares free of charge by a CIT taxpayer, the income generated for the latter will be taxed according to the CIT rules, the IGT not being applicable.

#### *Spanish Transfer Tax*

Subscription, acquisition and transfers of shares will be exempt from Transfer Tax (Impuesto sobre Transmisiones Patrimoniales) and Value Added Tax. Additionally, no Stamp Duty is levied on such subscription, acquisition and transfers.

### *16.2.4 Non-resident Shareholders*

#### *Taxation on dividends*

Dividends distributed to non-resident Shareholders not acting through a permanent establishment in Spain are subject to Non-Resident Income Tax (“**NRIT**”), at the standard withholding tax rate at 19.5% (19% for 2016 onwards). No exemptions are allowed on dividends distributed by a SOCIMI.

This standard rate can be reduced or eliminated as per the application of the EU Parent-Subsidiary Directive as the SOCIMI may qualify for its application according to the DGT criterion. The application of the EU Parent-Subsidiary withholding tax exemption requires the fulfilment of certain requirements. In addition, such exemption includes an anti-abuse provision by virtue of which the withholding tax exemption will not be applicable where the majority of the voting rights of the parent company are held directly or indirectly by individuals or entities who are not resident in a EU Member State or in a European Economic Area (“**EEA**”) Member State with which Spain has ratified an effective exchange of tax information in the terms set forth in Law 36/2006 of 29 November. This anti-abuse provision should not apply where the EU or EEA parent company proves that its incorporation and its operative respond to valid economic reasons and to substantive economic activities.

Shareholders resident in certain countries may be entitled to the benefits of a convention for the avoidance of double taxation (“**DTC**”), in effect between Spain and their country of tax residence. Such Shareholders may benefit from a reduced tax rate under an applicable DTC with Spain, subject to the satisfaction of any conditions specified in the relevant DTC, including providing evidence of the tax residence of the shareholder by means of a certificate of tax residence duly issued by the tax authorities of the country of tax residence of the shareholder or, as the case may be, the equivalent document specified in the Spanish Order which further supplements the applicable DTC. In general, the US-Spain DTC provides for a tax rate of 15% on dividends.

According to the Order of the Ministry of Economy and Competitiveness of 13 April 2000, upon distribution of a dividend, the Company or its paying agent will withhold an amount equal to the tax amount required to be withheld according to the general rules set forth above, transferring the resulting net amount to the depositary. For this purpose, the depositary is the financial institution with which Shareholder has entered into a contract of deposit or management with respect to the Company’s shares held by such Shareholders. If the shareholder provides timely evidence (a certificate of tax residence issued by the relevant tax authorities of the shareholder’s country of residence stating that, for the records of such authorities, the shareholder is a resident of such country within the meaning of the relevant DTC, or as the case may be, the equivalent document regulated in the Order which further develops the applicable DTC) of the shareholder’s right to obtain the DTC reduced rate or an exemption, it will immediately receive the excess amount withheld, which will be credited to the shareholder. In the case of US persons, IRS Form 6166 will satisfy this certificate requirement. For these purposes, the relevant certificate of residence must be provided before the tenth day following the end of the month in which the dividends were paid. The tax certificate is generally valid only for a period of one year from the date of issuance.

If this certificate of tax residence, or as the case may be, the equivalent document referred to above, is not provided within this time period, the shareholder may subsequently obtain a refund of the amount withheld in excess from the Spanish tax authorities, following the standard refund procedure established by the Royal Decree 1776/2004, dated 30 July 2004, and the Order EHA/3316/2010 dated 17 December 2010, as amended.

#### Spanish Refund Procedure

According to Spanish Regulations on NRIT Law, approved by Royal Decree 1776/2004 and the Order dated 17 December 2010, a refund for the amount withheld in excess of any applicable DTC-reduced rate can be obtained from the relevant Spanish tax authorities. To pursue the refund claim, the non-Spanish Holder is required to file: (i) the corresponding Spanish Tax Form (currently, Form 210); (ii) the certificate of tax residence and or equivalent document referred to above, (iii) a certificate from us stating that Spanish NRIT was withheld with respect to such non-Spanish Holder and (iv) documentary evidence of the bank account in which the excess amount withheld should be paid.

For further details, prospective Holders should consult their tax advisors.

#### Dividends distributed to non-resident investors qualified as foreign REITs

Dividends paid to non-resident investors that are qualifying foreign REITs may be exempt from withholding tax under the SOCIMI Regime.

#### *Taxation on capital gains*

Capital gains derived from the transfer or sale of the shares are deemed income arising in Spain, and, therefore, are taxable in Spain at a general tax rate of 19.5% in 2015 (19% in 2016 onwards). The current US-Spain DTC does not prohibit Spain from taxing capital gains on US persons.

Capital gains and losses will be calculated separately for each transaction. It is not possible to offset losses against capital gains. No tax credits for avoidance of double taxation are allowed.

Nevertheless, capital gains derived from the Shares obtained by non-Spanish Shareholders holding a percentage lower than 5% in the Company will be exempt from taxation in Spain provided the shareholder is tax resident in a country which has entered into a DTC with Spain which provides for exchange clause information (such as the US-Spain DTC). This exemption is not applicable to capital gains obtained by a non-Spanish shareholder acting through a country or territory that is defined as a tax haven by Spanish regulations.

#### *Taxation of Preferential Subscription Rights*

Distributions to Shareholders of Preferential Subscription Rights to subscribe for New Ordinary Shares made with respect to the Ordinary Shares are not treated as income under Spanish law and, therefore, are not subject to Spanish NRIT. The exercise of such Preferential Subscription Rights is not considered a taxable event under Spanish law and thus is not subject to Spanish NRIT.

However, up to 31 December 2016, if these Preferential Subscription Rights are transferred by the Shareholders, the amount received as a result of the transfer will reduce the acquisition cost of the shares to which they pertain. If the amount received exceeds this acquisition cost, the excess will be regarded as a capital gain and subject to Spanish NRIT in the manner described under “—Taxation on Capital Gains” above.

#### *Spanish Wealth Tax*

Unless an applicable DTC provides otherwise, Spanish non-resident tax individuals are subject to Spanish Wealth Tax (Spanish Law 19/1991) for tax year 2015, which imposes a tax on property and rights in excess of €700,000 that are located in Spain, or can be exercised within the Spanish territory, on the last day of any year. Non-Spanish tax resident individuals whose net worth is above €700,000 and who hold shares on the last day of any year would therefore be subject to Spanish Wealth Tax for such year at marginal rates varying between 0.2% and 2.5% of the average market value of the shares during the last quarter of such year.

Individuals who do not have tax residency in Spain and are tax resident in a State of the European Union or of the European Economic Area will be entitled to apply the specific regulation of the autonomous community where their most valuable assets are located and which trigger this Spanish Wealth Tax due to the fact that they are located or are to be exercised within the Spanish territory.

Shareholders who benefit from a DTC that provides for taxation only in the shareholder's country of residence are not subject to Spanish Wealth Tax.

Shareholders that are non-Spanish resident corporations are not subject to Spanish Wealth tax.

#### *Spanish Inheritance and Gift Tax*

Unless otherwise provided under an applicable Tax Treaty, transfers of shares upon death and by gift to individuals not resident in Spain for tax purposes are subject to IGT if the shares are located in Spain (as is the case with the Company's shares) or the rights attached to such shares are exercisable in Spain, regardless of the residence of the heir or the beneficiary. The applicable tax rate, after applying all relevant factors, ranges between 0 per cent. and 81.6 per cent.

Generally, non-Spanish tax resident individuals are subject to Spanish IGT according to the rules set forth in the state IGT provisions. However, if the deceased or the donee is resident in an EU or European Economic Area member State, the applicable rules will be those corresponding to the relevant Spanish Autonomous Regions according to the law. Prospective Shareholders should consult their tax advisers regarding these matters.

#### *Spanish Transfer Tax*

Subscription, acquisition and transfers of shares will be exempt from Transfer Tax (*Impuesto sobre Transmisiones Patrimoniales*) and Value Added Tax. Additionally, no Stamp Duty is levied on such subscription, acquisition and transfers.

### **16.3 Certain US federal income tax considerations**

The following is a description of certain US federal income tax consequences to the US Holders described below of receiving, exercising and disposing of Preferential Subscription Rights (for purposes of this section, the "**Rights**"), and owning and disposing of New Ordinary Shares, but it does not purport to be a comprehensive description of all tax considerations that may be relevant to a particular person's decision to exercise or dispose of Rights, or own or dispose of New Ordinary Shares. This discussion applies only to US Holders that hold Rights or New Ordinary Shares (each, solely for the purpose of the discussion in this section 3, a "**Security**"), as the case may be, as capital assets for US federal income tax purposes. This discussion does not address US federal (other than income), state, local and non-US tax consequences. In addition, it does not describe all of the tax consequences that may be relevant in light of a US Holder's particular circumstances, including alternative minimum tax consequences, any aspect of the Medicare contribution tax on net investment income and tax consequences applicable to US Holders subject to special rules, such as:

- certain financial institutions;
- insurance companies;
- real estate investment trusts;
- dealers or traders in securities that use a mark-to-market method of tax accounting;
- persons holding Securities as part of a straddle, conversion or other integrated transaction;
- persons whose functional currency for US federal income tax purposes is not the US dollar;
- entities treated as partnerships for US federal income tax purposes;
- tax-exempt entities, "individual retirement accounts" or "Roth IRAs";
- persons that own or are deemed to own 10% or more of the Company's voting stock; or
- persons holding Securities in connection with a trade or business conducted outside of the United States.

If an entity that is treated as a partnership for US federal income tax purposes owns Securities, the US federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Entities treated as partnerships that own Securities and their partners should consult their tax advisers regarding the tax consequences of the Rights Offering and of owning or disposing of New Ordinary Shares.

This discussion is based on the United States Internal Revenue Code of 1986, as amended (the “**Code**”), administrative pronouncements, judicial decisions, final, temporary and proposed Treasury regulations, and the income tax treaty between the United States and Spain (the “**Treaty**”), all as of the date hereof and all of which are subject to change, possibly on a retroactive basis. US Holders and prospective investors should consult their tax advisers concerning the US federal, state, local and non-US tax consequences of receiving or exercising Rights, and owning or disposing of Securities, in their particular circumstances.

As used herein, a “**US Holder**” is a person that is eligible for the benefits of the Treaty, and for US federal income tax purposes is a beneficial owner of the relevant Security that is:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States or any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to US federal income taxation regardless of its source.

#### **PFIC Status**

The Company believes that it was a passive foreign investment company (a “**PFIC**”) for its most recent taxable year. The Company expects to be a PFIC for the current taxable year and in the foreseeable future and this discussion so assumes. See “—*Ordinary Shares—Passive Foreign Investment Company*” below.

#### **Rights**

*Distribution of Rights.* The receipt of Rights by a US Holder should be treated as a non-taxable distribution with respect to the US Holder’s Existing Ordinary Shares for US federal income tax purposes.

*Tax Basis and Holding Period of Rights.* If the fair market value of the Rights on the date they are distributed equals or exceeds 15% of the fair market value on such date of the Existing Ordinary Shares with respect to which the Rights are distributed, then a US Holder’s tax basis in its Existing Ordinary Shares must be allocated between the Existing Ordinary Shares and the Rights received with respect to such shares in proportion to their relative fair market values on the date of distribution.

If the fair market value of the Rights on the distribution date is less than 15% of the fair market value of the Existing Ordinary Shares with respect to which the Rights were distributed, then a US Holder’s tax basis in the Rights generally will be zero and such US Holder’s tax basis in its Existing Ordinary Shares generally will remain unchanged as a result of the Rights Offering. However, in such event, a US Holder may elect to allocate to the Rights a portion of the tax basis in such US Holder’s Existing Ordinary Shares in accordance with the allocation method described in the preceding paragraph. A US Holder who wishes to make this election must attach a statement to this effect to its US federal income tax return for the tax year in which the Rights are received. The election will apply to all of the Rights received by the US Holder pursuant to the Rights Offering and, once made, will be irrevocable. US Holders should consult their tax advisers regarding the advisability and specific procedures for making such an election in the event that the value of the rights is less than 15% of the value of the Existing Ordinary Shares with respect to which the Rights were issued.

The holding period of a Right will include a US Holder’s holding period for the Existing Ordinary Share with respect to which the Right was distributed.

*Exercise of Rights.* The exercise of Rights by a US Holder will not be a taxable transaction for US federal income tax purposes. A US Holder’s tax basis in New Ordinary Shares acquired upon exercise

of Rights will equal the sum of (i) the Subscription Price paid by the US Holder for the New Ordinary Shares and (ii) the portion of the US Holder's tax basis in the exercised Rights allocable to the New Ordinary Shares, each determined in US dollars. Generally under the Code, the holding period for stock acquired upon exercise of stock rights begins on the date the rights are exercised. However, under proposed Treasury Regulations that are not yet effective but have a retroactive proposed effective date (the "**Proposed PFIC Regulations**") the holding period of New Ordinary Shares acquired upon exercise of Rights would include the holding period for the Rights (determined as described in the preceding paragraph). US Holders should consult their tax advisers regarding the potential application of the Proposed PFIC Regulations.

*Sale or Other Taxable Disposition of Rights.* A US Holder will generally recognize gain or loss on the sale or other taxable disposition of a Right. Although generally under the Code a sale of stock rights held as capital assets will give rise to capital gains or losses, under the Proposed PFIC Regulations the sale or disposition of Rights would be treated in the same manner as dispositions of PFIC stock, as described in "*—Ordinary Shares—Passive Foreign Investment Company*" below. US Holders should consult their tax advisers regarding the potential application of the Proposed PFIC Regulations to a sale or other taxable disposition of Rights.

*Expiration of Rights.* If a US Holder allows Rights to expire without selling or exercising them, the basis allocation rules described in "*—Tax Basis and Holding Period of Rights*" above will not apply, the US Holder will not recognize any loss as a result of such expiration and the US Holder's tax basis in its Existing Ordinary Shares will remain unchanged as a result of the Rights Offering.

## **Ordinary Shares**

*Passive Foreign Investment Company.* The Company believes that it was a PFIC for its most recent taxable year and expects to be a PFIC for the current taxable year and in the foreseeable future.

In general, a non-US corporation will be a PFIC for any taxable year in which (i) 75% or more of its gross income consists of "passive income" or (ii) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-US corporation that directly or indirectly owns at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes interest, rents, dividends, royalties and certain gains.

The Company has invested, and may invest in the future, directly or indirectly, in equity interests in subsidiaries and other entities that are PFICs (collectively, "**Lower-tier PFICs**"). Under attribution rules, US Holders will be deemed to own their proportionate share of Lower-tier PFICs and will be subject to US federal income tax according to the PFIC rules described in the following two paragraphs on (i) certain distributions by a Lower-tier PFIC and (ii) a disposition of shares of a Lower-tier PFIC, in each case as if the US Holder owned such shares directly, even though the US Holders have not received the proceeds of those distributions or dispositions directly.

A US Holder who owns New Ordinary Shares (or, under the Proposed PFIC Regulations, Rights) or, as discussed above, is deemed to own shares of a Lower-tier PFIC, during any taxable year in which the Company is a PFIC will generally be subject to adverse tax treatment. Except to the extent the US Holder makes a timely and effective "mark-to-market" election as discussed below, gain recognized on a sale or other disposition (including, under certain circumstances, a pledge) of the New Ordinary Shares (or, under the Proposed PFIC Regulations, Rights) or on an indirect disposition of equity interests in a Lower-tier PFIC will be allocated ratably over the US Holder's holding period for the Securities. The amounts allocated to the taxable year of disposition will be taxed as ordinary income. The amounts allocated to each other taxable year will be subject to the tax at the highest rate in effect for that taxable year for individuals or corporations, as appropriate, and an interest charge will be imposed on the resulting tax liability for each such year. The total amount of the gain (or loss) will be the difference between the US Holder's tax basis in the Securities disposed of and the amount realized on the disposition, in each case as determined in US dollars. US Holders should consult their tax advisers regarding the US federal income tax consequences of receiving any proceeds from the sale or

disposition of a Security in foreign currency including the appropriate conversion rate and the possible recognition of foreign currency gain or loss.

To the extent that any distribution received by a US Holder on New Ordinary Shares (or a distribution by a Lower-tier PFIC to its shareholder that is deemed to be received by a US Holder) exceeds 125% of the average of the annual distributions received (or deemed received) during the preceding three years or the US Holder's holding period, whichever is shorter, the distribution will be subject to taxation in the same manner as gain, as described in the preceding paragraph.

If the Ordinary Shares are "regularly traded" on a "qualified exchange," a US Holder may make a mark-to-market election that would result in tax treatment different from the general tax treatment for PFICs described above. The Ordinary Shares will be treated as "regularly traded" in any calendar year in which more than a de minimis quantity of the Ordinary Shares are traded on a qualified exchange on at least 15 days during each calendar quarter. A foreign exchange is a "qualified exchange" if it is regulated or supervised by a governmental authority in the jurisdiction in which the exchange is located and with respect to which certain other requirements are met. The Internal Revenue Service (the "IRS") has not identified specific foreign exchanges that are "qualified" for this purpose. US Holders of Ordinary Shares should consult their tax advisers as to whether the Spanish Stock Exchanges are qualified exchanges for this purpose. If a US Holder validly makes a mark-to-market election, the US Holder generally will recognize as ordinary income any excess of the fair market value of the Ordinary Shares at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the Ordinary Shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a US Holder makes the election, the US Holder's tax basis in the Ordinary Shares will be adjusted to reflect the income or loss amounts recognized. Any gain recognized on the sale or other disposition of Ordinary Shares in a year when the Company is a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a US Holder makes the mark-to-market election, distributions paid on Ordinary Shares will be treated as discussed under "*Taxation of Distributions*" below. US Holders should consult their tax advisers regarding the availability and advisability of making a mark-to-market election in their particular circumstances. In particular, US Holders should consider carefully the impact of a mark-to-market election with respect to their Ordinary Shares given that the Company may currently or in the future own interests in Lower-tier PFICs for which a mark-to-market election may not be available.

If the Company is a PFIC for any year during which a US Holder owns Ordinary Shares, it will generally continue to be treated as a PFIC with respect to the US Holder for all succeeding years during which the US Holder owns the Ordinary Shares, even if the Company ceases to meet the threshold requirements for PFIC status.

The Company does not intend to provide US Holders with the information necessary to make a qualified electing fund election, which, if available, would allow the US Holders to elect a different tax treatment.

If a US Holder owns Ordinary Shares during any year in which the Company is a PFIC, the US Holder generally will be required to file annual reports on IRS Form 8621.

US Holders should consult their tax advisers concerning the Company's PFIC status and the tax considerations relevant to an investment in a PFIC.

*Taxation of Distributions.* Subject to the PFIC rules described above, distributions paid on New Ordinary Shares, other than certain pro rata distributions of Ordinary Shares, will be treated as dividends to the extent paid out of the Company's current or accumulated earnings and profits (as determined under US federal income tax principles). Distributions in excess of current and accumulated earnings and profits (as determined under US federal income tax principles) will be treated as a non-taxable return of capital to the extent of the US Holder's basis in the New Ordinary Shares and thereafter as capital gain. Because the Company does not calculate earnings and profits under US federal income tax principles, it is expected that distributions generally will be reported to

US Holders as dividends. Dividends will not be eligible for the dividends-received deduction generally available to US corporations under the Code, and will not be eligible for the favourable tax rates applicable to “qualified dividend income” of certain non-corporate US persons. The amount of any dividend income paid in euros will be the US dollar amount calculated by reference to the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into US dollars. If the dividend is converted into US dollars on the date of receipt, a US Holder should not be required to recognize foreign currency gain or loss in respect of the dividend income. A US Holder may have foreign currency gain or loss, which will be US source ordinary income or loss, if the dividend is converted into US dollars after the date of receipt. A US Holder’s tax basis in the euros received will equal the US dollar amount thereof included in income.

Dividends will be treated as foreign-source income for purposes of the foreign tax credit rules. For US federal income tax purposes, the amount of the dividend income will include amounts withheld in respect of Spanish withholding tax. Spanish taxes withheld from dividend payments at a rate not exceeding any applicable rate under the Treaty generally will be creditable against the US Holder’s federal income tax liability, subject to applicable limitations that vary depending on the US Holder’s circumstances. Any Spanish income taxes withheld in excess of the applicable Treaty rate will not be eligible for credit against a US Holder’s US federal income tax liability. See “—*Spanish Tax Considerations—Non-resident Shareholders—Taxation of dividends*” for a discussion on how to obtain the applicable Treaty rate. The rules governing foreign tax credits are complex, and US Holders should consult their tax advisers regarding the creditability of foreign taxes in their particular circumstances. Instead of claiming a credit, a US Holder may elect to deduct such Spanish taxes in computing its taxable income, subject to applicable limitations. An election to deduct foreign taxes instead of claiming foreign tax credits must apply to all foreign taxes paid or accrued in the taxable year.

*Foreign tax credit for Spanish taxes imposed on dispositions of Ordinary Shares.* As described in “*Spanish Taxation—Non-resident Shareholders—Taxation on capital gains*,” transfers or sales of Ordinary Shares will be subject to Spanish taxation. Under the Treaty, US Holders may be able to credit Spanish taxes imposed on dispositions of Ordinary Shares, subject to applicable limitations. US Holders should consult their tax advisers as to whether they would be able to credit any such Spanish taxes against their US federal income tax liability in their particular circumstances.

### **Transfer reporting requirements**

In certain circumstances, a US Holder that subscribes for New Ordinary Shares may be required to file Form 926 with the IRS if the Rights Offering Subscription Price paid by the US Holder, when aggregated with all transfers of cash made by the US Holder (or any related person) to the Company within the preceding twelve-month period, exceeds \$100,000 (or its foreign currency equivalent). Failure by a US Holder to timely comply with such reporting requirements may result in substantial penalties. US Holders should consult their tax advisers to determine whether this reporting requirement is applicable to them.

### **Information reporting and backup withholding**

Payments of dividends and sales proceeds that are made within the United States or through certain US-related financial intermediaries generally are subject to information reporting and backup withholding unless the US Holder is a corporation or other exempt recipient (and, if required, establishes its status as such) or, in the case of backup withholding, the US Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding withheld from a payment to a US Holder will be allowed as a credit against the US Holder’s US federal income tax liability and may entitle such US Holder to a refund, provided that the required information is timely furnished to the IRS.

### **Foreign financial asset reporting**

Certain US Holders who are individuals (and under proposed regulations, certain entities controlled by individuals) may be required to report information relating to their ownership of the Securities, unless the Securities are held in accounts at financial institutions (in which case the accounts may be



reportable if maintained by non-US financial institutions). US Holders should consult their tax advisers regarding their reporting obligations with respect to the Securities.

## 17. PART XVII: CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the New Ordinary Shares or the Preferential Subscription Rights by an “employee benefit plan” (within the meaning of Section 3(3) of ERISA) that is subject to Title I of ERISA, a plan, individual retirement account or other arrangement that is subject to Section 4975 of the US tax code or provisions under any Similar Law, and entities whose underlying assets are considered to include “plan assets” of any such plan, account or arrangement (each, a “**Plan**”). This summary is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the New Ordinary Shares or the Preferential Subscription Rights on behalf of, or with the assets of, any employee benefit plan, consult with their counsel to determine whether such employee benefit plan is subject to Title I of ERISA, Section 4975 of the Code or any Similar Laws.

Section 3(42) of ERISA provides that the term “plan assets” has the meaning assigned to it by such regulations as the US Department of Labor (the “**Department**”) may prescribe, except that under such regulations the assets of any entity shall not be treated as plan assets if, immediately after the most recent acquisition of any equity interest in the entity, less than 25% of the total value of each class of equity is held by benefit plan investors. The Department has prescribed regulations (the “**Plan Asset Regulations**”) that generally provide that when a Plan subject to Title I of ERISA or Section 4975 of the US tax code (an “**ERISA Plan**”) acquires an equity interest in an entity that is neither a “publicly-offered security” (as defined in the Plan Asset Regulations) nor a security issued by an investment company registered under the US Investment Company Act, the ERISA Plan’s assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established either that equity participation in the entity by “benefit plan investors” is not significant or that the entity is an “operating company,” in each case as defined in the Plan Asset Regulations. For purposes of the Plan Asset Regulations, equity participation in an entity by benefit plan investors will not be significant if they hold, in the aggregate, less than 25% of the value of any class of equity interests of such entity, excluding equity interests held by any person (other than a benefit plan investor) who has discretionary authority or control with respect to the assets of the entity or who provides investment advice for a fee (direct or indirect) with respect to such assets, and any affiliates of such person. Section 3(42) of ERISA provides, in effect, that for purposes of the Plan Asset Regulations, the term “benefit plan investor” means an ERISA Plan or an entity whose underlying assets are deemed to include “plan assets” under the Plan Asset Regulations (for example, an entity 25% or more of the value of any class of equity interests of which is held by benefit plan investors and which does not satisfy another exception under the Plan Asset Regulations).

It is anticipated that (i) the New Ordinary Shares and the Preferential Subscription Rights will not constitute “publicly offered securities” for purposes of the Plan Asset Regulations, (ii) the Company will not be an investment company registered under the US Investment Company Act and (iii) the Company will not qualify as an operating company within the meaning of the Plan Asset Regulations. The Company will prohibit ownership by benefit plan investors in the New Ordinary Shares or the Preferential Subscription Rights through deemed representations from its investors. However, no assurance can be given that investment by benefit plan investors in the New Ordinary Shares or the Preferential Subscription Rights will not be “significant” for purposes of the Plan Asset Regulations.

### 17.1 Plan asset consequences

If the Company’s assets were deemed to be “plan assets” of an ERISA Plan whose assets were invested in the Company, this would result, among other things, in (i) the application of the prudence and other fiduciary responsibility standards of ERISA to investments made by the Company, and (ii) the possibility that certain transactions that the Company, the Investment Manager or their respective affiliates might enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under Section 406 of ERISA and/or Section 4975 of the Code and might have to be rescinded. A non-exempt prohibited transaction, in addition to

imposing potential liability upon fiduciaries of the ERISA Plan, may also result in the imposition of an excise tax under the Code upon a “party in interest” (as defined in ERISA), or “disqualified person” (as defined in the Code), with whom the ERISA Plan engages in the transaction. Governmental plans, certain church plans and non-US plans, while not subject to Title I of ERISA or Section 4975 of the Code, may nevertheless be subject to similar laws. Fiduciaries of such plans should consult with their counsel before purchasing or holding any New Ordinary Shares or Preferential Subscription Rights. Because of the foregoing, the New Ordinary Shares or the Preferential Subscription Rights may not be purchased or held by any person investing assets of any Plan.

## **17.2 Representation and Warranty**

In light of the foregoing, by accepting an interest in any New Ordinary Shares or Preferential Subscription Rights, each purchaser and transferee will be deemed to have represented and warranted that no portion of the assets used to purchase or hold its interest in the New Ordinary Shares or the Preferential Subscription Rights constitutes or will constitute the assets of any Plan.

## **17.3 Provisions Included in By-Laws**

The By-Laws of the Company contain certain information obligations with respect to Shareholders or beneficial owners of Ordinary Shares who are subject to a special legal regime applicable to pension funds or benefit plans (such as ERISA). Moreover, the Company will have the ability to request from any shareholder or beneficial owner of Ordinary Shares such information as the Company considers necessary or useful to determine whether any such person is subject to a special legal regime applicable to pension funds or benefit plans. Furthermore, according to the By-Laws, the Company will be able to take any measures it deems appropriate to avoid any adverse effects to the Company or its Shareholders resulting from the application of laws and regulation relating to pension funds or benefit plans (in particular, ERISA). The purpose of these provisions is to provide the Company with the ability to minimize the risk that Benefit Plan Investors (or other similar investors) hold 25% or greater of any class of equity interest in the Company.

## **18. PART XVIII: ADDITIONAL INFORMATION**

### **18.1 Responsibility**

The Company and the signing Director (Mr. Miguel Pereda Espeso) accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and the signing Director (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

### **18.2 Information on the Company**

The Company was incorporated and registered in Spain on 17 January 2014 pursuant to the Spanish Companies Act as a public limited company (a *sociedad anónima* or S.A.) under the name Lar España Real Estate, S.A., subsequently changed to Lar España Real Estate SOCIMI, S.A. upon election of SOCIMI special tax regime. The Company is incorporated for an unlimited term and registered with the Commercial Registry of Madrid, volume 31,907, book 88, section 8, sheet 574225.

The principal legislation under which the Company operates is the Spanish Companies Act and the regulations made thereunder.

The registered office of the Company is at Rosario Pino 14-16, 28020 Madrid, Spain (telephone number: +34 91 436 04 37).

The financial year end of the Company is 31 December.

The Company, which is domiciled in Spain and resident in Spain for tax purposes, holds Tax Identification Number (*Número de Identificación Fiscal*) A-86918307.

### **18.3 Share capital**

At the date of this Prospectus, the issued share capital of the Company consists of €80,060,000 divided into a single series of 40,030,000 shares in book-entry form, with a nominal value of €2.00 each. All of these shares are fully paid.

See section 6 of this Part XVIII ("*Additional Information*") in respect of the Directors' authority to issue Ordinary Shares.

The Company has no convertible debt securities, exchangeable debt securities or debt securities with warrants in issue. Notwithstanding the foregoing, the general shareholders' meeting held on 28 April 2015, granted to the Board, with the express power of substitution, for a term of five years, the power to issue debentures or bonds that are exchangeable for and/or convertible into shares of the Company or of other companies within or outside of its group, and warrants on newly-issued or outstanding shares of the Company or of other companies within or outside of its group, up to a maximum limit of €400 million.

On 25 June 2014 the Company entered into an agreement with Banco Santander, S.A., which was duly reported to the CNMV, pursuant to which Banco Santander, S.A. carries out discretionary transactions with the Company's Ordinary Shares on behalf of the Company. Said transactions are reported by the Company to the CNMV in compliance with applicable regulations and are available for public consultation at the website of the CNMV ([www.cnmv.es](http://www.cnmv.es)). As of the date of this Prospectus, the Company holds 94,488 treasury shares, with a nominal value of €188,976 and a book value of €32,400.57, in connection with which no Preferential Subscription Rights have been issued.

### **18.4 Interests of major Shareholders**

Insofar as the Company is aware, and according to the information included in the most recent mandatory significant shareholding reports filed by the Company's Shareholders pursuant to the applicable regulations and available at the website of the CNMV at the date of this Prospectus, the

name of each person who, directly or indirectly, holds an interest in the Company's share capital of more than 3%, together with the amount of such person's interest, is set out below:

Name	No. of Ordinary Shares	% of share capital
Franklin Templeton Institutional, LLC <sup>(1)</sup>	6,033,498	15.072%
PIMCO Bravo II Fund, L.P. <sup>(2)</sup>	5,000,000	12.491%
Bestinver Gestión, S.A., S.G.I.I.C.	1,674,681	4.184%
Ameriprise Financial, Inc.	1,500,000	3.747%
Cohen & Steers, Inc. <sup>(3)</sup>	1,355,778	3.387%
Grupo Lar Inversiones Inmobiliarias, S.A. <sup>(4)</sup>	1,200,900	3.000%

(1) Held through the funds FTIF – Franklin European Small Mid Cap Growth Fund, FGT – Franklin International Small Cap Growth Fund and JNL – Franklin Templeton International Small Cap Growth Fund.

(2) Held through its subsidiary LVS II LUX s.á.r.l.

(3) Held through its subsidiaries Cohen & Steers Capital Management, Inc. and Cohen & Steers UK Limited.

(4) Grupo Lar is 83%-owned and effectively controlled by the Pereda Family. Two of the six members of the Management Team (Mr. Luis Pereda and Mr. Miguel Pereda) are members of the Pereda Family. In addition, Mr. Luis Pereda and Mr. Miguel Pereda are, respectively, the Executive Chairman and Co-CEO of Grupo Lar. Mr. Miguel Pereda is also a member of the Company's Board.

Other than with respect to the Investment Manager, the Company has not been informed if the major Shareholders intend to exercise their Preferential Subscription Rights corresponding to their Existing Ordinary Shares in connection with the Offering to maintain their current stake in the Company.

Under the Spanish SOCIMI Regime, the Company may become subject to a 19% Corporate Income Tax on the amount of dividends received by a Substantial Shareholder. The Company's By-Laws contain indemnity obligations from Substantial Shareholders in favour of the Company designed to discourage the possibility that dividends may become payable to Substantial Shareholders. If a dividend payment is made to a Substantial Shareholder, the Company will be entitled to deduct an amount equivalent to the tax expenses incurred by the Company on such dividend payment from the amount to be paid to such Substantial Shareholder. These provisions are summarised at section 6 of this Part XVIII (*"Additional Information"*).

## 18.5 Tender offers

Tender offers are governed in Spain by Law 24/1988 on the Securities Market and Royal Decree 1066/2007, of 27 July 2007, which have implemented Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004. Tender offers in Spain may qualify as either mandatory or voluntary offers.

Mandatory public tender offers must be launched for all the shares of the target company or other securities that might directly or indirectly give the right to subscription thereto or acquisition thereof (including convertible and exchangeable bonds) at an equitable price and not subject to any conditions when any person acquires control of a Spanish company listed on the Spanish Stock Exchanges, whether such control is obtained:

- by means of the acquisition of shares or other securities that directly or indirectly give the right to subscribe or acquire voting shares in such company;
- through agreements with shareholders or other holders of said securities; or
- as a result of other situations of equivalent effect as provided in the regulations (i.e., indirect control acquired through mergers, share capital decreases, target's treasury stock variations or securities exchange or conversion, etc.).

A person is deemed to have obtained the control of a target company, individually or jointly with concerted parties, whenever:

- it acquires directly or indirectly a percentage of voting rights equal to or greater than 30%; or
- it has acquired a percentage of less than 30% of the voting rights and appoints, in the 24 months following the date of acquisition of said percentage, a number of directors that, together with those already appointed, if any, represent more than one-half of the members of the target company's board of directors. Regulations also set forth certain situations where directors are deemed to have been appointed by the bidder or persons acting in concert therewith unless evidence to the contrary is provided.

Notwithstanding the above, Spanish regulations establish certain exceptional situations where control is obtained but no mandatory tender offer is required, including, among others:

- subject to the CNMV's approval, acquisitions or other transactions resulting from the conversion or capitalization of claims into shares of listed companies the financial feasibility of which is subject to serious and imminent danger, even if the company is not undergoing bankruptcy proceedings, provided that such transactions are intended to ensure the company's financial recovery in the long-term; or
- in the event of a merger, provided that those acquiring control did not vote in favour of the merger at the relevant general shareholders' meeting of the offeree company and provided also that it can be shown that the primary purpose of the transaction is not the takeover but an industrial or corporate purpose; and
- when control has been obtained after a voluntary bid for all of the securities, if either the bid has been made at an equitable price or has been accepted by holders of securities representing at least 50 per cent of the voting rights to which the bid was directed.

For the purposes of calculating the percentages of voting rights acquired, the regulations establish the following rules:

- percentages of voting rights corresponding to (i) companies belonging to the same group of the bidder; (ii) members of the board of directors of the bidder or of companies of its group; (iii) persons acting for the account of or in concert with the bidder (a concert party shall be deemed to exist when two or more persons collaborate under an agreement, be it express or implied, oral or written, in order to obtain control of the offeree company); (iv) voting rights exercised freely and over an extended period by the bidder under proxy granted by the actual holders or owners of such rights, in the absence of specific instructions with respect thereto; and (v) shares held by a nominee, such nominee being understood as a third-party whom the bidder totally or partially covers against the risks inherent in acquisitions or transfers of the shares or the possession thereof, will be deemed to be held by the bidder (including the voting rights attaching to shares that constitute the underlying asset or the subject matter of financial contracts or swaps when such contracts or swaps cover, in whole or in part, against the risks inherent in ownership of the securities and have, as a result, an effect similar to that of holding shares through a nominee);
- both the voting rights arising from the ownership of shares and those enjoyed under a usufruct or pledge or upon any other title of a contractual nature will be counted towards establishing the number of voting rights held;
- the percentage of voting rights shall be calculated based on the entire number of shares carrying voting rights, even if the exercise of such rights has been suspended; voting rights attached to treasury shares shall be excluded; and non-voting shares shall be taken into consideration only when they carry voting rights pursuant to applicable law; and
- acquisitions of securities or other financial instruments giving the right to the subscription, conversion, exchange or acquisition of shares which carry voting rights will not result in the obligation to launch a tender offer either until such subscription, conversion, exchange or acquisition occurs.

Notwithstanding the foregoing, upon the terms established in the regulations, the CNMV will conditionally dispense with the obligation to launch a mandatory bid when another person or entity not

in concert with the potential bidder directly or indirectly holds an equal or greater voting percentage in the target company.

The price of the mandatory tender offer is deemed equitable when it is at least equal to the highest price paid or agreed by the bidder or by any person acting in concert therewith for the same securities during the 12 months prior to the announcement of the tender offer. When the mandatory tender offer must be made without the bidder having previously acquired the shares over the above-mentioned 12-month period, the equitable price shall not be less than the price calculated in accordance with other rules set forth in the regulations. In any case, the CNMV may change the price so calculated in certain circumstances (extraordinary events affecting the price, evidence of market manipulation, etc.).

Mandatory offers must be launched within one month from the acquisition of the control of the target company. Voluntary tender offers may be launched when a mandatory offer is not required. Voluntary offers are subject to the same rules established for mandatory offers except for the following:

- they might be subject to certain conditions (such as amendments to the by-laws or adoption of certain resolutions by the target company, acceptance of the offer by a minimum number of securities, approval of the offer by the shareholders meeting of the bidder; and any other deemed by the CNMV to be in accordance with law), provided that such conditions can be met before the end of the acceptance period of the offer; and
- they may be launched at any price, regardless of whether it is lower than the abovementioned “equitable price”. However, if they are not launched at an equitable price and if the tender offer shares representing less than 50% of the voting rights are tendered in the offer (excluding voting rights already held by the bidder and those belonging to shareholders who entered into an agreement with the bidder regarding the tender offer), the bidder may become obliged to launch a mandatory tender offer.

In any case, by virtue of an amendment to the Spanish Companies Act pursuant to by Law 1/2012, of 22 June, if certain circumstances have occurred during the two years prior to the announcement of the offer (basically, the trading price for the shares being affected by price manipulation practices, market or share prices being affected by natural disasters, force majeure, or other exceptional events, or the target company being subject to expropriation or confiscation resulting in a significant impairment of the company’s real value), the price in a voluntary tender offer must be the higher of (i) the equitable price and (ii) the price resulting from an independent valuation report, and must at least consist of cash as an alternative.

Spanish regulations on tender offers set forth further provisions, including:

- subject to shareholder approval within 18 months from the date of announcement of the tender offer, the board of directors of a target company will be exempt from the rule prohibiting frustrating action against a foreign bidder whose board of directors is not subject to an equivalent passivity rule;
- defensive measures included in a listed company’s by-laws and transfer and voting restrictions included in agreements among a listed company’s shareholders will remain in place whenever the company is the target of a tender offer, unless the shareholders resolve otherwise (in which case any shareholders whose rights are diluted or otherwise adversely affected will be entitled to compensation at the target company’s expense); and
- squeeze-out and sell-out rights will apply provided that following a tender offer for all the target’s share capital, the bidder holds securities representing at least 90% of the target company’s voting capital and the tender offer has been accepted by the holders of securities representing at least 90% of the voting rights other than those held by or attributable to the bidder previously to the offer.

## **18.6 By-laws and certain applicable regulations**

The following is a summary of the By-Laws of the Company. Any Shareholder requiring further detail than that provided in the summary is advised to consult the By-Laws which are available at the corporate website of the Company ([www.larespana.com](http://www.larespana.com)).

### *18.6.1 Share capital*

At the date of this Prospectus, the issued share capital of the Company consists of €80,060,000 divided into a single series of 40,030,000 registered shares in book-entry form, with a nominal value of €2.00 each. All of these shares are fully paid. Non-residents of Spain may hold shares and vote, subject to the restrictions described under “*Restrictions on Foreign Investment*”.

### *18.6.2 Dividend and liquidation rights*

Payment of dividends is proposed by the Board and must be authorized by the Shareholders at a general meeting. Shareholders participate in such dividends from the date agreed by a general meeting.

The Spanish Companies Act requires each company to contribute at least 10% of its net income each year to a legal reserve until the balance of such reserve is equivalent to at least 20% of such company’s issued share capital. A company’s legal reserve is not available for distribution to its shareholders except upon such company’s liquidation. The legal reserve of the Company will not exceed 20% of the share capital of the Company. The Company’s By-Laws do not establish any reserve that is not available for distribution to its Shareholders.

According to the Spanish Companies Act, dividends may only be paid out of profits (after the necessary transfer to mandatory reserves or distributable reserves and only if the value of the Company’s net worth is not, and as a result of distribution would not be, less than its share capital).

In addition, no profits may be distributed unless the amount of the distributable reserves is at least equal to the amount of the research and development expenses recorded as an asset in the Company’s statement of financial position.

The Spanish Companies Act also requires the creation of a non-distributable reserve equal to the amount of goodwill recorded as an asset on the statement of financial position and that an amount at least equal to 5.0% of such goodwill be transferred from the profit from each financial year to such non-distributable reserve until such time as the non-distributable reserve is of an amount at least equal to the goodwill recorded on the statement of financial position. If, in any given financial year, there are no profits or there are insufficient profits to transfer an amount equal to 5.0% of the goodwill recorded on the statement of financial position, the Spanish Companies Act requires that the shortfall be transferred from freely distributable reserves to the non-distributable reserve.

In accordance with Section 947 of the Spanish Commercial Code, the right to a dividend lapses and reverts to the Company if it is not claimed within five years after it becomes payable.

Upon liquidation of the Company, Shareholders would be entitled to receive proportionately any assets remaining after the payment of the Company’s debts, taxes and expenses of the liquidation.

### *18.6.3 Company’s indemnity from Substantial Shareholder’s CIT liability and Shareholders’ reporting obligation*

The By-Laws require any Shareholder to give notice to the Company’s Board of any acquisition of Ordinary Shares which results in such Shareholder reaching a stake in the Company equal to or higher than 5% of its share capital. Furthermore, together with this notice, such Shareholder must provide evidence of its tax residence and status (i.e., such Shareholder must provide a certificate issued by the relevant tax authorities of its country of residence, indicating the following: (i) that, according to the records of such authorities, such Shareholder is a tax resident of such country and (ii) the rate at which dividends from the Company are subject to taxation in the relevant country).

A Shareholder will be deemed to be a Substantial Shareholder if it holds a stake equal to or higher than 5% of the share capital of the Company and either (i) is exempt from any tax on the dividends or subject to tax on the dividends received at a rate lower than 10% (for these purposes, final tax due under the Spanish Non Resident Income Tax Law is also taken into consideration) or (ii) does not timely provide the Company with the information evidencing its equal or higher than 10% taxation on dividends distributed by the Company in the terms set forth in the By-Laws.



The Company will be subject to a special levy when paying dividends to domestic or foreign Substantial Shareholders. In particular, a SOCIMI must assess and pay a 19% Corporate Income Tax in respect of gross dividends distributed to Substantial Shareholders.

The DGT has recently issued two binding rulings (n.3308-14 and n.0323-15) indicating that the 10% test to be carried out in order to identify substantial shareholders shall be focused on the tax liability arising from the dividend income considered individually, taking into account (a) exemptions and tax credits affecting the dividends received by the shareholder, and (b) those expenses incurred by the shareholder which are directly linked to the dividend income (e.g., fees paid in relation to the management of the shareholding in the relevant SOCIMI distributing the dividends, or financial expenses (interest) deriving from the financing obtained to fund the acquisition of the shares of the relevant SOCIMI). According to these rulings, the tax treatment applicable to other items of income that may be obtained by the shareholder should not be taken into account. In addition, the DGT has confirmed that the withholding tax levied on a dividend payment should also be taken into consideration by the shareholder for assessing this 10% threshold.

According to the Company's Bylaws, if a dividend payment is made to a Substantial Shareholder, the Company will be entitled to deduct an amount equal to the CIT liability levied on any dividend distribution paid to it, increased in the amount that, once such CIT is deducted, offsets the CIT expense derived for the Company under the Spanish SOCIMI Regime, from the amount to be paid to such Substantial Shareholder.

For example, assuming that: (i) a gross dividend of €100 is due to a Substantial Shareholder, (ii) the CIT rate applicable to dividend distributions made to such Substantial Shareholder is 19% (in accordance with the provisions of the Spanish SOCIMI Regime relating to dividend distributions to Substantial Shareholders) and (iii) the Company is subject to a 0% CIT rate on any indemnity amount to be deducted from the dividend payment to such Substantial Shareholder, the indemnity amount to be deducted to such Substantial Shareholder will be the following:

Gross Dividend: €100

Special Taxation:  $100 \times 19\% = €19$

Special Taxation CIT Expense ("CITst"): €19

**Indemnity amount to be deducted ("I"): €19**

CIT tax base for the indemnity ("TBI"): €19

CIT Expense derived from the indemnity ("CITi"): €0

Effect for the Company:  $C - CITst - CITi = 19 - 19 - 0 = €0$

The By-Laws include provisions for this calculation in case of an eventual amendment of the CIT rate applicable to SOCIMIs. In this event, the indemnity amount to be deducted from the amount to be paid to the Substantial Shareholder will be calculated taking into account its effect on the income statement of the Company (i.e., the amount of the indemnity to be paid would be increased to reflect the taxation of the indemnity or any other cost for the purposes of the Company CIT).

The purpose of providing the Company with the right to make these deductions is to offset any adverse impact resulting from the distribution of dividends to a Substantial Shareholder on the Company.

The Board may elect not to make these deductions in full or at all from dividend payments to a Substantial Shareholder in the event that, as a result of making such deductions, the Company would be in a worse position than if it did not make them.

The Spanish General Directorate of Taxes (DGT) has confirmed that any indemnity payment received from a Substantial Shareholder will compute towards the SOCIMI Regime requirement that at least 80% of the Company's net annual income must derive from rental income and from dividends or capital gains in respect of certain specified assets.

#### *18.6.4 Provisions relating to Shareholders who are subject to a special legal regime applicable to pension funds or benefit plans*

The By-Laws of the Company contain certain information obligations with respect to Shareholders or beneficial owners of Ordinary Shares who are subject to a special legal regime applicable to pension funds or benefit plans (such as ERISA). Moreover, the Company will have the ability to request from any Shareholder or beneficial owner of Ordinary Shares such information as the Company considers necessary or useful to determine whether any such person is subject to a special legal regime applicable to pension funds or benefit plans. Furthermore, according to the By-Laws, the Company will be able to take any measures it deems appropriate to avoid any adverse effects to the Company or its Shareholders resulting from the application of laws and regulation relating to pension funds or benefit plans (in particular, ERISA). The purpose of these provisions is to provide the Company with the ability to minimize the risk that Benefit Plan Investors (or other similar investors) hold 25% or greater of any class of equity interest in the Company.

#### *18.6.5 Shareholders' meetings and voting rights*

Pursuant to the By-Laws, rules of the general shareholders' meeting of the Company and the Spanish Companies Act, ordinary annual general shareholders' meetings are held during the first six months of each fiscal year on a date fixed by the Board. Extraordinary general shareholders' meetings may be called by the Board whenever it deems appropriate, or at the request of Shareholders representing at least 3% of the share capital. Notices of all general shareholders' meetings are published in the Commercial Registry's Official Gazette (*Boletín Oficial del Registro Mercantil*) or a newspaper widely circulated in Spain, as well as on the corporate website of the Company ([www.larespana.com](http://www.larespana.com)) and at the website of the CNMV ([www.cnmv.es](http://www.cnmv.es)) at least one month prior to the meeting.

In addition, according to the Spanish Companies Act, if the Company offers to Shareholders the possibility to vote by electronic means accessible to all Shareholders, the time limit for calling extraordinary shareholders' meetings may be reduced to at least 15 days before an extraordinary shareholders' meeting. The decision to abbreviate the period between the notice date and the extraordinary shareholders' meeting is to be taken by a majority of not less than two thirds of the voting capital in an ordinary annual general shareholders' meeting, and remains in force until no later than the following annual general shareholders' meeting.

The abbreviation of the time limit for calling extraordinary shareholders' meetings under the terms set out in the preceding paragraph was submitted to vote under item 12 on the agenda of the annual ordinary general shareholders' meeting of the Company held on 28 April 2015, but it could not be approved since the necessary quorum of attendance and voting to allow for the adoption of said resolution with the favourable vote of at least two thirds of the subscribed voting capital (the majority established for this resolution by the Spanish Companies Act) was not reached.

Action is taken at ordinary meetings on the following matters: the approval of the management carried out by the Directors, the approval of the annual accounts from the previous fiscal year, and the application of the previous fiscal year's income or loss. All other matters can be considered at either an extraordinary meeting or at an ordinary meeting if the matter is within the authority of the meeting and is included on the agenda.

Each Ordinary Share entitles the holder to one vote and there is no limit as to the maximum number of voting rights that may be held by each Shareholder or by companies of the same group. Shareholders on record as holding any number of shares with voting rights are entitled to attend the general shareholders' meeting with the right to speak and vote. The notice calling the general shareholders' meeting shall indicate the date on which shares must be held by a Shareholder in order for the latter to participate in a general meeting and to vote in respect of his shares.

Only holders of shares duly registered in the book-entry records maintained by Iberclear, and its member entities, at least five days prior to the day on which a general shareholders' meeting is scheduled and in the manner provided in the notice for such meeting, may attend and vote at such meeting.

Any Ordinary Share may be voted by proxy. Proxies must be in writing or in electronic form acceptable under the By-Laws, and are valid for a single general shareholders' meeting. Proxies may be given to any person, whether or not a Shareholder. Proxies must specifically refer to the general shareholders' meeting. A proxy may be revoked by giving notice to the Company prior to the meeting or by attendance by the relevant Shareholder at the meeting.

Proxy holders are required to disclose any conflict of interest prior to their appointment. In case a conflict of interest arises after the proxy holder's appointment, such conflict of interest shall be immediately disclosed to the relevant Shareholder. In both cases, the proxy holder shall not exercise the Shareholder's rights unless the latter has given specific voting instructions for each resolution in respect of which the proxy holder is to vote on behalf of the Shareholder. A conflict of interest in this context may in particular arise where the proxy holder: (i) is a controlling Shareholder of the Company, or is another entity controlled by such Shareholder; (ii) is a member of the administrative, management or supervisory bodies of the Company, or of a controlling Shareholder or another entity controlled by such Shareholder; (iii) is an employee or auditor, of the Company, or of a controlling Shareholder or another entity controlled by such Shareholder; or (iv) is a natural person related to those mentioned in (i) to (iii) above.

A person acting as a proxy holder may hold a proxy from more than one Shareholder without limitation as to the number of Shareholders so represented. Where a proxy holder holds proxies from several Shareholders, he/she will be able to cast votes for a Shareholder differently from votes cast for another Shareholder.

Pursuant to the Spanish Companies Act, entities rendering investment services may exercise voting rights on behalf of their clients when the latter appoint them as proxy holders. Financial intermediaries so appointed may cast votes for a Shareholder differently from votes cast for another Shareholder.

The By-Laws of the Company provide that, on the first call of an ordinary or extraordinary general shareholders' meeting, the presence in person or by proxy of Shareholders representing at least 25.0% of its voting capital will constitute a quorum. If on the first call a quorum is not present, the meeting can be reconvened by a second call, which according to the Spanish Companies Act requires no quorum. However, according to the Spanish Companies Act, a resolution in a general shareholders' meeting to modify the By-Laws of the Company (including increases and reductions of share capital, bond issues, suppressions or limitations on the pre-emptive right over new shares, transformations, mergers, spin-offs, global assignments of assets and liabilities and the transfer of the registered address of the Company abroad), requires the presence in person or by proxy of Shareholders representing at least 50.0% of the voting capital of the Company on first call, and the presence in person or by proxy of Shareholders representing at least 25.0% of the voting capital of the Company on second call. On second call, and in the event that less than 50.0% of the voting capital of the Company is represented in person or by proxy, such resolutions may only be passed upon the vote of Shareholders representing two-thirds of the Company's capital present or represented at such meeting. The interval between the first and the second call for a general shareholders' meeting must be at least 24 hours. Resolutions in all other cases are passed by a majority of the votes corresponding to the capital stock present or represented at such meeting.

Under the Spanish Companies Act, shareholders who voluntarily aggregate their shares so that the capital stock so aggregated is equal to or greater than the result of dividing the total capital stock by the number of Directors have the right, provided there are vacancies on the Board, to appoint a corresponding proportion of the members of the Board (disregarding the fractions). Shareholders who exercise this right may not vote on the appointment of other Directors.

A resolution passed in a general shareholders' meeting is binding on all shareholders, although a resolution which is (i) contrary to Spanish law or the by-laws of the company, or (ii) prejudicial to the interest of the company and is beneficial to one or more shareholders or third parties, may be contested. In the case of resolutions contrary to Spanish law, the right to contest is extended to all shareholders, directors and interested third parties. In the case of resolutions prejudicial to the interest of the company or contrary to the by-laws, such right is extended to shareholders who attended the general shareholders' meeting and recorded their opposition in the minutes, to shareholders who were absent and to those unlawfully prevented from casting their vote as well as to members of the Board.

In certain circumstances (such as a significant modification of corporate purpose or change of the corporate form or transfer of domicile to a foreign country), the Spanish Companies Act gives dissenting or absent shareholders the right to withdraw from the company. If this right were exercised, the company would be obliged to purchase the relevant shareholding(s) in accordance with the procedures established under the Spanish Companies Act.

#### *18.6.6 Shareholders right of information*

The New Ordinary Shares grant their holders the right of information foreseen in the Spanish Companies Act, as well as any other rights which, as special manifestations of this right of information, are gathered in Spanish Law 24/1988, of 28 July, on the securities market (*Ley 32/2011, de 4 de octubre, por la que se modifica la Ley 24/1988, de 28 julio, del Mercado de Valores*) and in Law 3/2009, of 3 April, on structural changes in corporations (*Ley 3/2009, de 3 de abril, sobre modificaciones estructurales de las sociedades mercantiles*).

#### *18.6.7 Shareholder suits*

Under the Spanish Companies Act, the Directors are liable to the Company, the Shareholders and the creditors for acts or omissions that are illegal or violate the By-Laws and for failure to carry out their legal duties with diligence.

Under Spanish law, Shareholders must bring actions against the directors as well as any other actions against the Company or challenging corporate resolutions in the province where the Company is domiciled (currently Madrid, Spain).

#### *18.6.8 Registration and transfers*

The Ordinary Shares of the Company are in book-entry form and are indivisible. Joint holders of one share must designate a single person to exercise their shareholders' rights, but they are jointly and severally liable to the Company for all the obligations flowing from their status as Shareholders, such as the payment of any pending capital calls.

Iberclear, which manages the Spanish clearance and settlement system of the Spanish Stock Exchanges, maintains the central registry reflecting the number of shares held by each of its member entities (*entidades participantes*) as well as the amount of these shares held by beneficial owners. Each member entity, in turn, maintains a registry of the owners of such shares. Since the Ordinary Shares of the Company are in registered form, an electronic shareholder registry will be kept to which effect Iberclear shall report to the Company all transactions entered into by its Shareholders in respect of its Ordinary Shares.

Transfers of shares quoted on the Spanish Stock Exchanges must be made through or with the participation of a member of a Spanish Stock Exchange. Brokerage firms, official stockbroker or dealer firms, Spanish credit entities, investment services entities authorized in other EU member states and investment services entities authorized by their relevant authorities and in compliance with the Spanish regulations are eligible to be members of the Spanish Stock Exchanges. The transfer of shares may be subject to certain fees and expenses.

#### *18.6.9 Restrictions on foreign investment*

Exchange controls and foreign investments were, with certain exceptions, completely liberalized by Royal Decree 664/1999, of April 23, 1999 (Royal Decree 664/1999), in conjunction with the Spanish Foreign Investment Law (*Ley 18/1992*), bringing the existing legal framework on foreign investments in line with the provisions of the Treaty of the European Union.

Subject to the restrictions described below, foreign investors may freely invest in shares of Spanish companies as well as transfer invested capital, capital gains and dividends out of Spain without limitation (subject to applicable taxes and exchange controls) and only need to file a notification with the Spanish Registry of Foreign Investments maintained by the General Bureau of Commerce and Investments following the investment or divestiture, if any, solely for statistical, economic and administrative purposes. Where the investment or divestiture is made in shares of Spanish companies listed on any of the Spanish Stock Exchanges, the duty to provide notice of a foreign investment or

divestiture lies with the relevant entity with whom the shares in book-entry form have been deposited or which has acted as an intermediary in connection with the investment or divestiture.

If the foreign investor is a resident of a tax haven, as defined under Spanish law (Royal Decree 1080/1991 of 5 July), notice must be provided to the Registry of Foreign Investments prior to making the investment, as well as after consummating the transaction. However, prior notification is not necessary in the following cases:

- investments in listed securities, whether or not trading on an official secondary market, as well as investments in participations in investment funds registered with the CNMV; and
- foreign shareholdings that do not exceed 50.0% of the capital of the Spanish company in which the investment is made.

Additional regulations to those described above apply to investments in some specific industries, including air transportation, mining, manufacturing and sales of weapons and explosives for civil use and national defence, radio, television and telecommunications. These restrictions do not apply to investments made by EU residents, other than investments by EU residents in activities relating to the Spanish defence sector or the manufacturing and sale of weapons and explosives for non-military use.

The Spanish Council of Ministers may suspend the aforementioned provisions relating to foreign investments for reasons of public policy, health or safety, either generally or in respect of investments in specified industries, in which case any proposed foreign investments falling within the scope of such a suspension would be subject to prior authorization from the Spanish government.

#### *18.6.10 Exchange control regulations*

Pursuant to Royal Decree 1816/1991 of December 20, 1991 relating to economic transactions with non-residents, and EC Directive 88/361/EEC, charges, payments or transfers between non-residents and residents of Spain must be made through a registered entity, such as a bank or another financial institution registered with the Bank of Spain and/or the CNMV (*entidades registradas*), through bank accounts opened abroad with a foreign bank or a foreign branch of a registered entity, in cash or by check payable to bearer. All charges, payments or transfers which exceed €6,010, if made in cash or by check payable to bearer, must be notified to the Spanish exchange control authorities.

#### *18.6.11 Pre-emptive rights and increases of share capital*

Pursuant to the Spanish Companies Act, shareholders have pre-emptive rights to subscribe for any new shares issued by the Company via monetary contributions and for any new bonds convertible into shares. Such pre-emptive rights may be waived under special circumstances by a resolution passed at a general shareholders' meeting or the board of directors (when the company is listed and the general shareholders' meeting delegates to the board of directors the right to increase the capital stock or issue convertible bonds and waive pre-emptive rights), in accordance with Articles 308, 417, 504, 505, 506 and 511 of the Spanish Companies Act. Furthermore, the pre-emptive rights, in any event, will not be available in an increase in share capital to meet the requirements of a convertible bond issue or a merger in which shares are issued as consideration.

The rights are transferable, may be traded on the SIBE (*Sistema de Interconexión Bursátil or Mercado Continuo*) and may be of value to existing shareholders because new shares may be offered for subscription at prices lower than prevailing market prices.

#### *18.6.12 Reporting requirements*

In addition to reporting obligations imposed on Substantial Shareholders, pursuant to Royal Decree 1362/2007 of October 19, 2007, any individual or legal entity who, by whatever means, purchases or transfers shares which grant voting rights in a company for which Spain is listed as the home State (*Estado de origen*) (as defined therein) and which is listed on a secondary official market or other regulated market in the EU, must notify the relevant issuer and the CNMV, if, as a result of such transaction, the proportion of voting rights held by that individual or legal entity reaches, exceeds or falls below a 3.0% threshold of the company's total voting rights. The notification obligations are also

triggered at thresholds of 5.0% and multiples thereof (excluding 55.0%, 65.0%, 85.0%, 95.0% and 100.0%).

The individual or legal entity obliged to carry out the notification must serve the notification by means of the form approved by the CNMV from time to time for such purpose, within four business days from the date on which the transaction is acknowledged (Royal Decree 1362/2007 deems a transaction to be acknowledged within two business days from the date on which such transaction is entered into). Should the individual or legal entity effecting the transaction be a non-resident of Spain, notice must also be given to the Spanish Registry of Foreign Investments maintained by the General Bureau of Commerce and Investments.

The reporting requirements apply not only to the purchase or transfer of shares, but also to those transactions in which, without a purchase or transfer, the proportion of voting rights of an individual or legal entity reaches, exceeds or falls below the threshold that triggers the obligation to report as a consequence of a change in the total number of voting rights of a company on the basis of the information reported to the CNMV and disclosed by it.

Regardless of the actual ownership of the shares, any individual or legal entity with a right to acquire, transfer or exercise voting rights granted by the shares, and any individual or legal entity who owns, acquires or transfers, whether directly or indirectly, other securities or financial instruments which grant a right to acquire shares with voting rights, will also have an obligation to notify the company and the CNMV of the holding of a significant stake in accordance with the regulations.

Should the person or group effecting the transaction be resident in a tax haven (as defined by applicable Spanish regulations), the threshold that triggers the obligation to disclose the acquisition or disposition of the Company's Ordinary Shares is reduced to 1% (and successive multiples thereof).

The Company will be required to report to the CNMV any acquisition of its own Ordinary Shares which, aggregated together with all other acquisitions since the last notification, reaches or exceeds 1% of its share capital (irrespective of whether it has sold any of its own Ordinary Shares in the same period). In such circumstances, the notification must include the number of Ordinary Shares acquired since the last notification (detailed by transaction), the number of Ordinary Shares sold (detailed by transaction) and the resulting net holding of treasury Ordinary Shares.

All members of the Board must report to both the Company and the CNMV any percentage or number of voting rights held by them at the time of becoming or ceasing to become a member of the Board within four trading days.

In addition, pursuant to Royal Decree 1333/2005 of November 11, 2005 (implementing European Directive 2004/72/EC), any member of the Board or senior managers (*directivos*) of the Company, as defined therein and any persons having a close link (*vínculo estrecho*) with any of them must similarly report any acquisition or disposal of Company's Ordinary Shares, derivative or financial instruments linked to Company's Ordinary Shares regardless of the size, including information on the percentage of voting rights which they hold as a result of the relevant transaction within five business days. In addition, any member of the Board or senior managers (*directivos*) of the Company, as defined therein must also report any stock based compensation that they may receive pursuant to any of the Company's compensation plans.

The Spanish Companies Act requires parties to disclose certain types of shareholders' agreements that affect the exercise of voting rights at a general shareholders' meeting or contain restrictions or conditions on the transferability of shares or bonds that are convertible or exchangeable into shares. If shareholders enter into such agreements with respect to the Company's Ordinary Shares, they must disclose the execution, amendment or extension of such agreements to the Company and to the CNMV, and file such agreements with the appropriate commercial registry.

Moreover, in accordance with Regulation (EU) No. 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps (as further supplemented by several delegated regulations regulating technical aspects necessary for its effective enforceability and to ensure compliance with its provisions), persons or entities having a net short position in relation to the issued share capital of a company that has shares admitted to trading on a

trading venue shall notify the relevant competent authority where the position reaches or falls below a percentage that equals 0.2% of the issued share capital of the company concerned and each 0.1% above that. In addition, details of any net short position reaching or falling below a percentage that equals 0.5% of the issued share capital of the company concerned and each 0.1% above that must be publicly disclosed before 15:30 on the following trading day.

In addition, on 19 December 2007 the CNMV issued Circular 3/2007 setting out the requirements to be met by liquidity contracts entered into by issuers with financial institutions for the management of their treasury shares to constitute an accepted market practice and, therefore, be able to rely on a safe harbour for the purposes of market abuse regulations.

#### *18.6.13 Share repurchases*

Pursuant to the Spanish Companies Act, the Company may only repurchase its own Ordinary Shares within certain limits and in compliance with the following requirements:

- the repurchase must be authorized by the general shareholders' meeting in a resolution establishing the maximum number of Ordinary Shares to be acquired, the minimum and maximum acquisition price and the duration of the authorization, which may not exceed five years from the date of the resolution; and
- the repurchase, including the Ordinary Shares already acquired and currently held by the Company, or any person or company acting in its own name but on the Company's behalf, must not bring its net worth below the aggregate amount of the Company's share capital and legal reserves.

For these purposes, net worth means the amount resulting from the application of the criteria used to draw up the financial statements, subtracting the amount of profits directly imputed to that net worth, and adding the amount of share capital subscribed but not called and the share capital nominal and issue premiums recorded in the Company's accounts as liabilities. In addition:

- the aggregate nominal value of the Ordinary Shares directly or indirectly repurchased, together with the aggregate nominal value of the Ordinary Shares already held by the Company and its subsidiaries, must not exceed 10% of the Company's share capital; and
- the Ordinary Shares repurchased must be fully paid-up. A repurchase shall be considered null and void if (i) the Ordinary Shares are partially paid-up, except in the case of free repurchase, or (ii) the Ordinary Shares entail ancillary obligations.

Treasury shares do not have voting rights or economic rights (for example, the right to receive dividends and other distributions and liquidation rights), except the right to receive bonus shares, which will accrue proportionately to all of the Company's Shareholders. Treasury shares are counted for purposes of establishing the quorum for general shareholders' meetings as well as majority voting requirements to pass resolutions at general shareholders' meetings.

Regulation 596/2014 of 16 April, repealing, among others, Directive 2003/6/EC of the European Parliament and the European Council dated 28 January 2003 on insider dealing and market manipulation establishes rules in order to ensure the integrity of European Community financial markets and to enhance investor confidence in those markets. This regulation provides an exemption from the market manipulation rules for share buy-back programs by companies listed on a stock exchange in an EU member state. Article 5 of this Regulation states that in order to benefit from the exemption, a buy-back program must comply with certain requirements established under such Regulation 596/2014, and the sole purpose of the buy-back program must be to reduce the share capital of an issuer (in value or in number of shares) or to meet obligations arising from either of the following:

- debt financial instruments exchangeable into equity instruments; or
- employee share option programs or other allocations of shares to employees or to members of the administrative, management or supervisory bodies of the issuer or an associated company.

## **18.7 Employees**

As of the date of this Prospectus the Company has three employees: the Company's CFO, Mr. Sergio Criado, the Company's Corporate Manager, Mr. Jon Armentia, and the Company's Legal Manager, Ms. Susana Guerrero. For further information, please see section 1.2 of Part XIII ("*The Board of Directors and Corporate Governance*").

## **18.8 Working capital**

In the opinion of the Company, taking into consideration the Consolidated Financial Statements and the Net Proceeds to be received by the Company from the Offering, the working capital available to the Company is sufficient for the Company's present requirements and, in particular, is sufficient for at least the next 12 months from the date of this Prospectus.

## **18.9 No significant change**

Since 31 March 2015, apart from as described in section 11 of Part XI ("*Management's Discussion and Analysis of Financial Condition and Results of Operations*"), there has been no significant change in the financial or trading position of the Company.

## **18.10 Related party transactions**

The Company undertakes all transactions with its related parties on an arm's length basis and in accordance with the terms and conditions stipulated in the relevant agreements.

### ***Investment Manager***

On 12 February 2014, the Investment Manager and the Company entered into the Investment Manager Agreement with respect to the Services. The Investment Manager Agreement was negotiated in the context of the Company's formation in February 2014, prior to its initial public offering and admission to trading on the Spanish Stock Exchanges, by persons who were, at the time of negotiation, members of the Management Team and affiliates of the Investment Manager.

The Investment Manager is effectively controlled by the Pereda Family. Two of the six members of the Management Team (Mr. Luis Pereda and Mr. Miguel Pereda) are members of the Pereda Family and, therefore, shareholders of the Investment Manager. In addition, Mr. Luis Pereda and Mr. Miguel Pereda are, respectively, the Executive Chairman and Co-CEO of Grupo Lar. Mr. Miguel Pereda is also a member of the Company's Board. The remaining share capital of Grupo Lar is distributed among treasury shares (approximately 2.5%) and an entity sub-advised by Proprium Capital Partners, LLC, a Delaware limited liability company.

In addition, as of the date of this Prospectus, and prior to the Offering, the Investment Manager holds 1,200,900 of the Existing Ordinary Shares which represent a 3.00% stake in the Company. The Investment Manager intends to exercise the required number of Preferential Subscription Rights corresponding to its Existing Ordinary Shares in order to hold a 2.5% stake in the Company (i.e. the stake held by the Investment Manager immediately following the initial public offering of the Company).

See Part XII ("*Grupo Lar and the Investment Manager Agreement*") for more information on the Investment Manager and section 11.1 of this Part XVIII ("*Additional Information*") of this Prospectus for a summary of the Investment Manager Agreement.

### ***Gentalia***

Gentalia is one of the leading companies in Spain in shopping centre property management, which is 66.6% owned by the Investment Manager.

Lar España and Gentalia entered into a Property Management Framework Agreement (as defined herein) on 9 July 2014 to govern the provisions of the Property Management Services (as defined herein) to be provided, if applicable, by Gentalia with regards to the shopping centres of the Company, and an On Site Management Framework Agreement (as defined herein) on 22 September 2014 to



govern the provisions of the On Site Management Services (as defined herein) to be provided, if applicable, by Gentalia with regards to the shopping centres of the Company. As of the date of this Prospectus, Gentalia manages all the shopping centres within the Company's Portfolio.

The fees paid to Gentalia in connection with the above services amounted to €288 thousand in the period of eleven months and fourteen days ended 31 December 2014. The fees incurred in the three months ended 31 March 2015 amounted to €360 thousand.

For more information on Gentalia see section 1 of Part XII ("*Grupo Lar and the Investment Manager Agreement*"). For more information on the Property Management Framework Agreement and the On Site Management Framework Agreement, see section 11.5 of this Part XVIII ("*Additional Information*").

### **PIMCO**

Pursuant to the Anchor Investor Subscription Agreement (as defined herein) the Anchor Investor agreed to subscribe for an aggregate of 5,000,000 Ordinary Shares in the context of the Company's initial public offering. As provided in the Anchor Investor Subscription Agreement, the Anchor Investor was granted a right of first offer with respect to certain Commercial Property Investments undertaken by the Company and a right of first offer with respect to certain Residential Property Investments undertaken by the Investment Manager. While the Anchor Investor does not have a first offer with respect to residential projects undertaken by the Company, on 30 January 2015, the Company, through two respective joint venture companies with the PIMCO Investor, each of the joint ventures 50% owned by each of Lar España and the PIMCO Investor, formalised the acquisition of Project Juan Bravo.

The fees paid to the Investment Manager in connection with Project Juan Bravo are already included in the Management Fees, and therefore, do not imply additional costs for the Company beyond those included in the Management Fees.

In addition, each of the Company and the PIMCO Investor has lent an aggregate of €50 million to the two joint venture vehicles involved in Project Juan Bravo (i.e. Inmobiliaria Juan Bravo 3, S.L. and Lavernia Investments, S.L.).

For more information on the Anchor Investor Subscription Agreement see section 11.4 of this Part XVIII ("*Additional Information*").

### **18.11 Material contracts**

The following is a summary of the material contracts (other than contracts entered into in the ordinary course of business) which have been entered into by the Company since incorporation and any other contracts which have been entered into by the Company which contain any provision under which the Company has any obligation or entitlement which is or may be material to the Company at the date of this Prospectus.

#### **18.11.1 *Investment Manager Agreement***

##### ***Object and scope of appointment***

##### **Appointment of the Investment Manager**

Pursuant to the Investment Manager Agreement, the Investment Manager has been appointed on an exclusive basis to (subject always to certain reserved matters described under "Reserved matters" below): (i) acquire real estate properties on behalf and for the account of the Company using the Company's cash assets and manage the property and property-related assets of the Company, pursuant to and in accordance with the Investment Strategy and to enter into any agreement, contract, transaction or arrangement in relation to the purchase, acquisition, holding, exchange, transfer, sale or disposal of any property or property-related investment in Spain and has full authority to bind the Company in connection therewith and to delegate such authority; (ii) provide or procure the provision of various accounting, administrative, registration, reporting (including assistance and cooperation for due reporting by the Company to the CNMV), record keeping and other services to the Company as the Company may from time to time reasonably require including, without limitation, the preparation

and submission to the Company of a report for review at any periodic meeting of the Board; (iii) act as the Company's agent in the performance of the services under, and the conduct of material contractual dealings pursuant to, and in accordance with, the Investment Manager Agreement (subject to certain reserved matters described under "Reserved matters" below); (iv) carry out all actions required to provide the management services to be provided by the Investment Manager under the Investment Manager Agreement; (v) structure all investments in a manner which allows the Company to comply with the Spanish SOCIMI Regime requirements; (vi) coordinate with debt providers at the asset or corporate level; (vii) advise the Company on the acquisition of co-ownership, joint tenancy, tenancies in common and other interests in properties; (viii) arrange the letting (and/or re-letting) and/or development or improvement of properties which the Company has acquired and act as development manager in relation to any such development or improvement of properties; (ix) advise on the availability and appropriate source of funds to be utilised by the Company in making distributions to Shareholders; (x) advise in relation to the exercise of any rights attaching to investments acquired on behalf of the Company; (xi) advise the Company in relation to any discretionary actions of which it is aware with respect to the Company's investments including, without limitation, voting rights and of the date or dates by when such rights must be exercised or such action taken; (xii) manage the Company's property investments or arrange to delegate authority to certain persons (to the extent and in the manner provided in the Investment Manager Agreement) to assist it in performing this function; and (xiii) procure advice for the Company from reputable insurance advisers in respect of the appropriate insurance for the properties of the Company and ensure that such insurance as approved in writing by the Company is put in place (at the cost of the Company) (collectively, the "**Services**"). This appointment is irrevocable so long as the Investment Manager Agreement subsists.

The Investment Manager has full discretionary authority to enter into transactions in respect of investment management services and other services to be provided under the Investment Manager Agreement, for and on behalf of the Company, subject, in each case, to certain reserved matters described under "Reserved matters" below, which require the consent of the Company's Board.

The Investment Manager shall be the sole and exclusive provider of the Services to the Company for the duration of the Investment Manager Agreement, but the Investment Manager may delegate the provision of certain of the Services to the extent provided by the Investment Manager Agreement (see "Delegation" below).

#### Investment Manager's duties

The Investment Manager shall, in providing the Services to be provided under the Investment Manager Agreement, do the following:

- (a) exercise the level of professional skill, care and diligence in relation to the performance of its duties which would reasonably be expected from a best in class, internationally recognised manager experienced in the management of commercial and residential properties similar to the Company's properties acting in accordance with the following criteria and in all cases with the same degree of care as in the management and provision of services corresponding to the Investment Manager's own business:
  - (i) current good market practice and the principles of good real estate management;
  - (ii) in respect of any proposed lease or the assignment of any lease, what a reasonable and prudent institutional investor would determine to be in its interests, taking into account sound investment practice criteria, including but not limited to tenant mix, prevailing market conditions, the nature, size, type and location of the Company's properties, the financial standing of the proposed tenant (or the proposed assignee) and any proposed surety and the obligations of the tenant under the proposed lease; and
  - (iii) the best commercial interests of the Company;
- (b) act in accordance with applicable laws relating to the provision of the Services and the Company's activities for which the Investment Manager is responsible pursuant to the Investment Manager Agreement, and in accordance with the terms of the By-Laws (including without limitation the investment policy, the Investment Strategy and the financing strategy);

- (c) maintain and comply with all regulatory authorisations, licences and approvals from time to time required by the Investment Manager in order for it to provide the Services;
- (d) in the provision of the Services, have due regard to the Spanish securities market regulations which are applicable to the Company;
- (e) act in accordance with the Company's Business Plan;
- (f) employ or have available such number of competent and suitably qualified staff or consultants as the Investment Manager, acting reasonably as an advisor and manager in respect of properties similar in nature to those of the Company, considers adequate for the provision of the Services;
- (g) ensure that the Key Persons devote such time to the supervision and performance of the obligations of the Investment Manager under the Investment Manager Agreement as is necessary to enable the Investment Manager to perform the Services in accordance with, and otherwise comply with its obligations under, the Investment Manager Agreement;
- (h) not carry out any act, and use reasonable endeavours not to knowingly permit any act, which shall be or be likely to be fraudulent or dishonest; and
- (i) use all reasonable endeavours to work in a professional and efficient manner with any other consultants or professionals appointed by or on behalf of the Company in respect of any property.

The Investment Manager is required to produce a Business Plan for the management of the properties held or acquired by the Company, which shall be subject to approval by the Board, annual budgets for the Company and provide an update on any situation that deviates materially from the proposed Business Plan. While the Investment Manager Agreement provides for annual Business Plans to be prepared each year, the Company's current Business Plan covers five years and is updated on an ongoing basis rather than annually.

#### *Management Team*

The Investment Manager has undertaken to appoint and maintain a team of property and financial professionals with extensive and proved experience in and in-depth knowledge of the Spanish real estate market through their involvement in Grupo Lar, the Management Team, to provide the Services to the Company, who the Investment Manager considers to be competent and suitably qualified for the proper performance of the Services in accordance with the Investment Manager Agreement.

If, during the term of the Investment Manager Agreement:

- (a) either of Mr. Luis Pereda or Mr. Miguel Pereda (the "**Key Persons**") intends to resign or cease to act or be engaged as a director of the Investment Manager (otherwise than by a "**Force Majeure Reason**" understood as by reason of his death, permanent incapacity or a critical personal situation or event completely out of his control which makes it impossible for him to perform his duties), then the Investment Manager shall (i) provide the Company with written notice of such fact not less than three months prior to the date on which the relevant Key Person intends to so resign or cease acting (such three month period being the "**Initial Notice Period**"); and (ii) as soon as practicable following the giving of such notice, identify a suitable replacement for the Key Person with the appropriate level of qualification and experience and propose such person to the Board for approval (subject to the consent of the Company's Shareholders), whereupon the Company's Shareholders shall determine at their absolute discretion whether to approve the appointment of any such replacement, provided that if no suitable replacement has been appointed during the nine month period following the Initial Notice Period, the Company may terminate the Investment Manager Agreement, whereupon the Company shall give notice in writing to the Investment Manager;
- (b) Mr. Miguel Pereda intends to cease to be significantly involved in the delivery of the Services by the Investment Manager or does not intend to maintain his position as a director at the Investment Manager or the Company (in each case, otherwise than by a Force Majeure Reason), then the Investment Manager shall (i) provide the Company with written notice of

such fact not less than three months prior to the date on which Mr. Miguel Pereda intends to so cease involvement or to maintain such position (the “**Miguel Pereda Initial Notice Period**”); and (ii) as soon as practicable following the giving of such notice, identify a suitable replacement for Mr. Miguel Pereda with the appropriate level of qualification and experience and propose such person to the Board for approval (subject to the consent of the Company’s Shareholders), whereupon the Company’s Shareholders shall determine at their absolute discretion whether to approve the appointment of any such replacement, provided that if no suitable replacement has been appointed during the nine-month period following the Miguel Pereda Initial Notice Period, the Company may terminate the Investment Manager Agreement, whereupon the Company shall give notice in writing to the Investment Manager;

- (c) either of the Key Persons ceases to be significantly involved in the delivery of the Services by the Investment Manager and does not maintain its position as a director at the Investment Manager due to a Force Majeure Reason, then a suitable person to replace the relevant Key Person shall be proposed by the Investment Manager for approval by the Board. The Board will submit the replacement to a shareholders meeting of the Company in order to obtain consent from the Company’s Shareholders. If the Company’s shareholders’ meeting does not consent (by simple majority), then the Board may nominate alternative replacements and call further shareholders’ meetings if it deems it results in the interest of the corporate interest. For the avoidance of doubt, non-replacement or no agreement on the replacement will not give rise to the termination of the Investment Manager Agreement in this case; and
- (d) Mr. Luis Pereda intends to cease to be significantly involved in the delivery of the Services by the Investment Manager and is expected to remain less than significantly involved in the Company for longer than a six month period (otherwise than by a Force Majeure Reason) but intends to maintain his position as a director at the Investment Manager, then the Investment Manager shall (i) provide the Company with written notice of such fact immediately upon becoming aware of such circumstance occurring or becoming apparent; and (ii) during the four-month period following the giving of such notice, propose to the Board a detailed plan including the expected involvement and the responsibilities that will continue to be assumed by Mr. Luis Pereda and the detailed plan of action that the Investment Manager intends to implement to further reinforce the Management Team to adequately provide the same level and standards of Services to the Company as would be the case if Mr. Luis Pereda were to remain significantly involved in the delivery of the Services, and the Board and the Investment Manager will in good faith discuss and amend the proposed plan of the Investment Manager and will use reasonable endeavours to seek to agree to a reasonable solution. If at the end of the four-month period the proposed plan with the discussed adjustments is still not acceptable to the Board, the Board will allow a two-month period for Mr. Luis Pereda to substantially reinstate his prior level of involvement and functions undertaken for the Company under the Investment Manager Agreement. In the event that, following such two-month period, his prior level of involvement has not been substantially reinstated, the Company may terminate the Investment Manager Agreement by notice in writing to the Investment Manager.

#### *Investment Strategy*

In carrying out their functions under the Investment Manager Agreement, the Investment Manager and the members of the Management Team must follow the Investment Strategy, with the aim to focus their investment decisions on the acquisition of primarily commercial properties in Spain which preferably require an active asset management and fit within the Company’s purpose of creating a real estate Portfolio capable of paying dividends in line with the applicable Spanish SOCIMI Regime requirements, and generate capital returns for the Company’s Shareholders.

#### Investment criteria — Composition of the Company’s real estate portfolio

The Company’s Total GAV must be distributed as follows (measured as at the time investments are made):

- (a) Over 80% of the Total GAV must be invested in Commercial Property, that is:

- (i) Office properties across Spain, primarily focusing on office properties in Madrid and Barcelona;
  - (ii) Retail shopping centres in Spain; retail parks including big box properties (i.e., retail stores that occupy large warehouse-style buildings) on a selective basis; and high street retail properties (i.e., retail stores located in the primary business and retail streets of a city, such as top fashion boutiques) on a selective basis; and
  - (iii) Other selected commercial real estate properties, for example, industrial properties, which are expected to represent a limited percentage of the Total GAV.
- (b) Up to but less than 20% of the Total GAV may be invested in Residential Property, i.e., first-home residential properties across Spain.

#### Type of properties

When investing in Commercial Property, the Investment Manager and the members of the Management Team shall focus on mis-priced assets or assets with active asset management opportunities, for example through repositioning, rental extension or rental optimisation, and adopt a conservative approach with regard to development opportunities in the context of the whole portfolio.

When investing in Residential Property, the Investment Manager and the members of the Management Team shall primarily target fully-built assets, in very specialised cases consider assets with a reduced component of development risk and consider investing in new developments in niche markets with limited supply of first-homes.

The Company has the ability to enter into (including at the Investment Manager's request) a variety of investment structures, including joint ventures, acquisitions of controlling interests or acquisitions of minority interests within the parameters stipulated in the Spanish SOCIMI Regime. There is no limit imposed by the Spanish SOCIMI Regime on the proportion of the Company's portfolio that may be held through joint ventures. In addition, acquisitions of assets may be done through any type of agreement and structure, including though the acquisition of non-performing loans and other types of financial instruments.

When implementing the Company's Investment Strategy, the Investment Manager may not in any event invest more than 20% of the Company's equity capital in a single asset.

#### Leverage criteria

When implementing the Company's Investment Strategy, the Investment Manager and the members of the Management Team shall seek to use leverage over the long-term and consider using hedging where appropriate to mitigate interest rate risk, subject to the following principles:

- (i) The target of the Company is that total leverage, represented by the Company's aggregate borrowings (net of cash) as a percentage of the most recent Total GAV of the Company, be up to 50%.  
  
Notwithstanding the foregoing, the Board, including at the proposal of the Investment Manager, may modify the Company's leverage policy (including the level of leverage) from time to time in light of then-current economic conditions, the relative costs of debt and equity capital, the fair value of the Company's assets, growth and acquisition opportunities or other factors it deems appropriate.
- (ii) Debt financing for acquisitions are assessed on a deal-by-deal basis initially with reference to the capacity of the Company to support leverage.
- (iii) Debt on development properties are, to the extent possible, ring-fenced in order to exclude recourse to other assets of the Company. The policy of the Company will not contemplate incorporating special purpose vehicles for investments in non-development properties as a general rule.

The Investment Manager has undertaken, as a general rule and unless the nature of the investment advises otherwise, to carry out investments using proceeds from the initial public offering, the

Offering and any other offerings of the Company's securities. When necessary, debt may be raised in line with the leverage criteria described above.

#### *Director designation rights*

Subject to applicable law and regulations and the Company's By-Laws, and subject to any proposed nominee being appropriately qualified to act as member of the Board and his or her identity having been approved by the Remuneration and Nomination Committee of the Company (such approval not to be unreasonably withheld, conditioned or delayed), the Investment Manager is entitled to require the Board to propose to the general shareholders' meeting of the Company the appointment of:

- (i) one non-executive Director of the Company nominated by the Investment Manager, provided that the Board is comprised of five or fewer persons; or
- (ii) up to two non-executive Directors nominated by the Investment Manager, provided that the Board is comprised of more than five persons.

Subject to compliance with the foregoing requirements, the Investment Manager is entitled to require the Board to propose to the Company's general shareholders' meeting to remove or replace any such person whom it has nominated as a member of the Board, provided that in the case of any such removal, the Investment Manager shall indemnify and hold harmless the Company (and any member of its group) against any and all costs, losses, liabilities and/or expenses suffered by the relevant company in connection with such removal.

No Director of the Company nominated by the Investment Manager pursuant to the Investment Manager Agreement may be paid any fee or remuneration by the Company for his or her services as a non-executive director.

The Chairman of the Board is entitled to request the attendance of the Chairman of the Investment Manager to meetings of the Board and the Investment Manager must procure that the Chairman of the Investment Manager attend such meetings when so required, unless there is a material cause impeding such attendance. The Company's By-Laws and the Board's regulations permit and regulate such attendance commitment.

#### *Reserved matters*

The Investment Manager is entitled to perform the Services and to conduct and enter into transactions provided that it must seek prior written consent from the Company if such Services or transactions involve any of the following (each of them, a "**Reserved Matter**"):

- (i) any acquisition/disposal of a property investment or the entry into any binding agreement to acquire/dispose of a property investment where the aggregate acquisition cost/gross proceeds attributed to the Company in respect of such property investment is/are in excess of €30 million;
- (ii) any new financing or refinancing, including associated hedging arrangements, entered into in respect of a property investment where the amount of the facility to be entered into in respect of such arrangements is in excess of €30 million, or any material amendment thereof;
- (iii) any capital expenditure on a property investment in excess of, in aggregate, €10 million;
- (iv) any proposed lease agreement or termination where the annual rent is greater than 10% of the aggregate rental income of the Company;
- (v) any co-investment or joint venture in Commercial Property. If approved, the Investment Manager shall be entitled to manage the whole co-investment or joint-venture in its own name and on behalf of the Company. The Investment Manager has undertaken to submit in good faith to the Company any co-investment or joint venture offer in Commercial Property received from third parties for the whole stake that such third party has actually offered to the Investment Manager (pursuant to the terms of

the Company's exclusivity right referred to below under "*Exclusivity in Commercial Property and co-investment in Residential Property*";

- (vi) any co-investment or joint venture in Residential Property with an investment by the Company of above €10 million. The Investment Manager has undertaken to submit in good faith to the Company any co-investment or joint venture offer in Residential Property received from third parties for at least a 20% stake in the total investment (pursuant to the terms of the Company's co-investment right referred to below under "*Exclusivity in Commercial Property and co-investment in Residential Property*");
- (vii) any hedging or use of derivatives, including related to debt facilities, interest, or the property investments (which may only be used to the extent (if any) permitted by any regulatory requirements applicable to the Company and/or the Investment Manager), unless comprised within the relevant financing as indicated in (ii) above;
- (viii) the entry by the Company into any transaction for the purchase of assets from, or the provision of services of a material nature by, any Investment Manager Affiliate, or for the sale of assets or provision of services of a material nature to any Investment Manager Affiliate except if covered under a framework agreement approved by the Board. The entry by the Company into any transaction for the purchase of assets from, or the provision of services of a material nature by, an individual associated with an Investment Manager Affiliate should also be considered a Reserved Matter. For the avoidance of doubt, Gentalia is not an Investment Manager Affiliate for purposes of the Investment Manager Agreement;
- (ix) any disposal of any right, title or interest in any of the Company's properties at less than its acquisition cost;
- (x) related-party transactions and situations which may give rise to a conflict of interest situation in connection with the Investment Manager and the Management Team including any transaction with third parties pursuant to which the Investment Manager is entitled to receive any compensation, fee or commission;
- (xi) the appointment by the Investment Manager of one or more managing agents, as provided in the Investment Manager Agreement, or the execution of any third-party service agreement for an annual amount exceeding €1 million; and
- (xii) any transaction executed with Gentalia, unless it is regulated under an arm's length basis framework agreement between the Company and Gentalia approved by the Board, and provided that the relevant assets fall within the parameters of such framework agreement.

Notwithstanding the foregoing, the Investment Manager shall be entitled to perform Services and conduct and enter into transactions involving Reserved Matters without seeking prior written consent from the Company, provided that such Services or transactions are required to be performed by the Investment Manager as a matter of law or in order to respond to a *bona fide* emergency where time is of the essence.

Where the Company's approval is required for a transaction under the terms of the Investment Manager Agreement, the Investment Manager shall, either by means of an update to the Business Plan or a separate proposal, submit a proposal to the Board as to the transaction in question and provide the Company with such information as the Board may reasonably require to consider and, if it decides to do so, approve the transaction.

#### *Exclusivity in Commercial Property and co-investment in Residential Property*

In accordance with the Investment Manager Agreement, subject to certain exceptions, the Investment Manager has agreed not to invest in Commercial Property in Spain which is within the parameters of the Investment Strategy of the Company (or to provide services to any person other than the Company in connection with such assets) and will be required to offer to the Company at least a 20% interest of the overall investment in any Relevant Residential Opportunity it (or any of the Investment Manager

Affiliates) may plan to carry out. In addition, subject to certain exceptions, each member of the Management Team has undertaken to offer the Company a 20% share (if in connection with a Residential Property) or the full share (if in connection with a Commercial Property) of the stake available to such member of the Management Team in any investment in which such member of the Management Team intends to participate and which fits within the Investment Strategy of the Company.

Set forth below is a detailed description of the Investment Manager and Management Team's undertakings under the Investment Manager Agreement.

#### Exclusivity in Commercial Property

The Investment Manager has agreed that, during the term of the Investment Manager Agreement, it will not, and it will require that none of the Investment Manager Affiliates will (i) acquire or invest (on its own behalf or on behalf of third parties or through joint venture agreements) in Commercial Property in Spain which is within the parameters of the Investment Strategy of the Company (except for the following investments (each an "**Exception**") which are expressly permitted (a) one or more investments carried out by shareholders of the Investment Manager on their own behalf, provided that such investment or investments do not exceed €2 million in the aggregate throughout the life of the Investment Manager Agreement (or such a higher amount, if any, approved by the Company's Board in exceptional circumstances), and that they are notified to the Board of the Company following their undertaking, and (b) investments by the Investment Manager or any Investment Manager Affiliate in Commercial Property for its own occupation if expressly waived by the Board or (ii) act as investment manager, investment adviser or agent, or provide administration, investment management or other services, for any person, entity, body corporate or client other than the Company, for Commercial Property in Spain which is within the parameters of the Investment Strategy of the Company.

However, this exclusivity shall not apply:

- (i) to any dealings by the Investment Manager or any Investment Manager Affiliate in respect of any property or property-related asset owned or managed, totally or partially, by it as of the date of the Investment Manager Agreement (i.e., 12 February 2014). Therefore, the Investment Manager and Investment Manager Affiliates may continue or agree to act as investment manager or investment adviser for other persons or provide administration, investment management or other services for other clients without making the same available to the Company, in each such case provided that (a) it is done pursuant to an existing agreement which in each case is in place with the Investment Manager or such Investment Manager Affiliate at the date of the Investment Manager Agreement, or (b) such work relates to real estate properties which are subject to such an existing agreement.

In addition, the Investment Manager was free to close during 2014 up to two portfolio transactions, which were under negotiation at the time the Investment Manager Agreement was signed, involving retail assets, each amounting to between €80 million and €170 million;

- (ii) to any acquisition or investment (directly or indirectly) by the Investment Manager or an Investment Manager Affiliate of or in assets or properties which are adjacent to assets or properties held as of the date of the Investment Manager Agreement by the Investment Manager or an Investment Manager Affiliate or which are acquired, pursuant to an Exception, by the Investment Manager or an Investment Manager Affiliate following the date of the Investment Manager Agreement in accordance with its terms (such as extensions to assets already within those entities' existing portfolios or properties adjacent to existing or permitted new properties held by the Investment Manager or an Investment Manager Affiliate);
- (iii) following the passage of a resolution of the Company's general shareholders' meeting to discontinue the investment strategy of the Company, cease the business and operations of the Company, or sell, liquidate or otherwise dispose of all or substantially all of the assets of the Company;



- (iv) following the service by the Investment Manager of notice of termination of the Investment Manager Agreement due to a winding up event, an insolvency or court protection event or other similar event affecting the Company or an unremedied breach by the Company of a material term thereof; or
- (v) to the activities of or investments made by Gentalia. This notwithstanding, Grupo Lar shall, to the extent legally permitted, exercise its voting rights within the corporate bodies of Gentalia to prevent Gentalia from entering into transactions which fall under the exclusivity commitment assumed by Grupo Lar as Investment Manager.

#### Co-investment in Residential Property

The Company does not have exclusivity on any investment in Residential Property made or to be made by the Investment Manager or the Investment Manager Affiliates in or outside of Spain. However, pursuant to the Investment Manager Agreement, the Investment Manager has committed to offer to the Company at least a 20% stake of the overall investment in each Relevant Residential Opportunity it (or any of the Investment Manager Affiliates) may plan to carry out. If the stake available to the Investment Manager (and any of the Investment Manager Affiliates (as the case may be)) in a Relevant Residential Opportunity is less than 20% of the overall investment to be made in such Relevant Residential Opportunity, the Investment Manager has undertaken not to participate in such investment opportunity (and shall procure the same of the Investment Manager Affiliates) and the Investment Manager shall be under no obligation to offer a stake in such investment opportunity to the Company.

The Company shall not be entitled to elect less than a 20% stake of the overall investment in each Relevant Residential Opportunity offered by the Investment Manager unless the Company and the Investment Manager agree otherwise on a case by case basis.

The Investment Manager must, before proceeding to effect the investment that is the subject of a Relevant Residential Opportunity, present such Relevant Residential Opportunity to the Company by notice in writing to the Corporate Manager (as defined in the Investment Manager Agreement) for consideration as a possible co-investment.

If the Company elects to co-invest, its Corporate Manager shall notify the Investment Manager of this as soon as reasonably practicable, and, in any event, within ten Madrid business days of service of notice to the Company by the Investment Manager.

If the Company gives notice to the Investment Manager that it does not intend to proceed with the co-investment, or if it does not serve notice within the prescribed period, the Investment Manager shall be free to carry out the Relevant Residential Opportunity without the Company.

If the Company decides to co-invest with the Investment Manager, such decision:

- (i) will have to be immediately notified by the Investment Manager to the Corporate Manager of the Company if the amount invested by the Company is below €10 million. The Corporate Manager of the Company will report to the secretary of the Board, on a monthly basis, on any co-investments carried out by the Company with the Investment Manager in Residential Property. Such co-investments will be subject to review and analysis by the Board in its first meeting to be held after the date of their reporting to the Board's secretary; and
- (ii) will constitute a Reserved Matter if the amount to be invested by the Company is above €10 million.

#### Commitment by members of Management Team

Pursuant to the respective commitment letters entered into by the members of the Management Team in accordance with the Investment Manager Agreement, if any member of the Management Team identifies an investment opportunity which fits within the Investment Strategy of the Company (each such opportunity, a “**Management Team Investment Opportunity**”) in which such member of the Management Team or a person that is controlled by such member of the Management Team (excluding the Investment Manager or any Investment Manager Affiliate which is a corporation) (a

“**Controlled Person**”), whether directly or indirectly, intends to participate, such member of the Management Team shall, before proceeding to effect such participation or the acquisition of the property which is the subject of that Management Team Investment Opportunity, give notice in writing of such opportunity to the Corporate Manager of the Company and offer the Company (a) at least a 20% share of the total stake available to such member of the Management Team or the Controlled Person (as the case may be) in the Management Team Investment Opportunity if such opportunity relates to a Residential Property, or (b) the full stake available to such member of the Management Team or the Controlled Person (as the case may be) in the Management Team Investment Opportunity if such opportunity relates to a Commercial Property. These commitments shall end on the earlier of: (a) the date of termination of the Investment Manager Agreement; (b) with respect to a particular member of the Management Team, the date on which the relevant member of the Management Team ceases to be a member of the Management Team; and (c) the date on which a resolution is passed to cease the business and operations of the Company.

These commitments, which are similar to the ones assumed by the members of the Management Team with respect to Grupo Lar, shall not apply:

- (i) to any investment carried out by one or more members of the Management Team on its or their own behalf provided that each such investment does not exceed €2 million (per member of the Management Team and on an aggregate basis during the term of the Investment Manager Agreement) and that it is notified to the Board of the Company following its undertaking;
- (ii) to any investment carried out by one or more members of the Management Team in Commercial Property for its or their own occupation if such investment is expressly waived by the Board of the Company;
- (iii) to any dealing by one or more members of the Management Team in respect of any property or property-related asset owned or managed, totally or partially, by him or them as of the date of the Investment Manager Agreement; and
- (iv) to any acquisition or investment (directly or indirectly) carried out by one or more members of the Management Team in assets or properties which are adjacent to assets or properties owned by one or more members of the Management Team as of the date of the Investment Manager Agreement or which are acquired pursuant to the exceptions set forth in (i) or (ii) above by one or more members of the Management Team following the date of the Investment Manager Agreement in accordance with its terms and the terms of the relevant commitment letter.

If the Company elects, acting in good faith, to participate in any Management Team Investment Opportunity, its Corporate Manager shall notify such decision to the relevant member of the Management Team as soon as reasonably practicable, and, in any event, within ten Madrid business days after the Company’s receipt of notice of the Management Team Investment Opportunity from the relevant member of the Management Team.

If the Company notifies to the relevant member of the Management Team that it does not intend to participate in an Management Team Investment Opportunity, or if the Company does not notify its decision to the relevant member of the Management Team within the period stated above, the relevant member of the Management Team may proceed to participate in the Management Team Investment Opportunity without any participation from the Company.

#### Conflicts of interest

Pursuant to the Investment Manager Agreement, the Investment Manager may not (and shall procure that no Investment Manager Affiliate shall), during the term of the agreement (i) sell, transfer or lease assets or properties to the Company or (ii) launch or invest in a property investment/real estate listed or unlisted fund or a property investment/real estate investment trust carrying on business in Spain to invest in Commercial Property.

In addition, the Company may not, during the term of the Investment Manager Agreement, sell, transfer or lease assets or properties to the Investment Manager, unless approved by the Company's Board.

The Investment Manager shall disclose in writing to the Company any actual or potential conflicts of interests which it and/or any of the Investment Manager Affiliates have or may have from time to time, subject to any obligations of confidentiality to which the Investment Manager is contractually bound.

#### *Management fees*

According to the Investment Manager Agreement, the Investment Manager is entitled to receive a Base Fee and a Performance Fee during the term of the Investment Manager Agreement (with respect to the latter, to the extent it becomes payable in accordance with the terms of the Investment Manager Agreement). The Investment Manager also is entitled to additional fees to be agreed with the Company in respect of the provision of any additional agreed services. To the extent such services are provided in respect of assets jointly owned by the Company and others, the Company is only responsible for the payment of its pro rata share of the resulting fees. Fees that fall due and payable to the Investment Manager are not subject to reduction or clawback due to any subsequent decrease that may occur in the EPRA NAV of the Company.

Payment of the Performance Fee is dependent on performance exceeding an annual hurdle and it is also subject to an annual high-water mark, each as described in greater detail below.

#### Base Fee and expenses

The Base Fee is paid to the Investment Manager monthly in arrears in cash in consideration for the provision of Services in the manner provided for in the Investment Manager Agreement. The Base Fee in respect of each month is calculated by reference to 1.25% per annum of the EPRA NAV (excluding net cash (cash minus debt)) as of the prior December 31. The Base Fee amounts to a minimum of €2 million per annum, excluding VAT and costs, until the first date on which 50% or more of the Issue's proceeds (net of costs and expenses incurred by the Company in respect of the Issue) has been invested by the Company in properties.

The Base Fee (together with any applicable VAT and other costs) is payable by the Company to the Investment Manager in arrears within ten Madrid business days following receipt by the Company from the Investment Manager of the relevant supporting valuation documentation.

Other than as otherwise agreed in writing from time to time, and notwithstanding any other provision of the Investment Manager Agreement, the Base Fee is deemed to include (and therefore such fees, costs and expenses are not paid separately by the Company) the (i) out of pocket day-to-day expenses of the Investment Manager, (ii) the fees and expenses of certain third parties appointed by the Investment Manager to carry out any of the Investment Manager's Services, and (iii) any fees, costs or expenses incurred by the Investment Manager when it or an Investment Manager Affiliate is performing the Services.

If, in connection with any co-investment undertaken by the Company under the terms of the Investment Manager Agreement, the Investment Manager receives any base fee or property management fees (for asset or portfolio management services) which are separate from the fees due under the Investment Manager Agreement, the Investment Manager has undertaken to grant the Company with a credit right equal to the Company's pro rata share (based on the Company's stake in the relevant co-investment) of the amount of any such fees received by the Investment Manager in connection with any such co-investment and, accordingly, the Company shall be entitled to set off an amount equal to such credit right against the Base Fee payable in accordance with the Investment Management Agreement.

The Base Fee is not deemed to include (and therefore such expenses must be paid separately by the Company) any costs to be borne by the Company such as the Company Costs (as defined herein) reasonably and properly incurred.

All development related expenses incurred including capital expenditures and any costs associated with them must be billed at cost.

Any and all expenses related to the Company's officers and employees hired upon the proposal of the Investment Manager must be deducted from the Base Fee.

#### Performance Fee

The Performance Fee has been designed to incentivise and reward the Investment Manager for generating returns to the Shareholders of the Company. The return to Shareholders for a given year is equivalent to the sum of (a) the change in the EPRA NAV of the Company during such year less the net proceeds of any issues of Ordinary Shares during such year; and (b) the total dividends (or any other form of remuneration or distribution to the Shareholders) that are paid in such year (the result of the addition of (a) and (b), the "**Shareholder Return**"). The "**Shareholder Return Rate**" is the Shareholder Return for a given year divided by the EPRA NAV of the Company as of 31 December of the immediately preceding year. The EPRA NAV as of 31 December 2013 has been deemed to be equal to the net proceeds of the Company's initial public offering (the "**Initial EPRA NAV**").

The "**Relevant High Water Mark**" at any time is the higher of (i) the Initial EPRA NAV, and (ii) the EPRA NAV on 31 December (adjusted to include total dividends paid during that year and exclude the net proceeds of any issuance of Ordinary Shares during that year) of the most recent year in respect of which a Performance Fee was payable.

The Performance Fee is due in respect of a given year if both of two key hurdles are met:

- (a) the Shareholder Return Rate for such year exceeds 10% (the amount in euro by which the Shareholder Return for the year exceeds the Shareholder Return that would have produced a 10% Shareholder Return Rate being the "**Shareholder Return Outperformance**" and the extent of the Shareholder Return Rate above 10% being the "**Shareholder Return Outperformance Rate**"); and
- (b) the sum of (A) the EPRA NAV of the Company on 31 December of such year and (B) the total dividends (or any other form of remuneration or distribution to the Shareholders) that are paid in such year or in any preceding year since the most recent year in respect of which a Performance Fee was payable exceeds the Relevant High Water Mark (the amount by which such sum exceeds the Relevant High Water Mark being the "**High Water Mark Outperformance**").

If the above hurdles are met, the Performance Fee in respect of such year will be a "promote" equal to the lesser of (x) 20% of the Shareholder Return Outperformance and (y) 20% of the High Water Mark Outperformance (the "**Promote**").

Furthermore, in respect of a year in which the Performance Fee is payable and is based on Shareholder Return Outperformance, the Performance Fee will also include a "promote equalization" feature (the "**Promote Equalization**"), once a Shareholder Return Rate of 12% has been achieved, and it will apply only until a Shareholder Return Rate of 22% is achieved. The Promote Equalization feature entitles the Investment Manager to receive an additional 20% of the portion of Shareholder Return Outperformance that reflects a Shareholder Return Rate of between 12% and 22%. Above 22% only the Promote will continue to apply. The Promote Equalization is intended to allow the Investment Manager to earn fees up to a maximum equivalent to 20% on the first 10% of the Shareholder Return for such year, which would not otherwise be payable.

Set out below are four examples<sup>2</sup>. Examples (b), (c) and (d) assume that the hurdles to pay the Performance Fee are met and that the Performance Fees in respect of the relevant years are based on

---

<sup>2</sup> These are examples only and not Shareholder Return forecasts. There can be no assurance that the Shareholder Returns referred to in the examples can or will be met and they should not be seen as an indication of the Company's expected or actual results or returns. Accordingly investors should not place any reliance on these examples in deciding whether to invest in the Ordinary Shares. In addition, prior to making any investment decision, prospective investors should carefully consider the risk factors described in Part II ("*Risk Factors*") of the Prospectus.

Shareholder Return Outperformance and so the Promote Equalization could apply (the Promote Equalization does not apply to years in respect of which the Performance Fee is based on High Water Mark Outperformance).

- (a) If the Shareholder Return Rate for a given year were 10%, the Shareholder Return Outperformance Rate would be 0% and the Investment Manager would receive no Promote or Promote Equalization in respect of that year.
- (b) If the Shareholder Return Rate for a given year were 12%, the Shareholder Return Outperformance Rate would be 2% and the Investment Manager would receive a Promote equal to 20% of the portion of the Shareholder Return Outperformance representing a Shareholder Return Outperformance Rate of 2% (being the excess of 12% above 10%). In this case no Promote Equalization would apply. In total, the Investment Manager would receive  $(20\% \times 2\%) = 0.4\%$  of the EPRA NAV as of 31 December of the previous year.
- (c) If the Shareholder Return Rate for a given year were 15%, the Shareholder Return Outperformance Rate would be 5% and the Investment Manager would receive (i) a Promote equal to 20% of the portion of the Shareholder Return Outperformance representing a Shareholder Return Outperformance Rate of 5% (being the excess of 15% above 10%), plus (ii) a Promote Equalization equal to 20% of the Shareholder Return Outperformance representing a Shareholder Return Outperformance Rate of 3% (being the excess of 15% above 12%). In total, the Investment Manager would receive  $(20\% \times 5\%) + (20\% \times 3\%) = 1\% + 0.6\% = 1.6\%$  of the EPRA NAV as of 31 December of the previous year.
- (d) If the Shareholder Return Rate for a given year were 25%, the Shareholder Outperformance Rate would be 15% and the Investment Manager would receive (i) a Promote equal to 20% of the portion of Shareholder Return Outperformance representing a Shareholder Return Outperformance Rate of 15% (being the excess of 25% above 10%), plus (ii) a Promote Equalization equal to 20% of the Shareholder Return Outperformance representing a Shareholder Return Outperformance Rate of 10% (being the excess of 22% above 12%). In this example, the maximum Promote Equalization is reached at a Shareholder Return Outperformance Rate of 22% and the Promote Equalization ceases to apply to the portion of Shareholder Return Outperformance representing a Shareholder Return Outperformance Rate above 22% (above that level only the Promote will continue to apply). The Promote Equalization component is calculated on a yearly basis and does not allow for equalization of previous years' returns. In total, the Investment Manager would receive  $(20\% \times 15\%) + (20\% \times 10\%) = 3\% + 2\% = 5\%$  of the EPRA NAV as of 31 December of the previous year.

The Performance Fee is calculated annually as of 31 December of each fiscal year, expressed in euros. There is no maximum Performance Fee under the Investment Manager Agreement.

After delivery of a proposal from the Investment Manager setting out the Investment Manager's statement of the Performance Fee, the Company may agree with it, in which case the Investment Manager will issue an invoice within ten Madrid business days and the Performance Fee shall become due and payable 20 Madrid business days after the date of the invoice. Alternatively, the Company may dispute the proposed amount by giving notice in writing to the Investment Manager within ten Madrid business days of receiving it. If the Company disputes such proposal, the parties shall negotiate in good faith to resolve the dispute, provided that if the parties do not reach agreement on the items in dispute within five Madrid business days of the Company having disputed it (or such longer period as they may agree in writing), the Performance Fee payable shall be determined by an independent expert by reference to the audited accounts of the Company and the valuation made by a RICS accredited appraiser in respect of the relevant year, following the approval by the Board of such accounts and the delivery by the auditors of an unqualified audit opinion in respect of such accounts.

The Investment Manager will invoice the aforesaid amount, as amended, if applicable, to reflect the agreement between the parties or the determination of the independent expert (as the case may be), and such invoice shall constitute a statement of the Performance Fee payable to the Investment Manager in respect of the relevant year and it shall become due and payable by the Company to the Investment Manager on the fifth Madrid business day following such agreement or determination.

If following the approval by the Board of the accounts of the Company and receipt of an unqualified audit opinion in respect of such accounts, the Company or the Investment Manager is reasonably of the opinion that the Base Fee and/or the Performance Fee (if any) already payable to the Investment Manager in respect of the relevant year are greater than, or less than, the amount that should have been paid having regard to the audited accounts of the Company, the parties shall negotiate in good faith to resolve the dispute, provided that if the parties do not reach agreement, any adjustment shall be determined by an independent expert by reference to the audited accounts of the Company and the valuation made by a RICS accredited appraiser in respect of the relevant year. Following the agreement or determination of any adjustment, the Investment Manager shall: (i) where the adjustment relates to an overpayment of fees, pay or otherwise refund that sum to the Company within 20 Madrid business days (in Ordinary Shares if applicable); or (ii) where the adjustment relates to an underpayment of fees, deliver to the Company an invoice setting out the adjustment amount payable by the Company to the Investment Manager and such amount shall be deemed and be treated as a Performance Fee which fell due as of the date it should have been paid at originally (and the Average Closing Price in these circumstances for calculating the number of Performance Fee Shares to be allotted and issued shall be determined by reference to the date of the original invoice in respect of that Performance Fee; for these purposes, “**Average Closing Price**” is the average closing price on the Spanish Stock Exchanges in respect of Ordinary Shares of the Company over the period of twenty Madrid business days immediately prior to the business day immediately preceding the date of a relevant invoice from the Investment Manager setting out its statement of the Performance Fee that is payable in respect of a relevant period).

VAT due to the Investment Manager under the Performance Fee will be paid in cash.

The Investment Manager shall use the Performance Fee due to it (after deduction of corporate income tax and any other taxes applicable thereto) to subscribe for Performance Fee Shares (or, at the Company’s choice, to acquire existing treasury Ordinary Shares from the Company), subject to certain limited exceptions described further below. Any such payment will not be considered net proceeds of any issues of Ordinary Shares for purposes of calculating Shareholder Return. The Company’s liability to pay the Performance Fee in respect of any year shall be satisfied by the release by the Investment Manager of the sum due to it as that Performance Fee in consideration for the allotment and issue by the Company to the Investment Manager of such number of Performance Fee Shares, rounded down to the nearest whole number, as is determined by dividing the relevant Performance Fee by the Average Closing Price for the applicable period relating to that issue of Performance Fee Shares (such Average Closing Price being determined by reference to the period of twenty Madrid business days immediately prior to the business day immediately preceding the date of the invoice from the Investment Manager in respect of such Performance Fee). The Company may opt to recognize the accrued Performance Fee as a credit to be capitalised and therefore satisfied in Performance Fee Shares issued as a result of such capitalisation.

The Performance Fee Shares to be issued or sold to the Investment Manager shall be issued or sold on the date on which the Performance Fee becomes due and payable and shall be subject to a lock-up period of three years, during which time there shall be no disposal of the Performance Fee Shares by the Investment Manager, except that such lock-up shall not apply: (i) to a disposal of Performance Fee Shares effected to fund the payment or discharge by the Investment Manager of any liability to tax arising in connection with its receipt or acquisition of Performance Fee Shares and/or other Performance Fee Shares issued to the Investment Manager as part of the discharge of the Performance Fee; (ii) to a disposal of Performance Fee Shares in connection with a takeover or sale of the Company that is recommended by the Board or if the Investment Manager is required by law to dispose of such Performance Fee Shares; or (iii) following the termination of the Investment Manager Agreement by the Company (save in the case when the Company has elected to terminate by reason of a material breach by the Investment Manager of a term of the Investment Manager Agreement), or due to a Company’s material breach or insolvency event or due to other termination events which are not under the Investment Manager’s sole control.

Any distributions or dividends attributable to Performance Fee Shares held by the Investment Manager declared and paid during the lock-up period shall be paid to and for the benefit of the Investment Manager.

If the Company determines (acting reasonably and having due regard to any reasonable representations made by the Investment Manager) that issuing any or all of the Performance Fee Shares to the Investment Manager on any relevant date is materially prejudicial for the Company for any reason (including as a result of any applicable law which prevents the issue of Ordinary Shares on that date or if the issue of Ordinary Shares to the Investment Manager would result in (i) the Investment Manager being required to make a mandatory offer to the Company's Shareholders pursuant to the applicable Spanish takeover rules or other applicable law, or (ii) the Company or the Investment Manager breaching the applicable Spanish takeover rules, or (iii) the Investment Manager becoming beneficially entitled to or controlling, directly or indirectly, at least 10% of the share capital or voting rights in the Company (despite the Investment Manager having used reasonable endeavours to dispose of sufficient Performance Fee Shares, where permitted by law, to avoid this occurring), or (iv) the Company breaching any applicable listing rules), then the Company shall instead pay the Performance Fee to the Investment Manager in cash. Such cash will not be subject to any lock-up arrangement and will not be subject to any re-investment obligation in the Company's shares.

If any change in the Company's share capital arising from reorganisation, restructuring, scheme of reconstruction or arrangement, consolidation, subdivision, bonus issue, share buy-back or other capital reorganization or restructuring (a "**Capital Restructuring**") occurs during any year which the Company or the Investment Manager believes (acting reasonably) will change the calculation or the amount of the Performance Fee (if any) payable in respect of that or any subsequent year having regard to the terms of the Investment Manager Agreement and (to the extent it is applicable) the basis of calculation of the Performance Fee, the Company and the Investment Manager shall negotiate in good faith to agree an appropriate adjustment to the calculation of the Performance Fee payable in respect of that or any subsequent year. If a dispute or difference arises between the Company and the Investment Manager in relation to the effect (if any) of a Capital Restructuring on any calculation of the Performance Fee and/or in relation to what adjustment (if any) is appropriate, which they cannot resolve by mutual agreement within two months of the matter first being notified by one party to the other in writing, the matter shall be referred to an independent expert for determination.

#### *Delegation*

Pursuant to the Investment Manager Agreement, the Investment Manager shall be entitled, without prejudice to its liability for delivery of the Services under the Investment Manager Agreement, to delegate the performance of some of the Services to be delivered and provided by it thereunder to any person provided that the Investment Manager has exercised and continues to exercise reasonable care and due diligence in relation to the selection, appointment and on-going monitoring of the delegatee. The cost of any such delegation by the Investment Manager shall be for the account of the Investment Manager unless otherwise provided for in the Investment Manager Agreement or as agreed in writing with the Company. Each such delegatee may act as an authorized agent of the Company on the same terms as the Investment Manager's agency appointment. For the avoidance of doubt, the Investment Manager shall be responsible for the acts and omissions of such delegatee as if they were its own.

Where the Business Plan in respect of any property envisages the carrying out of works or the taking of other steps which will involve the appointment of professionals, contractors or other third parties (but not for the purpose of delegating to those parties day-to-day Services which would otherwise be carried out by the Investment Manager) then the Investment Manager will on behalf of the Company appoint such parties and the Company will be responsible (either directly or indirectly) for the properly incurred and documented reasonable costs, fees and expenses of such parties.

If at any time, the Company is not satisfied with the Services provided by any delegatee of the Investment Manager appointed, the Board of the Company may at any time, upon reasonable notice to the Investment Manager, withdraw its approval in respect of such delegation and the Investment Manager shall forthwith terminate the relevant delegation arrangement in accordance with its terms, always in accordance with the termination conditions of the relevant contract.

The Investment Manager shall ensure that no person appointed commences performance of its obligations or becomes entitled to payment of any fees until such person has furnished to the Investment Manager appropriate documents regarding insurance which are consistent with the Investment Manager's customary practices.

### *Company's Obligations*

Pursuant to the Investment Manager Agreement, the Company shall:

- (i) respond as soon as reasonably practicable to any reasonable request by the Investment Manager to approve the form of, and sign, any documents in respect of the provision of the Services (including in respect of a transaction or proposed transaction provided that the relevant transaction is not a Reserved Matter or has been approved by the Company in principle or specifically in the Business Plan or otherwise);
- (ii) in the case of a transaction or proposed transaction that is a Reserved Matter or has not been approved by the Company in principle (or specifically in the Business Plan or otherwise), give due and reasonable consideration to and respond as soon as reasonably practicable to proposals from the Investment Manager in respect thereof upon receipt of all information reasonably requested from the Investment Manager;
- (iii) supply, or procure the supply, to the Investment Manager on request of all such reasonable information as shall be within the possession of the Company and which is necessary for the performance of the Investment Manager's obligations under the Investment Manager Agreement;
- (iv) ensure that the members of the Board are reasonably available to discuss matters with the Investment Manager, and facilitate the performance by the Investment Manager of its duties under the Investment Manager Agreement;
- (v) upon reasonable advance notice from the Investment Manager, convene a meeting of the Board (or a duly appointed committee thereof) to consider any issues which the Investment Manager may, acting reasonably, wish to raise with the Board from time to time;
- (vi) provide all reasonably necessary co-operation and assistance to the Investment Manager to allow the performance by the Investment Manager of its obligations under the Investment Manager Agreement;
- (vii) give due consideration to (but without for the avoidance of doubt being obliged to follow) all recommendations made, and advice given by, the Investment Manager relating to the conduct of transactions and potential transactions and the performance of the Services and respond to such recommendations as soon as reasonably practicable having regard to all the circumstances;
- (viii) (until the Investment Manager Agreement is lawfully terminated by the Company or the Investment Manager) grant a non-exclusive licence to the Investment Manager and all others engaged in respect of the Services and the management of the Company's properties (and all those authorised by them) to enter upon said properties in order to carry out the Services and to manage them; and
- (ix) (upon prior written approval) permit the Investment Manager to refer to its involvement in the Company's properties for its own publicity purposes, provided that such publicity does not have an adverse effect on them.

### *Business Plan*

Pursuant to the Investment Manager Agreement, the strategy for the provision of the Services and the management of the Company's properties will derive from a combination of the Company's business plan (the "**Business Plan**") considered and approved in writing by the Board and from approvals in writing given by the Board where required.

#### Preparation of Business Plans

According to the Investment Manager Agreement, no later than 45 days preceding the end of the period to which a Business Plan relates, the Investment Manager shall produce and submit to the Board a draft Business Plan for the following year in respect of the Company for the Board's



consideration, comment and approval, discuss the draft Business Plan with the Company and incorporate such changes and alterations as the Board shall require (acting reasonably).

Once any draft Business Plan prepared or revised by the Investment Manager is in a form acceptable to, and approved in writing by, the Board it shall become the Business Plan for the year in question.

While the Investment Manager Agreement provides for annual Business Plans to be prepared each year, the Company's current Business Plan covers five years and is updated and reviewed by the Board on an ongoing basis rather than annually.

#### Updating the Business Plan

According to the Investment Manager Agreement, the Investment Manager may from time to time, as and when it considers necessary, advise the Board of any proposals that it may wish to make for amending the Business Plan and discuss the proposals with the Board with a view to incorporating the proposals within the Business Plan. These proposals may include significant steps such as selling the Company's properties, redevelopment, significant changes of user and/or financing proposals. For the avoidance of doubt, however, discretion and the final decision as to whether to accept these recommendations or advice shall always remain with the Board.

In addition, upon request by the Company, the Investment Manager shall update the Business Plan at any time as a result of any event or circumstance that might have a material effect on the Company.

#### Discontinuation

If the Shareholders of the Company pass a resolution at or following the fifth anniversary of the Investment Manager Agreement requiring the Board and/or the Company to discontinue the Investment Strategy for the Company described in this Prospectus and any amendments thereto published in accordance with the applicable Spanish securities market regulations, the Investment Manager shall, at the request of the Board, assist the Company's financial advisers to carry out a strategic review to consider alternative options for the Company (including, without limitation, a sale or merger of the business or liquidation of the Company's assets and return of capital) in order to deliver value and liquidity to the Company's Shareholders.

#### *Reporting and Record Keeping Obligations of the Investment Manager*

##### Accounts and Reports

Pursuant to the Investment Manager Agreement, the Investment Manager shall prepare and deliver to the Company a report within 90 Madrid business days of the end of each quarter ending on 31 March, 30 June, 30 September or 31 December (each of them, a "**Quarter**"), or such other period as may be agreed in writing by the Company and the Investment Manager, containing the following information for the immediately preceding Quarter: (a) financial information: statement of financial position, profit and loss account, sources and uses of funds and cash flow analysis; (b) Business Plan follow up: level of fulfilment on key metrics and forecast and potential adjustments based on up to date real data; (c) commercial highlights: leasing activity, focusing on main leases signed, cancelled, or negotiations in place; capital expenditure, focusing on main investments and forecasted capital expenditure; and summary of evolution of each asset (improving conditions, traffic, etc.); (d) investments: forecasted investments/divestitures, state of on-going negotiations; (e) financing activities: update forecast and special focus on key metrics such as loan-to-value ratio, debt coverage ratio, interest coverage ratio, main covenants, etc.; and (f) legal issues that relate to the portfolio, including any material litigation in respect of any significant property.

The report prepared following the Quarter ending 31 December shall also contain the annual business plan in respect of each of the Company's properties, and the proposed annual budget.

The Investment Manager shall, prior to the commencement of each accounting period, present an annual operating budget to the Company for the expected costs of operating the Company for approval in writing by the Board. As soon as reasonably practicable following each Quarter, the Investment Manager shall deliver to the Company a report on actual operating expenditure against the approved operating expenditure budget with updated operating costs projections for the remainder of the

accounting period. Actual and potential cost overruns against budget shall be explained by the Investment Manager.

The Investment Manager shall additionally provide to the Company all such reports and information in relation to the Company's business and/or the Company which the Company may reasonably require including, without limitation (i) information required in connection to compliance with the applicable Spanish securities market regulations, including periodical reports and significant information announcements (*Hechos Relevantes*) to be filed with the CNMV, and (ii) reports and information to be provided to Shareholders of the Company.

#### Consultation and Quarterly Meetings

The Investment Manager and the Company must consult each other at regular intervals (at mutually convenient times and periods) to consider whether any other information should be prepared and delivered to the Company.

The Investment Manager shall be available to meet with the Company (if requested) on a quarterly basis or at such other times required by the Board in order to comply with its obligations to review the reports referred to under "Reports and Accounts" above and to discuss any issues arising from them and to review performance against the Business Plan and to consider whether it is necessary to amend the Business Plan in light of such performance.

#### Record Keeping

The Investment Manager shall, in respect of each of the Company's properties:

- (i) in conjunction with the managing agents (if any) prepare, maintain and keep up to date, in accordance with good estate management practice:
  - (a) estate management records including: (1) books and records of all transactions and other business activities and operations conducted by the Investment Managers pursuant to the terms of the Investment Manager Agreement; (2) evidence of compliance of the real estate property with any applicable laws; (3) copies of all insurance contracts (or cover notes if the insurance contracts are not available), endorsements and receipts for premiums; and (4) copies of all relevant VAT records and in particular (but not limited to) rent demands in the form of VAT invoices for the Company and VAT invoices from third parties; and
  - (b) a schedule of all critical dates (including renewal dates) in respect of the leases.
- (ii) act upon, or have a managing agent act on its behalf upon, such notices as it shall receive in relation to the Company's properties, including notices relating to the fire certificates, maintenance contracts, planning consents, building regulation approvals and such other notices as it shall receive from any tenant or occupier under any lease or from any third party; and
- (iii) to the extent not maintained by the managing agent (if any), maintain or procure the maintenance of all accounting records in accordance with generally accepted accounting principles in Spain (or other jurisdiction, if relevant).

#### Records

All registers, records, accounts or contracts relating to the Investment Manager's asset management of the Company's properties together with all supporting invoices, correspondence and documentation will, unless otherwise directed by the Company, be kept safely in the Investment Manager's office (or at the offices of the lawyers appointed on behalf of the Company) and will (or relevant extracts will) be available at all times upon giving reasonable notice to the Investment Manager by the Company for inspection, audit and copying by the Company (which the Company shall be entitled to do at any time and from time to time).

#### *Term of the Investment Manager Agreement and Termination*

The Investment Manager Agreement is subject to an initial term of five years from the date on which the Existing Ordinary Shares were admitted to trading on the Spanish Stock Exchanges (i.e. 5 March 2014) and, with effect from the expiry of the five-year period, it shall continue thereafter for consecutive three-year renewal periods until terminated by either party giving not less than six months' prior notice in writing by 30 June of the relevant year to the other party terminating the agreement.

The Investment Manager Agreement shall terminate automatically on the earliest of:

- (i) the date of completion of a sale by the Company of its interests in all of its properties following the passage of a resolution of the Company's general shareholders' meeting to cease the business and operations of the Company;
- (ii) the introduction of or change in any law which has the effect of making unlawful or materially preventing the provision by the Investment Manager of the services under the Investment Manager Agreement to the Company;
- (iii) the date on which the Investment Manager fails or ceases to have all required regulatory authorisations, licences and/or approvals, provided that the Investment Manager has agreed to use all reasonable endeavours to be authorised as an AIFM (as defined herein) pursuant to the AIFMD (as defined herein) and, notwithstanding any other provision in the Investment Manager Agreement, all costs and expenses incurred in connection with the Investment Manager seeking such authorisation shall be for the account of the Investment Manager; and
- (iv) such other date as may be agreed in writing between the parties.

Additionally, a party thereto may terminate the Investment Manager Agreement at any time upon notice in writing to the other party if (a) the other party is wound-up or suffers a winding up event, an insolvency or court protection event; or (b) the other party is in breach of a material term hereof (including non-payment of fees due to the Investment Manager, in which case the Investment Manager shall be entitled not only to terminate the Investment Manager Agreement, but also to receive from the Company (i) a compensation for losses and damages (*daños y perjuicios*) incurred, (ii) in the case where it is agreed or determined that cash amounts are due and payable to the Investment Manager, the payment of default interest equivalent to 2% monthly accruing on a daily basis calculated on any such cash amount due to the Investment Manager under the Investment Manager Agreement, provided that no such default interest shall arise in the case where the Company has cash settled the amount so agreed or determined within the three month period commencing on the date that such amounts are determined as due provided further that in the case where payment is made outside of said three month period such default interest shall be payable from the referred due date, and (iii) in the case where it is agreed or determined that there has been delay in payment of any Performance Fee to the Investment Manager in breach of the Investment Manager Agreement, the Company shall procure that the Investment Manager is restored to the position it would have been in had the Performance Fee been paid and the Performance Fee Shares subscribed for in accordance with the terms of the Investment Manager Agreement in the absence of such delay, and such breach, if capable of remedy, has not been remedied to the reasonable satisfaction of the non-defaulting party, within 30 days of the defaulting party being notified of such breach.

The parties to the Investment Manager Agreement have expressly agreed that the Investment Manager shall be entitled to receive pro rata the Performance Fee corresponding to the relevant period of the year during which the termination of the agreement takes place, if any. Therefore, should the Investment Manager Agreement be terminated, the Company (and/or the Company's new investment manager), would be obliged to adhere to practices that allow calculation of the Performance Fee to be paid to Grupo Lar at the end of the year in which the agreement is terminated. This would imply conducting a year-end EPRA NAV calculation (which will require a valuation of the Company's real estate assets by a RICS certified appraiser) and assessing the Performance Fee calculations assuming that due performance fees in respect of such period should be equal to those that would have been payable under the agreement had it not been terminated (and disregarding any management fees payable to any replacement investment manager) and then determining the pro rata allocation of such

calculated amount that is due to the Investment Manager in light of the relevant period during the year in which the termination has taken place. If the parties do not reach an agreement on the amount of the Performance Fee, they shall negotiate in good faith to resolve the dispute, provided that if the parties do not reach an agreement on the items in dispute within five Madrid business days (or such longer period as they may agree in writing), the Performance Fee payable shall be determined by an independent expert by reference to the audited financial statements of the Company and the valuation made by a RICS accredited appraiser in respect of the relevant year, following the approval by the Board of such accounts and the delivery by the auditors of an unqualified audit opinion in respect of such financial statements.

Upon termination of the Investment Manager Agreement the Company is required to effect a change of name so as to exclude the word “Lar” from its name and the Investment Manager is obliged to procure the resignation or removal of its nominee member(s) of the Board. During the transition period between any termination of the Investment Manager Agreement and the appointment of a replacement investment manager, the Investment Manager is required to co-operate with the Company to ensure the orderly transition to the new investment manager subject to the Investment Manager being paid the Base Fee during such period.

### *Indemnities*

#### Investment Manager indemnity

According to the Investment Manager Agreement, the Company shall indemnify the Investment Manager, its directors, officers and employees against any and all liabilities, and properly incurred costs or expenses (excluding consequential or indirect loss or damage) incurred by the Investment Manager in the performance of its obligations under the Investment Manager Agreement or arising from any claim which is made against the Investment Manager in its capacity as the investment manager of the Company (provided that such liabilities, costs or expenses do not relate to a matter in respect of which the Investment Manager has not acted in good faith), provided that the Investment Manager shall not be indemnified to the extent that such liabilities, costs or expenses have arisen as a result of the Investment Manager acting outside the scope of its authority (other than with the written consent of the Company) under the Investment Manager Agreement, or as a result of its fraud, negligence, wilful default or breach in the performance of its obligations under the Investment Manager Agreement.

#### Company indemnity

The Investment Manager Agreement sets forth that the Investment Manager shall indemnify the Company, its Directors, officers and (if any) employees against any liabilities and properly incurred costs or expenses (excluding consequential or indirect loss or damage) arising as a result of the Investment Manager’s fraud, negligence, wilful default or breach by the Investment Manager in the course of its appointment, or in the performance of its obligations, under the Investment Manager Agreement.

Additionally, the Company is required to notify the Investment Manager of any claim in respect of which the Investment Manager will be required to indemnify the Company and to keep the Investment Manager advised of all developments concerning such claim.

The Investment Manager may require the Company to take reasonable steps in the defence of any claim or, if it is reasonable for it to do so, assign any rights which it may have against a third party, where such rights may be contractually subrogated or assigned. The Company is also required, to the extent reasonably practicable to do so, to consult in good faith with the Investment Manager prior to admitting, settling or compromising any claim for which the Investment Manager is required to indemnify the Company and also to consult in good faith with the Investment Manager as to the conduct of any proceedings relating to any claim.

If the Company has made a *bona fide* claim against the Investment Manager in respect of a breach of the terms of the Investment Manager Agreement and such claim has been settled or resolved in writing or determined in favour of the Company by a court prior to the settlement of the Investment Manager’s liability (if any) to the Company in respect of such claim, then in respect any Performance

Fee Shares which are issued to the Investment Manager and which remain, at the date on which the claim is settled or resolved, subject to a lock-up period, that lock-up period shall expire at the end of the relevant lock-up period or, if later, the date on which the Investment Manager pays to the Company the full amount of the claim.

The above conduct of claim procedure shall also be applicable, *mutatis mutandis*, if the Company is to indemnify the Investment Manager pursuant to the terms described in “Investment Manager indemnity” above.

#### *Insurance*

According to the Investment Manager Agreement, the Investment Manager is required to maintain at its own cost appropriate professional indemnity insurance in an aggregate amount of not less than €35 million covering potential claims under the Investment Manager Agreement until two years after the date of its termination.

#### *Dispute resolution*

If any dispute or difference shall arise between the Investment Manager and the Company in relation to any fees or certain expenses that may be payable to the Investment Manager under the Investment Manager Agreement, such dispute or difference may, on written notice given by either party at any time and served on the other, be referred to and be determined by an independent person who shall have been qualified in respect of the general subject matter of the dispute or difference for not less than ten years and who shall be a specialist in relation to such subject matter. The independent expert shall be appointed by agreement between the both parties of the Investment Manager Agreement. If within ten Madrid business days after service of the notice the parties have been unable to agree, the dispute shall be subject to governing law and jurisdiction set forth below.

The costs of appointing the independent expert shall be shared between both parties to the dispute in such proportions as the independent expert shall determine or, in the absence of such determination, equally between the parties to the agreement.

#### *Governing law and jurisdiction*

The Investment Manager Agreement shall be interpreted and observed in its own terms and shall be governed by Spanish law.

The courts of the city of Madrid (Spain) have exclusive jurisdiction to settle any dispute arising out of or in connection with the Investment Manager Agreement.

#### *18.11.2 Underwriting Agreement*

On 15 July 2015 the Company entered into an English law underwriting agreement with respect to the New Ordinary Shares with the Sole Global Coordinator and Bookrunner and the Investment Manager.

To the extent the New Ordinary Shares are not fully subscribed for during the preferential subscription period and the additional allocation period and subject to the terms set forth in the Underwriting Agreement, the Sole Global Coordinator and Bookrunner has agreed to procure subscribers and, failing which, to subscribe for any New Ordinary Shares not otherwise subscribed.

Further details of the Underwriting Agreement are set out in section 3 of Part XV (“*The Offering*”).

#### *18.11.3 Audit Services*

Deloitte, registered in the Official Registry of Accounting Auditors (*Registro Oficial de Auditores de Cuentas*) under number S-0692, is providing audit services to the Company and its subsidiaries. The Company’s audited consolidated financial statements are prepared in accordance with IFRS-EU.

The audit fees charged by Deloitte are negotiated annually and are set forth in Deloitte’s annual engagement letter.

#### *18.11.4 Anchor Investor Subscription Agreement*

Pursuant to the subscription agreement entered into between the Company, the Investment Manager and the Anchor Investor on 12 February 2014 (the “**Anchor Investor Subscription Agreement**”), the

Anchor Investor agreed to subscribe for an aggregate of 5,000,000 Ordinary Shares in the context of the Company's initial public offering.

The terms of the Anchor Investor Subscription Agreement include an undertaking from the Anchor Investor to the Company pursuant to which the Anchor Investor shall take all steps within its control to ensure that any Ordinary Shares subscribed by it shall be held by such number of entities of the Anchor Investor Group such that neither the Anchor Investor nor any single entity of the Anchor Investor Group shall at any time become a Substantial Shareholder.

Pursuant to the Anchor Investor Subscription Agreement, so long as an Anchor Investor Agreement Termination Event has not occurred, the Company, the Anchor Investor and the Investment Manager have the rights and obligations summarised below.

*Anchor Investor's right of first offer with respect to certain Commercial Property Investments undertaken by the Company*

If the Company seeks or intends to seek equity capital from one or more third parties in connection with any investment in Spain (either directly or indirectly via an equity investment) in office properties, retail properties, shopping centres, retail parks and high street retail, and other selected commercial real estate properties, for example industrial properties but excluding, for the avoidance of doubt, any debt or other credit based investments with respect to the foregoing (hereinafter, a **"Commercial Property Investment"**) under consideration by the Company (each, a **"Commercial Property Co-Investment Opportunity"**), the Company shall in good faith provide the Anchor Investor or any entity in the Anchor Investor Group named by the Anchor Investor (any of them, an **"Anchor Investor Entity"**) with a right of first offer to participate together with the Company in any such investment, except in certain cases where the Commercial Property Co-Investment Opportunity is offered by a third party investor to the Company. In connection with each applicable Commercial Property Co-Investment Opportunity (i) the Company shall offer to the Anchor Investor Entity the full stake in the relevant Commercial Property Investment for which the Company is seeking a co-investor and (ii) the Anchor Investor Entity shall have the right to participate in the stake offered to it by the Company (but not less than such stake) in the relevant Commercial Property Investment.

A Commercial Property Co-Investment Opportunity (including involving a joint venture) offered by a third party investor to the Company (directly or indirectly through the Investment Manager) shall not trigger any first offer or co-investment rights for an Anchor Investor Entity if the Company believes in good faith that undertaking the investment with such third party investor would provide it with a clear competitive advantage in respect of that investment. However, in such case, the Company shall request the relevant third party investor to permit that participation in the Commercial Property Investment be offered to the Anchor Investor Entity and, if such investor consents to the Company's request, the Company shall procure that the relevant third party investor offers such participation in the Commercial Property Investment to the Anchor Investor Entity. If the third party investor does not consent to the Company's request that participation in the Commercial Property Investment be offered to the Anchor Investor Entity, the Company shall be free to participate in the investment and the Anchor Investor Entity shall have no first offer or co-investment rights in connection with such investment.

*Anchor Investor's right of first offer with respect to certain Residential Property Investments undertaken by the Investment Manager*

Subject to certain exceptions relating to Residential Property Co-Investment Opportunities (as defined below) relating to purchases from SAREB or offered by a third party investor to the Investment Manager, the Investment Manager shall in good faith provide the Anchor Investor Entity with a right of first offer to participate together with the Investment Manager in any investment (either directly or indirectly via an equity investment) in first-home residential properties across Spain, excluding (i) investments in second-home residential properties, or (ii) any debt or other credit based investments with respect to any first-home residential properties across Spain (hereinafter, a **"Residential Property Investment"**) undertaken by the Investment Manager (each, a **"Residential Property Co-Investment Opportunity"**).

In connection with each Residential Property Co-Investment Opportunity (i) the Investment Manager shall offer to the Anchor Investor Entity the stake in such investment that would have remained available to the Investment Manager (and not to third parties) after deducting (a) any stake in such investment that the Company accepts from the Investment Manager and which is offered to it pursuant to the terms of the Investment Manager Agreement, and (b) any stake in such investment that the Investment Manager chooses to retain for itself; and (ii) the Anchor Investor Entity shall have the right to participate in the stake offered to it by the Investment Manager (but not less than such stake) in the relevant Residential Property Investment.

According to the Anchor Investor Subscription Agreement, in any situation where a conflict of interest exists or may exist, regarding any Residential Property Co-Investment Opportunity between the Company and the Anchor Investor Entity based on their relationships with the Investment Manager pursuant to the terms of the Investment Manager Agreement and the Anchor Investor Subscription Agreement, respectively, or otherwise, the relationship between the Company and the Investment Manager and the Investment Manager's obligations under the Investment Manager Agreement shall prevail over the relationship between the Anchor Investor Entity and the Investment Manager and the Investment Manager's obligations under the Anchor Investor Subscription Agreement. Therefore, the Company's first offer or co-investment rights in connection with any investment in Residential Property under the Investment Manager Agreement may override any first offer or co-investment rights of the Anchor Investor Entity under the Anchor Investor Subscription Agreement.

*Reciprocity obligations of Anchor Investor and right of first offer of Investment Manager*

The Anchor Investor has agreed not to compete, directly or through any member of the Anchor Investor Group, with the Company or the Investment Manager in competitive processes (including offerings for sale or tenure through an expression of interest, public lot draws, public auctions, requests for offers to purchase or requests for proposals) in respect of Commercial Property Investments and Residential Property Investments in Spain, but rather partner with the Company and the Investment Manager, as applicable, subject to certain exceptions if the Anchor Investor believes in good faith that a co-investment with the Company or the Investment Manager is impossible or inadvisable.

In addition, the Anchor Investor agreed to provide the Investment Manager with a right of first offer to participate together with the Anchor Investor or an Anchor Investor Entity in any co-investment opportunity in respect of any Commercial Property Investment or Residential Property Investment (in each case only where management services of the type set out in the Investment Manager Agreement are expected to be provided in relation to such opportunity) which is being considered by the Anchor Investor Group in Spain (each, an "**Anchor Investor Co-Investment Opportunity**").

The Anchor Investor acknowledged and agreed that the Investment Manager may be required to offer all or part of the participation in any such Anchor Investor Co-Investment Opportunity to the Company pursuant to the terms of the Investment Manager Agreement, in which case the Company shall also have the right to participate in such investment opportunity in accordance with the terms of the Anchor Investor Subscription Agreement. In connection with each Anchor Investor Co-Investment Opportunity, the Anchor Investor shall offer to the Investment Manager the stake in respect of which it is seeking a co-investor, subject to certain exceptions if the Anchor Investor believes in good faith that a co-investment with the Investment Manager or the Company (if applicable) is not possible. There is no requirement that any co-investment opportunity offered by the Anchor Investor to the Investment Manager will be consistent with the Investment Strategy of the Company.

*Payment of certain fees by Anchor Investor to Investment Manager*

The Anchor Investor agreed to pay a base fee and a performance fee to the Investment Manager for any services rendered by the Investment Manager in respect of any investment in which the Anchor Investor co-invests with the Company or the Investment Manager. The base fee will be agreed on a case by case basis, at market terms. Except with respect to certain investments, the performance fee will, to the furthest extent applicable, have the same economic terms and structure as the Performance Fee to be received by the Investment Manager under the Investment Manager Agreement. However, in the case of an investment which meets certain specified criteria (relating to its risk profile), the Anchor

Investor and the Investment Manager will negotiate in good faith the performance fee relating to such investment.

#### *18.11.5 Framework Agreements with Gentalia*

Lar España and Gentalia entered into a property management framework agreement on 9 July 2014 to govern the provisions of property management services with regards to the shopping centres acquired by the Company (the “**Property Management Framework Agreement**”) and an on site management framework agreement on 22 September 2014 to govern the provisions of day to day management with regards to the shopping centres acquired by the Company (the “**On Site Management Framework Agreement**”) (all together, the “**Framework Agreements**”). Under the Property Management Framework Agreement the Company may appoint Gentalia to provide the following “**Property Management Services**” (as described below):

- enforcing tenant’s contractual obligations, including collection of rent and common costs;
- management and monitoring of discounts granted to tenants;
- control and monitoring of turnover declared by retailers;
- calculating, issuing and sending tenants invoices;
- monitoring compliance with terms of leases;
- performing or coordinating audits to confirm information furnished by retailers;
- bad debt management and collection;
- preparing files related to legal and/or judicial claims;
- maintaining and updating bank guarantees and security deposits;
- custody of documentation;
- monthly and annual reporting with regards to shopping centres, including tenants and Property Management Services provided;
- commercialization strategy (on an asset by asset basis) in cooperation with asset manager appointed by the Company to act as contact person vis-à-vis Gentalia;
- leasing of empty units;
- identifying and contacting potential tenants;
- negotiation of terms and conditions (rent, service charges, tenant incentives and fit-outs);
- negotiation of lease agreements (when authorised); and
- preparing quarterly market updates with regards to any action carried out by Gentalia and summary reports with any significant information with regards to the relevant shopping centre.

The services provided by Gentalia under the On Site Framework Agreement (“**On Site Management Services**”) are the following:

- day-to-day management, including collection of the mall income;
- preparation of annual budgets;
- monthly monitoring and reporting regarding the budget which must be approved by the Company;
- monthly and annual reporting in any relevant language;
- manage the relations with the public administration;
- manage insurance policies and coordinate claims processes;
- ensure compliance with the by-laws of the community of owners and the internal rules of the centre;



- manage third party transactions, including press and media relations on behalf of its brand image;
- coordinate lawsuits, disputes and claims related to the shopping centre;
- represent the property and environmental policy;
- secretarial and administrative work relating to co-ownership, where applicable;
- general marketing strategy;
- social networking activity, including control and monitoring of publicity actions and campaigns carried out by third parties;
- supervision of third party service providers such as cleaning or security, ensuring safe access to facilities;
- control and optimisation of energy use policy; and
- identify and improve the “tenant mix” with regards to the need of the local population.

The Company is not bound under the Framework Agreements to hire Gentalia for any particular shopping centre. Both Gentalia and the Company will enter into more detailed property management agreements for each of the assets acquired by the Company through an order form (the “**Order Form**”) which will include at least (i) a description of the relevant shopping centre, (ii) the remuneration fees, (iii) the specific Property Management Services and the On Site Management Services to be performed by Gentalia described in the Framework Agreements, (iv) the initial business plan for the relevant shopping centre, and (v) any other provision that is significant for the relevant shopping centre.

Everything excluded from the Order Form will be governed by the Framework Agreements.

Gentalia commits under the Framework Agreements to provide the Property Management Services and the On Site Management Services under its exclusive responsibility and shall respond before the Company for the correct performance of its duties described therein.

The Property Management Framework Agreement entered into force on 1 April 2014 and shall be in place and enforceable for a term of three years, unless the Company and Gentalia decide otherwise or it is cancelled pursuant to its terms.

The On Site Framework Agreement entered into force on 1 August 2014 and shall be in place and enforceable for a term of three years, unless the Company and Gentalia decide otherwise or it is cancelled pursuant to its terms. Both Framework Agreements may be extended for consecutive one-year periods.

The Company must grant Gentalia the powers of attorney sufficient to carry out the Property Management Services and the On Site Management Services, provide all the relevant information and enable and collaborate with Gentalia when providing the referred services.

#### **18.12 Governmental, legal or arbitral proceedings**

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the previous 12 months from the date of this Prospectus which may have, or have had in the recent past (covering the 12 months preceding the date of this Prospectus) significant effects on Company’s financial position or profitability.

#### **18.13 Information on holdings**

Save as disclosed in section 1 of Part X (“*Information on the Company*”), the Company, as of the date of this Prospectus, does not hold a proportion of capital in any undertakings.

#### **18.14 Investments**

See section 5 of Part X ("*Information on the Company*") for an overview of the Company's investments.

#### **18.15 Property, plant and equipment**

Save for the real estate assets set out in section 5 of Part X ("*Information on the Company*"), the Company does not own or occupy any premises or other real estate as at the date of this Prospectus and does not own any plant or equipment.

#### **18.16 Expenses**

The total costs and expenses (exclusive of VAT) of, or incidental to, the Offering and Admission payable by the Company are estimated to be approximately €5 million (on the basis of a €134,982,030.56 Offering). Said amount includes the base underwriting fees to be paid to the Sole Global Coordinator and Bookrunner which will amount to a maximum of approximately €2.7 million, (equivalent to 2% of €134,982,030.56).

#### **18.17 General**

Where information has been sourced from a third party this information has been accurately reproduced. So far as the Company is aware and is able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

In respect of the Valuation Reports included in this Prospectus as Annex B, each of Cushman & Wakefield and Jones Lang LaSalle authorised its respective report's inclusion in this Prospectus, accepted responsibility for its content and confirmed that to the best of its knowledge and belief (having taken all reasonable care to ensure such is the case), the information contained therein is in accordance with the facts and does not omit anything likely to affect the accuracy of such information.

There are no patents, intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are or may be material to the Company's business or profitability.

There have been no interruptions in the business of the Company, which may have or have had in the period since incorporation to the date of the publication of this Prospectus a significant effect on the financial position of the Company or which are likely to have a material effect on the prospects of the Company for the next 12 months.

Save as disclosed in Part II ("*Risk Factors*") and Part XI ("*Management's Discussion and Analysis of Financial Condition and Results of Operations*"), the Company is not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the prospects of the Company for at least the current financial year.

The financial information of the Company set out in Part XIV ("*Historical Financial Information*") does not constitute full accounts within the meaning of the Spanish Companies Act. Therefore, the Company's auditors have not made a report under the Spanish Companies Act for any complete financial year.

#### **18.18 Documents on display**

Copies of the documents referred to below will be available for inspection in physical form between the hours of 9.30 a.m. and 5.30 p.m. (Madrid time) on any weekday (Saturday, Sundays and public holidays excepted) at the Company's registered office up to Admission:

- (i) deed of incorporation of the Company;
- (ii) the By-Laws of the Company (which are also available at the website of the Company ([www.larespana.com](http://www.larespana.com)));

- (iii) Regulations of the general shareholders' meeting, Regulations of the Board, and Regulations of Internal Conduct in the Capital Markets (which are also available at the website of the Company ([www.larespana.com](http://www.larespana.com)) and at the website of the CNMV ([www.cnmv.es](http://www.cnmv.es)));
- (iv) this Prospectus (which is also available at the website of the Company ([www.larespana.com](http://www.larespana.com)) and at the website of the CNMV ([www.cnmv.es](http://www.cnmv.es)));
- (v) the Consolidated Financial Statements (which is also available at the website of the Company ([www.larespana.com](http://www.larespana.com))); and
- (vi) certificate of the resolutions approved by the general shareholders' meeting and the Board of the Company in connection with the Offering.

All of the above documents will also be available for inspection in physical form at the CNMV's premises at Edison 4, 28006 Madrid.

## 19. PART XIX: DEFINITIONS

“€” or “euro”	the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community as amended;
“Admission”	the listing of the New Ordinary Shares on the Spanish Stock Exchanges and quoting of the New Ordinary Shares through the SIBE of the Spanish Stock Exchanges;
“AEB”	Spanish Banking Association ( <i>Asociación Española de Banca</i> );
“Agent Bank”	Banco Santander, S.A.
“AIF”	an alternative investment fund within the meaning of AIFMD;
“AIFM”	an alternative investment fund manager within the meaning of AIFMD;
“Anchor Investor”	LVS II LUX XII S.À R.L., a Luxembourg law governed limited liability company (société à responsabilité limitée) having Pacific Investment Management Company LLC (“PIMCO”) as investment advisor, registered with the Luxembourg Register of Commerce and Companies under number B.181604 and with its registered office at 60, Grand Rue, L-1660;
“Anchor Investor Agreement Termination Event”	any of the following circumstances: (i) if on three occasions (which do not need to be consecutive) the Anchor Investor Entity fails to respond to a co-investment opportunity notice within 10 business days; (ii) upon the occurrence on three occasions (which do not need to be consecutive) of any of the circumstances described in (a) and (b) below: (a) the Anchor Investor Entity does not agree to the terms of a co-investment opportunity offered by the Company or the Investment Manager, as applicable, in relation to transactions representing an equity investment for the Anchor Investor Entity larger than €10 million (per transaction) and the Investment Manager or the Company, as applicable, are able to successfully close such transaction(s) with other equity investors on the same or more favourable terms for the Investment Manager or the Company; and/or (b) the Anchor Investor and the Company or the Investment Manager, as applicable, are not able to successfully execute a transaction

	within eighteen months from the date on which the Anchor Investor Entity agrees to the terms of the relevant co-investment opportunity notice (except where such failure to execute a transaction within the prescribed period is due to reasons unrelated to the Anchor Investor Entity); or (iii) if the Investment Manager Agreement is terminated;
“Anchor Investor Co-Investment Opportunity”	any Commercial Property Investment or Residential Property Investment (in each case only where management services of the type set out in the Investment Manager Agreement are expected to be provided in relation to such opportunity) which is being considered by the Anchor Investor Group in Spain;
“Anchor Investor Entity”	the Anchor Investor or any entity in its group named by the Anchor Investor;
“Anchor Investor Group”	collectively the persons comprising (i) the Anchor Investor; (ii) the investment fund which is the ultimate beneficial owner of the Anchor Investor (the “Anchor Investor Group Parent Entity”) and any subsidiary of such Anchor Investor Group Parent Entity from time to time; and (iii) any entity to whom the Anchor Investor transfers the Anchor Investor Subscription Shares, provided that and for so long as such transferee entity is a subsidiary of the Anchor Investor Group Parent Entity, from time to time;
“Anchor Investor Subscription Agreement”	the subscription agreement between the Company, the Investment Manager and the Anchor Investor dated 12 February 2014, a summary of which is set out in section 11.4 of Part XVIII (“ <i>Additional Information</i> ”);
“Audit and Control Committee”	audit and control committee established by the Board;
“Average Closing Price”	average closing price on the Spanish Stock Exchanges in respect of Ordinary Shares of the Company over the period of twenty Madrid business days immediately prior to the business day immediately preceding the date of a relevant invoice from the Investment Manager setting out its statement of the Performance Fee that is payable in respect of a relevant period;
“Base Fee”	the base fee payable by the Company to the Investment Manager pursuant to and in accordance with the terms of the Investment Manager Agreement;
“Benefit Plan Investor”	(a) an employee benefit plan (as defined in

	section 3(3) of ERISA) subject to Title I of ERISA, (b) a plan described in section 4975(e)(1) of the Code to which section 4975 of the Code applies or (c) any other entity whose underlying assets could be deemed to include plan assets by reason of an employee benefit plan's or a plan's investment in the entity within the meaning of the Plan Asset Regulations or otherwise;
"Board of Directors" or "Board"	the Board of Directors of the Company;
"BORME"	the Spanish Commercial Registry Official Gazette ( <i>Boletín Oficial del Registro Mercantil</i> );
"Building Capex"	the capital expenditures expected to be incurred in the following five year-period in connection with a property for its refurbishment, improvement, tenant incentives and fit-out costs (i.e. costs to be incurred in connection with the needs of a particular tenant);
"Business Strategy"	the Company's business strategy, which is to own and operate for rental its Portfolio through active property management to deliver income and capital growth for its Shareholders in accordance with the Company's the Investment Strategy;
"By-Laws"	the by-laws ( <i>Estatutos</i> ) of the Company, as amended from time to time;
"Capital Restructuring"	a change in the Company's share capital arising from reorganisation, restructuring, scheme of reconstruction or arrangement, consolidation, subdivision, bonus issue, share buy-back or other capital reorganisation or restructuring;
"Code"	the US Internal Revenue Code of 1986, as amended;
"CNMV"	Comisión Nacional del Mercado de Valores, the Spanish securities market regulator;
"Commercial Property"	(i) office properties across Spain, primarily focusing on office properties in Madrid and Barcelona; (ii) retail (shopping centres in Spain; retail parks including big boxes on a selective basis; and high street retail properties on a selective basis); and (iii) other selected commercial real estate properties, for example, industrial properties, which are expected to represent a limited percentage of the Total GAV;
"Commercial Property Investment"	an investment in Spain in office properties,

	retail properties, shopping centres, retail parks and high street retail and other selected commercial real estate properties;
“Commercial Property Co-Investment Opportunity”	any Commercial Property Investment under consideration by the Company in Spain, provided that, and only if, the Company seeks or intends to seek equity capital from one or more third parties in connection with such investment;
“Commissioner”	the commissioner ( <i>comisario</i> ) as this term is defined under the Spanish Companies Act ( <i>Ley de Sociedades de Capital</i> ) (i.e. Bondholders, S.L.);
“Company”	Lar España Real Estate SOCIMI, S.A., incorporated under the laws of Spain, with registered office at Rosario Pino 14-16, 28020 Madrid, Spain;
“Company Costs”	costs to be borne by the Company under the Investment Manager Agreement, such as costs relating to the following: Board of Director’s remuneration; valuers’, auditors’, tax advisors’ and accounting fees and expenses of the Company; legal counsel, legal fees and expenses and any relevant litigation costs of the Company; insurance premiums in connection with the Company; costs related to investment and development projects as not done by Grupo Lar; capital expenditure; leases and dispositions as not done by Grupo Lar; due diligence as not done by Grupo Lar; publicity, marketing, public relations, website development and commercial expenses; rent review (as long as not done by the Investment Manager); acquisition and sales as not done by Grupo Lar; disposals agency; letting agency rating assessments and advice; debt collection; fire insurance valuations; dilapidations schedules and representation; structural and condition surveys and technical audits and any other statutory compliance audits or works; environmental audit and advice, to include environmental and ecology assessments and asbestos audits; architecture and interior design services; mechanical / electrical / public health / lifts engineering services to include sustainability and renewable energies assessments; structural / civil engineering services; project management and contract administration; quantity surveying / cost consultancy; health & safety consultancy including planning supervisor; planning consultancy; historic building / conservation /

	<p>townscape consultancy; PR / political consultancy in relation to planning applications; party walls / rights of light consultants; marketing / event management / brochure design and branding; computer generated artwork; transport / highways consultancy; acoustics; building regulations and approved inspector; fire safety engineering and design; façade engineering; clerk of works, if applicable; other specialist technical or design consultants; costs of Company meetings and printing and circulating reports and notices (including the costs of providing tax reporting information) to investors, including, for the avoidance of doubt, all travel expenses of representatives in attending such meetings; all administration fees payable to a property manager under any sub- administration agreement, and the fees and expenses payable to any external treasury managers or advisers with regard to running the Company; bank charges and borrowing costs of the Company; custodians' fees and expenses of the Company; external specialist consultants' fees and expenses of the Company, where relevant; costs and expenses (including all stamp duties and professional fees) of identifying, evaluating, negotiating, acquiring, holding, monitoring and disposing of investments, in each case, as long as not done by Grupo Lar; all reasonable travel expenses of the Investment Manager relating to fundraising by the Company, investor relations and similar activities; abort costs in the events of property/corporate/financing transactions not proceeding as planned; property management fees outsourced by the Investment Manager. For the avoidance of doubt, this refers to matters such as management of rent collection and arrears, service charge administration, arranging and cost of insurance cover and other administration services including monitoring of state of repair, dealing with applications for works and monitoring compliance with environmental laws; outgoings and related costs associated with the maintenance day to day management of the properties to the extent not received through other charges, or any other costs that are reasonably and properly incurred to the benefit of the Company under the supervision of the Investment Manager provided that, for the avoidance of doubt, to the extent that any costs referred to herein have been incurred in respect of assets jointly owned by the Company and others, the Company shall</p>
--	---



	only be responsible for payment of its pro rata share of such costs;
“Consolidated Financial Statements”	the Company’s audited consolidated financial statements as of and for the period of eleven months and fourteen days ended 31 December 2014, which have been audited by Deloitte, who has issued an audit report with an unqualified opinion, and have been prepared in accordance with IFRS-EU; and the interim unaudited condensed consolidated financial statements as of and for the three months ended 31 March 2015, which have been subject to limited review by Deloitte and have been prepared in accordance with IAS 34 on “interim financial reporting”;
“Controlled Person”	a person controlled by the Management Team, excluding the Investment Manager and Investment Manage Affiliates which are corporations;
“Controlling Person”	any person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of the Company or that provides investment advice for a fee (direct or indirect) with respect to such assets or an “affiliate” (within the meaning of the Plan Asset Regulations) of such a person;
“C&W Valuation Report”	the Cushman & Wakefield valuation report dated 16 June 2015 and included in Annex B (“ <i>Valuation Reports</i> ”) of this Prospectus;
“Deloitte”	Deloitte, S.L.;
“Department”	US Department of Labor;
“DGT”	the Spanish General Directorate of Taxes;
“Directors”, “Board of Directors” or “Board”	the directors of the Company, whose names as at the date of this Prospectus are set out in Part XIII (“ <i>The Board of Directors and Corporate Governance</i> ”);
“DTC”	convention for the avoidance of double taxation;
“EEA”	European Economic Area;
“Eligible Shareholders”	holders of the Ordinary Shares according to the accounting records of Iberclear as of 23:59 h. (Madrid time) on the Record Date;
“EPRA”	European Public Real Estate Association. Further information on the EPRA, as well as the EPRA Reporting Best Practice

	Recommendations (August 2011) are available at <a href="http://www.epra.com">www.epra.com</a> ;
“EPRA NAV”	the net asset value of the Company 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 in accordance with guidelines issued by the European Public Real Estate Association (August 2011 version only, unless otherwise agreed between the Company and the Investment Manager);
“ERISA”	the US Employee Retirement Income Security Act of 1974, as amended;
“ERISA Plan”	a plan subject to Title I of ERISA or Section 4975 of the US tax code;
“Euroclear”	the Euroclear System, a system operated by Euroclear Bank, S.A./N.V.;
“Exception”	exceptions to the agreement by the Investment Manager preventing the Investment Manager and Investment Manager Affiliates from acquiring or investing in Commercial Property in Spain which is within the parameters of the Investment Strategy of the Company;
“Existing Ordinary Shares”	Ordinary Shares existing on the Record Date;
“Force Majeure Reason”	a reason for cessation of duties by a Key Person that makes it impossible for him or her to perform such duties, such as death, permanent incapacity, or other critical personal situation or event completely out of his or her control;
“Foreign REITs”	foreign entities that have the same corporate purpose of a SOCIMI and that shall be subject to a similar dividend distribution regime;
“Framework Agreements”	the Property Management Framework Agreement and On Site Management Agreement entered into by Lar España and Gentalia;
“FROB”	the Spanish government’s Fund for the Orderly Restructuring of Banks ( <i>Fondo de Reestructuración Ordenada Bancaria</i> );
“Gentalia”	Gentalia 2006, S.L., a property management joint venture in which Grupo Lar currently holds 66.6% of the shares;
“GLA”	gross lettable area;
“Gross Initial Yield”	the annualised gross rental income derived from a property in the quarter of its acquisition

	divided by its purchase price;
“Grupo Lar”	Grupo Lar Inversiones Inmobiliarias, S.A., a company incorporated under the laws of Spain, with its registered office at Rosario Pino 14-16, 28020 Madrid, Spain, and its consolidated subsidiaries, unless the context requires otherwise;
“High Water Mark Outperformance”	the amount by which the sum of (a) the EPRA NAV of the Company on 31 December of such year and (b) the total dividends (or any other form of remuneration or distribution to the Shareholders) that are paid in such year or in any preceding year since the most recent year in respect of which a Performance Fee was payable exceeds the Relevant High Water Mark;
“Iberclear”	the Spanish securities clearance and settlement system, <i>Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.</i> ;
“IFRS-EU”	International Financial Reporting Standards as adopted by the European Union;
“IGT”	the Spanish Inheritance and Gift Tax;
“IGT Law”	Spanish Inheritance and Gift Tax in accordance with the IGT Law ( <i>Ley 29/1987, de 18 de diciembre, del Impuesto sobre Sucesiones y Donaciones</i> );
“Initial EPRA NAV”	the EPRA NAV as of 31 December 2013 has been deemed to be equal to the net proceeds of the Company’s initial public offering;
“Initial Notice Period”	three-month period preceding the date on which a Key Person intends to resign, during which time the Key Person must have submitted written notice of such intention;
“Initial Yield on Cost”	the annualised Net Rental Income derived from a property in the quarter of its acquisition divided by its acquisition costs;
“Initial Occupancy”	occupied area of a property divided by its GLA as of the date of the acquisition of the relevant property;
“Interest Cover Ratio”	the ratio of EBITDA net of tax to the Interest Charges (i.e. without double-counting, the accrued cost of interest on financial indebtedness of the Company for such relevant period; less, without double-counting, any interest receivable by the Company from a third

	party over the relevant period; as at each 30 June or 31 December, calculated in respect of the most recent relevant period;
“Investment Manager”	Grupo Lar Inversiones Inmobiliarias, S.A., a company incorporated under the laws of Spain, with its registered office at Rosario Pino 14-16, 28020 Madrid, Spain;
“Investment Manager Agreement”	the investment manager agreement between the Company and the Investment Manager dated 12 February 2014, a summary of which is set out in section 11.1 of Part XVIII ( <i>Additional Information</i> );
“Investment Manager Affiliate”	(a) a subsidiary or a subsidiary undertaking (whether direct or indirect) of the Investment Manager; (b) a direct or indirect (through controlled entities under article 42 of the Spanish Commercial Code) shareholder of the Investment Manager (other than those which are not part of the Pereda Family); or (c) another subsidiary or subsidiary undertaking controlled directly or indirectly pursuant to Article 42 of the Spanish Commercial Code by the entities referred to in (b) above;
“Investment Strategy”	the investment and leverage criteria set forth in the Investment Manager Agreement;
“ISIN”	International Security Identification Number;
“J.P. Morgan”	J.P. Morgan Securities plc;
“JLL Valuation Report”	the Jones Lang LaSalle valuation report dated 15 June 2015 and included in Annex B (“Valuation Reports”) of this Prospectus;
“Key Persons”	Mr. Luis Pereda and Mr. Miguel Pereda;
“Key Person Event”	in relation to Mr. Luis Pereda and Mr. Miguel Pereda, an event wherein either: (a) dies or is seriously incapacitated by reason of ill health or accident; (b) becomes bankrupt, has an interim receiving order made against him, makes any arrangement or compounds with his creditors generally or applies to the court for an interim order in connection with a voluntary arrangement or enters into any analogous or similar procedure in any jurisdiction; (c) is charged with, or convicted of, an offence under any statutory enactment or regulation other than an offence under any road traffic legislation in Spain for which a fine or non-custodial penalty is imposed; or (d) is subject to any sanction, suspension or disqualification by any regulatory body under any applicable

	fitness and probity regime;
“Lar España”	Lar España Real Estate SOCIMI, S.A., incorporated under the laws of Spain, with registered office at Rosario Pino 14-16, 28020 Madrid, Spain;
“Loan to Value Ratio” (when referring to the Notes)	the ratio, at each 30 June or 31 December of each year, between (a) the aggregate outstanding financial indebtedness of the Company, being, as at each date, the aggregate outstanding financial indebtedness of the Company as set out in the “creditors” section of the relevant financial statements; and (b) the total assets of the Company as determined by reference to its audited annual consolidated financial statements or its semi-annual consolidated financial statements, as applicable, prepared as of such date and adjusted to exclude any intangible assets;
“Lower-tier PFICs”	subsidiaries and other entities which are PFICs;
“Management Fees”	the Base Fee and the Performance Fee;
“Management Team”	Mr. Luis Pereda, Mr. Miguel Pereda, Mr. Jorge Pérez de Leza, Mr. José Manuel Llovet, Mr. Miguel Ángel González and Mr. Arturo Perales, who currently manage the Company through the Investment Manager;
“Management Team Investment Opportunity”	an investment opportunity identified by a member of the Management Team which fits within the Investment Strategy of the Company;
“Manual on Operations with Issuers”	<i>Manual de Operaciones con Emisores</i> , a manual published by the Spanish Banking Association;
“Make Whole Amount”	the higher of: (a) 100.00 per cent. of the principal amount of the Note; and (b) the sum of the present values of the remaining scheduled payments of principal and interest (not including any interest accrued on the Notes to, but excluding, the Optional Redemption Date or the Disposal Redemption Date, as applicable) discounted to the Optional Redemption Date or the Disposal Redemption Date, as applicable, on an annual basis (based on the Actual/Actual ICMA day count fraction) at a rate equal to the Interpolated Mid-Swap Rate in respect of the number of years to the Maturity Date of the Notes calculated by the Company;
“Miguel Pereda Initial Notice Period”	the three-month period preceding the date on which Mr. Miguel Pereda intends to cease significant involvement in the delivery of services by the Investment Manager or to no

	longer maintain his position as a director at the Investment Manager or the Company, during which time the Investment manager must have submitted written notice of such intention;
“Mortgages”	a first ranking mortgage (hipotecas inmobiliarias de primer rango) over certain properties owned by the Company with a total aggregate and maximum secured amount of 20 per cent. of the principal amount of the Notes to be granted by the Company in favour of the Commissioner (acting in the name and on behalf of the Noteholders);
“Net Proceeds”	the aggregate value of all of the New Ordinary Shares issued pursuant to the Offering less expenses relating to the Offering;
“Net Rental Income”	the annual income generated by an income-producing property after taking into account all income collected from operations, and deducting all expenses incurred from operations;
“New Ordinary Shares”	19,967,756 New Ordinary Shares of the Company, nominal value €2.00 (assuming that there is no incomplete subscription ( <i>suscripción incompleta</i> ) of the Offering);
“N.I.F.”	tax identity number ( <i>número de identificación fiscal</i> );
“Non-Executive Director”	a non-executive Director;
“Notes”	senior secured notes for a total amount of €40,000,000 due 2022 at 2.90% and a denomination of €100,000 issued by the Company;
“NRIT Law”	Spanish Non-Resident Income Tax Law, approved by Royal Legislative Decree 5/2004 of March 5, as amended;
“Offering”	rights offering approved by the Company’s general shareholders’ meeting of 28 April 2015 and the Board of Directors on 15 July 2015;
“On Site Management Framework Agreement”	on site management framework agreement entered into by Lar España and Gentalia on 22 September 2014;
“Order Form”	an order form which will be entered into between the Company and Gentalia, providing at least (i) a description of the relevant shopping centre, (ii) the remuneration fees, (iii) the specific Property Management Services and the On Site Management Services to be performed by Gentalia described in the

	Framework Agreements, (iv) the initial business plan for the relevant shopping centre, and (v) any other provision that is significant for the relevant shopping centre;
“Pereda Family”	Mr. Luis Pereda, Mr. Miguel Pereda and their siblings and parents;
“Performance Fee”	the performance fee payable by the Company to the Investment Manager pursuant to the Investment Manager Agreement;
“Performance Fee Shares”	Ordinary Shares subscribed for (or at the Company’s choice, acquired from the Company) by the Investment Manager with any Performance Fee paid by the Company (after deduction of corporate income tax and any other taxes applicable thereto);
“PFIC”	passive foreign investment company for US federal income tax purposes;
“PIMCO”	Pacific Investment Management Company LLC or its affiliates;
“PIMCO Investor”	the Luxembourg entity LVS II LUX XIII S.à.r.l. advised by PIMCO;
“PIT Law”	the Spanish Personal Income Tax Law ( <i>Ley 35/2006, de 28 de noviembre, del Impuesto sobre la Renta de las Personas Físicas y de modificación parcial de las leyes de los Impuestos sobre Sociedades, sobre la Renta de no Residentes y sobre el Patrimonio</i> );
“Plan”	an “employee benefit plan” (within the meaning of Section 3(3) of ERISA) that is subject to Title I of ERISA, a plan, individual retirement account or other arrangement that is subject to Section 4975 of the US tax code or provisions under any Similar Law, and entities whose underlying assets are considered to include “plan assets” of any such plan, account or arrangement;
“Plan Asset Regulations”	US Department of Labor regulation 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA);
“Pledges”	a first ranking pledge ( <i>prendas ordinarias de primer rango</i> ) over the Ordinary Shares ( <i>acciones</i> ) or share quotas ( <i>participaciones sociales</i> ), as applicable, of Lar España Shopping Centres, S.A.U, Lar España Shopping Inversión Logística, S.A.U. and Riverton Gestión, S.L. to be granted by the Company in favour of the Commissioner

	(acting in the name and on behalf of the Noteholders);
“Portfolio”	the properties comprising the Company’s real estate property portfolio at any given point in time;
“Preferential Subscription Rights”	transferable subscription rights related to Existing Ordinary Shares on the Record Date;
“Pro Forma Notes Loan to Value Ratio”	in relation to a sale, transfer or other disposition by the Company of any of the properties within the perimeter of the Notes, the ratio between: (a) the principal amount of the Notes outstanding, as at the most recent reference date preceding such disposal; and (b) the aggregate market value of the properties excluding the market value corresponding to the property subject to the disposal set out in both cases in the most recent valuation (and the market value of any other properties which have been subject to previous disposals from the most recent reference date set out in such valuation);
“Property Management Framework Agreement”	agreement entered into by Lar España and Gentalia on 9 July 2014 to govern the provisions of property management services with regards to the shopping centres acquired by the Company;
“Property Management Services”	enumerated services under the Property Management Framework Agreement that the Company may appoint Gentalia to provide;
“Promote”	the Performance Fee, equal to the lesser of (x) 20% of the Shareholder Return Outperformance and (y) 20% of the High Water Mark Outperformance in a year where both (a) the Shareholder Return Rate for such year exceeds 10% and (b) the sum of (A) the EPRA NAV of the Company on 31 December of such year and (B) the total dividends (or any other form of remuneration or distribution to the Shareholders) that are paid in such year or in any preceding year since the most recent year in respect of which a Performance Fee was payable exceeds the Relevant High Water Mark;
“Promote Equalization”	feature entitling the Investment Manager to receive an additional 20% of the portion of Shareholder Return Outperformance that reflects a Shareholder Return Rate of between 12% and 22%;
“property rental business”	a business which is carried on by a SOCIMI or a Group SOCIMI, as the case may be, for the



	sole purpose of generating rental income from properties and/or land in Spain or outside Spain or through its participation in Qualifying Subsidiaries, and, for the purpose of this definition, such business of a group are to be treated as a single business;
“Prospectus”	this document issued by the Company in relation to the Offering of New Ordinary Shares and Preferential Subscription Rights in the Spanish Stock Exchanges and approved under the Prospectus Directive;
“Prospectus Directive”	European Parliament and Council Directive 2003/71/EC of 4 November 2003 (and amendments thereto, including Directive 2010/73/EU);
“purchasers of Preferential Subscription Rights”	investors, including other than Eligible Shareholders, that acquire Preferential Subscription Rights;
“QIBs”	a qualified institutional buyer within the meaning of Rule 144A under the Securities Act;
“Quarter”	each three-month period ending on 31 March, 30 June, 30 September and 31 December;
“Qualifying Subsidiaries”	i) Spanish SOCIMIs, (ii) foreign entities with similar regime, corporate purpose and dividend distribution regime as a Spanish SOCIMI and (iii) Spanish and foreign entities whose main corporate purpose is investing in real estate for developing rental activities and that shall be subject to the same dividend distribution regime and investment and income requirements as set out in the SOCIMI Act, which share capital is fully owned by SOCIMIs or foreign entities with a similar regime and that do not hold participations in other companies;
“Record Date”	17 July 2015;
“Regulation 236/2012”	European regulation prohibiting naked short selling of listed shares;
“Regulation S”	Regulation S under the US Securities Act;
“Relevant High Water Mark”	the higher, at any given time, of (i) the Initial EPRA NAV, and (ii) the EPRA NAV on 31 December (adjusted to include total dividends paid during that year and exclude the net proceeds of any issuance of Ordinary Shares during that year) of the most recent year in respect of which a Performance Fee was

	payable;
“Relevant Residential Opportunity”	a Residential Property investment opportunity in Spain;
“Remuneration and Nomination Committee”	remuneration and nomination committee established by the Board;
“Reserved Matter”	each of the enumerated matters involving certain services and transactions that require approval by the Company prior to their engagement by the Investment Manager;
“Residential Property”	first-home residential properties across Spain. For the avoidance of doubt, Residential Property does not include second-home residential properties;
“Residential Property Investment ”	an investment (either directly or indirectly via equity investment) in first-home residential properties across Spain. For the avoidance of doubt, Residential Property Investments do not include (i) investments in second-home residential properties, or (ii) any debt or other credit based investments with respect to any first-home residential properties across Spain;
“Residential Property Co-Investment Opportunity”	any Residential Property investment undertaken by the Investment Manager;
“RICS”	the Royal Institution of Chartered Surveyors;
“RICS Red Book”	the Appraisal and Valuation Manual (or if it has been replaced, its equivalent) published by the Royal Institution of Chartered Surveyors;
“RSA”	The New Hampshire Revised Statutes Annotated, 1955, as amended;
“Rule 144A”	Rule 144A under the US Securities Act;
“Rump Shares”	New Ordinary Shares that remain unallocated after additional allocation period;
“SAREB”	Spanish Company for the Management of Assets Proceeding from Restructuring of the Banking System ( <i>Sociedad de Gestión de Activos procedentes de la Reestructuración Bancaria</i> );
“Security”	the Mortgages and the Pledges;
“Securities Act”	the US Securities Act of 1933, as amended;
“Services”	services included in the Investment Manager Agreement that have been delegated to the Investment Manager; for a complete list, see Section 11.1 (“Investment Manager

	Agreement—Object and scope of appointment”);
“Settlement Date”	the third Madrid Stock Exchange business day immediately following the day on which the special stock exchange transaction related to such New Ordinary Shares is carried out;
“Shareholders”	the holders of Ordinary Shares at any time;
“Shareholder Return”	the sum of (a) the annual change in EPRA NAV of the Company less the net proceeds of any issues of Ordinary Shares issued in the year being considered and (b) total dividends (or any other form of remuneration or distribution to Shareholders that are paid in such year);
“Shareholder Return Rate”	Shareholder Return for given year divided by EPRA NAV of the Company as of 31 December of the immediately preceding year;
“Shareholder Return Outperformance”	the amount in euro by which the Shareholder Return for a given year exceeds the Shareholder Return that would have produced a 10% Shareholder Return Rate in such year;
“Shareholder Return Outperformance Rate”	the extent of the Shareholder Return Rate above 10%;
“SIBE”	Automated Quotation System (SIBE - <i>Sistema de Interconexión Bursátil</i> or <i>Mercado Continuo</i> );
“Similar Law”	any federal, state, local or non-US law that is similar to the prohibited transaction provisions of section 406 of ERISA and/or section 4975 of the Code;
“Sociedad de Bolsas”	operator and regulator of the SIBE;
“SOCIMI”	Listed Corporation for Investment in the Real Estate Market ( <i>Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario</i> );
“SOCIMI Act”	Spanish Law 11/2009, of 26 October, as modified by Spanish Law 16/2012, of 27 December;
“SOCIMI Regime” or “Spanish SOCIMI Regime”	Spanish legal regime applicable to a Spanish SOCIMI pursuant to the SOCIMI Act;
“Sole Global Coordinator and Bookrunner”	J.P. Morgan Securities plc;
“Spain”	the Kingdom of Spain;
“Spanish GAAP”	Royal Decree 1514/2007, of 16 November 2007, approving the Spanish General Accounting Plan ( <i>Plan General de</i>

	<i>Contabilidad</i> ) and sector specific plans, if applicable, and Royal Decree 1159/2010, of 17 September 2010, approving the Rules for the Preparation of Consolidated Annual Accounts;
“Spanish Corporate Governance Code”	the Spanish Unified Good Governance Code of Listed Companies ( <i>Código Unificado de Buen Gobierno de las Sociedades Cotizadas</i> );
“Spanish Companies Act”	the consolidated text of the Spanish Companies Act adopted under Royal Legislative Decree 1/2010, of 2 July; as amended;
“Spanish Stock Exchanges”	the Madrid, Barcelona, Bilbao and Valencia stock exchanges;
“Subscription Price”	€6.76; price per New Ordinary Share paid by Eligible Shareholders and other investors when exercising Preferential Subscription Rights;
“Subsidiarization”	contribution by Lar España to its wholly-owned subsidiary companies of the assets in its real estate portfolio owned directly by the Company;
“Substantial Shareholder”	a shareholder that holds a stake equal or higher than 5% of the share capital of the Company and either (i) is exempt from any tax on the dividends or subject to tax on the dividends received at a rate lower than 10% (for these purposes, final tax due under the Spanish Non Resident Income Tax Law is also taken into consideration) or (ii) does not timely provide the Company with the information evidencing its equal or higher than 10% taxation on dividends distributed by the Company in the terms set forth in the By-Laws;
“Summary”	the summary of this Prospectus set out in Part I of this Prospectus;
“Treaty”	income tax treaty between the United States and Spain;
“Total GAV”	the total gross asset value of the assets forming part of the Company’s real estate Portfolio;
“US dollars”	the lawful currency of the United States;
“US Exchange Act”	the US Securities Exchange Act of 1934, as amended;
“US Holder”	a person that is eligible for the benefits of the Treaty, and for US federal income tax purposes is a beneficial owner of Ordinary Shares that is: (i) a citizen or individual resident of the United States; (ii) a corporation, or other entity taxable

	as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or (iii) an estate or trust the income of which is subject to US federal income taxation regardless of its source;
“US Investment Company Act”	the US Investment Company Act of 1940, as amended;
“Underwriting Agreement”	Underwriting Agreement between the Company, the Sole Global Coordinator and Bookrunner and the Investment Manager dated 15 July 2015 relating to the Offering;
“VAT”	value added tax; and
“Valuation Reports”	C&W Valuation Report and JLL Valuation Report.

Mr. Miguel Pereda, member of the Board of Directors, duly authorised pursuant to the resolution approved by the Board of Directors of the Company on 15 July 2015 signs this Prospectus in Madrid, on 15 July 2015.

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

---

Mr. Miguel Pereda

## ANNEX A – INVESTOR LETTER FOR UNITED STATES INVESTORS

You must review, sign and return this Investor Letter to the address set forth below by fax or email.

Lar España Real Estate SOCIMI, S.A.  
Calle Rosario Pino, 14-16  
28020 Madrid, Spain  
Attn: Mr. Sergio Criado Cirujeda  
Email: scriado@larespana.com

Note: the subscription period closes on 1 August 2015, and your custodian may have an earlier cut-off date.

[Letterhead of Qualified Institutional Buyer]

To: Lar España Real Estate SOCIMI, S.A.  
Calle Rosario Pino, 14-16  
28020 Madrid  
Spain

J.P. Morgan Securities plc  
25 Bank Street  
London E15 5JP  
United Kingdom

\_\_\_\_\_ 2015

Ladies and Gentlemen:

In connection with our proposed exercise of any preferential subscription rights (“**Subscription Rights**”) with respect to the new ordinary shares (the “**Offer Shares**”) of Lar España Real Estate SOCIMI, S.A. (“**Lar España**” or the “**Company**”), which are being offered by way of a transferable preferential subscription rights offering by Lar España, we confirm that:

1. We, and any account for which we are purchasing Offer Shares by way of exercising Subscription Rights, are, and at the time of any exercise by us of Subscription Rights will be, a “qualified institutional buyer” (a “**QIB**”) within the meaning of Rule 144A under the US Securities Act of 1933, as amended (the “**Securities Act**”).
2. We understand and acknowledge that (i) neither the Subscription Rights nor any Offer Shares issuable upon exercise of the Subscription Rights have been or will be registered under the Securities Act, (ii) we will receive the Subscription Rights and any Offer Shares issuable upon exercise of the Subscription Rights in transactions exempt from the registration requirements of the Securities Act, (iii) the Subscription Rights and the Offer Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, and (iv) the Subscription Rights and the Offer Shares may not be offered, sold or exercised, directly or indirectly, in the United States, other than as set forth in the Prospectus dated 16 July 2015.
3. As a purchaser in a private placement of securities that have not been registered under the Securities Act, we have acquired Subscription Rights and are acquiring Offer Shares upon the exercise of such Subscription Rights for our own account, or for the account of one or more other QIBs for

which we are acting as duly authorized fiduciary or agent with sole investment discretion with respect to each such account and with full authority to make the acknowledgments, representations and agreements herein with respect to each such account, in each case for investment and not with a view to any resale or distribution (within the meaning of the US securities laws) of any such Subscription Rights or of any Offer Shares issuable upon exercise of the Subscription Rights.

4. We understand and agree that, although offers and sales of the Subscription Rights are being made only to QIBs, and that the Subscription Rights may be exercised only by QIBs, neither such offers and sales nor such exercises are being made under Rule 144A, and that if, in the future, we or any such other QIB for which we are acting, as described in paragraph 3 above, or any other fiduciary or agent representing such investor, decide to offer, sell, pledge or otherwise transfer any Offer Shares issued upon the exercise of Subscription Rights, we and it will do so only (i) pursuant to an effective registration statement under the Securities Act, (ii) to a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States pursuant to Rule 903 or Rule 904 under Regulation S under the Securities Act in an “offshore transaction” (and not in a pre-arranged transaction resulting in the resale of such Subscription Rights or Offer Shares into the United States) or (iv) in accordance with Rule 144 (if available) under the Securities Act and, in each case, in accordance with any applicable securities laws of any state or territory of the United States and of any other jurisdiction. We understand that no representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for the resale of Offer Shares. We also shall notify such subsequent transferee of the transfer restrictions set out in this paragraph, paragraphs 1 and 2 above and paragraph 5 below.

5. We understand that for so long as Offer Shares issued upon the exercise of Subscription Rights are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, no such Offer Shares may be deposited into any American depositary receipt facility established or maintained by a depositary bank, other than a restricted depositary receipt facility, and that such Offer Shares will not settle or trade through the facilities of the Depository Trust Company or any other US exchange or clearing system.

6. No portion of the assets used by us to purchase, and no portion of the assets used by us to hold, the Offer Shares or any beneficial interest therein constitutes or will constitute the assets of (i) an “employee benefit plan” that is subject to Title I of the US Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), (ii) a plan, individual retirement account or other arrangement that is subject to section 4975 of the US Internal Revenue Code of 1986, as amended (the “**US Tax Code**”), (iii) entities whose underlying assets are considered to include “plan assets” of any plan, account or arrangement described in preceding clause (i) or (ii), or (iv) any governmental plan, church plan, non-US plan or other plan whose purchase or holding of Offer Shares would be subject to any state, local, non-US or other laws or regulations similar to Title I of ERISA or section 4975 of the US Tax Code or that would have the effect of the regulations issued by the US Department of Labor set forth at 29 CFR section 2510.3101, as modified by section 3(42) of ERISA (the “**Plan Asset Regulations**”) (each entity described in preceding clause (i), (ii), (iii) or (iv), a “**Plan Investor**”). We understand and acknowledge that no transfers of the Subscription Rights or Offer Shares or any interest therein to a person using assets of a Plan Investor to purchase or hold such securities or any interest therein are permitted and we agree that we will not make any such transfer.

7. We have received a copy of the Prospectus and have relied solely on the Prospectus in connection with making our own investment decision to exercise Subscription Rights and not on any other information given, or representation or statement made at any time, by any person concerning the Company. We acknowledge that the content of the Prospectus is exclusively the responsibility of the Company and that neither the Company nor J.P. Morgan Securities plc nor any person representing the Company or J.P. Morgan Securities plc has made any representation to us with respect to the Company or the offering, sale, exercise of or subscription for any Subscription Rights or Offer Shares other than as set forth herein or in the Prospectus which has been delivered to us, and upon which we are relying solely in making our investment decision with respect to the Subscription Rights and Offer Shares. We have held and will hold any offering materials, including the Prospectus, we receive



directly or indirectly from the Company or J.P. Morgan Securities plc in confidence, and we understand that any such information received by us is solely for us and not to be redistributed or duplicated by us. We acknowledge that we have read and agreed to the matters stated in section 6 (“Selling and transfer restrictions”) of Part XV (“*The Offering*”) in the Prospectus.

8. We acknowledge that we have conducted our own investigation before deciding to exercise the Subscription Rights, or subscribing or otherwise acquiring Offer Shares and have obtained our own independent advice (tax, legal and otherwise) to the extent we consider necessary or appropriate and have not relied, and will not be entitled to rely on any advice (legal and otherwise) given by the counsels to the Company or to J.P. Morgan Securities plc in connection with the Subscription Rights and Offer Shares, and none of the Company, Grupo Lar Inversiones Inmobiliarias, S.A., J.P. Morgan Securities plc or their respective affiliates, directors, officers, employees, advisors or representatives takes any responsibility as to any legal or tax consequences of the exercise of the Subscription Rights, or the subscription or acquisition of Offer Shares.

9. We are not an affiliate (as defined in Rule 501(b) under the Securities Act) of the Company, and we are not acting on behalf of an affiliate of the Company.

10. We, and each other QIB, if any, for whose account we are acquiring Subscription Rights or Offer Shares, in the normal course of business, invest in or purchase securities similar to the Subscription Rights and the Offer Shares issuable upon the exercise of Subscription Rights, have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of purchasing any of the Subscription Rights and such Offer Shares and are aware that we must bear the economic risk of an investment in each Subscription Right and any Offer Share into which it may be exercised for an indefinite period of time and are able to bear such risk for an indefinite period.

11. We acknowledge that Lar España and its affiliates, J.P. Morgan Securities plc and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. We understand that Lar España and J.P. Morgan Securities plc are relying on this letter in order to comply with the Securities Act and other US state securities laws. We irrevocably authorize them to produce this letter to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters covered herein. We irrevocably authorize any account operator, which includes any nominee, custodian or other financial intermediary through which we hold our Subscription Rights and shares in Lar España, to provide Lar España with a copy of this letter and such information regarding our identity and holding of shares in Lar España (including pertinent account information and details of our identity and contact information) as is necessary or appropriate to facilitate our exercise of the Subscription Rights.

12. We are empowered, authorized and qualified to exercise the Subscription Rights and to subscribe for the Offer Shares, and the person signing this letter on our behalf has been duly authorized by us to do so. If we are a broker-dealer acting as agent on behalf of a client, we have authority to make, and do make, the statements set forth in this letter on behalf of our own client and have confirmed our client is a QIB.

13. We undertake promptly to notify the addressees if, at any time prior to [●] 2015, any of the foregoing ceases to be true.

Terms used herein but not otherwise defined have the meanings given to them by Regulation S under the Securities Act.

THIS LETTER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

[Insert Name of Qualified Institutional Buyer in the United States]

Name:

By: \_\_\_\_\_

Title:

Address:

Telephone number:

Date:

Please note that this investor letter does not represent an order to subscribe for or purchase the Offer Shares. To exercise your Subscription Rights to subscribe for the Offer Shares, please contact your financial intermediary.

## **ANNEX B – VALUATION REPORTS**

VALUATION REPORT IN RESPECT OF  
A PORTFOLIO OF PROPERTIES LOCATED ACROSS  
SPAIN

PREPARED FOR



JUNE 2015

**Jon Armentia Mendaza**  
**LAR ESPAÑA REAL ESTATE SOCIMI, S.A (LAR ESPAÑA)**  
**Director Corporativo**  
C/Rosario Pino, 14-16 8ª planta  
28020 Madrid

**J.P. MORGAN SECURITIES PLC**  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

Our ref: ctg2115

10 July 2015

Dear Sirs,

## **VALUATION REPORT IN RESPECT OF 12 PROPERTIES LOCATED IN SPAIN ON BEHALF OF LAR ESPAÑA ("THE COMPANY") AS AT 31 MAY 2015**

We are pleased to submit our valuation report, which has been prepared for the purpose of raising capital via the offering of new shares ("the Offering").

The valuation has been carried out in accordance with your instructions, as set out in our Letter of Engagement and Terms & Conditions dated 19 May 2015 and set out in Appendix II of this report.

### **I THE PROPERTIES**

#### **SHOPPING CENTRES**

- 1.** Txingudi, Irún.
- 2.** Las Huertas, Palencia.
- 3.** Portal de la Marina, Ondara.
- 4.** As Termas, Lugo.

#### **OFFICES**

- 5.** Cardenal Marcelo Spinola 42, Madrid.
- 6.** Eloy Gonzalo 27, Madrid.

#### **LOGISTICS**

- 7.** Alovera I, Alovera, Guadalajara.
- 8.** Warehouse C2, Alovera, Guadalajara.
- 9.** Warehouse C5-C6, Alovera, Guadalajara.
- 10.** Almussafes, Valencia.

#### **RESIDENTIAL / LAND DEVELOPMENT**

- 11.** Residential refurbishment project at Claudio Coello 108, Madrid.
- 12.** Residential development project at Juan Bravo 3 – Lagasca 99, Madrid.



## 2 SCOPE OF INSTRUCTIONS

- 2.1 We have considered the properties as set out in Appendix I, which we understand are held by the Company or its subsidiaries. We have based our analysis on the floor areas supplied to us by the Company, which we assume to be correct.
- 2.2 We are instructed to prepare this valuation for the purpose of being incorporated as part of the prospectus to be filed with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (the “CNMV”) in the context of the Offering, and the shareholders and investors will rely on the information in the Prospectus in making their decision as to whether or not to invest in Lar España.
- 2.3 The effective date of the valuation is at 31 May 2015. Notwithstanding the above, we are of the opinion that the Market value of the properties has not materially changed from 31 May 2015 to 10 July 2015.
- 2.4 Our report has been prepared in accordance with the RICS Valuation - Professional Standards, as amended (“the Red Book”). We confirm that we are a Valuer acting as an external Valuer, as defined within the “Red Book”. Furthermore, we confirm that the Valuer conforms to the stipulated requirements.
- 2.5 We confirm that we have sufficient knowledge, skills and understanding to undertake the valuation competently.

## 3 BASIS OF VALUATION

- 3.1 It is our understanding that you require us to report in accordance with the Red Book. In the absence of instructions to the contrary, the valuation has been prepared on the basis as set out subsequently. The basis of valuation of properties classified as investments is **Market Value**. Valuations based on Market Value shall adopt the definition and the conceptual framework settled by the International Valuation Standards Council (IVSC), defined in the Red Book as follows:

### MARKET VALUE

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”



- 3.2 We value a 100% interest in all of the properties including those assets held by Lar España on a joint ownership basis, namely Portal de la Marina Shopping Centre, Ondara, held 58.78% by Lar España; Claudio Coello 108, held 50% by Lar España and Juan Bravo 3 – Lagasca 99, held 50% by Lar España. We assume that there are no ownership, title, management or voting right issues that might materially impact on the value of the ownership held by Lar España notwithstanding the fact that our valuation is on the basis of a sale of 100% of the assets (see also footnote to table in 13.1).
- 3.3 All of the properties in the portfolio are held as income producing investments with the exception of the residential development project at Juan Bravo 3 – Lagasca 99, Madrid. In the case of two other properties, Claudio Coello 108 and Cardenal Marcelo Spinola 42, there is limited rental income in the short term owing to the need for comprehensive refurbishment of these buildings, however they are nonetheless properties which we classify as investments.

- 3.4 The Juan Bravo property, an asset held in the course of development, is subject to license approval to demolish and re-build part of the basement floors which, for the purpose of this valuation, we assume to be forthcoming in the short term in accordance with the Company's expectations. We have not been provided with any data by the Company that would lead us to conclude that this license will not be forthcoming or subject to unreasonable delay.
- 3.5 The Claudio Coello property has two remaining tenants with whom indemnity compensation payments must be agreed in order for the refurbishment project to progress. In line with an agreement already signed with a former tenant, we have allowed for €800,000 towards the two remaining indemnity payments, one of which we understand is about to sign (at a figure that we understand is in the order of €400,000). For the purpose of our valuation of this property we make a Special Assumption that the indemnity provision of €800,000 is sufficient and that vacant possession of the property can be achieved without undue delay, in line with the expectations of the Company.
- 3.6 The Cardenal Marcelo Spinola property is a refurbishment project where our analysis takes account of funds that have so far been spent on the property as at the valuation date. We have been informed by the Company that €350,000 have been spent as at 31 May 2015 and hence our opinion of value reflects this.

## 4 ASSUMPTIONS, DEPARTURES AND RESERVATIONS

- 4.1 We can confirm that our valuation is not made on the basis of any specific departures from the Practice Statements contained in the Red Book save for those assumptions and Special Assumptions referred to above in Section 3.

### RESERVATION

Our valuation has been based upon full disclosure of all required information with the exception of certain points referred to above in Section 3. We refer you to Section 10 below, concerning the extent of our inspections.

## 5 TENURE AND TENANCIES

- 5.1 We have not had access to Title Deeds nor read any title documentation or made formal searches on the Properties.
- 5.2 Our valuation has been based on the information which you have supplied to us as to tenure, tenancies and statutory notices. We assume that such data provided is accurate, particularly that relating to percentage ownerships, referred to in Paragraph 3.2 above.
- 5.3 Unless disclosed to us to the contrary and stated in our report, our valuation is on the basis that:
- a) each property possesses a good and marketable title, free from any unusually onerous restrictions, covenants or other encumbrances;
  - b) in respect of leasehold properties, there are no unreasonable or unusual clauses which would affect value and no unusual restrictions or conditions governing the assignment or disposal of the interest;
  - c) the properties valued exclude mineral rights, if any; and
  - d) vacant possession can be given of all accommodation which is un-let, or occupied either by the Company or by its employees on service occupancies.

## 6 TOWN PLANNING

- 6.1 We have not made formal searches and have relied on informal enquiries and any information received from the Company (see paragraph 11.1 below) in relation to town planning.
- 6.2 In the absence of information to the contrary, our valuation is on the basis that the properties are not affected by proposals for road widening or Compulsory Purchase.
- 6.3 Our valuation is on the basis that the properties have been erected either prior to planning control or in accordance with a valid planning permission and are being occupied and used without any breach. Unless advised to the contrary we further assume that the properties comply with other regulations, such as those relating to defective premises (edificios en “Estado de Ruina”) or disabled access issues.
- 6.4 From our enquiries, and on the basis of information supplied to us, we are unaware of any additional value that may be attributable to the properties in relation to un-utilised building rights. In the event that this assumption is incorrect, we would recommend that you facilitate further information to us in order that we can review such detail and assess if it has a material effect on our opinions of value.
- 6.5 In paragraph 3.4 above we comment upon a license/planning issue in respect of the Juan Bravo property.

## 7 STRUCTURE

- 7.1 We have neither carried out a structural survey of the properties, nor tested any services or other plant or machinery. We are therefore unable to give any opinion on the condition of the structure and services. However, our valuation takes into account any information supplied to us and any defects noted during our inspection. Otherwise, our valuation is on the basis that there are no latent defects, wants of repair or other matters which would materially affect our valuations. We would point out that, as we have not undertaken any technical survey of the properties under the scope of this instruction, we cannot comment on what technical degree the assets would comply with current regulatory requirements for an ingoing operator in terms of obtaining new licenses.
- 7.2 We have not inspected those parts of the properties that are covered, unexposed or inaccessible and our valuation is on the basis that they are in good repair and condition.
- 7.3 We have not investigated the presence or absence of High Alumina Cement, Calcium Chloride, Asbestos and other deleterious materials. In the absence of information to the contrary, our valuation is on the basis that no hazardous or suspect materials and techniques have been used in the construction of the properties. You may wish to arrange for investigations to be carried out to verify this.

## 8 SITE AND CONTAMINATION

- 8.1 We have not investigated ground conditions/ stability and, unless advised to the contrary, our valuation is on the basis that all buildings have been constructed, having appropriate regard to existing ground conditions.
- 8.2 We have not carried out any investigations or tests, nor been supplied with any information from you or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water). Accordingly, our valuation has been prepared on the



basis that there are no such matters that would materially affect our valuation. Should this basis be unacceptable to you or should you wish to verify that this basis is correct, you should have appropriate investigations made and refer the results to us so that we can review our valuation.

- 8.3 In respect of any high voltage electrical supply equipment close to the properties, the possible effects of electromagnetic fields have been the subject of media coverage. Studies have revealed that there may be a risk, in specified circumstances, to the health of certain categories of people. The perception of this risk may affect the marketability and value of property close to such equipment. Unless noted to the contrary we have neither noted nor been advised of equipment close to the properties and therefore our valuation assumes that there is no material effect on value.

## 9 PLANT AND MACHINERY

- 9.1 In respect of the properties, usual landlord's fixtures such as lifts, air conditioning and central heating have been treated as an integral part of the buildings and are included within the assets valued.
- 9.2 Process related plant/machinery and fixtures/trade fittings have been excluded from our valuation.

## 10 INSPECTIONS

- 10.1 Our valuation advice is based upon our inspection of the portfolio undertaken for the December 2014 exercise, except for As Termas Shopping Centre, the C2 and C5-C6 logistic warehouses in Alovera, the logistics warehouse in Almussafes, the residential building at Claudio Coello 108 and the development project at Juan Bravo, which were not part of the portfolio previously valued. Inspections have been undertaken as follows:

PROPERTY	DATE	INSPECTED BY:
Txingudi SC	01/12/2014	Tony Loughran
Portal de la Marina SC	03/12/2014	Tony Loughran and Ana Flores
Las Huertas SC	15/12/2014	Eduardo Díaz
As Termas SC	29/05/2015	Ana Flores
Logistics Warehouse Alovera I	15/12/2014	Cristina Treceño
Logistics Warehouse C2 Alovera	22/06/2015	Cristina Treceño and Gloria Moreno
Logistics Warehouse C5-C6 Alovera	22/06/2015	Cristina Treceño and Gloria Moreno
Logistics Warehouse Valencia	04/06/2015	Cristina Treceño
Eloy Gonzalo 27	21/01/2015	Cristina Treceño and Cynthia Meza
Cardenal Marcelo Spinola 42	11/12/2014	Cristina Treceño and Eduardo Díaz
Claudio Coello 108	03/06/2015	Cristina Treceño and Ana Flores
Land at Juan Bravo 3	03/06/2015	Cristina Treceño and Ana Flores

- 10.2 In accordance with normal market practice in Spain, we have not measured the site or floor areas of the properties and, for the purpose of this valuation, we have relied on site areas and floor areas as provided to us by the Company. We understand these areas represent the effective Gross Lettable Area (GLA) of each property (constructed areas including ancillary covered floor areas).

## II GENERAL PRINCIPLES

- II.1 Our valuation is based on the information which the Company has supplied to us or which we have obtained from our enquiries. We have relied on this being correct and complete and on there being no undisclosed matters which would affect our valuation.
- II.2 Our valuation of the properties is not subject to any Special Assumptions, except for those referred to in Section 3 above.
- II.3 No allowances have been made for any expenses of realisation or any taxation liability arising from a sale or development of the properties.
- II.4 No account has been taken of any leases granted between subsidiaries of the Seller Company, and no allowance has been made for the existence of a mortgage, or similar financial encumbrance on or over the properties.
- II.5 Our valuation is exclusive of any Value Added Tax (*Impuesto sobre Valor Añadido*) although, in relation to transfer taxes, we have prepared our valuation on the basis that a sale of the properties would incur IVA and not *Impuesto sobre Transmision Patrimonial* (ITP).
- II.6 A purchaser of the properties is likely to obtain further advice or verification relating to certain matters referred to above before proceeding with a purchase. You should therefore note the conditions on which this valuation has been prepared.
- II.7 The valuation of The Properties has been undertaken by Mr. R J Cardiff, MRICS and Mr. Anthony Loughran MRICS.
- II.8 Where grants have been received, no allowance has been made in our valuation for any requirement to repay the grant in the event of a sale of the properties.
- II.9 Our valuation does not make allowance either for the cost of transferring sale proceeds outside of Spain or elsewhere within the Company, or for any restrictions on doing so.
- II.10 Our valuation approach has been supported by a cashflow analysis, incorporating projections of future income and expenditure, which are not predictions of the future, but our best estimate of current market thinking on likely future cashflow. These estimates constitute our judgement as at the date of this report and may be subject to change in the future, hence we make no warranty to representation that these projections of cashflow will materialize.
- II.11 A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgements that, even if logical and appropriate, may differ from those made by a purchaser, or another valuer.
- II.12 The purpose of the valuation does not alter the approach to the valuation.
- II.13 Property values can change substantially, even over short periods of time, and so our opinion of value could differ significantly if the date of valuation was to change. If you wish to rely on our valuation as being valid on any other date you should consult us first.
- II.14 We strongly recommend that the properties not be sold without proper exposure to the market.

- 11.15 You should not rely on this report unless any reference to tenure, tenancies, and legal title has been verified as correct by your legal advisers.
- 11.16 We have no current conflict of interest in respect of the properties or any party connected with them, hence there is nothing that has prevented us from accepting this instruction.
- 11.17 This Valuation Report should be read in conjunction with our terms of engagement and in particular our Standard Terms and Conditions of Appointment of Cushman & Wakefield as Valuers and the General Valuation Principles, previously supplied to you, a further copy of which is attached within the Appendix II to this report.
- 11.18 Valuation of Development Properties

It is practically impossible to value most development properties on a straightforward comparison basis, due to their highly individual characteristics. We have therefore used the residual valuation approach. This approach assumes the property's capital value equates to the end value of the property once developed, less the costs of realization (which may include site assembly and purchase, demolition, build costs, professional fees, planning, finance, marketing costs and developer's profit).

To form an opinion of value we have had to make certain assumptions for the input variables. We consider these assumptions are appropriate and reasonable, but they cannot be guaranteed. You should therefore satisfy yourself that our assumptions are appropriate and consistent with your own knowledge of the actual costs and input variables. If there is any difference, you should inform us as the value reported is only valid within the context of the assumptions that we have adopted.

You should also be aware that the residual value is highly sensitive to even small movements in the input variables. Accordingly, the result must be treated with caution, as a small correction to even a single input could have a disproportionately adverse effect on the outcome.

## 12 DISCLOSURE

- 12.1 The valuation was prepared by Mr. Anthony Loughran MRICS and reviewed by Mr. Reno Cardiff MRICS.
- 12.2 Cushman & Wakefield, from time to time, provides other professional or agency services to the client and has done so over the beginning of the Lar España's business after its initial public offering last year.
- 12.3 In relation to the preceding financial year of Cushman & Wakefield, the proportion of the total fees payable by the client to the total fee income of the firm is less than 5%.
- 12.4 We would confirm that no potential conflict of interest has been identified in relation to this instruction.

## 13 VALUATION

- 13.1 Subject to the foregoing, in particular our Basis of Value set out in Section 3 above, and based on values current as at 31 May 2015, we are of the opinion that the Market Value of the interests in the properties, which we understand in all cases to be freehold, and as set out in Appendix I attached hereto, amounts to:

PROPERTY	MARKET VALUE AS AT 31 MAY 2015	PASSING RENT AS AT 31 MAY 2015
Txingudi SC	€28,750,000	€ 2,287,135
Portal de la Marina SC	€82,150,000	€ 5,814,790
Cardenal Marcelo Spinola 42	€19,650,000	€ 168,157
Las Huertas SC	€12,300,000	€ 1,045,208
Logistics Warehouse Alovera I	€14,000,000	€ 1,296,599
Logistics Warehouse C2 Alovera	€3,250,000	€ 268,022
Logistics Warehouse C5-C6 Alovera	€7,500,000	€ 745,773
Logistics Warehouse Valencia	€8,500,000	€ 749,190
Eloy Gonzalo 27	€13,000,000	€ 873,805
As Termas SC	€68,500,000	€ 4,936,260
Claudio Coello 108	€17,100,000	n/a*
Land at Juan Bravo 3	€105,100,000	n/a
<b>TOTAL</b>	<b>€379,800,000</b>	<b>€ 18,184,939</b>

\*In Claudio Coello there is a very low short term income from protected tenancies.

- 13.2 Please refer to Appendix I for a detailed table of values for each property, including a brief description and a theoretical percentage Market Value assuming a sale of 100% of the asset in which the proceeds are shared between the joint venture partners in accordance with their percentage ownership share.
- 13.3 The opinion stated above totaling €379,800,000 represents the aggregate of the values attributable to the individual properties and should not be regarded as an opinion of value of the portfolio as a whole in the context of a sale as a single lot.

## 14 CONFIDENTIALITY AND RESPONSIBILITY

- 14.1 Our valuation is for the specific purpose stated. We will not accept responsibility to any third party in respect of its contents other than the shareholders and investors that will rely on the information in the Prospectus in making their decision as to whether or not to invest in Lar España.
- 14.2 To the fullest extent permitted by the law (including any mandatory responsibility arising from the listing rules of any stock exchange) we do not assume any responsibility to and we hereby exclude all liability arising from use of and/or reliance on this report by any person or persons other than those parties to whom this report is addressed.
- 14.3 We are responsible for this report and, according to Article 33.1 (d) of Spanish Royal Decree 1310/2005, of 4 November (as amended), we accept responsibility for the information contained herein and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this report is in accordance with the facts and contains no omissions likely to affect its import.

## 15 DISCLOSURE AND PUBLICATION

- 15.1 You must not disclose the contents of this valuation report to a third party in any way without first obtaining our written approval to the form and context of the proposed disclosure, except for the specific purpose stated in this Valuation Report. You must obtain our consent, even if we are not referred to by name or our valuation report is to be combined with others. We will not approve any disclosure that does not refer sufficiently to any Special Assumptions or Departures that we have made.
- 15.2 You must not modify, alter (including altering the context in which the report is displayed) or reproduce the contents of this valuation report (or any part) without first obtaining our written approval. Any person who contravenes this provision shall be responsible for all of the consequences of the same, including indemnifying Cushman & Wakefield LLP against all consequences of the contravention. Cushman & Wakefield LLP accepts no liability for any use of the Report that is in contravention of this section.

Yours faithfully,




**Tony Loughran MRICS**

Partner

+34 91 781 38 36

[tony.loughran@eur.cushwake.com](mailto:tony.loughran@eur.cushwake.com)



**Reno Cardiff MRICS**

Partner

+34 93 272 16 68

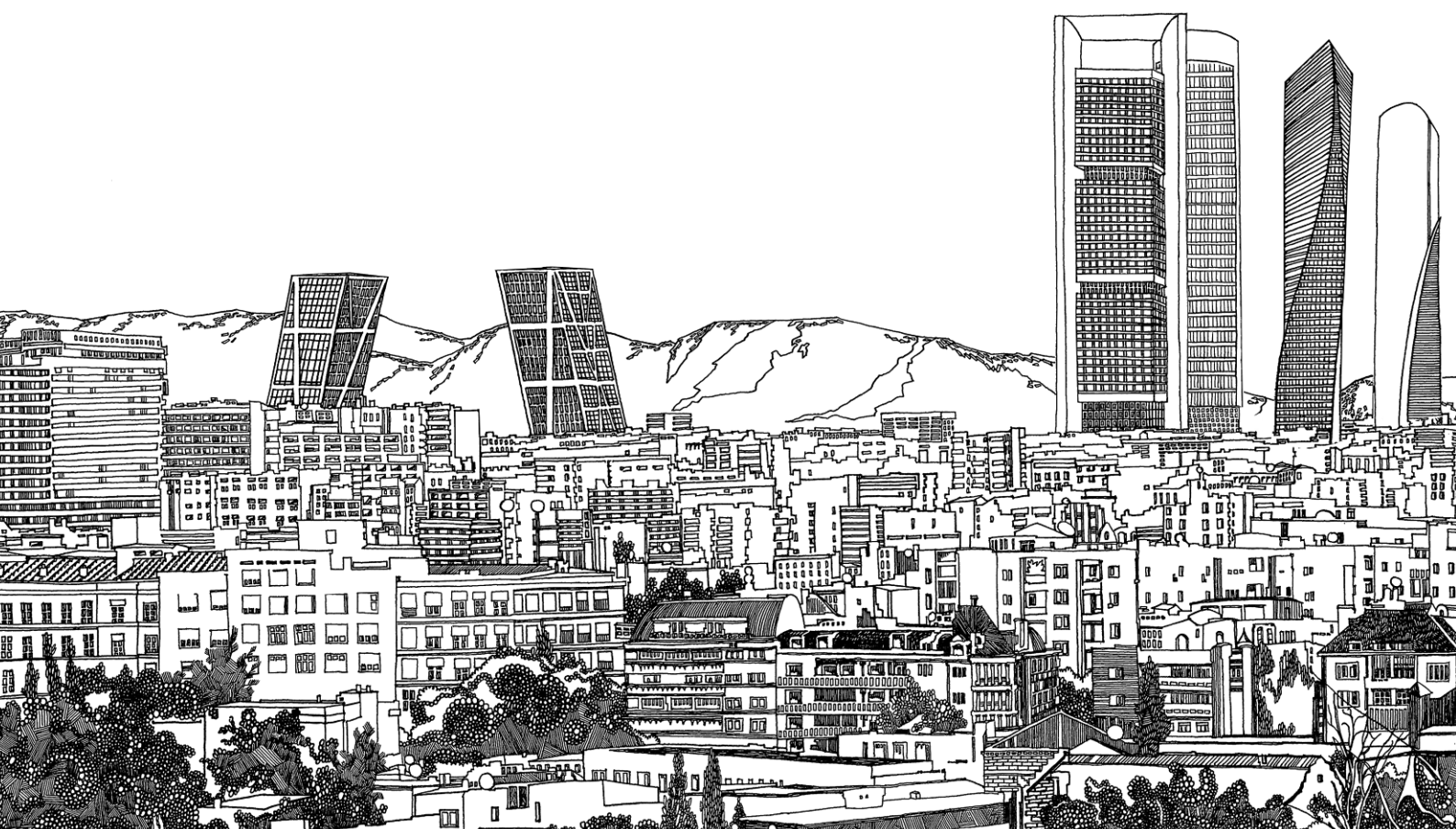
[reno.cardiff@eur.cushwake.com](mailto:reno.cardiff@eur.cushwake.com)



# Valuation *Report*

## LAR ESPAÑA REAL ESTATE SOCIMI SA

July 2015



**LAR ESPAÑA REAL ESTATE SOCIMI SA**

C/ Rosario Pino, 14 - 16.  
28020 Madrid

F.A.O. Mr. Jon Armentia

Direct line +34 (91) 789 11 00

Direct fax +34 (91) 789 12 00

Teresa.martinez@eu.jll.com

Rocio.valverde@eu.jll.com

**J.P. Morgan Securities plc**

25 Bank Street  
Canary Wharf  
London E14 SJP  
United Kingdom

10<sup>th</sup> July 2015

**Scope of Instructions:**

We thank you for your recent instruction, asking us to provide you with the Market Value (MV) in respect of the portfolio of properties of Lar España Real Estate Socimi as at 31<sup>st</sup> of May 2015. In accordance with your instructions we have carried out a valuation of the freehold interest of various assets located in Spain in the context of a capital increase through the offering of new shares (the "offering").

We have made all relevant enquiries for the purpose of providing you with our opinion of value as at **31<sup>st</sup> May 2015.**

**Properties:**

Asset	Use	Location	Area (sqm)
Albacenter	Shopping Centre	Albacete	15,448
L'Anec Blau	Shopping Centre	Castelldefels (Barcelona)	28,544
Albacenter	Eroski&Primark	Albacete	12,463
Media Markt	Retail Warehouse	Villaverde (Madrid)	4,391
El Alisal	Retail Warehouses	Santander	8,106
Alovera II	Industrial	Alovera (Guadalajara)	83,952
Arturo Soria 366	Office	Madrid	8,663
Edificio Egeo	Office	Madrid	18,404



**Tenure:**

We understand that the properties are held under the Spanish equivalent of a freehold title by Lar España Real Estate Socimi S.A.

For our valuation we have assumed that the properties are free of encumbrances, outgoing or other outgoing of an onerous nature. No account has been taken of any mortgages, debentures or other security which may exist now or in the future over the property. We have assumed that where consent from a statutory authority is required for development/alterations to a property, such consent has been obtained for any existing buildings or structures.

**Valuation Date:**

31<sup>st</sup> May 2015.

Notwithstanding, we are of the opinion that the market value of the properties has not materially changed from 31<sup>st</sup> May 2015 to 10<sup>th</sup> July 2015.

**Purpose of Valuation:**

We understand that the valuation report is prepared for the use of Lar España Real Estate Socimi S.A for its inclusion as part of the prospectus to be filed with the Spanish Securities Market Act (*Comisión Nacional del Mercado de Valores*) in the context of the offering and the shareholders and investors will rely on the information in the Prospectus in making their decision as to whether or not to invest in Lar España Real Estate Socimi S.A.

**Inspection:**

The properties were inspected externally and internally by Teresa Martínez (MRICS), Rocío Valverde (MRICS) and Lucía Aguirre (Senior Consultant).

**Personnel:**

We confirm that the personnel responsible for these valuations are qualified for the purpose of the valuation in accordance with the RICS Appraisal and Valuation Standards.

**Status:**

In preparing this valuation we have acted as external valuers, subject to any disclosures made to you.

**Disclosure:**

We have not had any recent involvement in these properties.



**Taxation:**

No allowance has been made of any expenses of realisation, or for taxation (including VAT) which might arise in the event of disposal and the properties have been considered free and clear of all mortgages or other charges.

The values presented are net after deducting purchaser's costs such as real estate transfer tax and other expenses.

**Source of Information:**

We have relied upon the information provided by Lar España Real Estate Socimi regarding to areas, rent roll, lease agreements, car park spaces, passing rents, sales, etc.

Our valuation is based on a significant amount of information which is sourced from third parties. We have relied upon the accuracy, sufficiency and consistency of the information supplied to us. JLL accepts no liability for any inaccuracies contained in the information disclosed by the client or other parties. Should inaccuracies be subsequently discovered, we reserve the right to amend our valuation assessment.

**Finance:**

In our analysis we assume that a reasonable level of financing will be available at commercially viable rates in order to facilitate the closure of transactions.

**General assumptions:**

The report will be made with the following general assumptions and limiting conditions:

- As in all studies of this type, the estimated results are based upon competent and efficient management and presume no significant changes in the economic environment from that as set forth in this report. Since our forecasts are based on estimates and assumptions which are subject to uncertainty and variation, we do not represent them as results which will actually be achieved.
- Responsible ownership and competent property management are assumed.
- The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- It is assumed that there are no hidden or unapparent conditions of the properties, subsoil or structures.
- It is assumed that the properties will be in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the report.
- It is assumed that the properties will conform to all applicable zoning and use regulations and restrictions.

### **Potential Transaction:**

This report is not a Due Diligence report and we would expect that any purchaser would complete a full Due Diligence prior to closing any transaction (commercial, legal, technical, planning, environmental, etc.). A potential purchaser would not rely on this report to close a transaction, as the purpose of this report is not to support such a transaction.

### **Basis of Valuation:**

The valuation has been undertaken on the basis of Market Value as defined by the Royal Institution of Chartered Surveyors.

**Market Value** - *The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".*

This definition, which is included in the appendices of this report, is not materially different to that adopted by both TEGOVA (The European Group of Valuers Associations) and the IVSC (The International Valuation Standards Committee).

The valuation has been carried out in accordance with the Practice Statement and the relevant Guidance Notes in the RICS Appraisals and Valuations Manual prepared by the Royal Institution of Chartered Surveyors and with the General Principles adopted in the Preparation of Valuations and Reports. We enclose a copy as an appendix to this report.

### **Valuation Methodology:**

The valuation of the properties has been based on our experience and knowledge of the property markets and supported by financial analysis which establishes that an acceptable return would be achievable to the potential investor/developer. We have also taken into account comparable market transactions, which serve to indicate the general posture of investors in the market. For the purpose of arriving at our opinion of Market Value we have adopted the following method according to the type of property to be valued:

#### Discounted Cashflow Technique (DCF)

DCF methodology has been used for the valuation of Albacenter Centre, L'Anec Blau, Albacenter Primark&Eroski, Media Markt and El Alisal Retail Warehouses.

We have adopted a 10 year cashflow period. The income flow is developed over the period of the cashflow on a monthly basis to take account of CPI increases and the timing of market rent reviews, lease expiries etc.

For CPI increases we generally adopt consensus forecasts. Rental growth forecasts are based on JLL econometric forecasts of prime rents in Madrid, adjusted for each individual property to reflect our commercial view of rental growth prospects.

We make adjustments to the gross projected income flows as appropriate to reflect:-

- Any non- recoverable outgoings such as IBI if appropriate
- Service charge shortfalls.
- An allowance for management fees if not recoverable.
- An allowance for structural repairs, normally around 1% of income.
- Void costs – including:
  - Service charge costs.
  - IBI costs if appropriate.
  - Letting/Reletting/Renewal fees.
  - Refurbishment costs if appropriate.

Due to the uncertainty of the occurrence or duration of future voids, we form a judgement based on the quality of the shopping centres and location and generally adopt an average letting period in the absence of any information on the future intentions of individual tenants. Specific assumptions as to voids and other factors are explained for each individual valuation.

#### Income Capitalisation Approach

Income Capitalisation Approach has been used for the valuation of Alovera II, Arturo Soria 336 and Edificio Egeo.

This is the traditional method of valuing investment properties. The market value is derived by capitalising the estimated net income from the property on a term and reversion basis.

It involves the capitalisation of the present income over the period of its duration together with the valuation of each subsequent different rent likely to be received following market rent reviews or following reletting for their separate estimated durations, each discounted to a present value.

The yield or yields applied to the different income categories reflect all the prospects and risks attached to the income flow and the investment. The yields are derived from a combination of analysis of completed comparable investment transactions and general experience and market knowledge. The most important yield is the equivalent yield (see definitions below), although regard must be had to the yield profile of the investment over time, particularly the initial yield at the date of the valuation.

#### **Viability:**

We are responsible for this report an, according to Article 33.1 (d) of Spanish Royal Decree 1310/2505, of 4 November (as amended) we accept responsibility for the information contained herein and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this report is in accordance with the facts and contains no omissions likely to affect its import.

# Contents

<b>1</b>	<b>Summary .....</b>	<b>8</b>
1.1	Summary of Values.....	8
1.2	Verification .....	8
1.3	Market Value.....	9
1.4	Signature .....	9
<b>2</b>	<b>Appendix.....</b>	<b>10</b>
2.1	General Principles adopted in the preparation of Valuations and reports .....	11
2.2	Extract from the RICS Valuation – Professional Standards January 2014 .....	15

# 1 Summary

## 1.1 Summary of Values

Asset	Use	Location	Area (sqm)	Passing Rent €/annum	Net Market Value (€)
Albacenter	Shopping Centre	Albacete	15,448	2,187,166	30,269,000
L'Anec Blau	Shopping Centre	Castelldefels (Barcelona)	28,544	5,794,275	82,650,000
Albacenter	Eroski&Primark	Albacete	12,463	978,364	12,158,000
Media Markt	Retail Warehouse	Villaverde (Madrid)	4,391	780,000	9,700,000
El Alisal	Retail Warehouses	Santander	8,106	1,283,986	17,057,000
Alovera II	Industrial	Alovera (Guadalajara)	83,952	3,401,155	35,280,000
Arturo Soria 366	Office	Madrid	8,663	1,421,143	25,320,000
Edificio Egeo	Office	Madrid	18,404	3,725,055	69,180,000

## 1.2 Verification

We would like to state that our valuation reflects current market conditions. If any information or any assumption that we have considered as a basis for the present valuation were to be found incorrect, then the final valuation result would be incorrect and should be reconsidered.

### 1.3 Market Value

In accordance with your instruction, we are of the opinion that the market value of the 100% freehold interest in the properties, subject to the comments, qualifications and financial data contained within our report, and assuming the properties are free of encumbrances, restrictions or other impediments of an onerous nature which would affect value, as of the 31<sup>st</sup> of May 2015 is:

**Market Value of LAR España Real Estate Socimi S.A Portfolio**

**281,614,000 Euros**

( Two Hundred Eighty One Million Six Hundred and Fourteen Thousand Euros )

### 1.4 Signature



---

**Evan Lester, MRICS**

National Director  
Head of Valuation Advisory  
Jones Lang LaSalle España, S.A.



---

**Teresa Martínez, MRICS**

Associate Director  
Head of Retail Valuation  
Jones Lang LaSalle España, S.A.

For and on behalf of

**JLL**

## 2 Appendix

**Appendix 1: General Principles Adopted in the Preparation of Valuations and Reports**

**Appendix 2: Extract from the RICS Valuation Standards (RICS Valuation – Professional Standards January 2014)**

## 2.1 General Principles adopted in the preparation of Valuations and reports

These General Principles should be read in conjunction with Jones Lang LaSalle's General Terms and Conditions of Business except insofar as this may be in conflict with other contractual arrangements.

### 1 RICS Valuation – Professional Standards January 2014

All work is carried out in accordance with the Practice Statements contained in the RICS Valuation Standards January 2014 published by the Royal Institution of Chartered Surveyors, by valuers who conform to the requirements thereof. Our valuations may be subject to monitoring by the RICS.

### 2 Valuation Basis:

Our reports state the purpose of the valuation and, unless otherwise noted, the basis of valuation is as defined in the Valuation Standards January 2014. The full definition of the basis, which we have adopted, is either set out in our report or appended to these General Principles.

### 3 Disposal Costs Taxation and Other Liabilities:

No allowances are made for any expenses of realisation, or for taxation, which might arise in the event of a disposal. All property is considered as if free and clear of all mortgages or other charges, which may be secured thereon.

No allowance is made for the possible impact of potential legislation which is under consideration.

Valuations are prepared and expressed exclusive of VAT payments, unless otherwise stated.

### 4

We do not normally read leases or documents of title. We assume, unless informed to the contrary, that each property has a good and marketable title, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other outgoing of an onerous nature, which would have a material effect on the value of the interest under consideration, nor material litigation pending. Where we have been provided with documentation we recommend that reliance should not be placed on our interpretation without verification by your lawyers.

### 5 Tenants:

Although we reflect our general understanding of a tenant's status in our valuations, enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

### 6 Measurements:

All measurement is carried out in accordance with the Code of Measuring Practice issued by the Royal Institution of Chartered Surveyors, except where we specifically state that we have relied on another source. The areas adopted are purely for the purpose of assisting us in forming an opinion of capital value. They should not be relied upon for other purposes nor used by other parties without our written authorisation.

### 7 Estimated Rental Value:

Our opinion of rental value is formed purely for the purposes of assisting in the formation of an opinion of capital value. It does not necessarily represent the amount that might be agreed by negotiation, or determined by an Expert, Arbitrator or Court, at rent review or lease renewal.

### 8 Town Planning and Other Statutory Regulations:

Information on town planning is, wherever possible, obtained either verbally from local planning authority officers or publicly available electronic or other sources. It is obtained purely to assist us in forming an opinion of capital value and should not be relied upon for other purposes. If reliance is required we recommend that verification be obtained from lawyers that:-



- i the position is correctly stated in our report;
- ii the property is not adversely affected by any other decisions made, or conditions prescribed, by public authorities;
- iii that there are no outstanding statutory notices.

Our valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory and EC regulations, including fire regulations, access and use by disabled persons and control and remedial measures for asbestos in the workplace.

**9 Structural Surveys:**

Unless expressly instructed, we do not carry out a structural survey, nor do we test the services and we therefore do not give any assurance that any property is free from defect. We seek to reflect in our valuations any readily apparent defects or items of disrepair, which we note during our inspection, or costs of repair which are brought to our attention. Unless stated otherwise in our reports we assume any tenants are fully responsible for the repair of their demise either directly or through a service charge.

**10 Deleterious Materials:**

We do not normally carry out investigations on site to ascertain whether any building was constructed or altered using deleterious materials or techniques (including, by way of example high alumina cement concrete, woodwool as permanent shuttering, calcium chloride or asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials or techniques have been used.

**11 Site Conditions:**

We do not normally carry out investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be, put; nor do we undertake archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses, delays or restrictions will be incurred during the construction period due to these matters.

**12 Environmental Contamination:**

Unless expressly instructed, we do not carry out site surveys or environmental assessments, or investigate historical records, to establish whether any land or premises are, or have been, contaminated. Therefore, unless advised to the contrary, our valuations are carried out on the basis that properties are not affected by environmental contamination. However, should our site inspection and further reasonable enquiries during the preparation of the valuation lead us to believe that the land is likely to be contaminated we will discuss our concerns with you.

**13 Insurance:**

Unless expressly advised to the contrary we assume that appropriate cover is and will continue to be available on commercially acceptable terms, for example in regard to the following:

**Composite Panels**

Insurance cover, for buildings incorporating certain types of composite panel may only be available subject to limitation, for additional premium, or unavailable. Information as to the type of panel used is not normally available. Accordingly, our opinions of value make no allowance for the risk that insurance cover for any property may not be available, or may only be available on onerous terms.

**Terrorism**

Our valuations have been made on the basis that the properties are insured against risks of loss or damage including damage caused by acts of Terrorism as defined by the 2000 Terrorism Act. We have assumed that the insurer, with whom cover has been placed, is reinsured by the Government backed insurer, Pool Reinsurance Company Limited.

**Flood and Rising Water Table**

Our valuations have been made on the assumption that the properties are insured against damage by flood and rising water table. Unless stated to the contrary our opinions of value make no allowance for the risk that insurance cover for any property may not be available, or may only be available on onerous terms.

**14 Outstanding Debts:**

In the case of property where construction works are in hand, or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, subcontractors or any members of the professional or design team.

**15 Confidentiality and Third Party Liability:**

Neither the whole, nor any part, nor reference thereto, may be published in any document, statement or circular, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear except for the purpose stated herein.

**16 Statement of Valuation Approach:**

We are required to make a statement of our valuation approach. In the absence of any particular statements in our report the following provides a generic summary of our approach.

The majority of institutional portfolios comprise income producing properties. We usually value such properties adopting the investment approach where we apply a capitalisation rate, as a multiplier, against the current and, if any, reversionary income streams. Following market practice we construct our valuations adopting hardcore methodology where the reversions are generated from regular short term uplifts of market rent. We would normally apply a term and reversion approach where the next event is one which fundamentally changes the nature of the income or characteristics of the investment. Where there is an actual exposure or a risk thereto of irrecoverable costs, including those of achieving a letting, an allowance is reflected in the valuation.

Vacant buildings, in addition to the above methodology, may also be valued and analysed on a comparison method with other capital value transactions where applicable.

Where land is held for development we adopt the comparison method when there is good evidence, and/or the residual method, particularly on more complex and bespoke proposals.

There are situations in valuations for accounts where we include in our valuation properties which are owner-occupied. These are valued on the basis of existing use value, thereby assuming the premises are vacant and will be required for the continuance of the existing business. Such valuations ignore any higher value that might exist from an alternative use.

**17 Definitions of Value: RICS Valuation – Professional Standards January 2014****1.2 Market value**

“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

**1.3 Market rent**

“the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

**1.4 Investment value (or worth)**

“the value of an asset to the owner or a prospective owner for individual investment or operational objectives.”

**1.5 Fair value**

(a) the definition adopted by the International Accounting Standards Board (IASB) in IFRS 13:

“The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

And

(b) the definition adopted by the IVSC in IVS Framework paragraph 38:

“The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties.”

## 2.2 Extract from the RICS Valuation – Professional Standards January 2014

### Market Value

**Definition and Interpretive Commentary. Reproduced from the RICS Valuation – Professional Standards January 2014**

#### 3.1.

Valuations based on Market Value (MV) shall adopt the definition, and the interpretive commentary, settled by the International Valuation Standards Committee.

**Definition as in section “Market Value 1.2.1” from the RICS Valuation – Professional Standards January 2014**

***‘The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.’***

Interpretive Commentary, as published in International Valuation Standard 1

#### 3.2.

The term property is used because the focus of these Standards is the valuation of property. Because these Standards encompass financial reporting, the term Asset may be substituted for general application of the definition. Each element of the definition has its own conceptual framework.

##### 3.2.1 ‘The estimated amount ...’

Refers to a price expressed in terms of money (normally in the local currency) payable for the property in an arm's-length market transaction. Market Value is measured as the most probable price reasonably obtainable in the market at the date of valuation in keeping with the Market Value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of Special Value.

##### 3.2.2 ‘... a property should exchange ...’

Refers to the fact that the value of a property is an estimated amount rather than a predetermined or actual sale price. It is the price at which the market expects a transaction that meets all other elements of the Market Value definition should be completed on the date of valuation.

##### 3.2.3 ‘... on the date of valuation ...’

Requires that the estimated Market Value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances as of the effective valuation date, not as of either a past or future date. The definition also assumes simultaneous exchange and completion of the contract for sale without any variation in price that might otherwise be made.

**3.2.4 ‘... between a willing buyer ...’**

Refers to one who is motivated, but not compelled to buy. This buyer is neither over-eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than on an imaginary or hypothetical market which cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present property owner is included among those who constitute ‘the market’. A valuer must not make unrealistic Assumptions about market conditions or assume a level of Market Value above that which is reasonably obtainable.

**3.2.5 ‘... a willing seller ...’**

Is neither an over-eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the property at market terms for the best price attainable in the (open) market after proper marketing, whatever that price may be. The factual circumstances of the actual property owner are not a part of this consideration because the ‘willing seller’ is a hypothetical owner.

**3.2.6 ‘... in an arm's-length transaction ...’**

Is one between parties who do not have a particular or special relationship (for example, parent and subsidiary companies or landlord and tenant) which may make the price level uncharacteristic of the market or inflated because of an element of Special Value (defined in IVSC Standard 2, paragraph 3.8). The Market Value transaction is presumed to be between unrelated parties each acting independently.

**3.2.7 ‘... after proper marketing ...’**

Means that the property would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the Market Value definition. The length of exposure time may vary with market conditions, but must be sufficient to allow the property to be brought to the attention of an adequate number of potential purchasers. The exposure period occurs prior to the valuation date.

**3.2.8 ‘... wherein the parties had each acted knowledgeably, prudently ...’**

Presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the property, its actual and potential uses and the state of the market as of the date of valuation. Each is further presumed to act for self-interest with that knowledge and prudently to seek the best price for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the date of valuation, not with benefit of hindsight at some later date. It is not necessarily imprudent for a seller to sell property in a market with falling prices at a price which is lower than previous market levels. In such cases, as is true for other purchase and sale situations in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time.

**3.2.9 ‘... and without compulsion.’**

Establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

### 3.3

Market Value is understood as the value of a property estimated without regard to costs of sale or purchase, and without offset for any associated taxes.

#### Commentary

a. The basis of Market Value is an internationally recognized definition. It represents the figure that would appear in a hypothetical contract of sale at the valuation date. Valuers need to ensure that in all cases the basis is set out clearly in both the instructions and the Report.

b. Market Value ignores any existing mortgage, debenture or other charge over the property.

c. In the conceptual framework in IVS quoted above (para 3.2.1) it is clear that any element of special value that would be paid by an actual special purchaser at the date of valuation must be disregarded in an estimate of Market Value. Special value includes synergistic value, also known as marriage value.

d. IVS describes special value and synergistic value as follows:

- Special Value can arise where an asset has attributes that make it more attractive to a particular buyer, or to a limited category of buyers, than to the general body of buyers in a market. These attributes can include the physical, geographic, economic or legal characteristics of an asset. Market Value requires the disregard of any element of Special Value because at any given date it is only assumed that there is a willing buyer, not a particular willing buyer.
- Synergistic Value can be a type of Special Value that specifically arises from the combination of two or more assets to create a new asset that has a higher value than the sum of the individual assets.
- When Special Value is reported, it should always be clearly distinguished from Market Value.

e. Notwithstanding this general exclusion of special value where the price offered by prospective buyers generally in the market would reflect an expectation of a change in the circumstances of the property in the future, this element of 'hope value' is reflected in Market Value. Examples of where the hope of additional value being created or obtained in the future may impact on the Market Value include:

- the prospect of development where there is no current permission for that development; and
- the prospect of 'synergistic value' arising from merger with another property or interests within the same property at a future date.

f. When Market Value is applied to plant & equipment, the word 'asset' may be substituted for the word 'property'. The valuer must also state, in conjunction with the definition, which of the following additional assumptions have been made:

- that the plant & equipment has been valued as a whole in its working place; or
- that the plant & equipment has been valued for removal from the premises at the expense of the purchaser.

Further information on plant & equipment valuation, including typical further assumptions that may be appropriate in certain circumstances, can be found in GN 2 and in IVS GN 3 – Plant & equipment.

g. Where the property includes land which is mineral bearing, or is suitable for use for waste management purposes, it may be necessary to make assumptions to reflect either the potential for such uses or, where the land is already in such use, to reflect any potential future uses that may be relevant. Further information on the valuation approach in these cases can be found in GN 4. Where the property is personal property it may be necessary to interpret Market Value as it applies to different sectors of the market. Further information on this type of valuation can be found in IVSC GN 4 and 5.



**Evan Lester, MRICS**

National Director  
Head of Valuation Advisory  
Pº Castellana, 79, 4ª planta  
Pº Castellana, 130, 1ª planta  
Madrid

[evan.lester@eu.jll.com](mailto:evan.lester@eu.jll.com)

**Teresa Martínez, MRICS**

Associate Director  
Head of Retail Valuation  
Pº Castellana, 79, 4ª planta  
Pº Castellana, 130, 1ª planta  
Madrid

[teresa.martinez@eu.jll.com](mailto:teresa.martinez@eu.jll.com)

---

COPYRIGHT © JONES LANG LASALLE IP, INC. 2015.

This publication is the sole property of Jones Lang LaSalle IP, Inc. and must not be copied, reproduced or transmitted in any form or by any means, either in whole or in part, without the prior written consent of Jones Lang LaSalle IP, Inc.

The information contained in this publication has been obtained from sources generally regarded to be reliable. However, no representation is made, or warranty given, in respect of the accuracy of this information. We would like to be informed of any inaccuracies so that we may correct them.

Jones Lang LaSalle does not accept any liability in negligence or otherwise for any loss or damage suffered by any party resulting from reliance on this publication.

## PARTE I: RESUMEN

Los resúmenes están integrados por diversa información, cuya presentación resulta obligatoria, agrupados en distintas categorías o “Elementos”. Estos elementos han sido numerados en los apartados A – E (A.1 – E.7) a continuación.

El presente documento incluye todos los Elementos que han de figurar obligatoriamente en un resumen para esta tipo de valores y emisor. Ocasionalmente la numeración podría incluir apartados en blanco en aquellos casos en que la inclusión del Elemento correspondiente no resultara de aplicación en el caso en particular.

Incluso en aquellos casos en los que un determinado Elemento deba figurar obligatoriamente en el resumen en razón del tipo de valores y la naturaleza del emisor, es posible que no pueda facilitarse información alguna relevante sobre dicho Elemento. En tal caso, en el resumen se incluye una breve descripción del Elemento acompañada de la mención “no aplicable”. Los términos y expresiones con mayúscula inicial que se utilizan en el presente Resumen, y que no se han resumido en el Folleto, tendrán el significado que en cada caso se les atribuye en el apartado XIX de “Definiciones” del Folleto.

Sección A-Introducción y advertencias		
<b>A.1</b>	Introducción:	<p><b>EL PRESENTE DEBE LEERSE COMO INTRODUCCIÓN AL FOLLETO. CUALQUIER DECISIÓN DE INVERTIR EN LAS NUEVAS ACCIONES ORDINARIAS Y / O EN LOS DERECHOS DE SUSCRIPCIÓN PREFERENTE DEBERÁ ESTAR BASADA EN LA CONSIDERACIÓN, POR PARTE DEL INVERSOR, DEL FOLLETO EN SU CONJUNTO, INCLUYENDO EN PARTICULAR LOS FACTORES DE RIESGO.</b></p> <p><b>Cuando se presente ante un tribunal una demanda relacionada con la información contenida en este Folleto, el inversor demandante podría, en virtud de la legislación nacional de los Estados miembros, tener que soportar los gastos derivados de la traducción del Folleto antes de que dé comienzo el procedimiento judicial.</b></p> <p>De conformidad con la legislación española, la responsabilidad civil solo se exigirá a las personas que hayan presentado el Resumen, incluida cualquier traducción del mismo, y únicamente cuando el Resumen sea engañoso, inexacto o incoherente en relación con las demás partes del Folleto, o no aporte, leído junto con las demás partes del Folleto, información fundamental para ayudar a los inversores a la hora de adoptar su decisión de inversión en relación con dichos valores.</p>
<b>A.2</b>	Posible venta posterior o colocación final de los valores por parte de intermediarios financieros:	No aplicable. La Sociedad no contratará ningún intermediario financiero para proceder a una venta posterior o a la colocación final de los valores que requiera la publicación de un folleto tras la publicación del presente documento.

Sección B—Emisor		
<b>B.1</b>	Denominación social y nombre comercial del emisor:	La denominación social del emisor es Lar España Real Estate SOCIMI, S.A. El nombre comercial del emisor es “Lar España”.
<b>B.2</b>	Domicilio y forma jurídica	La Sociedad se encuentra constituida como sociedad anónima en España de conformidad con la Ley de Sociedades de Capital, y tiene su domicilio



Sección B—Emisor		
	del emisor:	<p>social en la calle Rosario Pino 14-16, 28020 Madrid. La Sociedad se constituyó por plazo indefinido.</p> <p><b><u>Régimen jurídico de la Sociedad</u></b></p> <p>La Sociedad tiene la condición de Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario (“<b>SOCIMI</b>”), habiendo notificado dicha elección a la Dirección General de Tributos por medio de la comunicación pertinente. Dicha elección continuará siendo de aplicación hasta que la Sociedad renuncie a la misma o deje de reunir los requisitos necesarios para beneficiarse del régimen jurídico previsto para las SOCIMIs en la Ley 11/2009, de 26 de octubre, modificada por la Ley 16/2012, de 27 de diciembre (el “<b>Régimen SOCIMI</b>”).</p>
<b>B.3</b>	Descripción y factores clave relativos al carácter de las operaciones en curso del emisor y de sus principales actividades, declarando las principales categorías de productos vendidos y/o servicios prestados, e indicación de los mercados principales en los que compete el emisor:	<p>La principal actividad de la Sociedad es la adquisición, tenencia y explotación de inmuebles comerciales mediante la titularidad directa de los mismos y a través de otras estructuras de adquisición, (principalmente locales y oficinas y, en menor medida, otros tipos de inmuebles tales como aquellos de carácter residencial) en España. La estrategia de negocio de la Sociedad pasa por la tenencia y explotación en régimen de arrendamiento de su Cartera (conforme a la definición prevista posteriormente) –consistente en inmuebles ajustados a su Estrategia de Inversión (conforme se define esta última posteriormente)– mediante una gestión dinámica de dichos activos al objeto de generar ingresos y valor para sus Accionistas (la “<b>Estrategia de Negocio</b>”). A tales efectos, la Sociedad espera continuar con la adquisición de tales inmuebles con el objetivo de generar valor mediante una gestión activa y maximizar su eficiencia operativa y rentabilidad con vistas a aprovechar sus flujos de caja y revalorización.</p> <p>A la fecha del Presente Folleto, la cartera inmobiliaria de la Sociedad (la “<b>Cartera</b>”) está formada por los siguientes activos:</p> <ul style="list-style-type: none"> <li>– <u>Centros comerciales</u>: L’ Anec Blau (Castelldefells, Barcelona), Portal de la Marina e hipermercado del Portal de la Marina (Ondara, Alicante), Albacenter, hipermercado de Albacenter y dos locales de negocio (Albacete), Txingudi (Irún, Guipúzcoa), Las Huertas (Palencia), As Termas (Lugo) y El Rosal (Ponferrada).</li> <li>– <u>Locales de negocio</u>: Nuevo Alisal (Santander) y Media Markt Villaverde (Villaverde, Madrid).</li> <li>– <u>Oficinas</u>: Edificio Egeo (Madrid), Arturo Soria (Madrid), Marcelo Spínola (Madrid), Eloy Gonzalo (Madrid) y Joan Miró (Barcelona).</li> <li>– <u>Almacenes logísticos</u>: Alovera I, Alovera II, Alovera III y Alovera IV (todos ellos ubicados en Alovera, Guadalajara) y Almussafes (Almussafes, Valencia).</li> <li>– <u>Residencial</u>: Proyecto Juan Bravo (Madrid).</li> </ul>

## Sección B—Emisor

### **Estrategia de Negocio**

#### ***Estrategia sobre la Cartera existente***

La Sociedad, a través del equipo gestor (el “**Equipo Gestor**”) designado por Grupo Lar Inversiones Inmobiliarias, S.A. (la “**Sociedad Gestora**”), integrado por D. Luis Pereda, D. Miguel Pereda, D. Jorge Pérez de Leza, D. José Manuel Llovet, D. Miguel Ángel González y D. Arturo Perales, pretende continuar con una política disciplinada e integral en la adquisición y gestión de inmuebles con vistas a gestionar el perfil de riesgo de los flujos de ingresos y una sólida adhesión a los planes de gastos de capital (incluyendo un análisis riguroso de la solvencia financiera del arrendatario), al objeto de garantizar la optimización de su actual Cartera en términos de ocupación e ingresos por alquiler mediante la aplicación de ciertos principios y medidas de explotación clave.

#### ***Criterios de inversión***

De conformidad con el Contrato de Gestión de Inversiones (tal y como aquí se define), la Sociedad Gestora y los miembros del Equipo Gestor han de observar ciertos criterios de inversión y endeudamiento (la “**Estrategia de Inversión**”) a la hora de prestar sus servicios previstos en dicho Contrato de Gestión de Inversiones.

El valor bruto del total de los activos que conforman la Cartera de inmuebles de la Sociedad (el “**GAV Total**”) habrá de ser distribuido conforme se señala a continuación (cuantificado por referencia a la fecha de la inversión):

- (a) Más del 80% del GAV Total deberá ser invertido en los siguientes inmuebles objetivo (conjuntamente denominados como los “**Inmuebles Terciarios**”):
  - (i) Inmuebles de oficinas en España, centrándose principalmente en oficinas en Madrid y Barcelona;
  - (ii) Comercial: centros comerciales en España, parques comerciales, incluyendo inmuebles tipo “*big box*” de manera selectiva, y locales comerciales ubicados en zonas de alto nivel de manera selectiva; y
  - (iii) Otros inmuebles terciarios seleccionados como por ejemplo inmuebles industriales, que se espera que representen un porcentaje limitado del GAV Total.
- (b) Hasta pero inferior al 20% del GAV Total se invertirá en inmuebles de primera residencia en España (“**Inmuebles Residenciales**”).

A la fecha del presente Folleto, la Sociedad cumple los criterios de inversión y los requisitos en materia de distribución de dividendos previstos en el régimen jurídico español de las SOCIMIs.

### **Estrategia Financiera**

Sección B—Emisor		
		<p><b><i>Financiación de inversiones</i></b></p> <p>De conformidad con el Contrato de Gestión de Inversiones, a la hora de desarrollar la Estrategia de Inversión de la Sociedad la Sociedad Gestora y los miembros del Equipo Gestor procurarán recurrir al apalancamiento a largo plazo y considerarán la posibilidad de utilizar mecanismos de cobertura en su caso a efectos de mitigar el riesgo asociado a los tipos de interés, con sujeción a los siguientes principios:</p> <p>(a) El objetivo de la Sociedad es que el apalancamiento total, representado por el total de fondos tomados en préstamo por la Sociedad (sin incluir tesorería) como porcentaje sobre el GAV Total más reciente de la Sociedad, no exceda en total del 50%. A 31 de marzo de 2015, el nivel total de apalancamiento expresado como porcentaje del GAV Total, ascendía a 19.85%.</p> <p>Sin perjuicio de lo anterior, el Consejo de Administración podrá, incluyendo a propuesta de la Sociedad de Gestión, modificar la política de apalancamiento de la Sociedad (incluyendo el nivel de endeudamiento) cuando lo considere oportuno en función de las condiciones económicas vigentes en ese momento, los costes relativos de la deuda y del capital, el valor razonable de los activos de la Sociedad, el crecimiento y las oportunidades de adquisición, así como de cualesquiera otros factores que considere oportuno.</p> <p>(b) La financiación de deuda para adquisiciones será evaluada caso por caso inicialmente con referencia a la capacidad de la Sociedad para soportar el apalancamiento.</p> <p>(c) La deuda en propiedades en desarrollo estará, en la medida de lo posible, restringida para evitar el recurso a otros activos de la Sociedad.</p> <p><b><i>Gastos de explotación</i></b></p> <p>De forma adicional a la utilización de tesorería para llevar a cabo adquisiciones y proceder a las correspondientes distribuciones a favor de los Accionistas, la Sociedad incurre en gastos de explotación que han de ser atendidos. Al margen de los honorarios a favor de la Sociedad Gestora previstos en el Contrato de Gestión de Inversiones, dichos gastos de explotación incluyen (i) costes y gastos de adquisición (tales como costes de <i>due diligence</i>, honorarios de abogados e impuestos); (ii) costes correspondientes a la financiación de deuda; (iii) retribución de los Consejeros no ejecutivo y honorarios de auditoría; (iv) arrendamiento de oficinas y tasaciones anuales y semestrales de la Cartera de la Sociedad; y (v) otros costes y gastos de explotación.</p> <p><b><i>Exclusividad, Derechos de Coinversión y Conflictos de Interés</i></b></p> <p><u><i>Exclusividad en Inmuebles Terciarios en relación con la Sociedad Gestora</i></u></p> <p>La Sociedad Gestora ha acordado que, durante la vigencia del Contrato de Gestión de Inversiones, ni la propia Sociedad Gestora ni ninguna de las Afiliadas de la Sociedad Gestora (i) adquirirá o invertirá (por su cuenta o</p>

Sección B—Emisor		
		<p>por cuenta de terceros o a través de acuerdos de <i>joint venture</i>) en Inmuebles Terciarios en España que se encuentren dentro de los parámetros de la Estrategia de Inversión de la Sociedad (exceptuando las siguientes inversiones (cada una de ellas una “<b>Excepción</b>”), las cuales estarán expresamente permitidas: (a) una o varias inversiones llevadas a cabo por los accionistas de la Sociedad Gestora en su propio nombre, siempre que dicha inversión o inversiones no superen en su conjunto un importe de €2 millones durante la vigencia del Contrato de Gestión de Inversiones (o cualquier importe superior, en su caso, que pudiera autorizar el Consejo de Administración de la Sociedad en circunstancias excepcionales) y fueran notificadas al Consejo de Administración de la Sociedad tras su realización; e (b) inversiones llevadas a cabo por la Sociedad Gestora o por cualquier Afiliada de la Sociedad Gestora en Inmuebles Terciarios para su propia ocupación si el Consejo de Administración así lo permitiera expresamente), ni (ii) actuará como gestor de inversiones, asesor o agente de inversiones o prestará servicios de administración, inversión u otros servicios a cualquier persona, entidad, persona jurídica o cliente distinto de la Sociedad, respecto de Inmuebles Terciarios ubicados en España que encajen dentro de los parámetros de la Estrategia de Inversión de la Sociedad.</p> <p>De forma adicional, dicho derecho de exclusividad estará sujeto a ciertas excepciones.</p> <p><u><i>Coinversión en Inmuebles Residenciales en relación con la Sociedad Gestora</i></u></p> <p>La Sociedad no goza de exclusividad en relación con cualesquiera inversiones en Inmuebles Residenciales realizadas o que pudiera realizar la Sociedad Gestora o cualquier Afiliada de la Sociedad Gestora, tanto en España como en el extranjero. No obstante, y de conformidad con los términos del Contrato de Gestión de Inversiones, la Sociedad Gestora se ha comprometido a ofrecer a la Sociedad una participación mínima del 20% en la inversión total en cada Inmueble Residencial en España que pretendiera acometer la Sociedad Gestora (o cualquier Afiliada de la Sociedad Gestora) (una “<b>Oportunidad Residencial Relevante</b>”). Para el caso en que la participación ofrecida a la Sociedad Gestora (y a cualquiera de las Afiliadas de la Sociedad Gestora, en su caso) en cualquier Oportunidad Residencial Relevante fuera inferior al 20% del total de la inversión, la Sociedad Gestora se ha comprometido a no participar en dicha oportunidad (así como a velar para que las Afiliadas de la Sociedad Gestora hagan lo propio), supuesto en el que la Sociedad Gestora no vendrá obligada en forma alguna a ofrecer una participación en dicha oportunidad de inversión a la Sociedad.</p> <p>La Sociedad no podrá optar por participar en un importe inferior a un 20% del total de la inversión en cada Oportunidad Residencial Relevante ofrecida por la Sociedad de Inversión, salvo acuerdo en otro sentido y caso por caso entre la Sociedad y la Sociedad de Inversión.</p> <p><u><i>Compromiso de los miembros del Equipo Gestor</i></u></p> <p>De conformidad con las cartas de compromiso suscritas por cada uno de</p>

Sección B—Emisor		
		<p>los miembros del Equipo Gestor al amparo del Contrato de Gestión de Inversiones, si cualquier miembro del Equipo Gestor identificase una oportunidad de inversión que encajara en la Estrategia de Inversión de la Sociedad (en cada caso, una “<b>Oportunidad de Inversión Identificada por el Equipo Gestor</b>”) en la que dicho miembro del Equipo Gestor o cualquier persona que estuviese bajo el control de dicho miembro del Equipo Gestor (salvo la Sociedad Gestora o cualquier Afiliada de la Sociedad Gestora que adoptara la forma jurídica de sociedad) (una “<b>Persona Controlada</b>”) directa o indirectamente pretendiera participar, dicho miembro del Equipo Gestor vendrá obligado, antes de proceder a formalizar dicha participación o la adquisición del inmueble que fuera objeto de dicha Oportunidad de Inversión Identificada por el Equipo Gestor, a notificar por escrito dicha oportunidad a la Sociedad y ofrecer a esta última (a) una participación mínima del 20% de la participación total que hubiera sido ofrecida a dicho miembro del Equipo Gestor o a la Persona Controlada (según corresponda en cada caso) en dicha Oportunidad de Inversión Identificada por el Equipo Gestor, en el caso de que dicha oportunidad viniera referida a un Inmueble Residencial, o (b) el 100% de la participación ofrecida a dicho miembro del Equipo Gestor o a la Persona Controlada (según corresponda en cada caso) en dicha Oportunidad de Inversión Identificada por el Equipo Gestor en el supuesto en que dicha oportunidad viniera referida a un Inmueble Terciario. Esta obligación finalizará en la fecha que resulte anterior de entre las tres siguientes, a saber: (a) la fecha en que finalizara el Contrato de Gestión de Inversión; (b) en el caso de cualquier miembro en particular del Equipo Gestor, la fecha en que dicho miembro perdiera su condición de miembro del Equipo Gestor; y (c) la fecha en la que se adoptara cualquier acuerdo a efectos del cese de las actividades y operaciones de la Sociedad.</p> <p>Los compromisos referidos anteriormente están sujetos a ciertas excepciones.</p> <p><u><i>Conflictos de interés en relación con la Sociedad Gestora</i></u></p> <p>De acuerdo con el Contrato de Gestión de Inversiones, la Sociedad Gestora no podrá (y asimismo velará para que cualquier Afiliada de la Sociedad Gestora se abstenga de), durante la vigencia del contrato, (i) vender, transmitir o alquilar activos o inmuebles a la Sociedad, o (ii) establecer o invertir en un fondo de inversión en activos inmobiliarios, cotizado o no, con el objeto de llevar a cabo inversiones en Inmuebles Terciarios en España. Por el contrario, el Gestor de Inversiones podrá establecer un fondo de inversión en activos inmobiliarios, cotizado o no, a efectos de llevar a cabo inversiones en Activos Residenciales en España, si bien la Sociedad gozará en tal caso de ciertos derechos de inversión tal y como se ha descrito anteriormente.</p> <p>De forma adicional, y durante la vigencia del Contrato de Gestión de Inversiones, la Sociedad se abstendrá de vender, transmitir o arrendar activos o inmuebles a la Sociedad Gestora, salvo que así lo aprobara el Consejo de Administración de la Sociedad.</p> <p>La Sociedad Gestora deberá notificar por escrito a la Sociedad cualquier conflicto de interés existente o potencial que la propia Sociedad Gestora</p>

Sección B—Emisor		
		<p>y/o cualquiera de las Afiliadas de la Sociedad Gestora tuvieran o podrían tener en cada momento, sujeto al cumplimiento de cualquier obligación de confidencialidad que contractualmente obligue a la Sociedad Gestora.</p> <p><i><u>Derechos de co-inversión del Inversor Ancla y de la Sociedad Gestora</u></i></p> <p>De conformidad con los términos del contrato de suscripción celebrado por la Sociedad, la Sociedad Gestora y LVS II LUX XII S.À R.L., esta última como sociedad luxemburguesa de responsabilidad limitada (<i>société à responsabilité limitée</i>) asesorada por Pacific Investment Management Company LLC (PIMCO) como asesor de inversiones (el “<b>Inversor Ancla</b>”) el 12 de febrero de 2014 (el “<b>Contrato de Suscripción del Inversor Ancla</b>”), en tanto en cuanto no tenga lugar ningún Supuesto de Resolución del Contrato del Inversor Ancla (conforme a la definición de dicha expresión prevista en el mismo), la Sociedad, el Inversor Ancla y la Sociedad Gestora dispondrán de los derechos y estarán sujetos a las obligaciones que se detallan a continuación.</p> <p><i><u>Derecho de primera oferta del Inversor Ancla en el caso de ciertas Inversiones en Inmuebles Terciarios comprometidas por la Sociedad</u></i></p> <p>Si la Sociedad tiene la intención de buscar capital social de una o más terceras partes en relación con cualquier Inversión en Inmuebles Terciarios (tal y como se define dicha expresión) que esté siendo considerado por la Sociedad en España (una “<b>Oportunidad de Coinversión en Inmuebles Terciarios</b>”) la Sociedad deberá ofrecer de buena fe al Inversor Ancla o a cualquier inversor perteneciente al Grupo del Inversor Ancla designado por el propio Inversor Ancla (cualquiera de los dos, una “<b>Entidad del Inversor Ancla</b>”) un derecho de primera oferta para participar junto con la Sociedad en dicha inversión, salvo en determinados casos en los que la Oportunidad de Coinversión en Inmuebles Terciarios fuera ofrecida por un tercero a la Sociedad. En relación con cada Oportunidad de Coinversión en Inmuebles Terciarios aplicable (i) la Sociedad ofrecerá a la Entidad del Inversor Ancla la totalidad de la participación en la correspondiente Inversión en Inmuebles Terciarios para la cual la Sociedad está buscando coinversión, y (ii) la Entidad del Inversor Ancla tendrá derecho a participar en la inversión ofrecida por la Sociedad (sin que en ningún caso pueda invertir importe alguno inferior a la participación ofrecida) en la correspondiente Inversión en Inmuebles Terciarios.</p> <p><i><u>Derecho de primera oferta del Inversor Ancla en el caso de determinadas Inversiones en Inmuebles Residenciales comprometidas por la Sociedad Gestora</u></i></p> <p>Con sujeción a ciertas excepciones relativas a la adquisición a Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria (“<b>SAREB</b>”) u ofrecidas por un tercer inversor a la Sociedad Gestora, la Sociedad Gestora deberá ofrecer de buena fe a favor de una Entidad del Inversor Ancla la posibilidad de participar junto con la Sociedad Gestora en cualquier Inversión en Inmuebles Residenciales que hubiera de llevar a cabo la Sociedad Gestora (la “<b>Oportunidad de Coinversión en Inmuebles Residenciales</b>”). En relación con cada Oportunidad de Coinversión en Inmuebles Residenciales (i) la Sociedad Gestora ofrecerá</p>

Sección B—Emisor		
		<p>a la Entidad del Inversor Ancla la participación en dicha inversión que hubiera quedado disponible para la Sociedad Gestora (no para terceros) tras deducir (a) cualquier participación en dicha inversión que la Sociedad aceptara de la Sociedad Gestora y que le hubiera sido ofrecida por esta última de conformidad con los términos del Contrato de Gestión de Inversiones, y (b) cualquier participación en dicha inversión que la Sociedad Gestora decida reservarse para sí misma; y (ii) la Entidad del Inversor Ancla podrá participar en la inversión ofrecida por la Sociedad Gestora (sin que en ningún caso pueda invertir importe alguno inferior a dicha participación ofrecida) en la correspondiente Inversión en Inmuebles Residenciales.</p> <p><i>Obligaciones recíprocas del Inversor Ancla y derecho de primera oferta de la Sociedad Gestora</i></p> <p>El Inversor Ancla ha aceptado no competir, directamente o a través de cualquier miembro del Grupo del Inversor Ancla, con la Sociedad o con la Sociedad Gestora en procesos competitivos (incluyendo ofertas para la venta o tenencia a través de una expresión de interés, sorteos públicos, subastas públicas, peticiones de ofertas para comprar o peticiones para propuestas) en relación con Inversiones en Inmuebles Terciarios e Inversiones en Inmuebles Residenciales en España, pero sí asociarse con ellos, sujeto a ciertas excepciones si el Inversor Ancla cree de buena fe que una coinversión con la Sociedad o la Sociedad Gestora es imposible o desaconsejable.</p> <p>De forma adicional, el Inversor Ancla ha aceptado otorgar a favor de la Sociedad Gestora un derecho de primera oferta para participar conjuntamente con el Inversor Ancla o cualquier Entidad del Inversor Ancla en cualquier oportunidad de coinversión en relación con Inversiones en Inmuebles Terciarios e Inversiones en Inmuebles Residenciales (en cada caso únicamente en aquellos supuestos en los que se previera prestar, en relación con dicha oportunidad, servicios de gestión del tipo dispuesto en el Contrato de Gestión de Inversiones) que estuviera siendo considerada por el Grupo del Inversor Ancla en España (cada una de ellas, una “<b>Oportunidad de Coinversión del Inversor Ancla</b>”). En relación con cada una de las Oportunidad de Coinversión del Inversor Ancla, el Inversor Ancla ofrecerá a la Sociedad Gestora la participación para la que estuviera buscando un co-inversor, con sujeción a ciertas excepciones en aquellos supuestos en que el Inversor Ancla entendiera de buena fe que la participación conjunta con la Sociedad Gestora o la Sociedad (en su caso) en la oportunidad de inversión no es factible o no resulta aconsejable.</p> <p><b>Restricciones regulatorias</b></p> <p>De acuerdo con el Régimen SOCIMI, la Sociedad viene obligada, entre otras cosas, a desarrollar una actividad de arrendamiento de inmuebles y cumplir los siguientes requisitos: (i) invertir al menos el 80% del valor bruto de los activos en inmuebles urbanos o de terrenos para el desarrollo de inmuebles urbanos destinados al arrendamiento, siempre y cuando el desarrollo empiece en los siguientes tres años desde la adquisición, o en acciones de otras SOCIMIs, o entidades extranjeras o filiales con las actividades mencionadas anteriormente con los mismos requisitos de</p>

Sección B—Emisor		
		<p>distribución, y (ii) al menos el 80% de los ingresos anuales netos deben provenir de ingresos de alquiler y de dividendos o ganancias de capital en relación con los activos anteriormente mencionados. A la fecha del presente Folleto, la Sociedad cumple los requisitos de inversión y de distribución de dividendos impuestos por el Régimen SOCIMI español.</p> <p><b><u>Proveedores de servicios del Solicitante</u></b></p> <p><b>El Contrato de Gestión de Inversiones</b></p> <p>De conformidad con el contrato suscrito por la Sociedad, como entidad sujeta a gestión, y la Sociedad Gestora, como sociedad gestora, el 12 de febrero de 2014 (el “<b>Contrato de Gestión de Inversiones</b>”), la Sociedad Gestora ha sido nombrada en régimen de exclusividad para, entre otras responsabilidades: (i) adquirir inmuebles en nombre y por cuenta de la Sociedad utilizando su efectivo y gestionar los inmuebles y los activos relacionados con los inmuebles siguiendo la Estrategia de Inversión y suscribir cualquier acuerdo, contrato, transacción o disposición en relación con la compra, adquisición, tenencia, intercambio, transferencia, venta o enajenación de cualquier inmueble o activo relacionado con los inmuebles en España, estando plenamente facultada para vincular a la Sociedad en relación con lo anterior así como para delegar sus facultades; (ii) prestar u obtener la prestación de los servicios de contabilidad, administración, registro, información y comunicación (incluyendo la asistencia y colaboración con la Sociedad para cumplir con sus obligaciones informativas ante la CNMV), el mantenimiento de registros y otros servicios a la Sociedad ya que la Sociedad podrá razonablemente requerir en cada momento, sin limitación, la preparación y presentación a la Sociedad de un informe de revisión en las reuniones periódicas del Consejo de Administración; (iii) actuar como el agente de la Sociedad en el desarrollo de los servicios regulados en el Contrato de Gestión de Inversiones y desarrollar las relaciones contractuales previstas en el mismo (sujeto a ciertas materias reservadas descritas en el Folleto); (iv) llevar a cabo todas las acciones requeridas para que la Sociedad Gestora proporcione los servicios de gestión de acuerdo con el Contrato de Gestión de Inversiones; y (v) estructurar todas las inversiones de manera que permita a la Sociedad cumplir con los requisitos del Régimen SOCIMI.</p> <p><b><u>Comisiones de gestión</u></b></p> <p>De conformidad con el Contrato de Gestión de Inversiones, la Sociedad Gestora tiene derecho a percibir una comisión fija (la “<b>Comisión Fija</b>”) y una comisión variable (la “<b>Comisión Variable</b>”) en la medida en que esta última pudiera devengarse en los términos del Contrato de Gestión de Inversiones. La Sociedad Gestora también tiene derecho a percibir comisiones adicionales que serán acordadas con la Sociedad en relación con la prestación de cualquier servicio adicional pactado. En la medida en que dichos servicios fueran facilitados en relación con cualesquiera activos participados conjuntamente por la Sociedad y terceros, la Sociedad únicamente será responsable del pago de los importes correspondientes a prorrata de su participación. Las comisiones que resultaran vencidas y exigibles a favor de la Sociedad Gestora no estarán sujetas a reducción o devolución por cualquier caída posterior que pudiera</p>



Sección B—Emisor		
		<p>sufrir el valor neto patrimonial de la Sociedad ajustado a efectos de incluir cualesquiera inmuebles y otras inversiones por su valor razonable y al objeto de excluir determinadas partidas que no hubieran de esperarse que se materializaran en una actividad de inversión inmobiliaria a largo plazo de conformidad con los criterios publicados por la <i>European Public Real Estate Association</i> (únicamente en su versión de agosto de 2011, salvo acuerdo en otro sentido entre la Sociedad y la Sociedad Gestora) (“<b>EPRA NAV</b>”).</p> <p>El pago de la Comisión Variable dependerá de que el resultado de la Sociedad supere un umbral determinado y también estará sujeto a que se declare una cota máxima previa anual, en cada caso conforme se describe con mayor detalle a continuación.</p> <p>La Comisión Fija para el periodo de once meses y catorce días terminado el 31 de diciembre de 2014 ascendió a 2.083 miles de euros. La Comisión Variable para el periodo de tres meses terminado el 31 de marzo de 2015 ascendió a 1.001 miles de euros. No se pagó Comisión Variable en los periodos antes mencionados.</p> <p><i>Comisión Fija y gastos</i></p> <p>La Comisión Fija es satisfecha a la Sociedad Gestora a mes vencido al contado. La Comisión Fija de cada mes se calcula tomando como referencia el 1,25% anual del EPRA NAV (excluyendo tesorería neta (tesorería menos deuda)) al 31 de diciembre anterior. Se ha tomado como EPRA NAV a 31 de diciembre de 2013 un importe igual a los ingresos netos derivados de la oferta pública inicial de la Sociedad (el “<b>EPRA NAV Inicial</b>”). El EPRA NAV a 31 de diciembre de 2014 ha sido de €389.962.000.</p> <p><i>Comisión Variable</i></p> <p>La Comisión Variable ha sido diseñada para incentivar y retribuir a la Sociedad Gestora por la generación de valor para los Accionistas de la Sociedad. El retorno de los Accionistas para un año concreto será equivalente a la suma de (a) la variación en el EPRA NAV de la Sociedad durante dicho año menos los ingresos netos de cualquier emisión de Acciones Ordinarias durante dicho año y (b) los dividendos (o cualquier otra forma de remuneración o distribución a los Accionistas) totales pagados en dicho año (el resultado de sumar (a) y (b), el “<b>Retorno del Accionista</b>”). La “<b>Rentabilidad del Accionista</b>” es igual al Retorno del Accionista para un año determinado dividido entre el EPRA NAV de la Sociedad a 31 de diciembre del año inmediatamente anterior.</p> <p>La “Correspondiente Marca de Referencia” en cualquier momento será la mayor entre (i) el EPRA NAV Inicial, y (ii) el EPRA NAV a 31 de diciembre (ajustado para incluir el total de los dividendos pagados durante ese año y excluir los ingresos netos de cualquier emisión de Acciones Ordinarias durante ese año) del año más próximo en el que se pagó la Comisión Variable.</p> <p>La Comisión Variable será pagadera en un año determinado si se alcanzan</p>

Sección B—Emisor		
		<p>dos barreras clave:</p> <p>(a) La Rentabilidad del Accionista supere el 10% (la cantidad en euros por la que el Retorno del Accionista para ese año supere el Retorno del Accionista que habría producido un 10% de Rentabilidad del Accionista se denominará el “<b>Exceso del Retorno del Accionista</b>” y la parte de la Rentabilidad del Accionista que supere el 10% se denominará el “<b>Exceso de la Rentabilidad del Accionista</b>”); y</p> <p>(b) La suma de (A) el EPRA NAV de la Sociedad a 31 de diciembre de cada año y (B) el total de dividendos (o cualquier otra forma de remuneración o distribución a los Accionistas) que se hubieran satisfecho en dicho año o en cualquier año anterior desde el año más reciente en el que se pagó la Comisión Variable supere la Correspondiente Marca de Referencia (la cantidad que dicha suma supere la Correspondiente Marca de Referencia se denominará “<b>Exceso de la Marca de Referencia</b>”).</p> <p>Si las dos barreras anteriormente descritas se alcanzan, la Comisión Variable en relación con dicho año será un “<i>promote</i>” igual al inferior entre (x) el 20% del “Exceso del Retorno del Accionista” y (y) el 20% del Exceso de la Marca de Referencia (el “<i>Promote</i>”).</p> <p>Además, en un año en el que la Comisión Variable sea pagadera y esté basada en el Exceso de Retorno del Accionista, la Comisión Variable también incluirá un “<i>promote equalization</i>” (el “<b>Promote Equalization</b>”), una vez se haya alcanzado una Rentabilidad del Accionista del 12%, y solo aplicará hasta que la Rentabilidad del Accionista alcance un 22%. . El <i>Promote Equalization</i> permite a la Sociedad Gestora recibir un 20% adicional del Exceso de Retorno del Accionista que refleja una Rentabilidad del Accionista de entre 12% y 22%. Por encima del 22% solo será siendo aplicable el <i>Promote</i>. El <i>Promote Equalization</i> pretende otorgar a la Sociedad Gestora la posibilidad de obtener comisiones hasta un máximo equivalente al 20% en el primer 10% del Retorno del Accionista en dicho año, que de otro modo no sería pagadero.</p> <p>La Comisión Variable se calcula anualmente el 31 de diciembre de cada ejercicio fiscal, expresada en euros. Sujeto a ciertas excepciones limitadas, la Comisión Variable se pagará en efectivo y la Sociedad Gestora deberá usar dicho efectivo (después de deducirse el Impuesto de Sociedades y cualquier otro impuesto que sea aplicable) para suscribir o adquirir Acciones Ordinarias (las “<b>Acciones de la Comisión Variable</b>”). El pago antes mencionado no será ingresos netos de cualquier emisión de Acciones Ordinarias a los efectos de calcular el Retorno del Accionista. Sujeto a ciertas excepciones habituales, las Acciones de la Comisión Variable estarán sujetas a un periodo de “<i>lock-up</i>” de tres años.</p> <p><b>Servicios de Auditoría</b></p> <p>Deloitte, S.L. (“<b>Deloitte</b>”) es la sociedad responsable de la prestación de servicios de auditoría a la Sociedad y sus filiales. Los estados financieros consolidados y auditados de la Sociedad se elaboran de conformidad con las Normas Internacionales de Información Financiera adoptadas por la</p>

Sección B—Emisor		
		<p>Unión Europea (“NIIF-EU”).</p> <p>Los honorarios de auditoría a percibir por Deloitte son objeto de negociación anual y figuran en las cartas de compromiso anuales de Deloitte.</p> <p><b>Tasaciones inmobiliarias</b></p> <p>Los activos inmobiliarios de la Sociedad son objeto de tasación (i) a 30 de junio de cada año, a través del procedimiento externo conocido como “desktop valuation” (esto es, a través de una tasación de alcance limitado en la que no se lleva a cabo inspección física alguna del inmueble y que tiene como objeto actualizar la tasación realizada por referencia al 31 de diciembre anterior e incorporar cualesquiera cambios significativos que podrían haber tenido lugar en las condiciones de mercado y/o otros cambios propios de los activos en cuestión (esto es, arrendamientos, inversiones de capital o la existencia de cargas o pasivos legales)) y (ii) a 31 de diciembre de cada año, mediante una tasación con acceso a los inmuebles, en ambos casos realizada a través de una sociedad de tasación debidamente acreditada por RICS (<i>Royal Institution of Chartered Surveyors</i>) y nombrada por el Comité de Control y Auditoría. La primera tasación externa se realizó el 31 de diciembre de 2014. Las tasaciones de los activos inmobiliarios de la Sociedad se realizan de conformidad con los apartados correspondientes del Libro Rojo de RICS en su forma vigente a la fecha de la tasación en cuestión. Dicho instrumento contiene una serie de criterios y principios aceptados internacionalmente como base para la realización de tasaciones inmobiliarias.</p> <p>La Sociedad ha contratado los servicios de Cushman &amp; Wakefield y los de Jones Lang LaSalle como sociedades de tasación acreditadas conforme a los estándares de RICS, al objeto de proceder a la tasación de los activos integrantes de la Cartera.</p> <p><b>Servicios de Gestión Inmobiliaria (<i>Property Management and On-Site Services</i>)</b></p> <p>La Sociedad y Gentalia han suscrito un contrato marco de prestación de servicios de gestión inmobiliaria el pasado 9 de julio de 2014 a efectos de establecer los términos y condiciones que han de regir la prestación de tales servicios por parte de Gentalia en el caso de los centros comerciales adquiridos por la Sociedad, así como un contrato marco de gestión <i>on-site</i>, de fecha 22 de septiembre de 2014, que rige la prestación de los servicios propios del día a día a favor de los centros comerciales adquiridos por la Sociedad.</p> <p>La Sociedad Gestora dispone a esta fecha de una participación del 66,6% en Gentalia.</p> <p><b>Banco Agente</b></p> <p>La Sociedad ha contratado los servicios de Banco Santander, S.A. al objeto de actuar como banco agente en la Oferta.</p>
<b>B.4a</b>	Descripción de las	Los efectos que han tenido la crisis de crédito internacional, la crisis de

Sección B—Emisor		
	<p>tendencias recientes más significativas que afecten al emisor y a los sectores en los que ejerce su actividad:</p>	<p>deuda soberana europea y la crisis económica que afecta a España desde el año 2007 sobre el mercado inmobiliario español han sido considerables, dando lugar a una fuerte caída cíclica y a un reajuste estructural de precios de los activos inmobiliarios. Desde los máximos del año 2007, el mercado español de activos inmobiliarios terciarios ha experimentado una fuerte corrección sobre los valores a esa fecha, con caídas de aproximadamente un 41,6% en el sector industrial, un 31,9% en el sector de oficinas y un 31,2% en locales comerciales, todo ello para el período comprendido entre 2007 y 2014 (Fuente: Datastream, mayo de 2015). El alquiler también ha sufrido un duro ajuste desde el año 2007. La precio medio en alquiler del metro cuadrado de oficinas en Madrid y Barcelona ha disminuido en un 27,8% y en un 28,0% en el caso de los activos ubicados en las principales zonas de negocio (<i>central business districts</i> o CBDs), respectivamente, entre el primer trimestre de 2007 y el primer trimestre de 2015. El ajuste de precio ha sido incluso más acusado en el caso de los centros comerciales, tomando como referencia los precios de 2007, al caer el precio medio en alquiler del metro cuadrado para el caso de un centro comercial <i>premium</i> ubicado en Madrid o en Barcelona en, respectivamente, un 66,2% y un 60,6%, comparando los precios entre el primer trimestre de 2007 y el primer trimestre de 2015 (Fuente: Cushman &amp; Wakefield European Marketbeat Snapshots, Knight Frank Comercial Property Outlook, Primer Trimestre 2015; Knight Frank European Market Indicator, otoño de 2007).</p> <p>La actividad en el mercado de operaciones inmobiliarias se ha visto también negativamente afectada, con carácter material, por la recesión económica, lo que ha supuesto una fuerte caída del volumen de inversión en terciario, al pasar de unas cifras de casi diez mil millones de euros en 2007 a aproximadamente dos mil millones de euros en 2011 y 2012, a dos mil trescientos millones de euros en 2013 y a una recuperación parcial representada por una inversión de algo más de seis mil quinientos millones de euros en 2014 (Fuente: Savills World Research European Commercial, febrero de 2015). Desde el inicio de la crisis de crédito a mediados de 2007, el número de entidades bancarias dispuestas a financiar la adquisición de inmuebles terciarios en España ha caído sustancialmente y dicha caída, acompañada de un endurecimiento de los criterios para la concesión de nuevos préstamos por parte de las entidades financieras, se ha traducido en una contracción significativa de los niveles de deuda disponibles para financiar inversiones en activos inmobiliarios hasta 2014.</p> <p>Entre 2008 y 2013, el mercado inmobiliario terciario español se contrajo en términos de volumen, hasta el punto que la actividad se redujo a un pequeño número de operaciones relativamente menores cada año, dejando de existir un mercado de inversión realmente funcional. Esta tendencia negativa se ha invertido a partir de 2014. La falta de operaciones durante el período 2008-2013 se debió a diversos factores incluyendo un exceso de oferta, la ausencia de financiación bancaria y el desapalancamiento de la banca extranjera y nacional. Otro factor clave fue el hecho de que el mercado español de inversión en activos inmobiliarios terciarios ha estado tradicionalmente dominado por actores nacionales quienes, al inicio de la crisis de crédito, se encontraron en cartera con una serie de inversiones inmobiliarias altamente apalancadas con sindicatos de acreedores.</p>

Sección B—Emisor		
		<p>Conforme se reducía el valor de los activos, el valor patrimonial (<i>equity value</i>) de un gran número de dichas inversiones se esfumó, lo que derivó en unos ratios de apalancamiento insostenibles y en consecuencia dejó a los proveedores de deuda con una exposición significativa a préstamos de dudoso cobro o deteriorados garantizados, a su vez, con dichos activos inmobiliarios. En última instancia esta situación derivó en la transmisión a SAREB de una parte significativa del riesgo inmobiliario al que estaba sujeto el sistema bancario español.</p>
<b>B.5</b>	Descripción del grupo:	<p>A la fecha del presente Folleto la Sociedad participa en las siguientes sociedades: Lar España Inversión Logística, S.A.U. (100%), Lar España Shopping Centres, S.A.U. (100%), Lar España Parque de Medianas, S.A.U. (100%), Lar España Offices, S.A.U. (100%), Global Brisulia, S.L.U. (100%), Global Noctua, S.L.U. (100%), Global Zohar, S.L.U. (100%), Global Meji, S.L.U. (100%), Global Tannenberg, S.L.U. (100%), Lavernia Investments, S.L. (50%), Inmobiliaria Juan Bravo 3, S.L. (50%), Puerta Marítima Ondara, S.L. (58.78%), Riverton Gestión, S.L.U. (100%), El Rosal Retail, S.L.U. (100%), Global Morello, S.L.U. (100%) y Global Regimonte, S.L.U. (100%).</p> <p>En la actualidad la Sociedad está llevando a cabo una reestructuración de su estructura societaria que implica llevar a cabo una serie de acciones societarias necesarias para que ciertos activos inmobiliarios que a fecha de este Folleto cuelgan directamente de la Sociedad, pasen a depender de filiales que sean propiedad al 100% de la Sociedad una vez realizada la reestructuración (el proceso de “<b>Filialización</b>”).</p>
<b>B.6</b>	Accionistas principales:	<p>Según la información más reciente disponible en la CNMV, Franklin Templeton Institutional, LLC, PIMCO Bravo II Fund, L.P., Bestinver Gestión, S.A., S.G.I.I.C., Ameriprise Financial, Inc., Cohen &amp; Steers, Inc. y la Sociedad Gestora ostentaban unos porcentajes del 15,072%, 12,491%, 4,184%, 3,747%, 3,387% y 3,000%, respectivamente, del capital social de la Sociedad en el momento inmediatamente anterior a la Oferta.</p> <p>La Sociedad no tiene constancia de ninguna persona que, directa o indirectamente, conjuntamente o por separado, ejercite o puede ejercitar el control sobre la Sociedad a la fecha del presente Folleto.</p>
<b>B.7</b>	Información financiera fundamental histórica:	<p><i>Las referencias al “ejercicio cerrado el 31 de diciembre de 2014” se refieren al período de 11 meses y 14 días finalizado el 31 de diciembre de 2014.</i></p> <p><i>La Sociedad fue constituida el 17 de enero de 2014 y adquirió la mayoría de los inmuebles que conforman su Cartera a esta fecha después del 30 de junio de 2014. En particular, la Sociedad ha realizado diversas adquisiciones significativas en el ejercicio 2015, incluyendo después del 31 de marzo de 2015 (siendo esta última la fecha de referencia de los últimos estados financieros disponibles). En consecuencia, la Sociedad dispone de un historial muy limitado con sus actuales activos y pasivos e información histórica consolidada y representativa igualmente limitada sobre la que el inversor pueda valorar el negocio, la situación financiera, el resultado de sus operaciones y las perspectivas de la Sociedad.</i></p>

## Sección B—Emisor

*La información financiera recogida o incorporada por referencia la presente Folleto no pretende cumplir los requisitos en materia de información que exige la Comisión Estadounidense de Valores (U.S. Securities and Exchange Commission). El cumplimiento de dichos requisitos generalmente exigiría la presentación de información financiera pro forma que reflejara el efecto de determinadas adquisiciones significativas realizadas por la Sociedad desde la fecha de su constitución.*

### Estado de situación financiera consolidada

	A 31 de diciembre de 2014 (en miles de €)	A 31 de marzo de 2015 (cifras no auditadas y expresadas en miles de €)
<b>ACTIVO NO CORRIENTE</b>	<b>379.922</b>	<b>432.105</b>
Inversiones inmobiliarias	357.994	358.250
Participadas (conforme al método de puesta en equivalencia)	18.087	20.214
Préstamos a entidades participadas conforme al método de puesta en equivalencia	-	50.000
Activos financieros no corrientes	3.841	3.641
<b>ACTIVO CORRIENTE</b>	<b>57.233</b>	<b>175.447</b>
Existencias	2.843	2.843
Deudores comerciales y otras cuentas por cobrar	1.970	1.694
Otros activos financieros corrientes	32.032	6.995
Otros activos corrientes	136	6.441
Tesorería y equivalentes de tesorería	20.252	157.474
<b>Total Activo</b>	<b>437.155</b>	<b>607.552</b>
<b>FONDOS PROPIOS</b>	<b>389.493</b>	<b>394.621</b>
Capital suscrito	80.060	80.060
Prima de emisión	320.000	320.000
Otras reservas	(9.185)	(5.642)
Beneficios no distribuidos	3.456	3.818
Acciones propias	(4.838)	(3.615)
<b>PASIVO NO CORRIENTE</b>	<b>42.809</b>	<b>201.066</b>
Pasivos financieros derivados de la emisión de obligaciones y otros valores negociables	-	138.098
Préstamos y empréstitos	37.666	57.514
Otros pasivos no corrientes	5.143	5.454
<b>PASIVO CORRIENTE</b>	<b>4.853</b>	<b>11.865</b>
Pasivos financieros derivados de la emisión de obligaciones y otros valores negociables	-	445
Préstamos y empréstitos	156	5.155
Otros pasivos financieros	-	1.665
Acreedores comerciales y otras cuentas a pagar	4.697	4.600
<b>Total Fondos Propios y Pasivos</b>	<b>437.155</b>	<b>607.552</b>

### Cuenta de pérdidas y ganancias consolidada

Sección B—Emisor			
	A 31 de diciembre de 2014 (en miles de €)	Para el período de 3 meses cerrado el 31 de marzo de 2015 (cifras no auditadas y expresadas en miles de €)	
<b>Ingresos</b>	<b>8.606</b>	<b>6.471</b>	
Otros ingresos de explotación	217	130	
Gastos de personal	(108)	(93)	
Otros gastos de explotación	(7.231)	(2.541)	
Variación en el valor razonable de las inversiones inmobiliarias	442	-	
<b>RESULTADO DE LAS OPERACIONES</b>	<b>1.926</b>	<b>3.967</b>	
Ingresos financieros	2.391	198	
Gastos financieros	(519)	(824)	
Participación en beneficios / (pérdidas) del período de sociedades puestas en equivalencia	(342)	477	
<b>RESULTADO ANTES DE IMPUESTOS PROCEDENTE DE OPERACIONES CONTINUADAS</b>	<b>3.456</b>	<b>3.818</b>	
<b>RESULTADO DE OPERACIONES CONTINUADAS</b>	<b>3.456</b>	<b>3.818</b>	
Gasto por Impuesto de Sociedades	-	-	
<b>RESULTADO DEL EJERCICIO</b>	<b>3.456</b>	<b>3.818</b>	
<b>RESULTADO BÁSICO POR ACCIÓN (en €)</b>	0,09	0,10	
<b>RESULTADO DILUÍDO POR ACCIÓN (en €)</b>	0,09	0,10	
<b>Estado de flujos de caja consolidado</b>			
	A 31 de diciembre de 2014 (en miles de €)	Para el período de 3 meses cerrado el 31 de marzo de 2015 (cifras no auditadas y expresadas en miles de €)	
Resultado del ejercicio	3.456	3.818	
<b>Ajustes por:</b>	<b>(1.810)</b>	<b>31</b>	
Ganancia / (pérdida) derivada de ajustes al valor razonable de las inversiones inmobiliarias	(442)	-	
Ingresos financieros	(2.391)	(198)	
Gastos financieros	519	824	
Participación en beneficios / (pérdidas) del período de sociedades puestas en equivalencia	342	(477)	

Sección B—Emisor				
		Deterioro <b>Variaciones en el capital corriente</b> Existencias Deudores comerciales y otras cuentas por cobrar Acreedores comerciales y otras cuentas a pagar Otros activos corrientes Otros pasivos corrientes Otros activos y pasivos no corrientes <b>Otros flujos de efectivo derivados de actividades de explotación</b> Cobros de intereses Pagos de intereses <b>FLUJOS DE EFECTIVO DERIVADOS DE ACTIVIDADES DE EXPLOTACIÓN</b>	162 <b>(414)</b> (2.843) (2.132) 4.697 (136) - - <b>1.575</b> 2.094 (519) <b>2.807</b>	(118) <b>(4.032)</b> - 394 (79) (6.305) 1.647 311 (539) 198 (737) <b>(722)</b>
		Adquisición de participaciones en entidades en régimen de puesta en equivalencia Adquisición de inversiones inmobiliarias Adquisición de activos financieros <b>FLUJOS DE EFECTIVO DE LAS ACTIVIDADES DE INVERSIÓN</b>	(18.429) (357.552) (35.576) <b>(411.557)</b>	(1.650) (256) (24.763) <b>(26.669)</b>
		Emisión de instrumentos de patrimonio Cobros y pagos por acciones propias e instrumentos de patrimonio Cobros por instrumentos de pasivo financiero derivados de la emisión de obligaciones u otros valores negociables Pagos por instrumentos de pasivo financiero derivados de la emisión de obligaciones u otros valores negociables Deudas con entidades de crédito Otros pasivos no corrientes <b>FLUJOS DE EFECTIVO DE LAS ACTIVIDADES DE FINANCIACIÓN</b>	390.879 (4.842) - - 37.822 5.143 <b>429.002</b>	- 1.223 140.000 (1.457) 24.847 - <b>164.613</b>
		<b>AUMENTO/DISMINUCIÓN NETA DEL EFECTIVO Y EQUIVALENTES</b>	<b>20.252</b>	<b>137.222</b>
		<b>Efectivo y equivalentes</b> Efectivo y equivalentes al comienzo del ejercicio Efectivo y equivalentes al final del ejercicio	 20.252 20.252	 20.252 157.474
<b>B.8</b>	Información financiera seleccionada pro forma:	No aplicable. El presente Folleto no incluye información financiera pro forma.		



<b>Sección B—Emisor</b>		
<b>B.9</b>	Estimación de beneficios:	No aplicable. El presente Folleto no incluye estimaciones ni previsiones de beneficios.
<b>B.10</b>	Descripción de la naturaleza de cualquier salvedad en el informe de auditoría sobre la información financiera histórica:	Los estados financieros históricos consolidados y auditados de la Sociedad correspondientes al período de once meses y catorce días cerrado el 31 de diciembre de 2014 han sido elaborados de conformidad con las NIIF-UE. Los auditores han emitido un informe de valoración sin salvedades en el que se establece que los estados financieros históricos consolidados y auditados reflejan en todos los aspectos significativos, la imagen fiel del patrimonio neto consolidado y la posición financiera consolidada, los resultados consolidados y el estado de flujos consolidados de la Sociedad para el periodo de once meses y catorce días cerrado el 31 de diciembre de 2014.
<b>B.11</b>	Capital de explotación:	No aplicable. La Sociedad opina, considerando los Estados Financieros Consolidados y los Ingresos Netos que recibirá la Sociedad a resultados de la Oferta, que el capital circulante disponible por la Sociedad es suficiente para cubrir sus necesidades actuales y, en particular, para al menos los próximos 12 meses desde la fecha del presente Folleto.

<b>Sección C - Valores</b>		
<b>C.1</b>	Descripción del tipo y de la clase de valores ofertados y/o admitidos a cotización	<p>Nuevas Acciones Ordinarias, con un valor nominal de €2,00 cada una de ellas.</p> <p>El código ISIN que ha sido asignado a las Acciones Ordinarias Existentes es el ES0105015012. Las Nuevas Acciones Ordinarias recibirán un código ISIN provisional, el cual será reemplazado por el código ISIN de las Acciones Ordinarias Existentes en el momento de la Admisión. Todas las Acciones Ordinarias son de la misma clase, sin que en la actualidad la Sociedad tenga ninguna otra clase de acciones.</p>
<b>C.2</b>	Divisa de la emisión de los valores:	Las Acciones Ordinarias están denominadas en euros.
<b>C.3</b>	Número de acciones emitidas:	La Oferta consistirá en un total de hasta 19.967.756 Nuevas Acciones Ordinarias con un Precio de Suscripción de €6,75 por cada Nueva Acción Ordinaria. La Sociedad prevé que las Nuevas Acciones Ordinarias emitidas en la Oferta comiencen a negociarse en las Bolsas españolas alrededor del 10 de agosto de 2015 o en fechas cercanas. La Sociedad comunicará cualquier modificación significativa que pudiera sufrir la Oferta mediante la publicación del correspondiente hecho relevante.
<b>C.4</b>	Derechos vinculados a los valores:	<p>Una vez emitidas, las Nuevas Acciones Emitidas gozarán del mismo rango (<i>pari passu</i>) que las Acciones Ordinarias Existentes, incluso respecto del derecho a percibir los dividendos aprobados por la Junta tras la fecha en la que la titularidad de dichas Nuevas Acciones Ordinarias fuera anotada en el registro de Iberclear lo que, de conformidad con el calendario previsto, se espera tenga lugar el 7 de agosto de 2015.</p> <p>Las Acciones Ordinarias confieren a sus titulares los derechos recogidos en los Estatutos Sociales y en la legislación mercantil española tales,</p>

Sección C - Valores		
		como, entre otros, (i) el derecho de asistencia a las juntas de la Sociedad, así como el derecho a intervenir y votar en las mismas, (ii) el derecho a percibir dividendos en proporción al capital social desembolsado en la Sociedad, (iii) el derecho de suscripción preferente en la emisión de nuevas Acciones Ordinarias con ocasión de cualquier aumento de capital con cargo a aportaciones dinerarias, y (iv) el derecho a recibir los activos que resten en proporción a la participación del accionista en el capital social en caso de liquidación de la Sociedad.
C.5	Descripción de cualquier restricción a la libre transmisibilidad de los valores:	<p>De conformidad con la legislación española, la Sociedad no puede imponer restricciones en sus Estatutos Sociales a la libre transmisibilidad de sus Acciones Ordinarias. No obstante, los Estatutos Sociales incluyen obligaciones de indemnización a cargo de los Accionistas Significativos a favor de la Sociedad que han sido diseñadas para desincentivar la posibilidad de que haya que abonar un dividendo a un Accionista Significativos. Para el caso en que la Sociedad abonara cualquier dividendo a favor de un Accionistas Significativos, la Sociedad podrá deducirse, del importe a abonar a dicho accionista, un importe equivalente a los costes fiscales incurridos por la Sociedad como consecuencia del pago de dicho dividendo.</p> <p>De forma adicional los Estatutos Sociales recogen ciertas obligaciones de información aplicables en el caso de aquellos Accionistas o titulares últimos de Acciones Ordinarias que estuvieran sujetos a cualquier régimen jurídico especial aplicable a fondos de pensiones o planes de prestaciones (tales como ERISA). Asimismo, y de conformidad con los Estatutos Sociales, la Sociedad podrá adoptar cualesquiera medidas que entienda convenientes a efectos de evitar cualesquiera efectos adversos para la Sociedad o para sus Accionistas derivados de la aplicación de leyes y disposiciones relativas a fondos de pensiones o planes de prestaciones (en particular, ERISA). El objeto de dichas previsiones es dotar a la Sociedad de la capacidad de minimizar el riesgo que los Inversores Beneficiarios de un Plan (<i>Benefit Plan Investors</i>) (u otros inversores similares) lleguen a alcanzar una participación del 25% o superior en cualquiera instrumentos de patrimonio de la Sociedad.</p> <p>La adquisición, ejercicio y tenencia de Derechos de Suscripción Preferente y Acciones Ordinarias por parte de cualquier inversor pudiera igualmente verse afectada por la legislación o normativa de su propia jurisdicción, la cual pudiera incluir restricciones a la libre transmisibilidad de dichos valores. El inversor deberá consultar a sus propios asesores con carácter previo a la formalización de cualquier inversión en los Derechos de Suscripción Preferente o en las Acciones Ordinarias.</p> <p>Adicionalmente, la Sociedad y la Sociedad Gestora han asumido ciertos compromisos de “lock-up” o inmovilización de acciones conforme se describen en la Sección E-5 posterior.</p>

Sección C - Valores		
C.6	Admisión a cotización en mercado regulado:	Las Acciones Ordinarias Existentes de la Sociedad cotizan en el Sistema de Interconexión Bursátil o Mercado Continuo de las Bolsas de Valores españolas con el símbolo “LRE”. Se solicitará la admisión a negociación de las Nuevas Acciones Ordinarias de la Sociedad en las Bolsas de Valores españolas, así como su incorporación al Sistema de Interconexión Bursátil (Mercado Continuo).
C.7	Política de dividendos:	<p>La Sociedad tiene intención de mantener una política de dividendos que tenga debidamente en cuenta unos niveles sostenibles de distribución de los mismos, y que refleje su previsión futura de obtención de beneficios recurrentes y sostenibles. La Sociedad no constituirá reservas que no puedan ser distribuidas a sus Accionistas, salvo aquellas exigidas por ley. La Sociedad procederá a la distribución de dividendos cuando su Consejo de Administración así lo considere oportuno. No obstante, y de conformidad con el Régimen SOCIMI, la Sociedad estará obligada a adoptar acuerdos de distribución del beneficio obtenido en el ejercicio, una vez atendido cualquier requisito al respecto previsto en la Ley de Sociedades de Capital, a favor de sus accionistas, debiendo acordar su distribución con carácter anual dentro de los seis meses posteriores al cierre de cada ejercicio, en los siguientes términos: (i) al menos el 50% de los beneficios derivados de la transmisión de inmuebles y acciones o participaciones en “<b>Filiales Cualificadas</b>” (<i>Qualifying Subsidiaries</i>, entendiéndose por tales (1) SOCIMIs españolas, (2) entidades extranjeras de régimen, objeto social y política de distribución de dividendos similar a la de una SOCIMI española, y (3) entidades españolas y extranjeras cuyo principal objeto social consista en la inversión en inmuebles para el desarrollo de actividades de alquiler y que estén sujetas al mismo régimen de distribución de dividendos y en materia de inversión e ingresos que el previsto en el Régimen SOCIMI, cuyo capital social perteneciera íntegramente a otras SOCIMIs o entidades extranjeras de régimen similar y que no mantuvieran participación alguna en otras sociedades) o en instituciones de inversión colectiva inmobiliaria, en el bien entendido que los beneficios restantes habrán de ser reinvertidos en otros activos inmobiliarios o participaciones en un plazo máximo de tres años desde la fecha de transmisión. En su defecto, dichos beneficios deberán distribuirse en su totalidad como dividendos una vez transcurrido dicho período; (ii) el 100% de los beneficios obtenidos por recepción de los dividendos satisfechos por Filiales Cualificadas o instituciones de inversión colectiva inmobiliarias; (iii) al menos el 80% del resto de cualesquiera otros beneficios obtenidos (i.e., beneficios que se correspondan con rentas procedentes de actividades accesorias). Si el acuerdo de distribución de beneficios no fuera adoptado en el plazo legalmente establecido, la Sociedad perderá su condición de SOCIMI respecto del ejercicio al que correspondieran los dividendos.</p> <p>De conformidad con los Estatutos Sociales, todo Accionista viene obligado a notificar al Consejo de Administración de la Sociedad cualquier adquisición de Acciones Ordinarias que conlleve que dicho Accionista alcance una participación en el capital social de la Sociedad igual o superior al 5% de dicho capital social. Para el caso en que la Sociedad abonara cualquier dividendo a favor de un Accionista Significativo, la Sociedad podrá deducirse, del importe a abonar a dicho accionista, un importe equivalente a los costes fiscales incurridos por la</p>

Sección C - Valores		
		<p>Sociedad como consecuencia del abono de dicho dividendo.</p> <p>En cumplimiento de los requisitos de distribución de dividendos previstos en el Régimen SOCIMI, la junta general ordinaria de accionistas de la Sociedad celebrada el 28 de abril de 2015 ha aprobado la distribución de un dividendo de €0,03345628 por Acción Ordinaria Existente, el cual ha sido satisfecho a los Accionistas el 28 de mayo de 2015 de conformidad con lo dispuesto en los Estatutos Sociales.</p>

Sección D—Riesgos		
<b>D.1</b>	Información fundamental sobre los principales riesgos específicos del emisor o de su sector de actividad:	<p>Antes de invertir en las Nuevas Acciones Ordinarias, los posibles inversores debieran considerar los riesgos asociados a dicha inversión.</p> <p><b><u>RIESGOS INHERENTES A LA INVERSIÓN EN UNA SOCIEDAD DE NUEVA CONSTITUCIÓN</u></b></p> <ul style="list-style-type: none"> <li>— Un historial operativo limitado así como la estructura de gestión de la Sociedad contribuyen a la complejidad de una inversión en la misma y, en consecuencia, en las Nuevas Acciones Ordinarias y en los Derechos de Suscripción Preferente sobre las mismas.</li> <li>— La Sociedad dispone de información financiera limitada, de forma que los posibles inversores tendrán información limitada a efectos de valorar las posibilidades de la Sociedad y las ventajas de una inversión en la misma.</li> </ul> <p><b><u>RIESGOS RELATIVOS A LA ESTRUCTURA DE GESTIÓN DE LA SOCIEDAD Y AL CONTRATO DE GESTIÓN DE INVERSIONES</u></b></p> <ul style="list-style-type: none"> <li>— La Sociedad depende del resultado de la gestión de la Sociedad Gestora así como de la experiencia del Equipo Gestor.</li> <li>— La Sociedad ha suscrito un Contrato de Gestión de Inversiones por el cual las funciones que normalmente realiza el Consejo de Administración u otros órganos societarios de las sociedades cotizadas serán realizadas por la Sociedad Gestora, salvo en aquellos casos en los que dichas funciones hubieran de entenderse expresamente reservadas a la aprobación del Consejo de Administración.</li> <li>— Las medidas adoptadas por la Sociedad Gestora podría perjudicar a la Sociedad, y la Sociedad pudiera no ser capaz de resolver el Contrato de Gestión de Inversiones a su discreción.</li> <li>— Las rentabilidades históricas obtenidas por el Equipo Gestor y por la Sociedad Gestora no constituyen una garantía sobre las actividades o resultados futuros de la Sociedad.</li> <li>— La Sociedad Gestora pudiera ser incapaz de retener a las Personas Clave o de identificar a candidatos adecuados que puedan sustituirlas.</li> </ul>

Sección D—Riesgos		
		<ul style="list-style-type: none"> <li>— Podrían surgir circunstancias en las que los intereses de la Sociedad Gestora entraran en conflicto con los de la Sociedad.</li> <li>— Los miembros del Equipo Gestor podrían incurrir en conflictos de interés a la hora de distribuir su tiempo y actividad entre la Sociedad y la Sociedad Gestora.</li> <li>— El cálculo de la retribución prevista a favor de la Sociedad Gestora está basado en valoraciones netas actuales (EPRA NAV), de forma que la volatilidad de los precios de los inmuebles pudiera derivar en un derecho de la Sociedad Gestora a percibir mayores importes en anticipación de una cota cíclica del mercado.</li> <li>— Los acuerdos entre la Sociedad y la Sociedad Gestora fueron negociados en el contexto de una relación entre partes vinculadas, y podrían incluir términos y condiciones menos favorables a la Sociedad que los que podrían haberse obtenido si las negociaciones hubieran sido con partes no vinculadas.</li> </ul> <p><b><u>RIESGOS DERIVADOS DE LA ACTIVIDAD E INMUEBLES DE LA SOCIEDAD</u></b></p> <ul style="list-style-type: none"> <li>— La Sociedad está expuesta a diversos riesgos derivados de su negocio de arrendamiento.</li> <li>— Las inversiones de la Sociedad se concentran en el mercado inmobiliario terciario español, y por tanto la Sociedad se encuentra sujeta a una mayor exposición a los factores políticos, económicos y otros factores susceptibles de afectar al mercado español que otros negocios con mayor diversificación.</li> <li>— El valor de los inmuebles adquiridos y las rentas derivadas de los mismos están sujetas a las fluctuaciones del mercado inmobiliario español.</li> <li>— La competencia en el mercado inmobiliario pudiera afectar a la capacidad de la Sociedad para realizar adquisiciones apropiadas y asegurarse inquilinos dispuestos a abonar niveles satisfactorios de renta.</li> <li>— El negocio de la Sociedad pudiera verse perjudicado con carácter material por diversos factores inherentes al sector inmobiliario.</li> <li>— El incumplimiento de los arrendatarios pudiera derivar en pérdidas significativas de ingresos, generar costes adicionales, o reducir el valor de los activos y aumentar los niveles de fallidos.</li> <li>— La Sociedad está expuesta a riesgos relativos a la dependencia de los ingresos derivados de sus principales inmuebles.</li> <li>— El valor de los activos inmobiliarios es, por su propia naturaleza, subjetivo e incierto, y el valor patrimonial neto de la Sociedad podría fluctuar en el tiempo.</li> </ul>

Sección D—Riesgos		
		<ul style="list-style-type: none"> <li>— Los Informes de Tasación podrían no ser indicativos del valor de las propiedades de la Sociedad o de la evolución de la misma.</li> <li>— Los gastos incurridos por razón de posibles adquisiciones que finalmente no tienen lugar afectan al resultado de la Sociedad.</li> <li>— El análisis previo (<i>due diligence</i>) realizado en relación con cualquier posible adquisición pudiera no identificar la totalidad de los posibles riesgos y pasivos derivados de la misma.</li> <li>— La Sociedad pudiera no adquirir el 100% del control sobre determinados inmuebles, y en consecuencia verse sujeta a los riesgos derivados de la tenencia de un activo en régimen de cotitularidad.</li> <li>— Los activos inmobiliarios son relativamente ilíquidos.</li> <li>— La Sociedad está expuesta a ciertos riesgos asociados al mantenimiento y reparación de sus inmuebles.</li> <li>— No existe garantía alguna de que la Sociedad vaya a obtener las rentabilidades esperadas de cualquier inversión en la construcción, rehabilitación, renovación o restauración de inmuebles.</li> <li>— La Sociedad pudiera venir sujeta a responsabilidades tras la enajenación de sus inmuebles.</li> <li>— La Sociedad puede registrar pérdidas superiores a sus coberturas de seguro o provenientes, en su caso de siniestros no asegurables.</li> <li>— La cobertura aseguradora de la Sociedad Gestora pudiera ser insuficiente para atender al pago de cualesquiera daños sufridos por la Sociedad.</li> <li>— La Sociedad podría vender sus inmuebles en momentos en los que el retorno de la inversión resultase inferior al esperado o verse abocada a pérdidas por razón de tales ventas, pudiendo incluso ser incapaz de vender de sus activos inmobiliarios.</li> <li>— Los retrasos o dificultades en la identificación de oportunidades y/o en la adquisición de activos inmobiliarios adecuados pudiera tener un efecto adverso significativo sobre el negocio, la situación financiera, el resultado de las operaciones y las perspectivas de la Sociedad.</li> </ul> <p><b><u>RIESGOS RELATIVOS AL CONSEJO DE ADMINISTRACIÓN DE LA SOCIEDAD</u></b></p> <ul style="list-style-type: none"> <li>— La Sociedad depende de la gestión y permanencia de los miembros de su Consejo de Administración.</li> <li>— Cualquier riesgo que afectara a la reputación del Consejo pudiera afectar negativamente y con carácter material a la Sociedad.</li> <li>— Podrían existir circunstancias en las que los intereses de los Administradores fueran opuestos a los de la Sociedad.</li> </ul>

Sección D—Riesgos		
		<p><u>RIESGOS REGULATORIOS</u></p> <ul style="list-style-type: none"> <li>— Los cambios legislativos podrían tener un efecto adverso significativo sobre el negocio, la situación financiera, el resultado de las operaciones y las perspectivas de la Sociedad.</li> <li>— Las leyes, reglamentos y demás normativa en materia de medio ambiente, salud y seguridad podrían exponer a la Sociedad a responsabilidades y costes significativos.</li> <li>— Los activos de la Sociedad podrían ser considerados como “activos del plan” (<i>plan assets</i>) sujetos a ciertos requisitos impuestos por ERISA y/o por el artículo 4975 del Código, lo cual pudiera conllevar la obligación para la Sociedad de abstenerse de realizar determinadas inversiones.</li> <li>— La Sociedad podrá adoptar cualesquiera medidas perjudiciales para determinados inversores al objeto de evitar efectos adversos para la Sociedad o sus Accionistas derivados de la aplicación de leyes y disposiciones relativas a fondos de pensiones o planes de prestaciones (tales como ERISA).</li> <li>— La Sociedad entiende que reúne los requisitos para ser considerada como sociedad de inversión extranjera pasiva <i>–passive foreign investment company–</i> a efectos de la normativa fiscal federal estadounidense, y espera seguir siendo considerada como tal, lo que pudiera derivar en consecuencias fiscales negativas para aquellos inversores que estuvieran sujetos a tributación estadounidense.</li> <li>— La Sociedad no puede imponer restricciones a la libre transmisibilidad de sus Acciones Ordinarias. La adquisición de Acciones Ordinarias (incluyendo las Nuevas Acciones Ordinarias) por ciertos inversores pudiera afectar negativamente a la Sociedad.</li> </ul> <p><u>RIESGOS RELATIVOS A LA ESTRUCTURA FINANCIERA DE LA SOCIEDAD</u></p> <ul style="list-style-type: none"> <li>— La Estrategia de Negocio de la Sociedad incluye el recurso al apalancamiento, lo que expone a la Sociedad a los riesgos propios del endeudamiento.</li> <li>— El endeudamiento a tipos variables expone a la Sociedad a los riesgos inherentes a la fluctuación de los tipos de interés.</li> </ul> <p><u>RIESGOS RELATIVOS A LA ESTRUCTURA Y FISCALIDAD</u></p> <ul style="list-style-type: none"> <li>— La Sociedad pudiera perder su condición de SOCIMI española, lo que pudiera tener consecuencias negativas para la Sociedad y afectar a su capacidad para distribuir dividendos a sus Accionistas.</li> <li>— Cualquier cambio en la legislación fiscal aplicable (incluyendo cualquier cambio de las disposiciones legales relativas a las SOCIMIs españolas) podría tener un efecto material adverso sobre la Sociedad.</li> </ul>

Sección D—Riesgos		
		<ul style="list-style-type: none"> <li>— Las exigencias del Régimen de las SOCIMIs podrían limitar la capacidad y flexibilidad de la Sociedad para crecer a través de adquisiciones.</li> <li>— Algunas transmisiones de inmuebles podrían tener efectos negativos para la Sociedad de conformidad con el Régimen SOCIMI.</li> <li>— La Sociedad pudiera devenir sujeta a tributación adicional si abona un dividendo a un Accionista Significativo, lo que a su vez pudiera derivar en una pérdida de beneficios para la Sociedad.</li> </ul> <p><b><u>RIESGOS RELATIVOS A LA ECONOMÍA</u></b></p> <ul style="list-style-type: none"> <li>— En la medida en que los activos de la Sociedad se concentran en España, un deterioro de las condiciones económicas generales imperantes en España y en otros países así como las preocupaciones sobre la inestabilidad de la Eurozona podría afectar negativamente a la Sociedad.</li> <li>— Las tensiones económicas y políticas en la Unión Europea, incluyendo las derivadas de la presente crisis de deuda de Grecia, pueden tener un impacto negativo en el negocio, posición financiera y resultados de las operaciones de la Sociedad.</li> </ul>
<b>D.3</b>	Información fundamental sobre los principales riesgos específicos de los valores:	<p><b><u>RIESGOS RELATIVOS A LAS NUEVAS ACCIONES ORDINARIAS Y A LOS DERECHOS DE SUSCRIPCIÓN PREFERENTE</u></b></p> <ul style="list-style-type: none"> <li>— El Contrato de Aseguramiento suscrito por la Sociedad y la Única Entidad Coordinadora Global prevé la posibilidad de resolver el mismo en determinados supuestos, y el compromiso de aseguramiento de dicha entidad está sujeto a ciertas condiciones suspensivas habituales del mercado.</li> <li>— No es posible garantizar que vaya a desarrollarse un mercado activo para la negociación de los Derechos de Suscripción Preferente, ni que vaya a existir liquidez suficiente para atender a dicha negociación.</li> <li>— Una bajada significativa en el precio de las Acciones Ordinarias de la Sociedad probablemente tendría un efecto adverso significativo sobre el valor de los Derechos de Suscripción Preferente.</li> <li>— Las Acciones Ordinarias o los Derechos de Suscripción Preferente podrán negociarse en el mercado durante el período de suscripción preferente (en el caso de los Derechos de Suscripción Preferente), o durante o después de dicho período (en el caso de las Acciones Ordinarias), lo que puede perjudicar el valor de los Derechos de Suscripción Preferente o el precio de mercado de las Acciones Ordinarias.</li> <li>— Cualquier retraso en la admisión a cotización y negociación de las Nuevas Acciones Ordinarias podría afectar a su liquidez e impedir su venta hasta su admisión.</li> </ul>



Sección D—Riesgos		
		<ul style="list-style-type: none"> <li>— Los inversores que ejercitaran sus Derechos de Suscripción Preferente durante el período de suscripción preferente no podrán revocar sus suscripciones.</li> <li>— El precio de mercado de las Acciones Ordinarias pudiera no reflejar el valor de los activos de la Sociedad, y el precio de las Acciones Ordinarias de la Sociedad podría variar considerablemente como consecuencia de diversos factores.</li> <li>— Los Accionistas que no ejercitaran sus Derechos de Suscripción Preferente verán diluida su participación en la Sociedad.</li> <li>— La Sociedad pudiera en cualquier momento emitir nuevas Acciones Ordinarias, lo que pudiera diluir la participación del inversor en la Sociedad.</li> <li>— Cualquier Accionista minoritario en la actualidad, o cualquier tercero, podría adquirir una participación significativa en la Sociedad en el marco de la Oferta o en cualquier otra ocasión.</li> <li>— Las ventas de Acciones Ordinarias por parte de Accionistas significativos, o la posibilidad de dichas ventas, pudiera afectar al precio de mercado de las Acciones Ordinarias.</li> <li>— Los intereses de los principales Accionistas de la Sociedad podrían entrar en conflicto con los de los restantes Accionistas.</li> <li>— Los Derechos de Suscripción Preferente habrán de ser ejercitados a través de la entidad miembro de Iberclear en cuyo registro de anotaciones se encontraran anotados tales derechos, y el Precio de Suscripción deberá abonarse en euros.</li> <li>— Los Accionistas que se encontraran fuera de España podrían ser incapaces de suscribir Nuevas Acciones Ordinarias en la Oferta o ejercitar sus Derechos de Suscripción Preferente.</li> <li>— Dichos Accionistas podrían tener dificultades para ejecutar sentencias extranjeras contra la Sociedad o sus Consejeros o realizar cualquier notificación procesal en España al respecto.</li> <li>— Las fluctuaciones de los tipos de cambio podrían exponer a un inversor cuya divisa no fuera el euro al riesgo de tipo de cambio.</li> <li>— Los Accionistas podrían encontrar trabas a la hora de buscar la protección de sus intereses dadas las diferencias en materia de derechos de los accionistas y deberes fiduciarios existentes entre el derecho español y el de otras jurisdicciones, entre las que se incluyen la mayoría de los estados en que se divide los Estados Unidos de América.</li> <li>— La capacidad de la Sociedad para abonar dividendos dependerá de su capacidad para generar beneficios disponibles para su distribución así como el acceso a fondos en la cuantía suficiente.</li> </ul>

Sección D—Riesgos		
		<ul style="list-style-type: none"> <li>— Los pagos de dividendos a favor de Accionistas Significativos podrían estar sujetos a deducciones.</li> <li>— Los derechos de suscripción preferente a favor de Accionistas estadounidenses u otros Accionistas residentes fuera de España podrían no estar disponibles.</li> <li>— La Oferta dentro del período de asignación discrecional pudiera no tener lugar, o bien ser revocada en determinados supuestos.</li> </ul>

Sección E—Oferta		
<b>E.1</b>	Ingresos netos totales y cálculo de los gastos totales de la emisión:	La Sociedad espera obtener unos Ingresos Netos de aproximadamente €129.782.353 (para el supuesto de que se produzca la suscripción de todas las Nuevas Acciones Ordinarias, y tras deducir comisiones y otros honorarios y gastos estimados relativos a la Oferta).
<b>E.2</b>	Motivos de la oferta y destino de los ingresos:	<p>La Sociedad utilizará los Ingresos Netos derivados de la Emisión principalmente para expandir su Cartera existente, mejorarla mediante los correspondientes gastos de capital así como financiar los gastos operativos de la Sociedad de forma coherente con la Estrategia de Negocio de la Sociedad. La Sociedad prevé haber invertido en su totalidad los Ingresos Netos derivados de la Oferta en un plazo de doce meses tras la Admisión.</p> <p>A la fecha del presente Folleto, la Sociedad ha identificado una serie de oportunidades de mercado por un volumen estimado de aproximadamente €91 millones (sin considerar Capex de Construcción), de los que aproximadamente €192 millones corresponden a oportunidades que están siendo analizadas en régimen de exclusividad y otros €399 millones responden a oportunidades actualmente en fase de estudio y negociación. En términos de categorías de inmuebles o naturaleza del negocio, un 49% de dichas oportunidades corresponden al sector “<i>retail</i>”, un 46% corresponden al sector de oficinas y el restante 5% corresponde a otras categorías.</p>
<b>E.3</b>	Descripción de las condiciones de la emisión:	<p>La Oferta consistirá en un total de hasta 19.967.756 Nuevas Acciones Ordinarias, a un Precio de Suscripción de €6,75 por cada Nueva Acción Ordinaria.</p> <p>La Sociedad reconoce a los Accionistas Registrados Derechos de Suscripción Preferente a efectos de la suscripción de un total de hasta 19.967.756 Nuevas Acciones Ordinarias de un valor nominal de €2 cada una de ellas. Cada Acción Ordinaria Existente inscrita en los registros de Iberclear a las 23.59 (hora de Madrid) en la Fecha de Registro (es decir, el 17 de julio de 2015) otorgará a su titular el derecho a recibir un Derecho de Suscripción Preferente. El ejercicio de dos Derechos de Suscripción Preferente facultará a su titular a suscribir una Nueva Acción Ordinaria mediante el pago al contado del su Precio de Suscripción.</p> <p><u>Periodo de suscripción preferente (que tendrá una duración de 15 días naturales desde el 18 de julio de 2015 hasta el 1 de agosto de 2015 (ambas fechas inclusive))</u>: Se prevé que los Derechos de Suscripción Preferente podrán negociarse en el sistema de interconexión bursátil español desde las</p>

08:30 horas (hora de Madrid) del 20 de julio de 2015 hasta las 17:30 horas (hora de Madrid) del 31 de julio de 2015. Durante el período de suscripción preferente, los Accionistas Registrados o personas que hubieran adquirido Derechos de Suscripción Preferente podrán ejercitar o vender en el mercado, en los días hábiles bursátiles comprendidos en dicho período, sus Derechos de Suscripción Preferente, en todo o en parte, y aquellos que hubieran ejercitado la totalidad de sus Derechos de Suscripción Preferente podrán confirmar su deseo de suscribir durante el período de asignación adicional descrito a continuación Nuevas Acciones Ordinarias con carácter adicional a las que ya les correspondieran proporcionalmente.

Aquellos Derechos de Suscripción Preferente respecto de los cuales no se hubiera recibido el pago íntegro del correspondiente Precio de Suscripción a más tardar en la fecha en que finalizara el período de suscripción preferente quedarán cancelados, sin que sus titulares tengan derecho a percibir compensación o indemnización alguna. El ejercicio de los Derechos de Suscripción Preferente durante el período de suscripción preferente es irrevocable, firme e incondicional, y no podrá ser cancelado ni modificado (salvo en el caso de publicación de un suplemento al Folleto, en el que el inversor que ya se hubiera comprometido a suscribir Nuevas Acciones Ordinarias tendrá el derecho, que podrá ejercitar en un plazo de dos días hábiles en Madrid siguientes al de la publicación de dicho suplemento, a retirar su suscripción, siempre y cuando las nuevas circunstancias, errores o inexactitudes referidas en el suplemento hubieran surgido o se hubieran producido con carácter anterior al cierre final de la Oferta y la entrega de las Nuevas Acciones Ordinarias).

Período de asignación adicional: A esta fecha se espera que la asignación de Nuevas Acciones Ordinarias adicionales tenga lugar al cuarto día hábil bursátil inmediatamente posterior al de finalización del período de suscripción preferente (que, de conformidad con el calendario estimado, se espera tenga lugar el 6 de agosto de 2015). En la medida en que, en la fecha de cierre del período de suscripción preferente, quedaran Nuevas Acciones Ordinarias que no hubieran sido suscritas, la Sociedad asignará las mismas a aquellos titulares de Derechos de Suscripción Preferente que hubieran ejercitado los mismos en su integridad y hubieran asimismo manifestado su interés en suscribir Nuevas Acciones Ordinarias adicionales.

Dependiendo del número de Nuevas Acciones Ordinarias suscritas en el período de suscripción preferente y de las solicitudes de Nuevas Acciones Ordinarias adicionales recibidas por la Sociedad, los titulares de Derechos de Suscripción Preferente podrían recibir un número de Nuevas Acciones Ordinarias adicionales inferior a las que hubieran solicitado, o incluso ninguna Nueva Acción Ordinaria adicional (si bien en ningún caso recibirán un número de Nuevas Acciones Ordinarias adicionales superior a las que hubieran solicitado).

Período de asignación discrecional: Si quedaran Nuevas Acciones Ordinarias sin suscribir una vez cerrado el período de asignación adicional, la Única Entidad Coordinadora Global se ha comprometido, con sujeción a los términos y condiciones del Contrato de Aseguramiento, a realizar esfuerzos razonables para procurar suscriptores durante un período de asignación discrecional y, en su defecto, a suscribir y desembolsar al Precio de Suscripción las Nuevas Acciones Ordinarias que hubieran quedado sin suscribir.

		<p>Se prevé que el período de asignación discrecional que, en su caso, pudiera existir, se inicie a las 17:00 horas (hora de Madrid) del cuarto día hábil bursátil inmediatamente posterior al de finalización del período de suscripción preferente (que en la actualidad se espera sea el 6 de agosto de 2015) y finalice a las 9:00 horas (hora de Madrid) del quinto día hábil bursátil inmediatamente posterior al de finalización del período de suscripción preferente (que en la actualidad se espera sea el 7 de agosto de 2015), sin perjuicio de la facultad de la Única Entidad Coordinadora Global de proceder al cierre anticipado del mismo.</p> <p><u>Aseguramiento:</u> El 15 de julio de 2015 la Sociedad ha suscrito un contrato de aseguramiento sujeto a ley inglesa relativo a las Nuevas Acciones Ordinarias con la Única Entidad Coordinadora Global y la Sociedad Gestora (el “<b>Contrato de Aseguramiento</b>”). A modo de contraprestación por la suscripción del Contrato de Aseguramiento y la prestación de los servicios previstos en el mismo, la Sociedad ha acordado abonar a la Única Entidad Coordinadora Global ciertas comisiones. En la medida en que las Nuevas Acciones Ordinarias no resultaran suscritas en su totalidad durante el período de suscripción preferente y el período de asignación adicional, y con sujeción a los términos previstos en el Contrato de Aseguramiento, la Única Entidad Coordinadora Global se ha comprometido a procurar suscriptores, y en caso de no conseguirlo, suscribir aquellas Nuevas Acciones Ordinarias que no hubieran sido suscritas. Si la totalidad de las Nuevas Acciones Ordinarias resultaran suscritas por Accionistas Registrados o inversores cualificados en el período de suscripción preferente, en el período de asignación adicional y/o en el período de asignación discrecional, según proceda en cada caso, no se asignará ninguna Nueva Acción Ordinaria a la Única Entidad Coordinadora Global.</p> <p>El Contrato de Aseguramiento prevé la facultad a favor de la Única Entidad Coordinadora Global de resolver dicho Contrato de Aseguramiento, en determinados supuestos, en cualquier momento anterior a la inscripción de la escritura de aumento de capital en el Registro Mercantil de Madrid. Tales supuestos incluyen el acaecimiento de ciertos cambios significativos adversos en la situación (financiera o cualquier otra) de la Sociedad o de la Sociedad Gestora, en sus negocios o perspectivas y ciertos cambios, entre otros, relativos a ciertas condiciones políticas, financieras o económicas, en cada caso nacionales o internacionales.</p> <p>De forma adicional, las obligaciones de la Única Entidad Coordinadora Global derivadas del Contrato de Aseguramiento se encuentran sujetas al cumplimiento de ciertas condiciones suspensivas, incluyendo la entrega de opiniones legales (<i>legal opinions</i>) en términos habituales en el mercado.</p> <p>J.P. Morgan Securities plc actúa como Única Entidad Coordinadora Global.</p>
<b>E.4</b>	Descripción de cualquier interés que sea importante para la emisión/oferta, incluyendo intereses en conflicto:	<p>La Sociedad no tiene constancia de la existencia de ningún vínculo o interés económico significativo entre la Sociedad y las entidades que intervienen en la Oferta (Consejeros, Sociedad Gestora, Única Entidad Coordinadora Global, Banco Agente, asesores jurídicos y auditores), salvo por la mera relación profesional derivada del asesoramiento jurídico y financiero y que se describe en la Oferta en relación con la misma, y la participación de la Sociedad Gestora que, a la fecha del presente Folleto, es titular de 1.200.900 Acciones Ordinarias Existentes. La Sociedad Gestora entiende que el volumen de su actual participación en la Sociedad refleja suficientemente el alineamiento de sus intereses con los de la Sociedad. Sin embargo, para</p>

		mantener su compromiso y alineamiento, tiene intención de ejercitar el suficiente número de Derechos de Suscripción Preferente correspondientes a sus Acciones Ordinarias Existentes para mantener una participación del 2,5% en la Sociedad (es decir, la participación de la Sociedad Gestora inmediatamente después de la admisión a cotización de la Sociedad).
<b>E.5</b>	Nombre de la persona o entidad que se ofrece a vender el valor y acuerdos de inmovilización (“ <i>lock-up</i> ”):	<p><b><u>Compromiso de lock-up de la Sociedad</u></b></p> <p>Desde la firma del Contrato de Colocación y durante un período de 180 días posterior a la admisión a negociación de las Nuevas Acciones Ordinarias, la Sociedad no podrá, sin el previo consentimiento por escrito de la Única Entidad Coordinadora Global (consentimiento que no podrá ser demorado o denegado sin causa razonable):</p> <ul style="list-style-type: none"> <li>i) directa o indirectamente, emitir, ofrecer, pignorar, vender, pactar su venta, vender ninguna opción o contrato alguno a efectos de comprar, comprar cualquier opción o de cualquier otra forma transmitir o disponer, otorgar ninguna opción, derecho o warrant de cualesquiera Acciones Ordinarias u otras acciones de la Sociedad o de cualesquiera valores convertibles en, ejercitables o canjeables por Acciones Ordinarias u otras acciones de la Sociedad, ni registrar ningún folleto al amparo de la Directiva de Folletos u otro documento similar ante cualquier otro regulador del mercado de valores, bolsa de valores o autoridad bursátil en relación con cualquiera de tales figuras;</li> <li>ii) suscribir cualesquiera permutas u otros contratos u operaciones que transfirieran, en todo o en parte, directa o indirectamente, los efectos económicos derivados de la titularidad de cualesquiera Acciones Ordinarias u otras acciones de la Sociedad; o</li> <li>iii) realizar cualquier otra operación que tuviera los mismos efectos económicos, o comprometerse a realizar o anunciar o de cualquier otra forma publicitar la intención de proceder a cualquiera de las anteriores acciones,</li> </ul> <p>al margen de que las operaciones descritas en los apartados (i), (ii) o (iii) anteriores hubieran de ser liquidadas mediante la entrega de Acciones Ordinarias o de cualesquiera otros valores convertibles en, ejercitables o canjeables por Acciones Ordinarias, o en efectivo o en cualquier otra forma.</p> <p>Lo dispuesto anteriormente no se aplicará a (A) la emisión y/o venta y oferta por la Sociedad de los Derechos de Suscripción Preferente y de las Nuevas Acciones Ordinarias en la forma descrita en el presente Folleto, (B) la emisión y/o entrega de las Acciones de la Comisión Variable que hubieran de ser suscritas por la Sociedad Gestora de conformidad con el Contrato de Gestión de Inversiones, y (C) la realización de las operaciones ordinarias de autocartera de acuerdo con las restricciones legales aplicables y de forma consistente con la práctica pasada de la Sociedad, que solo podrá tener lugar transcurrido el plazo de 90 días después de la admisión a negociación de las Nuevas Acciones Ordinarias.</p> <p><b><u>Compromiso de lock-up de la Sociedad Gestora</u></b></p> <p>De conformidad con el Contrato de Gestión de Inversiones (en relación con las Acciones de la Comisión Variable) y el contrato de colocación suscrito por la Sociedad, la Sociedad Gestora y la Entidad Coordinadora Global y Agente</p>

		<p>de Cuenta en el marco de la oferta pública inicial de la Sociedad (en relación con cualquier Acción Ordinaria en posesión de la Sociedad Gestora), la Sociedad Gestora se ha comprometido, durante el período comprendido entre la fecha de dicho contrato (esto es, el 13 de febrero de 2014) y la fecha que resulte posterior en tres años a aquélla en la que las Acciones Ordinarias Existentes fueron admitidas a negociación en las Bolsas españolas (esto es, el 5 de marzo de 2014) (o, en el caso de las Acciones de la Comisión Variable, posterior en tres años a la fecha en la que dichas Acciones de la Comisión Variable hubieran sido entregadas a la Sociedad Gestora) a abstenerse, sin el previo consentimiento por escrito de la Única Entidad Coordinadora Global (consentimiento que no podrá ser demorado o denegado sin causa razonable) de:</p> <p>i). directa o indirectamente, ofrecer, pignorar, vender, pactar su venta, vender ninguna opción o contrato alguno a efectos de vender, otorgar ninguna opción, derecho o warrant de compra, prestar o de cualquier otra forma transmitir o disponer de cualesquiera Acciones Ordinarias u otros valores convertibles en, ejercitables o canjeables por Acciones Ordinarias, ni registrar documento alguno al amparo de la Ley de Valores estadounidense (<i>Securities Act</i>) en relación con cualquiera de tales figuras;</p> <p>ii). suscribir cualesquiera permutas u otros contratos u operaciones que transfirieran, en todo o en parte, directa o indirectamente, los efectos económicos derivados de la titularidad de cualesquiera Acciones Ordinarias,</p> <p>al margen de que las operaciones descritas en los apartados (i) o (ii) anteriores hubieran de ser liquidadas mediante la entrega de Acciones Ordinarias o de cualesquiera otros valores convertibles en, ejercitables o canjeables por Acciones Ordinarias, o en efectivo o en cualquier otra forma. Lo dispuesto anteriormente no se aplicará a (A) ninguna forma de disposición de Acciones Ordinarias realizada a efectos de financiar el pago o cancelar, por parte de la Sociedad de Gestión, cualquier responsabilidad tributaria que pudiera resultar en relación con la recepción o adquisición por la Sociedad Gestora de cualesquiera Acciones de la Comisión Variable y/o cualesquiera otras Acciones de la Comisión Variable emitidas a favor de la Sociedad Gestora como parte del pago de la Comisión Variable; o (B) ninguna forma de disposición de Acciones Ordinarias llevada a cabo en relación con cualquier adquisición o venta de la Sociedad que hubiera sido recomendada por el Consejo de Administración de la Sociedad, o en el supuesto de que la Sociedad Gestora viniera obligada por ley a enajenar dichas Acciones de la Comisión Variable.</p>
<b>E.6</b>	Dilución:	<p>Los Accionistas Registrados recibirán Derechos de Suscripción Preferentes para suscribir las Nuevas Acciones Ordinarias y, en consecuencia, en el caso de que ejercitaran tales derechos en su integridad, su participación en la Sociedad no sufrirá dilución alguna respecto de la Fecha de Referencia.</p> <p>En el supuesto de que ninguno de los Accionistas Registrados suscribiese Nuevas Acciones Ordinarias en el porcentaje que les correspondiera en virtud de sus Derechos de Suscripción Preferente, y asumiendo igualmente que las Nuevas Acciones Ordinarias fueran suscritas en su totalidad por terceros inversores, las participaciones de los Accionistas Registrados representarían, aproximadamente, un 66,719% del número total de Acciones Ordinarias existentes tras la Oferta, lo que supondría una dilución de su participación en un 33,281%.</p>

<b>E.7</b>	Gastos estimados aplicados al inversor por el emisor:	No aplicable. La Sociedad no cargará ningún gasto a ningún inversor en relación con la Oferta.
------------	---	--

## **LAR ESPAÑA REAL ESTATE SOCIMI, S.A. – TABLAS DE EQUIVALENCIA**

### *Folleto de ampliación de capital con derecho preferente de suscripción*

#### **Documento de Registro (Anexo I del Reglamento 809/2004)**

<b>Contenido</b>	<b>Apartado</b>	<b>Comentario</b>
<b>1. PERSONAS RESPONSABLES</b>		
<b>1.1</b> Todas las personas responsables de la información que figura en el documento de registro y, según los casos, de ciertas partes del mismo, con, en el último caso, una indicación de las partes. En caso de personas físicas, incluidos los miembros de los órganos de administración, de gestión o de supervisión del emisor, indicar el nombre y el cargo de la persona; en caso de personas jurídicas, indicar el nombre y el domicilio social	Portada 5º párrafo, Part XVIII.1	
<b>1.2</b> Declaración de los responsables del documento de registro que asegure que, tras comportarse con una diligencia razonable para garantizar que así es, la información contenida en el documento de registro es, según su conocimiento, conforme a los hechos y no incurre en ninguna omisión que pudiera afectar a su contenido. En su caso, declaración de los responsables de determinadas partes del documento de registro que asegure que, tras comportarse con una diligencia razonable para garantizar que así es, la información contenida en la parte del documento de registro de la que son responsables es, según su conocimiento, conforme a los hechos y no incurre en ninguna omisión que pudiera afectar a su contenido.	Portada 5º párrafo, Part XVIII.1	
<b>2 AUDITORES DE CUENTAS</b>		
<b>2.1.</b> Nombre y dirección de los auditores del emisor para el periodo cubierto por la información financiera histórica (así como su afiliación a un colegio profesional).	Part VII, Part XVIII.11.3	
<b>2.2.</b> Si los auditores han renunciado, han sido apartados de sus funciones o no han sido redesignados durante el periodo cubierto por la información financiera histórica, proporcionarán los detalles si son importantes	N/A	
<b>3 INFORMACIÓN FINANCIERA SELECCIONADA</b>		



Contenido	Apartado	Comentario
<b>3.1 Información financiera histórica seleccionada relativa al emisor, que se presentará para cada ejercicio durante el periodo cubierto por la información financiera histórica, y cualquier periodo financiero intermedio subsiguiente, en la misma divisa que la información financiera</b>	Part XIV	Lar España se constituyó en enero de 2014, por lo que la información financiera histórica está limitada al ejercicio cerrado a 31 de diciembre de 2014 y 31 de marzo de 2015.
<b>3.2 Si se proporciona información financiera seleccionada relativa a periodos intermedios, también se proporcionarán datos comparativos del mismo periodo del ejercicio anterior, salvo que el requisito para la información comparativa del balance se satisfaga presentando la información del balance final del ejercicio</b>	Part XIV	
<b>4 FACTORES DE RIESGO</b>	Part II	
<b>5. INFORMACIÓN SOBRE EL EMISOR</b>		
<b>5.1 Historia y evolución del emisor:</b>		
5.1.1 Nombre legal y comercial del emisor	Part VII, Part XVIII.2	
5.1.2 Lugar de registro del emisor y número de registro	Part VII, Part XVIII.2	
5.1.3 Fecha de constitución y periodo de actividad del emisor, si no son indefinidos	Part XVIII.2	Se constituyó en enero de 2014 por un periodo indefinido
5.1.4 Domicilio y personalidad jurídica del emisor, legislación conforme a la cual opera, país de constitución, y dirección y número de teléfono de su domicilio social (o lugar principal de actividad empresarial si es diferente de su domicilio social)	Part VII, Part X.1 Part XVIII.2	
5.1.5 Acontecimientos importantes en el desarrollo de la actividad del emisor	Part X.5	
<b>5.2 Inversiones</b>		La política de inversiones y los tipos de activos están acordados en el Contrato de Gestión de Inversiones.
5.2.1 Descripción, (incluida la cantidad) de las principales inversiones del emisor en cada ejercicio para el periodo cubierto por la información financiera histórica y hasta la fecha del documento de registro	Part X.5	
5.2.2 Descripción de las inversiones principales del emisor actualmente en curso, incluida la distribución de estas inversiones geográficamente (nacionales y en el extranjero) y el método de financiación (interno o externo)	Part X.5	

Contenido	Apartado	Comentario
5.2.3 Información sobre las principales inversiones futuras del emisor sobre las cuales sus órganos de gestión hayan adoptado ya compromisos firmes	Part III, Part X.5, Part XI.8	
<b>6 DESCRIPCIÓN DEL NEGOCIO</b>		
<b>6.1 Actividades principales</b>		
6.1.1 Descripción de, y factores clave relativos a, la naturaleza de las operaciones del emisor y de sus principales actividades, declarando las principales categorías de productos vendidos y/o servicios prestados en cada ejercicio durante el periodo cubierto por la información financiera histórica	Part X.3, Part X.5	
6.1.2 Indicación de todo nuevo producto y/o servicio significativos que se hayan presentado y, en la medida en que se haya divulgado públicamente su desarrollo, dar la fase en que se encuentra	N/A	
<b>6.2 Mercados principales</b>	Part XIV.2.1	
<b>6.3 Cuando la información dada de conformidad con los puntos 6.1. y 6.2. se haya visto influenciada por factores excepcionales, debe mencionarse este hecho</b>	N/A	
<b>6.4 Si es importante para la actividad empresarial o para la rentabilidad del emisor, revelar información sucinta relativa al grado de dependencia del emisor de patentes o licencias, contratos industriales, mercantiles o financieros, o de nuevos procesos de fabricación</b>	N/A	
<b>6.5 Se incluirá la base de cualquier declaración efectuada por el emisor relativa a su posición competitiva</b>	N/A	
<b>7 ESTRUCTURA ORGANIZATIVA</b>		
7.1 Si el emisor es parte de un grupo, una breve descripción del grupo y la posición del emisor en el grupo	Part X.1  Respecto de la Sociedad Gestora: Part XII	
7.2 Lista de las filiales significativas del emisor, incluido el nombre, el país de constitución o residencia, la participación en el capital y, si es diferente, su proporción de derechos de voto	Part X.1	
<b>8 PROPIEDAD, INSTALACIONES Y</b>		

Contenido		Apartado	Comentario
<b>EQUIPO</b>			
<b>8.1</b>	<b>Información relativa a todo inmovilizado material tangible existente o previsto, incluidas las propiedades arrendadas, y cualquier gravamen importante al respecto</b>	Part X.5	
<b>8.2</b>	<b>Descripción de cualquier aspecto medioambiental que pueda afectar al uso por el emisor del inmovilizado material tangible</b>	Part II.3, Part II.5	Factores de Riesgo relacionados con el medioambiente.
<b>9 ANÁLISIS OPERATIVO Y FINANCIERO</b>			
<b>9.1</b>	<b>Situación financiera</b>	Part XI, Part XIV	
<b>9.2</b>	<b>Resultados de explotación</b>		
<b>9.2.1</b>	Información relativa a factores significativos, incluidos los acontecimientos inusuales o infrecuentes o los nuevos avances, que afecten de manera importante a los ingresos del emisor por operaciones, indicando en qué medida han resultado afectados los ingresos	Part XI.2	
<b>9.2.2</b>	Cuando los estados financieros revelen cambios importantes en las ventas netas o en los ingresos, proporcionar un comentario narrativo de los motivos de esos cambios	Part XI.2, Part XI.6	
<b>9.2.3</b>	Información relativa a cualquier actuación o factor de orden gubernamental, económico, fiscal, monetario o político que, directa o indirectamente, hayan afectado o pudieran afectar de manera importante a las operaciones del emisor	Part IX, Part XI	
<b>10 RECURSOS FINANCIEROS</b>			
<b>10.1</b>	<b>Información relativa a los recursos financieros del emisor (a corto y a largo plazo)</b>	Part X.6, Part XIV	
<b>10.2</b>	<b>Explicación de las fuentes y cantidades y descripción narrativa de los flujos de tesorería del emisor</b>	Part XI	
<b>10.3</b>	<b>Información sobre las condiciones de los préstamos y la estructura de financiación del emisor</b>	Part X.6, Part XI.7, Part XIV	Política de apalancamiento ( <i>leverage criteria</i> )
<b>10.4</b>	<b>Información relativa a cualquier restricción sobre el uso de los recursos de capital que, directa o indirectamente, haya afectado o pudiera afectar de manera importante a las operaciones del emisor</b>	Part X.4 y X.6.	Política de inversión ( <i>Investment criteria</i> ) y restricciones particulares de la SOCIMI

Contenido		Apartado	Comentario
10.5	Información relativa a las fuentes previstas de los fondos necesarios para cumplir los compromisos mencionados en 5.2.3. y 8.1	Part X.6	
11	INVESTIGACIÓN Y DESARROLLO, PATENTES Y LICENCIAS	N/A	
12	INFORMACIÓN SOBRE TENDENCIAS		
12.1	Tendencias recientes más significativas de la producción, ventas e inventario, y costes y precios de venta desde el fin del último ejercicio hasta la fecha del documento de registro	Part IX	
12.2	Información sobre cualquier tendencia conocida, incertidumbres, demandas, compromisos o hechos que pudieran razonablemente tener una incidencia importante en las perspectivas del emisor, por lo menos para el ejercicio actual	Part IX	Se describen las tendencias del sector inmobiliario en España
13	PREVISIONES O ESTIMACIONES DE BENEFICIOS		
13.1	Declaración que enumere los principales supuestos en los que el emisor ha basado su previsión o su estimación	N/A	
13.2	Debe incluirse un informe elaborado por contables o auditores independientes que declare que, a juicio de esos contables o auditores independientes, la previsión o estimación se ha calculado correctamente sobre la base declarada, y que el fundamento contable utilizado para la previsión o estimación de los beneficios es coherente con las políticas contables del emisor	N/A	
13.3	La previsión o estimación de los beneficios debe prepararse sobre una base comparable con la información financiera histórica	N/A	
13.4	Si el emisor ha publicado en un folleto una previsión de beneficios para una fecha no transcurrida, debe entonces proporcionar una declaración de si efectivamente ese pronóstico sigue siendo tan correcto como en la fecha del documento de registro, o una explicación de por qué el pronóstico ya no es válido, si ese es el caso	N/A	
14	ÓRGANOS DE ADMINISTRACIÓN, DE GESTIÓN Y DE SUPERVISIÓN, Y ALTOS DIRECTIVOS		

Contenido	Apartado	Comentario
<p><b>14.1</b>    <b>Nombre, dirección profesional y cargo en el emisor de las siguientes personas, indicando las principales actividades que estas desarrollan al margen del emisor, si dichas actividades son significativas con respecto a ese emisor</b></p> <p><b>(A)miembros de los órganos de administración, de gestión o de supervisión;</b></p> <p><b>(B)socios comanditarios, si se trata de una sociedad comanditaria por acciones;</b></p> <p><b>(C)fundadores, si el emisor se constituyó hace menos de cinco años; y</b></p> <p><b>(D)cualquier alto directivo que sea pertinente para establecer que el emisor posee las calificaciones y la experiencia apropiadas para gestionar las actividades del emisor.</b></p> <p><b>Naturaleza de toda relación familiar entre cualquiera de esas personas.</b></p> <p><b>En el caso de los miembros de los órganos de administración, de gestión o de supervisión del emisor y de las personas descritas en (B) y (D) del primer párrafo, datos sobre la preparación y experiencia pertinentes de gestión de esas personas, además de la siguiente información:</b></p> <p><b>(a)nombres de todas las empresas y asociaciones de las que esa persona haya sido, en cualquier momento de los cinco años anteriores, miembro de los órganos de administración, de gestión o de supervisión, o socio, indicando si esa persona sigue siendo miembro de los órganos de administración, de gestión o de supervisión, o si es socio. No es necesario enumerar todas las filiales de un emisor del cual la persona sea también miembro del órgano de administración, de gestión o de supervisión;</b></p> <p><b>(b)cualquier condena en relación con delitos de fraude por lo menos en los cinco años anteriores;</b></p> <p><b>(c)datos de cualquier quiebra, suspensión de pagos o liquidación con las que una persona descrita en (A) y (D) del primer párrafo, que actuara ejerciendo uno de los cargos contemplados en (A) y (D) estuviera relacionada por lo menos durante los</b></p>	<p>Part XIII</p>	

Contenido	Apartado	Comentario
<p>cinco años anteriores;</p> <p>(d) detalles de cualquier incriminación pública oficial y/o sanciones de esa persona por autoridades estatutarias o reguladoras (incluidos los organismos profesionales designados) y si esa persona ha sido descalificada alguna vez por un tribunal por su actuación como miembro de los órganos de administración, de gestión o de supervisión de un emisor o por su actuación en la gestión de los asuntos de un emisor durante por lo menos los cinco años anteriores.</p> <p>De no existir ninguna información en este sentido que deba revelarse, efectuar una declaración a ese efecto.</p>		
<p><b>14.2</b>    Conflictos de intereses de los órganos de administración, de gestión y de supervisión, y altos directivos</p>	<p>Part II.2 y II.4, Part XIII.2</p>	
<p><b>15</b>        <b>REMUNERACIÓN Y BENEFICIOS</b></p>		
<p><b>15.1</b>    Importe de la remuneración pagada (incluidos los honorarios contingentes o atrasados) y prestaciones en especie concedidas a esas personas por el emisor y sus filiales por servicios de todo tipo prestados por cualquier persona al emisor y sus filiales</p>	<p>Part XIII.1, Part XIII.4</p>	
<p><b>15.2</b>    Importes totales ahorrados o acumulados por el emisor o sus filiales para prestaciones de pensión, jubilación o similares</p>	<p>N/A</p>	
<p><b>16</b>        <b>PRÁCTICAS DE GESTIÓN</b></p>		
<p><b>16.1</b>    Fecha de expiración del actual mandato, en su caso, y periodo durante el cual la persona ha desempeñado servicios en ese cargo</p>	<p>Part XIII.1.1</p>	
<p><b>16.2</b>    Información sobre los contratos de los miembros de los órganos de administración, de gestión o de supervisión con el emisor o cualquiera de sus filiales que prevean beneficios a la terminación de sus funciones, o la correspondiente declaración negativa</p>	<p>Part XIII.5</p>	
<p><b>16.3</b>    Información sobre el comité de auditoría y el comité de retribuciones del emisor, incluidos los nombres de los miembros del comité y un resumen de su reglamento interno</p>	<p>Part XIII.7.3</p>	

Contenido	Apartado	Comentario
16.4 Declaración de si el emisor cumple el régimen o regímenes de gobierno corporativo de su país de constitución. En caso de que el emisor no cumpla ese régimen, debe incluirse una declaración a ese efecto, así como una explicación del motivo por el cual el emisor no cumple dicho régimen	Part XIII.7.1	
17 EMPLEADOS		
17.1 Número de empleados al final del periodo o la media para cada ejercicio durante el periodo cubierto por la información financiera histórica y hasta la fecha del documento de registro (y las variaciones de ese número, si son importantes) y, si es posible y reviste importancia, un desglose de las personas empleadas por categoría principal de actividad y situación geográfica. Si el emisor emplea un número significativo de empleados eventuales, incluir datos sobre el número de empleados eventuales por término medio durante el ejercicio más reciente	Part XIII.1.2, Part XVIII.7	
17.2 Acciones y opciones de compra de acciones  Con respecto a cada persona mencionada en (A) y (D) del primer párrafo del punto 14.1, proporcionar información de su participación accionarial en el emisor y de toda opción sobre tales acciones a partir de la fecha más reciente en que sea posible.	Part XIII.3	
17.3 Descripción de todo acuerdo de participación de los empleados en el capital del emisor	N/A	
18 ACCIONISTAS PRINCIPALES		
18.1 En la medida en que tenga conocimiento de ello el emisor, el nombre de cualquier persona que no pertenezca a los órganos de administración, de gestión o de supervisión que, directa o indirectamente, tenga un interés declarable, según el derecho nacional del emisor, en el capital o en los derechos de voto del emisor, así como la cuantía del interés de cada una de esas personas o, en caso de no haber tales personas, la correspondiente declaración negativa	Lar España: Part XVIII.4  Grupo Lar: Part XII.1	Accionistas principales de Lar España y de Grupo Lar

Contenido		Apartado	Comentario
18.2	Si los accionistas principales del emisor tienen distintos derechos de voto, o la correspondiente declaración negativa	Part XVIII.4 y .6	
18.3	En la medida en que tenga conocimiento de ello el emisor, declarar si el emisor es directa o indirectamente propiedad o está bajo control y quién lo ejerce, y describir el carácter de ese control y las medidas adoptadas para garantizar que no se abusa de ese control	N/A	
18.4	Descripción de todo acuerdo, conocido del emisor, cuya aplicación pueda en una fecha ulterior dar lugar a un cambio en el control del emisor	N/A	
19	<b>OPERACIONES DE PARTES VINCULADAS</b>	Part XVIII.10	
20	<b>INFORMACIÓN FINANCIERA RELATIVA AL ACTIVO Y EL PASIVO DEL EMISOR, POSICIÓN FINANCIERA Y PÉRDIDAS Y BENEFICIOS</b>		
20.1	Información financiera histórica	Part XIV	Lar España se constituyó en enero de 2014.
20.2	Información financiera pro-forma	N/A	
20.3	Estados financieros	Part XIV	
20.4	Auditoría de la información financiera histórica anual		
20.4.1	Declaración de que se ha auditado la información financiera histórica. Si los informes de auditoría de los auditores legales sobre la información financiera histórica contienen una opinión adversa o si contienen salvedades, una limitación de alcance o una denegación de opinión, se reproducirán íntegramente la opinión adversa, las salvedades, la limitación de alcance o la denegación de opinión, explicando los motivos	Part VIII.4	
20.4.2	Indicación de cualquier otra información en el documento de registro que haya sido auditada por los auditores	N/A	
20.4.3	Cuando los datos financieros del documento de registro no se hayan extraído de los estados financieros auditados del emisor, este debe declarar la fuente de los datos y declarar que los datos no han sido auditados	N/A	
20.5	Edad de la información financiera más		



Contenido		Apartado	Comentario
<b>reciente</b>			
20.5.1	El último año de información financiera auditada no puede preceder en más de:  (A) 18 meses a la fecha del documento de registro si el emisor incluye en dicho documento estados financieros intermedios auditados;  (B) 15 meses a la fecha del documento de registro si en dicho documento el emisor incluye estados financieros intermedios no auditados.	Part XIV	
<b>20.6</b>	<b>Información intermedia y demás información financiera</b>		
20.6.1	Si el emisor ha venido publicando información financiera trimestral o semestral desde la fecha de sus últimos estados financieros auditados, estos deben incluirse en el documento de registro. Si la información financiera trimestral o semestral ha sido revisada o auditada, debe también incluirse el informe de auditoría o de revisión. Si la información financiera trimestral o semestral no ha sido auditada o no se ha revisado, debe declararse este extremo	Part XIV	
20.6.2	Si la fecha del documento de registro es más de nueve meses posterior al fin del último ejercicio auditado, debería contener información financiera intermedia que abarque por lo menos los primeros seis meses del ejercicio y que puede no estar auditada (en cuyo caso debe declararse este extremo)	N/A	
<b>20.7</b>	<b>Política de dividendos</b>	Part X.10, Part XV.1.8	Política de dividendos específica para el régimen de SOCIMI.
20.7.1	Importe de los dividendos por acción en cada ejercicio para el periodo cubierto por la información financiera histórica, ajustada si ha cambiado el número de acciones del emisor, para que así sea comparable	Part X.10	
<b>20.8</b>	<b>Procedimientos judiciales y de arbitraje</b>	N/A	Ver Part XVIII.12
<b>20.9</b>	<b>Cambios significativos en la posición financiera o comercial del emisor</b>	Part XVIII.9	
<b>21</b>	<b>INFORMACIÓN ADICIONAL</b>		
<b>21.1</b>	<b>Capital Social</b>		
21.1.1	Importe del capital emitido, y para cada	Part X.7, Part XVIII.3, Part	

Contenido	Apartado	Comentario
<p>clase de capital social</p> <p>(A) número de acciones autorizadas;</p> <p>(B) número de acciones emitidas e íntegramente desembolsadas y las emitidas pero no desembolsadas íntegramente;</p> <p>(C) valor nominal por acción, o que las acciones no tienen ningún valor nominal; y</p> <p>(D) una conciliación del número de acciones en circulación al principio y al final del año. Si se paga más del 10 % del capital con activos distintos del efectivo dentro del periodo cubierto por la información financiera histórica, debe declararse este hecho.</p>	XVIII.6.1	
21.1.2 Si hay acciones que no representan capital, se declarará el número y las principales características de esas acciones	N/A	
21.1.3 Número, valor contable y valor nominal de las acciones del emisor en poder o en nombre del propio emisor o de sus filiales	Part XVIII.3	
21.1.4 Importe de todo valor convertible, valor canjeable o valor con warrants, indicando las condiciones y los procedimientos que rigen su conversión, canje o suscripción	N/A	Ver Part XVIII.3
21.1.5 Información y condiciones de cualquier derecho de adquisición y/o obligaciones con respecto al capital autorizado pero no emitido o sobre un compromiso de aumentar el capital	Part XV.1.1	Las nuevas acciones objeto de la emisión se emiten conforme a la delegación de capital autorizado conferida por la Junta General de accionistas con fecha 28 de abril de 2015 al Consejo de Administración.
21.1.6 Información sobre cualquier capital de cualquier miembro del grupo que esté bajo opción o que se haya acordado condicional o incondicionalmente someter a opción y detalles de esas opciones, incluidas las personas a las que se dirigen esas opciones	N/A	
21.1.7 Evolución del capital social, resaltando la información sobre cualquier cambio durante el periodo cubierto por la información financiera histórica	Part X.7, Part XVIII.3, Part XVIII.6.1	
<b>21.2 Estatutos y escritura de constitución</b>		
21.2.1 Descripción del objeto social y fines del emisor y dónde pueden encontrarse en los estatutos y escritura de constitución	Part X.4, Part XVIII.18	
21.2.2 Breve descripción de cualquier disposición de las cláusulas estatutarias o	Part XIII.7	

Contenido	Apartado	Comentario
reglamento interno del emisor relativa a los miembros de los órganos de administración, de gestión y de supervisión		
21.2.3 Descripción de los derechos, preferencias y restricciones relativas a cada clase de las acciones existentes	Part XVIII.6	
21.2.4 Descripción de qué se debe hacer para cambiar los derechos de los tenedores de las acciones, indicando si las condiciones son más exigentes que las que requiere la ley	Part XVIII.6	
21.2.5 Descripción de las condiciones que rigen la manera de convocar las juntas generales anuales y las juntas generales extraordinarias de accionistas, incluyendo las condiciones de admisión	Part XVIII.6.5	<i>“Shareholders’ meetings and voting rights”</i>
21.2.6 Breve descripción de cualquier disposición de las cláusulas estatutarias o reglamento interno del emisor que tenga por efecto retrasar, aplazar o impedir un cambio en el control del emisor	N/A	
21.2.7 Indicación de cualquier disposición de las cláusulas estatutarias o reglamentos internos, en su caso, que rija el umbral de participación por encima del cual deba revelarse la participación del accionista	Part XVIII.6.4 y Part XVIII.6.12	
21.2.8 Descripción de las condiciones impuestas por las cláusulas estatutarias o reglamento interno que rigen los cambios en el capital, si estas condiciones son más rigurosas que las que requiere la ley	N/A	
<b>22 CONTRATOS RELEVANTES</b>	Part XVIII.11	
<b>23 INFORMACIÓN DE TERCEROS, DECLARACIONES DE EXPERTOS Y DECLARACIONES DE INTERÉS</b>		
23.1 Cuando se incluya en el documento de registro una declaración o un informe atribuido a una persona en calidad de experto, proporcionar el nombre de dicha persona, su dirección profesional, sus cualificaciones y, en su caso, cualquier interés importante que tenga en el emisor. Si el informe se presenta a petición del emisor, una declaración de que se incluye dicha declaración o informe, la forma y el contexto en que se incluye, y con el consentimiento de la persona que haya autorizado el contenido de esa parte del documento de registro	Annex B	

Contenido	Apartado	Comentario
<b>23.2</b> En los casos en que la información proceda de un tercero, proporcionar una confirmación de que la información se ha reproducido con exactitud y que, en la medida en que el emisor tiene conocimiento de ello y puede determinar a partir de la información publicada por ese tercero, no se ha omitido ningún hecho que haría la información reproducida inexacta o engañosa. Además, el emisor debe identificar la fuente o fuentes de la información	Annex B	
<b>24</b> DOCUMENTOS PARA CONSULTA	Part XVIII.18	
<b>25</b> INFORMACIÓN SOBRE PARTICIPACIONES	N/A	

## Nota sobre las Acciones (Anexo III del Reglamento 809/2004)

Contenido		Apartado	Páginas	Comentarios
<b>1.</b>	<b>PERSONAS RESPONSABLES</b>			
<b>1.1</b>	Todas las personas responsables de la información que figura en el folleto y, según el caso, de ciertas partes del mismo, indicando, en este caso, las partes. En caso de personas físicas, incluidos los miembros de los órganos de administración, de gestión o de supervisión del emisor, indicar el nombre y el cargo de la persona; en caso de personas jurídicas, indicar el nombre y el domicilio social	Portada 5º párrafo, Part XVIII.1		
<b>1.2</b>	Declaración de los responsables del folleto que asegure que, tras comportarse con una diligencia razonable de que así es, la información contenida en el folleto es, según su conocimiento, conforme a los hechos y no incurre en ninguna omisión que pudiera afectar a su contenido. Según proceda, una declaración de los responsables de determinadas partes del folleto que asegure que, tras comportarse con una diligencia razonable de que así es, la información contenida en la parte del folleto de la que son responsables es, según su conocimiento, conforme a los hechos y no incurre en ninguna omisión que pudiera afectar a su contenido	Portada 5º párrafo, Part XVIII.1		
<b>2</b>	<b>FACTORES DE RIESGO</b>	Part II		
<b>3</b>	<b>INFORMACIÓN FUNDAMENTAL</b>			
<b>3.1</b>	Declaración sobre el capital circulante	Part XVIII.8		
<b>3.2</b>	Capitalización y endeudamiento	Part X.6		
<b>3.3</b>	Interés de las personas físicas y jurídicas participantes en la emisión/oferta	Part XV.7		
<b>3.4</b>	Motivos de la oferta y destino de los ingresos	Part III		
<b>4</b>	<b>INFORMACIÓN RELATIVA A LOS VALORES QUE VAN A OFERTARSE/ADMITIRSE A COTIZACIÓN</b>			

Contenido		Apartado	Páginas	Comentarios
<b>4.1</b>	<b>Descripción del tipo y la clase de los valores ofertados y/o admitidos a cotización, con el Código ISIN (número internacional de identificación del valor) u otro código de identificación del valor</b>	Part XV.2		
<b>4.2</b>	<b>Legislación según la cual se han creado los valores</b>	Part XV.2		
<b>4.3</b>	<b>Indicación de si los valores están en forma registrada o al portador y si los valores están en forma de título o de anotación en cuenta. En el último caso, nombre y dirección de la entidad responsable de la llevanza de las anotaciones</b>	Part XV.2, Part XVIII.6		
<b>4.4</b>	<b>Divisa de la emisión de los valores</b>	Part XV.1		
<b>4.5</b>	<b>Descripción de los derechos vinculados a los valores, incluida cualquier limitación de esos derechos, y procedimiento para el ejercicio de los mismos</b>			
<b>4.5.1</b>	Derechos de dividendos  (i) Fecha o fechas fijas en las que surgen los derechos  (ii) Plazo después del cual caduca el derecho a los dividendos y una indicación de la persona en cuyo favor actúa la caducidad  (iii) Restricciones y procedimientos de dividendos para los tenedores no residentes  (iv) Tasa de dividendos o método para su cálculo, periodicidad y carácter acumulativo o no acumulativo de los pagos	Part XVIII.6		
<b>4.5.2</b>	Derechos de voto	Part XVIII.6		
<b>4.5.3</b>	Derechos de suscripción preferentes en las ofertas de suscripción de valores de la misma clase	Part XVIII.6		
<b>4.5.4</b>	Derecho de participación en los beneficios del emisor	Part XVIII.6		
<b>4.5.5</b>	Derechos de participación en cualquier excedente en caso de liquidación	Part XVIII.6		
<b>4.5.6</b>	Derecho de información	Part XVIII.6		
<b>4.5.7</b>	Cláusulas de conversión	N/A		
<b>4.6</b>	<b>En el caso de nuevas emisiones, declaración de las resoluciones,</b>	Part XV.1.1		

Contenido	Apartado	Páginas	Comentarios
<b>autorizaciones y aprobaciones en virtud de las cuales los valores han sido o serán creados y/o emitidos</b>			
<b>4.7</b> En caso de nuevas emisiones, fecha prevista de emisión de los valores	Part V, Part XV.1		
<b>4.8</b> Descripción de cualquier restricción sobre la libre transmisibilidad de los valores	Part XV.4, Part XV.6		
<b>4.9</b> Indicación de la existencia de cualquier oferta obligatoria de adquisición y/o normas de retirada y recompra obligatoria en relación con los valores	N/A		
<b>4.10</b> Indicación de las ofertas públicas de adquisición realizadas por terceros sobre el capital del emisor, que se hayan producido durante el ejercicio anterior y el actual. Debe declararse el precio o de las condiciones de canje de estas ofertas y su resultado	N/A		
<b>4.11</b> Por lo que se refiere al país del domicilio social del emisor y al país o países en los que se está haciendo la oferta o se solicita la admisión a cotización			
<b>4.11.1</b> Información sobre los impuestos sobre la renta de los valores retenidos en origen	Part XVI		
<b>4.11.2</b> Indicación de si el emisor asume la responsabilidad de la retención de impuestos en origen	Part XVI		
<b>5 CLÁUSULAS Y CONDICIONES DE LA OFERTA</b>			
<b>5.1</b> Condiciones, estadísticas de la oferta, calendario previsto y procedimiento para la suscripción de la oferta	Part V, Part VI, Part XV.1.9		
<b>5.1.1</b> Condiciones a las que está sujeta la oferta	N/A		
<b>5.1.2</b> Importe total de la emisión/oferta, distinguiendo los valores ofertados para la venta y los ofertados para suscripción; si el importe no es fijo, descripción de los acuerdos y del momento en que se anunciará al público el importe definitivo de la oferta	Part VI, Part XV.1.1		
<b>5.1.3</b> Plazo, incluida cualquier posible modificación, durante en el que estará abierta la oferta y descripción del	Part V, Part XV.1		

Contenido		Apartado	Páginas	Comentarios
proceso de solicitud.				
5.1.4	Indicación de cuándo, y en qué circunstancias, puede revocarse o suspenderse la oferta y de si la revocación puede producirse una vez iniciada la negociación	Part XV		<i>“Termination of the Underwriting Agreement”</i>
5.1.5	Descripción de la posibilidad de reducir suscripciones y la manera de devolver el importe sobrante de la cantidad pagada por los solicitantes	Part XV.1.9 y XV.1.14		
5.1.6	Detalles de la cantidad mínima y/o máxima de solicitud (ya sea por el número de los valores o por el importe total de la inversión)	N/A		
5.1.7	Indicación del plazo en el cual pueden retirarse las solicitudes, siempre que se permita a los inversores dicha retirada	Part II.9 Part XV.1.5		<i>“Investors who exercise their Preferential Subscription Rights during the preferential subscription period will not be able to revoke their subscriptions”</i>
5.1.8	Método y plazos para el pago de los valores y para la entrega de los mismos	Part XV.1.10		
5.1.9	Descripción completa de la manera y fecha en la que se deben hacer públicos los resultados de la oferta	Part XV.1.13		
5.1.10	Procedimiento para el ejercicio de cualquier derecho preferente de compra, la negociabilidad de los derechos de suscripción y el tratamiento de los derechos de suscripción no ejercidos	Part XV.1.5		
<b>5.2</b>	<b>Plan de colocación y adjudicación</b>			
5.2.1	Las diversas categorías de posibles inversores a los que se ofertan los valores. Si la oferta se hace simultáneamente en los mercados de dos o más países y si se ha reservado o se va a reservar un tramo para determinados países, indicar el tramo	Part XV.1		
5.2.2	En la medida en que tenga conocimiento de ello el emisor, indicar si los accionistas principales o los miembros de los órganos de administración, de gestión o de supervisión del emisor tienen intención de suscribir la oferta, o si alguna persona tiene intención de suscribir más del cinco por ciento de la oferta	Part X.3, Part XVIII.4		<i>“Alignment of interests of the Investment Manager with those of other shareholders”</i>
5.2.3	Información previa sobre la	N/A		



Contenido	Apartado	Páginas	Comentarios
<p>adjudicación:</p> <p>(a) División de la oferta en tramos, incluidos los tramos institucional, minorista y de empleados del emisor y otros tramos</p> <p>(b) Condiciones en las que pueden reasignarse los tramos, volumen máximo de dicha reasignación y, en su caso, porcentaje mínimo destinado a cada tramo</p> <p>(c) Método o métodos de asignación que deben utilizarse para el tramo minorista y para el de empleados del emisor en caso de sobre-suscripción de estos tramos</p> <p>(d) Descripción de cualquier trato preferente predeterminado que se conceda a ciertas clases de inversores o a ciertos grupos afines (incluidos los programas para amigos y familia) en la asignación, el porcentaje de la oferta reservada a ese trato preferente y los criterios para la inclusión en tales clases o grupos</p> <p>(e) Si el tratamiento de las suscripciones u ofertas de suscripción en la asignación depende de la empresa que las realiza o de la empresa a través de la que se realiza</p> <p>(f) Cantidad mínima de adjudicación, en su caso, en el tramo minorista</p> <p>(g) Condiciones para el cierre de la oferta así como la fecha más temprana en la que puede cerrarse la oferta</p> <p>(h) Si se admiten o no las suscripciones múltiples y, en caso de no admitirse, cómo se gestionan las suscripciones múltiples</p>			
5.2.4	Proceso de notificación a los solicitantes de la cantidad asignada e indicación de si la negociación puede comenzar antes de efectuarse la notificación	Part XV.1.9	
5.2.5	<p>Sobre-adjudicación y green shoe:</p> <p>(a) Existencia y volumen de cualquier mecanismo de sobre-adjudicación y/o de green shoe</p> <p>(b) Periodo de existencia del mecanismo de sobre-adjudicación y/o de green shoe</p>	N/A	

Contenido	Apartado	Páginas	Comentarios
(c)Cualquier condición para el uso del mecanismo de sobre-adjudicación o de green shoe			
<b>5.3 Precios</b>			
5.3.1 Indicación del precio al que se ofertarán los valores. Cuando no se conozca el precio o cuando no exista un mercado establecido y/o líquido para los valores, indicar el método para la determinación del precio de oferta, incluyendo una declaración sobre quién ha establecido los criterios o es formalmente responsable de su determinación.	Part VI, Part XV.1		
5.3.2 Proceso de publicación del precio de oferta.	Part XV.1		
5.3.3 Si los tenedores de participaciones del emisor tienen derechos de adquisición preferentes y este derecho está limitado o suprimido, indicar la base del precio de emisión si esta es dineraria, junto con las razones y los beneficiarios de esa limitación o supresión.	N/A		
5.3.4 En los casos en que haya o pueda haber una disparidad importante entre el precio de oferta pública y el coste real en efectivo para los miembros de los órganos de administración, de gestión o de supervisión, o altos directivos o personas vinculadas, de los valores adquiridos por ellos en operaciones realizadas durante el último año, o que tengan el derecho a adquirir, debe incluirse una comparación de la contribución pública en la oferta pública propuesta y las contribuciones reales en efectivo de esas personas.	N/A		
<b>5.4 Colocación y aseguramiento</b>			
5.4.1 Nombre y dirección del coordinador o coordinadores de la oferta global y de determinadas partes de la misma y, en la medida en que tenga conocimiento de ello el emisor o el oferente, de los colocadores en los diversos países donde tiene lugar la oferta.	Part VII		
5.4.2 Nombre y dirección de cualquier agente de pagos y de las entidades depositarias en cada país.	Part XV.1.9		
5.4.3 Nombre y dirección de las entidades que acuerdan asegurar la emisión con	Part VII, Part XVIII.11.2		

Contenido	Apartado	Páginas	Comentarios
un compromiso firme, y detalles de las entidades que acuerdan colocar la emisión sin compromiso firme o con un acuerdo de «mejores esfuerzos». Indicación de las características importantes de los acuerdos, incluidas las cuotas. En los casos en que no se suscriba toda la emisión, declaración de la parte no cubierta. Indicación del importe global de la comisión de suscripción y de la comisión de colocación.			
5.4.4	Cuándo se ha alcanzado o se alcanzará el acuerdo de aseguramiento.	Part XV.3, Part XVIII.11.2	
<b>6</b>	<b>ACUERDOS DE ADMISIÓN A COTIZACIÓN Y NEGOCIACIÓN</b>		
6.1	Indicación de si los valores ofertados son o serán objeto de una solicitud de admisión a cotización, con vistas a su distribución en un mercado regulado o en otros mercados equivalentes, indicando los mercados en cuestión. Esta circunstancia debe mencionarse, sin crear la impresión de que se aprobará necesariamente la admisión a cotización	Part XV.5	
6.2	Todos los mercados regulados o mercados equivalentes en los que, según tenga conocimiento de ello el emisor, estén admitidos ya a cotización valores de la misma clase que los valores que van a ofertarse o admitirse a cotización	Portada (antepenúltimo párrafo)	
6.3	Si, simultáneamente o casi simultáneamente a la creación de los valores para los que se busca la admisión en un mercado regulado, se suscriben o se colocan privadamente valores de la misma clase, o si se crean valores de otras clases para colocación pública o privada, deben darse detalles sobre la naturaleza de esas operaciones y del número y las características de los valores a los cuales se refieren	N/A	
6.4	Detalles de las entidades que tienen un compromiso firme de actuar como intermediarios en la negociación secundaria, aportando liquidez a través de las órdenes de oferta y demanda y descripción de los principales términos de su compromiso	N/A	

Contenido		Apartado	Páginas	Comentarios
<b>6.5</b>	<b>Estabilización: en los casos en que un emisor o un accionista vendedor haya concedido una opción de sobre-adjudicación o se prevé que puedan realizarse actividades de estabilización de precios en relación con la oferta</b>			
6.5.1	El hecho de que pueda realizarse la estabilización, de que no hay ninguna garantía de que se realice y que puede detenerse en cualquier momento	N/A		
6.5.2	Principio y fin del periodo durante el cual puede realizarse la estabilización	N/A		
6.5.3	Identidad de la entidad que dirija la estabilización para cada jurisdicción pertinente, a menos que no se conozca en el momento de la publicación	N/A		
6.5.4	El hecho de que las operaciones de estabilización puedan dar lugar a un precio de mercado más alto del que habría de otro modo	N/A		
<b>7</b>	<b>TENEDORES VENDEDORES Y VALORES</b>			
<b>7.1</b>	<b>Nombre y dirección profesional de la persona o de la entidad que se ofrece a vender los valores, naturaleza de cualquier cargo u otra relación importante que los vendedores hayan tenido en los últimos tres años con el emisor o con cualquiera de sus antecesores o personas vinculadas</b>	N/A		
<b>7.2</b>	<b>Número y clase de los valores ofertados por cada uno de los tenedores vendedores de valores</b>	N/A		
<b>7.3</b>	<b>Compromisos de no disposición (lock-up agreements)</b> •Partes implicadas. •Contenido y excepciones del acuerdo. •Indicación del periodo de no disposición.	Part XV.4		
<b>8</b>	<b>GASTOS DE LA EMISIÓN/OFERTA</b>			
<b>8.1</b>	<b>Ingresos netos totales y cálculo de los gastos totales de la emisión/oferta</b>	Part VI, Part XVIII. 16		
<b>9</b>	<b>DILUCIÓN</b>			
<b>9.1</b>	<b>Cantidad y porcentaje de la dilución inmediata resultante de la</b>	Part IV		

Contenido		Apartado	Páginas	Comentarios
oferta				
9.2	En el caso de una oferta de suscripción a los tenedores actuales, importe y porcentaje de la dilución inmediata si no suscriben la nueva oferta	Part IV		
10	INFORMACIÓN ADICIONAL			
10.1	Si en la nota sobre los valores se menciona a los asesores relacionados con una emisión, una declaración de la capacidad en que han actuado los asesores	Part VII		
10.2	Indicación de otra información de la nota sobre los valores que haya sido auditada o revisada por los auditores y si los auditores han presentado un informe. Reproducción del informe o, con el permiso de la autoridad competente, un resumen del mismo	N/A		
10.3	Cuando en la Nota sobre los valores se incluya una declaración o un informe atribuido a una persona en calidad de experto, proporcionar el nombre de esas personas, dirección profesional, cualificaciones e interés importante en el emisor, según proceda. Si el informe se presenta a petición del emisor, una declaración de que se incluye dicha declaración o informe, la forma y el contexto en que se incluye, y con el consentimiento de la persona que haya autorizado el contenido de esa parte de la Nota sobre los valores	Part XI		
10.4	En los casos en que la información proceda de un tercero, proporcionar una confirmación de que la información se ha reproducido con exactitud y que, en la medida en que el emisor tiene conocimiento de ello y puede determinar a partir de la información publicada por ese tercero, no se ha omitido ningún hecho que haría la información reproducida inexacta o engañosa. Además, el emisor debe identificar la fuente o fuentes de la información	Part XI		