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EPRA INFORMATION

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Lagasca99 Residential (Madrid)



EPRA Awards

- In November 2016, the Reporting & Accounting Committee of EPRA (European Public Real Estate Association⁽¹⁾) updated a Best Practices Recommendations⁽²⁾ document in order to improve the presentation, transparency, comparability and relevance of the published results of listed real estate companies in Europe.

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

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



(1) Not-for-profit association founded in 1999 registered in Belgium which aims to make the financial statements of public real state companies clearer, more transparent and comparable across Europe.

(2) "Best Practices Recommendations - BPR" available at www.epra.com

- In **September 2018**, Lar España was awarded for the fourth year running the **Gold Award** from the European Public Real Estate Association (EPRA) in recognition of the quality of the financial information provided by the company. Lar España was also awarded for the first time with the most prestigious recognition from EPRA, the **Gold Award**, related to the information about Corporate Social Responsibility.

This highlights **the international recognition for the information reported by Lar España** and made available to its shareholders.

2015



2016



2017



2018



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

Indicator	30/09/2018 (Thousands of euros)	30/09/2018 (Euros per share)
EPRA Earnings	22,125 ^(*)	0.24 ^(*)
EPRA NAV	1,018,046	10.76
EPRA NNNNAV	999,322	10.56
EPRA Net Initial Yield (NIY)	5.2%	-
EPRA "topped-up" NIY	5.3%	-
EPRA Vacancy Rate	8.5%	-
EPRA Cost Ratio	27.3% ^(**)	-
EPRA Cost Ratio (excluding costs of direct vacancy)	24.0% ^(**)	-

(*) Adjusted EPRA Earnings

(**) Ratio calculated considering recurring expenses

See terms definitions in Glossary, section 6



3.1 EPRA Earnings

(Thousands of euros)	30/09/2018	30/09/2017
EARNINGS PER IFRS INCOME STATEMENT	80,661	72,189
Change in value of investment properties	(59,620)	(46,924)
Companies acquisitions effect	-	(653)
Change in fair value of financial instruments	59	(1,069)
Companies divestments effect	(20,616)	(2,842)
Amortisation of intangible assets	249	-
Tax on profit on disposals	2,026	-
EPRA EARNINGS	2,759	20,701
Weighted average number of shares (excluding treasury shares)	93,318,955	90,746,461
EPRA EARNINGS PER SHARE (EUROS)	0.03	0.23
Company specific adjustment ^(*)	19,366	5,667
ADJUSTED EPRA EARNINGS	22,125	26,368
ADJUSTED EPRA EARNINGS PER SHARE (EUROS)	0.24	0.29

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



3.2 EPRA NAV

(Thousands of euros)	30/09/2018	31/12/2017
NET ASSET VALUE PER THE FINANCIAL STATEMENTS	974,156	918,219
Change in fair value of non-current assets	25,166	18,468
Fair value of financial instruments	1,523	189
Deferred tax liabilities	17,201	14,613
EPRA NAV	1,018,046	951,489
Number of shares (excluding treasury shares)	94,644,306	92,604,217
EPRA NAV PER SHARE (EUROS)	10.76^(*)	10.27

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

EPRA NNNAV

(Thousands of euros)	30/09/2018	31/12/2017
EPRA NAV	1,018,046	951,489
Fair value of financial instruments	(1,523)	(189)
Deferred tax liabilities	(17,201)	(14,613)
EPRA NNNAV	999,322	936,687
Number of shares (excluding treasury shares)	94,644,306	92,604,217
EPRA NNNAV PER SHARE (EUROS)	10.56^(*)	10.11

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

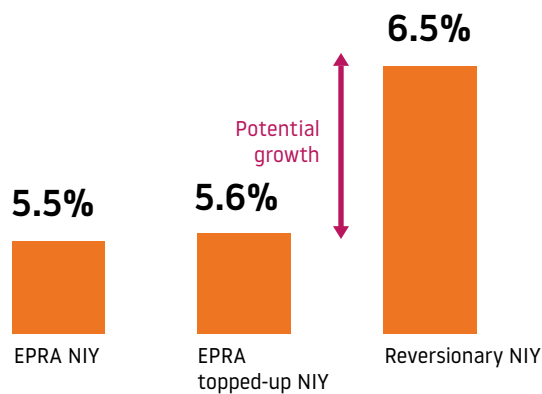
3.3 EPRA NIY and EPRA “topped-up” NIY (30/09/2018)

(Thousands of euros)

Asset	Completed Property Portfolio	Allowance for estimated purchasers costs	Gross up completed property portfolio valuation (A)	Annualised cash passing rental income
Megapark + leisure area	219,780	4,139	223,919	12,269
Gran Vía de Vigo	165,049	4,538	169,587	9,968
Portal de la Marina + hypermarket	122,640	2,940	125,580	7,797
El Rosal	109,100	2,721	111,821	7,235
Anec Blau	96,263	2,880	99,143	5,722
As Termas + petrol station	85,615	2,353	87,968	5,387
Parque Abadía + commercial gallery	80,977	2,030	83,007	5,032
Rivas Futura	65,549	1,472	67,020	3,942
VidaNova Parc ^(*)	60,570	1,510	62,080	4,172
Albacenter + hypermarket	59,479	1,450	60,929	3,596
Supermarkets portfolio	52,884	1,056	53,940	3,839
Vistahermosa	49,743	1,240	50,983	3,582
Txingudi	37,505	713	38,217	2,528
Las Huertas	12,600	284	12,884	1,013
TOTAL RETAIL	1,217,754	29,324	1,247,078	76,084
Eloy Gonzalo	39,400	1,143	40,543	928
Marcelo Spínola	38,561	1,117	39,677	509
Joan Miró	21,490	642	22,132	130
TOTAL OFFICES	99,451	2,901	102,352	1,567
TOTAL LAR ESPAÑA	1,317,205	32,226	1,349,430	77,651

(*) Norauto unit not included due to its disposal in October

Retail yields



Property outgoings	Annualised net rents (B)	Notional rent expiration of rent free periods or other lease incentives	Topped-up net annualised (C)	EPRA NET INITIAL YIELD (B/A)	EPRA TOPPED-UP NET INITIAL YIELD (C/A)
(866)	11,403	56	11,459	5.1%	5.1%
(504)	9,465	37	9,501	5.6%	5.6%
(584)	7,214	103	7,317	5.7%	5.8%
(920)	6,314	144	6,459	5.6%	5.8%
(994)	4,729	48	4,776	4.8%	4.8%
(389)	4,999	303	5,302	5.7%	6.0%
(235)	4,797	133	4,930	5.8%	5.9%
(316)	3,626	257	3,883	5.4%	5.8%
(432)	3,740	25	3,765	6.0%	6.1%
(652)	2,944	25	2,968	4.8%	4.9%
(13)	3,825	0	3,825	7.1%	7.1%
(689)	2,893	9	2,901	5.7%	5.7%
(176)	2,353	30	2,382	6.2%	6.2%
(126)	887	32	919	6.9%	7.1%
(6,896)	69,188	1,201	70,388	5.5%	5.6%
(84)	844	710	1,554	2.1%	3.8%
(426)	83	0	83	0.2%	0.2%
(460)	(330)	0	(330)	-1.5%	-1.5%
(970)	597	710	1,307	0.6%	1.3%
(7,866)	69,785	1,911	71,695	5.2%	5.3%

5.5%
Retail
EPRA NIY

5.6%
Retail EPRA
topped-up NIY

6.5%
Retail
Reversionary
Yield

3.4 EPRA Vacancy Rate

Asset	ERV (Thousands of euros)	ERV Vacancy (Thousands of euros)	EPRA VACANCY RATE (%)
Megapark + leisure area	14,468	1,166	8.1%
Gran Vía Vigo	9,974	91	0.9%
Portal de la Marina + hypermarket	7,707	505	6.5% (*)
El Rosal	7,449	383	5.1%
Anec Blau	6,319	624	9.9% (*)
As Termas + petrol station	5,578	272	4.9%
Parque Abadía + commercial gallery	5,232	54	1.0%
Rivas Futura	4,539	447	9.9%
VidaNova Parc	4,414	0	0.0%
Albacenter + hypermarket	4,015	242	6.0%
Supermarkets portfolio	3,276	0	0.0%
Vistahermosa	3,625	284	7.8%
Txingudi	2,894	162	5.6%
Las Huertas	1,058	111	10.5%
TOTAL RETAIL	80,548	4,341	5.4%
Eloy Gonzalo	1,516	0	0.0%
Marcelo Spínola	2,191	1,658	75.7%
Joan Miró	1,465	1,269	86.6%
TOTAL OFFICES	5,172	2,927	56.6%
TOTAL	85,720	7,268	8.5%

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

5.4% Retail EPRA Vacancy Rate

3.5 EPRA Cost Ratios

(Thousands of euros)	Recurring		TOTAL	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
Administrative expenses	(405)	(405)	(405)	(405)
Operating costs net of recoverable income ⁽¹⁾	(13,952) ⁽²⁾	(13,367) ⁽²⁾	(42,151) ⁽³⁾	(22,573) ⁽³⁾
Administrative/operating expenses in associates	(612)	(910)	(612)	(910)
EPRA Cost (including vacancy cost) (A)	(14,969)	(14,682)	(43,168)	(23,888)
Direct vacancy costs	(1,768)	(2,069)	(1,768)	(2,069)
EPRA Cost (excluding vacancy cost) (B)	(13,201)	(12,613)	(41,400)	(21,819)
Gross Rental Income less ground rent costs-per IFRS	59,901	58,466	59,901	58,466
Net associated costs (net service charge)	(4,992)	(5,034)	(4,992)	(5,034)
Gross Rental Income (C)	54,909	53,432	54,909	53,432
EPRA COST RATIO (including direct vacancy costs) A/C	27.3% ⁽⁴⁾	27.5%	78.6%	44.7%
EPRA COST RATIO (excluding direct vacancy costs) B/C	24.0% ⁽⁴⁾	23.6%	75.4%	40.8%

(1) Maintenance costs totalling 1,023 thousands of euros are included

(2) Fixed management fee included

(3) Fixed and variable management fees included

(4) Excluding costs directly related to development projects, as at 30 September 2018, the ratios would be 24.5% y 21.3%, respectively

