

Code of Conduct of **Lar España Real Estate SOCIMI, S.A.**



Prepared by	Date	Approved by	Date
Corporate Management	24 December 2014	Audit and Control Committee	19 February 2015
		Board of Directors	24 February 2015

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1. Scope of application

The purpose of the Code of Conduct of Lar España Real Estate SOCIMI, S.A. (hereinafter, Lar España) is to establish the guidelines governing the conduct of any and all acting in the name of Lar España and its subsidiaries.

This Code applies to all of the members of the company's Board of Directors, senior management team, the management team of Grupo Lar (Lar España's asset manager), the officers and employees of both the company and its investees and any other person who may be related to Lar España without being an employee thereof (hereinafter, the Bound Parties).

This Code of Conduct complements the internal code of conduct governing securities market dealings, the company's other rules, its Articles of Association and other prevailing legislation applicable to the business of Lar España. It is binding upon Lar España and all the companies with which there is a material contractual relationship. This document will be uploaded onto the corporate website with a view to helping the Bound Parties familiarise themselves with its contents.

Failure to comply with the provisions set down in this Code will constitute an infraction and could result in the application of disciplinary measures, as outlined in section 3.4. *Breaches/disciplinary action*

2. General principles

Lar España's duty is to conduct its business activities in keeping with prevailing legislation such that its employees avoid any form of conduct deemed unethical or unprofessional, potentially harming the company's image. The company demands that all of the people and entities bound by this Code of Conduct comply with the business principles outlined below:

2.1. Compliance with the law

The Bound Parties must pledge stringent compliance with the prevailing legislation governing the business and professional activities of the company in any of its markets, to which end they shall not forge information or undertake illicit practices which could harm the company's reputation, instead upholding and contributing to the company's overriding and ethical objectives.

2.2. Ethical and professional integrity

All Bound Parties must behave in accordance with the company's principles of business ethics and to moral standards that enable every individual to behave with honesty, truthfulness and transparency, in order to prevent any form of legal breach or professional misconduct.

The Bound Parties must not accept gifts from third parties which may be construed as illicit payments in exchange for perks or preferential treatment. It is similarly forbidden to bribe or extend gifts for these same purposes. No donation may be made to political parties unless permitted by the national legislation of the business market in question and so long as the fact of the donation is publicly and transparently disclosed.

Gifts, invitations to events, etc., must be kept within the general austerity norm and any gift-giving must fall within the company's expense policy.

2.3. Conflicts of interest

A conflict of interest is understood to arise whenever any of the Bound Parties who must decide, perform or omit an action, in the course of his or her job duties, faces the option of choosing between the interests of the company and his/her own interests or those of a third party, such that choosing those of either of the latter two would benefit a third party, giving rise to a gain that would otherwise not accrue.

In order to prevent these situations, the Bound Parties must act honestly and confidentially, without letting themselves be manipulated or influenced by third parties. They must abstain from voting or issuing an opinion on matters on which they are conflicted that could harm the company's interests and must always act independently, exercising freedom of judgement and loyalty to the company.

Employees, officers and directors who suspect the existence of a conflict of interest should get in contact with the Audit and Control Committee.

2.4. Book-keeping and financial information preparation

Lar España pledges to ensure that the company's financial information, most particularly its annual financial statements, reflects the company's financial reality, in keeping with applicable generally accepted accounting principles and international financial reporting standards. To this end, no professional may conceal or distort the information contained in the company's accounting registers and reports, which must be complete, accurate and precise.

The failure to honestly report the company's financial information, whether internally - to employees, subsidiaries, departments, internal bodies, governing bodies, etc. - or externally - to auditors, shareholders/investors, regulatory bodies, media, etc. - breaches this Code. The delivery of incorrect information, its incorrect configuration or any attempt to confuse its recipients are similarly deemed to constitute financial reporting misconduct.

2.5. Internal control, prevention of money laundering and prevention of crime

Lar España undertakes to establish and maintain an adequate control environment for the purpose of assessing and managing the risks faced by the company, particularly those related to the internal control over financial reporting (ICFR) system, with the aim of ensuring that all Lar España transactions are clearly and accurately reflected in the company's accounting archives and registries and fed into the financial reporting process.

Lar España will not only endeavour to ensure compliance with anti-money laundering regulations but will establish the internal controls needed to correctly identify the financial flows implied by its transactions and duly notify the competent authorities in the case of doubt or conflict.

Lar España shall try to prevent the commission of crimes by identifying the areas and activities susceptible to this form of risk, in keeping with prevailing legislation, and establishing measures and controls designed to prevent them from materialising.

2.6. Asset safe-guarding

In light of Lar España's business, the protection and correct maintenance of the company's assets is of the utmost importance. The Bound Parties must therefore:

- Ensure that the company's assets do not suffer any impairment that could affect their valuation
- Protect and care for the assets available to them or to which they have access, which assets must be used moreover for the professional purposes for which they are assigned
- Not avail of or encumber the assets of Lar España unless authorised to do so
- Take care that the expenses incurred are strictly necessary
- Comply with all the internal control procedures put in place to safeguard these assets
- Not dispose of, transfer or conceal Lar España's ownership of assets with the aim of sidestepping compliance with obligations vis-a-vis creditors
- Not perform any manner of construction, demolition, refurbishment or restoration work without having first obtained the corresponding permits and authorisations

2.7. Use and safeguarding of information

Lar España views information security as one of the cornerstones of its business operations. The parties bound by this Code are obliged to comply with prevailing legislation, to which end they undertake to transmit and communicate accurate and complete information, no matter the recipient, pledging not to forge it or provide erroneous or inappropriate information, most particularly regarding the marketable securities, financial instruments and real estate assets underpinning all of the company's activities.

Any employee or person related to the company who has access to price-sensitive or inside information is bound to keep such information confidential along with the fact of its restricted nature, aware of the penalties applicable to inadequate use of such information.

Lar España has put in place the safety measures needed to ensure proper archiving, access to, reproduction and distribution of inside and price-sensitive information. It shall also keep a register of the communications, notifications and other actions taken with respect to the conduct of the Bound Parties in the course of performing their professional duties at the company. This archive will be kept strictly confidential and will be updated and safeguarded by the Audit and Control Committee. Any suspicion of irregular conduct in respect of the use of information and its security must be notified to this committee immediately.

2.8. Securities markets and inside, confidential and price-sensitive information

The securities markets currently serve as a source of corporate financing and it is crucial to act ethically when using additional money raised in the secondary markets. In addition to this Code of Conduct, Lar España has an internal code of conduct specifically governing securities markets dealings which sets guidelines for conduct when trading in marketable securities or financial instruments, handling inside and price-sensitive information, preventing market abuse and unfair competition and ensuring the absolute confidentiality of data and related disclosures. Accordingly, the Bound Parties may not:

- Trade in marketable securities or with treasury shares on the basis of inside information
- Provide that information to third parties unless specifically required to do so
- Buy or sell marketable securities if aware of inside information until that information has been publicly disclosed

- Be party to portfolio management contracts unless they can warrant that the asset manager does not trade in the company's marketable securities and/or has outright control over the management of the Bound Party's portfolio
- Fake or misdirect price formation by altering supply or demand for the marketable securities under any circumstances by means of direct or media-channelled communication
- Transact for speculative purposes in marketable securities or financial products

Any Bound Party in possession of inside information, this meaning information that has not been publicly disclosed and could have an impact on the trading price of the company's marketable securities, must keep it confidential and not disclose it for his or her own gain, must prevent its disloyal use and notify its existence to the person responsible for the securities market code of conduct or this Code.

2.9. Personal data protection

Lar España pledges due care in using data pertaining to its employees, customers, suppliers, institutional audiences and other people engaged with the company, respecting their privacy rights. Employees must not reveal the personal data of any customer or company party, complying to this end with applicable data protection legislation in order to guarantee the confidentiality, security and confidence of its stakeholders, unless expressly allowed or required under applicable legislation or regulations. Those with access to personal data in the course of their professional duties must use that information responsibly and confidentially.

2.10. Equal opportunities and non-discrimination

Lar España upholds the principles of equal opportunities and non-discrimination, treating everyone who interacts with it equally and managing all its business activities under the spirit of free competition. It undertakes to adopt training policies designed to develop the professional skills of its employees, paying particular attention to the promotion of measures designed to foster gender equality. Lar España shall similarly act to protect the human rights and freedoms enshrined in the UN's Universal Declaration of Human Rights.

2.11. Corporate social responsibility

Lar España pledges to develop its business framed by a responsible attitude articulated around economic, social and environmental dimensions. This framework will enable the company to manage its business sustainably over time from a perspective that encompasses transparent reporting, business cooperation, responsible taxation, creation of value for society and an ever-smaller environmental footprint so as to foster appropriate financial development and the healthy competitiveness.

2.12. Stakeholder engagement

The company undertakes to manage its relationships with its stakeholders (shareholders, customers, suppliers, employees, government and NGOs) in keeping with the principles of transparency and good governance, engaging to this end with them in order to encourage them to participate in the company's strategies and initiatives, attempting to cater to their needs and respond to their suggestions for the good of the company, duly reconciling general interests with those of the company, all of which underpinned by the principle of collaboration. Against this backdrop, Lar España pledges to provide timely, accurate and comprehensible information about the matters negotiated with all the parties with which it has contractual ties.

3. Application and monitoring of the Code

3.1. Approval, date of effectiveness and circulation

This Code of Conduct was approved by the Board of Directors of Lar España, having been first approved by the Audit and Control Committee, and took effect on the day after its approval. Any questions about the Code, including questions of interpretation or additional information requests, should be addressed to the Secretary of the Board of Directors who is tasked with its administration.

It will be distributed to all those bound to comply with it, who will be required to certify receipt, and will also be uploaded onto the corporate website (www.larespana.com).

3.2. Code oversight body

The body responsible for ensuring due compliance with, updating of and dissemination of the Code is the Audit and Control Committee.

3.3. Whistle-blowing channel

Lar España undertakes to analyse and respond to enquiries and complaints lodged in relation to application of and compliance with the Code of Conduct. To this end, anyone who believes they can prove illicit conduct may report such conduct by means of Lar España's whistle-blowing channel, whose use is governed by the channel's dedicated operating rules.

3.4. Breaches / disciplinary action

Failure to comply with this Code may result in a penalty under prevailing legislation, without prejudice to other administrative accountability or criminal liability which may apply under specific circumstances, including potential termination of the contractual relationship. Regardless, any resulting disciplinary action shall be governed by stringent respect for the fundamental rights and guarantees intrinsic to any disciplinary proceedings.