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EPRA INFORMATION

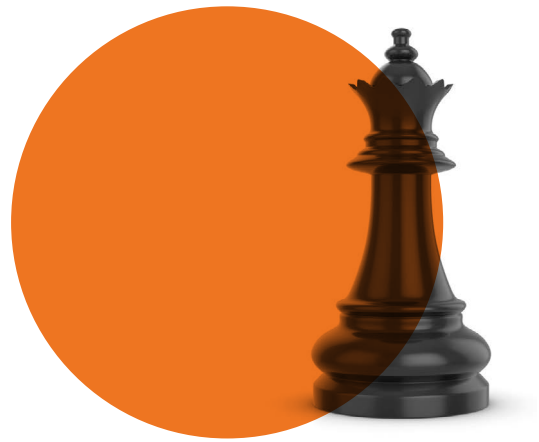
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Megapark Shopping Centre (Bilbao)



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 a 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 Recommendations developed by EPRA are shown as follows:

Indicator	31/12/2018 (Thousands of euros)	31/12/2018 (Euros per share)
EPRA Earnings	29,240 (*)	0.31 (*)
EPRA NAV	1,036,683	11.14
EPRA NNNAV	1,013,644	10.89
EPRA Net Initial Yield (NIY)	5.2%	-
EPRA "topped-up" NIY	5.3%	-
EPRA Vacancy Rate	6.8%	-
EPRA Cost Ratio	27.5% (**)	-
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)	2018	2017
EARNINGS PER IFRS INCOME STATEMENT	129,308	135,606
Change in value of investment properties and other interest	(97,245) (*)	(101,558)
Companies acquisitions effect	-	(653)
Change in fair value of financial instruments	1,024	(1,474)
Companies divestments effect	(28,541)	(2,842)
Amortisation of intangible assets	307	-
Tax on profit on disposals	4,539	-
EPRA EARNINGS	9,392	29,079
Weighted average number of shares (excluding treasury shares)	93,404,258	91,372,891
EPRA EARNINGS PER SHARE (EUROS)	0.10	0.32
Company specific adjustment (**)	19,848	7,500
ADJUSTED EPRA EARNINGS	29,240	36,579
ADJUSTED EPRA EARNINGS PER SHARE (EUROS)	0.31	0.40

(*) 26,774 thousand Euros linked to Lagasga99 residential project included.

(**) 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)	31/12/2018	31/12/2017
NET ASSET VALUE PER THE FINANCIAL STATEMENTS	1,008,498	918,219
Change in fair value of non-current assets	5,146	18,468
Fair value of financial instruments	3,634	189
Deferred tax liabilities	19,405	14,613
EPRA NAV	1,036,683	951,489
Number of shares (excluding treasury shares)	93,081,129	92,604,217
EPRA NAV PER SHARE (EUROS)	11.14 ^(*)	10.27

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

EPRA NNAV

(Thousands of euros)	31/12/2018	31/12/2017
EPRA NAV	1,036,683	951,489
Fair value of financial instruments	(3,634)	(189)
Deferred tax liabilities	(19,405)	(14,613)
EPRA NNAV	1,013,644	936,687
Number of shares (excluding treasury shares)	93,081,129	92,604,217
EPRA NNAV PER SHARE (EUROS)	10.89 ^(*)	10.11

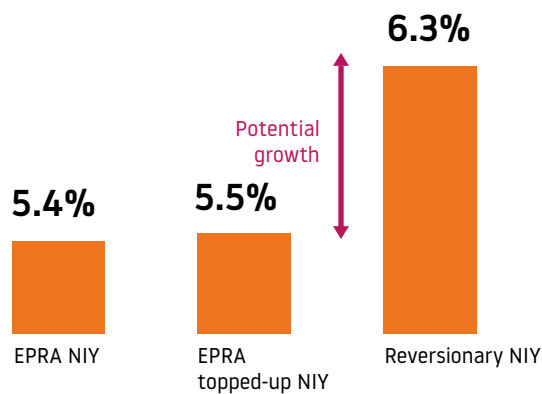
(*) When analyzing this measure it is important to take into account the dividend paid in Q2 2018 (0.49€/share).

3.3 EPRA NIY and EPRA “topped-up” NIY (31/12/2018)

(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	222,200	4,222	226,422	12,487
Gran Vía Vigo	173,000	4,758	177,758	10,075
Portal de la Marina + hypermarket	129,175	3,100	132,275	7,830
El Rosal	110,210	2,752	112,962	7,313
Anec Blau	97,060	2,916	99,976	5,272
As Termas + petrol station	87,560	2,408	89,968	5,631
Parque Abadía + commercial gallery	83,410	2,085	85,495	5,091
Rivas Futura	67,500	1,519	69,019	4,102
Albacenter + hypermarket	60,350	1,509	61,859	3,615
VidaNova Parc	59,910	1,500	61,410	3,998
Supermarkets portfolio	53,024	1,060	54,084	3,839
Vistahermosa	50,540	1,260	51,800	3,583
Txingudi	37,500	713	38,213	2,671
Las Huertas	12,600	284	12,884	1,032
TOTAL RETAIL	1,244,039	30,085	1,274,124	76,538
Eloy Gonzalo	39,400	1,143	40,543	1,303
Marcelo Spínola	37,000	1,073	38,073	565
TOTAL OFFICES	76,400	2,216	78,616	1,867
TOTAL LAR ESPAÑA	1,320,439	32,300	1,352,739	78,406

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)
(1,517)	10,970	57	11,027	4.8%	4.9%
(409)	9,667	109	9,776	5.4%	5.5%
(548)	7,282	106	7,388	5.5%	5.6%
(883)	6,430	164	6,594	5.7%	5.8%
(993)	4,279	69	4,348	4.3%	4.3%
(370)	5,260	293	5,553	5.8%	6.2%
(249)	4,843	100	4,943	5.7%	5.8%
(370)	3,732	103	3,835	5.4%	5.6%
(810)	2,804	28	2,833	4.5%	4.6%
(471)	3,527	228	3,755	5.7%	6.1%
(13)	3,825	0	3,825	7.1%	7.1%
(681)	2,902	2	2,905	5.6%	5.6%
(153)	2,517	17	2,534	6.6%	6.6%
(120)	912	31	943	7.1%	7.3%
(7,587)	68,952	1,309	70,261	5.4%	5.5%
(83)	1,219	383	1,602	3.0%	4.0%
(402)	163	84	247	0.4%	0.6%
(485)	1,382	467	1,849	1.8%	2.4%
(8,072)	70,334	1,776	72,110	5.2%	5.3%

5.4%
Retail
EPRA NIY

5.5%
Retail EPRA
topped-up NIY

6.3%
Retail
Reversionary
Yield

3.4 EPRA Vacancy Rate

Asset	ERV (Thousands of euros)	ERV Vacancy (Thousands of euros)	EPRA VACANCY RATE (%)
Megapark + leisure area	14,497	1,660	11.5% (*)
Gran Vía	9,981	45	0.5%
Portal de la Marina + hypermarket	7,687	485	6.3% (*)
El Rosal	7,451	418	5.6%
Anec Blau	6,306	460	7.3% (*)
As Termas + petrol station	5,573	156	2.8%
Parque Abadía + commercial gallery	5,161	317	6.1% (**)
Rivas Futura	4,427	185	4.2%
Albacenter + hypermarket	3,996	114	2.8%
VidaNova Parc	4,318	0	0.0%
Supermarkets portfolio	3,276	0	0.0%
Vistahermosa	3,614	183	5.1%
Txingudi	2,865	69	2.4%
Las Huertas	1,048	69	6.6%
TOTAL RETAIL	80,200	4,161	5.2%
Marcelo Spinola	2,171	1,507	69.4%
Eloy Gonzalo	1,522	0	0.0%
TOTAL OFFICES	3,693	1,507	40.8%
TOTAL	83,893	5,668	6.8%

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

(**) Large unit temporarily unoccupied. Negotiations with a replacement tenant are at an advanced stage.

5.2% Retail EPRA Vacancy Rate

3.5 EPRA Cost Ratios

(Thousands of euros)	Recurring		TOTAL	
	2018	2017	2018	2017
Administrative expenses	(502)	(542)	(502)	(542)
Operating costs net of recoverable income ⁽¹⁾	(18,388) ⁽²⁾	(16,882) ⁽²⁾	(48,774) ⁽³⁾	(29,523) ⁽³⁾
Administrative/operating expenses in associates	(1,283)	(1,206)	(1,283)	(1,206)
EPRA Cost (including vacancy cost) (A)	(20,173)	(18,630)	(50,559)	(31,271)
Direct vacancy costs	(2,547)	(2,659)	(2,547)	(2,659)
EPRA Cost (excluding vacancy cost) (B)	(17,626)	(15,971)	(48,012)	(28,612)
Gross Rental Income less ground rent costs-per IFRS	79,688	79,346	79,688	79,346
Net associated costs (net service charge)	(6,374)	(6,324)	(6,374)	(6,324)
Gross Rental Income (C)	73,314	73,022	73,314	73,022
EPRA COST RATIO (including direct vacancy costs) A/C	27.5% ⁽⁴⁾	25.5%	69.0%	42.8%
EPRA COST RATIO (excluding direct vacancy costs) B/C	24.0% ⁽⁴⁾	21.9%	65.5%	39.2%

(1) Maintenance costs totalling 1,228 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 31 December 2018, the ratios would be 24.1% and 20.6% respectively.

