



9M 2018 NINE MONTHS REPORT



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As Termas Shopping Centre (Lugo)



1.1 Highlights Q3 2018

Portfolio Information

GAV
1,526
Million €

Annualised Net Rent
69.8
Million €

Assets
23
2 acquisitions in 2018

GLA
631,448
sqm

WAULT
3.5
years

2018 Divestments
243.7
Million €

2018 New Investments
75.6
Million €

Financial Information

EPRA NAV
1,018
Million €
(10.76 €/share)

Rental Income
58.6
Million €
+2% vs Q3 2017

Net LTV
31%

EBIT
94.1
Million €
+16% vs Q3 2017

Average Cost
of Debt
2.27%

Net Profit
80.7
Million €
+12% vs Q3 2017

Financial Debt
607.0
Million €

ROE
13.47%

Retail performance

Operating results

Annualised Net Rent
69.2
Million €

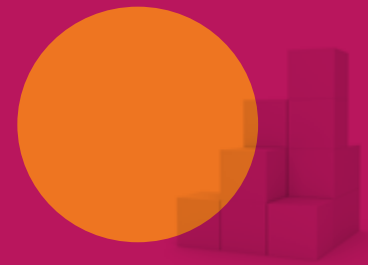
EPRA Topped-up NIY
5.6%

Reversionary Yield
6.5%

LfL GRI
+3.0%

LfL NOI
+4.1%

% Occupancy⁽¹⁾
94.6%



GAV (%)

Retail Rest of the portfolio



Rental Income (%)

Retail Rest of the portfolio



Commercial activity

Negotiated rent
5.8
Million €

Operations
105

Rotated area
25,461
sqm

Average dwell time
87
min

Q3 2018 Footfall
41.5
Million of visits



Q3 2018 Sales
486.3⁽⁴⁾
Million €



-0.2%⁽²⁾
vs. Q3 2017

-0.9%
Average Spanish Footfall ⁽³⁾

+0.5%
vs. Q3 2017

-3.1%
Spain Retail Sales ⁽⁵⁾

(1) Ratio calculated under EPRA recommendations

(2) Affected by refurbishments during the year

(3) Shoppertrak Index

(4) Declared Sales

(5) National Statistics Institute (INE)

1.2 Lar España today: retail leaders

#1

In terms of
retail GLA (*)

#1

In terms of retail
parks owned

#1

In terms of
100%-owned retail
properties

(*) Including the opening of the Lagoh shopping centre development, scheduled for 2019.

Top 5 in Europe

How have we achieved this?



Market know-how

Off-market property acquisitions with a clear investment criteria (quality, size, minimum footfall, locations with catchment areas and top retailers).

Competitively priced divestments optimising value-add and increasing shareholder returns.



Consolidating a leading retail platform

We benefit from an extensive platform, **retailer know-how**, customer-oriented innovation, **active and professional management** and an in-depth understanding of the sector.

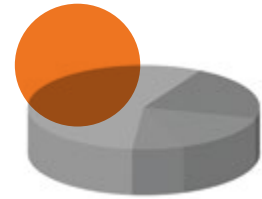
We have built a portfolio of **prime properties** that **stand out** in their respective catchment areas.



Transformation and continual improvement of our portfolio

Asset repositioning and **selective CAPEX strategy** with strong returns.

Successfully adapting our shopping centres to new market trends, by investing in improvements focused on **technology and digitalisation**.



Excellent operating results

We have **outperformed** our main **market competitors** quarter on quarter.



Creating value-add via the TES project

Lar España is leading the digital transformation of the sector



Technology

Assess and quantify the **visitors' experience** at our shopping centres and optimise the management of the shopping centres and client relationship

- E-commerce
- Mobile App
- Seeketing
- Geoblink
- Social Media
- Wi-Fi
- Omnichannelling



Engagement

Provide a **unique value-add offering** by transforming shopping centres into experience-led destinations

- Optimal retail offering
- High-quality and bespoke services
- Attractive Food & Beverage areas
- Increased leisure and entertainment offering
- Inviting, vibrant and urban spaces



Sustainability

Strategic positioning of each and every one of our properties, considering aspects such as the environment, sustainability, accessibility and society

- Sustainability certifications
- Responsible management
- Commitment to the environment
- Active listeners
- Ethical practices and Integrity
- Transparency



1.3 Retail market context

Overview

Growth and GDP

After growing at a healthy rate in 2017 (3.1%), the Spanish economy looks set to enjoy **solid growth, and outperform the Eurozone average in 2018**. With the Gross Domestic Product (GDP) coming in at 0.7% in Q1 2018 and 0.6% in Q2, preliminary figures suggest that Q3 will stand at a similar level (0.6%). According to Oxford Economics, **GDP will grow by 2.7% in 2018** and 2.3% in 2019, slightly below the 2017 year-end figure.

Inflation

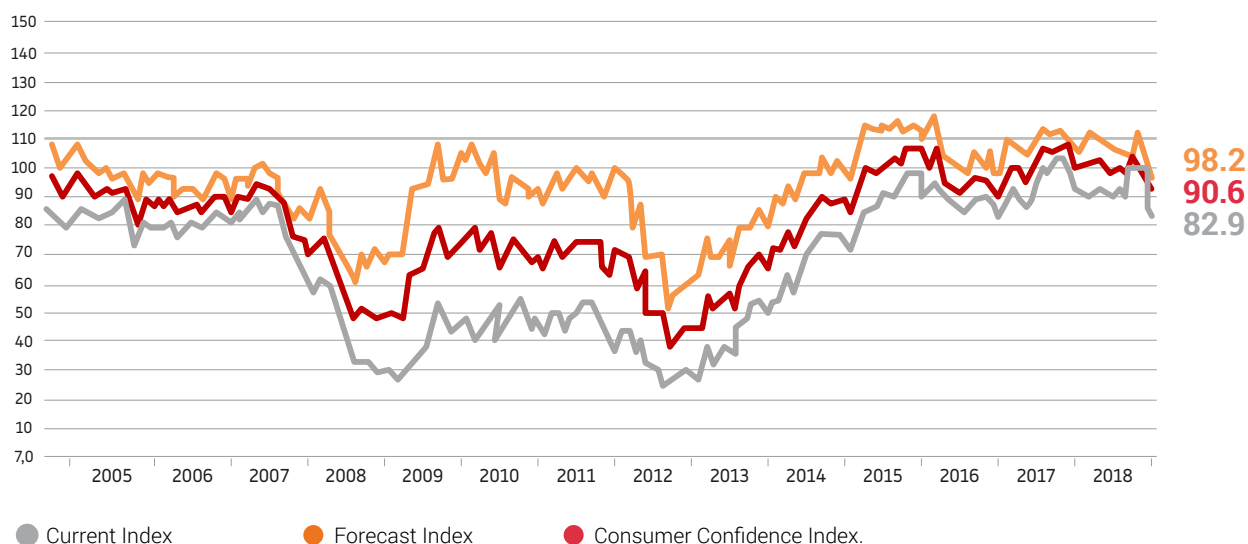
Inflation remained steady at 2.2% in September, close to its highest level in 15 months. Oxford Economics expects inflation to gradually level out over the next few months, reaching an **average of 1.8% by the end of 2018**.

Consumer Confidence Index

The **Consumer Confidence Index (CCI)** stood at **90.6 points** in September, 17 points down on June's figure. It is progressing well, despite being at its lowest point in the last two years. 2017 closed with a CCI of 102.5 points, compared to the record high of 107.4 points reached in 2015.



Consumer Confidence Index. Current index and forecast index



Source: *Centro de Investigaciones Sociológicas (CIS)*

Retail market fundamentals Q3 2018

Investment

Retail property investment remained upbeat in Q3 registering **€800 million**, and taking the total YTD investment figure to **€2,590 million**.

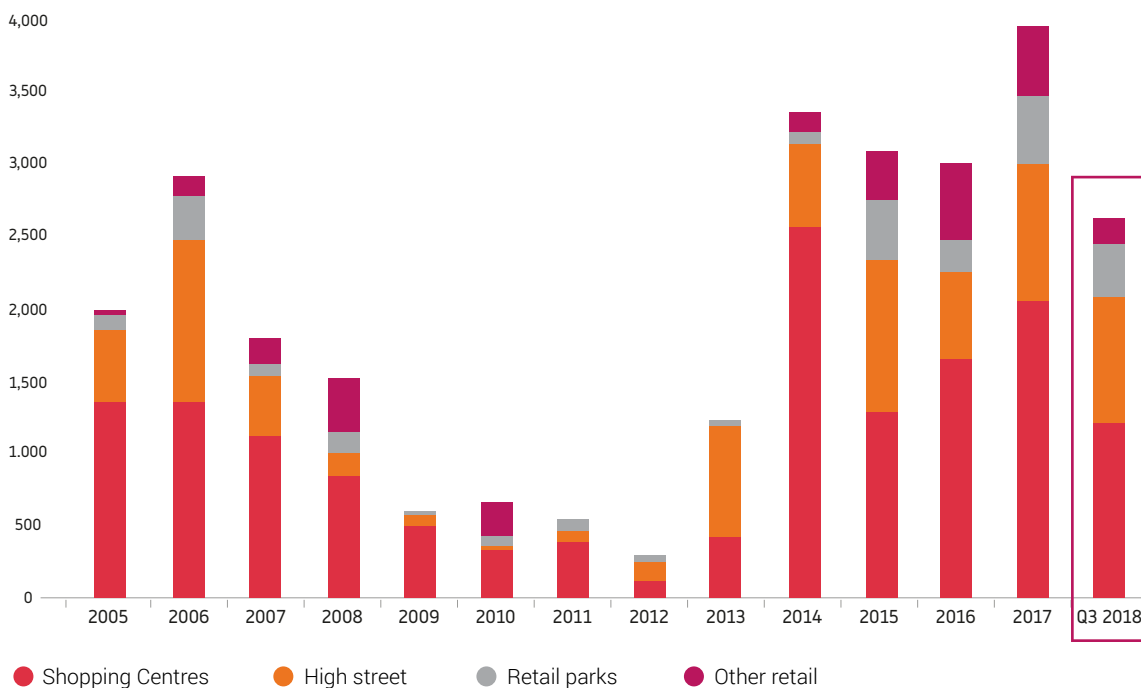
The **shopping centre** segment was the most active, registering **€1,200 million** and accounting for **46.3% of the total retail investment figure**. This was followed by high street, which saw close to €887 million invested (34.2%). Retail parks and other retail properties have also piqued investor interest, registering the third highest investment volume, with a total investment of €503 million.

The recovery of the Spanish economy and the market itself has clearly had a positive impact on the retail investment market.

Retail year to date
total investment:
€2,590 million



Retail investment volume (€M)



Source: JLL

Prime rents

Prime high-street and **shopping centre** rents continue to trend upwards with **4.9%** y-o-y increases, reaching rents of **€1,164 per sqm/year** for shopping centres and €3,528 per sqm/year for high-street retail units. However, **retail parks** top the table in terms of rental increases, climbing **5.6%** during the past year to reach **€228 per sqm/year**.

€1,164
per sqm/year
in Shopping
Centres
+4.9% vs. Q3 2017

€228
per sqm/year
in Retail Parks
and Warehouses
+5.6% vs. Q3 2017

Prime yields

Retail yields hardened during 2017 driven by strong investor demand. However, prime retail yields at the close of Q3 2018 remain stable at **4.25%** for **shopping centres** and 3.15% for high-street retail units. Prime **retail warehouse** yields have tightened slightly, dropping from 5.25% at the end of 2017 to the current **5%**.

In terms of year-end, **yields are expected to remain stable**, although it remains a highly appealing sector for foreign investors, due to the high returns offered compared to no-risk property yields.

4.25%
Shopping centre
prime yield

5%
Prime yields
in Retail Parks
and Warehouses

Footfall

Footfall in Spain fell by 1.7% y-o-y in September, registering the sharpest q-o-q decline of the year (-6.3%), according to the ShopperTrak footfall index. The YTD evolution at 30 September 2018 stood at **-0.9%**.

Retailers are hoping that the strong tourism figures in the summer months will continue into autumn and the following months.

Below is a breakdown of the **monthly and annual visitor numbers** at the shopping centres during the past six months, according to the leading ShopperTrak index:

	April	May	June	July	August	September
ShopperTrak Index	78.8	80.2	78.0	90.5	87.8	82.2
Monthly variaton	-0.9%	1.7%	-2.7%	16.1%	-3.0%	-6.3%
Annual variaton	-1.9%	-0.8%	-3.5%	-2.3%	1.4%	-1.7%

Sales

Retail sales dropped **3.1%** y-o-y according to the latest figures published by INE.

Shopping centres are feeling the effects of e-commerce. At year-end 2017, e-commerce sales accounted for just **4.2%** of all retail sales, moving €30,406 million in 2017, and registering the heaviest weighting in the fashion and food sectors.

Although the online sales volume remains well below the European average, it has registered double-digit growth in recent years, climbing **26%** in 2017. Shopping centres are developing digital apps that combine both physical and online platforms, focusing their efforts on an omnichannel sales strategy. E-commerce is also forcing shopping centres to

change and allocate more space for leisure and food & beverage in order to provide an improved visitor experience. **Shopping centres** are becoming **omnichannel spaces offering multiple experiences**, so as to provide added value in ways that e-commerce is unable to do.

Meanwhile, brands that have traditionally operated as pure players, such as Amazon, have now started to open brick-and-mortar stores, highlighting the importance of an omnichannel approach.

Shopping centres are becoming omnichannel spaces offering multiple experiences.

Growth of e-commerce in Spain

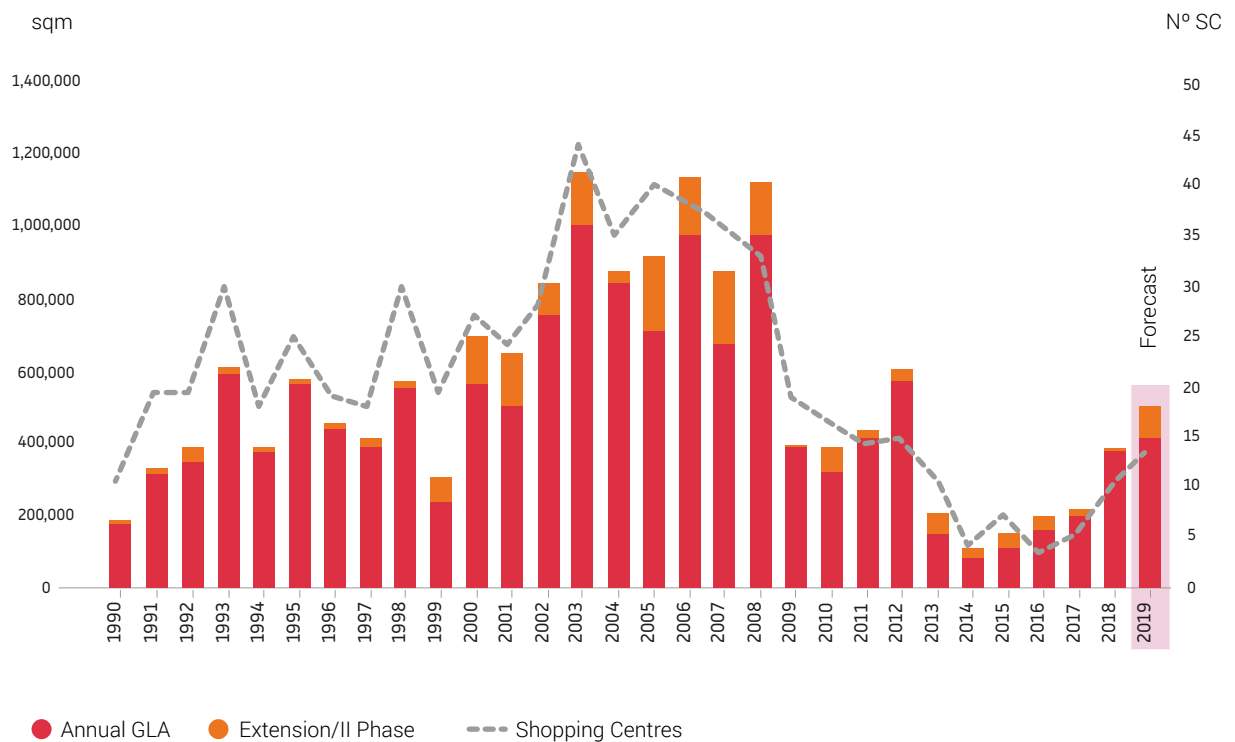


Source: CNMC

Stock

More than **400,000 sqm of GLA has been opened** to date in 2018, the majority of which pertaining to ten new retail properties that opened their doors during the first nine months of the year. Another small part of the GLA relates to **extensions and second phases**.

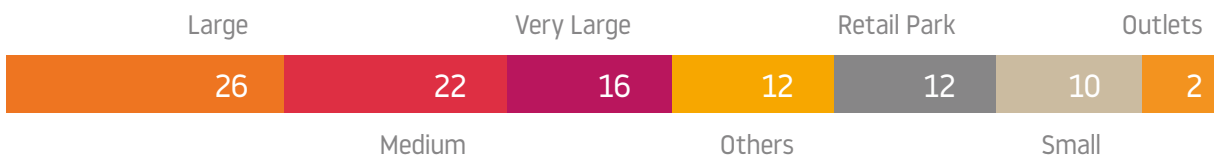
These figures are now higher than the 221,000 sqm opened in 2017 (208,500 sqm in five new properties and 12,500 sqm linked to extensions and second phases). Yet another clear cut example of just how active the retail market remains.



Source: JLL

According to data from the Spanish Shopping Centres Association, there are currently **555 shopping centres and retail parks** in Spain, with a total gross lettable area of **15.8 million sqm**.

Stock distribution by asset class (*) (%)



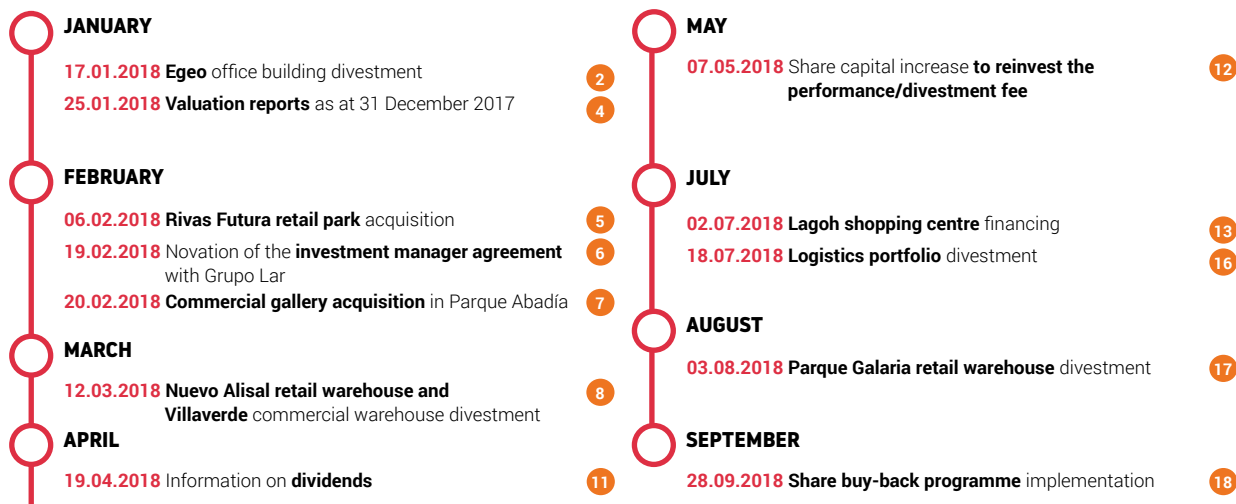
(*) According to Spanish Association of Shopping Centres (AECC):
 Very Large (>79,999 sqm)
 Large (40,000-79,999 sqm)
 Medium (20,000-39,999 sqm)
 Small (5,000-19,999 sqm)

El Rosal Shopping Centre (León)



1.4 Main Events

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



1

Liquidity contracts and specialists

04.01.2018 According to the provisions of section 2 of the Fourth rule of Circular 1/2017, of 26 April, by the Comisión Nacional del Mercado de Valores on liquidity contracts for the purposes of their acceptance as a market practice, the Company hereby reports the **transactions executed by JB Capital Markets**, Sociedad de Valores, S.A.U. (the "Financial Intermediary"), in the context of the Liquidity Contract (the "Liquidity Contract" or the "Contract") from **1 October 2017 to 31 December 2017**, as well as the total amount of shares sold and purchased, and the overall amount of cash used for these transactions.

2

Egeo office building divestment

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

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

3

Egeo office building divestment additional information

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

4

Valuation reports as at 31 December 2017

25.01.2018 Lar España has received the valuation reports for its property portfolio as of 31 December 2017, carried out by JLL Valoraciones, S.A and Cushman & Wakefield Sucursal en España.

The total market value of the company's portfolio as detailed in the above-mentioned reports is EUR **1,537.6 million**. The acquisition price – transaction costs not included - of the assets subject to the valuation was EUR 1,196.3 million. The properties were valued according to the Royal Institution of Chartered Surveyors (RICS) valuation standards, based on net market value as at 31 December 2017.

5 Rivas Futura retail park acquisition

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



6 Novation of the investment manager agreement with the Manager

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

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

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

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

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

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

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

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

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

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

7 Commercial gallery acquisition in Parque Abadía

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

8 Nuevo Alisal and Villaverde retail warehouses divestment

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



9 Liquidity contracts and specialists

06.04.2018 According to the provisions of section 2 of the Fourth rule of Circular 1/2017, of 26 April, by the Comisión Nacional del Mercado de Valores on liquidity contracts for the purposes of their acceptance as a market practice, the Company hereby reports the **transactions executed by JB Capital Markets**, Sociedad de Valores, S.A.U. (the "Financial Intermediary"), in the context of the Liquidity Contract (the "Liquidity Contract" or the "Contract") from **1 January 2018 to 31 March 2018**, as well as the total amount of shares sold and purchased, and the overall amount of cash used for these transactions.

10 Announcements and agreements of shareholders general meetings

19.04.2018 The **ordinary shareholders' meeting of Lar España** announced on 16 March 2018 on "El Economista" and the Company's corporate web page —copy of which was remitted to the CNMV by means of a relevant fact with registration number 262964— and which took place on second call today, **19 April 2018, has approved the resolutions submitted to its consideration and vote**, as stated in the attached voting results report.

11 Information on dividends

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

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

The distribution will be carried out on 18 May 2018 via the depositaries participating entities in Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., Unipersonal (IBERCLEAR).

It is reiterated that, pursuant to article 47 of the Bylaws, the authorized persons appearing on the accounting records of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., Unipersonal (Iberclear) at 23:59 hours on the day on which the Shareholders' Meeting approves the distribution, that is, today (record date) shall be entitled to receive the dividend.

12 Share capital increase to reinvest the performance/divestment fee

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

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

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

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

13 Lagoh shopping centre financing

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



14 Liquidity contracts and specialists

04.07.2018 According to the provisions of section 2 of the Fourth rule of Circular 1/2017, of 26 April, by the Comisión Nacional del Mercado de Valores on liquidity contracts for the purposes of their acceptance as a market practice, the Company hereby reports the **transactions executed by JB Capital Markets, Sociedad de Valores, S.A.U.** (the "Financial Intermediary"), in the context of the Liquidity Contract (the "Liquidity Contract" or the "Contract") from 1 April 2018 to 30 June 2018, as well as the total amount of shares sold and purchased, and the overall amount of cash used for these transactions.

15 Share capital increase

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

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

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

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

Additionally, it is hereby announced that Grupo Lar has notified to Lar España the acquisition of **2,068,902 additional shares** of the Company that, together with the new shares subscribed in the context of the share capital increase referred to in the previous paragraphs and the shares previously owned, add up to a total of **9,474,100 ordinary shares** of Lar España, representing **9.998% of the share capital**.

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

16

Logistics portfolio divestment

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



17 Parque Galaria retail warehouse divestment

03.08.2018 Today, the Company has transferred to Fructiregions Europe SCPI **two retail warehouses in Parque Galaria retail park (Pamplona)** with a total gross leasable area (GLA) of approximately 4,108 sqm. The aforementioned sale has been formalized in public deed dated today, for a total price of **11.5 million euros** that represents (i) a capital **gain of 36.9% on the acquisition price** paid by the Company for said property in July 2015, and (ii) an **increase of 5.5% over the last valuation** of this asset made in June 2018.

18 Share buy-back programme implementation

28.09.2018 Lar España hereby informs that the Board of Directors, in the meeting held on 20 September 2018, has resolved to implement a **Buy-Back Program of the Company's own shares (the "Buy-back Program")** in accordance with the authorisation granted by the General Shareholders' Meeting held on 29 May 2017.

The Buy-back Program is subject to Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC ("Regulation 596/2014"), and to Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilisation measures ("Delegated Regulation 2016/1052"), and all other applicable legislation.

The purpose of the Buy-Back Program is, according to article 5.2.c) of the Regulation 596/2014, is the share capital reduction of Lar España.

The Buy-Back Program has the following features:

- The **maximum net investment** of the Buy-Back Program will be **up to thirty million (30,000,000) euros**.
- The **maximum number of shares** to be acquired under the Buy-Back Program will be **3,160,000**, representing the 3.33% of the Company's share capital.

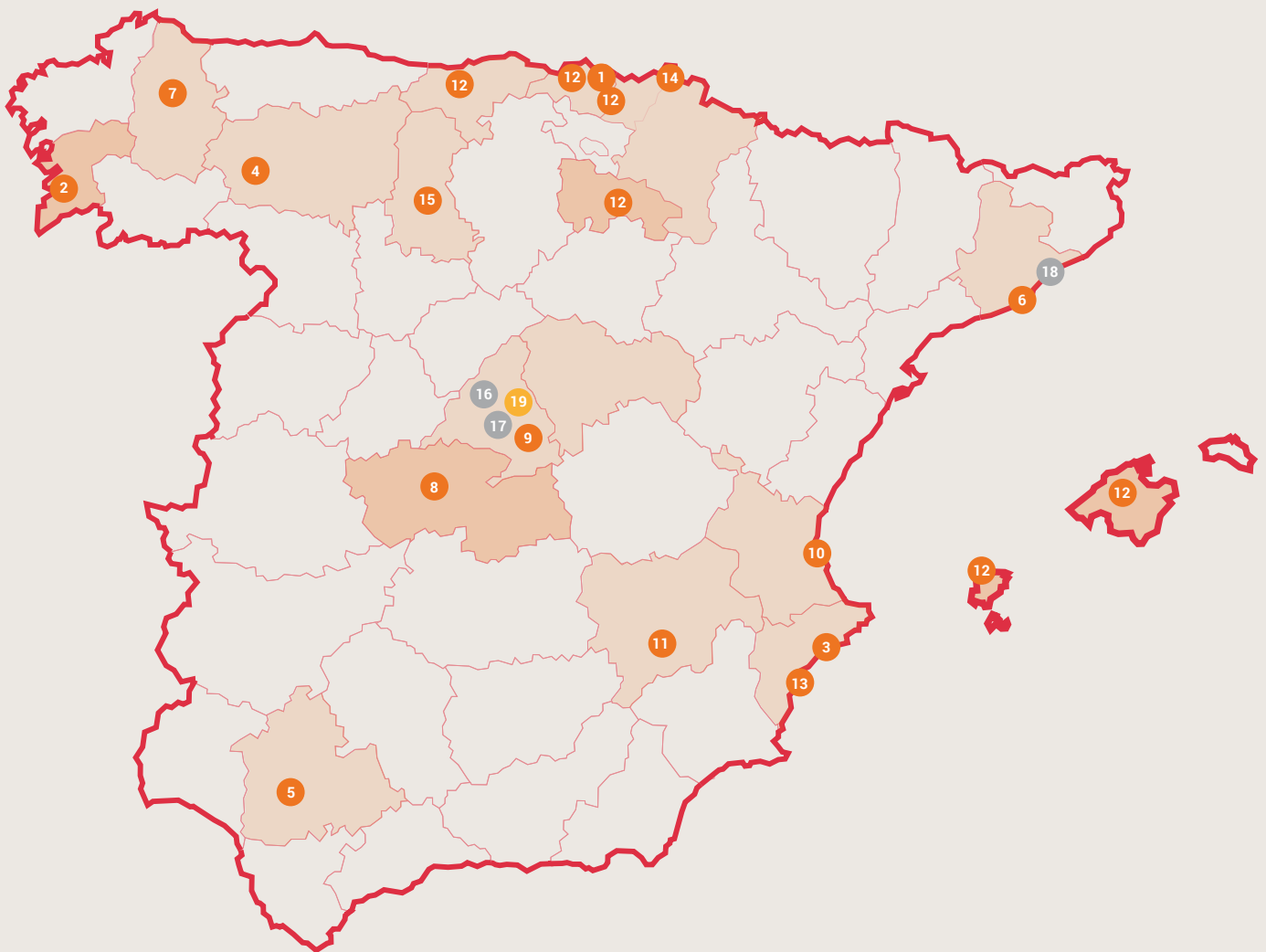
- The shares will be acquired **according to the price and volume conditions** provided in article 3 of Delegated Regulation 2016/1052. In particular, regarding the price, Lar España will not purchase the shares at a price higher than the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out, including when the shares are traded on different trading venues.
- **In relation to the volume**, Lar España will not purchase on any trading day more than 25% of the average daily volume of the shares on the trading venue on which the purchase is carried out, being applicable such limit to all the Buy Back Program. For this purpose, the average daily volume shall be based on the average daily volume traded during either of the following periods: (a) the month preceding the month of the disclosure information about the Buy-Back Program; (b) the 20 trading days preceding the date of purchase.
- The Buy-Back Program **will remain in effect for the period of three (3) months** since the publication of this material fact. Notwithstanding the above, Lar España reserves the right to early terminate the Buy-back Program if, prior to the last effective date, the Company has acquired the maximum number of shares authorised.

The Buy-Back Program will be implemented by **JB Capital Markets, S.V., S.A.U.**

The Buy-Back Program will start with the notice of this material fact. Also, the Liquidity Contract signed by the Company and JB Capital Markets, S.V., S.A.U., on 5 July 2018, notified by means of material fact with number 254421, on 10 July 2017, in accordance with the terms of Circular 1/2017, of 26 April, of the Comisión Nacional del Mercado de Valores, on liquidity contracts, shall remain in suspension as long as the Buy-Back Program is operational.

Lar España will inform all the transactions carried out under the Buy-Back Program, according to the legislation in force. Likewise, it will notice the interruption, suspension, termination, and modification of the the Buy-Back Program of the Company.

1.5 Portfolio at 30 September 2018



GAV
1.5
BILLION EUROS



Retail

- | | | |
|----|---|----|
| 1 | Megapark + Megapark Leisure Area (Vizcaya) | SC |
| 2 | Gran Vía (Vigo) | SC |
| 3 | Portal de la Marina + Hypermarket (Alicante) | SC |
| 4 | El Rosal (León) | SC |
| 5 | Lagoh (Sevilla) (*) | SC |
| 6 | Aneclau (Barcelona) | SC |
| 7 | As Termas + Petrol Station (Lugo) | SC |
| 8 | Parque Abadía and Commercial Gallery (Toledo) | RP |
| 9 | Rivas Futura (Madrid) | RP |
| 10 | VidaNova Parc (Valencia) | RP |
| 11 | Albacenter + Hypermarket and retail units (Albacete) | SC |
| 12 | Supermarkets Portfolio (22 units) (Cantabria, País Vasco, La Rioja, Navarra and Baleares) | RU |
| 13 | Vistahermosa (Alicante) | RP |
| 14 | Txingudi (Guipúzcoa) | SC |
| 15 | Las Huertas (Palencia) | SC |



Offices

- | | |
|----|--------------------------|
| 16 | Eloy Gonzalo (Madrid) |
| 17 | Marcelo Spínola (Madrid) |
| 18 | Joan Miró (Barcelona) |



Residential

- | | |
|----|------------------------|
| 19 | Lagasca99 (Madrid) (*) |
|----|------------------------|

SC- Shopping Centre

RP- Retail Park

RU- Retail Unit

(*) Project under development

MEGAPARK, BILBAO BREEAM^{ES} MegaPark[®]


Location	Barakaldo (Bilbao)
GLA	83,366 sqm
Purchase Date	19 October 2015/27 October 2017
Acquisition Price	EUR 178.7 m
Market Value (30 June 2018)*	EUR 217.9 m
WAULT	3.4 years
EPRA Net Initial Yield	5.1%
EPRA Vacancy Rate	8.1%

GRAN VÍA, VIGO BREEAM^{ES} GranVía[®] de Vigo


Location	Vigo
GLA	41,426 sqm
Purchase Date	15 September 2016
Acquisition Price	EUR 141.0 m
Market Value (30 June 2018)*	EUR 165.0 m
WAULT	2.2 years
EPRA Net Initial Yield	5.6%
EPRA Vacancy Rate	0.9%

PORTAL DE LA MARINA AND HYPERMARKET, ALICANTE BREEAM^{ES} PORTAL DE LaMarina[®]


Location	Ondara (Alicante)
GLA	40,158 sqm
Purchase Date	30 October 2014/30 March 2016/9 June 2015
Acquisition Price	EUR 89.2 m
Market Value (30 June 2018)*	EUR 122.5 m
WAULT	2.9 years
EPRA Net Initial Yield	5.7%
EPRA Vacancy Rate	6.5% **

EL ROSAL, LEÓN BREEAM^{ES} el Rosal[®]


Location	Ponferrada (León)
GLA	51,156 sqm
Purchase Date	7 July 2015
Acquisition Price	EUR 87.5 m
Market Value (30 June 2018)*	EUR 109.0 m
WAULT	3.0 years
EPRA Net Initial Yield	5.6%
EPRA Vacancy Rate	5.1%

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

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

LAGOH, SEVILLA

Location	Sevilla
Retail and family leisure place	100,000 sqm
Purchase Date	1 March 2016
Acquisition Price	EUR 40.5 m
Market Value (30 September 2018)*	EUR 106.2 m
WAULT	N/A
EPRA Net Initial Yield	N/A
EPRA Vacancy Rate	N/A

ANEC BLAU, BARCELONA

Location	Casteldefels (Barcelona)
GLA	28,632 sqm
Purchase Date	31 July 2014
Acquisition Price	EUR 80.0 m
Market Value (30 June 2018)*	EUR 95.9 m
WAULT	3.1 years
EPRA Net Initial Yield	4.8%
EPRA Vacancy Rate	9.9% **

AS TERMAS AND PETROL STATION, LUGO

Location	Lugo
GLA	35,127 sqm
Purchase Date	15 April 2015/28 July 2015
Acquisition Price	EUR 68.8 m
Market Value (30 June 2018)*	EUR 85.6 m
WAULT	1.7 years
EPRA Net Initial Yield	5.7%
EPRA Vacancy Rate	4.9%

PARQUE ABADÍA AND COMMERCIAL GALLERY, TOLEDO

Location	Toledo
GLA	43,154 sqm
Purchase Date	27 March 2017/20 February 2018
Acquisition Price	EUR 77.1 m
Market Value (30 June 2018)*	EUR 80.9 m
WAULT	2.2 years
EPRA Net Initial Yield	5.8%
EPRA Vacancy Rate	1.0%

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

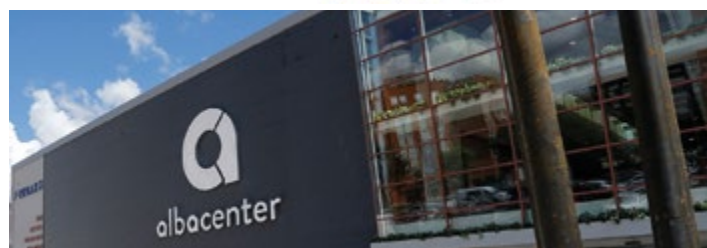
** The property is undergoing significant refurbishments meaning that some units are being vacated temporarily.

RIVAS FUTURA, MADRID

Location	Rivas (Madrid)
GLA	36,447 sqm
Purchase Date	6 February 2018
Acquisition Price	EUR 61.6 m
Market Value (30 June 2018)*	EUR 65.4 m
WAULT	2.0 years
EPRA Net Initial Yield	5.4%
EPRA Vacancy Rate	9.9%

VIDANOVA PARC, VALENCIA

Location	Sagunto (Valencia)
GLA	45,773 sqm
Purchase Date	3 August 2015
Acquisition Price	EUR 14.0 m
Market Value (30 September 2018)*	EUR 61.6 m
WAULT	5.2 years
EPRA Net Initial Yield	6.0%
EPRA Vacancy Rate	0.0%

**ALBACENTER, HYPER
AND R.U., ALBACETE**BREAM^{ES}

Location	Albacete
GLA	27,890 sqm
Purchase Date	30 July 2014/19 December 2014
Acquisition Price	EUR 39.9 m
Market Value (30 June 2018)*	EUR 57.9 m
WAULT	2.0 years
EPRA Net Initial Yield	4.8%
EPRA Vacancy Rate	6.0%

**SUPERMARKETS PORTFOLIO
(22 UNITS)**

Location	Cantabria, País Vasco, La Rioja, Navarra and Baleares
GLA	27,909 sqm
Purchase Date	27 March 2017
Acquisition Price	EUR 47.6 m
Market Value (30 June 2018)*	EUR 52.9 m
WAULT	12.5 years
EPRA Net Initial Yield	7.1%
EPRA Vacancy Rate	0.0%

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

**VISTAHERMOSA,
ALICANTE**

Location	Alicante
GLA	33,363 sqm
Purchase Date	16 June 2016
Acquisition Price	EUR 42.5 m
Market Value (30 June 2018)*	EUR 49.7 m
WAULT	5.0 years
EPRA Net Initial Yield	5.7%
EPRA Vacancy Rate	7.8%

TXINGUDI, GUIPÚZCOA

Location	Irún (Guipúzcoa)
GLA	10,712 sqm
Purchase Date	24 March 2014
Acquisition Price	EUR 27.7 m
Market Value (30 June 2018)*	EUR 37.5 m
WAULT	3.0 years
EPRA Net Initial Yield	6.2%
EPRA Vacancy Rate	5.6%

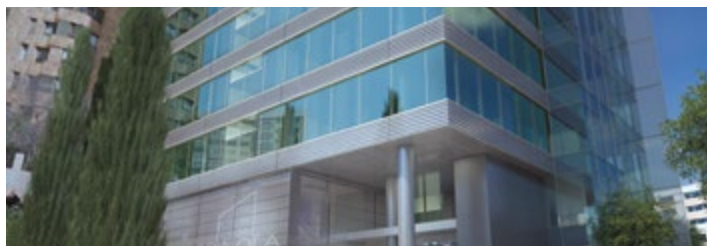
**LAS HUERTAS,
PALENCIA**

Location	Palencia
GLA	6,267 sqm
Purchase Date	24 March 2014
Acquisition Price	EUR 11.7 m
Market Value (30 June 2018)*	EUR 12.6 m
WAULT	1.6 years
EPRA Net Initial Yield	6.9%
EPRA Vacancy Rate	10.5%

ELOY GONZALO, MADRID

Location	Madrid
GLA	6,380 sqm
Purchase Date	23 December 2014
Acquisition Price	EUR 12.7 m
Market Value (30 September 2018)*	EUR 39.4 m
WAULT	11.9 years
EPRA Net Initial Yield	2.1%
EPRA Vacancy Rate	0.0%

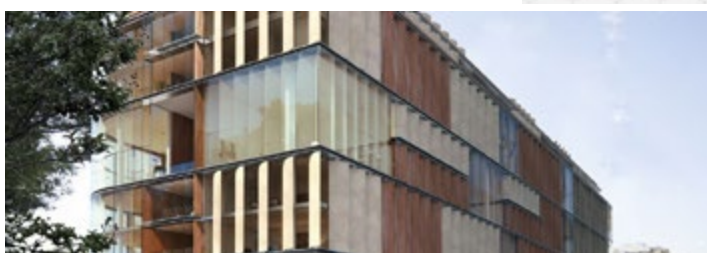
* The valuations have been made by external independent valuers : JLL or C&W.

MARCELO SPÍNOLA, MADRID**JOAN MIRÓ, BARCELONA**

Location	Madrid
GLA	8,875 sqm
Purchase Date	31 July 2014
Acquisition Price	EUR 19.0 m
Market Value (30 June 2018)*	EUR 38.5 m
WAULT	1.3 years
EPRA Net Initial Yield	0.2%
EPRA Vacancy Rate	75.7%



Location	Barcelona
GLA	8,610 sqm
Purchase Date	11 June 2015
Acquisition Price	EUR 19.7 m
Market Value (30 June 2018)*	EUR 21.5 m
WAULT	2.2 years
EPRA Net Initial Yield	-1.5%
EPRA Vacancy Rate	86.6%

LAGASCA99, MADRID

Location	Madrid
GLA	26,203 sqm
Purchase Date	30 January 2015
Acquisition Price	EUR 50.1 m ⁽¹⁾
Market Value (30 September 2018)*	EUR 101.5 m ⁽¹⁾
WAULT	N/A
EPRA Net Initial Yield	N/A
EPRA Vacancy Rate	N/A

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

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

Our retail portfolio at a glance:

Dominant prime shopping centres in their catchment area in relevant locations

By size⁽³⁾ (GAV)

19 #Assets

581,380 GLA (sqm) ⁽¹⁾

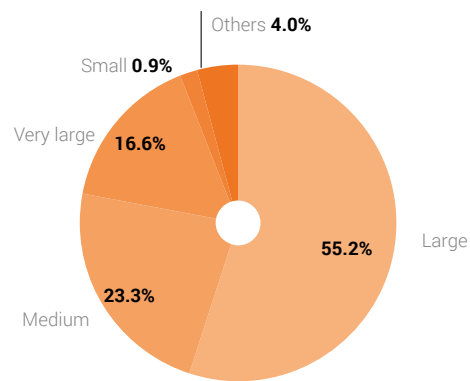
77.3 Annualised Gross Rent (€M)

1,325 GAV (€M)

5.6% EPRA “topped-up” NIY

94.6% Occupancy ⁽²⁾

65 Annual footfall (Million of visits)



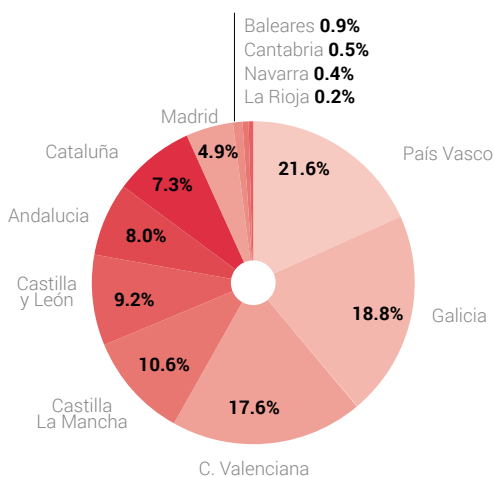
(1) Including the opening of the Lagoh shopping centre development, scheduled for 2019

(2) Ratio calculated under EPRA recommendations

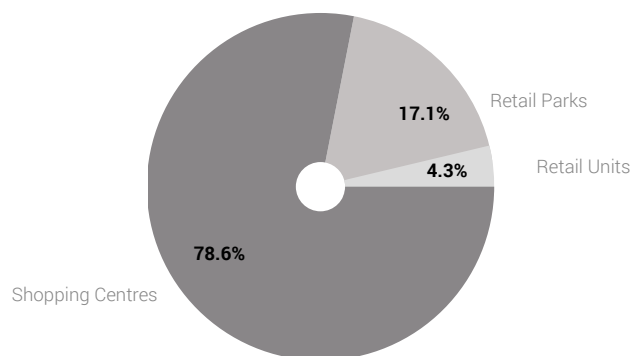
(3) According to Spanish Association of Shopping Centres (AECC):

Very Large (>79,999 sqm)
 Large (40,000-79,999 sqm)
 Medium (20,000-39,999 sqm)
 Small (5,000-19,999 sqm)

By geography (GAV)



By type (GAV)



72%
of our retail assets are classified as Large or Very Large

1.6 Key Indicators

In the first nine months of 2018 Lar España generated revenues of **58,611 thousand Euros** and a net profit of **80,661 thousand Euros**, being the most relevant figures the following:

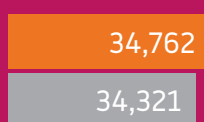
Revenues

(Thousands of Euros)



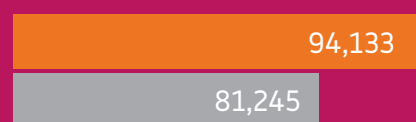
EBITDA

(Thousands of Euros)



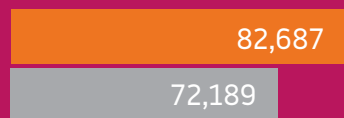
EBIT

(Thousands of Euros)



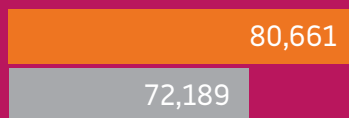
EBT

(Thousands of Euros)



Net Profit

(Thousands of Euros)



● Q3 2018 ● Q3 2017

58,611

Thousands of
Euros
Revenues

80,661

Thousands of
Euros
Net Profit

+12%

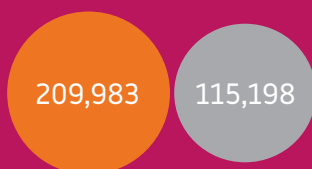
Net Profit
vs.Q3 2017

Other Financial Indicators

The Group presents the following financial indicators:

Working capital

(Thousands of Euros)



Liquidity ratio

(%)



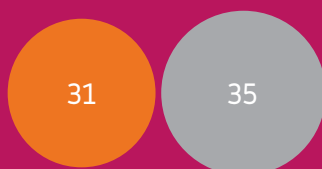
Solvency ratio

(%)



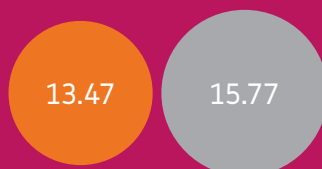
Net LTV

(%)



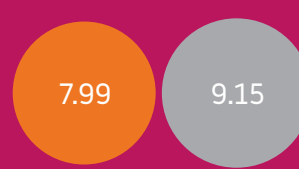
ROE

(%)



ROA

(%)



● 30/09/2018 ● 31/12/2017

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

At 30 September 2018, the **ROE ("Return on Equity")**, which measures the Group's profitability as a percentage of its shareholders equity, amounted to **13.47%** (15.77% at 31 December 2017) whilst the **ROA ("Return on Assets")**, which measures the efficiency of the Group's total assets regardless of the sources of financing used, i.e. the ability of a company's assets to generate income, was **7.99%** (9.15% at 31 December 2017).

1.7 Business Performance

a. Income Distribution

Rental Income

Rental income reached **58,611 thousand Euros** in the first nine months of 2018 (versus 57,240 thousand Euros in the same period of the year before).

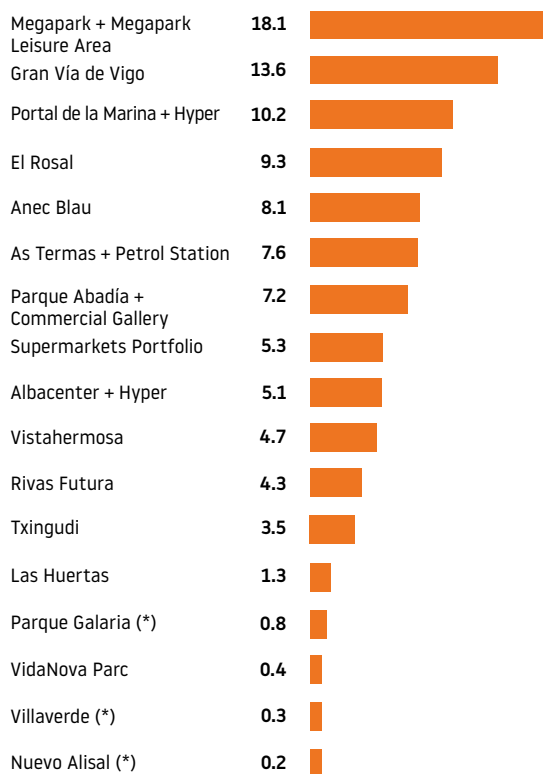
The relative weigh of rental income by line of business at 30 September 2018 is as follows:

Rental Income by asset class (%). 9M 2018

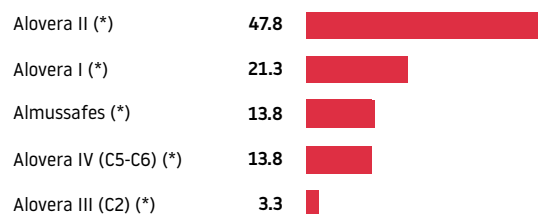


The breakdown of the **income per asset** for these three lines of business during the first nine months of 2018 is as follows:

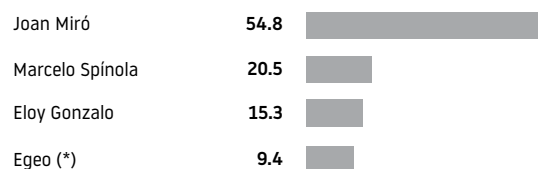
Income by Shopping Centre (%)



Income by Logistics Warehouse (%)



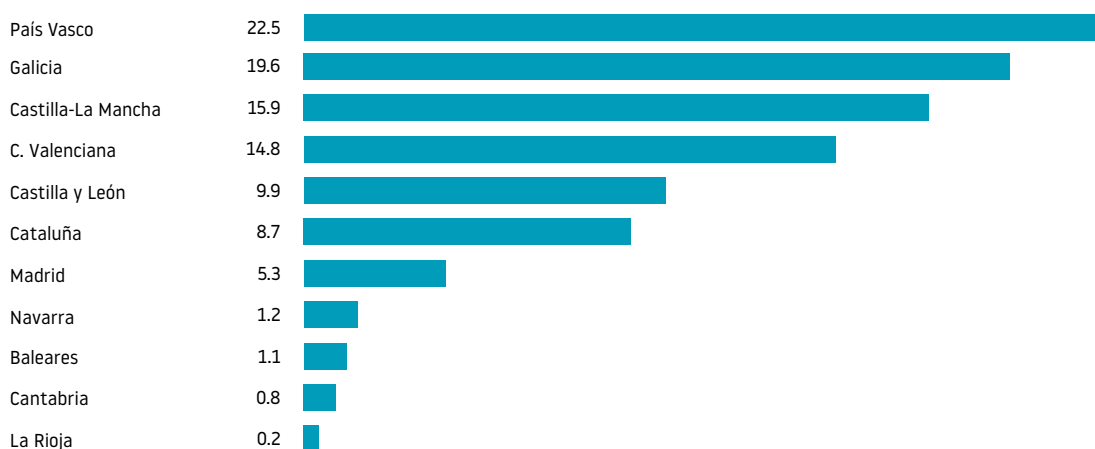
Income by Office Building (%)












(*) Asset sold during 2018

This graph details the **breakdown of rental income per region** for the first nine months of 2018:

Income per region (%)



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

Ranking	Trade Name	Asset	% of total rental income	% Acumulated	Lease end	Sector
1	 Carrefour	Alovera II, El Rosal, Gran Vía de Vigo, Portal de la Marina hypermarket	8.60%	8.60%	2042 - 2060	Distribution/ Hypermarket
2	 INDITEX	Anec Blau, Albacenter, El Rosal, As Termas, Portal de la Marina, Gran Vía de Vigo	7.44%	16.04%	2025 - 2034	Retail Fashion
3	 EROSKI	Albacenter hypermarket, As Termas petrol station, Supermarkets portfolio	5.59%	21.63%	2019 - 2051	Petrol Station/ Distribution
4	 MediaMarkt	Megapark, Vistahermosa, As Termas, Parque Abadía, Rivas Futura, Villaverde, Nuevo Alisal	4.48%	26.11%	2023 - 2041	Technology
5	 DECATHLON	Megapark, Parque Abadía, VidaNova Parc	2.96%	29.07%	2036 - 2043	Distribution
6	 Conforama	Rivas Futura, VidaNova Parc, Parque Abadía, Megapark	2.56%	31.63%	2018 - 2038	Distribution
7	 El Corte Inglés	Rivas Futura, Megapark, Parque Galaria, Gran Vía de Vigo	2.32%	33.95%	2018 - 2027	Distribution
8	 Alcampo	Parque Abadía, Vistahermosa	2.04%	35.99%	2055 - 2061	Distribution/ Hypermarket
9	 H&M	Anec Blau, Albacenter, El Rosal, As Termas, Portal de la Marina, Gran Vía de Vigo, Txingudi	1.94%	37.93%	2022 - 2047	Retail Fashion
10	CORTEFIEL	Albacenter, Anec Blau, As Termas, Las Huertas, VidaNova Parc, Megapark, Portal de la Marina, Txingudi, El Rosal, Gran Vía de Vigo, Vistahermosa, Galería Abadía	1.92%	39.85%	2019 - 2030	Retail Fashion

Gross annualised rents

The **annualised GRI** (*) of Lar España is detailed below, as well as the **annualised GRI per occupied sqm** as at 30 September 2018:

Asset	Annualised Gross Rents (Thousands of euros)	GLA occupied (sqm)	Gross Rent (€/sqm/month)
Megapark + leisure area	12,325	70,789	14.5
Gran Vía de Vigo	10,005	40,776	20.4
Portal de la Marina + hypermarket	7,900	38,446	17.1
El Rosal	7,379	48,284	12.7
Anec Blau	5,770	23,858	20.2
As Termas + petrol station	5,691	34,000	13.9
Parque Abadía + commercial gallery	5,165	42,925	10.0
Rivas Futura	4,199	32,976	10.6
VidaNova Parc	4,198	45,773	7.6
Supermarkets portfolio	3,839	27,909	11.5
Albacenter + hypermarket	3,620	25,613	11.8
Vistahermosa	3,591	30,352	9.9
Txingudi	2,558	10,166	21.0
Las Huertas	1,045	5,492	15.9
TOTAL RETAIL	77,285	477,359	13.5
Eloy Gonzalo	1,638	6,380	21.4
Marcelo Spinola	509	1,905	22.3
Joan Miró	130	1,101	9.8
TOTAL OFFICES	2,277	9,386	20.2
TOTAL LAR ESPAÑA	79,562	486,745	13.6

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

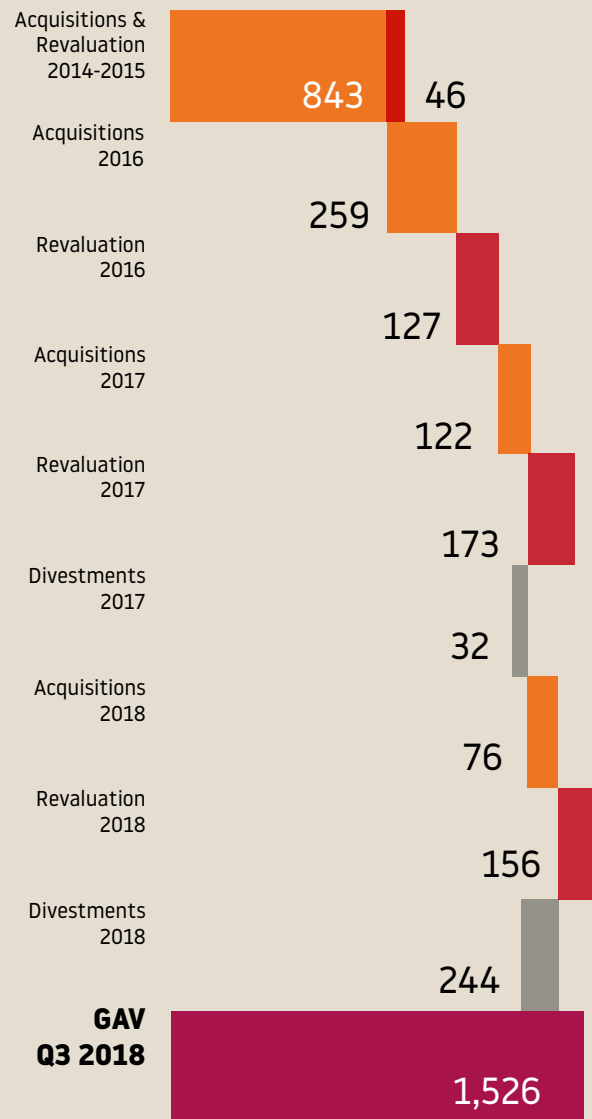
Gross annualised rent / sqm occupied by asset class (€/sqm/month)



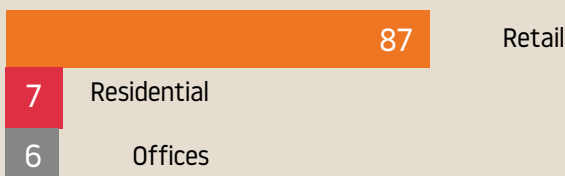


b. Value of Lar España's portfolio at 30.09.18

As at 30 September of 2018, the total value of Lar España's portfolio totals **EUR 1,526 million**.



GAV by asset class (%) (*)

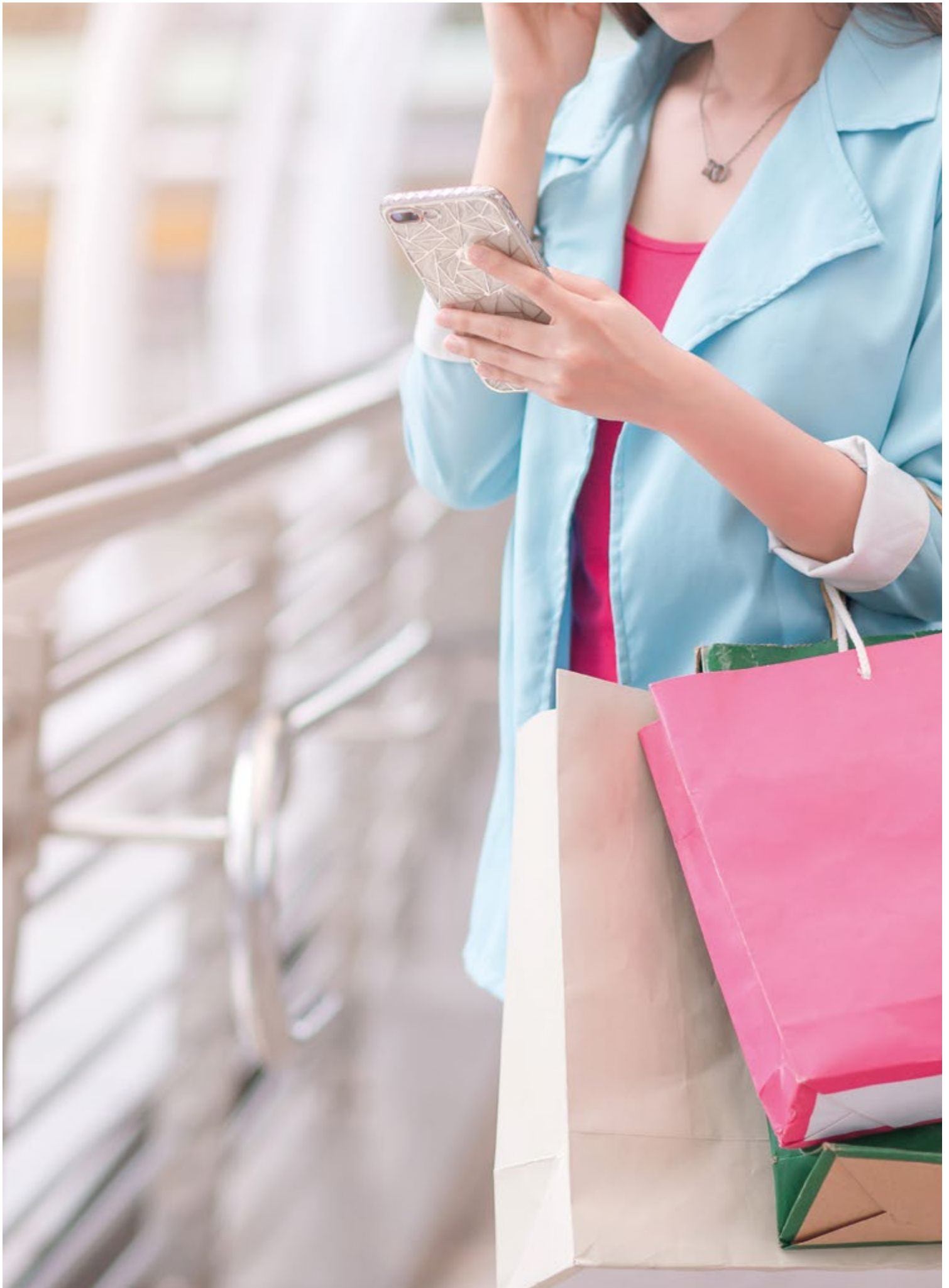


(*) As at 30 September 2018, development projects represent 14% of the total GAV.

The total value of Lar España's Portfolio as at 30.09.18 has climbed a **38%** versus the acquisition price.

● Acquisitions ● Revaluations ● Divestments

During the first nine months of 2018 Lar España acquired two properties for **€76 million** (Rivas Futura retail park and Parque Abadía commercial gallery). It also made disposals of **€244 million** (Egeo office building, Nuevo Alisal, Villaverde and Parque Galaria retail warehouses and the logistic portfolio).



c. Capex

The company has continued to refurbish and improve the assets in its portfolio in order to generate more value, investing circa **€77 million** during the first three quarters of 2018.

The breakdown of investment by asset class is as follows:

CAPEX investment (Thousands of euros)











A total of circa €66 million has been invested in the three **projects under construction** (Lagoh, VidaNova Parc and Lagasca99), equating to **86%** of all investment. With more than **€4.2 million** invested, the **Megapark and Albacenter** shopping centres have led the way in terms of retail investment. The **Eloy Gonzalo** office building had the highest Capex investment in the office sector.

Lagoh development (Sevilla)



Refurbishment pipeline

Below, we outline the main features and status of all the refurbishment projects currently underway at our properties:

	Asset	Scope	Budget (million euros)	Status	% Executed	GLA (sqm)	Delivery
	Albacenter	Image redesign and entrance improvement	3.0	Executed ✓	100%	27,890	Q2 2018
	Eloy Gonzalo	Full interior and facilities renewal	4.0	Executed ✓	100%	6,380	Q3 2018
	Megapark	Image redesign and new leisure area	6.5	Phase 1: Executing Phase 2: In project	Phase 1: 90%	83,379	Phase 1: Outlet + retail park Q4 2018 Phase 2: Leisure area Q4 2019
	Portal de la Marina	Image redesign and new dining area	3.2	Executing	50%	40,158	Q4 2018
	As Termas	Image redesign and new dining area	1.4	Executing	35%	35,127	Q4 2018
	Gran Vía de Vigo	Vertical transport improvement (accessibility)	0.9	Executing	50%	41,426	Q1 2019
	El Rosal	Image redesign and new dining area	2.0	In project	-	51,156	Q3 2019
	Anec Blau	Image redesign and new dining area	13.8	In project	-	28,632	Q4 2019



Vidanova Parc Retail Park (Valencia)

Vidanova Parc retail park

After two years of construction and €50 million invested by Lar España, Vidanova Parc opened in Sagunto on 27 September, following the opening of the Leroy Merlin store in June. With a catchment area of 250,000 people, it features a gross lettable area of over **45,000 sqm** and **2,349 parking spaces**, making it the biggest retail park to open in Spain in 2018. It is home to over **40 leading retail brands** and boasts 100% occupancy. Notable tenants include Decathlon, C&A, Worten, Norauto, Burger King, Urban Planet and Yelmo Cines, a 9-screen cinema with cutting-edge audiovisual technology.

The shopping and leisure destination is expected to receive **6 million visitors** during its first year, a figure which is then set to climb to 7 million in 2020 and 2021. The city council has highlighted the immense economic impact on the city, with the creation of **1,200 direct and indirect jobs**.

Biggest retail park to open in Spain in 2018

+46,000
visits
opening day

+170,000
visits
first week

45,773 sqm
GLA

1,200
direct and
indirect jobs

Over 40
leader
brands

As Termas Shopping Centre (Lugo)



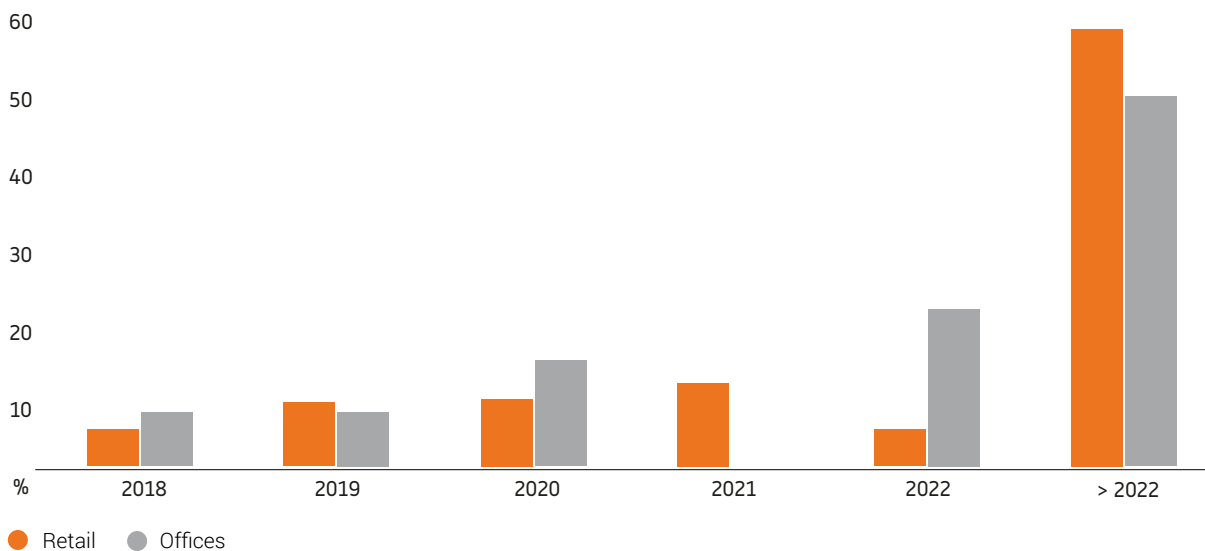
d. Lease Expiry and WAULT

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

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

rent levels. During Q3 2018 new long-term lease agreements have been signed with new tenants. We would note that as at 30 September 2018 **59% of all Lar España's active lease agreements** have lease expiries beyond 2022.

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



Thus, the **WAULT** ^(*) (weighted average unexpired lease term) at 30 September 2018 of Lar España's portfolio is **3.5 years**. Below you will find the detail by asset class:

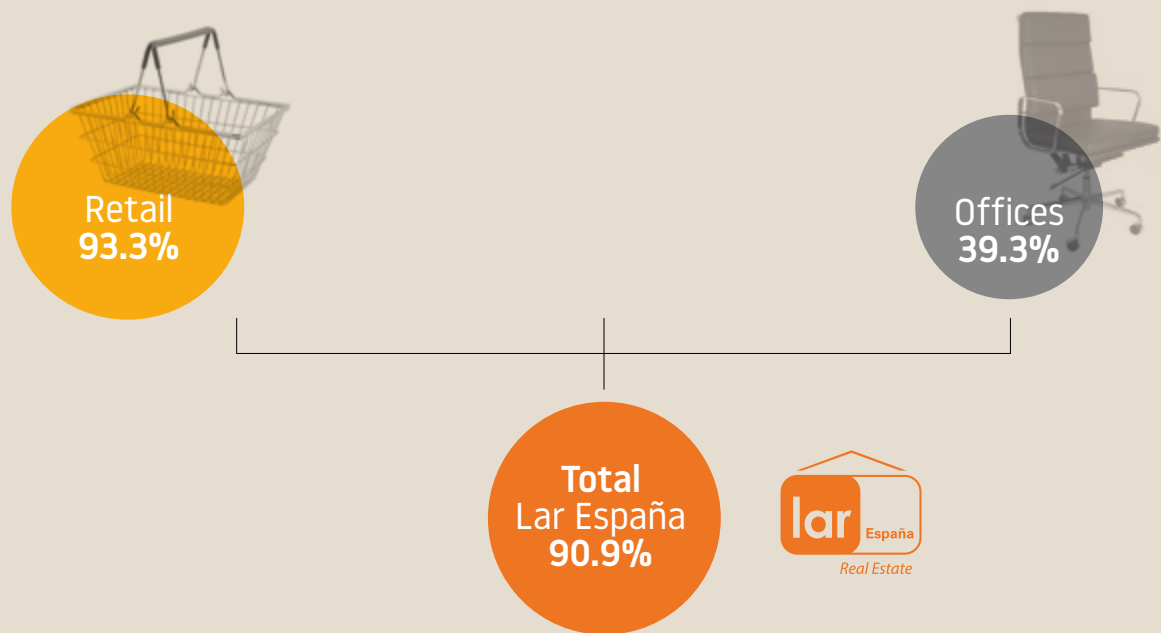


(*) Calculated as the number of years from the current date to the first break option, weighted by the gross rent for each lease. The WAULT of each asset is detailed in section 1.5 "Portfolio at 30 September 2018".

e. Occupancy (sqm)

The gross leasable area (GLA) of Lar España's income producing assets at 30 September 2018 stood at **535,245 sqm**, whilst the occupancy rate stood at **90.9%**.

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



Gran Vía de Vigo Shopping Centre (Vigo)



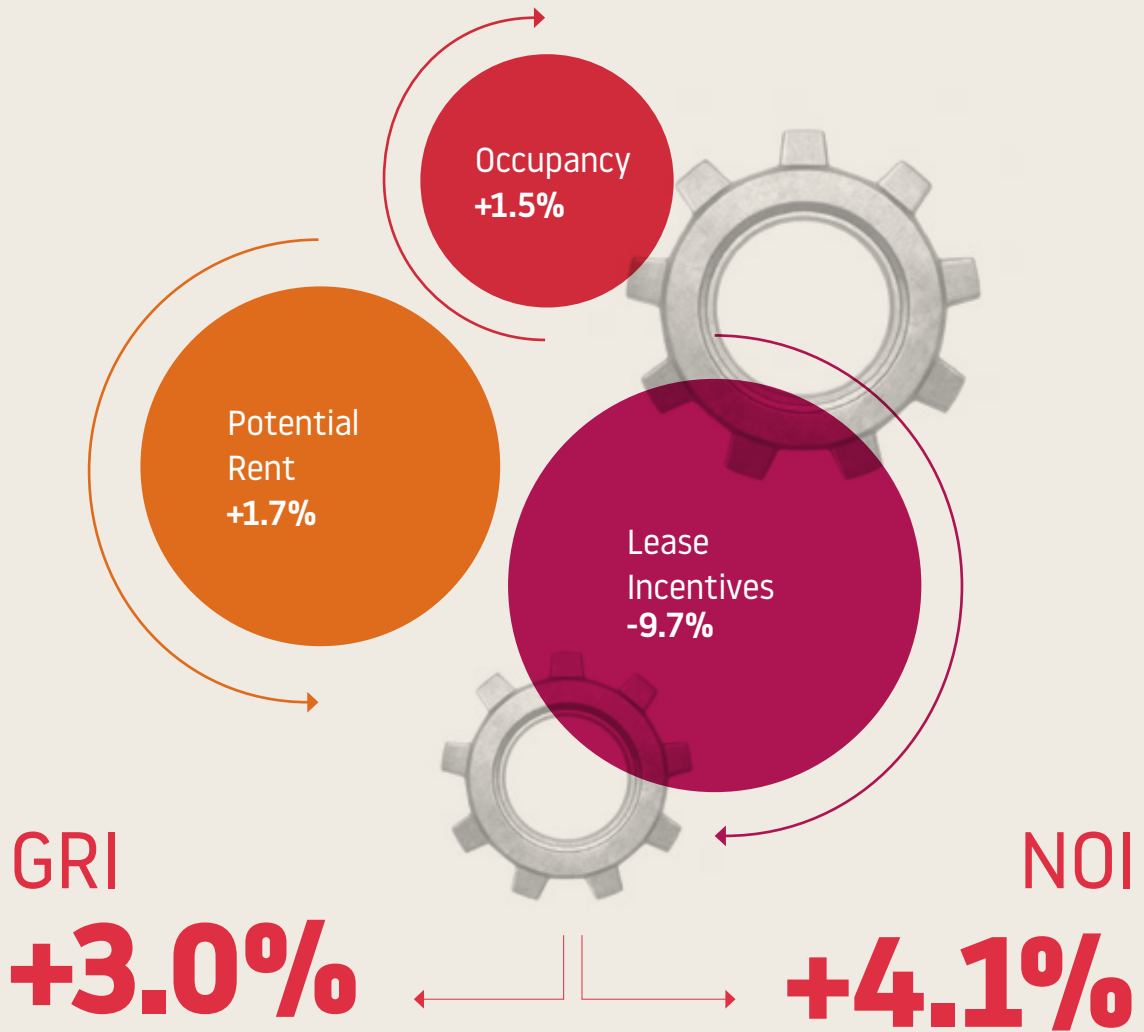
f. Main Milestones

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



Retail

LfL key indicators evolution



Major operative milestones

During the first nine months of 2018 Lar España continued to actively manage its retail portfolio. It closed **105 transactions** including renewals, relocations, relettings and new lettings, resulting in an annualised tenant rotation rate of 7% for the portfolio.

25,461 sqm
Rotated

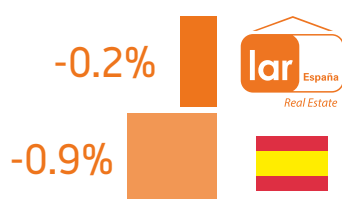
7%
Annualised
tenant rotation
rate

5.8 million euros
negotiated rent

	Renewals	Relocations and relettings	New lettings	TOTAL
Number of operations	56	44	5	105
sqm	16,615	8,397	449	25,461

Q3 2018 Footfall

41.5 million of visitors during the first nine months of the year



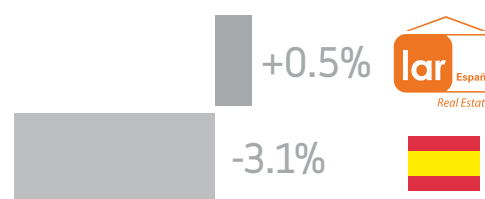
-0.2%⁽¹⁾
vs Q3 2017

-0.9%
Average Spanish Footfall⁽²⁾



Q3 2018 Sales

Good sales performance in the shopping centres:
486.3⁽³⁾ Million of euros



+0.5%
vs Q3 2017

-3.1%
Spain Retail Sales⁽⁴⁾



(1) Affected by refurbishments during the year
(2) Shoppertrak Index

(3) Declared sales
(4) National Statistics Institute (INE)

Retail Users Data

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

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

The results obtained during the first nine months of 2018 were as follows:



87 min.
average
dwell time

+7%
vs Q3 2017



1,488,929,208 min.
of
total use^(*)

+6%
vs Q3 2017

The shopping centres analysed registered a **7%** increase in average customer dwell time y-o-y (87 minutes vs. 82 minutes). This increase drove the total use up by **6%**.

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

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

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

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

c. €633,538 annual negotiated rent

4 operations



Main operations:

- Renewal of El Corte Inglés (3,000 sqm)
- Renewal of Jaslen (190 sqm)

3,525 sqm

c. €467,763 annual negotiated rent

6 operations



Main operations:

- Renewal of H&M (1,843 sqm)
- Renewal of Krack (357 sqm)

2,674 sqm

c. €362,091 annual negotiated rent

4 operations



Main operations:

- Renewal of H&M (1,978 sqm)
- Reletting of JD Sports (305 sqm)

2,720 sqm

c. €878,070 annual negotiated rent

17 operations



Main operations:

- Reletting of El Corte Inglés Oportunidades (2,508 sqm) at Parque Abadía
- Renewal of Casa (942 sqm) at Rivas Futura

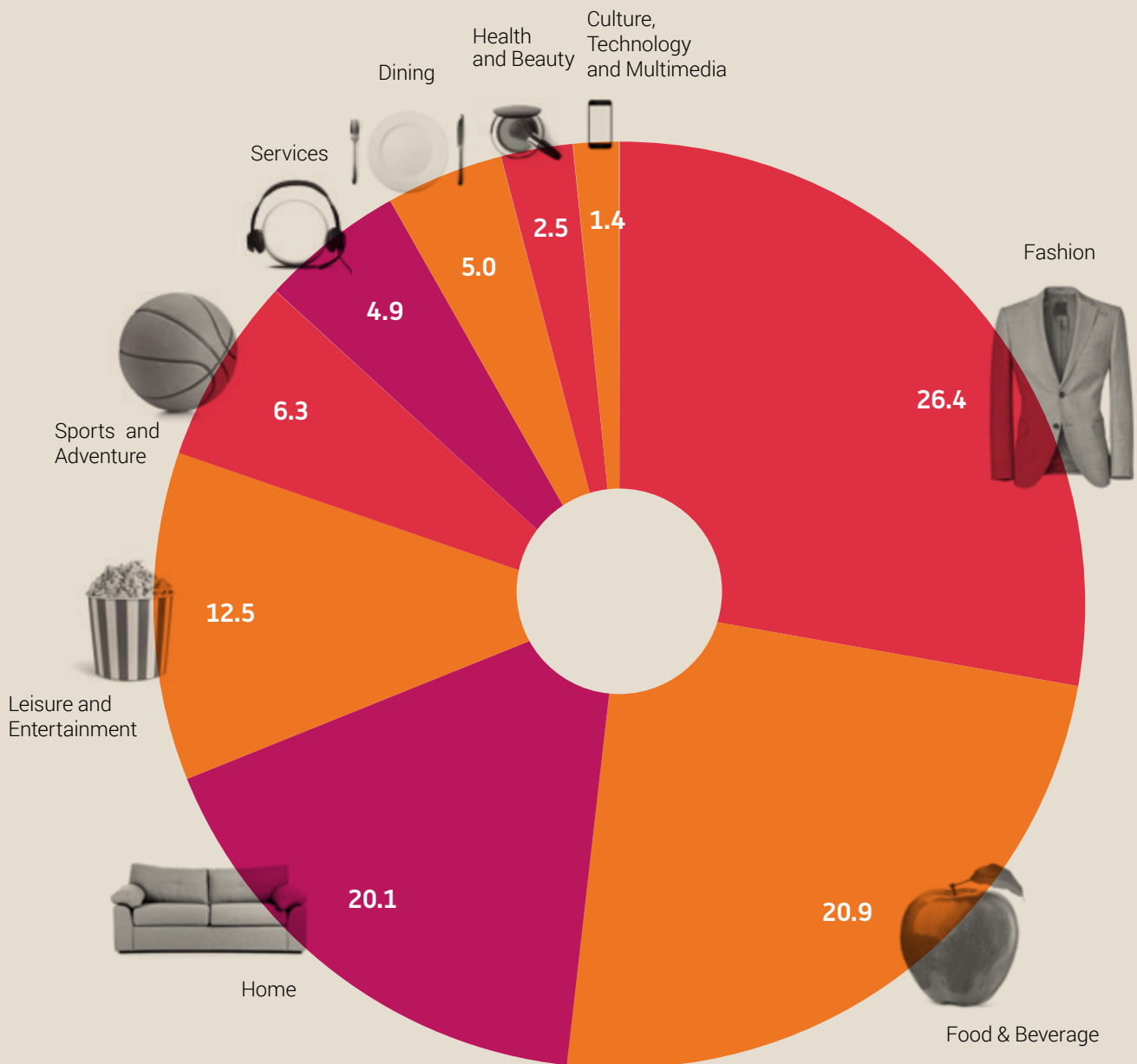
Rest of the portfolio

5,034 sqm

The **Lagoh shopping centre** development continues to attract tenants, with **76% of the GLA already pre-let** at 30 September 2018 (52,850 sqm), to over **90 renowned retailers**. A total of **17 pre-lets** were signed during Q3 (2,213 sqm). The family leisure and entertainment centre, which will be a flagship opening for Seville, will host a range of renowned tenants such as Mercadona, Primark, MediaMarkt, Urban Planet, Vips, Starbucks and all of the Inditex brands, to name but a few.

Retail Tenant Mix (%)

Below you will find the **tenant mix** of Lar España's retail portfolio at 30 September 2018 by space let. The fashion, food & beverage, home and leisure and entertainment sectors account for 80% of the retail offering in Lar España's shopping centres.



Innovation, differentiation and events

Lagoh, new name for Palmas Altas shopping centre

On 20 September 2018, Lar España announced its decision to rename the Palmas Altas family shopping and leisure centre, **Lagoh**.

This name change aims to provide the property with a corporate identity that effectively conveys the values of the future shopping centre, which is heavily invested in leisure and food & beverage. The name Lagoh is inspired by one of the complex's main attractions, **its 6,000 sqm lake that will not only feature a wide variety of leisure activities**, but will also remind people of the historical importance of water in Seville.

Lagoh will be the **largest retail and entertainment space in Seville** offering a wide array of leisure, fashion, home furnishings, dining and entertainment. It will feature renowned national and international brands such as Mercadona, MediaMarkt, Primark, Levis, Yelmo Cines, Urban Planet, McDonalds and Friday's.

Close to **60% of all the space** will feature cutting-edge architecture, from the light-filled common areas and green spaces, to the interiors and exteriors; innovations that will turn each and every visit into a truly unique experience. Outdoors there will be a magnificent fountain with lights and sound-effects in the lake, as well as green spaces, terraces, a dock and slides.

The Lagoh family shopping and leisure centre will be a vast family-oriented complex, that will boast **more than 100,000 sqm** assigned to close to **190 retail units**. It will also benefit from **3,250 parking spaces**, 611 outside and 2,639 underground.

Lagoh, new name for Palmas Altas shopping centre

Lagoh is poised to redefine the concept of retail in Seville, as a leading family leisure and shopping resort in the south of Spain and serving as a **meeting point for more than 1.5 million people**. This project will create 4,800 jobs, 1,500 during its construction and the other 3,300 in full-time employment once it is open.

Lagoh marketing campaign

In order to promote the **new name of the family shopping and leisure centre in Seville, Lagoh** (formerly Palmas Altas), a **marketing campaign** was carried out during September. The campaign was designed to generate awareness and anticipation by promoting the concept of a new shopping and leisure space, which thanks to its architecture, layout, size, design and extensive retail and leisure offering will become a leading go-to location in Seville.

The marketing campaign was split into two phases. The first phase focused on **driving awareness of the new name** via the use of different outdoor media (signs and digital billboards), radio spots and communications via online and offline media. This phase culminated in the publication of a press release unveiling the new name.

The second phase focused on **driving awareness** using all the aforementioned media and culminating in an extremely original street marketing initiative, in which participants were invited to take part in an out-of-this-world experience.



Lagoh Shopping Centre future image (Sevilla)

Opening of VidaNova Parc retail park

On 26 September 2018, a large group of local authorities, Lar España representatives and media companies made an inaugural visit to VidaNova Parc, the **largest retail park to open in Spain** this year. It opened to the public at 10am at the entrance on Avenida de Les Moreres in Sagunto (Valencia).

During the event, Blanca Marín, the regional secretary of Sustainable Economy, Productive Services and Commerce for the Valencian Regional Government, underscored the “significantly above-average economic growth of the Camp de Morvedre area, and the **ideal choice of location for VidaNova Parc**”.

During the meeting, the Mayor of Sagunto, Quico Fernández, said that “Vidanova Parc is **one of the biggest projects carried out in Sagunto in recent decades**; due to its sheer size, the project has indeed been complex, but for us, projects that create employment are a number one priority”. In this regard, he also added “we are proud that the large majority of the 1,200 jobs created are held by local workers”.

Vidanova Parc demonstrates Lar España’s commitment to the Valencia Region, as this is the company’s fourth retail park in Spain and the largest opening this year. **With this opening, Lar España further bolsters its position as leader of the Spanish shopping centre and retail park market.**

Director of Development at Grupo Lar, José Antonio García Agüera said that “Vidanova is much more than just a retail park, the project aims to **inject life into the region and into local families**.” He went on to explain, “we therefore have an **attractive food & beverage offering**, providing families and friends the perfect place to spend time together. We would rather sacrifice financial gain over commitment to the area, because Vidanova Parc is here to stay.”

Vidanova Parc has generated **1,200 jobs**, features more than **40 brands** and is expected to receive **6 million** visitors during the first year. Comprising more than 45,000 sqm, it is located in a prized area of Sagunto, a town which is undergoing a process of urban and industrial regeneration. Construction lasted two years, with Lar España **injecting almost €50 million** of capital, and an additional €40 million set to be invested by the retailers at the park.

Pet Week

At the end of September, as part of the strategy to make its properties stand out from the rest and provide unique experiences, Lar España launched “**Pet Week**” across its various shopping centres.

This new event aims to provide a **unique experience**; giving pets centre stage, as they and their owners enjoy an agility circuit, a dog show, photocall and various workshops.

There was also an important **social element** to this event, with a corner in each shopping centre allocated to **animal rescue centres**. This space was used by the charities to inform people about how to adopt a pet, showcasing their work and inviting people to help them by donating to a food bank for animal rescue centres in the city.

During Pet Week, synergies were created with the Kids Zone to **show children the importance of pets in family life**. Face painting and craft workshops were set up for children to build their favourite pets out of recycled material, cartons and old CDs.



Vidanova Parc Retail Park new image (Valencia)

“Enjoyment Club”

This **loyalty scheme** aims to reward customers for coming to the shopping centre, as well as building an **active community** of ambassadors/fans where customers can discover exclusive content from participating brands, with a clear **focus on enjoyment**.

The technology applied to the scheme will create a marketing intelligence platform based on customer relations management (CRM) and recording their interactions with the club.

Initially a pilot project will be carried out at Portal de La Marina Shopping Centre. The completion of the first phase, setting up the CRM platform, is set for November 2018. Once the phase is complete, brands will be requested to take part, and the club will then be launched definitively in January 2019.

Spanish Shopping Centre Association (AECC) event

On **3, 4 and 5 October**, the **Granada Convention Centre** welcomed the most influential professionals and companies from the retail sector to celebrate the sixteenth edition of the **Spanish Convention of Shopping Centres and Retail Parks**. This biannual event is well-established as the meeting place for professionals and companies that share the same professional goals and operate within the shopping centre and retail park sector in Spain.

The **retail fair** occupied over 793 sqm and featured **65 stands** representing the leading companies in the sector. Each company presented initiatives, projects, and discussed the future of retail and innovation at the national and international level. The shopping centres of the future were presented under the slogan “**Shopping Centres 4.0**”.

Once again, Lar España had a stand at the fair, where it presented the recent unveiling of **VidaNova** retail park and the **Lagoh** project, along with all its other operational shopping centres.

The retail fair was brought to a close with a **trends and design showcase, a full conference programme and a technical visit** of the shopping centres in the area. The event ended with a closing dinner and the AECC 2018 awards ceremony.

Over one thousand people took part in the event and, for the first time, a guest country was invited to the Convention. Portugal had its own stand and a round table discussing the performance of its retail industry, looking at the potential for collaboration between both markets.

Lar España stand in AECC event



Lar España Investor Day

On 9 and 10 October 2018, in Madrid and London, respectively, Lar España held its second “**Investor Day**”, at which investors were given a first-hand look at the SOCIMI’s progress in terms of **digital transformation** – referred to as the TES Project (Technology, Engagement and Sustainability) – and at how the company is progressing with its **business plan**.

The company had already achieved **47%** of the targets set out in its business plan at end-Q3, a plan which remains focused on **specialising in retail properties** and divesting non-strategic assets. As such, Lar España will be able to invest in developments and improvements of properties in its portfolio, as well as the acquisition of new retail properties. The flexible structure of the SOCIMI’s debt was also highlighted at the event, along with its intention to continue to pay out an **ordinary dividend** in line with previous years (5% of the average NAV for the year) and another **extraordinary dividend** associated with the divestment of Lagasca99.

At the event, Chairman José Luis del Valle highlighted how, in just one year, **half of the scheduled divestments have been made**, achieving strong value uplift, and that the VidaNova Parc project is now operational. He added that “this progress undoubtedly reaffirms our credibility and the confidence our investors have in us”.

Miguel Pereda, Lar Españás Director, said that “the transactions we have carried out allow us to achieve our aim of focusing on retail properties, which now account for **90% of our entire portfolio**, and which, thanks to good management, are now outperforming the average figure for Spain, both in terms of footfall and sales.” With the opening of Lagoh shopping centre in Seville in 2019, Lar España will become the **biggest retail operator in Spain**.

The event, which took place at The Valley Digital Business School, was a resounding success in terms of attendance figures for investors and analysts working with the company both in Spain and internationally, and it clearly demonstrated the need to hold regular events with the main stakeholders.

With the opening of Lagoh shopping centre in Seville in 2019, Lar España will become the **biggest retail operator in Spain**.

Lar España Investor’s Day



Sustainability

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

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

In both of our shopping centres (Palmas Altas and Vidanova Parc) and residential (Lagasca99) development projects, we are applying all our expert knowledge and the latest technology to develop sustainable buildings that respect the environment and the people using and occupying them. These projects are also being designed and developed in line with the specifications required to obtain the prestigious BREEAM® quality and sustainability certification.

BREEAM® ES

Lagasca99 has recently been certified with **BREEAM®** New-Build "**Very Good**" rating in the design phase.

In September 2018, Lar España was awarded the **EPRA Gold Award** in recognition of its information published on Corporate Social Responsibility and Sustainability.

This recognition is another step towards greater transparency in this respect, improving on the award won last year (EPRA Silver Award and EPRA Most Improved Award for Sustainability).

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



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



Offices

Eloy Gonzalo

- **Completion of comprehensive refurbishment** works at the property and revision works.
- **Delivery** of the first floor of the building to **WeWork** on 2 July 2018. They have now moved into all of the space let in the property and have already achieved a high occupancy rate with their own clients.



Residential

Lagasca99

- **Building works finished.**
- **Strong interest** from national and international **investors.**
- **Pre-sales** at 30 September 2018 stood at **90%.**



As per the reporting date, November 2018, pre-sales stands at **90%.**

Logistics

- On 18 July 2018, Lar España sold its entire logistics portfolio **to Blackstone for €119.7 million.**
- This divestment equated to a value uplift of **83%** on the acquisition price (73% excluding the CapEx investment) and **30%** on the valuation of these properties carried out at the end of 2017.
- The portfolio includes **five operational logistics properties** with a total gross lettable area of 161,838 sqm, four of which are in Alovera (Guadalajara) and the fifth in Almussafes (Valencia), as well as **17 plots allocated for logistics use** in Cheste (Valencia), with a total gross lettable area of 181,617 sqm.
- This sale demonstrates that Lar España is successfully completing its **strategy to divest non-strategic assets** set out in its business plan, achieving a significant value uplift thanks to the active management of the properties.



€119.7 million

Sale price

83% divestment value uplift on the acquisition price

Development projects

Lagoh

Retail Development



Your retail and family space in Seville

Excellent location, 4 km from Seville's city centre	Estimated opening: Summer 2019			
Acquisition price: €40.5 million	100,000 sqm of retail and family leisure space			
Market value (*): €106.2 million				
Purchase date: Q1 2016	In the process of gaining certification 		76% of GLA signed or with binding contract with leading retailers 76%	
Large catchment area: 1.5 MM people	Status: under construction and letting			Some of our main tenants:
Forecast annual revenue of c. €15 million	Estimated construction cost: €151.6 million			          


(* The valuation has been made at 30 September 2018 by an external independent valuer.

Lagasca99

LAGASCA99

*Unique,
outstanding,
exclusive*

Residential Development

<p>Urban plot of land under construction in the very heart of the Salamanca Neighbourhood, one of Madrid's most exclusive areas and set to become a landmark property in the luxury residential sector</p>	<p>Construction works start date: Q1 2016</p>		
	<p>Estimated delivery date: 2018</p>		
	<p>Comprises more than 26,000 sqm (B/G & A/G)</p>		
<p>Acquisition price: €50.1 million (**)</p>			
<p>Market Value (*): €101.5 million (**)</p>	<p>BREEAM New Construction "Very Good" design phase BREEAM ES</p>	<p>The property includes a full range of facilities: indoor and outdoor swimming pool, spa, gym and communal rooms</p>	<p>Plot with 4 façades that features 44 apartments with an average floor area of 400-450 sqm</p>
<p>Acquisition date: Q1 2015</p>	<p>Status: under construction and letting final phase</p>		
<p>As at 30 September 2018 90% of apartments pre-sold</p>	<p>Estimated construction cost: €30.0 million</p>	<p>Project carried out by the world renowned Rafael de la Hoz architectural studio</p>	<p>Extraordinary Dividend</p>

(*) The valuation has been made at 30 September 2018 by an external independent valuer.

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

2

CONSOLIDATED FINANCIAL STATEMENTS

2.1

Company Chart
30.09.2018
p.58

2.3

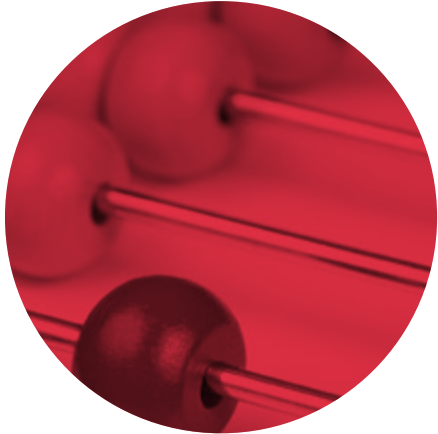
Consolidated Statement
of Financial Position
p.64

2.2

Consolidated
Statement of
Comprehensive
Income
p.60

2.4

Consolidated Statement
of Cash Flows
p.73



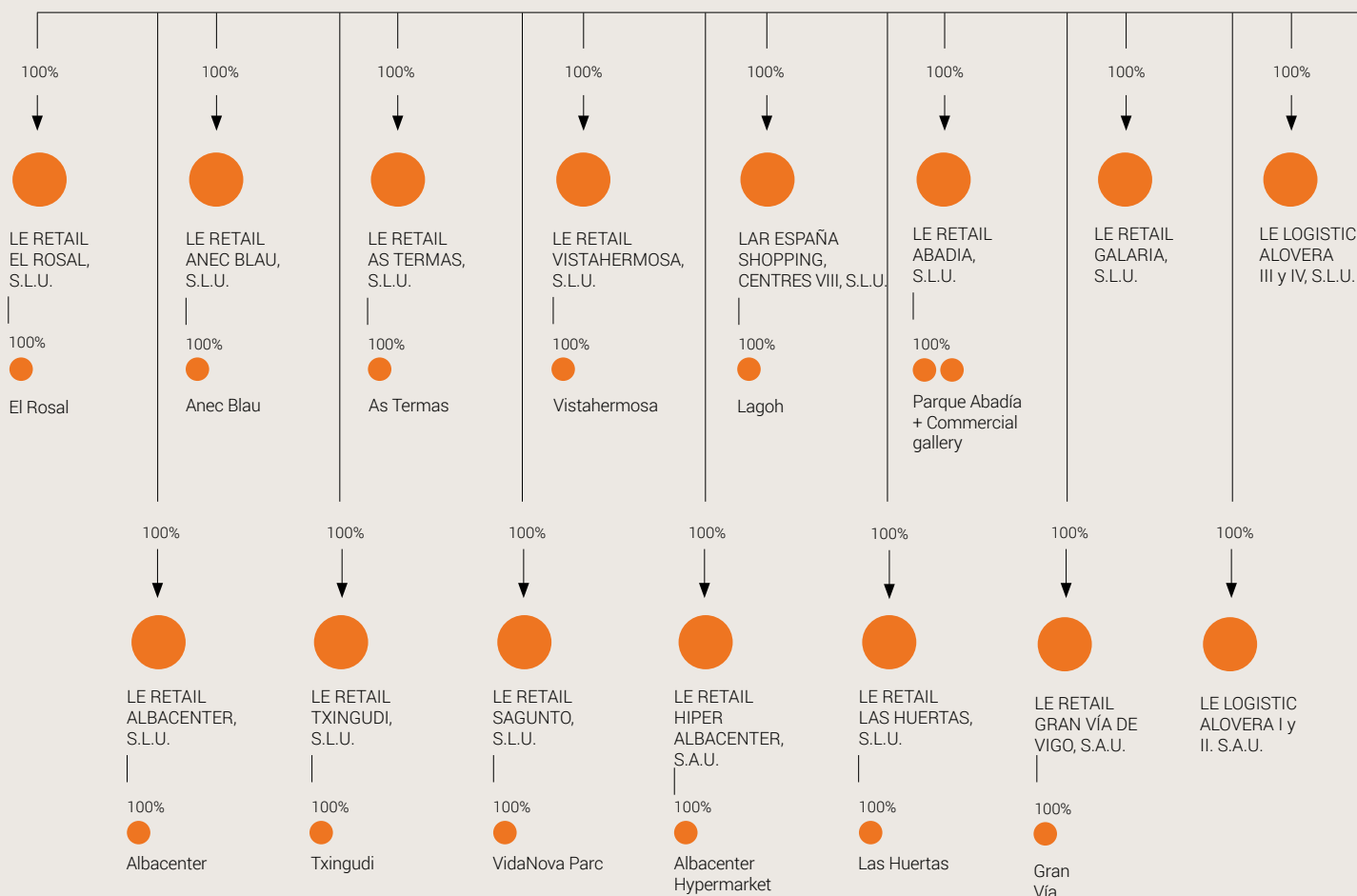
Albacenter Shopping Centre (Albacete)



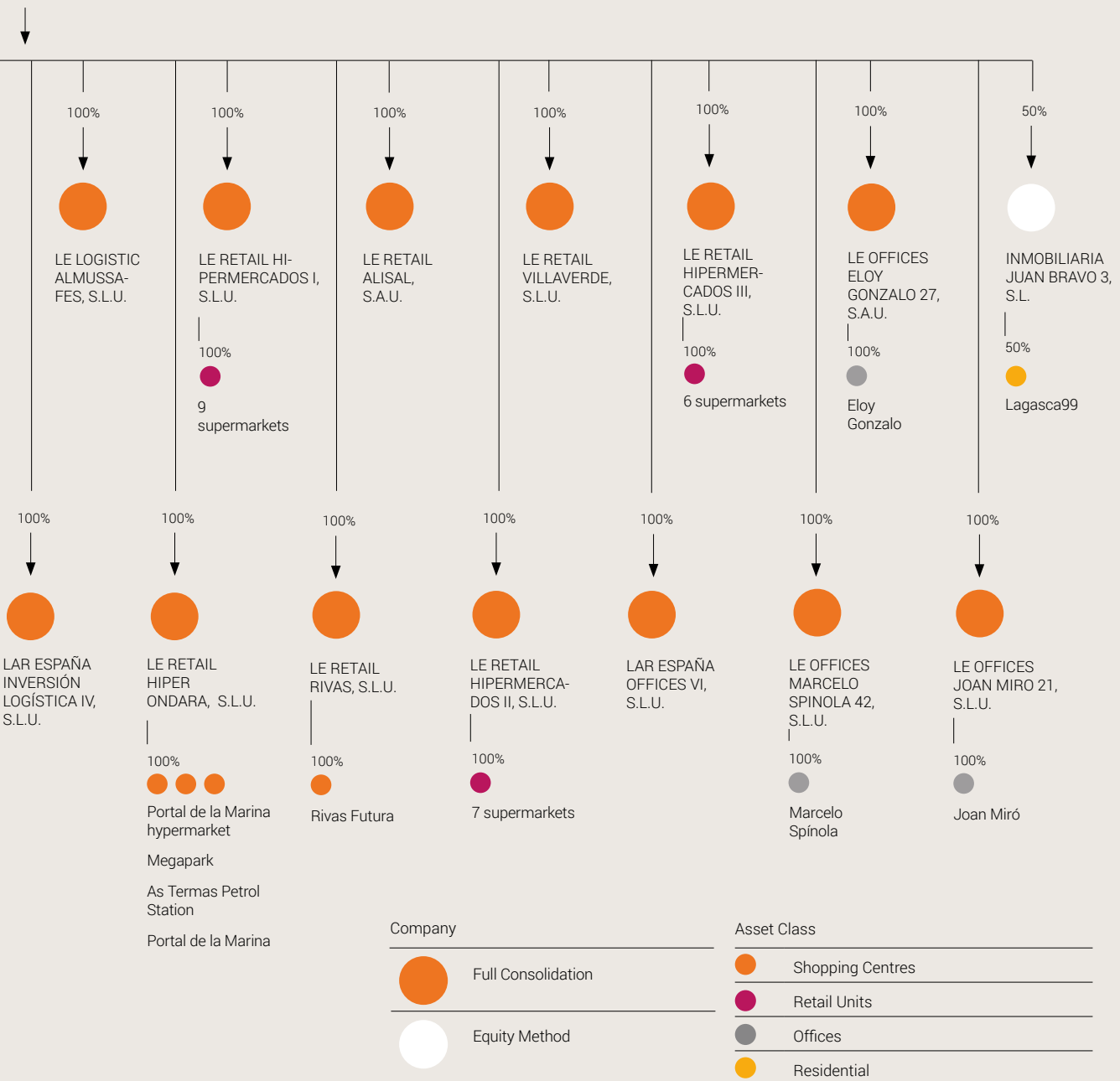
2.1 Company Chart 30.09.2018

At 30 September 2018, the consolidated financial statements of the Group were presented in accordance with the accounting principles established in the International Financial Reporting Standards adopted by the European Parliament (EU-IFRS) up until this date.

The **scope of the Group's consolidation** is as follows:



For comparative purposes, the balances of the Consolidated Comprehensive Income Statement are shown together with those for the same period the year before, whilst for the Consolidated Statement of Financial Position they are shown together with those corresponding to 31 December 2017.



2.2 Consolidated Statement of Comprehensive Income

(Thousands of euros)	Recurring		Non recurring		Total	
	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017
Revenues	58,611	57,240	-	-	58,611	57,240
Other income	3,082	1,598	-	-	3,082	1,598
Personnel expenses	(405)	(405)	-	-	(405)	(405)
Amortisation expenses	(249)	-	-	-	(249)	-
Other expenses	(18,943)	(18,401)	(28,199)	(9,206)	(47,142)	(27,607)
Other results	-	-	-	653	-	653
Change in the fair value of investment properties	-	-	59,620	46,924	59,620	46,924
Results of disposals of investment properties	-	-	20,616	2,842	20,616	2,842
RESULTS FROM OPERATIONS	42,096	40,032	52,037	41,213	94,133	81,245
Financial income	885	2,715	-	-	885	2,715
Financial expenses	(11,207)	(10,658)	(292)	-	(11,499)	(10,658)
Share in profit (loss) for the period of equity-accounted companies	(832)	(1,113)	-	-	(832)	(1,113)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	30,942	30,976	51,745	41,213	82,687	72,189
Income tax	-	-	(2,026)	-	(2,026)	-
PROFIT FOR THE PERIOD	30,942	30,976	49,719	41,213	80,661	72,189

Non audited data at 30 September of 2018

Results from operations
94,133 thousands of euros

+16%
vs. Q3 2017

Profit for the period
80,661 thousands of euros

+12%
vs. Q3 2017

Result from operating activities

At 30 September 2018, the Group presented a positive **result for its operations** amounting to **94,133 thousand Euros** (positive results from operations of 81,245 thousand Euros at 30 September 2017).

Revenues

Revenues during the first nine months of 2018 amounted to **58,611 thousand Euros** (revenue of 57,240 thousand Euros during the first nine months of 2017), 93% of which was rental income from shopping centres (85% during the first nine months of 2017).

Other expenses

At 30 September 2018, the Group incurred **other expenses** amounting to **47,142 thousand Euros**, mainly related to:

- Recurrent services that are directly linked to the everyday management of the assets (supplies, IBI -property tax-, etc.) in the amount of 10,305 thousand Euros.
- Management fees (fixed and variable fee included) for management services provided to the Company by Grupo Lar Inversiones Inmobiliarias ("Grupo Lar") totals 32,345 thousand Euros. The fixed amount totals 6,524 thousand of euros, discounting indirectly fees paid in subsidiary companies (381 thousand Euros) and other expenses incurred by Grupo Lar and paid by Lar España (231 thousand Euros). The variable amount, 25,821 thousand of euros, relates to the divestment fee that was accrued in Q1 2018 after exceeding €100 million in divestments (17,898 thousand Euros) and the performance fee provision included in the financial statements as at 30 September 2018 (7,923 thousand Euros).

Other results

At 30 September 2017, other results included the profit for the amount of 653 thousand Euros derived from the buyout of 100% of the subsidiaries LE Retail Hipermercados I, S.L.U. (previously named NPS European Property (Retail) I, S.L.U.), LE Retail Hipermercados II, S.L.U. (previously named NPS European Property (Retail) II, S.L.U.), and LE Retail Hipermercados III, S.L.U. (previously named NPS European Property (Retail) III, S.L.U.).

This amount was derived from the **difference between the amount paid and the fair value of the assets acquired and liabilities assumed**.

These acquisitions took place on 27 March 2017.

Change in the fair value of investment properties

On 30 September 2018, the amount in this entry, **59,620 thousand of euros**, is made up of the difference in the fair value of investment properties following the latest valuations conducted by independent experts (C&W and JLL) at 30 June 2018 and 30 September 2018 (Lagoh, VidaNova Parc and Eloy Gonzalo).

Results of disposals of investment properties

On 30 September 2018, **this heading includes the gain of EUR 3,119 thousand** from the sale of the Villaverde, Nuevo Alisal and Parque Galaria retail warehouses, which were owned by the subsidiaries LE Retail Villaverde, S.L.U., LE Retail Alisal, S.L.U. and LE Retail Galaria, S.L.U., respectively, **the gain of EUR 782 thousand** from the sale of the company LE Offices Egeo, S.A.U., owner of the Egeo office building, the gain of **EUR 12,515 thousand** from the sale of the logistic portfolio, which were owned by the subsidiaries LE Logistic Alovera I Y II, S.A.U., LE Logistic Alovera III Y IV, S.L.U. and LE Logistic Almussafes, S.L.U., and the gain of **EUR 4,200 thousand** from the sale of the logistic plot related to Cheste development project (see significant events 2, 8, 16 and 17).

Amortisation expenses

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

Net Financial Result

The **financial result** was a negative balance of 10,614 thousand Euros at 30 September 2018 (negative balance of 7,943 thousand Euros at 30 September 2017).

Financial income amounting to 885 thousand Euros in the first nine months of 2018 mainly comprises the interest accrued on credits granted to equity-accounted companies, while **financial expenses** amounting to 11,499 thousand Euros mainly comprises the interest accrued on loans taken out by the Group with financial institutions and the bonds issued by the Group in February 2015.

Income tax

This heading includes the **tax expense resulting from the sale of the investment property associated with the Ches-te project** (See notice of material fact 16). Said tax expense corresponds to the 25% of the profits obtained from the sale of said investment by the company Lar España Inversión Logística IV, S.L.U.

Consolidated Statement of Comprehensive Income by business line

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

(Thousands of euros)	Retail	Offices	Logistics	Residential	LRE(*)	Total
Revenues	54,246	1,324	3,041	-	-	58,611
Other income	3,056	26	-	-	-	3,082
Personnel expenses	-	-	-	-	(405)	(405)
Amortization expenses	(249)	-	-	-	-	(249)
Other expenses	(38,680)	(3,159)	(3,476)	-	(1,827)	(47,142)
Changes in the fair value of investment properties	42,204	11,564	5,852	-	-	59,620
Results of disposals of investments properties	3,119	782	16,715	-	-	20,616
RESULTS FROM OPERATIONS	63,696	10,537	22,132	-	(2,232)	94,133
Net financial result	(9,431)	(1,193)	(709)	885	(166)	(10,614)
Share in profit (loss) for the period of equity-accounted companies	-	-	-	(832)	-	(832)
PROFIT/(LOSS) FOR THE PERIOD BEFORE TAXES	54,265	9,344	21,423	53	(2,398)	82,687
Income tax	-	-	(2,026)	-	-	(2,026)
PROFIT/(LOSS) FOR THE PERIOD BEFORE TAXES	54,265	9,344	19,397	53	(2,398)	80,661

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

Non audited data at 30 September of 2018

At 30 September 2018 retail assets presented an operating profit of 63,696 thousand Euros; offices an operating profit of 10,537 thousand Euros; and the logistics warehouses an operating loss of 22,132 thousand Euros.

Txingudi Shopping Centre (Guipúzcoa)



2.3 Consolidated Statement of Financial Position

ASSETS

(Thousands of euros)	30/09/2018	31/12/2017
Intangible assets	8,463	8,673
Investment properties	1,312,729	1,306,350
Financial assets with associates	-	2,161
Equity-accounted investees	4,694	5,526
Non-current financial assets	12,406	11,928
Trade and other receivables non-current	2,733	-
NON-CURRENT ASSETS	1,341,025	1,334,638
Non current assets held for sale	102,662	124,295
Trade and other receivables	11,978	14,413
Financial assets with associates	18,408	27,718
Other current financial assets	2,194	7,118
Other current assets	4,345	553
Cash and cash equivalents	133,847	45,617
CURRENT ASSETS	273,434	219,714
TOTAL ASSETS	1,614,459	1,554,352

EQUITY AND LIABILITIES

(Thousands of euros)	30/09/2018	31/12/2017
Capital	189,527	185,248
Share premium	476,301	487,349
Other reserves	230,154	111,854
Retained earnings	80,661	135,606
Treasury shares	(1,023)	(175)
Valuation adjustments	(1,464)	(1,663)
EQUITY	974,156	918,219
Financial liabilities from issue of bonds and other marketable securities	139,002	138,787
Loans and borrowings	402,009	361,165
Deferred tax liabilities	17,201	14,613
Derivatives	604	831
Other non-current liabilities	18,036	16,221
NON-CURRENT LIABILITIES	576,852	531,617
Liabilities related to assets held for sale	13,123	47,618
Financial liabilities from issue of bonds and other marketable securities	2,458	3,482
Loans and borrowings	847	5,580
Liabilities with associates	-	7,505
Derivatives	1,291	1,267
Other financial liabilities	118	147
Trade and other payables	45,614	38,917
CURRENT LIABILITIES	63,451	104,516
TOTAL EQUITY AND LIABILITIES	1,614,459	1,554,352

Non-current assets

Investment properties

At 30 September 2018, **investments properties** are classified under non-current assets, at a fair value of **1,312,729 thousand Euros** (1,306,350 thousand Euros at 31 December 2017), except for the Eloy Gonzalo, Marcelo Spínola and Joan Miró offices buildings amounting to 99,451 thousands Euros which are classified under "Non-current assets held for sale" (see assets and liabilities held for sale).

The Group's investment properties, including the assets classified under "Non-current assets held for sale", consist of fourteen shopping centres, twenty-two retail units and three office buildings. Of particular significance is the **investment in shopping centres** amounting to 1,205,529 thousand Euros (1,091,596 thousand Euros at 31 December 2017), **with revenue from leases representing 93%** of the Group's total revenues during the first nine months of 2018.

During the first nine months of 2018, the Group purchased Rivas Futura retail park and Parque Abadía commercial gallery (see relevant fact 5 and 7), whose fair values at 30 September 2018 amount to 65,549 thousands Euros and 15,127 thousands Euros, respectively.

Furthermore, in the first nine months of 2018 the Group has sold the following investments:

- The Egeo office building, the fair value of which was EUR 76,674 thousand as at the date of the transaction (See notice of material fact 2).
- The Villaverde, Nuevo Alisal and Parque Galaria commercial properties, the fair values of which at the date of the transaction totalled EUR 11,343 thousand, EUR 19,313 thousand and EUR 10,900 thousand, respectively (See notice of material facts 8 and 17).
- The logistics portfolio, the fair value of which at the date of the transaction was EUR 100,735 thousand, including the investment associated with the Cheste project (See notice of material fact 16).



NET INVESTMENT

(Thousands of euros)

	30/09/2018	31/12/2017
Shopping Centres	1,205,529	1,091,596
Offices ^(*)	99,451	162,124
Logistics	-	86,680
Development ^(**)	107,200	83,980
Investment properties	1,412,180	1,424,380

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

(**) At 30 September 2018, the amount included mainly corresponds to the fair value of Lagoh project in Sevilla.

Net investment by asset class (%)

85%

Shopping Centres

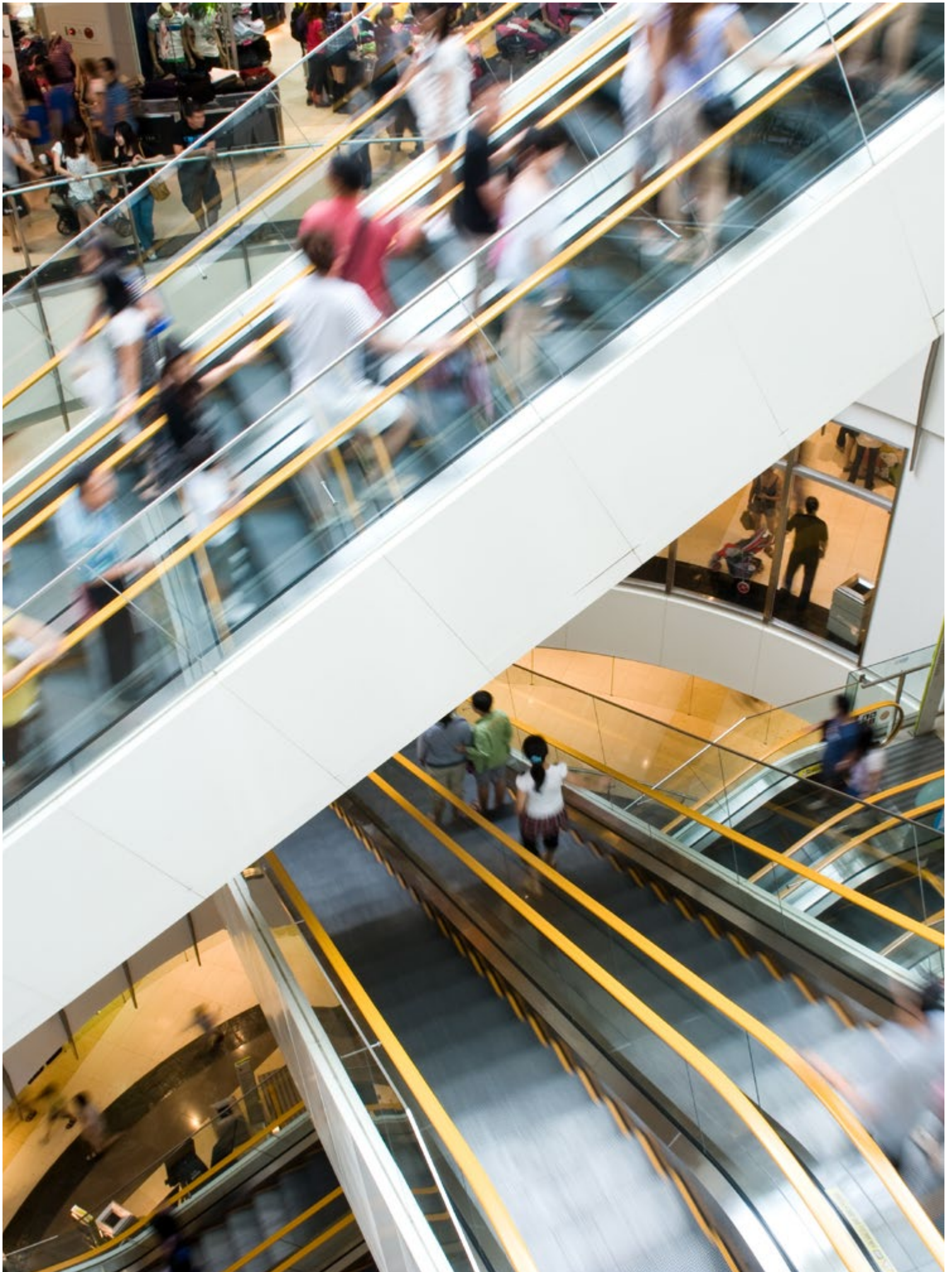
**8%**

Development

**7%**

Offices





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

Asset	Total Gross Leasable Area (GLA) (sqm)	Fair Value (thousands of euros)	Net Initial Yield (NIY) (*)
Megapark	63,586	206,530	
Gran Vía de Vigo	41,426	165,049	
Portal de la Marina + hypermarket	40,158	122,640	
El Rosal	51,156	109,100	
Anec Blau	28,632	96,263	
As Termas + petrol station	35,127	85,615	
Parque Abadía + commercial gallery	43,154	80,977	
Rivas Futura	36,447	65,549	4.95% - 7.15%
VidaNova Parc	45,773	61,595	
Albacenter + hypermarket	27,890	59,479	
Supermarkets portfolio	27,909	52,884	
Vistahermosa	33,363	49,743	
Txingudi	10,712	37,505	
Las Huertas	6,267	12,600	
TOTAL RETAIL	491,600	1,205,529	
Eloy Gonzalo	6,380	39,400	
Marcelo Spínola	8,875	38,561	0.56% - 3.86%
Joan Miró	8,610	21,490	
TOTAL OFFICES	23,865	99,451	
Lagoh	(**)	106,200	
Others	N/A	1,000	N/A
TOTAL DEVELOPMENTS	-	107,200	
TOTAL LAR ESPAÑA	515,465	1,412,180	

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

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

Current assets

Intangible assets

At 30 September 2018 and 31 December 2017, intangible assets comprise the **right of use of the floor space where the Megapark Barakaldo leisure facilities are located** earning leasing income.

The right of use, which expires in year 2056, was acquired on 27 October 2017 for 8,686 thousand Euros and has accrued an amortisation of 249 thousand Euros during the first nine months of 2018. Once the right of use expires, the assets contained on leased floor space will be delivered to the Barakaldo City Council.

Financial assets with associates

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

Equity-accounted investees

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

Non-current financial assets

At 30 September 2018 and 31 December 2017, the Group has recognised as non-current financial assets mainly security deposits received from tenants, which the Group has deposited with the corresponding public bodies.

Assets and liabilities held for sale

At 31 December 2017, this heading included the assets and liabilities of the **companies LE Offices Egeo, S.A.U., LE Retail Villaverde, S.A.U., LE Retail Galaria, S.A.U. and LE Retail Alisal, S.A.U.**, which were classified as held for sale. The investment properties that were owned by these companies were sold in the three quarters of 2018 (See notice of material facts 2, 8 and 17).

At 30 September 2018, this heading includes the assets and liabilities of the companies **LE Offices Eloy Gonzalo 27, S.A.U., LE Offices Joan Miro 21, S.L.U. and LE Offices Marcelo Spinola 42, S.L.U.**, which were classified as held for sale as per IFRS 5. (*)

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

Non current assets held for sale

(Thousands of euros)	30/09/2018
Investment properties	99,451
Non-current financial assets	321
Other current assets	3
Trade and other receivables	1,476
Other current financial assets	4
Cash and cash equivalents	1,407
Total non current assets held for sale	102,662

Liabilities related to assets held for sale

(Thousands of euros)	30/09/2018
Loans and borrowings	9,690
Other non-current liabilities	556
Loans and borrowings - Current	3
Other current financial liabilities	-
Trade and other payables	2,754
Derivatives	120
Total liabilities related to assets held for sale	13,123

(*) IFRS (International Financial Reporting Standards).

Trade and other receivables

As of 30 September 2018 and 31 December 2017, this heading principally reflects other public administration credits in the amount of 8,776 thousand Euros and 6,833 thousand Euros, respectively.

Financial assets with associates

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

Cash and cash equivalents

At 30 September 2018, this heading includes 29,764 thousand Euros related to the share buy-back programme. This amount would not be considered available Company funds.

Net Equity

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

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

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

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

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

	Number of shares	Thousands of euros
31 December 2017	19,880	175
Additions	1,865,966	17,142
Disposals	(1,766,618)	(16,294)
30 September 2018	119,228	1,023

The positive balance arising from the sale of own shares in the first nine months of 2018 amounted to 32 thousand Euros, recorded under "Other reserves".



Financial liabilities

Loans & Borrowings

The characteristics of the Loans & Borrowings at 30 September 2018 are as follows:

Type	Project	Entity	Interest rate (*)	Maturity date	Nominal amount (Thousands of euros)	Current (Thousands of euros)	Non-Current (Thousands of euros)
Mortgage Loan	As Termas	ING BANK	EUR 3M + 1.8%	25/06/2020	37,345	-	36,985
Mortgage Loan	El Rosal	CaixaBank	EUR 3M + 1.75%	07/07/2030	50,000	295	48,981
Mortgage Loan (**)	Joan Miró	BBVA	EUR 3M + 1.75%	23/12/2020	9,800	3	9,690
Mortgage Loan	VidaNova Parc	CaixaBank	EUR 3M + 2.10%	14/09/2020	11,480	45	11,480
Mortgage Loan	Megapark + Megapark leisure area	Santander NATIXIS CREDIT AGRICOLE	EUR 3M + 1.70%	24/02/2023	105,250	46	100,484
Mortgage Loan	Portal de la Marina	Santander NATIXIS CREDIT AGRICOLE	EUR 3M + 1.70%	24/02/2023	36,000	-	33,868
Mortgage Loan	Vistahermosa	ING BANK	EUR 3M + 1.85%	02/03/2022	21,550	32	21,165
Mortgage Loan	Parque Abadía + Commercial gallery	Santander	1.80% and 1.93%	23/05/2024	42,060	51	40,970
Mortgage Loan	Gran Vía de Vigo	ING BANK	EUR 3M + 1.75%	14/03/2022	82,400	(2)	80,654
Mortgage Loan	Rivas Futura	BBVA	2.28%	30/06/2020	27,500	160	27,422
Developer's Loan	Lagoh	Santander Sabadell Liber Unicaja bank	EUR 3M + 2.25%	29/06/2025	98,500	-	-
Credit line	LRE	bankinter.	EUR 12M + 1.20%	16/05/2019	25,000	35	-
VAT credit	Lagoh	bankinter.	EUR 3M + 2.25%	01/09/2019	4,000	185	-
LOANS AND BORROWINGS						850	411,621

(*) The 65% of the principal is covered by derivatives.

(**) This mortgage loan has been reclassified to "Liabilities associated with non-current assets held for sale"

Financial liabilities from the issue of bonds and other securities

Corresponds to the bonds issued by the Group amounting to 140,000 thousand Euros in 2015.

Below you will find the net Loan To Value calculation as at 30 September 2018:

(Thousands of Euros)	30/09/2018
GAV	1,525,930
Full Consolidation Gross Debt	559,810
Equity Method Gross Debt	47,217
Total gross debt	607,027
Cash (Full Consolidation and equity method) ^(*)	128,158
Total net debt	478,869
NET LTV (**)	31%

(*) Only available cash considered

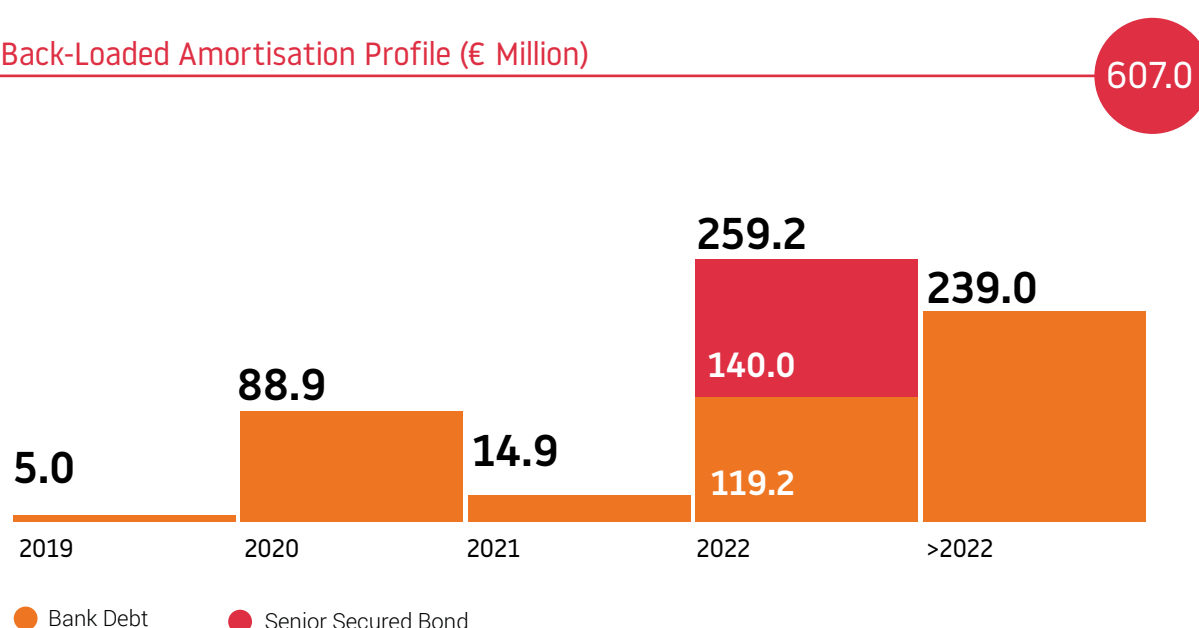
(**) Result of Total net debt/GAV

At 30 September 2018, Lar España's debt stood at 607,027 thousands of euros, with an **average cost of 2.27% and a net LTV ratio of 31%**.

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

€607.0 Million Financial Debt **31%** Net LTV **2.27%** Average cost of debt

Back-Loaded Amortisation Profile (€ Million)



Deferred tax liabilities

At 30 September 2018, this entry included deferred tax liabilities deriving from the business combination carried out by the acquisition of the subsidiary LE Retail Rivas, S.L.U. (See notice of material fact 5) as well as the acquisitions of the subsidiaries LE Retail Abadía, S.A.U., LE Retail Hipermercados I, S.A.U., LE Retail Hipermercados II, S.A.U., LE Retail Hipermercados III, S.A.U. and LE Retail Gran Vía de Vigo, S.A.U. in 2017 and 2016. These amounts correspond to the tax effect derived from the difference between the fair value and the fiscal value of the acquired real estate investments.

Other non-current liabilities

Correspond to security deposits received by way of guarantee from the tenants of the company's shopping centers, offices and logistics warehouses.

Liabilities with associates

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

2.4 Consolidated Statement of Cash Flows

(Thousands of euros)	30/09/2018(*)	30/09/2017(*)
A) CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(21,280)	33,821
1. Profit/(loss) for the period before tax	80,661	72,189
2. Adjustments for:	(47,954)	(37,628)
Amortisation of intangible assets (+)	249	-
Profit / (loss) from adjustments to fair value of investment properties	(59,620)	(46,924)
Results of disposal of investments properties	-	(2,842)
Impairment (+/-)	(29)	5
Financial income (-)	(885)	(2,715)
Financial expenses (+)	11,440	10,658
Changes in Fair value of financial instruments (+/-)	59	-
Other expenses and income	-	3,730
Share in profit (loss) for the period of equity-accounted companies	832	1,113
Adjustments to the consideration given against profit and loss from business combinations	-	(653)
3. Changes in operating assets and liabilities	(43,173)	7,735
Trade and other receivables (+/-)	(18,065)	3,279
Other current assets and liabilities (+/-)	(9,926)	1,797
Trade and other payables (+/-)	(21,085)	2,416
Other current liabilities (+/-)	-	(49)
Other non-current assets and liabilities (+/-)	5,903	292
4. Other cash flows used in operating activities	(10,814)	(8,475)
Interest paid (-)	(10,814)	(8,490)
Interest received (+)	-	15
B) CASH FLOWS USED IN INVESTING ACTIVITIES	121,790	(97,415)
1. Payments for investments (-)	(97,162)	(132,854)
Net cash outflow from acquisitions of businesses	(33,331)	(110,242)
Investment properties	(63,831)	(22,612)
Other financial assets	-	-
2. Proceeds from divestments (+)	218,952	35,439
Group companies	46,629	15,439
Investment properties	167,323	-
Associates	5,000	20,000
C) CASH FLOWS FROM FINANCING ACTIVITIES	(12,280)	80,955
1. Payments made and received for equity instruments	20,043	367
Acquisition/disposal of treasury shares (- /+)	20,043	367
2. Proceeds from and payments for financial liability instruments	12,643	110,570
a) Issue of:	45,915	136,319
Bank borrowings (+)	45,915	136,319
Other financial liabilities (+)	-	-
b) Redemption and repayment of:	(33,272)	(25,749)
Bank borrowings (-)	(33,272)	(25,749)
3. Payments for dividends and remuneration on other equity instruments	(44,966)	(29,982)
Dividends (-)	(44,966)	(29,982)
D) CASH AND CASH EQUIVALENTS IN NON-CURRENT ASSETS HELD FOR SALE	-	-
E) NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	88,230	17,361
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	45,617	31,591
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+F)	133,847	48,952

(*) Nine months period.
Non audited data at 30 September of 2018

Translation of information originally prepared in Spanish. In the event of a discrepancy, the Spanish-language version shall prevail.

3

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 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 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 NNNAV	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 NNAV

(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 NNAV	999,322	936,687
Number of shares (excluding treasury shares)	94,644,306	92,604,217
EPRA NNAV 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).

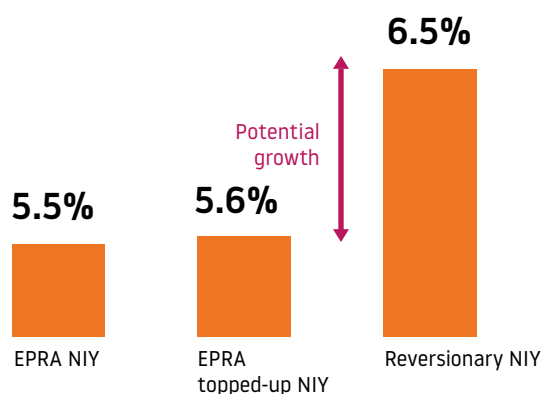
3.3 EPRA NIY and EPRA “topped-up” NIY (30/09/2018)

(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



4

SHARE PRICE PERFORMANCE

4.1
Share price
information and
performance
p.86

4.2
Analyst
Recommendations
p.87



Gran Vía de Vigo Shopping Centre (Vigo)

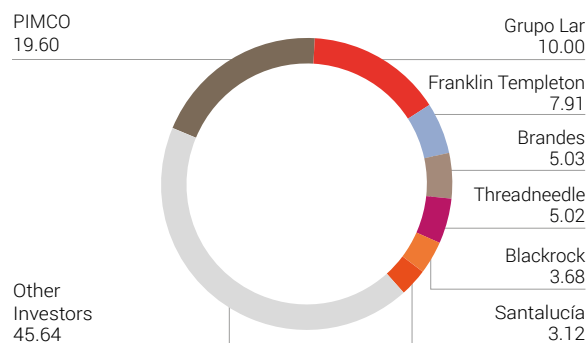


4.1 Share price information and performance

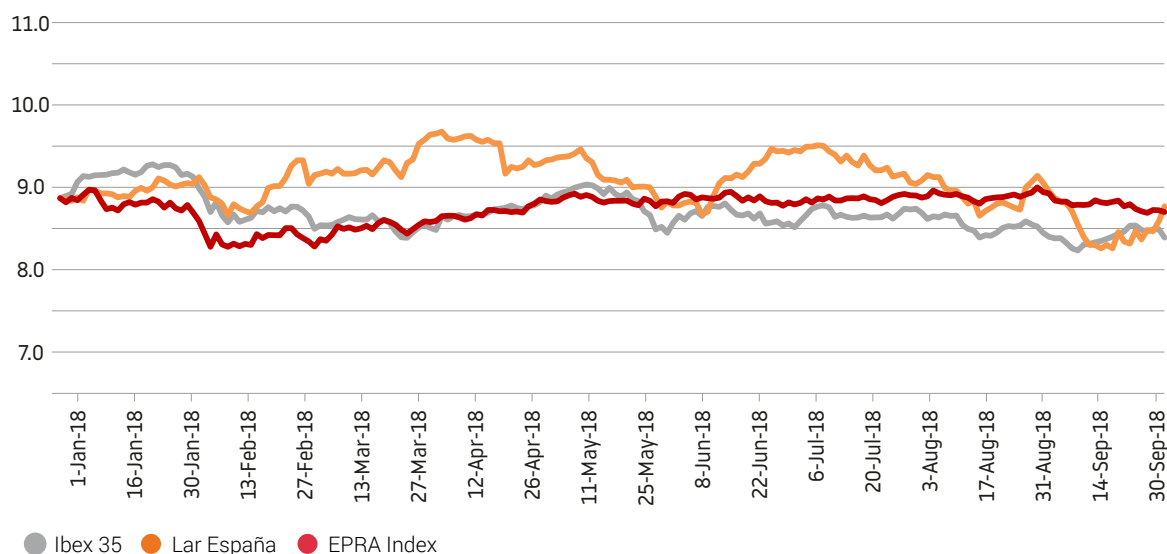
Detail of shares (Euros)	Jan-Sep 2018
Price at the beginning of the period	8.89
Price at the end of the period	8.77
Performance during the period	-1.3%
Maximum price for the period	9.87
Minimum price for the period	8.15
Average price for the period	9.13
ADTV (*)	221,612
Market Cap (Euros)	831,076,193
Number of shares	94,763,534

(*) Average Daily Trading Volumen in number of shares

Share distribution at 30 September 2018 (%)



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



-1.3%
Lar España

-6.5%
IBEX 35

-2.3%
EPRA
Index (*)

(*) Sectoral European reference Index

4.2 Analyst Recommendations

17.9%
Potential
Return^(*)

As of the date of this report, Lar España has the coverage of 15 analysts, whose average target price is **€10.34**.

Broker	Recommendation	Analysis Date	Target Price (Euros)
 Santander	Buy	16/11/2016	9.10
 Kepler Cheuvreux	Hold	22/03/2017	Under Revision
 intermoney valores sa	Buy	17/05/2017	9.50
 HAITONG	Buy	27/02/2018	9.70
 JPMorgan Asset Management	Hold	14/05/2018	11.00
 fidentiis	Buy	16/05/2018	10.80
 ING	Hold	27/07/2018	Under Revision
 MIRABAUD	Buy	21/09/2018	10.34
 bankinter	Buy	25/09/2018	10.46
 SOCIETE GENERALE	Sell	02/10/2018	8.50
 Sabadell	Buy	10/10/2018	10.95
 GVC Gasesco Beka	Buy	10/10/2018	11.02
 KEMPEN & CO	Hold	10/10/2018	9.90
 Ahorro Corporación	Buy	10/10/2018	10.70
 JBCapitalMarkets	Buy	12/10/2018	12.50

Source: Bloomberg

(*) Taken into account the average target price and the price at the end of the period. **The potential return would be 20.1% considering the coverage of analysts made in 2018.**

77%
Buy

15%
Hold

8%
Sell

5

EVENTS AFTER THE REPORTING PERIOD



Anec Blau Shopping Centre (Barcelona)



Events after the reporting period

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

1 Liquidity contracts and specialists

04.10.2018 According to the provisions of section 2 of the Fourth rule of Circular 1/2017, of 26 April, by the Comisión Nacional del Mercado de Valores on liquidity contracts for the purposes of their acceptance as a market practice, the Company hereby reports the transactions executed by **JB Capital Markets, Sociedad de Valores, S.A.U.** (the "Financial Intermediary"), in the context of the Liquidity Contract (the "**Liquidity Contract**" or the "Contract") from **1 July 2018 to 28 September 2018**, as well as the total amount of shares sold and purchased, and the overall amount of cash used for these transactions.

2 Buy-back programmes, stabilisation and treasury stock

05.10.2018 With reference to the material fact released on 28 September 2018, under registry number 270006, relative to a share buy-back program (the "Share Buy-back Program") and in compliance with the provisions of sections 2 and 3 of Article 2 of Commission Delegated Regulation (EU) 2016/1052, of 8 March 2016, supplementing Regulation (EU) N° 596/2014 of the European

Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to **buy-back programmes and stabilisation measures**; hereby we report all the transactions performed on behalf of the Company in the context of the Share Buy-back Program between **28 September and 4 October 2018**.

3 Investor Day 2018

09.10.2018 The Company informs that on this date it will celebrate its "**Investor Day 2018**" and that all the materials that will be used during the event are available on the Company's website: <https://www.larespana.com/wp-content/uploads/2018/09/INVESTOR-DAY-2018-CN-MV.pdf>



4

Composition of the Board of Directors

16.10.2018 Mr Pedro Luis Uriarte Santamarina, independent director of the Company, **has tendered his resignation from the referred position**, effective from today. Mr Uriarte's resignation is also extended to all the positions he held at the Board of Directors of the Company (i.e. member and Chairman of the Audit and Control Committee). As disclosed by Mr Uriarte in writing to all the members of the Board of Directors, his decision to resign from his positions is strictly based on personal and family reasons that prevent him from performing his duties. Mr Uriarte requested his satisfaction for having held the referred positions and participating in the launch and consolidation of Lar España's project, while being part of such a highly qualified Board of Directors, both in terms of the professional and personal capabilities of its members, to be put on record.

The Board of Directors of the Company has accepted the resignation tendered by Mr Uriarte at its meeting today. The Company expressly states its sincere gratitude to Mr Uriarte for the services rendered in performing his duties, his extraordinary commitment to the vision, mission and values of the Company, and his valuable contribution over the past years, both to the Company and to the members of the Board of Directors personally.

In view of the vacancy generated, the Board of Directors of the Company, at its meeting today, and on the proposal prepared by the Appointments and Remunerations Committee, has resolved to appoint **Ms Leticia Iglesias Herraiz as independent director** of the Company, by means of the co-option procedure. Additionally, the Board of Directors has resolved to appoint Ms Leticia Iglesias Herraiz as **member and Chair of the Audit and Control Committee to replace Mr Uriarte**.

The Board of Directors understands that Ms Iglesias' extensive experience and strong track record – she has been Deputy Director to the President and of Supervision of Credit Entities of the Spanish National Securities Exchange Commission (CNMV), CEO of the Institute of Chartered Accountants of Spain (Instituto de Censores Jurados de Cuentas de España, ICJCE), and independent board member, member of the Executive Committee, member of the Audit Committee and Chair of the Global Risk Committee at Banco Mare Nostrum, S.A. (BMN), among others – means that she has the appropriate profile to hold the position as director of Lar España, and as

member and Chair of the Audit and Control Committee of the Company. Ms Iglesias is also an independent director and Chair of the Audit and Compliance Committee at ABANCA Corporación Bancaria, S.A.

Additionally, Ms Iglesias' appointment implies that the **percentage of female members at the Board of Directors virtually reaches a 30% of all members**, thus facilitating fulfilment of the objective set on the Good Governance Code of Listed Companies and on the Company's director selection policy, which requires such percentage to be reached by 2020. In this way, the Company keeps moving forward **towards consolidating the best corporate governance practices**.



5

Buy-back programmes, stabilisation and treasury stock

19.10.2018 With reference to the material fact released on 28 September 2018, under registry number 270006, relative to a share buy-back program (the "Share Buy-back Program") and in compliance with the provisions of sections 2 and 3 of Article 2 of Commission Delegated Regulation (EU) 2016/1052, of 8 March 2016, supplementing Regulation (EU) N° 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to **buy-back programmes and stabilisation measures**; hereby we report all the transactions performed on behalf of the Company in the context of the Share Buy-back Program between **15 October and 18 October 2018**.

6 European Investment Bank (EIB) financing

26.10.2018 The Company informs that on this date it has entered into a seven years' credit line for a total amount of **70,000,000 euro** with the **European Investment Bank (the "EIB")**. The referred financing granted by the EIB has the support of the Investment Plan for Europe.

Lar España is the first entity in securing a credit line of this amount and characteristics, which, according to its nature, contributes to the fulfilment of the Company's business plan, as it is based on sustainability as one of its main pillars.

7 Buy-back programmes, stabilisation and treasury stock

26.10.2018 With reference to the material fact released on 28 September 2018, under registry number 270006, relative to a share buy-back program (the "Share Buy-back Program") and in compliance with the provisions of sections 2 and 3 of Article 2 of Commission Delegated Regulation (EU) 2016/1052, of 8 March 2016, supplementing Regulation (EU) N° 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to **buy-back programmes and stabilisation measures**; hereby we report all the transactions performed on behalf of the Company in the context of the Share Buy-back Program between **19 October and 25 October 2018**.





6

GLOSSARY



Marcelo Spínola Office Building (Madrid)



Glossary

EBIT

Earnings Before Interest and Tax.

EBITDA

Earnings Before Interest, Tax, Depreciation and Amortisation.

EPRA

European Public Real Estate Association.

EPRA Cost Ratio

Administrative & operating costs (including direct vacancy costs) divided by gross rental income.

EPRA Cost Ratio (excluding direct vacancy costs)

Administrative & operating costs (including & excluding direct vacancy costs) divided by gross rental income.

EPRA NAV

Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.

EPRA Net Initial Yield (NIY)

Annualised rental income based on the cash rents passing at the balance sheet date, less non recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.

EPRA NNAV

EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.

EPRA "topped-up" NIY

This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rentfree periods (or other unexpired lease incentives such as discounted rent periods and stepped rents).

EPRA Vacancy Rate

Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.

GAV

Gross Asset Value.

GLA

Gross Leasable Area in sqm.

GRI (Gross Rental Income)

Gross income for the period.

IFRS

International Financial Reporting Standards.

Like for like (LfL)

Comparison of one period, with that of the same period the year before, taking into consideration the same assets.

Liquidity ratio

The Company's capacity to meet its obligations with liquid assets, calculated as the ratio between the Company's current assets and current liabilities.

Net profit/(loss)

Profit/(Loss) for the period after tax..

Net LTV (Loan to Value)

Ratio that measures the total amount of outstanding principal, discounted available cash, against the value of the assets. $\text{Net LTV} = \text{Net debt} / \text{GAV}$.

NOI (Net Operating Income)

Gross income discounting costs incurred during the period.

PBT

Profit Before Tax.

Reversionary Yield

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

ROA (Return on Assets)

Return on assets, calculated by dividing profit for the last 12 months by the company's average assets of the last four quarters.

ROE (Return on Equity)

Return on equity, calculated by dividing profit for the last 12 months by the company's average equity of the last four quarters.

Solvency ratio

The Company's financial capacity to meet its payments obligations with all the assets and resources available. It is calculated by dividing equity plus non-current liabilities by non-current assets.

WAULT

Weighted average unexpired lease term, calculated as the number of years of unexpired lease term, as from current date, until the first break option, weighted by the gross rent of each individual lease contract.





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