

## **A LA COMISIÓN NACIONAL DEL MERCADO DE VALORES**

D. Miguel Pereda Espeso, con D.N.I. número 5255806-F, en vigor, en nombre y representación de Lar España Real Estate SOCIMI, S.A. (en adelante, la “**Sociedad**”), sociedad de nacionalidad española, con N.I.F. A-86918307, debidamente apoderado a tal efecto, a los efectos del procedimiento de aprobación y registro por la Comisión Nacional del Mercado de Valores del folleto informativo correspondiente a la oferta de suscripción y admisión a negociación de las acciones de la Sociedad en las Bolsas de Valores de Madrid, Barcelona, Bilbao y Valencia (el “**Folleto Informativo**”),

### **CERTIFICA**

Que la versión en soporte informático del Folleto Informativo que se adjunta a la presente coincide con el Folleto Informativo registrado y autorizado por la Comisión Nacional del Mercado de Valores con fecha 13 de febrero de 2014.

Asimismo, se autoriza a la Comisión Nacional del Mercado de Valores para que haga público el mencionado Folleto Informativo en soporte informático en su página web.

Para que así conste, expido la presente certificación en Madrid, a 13 de febrero de 2014.

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

**P.p**

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Miguel Pereda Espeso

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

This document constitutes a prospectus for the purposes of Article 3 of the European Parliament and Council Directive 2003/71/EC of 4 November 2003 relating to the Company (the “Prospectus Directive”) (the “Prospectus”), its implementing measures in Spain and the Commission Regulation (EC) No. 809/2004, as amended. The Prospectus has been approved by the *Comisión Nacional del Mercado de Valores* (“CNMV”), as competent authority under the Prospectus Directive and its implementing measures in Spain, on 13 February 2014. Such approval relates only to the Ordinary Shares (as defined herein) that are to be admitted to trading on the Spanish Stock Exchanges (as defined below), or other regulated markets for the purposes of the Directive 2004/39/EC.

You should read this Prospectus in its entirety and in particular the risk factors set out in the section of this Prospectus headed “Risk Factors”.

Lar España Real Estate SOCIMI, S.A. (the “Company”) and the signing Director (Mr. Miguel Pereda) accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and the signing Director (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.



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

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

**Issue of up to 40,000,000 Ordinary Shares at a price of  
€10.00 per Ordinary Share and  
Admission to Trading on the Spanish Stock Exchanges**

### **J.P.Morgan**

Application will be made to list the Company’s Ordinary Shares on the Madrid, Barcelona, Bilbao and Valencia stock exchanges (the “Spanish Stock Exchanges”) and to have the Company’s Ordinary Shares quoted through the SIBE (*Sistema de Interconexión Bursátil* or *Mercado Continuo*) of the Spanish Stock Exchanges (“Admission”). The Company expects the Ordinary Shares to be listed and quoted on the Spanish Stock Exchanges on or about 6 March 2014. The symbol under which the Ordinary Shares will be quoted will be announced through the publication of a significant information announcement (*Hecho Relevante*) before Admission.

The Issue Shares are expected to be delivered through the book-entry facilities of *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.* (“Iberclear”) on or about 10 March 2014.

**13 February 2014**

## IMPORTANT NOTICE

**THIS DOCUMENT IS AVAILABLE ONLY TO INVESTORS WHO ARE (1) QUALIFIED INSTITUTIONAL BUYERS (“QIBS”) AS DEFINED IN RULE 144A UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “US SECURITIES ACT”) OR (2) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATIONS UNDER THE US SECURITIES ACT (“REGULATIONS”).**

**IMPORTANT: You must read the following before continuing.** The following applies to the document following this page (the “Document”), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Document. In accessing the Document, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from Lar España Real Estate SOCIMI, S.A. (the “Company”), Grupo Lar Inversiones Inmobiliarias, S.A. (acting as the “Investment Manager” to the Company) or J.P. Morgan Securities plc (“J.P. Morgan”) as a result of such access.

**IF YOU ARE NOT THE INTENDED RECIPIENT OF THIS MESSAGE, PLEASE DO NOT DISTRIBUTE OR COPY THE INFORMATION CONTAINED IN THIS ELECTRONIC TRANSMISSION, BUT INSTEAD DELETE AND DESTROY ALL COPIES OF THIS ELECTRONIC TRANSMISSION.**

**NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE SECURITIES MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY IN, INTO OR WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS AND UNDER CIRCUMSTANCES THAT WILL NOT REQUIRE THE COMPANY TO REGISTER UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “US INVESTMENT COMPANY ACT”). THE COMPANY HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US INVESTMENT COMPANY ACT AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS OF THAT ACT. THERE WILL BE NO PUBLIC OFFERING OF THE SECURITIES IN THE UNITED STATES.**

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**THE ATTACHED DOCUMENT IS ADDRESSED TO AND DIRECTED AT PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA (“MEMBER STATES”) WHO ARE “QUALIFIED INVESTORS” WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE (DIRECTIVE 2003/71/EC AS AMENDED (INCLUDING AMENDMENTS BY DIRECTIVE 2010/73/EU TO THE EXTENT IMPLEMENTED IN THE RELEVANT MEMBER STATE)) (“QUALIFIED INVESTORS”).**

**In addition, this electronic transmission and the Document is only directed at, and being distributed: (A) in the United Kingdom, to persons (i) who have professional experience in matters relating to investments and who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the “Order”) or who fall within Article 49 of the Order, and (ii) are “qualified investors” as defined in section 86 of the Financial Services and Markets Act 2000, as amended, and; (B) to any other persons to whom it may otherwise be lawfully communicated (together all such persons being referred to as “relevant persons”). This document must not be acted on or relied on (a) in the United Kingdom, by persons who are not relevant persons, and (b)**

**in any Member State other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this document relates is available only to (1) in the United Kingdom, relevant persons and (2) in any member state of the European Economic Area other than the United Kingdom, Qualified Investors and other persons who are permitted to subscribe for the Ordinary Shares pursuant to an exemption from the Prospectus Directive and other applicable legislation, and will only be engaged in with such persons.**

**Confirmation of your Representation:** In order to be eligible to view the Document or make an investment decision with respect to the securities, investors (1) must be either (a) QIBs or (b) outside the United States purchasing in an offshore transaction (in accordance with Regulation S under the US Securities Act), (2) if located in the United Kingdom, must be relevant persons and (3) if located in any member state of the European Economic Area other than the United Kingdom, must be Qualified Investors. By accepting the e-mail and accessing the Document, you shall be deemed to have represented to the Company, the Investment Manager and J.P. Morgan that (1) you have understood and agree to the terms set out herein, (2) you and any customers you represent are (a) QIBs or (b) outside the United States and the electronic mail address to which this e-mail and the Document has been delivered is not located in the United States, (3) if you are located in the United Kingdom, you and any customers you represent are relevant persons, (4) if you are located in any member state of the European Economic Area other than the United Kingdom, you and any customers you represent are Qualified Investors, (5) you consent to delivery of the Document and any amendments or supplements thereto by electronic transmission and (6) you acknowledge that this electronic transmission and the Document is confidential and intended only for you and you will not transmit the Document (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person.

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The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. No action has been or will be taken in any jurisdiction by the Company or the Investment Manager or J.P. Morgan that would, or is intended to, permit a public offering of the securities, or possession or distribution of a Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the securities, in any country or jurisdiction where action for that purpose is required. If a jurisdiction requires that the offering be made by a licensed broker or dealer and J.P. Morgan or any affiliate of J.P. Morgan is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by J.P. Morgan or such affiliate on behalf of the Company or the Investment Manager in such jurisdiction.

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## Notice to Overseas Investors

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

This Prospectus does not constitute or form part of an offer to sell, or the solicitation of an offer to buy or subscribe for, Ordinary Shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful. Further information on the restrictions to which the distribution of this Prospectus is subject is set out in section 9 of Part XI (The Issue).

**The Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the “US Securities Act”), or under the securities laws of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold, directly or indirectly, within the United States. The Company has not been, and will not be, registered under the US Investment Company Act of 1940, as amended (the “US Investment Company Act”), and investors will not be entitled to the benefits of that Act.**

The Sole Bookrunner and any of its affiliates may arrange for the offer and sale of Ordinary Shares (i) in the United States only to persons reasonably believed to be qualified institutional buyers (each a “QIB”) as defined in Rule 144A under the US Securities Act (“Rule 144A”) in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act; and (ii) outside of the United States in offshore transactions in reliance on Regulation S. Prospective purchasers are hereby notified that sellers of the Ordinary Shares may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the Ordinary Shares and the distribution of this Prospectus, see section 9 of Part XI (The Issue).

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

The Ordinary Shares are subject to selling and transfer restrictions in certain jurisdictions. Prospective purchasers should read the restrictions described in section 9 of Part XI (The Issue). Each purchaser of the Ordinary Shares will be deemed to have made the relevant representations described therein and in Part XV (Terms and Conditions of the Placing).

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

## NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

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

**TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

**Other Important Notices**

J.P. Morgan is acting exclusively for the Company and the Investment Manager and no one else in connection with the Issue (as defined herein) and will not be responsible to anyone other than the Company and the Investment Manager for providing any advice in relation to the Issue. Apart from the responsibilities and liabilities, if any, which may be imposed by the CNMV or other relevant authorities, J.P. Morgan, or any person affiliated with it, do not accept any responsibility whatsoever and make no representation or warranty, express or implied, in respect of the contents of this Prospectus including its accuracy or completeness or for any other statement made or purported to be made by any of them, or on behalf of them, in connection with the Company or the Investment Manager and nothing in this Prospectus is or shall be relied upon as a promise or representation in this respect, whether as to the past or future. In addition, J.P. Morgan does not accept responsibility for, or authorise the contents of, this Prospectus or its issue. J.P. Morgan accordingly disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have to any person in respect of this Prospectus.

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

Certain terms used in this Prospectus, including certain technical and other items, are explained or defined in Part XVII (Glossary of Technical Terms) or Part XVI (Definitions), as the case may be.

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## PART I: SUMMARY

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

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

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

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

<b>Section B—Issuer</b>		
<b>B.1</b>	Legal and commercial name:	The legal name of the issuer is Lar España Real Estate SOCIMI, S.A. The commercial name of the issuer is “Lar España”.
<b>B.2</b>	Domicile and legal form:	<p>The Company is incorporated as a public limited company (a <i>sociedad anónima</i> or S.A.) in Spain under the Spanish Companies Act. It has its registered office at Rosario Pino 14-16, 28020 Madrid. The Company is incorporated for an unlimited term.</p> <p><b><u>Regulatory Status of the Company</u></b></p> <p>The Company has elected to become a Listed Corporation for Investment in the Real Estate Market (<i>Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario</i>) (“SOCIMI”) and has notified such election to the Spanish tax authorities by means of the required filing. Such election will remain applicable until the Company waives its applicability or it does not meet the SOCIMI Regime requirements.</p> <p>An entity eligible for the SOCIMI Regime may apply for the special tax regime even if when the election is made such entity does not meet all the eligibility requirements, provided that it meets them within two years (as from the date the corresponding election is filed with the Spanish tax authorities). In addition,</p>



<b>Section B—Issuer</b>		
		<p>such entity will have a one-year grace period to cure any non-compliance with certain of the eligibility requirements.</p> <p><b><u>Regulatory Status of the Investment Manager</u></b></p> <p>Grupo Lar Inversiones Inmobiliarias, S.A. is incorporated as a public limited company (a <i>sociedad anónima</i> or S.A.) in Spain under the Spanish Companies Act. If the Company were considered an AIF (whether regulated or unregulated), the Investment Manager, as the Company’s external manager, would be required to be authorised to operate as an alternative investment fund manager (“AIFM”) under the AIFMD or the Company would be required to appoint a replacement manager which is authorised as an AIFM. As of the date of this Prospectus, the AIFMD is pending to be implemented into Spanish legislation.</p>
<b>B.3</b>	Key factors relating to the nature of the issuer’s current operations and its principal activities:	<p>The Company is a recently incorporated public limited company (a <i>sociedad anónima</i> or S.A.) under the Spanish Companies Act which has elected to become a Spanish SOCIMI and has notified such election to the Spanish tax authorities by means of the required filing. The principal activity of the Company will be to acquire investments (including through joint ventures) in Spanish real estate (primarily commercial real estate) and to actively manage such assets, with a view to maximising shareholder returns. These activities will be carried out with the purpose of furthering the Property Rental Business of the Company.</p> <p>The Company will rely on active asset management to maximise operating efficiency and profitability at the property level. In addition, by establishing the Company during the current cyclical weakness in the Spanish real estate market, the Company believes that it will give shareholders the opportunity to take advantage of the re-pricing of assets that is expected to occur within the Company’s target categories of investment properties. The Company will focus on investing in commercial real estate (mainly office and retail assets) and to a lesser extent in residential assets. Immediately following Admission, the Company will not own any properties.</p> <p>The Management Team intends to focus on creating both sustainable income and strong capital returns for the Company with a target average total Shareholder Return Rate in excess of 12% annually when the Net Proceeds are fully invested.<sup>1</sup></p> <p><b><u>Investment Policy</u></b></p> <p>The purpose of the Company is to invest primarily in distressed and undermanaged high quality commercial real estate properties in Spain and to capture their cash flow and value upside, which the Company believes can be done by an experienced active asset manager such as the Investment Manager. The Company intends to build up a portfolio of resilient Spanish real estate assets with a view to maximising shareholder returns.</p>

<sup>1</sup> These are targets only and not profit forecasts. There can be no assurance that these targets can or will be met and they should not be seen as an indication of the Company’s expected or actual results or returns. Accordingly investors should not place any reliance on these targets in deciding whether to invest in the Ordinary Shares. In addition, prior to making any investment decision, prospective investors should carefully consider the risk factors described in Part II (Risk Factors) of the Prospectus.

## Section B—Issuer

### **Investment Strategy**

In accordance with the Investment Manager Agreement, in carrying out their functions under such agreement, the Investment Manager and the members of the Management Team must follow certain investment and leverage criteria (which define the “Investment Strategy” of the Company) with the aim to focus their investment decisions on the acquisition of primarily commercial properties in Spain which preferably require an active asset management and fit within the Company’s purpose of creating a real estate portfolio capable of paying dividends in line with the applicable Spanish SOCIMI Regime requirements, and generate capital returns for the Company’s shareholders.

#### Investment criteria

##### *Composition of the Company’s real estate portfolio*

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

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

##### *Type of properties*

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

When investing in Residential Property, the Investment Manager and the members of the Management Team will primarily target fully-built assets, in very specialised cases consider assets with a reduced component of development risk and consider investing in new developments in niche markets with limited supply of first-homes (for example, in prime neighbourhoods of large cities in which there are limited residential developments).

The Company will have the ability to enter into (including at the Investment Manager’s request) a variety of investment structures, including joint ventures, acquisitions of controlling interests or acquisitions of minority interests within the parameters stipulated in the Spanish SOCIMI Regime. There is no limit imposed by the Spanish SOCIMI Regime on the proportion of the Company’s portfolio that may be held through joint ventures. In addition, acquisitions of

## Section B—Issuer

assets may be done through any type of agreement and structure, including though the acquisition of non-performing loans and other types of financial instruments.

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

### **Exclusivity and Co-Investment Rights and Conflicts of Interest**

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

The Investment Manager has agreed that, during the term of the Investment Manager Agreement, it will not, and it will require that none of the Investment Manager Affiliates will (i) acquire or invest (on its own behalf or on behalf of third parties or through joint venture agreements) in Commercial Property in Spain which is within the parameters of the Investment Strategy of the Company (except for the following investments (each an "Exception") which are expressly permitted (a) one or more investments carried out by shareholders of the Investment Manager on their own behalf, provided that such investment or investments do not exceed €2 million in the aggregate throughout the life of the Investment Manager Agreement (or such a higher amount, if any, approved by the Company's Board of Directors in exceptional circumstances), and that they are notified to the Board of Directors of the Company following their undertaking, and (b) investments by the Investment Manager or any Investment Manager Affiliate in Commercial Property for its own occupation if expressly waived by the Board of Directors) or (ii) act as investment manager, investment adviser or agent, or provide administration, investment management or other services, for any person, entity, body corporate or client other than the Company, for Commercial Property in Spain which is within the parameters of the Investment Strategy of the Company.

In addition, this exclusivity shall not apply:

- (a) to any dealings by the Investment Manager or any Investment Manager Affiliate in respect of any property or property-related asset owned or managed, totally or partially, by it as of the date of the Investment Manager Agreement (*i.e.*, 12 February 2014). The Investment Manager's consolidated portfolio comprised approximately €1.6 billion of assets under management as of 31 December 2013. In addition, the Investment Manager will be free to close during 2014 up to two portfolio transactions currently under negotiation involving retail assets, each amounting to between €80 million and €170 million;
- (b) to any acquisition or investment (directly or indirectly) by the Investment Manager or an Investment Manager Affiliate of or in assets or properties which are adjacent to assets or properties currently held by the Investment Manager or an Investment Manager Affiliate or which are acquired, pursuant to an Exception, by the Investment Manager or an Investment Manager Affiliate following the date of the Investment Manager Agreement in accordance with its terms (such as extensions to assets already within those entities' existing portfolios or properties adjacent to existing or permitted new properties held by the Investment Manager or an Investment Manager Affiliate);
- (c) following the passage of a resolution of the Company's general shareholders' meeting to discontinue the Investment Strategy of the Company, cease the business and operations of the Company, or sell, liquidate or otherwise dispose of all or substantially all of the assets of the Company;

**Section B—Issuer**

- (d) following the service by the Investment Manager of notice of termination of the Investment Manager Agreement due to a winding up event, an insolvency or court protection event or other similar event affecting the Company or an unremedied breach by the Company of a material term thereof; or
- (e) to the activities of or investments made by Gentalia 2006, S.L., a property management joint venture in which the Investment Manager currently holds 50% of the shares (“Gentalia”). This notwithstanding, Grupo Lar shall, to the extent legally permitted, exercise its voting rights within the corporate bodies of Gentalia to prevent Gentalia from entering into transactions which fall under the exclusivity commitment assumed by the Investment Manager (and the Investment Manager Affiliates) under the Investment Manager Agreement.

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

According to the Investment Manager Agreement, the Company will not have exclusivity on any investment in Residential Property made or to be made by the Investment Manager or the Investment Manager Affiliates in or outside of Spain, but the Company will have the right to co-invest at least 20% of the overall investment in each investment in Residential Property that the Investment Manager (or any of the Investment Manager Affiliates) plans to carry out in Spain (a “Relevant Residential Opportunity”). If the stake available to the Investment Manager (and any of the Investment Manager Affiliates (as the case may be)) in a Relevant Residential Opportunity is less than 20% of the overall investment to be made in such Relevant Residential Opportunity, the Investment Manager has undertaken not to participate in such investment opportunity (and shall procure the same of the Investment Manager Affiliates) and the Investment Manager shall be under no obligation to offer a stake in such investment opportunity to the Company. The Company shall not be entitled to elect less than a 20% stake of the overall investment in each Relevant Residential Opportunity offered by the Investment Manager unless the Company and the Investment Manager agree otherwise on a case by case basis.

*Commitment by members of Management Team*

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

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which a resolution is passed to cease the business and operations of the Company.

These commitments, which are similar to the ones assumed by the members of the Management Team with respect to Grupo Lar, shall not apply:

- (a) to any investment carried out by one or more members of the Management Team on its or their own behalf provided that each such investment does not exceed €2 million (per member of the Management Team and on an aggregate basis during the term of the Investment Manager Agreement) and that it is notified to the Board of Directors of the Company following its undertaking;
- (b) to any investment carried out by one or more members of the Management Team in Commercial Property for its or their own occupation if such investment is expressly waived by the Board of Directors of the Company;
- (c) to any dealing by one or more members of the Management Team in respect of any property or property-related asset owned or managed, totally or partially, by him or them as of the date of the Investment Manager Agreement; and
- (d) to any acquisition or investment (directly or indirectly) carried out by one or more members of the Management Team in assets or properties which are adjacent to assets or properties currently owned by one or more members of the Management Team or which are acquired pursuant to the exception set forth in (a) or (b) above by one or more members of the Management Team following the date of the Investment Manager Agreement in accordance with its terms and the terms of the relevant commitment letter.

### Conflicts of interest with respect to Investment Manager

Pursuant to the Investment Manager Agreement, the Investment Manager shall not (and shall procure that no Investment Manager Affiliate shall), during the term of the agreement (i) sell, transfer or lease assets or properties to the Company or (ii) launch or invest in a property investment/real estate listed or unlisted fund or a property investment/real estate investment trust carrying on business in Spain to invest in Commercial Property.

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

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

### Co-investment rights of Anchor Investor and Investment Manager

Pursuant to the subscription agreement entered into with LVS II Lux XII S.à r.l., a Luxembourg law governed limited liability company (*société à responsabilité limitée*) (the "Anchor Investor") having Pacific Investment Management Company LLC ("PIMCO") as investment advisor (the "Anchor Investor Subscription Agreement"), so long as an Anchor Investor Agreement Termination Event has not occurred, the Company, the Anchor Investor and the Investment Manager shall have the rights and obligations summarised below.

*Anchor Investor's right of first offer with respect to certain Commercial*

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*Property Investments undertaken by the Company*

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

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

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

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

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

In addition, the Anchor Investor has agreed to provide the Investment Manager with a right of first offer to participate together with the Anchor Investor or an Anchor Investor Entity in any co-investment opportunity in respect of any Commercial Property Investment or Residential Property Investment (in each case only where management services of the type set out in the Investment Manager Agreement are expected to be provided in relation to such opportunity) which is being considered by the Anchor Investor Group in Spain (an “Anchor Investor Co-Investment Opportunity”). The Anchor Investor has acknowledged and agreed that the Investment Manager may be required to offer all or part of the participation in any such Anchor Investor Co-Investment Opportunity to the Company pursuant to the terms of the Investment Manager

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Agreement, in which case the Company shall also have the right to participate in such investment opportunity in accordance with the terms of the Anchor Investor Subscription Agreement. In connection with each Anchor Investor Co-Investment Opportunity, the Anchor Investor shall offer to the Investment Manager the stake in respect of which it is seeking a co-investor, subject to certain exceptions if the Anchor Investor believes in good faith that a co-investment with the Investment Manager or the Company (if applicable) is not possible or not advisable. There is no requirement that any co-investment opportunity offered by the Anchor Investor to the Investment Manager will be consistent with the Investment Strategy of the Company.

### **Regulatory Restrictions**

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

The Company will have a two-year grace period from the date of election for the Spanish SOCIMI Regime by the end of which it must comply with these requirements. In addition, the Company will have a one-year grace period to cure any non-compliance with these eligibility requirements.

### **Leverage Criteria**

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

- (a) The target of the Company is that total leverage, represented by the Company's aggregate borrowings (net of cash) as a percentage of the most recent Total GAV of the Company, will be up to 50%.

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

- (b) Debt financing for acquisitions will be assessed on a deal-by-deal basis initially with reference to the capacity of the Company to support leverage.
- (c) Debt on development properties will be, to the extent possible, ring-fenced in order to exclude recourse to other assets of the Company. The policy of the Company will not contemplate incorporating special purpose vehicles for investments in non-development properties as a general rule.

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The Investment Manager has undertaken that the Company will not enter into a general financing facility to fund acquisitions before Admission. In addition, the Investment Manager has undertaken, as a general rule and unless the nature of the investment advises otherwise, to carry out investments using proceeds from the Issue and any other issue of the Company's Ordinary Shares. When necessary, debt may be raised in line with the leverage criteria described above.

### **Treasury Policy**

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

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

### **Applicant's Service Providers**

#### **Investment Manager Agreement**

Pursuant to the Investment Manager Agreement, the Investment Manager has been appointed on an exclusive basis to: (i) acquire real estate properties on behalf and for the account of the Company using the Company's cash assets and manage the property and property-related assets of the Company, pursuant to and in accordance with the Investment Strategy and to enter into any agreement, contract, transaction or arrangement in relation to the purchase, acquisition, holding, exchange, transfer, sale or disposal of any property or property-related investment in Spain and shall have full authority to bind the Company in connection therewith and to delegate such authority; (ii) provide or procure the provision of various accounting, administrative, registration, reporting (including assistance and cooperation for due reporting by the Company to the CNMV), record keeping and other services to the Company as the Company may from time to time reasonably require including, without limitation, the preparation and submission to the Company of a report for review at any periodic meeting of the Board of Directors; (iii) act as the Company's agent in the performance of the services under, and the conduct of material contractual dealings pursuant to, and in accordance with, the Investment Manager Agreement (subject to certain reserved matters described in this Prospectus); (iv) carry out all actions required to provide the management services to be provided by the Investment Manager under the Investment Manager Agreement; (v) structure all investments in a manner which allows the Company to comply with the Spanish SOCIMI Regime requirements; (vi) coordinate with debt providers at the asset or corporate level; (vii) advise the Company on the acquisition of co-ownership, joint tenancy, tenancies in common and other interests in properties; (viii) arrange the letting (and/or re-letting) and/or development or improvement of properties which the Company has acquired and act as development manager in relation to any such development or improvement of properties; (ix) advise on the availability and appropriate source of funds to be utilised by the Company in making distributions to shareholders; (x) advise in relation to the exercise of any rights attaching to investments acquired on behalf of the Company; (xi) advise the Company in relation to any discretionary actions of which it is aware with respect to the Company's investments including, without limitation, voting rights and of the date or dates by when such rights must be exercised or such action taken; (xii) manage the Company's property investments or arrange to delegate authority to certain persons (to the extent and in the manner provided in the Investment Manager Agreement) to assist it in performing this function; and (xiii) procure advice for the Company from reputable insurance advisers in



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respect of the appropriate insurance for the properties of the Company and ensure that such insurance as approved in writing by the Company is put in place (at the cost of the Company).

The Investment Manager may delegate the provision of certain of these services to one or more delegates to the extent permitted by the Investment Manager Agreement.

Pursuant to the Investment Manager Agreement, the strategy to be followed by the Investment Manager in the provision of its services and the management of the Company's properties will derive from a combination of the Business Plan considered and approved in writing by the Board of Directors and from approvals in writing given by the Board of Directors where required.

### Management fees

According to the Investment Manager Agreement, the Investment Manager will be entitled to receive a base fee (the "Base Fee") and a performance fee (the "Performance Fee") to the extent it becomes payable in accordance with the terms of the Investment Manager Agreement. The Investment Manager will also be entitled to additional fees to be agreed with the Company in respect of the provision of any additional agreed services. To the extent such services are provided in respect of assets jointly owned by the Company and others, the Company shall only be responsible for the payment of its pro rata share of the resulting fees. Fees that fall due and payable to the Investment Manager are not subject to reduction or clawback due to any subsequent decrease that may occur in the EPRA NAV of the Company.

For purposes of the Investment Manager Agreement, "EPRA NAV" is the net asset value of the Company adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business in accordance with guidelines issued by the European Public Real Estate Association (August 2011 version only, unless otherwise agreed between the Company and the Investment Manager).

The EPRA NAV of the Company will be based on the Company's real estate assets most recent valuation, and calculated in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS-EU"). Valuations of the Company's real estate assets will be made (i) as at 30 June in each year through an external desktop valuation (*i.e.*, a limited valuation which does not involve a physical inspection of property and which is intended to update the previous 31 December valuation incorporating significant changes that may have taken place in the market conditions and/or within the relevant assets (*i.e.*, leases, capital expenditures investments or legal liabilities)) and (ii) as at 31 December in each year through a physical valuation, in both cases performed by a suitable qualified Royal Institution of Chartered Surveyors ("RICS") accredited appraiser to be appointed by the Audit and Control Committee. The first external valuation is expected to take place on 31 December 2014 (assuming the acquisition of at least one property by that date). Valuations of the Company's real estate assets will be made in accordance with the appropriate sections of the RICS Red Book at the date of valuation. This is an internationally accepted basis of real estate valuation.

The EPRA NAV of the Company will be calculated semi-annually and will be communicated at the time of publication of the Company's interim and annual financial results through the publication of a significant information announcement (*Hecho Relevante*).

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

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### *Base Fee and expenses*

The Base Fee will be paid to the Investment Manager monthly in arrears in cash. The Base Fee in respect of each month will be calculated by reference to 1.25% per annum of the EPRA NAV (excluding net cash (cash minus debt)) as of the prior December 31. The Base Fee will amount to a minimum of €2 million per annum, excluding VAT and costs, until the first date on which 50% or more of the Issue's proceeds (net of costs and expenses incurred by the Company in respect of the Issue) has been invested by the Company in properties. The EPRA NAV as of 31 December 2013 shall be deemed to be the Net Proceeds of the Issue.

### *Performance Fee*

The Performance Fee has been designed to incentivise and reward the Investment Manager for generating returns to the shareholders of the Company. The return to shareholders for a given year is equivalent to the sum of (a) the change in the EPRA NAV of the Company during such year less the net proceeds of any issues of Ordinary Shares during such year; and (b) the total dividends (or any other form of remuneration or distribution to the shareholders) that are paid in such year (the result of the addition of (a) and (b), the "Shareholder Return"). The "Shareholder Return Rate" is the Shareholder Return for a given year divided by the EPRA NAV of the Company as of 31 December of the immediately preceding year. The EPRA NAV as of 31 December 2013 shall be deemed to be the Net Proceeds of the Issue (the "Initial EPRA NAV").

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

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

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

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

Furthermore, in respect of a year in which the Performance Fee is payable and is based on Shareholder Return Outperformance, the Performance Fee will also include a "promote equalization" feature (the "Promote Equalization"), once a Shareholder Return Rate of 12% has been achieved, and it will apply only until a Shareholder Return Rate of 22% is achieved. The Promote Equalization feature entitles the Investment Manager to receive an additional 20% of the

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portion of Shareholder Return Outperformance that reflects a Shareholder Return Rate of between 12% and 22%. Above 22% only the Promote will continue to apply. The Promote Equalization is intended to allow the Investment Manager to earn fees up to a maximum equivalent to 20% on the first 10% of the Shareholder Return for such year, which would not otherwise be payable.

The Performance Fee will be calculated annually as of 31 December of each fiscal year, expressed in euros. Subject to certain limited exceptions, the Performance Fee will be paid in cash and the Investment Manager must use such cash (after deduction of corporate income tax and any other taxes applicable thereto) to subscribe for or acquire Ordinary Shares (the “Performance Fee Shares”). Any such payment will not be considered net proceeds of any issues of Ordinary Shares for purposes of calculating Shareholder Return. Subject to certain customary exceptions, the Performance Fee Shares will be subject to a three-year lock-up.

### **Audit Services**

Deloitte, S.L. (“Deloitte”) has been appointed as auditor by the Company and therefore will provide the corresponding audit services.

As long as the Company does not have any subsidiaries and does not prepare consolidated financial statements, the Company’s financial statements will be prepared in accordance with Spanish GAAP. In addition, the Company intends to prepare a second set of financial statements prepared in accordance with IFRS-EU with respect to its annual accounts.

The audit fees charged by Deloitte are negotiated annually and are set forth in Deloitte’s annual engagement letter.

### **Property Appraisers**

The Company will engage the services of a suitably qualified independent valuation firm or firms, to be appointed by the Company’s Audit and Control Committee, in connection with the valuation of the Company’s real estate assets to be conducted as at 30 June and 31 December in each year. Such valuations will be undertaken by RICS accredited appraisers.

### **Property Management Services**

The Company or the Investment Manager, as the case may be, will engage the services of a leading property management company, such as Gentalia, to manage the properties of the Company. Gentalia is 50%-owned by the Investment Manager. Any services to be provided by Gentalia to the Company will be provided on an arm’s-length basis and shall be approved by the Board of Directors of the Company, except if covered under a framework agreement between the Company and Gentalia approved by the Board of Directors.

Property management includes a wide range of activities, which can be classified into three different groups: (i) on-site management, which includes day-to-day activities such as regular budgeting and control, security, maintenance, cleaning, payment collection, marketing activities within a shopping centre and specialty leasing (*e.g.*, kiosks) services; (ii) property management, including invoicing, control of payments and bad debt control; and (iii) drafting and supervision of lease contracts and renewals, supervision of lease terminations, litigation services, and warranties management, among others.

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		<p><b>Agent Bank</b></p> <p>The Company has engaged Banco Santander Investment, S.A. to act as an agent bank in the Issue.</p>
<b>B.4a</b>	A description of the most significant recent trends affecting the issuer and the industries in which it operates:	<p>The impact of the international credit crisis, the European sovereign debt crisis and the Spanish economic crisis (which has led to rocketing unemployment rates in Spain), an overhang of excess supply of real estate, overleveraged local real estate companies and developers and the absence of bank funding in the Spanish property market has been considerable since 2007, leading to a strong cyclical downturn and structural re-pricing of real estate assets. The second half of 2013 has shown positive growth, with 0.1% GDP growth in the third quarter accelerating to 0.3% in the fourth quarter. As for the labour market, the elevated unemployment rate (25.98% in the third quarter of 2013) is a reflection of successive quarters of economic weakness. Nonetheless, the trend has been positive with three straight months of decline in registered jobless numbers, including a 108,000 drop in December 2013. Based on this data, the Ministry of Economy has improved its forecast unemployment, with an expected unemployment rate of 25.0% for 2014 compared with its prior forecast of 25.9%.</p> <p>After years of continuous decline, rents and yields in certain segments of the Spanish commercial real estate market began to stabilise in the first three quarters of 2013 (Source: Cushman &amp; Wakefield European Marketbeat Snapshots, Knight Frank, 2012 and 2013). A significant increase in deal-flow for commercial and residential properties is currently in process given the beginning of structural macroeconomic stabilisation in Spain, with financial institutions and property owners accelerating deleveraging, disposals being made by the Spanish Company for the Management of Assets Proceeding from Restructuring of the Banking System (<i>Sociedad de Gestión de Activos procedentes de la Reestructuración Bancaria</i>) (“SAREB”) and increased international investor participation. Rental prices have started to stabilise, especially in primary markets, after several years of continuous fall (Source: Cushman &amp; Wakefield European Marketbeat Snapshots, Knight Frank, 2012 and 2013). Yield gaps are currently close to all-time highs (Source: Knight Frank, 2013 and Bloomberg).</p>
<b>B.5</b>	Group description:	Not applicable. Immediately following Admission the Company will have no subsidiaries.
<b>B.6</b>	Major shareholders:	<p>At the date of this Prospectus, the issued share capital of the Company is €60,000 divided into a single series of 30,000 shares in book-entry form, with a nominal value of €2.00 each. All of these shares are fully paid. As at 12 February 2014 (being the latest practicable date prior to the registration of this Prospectus with the CNMV), the Investment Manager, Grupo Lar, held 30,000 Ordinary Shares representing 100% of the issued share capital of the Company. Grupo Lar is 83%-owned and effectively controlled by the Pereda Family. Two of the six members of the Management Team (Mr. Luis Pereda and Mr. Miguel Pereda) are members of the Pereda Family and, therefore, shareholders of the Investment Manager. In addition, Mr. Luis Pereda and Mr. Miguel Pereda are, respectively, the Executive Chairman and Co-CEO of Grupo Lar. Mr. Miguel Pereda is also a member of the Company’s Board.</p> <p>The voting rights of Grupo Lar do not differ from those of other shareholders.</p> <p>Grupo Lar has undertaken to subscribe, at the Issue Price, an aggregate of 970,000 Issue Shares, conditional on the Placing Agreement not having been terminated in accordance with its terms. Immediately following Admission, Grupo Lar will hold 1,000,000 Ordinary Shares representing 2.5% of the issued share capital of the Company (on the basis of a €400 million Issue).</p>

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		<p>The Company has entered into a subscription agreement with the Anchor Investor (the “Anchor Investor Subscription Agreement”) pursuant to which the Anchor Investor has agreed to subscribe, at the Issue Price, an aggregate of 5,000,000 Issue Shares if the final number of Ordinary Shares to be issued in the Issue is equal to or higher than 35,000,000, or such amount of Ordinary Shares which would represent 12.5 per cent. of the Issue Shares if the number of Issue Shares is lower than 35,000,000, conditional on the Placing Agreement not having been terminated in accordance with its terms and certain other conditions being satisfied (including that the final number of Ordinary Shares to be issued in the Issue is at least 30,000,000). The final number of Ordinary Shares to be issued in the Issue is expected to be determined and announced through the publication of a significant information announcement (<i>Hecho Relevante</i>) on 3 March 2014 once the Placing is concluded.</p> <p><b><u>Typical Investors</u></b></p> <p>The typical investors in the Company are expected to be institutional and qualified investors who are looking to allocate part of their investment portfolio to the Spanish market.</p> <p>An investment in the Company is suitable only for investors who are capable of evaluating the risks and merits of such investment, who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company and in the Ordinary Shares, for whom an investment in the Ordinary Shares constitutes part of a diversified investment portfolio, who fully understand and are willing to assume the risks involved in investing in the Company and who have sufficient resources to bear any loss (which may be equal to the whole amount invested) which might result from such investment. Investors should consult their financial, legal and tax advisors before making an investment in the Company.</p> <p>The Company is not aware of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company as at, or immediately following Admission.</p>
<b>B.7</b>	Historical key financial information:	Not applicable. This Prospectus contains limited historical financial information about the Company as the Company is recently incorporated and has a limited operating history.
<b>B.8</b>	Selected key pro forma financial information:	Not applicable. This Prospectus does not contain pro forma financial information.
<b>B.9</b>	Profit forecast:	Not applicable. This Prospectus does not contain profit forecasts or estimates.
<b>B.10</b>	A description of the nature of any qualifications in the audit report on the historical financial information:	Not applicable. The Company is recently incorporated and has limited operating or financial data. The Company’s audited interim financial statements as of 24 January 2014 and for the eight days ended on such date are included elsewhere herein.
<b>B.11</b>	Qualified working capital:	Not applicable. In the opinion of the Company, taking into consideration the Net Proceeds to be received by the Company from the Issue, the working capital available to the Company is sufficient for the Company’s present requirements and, in particular, is sufficient for at least the next 12 months from the date of this Prospectus.

<b>Section C—Securities</b>		
<b>C.1</b>	Type and class of security:	<p>Ordinary Shares of nominal value of €2.00 each.</p> <p>The ISIN number of the Ordinary Shares will be announced through the publication of a significant information announcement (<i>Hecho Relevante</i>) before Admission. There will be no offering of, or application for listing for, any other class of shares of the Company. All the shares of the Company are of the same class.</p>
<b>C.2</b>	Currency of the securities issue:	The Ordinary Shares will be denominated in euro.
<b>C.3</b>	The number of shares issued:	The final number of Ordinary Shares to be issued in the Issue is expected to be determined and announced through the publication of a significant information announcement ( <i>Hecho Relevante</i> ) on 3 March 2014 once the Placing is concluded.
<b>C.4</b>	A description of the rights attached to the securities:	The Ordinary Shares will be issued credited as fully paid and will rank <i>pari passu</i> in all respects with each other and will rank in full for all dividends and other distributions thereafter declared, made or paid in respect of the Ordinary Shares.
<b>C.5</b>	Restrictions on the free transferability of the securities:	<p>Under Spanish law, the Company may not impose restrictions on the free transferability of its Ordinary Shares in its By-Laws.</p> <p>However, the By-Laws contain indemnity obligations from Substantial Shareholders in favour of the Company designed to discourage the possibility that dividends may become payable to Substantial Shareholders. If a dividend payment is made to a Substantial Shareholder, the Company will be entitled to deduct an amount equivalent to the tax expenses incurred by the Company on such dividend payment from the amount to be paid to such Substantial Shareholder.</p> <p>In addition, the By-Laws contain certain information obligations with respect to shareholders or beneficial owners of Ordinary Shares who are subject to a special legal regime applicable to pension funds or benefit plans (such as ERISA). If any such shareholder or beneficial owner fails to comply with such information obligations, the Company will be entitled to suspend (until such obligations are fulfilled) the economic and political rights attached to the Ordinary Shares of such person. Moreover, the Company will have the ability to request from any shareholder or beneficial owner of Ordinary Shares such information as the Company considers necessary or useful to determine whether any such person is subject to a special legal regime applicable to pension funds or benefit plans. Failure to provide such information to the Company may result in the suspension of the political rights attached to the relevant Ordinary Shares. Furthermore, according to the By-Laws, the Company will be able to take any measures it deems appropriate to avoid any adverse effects to the Company or its shareholders resulting from the application of laws and regulation relating to pension funds or benefit plans (in particular, ERISA). The purpose of these provisions is to provide the Company with the ability to minimize the risk that Benefit Plan Investors (or other similar investors) hold 25% or greater of any class of equity interest in the Company.</p> <p>The acquisition and holding of Ordinary Shares by an investor may also be affected by the law or regulatory requirements of its own jurisdiction, which may include restrictions on the free transferability of such Ordinary Shares. Investors should consult their own advisors prior to an investment in the Ordinary Shares.</p>

**Section C—Securities**

		<p>Additionally, the Company and J.P. Morgan will agree under the Placing Agreement that the Company will be subject to a “lock-up” undertaking during a period commencing on the date of the Placing Agreement and ending 270 days following Admission.</p> <p>Furthermore, the Company and the Investment Manager (which is 83%-owned and effectively controlled by the Pereda Family) have agreed under the Investment Manager Agreement (with respect only to the Performance Fee Shares) and will agree under the Placing Agreement (with respect to any Ordinary Shares held by the Investment Manager) that, subject to certain customary exceptions, the Investment Manager shall not dispose of any Ordinary Shares prior to the third anniversary of Admission or, with respect to any Performance Fee Shares, from the third anniversary of the date on which such Ordinary Shares were delivered to the Investment Manager.</p> <p>The Anchor Investor is also subject to a “lock-up” undertaking (subject to certain exceptions) during a period commencing on the date of the Anchor Investor Subscription Agreement and ending 180 days following Admission.</p>
<b>C.6</b>	Admission:	<p>Application will be made to list the Company’s Ordinary Shares on the Spanish Stock Exchanges and to have the Company’s Ordinary Shares quoted through the SIBE (<i>Sistema de Interconexión Bursátil</i> or <i>Mercado Continuo</i>) of the Spanish Stock Exchanges. The Company expects the Ordinary Shares to be listed and quoted on the Spanish Stock Exchanges on or about 6 March 2014. The symbol under which the Ordinary Shares will be quoted will be announced through the publication of a significant information announcement (<i>Hecho Relevante</i>) before Admission.</p>
<b>C.7</b>	Dividend policy:	<p>The Company intends to maintain a dividend policy which has due regard to sustainable levels of dividend distribution and reflects the Company’s view on the outlook for sustainable recurring earnings. The Company intends to pay dividends when the Board considers it appropriate. However, under the Spanish SOCIMI Regime, the Company will be required to adopt resolutions for the distribution of dividends, after fulfilling any relevant Spanish Companies Act requirement, to shareholders annually within the six months following the closing of the fiscal year of: (i) at least 50% of the profits derived from the transfer of real estate properties and shares in Qualifying Subsidiaries and real estate collective investment funds; provided that the remaining profits must be reinvested in other real estate properties or participations within a maximum period of three years from the date of the transfer or, if not, 100% of the profits must be distributed as dividends once such period has elapsed; (ii) 100% of the profits derived from dividends paid by Qualifying Subsidiaries and real estate collective investment funds; and (iii) at least 80% of all other profits obtained (<i>i.e.</i>, profits derived from ancillary activities). If the relevant dividend distribution resolution is not adopted in a timely manner, the Company would lose its SOCIMI status in respect of the year to which the dividends relate.</p> <p>Only those shareholders that are registered in the clearance and settlement system managed by Iberclear at 23:59 hours (Madrid time) of the day of approval of the relevant dividend distribution will be entitled to receive the dividend payments. Dividends will be received in respect of the Ordinary Shares owned at such time. Unless otherwise agreed by the Shareholders’ Meeting or the Board, the By-Laws provide that the payment date will take place 30 days after the dividend distribution is approved.</p>

## Section D—Risks

<b>D.1</b>	Key information on the key risks that are specific to the issuer or its industry:	<p>Prior to investing in the Ordinary Shares, prospective investors should consider the risks associated therewith. The risks relating to the Company and/or its industry include the following:</p> <p><b><u>RISKS INHERENT TO INVESTING IN A NEW BUSINESS</u></b></p> <ul style="list-style-type: none"><li>— The management structure of the Company, the procedure to be followed by the Company in order to carry out future investments, the mechanics set out for the estimation of the accrual of management fees, the fact that the Company’s performance relies on the expertise of the Investment Manager and the condition of the issuer as a newly formed company are factors that contribute to the complexity of the investment in the Ordinary Shares. As a result, institutional and qualified investors are more capable to understand the investment in the Company and the risks involved therewith, and, in any event, consultation with financial, legal and tax advisors is strongly recommended in order to assess any such potential investment.</li><li>— The Company is newly formed and has a limited operating history and financial information, and prospective investors in the Company will have limited data to assist them in evaluating the prospects of the Company and the related merits of an investment in the Ordinary Shares. The Company intends to invest primarily in the Spanish commercial property market but currently it neither owns any properties nor has it entered into any negotiations with respect to any investment opportunities and it will not do so until after Admission. Any investment in the Ordinary Shares is subject to all of the risks and uncertainties associated with a new business, including the risk that the Company will not achieve its investment objectives, that not all capital will be invested and that the value of any investment made by the Company, and of the Ordinary Shares, could substantially decline.</li></ul> <p><b><u>RISKS RELATING TO THE EXTERNAL MANAGEMENT OF THE COMPANY AND THE INVESTMENT MANAGER AGREEMENT</u></b></p> <ul style="list-style-type: none"><li>— The Company is to be externally managed and so the ability of the Company to achieve its investment objectives is significantly dependent upon the Investment Manager and the expertise of the Management Team. The Investment Manager Agreement has an initial term of five years and upon expiry or termination of the Investment Manager Agreement there is no assurance that an agreement with a new investment manager can be entered into on similar terms or on a timely basis.</li><li>— The Company has entered into an Investment Management Agreement whereby functions normally exercised by the Board of Directors or other corporate bodies of listed companies are carried out by the Investment Manager, except where such functions are considered Reserved Matters. Such a structure is normally found in collective investment schemes or investment funds but the regulations applicable to this type of entities do not apply to the Company. In particular, it must be noted that even if certain changes in the Key Persons or their positions as directors in the Investment Manager may trigger termination events under the Investment Manager Agreement, such changes or alterations in the shareholding of the Investment Manager would not trigger an obligation to launch a public tender offer.</li><li>— Actions taken by the Investment Manager may adversely affect the Company and the Company may not be able to terminate the Investment Manager Agreement at its discretion. There can be no assurance that the Investment Manager will be successful in advancing the Company’s interests or that its actions will not adversely affect the Company’s</li></ul>
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## Section D—Risks

interests.

- This Prospectus includes certain information regarding the past performance of the Management Team and the Investment Manager. However, the past performance of the Management Team and the Investment Manager is not indicative, or intended to be indicative, of the future performance or results of the Company. As a consequence, as at Admission, prospective investors in the Company will have limited data to assist them in evaluating the prospective performance of the Management Team.
- The Investment Manager may fail to retain the Key Persons or to identify suitable replacement members and, as a result, the Company's investment strategy, and its business, financial condition and results of operations may be adversely affected. In addition, the Company may not have the ability to terminate the Investment Manager Agreement under certain circumstances if either of the Key Persons ceases to be a member of the Management Team.
- The Company expects that there will be conflicts of interest among the Investment Manager and the Company. These conflicts may include investment terms in instances where the Company co-invests with the Investment Manager. If conflicts of interest with the Investment Manager result in decisions that are not in the best interests of the Company's shareholders, the Company's business, financial condition, results of operations and prospects could be adversely affected.
- The Investment Manager currently has a 50% participation in Gentalia. A potential conflict of interest could arise should Gentalia be appointed as property manager of all or part of the Company's assets due to the differing economic interests of the Investment Manager in Gentalia and the Company. Gentalia is not a party to, and is not bound by, the Investment Manager Agreement and could in the future undertake activities or operations that compete with those undertaken by the Company.
- Members of the Management Team, in particular Luis Pereda and Miguel Pereda (who are members of the Pereda Family, which owns 83% of the Investment Manager, and who hold executive positions in the Investment Manager), and the support staff available to the Investment Manager (including the staff of Gentalia) may have conflicts of interest in allocating their time and activity to matters relating to the Company.
- Increases in the EPRA NAV of the Company will lead to an increase in the compensation to be paid to the Investment Manager. If increases in the EPRA NAV are the result of price overheating in the real estate sector, it is possible that the Management Team is overpaid ahead of a cyclical peak.
- While the Company believes that the terms of the arrangements among the Company and the Investment Manager are broadly similar to what would have been obtainable from unaffiliated third parties, the Company cannot assure you that their terms, including terms relating to fees, performance criteria, contractual or fiduciary duties, conflicts of interest, limitations on liability, indemnification and termination, are not less favourable to the Company than otherwise might have resulted if the negotiations had involved unrelated parties from the outset.

### RISKS RELATING TO THE COMPANY'S BOARD DIRECTORS

- The Company will rely on the expertise and experience of the Directors to supervise the management of the Company's affairs.

## Section D—Risks

- Litigation, allegations of misconduct or operational failures by, or other negative publicity and press speculation involving any of the Directors, whether or not accurate, may harm the Company.
- There may be circumstances in which a Director has, directly or indirectly, a material interest in a transaction being considered by the Company or a conflict of interests with the Company.

### REGULATORY RISKS

- AIFMD establishes certain obligations with respect to AIFs and AIFMs and requires AIFMs to be authorised by the relevant securities market regulator (CNMV). However, the AIFMD has not been transposed into Spanish legislation yet. Therefore, it is currently unclear whether the Company and the Investment Manager will fall under the AIF and AIFM definitions respectively under Spanish regulations. Under current law, the Company does not believe that it will need to be authorised as a regulated AIF by the CNMV.

If the Company is determined to be an AIF, the Investment Manager will be required to be authorised as an AIFM. As a result, the Investment Manager will be required to comply with various requirements and obligations which (a) may result in a change in the operating procedures of the Investment Manager and its relationship with the Company and service providers and may impose restrictions on the investment activities that the Investment Manager (and in turn the Company) may engage in, and (b) are likely to increase the on-going costs borne, directly or indirectly, by the Company by virtue of the contractual arrangements agreed between the Company and the Investment Manager.

The CNMV may refuse to authorise the Investment Manager as an AIFM on the basis that the Investment Manager is unable to meet the requirements of AIFMD and as a consequence the Investment Manager will not be permitted to continue to manage the Company and a successor investment manager duly authorised as an AIFM would need to be appointed to perform these functions.

There is no guarantee that a suitably qualified successor investment manager could be found or could be engaged on terms comparable to those applicable to the Investment Manager. In addition, any transition to a successor investment manager could result in significant costs being incurred by the Company and material disruptions to the investment activities, operations and marketing of the Company. In particular, key management and personnel within the Investment Manager may, following the transition to the new investment manager, no longer be involved in the management and operation of the Company. Any or all of these factors may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Failure by the Investment Manager to be recognised as an AIFM under the AIFMD as regulated in Spain will restrict its ability to market its securities/target investors in other EU jurisdictions that have implemented the Directive.

- The Company's operations must comply with laws and governmental regulations (whether domestic or international (including in the EU)) which relate to, among other things, property ownership and use, land use, development, zoning, health and safety requirements and environmental compliance. Changes in laws and regulations may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.—

## Section D—Risks

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

### RISKS RELATING TO THE COMPANY’S ACTIVITY

- The Company’s investments will be concentrated in the Spanish commercial property market and the Company will therefore have greater exposure to political, economic and other factors affecting the Spanish market than more diversified businesses.
- The Company’s performance will be subject to the conditions of the commercial property market in Spain. Any deterioration in the Spanish commercial property market, for whatever reason, could result in declines in market rents received by the Company, in occupancy rates for the Company’s properties and in the carrying values of the Company’s property assets (and the value at which it could dispose of such assets), any of which could have a material adverse effect on the Company’s business, financial condition, results of operations and prospects.
- The Company expects to face competition from other property investors for the purchase of desirable properties and in seeking creditworthy tenants for acquired properties. The existence and extent of competition in the commercial property market may also have a material adverse effect on the Company’s ability to secure tenants for properties it acquires at satisfactory rental rates.
- Revenues earned from, and the capital value and disposal value of, properties held by the Company and the Company’s business may be materially adversely affected by a number of factors inherent in asset sales and management.
- The valuation of property and property-related assets is inherently subjective. To the extent valuations of the Company’s properties do not fully reflect the value of the underlying properties this may have a material adverse effect on the Company’s business, financial condition, results of operations and prospects.
- The Company expects to incur certain third party costs, including in connection with financing, valuations and professional services associated with the sourcing and analysis of suitable investments. Any costs associated with potential investments that do not proceed to completion will affect the Company’s performance.
- There can be no assurance that due diligence examinations carried out by the Company or third parties in connection with any properties the Company may acquire or invest in will reveal all of the risks associated with that property or investment, or the full extent of such risks. A due diligence failure may have a material adverse effect on the Company’s business, financial condition, results of operations and prospects.
- The Company may not acquire 100% control of investments (mainly in connection with residential property assets) and may therefore be subject to the risks associated with minority investments and joint venture investments.
- Real estate investments are relatively illiquid. Such illiquidity may affect the Company’s ability to vary its portfolio or dispose of properties in a timely fashion and/or at satisfactory prices in response to changes in economic, property market or other conditions. This may have a material adverse effect on the Company’s business, financial condition, results of operations and prospects.

## Section D—Risks

- In circumstances where the Company seeks to create value by undertaking development, refurbishment or redevelopment of its property assets, it will typically be dependent on the performance of third party contractors. If the Company's third party contractors fail to successfully perform the services for which they have been engaged, either as a result of their own fault or negligence, or due to the Company's failure to properly supervise any such contractors, this could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In addition, development, refurbishment or redevelopment projects may be difficult to identify, may suffer delays, may not be completed or may fail to achieve expected results.
- The Company may be exposed to future liabilities and/or obligations with respect to the properties that it sells. For example, the Company may be required to pay damages (including but not limited to litigation costs) to a purchaser to the extent that any representations or warranties given to a purchaser prove to be inaccurate or to the extent that the Company breaches any of its covenants or obligations contained in the disposal documentation.
- The Company's properties may suffer physical damage resulting in losses (including loss of rent) which may not be compensated for by insurance, either fully or at all. Should an uninsured loss or a loss in excess of insured limits occur, the Company may lose capital invested in the affected property as well as anticipated future revenue from that property.
- Pursuant to the terms of the Investment Manager Agreement, the Investment Manager is required to maintain at its own cost appropriate professional indemnity insurance to cover potential claims from the Company under said agreement until two years after the date of its termination. However, such insurance could be subject to customary deductibles and coverage limits and may not be sufficient to recoup all of the losses claimed by the Company, which therefore could suffer losses.
- The Company may elect or be required to dispose of investments, including due to a requirement imposed by a third party (for example, a lending bank) at a time which results in a lower than expected return or a loss on such investments. Furthermore, the Company may be unable to dispose of investments at all, which would tie up the capital invested in such assets and could impede the Company's ability to take advantage of other investment opportunities.
- Pending deployment of the Net Proceeds to acquire property investments, the Company intends that the Net Proceeds and cash not yet invested will be held in cash or cash equivalents or bank deposits with one or more banks. There can be no assurance as to how long it will take for the Company to invest any or all of the Net Proceeds in commercial property and it may not find suitable commercial properties in which to invest all of the Net Proceeds.
- The target Shareholder Return Rate set out in this Prospectus for the Company's investments is a target only (and for the avoidance of doubt is not a profit forecast). There can be no assurance that the Company's investments will meet this target or any other level of return, or that the Company will achieve or successfully implement its Investment Strategy.
- During the period in which the Net Proceeds are being invested, the financial structure of the Company may not be at optimal levels as initially the Company intends to invest most of the Net Proceeds of the Issue in the acquisition of real estate assets, without taking on any significant leverage.

## Section D—Risks

- The Company’s investment strategy includes the use of leverage, which exposes the Company to risks associated with borrowings. To the extent the Company incurs a substantial level of indebtedness, this could reduce the Company’s financial flexibility and cash available to pay dividends to shareholders due to the need to service its debt obligations.
- The Company may incur debt with floating interest rates. Increased exposure to adverse interest rate movements through floating rate debt may have a material adverse effect on the Company’s business, financial condition, results of operations and prospects.

### RISKS RELATING TO STRUCTURE AND TAXATION

- The Company has elected for Spanish SOCIMI status under the SOCIMI Act but there is no guarantee that the Company will, following its election to become a Spanish SOCIMI, continue to maintain Spanish SOCIMI status (whether by reason of failure to satisfy the conditions for Spanish SOCIMI status or otherwise). If the Company’s status as a Spanish SOCIMI were withdrawn it would then be subject to tax on the profits deriving from its activities at the standard Corporate Income Tax rate (currently 30%), and would not be eligible to become a SOCIMI (and benefit from its special tax regime) for three years. The shareholders in a company that loses its SOCIMI status are expected to be taxable as if the SOCIMI Regime had not been applicable to the company. The Company’s inability to obtain and maintain its SOCIMI status may have a material adverse effect on the Company’s financial condition, business, prospects or results of operations and could adversely impact the marketability and liquidity of the Ordinary Shares and their value.
- Any change (including a change in interpretation) in the legislative provisions relating to Spanish SOCIMIs or in tax legislation more generally, either in Spain or in any other country in which the Company may operate in the future, including but not limited to the imposition of new taxes or increases in tax rates in Spain or elsewhere, may have a material adverse effect on the Company’s financial condition, business, prospects or results of operations.
- The constraints of maintaining its status as a Spanish SOCIMI could limit the Company’s ability and flexibility to make investments and pursue growth through acquisitions.
- Certain disposals of properties may have negative implications under the Spanish SOCIMI Regime. If a qualifying asset is sold before it is held for a minimum three-year period, then (i) such capital gain would compute as non-qualifying revenue within the 20% thresholds that must not be exceeded for the maintenance of the SOCIMI Regime; and (ii) such gain would be taxed at the standard Corporate Income Tax rate (currently, 30%); furthermore, the entire income deriving from such assets, including rental income since its acquisition also would be subject to the standard Corporate Income Tax rate.
- The Company may become subject to a 19% Corporate Income Tax on the gross dividend distributed to, or in respect of, a Substantial Shareholder; such tax will generate an expense for the Company and, thus may result in a loss of profits for the rest of the shareholders. The By-Laws contain indemnity obligations from Substantial Shareholders in favour of the Company designed to discourage the possibility that dividends may become payable to Substantial Shareholders and to minimize its impact for the Company. However, the Company cannot provide assurance that these measures will be effective.
- The Company may not impose restrictions on the free transferability of its

**Section D—Risks**

		<p>Ordinary Shares and the acquisition of Ordinary Shares by certain investors could adversely affect the Company’s business, financial condition, results of operations and prospects.</p> <p><u>RISKS RELATING TO THE ECONOMY</u></p> <ul style="list-style-type: none"> <li>— The Company is subject to inherent risks arising from general and sector specific economic conditions in Spain and in other countries. The global financial system began to experience difficulties in mid-2007, uncertainty continues to surround the pace and scale of global economic recovery and conditions could deteriorate. Sovereign debt defaults and European Union and/or Eurozone exits could have a material adverse effect on the Company by, for example, affecting the availability of credit to the Company and causing uncertainty and disruption in relation to financing. Austerity and other measures introduced to limit or contain these issues may themselves lead to economic contraction and result in material adverse effects on the Company’s financial condition, business, prospects and results of operation.</li> </ul>
<p><b>D.3</b></p>	<p>Key information on the key risks that are specific to the securities:</p>	<p><u>RISKS RELATING TO THE ORDINARY SHARES</u></p> <ul style="list-style-type: none"> <li>— The market price of the Ordinary Shares may not reflect the value of the underlying investments of the Company and may be subject to wide fluctuations in response to many factors. In addition, the market value of the Ordinary Shares may vary considerably from the Company’s underlying net asset value. There can be no assurance that shareholders will receive back the amount of their investment in the Ordinary Shares.</li> <li>— All dividends and other distributions paid by the Company will be made at the discretion of the Board and will be dependent on the availability of profits available for distribution and sufficient cash. In addition, there is a risk that the Company may generate profits, but not have sufficient cash to be able to comply with the Spanish SOCIMI dividends distribution requirements. If the Company does not have sufficient cash, it may have to borrow to fund the distribution, which would increase its finance costs, could reduce its ability to borrow to finance property acquisitions and could have a material adverse effect on the Company’s business, financial condition, results of operations and prospects.</li> <li>— A liquid market for the Ordinary Shares may fail to develop. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares may be adversely affected and may result in volatility in the market price of the Ordinary Shares.</li> <li>— Sales of Ordinary Shares by the Investment Manager or the Anchor Investor, or the possibility of such sales, may affect the market price of the Ordinary Shares and may make it more difficult for shareholders to sell the Ordinary Shares from time to time or at a price that they deem appropriate.</li> <li>— The By-Laws contain indemnity obligations from Substantial Shareholders in favour of the Company designed to discourage the possibility that dividends may become payable to Substantial Shareholders in order to avoid that an additional 19% Corporate Income Tax be due on the gross amount of such dividend corresponding to a Substantial Shareholder. If a dividend payment is made to a Substantial Shareholder, the Company will be entitled to deduct an amount equivalent to the tax expenses incurred by the Company on such dividend payment from the amount to be paid to such Substantial Shareholder.</li> <li>— Following the Issue, the Anchor Investor will have a significant holding of Ordinary Shares. In addition, it is possible that other investors may have significant holdings of Ordinary Shares in the future. The interests of any</li> </ul>

## Section D—Risks

- significant investor, including the Anchor Investor, may conflict with those of other shareholders. Sales of Ordinary Shares or interests in Ordinary Shares by any significant investor could cause the market price of the Ordinary Shares to decline.
- If the Company elects to obtain funding by way of further equity financing or uses further equity offerings or consideration in the form of equity to finance the growth of its portfolio, this would dilute the Company’s then existing shareholders’ shareholdings and could have an adverse effect on the market price of the Ordinary Shares.
  - The assets of the Company could be deemed to be “plan assets” that are subject to certain requirements of ERISA and/or section 4975 of the Code. If the Company’s assets were deemed to constitute “plan assets” within the meaning of the Plan Asset Regulations, certain transactions that the Company may enter into in the ordinary course of business and operation may constitute non-exempt prohibited transactions under ERISA or the Code, resulting in the imposition of excise taxes and penalties. In addition, any fiduciary of a Benefit Plan Investor or a governmental, church, non-US or other plan which is subject to Similar Law that is responsible for such plans investment in the Ordinary Shares could be liable for any ERISA fiduciary violations or violations of such Similar Law relating to the Company.
  - The By-Laws contain certain information obligations with respect to shareholders or beneficial owners of Ordinary Shares who are subject to a special legal regime applicable to pension funds or benefit plans (such as ERISA). Failure to comply with such information obligations may result in the suspension of the economic and political rights attached to the Ordinary Shares of such person. Furthermore, according to the By-Laws, the Company will be able to take any measures it deems appropriate to avoid any adverse effects to the Company or its shareholders resulting from the application of laws and regulation relating to pension funds or benefit plans (in particular, ERISA).
  - The Company believes that it will be a PFIC for US federal income tax purposes. In addition, the Company does not intend to provide to US investors the information necessary for US investors to make “qualified electing fund” elections. This may result in adverse US federal income tax consequences to US investors.
  - In the case of certain increases in the Company’s issued share capital, existing holders of Ordinary Shares are generally entitled to pre-emptive rights to subscribe for such shares. However, US holders of Ordinary Shares in Spanish companies are customarily excluded from exercising any such pre-emptive rights they may have, unless a registration statement under the US Securities Act is effective with respect to those rights, or an exemption from the registration requirements thereunder is available.
  - It may be difficult for shareholders outside Spain to serve process on or enforce foreign judgments against the Company or the Directors.
  - Shareholders in countries with currencies other than the euro face additional investment risk from currency exchange rate fluctuations in connection with their holding of the Ordinary Shares.

<b>Section E—Offer</b>		
<b>E.1</b>	The total net proceeds and an estimate of the total expenses of the issue:	<p>The gross proceeds of the Issue are expected to be in the region of €400 million.</p> <p>The estimated net proceeds to the Company (on the basis of a €400 million Issue) are in the region of €390 million after the deduction of commissions and other estimated fees and expenses payable by the Company and incurred in connection with the Issue of approximately €10 million (on the basis of a €400 million Issue). The final issue size and net proceeds of the Issue (the “Net Proceeds”) are expected to be determined and announced through the publication of a significant information announcement (<i>Hecho Relevante</i>) on 3 March 2014 once the Placing is concluded.</p>
<b>E.2</b>	Reasons for the issue, use of proceeds:	<p>The Company’s principal use of the Net Proceeds of the Issue will be to fund future real estate investments as well as to fund the Company’s operating expenses consistent with the investment policy of the Company. The Company expects to have fully invested the Net Proceeds of the Issue in the period ranging from the 18<sup>th</sup> month to the 24<sup>th</sup> month following Admission.</p>
<b>E.3</b>	A description of the terms and conditions of the issue:	<p>J.P. Morgan will conditionally undertake under the Placing Agreement to place up to 34,030,000 Placing Shares (on the basis of a €400 million Issue) at the Issue Price with certain institutional and qualified professional investors.</p> <p>The Placing is conditional upon, among other things, the Placing Agreement having become unconditional in all respects once certain conditions precedent have been satisfied and not having been terminated in accordance with its terms. In addition, the Placing Agreement may be terminated by the Sole Bookrunner if the Anchor Investor Subscription Agreement is terminated, or if the Anchor Investor fails to pay for any of its Anchor Investor Subscription Shares by 9:00 a.m. Madrid time on the Subscription Date. The Investment Manager has undertaken to subscribe, at the Issue Price, an aggregate of 970,000 Issue Shares, conditional on the Placing Agreement not having been terminated in accordance with its terms.</p> <p>The Company has entered into the Anchor Investor Subscription Agreement pursuant to which the Anchor Investor has agreed to subscribe, at the Issue Price, an aggregate of 5,000,000 Issue Shares if the final number of Ordinary Shares to be issued in the Issue is equal to or higher than 35,000,000, or such amount of Ordinary Shares which would represent 12.5 per cent. of the Issue Shares if the number of Issue Shares is lower than 35,000,000, conditional on the Placing Agreement not having been terminated in accordance with its terms and certain other conditions being satisfied (including that the final number of Ordinary Shares to be issued in the Issue is at least 30,000,000).</p>
<b>E.4</b>	A description of any interest that is material to the issue/offer including conflicting interests:	<p>As at 12 February 2014 (being the latest practicable date prior to the registration of this Prospectus with the CNMV), the Investment Manager, Grupo Lar, held 30,000 Ordinary Shares representing 100% of the issued share capital of the Company. Grupo Lar is 83%-owned and effectively controlled by the Pereda Family. Two of the six members of the Management Team (Mr. Luis Pereda and Mr. Miguel Pereda) are members of the Pereda Family and, therefore, shareholders of the Investment Manager. In addition, Mr. Luis Pereda and Mr. Miguel Pereda are, respectively, the Executive Chairman and Co-CEO of Grupo Lar. Mr. Miguel Pereda is also a member of the Company’s Board.</p> <p>Grupo Lar has undertaken to subscribe, at the Issue Price, an aggregate of 970,000 Issue Shares, conditional on the Placing Agreement not having been terminated in accordance with its terms. Immediately following Admission, Grupo Lar will hold 1,000,000 Ordinary Shares representing 2.5% of the issued share capital of the Company (on the basis of a €400 million Issue).</p>



**Section E—Offer**

		<p>The Company has entered into the Anchor Investor Subscription Agreement pursuant to which the Anchor Investor has agreed to subscribe, at the Issue Price, an aggregate of 5,000,000 Issue Shares if the final number of Ordinary Shares to be issued in the Issue is equal to or higher than 35,000,000, or such amount of Ordinary Shares which would represent 12.5 per cent. of the Issue Shares if the number of Issue Shares is lower than 35,000,000, conditional on the Placing Agreement not having been terminated in accordance with its terms and certain other conditions being satisfied (including that the final number of Ordinary Shares to be issued in the Issue is at least 30,000,000).</p> <p>The voting rights of Grupo Lar and the Anchor Investor do not differ from those of other shareholders.</p>
<p><b>E.5</b></p>	<p>Name of the person or entity offering to sell the securities and details of any lock-up agreements:</p>	<p>Save for the Company, there are no entities or persons offering to sell Ordinary Shares.</p> <p>The Company and J.P. Morgan will agree under the Placing Agreement that the Company will be subject to a “lock-up” undertaking during a period commencing on the date of the Placing Agreement and ending 270 days following Admission.</p> <p>In addition, the Company and the Investment Manager (which is 83%-owned and effectively controlled by the Pereda Family) have agreed under the Investment Manager Agreement (with respect only to the Performance Fee Shares) and will agree under the Placing Agreement (with respect to any Ordinary Shares held by the Investment Manager) that, subject to certain customary exceptions, the Investment Manager shall not dispose of any Ordinary Shares prior to the third anniversary of Admission or, with respect to any Performance Fee Shares, from the third anniversary of the date on which such Ordinary Shares were delivered to the Investment Manager.</p> <p>The Anchor Investor is also subject to a “lock-up” undertaking (subject to certain exceptions) during a period commencing on the date of the Anchor Investor Subscription Agreement and ending 180 days following Admission.</p>
<p><b>E.6</b></p>	<p>Dilution:</p>	<p>Prior to the Issue, the Investment Manager, Grupo Lar, holds 100% of the issued share capital of the Company. Immediately following Admission and after giving effect to its acquisition of 970,000 Issue Shares, it will hold a total of 1,000,000 Ordinary Shares and 2.5% of the beneficial interest in the Company (on the basis of a €400 million Issue). The Issue will result in the beneficial interest of Grupo Lar in the Company being diluted by 97.5% (on the basis of a €400 million Issue).</p>
<p><b>E.7</b></p>	<p>Estimated expenses charged to the investor by the issuer:</p>	<p>Not applicable. No expenses will be charged to any investor by the Company in respect of the Issue.</p>

## PART II: RISK FACTORS

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

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

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

*The Board considers the following risks to be material for prospective investors in the Company. However, the following is not an exhaustive list or explanation of all risks that prospective investors may face when making an investment in the Ordinary Shares and should be used as guidance only. Additional risks and uncertainties not currently known to the Board, or that the Board currently deems immaterial, may also have an adverse effect on the Company’s financial condition, business, prospects and/or results of operations. In such case, the market price of Ordinary Shares could decline and investors may lose all or part of their investment. Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this Prospectus and their personal circumstances. If investors are in any doubt about any action they should take, they should consult a competent independent professional advisor who specialises in advising on the acquisition of listed securities. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Company’s business, financial condition, results of operations and prospects.*

*Prospective investors should read this section in conjunction with this entire Prospectus.*

### **1. RISKS INHERENT TO INVESTING IN A NEW BUSINESS**

***The management structure of the Company, the procedure to be followed by the Company in order to carry out future investments, the mechanics set out for the estimation of the accrual of management fees, the fact that the Company’s performance relies on the expertise of the Investment Manager and the condition of the issuer as a newly formed company are factors that contribute to the complexity of the investment in the Ordinary Shares***

The management structure of the Company, which is very complex and atypical, the procedure to be followed by the Company in order to carry out future investments, the mechanics set out for the estimation of the accrual of management fees to be paid by the Company to the Investment Manager, the fact that the Company’s performance relies on the expertise of the Investment Manager and the condition of the issuer as a newly formed company with a limited operating history and financial information are factors that contribute to the complexity of the investment in the Ordinary Shares. As a result, institutional and qualified investors are more capable to understand the investment in the Company and the risks involved therewith, and, in any event, consultation with financial, legal and tax advisors is strongly recommended in order to assess any such potential investment.

#### ***The Company is newly formed and has not yet made any investments***

The Company was incorporated on 17 January 2014, has a limited operating history and, except for the interim financial information referred to in Part X (Historical Financial Information) of this Prospectus, does not have any historical financial statements or other meaningful operating or financial data. It is therefore difficult to evaluate the probable future performance of the Company. The Company intends to invest primarily in the Spanish commercial property market but currently it neither owns any properties nor has it entered into any negotiations with respect to any investment opportunities and it will not do so until after Admission. As a consequence, prior to Admission, prospective investors in the Company will have no opportunity to evaluate the terms of any potential investment opportunities or actual investments or any financial data to assist them in evaluating the prospects of the Company and the related merits of an investment in the Ordinary Shares. Any investment in the Ordinary Shares is, therefore, subject to all of the risks and uncertainties associated with a new business, including the risk that the Company will not achieve its investment objectives, that not all capital will be invested and that the value of any investment made by the Company, and of the Ordinary Shares, could substantially decline.

## **2. RISKS RELATING TO THE EXTERNAL MANAGEMENT OF THE COMPANY AND THE INVESTMENT MANAGER AGREEMENT**

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

The Company's asset portfolio is to be externally managed and the Company will rely on the Investment Manager, and the experience, skill and judgment of the Management Team, in identifying, selecting and negotiating the acquisition of suitable investments. Furthermore, the Company will be dependent upon the Investment Manager's successful implementation of the Company's investment policy and investment strategies, and ultimately on its ability to create a property investment portfolio capable of generating shareholder returns. In addition, the Company is reliant on the Investment Manager to manage the Company's assets and properties on behalf of the Company and to provide or procure the provision of various accounting, administrative, registration, reporting (including the provision of assistance and cooperation for reporting by the Company to the CNMV), record keeping and other services to the Company. There can be no assurance that the Investment Manager will be successful in achieving the Company's objectives.

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

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

The Company is also dependent on the Investment Manager's ability to procure and maintain access to the asset management operation of Grupo Lar which, together with Gentalia (a property management joint venture 50%-owned by Grupo Lar), includes approximately 193 full time property, financial and support staff members (of which 129 are located in Spain) as well as systems and other supporting functions, and to retain the services of the members of the Management Team (and any support staff to the extent it employs support staff directly). As the Company and the Investment Manager will rely on the asset management operation of Grupo Lar, the Company is also dependent on the ability of Grupo Lar to attract and retain the services of suitable property, financial and support staff.

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

### ***The Company has entered into an Investment Management Agreement whereby functions normally exercised by the Board of Directors or other corporate bodies of listed companies are carried out by the Investment Manager, except where such functions are considered Reserved Matters***

The Company has entered into an Investment Management Agreement whereby functions normally exercised by the Board of Directors or other corporate bodies of listed companies are carried out by the Investment Manager, except where such functions are considered Reserved Matters. Such a structure is normally found in collective investment schemes or investment funds but the regulations applicable to this type of entities do not apply to the Company. In

particular, it must be noted that even if certain changes in the Key Persons or their positions as directors in the Investment Manager may trigger termination events under the Investment Manager Agreement, such changes or alterations in the shareholding of the Investment Manager would not trigger an obligation to launch a public tender offer.

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

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

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

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

The Company is a newly-created entity reliant on the Investment Manager to identify and manage prospective investments in order to create value for investors. This Prospectus includes certain information regarding the past performance of the Management Team and the Investment Manager. However, the past performance of the Management Team and the Investment Manager is not indicative, or intended to be indicative, of the future performance or results of the Company. For example, the track record information of the Investment Manager included in this Prospectus was generated based on the actual acquisitions and investments made and the relevant investment objectives, fee arrangements, structure (including for tax purposes), terms, leverage, performance targets, market conditions and investment horizons used or prevailing in connection with such acquisitions or investments, which may not be comparable to the conditions and circumstances to be faced by the Investment Manager when providing its services to the Company under the Investment Manager Agreement. All of these factors can affect returns and impact the usefulness of performance comparisons and, as a result, none of the historical information contained in this Prospectus is directly comparable to the Company's business or the returns which the Company may generate. In addition, the previous experience of the Management Team and companies and ventures advised and/or operated by members of the Management Team may not be directly comparable with the Company's proposed business. As a consequence, as at Admission, prospective investors in the Company will have limited data to assist them in evaluating the prospective performance of the Management Team.

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

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

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

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

There may be circumstances in which the Investment Manager has, directly or indirectly, a material interest in a transaction being considered by the Company or a conflict of interest with the Company. Pursuant to the Investment Manager Agreement, the Investment Manager has agreed that, during the term of the Investment Manager Agreement, it will not, and it will require that none of the Investment Manager Affiliates will (i) acquire or invest (on its own behalf or on behalf of third parties or through joint venture agreements) in Commercial Property in Spain which is within the parameters of the Investment Strategy of the Company or (ii) act as investment manager, investment adviser or agent, or provide administration, investment management or other services, for any person, entity, body corporate or client other than the Company, for Commercial Property in Spain which is within the parameters of the Investment Strategy of the Company subject to limited exceptions. For more information on these exceptions and the aforementioned undertakings, see section 11.1 of Part XIV (Additional Information). Beyond the scope of this exclusivity agreement, the Company expects that there will be conflicts of interest among the Investment Manager and the Company. These conflicts may include:

- Investment terms: in instances where the Company co-invests with the Investment Manager (which strategy will be followed only with respect to residential property assets), the Investment Manager may control the structure and terms of the transaction;
- Shared legal counsel: the Company and the Investment Manager will generally engage common legal counsel in transactions in which both are participating, including transactions in which they may have conflicting interests; and
- Competition for tenants: the Investment Manager's consolidated portfolio comprised approximately €1.6 billion of assets under management as of 31 December 2013 (taking into account, in connection with residential property, a portfolio valuation as finished product (except for plots with a disposal strategy) as of 31 December 2013 and, in connection with shopping centres, the last available valuations provided by third parties and the "all in cost" method for centres under development). The Investment Manager's current real estate portfolio could be put in direct competition for attraction and retention of tenants with any potential real estate asset acquired by the Company.

In addition, the number of Performance Fee Shares that the Investment Manager will receive each year in pay-out of its services will depend on the average closing price on the Spanish Stock Exchanges of the Ordinary Shares during certain period preceding the delivery of such shares. The number of Performance Fee Shares that the Investment Manager will receive will be inversely related to the average closing price of the Ordinary Shares (*i.e.*, a lower average closing price will lead to a higher number of Performance Fee Shares being paid to the Investment Manager). As a result, the interests of the Investment Manager with respect to the trading performance of the Company's Ordinary Shares may differ from those of the Company or other shareholders of the Company during such certain period preceding the delivery of the Performance Fee Shares. Moreover, a member of the Management Team sits on the Company's Board of Directors and is a member of the Company's Audit and Control Committee, which is responsible for supervising the calculation of the Performance Fee to be paid to the Investment Manager among other matters.

Moreover, conflicts of interest could arise as a result of the provision of property management services by Gentalia to the Company. See "—The Investment Manager could have a potential conflict of interest with the Company if Gentalia was to be appointed property manager of the Company's assets" below.

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

***The Investment Manager could have a potential conflict of interest with the Company if Gentalia was to be appointed property manager of the Company's assets and Gentalia could compete with the Company in the future***

The Investment Manager currently has a 50% participation in Gentalia, a property management joint venture, and Servicios e Inversiones en GLA, S.L. (Si-GLA) holds the remaining 50%. Gentalia is one of the leading companies in Spain in shopping centre property management, providing consultancy, asset management, leasing and day-to-day management services to shopping centres. It currently manages 46 shopping centres in Spain, with a gross leasable area of over 1,310,000 sqm. A potential conflict of interest could arise should Gentalia be appointed as property manager of all or part of the Company's assets due to the differing economic interests of the Investment Manager in Gentalia and the

Company. In addition, one of the members of the Management Team is a member of the Board of Directors of Gentalia. Moreover, Gentalia, which is not a party to, and is not bound by, the Investment Manager Agreement, could in the future undertake activities or operations that compete with those undertaken by the Company.

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

Members of the Management Team, in particular Luis Pereda and Miguel Pereda (who are members of the Pereda Family, which owns 83% of the Investment Manager, and who hold executive positions in the Investment Manager), and the support staff available to the Investment Manager (including the staff of Gentalia) may have conflicts of interest in allocating their time and activity to matters relating to the Company. The Investment Manager is an active real estate developer, investor and asset manager in Spain. For example, in late December 2013, the Investment Manager paired with Fortress to acquire real estate assets totalling approximately €146 million from SAREB. Such assets will be managed by Grupo Lar. While pursuant to the Investment Manager Agreement, the Investment Manager is to ensure that the Key Persons devote such time to the supervision and performance of the obligations of the Investment Manager under the Investment Manager Agreement as is necessary to enable the Investment Manager to comply with its obligations under the Investment Manager Agreement, the Company cannot assure you that such contractual obligation will achieve the desired results. For further information on the Investment Manager Agreement see section 11.1 of Part XIV (Additional Information).

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

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

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

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

### **3. RISKS RELATING TO THE COMPANY'S BOARD OF DIRECTORS**

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

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

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

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

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

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

For further information on conflicts of interests see section 2 of Part IX (Directors and Corporate Governance).

## **4. REGULATORY RISKS**

### ***There is a risk that the Company may be considered an AIF and the Investment Manager be required to be authorised as an AIFM by the CNMV***

AIFMD establishes certain obligations with respect to AIFs and AIFMs and requires AIFMs to be authorised by the relevant securities market regulator (CNMV). However, the AIFMD has not been transposed into Spanish legislation yet. Therefore, it is currently unclear whether the Company and the Investment Manager will fall under the AIF and AIFM definitions respectively under Spanish regulations. Under current law, the Company does not believe that it will need to be authorised as a regulated AIF by the CNMV.

If the Company is determined to be an AIF, the Investment Manager will be required to be authorised as an AIFM. In these circumstances, pursuant to certain transitional provisions under AIFMD which are expected to be implemented into Spanish law, the Investment Manager will be required to comply with the provisions of AIFMD on a "best efforts" basis during the transitional period. As the AIFM for the Company, the Investment Manager will be required to comply with various organisational requirements and conduct of business rules, adopt and implement a programme of activities and various policies and procedures addressing areas such as risk management, liquidity management, portfolio management, conflicts of interest, valuations, compliance, internal audit and remuneration, and comply with on-going capital, reporting and transparency obligations. As at the date of the Prospectus, the AIFMD has not been transposed into Spanish legislation yet and therefore it is uncertain how the AIFMD will be implemented as it relates to the Company as a Spanish SOCIMI. Accordingly, such restrictions and/or conditions referred to above (a) may result in a change in the operating procedures of the Investment Manager and its relationship with the Company and service providers and may impose restrictions on the investment activities that the Investment Manager (and in turn the Company) may engage in, and (b) are likely to increase the on-going costs borne, directly or indirectly, by the Company by virtue of the contractual arrangements agreed between the Company and the Investment Manager.

If the Company is determined to be an AIF, then the Investment Manager will be required to be authorised by the CNMV as an AIFM. The CNMV may refuse to authorise the Investment Manager as an AIFM on the basis that the Investment Manager is unable to meet the requirements of AIFMD. Should an authorisation not be issued or should the Investment Manager fail to remain authorised as an AIFM by the CNMV, the Investment Manager will not be permitted to continue to manage the Company and a successor investment manager duly authorised as an AIFM would need to be appointed to perform these functions. There is no guarantee that a suitably qualified successor investment manager could be found or could be engaged on terms comparable to those applicable to the Investment Manager. In addition, any transition to a successor investment manager could result in significant costs being incurred by the Company and material disruptions to the investment activities, operations and marketing of the Company. In particular, key management and personnel within the Investment Manager may, following the transition to the new investment manager, no longer be involved in the management and operation of the Company. Any or all of these factors may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Failure by the Investment Manager to be recognised as an AIFM under the AIFMD as regulated in Spain will restrict its ability to market its securities/target investors in other EU jurisdictions that have implemented the Directive.

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

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

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

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

## **5. RISKS RELATING TO THE ORDINARY SHARES**

***The market price of the Ordinary Shares may not reflect the value of the underlying investments of the Company and the Company's Ordinary Share price may suffer volatility***

The market price of the Ordinary Shares may not reflect the value of the underlying investments of the Company and may be subject to wide fluctuations in response to many factors, including, among other things, variations in the Company's operating results, additional issuances or future sales of the Company's Ordinary Shares or other securities exchangeable for, or convertible into, its Ordinary Shares in the future, the addition or departure of Board members, replacement of or change in the Investment Manager or the Management Team, expected dividend yield, divergence in financial results from stock market expectations, changes in stock market analyst recommendations regarding the Spanish commercial property market as a whole, the Company or any of its assets, a perception that other markets may have higher growth prospects, general economic conditions, prevailing interest rates, legislative changes in the Company's market and other events and factors within or outside the Company's control. Stock markets experience extreme price and volume volatility from time to time, and this, in addition to general economic, political and other conditions, may materially adversely affect the market price for the Ordinary Shares. The market value of the Ordinary Shares may vary considerably from the Company's underlying net asset value. There can be no assurance, express or implied, that shareholders will receive back the amount of their investment in the Ordinary Shares.

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

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



distributions will depend on the Company's ability to generate profits available for distribution and cash flow. Start-up costs associated with the Issue will affect the Company's ability to pay dividends to shareholders. This could be mitigated if the Company were to increase its reserves available for distribution, for example by means of a court-approved reduction of the Company's capital.

Pursuant to the Spanish SOCIMI Regime, the Company will be required to adopt resolutions for the distribution of dividends, after fulfilling any relevant Spanish Companies Act requirement, to shareholders annually within the six months following the closing of the fiscal year of: (i) at least 50% of the profits derived from the transfer of real estate properties and shares in Qualifying Subsidiaries and real estate collective investment funds; provided that the remaining profits must be reinvested in other real estate properties or participations within a maximum period of three years from the date of the transfer or, if not, 100% of the profits must be distributed as dividends once such period has elapsed; (ii) 100% of the profits derived from dividends paid by Qualifying Subsidiaries and real estate collective investment funds; and (iii) at least 80% of all other profits obtained (*i.e.*, profits derived from ancillary activities). See section 1.2 of Part XII (Spanish SOCIMI Regime and Taxation Information) for further details on the dividend requirements of the Spanish SOCIMI Regime.

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

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

#### ***A liquid market for the Ordinary Shares may fail to develop***

Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares. Prior to Admission, there has been no public market for the Ordinary Shares and there is no guarantee that an active trading market will develop or be sustained after Admission. In particular, given the investment horizon of the Company, many investors in the Issue may choose to hold their Ordinary Shares for an extended period. Furthermore, the Company may issue fewer Ordinary Shares than the number of Ordinary Shares set forth in the cover of this Prospectus. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares may be adversely affected and may result in volatility in the market price of the Ordinary Shares. Even if an active trading market develops, the market price of the Ordinary Shares may not reflect the value of the underlying investments of the Company.

#### ***Sales of Ordinary Shares by the Anchor Investor or the Investment Manager or the possibility of such sales, may affect the market price of the Ordinary Shares***

The Anchor Investor will be able to sell its Ordinary Shares in the market following a lock-up period (which is subject to certain exceptions) of 180 days. The Investment Manager will also be able to sell its Ordinary Shares in the market following the expiry of a three year lock-up period (which is also subject to certain exceptions). For additional information on these lock-up arrangements, see section 6 of Part XI (The Issue). A substantial number of Ordinary Shares being sold, or the perception that sales could occur, could cause the market price of the Ordinary Shares to decline. This may make it more difficult for other shareholders to sell their Ordinary Shares from time to time or at a price that they deem appropriate.

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

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

***The interests of the Anchor Investor and any other significant investor may conflict with those of other shareholders and future sales of Ordinary Shares by any significant investor in the public market may cause the share price to fall***

Following the Issue, the Anchor Investor will have a significant holding of Ordinary Shares. In addition, it is possible that other investors may have significant holdings of Ordinary Shares as a result of the Issue or in the future. A significant investor may potentially possess sufficient voting power to have a significant influence on matters requiring shareholder approval. The interests of a significant investor, including the Anchor Investor, may conflict with those of other holders of Ordinary Shares. Pursuant to the Anchor Investor Subscription Agreement, the Anchor Investor will have a right of first offer with respect to certain Commercial Property Investments undertaken by the Company. The Investment Manager has also granted the Anchor Investor with a right of first offer with respect to certain Residential Property Investments undertaken by the Investment Manager. Co-investment and first offer rights granted to the Anchor Investor may conflict with other shareholders' interests. In addition, any significant investor, including the Anchor Investor, may make investments in other businesses in the Spanish property market that may be, or may become, competitors of the Company. Sales of Ordinary Shares or interests in Ordinary Shares by any significant investor, including the Anchor Investor, could cause the market price of the Ordinary Shares to decline.

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

If the Company elects to obtain funding by way of further equity financing or uses further equity offerings or consideration in the form of equity to finance the growth of its portfolio, this would dilute the Company's then existing shareholders' shareholdings and could have an adverse effect on the market price of the Ordinary Shares. The Spanish Companies Act provides for pre-emptive rights in respect of equity offerings for cash to be granted to its existing shareholders except in certain circumstances, including where such rights are disapplied by shareholder resolution. As at the date of this Prospectus, the Board of Directors has been authorised by its sole shareholder (the Investment Manager) to issue new Ordinary Shares up to 50% of the Company's share capital immediately following the Issue. The Board of Directors is also authorised to exclude pre-emptive rights in connection with up to 20% of the total number of new Ordinary Shares that may be issued pursuant to the aforementioned authorisation, provided that such exclusion is in the corporate interest of the Company. In addition, the Investment Manager is entitled, subject to satisfying certain performance criteria, to receive Ordinary Shares (the Performance Fee Shares) from the Company under the Investment Manager Agreement and pre-emptive rights will be disapplied for the issue of those Ordinary Shares.

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

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

***A shareholder's failure to comply with certain information obligations set forth in the Company's By-Laws may result in the suspension of the economic and political rights attached to his Ordinary Shares. The Company will be able to take any measures it deems appropriate to avoid any adverse effects to the Company or its shareholders resulting from the application of laws and regulation relating to pension funds or benefit plans (such as ERISA)***

The By-Laws contain certain information obligations with respect to shareholders or beneficial owners of Ordinary Shares who are subject to a special legal regime applicable to pension funds or benefit plans (such as ERISA). If any such shareholder or beneficial owner fails to comply with such information obligations, the Company will be entitled to suspend (until such obligations are fulfilled) the economic and political rights attached to the Ordinary Shares of such person. Moreover, the Company will have the ability to request from any shareholder or beneficial owner of Ordinary Shares such information as the Company considers necessary or useful to determine whether any such person is subject to a special legal regime applicable to pension funds or benefit plans. Failure to provide such information to the Company may result in the suspension of the political rights attached to the relevant Ordinary Shares. Furthermore, according to the By-Laws, the Company will be able to take any measures it deems appropriate to avoid any adverse effects to the Company or its shareholders resulting from the application of laws and regulation relating to pension funds or benefit plans (in particular, ERISA). The purpose of these provisions is to provide the Company with the ability to

minimize the risk that Benefit Plan Investors (or other similar investors) hold 25% or greater of any class of equity interest in the Company.

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

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

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

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

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

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

The Company is a public limited company (a *sociedad anónima* or S.A.) incorporated in Spain. The rights of the shareholders are governed by Spanish law and by the By-Laws. These rights may differ from the rights of shareholders in non-Spanish corporations. A majority of the current Directors are resident in Spain and all of the assets of the Company are expected to be located in Spain. As a result it may be difficult for shareholders outside Spain to serve process on or enforce foreign judgments against the Company or the Directors.

Shareholders in countries with currencies other than the euro face additional investment risk from currency exchange rate fluctuations in connection with their holding of the Ordinary Shares.

The Ordinary Shares will be quoted only in euros and any future payments of dividends on the Ordinary Shares will be denominated in euros. The euro has recently fluctuated significantly in value against many major world currencies, including the US dollar. The US dollar or other currency equivalent of any dividends paid on the Ordinary Shares or any distributions made could be adversely affected by the appreciation of the euro against other currencies.

## **6. RISKS RELATING TO THE COMPANY’S ACTIVITY**

***The Company’s investments will be concentrated in the Spanish commercial property market and the Company will therefore have greater exposure to political, economic and other factors affecting the Spanish market than more diversified businesses***

The Company intends that its investment portfolio will consist primarily of direct or indirect interests in Commercial Property in Spain, the majority of which are expected to be located in Madrid, Barcelona and certain secondary locations. This means the Company will have a significant industry and geographic concentration risk relating to the Spanish commercial property market, and an investment in Ordinary Shares may therefore be subject to greater risk than investments in companies with more diversified portfolios. Accordingly, the Company’s performance may be significantly affected by events beyond its control affecting Spain, and the Spanish commercial property market in particular, such as a further general downturn in the Spanish economy, changing demand for commercial property in Spain, changing supply within a particular geographic location, the attractiveness of property relative to other investment choices, changes in domestic and/or international regulatory requirements and applicable laws and regulations (including

in relation to taxation and land use), Spain's attractiveness as a foreign direct investment destination, political conditions, the condition of financial markets, the availability of credit, the financial condition of tenants, interest rate and inflation rate fluctuations, higher accounting and control expenses and other developments. Any of these events could reduce the rental and/or capital values of the Company's property assets and/or the ability of the Company to acquire or dispose of properties and to secure or retain tenants on acceptable terms and, consequently, may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In addition, significant concentration of investments in the Spanish commercial real estate market (and/or any particular sector within that market) may result in greater volatility in the value of the Company's investments and consequently its net asset value and any downturn in such markets may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***The value of any properties that the Company acquires and the rental income those properties yield will be subject to fluctuations in the Spanish property market***

The Company's performance will be subject to, among other things, the conditions of the commercial property market in Spain, which will affect both the value of any properties that the Company acquires and the rental income those properties yield. The value of real estate in Spain declined sharply starting in 2007 as a result of economic recession, the credit crisis, increased unemployment rates, an overhang of excess supply, overleveraged local real estate companies and developers and the absence of bank funding. From an early 2007 peak in Spanish commercial property values to the end of 2012, the capital values of industrial, office and retail assets fell by approximately 42.2%, 32.1% and 28.2%, respectively (Source: Datastream). Spanish property values could decline further and those declines could be substantial, particularly if the economy were to suffer a further recession or the recent increase in demand for Spanish real estate were to fade. Further declines in the performance of the Spanish economy or the Spanish property market could have a negative impact on consumer spending, levels of employment, rental revenues and vacancy rates and, as a result, have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

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

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

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

***Competition may affect the ability of the Company to make appropriate investments and to secure tenants at satisfactory rental rates***

The Company expects to face competition from other property investors for the purchase of desirable properties and in seeking creditworthy tenants for acquired properties. Competitors include not only regional Spanish investors and real estate developers with in-depth knowledge of the local markets, but also other property portfolio companies, including funds that invest nationally and internationally, institutional investors and foreign investors. Competitors may have greater financial resources than the Company and a greater ability to borrow funds to acquire properties, and may have the ability or inclination to acquire properties at a higher price or on terms less favourable than those the Company may be prepared to accept. Competition in the commercial property market may also lead to an over-supply of commercial properties through over-development or prices for existing properties being driven up through competing bids by potential purchasers. Furthermore, the number of entities and the amount of funds competing for suitable properties may

increase. There can be no assurance that the Company will be successful in identifying or acquiring suitable investment opportunities. The existence and extent of competition in the commercial property market may also have a material adverse effect on the Company's ability to secure tenants for properties it acquires at satisfactory rental rates and on a timely basis and to subsequently retain such tenants. Competition may cause difficulty in achieving rents in line with the Company's expectations and may result in increased pressure to offer new and renewing tenants financial and other incentives. Any inability by the Company to compete effectively against other property investors or to effectively manage the risks related to competition may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***The Company's business may be materially adversely affected by a number of factors inherent in asset sales and management***

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

- sub-optimal tenant rotation policies or lease renegotiations;
- decreased demand by potential buyers for properties or tenants for space;
- material declines in property and/or rental values;
- excessive investment in extensions/refurbishment;
- the inability to recover operating costs such as local taxes and service charges on vacant space;
- incorrect repositioning of an asset in changing market conditions;
- exposure to the creditworthiness of buyers and tenants, which could result in delays in receipt of contractual payments, including rental payments, the inability to collect such payments at all including the risk of buyers and tenants defaulting on their obligations and seeking the protection of bankruptcy laws, the re-negotiation of purchase agreements or tenant leases on terms less favourable to the Company, or the termination of purchase agreements or tenant leases;
- defaults by a number of tenants with material rental obligations (including pre-let obligations) or a default by a significant tenant at a specific property that may hinder or delay the sale or re-letting of such property;
- material litigation with buyers or tenants;
- material expenses in relation to the construction of new tenant improvements and re-letting a relevant property, including the provision of financial inducements to new tenants such as rent free periods;
- reduced access to financing for tenants, thereby limiting their ability to alter existing operations or to undertake expansion plans; and
- increases in operating and other expenses or cash needs without a corresponding increase in turnover or tenant reimbursements, including as a result of increases in the rate of inflation in excess of rental growth, property taxes or statutory charges or insurance premiums, costs associated with tenant vacancies and unforeseen capital expenditure affecting properties which cannot be recovered from tenants.

If the Company's revenues earned from sales or tenants or the value of its properties are adversely affected by the above or other factors, the Company's business, financial condition, results of operations and prospects may be materially adversely affected.

***Property valuation is inherently subjective and uncertain***

The success of the Company depends significantly on the ability of the Company and the Investment Manager to assess the values of properties, both at the time of acquisition and the time of disposal. Valuations of the Company's property assets will also have a significant effect on the Company's financial standing on an on-going basis and on its ability to obtain financing. The valuation of property and property-related assets is inherently subjective, in part because all property valuations are made on the basis of assumptions which may not prove to be accurate (particularly in periods of volatility or low transaction flow in the commercial real estate market), and in part because of the individual nature of each property.

In determining the value of properties, the valuers are required to make assumptions in respect of matters including, but not limited to, the existence of willing sellers in uncertain market conditions, title, condition of structure and services, existence of deleterious materials, plant and machinery conditions, environmental matters, permits and licenses, statutory requirements and planning, expected future rental revenues from the property and other information. Such assumptions may prove to be inaccurate. Incorrect assumptions underlying the valuation reports could negatively affect the value of any property assets the Company acquires and thereby have a material adverse effect on the Company's financial condition. This is particularly so in periods of volatility or when there is limited real estate transactional data against which property valuations can be benchmarked. There can also be no assurance that these valuations will be reflected in the actual transaction prices, even where any such transactions occur shortly after the relevant valuation date, or that the estimated yield and annual rental income will prove to be attainable.

The Company may invest in properties through investments in various property-owning vehicles, and may in the future utilise a variety of investment structures for the purpose of investing in properties, such as joint ventures and minority investments (particularly with respect to residential assets). Where a property or an interest in a property is acquired through another company or an investment structure, the value of the entity or investment structure may not be the same as the value of the underlying property due, for example, to tax, environmental, contingent, contractual or other liabilities, or structural considerations. As a result, there can be no assurance that the value of investments made through those structures will fully reflect the value of the underlying property.

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

***Any costs associated with potential investments that do not proceed to completion will affect the Company's performance***

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

***The Company's due diligence may not identify all risks and liabilities in respect of an acquisition or investment***

Prior to entering into an agreement to acquire any property or make a significant investment, the Investment Manager, on behalf of the Company will perform due diligence on the proposed investment. In doing so, it would typically rely in part on third parties to conduct a significant portion of this due diligence (including providing legal reports on title and property valuations). There can be no assurance, however, that due diligence examinations carried out by the Company or third parties in connection with any properties the Company may acquire or invest in will reveal all of the risks associated with that property or investment, or the full extent of such risks. Properties the Company acquires or invests in may be subject to hidden material defects that were not apparent at the time of acquisition or investment. To the extent that the Investment Manager or other third parties underestimate or fail to identify risks and liabilities associated with an investment, the Company may be subject to one or more of the following risks:

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

Any of these consequences of a due diligence failure may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***The Company may not acquire 100% control of investments and may therefore be subject to the risks associated with minority investments and joint venture investments***

Pursuant to the Company's investment strategy, the Company may enter into a variety of investment structures in which the Company acquires less than a 100% interest in a particular asset or entity and the remaining ownership interest is held by one or more third parties. In particular, the Company intends on making minority investments with respect to residential property assets. These minority investment or joint venture arrangements may expose the Company to the risk that:

- investment partners become insolvent or bankrupt, or fail to fund their share of any capital contribution which might be required, which may result in the Company having to pay the investment partner's share or risk losing the investment;
- investment partners have economic or other interests that are inconsistent with the Company's interests and are in a position to take or influence actions contrary to the Company's interests and plans (for example, in implementing active asset management measures), which may create impasses on decisions and affect the Company's ability to implement its strategies and/or dispose of the asset or entity;
- disputes develop between the Company and investment partners, with any litigation or arbitration resulting from any such disputes increasing the Company's expenses and distracting the Board and/or the Investment Manager from their other managerial tasks;
- investment partners do not have enough liquid assets to make cash advances that may be required in order to fund operations, maintenance and other expenses related to the property, which could result in the loss of current or prospective tenants and may otherwise adversely affect the operation and maintenance of the property;
- an investment partner breaches agreements related to the property, which may cause a default under such agreements and result in liability for the Company;
- income obtained from these minority investments does not qualify as income received from Qualifying Subsidiaries and hence may affect the Company's ability to comply with the SOCIMI Regime requirement that at least 80% of the Company's net annual income must derive from rental income and from dividends or capital gains in respect of certain specified assets;
- the Company may, in certain circumstances, be liable for the actions of investment partners; and
- a default by an investment partner constitutes a default under mortgage loan financing documents relating to the investment, which could result in a foreclosure and the loss of all or a substantial portion of the investment made by the Company.

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

***Real estate investments are relatively illiquid***

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

***The Company may be dependent on the performance of third party contractors when undertaking development, refurbishment or redevelopment of its property assets***

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

- failure by such third party contractors in performing their contractual obligations;
- insolvency of such third party contractors;

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

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

In addition, development, refurbishment or redevelopment projects are based on business plans devised by the Investment Manager and actual results might differ. Speculative developments may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

There is no assurance that the Company will realise anticipated returns on an investment in property development, refurbishment or redevelopment. Failure to generate anticipated returns may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

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

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

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

The Company's properties may suffer physical damage resulting in losses (including loss of rent) which may not be compensated for by insurance, either fully or at all. In addition, there are certain types of losses, generally of a catastrophic nature, that may be uninsurable or are not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations, and other factors, might also result in insurance proceeds being unavailable or insufficient to repair or replace a property or pay for environmental clean-up costs. Should an uninsured loss or a loss in excess of insured limits occur, the Company may lose capital invested in the affected property as well as anticipated future revenue from that property. In addition, the Company could be liable to repair damage caused by uninsured risks or pay for uninsured environmental clean-up costs. The Company may also remain liable for any debt or other financial obligations related to that property. Any material uninsured losses may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.



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

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

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

The Company may elect to dispose of investments and may also be required to dispose of an investment at any time, including due to a requirement imposed by a third party (for example, a lending bank). There can be no assurance that, at the time the Company seeks to dispose of assets (whether voluntarily or otherwise) relevant market conditions will be favourable or that the Company will be able to maximise the returns on such disposed assets. It may be especially difficult to dispose of certain types of real estate during recessionary times. To the extent that market conditions are not favourable, the Company may not be able to dispose of property assets at a gain and may even have to dispose of property assets at a loss. Furthermore, the Company may be unable to dispose of investments at all, which would tie up the capital invested in such assets and could impede the Company's ability to take advantage of other investment opportunities. The Company could be particularly exposed to this risk in residential property investments, as asset prices in residential property have typically been more volatile. If the Company is required to dispose of an investment on unsatisfactory terms, it may realise less than the value at which the investment was previously recorded, which could result in a decrease in net asset value and lower returns to shareholders. In addition, if the Company disposes of an asset within a period of three years from completion of development or its acquisition, the profits arising from disposal of the property and potentially, the entire income derived from such asset, including rental income, will be taxable (see risk factor entitled "Certain disposals of properties may have negative implications under the Spanish SOCIMI Regime" in this Part II (Risk Factors)).

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

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

***Delays or difficulties in the deployment of the proceeds of the Issue, including due to delays or difficulties in locating and/or acquiring suitable investments, may have a material adverse effect on the Company's business, financial condition, results of operations and prospects***

The Board aims to assemble, through the services of the Investment Manager, a portfolio of investment properties in Spain, principally Commercial Property in Madrid, Barcelona and certain secondary locations. At the date of this Prospectus, the Company owns no properties and, pending deployment of the Net Proceeds to acquire property investments, it intends to hold the Net Proceeds as cash or cash equivalents or bank deposits with one or more banks. The Company does not expect to earn a significant amount of income on these temporary investments.

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

Market conditions may have a negative impact on the Company's ability to identify and execute investments in suitable assets that generate acceptable returns. As was evident during the recent market downturn, market conditions have had a significant negative impact on the availability of credit, property pricing and liquidity levels. Lenders have also tightened their lending criteria, including lending lower loan to value and increasing leverage restrictions. Furthermore, locating suitable properties, conducting due diligence, negotiating acceptable purchase contracts and ultimately completing the purchase of a property typically require a significant amount of time. The Company may face delays in locating and acquiring suitable investments (resulting in exposure to a risk of increasing property prices) and, once the properties are identified, there could also be delays in completing the purchases, including delays in obtaining

any necessary approvals. Necessary approvals may be refused, or granted only on onerous terms, and any such refusals, or the imposition of onerous terms, may result in an investment not proceeding as originally intended and could result in significant costs associated with aborting the transaction being incurred by the Company.

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

***There can be no assurance that any target returns will be achieved***

The target Shareholder Return Rate set out in this Prospectus for the Company's investments is a target only (and for the avoidance of doubt is not a profit forecast). There can be no assurance that the Company's investments will meet this target or any other level of return, or that the Company will achieve or successfully implement its Investment Strategy. The existence of a target Shareholder Return Rate should not be interpreted as an assurance or guarantee that such level of return can or will be met by any of the Company's investments. The actual returns achieved by the Company's investments may vary from the target Shareholder Return Rate range and these variations may be material.

The target Shareholder Return Rate is based on the Company's assessment of appropriate expectations for returns on the nature of the investments that the Company proposes to make and the ability of the Investment Manager to enhance the return generated by those investments through active management and based on assumptions including assumptions relating to forecasts of increases in property capital and rental values. There can be no assurance that these assessments and assumptions will be proved correct and failure to achieve any or all of them may materially adversely impact any or all investments from achieving the target Shareholder Return Rate.

As a result, an investment in the Company should only be considered by persons who can afford a loss of their entire investment. Past activities of investment entities associated with the Management Team provide no assurance of future success. Potential investors should decide for themselves whether or not the target Shareholder Return Rate is reasonable or achievable and consider the factors that could affect the returns achievable by the Company and the value of the Ordinary Shares in deciding whether to invest in the Company.

**Risks Relating to the Company's Financial Structure**

***The Company's financial structure may be inefficient during the period in which the Net Proceeds are being invested***

During the period in which the Net Proceeds are being invested, the financial structure of the Company may not be at optimal levels as initially the Company intends to finance the acquisition of real estate assets through the use of the Net Proceeds of the Issue, without taking on any significant leverage. While the Company intends to increase leverage going forward (initially, mainly through secured mortgages, and in the future, through the issuance of debt and convertible debt securities or other liability financings that may be available to the Company), the Company's financial structure may be inefficient in the short term.

***The Company's investment strategy includes the use of leverage, which exposes the Company to risks associated with borrowings***

The real estate investment business is highly capital intensive. The Company's strategy is to fund the acquisition of investments, in part, through borrowings. However, since the middle of 2007, domestic and international financial markets have experienced significant disruptions mainly driven by tensions in the banking system. These disruptions have severely affected the availability of, and the terms applicable to, credit and have contributed to rising costs associated with obtaining credit. There can be no guarantee that the Company will be able to obtain the credit it may need on acceptable terms which could adversely affect its ability to achieve its investment strategy. If the Company is unable to obtain credit, it may seek additional capital through the issuance of debt or equity securities to fund further acquisitions.

To the extent the Company incurs a substantial level of indebtedness, this could reduce the Company's financial flexibility and cash available to pay dividends to shareholders due to the need to service its debt obligations. Prior to agreeing the terms of any debt financing, the Company expects to comprehensively consider its potential debt servicing costs and all relevant financial and operating covenants and other restrictions, including restrictions that might limit the Company's ability to make distributions to shareholders in light of cash flow projections. However, if certain extraordinary or unforeseen events occur, including breach of financial covenants, the Company's borrowings and any

hedging arrangements that they may have entered into may be repayable prior to the date on which they are scheduled for repayment or could otherwise become subject to early termination. If the Company is required to repay borrowings early, it may be forced to sell assets when it would not otherwise choose to do so in order to make the payments and it may be subject to pre-payment penalties.

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

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

Any of the foregoing events may have a material adverse effect on the Company's financial condition, business, prospects, results of operations and ability to make distributions to shareholders.

***If the Company incurs floating rate debt it will be exposed to risks associated with movements in interest rates***

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

## **7. RISKS RELATING TO STRUCTURE AND TAXATION**

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

The Company has elected for Spanish SOCIMI status under the SOCIMI Act and, thus, it will be subject to a 0% Corporate Income Tax rate. The requirements for maintaining Spanish SOCIMI status, however, are complex and the Spanish SOCIMI Regime is relatively new with no practical history of interpretation (see Part XII (Spanish SOCIMI Regime and Taxation Information) for additional information on these requirements). Furthermore, there may be changes subsequently introduced (including a change in interpretation) to the requirements for maintaining Spanish SOCIMI status. Prospective investors should note that there is no guarantee that the Company will, following its election to become a Spanish SOCIMI, become a Spanish SOCIMI or continue to maintain its SOCIMI status (whether by reason of failure to satisfy the conditions for Spanish SOCIMI status or otherwise).

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

- delisting;
- substantial failure to comply with its information and reporting obligations, unless such failure is remedied by preparing fully compliant annual accounts which contain certain required information in the following year;
- failure to adopt a dividend distribution resolution or to effectively satisfy the dividends within the deadlines described in "Mandatory dividend distribution" in paragraph 1.2 of Part XII (Spanish SOCIMI Regime and Taxation Information). In this case, the SOCIMI status would be lost in respect of the tax year in which the undistributed profits were obtained and any subsequent period; or
- failure to meet the requirements established in the SOCIMI Act unless such failure is remedied within the following fiscal year. Assets must be held for a minimum period of time; however, the failure to observe such minimum holding period requirement would not give rise to the loss of SOCIMI status, but (i) the assets that do not meet such requirement would be deemed to be non-qualifying assets; and (ii) income derived from such assets would be taxed at the standard Corporate Income Tax rate (currently 30%).

If the Company were to become a SOCIMI and were to lose such status as a result of any of the above, it would have to pay Spanish Corporate Income Tax on the profits deriving from its activities at the standard Corporate Income Tax rate (currently 30%), and would not be eligible to become a SOCIMI (and benefit from its special tax regime) for three

years. The shareholders in a company that loses its SOCIMI status are expected to be taxable as if the SOCIMI Regime had not been applicable to the company.

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

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

As described in section 11 of Part VII (Information on the Company), the Company has elected to become a Spanish SOCIMI. Provided certain conditions and tests are satisfied (see section 1.2 of Part XII (Spanish SOCIMI Regime and Taxation Information)), as a Spanish SOCIMI, the Company will not pay Spanish Corporate Tax on the profits deriving from its activities. Therefore any change (including a change in interpretation) in the legislative provisions relating to Spanish SOCIMIs or in tax legislation more generally, either in Spain or in any other country in which the Company may operate in the future, including but not limited to the imposition of new taxes or increases in tax rates in Spain or elsewhere, may have a material adverse effect on the Company's financial condition, business, prospects or results of operations.

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

The Directors contemplate growth through acquisitions for the Company. However, once the Company becomes a SOCIMI, the Spanish SOCIMI Regime distribution requirements may limit the Company's ability to fund acquisitions and capital expenditures through retained income and debt financing.

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

If the relevant dividend distribution resolution is not adopted in a timely manner, the Company will lose its SOCIMI status as per the year to which the dividends relate and the Company will be required to pay Spanish Corporate Income Tax on the profits deriving from its activities at the standard rate (currently, 30%) as from the relevant tax period in which the Company loses such status. In such case, the Company will not be eligible to become a SOCIMI (and benefit from its special tax regime) for three years. A general guide to the Spanish SOCIMI Regime is included in Part XII (Spanish SOCIMI Regime and Taxation Information).

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

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

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

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

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

At least 80% of a SOCIMI's net annual income must derive from the lease of qualifying assets (as described in Part XII (Spanish SOCIMI Regime and Taxation Information)), or from dividends distributed by Qualifying Subsidiaries and real estate collective investment funds.

Capital gains derived from the sale of qualifying assets are in principle excluded from the 80%/20% net income test. However, if a qualifying asset is sold before it is held for a minimum three-year period, then (i) such capital gain would compute as non-qualifying revenue within the 20% thresholds that must not be exceeded for the maintenance of the SOCIMI Regime; and (ii) such gain would be taxed at the standard Corporate Income Tax rate (currently, 30%); furthermore, the entire income, including rental income, derived from such asset also would be subject to the standard Corporate Income Tax rate.

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

For more information on the Spanish SOCIMI Regime please see Part XII (Spanish SOCIMI Regime and Taxation Information).

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

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

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

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

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

## 8. RISKS RELATING TO THE ECONOMY

*Since the Company's investments will be concentrated in Spain, adverse developments in general economic conditions in Spain and elsewhere and concerns regarding instability of the Eurozone may adversely affect the Company*

The Company intends that its investment portfolio will consist primarily of direct or indirect interests in commercial property assets in Spain. Accordingly, the performance of the Spanish economy will affect the Company's business, financial condition, results of operations and prospects.

The global financial system began to experience difficulties in mid-2007. This resulted in severe dislocation of financial markets around the world, including Spain, significant declines in the values of nearly all asset classes and unprecedented levels of illiquidity in capital markets. After rapid economic growth since 2004, Spain entered into a severe economic crisis which led to a GDP contraction between 2008 and 2013. Despite certain recent positive trends, GDP decreased by 1.6% in 2012 and is expected to have decreased further by 1.3% in 2013, although it is expected to increase by 0.5% in 2014 (Source: European Commission).

Speculation regarding the creditworthiness of the sovereign debt of various Eurozone countries, including Spain, and various related events, including proposals for investors to incur write-downs on the face value of Greek sovereign debt, a number of ratings downgrades of the sovereign credit ratings for Spain since 2011 (although since early November 2013, Fitch Ratings, Standard & Poor's Ratings Services and Moody's Investors Service have raised Spain's outlook from "negative" to "stable") and the taking of significant steps by the Spanish government to support or recapitalize certain domestic Spanish banks, have given rise to concerns that sovereign debtors might default and that one or more countries might leave the European Union and/or the Eurozone, despite efforts to support affected countries and the euro as a currency. Despite the recent improvement in the European financial markets, the outcome of this situation remains unclear. Sovereign debt defaults and European Union and/or Eurozone exits (whether involving Spain or other countries) could have a material adverse effect on the Company by, for example, impacting the cost and availability of credit to the Company and causing uncertainty and disruption in relation to financing. Austerity and other measures (including, but not limited to currency redenomination or the reintroduction of exchange controls) introduced to limit, or to contain these issues, whether in Spain or elsewhere, may themselves lead to economic contraction and result in adverse effects on the Company's business, financial condition, results of operations and prospects.

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

### PART III: EXPECTED TIMETABLE

Each of the times and dates is subject to change without further notice.  
All references are to Madrid time.

Announcement of the Issue.....	13 February 2014
Signing of the Placing Agreement .....	13 February 2014
Determination and announcement of final number of new Ordinary Shares. Signing of the Sizing Agreement .....	3 March 2014
Allocations of Ordinary Shares to investors .....	3-5 March 2014
Subscription Date.....	5 March 2014
Execution of the public deed relating to the capital increase before a notary public .....	5 March 2014
Registration with the Commercial Registry of the public deed relating to the capital increase .....	5 March 2014
Registration of the Ordinary Shares with Iberclear.....	5 March 2014
Execution of the special transaction of the transfer of the Placing Shares and Investment Manager Subscription Shares to final investors and Investment Manager, respectively .....	5 March 2014
Admission to listing .....	6 March 2014
Expected commencement of dealings on the Spanish Stock Exchanges .....	9 a.m. on 6 March 2014
Settlement .....	10 March 2014

#### PART IV: ISSUE STATISTICS

Issue Price per Ordinary Share.....	€ 10.00
Estimated total number of Ordinary Shares being issued pursuant to the Issue (1)(2) .....	40,000,000
Estimated total number of Ordinary Shares in issue immediately following Admission (1) ..	40,030,000
Estimated market capitalisation of the Company following Admission (1)(3).....	€ 400,300,000
Estimated net proceeds receivable by the Company (1)(4).....	€ 390,000,000

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- (1) On the basis of a €400 million Issue. The final number of Ordinary Shares to be issued in the Issue is expected to be determined and announced through the publication of a significant information announcement (*Hecho Relevante*) on 3 March 2014 once the Placing is concluded.
  - (2) The Investment Manager has undertaken to subscribe, at the Issue Price, an aggregate of 970,000 Issue Shares, conditional on the Placing Agreement not having been terminated in accordance with its terms. The Investment Manager is currently the holder of 30,000 Ordinary Shares issued on incorporation of the Company. The Investment Manager is 83% owned and effectively controlled by the Pereda Family (two of whose members are members of the Management Team and one of those members is also a member of the Company's Board). The Company has entered into the Anchor Investor Subscription Agreement pursuant to which the Anchor Investor has agreed to subscribe, at the Issue Price, an aggregate of 5,000,000 Issue Shares if the final number of Ordinary Shares to be issued in the Issue is equal to or higher than 35,000,000, or such amount of Ordinary Shares which would represent 12.5 per cent. of the Issue Shares if the number of Issue Shares is lower than 35,000,000, conditional on the Placing Agreement not having been terminated in accordance with its terms and certain other conditions being satisfied (including that the final number of Ordinary Shares to be issued in the Issue is at least 30,000,000).
  - (3) Based on the issued share capital of the Company immediately following Admission and the Issue Price of €10.00 per Ordinary Share.
  - (4) The estimated net proceeds receivable by the Company is stated after the deduction of commissions and expenses payable by the Company in connection with the Issue of approximately €10 million (on the basis of a €400 million Issue). The Net Proceeds are expected to be determined and announced through the publication of a significant information announcement (*Hecho Relevante*) on 3 March 2014 once the Placing is concluded.



PART V: DIRECTORS, COMPANY SECRETARY,  
REGISTERED OFFICE, INVESTMENT MANAGER AND ADVISORS

DIRECTORS

Mr. Jose Luis del Valle .....	Non-Executive Independent Chairman
Mr. Pedro Luis Uriarte.....	Non-Executive Independent Director
Mr. Alec Emmott.....	Non-Executive Independent Director
Mr. Roger M. Cooke.....	Non-Executive Independent Director
Mr. Miguel Pereda.....	Non-Executive Proprietary Director

COMPANY SECRETARY

Juan Gómez-Acebo (Non-Director Secretary)

COMPANY REGISTERED OFFICE

Lar España Real Estate SOCIMI, S.A.  
Rosario Pino 14-16, 28020 Madrid  
Spain

INVESTMENT MANAGER

Grupo Lar Inversiones Inmobiliarias, S.A.  
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Spain

LEGAL ADVISORS TO THE COMPANY

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SOLE BOOKRUNNER

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United Kingdom

LEGAL ADVISORS TO THE SOLE BOOKRUNNER

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Spain

AUDITORS

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Torre Picasso  
28020 Madrid  
Spain

## PART VI: IMPORTANT INFORMATION

### Forward Looking Statements

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

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

### Market, Economic and Industry Data

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

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

### Currencies

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

### Presentation of Financial Information

The Company is newly formed and as at the date of this Prospectus has no assets or liabilities which will be material in the context of the Issue. The Company’s audited interim financial statements as of 24 January 2014 and for the eight days ended on such date are included elsewhere herein and have been prepared in accordance with Spanish GAAP. As long as the Company does not have any subsidiary and does not prepare consolidated financial statements, the Company’s financial statements will be prepared in accordance with Spanish GAAP. In addition, the Company intends to prepare a second set of financial statements prepared in accordance with IFRS-EU with respect to its annual accounts.

As shown in the tables below, there are no differences in the Company's net equity as of 24 January 2014 or in its income statement for the eight days ended on that date as calculated under Spanish GAAP and IFRS-EU, respectively.

	Euros
	24/01/2014
Net equity under Spanish GAAP	30,936
Net equity under IFRS-EU	30,936

	Euros
	From 17/01/2014 to 24/01/2014
Result for the period under Spanish GAAP	(27,064)
Result for the period under IFRS-EU	(27,064)

Unless otherwise indicated, the financial information in this Prospectus has been prepared in accordance with Spanish GAAP. In making an investment decision, prospective investors must rely on their own examination of the Company, the terms of the Issue and the financial information in this Prospectus.

### **Rounding**

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

### **No Incorporation of Website Information**

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

### **Investment Considerations**

An investment in the Company is suitable only for investors who are capable of evaluating the risks and merits of such investment, who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company and in the Ordinary Shares, for whom an investment in the Ordinary Shares constitutes part of a diversified investment portfolio, who fully understand and are willing to assume the risks involved in investing in the Company and who have sufficient resources to bear any loss (which may be equal to the whole amount invested) which might result from such investment. Typical investors in the Company are expected to be institutional and qualified investors who are looking to allocate part of their investment portfolio to the Spanish real estate market. Investors should consult their financial advisor before making an investment in the Company.

The Ordinary Shares are designed to be held over the long term and may not be suitable as short-term investments. There is no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their investment. Any investment objectives of the Company are targets only and should not be treated as assurances or guarantees of performance.

A prospective investor should be aware that the value of an investment in the Company is subject to normal market fluctuations and other risks inherent in investing in securities. There is no assurance that any appreciation in the value of the Ordinary Shares will occur or that the investment objectives of the Company will be achieved. The value of

investments and any income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in the Company.

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

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

#### **IMPORTANT NOTE REGARDING PERFORMANCE DATA**

**This Prospectus includes information regarding the track record and performance data of the Investment Manager and members of the Management Team. Such information is not necessarily comprehensive and prospective investors should not consider such information to be indicative of the possible future performance of the Company or any investment opportunity to which this Prospectus relates. Past performance of the Investment Manager and members of the Management Team is not a reliable indicator of, and cannot be relied upon as a guide to, the future performance of the Company or the Investment Manager. The Company will not make the same investments reflected in the track record and performance data included herein. For a variety of reasons, the comparability of the track record and performance data to the Company's future performance is by its nature very limited. Without limitation, results can be positively or negatively affected by market conditions beyond the control of the Company or the Investment Manager, which may be different in many respects from those that prevailed in the past or prevail at present or in the future, with the result that the performance of investment portfolios originated now or in the future may be significantly different from those originated in the past. Prospective investors should be aware that any investment in the Company is speculative, involves a high degree of risk, and could result in the loss of all or substantially all of their investment.**

#### **Available Information**

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

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

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

## PART VII: INFORMATION ON THE COMPANY

### 1. INTRODUCTION

Lar España Real Estate SOCIMI, S.A. is a recently incorporated Spanish property investment company. The Company has an experienced Board, chaired by Mr. Jose Luis del Valle, and will be externally managed by the Investment Manager, Grupo Lar, whose management team currently comprises Mr. Luis Pereda, Mr. Miguel Pereda, Mr. Jorge Pérez de Leza, Mr. Enrique Feduchy, Mr. Ignacio Ocejo and Mr. Arturo Perales (together the “Management Team”). The Company intends to raise gross proceeds in the region of €400 million pursuant to the Issue and will apply for its Ordinary Shares to be listed on the Spanish Stock Exchanges and quoted through the SIBE (*Sistema de Interconexión Bursátil* or *Mercado Continuo*) of the Spanish Stock Exchanges. The Company has elected to become a Spanish SOCIMI and has notified such election to the Spanish tax authorities by means of the required filing. The Company believes it will benefit from its position as one of the first established and well capitalised Spanish SOCIMIs. The Company expects to take advantage of Grupo Lar’s Spanish commercial business track record that has returned an internal rate of return in excess of 20% from 2001 to 2013 (calculated based on cash flow model). However, as a result of the economic downturn suffered by the Spanish commercial real estate market in recent years (as further described in section 6.1 of this Part VII (Information on the Company)), Grupo Lar has obtained negative returns in 2011 and 2012.

The Company has a limited operating history. Save for matters connected with the Issue and Placing and the entry into the contracts discussed in section 11 of Part XIV (Additional Information) the Company has not engaged in operations since its incorporation.

The Company’s strategy is to create a property portfolio consisting primarily of commercial property in Spain to deliver income and capital growth through active asset management. The Company will rely on active asset management to maximise operating efficiency and profitability at the property level. In addition, by establishing the Company during the current cyclical weakness in the Spanish real estate market, the Company believes that it will give shareholders the opportunity to take advantage of the re-pricing of assets that is expected to occur within the Company’s target categories of investment properties. At Admission, the Company will not own any properties.

### 2. THE MANAGEMENT TEAM

The Management Team, who will manage the Company through the Investment Manager, Grupo Lar, consists of property and finance professionals who between them have extensive experience in Spanish real estate and a notable track record of creating value for shareholders. The Company believes that the extensive experience of the Management Team, which is one of the most experienced real estate management teams in Spain, and the Investment Manager’s management professionals will provide the Company with investment opportunities across all of its targeted asset classes.

The Company also intends to capitalize on the Investment Manager’s track record for seizing opportunities in a timely manner. The Management Team has a track record of securing real estate investments and believes it is well placed to secure properties which meet the Company’s investment criteria due to its strong track record in commercial and residential real estate in Spain, its established network to source off-market deals (including as a result of its strong domestic banking contacts and successful reputation working with third party investors as co-investors and joint venturers, among others) and as a result of the high visibility that the Company will achieve as a listed vehicle. The Management Team expects to source deals from competitive auctions, restricted auctions and off-market deals.

The track record of the Management Team is concentrated principally within Grupo Lar.

#### *Grupo Lar*

Grupo Lar was originally formed in 1985 in Madrid and is currently one of the biggest property companies in Spain with 29 years of experience in the sector and with a presence in eight countries: Spain, Mexico, Brazil, Germany, Poland, Romania, Colombia and Peru. Grupo Lar has a diversified real estate business across asset classes (such as offices, retail, residential, etc.). Grupo Lar also has experience across the value chain through experience in investment, development, asset management and property management.

As of 31 December 2013, Grupo Lar’s consolidated portfolio comprised approximately €1.6 billion of assets under management (taking into account, in connection with residential property, a portfolio valuation as finished product (except for plots with a disposal strategy) as of 31 December 2013 and, in connection with shopping centres, the last available valuations provided by third parties and the “all in cost” method for centres under development). Approximately 18% of these assets were located in Spain. The Grupo Lar team (including Gentalia) comprises 193 full time property, financial and support staff of which 129 are located in Spain. In addition, Grupo Lar currently has a 50% participation in Gentalia, one of the leading companies in Spain in shopping centre property management. Gentalia

provides consultancy, asset management, leasing and day-to-day management services to shopping centres. It currently manages 46 shopping centres in Spain, with a gross leasable area of over 1,310,000 sqm, and has a staff of 95 persons.

Grupo Lar is 83%-owned and effectively controlled by the Pereda Family. Two of the six members of the Management Team (Mr. Luis Pereda and Mr. Miguel Pereda) are members of the Pereda Family and, therefore, shareholders of the Investment Manager. In addition, Mr. Luis Pereda and Mr. Miguel Pereda are, respectively, the Executive Chairman and Co-CEO of Grupo Lar. Mr. Miguel Pereda is also a member of the Company's Board. The remaining approximately 17% is indirectly owned by the Morgan Stanley Real Estate Special Situations Fund III, L.P., which is sub-advised by Proprium Capital Partners, LLC, a Delaware limited liability company.

For more information on the Management Team, see section 1.2 of Part VIII (Grupo Lar and the Investment Manager Agreement).

### **3. THE BUSINESS STRENGTHS**

The Company believes that it will benefit from its position as one of the first established and well capitalised Spanish SOCIMIs and the aid of an experienced active asset manager such as Grupo Lar to invest and take advantage of the expected recovery in the real estate market in Spain. Throughout the investment process, the Company will have access to the Investment Manager's management and administration function which addresses various operational matters, including the provision of various accounting, administrative, registration, reporting and record keeping services. In this way, the Management Team will be able to seize investment opportunities in a timely manner without having to build a large internal infrastructure and the Company will have access to the asset and property management functions of a leading Spanish real estate group in the most management intensive cycle of the Company.

The Company believes that it will additionally enjoy the following key strengths:

*Strong track record of the Investment Manager in commercial and residential real estate in Spain*

The Investment Manager, Grupo Lar, is one of Spain's most recognisable real estate companies. The Investment Manager has a long and successful track record of creating value for shareholders by investing in and managing properties in a wide range of real estate asset classes in Spain. Grupo Lar's Spanish commercial business has returned an internal rate of return in excess of 20% from 2001 to 2013 (calculated based on cash flow model). However, as a result of the economic downturn suffered by the Spanish commercial real estate market in recent years (as further described in section 6.1 of this Part VII (Information on the Company)), Grupo Lar has obtained negative returns in 2011 and 2012. The members of the Management Team have been well known within the Spanish real estate markets for many years, and have established relationships in these markets with all of the main stakeholders in the property and rental markets, including with commercial real estate lenders, domestic banks, property funds, planning authorities, tenants and private investors. The Company believes that the Management Team's distinct knowledge of, and competence within, the Spanish commercial and residential property market will make the Company well placed to capitalise on the opportunities presented by current and expected market conditions. Moreover, the Investment Manager's market position is enhanced by its ability to utilise the scale, experience and specialist expertise of its complementary business activities to maximise value through each asset's ownership cycle.

*Access to a valuable and highly experienced asset management platform*

Through the Investment Manager, the Company will have access to the asset and property management operation of Grupo Lar which, together with Gentalia, includes 193 full time property, financial and support staff. The Investment Manager has over 15 years of experience in the investment, development and management of shopping centres and currently directly manages 11 shopping centres in Spain (two of which are under development) with a gross leasable area of 210,000 sqm. In addition, Grupo Lar currently has a 50% participation in Gentalia, one of the leading companies in Spain in shopping centre property management. Gentalia provides consultancy, asset management, leasing and day-to-day management services to shopping centres. It currently manages 46 shopping centres in Spain, with a gross leasable area of over 1,310,000 sqm. The Company's access to this valuable asset and property management platform will allow the Management Team to seize investment opportunities in a timely manner without having to build a large internal infrastructure. In addition, the Company will have access to the asset and property management functions of a leading Spanish real estate group in the most management intensive cycle of the Company.

*In-depth access to potential investment opportunities*

The Management Team has extensive and long-standing relationships in the Spanish real estate market and has in-depth knowledge of deal sources including corporate and private landlords, brokers, all major domestic banks and SAREB. These relationships and knowledge have enabled members of the Management Team to access both off-market and more widely marketed real estate transactions. The Company believes that the Management Team's relationships and

experience will provide the Company with the access and ability to cultivate appropriate investment opportunities to meet the Company's investment criteria.

*Strong and successful reputation working with third party international investors, including in international partnerships*

One of the key differential values of the Investment Manager is its proven experience in alliance management, which has resulted in clear competitive advantages both with respect to its investment and financial capacity and its international diversification. The success in joint ventures with leading international financial and real estate entities, such as Morgan Stanley, Goldman Sachs, Ivanhoe Cambridge, Henderson Global Investors, Grosvenor and Sonae, and the numerous long-term partnerships with well-known Spanish groups, such as Grupo Eroski, LaCaixa, Banco de Sabadell and Caixa Catalunya, are clear examples of the Investment Manager's dedication towards building fruitful alliances. In addition, the Investment Manager has spread its activity to countries like Mexico, Romania and Brazil, through partnerships with local and international entities, providing long term agreements.

*Strong domestic banking contacts facilitating access to debt facilities*

The Investment Manager has existing relationships with many Spanish financial entities. These relationships have enabled the Investment Manager to access debt financing packages in the various phases of the economic cycle during the past 29 years. In addition, the Management Team has extensive knowledge of possible sources of third party capital, allowing it to tailor the risk profile of each investment and potentially extend its investment reach through joint ventures.

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

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

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

Various factors contribute to the alignment of interests of the Investment Manager with those of other shareholders, including the Investment Manager's compensation structure (as the Investment Manager will receive Performance Fee Shares (in addition to cash) in compensation for the services provided to the Company), the fact that the Investment Manager will only be able to conduct certain investments and activities only through the Company (as the Investment Manager has undertaken, subject to certain exceptions, not to acquire or invest in Commercial Property in Spain which is within the parameters of the Investment Strategy of the Company) and the fact that the Investment Manager Agreement can be terminated at the Company's election at the end of its initial five-year term with no penalty if the Company is not satisfied with the Investment Manager's performance. In addition, the Investment Manager (which is 83%-owned by the Pereda Family, two of whose members are members of the Management Team) has committed to subscribe, at the Issue Price, 970,000 Issue Shares, conditional on the Placing Agreement not having been terminated in accordance with its terms. These Ordinary Shares, together with the 30,000 Ordinary Shares already held by Grupo Lar prior to the date of this Prospectus, will represent approximately 2.5% of the Company's issued share capital on Admission. Furthermore, Ordinary Shares held by the Investment Manager (including any Performance Fee Shares) will, subject to certain exceptions, be subject to lock-up arrangements for three years from Admission (or, with respect to any Performance Fee Shares, until the third anniversary of the date on which such Ordinary Shares were delivered to the Investment Manager). As a result of the above, the Company believes that the interests of the Investment Manager should be closely aligned with those of the other shareholders.

#### **4. EXCLUSIVITY AND CO-INVESTMENT RIGHTS AND CONFLICTS OF INTEREST**

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

Under the Anchor Investor Subscription Agreement, the Company has granted the Anchor Investor with a right of first offer in connection with certain Commercial Property Investments in respect of which the Company seeks or intends

to seek equity capital from one or more third parties, subject to certain exceptions. In addition, the Investment Manager has granted the Anchor Investor with a right of first offer in connection with any Residential Property Investment it intends to undertake, subject to certain exceptions. Subject to certain exceptions, the Anchor Investor has agreed not to compete with the Company or the Investment Manager in competitive processes relating to Commercial Property or Residential Property in Spain and, under certain circumstances, has granted the Investment Manager with a right of first offer in connection with such investments.

These commitments are described in greater detail below.

#### **4.1 Investment Manager Agreement**

Set forth below is a detailed description of the Investment Manager and Management Team's undertakings under the Investment Manager Agreement. See section 11.1 of Part XIV (Additional Information) for further information on the Investment Manager Agreement.

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

The Investment Manager has agreed that, during the term of the Investment Manager Agreement, it will not, and it will require that none of the Investment Manager Affiliates will (i) acquire or invest (on its own behalf or on behalf of third parties or through joint venture agreements) in Commercial Property in Spain which is within the parameters of the Investment Strategy of the Company (except for the following investments (each an "Exception") which are expressly permitted (a) one or more investments carried out by shareholders of the Investment Manager on their own behalf, provided that such investment or investments do not exceed €2 million in the aggregate throughout the life of the Investment Manager Agreement (or such a higher amount, if any, approved by the Company's Board of Directors in exceptional circumstances), and that they are notified to the Board of Directors of the Company following their undertaking, and (b) investments by the Investment Manager or any Investment Manager Affiliate in Commercial Property for its own occupation if expressly waived by the Board of Directors) or (ii) act as investment manager, investment adviser or agent, or provide administration, investment management or other services, for any person, entity, body corporate or client other than the Company, for Commercial Property in Spain which is within the parameters of the Investment Strategy of the Company.

However, this exclusivity shall not apply:

- (i) to any dealings by the Investment Manager or any Investment Manager Affiliate in respect of any property or property-related asset owned or managed, totally or partially, by it as of the date of the Investment Manager Agreement (*i.e.*, 12 February 2014). Therefore, the Investment Manager and Investment Manager Affiliates may continue or agree to act as investment manager or investment adviser for other persons or provide administration, investment management or other services for other clients without making the same available to the Company, in each such case provided that (a) it is done pursuant to an existing agreement which in each case is in place with the Investment Manager or such Investment Manager Affiliate at the date of the Investment Manager Agreement, or (b) such work relates to real estate properties which are subject to such an existing agreement.

In addition, the Investment Manager will be free to close during 2014 up to two portfolio transactions currently under negotiation involving retail assets, each amounting to between €80 and €170 million;

- (ii) to any acquisition or investment (directly or indirectly) by the Investment Manager or an Investment Manager Affiliate of or in assets or properties which are adjacent to assets or properties currently held by the Investment Manager or an Investment Manager Affiliate or which are acquired, pursuant to an Exception, by the Investment Manager or an Investment Manager Affiliate following the date of the Investment Manager Agreement in accordance with its terms (such as extensions to assets already within those entities' existing portfolios or properties adjacent to existing or permitted new properties held by the Investment Manager or an Investment Manager Affiliate);
- (iii) following the passage of a resolution of the Company's general shareholders' meeting to discontinue the investment strategy of the Company, cease the business and operations of the Company, or sell, liquidate or otherwise dispose of all or substantially all of the assets of the Company;
- (iv) following the service by the Investment Manager of notice of termination of the Investment Manager Agreement due to a winding up event, an insolvency or court protection event or other similar event affecting the Company or an unremedied breach by the Company of a material term thereof; or
- (v) to the activities of or investments made by Gentalia. This notwithstanding, Grupo Lar shall, to the extent legally permitted, exercise its voting rights within the corporate bodies of Gentalia to prevent



Gentalia from entering into transactions which fall under the exclusivity commitment assumed by Grupo Lar as Investment Manager.

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

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

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

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

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

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

*Commitment by members of Management Team*

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

*Conflicts of interest with respect to the Investment Manager*

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

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

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

#### **4.2 Anchor Investor Subscription Agreement**

Pursuant to the Anchor Investor Subscription Agreement, so long as an Anchor Investor Agreement Termination Event has not occurred, the Company, the Anchor Investor and the Investment Manager shall have the rights and obligations summarised below. For additional information on the Anchor Investor Subscription Agreement, see section 11.4 of Part XIV (Additional Information).

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

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

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

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

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

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

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

In addition, the Anchor Investor has agreed to provide the Investment Manager with a right of first offer to participate together with the Anchor Investor or an Anchor Investor Entity in any co-investment opportunity in respect of any Commercial Property Investment or Residential Property Investment (in each case only where management services of the type set out in the Investment Manager Agreement are expected to be provided in relation to such opportunity) which is being considered by the Anchor Investor Group in Spain (an "Anchor Investor Co-Investment Opportunity").

The Anchor Investor has acknowledged and agreed that the Investment Manager may be required to offer all or part of the participation in any such Anchor Investor Co-Investment Opportunity to the Company pursuant to the terms of the Investment Manager Agreement, in which case the Company shall also have the right to participate in such investment opportunity in accordance with the terms of the Anchor Investor Subscription Agreement. In connection with each Anchor Investor Co-Investment Opportunity, the Anchor Investor shall offer to the Investment Manager the stake in respect of which it is seeking a co-investor, subject to certain exceptions if the Anchor Investor believes in good faith that a co-investment with the Investment Manager or the Company (if applicable) is not possible or not advisable. There is no requirement that any co-investment opportunity offered by the Anchor Investor to the Investment Manager will be consistent with the Investment Strategy of the Company.

## **5. INVESTMENT POLICY AND STRATEGY**

The Company intends to source new investment opportunities primarily through the Management Team's extensive network of relationships within the Spanish commercial property market which include the corporate and private landlords, brokers, all major domestic banks and SAREB. The Management Team intends to focus on creating both sustainable income and strong capital returns for the Company with a target average total Shareholder Return Rate in excess of 12% annually when the Net Proceeds are fully invested.<sup>2</sup>

The Management Team believes that there is an opportunity to build up a high quality portfolio of commercial real estate assets with strong income and added value characteristics.

### **5.1 Investment Criteria and Property Characteristics**

In carrying out their functions under the Investment Manager Agreement, the Investment Manager and the members of the Management Team must follow certain investment and leverage criteria and the Investment Strategy, with the aim to focus their investment decisions on the acquisition of primarily commercial properties in Spain which preferably require an active asset management and fit within the Company's purpose of creating a real estate portfolio capable of paying dividends in line with the applicable Spanish SOCIMI Regime requirements, and generate capital returns for the Company's shareholders.

Pursuant to the Investment Manager Agreement, the Total GAV of the Company will be distributed as follows (measured as at the time investments are made): (a) over 80% of the Total GAV must be invested in Commercial Property; and (b) up to but less than 20% of the Total GAV may be invested in Residential Property.

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

When investing in Residential Property, the Investment Manager and the members of the Management Team will primarily target fully-built assets, in very specialised cases consider assets with a reduced component of development risk and consider investing in new developments in niche markets with limited supply of first-homes (for example, in prime neighbourhoods of large cities in which there are limited residential developments).

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

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

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

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<sup>2</sup> These are targets only and not profit forecasts. There can be no assurance that these targets can or will be met and they should not be seen as an indication of the Company's expected or actual results or returns. Accordingly investors should not place any reliance on these targets in deciding whether to invest in the Ordinary Shares. In addition, as noted previously, prior to making any investment decision, prospective investors should carefully consider the risk factors described in Part II (Risk Factors) of the Prospectus.

Pursuant to the Spanish SOCIMI Regime, the Company will be required, among other things, to conduct a Property Rental Business and comply with the following requirements: (i) it must invest at least 80% of its gross asset value in leasable urban real estate properties, land plots acquired for the development of leasable urban real property to the extent that development starts within the following three-year period as from acquisition or shares of other SOCIMIs, foreign entities or subsidiaries engaged in the aforementioned activities with similar distribution requirements, and (ii) at least 80% of its net annual income must derive from rental income and from dividends or capital gains in respect of the abovementioned assets. The Company will have a two-year grace period from the date of election for the Spanish SOCIMI Regime by the end of which it must comply with these requirements. In addition, the Company will have a one-year grace period to cure any non-compliance with these eligibility requirements.

## **5.2 Investment Sourcing**

The Management Team has a track record of securing real estate investments and believes it is well placed to secure properties which meet the Company's investment criteria due to its strong track record in commercial and residential real estate in Spain, its established network to source off-market deals (including as a result of its strong domestic banking contacts and successful reputation working with third party investors as co-investors and joint venturers, among others) and as a result of the high visibility that the Company will achieve as a listed vehicle. The Management Team expects to source deals from competitive auctions, restricted auctions and off-market deals.

It is expected that the Company's investments will primarily be sourced through a combination of the following core avenues (of which the Management Team has detailed knowledge):

### *High net worth individuals and corporations*

The Management Team believes that certain high net worth individuals and corporations will seek to divest Spanish real estate assets in light of increased transaction activity in the market in order to deleverage or to reduce their Spanish real estate exposure. A number of private investors are increasingly looking to deleverage their own balance sheet. The Management Team believes that this will likely be a source of opportunities to acquire assets that meet the Company's investment criteria.

### *Banking institutions/receivers/borrowers*

The excessive use of leverage in the purchase of Spanish commercial real estate, particularly in the middle part of the last decade, and the subsequent severe re-pricing in values has resulted in banking institutions that provided credit for such purchases having significant legacy exposure, both direct and indirect, to Spanish commercial real estate assets. Many Spanish banks have developed divestment strategies with respect to their legacy exposures to commercial real estate assets that have not been transferred to the SAREB. Moreover, a number of non-Spanish banks that operate in the Spanish market are undertaking initiatives to reduce their Spanish real estate exposure. The Management Team believes that these efforts will result in a number of property acquisition and investment opportunities for the Company. Assets may become available directly from the banks divesting them, from receivers appointed over the assets, or from borrowers who are selling under the guidance of the banks or receivers.

### *Institutional funds*

The Management Team believes that certain institutional funds, such as pension funds or life assurance companies, will seek to divest Spanish real estate assets as liquidity re-emerges in the Spanish real estate investment market in order to alter the weightings within their respective investment portfolios. The Management Team believes the divestments may range from small reweighting exercises to outright exit from the Spanish real estate market. The Management Team believes that this will likely be a source of opportunities to acquire assets that meet the Company's investment criteria.

### *SAREB*

As one of a number of initiatives taken by the Spanish government to address the serious problems which arose in Spain's banking sector as a result of excessive property lending, SAREB was established in November 2012 to acquire certain assets (mainly, foreclosed real estate assets and loans for real estate development) from distressed financial institutions (for more information see section 6.1 of this Part VII (Information on the Company)).

The creation of SAREB has been perceived by the local and international investment community as a positive step towards the recovery of the banking sector. By acquiring foreclosed real estate assets and loans for real estate development, SAREB has injected liquidity in the market and has improved transparency. In addition, since the announcement of the creation of SAREB, the deleveraging process of Spanish banks has accelerated. Loan portfolios and distressed assets, particularly residential units, are coming into the market and, the Company believes, attracting the attention of local and international investors.

The Company believes that SAREB will sell at a discount finished real estate assets, projects under development, land for development and loans secured by real estate to national and international investors.

The Company expects that SAREB will be a source mainly for minority investments in residential joint ventures.

#### *Private equity investors*

The Management Team believes that private equity investors will also seek to divest Spanish real estate assets in light of the increase in transaction activity in the market in order to alter the weightings within their respective investment portfolios. The Management Team believes that these efforts will result in a number of property acquisition and investment opportunities for the Company.

### **5.3 Portfolio Approach**

The Management Team intends to implement a thorough and disciplined approach to asset acquisition and management with a view to managing the risk profile of income streams and in-depth underwriting of each capital expenditure plan (including rigorous analysis of tenant financial strength).

The intention of the Management Team is, where appropriate, to improve income profiles and add value to the Company's property portfolio through asset management techniques which include:

- Renegotiating or surrendering leases;
- Improving lease lengths and tenant profile;
- Undertaking physical improvements where considered appropriate;
- Improving layouts and space efficiency of specific assets;
- Changing the tenant mix of certain properties;
- Maintaining dialogue with tenants to assess their requirements;
- Taking advantage of planning opportunities where appropriate;
- Repositioning and upgrading assets; and
- Selective development.

### **5.4 Investment Funding**

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

- (a) The target of the Company is that total leverage, represented by the Company's aggregate borrowings (net of cash) as a percentage of the most recent Total GAV of the Company, will be up to 50%.

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

- (b) Debt financing for acquisitions will be assessed on a deal-by-deal basis initially with reference to the capacity of the Company to support leverage.
- (c) Debt on development properties will be, to the extent possible, ring-fenced in order to exclude recourse to other assets of the Company. The policy of the Company will not contemplate incorporating special purpose vehicles for investments in non-development properties as a general rule.

The Investment Manager has undertaken that the Company will not enter into a general financing facility to fund acquisitions before Admission. In addition, the Investment Manager has undertaken, as a general rule and unless the nature of the investment advises otherwise, to carry out investments using proceeds from the Issue and any other issue of the Company's Ordinary Shares. When necessary, debt may be raised in line with the leverage criteria described above.

## 6. SPANISH COMMERCIAL REAL ESTATE MARKET AND ECONOMY

### 6.1 Spanish Commercial Real Estate Market

The impact of the international credit crisis, the European sovereign debt crisis and the domestic economic crisis since 2007 on the Spanish property market has been considerable, leading to a strong cyclical downturn and structural repricing of real estate assets. Since peaking in 2007, the Spanish commercial property market has seen a severe decline in the value of real estate assets, with the capital values of industrial, office and retail assets falling by approximately 42.2%, 32.1% and 28.2%, respectively, from 2007 to 2012 (Source: Datastream). Rental levels have also adjusted sharply since 2007. The average rent price per square metre of an office in Madrid and Barcelona has decreased by 31.9% and 29.0%, respectively, from the third quarter of 2007 to the third quarter of 2013. The pricing adjustment has even been more abrupt with respect to shopping centres. The average rent price per square metre of a prime shopping centre in Madrid and Barcelona has decreased by 66.2% and 60.1%, respectively, from the third quarter of 2007 to the third quarter of 2013 (Source: Cushman & Wakefield European Marketbeat Snapshots, Knight Frank, 2012 and 2013).

Real estate transaction activity has also been significantly and adversely affected by the economic downturn, with commercial investment volumes dropping from almost €10 billion in 2007 to about €2.2 billion in 2012 (Source: Savills World Research European Commercial April 2013). Since the onset of the credit crisis in mid-2007, the number of banks advancing new loans for the purchase of Spanish commercial property has fallen substantially and that decline, together with a tightening of lending policies by financial institutions, has resulted in a significant contraction in the amount of debt available to fund real estate investments. The leverage ratios at which banks will make new loans have reduced, margins charged for borrowing have increased, and banks have become more stringent in determining which borrowers they will deal with.

From 2008 to 2012, the Spanish commercial real estate market contracted in volume terms to the point that deal activity consisted of a limited number of relatively small scale transactions each year and there was no longer a fully functioning investment market. This was due to a number of factors including an overhang of excess supply, the absence of bank funding and deleveraging by foreign and domestic banks. Another key factor was the fact that the Spanish commercial real estate investment market was historically dominated by domestic participants who by the start of the credit crisis were holding a substantial amount of highly leveraged syndicated real estate investments. As asset values declined, the equity value within a vast number of those investments was eliminated, creating unsustainable leverage ratios and consequently leaving debt providers with significant exposure to impaired loans secured against commercial real estate assets. This ultimately led to the transfer of a significant portion of the Spanish banking system's real estate exposure to SAREB.

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

SAREB has acquired (i) foreclosed assets whose net carrying amount exceeds €100,000, (ii) loans/credits to real estate developers whose net carrying amount exceeds €250,000, calculated at the borrower, rather than the transaction, level, and (iii) controlling corporate holdings linked to the real estate sector, from banks in Spain that have required recapitalisation with State aid (BFA-Bankia, Catalunya Banc, Novagalicia Banco and Banco de Valencia) or that are undergoing a resolution process (Banco Mare Nostrum, CEISS, Caja3 and Liberbank). Assets acquired by SAREB totalled €51 billion as of February 2013. In exchange for these loans, SAREB issued Spanish government-guaranteed securities to these institutions. The overall objective of SAREB is the management and orderly divestment of the portfolio of assets received, maximising their recovery, over a maximum time horizon of 15 years from 2012. In pursuing its activity, SAREB has to contribute to the restructuring of the financial system, while minimising the use of public funds and any market distortions it may cause.

#### *Market Recovery*

The Management Team believes that there are indications of recovery in the Spanish economy and certain segments of the Spanish commercial property market. The purchasing managers' index (PMI) recently signalled a return to growth in both manufacturing and services sectors, rebounding to 50.8 in December 2013, above the 50 line dividing growth from contraction. GDP growth has resumed in the second half of 2013, with 0.1% growth in the third quarter and 0.3% growth in the fourth quarter according to the Spanish National Statistics Institute (INE). Growth is expected to continue

receiving major impetus from expanding net exports. According to estimates of the International Monetary Fund, GDP will continue to increase in the coming years and GDP growth is expected to be around 2% in 2018 (Source: IMF - Spain: Financial Sector Reform—Fourth Progress Report, November 2013). In addition, consumer confidence in Spain is improving (with an approximately 89% increase in the Consumer Confidence Index since late mid 2012 (Source: *Centro de Investigaciones Sociológicas* (CIS) as of December, 2013)). Moreover, since early November 2013, Fitch Ratings, Standard & Poor's Ratings Services and Moody's Investors Service have raised Spain's outlook from "negative" to "stable". The latter of them did so on 4 December 2013 citing "evidence of a sustained rebalancing" in Spain's economy. Finally, yields on Spanish bonds have dropped, an indication that investors view Spain as a more attractive investment destination. Yields on 10-year Spanish sovereign debt crept down, after peaking to above 7.50% in July 2012, from 5.03% on 14 January 2013 to 3.82% as of 14 January 2014 (Source: Bloomberg).

The retail commercial real estate sector has seen increases in and has overtaken the office sector in Spain in terms of overall investment volume in 2013. It accounted for in excess of 93% of investment volume in the third quarter (Source: DTZ Investment Market Update Spain Q3 2013). Retail market investment reached trading volumes totalling €46 million in the third quarter of 2013, significantly higher than the €46 million recorded the previous quarter and the €17 million in the same period in 2012. Office investment volumes were at €48 million in the third quarter of 2013, down from the €367 million the previous quarter. However, the Company believes there is growing interest from investors in large debt portfolios and opportunities that offer redevelopment potential, especially in city centre locations. As a result, investment activity is expected to increase in 2014 (Source: Cushman & Wakefield Marketbeat Office Snapshot Q3 2013).

There have also been signs of improvements in certain parts of the occupier markets. The office vacancy rate in Madrid has remained relatively high, but stable, in 2013 at 11%. This was supported to some extent by a lack of new development, with only one new office development expected to be completed during 2013 in Madrid (Source: Knight Frank Spain Commercial Property Market Review 1H 2013). Take-up increased by more than 60% in the first half of 2013 (reaching 197,000 sqm), but it was largely due to three large-scale leasing transactions (involving Vodafone, Iberia and Agencia EFE). Without taking into account those three deals, the first half of 2013 would have been similar to the first half of 2012 (Source: Knight Frank Spain Commercial Property Market Review 1H 2013). Office rents began to stabilise in the first three quarters of 2013 following continuous decline from a peak in 2007 (Source: Cushman & Wakefield European Marketbeat Snapshots, CBRE). Net yields in the Madrid office market have increased from 4.75% in the second quarter of 2007, and have stabilised at about 7.25% since the second quarter of 2012 (Source: Cushman & Wakefield European Marketbeat Snapshots, CBRE).

In the Madrid industrial and logistics market, take-up reached nearly 190,000 sqm in the first half of 2013. The market activity is not expected by the Company to change significantly in the near term in light of the subdued state of the overall economy, and relocations and space rationalization will continue to primarily drive the market. Falling land values have reached prices ranging from €90-220 per sqm (Source: Knight Frank Spain Commercial Property Market Review 1H 2013). Prime yields for logistical assets in Madrid were stable in the third quarter of 2013 at 8.25% (Source: Cushman & Wakefield Research Snapshot Q3 2013).

The sentiment in the Spanish retail real estate market is however largely subdued, and is affected by weak but improving consumer sentiment and continued high unemployment rates. However, the improving customer sentiment, coupled with low inflation levels, could increase spending in the near term and could result in growth in 2014 (Source: Cushman & Wakefield Research Snapshot Q2 and Q3 2013).

The year 2012 saw the weakest overall investment volume since the onset of the crisis. Although investment remains low, year-on-year investment for the first three quarters of 2013 is up 66%. While this is not a return to pre-crisis levels, it is an important signal of the return of interest and capital to the Spanish market. The Company believes that investor confidence is increasing and a new and diversified group of investors are starting to make acquisitions in the market. As the economic situation stabilises, there is a growing consensus that the Spanish property market has bottomed out, in turn attracting more foreign investors and channelling investment towards offices, retail and industrial assets. Foreign investment has grown in importance in the market during the economic crisis, almost doubling in percentage terms from 35% in the pre-crisis 2002-2007 period to 60% in the 2008-2013 period, as numerous domestic investors ceased investment activities. In the third quarter of 2013, foreign investment as a percentage of total investment volume rose to 72% (Source: DTZ Research Spain Q3).

Against this market background, the Management Team believes that prospects for negotiating attractive investment opportunities should be significant for investors such as the Company with readily available resources for acquisitions and the ability to source deals both from distressed and more conventional sellers. The Company believes that the market is at a stage in the cycle where there are positive gaps between investment yields and borrowing costs enabling attractive risk adjusted returns to be generated in an environment of relatively modest leverage. The Management Team believes that investment opportunities with value levels which reflect the extent of the economic contraction in Spain can now be accessed as liquidity finally re-emerges in the investment market. It also believes that following the completion of the Issue and Admission, the Company, as a strongly capitalised investor, will be well placed to invest in assets which

require a high level of active management, within a sector that has been deprived of both intensive asset management and capital over the past five years.

## 6.2 The Spanish Economy

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

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

The actions taken by European and Spanish authorities starting in mid-2012 contributed to a clear improvement in the European financial markets. First, the European Central Bank stated that it would undertake all necessary measures to preserve the euro and announced a program of unlimited purchases of European sovereign debt in the secondary markets subject to certain conditions. Second, European authorities showed a political willingness to implement programs to strengthen European banking institutions and, in particular, the establishment of a banking union. Lastly, in Spain, the national authorities requested external financial assistance in late June 2012 in order to recapitalize the Spanish banking sector. The agreed program provided financing of up to €100 billion was stipulated in a Memorandum of Understanding. Since the inception of this program, the European authorities have disbursed a total of €41 billion for the restructuring of Spain's banking sector. The combination of these initiatives has contributed to a normalization of the financial markets, as well as a gradual reversion of the fragmentation process in the banking sector that continued in the first half of 2013.

In the current environment, the Spanish economy has remained weak in large part due to the subdued domestic demand. Domestic demand has been hampered by factors such as the restrictive character of Spain's national fiscal and public spending policies and the deterioration of the labour market. Since 2010, Spain's government has adopted a number of fiscal consolidation and structural reforms, including reforms relating to the pension system and labour laws, and has implemented the reinforcement plan (*Plan de Reforzamiento*) to strengthen the financial sector. Despite these reform efforts, GDP receded by -1.6% in 2012 after having remained flat in 2011 (+0.1%). Economic activity has also been adversely affected by onerous financing conditions. However, in the first half of 2013, the economy moderated its rate of contraction with the GDP experiencing a negative growth rate of -0.1% in the second quarter. The second half of 2013 has shown positive growth, with 0.1% GDP growth in the third quarter accelerating to 0.3% in the fourth quarter. As for the labour market, the elevated unemployment rate (25.98% in the third quarter of 2013) is a reflection of successive quarters of economic weakness. Nonetheless, the trend has been positive with three straight months of decline in registered jobless numbers, including a 108,000 drop in December 2013. Based on this data, the Ministry of Economy has improved its forecast of unemployment, with an expected unemployment rate of 25.0% for 2014 compared with its prior forecast of 25.9%. In addition, the country has registered a rapid reversal of its current account deficit and a positive adjustment of its investment in real estate. In spite of the macroeconomic weakness, Spain has reduced its fiscal deficit from 11.2% of GDP in 2009 to around 7.0% in 2012 (excluding bank recapitalization measures). The European Commission has substantially reduced the fiscal consolidation objectives required of Spain in the coming years, and the public deficit goal for 2013 now stands at 6.5% of GDP.

In 2013, the government announced in the National Reform Program a timeframe to implement measures aimed at improving competition in the services sector, facilitating the ease of doing business, correcting the main deficiencies of the education system, proving for the sustainability of the public pension system and improving both the transparency and efficiency of the public administration, among others. Tangible advances in some of these areas have already taken place, such as a draft law for the establishment of an independent fiscal authority, the adoption of a law for the improvement in the quality of education and the publication of an independent report analysing measures to provide for the sustainability of the public pension system.

## 7. FINANCING STRATEGY

### 7.1 Proceeds of the Issue

The Company's principal use of the Net Proceeds of the Issue will be to fund future real estate investments as well as to fund the Company's operating expenses consistent with the investment policy of the Company disclosed at section 5 of this Part VII (Information on the Company). The Company expects to have fully invested the Net Proceeds of the Issue in the period ranging from the 18<sup>th</sup> month to the 24<sup>th</sup> month following Admission.



Following Admission and in addition to using cash to make acquisitions and distributions to shareholders, the Company will incur operating expenses that will need to be funded. Initially, the Company expects these expenses will be principally funded through the Net Proceeds of the Issue. In addition to the Investment Manager's fees under the Investment Manager Agreement such operating expenses include (i) acquisition costs and expenses (such as due diligence costs, legal costs and taxes); (ii) costs in connection with any debt financings; (iii) non-executive Director's fees and audit fees; (iv) office lease and annual and semi-annual valuations of the Company's property portfolio; and (v) other operational costs and expenses. As the investment portfolio grows, the Company expects that the Company's operating expenses, including the payment of interest on its borrowings and transaction related costs, will be paid with income generated from the Company's investment portfolio and surplus cash. The Company expects that the annualised running costs of the Company, once fully invested, will consist of approximately €4.5 million per annum of Base Fee and approximately €1 million of other costs not related to the Investment Manager, including Board of Director's remuneration, auditing costs, valuation costs, legal and tax advice expenses and property management expenses. This may increase if the Company incurs unexpected costs to comply with AIFMD, if applicable. In addition, if certain requirements are met, a Performance Fee will be paid to the Investment Manager under the Investment Manager Agreement. If applicable, the Performance Fee will be paid in cash and, subject to certain limited exceptions, the Investment Manager must use the Performance Fee due to it (after deduction of corporate income tax and any other taxes applicable thereto) to subscribe for Performance Fee Shares (or, at the Company's choice, to acquire them from the Company). Any such payment will not be considered net proceeds of any issues of Ordinary Shares for purposes of calculating Shareholder Return. For more information on the management fee, see section 11.1 of Part XIV (Additional Information).

## 7.2 Borrowings

The Company may choose to finance a portion of certain acquisitions with debt financing (initially, mainly through secured mortgages, and in the future, through the issuance of debt and convertible debt securities or other liability financings that may be available to the Company). The Company and the Management Team intend to determine the appropriate level of borrowings on a deal specific basis.

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

- (a) The target of the Company is that total leverage, represented by the Company's aggregate borrowings (net of cash) as a percentage of the most recent Total GAV of the Company, will be up to 50%.

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

- (b) Debt financing for acquisitions will be assessed on a deal-by-deal basis initially with reference to the capacity of the Company to support leverage.
- (c) Debt on development properties will be, to the extent possible, ring-fenced in order to exclude recourse to other assets of the Company. The policy of the Company will not contemplate incorporating special purpose vehicles for investments in non-development properties as a general rule.

The Investment Manager has undertaken that the Company will not enter into a general financing facility to fund acquisitions before Admission. In addition, the Investment Manager has undertaken, as a general rule and unless the nature of the investment advises otherwise, to carry out investments using proceeds from the Issue and any other issue of the Company's Ordinary Shares. When necessary, debt may be raised in line with the leverage criteria described above.

## 7.3 Other Sources of Finance

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

Notwithstanding the foregoing, when implementing the Company's Investment Strategy, the Investment Manager has undertaken, as a general rule and unless the nature of the investment advises otherwise, to carry out investments

using proceeds from the Issue and any other issue of the Company's Ordinary Shares. When necessary, debt may be raised in line with the leverage criteria described above.

## **8. VALUATION POLICY**

The EPRA NAV of the Company will be calculated semi-annually and will be communicated at the time of publication of the Company's interim and annual financial results through the publication of a significant information announcement (*Hecho Relevante*).

For purposes of the Investment Manager Agreement, "EPRA NAV" is the net asset value of the Company adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business in accordance with guidelines issued by the European Public Real Estate Association (August 2011 version only, unless otherwise agreed between the Company and the Investment Manager).

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

## **9. TREASURY POLICY**

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

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

## **10. DIVIDEND POLICY**

The Company intends to maintain a dividend policy which has due regard to sustainable levels of dividend distribution and reflects the Company's view on the outlook for sustainable recurring earnings. The Company will not create reserves that are not available for distribution to its shareholders other than those required by law. The Company intends to pay dividends when the Board considers it appropriate. However, under the Spanish SOCIMI Regime, the Company will be required to adopt resolutions for the distribution of dividends, after fulfilling any relevant Spanish Companies Act requirement, to shareholders annually within the six months following the closing of the fiscal year of: (i) at least 50% of the profits derived from the transfer of real estate properties and shares in Qualifying Subsidiaries and real estate collective investment funds; provided that the remaining profits must be reinvested in other real estate properties or participations within a maximum period of three years from the date of the transfer or, if not, 100% of the profits must be distributed as dividends once such period has elapsed; (ii) 100% of the profits derived from dividends paid by Qualifying Subsidiaries and real estate collective investment funds; and (iii) at least 80% of all other profits obtained (*i.e.*, profits derived from ancillary activities). If the relevant dividend distribution resolution is not adopted in a timely manner, the Company would lose its SOCIMI status in respect of the year to which the dividends relate.

Only those shareholders that are registered in the clearance and settlement system managed by Iberclear at 23:59 hours (Madrid time) of the day of approval of a dividend distribution will be entitled to benefit from such dividend distribution. Dividends will be received in respect of the Ordinary Shares owned at such time. Unless otherwise agreed by the Shareholders' Meeting or the Board, the By-Laws provide that the payment date will take place 30 days after the dividend distribution is approved.

The record date criteria referred to above intends to allow the Company to timely identify Substantial Shareholders before having to make a dividend distribution to them. According to the By-Laws, any shareholder must give notice to the Company's Board of Directors of any acquisition of Ordinary Shares which results in such shareholder reaching a stake in the Company equal or higher to 5% of its share capital. If a dividend payment is made to a Substantial Shareholder, the Company will be entitled to deduct an amount equivalent to the tax expenses incurred by the Company on such dividend payment from the amount to be paid to such Substantial Shareholder. See section 6 of Part XIV (Additional Information) for additional information.

## **11. STRUCTURE AS A SPANISH SOCIMI**

The Company has elected to be a Spanish SOCIMI and has notified such election to the Spanish tax authorities by means of the required filing. As a Spanish SOCIMI, the Company will have a tax efficient corporate structure with the consequences for shareholders described in Part XII (Spanish SOCIMI Regime and Taxation Information). Provided certain conditions and tests are satisfied, as a Spanish SOCIMI, the Company will not pay Spanish corporate taxes on the profits deriving from its activities. These conditions and tests are discussed in Part XII (Spanish SOCIMI Regime and Taxation Information).

## PART VIII: GRUPO LAR AND THE INVESTMENT MANAGER AGREEMENT

### 1. GRUPO LAR

#### 1.1 Overview

The Company will, pursuant to the Investment Manager Agreement, be managed by Grupo Lar, which is 83%-owned and effectively controlled by the Pereda Family, and operated by a team of property and finance professionals who between them have extensive experience in Spanish real estate and a strong track record of having successfully created value for shareholders and which includes the members of the Management Team. Through the Investment Manager, the Company will have access to the asset management operation of Grupo Lar which, together with Gentalia (in which Grupo Lar currently holds a 50% participation), includes almost 193 full time property, financial and support staff members (of which 129 are located in Spain).

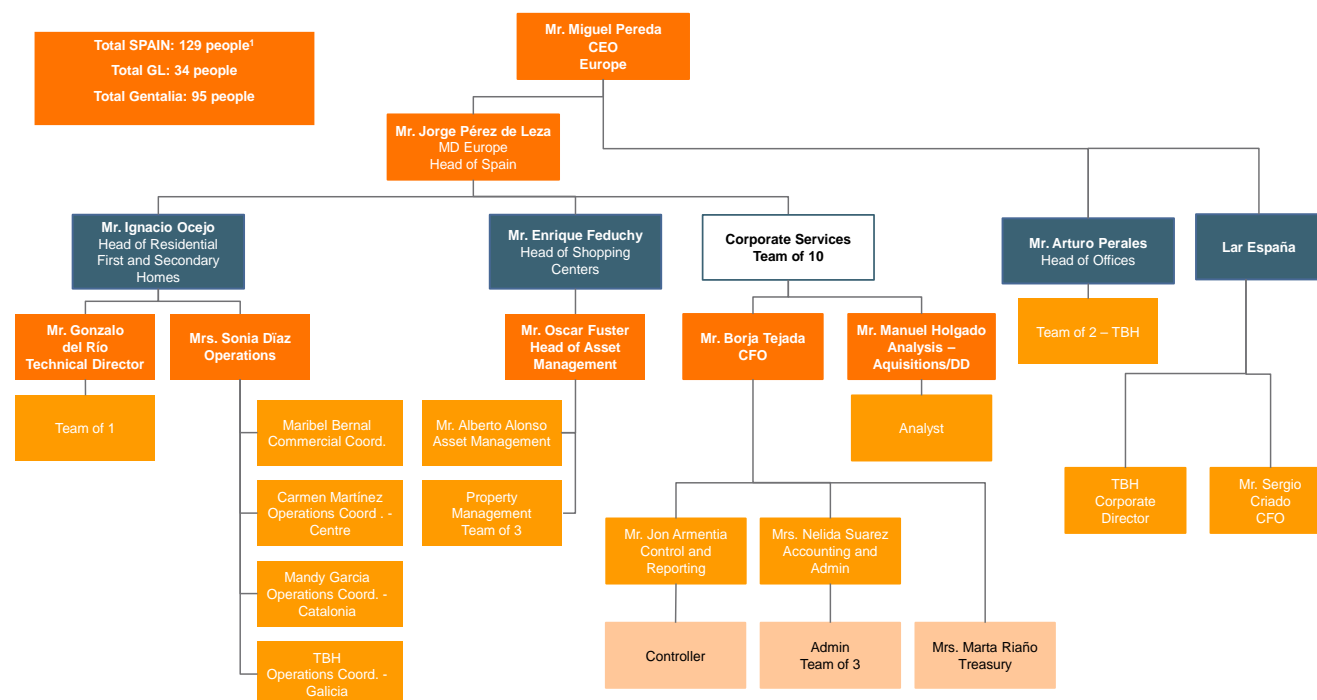
Grupo Lar was incorporated in Spain in 1985 under the Spanish Companies Act as a public limited company (a *sociedad anónima* or S.A.). Grupo Lar is domiciled in Spain and its registered office and principal place of business is at Rosario Pino 14-16, 28020 Madrid, Spain.

#### *Organizational structure of Grupo Lar*

Grupo Lar has a broad organisational structure which relies mostly on independent country structures. Mr. Miguel Pereda heads the European platform and Mr. Miguel Amo is the head of the Latin American platform. There are individual teams in each major Latin American country where Grupo Lar operates, which report to the relevant country heads. There is also a team in charge of handling Central and Eastern Europe investments. In addition, there is a centralised support team which provides human resources, accounting and IT services.

The Spanish platform is divided by sub-sectors, with a separate team for residential, shopping centres and offices.

The below chart shows the organizational structure of Grupo Lar in Spain.



Source: Grupo Lar

<sup>1</sup> As of 31 December 2013.

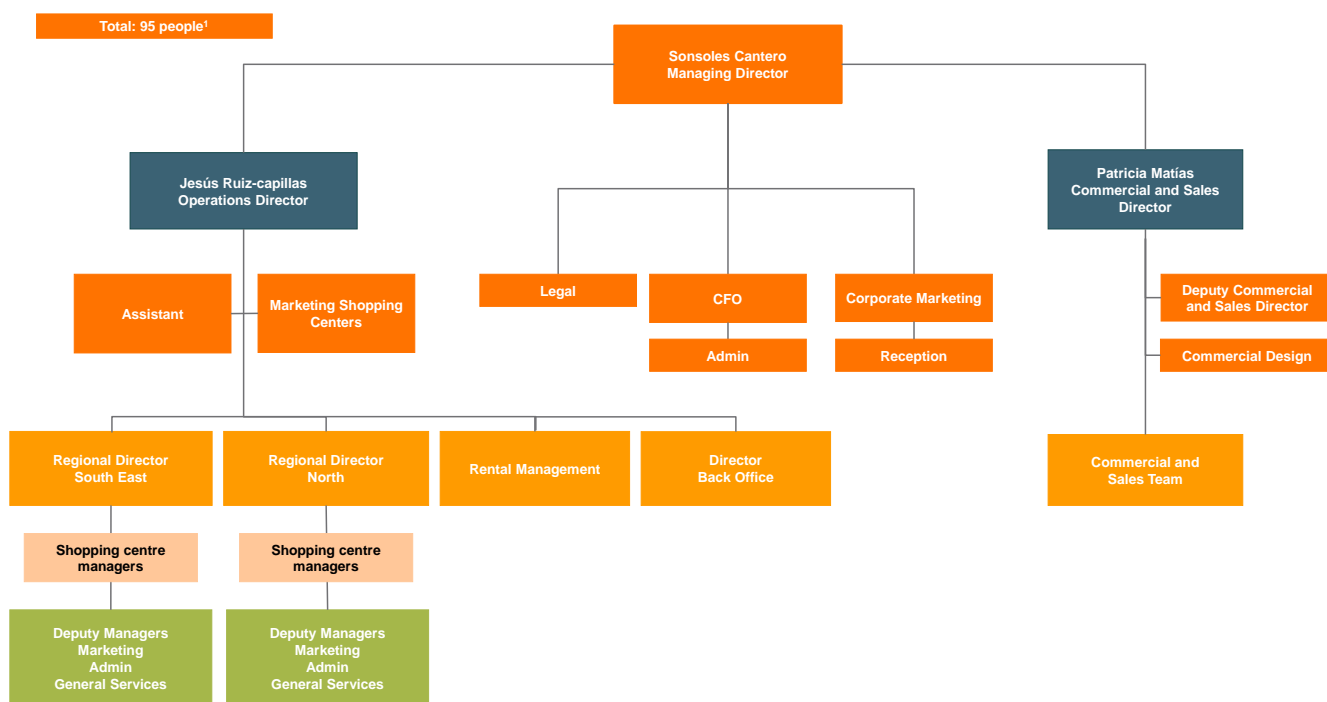
The Spanish platform, except for the Spanish offices team, is headed by Mr. Jorge Pérez de Leza. The platform is organised in the following sub-sectors: residential, shopping centres and offices. Each sub-sector has staff with skills relating to asset management and operations, as applicable. The Spanish offices sub-sector is in the process of being expanded.

In addition to the three sub-sectors referred to above, there is a specialised team which provides corporate services to the rest of the units, with skills in accounting, treasury, legal and other administrative services.

The Spanish platform also includes personnel who have been appointed for specific projects to ensure that all necessary skill sets are available within the company.

*Gentalia*

The below chart shows the organizational structure of Gentalia.



Source: Grupo Lar as of 31 December 2013.

Gentalia is the property management company currently 50%-owned by Grupo Lar. Its commercial and sales team is responsible for interacting with the tenants of properties under management and the drafting of key terms of property management agreements, among others. They are also responsible for Gentalia’s business development. The operations team deals with the execution of the property management services, which includes having a dedicated managers at shopping centres. In addition, the operations team is responsible for local promotion.

Gentalia is one of the largest shopping centre management companies in Spain, with 46 shopping centres under management. The Company believes that its high degree of interaction with tenants of properties under management and its valuable experience with tenant relationships provides it with a competitive advantage.

**1.2 The Management Team**

The Management Team will lead the Company through the Investment Manager and is led by Mr. Luis Pereda and Mr. Miguel Pereda and comprised of six members.

Brief biographical details of the members of the Management Team are as follows:

*Mr. Luis Pereda*

Mr. Luis Pereda is the Executive Chairman of Grupo Lar and has served as a Co-CEO of Grupo Lar since 1994. Prior to joining Grupo Lar, Mr. Luis Pereda was Deputy General Director of Banque Nationale de Paris in Paris from 1981 to 1983. Mr. Luis Pereda holds a Law BD degree and Economic Sciences BA degree (Major in Econometrics) from the Complutense University in Madrid, and an MBA from IESE, the graduate business school of the University of Navarra. He continued his studies at the Massachusetts Institute of Technology in Boston, and completed the Advanced Management Program at Harvard Business School. He is also a Professor of Management at the Instituto de Empresa in Madrid, Advisor to the Board of Grupo Barceló and Member of the Advisory Board of GED Fund Management.

*Mr. Miguel Pereda*

Mr. Pereda has a long executive career, of over 25 years, in the real estate sector. Mr. Pereda was appointed Co-CEO of Grupo Lar in 2007. He was previously the CEO of Grupo Lar Grosvenor for six years. Mr. Pereda has a Business degree from Complutense University, an MBA from IE (Madrid) and a Master for Senior Executives from IMD.

*Mr. Jorge Pérez de Leza*

Mr. Jorge Pérez de Leza has been Managing Director of Europe of Grupo Lar since 2005. Previously, he worked as a consultant for more than five years at Boston Consulting Group. Mr. Jorge Pérez de Leza has over nine years of experience in the sector. Mr. Jorge Pérez de Leza has an Engineering degree from ICAI and an MBA from Harvard University.

*Mr. Enrique Feduchy*

Mr. Enrique Feduchy is the Shopping centres Asset Management Director at Grupo Lar since 1998, and since 2008 he is also the Director of Shopping Centre Development. Prior to joining Grupo Lar, he was Investment Director of Continental Grain Company N.Y. in Spain, a company dedicated to the trade of cereals and seeds. He has also been Director of Marcultura S.A., Director of Cile S.A., a company focused on the import and export of food products, and Investment Director of the retail business of Transáfrica, S.A. Mr. Enrique Feduchy has an Engineering degree from ETSIA (*Escuela Superior de Ingenieros Agrónomos de Madrid*). He has more than 20 years of experience in commercial real estate, focusing on retail assets.

*Mr. Ignacio Ocejo*

Mr. Ignacio Ocejo joined Grupo Lar in 2002 as Regional Director for Andalusia, and in 2005 he became the Managing Director for the Residential, Industrial and Office businesses in Spain and Portugal. He has been actively involved in the purchase, development, management and sale functions for a wide range of projects across Spain and Portugal over these years. Prior to joining Grupo Lar, Mr. Ignacio Ocejo was Managing Director of Minex, a mining company until 1992, and head of Land Acquisitions for Interamericana Electrónica until 1994. He then joined Metrovacesa, a leading Spanish real estate company, where he held different positions over a nine-year period. Mr. Ignacio Ocejo has an Economics degree from Universidad Complutense and he has more than 22 years of experience in real estate, focusing on residential, industrial and office assets.

*Mr. Arturo Perales*

Mr. Perales started his career in real estate following six years in an advertising company, where he held positions in the Treasury and Accounting department. He then joined Knight Frank in 1995, where he spent six years in the office department, being responsible for the leasing of over 60.000 sqm of GLA during that period. Later he joined Atis Realas as the head of the Office Agency, managing a team of eight, dealing with tenants and owners and preparing market information reports. He then became the Director of Office Development at Lar Grosvenor, where he identified, purchased and developed opportunities in Madrid and Barcelona until 2007. Since then, and until his recent return to Grupo Lar, Mr. Perales has held positions as Director of Asset Management at two prominent Family Offices in Spain, focusing on real estate assets held by such family offices.

Mr. Perales studied Business Administration at Universidad Complutense, and he has more than 19 years of experience in Real Estate, focusing primarily on offices.

### **1.3 Track Record**

The track record of the Management Team is concentrated principally within Grupo Lar.

*Grupo Lar*

Grupo Lar was originally formed in 1985 in Madrid and is currently one of the biggest property companies in Spain with 29 years of experience in the sector and with a presence in eight countries: Spain, Mexico, Brazil, Germany, Poland, Romania, Colombia and Peru. It has a diversified real estate business, which includes asset management, investment, development and property management in commercial and residential real estate.

As of 31 December 2013, Grupo Lar's consolidated portfolio comprised approximately €1.6 billion of assets under management (taking into account, in connection with residential property, a portfolio valuation as finished product (except for plots with a disposal strategy) as of 31 December 2013 and, in connection with shopping centres, the last available valuations provided by third parties and the "all in cost" method for centres under development). Approximately 18% of these assets were located in Spain. The Grupo Lar team (including Gentalia) comprises 193 full time property, financial and support staff of which 129 are located in Spain. In addition, Grupo Lar currently has a 50%

participation in Gentalia, one of the leading companies in Spain in shopping centre property management. Gentalia provides consultancy, asset management, leasing and day-to-day management services to shopping centres. It currently manages 46 shopping centres in Spain, with a gross leasable area of over 1,310,000 sqm, and has a staff of 95 persons.

Grupo Lar is 83%-owned and effectively controlled by the Pereda Family. Two of the six members of the Management Team (Mr. Luis Pereda and Mr. Miguel Pereda) are members of the Pereda Family and, therefore, shareholders of the Investment Manager. In addition, Mr. Luis Pereda and Mr. Miguel Pereda are, respectively, the Executive Chairman and Co-CEO of Grupo Lar. Mr. Miguel Pereda is also a member of the Company's Board. The remaining approximately 17% is indirectly owned by the Morgan Stanley Real Estate Special Situations Fund III, L.P., which is sub-advised by Proprium Capital Partners, LLC, a Delaware limited liability company.

For illustrative purposes, outlined below are certain of the projects in which Grupo Lar has been involved. Prospective investors should not consider such information to be indicative of the possible future performance of the Company or any investment opportunity to which this Prospectus relates. Past performance of Grupo Lar and members of the Management Team is not a reliable indicator of, and cannot be relied upon as a guide to, the future performance of the Company or the Investment Manager. See "Important Note Regarding Performance Date" in Part VI (*Important Information*) of this Prospectus.

#### Project Parque Principado (Retail)

Parque Principado is a prime regional out-of-town shopping centre with a gross leasable area of 75,542 sqm located in Pola de Siero in Asturias (Spain). For the purposes of acquiring and managing the asset, Grupo Lar entered into a joint venture with Whitehall funds managed by Goldman Sachs. In 1998, both investors signed a call option with Eroski in order to ultimately acquire these assets.

One of the key features of this transaction is that Grupo Lar entered into a forward purchase agreement with the developer (at a pre-agreed yield), therefore minimising any potential development and construction risk. After exercising the purchase option, Grupo Lar achieved the stabilization of the asset over the course of the following three years with extensive tenant management. Once the asset was fully stabilised, it was sold to an institutional investor in 2008 for approximately €160 million which provided Grupo Lar with a profit of €13 million.

#### Sarriá Forum Building (Office)

Sarriá-Forum is an office property consisting of two separate buildings, 13 and 7 stories high respectively, located in the Diagonal-Sarriá business district in Barcelona (Spain). These assets have a gross leasable area of 13,000 sqm. Grupo Lar structured this deal through a forward purchase agreement.

At that time, given the saturation of the property market in the area, it was thought that this could have been one of the last office developments in the district. In order to proceed with the acquisition of the asset, Grupo Lar agreed with the owner of the land and the developer on a forward purchase which led to the initiation of the construction works. On the back of this agreement, Grupo Lar decided to undertake the full leasing risk of the asset backed by a superior location; ultimately achieving a successfully lease-up of the building. After achieving this (even before the construction was completed), Grupo Lar assigned the contract to a German investor, with an increase in the value for such contract of €16 million, due to the advance in development and successful leasing that had taken place since Grupo Lar signed the initial forward purchase agreement.

#### Serrano 55 (Office)

Serrano 55 is an office building, with 5,382 rentable sqm, located in a prime location in Madrid (Spain). Lar Grosvenor, a 50/50 joint venture between Grupo Lar and Grosvenor, acquired the asset in 1999 at a time when the demand for offices was starting to pick up at a discounted price. One key aspect of the transaction is that these offices were actively developed and designed to fully adapt to the tenant's (Morgan Stanley) requirements. On the back of the active development of this asset, Grupo Lar and Grosvenor were awarded the first prize by the City of Madrid for the year's best office development. Once the asset was developed and fully let on a long-term basis, the asset was sold at a higher price (€39 million) to a real estate specialized fund in 2003.

#### Carabanchel (Residential)

Carabanchel is a residential development area in the southwestern suburbs of Madrid. The project in Carabanchel included 577 residential units totalling 66,956 rentable sqm. Grupo Lar entered into a 50/50 joint venture with a partner in 1999 in order to develop this area. The development of the residential area was executed in conjunction with the City of Madrid. As part of this project, Grupo Lar undertook full development of the site from initial design to the construction and subsequent sale of the residential units.

Grupo Lar sold the last developed unit in 2006, and in conjunction with the urbanization of the whole residential development in Carabanchel's PAU, Grupo Lar received as part of the payment the land plot on which it later developed a successful shopping centre, Islazul, which it still holds together with a partner.

### Project Castellana 280 (Office/Structuring)

Castellana 280 is an office complex consisting of 17,512 rentable sqm and 131 parking slots located in the Northern area of Madrid, in one of the most ambitious urban developments in Europe (Chamartín project). In 1998, Grupo Lar entered into a 30/70 partnership with Whitehall Funds managed by Goldman Sachs in order to acquire the office complex located on Castellana 280 for a total amount of €37 million (€2,100/sqm). The asset was acquired at a discounted pricing at a time when demand for offices was starting to pick up.

After acquiring the asset, Grupo Lar did an active lease management to increase rents significantly over the course of the next few years, owing to the strengthening of the market and the well-positioned location of the asset. In addition to active asset management, a proactive financing strategy allowed for the return of the entire initial equity and for the enhancement of the return profile by re-leveraging the asset in 2001.

Grupo Lar exited the project in 2004 by selling the asset to Metrovacesa, generating a profit of €8 million.

Grupo Lar has also been involved in projects that have generated lower rates of return than those described above or losses.

## **2. INVESTMENT MANAGER AGREEMENT**

Pursuant to the Investment Manager Agreement, which has been executed between the Investment Manager and the Company, the Investment Manager will identify possible property acquisitions for, and opportunities with a view to investment by, the Company by reference to the Company's investment policy and strategy and will be entitled to consult with professional advisors to assist it.

The Investment Manager has full discretionary authority to enter into transactions for and on behalf of the Company, subject to certain reserved matters which require the consent of the Board of Directors of the Company. Such matters include, among others, the acquisition or disposal of property investment where the aggregate acquisition cost/gross proceeds attributed to the Company in respect of such property investment is/are in excess of €30 million (in the case of income producing property) and entry into, or termination of, leases where the rent referable to the relevant lease is greater than 10% of the aggregate rental income of the Company. See section 11.1 of Part XIV (Additional Information) for additional information on the reserved matters which require the consent of the Board of Directors of the Company.

The Investment Manager Agreement has an initial term of five years and thereafter will continue for consecutive three-year periods, unless terminated by either party in accordance with the terms further described in section 11.1 of Part XIV (Additional Information). The Investment Manager Agreement is governed by Spanish law.

The Investment Manager has undertaken to subscribe, at the Issue Price, an aggregate of 970,000 Issue Shares, conditional on the Placing Agreement not having been terminated in accordance with its terms. The Investment Manager believes its significant cash investment in the Company contributes to the alignment of its interests with those of the Company's other shareholders.

For additional information on the Investment Manager Agreement see section 11.1 of Part XIV (Additional Information).

### *Management fee and incentives*

The Directors have sought to structure appropriate fees and incentive payments payable to the Investment Manager that provide a balance between incentivisation and alignment with shareholder interests. According to the Investment Manager Agreement, the Investment Manager will be entitled to receive a Base Fee and a Performance Fee during the term of the Investment Manager Agreement (with respect to the latter, to the extent it becomes payable in accordance with the terms of the Investment Manager Agreement). The Investment Manager will also be entitled to additional fees to be agreed with the Company in respect of the provision of any additional agreed services. To the extent such services are provided in respect of assets jointly owned by the Company and others, the Company shall only be responsible for the payment of its pro rata share of the resulting fees. Fees that fall due and payable to the Investment Manager are not subject to reduction or clawback due to any subsequent decrease that may occur in the EPRA NAV of the Company.

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



### Base Fee and expenses

The Base Fee will be paid to the Investment Manager monthly in arrears in cash. The Base Fee in respect of each month will be calculated by reference to 1.25% per annum of the EPRA NAV (excluding net cash (cash minus debt)) as of the prior December 31. The Base Fee will amount to a minimum of €2 million per annum, excluding VAT and costs, until the first date on which 50% or more of the Issue's proceeds (net of costs and expenses incurred by the Company in respect of the Issue) has been invested by the Company in properties. The EPRA NAV as of 31 December 2013 shall be deemed to be the Net Proceeds of the Issue.

The Base Fee (together with any applicable VAT and other costs) is payable by the Company to the Investment Manager in arrears within ten Madrid business days following receipt by the Company from the Investment Manager of the relevant supporting valuation documentation.

Other than as otherwise agreed in writing from time to time, and notwithstanding any other provision of the Investment Manager Agreement, the Base Fee shall be deemed to include (and therefore such fees, costs and expenses will not be paid separately by the Company) the (i) out of pocket day-to-day expenses of the Investment Manager, (ii) the fees and expenses of certain third parties appointed by the Investment Manager to carry out any of the Investment Manager's Services, and (iii) any fees, costs or expenses incurred by the Investment Manager when it or an Investment Manager Affiliate is itself performing the Services.

If, in connection with any co-investment undertaken by the Company under the terms of the Investment Manager Agreement, the Investment Manager receives any base fee or property management fees (for asset or portfolio management services) which are separate from the fees due under the Investment Manager Agreement, the Investment Manager undertakes to grant the Company with a credit right equal to the Company's *pro rata* share (based on the Company's stake in the relevant co-investment) of the amount of any such fees received by the Investment Manager in connection with any such co-investment and, accordingly, the Company shall be entitled to set off against the Base Fee payable in accordance with the Investment Management Agreement an amount equal to such credit right.

The Base Fee shall not be deemed to include (and therefore such expenses will be paid separately by the Company) any costs to be borne by the Company such as the Company Costs (as defined herein) reasonably and properly incurred.

All development related expenses incurred including capital expenditures and any costs associated with them need to be billed at cost.

Any and all expenses related to the Company's officers and employees hired upon the proposal of the Investment Manager will be deducted from the Base Fee.

### Performance Fee

The Performance Fee has been designed to incentivise and reward the Investment Manager for generating returns to the shareholders of the Company. The return to shareholders for a given year is equivalent to the sum of (a) the change in the EPRA NAV of the Company during such year less the net proceeds of any issues of Ordinary Shares during such year; and (b) the total dividends (or any other form of remuneration or distribution to the shareholders) that are paid in such year (the result of the addition of (a) and (b), the "Shareholder Return"). The "Shareholder Return Rate" is the Shareholder Return for a given year divided by the EPRA NAV of the Company as of 31 December of the immediately preceding year. The EPRA NAV as of 31 December 2013 shall be deemed to be the Net Proceeds of the Issue (the "Initial EPRA NAV").

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

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

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

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

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

Set out below are four examples.<sup>3</sup> Examples (b), (c) and (d) assume that the hurdles to pay the Performance Fee are met and that the Performance Fees in respect of the relevant years are based on Shareholder Return Outperformance and so the Promote Equalization could apply (the Promote Equalization does not apply to years in respect of which the Performance Fee is based on High Water Mark Outperformance).

- (a) If the Shareholder Return Rate for a given year were 10%, the Shareholder Return Outperformance Rate would be 0% and the Investment Manager would receive no Promote or Promote Equalization in respect of that year.
- (b) If the Shareholder Return Rate for a given year were 12%, the Shareholder Return Outperformance Rate would be 2% and the Investment Manager would receive a Promote equal to 20% of the portion of the Shareholder Return Outperformance representing a Shareholder Return Outperformance Rate of 2% (being the excess of 12% above 10%). In this case no Promote Equalization would apply. In total, the Investment Manager would receive  $(20\% \times 2\%) = 0.4\%$  of the EPRA NAV as of 31 December of the previous year.
- (c) If the Shareholder Return Rate for a given year were 15%, the Shareholder Return Outperformance Rate would be 5% and the Investment Manager would receive (i) a Promote equal to 20% of the portion of the Shareholder Return Outperformance representing a Shareholder Return Outperformance Rate of 5% (being the excess of 15% above 10%), plus (ii) a Promote Equalization equal to 20% of the Shareholder Return Outperformance representing a Shareholder Return Outperformance Rate of 3% (being the excess of 15% above 12%). In total, the Investment Manager would receive  $(20\% \times 5\%) + (20\% \times 3\%) = 1\% + 0.6\% = 1.6\%$  of the EPRA NAV as of 31 December of the previous year.
- (d) If the Shareholder Return Rate for a given year were 25%, the Shareholder Outperformance Rate would be 15% and the Investment Manager would receive (i) a Promote equal to 20% of the portion of Shareholder Return Outperformance representing a Shareholder Return Outperformance Rate of 15% (being the excess of 25% above 10%), plus (ii) a Promote Equalization equal to 20% of the Shareholder Return Outperformance representing a Shareholder Return Outperformance Rate of 10% (being the excess of 22% above 12%). In this example, the maximum Promote Equalization is reached at a Shareholder Return Outperformance Rate of 22% and the Promote Equalization ceases to apply to the portion of Shareholder Return Outperformance representing a Shareholder Return Outperformance Rate above 22% (above that level only the Promote will continue to apply). The Promote Equalization component is calculated on a yearly basis and does not allow for equalization of previous years’ returns. In total, the Investment Manager would receive  $(20\% \times 15\%) + (20\% \times 10\%) = 3\% + 2\% = 5\%$  of the EPRA NAV as of 31 December of the previous year.

The below example<sup>3</sup> intends to clarify the adjustment mechanisms relating to payments of dividends and issuances of new Ordinary Shares during a given year in the calculation of the Performance Fee, as well as to provide further clarity as to when the requirements for the payment of a Performance Fee would be met.

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<sup>3</sup> These are examples only and not Shareholder Return forecasts. There can be no assurance that the Shareholder Returns referred to in the examples can or will be met and they should not be seen as an indication of the Company’s expected or actual results or returns. Accordingly investors should not place any reliance on these examples in deciding whether to invest in the Ordinary Shares. In addition, prior to making any investment decision, prospective investors should carefully consider the risk factors described in Part II (Risk Factors) of the Prospectus.

Item nº	Concept	Y1	Y2
1	EPRA NAV, BoP	100.0	112.0
2	EPRA NAV Growth	12.0	15.7
3	Dividend Paid	0.0	5.6
4	Capital Increase Proceeds	0.0	40.0
5	EPRA NAV, EoP	112.0	167.7
6	EPRA NAV EoP, Adjusted	112	133.3
7	High Water Mark	112.0	133.3
8	YoY Return	12.0%	19.0%
9	Return over HWM	12.0%	19.0%
10	Promote Payable:	Yes	Yes
11	Promote Equalization Payable:	No	Yes
12	Promote, Value	0.4	2.0
13	Promote Equalization, Value	0.0	1.6

Item nº	Concept	Explanation
1	EPRA NAV, BoP	BoP= Beginning of Period. Starting EPRA NAV assumed to be 100 for the sake of clarity. The subsequent year takes into consideration the previous year's return
2	EPRA NAV Growth	Assumption, example of yearly returns
3	Dividend Paid	Assumption, example of yearly dividends. Assumptions is that on first year no dividend would be paid out
4	Cap. Increase Proceeds	Example, assumes 40 of net proceeds. This is intended to showcase how a capital increase would be treated in terms of the Shareholder Return calculation
5	EPRA NAV, EoP	EoP = End of Period. In this case, it is 1 + 2 + 4
6	EPRA NAV EoP, Adjusted	5 + 3 - 4 (takes EPRA NAV, BoP, adds back the dividend paid in the period, and deducts net proceeds from any capital increase)
7	High Water Mark	The HWM is the maximum of: a) Initial EPRA NAV (for this example, 100), or b) the figure on row 6 for the most recent year where a performance fee was payable. The figures shown on row 7 represent the HWM that will be applicable for subsequent years (until a new HWM is established), and not the HWM against which the same year will be measured (e.g., the HWM of Y1 of 112.0 will apply to Y2 etc.)
8	YoY Return	For the first year, it is an assumption; for the rest of the years, it will use the data on row 6 (EPRA NAV EoP, Adjusted); $(EPRA\ NAV\ Adjusted\ Y(n) / EPRA\ NAV\ Adjusted\ Y(n-1)) - 1$
9	Return over HWM	Measures the figure on row 6, compared with the applicable HWM
10	Promote Payable:	If figure on row 8 is above hurdle (10%), and figure on row 9 is positive, Promote will be payable; otherwise it will not be payable
11	Promote Equalization Payable:	If Promote is payable, and figure on row 8 is above second hurdle (12%), Promote Equalization will be payable; otherwise it will not be payable
12	Promote, Value	If payable, it will be the lesser of $(20\% * (\text{amount on row 8 less first hurdle of } 10\%))$ , or $(20\% * \text{amount on row 9})$ , and then multiplied by the amount on row 1 for such year
13	Promote Equalization, Value	If payable, it will be $(20\% * (\text{amount on row 8 less the second hurdle of } 12\%))$ and then multiplied by the amount on row 1 for such year

The Performance Fee will be calculated annually as of 31 December of each fiscal year, expressed in euros. There is no maximum Performance Fee under the Investment Manager Agreement.

After delivery of a proposal from the Investment Manager setting out the Investment Manager's statement of the Performance Fee, the Company may agree with it, in which case the Investment Manager will issue an invoice within 10 Madrid business days and the Performance Fee shall become due and payable 20 Madrid business days after the date of the invoice. Alternatively, the Company may dispute the proposed amount by giving notice in writing to the Investment Manager within 10 Madrid business days of receiving it. If the Company disputes such proposal, the parties shall negotiate in good faith to resolve the dispute, provided that if the parties do not reach agreement on the items in dispute within five Madrid business days of the Company having disputed it (or such longer period as they may agree in writing), the Performance Fee payable shall be determined by an independent expert by reference to the audited accounts of the Company and the valuation made by a RICS accredited appraiser in respect of the relevant year, following the approval by the Board of Directors of such accounts and the delivery by the auditors of an unqualified audit opinion in respect of such accounts.

The Investment Manager will invoice the aforesaid amount, as amended, if applicable, to reflect the agreement between the parties or the determination of the independent expert (as the case may be), and such invoice shall constitute a statement of the Performance Fee payable to the Investment Manager in respect of the relevant year and it shall become due and payable by the Company to the Investment Manager on the fifth Madrid business day following such agreement or determination.

If following the approval by the Board of Directors of the accounts of the Company and receipt of an unqualified audit opinion in respect of such accounts, the Company or the Investment Manager is reasonably of the opinion that the Base Fee and/or the Performance Fee (if any) already payable to the Investment Manager in respect of the relevant year are greater than, or less than, the amount that should have been paid having regard to the audited accounts of the Company, the parties shall negotiate in good faith to resolve the dispute, provided that if the parties do not reach agreement, any adjustment shall be determined by an independent expert by reference to the audited accounts of the Company and the valuation made by a RICS accredited appraiser in respect of the relevant year. Following the agreement or determination of any adjustment, the Investment Manager shall: (i) where the adjustment relates to an overpayment of fees, pay or otherwise refund that sum to the Company within 20 Madrid business days (in Ordinary Shares if applicable); or (ii) where the adjustment relates to an underpayment of fees, deliver to the Company an invoice setting out the adjustment amount payable by the Company to the Investment Manager and such amount shall be deemed and be treated as a Performance Fee which fell due as of the date it should have been paid at originally (and the Average Closing Price in these circumstances for calculating the number of Performance Fee Shares to be allotted and issued shall be determined by reference to the date of the original invoice in respect of that Performance Fee; for these purposes, "Average Closing Price" is the average closing price on the Spanish Stock Exchanges in respect of Ordinary Shares of the Company over the period of twenty Madrid business days immediately prior to the business day immediately preceding the date of a relevant invoice from the Investment Manager setting out its statement of the Performance Fee that is payable in respect of a relevant period).

VAT due to the Investment Manager under the Performance Fee will be paid in cash.

The Investment Manager shall use the Performance Fee due to it (after deduction of corporate income tax and any other taxes applicable thereto) to subscribe for Performance Fee Shares (or, at the Company's choice, to acquire them from the Company), subject to certain limited exceptions described further below. Any such payment will not be considered net proceeds of any issues of Ordinary Shares for purposes of calculating Shareholder Return. The Company's liability to pay the Performance Fee in respect of any year shall be satisfied by the release by the Investment Manager of the sum due to it as that Performance Fee in consideration for the allotment and issue by the Company to the Investment Manager of such number of Performance Fee Shares, rounded down to the nearest whole number, as is determined by dividing the relevant Performance Fee by the Average Closing Price for the applicable period relating to that issue of Performance Fee Shares (such Average Closing Price being determined by reference to the period of twenty Madrid business days immediately prior to the business day immediately preceding the date of the invoice from the Investment Manager in respect of such Performance Fee). The Company may opt to recognize the accrued Performance Fee as a credit to be capitalised and therefore satisfied in Performance Fee Shares issued as a result of such capitalisation.

The Performance Fee Shares to be issued or sold to the Investment Manager shall be issued or sold on the date on which the Performance Fee becomes due and payable and shall be subject to a lock-up period of three years, during which time there shall be no disposal of the Performance Fee Shares by the Investment Manager, except that such lock-up shall not apply: (i) to a disposal of Performance Fee Shares effected to fund the payment or discharge by the Investment Manager of any liability to tax arising in connection with its receipt or acquisition of Performance Fee Shares and/or other Performance Fee Shares issued to the Investment Manager as part of the discharge of the Performance Fee; (ii) to a disposal of Performance Fee Shares in connection with a takeover or sale of the Company that is recommended by the Board of Directors or if the Investment Manager is required by law to dispose of such Performance Fee Shares; or (iii) following the termination of the Investment Manager Agreement by the Company (save in the case when the Company has elected to terminate by reason of a material breach by the Investment Manager of a term of the Investment Manager Agreement), or due to a Company's material breach or insolvency event or due to other termination events which are not under the Investment Manager's sole control.

Any distributions or dividends attributable to Performance Fee Shares held by the Investment Manager declared and paid during the lock-up period shall be paid to and for the benefit of the Investment Manager.

If the Company determines (acting reasonably and having due regard to any reasonable representations made by the Investment Manager) that issuing any or all of the Performance Fee Shares to the Investment Manager on any relevant date is materially prejudicial for the Company for any reason (including as a result of any applicable law which prevents the issue of Ordinary Shares on that date or if the issue of Ordinary Shares to the Investment Manager would result in (i) the Investment Manager being required to make a mandatory offer to the Company's shareholders pursuant to the applicable Spanish takeover rules or other applicable law, or (ii) the Company or the Investment Manager breaching the applicable Spanish takeover rules, or (iii) the Investment Manager becoming beneficially entitled to or controlling, directly or indirectly, at least 10% of the share capital or voting rights in the Company (despite the Investment Manager having used reasonable endeavours to dispose of sufficient Performance Fee Shares, where permitted by law, to avoid this occurring), or (iv) the Company breaching any applicable listing rules), then the Company shall instead pay the Performance Fee to the Investment Manager in cash. Such cash will not be subject to any lock-up arrangement and will not be subject to any re-investment obligation in the Company's shares.

If any change in the Company's share capital arising from reorganisation, restructuring, scheme of reconstruction or arrangement, consolidation, subdivision, bonus issue, share buy-back or other capital reorganization or restructuring (a "Capital Restructuring") occurs during any year which the Company or the Investment Manager believes (acting reasonably) will change the calculation or the amount of the Performance Fee (if any) payable in respect of that or any subsequent year having regard to the terms of the Investment Manager Agreement and (to the extent it is applicable) the basis of calculation of the Performance Fee, the Company and the Investment Manager shall negotiate in good faith to agree an appropriate adjustment to the calculation of the Performance Fee payable in respect of that or any subsequent year. If a dispute or difference arises between the Company and the Investment Manager in relation to the effect (if any) of a Capital Restructuring on any calculation of the Performance Fee and/or in relation to what adjustment (if any) is appropriate, which they cannot resolve by mutual agreement within two months of the matter first being notified by one party to the other in writing, the matter shall be referred to an independent expert for determination.

### 3. POTENTIAL INVESTMENT MANAGER AND MANAGEMENT TEAM CONFLICTS OF INTEREST

The Investment Manager is 83%-owned and effectively controlled by the Pereda Family. Two of the six members of the Management Team (Mr. Luis Pereda and Mr. Miguel Pereda) are members of the Pereda Family and, therefore, shareholders of the Investment Manager. In addition, Mr. Luis Pereda and Mr. Miguel Pereda are, respectively, the Executive Chairman and Co-CEO of Grupo Lar. Mr. Miguel Pereda is also a member of the Company's Board.

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

Set forth below is a detailed description of the Investment Manager and Management Team's undertakings under the Investment Manager Agreement. See section 11.1 of Part XIV (Additional Information) for further information on the Investment Manager Agreement.

#### *Exclusivity in Commercial Property*

The Investment Manager has agreed that, during the term of the Investment Manager Agreement, it will not, and it will require that none of the Investment Manager Affiliates will (i) acquire or invest (on its own behalf or on behalf of third parties or through joint venture agreements) in Commercial Property in Spain which is within the parameters of the Investment Strategy of the Company (except for the following investments (each an "Exception") which are expressly permitted (a) one or more investments carried out by shareholders of the Investment Manager on their own behalf, provided that such investment or investments do not exceed €2 million in the aggregate throughout the life of the Investment Manager Agreement (or such a higher amount, if any, approved by the Company's Board of Directors in exceptional circumstances), and that they are notified to the Board of Directors of the Company following their undertaking, and (b) investments by the Investment Manager or any Investment Manager Affiliate in Commercial Property for its own occupation if expressly waived by the Board of Directors) or (ii) act as investment manager, investment adviser or agent, or provide administration, investment management or other services, for any person, entity, body corporate or client other than the Company, for Commercial Property in Spain which is within the parameters of the Investment Strategy of the Company.

However, this exclusivity shall not apply:

- (i) to any dealings by the Investment Manager or any Investment Manager Affiliate in respect of any property or property-related asset owned or managed, totally or partially, by it as of the date of the Investment Manager Agreement (*i.e.*, 12 February 2014). Therefore, the Investment Manager and Investment Manager Affiliates may continue or agree to act as investment manager or investment adviser for other persons or provide administration, investment management or other services for other clients without making the same available to the Company, in each such case provided that (a) it is done pursuant to an existing agreement which in each case is in place with the Investment Manager or such Investment Manager Affiliate at the date of the Investment Manager Agreement, or (b) such work relates to real estate properties which are subject to such an existing agreement.

In addition, the Investment Manager will be free to close during 2014 up to two portfolio transactions currently under negotiation involving retail assets, each amounting to between €80 and €170 million;

- (ii) to any acquisition or investment (directly or indirectly) by the Investment Manager or an Investment Manager Affiliate of or in assets or properties which are adjacent to assets or properties currently held by the Investment Manager or an Investment Manager Affiliate or which are acquired, pursuant to an Exception, by the Investment Manager or an Investment Manager Affiliate following the date of the Investment Manager Agreement in accordance with its terms (such as extensions to assets already within those entities' existing portfolios or properties adjacent to existing or permitted new properties held by the Investment Manager or an Investment Manager Affiliate);
- (iii) following the passage of a resolution of the Company's general shareholders' meeting to discontinue the investment strategy of the Company, cease the business and operations of the Company, or sell, liquidate or otherwise dispose of all or substantially all of the assets of the Company;
- (iv) following the service by the Investment Manager of notice of termination of the Investment Manager Agreement due to a winding up event, an insolvency or court protection event or other similar event affecting the Company or an unremedied breach by the Company of a material term thereof; or
- (v) to the activities of or investments made by Gentalia. This notwithstanding, Grupo Lar shall, to the extent legally permitted, exercise its voting rights within the corporate bodies of Gentalia to prevent Gentalia from entering into transactions which fall under the exclusivity commitment assumed by Grupo Lar as Investment Manager.

#### *Co-investment in Residential Property*

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

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

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

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

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

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

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

of the Investment Manager Agreement; (b) with respect to a particular member of the Management Team, the date on which the relevant member of the Management Team ceases to be a member of the Management Team; and (c) the date on which a resolution is passed to cease the business and operations of the Company.

#### *Conflicts of interest*

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

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

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

#### **4. OTHER DIRECTORSHIPS AND PARTNERSHIPS**

Save as set out below and except for directorships in companies of the Investment Manager group, members of the Management Team have not held any directorships of any company, or been a partner in a partnership, at any time in the five years prior to the date of this Prospectus.

<b>Management Team member</b>	<b>Current Directorships</b>	<b>Previous Directorships</b>
Mr. Luis Pereda	Barceló Hoteles (Independent Advisor)	Eurohypo AG (International Advisory Board)
Mr. Miguel Pereda	Villamagna, S.A. (Chairman) Entagui, S.L. (Administrator) Fomento del Entorno Natural, S.L. (Administrator)	Gentalia 2006, S.L.
Mr. Jorge Pérez de Leza	—	—
Mr. Enrique Feduchy	Gentalia 2006, S.L.	—
Mr. Ignacio Ocejo	—	Ocejo, S.A.
Mr. Arturo Perales	—	—

Within the period of five years preceding the date of this Prospectus, none of the members of the Management Team:

- has had any convictions in relation to fraudulent offences;
- has been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a director or senior manager; or
- has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

## PART IX: DIRECTORS AND CORPORATE GOVERNANCE

### 1. DIRECTORS AND OFFICERS

#### 1.1 Directors

The business of the Company is managed by the Directors, each of whose business address is Rosario Pino 14-16, 28020 Madrid, Spain.

The Directors and their positions are as follows:

Name	Position	Date appointed	Date of expiration
Mr. Jose Luis del Valle .....	Non-Executive Independent Chairman	5 February 2014	5 February 2017
Mr. Pedro Luis Uriarte.....	Non-Executive Independent Director	5 February 2014	5 February 2017
Mr. Alec Emmott.....	Non-Executive Independent Director	5 February 2014	5 February 2017
Mr. Roger M. Cooke.....	Non-Executive Independent Director	5 February 2014	5 February 2017
Mr. Miguel Pereda.....	Non-Executive Proprietary Director	5 February 2014	5 February 2017

There are no Executive Directors of the Company. The (non-Director) Secretary of the Board of Directors is Mr. Juan Gómez-Acebo.

Brief biographical details of the Directors, all of whom are non-executive, are as follows:

#### *Mr. Jose Luis del Valle*

Mr. del Valle has a very wide career in the banking and energy sector. From 1988 until 2002, Mr. del Valle held different positions in Banco Santander, one of the largest banks in Spain. In 1999 he was appointed Executive Vice President and Chief Financial Officer of the bank (1999-2002). He subsequently served as Advisor to the Chairman of Gamesa (2011-2012), Chief Strategy and Research Officer of Iberdrola, one of the leading energy companies in Spain (2008-2010), Chief Executive Officer (2007-2008) and Chief Strategy and Development Officer of Scottish Power (2002-2008). Mr. del Valle is currently Chairman of the Board of GES – Global Energy Services, a leading independent service provider of construction, operations and maintenance services to the global renewable energy industry and a member of the Accenture Global Energy Board. Mr. del Valle holds a Mining Engineering degree from Universidad Politécnica (Madrid, Spain), with no. 1 ranking of his class, and a Master of Science and Nuclear Engineering from the Massachusetts Institute of Technology (Boston, USA). He also holds an MBA with High Distinction from Harvard Business School (Boston, USA).

#### *Mr. Pedro Luis Uriarte*

Mr. Uriarte has a long professional career. From 1975 to 2001 he held different positions in BBVA, one of the largest banks in Spain. He was appointed CEO of BBVA in 1994. He served as Deputy Chairman of the board of Telefonica, one of the Spanish leading telecom companies. Mr. Uriarte was appointed Regional Minister of Economy and Finance of the Basque Government in 1980. In 2007 he founded and headed Innobasque, the Basque Innovation Agency. He is currently Executive Chairman of “Economía, Empresa, Estrategia”, a strategic consultancy firm, and sits on several different companies’ boards of directors or advisory boards. He is also Deputy Chairman of Bilbao Civil Council and member of the board of UNICEF Spain. Mr. Uriarte holds a Business and Law degree from Deusto University (Bilbao, Spain) and has been honoured with many relevant professional accolades such as the “Gran Cruz al Mérito Civil” (Spanish Government) in 2002 or “Manager of the Year” (Spanish Confederation of Managers & Executives – CEDE) in 2011.

#### *Mr. Alec Emmott*

Mr. Emmott has a wide career in the listed and unlisted real estate sector in Europe, and is based in Paris. He served as CEO of Société Foncière Lyonnaise (SFL) from 1997 to 2007 and subsequently as senior advisor to SFL until 2012. He is currently the Principal of Europroperty Consulting, and since 2011, is a Director of CeGeREAL S.A. (representing Europroperty Consulting). He is also member of the advisory committee of Weinberg Real Estate Partners (WREP I and II), Cityhold AP and MITSUI FUDOSAN. He has been a member of the Royal Institution of Chartered Surveyors (MRICS) since 1971. Mr. Emmott holds an MA from Trinity College (Cambridge UK).

#### *Mr. Roger M. Cooke*

Mr. Cooke is an experienced professional with more than 30 years of experience in the real estate sector. Mr. Cooke joined Cushman & Wakefield in 1980 in London where he had a role in drafting valuation standards (Red Book). Since 1995 until the end of 2013, he served as General Director of Cushman & Wakefield Spain, leading the company to attain



a leading position in the sector. Mr. Cooke holds an Urban Estate Surveying degree from Trent Polytechnic University (Nottingham, UK) and is currently President of the British Chamber of Commerce in Spain and a Fellow of the Royal Institution of Chartered Surveyors (FRICS).

*Mr. Miguel Pereda*

Mr. Pereda is an experienced Director, with a long executive career, of over 25 years, in the real estate sector. Mr. Pereda was appointed Co-CEO of Grupo Lar in 2007. He was previously the CEO of Grupo Lar Grosvenor for six years. Mr. Pereda has a Business degree from Complutense University, an MBA from IE (Madrid) and a Master for Senior Executives from IMD. Mr. Pereda is a member of the Pereda Family, which owns 83% of the Investment Manager.

Under the By-Laws, Directors are appointed for a term of three years, which may be renewed by shareholders. However, Directors holding office for a consecutive period of more than 12 years cannot qualify as independent Directors.

There are no family relationships between any of the Directors or other relationships, as set out in the Ministerial Order ECC/461/2013 of 20 March, which could be perceived to compromise the independence of Mr. Jose Luis del Valle, Mr. Pedro Luis Uriarte, Mr. Alec Emmott and Mr. Roger M. Cooke. Mr. Miguel Pereda is the Investment Manager's nominee pursuant to the Investment Manager Agreement. For further information on the Investment Manager Agreement see section 11.1 of Part XIV (Additional Information).

The (non-Director) Secretary of the Board of Directors is Mr. Juan Gómez-Acebo.

## **1.2 Officers**

Mr. Sergio Criado is the Chief Financial Officer of the Company. Mr. Sergio Criado was appointed Finance Director of Grupo Lar for Spain and Portugal in 2006 and has over eight years of experience in the sector. Mr. Sergio Criado studied Business at UAH (Madrid) and has an MBA from IEB.

The Company will also appoint a Corporate Manager. The appointment of the Corporate Manager will be announced through the publication of a significant information announcement (*Hecho Relevante*).

## **2. CONFLICTS OF INTEREST**

Subject to certain exceptions, the Spanish Companies Act and the By-Laws generally prohibit Directors from voting at Board meetings or meetings of committees of the Board on any resolution concerning a matter in which they have a direct or indirect interest which is material, or a duty which conflicts or may conflict with the interests of the Company. Directors may not be counted in the quorum in relation to resolutions on which they are not entitled to vote. See section 6 of Part XIV (Additional Information) for a summary of the By-Laws and details of the exceptions to the prohibition referred to above.

The Investment Manager is 83%-owned and effectively controlled by members of the Pereda Family, which includes two member of the Management Team, Mr. Luis Pereda and Mr. Miguel Pereda, who are also directors of the Investment Manager. In addition, Mr. Miguel Pereda is a member of the Company's Board of Directors.

The Company's Chairman (Mr. Jose Luis del Valle) and each of Mr. Pedro Luis Uriarte, Mr. Alec Emmott and Mr. Roger M. Cooke are independent in connection with both the Company and the Investment Manager.

## **3. INTERESTS OF THE DIRECTORS IN SHARE CAPITAL**

As at 12 February 2014 (being the latest practicable date prior to the registration of this Prospectus with the CNMV), the Investment Manager, Grupo Lar, held 30,000 Ordinary Shares representing 100% of the issued share capital of the Company. Grupo Lar is 83%-owned and effectively controlled by the Pereda Family. Two of the six members of the Management Team (Mr. Luis Pereda and Mr. Miguel Pereda) are members of the Pereda Family and, therefore, shareholders of the Investment Manager. In addition, Mr. Luis Pereda and Mr. Miguel Pereda are, respectively, the Executive Chairman and Co-CEO of Grupo Lar. Mr. Miguel Pereda is also a member of the Company's Board.

The Investment Manager has undertaken to subscribe, at the Issue Price, an aggregate of 970,000 Issue Shares, conditional on the Placing Agreement not having been terminated in accordance with its terms. Accordingly, effective and conditional on Admission, the Investment Manager will hold 1,000,000 Ordinary Shares representing 2.5% of the issued share capital of the Company on Admission (on the basis of a €400 million Issue).

#### **4. LOCK-UP ARRANGEMENTS**

The Company will agree under the Placing Agreement that, without the prior written consent of the Sole Bookrunner, which consent shall not be unreasonably withheld or delayed, it will not, during the period commencing on the date on which the Placing Agreement is signed and ending 270 days following Admission, directly or indirectly issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of any of its Ordinary Shares or any securities convertible into or exercisable or exchangeable for the Ordinary Shares of the Company, file any registration statement with respect to any of the foregoing, or enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of its Ordinary Shares; provided however, the foregoing restrictions shall not apply to the issue of Ordinary Shares pursuant to the Issue.

In addition, the Company and the Investment Manager (which is 83%-owned and effectively controlled by the Pereda Family) have agreed under the Investment Manager Agreement (with respect only to the Performance Fee Shares) and will agree under the Placing Agreement (with respect to any Ordinary Shares held by the Investment Manager) that, subject to the exceptions referred to below, the Investment Manager shall not dispose of any Ordinary Shares prior to the third anniversary of Admission or, with respect to any Performance Fee Shares, from the third anniversary of the date on which such Ordinary Shares were delivered to the Investment Manager. The lock-up shall not apply to: (i) a disposal of Ordinary Shares effected to fund the payment or discharge by the Investment Manager of any liability to tax arising in connection with its receipt or acquisition of Performance Fee Shares and/or other Performance Fee Shares issued to the Investment Manager as part of the discharge of the Performance Fee; (ii) a disposal of Ordinary Shares in connection with a takeover or sale of the Company that is recommended by the Board of Directors of the Company or if the Investment Manager is required by law to dispose of such Ordinary Shares; or (iii) following the termination of the Investment Manager Agreement by the Company (save in the case when the Company has elected to terminate by reason of a material breach by the Investment Manager of a term of the Investment Manager Agreement), or due to a Company's material breach or insolvency event or due to other termination events which are not under the Investment Manager's sole control.

The Anchor Investor is also subject to a "lock-up" undertaking with respect to the Anchor Investor Subscription Shares during a period commencing on the date of the Anchor Investor Subscription Agreement and ending 180 days following Admission. The lock-up shall not apply: (i) in the event of an intervening court order which orders the relevant Anchor Investor entity to sell the Ordinary Shares it owns; (ii) to the acceptance of a general offer made to shareholders of the Company (or to all such shareholders other than the offeror and/or any body corporate controlled by the offeror and/or any persons acting in concert with the offeror) to acquire all the issued shares of the Company (other than any shares which are already owned by the person making such offer and any other person acting in concert with him); (iii) to the execution of an irrevocable undertaking to accept a general offer made to shareholders of the Company (or to all such shareholders other than the offeror and/or any body corporate controlled by the offeror and/or any persons acting in concert with the offeror) to acquire all the issued shares of the Company (other than any shares which are already owned by the person making such offer and any other person acting in concert with him); (iv) to any disposal by the Anchor Investor to any of its associates or any fund ultimately advised by Pacific Investment Management Company LLC, provided that such transferee agrees to be bound by the provisions of the Anchor Investor Subscription Agreement and enters into a deed of adherence to the Anchor Investor Subscription Agreement in a form reasonably acceptable to the Company; (v) to a disposal pursuant to a compromise or arrangement between the Company and its creditors or any class of them or between the Company and its members or any class of them which is agreed to by the creditors or members; or (vi) to any disposal pursuant to any offer by the Company to purchase its own shares which is made on identical terms to the holders of shares of the same class.

#### **5. REMUNERATION ARRANGEMENTS**

Pursuant to the By-Laws and the regulations of the Board of Directors, Directors, as members of the Board of Directors of the Company, shall be entitled to receive per diem allowances for any meetings which they attend consisting of a fixed annual amount per Director to be set by the general meeting of shareholders. The shareholders can also decide when or for what reason such amount can be reviewed and/or updated periodically. The remuneration of the each Company Director (excluding the Chairman and the Director appointed as a nominee of the Investment Manager) for 2014 is expected to be €50,000. The remuneration of the Chairman for 2014 is expected to be €60,000. The Investment Manager shall be responsible for remunerating the Company's officers and employees who are hired upon the proposal of the Investment Manager (whose remuneration shall be deducted from the Base Fee). No Director appointed as a nominee of the Investment Manager to the Board shall be paid any fee or remuneration by the Company for his or her services as a non-executive Director.

## 6. DIRECTORS' LETTERS OF APPOINTMENT

The Directors do not have service contracts. Each Director has the same general legal responsibilities to the Company as any other Director of the Company and the Board of Directors of the Company as a whole is collectively responsible for the overall success of the Company.

No compensation is payable to any of the Directors in the event of the lawful termination of his or her appointment.

## 7. OTHER DIRECTORSHIPS AND PARTNERSHIPS

Save as set out below and except (in the case of Mr. Miguel Pereda) for directorships in companies of the Investment Manager group, the Directors have not held any directorships of any company, other than the Company, or been a partner in a partnership, at any time in the five years prior to the date of this Prospectus.

<u>Director</u>	<u>Current Directorships</u>	<u>Previous Directorships</u>
Mr. Jose Luis del Valle .....	GES – Global Energy Services	Essentium Grupo
Mr. Pedro Luis Uriarte.....	Técnicas Reunidas, S.A., La Rioja Alta, S.A., Panda Security, S.L., Nanotechnology Investment Group, S.L., Penja Strategy, S.L. and Economía, Empresa, Estrategia, S.L.	Tubacex, S.A., Idom, S.A. and Sistemas Técnicos de Encofrados, S.A. (STEN)
Mr. Alec Emmott .....	Europroperty Consulting and CeGeREAL S.A.	Silic SA and Catella France
Mr. Roger M. Cooke.....	—	Cushman & Wakefield LLP
Mr. Miguel Pereda	Villamagna, S.A. (Chairman) Entagui, S.L. (Administrator) Fomento del Entorno Natural, S.L. (Administrator)	Gentalia 2006, S.L.

In addition, within the period of five years preceding the date of this Prospectus, Mr. Miguel Pereda has been a director of the following companies, which have gone into voluntary insolvency proceedings: Grupo Lar Immobiliare 3, SRL (Romania) and Grupo Lar Dritte GmbH (Germany). Within the period of five years preceding the date of this Prospectus, Mr. Miguel Pereda has been a director of the companies GLH ilka, Kft and GLH Saju, Kft (Hungary), which are being liquidated. All of the companies referred to in this paragraph are subsidiaries of Grupo Lar.

Within the period of five years preceding the date of this Prospectus, and save as disclosed below, none of the Directors:

- has had any convictions in relation to fraudulent offences;
- has been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a director or senior manager; or
- has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

Pursuant to the Investment Manager Agreement, for so long as the Board of Directors of the Company is comprised of five or fewer Directors, the Investment Manager is entitled to nominate one person as a non-executive Director of the Company. For so long as the Board is comprised of more than five persons, the Investment Manager is entitled to nominate up to two non-executive Directors. Mr. Miguel Pereda is the Investment Manager's nominee pursuant to the Investment Manager Agreement. For further information on the Investment Manager Agreement see section 11.1 of Part XIV (Additional Information).

Pursuant to the Investment Manager Agreement, the Chairman of the Board of Directors shall be entitled to request the attendance of the Chairman of the Investment Manager to meetings of the Board of Directors and the Chairman of the Investment Manager shall attend such meetings when so required, unless there is a material cause impeding such attendance. The Company's By-Laws and the Board of Directors' regulations shall permit and regulate such attendance commitment.

Save as discussed above, there are no arrangements or understandings with major shareholders, members, suppliers or others pursuant to which any Director was selected.

## **8. CORPORATE GOVERNANCE AND BOARD PRACTICES**

### **8.1 Corporate Governance for the Company**

The Board supports high standards of corporate governance and the development of corporate governance policies and procedures in compliance with the requirements of the Spanish Corporate Governance Code.

However, as a newly incorporated company, the Company does not comply with the Spanish Corporate Governance Code as at the date of this Prospectus. Nevertheless, arrangements have been put in place so that with effect from Admission, the Company will comply with the principles of good governance contained in the Spanish Corporate Governance Code.

### **8.2 The Board**

The Spanish Companies Act provides that a company's board of directors is responsible for the management, administration and representation of a company in all matters concerning the business of the company, subject to the provisions of the company's by-laws and the powers conferred by shareholders' resolutions.

The By-Laws and the regulations of the Board of Directors provide for a Board of Directors consisting of between five and 15 members. Directors are elected by the shareholders to serve for a term of three years and may be re-elected to serve for an unlimited number of terms (this notwithstanding, Directors holding office for a consecutive period of more than 12 years cannot qualify as independent Directors) A Director may resign or be removed from office at the recommendation of the Board of Directors at a general meeting of shareholders. However, the Board of Directors of the Company can only make such recommendation in the case of an independent Director if it is a "for cause dismissal" where, for example, a Director has breached an applicable corporate governance recommendation or has not fulfilled his or her duties or when he/she no longer complies with the definition of independent Director.

As at the date of this Prospectus, there are five Directors on the Board, all of whom are non-executive Directors. Mr. Jose Luis del Valle (the Chairman), Mr. Pedro Luis Uriarte, Mr. Alec Emmott and Mr. Roger M. Cooke are each considered independent pursuant to Ministerial Order ECC/461/2013. Mr. Miguel Pereda is not considered to be independent as he is the Investment Manager's nominee pursuant to the Investment Manager Agreement. Pursuant to the Investment Manager Agreement, for so long as the Board of Directors of the Company is comprised of five or fewer Directors, the Investment Manager is entitled to nominate one person as a non-executive Director of the Company. For so long as the Board is comprised of six or more Directors, the Investment Manager is entitled to nominate up to two non-executive Directors. For more information on the Investment Manager Agreement, see section 11.1 of Part XIV (Additional Information).

The Board of Directors of the Company is responsible for the management and establishes the strategic, accounting, organizational and financing policies of the Company. The By-Laws provide that the Chairman of the Board of Directors shall be elected from among the members of the Board of Directors by the shareholders at a general meeting or otherwise by the members of the Board. The Board of Directors appoints the senior management team and the authorized signatories and supervises the operations of the Company. Moreover, the Board of Directors is entrusted with preparing shareholders' meetings and carrying out their resolutions.

The Directors are also responsible for the determination of the investment policy of the Company and have overall responsibility for overseeing the performance of the Investment Manager and the Company's activities. The Company has entered into an Investment Manager Agreement with the Investment Manager, pursuant to which, among other things, the Investment Manager is required to produce a business execution plan, the Business Plan, each year for the Company setting forth the Investment Manager's strategy for the provision of its services under the Investment Manager Agreement and the management of the properties held or acquired by the Company. The Investment Manager has full discretionary authority to enter into transactions for and on behalf of the Company subject to certain matters which require the consent of the Board.

The By-Laws provide that the Board of Directors of the Company meet as frequently as necessary to effectively execute its duties and whenever its Chairman deems appropriate. In addition, the Board of Directors must meet when required to do so by a Director representing at least one third of its members. The By-Laws provide that a majority of the members of the Board of Directors (represented in person or by proxy by another member of the Board of Directors) constitutes a quorum. Resolutions of the Board of Directors are passed by a majority of the Directors present or represented at a Board meeting unless otherwise indicated in applicable laws or the By-Laws or the regulations of the Board of Directors.

The Board currently intends to meet at least four times in each calendar year and all Directors are to be given full and timely access to the information necessary to assist them in the performance of their duties. As a general rule, an agenda and Board papers are circulated to the Directors in advance of Board meetings to allow them an adequate

opportunity for review and preparation for Board meetings. The Company Secretary will be responsible for ensuring Board procedures are followed and all Directors have access to his advice and services. Where they judge it appropriate, all Directors shall have access to independent professional advice at the expense of the Company.

Any Director co-opted to the Board by the Directors will be subject to election by the shareholders at the first annual general meeting after his/her appointment and, pursuant to the By-Laws, all Directors will be subject to dismissal decision each year at the annual general meeting of the Company.

The Investment Manager is entitled to require the Board of Directors to propose to the general shareholder's meeting to remove or replace any such person whom it has nominated as a member of the Board, provided that in the case of any such removal, the Investment Manager shall indemnify and hold harmless the Company (and any member of its group) against any and all costs, losses, liabilities and/or expenses suffered by the relevant company in connection with such removal. No Director appointed as a nominee of the Investment Manager to the Board shall be paid any fee or remuneration by the Company for his or her services as a non-executive Director.

In the performance of its duties, the Board is committed to maintaining a good understanding of the views of shareholders and considerable importance will be given to communicating with shareholders. Regular contact will be kept with institutional investors and presentations will be given by members of the Management Team on the release of the Company's annual and interim results.

Pursuant to the Investment Manager Agreement, the Chairman of the Board of Directors shall be entitled to request the attendance of the Chairman of the Investment Manager to meetings of the Board of Directors and the Investment Manager shall procure that the Chairman of the Investment Manager shall attend such meetings when so required, unless there is a material cause impeding such attendance. The Company's By-Laws and the Board of Directors' regulations shall permit and regulate such attendance commitment.

Directors are expected to attend all Board meetings and the general shareholders' meeting of the Company.

Details of the remuneration of Directors are set out at section 5 of this Part IX (Directors and Corporate Governance).

### **8.3 Board Committees of the Company**

Pursuant to the By-Laws, the Board of Directors will establish an audit and control committee (the "Audit and Control Committee"), and a remuneration and nomination committee (the "Remuneration and Nomination Committee"). All members of the Audit and Control Committee and of the Remuneration and Nomination Committee must be non-executive Directors, but they are not required to be independent Directors except as described below.

#### *Audit and Control Committee*

The Audit and Control Committee is responsible for:

- supervising the calculation of the Performance Fee to be paid to the Investment Manager;
- responding to any questions that shareholders at general meetings may have in relation to the responsibilities of the Audit and Control Committee;
- overseeing the Company's and its group's internal risk control systems and risk management systems;
- liaising with the auditors on any matters of significance raised by an audit concerning internal control systems;
- overseeing the elaboration and presentation of all required financial information;
- requesting the Board of Directors to present to a general meeting of shareholders a resolution to appoint, re-elect or replace the auditors;
- supervising the internal audits;
- liaising with the auditors in order to become aware of any factor which may affect the auditor's independence, and any other factors arising out of the audit process, and any other communications with the auditors required by law or by relevant regulations. In any case, the Audit and Control Committee must receive an annual confirmation of independence from the Company's auditors and from the auditors of any related entities, as well as details of any services rendered by the auditors or any related parties to these entities;

- publishing an annual report before annual accounts are published setting out the committee's views on the auditor's independence, and commenting on any of the additional services detailed above;
- appointing and supervising the services provided by the external RICS accredited appraiser in connection with the valuation of the Company's real estate assets to be conducted as at 31 December and 30 June in each year; and
- performing any functions required by applicable laws and regulations.

The Audit and Control Committee must have a minimum of three and a maximum of five members, who are appointed by the Board of Directors following proposals from the Remuneration and Nomination Committee. Only external or non-executive Directors can form part of the Audit and Control Committee. At least one of its members must be an independent Director. Members of the Audit and Control Committee serve for a term of up to three years and may be re-elected to serve for an unlimited number of terms of the same duration.

The chairman of the Audit and Control Committee can serve a term of up to three years, after which he or she may not be re-elected until a year after the end of that appointment. At least one member of the Audit and Control Committee must be appointed due to his or her knowledge and experience of accounting and audit matters. The role of secretary of the Audit and Control Committee will be carried out by the Secretary of the Board of Directors.

In accordance with the By-Laws and the regulations of the Board of Directors, the Audit and Control Committee will meet every three months to review periodic financial information to be submitted to the relevant regulatory authorities as well as any information which the Board of Directors must approve to include in the annual accounts. Any member of the Audit and Control Committee can also request that a meeting be held.

The chairman of the Audit and Control Committee may also call a meeting, and he or she must do so on request of the Board of Directors or its Chairman, anytime it is necessary to approve a proposal, or when required to perform its role. A meeting of the Audit and Control Committee will be quorate if a majority of the members are present or represented, and resolutions will also be passed by a majority vote. The chairman of the Audit and Control Committee will have a casting vote.

Minutes of the meetings of the committee must be prepared and passed on to the Board of Directors.

The members of the Audit and Control Committee are Mr. José Luis del Valle (Chairman of the Committee), Mr. Pedro Luis Uriarte and Mr. Miguel Pereda. Mr. Juan Gómez-Acebo is the Secretary of the Committee.

#### *Remuneration and Nomination Committee*

The Remuneration and Nomination Committee is responsible for:

- setting out criteria for the composition of the management team of the Company and the selection of Directors and informing the Board of Directors of the Company in relation to gender diversity and qualifications of candidates;
- informing the Board of Directors of the Company of the appointment or dismissal of senior managers and any associated compensation or indemnity payments relating to any eventual dismissal, following a request from the chief executive officer (if any);
- presenting to the Board of Directors of the Company, at the request of the chairman of the Remuneration and Nomination Committee, any proposals concerning remuneration policies affecting the senior management team and the basic conditions of their contracts; and
- any other tasks attributed to it under the By-Laws or the Internal Regulations or assigned to it by the Board of Directors of the Company.

The Remuneration and Nomination Committee must have a minimum of three and a maximum of five members. The members will be external or non-executive Directors, appointed by the Board of Directors following recommendations from the Chairman of the Board of Directors. The majority of its members must be independent Directors.

Directors who are members to the Remuneration and Nomination Committee will carry out their role while they still hold the position of Director, unless otherwise agreed by the Board of Directors. The re-appointment, re-election or termination of the appointment of a member of the Remuneration and Nomination Committee will be in accordance with what was agreed by the Board of Directors. At least one of the members of the Remuneration and Nomination

Committee must have experience in remuneration matters. The Secretary of the Board of Directors, who will have no voting rights, will be the secretary of the Remuneration and Nomination Committee.

The Remuneration and Nomination Committee will meet at least once a year. The committee will also meet at the request of one of its members, and at the request of its Chairman. The chairman of the Remuneration and Nomination Committee must convene a meeting if so asked by the Board of Directors of the Company or if the Chairman requires a report or needs to adopt a proposal and as often as is necessary for the Remuneration and Nomination Committee to perform its role effectively.

A meeting of the Remuneration and Nomination Committee will be quorate if a majority of the members are present or represented, and resolutions will be passed by majority voting. The chairman of the Remuneration and Nomination Committee will have a casting vote. The committee must keep minutes of its meetings and circulate them to the members of the Board of Directors.

The members of the Remuneration and Nomination Committee are Mr. Roger Cooke (Chairman of the Committee), Mr. Alec Emmott and Mr. Miguel Pereda. Mr. Juan Gómez-Acebo is the Secretary of the Committee.

#### **8.4 Internal controls**

The Board acknowledges it is responsible for overseeing the efficiency of the system of internal control and risk management maintained by the Investment Manager on behalf of the Company, in order to safeguard the Company's assets. Such a system is designed to identify, manage and mitigate financial, operational and compliance risks inherent to the Company. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

## PART X: HISTORICAL FINANCIAL INFORMATION

### SECTION A: ACCOUNTANT'S REPORT ON THE HISTORICAL INTERIM FINANCIAL INFORMATION OF THE COMPANY

*Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 12). In the event of a discrepancy, the Spanish-language version prevails.*

#### INDEPENDENT AUDITORS' REPORT ON INTERIM FINANCIAL STATEMENTS

To the Sole Shareholder of Lar España Real Estate SOCIMI, S.A.:

##### **Report on the interim financial statements**

We have audited the accompanying interim financial statements of Lar España Real Estate SOCIMI, S.A., which comprise the balance sheet at 24 January 2014 and the related income statement, statement of changes in equity, statement of cash flows and explanatory notes thereto for the eight-day period then ended.

##### *Responsibility of the directors in relation to the interim financial statements*

The directors are responsible for the preparation of the accompanying interim financial statements, so that they present fairly the equity, financial position and results of operations of Lar España Real Estate SOCIMI, S.A., in conformity with the regulatory financial reporting framework applicable to the Company in Spain (identified in explanatory Note 2.1 to the accompanying interim financial statements for the eight-day period ended 24 January 2014), and for the internal control that they consider necessary to permit the preparation of the interim financial statements free from material misstatement, whether due to fraud or error.

##### *Responsibility of the auditor*

Our responsibility is to express an opinion on the accompanying interim financial statements based on our audit. Our work was performed in accordance with the audit regulations in force in Spain. These regulations require that we comply with ethical requirements and plan and perform the audit in order to obtain reasonable assurance that the interim financial statements are free from material misstatement.

An audit requires the performance of procedures in order to obtain audit evidence supporting the amounts and disclosures in the interim financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement in the interim financial statements, whether due to fraud or error. In performing the aforementioned risk assessments, the auditor takes into account the internal control relevant to the preparation by the entity of the interim financial statements in order to design audit procedures that are appropriate based on the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes the assessment of the appropriateness of the accounting policies used, of the reasonableness of the accounting estimates made by management and of the presentation of the interim financial statements taken as a whole.

We consider that the audit evidence we have obtained provides a sufficient and appropriate basis for our audit opinion.

##### *Opinion*

In our opinion, the accompanying interim financial statements present fairly, in all material respects, the equity and financial position of Lar España Real Estate SOCIMI, S.A. at 24 January 2014, and the results of its operations and its cash flows for the eight-day period then ended, in conformity with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

##### *Emphasis of matter paragraph*

We draw attention to explanatory Notes 1 and 2.2 to the accompanying interim financial statements, which indicates that the Company was incorporated on 17 January 2014. The accompanying interim financial statements were prepared as



part of the Company's stock exchange flotation in order to provide the Company's historical information. This matter does not qualify our audit opinion.

Antonio Rueda  
6 February 2014

DELOITTE, S.L.  
Pza. Pablo Ruiz Picasso, 1, Torre Picasso  
28020 Madrid (Spain)

Registered in ROAC under no. S0692

**SECTION B: HISTORICAL INTERIM FINANCIAL INFORMATION OF THE COMPANY**

**LAR ESPAÑA REAL ESTATE SOCIMI, S.A. INTERIM FINANCIAL STATEMENTS**

**INTERIM BALANCE SHEET AT 24 JANUARY 2014**

<b>Assets</b>	<b>Year at 24 January 2014</b>
	<b>(euros)</b>
Current Assets.....	60,000
Cash and cash equivalents .....	60,000
Cash .....	60,000
<b>Total Assets</b> .....	<b>60,000</b>
<b>Equity and liabilities</b>	<b>Year at 24 January 2014</b>
	<b>(euros)</b>
Equity (Note 5) .....	30,936
Shareholders' equity .....	30,936
Share Capital .....	60,000
Reserves .....	(2,000)
Loss for the year.....	(27,064)
Current Liabilities.....	29,064
Trade and other payables .....	29,064
Payable to suppliers .....	29,064
<b>Total Equity and Liabilities</b> .....	<b>60,000</b>

The accompanying Notes 1 to 12 are an integral part of the interim balance sheet at 24 January 2014.

**INTERIM INCOME STATEMENT FOR THE EIGHT-DAY PERIOD ENDED 24 JANUARY 2014**

<b>Continuing operations</b>	<b>Eight-Days ended 24 January 2014</b>
	<b>(euros)</b>
Other operating expenses (Note 7.1) .....	(27,064)
Outside services .....	(27,064)
Loss from operations .....	(27,064)
Loss before tax.....	(27,064)
Loss for the period.....	(27,064)

The accompanying Notes 1 to 12 are an integral part of the interim income statement for the eight-day period ended 24 January 2014.

**INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE EIGHT-DAY PERIOD ENDED 24  
JANUARY 2014.**

**A) Statement of recognized income and expense**

	<b>Eight-Days ended 24 January 2014</b>
	(euros)
Loss per income statement (I).....	(27,064)
Total income and expense recognized directly in equity (II).....	-
Total transfers to profit or loss (III).....	-
<b>Total recognized income and expense (I+II+III) .....</b>	<b>(27,064)</b>

The accompanying Notes 1 to 12 are an integral part of the interim statement of recognized income and expense for the eight-day period ended 24 January 2014.

**B) Statement of changes in total equity**

	<b>Share Capital</b>	<b>Reserves</b>	<b>Loss for the year</b>	<b>Total</b>
	(euros)			
<b>Transactions with shareholders</b>				
Incorporation of the Company (Note 5).....	60,000	(2,000)	-	58,000
Total recognized income and expense .....	-	-	(27,064)	(27,064)
<b>Ending balance.....</b>	<b>60,000</b>	<b>(2,000)</b>	<b>(27,064)</b>	<b>30,936</b>

The accompanying Notes 1 to 12 are an integral part of the interim statement of changes in total equity for the eight-day period ended 24 January 2014.

**INTERIM STATEMENT OF CASH FLOWS FOR THE EIGHT-DAY PERIOD ENDED 24 JANUARY 2014**

	<b>Eight-Days ended 24 January 2014</b>
	(euros)
<b>Cash flows from operating activities (I).....</b>	<b>2,000</b>
<b>Loss for the year before tax .....</b>	<b>(27,064)</b>
<b>Changes in working capital.....</b>	<b>29,064</b>
Trade and other payables.....	29,064
<b>Cash flows from investing activities (II) .....</b>	<b>-</b>
<b>Cash flows from financing activities (III) .....</b>	<b>58,000</b>
<b>Proceeds and payments relating to equity instruments.....</b>	<b>58,000</b>
Proceeds from issue of equity instruments (Note 5).....	58,000
<b>Effect of foreign exchange rate changes (IV).....</b>	<b>-</b>
<b>Net increase/ decrease in cash and cash equivalents (I+II+III+IV).....</b>	<b>60,000</b>
Cash and cash equivalents at beginning of period .....	60,000
Cash and cash equivalents at end of period .....	<b>60,000</b>

The accompanying Notes 1 to 12 are an integral part of the interim statement of cash flows for the eight-day period ended 24 January 2014.

## NOTES TO INTERIM FINANCIAL STATEMENTS

*Translation of interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Notes 2 and 12). In the event of a discrepancy, the Spanish-language version prevails.*

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

Notes to the interim financial statements  
for the eight-day period ended  
24 January 2014

#### **1. Company activities**

Lar España Real Estate SOCIMI, S.A. ("the Company") was incorporated in Spain on 17 January 2014 in accordance with the Spanish Limited Liability Companies Law. Its registered office is at Calle Rosario Pino 14-16, Madrid.

The Company's object is as follows:

- The acquisition and development of urban properties earmarked for lease.
- The ownership of interests in the share capital of other real estate investment trusts ("REITs" or "SOCIMIs") or other companies not resident in Spain with a company object identical to that of the former, which are subject to a regime similar to that established for the REITs in relation to the obligatory profit distribution policy stipulated by law or the By-Laws.
- The ownership of interests in the share capital of other companies, resident or not in Spain, the principal company object of which is the acquisition of urban properties earmarked for lease, which are subject to the regime established for REITs in relation to the obligatory profit distribution policy stipulated by law or the By-Laws, and meet the investment requirements referred to in Article 3 of Law 11/2009, of 26 October, amended by Law 16/2012, of 27 December, regulating real estate investment trusts ("SOCIMI").
- The ownership of shares or ownership interests in property collective investment undertakings governed by Collective Investment Undertakings Law 35/2003, of 4 November.
- The performance of other ancillary activities deemed to be those that generate rental income, which as a whole represent at least 20% of the Company's rental income in each tax period or those which may be considered ancillary pursuant to the legislation applicable at any given time.

All activities required by law to meet special requirements that are not met by the Company are excluded.

The aforementioned business activities may also be fully or partially carried on indirectly by the Company through ownership interests in another company or other companies with a similar object.

#### **Regulatory regime**

The Company is regulated by the Spanish Limited Liability Companies Law.

Once the tax authorities have been notified of the Company's decision to apply the tax regime of real estate investment trusts (SOCIMI) (adopted as indicated in Note 11 below), the Company will also be regulated by Real Estate Investment Trusts Law 11/2009, of 26 October. Article 3 of Law 11/2009, of 26 October, establishes certain requirements for this type of company, namely:

1. They must have invested at least 80% of the value of their assets in urban properties earmarked for lease, in land to develop properties to be earmarked for that purpose, provided that development begins within three years following its acquisition, and in equity investments in other companies referred to in Article 2.1 of Law 11/2009.
2. At least 80% of the rental income from the tax period corresponding to each year, excluding the rental income deriving from the transfer of the ownership interests and the properties used by the Company to achieve its principal object, once the retention period referred to below has elapsed, should arise from the lease of properties and dividends or shares of profits arising from the aforementioned investments.

3. The properties included in the company's assets should remain leased for at least three years. The time during which the properties have been made available for lease will be included in calculating this term, with a maximum of one year.

## **2. Basis of presentation of the interim financial statements**

### **2.1 Regulatory financial reporting framework applicable to the Company**

These interim financial statements for the eight-day period ended 24 January 2014 were formally prepared by the Board of Directors in accordance with the regulatory financial reporting framework applicable to the Company, which consists of:

- a) The Spanish Commercial Code and all other Spanish corporate law.
- b) The Spanish National Chart of Accounts approved by Royal Decree 1514/2007 and the industry adaptation for real estate companies.
- c) The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the Spanish National Chart of Accounts and the relevant secondary legislation.
- d) All other applicable Spanish accounting legislation.

### **2.2 Fair presentation**

The interim financial statements for the eight-day period ended 24 January 2014, which were obtained from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows for the eight-day period ended 24 January 2014.

These interim financial statements for the eight-day period ended 24 January 2014, which were formally prepared by the Company's Board of Directors, were prepared as part of the Company's stock exchange flotation in order to divulge the Company's historical economic and financial information.

### **2.3 Key issues in relation to the measurement and estimation of uncertainty**

In preparing the accompanying interim financial statements for the eight-day period ended 24 January 2014 estimates were made by the Company's Board of Directors in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the expenses incurred by the Company since its incorporation. Although these estimates were made on the basis of the best information available at the end of the eight-day period ended 24 January 2014, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in the future. Changes in accounting estimates would be applied prospectively.

### **2.4 Comparative information**

The Company was incorporated on 17 January 2014. Consequently, there is not information for the purposes of comparison.

## **3. Accounting policies**

The principal accounting policies used by the Company in preparing its interim financial statements for the eight-day period ended 24 January 2014, in accordance with the Spanish National Chart of Accounts, were as follows:

### **3.1 Investment property**

"Investment Property" in the interim balance sheet reflects the values of the land, buildings and other structures held either to earn rentals or for capital appreciation.

These assets are initially recognised at acquisition or production cost and are subsequently reduced by the related accumulated depreciation and by any impairment losses recognised.

Property, plant and equipment upkeep and maintenance expenses are recognised in the income statement for the year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

For non-current assets that necessarily take a period of more than twelve months to get ready for their intended use, the capitalised costs include such borrowing costs as might have been incurred before the assets are ready for their

intended use and which have been charged by the supplier or relate to loans or other funds borrowed specifically or generally directly attributable to the acquisition of the assets.

Property, plant and equipment upkeep and maintenance expenses are recognised in the income statement for the year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

The Company depreciates its investment property by the straight-line method at annual rates based on the years of estimated useful life of the assets, the detail being as follows:

	<b>Depreciation Rate</b>
Buildings	2%
Plant and machinery	10%
Other fixtures and furniture	10%
Other items of investment property	10%

Assets in the course of construction for rental or for purposes not yet determined are carried at cost less any impairment losses recognised. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

#### Impairment of investment property

Whenever there are indications of impairment, the Company tests the investment property for impairment to determine whether the recoverable amount of the assets has been reduced to below their carrying amount.

The recoverable amount is calculated as the higher of fair value less costs to sell and value in use; value in use is defined as the present value of estimated future cash flows expected to arise from the continuing use of an asset and, where applicable, from its sales or disposal by any other means, taking into account its present condition, and discounted at a risk-free market interest rate, adjusted for the risks specific to the assets that did not adjust estimates of future cash flows.

The Company commissions independent valuers to determine the fair value of all its investment property assets at period-end. These valuations are carried out in accordance with the Appraisal and Valuation Standards issued by the Royal Institute of Chartered Surveyors (RICS) of the United Kingdom and the International Valuation Standards (IVS) issued by the International Valuation Standards Committee (IVSC). The buildings were valued on a case-by-case basis, taking into account each of the leases in force at period-end. The buildings with areas that are not leased were valued on the basis of the estimated future income, less a period for the marketing thereof.

To calculate the value in use of investment property, the amount the Company expects to recover through its lease is taken into consideration. To this end, the cash flow projections generated on the basis of the best estimate of the lease payments are used, based on the expectations for each asset and taking into consideration in the calculation of the cash flows or the discount rate any uncertainty that may entail a reduction therein. The value in use of investment property does not have to be identical to its fair value since the former is due to entity-specific factors, primarily the capacity to impose prices above or below market levels, due to assuming different risks or incurring costs (construction or marketing, in the case of investments in progress, cost of refurbishment, maintenance, etc.) other than those relating to companies in the industry in general.

The carrying amount of the Company's investment property is adjusted at the end of each year, by recognising the corresponding impairment loss, in order to bring it into line with the recoverable amount when the fair value is less than the carrying amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised as income.

### **3.2 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases. The Company does not perform any finance lease transactions.

### *Operating leases*

In operating leases, the ownership of the leased asset and substantially all the risks and rewards relating to the leased asset remain with the lessor.

If the Company acts as the lessor, lease income and expenses from operating leases are recognised in income on an accrual basis. Also, the acquisition cost of the leased asset is presented in the balance sheet according to the nature of the asset, increased by the costs directly attributable to the lease, which are recognised as an expense over the lease term, applying the same method as that used to recognise lease income.

A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

## **3.3 Financial instruments**

### *3.3.1. Financial assets*

#### *Classification*

The financial assets held by the Company are classified in the following categories:

- a) Loans and receivables: financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.
- b) The guarantees and deposits made by the Company in compliance with the contractual clauses of the various lease agreements into which it has entered.
- c) Equity investments in Group companies, associates and jointly controlled entities: Group companies are deemed to be those related to the Company as a result of a relationship of control and associates are companies over which the Company exercises significant influence. Jointly controlled entities include companies over which, by virtue of an agreement, the Company exercises joint control with one or more other venturers.

#### *Initial recognition*

In general terms, financial assets are initially recognised at the fair value of the consideration given, plus any directly attributable transaction costs.

#### *Subsequent measurement*

Loans and receivables and held-to-maturity investments are measured at amortised cost.

Investments in Group companies and associates and interests in jointly controlled entities are measured at cost net, where appropriate, of any accumulated impairment losses. These losses are calculated as the difference between the carrying amount of the investments and their recoverable amount. Recoverable amount is the higher of fair value less costs to sell and the present value of the future cash flows from the investment. Unless there is better evidence of the recoverable amount, it is based on the value of the equity of the investee, adjusted by the amount of the unrealised gains existing at the date of measurement (including any goodwill).

At least at each reporting date the Company tests all financial assets for impairment. Objective evidence of impairment is considered to exist when the recoverable amount of the financial asset (including the guarantees and deposits provided by the debtor) is lower than its carrying amount. When this occurs, the impairment loss is recognised in the income statement.

The Company assesses the existence of objective evidence of impairment, in the case of loans and receivables, considering the financial difficulties of the debtor and non-compliance with contractual clauses, although it does take other objective evidence of impairment into consideration, such as, inter alia, delays in payment.

The Company derecognises a financial asset when the rights to the cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership of the financial asset have also been transferred.

However, the Company does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received in transfers of financial assets in which substantially all the risks and rewards of ownership are retained.

### *3.3.2 Financial liabilities*

Financial liabilities include accounts payable by the Company that have arisen from the purchase of goods or services in the normal course of the Company's business and those which, not having commercial substance, cannot be classed as derivative financial instruments.

Accounts payable are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These liabilities are subsequently measured at amortised cost.

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist.

### *3.3.3 Equity instruments*

An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments issued by the Company are recognised in equity at the proceeds received, net of issue costs.

## **3.4 Inventories**

Inventories includes land and property developments earmarked for sale. Land and building lots are carried at acquisition cost, plus any urban development costs, other purchase costs and borrowing costs incurred on the related financing during the performance of the construction work. On commencement of the development work, the capitalised cost of the land is transferred to property developments in progress.

The costs incurred in property developments (or in portions thereof) construction of which had not been completed at year-end are classified as work in progress. The cost relating to property developments for which construction was completed in the year is transferred from "Property Developments in Progress" to "Completed Properties". These costs include those relating to land, urban development and construction as well as those associated with the related financing whenever the term of the construction work exceeds one year and the borrowing costs are specifically allocated to the development in progress. If the work is halted, the Company suspends capitalisation of borrowing costs until the work is resumed.

Inventories are measured at the end of each reporting period at cost, less any write-downs required, obtained from appraisals performed by independent valuers, to reduce them to their estimated realisable value.

## **3.5 Foreign currency transactions**

The Company's functional currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates then prevailing. Any resulting gains or losses are recognised directly in the income statement in the year in which they arise.

## **3.6 Income tax**

Until the date the Company decides to apply the tax regime of real estate investment trusts (SOCIMI) it is subject to standard income tax regime.

Once the special tax regime for REITs is applicable, the Company will be subject to an income tax rate of 0%.

As established by Article 9.2 of Law 11/2009, of 26 October, the Company will be subject to a special tax charge of 19% on the full amount of any dividends or shares in profit paid to shareholders with an ownership interest in the share capital of the Company equal to or more than 5%, when such dividends are tax-exempt or taxed at a rate below 10% in the tax domicile of the shareholder (for these purposes, final tax due under the Spanish Non Resident Income Tax Law is also taken into consideration). However, the aforementioned special charge will not be applicable when the dividends or shares in profit are paid to entities the object of which is the ownership of interests in the share capital of other REITs or other companies not resident in Spain with a company object identical to that of the former, which are subject to a regime similar to that established for the REITs in relation to the obligatory profit distribution policy stipulated by law or the By-Laws, with respect to shareholders with an ownership interest equal to or more than 5% in the share capital thereof and are taxed on these dividends or shares in profit at a tax rate of at least 10%.

## **3.7 Revenue and expense recognition**

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.



Revenue from sales is recognised when the significant risks and rewards of ownership of the goods sold have been transferred to the buyer, and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Rental income is recognised on an accrual basis and incentive-related income and the initial costs and shortcomings of leases are recognised in profit or loss on a straight-line basis.

The Company recognises property development sales and the related cost when the properties are handed over and title thereto has been transferred, which generally coincides with the date on which the public deed is executed.

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholder's right to receive payment has been established.

### **3.8 Provisions and contingencies**

When preparing the interim financial statements the Company's Board of Directors made a distinction between:

- a) Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain as to its amount and/or timing will be required to settle the obligations; and
- b) Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company.

The interim financial statements include all the provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the interim financial statements, but rather are disclosed, unless the possibility of an outflow in settlement is considered to be remote.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences. Where discounting is used, adjustments made to provisions are recognised as interest cost on an accrual basis.

### **3.9 Environmental assets and liabilities**

Environmental assets are deemed to be assets used on a lasting basis in the Company's operations whose main purpose is to minimise environmental impact and protect and improve the environment, including the reduction or elimination of future pollution.

In view of the business activities currently carried on by the Company, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the interim financial statements.

### **3.10 Current/Non-current classification**

Current assets are assets associated with the normal operating cycle, which in general is considered to be one year, and other assets which are expected to mature, be disposed of or be realised within twelve months from the end of the reporting period, such as cash and cash equivalents. Assets that do not meet these requirements are classified as non-current assets.

Similarly, current liabilities are liabilities associated with the normal operating cycle and, in general, all obligations that will mature or be extinguished at short term. All other liabilities are classified as non-current liabilities.

### **3.11 Related party transactions**

The Company performs all its transactions with related parties on an arm's length basis and in accordance with the terms and conditions reflected in the agreements.

## **4. Information on the nature and level of risk of financial instruments**

### *Qualitative information*

The Company's financial risk management is centralised in its Management, which has established the mechanisms required to control exposure to interest rate fluctuations and credit, liquidity and foreign currency risk.

## **5. Equity and shareholders' equity**

### **5.1 Share capital**

The Company was incorporated on 17 January 2014 through the issuance of 30,000 registered shares of EUR 2 par value each, fully subscribed and paid by Grupo Lar Inversiones Inmobiliarias, S.A.

At the end of the eight-day period ended 24 January 2014, the Company's share capital amounted to EUR 60,000 and was represented by 30,000 shares of EUR 2 par value each, all of the same class.

The detail of the share capital at 24 January 2014 is as follows:

<b>Shareholders</b>	<b>Number of Shares</b>	<b>Percentage of Ownership</b>
Grupo LAR Inversiones Inmobiliarias,S.A.	30,000	100%
<b>Total</b>	<b>30,000</b>	<b>100%</b>

### **5.2 Legal reserve**

Under the Spanish Limited Liability Companies Law, the Company must transfer 10% of net profit for each year to the legal reserve until the balance of this reserve reaches 20% of the share capital.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

### **5.3 Distribution of profit**

The Company has not resolved to distribute any profit since its incorporation.

Once it has availed itself of the tax regime for REITs, the Company will be subject to the profit distribution regime provided for in Article 6 of Law 11/2009. The Company will be required to distribute in the form of dividends to its shareholders, once the related corporate obligations have been met, the profit obtained in the year, the distribution of which must be approved within six months of each year-end, as follows:

- a) All the profit from dividends or shares in profits paid by the entities referred to in Article 2.1. of Law 11/2009.
- b) At least 50% of the profits arising from the transfer of property, shares or ownership interests referred to in Article 2.1. of Law 11/2009, of 26 October, performed once the deadlines referred to in Article 3.3 of Law 11/2009 have expired, which are used to achieve the company's principal object. The remainder of these profits should be reinvested in other property or investments related to the performance of this object within three years from the transfer date. Otherwise these profits should be distributed in full together with any profit arising in the year in which the reinvestment period expires. If the items subject to reinvestment are transferred before the maintenance period, the related profits must be distributed in full together with any profits arising in the year in which they were transferred. The distribution obligation does not extend to the portion of these profits, if any, that may be allocated to years in which the Company did not file tax returns under the special tax regime established in Law 11/2009, of 26 October.
- c) At least 80% of the remaining profits obtained.

When dividends are distributed with a charge to reserves out of profit for a year in which the special tax regime had been applied, the distribution must be approved as set out above.

The legal reserve of companies which have chosen to avail themselves of the special tax regime established in Law 11/2009, 26 October, must not exceed 20% of the share capital. The By-Laws of these companies may not establish any other restricted reserve.

## **6. Tax matters**

### **6.1 Reconciliation of the accounting loss to the tax loss**

At 24 January 2014, the tax loss was calculated on the basis of the accounting loss for the year plus the expenses arising from the incorporation of Company which were recognised directly in equity. At the reporting date of the interim financial statements, the Company had not recognised a deferred tax asset in this connection.

### **6.2 Years open for review and tax audits**

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute-of-limitations period has expired.

## **7. Income and expenses**

### **7.1 Outside services**

"Outside Services" includes mainly the expenses resulting from the financial audit of the interim financial statements at 24 January 2014 and the expenses incurred in the Company's stock exchange flotation process.

## **8. Disclosures on the payment periods to suppliers. Additional Provision Three. "Disclosure obligation" provided for in Law 15/2010, of 5 July.**

In relation to the disclosures required by Additional Provision Three of Law 15/2010, of 5 July, at 24 January 2014, the balance payable to suppliers was not past-due by more than the legally established payment period. No payments were performed in the eight-day period ended 24 January 2014.

The maximum payment period applicable to the Company for payments is 60 days. The information indicated above relates to suppliers and creditors that because of their nature are trade creditors for the supply of goods and services and, therefore, it includes the figures relating to "Payable to Suppliers" and "Sundry Accounts Payable" under "Current Liabilities" in the interim balance sheet.

## **9. Related party transactions and balances**

### **9.1 Remuneration of directors and senior executives**

In the eight-day period ended 24 January 2014 the Company's sole director did not receive any remuneration of any kind and there were no accounts receivable from or payable to him. Similarly, the Company has not granted any loans to its sole director and it does not have any pension fund, life insurance or other similar obligations to it. The sole director's representative was a man.

The Company's management duties were performed by the sole director, and senior management received no remuneration during the period.

### **9.2 Detail of investments in companies with similar activities and of the performance, as independent professionals or as employees, of similar activities by the directors**

At 24 January 2014, the directors and their representative held investments in the share capital of the following companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the Company's object. Also, following is a detail of the positions held and functions discharged at those companies (see Appendix I).

## **10. Other disclosures**

### **10.1 Fees paid to auditors**

In the eight-day period ended 24 January 2014, the fees for financial audit and other services provided by the Company's auditor, Deloitte, S.L., or by a firm related to the auditor as a result of a relationship of control, common ownership or common management, were as follows (in euros):

	Services Provided by the Auditor of the Financial Statements and by Related Companies
Audit services	4,000
<b>Total audit and related services</b>	<b>4,000</b>
Other services	5,000
<b>Total professional services</b>	<b>9,000</b>

## **10.2 Agreements with the sole shareholder**

At the date of formal preparation of these interim financial statements, the Board of Directors had authorised that an agreement (Investment Manager Agreement) be entered into with its sole shareholder under which the sole shareholder will undertake to manage the investments carried out by the Company in accordance with the terms and conditions finally agreed between the parties in the aforementioned agreement.

## **10.3 Comparison with IFRSs**

Article 525 of the Spanish Limited Liability Companies Law provides that companies that have issued securities listed on a regulated market of any European Union Member State and that, pursuant to current legislation, only publish separate financial statements for the period, must disclose in the notes to the interim financial statements for the period the main changes that would have arisen in equity and in the income statement had International Financial Reporting Standards as adopted by the European Union (“EU-IFRSs”) been applied.

In this regard, there were no differences in the Company's equity at 24 January 2014 or in the interim income statement for the eight-day period then ended between that established in the Spanish National Chart of Accounts and the EU-IFRSs.

The Board of Directors assessed the main changes arising from the application of the different accounting legislations which would affect the Company's equity and its income statement in the performance of the activities which constitute its company object (see Note 1). The most significant difference relates to the change in the accounting treatment in the valuation of property assets, which are valued at the balance sheet date at the lower of their carrying amount or their recoverable amount (see Note 3.1) under the Spanish National Chart of Accounts, although, if the Company opted to apply the EU-IFRS they would be valued at their fair value.

## **11. Events after the reporting period**

After the reporting period date, the Company's sole director resolved to adopt the following decisions: (i) to apply the special tax regime for REITs, (ii) as a consequence and in accordance with Law 11/2009, to change its company name from Lar España Real Estate, S.A. to Lar España Real Estate SOCIMI, S.A., and (iii) to change the Company's managing body (previously entrusted to a sole director) to take the form of a Board of Directors.

In virtue of the foregoing, and despite the fact that the Company's new company name and the appointment of the directors have yet to be registered at the Madrid Mercantile Registry, these interim financial statements were formally prepared by the Board of Directors under the company name of Lar España Real Estate SOCIMI, S.A.

In accordance with that envisaged in transitional Provision 1 of Law 11/2009, the Company may opt to apply the special tax regime for REITs even though it does not meet the requirements established therein, provided that such requirements are met within two years from the date on which it was opted to apply the aforementioned regime. The Company meets certain of the requirements established in Law 11/2009 and the Company's management considers that all the requirements will be achieved within the aforementioned term and, therefore, the special tax regime for REITs is applicable.

## **12. Explanation added for translation to English**

These interim financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company (see Note 2.1). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

## APPENDIX I

### Detail of the positions and ownership interests held by the sole director in companies with a similar company object

Company	Position or Functions	Ownership Interest	% Ownership Interest
GRUPO LAR TERCIARIO, S.L.	INDIVIDUAL REPRESENTATIVE OF THE PRESIDENT OF THE BOARD OF DIRECTORS "GLOBAL BYZAS, S.L."	N/A	N/A
GRUPO LAR ACTIVIDAD ARRENDAMIENTO, S.A.	PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE BOARD OF DIRECTORS	N/A	N/A
GRUPO LAR SENIOR, S.L.	INDIVIDUAL REPRESENTATIVE OF THE PRESIDENT OF THE BOARD OF DIRECTORS "GRUPO LAR DESARROLLOS OFICINAS, S.L."	N/A	N/A
GRUPO LAR EUROPA DEL ESTE, S.L.	INDIVIDUAL REPRESENTATIVE OF THE SECRETARY AND CHIEF EXECUTIVE OFFICER OF THE BOARD OF DIRECTORS "GLOBAL BYZAS, S.L."	N/A	N/A
GRUPO LAR ACTIVIDAD RESIDENCIAL, S.L.	INDIVIDUAL REPRESENTATIVE OF THE PRESIDENT OF THE BOARD OF DIRECTORS "GLOBAL BYZAS, S.L."	N/A	N/A
PARQUE COMERCIAL CRUCE DE CAMINOS, S.L.	INDIVIDUAL REPRESENTATIVE OF THE JOINT DIRECTOR DOC GRUPO LAR S.L.	N/A	N/A
ISLAZUL CENTRO COMERCIAL, S.L.	INDIVIDUAL REPRESENTATIVE OF THE SECRETARY OF THE BOARD OF DIRECTORS GLOBAL CARONTE S.L.	N/A	N/A
PARQUE CASTILLEJA, S.L.	INDIVIDUAL REPRESENTATIVE OF THE PRESIDENT OF THE BOARD OF DIRECTORS "GLOBAL CARONTE, S.L." AND MEMBER OF THE BOARD OF DIRECTORS OF "GLOBAL BYZAS, S.L."	N/A	N/A
INVERSIONES YARMUK, S.A.	INDIVIDUAL REPRESENTATIVE OF A MEMBER AND THE CHIEF EXECUTIVE OFFICER OF THE BOARD OF DIRECTORS "DESARROLLOS COMERCIALES Y DE OCIO GRUPO LAR, S.L."	N/A	N/A
GRUPO LAR GROSVENOR SERVICIOS DOS, S.L.	INDIVIDUAL REPRESENTATIVE OF SOLE DIRECTOR "GRUPO LAR TERCIARIO, S.L."	N/A	N/A
FOMENTO DEL ENTORNO NATURAL, S.L.	SECRETARY AND MEMBER OF THE BOARD OF DIRECTORS	543	13.85%
REAL ESTATE SERVICES MEXICO SIGLO XXI, SA DE CV	MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A
GRUPO LAR HUNGRÍA SAJÓ, KFT.	MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A
GRUPO LAR HUNGRÍA ILKA, KFT.	MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A
GRUPO LAR DRITTE GRUNDSTUCKSGESELLSCHAFT, MBH	MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A
GRUPO LAR VIERTE GRUNDSTUCKSGESELLSCHAFT, MBH	MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A
GRUPO LAR FUNFTE GRUNDSTUCKSGESELLSCHAFT, MBH	MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A
S.C. AND CONSTRUCT CONSULT S.R.L.	MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A
S.C. PROPIETATI IMOBILIARE LAR S.R.L.	MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A
S.C. GRUPO LAR IMOBILIARE LAR 3 S.R.L.	MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A
S.C. GRUPO LAR IMOBILIARE PATRU S.R.L.	MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A
S.C. GRUPO LAR IMOBILIARE CINCI S.R.L.	MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A
GRUPO LAR REAL ESTATE POLONIA SP. Z.O.O	MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A
GRUPO LAR REAL ESTATE POLONIA II SP. Z.O.O	MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A
GRUPO LAR REAL ESTATE POLONIA III SP. Z.O.O	MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A
GRUPO LAR REAL ESTATE IV SP. Z.O.O	MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A
GRUPO LAR REAL ESTATE V SP. Z.O.O	MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A

GRUPO LAR REAL ESTATE VI SP. Z.O.O	MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A
GRUPO LAR MANAGEMENT POLONIA SP. Z.O.O	MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A
GRUPO LAR REAL ESTATE LATVIA SIA	MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A
IBEROBRASIL INVESTIMENTOS E EMPREENDIMENTOS S.A	MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A
MEROLAR DESENVOLVIMENTO E GERENCIAMENTO S.A.	MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A
GRUPO LAR DESARROLLOS INMOBILIARIOS, SAC	MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A
GRUPO LAR SERVICIOS COLOMBIA, SAC	MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A
MENORCA & LAR SOCIEDAD ANÓNIMA CERRADA	ALTERNATE MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A
COSAPI INMOBILIARIA & GRUPO LAR DESARROLLOS INMOBILIARIOS SAC	ALTERNATE MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A
GRUPO LAR DESARROLLOS INMOBILIARIOS SAC	MEMBER OF THE BOARD OF DIRECTORS	N/A	N/A

## PART XI: THE ISSUE

### 1. THE ISSUE

The Issue is expected to be in the region of €400 million. The estimated net proceeds to the Company (on the basis of a €400 million Issue) are in the region of €390 million after the deduction of commissions and other estimated fees and expenses payable by the Company and incurred in connection with the Issue of approximately €10 million (on the basis of a €400 million Issue). The final issue size and Net Proceeds of the Issue are expected to be determined and announced through the publication of a significant information announcement (*Hecho Relevante*) on 3 March 2014 once the Placing is concluded and the Sole Bookrunner and the Company have agreed the number of Ordinary Shares that will constitute the Placing.

J.P. Morgan will conditionally agree to place pursuant to the Placing Agreement up to 34,030,000 Placing Shares at the Issue Price with certain institutional and qualified professional investors representing up to approximately 85% of the issued share capital of the Company on Admission (on the basis of a €400 million Issue). Further details of the Placing Agreement details are set out in section 11.2 of Part XIV (Additional Information).

Santander Investment, S.A., with registered address in Avenida de Cantabria s/n, 28660 Boadilla del Monte, Madrid, will be the agent bank in the Issue.

The Ordinary Shares to be issued pursuant to the Issue will rank *pari passu* in all respects with the existing Ordinary Shares, including as regards the right to vote and the right to receive all dividends and other distributions declared, made or paid on the Company's share capital after Admission. Immediately following Admission, the Ordinary Shares will be freely transferable under the By-Laws, but will be subject to the restrictions referred to in Section C.5 of Part I (Summary).

The Placing will be made by way of (a) an offer to institutional investors outside the United States pursuant to Regulation S and (b) a private placement in the United States to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

The Placing is conditional upon, among other things, the Placing Agreement having become unconditional in all respects once certain conditions precedent have been satisfied and not having been terminated in accordance with its terms. In addition, the Placing Agreement may be terminated by the Sole Bookrunner if the Anchor Investor Subscription Agreement is terminated, or if the Anchor Investor fails to pay for any of its Anchor Investor Subscription Shares by 9:00 a.m. Madrid time on the Subscription Date.

The Investment Manager has undertaken to subscribe, at the Issue Price, an aggregate of 970,000 Issue Shares, conditional on the Placing Agreement not having been terminated in accordance with its terms. The Investment Manager is 83%-owned and effectively controlled by the Pereda Family. Two of the six members of the Management Team (Mr. Luis Pereda and Mr. Miguel Pereda) are members of the Pereda Family. In addition, Mr. Luis Pereda and Mr. Miguel Pereda are, respectively, the Executive Chairman and Co-CEO of Grupo Lar. Mr. Miguel Pereda is also a member of the Company's Board.

Prior to the Issue, the Investment Manager, Grupo Lar, holds 100% of the issued share capital of the Company. Immediately following Admission and after giving effect to its acquisition of 970,000 Issue Shares, it will hold a total of 1,000,000 Ordinary Shares and 2.5% of the beneficial interest in the Company (on the basis of a €400 million Issue). The Issue will result in the beneficial interest of Grupo Lar in the Company being diluted by 97.5% (on the basis of a €400 million Issue).

The Company has entered into the Anchor Investor Subscription Agreement pursuant to which the Anchor Investor has agreed to subscribe, at the Issue Price, an aggregate of 5,000,000 Issue Shares if the final number of Ordinary Shares to be issued in the Issue is equal to or higher than 35,000,000, or such amount of Ordinary Shares which would represent 12.5 per cent. of the Issue Shares if the number of Issue Shares is lower than 35,000,000, conditional on the Placing Agreement not having been terminated in accordance with its terms and certain other conditions being satisfied (including that the final number of Ordinary Shares to be issued in the Issue is at least 30,000,000).

The Placing and the Issue shall terminate automatically in the event that Admission has not been completed by 31 March 2014. In such case, the Sole Bookrunner or final subscribers (as applicable) would be obligated to return the shares to the Company (if delivered), and the Company would be obligated to return the moneys paid (if any) by the Sole Bookrunner or the final subscribers (as applicable), together with interest accrued from the date on which the Sole Bookrunner or final subscribers (as applicable) paid for the shares until the date on which the Company repays the Issue Price.

The Company's principal use of the Net Proceeds of the Issue will be to fund future real estate investments as well as to fund the Company's operating expenses consistent with the investment policy of the Company disclosed at section 5 of Part VII (Information on the Company). The Company expects to have fully invested the Net Proceeds of the Issue in the period ranging from the 18<sup>th</sup> month to the 24<sup>th</sup> month following Admission.

From time to time the Sole Bookrunner and its affiliates may in the future provide the Company with investment banking and other advisory services. In addition, in connection with the Issue, the Sole Bookrunner or any affiliate acting as an investor for its own account may take up Ordinary Shares and in that capacity may retain, purchase or sell such shares (or related investments), for its own account and may offer or sell such shares (or other investments) otherwise than in connection with the Placing.

## **2. AUTHORIZATIONS OF THE ISSUE**

The Issue Shares will be issued pursuant to a decision adopted on 5 February 2014 by Grupo Lar, as current sole shareholder of the Company, which has resolved to increase the share capital of the Company by up to €80 million, through the issue and placement of up to 40 million new Ordinary Shares of the same class and series as those currently in circulation, establishing their issue rate as €10.00 per share (with a nominal value of €2.00 and €8.00 as issue premium), excluding the preferential subscription right corresponding to the existing shareholder of the Company. The possibility of incomplete subscription has been expressly foreseen.

The issue of the Issue Shares does not require any authorization or administrative pronouncement other than the general provisions on the CNMV's approval and registration of this Prospectus, according to the provisions established in the Spanish Law 24/1988, of 28 July, on the securities market (*Ley 32/2011, de 4 de octubre, por la que se modifica la Ley 24/1988, de 28 julio, del Mercado de Valores*) and its implementing regulations and the Spanish Companies Act.

## **3. THE ORDINARY SHARES**

The Ordinary Shares to be issued will be created pursuant to the Spanish Companies Act. Each of the Ordinary Shares carries one vote at a meeting of the Company's shareholders. There are no restrictions on the voting rights of the Ordinary Shares. The ISIN number of the Ordinary Shares will be announced through the publication of a significant information announcement (*Hecho Relevante*) before Admission. Immediately following Admission, the Ordinary Shares will be freely transferable under the By-Laws, but will be subject to the restrictions referred to in Section C.5 of Part I (Summary). The Ordinary Shares are represented in registered book-entry form and held through the clearance and settlement system managed by Iberclear.

The Placing of Ordinary Shares and the holding of Ordinary Shares by investors may be affected by the law or regulatory requirements of the relevant jurisdiction, which may include restrictions on the free transferability of such Ordinary Shares. Investors should consult their own advisors prior to an investment in the Ordinary Shares.

## **4. ALLOCATION AND SIZING**

All Issue Shares will be issued at the Issue Price. The Sole Bookrunner and the Company will agree, no later than 3 March 2014, the final number of Ordinary Shares that will constitute the Placing, which will be announced through the publication of a significant information announcement (*Hecho Relevante*). The allocations of Placing Shares will be determined by the Sole Bookrunner following consultation and agreement with the Company and the Investment Manager.

## **5. PLACING AGREEMENT**

The Company, the Investment Manager and the Sole Bookrunner will enter into the Placing Agreement under which the Sole Bookrunner will agree, subject to certain conditions, to use its reasonable endeavours to procure subscribers for the Placing Shares under the Placing at the Issue Price. Further details of the Placing Agreement are set out in section 11.2 of Part XIV (Additional Information).

## **6. LOCK-UPS**

The Company will agree under the Placing Agreement that, without the prior written consent of the Sole Bookrunner, which consent shall not be unreasonably withheld or delayed, it will not, during the period commencing on the date on which the Placing Agreement is signed and ending 270 days following Admission, directly or indirectly issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of any of its Ordinary Shares or any securities convertible into or exercisable or exchangeable for the Ordinary Shares of the Company, file any registration statement with respect to any of the foregoing, or enter into any swap or any other agreement or any transaction that



transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of its Ordinary Shares; provided however, the foregoing restrictions shall not apply to the issue of Ordinary Shares pursuant to the Issue.

In addition, the Company and the Investment Manager (which is 83%-owned and effectively controlled by the Pereda Family) have agreed under the Investment Manager Agreement (with respect only to the Performance Fee Shares) and will agree under the Placing Agreement (with respect to any Ordinary Shares held by the Investment Manager) that, subject to the exceptions referred to below, the Investment Manager shall not dispose of any Ordinary Shares prior to the third anniversary of Admission or, with respect to any Performance Fee Shares, from the third anniversary of the date on which such Ordinary Shares were delivered to the Investment Manager. The lock-up shall not apply to: (i) a disposal of Ordinary Shares effected to fund the payment or discharge by the Investment Manager of any liability to tax arising in connection with its receipt or acquisition of Performance Fee Shares and/or other Performance Fee Shares issued to the Investment Manager as part of the discharge of the Performance Fee; (ii) a disposal of Ordinary Shares in connection with a takeover or sale of the Company that is recommended by the Board of Directors of the Company or if the Investment Manager is required by law to dispose of such Ordinary Shares; or (iii) following the termination of the Investment Manager Agreement by the Company (save in the case when the Company has elected to terminate by reason of a material breach by the Investment Manager of a term of the Investment Manager Agreement), or due to a Company's material breach or insolvency event or due to other termination events which are not under the Investment Manager's sole control.

The Anchor Investor is also subject to a "lock-up" undertaking with respect to the Anchor Investor Subscription Shares during a period commencing on the date of the Anchor Investor Subscription Agreement and ending 180 days following Admission. The lock-up shall not apply: (i) in the event of an intervening court order which orders the relevant Anchor Investor entity to sell the Ordinary Shares it owns; (ii) to the acceptance of a general offer made to shareholders of the Company (or to all such shareholders other than the offeror and/or any body corporate controlled by the offeror and/or any persons acting in concert with the offeror) to acquire all the issued shares of the Company (other than any shares which are already owned by the person making such offer and any other person acting in concert with him); (iii) to the execution of an irrevocable undertaking to accept a general offer made to shareholders of the Company (or to all such shareholders other than the offeror and/or any body corporate controlled by the offeror and/or any persons acting in concert with the offeror) to acquire all the issued shares of the Company (other than any shares which are already owned by the person making such offer and any other person acting in concert with him); (iv) to any disposal by the Anchor Investor to any of its associates or any fund ultimately advised by Pacific Investment Management Company LLC, provided that such transferee agrees to be bound by the provisions of the Anchor Investor Subscription Agreement and enters into a deed of adherence to the Anchor Investor Subscription Agreement in a form reasonably acceptable to the Company; (v) to a disposal pursuant to a compromise or arrangement between the Company and its creditors or any class of them or between the Company and its members or any class of them which is agreed to by the creditors or members; or (vi) to any disposal pursuant to any offer by the Company to purchase its own shares which is made on identical terms to the holders of shares of the same class.

## **7. SUBSCRIPTION AND PAYMENT**

In order to expedite the registration and listing of the Issue Shares, it is expected that the Sole Bookrunner, in its capacity as prefunding bank, will subscribe and pay for the Placing Shares and the Investment Manager Subscription Shares on 5 March 2014 (the "Subscription Date"), acting in the name and on behalf of the final subscribers. Payment for these shares by the prefunding bank is expected to be made to the Company in the Company's account and these shares will come into existence once registered at the Mercantile Registry of Madrid and recorded in book-entry form with Iberclear. These shares will be delivered to the Sole Bookrunner, acting in the name and on behalf of the final subscribers, following their registration and receipt of evidence thereof by Iberclear on the Subscription Date. Payment by final investors to the Sole Bookrunner shall be made no later than the third Madrid business day after the Subscription Date against delivery of the shares to final subscribers, which is expected to take place on or about 10 March 2014.

According to the Anchor Investor Subscription Agreement, it is expected that the Anchor Investor will subscribe and pay for the Anchor Investor Subscription Shares on the Subscription Date.

## **8. ADMISSION AND DEALINGS**

Application will be made to list the Company's Ordinary Shares on the Spanish Stock Exchanges and to have the Company's Ordinary Shares quoted through the SIBE (*Sistema de Interconexión Bursátil* or *Mercado Continuo*) of the Spanish Stock Exchanges. The Company expects the Ordinary Shares to be listed and quoted on the Spanish Stock Exchanges on or about 6 March 2014. The symbol under which the Ordinary Shares will be quoted will be announced through the publication of a significant information announcement (*Hecho Relevante*) before Admission.

*SIBE*

The SIBE (*Sistema de Interconexión Bursátil or Mercado Continuo*) links the four Spanish Stock Exchanges, providing those securities listed on it with a uniform continuous market that eliminates certain of the differences between the local exchanges. The principal feature of the system is the computerized matching of bid and offer orders at the time of entry of the relevant order. Each order is executed as soon as a matching order is entered, but can be modified or cancelled until it is executed. The activity of the market can be continuously monitored by investors and brokers. The SIBE is operated and regulated by Sociedad de Bolsas, S.A. (“Sociedad de Bolsas”). All trades on the SIBE must be placed through a brokerage firm, a dealer firm or a credit entity that is a member of a Spanish Stock Exchange.

In a pre-opening session held from 8:30 a.m. to 9:00 a.m. each trading day, an opening price is established for each security traded on the SIBE based on a real-time auction in which orders can be entered, modified or cancelled but not executed. During this pre-opening session, the system continuously displays the price at which orders would be executed if trading were to begin at that moment. Market participants only receive information relating to the auction price (if applicable) and trading volume permitted at the current bid and offer price. If an auction price does not exist, the best bid and offer price and associated volumes are shown. The auction terminates with a random period of 30 seconds in which share allocation takes place. Until the allocation process has finished, orders cannot be entered, modified or cancelled. In exceptional circumstances (including the inclusion of new securities on the SIBE) and after giving notice to the CNMV, Sociedad de Bolsas may establish an opening price without regard to the reference price (the previous trading day’s closing price), alter the price range for permitted orders with respect to the reference price or modify the reference price.

The computerized trading hours are from 9:00 a.m. to 5:30 p.m. During the trading session, the trading price of a security is permitted to vary up to a maximum so-called ‘static’ range of the reference price, provided that the trading price for each trade of such security is not permitted to vary in excess of a maximum so-called ‘dynamic’ range with respect to the trading price of the immediately preceding trade of the same security. If, during the trading session, there are matching bid and offer orders for a security within the computerized system which exceed any of the above ‘static’ and/or ‘dynamic’ ranges, trading on the security is automatically suspended and a new auction is held where a new reference price is set, and the ‘static’ and ‘dynamic’ ranges will apply over such new reference price. The ‘static’ and ‘dynamic’ ranges applicable to each particular security are set up and reviewed periodically by Sociedad de Bolsas.

Between 5:30 p.m. and 8:00 p.m., trades may occur outside the computerized matching system without prior authorization of Sociedad de Bolsas (provided such trades are communicated to Sociedad de Bolsas), at a price within the range of 5% above the higher of the average price and closing price for the day and 5% below the lower of the average price and closing price for the day if (i) there are no outstanding bids or offers, respectively, on the system matching or bettering the terms of the proposed off-system transaction, and (ii) if, among other things, the trade involves more than €300,000 and more than 20% of the average daily trading volume of the stock during the preceding three months. These trades must also relate to individual orders from the same person or entity and be reported to Sociedad de Bolsas before 8:00 p.m.

At any time trades may take place (with the prior authorization of Sociedad de Bolsas) at any price if:

- the trade involves more than €1.5 million and more than 40% of the average daily trading volume of the stock during the preceding three months;
- the transaction derives from a merger or spin-off, or from the reorganization of a group of companies;
- the transaction is executed for the purpose of settling litigation or completing a complex set of contracts; or
- Sociedad de Bolsas finds another appropriate cause.

Information with respect to the computerized trades which take place between 9:00 a.m. and 5:30 p.m. is made public immediately, and information with respect to trades which occur outside the computerized matching system is reported to the Sociedad de Bolsas by the end of the trading day and is also published in the Stock Exchange Official Gazette (*Boletín de Cotización*) and on the computer system by the beginning of the next trading day.

#### *Clearance and Settlement System*

Transactions carried out on the SIBE are cleared and settled through Iberclear. Only those entities participating in Iberclear are entitled to use it, and participation is restricted to authorized members of the Spanish Stock Exchanges, the Bank of Spain (when an agreement, approved by the Spanish Ministry of Economy, is reached with Iberclear) and, with the approval of the CNMV, other brokers who are not members of the Spanish Stock Exchanges, banks, savings banks and foreign settlement and clearing systems. Iberclear is owned by *Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.*, a holding company which holds a 100% interest in each of the Spanish official secondary markets and settlement systems. The clearance and settlement system and its participating entities are responsible for maintaining records of purchases and sales under the book entry system. Shares of listed Spanish companies are held in book-entry form. Iberclear, which manages the clearance and settlement system, maintains a

registry reflecting the number of shares held by each of its participating entities on its own behalf as well as the number of shares held on behalf of third parties. Each participating entity, in turn, maintains a registry of the owners of such shares. Spanish law considers the legal owner of the shares to be:

- the participating entity appearing in the records of Iberclear as holding the relevant shares in its own name; or
- the investor appearing in the records of the participating entity as holding the shares.

Iberclear has approved regulations introducing the so-called “T+3 Settlement System” by which the settlement of any transactions must be made within the three business days following the date on which the transaction was carried out.

Obtaining legal title to shares of a company listed on a Spanish Stock Exchange requires the participation of a Spanish official stockbroker, broker-dealer or other entity authorized under Spanish law to record the transfer of shares. In order to evidence title to shares, the relevant participating entity must, at the owner’s request, issue a certificate of ownership. If the owner is a participating entity, Iberclear is in charge of the issuance of the certificate with respect to the shares held in the participating entity’s name.

Notwithstanding the foregoing, it should be noted that Law 32/2011, of October 4, which amends Law 24/1988, of July 28, on the securities market (*Ley 32/2011, de 4 de octubre, por la que se modifica la Ley 24/1988, de 28 julio, del Mercado de Valores*), anticipates some changes yet to be implemented in the Spanish clearing, settlement and registry procedures of securities transactions that will substantially modify the abovementioned system and will allow the connection of the post-trading Spanish systems to the European system Target-2 Securities, which is scheduled to be fully implemented in February 2017.

#### *Euroclear and Clearstream, Luxembourg*

Shares deposited with depositories for Euroclear Bank, S.A./N.V., as operator of the Euroclear System (“Euroclear”), and Clearstream Banking, société anonyme (“Clearstream”) and credited to the respective securities clearance account of purchasers in Euroclear or Clearstream against payment to Euroclear or Clearstream will be held in accordance with the Terms and Conditions Governing Use of Euroclear and Clearstream, the operating procedures of the Euroclear System, as amended from time to time, the Management Regulations of Clearstream and the Instructions to Participants of Clearstream as amended from time to time, as applicable. Persons on whose behalf accounts at Euroclear or Clearstream are maintained and to which shares have been credited (“investors”) shall have the right to receive the number of shares equal to the number of shares so credited, upon compliance with the foregoing regulations and procedures of Euroclear or Clearstream.

With respect to the shares that are deposited with depositories for Euroclear or Clearstream, such shares will be initially recorded in the name of Euroclear or one of its nominees or in the name of Clearstream or one of its nominees, as the case may be. Thereafter, investors may withdraw shares credited to their respective accounts if they wish to do so, upon payment of the applicable fees described below, if any, and upon obtaining the relevant recording in the book-entry registries kept by the members of Iberclear.

Under Spanish law, only the record holder of the shares according to the registry kept by Iberclear is entitled to receive dividends and other distributions and to exercise voting, pre-emptive and other rights in respect of such shares. Euroclear or its nominee or Clearstream or its nominee will be the sole record holder of the shares that are deposited with the depositories for Euroclear and Clearstream, respectively, until such time as investors exercise their rights to withdraw such shares and cause them to obtain the recording of the investor’s ownership of the shares in the book-entry registries kept by the members of Iberclear.

Cash dividends or cash distributions, as well as stock dividends or other distributions of securities, received in respect of the shares that are deposited with the depositories for Euroclear and Clearstream will be credited to the cash accounts maintained on behalf of the investors at Euroclear and Clearstream, as the case may be, after deduction for applicable withholding taxes, in accordance with the applicable regulations and procedures of Euroclear and Clearstream.

Each of Euroclear and Clearstream will endeavour to inform investors of any significant events of which they have notice affecting the shares recorded in the name of Euroclear or its nominees and Clearstream or its nominees and requiring action to be taken by investors. Each of Euroclear and Clearstream may, at its discretion, take such action as it shall deem appropriate in order to assist investors to direct the exercise of voting rights in respect of the shares. Such actions may include (i) acceptance of instructions from investors to execute or to arrange for the execution of, proxies, powers of attorney or other similar certificates for delivery to the Company, or its agent or (ii) voting of such shares by Euroclear or its nominees and Clearstream or its nominees in accordance with the instructions of investors.

If the Company offers or causes to be offered to Euroclear or its nominees and Clearstream or its nominees, as the record holders of the Ordinary Shares that are deposited with the depositories for Euroclear and Clearstream, respectively, any rights to subscribe for additional shares or rights of any other nature, each of Euroclear and Clearstream will endeavour to inform investors of the terms of any such rights issue of which it has notice in accordance with the provisions of its regulations and procedures referred to above. Such rights will be exercised, insofar as practicable and permitted by applicable law, according to written instructions received from investors, or such rights may be sold and, in such event, the net proceeds will be credited to the cash account maintained on behalf of the investor with Euroclear or Clearstream.

## 9. SELLING AND TRANSFER RESTRICTIONS

No action has been or will be taken in any jurisdiction that would permit a public offer of the Ordinary Shares, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the offer of Ordinary Shares contained in this Prospectus. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This Prospectus does not constitute an offer to acquire any of the Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

### 9.1 United States

#### *Restrictions on offering under the US Securities Act*

The Ordinary Shares have not been and will not be registered under the US Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Ordinary Shares are being offered and sold outside of the United States in offshore transactions in reliance on Regulation S. The Placing Agreement will provide that the Sole Bookrunner may, directly or through its US broker-dealer affiliates, arrange for the offer and sale of Ordinary Shares within the United States only to QIBs in reliance on Rule 144A or another available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

In addition, until 40 days after the commencement of the offering of the Ordinary Shares, an offer or sale of Ordinary Shares within the United States by a dealer that is not participating in the offering may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

#### Transfer restrictions on Rule 144A securities

Each person that is purchasing or otherwise acquiring Ordinary Shares and that is located within the United States will be deemed by its subscription for, or purchase of, Ordinary Shares to have represented and agreed as follows:

- (a) it is (a) a QIB, (b) aware, and each beneficial owner of Ordinary Shares has been advised, that the sale of the Ordinary Shares to it is being made in reliance on Rule 144A and (c) acquiring the Ordinary Shares for its own account or for the account or benefit of a QIB;
- (b) it understands that the Ordinary Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be reoffered, resold, pledged or otherwise transferred except (A) (i) to a person whom the purchaser and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account or benefit of a QIB in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or (iii) pursuant to an exemption from registration under the US Securities Act provided by Rule 144 thereunder (if available) and (B) in accordance with all applicable securities laws of the states of the United States. Such purchaser acknowledges that the Ordinary Shares offered and sold in accordance with Rule 144A are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of the Company’s shares;
- (c) it is not, and is not acting on behalf of (a) an employee benefit plan (as defined in Section 3(3) of the US Employee Retirement Income Security Act of 1974, as amended (“ERISA”)) subject to Title I of ERISA, (b) a plan described in section 4975(e)(1) of the US Internal Revenue Code of 1986, as amended (the

“Code”) to which section 4975 of the Code applies, (c) a plan that is subject to any state, local, non-US or other laws or regulations that are substantially similar to Title I of ERISA or Section 4875 of the Code or (d) any other entity whose underlying assets could be deemed to include plan assets by reason of an employee benefit plan’s or a plan’s investment in the entity within the meaning of the US Department of Labor regulation 29 C.F.R. Section 2510.3-101 (as modified by section 3(42) of ERISA) or otherwise;

- (d) the Company, the Sole Bookrunner and their respective directors, officers, agents, employees, advisors and others will rely upon the truth and accuracy of the foregoing representations and agreements; and
- (e) if any of the representations or agreements made by it are no longer accurate or have not been complied with, it will immediately notify the Company and the Sole Bookrunner, and if it is acquiring any Ordinary Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and it has full power to make such foregoing representations and agreements on behalf of each such account.

**Prospective purchasers are hereby notified that sellers of the Ordinary Shares may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A.**

#### Transfer restrictions on Regulation S securities

Each purchaser to whom the Ordinary Shares are distributed, offered or sold outside the United States will be deemed by its subscription for, or purchase of, Ordinary Shares, to have represented and agreed as follows:

- (a) it is acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S;
- (b) it is aware that the Ordinary Shares have not been and will not be registered under the US Securities Act and may not be offered or sold in the United States absent registration or an exemption from, or in a transaction not subject to, registration under the US Securities Act;
- (c) if in the future it decides to offer, sell, transfer, assign or otherwise dispose of the Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the US Securities Act;
- (d) it has carefully read and understands this Prospectus, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other presentation or offering materials concerning the Ordinary Shares to any persons within the United States, nor will it do any of the foregoing;
- (e) it is not, and is not acting on behalf of (a) an employee benefit plan (as defined in Section 3(3) of the US Employee Retirement Income Security Act of 1974, as amended (“ERISA”)) subject to Title I of ERISA, (b) a plan described in section 4975(e)(1) of the US Internal Revenue Code of 1986, as amended (the “Code”) to which section 4975 of the Code applies, (c) a plan that is subject to any state, local, non-US or other laws or regulations that are substantially similar to Title I of ERISA or Section 4875 of the Code or (d) any other entity whose underlying assets could be deemed to include plan assets by reason of an employee benefit plan’s or a plan’s investment in the entity within the meaning of the US Department of Labor regulation 29 C.F.R. Section 2510.3-101 (as modified by section 3(42) of ERISA) or otherwise;
- (f) the Company, the Sole Bookrunner and their respective directors, officers, agents, employees, advisors and others will rely upon the truth and accuracy of the foregoing representations and agreements; and
- (g) if any of the representations or agreements made by it are no longer accurate or have not been complied with, it will immediately notify the Company and the Sole Bookrunner, and if it is acquiring any Ordinary Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and it has full power to make such foregoing representations and agreements on behalf of each such account.

## **9.2 European Economic Area**

The Investment Manager is not regulated as an AIFM as Spain has not yet implemented the AIFMD. The Company may, however, be considered an AIF under the laws of other EEA jurisdictions where the AIFMD has been implemented. Accordingly, Ordinary Shares may only be marketed or offered in such jurisdictions in compliance with and subject to the terms of any transitional regime permitting such marketing or offering which exists under such jurisdiction’s implementation of the AIFMD and any other laws and regulations applicable in such jurisdiction. For the purposes of the AIFMD “marketing” means a direct or indirect offering or placement at the initiative of the Investment Manager or on behalf of the Company of Ordinary Shares of the Company it manages to or with investors domiciled or with a registered office in a member state of the EEA.

As regards EEA jurisdictions that have not implemented the AIFMD and that have implemented the Prospectus Directive (each, a “Relevant Member State”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”), no offer of any Placing Shares have been made to the public in that Relevant Member State except that an offer of Placing Shares may, with effect from and including the Relevant Implementation Date, be made to the public in that Relevant Member State at any time:

- (a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;
- (b) to fewer than 100 natural or legal persons or if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Sole Bookrunner for any such offer; or
- (c) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3(2) of the Prospectus Directive.

For the purposes of the above, the expression an “offer of Placing Shares to the public” in relation to any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Placing Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Placing Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

In the case of any Placing Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Placing Shares acquired by it in the Placing have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Placing Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Sole Bookrunner has been obtained to each such proposed offer or resale. The Company and the Sole Bookrunner and others will rely (and the Company acknowledges that the Sole Bookrunner and its affiliates, and others will rely) upon the truth and accuracy of the foregoing representations, acknowledgments, and agreements.

### 9.3 Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Ordinary Shares may not be circulated or distributed, nor may any Ordinary Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Ordinary Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (d) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (e) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Ordinary Shares pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;

- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

#### **9.4 United Kingdom**

The Sole Bookrunner (A) has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 of England (the “FSMA”)) received by it in connection with the issue or sale of any Placing Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company and (B) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving the United Kingdom.

#### **9.5 Switzerland**

The distribution of the Ordinary Shares in, into or from Switzerland will be exclusively made to, and directed at, regulated qualified investors (the “Regulated Qualified Investors”), as defined in Article 10(3)(a) and (b) of the Swiss Collective Investment Schemes Act of 23 June 2006, as amended (“CISA”). Accordingly, the Company has not been and will not be registered with the Swiss Financial Market Supervisory Authority FINMA and no Swiss representative or paying agent have been or will be appointed in Switzerland. Therefore, the investor protection afforded to investors of interests in collective investment schemes under the CISA does not extend to acquires of the Ordinary Shares. This Prospectus and/or any other offering materials relating to the Ordinary Shares may be made available in Switzerland solely to Regulated Qualified Investors. The Ordinary Shares will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This Prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under the CISA, Article 652a or 1156 of the Swiss Code of Obligations (“CO”) or the listing rules of SIX or any other exchange or regulated trading facility in Switzerland and therefore does not constitute a prospectus within the meaning of the CISA, Article 652a or 1156 CO or the listing rules of SIX or any other exchange or regulated trading facility in Switzerland.

### **10. INTERESTS OF PERSONS INVOLVED IN THE ISSUE**

The Company is not aware of any link or significant economic interest between the Company and the entities participating in the Issue (Directors, Company Secretary, Investment Manager, Sole Bookrunner, Agent Bank and legal advisors), except for the strictly professional relationship derived from the legal and financial advice described therein in relation to the Issue and the interest of the Investment Manager as disclosed in section 1 of this Part XI (The Issue).

## 1. SPANISH SOCIMI REGIME

The following paragraphs are intended as a general guide only and constitute a high-level summary of the Company's understanding of current Spanish law in respect of the current SOCIMI Regime. The SOCIMI Regime was enacted originally in October 2009 and that has been amended at the end of 2012. The amendments introduced in 2012 have improved the regime and have facilitated the incorporation of the first SOCIMI during the second semester of 2013. Accordingly interpretation of the rules is likely to develop as participants gain exposure to the regime. This summary is based on the key aspects of the Spanish SOCIMI Regime as they apply to the Company. The Company filed a request with the Spanish General Directorate of Taxes (DGT) for the DGT to clarify certain aspects of the SOCIMI Act. The resultant ruling was issued on 10 February 2014. Investors should seek their own advice in relation to taxation matters.

### 1.1 Overview

The SOCIMI Regime is intended to facilitate attracting new sources of capital to the Spanish real estate rental market; it follows similar legislation adopted in the UK and other European countries, as well as a long-established real estate investment trusts regime in the United States. One of the primary aims of these type of regimes is to minimize tax inefficiency of holding real estate through corporate ownership by removing corporate taxation at the level of the SOCIMI, promote rental activities and professional management of these type of business.

Provided certain conditions and tests are satisfied (see "Qualification as Spanish SOCIMI" below), a SOCIMI does not generally pay Spanish corporate tax on the profits deriving from its activities –technically, it is subject to a 0% Corporate Income Tax rate-. Instead, profits must be distributed and such income could be subject to taxation.

Under the Spanish SOCIMI Regime, a SOCIMI will be required to adopt resolutions for the distribution of dividends, after fulfilling any relevant Spanish Companies Act requirement, to shareholders annually within the six months following the closing of the fiscal year of: (i) at least 50% of the profits derived from the transfer of real estate properties and shares in Qualifying Subsidiaries and real estate collective investment funds; provided that the remaining profits must be reinvested in other real estate properties or participations within a maximum period of three years from the date of the transfer or, if not, 100% of the profits must be distributed as dividends once such period has elapsed; (ii) 100% of the profits derived from dividends paid by Qualifying Subsidiaries and real estate collective investment funds; and (iii) at least 80% of all other profits obtained (*i.e.*, profits derived from ancillary activities). If the relevant dividend distribution resolution was not adopted in a timely manner, the SOCIMI would lose its SOCIMI status in respect of the year to which the dividends relate.

### 1.2 Qualification as Spanish SOCIMI

In order to qualify for the Spanish SOCIMI Regime, a SOCIMI must satisfy certain conditions. A summary of the material conditions is set out below.

#### *Trading requirement*

SOCIMIs must be listed on a regulated market or alternative investment market in Spain or in other European Union or European Economic Area member state uninterruptedly for the entire tax period. This trading requirement must be met during the whole fiscal year (without interruption) in which the special SOCIMI Regime is applicable.

#### *Purpose of the SOCIMI / Minimum share capital*

SOCIMIs must take the form of a listed joint stock corporation, such a sociedad anónima, with a minimum share capital of €5 million. Furthermore, the SOCIMI's shares must be in registered form, nominative and only one single class of shares is permitted. Since the Ordinary Shares are going to be represented in nominative book entry form, this requirement is met.

A SOCIMI must have as their main corporate purpose:

- The acquisition, development and refurbishment of urban real estate for rental purposes;
- The holding of shares of other SOCIMIs or Qualifying Subsidiaries; and/or
- The holding of shares in real estate collective investment funds.

Qualifying Subsidiaries that are non-resident entities must be resident in countries with which Spain has a treaty or agreement providing for an exchange of tax information.



SOCIMIs are allowed to carry out other ancillary activities that do not fall under the scope of their main corporate purpose. However, such ancillary activities must not exceed 20% of the assets or 20% of the revenues of the SOCIMI in each tax year, in accordance with the minimum qualifying assets and qualifying income tests described below.

#### *Restrictions on investments*

At least 80% of the SOCIMI's assets must be invested in:

- Urban real property to be leased;
- Land plots acquired for the development of urban real property to be leased afterwards, provided that the development of such property starts within three years as from the acquisition date;
- Participations in Qualifying Subsidiaries (see "Purpose of the SOCIMI / Minimum share capital" above); and/or
- Participations in real estate collective investment funds.

The Spanish General Directorate of Taxes (DGT) has confirmed that the assets should be measured on a gross basis, disregarding depreciation or impairments, in accordance with Spanish GAAP.

In the event the SOCIMI has subsidiaries that are deemed to be a part of the same group of companies for Spanish corporate law purposes, the calculation of this 80% threshold will be made on a consolidated basis according to Spanish GAAP. For these purposes, the group of companies would be integrated exclusively by SOCIMIs and other Qualifying Subsidiaries described in "Purpose of the SOCIMI / Minimum share capital" above.

There are no asset diversification requirements.

#### *Restrictions on income*

At least 80% of a SOCIMI's net annual income must derive from the lease of qualifying assets (as described in "Restrictions on investments" above), or from dividends distributed by Qualifying Subsidiaries and real estate collective investment funds and companies.

The Spanish General Directorate of Taxes (DGT) considers that the annual income should be measured on a net basis, taking into consideration direct income expenses and a pro rata portion of general expenses. These concepts should be calculated in accordance with Spanish GAAP.

Lease agreements between related entities would not be deemed a qualifying activity and therefore, the rent deriving from such agreements cannot exceed 20% of the SOCIMI's income.

Capital gains derived from the sale of qualifying assets are in principle excluded from the 80%/20% net income test. However, if a qualifying asset is sold before it is held for a minimum three-year period, then (i) such capital gain would compute as non-qualifying revenue; and (ii) such gain would be taxed at the standard Corporate Income Tax rate (currently, a 30% rate); furthermore, the entire income, including rental income, derived from such asset also would be subject to the standard Corporate Income Tax rate.

#### *Minimum holding period*

Qualifying assets must be held by the SOCIMI for a three-year period since (i) the acquisition of the asset by the SOCIMI, or (ii) the first day of the financial year when the company became a SOCIMI if the asset was held by the company before becoming a SOCIMI. In case of urban real estate, the holding period requires that these assets are actually rented for at least a couple of years; the period of time during which the asset is on the market for rent (even if vacant) is taken into account up to one year.

#### *Mandatory dividend distribution*

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

resolution was not adopted in a timely manner, a SOCIMI would lose its SOCIMI status in respect of the year to which the dividends relate.

The SOCIMIs must agree the dividend distributions of a given fiscal year within the six months following the closing of the fiscal year; those dividends must be due within the month following the distribution agreement.

#### *Leverage*

SOCIMI has no specific limitation on indebtedness.

Recently approved tax limitations by the Spanish Government (tax deduction of financial expenses and annual depreciation, carrying-forward of tax losses, and tax credits) should have no practical impact provided that the SOCIMI is taxed at a 0% Corporate Income Tax rate.

#### *Sanctions*

The loss of the SOCIMI status triggers adverse consequences for the SOCIMI. Causes for such loss of status are:

- Delisting.
- Substantial failure to comply with its information and reporting obligations, unless such failure is remedied by preparing fully compliant annual accounts which contain certain required information in the following year.
- Failure to adopt dividend distribution resolution or to effectively satisfy the dividends within the deadlines described under “Mandatory dividend distribution” above. In this case, the loss of SOCIMI status would have effects in the tax year in which the profits not distributed were obtained.
- Waiver of the SOCIMI Regime by the company.
- Failure to meet the requirements established in the SOCIMI Act unless such failure is remedied within the following fiscal year. However, the failure to observe the minimum holding period of the assets would not give rise to the loss of SOCIMI status, but (i) the assets would be deemed non-qualifying assets; and (ii) income derived from such assets would be taxed at the standard Corporate Income Tax rate (*i.e.* 30%).

Should the SOCIMI falls into any of the above scenarios, the SOCIMI Regime will be lost and it will not be eligible for the special tax regime for three years. In such case, the Company must pay Corporate Income Tax at the regular rate (currently 30%), and will not be able to elect for the SOCIMI Regime for the following three fiscal years. The shareholders in a company that loses its SOCIMI status are expected to be taxable as if the SOCIMI Regime had not been applicable to the company.

Furthermore, in the event of non-compliance with information obligations, penalties between €1,500 and €30,000 are established depending on the kind of information not provided.

## **2. SPANISH TAXATION**

The statements of Spanish tax law set out below are based on existing Spanish tax laws, including relevant regulations, administrative rulings and practices in effect on the date of this Prospectus and which may apply to investors who are the beneficial owners of shares in a SOCIMI. Legislative, administrative or judicial changes may modify the tax consequences described below.

The following is a summary of the material Spanish tax consequences of the acquisition, ownership and disposition of Ordinary Shares by Spanish and non-Spanish tax resident investors. This summary is not a complete analysis or listing of all the possible Spanish tax consequences of such transactions and does not address all tax considerations that may be relevant to all categories of potential purchasers, some of whom may be subject to special rules. In particular, this tax section does not address the Spanish tax consequences applicable to “lookthrough” entities (such as trusts or estates) that may be subject to the tax regime applicable to such non-Spanish tax resident entities under the Spanish Non-Resident Income Tax Law, approved by Royal Legislative Decree 5/2004 of March 5, as amended (the “NRIT Law”).

Accordingly, prospective investors in the shares should consult their own tax advisers as to the applicable tax consequences of their purchase, ownership and disposition of the shares, including the effect of tax laws of any other jurisdiction, based on their particular circumstances.

The description of Spanish tax laws set forth below is based on law currently in effect in Spain as of the date of this Prospectus, and on the administrative interpretations thereof. As a result, this description is subject to any changes in such laws or interpretations occurring after the date hereof, including changes having retroactive effect.

As used in this particular section “Spanish Tax Considerations”, the term “Spanish Shareholder” means a beneficial owner of Ordinary Shares: (i) who is an individual or corporation resident for tax purposes in Spain; or (ii) who is an individual or corporation not resident for tax purposes in Spain but whose ownership of shares is effectively connected with a permanent establishment in Spain through which such holder carries on or has carried on business or with a fixed base in Spain from which such holder performs or has performed independent personal services; and (iii) that does not hold 5% or more of the Ordinary Shares.

As used in this particular section “Spanish Tax Considerations”, the term “Non-Spanish Shareholder” means a beneficial owner of Ordinary Shares: (i) who is an individual or corporation resident for tax purposes in any country other than Spain; and (ii) whose ownership of shares is not effectively connected with a permanent establishment in Spain through which such holder carries on or has carried on business or with a fixed base in Spain from which such holder performs or has performed independent personal services; and (iii) and that does not hold 5% or more of the Ordinary Shares.

## **2.1 Taxation of Entities Qualifying for the SOCIMI Regime**

SOCIMIs and Spanish-resident Qualifying Subsidiaries may elect to apply the SOCIMI Regime. The election to apply the SOCIMI Regime must be adopted by the entity’s shareholders, and the Spanish tax authorities must be notified of such election prior to the last quarter of the tax year when the SOCIMI Regime is expected to apply. Such election will remain applicable until the company waives its applicability. The Company has elected to become a Spanish SOCIMI and benefit from the SOCIMI Regime.

An entity eligible for the SOCIMI Regime may apply for the special tax regime even if when the election is made such entity does not meet all the eligibility requirements, provided that it meets such requirements within two years (as from the date the corresponding election is filed with the Spanish tax authorities). In addition, such entity will have a one-year grace period to cure any non-compliance with certain eligibility requirements.

### *Corporate Income Tax (“CIT”)*

As per 1 January 2013, all income received by a SOCIMI is taxed under CIT at a 0% rate. Nevertheless, rental income stemming from qualifying assets being sold prior to the end of the minimum holding period (three years) would be subject to the standard CIT rate (30%).

Furthermore, a special levy regime applies to dividends paid by the SOCIMI to domestic or foreign Substantial Shareholders. The SOCIMI must assess and pay a 19% Corporate Income Tax in respect of gross dividends distributed if the beneficiary of the dividends holds at least 5% of the shares of the SOCIMI, and is either exempt from any tax on the dividends or subject to tax on the dividend received at a rate lower than 10% (for these purposes, final tax due under the Spanish Non Resident Income Tax Law is also taken into consideration). Such Corporate Tax will be considered an expense for the Company thus reducing the profits distributable to shareholders. The By-Laws contain indemnity obligations from Substantial Shareholders in favour of the Company designed to discourage the possibility that dividends may become payable to Substantial Shareholders. If a dividend payment is made to a Substantial Shareholder, the Company will be entitled to deduct an amount equivalent to the tax expenses incurred by the Company on such dividend payment from the amount to be paid to such Substantial Shareholder (the Board will maintain certain discretion in deciding whether to exercise this right if making such deduction would put the Company in a worse position).

## **2.2 Spanish Resident Individuals**

### *Taxation on dividends*

According to the Spanish Personal Income Tax Law (*Ley 35/2006, de 28 de noviembre, del Impuesto sobre la Renta de las Personas Físicas y de modificación parcial de las leyes de los Impuestos sobre Sociedades, sobre la Renta de no Residentes y sobre el Patrimonio*) (“PIT Law”), income received by a Spanish Shareholder in the form of dividends, shares in profits, consideration paid for attendance at shareholders’ meetings, income from the creation or assignment of rights of use or enjoyment of the shares and any other income received in his or her capacity as shareholder is subject to tax as capital income.

Gross capital income is reduced by any administration and custody expenses (but not by those incurred in individualized portfolio management); the net amount is included in the relevant Spanish Shareholder’s savings taxable base. PIT is levied on net capital income at a flat rate of 21% for the first €6,000, 25% between €6,001 and €24,000 and

27% for any amount in excess of €24,000. No exemptions are allowed (*i.e.* exemption for the first €1,500, etc.) on dividends derived from SOCIMIs.

The payment to Spanish Shareholders of dividends or any other distribution made by a SOCIMI is subject to a withholding tax at the rate of 21%. Such withholding tax is creditable from the PIT payable (*cuota líquida*); if the amount of tax withheld is greater than the amount of the net PIT payable, the taxpayer is entitled to a refund of the excess withheld in accordance with the PIT Law.

#### *Taxation on capital gains*

Gains or losses recorded by a Spanish Shareholder as a result of the transfer of shares in the SOCIMI qualify for the purposes of the PIT Law as capital gains or losses and are subject to taxation according to the general rules applicable to capital gains. The amount of capital gains or losses is equal to the difference between the shares' acquisition value (plus any fees or taxes incurred) and the transfer value, which is the listed value of the share as of the transfer date or, if higher, the agreed transfer price, less any fees or taxes incurred.

Capital gains or losses arising from the transfer of shares held for more than one year by a Spanish Shareholder are included in such Spanish holder's capital income corresponding to the period when the transfer takes place; any gain resulting from such compensation is taxed at a flat rate of 21% for the first €6,000, 25% between €6,001 and €24,000 and 27% for any amount in excess of €24,000. However, capital gains or losses arising from the transfer of shares held for less than one year by a Spanish Shareholder shall be included in such Spanish Shareholder's general taxable base corresponding to the period when the transfer takes place, and are taxed at marginal rates (ranging in tax year 2014 from 24.75% up to 56%, depending on the region of residency).

Capital gains arising from the transfer of shares are not subject to withholding tax on account of PIT. Losses arising from the transfer of shares admitted to trading on certain official stock exchanges will not be treated as capital losses if securities of the same kind have been acquired during the period between two months before and two months after the date of the transfer which originated the loss. In these cases, the capital losses are included in the taxable base upon the transfer of the remaining shares of the taxpayer. No tax credits for avoidance of double taxation are allowed.

#### *Spanish Wealth Tax*

Individual Spanish Shareholders are subject to Spanish Wealth Tax on all their assets (such as the Ordinary Shares) for tax year 2014. Spanish Wealth Tax Law (*Ley 19/1991, de 6 de junio, del Impuesto sobre el Patrimonio*) provides that the first €700,000 of net wealth owned by an individual Spanish Shareholder will be exempt from taxation, while the rest of the net wealth will be taxed at a rate ranging between 0.2% and 2.5%. However, this varies depending on the autonomous region of residency of the taxpayer; some regions, like Madrid, do not effectively levy Net Wealth Tax.

As such, prospective shareholders should consult their tax advisors.

#### *Spanish Inheritance and Gift Tax*

Individuals resident in Spain for tax purposes who acquire shares by inheritance or gift will be subject to the Spanish Inheritance and Gift Tax ("IGT") in accordance with the IGT Law (*Ley 29/1987, de 18 de diciembre, del Impuesto sobre Sucesiones y Donaciones*) ("IGT Law"), without prejudice to the specific legislation applicable in each autonomous region. The effective tax rate, after applying all relevant factors, ranges from 7.65% to 81.6% depending on the amount of the gift or inheritance, the net wealth of the heir or donee, and the kinship with the deceased or the donor. Some tax benefits could reduce the effective tax rate.

#### *Spanish Transfer Tax*

Subscription, acquisition and transfers of shares will be exempt from Transfer Tax (*Impuesto sobre Transmisiones Patrimoniales*) and Value Added Tax. Additionally, no Stamp Duty is levied on such subscription, acquisition and transfers.

### **2.3 Spanish Corporate Resident Shareholders**

#### *Taxation on dividends*

Dividends from a SOCIMI or a share of the Company's profits received by corporate Spanish Shareholders, or by NRIT taxpayers who operate, with respect to the Ordinary Shares, through a permanent establishment in Spain, as a consequence of the ownership of the shares, less any expenses inherent to holding the shares, are included in the CIT or NRIT taxable base. The general CIT or NRIT tax rate is currently 30%. No tax credits for the avoidance of double taxation may apply.

Also, CIT and NRIT taxpayers are subject to withholding tax on dividends at a 21% rate.

#### *Taxation on capital gains*

The gain or loss arising on transfer of the shares or from any other change in net worth relating to the shares are included in the tax base of CIT taxpayers, or of NRIT taxpayers who operate through a permanent establishment in Spain, in accordance with the CIT or NRIT Laws; such gain is taxed generally at a rate of 30%.

#### *Spanish Wealth Tax*

Not applicable.

#### *Spanish Inheritance and Gift Tax*

In the event of acquisition of the shares free of charge by a CIT taxpayer, the income generated for the latter will be taxed according to the CIT rules, the IGT not being applicable.

#### *Spanish Transfer Tax*

Subscription, acquisition and transfers of shares will be exempt from Transfer Tax (*Impuesto sobre Transmisiones Patrimoniales*) and Value Added Tax. Additionally, no Stamp Duty is levied on such subscription, acquisition and transfers.

## **2.4 Non-resident Shareholders**

#### *Taxation on dividends*

Dividends distributed to non-resident individuals are subject to Non-Resident Income Tax (“NRIT”), at the standard withholding tax rate (currently, 21%). No exemptions are allowed on dividends distributed by a SOCIMI.

This standard rate can be reduced or eliminated as per the application of the EU Parent-Subsidiary Directive as the SOCIMI may qualify for its application.

Shareholders resident in certain countries may be entitled to the benefits of a convention for the avoidance of double taxation (“DTC”), in effect between Spain and their country of tax residence. Such shareholders may benefit from a reduced tax rate under an applicable DTC with Spain, subject to the satisfaction of any conditions specified in the relevant DTC, including providing evidence of the tax residence of the shareholder by means of a certificate of tax residence duly issued by the tax authorities of the country of tax residence of the shareholder or, as the case may be, the equivalent document specified in the Spanish Order which further supplements the applicable DTC. In general, the US-Spain DTC provides for a tax rate of 15% on dividends.

If the shareholder provides timely evidence (a certificate of tax residence issued by the relevant tax authorities of the shareholder’s country of residence stating that, for the records of such authorities, the shareholder is a resident of such country within the meaning of the relevant DTC, or as the case may be, the equivalent document regulated in the Order which further develops the applicable DTC) of the shareholder’s right to obtain the DTC reduced rate or an exemption, it will immediately receive the excess amount withheld, which will be credited to the shareholder. In the case of US persons, IRS Form 6166 will satisfy this certificate requirement. For these purposes, the relevant certificate of residence must be provided before the tenth day following the end of the month in which the dividends were paid. The tax certificate is generally valid only for a period of one year from the date of issuance.

If this certificate of tax residence, or as the case may be, the equivalent document referred to above, is not provided within this time period, the shareholder may subsequently obtain a refund of the amount withheld in excess from the Spanish tax authorities, following the standard refund procedure established by the Royal Decree 1776/2004, dated 30 July 2004, and the Order EHA/3316/2010 dated 17 December 2010, as amended.

#### Spanish Refund Procedure

According to Spanish Regulations on NRIT Law, approved by Royal Decree 1776/2004 and the Order dated December 17, 2010, a refund for the amount withheld in excess of any applicable DTC-reduced rate can be obtained from the relevant Spanish tax authorities. To pursue the refund claim, the non-Spanish Holder is required to file: (i) the corresponding Spanish Tax Form (currently, Form 210); (ii) the certificate of tax residence and or equivalent document referred to above and (iii) a certificate from us stating that Spanish NRIT was withheld with respect to such non-Spanish Holder.

For further details, prospective Holders should consult their tax advisors.

### Dividends distributed to non-resident investors qualified as foreign REITs

Dividends paid to non-resident investors that are qualifying foreign REITs may be exempt from withholding tax under the SOCIMI Regime.

#### *Taxation on capital gains*

Capital gains derived from the transfer or sale of the shares are deemed income arising in Spain, and, therefore, are taxable in Spain at a general tax rate of 21%. The current US-Spain DTC does not prohibit Spain from taxing capital gains on US persons.

Capital gains and losses will be calculated separately for each transaction. It is not possible to offset losses against capital gains. No tax credits for avoidance of double taxation are allowed.

The general exemption on capital gains derived from the transfer of shares of listed companies and investment funds would not be applicable.

#### *Spanish Wealth Tax*

Unless an applicable DTC provides otherwise, Spanish non-resident tax individuals are subject to Spanish Wealth Tax (Spanish Law 19/1991) for tax year 2014, which imposes a tax on property and rights in excess of €700,000 that are located in Spain, or can be exercised within the Spanish territory, on the last day of any year. Non-Spanish tax resident individuals whose net worth is above €700,000 and who hold shares on the last day of any year would therefore be subject to Spanish Wealth Tax for such year at marginal rates varying between 0.2% and 2.5% of the average market value of the shares during the last quarter of such year.

Shareholders who benefit from a DTC that provides for taxation only in the shareholder's country of residence are not subject to Spanish Wealth Tax.

#### *Spanish Inheritance and Gift Tax*

Unless otherwise provided under an applicable DTC, transfers of shares upon death and by gift to individuals not resident in Spain for tax purposes are subject to Spanish Inheritance and Gift Tax (Spanish Law 29/1987) if the shares are located in Spain (as is the case with the Ordinary Shares) or the rights attached to such shares are exercisable in Spain, regardless of the residence of the heir or the beneficiary. The applicable tax rate, after applying all relevant factors, ranges between 7.65% and 81.6% for individuals.

#### *Spanish Transfer Tax*

Subscription, acquisition and transfers of shares will be exempt from Transfer Tax (*Impuesto sobre Transmisiones Patrimoniales*) and Value Added Tax. Additionally, no Stamp Duty is levied on such subscription, acquisition and transfers.

### **3. CERTAIN US FEDERAL INCOME TAX CONSIDERATIONS**

**This disclosure is limited to the US federal tax issues addressed herein. Additional issues may exist that are not addressed in this disclosure and that could affect the US federal tax treatment of the Ordinary Shares. This tax disclosure was written in connection with the promotion or marketing of the Ordinary Shares by the Company, and it cannot be used by any person for the purpose of avoiding penalties that may be asserted under the Internal Revenue Code of 1986, as amended (the "Code"). Prospective investors should seek their own advice based on their particular circumstances from independent tax advisers.**

The following is a description of certain US federal income tax consequences to the US Holders described below of owning and disposing of the Company's Ordinary Shares, but it does not purport to be a comprehensive description of all tax considerations that may be relevant to a particular person's decision to acquire Ordinary Shares. This discussion applies only to a US Holder that acquires Ordinary Shares in this offering and holds the Ordinary Shares as capital assets for US federal income tax purposes. This discussion does not describe all of the tax consequences that may be relevant in light of a US Holder's particular circumstances, including alternative minimum tax consequences, any aspect of the Medicare contribution tax on "net investment income" and tax consequences applicable to US Holders subject to special rules, such as:

- certain financial institutions;
- insurance companies;

- real estate investment trusts;
- dealers or traders in securities who use a mark-to-market method of tax accounting;
- persons holding Ordinary Shares as part of a straddle, wash sale, conversion transaction or integrated transaction or persons entering into a constructive sale with respect to the Ordinary Shares;
- persons whose functional currency for US federal income tax purposes is not the US dollar;
- entities classified as partnerships for US federal income tax purposes;
- tax-exempt entities, including “individual retirement accounts” or “Roth IRAs”;
- persons that own or are deemed to own 10% or more of the Company’s voting stock; or
- persons holding Ordinary Shares in connection with a trade or business conducted outside of the United States.

If an entity that is classified as a partnership for US federal income tax purposes owns the Company’s Ordinary Shares, the US federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships owning Ordinary Shares and partners in such partnerships should consult their tax advisers as to the particular US federal income tax consequences of owning and disposing of the Company’s Ordinary Shares.

This discussion is based on the Code, administrative pronouncements, judicial decisions, final, temporary and proposed Treasury regulations, and the income tax treaty between the United States and Spain (the “Treaty”), all as of the date hereof, any of which is subject to change, possibly with retroactive effect.

As used herein, a “US Holder” is a person that is eligible for the benefits of the Treaty, and for US federal income tax purposes is a beneficial owner of Ordinary Shares that is:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to US federal income taxation regardless of its source.

US Holders should consult their tax advisers concerning the US federal, state, local and foreign tax consequences of owning and disposing of the Company’s Ordinary Shares in their particular circumstances.

*Passive Foreign Investment Company.* The Company expects that it will be a passive foreign investment company (a “PFIC”) for US federal income tax purposes and this discussion so assumes.

In general, a non-US corporation will be a PFIC for any taxable year in which (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-US corporation that directly or indirectly owns at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes interest, rents, dividends, royalties and certain gains.

The Company may, directly or indirectly, invest in equity interests in subsidiaries and other entities which are PFICs (collectively “Lower-tier PFICs”). Under attribution rules, US Holders will be deemed to own their proportionate share of Lower-tier PFICs and will be subject to US federal income tax according to the PFIC rules described in the following two paragraphs on (i) certain distributions by a Lower-tier PFIC and (ii) a disposition of shares of a Lower-tier PFIC, in each case as if the US Holder owned such shares directly, even though the US Holders have not received the proceeds of those distributions or dispositions directly.

A US Holder who owns the Company’s Ordinary Shares (or as discussed above is deemed to own shares of a Lower-tier PFIC) during any taxable year in which the Company is a PFIC will generally be subject to adverse tax treatment. Except to the extent the US Holder makes a timely and effective “mark-to-market” election as discussed below, gain recognized on a disposition (including, under certain circumstances, a pledge) of Ordinary Shares by the US Holder (or on an indirect disposition of shares of a Lower-tier PFIC) will be allocated rateably over the US Holder’s holding period for the Ordinary Shares. The amounts allocated to the taxable year of disposition will be taxed as ordinary income. The

amounts allocated to each other taxable year will be subject to tax at the highest rate in effect for that taxable year for individuals or corporations, as appropriate, and an interest charge will be imposed on the resulting tax liability for each such year. The total amount of the gain (or loss) will equal the difference between the US Holder's tax basis in the Ordinary Shares disposed of and the amount realized on the disposition, in each case as determined in US dollars.

To the extent that any distribution received by a US Holder on Ordinary Shares (or a distribution by a Lower-tier PFIC to its shareholder that is deemed to be received by a US Holder) exceeds 125% of the average of the annual distributions received (or deemed received) during the preceding three years or the US Holder's holding period, whichever is shorter, the distribution will be subject to taxation in the same manner as gain as described in the preceding paragraph.

If the Company's Ordinary Shares are "regularly traded" on a "qualified exchange," a US Holder may make a mark-to-market election that would result in tax treatment different from the general tax treatment for PFICs described above. The Ordinary Shares will be treated as "regularly traded" in any calendar year in which more than a *de minimis* quantity of the Ordinary Shares are traded on a qualified exchange on at least 15 days during each calendar quarter. A foreign exchange is a "qualified exchange" if it is regulated or supervised by a governmental authority in the jurisdiction in which the exchange is located and with respect to which certain other requirements are met. The Internal Revenue Service has not identified specific foreign exchanges that are "qualified" for this purpose. US Holders of Ordinary Shares should consult their tax advisers as to whether the Spanish Stock Exchanges are qualified exchanges for this purpose. If a US Holder validly makes the mark-to-market election, the US Holder generally will recognize as ordinary income any excess of the fair market value of the Ordinary Shares at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the Ordinary Shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a US Holder makes the election, the US Holder's tax basis in the Ordinary Shares will be adjusted to reflect the income or loss amounts recognized. Any gain recognized on the sale or other disposition of Ordinary Shares in a year when the Company is a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a US Holder makes the mark-to-market election, distributions paid on Ordinary Shares will be treated as discussed under "—Taxation of Distributions" below. US Holders should consult their tax advisers regarding the availability and advisability of making a mark-to-market election in their particular circumstances. In particular, US Holders should consider carefully the impact of a mark-to-market election with respect to their Ordinary Shares given that the Company may own in future interests in Lower-tier PFICs for which a mark-to-market election may not be available.

If the Company is a PFIC for any year during which a US Holder owns Ordinary Shares, it will generally continue to be treated as a PFIC with respect to the US Holder for all succeeding years during which the US Holder owns the Ordinary Shares, even if the Company ceases to meet the threshold requirements for PFIC status.

The Company does not intend to provide US Holders with the information necessary to make a qualified electing fund election, which if available could have materially affected the tax consequences of owning and disposing of the Ordinary Shares.

If a US Holder owns Ordinary Shares during any year in which the Company is a PFIC, the US Holder generally will be required to file annual reports containing such information as the US Treasury may require.

US Holders should consult their tax advisers concerning the Company's PFIC status and the tax considerations relevant to an investment in a PFIC.

*Taxation of Distributions.* Subject to the PFIC rules described above, distributions paid on Ordinary Shares, other than certain pro rata distributions of Ordinary Shares, will be treated as dividends to the extent paid out of the Company's current or accumulated earnings and profits (as determined under US federal income tax principles). Distributions in excess of current and accumulated earnings and profits (as determined under US federal income tax principles) will be treated as a non-taxable return of capital to the extent of the US Holder's basis in the Ordinary Shares and thereafter as capital gain. Because the Company does not calculate earnings and profits under US federal income tax principles, it is expected that distributions generally will be reported to US Holders as dividends. Dividends will not be eligible for the dividends-received deduction generally available to US corporations under the Code or for the favourable tax rates applicable to "qualified dividend income" of certain non-corporate US persons. Dividends will be included in a US Holder's income on the date of receipt. The amount of any dividend income paid in euros will be the US dollar amount calculated by reference to the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into US dollars. If the dividend is converted into US dollars on the date of receipt, a US Holder should not be required to recognize foreign currency gain or loss in respect of the dividend income. A US Holder's tax basis in the euros received will equal the US dollar amount thereof included in income. A US Holder may have foreign currency gain or loss, which will be US source ordinary income or loss, if the dividend is converted into US dollars after the date of receipt.



Dividends will be treated as foreign-source income for purposes of the foreign tax credit rules. For US federal income tax purposes, the amount of the dividend income will include amounts withheld in respect of Spanish withholding tax. Spanish taxes withheld from dividend payments at a rate not exceeding any applicable rate under the Treaty generally will be creditable against a US Holder's US federal income tax liability, subject to applicable limitations that vary depending upon the US Holder's circumstances. Any Spanish income taxes withheld in excess of the applicable Treaty rate will not be eligible for credit against a US Holder's US federal income tax liability. The rules governing foreign tax credits are complex and US Holders should consult their tax advisers regarding the creditability of foreign tax credits in their particular circumstances. Instead of claiming a credit, a US Holder may elect to deduct such Spanish taxes in computing its taxable income, subject to applicable limitations. An election to deduct foreign taxes instead of claiming foreign tax credits must apply to all foreign taxes paid or accrued in the taxable year.

*Foreign tax credit for Spanish taxes imposed on dispositions of Ordinary Shares.* As described in "Spanish Taxation—Non-resident Shareholders—Taxation on capital gains" transfers or sales of Ordinary Shares will be subject to Spanish taxation. Under the Treaty US Holders may be able to credit Spanish taxes imposed on dispositions of Ordinary Shares, subject to applicable limitations. US Holders should consult their tax advisers as to whether they would be able to credit any such Spanish taxes against their US federal income tax liabilities in their particular circumstances.

*Information Reporting and Backup Withholding.* Payments of dividends and sales proceeds that are made within the United States or through certain US-related financial intermediaries may be subject to information reporting and backup withholding, unless (i) the US Holder is a corporation or other exempt recipient (and if required, establishes its status as such) or (ii) in the case of backup withholding, the US Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding from a payment to a US Holder will be allowed as a credit against the US Holder's US federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Certain US Holders who are individuals (and under proposed regulations, certain entities controlled by individuals) may be required to report information relating to their ownership of the Company's Ordinary Shares, unless the Ordinary Shares are held in accounts at financial institutions (in which case the accounts may be reportable if maintained by non-US financial institutions). US Holders should consult their tax advisers regarding their reporting obligations with respect to the Ordinary Shares.

## PART XIII: CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the Ordinary Shares by an “employee benefit plan” (within the meaning of Section 3(3) of ERISA) that is subject to Title I of ERISA, a plan, individual retirement account or other arrangement that is subject to Section 4975 of the U.S. tax code or provisions under any Similar Law, and entities whose underlying assets are considered to include “plan assets” of any such plan, account or arrangement (each, a “Plan”). This summary is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Ordinary Shares on behalf of, or with the assets of, any employee benefit plan, consult with their counsel to determine whether such employee benefit plan is subject to Title I of ERISA, Section 4975 of the Code or any Similar Laws.

Section 3(42) of ERISA provides that the term “plan assets” has the meaning assigned to it by such regulations as the U.S. Department of Labor (the “Department”) may prescribe, except that under such regulations the assets of any entity shall not be treated as plan assets if, immediately after the most recent acquisition of any equity interest in the entity, less than 25% of the total value of each class of equity is held by benefit plan investors. The Department has prescribed regulations (the “Plan Asset Regulations”) that generally provide that when a Plan subject to Title I of ERISA or Section 4975 of the U.S. tax code (an “ERISA Plan”) acquires an equity interest in an entity that is neither a “publicly-offered security” (as defined in the Plan Asset Regulations) nor a security issued by an investment company registered under the U.S. Investment Company Act, the ERISA Plan’s assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established either that equity participation in the entity by “benefit plan investors” is not significant or that the entity is an “operating company,” in each case as defined in the Plan Asset Regulations. For purposes of the Plan Asset Regulations, equity participation in an entity by benefit plan investors will not be significant if they hold, in the aggregate, less than 25% of the value of any class of equity interests of such entity, excluding equity interests held by any person (other than a benefit plan investor) who has discretionary authority or control with respect to the assets of the entity or who provides investment advice for a fee (direct or indirect) with respect to such assets, and any affiliates of such person. Section 3(42) of ERISA provides, in effect, that for purposes of the Plan Asset Regulations, the term “benefit plan investor” means an ERISA Plan or an entity whose underlying assets are deemed to include “plan assets” under the Plan Asset Regulations (for example, an entity 25% or more of the value of any class of equity interests of which is held by benefit plan investors and which does not satisfy another exception under the Plan Asset Regulations).

It is anticipated that (i) Ordinary Shares will not constitute “publicly offered securities” for purposes of the Plan Asset Regulations, (ii) the Company will not be an investment company registered under the U.S. Investment Company Act and (iii) the Company will not qualify as an operating company within the meaning of the Plan Asset Regulations. The Company will prohibit ownership by benefit plan investors in the Ordinary Shares through deemed representations from its investors. However, no assurance can be given that investment by benefit plan investors in the Ordinary Shares will not be “significant” for purposes of the Plan Asset Regulations.

### **Plan Asset Consequences**

If the Company’s assets were deemed to be “plan assets” of an ERISA Plan whose assets were invested in the Company, this would result, among other things, in (i) the application of the prudence and other fiduciary responsibility standards of ERISA to investments made by the Company, and (ii) the possibility that certain transactions that the Company, the Investment Manager or their respective affiliates might enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under Section 406 of ERISA and/or Section 4975 of the Code and might have to be rescinded. A non-exempt prohibited transaction, in addition to imposing potential liability upon fiduciaries of the ERISA Plan, may also result in the imposition of an excise tax under the Code upon a “party in interest” (as defined in ERISA), or “disqualified person” (as defined in the Code), with whom the ERISA Plan engages in the transaction. Governmental plans, certain church plans and non-U.S. plans, while not subject to Title I of ERISA or Section 4975 of the Code, may nevertheless be subject to similar laws. Fiduciaries of such plans should consult with their counsel before purchasing or holding any Ordinary Shares. Because of the foregoing, the Ordinary Shares may not be purchased or held by any person investing assets of any Plan.

### **Representation and Warranty**

In light of the foregoing, by accepting an interest in any Ordinary Shares, each purchaser and transferee will be deemed to have represented and warranted that no portion of the assets used to purchase or hold its interest in the Ordinary Shares constitutes or will constitute the assets of any Plan.

### **Provisions Included in By-Laws**

The By-Laws contain certain information obligations with respect to shareholders or beneficial owners of Ordinary Shares who are subject to a special legal regime applicable to pension funds or benefit plans (such as ERISA). If any

such shareholder or beneficial owner fails to comply with such information obligations, the Company will be entitled to suspend (until such obligations are fulfilled) the economic and political rights attached to the Ordinary Shares of such person. Moreover, the Company will have the ability to request from any shareholder or beneficial owner of Ordinary Shares such information as the Company considers necessary or useful to determine whether any such person is subject to a special legal regime applicable to pension funds or benefit plans. Failure to provide such information to the Company may result in the suspension of the political rights attached to the relevant Ordinary Shares. Furthermore, according to the By-Laws, the Company will be able to take any measures it deems appropriate to avoid any adverse effects to the Company or its shareholders resulting from the application of laws and regulation relating to pension funds or benefit plans (in particular, ERISA). The purpose of these provisions is to provide the Company with the ability to minimize the risk that Benefit Plan Investors (or other similar investors) hold 25% or greater of any class of equity interest in the Company.

## PART XIV: ADDITIONAL INFORMATION

### 1. RESPONSIBILITY

The Company and the signing Director (Mr. Miguel Pereda) accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and the signing Director (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

### 2. INFORMATION ON THE COMPANY

The Company was incorporated and registered in Spain on 17 January 2014 pursuant to the Spanish Companies Act as a public limited company (a *sociedad anónima* or S.A.) under the name Lar España Real Estate, S.A., subsequently changed to Lar España Real Estate SOCIMI, S.A. upon election of SOCIMI special tax regime. The Company is incorporated for an unlimited term.

The principal legislation under which the Company operates, and under which the Ordinary Shares were created, is the Spanish Companies Act and the regulations made thereunder.

The registered office the Company is at Rosario Pino 14-16, 28020 Madrid, Spain.

The financial year end of the Company is 31 December.

The Company is domiciled in Spain and resident in Spain for tax purposes.

The Company is recently incorporated and has limited operating or financial data. The Company's audited interim financial statements as of 24 January 2014 and for the eight days ended on such date are included elsewhere herein. Deloitte, whose address is Plaza Pablo Ruiz Picasso 1, Torre Picasso, 28020 Madrid, Spain, has been appointed as the auditors of the Company and have been the only auditors of the Company since its incorporation.

Save for matters connected with the Issue and the entry into of the contracts discussed in section 11 of Part XIV (Additional Information) the Company has not engaged in operations since its incorporation and has not incurred borrowings.

### 3. SHARE CAPITAL

At the date of this Prospectus, the issued share capital of the Company consists of €60,000 divided into a single series of 30,000 shares in book-entry form, with a nominal value of €2.00 each. All of these shares are fully paid.

On incorporation and as at 12 February 2014 (being the latest practicable date prior to the registration of this Prospectus with the CNMV), the Investment Manager, Grupo Lar, held 30,000 Ordinary Shares representing 100% of the issued share capital of the Company. Grupo Lar is 83%-owned and effectively controlled by the Pereda Family. Two of the six members of the Management Team (Mr. Luis Pereda and Mr. Miguel Pereda) are shareholders of the Investment Manager. In addition, Mr. Luis Pereda and Mr. Miguel Pereda are, respectively, the Executive Chairman and Co-CEO of Grupo Lar. Mr. Miguel Pereda is also a member of the Company's Board.

See section 6 of this Part XIV (Additional Information) in respect of the Directors' authority to issue Ordinary Shares.

The Company has no convertible debt securities, exchangeable debt securities or debt securities with warrants in issue.

### 4. INTERESTS OF MAJOR SHAREHOLDERS

Subject to the arrangements set out in section 11 of this Part XIV (Additional Information), insofar as the Company is aware, immediately prior to, or following, Admission, the name of each person who, directly or indirectly, is interested in 3% or more of the Company's capital, and the amount of such person's interest, will be as follows (on the basis of a €400 million Issue):

Name	Immediately prior to Admission		Immediately following Admission	
	Number of Ordinary Shares	Percentage of issued Ordinary Share Capital	Number of Ordinary Shares	Percentage of issued Ordinary Share Capital
Grupo Lar(1).....	30,000	100%	1,000,000	2.5%

Name	Immediately prior to Admission		Immediately following Admission	
	Number of Ordinary Shares	Percentage of issued Ordinary Share Capital	Number of Ordinary Shares	Percentage of issued Ordinary Share Capital
LVS II Lux XII S.à r.l.(2) .....	—	—	5,000,000	12.5%

- (1) Grupo Lar is 83%-owned and effectively controlled by the Pereda Family. Two of the six members of the Management Team (Mr. Luis Pereda and Mr. Miguel Pereda) are members of the Pereda Family. In addition, Mr. Luis Pereda and Mr. Miguel Pereda are, respectively, the Executive Chairman and Co-CEO of Grupo Lar. Mr. Miguel Pereda is also a member of the Company's Board.
- (2) The Company has entered into the Anchor Investor Subscription Agreement pursuant to which the Anchor Investor has agreed to subscribe, at the Issue Price, an aggregate of 5,000,000 Issue Shares if the final number of Ordinary Shares to be issued in the Issue is equal to or higher than 35,000,000, or such amount of Ordinary Shares which would represent 12.5 per cent. of the Issue Shares if the number of Issue Shares is lower than 35,000,000, conditional on the Placing Agreement not having been terminated in accordance with its terms and certain other conditions being satisfied (including that the final number of Ordinary Shares to be issued in the Issue is at least 30,000,000).

The above listed shareholders do not have different voting rights than those corresponding to the Ordinary Shares. For the avoidance of doubt, it is hereby stated that both Grupo Lar and the Anchor Investor are subject to the applicable Spanish securities market regulations governing market abuse and price-sensitive information which, among others, may affect any co-investment transactions they intend to carry out with the Company. Additionally, Grupo Lar, in its capacity as Investment Manager of the Company, is subject to the rules set forth in the Company's Regulations of Internal Conduct in the Capital Markets.

The Company is not aware of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company as at, or immediately following, Admission.

Under the Spanish SOCIMI Regime, the Company may become subject to a 19% Corporate Income Tax on the amount of dividends received by a Substantial Shareholder. The By-Laws contain indemnity obligations from Substantial Shareholders in favour of the Company designed to discourage the possibility that dividends may become payable to Substantial Shareholders. If a dividend payment is made to a Substantial Shareholder, the Company will be entitled to deduct an amount equivalent to the tax expenses incurred by the Company on such dividend payment from the amount to be paid to such Substantial Shareholder. These provisions are summarised at section 6 of Part XIV (Additional Information).

## 5. TENDER OFFERS

Tender offers are governed in Spain by Law 24/1988 on the Securities Market (as amended by Law 6/2007 of April 12) and Royal Decree 1066/2007, of 27 July 2007, which have implemented Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004. Tender offers in Spain may qualify as either mandatory or voluntary offers.

Mandatory public tender offers must be launched for all the shares of the target company or other securities that might directly or indirectly give the right to subscription thereto or acquisition thereof (including convertible and exchangeable bonds) at an equitable price and not subject to any conditions when any person acquires control of a Spanish company listed on the Spanish Stock Exchanges, whether such control is obtained:

- by means of the acquisition of shares or other securities that directly or indirectly give the right to subscribe or acquire voting shares in such company;
- through agreements with shareholders or other holders of said securities; or
- as a result of other situations of equivalent effect as provided in the regulations (*i.e.*, indirect control acquired through mergers, share capital decreases, target's treasury stock variations or securities exchange or conversion, etc.).

A person is deemed to have obtained the control of a target company, individually or jointly with concerted parties, whenever:

- it acquires directly or indirectly a percentage of voting rights equal to or greater than 30%; or

- it has acquired a percentage of less than 30% of the voting rights and appoints, in the 24 months following the date of acquisition of said percentage, a number of directors that, together with those already appointed, if any, represent more than one-half of the members of the target company's board of directors. Regulations also set forth certain situations where directors are deemed to have been appointed by the bidder or persons acting in concert therewith unless evidence to the contrary is provided.

Notwithstanding the above, Spanish regulations establish certain exceptional situations where control is obtained but no mandatory tender offer is required, including, among others:

- subject to the CNMV's approval, acquisitions or other transactions resulting from the conversion or capitalization of claims into shares of listed companies the financial feasibility of which is subject to serious and imminent danger, even if the company is not undergoing bankruptcy proceedings, provided that such transactions are intended to ensure the company's financial recovery in the long-term; or
- in the event of a merger, provided that those acquiring control did not vote in favour of the merger at the relevant general meeting of shareholders of the offeree company and provided also that it can be shown that the primary purpose of the transaction is not the takeover but an industrial or corporate purpose; and
- when control has been obtained after a voluntary bid for all of the securities, if either the bid has been made at an equitable price or has been accepted by holders of securities representing at least 50 per cent of the voting rights to which the bid was directed.

For the purposes of calculating the percentages of voting rights acquired, the regulations establish the following rules:

- percentages of voting rights corresponding to (i) companies belonging to the same group of the bidder; (ii) members of the board of directors of the bidder or of companies of its group; (iii) persons acting for the account of or in concert with the bidder (a concert party shall be deemed to exist when two or more persons collaborate under an agreement, be it express or implied, oral or written, in order to obtain control of the offeree company); (iv) voting rights exercised freely and over an extended period by the bidder under proxy granted by the actual holders or owners of such rights, in the absence of specific instructions with respect thereto; and (v) shares held by a nominee, such nominee being understood as a third-party whom the bidder totally or partially covers against the risks inherent in acquisitions or transfers of the shares or the possession thereof, will be deemed to be held by the bidder (including the voting rights attaching to shares that constitute the underlying asset or the subject matter of financial contracts or swaps when such contracts or swaps cover, in whole or in part, against the risks inherent in ownership of the securities and have, as a result, an effect similar to that of holding shares through a nominee);
- both the voting rights arising from the ownership of shares and those enjoyed under a usufruct or pledge or upon any other title of a contractual nature will be counted towards establishing the number of voting rights held;
- the percentage of voting rights shall be calculated based on the entire number of shares carrying voting rights, even if the exercise of such rights has been suspended; voting rights attached to treasury shares shall be excluded; and non-voting shares shall be taken into consideration only when they carry voting rights pursuant to applicable law; and
- acquisitions of securities or other financial instruments giving the right to the subscription, conversion, exchange or acquisition of shares which carry voting rights will not result in the obligation to launch a tender offer either until such subscription, conversion, exchange or acquisition occurs.

Notwithstanding the foregoing, upon the terms established in the regulations, the CNMV will conditionally dispense with the obligation to launch a mandatory bid when another person or entity not in concert with the potential bidder directly or indirectly holds an equal or greater voting percentage in the target company.

The price of the mandatory tender offer is deemed equitable when it is at least equal to the highest price paid by the bidder or by any person acting in concert therewith for the same securities during the 12 months prior to the announcement of the tender offer. When the mandatory tender offer must be made without the bidder having previously acquired the shares over the above-mentioned 12-month period, the equitable price shall not be less than the price calculated in accordance with other rules set forth in the regulations. In any case, the CNMV may change the price so calculated in certain circumstances (extraordinary events affecting the price, evidence of market manipulation, etc.).

Mandatory offers must be launched within one month from the acquisition of the control of the target company. Voluntary tender offers may be launched when a mandatory offer is not required. Voluntary offers are subject to the same rules established for mandatory offers except for the following:

- they might be subject to certain conditions (such as amendments to the by-laws or adoption of certain resolutions by the target company, acceptance of the offer by a minimum number of securities, approval of the offer by the shareholders meeting of the bidder; and any other deemed by the CNMV to be in accordance with law), provided that such conditions can be met before the end of the acceptance period of the offer; and
- they may be launched at any price, regardless of whether it is lower than the abovementioned “equitable price”.

Spanish regulations on tender offers set forth further provisions, including:

- subject to shareholder approval within 18 months from the date of announcement of the tender offer, the board of directors of a target company will be exempt from the rule prohibiting frustrating action against a foreign bidder whose board of directors is not subject to an equivalent passivity rule;
- defensive measures included in a listed company’s by-laws and transfer and voting restrictions included in agreements among a listed company’s shareholders will remain in place whenever the company is the target of a tender offer, unless the shareholders resolve otherwise (in which case any shareholders whose rights are diluted or otherwise adversely affected will be entitled to compensation at the target company’s expense); and
- squeeze-out and sell-out rights will apply provided that following a tender offer for all the target’s share capital, the bidder holds securities representing at least 90% of the target company’s voting capital and the tender offer has been accepted by the holders of securities representing at least 90% of the voting rights other than those held by or attributable to the bidder previously to the offer.

## 6. BY-LAWS AND CERTAIN APPLICABLE REGULATION

The following is a summary of the By-Laws of the Company. Any shareholder requiring further detail than that provided in the summary is advised to consult the By-Laws which are available at the address specified in paragraph 2 of this Part XIV (Additional Information) and at the corporate website of the Company ([www.larespana.com](http://www.larespana.com)).

### *Share capital*

At the date of this Prospectus, the issued share capital of the Company consists of €60,000 divided into a single series of 30,000 registered shares in book-entry form, with a nominal value of €2.00 each. All of these shares are fully paid. Non-residents of Spain may hold shares and vote, subject to the restrictions described under “Restrictions on Foreign Investment”.

### *Dividend and liquidation rights*

Payment of dividends is proposed by the Board of Directors and must be authorized by the shareholders at a general meeting. Holders of shares participate in such dividends from the date agreed by a general meeting.

The Spanish Companies Act requires each company to contribute at least 10% of its net income each year to a legal reserve until the balance of such reserve is equivalent to at least 20% of such company’s issued share capital. A company’s legal reserve is not available for distribution to its shareholders except upon such company’s liquidation. The legal reserve of the Company will not exceed 20% of the share capital of the Company. The Company’s By-Laws do not establish any reserve that is not available for distribution to its shareholders.

According to the Spanish Companies Act, dividends may only be paid out of profits (after the necessary transfer to mandatory reserves or distributable reserves and only if the value of the Company’s net worth is not, and as a result of distribution would not be, less than its share capital).

In addition, no profits may be distributed unless the amount of the distributable reserves is at least equal to the amount of the research and development expenses recorded as an asset in the Company’s balance sheet.

The Spanish Companies Act also requires the creation of a non-distributable reserve equal to the amount of goodwill recorded as an asset on the balance sheet and that an amount at least equal to 5.0% of such goodwill be transferred from the profit from each financial year to such non-distributable reserve until such time as the non-distributable reserve is of an amount at least equal to the goodwill recorded on balance sheet. If, in any given financial year, there are no profits or

there are insufficient profits to transfer an amount equal to 5.0% of the goodwill recorded on the balance sheet, the Spanish Companies Act requires that the shortfall be transferred from freely distributable reserves to the non-distributable reserve.

In accordance with Section 947 of the Spanish Commercial Code, the right to a dividend lapses and reverts to the Company if it is not claimed within five years after it becomes payable.

Upon liquidation of the Company, shareholders would be entitled to receive proportionately any assets remaining after the payment of the Company's debts, taxes and expenses of the liquidation.

*Company's indemnity from Substantial Shareholder's CIT liability and shareholders' reporting obligation*

The By-Laws require any shareholder to give notice to the Company's Board of Directors of any acquisition of Ordinary Shares which results in such shareholder reaching a stake in the Company equal or higher to 5% of its share capital. Furthermore, together with this notice, such shareholder must provide evidence of its tax residence and status (*i.e.*, such shareholder must provide a certificate issued by the relevant tax authorities of its country of residence, indicating the following: (i) that, according to the records of such authorities, such shareholder is a tax resident of such country and (ii) the rate at which dividends from the Company are subject to taxation in the relevant country).

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

If a dividend payment is made to a Substantial Shareholder, the Company will be entitled to deduct an amount equal to the CIT liability levied on any dividend distribution paid to it, increased in the amount that, once such CIT is deducted, offsets the CIT expense derived for the Company under the Spanish SOCIMI Regime, from the amount to be paid to such Substantial Shareholder.

For example, assuming that: (i) a gross dividend of €100 is due to a Substantial Shareholder, (ii) the CIT rate applicable to dividend distributions made to such Substantial Shareholder is 19% (in accordance with the provisions of the Spanish SOCIMI Regime relating to dividend distributions to Substantial Shareholders) and (iii) the Company is subject to a 0% CIT rate on any indemnity amount to be deducted from the dividend payment to such Substantial Shareholder, the indemnity amount to be deducted to such Substantial Shareholder will be the following:

Gross Dividend: €100

Special Taxation:  $100 \times 19\% = €19$

Special Taxation CIT Expense ("CITst"): €19

**Indemnity amount to be deducted ("I"): €19**

CIT tax base for the indemnity ("Tbi"): €19

CIT Expense derived from the indemnity ("CITi"): €0

Effect for the Company:  $C - CITst - CITi = 19 - 19 - 0 = €0$

The By-Laws include provisions for this calculation in case of an eventual amendment of the CIT rate applicable to SOCIMIs. In this event, the indemnity amount to be deducted from the amount to be paid to the Substantial Shareholder will be calculated taking into account its effect on the income statement of the Company (*i.e.*, the amount of the indemnity to be paid would be increased to reflect the taxation of the indemnity or any other cost for the purposes of the Company CIT).

The purpose of providing the Company with the right to make these deductions is to offset any adverse impact resulting from the distribution of dividends to a Substantial Shareholder on the Company.

The Board of Directors may elect not to make these deductions in full or at all from dividend payments to a Substantial Shareholder in the event that, as a result of making such deductions, the Company would be in a worse position than if it did not make them.



The Spanish General Directorate of Taxes (DGT) has confirmed that any indemnity payment received from a Substantial Shareholder will compute towards the SOCIMI Regime requirement that at least 80% of the Company's net annual income must derive from rental income and from dividends or capital gains in respect of certain specified assets.

*Provisions relating to shareholders who are subject to a special legal regime applicable to pension funds or benefit plans*

The By-Laws contain certain information obligations with respect to shareholders or beneficial owners of Ordinary Shares who are subject to a special legal regime applicable to pension funds or benefit plans (such as ERISA). If any such shareholder or beneficial owner fails to comply with such information obligations, the Company will be entitled to suspend (until such obligations are fulfilled) the economic and political rights attached to the Ordinary Shares of such person. Moreover, the Company will have the ability to request from any shareholder or beneficial owner of Ordinary Shares such information as the Company considers necessary or useful to determine whether any such person is subject to a special legal regime applicable to pension funds or benefit plans. Failure to provide such information to the Company may result in the suspension of the political rights attached to the relevant Ordinary Shares. Furthermore, according to the By-Laws, the Company will be able to take any measures it deems appropriate to avoid any adverse effects to the Company or its shareholders resulting from the application of laws and regulation relating to pension funds or benefit plans (in particular, ERISA). The purpose of these provisions is to provide the Company with the ability to minimize the risk that Benefit Plan Investors (or other similar investors) hold 25% or greater of any class of equity interest in the Company.

*Shareholders' meetings and voting rights*

Pursuant to the By-Laws, rules of the general shareholders' meeting of the Company and the Spanish Companies Act, ordinary annual general shareholders' meetings are held during the first six months of each fiscal year on a date fixed by the Board of Directors. Extraordinary general shareholders' meetings may be called by the Board of Directors whenever it deems appropriate, or at the request of shareholders representing at least 5% of the share capital. Notices of all general shareholders' meetings are published in the Commercial Registry's Official Gazette (*Boletín Oficial del Registro Mercantil*) and on the corporate website of the Company at least one month prior to the meeting. Once the shares are trading, notices of all general shareholders' meetings will be published in the Commercial Registry's Official Gazette (*Boletín Oficial del Registro Mercantil*), on the corporate website of the Company and on the website of CNMV.

In addition, according to the Spanish Companies Act, if the Company offers to shareholders the possibility to vote by electronic means accessible to all shareholders, the time limit for calling extraordinary shareholders' meetings may be reduced to at least 15 days before an extraordinary shareholders' meeting. The decision to abbreviate the period between the notice date and the extraordinary shareholders' meeting is to be taken by a majority of not less than two thirds of the voting capital represented in an ordinary annual general shareholders' meeting, and remains in force until no later than the following annual general shareholders' meeting.

Action is taken at ordinary meetings on the following matters: the approval of the management carried out by the Directors, the approval of the annual accounts from the previous fiscal year, and the application of the previous fiscal year's income or loss. All other matters can be considered at either an extraordinary meeting or at an ordinary meeting if the matter is within the authority of the meeting and is included on the agenda.

Each share entitles the holder to one vote and there is no limit as to the maximum number of voting rights that may be held by each shareholder or by companies of the same group. Shareholders on record as holding any number of shares with voting rights are entitled to attend the general shareholders' meeting with the right to speak and vote. The notice calling the general shareholders' meeting shall indicate the date on which shares must be held by a shareholder in order for the latter to participate in a general meeting and to vote in respect of his shares.

Only holders of shares duly registered in the book-entry records maintained by Iberclear, and its member entities, at least five days prior to the day on which a general shareholders' meeting is scheduled and in the manner provided in the notice for such meeting, may attend and vote at such meeting.

Any share may be voted by proxy. Proxies must be in writing or in electronic form acceptable under the By-Laws, and are valid for a single general shareholders' meeting. Proxies may be given to any person, whether or not a shareholder. Proxies must specifically refer to the general shareholders' meeting. A proxy may be revoked by giving notice to the Company prior to the meeting or by attendance by the relevant shareholder at the meeting.

Proxy holders are required to disclose any conflict of interest prior to their appointment. In case a conflict of interest arises after the proxy holder's appointment, such conflict of interest shall be immediately disclosed to the relevant shareholder. In both cases, the proxy holder shall not exercise the shareholder's rights unless the latter has given specific voting instructions for each resolution in respect of which the proxy holder is to vote on behalf of the Shareholder. A conflict of interest in this context may in particular arise where the proxy holder: (i) is a controlling shareholder of the

Company, or is another entity controlled by such Shareholder; (ii) is a member of the administrative, management or supervisory bodies of the Company, or of a controlling shareholder or another entity controlled by such Shareholder; (iii) is an employee or auditor, of the Company, or of a controlling shareholder or another entity controlled by such Shareholder; or (iv) is a natural person related to those mentioned in (i) to (iii) above.

A person acting as a proxy holder may hold a proxy from more than one shareholder without limitation as to the number of shareholders so represented. Where a proxy holder holds proxies from several shareholders, he/she will be able to cast votes for a shareholder differently from votes cast for another Shareholder.

Pursuant to the Spanish Companies Act, entities rendering investment services may exercise voting rights on behalf of their clients when the latter appoint them as proxy holders. Financial intermediaries so appointed may cast votes for a shareholder differently from votes cast for another Shareholder. In this respect, financial intermediaries will have to provide the relevant company, within seven days prior to the day on which the general shareholders' meeting is scheduled, with the identity of each client that has appointed them as proxy holders, the number of shares in respect of which votes shall be cast as well as the voting instructions received by the financial intermediary.

The By-Laws of the Company provide that, on the first call of an ordinary or extraordinary general shareholders' meeting, the presence in person or by proxy of shareholders representing at least 25.0% of its voting capital will constitute a quorum. If on the first call a quorum is not present, the meeting can be reconvened by a second call, which according to the Spanish Companies Act requires no quorum. However, according to the Spanish Companies Act, a resolution in a general shareholders' meeting to modify the By-Laws of the Company (including increases and reductions of share capital, bond issues, suppressions or limitations on the pre-emptive right over new shares, transformations, mergers, spin-offs, global assignments of assets and liabilities and the transfer of the registered address of the Company abroad), requires the presence in person or by proxy of shareholders representing at least 50.0% of the voting capital of the Company on first call, and the presence in person or by proxy of shareholders representing at least 25.0% of the voting capital of the Company on second call. On second call, and in the event that less than 50.0% of the voting capital of the Company is represented in person or by proxy, such resolutions may only be passed upon the vote of shareholders representing two-thirds of the Company's capital present or represented at such meeting. The interval between the first and the second call for a general shareholders' meeting must be at least 24 hours. Resolutions in all other cases are passed by a majority of the votes corresponding to the capital stock present or represented at such meeting.

Under the Spanish Companies Act, shareholders who voluntarily aggregate their shares so that the capital stock so aggregated is equal to or greater than the result of dividing the total capital stock by the number of Directors have the right, provided there are vacancies on the Board of Directors, to appoint a corresponding proportion of the members of the Board of Directors (disregarding the fractions). Shareholders who exercise this right may not vote on the appointment of other Directors.

A resolution passed in a general shareholders' meeting is binding on all shareholders, although a resolution which is (i) contrary to Spanish law or the By-Laws of the Company, or (ii) prejudicial to the interest of the company and is beneficial to one or more shareholders or third parties, may be contested. In the case of resolutions contrary to Spanish law, the right to contest is extended to all shareholders, directors and interested third parties. In the case of resolutions prejudicial to the interest of the company or contrary to the By-Laws, such right is extended to shareholders who attended the general shareholders' meeting and recorded their opposition in the minutes, to shareholders who were absent and to those unlawfully prevented from casting their vote as well as to members of the Board of Directors. In certain circumstances (such as a significant modification of corporate purpose or change of the corporate form or transfer of domicile to a foreign country), the Spanish Companies Act gives dissenting or absent shareholders the right to withdraw from the company. If this right were exercised, the company would be obliged to purchase the relevant shareholding(s) in accordance with the procedures established under the Spanish Companies Act.

#### *Shareholders right of information*

The Ordinary Shares grant their holders the right of information foreseen in the Spanish Companies Act, as well as any other rights which, as special manifestations of this right of information, are gathered in Spanish Law 24/1988, of 28 July, on the securities market (*Ley 32/2011, de 4 de octubre, por la que se modifica la Ley 24/1988, de 28 julio, del Mercado de Valores*) and in Law 3/2009, of 3 April, on structural changes in corporations (*Ley 3/2009, de 3 de abril, sobre modificaciones estructurales de las sociedades mercantiles*).

#### *Shareholder suits*

Under the Spanish Companies Act, directors are liable to the Company, the shareholders and the creditors for acts or omissions that are illegal or violate the By-Laws and for failure to carry out their legal duties with diligence.

Under Spanish law, shareholders must bring actions against the directors as well as any other actions against the Company or challenging corporate resolutions in the province where the Company is domiciled (currently Madrid, Spain).

#### *Registration and transfers*

The shares of the Company are in book-entry form and are indivisible. Joint holders of one share must designate a single person to exercise their shareholders' rights, but they are jointly and severally liable to the Company for all the obligations flowing from their status as shareholders, such as the payment of any pending capital calls.

Iberclear, which manages the Spanish clearance and settlement system of the Spanish Stock Exchanges, maintains the central registry reflecting the number of shares held by each of its member entities (*entidades participantes*) as well as the amount of these shares held by beneficial owners. Each member entity, in turn, maintains a registry of the owners of such shares. Since the shares of the Company are in registered form, an electronic shareholder registry will be kept to which effect Iberclear shall report to the Company all transactions entered into by its shareholders in respect of its shares.

Transfers of shares quoted on the Spanish Stock Exchanges must be made through or with the participation of a member of a Stock Exchange. Brokerage firms, official stockbroker or dealer firms, Spanish credit entities, investment services entities authorized in other EU member states and investment services entities authorized by their relevant authorities and in compliance with the Spanish regulations are eligible to be members of the Spanish Stock Exchanges. The transfer of shares may be subject to certain fees and expenses.

#### *Restrictions on foreign investment*

Exchange controls and foreign investments were, with certain exceptions, completely liberalized by Royal Decree 664/1999, of April 23, 1999 (Royal Decree 664/1999), in conjunction with the Spanish Foreign Investment Law (Ley 18/1992), bringing the existing legal framework on foreign investments in line with the provisions of the Treaty of the European Union.

Subject to the restrictions described below, foreign investors may freely invest in shares of Spanish companies as well as transfer invested capital, capital gains and dividends out of Spain without limitation (subject to applicable taxes and exchange controls) and only need to file a notification with the Spanish Registry of Foreign Investments maintained by the General Bureau of Commerce and Investments following the investment or divestiture, if any, solely for statistical, economic and administrative purposes. Where the investment or divestiture is made in shares of Spanish companies listed on any of the Spanish Stock Exchanges, the duty to provide notice of a foreign investment or divestiture lies with the relevant entity with whom the shares in book-entry form have been deposited or which has acted as an intermediary in connection with the investment or divestiture.

If the foreign investor is a resident of a tax haven, as defined under Spanish law (Royal Decree 1080/1991 of 5 July), notice must be provided to the Registry of Foreign Investments prior to making the investment, as well as after consummating the transaction. However, prior notification is not necessary in the following cases:

- investments in listed securities, whether or not trading on an official secondary market, as well as investments in participations in investment funds registered with the CNMV; and
- foreign shareholdings that do not exceed 50.0% of the capital of the Spanish company in which the investment is made.

Additional regulations to those described above apply to investments in some specific industries, including air transportation, mining, manufacturing and sales of weapons and explosives for civil use and national defence, radio, television and telecommunications. These restrictions do not apply to investments made by EU residents, other than investments by EU residents in activities relating to the Spanish defence sector or the manufacturing and sale of weapons and explosives for non-military use.

The Spanish Council of Ministers may suspend the aforementioned provisions relating to foreign investments for reasons of public policy, health or safety, either generally or in respect of investments in specified industries, in which case any proposed foreign investments falling within the scope of such a suspension would be subject to prior authorization from the Spanish government.

#### *Exchange control regulations*

Pursuant to Royal Decree 1816/1991 of December 20, 1991 relating to economic transactions with non-residents, and EC Directive 88/361/EEC, charges, payments or transfers between non-residents and residents of Spain must be made through a registered entity, such as a bank or another financial institution registered with the Bank of Spain and/or

the CNMV (*entidades registradas*), through bank accounts opened abroad with a foreign bank or a foreign branch of a registered entity, in cash or by check payable to bearer. All charges, payments or transfers which exceed €6,010, if made in cash or by check payable to bearer, must be notified to the Spanish exchange control authorities.

#### *Pre-emptive rights and increases of share capital*

Pursuant to the Spanish Companies Act, shareholders have pre-emptive rights to subscribe for any new shares issued by the Company via monetary contributions and for any new bonds convertible into shares. Such pre-emptive rights may be waived under special circumstances by a resolution passed at a general shareholders' meeting or the board of directors (when the company is listed and the general shareholders' meeting delegates to the board of directors the right to increase the capital stock or issue convertible bonds and waive pre-emptive rights), in accordance with Articles 308, 417, 504, 505, 506 and 511 of the Spanish Companies Act. As of the date hereof, the Company has no convertible or exchangeable bonds outstanding.

Furthermore, the pre-emptive rights, in any event, will not be available in an increase in share capital to meet the requirements of a convertible bond issue or a merger in which shares are issued as consideration. The rights are transferable, may be traded on the SIBE (*Sistema de Interconexión Bursátil* or *Mercado Continuo*) and may be of value to existing shareholders because new shares may be offered for subscription at prices lower than prevailing market prices.

As at the date of this Prospectus, the Board of Directors has been authorised by its sole shareholder (the Investment Manager) to issue new Ordinary Shares up to 50% of the Company's share capital immediately following the Issue. The Board of Directors is also authorised to exclude pre-emptive rights in connection with up to 20% of the total number of new Ordinary Shares that may be issued pursuant to the aforementioned authorisation, provided that such exclusion is in the corporate interest of the Company. In addition, the Investment Manager is entitled, subject to satisfying certain performance criteria, to receive Ordinary Shares (the Performance Fee Shares) from the Company under the Investment Manager Agreement and pre-emptive rights will be disapplied for the issue of those Ordinary Shares.

#### *Reporting requirements*

In addition to reporting obligations imposed on Substantial Shareholders, pursuant to Royal Decree 1362/2007 of October 19, 2007, any individual or legal entity who, by whatever means, purchases or transfers shares which grant voting rights in a company for which Spain is listed as the home State (*Estado de origen*) (as defined therein) and which is listed on a secondary official market or other regulated market in the EU, must notify the relevant issuer and the CNMV, if, as a result of such transaction, the proportion of voting rights held by that individual or legal entity reaches, exceeds or falls below a 3.0% threshold of the company's total voting rights. The notification obligations are also triggered at thresholds of 5.0% and multiples thereof (excluding 55.0%, 65.0%, 85.0%, 95.0% and 100.0%).

The individual or legal entity obliged to carry out the notification must serve the notification by means of the form approved by the CNMV from time to time for such purpose, within four business days from the date on which the transaction is acknowledged (Royal Decree 1362/2007 deems a transaction to be acknowledged within two business days from the date on which such transaction is entered into). Should the individual or legal entity effecting the transaction be a non-resident of Spain, notice must also be given to the Spanish Registry of Foreign Investments maintained by the General Bureau of Commerce and Investments.

The reporting requirements apply not only to the purchase or transfer of shares, but also to those transactions in which, without a purchase or transfer, the proportion of voting rights of an individual or legal entity reaches, exceeds or falls below the threshold that triggers the obligation to report as a consequence of a change in the total number of voting rights of a company on the basis of the information reported to the CNMV and disclosed by it.

Regardless of the actual ownership of the shares, any individual or legal entity with a right to acquire, transfer or exercise voting rights granted by the shares, and any individual or legal entity who owns, acquires or transfers, whether directly or indirectly, other securities or financial instruments which grant a right to acquire shares with voting rights, will also have an obligation to notify the company and the CNMV of the holding of a significant stake in accordance with the regulations.

Should the person or group effecting the transaction be resident in a tax haven (as defined by applicable Spanish regulations), the threshold that triggers the obligation to disclose the acquisition or disposition of the Company's shares is reduced to 1% (and successive multiples thereof).

The Company will be required to report to the CNMV any acquisition of its own shares which, aggregated together with all other acquisitions since the last notification, reaches or exceeds 1% of its share capital (irrespective of whether it has sold any of its own shares in the same period). In such circumstances, the notification must include the number of

shares acquired since the last notification (detailed by transaction), the number of shares sold (detailed by transaction) and the resulting net holding of treasury shares.

All members of the Board of Directors must report to both the Company and the CNMV any percentage or number of voting rights held by them at the time of becoming or ceasing to become a member of the Board of Directors within four trading days.

In addition, pursuant to Royal Decree 1333/2005 of November 11, 2005 (implementing European Directive 2004/72/EC), any member of the Board of Directors or senior managers (*directivos*) of the Company, as defined therein and any persons having a close link (*vínculo estrecho*) with any of them must similarly report any acquisition or disposal of Company's shares, derivative or financial instruments linked to Company's shares regardless of the size, including information on the percentage of voting rights which they hold as a result of the relevant transaction within five business days. In addition, any member of the Board of Directors or senior managers (*directivos*) of the Company, as defined therein must also report any stock based compensation that they may receive pursuant to any of the Company's compensation plans.

The Spanish Companies Act requires parties to disclose certain types of shareholders' agreements that affect the exercise of voting rights at a general shareholders' meeting or contain restrictions or conditions on the transferability of shares or bonds that are convertible or exchangeable into shares. If shareholders enter into such agreements with respect to the Company's shares, they must disclose the execution, amendment or extension of such agreements to the Company and to the CNMV, and file such agreements with the appropriate commercial registry.

Moreover, in accordance with the CNMV's Executive Committee agreement of 27 May 2010, persons holding a net aggregate short position on Company's shares must report them to the CNMV on a confidential basis whenever it reaches 0.2% and notify any subsequent decrease or increase by 0.1% and successive multiples thereof within the day immediately following the relevant trade. The CNMV publishes individual net short positions of 0.5% or more and aggregate information on net short positions between 0.2% and 0.5%

In addition, on 19 December 2007 the CNMV issued Circular 3/2007 setting out the requirements to be met by liquidity contracts entered into by issuers with financial institutions for the management of their treasury shares to constitute an accepted market practice and, therefore, be able to rely on a safe harbour for the purposes of market abuse regulations.

#### *Share repurchases*

Pursuant to the Spanish Companies Act, the Company may only repurchase its own shares within certain limits and in compliance with the following requirements:

- the repurchase must be authorized by the general shareholders' meeting in a resolution establishing the maximum number of shares to be acquired, the minimum and maximum acquisition price and the duration of the authorization, which may not exceed five years from the date of the resolution; and
- the repurchase, including the shares already acquired and currently held by the Company, or any person or company acting in its own name but on the Company's behalf, must not bring its net worth below the aggregate amount of the Company's share capital and legal reserves.

For these purposes, net worth means the amount resulting from the application of the criteria used to draw up the financial statements, subtracting the amount of profits directly imputed to that net worth, and adding the amount of share capital subscribed but not called and the share capital nominal and issue premiums recorded in the Company's accounts as liabilities. In addition:

- the aggregate nominal value of the shares directly or indirectly repurchased, together with the aggregate nominal value of the shares already held by the Company and its subsidiaries, must not exceed 10% of the Company's share capital; and
- the shares repurchased must be fully paid-up. A repurchase shall be considered null and void if (i) the shares are partially paid-up, except in the case of free repurchase, or (ii) the shares entail ancillary obligations.

Treasury shares do not have voting rights or economic rights (for example, the right to receive dividends and other distributions and liquidation rights), except the right to receive bonus shares, which will accrue proportionately to all of the Company's shareholders. Treasury shares are counted for purposes of establishing the quorum for general shareholders' meetings as well as majority voting requirements to pass resolutions at general shareholders' meetings.

## **7. EMPLOYEES**

The Company has two employees: the Company's CFO, Sergio Criado, and the Company's Corporate Manager, which is pending to be appointed.

## **8. WORKING CAPITAL**

In the opinion of the Company, taking into consideration the Net Proceeds to be received by the Company from the Issue, the working capital available to the Company is sufficient for the Company's present requirements and, in particular, is sufficient for at least the next 12 months from the date of this Prospectus.

## **9. NO SIGNIFICANT CHANGE**

Since its incorporation on 17 January 2014, the Company has not carried on business or incurred borrowings and there has been no significant change in the financial or trading position of the Company since 24 January 2014 (the date to which the financial information reported on in the accountant's report in respect of the Company in Part X (Historical Financial Information) was prepared).

Notwithstanding the foregoing, on 6 February 2014 Grupo Lar, in its capacity as sole shareholder of the Company, approved a contribution to the reserves of the Company of €240,000, which shall be paid on the Subscription Date, in order to compensate the difference existing between (i) the issue rate of the 30,000 Ordinary Shares it subscribed for at the moment of the Company's incorporation (€2.00 par value), and (ii) the Issue Price (€10.00 per Ordinary Share, since each Ordinary Share has a nominal value of €2.00 and is issued with a share premium of €8.00).

## **10. RELATED PARTY TRANSACTIONS**

### **10.1 Investment Manager Agreement**

The Investment Manager is 83%-owned and effectively controlled by members of the Pereda Family, which includes two member of the Management Team, Mr. Luis Pereda and Mr. Miguel Pereda (who is also a Director). Mr. Luis Pereda and Mr. Miguel Pereda are also directors of the Investment Manager. See section 11.1 of this Part XIV (Additional Information) of this Prospectus for a summary of the Investment Manager Agreement. The Investment Manager Agreement was negotiated in the context of the Company's formation and the Issue by persons who were, at the time of negotiation, members of the Management Team and affiliates of the Investment Manager.

## **11. MATERIAL CONTRACTS**

The following is a summary of the material contracts (other than contracts entered into in the ordinary course of business) which have been entered into by the Company since incorporation and any other contracts which have been entered into by the Company which contain any provision under which the Company has any obligation or entitlement which is or may be material to the Company at the date of this Prospectus.

### **11.1 Investment Manager Agreement**

#### *Object and scope of appointment*

#### Appointment of the Investment Manager

Pursuant to the Investment Manager Agreement, the Investment Manager has been appointed on an exclusive basis to (subject always to certain reserved matters described under "Reserved matters" below): (i) acquire real estate properties on behalf and for the account of the Company using the Company's cash assets and manage the property and property-related assets of the Company, pursuant to and in accordance with the Investment Strategy and to enter into any agreement, contract, transaction or arrangement in relation to the purchase, acquisition, holding, exchange, transfer, sale or disposal of any property or property-related investment in Spain and shall have full authority to bind the Company in connection therewith and to delegate such authority; (ii) provide or procure the provision of various accounting, administrative, registration, reporting (including assistance and cooperation for due reporting by the Company to the CNMV), record keeping and other services to the Company as the Company may from time to time reasonably require including, without limitation, the preparation and submission to the Company of a report for review at any periodic meeting of the Board of Directors; (iii) act as the Company's agent in the performance of the services under, and the conduct of material contractual dealings pursuant to, and in accordance with, the Investment Manager Agreement (subject to certain reserved matters described under "Reserved matters" below); (iv) carry out all actions required to provide the management services to be provided by the Investment Manager under the Investment Manager Agreement; (v) structure all investments in a manner which allows the Company to comply with the Spanish SOCIMI Regime requirements; (vi) coordinate with debt providers at the asset or corporate level; (vii) advise the Company on the acquisition of co-ownership, joint tenancy, tenancies in common and other interests in properties; (viii) arrange the

letting (and/or re-letting) and/or development or improvement of properties which the Company has acquired and act as development manager in relation to any such development or improvement of properties; (ix) advise on the availability and appropriate source of funds to be utilised by the Company in making distributions to shareholders; (x) advise in relation to the exercise of any rights attaching to investments acquired on behalf of the Company; (xi) advise the Company in relation to any discretionary actions of which it is aware with respect to the Company's investments including, without limitation, voting rights and of the date or dates by when such rights must be exercised or such action taken; (xii) manage the Company's property investments or arrange to delegate authority to certain persons (to the extent and in the manner provided in the Investment Manager Agreement) to assist it in performing this function; and (xiii) procure advice for the Company from reputable insurance advisers in respect of the appropriate insurance for the properties of the Company and ensure that such insurance as approved in writing by the Company is put in place (at the cost of the Company) (collectively, the "Services"). This appointment is irrevocable so long as the Investment Manager Agreement subsists.

The Investment Manager has full discretionary authority to enter into transactions in respect of investment management services and other services to be provided under the Investment Manager Agreement, for and on behalf of the Company, subject, in each case, to certain reserved matters described under "Reserved matters" below, which require the consent of the Company's Board.

The Investment Manager shall be the sole and exclusive provider of the Services to the Company for the duration of the Investment Manager Agreement, but may delegate the provision of certain of the Services to the extent provided by the Investment Manager Agreement (see "Delegation" below).

#### Investment Manager's duties

The Investment Manager shall, in providing the Services to be provided under the Investment Manager Agreement, do the following:

- (a) exercise the level of professional skill, care and diligence in relation to the performance of its duties which would reasonably be expected from a best in class, internationally recognised manager experienced in the management of commercial and residential properties similar to the Company's properties acting in accordance with the following criteria and in all cases with the same degree of care as in the management and provision of services corresponding to the Investment Manager's own business:
  - (i) current good market practice and the principles of good real estate management;
  - (ii) in respect of any proposed lease or the assignment of any lease, what a reasonable and prudent institutional investor would determine to be in its interests, taking into account sound investment practice criteria, including but not limited to tenant mix, prevailing market conditions, the nature, size, type and location of the Company's properties, the financial standing of the proposed tenant (or the proposed assignee) and any proposed surety and the obligations of the tenant under the proposed lease; and
  - (iii) the best commercial interests of the Company;
- (b) act in accordance with applicable laws relating to the provision of the Services and the Company's activities for which the Investment Manager is responsible pursuant to the Investment Manager Agreement, and in accordance with the terms of the By-Laws (including without limitation the investment policy, the Investment Strategy and the financing strategy);
- (c) maintain and comply with all regulatory authorisations, licences and approvals from time to time required by the Investment Manager in order for it to provide the Services;
- (d) in the provision of the Services, have due regard to the Spanish securities market regulations which are applicable to the Company;
- (e) act in accordance with the Company's Business Plan;
- (f) employ or have available such number of competent and suitably qualified staff or consultants as the Investment Manager, acting reasonably as an advisor and manager in respect of properties similar in nature to those of the Company, considers adequate for the provision of the Services;
- (g) ensure that the Key Persons devote such time to the supervision and performance of the obligations of the Investment Manager under the Investment Manager Agreement as is necessary to enable the Investment Manager to perform the Services in accordance with, and otherwise comply with its obligations under, the Investment Manager Agreement;

- (h) not carry out any act, and use reasonable endeavours not to knowingly permit any act, which shall be or be likely to be fraudulent or dishonest; and
- (i) use all reasonable endeavours to work in a professional and efficient manner with any other consultants or professionals appointed by or on behalf of the Company in respect of any property.

The Investment Manager has full discretionary authority to enter into transactions in respect of investment management services and other services to be provided under the Investment Manager Agreement, for and on behalf of the Company, subject to certain reserved matters which require the consent of the Board of Directors of the Company.

The Investment Manager is required to produce an annual Business Plan for the management of the properties held or acquired by the Company, which shall be subject to approval by the Board of Directors, annual budgets for the Company and provide an update on any situation that deviates materially from the proposed Business Plan.

#### *Management Team*

The Investment Manager has undertaken to appoint and maintain a team of property and financial professionals with extensive and proved experience in and in-depth knowledge of the Spanish real estate market through their involvement in Grupo Lar, the Management Team, to provide the Services to the Company, who the Investment Manager considers to be competent and suitably qualified for the proper performance of the Services in accordance with the Investment Manager Agreement.

If, during the term of the Investment Manager Agreement:

- (a) either of Mr. Luis Pereda or Mr. Miguel Pereda (the “Key Persons”) intends to resign or cease to act or be engaged as a director of the Investment Manager (otherwise than by a “Force Majeure Reason” understood as by reason of his death, permanent incapacity or a critical personal situation or event completely out of his control which makes it impossible for him to perform his duties), then the Investment Manager shall (i) provide the Company with written notice of such fact not less than three months prior to the date on which the relevant Key Person intends to so resign or cease acting (such three month period being the “Initial Notice Period”); and (ii) as soon as practicable following the giving of such notice, identify a suitable replacement for the Key Person with the appropriate level of qualification and experience and propose such person to the Board of Directors for approval (subject to the consent of the Company’s shareholders), whereupon the Company’s shareholders shall determine in their absolute discretion whether to approve the appointment of any such replacement, provided that if no suitable replacement has been appointed during the nine month period following the Initial Notice Period, the Company may terminate the Investment Manager Agreement by notice in writing to the Investment Manager;
- (b) Mr. Miguel Pereda intends to cease to be materially involved in the delivery of the Services by the Investment Manager or does not intend to maintain his position as a director at the Investment Manager or the Company (in each case, otherwise than by a Force Majeure Reason), then the Investment Manager shall (i) provide the Company with written notice of such fact not less than three months prior to the date on which Mr. Miguel Pereda intends to so cease involvement or to maintain such position (the “Miguel Pereda Initial Notice Period”); and (ii) as soon as practicable following the giving of such notice, identify a suitable replacement for Mr. Miguel Pereda with the appropriate level of qualification and experience and propose such person to the Board of Directors for approval (subject to the consent of the Company’s shareholders), whereupon the Company’s shareholders shall determine in their absolute discretion whether to approve the appointment of any such replacement, provided that if no suitable replacement has been appointed during the nine month period following the Miguel Pereda Initial Notice Period, the Company may terminate the Investment Manager Agreement by notice in writing to the Investment Manager;
- (c) either of the Key Persons ceases to be significantly involved in the delivery of the Services by the Investment Manager and does not maintain its position as a director at the Investment Manager due to a Force Majeure Reason, then (i) if less than 75% of initial equity raised in the Issue has been invested by the Company then the procedure in (a) above will be followed as regards finding a suitable replacement for the Key Person and, in the absence of finding such replacement within the relevant time frame, the investment Manager Agreement shall be terminated, or (ii) if more than 75% of initial equity raised in the Issue has been invested by the Company then a suitable person to replace the relevant Key Person shall be proposed by the Investment Manager for approval by the Board of Directors. The Board of Directors will submit the replacement to a shareholders meeting of the Company in order to obtain consent from the Company’s shareholders. If the Company’s shareholder meeting does not consent (by simple majority), then the Board of Directors may nominate alternative replacements and call further shareholders meetings if it deems it results in the interest of the corporate interest. For the avoidance of doubt, non-replacement or no agreement



on the replacement will not give rise to the termination of the Investment Manager Agreement in this case; and

- (d) Mr. Luis Pereda intends to cease to be significantly involved in the delivery of the Services by the Investment Manager and is expected to remain less than significantly involved in the Company for longer than a six month period (otherwise than by a Force Majeure Reason) but intends to maintain his position as a director at the Investment Manager, then the Investment Manager shall (i) provide the Company with written notice of such fact immediately upon becoming aware of such circumstance occurring or becoming apparent; and (ii) during the four month period following the giving of such notice, propose to the Board of Directors a detailed plan including the expected involvement and the responsibilities that will continue to be assumed by Mr. Luis Pereda and the detailed plan of action that the Investment Manager intends to implement to further reinforce the Management Team to adequately provide the same level and standards of Services to the Company as would be the case if Mr. Luis Pereda were to remain significantly involved in the delivery of the Services, and the Board of Directors and the Investment Manager will in good faith discuss and amend the proposed plan of the Investment Manager and will use reasonable endeavours to seek to agree to a reasonable solution. If at the end of the four month's period the proposed plan with the discussed adjustments is still not acceptable to the Board of Directors, the Board of Directors will allow a two month's period for Mr. Luis Pereda to substantially reinstate his prior level of involvement and functions undertaken for the Company under the Investment Manager Agreement. In the event that, following such two months' period, his prior level of involvement has not been substantially reinstated, the Company may terminate the Investment Manager Agreement by notice in writing to the Investment Manager.

#### *Investment Strategy*

In carrying out their functions under the Investment Manager Agreement, the Investment Manager and the members of the Management Team must follow the Investment Strategy, with the aim to focus their investment decisions on the acquisition of primarily commercial properties in Spain which preferably require an active asset management and fit within the Company's purpose of creating a real estate portfolio capable of paying dividends in line with the applicable Spanish SOCIMI Regime requirements, and generate capital returns for the Company's shareholders.

#### Investment criteria

*Composition of the Company's real estate portfolio.* The Company's Total GAV will be distributed as follows (measured as at the time investments are made):

- (a) Over 80% of the Total GAV must be invested in Commercial Property, that is:
- (i) Office properties across Spain, primarily focusing on office properties in Madrid and Barcelona;
  - (ii) Retail: shopping centres in Spain; retail parks including big box properties (*i.e.*, retail stores that occupy large warehouse-style buildings) on a selective basis; and high street retail properties (*i.e.*, retail stores located in the primary business and retail streets of a city, such as top fashion boutiques) on a selective basis; and
  - (iii) Other selected commercial real estate properties, for example, industrial properties, which are expected to represent a limited percentage of the Total GAV.
- (b) Up to but less than 20% of the Total GAV may be invested in Residential Property, *i.e.*, first-home residential properties across Spain.

*Type of properties.* When investing in Commercial Property, the Investment Manager and the members of the Management Team will focus on mis-priced assets or assets with active asset management opportunities, for example through repositioning, rental extension or rental optimisation, and adopt a conservative approach with regard to development opportunities in the context of the whole portfolio.

When investing in Residential Property, the Investment Manager and the members of the Management Team will primarily target fully-built assets, in very specialised cases consider assets with a reduced component of development risk and consider investing in new developments in niche markets with limited supply of first-homes.

The Company will have the ability to enter into (including at the Investment Manager's request) a variety of investment structures, including joint ventures, acquisitions of controlling interests or acquisitions of minority interests within the parameters stipulated in the Spanish SOCIMI Regime. There is no limit imposed by the Spanish SOCIMI

Regime on the proportion of the Company's portfolio that may be held through joint ventures. In addition, acquisitions of assets may be done through any type of agreement and structure, including though the acquisition of non-performing loans and other types of financial instruments.

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

#### Leverage criteria

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

- (i) The target of the Company is that total leverage, represented by the Company's aggregate borrowings (net of cash) as a percentage of the most recent Total GAV of the Company, will be up to 50%.

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

- (ii) Debt financing for acquisitions will be assessed on a deal-by-deal basis initially with reference to the capacity of the Company to support leverage.
- (iii) Debt on development properties will be, to the extent possible, ring-fenced in order to exclude recourse to other assets of the Company. The policy of the Company will not contemplate incorporating special purpose vehicles for investments in non-development properties as a general rule.

The Investment Manager has undertaken that the Company will not enter into a general financing facility to fund acquisitions before Admission. In addition, the Investment Manager has undertaken, as a general rule and unless the nature of the investment advises otherwise, to carry out investments using proceeds from the Issue and any other issue of the Company's Ordinary Shares. When necessary, debt may be raised in line with the leverage criteria described above.

#### *Director designation rights*

Subject to applicable law and regulations and the Company's By-Laws, and subject to any proposed nominee being appropriately qualified to act as member of the Board of Directors and his or her identity having been approved by the Remuneration and Nomination Committee of the Company (such approval not to be unreasonably withheld, conditioned or delayed), the Investment Manager is entitled to require the Board of Directors to propose to the general shareholders' meeting of the Company the appointment of:

- (i) one non-executive Director of the Company nominated by the Investment Manager, provided that the Board of Directors is comprised of five or fewer persons; or
- (ii) up to two non-executive Directors nominated by the Investment Manager, provided that the Board of Directors is comprised of more than five persons.

Subject to compliance with the foregoing requirements, the Investment Manager is entitled to require the Board of Directors to propose to the Company's general shareholders' meeting to remove or replace any such person whom it has nominated as a member of the Board of Directors, provided that in the case of any such removal, the Investment Manager shall indemnify and hold harmless the Company (and any member of its group) against any and all costs, losses, liabilities and/or expenses suffered by the relevant company in connection with such removal.

No Director of the Company nominated by the Investment Manager pursuant to the Investment Manager Agreement shall be paid any fee or remuneration by the Company for his or her services as a non-executive director.

The Chairman of the Board of Directors shall be entitled to request the attendance of the Chairman of the Investment Manager to meetings of the Board of Directors and the Investment Manager shall procure that the Chairman of the Investment Manager shall attend such meetings when so required, unless there is a material cause impeding such attendance. The Company's By-Laws and the Board of Directors' regulations shall permit and regulate such attendance commitment.

### *Reserved matters*

The Investment Manager shall be entitled to perform the Services and to conduct and enter into transactions provided that it shall seek prior written consent from the Company if such Services or transactions involve any of the following (each of them, a “Reserved Matter”):

- (i) any acquisition/disposal of a property investment or the entry into any binding agreement to acquire/dispose of a property investment where the aggregate acquisition cost/gross proceeds attributed to the Company in respect of such property investment is/are in excess of €30 million;
- (ii) any new financing or refinancing, including associated hedging arrangements, entered into in respect of a property investment where the amount of the facility to be entered into in respect of such arrangements is in excess of €30 million, or any material amendment thereof;
- (iii) any capital expenditure on a property investment in excess of, in aggregate, €10 million;
- (iv) any proposed lease agreement or termination where the annual rent is greater than 10% of the aggregate rental income of the Company;
- (v) any co-investment or joint venture in Commercial Property. If approved, the Investment Manager shall be entitled to manage the whole co-investment or joint-venture in its own name and on behalf of the Company. The Investment Manager has undertaken to submit in good faith to the Company any co-investment or joint venture offer in Commercial Property received from third parties for the whole stake that such third party has actually offered to the Investment Manager (pursuant to the terms of the Company’s exclusivity right referred to below under “Exclusivity in Commercial Property and co-investment in Residential Property”);
- (vi) any co-investment or joint venture in Residential Property with an investment by the Company of above €10 million. The Investment Manager has undertaken to submit in good faith to the Company any co-investment or joint venture offer in Residential Property received from third parties for at least a 20% stake in the total investment (pursuant to the terms of the Company’s co-investment right referred to below under “Exclusivity in Commercial Property and co-investment in Residential Property”);
- (vii) any hedging or use of derivatives, including related to debt facilities, interest, or property investments (which may only be used to the extent (if any) permitted by any regulatory requirements applicable to the Company and/or the Investment Manager), unless comprised within the relevant financing as indicated in (ii) above;
- (viii) the entry by the Company into any transaction for the purchase of assets from, or provision of services of a material nature by, any company, undertaking or person which is from time to time (1) a subsidiary or a subsidiary undertaking (whether direct or indirect) of the Investment Manager; (2) a direct or indirect (through controlled entities under article 42 of the Spanish Commercial Code) shareholder of the Investment Manager (other than Minority Shareholders in the Investment Manager (as defined herein)); or (3) another subsidiary or subsidiary undertaking controlled directly or indirectly pursuant to Article 42 of the Spanish Commercial Code by the entities referred to in (2) above (other than Minority Shareholders in the Investment Manager) (each of the entities described under (1), (2) and (3) above, an “Investment Manager Affiliate”), or for the sale of assets or provision of services of a material nature to any Investment Manager Affiliate except if covered under a framework agreement approved by the Board of Directors. The entry by the Company into any transaction for the purchase of assets from, or the provision of services of a material nature by, an individual associated with an Investment Manager Affiliate should also be considered a Reserved Matter. For the avoidance of doubt, Gentalia is not an Investment Manager Affiliate for purposes of the Investment Manager Agreement;
- (ix) any disposal of any right, title or interest in any of the Company’s properties at less than its acquisition cost;
- (x) related-party transactions and situations which may give rise to a conflict of interest situation in connection with the Investment Manager and the Management Team including any transaction with third parties pursuant to which the Investment Manager is entitled to receive any compensation, fee or commission;
- (xi) the appointment by the Investment Manager of one or more managing agents or the execution of any third-party service agreement for an annual amount exceeding €1 million; and

- (xii) any transaction executed with Gentalia, unless it is regulated under an arm's length basis framework agreement between the Company and Gentalia approved by the Board of Directors, and provided that the relevant assets fall within the parameters of such framework agreement.

Notwithstanding the foregoing, the Investment Manager shall be entitled to perform Services and conduct and enter into transactions involving Reserved Matters without seeking prior written consent from the Company, provided that such Services or transactions are required to be performed by the Investment Manager as a matter of law or in order to respond to a *bona fide* emergency where time is of the essence.

Where the Company's approval is required for a transaction under the terms of the Investment Manager Agreement, the Investment Manager shall, either by means of an update to the Business Plan or a separate proposal, submit a proposal to the Board of Directors as to the transaction in question and provide the Company with such information as the Board of Directors may reasonably require to consider and, if it decides to do so, approve the transaction.

#### *Exclusivity in Commercial Property and co-investment in Residential Property*

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

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

#### Exclusivity in Commercial Property

The Investment Manager has agreed that, during the term of the Investment Manager Agreement, it will not, and it will require that none of the Investment Manager Affiliates will (i) acquire or invest (on its own behalf or on behalf of third parties or through joint venture agreements) in Commercial Property in Spain which is within the parameters of the Investment Strategy of the Company (except for the following investments (each an "Exception") which are expressly permitted (a) one or more investments carried out by shareholders of the Investment Manager on their own behalf, provided that such investment or investments do not exceed €2 million in the aggregate throughout the life of the Investment Manager Agreement (or such a higher amount, if any, approved by the Company's Board of Directors in exceptional circumstances), and that they are notified to the Board of Directors of the Company following their undertaking, and (b) investments by the Investment Manager or any Investment Manager Affiliate in Commercial Property for its own occupation if expressly waived by the Board of Directors) or (ii) act as investment manager, investment adviser or agent, or provide administration, investment management or other services, for any person, entity, body corporate or client other than the Company, for Commercial Property in Spain which is within the parameters of the Investment Strategy of the Company.

However, this exclusivity shall not apply:

- (i) to any dealings by the Investment Manager or any Investment Manager Affiliate in respect of any property or property-related asset owned or managed, totally or partially, by it as of the date of the Investment Manager Agreement (*i.e.*, 12 February 2014). Therefore, the Investment Manager and Investment Manager Affiliates may continue or agree to act as investment manager or investment adviser for other persons or provide administration, investment management or other services for other clients without making the same available to the Company, in each such case provided that (a) it is done pursuant to an existing agreement which in each case is in place with the Investment Manager or such Investment Manager Affiliate at the date of the Investment Manager Agreement, or (b) such work relates to real estate properties which are subject to such an existing agreement.

In addition, the Investment Manager will be free to close during 2014 up to two portfolio transactions currently under negotiation involving retail assets, each amounting to between €80 million and €170 million;

- (ii) to any acquisition or investment (directly or indirectly) by the Investment Manager or an Investment Manager Affiliate of or in assets or properties which are adjacent to assets or properties currently held by the Investment Manager or an Investment Manager Affiliate or which are acquired, pursuant to an

Exception, by the Investment Manager or an Investment Manager Affiliate following the date of the Investment Manager Agreement in accordance with its terms (such as extensions to assets already within those entities' existing portfolios or properties adjacent to existing or permitted new properties held by the Investment Manager or an Investment Manager Affiliate);

- (iii) following the passage of a resolution of the Company's general shareholders' meeting to discontinue the investment strategy of the Company, cease the business and operations of the Company, or sell, liquidate or otherwise dispose of all or substantially all of the assets of the Company;
- (iv) following the service by the Investment Manager of notice of termination of the Investment Manager Agreement due to a winding up event, an insolvency or court protection event or other similar event affecting the Company or an unremedied breach by the Company of a material term thereof; or
- (v) to the activities of or investments made by Gentalia. This notwithstanding, Grupo Lar shall, to the extent legally permitted, exercise its voting rights within the corporate bodies of Gentalia to prevent Gentalia from entering into transactions which fall under the exclusivity commitment assumed by Grupo Lar as Investment Manager.

#### Co-investment in Residential Property

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

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

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

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

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

If the Company decides to co-invest with the Investment Manager, such decision

- (i) will have to be immediately notified by the Investment Manager to the Corporate Manager of the Company if the amount invested by the Company is below €10 million. The Corporate Manager of the Company will report to the secretary of the Board of Directors, on a monthly basis, on any co-investments carried out by the Company with the Investment Manager in Residential Property. Such co-investments will be subject to review and analysis by the Board of Directors in its first meeting to be held after the date of their reporting to the Board's secretary; and
- (ii) will constitute a Reserved Matter if the amount to be invested by the Company is above €10 million.

#### Commitment by members of Management Team

Pursuant to the respective commitment letters entered into by the members of the Management Team in accordance with the Investment Manager Agreement, if any member of the Management Team identifies an investment opportunity which fits within the Investment Strategy of the Company (each such opportunity, a "Management Team Investment Opportunity") in which such member of the Management Team or a person that is controlled by such member of the Management Team (excluding the Investment Manager or any Investment Manager Affiliate which is a corporation) (a "Controlled Person"), whether directly or indirectly, intends to participate, such member of the Management Team shall,

before proceeding to effect such participation or the acquisition of the property which is the subject of that Management Team Investment Opportunity, give notice in writing of such opportunity to the Corporate Manager of the Company and offer the Company (a) at least a 20% share of the total stake available to such member of the Management Team or the Controlled Person (as the case may be) in the Management Team Investment Opportunity if such opportunity relates to a Residential Property, or (b) the full stake available to such member of the Management Team or the Controlled Person (as the case may be) in the Management Team Investment Opportunity if such opportunity relates to a Commercial Property. These commitments shall end on the earlier of: (a) the date of termination of the Investment Manager Agreement; (b) with respect to a particular member of the Management Team, the date on which the relevant member of the Management Team ceases to be a member of the Management Team; and (c) the date on which a resolution is passed to cease the business and operations of the Company.

These commitments, which are similar to the ones assumed by the members of the Management Team with respect to Grupo Lar, shall not apply:

- (i) to any investment carried out by one or more members of the Management Team on its or their own behalf provided that each such investment does not exceed €2 million (per member of the Management Team and on an aggregate basis during the term of the Investment Manager Agreement) and that it is notified to the Board of Directors of the Company following its undertaking;
- (ii) to any investment carried out by one or more members of the Management Team in Commercial Property for its or their own occupation if such investment is expressly waived by the Board of Directors of the Company;
- (iii) to any dealing by one or more members of the Management Team in respect of any property or property-related asset owned or managed, totally or partially, by him or them as of the date of the Investment Manager Agreement; and
- (iv) to any acquisition or investment (directly or indirectly) carried out by one or more members of the Management Team in assets or properties which are adjacent to assets or properties currently owned by one or more members of the Management Team or which are acquired pursuant to the exception set forth in (i) or (ii) above by one or more members of the Management Team following the date of the Investment Manager Agreement in accordance with its terms and the terms of the relevant commitment letter.

If the Company elects, acting in good faith, to participate in any Management Team Investment Opportunity, its Corporate Manager shall notify such decision to the relevant member of the Management Team as soon as reasonably practicable, and, in any event, within 10 Madrid business days after the Company's receipt of notice of the Management Team Investment Opportunity from the relevant member of the Management Team.

If the Company notifies to the relevant member of the Management Team that it does not intend to participate in a Management Team Investment Opportunity, or if the Company does not notify its decision to the relevant member of the Management Team within the period stated above, the relevant member of the Management Team may proceed to participate in the Management Team Investment Opportunity without any participation from the Company.

#### Conflicts of interest

Pursuant to the Investment Manager Agreement, the Investment Manager shall not (and shall procure that no Investment Manager Affiliate shall), during the term of the agreement (i) sell, transfer or lease assets or properties to the Company or (ii) launch or invest in a property investment/real estate listed or unlisted fund or a property investment/real estate investment trust carrying on business in Spain to invest in Commercial Property.

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

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

#### *Management fees*

According to the Investment Manager Agreement, the Investment Manager will be entitled to receive a Base Fee and a Performance Fee during the term of the Investment Manager Agreement (with respect to the latter, to the extent it becomes payable in accordance with the terms of the Investment Manager Agreement). The Investment Manager will also be entitled to additional fees to be agreed with the Company in respect of the provision of any additional agreed

services. To the extent such services are provided in respect of assets jointly owned by the Company and others, the Company shall only be responsible for the payment of its pro rata share of the resulting fees. Fees that fall due and payable to the Investment Manager are not subject to reduction or clawback due to any subsequent decrease that may occur in the EPRA NAV of the Company.

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

#### Base Fee and expenses

The Base Fee will be paid to the Investment Manager monthly in arrears in cash in consideration for the provision of Services in the manner provided for in the Investment Manager Agreement. The Base Fee in respect of each month will be calculated by reference to 1.25% per annum of the EPRA NAV (excluding net cash (cash minus debt)) as of the prior December 31. The Base Fee will amount to a minimum of € million per annum, excluding VAT and costs, until the first date on which 50% or more of the Issue's proceeds (net of costs and expenses incurred by the Company in respect of the Issue) has been invested by the Company in properties. The EPRA NAV as of 31 December 2013 shall be deemed to be the Net Proceeds of the Issue.

The Base Fee (together with any applicable VAT and other costs) is payable by the Company to the Investment Manager in arrears within ten Madrid business days following receipt by the Company from the Investment Manager of the relevant supporting valuation documentation.

Other than as otherwise agreed in writing from time to time, and notwithstanding any other provision of the Investment Manager Agreement, the Base Fee shall be deemed to include (and therefore such fees, costs and expenses will not be paid separately by the Company) the (i) out of pocket day-to-day expenses of the Investment Manager, (ii) the fees and expenses of certain third parties appointed by the Investment Manager to carry out any of the Investment Manager's Services, and (iii) any fees, costs or expenses incurred by the Investment Manager when it or an Investment Manager Affiliate is itself performing the Services.

If, in connection with any co-investment undertaken by the Company under the terms of the Investment Manager Agreement, the Investment Manager receives any base fee or property management fees (for asset or portfolio management services) which are separate from the fees due under the Investment Manager Agreement, the Investment Manager undertakes to grant the Company with a credit right equal to the Company's *pro rata* share (based on the Company's stake in the relevant co-investment) of the amount of any such fees received by the Investment Manager in connection with any such co-investment and, accordingly, the Company shall be entitled to set off against the Base Fee payable in accordance with the Investment Management Agreement an amount equal to such credit right.

The Base Fee shall not be deemed to include (and therefore such expenses will be paid separately by the Company) any costs to be borne by the Company such as the Company Costs (as defined herein) reasonably and properly incurred.

All development related expenses incurred including capital expenditures and any costs associated with them need to be billed at cost.

Any and all expenses related to the Company's officers and employees hired upon the proposal of the Investment Manager will be deducted from the Base Fee.

#### Performance Fee

The Performance Fee has been designed to incentivise and reward the Investment Manager for generating returns to the shareholders of the Company. The return to shareholders for a given year is equivalent to the sum of (a) the change in the EPRA NAV of the Company during such year less the net proceeds of any issues of Ordinary Shares during such year; and (b) the total dividends (or any other form of remuneration or distribution to the shareholders) that are paid in such year (the result of the addition of (a) and (b), the "Shareholder Return"). The "Shareholder Return Rate" is the Shareholder Return for a given year divided by the EPRA NAV of the Company as of 31 December of the immediately preceding year. The EPRA NAV as of 31 December 2013 shall be deemed to be the Net Proceeds of the Issue (the "Initial EPRA NAV").

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

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

- (a) the Shareholder Return Rate for such year exceeds 10% (the amount in euro by which the Shareholder Return for the year exceeds the Shareholder Return that would have produced a 10% Shareholder Return

Rate being the “Shareholder Return Outperformance” and the extent of the Shareholder Return Rate above 10% being “Shareholder Return Outperformance Rate”); and

- (b) the sum of (A) the EPRA NAV of the Company on 31 December of such year and (B) the total dividends (or any other form of remuneration or distribution to the shareholders) that are paid in such year or in any preceding year since the most recent year in respect of which a Performance Fee was payable exceeds the Relevant High Water Mark (the amount by which such sum exceeds the Relevant High Water Mark being the “High Water Mark Outperformance”).

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

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

Set out below are four examples.<sup>4</sup> Examples (b), (c) and (d) assume that the hurdles to pay the Performance Fee are met and that the Performance Fees in respect of the relevant years are based on Shareholder Return Outperformance and so the Promote Equalization could apply (the Promote Equalization does not apply to years in respect of which the Performance Fee is based on High Water Mark Outperformance).

- (a) If the Shareholder Return Rate for a given year were 10%, the Shareholder Return Outperformance Rate would be 0% and the Investment Manager would receive no Promote or Promote Equalization in respect of that year.
- (b) If the Shareholder Return Rate for a given year were 12%, the Shareholder Return Outperformance Rate would be 2% and the Investment Manager would receive a Promote equal to 20% of the portion of the Shareholder Return Outperformance representing a Shareholder Return Outperformance Rate of 2% (being the excess of 12% above 10%). In this case no Promote Equalization would apply. In total, the Investment Manager would receive  $(20\% \times 2\%) = 0.4\%$  of the EPRA NAV as of 31 December of the previous year.
- (c) If the Shareholder Return Rate for a given year were 15%, the Shareholder Return Outperformance Rate would be 5% and the Investment Manager would receive (i) a Promote equal to 20% of the portion of the Shareholder Return Outperformance representing a Shareholder Return Outperformance Rate of 5% (being the excess of 15% above 10%), plus (ii) a Promote Equalization equal to 20% of the Shareholder Return Outperformance representing a Shareholder Return Outperformance Rate of 3% (being the excess of 15% above 12%). In total, the Investment Manager would receive  $(20\% \times 5\%) + (20\% \times 3\%) = 1\% + 0.6\% = 1.6\%$  of the EPRA NAV as of 31 December of the previous year.
- (d) If the Shareholder Return Rate for a given year were 25%, the Shareholder Outperformance Rate would be 15% and the Investment Manager would receive (i) a Promote equal to 20% of the portion of Shareholder Return Outperformance representing a Shareholder Return Outperformance Rate of 15% (being the excess of 25% above 10%), plus (ii) a Promote Equalization equal to 20% of the Shareholder Return Outperformance representing a Shareholder Return Outperformance Rate of 10% (being the excess of 22% above 12%). In this example, the maximum Promote Equalization is reached at a Shareholder Return Outperformance Rate of 22% and the Promote Equalization ceases to apply to the portion of Shareholder Return Outperformance representing a Shareholder Return Outperformance Rate above 22% (above that level only the Promote will continue to apply). The Promote Equalization component is calculated on a yearly basis and does not allow for equalization of previous years’ returns. In total, the Investment Manager would receive  $(20\% \times 15\%) + (20\% \times 10\%) = 3\% + 2\% = 5\%$  of the EPRA NAV as of 31 December of the previous year.

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<sup>4</sup> These are examples only and not Shareholder Return forecasts. There can be no assurance that the Shareholder Returns referred to in the examples can or will be met and they should not be seen as an indication of the Company’s expected or actual results or returns. Accordingly investors should not place any reliance on these examples in deciding whether to invest in the Ordinary Shares. In addition, prior to making any investment decision, prospective investors should carefully consider the risk factors described in Part II (Risk Factors) of the Prospectus.



The Performance Fee will be calculated annually as of 31 December of each fiscal year, expressed in euros. There is no maximum Performance Fee under the Investment Manager Agreement.

After delivery of a proposal from the Investment Manager setting out the Investment Manager's statement of the Performance Fee, the Company may agree with it, in which case the Investment Manager will issue an invoice within 10 Madrid business days and the Performance Fee shall become due and payable 20 Madrid business days after the date of the invoice. Alternatively, the Company may dispute the proposed amount by giving notice in writing to the Investment Manager within 10 Madrid business days of receiving it. If the Company disputes such proposal, the parties shall negotiate in good faith to resolve the dispute, provided that if the parties do not reach agreement on the items in dispute within five Madrid business days of the Company having disputed it (or such longer period as they may agree in writing), the Performance Fee payable shall be determined by an independent expert by reference to the audited accounts of the Company and the valuation made by a RICS accredited appraiser in respect of the relevant year, following the approval by the Board of Directors of such accounts and the delivery by the auditors of an unqualified audit opinion in respect of such accounts.

The Investment Manager will invoice the aforesaid amount, as amended, if applicable, to reflect the agreement between the parties or the determination of the independent expert (as the case may be), and such invoice shall constitute a statement of the Performance Fee payable to the Investment Manager in respect of the relevant year and it shall become due and payable by the Company to the Investment Manager on the fifth Madrid business day following such agreement or determination.

If following the approval by the Board of Directors of the accounts of the Company and receipt of an unqualified audit opinion in respect of such accounts, the Company or the Investment Manager is reasonably of the opinion that the Base Fee and/or the Performance Fee (if any) already payable to the Investment Manager in respect of the relevant year are greater than, or less than, the amount that should have been paid having regard to the audited accounts of the Company, the parties shall negotiate in good faith to resolve the dispute, provided that if the parties do not reach agreement, any adjustment shall be determined by an independent expert by reference to the audited accounts of the Company and the valuation made by a RICS accredited appraiser in respect of the relevant year. Following the agreement or determination of any adjustment, the Investment Manager shall: (i) where the adjustment relates to an overpayment of fees, pay or otherwise refund that sum to the Company within 20 Madrid business days (in Ordinary Shares if applicable); or (ii) where the adjustment relates to an underpayment of fees, deliver to the Company an invoice setting out the adjustment amount payable by the Company to the Investment Manager and such amount shall be deemed and be treated as a Performance Fee which fell due as of the date it should have been paid at originally (and the Average Closing Price in these circumstances for calculating the number of Performance Fee Shares to be allotted and issued shall be determined by reference to the date of the original invoice in respect of that Performance Fee; for these purposes, "Average Closing Price" is the average closing price on the Spanish Stock Exchanges in respect of Ordinary Shares of the Company over the period of twenty Madrid business days immediately prior to the business day immediately preceding the date of a relevant invoice from the Investment Manager setting out its statement of the Performance Fee that is payable in respect of a relevant period).

VAT due to the Investment Manager under the Performance Fee will be paid in cash.

The Investment Manager shall use the Performance Fee due to it (after deduction of corporate income tax and any other taxes applicable thereto) to subscribe for Performance Fee Shares (or, at the Company's choice, to acquire them from the Company), subject to certain limited exceptions described further below. Any such payment will not be considered net proceeds of any issues of Ordinary Shares for purposes of calculating Shareholder Return. The Company's liability to pay the Performance Fee in respect of any year shall be satisfied by the release by the Investment Manager of the sum due to it as that Performance Fee in consideration for the allotment and issue by the Company to the Investment Manager of such number of Performance Fee Shares, rounded down to the nearest whole number, as is determined by dividing the relevant Performance Fee by the Average Closing Price for the applicable period relating to that issue of Performance Fee Shares (such Average Closing Price being determined by reference to the period of twenty Madrid business days immediately prior to the business day immediately preceding the date of the invoice from the Investment Manager in respect of such Performance Fee). The Company may opt to recognize the accrued Performance Fee as a credit to be capitalised and therefore satisfied in Performance Fee Shares issued as a result of such capitalisation.

The Performance Fee Shares to be issued or sold to the Investment Manager shall be issued or sold on the date on which the Performance Fee becomes due and payable and shall be subject to a lock-up period of three years, during which time there shall be no disposal of the Performance Fee Shares by the Investment Manager, except that such lock-up shall not apply: (i) to a disposal of Performance Fee Shares effected to fund the payment or discharge by the Investment Manager of any liability to tax arising in connection with its receipt or acquisition of Performance Fee Shares and/or other Performance Fee Shares issued to the Investment Manager as part of the discharge of the Performance Fee; (ii) to a disposal of Performance Fee Shares in connection with a takeover or sale of the Company that is recommended by the Board of Directors or if the Investment Manager is required by law to dispose of such Performance Fee Shares; or (iii) following the termination of the Investment Manager Agreement by the Company (save in the case when the

Company has elected to terminate by reason of a material breach by the Investment Manager of a term of the Investment Manager Agreement), or due to a Company's material breach or insolvency event or due to other termination events which are not under the Investment Manager's sole control.

Any distributions or dividends attributable to Performance Fee Shares held by the Investment Manager declared and paid during the lock-up period shall be paid to and for the benefit of the Investment Manager.

If the Company determines (acting reasonably and having due regard to any reasonable representations made by the Investment Manager) that issuing any or all of the Performance Fee Shares to the Investment Manager on any relevant date is materially prejudicial for the Company for any reason (including as a result of any applicable law which prevents the issue of Ordinary Shares on that date or if the issue of Ordinary Shares to the Investment Manager would result in (i) the Investment Manager being required to make a mandatory offer to the Company's shareholders pursuant to the applicable Spanish takeover rules or other applicable law, or (ii) the Company or the Investment Manager breaching the applicable Spanish takeover rules, or (iii) the Investment Manager becoming beneficially entitled to or controlling, directly or indirectly, at least 10% of the share capital or voting rights in the Company (despite the Investment Manager having used reasonable endeavours to dispose of sufficient Performance Fee Shares, where permitted by law, to avoid this occurring), or (iv) the Company breaching any applicable listing rules), then the Company shall instead pay the Performance Fee to the Investment Manager in cash. Such cash will not be subject to any lock-up arrangement and will not be subject to any re-investment obligation in the Company's shares.

If any change in the Company's share capital arising from reorganisation, restructuring, scheme of reconstruction or arrangement, consolidation, subdivision, bonus issue, share buy-back or other capital reorganization or restructuring (a "Capital Restructuring") occurs during any year which the Company or the Investment Manager believes (acting reasonably) will change the calculation or the amount of the Performance Fee (if any) payable in respect of that or any subsequent year having regard to the terms of the Investment Manager Agreement and (to the extent it is applicable) the basis of calculation of the Performance Fee, the Company and the Investment Manager shall negotiate in good faith to agree an appropriate adjustment to the calculation of the Performance Fee payable in respect of that or any subsequent year. If a dispute or difference arises between the Company and the Investment Manager in relation to the effect (if any) of a Capital Restructuring on any calculation of the Performance Fee and/or in relation to what adjustment (if any) is appropriate, which they cannot resolve by mutual agreement within two months of the matter first being notified by one party to the other in writing, the matter shall be referred to an independent expert for determination.

#### *Delegation*

Pursuant to the Investment Manager Agreement, the Investment Manager shall be entitled, without prejudice to its liability for delivery of the Services under the Investment Manager Agreement, to delegate the performance of some of the Services to be delivered and provided by it thereunder to any person provided that the Investment Manager has exercised and continues to exercise reasonable care and due diligence in relation to the selection, appointment and ongoing monitoring of the delegatee. The cost of any such delegation by the Investment Manager shall be for the account of the Investment Manager unless otherwise provided for in the Investment Manager Agreement or as agreed in writing with the Company. Each such delegatee may act as an authorized agent of the Company on the same terms as the Investment Manager's agency appointment. For the avoidance of doubt, the Investment Manager shall be responsible for the acts and omissions of such delegatee as if they were its own.

Where the Business Plan in respect of any property envisages the carrying out of works or the taking of other steps which will involve the appointment of professionals, contractors or other third parties (but not for the purpose of delegating to those parties day-to-day Services which would otherwise be carried out by the Investment Manager) then the Investment Manager will on behalf of the Company appoint such parties and the Company will be responsible (either directly or indirectly) for the properly incurred and documented reasonable costs, fees and expenses of such parties.

If at any time, the Company is not satisfied with the Services provided by any delegatee of the Investment Manager appointed, the Board of Directors of the Company may at any time, upon reasonable notice to the Investment Manager, withdraw its approval in respect of such delegation and the Investment Manager shall forthwith terminate the relevant delegation arrangement in accordance with its terms, always in accordance with the termination conditions of the relevant contract.

The Investment Manager shall ensure that no person appointed commences performance of its obligations or becomes entitled to payment of any fees until such person has furnished to the Investment Manager appropriate documents regarding insurance which are consistent with the Investment Manager's customary practices.

#### *Company's Obligations*

Pursuant to the Investment Manager Agreement, the Company shall:

- (i) respond as soon as reasonably practicable to any reasonable request by the Investment Manager to approve the form of, and sign, any documents in respect of the provision of the Services (including in respect of a transaction or proposed transaction provided that the relevant transaction is not a Reserved Matter or has been approved by the Company in principle or specifically in the Business Plan or otherwise);
- (ii) in the case of a transaction or proposed transaction that is a Reserved Matter or has not been approved by the Company in principle (or specifically in the Business Plan or otherwise), give due and reasonable consideration to and respond as soon as reasonably practicable to proposals from the Investment Manager in respect thereof upon receipt of all information reasonably requested from the Investment Manager;
- (iii) supply, or procure the supply, to the Investment Manager on request of all such reasonable information as shall be within the possession of the Company and which is necessary for the performance of the Investment Manager's obligations under the Investment Manager Agreement;
- (iv) ensure that the members of the Board of Directors are reasonably available to discuss matters with the Investment Manager, and facilitate the performance by the Investment Manager of its duties under the Investment Manager Agreement;
- (v) upon reasonable advance notice from the Investment Manager, convene a meeting of the Board of Directors (or a duly appointed committee thereof) to consider any issues which the Investment Manager may, acting reasonably, wish to raise with the Board of Directors from time to time;
- (vi) provide all reasonably necessary co-operation and assistance to the Investment Manager to allow the performance by the Investment Manager of its obligations under the Investment Manager Agreement;
- (vii) give due consideration to (but without for the avoidance of doubt being obliged to follow) all recommendations made, and advice given by, the Investment Manager relating to the conduct of transactions and potential transactions and the performance of the Services and respond to such recommendations as soon as reasonably practicable having regard to all the circumstances;
- (viii) (until the Investment Manager Agreement is lawfully terminated by the Company or the Investment Manager) grant a non-exclusive licence to the Investment Manager and all others engaged in respect of the Services and the management of the Company's properties (and all those authorised by them) to enter upon said properties in order to carry out the Services and to manage them; and
- (ix) (upon prior written approval) permit the Investment Manager to refer to its involvement in the Company's properties for its own publicity purposes, provided that such publicity does not have an adverse effect on them.

#### *Business Plan*

Pursuant to the Investment Manager Agreement, the strategy for the provision of the Services and the management of the Company's properties will derive from a combination of the Company's business plan (the "Business Plan") considered and approved in writing by the Board of Directors and from approvals in writing given by the Board of Directors where required.

#### Initial Business Plan

The Investment Manager will promptly prepare and furnish to the Board of Directors a draft Business Plan covering an annual period beginning on the commencement of the business of the Company. The Board of Directors will as soon as reasonably practicable consider the terms of the draft Business Plan and engage with the Investment Manager to agree the terms of that draft Business Plan. The Business Plan shall include an annual budget in respect of professional fees likely to be incurred by the Investment Manager in respect of the Company's properties and/or the Company and, provided that the budget is not likely to be materially exceeded by the Investment Manager in the period to which the Business Plan relates, the appointment of such professionals shall not otherwise require the approval and/or consent of the Company pursuant to the terms of the Investment Manager Agreement.

#### Preparation of Subsequent Business Plans

No later than 45 days preceding the end of the period to which a Business Plan relates, the Investment Manager shall produce and submit to the Board of Directors a draft Business Plan for the following year in respect of the Company for the Board's consideration, comment and approval, discuss the draft Business Plan with the Company and incorporate such changes and alterations as the Board of Directors shall require (acting reasonably).

Once any draft Business Plan prepared or revised by the Investment Manager is in a form acceptable to, and approved in writing by, the Board of Directors it shall become the Business Plan for the year in question.

#### Updating the Business Plan

The Investment Manager may from time to time, as and when it considers necessary, advise the Board of Directors of any proposals that it may wish to make for amending the Business Plan and discuss the proposals with the Board of Directors with a view to incorporating the proposals within the Business Plan. These proposals may include significant steps such as selling the Company's properties, redevelopment, significant changes of user and/or financing proposals. For the avoidance of doubt, however, discretion and the final decision as to whether to accept these recommendations or advice shall always remain with the Board of Directors.

In addition, upon request by the Company, the Investment Manager shall update the Business Plan at any time as a result of any event or circumstance that might have a material effect on the Company.

#### Discontinuation

If the shareholders of the Company pass a resolution at or following the fifth anniversary of the Investment Manager Agreement requiring the Board of Directors and/or the Company to discontinue the investment strategy for the Company described in this Prospectus and any amendments thereto published in accordance with the applicable Spanish securities market regulations, the Investment Manager shall, at the request of the Board, assist the Company's financial advisers to carry out a strategic review to consider alternative options for the Company (including, without limitation, a sale or merger of the business or liquidation of the Company's assets and return of capital) in order to deliver value and liquidity to the Company's shareholders.

#### *Reporting and Record Keeping Obligations of the Investment Manager*

##### Accounts and Reports

Pursuant to the Investment Manager Agreement, the Investment Manager shall prepare and deliver to the Company a report within 90 Madrid business days of the end of each quarter ending on 31 March, 30 June, 30 September or 31 December (each of them, a "Quarter"), or such other period as may be agreed in writing by the Company and the Investment Manager, containing the following information for the immediately preceding Quarter: (a) financial information: balance sheet, profit and loss account, sources and uses of funds and cash flow analysis; (b) Business Plan follow up: level of fulfilment on key metrics and forecast and potential adjustments based on up to date real data; (c) commercial highlights: leasing activity, focusing on main leases signed, cancelled, or negotiations in place; capital expenditure, focusing on main investments and forecasted capital expenditure; and summary of evolution of each asset (improving conditions, traffic, etc.); (d) investments: forecasted investments/divestitures, state of on-going negotiations; (e) financing activities: update forecast and special focus on key metrics such as loan-to-value ratio, debt coverage ratio, interest coverage ratio, main covenants, etc.; and (f) legal issues that relate to the portfolio, including any material litigation in respect of any significant property.

The report prepared following the December Quarter shall also contain the annual business plan in respect of each of the Company's properties, and the proposed annual budget.

The Investment Manager shall, prior to the commencement of each accounting period, present an annual operating budget to the Company for the expected costs of operating the Company for approval in writing by the Board of Directors. As soon as reasonably practicable following each Quarter, the Investment Manager shall deliver to the Company a report on actual operating expenditure against the approved operating expenditure budget with updated operating costs projections for the remainder of the accounting period. Actual and potential cost overruns against budget shall be explained by the Investment Manager.

The Investment Manager shall additionally provide to the Company all such reports and information in relation to the Company's business and/or the Company which the Company may reasonably require including, without limitation (i) information required in connection to compliance with the applicable Spanish securities market regulations, including periodical reports and significant information announcements (*Hechos Relevantes*) to be filed with the CNMV, and (ii) reports and information to be provided to shareholders of the Company.

##### Consultation and Quarterly Meetings

The Investment Manager and the Company will consult each other at regular intervals (at mutually convenient times and periods) to consider whether any other information should be prepared and delivered to the Company.

The Investment Manager shall be available to meet with the Company (if requested) on a quarterly basis or at such other times required by the Board of Directors in order to comply with its obligations to review the reports referred to

under “Reports and Accounts” above and to discuss any issues arising from them and to review performance against the Business Plan and to consider whether it is necessary to amend the Business Plan in light of such performance.

### Record Keeping

The Investment Manager shall, in respect of each of the Company’s properties:

- (i) in conjunction with the managing agents (if any) prepare, maintain and keep up to date, in accordance with good estate management practice:
  - (a) estate management records including: (1) books and records of all transactions and other business activities and operations conducted by the Investment Managers pursuant to the terms of the Investment Manager Agreement; (2) evidence of compliance of the real estate property with any applicable laws; (3) copies of all insurance contracts (or cover notes if the insurance contracts are not available), endorsements and receipts for premiums; and (4) copies of all relevant VAT records and in particular (but not limited to) rent demands in the form of VAT invoices for the Company and VAT invoices from third parties; and
  - (b) a schedule of all critical dates (including renewal dates) in respect of the leases.
- (ii) act upon, or have a managing agent act on its behalf upon, such notices as it shall receive in relation to the Company’s properties, including notices relating to the fire certificates, maintenance contracts, planning consents, building regulation approvals and such other notices as it shall receive from any tenant or occupier under any lease or from any third party; and
- (iii) to the extent not maintained by the managing agent (if any), maintain or procure the maintenance of all accounting records in accordance with generally accepted accounting principles in Spain (or other jurisdiction, if relevant).

### Records

All registers, records, accounts or contracts relating to the Investment Manager’s asset management of the Company’s properties together with all supporting invoices, correspondence and documentation will, unless otherwise directed by the Company, be kept safely in the Investment Manager’s office (or at the offices of the lawyers appointed on behalf of the Company) and will (or relevant extracts will) be available at all times upon giving reasonable notice to the Investment Manager by the Company for inspection, audit and copying by the Company (which the Company shall be entitled to do at any time and from time to time).

### *Term of the Investment Manager Agreement and Termination*

The Investment Manager Agreement is subject to an initial term of five years from Admission and, with effect from the expiry of the five-year period, it shall continue thereafter for consecutive three-year renewal periods until terminated by either party giving not less than six months’ prior notice in writing by 30 June of the relevant year to the other party terminating the agreement.

The Investment Manager Agreement shall terminate automatically on the earliest of:

- (i) the date of completion of a sale by the Company of its interests in all of its properties following the passage of a resolution of the Company’s general shareholders’ meeting to cease the business and operations of the Company;
- (ii) the introduction of or change in any law which has the effect of making unlawful or materially preventing the provision by the Investment Manager of the services under the Investment Manager Agreement to the Company;
- (iii) the date on which the Investment Manager fails or ceases to have all required regulatory authorisations, licences and/or approvals, provided that the Investment Manager has agreed to use all reasonable endeavours to be authorised as an Alternative Investment Fund Manager pursuant to the AIFMD and, notwithstanding any other provision in the Investment Manager Agreement, all costs and expenses incurred in connection with the Investment Manager seeking such authorisation shall be for the account of the Investment Manager;
- (iv) the Company’s Ordinary Shares not being admitted to trading on the Spanish Stock Exchanges on or prior to 31 March 2014; and

- (v) such other date as may be agreed in writing between any of the parties.

Additionally, a party thereto may terminate the Investment Manager Agreement at any time upon notice in writing to the other party if (a) the other party is wound-up or suffers a winding up event, an insolvency or court protection event; or (b) the other party is in breach of a material term hereof (including non-payment of fees due to the Investment Manager, in which case the Investment Manager shall be entitled not only to terminate the Investment Manager Agreement, but also to receive from the Company (i) a compensation for losses and damages (*daños y perjuicios*) incurred, (ii) in the case where it is agreed or determined that cash amounts are due and payable to the Investment Manager, the payment of default interest equivalent to 2% monthly accruing on a daily basis calculated on any such cash amount due to the Investment Manager under the Investment Manager Agreement, provided that no such default interest shall arise in the case where the Company has cash settled the amount so agreed or determined within the three month period commencing on the date that such amounts are determined as due provided further that in the case where payment is made outside of said three month period such default interest shall be payable from the referred due date, and (iii) in the case where it is agreed or determined that there has been delay in payment of any Performance Fee to the Investment Manager in breach of the Investment Manager Agreement, the Company shall procure that the Investment Manager is restored to the position it would have been in had the Performance Fee been paid and the Performance Fee Shares subscribed for in accordance with the terms of the Investment Manager Agreement in the absence of such delay, and such breach, if capable of remedy, has not been remedied to the reasonable satisfaction of the non-defaulting party, within 30 days of the defaulting party being notified of such breach.

The parties to the Investment Manager Agreement have expressly agreed that the Investment Manager shall be entitled to receive *pro rata* the Performance Fee corresponding to the relevant period of the year during which the termination of the agreement takes place, if any. Therefore, should the Investment Manager Agreement be terminated, the Company (and/or the Company's new investment manager), would be obliged to adhere to practices that allow calculation of the Performance Fee to be paid to Grupo Lar at the end of the year in which the agreement is terminated. This would imply conducting a year-end EPRA NAV calculation (which will require a valuation of the Company's real estate assets by a RICS certified appraiser) and assessing the Performance Fee calculations assuming that due performance fees in respect of such period should be equal to those that would have been payable under the agreement had it not been terminated (and disregarding any management fees payable to any replacement investment manager) and then determining the *pro rata* allocation of such calculated amount that is due to the Investment Manager in light of the relevant period during the year in which the termination has taken place. If the parties do not reach an agreement on the amount of the Performance Fee, they shall negotiate in good faith to resolve the dispute, provided that if the parties do not reach an agreement on the items in dispute within five Madrid business days (or such longer period as they may agree in writing), the Performance Fee payable shall be determined by an independent expert by reference to the audited accounts of the Company and the valuation made by a RICS accredited appraiser in respect of the relevant year, following the approval by the Board of Directors of such accounts and the delivery by the auditors of an unqualified audit opinion in respect of such accounts.

Upon termination of the Investment Manager Agreement the Company is required to effect a change of name so as to exclude the word "Lar" from its name and the Investment Manager is obliged to procure the resignation or removal of its nominee member(s) of the Board of Directors. During the transition period between any termination of the Investment Manager Agreement and the appointment of a replacement investment manager, the Investment Manager is required to co-operate with the Company to ensure the orderly transition to the new investment manager subject to the Investment Manager being paid the Base Fee during such period.

### *Indemnities*

#### Investment Manager indemnity

According to the Investment Manager Agreement, the Company shall indemnify the Investment Manager, its directors, officers and employees against any and all liabilities, and properly incurred costs or expenses (excluding consequential or indirect loss or damage) incurred by the Investment Manager in the performance of its obligations under the Investment Manager Agreement or arising from any claim which is made against the Investment Manager in its capacity as the investment manager of the Company (provided that such liabilities, costs or expenses do not relate to a matter in respect of which the Investment Manager has not acted in good faith), provided that the Investment Manager shall not be indemnified to the extent that such liabilities, costs or expenses have arisen as a result of the Investment Manager acting outside the scope of its authority (other than with the written consent of the Company) under the Investment Manager Agreement, or as a result of its fraud, negligence, wilful default or breach in the performance of its obligations under the Investment Manager Agreement.

#### Company's indemnity

The Investment Manager Agreement sets forth that the Investment Manager shall indemnify the Company, its Directors, officers and (if any) employees against any liabilities and properly incurred costs or expenses (excluding

consequential or indirect loss or damage) arising as a result of the Investment Manager's negligence, wilful default or breach by the Investment Manager in the course of its appointment, or in the performance of its obligations, under the Investment Manager Agreement.

Additionally, the Company is required to notify the Investment Manager of any claim in respect of which the Investment Manager will be required to indemnify the Company and to keep the Investment Manager advised of all developments concerning such claim.

The Investment Manager may require the Company to take reasonable steps in the defence of any claim or, if it is reasonable for it to do so, assign any rights which it may have against a third party, where such rights may be contractually subrogated or assigned. The Company is also required, to the extent reasonably practicable to do so, to consult in good faith with the Investment Manager prior to admitting, settling or compromising any claim for which the Investment Manager is required to indemnify the Company and also to consult in good faith with the Investment Manager as to the conduct of any proceedings relating to any claim.

If the Company has made a *bona fide* claim against the Investment Manager in respect of a breach of the terms of the Investment Manager Agreement and such claim has been settled or resolved in writing or determined in favour of the Company by a court prior to the settlement of the Investment Manager's liability (if any) to the Company in respect of such claim, then in respect any Performance Fee Shares which are issued to the Investment Manager and which remain, at the date on which the claim is settled or resolved, subject to a lock-up period, that lock-up period shall expire at the end of the relevant lock-up period or, if later, the date on which the Investment Manager pays to the Company the full amount of the claim.

The above conduct of claim procedure shall also be applicable, *mutatis mutandis*, if the Company is to indemnify the Investment Manager pursuant to the terms described in "Investment Manager indemnity" above.

#### *Insurance*

According to the Investment Manager Agreement, the Investment Manager is required to maintain at its own cost appropriate professional indemnity insurance in an aggregate amount of not less than €35 million covering potential claims under the Investment Manager Agreement until two years after the date of its termination.

#### *Dispute resolution*

If any dispute or difference shall arise between the Investment Manager and the Company in relation to any fees or certain expenses that may be payable to the Investment Manager under the Investment Manager Agreement, such dispute or difference may, on written notice given by either party at any time and served on the other, be referred to and be determined by an independent person who shall have been qualified in respect of the general subject matter of the dispute or difference for not less than ten years and who shall be a specialist in relation to such subject matter. The independent expert shall be appointed by agreement between the both parties of the Investment Manager Agreement. If within ten Madrid business days after service of the notice the parties have been unable to agree, the dispute shall be subject to governing law and jurisdiction set forth below.

The costs of appointing the independent expert shall be shared between both parties to the dispute in such proportions as the independent expert shall determine or, in the absence of such determination, equally between the parties to the agreement.

#### *Governing law and jurisdiction*

The Investment Manager Agreement shall be interpreted and observed in its own terms and shall be governed by Spanish law.

The courts of the city of Madrid (Spain) have exclusive jurisdiction to settle any dispute arising out of or in connection with the Investment Manager Agreement.

## **11.2 Placing Agreement**

The Placing Agreement will be entered into between the Company the Investment Manager and the Sole Bookrunner on or around the date of registration of this Prospectus with the CNMV.

#### *Placing*

The Sole Bookrunner will agree, subject to certain conditions, to use its reasonable endeavours to procure subscribers for up to 34,030,000 Placing Shares (on the basis of a €400 million Issue) under the Placing at the Issue Price.

### *Sizing and allocation*

All Placing Shares will be issued at the Issue Price. The Sole Bookrunner and the Company will agree, no later than 3 March 2014, the final number of Placing Shares that will constitute the Placing, which will be announced through the publication of a significant information announcement (*Hecho Relevante*). The allocations of Ordinary Shares will be determined by the Sole Bookrunner following consultation and agreement with the Company and the Investment Manager. The rights attaching to the Issue Shares will be uniform in all respects and will form a single class for all purposes.

### *Estimated fees and expenses*

In consideration for the services of the Sole Bookrunner in connection with the Placing, and provided the Placing Agreement becomes wholly unconditional and is not terminated in accordance with its terms, the Company shall pay to the Sole Bookrunner a placing commission equal to 2.00 per cent. of the total aggregate amount in euros equal to the Issue Price multiplied by the sum of the Placing Shares and the Anchor Investor Subscription Shares.

The Company will also agree to pay the fees, costs and expenses of the Sole Bookrunner in connection with or incidental to the Placing and Admission (subject to certain caps), and if Admission does not occur, all such costs and expenses will be borne by Grupo Lar.

### *Representations, warranties and indemnity*

Under the Placing Agreement, the Company and the Investment Manager will give certain representations and warranties. The Company and the Investment Manager will give an indemnity to the Sole Bookrunner concerning, amongst other things, the accuracy of the information contained in this Prospectus. The Investment Manager will give an indemnity concerning, amongst other things, any untrue statements or omissions, or alleged untrue statements or omissions, made in the Prospectus.

### *Lock-ups*

#### Company lock-up

The Company will agree under the Placing Agreement that, without the prior written consent of the Sole Bookrunner, which consent shall not be unreasonably withheld or delayed, it will not, during the period commencing on the date on which the Placing Agreement is signed and ending 270 days following Admission, (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of any Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares or file any registration statement under the US Securities Act with respect to any of the foregoing; or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Ordinary Shares, whether any such swap or transaction described in (i) or (ii) above is to be settled by delivery of Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares, in cash or otherwise; provided however, the foregoing restrictions shall not apply to the issue of Ordinary Shares pursuant to the Issue.

#### Investment Manager lock-up

The Company and the Investment Manager (which is 83%-owned and effectively controlled by the Pereda Family) have agreed under the Investment Manager Agreement (with respect only to the Performance Fee Shares) and will agree under the Placing Agreement (with respect to any Ordinary Shares held by the Investment Manager) that, subject to the exceptions referred to below, the Investment Manager shall not dispose of any Ordinary Shares prior to the third anniversary of Admission or, with respect to any Performance Fee Shares, from the third anniversary of the date on which such Ordinary Shares were delivered to the Investment Manager. The lock-up shall not apply to: (i) a disposal of Ordinary Shares effected to fund the payment or discharge by the Investment Manager of any liability to tax arising in connection with its receipt or acquisition of Performance Fee Shares and/or other Performance Fee Shares issued to the Investment Manager as part of the discharge of the Performance Fee; (ii) a disposal of Ordinary Shares in connection with a takeover or sale of the Company that is recommended by the Board of Directors of the Company or if the Investment Manager is required by law to dispose of such Ordinary Shares; or (iii) following the termination of the Investment Manager Agreement by the Company (save in the case when the Company has elected to terminate by reason of a material breach by the Investment Manager of a term of the Investment Manager Agreement), or due to a Company's material breach or insolvency event or due to other termination events which are not under the Investment Manager's sole control.

### *Subscription and payment of the Placing Shares*



In order to expedite the registration and listing of the Issue Shares, it is expected that the Sole Bookrunner, in its capacity as prefunding bank, will subscribe and pay for the Placing Shares and the Investment Manager Subscription Shares on the Subscription Date, acting in the name and on behalf of the final subscribers. Payment for these shares by the prefunding bank is expected to be made to the Company in the Company's account and these shares will come into existence once registered at the Mercantile Registry of Madrid and recorded in book-entry form with Iberclear. These shares will be delivered to the Sole Bookrunner, acting in the name and on behalf of the final subscribers, following their registration and receipt of evidence thereof by Iberclear on the Subscription Date. Payment by final investors to the Sole Bookrunner shall be made no later than the third Madrid business day after the Subscription Date against delivery of the shares to final subscribers, which is expected to take place on or about 10 March 2014.

#### *Termination of the Placing Agreement*

The Sole Bookrunner may terminate the Placing Agreement at any time at or prior to the registration with the Mercantile Registry of Madrid of the public deed evidencing the capital increase representing the Issue, if there shall have occurred any of the following: (i) since the time of execution of the Placing Agreement, there has been a Company Material Adverse Change (as defined below) or an Investment Manager Material Adverse Change (as defined below), the effect of which change or development is, in the judgment of the Sole Bookrunner, so material and adverse as to make it impracticable or inadvisable to proceed with the Placing or the delivery of the Placing Shares on the terms and in the manner contemplated in the Prospectus; (ii) any moratorium on or suspension of commercial banking activities shall have been declared by competent authorities in the European Union, Spain, the United Kingdom, the United States or the State of New York, or a material disruption in commercial banking activities, securities settlement, payment or clearance services in the European Union, Spain, the United Kingdom, the United States or the State of New York; or (iii) there has occurred: (a) a suspension or material limitation in trading in securities generally on any of the Spanish Stock Exchanges, the London Stock Exchange or the New York Stock Exchange; (b) any change or any development involving a prospective change in the national or international financial, political or economic conditions, any financial markets or any currency exchange rates or controls; (c) an outbreak or escalation of hostilities or acts of terrorism or a declaration of a national emergency or war or martial law, or (d) any other calamity, crisis or event, if the effect of any such event under (iii) above, individually or together with any other such event, in the judgment of the Sole Bookrunner, is so material and adverse as to make it impracticable or inadvisable to proceed with the Placing or the delivery of the Issue Shares on the terms and in the manner contemplated in the Prospectus.

A "Company Material Adverse Change" means: (a) any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition (financial, operational, legal or otherwise) or in the earnings, management, business affairs, solvency or prospects of the Company (including its ability to achieve its investment objective as set out in the Prospectus), whether or not arising in the ordinary course of business; or (b) any development reasonably likely to adversely affect the ability of the Company to become, be or remain a SOCIMI. An "Investment Manager Material Adverse Change" means: (a) any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition (financial, operational, legal or otherwise) or in the earnings, management, business affairs, solvency or prospects of the Investment Manager and its subsidiaries considered as a whole, whether or not arising in the ordinary course of business; (b) any event or circumstance which relates to the Investment Manager which would permit or otherwise give rise to any right for the Company to terminate the Investment Manager Agreement (whether or not such right is actually exercised); (c) change in control of the Investment Manager to a person (or persons acting in concert) who did not at the date of the Placing Agreement exercise control of the Investment Manager; or (d) a Key Person Event (as defined below). A "Key Person Event" means, in relation to Mr. Luis Pereda and Mr. Miguel Pereda, an event wherein either: (a) dies or is seriously incapacitated by reason of ill health or accident; (b) becomes bankrupt, has an interim receiving order made against him, makes any arrangement or compounds with his creditors generally or applies to the court for an interim order in connection with a voluntary arrangement or enters into any analogous or similar procedure in any jurisdiction; (c) is charged with, or convicted of, an offence under any statutory enactment or regulation other than an offence under any road traffic legislation in Spain for which a fine or non-custodial penalty is imposed; or (d) is subject to any sanction, suspension or disqualification by any regulatory body under any applicable fitness and probity regime.

In addition, there are certain conditions precedent that must be complied with. Moreover, the Placing Agreement may be terminated by the Sole Bookrunner if the Anchor Investor Subscription Agreement is terminated, or if the Anchor Investor fails to pay for any of its Anchor Investor Subscription Shares by 9:00 a.m. Madrid time on the Subscription Date. Also, the Placing Agreement shall terminate automatically in the event that Admission has not been completed by 31 March 2014. If the Placing Agreement is terminated, the Placing Shares will not be subscribed and paid by the Sole Bookrunner (in the name and on behalf of the final subscribers). Where the Placing Shares have already been paid by the Sole Bookrunner or the final subscribers, the principal consequences of the termination of the Placing Agreement are: (i) the Sole Bookrunner or final subscribers (as applicable) would be obligated to return the shares to the Company (if delivered), and (ii) the Company would be obligated to return the moneys paid by the Sole Bookrunner or the final subscribers (as applicable), together with interest accrued from the date on which the Sole Bookrunner or final subscribers (as applicable) paid for the shares until the date on which the Company repays the Issue Price.

### *Governing law and jurisdiction*

The Placing Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

The courts of England are to have exclusive jurisdiction to settle any disputes (including claims for set-off and counter-claims) in connection with the Placing Agreement.

### **11.3 Undertaking by Grupo Lar**

Grupo Lar has undertaken to subscribe, at the Issue Price, an aggregate of 970,000 Issue Shares, conditional on the Placing Agreement not having been terminated in accordance with its terms.

### **11.4 Anchor Investor Subscription Agreement**

Pursuant to the Anchor Investor Subscription Agreement, the Anchor Investor has agreed to subscribe for, conditional upon the Placing Agreement not being terminated in accordance with its terms and certain other conditions being satisfied (including that the final number of Ordinary Shares to be issued in the Issue is at least 30,000,000), an aggregate of 5,000,000 Issue Shares if the final number of Ordinary Shares to be issued in the Issue is equal to or higher than 35,000,000, or such amount of Ordinary Shares which would represent 12.5 per cent. of all the Ordinary Shares to be issued by the Company in the Issue if the final number of Ordinary Shares to be issued in the Issue is lower than 35,000,000, at the Issue Price on the Subscription Date.

The Anchor Investor Subscription Agreement contains representations and warranties from the Anchor Investor to the Company. In addition, the terms of the Anchor Investor Subscription Agreement include an undertaking from the Anchor Investor to the Company pursuant to which the Anchor Investor shall take all steps within its control to ensure that the Issue Shares and any Ordinary Shares subscribed by it shall be held by such number of entities of the Anchor Investor Group such that neither the Anchor Investor nor any single entity of the Anchor Investor Group shall at any time become a Substantial Shareholder.

The Anchor Investor is also subject to a “lock-up” undertaking (subject to certain exceptions) during a period commencing on the date of the Anchor Investor Subscription Agreement and ending 180 days following Admission.

Pursuant to the Anchor Investor Subscription Agreement, so long as an Anchor Investor Agreement Termination Event has not occurred, the Company, the Anchor Investor and the Investment Manager shall have the rights and obligations summarised below.

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

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

A Commercial Property Co-Investment Opportunity (including involving a joint venture) offered by a third party investor to the Company (directly or indirectly through the Investment Manager) shall not trigger any first offer or co-investment rights for an Anchor Investor Entity if the Company believes in good faith that undertaking the investment with such investor would provide it with a clear competitive advantage in respect of that investment. However, in such case, the Company shall request the relevant third party investor to permit that participation in the Commercial Property Investment be offered to the Anchor Investor Entity and, if such investor consents to the Company’s request, the Company shall procure that the relevant third party investor offers such participation in the Commercial Property Investment to the Anchor Investor Entity. If the third party investor does not consent to the Company’s request that participation in the Commercial Property Investment be offered to the Anchor Investor Entity, the Company shall be free to participate in the investment and the Anchor Investor Entity shall have no first offer or co-investment rights in connection with such investment.

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

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

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

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

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

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

*Payment of certain fees by Anchor Investor to Investment Manager*

The Anchor Investor has agreed to pay a base fee and a performance fee to the Investment Manager for any services rendered by the Investment Manager in respect of any investment in which the Anchor Investor co-invests with the Company or the Investment Manager. The base fee will be agreed on a case by case basis, at market terms. Except with respect to certain investments, the performance fee will, to the furthest extent applicable, have the same economic terms and structure as the Performance Fee to be received by the Investment Manager under the Investment Manager Agreement. However, in the case of an investment which meets certain specified criteria (relating to its risk profile), the Anchor Investor and the Investment Manager will negotiate in good faith the performance fee relating to such investment.

## **11.5 Audit Services**

Deloitte will provide audit services to the Company. As long as the Company does not have any subsidiary and does not prepare consolidated financial statements, the Company's financial statements will be prepared in accordance with

Spanish GAAP. In addition, the Company intends to prepare a second set of financial statements prepared in accordance with IFRS-EU with respect to its annual accounts.

The audit fees charged by Deloitte are negotiated annually and are set forth in Deloitte's annual engagement letter.

## **12. GOVERNMENTAL, LEGAL OR ARBITRAL PROCEEDINGS**

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the previous 12 months from the date of this Prospectus which may have, or have had in the recent past (covering the 12 months preceding the date of this Prospectus) significant effects on Company's financial position or profitability.

## **13. INFORMATION ON HOLDINGS**

The Company does not hold a proportion of capital in any undertakings.

## **14. INVESTMENTS**

The Company has made no investments since 17 January 2014 (being the date of incorporation) and up to the date of this Prospectus, there are no investments in progress or future investments on which the Company has made firm commitments.

## **15. PROPERTY, PLANT AND EQUIPMENT**

The Company does not own or occupy any premises or other real estate as at the date of this Prospectus and does not own any plant or equipment.

## **16. EXPENSES**

The total costs and expenses (exclusive of VAT) of, or incidental to, the Issue and Admission payable by the Company are estimated to be approximately €10 million (on the basis of a €400 million Issue).

## **17. GENERAL**

Where information has been sourced from a third party this information has been accurately reproduced. So far as the Company is aware and is able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

There are no patents, intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are or may be material to the Company's business or profitability.

There have been no interruptions in the business of the Company, which may have or have had in the period since incorporation to the date of the publication of this Prospectus a significant effect on the financial position of the Company or which are likely to have a material effect on the prospects of the Company for the next 12 months.

Save as disclosed in section 6 of Part VII (Information on the Company) the Company is not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the prospects of the Company for at least the current financial year.

The financial information of the Company set out in Part X (Historical Financial Information) does not constitute full accounts within the meaning of the Spanish Companies Act. The Company has only recently been incorporated and has not yet been required to prepare statutory accounts for any financial year. Therefore, the Company's auditors have not made a report under the Spanish Companies Act for any complete financial year.

## **18. DOCUMENTS ON DISPLAY**

Copies of the documents referred to below will be available for inspection in physical form between the hours of 9.30 a.m. and 5.30 p.m. (Madrid time) on any weekday (Saturday, Sundays and public holidays excepted) at the Company's registered office up to Admission:

- (i) deed of incorporation of the Company;
- (ii) the By-Laws of the Company (which will also be available at the webpage of the Company ([www.larespana.com](http://www.larespana.com)));

- (iii) Regulations of the General Shareholders' Meeting, Regulations of the Board of Directors, and Regulations of Internal Conduct in the Capital Markets (which will also be available at the webpage of the Company ([www.larespana.com](http://www.larespana.com)) and at the webpage of the CNMV ([www.cnmv.es](http://www.cnmv.es)));
- (iv) this Prospectus (which will also be available at the webpage of the Company ([www.larespana.com](http://www.larespana.com)) and at the webpage of the CNMV ([www.cnmv.es](http://www.cnmv.es)));
- (v) audited interim financial statements of the Company as of 24 January 2014 and for the eight days ended on such date; and
- (vi) certificate of the resolutions approved by the current sole shareholder and the Board of Directors of the Company in connection with the Issue and the Placing.

Documents referred to in (i) to (vi) above, as well as copies of the Investment Manager Agreement and the Anchor Investor Subscription Agreement will also be available for inspection in physical form at the CNMV's premises at Edison 4, 28006 Madrid.

## PART XV: TERMS AND CONDITIONS OF THE PLACING

### 1. INTRODUCTION

- 1.1 Each person who is invited to and who chooses to participate in the Placing (including individuals, funds or others) (a "Placee") confirms its agreement (whether orally or in writing) to the Sole Bookrunner to subscribe for Placing Shares under the Placing and that it will be bound by these terms and conditions and will be deemed to have accepted them.
- 1.2 The Sole Bookrunner may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (Placing Letter).

### 2. AGREEMENT TO SUBSCRIBE FOR ORDINARY SHARES

Conditional on (i) the Placing Agreement becoming otherwise unconditional in all respects once certain conditions precedent have been satisfied and not having been terminated; and (ii) the Sole Bookrunner confirming to the Placees their allocation of Ordinary Shares, a Placee agrees to become a shareholder of the Company and agrees to subscribe for those Placing Shares allocated to it by the Sole Bookrunner at the Issue Price.

### 3. PAYMENT FOR ORDINARY SHARES

Each Placee must pay the Issue Price for the Ordinary Shares issued to the Placee in the manner and by the time directed by the Sole Bookrunner. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee's application for Placing Shares shall be rejected.

In order to expedite the registration and listing of the Issue Shares, it is expected that the Sole Bookrunner, in its capacity as prefunding bank, will subscribe and pay for the Placing Shares and Investment Manager Subscription Shares on the Subscription Date, acting in the name and on behalf of the final subscribers. Payment for these shares by the prefunding bank is expected to be made to the Company in the Company's account and these shares will come into existence once registered at the Mercantile Registry of Madrid and recorded in book-entry form with Iberclear. These shares will be delivered to the Sole Bookrunner, acting in the name and on behalf of the final subscribers, following their registration and receipt of evidence thereof by Iberclear on the Subscription Date. Payment by final investors to the Sole Bookrunner shall be made no later than the third Madrid business day after the Subscription Date against delivery of the shares to final subscribers, which is expected to take place on or about 10 March 2014.

### 4. REPRESENTATIONS AND WARRANTIES

- 4.1 By agreeing to subscribe for Placing Shares, each Placee which enters into a commitment to subscribe for Placing Shares will (for itself and any person(s) procured by it to subscribe for Placing Shares and any nominee(s) for any such person(s)) be deemed to agree, represent and warrant to each of the Company and the Sole Bookrunner that:
  - (a) in agreeing to subscribe for the Placing Shares under the Placing, it is relying solely on this Prospectus and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company or the Placing. It agrees that none of the Company, or the Sole Bookrunner, nor any of their respective officers, agents or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
  - (b) the content of this Prospectus is exclusively the responsibility of the Company and its Board and apart from the liabilities and responsibilities, if any, which may be imposed on the Sole Bookrunner under any regulatory regime, neither the Sole Bookrunner nor any person acting on their behalf nor any of their affiliates makes any representation, express or implied, nor accepts any responsibility whatsoever for the contents of this document nor for any other statement made or purported to be made by them or on its or their behalf in connection with the Company or the Placing Shares;
  - (c) it warrants that it has complied with all laws applicable to its agreement to subscribe for Placing Shares under the Placing, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company or the Sole Bookrunner or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction in connection with the Placing;

- (d) it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Ordinary Shares and it is not acting on a non-discretionary basis for any such person;
- (e) it agrees that, having had the opportunity to read this Prospectus, it shall be deemed to have had notice of all information and representations contained in this Prospectus, that it is acquiring Ordinary Shares solely on the basis of this Prospectus and no other information and that in accepting a participation in the Placing it has had access to all information it believes necessary or appropriate in connection with its decision to subscribe for Ordinary Shares;
- (f) no person is authorised in connection with the Placing to give any information or make any representation other than as contained in this Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by the Sole Bookrunner;
- (g) neither this Prospectus nor any other offering, marketing or other material in connection with the Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Ordinary Shares pursuant to the Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Ordinary Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- (h) it is a person to whom the Ordinary Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- (i) it is a qualified investor within the meaning of the law in the Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; if it is resident in the United Kingdom, it is a "relevant person";
- (j) it and the prospective beneficial owner of the Ordinary Shares is, and at the time the Ordinary Shares are acquired will be either (i) outside the United States and acquiring the Ordinary Shares in an "offshore transaction" as defined in, and in accordance with, Regulation S under the US Securities Act, or (ii) if it is inside the United States, a QIB;
- (k) the Ordinary Shares have not been registered or otherwise qualified, and will not be registered or otherwise qualified, for offer and sale nor will a prospectus be cleared or approved in respect of any of the Ordinary Shares under the securities laws of the United States, Australia, Canada, South Africa, Switzerland, Singapore or Japan and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within the United States, Australia, Canada, South Africa, Switzerland, Singapore or Japan or in any country or jurisdiction where any action for that purpose is required;
- (l) if it is a pension fund or investment company, its acquisition of the Ordinary Shares is in full compliance with applicable laws and regulations;
- (m) it is not, and is not acting on behalf of (a) an employee benefit plan (as defined in Section 3(3) of the US Employee Retirement Income Security Act of 1974, as amended ("ERISA")) subject to Title I of ERISA, (b) a plan described in section 4975(e)(1) of the US Internal Revenue Code of 1986, as amended (the "Code") to which section 4975 of the Code applies, (c) a plan that is subject to any state, local, non-US or other laws or regulations that are substantially similar to Title I of ERISA or Section 4875 of the Code or (d) any other entity whose underlying assets could be deemed to include plan assets by reason of an employee benefit plan's or a plan's investment in the entity within the meaning of the US Department of Labor regulation 29 C.F.R. Section 2510.3-101 (as modified by section 3(42) of ERISA) or otherwise;
- (n) it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other offering materials concerning the Issue or the Ordinary Shares to any persons within the United States, nor will it do any of the foregoing;
- (o) its participation in the Placing is on the basis that it is not and will not be a client of the Sole Bookrunner or any of its affiliates and that the Sole Bookrunner and any of its affiliates do not have any duties or responsibilities to it for providing protection afforded to their respective clients or for providing advice in relation to the Issue nor in respect of any representations, warranties, undertaking or indemnities contained in these terms or any Placing Letter;

- (p) where it is subscribing for Ordinary Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the Ordinary Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this Prospectus; and (iii) to receive on behalf of each such account any documentation relating to the Placing in the form provided by the Company and/or the Sole Bookrunner. It agrees that the provision of this paragraph shall survive any resale of the Ordinary Shares by or on behalf of any such account;
- (q) it irrevocably appoints any Director and any director of the Sole Bookrunner to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Ordinary Shares for which it has given a commitment under the Placing, in the event of its own failure to do so;
- (r) it accepts that if the Placing does not proceed or the conditions to the Placing Agreement are not satisfied or the Ordinary Shares for which valid applications are received and accepted are not admitted to listing and trading on the Spanish Stock Exchanges for any reason whatsoever then none of the Company, or the Sole Bookrunner or any of their affiliates, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- (s) in connection with its participation in the Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and countering terrorist financing and that its application is only made on the basis that it accepts full responsibility for any requirement to identify and verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person (i) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or (ii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a county in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- (t) due to anti-money laundering and the countering of terrorist financing requirements, the Sole Bookrunner and/or the Company may require proof of identity of a Placee and related parties and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the Placee to produce any information required for verification purposes the Sole Bookrunner and/or the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify the Sole Bookrunner and/or the Company against any liability, loss or cost ensuing due to the failure to process this application, if such information as has been required has not been provided by it or has not been provided on a timely basis; and
- (u) the Sole Bookrunner and the Company (and any agent on their behalf) are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to them (or any agent acting on their behalf).

4.2 The representations, undertakings and warranties contained in the Prospectus are irrevocable. Each Placee acknowledges that the Sole Bookrunner, the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the Ordinary Shares are no longer accurate, it shall promptly notify the Sole Bookrunner and the Company.

If a Placee is domiciled (for the purposes of the AIFMD) in an EEA jurisdiction that has implemented the AIFMD which has provided for a transitional regime permitting the marketing or offer of the Placing Shares in such jurisdiction, the Investment Manager, the Company and JP Morgan will require from Placees resident in such EEA jurisdictions additional representations that the investor is domiciled in such jurisdiction, that the order to subscribe Placing Shares has been placed on its own account or for the account of a final investor domiciled in a jurisdiction with transitional regime under the AIFMD, permitting such marketing or offer, or outside the EEA, and that it and the final investor, if applicable, qualify as professional investors under Directive 2004/39/EC.

4.3 Where each Placee or any person acting on behalf of it is dealing with the Sole Bookrunner, any money held in an account with the Sole Bookrunner on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the applicable rules and regulations which therefore will not require the Sole Bookrunner to segregate such money, as that money will be held by the Sole Bookrunner under a banking relationship and not as trustee.



- 4.5 Each Placee accepts that the allocation of Ordinary Shares shall be determined by the Sole Bookrunner (following consultation and agreement with the Company and the Investment Manager) in its absolute discretion.
- 4.6 Time shall be of the essence as regards its obligations to settle payment for the Ordinary Shares and to comply with its other obligations under the Placing.

## **5. SUPPLY AND DISCLOSURE OF INFORMATION**

If the Sole Bookrunner, the Company or any of their agents request any information in connection with a Placee's agreement to subscribe for Ordinary Shares under the Placing or to comply with any relevant legislation, such Placee must promptly disclose it to them.

## **6. MISCELLANEOUS**

- 6.1 The rights and remedies of the Sole Bookrunner and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 6.2 On application, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.
- 6.3 Each Placee agrees to be bound by the By-Laws (as amended from time to time) once the Ordinary Shares, which the Placee has agreed to subscribe for pursuant to the Placing, have been acquired by the Placee. The contract to subscribe for Ordinary Shares under the Placing and the appointments and authorities mentioned in this Prospectus will be governed by, and construed in accordance with, the laws of England. Each Placee irrevocably submits to the jurisdiction of the courts of England and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against a Placee in any other jurisdiction.
- 6.4 In the case of a joint agreement to subscribe for Ordinary Shares under the Placing, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.
- 6.5 The Sole Bookrunner expressly reserves the right to modify the Placing (including, without limitation, their timetable and settlement) at any time before allocations are determined.
- 6.6 The Placing is subject to the satisfaction of the conditions contained in the Placing Agreement (which include but are not limited to those set out in section 2 of this Part XV (Terms and Conditions of the Placing) above), and such agreement not having been terminated. The Sole Bookrunner has the right to not waive any such condition or terms and shall exercise that right without recourse or reference to Placees. Further details of the terms of the Placing Agreement are contained in section 11.2 of Part XIV (Additional Information).
- 6.7 In order to expedite the registration and listing of the Issue Shares, it is expected that the Sole Bookrunner, in its capacity as prefunding bank, will subscribe and pay for the Placing Shares and Investment Manager Subscription Shares on the Subscription Date, acting in the name and on behalf of the final subscribers. Payment for these shares by the prefunding bank is expected to be made to the Company in the Company's account and these shares will come into existence once registered at the Mercantile Registry of Madrid and recorded in book-entry form with Iberclear. These shares will be delivered to the Sole Bookrunner, acting in the name and on behalf of the final subscribers, following their registration and receipt of evidence thereof by Iberclear on the Subscription Date. Payment by final investors to the Sole Bookrunner shall be made no later than the third Madrid business day after the Subscription Date against delivery of the shares to final subscribers, which is expected to take place on or about 10 March 2014.

## PART XVI: DEFINITIONS

The following definitions shall apply throughout this Prospectus unless the context requires otherwise:

“€” or “euro” .....	the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community as amended;
“Admission” .....	the listing of the Company’s Ordinary Shares on the Spanish Stock Exchanges and quoting of the Company’s Ordinary Shares through the SIBE ( <i>Sistema de Interconexión Bursátil</i> or <i>Mercado Continuo</i> ) of the Spanish Stock Exchanges;
“AIF” .....	an alternative investment fund within the meaning of AIFMD;
“AIFM” .....	an alternative investment fund manager within the meaning of AIFMD;
“AIFMD” .....	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers;
“Anchor Investor” .....	LVS II LUX XII S.À R.L., a Luxembourg law governed limited liability company ( <i>société à responsabilité limitée</i> ) having Pacific Investment Management Company LLC (“PIMCO”) as investment advisor, registered with the Luxembourg Register of Commerce and Companies under number B.181604 and with its registered office at 60, Grand Rue, L-1660;
“Anchor Investor Agreement Termination Event” .....	any of the following circumstances: (i) if the Anchor Investor Group owns in aggregate less than such number of Ordinary Shares which would have represented 5% of the issued share capital of the Company as of the date of Admission; (ii) if on three occasions (which do not need to be consecutive) the Anchor Investor entity fails to respond to a co-investment opportunity notice within 10 business days; (iii) upon the occurrence on three occasions (which do not need to be consecutive) of any of the circumstances described in (a) and (b) below: (a) the Anchor Investor entity does not agree to the terms of a co-investment opportunity offered by the Company or the Investment Manager, as applicable, in relation to transactions representing an equity investment for the Anchor Investor entity larger than €10 million (per transaction) and the Investment Manager or the Company, as applicable, are able to successfully close such transaction(s) with other equity investors on the same or more favourable terms for the Investment Manager or the Company; and/or (b) the Anchor Investor and the Company or the Investment Manager, as applicable, are not able to successfully execute a transaction within eighteen months from the date on which the Anchor Investor entity agrees to the terms of the relevant co-investment opportunity notice (except where such failure to execute a transaction within the prescribed period is due to reasons unrelated to the Anchor Investor entity); or (iv) if the Investment Manager Agreement is terminated;
“Anchor Investor Co-Investment Opportunity” .....	any Commercial Property Investment or Residential Property Investment (in each case only where management services of the type set out in the Investment Manager Agreement are expected to be provided in relation to such opportunity) which is being considered by the Anchor Investor Group in Spain;
“Anchor Investor Group” .....	means collectively the persons comprising (i) the Anchor Investor; (ii) the investment fund which is the ultimate beneficial owner of the Anchor Investor (the “Anchor Investor Group Parent Entity”) and any subsidiary of such Anchor Investor Group Parent Entity from time to time; and (iii) any entity to whom the Anchor Investor transfers the Anchor Investor Subscription Shares, provided that and for so long as such transferee entity is a subsidiary of the Anchor Investor Group Parent Entity, from time to

time.

“Anchor Investor Subscription Agreement” .....	the subscription agreement between the Company, the Investment Manager and the Anchor Investor dated 12 February 2014, a summary of which is set out in section 11.4 of Part XIV (Additional Information);
“Anchor Investor Subscription Shares” .....	the Ordinary Shares to be issued by the Company and subscribed by the Anchor Investor pursuant to the Anchor Investor Subscription Agreement, conditional on the Placing Agreement not having been terminated in accordance with its terms and certain other conditions being satisfied (including that the final number of Ordinary Shares to be issued in the Issue is at least 30,000,000) ( <i>i.e.</i> , an aggregate of 5,000,000 Issue Shares if the final number of Ordinary Shares to be issued in the Issue is equal to or higher than 35,000,000, or such amount of Ordinary Shares which would represent 12.5 per cent. of all the Ordinary Shares to be issued by the Company in the Issue if the final number of Ordinary Shares to be issued in the Issue is lower than 35,000,000);
“Audit and Control Committee” .....	the audit and control committee of the Company as described in section 8.3 of Part IX (Directors and Corporate Governance);
“Average Closing Price” .....	the average closing prices on the main market of the Spanish Stock Exchanges in respect of Ordinary Shares listed on that exchange over the period of twenty Madrid business days immediately prior to the business day immediately preceding the date of a relevant invoice from the Investment Manager setting out its statement of the Performance Fee that is payable in respect of a relevant period;
“Base Fee” .....	the base fee payable by the Company to the Investment Manager pursuant to and in accordance with the terms of the Investment Manager Agreement;
“Benefit Plan Investor” .....	(a) an employee benefit plan (as defined in section 3(3) of ERISA) subject to Title I of ERISA, (b) a plan described in section 4975(e)(1) of the Code to which section 4975 of the Code applies or (c) any other entity whose underlying assets could be deemed to include plan assets by reason of an employee benefit plan’s or a plan’s investment in the entity within the meaning of the Plan Asset Regulations or otherwise;
“Business Plan” .....	a business execution plan to be prepared by the Investment Manager each year for the Company setting forth the Investment Manager’s strategy for the provision of its services under the Investment Manager Agreement and the management of the properties held or acquired by the Company;
“By-Laws” .....	the by-laws ( <i>Estatutos</i> ) of the Company, as amended from time to time;
“CNMV” .....	Comisión Nacional del Mercado de Valores, the Spanish securities market regulator;
“Code” .....	the US Internal Revenue Code of 1986, as amended;
“Commercial Property” .....	(i) office properties across Spain, primarily focusing on office properties in Madrid and Barcelona; (ii) retail (shopping centres in Spain; retail parks including big box properties ( <i>i.e.</i> , retail stores that occupy large warehouse-style buildings) on a selective basis; and high street retail properties ( <i>i.e.</i> , retail stores located in the primary business and retail streets of a city, such as top fashion boutiques) on a selective basis); and (iii) other selected commercial real estate properties, for example, industrial properties, which are expected to represent a limited percentage of the Total GAV;
“Commercial Property Co-Investment Opportunity” .....	any Commercial Property Investment under consideration by the Company in Spain, provided that, and only if, the Company seeks or intends to seek equity capital from one or more third parties in connection with such

investment;

“Commercial Property Investment” .....	an investment in Spain (either directly or indirectly via equity investment) in office properties, retail properties, shopping centres, retail parks and high street retail, and other selected commercial real estate properties, for example industrial properties but excluding, for the avoidance of doubt, any debt or other credit based investments with respect to the foregoing;
“Company” .....	Lar España Real Estate SOCIMI, S.A., incorporated under the laws of Spain, with registered office at Rosario Pino 14-16, 28020 Madrid, Spain;
“Controlling Person” .....	any person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of the Company or that provides investment advice for a fee (direct or indirect) with respect to such assets or an “affiliate” (within the meaning of the Plan Asset Regulations) of such a person;
“Company Costs” .....	costs to be borne by the Company under the Investment Manager Agreement, such as costs relating to the following: Board of Director’s remuneration; valuers’, auditors’, tax advisors’ and accounting fees and expenses of the Company; legal counsel, legal fees and expenses and any relevant litigation costs of the Company; insurance premiums in connection with the Company; costs related to investment and development projects as not done by Grupo Lar; capital expenditure; leases and dispositions as not done by Grupo Lar; due diligence as not done by Grupo Lar; publicity, marketing, public relations, website development and commercial expenses; rent review (as long as not done by the Investment Manager); acquisition and sales as not done by Grupo Lar; disposals agency; letting agency rating assessments and advice; debt collection; fire insurance valuations; dilapidations schedules and representation; structural and condition surveys and technical audits and any other statutory compliance audits or works; environmental audit and advice, to include environmental and ecology assessments and asbestos audits; architecture and interior design services; mechanical / electrical / public health / lifts engineering services to include sustainability and renewable energies assessments; structural / civil engineering services; project management and contract administration; quantity surveying / cost consultancy; health & safety consultancy including planning supervisor; planning consultancy; historic building / conservation / townscape consultancy; PR / political consultancy in relation to planning applications; party walls / rights of light consultants; marketing / event management / brochure design and branding; computer generated artwork; transport / highways consultancy; acoustics; building regulations and approved inspector; fire safety engineering and design; façade engineering; clerk of works, if applicable; other specialist technical or design consultants; costs of Company meetings and printing and circulating reports and notices (including the costs of providing tax reporting information) to investors, including, for the avoidance of doubt, all travel expenses of representatives in attending such meetings; all administration fees payable to a property manager under any sub-administration agreement, and the fees and expenses payable to any external treasury managers or advisers with regard to running the Company; bank charges and borrowing costs of the Company; custodians’ fees and expenses of the Company; external specialist consultants’ fees and expenses of the Company, where relevant; costs and expenses (including all stamp duties and professional fees) of identifying, evaluating, negotiating, acquiring, holding, monitoring and disposing of investments, in each case, as long as not done by Grupo Lar; all reasonable travel expenses of the Investment Manager relating to fundraising by the Company, investor relations and similar activities; abort costs in the events of property/corporate/financing transactions not proceeding as planned; property management fees outsourced by the Investment Manager. For the avoidance of doubt, this refers to matters such as management of rent collection and arrears, service charge administration, arranging and cost of

insurance cover and other administration services including monitoring of state of repair, dealing with applications for works and monitoring compliance with environmental laws; outgoings and related costs associated with the maintenance day to day management of the properties to the extent not received through other charges, or any other costs that are reasonably and properly incurred to the benefit of the Company under the supervision of the Investment Manager provided that, for the avoidance of doubt, to the extent that any costs referred to herein have been incurred in respect of assets jointly owned by the Company and others, the Company shall only be responsible for payment of its pro rata share of such costs;

“Deloitte” .....	Deloitte, S.L.;
“Directors” or “Board” .....	the directors of the Company, whose names as at the date of this Prospectus are set out in Part V (Directors, Company Secretary, Registered Office and Advisors);
“EPRA” .....	European Public Real Estate Association. Further information on the EPRA, as well as the EPRA Reporting Best Practice Recommendations (August 2011) are available at <a href="http://www.epra.com">www.epra.com</a> ;
“EPRA NAV” .....	the net asset value of the Company adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business in accordance with guidelines issued by the European Public Real Estate Association (August 2011 version only, unless otherwise agreed between the Company and the Investment Manager);
“ERISA” .....	the US Employee Retirement Income Security Act of 1974;
“EU” .....	the European Union;
“FROB” .....	the Spanish government’s Fund for the Orderly Restructuring of Banks ( <i>Fondo de Reestructuración Ordenada Bancaria</i> );
“Gentalia” .....	Gentalia 2006, S.L., a property management joint venture in which Grupo Lar currently holds 50% of the shares;
“Grupo Lar” .....	Grupo Lar Inversiones Inmobiliarias, S.A., a company incorporated under the laws of Spain, with its registered office at Rosario Pino 14-16, 28020 Madrid, Spain, and its consolidated subsidiaries, except the context requires otherwise;
“High Water Mark Outperformance” .....	the amount by which the sum of (A) the EPRA NAV of the Company on 31 December of such year and (B) the total dividends (or any other form of remuneration or distribution to the shareholders) that are paid in such year or in any preceding year since the most recent year in respect of which a Performance Fee was payable exceeds the Relevant High Water Mark;
“Iberclear” .....	the Spanish securities clearance and settlement system, Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.;
“IFRS-EU” .....	International Financial Reporting Standards as adopted by the European Union;
“Initial EPRA NAV” .....	the Net Proceeds of the Issue;
“Investment Manager” .....	Grupo Lar Inversiones Inmobiliarias, S.A., a company incorporated under the laws of Spain, with its registered office at Rosario Pino 14-16, 28020 Madrid, Spain;
“Investment Manager Affiliate” .....	with respect to the Investment Manager, means (1) a subsidiary or a subsidiary undertaking (whether direct or indirect) of the Investment Manager; (2) a direct or indirect (through controlled entities under article

42 of the Spanish Commercial Code) shareholder of the Investment Manager (other than Minority Shareholders in the Investment Manager); or (3) another subsidiary or subsidiary undertaking controlled directly or indirectly pursuant to Article 42 of the Spanish Commercial Code by the entities referred to in (2) above (other than the said fund mentioned above). For the avoidance of doubt, Gentalia is not an Investment Manager Affiliate;

“Investment Manager Agreement” .....	the investment manager agreement between the Company and the Investment Manager dated 12 February 2014, a summary of which is set out in section 11.1 of Part XIV (Additional Information);
“Investment Manager Subscription Shares” .....	the Ordinary Shares to be issued by the Company and subscribed by the Investment Manager pursuant to the Investment Manager Agreement;
“Investment Strategy” .....	the investment and leverage criteria set forth in the Investment Manager Agreement;
“ISIN” .....	International Security Identification Number;
“Issue” .....	the issue of the Issue Shares;
“Issue Price” .....	€1.00 per Ordinary Share (each Ordinary Share has a nominal value of €2.00 and is issued with a share premium of €8.00);
“Issue Shares” .....	the Placing Shares, the Anchor Investor Subscription Shares and the Investment Manager Subscription Shares;
“J.P. Morgan” .....	J.P. Morgan Securities plc;
“Key Persons” .....	Mr. Luis Pereda and Mr. Miguel Pereda;
“Management Team” .....	Mr. Luis Pereda, Mr. Miguel Pereda, Mr. Jorge Pérez de Leza, Mr. Enrique Feduchy, Mr. Ignacio Ocejo and Mr. Arturo Perales who will manage the Company through the Investment Manager;
“Management Team Investment Opportunity” .....	an investment opportunity identified by a member of the Management Team which fits within the Investment Strategy of the Company;
“Minority Shareholders in the Investment Manager” .....	Shareholders of Grupo Lar which are not part of the Pereda Family;
“Net Proceeds” .....	the aggregate value of all of the Ordinary Shares issued pursuant to the Issue less expenses relating to the Issue;
“Non-Executive Director” .....	a non-executive Director;
“Ordinary Shares” .....	the ordinary shares of the Company, with a nominal value of €2.00 each;
“Pereda Family” .....	Mr. Luis Pereda, Mr. Miguel Pereda and their siblings and parents;
“Performance Fee” .....	the performance fee payable by the Company to the Investment Manager pursuant to the Investment Manager Agreement;
“Performance Fee Shares” .....	Ordinary Shares subscribed for (or at the Company’s choice, acquired from the Company) by the Investment Manager with any Performance Fee paid by the Company (after deduction of corporate income tax and any other taxes applicable thereto);
“Placee” .....	each person who is invited to and who chooses to participate in the Placing;
“Placing” .....	the conditional placing of the Placing Shares by J.P. Morgan pursuant to

	the Placing Agreement;
“Placing Agreement” .....	the Placing Agreement to be entered into between the Company, the Investment Manager and the Sole Bookrunner on or about the date of registration of this Prospectus with the CNMV, a summary of which is set out in section 11.2 of Part XIV (Additional Information);
“Placing Shares” .....	the Ordinary Shares to be allotted and issued by the Company pursuant to the Placing;
“Plan Asset Regulations” .....	US Department of Labor regulation 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA);
“Property Rental Business” .....	a business which is carried on by a SOCIMI or a Group SOCIMI, as the case may be, for the sole purpose of generating rental income from properties and/or land in Spain or outside Spain or through its participation in Qualifying Subsidiaries, and, for the purpose of this definition, such business of a group are to be treated as a single business;
“Prospectus” .....	this document issued by the Company in relation to Admission of the Ordinary Shares to trading on the regulated markets of the Spanish Stock Exchanges and approved under the Prospectus Directive;
“Prospectus Directive” .....	European Parliament and Council Directive 2003/71/EC of 4 November 2003 (and amendments thereto, including Directive 2010/73/EU);
“qualified institutional buyer” or “QIB” .....	a qualified institutional buyer within the meaning of Rule 144A under the US Securities Act;
“Qualifying Subsidiaries” .....	(i) Spanish SOCIMIs, (ii) foreign entities with similar regime, corporate purpose and dividend distribution regime as a Spanish SOCIMI and (iii) Spanish and foreign entities which main corporate purpose is investing in real estate for developing rental activities and that shall be subject to equal dividend distribution regime and investment and income requirements as set out in the SOCIMI Act;
“Quarter” .....	each three month period ending on 31 March, 30 June, 30 September or 31 December;
“RICS Red Book” .....	the Appraisal and Valuation Manual (or if it has been replaced, its equivalent) published by the Royal Institution of Chartered Surveyors;
“Regulation S” .....	Regulation S under the US Securities Act;
“Relevant High Water Mark” .....	the higher of (i) the Initial EPRA NAV, and (ii) the EPRA NAV on 31 December (adjusted to include total dividends paid during that year and exclude the net proceeds of any issuance of Ordinary Shares during that year) of the most recent year in respect of which a Performance Fee was payable;
“Relevant Residential Opportunity” .....	a Residential Property investment opportunity in Spain;
“Remuneration and Nomination Committee” .....	the remuneration and nomination committee of the Company as described in section 8.3 of Part IX (Directors and Corporate Governance) of this Prospectus;
“Residential Property” .....	first-home residential properties across Spain. For the avoidance of doubt, Residential Property does not include second-home residential properties;
“Residential Property Co-Investment Opportunity” .....	any Residential Property investment undertaken by the Investment Manager;
“Residential Property Investment ”	an investment (either directly or indirectly via equity investment) in first-

home residential properties across Spain. For the avoidance of doubt, Residential Property Investments do not include (i) investments in second-home residential properties, or (ii) any debt or other credit based investments with respect to any first-home residential properties across Spain;

“RIAIF” .....	Retail Investor AIF;
“RICS” .....	the Royal Institution of Chartered Surveyors;
“RSA” .....	The New Hampshire Revised Statutes Annotated, 1955;
“Rule 144A” .....	Rule 144A under the US Securities Act;
“SAREB” .....	the Spanish Company for the Management of Assets Proceeding from Restructuring of the Banking System ( <i>Sociedad de Gestión de Activos procedentes de la Reestructuración Bancaria</i> );
“Shareholder” .....	a holder of Ordinary Shares in the Company;
“Shareholder Return” .....	the sum of (A) the change in the EPRA NAV of the Company during such year less net proceeds of any issues of Ordinary Shares during such year and (B) the total dividends (or any other form of remuneration or distribution to the shareholders) that are paid in such year;
“Shareholder Return Outperformance” .....	the amount in euro by which the Shareholder Return for a given year exceeds the Shareholder Return that would have produced a 10% Shareholder Return Rate in such year;
“Shareholder Return Outperformance Rate” .....	the extent to which a Shareholder Return Rate exceeds 10%;
“Shareholder Return Rate” .....	the Shareholder Return for a given year divided by the EPRA NAV of the Company as of 31 December of the immediately preceding year;
“Similar Law” .....	any federal, state, local or non-US law that is similar to the prohibited transaction provisions of section 406 of ERISA and/or section 4975 of the Code;
“SOCIMI” .....	Listed Corporation for Investment in the Real Estate Market ( <i>Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario</i> );
“SOCIMI Act” .....	Spanish Law 11/2009, of 26 October, as modified by Spanish Law 16/2012, of 27 December;
“SOCIMI Regime” or “Spanish SOCIMI Regime” .....	Spanish legal provisions applicable to a Spanish SOCIMI pursuant to the SOCIMI Act;
“Sole Bookrunner” .....	J.P. Morgan;
“Spain” .....	the Kingdom of Spain;
“Spanish GAAP” .....	Royal Decree 1514/2007, of 16 November 2007, approving the Spanish General Accounting Plan ( <i>Plan General de Contabilidad</i> ) and sector specific plans, if applicable, and Royal Decree 1159/2010, of 17 September 2010, approving the Rules for the Preparation of Consolidated Annual Accounts;
“Spanish Corporate Governance Code” .....	the Spanish Unified Good Governance Code of Listed Companies ( <i>Código Unificado de Buen Gobierno de las Sociedades Cotizadas</i> );
“Spanish Companies Act” .....	the consolidated text of the Spanish Companies Act adopted under Royal Legislative Decree 1/2010, of 2 July; as amended;



“Spanish Stock Exchanges” .....	the Madrid, Barcelona, Bilbao and Valencia stock exchanges;
“subsidiary” .....	shall be construed in accordance with the Spanish Companies Act;
“subsidiary undertaking” .....	shall have the meaning given by the European Communities (Companies: Group Accounts) Regulations 1992;
“Subscription Date” .....	the date on which the Sole Bookrunner, in its capacity as prefunding bank, will subscribe and pay for the Placing Shares and the Investment Manager Subscription Shares in the name and on behalf of the final subscribers, and the Anchor Investor will subscribe for the Anchor Investor Subscription Shares ( <i>i.e.</i> , 5 March 2014);
“Substantial Shareholder” .....	a shareholder that holds a stake equal or higher than 5% of the share capital of the Company and either (i) is exempt from any tax on the dividends or subject to tax on the dividends received at a rate lower than 10% (for these purposes, final tax due under the Spanish Non Resident Income Tax Law is also taken into consideration) or (ii) does not timely provide the Company with the information evidencing its equal or higher than 10% taxation on dividends distributed by the Company in the terms set forth in the By-Laws;
“Summary” .....	the summary of this Prospectus set out in Part I of this Prospectus;
“Total GAV” .....	the total gross asset value of the assets forming part of the Company’s real estate portfolio;
“Treaty” .....	income tax treaty between the United States and Spain;
“United Kingdom” or “UK” .....	the United Kingdom of Great Britain and Northern Spain;
“United States” or “US” .....	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
“US dollars” .....	the lawful currency of the United States;
“US Exchange Act” .....	the US Securities Exchange Act of 1934, as amended;
“US Holder” .....	a person that is eligible for the benefits of the Treaty, and for US federal income tax purposes is a beneficial owner of Ordinary Shares that is: <ul style="list-style-type: none"> <li>• a citizen or individual resident of the United States;</li> <li>• a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or</li> <li>• an estate or trust the income of which is subject to US federal income taxation regardless of its source;</li> </ul>
“US Investment Company Act” .....	the US Investment Company Act of 1940, as amended;
“US Securities Act” .....	the US Securities Act of 1933, as amended;
“VAT” .....	value added tax.

For the purpose of this Prospectus, references to one gender include the other gender.

Any references to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof for the time being and unless the context otherwise requires or specifies, shall be deemed to be legislation or regulations of Spain.

## PART XVII: GLOSSARY OF TECHNICAL TERMS

The following explanations are not intended as technical definitions, but rather are intended to assist the reader in understanding terms used in this Prospectus.

“economic cycle” .....	the upward and downward movements of levels of gross domestic product and refers to the period of expansions and contractions in the level of economic activities around a long-term trend;
“GDP” or “Gross Domestic Product” .....	the market value of all officially recognised final goods and services produced within a country in a given period of time;
“industrial and logistics” .....	an industrial type real estate asset which may, for example, be used for manufacturing and distribution operations;
“leverage” or “gearing” .....	calculated as the borrowings secured on an individual asset as a percentage of the market value of that asset, or the aggregate borrowings of a company as a percentage of the market value of the total assets of the company (also referred to as loan to value or LTV ratio). In an investment strategy context, gearing refers to the use of various financial instruments or borrowed capital to increase the potential return of an investment;
“sqm” .....	square meters;
“occupier market” .....	the office, industrial and retail market;
“syndicated real estate investments” .....	real estate investments held by a group of investors who jointly invest in one or more real estate assets normally arranged by a financial institution; and
“yield” .....	a measure of return on an asset calculated as the income arising on an asset expressed as a percentage of the total cost of the asset, including costs.

Mr. Miguel Pereda, duly authorised pursuant to the resolutions approved by Grupo Lar (in its capacity as sole shareholder of the Company) on 5 February 2014, and by the Board of Directors of the Company on 6 February 2014, signs this Prospectus in Madrid, on 12 February 2014.

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

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Mr. Miguel Pereda

**Traducción al español del Resumen del Folleto de Lar España Real Estate SOCIMI, S.A.<sup>1</sup> registrado por la CNMV el 13 de febrero 2014**

<b>Sección A—Introducción y advertencias</b>		
<b>A.1</b>	Introducción:	<p><b>ESTE RESUMEN DEBE LEERSE COMO INTRODUCCIÓN AL FOLLETO. CUALQUIER DECISIÓN DE INVERTIR EN LAS ACCIONES ORDINARIAS DEBE ESTAR BASADA EN LA CONSIDERACIÓN, POR PARTE DEL INVERSOR, DEL FOLLETO EN SU CONJUNTO, INCLUYENDO EN PARTICULAR LOS FACTORES DE RIESGO.</b></p> <p><b>Cuando se presente ante un tribunal una demanda relacionada con la información contenida en este Folleto, el inversor demandante podría, en virtud de la legislación nacional de los Estados miembros, tener que soportar los gastos derivados de la traducción del Folleto antes de que dé comienzo el procedimiento judicial.</b></p> <p>Bajo ley española, la responsabilidad civil solo se exigirá a las personas que hayan presentado el Resumen, incluida cualquier traducción del mismo, y únicamente cuando el Resumen sea engañoso, inexacto o incoherente en relación con las demás partes del Folleto, o no aporte, leído junto con las demás partes del Folleto, información fundamental para ayudar a los inversores a la hora de adoptar su decisión de inversión en relación con dichos valores.</p>
<b>A.2</b>	Posible venta posterior o la colocación final de los valores por parte de los intermediarios financieros:	No aplicable. La Sociedad no contratará ningún intermediario financiero para proceder a una venta posterior o a la colocación final de los valores que requiera la publicación de un folleto después de la publicación de este documento.

<b>Sección B – Emisor y posibles garantes</b>		
<b>B.1</b>	Nombre legal y comercial del emisor:	La denominación social del emisor es Lar España Real Estate SOCIMI, S.A. El nombre comercial del emisor es “Lar España”.
<b>B.2</b>	Domicilio y forma jurídica del emisor:	<p>La Sociedad se constituyó como sociedad anónima en España bajo la Ley de Sociedades de Capital. Tiene su domicilio social en la calle Rosario Pino 14-16, 28020 Madrid. La Sociedad se constituyó por un plazo ilimitado.</p> <p><b><u>Régimen jurídico de la Sociedad</u></b></p> <p>La Sociedad ha optado por el régimen de Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario (“SOCIMI”) y ha notificado dicha elección a la Dirección General de Tributos por</p>

<sup>1</sup> Todos los términos incluidos con inicial mayúscula en este Resumen tienen el significado que se indica en el apartado “Definiciones” del Folleto.

<b>Sección B – Emisor y posibles garantes</b>		
		<p>medio de la comunicación pertinente. Dicha elección resultará de aplicación hasta que la Sociedad renuncie a su aplicabilidad o no cumpla con los requisitos del Régimen de SOCIMI.</p> <p>Una entidad con derecho a optar por el Régimen SOCIMI puede solicitar la aplicación del régimen fiscal especial aunque en el momento de la solicitud dicha entidad no cumpla con todos los requisitos necesarios, siempre y cuando los cumpla en el plazo de dos años (a contar desde el momento en el que se solicita este régimen fiscal especial ante la DGT). Además, dicha entidad dispondrá de un año de gracia para subsanar el incumplimiento de algunos de los requisitos exigidos.</p> <p><b><u>Régimen jurídico de la Sociedad Gestora</u></b></p> <p>Grupo Lar Inversiones Inmobiliarias, S.A. es una sociedad anónima regulada bajo la Ley de Sociedades de Capital. Si se considerara a la Sociedad como un Fondo de Inversión Alternativo (FIA) (tanto regulado como no regulado), la Sociedad Gestora, como gestor externo de la Sociedad, podría estar sujeta a autorización para operar como entidad gestora de un fondo de inversión alternativo (GFIA) bajo la Directiva de GFIA o la Sociedad podría verse obligada a nombrar un gestor sustituto que esté autorizado como GFIA. A fecha de este Folleto, la Directiva de GFIA está pendiente de ser transpuesta a la legislación española.</p>
<b>B.3</b>	<p>Descripción y factores clave relativos al carácter de las operaciones en curso del emisor y de sus principales actividades, declarando las principales categorías de productos vendidos y/o servicios prestados, e indicación de los mercados principales en los que compete el emisor:</p>	<p>La Sociedad ha sido constituida recientemente como sociedad anónima bajo la Ley de Sociedades de Capital, ha optado por el Régimen SOCIMI y ha notificado dicha elección a la Dirección General de Tributos por medio de la comunicación pertinente. La principal actividad de la Sociedad será la de llevar a cabo inversiones (incluyendo a través de <i>joint ventures</i>) en el sector inmobiliario español (principalmente inmuebles terciarios) y gestionar dinámicamente esos activos, con el objetivo de maximizar la rentabilidad de los accionistas. Estas actividades se llevarán a cabo con el objetivo de fomentar el Negocio de Arrendamiento de Inmuebles de la Sociedad.</p> <p>La Sociedad confiará en la gestión dinámica de los activos para maximizar la eficiencia operativa y la rentabilidad a nivel del activo. Además, al haberse constituido la Sociedad en un momento de debilidad cíclica del mercado inmobiliario español, la Sociedad cree que los accionistas tendrán la oportunidad de aprovecharse del reajuste de precios que se espera que ocurra entre las categorías de activos que son objeto de la inversión de la Sociedad. La Sociedad espera invertir en inmuebles terciarios (principalmente oficinas y centros comerciales) y en menor medida inmuebles residenciales. Inmediatamente después de la Admisión, la Sociedad no tendrá ninguna propiedad.</p> <p>El Equipo Gestor pretende centrarse en la generación de ingresos sostenibles y retornos relevantes de capital para la Sociedad con un objetivo medio de Rentabilidad para el Accionista superior al 12% anual cuando se inviertan en su totalidad los Ingresos Netos (tal y</p>

## Sección B – Emisor y posibles garantes

como aquí se define).<sup>2</sup>

### **Política de inversión**

El objetivo de la Sociedad es invertir, en un primer momento, en activos terciarios de alta calidad con problemas y deficiencias de gestión en España y aprovechar su flujo de caja y su revalorización, cosa que la Sociedad espera poder realizar a través de la experimentada y dinámica gestión de activos desempeñada por la Sociedad Gestora. La Sociedad pretende crear una sólida cartera de activos inmobiliarios en España con el objetivo de maximizar la rentabilidad del accionista.

### **Estrategia de inversión**

De acuerdo con el Contrato de Gestión de Inversiones, la Sociedad Gestora y los miembros del Equipo Gestor, deben seguir ciertos criterios de inversión y de endeudamiento (que se definen como la “Estrategia de Inversión” de la Sociedad) a la hora de desarrollar sus funciones con el objetivo de centrar sus decisiones de inversión en la adquisición ante todo de inmuebles terciarios en España que preferiblemente requieran una gestión dinámica del inmueble y encajen con el objetivo de la Sociedad de crear una cartera de inmuebles capaz de sustentar la distribución de dividendos en línea con los requisitos del Régimen SOCIMI, y que genere rentabilidad para los accionistas de la Sociedad.

### **Criterios de Inversión**

#### *Composición de la cartera de inmuebles de la Sociedad*

De acuerdo con el Contrato de Gestión de Inversiones el valor bruto de los activos que parte de la cartera de inmuebles de la Sociedad (el “GAV Total”), se distribuirá como se describe a continuación (medidos en el momento de realizar las inversiones):

- (a) Más del 80% del GAV Total deberá ser invertidos en los siguientes inmuebles objetivo (conjuntamente denominados “Inmuebles Terciarios”):
- (i) Inmuebles de oficinas en España, centrándose principalmente en oficinas en Madrid y Barcelona.
  - (ii) Comercial: centros comerciales en España, parques comerciales, incluyendo inmuebles tipo “big box” (i.e. tiendas que ocupan grandes naves),

<sup>2</sup> Estos son objetivos y no pronósticos de beneficios. No se puede garantizar que estos objetivos serán o podrán ser alcanzados, y no deben tomarse como una indicación de los ingresos o resultados reales o esperados de la Sociedad. Por lo tanto, los inversores no deben confiar en estos objetivos a la hora de decidir si invertir en las Acciones Ordinarias. Además, antes de tomar cualquier decisión de invertir, los potenciales inversores deberán considerar cuidadosamente los factores de riesgo descritos en Part II (Factores de Riesgo) de este Folleto.

**Sección B – Emisor y posibles garantes**

de manera selectiva, y locales comerciales ubicados en zonas de alto nivel (i.e. tiendas localizadas en las principales calles de negocios y de consumo en una ciudad, como las tiendas de moda) de manera selectiva; y

- (iii) Otros inmuebles terciarios seleccionados como por ejemplo inmuebles industriales, que se espera que representen un porcentaje limitado del GAV Total.

(b) Hasta el 20% del GAV Total será invertido en inmuebles de primera residencia en España (“Inmuebles Residenciales”).

*Tipo de inmuebles*

Cuando la Sociedad Gestora y los miembros del Equipo Gestor inviertan en Inmuebles Terciarios, se centraran en activos considerados devaluados o activos con oportunidades de gestión dinámica de inmuebles, como por ejemplo, a través de reposicionamiento de activos, la prórroga u optimización de arrendamientos y la adopción de posición conservadora en relación con las oportunidades de desarrollo en el contexto de la totalidad de la cartera.

Cuando la Sociedad Gestora y los miembros del Equipo Gestor inviertan en Inmuebles Residenciales, se centraran principalmente en inmuebles terminados, en ciertos casos consideraran inmuebles con un reducido componente de riesgo de promoción y consideraran invertir en nuevas promociones en mercados nicho con oferta limitada de primeras residencias (por ejemplo, en los principales barrios de las grandes ciudades donde hay un desarrollo residencial limitado).

El Equipo Gestor también considerará oportunidades de desarrollo residencial, pero actualmente espera que esto suponga un componente limitado de la cartera total debido a que el objetivo de la Sociedad se centra en la generación de flujos de caja y en la gestión dinámica de inmuebles.

La Sociedad tendrá la capacidad de acordar (incluyendo a solicitud de la Sociedad Gestora) diversas estructuras de inversión, incluyendo *joint ventures*, adquisición de participaciones de control o adquisición de participaciones minoritarias dentro de los parámetros estipulados en el Régimen SOCIMI. No hay límite alguno impuesto por el Régimen SOCIMI en la proporción de la cartera de la Sociedad que puede adquirirse a través de *joint ventures*. Además, la adquisición de activos podrá ser llevada a cabo a través de cualquier tipo de acuerdos y estructura, incluyendo a través de la adquisición de préstamos en mora y cualquier otro tipo de instrumentos financieros.

A la hora de ejecutar la Estrategia de Inversión de la Sociedad, la Sociedad Gestora no invertirá en ningún caso más del 20% del

**Sección B – Emisor y posibles garantes**

capital de la Sociedad en un único activo.

**Exclusividad, derechos de coinversión y conflictos de interés**

*Exclusividad en Inmuebles Terciarios en relación con la Sociedad Gestora*

Durante la vigencia del Contrato de Gestión de Inversiones, ni la Sociedad Gestora ni ninguno de los Afiliados a la Sociedad Gestora (i) adquirirá o invertirá (por su cuenta o por cuenta de terceros o a través de acuerdos de *joint venture*) en Inmuebles Terciarios en España que se encuentren dentro de los parámetros de la Estrategia de Inversión de la Sociedad (exceptuando las siguientes inversiones (cada una de ellas una “Excepción”), que estarán expresamente permitidas: (a) una o más inversiones llevadas a cabo por los accionistas de la Sociedad Gestora por su cuenta siempre que dicha inversión o inversiones no superen los € millones de manera agregada a lo largo de la vida del Contrato de Gestión de Inversiones (o una cantidad mayor en circunstancias excepcionales, si lo aprobará el Consejo de Administración) y a continuación lo notifiquen al Consejo de Administración de la Sociedad; y (b) inversiones llevadas a cabo por la Sociedad Gestora o cualquiera de los Afiliado a la Sociedad Gestora en Inmuebles Terciarios para su propia ocupación si el Consejo de Administración lo permite expresamente), ni (ii) actuará como gestor de inversiones, asesor o agente de inversiones o proporcionará servicios de administración, inversión u otros servicios a cualquier persona, entidad, persona jurídica o cliente que no sea la Sociedad, para Inmuebles Terciarios que encajen dentro del parámetro de la Estrategia de Inversión de la Sociedad.

Además, esta exclusividad no resultará de aplicación:

- (a) A cualquier operación llevada a cabo por la Sociedad Gestora o cualquier Afiliado a la Sociedad Gestora en relación con cualquier inmueble o bienes relacionados de su propiedad (en su totalidad o parcialmente) o gestionado por ellos a fecha del Contrato de Gestión de Inversiones (i.e., 12 de febrero). La cartera consolidada de la Sociedad Gestora asciende a €1.600 millones de activos bajo gestión a 31 de diciembre de 2013. Además, la Sociedad Gestora podrá cerrar durante el 2014 año hasta dos operaciones de cartera que están negociándose en la actualidad incluyendo activos comerciales, cada uno de ellos entre un valor de €80 y €170 millones;
- (b) A cualquier adquisición o inversión llevada a cabo por (directa o indirectamente) la Sociedad Gestora o un Afiliado a la Sociedad Gestora en activos o inmuebles que sean adyacentes a activos o inmuebles que pertenezcan en la actualidad a la Sociedad Gestora o a un Afiliado a la Sociedad Gestora o que sean adquiridos, de acuerdo con una Excepción, por el la Sociedad Gestora o un Afiliado a la Sociedad Gestora después de firmarse el Contrato de Gestión de Inversiones de acuerdo



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con sus términos (como extensiones de activos que ya están en sus carteras o inmuebles adyacentes a estos, así como a inmuebles nuevos cuya adquisición se les ha permitido);

- (c) En caso que tenga lugar la aprobación de un acuerdo de la Junta General de Accionistas para cambiar la Estrategia de Inversión de la Sociedad, para finalizar el negocio y operaciones de la Sociedad o para vender, liquidar o disponer de todos o la mayoría de los activos de la Sociedad;
- (d) En caso de que se notifique por la Sociedad Gestora la terminación del Contrato de Gestión de Inversiones debido a la concurrencia de alguna causa de liquidación, una causa de insolvencia o medida cautelar o alguna otra causa que pueda afectar a la Sociedad o un incumplimiento insubsanable de algún término esencial de dicho contrato; o
- (e) A las actividades o inversiones llevadas a cabo por Gentalia 2006, S.L., una *joint venture* de gestión de propiedades (*property management*) en la que actualmente la Sociedad Gestora tiene una participación del 50% (“Gentalia”). A pesar de lo anterior, Grupo Lar, en la medida de lo legalmente posible, ejercerá sus derechos de voto en los órganos corporativos de Gentalia para evitar que Gentalia lleve a cabo operaciones que se puedan enmarcar dentro del compromiso de exclusividad asumido por la Sociedad Gestora (y los Afiliados a la Sociedad Gestora) bajo el Contrato de Gestión de Inversiones.

*Coinversión en Inmuebles Residenciales en relación con la Sociedad Gestora*

De acuerdo con el Contrato de Gestión de Inversiones, la Sociedad no tendrá exclusividad en relación con las inversiones de Inmuebles Residenciales realizadas o pendientes de realizar por la Sociedad Gestora o los Afiliados a la Sociedad Gestora, dentro o fuera de España, pero la Sociedad tendrá el derecho de coinvertir al menos el 20% del total de la inversión en cada inversión de Inmuebles Residenciales que la Sociedad Gestora (o alguno de los Afiliados a la Sociedad Gestora) pretenda llevar a cabo en España (una “Oportunidad Residencial Relevante”). Si la Sociedad Gestora (y cualquiera de los Afiliados a la Sociedad Gestora, según el caso) solo dispusiera de una participación de menos del 20% del total de la inversión en dicha Oportunidad Residencial Relevante, la Sociedad Gestora ha acordado no participar en dicha oportunidad de inversión y la Sociedad Gestora no tendrá ninguna obligación de ofrecer una participación en esa oportunidad de inversión a la Sociedad. La Sociedad no podrá elegir menos de una participación del 20% del total de la inversión en cada Oportunidad Residencial Relevante ofrecida por la Sociedad Gestora salvo que la Sociedad o la Sociedad Gestora acuerden lo contrario caso por caso.

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Compromiso de los miembros del Equipo Gestor

De acuerdo con las respectivas cartas de compromiso suscritos por los miembros del Equipo Gestor en relación con el Contrato de Gestión de Inversiones, si cualquiera de ellos identificara una oportunidad de inversión que encaje dentro de la Estrategia de Inversión de la Sociedad (cada una de las oportunidades una “Oportunidad de Inversión del Equipo Gestor”) en la que él o cualquier entidad controlada por él (excluyendo la Sociedad Gestora o algún Afiliado a la Sociedad Gestora que sea una sociedad) (una “Persona Controlada”), ya sea directa o indirectamente, pretenda participar deberá, antes de proceder a efectuar tal participación o la adquisición del inmueble que es objeto de la Oportunidad de Inversión del Equipo Gestor, avisar por escrito al Director General de la Sociedad de dicha oportunidad y ofrecer a la Sociedad (a) al menos el 20% del total de la participación de la que disponga dicho miembro del Equipo Gestor o la Persona Controlada (según sea el caso) en la Oportunidad de Inversión del Equipo Gestor si dicha oportunidad está relacionada con Inmuebles Residenciales, o (b) toda la participación de la que disponga dicho miembro del Equipo Gestor o la Persona Controlada (según sea el caso) si dicha oportunidad está relacionada con Inmuebles Terciarios. Este compromiso finalizará en el momento más temprano de los siguientes: (i) cuando finalice el Contrato de Gestión de Inversiones; (ii) la fecha en la que el miembro del Equipo Gestor cese en su cargo; o (iii) la fecha en la que se apruebe un acuerdo para finalizar el negocio y las operaciones de la Sociedad.

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Estos compromisos, que son similares a los que han asumido los miembros del Equipo Gestor en su relación con Grupo Lar, no resultarán de aplicación:

(a) A inversiones llevadas a cabo por uno o más miembros del Equipo Gestor por su cuenta siempre que dichas inversiones no superen los €2 millones (por cada miembro del Equipo Gestor y de manera agregada durante la vigencia del Contrato de Gestión de Inversiones) y a continuación lo notifiquen al Consejo de Administración de la Sociedad;

(b) A inversiones llevadas a cabo por uno o más miembros del Equipo Gestor en Inmuebles Terciarios para su propia ocupación si el Consejo de Administración lo permite expresamente;

(c) A cualquier inversión llevada a cabo por uno o más miembros del Equipo Gestor en relación con algún inmueble o inmueble relacionado que sea de propiedad o gestionado, total o parcialmente, por él o ellos a fecha del Contrato de Gestión de Inversiones; y

(d) A cualquier adquisición o inversión (directa o indirecta) llevada a cabo por uno o más miembros del Equipo Gestor en activos o inmuebles que sean adyacentes a activos o inmuebles que actualmente sean propiedad de uno o más miembros del Equipo Gestor o adquiridos de acuerdo con las excepciones establecidas en (a) y (b) por uno o más miembros del Equipo Gestor después de firmarse el Contrato de Gestión de Inversiones de acuerdo con sus términos y los términos de la carta de compromiso correspondiente.

### Conflictos de Interés en relación con la Sociedad Gestora

De acuerdo con el Contrato de Gestión de Inversiones, la Sociedad Gestora no podrá, durante la vigencia del contrato, (i) vender, traspasar o alquilar activos o inmuebles a la Sociedad, o (ii) establecer un fondo de inversión en activos inmobiliarios, cotizado o no, con el objeto de llevar a cabo inversiones en Inmuebles Terciarios en España.

Además, durante la vigencia del Contrato de Gestión de Inversiones, la Sociedad no venderá, transferirá o arrendará activos o inmuebles a la Sociedad Gestora mientras no lo apruebe el Consejo de Administración de la Sociedad.

La Sociedad Gestora deberá informar por escrito a la Sociedad cualquier conflicto de interés existente o potencial que él y/o cualquiera de los Afiliados a la Sociedad Gestora tengan o puedan tener en cada momento, sujeto al cumplimiento de cualquier obligación de confidencialidad que contractualmente obligue a la Sociedad Gestora.

### Derechos de coinversión de los Inversores Ancla y la Sociedad Gestora

## Sección B – Emisor y posibles garantes

De acuerdo con los términos del contrato de suscripción suscrito con LVS II Lux XII S.à r.l., una sociedad de responsabilidad limitada (*société a responsabilité limitée*) bajo ley de Luxemburgo (el “Inversor Ancla”) que tiene como asesor de inversión a Pacific Investment Management Company LLC (“PIMCO”) (el “Contrato de Suscripción del Inversor Ancla”), mientras no tenga lugar una Causa de Terminación del Contrato del Inversor Ancla, la Sociedad, el Inversor Ancla y la Sociedad Gestora tendrán los derechos que a continuación se resumen.

### *Derecho de primera oferta del Inversor Ancla en relación con ciertas Inversiones en Inmuebles Terciarios asumido por la Sociedad*

Si la Sociedad tiene la intención de buscar capital social de una o más terceras partes en relación con cualquier Inversión en Inmuebles Terciarios que esté siendo considerado por la Sociedad en España (una “Oportunidad de Coinversión en Inmuebles Terciarios”) la Sociedad deberá ofrecer de buena fe al Inversor Ancla o a cualquier inversor en el Grupo del Inversor Ancla nombrado por el Inversor Ancla (cualquiera de los dos “Entidad del Inversor Ancla”) un derecho de primera oferta para participar junto con la Sociedad en dicha inversión, salvo en algunos casos en los que la Oportunidad de Coinversión en Inmuebles Terciarios sea ofrecida por un tercero a la Sociedad. En relación con cada Oportunidad de Coinversión en Inmuebles Terciarios aplicable (i) la Sociedad ofrecerá a la Entidad del Inversor Ancla la totalidad de la participación en la correspondiente Inversión en Inmuebles Terciarios para la cual la Sociedad está buscando coinversión, y (ii) la Entidad del Inversor Ancla tendrá derecho de participar en la participación ofrecida por la Sociedad (pero por menos de dicha participación) en la correspondiente Inversión en Inmuebles Terciarios.

### *Derecho de primera oferta del Inversor Ancla en relación con algunas Inversiones en Inmuebles Residenciales suscritos por la Sociedad Gestora*

Sujeto a ciertas excepciones en relación a las Oportunidades de Coinversión en Inmuebles Residenciales (tal y como se define más abajo) relativas a las adquisiciones del SAREB u ofrecidos por un inversor tercero a la Sociedad Gestora, la Sociedad Gestora ha garantizado al Inversor Ancla un derecho de primera oferta en relación con cualquier Inversión en Inmuebles Residenciales suscrita por la Sociedad Gestora (una “Oportunidad de Coinversión en Inmuebles Residenciales”). En relación con cada Oportunidad de Coinversión en Inmuebles Residenciales (i) la Sociedad Gestora deberá ofrecer a la Entidad del Inversor Ancla la participación en dicha inversión que habría quedado disponible para la Sociedad Gestora (y no a terceros) después de deducir (a) cualquier participación en dicha inversión que la Sociedad acepte de la Sociedad Gestora y que se haya sido ofrecida por esta última de acuerdo con los términos del Contrato de Gestión de Inversiones, y

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(b) cualquier participación en dicha inversión que la Sociedad Gestora decida quedarse para sí misma; y (ii) la Entidad del Inversor Ancla tendrá derecho a participar en la participación ofrecida por la Sociedad Gestora (pero no menos que dicha participación) en la correspondiente Inversión en Inmuebles Residenciales.

### *Obligaciones recíprocas de los Inversores Ancla y derecho de primera oferta de la Sociedad Gestora*

El Inversor Ancla ha aceptado no competir, directamente o a través de cualquier miembro del Grupo del Inversor Ancla, con la Sociedad o la Sociedad Gestora en procesos competitivos (incluyendo ofertas para la venta o tenencia a través de una expresión de interés, sorteos públicos, subastas públicas, peticiones de ofertas para comprar o peticiones para propuestas) en relación con Inversiones en Inmuebles Terciarios e Inversiones en Inmuebles Residenciales en España, pero sí asociarse con ellos, sujeto a ciertas excepciones si el Inversor Ancla cree de buena fe que una coinversión con la Sociedad o la Sociedad Gestora es imposible o desaconsejable.

Además, el Inversor Ancla ha aceptado dotar a la Sociedad Gestora con un derecho de primera oferta para participar conjuntamente con el Inversor Ancla o una Entidad del Inversor Ancla en cualquier oportunidad de coinversión en relación con Inversiones en Inmuebles Terciarios e Inversiones en Inmuebles Residenciales (en cada caso solo donde los servicios de gestión del tipo de los establecidos en el Contrato de Gestión de Inversiones se espere que sean proporcionados en relación con dicha oportunidad) que este siendo considerada por el Grupo del Inversor Ancla en España (una “Oportunidad de Coinversión del Inversor Ancla”). El Inversor Ancla ha reconocido y acordado que la Sociedad Gestora pueda estar obligada a ofrecer todo o parte de la participación en cualquier Oportunidad de Coinversión del Inversor Ancla a la Sociedad de acuerdo con los términos del Contrato de Gestión de Inversiones, en cuyo caso la Sociedad también tendrá derecho a participar en dicha oportunidad de inversión de acuerdo con los términos del Contrato de Suscripción del Inversor Ancla. En relación con cada Oportunidad de Coinversión del Inversor Ancla, el Inversor Ancla deberá ofrecer a la Sociedad Gestora la participación en la que esté buscando un coinversor, sujeto a ciertas excepciones si el Inversor Ancla considera de buena fe que la coinversión con la Sociedad Gestora o la Sociedad (si es aplicable) no es posible o no es aconsejable. No hay ningún requisito de que cualquier oportunidad de coinversión ofrecida por el Inversor Ancla a la Sociedad Gestora será consistente con la Estrategia de Inversión de la Sociedad.

### **Restricciones regulatorias**

De acuerdo con el Régimen SOCIMI, la Sociedad estará obligada, entre otras cosas, a llevar a cabo un Negocio de Arrendamiento de Inmuebles y cumplir con los siguientes requisitos: (i) invertir al

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menos el 80% del valor bruto de los activos en el arrendamiento de activos inmuebles urbanos o de terrenos para el desarrollo de inmuebles urbanos destinados al arrendamiento, siempre y cuando el desarrollo empiece en los siguientes tres años desde la adquisición, o en acciones de otras SOCIMIs, o entidades extranjeras o filiales con las actividades mencionadas anteriormente con los mismos requisitos de distribución, y (ii) al menos el 80% de los ingresos anuales netos deben provenir de ingresos de alquiler y de dividendos o ganancias de capital en relación con los activos anteriormente mencionados.

La Sociedad dispondrá de un periodo de gracia de dos años desde el día en que se optó por el régimen de SOCIMI, al final del cual deberá cumplir con sus requisitos. Además, la Sociedad dispondrá de un año de gracia para subsanar el incumplimiento de cualquiera de los requisitos exigidos.

### **Criterios de endeudamiento**

De acuerdo con el Contrato de Gestión de Inversiones, al implementar la Estrategia de Inversión de la Sociedad, la Sociedad Gestora y los miembros del Equipo Gestor procurarán usar deuda a largo plazo y considerarán usar coberturas cuando lo consideren oportuno para mitigar el riesgo de tipo de interés, sujeto a los siguientes principios:

- (a) El objetivo de la Sociedad es que el endeudamiento total, representado por los préstamos agregados (menos caja) de la Sociedad como porcentaje del Total GAV más reciente de la Sociedad sea de hasta el 50%.

No obstante lo anterior, el Consejo de Administración, incluso a propuesta de la Sociedad Gestora, podrá modificar la política de endeudamiento de la Sociedad (incluyendo el nivel de endeudamiento) en cada momento a la luz de las condiciones económicas existentes, los costes relativos de deuda y capital, el valor razonable de los activos de la Sociedad, crecimiento y oportunidades de compra u otros factores que se consideren oportunos.

- (b) La financiación a través de deuda será evaluada para cada transacción individualmente considerada, inicialmente en relación a la capacidad de la Sociedad para soportar apalancamiento.
- (c) El endeudamiento incurrido en el desarrollo de inmuebles consistirá, en la medida de lo posible, en deuda sin recurso. La política de la Sociedad no contemplará la creación de sociedades vehículo para inversiones que no sean inmuebles de promoción como norma general

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La Sociedad Gestora ha acordado que la Sociedad no suscribirá acuerdos generales de financiación para hacer frente a adquisiciones antes de la Admisión. Además, la Sociedad Gestora ha acordado llevar a cabo como norma general y salvo que la naturaleza de la inversión aconseje lo contrario, las inversiones utilizando los ingresos procedentes de la Emisión y de cualquier otra emisión de Acciones Ordinarias de la Sociedad. Cuando sea necesario, se podrá incurrir en endeudamiento siguiendo los criterios descritos anteriormente.

### **Política de Tesorería**

La Sociedad llevará a cabo una política de tesorería diseñada para asegurar la preservación del capital. Por lo tanto, la Sociedad buscará generar rentabilidades constantes y estables con una limitada exposición al riesgo. En particular, la Sociedad se centrará en productos financieros con una alta liquidez con posibilidad de cancelación anticipada sin penalización o acotando la misma.

La Sociedad también buscará cubrir, total o parcial, la exposición al riesgo de tipo de interés a través del uso de contratos a futuro (*forwards*), opciones, *swaps*, u otros instrumentos de derivados.

### **Proveedores de servicios del solicitante**

#### **El Contrato de Gestión de Inversiones**

De acuerdo con el Contrato de Gestión de Inversiones, la Sociedad Gestora ha sido nombrar de manera exclusiva para: (i) adquirir inmuebles en nombre y por cuenta de la Sociedad utilizando su efectivo y gestionar los inmuebles los activos relacionados con los inmuebles siguiendo la Estrategia de Inversión y suscribir cualquier acuerdo, contrato, transacción o disposición en relación con la compra, adquisición, tenencia, intercambio, transferencia, venta o enajenación de cualquier inmueble o activo relacionado con los inmuebles en España y tendrá autoridad plena para obligar a la Sociedad en relación con lo anterior y a delegar dicha autoridad; (ii) proporcionar o conseguir la prestación de los servicios de contabilidad, administración, registro, información y comunicación (incluyendo la asistencia y colaboración con la Sociedad para cumplir con sus obligaciones informativas ante la CNMV), el mantenimiento de registros y otros servicios a la Sociedad ya que la Sociedad podrá razonablemente requerir en cada momento, sin limitación, la preparación y presentación a la Sociedad de un informe de revisión en las reuniones periódicas del Consejo de Administración; (iii) actuar como el agente de la Sociedad en el desarrollo de los servicios regulados en el Contrato de Gestión de Inversiones y desarrollar las relaciones contractuales previstas en el mismo (sujeto a ciertas materias reservadas descritas en el Folleto); (iv) llevar a cabo todas las acciones requeridas para que la Sociedad Gestora proporcione los servicios de gestión de acuerdo con el Contrato de Gestión de Inversiones; (v) estructurar todas las inversiones de manera que permita a la Sociedad cumplir con los requisitos del Régimen SOCIMI; (vi) coordinar con los proveedores

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de deuda a nivel corporativo o de los activos; (vii) asesorar a la Sociedad en la adquisición de copropiedades, tenencia conjunta, tenencias en común, y otros intereses en los inmuebles; (viii) acordar el arrendamiento (y/o subarrendamiento) y/o el desarrollo o la mejora de los inmuebles adquiridos por la Sociedad y actuar como gestor de desarrollo en relación con cualquier desarrollo o mejora de los inmuebles; (ix) asesorar sobre la disponibilidad y adecuada fuente de financiación que debe utilizar la Sociedad para realizar distribuciones a los accionistas; (x) asesora en relación con el ejercicio de cualquier derecho derivados de las inversiones adquiridas en nombre de la Sociedad; (xi) asesorar a la Sociedad en relación con cualquier acción discrecional de las que tenga conocimiento en relación con las inversiones de la Sociedad, incluyendo, entre otros, derechos de voto y la fecha o fechas en las cuales han de ejercitarse dichas acciones; (xii) gestionar las inversiones inmobiliarias o acordar delegar autoridad en ciertas personas (hasta el límite y en la forma establecida en el Contrato de Gestión de Inversiones) para que les asesoren en el desarrollo de esta función; y (xiii) proporcionar asesoramiento a la Sociedad de reputados asesores de seguros en relación con los seguros necesarios para los inmuebles de la Sociedad y asegurarse de que dicho seguro aprobado por escrito por la Sociedad se pone en marcha (a cuenta de la Sociedad).

La Sociedad Gestora podrá delegar la prestación de algunos de estos servicios en uno o más terceros en los términos permitidos por el Contrato de Gestión de Inversiones.

De acuerdo con el Contrato de Gestión de Inversiones, la estrategia a seguir por parte de la Sociedad Gestora en la prestación de sus servicios y en la gestión de los inmuebles de la Sociedad derivará de la combinación de un Plan de Negocios considerado y aprobado por escrito por el Consejo de Administración y de la aprobación de acuerdos por escrito del Consejo de Administración cuando se requiera.

### Comisiones de gestión

De acuerdo con el Contrato de Gestión de Inversiones, la Sociedad Gestora tendrá derecho a percibir una comisión fija (la “Comisión Fija”) y una comisión variable (la “Comisión Variable”) en la medida en que resulte pagadera de acuerdo con los términos del Contrato de Gestión de Inversiones. La Sociedad Gestora también tendrá derecho a percibir comisiones adicionales que serán acordadas con la Sociedad en relación con la prestación de cualquier servicio adicional que hayan acordado. En la medida en que dichos servicios se proporcionen en relación con activos participados conjuntamente por la Sociedad y terceros, la Sociedad solo será responsable del pago de las comisiones pertinentes a prorrata de su participación. Las comisiones que resulten pagaderas y exigibles a la Sociedad Gestora no estarán sujetas a reducción o devolución por cualquier caída posterior que pueda sufrir el EPRA NAV (tal y como se define a continuación) de la Sociedad.



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En relación con el Contrato de Gestión de Inversiones, “EPRA NAV” es el valor neto de los activos de la Sociedad ajustado para incluir inmuebles y otras inversiones participadas a valor razonable y excluir ciertos elementos que no se espera que se materialicen en inversiones inmobiliarias a largo plazo de acuerdo con las indicaciones publicadas por la *European Public Real Estate Association* (en la versión de agosto de 2011, salvo que la Sociedad y la Sociedad Gestora acuerden lo contrario).

El EPRA NAV de la Sociedad se basará en la valoración más reciente de los activos inmobiliarios de la Sociedad y será calculado de acuerdo con las Normas Internacionales de Información Financiera tal y como se han implementado en la UE (“NIIF-UE”). Las valoraciones de los activos de la Sociedad se llevarán a cabo (i) el 30 de junio de cada año a través de una valoración externa “de escritorio” (i.e., una valoración limitada que no implica una inspección física de los inmuebles y que lo que pretende es actualizar la valoración previa a 31 de diciembre incorporando los cambios significativos que se hayan producido en las condiciones de mercado y/o en los activos correspondientes (i.e., arrendamientos, inversiones en CAPEX o contingencias legales)) y (ii) el 31 de diciembre de cada año a través de una valoración física, en ambos casos realizada por un tasador cualificado y acreditado como tal por la RICS (*Royal Institution of Chartered Surveyors*) que se designará por el Comité de Auditoría y Control. Se espera que la primera valoración externa tenga lugar el 31 de Diciembre de 2014 (asumiendo la adquisición de al menos un inmueble antes de esa fecha). Las valoraciones de los activos inmobiliarios de la Sociedad se harán de acuerdo con las secciones apropiadas del Libro Rojo de RICS en la fecha de las valoraciones. Esta es una práctica aceptada internacionalmente en la valoración de inmuebles. El EPRA NAV de la Sociedad será calculado semestralmente y comunicado en el momento de la publicación de resultados financieros anuales e intermedios de la Sociedad a través de la publicación de un Hecho Relevante.

El pago de la Comisión Variable dependerá de que el resultado de la Sociedad supere un umbral determinado y también estará sujeto a que se declare una cota máxima previa anual, cada una de ellas descritas con mayor detalle a continuación.

### *Comisión Fija y gastos*

La Comisión Fija se pagará a la Sociedad Gestora mensualmente a periodo vencido en efectivo. La Comisión Fija de cada mes se calculará tomando como referencia el 1,25% por año del EPRA NAV (excluyendo el efectivo neta (efectivo menos deuda)) del 31 de diciembre anterior. La Comisión Fija será como mínimo de €2 millones por año, excluyendo IVA y costes, hasta el primer día en el que el 50% o más de los ingresos de la Emisión (excluyendo costes y gastos incurridos por la Sociedad en la Emisión) hayan sido invertidos en inmuebles por la Sociedad. El EPRA NAV a 31

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de Diciembre de 2013 será equivalente a los Ingresos Netos de la Emisión.

### *Comisión Variable*

La Comisión Variable ha sido diseñada para incentivar y recompensar a la Sociedad Gestora por generar retorno para los accionistas de la Sociedad. El retorno de los accionistas para un año concreto será equivalente a la suma de (a) la variación en el EPRA NAV de la Sociedad durante dicho año menos los ingresos netos de cualquier emisión de Acciones Ordinarias durante dicho año y (b) los dividendos (o cualquier otra forma de remuneración o distribución a los accionistas) totales pagados en dicho año (el resultado de sumar (a) y (b), el “Retorno del Accionista”). La “Rentabilidad del Accionista” es el Retorno del Accionista para un año determinado dividido entre el EPRA NAV de la Sociedad a 31 de diciembre del año inmediatamente anterior. El EPRA NAV a 31 de diciembre de 2013 se considerará los Ingresos Netos de la Emisión (el “EPRA NAV Inicial”).

La “Correspondiente Marca de Referencia” en cualquier momento será la mayor entre (i) el EPRA NAV Inicial, y (ii) el EPRA NAV a 31 de diciembre (ajustado para incluir el total de los dividendos pagados durante ese año y excluir los ingresos netos de cualquier emisión de Acciones Ordinarias durante ese año) del año más próximo en el que se pagó la Comisión Variable.

La Comisión Variable será pagadera en un año determinado si se alcanzan dos barreras clave:

- (a) La Rentabilidad del Accionista supere el 10% (la cantidad en euros por la que el Retorno del Accionista para ese año supere el Retorno del Accionista que habría producido un 10% de Rentabilidad del Accionista se denominará el “Exceso del Retorno del Accionista” y la parte de la Rentabilidad del Accionista que supere el 10% se denominará el “Exceso de la Rentabilidad del Accionista”); y
- (b) La suma de (A) el EPRA NAV de la Sociedad a 31 de diciembre de cada año y (B) el total de dividendos (o cualquier otra forma de remuneración o distribución a los accionistas) que se hayan pagado en dicho año o en cualquier año anterior desde el año más reciente en el que se pagó la Comisión Variable supere la Correspondiente Marca de Referencia (la cantidad que dicha suma supere la Correspondiente Marca de Referencia se denominará “Exceso de la Marca de Referencia”).

Si las dos barreras anteriormente descritas se alcanzan, la Comisión Variable en relación con dicho año será un “*promote*” igual al inferior entre (x) el 20% del “Exceso del Retorno del Accionista” y (y) el 20% del Exceso de la Marca de Referencia (el “*Promote*”).

Además, en un año en el que la Comisión Variable sea pagadera y

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esté basada en el Exceso de Retorno del Accionista, la Comisión Variable también incluirá un “*promote equalization*” (el “*Promote Equalization*”), una vez se haya alcanzado una Rentabilidad del Accionista del 12%, y solo aplicará hasta que la Rentabilidad del Accionista del 22%. El *Promote Equalization* pretende otorgar a la Sociedad Gestora la posibilidad de obtener comisiones hasta un máximo equivalente al 20% en el primer 10% del Retorno del Accionista en dicho año, que de otro modo no sería pagadero. Por encima del 22% solo será siendo aplicable el *Promote*. El *Promote Equalization* permite a la Sociedad Gestora recibir un 20% adicional del Exceso de Retorno del Accionista que refleja una Rentabilidad del Accionista de entre 12% y 22%.

La Comisión Variable será calculada anualmente el 31 de diciembre de cada ejercicio fiscal, expresada en euros. Sujeto a ciertas excepciones limitadas, la Comisión Variable se pagará en efectivo y la Sociedad Gestora deberá usar dicho efectivo (después de deducirse el Impuesto de Sociedades y cualquier otro impuesto que sea aplicable) para suscribir o adquirir Acciones Ordinarias (las “Acciones de la Comisión Variable”). El pago antes mencionado no será ingresos netos de cualquier emisión de Acciones Ordinarias a los efectos de calcular el Retorno del Accionista. Sujeto a ciertas excepciones habituales, las Acciones de la Comisión Variable estarán sujetas a un periodo de “*lock-up*” de tres años.

### Servicios de Auditoría

Deloitte S.L. (“Deloitte”) ha sido nombrado auditor por la Sociedad y proporcionará los correspondientes servicios de auditoría.

Mientras la Sociedad no tenga ninguna filial y no prepare estados financieros consolidados, los estados financieros de la Sociedad se prepararan de acuerdo con el Plan General de Contabilidad. Además, la Sociedad pretende preparar un segundo juego de estados financieros de acuerdo con las NIIF-UE en relación con sus cuentas anuales.

Los honorarios de auditoría a percibir por Deloitte se negociarán anualmente y se establecerán en las cartas de compromiso anuales de Deloitte.

### Tasadores de inmuebles

La Sociedad contratará los servicios de una o varias firmas de valoración que resulten apropiadas, y que serán designadas por el Comité de Auditoría y Control de la Sociedad en relación con la valoración de los activos inmobiliarios de la Sociedad que se llevará a cabo el 30 de junio y el 31 de diciembre de cada año. Dichas valoraciones serán llevadas a cabo por un tasador cualificado y acreditado como tal por la RICS.

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		<p><b>Servicios de gestión de propiedades (<i>property management</i>)</b></p> <p>La Sociedad o la Sociedad Gestora, según el caso, contratará los servicios de una de las sociedades líderes en el sector de la gestión de propiedades (<i>property management</i>), como Gentalia, para gestionar los inmuebles de la Sociedad. La Sociedad Gestora tiene una participación del 50% del capital en Gentalia. Cualquier servicio que Gentalia proporcione a la Sociedad se realizará a precios de mercado y debe ser aprobado por el Consejo de Administración, salvo que dicho servicio quede bajo el ámbito de un contrato marco celebrado entre Gentalia y la Sociedad.</p> <p>La gestión de propiedades (<i>property management</i>) comprende una gran variedad de actividades, que se pueden clasificar en tres grandes grupos diferentes: (i) gestión in situ que incluye actividades del día a día como los servicios de presupuesto ordinario y control, seguridad, mantenimiento, limpieza, gestión de cobros, actividades de marketing en un centro comercial y arrendamiento especiales (e.g., kioskos); (ii) prestación de servicios de facturación, control de pagos y de deuda; y (iii) elaboración y supervisión de los contratos de arrendamiento y sus renovaciones, supervisión de vencimientos de arrendamientos, servicios de asesoría jurídica y gestión de garantías, entre otros.</p> <p><b>Banco Agente</b></p> <p>La Sociedad ha contratado a Banco Santander Investment, S.A. para actuar como banco agente en la Emisión.</p>
<b>B.4a</b>	Descripción de las tendencias recientes más significativas que afecten al emisor y a los sectores en los que ejerce su actividad:	<p>El impacto de la crisis de crédito internacional, la crisis de deuda soberana europea y la crisis económica española (que ha derivado en unas tasas de paro muy elevadas en España), el exceso de oferta de inmuebles, de empresas y promotoras del sector inmobiliario con sobreendeudamiento y la ausencia de financiación bancaria en el mercado inmobiliario español han sido considerables desde 2007, dando lugar a una fuerte caída cíclica y un reajuste estructural de precios de los activos inmobiliarios. En la segunda mitad del 2013 ha habido un crecimiento positivo, con un crecimiento del 0,1% del PIB en el tercer trimestre alcanzando el 0,3% en el último trimestre. En relación con el mercado laboral, la elevada tasa de paro (25,98% en el tercer trimestre de 2013) refleja la consecución de varios trimestres sucesivos de debilidad económica. Sin embargo, la tendencia reciente ha sido positiva, con tres meses seguidos de caídas en el registro de parados, incluyendo una caída de 108.000 personas en diciembre de 2013. Basándose en esta información, el Ministerio de Economía y Competitividad ha mejorado su previsión del paro, con una tasa de paro esperada del 25,0% para 2014 frente al 25,9% del año anterior.</p> <p>Después de años de caídas continuas, las rentas y los rendimientos de ciertos segmentos del mercado inmobiliario español han empezado a estabilizarse en los primeros tres trimestres de 2013 (Fuente: Cushman &amp; Wakefield European Marketbeat Snapshots, Knight Frank, 2012 y 2013). Se está produciendo un incremento</p>

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		<p>significativo en el número de operaciones relacionados con inmuebles terciarios y residenciales en curso debido al inicio de la estabilización estructural macroeconómica en España, con instituciones financieras y propietarios de viviendas desapalancándose, la SAREB (Sociedad de Gestión de Activos procedentes de la Reestructuración Bancaria) llevando a cabo ventas y la participación de inversores internacionales aumentando. Los precios del alquiler han empezado a estabilizarse, especialmente en el mercado primario, después de varios años con caídas continuas (Fuente: Cushman &amp; Wakefield European Marketbeat Snapshots, Knight Frank, 2012 y 2013). Las brechas de rentabilidad (<i>yield-gaps</i>) están acercándose a los máximos históricos (Fuente: Knight Frank, 2013 y Bloomberg).</p>
<b>B.5</b>	Descripción del grupo:	No aplicable; inmediatamente después de la Admisión la Sociedad no tendrá ninguna filial
<b>B.6</b>	Accionistas principales:	<p>A fecha de este Folleto, el capital social emitido de la Sociedad asciende a €60.000 dividido en una serie de 30.000 acciones representadas por anotaciones en cuenta, con un valor nominal de €2,00 cada una. Todas las acciones están plenamente desembolsadas. A 12 de febrero de 2014 (siendo el último día hábil anterior al registro del Folleto con la CNMV), la Sociedad Gestora, Grupo Lar, era titular de 30.000 Acciones Ordinarias representativas del 100% del capital de la Sociedad. El 83% de Grupo Lar es propiedad y está bajo el control efectivo de la Familia Pereda. Dos de los seis miembros del Equipo Gestor (D. Luis Pereda y D. Miguel Pereda) son miembros de la Familia Pereda y, por lo tanto, accionistas de la Sociedad Gestora. Además, D. Luis Pereda y D. Miguel Pereda son el Presidente ejecutivo y el Consejero Delegado de Grupo Lar respectivamente. D. Miguel Pereda es también miembro del Consejo de Administración de la Sociedad.</p> <p>Los derechos de voto de Grupo Lar no se diferencian de los del resto de accionistas.</p> <p>Grupo Lar se ha comprometido a suscribir, al Precio de Emisión, un total de 970.000 Nuevas Acciones condicionado a que el Contrato de Colocación siga vigente de acuerdo con sus términos. Inmediatamente después de la Admisión, Grupo Lar será titular de 1.000.000 de Acciones Ordinarias representativas 2,5% del capital de la Sociedad (sobre la base de una Emisión de €400 millones).</p> <p>La Sociedad ha suscrito un acuerdo de suscripción con el Inversor Ancla (el Contrato de Suscripción del Inversor Ancla) según el cual el Inversor Ancla ha acordado irrevocablemente suscribir, al Precio de Emisión, un total de 5.000.000 Acciones Nuevas si el número final de Acciones Ordinarias emitidas en la Emisión es igual o superior a 35.000.000 o una cantidad de Acciones Ordinarias que representen el 12,5% de las Acciones Nuevas si el número de Acciones Nuevas es menor que 35.000.000 condicionado a la vigencia del Contrato de Colocación de acuerdo con sus términos y al cumplimiento ciertas condiciones (incluyendo que el número final de Acciones Ordinarias que se emitan en la Emisión sea de al</p>

<b>Sección B – Emisor y posibles garantes</b>		
		<p>menos 30.000.000). Se espera que el número final de Acciones Ordinarias que se emitirán en la Emisión sea determinado y anunciado a través de un Hecho Relevante el 3 de marzo una vez finalice la Colocación.</p> <p><b><u>Inversores tipo</u></b></p> <p>Se espera que los inversores tipo de la Sociedad sean inversores institucionales y cualificados que estén buscando asignar parte de su cartera de inversión en el mercado español.</p> <p>La inversión en la Sociedad será apropiada solo para aquellos inversores que sean capaces de evaluar los riesgos y ventajas de dicha inversión, que comprendan el riesgo potencial de la pérdida de capital y la posibilidad de que exista una liquidez limitada de las inversiones subyacentes de la Sociedad y de las Acciones Ordinarias, para los que una inversión en las Acciones Ordinarias sea parte de una cartera de inversión diversificada, que comprenda plenamente y estén dispuestos a asumir los riesgos que implica invertir en la Sociedad y que tengan los recursos suficientes para soportar cualquier pérdida (que podrá ser igual a la totalidad de la inversión realizada) derivada de dicha inversión. Se aconseja a los inversores que consulten con sus asesores financieros, legales y fiscales antes de invertir en la Sociedad.</p> <p>La Sociedad no tiene constancia de ninguna persona que, directa o indirectamente, conjuntamente o por separado, ejercite o puede ejercitar el control sobre la Sociedad a fecha de la Admisión o inmediatamente después.</p>
<b>B.7</b>	Información histórica financier clave:	No aplica. Este Folleto contiene información financiera histórica limitada de la Sociedad ya que la Sociedad se ha constituido recientemente y tiene una historia operativa limitada.
<b>B.8</b>	Información financiera seleccionada pro forma:	No aplica. Este Folleto no contiene información financiera pro forma.
<b>B.9</b>	Estimación de beneficios:	No aplica. Este Folleto no contiene estimaciones o previsiones de beneficios.
<b>B.10</b>	Descripción de la naturaleza de cualquier salvedad en el informe de auditoría sobre la información financiera histórica:	No aplica. La Sociedad se ha constituido recientemente y tiene limitada información financiera y operativa. Los estados financieros auditados de la Sociedad a 24 de enero de 2014 relativos al periodo de ocho días finalizados en dicha fecha se incluyen en otro apartado
<b>B.11</b>	Capital de explotación:	No aplica. La Sociedad opina, considerando los ingresos netos que recibirá la Sociedad a resultas de la Emisión, que el capital circulante disponible por la Sociedad es suficiente para cubrir sus necesidades actuales y, en particular, para al menos los próximos 12 meses desde la fecha de este Folleto.

<b>Section C—Valores</b>		
<b>C.1</b>	Tipo y clase de valores:	<p>Las Acciones Ordinarias tienen un valor nominal de €2,00 cada una.</p> <p>El código ISIN de las Acciones Ordinarias será anunciado a través de la publicación de un Hecho Relevante antes de la Admisión. No habrá ni oferta ni solicitudes de cotización de ninguna otra clase de acciones de la Sociedad. Todas las acciones de la Sociedad son de la misma clase.</p>
<b>C.2</b>	Divisa de emisión de los valores:	Las Acciones Ordinarias se emitirán en euros.
<b>C.3</b>	Número de acciones emitidas:	El número final de Acciones Ordinarias emitidas en la Emisión se determinarán y anunciarán a través de la publicación de un Hecho Relevante el 3 de marzo de 2014 una vez haya concluido la Colocación.
<b>C.4</b>	Descripción de los derechos vinculados a los valores:	Las Acciones Ordinarias serán totalmente desembolsadas en el momento de su emisión, tendrán igualdad de rango entre ellas y acarrearán derecho a percibir dividendos y otras distribuciones que se declaren o paguen en adelante en relación con las Acciones Ordinarias.
<b>C.5</b>	Descripción de cualquier restricción sobre la libre transmisibilidad de los valores:	<p>Bajo la ley española, la Sociedad no puede imponer restricciones a la libre transmisibilidad de las Acciones Ordinarias en sus Estatutos Sociales.</p> <p>No obstante, los Estatutos Sociales contendrán obligaciones de indemnización para los Accionistas Cualificados en favor de la Sociedad diseñadas para desincentivar las situaciones en las que haya que pagar un dividendo a un Accionista Cualificado. Si se paga un dividendo a un Accionista Cualificado, la Sociedad podría verse obligada a deducir del importe a pagar a ese Accionista Cualificado una cantidad equivalente a los costes fiscales incurridos por la Sociedad como consecuencia del pago de dicho dividendo.</p> <p>Asimismo, los Estatutos Sociales contendrán ciertas obligaciones de información en relación a los accionistas o beneficiarios efectivos de las Acciones Ordinarias que estén sujetos a un régimen legal especial aplicable a fondos de pensiones o planes de beneficios (como ERISA, tal y como se define en el Folleto). Si alguno de los mencionados accionistas o beneficiarios efectivos no cumple con las obligaciones de información, la Sociedad tendrá derecho a suspender (hasta que se cumplan dichas obligaciones) los derechos políticos y económicos unidos a las Acciones Ordinarias de dicha persona. Además, la Sociedad podrá requerir de cualquier accionista o beneficiario efectivo de las Acciones Ordinarias dicha información mientras la Sociedad lo considere necesario o útil para determinar si dicha persona está sujeta a un régimen legal especial aplicable a fondos de pensiones o planes de beneficios. El objetivo de esta disposición es proporcionar a la Sociedad la posibilidad de minimizar el riesgo de que Inversores de Planes de Beneficio (u otros inversores similares) tengan una participación de cualquier</p>

<b>Section C—Valores</b>		
		<p>clase en el capital de la Sociedad igual o superior al 25%.</p> <p>La adquisición y tenencia de Acciones Ordinarias por un inversor también puede estar afectada por la ley o requisitos regulatorios de su propia jurisdicción, que puede incluir restricciones a la libre transmisibilidad de dichas Acciones Ordinarias. Se aconseja que los inversores consulten a sus propios asesores antes de invertir en las Acciones Ordinarias.</p> <p>Adicionalmente, la Sociedad y J.P. Morgan han acordado bajo el Contrato de Colocación que la Sociedad estará sujeta a un compromiso de inmovilización (“<i>lock-up</i>”) durante el periodo que empieza en la fecha del Contrato de Colocación y termina 270 días después de la Admisión.</p> <p>Por otra parte, la Sociedad y la Sociedad Gestora (que es titularidad y está efectivamente controlada por la Familia Pereda con una participación del 83%) han acordado bajo el Contrato de Gestión de Inversiones (solo en relación con las Acciones de la Comisión Variable) y acordarán en el Contrato de Colocación (en relación con cualquier Acción Ordinaria que tuviera la Sociedad Gestora) que, sujeto a las excepciones habituales, la Sociedad Gestora no podrá transmitir ninguna de las Acciones Ordinarias antes del tercer aniversario de la Admisión o, en relación con las Acciones de la Comisión Variable, desde el día en que dichas acciones fueron sean entregadas a la Sociedad Gestora.</p> <p>El Inversor Ancla también está sujeto a un compromiso de “<i>lock-up</i>” (sujeto ciertas excepciones) durante el periodo que comienza en la fecha del Contrato de Suscripción del Inversor Ancla y termina 180 días después de la Admisión.</p>
<b>C.6</b>	Admisión:	<p>La Sociedad ha solicitado la admisión a negociación de sus Acciones Ordinarias en las Bolsa de Valores de Madrid, Barcelona, Bilbao y Valencia, a través del Sistema de Interconexión Bursátil (SIBE) o Mercado Continuo. La Sociedad espera que sus Acciones Ordinarias estén admitidas a negociación y cotizando en las Bolsas de Valores españolas el 6 de marzo de 2014. El símbolo bajo el cual cotizarán las Acciones Ordinarias será anunciado a través de la publicación de un Hecho Relevante antes de la Admisión</p>
<b>C.7</b>	Descripción de la política de dividendos:	<p>La Sociedad tiene intención de mantener una política de dividendos considerando unos niveles sostenibles de distribución de dividendos, que reflejen su previsión futura de obtención de beneficios. La Sociedad efectuará distribuciones de dividendos cuando el Consejo de Administración lo considere adecuado. No obstante, de conformidad con el Régimen SOCIMI, la Sociedad estará obligada a adoptar acuerdos de distribución del beneficio obtenido en el ejercicio, después de cumplir cualquier requisito relevante de la Ley de Sociedades de Capital, en forma de dividendos, a sus accionistas, debiéndose acordar su distribución dentro de los seis meses posteriores a la conclusión de cada ejercicio, en la forma siguiente: (i) al menos el 50% de los beneficios derivados de la transmisión de inmuebles y acciones o</p>



<b>Section C—Valores</b>		
		<p>participaciones en Filiales Cualificadas o en Instituciones de Inversión Colectiva Inmobiliarias. El resto de estos beneficios deberá reinvertirse en otros inmuebles o participaciones afectas al cumplimiento del objeto de la SOCIMI, en el plazo de los tres años posteriores a la fecha de transmisión. En su defecto, dichos beneficios deberán distribuirse en su totalidad conjuntamente con los beneficios que, en su caso, procedan del ejercicio en que finaliza el plazo de reinversión; (ii) el 100% de los beneficios obtenidos por recepción de los dividendos pagados por Filiales Cualificadas o Instituciones de Inversión Colectiva Inmobiliarias; (iii) al menos el 80% del resto de los beneficios obtenidos (i.e., beneficios que se correspondan con rentas procedentes de las actividades accesorias). Si el acuerdo de distribución de dividendos no se adopta en plazo legalmente establecido, la Sociedad perderá el Régimen SOCIMI con efectos desde el ejercicio al que los dividendos se refieren.</p> <p>Únicamente aquellos accionistas que se encuentren inscritos en el sistema de registro, compensación y liquidación de valores gestionado por Iberclear a las 23:59 horas (CET) del día en el que se adopte el acuerdo de distribución de dividendos tendrán derecho al cobro de los referidos dividendos. El pago de dividendos se efectuará a los titulares de Acciones Ordinarias que lo sean en ese momento. Los Estatutos Sociales disponen que los dividendos serán pagaderos a los 30 días de la fecha de adopción del acuerdo de distribución de dividendos, salvo que la Junta General de Accionistas o el Consejo de Administración acuerden una fecha distinta.</p>

<b>Section D—Risks</b>		
<b>D.1</b>	<p>Información fundamental sobre los principales riesgos específicos del emisor o de su sector de actividad:</p>	<p>Antes de invertir en las Acciones Ordinarias, los inversores potenciales deberán considerar los posibles riesgos asociados que conllevan. Los riesgos relativos a la Sociedad y/o su industria incluyen los siguientes:</p> <p><b><u>RIESGOS INHERENTES A LA INVERSIÓN EN UNA SOCIEDAD NUEVA</u></b></p> <p>— La estructura de gestión de la Sociedad, el procedimiento a seguir a la hora de llevar a cabo futuras inversiones, los mecanismos establecidos para calcular el devengo de las comisiones de gestión, el hecho de que el rendimiento de la Sociedad dependa de la experiencia de la Sociedad Gestora y la condición del emisor como sociedad recién constituida son factores que contribuyen a la complejidad de la inversión en las Acciones Ordinarias. Como resultado de lo anterior, los inversores institucionales y cualificados están más capacitados para comprender la inversión en la Sociedad y los riesgos que ella conlleva. En cualquier caso se recomienda a los inversores potenciales que consulten a sus asesores financieros, legales y</p>

#### Section D—Risks

fiscales antes de llevar a cabo cualquier inversión.

- La Sociedad es de nueva constitución y tiene un historial financiero y operativo limitado, y los posibles inversores pueden tener información limitada a la hora de evaluar las expectativas de la Sociedad y las ventajas de una inversión en Acciones Ordinarias. La Sociedad pretende invertir fundamentalmente en el sector de inmuebles terciarios en España pero en la actualidad ni tiene ni ha entrado en negociaciones en relación con ninguna oportunidad de inversión y no lo hará hasta después de la Admisión. Cualquier inversión en Acciones Ordinarias está sujeta a todos los riesgos e incertidumbres asociadas a un negocio nuevo, incluyendo el riesgo de que la Sociedad no consiga ninguno de sus objetivos de inversión, que no se invierta todo el capital y que el valor de cualquier inversión realizada por la Sociedad y de las Acciones Ordinarias pueda caer sustancialmente.

#### RIESGOS RELATIVOS AL GESTOR EXTERNO DE LA SOCIEDAD Y EL CONTRATO DE GESTIÓN DE INVERSIONES

- La Sociedad será externamente gestionada y, por lo tanto, la capacidad de la Sociedad para conseguir los objetivos de inversión dependerá en gran medida de la Sociedad Gestora y de la experiencia del Equipo Gestor. El Contrato de Gestión de Inversiones tiene un plazo inicial de 5 años. Una vez expirado dicho plazo, no existe seguridad de que se pueda acordar otro contrato en términos similares con una nueva entidad gestora en el momento oportuno.
- La Sociedad ha firmado un Contrato de Gestión de Inversiones por el cual las funciones que normalmente realiza el Consejo de Administración u otro órgano corporativo de sociedades cotizadas serán llevadas a cabo por la Sociedad Gestora, salvo en aquellos casos en los que dichas funciones sean Materias Reservadas. Es habitual encontrar esta estructura en instituciones de inversión colectiva o fondos de inversión pero la normativa de aplicación a este tipo de entidades no aplica a la Sociedad. En particular, debe destacarse que aunque haya cambios en las Personas Clave o en sus puestos como consejeros en la Sociedad Gestora que disparen eventos de rescisión bajo el Contrato de Gestión de Inversiones, dichos cambios o alteraciones en el accionariado de la Sociedad Gestora no dispararán la obligación de lanzar una oferta pública de adquisición.
- Las acciones llevadas a cabo por la Sociedad Gestora pueden afectar negativamente a la Sociedad y la Sociedad puede no ser capaz de finalizar el Contrato de Gestión de Inversiones a su criterio. No se puede asegurar que la Sociedad Gestora tendrá éxito en la anticipación de los intereses de la Sociedad o que sus acciones no afectaran negativamente los intereses de la Sociedad.

## Section D—Risks

- Este Folleto incluye cierta información sobre el rendimiento pasado del Equipo Gestor y de la Sociedad Gestora. Sin embargo, el rendimiento pasado del Equipo Gestor y de la Sociedad Gestora no es indicativo ni pretende serlo de las actividades o resultados futuros de la Sociedad. Como consecuencia, en el momento de la Admisión, los posibles inversores de la Sociedad tendrán información limitada que les ayude a evaluar el posible rendimiento futuro del Equipo Gestor.
- La Sociedad Gestora puede no ser capaz de retener a las Personas Clave o de identificar a candidatos adecuados para sustituirlos y, por tanto, la estrategia de inversión de la Sociedad, así como su negocio, situación financiera y resultados operativos podrían verse negativamente afectados. Adicionalmente, la Sociedad no podría rescindir el Contrato de Gestión de Inversiones bajo ciertas circunstancias si alguna de la Personas Clave cesará en su condición de miembro del Equipo Gestor.
- La Sociedad espera que se produzcan conflictos de interés entre la Sociedad Gestora y la Sociedad. Estos conflictos incluyen condiciones de inversión en los casos en los que la Sociedad coinvierta con la Sociedad Gestora. Si los conflictos de interés con la Sociedad Gestora derivan en decisiones que no son las más beneficiosas para los accionistas de la Sociedad, el negocio de la Sociedad, su situación financiera, los resultados de sus operaciones y sus perspectivas podrían verse negativamente afectados.
- La Sociedad Gestora tiene en la actualidad una participación del 50% en Gentalia. Podría surgir un potencial conflicto de interés si Gentalia fuera nombrada como entidad gestora de propiedades (*property manager*) de todos o parte de los activos de la Sociedad debido a los distintos intereses económicos de la Sociedad Gestora y la Sociedad. Gentalia ni es parte ni está obligada por el Contrato de Gestión de Inversiones y podría llevar a cabo en un futuro actividades y operaciones que compitan con aquellas llevadas a cabo por la Sociedad.
- Miembros del Equipo Gestor, en particular D. Luis Pereda y D. Miguel Pereda (miembros de la Familia Pereda, que tiene una participación del 83% en la Sociedad Gestora y que tienen puestos ejecutivos en la Sociedad Gestora), y los empleados de apoyo disponibles para la Sociedad Gestora (incluyendo el personal de Gentalia) puede tener conflictos de interés a la hora de asignar su tiempo y actividad a las tareas que tienen que ver con la Sociedad.
- Cualquier incremento en el EPRA NAV de la Sociedad implicará un aumento en la compensación que se pagará a la Sociedad Gestora. Si los incrementos en el EPRA NAV son el

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resultado de un sobrecalentamiento de los precios en mercado inmobiliario, es posible que se esté pagando al Equipo Gestor en exceso y por anticipado en relación con una cota cíclica del mercado.

- Aunque la Sociedad considera que las condiciones de los acuerdos entre la Sociedad y la Sociedad Gestora son en general similares a los que se habrían obtenido de un tercero no afiliado, la Sociedad no puede asegurar que sus condiciones, incluyendo las condiciones que se refieren a las comisiones, los criterios de rendimiento, las obligaciones contractuales o fiduciarias, los conflictos de interés, la limitación de responsabilidad, la indemnización o rescisión no son menos favorables para la Sociedad que lo que habrían resultado si las negociaciones se hubiesen llevado a cabo con terceros no relacionados.

### RIESGOS RELATIVOS AL CONSEJO DE ADMINISTRACIÓN DE LA SOCIEDAD

- La Sociedad confiará en el conocimiento y la experiencia de los Consejeros para supervisar la gestión de sus asuntos.
- Reclamaciones judiciales, alegaciones de mala conducta o fallos operativos, u otras especulaciones de publicidad o prensa negativa que involucren a alguno de los consejeros, sean o no fundadas, pueden dañar a la Sociedad.
- Puede haber situaciones en las que un consejero tenga, directa o indirectamente, un interés material en una operación que la Sociedad esté considerando, o un conflicto de interés con la Sociedad.

### RIESGOS REGULATORIOS

- La Directiva de GFIA establece ciertas obligaciones en relación a los FIAs y los GFIA y exige que los GFIA sean autorizados por el correspondiente regulador del mercado de valores (CNMV). Sin embargo la Directiva de GFIA no ha traspuesta aun a la legislación española. Por lo tanto, actualmente no está claro si la Sociedad y la Sociedad Gestora se podrán enmarcar en las definiciones de FIA y GFIA respectivamente bajo la ley española. Bajo la ley actual, la Sociedad no considera que deba ser autorizada como un FIA regulado por la CNMV.

Si la Sociedad se decidiera a adoptar la forma de un FIA, se exigiría que la Sociedad Gestora estuviese autorizada como GFIA. Como consecuencia, la Sociedad Gestora tendría que cumplir con varios requisitos y obligaciones que (a) pueden implicar un cambio en los procedimientos operativos de la Sociedad Gestora y su relación con la Sociedad y los proveedores de servicios y puede suponer restricciones en las actividades de inversión que la Sociedad Gestora (y por tanto

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la Sociedad) pueda llevar a cabo; y (b) seguramente aumenten los costes en curso incurridos, directa o indirectamente, por la Sociedad en virtud de acuerdos contractuales acordados entre la Sociedad y la Sociedad Gestora.

La CNMV podría no autorizar a la Sociedad Gestora como un GFIA sobre la base de que la Sociedad Gestora no reúne los requisitos de la Directiva de GFIA y como consecuencia no se permitiría a la Sociedad Gestora gestionar la Sociedad, por lo que un gestor de inversiones sustitutivo debidamente autorizado como GFIA debería ser designado para desarrollar estas funciones.

No hay garantías de que se pueda encontrar o contratar un sucesor cualificado para gestionar las inversiones en los términos parecidos a los que aplican en el Contrato de Gestión de Inversiones. Adicionalmente, cualquier transición a un gestor de inversiones sucesor podría implicar costes significativos incurridos por la Sociedad e interrupciones sustanciales de las actividades de inversión, operaciones y marketing de la Sociedad. En particular, después de la transición al nuevo gestor de inversiones, los directivos y personal clave en la Sociedad Gestora pueden no volver a estar implicados en la gestión y toma de decisiones de la Sociedad. Cualquiera o todos estos factores pueden tener un efecto material adverso en el negocio, condiciones financieras, resultados de las operaciones y expectativas de la Sociedad

Si la Sociedad Gestora no es reconocida como un FIA bajo la Directiva de GFIA tal y como se regule en España podrá restringir su capacidad de colocar sus valores y encontrar inversores en otras jurisdicciones de la UE que hayan implementado la Directiva.

- Las operaciones de la Sociedad deberán cumplir con las leyes y la normativa gubernamental (ya sea interna o internacional, incluyendo la UE) que regulen, entre otras cosas, la propiedad y el uso de los inmuebles, el uso de los terrenos, promociones, parcelación, requisitos de salud y seguridad y el medioambiente. Los cambios en las leyes y los reglamentos pueden tener un efecto material adverso en el negocio, condiciones financieras, resultados de las operaciones y expectativas de la Sociedad.
- Las leyes, reglamentos y normas medioambientales y de salud y seguridad pueden exponer a la Sociedad al riesgo de costes y responsabilidades significativos.

### RIESGOS RELACIONADOS CON LA ACTIVIDAD DE LA SOCIEDAD

- Las inversiones de la Sociedad estarán concentradas en el mercado inmobiliario terciario español y por lo tanto la Sociedad tendrá una mayor exposición a los factores políticos,

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económicos y otros factores que puedan afectar al mercado español que aquellos negocios más diversificados.

- El rendimiento de la Sociedad estará sujeto a las condiciones del mercado inmobiliario terciario en España. Cualquier deterioro en el mercado inmobiliario terciario español por cualquier motivo, podría implicar un descenso de las rentas de mercado percibidas por la Sociedad, de los ratios de ocupación para los inmuebles de la Sociedad y del valor en libros de los activos inmobiliarios de la Sociedad (y el valor al que podría disponer de dicho activo), y cualquiera de ellos podría tener un efecto materialmente adverso en el negocio, condiciones financieras, resultados de las operaciones y expectativas de la Sociedad.
- La Sociedad espera afrontar la competencia por parte de otros inversores inmobiliarios a la hora de adquirir los inmuebles deseados y en la búsqueda de inquilinos solventes para los inmuebles adquiridos. La existencia y el alcance de la competencia en el mercado inmobiliario terciario también podrá tener un efecto material adverso en la habilidad de la Sociedad para asegurar inquilinos en los inmuebles adquiridos con unos niveles satisfactorios de renta.
- Los ingresos conseguidos, el valor del capital y el valor de disposición de los inmuebles de la Sociedad y su negocio pueden verse materialmente afectados por varios factores inherentes en la venta y gestión de activos.
- La valoración de los inmuebles y de los activos relacionados con estos es inherentemente subjetiva. En la medida en que las valoraciones de los inmuebles de la Sociedad no reflejen plenamente el valor de los inmuebles subyacentes esto puede tener un efecto materialmente adverso en el negocio, condiciones financieras, resultados de las operaciones y expectativas de la Sociedad.
- La Sociedad espera incurrir en ciertos costes de terceros, incluyendo aquellos relacionados con la financiación, valoración y servicios profesionales asociados con la búsqueda y el análisis de las inversiones apropiadas. Cualquier coste asociado con una inversión potencial que no se complete afectará al rendimiento de la Sociedad.
- No se puede asegurar que las revisiones de *due diligence* llevadas a cabo por la Sociedad o un tercero en relación con cualquier propiedad que la Sociedad adquiera o en la que invierta, revelen todos los riesgos asociados con ese inmueble o inversión o el alcance de dicho riesgo. Un fallo en la *due diligence* puede tener un efecto material adverso en el negocio, condiciones financieras, resultados de las operaciones y expectativas de la Sociedad.

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- Puede que la Sociedad no adquiera el 100% del control de las inversiones (principalmente en relación con activos de inmuebles residenciales) y puede por lo tanto estar sujeta a los riesgos asociados a inversiones minoritarias y *joint ventures*
- Las inversiones en inmuebles son relativamente ilíquidas. Dicha iliquidez puede afectar la capacidad de la Sociedad para cambiar su cartera o disponer de los inmuebles en el momento oportuno y/o a precios satisfactorios en respuesta a cambios en las condiciones económicas, del mercado inmobiliario u otras. Esto puede tener un efecto material adverso en el negocio, condiciones financieras, resultados de las operaciones y expectativas de la Sociedad.
- En momentos en los que la Sociedad busque crear valor mediante el desarrollo de promociones, renovación o remodelación de sus inmuebles, habitualmente dependerá del rendimiento de los terceros con los que contrate. Si los terceros que contraten con la Sociedad no realizan satisfactoriamente los servicios para los que han sido contratados, ya sea por su propia culpa o por su negligencia, o por el fallo de la Sociedad a la hora de supervisar adecuadamente a los contratistas, ello puede tener un efecto material adverso en el negocio, condiciones financieras, resultados de las operaciones y expectativas de la Sociedad. Además los proyectos de promoción, renovación o remodelación pueden ser difíciles de identificar, pueden sufrir retrasos, pueden no completarse o pueden no conseguir los resultados esperados.
- La Sociedad puede estar expuesta a futuras responsabilidades y/o obligaciones en relación con los inmuebles que venda. Por ejemplo, la Sociedad puede ser requerida a pagar los daños (incluyendo pero no limitado a los costes procesales) a un comprador en la medida en que se demuestre que alguna de las declaraciones o garantías es inexacta o en la medida en que la Sociedad incumpla alguno de los pactos u obligaciones contenidos en la documentación de venta.
- Los inmuebles de la Sociedad pueden sufrir daños físicos que deriven en pérdidas (incluyendo la pérdida de renta) que pueden no ser compensadas en todo o en parte por las pólizas de seguro contratadas. Si se produjera una pérdida no asegurada o que supere el límite del seguro, la Sociedad podría perder el capital invertido en el inmueble afectado así como los anticipos de ingresos futuros de dichos inmuebles.
- De acuerdo con los términos del Contrato de Gestión de Inversiones, la Sociedad Gestora está obligado a mantener a su propio coste un seguro de responsabilidad profesional para cubrir posibles reclamaciones de la Sociedad bajo dicho acuerdo hasta dos años después de la fecha de conclusión. Sin embargo, dicho seguro puede estar sujeto a los habituales límites deducibles y de cobertura y puede no ser suficiente para recuperar todas las pérdidas reclamadas por la Sociedad, que

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podrá por lo tanto, sufrir pérdidas.

- La Sociedad podrá o bien optar o bien ser obligada a vender sus inversiones, incluso debido a exigencias impuestas por un tercero (por ejemplo un banco acreedor) en un momento en el que se produzca un retorno menor de lo esperado o una pérdida en dicha inversión. Además, la Sociedad puede no ser capaz de deshacerse de una inversión, lo que inmovilizaría el capital invertido en ese activo e impediría la capacidad de la Sociedad sacar provecho de otras oportunidades de inversión.
- A la espera de la inversión de los Ingresos Netos para adquirir inmuebles, la Sociedad pretende que los Ingresos Netos y la caja que aún no hayan sido invertidos sean retenidos en forma de efectivo o activos equivalentes, o en depósitos suscritos con una o más entidades financieras. No se puede asegurar el tiempo que tardará la Sociedad en invertir todos los Ingresos Netos en inmuebles terciarios y puede que no encuentre inmuebles terciarios apropiados en los que invertir todos los Ingresos Netos.
- El objetivo de Rentabilidad del Accionista que se establece en el Folleto para las inversiones de la Sociedad es únicamente un objetivo (y no es una predicción de beneficios para que no haya duda). No se puede asegurar que las inversiones de la Sociedad vayan a alcanzar o a implementar de manera satisfactoria la Estrategia de Inversión.
- Durante el periodo en el que los Ingresos Netos estén siendo invertidos, la estructura financiera de la Sociedad puede no estar en niveles óptimos ya que la Sociedad pretende invertir la mayoría de los Ingresos Netos de la Emisión en la adquisición de activos inmobiliarios, sin tener que recurrir al endeudamiento.
- La estrategia de inversión de la Sociedad contempla el uso de deuda, lo que expone a la Sociedad a riesgos asociados con los préstamos. En la medida en que la Sociedad incurra en un nivel significativo de endeudamiento, esto podría reducir la flexibilidad financiera de la Sociedad y la caja disponible para pagar dividendos a los accionistas debido a la necesidad de cubrir las obligaciones de la deuda.
- La Sociedad puede incurrir en deuda con un tipo de interés flotante. Una exposición creciente a movimientos adversos de tipos de interés a través de deuda de interés flotante puede tener un efecto material adverso en el negocio, condiciones financieras, resultados de las operaciones y expectativas de la Sociedad.

**RIESGOS RELATIVOS A LA ESTRUCTURA Y LA FISCALIDAD**



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- La Sociedad ha optado por el Régimen SOCIMI de conformidad con la Ley de SOCIMI (según ha sido definida), no obstante, no existen garantías de que, tras la opción por el Régimen, la Sociedad mantenga su condición de SOCIMI española (debido al incumplimiento de los requisitos legales exigidos para disfrutar del Régimen SOCIMI o por otros motivos). Si la Sociedad perdiera su condición de SOCIMI española, ésta quedaría sujeta a tributación por los beneficios obtenidos en el desempeño de su actividad al tipo general del Impuesto sobre Sociedades (actualmente un 30%) y no podría optar por el Régimen SOCIMI (y, en consecuencia, beneficiarse de este régimen especial) en el plazo de tres años. En el supuesto de pérdida del régimen de SOCIMI por una sociedad, sus accionistas quedarían sujetos a tributación en España bajo normativa general (como si el Régimen SOCIMI no hubiera sido aplicable a la sociedad). La incapacidad de la Sociedad para obtener y mantener su condición de SOCIMI podría tener un efecto material adverso en el negocio, condiciones financieras, resultados de las operaciones y expectativas de la Sociedad y podría impactar negativamente en la negociabilidad y liquidez de las Acciones Ordinarias y en su valor
- Cualquier cambio (incluidas las modificaciones interpretativas) en las disposiciones legales relativas a las SOCIMIs españolas o, en general, en la normativa fiscal, tanto en España como en cualquier otro Estado en el que la Sociedad opere, incluyendo sin limitación, la imposición de nuevos tributos o incrementos en los tipos de gravamen españoles o extranjeros, podría tener un efecto material adverso en el negocio, condiciones financieras, resultados de las operaciones y expectativas de la Sociedad.
- Las exigencias para el mantenimiento de la condición de SOCIMI podrían limitar la capacidad y la flexibilidad de la Sociedad para acometer inversiones y crecer a través de adquisiciones.
- Algunas transmisiones de inmuebles podrían generar efectos negativos para la Sociedad de conformidad con el Régimen SOCIMI. Las consecuencias de transmitir un activo cualificado antes del plazo mínimo de tres años de tenencia serían las siguientes: (i) los beneficios obtenidos en dicha transmisión tendrían la consideración de rentas no cualificadas y computarían dentro del umbral del 20% que no puede ser excedido a efectos del mantenimiento del Régimen SOCIMI; y (ii) los beneficios obtenidos en la transmisión quedarían gravados al tipo general del Impuesto sobre Sociedades (actualmente, 30%); adicionalmente, todos los ingresos derivados de los activos transmitidos, incluidas las rentas obtenidas por su arrendamiento desde el momento en el que dichos activos fueron adquiridos, quedarían gravados al tipo general del Impuesto sobre Sociedades.

<b>Section D—Risks</b>		
		<ul style="list-style-type: none"> <li>— La Sociedad podría quedar sometida a un gravamen especial del 19% en concepto de Impuesto sobre Sociedades, sobre el importe íntegro de los dividendos o participaciones en beneficios distribuidos a Accionistas Cualificados; este gravamen generaría un gasto para la Sociedad y, en consecuencia, derivaría en una disminución de los beneficios distribuibles al resto de los accionistas. Los Estatutos Sociales contienen obligaciones de indemnización de los Accionistas Cualificados en favor de la Sociedad diseñadas para desincentivar los pagos de dividendos a Accionistas Cualificados y, en consecuencia, minimizar este potencial impacto negativo en la Sociedad. Sin embargo, la Sociedad no puede asegurar que estas medidas serán efectivas.</li> <li>— La Sociedad no impondrá restricciones a la libre transmisión de sus Acciones Ordinarias. La adquisición de Acciones Ordinarias por determinados inversores podría generar efectos adversos en las condiciones financieras, de negocio, en las previsiones futuras o en el resultado de las operaciones de la Sociedad.</li> </ul> <p><b><u>RIESGOS RELATIVOS A LA ECONOMÍA</u></b></p> <ul style="list-style-type: none"> <li>— La Sociedad está sujeta a los riesgos inherentes que resultan de las condiciones económicas generales y específicas en España y otros países. El sistema financiero global empezó a experimentar dificultades a mediados del 2007, la incertidumbre continúa rodeando el ritmo y la velocidad de la recuperación económica global y las condiciones se pueden deteriorar. Los impagos de deuda soberana y las salidas de cualquier Estado Miembro de la Unión Europea y/o la Eurozona podrían tener un efecto material adverso en la Sociedad, por ejemplo, impactando en el acceso de la Sociedad al crédito y creando incertidumbre e interrupciones en la financiación. La austeridad y otras medidas introducidas para limitar o contener los problemas podrían desembocar en una contracción económica y tener un efecto material adverso en el negocio, condiciones financieras, resultados de las operaciones y expectativas de la Sociedad.</li> </ul>
<b>D.3</b>	Información fundamental sobre los principales riesgos específicos de los valores:	<p><b><u>RIESGOS RELATIVOS A LAS ACCIONES ORDINARIAS</u></b></p> <ul style="list-style-type: none"> <li>— El precio de mercado de las Acciones Ordinarias podría no reflejar el valor de las inversiones subyacentes de la Sociedad y podría estar sujeto a grandes fluctuaciones en respuesta a múltiples factores. Además, el valor de mercado de las Acciones Ordinarias podría diferir considerablemente del valor neto de los activos subyacentes de la Sociedad. No se puede asegurar que los accionistas recuperarán el importe de su inversión en las Acciones Ordinarias.</li> </ul>

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- Todos los dividendos y otras distribuciones pagadas por la Sociedad se harán a discreción del Consejo y dependerán de la existencia de beneficios disponibles para la distribución y de caja suficiente. Además, existe un riesgo de que la Sociedad genere beneficios pero no tenga suficiente caja para cumplir con los requisitos de distribución de dividendos previsto en el Régimen SOCIMI. Si la Sociedad no tuviera suficiente caja, tendría que pedir un préstamo para financiar la distribución, lo que incrementaría sus costes financieros, reduciría su capacidad para pedir financiación para la adquisición de inmuebles y ello podría tener un efecto material adverso en el negocio, condiciones financieras, resultados de las operaciones y expectativas de la Sociedad.
- Las Acciones Ordinarias podrían no tener un mercado líquido. Si no se desarrolla o mantiene un mercado de negociación activo, la liquidez y negociación del precio de las Acciones Ordinarias puede verse adversamente afectado y puede dar lugar a la volatilidad del precio de mercado de las Acciones Ordinarias.
- Las ventas de Acciones Ordinarias por la Sociedad Gestora o el Inversor Ancla o la posibilidad de dichas ventas, podrían afectar al precio de mercado de las Acciones Ordinarias y podrían hacer más difícil la venta de Acciones Ordinarias para los accionistas en un momento dado o al precio que consideren apropiado.
- Los Estatutos Sociales contienen obligaciones de indemnización de los Accionistas Cualificados en favor de la Sociedad diseñadas para desincentivar la posibilidad de que los dividendos sean pagaderos a los Accionistas Cualificados con el objetivo de evitar el devengo de un Impuesto de Sociedades adicional del 19% sobre el importe bruto de dicho dividendo correspondiente al Accionista Cualificado. De acuerdo con los Estatutos Sociales, si se paga dividendo a un Accionista Cualificado, la Sociedad tendrá derecho a deducir una cantidad equivalente a los costes fiscales incurridos por dicho pago del dividendo de la cantidad que le corresponde al Accionista Cualificado.
- Después de la emisión, el Inversor Ancla tendrá una participación significativa de las Acciones Ordinarias. Además, es posible que otros inversores sean titulares de cantidades significativas de Acciones Ordinarias en el futuro. Los intereses de cualquier inversor significativo, incluyendo el Inversor Ancla, pueden entrar en conflicto con los de otros accionistas. Las ventas de Acciones Ordinarias o valores relacionados con estos por algún inversor significativo pueden causar un descenso del precio de mercado de las Acciones Ordinarias.
- Si la Sociedad opta por obtener financiación a través de capital adicional o utiliza ofertas de capital adicional o contribuciones en forma de capital para financiar el crecimiento de su cartera,

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esto diluirá las participaciones de los accionistas actuales y podría tener un efecto adverso en el precio de mercado de las Acciones Ordinarias.

- Los activos de la Sociedad podrían ser considerados como “activos de un plan” (“*plan assets*”) sujetos a ciertos requisitos bajo la Ley de Garantía de Ingresos de Jubilación del Empleado de los Estados Unidos de América (US Employee Retirement Income Security Act o ERISA) y/o la sección 4975 del Código Fiscal de los Estados Unidos de América (US Internal Revenue Code of 1986 o Código Fiscal). Si los activos de la Sociedad fueran considerados “activos de un plan” (“*plan assets*”) bajo la normativa relevante, ciertas operaciones en las que pudiera participar la Sociedad en el curso ordinario de sus actividades podrían constituir transacciones prohibidas y no exentas bajo ERISA o el Código Fiscal, resultando en la imposición de impuestos especiales y penalizaciones. Adicionalmente, cualquier persona con obligaciones fiduciarias respecto a un inversor que tenga la consideración de “Inversores de Planes de Beneficio” (“*Benefit Plan Investor*”) o cualquier otro plan gubernamental, de la Iglesia o no estadounidense que esté sujeto a normativa similar a la contenida en la sección 406 de ERISA y/o sección 4975 del Código Fiscal que sea responsable de la inversión de dichos planes en las Acciones Ordinarias podría tener que responder por cualquier violación de sus obligaciones fiduciarias bajo ERISA o cualesquiera otra violaciones de dicha otra normativa en relación con la Sociedad.
- Los Estatutos Sociales contienen ciertas obligaciones de información en relación a los accionistas o beneficiarios efectivos de las Acciones Ordinarias que estén sujetos a un régimen legal especial aplicable a fondos de pensiones o planes de beneficios (como ERISA, tal y como se define en el Folleto). Si no se cumplieran dichas obligaciones, podría implicar la suspensión de los derechos políticos y económicos unidos a las Acciones Ordinarias de dicha persona. Además, de acuerdo con los Estatutos Sociales, la Sociedad podrá llevar a cabo las medidas que considere necesario para evitar cualquier efecto adverso para la Sociedad o sus accionistas que resulte de la aplicación de leyes o reglamentos relativos a fondos de pensiones o planes de beneficios (en particular, ERISA).
- La Sociedad considera que puede ser considerada una “sociedad de inversión extranjera pasiva” (“*passive foreign investment company*”) a efectos de la normativa federal de los Estados Unidos de América relativa al impuesto sobre la renta. Además, la Sociedad no tiene pensado proveer a los inversores residentes en los Estados Unidos de América la información necesaria para realizar una elección respecto al tratamiento de la Sociedad como un “fondo de elección cualificado” (“*qualified electing fund*”). Esto podría conllevar consecuencias negativas para los inversores estadounidenses a efectos de la normativa federal de los Estados Unidos de

<b>Section D—Risks</b>		
		<p>América relativa al impuesto sobre la renta.</p> <ul style="list-style-type: none"> <li>— En el caso de aumentos del capital emitido por la Sociedad, los accionistas de la Sociedad tendrán generalmente derechos de suscripción preferente para suscribir las acciones objeto de dichos aumentos. Sin embargo, el derecho de suscripción preferente correspondiente a inversores estadounidenses titulares de acciones en sociedades españolas es habitualmente excluido, salvo que se haga una declaración de registro en relación a esos derechos bajo la Ley de Valores Estadounidense (<i>US Securities Act</i>), o sea posible conseguir una excepción de los requisitos de registros descritos en dicha Ley.</li> <li>— Puede resultar difícil para los accionistas que estén fuera de España acudir a un proceso o hacer ejecutar las sentencias extranjeras contra la Sociedad o sus consejeros.</li> <li>— Los accionistas en países con divisa diferente del euro están sujetos a un riesgo de inversión adicional por la variación en el tipo de cambio en relación con Acciones Ordinarias de su titularidad.</li> </ul>

<b>Sección E—Oferta</b>		
<b>E.1</b>	Ingresos netos totales y cálculo de los gastos totales de la emisión:	<p>Se espera que los ingresos brutos de la Emisión estén en torno a €400 millones.</p> <p>Los ingresos netos estimados de la Sociedad (sobre la base de una Emisión de €400 millones) son €390 millones después de deducir las comisiones y otros gastos pagaderos por la Sociedad e incurridos en relación con la Emisión de aproximadamente €10 millones Sociedad (sobre la base de una Emisión de €400 millones). Se espera que el tamaño final de la emisión y los ingresos finales netos de la Emisión (los “Ingresos Netos”) sean determinados y comunicados a través de la publicación de un Hecho Relevante el 3 de marzo de 2014 una vez haya concluido la Colocación.</p>
<b>E.2</b>	Motivos de la oferta destino de los ingresos:	<p>La Sociedad utilizará principalmente los Ingresos Netos de la Emisión para financiar futuras inversiones inmobiliarias así como para financiar los gastos operativos de la Sociedad en consistencia con su política de inversión. La Sociedad espera haber invertido plenamente los Ingresos Netos de la Emisión entre 18 y 24 meses después de la Admisión.</p>

<b>Sección E—Oferta</b>		
<b>E.3</b>	Descripción de las condiciones de la emisión:	<p>J.P.Morgan asumirá de manera condicional bajo el Contrato de Colocación colocar hasta 34.030.000 Acciones objeto de Colocación (sobre la base de una Emisión de €400 millones) al Precio de Emisión entre ciertos inversores profesionales institucionales y cualificados.</p> <p>La Colocación está condicionada, entre otras cosas, a la incondicionalidad del Contrato de Colocación en todos los sentidos una vez se hayan cumplido ciertas condiciones previas y no se haya rescindido de acuerdo con sus términos. Además, el Contrato de Colocación podrá ser rescindido por el Coordinador Global si el Contrato de Suscripción del Inversor Ancla finaliza, o si el Inversor Ancla no paga por la Suscripción de las Acciones del Inversor Ancla a las 9:00 a.m. horario de Madrid en la Fecha de Suscripción.</p> <p>La Sociedad Gestora se ha comprometido a suscribir, al Precio de Emisión, un total de 970.000 Nuevas Acciones condicionado a que el Contrato de Colocación siga vigente de acuerdo con sus términos.</p> <p>La Sociedad ha suscrito un Contrato de Suscripción del Inversor Ancla según el cual el Inversor Ancla ha acordado suscribir, al Precio de Emisión, un total de 5.000.000 Acciones Nuevas si el número final de Acciones Ordinarias emitidas en la Emisión es igual o superior a 35.000.000 o una cantidad de Acciones Ordinarias que representen el 12,5% de las Acciones Nuevas si el número de Acciones Nuevas es menor que 35.000.000, condicionado a la vigencia del Contrato de Colocación de acuerdo con sus términos y al cumplimiento de ciertas condiciones (incluyendo que el número final de Acciones Ordinarias que se emitan en la Emisión sea de al menos 30.000.000).</p>
<b>E.4</b>	Descripción de cualquier interés que sea importante para la emisión/oferta, incluidos los conflictivos:	<p>A 12 de febrero de 2014 (siendo el último día hábil antes del registro de este Folleto con la CNMV) la Sociedad Gestora, Grupo Lar, tenía 30.000 Acciones Ordinarias que representaban el 100% del capital emitido de la Sociedad. Grupo Lar está efectivamente controlado por la Familia Pereda con una participación del 83%. Dos de los seis miembros del Equipo Gestor (D. Luis Pereda y D. Miguel Pereda) son miembros de la Familia Pereda y, por lo tanto, accionistas de la Sociedad Gestora. Además, D. Luis Pereda y D. Miguel Pereda son el Presidente y el Consejero Delegado de Grupo Lar respectivamente. D. Miguel Pereda es también miembro del Consejo de Administración de la Sociedad.</p> <p>Grupo Lar se ha comprometido a suscribir, al Precio de Emisión, un total de 970.000 Nuevas Acciones condicionado a que el Contrato de Colocación siga vigente de acuerdo con sus términos. Inmediatamente después de la Admisión, Grupo Lar será titular de 1.000.000 de Acciones Ordinarias representativas 2,5% del capital de la Sociedad (sobre la base de una Emisión de €400 millones).</p> <p>La Sociedad ha suscrito un Contrato de Suscripción del Inversor Ancla según el cual el Inversor Ancla ha acordado suscribir, al</p>

<b>Sección E—Oferta</b>		
		<p>Precio de Emisión, un total de 5.000.000 Acciones Nuevas si el número final de Acciones Ordinarias emitidas en la Emisión es igual o superior a 35.000.000 o una cantidad de Acciones Ordinarias que representen el 12,5% de las Acciones Nuevas si el número de Acciones Nuevas es menor que 35.000.000, condicionado a la vigencia del Contrato de Colocación de acuerdo con sus términos y al cumplimiento de ciertas condiciones (incluyendo que el número final de Acciones Ordinarias que se emitan en la Emisión sea de al menos 30.000.000).</p> <p>Los derechos de voto de Grupo Lar ni del Inversor Ancla difieren del resto de accionistas.</p>
<b>E.5</b>	Nombre de la persona o de la entidad que se ofrece a vender el valor y acuerdos de no enajenación:	<p>Exceptuando la Sociedad, no existe ninguna otra entidad o persona ofreciendo vender las Acciones Ordinarias.</p> <p>La Sociedad y J.P. Morgan han acordado bajo el Contrato de Colocación que la Sociedad estará sujeta a un compromiso de inmovilización (“<i>lock-up</i>”) durante el periodo que empieza en la fecha del Contrato de Colocación y termina 270 días después de la Admisión.</p> <p>Adicionalmente, la Sociedad y la Sociedad Gestora (que es titularidad y está efectivamente controlada por la Familia Pereda con una participación del 83%) han acordado bajo el Contrato de Gestión de Inversiones (solo en relación con las Acciones de la Comisión Variable) y acordarán en el Contrato de Colocación (en relación con cualquier Acción Ordinaria que tuviera la Sociedad Gestora) que, sujeto a las excepciones habituales, la Sociedad Gestora no podrá transmitir ninguna de las Acciones Ordinarias antes del tercer aniversario de la Admisión o, en relación con las Acciones de la Comisión Variable, desde el día en que dichas acciones fueron sean entregadas a la Sociedad Gestora</p> <p>El Inversor Ancla también está sujeto a un compromiso de “<i>lock-up</i>” (sujeto ciertas excepciones) durante el periodo que comienza en la fecha del Contrato de Suscripción del Inversor Ancla y termina 180 días después de la Admisión</p>
<b>E.6</b>	Dilución:	<p>Antes de la Emisión, la Sociedad Gestora, Grupo Lar, es titular del 100% del capital social emitido por la Sociedad. Inmediatamente después de la Admisión y de que tenga efecto la adquisición de €9,7 millones en Acciones Nuevas (i.e., 970.000 Nuevas Acciones), tendrá un total de 1.000.000 Acciones Ordinarias y 2,5% de la participación en la Sociedad (sobre la base de una Emisión de €400 millones). La Emisión resultará en una dilución de la participación de Grupo Lar en la Sociedad del 97,5% (sobre la base de una Emisión de €400 millones).</p>
<b>E.7</b>	Gastos estimados aplicados al inversor por el emisor:	<p>No aplica. La Sociedad no cargará ningún gasto a ningún inversor en relación con la Emisión.</p>

**FOLLETO LAR ESPAÑA REAL ESTATE SOCIMI, S.A. – TABLAS DE EQUIVALENCIA**

**Documento de Registro (Anexo I del Reglamento 809/2004)**

<b>Contenido</b>	<b>Apartado</b>	<b>Comentario</b>
<b>1. PERSONAS RESPONSABLES</b>		
<b>1.1</b> Todas las personas responsables de la información que figura en el documento de registro y, según los casos, de ciertas partes del mismo, con, en el último caso, una indicación de las partes. En caso de personas físicas, incluidos los miembros de los órganos de administración, de gestión o de supervisión del emisor, indicar el nombre y el cargo de la persona; en caso de personas jurídicas, indicar el nombre y el domicilio social	Portada 4º párrafo, Part XIV.1	
<b>1.2</b> Declaración de los responsables del documento de registro que asegure que, tras comportarse con una diligencia razonable para garantizar que así es, la información contenida en el documento de registro es, según su conocimiento, conforme a los hechos y no incurre en ninguna omisión que pudiera afectar a su contenido. En su caso, declaración de los responsables de determinadas partes del documento de registro que asegure que, tras comportarse con una diligencia razonable para garantizar que así es, la información contenida en la parte del documento de registro de la que son responsables es, según su conocimiento, conforme a los hechos y no incurre en ninguna omisión que pudiera afectar a su contenido.	Portada, 4º párrafo, Part XIV.1	
<b>2 AUDITORES DE CUENTAS</b>		
<b>2.1.</b> Nombre y dirección de los auditores del emisor para el periodo cubierto por la información financiera histórica (así como su afiliación a un colegio profesional).	Part V, Part XIV.2 y .11.4	
<b>2.2.</b> Si los auditores han renunciado, han sido apartados de sus funciones o no han sido redesignados durante el periodo cubierto por la información financiera histórica, proporcionarán los detalles si son importantes	N/A	
<b>3 INFORMACIÓN FINANCIERA SELECCIONADA</b>		



Contenido	Apartado	Comentario
<b>3.1 Información financiera histórica seleccionada relativa al emisor, que se presentará para cada ejercicio durante el periodo cubierto por la información financiera histórica, y cualquier periodo financiero intermedio subsiguiente, en la misma divisa que la información financiera</b>	N/A	Lar España se constituyó en enero de 2014, por lo que no hay información financiera previa.
<b>3.2 Si se proporciona información financiera seleccionada relativa a periodos intermedios, también se proporcionarán datos comparativos del mismo periodo del ejercicio anterior, salvo que el requisito para la información comparativa del balance se satisfaga presentando la información del balance final del ejercicio</b>	N/A	
<b>4 FACTORES DE RIESGO</b>	Part II	
<b>5. INFORMACIÓN SOBRE EL EMISOR</b>		
<b>5.1 Historia y evolución del emisor:</b>		
<i>5.1.1</i> Nombre legal y comercial del emisor	Part VII, Part XIV.2	
<i>5.1.2</i> Lugar de registro del emisor y número de registro	Part V, Part XIV.2	
<i>5.1.3</i> Fecha de constitución y periodo de actividad del emisor, si no son indefinidos	Part XIV.2	Se constituyó en enero de 2014 por un periodo indefinido
<i>5.1.4</i> Domicilio y personalidad jurídica del emisor, legislación conforme a la cual opera, país de constitución, y dirección y número de teléfono de su domicilio social (o lugar principal de actividad empresarial si es diferente de su domicilio social)	Part V, Part XIV.2	
<i>5.1.5</i> Acontecimientos importantes en el desarrollo de la actividad del emisor	N/A	Se ha solicitado el régimen de SOCIMI
<b>5.2 Inversiones</b>		
<i>5.2.1</i> Descripción, (incluida la cantidad) de las principales inversiones del emisor en cada ejercicio para el periodo cubierto por la información financiera histórica y hasta la fecha del documento de registro	N/A	La política de inversiones y los tipos de activos están acordados en el Contrato de Gestión de Inversiones. Lar España no ha llevado a cabo ninguna inversión tal y como se indica en Part XIV.14 del Folleto
<i>5.2.2</i> Descripción de las inversiones principales del emisor actualmente en curso, incluida la distribución de estas inversiones geográficamente (nacionales y en el extranjero) y el método de financiación (interno o externo)	N/A	

Contenido	Apartado	Comentario
5.2.3 Información sobre las principales inversiones futuras del emisor sobre las cuales sus órganos de gestión hayan adoptado ya compromisos firmes	Part VII.5, Part VII.6	
<b>6 DESCRIPCIÓN DEL NEGOCIO</b>		
<b>6.1 Actividades principales</b>		
6.1.1 Descripción de, y factores clave relativos a, la naturaleza de las operaciones del emisor y de sus principales actividades, declarando las principales categorías de productos vendidos y/o servicios prestados en cada ejercicio durante el periodo cubierto por la información financiera histórica	Part VII.5, Part VII.6	
6.1.2 Indicación de todo nuevo producto y/o servicio significativos que se hayan presentado y, en la medida en que se haya divulgado públicamente su desarrollo, dar la fase en que se encuentra		
<b>6.2 Mercados principales</b>	Part VII.7.1	
<b>6.3 Cuando la información dada de conformidad con los puntos 6.1. y 6.2. se haya visto influenciada por factores excepcionales, debe mencionarse este hecho</b>	N/A	
<b>6.4 Si es importante para la actividad empresarial o para la rentabilidad del emisor, revelar información sucinta relativa al grado de dependencia del emisor de patentes o licencias, contratos industriales, mercantiles o financieros, o de nuevos procesos de fabricación</b>	N/A	Ver Part XIV.17
<b>6.5 Se incluirá la base de cualquier declaración efectuada por el emisor relativa a su posición competitiva</b>	Part VII.3	
<b>7 ESTRUCTURA ORGANIZATIVA</b>		
<b>7.1 Si el emisor es parte de un grupo, una breve descripción del grupo y la posición del emisor en el grupo</b>	N/A  Respecto de la Sociedad Gestora: Part VIII	El emisor será una sociedad individual (Ver Part XIV.13). Sin embargo, se proporcionará información respecto de Grupo Lar como Sociedad Gestora.
<b>7.2 Lista de las filiales significativas del emisor, incluido el nombre, el país de constitución o residencia, la participación en el capital y, si es diferente, su proporción de derechos de voto</b>	N/A	
<b>8 PROPIEDAD, INSTALACIONES Y</b>		

Contenido	Apartado	Comentario
<b>EQUIPO</b>		
<b>8.1 Información relativa a todo inmovilizado material tangible existente o previsto, incluidas las propiedades arrendadas, y cualquier gravamen importante al respecto</b>	N/A	Ver XIV.15
<b>8.2 Descripción de cualquier aspecto medioambiental que pueda afectar al uso por el emisor del inmovilizado material tangible</b>	N/A	
<b>9 ANÁLISIS OPERATIVO Y FINANCIERO</b>		
<b>9.1 Situación financiera</b>	Part X.	
<b>9.2 Resultados de explotación</b>		
<b>9.2.1</b> Información relativa a factores significativos, incluidos los acontecimientos inusuales o infrecuentes o los nuevos avances, que afecten de manera importante a los ingresos del emisor por operaciones, indicando en qué medida han resultado afectados los ingresos	N/A	
<b>9.2.2</b> Cuando los estados financieros revelen cambios importantes en las ventas netas o en los ingresos, proporcionar un comentario narrativo de los motivos de esos cambios	N/A	
<b>9.2.3</b> Información relativa a cualquier actuación o factor de orden gubernamental, económico, fiscal, monetario o político que, directa o indirectamente, hayan afectado o pudieran afectar de manera importante a las operaciones del emisor	Part VII.7	Lar España ha solicitado el régimen de SOCIMI
<b>10 RECURSOS FINANCIEROS</b>		
<b>10.1 Información relativa a los recursos financieros del emisor (a corto y a largo plazo)</b>	N/A	
<b>10.2 Explicación de las fuentes y cantidades y descripción narrativa de los flujos de tesorería del emisor</b>	N/A	
<b>10.3 Información sobre las condiciones de los préstamos y la estructura de financiación del emisor</b>	Part VII.5, Part XIV.11.1	Política de apalancamiento ( <i>leverage criteria</i> )
<b>10.4 Información relativa a cualquier restricción sobre el uso de los recursos de capital que, directa o indirectamente, haya afectado o pudiera afectar de manera importante a las operaciones del emisor</b>	Part VII.5 y .6, Part XIV.11.1	Política de inversión ( <i>Investment criteria</i> ) y restricciones particulares de la SOCIMI

Contenido	Apartado	Comentario
10.5 Información relativa a las fuentes previstas de los fondos necesarios para cumplir los compromisos mencionados en 5.2.3. y 8.1	Part VII.8	
11 INVESTIGACIÓN Y DESARROLLO, PATENTES Y LICENCIAS	N/A	Ver XIV.17
12 INFORMACIÓN SOBRE TENDENCIAS		
12.1 Tendencias recientes más significativas de la producción, ventas e inventario, y costes y precios de venta desde el fin del último ejercicio hasta la fecha del documento de registro	N/A	
12.2 Información sobre cualquier tendencia conocida, incertidumbres, demandas, compromisos o hechos que pudieran razonablemente tener una incidencia importante en las perspectivas del emisor, por lo menos para el ejercicio actual	Part VII.7	Se describen las tendencias del sector inmobiliario en España
13 PREVISIONES O ESTIMACIONES DE BENEFICIOS		
13.1 Declaración que enumere los principales supuestos en los que el emisor ha basado su previsión o su estimación	N/A	No hay previsión de beneficios, pero sí se revela un objetivo de rentabilidad señalado específicamente en la nota al pie 1 de la página 4 del Resumen del Folleto. Lar España no garantiza que estos objetivos de rentabilidad se vayan a cumplir y por lo tanto, los inversores no deberían basar su inversión únicamente en este objetivo de rentabilidad.
13.2 Debe incluirse un informe elaborado por contables o auditores independientes que declare que, a juicio de esos contables o auditores independientes, la previsión o estimación se ha calculado correctamente sobre la base declarada, y que el fundamento contable utilizado para la previsión o estimación de los beneficios es coherente con las políticas contables del emisor	N/A	
13.3 La previsión o estimación de los beneficios debe prepararse sobre una base comparable con la información financiera histórica	N/A	
13.4 Si el emisor ha publicado en un folleto una previsión de beneficios para una fecha no transcurrida, debe entonces proporcionar una declaración de si efectivamente ese pronóstico sigue siendo tan correcto como en la fecha del documento de registro, o una explicación de por qué el pronóstico ya no es válido, si ese es el caso	N/A	
14 ÓRGANOS DE ADMINISTRACIÓN, DE GESTIÓN Y DE SUPERVISIÓN, Y ALTOS DIRECTIVOS		

Contenido	Apartado	Comentario
<p><b>14.1</b> Nombre, dirección profesional y cargo en el emisor de las siguientes personas, indicando las principales actividades que estas desarrollan al margen del emisor, si dichas actividades son significativas con respecto a ese emisor</p> <p>(A) miembros de los órganos de administración, de gestión o de supervisión;</p> <p>(B) socios comanditarios, si se trata de una sociedad comanditaria por acciones;</p> <p>(C) fundadores, si el emisor se constituyó hace menos de cinco años; y</p> <p>(D) cualquier alto directivo que sea pertinente para establecer que el emisor posee las calificaciones y la experiencia apropiadas para gestionar las actividades del emisor.</p> <p>Naturaleza de toda relación familiar entre cualquiera de esas personas.</p> <p>En el caso de los miembros de los órganos de administración, de gestión o de supervisión del emisor y de las personas descritas en (B) y (D) del primer párrafo, datos sobre la preparación y experiencia pertinentes de gestión de esas personas, además de la siguiente información:</p> <p>(a) nombres de todas las empresas y asociaciones de las que esa persona haya sido, en cualquier momento de los cinco años anteriores, miembro de los órganos de administración, de gestión o de supervisión, o socio, indicando si esa persona sigue siendo miembro de los órganos de administración, de gestión o de supervisión, o si es socio. No es necesario enumerar todas las filiales de un emisor del cual la persona sea también miembro del órgano de administración, de gestión o de supervisión;</p> <p>(b) cualquier condena en relación con delitos de fraude por lo menos en los cinco años anteriores;</p> <p>(c) datos de cualquier quiebra, suspensión de pagos o liquidación con las que una persona descrita en (A) y (D) del primer párrafo, que actuara ejerciendo uno de los cargos contemplados en (A) y (D) estuviera relacionada por lo menos durante los</p>	<p>Part V, Part IX</p>	

Contenido	Apartado	Comentario
<p>cinco años anteriores;</p> <p>(d) detalles de cualquier incriminación pública oficial y/o sanciones de esa persona por autoridades estatutarias o reguladoras (incluidos los organismos profesionales designados) y si esa persona ha sido descalificada alguna vez por un tribunal por su actuación como miembro de los órganos de administración, de gestión o de supervisión de un emisor o por su actuación en la gestión de los asuntos de un emisor durante por lo menos los cinco años anteriores.</p> <p>De no existir ninguna información en este sentido que deba revelarse, efectuar una declaración a ese efecto.</p>		
<p>14.2 Conflictos de intereses de los órganos de administración, de gestión y de supervisión, y altos directivos</p>	<p>Part II, Part VII.4, Part VIII.3, Part IX.2, Part XIV</p>	
<p>15 REMUNERACIÓN Y BENEFICIOS</p>		
<p>15.1 Importe de la remuneración pagada (incluidos los honorarios contingentes o atrasados) y prestaciones en especie concedidas a esas personas por el emisor y sus filiales por servicios de todo tipo prestados por cualquier persona al emisor y sus filiales</p>	<p>Part IX.5</p>	
<p>15.2 Importes totales ahorrados o acumulados por el emisor o sus filiales para prestaciones de pensión, jubilación o similares</p>	<p>N/A</p>	
<p>16 PRÁCTICAS DE GESTIÓN</p>		
<p>16.1 Fecha de expiración del actual mandato, en su caso, y periodo durante el cual la persona ha desempeñado servicios en ese cargo</p>	<p>Part IX.1.1</p>	
<p>16.2 Información sobre los contratos de los miembros de los órganos de administración, de gestión o de supervisión con el emisor o cualquiera de sus filiales que prevean beneficios a la terminación de sus funciones, o la correspondiente declaración negativa</p>	<p>Part IX.6</p>	
<p>16.3 Información sobre el comité de auditoría y el comité de retribuciones del emisor, incluidos los nombres de los miembros del comité y un resumen de su reglamento interno</p>	<p>Part IX.8</p>	

Contenido	Apartado	Comentario
<b>16.4</b> Declaración de si el emisor cumple el régimen o regímenes de gobierno corporativo de su país de constitución. En caso de que el emisor no cumpla ese régimen, debe incluirse una declaración a ese efecto, así como una explicación del motivo por el cual el emisor no cumple dicho régimen	Part IX.8	
<b>17</b> EMPLEADOS		
<b>17.1</b> Número de empleados al final del periodo o la media para cada ejercicio durante el periodo cubierto por la información financiera histórica y hasta la fecha del documento de registro (y las variaciones de ese número, si son importantes) y, si es posible y reviste importancia, un desglose de las personas empleadas por categoría principal de actividad y situación geográfica. Si el emisor emplea un número significativo de empleados eventuales, incluir datos sobre el número de empleados eventuales por término medio durante el ejercicio más reciente	Part IX.1.2, Part XIV.7	
<b>17.2</b> Acciones y opciones de compra de acciones  Con respecto a cada persona mencionada en (A) y (D) del primer párrafo del punto 14.1, proporcionar información de su participación accionarial en el emisor y de toda opción sobre tales acciones a partir de la fecha más reciente en que sea posible.	N/A	
<b>17.3</b> Descripción de todo acuerdo de participación de los empleados en el capital del emisor	N/A	
<b>18</b> ACCIONISTAS PRINCIPALES		
<b>18.1</b> En la medida en que tenga conocimiento de ello el emisor, el nombre de cualquier persona que no pertenezca a los órganos de administración, de gestión o de supervisión que, directa o indirectamente, tenga un interés declarable, según el derecho nacional del emisor, en el capital o en los derechos de voto del emisor, así como la cuantía del interés de cada una de esas personas o, en caso de no haber tales personas, la correspondiente declaración negativa	Lar España: Part XIV.4  Grupo Lar: Part VII.2, Part VIII.1	Accionistas principales de Lar España y de Grupo Lar

Contenido	Apartado	Comentario
18.2 Si los accionistas principales del emisor tienen distintos derechos de voto, o la correspondiente declaración negativa	Part XI.2, Part XIV.4 y .6	
18.3 En la medida en que tenga conocimiento de ello el emisor, declarar si el emisor es directa o indirectamente propiedad o está bajo control y quién lo ejerce, y describir el carácter de ese control y las medidas adoptadas para garantizar que no se abusa de ese control	N/A	
18.4 Descripción de todo acuerdo, conocido del emisor, cuya aplicación pueda en una fecha ulterior dar lugar a un cambio en el control del emisor	N/A	
<b>19 OPERACIONES DE PARTES VINCULADAS</b>	Part XIV.10	
<b>20 INFORMACIÓN FINANCIERA RELATIVA AL ACTIVO Y EL PASIVO DEL EMISOR, POSICIÓN FINANCIERA Y PÉRDIDAS Y BENEFICIOS</b>		
20.1 Información financiera histórica	N/A	Lar España se constituyó en enero de 2014.
20.2 Información financiera pro-forma	N/A	
20.3 Estados financieros	N/A	
20.4 Auditoría de la información financiera histórica anual		
20.4.1 Declaración de que se ha auditado la información financiera histórica. Si los informes de auditoría de los auditores legales sobre la información financiera histórica contienen una opinión adversa o si contienen salvedades, una limitación de alcance o una denegación de opinión, se reproducirán íntegramente la opinión adversa, las salvedades, la limitación de alcance o la denegación de opinión, explicando los motivos	N/A	
20.4.2 Indicación de cualquier otra información en el documento de registro que haya sido auditada por los auditores	Part X	Balance de constitución.
20.4.3 Cuando los datos financieros del documento de registro no se hayan extraído de los estados financieros auditados del emisor, este debe declarar la fuente de los datos y declarar que los datos no han sido auditados	N/A	
20.5 Edad de la información financiera más		



Contenido		Apartado	Comentario
<b>reciente</b>			
20.5.1	El último año de información financiera auditada no puede preceder en más de:  (A) 18 meses a la fecha del documento de registro si el emisor incluye en dicho documento estados financieros intermedios auditados;  (B) 15 meses a la fecha del documento de registro si en dicho documento el emisor incluye estados financieros intermedios no auditados.	N/A	
<b>20.6</b>	<b>Información intermedia y demás información financiera</b>		
20.6.1	Si el emisor ha venido publicando información financiera trimestral o semestral desde la fecha de sus últimos estados financieros auditados, estos deben incluirse en el documento de registro. Si la información financiera trimestral o semestral ha sido revisada o auditada, debe también incluirse el informe de auditoría o de revisión. Si la información financiera trimestral o semestral no ha sido auditada o no se ha revisado, debe declararse este extremo	N/A	
20.6.2	Si la fecha del documento de registro es más de nueve meses posterior al fin del último ejercicio auditado, debería contener información financiera intermedia que abarque por lo menos los primeros seis meses del ejercicio y que puede no estar auditada (en cuyo caso debe declararse este extremo)	N/A	
<b>20.7</b>	<b>Política de dividendos</b>	Part VII.11, Part XII.1.2	Política de dividendos específica para el régimen de SOCIMI.  “Mandatory dividend distribution”
20.7.1	Importe de los dividendos por acción en cada ejercicio para el periodo cubierto por la información financiera histórica, ajustada si ha cambiado el número de acciones del emisor, para que así sea comparable	N/A	
<b>20.8</b>	<b>Procedimientos judiciales y de arbitraje</b>	N/A	Ver Part XIV.12
<b>20.9</b>	<b>Cambios significativos en la posición financiera o comercial del emisor</b>	N/A	
<b>21</b>	<b>INFORMACIÓN ADICIONAL</b>		
<b>21.1</b>	<b>Capital Social</b>		
21.1.1	Importe del capital emitido, y para cada	Part XIV.3	

Contenido	Apartado	Comentario
<p>clase de capital social</p> <p>(A) número de acciones autorizadas;</p> <p>(B) número de acciones emitidas e íntegramente desembolsadas y las emitidas pero no desembolsadas íntegramente;</p> <p>(C) valor nominal por acción, o que las acciones no tienen ningún valor nominal; y</p> <p>(D) una conciliación del número de acciones en circulación al principio y al final del año. Si se paga más del 10 % del capital con activos distintos del efectivo dentro del periodo cubierto por la información financiera histórica, debe declararse este hecho.</p>		
<p>21.1.2 Si hay acciones que no representan capital, se declarará el número y las principales características de esas acciones</p>	N/A	
<p>21.1.3 Número, valor contable y valor nominal de las acciones del emisor en poder o en nombre del propio emisor o de sus filiales</p>	N/A	
<p>21.1.4 Importe de todo valor convertible, valor canjeable o valor con warrants, indicando las condiciones y los procedimientos que rigen su conversión, canje o suscripción</p>	N/A	
<p>21.1.5 Información y condiciones de cualquier derecho de adquisición y/o obligaciones con respecto al capital autorizado pero no emitido o sobre un compromiso de aumentar el capital</p>	N/A	
<p>21.1.6 Información sobre cualquier capital de cualquier miembro del grupo que esté bajo opción o que se haya acordado condicional o incondicionalmente someter a opción y detalles de esas opciones, incluidas las personas a las que se dirigen esas opciones</p>	N/A	
<p>21.1.7 Evolución del capital social, resaltando la información sobre cualquier cambio durante el periodo cubierto por la información financiera histórica</p>	N/A	
<p><b>21.2 Estatutos y escritura de constitución</b></p>		
<p>21.2.1 Descripción del objeto social y fines del emisor y dónde pueden encontrarse en los estatutos y escritura de constitución</p>	Part XII.1.2	
<p>21.2.2 Breve descripción de cualquier disposición de las cláusulas estatutarias o reglamento interno del emisor relativa a</p>	Part IX.8	

Contenido	Apartado	Comentario
los miembros de los órganos de administración, de gestión y de supervisión		
21.2.3 Descripción de los derechos, preferencias y restricciones relativas a cada clase de las acciones existentes	Part XIV.6	<i>“Shareholders’ reporting obligations”</i>
21.2.4 Descripción de qué se debe hacer para cambiar los derechos de los tenedores de las acciones, indicando si las condiciones son más exigentes que las que requiere la ley	N/A	
21.2.5 Descripción de las condiciones que rigen la manera de convocar las juntas generales anuales y las juntas generales extraordinarias de accionistas, incluyendo las condiciones de admisión	Part XIV.6	<i>“Shareholders’ meetings and voting rights”</i>
21.2.6 Breve descripción de cualquier disposición de las cláusulas estatutarias o reglamento interno del emisor que tenga por efecto retrasar, aplazar o impedir un cambio en el control del emisor	N/A	
21.2.7 Indicación de cualquier disposición de las cláusulas estatutarias o reglamentos internos, en su caso, que rija el umbral de participación por encima del cual deba revelarse la participación del accionista	Part XIV.6	<i>“Shareholders’ reporting obligations”</i>
21.2.8 Descripción de las condiciones impuestas por las cláusulas estatutarias o reglamento interno que rigen los cambios en el capital, si estas condiciones son más rigurosas que las que requiere la ley	N/A	
<b>22 CONTRATOS RELEVANTES</b>	Part XIV.11	
<b>23 INFORMACIÓN DE TERCEROS, DECLARACIONES DE EXPERTOS Y DECLARACIONES DE INTERÉS</b>		
23.1 Cuando se incluya en el documento de registro una declaración o un informe atribuido a una persona en calidad de experto, proporcionar el nombre de dicha persona, su dirección profesional, sus cualificaciones y, en su caso, cualquier interés importante que tenga en el emisor. Si el informe se presenta a petición del emisor, una declaración de que se incluye dicha declaración o informe, la forma y el contexto en que se incluye, y con el consentimiento de la persona que haya autorizado el contenido de esa parte del documento de registro	N/A	
23.2 En los casos en que la información proceda de un tercero, proporcionar	N/A	

Contenido	Apartado	Comentario
<p><b>una confirmación de que la información se ha reproducido con exactitud y que, en la medida en que el emisor tiene conocimiento de ello y puede determinar a partir de la información publicada por ese tercero, no se ha omitido ningún hecho que haría la información reproducida inexacta o engañosa. Además, el emisor debe identificar la fuente o fuentes de la información</b></p>		
<p><b>24 DOCUMENTOS PARA CONSULTA</b></p>	<p>Part XIV.18</p>	
<p><b>25 INFORMACIÓN SOBRE PARTICIPACIONES</b></p>	<p>N/A</p>	

## Nota sobre las Acciones (Anexo III del Reglamento 809/2004)

Contenido	Apartado	Páginas	Comentarios
<b>1. PERSONAS RESPONSABLES</b>			
<b>1.1</b> Todas las personas responsables de la información que figura en el folleto y, según el caso, de ciertas partes del mismo, indicando, en este caso, las partes. En caso de personas físicas, incluidos los miembros de los órganos de administración, de gestión o de supervisión del emisor, indicar el nombre y el cargo de la persona; en caso de personas jurídicas, indicar el nombre y el domicilio social	Portada 4º párrafo, Part XIV.1		
<b>1.2</b> Declaración de los responsables del folleto que asegure que, tras comportarse con una diligencia razonable de que así es, la información contenida en el folleto es, según su conocimiento, conforme a los hechos y no incurre en ninguna omisión que pudiera afectar a su contenido. Según proceda, una declaración de los responsables de determinadas partes del folleto que asegure que, tras comportarse con una diligencia razonable de que así es, la información contenida en la parte del folleto de la que son responsables es, según su conocimiento, conforme a los hechos y no incurre en ninguna omisión que pudiera afectar a su contenido	Portada, 4º párrafo, Part XIV.1		
<b>2 FACTORES DE RIESGO</b>	Part II		
<b>3 INFORMACIÓN FUNDAMENTAL</b>			
<b>3.1</b> Declaración sobre el capital circulante	Part XIV.8		
<b>3.2</b> Capitalización y endeudamiento	Part X		
<b>3.3</b> Interés de las personas físicas y jurídicas participantes en la emisión/oferta	Part XI.10		
<b>3.4</b> Motivos de la oferta y destino de los ingresos	Part XI.1		
<b>4 INFORMACIÓN RELATIVA A LOS VALORES QUE VAN A OFERTARSE/ADMITIRSE A COTIZACIÓN</b>			

Contenido	Apartado	Páginas	Comentarios
<b>4.1 Descripción del tipo y la clase de los valores ofertados y/o admitidos a cotización, con el Código ISIN (número internacional de identificación del valor) u otro código de identificación del valor</b>	Part XI.2 y .3		
<b>4.2 Legislación según la cual se han creado los valores</b>	Part XI.2		
<b>4.3 Indicación de si los valores están en forma registrada o al portador y si los valores están en forma de título o de anotación en cuenta. En el último caso, nombre y dirección de la entidad responsable de la llevanza de las anotaciones</b>	Part XI.3 y 7, Part XII.1.2.		
<b>4.4 Divisa de la emisión de los valores</b>	Part XI		
<b>4.5 Descripción de los derechos vinculados a los valores, incluida cualquier limitación de esos derechos, y procedimiento para el ejercicio de los mismos</b>			
4.5.1 Derechos de dividendos (i)Fecha o fechas fijas en las que surgen los derechos  (ii)Plazo después del cual caduca el derecho a los dividendos y una indicación de la persona en cuyo favor actúa la caducidad  (iii)Restricciones y procedimientos de dividendos para los tenedores no residentes  (iv)Tasa de dividendos o método para su cálculo, periodicidad y carácter acumulativo o no acumulativo de los pagos	Part XI.1, Part XIV.6		
4.5.2 Derechos de voto	Part XI.3, Part XIV.6		
4.5.3 Derechos de suscripción preferentes en las ofertas de suscripción de valores de la misma clase	Part XIV.6		
4.5.4 Derecho de participación en los beneficios del emisor	Part XI.1, Part XIV.6		
4.5.5 Derechos de participación en cualquier excedente en caso de liquidación	Part XIV.6		
4.5.6 Derecho de información	Part XIV.6		
4.5.7 Cláusulas de conversión	N/A		

Contenido	Apartado	Páginas	Comentarios
<b>4.6</b> En el caso de nuevas emisiones, declaración de las resoluciones, autorizaciones y aprobaciones en virtud de las cuales los valores han sido o serán creados y/o emitidos	Part XI.2		
<b>4.7</b> En caso de nuevas emisiones, fecha prevista de emisión de los valores	Part XI.2		
<b>4.8</b> Descripción de cualquier restricción sobre la libre transmisibilidad de los valores	Part IX.4, Part XI.1 y 9, Part XIV.6		
<b>4.9</b> Indicación de la existencia de cualquier oferta obligatoria de adquisición y/o normas de retirada y recompra obligatoria en relación con los valores	N/A		
<b>4.10</b> Indicación de las ofertas públicas de adquisición realizadas por terceros sobre el capital del emisor, que se hayan producido durante el ejercicio anterior y el actual. Debe declararse el precio o de las condiciones de canje de estas ofertas y su resultado	N/A		
<b>4.11</b> Por lo que se refiere al país del domicilio social del emisor y al país o países en los que se está haciendo la oferta o se solicita la admisión a cotización			
4.11.1 Información sobre los impuestos sobre la renta de los valores retenidos en origen	Part XII		
4.11.2 Indicación de si el emisor asume la responsabilidad de la retención de impuestos en origen	Part XII		
<b>5</b> <b>CLÁUSULAS Y CONDICIONES DE LA OFERTA</b>			
<b>5.1</b> Condiciones, estadísticas de la oferta, calendario previsto y procedimiento para la suscripción de la oferta	Part III, Part IV, Part XI.7 y 8		
5.1.1 Condiciones a las que está sujeta la oferta	N/A		
5.1.2 Importe total de la emisión/oferta, distinguiendo los valores ofertados para la venta y los ofertados para suscripción; si el importe no es fijo, descripción de los acuerdos y del momento en que se anunciará al público el importe definitivo de la oferta	Part IV, Part XI.1		

Contenido	Apartado	Páginas	Comentarios
5.1.3 Plazo, incluida cualquier posible modificación, durante en el que estará abierta la oferta y descripción del proceso de solicitud.	Part III		
5.1.4 Indicación de cuándo, y en qué circunstancias, puede revocarse o suspenderse la oferta y de si la revocación puede producirse una vez iniciada la negociación	Part XI.1, Part XIV.11.1		<i>“Termination of the Placing Agreement”</i>
5.1.5 Descripción de la posibilidad de reducir suscripciones y la manera de devolver el importe sobrante de la cantidad pagada por los solicitantes	N/A		
5.1.6 Detalles de la cantidad mínima y/o máxima de solicitud (ya sea por el número de los valores o por el importe total de la inversión)	N/A		
5.1.7 Indicación del plazo en el cual pueden retirarse las solicitudes, siempre que se permita a los inversores dicha retirada	N/A		
5.1.8 Método y plazos para el pago de los valores y para la entrega de los mismos	Part XV.3		
5.1.9 Descripción completa de la manera y fecha en la que se deben hacer públicos los resultados de la oferta	Part XI.1		
5.1.10 Procedimiento para el ejercicio de cualquier derecho preferente de compra, la negociabilidad de los derechos de suscripción y el tratamiento de los derechos de suscripción no ejercidos	N/A		
<b>5.2 Plan de colocación y adjudicación</b>			
5.2.1 Las diversas categorías de posibles inversores a los que se ofertan los valores. Si la oferta se hace simultáneamente en los mercados de dos o más países y si se ha reservado o se va a reservar un tramo para determinados países, indicar el tramo	Part XI.1 y 9		
5.2.2 En la medida en que tenga conocimiento de ello el emisor, indicar si los accionistas principales o los miembros de los órganos de administración, de gestión o de supervisión del emisor tienen intención de suscribir la oferta, o si alguna persona tiene intención de suscribir más del cinco por ciento de la oferta	Part XIV.4		



Contenido	Apartado	Páginas	Comentarios
<p>5.2.3 Información previa sobre la adjudicación:</p> <p>(a) División de la oferta en tramos, incluidos los tramos institucional, minorista y de empleados del emisor y otros tramos</p> <p>(b) Condiciones en las que pueden reasignarse los tramos, volumen máximo de dicha reasignación y, en su caso, porcentaje mínimo destinado a cada tramo</p> <p>(c) Método o métodos de asignación que deben utilizarse para el tramo minorista y para el de empleados del emisor en caso de sobre-suscripción de estos tramos</p> <p>(d) Descripción de cualquier trato preferente predeterminado que se conceda a ciertas clases de inversores o a ciertos grupos afines (incluidos los programas para amigos y familia) en la asignación, el porcentaje de la oferta reservada a ese trato preferente y los criterios para la inclusión en tales clases o grupos</p> <p>(e) Si el tratamiento de las suscripciones u ofertas de suscripción en la asignación depende de la empresa que las realiza o de la empresa a través de la que se realiza</p> <p>(f) Cantidad mínima de adjudicación, en su caso, en el tramo minorista</p> <p>(g) Condiciones para el cierre de la oferta así como la fecha más temprana en la que puede cerrarse la oferta</p> <p>(h) Si se admiten o no las suscripciones múltiples y, en caso de no admitirse, cómo se gestionan las suscripciones múltiples</p>	Part XI		
<p>5.2.4 Proceso de notificación a los solicitantes de la cantidad asignada e indicación de si la negociación puede comenzar antes de efectuarse la notificación</p>	Part XV		
<p>5.2.5 Sobre-adjudicación y green shoe:</p> <p>(a) Existencia y volumen de cualquier mecanismo de sobre-adjudicación y/o de green shoe</p> <p>(b) Periodo de existencia del mecanismo de sobre-adjudicación y/o</p>	N/A		

Contenido	Apartado	Páginas	Comentarios
<p>de green shoe</p> <p>(c)Cualquier condición para el uso del mecanismo de sobre-adjudicación o de green shoe</p>			
<b>5.3 Precios</b>			
<p>5.3.1</p> <p>Indicación del precio al que se ofertarán los valores. Cuando no se conozca el precio o cuando no exista un mercado establecido y/o líquido para los valores, indicar el método para la determinación del precio de oferta, incluyendo una declaración sobre quién ha establecido los criterios o es formalmente responsable de su determinación.</p>	Part IV, Part XI.2		
<p>5.3.2</p> <p>Proceso de publicación del precio de oferta.</p>	N/A		
<p>5.3.3</p> <p>Si los tenedores de participaciones del emisor tienen derechos de adquisición preferentes y este derecho está limitado o suprimido, indicar la base del precio de emisión si esta es dineraria, junto con las razones y los beneficiarios de esa limitación o supresión.</p>	Part XI.2		
<p>5.3.4</p> <p>En los casos en que haya o pueda haber una disparidad importante entre el precio de oferta pública y el coste real en efectivo para los miembros de los órganos de administración, de gestión o de supervisión, o altos directivos o personas vinculadas, de los valores adquiridos por ellos en operaciones realizadas durante el último año, o que tengan el derecho a adquirir, debe incluirse una comparación de la contribución pública en la oferta pública propuesta y las contribuciones reales en efectivo de esas personas.</p>	XIV.9		
<b>5.4 Colocación y aseguramiento</b>			
<p>5.4.1</p> <p>Nombre y dirección del coordinador o coordinadores de la oferta global y de determinadas partes de la misma y, en la medida en que tenga conocimiento de ello el emisor o el oferente, de los colocadores en los diversos países donde tiene lugar la oferta.</p>	Part V		
<p>5.4.2</p> <p>Nombre y dirección de cualquier agente de pagos y de las entidades depositarias en cada país.</p>	Part XI.1		

Contenido	Apartado	Páginas	Comentarios
5.4.3 Nombre y dirección de las entidades que acuerdan asegurar la emisión con un compromiso firme, y detalles de las entidades que acuerdan colocar la emisión sin compromiso firme o con un acuerdo de «mejores esfuerzos». Indicación de las características importantes de los acuerdos, incluidas las cuotas. En los casos en que no se suscriba toda la emisión, declaración de la parte no cubierta. Indicación del importe global de la comisión de suscripción y de la comisión de colocación.	Part V, Part XIV.11.2		
5.4.4 Cuándo se ha alcanzado o se alcanzará el acuerdo de aseguramiento.	N/A		
<b>6 ACUERDOS DE ADMISIÓN A COTIZACIÓN Y NEGOCIACIÓN</b>			
<b>6.1 Indicación de si los valores ofertados son o serán objeto de una solicitud de admisión a cotización, con vistas a su distribución en un mercado regulado o en otros mercados equivalentes, indicando los mercados en cuestión. Esta circunstancia debe mencionarse, sin crear la impresión de que se aprobará necesariamente la admisión a cotización</b>	Part XI.8		
<b>6.2 Todos los mercados regulados o mercados equivalentes en los que, según tenga conocimiento de ello el emisor, estén admitidos ya a cotización valores de la misma clase que los valores que van a ofertarse o admitirse a cotización</b>	N/A		
<b>6.3 Si, simultáneamente o casi simultáneamente a la creación de los valores para los que se busca la admisión en un mercado regulado, se suscriben o se colocan privadamente valores de la misma clase, o si se crean valores de otras clases para colocación pública o privada, deben darse detalles sobre la naturaleza de esas operaciones y del número y las características de los valores a los cuales se refieren</b>	N/A		
<b>6.4 Detalles de las entidades que tienen un compromiso firme de actuar como intermediarios en la negociación secundaria, aportando liquidez a través de las órdenes de oferta y demanda y descripción de los principales términos de su</b>	N/A		

Contenido	Apartado	Páginas	Comentarios
<b>compromiso</b>			
<b>6.5 Estabilización: en los casos en que un emisor o un accionista vendedor haya concedido una opción de sobre-adjudicación o se prevé que puedan realizarse actividades de estabilización de precios en relación con la oferta</b>			
6.5.1 El hecho de que pueda realizarse la estabilización, de que no hay ninguna garantía de que se realice y que puede detenerse en cualquier momento	N/A		
6.5.2 Principio y fin del periodo durante el cual puede realizarse la estabilización	N/A		
6.5.3 Identidad de la entidad que dirija la estabilización para cada jurisdicción pertinente, a menos que no se conozca en el momento de la publicación	N/A		
6.5.4 El hecho de que las operaciones de estabilización puedan dar lugar a un precio de mercado más alto del que habría de otro modo	N/A		
<b>7 TENEDORES VENDEDORES Y VALORES</b>			
<b>7.1 Nombre y dirección profesional de la persona o de la entidad que se ofrece a vender los valores, naturaleza de cualquier cargo u otra relación importante que los vendedores hayan tenido en los últimos tres años con el emisor o con cualquiera de sus antecesores o personas vinculadas</b>	N/A		
<b>7.2 Número y clase de los valores ofertados por cada uno de los tenedores vendedores de valores</b>	N/A		
<b>7.3 Compromisos de no disposición (lock-up agreements)</b> <ul style="list-style-type: none"> <li>•Partes implicadas.</li> <li>•Contenido y excepciones del acuerdo.</li> <li>•Indicación del periodo de no disposición.</li> </ul>	Part IX.4, Part XI.6, Part XIV.11.2		
<b>8 GASTOS DE LA EMISIÓN/OFERTA</b>			
<b>8.1 Ingresos netos totales y cálculo de los gastos totales de la emisión/oferta</b>	Part XIV.11.2, Part XIV.16,		
<b>9 DILUCIÓN</b>			
<b>9.1 Cantidad y porcentaje de la dilución inmediata resultante de la</b>	Part XI.1		

Contenido	Apartado	Páginas	Comentarios
oferta			
9.2 En el caso de una oferta de suscripción a los tenedores actuales, importe y porcentaje de la dilución inmediata si no suscriben la nueva oferta	Part XI.1		
<b>10 INFORMACIÓN ADICIONAL</b>			
10.1 Si en la nota sobre los valores se menciona a los asesores relacionados con una emisión, una declaración de la capacidad en que han actuado los asesores	Part V		
10.2 Indicación de otra información de la nota sobre los valores que haya sido auditada o revisada por los auditores y si los auditores han presentado un informe. Reproducción del informe o, con el permiso de la autoridad competente, un resumen del mismo	N/A		
10.3 Cuando en la Nota sobre los valores se incluya una declaración o un informe atribuido a una persona en calidad de experto, proporcionar el nombre de esas personas, dirección profesional, cualificaciones e interés importante en el emisor, según proceda. Si el informe se presenta a petición del emisor, una declaración de que se incluye dicha declaración o informe, la forma y el contexto en que se incluye, y con el consentimiento de la persona que haya autorizado el contenido de esa parte de la Nota sobre los valores	N/A		
10.4 En los casos en que la información proceda de un tercero, proporcionar una confirmación de que la información se ha reproducido con exactitud y que, en la medida en que el emisor tiene conocimiento de ello y puede determinar a partir de la información publicada por ese tercero, no se ha omitido ningún hecho que haría la información reproducida inexacta o engañosa. Además, el emisor debe identificar la fuente o fuentes de la información	N/A		