COMISIÓN NACIONAL DEL MERCADO DE VALORES

En cumplimiento de los deberes de información previstos en el artículo 228 del Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores, Lar España Real Estate SOCIMI, S.A. (en adelante, “Lar España” o la “Sociedad”) pone en conocimiento de la Comisión Nacional del Mercado de Valores el siguiente

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HECHO RELEVANTE

Lar España ha recibido los informes de valoración de su cartera de activos inmobiliarios a 30 de junio de 2017, realizados por JLL Valoraciones, S.A y Cushman & Wakefield Sucursal en España.

El valor total de mercado del portfolio de la compañía que reflejan los referidos informes es de 1.448,2 millones de euros. El precio de adquisición sin incluir costes de transacción de los activos objeto de la valoración fue de 1.211,8 millones de euros.

Las valoraciones de los activos se han realizado siguiendo los estándares profesionales de valoración y tasación de la RICS (*Royal Institution of Chartered Surveyors*), bajo hipótesis de valor neto de mercado a 30 de junio de 2017.

Se adjuntan documentos de los certificados de valoración.

Madrid, a 6 de julio de 2017

Lar España Real Estate SOCIMI, S.A.
Don José Luis del Valle Doblado,
Presidente del Consejo de Administración

Se adjunta: documentos de los certificados de valoración

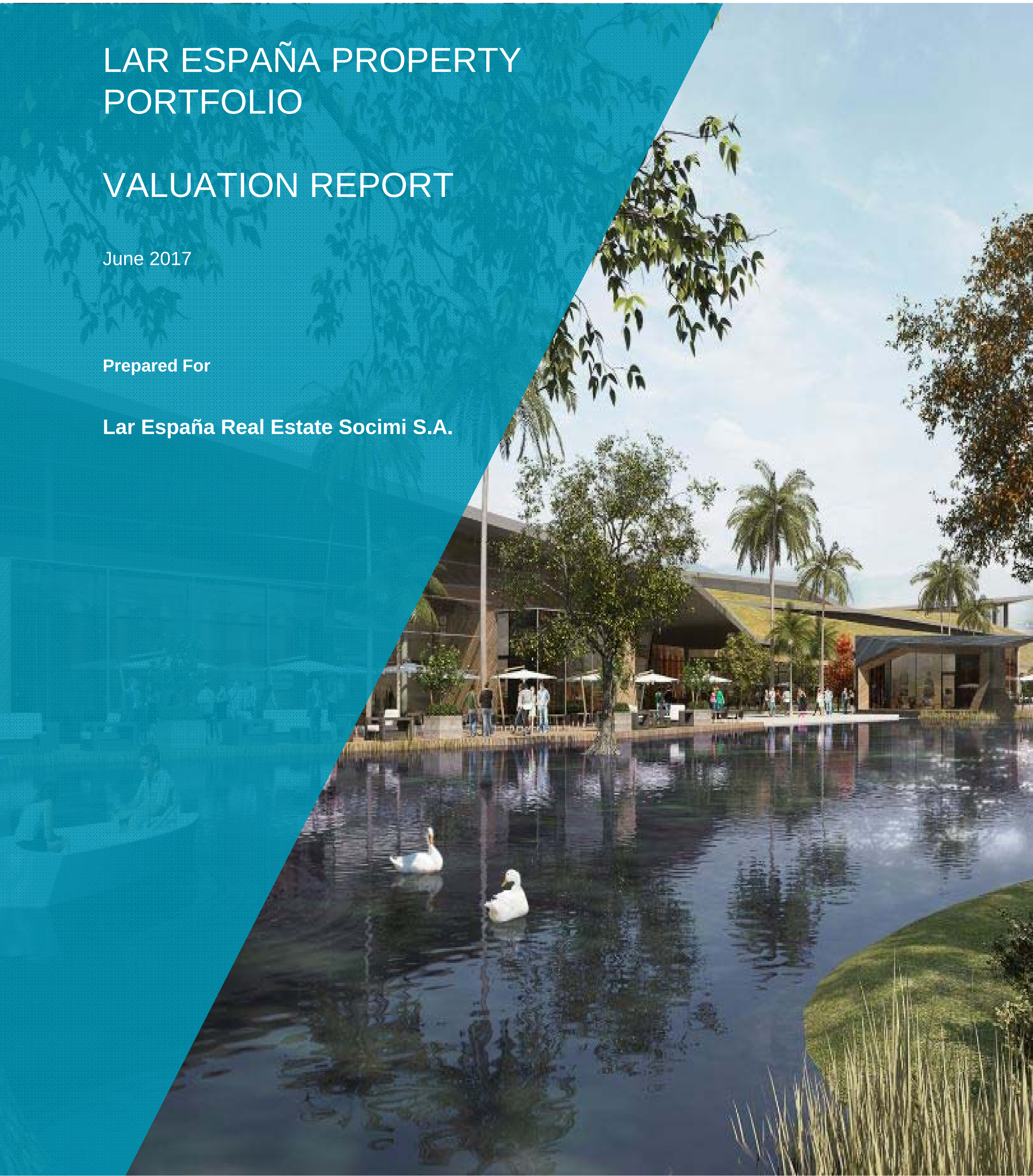
LAR ESPAÑA PROPERTY PORTFOLIO

VALUATION REPORT

June 2017

Prepared For

Lar España Real Estate Socimi S.A.



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Jon Armentia
LAR ESPAÑA REAL ESTATE SOCIMI, S.A.
C/Rosario Pino, 14-16 8ª planta
28020 Madrid

Our Ref: ctg2159

3 July 2017

Dear Sirs,

VALUATION OF A PORTFOLIO OF 40 PROPERTIES ACROSS SPAIN ("THE PROPERTIES") FOR AND ON BEHALF OF LAR ESPAÑA ("THE COMPANY") AS AT 30 JUNE 2017

We are pleased to submit our valuation report, which has been prepared for financial reporting purposes as at 30 June 2017 in accordance with our Engagement Letter and Terms and Conditions dated April 2017 (our current applicable Standard Terms & Conditions and Valuation Principles are attached as appendices).

We confirm that we have sufficient knowledge, skills and understanding to undertake the valuation competently.

1 SCOPE OF INSTRUCTIONS

1.1 We have considered the properties as set out below in section 1.6, which we understand are held by the Company or its subsidiaries. We have based our analysis on the floor areas supplied to us by the Company, which we assume to be correct.

1.2 We are instructed by the Company (Lar España) to prepare this valuation for financial reporting purposes.

1.3 The effective date of the valuation is 30 June 2017.

1.4 Our report has been prepared in accordance with the RICS Valuation - Professional Standards, as amended ("the Red Book"). We confirm that we are a Valuer acting as an external Valuer, as defined within the "Red Book". Furthermore, we confirm that the Valuer conforms to the stipulated requirements.

1.5 We confirm that this valuation has been undertaken as a Regulated Purpose valuation as defined in the Red Book.

1.6 The properties comprise the following:

No. Units	ASSET	USE	LOCATION	AREA GLA m^2
1	Portal de la Marina	Shopping Centre	Ondara (Alicante)	30,234
1	Hypermarket at Portal de la Marina	Hypermarket	Ondara (Alicante)	9,924
1	Txingudi	Shopping Centre	Irún (Guipúzcoa)	10,680
1	Las Huertas	Shopping Centre	Palencia	6,267
1	As Termas	Shopping Centre	Lugo	31,128
1	Petrol Station at As Termas	Petrol Station	Lugo	2,000
1	Gran Via de Vigo	Shopping Centre	Vigo	41,436
1	Megapark Retail Park and Factory Outlet	Retail Park	Barakaldo (Bilbao)	63,979
1	3 retail warehouses at Galaria RP	Retail Warehouses	Pamplona	4,108
1	Alovera I	Logistics Warehouse	Alovera (Guadalajara)	35,196
1	Alovera C2	Logistics Warehouse	Alovera (Guadalajara)	8,590
1	Alovera C5-C6	Logistics Warehouse	Alovera (Guadalajara)	14,891
1	Almussafes	Logistics Warehouse	Almussafes (Valencia)	19,211
1	Cardenal Marcelo Spinola 42	Office Building	Madrid	8,870
1	Eloy Gonzalo 27	Office Building	Madrid	5,956
1	Lagasca 99	Residential Development	Madrid	19,611
1	Palmas Altas	Retail Development	Sevilla	66,426
1	Land in Cheste, Valencia	Logistics Development	Cheste (Valencia)	97,127
22	22 Supermarkets Portfolio	Retail Units	Spain (various locations)	27,909
40	**TOTAL PORTFOLIO**			**517,286**

2 BASIS OF VALUATION

2.1 It is our understanding that you require us to report in accordance with the Red Book. In the absence of instructions to the contrary (e.g. requesting a valuation on the basis of Fair Value), the valuation has been prepared on the basis as set out subsequently. The basis of valuation of properties classified as investments is Market Value. Valuations based on Market Value shall adopt the definition and the conceptual framework settled by the International Valuation Standards Council (IVSC), defined in the Red Book as follows:

MARKET VALUE

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

As instructed and in accordance with the requirements of the Red Book, the valuation has been prepared on the above basis.

2.2 We have also been instructed to provide you with the "Value in Use" of each property according to the Spanish "Plan General Contable". A translation of the definition of "Value in Use" is as follows:

"VALUE IN USE"

"The present value of the expected future cash flows, derived from the normal course of business and, where appropriate in case of its sale or other forms of disposal, taking into account its actual state, and updated to a risk free market interest rate adjusted to the specific risks of the asset which have not been adjusted in the estimations of future cash flows"

Our interpretation of the "Value in Use" definition, which is not a definition recognized by the RICS Red Book, is that it coincides with the Gross Market Value of the property (i.e. the Market Value of the property plus the costs of purchase applied).

2.3 In the case of the valuation of *the hypermarket at Portal de la Marina Shopping Centre*, we have assumed its sale as part of the sale of the shopping centre to a single purchaser/company given that it is wholly owned by a single owner (Lar España). Therefore our reported values for both the hypermarket and centre are a split of value of the two elements hypothetically sold as a single property. We are of the opinion that investors would be less interested in purchasing the hypermarket separately from the rest of the shopping centre, which would impact negatively on price.

2.4 In the case of the valuation of *the petrol filling station at As Termas Shopping Centre*, we have assumed its sale as part of the sale of the shopping centre to a single purchaser/company given that it is wholly owned by a single owner (Lar España). Therefore our reported values for both the petrol filling station and centre are a split of value of the two elements hypothetically sold as a single property. We are of the opinion that investors would be less interested in purchasing the petrol filling station separately from the rest of the shopping centre, which would impact negatively on price.

2.5 We value a 100% interest in all of the properties including those assets held by Lar España on a joint ownership basis, namely *Juan Bravo 3 – Lagasca 99*, held 50% by Lar España. We assume that there are no ownership, title, management or voting right issues that might materially impact on the value of the ownership held by Lar España notwithstanding the fact that our valuation is on the basis of a sale of 100% of the assets (see also footnote to table in section 12.1).

2.6 All of the properties in the portfolio are held as income producing investments with the exception of the residential development project at *Juan Bravo 3 – Lagasca 99, Madrid*, the shopping centre development project *Palmas Altas in Sevilla* and the logistics park development project in *Cheste* (Valencia).

2.7 The *Palmas Altas* property, an asset under development in the short term, is subject to license approval. For the purpose of this valuation, we assume the license to be forthcoming in July 2017 in accordance with the Company's expectations. We have not been provided with any data by the Company that would lead us to conclude that this license will not be forthcoming or subject to unreasonable delay.

The project is also subject to the transfer of 12,000 sqm. of building rights from another plot located within the same Plot Sector.

For the purpose of this valuation and in accordance to the information received from the Company, we have assumed:

a) AAU and planning license approval to build 60,000 sqm. to be obtained by July 2017,
b) final approval for the mobility plan to be obtained by January 2018,
c) final approval for the transfer of 12,000 sqm. of building rights to be obtained by February 2018,
d) occupation licence to be obtained by April 2019.

We have not been provided with any data by the Company that would lead us to conclude that these licenses and planning approvals will not be forthcoming or subject to unreasonable delay.

2.8 In the case of the valuation of the *22 supermarkets portfolio*, we have assumed its sale as a single lot, not individually, to a single purchaser/company.

2.9 In the case of the valuation of the land located in *Cheste (Valencia)* an undeveloped land, is subject to approval of the modification of various planning documents (Plan Parcial, reparcelling project and urbanization project). For the purpose of this valuation, we assume the approval of such planning modifications to be forthcoming by the end of 2017 in accordance with the Company's expectations. We have not been provided with any data by the Company that would lead us to conclude that this license will not be forthcoming or subject to unreasonable delay.

For the purpose of this valuation and in accordance to the information received from the Company, we have assumed:

a) approval of planning modifications obtained by December 2017,
b) urbanization works to be completed in approximately 16 months,
c) the end of the urbanization works would be overlapped with the beginning of the building works of phase I.

Regarding the type of product to develop, we have assumed the following:

a) **Phase I**: We have assumed that the phase I development would comprise a 20,210 sqm refrigerated platform for food supply in plot M4 and a 44,959 sqm logistics food supply warehouse in plot M10.
b) **Phase II**: We have assumed that the phase II development would comprise a 15,947 sqm logistics and cross-docking warehouse in plot M1.
c) **Phase III**: We have assumed that the phase III development would comprise a 16,011 sqm logistics warehouse in plot M8.

The proposed development does not consume the total building rights of the plots. There would be remaining building rights, which at the moment we do not consider feasible to develop based on the information received.

3 ASSUMPTIONS, DEPARTURES AND RESERVATIONS

3.1 We have prepared our valuation on the basis of the agreed instructions.

3.2 We have made no Special Assumptions and our valuation is not subject to any special instructions, nor departures from the Red Book.

3.3 The Glossary within the Red Book defines a Special Assumption as an assumption that assumes facts that differ from the actual facts existing as at the valuation date.

3.4 You should note that if the Special Assumptions above were not adopted there could be a material difference in value.

RESERVATION

The valuation is not subject to any reservations in relation to restricted information or property inspection (except for that referred to in paragraph 9 below, regarding floor areas).

4 TENURE AND TENANCIES

4.1 We have not had access to Title Deeds nor read any title documentation or made formal searches on the Properties.

4.2 Our valuation has been based on the information which you have supplied to us as to tenure, tenancies and statutory notices. We assume that such data provided is accurate, particularly that relating to percentage ownerships, referred to in Paragraph 2.5 above.

4.3 Unless disclosed to us to the contrary, our valuation is on the basis that:-

d) the properties possess a good and marketable title, free from any unusually onerous restrictions, covenants or other encumbrances;

e) in respect of leasehold properties, there are no unreasonable or unusual clauses which would affect value and no unusual restrictions or conditions governing the assignment or disposal of the interest;

f) the properties valued exclude mineral rights, if any; and

g) vacant possession can be given of all accommodation which is unlet, or occupied either by the Company or by its employees on service occupancies.

4.4 You should not rely on this report unless any reference to tenure, tenancies and legal title has been verified as correct by your legal advisers.

5 TOWN PLANNING

5.1 We have not made formal searches, but have generally relied on verbal enquiries and any informal information received from the Local Planning Authority.

5.2 In the absence of information to the contrary, our valuation is on the basis that the properties are not affected by proposals for road widening or Compulsory Purchase.

5.3 Our valuation is on the basis that the properties have been erected either prior to planning control or in accordance with a valid planning permission and are being occupied and used without any breach. Unless advised to the contrary we further assume that the properties comply with other regulations, such as those relating to defective premises (edificios en “Estado de Ruina”) or disabled access issues.

5.4 From our enquiries, and on the basis of information supplied to us, we are unaware of any additional value that may be attributable to the leased investment properties of the portfolio in relation to unutilised building rights.

5.5 In paragraph 2.7 above we comment upon a license/planning issue in respect of the Juan Bravo - Lagasca 99 property.

5.6 In paragraph 2.8 above we comment upon a license/planning issue in respect of the Palmas Altas property.

5.7 In paragraph 2.9 above we comment upon a license/planning issue in respect of the Cheste property.

6 STRUCTURE

6.1 We have neither carried out a structural survey of the Properties, nor tested any services or other plant or machinery. We are therefore unable to give any opinion on the condition of the structure and services. However, our valuation takes into account any information supplied to us and any defects noted during our inspection. Otherwise, our valuation is on the basis that there are no latent defects, wants of repair or other matters which would materially affect our valuation. We would point out that, as we have not undertaken any technical survey of the properties under the scope of this instruction, we cannot comment on what technical degree the assets would comply with current regulatory requirements for an ingoing operator in terms of obtaining new licenses.

6.2 We have not inspected those parts of the Properties which are covered, unexposed or inaccessible and our valuation is on the basis that they are in good repair and condition.

6.3 We have not investigated the presence or absence of High Alumina Cement, Calcium Chloride, Asbestos and other deleterious materials. In the absence of information to the contrary, we have taken into account any information which you have supplied to us on these aspects, but otherwise our valuation is on the basis that no hazardous or suspect materials and techniques have been used in the construction of the Properties. You may wish to arrange for investigations to be carried out to verify this.

7 SITE AND CONTAMINATION

7.1 We have not investigated ground conditions/stability and, unless advised to the contrary, our valuation is on the basis that such conditions are not abnormal and would not adversely impact on build costs.

7.2 We have not carried out any investigations or tests, nor been supplied with any information from you or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water). Accordingly, our valuation has been prepared on the basis that there are no such matters that would materially affect our valuation. Should this basis be unacceptable to you or should you wish to verify that this basis is correct, you should have appropriate investigations made and refer the results to us so that we can review our valuation.

7.3 In respect of any high voltage electrical supply equipment close to any property, the possible effects of electromagnetic fields have been the subject of media coverage. Studies have revealed that there may be a risk, in specified circumstances, to the health of certain categories of people. The perception of this risk may affect the marketability and value of property close to such equipment. Unless noted to the contrary we have neither noted nor been advised of equipment close to the property and therefore our valuation assumes that there is no material effect on value.

8 PLANT AND MACHINERY

8.1 In respect of the freehold Properties, usual landlord’s fixtures such as heating installations, lifts, water sprinklers and central air handling have been treated as an integral part of each building and are included within the asset valued.

8.2 Process related plant/machinery and tenants' fixtures/trade fittings have been excluded from our valuation.

9 INSPECTIONS

In accordance with normal market practice in Spain we have not measured the properties and, for the purpose of this valuation, we have relied on areas provided to us by yourselves, which we rely upon as being an accurate and correct estimation of the Gross Lettable Area of each property.

We internally and externally inspected the properties in the last 12 months.

10 GENERAL PRINCIPLES

10.1 In addition to information established by us, we have relied on the information obtained from you and others. We have relied on this being correct and complete and on there being no undisclosed matters which would affect our valuation. Apart from legal verification, we highlight in this report any matters which remain to be verified.

10.2 Our valuation of the properties is not subject to any Special Assumption, departure or reservation.

10.3 No allowances have been made for any expenses of realisation or any taxation liability arising from a sale or development of any property.

10.4 No account has been taken of any leases granted between subsidiaries of the Company, and no allowance has been made for the existence of a mortgage, or similar financial encumbrance on or over the Properties.

10.5 Our valuation is exclusive of any Value Added Tax (Impuesto sobre Valor Añadido) although, in relation to transfer taxes, we have prepared our valuation on the basis that a sale of the properties would incur IVA and not Impuesto sobre Transmisión Patrimonial (ITP).

10.6 A purchaser of the properties is likely to obtain further advice or verification relating to certain matters referred to above before proceeding with a purchase. You should therefore note the conditions on which this valuation has been prepared.

10.7 Where grants have been received, no allowance has been made in our valuation for any requirement to repay the grant in the event of a sale of the Properties. The valuation of any property on the basis of Depreciated Replacement Cost has been assessed gross of any grant which may be receivable.

10.8 Our valuation does not make allowance either for the cost of transferring sale proceeds outside of Spain or elsewhere by the Company, or for any restrictions on doing so.

10.9 Our valuation approach has been supported by a cashflow analysis, incorporating projections of future income and expenditure, which are not predictions of the future, but our best estimate of current market thinking on likely future cashflow. These estimates constitute our judgement as at the date of this report and may be subject to change in the future, hence we make no warranty to representation that these projections of cashflow will materialise.

10.10 Where there are outstanding or forthcoming reviews, rental value has been assessed in accordance with the terms of the occupational lease review provisions. Otherwise, rental value has been assessed on the basis of Market Rent, assuming a new lease drawn on terms appropriate to current practice in the relevant market.

10.11 A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgements that, even if logical and appropriate, may differ from those made by a purchaser, or another valuer. Historically it has generally been considered that valuers can be within a range of possible values.

10.12 The purpose of the valuation does not alter the approach to the valuation.

10.13 Property values can change substantially, even over short periods of time, and so our opinion of value could differ significantly if the date of valuation was to change. If you wish to rely on our valuation as being valid on any other date you should consult us first.

10.14 Should you contemplate a sale, we strongly recommend that the properties are given proper exposure to the market.

10.15 We recommend that you keep the valuation of the properties under frequent review.

10.16 You should not rely on this report unless any reference to tenure, tenancies and legal title has been verified as correct by your legal advisers.

10.17 This Valuation Report should be read in conjunction with our terms of engagement and in particular our Standard Terms and Conditions of Appointment of Cushman & Wakefield as Valuers, previously supplied to you. We would specifically draw your attention to paragraph 10.6 therein which describes the extent of our professional liability to you.

10.18 Valuation of Development Properties

It is practically impossible to value most development properties on a straightforward comparison basis, due to their highly individual characteristics. We have therefore used the residual valuation approach. This approach assumes the property's capital value equates to the end value of the property once developed, less the costs of realization (which may include site assembly and purchase, demolition, build costs, professional fees, planning, finance, marketing costs and developer's profit).

To form an opinion of value we have had to make certain assumptions for the input variables. We consider these assumptions are appropriate and reasonable, but they cannot be guaranteed. You should therefore satisfy yourself that our assumptions are appropriate and consistent with your own knowledge of the actual costs and input variables. If there is any difference, you should inform us as the value reported is only valid within the context of the assumptions that we have adopted.

You should also be aware that the residual value is highly sensitive to even small movements in the input variables. Accordingly, the result must be treated with caution, as a small correction to even a single input could have a disproportionately adverse effect on the outcome.

11 VALUATION FOR A REGULATED PURPOSE

11.1 This valuation is classified by the Red Book as a Regulated Purpose Valuation and we are therefore required to disclose the following information.

11.2 The valuation was prepared by Mr. A. J. Loughran MRICS and reviewed by Mr. Reno Cardiff MRICS.

11.3 Cushman & Wakefield Spain Ltd has provided other professional or agency services to Grupo Lar from time to time and has done so for several years, nevertheless C&W Valuation was appointed to act for Lar España Real Estate SOCIMI S.A. in June 2014. In our most recent financial year, Cushman & Wakefield LLP received less than 5% of its total fee income from these entities.

11.4 Cushman & Wakefield, from time to time, provide other professional or agency services to the Company (Lar España Real Estate SOCIMI); nevertheless we do not have any existing or immediately foreseeable appointment from the Company that would give rise to a conflict of interest that prevents us from acting as external valuer advising on this portfolio of properties.

12 VALUATION

12.1 Subject to the foregoing, in particular the basis of value set out in section 2, we are of the opinion that the Market Value (net of acquisition costs) and the “Value in Use” (gross of acquisition costs) of the interest held in the properties is as follows:

PROPERTY	MARKET VALUE AS AT 30 JUNE 2017	Ownership Lar España %	% Market Value as at 30 June 2017 (1)
Portal de la Marina (2)	**105,500,000**	100%	**105,500,000**
Hypermarket at Portal de la Marina (2)	**8,800,000**	100%	**8,800,000**
Txingudi	**38,500,000**	100%	**38,500,000**
Las Huertas	**12,600,000**	100%	**12,600,000**
As Termas (3)	**78,900,000**	100%	**78,900,000**
Petrol Station at As Termas (3)	**1,900,000**	100%	**1,900,000**
Gran Vía de Vigo	**153,000,000**	100%	**153,000,000**
Megapark Retail Park and Factory Outlet	**192,000,000**	100%	**192,000,000**
3 retail warehouses at Galaria RP	**10,600,000**	100%	**10,600,000**
Alovera I	**18,400,000**	100%	**18,400,000**
Alovera C2	**4,100,000**	100%	**4,100,000**
Alovera C5-C6	**9,500,000**	100%	**9,500,000**
Almussafes	**9,800,000**	100%	**9,800,000**
Cardenal Marcelo Spinola 42	**33,500,000**	100%	**33,500,000**
Eloy Gonzalo 27	**18,750,000**	100%	**18,750,000**

Lagasca 99	**143,000,000**	50%	**71,500,000**
Palmas Altas	**52,000,000**	100%	**52,000,000**
Land in Cheste	**2,320,000**	100%	**2,320,000**
22 Supermarkets Portfolio (4)	**50,147,481**	100%	**50,147,481**
TOTAL	**€ 943,317,481**		**€ 871,817,481**

(1) This is a statement of theoretical percentage Market Value assuming a sale of 100% of the asset in which the proceeds are shared between the joint venture partners in accordance with their percentage ownership share.

(2) We assume the sale of Portal de la Marina Shopping Centre including the hypermarket, therefore our reported values are a split of value of the two elements sold as a single property (centre and hypermarket).

(3) We assume the sale of As Termas Shopping Centre including the petrol station, therefore our reported values are a split of value of the two elements sold as a single property (centre and petrol station).

(4) Our reported value is the sum of the individual elements of the portfolio. Please ref summary table within the individual property report for a detailed Market Value per property.

12.2 The opinion stated above totalling €943,317,481 represents the aggregate of the values attributable to the individual properties and should not be regarded as an opinion of value of the portfolio as a whole in the context of a sale as a single lot.

13 CONFIDENTIALITY AND RESPONSIBILITY

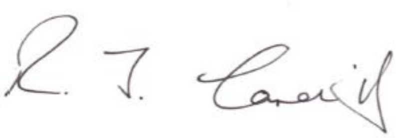
Our valuation is confidential to you, for your sole use and for the specific purpose stated. We will not accept responsibility to any third party in respect of its contents.

14 DISCLOSURE AND PUBLICATION

You must not disclose the contents of this valuation report to a third party in any way without first obtaining our written approval to the form and context of the proposed disclosure. You must obtain our consent, even if we are not referred to by name or our valuation report is to be combined with others. We will not approve any disclosure that does not refer sufficiently to any Special Assumptions or Departures that we have made.

Yours faithfully

Signed for and on behalf of Cushman & Wakefield Sucursal en España.



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TERMS & CONDITIONS

1 PRELIMINARY

1.1 These terms and conditions (the "**Terms of Business**") shall apply to all valuation services (excluding agency services and other forms of professional services, to which separate terms will apply) provided by Cushman & Wakefield Spain Limited, Sucursal en España and having its registered office at Edificio Beatriz, José Ortega y Gasset, 29 – 6ª Planta, 28006 Madrid, Spain ("**C&W**", "**we**" or "**us**") to the client to whom an instruction confirmation letter (the "**Letter**") is sent ("**you**"). They shall apply separately to each service subsequently provided to you.

1.2 The Terms of Business are to be read in conjunction with the relevant Letter and general valuation principles ("**Valuation Principles**") attached thereto. In the event of any ambiguity or conflict between the relevant Letter, the Valuation Principles and these Terms of Business, the provisions in the relevant Letter shall prevail. These Terms of Business and the relevant Letter may only be varied in writing by agreement between the parties. It is our practice to review and upgrade our Terms of Business frequently and new versions will be sent to you and agreed with you.

2 PERFORMANCE OF THE SERVICES

2.1 We undertake to use all reasonable skill and care in providing the services and advice described in the relevant Letter, based on the instructions given by you (the "**Services**"). We will inform you if it becomes apparent that the Services need to be varied or external third party advice is required. Any variation is to be confirmed in writing and agreed between the parties.

2.2 We may need to appoint third party providers to perform all or part of the Services and we shall agree this with you in advance.

3 BASIS OF FEES

3.1 The basis of our fees for our Services is set out in the relevant Letter.

3.2 You shall pay all applicable VAT in addition to any fees and disbursements at the applicable rate.

3.3 You shall pay our fees on completion of our Services (whether or not additional work is still to be carried out by third parties) or, where the fees are in relation to an ongoing instruction or an instruction of duration of more than three months, at least quarterly in arrears upon submission by us of quarterly invoices. Payment is due from the date of submitting our invoice.

3.4 Where valuations are undertaken for a lender for loan security purposes and it is agreed that a borrower will pay our fee, you shall remain primarily liable to pay our fee should such borrower fail to meet its liabilities to us in full. Payment of our fees is not conditional upon the loan being drawn down or any of the conditions of the loan being met.

3.5 If you do not dispute with us an invoice or any part thereof within 15 days of the date of such invoice, you shall be deemed to have accepted the invoice in its entirety.

3.6 If we are required by you to undertake any additional work in relation to an instruction, you shall pay additional fees based upon our usual rates. We will notify you of the amount of such additional fees. This also applies where we are asked to review a legal report or Certificate of Title provided to us more than 8 weeks after we have submitted our Report (either draft or final).

3.7 Where there is a change to the stated purpose for which our valuation is being commissioned and in our sole opinion we deem this to result in an increase in our liability (for example a valuation for annual accounts being used for loan security purposes), we reserve the right to charge an additional fee.

3.8 If you subsequently request our invoice to be re-addressed to a party other than that originally agreed, we reserve the right to make an administration charge of €100. Payment will still be due from the date of the original invoice.

3.9 In the event that you withdraw our instructions prior to completion of a valuation, you shall be liable to pay us for a fair and reasonable proportion of our fees and any agreed disbursements. If we have sent you draft valuation figures, such fees shall be subject to a minimum of 50% of the fee originally agreed between us and if we have sent you a draft valuation report, such fees shall be subject to a minimum of 80% of the fee originally agreed between us.

3.10 We will advise you in advance if it is necessary or convenient to instruct a third party to provide advice or to act as an expert or arbitrator and provide an estimate of the likely cost. If you approve, either verbally or in writing, that the third party be instructed, we will instruct the party as agent on your behalf and request that all the third party's invoices be addressed to you care of us. If we are requested by you to advance payment of the third party invoices, you shall be obliged to reimburse the advance payment made and pay a handling charge. We may request that you put us in funds in respect of any third party's costs before or at the time of formally instructing them on your behalf and you will comply with this request.

3.11 Where we are instructed to provide Services to one of your subsidiaries or associated / related entities or should you subsequently request that another entity be substituted for you at a later stage and we are unable to seek or obtain payment of any outstanding monies for whatever reason, you shall remain primarily liable to pay those outstanding monies if the subsidiary, associated / related or other entity does not meet its liabilities in relation to payment for the Services provided by us.

4. INTEREST

You shall pay interest on the amount of any invoice for fees or other disbursements that remains unpaid for 15 days after the date of the invoice. Interest shall be payable at the statutory rate in accordance with Spanish Statute, Law 24/1984 of 29 June, "*Ley de Presupuestos del Estado"*, this being from the date of the invoice until payment is made whether before or after judgement is made.

5. DISBURSEMENTS

You shall pay all disbursements incurred by us in the provision of the Services at least quarterly in arrears from the date they were incurred. Disbursements include, but are not limited to: maps, plans, research, photography, copying of documents or plans, messenger delivery, costs of obtaining external information on companies, properties, demographic or other similar information, any reproduction, copying or other royalties incurred, additional bound copy reports, costs of external information / references obtained and key cutting, travel and subsistence expenses at their actual cost and car mileage at the standard AA scales.

6. INFORMATION RECEIVED FROM THE CLIENT

We will take all reasonable steps to ensure that property information is accurate where we are responsible for its preparation. Where you provide us with any information on a property that is necessary or convenient to enable us to provide the Services properly, you acknowledge that we will rely on the accuracy, completeness and consistency of any information supplied by you or on your behalf and, unless specifically instructed otherwise in writing, we will not carry out any investigation to verify such information. We accept no liability for any inaccuracy or omission contained in information disclosed by you or on your behalf, whether prepared directly by you or by a third party, and whether or not supplied directly to us by that third party and you shall indemnify us should any such liability arise. If our valuation is required for the purpose of purchase or loan security, you accept that full investigation of the legal title and any leases is the responsibility of your lawyers.

7. CONFLICTS OF INTEREST AND ANTI-CORRUPTION

7.1 We have conflict management procedures designed to prevent us acting for one client in a matter where there is or could be a conflict with the interest of another client for whom we are acting. If you are aware or become aware of a possible conflict of this type, please raise it immediately with us. If a conflict of this nature arises, then we will decide, taking account of legal constraints, relevant regulatory body rules and your and the other client's interests and wishes, whether we can continue to act for both parties (e.g. through the use of separate teams with appropriate Chinese Walls), for one only or for neither. Where we do not believe that any potential or actual conflict of interest can be managed appropriately, we will inform you and consult with you as soon as reasonably practicable.

7.2 *You acknowledge that we may earn commissions, referral fees and may charge handling fees connected to the services that we perform and agree that we shall be entitled to retain them without specific disclosure to you. We will not accept any commissions or referral fees in circumstances where we are of the reasonable belief that they would compromise the independence of any advice that we provide to you.*

7.3 We confirm that we will not, and will procure that our employees will not, knowingly engage in any activity which would constitute a breach of the "*Ley Orgánica 10/1995 de 23 November"* (the equivalent Spanish legislation to the UK Bribery Act 2010) and that we have in place a compliance programme designed to ensure compliance with the terms of the mentioned legislation.

8. MANAGEMENT OF THE PROPERTY

We shall not be responsible for the management of the property nor have any other responsibility (such as maintenance or repair) in relation to the property. We shall not be liable for any damage that may occur while the property is unoccupied. The property shall be your sole responsibility.

9. TERMINATION BY NOTICE

9.1 Unless a fixed period has been agreed, either party may terminate the instruction by giving 14 days' notice in writing to the other party.

9.2 In the event of termination by notice, you shall be obliged to pay forthwith all the fees accrued in relation to the Services and work performed up to the date of termination (and any abort fee) plus any expenses or disbursements incurred by us or to which we are committed at the date of termination.

10. PROFESSIONAL LIABILITY

10.1 We shall not be liable to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the Services in respect of:

(i) Any direct loss of profit;

(ii) Any indirect, special or consequential loss whatsoever howsoever caused including without limitation (a) indirect loss of profit; (b) loss of business; (c) loss of goodwill; (d) loss of use of money; (e) loss of opportunity, and the parties agree that the sub-clauses of this clause shall be severable.

10.2 We shall not be liable to you in negligence for pure economic loss arising in connection with the performance or contemplated performance of the Services.

10.3 You acknowledge and agree that the exclusions contained in this clause 10 are reasonable in all the circumstances and that you have had the opportunity to take independent legal advice.

10.4 Where a third party has contributed to the losses, damages, costs, claims or expenses, we shall not be liable to make any contribution in respect of the liability of such third party.

10.5 Save in respect of third parties directly instructed by us and not on your behalf, we shall not be liable for the services or products provided by other third parties, nor shall we be required to inspect or supervise such third parties, irrespective of the third party services or products being incidental to or necessary for the provision of our Services to you.

10.6 Our total aggregate liability (including that of our members and employees) to you or to any other party entitled to rely on our valuation and/or report pursuant to this clause 10 in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the Services shall be limited to an aggregate sum not exceeding:

(i) 25% of the reported value (and, for the avoidance of doubt, where more than one value basis is adopted the reported value shall mean the Market Value without Special Assumptions; or, if this basis is not included in our report, the value basis most similar to the Market Value without Special Assumptions, where Market Value and Special Assumptions have the meanings set out in the RICS Valuation Professional Standards current at the date of the Letter); or

(ii) €5 million,

whichever is the lesser amount.

10.7 Where the Services relate to more than one property, our maximum liability in respect of any individual property shall be in the same proportion to the total aggregate liability as such individual property's reported value is to the aggregate reported value.

10.8 Nothing in these Terms of Business excludes or limits our liability: (i) for death or personal injury caused by our negligence; (ii) for any matter which it would be illegal for us to exclude or attempt to exclude our liability and (iii) for fraud or fraudulent misrepresentation.

10.9 We shall be released from our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond our reasonable control (examples being a strike, act of God or act of terrorism). On becoming aware of any circumstance which gives rise, or which is likely to give rise, to any failure or delay in the performance of our obligations, we will notify you by the most expeditious method then available.

10.10 To cover any liability that might be incurred by us, we confirm that we will maintain professional indemnity insurance through the Lloyds and company insurance market, so long as such insurance is available at commercially acceptable rates and terms, with insurers of good standing and repute of not less than €5 million on an each and every claim basis.

10.11 Responsibility for our valuation extends only to the party(ies) to whom it is addressed. However in the event of us being asked by you to readdress our report to another party or other parties or permit reliance upon it by another party or other parties, we will give consideration to doing so, to named parties, subject to the following minimum fees:

	First Extended Party	Second & Subsequent Extended Parties
For the first €1m of reported value	0.075%	0.025% per party
Thereafter	0.035%	0.015% per party

These fees are exclusive of VAT and expenses (including the cost of readdressing the report) and are subject to a minimum fee of €750. Should additional work be involved, over and above that undertaken to provide the initial report, we may make a further charge although we will agree this with you before commencing the work.

10.12 Where we consent in writing to reliance on our report by another party or other parties, we do so on the condition that (i) the other party or parties agree in writing to be bound by the Letter and these Terms of Business as if it / they had been a party to the original Letter between us, with such written agreement being provided to us, (ii) such other party pay the fees demanded as set out in clause 10.9 above (unless agreed otherwise in writing) and (iii) where you act on behalf of a syndicate or in relation to a securitisation, you agree that you are not entitled to pursue any greater claim on behalf of any other party than you would have been entitled to pursue on your own behalf had there been no syndication or securitisation.

10.13 Where you provide a copy of and / or permit another party or parties to rely upon our valuation report without obtaining our express written consent and fail to provide us with the written consent of any other party or parties who have received our report to be bound by the Letter and Terms of Business (in accordance with clause 10.10 above), you agree to indemnify us for any and all liability which arises from the use of or reliance upon our report by such unauthorised party.

10.14 Notwithstanding clause 10.11, where a valuation report is prepared or where we consent to a valuation report being used for the purpose of a prospectus, offering (either directly or indirectly), or a circular to shareholders, you agree to indemnify us for any liability whatsoever that we may have to any parties that have not agreed with us in writing to be bound by these Terms of Business which exceeds our aggregate cap on liability (referred to at clause 10.6) arising from their use and / or reliance on the valuation report.

10.15 Where we provide valuation advice to an entity that falls within the scope of the Alternative Investment Fund Managers Directive (“**Fund**”), our role will be limited solely to providing valuations of property assets held by the Fund. We will not act in the capacity of External Valuer of the Fund as defined in the Directive; the valuation function for the Fund and the setting of the net asset value of the Fund will remain with others. C&W’s report will be addressed to the Fund for internal purposes and third parties may not rely on it. Our aggregate liability howsoever arising out of such instruction is limited in accordance with these Terms of Business.

11. QUALITY OF SERVICE AND COMPLAINTS

11.1 Our valuation procedures are certified as ISO9001:2000 compliant.

11.2 All our valuation reports are signed by a Member of C&W whose responsibility it is to ensure that all relevant quality control procedures have been complied with.

11.3 If you wish to complain about the level or our service to you, in accordance with the requirements of the Royal Institution of Chartered Surveyors, we have a standard complaints procedure, a copy of which is available on request.

12. DATA PROTECTION

12.1 We (and any of our relevant international partnerships, group companies and affiliated organisations) are data controllers of all personal data collected during the provision of the Services. We shall use such personal data and information we obtain from other sources for providing the Services, for administration and customer services, for marketing and to analyse your preferences. We may keep such personal data for a reasonable period for these purposes. We may need to share personal data with our service providers and agents for these purposes. We may disclose personal data in order to comply with a legal or regulatory obligation and you may request, in writing and upon payment of a fee, a copy of the details held about you by us. According to the Law *"Ley 15/1999, de 13 Diciembre",* in relation to personal data protection *("Protección de Datos de Carácter Personal*"), the client will have the right to request and obtain, free of charge, information about their personal details, as well as the origin of these and the communications undertaken or planned to be undertaken in the future.

12.2 To help us to make credit decisions about you, to prevent fraud, to check identity and to prevent money laundering, we may search the files of credit reference agencies and we may also disclose details of how you conduct your account to such agencies.

12.3 We may share personal data within our international partnerships, group companies and affiliated organisations and with our business partners for marketing purposes, which may be to countries or jurisdictions which do not provide the same level of data protection as the country in which you are based, or we may send you and your employees information about other organisations' goods and services. We or any business partners may contact you and your employees, directly or via our agents, by mail, telephone, fax, email, SMS or other electronic messaging service with offers of goods and services or information that may be of interest. By providing us with your or your employees' personal data (whether that data is deemed sensitive or not) including fax numbers, telephone numbers or email addresses, you and your employees consent to being contacted by these methods for these purposes.

13. MONEY LAUNDERING REGULATIONS

In order to comply with all applicable money laundering legislation and regulation, we may be required to verify certain of your details and may ask you to assist us in complying with such requirements. Where such information is requested, you will provide such information promptly to enable us to provide our Services. We shall not be liable to you or any other parties for any delay in the performance or any failure to perform the Services which may be caused by our duty to comply with any such legal and regulatory requirements.

14. FREEDOM OF INFORMATION

Where you are a public authority for the purposes of the Law “Ley 30/1992, de 26 November”, in relation to the public administration judicial regime (“Régimen Jurídico de las Administraciones Públicas”) and to the common administrative procedures (“Procedimiento Administrativo Común”), you shall notify us within five business days of receiving a request pursuant to the Act requesting information which relates to the business arrangements between us and you and/or any information we have provided to you at any time. In recognition of the fact that we may be providing you with genuinely confidential or commercially sensitive information, you agree to consult us and seek our views on all such requests prior to making a decision on whether any information should be publicly disclosed.

15. ELECTRONIC COMMUNICATIONS

We may communicate with each other by electronic mail, sometimes attaching electronic data. By consenting to this method of communication, we and you accept the inherent risks (including the security risks of interception of, or unauthorised access to, such communications, the risks of corruption of such communications and the risks of viruses or other harmful devices). In the event of a dispute, neither of us will challenge the legal evidential standing of an electronic document and our system shall be deemed to be the definitive record of electronic communications and documentation.

16. CONFIDENTIALITY

16.1 We owe you a duty of confidentiality. You agree that we may, when required by our insurers or other advisers, provide details to them of any engagement on which we act or have acted for you, and that we may also disclose confidential information relating to your affairs if required to do so for legal, regulatory or insurance purposes only.

16.2 Subject to clause 16.1, we both agree never to disclose sensitive details of transactions or our advice without the other’s consent. Unless we are expressly bound by a duty of confidentiality which otherwise overrides this, we both shall be entitled to mention to third parties (e.g. in the course of presentations, speeches or pitches) and/or publish (e.g. in brochures, marketing or other written material) that we provide our services to you.

16.3 We shall provide the Services to you only for your sole use and for the stated purpose. We shall not be liable to any third party in respect of our Services. You shall not mention nor refer to our advice, in whole or in part, to any third party orally or in annual accounts or other document, circular or statement without our prior written approval. The giving of an approval shall be at our sole discretion.

16.4 We will not approve any mention of our advice unless it contains sufficient reference to all the special assumptions and/or limitations (if any) to which our advice is subject. Our approval is required whether or not we are referred to by name and whether or not our advice is combined with others.

17. INTELLECTUAL PROPERTY

All intellectual property rights (including copyrights) in the documents, materials, records, data and information in any form developed or provided to you by us or otherwise generated in the provision of our Services shall belong to us solely. You are granted an irrevocable, non-exclusive, royalty-free licence to use or copy such intellectual property rights for any purpose connected with the property.

18. ASSIGNMENT

Neither party shall be entitled to assign this contract or any rights and obligations arising from it without the prior written consent of the other, such consent not to be unreasonably withheld.

19. GENERAL

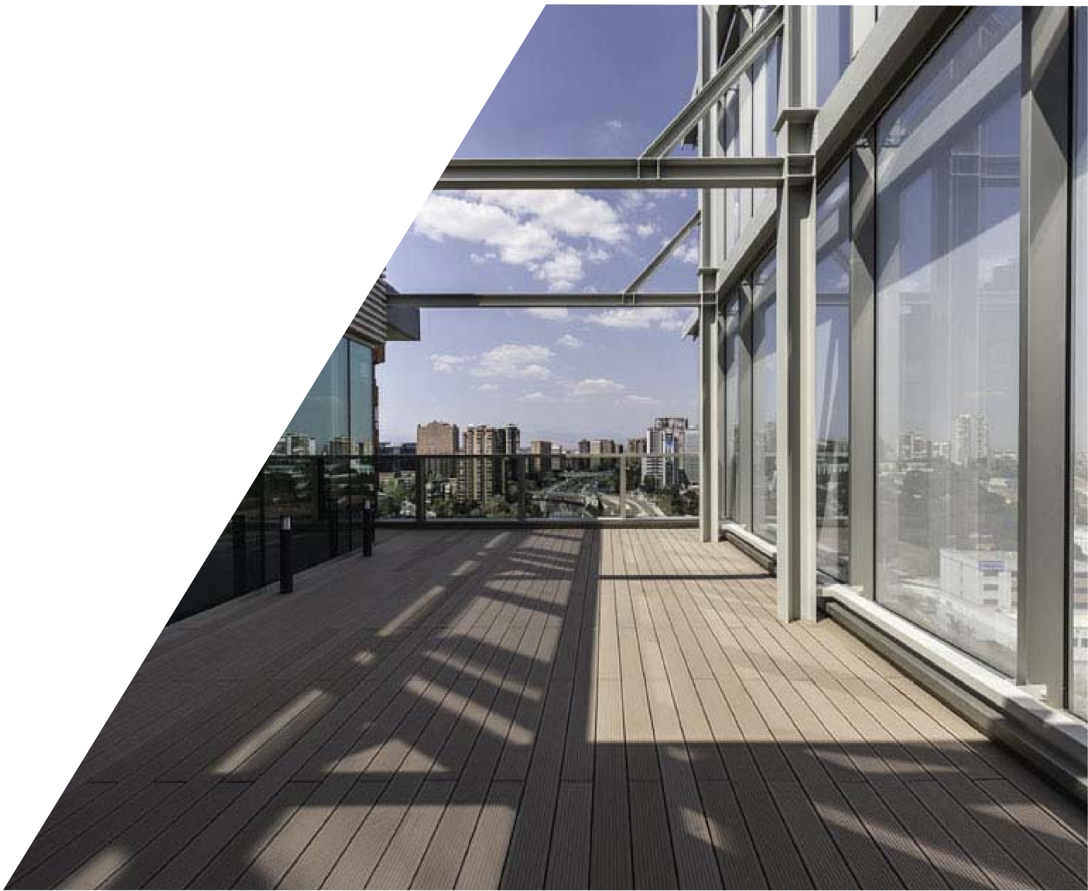
19.1 If any provision of these Terms of Business is found by any court, tribunal or administrative body of competent jurisdiction to be wholly or partly illegal, invalid, void, voidable, unenforceable or unreasonable it shall to the extent of such illegality, invalidity, voidness, voidability, unenforceability or unreasonableness be deemed severable and the remaining provisions of these Terms of Business and the remainder of such provision shall continue in full force and effect.

19.2 Failure or delay by us in enforcing or partially enforcing any provision of these Terms of Business shall not be construed as a waiver of any of our rights under these Terms of Business.

19.3 No term of the relevant Letter or these Terms of Business is intended to confer a benefit on or to be enforceable by any person who is not a party to the same. Article 1,257 of the Spanish "Código Civil" of 1889, establishes that "contracts are only valid between the parties directly involved and their successors. Where there is a clause in favour of a third party, this would become binding in the event that the third party registers their interest before such time as the contract is revoked".

19.4 All Letters and these Terms of Business shall be governed by and be construed in accordance with Spanish law. Any dispute arising out of or in connection with the Services shall be submitted to the exclusive jurisdiction of the courts of Madrid.

VALUATION PRINCIPLES



1. PRELIMINARY

1.1 These general valuation principles (the "**Valuation Principles**") shall apply to all valuation instructions, other than agency services and other forms of professional services (to which separate terms will apply), provided by Cushman & Wakefield Spain Limited, Sucursal en España and having its registered office at Edificio Beatriz, José Ortega y Gasset, 29 – 6ª Planta, 28006 Madrid, Spain ("**C&W**", "**we**" or "**us**") to the client to whom an instruction confirmation letter (the "**Letter**") is sent ("**you**"). They shall apply separately to each service subsequently provided to you.

1.2 The Valuation Principles are to be read in conjunction with the relevant Letter and the Terms of Business attached thereto. In the event of any ambiguity or conflict between the relevant Letter, the Terms of Business and these Valuation Principles, the provisions in the relevant Letter shall prevail. These Valuation Principles may only be varied in writing by agreement between the parties. It is our practice to review and upgrade our Valuation Principles frequently and new versions will be sent to you and agreed with you.

2. VALUATION BASES

2.1 Unless we have said otherwise within the Letter, the date of valuation will be the date of our report.

2.2 Unless we have said otherwise in the relevant Letter, the valuation will be prepared in accordance with the RICS Valuation Professional Standards current at the date of the Letter (the "**Red Book**") by valuers conforming to its requirements, acting as external valuer.

2.3 Each property will be valued on a basis appropriate to the purpose of the valuation, in accordance with the Red Book. The basis of valuation that we will adopt for each property is specified in the relevant Letter. The definitions are as follows:

(i) Market Value

Market Value is "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

(ii) Market Rent

Market Rent is "the estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

(iii) Existing Use Value

Existing Use Value is "the estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business, and disregarding potential alternative uses and any other characteristics of the asset that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost".

(iv) Fair Value

The Red Book contains two alternative definitions for Fair Value as follows:

1. The definition adopted by the International Valuation Standards Committee (IVSC): "the estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interest of those parties".
2. The definition adopted by the International Accounting Standards Board (IASB); "the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date".

Unless we have said otherwise within the Letter, we will adopt the IASB definition of Fair Value.

2.4 When assessing either Existing Use Value, Fair Value or Market Value for balance sheet purposes, we will not include directly attributable acquisition or disposal costs in our valuation. Where you have asked us to reflect costs (as required under FRS15), they will be stated separately.

2.5 In the case of specialised properties (where valuation methods such as market comparison or an income (profits) test cannot be reliably applied), we may use Depreciated Replacement Cost ("**DRC**") as a method of estimating Value. The valuation using this method of a property in the private sector will include a statement that it is subject to the adequate profitability of the business, paying due regard to the value of the total assets employed. If the property is in the public sector, the valuation will include a statement that it is subject to the prospect and viability of the continued occupation and use. Any writing down of a valuation derived solely from the DRC method to reflect the profitability/viability of the entity in occupation is a matter for the occupier. If the valuation is being undertaken for inclusion in accounts prepared under International Financial Reporting Standards, our report will contain a statement that because of the specialised nature of the property, the value is estimated using a DRC method and is not based on the evidence of sales of similar assets in the market. If we consider that the value of the asset would be materially lower if the business ceased, the report will contain a statement to this effect.

3. GENERAL VALUATION ASSUMPTIONS

3.1 Unless otherwise agreed, we will provide the Services in relation to any property on the following assumptions:

(i) the property and any existing buildings are free from any defect whatsoever;

(ii) all buildings have been constructed having appropriate regard to existing ground conditions or that these would have no unusual effect on building costs, property values or viability of any development or existing buildings;

(iii) all the building services (such as lifts, electrical, gas, plumbing, heating, drainage and air conditioning installations and security systems) and property services (such as incoming mains, waste, drains, utility supplies, etc) are in good working order without any defect whatsoever;

(iv) roads and sewers serving the property have been adopted and that the property has all necessary rights of access over common estate roads, paths, corridors and stairways and to use common parking areas, loading areas and other facilities;

(v) there are no environmental matters (including but not limited to actual or potential land, air or water contamination, or by asbestos or any other harmful or hazardous substance) that would affect the property, any development or any existing buildings on the property in respect of which the Services are provided or any adjoining property, and that we shall not be responsible for any investigations into the existence of the same and that you are responsible for making such investigations;

(vi) any building, the building services and the property services comply with all applicable current regulations (including fire and health and safety regulations);

(vii) the property and any existing building comply with all planning and building regulations, have the benefit of appropriate planning consents or other statutory authorisation for the current use and no adverse planning conditions or restrictions apply (which includes, but is not limited to, threat of or actual compulsory purchase order);

(viii) appropriate insurance cover is, and will continue to be, available on commercially acceptable terms for any building incorporating types of construction or materials which may pose an increased fire or health and safety risk, or where there may be an increased risk of terrorism, flooding or a rising water table;

(ix) items of plant and machinery that usually comprise part of the property on an assumed sale are included in the property but items of plant and machinery that are associated with the process being carried on in the property or tenants trade fixtures and fittings are excluded from the property;

(x) in reflecting the development potential of any property, that all structures will be completed using good quality materials and first class workmanship;

(xi) any occupational leases are on full repairing and insuring terms, with no unusually onerous provisions or covenants that would affect value;

(xii) in respect of any lease renewals or rent reviews, all notices have been served validly within any time limits;

(xiii) vacant possession can be given of all accommodation which is unlet or occupied by the entity/borrower or its employees on service tenancies; and

(xiv) any mineral rights are excluded from the property.

4. VALUATION ASSUMPTIONS FOR PROPERTY VALUED HAVING REGARD TO TRADING POTENTIAL

4.1 Unless we have agreed otherwise, for trading related property (such as hotels, marinas and self storage properties where the property is trading and is expected to continue, we will value on the basis and assumption of a fully equipped operational entity, having regard to trading potential.

4.2 Where we are instructed to value a property having regard to its trading potential, we will take account of any trading information that either the operator has supplied to us or that we have obtained from our own enquiries. We will rely on this information being correct and complete and on there being no undisclosed matters that could affect our valuation. The valuation will be based on our opinion as to future trading potential and the level of fair maintainable turnover and fair maintainable operating profit likely to be achieved by a reasonably efficient operator.

4.3 Unless we have said otherwise in the relevant Letter:

(i) the valuation will be made on the basis that each property will be sold as a whole including all fixtures, fittings, furnishings, equipment, stock and goodwill required to continue trading;

(ii) we will assume that the new owner will normally engage the existing staff and the new management will have the benefit of existing and future bookings or occupational agreements (which may be an important feature of the continuing operation), together with all existing statutory consents, operational permits and licences;

(iii) we will assume that all assets and equipment are fully owned by the operator and are not subject to separate finance leases or charges;

(iv) we will exclude any consumable items, stock in trade and working capital; and

(v) we will assume that all goodwill for the properties is tied to the land and buildings and does not represent personal goodwill to the operator.

5. STRUCTURE

5.1 We will not carry out a structural survey of any property nor will we test services. Further, no inspection will be made of the woodwork and other parts of the structures which are covered, unexposed or inaccessible. In the absence of information to the contrary, the valuation will be on the basis that the property is free from defect. However, the value will reflect the apparent general state of repair of the property noted during inspection, but we do not give any warranty as to the condition of the structure, foundations, soil and services. Our report should not be taken or interpreted as giving any opinion or warranty as to the structural condition or state of repair of the property, nor should such an opinion be implied.

5.2 If we give the age of a building in our report, this will be an estimate and for guidance only.

6. MEASUREMENTS

6.1 Where we are required to measure a property we will generally do so in accordance with the latest edition of the RICS Code of Measuring Practice. However, you should specifically note that the floor areas contained in any report we may publish are approximate and if measured by us will be within a 3% tolerance either way. In cases where the configuration of the floor plate is unusually irregular or is obstructed, this tolerance may be exceeded.

6.2 We will not be able to measure areas that we are unable to access. In these cases we may estimate floor areas from plans or by extrapolation. Where we are required to measure land or site areas, the areas will be approximate and will be measured from plans supplied or from Ordnance Survey plans. They will not be physically checked on site.

6.3 The areas we report will be appropriate for the valuation purpose, but should not be relied upon for any other purpose.

7. PLANNING AND STATUTORY REGULATIONS

7.1 Unless specifically instructed in writing to make formal searches with local planning authorities, we shall rely in the provision of our Services on the information provided informally by the local planning authority or its officers. We recommend that your lawyers be instructed to confirm the planning position relating to the property and review our comments on planning in the light of their findings.

7.2 We may consider the possibility of alternative uses being permitted. Unless otherwise notified by you in writing, we shall assume that the property and any existing buildings comply with all planning and building regulations existing uses have the benefit of appropriate planning consent or other statutory authorisation, and that no adverse planning conditions or restrictions apply.

8. VALUATION EXCLUSIONS

8.1 We will not inspect title deeds and we will therefore rely on the information supplied as being correct and complete. In the absence of information to the contrary, we will assume the absence of unusually onerous restrictions, covenants or other encumbrances and that the property has a good and marketable title. Where supplied with legal documentation, we will consider it but we will not take responsibility for the legal interpretation of it. Unless agreed we will not obtain information from The Land Registry.

8.2 You should confirm to us in writing if you require us to read leases and if so, provide all the relevant documentation within a reasonable time for consideration bearing in mind the date for receipt of our report. You should not rely upon our interpretation of the leases without first obtaining the advice of your lawyers.

8.3 We will take into account any information that you provide concerning any tenants' improvements. Otherwise, if the extent of tenants' alterations or improvements cannot be confirmed, we will assume that the property was let with all alterations and improvements evident during our inspection (or, in the case of valuation without inspection, as described within the information that you provide).

8.4 Our valuation will take into account potential purchasers' likely opinion of the financial strength of tenants. However, we will not undertake any detailed investigations on the covenant strength of the tenants. Unless informed to the contrary by you, we will assume that there are no significant arrears and that the tenants are able to meet their obligations under their leases or agreements.

8.5 Any plans we provide to you indicating the site of a property are for identification only. We will rely on our inspection and information that you provide in outlining the extent of each property, but you should not rely upon our plans to define boundaries.

8.6 Where comparable evidence information is included in our report, this information is often based upon our oral enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where we had reason to believe its general accuracy or where it was in accordance with expectation. In addition, we have not inspected comparable properties.

8.7 For a recently completed development property, we will not take account of any retentions or outstanding development costs. For a property in the course of development, we will reflect your advice on the stage of construction, the costs already incurred and those still to be spent at the date of valuation, and will have regard to any contractual liabilities.

8.8 We will not make any allowance in our Services for the existence of any mortgage or other financial encumbrance on or over the property nor take account of any leases between subsidiaries.

8.9 Any valuation figures provided will be exclusive of VAT whether or not the building has been elected.

8.10 We will not make any allowance in any valuation advice provided for the expenses of realisation or any taxation liability arising from the sale or development of the property.

8.11 Unless we have said otherwise in the Letter, each property will be valued individually; in the case of a portfolio, we will assume that the properties would be marketed in an orderly way and not placed on the market at the same time.

8.12 The components of our valuation calculations (such as future rental values, cost allowances, or void periods) may only be appropriate as part of the valuation calculation. They should not be taken as a forecast or prediction of a future outcome. You should not rely on any component of the valuation calculation for any other purpose.

8.13 We will value in the local currency. If we are to report to you in another currency, unless we have agreed otherwise we will adopt a conversion rate equivalent to the closing rate ("**spot rate**") on the valuation date.

8.14 Our valuation does not make allowance either for the cost of transferring sale proceeds to another state, or for any restrictions on doing so.

8.15 A reinstatement assessment for insurance purposes is a specialist service and can only be given by a building surveyor or other person with sufficient current experience of replacement costs. In instances where we are instructed to provide an indication of current reinstatement costs for insurance purposes, this will be given solely as a guide without warranty. The property will not be inspected by a building surveyor or qualified building cost estimator. Our informal assessment will be based upon an estimate of local prices from our general knowledge in undertaking residual analysis. This assumes total demolition and identical reconstruction in materials presently available and using modern building techniques. We will assume that the relevant authorities will issue any consents necessary without delay (including Listed Building Consent where applicable) to enable total demolition and identical reconstruction in materials presently available and using modern building techniques. We will make no allowance for the unavailability of materials, or for any abnormal site conditions that could not be overcome in the design of the structural elements of the building. (Please note that this approach may not be suitable for Listed Buildings, for which you should obtain specialist advice.) You should not rely on our informal assessment as the basis for insurance cover.

9. REGULATED PURPOSE VALUATIONS AND MONITORING

9.1 In circumstances where a valuation, although provided for a client, may also be of use to third parties, for instance the shareholders in a company (otherwise defined as a "**Regulated Purpose Valuation**" in the Red Book), we are required to state our policy on the rotation of the surveyor who prepares the valuation and the quality control procedures that are in place.

9.2 Irrespective of the purpose of the valuation, we will select the most appropriate surveyor for the valuation having regard to his/her expertise and the possible perception that independence and objectivity could be compromised where a valuer has held the responsibility for a particular client for a number of years. This may result in us rotating the surveyor responsible for repeat valuations for the same client although we will not do so without prior discussion with the client.

9.3 For all Regulated Purpose Valuations we are required by the Red Book to state all of the following in our report:

(i) the length of time the valuer continuously has been the signatory to valuations provided to you for the same purpose as the report, together with the length of time we have continuously been carrying out that valuation instruction for you;
(ii) the extent and duration of the relationship between you and us;
(iii) in relation to our preceding financial year the proportion of the total fees, if any, payable by you to our total fee income expressed as one of the following:

- less than 5%; or

- if more than 5%, an indication of the proportion within a range of 5 percentage points;

(iv) where, since the end of the last financial year, it is anticipated that there will be a material increase in the proportion of the fees payable, or likely to be payable, we shall include a further statement to that effect in addition to (iii) above.

9.4 The valuation may be subject to monitoring under the RICS's conduct and disciplinary regulations.

cushmanwakefield.com

TONY LOUGHRAN

Partner, Head of V&A Spain

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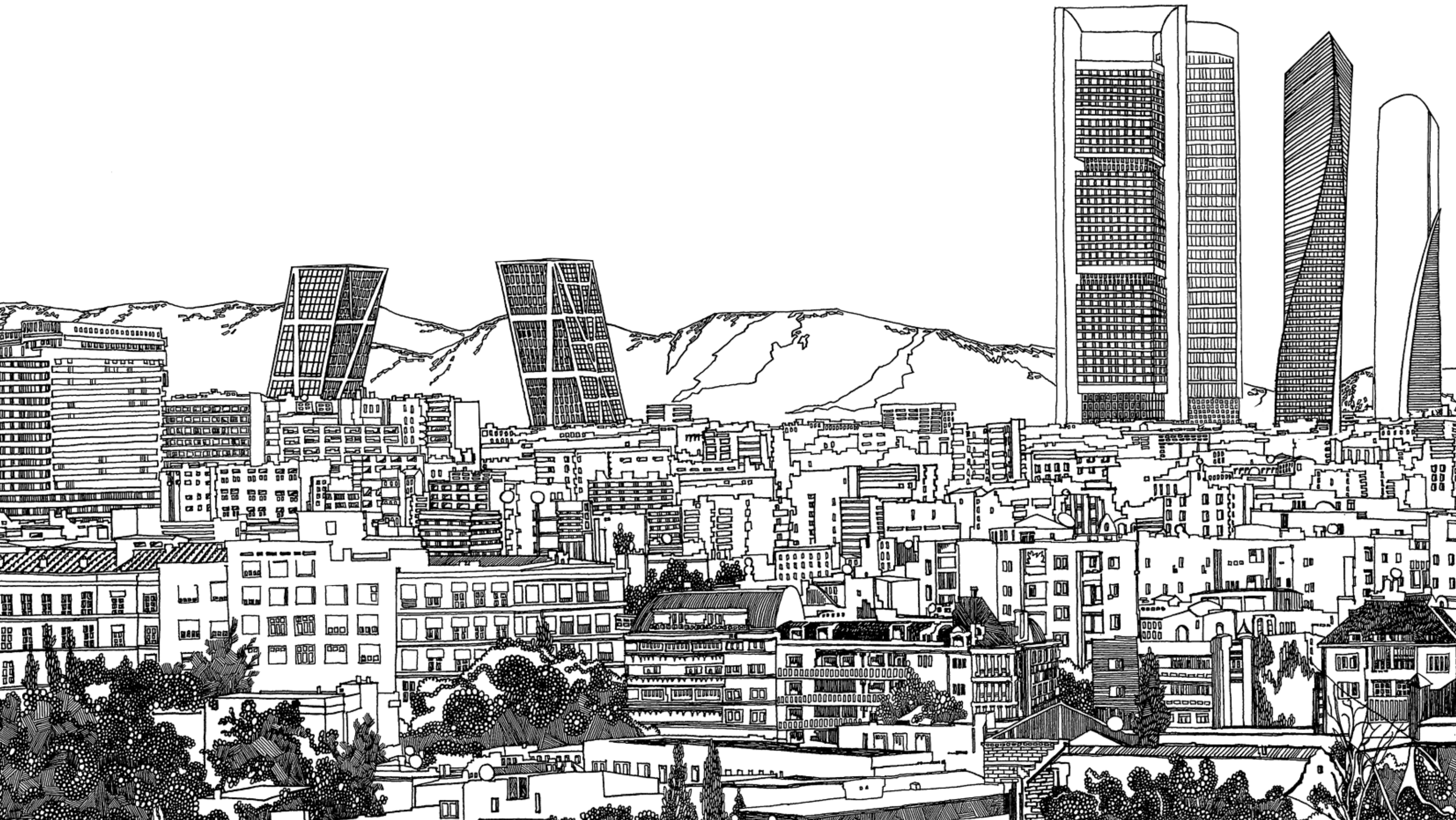
Valuation Report

PORTFOLIO
LAR ESPAÑA REAL ESTATE SOCIMI S.A.

June 2017



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LAR ESPAÑA REAL ESTATE SOCIMI SA
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F.A.O. Mr. Jon Armentia

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30th June 2017

Scope of Instructions:

We thank you for your recent instruction, asking us to provide you with the Market Value (MV) in respect of the portfolio of properties of Lar España Real Estate Socimi as at 30th of June 2017. In accordance with your instructions we have carried out a valuation for accounting purposes of the freehold interest of various assets located in Spain.

We have made all relevant enquiries for the purpose of providing you with our opinion of value as at **30th June 2017.**

Properties:

Asset	Use	Location	Area (sqm)
Albacenter	Shopping Centre & Eroski/Primark	Albacete	27,656
Albacenter	Shopping Centre	Albacete	15,193
Albacenter	Eroski&Primark	Albacete	12,463
L'Anec Blau	Shopping Centre	Castelldefels (Barcelona)	28,626
El Rosal	Shopping Centre	Ponferrada (León)	51,022
Media Markt	Retail Warehouse	Villaverde (Madrid)	4,391
El Alisal	Retail Warehouses	Santander	8,106
Vistahermosa	Retail Park	Alicante	33,950
Parque Abadia	Retail Park	Toledo	37,008
Sagunto Plot	Plot of Land	Sagunto (Valencia)	44,252
Alovera II	Industrial	Alovera (Guadalajara)	83,952
Arturo Soria 366	Office	Madrid	8,663
Edificio Egeo	Office	Madrid	18,254
Joan Miró 21	Office	Madrid	8,611

Tenure:

We understand that the properties are held under the Spanish equivalent of a freehold title by Lar España Real Estate Socimi S.A.

For our valuation we have assumed that the properties are free of encumbrances, outgoings or other outgoings of an onerous nature. No account has been taken of any mortgages, debentures or other security which may exist now or in the future over the property. We have assumed that where consent form a statutory authority is required for development/alterations to a property, such consent has been obtained for any existing buildings or structures.

Valuation Date:

30th June 2017.

UK Referendum:

Following the Referendum held on 23 June 2016 concerning the UK's membership of the EU, a decision was taken to exit. It is not clear to what extent other EU markets will be affected by this decision. We will be monitoring the markets closely and recommend that the valuation(s) reported is/are kept under regular review.

Purpose of Valuation:

We understand that the valuation report is to be prepared for the use of Lar España Real Estate Socimi S.A for internal management and accounting purposes.

Inspection:

For the purpose of this valuation the properties were not inspected.

Personnel:

We confirm that the personnel responsible for these valuations are qualified for the purpose of the valuation in accordance with the RICS Appraisal and Valuation Standards.

Status:

In preparing this valuation we have acted as external valuers, subject to any disclosures made to you.

Disclosure:

We have not had any recent involvement in these properties.

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Taxation:

No allowance has been made of any expenses of realisation, or for taxation (including VAT) which might arise in the event of disposal and the properties and have been considered free and clears of all mortgages or other charges.

The values presented are net after deducting purchaser's costs such as real estate transfer tax and other expenses.

Source of Information:

We have relied upon the information provided by Lar España Real Estate Socimi regarding to areas, rent roll, lease agreements, car park spaces, passing rents, sales, etc.

Our valuation is based on a significant amount of information which is sourced from third parties. We have relied upon the accuracy, sufficiency and consistency of the information supplied to us. JLL accepts no liability for any inaccuracies contained in the information disclosed by the client or other parties. Should inaccuracies be subsequently discovered, we reserve the right to amend our valuation assessment.

Finance:

In our analysis we assume that a reasonable level of financing will be available at commercially viable rates in order to facilitate the closure of transactions.

General assumptions:

The report will be made with the following general assumptions and limiting conditions:

- As in all studies of this type, the estimated results are based upon competent and efficient management and presume no significant changes in the economic environment from that as set forth in this report. Since our forecasts are based on estimates and assumptions which are subject to uncertainty and variation, we do not represent them as results which will actually be achieved.
- Responsible ownership and competent property management are assumed.
- The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- It is assumed that there are no hidden or unapparent conditions of the properties, subsoil or structures.
- It is assumed that the properties will be in full compliance with all applicable state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the report.
- It is assumed that the properties will conform to all applicable zoning and use regulations and restrictions.

Potential Transaction:

This report is not a Due Diligence report and we would expect that any purchaser would complete a full Due Diligence prior to closing any transaction (commercial, legal, technical, planning, environmental, etc.). A potential purchaser would not rely on this report to close a transaction, as the purpose of this report is not to support such a transaction.

Basis of Valuation:

The valuation has been undertaken on the basis of Market Value as defined by the Royal Institution of Chartered Surveyors.

Market Value - *The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".*

This definition, which is included in the appendices of this report, is not materially different to that adopted by both TEGOVA (The European Group of Valuers Associations) and the IVSC (The International Valuation Standards Committee).

Fair Value - *The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. (IFRS 13).*

The references in IFRS 13 to market participants and a sale make it clear that for most practical purposes the concept of *fair value* is consistent with that of *market value*, and so there would be no difference between them in terms of the valuation figure reported.

The valuation has been carried out in accordance with the Practice Statement and the relevant Guidance Notes in the RICS Appraisals and Valuations Manual prepared by the Royal Institution of Chartered Surveyors and with the General Principles adopted in the Preparation of Valuations and Reports. We enclose a copy as an appendix to this report.

Existing Use Value:

Following your instructions, and under the application of criteria to account for the impairment of real estate investments of a real estate company (Boletín Oficial Instituto de Contabilidad y Auditoría de Cuentas Nº 82 / 2009 Consulta 7, directly dependant from the Ministry of Economy and Treasury), we have obtained the "Existing Use Value" of the property.

The Existing Use Value of an asset is defined in section 6.5 of the MCC as "the present value of the expected future cash flows, derived from the normal course of business and, where appropriate in case of its sale or other forms of disposal, taking into account its actual state, and updated to a risk free market interest rate adjusted to the specific risks of the asset which have not been adjusted in the estimations of future cash flows.

The Existing Use Value of a real estate investment, measures the amount that the company expects to earn from the rental inflows of the asset itself. This means that the cash flows originating from the earnings deriving from monthly rental payments are based on both the reasonable hypothesis and on the business prospects of the company and its capacity of imposing prices, reflecting in the cash flows or the discount rate, any uncertainty that can lead to a decrease in them.

The Existing Use Value is not necessarily identical to the reasonable value, being the first specific to the company itself, in particular to their capacity of controlling prices above or below market value, assuming different risks or by incurring costs (construction, commercialization if it is a current investment, cost of repair, maintenance, etc.) different from the market prices in the same sector.

We must apply, the principle of cautiousness stipulated in article 38 of the Code of Commerce and on the MCC, which states that we must be prudent with any estimates or valuations done under uncertain market conditions, and the exposition of motives in the Law 16/2007 passed on July 4th which covers the reform and adaptation of market legislation, in relation to accounting matters focused on blending internationally, with the rules and regulations of the European Union.

Obtaining the Existing Use Value is based on the information provided by you, without any verification on our part. This way we accept the information provided by Grupo Lar as correct and complete with all the relevant data including, details of the property, surface areas, town planning situation, application parameters, legal situation and other data of interest that is mentioned in our report.

Valuation Methodology:

The valuation of the properties has been based on our experience and knowledge of the property markets and supported by financial analysis which establishes that an acceptable return would be achievable to the potential investor/developer. We have also taken into account comparable market transactions, which serve to indicate the general posture of investors in the market. For the purpose of arriving at our opinion of Market Value we have adopted the following method according to the type of property to be valued:

Discounted Cashflow Technique (DCF):

DCF methodology has been used for the valuation of Albacenter, L´Anec Blau and El Rosal Shopping Centres; Media Markt, El Alisal, Vistahermosa and Parque Abadía Retail Parks.

We have adopted a 10 year cashflow period. The income flow is developed over the period of the cashflow on a monthly basis to take account of CPI increases and the timing of market rent reviews, lease expiries etc.

For CPI increases we generally adopt consensus forecasts. Rental growth forecasts are based on JLL econometric forecasts of prime rents in Madrid, adjusted for each individual property to reflect our commercial view of rental growth prospects.

We make adjustments to the gross projected income flows as appropriate to reflect:-

- Any non- recoverable outgoings such as IBI if appropriate
- Service charge shortfalls.
- An allowance for management fees if not recoverable.
- An allowance for structural repairs, normally around 1% of income.
- Void costs – including: Service charge costs.
  IBI costs if appropriate.
  Letting/Reletting/Renewal fees.
  Refurbishment costs if appropriate.

Due to the uncertainty of the occurrence or duration of future voids, we form a judgement based on the quality of the shopping centres and location and generally adopt an average letting period in the absence of any information on the future intentions of individual tenants. Specific assumptions as to voids and other factors are explained for each individual valuation.

Residual Method:

Residual Method has been used for the valuation of the Plot of Land located on Sagunto, where a retail project is being developed.

This technique takes as a starting point the value of the completed and let development, or final sales value, depending on whether the property comprises an office development or residential/retail project, from which is deducted all costs of development including urbanisation costs, construction costs, demolition costs, professional fees, licence fees, marketing costs, finance costs, developer's profit etc. to arrive at the price a developer could afford to pay for the site.

The method is therefore appropriate for the analysis of the approach of an investor – developer to sites of these characteristics. We therefore consider that the project would be undertaken on the most profitable basis possible in accordance with the anticipated future market demand, and in accordance with the relevant planning and building legislation in order to obtain the highest possible rents achievable in the market taking into account the location and limitations of the general area.

Income Capitalisation Approach:

Income Capitalisation Approach has been used for the valuation of Alovera II, Arturo Soria 336, Edificio Egeo and Joan Miró 21.

This is the traditional method of valuing investment properties. The market value is derived by capitalising the estimated net income from the property on a term and reversion basis. It involves the capitalisation of the present income over the period of its duration together with the valuation of each subsequent different rent likely to be received following market rent reviews or following reletting for their separate estimated durations, each discounted to a present value.

The yield or yields applied to the different income categories reflect all the prospects and risks attached to the income flow and the investment. The yields are derived from a combination of analysis of completed comparable investment transactions and general experience and market knowledge. The most important yield is the equivalent yield (see definitions below), although regard must be had to the yield profile of the investment over time, particularly the initial yield at the date of the valuation.

Contents

1 Summary

1.1 Summary of Values

Asset	Use	Location	Area (sqm)	Net Market Value (€)	Fair Market Value (€)
Albacenter	Shopping Centre & Eroski/Primark	Albacete	27,656	52,052,000	52,052,000
Albacenter	Shopping Centre	Albacete	15,193	37,450,000	37,450,000
Albacenter	Eroski&Primark	Albacete	12,463	14,602,000	14,602,000
L'Anec Blau	Shopping Centre	Castelldefels (Barcelona)	28,626	94,860,000	94,860,000
El Rosal	Shopping Centre	Ponferrada (León)	51,022	100,370,000	100,370,000
Media Markt	Retail Warehouse	Villaverde (Madrid)	4,391	11,235,000	11,235,000
El Alisal	Retail Warehouses	Santander	8,106	19,123,000	19,123,000
Vistahermosa	Retail Park	Alicante	33,950	47,510,000	47,510,000
Parque Abadia	Retail Park	Toledo	37,008	63,690,000	63,690,000
Sagunto Plot	Plot of Land	Sagunto (Valencia)	44,252	19,590,000	19,590,000
Alovera II	Industrial	Alovera (Guadalajara)	83,952	41,550,000	41,550,000
Arturo Soria 366	Office	Madrid	8,663	28,860,000	28,860,000
Edificio Egeo	Office	Madrid	18,254	76,090,000	76,090,000
Joan Miró 21	Office	Madrid	8,611	21,440,000	21,440,000

Note: The valuation of the plot located on Sagunto has been carried out under the assumption that the infrastructure works of the plot are already done. Therefore, these expenses have not been considered on the valuation.

1.2 Verification

We would like to state that our valuation reflects current market conditions. If any information or any assumption that we have considered as a basis for the present valuation were to be found incorrect, then the final valuation result would be incorrect and should be reconsidered.

1.3 Market Value

In accordance with your instruction, we are of the option that the market value of the 100% freehold interest in the properties, subject to the comments, qualifications and financial data contained within our report, and assuming the properties are free of encumbrances, restrictions or other impediments of an onerous nature which would affect value, as of the 30th of June 2017 is:

Market Value of LAR España Real Estate Socimi S.A Portfolio
576,370,000 Euros

(Five Hundred Seventy Six Million Three Hundred Seventy Thousand Euros)

1.4 Fair Value

In accordance with your instruction, we are of the option that the fair value of the 100% freehold interest in the properties, subject to the comments, qualifications and financial data contained within our report, and assuming the properties is free of encumbrances, restrictions or other impediments of an onerous nature which would affect value, as of the 30th of June 2017 is:

Fair Value of LAR España Real Estate Socimi S.A Portfolio
576,370,000 Euros

(Five Hundred Seventy Six Million Three Hundred Seventy Thousand Euros)

1.5 Signature

Evan Lester, MRICS
National Director
Head of Valuation
Corporates / Investors

Teresa Martínez, MRICS
Associate Director
Head of Retail Valuation
Corporates / Investors

For and on behalf of
JLL Valoraciones, S.A.

2 Appendix

Appendix 1: Economic Overview

Appendix 2: Retail Market Commentary

Appendix 3: Offices Market Commentary

Appendix 4: Industrial Market Commentary

Appendix 5: General Principles Adopted in the Preparation of Valuations and Reports

Appendix 6: General Terms and Conditions of Business

2.1 Economic Overview

Spain, the fifth largest economy in Europe, is well above the Euro zone in terms of economic growth. Its GDP repeated the great advance registered in 2015, growing again by 3.2% in 2016, compared to 2% in the Euro area. The International Monetary Fund (IMF) highlights Spain's impressive growth and strong job creation over the past year, as well as the good outlook for the coming years, with growth forecasts still very favourable.

In the coming years, Spain will continue to grow above the average of European countries. The forecasts by the IMF and the European Commission coincide in pointing out that Spain's real GDP will increase by 2.3% in 2017 and by 2.1% in 2018. More optimistic forecasts are proposed by the Spanish Government and Oxford Economics, projecting 2.5 and 2.6%, respectively, its growth estimate for 2017. In all cases, growth forecasts are very significant above 2%, which will create a highly attractive business climate.

The main driver of Spain's economic growth is national demand, which since the third quarter of 2013 registered positive contributions to the quarter-on-quarter increase in GDP. Indeed, the domestic market is one of the great attractions of Spain –with 46.6 million potential consumers — which is also boosted by the growing number of tourists who visit the country each year.

So much so that, for the fourth consecutive year, there has been a new record of tourists arrivals to Spain. During 2016, a total of 75.6 million tourists visited the country, which is an increase of 10.3% compared to 2015.

Spain advances unstoppable in the reception of international tourists. For the past eight years, visits have not stopped growing, increasing 45% between 2009 and 2016. The same behaviour has followed the total tourist spending, which continues to grow each year and for the same period has increased by 62%, to reach 77,625 million euros in 2016.

The good figures of domestic demand were coupled with positive data on external demand and investment. In the first three quarters of 2016, the pace of investment expansion remained high, at 3.8%. The investment in capital goods was highlighted, with Spain being the sixth largest Eurozone country registering the largest increase.

Companies located in Spanish territory benefit from a consumer market, whose economic expectations are above those of most European countries. Good data also shows the level of business confidence, whose index has increased by 0.3% in the first quarter of 2017 and chains four quarters in positive.

Regarding employment, a slowdown is expected in Europe and only Spain will create net employment over the next 5 years. Madrid will be the third European city with the highest employment growth and Barcelona the sixth one.

The Professional Services sector will lead the creation of new jobs, followed by the technological sector. These forecasts are based on the economic growth recorded in recent years and on the good contracting data with which closed the year 2016, which reaffirm the recovery of the labour market in Spain. By 2020, the unemployment rate in Spain is expected to fall by 4.7%, one of the largest reductions in Europe.

In terms of purchasing power, Spain stands out for having a much higher per capita income than some of the world's major economies (G20), so its productivity and economic development is significantly higher than those of more consolidated and dynamic emerging economies.

Despite the fall in world trade volumes, Spanish exports remain among the most robust in Europe. Oxford Economics data show an increase of 4.2% in the whole of 2016, which means that they grow at a faster pace than the global ones. Imports also continued to grow thanks to the increase in domestic demand, with a 3.2% increase in 2016. Oxford Economics forecasts for the coming years indicate, on the one hand, that the contribution of the foreign sector will remain positive and on the other hand, that imports will increase their rate of growth.

Another interesting feature of Spain is to be one of the countries of the European Union attracting more foreign investors. Although the years of economic crisis reduced investment flows, the figures for 2016 show the consolidation of the recovery in the rate of arrival of foreign direct investment (FDI). Spain ranks sixth in the EU ranking in terms of FDI received, with more than 40,000 million dollars invested in Spain in 2016, higher than some of the main European economies.

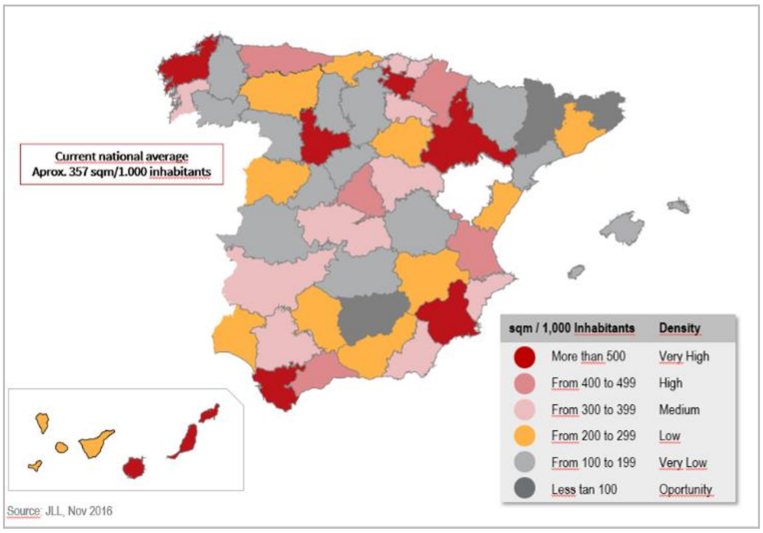
But Spain is not only an important recipient of foreign investment, it is also one of the great investment economies in other countries of the world. Specifically, it is fifth in the EU ranking in terms of direct investment abroad, with more than 69.000 million dollars invested in 2016. The dynamism of the Spanish market is evident with a capital invested globally, which exceeds that of large European economies such as the United Kingdom, France and Italy.

We must not forget the attractiveness of Spain as a Member State of the European Union, which means having free access to a market of 508 million inhabitants −the third largest population in the world after China and India− and with a per capita income of €28,700.20 Thanks to this, companies located in Spain can benefit from: (i) European aid programs; (ii) a single currency; (iii) the absence of intra-community tariffs; and (iv) free mobility of goods and services, capital and people.

Spain also has a privileged geographical location with access to the African continent, as well as the entire Mediterranean coast. But also a major gateway to the Latin American market, with strong links from its economy and history to its language and culture. In fact, Latin American investment in Spain soared in the first quarter of 2016 reaching 8,863 million dollars (7,800 million euros). This figure means that Spain has been the destination of 99.5% of all Latin American investment in Europe.

2.2 Retail Market Commentary

Shopping Centres: Stock, Density and Forecasts:



The GLA coming on stream in 2016 amounted to 230,000 sqm, of which 219,900 sqm related to new shopping centres and retail parks, while 10,100 sqm related to extensions or second phases of existing facilities. The total stock of shopping centres and retail parks currently stands at 688, with a GLA of approx. 16,733,000 sqm. The average density in Spain stands at 357 sqm of retail space per 1,000 inhabitants.

Densities in the Spanish Autonomous Region of Murcia exceed 500 sqm per 1,000 inhabitants, while Ceuta y Melilla reflect the lowest densities at under 100 sqm per 1,000 inhabitants.

Madrid is the Spanish Autonomous Region with the highest retail GLA, with a total volume of approx. 3.2 million sqm, followed by Andalusia and Valencia with more than 2 million sqm.

Amongst others the main openings in 2016 have been Nevada (Granada), The Style Outlets (Viladecans), Lucton IKEA (Alcorcón) or FAN (Mallorca), and the recent refurbishment of Glorias (Barcelona).

The most relevant openings forecasted for the period of 2017 – 2018 are Sambil outlet (March 2017), Plaza Rio 2 (October 2017), Finistrelles (Esplugues de Llobregat), Open Sky (Torrejón de Ardoz), Torrecárdenas (Almería), Palmas Altas (Sevilla) or Tamaraceite Sur (Las Palmas). It is important to highlight that there are other relevant projects in the pipeline for which the final opening date is still unclear as are Puerto Meditarraneo (INTU), Sagunto Park (Lar SOCIMI) or any of the Unibail Rodamco's Projects (Mallorca and Benidorm to name).

Shopping Centres: Sales and Rental Levels:

Sales: The general trend of improved consumer confidence in Europe during 2016 has continued to fuel optimism in the retail sector as reduced fuel and energy prices, decreasing unemployment and lower interest rates are boosting disposable incomes. EU consumer confidence has been rising steadily since Q3 2014.

Average retail sales growth in Spain was 3.60% in 2016, and a 3.70% when comparing December 2016 with 2015, according to the INE, mainly due to the improvement in unemployment. By sectors house equipment is the one with the best evolution with an average increase of 4% in 2016. By regions Balearic Islands (7.20%), Canary Islands (6%), and Valencia (5.7%) are the top three in terms of best evolution in 2016, proving the positive impact tourism has on retail sales.

Rental levels: International operators continue to seek units in prime shopping centres and supra-regional centres that offer a balanced retail mix and profitable economic conditions. As current supply is unable to satisfy these requirements, non-prime centres are beginning to attract the attention of operators, provided that profitability criteria are met.

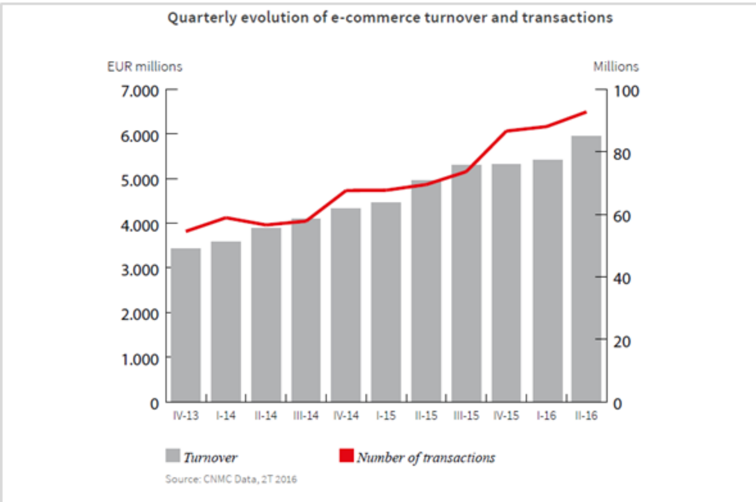
Madrid has become the fifth European market most sought by international operators, while Barcelona is the second most sought after in the Spanish market.

This improvement on prime locations is driving the evolution on prime rents which increased a 2.3% from the 4Q 2015 to the 4Q 2016. The average forecasted increase in prime rents for the period of 16-20 is a yearly 3.2%. Contrary to the prime evolution, further increases in rental levels for the secondary profile shopping centres are not expected until retail sales show signs of a sustained recovery over time. Increase on sales has been translated into lower discounts & step rents level, and improvement on income from turnover rents, but not yet on rental growth.

Power in e-sales Spain is highly competitive in terms of consumer technology and internet connections. Increased penetration of smartphones has served as a boost to ecommerce, which continues to grow unstoppable; with almost half of the Spaniards already making purchases online.

The data from the CNMC (National Commission of Markets and Competition) reveal that the turnover of electronic commerce in Spain exceeded 20,000 million euros in 2015, a 26% increase over the previous year. This result shows the great evolution of the implementation of ecommerce in Spain, which occupies 5th place in the European ranking in terms of turnover.

The latest available data, related to the second quarter of 2016, recorded net sales growth of 20% year-onyear, reaching 5,948 million euros; which shows that the upward trend of ecommerce in Spain is maintained. The ecommerce websites in Spain represent 57% of revenues, while the remaining 43% corresponds to purchases originating in Spain made to ecommerce websites abroad.



In terms of number of transactions, the accumulated number of transactions totaled 297 million in 2015, an increase of 23% over the whole of 2014. Recent figures from the CNMC account for 92 million transactions in the second quarter of 2016, 16% more than the same period of the previous year.

The strong impulse of ecommerce in Spain places it, in terms of eGDP, in fourth place of Europe and tenth worldwide. This means that the contribution of e-commerce to GDP is among the most important in the world; its share is 1.68%. It is also in the Top 10 of countries with a global penetration of the internet, ranking in 9th place with a rate of 80% and an online community that exceeds 31 million users.

The growing online market means that Spanish companies are increasingly deciding to sell their products online. In line with the Union average, 20% of Spanish companies already make electronic sales (e-sales), surpassing in percentage to some of the main European economies.

International operators and trends: Omni-channel, technology and food:

Economic growth in Spain and the increase in shopping tourism make the country a highly attractive market for international operators, the most powerful retailers.

Madrid and Barcelona remain the two markets in highest demand and the main gateway for brands which do not yet have a physical store in Spain. There is significant interest on the part of brands aimed at large audiences, as well as at more premium and luxury products. However, retailers, in an effort to meet their commercial goals and minimise risks, are increasingly more demanding with regard to the location and characteristics of their premises.

Consumers no longer distinguish between on-line and off-line stores, they expect the transition between the two to be seamless. Proof of this is that large e-commerce groups such as Amazon and Zalando are opening and expanding physical stores. Although physical stores are far from extinct, they do need to be reinvented and adapted to new business and consumption models and to do so, they must use technology.

Retailers seek to generate new and interactive experiences which form an emotional connection with the consumer that becomes loyalty. One way to create an experience is, without a doubt, with food. Food is one of the most powerful experiential drivers and, therefore, many retails areas are committed to developing these types of experiences which not only create excitement but also increase footfall, extend dwell times and, therefore, the centre's average shopping basket.

European restaurant operators are expanding their floor area in shopping centres, and in Spain there are already several examples of food courts such as Ruta 77 at the Dreams Palacio de Hielo in Madrid. The food offering must evolve from simply functional to an extraordinary experience where not only the food is important, but also a series of factors such as design, format and service.

Traditional hypermarkets are reinventing themselves and are committed to these new retail spaces. Carrefour is joining the movement to allocate space to food and has launched an urban and gourmet market where you can go for tapas in Alcobendas, Madrid. The 800 sqm space has a spacious terrace and is aimed at improving the consumer's shopping experience.

On the other hand, technology has opened a new range of possibilities in the retail sector, offering greater knowledge about consumers and facilitating the purchasing process by providing more information to customers. From the retailer's perspective, the application of Big Data is very valuable and is extremely powerful, as it allows it to design commercial strategies personalised to each consumer.

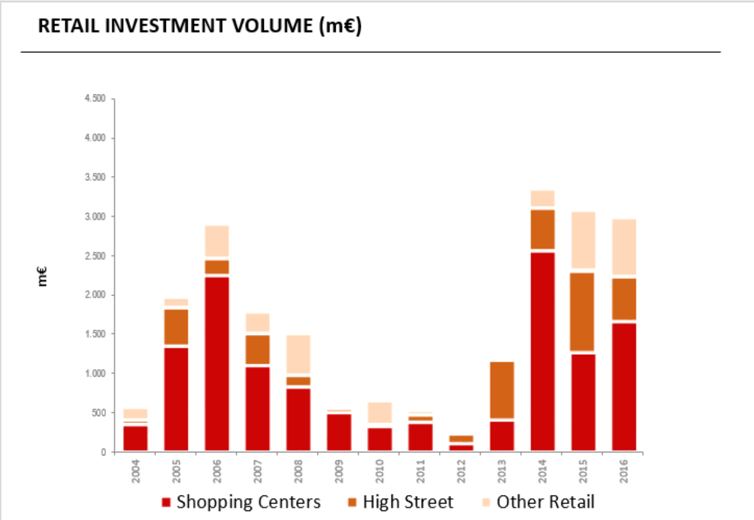
From the customer's perspective, technology creates an Omni-channel experience where the physical and digital world are integrated.

Stores are incorporating technology to offer new and enhanced services to their customers, such as virtual dressing rooms, screens with personal shoppers or fully digitalised stores like Imersivo Cube, already launched by Hackett, which allows consumers to view the chain's entire fashion collection, interact with the screen in search of the desired item, receive advice combining garments and, finally, purchase using their mobile phone.

Projections for 2050 place Spain among the countries with the oldest populations in the world, where the number of persons over 65 years of age is expected to double to represent more than 35% of the population, which will require existing spaces be adapted and new types of buildings constructed.

The Retail investment market in Spain:

Total investment volume in retail assets across Europe during 2016 was €50.7bn, a 10% decrease on the exceptional performance witnessed during this period in 2015 when volumes reached €56.6bn. The current fall in volumes is principally driven by a slowdown in the UK and Germany. However, volumes increased by 4% outside these top two markets. Notable growth has been seen in Finland, Hungary, Ireland, Netherlands, Norway, Poland, Romania and Slovenia



In Spain, figures for the entire retail sector reached €2.977bn in 2016, below 2015 (€3.060bn) but still in line with the levels registered in 2006 of €3.0bn. From these 20% of the total volume correspond to High Street transactions, 55% to Shopping Centres and the remaining 25% to other retail assets. This contrast with 2015 when High street assets represented the 33% and shopping Centres the 41% of the total retail investment volume respectively. Despite the current high levels of investors' liquidity, one of the main drivers for 2016 not achieving 2015 investment volume, amongst others, has been the lack of quality product available on the market.

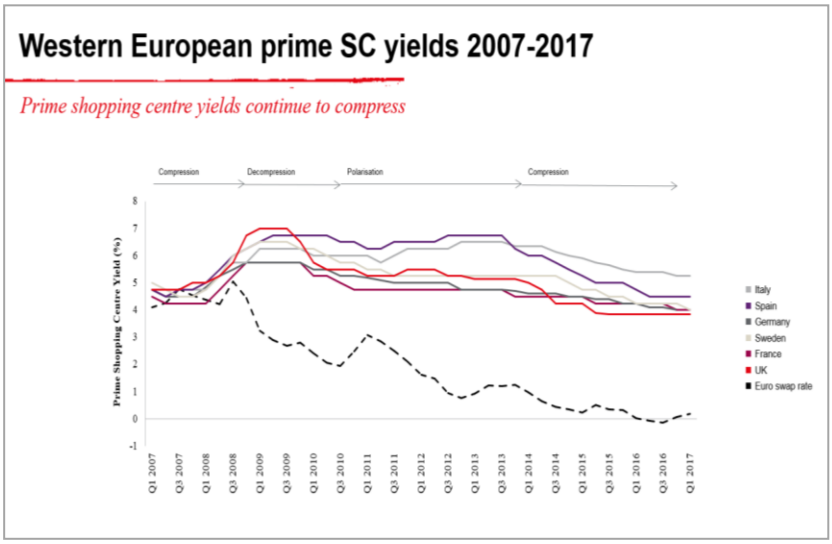
Nevertheless, the good macroeconomic fundamentals, the political stability and the attractive yield levels keep attracting investor's interest towards Spain. Investment forecast for 2017 is expected to be in line or slightly below 2016 depending on the product available and the impact of the elections' results in countries such as France or Germany.

Having said this, investors continue to seek prime shopping centres and supra-regional centres that offer a balanced retail mix and profitable economic conditions. As current supply is unable to satisfy these requirements, good performing non-prime centres as well as retail warehouse parks (including potential rental growth and reduced management) attract the attention of investors.

Capital values continue to rise, driven by yield compression and an increase in net rents, this last will be the main driver of growth in the coming months. For the 2016-2018 period, market values are expected to increase an average of 5.6% annually, making Spain one of the top four European markets as regards growth prospects. Despite the increase in capital values, they remain below the maximums reached in 2007.

Yields Level in Spain:

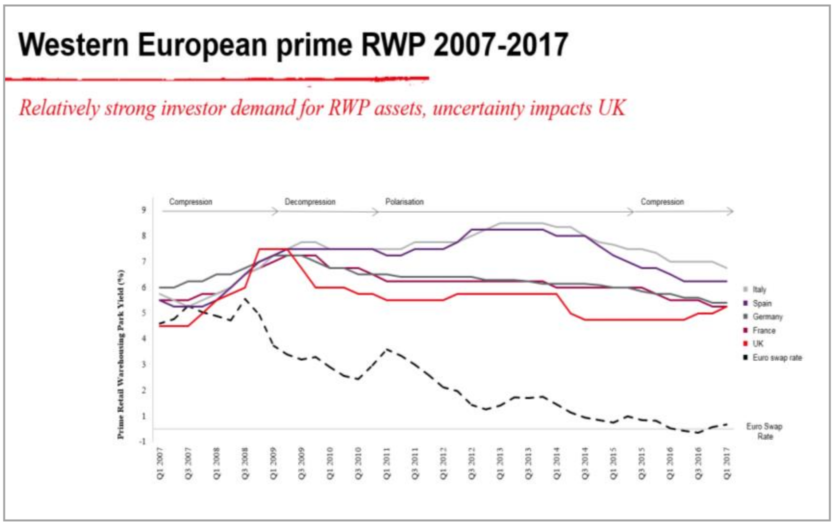
Following the trend in recent months, significant investor's pressure continued to drive yields down in 2016.



In 2017 (Q1) the Yield levels generated by prime assets in Spain as far as shopping centres are concerned stood at 4.50% along with 5.75% for prime retail warehouse parks.

Good Secondary assets have also seen a decrease in the last year, with figures close to 5.50% - 5.75% for dominant good secondary shopping centres and around 6.50% for good secondary retail warehouse parks.

High street prime yields stood at 4.00% in 2015 and had fallen at below 3.25% on retail units in Madrid and Barcelona's best locations.



Given the scarcity of prime products with attractive yields, value added strategies and products have garnered interest. Overall, despite this decline, Spanish bond spreads remains at healthy levels above 150 bps and yields on the Spanish market continue to be more attractive than those of the main European centres such as France.

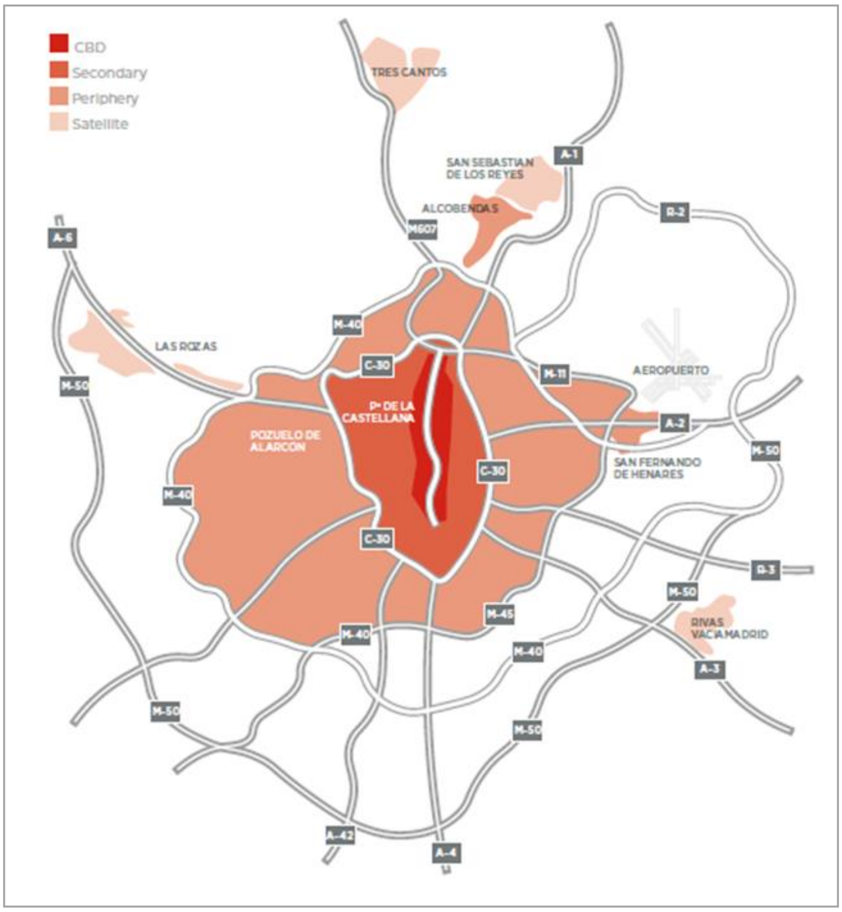
Generally speaking we are of the opinion that yields for the first quarter of 2017 remain in line with 2016's year end.

Transactions:

Q Year	Asset	Municipality	Region	Type of Property	GLA (sq m)	Volume (M. Euros)	Net Initial Yield (%)	Seller	Buyer
Q1 2017	**Alcalá Magna**	Alcalá de Henares	Madrid	S. Centre	34,000	**€100**	5.75%	Incus Capital Advisors	Trajano
Q1 2017	**Abadia & 22 Eroski Supermarkets**	Several locations	Several locations	Retail Park & Supermarkets	Abadia: 37,000 Super: 29,000	**€63 (Abadia) € 48 (Super)**	Abadia: < 6%	Rockspring	Lar Socimi
Q1 2017	**Xanadú**	Arroyomolinos	Madrid	S. Centre	120,000	**€530**	<4.40%	Ivanhoe Cambridge	INTU
Q1 2017	**Incus Portfolio (Alzamora, Los Alcores, El Mirador)**	Alcoy Alcalá de Guadaira, Cuenca	Several locations	S. Centre	Alzamora: 16,100 Alcores: 14,400 El Mirador: 16,500	**€45**	n.a.	Incus Capital	Eurofund / Patron Capital
Q1 2017	**Málaga Plaza**	Málaga	Málaga	S. Centre	6,600	**€12.1**	7.00%.	Inversiones Igueldo	New Winds Group
Q2 2017	**El Tormes**	Salamanca	Salamanca	S. Centre	22,600	**€70**	5.50%	CBRE GI (RPFI)	AVIVA & LaSalle Investment
Q2 2017	**H2O Rivas**	Rivas Vaciamadrid	Madrid	S. Centre	50,000	**€85**	5.75%	Alpha Real trust	CBRE GI
Q2 2017	**Nueva Condomina**	Murcia	Murcia	S. Centre	118,000	**€233**	Below 6.00%	S.C Nueva Condo S.L	Klepierre

2.3 Offices Market Commentary

Madrid Occupier market:



Supply:

Vacancy rates in Madrid have been falling gradually. Total available office space in Madrid currently stands at 1.56 million sqm. The office vacancy rate has fallen from 10.6% at the end of 2015 to 10.13% at the end of 2016, thanks to a slight increase in net take-up.

Vacancy Rate / Tasa de Disponibilidad 1T/Q 2017	11,9%
CBD / CBD	8,8%
Secundaria / Secondary	7,0%
Periferia / Periphery	13,7%
Satélite / Satellite	18,7%

A large part of the available space is of medium quality, mostly made up of medium and small-sized surface areas. Grade A buildings in Madrid only account for 11.5% of total stock, of which over 70% is located beyond the M-30 ring road. Nevertheless, in general terms, they are well connected by public transport.

This lack of supply will gradually ease off thanks to the refurbishment of landmark buildings in the best areas of the CBD. An example is the renovation of the building at Jose Lázaro Galdiano 6, which was completed in the fourth quarter of 2016 and offers 10,000 sqm of high-quality space.

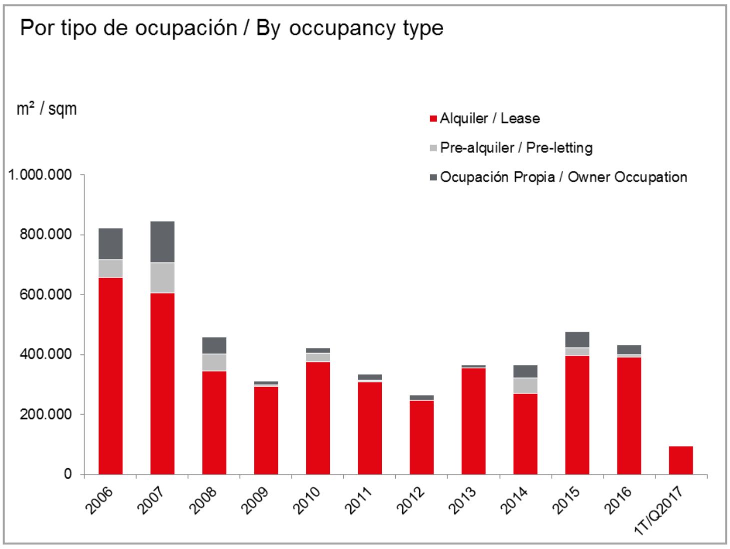
MAIN INDICATORS

	Q4 2016	12 Month Outlook
Stock (sqm)	15,312,378	↑
Vacancy Rate	10.13%	↓
Take-up* (sqm)	143,559	↑
Prime Rent (€/sqm/month)	29.00	↑

** including Hi-Tech*

Transactions:

Take-up levels have held relatively steady at over 430,000 sqm for the whole of 2016. This was thanks to the increase in mid-sized deals – those between 1,000 and 5,000 sqm – and small deals – those for under 1,000 sqm – which accounted for 23% and 12% of take-up, respectively. However, we have seen a reduction in the number of large deals due to the lack of quality, well-located properties to meet demand: only 3 deals for over 10,000 sqm were closed in 2016 versus the 7 signed in 2015.



The Madrid office market remains buoyant despite the lack of a clear business sector spearheading take-up. For example, the largest deals closed over the last four months of 2016 involve tech companies such as Huawei, which leased space on Calle Isabel Colbrand (Las Tablas), and automakers such as Renault, which took up space at Avda. de Europa (Alcobendas).

Radical changes to this trend are not expected in the short term, although Brexit is causing certain companies to consider relocating their headquarters. This has not triggered a great deal of movement in Madrid so far, apart from some small companies operating in the technological-financial sector. However, it should be borne in mind that deals will remain confidential until things become clearer. Currently, the sectors which could potentially be enticed to Madrid are the non-core activities of technological and financial companies, such as call centres, customer services, back offices, etc., as well as companies related to the tourism/hotel sector and engineering firms, thanks to the strength of Spanish engineering companies.

In short, 2017 is likely to see a continuation of moves in the corporate sector as tenants seek to centralise headquarter operations and take advantage of quality products coming on to the market.
Take-up is expected to rise slightly if major deals go through that can successfully match tenants' demand for suitable products at the right price.

Rental levels

The recovery of the office market which began in 2013 has continued into 2016. Over the last four quarters, rents for the best offices in Madrid have risen by 6.4% to €29/sqm/month, still some way behind the rises reported in other major European cities such as London, Paris and Frankfurt. The much lower labour costs compared to other major European cities are a boost to Madrid's attractiveness.

The increased take-up activity has spread to other parts of the city, with minimum rental levels climbing in both secondary and peripheral areas. Rental levels have held steady in satellite locations, thanks to the quantity and quality of the available supply.

These trends in the office market are expected to continue through 2017. Barring some totally unexpected event, we do not expect to see a drastic change in market behavior in the first quarters of the year. We expect the moderate improvement in the market to continue going forward.

Rent in €/m²/month (max/min)		1T/Q 2017
	CBD / CBD	29,50 €
		15,00 €
	SECUNDARIA /SECONDARY	17,00 €
		9,50 €
	PERIFERIA/ PERIPHERY	14,75 €
		6,00 €
	SATÉLITE / SATELLITE	10,50 €
		4,25 €

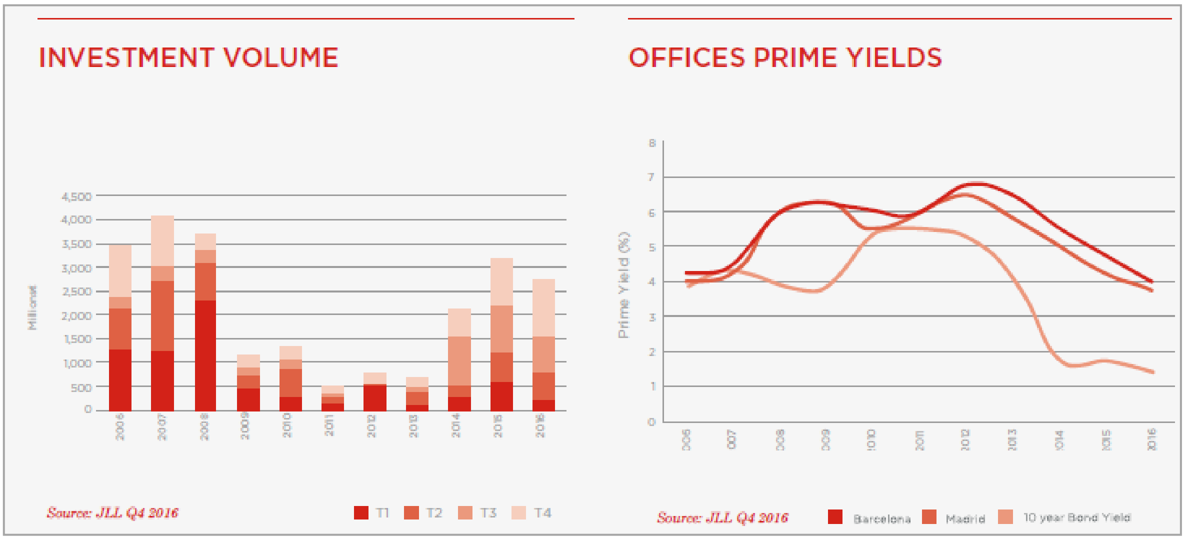
Rentas en €/sqm/mes / Rent in €/m²/month (max / min)		1T/Q 2017
	Pº Gracia / Diagonal	22,00 €
		15,00 €
	Centro ciudad / City Centre	18,50 €
		10,00 €
	Nuevas Areas de Negocio / New Business Areas	18,75 €
		10,00 €
	Periferia / Periphery	10,00 €
		6,00 €

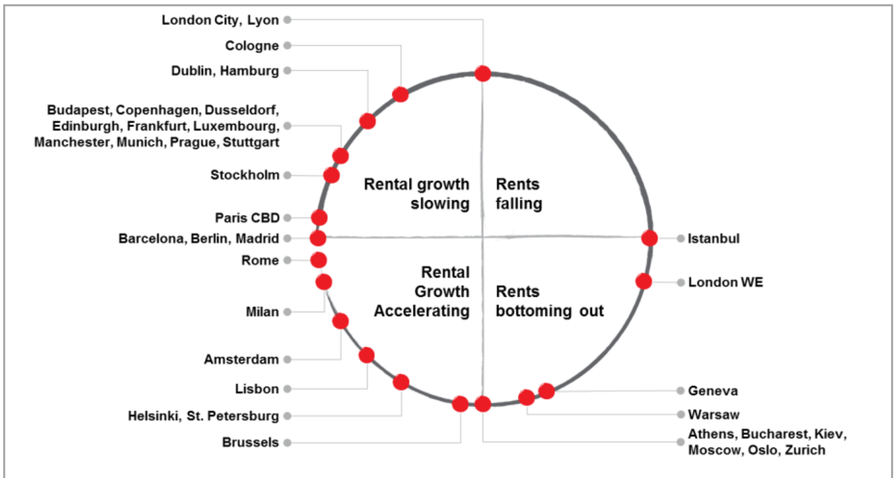
Investment Market:

Commercial property investment in Spain (offices, retail, logistics and hotels) reached a total volume in 2016 of close to €8.7 billion, down 8% on 2015, in which volumes totaled €9.451 billion. Nevertheless, the figures are still higher than the pre-crisis high of €7.8 billion in 2006.

Offices have accounted for 34% of commercial property investment in Spain, representing an investment volume of €2.753 billion, down 13% on the previous year. Deals worth €1.214 billion were signed in the last quarter of 2016, up 24% on the same period last year, and a figure only beaten by the €2.228 billion in the first quarter of 2008.

As regards the type of investor in offices, 30% of investment volumes were made up of family offices, which upped investment by 122% with respect to 2015. Investment funds represented 27%, up only 2% on last year, while Socimis (REITs) accounted for 24%, up 28% on 2015. Together, these investors accounted for over 80% of investment volumes.





Fuente / Source: JLL 1 T/Q 2017

Over 70% of investment was made by domestic players, particularly Socimis and family offices. However, it should be borne in mind that the capital behind these players comes from international sources.
Turning to sellers, over 50% of the total was sold by investment funds and private companies, followed by institutional investors, which represented 16% (mainly insurance companies) and corporate players, which accounted for 13%.

Investment volumes in the last quarter in Madrid amounted to €1.083 billion, up 20% on the same period last year. Total investment volumes for the year stand at around €2.24 billion, holding above the 2-billion mark registered in 2015.

As regards the number of deals, 14 transactions were closed in the last quarter, which saw 16 assets change hands (the sale of the Gas Natural portfolio). Of these deals, 5 were in the CBD, 5 in peripheral zones, 5 in secondary areas and 1 in a satellite location. Over the course of the entire year a total of 37 deals were closed: 12 in the CBD, 13 in peripheral areas, 10 in secondary areas and 2 in satellite locations.

Salient deals in the last quarter include Lone Star's sale of the Adequa Business Park to Merlin Properties, on which JLL advised, the acquisition of the Cuatrecasas headquarters (Almagro 9) by Axiare for €124 million, and IBA Capital Partners' purchase of the Gas Natural headquarters (San Luis 77) for €120 million.

Three deals entailed a change of use: the Monte Piedad building, which will be converted into a hotel, and the former Cecabank headquarters and a building located at José Abascal 41, both of which will be converted to residential use.

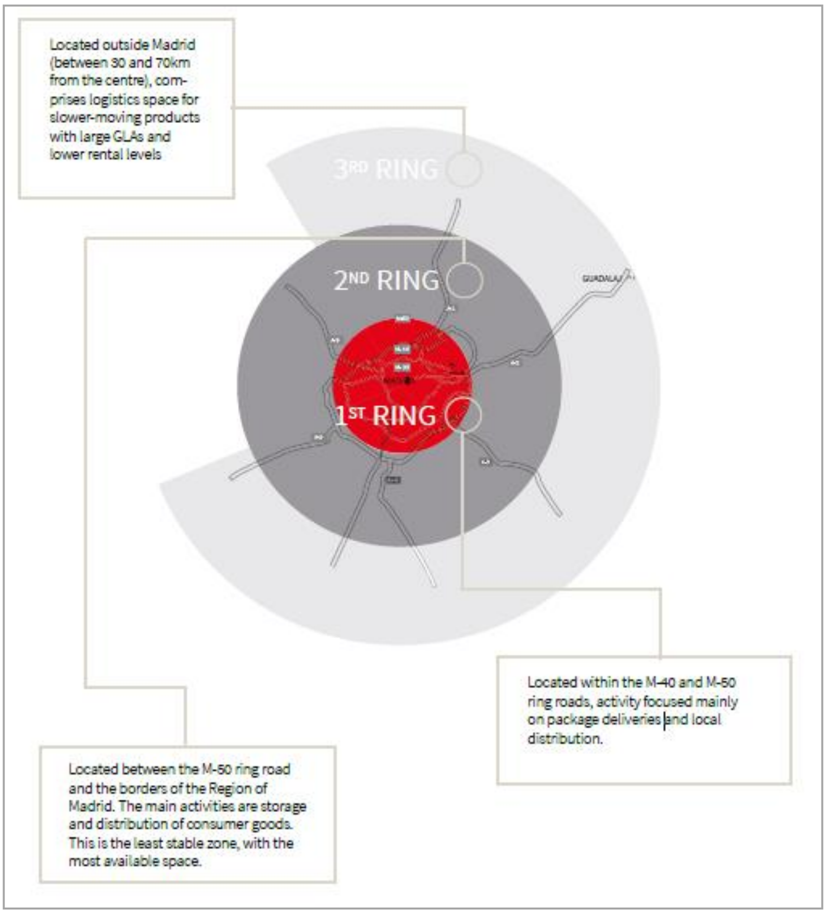
Prime yields in the last quarter fell in both Madrid and Barcelona to 3.75% (-25 basis points) and 4% (-25 basis points), respectively.

The Madrid figure is the lowest on record, although the spread with respect to the 10-year Spanish bond still paints a very healthy picture indeed (above 260 basis points). These yields are still higher than those of other European cities, such as London, Munich, Zurich and Paris.

2.4 Industrial Market Commentary

Logistics corridors in Spain:

Madrid's logistics market is divided into three concentric rings which differ by type of activity.



The main logistics development axes in Madrid are the east axis, which runs along the Henares Corridor on the A-2 highway, and the south axis on the A-4 highway, although Madrid also has another 4 logistics axes running along the A-1, A-3, A-42 and A-5 highways. These main logistics zones run through all three rings, with locations varying depending on the types of goods transported and the operator's local, domestic and international profile

East axis

On the east axis, the first ring on the A-2 comprises platforms with fast product rotation, dense flows and a local profile. The main logistics parks are based in Barajas, Coslada and San Fernando de Henares. The second ring of the A-2 mainly comprises facilities with medium product rotation and is largely focused on logistics activity, though there is also mixed-use transport activity and cold plants for the pharma and food sectors. The main logistics parks are in Torrejón de Ardoz y Alcalá de Henares. The third ring comprises large-scale assets with major projects under construction and a distinct lack of available space. This is the key area for major logistics operators. The main logistics parks are in Alovera, Cabani-llas, la Quinta and S-20, which is the main logistics hub in central Spain.

Southeast axis

Major food retailers have been setting up centres on the southeast axis which runs along the A-3. The main logistics parks are in Cañaveral, Vallecas and Rivas.

Southern axis

The southern axis comprises a mix of logistics processes, with distribution and logistics plants in the first ring, major parks with logistics processes in the second ring and large-scale logistics set-ups in the third ring. The main logistics parks are in Valdemoro, Ciempozuelos and Seseña.

South-southeast axis

On the south-southeast axis along the A-42 and A-5 highways, the main logistics parks are in Illescas.

Madrid Rental Market:

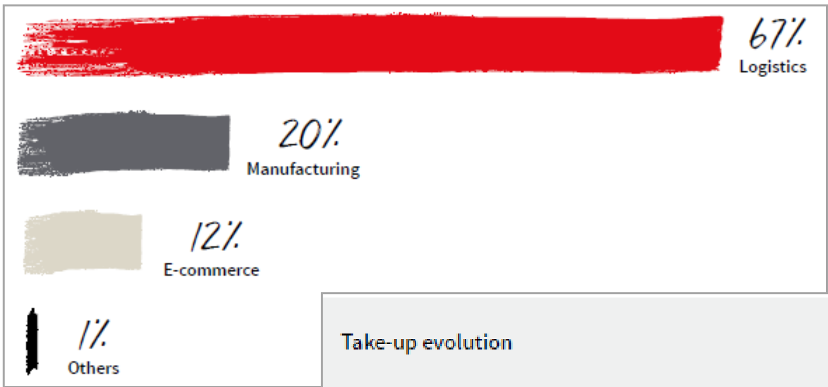
	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Stock (sqm)	6,482,777	6,482,777	6,593,430	6,593,430	6.581.345	6,581,345	6,888,828	6,991,690
Vacancy rate	11.14%	10.73%	7.98%	6.10%	5.54%	4.90%	4.41%	3.41%
Take-up (sqm)	99,855	26,534	75,116	181,688	146,662	34,232	33,890	255,296

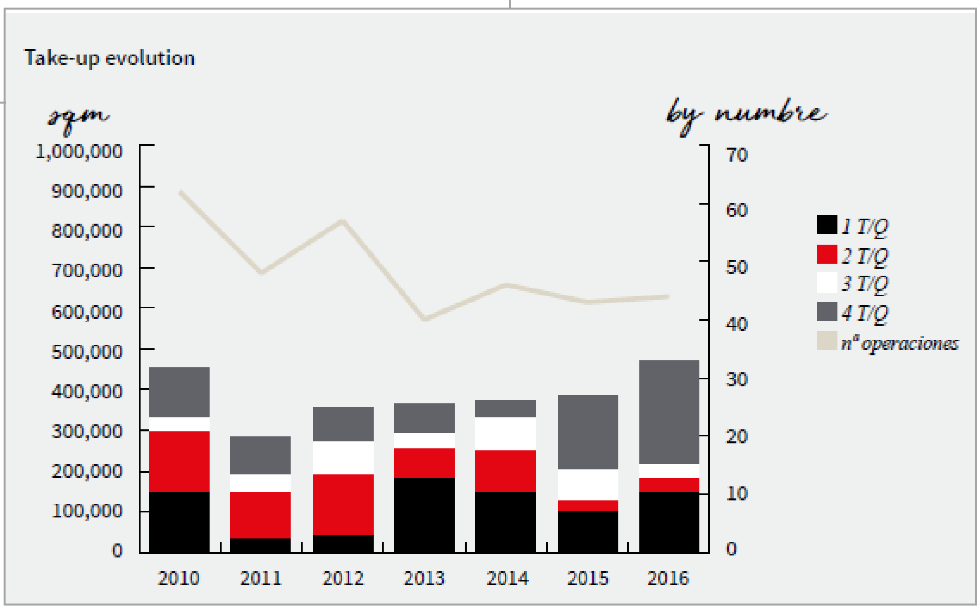
Demand

Logistics take-up stood at 470,000 sqm in 2016, up 23% on the total for 2015. The fourth quarter was the most active of the year, with a total of around 255,000 sqm taken up in Madrid. In terms of logistics take-up, 2016 was an extremely active year, hitting 2010 highs.

Over the course of the year, seven deals took place for volumes of over 20,000 metres. By sectors, 66% of take-up was accoun-ted for by logistics companies, whilst e-commerce players represented 12% of logistics take-up in Madrid. Transactions in the first ring accounted for 44%, including Amazon's 57,000-me tre facility in San Fernando de Henares. Other major transactions included 57,800 metres taken up by Michelín in Illescas and the rental of a 48,500 sqm warehouse by Luis Simoes in Cabanillas del Campo.

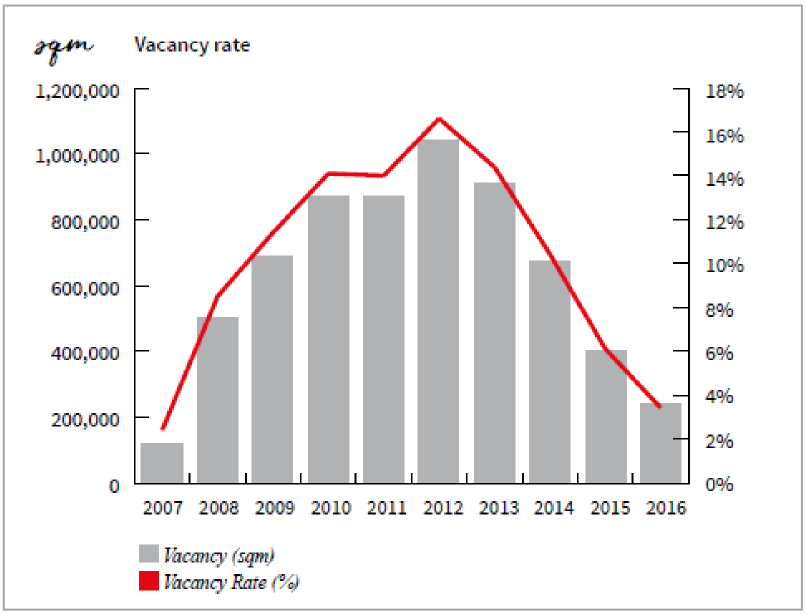
Take up by activity:



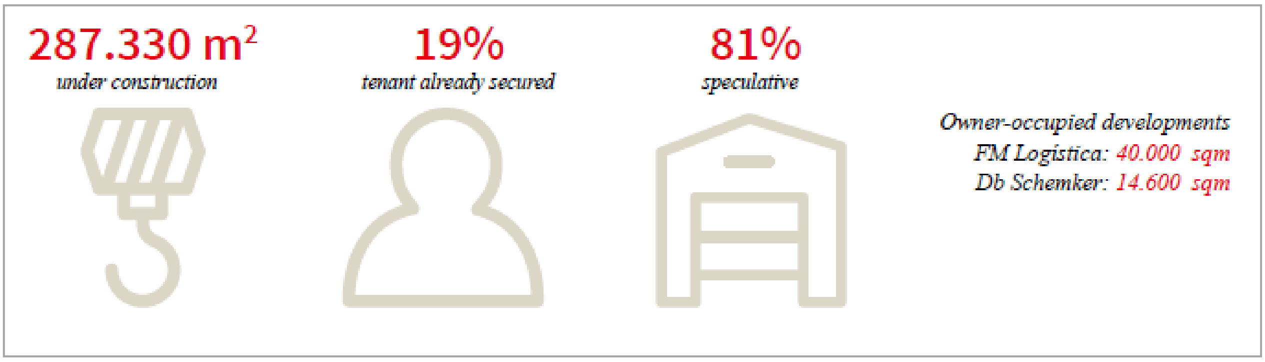


Supply

Logistics vacancy rates: The vacancy rate has plummeted by almost half from 6.10% on 2015 to 3.41% in 2016. In the second ring, the vacancy rate stands at a record low of 2.63%. In the third ring, the rate is 3.91%.



Logistics future supply: There is approximately 287,000 metres currently under construction which is set to be delivered in 2017. Tenants have already been secured for 19% of this future supply, and the remaining 81% are speculative developments. There are also a number of logistics projects that are currently undergoing final planning permission processes and will start coming on to the market as of 2018.



Rental levels

Industrial rental levels and land prices: Prime industrial rental levels in Madrid stand at €5.00/sqm/month. In the second and third ring, rental levels are currently at €3.25 and €2.60/m^2/month, respectively.

Despite the fact that transactions have taken place, land prices have remained stable with the exception of a very specific part of the A-2 in Cabanillas del Campo, where prices are up 10% since the beginning of the year. The reason for this price hike is that there are new warehouses currently under development which have been welcomed by the market, with ongoing take-up. In other areas, such as San Fernando de Henares, Torrejón and Illescas, prices have held very steady.

Logistics rental levels: Prime logistics rental levels are stable at €5/sqm/month, and second ring rents stand at €4.50/sqm/month. We expect rental levels to rise by 3% overall by the end of 2017.

Logistics Investment in Madrid and Barcelona:

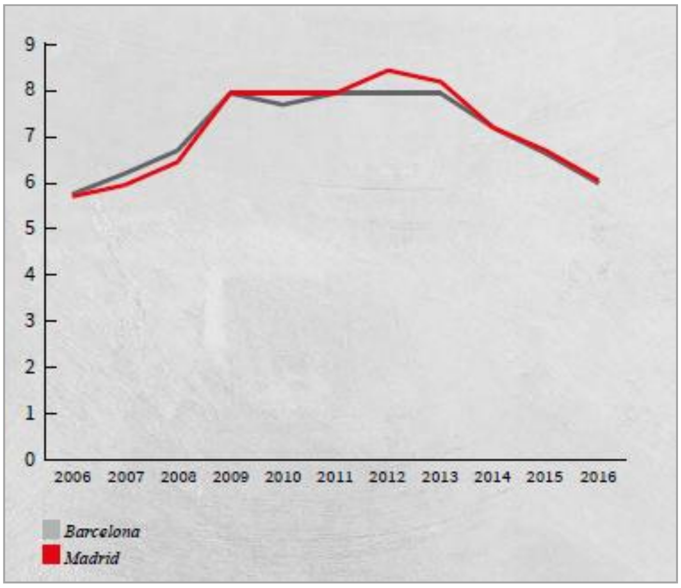
Investment Volume

Logistics investment in Spain in 2016 stood at €819 million, up 80% year on year, with a total of 24 transactions. A quarter of these deals were for logistics portfolios, which accounted for a volume of €234.08 million. The last quarter of 2016 was the most active, racking up 9 transactions for a total of €346.08m.The average investment amount stood at €34.23m.

The biggest deal of the year was VGP's acquisition of Mango's 180,000 sqm logistics park in Lliçà de d'Amunt for €150m.Of the total investment volume, 32% were transactions by domestic investors, whilst foreign players accounted for 68%. By investor type, 48% of the total was accounted for by pooled funds and 24% by developers. As well as Madrid and Barcelona, investors' other top destinations are Valencia, Zaragoza, Bilbao and Vitoria .Despite the uncertain global backdrop, Spain remains a key property investment destination, and the logistics sec-tor in particular is considered the most attractive, as its strong fundamentals mean it offers growth potential.

Yields

New global investments funds have emerged alongside the existing funds and SOCIMIs seeking opportunities in the Spanish market. Yields continue to trend downwards, with prime yields at around 6%. We could see even lower yields in the near term, but the lack of supply means that these are not yet materialising, despite the substantial demand in the market. Many funds would be prepared to invest at yields of under 6% provided their in-vestment criteria is met. These are core funds with a more conservative profile that are seeking demonstrably creditworthy tenants, good locations and leases of seven years or more in place.

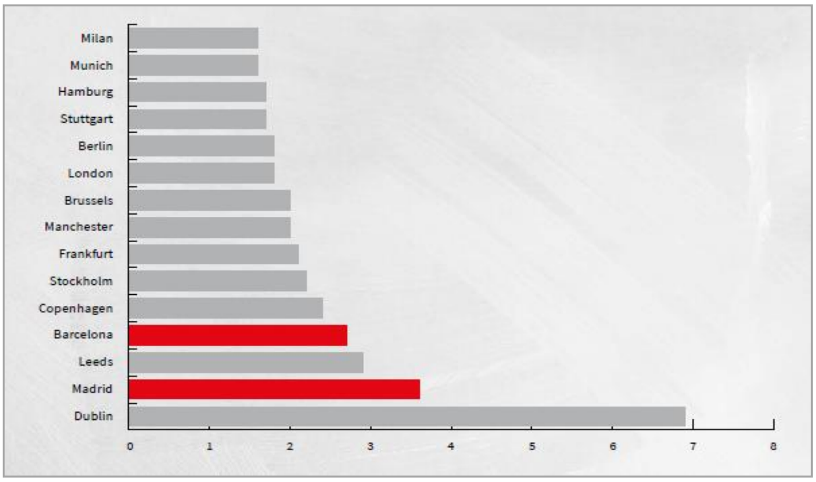


There are also other funds seeking assets with greater potential, which could be interested in vacant assets or projects as long as the location and quality are right. The overarching trend in 2017 is a lack of supply and sales opportunities coupled with growing demand. This will put industrial land back in the spotlight, and investors will enter the sector not only by buying completed projects but also by investing directly in land, provided it is well located. Madrid and Barcelona both rank among the top five European cities with the highest forecasts for rental level and capital value growth from 2016 to 2020.

Prime Yields

Yields continue to trend downwards, with prime yields at around 6,10%

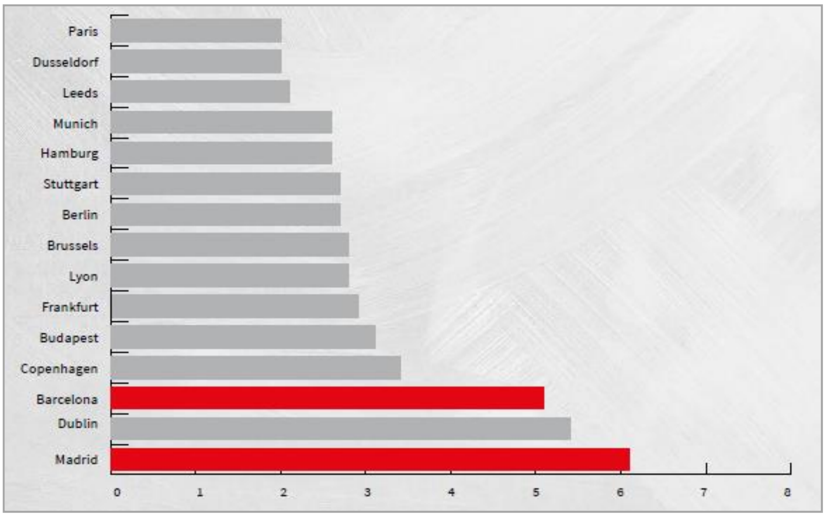
Prime rent Forecast 2016-2020



EMEA Industrial Property Clock

Prime Distribution Warehousing Rents (units >5,000 sqm)

Capital Values Forecast



2.5 General Principles adopted in the preparation of Valuations and reports

These General Principles should be read in conjunction with Jones Lang LaSalle's General Terms and Conditions of Business except insofar as this may be in conflict with other contractual arrangements.

1 **RICS Valuation – Professional Standards January 2014**
All work is carried out in accordance with the Practice Statements contained in the RICS Valuation Standards January 2014 published by the Royal Institution of Chartered Surveyors, by valuers who conform to the requirements thereof. Our valuations may be subject to monitoring by the RICS.

2 **Valuation Basis:**
Our reports state the purpose of the valuation and, unless otherwise noted, the basis of valuation is as defined in the Valuation Standards January 2014. The full definition of the basis, which we have adopted, is either set out in our report or appended to these General Principles.

3 **Disposal Costs Taxation and Other Liabilities:**
No allowances are made for any expenses of realisation, or for taxation, which might arise in the event of a disposal. All property is considered as if free and clear of all mortgages or other charges, which may be secured thereon.
No allowance is made for the possible impact of potential legislation which is under consideration.
Valuations are prepared and expressed exclusive of VAT payments, unless otherwise stated.

4 We do not normally read leases or documents of title. We assume, unless informed to the contrary, that each property has a good and marketable title, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other outgoings of an onerous nature, which would have a material effect on the value of the interest under consideration, nor material litigation pending. Where we have been provided with documentation we recommend that reliance should not be placed on our interpretation without verification by your lawyers.

5 **Tenants:**
Although we reflect our general understanding of a tenant's status in our valuations, enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

6 **Measurements:**
All measurement is carried out in accordance with the Code of Measuring Practice issued by the Royal Institution of Chartered Surveyors, except where we specifically state that we have relied on another source. The areas adopted are purely for the purpose of assisting us in forming an opinion of capital value. They should not be relied upon for other purposes nor used by other parties without our written authorisation.

7 **Estimated Rental Value:**

Our opinion of rental value is formed purely for the purposes of assisting in the formation of an opinion of capital value. It does not necessarily represent the amount that might be agreed by negotiation, or determined by an Expert, Arbitrator or Court, at rent review or lease renewal.

8 **Town Planning and Other Statutory Regulations:**

Information on town planning is, wherever possible, obtained either verbally from local planning authority officers or publicly available electronic or other sources. It is obtained purely to assist us in forming an opinion of capital value and should not be relied upon for other purposes. If reliance is required we recommend that verification be obtained from lawyers that:-

i the position is correctly stated in our report;
ii the property is not adversely affected by any other decisions made, or conditions prescribed, by public authorities;
iii that there are no outstanding statutory notices.

Our valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory and EC regulations, including fire regulations, access and use by disabled persons and control and remedial measures for asbestos in the workplace.

9 **Structural Surveys:**

Unless expressly instructed, we do not carry out a structural survey, nor do we test the services and we therefore do not give any assurance that any property is free from defect. We seek to reflect in our valuations any readily apparent defects or items of disrepair, which we note during our inspection, or costs of repair which are brought to our attention. Unless stated otherwise in our reports we assume any tenants are fully responsible for the repair of their demise either directly or through a service charge.

10 **Deleterious Materials:**

We do not normally carry out investigations on site to ascertain whether any building was constructed or altered using deleterious materials or techniques (including, by way of example high alumina cement concrete, woodwool as permanent shuttering, calcium chloride or asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials or techniques have been used.

11 **Site Conditions:**

We do not normally carry out investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be, put; nor do we undertake archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses, delays or restrictions will be incurred during the construction period due to these matters.

12 **Environmental Contamination:**

Unless expressly instructed, we do not carry out site surveys or environmental assessments, or investigate historical records, to establish whether any land or premises are, or have been, contaminated. Therefore, unless advised to the contrary, our valuations are carried out on the basis that properties are not affected by environmental contamination. However, should our site inspection and further reasonable enquiries during the preparation of the valuation lead us to believe that the land is likely to be contaminated we will discuss our concerns with you.

13 **Insurance:**

Unless expressly advised to the contrary we assume that appropriate cover is and will continue to be available on commercially acceptable terms, for example in regard to the following:

Composite Panels

Insurance cover, for buildings incorporating certain types of composite panel may only be available subject to limitation, for additional premium, or unavailable. Information as to the type of panel used is not normally available. Accordingly, our opinions of value make no allowance for the risk that insurance cover for any property may not be available, or may only be available on onerous terms.

Terrorism

Our valuations have been made on the basis that the properties are insured against risks of loss or damage including damage caused by acts of Terrorism as defined by the 2000 Terrorism Act. We have assumed that the insurer, with whom cover has been placed, is reinsured by the Government backed insurer, Pool Reinsurance Company Limited.

Flood and Rising Water Table

Our valuations have been made on the assumption that the properties are insured against damage by flood and rising water table. Unless stated to the contrary our opinions of value make no allowance for the risk that insurance cover for any property may not be available, or may only be available on onerous terms.

14 **Outstanding Debts:**

In the case of property where construction works are in hand, or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, subcontractors or any members of the professional or design team.

15 **Confidentiality and Third Party Liability:**

Neither the whole, nor any part, nor reference thereto, may be published in any document, statement or circular, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear.

16 **Statement of Valuation Approach:**

We are required to make a statement of our valuation approach. In the absence of any particular statements in our report the following provides a generic summary of our approach.

The majority of institutional portfolios comprise income producing properties. We usually value such properties adopting the investment approach where we apply a capitalisation rate, as a multiplier, against the current and, if any, reversionary income streams. Following market practice we construct our valuations adopting hardcore methodology where the reversions are generated from regular short term uplifts of market rent. We would normally apply a term and reversion approach where the next event is one which fundamentally changes the nature of the income or characteristics of the investment. Where there is an actual exposure or a risk thereto of irrecoverable costs, including those of achieving a letting, an allowance is reflected in the valuation.

Vacant buildings, in addition to the above methodology, may also be valued and analysed on a comparison method with other capital value transactions where applicable.

Where land is held for development we adopt the comparison method when there is good evidence, and/or the residual method, particularly on more complex and bespoke proposals.

There are situations in valuations for accounts where we include in our valuation properties which are owner-occupied. These are valued on the basis of existing use value, thereby assuming the premises are vacant and will be required for the continuance of the existing business. Such valuations ignore any higher value that might exist from an alternative use.

17 Definitions of Value: RICS Valuation – Professional Standards January 2014

1.2 Market value

"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

1.3 Market rent

"the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

1.4 Investment value (or worth)

"the value of an asset to the owner or a prospective owner for individual investment or operational objectives."

1.5 Fair value

(a) the definition adopted by the International Accounting Standards Board (IASB) in IFRS 13:
"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."
And
(b) the definition adopted by the IVSC in IVS Framework paragraph 38:
"The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties."

2.6 General Terms and Conditions of Business

1. Introduction:

These General Terms and Conditions of Business apply where Jones Lang LaSalle companies (hereinafter "**JLL**") provides services to a Client and there is no written agreement for the provision of these services or, if there is, to the extent that these General Terms and Conditions of Business do not conflict with the terms of that written agreement. Reference in these General Terms and Conditions to the agreement means the written or informal agreement that is subject to these General Terms and Conditions of Business.

2. Services:

JLL is to provide all services to the specification and performance level stated in writing or, if none is stated, to the specification and performance levels that it ordinarily provides. JLL has no responsibility for anything that is beyond the scope of the services so defined. JLL performs all services through properly licensed agents.

3. Time:

JLL is to use reasonable endeavours to comply with the Client's timetable, but is not responsible for non-compliance unless the consequences of non-compliance have been agreed in writing. Even then, JLL is not liable for delay that is beyond its control.

4. E-mail and on-line services:

The Client agrees that JLL may where appropriate use the available electronic communication and systems in providing services, making available to the Client any software required that is not generally available.

5. Duty of care to the Client:

JLL owes to the Client a duty to act with reasonable skill and care in providing services, complying with the Client's instructions where those instructions do not conflict with (a) these General Terms and Conditions of Business, (b) the agreement or (c) applicable law and professional rules, including the code of ethics.

JLL has no liability for the consequences of any failure by the Client or any agent of the Client promptly to provide information or other material that JLL reasonably requires, or where that information or material is inaccurate or incomplete.

6. Duty of care to third parties:

JLL owes a duty of care to no one but its Client. No third party has any rights unless there is specific written agreement to the contrary.

7. Liability for third parties:

JLL has no liability for products or services that it reasonably needs to obtain from others in order to provide services. JLL may delegate to a third party the provision of any part of services, but if it does so:

- without the Client's approval, JLL is responsible for what that third party does;
- with the Client's approval or at the Client's request, JLL is not responsible for what that third party does.

8. Liability to the Client (subject to terms in adjoining letter):

The liability of JLL to the Client for its own negligence causing death or personal injury is unlimited, but otherwise its liability is:

- in any event is limited to the fees effectively paid to JLL by the Client under this Agreement.
- excluded to the extent that the Client is responsible, or someone on the Client's behalf for whom JLL is not responsible under these General Terms and Conditions of Business,
- limited to direct and reasonably foreseeable loss or damage with no liability for indirect or consequential loss,
- (where JLL is but one of the parties liable) limited to the share of loss reasonably attributable to JLL on the assumption that all other parties pay the share of loss attributable to them (whether or not they do),
- not (so far as permitted by law) increased by any implied condition or warranty.

JLL shall not be liable for any hidden defects in the real property sold, bought or leased, unless JLL was aware of these defects.

9. Insurance:

JLL agrees to purchase and maintain appropriate insurance policies, in particular professional indemnity insurance.

10. Indemnity from the Client:

The Client agrees to indemnify JLL against all liability (including without limitation all actions, claims, proceedings, loss, damages, costs and expenses) that relates in any way to the provision of services, except a liability that a court of competent jurisdiction decides (or JLL agrees) was caused by the fraud, wilful default or negligence of JLL or of a delegate for whom JLL is responsible under the agreement.

11. Protection of employees:

The Client agrees that (except for fraud or a criminal offence) no employee of the JLL group of companies has any personal liability to the Client and that neither the Client nor anyone representing the Client will make a claim or brings proceedings against an employee personally.

12. Complaints resolution procedure:

The Client agrees that it will not take any action or commence any proceedings against JLL before it has first referred its complaint to JLL in accordance with JLL's complaints procedure, details of which are available upon request from the relevant Compliance Officer, JLL Paseo de la Castellana Nº 130 Madrid (Spain).

13. Conflict of interest:

If JLL becomes aware of a conflict of interest it is to advise the Client promptly and recommend an appropriate course of action.

14. Commissions:

JLL may retain any commissions that it earns in the usual course of business without disclosure to the Client. In particular, JLL may receive a commission from more than one party to the transaction.

15. Confidential information:

JLL must keep confidential all information of commercial value to the Client of which it becomes aware solely as a result of providing services, but it may:

- use it to the extent reasonably required in providing services,
- disclose it if the Client agrees,
- disclose it if required to do so by law, regulation or other competent authority.

JLL will comply with personal data protection regulation.

16. Publicity:

Neither JLL nor its Client may publicize or issue any specific information to the media about services or its subject matter without the consent of the other.

17. Intellectual property:

Copyrights, patents, trademarks, design and other intellectual property rights in any material supplied by the Client, or in any material prepared by JLL exclusively for the Client, belong to the Client. Such rights in any other material prepared by JLL in providing services belong to JLL, but the Client has a non-exclusive right to use it for the purposes for which it was prepared.

18. Remuneration:

Where the fees and expenses payable for services are not specified in writing, JLL is entitled to:

- the fee specified by the relevant Regional Association of Real Property Intermediaries or other applicable professional body or, if none is specified, to a fair and reasonable fee by reference to time spent, and
- reimbursement of expenses properly incurred on the Client's behalf.

Where services are not performed in full, JLL is entitled to a reasonable fee proportionate to services provided as estimated by JLL.

The Client must pay VAT at the rate then current on the date of issuance of a VAT invoice. If an invoice is not paid in full within 30 (thirty) days from the date of issuance, JLL may charge the legal interest applicable plus on the balance due.

19. Assignment:

The Client may assign rights and obligations arising from the agreement, but must first get the written consent of JLL, which will not be unreasonably withheld.

20. Termination:

The Client or JLL may terminate the agreement immediately by written notice to the other, if the other has not satisfactorily rectified a substantial or persistent breach of the agreement within the reasonable period specified in an earlier notice to rectify it.

Termination of the agreement does not affect any claims that arise before termination or the entitlement of JLL to its proper fees or to be reimbursed its expenses up to the date of termination.

On termination JLL must return to the Client or, if the Client so wishes, destroy all Client information that is to be kept confidential, but JLL may keep (and must continue to keep confidential) one copy of that information to comply with legal, regulatory or professional requirements.

21. Notices:

A notice is valid if in writing addressed to the last known address of the addressee and is to be treated as served:

- when delivered, if delivered by hand during normal business hours (where business hours next commence – if delivered after),
- when actually received, if posted by recorded delivery,
- when actually received, if sent by ordinary mail, fax or electronic mail.

22. Governing Law:

These General Terms and Conditions of Business and the terms of the instruction shall be governed and construed in accordance with the laws of Spain. The parties submit to the jurisdiction of the Courts and Tribunals of Madrid, to settle any lawsuit which may be derived from the interpretation or fulfilment of this Agreement, and expressly waive any other jurisdiction they may be entitled to.

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