



COMISIÓN NACIONAL DEL MERCADO DE VALORES

En cumplimiento de los deberes de información previstos en el artículo 227 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

HECHO RELEVANTE

Lar España ha recibido los informes de valoración de su cartera de activos inmobiliarios a 31 de diciembre de 2018, 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 1.535,9 millones de euros. El precio de adquisición sin incluir costes de transacción de los activos objeto de la valoración fue de 1.087,2 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 31 de diciembre de 2018.

Se adjuntan los certificados de valoración.

Madrid, a 16 de enero de 2019.

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

LAR ESPAÑA PROPERTY PORTFOLIO VALUATION REPORT

Prepared for:
Lar España Real Estate SOCIMI

December 2018

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Jon Armentia

LAR ESPAÑA REAL ESTATE SOCIMI, S.A.

C/ Rosario Pino, 14-16 8ª planta
28020 Madrid

Our Ref: ctg2182

1 January 2019

Dear Sirs,

VALUATION OF A PORTFOLIO OF PROPERTIES ACROSS SPAIN (“THE PROPERTIES”) FOR AND ON BEHALF OF LAR ESPAÑA (“THE COMPANY”) AS AT 31 DECEMBER 2018

We are pleased to submit our valuation report, which has been prepared for financial reporting purposes as at 31 December 2018 in accordance with our Engagement Letter and Terms and Conditions dated 3 April 2018 (see Appendix III).

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 31 December 2018.

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)	30,540
1	Hypermarket at Portal de la Marina	Hypermarket	Ondara (Alicante)	9,924
1	Txingudi	Shopping Centre	Irún (Guipúzcoa)	10,746
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 Vía de Vigo	Shopping Centre	Vigo	41,426
2	Megapark Retail Park and Factory Outlet	Retail Park / FOC	Barakaldo (Bilbao)	63,432
1	Megapark Ociot	Leisure	Barakaldo (Bilbao)	19,804
1	Cardenal Marcelo Spinola 42	Office Building	Madrid	8,874
1	Eloy Gonzalo 27	Office Building	Madrid	6,317
1	Lagasca 99	Residential Development	Madrid	19,611
1	Lagoh	Retail Development	Sevilla	70,026
22	22 Supermarkets Portfolio	Retail Units	Spain (various locations)	27,909
1	Rivas Futura Retail Park	Retail Park	Rivas Vaciamadrid (Madrid)	36,326

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 **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 Lagasca 99, Madrid, and the shopping centre development project Lagoh (formerly known as Palmas Altas) in Sevilla.

2.7 The **Lagoh** property, an asset under development in the short term now has its planning licence and construction works have begun. The project has already obtained final approval for the mobility plan and for the transfer of 12,000 sqm. of building rights from another plot located within the same Sector.

For the purpose of this valuation and in accordance with the information received from the Company, we have assumed that the occupation licence would be obtained by September 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 portfolio of **22 supermarkets**, we have assumed a sale as a single lot, not individually, to a single purchaser/company.

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:-

- a) the properties possess a good and marketable title, free from any unusually onerous restrictions, covenants or other encumbrances
- b) 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;
- c) the properties valued exclude mineral rights, if any; and

- d) 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 license/planning issues in respect of the Lagoh 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

9.1 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.

9.2 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) of the interest held in the properties is:

€1,074,383,100

(ONE THOUSAND AND SEVENTY FOUR THOUSAND MILLION THREE HUNDRED AND EIGHTY THREE THOUSAND AND ONE HUNDRED EUROS)

12.2 The opinion stated above totalling **€1,074,383,100** 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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**CUSHMAN &
WAKEFIELD**

APPENDIX I

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 – 6^a 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 of 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.



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APPENDIX II

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.



**CUSHMAN &
WAKEFIELD**

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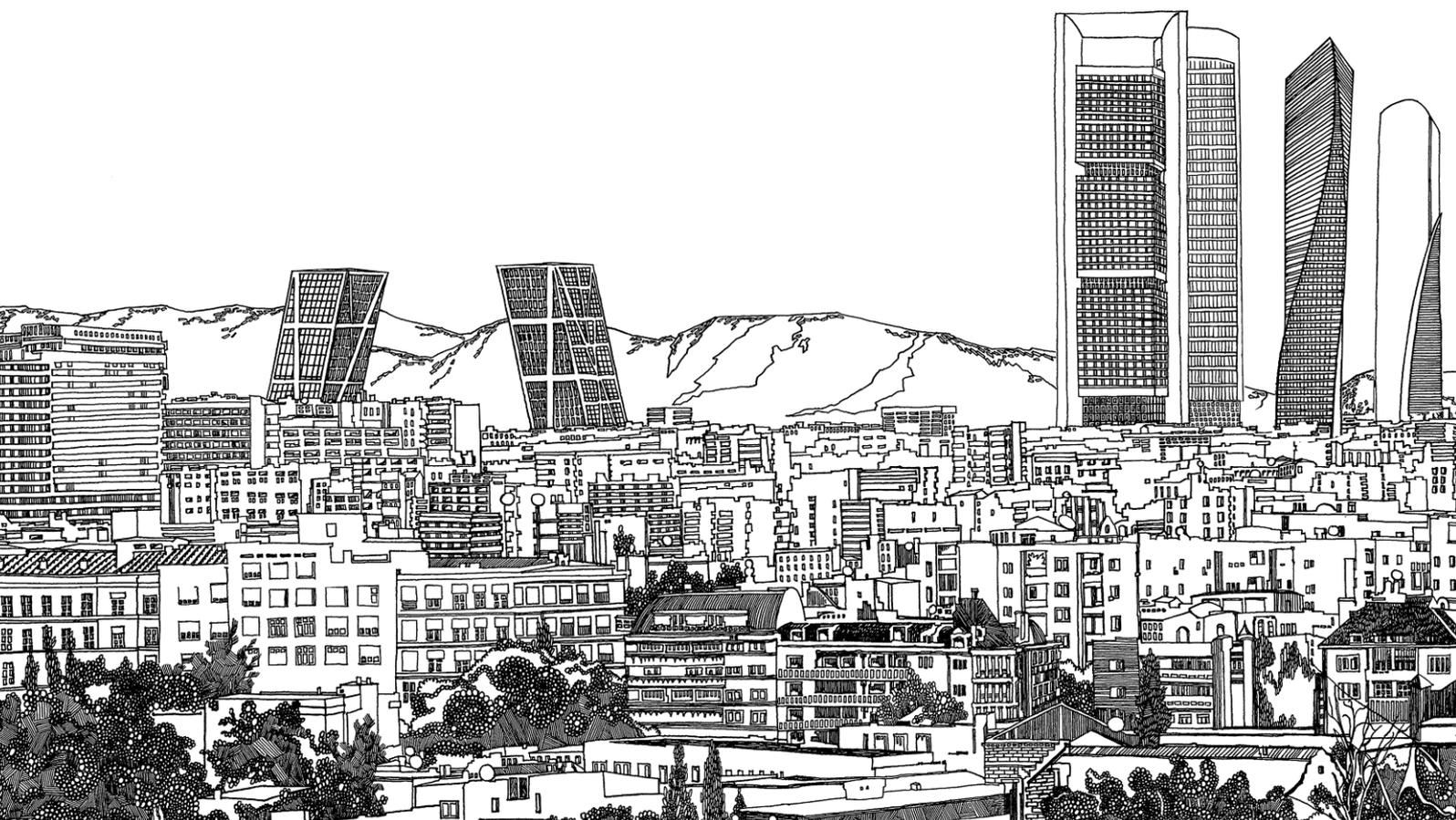
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Valuation Report

RETAIL PORTFOLIO LAR ESPAÑA REAL ESTATE SOCIMI S.A.

December 2018



LAR ESPAÑA REAL ESTATE SOCIMI SA

C/ Rosario Pino, 14 - 16
28020 Madrid

Direct line +34 (91) 789 11 00

Direct fax +34 (91) 789 12 00

Teresa.martinez@eu.jll.com

Evan.lester@eu.jll.com

F.A.O. Mr. Jon Armentia

31st December 2018

Scope of Instructions:

We thank you for your 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 31st of December 2018. 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 **31st December 2018.**

Properties:

Asset	Use	Location	Area (sqm)
Albacenter	Shopping Centre & Eroski/Primark	Albacete	27,615
Albacenter	Shopping Centre	Albacete	15,152
Albacenter	Eroski&Primark	Albacete	12,463
L'Anec Blau	Shopping Centre	Castelldefels (Barcelona)	28,890
El Rosal	Shopping Centre	Ponferrada (León)	51,156
Vistahermosa	Retail Park	Alicante	33,763
Vidanova Park	Retail Park	Sagunto (Valencia)	45,568
Parque Abadia	Retail Park	Toledo	37,008
Abadía Gallery	Shopping Centre	Toledo	6,138

Note: In this valuation certificate, the Joan Miró 21 Office building has been excluded, since according to the information provided by Lar España Real Estate Socimi, S.A., it has been sold.

The properties have been valued as individual assets, considering their purchase individually and not as part of a portfolio. Value adjustments (positive/ negative) have not been taken into account for being part of a portfolio.

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, outgoing or other outgoing 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 from a statutory authority is required for development/alterations to a property, such consent has been obtained for any existing buildings or structures.

Valuation Date:

31st December 2018.

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 was 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 2017.

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.

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 clear 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.

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):

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.

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1 Summary

1.1 Market Value

Asset	Use	Location	Area (sqm)
Albacenter	Shopping Centre & Eroski/Primark	Albacete	27,615
Albacenter	Shopping Centre	Albacete	15,152
Albacenter	Eroski&Primark	Albacete	12,463
L'Anec Blau	Shopping Centre	Castelldefels (Barcelona)	28,890
El Rosal	Shopping Centre	Ponferrada (León)	51,156
Vistahermosa	Retail Park	Alicante	33,763
Vidanova Park	Retail Park	Sagunto (Valencia)	45,568
Parque Abadia	Retail Park	Toledo	37,008
Abadía Gallery	Shopping Centre	Toledo	6,138

In accordance with your instruction, we are of the opinion 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 31st of December 2018 is:

Market Value of LAR España Real Estate Socimi S.A Portfolio

461,480,000 Euros

(Four Hundred Sixty One Million Four Hundred Eighty Thousand Euros)

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

Appendix 6: General Terms and Conditions of Business

2.1 Economic Overview

The Spanish economy continues to grow at a robust pace and well above the eurozone average, although signs of a slowdown are becoming more apparent.

After advancing GDP by 0.7% in the first quarter of the year and by 0.6% in the second, the advanced data of the third quarter 2018 show a similar rate (0.6%). Oxford Economics estimates GDP growth at 2.7% for this year and 2.3% for 2019.

Inflation remained stable at 2.2% in August, close to its highest in 15 months. Oxford Economics forecasts point to inflation moderating very gradually over the coming months, resulting in an average of 1.8% for the year. The Consumer Confidence Index (CIS) in September stood at 90.6 points and accumulates a fall of 17 points since June of this year. The ICC is currently at lower values than those registered in the last two years.

<i>Economic Indicators</i>	2017	2018 (F)	2019 (F)
<i>GDP</i>	3.1%	2.7%	2.3%
<i>GDP EU avg</i>	2.5%	2.1%	1.8%
<i>Employment growth</i>	2.6%	2.4%	1.6%
<i>Unemployment rate</i>	17.2%	15.4%	14.1%
<i>Private consumption</i>	2.4%	2.3%	1.9%
<i>CPI avg (%)</i>	2.0%	1.8%	1.6%
<i>10y bond yields, avg</i>	1.6%	1.4%	1.9%

E-commerce revenue in Spain exceeded €7.3 billion in the second quarter of 2017, up 23.4% on 2016, according to data from the Spanish Competition Commission (CNMC) published in January. The sectors with the highest revenue were travel agencies and tour operators, representing 14.4% of total revenue. Air transport (11.9%) and clothing (5.4%) came in second and third. E-commerce websites in Spain represented 56% of revenue, while the remaining 44% corresponded to purchases made from Spain on e-commerce websites hosted abroad.

As regards tourism, the data could not be more positive. In 2016, an all-time high of 75 million tourists was reached, the highest figure since records began. Last year was even better, with Spain attracting in excess of 82 million visitors, according to preliminary data from the Ministry of Energy and Tourism. Tourism expenditure also increased to €87 billion per year, representing a year-on-year increase of 12.4%. Catalonia received the highest number of international tourists, although it grew at a slower pace than the rest of Spain. On the other hand, other regions such as the Autonomous Community of Madrid and the Autonomous Community of Valencia both ramped up the pace with growth of close to 16%.

Considering the importance of tourism for the retail sector, we analyzed the hotel capacity to meet the demand of travelers. Hotel supply can serve as an indicator to measure the tourist potential of an area and, consequently, the potential retail spending.

Spain has accommodation for 1.1 million hotel guests for the 8.6 million travellers (residents and non-residents) that it receives on average each month. Las Palmas and Santa Cruz de Tenerife have the greatest hotel coverage (30% and 29%, respectively). Their extensive hotel supply is in line with the high volume of tourists they receive.

2.2 Retail Market Commentary

The retail market: Rental Levels, Sales and Footfall

Rental levels have been growing consistently since the beginning of the economic recovery at the end of 2013. Since then, prime rents for high street retail on average in Spain have increased by more than 35% to €294/sqm/month at Q3 2018. We are referring to premises of 100 sqm on the most exclusive streets.

It should be borne in mind that supply is more concentrated in Barcelona than it is in Madrid and factors such as positive tourism figures and retail spending in the Spanish capital – which are growing at a faster rate than in Barcelona (2.1% versus 1.5% in 2017) – may reverse this trend. Certain initiatives in the pipeline, such as the pedestrianisation of Madrid's Gran Vía, will bolster shopper footfall numbers and drive up rental levels in that area.

Rental levels are growing at the same rate as the macro-economic numbers. On 30 September (the eve of the Catalan independence referendum), Catalan GDP amounted to €172.482 billion, while Madrid's GDP stood at €172.804 billion, taking the lead as Spain's economic powerhouse. Greater foreign investment in Madrid, which has grown at an average of 20% per annum over the last five years to stand at €7.256 billion, contributed to this; while in Catalonia, despite significant economic growth, average foreign investment has fallen by 15.4% to €2,499 billion.

Prime rents in shopping centres stood at €97/sqm/month in Spain on average for Q3 2018, which means an increase by 4.9% compared to the same quarter in 2017. With regard to the polarization of rental levels, we have observed that since 2012, the spread between prime and secondary rents has been falling, demonstrating that the lowest rental levels are picking up.

Sales in shopping centres grew 2.8% in 2017. The holiday season was a success: sales in December increased 7.1% with respect to December 2016. For the year as a whole, the activities with the most significant increase in sales were hypermarkets (11.3%), homeware (7.7%) and books, music, toys and gifts (6.4%). Although year-on-year footfall in Spain fell by 2.3% in July 2018, retailers recorded a large month-on-month rise of 16.1%, according to Shoppertrak affluence index. Retailers expect that the intense tourism of the summer season maintains its inertia facing the autumn and the following months.

Retail park rents also registered significant progress, with prime rents reaching €19/sqm/month at Q3 2018 on average for Spain.

Looking towards the future, rents are expected to continue increasing, although more moderately. Madrid is set to be one of the European cities with the highest rent rises for high street retail from now until 2021, with average annual growth of 1.1%. The increase in rental levels at shopping centres will also be significant in the coming four years. Spain is expected to rank sixth among European countries with the highest growth in this segment, estimated at an average of 2.4% annually.



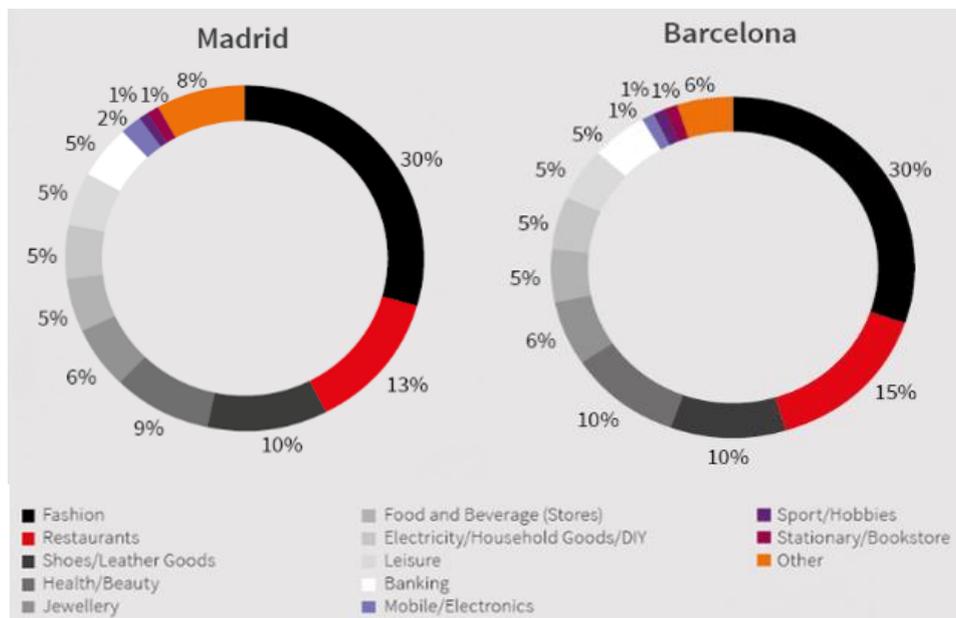
Retailers

Upon analysing the retail activity on the main thoroughfares of Madrid and Barcelona, it is clear to see that the fashion sector has established itself as the most dynamic segment, comprising 30% of high street stores in both cities. Fashion is followed by restaurants, shoe and leather goods and establishments specialising in health and beauty.

As regards openings, flagship stores have become a leading trend, as the number of retailers opting for these large high street formats continues to grow. Some examples in Madrid include the new Mango flagship store on Calle Serrano, which spans an area of over 2,000 sqm, the first Loewe flagship store in the Salamanca neighbourhood, occupying 1,000 sqm in a landmark 19th century building, which is also home to the firm's central offices; and other smaller flagship stores opened by Orange in the Puerta del Sol – its largest store in Spain at nearly 400 sqm –, and the 300 sqm Guess store on Calle de Fuencarral.

There were also various flagship store openings in Barcelona in 2017. These included Inditex which opened the 1,200 sqm Massimo Dutti store on Portal de l'Àngel, the most expensive street in Spain; the new H&M flagship store on Passeig de Gràcia is one of the world's largest at 5,000 sqm; and the inauguration of the Uterqüe flagship store – also on Passeig de Gràcia – is a striking mid-century inspired space that aims to become the brand's global trademark style.

Commercial Activity, Prime Area (no. establishments)



Another trend with regard to new openings in Spain is the increasing relocation of large retail stores to the city centre. The goal is clear: the closer you are to your customers, the more sales opportunities arise. It allows new services to be showcased and improves the shopping experience in an effort to mount a defence against online retailers.

With this in mind, Decathlon opened three large stores at the end of last year in the centre of Madrid: the first is the 2,300 sqm store located on Calle Ortega y Gasset, the second is the 1,700 sqm Princesa store, while the third spans 2,400 sqm and is located in the former Fuencarral market. In May, IKEA opened its first urban store on Calle Serrano in Madrid. The establishment, measuring 900 sqm, represents the store of the future and includes new concepts such as a smart closet that advises customers how to organise their home storage based on space and lifestyle traits.

Media Markt also opened a new store in central Madrid at Plaza del Carmen, near the busy retail artery Calle Preciados. The new establishment covers an area of 3,800 sqm, of which 2,500 sqm compose the sales floor, distributed over two levels. There will be another similar opening in 2018, as the chain seeks to move closer to

customers and enhance its urban visibility. Leroy Merlin is set to open a store spanning approximately 2,500 sqm in the Nuevos Ministerios neighbourhood during the first quarter of the year.

Spain's commercial appeal, and in particular that of Madrid and Barcelona, has become patently clear judging by the number of high street store openings by international firms in 2017. One such example is Tesla, which opened its first street-front store in Spain in October. The 560 sqm establishment is located on Calle Roselló in Barcelona, between Passeig de Gràcia and Rambla Catalunya. One month later, it opened its first permanent store in Madrid, an establishment spanning 275 sqm on Calle Serrano. Victoria's Secret is another international brand that opened its first street-front store in Spain in 2017. The lingerie company occupies a 150 sqm establishment on Calle de Fuencarral in Madrid.

Toy maker Lego was among the international firms that decided to open their first brick-and-mortar stores in Spain in 2017. It opened its first store at the La Vaguada shopping centre (Madrid) and later, in December, at Parquesur (Leganés). Another example is Chinese mobile phone company Xiaomi, which opened its first brick-and-mortar establishments at the La Vaguada and Xanadú shopping centres (Arroyomolinos) in late 2017.

Turning to shopping centres, one of the new developments completed in 2017 was the Sambil Outlet complex in Leganés (Madrid),

the largest shopping complex of its type in Spain, with a retail area of 43,500 sqm and representing an investment of €50 million. Another was Plaza Río 2, owned by LSGIE. Forming an integral part of the Madrid Río park, the centre is home to 160 stores and a 3,000 sqm terrace with views over the Manzanares River. The centre's retail area comprises around 40,000 sqm and is backed by an investment of approximately €200 million.

Murias Parque Melilla is the autonomous city's first shopping centre, offering 65 retail stores spanning 35,000 sqm. This project was developed with the goal of rectifying the fact that Melilla was the only Spanish city without a shopping mall. The total investment in the centre exceeded €50 million. The Terrassa Plaça retail park in Terrassa (Barcelona) is another new development that was completed in 2017. Owned by Citygrove, the park has a GLA of approximately 30,000 sqm and represents total investment of nearly €30 million.

At the end of last year, the Canary Island business group Yudaya, a part of the Hermanos Dominguez Group, opened the doors of the new Alisios shopping centre in Las Palmas de Gran Canaria. With a GLA of 60,000 sqm and total investment of around €180 million, the centre offers 120 operators and expects to welcome 16 million shoppers annually.

#Ranking	Retailer	Revenue ** (€M)	No. of stores *
1	Mercadona	21,623	1,614
2	El Corte Inglés	15,504	196
3	Carrefour	8,964	849
4	Eroski	6,051	1,896
5	DIA	5,970	4,875
6	Auchan-Alcampo	4,641	347
7	Inditex	4,251	1,787
8	Lidl	3,335	540
9	Consum	2,340	680
10	Media Markt	1,580	79

Source: 2016 Retail Index and Annual Reports
 *2016 data
 **Gross revenue

Future Projects

Goodbye to conventionalism. This is the maxim of the new retail complexes set to open in 2018 and 2019. Eight new shopping centres and retail parks are expected to open in 2018, which together with extensions to existing centres, will see close to 350,000 sqm of new GLA added to existing stock. Three new complexes are due to open in 2019 and again, coupled with extensions to existing centres, these will add a further 101,000 sqm to the existing retail GLA of 15.6 million sqm.

The premise of these new developments is clear; shopping centres are no longer competing only amongst themselves, but with all sorts of entertainment. The underlying principle is to offer visitors the best possible experience. This includes smart centres that harness the latest technology, outdoor architecture and unique designs that are fully integrated into their surroundings. The X-Madrid project (formerly the Opción shopping centre) in Alcobendas is an example of the growing focus on the customer experience. This centre, which is being transformed by Socimi Merlin Properties, is set to open its doors at the end of this year and will have a beach, motorcycles and a diving centre, as well as 47,000 sqm of retail space.

Outdoor complexes are also all the rage. This is evidenced by the likes of Open Sky in Madrid, which is set to become the first outdoor mall in Spain, offering consumers 85,000 sqm of GLA within a futuristic environment. This is French company Compagnie de Phalsbourg's first move into the Spanish market. The centre is expected to open in late 2018. Torre Sevilla is another outdoor centre under development. It will be equipped with outdoor common areas to allow visitors to stroll through the complex. The centre is being developed by Puerto Triana (owned by CaixaBank) and will offer 26,000 sqm of GLA. Opening is slated for the second quarter of 2018.

Sustainability is also playing a key role in new developments. The Finestrelles Shopping Center project, for example, is aiming to secure BREEAM certification, specifically a "Very Good" rating. In fact, most of the new projects are looking to attain very high standards in terms of energy efficiency, water conservation, sustainable mobility and green spaces.

Increasing leisure and dining options continues to be a key strategy. This is the case at the new Centro Canalejas project in Madrid, which is being developed by OHL, Inmobiliaria Espacio and Mohari Limited. The new centre

will boast a gourmet food area reminiscent of the popular San Miguel and San Antón markets in Madrid. It will also offer 15,000 sqm of GLA and is expected to open its doors in the third quarter of 2019.

<p>1. Dolce Vita Odeón Narón (A Coruña)</p> <p>GLA: 25,000 sqm Developer: Eurofund Capital Partners and Patron Capital Opening: Q1 2018 *</p>	<p>7. Finestrelles Shopping Center Esplugues de Llobregat (Barcelona)</p> <p>GLA: 25,700 sqm Developer: Equilis Opening: Q4 2018 *</p>
<p>2. Torre Sevilla Sevilla</p> <p>GLA: 26,000 sqm Developer: Puerto Triana (owned by CaixaBank) Opening: Q2 2018 *</p>	<p>8. Designer Outlet Málaga Málaga</p> <p>GLA: 22,000 sqm (2 fases) Developer: McArthurGlen and Sonae Sierra Opening: Q4 2018 *</p>
<p>3. Vidanova Parc Sagunto (Valencia)</p> <p>GLA: 43,000 sqm Developer: Lar Spain Opening: Q3 2018 *</p>	<p>9. Torre Village Zaragoza</p> <p>GLA: 60,500 sqm Developer: Grupo Iberebro Opening: Q4 2018 *</p>
<p>4. Open Sky Torrejón de Ardoz (Madrid)</p> <p>GLA: 85,000 sqm Developer: Compagnie de Phalsbourg Opening: Q4 2018 *</p>	<p>10. Palmas Altas Palmas Altas (Sevilla)</p> <p>GLA: 70,000 sqm Developer: Lar Spain Opening: Q2 2019 *</p>
<p>5. X-Madrid Alcorcón (Madrid)</p> <p>GLA: 47,000 sqm Developer: Merlin Properties Opening: Q4 2018 *</p>	<p>11. Rabanales Plaza Córdoba</p> <p>GLA: 16,000 sqm Developer: Retesa Opening: Q2 2019 *</p>
<p>6. Jaén Plaza Jaén</p> <p>GLA: 46,000 sqm Developer: Alvares Opening: Q4 2018 *</p>	<p>12. Centro Canalejas Madrid</p> <p>GLA: 15,000 sqm Developer: OHL, Inmobiliaria Espacio and Mohari Limited Opening: Q3 2019 *</p>

The Palmas Altas project, together with the aforementioned Open Sky, will be one of the largest developments over the next two years, with retail space spanning around 70,000 sqm. Socimi (REIT) Lar España will be responsible for building the complex, which is set to become the company's largest retail asset. It is planned for completion in 2019.

As regards retail density, Spain is a mature market, with a density of close to 340 sqm of GLA per 1,000 inhabitants. The new openings in 2017 (208,500 sqm) and those forecast for the next two years (353,000 sqm in 2018 and 101,000 sqm in 2019) are considerably below pre-crisis levels, when openings exceeded 900,000 sqm per annum.

Zaragoza is the province with the highest retail density, followed by Las Palmas, Álava and Madrid, in that order. At the other end of the spectrum, Lérida has the lowest retail density, followed by Jaén and Gerona. The deficit in these last provinces represents an opportunity for future retail development.

The present and future of shopping centres

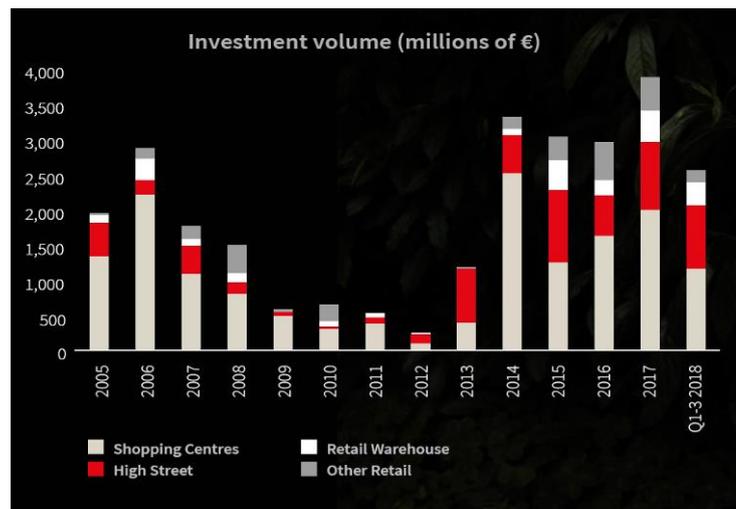
Shopping centre activity depends to a large degree on the country's wider economic picture. As the macroeconomic outlook is positive, we believe the footfall and sales growth registered in 2017 will hold steady going forward. However, not all shopping centres will benefit from this trend, as there is now a clear disparity between the performance of large, prime centres that are leaders in their catchment areas and secondary complexes. This second category is much more susceptible to the consequences of the rise in e-commerce.

Secondary centres must therefore work out how to stay relevant to the consumer, which is why we are focusing so intensely on the shopping experience. It is imperative to improve aspects related to customer comfort, to their feeling of belonging to a community, to a mix that is tailored to the local area and to provide a strong range of leisure and dining options. The key to success and survival lies in offering something very different from the practical aspect of shopping online.

However, this does not mean we are going to witness the "shopping mall apocalypse" being touted in the US media. The reality in Europe is very different, both in terms of retail density and the reliance on large retailers as drivers. The situation here bears no resemblance to the one in the United States. In fact, there is even room for further development in Spain. What we have to consider is that new shopping centres will have to forge their own unique identity and incorporate elements that help them stand out from the rest. It is also worth considering that a new shopping centre often plays a dominant role in its catchment area, making nearby competitors obsolete. But that's not the same as saying that there are too many centres. Put simply, there is often a centre that, for one reason or another, is better than the rest and takes over their role as the dominant leisure and shopping focal point.

Investment Market

The recovery of the Spanish economy and the rental market is having a positive effect on the retail investment market. The pace of activity in high street retail, shopping centres, retail parks, supermarkets and other retail segments in 2017 was extraordinary. In 2017, 71 investment transactions saw over €3.9 billion invested in Spain, up 31% versus 2016. These figures propelled the Spanish retail market to a new all-time high, making it the primary real estate investment sector in 2017. Retail represented 34% of total investment in commercial real estate (hotels, industrial premises, offices and retail).



The shopping centre segment was the most active, accounting for 52% of total retail investment, with more than €2 billion invested through 19 transactions. The most significant transaction in 2017 was the sale of Xanadú by Ivanhoe for €530 million to INTU Properties, which then sold 50% of the shopping centre to TH Real Estate for €264 million, a deal which helped boost this market to a new all-time high. Other large transactions in 2017 included Klèpierre's purchase of the Nueva Condomina in Murcia for €233 million and El Tormes transaction in Salamanca and the ABC Serrano deal in Madrid.

Shopping centres are followed by investment in high street retail with nearly €970 million invested through 30 transactions, representing 25% of total investment in retail. The largest transaction in 2017 was carried out by the Baraka Group which sold a building on Calle Preciados in Madrid to real estate firm Hines. Also of note was the acquisition by Redevco Iberian Ventures, the joint venture formed by Redevco and Ares Management, of Madrid's Mercado de San Miguel for €70 million.

Retail parks also attracted investor interest and were the third most active segment. The year's largest transaction was the Redevco/ Ares Management deal, which sold nine retail parks to Vukile Properties for €193 million. Other notable investment transactions in excess of €50 million included the purchase by Lar España of Parque Abadía in Toledo, previously owned by Rock Springs; and the acquisitions of Terrasa Park in Barcelona and Alameda Park in Granada.

In a province-by-province analysis, Madrid stands out as the destination which attracted the largest investment volume, in excess of €1.9 billion and representing 49% of the 2017 total. The acquisition of Xanadú was the primary reason behind this record figure.

Despite the political uncertainty, the real estate market in Barcelona remained active and was the Spanish province with the second highest investment volume. Retail investment in Barcelona stood at nearly €290 million; although it could have been higher as certain transactions were not closed as planned and we will have to wait and see if they are resumed in 2018.

The province of Murcia came in third in terms of accumulated investment volumes at €284 million. This is mainly due to the acquisition of the Nueva Condomina shopping centre, one of the largest transactions in 2017. Other notable transactions in the region included the purchases of Parque Almenara and Pinatar Park

Retail investment remained strong in the third quarter 2018, with a volume of about € 800 million. The cumulative volume in the first nine months of the year exceeds € 2,500 million, with investment in shopping centres representing 46% of the total volume. The most important transaction in the third quarter was the sale by Unibail Rodamco of a portfolio of four shopping centres to Castellana Properties, for approximately €460 million.

Investors Profile

Investment in Spain is comprised mainly of foreign capital. Specifically, 75% of total retail investment in 2017 came from international investors, who are particularly interested in shopping centres, to which 57% of the total amount invested was allocated.

Domestic investors also showed their preference for shopping centres, but their interest is distributed more equally amongst other assets. 35% of their investments were allocated to shopping centres in 2017, while retail parks attracted 29% of the total volume. Investment in high street retail represented 25%. International investors also reflect this order of preference.

Investment funds accounted for 52% of the total volume, followed by Socimis (REITs) with 34%, private investors (8%) and institutional investors (6%), such as banks and insurance companies. As regards asset type, 80% of all investments were allocated to high-quality Core (43%) and Core + (37%) assets with long maturity periods.

Investment forecast

We expect 2018 to be another great year in terms of investment volumes. Based on the transactions in the pipeline that we have identified for this year, we believe it feasible for total volumes to reach somewhere in the region of 3.5 billion euros, which is significantly higher than the average for the last five years (2.9 billion euros).

The demand is in line with the recovery and growth of the Spanish economy, which has stoked consumer spending and sales, generating the optimum conditions to raise rental levels. There is currently demand for products across all retail segments, from prime high street to distressed shopping centres. We will continue to see strong demand from core and core+ investors for all asset types, although supply of this product will grow increasingly scarce, which will lead to fierce competition when they trickle on to the market. There is also liquidity to invest in distressed or tertiary assets. The feasibility of repositioning the asset can always be shown and the yield on the opportunity reflects the risk the investor will face.

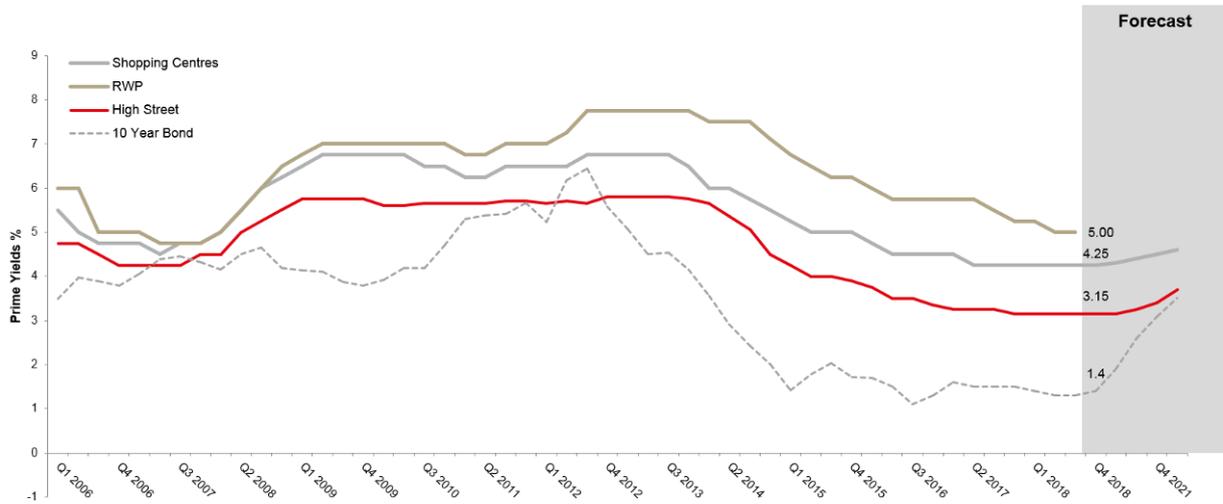
Thanks to their unique traits, shopping centres will continue to attract the lion's share of investment in retail. Investors will remain focused on regional / power centres in their respective catchment areas or on local neighbourhood centres. Investors will have greater doubts about complexes that fail to meet this criteria, as their liquidity will be tighter. We expect investment in high street retail to remain strong (investment was up 69% in 2017 versus the previous year).

The sector will see continued consolidation as a key asset for all investors, both for those that traditionally invest in the sector, i.e. domestic players, and the international funds that have buoyed the market in recent years. Retail parks will also continue to attract strong interest from investors, especially Socimis and fund managers, thanks to their attractive yield in the current market context, their stable performance and their relatively easy management versus shopping centres.

Yields

Yields on retail assets compressed in 2017 owing to strong investor demand. However, they are still higher than those offered in other mature markets such as London and Paris and still reflect a healthy spread with respect to the 10-year bond. Yields on shopping centres have compressed to 4.25% for the most prime assets. For high street retail, prime yields in Madrid and Barcelona are around 3.15% and 3.25%, respectively.

Yields for secondary assets have stood at around 3.75% in both cities since last year, whereas yields on retail parks compressed over the last quarters to stand at around 5.00%.

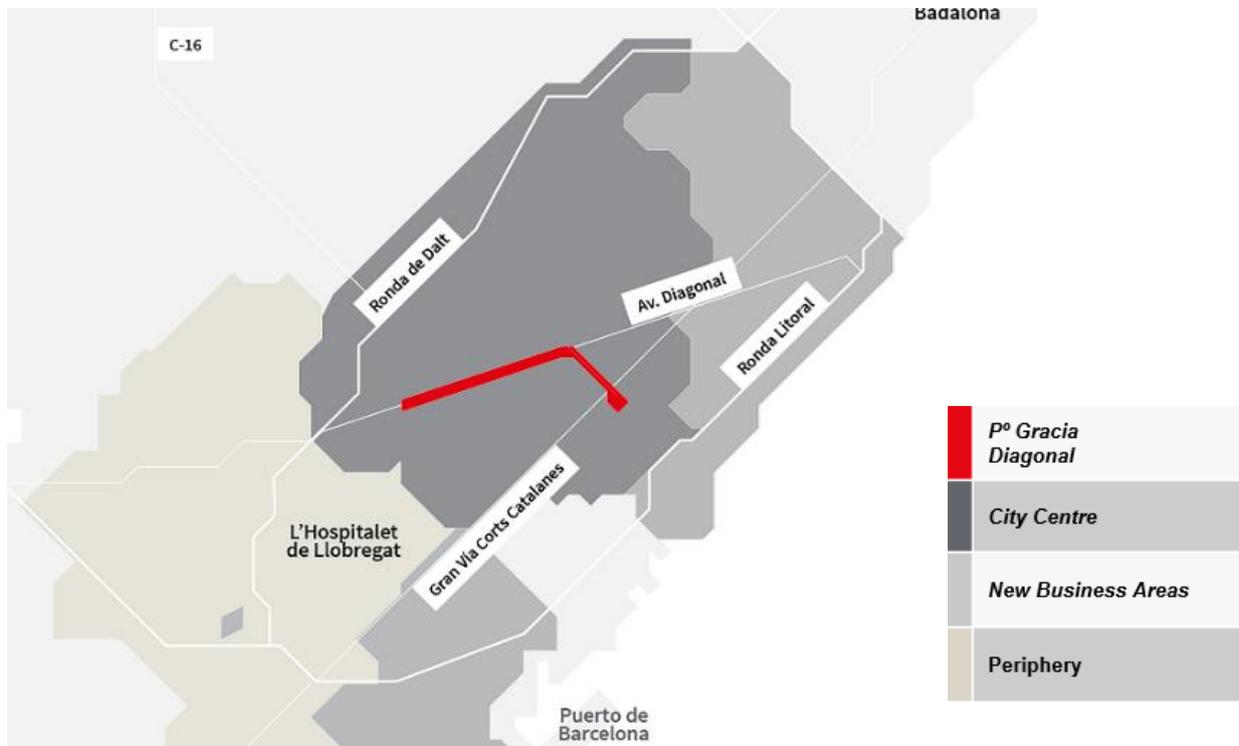


Transactions:

Q Year	Asset	Municipality	Region	Type of Property	GLA (sq m)	Volume (M. Euros)	Net Initial Yield (%) Capital Value (€/sq m)	Seller	Buyer
Q1 2018	Parque Corredor	Torrejón	Madrid	Shopping Centre	123,000	€200	Avg €1,600/sq m	Sareb, Alcampo, Perella, ECI	Redevco & Ares
Q1 2018	Berceo	Logroño	La Rioja	Shopping Centre	34,072	€100	NIY 5.50%. Avg €3,000/sq m	CBRE GI	Barings
Q1 2018	80% Modoo	Oviedo	Asturias	Shopping Centre	40,000			Alpha Capital	Benson Elliot
Q1 2018	Gran Vía de Hortaleza	Madrid	Madrid	Shopping Centre	6,300	€55	Approx. avg €8,700/sq m	Klepierre	Carmila
Q1 2018	Rivas Futura Retail Park	Rivas Vaciamadrid	Madrid	Retail Park	37,000	€61.6	Approx. avg €1,665/sq m <6%??	Credit Suisse	Lar SOCIMI
Q1 2018	Retail Gallery Alcampo Abadía	Toledo	Toledo	Shopping Gallery	6,140	€14	Approx. avg €2,300/sq m		Lar SOCIMI
Q1 2018	Plaza Imperial	Zaragoza	Zaragoza	Shopping Centre	112,000	€15	Approx. avg €135/sq m	DuproCom & Cecosca	Inversiones Carney
Q1 2018	PlanetOcio	Collado Villalba	Madrid	Shopping Centre	19,200	€20	Approx. €1,000/sq m	AXIA RE SOCIMI	AEW Europa
Q1 2018	3 Retail Warehouses El Alisal & Villaverde	Santander Madrid	Santander Madrid	Retail Warehouse	Alisal: 7,000 Villaverde: 4,400	€33.2	Approx. €2,600/sq m	LAR SOCIMI	AEW Europa Pierre Plus SCPI
Q2 2018	Portfolio Pradera La Sierra, El Paseo, Manresa, Tarrasa, San Juan & Aljarafe	Several	Several	Shopping centre	56,900	€182	NIY approx. 6.3% Approx. Avg. €3,200/sq m	Pradera	Carmila
Q2 2018	L' Aljub	Elche	Alicante	Shopping centre	43,800	€170	Approx. Avg. €3,800/sq m	TIAA Henders	Deutsche Bank
Q2 2018	Habaneras	Torreveja	Alicante	Shopping centre	24,160	€80.6	Approx. Avg. €3,330/sq m	Harbert Managment Corp.	Castellana SOCIMI (Vukile)
Q2 2018	Eroski Garbera	San Sebastian	San Sebastian	Hypermarket	14,800	€48	Approx. Avg. €3,200/sq m	MDSR	Savills Investments
Q3 2018	Milenium Retail Park	Majadahonda	Madrid	Retail Park	11,350	€31	Approx. €2,700/sq m	Procinco	ORES SOCIMI
Q3 2018	Makro Portfolio 3 Assets	Madrid	Madrid	Retail warehouse	n.a.	€86	n.a.	Makro	LaSalle Investment
Q3 2018	Galaria 2 Retail Warehouses: ECI, Aldi, Feu Vert	Pamplona	Pamplona	Retail warehouse	4,108	€11.5	Avg. Approx. €2,800/sq m	LAR SOCIMI	AEW
Q3 2018	URW Portfolio Bahiasur Los Arcos Vallsur El Faro	Cadiz Sevilla Valladolid Badajoz	Cadiz Sevilla Valladolid Badajoz	Shopping Centre	24,790 18,000 35,220 43,425	€460	Avg. NIY 5.90% Avg. Approx. €3,700/sq m	Unibail Rodamco Westfield	Castellana SOCIMI (Vukile)

2.3 Barcelona Office Market Commentary

Office Market Map



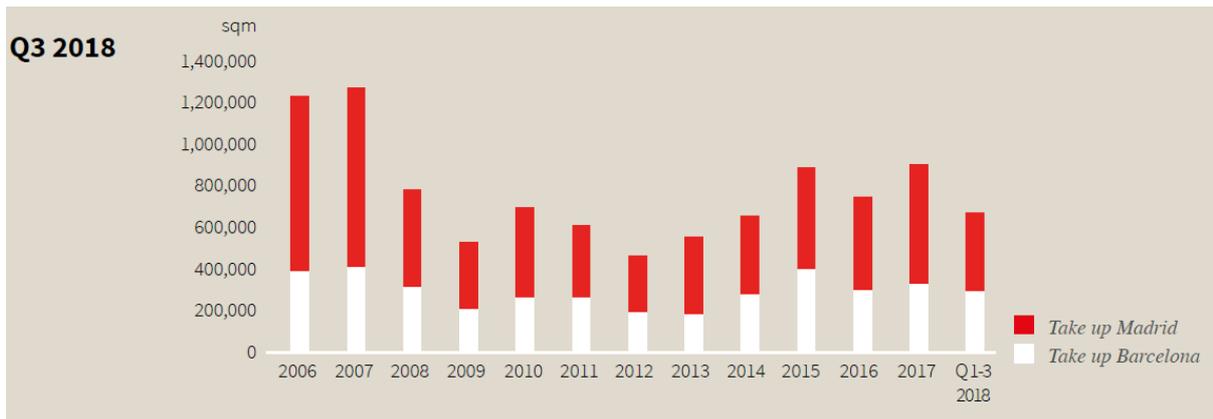
Source: JLL

Take-up / Demand

Employment growth in Spain has been driving the take-up of office space. The positive outlook for the economy has led us to predict that rental levels will rise in Madrid and Barcelona. In 2017, take-up levels in both cities continued their upward trend, surpassing 892,000 sqm thanks to several extraordinarily active months, translating into a YoY increase of 21%. Take-up levels approached pre-economic crisis levels in Madrid, with more than 560,000 sqm of office space leased. As a result, the office space leased in Madrid in 2017 was 30% higher than in 2016. Growth in Barcelona has been more moderate. In 2017, the total volume of leased office space was 332,000 sqm, 9% higher than in 2016.

In 2017, 82% of total take-up in Madrid was concentrated in the CBD and in the Periphery, while in Barcelona, the New Business Districts represented 45% of office take-up.

The dynamism which characterised office demand in 2017 was due to the increase in large transactions in Madrid and Barcelona. Thirty seven leases were signed for more than 3,500 sqm in Madrid and 17 were signed in Barcelona, figures far higher than those obtained in 2016 at 48% and 112%, respectively. As regards transactions for more than 3,500 sqm in Madrid, 84% were split between the CBD and the Peripheral areas, with very similar percentages in both areas.



Source: JLL

The strong performance of the Spanish economy and healthy employment growth are driving demand for office space, with 230,000 sqm taken up between Madrid and Barcelona in Q3 2018, a rise of 7% versus the same period one year earlier. Despite the summer break, some 135,000 sqm were taken up in Q3 in Madrid, while Barcelona registered a take-up figure of over 95,000 sqm. This increase in take-up has been reflected in the vacancy rate, which has dropped to 10.19% in Madrid and 6.19% in Barcelona.

Rents

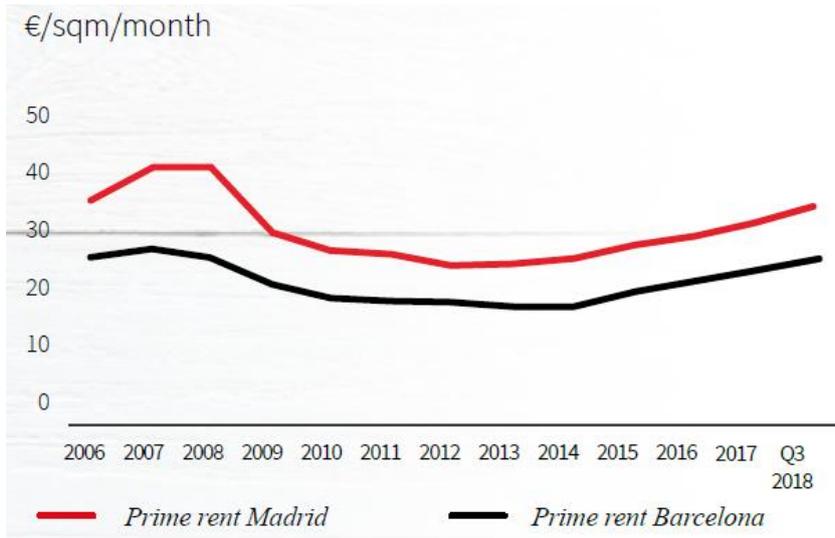
The recovery and consolidation of the office market which began in 2013 continued through 2017. Over the last year, prime rental levels in Madrid's CBD have increased by 7.76% to €31.25/sqm/month at year end, marking a return to 2009 levels.

In Secondary and Periphery areas, rental levels increased 10.61% and 12.8% YoY to €18.25/sqm/month and €16/sqm/month, respectively, while rental levels in Satellite areas remained constant. In the Secondary area, Méndez Álvaro and the areas adjacent to the A-1 and Campo de las Naciones in the Periphery continue to offer upside potential for rental levels over the medium term thanks to extremely high quality projects. The expected average increase for rental levels for the coming 5 years is around 4.2% annually.

With regard to Barcelona, in the last quarter of the year, maximum rental levels rose once again. Prime rental levels in the Paseo de Gracia/Diagonal area climbed 8.14% YoY to €23.25/sqm/month, reaching 2009 levels. In New Business Districts, the maximum rental levels once again surpassed those in the City Centre to stand at €20.25/sqm/month, representing a 9.46% increase. The interest shown by large corporates in the 22@ area will remain steady over the next 5 years and, therefore, average rental levels are expected to grow by almost 4% per annum.

The increase in maximum rental levels was clearly reflected in the leases signed. With respect to 2016, transactions signed at over €30/sqm/month in Madrid and at over €20/sqm/month in Barcelona more than doubled.

While rental levels and owners' bargaining powers have increased, the incentives provided to tenants have been gradually diminishing since 2013. Currently, depending on the area and quality of the property, grace periods in Madrid of between 3 and 13 months and other incentives are now being negotiated, while in Barcelona grace periods are between 2 and 9 months.



Source: JLL

In Q3 2018, maximum rental levels continue to rise, with a quarterly hike of 3% in both cities to €34 per sqm per month in Madrid and €25 per sqm per month in Barcelona. Currently rents stand at the following for Barcelona and Madrid:

Madrid (€/sqm/month) Q3 2018		Barcelona (€/sqm/month) Q3 2018	
CBD	34.00	Paseo de Gracia/Diagonal	25.00
Secondary	20.00	City centre	20.00
Periphery	16.25	New business areas	22.00
Satellite	10.50	Periphery	11.75

Source: JLL

Perspectives for rental growth in Spain are also positive, as illustrated in the following graph / graphics.



Source: JLL

Existing and Future Supply

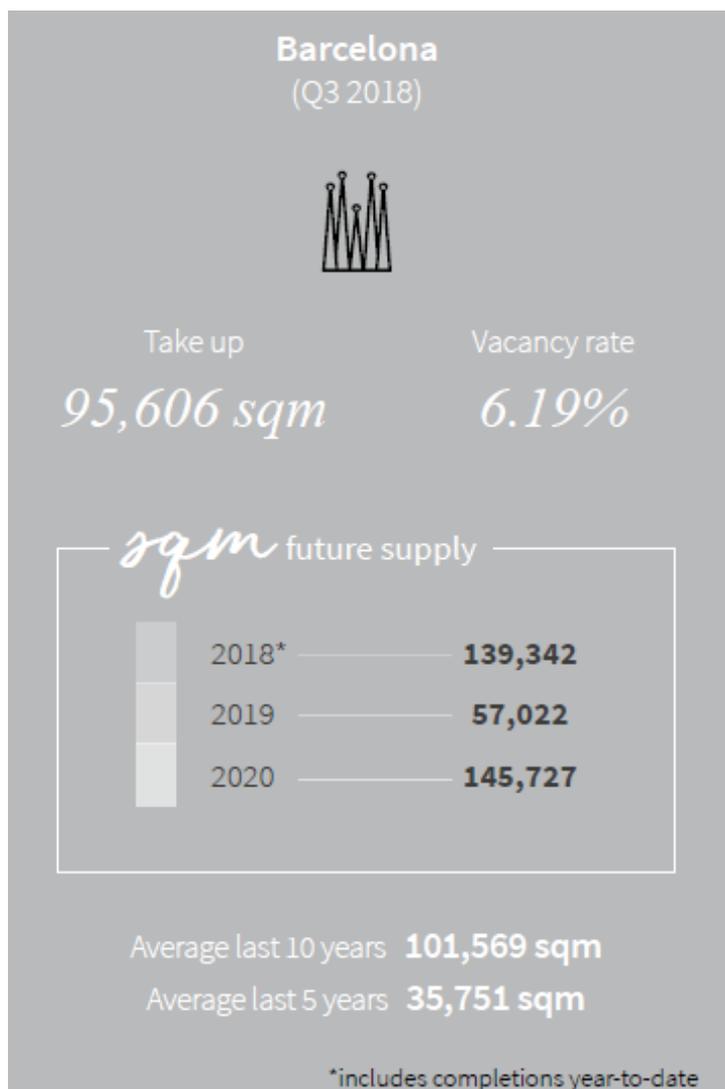
Strong demand has led vacancy rates to continue to decline quarter on quarter in both office markets.

Available floor space in Madrid stood at 1,639,000 sqm, representing a vacancy rate of 10.89% at 2017 year end, down 98 basis points with respect to the beginning of the year. The vacancy rate fell across all submarkets, although the CBD and the Secondary submarkets currently offer lower vacant space — around 7% in both cases.

A large part of the available space is of medium quality, mostly made up of medium-sized and small surface areas. Only 15% of immediately vacant space is classified as Grade A, which is unable to meet the demand among major companies seeking quality space. Owners, aware of this situation, are re-launching a portion of their portfolios with increasingly innovative actions such as the integration of the circadian rhythm concept to obtain biologically efficient lighting at the Oxseo building and the installation of an artificial intelligence system — the only one of its kind in the world — in the Virto building.

The trend is similar in Barcelona. Immediate available space fell to 456,000 sqm, putting the vacancy rate at 7.68%, down 58 basis points with respect to 2016 year end. Vacancy rates have fallen to 2008 levels. This downward trend is expected to continue in view of the lack of available properties and solid take-up levels.

Both in the Paseo de Gracia/Diagonal area and the City Centre, vacancy rates were sitting at around 3.5% and 5.3%, respectively and, therefore, demand is finding it increasingly difficult to find quality surface areas in excess of 800 sqm on one floor in these parts of the city. In the New Business Districts, the vacancy rate was 6.7%, something not seen in the Barcelona market since 2007.



The pick-up in the economy and office take-up levels are driving new office developments and, especially in Madrid, the refurbishment of obsolete properties to respond to the current needs of tenants in prime areas.

During the 2001–2007 real estate cycle, 360,000 sqm of offices were completed in Madrid and 134,000 sqm in Barcelona.

The next cycle — beginning in 2008 —, has been marked by a virtual standstill in construction in both cities, while projects already underway were completed. In 2014, figures fell to record lows with only 3,000 sqm of offices completed in Barcelona and 65,500 sqm in Madrid. The professionalization of the office development market led to a much more prudent approach in construction, with average completions falling to 150,000 sqm in Madrid and 100,000 sqm in Barcelona (2008-2017) This translated into a 55% and 29% slump, respectively, in completions for the 2008-2017 period versus the 2001-2007 period.

The level of completions held steady last year with 80,200 sqm of fresh space coming onto the market in Madrid and 39,000 sqm in Barcelona. In Barcelona, around 86% of the completed surface area is concentrated in the New Business Districts, with the Torre

Marina in the Zona Franca being of particular note. Over 126,000 sqm of space was refurbished in Madrid in 2017, contributing to a substantial improvement in the quality of the city centre's office stock.

Currently, potential tenants continue to show keen interest in Madrid's high-quality office supply, which in turn is driving renovations within the M-30 ring road – representing almost 50% of the surface area to be completed before the year is out. In Barcelona, a lack of quality supply and the obsolescence of existing stock in the centre have driven tenants to sign pre-lease agreements for the lion's share of the supply that will hit the market in 2018 and 25% of that set to emerge in 2019.

Office Investment Market

Commercial property investment (offices, retail, logistics and hotels) in Spain in 2017 amounted to close to €11.4 billion, up 30% on 2016. 2017 was a particularly good year for investment in the real estate sector and 2006 pre-crisis highs were comfortably surpassed.

Offices accounted for 19% of commercial real estate investment in Spain, representing an investment volume of €2.21 billion in 2017.

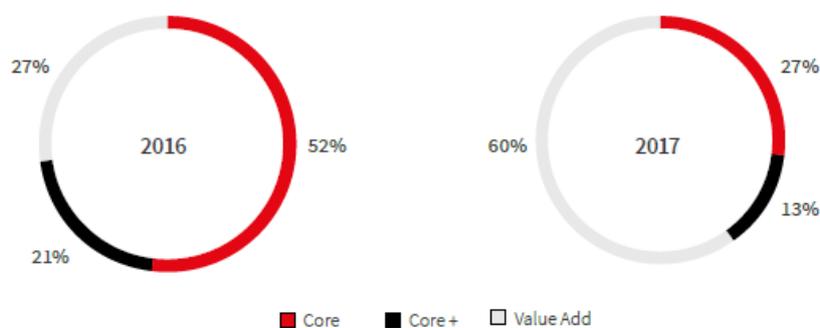
Investment in offices fell 20% with respect to 2016 due to the drop in investment in Madrid, down 38% on 2016. In Barcelona, on the other hand, investment increased 60% YoY. This reduction in investment volumes was not due to investor interest tapering off, but rather to a lack of product which in the previous two years had reached record highs.

The lack of product has led investment in land to play a more important role, with a record volume of €109 million in Barcelona and €193 million in Madrid. This trend is expected to continue in the coming year.

The investment volume in Barcelona during 2017 amounted to €835 million through a total of 27 transactions, divided between the Paseo de Gracia/ Diagonal area (3), the City Centre (7), New Business Districts (13) and the Periphery (4). These included emblematic buildings such as Torre Agbar to Merlin for €142 million, the Luxa Silver and Luxa Gold buildings for around €100 million to the Catalana Occidente Group and the NEO building at Avenida del Paral·lel, 51, in which JLL acted as advisor. In addition, Banco Popular sold the building at Paseo de Gracia, 17 to Hines.

In 2017, investors showed a preference for value-added assets to secure higher yields. As mentioned previously, land transactions are gaining importance. In Madrid, Colonial's purchase of land in the Méndez Álvaro area, with JLL acting as advisor, was of particular note. We are seeing a change in investors' preferences that will carry forward into the coming years. With regard to the type of investors, three players stand out in Spain, funds, accounting for 48% of investment volume, followed by REITs with 23% and private investors with 12%. Moreover, around 60% of the aforementioned investment is by domestic players.

Investment type (Volume €)

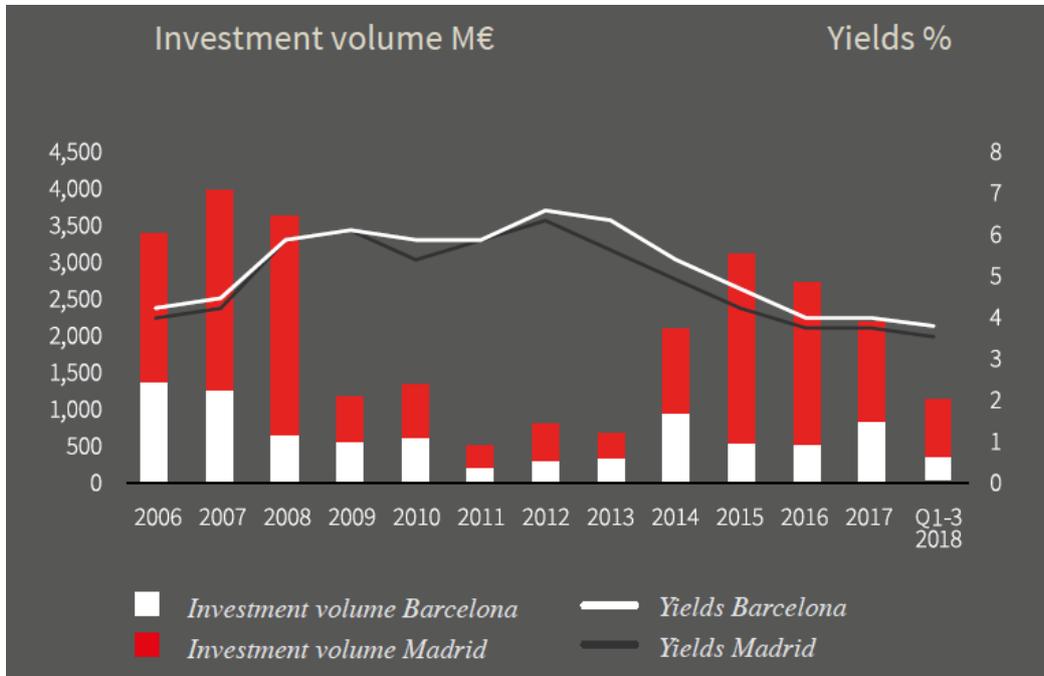


Source: JLL Q4 2017 Research

Source: JLL

In 2017 prime yields in both Madrid and Barcelona remained stable at 2016 year-end levels. That is, 3.75% and 4.0%, respectively.

Capital values are continuing to climb, driven mainly by growth in rental levels which are expected to be the main growth driver going forward. Greater access to finance and better lending conditions have also been key factors in the increase in investment.



Source: JLL

Although investment products in the most attractive areas of Madrid and Barcelona remain in short supply, investor activity is still very high. This has driven prime yields downwards in Q3, falling by 25 basis points in both cities to 3.5% in Madrid and 3.75% in Barcelona.

Investment volumes have exceeded €1.116 billion year-to-date, down 34% with respect to the same period last year. In turn, investment volumes in Q3 reached €595 million across eight deals, of which 41% were undertaken in Madrid and 59% in Barcelona.

2.4 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 2017**

All work is carried out in accordance with the Practice Statements contained in the RICS Valuation Standards 2017 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 2017. 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 2017

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.”

2.5 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 N° 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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