

Portal de la Marina

Update on the Acquisition proposal of Portal de la Marina

Lar España is asking their shareholders to acquire **100% of the Shares of Portal de La Marina** by acquiring the remaining **41.22% to Grupo Lar**



Transparent process to guarantee full protection of shareholders interests

Deal Price at similar valuation levels than first tranche acquisition while significant improvement in underlying business performance

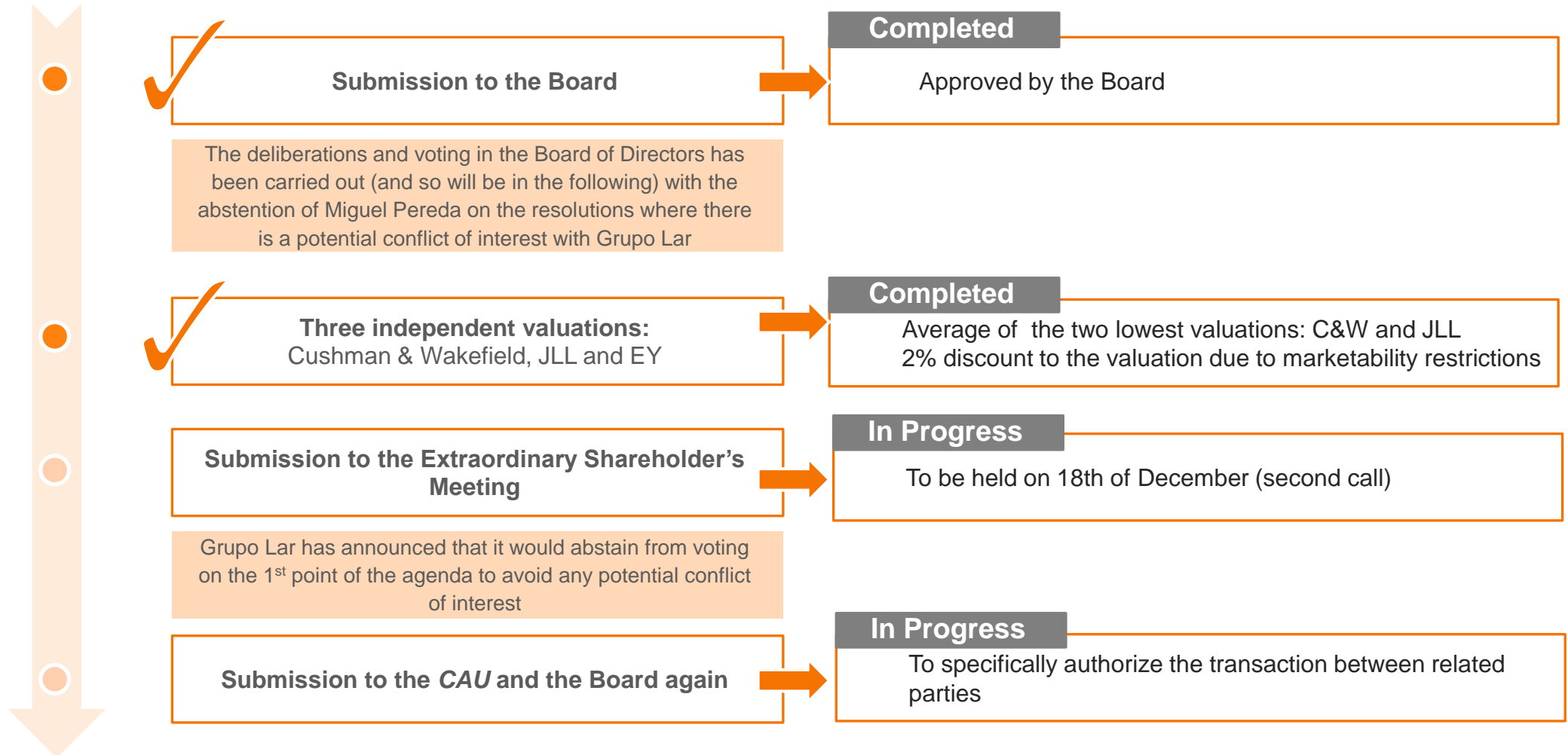
Three independent Valuations, taking the average of the two lowest valuations and adding a 2% discount to the valuation due to marketability restrictions

**Excellent investment opportunity for Lar España:
Vey positive performance of the asset during the first 9 months of 2015 (+6% Visitors and +15% Sales)**

Consolidation of the ownership to gain full control of the asset and more flexibility in decision making

Fiscal optimization due to full inclusion to SOCIMI regime

Complete Approval Process



Full transparency to guarantee shareholders protection

Transparency and Independent Valuation

- Deal Price at similar valuation** levels than first tranche acquisition **while significant improvement** in underlying business performance
- Three independent Valuations:** Cushman & Wakefield, JLL and EY
- Average of the two lowest** valuations: Cushman & Wakefield and JLL
- 2% discount to the valuation** due to marketability restrictions

Deal Price comparison vs initial acquisition

	Basis for the Acquisition of 58.78% (October 2014)	Basis for the Acquisition of 41.22% (September 2015)
Market value-CW (Thousands of Euros)	-	83,000
Market value-JLL (Thousands of Euros)	-	84,730
Asset value	81,000	83,865
Price psm (Euros)	2,692	2,787
Entry yield (%)	6.70%	6.67%
NOI Year 1 (Thousands of Euros)	5,424	5,591

Valuation Comparison bet


	EY	CW	JLL	Average(1)	Average(2)
	Thousands of Euros			Thousands of Euros	
Asset Value	95,160	83,000	84,730		
Value of 100% of the shares without adjustments	43,815	34,948	36,210	38,324	35,579
Grupo Lar Stake	41.22%	41.22%	41.22%	41.22%	41.22%
Value of Grupo Lar stake without adjustments	18,061	14,406	14,926	15,797	14,666
Discount due to marketability restrictions (2%)	361	288	299	316	293
Net Value after adjustment	17,700	14,118	14,627	15,481	14,373


(1) Average value taken into account EY, CW and JLL valuations

(2) Average value taken into account CW and JLL valuations

Lar España aims to complete the acquisition of Portal de La Marina Shopping Center to Grupo Lar


Deal Rationale


 **Excellent performance** of the asset: footfall increased by 6% and sales from retailers posted a 15% increase up to September 2015.


 **Full Control** of the Asset and **Consolidation of the Results, +€5m of revenues.** So far, it consolidates through equity method.

 **Fiscal optimization due to full inclusion to SOCIMI regime.**

Deal Price at similar valuation levels than first tranche acquisition

 **3 asset valuation by independent appraisers** have been made ruling out the highest of them.

 An average of the two lowest has been computed.

 PWC has **applied a liquidity discount** resulting in final price similar to the acquisition of the first tranche of **c.80M** for the 100%.

Lar España Acquisition Process History of Portal de la Marina



Acquisition of **58.78%** of the Commercial Gallery to Grupo Lar at €47.61€ (debt included)



Acquisition of **100%** of the Supermarket to Eroski at €7.5m



Potential Acquisition of **41.22%** of the Commercial gallery to Grupo Lar at €33.1m (debt included)

IPO March 14

30th of October 2014

9th of June 2015

Start of 2016

Alignment of interests



1

Total Exclusivity

- The Manager is committed to **total exclusivity for commercial property investment** opportunities in Spain
- In the Residential sector, Lar España has the right to co-invest with the Manager
- International standards of Governance and Code of Conduct

2

Structure and Incentives

- **Critical** activities are carried out in-house:
 - ✓ CFO
 - ✓ Corporate Manager
 - ✓ Legal Manager
- **Real Estate related** activities and expertise provided by the Manager
- **Management fees:**
 - I. 1.25% per annum of NAV
 - II. 3 year lock-up (since March 2014) for the shares to be received as performance fees
- **Performance fees**
 - I. 20% of NAV total return (NAV + dividends) outperformance over a 10% hurdle rate, paid annually subject to a high water mark. Hurdle resets annually based on closing NAV total return
 - II. Provision for catch-up
- All **performance fees** to be **received in company shares**, vesting over 3 years and subject to a 6 month lockup

3

Management Commitment

- **Grupo Lar** owns a **2,5% stake** in Lar España, subject to a **3 year lock-up** period (since March 2014)
- **Miguel Pereda**, family owner member and Grupo Lar co-CEO is the key figurehead from a Real Estate point of view
- **Grupo Lar** is **contracted** to **exclusively** provide Management services to **LRE**
- **Initial 5-year** management contract (since March 2014)

