Business Plan 2017-2020

Investor Day
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October 2016
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Investor Day Wrap up

Track Record
After >2 years operating as SOCIMI, Lar España has built an outstanding retail platform and portfolio of assets

Tools to Grow
Lar España is set to grow through:
✓ Portfolio size increase with its current firepower
✓ Retail asset performance improvement by implementation of its value-added approach
✓ Unlocking Value by asset rotation policy

Brilliant Future
Lar España aspires to become the reference value-added REIT in Europe
Lar España Highlights

GAV
€ 1,191 m

GLA
707,184 sqm

EPRA Topped-up NIY
6.1%

EPRA Occupancy Rate
93.0%

EPRA Topped-up NIY

EPRA Occupancy Rate

GLA
Retail
6.3%

Logistics
7.4%

Office
4.4%

Retail
93.3%

Office
87.0%

Logistics
100.0%

(1) EPRA Topped-up NIY & EPRA Occupancy Rate exclude Marcelo Spinola office building due to its lack of representativeness (full refurbishment)
Lar España Highlights

**GAV (Mn€)**

- Retail: 76%
- Offices: 13%
- Logistics: 6%
- Residential: 5%

Total GAV = Valuation of assets as of 30th June + acquisition price Gran Vía de Vigo

**Annualized Gross Rental Income (Mn€)**

- Retail: c.70%
- Offices: 8%
- Logistics: 8%
- Residential: 5%

1. Total GAV = Valuation of assets as of 30th June + acquisition price Gran Vía de Vigo
**Summary Key Facts**

### Value Creation levers

1. Value added initiatives aimed at increasing asset attractiveness and raising occupancies and rents
2. Development of Retail assets and other assets with available firepower
3. Unlocking Value by asset rotation policy

### Finance though cash flow and leverage

1. Current Firepower c.€240Mn through spare leverage capacity
2. Conservative scenario allows for sustainable cash flow generation to achieve 4-5% recurring dividend yield on NAV per share

### No Capital Increase needed

1. The Company does not need to increase share capital to comply with its ordinary business plan. Additionally, there are no authorizations to do so currently in force.
2. If authority to the Board to increase capital is requested at the next GSM, it will exclude the possibility of use when the share price is placed at a lower level to NAV.
Capacity to grow

Expiration of 3Y lock-up period under SOCIMI Regime

c. €300 Mn in non-retail assets between 2017-2018

Raising of Development financing facilities according to the progress of the projects @ a LTV of 80%, while respecting the overall Leverage limits stated in the IPO Prospectus. Global LTV will not be affected since growth of GAV of the development projects and the provision of credit facilities will be done simultaneously.
Business Plan
2017-2020
# Main Assumptions

<table>
<thead>
<tr>
<th><strong>Period</strong></th>
<th>2017-2020</th>
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<tbody>
<tr>
<td><strong>New Investments</strong></td>
<td>c. €240 Mn estimated to be invested in 2017</td>
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<tr>
<td><strong>Building &amp; Maintenance Capex</strong></td>
<td>c. €30 Mn</td>
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<tr>
<td><strong>Delivery</strong></td>
<td>Lagasca 99 residential for sale in 2018</td>
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<tr>
<td><strong>New Base Fee</strong></td>
<td>1.25% on NAV up to €600 Mn + 1% on NAV Over &gt; € 600 Mn</td>
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<td><strong>Capital increase</strong></td>
<td>No further capital increases considered</td>
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Expected Rental Growth

Annualized net rental income (€Mn)

Existing Income Generating Assets

- Reversionary potential - Market rent: c.8
- Reversionary potential - Vacancy Reduction: c.4
- Marcelo Spinola Office Refurbish: c.2
- Reversionary net rent: c.77

Existing Developments

- Sagunto: c.5
- Palmas Altas: c.14
- Potential annualized net rent current platform: c.96

Estimated Future Investments

- Firepower Invested at an average of 6%: c.13
- Potential annualized net rent with growth: c.110

Short and mid term growth potential

1. EPRA Annualized net rent as at H1 2016 + Estimated annualized net rent Gran Vía de Vigo
2. Illustrative potential additional rent in H1 2016 calculated as the difference between the market net rent estimated by the Company’s appraisal done by Cushman & JLL, as part of their valuation exercise and the annualized net rent obtained by the Company in H1 2016. Difference applied only to the current occupancy rate, considering the occupancy rate of the Company’s properties as of 30 June 2016
3. Illustrative potential additional rent in H1 2016 calculated, assuming the full occupancy of the Company’s properties, as the application of the market net rent estimated by the Company’s appraisers as part of their valuation exercise with respect to the vacant spaces in each of the Company’s properties. Full occupancy has been estimated at 97% for Shopping Centres given structural vacancy and 100% for the remaining portfolio
4. Potential rent that may be derived from certain of the Company’s assets under development (Sagunto and Palmas Altas) based on the announced yield at the moment of their respective acquisition (9.2% and 8.0% respectively) as applied to the acquisition price and building capex for each asset
5. Estimated Rental Income assuming an average yield of assets acquired @ 6%
# Key targets & assumptions 2017-2020

## Return Targets

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<th>Expected 2016 End</th>
<th>Expected Average Growth per annum</th>
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<tr>
<td><strong>Total Annual Return</strong></td>
<td>&gt;12%</td>
<td>▲ &gt;12%</td>
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<tr>
<td><strong>NAV</strong></td>
<td>c. €780 Mn</td>
<td>▲ c. 9-10%</td>
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## Business Plan Assumptions

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<th>Expected 2016 End</th>
<th>Expected Average Growth per annum</th>
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<tr>
<td><strong>Annualized GRI</strong></td>
<td>c. €70 Mn</td>
<td>▲ c. 14%</td>
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<tr>
<td><strong>Annualized NOI</strong>(^1)</td>
<td>c. €63 Mn</td>
<td>▲ c. 15%</td>
</tr>
<tr>
<td><strong>Non Recoverable/ GRI Expenses</strong></td>
<td>10%</td>
<td>▼ c. -10% (till 7% target)</td>
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<tr>
<td><strong>Occupancy</strong></td>
<td>93%</td>
<td>▲ c. 1% (till 97% target)</td>
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\(^1\) In accordance with EPRA BPR
Dividends

Dividend policy objectives

☑ Predictable and sustainable dividend and distribution schedule
☑ Competitive in the International Real Estate market
☑ Attractive vs Spanish equity market
☑ As a result of a solid cash flow generation

1. Dividend Yield

2016
More than 4%\(^1\) over NAV (> 5% on current Market Cap)
2017 - Onwards
c. 5% over NAV

2. Extraordinary dividends

Lagasca 99 delivery
Other divestments, according to the Business Plan execution and conditions

3. One payment per year upon approval of the General Shareholders Meeting

1. 4% Dividend yield over Average of 2016 quarterly NAV
Closing Remarks

1. **RIGHT TIMING**
   - Cycle
   - Opportunity

2. **RIGHT RESOURCES**
   - Operational
   - Financial
   - Know-How

3. **RIGHT PLATFORM**
   - Size
   - Synergies
   - Developments
   - Rotation potential

**RESULTS**
- Operation
- Revaluation
- Dividends

Future