



Real Estate

Investor Day

www.larespana.com

October 2016



Real Estate

Investor Day

Jose Luis del Valle
Chairman Lar España

www.larespana.com

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Welcome

Lar España Investor Day



Presenting team



José Luis del Valle
Chairman Lar España



Alec Emmott
Lar España Director



Luis Pereda
Chairman Grupo Lar



Miguel Pereda
CEO Grupo Lar
Lar España Director



Jose Manuel Llovet
Grupo Lar Head of Retail



Jorge Perez de Leza
Grupo Head of Non Retail



Sergio Criado
Lar España CFO



Hernán San Pedro
Head of Investor Relations

Why an Investor Day?



Present Communication

- Intense investor communication policy
- Recurrent roadshows and investor meetings



Time to Update

After >2 years operating as a SOCIMI, we want to share with you the performance and strategic outlook of our company



Announcements

- Management fee
- Capital and dividend policy

Today's Agenda



Corporate Governance/ CSR:

Alec Emmott, *Lar España Director*

The Value of Management:

Luis Pereda, *Chairman Grupo Lar*

Marcelo Spínola Asset Tour

Corporate Stands

Retail Strategy:

Jose M. Llovet, *Grupo Lar Head of Retail*

Offices/ Logistics/ Residential Strategy:

Jorge Perez de Leza, *Grupo Lar Head of Non-Retail*

Growth & Business Plan:

Miguel Pereda, *CEO Grupo Lar, Lar España Director*

Corporate Stands



360 Digital



Transformation



Investment



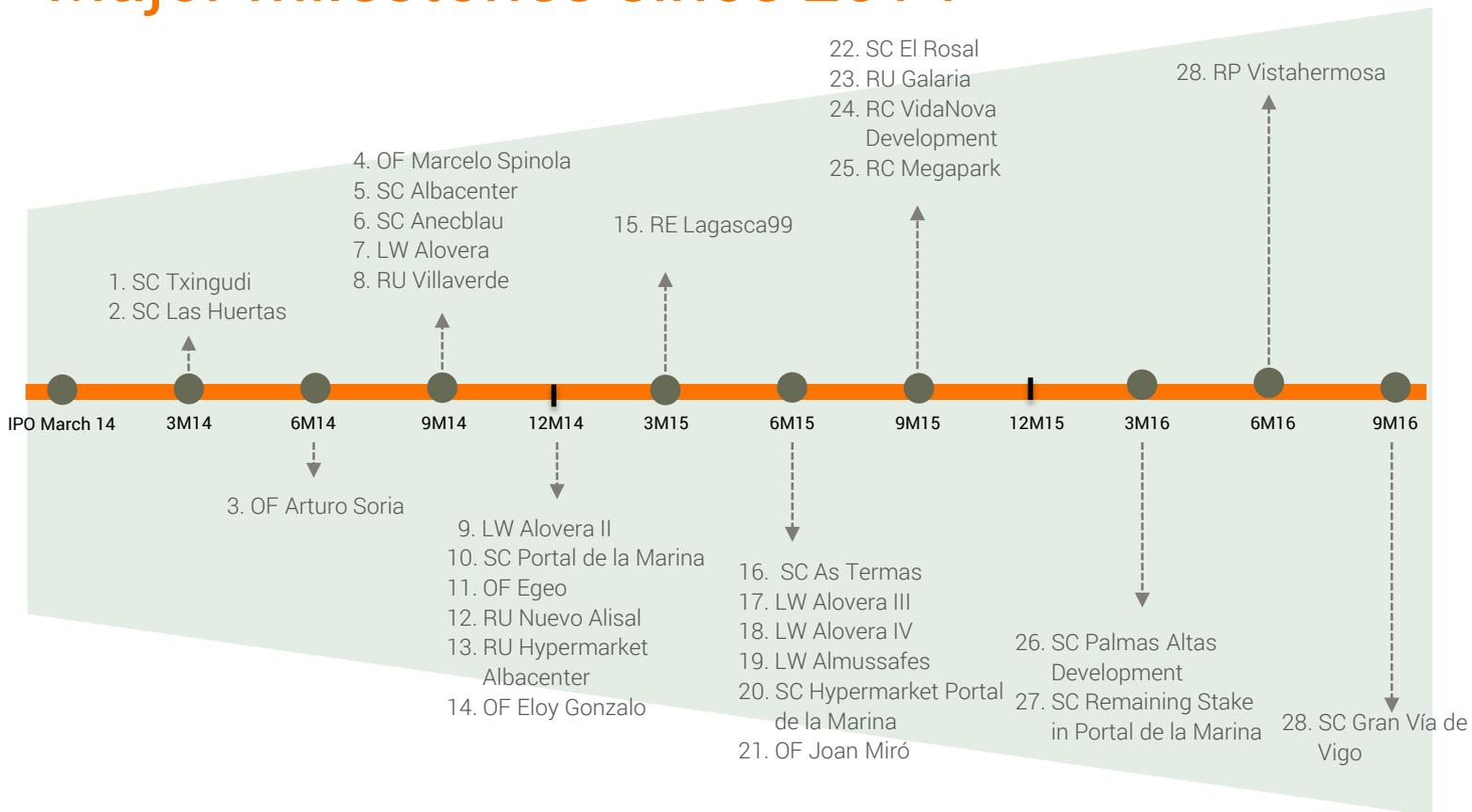
Development



Lagasca 99



Major milestones since 2014



€1.2 Bn of assets in 28 acquisitions since IPO...

Investor Geographical Breakdown



USA 24.8%



SPAIN 34.1%



UK 33.3%



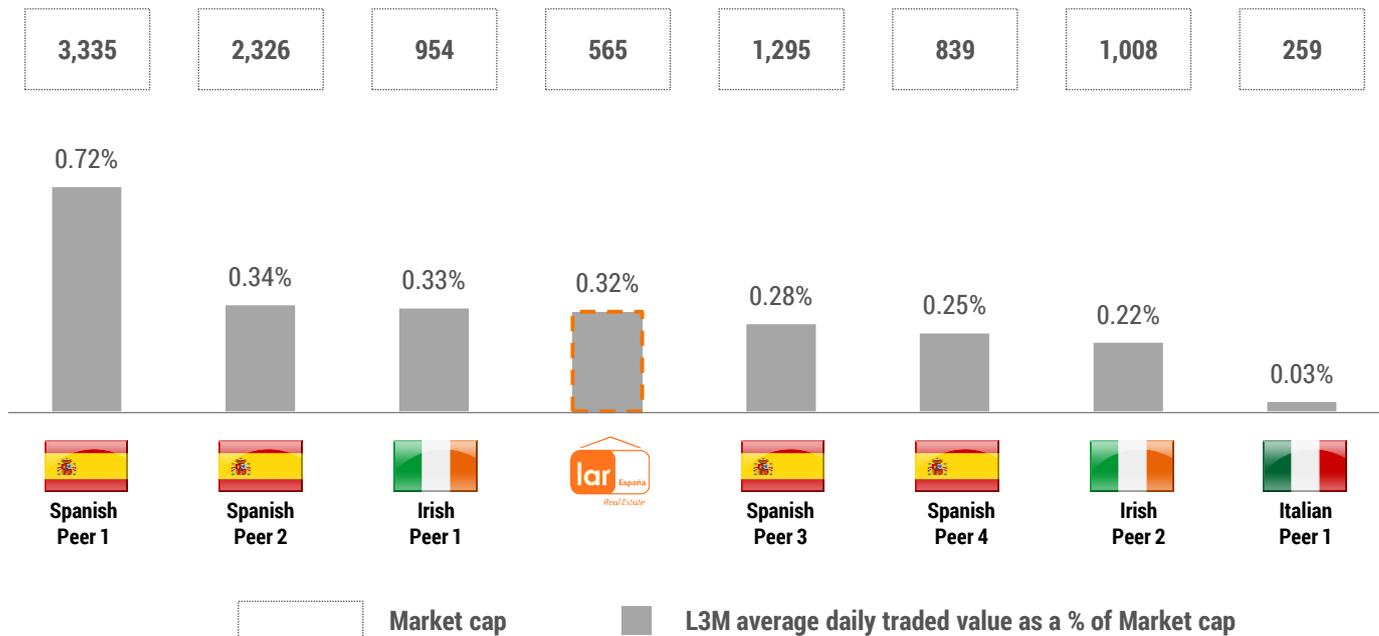
OTHER 7.8%



...with the support of investors worldwide

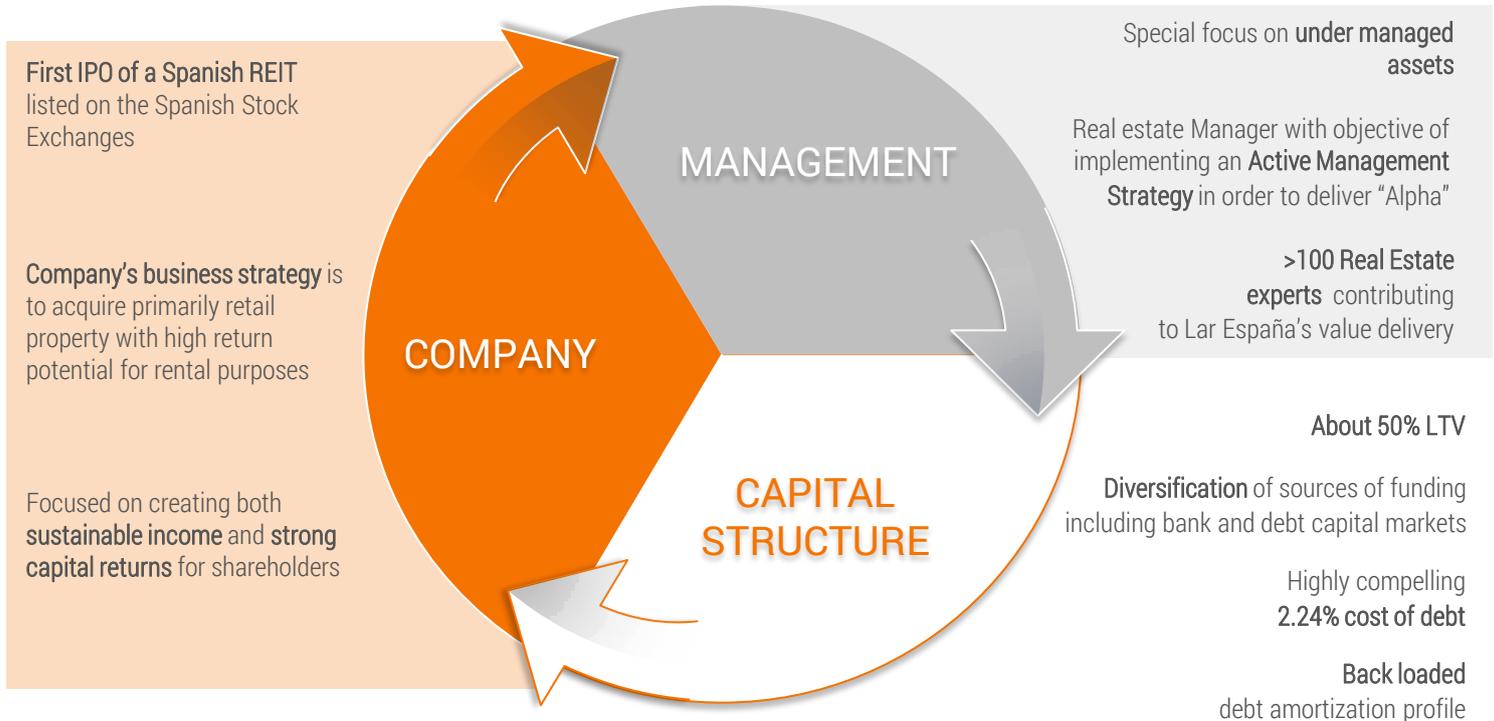
Liquidity

€ Mn



Average liquidity in line with sector

Lar España Strategy



Assets Strategy I

1 Focus on shopping centres and retail parks



Key assets in their catchment areas

- Prime assets in their area of influence
- Close to 500,000 sqm GLA



Locations

Locations selected based on:

- Level of competition
- Current GDP per capita and future growth outlook
- Impact of tourism as an additional factor in some assets



Unique platform

A unique platform, which provides an attractive position with retailers and the opportunity to consolidate existing economies of scale



Strength of the portfolio

Strength based on:

- Size of the portfolio (top-3)
- Average size of the centres (2nd in Spain)
- Quality and attractiveness of assets

Assets Strategy II

2 Opportunistic approach to other assets



Core locations

- Luxury residential for sale
- Offices in Madrid and Barcelona
- Logistics in main markets as a good complement to retail



Focus on value added assets

Management as a key element to make acquisitions and generate differential value, taking advantage of Grupo Lar's platform in Spain

3

All assets



Development

Using experience and capacity of development as a differentiating element to achieve better returns with moderate risk



Asset Rotation

Rotation of assets held for at least three years based on value generation and returns

Going forward

1 RIGHT TIMING

Cycle
Opportunity

2 RIGHT RESOURCES

Operational
Financial
Know-How

3 RIGHT PLATFORM

Size
Synergies
Developments
Rotation potential

Future

RESULTS

Operation
Revaluation
Dividends

Closing Remarks



Track Record

After >2 years operating as a 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



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Corporate Governance and Social Responsibility



Real Estate

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Alec Emmott
Board Member Lar España

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October 2016

Corporate Governance as a priority

Lar España has prioritized best-in-class corporate governance

Pledge to guarantee that the Company's governance structures are adequately integrated and functioning as intended

Objectives of the Action Plan 2014-2016



Ensuring strong governance

- ✓ Transparency
- ✓ Business ethics
- ✓ Corporate social responsibility



Transparency in management

- ✓ Director activities
- ✓ Selection and Remuneration
- ✓ Training



Continuous monitoring

- ✓ Regulatory compliance
- ✓ Evaluating & improving board's performance
- ✓ Regular reporting

Governance Structure

Independent and experienced Board: 4 independent directors (4 out of 5)

José Luis del Valle

Chairman and
Independent Director

Roger Cooke

Independent
Director

Pedro Luis Uriarte

Independent
Director

Alec Emmott

Independent
Director

Miguel Pereda

Grupo Lar

Juan Gomez-Acebo

Secretary
Non Member

Critical Activities internalized

Sergio Criado

CFO

Jon Armentia

Corporate
Manager

Susana Guerrero

Legal
Manager

Hernán San Pedro

Head of Investor
Relations

José Díaz Morales

Interim Internal Audit

Compliance with International standards of Governance and Code of Conduct

Alignment of interests



Grupo Lar is contracted to provide Management services exclusively to LRE

Initial 5-year management contract (since March 2014)

Grupo Lar now owns a 3.5% stake in Lar España, subject to a lock-up period



Corporate Governance Targets



- 6 Create and distribute value in a sustainable manner: protecting investor's rights, and providing a fair treatment of all stakeholders.
- 5 Ensure reliability and traceability of financial information.
- 4 Management and transparency of Board selection, training and remuneration processes.
- 3 Ensure good corporate governance through transparency, ethics, responsibility and compliance.
- 2 Establish the necessary mechanisms to control and mitigate the Company's risk profile, ensuring sustainable business performance.
- 1 Ensure monitoring through an internal audit function.

Corporate Governance Initiatives



Risk Control and Management System

- ✓ Policy approved in February 2015
- ✓ Lar España approach to risk management is a continuous and dynamic process
- ✓ The integrated ERM1 system: designed to mitigate risk exposure in corporate activities



Code of Conduct and Whistle-blowing

- ✓ Approved by the Board of Directors in 2015 to complement the CNMV Securities Markets Code of Conduct
- ✓ Establishes the rules of conduct to be followed by all those who act in the name of Lar España and its subsidiaries



Internal Audit

- ✓ Lar España has an internal audit department to monitor the proper functioning of information systems and internal control
- ✓ Ensure good corporate oversight and respect of the business model

¹ ERM: Enterprise Risk Management

Corporate Social Responsibility



Economic

- i. Promote communication and value creation for long-term shareholders.
- ii. Cooperate with institutions, non-governmental organizations, and private companies, to promote community welfare in the medium and long term.
- iii. Promote training and performance evaluation to strengthen the human capital of Lar España, linked to remuneration policy.



Environment

- i. Incorporate environmental criteria in the due diligence processes of real estate acquisitions.
- ii. Green building objectives and labelling.
- iii. Ensure continuous improvement by optimizing environmental management and awareness, and minimizing environmental risks.



Social

- i. Comply with legislation, internal codes, integrating ethical commitments.
- ii. Respect human rights and employees.
- iii. Recruit, select and retain talent within a framework of equal opportunities, non-discrimination and diversity, facilitating integration of minority groups.

Strong CSR master plan



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The Value of the Management



Real Estate

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Luis Pereda
Chairman Grupo Lar

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Commitment and exclusivity



Contract Summary

- 1** Grupo Lar is contracted to exclusively provide Management services to LRE. Initial five-year contract
- 2** The Manager is committed to exclusivity for commercial property investment opportunities in Spain
In the Residential sector in Spain, Lar España has the right to co-invest with the Manager
- 3** Real Estate related activities and expertise provided by the Manager. Critical activities reside in Lar España

Grupo Lar Snapshot

A Real Estate Reference in Spain

Family owned Company with more than 40-year of track record

+270 employees in 7 Countries

Long history of Real Estate of Residential, Shopping Centres and Office development

Gentalia, one of the foremost Shopping Centre Operators in Spain

1

Stable Ownership & Governance

2

Strong Management Team

3

Geographical Diversification

4

Product Diversification

5

Reliable manager and Partner of third party funds

6

Strong Balance Sheet

Grupo Lar evolution and key milestones

1

c. 40 year track record of operations

2

Experience across varied asset classes

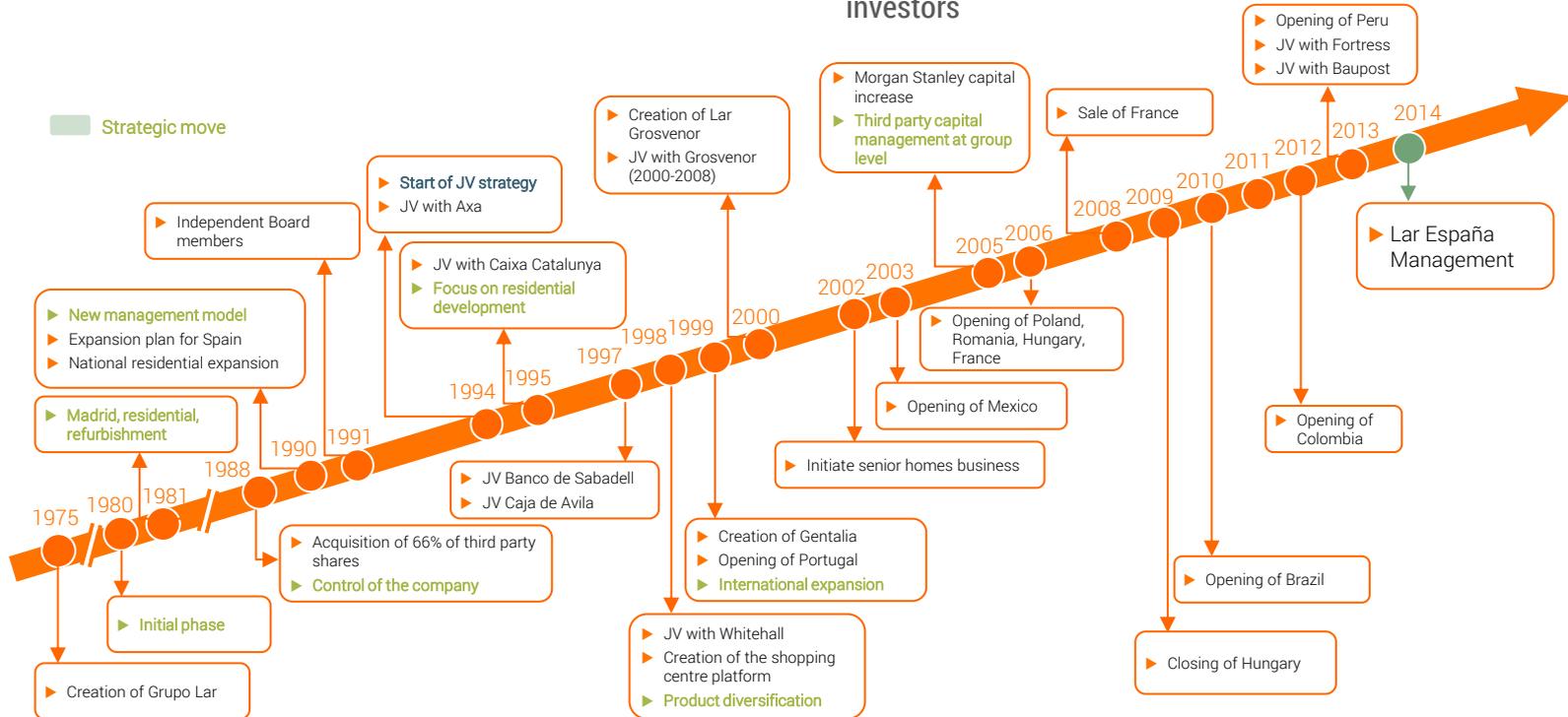
3

Partnerships with key international institutional investors

4

Phased expansion into international markets

Strategic move



Board of Directors

Total of 10 Directors



Mr. Felipe Pereda



Mr. Luis Pereda
Executive Chairman



Mr. Miguel Pereda



Mr. Jaime Pereda
Secretary



Mr. Miguel Amo

4 Independent
Directors



Mr. Félix González Quesada
Vice President Qualcomm Spain and
Head of Global Business with
Telefonica



Mr. Antonio Rodríguez Pina
Deutsche Bank's Country Head in Spain



Ms. Maite Ballester
Senior Advisor to E&Y in Madrid
since April 2014.
Partner and Spain Country Head of
3i Group from 2008 to 2014.



Mr. Jeremy Newsom
Chief Executive trustee of Grosvenor
Estate since 1993.
Group Chief Executive from 1989 to
2008

1 Director from
Special Situations Fund
Managed by Proprium



Mr. Philipp Westermann
Head of Europe of Proprium Capital Partners.

Experience in all asset classes

Long track record of experience investing, developing and managing shopping centres, offices, logistics and residential buildings



Retail



39 shopping centres invested, developed or managed

Historic Investment Volume:

€1,509 Mn

GLA 972,626 sqm



Offices



9 office buildings developed and managed

>140,000 sqm

Madrid & BCN



Logistics



10 Industrial Parks developed since 2003

Specializing in the concept of Industrial Park



Residential



10,000 residential units sold in the last 10 years

15,000 Units managed

Successful international experience

Joint Ventures with Tier 1 Investors and long term relationships with Financial Institutions

Retail co-investments

Whitehall



MSREF



GREENOAK



THE BAUPOST GROUP®



Leaders in retail management - Gentalia



Leaders in retail management - Gentalia

Grupo Lar holds a stake of 66,66% in the shopping centre management company "Gentalia"



Gentalia in Numbers

52

Shopping Centres
under leasing and
management

4

New Shopping
Centre Project
Management

3,298

Retail units

€117.3 Mn

Managed Rents

121

Employees

1,523,901

sqm GLA Managed



Leasing Activity 2007-H1 2016 Period

679,289

sqm GLA of signed
contracts

3,145

Number of signed
contracts

11,002

Number of Mall
concession/quickstore
contracts signed

€32.9 Mn

Income from Mall
concession/
quickstore property
income

Grupo Lar's track record - Awards

■ PANORAMA

"Architecture, Urbanism and Public Service Award 2007" in the category of New Residential Developments granted by the Town Hall of Madrid.

■ PANORAMA

"National Architecture Award 2007" granted by the Spanish Ministry of Housing.

■ ISLAZUL

"Best Shopping centre Award 2007", awarded by La Gaceta de los Negocios, and ISCS Award finalist for the Best European Shopping centre.

■ CRISALIS

"Innovation Award", awarded by the Government of Madrid (2004).

■ SARRIÁ FORUM

"Most innovative building" Real Estate Quatrum Awards, granted by Grupo Vía (2003).

■ PARQUE PRINCIPADO

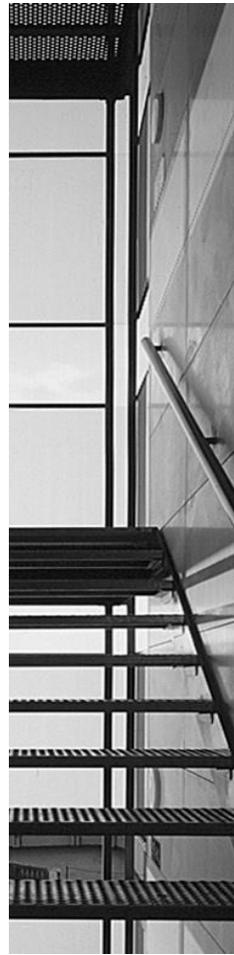
"Best Large Shopping Centre", awarded by The Spanish Association of Shopping Centres (2002).

■ SERRANO 55

"Best non Residential development Award" granted by the Town Hall of Madrid (2001).

■ SOCIAL RESPONSIBILITY

"Empresa y Sociedad" Awards, to the best CSR initiatives (2002).



Lar España



Megapark Retail Complex, Bilbao

What have we achieved?

Retail platform + non-retail assets



Retail

Top retail player

Leading Shopping Centres
in their catchment area

Retail parks with proven
demand and profitability
potential

Good quality properties
with excellent access and
visibility

76%
GAV



Offices

Offices in consolidated
locations of Madrid and
Barcelona with good
connections / public
transport

Recurrent activity with
selective rotation

13%
GAV



Logistics

Focus on logistic
properties on a selective
basis with low rents, low
capital values and high
yields

6%
GAV



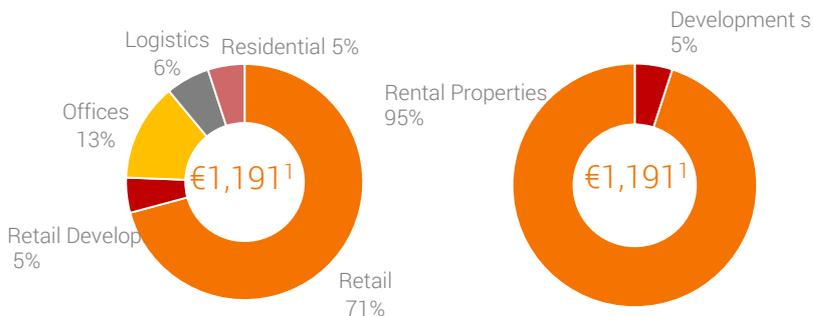
Residential

Development of first homes
in niche markets without
zoning risk, limited supply
and clear demand

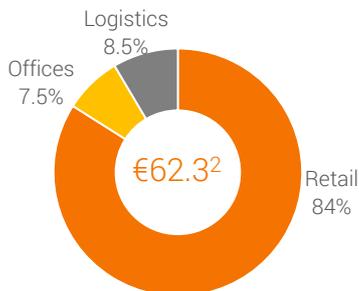
5%
GAV

Company Snapshot

GAV (€ Mn)



Annualized Net Rental Income (€ Mn)



1. Total GAV = Valuation of assets as of 30th June + acquisition price Gran Vía de Vigo
2. Annualized Net Rental Income as at H1 2016 + estimated Net Rental Income from Gran Vía de Vigo
3. Office EPRA NIY & NIY excludes Marcelo Spinola. Office EPRA Occupancy Rate is 84.8%. Nevertheless, 87% is excluding non-recurring effects

EPRA Net Initial Yield: 5.8%



EPRA Occupancy Rate: 93.0%



New base fee scheme

Base fee

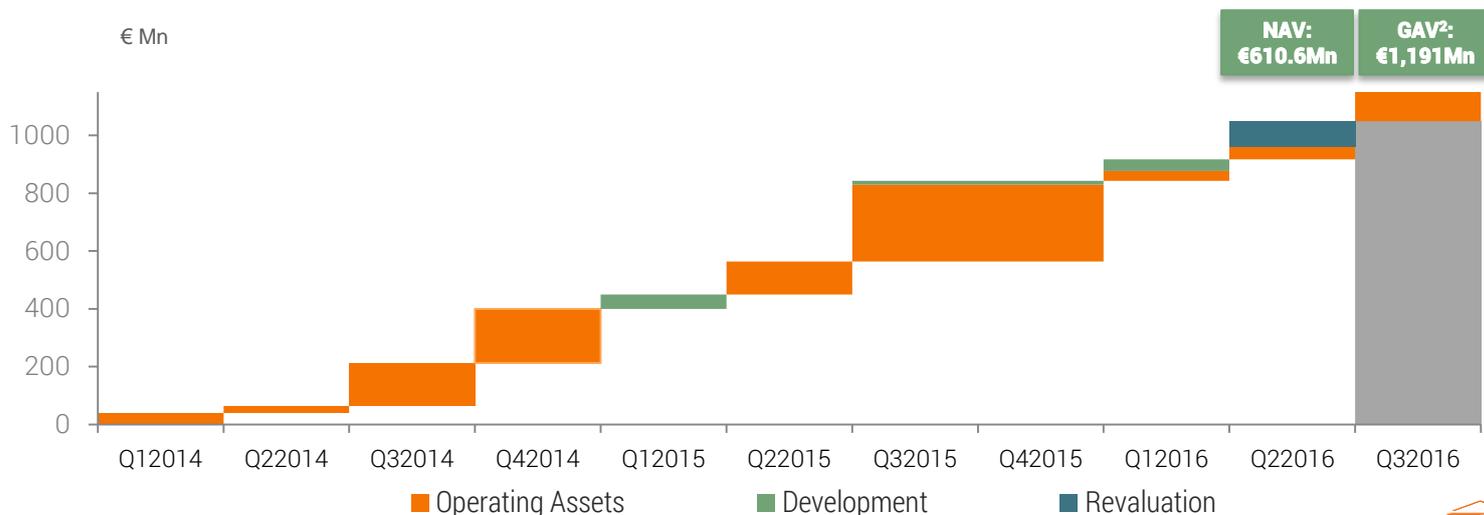
- 1.25% on last EPRA NAV reported

Base fee reduction

New base fee scheme applicable since today¹

- 1.25% on EPRA NAV up to €600 Mn
- 1% on the excess on EPRA NAV > €600 Mn

Portfolio evolution since IPO



1. New Base fee scheme approved by the board of Directors and applicable since 6th of October 2016

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

Portfolio distribution

Location by asset class



15 RETAIL

76% GAV



5 OFFICES

13% GAV



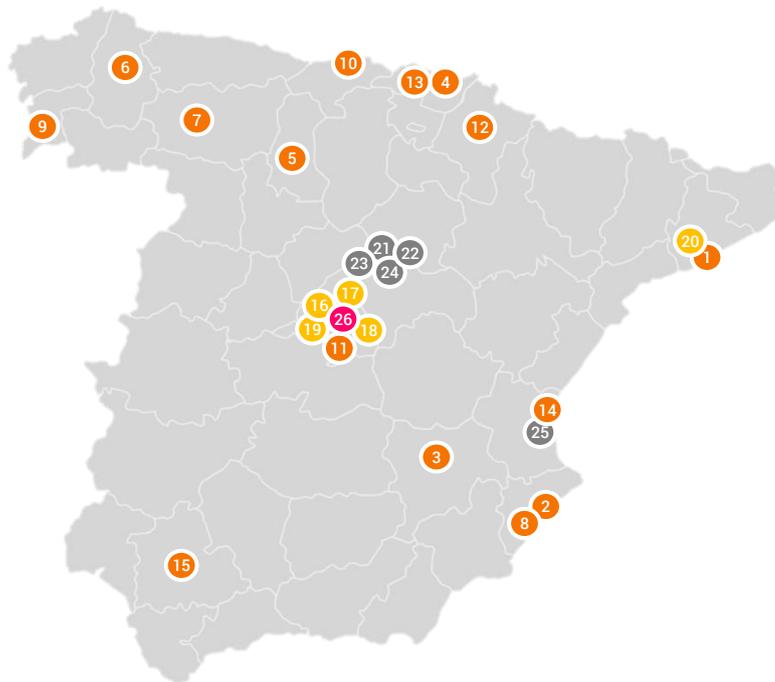
5 LOGISTICS

6% GAV



1 RESIDENTIAL

5% GAV



Expertise and management tools...



...showcased in upcoming Corporate Stands



360° Digital



Transformation



Retail Investment



Retail Development



Lagasca 99



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Retail Strategy

A value creation story



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Jose Manuel Llovet
Grupo Lar Head of Retail

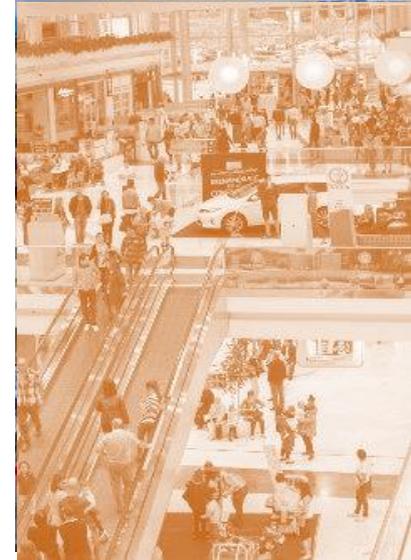
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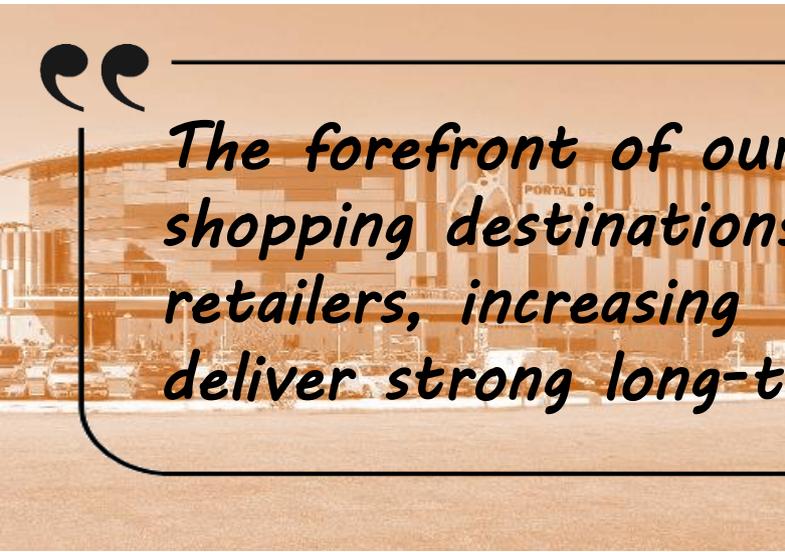
LEADING SHOPPING CENTRES IN STRONG CATCHMENT AREAS



LEADING SHOPPING CENTRES IN STRONG CATCHMENT AREAS



The forefront of our strategy is to create shopping destinations for consumers and retailers, increasing shareholders value and deliver strong long-term returns



Did you know that...



Vistahermosa Retail Park, Alicante

Year-on-year Consumption
Rates have been positive for
the last 29 months...

Notes:

1. Year-on-year consumption variation compared to the same period in previous year, starting to count only positive variations from November 2013 till July 2016.

Previously we had 72 months in negative?

Notes:

1. *Year-on-year consumption variation compared to the same period in previous year, starting to count only negative variations from March 2008 till October 2013.*
2. **3 months in 2010 had a minimum increase.*

Consumption Index at July
2016 is still 12% below 2007's
level
(room for growth)?

Notes:

Comparing accumulated consumption figures Jan-Jul 2007 and Jan-Jul 2016.

Market yields of our target SC in the peak were 5.25% and now are 6% whilst Offices and High-Street are already the same?

**Lar España is the first
MOST ACTIVE BUYER
(second including corporate deals)
in Retail since Jan 2014?**

Lar España has the biggest
Portfolio of Dominant Value
Add Centres in Spain?

Lar España capital value per m²
of €2,244 is 15% below its Replacement Cost
and 22% below other Socimis SC's,
having better quality and more balanced portfolio?

Our top 10 Tenants represent
40% of total income and their
sales increased by +8% YTD?

WAULT is 3...
in theory we can rotate all of
our tenants in 3 years?

**Turnover Rents are 4% of
Total Gross Income and
Specialty Leasing is 2.7%?**

Asset Selection



Megapark Retail Complex, Bilbao

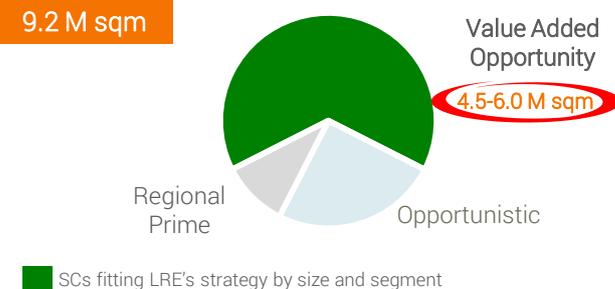
LAR España has a clear objective

Consolidate among the top 3 retail operators in Spain: Target to selectively increasing GLA to generate revenue synergies

Spain Total Retail GLA by Size



Fit LRE Size and Value Added Strategy



Top 10 players own 167 shopping centres which represent c.25% of the total Spanish market

	Total Assets		GLA per Asset (sqm)
	Owned GLA Estimate	No. Assets	
Peer 1		14	38,985
Peer 2		15	30,743
#3 Lar España + Dev ¹	450,451	12	37,538
Peer 3		7	57,100
Peer 4		15	23,848
Peer 5		69	4,857
Peer 6		10	32,742
Peer 7		3	98,960
Peer 8		8	31,710
Peer 9		14	14,499
Total	3,360,899	167	21,742

Source: AECC 2014, CBRE 2015 & Grupo Lar as of July 2016 (all reported figures are estimates)

Notes:

1. Lar España Includes development projects (Palmas Altas and Vidanova Parc)

Well defined investment strategy



Asset Type

Shopping centres and retail parks



Asset
Quality and
Location

Prime dominant assets in their catchment areas
Large properties for their catchment (30,000 – 100,000 sqm)
Located in **high density population** areas, with



Segment

Value added: Creating shopping experience destinations



Ownership

Ownership of 100% of each asset

Target
Return

Target levered¹ >12%

¹ This is a target only and not a profit forecast. There can be no assurance that this target can be or will be met

Vision



Portfolio Selection



Operational Execution



Strong Financial
Foundation

Vision



- Invest in higher-growth assets
- Dominant in its area
- Resilient centres. Recovery capture
- Develop higher-return assets (2-digit IRRs)



- Upgrade retail quality
- Sales Increase / Occupancy increase
- Re-letting at higher market rents. Reversionary
- Strong Marketing and converting space to retail use



- Drive continued progress in NOI
- Tight expense control
- Bad Debt Management
- Retail Credit risk management

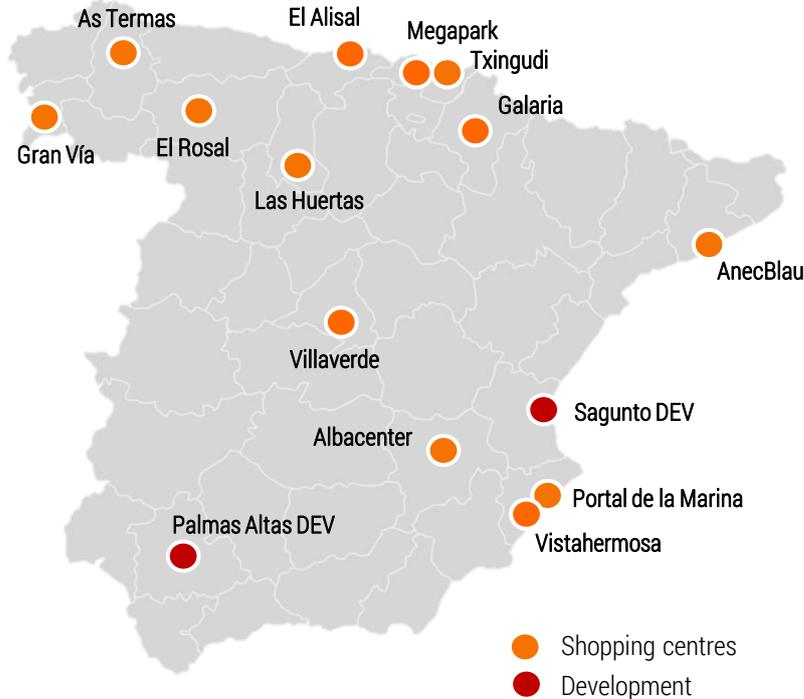
Our Portfolio



Portal de la Marina Shopping Centre, Alicante

Our Portfolio

Geographically diversified...



...and in the wealthiest regions

Direct catchment area of 6 Mn inh.

15% of Total Spanish Population

Interest in areas with Low Density, Above avg in GDP and impact of Tourism



Portfolio Key Metrics



Notes:

1. GLA, NMV, Number of units and Footfall include upcoming acquisition deal.
2. TDC – Total Development Cost including Acquisition Costs

Portfolio of high quality assets & growth

LAR España largest assets represent
90% of its retail GAV

	Megapark	Palmas Altas	P. Marina	El Rosal	Aneclubau	As Termas	Gran Vía Vigo	Vistahermosa
Dominant in its catchment area	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓	✓✓✓	✓✓✓	✓✓✓
% of High Quality Tenants¹	98%	n.a.	95%	89%	98%	99%	100%	100%
Value Add Potential	<ul style="list-style-type: none"> Occupancy Tenant mix 	<ul style="list-style-type: none"> Development 	<ul style="list-style-type: none"> Extension Reposition 	<ul style="list-style-type: none"> Tenant mix Reposition 	<ul style="list-style-type: none"> Reposition 	<ul style="list-style-type: none"> Occupancy Extension 	<ul style="list-style-type: none"> Tenant mix Extension 	<ul style="list-style-type: none"> Occupancy Reposition
Initial Yield on Cost	6.3%	8.0% ⁴	6.6%	6.3%	6.1%	6.2%	6.2%	5.7%
Location	Bilbao	Seville	Alicante Coast	Ponferrada	Great BCN	Lugo	Vigo	Alicante City
Ownership	100% RP+FOC	100%	100%	100%	100%	100% SC ⁶	100%	100%
Asset Type	Retail Complex	Shopping Centre	Shopping Centre	Shopping Centre	Shopping Centre	Shopping Centre	Shopping Centre	Retail Park
GLA³	128,000 sqm ²	60,000 sqm	40,083 sqm	51,022 sqm	28,651 sqm	35,165 sqm	41,384 sqm	33,550 sqm
GAV³	€178 Mn	€36 Mn	€99 Mn	€93 Mn	€87 Mn	€72 Mn	€141 Mn	€43 Mn
Initial Occupancy	96.2%	N.A.	93.0%	92.6%	93.3%	94.0%	96.0%	84.5%
Footfall	10 Mn	N.A.	3.8 Mn	5.5 Mn	5.5 Mn	3.8 Mn	7.2 Mn	4.4 Mn
Catchment Area⁵	3 Mn	1.5 Mn	216,000	200,000	1 Mn	250,000	482,100	466,000

Notes:

- GLA of international retailers, franchises and retailers with multiple points of presence in Spain, as % of total GLA, excluding vacancies
- GLA of 100% of asset of which LRE owns 63,666 sqm
- As of 2016 Q2, Cushman & Wakefield and JLL. Gran Vía de Vigo acquisition price.

4. Yield on Cost for Palmas Altas is based on an estimation by the company

5. Catchment area may differ between assets depending on the amount of inhabitant living within a driving distance

6. Excludes the Hypermarket

Ongoing Development Projects



Asset Strategic Positioning

- Best possible location in **Seville** → urban site
- Catchment area: **1.5 Mn people**
- Low commercial offer in the area
- Sustainable, modern, family oriented

Rents and Leasing status

- Anchoring Phase: 25% of GLA pre-leased by Dec´16
- **€13 Mn** of annual rental income
- Expected **opening** – Q1 2019

Main figures

- Land acquisition cost of €37.1 Mn ⁽¹⁾
- Total investment volume of aprox. €141 Mn
- NIY on Cost: >8%



Asset Strategic Positioning

- Best possible location in **Sagunto** → urban site
- Touristic destination: **triple population** in Summer
- **Balanced tenants mix, modern, family oriented**

Rents and Leasing status

- Leases signed with anchors: Leroy Merlin and Urban Planet
- 60% of GLA signed and pre-signed
- **€4 Mn** of annual rental income
- Expected **opening** – H1 2018

Main figures

- Land acquisition cost of €13.5 Mn ⁽¹⁾
- Total investment volume of aprox. €40 Mn
- NIY on Cost: >8%

(1) Purchase costs included.

The value of a retail platform

350,000 sqm, 850 shops, 50,000,000 visitors, 13 cities

Retail Leaders in Spain

Portfolio **Size** gives us benefits in: **Synergies** in procurement of services

Global **Negotiations** with tenants

Present in most regions of the Spanish territory

Millions of physical and digital customer contacts

Attraction for the development of new commercial formulas



Value Creation

Ahorrare fau

Ahorrare fau est!

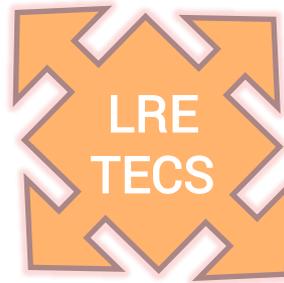
As Termas Shopping Centre, Lugo



Value Creation. Our 4 Pillars

- ✓ Best Retailers
- ✓ City meeting point
- ✓ New Decoration
- ✓ Strong and disruptive Marketing

- ✓ Transform prime under-managed SC
- ✓ Shopping experience, Image enhancement, services improvement
- ✓ Investment partnership with anchors
- ✓ Capex of €41 Mn the next 3 years



- ✓ Beacons & Cameras for flow understanding
- ✓ Web & App for services and client's preferences
- ✓ Own Market Place for Online Shopping for our retailers

- ✓ Sustainable Developments and Refurbishments
 - ✓ Energy Efficiency
 - ✓ Breeam* certificate
 - ✓ Accesibility DIGA* certificate

**Breeam and DIGA are international certifications.*

1. Experience vs Convenience

INDITEX

8% TOTAL RENTS

Media Markt

7% TOTAL RENTS

DECATHLON

4% TOTAL RENTS

Top 10 Retailers generate 40% of the rents

El Corte Inglés

4% TOTAL RENTS

C&A

3% TOTAL RENTS

Carrefour

3% TOTAL RENTS

Best Retailers per activity.
Leaders in sales, visits and customer service

LEROY MERLIN **AKI**

3% TOTAL RENTS

H&M

3% TOTAL RENTS

CORTEFIEL

3% TOTAL RENTS

1. Experience vs Convenience

Creating Dining Experience through Marketing Events



ANEC BLAU
400 K
followers



2. Repositioning Capex

Refurbishment Projects Timeline:



Las Huertas



Nov 2016



Albacenter



Megapark

June 2017



El Rosal

Q4 2017

June 2016

May 2017

Oct 2017

TBD



Txingudi



Vistahermosa



P. Marina



AnecBlau

3. Technology

Omnichannel presence to enhance Shopping and Social Experience



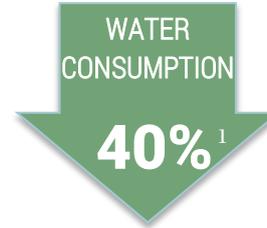
3. Technology

The screenshot displays the Lar España website interface. At the top, there is a navigation bar with the Lar España logo, a search bar, and a shopping cart icon labeled 'MI CESTA' with 2 articles for 36.50€. Below this is a main navigation menu with categories like 'Inicio', 'Novedades', 'Rebajas', 'Inspírate', 'Centros Comerciales', and 'Contáctanos'. A left-hand category menu is open, highlighting 'Deportes y Exterior'. This menu lists various sub-categories such as 'Automóvil y Motos', 'Electrónica', 'Smartphone y Tablets', 'Salud y Belleza', 'Bolsos, Zapatos y Accesorios', 'Juguetes y Hobbies', 'Televisores', 'Ordenadores y Portátiles', 'Joyas y Relojes', 'Luces y Lámparas', and 'Más Categorías'. A secondary menu for 'Deportes' lists 'Running', 'Ciclismo', 'Fútbol', and 'Otros deportes'. Another secondary menu for 'Exteriores' lists 'Acampada', 'Telescopios', 'Sombreros', 'Calzado', 'Bolsos de dormir', 'Baño', 'Baño Mujer', 'Baño Hombre', 'Baño Niños', 'Sombrillas', 'Toallas', 'Gorras y sombreros', and 'Newerac portátiles'. A large promotional banner for 'REBAJAS' (discounts) features a 30% discount and a 'GRATIS*' offer, with an image of a mountain biker. Below the banner, there are two boxes: 'GARANTÍA TIENES 30 DÍAS DE...' and 'PAGO SEGURO EN TODAS TUS COMPRAS'. At the bottom, there is a section for 'ELECTRÓNICA' with sub-sections for 'NOVEDADES', 'MÁS VENDIDOS', and 'MÁS VISTOS'. A product card for 'NUEVO ONIX SP' is visible, along with other product images.

4. Sustainability

Committed to being a sustainable and socially responsible business

BREEAM Environmental Certifications



Accessibility Certifications



Results



Albacenter Shopping Centre, Albacete

Key Financials of Our Portfolio



Footfall

+8.6% vs. 1.5 Av. Footfall Index Spain H1 2016



Sales

+4.6% LfL
+12.5% vs. 3.1 Sales Index Spain H1 2016



GLA Leased

13,709 sqm 65 deals signed H1 2016
+19% Rent Uplift

14% Rotation since acquisition
1.4% Increase in occupancy



Discounts Reduction

-20% vs. Acquisition



Bad Debt Improvement

-55% vs. Acquisition



NOI Growth

+4% vs. Acquisition

Gross Market Value Increase

+11% vs. Purchase Price

Notes:

1. As of H1 2016



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info@larespana.com



Investor Day App





Non-Retail Strategy

An opportunistic approach



Real Estate

Investor Day

Jorge Pérez de Leza
Grupo Lar Head of Non Retail

www.larespana.com

October 2016

Non Retail Assets Portfolio overview

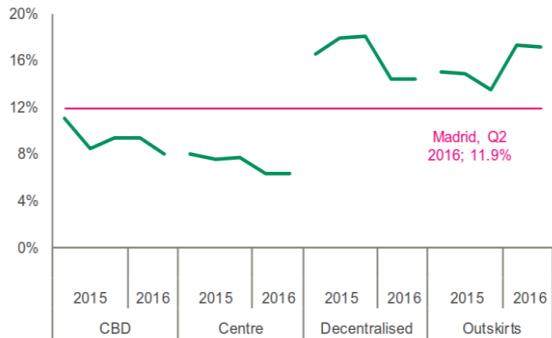
**Non Retail Assets:
24% of LRE's GAV**

	Non-Retail Assets		
	Offices	Logistics	Residential
Number of Assets	5	5	1
GLA (sqm)	50,460	161,838	9,453
Avg. Occupancy (%)	90.10%	100%	n.a.
GAV (€ Mn)	160	72	58
GAV (€ / sqm)	3,167	447	6,168
Passing Rent (€ Mn)	7	6	n.a.
EPRA NIY (%)	3.4%	7.2%	n.a.
EPRA Topped-up NIY (%)	4.4%	7.4%	n.a.

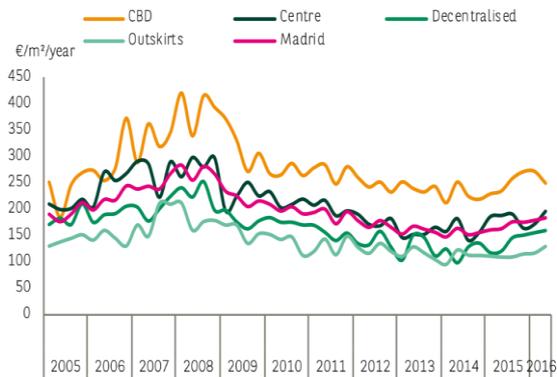
Madrid Office Market

Notable take up with slow ramp up in rents

Vacancy rates by zone



Average rents by zone



Key Figures

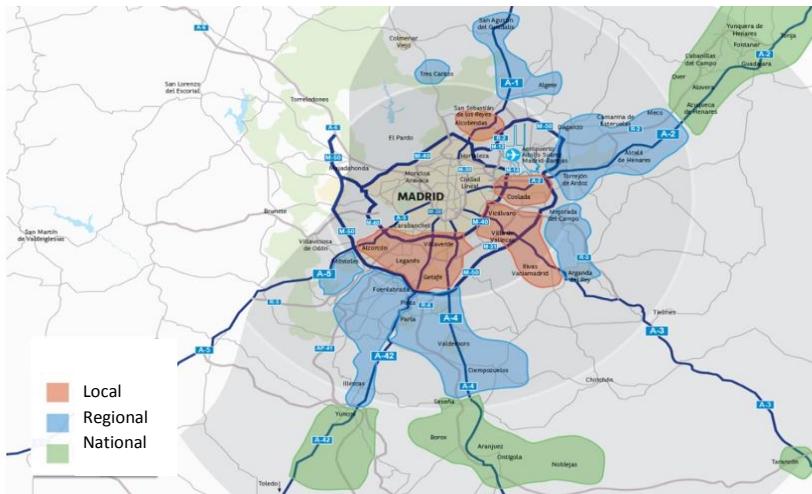
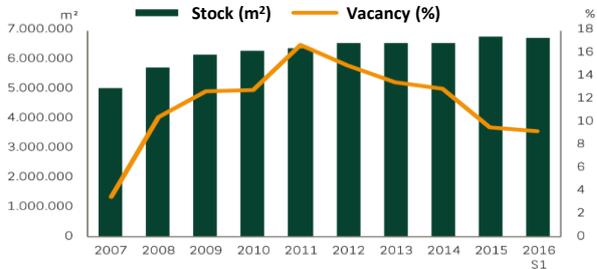
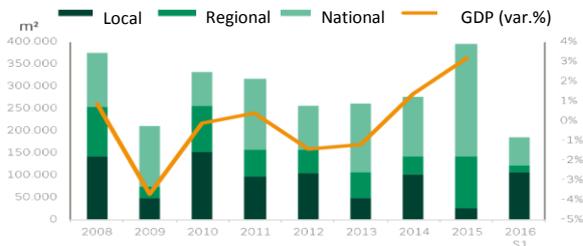
	CBD	Centre	Decentr.	Outskirts	Total
Stock (m ²)	2,158,500	4,414,100	4,292,100	4,067,300	14,932,000
Vacancy (m ²)	173,000	275,600	622,400	699,500	1,770,400
Vacancy rate (%)	8.0%	6.2%	14.5%	17.2%	11.9%
Take-up Q2 2016 (m ²)*	↑ 19,700	↑ 29,700	↑ 42,800	↓ 19,200	↑ 111,400
Year to date take-up (m ²)*	38,900	52,700	77,100	52,200	220,900
Prime rent Q2 (€/m ² /year)	348.0	288.0	239.4	252.0	-
Avg. rent Q2 (€/m ² /year)	↓ 249.2	↑ 195.7	↑ 158.9	↑ 128.7	↑ 183.1
New deliveries (m ² **)	0	0	0	0	0
Deliveries in the Pipeline 2016 (m ² **)	11,600	5,200	36,500	0	53,300
Deliveries in the Pipeline 2017 (m ² **)	82,900	22,200	48,600	12,100	165,800

- H1 2016 take up 220,900 sqm, + 7.5% vs H1 2015
 - Take up mainly coming from organic growth
 - 7 consecutive quarters with >100 transactions signed
 - Transaction average size of 950 sqm
- Vacancy goes down to 14.9% vs. 16.1% a year ago
- Refurbishments + new developments will add around 200,000 sqm of good space, with 50% in CBD
- Average rent has increased 13% in annual terms, staying flat on the CBD. Top rent stable at 29 €/sqm
- Yield compression continues with some transactions below 4%

Madrid Logistics Market

Good performance continues in 2016

Take Up Volume



- H1 2016 take up 186,000 sqm, + 34% vs H1 2015 (which was record year)
 - A2 axis (where Alovera is) concentrates 75% of the take up
 - Most demand concentrated on the third ring
- Vacancy goes down to 9%, or 620,000 sqm, but only around 65,000 sqm of good quality stock
- Average and top rents steady at 3.5 €/sqm and 5.5 €/sqm, but forecast shows upwards trend
- Yield compression continues: 7.0% -> 6.5%

Opportunistic approach to non retail assets



Core locations

- Focus on liquid markets
- Luxury residential in Madrid
- Offices in Madrid and Barcelona
- Logistics in main markets (Madrid, Valencia) as a good complement to retail



Focus on value add assets

- Off market acquisitions
- Management as a key element to generate value, leveraging on Grupo Lar's platform
- "Assets that few players could find and turnaround"

APPROACH

- Opportunistically target offices and logistic assets
- Assets to be rotated respecting SOCIMI status to fund further growth in retail and shareholder remuneration



Development

- Development with a moderate weight as a source of return
- Always on selective locations with a leading proposition



Asset Rotation

- Selective asset rotation
- Based on generated return, strategic importance (and the absence of economies of scale)

Examples

How does this strategy relate to LRE's N-RA



Core locations

- Lagasca 99 located in the Salamanca district, best residential área in Madrid
- Offices in Madrid (Egeo, Arturo Soria, Torre Spínola, Eloy Gonzalo) and Barcelona only, within the inner ring-roads influence



Focus on value add assets

- Lagasca 99 was an off market opportunity with a very difficult closing process
- Eloy Gonzalo was a one-off opportunity to purchase in the center at 2,000 €/sqm
- Torre Spinola was the result of a bilateral negotiation with insolvency administrator of Reyal-Urbis

OPPORTUNISTIC APPROACH TO NON-RETAIL ASSETS



Development

- Residential development in Madrid (Lagasca 99) with targeted return above 20% IRR



Asset Rotation

- Lagasca 99 will be fully sold and delivered in Q1 2018
- Office and logistics assets to be divested when rebuy analysis shows it's time to sell

Case Example 1: Lagasca 99

Unique development opportunity

Asset Characteristics

Asset Type Residential	Total GLA 26,203 Sqm
Construction Period 2016 - 2018	Acquisition Price* EUR 50 Mn
Location Lagasca 99, Juan Bravo 3, Madrid	€/m2 3,807 €/sqm

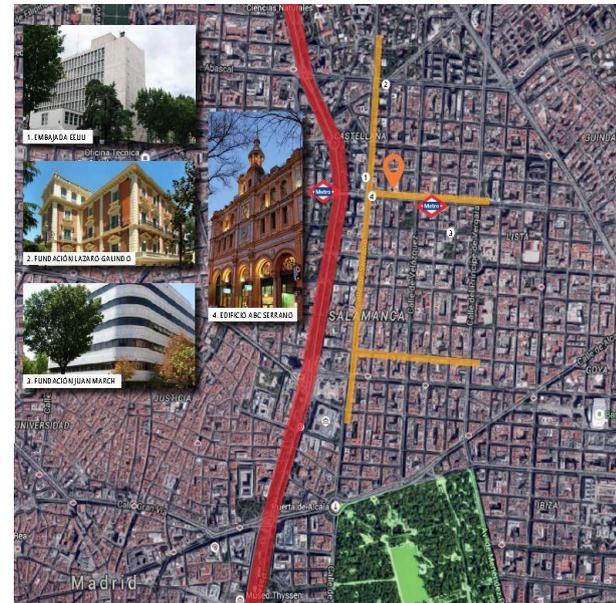
Asset Profile

- Location in Salamanca district, most exclusive area in Madrid
- Stand-alone building, providing excellent natural light and ventilation options for all units
- 20,885 sqm above ground in LGSC99, 42 residential units, new underground parking
- Unique common areas unseen in the Spanish market: indoor and outdoor pools, spa, gym, meeting rooms
- The property will be the most exclusive residential development in Madrid since 2006

Opportunistic Approach

- Off market transaction pursued by many players that failed to close due to the complexity and multi party negotiations involved (Santander bank, creditors, shareholders, parking owners)
- Purchased at a highly attractive price, as market started to recover
- Development from scratch, leveraging on manager's development expertise to modify initial product offering to meet premium market needs

LAGASCA99



(*) Corresponds to 50% of the JV with Pimco

Case Example 1: Lagasca 99

Progress to Date

42% sold off market

- Commercial success of “off market” commercialization, committing more than 42% of the product and with an impact on the sales over the initial estimate (10,000 € / sqm)
- Full marketing campaign launched in October

Construction works ongoing

- Construction launched Q12016
- Foundation completed and structure to the street level. The construction works have been proceeding smoothly and on schedule

Significant Revaluation of assets

- Significant revaluation (14%-16%) since acquisition of the plot of land, due to improvement in residential market and product scarcity

“Lagasca 99 is one of the reference projects in Europe and the most important residential project in Madrid”

Colliers International



Case Example 2: Torre Spínola

Works completed on time and on cost

Works completed

BREEAM certification

The best office building in a consolidated office area

Great visibility from M-30 ring, the most travelled highway in Madrid

Stunning city views

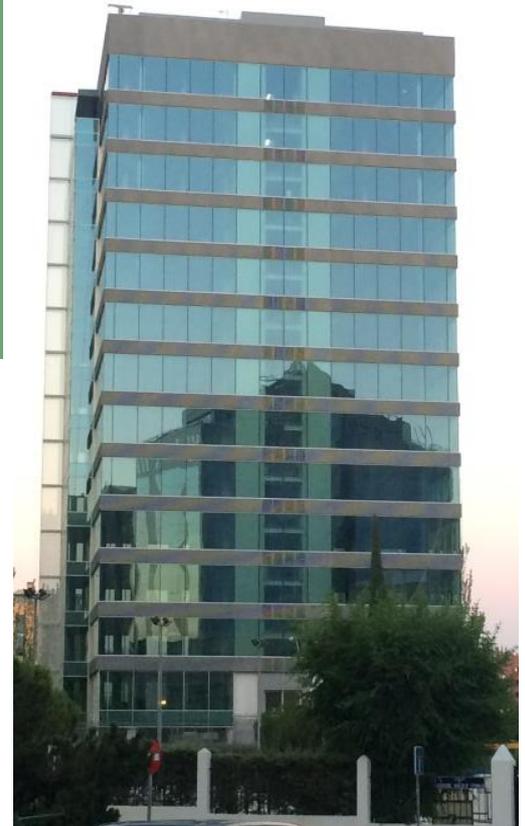
Commercialization started (CBRE & Aguirre Newman co-exclusive,

Main real estate agents in Spain, focused on corporate headquarters demand

Confirmation of the technical expertise of the manager



GLA	Acquisition price	Redevelopment Capex	Total cost per sqm.	Expected yield
8,875 sqm.	EUR 19.0 Mn	EUR 9.6 Mn	EUR 3,222/sqm	> 7.5%



Case Example 3: Logistic Assets

Attractive NIYs at Acq. With 100% occupancy

Alovera I, II, III & IV



Acquisition Date 07/08/2014 – 26/05/2015	Acquisition Price EUR 55.01 Mn
Location Guadalajara	Price per sqm €386 /sqm
GLA 142,629 sqm	No. Tenants One tenant per warehouse

Initial Occupancy
100%

Net Initial Yield on Cost
8.3% - 10.2%

Monthly Rent (€/sqm)
€2.6 - €4.2

Almussafes



Acquisition Date 26/05/2015	Acquisition Price EUR 8.35 Mn
Location Valencia	Price per sqm €435 /sqm
GLA 19,211 sqm	No. Tenants Single tenant

Initial Occupancy
100%

Net Initial Yield on Cost
8.1%

Monthly Rent (€/sqm)
€3.2



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