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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. SC Txingudi
2. SC Las Huertas
3. OF Arturo Soria
4. OF Marcelo Spinola
5. SC Albacenter
6. SC Anecblau
7. LW Alovera
8. RU Villaverde
9. LW Alovera II
10. SC Portal de la Marina
11. OF Egeo
12. RU Nuevo Alisal
13. RU Hypermarket Albacenter
14. OF Eloy Gonzalo
15. RE Lagasca99
16. SC As Termas
17. LW Alovera III
18. LW Alovera IV
19. LW Almussafes
20. SC Hypermarket Portal de la Marina
21. OF Joan Miró
22. SC El Rosal
23. RU Galaria
24. RC VidaNova Development
25. RC Megapark
26. SC Palmas Altas Development
27. SC Remaining Stake in Portal de la Marina
28. SC Gran Vía de Vigo

€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

<table>
<thead>
<tr>
<th>Peer</th>
<th>Market Cap</th>
<th>L3M Average Daily Traded Value as a % of Market Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spanish Peer 1</td>
<td>€3,335 Mn</td>
<td>0.72%</td>
</tr>
<tr>
<td>Spanish Peer 2</td>
<td>€2,326 Mn</td>
<td>0.34%</td>
</tr>
<tr>
<td>Irish Peer 1</td>
<td>€954 Mn</td>
<td>0.33%</td>
</tr>
<tr>
<td>Spanish Peer 3</td>
<td>€565 Mn</td>
<td>0.32%</td>
</tr>
<tr>
<td>Spanish Peer 4</td>
<td>€1,295 Mn</td>
<td>0.28%</td>
</tr>
<tr>
<td>Irish Peer 2</td>
<td>€839 Mn</td>
<td>0.25%</td>
</tr>
<tr>
<td>Italian Peer 1</td>
<td>€1,008 Mn</td>
<td>0.22%</td>
</tr>
<tr>
<td>Irish Peer 1</td>
<td>€259 Mn</td>
<td>0.03%</td>
</tr>
</tbody>
</table>

**Average liquidity in line with sector**
Lar España Strategy

First IPO of a Spanish REIT listed on the Spanish Stock Exchanges

Company’s business strategy is to acquire primarily retail property with high return potential for rental purposes

Focused on creating both sustainable income and strong capital returns for shareholders

Special focus on under managed assets

Real estate Manager with objective of implementing an Active Management Strategy in order to deliver “Alpha”

>100 Real Estate experts contributing to Lar España’s value delivery

About 50% LTV

Diversification of sources of funding including bank and debt capital markets

Highly compelling 2.24% cost of debt

Back loaded debt amortization profile
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

**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.
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


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

Sergio Criado  
CFO

Jon Armentia  
Corporate Manager

Susana Guerrero  
Legal Manager

Alec Emmott  
Independent Director

Miguel Pereda  
Grupo Lar

Juan Gomez-Acebo  
Secretary Non Member

Hernán San Pedro  
Head of Investor Relations

José Díaz Morales  
Interim Internal Audit

Critical Activities internalized

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

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

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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.

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**Strong CSR master plan**
The Value of the Management

Investor Day
Luis Pereda
Chairman Grupo Lar

October 2016
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

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

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
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>Creation of Grupo Lar</td>
</tr>
<tr>
<td>1981</td>
<td>Initial phase</td>
</tr>
<tr>
<td>1988</td>
<td>Acquisition of 66% of third party shares</td>
</tr>
<tr>
<td>1988</td>
<td>Control of the company</td>
</tr>
<tr>
<td>1990</td>
<td>Focus on residential development</td>
</tr>
<tr>
<td>1991</td>
<td>JV with Caixa Catalunya</td>
</tr>
<tr>
<td>1991</td>
<td>JT with Axa</td>
</tr>
<tr>
<td>1994</td>
<td>New management model</td>
</tr>
<tr>
<td>1994</td>
<td>Expansion plan for Spain</td>
</tr>
<tr>
<td>1997</td>
<td>JV with Banco de Sabadell</td>
</tr>
<tr>
<td>1999</td>
<td>JV with Caja de Avila</td>
</tr>
<tr>
<td>2000</td>
<td>Start of JV strategy</td>
</tr>
<tr>
<td>2002</td>
<td>Creation of Lar Grosvenor</td>
</tr>
<tr>
<td>2003</td>
<td>Third party capital management at group level</td>
</tr>
<tr>
<td>2005</td>
<td>Morgan Stanley capital increase</td>
</tr>
<tr>
<td>2006</td>
<td>Opening of Poland, Romania, Hungary, France</td>
</tr>
<tr>
<td>2008</td>
<td>Sale of France</td>
</tr>
<tr>
<td>2009</td>
<td>Opening of Colombia</td>
</tr>
<tr>
<td>2010</td>
<td>Opening of Brazil</td>
</tr>
<tr>
<td>2011</td>
<td>Closing of Hungary</td>
</tr>
<tr>
<td>2013</td>
<td>Opening of Colombia</td>
</tr>
<tr>
<td>2014</td>
<td>Lar España Management</td>
</tr>
<tr>
<td>2015</td>
<td>Initiate senior homes business</td>
</tr>
<tr>
<td>2016</td>
<td>Opening of Mexico</td>
</tr>
<tr>
<td>2017</td>
<td>Creation of Gentalia</td>
</tr>
<tr>
<td>2018</td>
<td>Opening of Portugal</td>
</tr>
<tr>
<td>2019</td>
<td>International expansion</td>
</tr>
</tbody>
</table>

**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
- New management model
- Expansion plan for Spain
- National residential expansion
- Madrid, residential, refurbishment
- JV with Whitehall
- Creation of the shopping centre platform
- Product diversification

- Initial phase
- Acquisition of 66% of third party shares
- Control of the company
- Change of directors
- Creation of the shopping centre platform
- Product diversification

- Start of JV strategy
- JV with Grosvenor (2000-2008)
- Creation of Lar Grosvenor
- Third party capital management at group level
- Morgan Stanley capital increase
- Opening of Peru
- JV with Fortress
- JV with Baupost
- Opening of Peru
- JB with Fortress
- JB with Baupost
- Opening of Colombia
- Opening of Brazil
- Closing of Hungary

- Lar España Management
- Initial phase
- Acquisition of 66% of third party shares
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- JB with Baupost
- Opening of Colombia
- Opening of Brazil
- Closing of Hungary

- Lar España Management
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

- 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. Antonio Rodríguez Pina
  Deutsche Bank’s Country Head in Spain

- Mr. Jeremy Newsum
  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
Grosvenor
Fortress
GE Capital
MSREF

Rockspring Property Investment Managers Ltd
GreenOak
Henderson Global Investors
AXA Real Estate

Ivanhoe Cambridge

The Baupost Group®
SONAE
"la Caixa"

Grupo Eroski
Leaders in retail management -

The Expertise Leader in Spanish Market
Leaders in retail management -  

Grupo Lar holds a stake of 66.66% in the shopping centre management company “Gentalia”

<table>
<thead>
<tr>
<th>Gentalia in Numbers</th>
<th>Leasing Activity 2007-H1 2016 Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>52</td>
<td>4</td>
</tr>
<tr>
<td>Shopping Centres under leasing and management</td>
<td>New Shopping Centre Project Management</td>
</tr>
<tr>
<td>3,298</td>
<td>€117.3 Mn</td>
</tr>
<tr>
<td>Retail units</td>
<td>Managed Rents</td>
</tr>
<tr>
<td>121</td>
<td>1,523,901 sqm GLA Managed</td>
</tr>
<tr>
<td>Employees</td>
<td>679,289 sqm GLA of signed contracts</td>
</tr>
<tr>
<td></td>
<td>3,145 Number of signed contracts</td>
</tr>
<tr>
<td></td>
<td>11,002 Number of Mall concession/quickstore contracts signed</td>
</tr>
<tr>
<td></td>
<td>€32.9 Mn Income from Mall concession/quickstore property income</td>
</tr>
</tbody>
</table>
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**

- **SARRIÁ FORUM**
  Most innovative building” Real Estate Quatrium 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**
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)

- Retail: €1,191
- Offices: €1,191
- Logistics: €1,191
- Development: €1,191
- Rental Properties: €1,191
- Residential: €1,191

Annualized Net Rental Income (€ Mn)

- Retail: €62.3
- Offices: €62.3
- Logistics: €62.3

EPRA Net Initial Yield: 5.8%

- Retail: 6.2%
- Offices: 4.4%
- Logistics: 7.2%

EPRA Occupancy Rate: 93.0%

- Retail: 93.3%
- Offices: 87.0%
- Logistics: 100.0%

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 NIV & NIY excludes Marcelo Spinola. Office EPRA Occupancy Rate is 84.8%. Nevertheless, 87% is excluding non-recurring effects
New base fee scheme

**Base fee**

- 1.25% on last EPRA NAV reported

**New base fee scheme applicable since today**

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

**Portfolio evolution since IPO**

- Base fee reduction

---

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...

1. Fundraising
2. Acquisition
3. Development, Repositioning & turnaround activities
4. Active property Management
5. Divestments

...showcased in upcoming Corporate Stands

- 360º Digital Transformation
- Retail Investment
- Retail Development
- Lagasca 99
Retail Strategy
A value creation story

Investor Day
Jose Manuel Llovet
Grupo Lar Head of Retail

www.larespana.com
October 2016
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...
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.
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.

Previously we had 72 months in negative?
Consumption Index at July 2016 is still 12% below 2007’s level (room for growth)?

Notes:
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

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

<table>
<thead>
<tr>
<th></th>
<th>Total Assets</th>
<th>No. Assets</th>
<th>GLA per Asset (sqm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer 1</td>
<td></td>
<td>14</td>
<td>38,985</td>
</tr>
<tr>
<td>Peer 2</td>
<td></td>
<td>15</td>
<td>30,743</td>
</tr>
<tr>
<td>LAR España + Dev¹</td>
<td>450,451</td>
<td>12</td>
<td>37,538</td>
</tr>
<tr>
<td>Peer 3</td>
<td></td>
<td>7</td>
<td>57,100</td>
</tr>
<tr>
<td>Peer 4</td>
<td></td>
<td>15</td>
<td>23,848</td>
</tr>
<tr>
<td>Peer 5</td>
<td></td>
<td>69</td>
<td>4,857</td>
</tr>
<tr>
<td>Peer 6</td>
<td></td>
<td>10</td>
<td>32,742</td>
</tr>
<tr>
<td>Peer 7</td>
<td></td>
<td>3</td>
<td>98,960</td>
</tr>
<tr>
<td>Peer 8</td>
<td></td>
<td>8</td>
<td>31,710</td>
</tr>
<tr>
<td>Peer 9</td>
<td></td>
<td>14</td>
<td>14,499</td>
</tr>
<tr>
<td>Total</td>
<td>3,360,899</td>
<td>167</td>
<td>21,742</td>
</tr>
</tbody>
</table>

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 levered\(^1\) >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

Strong Financial Foundation

Operational Execution

- 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
Vision

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

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- Sales Increase / Occupancy increase
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- 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

- **GLA**
  - 350,000 sqm Operating
  - 120,000 sqm Development

- **Number of units**
  - 850 + 250 (Dev)

- **NMV**
  - €847 Mn (June 2016) (Operating Centres)

- **Occupancy**
  - (June 16) 93%

- **Footfall**
  - c. 50 Mn (Sep15-Aug16)

- **Sales growth**
  - +5%
  - vs National index 3% (June 16)

**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

<table>
<thead>
<tr>
<th>Location</th>
<th>Ownership</th>
<th>Asset Type</th>
<th>GLA</th>
<th>GAV</th>
<th>Initial Occupancy</th>
<th>Footfall</th>
<th>Catchment Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilbao</td>
<td>100%</td>
<td>RP+FOC</td>
<td>128,000 sqm</td>
<td>€178 Mn</td>
<td>96.2%</td>
<td>10 Mn</td>
<td>3 Mn</td>
</tr>
<tr>
<td>Seville</td>
<td>100%</td>
<td>Shopping Centre</td>
<td>60,000 sqm</td>
<td>€36 Mn</td>
<td>93.0%</td>
<td>N.A.</td>
<td>1.5 Mn</td>
</tr>
<tr>
<td>Alicante Coast</td>
<td>100%</td>
<td>Shopping Centre</td>
<td>40,083 sqm</td>
<td>€99 Mn</td>
<td>92.6%</td>
<td>5.5 M</td>
<td>216,000</td>
</tr>
<tr>
<td>Ponferrada</td>
<td>100%</td>
<td>Shopping Centre</td>
<td>51,022 sqm</td>
<td>€93 M</td>
<td>93.3%</td>
<td>N.A.</td>
<td>1.5 M</td>
</tr>
<tr>
<td>Great BCN</td>
<td>100%</td>
<td>Shopping Centre</td>
<td>28,651 sqm</td>
<td>€87 M</td>
<td>94.0%</td>
<td>N.A.</td>
<td>1.5 M</td>
</tr>
<tr>
<td>Lugo</td>
<td>100%</td>
<td>SC</td>
<td>35,165 sqm</td>
<td>€72 M</td>
<td>96.0%</td>
<td>3.8 M</td>
<td>250,000</td>
</tr>
<tr>
<td>Vigo</td>
<td>100%</td>
<td>Shopping Centre</td>
<td>41,384 sqm</td>
<td>€141 M</td>
<td>7.2 M</td>
<td>4.4 M</td>
<td>466,000</td>
</tr>
<tr>
<td>Alicante City</td>
<td>100%</td>
<td>Retail Park</td>
<td>33,550 sqm</td>
<td>€43 M</td>
<td>84.5%</td>
<td>4.4 M</td>
<td>466,000</td>
</tr>
</tbody>
</table>

### Notes:
1. GLA of international retailers, franchises and retailers with multiple points of presence in Spain, as % of total GLA, excluding vacancies
2. GLA of 100% of asset of which LRE owns 63,666 sqm
3. 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**
- Total investment volume of approx. **€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**
- Total investment volume of approx. **€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

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 €41Mn** 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**
- **Accessibilty DIGA* certificate**

*Breeam and DIGA are international certifications.
1. Experience vs Convenience

Top 10 Retailers generate 40% of the rents

Best Retailers per activity.
Leaders in sales, visits and customer service
1. Experience vs Convenience

Creating Dining Experience through Marketing Events

ANEC BLAU

9,000 visitors

€56,000 economic impact

400 K followers

ANEC BLAU

Photos QuackXef
2. Repositioning Capex

Refurbishment Projects Timeline:

- **Las Huertas**: Nov 2016
- **Albacenter**: May 2017
- **Megapark**: June 2017
- **El Rosal**: Oct 2017
- **Txingudi**: June 2016
- **Vistahermosa**: TBD
- **P. Marina**: Q4 2017
- **AnecBlau**: TBD
3. Technology

Omnichannel presence to enhance Shopping and Social Experience

- Contact with your Client
  - Know your Client
  - Seeketing (beacons)
  - Footfall
  - Market Surveys

- Online/Offline Market Place
  - Online Market Place
  - Delivery Online Shopping
  - Wi-Fi
  - Facebook
  - App
  - Youtube
  - Other Social Networks

- Online Market Place
  - Delivery Online Shopping
3. Technology
4. Sustainability

Committed to being a sustainable and socially responsible business

BREEAM Environmental Certifications

Accessibility Certifications

1. 2016-2017 Target
Results
Key Financials of Our Portfolio

**Footfall**

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

**Sales**

+4.6% LfL 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
Non-Retail Strategy
An opportunistic approach

Investor Day
Jorge Pérez de Leza
Grupo Lar Head of Non Retail

October 2016
Non Retail Assets: 24% of LRE’s GAV

<table>
<thead>
<tr>
<th></th>
<th>Non-Retail Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Offices</td>
</tr>
<tr>
<td>Number of Assets</td>
<td>5</td>
</tr>
<tr>
<td>GLA (sqm)</td>
<td>50,460</td>
</tr>
<tr>
<td>Avg. Occupancy (%)</td>
<td>90.10%</td>
</tr>
<tr>
<td>GAV (€ Mn)</td>
<td>160</td>
</tr>
<tr>
<td>GAV (€ / sqm)</td>
<td>3,167</td>
</tr>
<tr>
<td>Passing Rent (€ Mn)</td>
<td>7</td>
</tr>
<tr>
<td>EPRA NIY (%)</td>
<td>3.4%</td>
</tr>
<tr>
<td>EPRA Topped-up NIY (%)</td>
<td>4.4%</td>
</tr>
</tbody>
</table>
Madrid Office Market

Notable take up with slow ramp up in rents

- 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%

Vacancy rates by zone

Average rents by zone

Key Figures

<table>
<thead>
<tr>
<th></th>
<th>CBD</th>
<th>Centre</th>
<th>Decentr.</th>
<th>Outskirts</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock (m²)</td>
<td>2,158,500</td>
<td>4,414,100</td>
<td>4,292,100</td>
<td>4,067,300</td>
<td>14,932,000</td>
</tr>
<tr>
<td>Vacancy (m²)</td>
<td>173,000</td>
<td>275,600</td>
<td>622,400</td>
<td>699,500</td>
<td>1,770,400</td>
</tr>
<tr>
<td>Vacancy rate (%)</td>
<td>8.0%</td>
<td>6.2%</td>
<td>14.5%</td>
<td>17.2%</td>
<td>11.9%</td>
</tr>
<tr>
<td>Take-up Q2 2016 (m²)*</td>
<td>↑ 19,700</td>
<td>↑ 29,700</td>
<td>↑ 42,800</td>
<td>↑ 19,200</td>
<td>↑ 111,400</td>
</tr>
<tr>
<td>Year to date take-up (m²)*</td>
<td>38,900</td>
<td>52,700</td>
<td>77,100</td>
<td>52,200</td>
<td>220,900</td>
</tr>
<tr>
<td>Prime rent Q2 (€/m²/year)</td>
<td>348.0</td>
<td>288.0</td>
<td>239.4</td>
<td>252.0</td>
<td>-</td>
</tr>
<tr>
<td>Avg. rent Q2 (€/m²/year)</td>
<td>↓ 249.2</td>
<td>↑ 195.7</td>
<td>↑ 159.9</td>
<td>↑ 128.7</td>
<td>↑ 183.1</td>
</tr>
<tr>
<td>New deliveries (m²)**</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Deliveries in the Pipeline 2016 (m²)**</td>
<td>11,600</td>
<td>5,200</td>
<td>36,500</td>
<td>0</td>
<td>53,300</td>
</tr>
<tr>
<td>Deliveries in the Pipeline 2017 (m²)**</td>
<td>82,900</td>
<td>22,200</td>
<td>48,600</td>
<td>12,100</td>
<td>165,800</td>
</tr>
</tbody>
</table>

Source: BNP Real Estate
Good performance continues in 2016

- 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%

Source: BNP Real Estate
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”

**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)

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

Core locations
- Lagasca 99 located in the Salamanca district, best residential area in Madrid
- Offices in Madrid (Egeo, Arturo Soria, Torre Spinola, Eloy Gonzalo) and Barcelona only, within the inner ringroads influence

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

Examples
How does this strategy relate to LRE’s N-RA
Case Example 1: Lagasca 99

Unique development opportunity

<table>
<thead>
<tr>
<th>Asset Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Asset Type</strong></td>
</tr>
<tr>
<td>Residential</td>
</tr>
<tr>
<td><strong>Total GLA</strong></td>
</tr>
<tr>
<td>26,203 Sqm</td>
</tr>
<tr>
<td><strong>Construction Period</strong></td>
</tr>
<tr>
<td>2016 - 2018</td>
</tr>
<tr>
<td><strong>Acquisition Price</strong>*</td>
</tr>
<tr>
<td>EUR 50 Mn</td>
</tr>
<tr>
<td><strong>Location</strong></td>
</tr>
<tr>
<td>Lagasca 99, Juan Bravo 3, Madrid</td>
</tr>
<tr>
<td><strong>€/m2</strong></td>
</tr>
<tr>
<td>3,807 €/sqm</td>
</tr>
</tbody>
</table>

**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

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

<table>
<thead>
<tr>
<th>GLA</th>
<th>Acquisition price</th>
<th>Redevelopment Capex</th>
<th>Total cost per sqm.</th>
<th>Expected yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,875 sqm.</td>
<td>EUR 19.0 Mn</td>
<td>EUR 9.6 Mn</td>
<td>EUR 3,222/sqm</td>
<td>&gt; 7.5%</td>
</tr>
</tbody>
</table>
### Case Example 3: Logistic Assets

Attractive NIYs at Acq. With 100% occupancy

<table>
<thead>
<tr>
<th>Alovera I, II, III &amp; IV</th>
<th>Almussafes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location</strong></td>
<td>Guadalajara</td>
</tr>
<tr>
<td><strong>GLA</strong></td>
<td>142,629 sqm</td>
</tr>
<tr>
<td><strong>Acquisition Date</strong></td>
<td>07/08/2014 – 26/05/2015</td>
</tr>
<tr>
<td><strong>Acquisition Price</strong></td>
<td>EUR 55.01 Mn</td>
</tr>
<tr>
<td><strong>Price per sqm</strong></td>
<td>€386 /sqm</td>
</tr>
<tr>
<td><strong>No. Tenants</strong></td>
<td>One tenant per warehouse</td>
</tr>
<tr>
<td><strong>Initial Occupancy</strong></td>
<td>100%</td>
</tr>
<tr>
<td><strong>Net Initial Yield on Cost</strong></td>
<td>8.3% - 10.2%</td>
</tr>
<tr>
<td><strong>Monthly Rent (€/sqm)</strong></td>
<td>€2.6 - €4.2</td>
</tr>
</tbody>
</table>
Investor Day

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