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Lar España’s presenting team

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CFO

JON ARMENTIA
Corporate Director

JOSE MANUEL LLOVET
Head of Retail Operations of Grupo Lar

HERNÁN SAN PEDRO
Head of Investor Relations
Key Facts 9M 2016

- **GAV** $1,201$ Mn, +71% vs Q3 2015
- **Rental Income** $€42.2$ Mn, +80% vs Q3 2015
- **Net LTV** $35\%$
- **Cost of Debt** $2.24\%$
- **Tenants Sales Growth** +9.2% outperforming the market 9M 2016
- **Footfall outperforming the market** 9M 2016
- **ROE** $10\%$
- **ROA** $6\%$

**EPRA**

- **EPRA NAV per share** $€8.4$
- **EPRA NAV (€’000s)** $€757.9$
- **EPRA “topped-up” NIY** $6.1\%$
- **EPRA Net Initial Yield** $5.8\%$
- **EPRA Earnings** $€18.8$ Mn, +56% vs 9M 2015
- **EPRA Annualised Net Rent** $€62.7$ Mn
- **EPRA Cost Ratio** $34.6\%$
- **EPRA Occupancy Rate** $92.8\%$

1. Total GAV = Valuation of assets as of 30th June + Gran Via de Vigo + invested Capex (€10 Mn)
2. Net LTV as of 30 September 2016
3. Includes only operating assets generating rents by the end of September 2016
4. Indicators calculated using the figures from the last 12 months
Agenda

1. Highlights
2. 9M 2016 Financial Results
3. Business Performance
4. Growth Drivers
5. Closing Remarks
1 Highlights

As Termas Shopping Centre, Lugo
Strong Operational and Financial Results in 9M 2016

Financial Results

- Rental Income of €42.2 Mn
- Annualised Gross rent of €70 Mn
- EBITDA of €30.3 Mn
- Net Profit of €46.6 Mn

Business Performance

- Intense asset management: 20,051 Sqm leased in 9M 2016 14% €/sqm higher. Re-tenanting of 7,330 Sqm, improving tenant mix and at 19% €/sqm higher
- Retail EPRA Occupancy 92.6% / Retail tenant Sales +9.2% in Q3 2016
- Sales per visitor +3% and strong growth in the assets located in touristic areas
- Retail NOI +4.9% in 9M 2016 since acquisition\(^1\) driven by rental price recovery and reduction in discounts

Corporate Highlights

- Acquisition of Gran Vía de Vigo for €141 Mn, a prime dominant shopping centre
- Q3 LTV of 35% with a cost of debt of 2.24%
- Active asset management with targeted capex of €10.5 Mn:
  - Retail €5.5 Mn; Logistic €0.2 Mn; Offices €4.8 Mn

---

1 Average holding period: 16.3 months.
2 9M2016 Financial Results
### Consolidated Income Statement (€ Millions)

<table>
<thead>
<tr>
<th></th>
<th>9M 2016</th>
<th>Chg (%)</th>
<th>9M 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Recurring</td>
<td>Non-Recurring</td>
<td>Total</td>
</tr>
<tr>
<td>Rental Income</td>
<td>42.2</td>
<td>-</td>
<td>42.2</td>
</tr>
<tr>
<td>Other income</td>
<td>1.3</td>
<td>-</td>
<td>1.3</td>
</tr>
<tr>
<td>Property Operating Expenses</td>
<td>(7.4)</td>
<td>-</td>
<td>(7.4)</td>
</tr>
<tr>
<td>Base Fee</td>
<td>(4.8)</td>
<td>-</td>
<td>(4.8)</td>
</tr>
<tr>
<td><strong>Property Operating Results</strong></td>
<td></td>
<td></td>
<td><strong>31.4</strong></td>
</tr>
<tr>
<td>Corporate Expenses</td>
<td>(2.7)</td>
<td>(0.7)</td>
<td>(3.5)</td>
</tr>
<tr>
<td>Other results</td>
<td>-</td>
<td>2.8</td>
<td>2.8</td>
</tr>
<tr>
<td><strong>EBITDA (</strong>)**</td>
<td>28.7</td>
<td>2.1</td>
<td><strong>30.8</strong></td>
</tr>
<tr>
<td>Changes in the Fair Value</td>
<td>29.1</td>
<td>-</td>
<td>29.1</td>
</tr>
<tr>
<td><strong>EBIT (</strong>)**</td>
<td>57.8</td>
<td>2.1</td>
<td><strong>59.8</strong></td>
</tr>
<tr>
<td>Financial Result</td>
<td>(5.7)</td>
<td>(4.1)</td>
<td>(9.9)</td>
</tr>
<tr>
<td>Share in profit (loss) for the period of equity-accounted companies</td>
<td>(3.0)</td>
<td>-</td>
<td>(3.0)</td>
</tr>
<tr>
<td>Impairment and gains/(losses) on disposal of financial instruments</td>
<td>-</td>
<td>0.03</td>
<td>0.03</td>
</tr>
<tr>
<td><strong>EBT</strong></td>
<td>49.0</td>
<td>(2.0)</td>
<td><strong>47.0</strong></td>
</tr>
<tr>
<td>Income Tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Profit for the Period¹</strong></td>
<td>49.0</td>
<td>(2.0)</td>
<td><strong>47.0</strong></td>
</tr>
<tr>
<td>FFO (EBITDA – Financial Result)</td>
<td>23.0</td>
<td>(2.1)</td>
<td>20.9</td>
</tr>
<tr>
<td>% FFO Annualized Yield /NAV</td>
<td>4.04%</td>
<td></td>
<td>4.04%</td>
</tr>
<tr>
<td>Accounting provisions (Performance fee)</td>
<td>(0.4)</td>
<td>-</td>
<td>(0.4)</td>
</tr>
<tr>
<td><strong>Profit for the Period (post accounting provisions)</strong></td>
<td><strong>48.6</strong></td>
<td>(2.0)</td>
<td><strong>46.6</strong></td>
</tr>
</tbody>
</table>

1. pre performance fee
3 Business Performance
Portfolio at a glance

GAV (Mn€)

EPRA Annualized Net Rent (Mn€)

EPRA NIY & EPRA Topped-up NIY

EPRA Occupancy Rate

1. Total GAV = Valuation of assets as of 30th June + Gran Vía de Vigo + invested Capex (€10 Mn)
2. Marcelo Spinola’s EPRA NIY and EPRA Occupancy rate is not calculated due to the lack of representativeness. To calculate the NIY for the total portfolio we have excluded the data from Marcelo Spinola.
Top international tenants showing great interest in our assets

High quality and diversified tenant base in all assets

New tenants improve profitability and risk adjusted returns of our assets

- **Main Signed in Q3 2016**
  - Carrefour: 7.78% TOTAL RENTS
  - INDITEX: 5.85% TOTAL RENTS
  - MediaMarkt: 5.52% TOTAL RENTS

- **Main New Openings in Q3 2016**
  - ineco: 4.88% TOTAL RENTS
  - DECATHLON: 3.41% TOTAL RENTS
  - El Corte Inglés: 2.88% TOTAL RENTS

- **9M 2016 Results**
  - TOTAL RENTS: 7.78%
Outperforming the market on an intense letting activity and excellent operating performance

- 16% Rotation rate since acquisition
- Average holding period 16.3 months
- +4.9% NOI since acquisition
- Average holding period 16.3 months
- 92.6% EPRA Occupancy +1p.p. vs FY 2015
- +9.2% Sales vs +2.7% Retail Sales index 1 9M 2016
- +20,051 Sqm leasing activity 9M 2016
- +4% Improvement in revenues of common areas since acquisition
- Average holding period 16.3 months
- +6.5% Footfall 9M 2016 vs 1.3% Avg. Footfall Index Spain
- Annualized visitors 52 Mn
- +2.7% Retail Sales index 1 9M 2016
**Retail**

**Active asset management in place**

<table>
<thead>
<tr>
<th>Location</th>
<th>Relettings</th>
<th>Renewals</th>
<th>New Lettings</th>
<th>Relocations</th>
<th>NOI vs Acquisition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>P. Marina</strong></td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>1</td>
<td>+12%</td>
</tr>
<tr>
<td><strong>As Termas</strong></td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>0</td>
<td>+10%</td>
</tr>
<tr>
<td><strong>Albacenter</strong></td>
<td>3</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>+15%</td>
</tr>
<tr>
<td><strong>Txingudi</strong></td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>+9%</td>
</tr>
</tbody>
</table>

**9M 2016 Results - Lar España Real Estate**

- **Rotation rate since Acq**:
  - P. Marina: 24%
  - As Termas: 15%
  - Albacenter: 12%
  - Txingudi: 68%
A turnaround case study: Txingudi

Rotation to more profitable tenants

68% Rotation Rate Since acquisition

97% Occupancy rate pro-forma

€3.2 Mn Investment Capex Yield on Capex >8%

GLA and traffic optimization

Relocation of existing tenants

Tenant mix improvement adjusted to targeted market

Increase in footfall and sales per visitor

CINEMA

X4 Rents/Sqm

H&M

2,304 Sqm

&

KIABI

2,304 Sqm

Already owns 1,080 Sqm + 720 Sqm extension

Both contracts already signed and waiting for operator’s activity licenses

1. Txingudi Occupancy pro-forma is 97%. Txingudi actual occupancy (76.2%) is affected by current transition of tenants.
Retail

Active management case study: Vistahermosa

Acquisition Date
16th June 2016

Strong performance in a record time as a result of ongoing asset management actions

**New tenants**
2 new tenants since acquisition

**Occupancy**
From 80% to 87.2% since acquisition by letting two more units

**Footfall**
+62.8% increase 2016 vs 2015

**New image and renovation**
Improvement of common spaces and signage replacement

**Total Sales**
+110% increase 2016 vs 2015

**Sales per Visitor**
+29% increase 2016 vs 2015
Retail

Investment in developments will improve our existing portfolio

 ✓ c.60% of GLA signed and pre-signed
 ✓ Leases signed with anchors: Leroy Merlin and Urban Planet
 ✓ €4 Mn of annual rental income

| GLA (Sqm) | 44,252 |
| Expected Opening Date | Q1 2018 |
| Expected development costs | €26 Mn |
| Expect. Net Initial Yield | > 9% |
| Acq. Price | €14 Mn |

• Retail and family leisure space
  123,000 (Close & Open areas)
  Expected Opening Date Q1 2019
  Expected development costs €109 Mn
  Expect. Net Initial Yield > 8%
  Acq. Price €36 Mn

 ✓ Anchoring Phase: 25% of GLA pre-agreed by December 2016
 ✓ High interest shown by international retailers
 ✓ €14 Mn of annual rental income

9M 2016 Results - Lar España Real Estate

Lar España Real Estate SOCIMI, S.A. (LRE) – November 2016
Proven asset management through intense tenant Rotation

16% of Total Tenant Rotation is upgrading tenant profile, mix, and re-tenanting at double digit growth vs. previous rents

### Rotation Rate in 9M 2016

<table>
<thead>
<tr>
<th>Rotation Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total SC</td>
<td>16%</td>
</tr>
<tr>
<td>Las Huertas</td>
<td>59%</td>
</tr>
<tr>
<td>Txingudi</td>
<td>68%</td>
</tr>
<tr>
<td>Albacenter</td>
<td>12%</td>
</tr>
<tr>
<td>As Termas</td>
<td>15%</td>
</tr>
<tr>
<td>Anec Blau</td>
<td>24%</td>
</tr>
<tr>
<td>El Rosal</td>
<td>40%</td>
</tr>
<tr>
<td>Portal de la Marina</td>
<td>24%</td>
</tr>
<tr>
<td>Megapark</td>
<td>6%</td>
</tr>
</tbody>
</table>

**Avg. Occ. of 91.6%**

1. Txingudi Occupancy pro-forma is 97%. Txingudi actual occupancy (76.2%) is affected by current transition of tenants. (Cinemas vs H&M and Kiabi, contracts already signed and waiting for activity licenses).
2. Relocation = deal signed with existing tenant on another unit (empty or previously rented)
3. Renewal = deal signed with existing tenant to renew its lease agreement on the same unit
4. New letting = deal signed with a tenant leasing the unit that was empty at acquisition
5. Reletting = Deal signed with a new tenant replacing an existing tenant

94 signed contracts during 9M2016

19% up vs previous in 9M2016
## Non-retail assets

### Residential

- **43%**
- LAGASCA99 Pre-sales

- Launched the marketing to the market in October
- Structure to the first level completed
- Construction works on schedule and proceeding smoothly
- Expected sales price >€10,000 Mn

### Offices

- **88.5%**
- EPRA occupancy rate

- Intense commercial activity to reduce vacancy
- Advanced negotiations with potential tenants
- MS Tower started commercialization after refurbishment works completed
- Renovation of contracts and rent improvements

### Logistics

- **100%**
- EPRA occupancy rate

- Stability of logistics assets maintaining attractive yield
- Tenant contracts renovations in advanced conversations
- Cost optimization

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1. Marcelo Spinola Occupancy rate is not calculated due to the lack of representativeness.

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Lar España Real Estate SOCIMI, S.A. (LRE) – November 2016
4 Growth Drivers
Significant potential upside in rents from reversion potential and developments project – For illustrative purposes –

1. Illustrative potential additional rent in 9M 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.

2. 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.

3. 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.

4. Estimated Rental Income assuming an average yield of assets acquired @ 6%.

Existing Income Generating Assets

Existing Developments

Annualised net rent
Reversionary potential – Market rent
Reversionary potential – Vacancy Reduction
Marcelo Spínola Office Refurbish.²
Reversionary net rent
Sagunto³
Palmas Altas³
Potential annualized net rent at an average of 6%
Estimated Future Investments
Potential annualized net rent with growth

Estimated Future Investments

Firepower Invested at an average of 6%

Potential annualized net rent

Estimated Future Investments

C.110

C.110

Existing Developments

C.96

C.14

C.4

C.77

C.4

C.2

C.8

Existing Income Generating Assets

C.63

Annualised net rent

Reversionary potential – Market rent

Reversionary potential – Vacancy Reduction

Marcelo Spínola Office Refurbish.²

Reversionary net rent

Sagunto³

Palmas Altas³

Potential annualized net rent at an average of 6%

Estimated Future Investments

Firepower Invested at an average of 6%

Potential annualized net rent with growth

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.
5 Closing Remarks

Egeo Office Building, Madrid
Closing Remarks

- **EPRA earnings** of €18.8 Mn, +56% YoY, and **EPRA Cost Ratio** improving 3.1 pp vs. 9M 2015

- Attractive portfolio of €1,201 Mn, out of which €1,076.2 Mn are rental assets that generate €62.7 Mn underpinned by the acquisition of the prime Shopping Centre, Gran Vía de Vigo.

- **Extensive Active Management actions from acquisition** already showing outstanding results outperforming the market Quarter-over-Quarter

- **Large Potential of property revaluation / 82% of off-market deals**

- **Digital 360º project** aimed at linking and enhancing off line and on line retail platform
Key Facts 9M 2016

1,201 Mn GAV\(^1\) +71% vs Q3 2015

€42.2 Mn Rental Income +80% vs Q3 2015

35% Net LTV\(^2\) 2.24% Cost of Debt

+9.2% Tenants Sales Growth outperforming the market 9M 2016

+6.5% Footfall outperforming the market 9M 2016

10% ROE\(^4\) 6% ROA\(^4\)

€8.4 EPRA NAV per share

€757.9 EPRA NAV (€’000s)

6.1% EPRA “topped-up” NIY

5.8% EPRA Net Initial Yield

€18.8 Mn EPRA Earnings +56% vs 9M 2015

€62.7 Mn EPRA Annualised Net Rent\(^3\)

34.6% EPRA Cost Ratio

92.8% EPRA Occupancy Rate

---

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