



FY 2016 Results

www.larespana.com

Feb 2017

28th February, 2017



Vistahermosa, Alicante

Disclaimer

This document has been prepared by Lar España Real Estate SOCIMI, S.A. (the "Company") for information purposes only and it is not a regulated information or information which has been subject to prior registration or control by the Spanish Securities Market Commission. This document neither is a prospectus nor implies a bid or recommendation for investment. This document includes summarised audited and non-audited information. The financial and operational information, as well as the data on the acquisitions which have been carried out, included in the presentation, correspond to the internal recordings and accounting of the Company. Such information may in the future be subject to audit, limited review or any other control by an auditor or an independent third party. Therefore, this information may be modified or amended in the future.

The information contained herein has been obtained from sources that the Company considers reliable, but the Company does not represent or warrant that the information is complete or accurate, in particular with respect to data provided by third parties (including certain information relating to the Company's properties such as their catchment areas and performance indicators for periods preceding the time of acquisition by the Company). Neither the Company nor its legal advisors and representatives assure the completeness, impartiality or accuracy of the information or opinions included herein. In addition, they do not assume responsibilities of any kind, whether for misconduct or negligence, with regard to any damages or losses that may derive from the use of this document or its contents. The information contained in this document has not been subject to independent verification. This document includes forward-looking representations or statements on purposes, expectations or forecasts of the Company or its management up to the date of release of this document. Said forward-looking representations and statements or forecasts are mere value judgments of the Company and do not imply undertakings of future performance. Additionally, they are subject to risks, uncertainties and other factors, which were unknown or not taken into account by the time this document was produced and released and which may cause such actual results, performance or achievements, to be materially different from those expressed or implied by these forward-looking statements. Moreover, these forward-looking statements are based on numerous assumptions (which are not stated in the presentation) regarding the Company's present and future business strategies and the environment in which the Company expects to operate in the future. There are many factors, most of them out of the Company's control which may cause the Company's actual operations and results to substantially differ from those forward-looking statements.

The financial information contained herein may include items which are not defined under the International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and which are considered to be "alternative performance measures". Other companies may calculate such financial information differently or may use such measures for different purposes than we do, limiting the usefulness of such measures as comparative measures. Such financial information must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS-EU.

Under no circumstances the Company undertakes to update or release the review of the information included herein or provide additional information. Neither the Company nor any of its legal advisors or representatives assume any kind of responsibility for any possible deviations that may suffer the forward-looking estimates, forecasts or projections used herein.

This information does not constitute or form part of any offer to sell or issue, or invitation to purchase or subscribe for, or any solicitation of any offer to purchase or subscribe for, any securities of the company, nor shall the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision. This presentation should not be considered as a recommendation by the company, Grupo Lar Inversiones Inmobiliarias, S.A. or any other person that any person should subscribe for or purchase any securities of the company. Prospective purchasers of securities of the company are required to make their own independent investigation and appraisal.

The securities of the Company have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or the laws of any state or other jurisdictions of the United States. Such securities may not be offered or sold in the United States except on a limited basis, if at all, to Qualified Institutional Buyers (as defined in Rule 144A under the US Securities Act) in reliance on an exemption from, or transaction not subject to, the registration requirements of the U.S. Securities Act. The securities of the Company have not been and will not be registered under the applicable securities laws of any state or jurisdiction of Australia, Canada, Japan or Switzerland and, subject to certain exceptions, may not be offered or sold within Australia, Canada, Japan or Switzerland or to or for the benefit of any national, resident or citizen of Australia, Canada, Japan or Switzerland.

The information contained herein does not purpose to be comprehensive or to contain all the information that a prospective purchaser of securities of the Company may desire or require in deciding whether or not to purchase such securities.

This document discloses neither the risks nor other material issues regarding an investment in the securities of the Company. The information included in this presentation is subject to, and should be read together with, all publicly available information. Any person acquiring securities of the Company shall do so on their own risk and judgment over the merits and suitability of the securities of the Company, after having received professional advice or of any other kind that may be needed or appropriate but not only on the grounds of this presentation. By delivering this presentation, the Company is not providing any advisory, purchase or sale recommendation, or any other instrument of negotiation over the securities or financial instruments of the Company. This document does not constitute an offer, bid or invitation to acquire or subscribe securities, in accordance with the provisions of article 35 of the consolidated text of the Spanish Securities Market Act approved by the Royal Legislative Decree 4/2015, of 23 October, and/or the Royal Decree 1310/2005, of 4 November and their implementing regulations. Furthermore, this document does not imply any purchase or sale bid or offer for the exchange of securities or a request for the vote or authorization in any other jurisdiction. The delivery of this document within other jurisdictions may be forbidden.

Recipients of this document or those persons receiving a copy thereof shall be responsible for being aware of, and complying with, such restrictions.

By accepting this document you are accepting the foregoing restrictions and warnings.

All the foregoing shall be taking into account by those persons or entities which have to take decisions or issue opinions relating to the securities issued by the Company. All such persons or entities are invited to consult all public documents and information of the Company registered within the Spanish Securities Market Commission.

Neither the Company nor any of its advisors or representatives assumes any kind of responsibility for any damages or losses derived from any use of this document or its contents.



Lar España's presenting team



MIGUEL PEREDA

Board Member and Co-CEO of Grupo Lar



SERGIO CRIADO

CFO



JOSE MANUEL LLOVET

Head of Retail Operations of Grupo Lar



JON ARMENTIA

Corporate Director



HERNÁN SAN PEDRO

Head of Investor Relations

Agenda

01

2016
Highlights

02

Business
Performance

03

FY 2016
Financial
Results

04

Growth
Drivers

05

Closing
Remarks





1 2016 Highlights



Successful & Strong Key Facts delivered in 2016

1,275 Mn	GAV ¹	+42% vs FY 2015
€117Mn	EBT ²	+130% vs FY 2015
€60.2Mn	Rental Income	+69% vs FY 2015
€30Mn	Dividend ³ 2016	€0.33 dividend ⁴ per share
33%	Net LTV ⁴	2.2% Cost of Debt

 		
€9.20	EPRA NAV per share	€830.4 EPRA NAV (€ '000s)
5.8%	EPRA "topped-up" NIY	5.5% EPRA Net Initial Yield
93.5%	Occupancy Rate	€62.9Mn EPRA Annualised Net Rent ⁵
13.4%	ROE	7.7% ROA
		1.1 Solvency ratio

1. Total GAV = Valuation of assets as of 31st December 2016

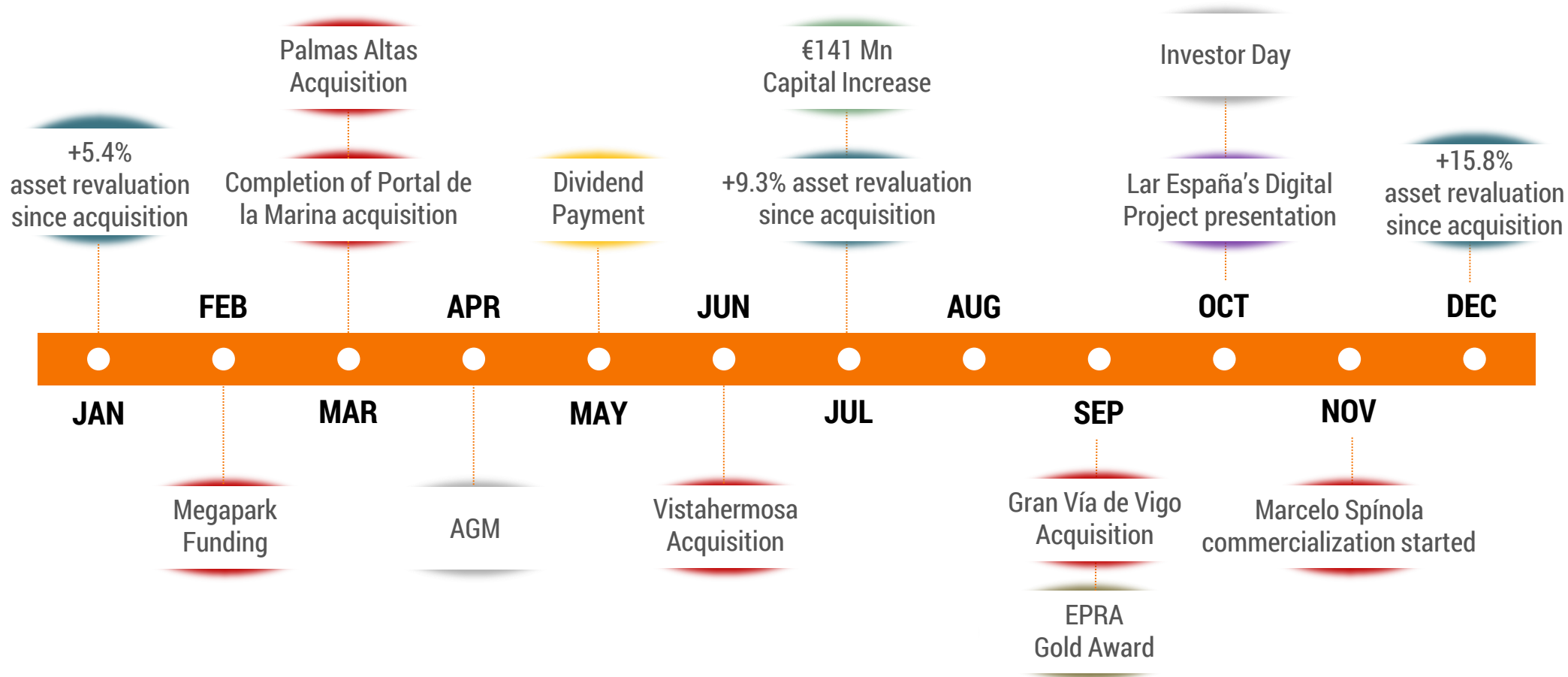
2. EBT pre-performance fee

3. To be approved in the AGM

4. Net LTV as of 31 December 2016

5. Includes only operating assets generating rents at the end of December 2016

Major corporate milestones during 2016



Solid Company performance in 2016

01 Solid 2016 Results and Balance Sheet

€60.2 Mn Revenues	+69% vs 2015
€117.0 Mn EBT ¹	+129.8 vs 2015
€25.9 Mn Adjusted EPRA Earnings	+38.6% vs 2015
€830.4 Mn EPRA NAV	+43.7% vs 2015
33% net LTV; €422 Mn Net Debt	2.2% cost of debt

02 Lar España Value Add performance

NOI Increase vs 2015 in Retail	+4.7% LfL
Footfall growth vs 0.9% of Average market	+5.7% LfL
Retail Occupancy vs 2015, up to 93.7%	+1.65 pp
Rotation Rate since Acquisition	18%

03 Stable and attractive shareholder remuneration

€30 Mn Dividend²	€0.331 ps
4.7% dividend yield³	
Above guidance and Business Plan	

1. Pre-performance fee

2. To be approved in the AGM

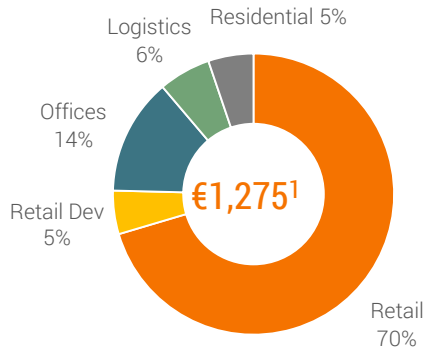
3. Dividend yield based on the market price as at 31st December 2016

2 Business Performance

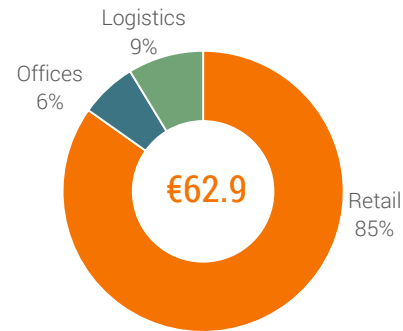


Portfolio at a glance

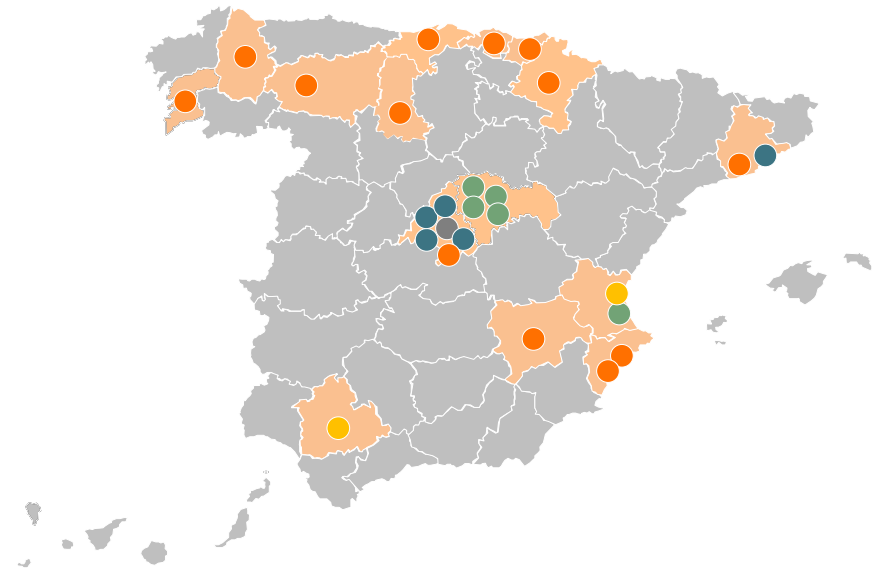
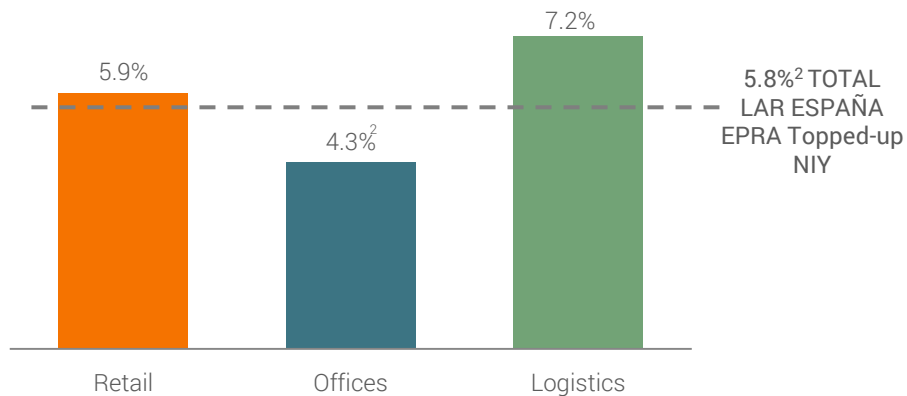
GAV (€Mn)



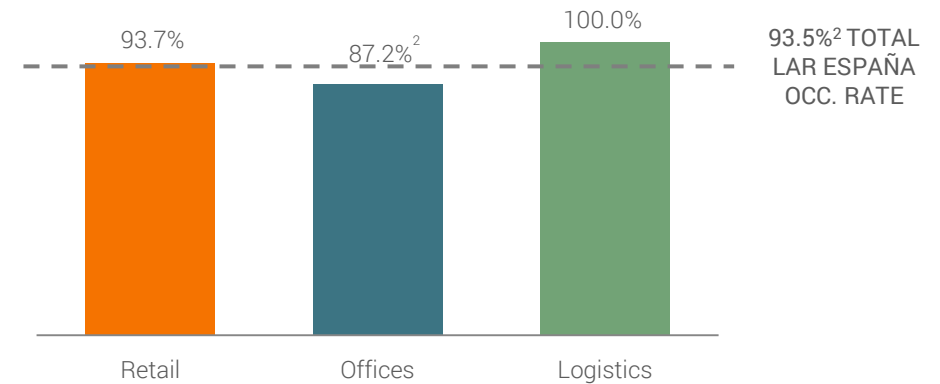
EPRA Annualized Net Rent (€Mn)



EPRA Topped-up NIY



Occupancy Rate

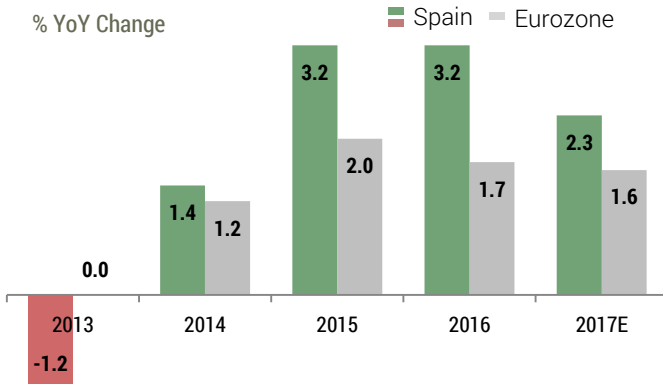


1. Total GAV = Valuation of assets as of 31 December

2. Marcelo Spínola's EPRA Topped-Up NIY and EPRA Occupancy rate is not calculated due to the lack of representativeness. To calculate the Topped-up NIY for the total portfolio we have excluded the data from Marcelo Spínola.

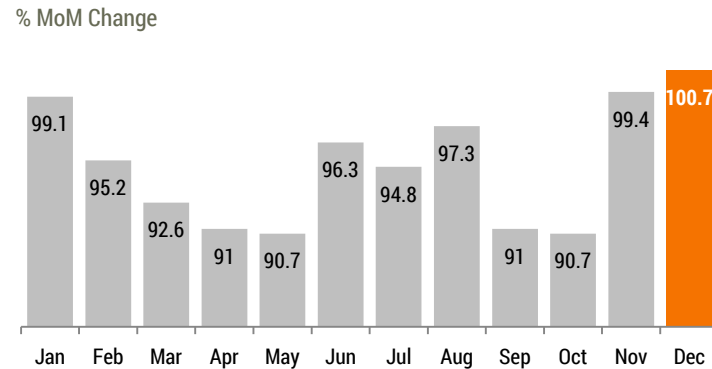
Good prospects for the Spanish economy

Positive Outlook in GDP Growth



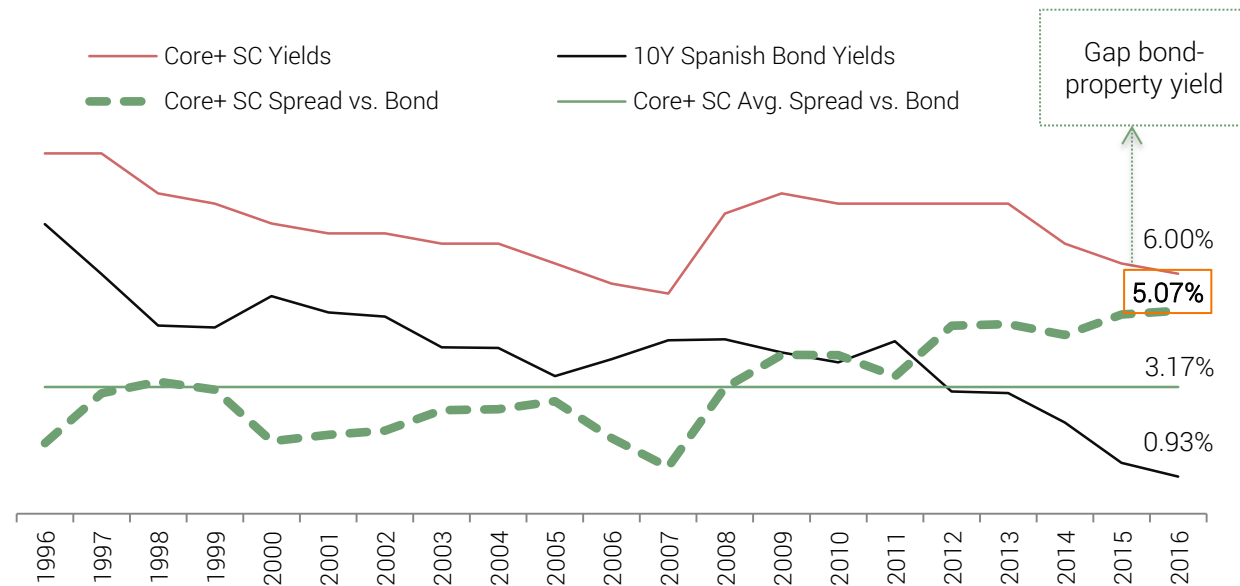
Source: IMF

Consumer Confidence Index 2016



Source: CIS

- ✓ Spanish economy has been surprising on the upside during the last years
- ✓ It is expected to continue outperforming the Eurozone
- ✓ Confidence of consumers keeps growing in line with income and stable earnings driven by strong employment creation
- ✓ No obvious correlation between bond and property yields
- ✓ Future Investment supported by largest Gap in recent history

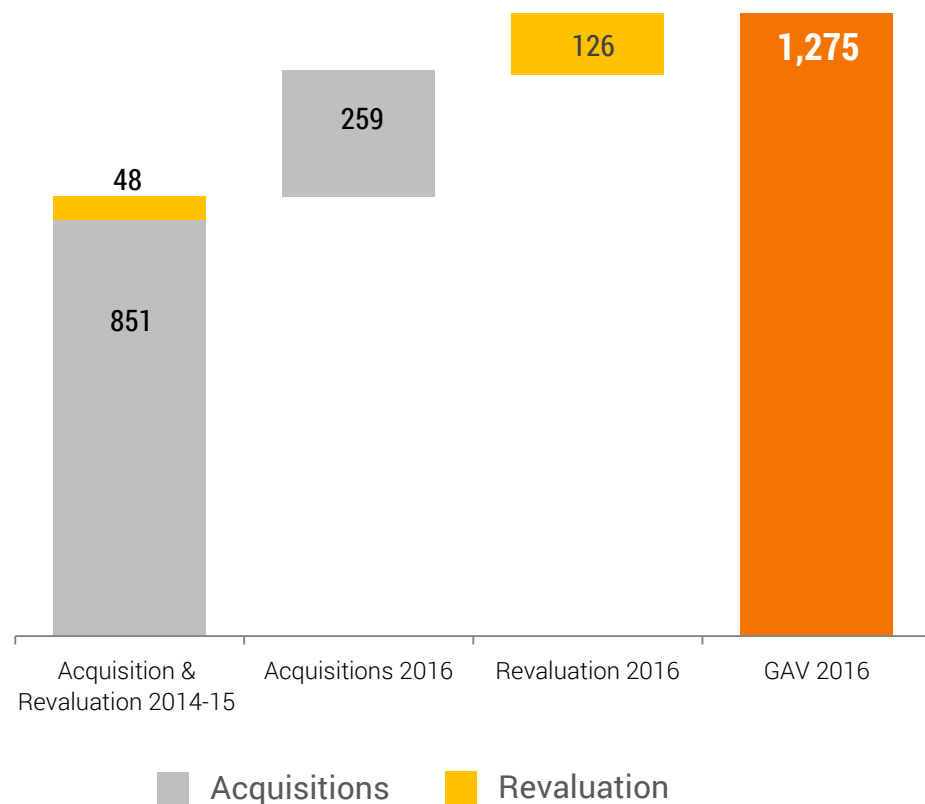


18.06 average holding period

Strong valuation performance in all asset classes

Valuation Bridge Since Acquisition

€ Mn

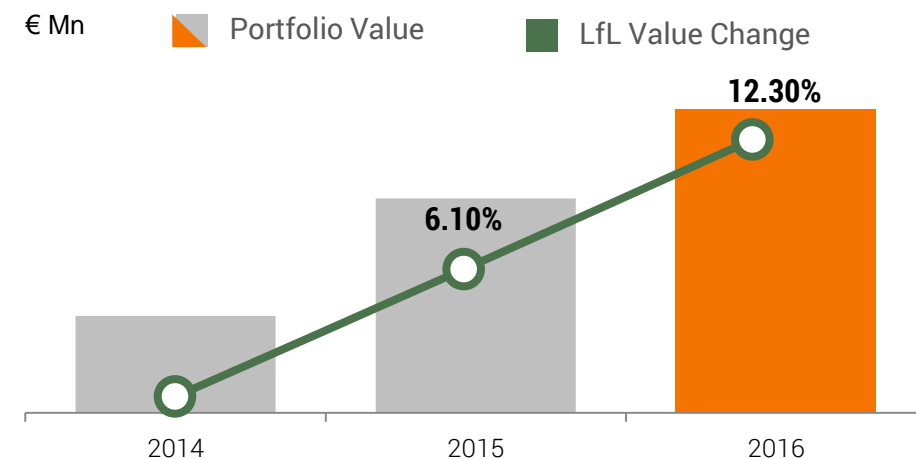


¹ Market Value determined by JLL and C&W as of 31 December 2016.

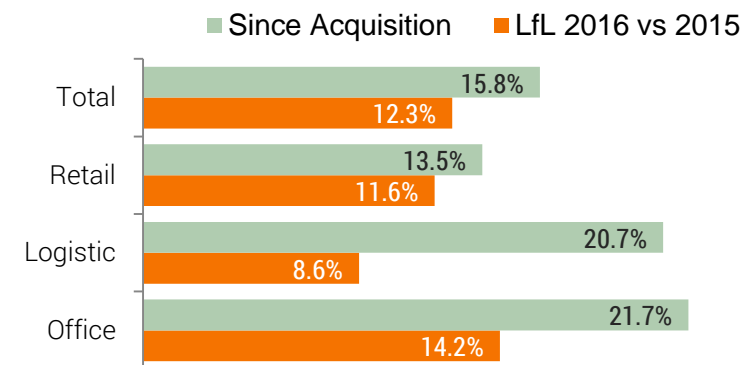
FY 2016 Results - Lar España Real Estate

Portfolio Value evolution and LfL Change

€ Mn



Value Change by Asset Class



Retail

Operating assets backed by development projects

Rent Generating Assets



+13.5%

Retail valuation growth
since acquisition

+8.8%

Total Sales growth

+5.7%

Footfall growth

130

Operations in 2016

Developments



2

Ongoing development
projects

€18 Mn

Expected annual rental
income

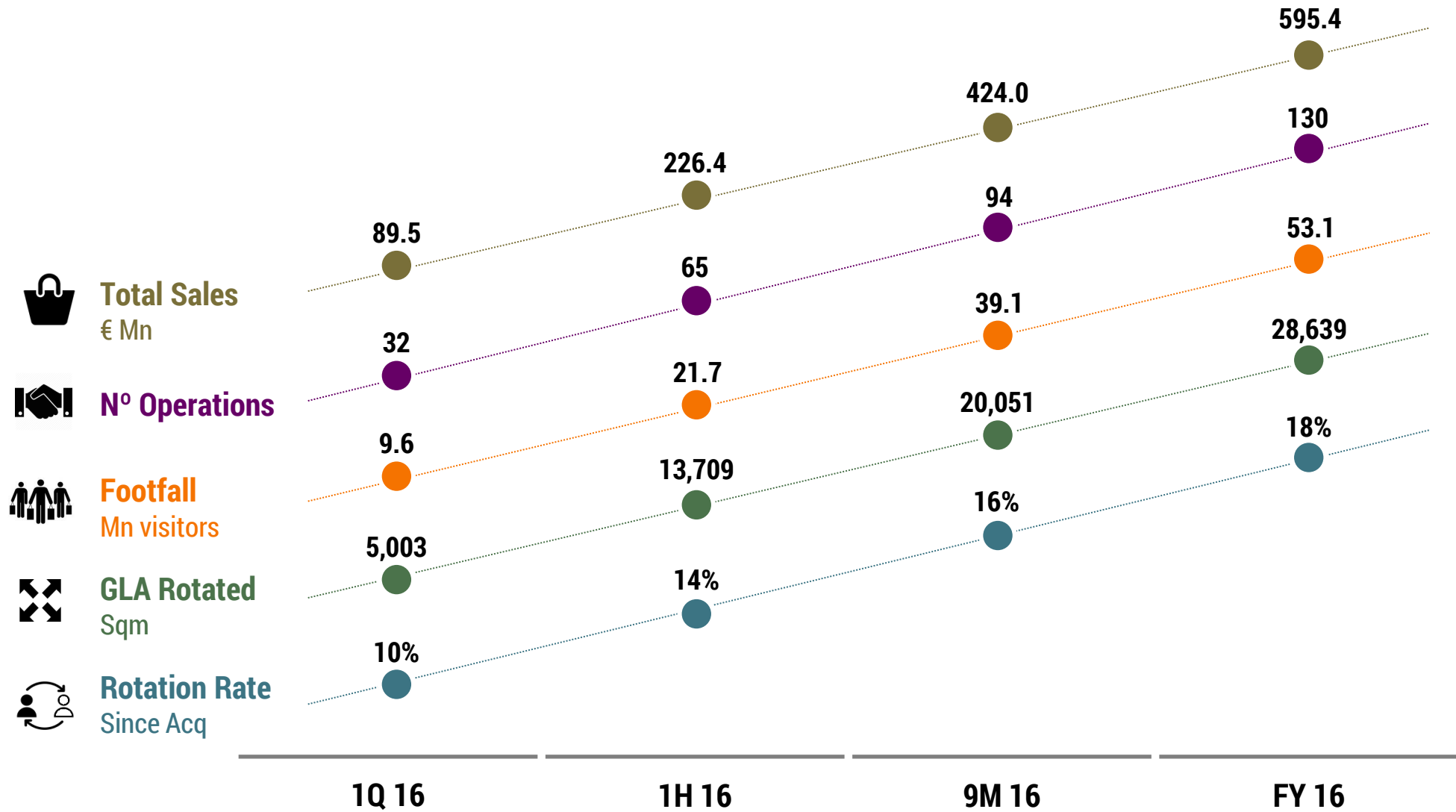
44,252 sqm

GLA in Vidanova Parc

100,000 sqm

Retail and family leisure
space in Palmas Altas

Major operative milestones during 2016



Retail Highlights

01 #1 in ownership per shopping centre in Spain

#2 in GLA/average per shopping centre

#3 in GLA in retail Spanish market

02 +4.7% in NOI Increase vs 2015

Megapark (+7%, TOR: +85%), Albacenter (+16%; TOR: +311%), As Termas (+13%, TOR: +84%)

03 -14% Discounts vs. 2015

Rosal (-56%), Megapark (-50%)

04 Occupancy +0,8p.p vs 2015, up to 91,9%

Vistahermosa occupancy +12 p.p. since acquisition

05 18% Rotation Rate since Acquisition

Rotation Rate since acquisitions:
Txingudi: 68%; As Termas: 16%; Vistahermosa: 10%

06 +€53 MM Visitors up to December

Megapark peak in July 16: +13,75%

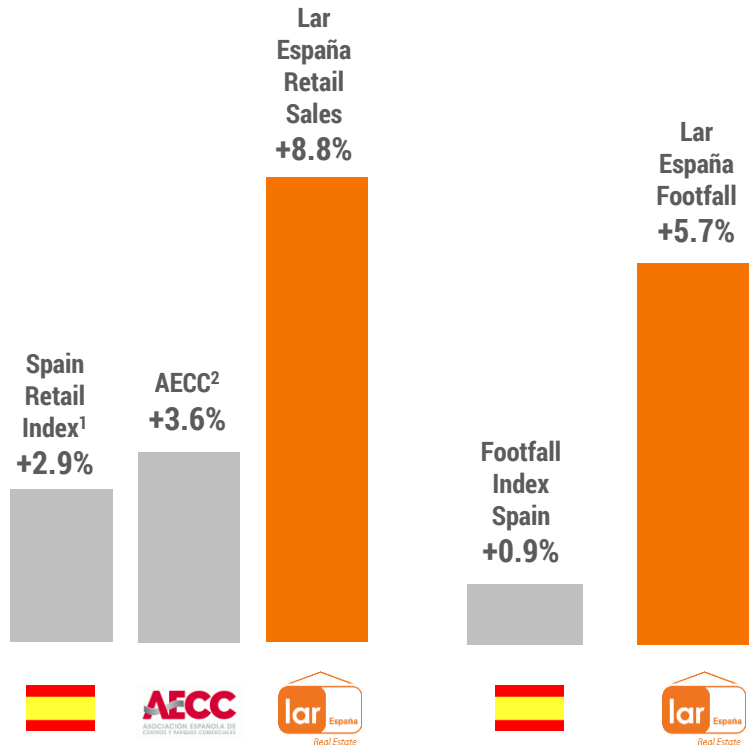
07 +8.8% Sales Growth vs. 2015

Albacenter (Total sales +11%), Portal de la Marina (Total Sales +5%),
AnecBlau (+5% LFL)

Retail

Outperforming the market

Lar España is outperforming the market



¹ INE. Spanish Retail Index.

² AECC – Spanish Shopping Centres Association (Asociación Española de Centros y Parques Comerciales)

Top 5 tenants represent >30% retail rents

	% RETAIL RENTS	Nº UNITS
INDITEX	9%	52
MediaMarkt	7%	5
Carrefour	7%	2
El Corte Inglés	4%	4
C&A	4%	6

Retail

Active asset management in main shopping centres in 2016

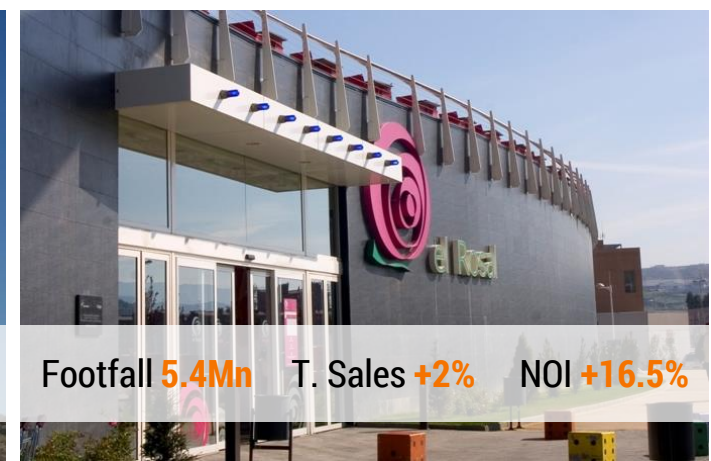
Megapark, Vizcaya



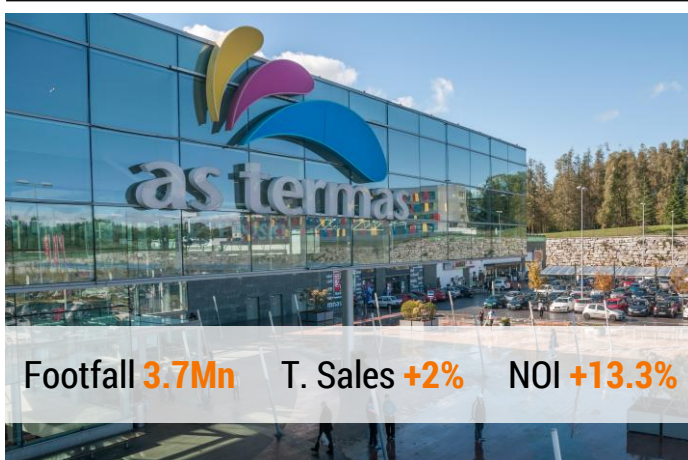
Portal de la Marina, Alicante



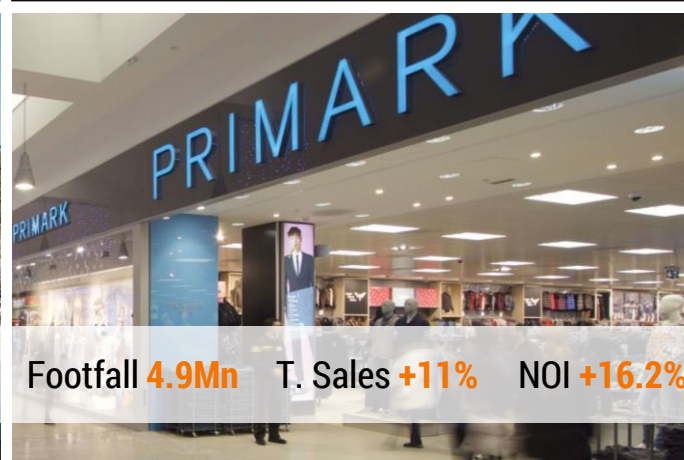
El Rosal, León



As Termas, Lugo



Albacenter, Albacete



Las Huertas, Palencia

¹ Excluding Hypermarket.

Retail

Rent increase per sqm in leasing activity:

↑12% LfL

FY 2016

New shops

ATTRACT NEW AND INNOVATIVE TENANTS



34 Reletting



35 New Lettings



Anchors

CREATE A WELL-BALANCED TENANT MIX



47 Renewals



14 Relocations

Main Deals Signed in Q4 2016



Vistahermosa



El Rosal



Megapark



Megapark

Main New Openings in Q4 2016



Vistahermosa



Albacenter



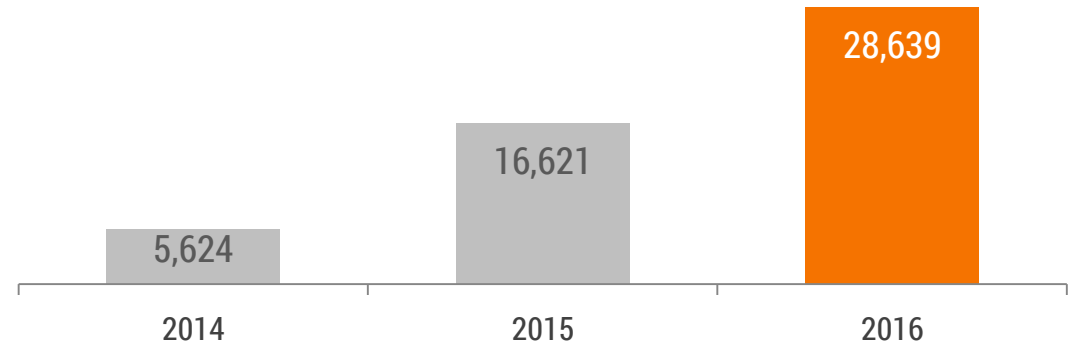
Anec Blau



Gran Vía

28,639 sqm
GLA Leased

18% Rotation
Rate since acq



Retail

Active management case study:



New tenants

3 new tenants since acquisition:
3,324 sqm



Footfall

+60.4% increase 2016 vs 2015



New image and renovation

Improvement of common spaces
and signage replacement



Total Sales

+85% increase 2016 vs 2015

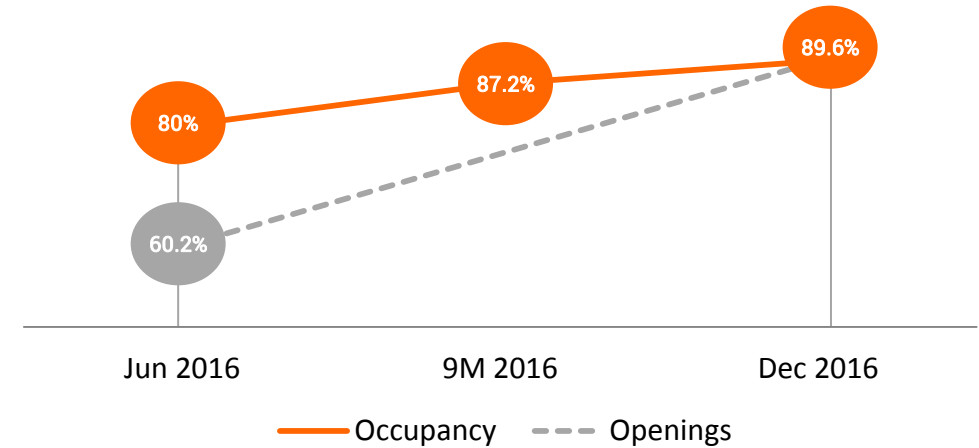


Sales per Visitor

+15% increase 2016 vs 2015

Acquisition Date
16th June 2016

Occupancy "take off" in record time



Excellent tenant line-up



Retail

A turnaround case study: txingudi



Retail

A turnaround case study: txingudi

Since acquisition:

**+9%
Rent
Uplift**



**12 new lettings
+ relettings**



17 renewals
26% of Total GLA



**3 strategic
relocations**

**Occupancy growth
from
92.7% to 97.5%¹**

The Challenge

Out-dated Shopping Centre

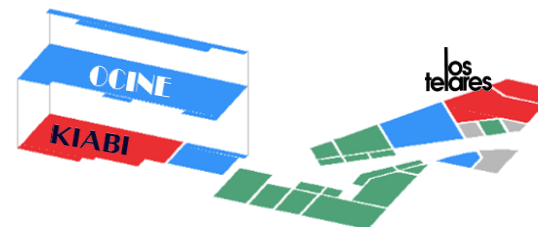
19 years without any refurbishment since opening

Oversized Leisure Sector

Mainly represented by poorly performing Cinema

Hypermarket and its Gas Station

Only footfall drivers



Our Approach

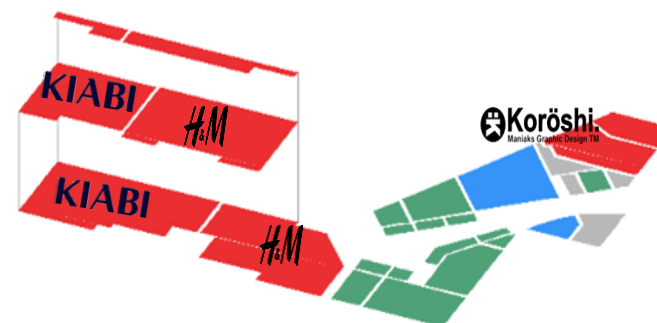
Image improvement of dining terraces area, signage, lighting and bathrooms

Enhance tenant mix
and drive fashion-led lettings by securing a new major fashion anchor

Create the desired retail mix opportunities within the Centre and subsequently **increase in rents and long-term sustainability**

Complete the **image upgrade project** aligned to a new commercial scheme

RIGHTSIZING | NEW LETTINGS | REDESIGNING

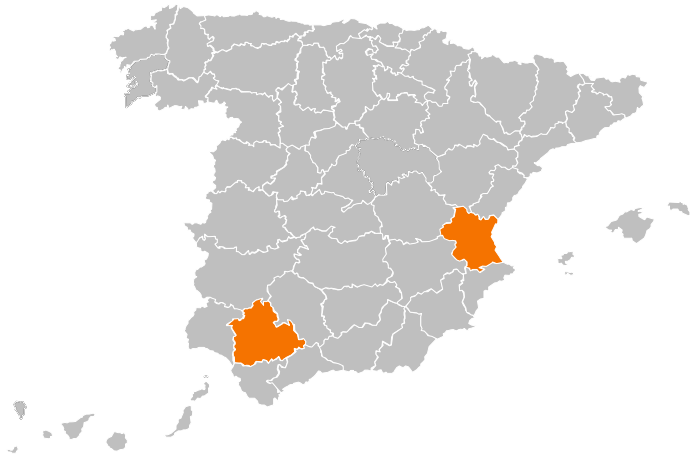


- - Fashion
- - Restaurants
- - Leisure

1. Txingudi Occupancy pro-forma is 97.5%.

Retail development

2 ongoing development projects



c.60%

GLA signed and pre-signed

€4 Mn

Expected annual rental income

44,252 sqm

GLA

c.25%

Pre-agreement

€14 Mn

Expected annual rental income

100,000 sqm

Retail and family leisure space



Retail development

Case Study:

**c.60%**

GLA signed and pre-signed

**>9%**

Expect. Net Initial Yield

**€4 Mn**

Annual Rental Income

**Q1 2018**

Expected Opening Date

**Leroy Merlin & Urban Planet**

Leases signed with anchors

**€26 Mn**

Expected Development Costs

**44,252**

GLA (Sqm)

**€14 Mn**

Acquisition Price



DECATHLON



worten



Non-retail assets

Offices and logistics Highlights

01 94.01% Offices and Logistics portfolio occupancy

Progressive vacancy reduction in office portfolio
Ongoing negotiations in Arturo Soria to increase building occupancy to 98% after several floors refurbishment

Maintaining 100% occupancy in logistics portfolio. Renovation of Factor5 contract in Alovera

02 Increasing commercial interest in offices portfolio

Increasing visits in Arturo Soria and Eloy Gonzalo

Marcelo Spínola Tower works finalized and commercialization in process

03 +12.9% market revaluation vs. 2015

Market value increase driven by capex investment, yield compression and NOI management

04 Intensive capex investment €7.4 Mn in 2016

Marcelo Spínola total refurbishment in 2016

Conclusion of the basic refurbishment project in Eloy Gonzalo and works tender

Embellishment of offices facades and improvement of hall entrances

Improvements in logistics warehouses and study of global maintenance of the covers

05 Office assets focused in achieving Breeam Certification

Marcelo Spínola Breeam pre-calification: "Very Good"

Eloy Gonzalo and Egeo in process to obtain Breeam certifications

06 Global NOI reaching €11.7 Mn

Offices and logistics NOI maximization even with refurbishment assets as Marcelo Spínola office building

07 Assets energy consumption optimization

Direct impact in tenant's cost reduction

Non-retail assets

Offices



87.2%¹ Occupancy

BREEAM
CODE FOR A SUSTAINABLE BUILT ENVIRONMENT
BRE GLOBAL

- 87.2%¹ occupancy . Expected progressive vacancy reduction in office portfolio after ongoing negotiations
- ERV €8.0 Mn
- Accessibility audit in Eloy Gonzalo, Egeo, Arturo Soria and Joan Miró

1. Marcelo Spínola's Occupancy rate is not included in total occupancy rate due to its lack of representativeness

Logistics



100% Occupancy

- 100% occupancy maintained in all our logistics assets
- ERV €5.9 Mn
- Installation of a complete fire fighting system in Almussafes

Non-retail assets

Marcelo Spínola: works completed on time and on cost



Stunning city views
in a consolidated
office area



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



BREEAM Certification
awarded

CBRE



Currently in commercialization
Co-exclusive, main real estate agents in Spain



8,875 sqm
GLA

€19 Mn + €9.5 Mn

Investment

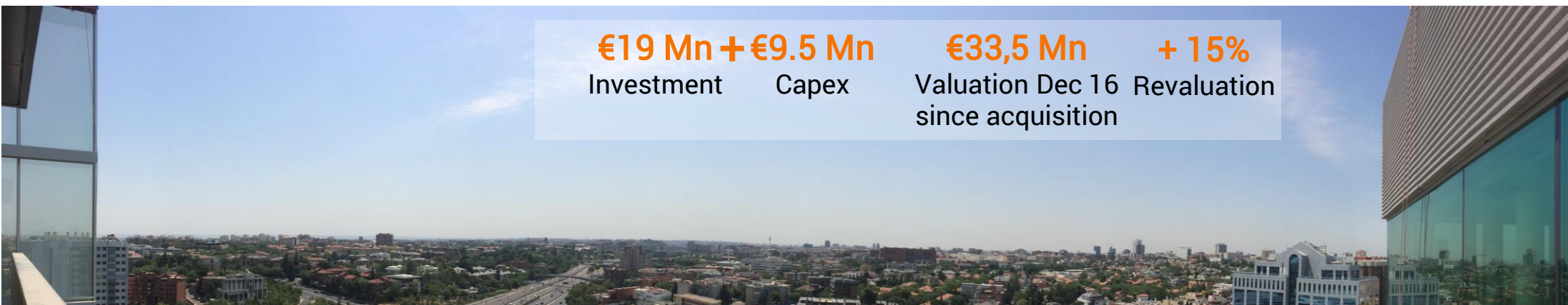
Capex

€33,5 Mn

Valuation Dec 16
since acquisition

+ 15%

Revaluation



Residential

Lagasca 99: a significant driver of value to Lar España Shareholders



2018

Estimated delivery date



Construction works on schedule

Completed structure up to 5th level



In process

+ 44% sold

High interest from national and international investors
Price over 10,000 €/sqm

+21% revaluation vs 2015

Strong revaluation due to scarcity of new prime residential product in Madrid city centre

Existing healthy pipeline of clients in signing process for Q1 2017 onwards

3 FY 2016 Financial Results



Consolidated Income Statement (€ Millions)

	FY 2016			Chg (%) FY16/FY15	FY 2015		
	Recurring	Non-Recurring	Total		Recurring	Non-Recurring	Total
Rental Income	60.2	-	60.2		35.7	-	35.7
Other income	1.8	-	1.8		1.0	-	1.0
Property Operating Expenses	(10.0)	-	(10.0)		(5.5)	-	(5.5)
Base Fee	(6.4)	-	(6.4)		(3.9)	-	(3.9)
Property Operating Results	45.7	-	45.7	+66.6%	27.4	-	27.4
Corporate Expenses	(3.6)	(1.3)	(4.9)		(2.6)	(1.1)	(3.7)
Other results	-	2.9	2.9		-	2.3	2.3
EBITDA¹	42.0	1.6	43.7	+67.9%	24.8	1.2	26.0
Changes in the Fair Value	87.8	-	87.8		26.0	-	26.0
EBIT¹	129.9	1.6	131.5	+152.9%	50.8	1.2	52.0
Financial Result	(9.6)	(4.1)	(13.7)		(3.7)	-	(3.7)
Share in profit (loss) for the period of equity-accounted companies	(0.8)	-	(0.8)		2.6	-	2.6
EBT¹	119.5	(2.5)	117.0		49.7	1.2	50.9
Income Tax	-	-	-	+140.4%	-	-	-
Profit for the Period (pre performance fee)	119.5	(2.5)	117.0	+129.8%	49.7	1.2	50.9
FFO (EBITDA – Financial Result) ¹	32.4	-	29.9		21.1	-	22.3
% FFO Annualized Yield /NAV	3.9%	-	3.6%		3.7%	-	3.8%
Performance fee			(25.6)				(7.4)
Profit for the Period (post performance fee)			91.4	+109.6%			43.6

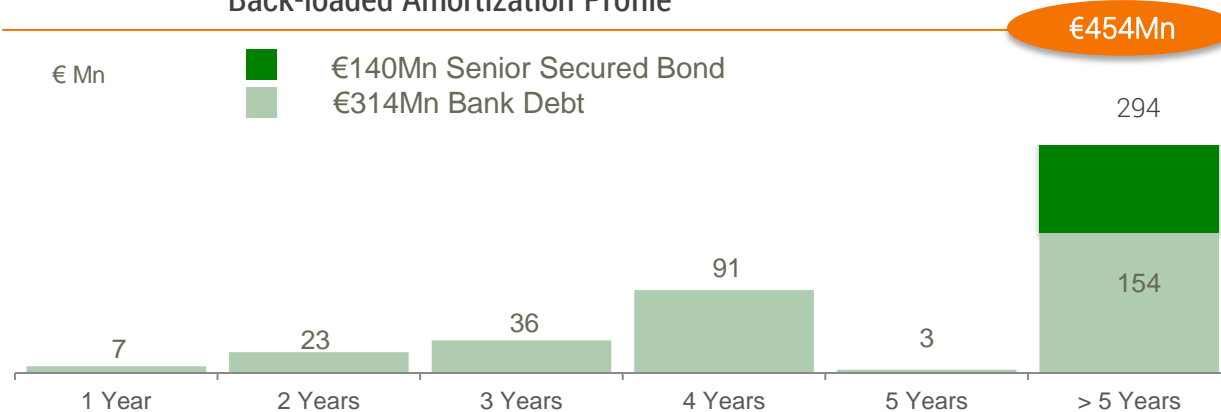
1. pre performance fee

Lar España's Debt Profile

Key Figures of the financing ¹



Back-loaded Amortization Profile



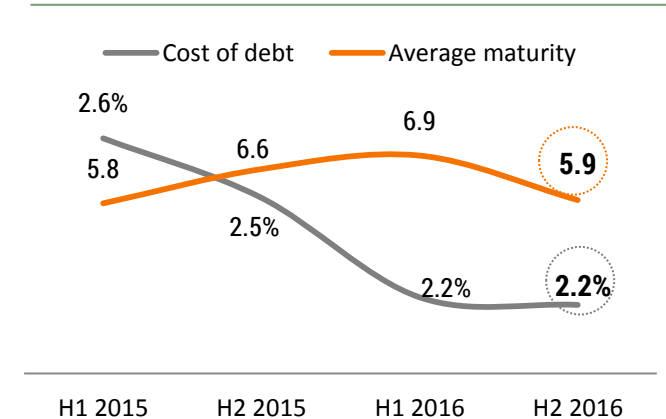
1. All figures according to Last Reported Results on Q3 2016

2. Net LTV as of December 2016; Net LTV= Total Loans & Borrowings & Notes net of Cash

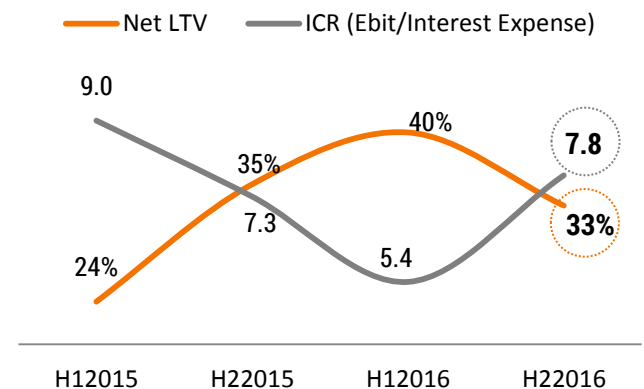
3. Excluding any impact from negative interest rate

FY 2016 Results - Lar España Real Estate

Long Term debt maturity and competitive cost of debt

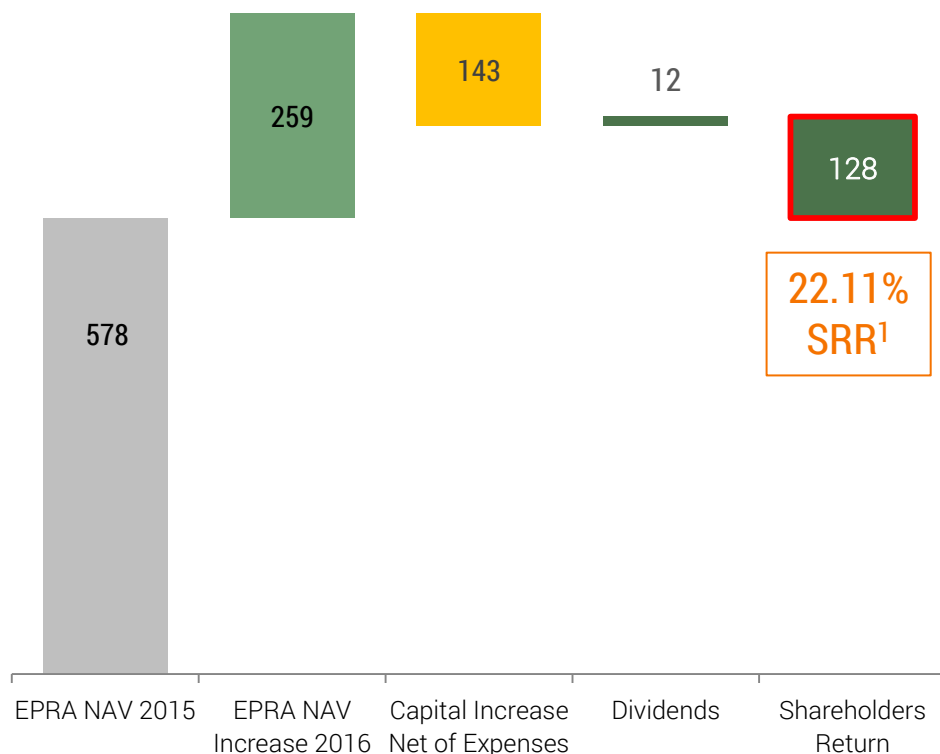


Stronger Financial solvency while optimizing Balance Sheet Structure



Performance fee invested in Lar España shares @ NAV ps

Shareholders Return Rate Calculation



1. Shareholders return rate = Shareholder return / EPRA NAV 2015
2. SROR = Shareholder return rate (22.11%) – Hurdle rate (10%)
3. Price of the shares issued calculated on an average of 20 trading days prior to the date of the invoice from Grupo Lar (Investor Management Agreement)
4. Calculated using close price 31/12/2016.

Remuneration on Shareholders return rate

Both conditions are met

1. Shareholders Return Rate > 10%
2. Relevant High Water Mark < EPRA NAV 2015 + SRR 2016

€25.56 Mn of Performance Fee

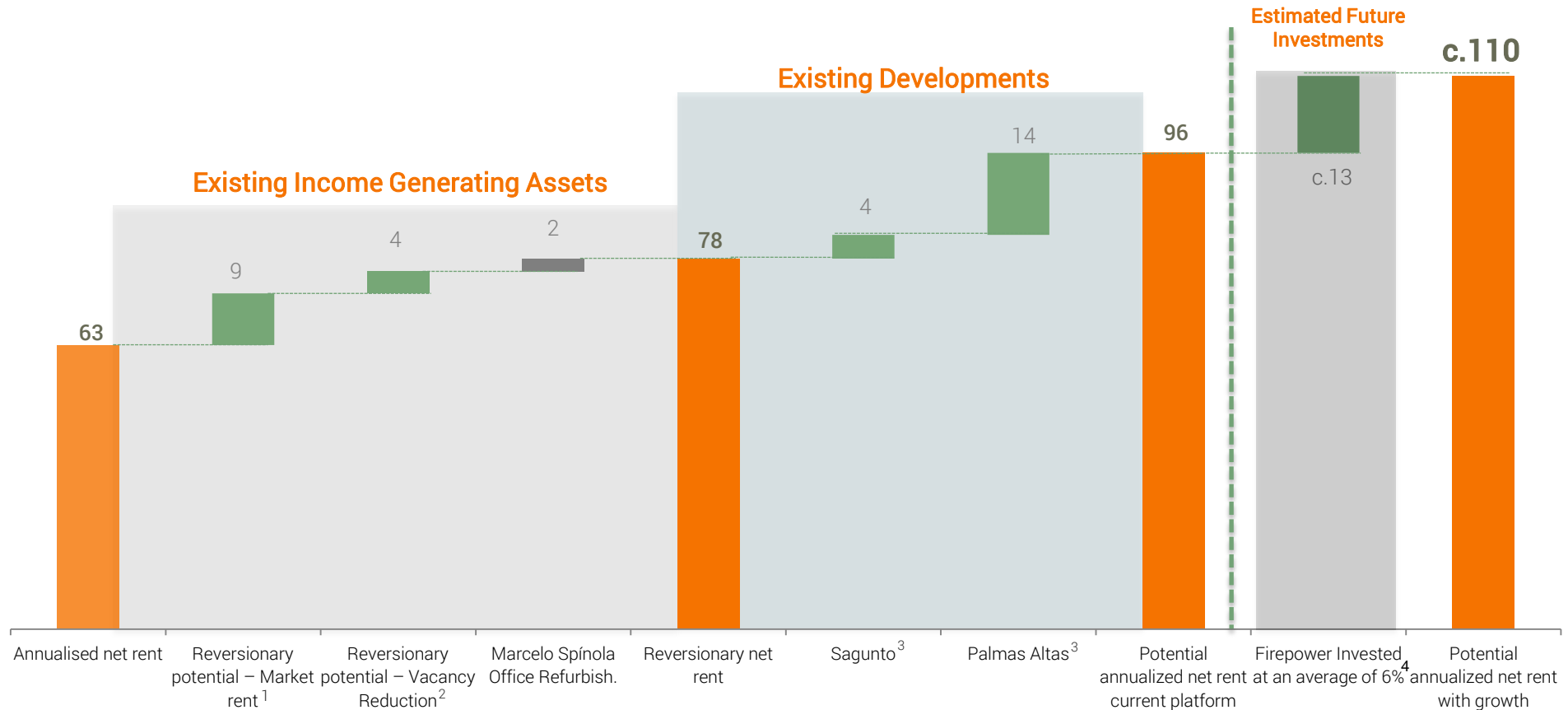
Said amount net of taxes to be converted in Shares subject to a 3-year lock-up.

IMA states market price³ as the reference price.

As an initiative of the Manager, 2016 performance fee shares will be subscribed at NAV p.s. (€9.20), thus reducing in 24%⁴ the number of shares to be received by Grupo Lar

For more information in the calculation of the performance fee please refer to point 2.5 (p.54) in the FY 2016 Report

Significant potential upside in rents from reversion potential and developments project – *For illustrative purposes* –

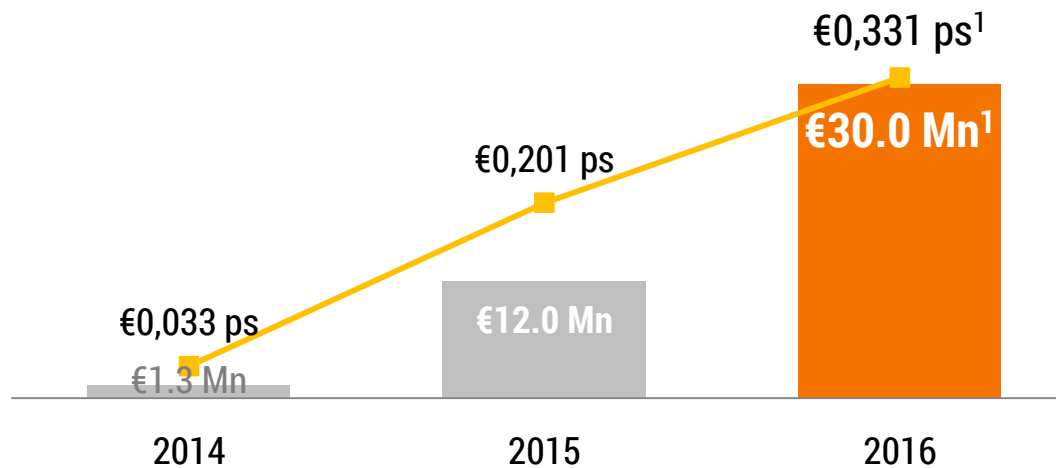


1. Illustrative potential additional rent in 2016 calculated as the difference between the market net rent estimated by the Company's appraisal done by Cushman & JLL, as part of their valuation exercise and the annualized net rent obtained by the Company in 2016. Difference applied only to the current EPRA occupancy rate, considering the occupancy rate of the Company's properties as of 31st December 2016.
2. Illustrative potential additional rent in 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%

Dividends

Dividend: €30 Mn¹
4.7% Dividend Yield²

€0.331 ps¹ – May 26th, 2017³



3rd
dividend in
3 years

Dividend
above
guidance

Highest
dividend
yield in
Spanish RE

¹ Dividend to be approved in AGM

² Dividend yield calculated as at 31/12/2016

³ Dividend payment date subject to tentative date celebration of AGM on April 28th, 2017

5

Closing Remarks



Closing Remarks

Attractive €30 Mn dividend¹ supported by a Strong set of Results with an €117 Mn EBT²

Attractive portfolio of €1,275 Mn, out of which €1,145.8 Mn are rents generating assets that produce €62.9 Mn underpinned by the acquisitions of **three** excellent assets in 2016

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

Excellent progress in the development of **Lagasca 99** and the **Retail developments**

Lar España consolidates as the **reference retail SOCIMI** in Spain

1. Dividend to be approved in AGM

2. EBT pre-performance fee

