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Q1 2017 Results - Lar España Real Estate
Agenda

01 Q1 2017 Highlights

02 Q1 2017 Financial Results & Business Performance

03 Closing Remarks
Q1 2017 Highlights

As Termas Shopping Centre, Lugo
### Successful & Strong Key Facts delivered in Q1 2017

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
<th>Change vs. Q1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAV 1</td>
<td>€1.4 Bn</td>
<td>+47%</td>
</tr>
<tr>
<td>EBT (Net Profit)</td>
<td>€10.5Mn</td>
<td>+20.3%</td>
</tr>
<tr>
<td>Rental Income</td>
<td>€18.0Mn</td>
<td>+39%</td>
</tr>
<tr>
<td>Dividend2 2016</td>
<td>€30Mn</td>
<td>0.33 dividend² per share</td>
</tr>
<tr>
<td>Net LTV³</td>
<td>38%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

**Notes:**
1. Total GAV = Asset valuation as of 31st December 2016 + new acquisitions in Q1 2017 + capex invested in Q1 2017
2. To be approved in the AGM
3. Net LTV as of 31 March 2017
4. Includes only operating assets generating rents at the end of December 2016
5. Indicator calculated using figures from the last 12 months

---

**EPRA Metrics**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPRA NAV per share</td>
<td>€9.27</td>
<td>€1.56</td>
</tr>
<tr>
<td>EPRA NAV (€ '000s)</td>
<td>€838.1</td>
<td>+47%</td>
</tr>
<tr>
<td>EPRA “topped-up” NIY</td>
<td>5.9%</td>
<td></td>
</tr>
<tr>
<td>EPRA Net Initial Yield</td>
<td>5.7%</td>
<td></td>
</tr>
<tr>
<td>Occupancy Rate</td>
<td>93.8%</td>
<td></td>
</tr>
<tr>
<td>EPRA Annualised Net Rent⁴</td>
<td>€72.1Mn</td>
<td></td>
</tr>
<tr>
<td>ROE⁵</td>
<td>12.5%</td>
<td></td>
</tr>
<tr>
<td>ROA⁵</td>
<td>7.3%</td>
<td></td>
</tr>
<tr>
<td>Solvency ratio</td>
<td>1.0</td>
<td></td>
</tr>
</tbody>
</table>

---

Q1 2017 Results - Lar España Real Estate
Solid Company performance in Q1 2017

01 Solid Q1 2017 Results and Balance Sheet
- €18.0 Mn Revenues
- €10.5 Mn EBT (Net Profit)
- €8.8 Mn EPRA Earnings
- €838.1 Mn EPRA NAV
- 38% net LTV; €531 Mn Net Debt (€556 Mn Gross Debt)

02 Lar España Value Add performance
- Epra Ann. Net Rent vs previous Quarter
  - €72.1 Mn; +2.1% LfL
- Re-leasing potential in Office portfolio – ERV
  - €8 Mn
- Excellent logistic platform w/ outstanding performance – EPRA. Ann. Net Rent
  - €5.6 Mn; +7% LfL

03 Asset Growth & Return enhancement
- Two excellent group of assets acquired for €111 Mn in the quarter
  - @ 6.7% yield on cost

+39% vs Q1 2016
+20% vs Q1 2016
+50% vs Q1 2016
+44% vs Q1 2016
2.2% cost of debt
Q1 Financial Results
## Consolidated Income Statement (€ Millions)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2017</th>
<th>Recurrent</th>
<th>Non-Recurring</th>
<th>Total</th>
<th>Q1 2016</th>
<th>Recurrent</th>
<th>Non-Recurring</th>
<th>Total</th>
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<tbody>
<tr>
<td>Rental Income</td>
<td>18.0</td>
<td>-</td>
<td>-</td>
<td>18.0</td>
<td>13.0</td>
<td>-</td>
<td>-</td>
<td>13.0</td>
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<tr>
<td>Other income</td>
<td>0.6</td>
<td>-</td>
<td>-</td>
<td>0.6</td>
<td>0.3</td>
<td>-</td>
<td>-</td>
<td>0.3</td>
</tr>
<tr>
<td>Property Operating Expenses</td>
<td>(4.1)</td>
<td>-</td>
<td>(4.1)</td>
<td>(4.1)</td>
<td>(2.7)</td>
<td>-</td>
<td>-</td>
<td>(2.7)</td>
</tr>
<tr>
<td>Base Fee</td>
<td>(2.3)</td>
<td>-</td>
<td>(2.3)</td>
<td>(2.3)</td>
<td>(1.5)</td>
<td>-</td>
<td>-</td>
<td>(1.5)</td>
</tr>
<tr>
<td><strong>Property Operating Results</strong></td>
<td>12.2</td>
<td>-</td>
<td>12.2</td>
<td>12.2</td>
<td>9.1</td>
<td>7.0</td>
<td>16.0</td>
<td></td>
</tr>
<tr>
<td>Corporate Expenses</td>
<td>(0.7)</td>
<td>(0.4)</td>
<td>(1.1)</td>
<td>(1.1)</td>
<td>(0.7)</td>
<td>(0.3)</td>
<td>(1.0)</td>
<td></td>
</tr>
<tr>
<td>Other results</td>
<td>-</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>11.6</td>
<td>0.5</td>
<td>12.1</td>
<td>12.1</td>
<td>8.3</td>
<td>6.7</td>
<td>15.0</td>
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<tr>
<td>Changes in the Fair Value</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>11.6</td>
<td>0.5</td>
<td>12.1</td>
<td>12.1</td>
<td>8.3</td>
<td>6.7</td>
<td>15.0</td>
<td></td>
</tr>
<tr>
<td>Financial Result</td>
<td>(1.3)</td>
<td>-</td>
<td>(1.3)</td>
<td>(1.3)</td>
<td>(1.5)</td>
<td>(4.1)</td>
<td>(5.6)</td>
<td></td>
</tr>
<tr>
<td>Share in profit (loss) for the period of equity-accounted companies</td>
<td>(0.3)</td>
<td>-</td>
<td>(0.3)</td>
<td>(0.3)</td>
<td>0.6</td>
<td>-</td>
<td>0.6</td>
<td></td>
</tr>
<tr>
<td><strong>EBT</strong></td>
<td>10.0</td>
<td>0.5</td>
<td>10.5</td>
<td>10.5</td>
<td>6.2</td>
<td>2.6</td>
<td>8.8</td>
<td></td>
</tr>
<tr>
<td>Income Tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Profit for the Period</strong></td>
<td>10.0</td>
<td>0.5</td>
<td>10.5</td>
<td>10.5</td>
<td>6.2</td>
<td>2.6</td>
<td>8.8</td>
<td></td>
</tr>
<tr>
<td>FFO (EBITDA – Financial Result)</td>
<td>10.3</td>
<td>0.5</td>
<td>10.8</td>
<td>10.8</td>
<td>6.8</td>
<td>2.6</td>
<td>9.4</td>
<td></td>
</tr>
<tr>
<td>% FFO Annualized Yield /NAV</td>
<td>4.9%</td>
<td>0.2%</td>
<td>5.1%</td>
<td>5.1%</td>
<td>4.7%</td>
<td>1.8%</td>
<td>6.5%</td>
<td></td>
</tr>
</tbody>
</table>

1. Q1 2016 Non-Recurring P&L mainly affected by remaining stake acquisition in Portal de la Marina
Creating value through wise debt management

Portfolio and Debt evolution since IPO

- New debt of €104 Mn raised
  Leverage to up to 54.6% LTV for Gran Vía & Vistahermosa
- In April 2017, refinancing of €20Mn in Lagasca99
  & Financing of 100% of construction costs agreed
  Better terms, lowering costs and longer payback period

Q1 2017

GAV¹: €1.4 Bn

 Operating Assets  Development  Revaluation

€556.5 Mn
38% net LTV²

1. Total GAV = Valuation of assets as of 31th December + Valuation of Parque Abadía and 22 retail units acquired in Q1 2017 + net capex in Q1 2017
2. Net LTV calculated as at March 2017
Lar España’s Debt Profile

Key Figures of the financing

- **€531Mn** Net Debt
- **38%** Net Loan to Value (LTV)$^1$
- **2.2%** Average Cost of Debt$^3$
- **81%** Hedge/ Fixed

Back-loaded Amortization Profile

- **€556.5Mn** Total Debt
  - **€140Mn** Senior Secured Bond
  - **€416.5Mn** Bank Debt

Cost of debt and Average maturity

- **2.6%** Cost of debt
- **2.5%** Average maturity

Long Term debt maturity and competitive cost of debt

Stronger Financial solvency while optimizing Balance Sheet Structure

Q1 2017 Results - Lar España Real Estate

---

1. All figures according to Last Reported Results on Q1 2017
2. Net LTV as of December 2016; Net LTV= Total Loans & Borrowings & Notes net of Cash
3. Excluding any impact from negative interest rate
## Portfolio at a glance

### GAV (€Bn)

- **Retail**: 86%
- **Offices**: 6%
- **Logistics**: 8%
- **Residential 5%**
- **Retail Dev 4%**
- **Total GAV**: €1.41

### EPRA Annualized Net Rent (€Mn)

- **Retail**: 73%
- **Offices**: 12%
- **Logistics**: 6%
- **Residential 5%**
- **EPRA Annualized Net Rent**: €72.12

### EPRA Topped-up NIY

- **Retail**: 7.3%
- **Offices**: 4.2%
- **Logistics**: 6.1%
- **TOTAL LAR ESPAÑA EPRA Topped-up NIY**: 5.9%

### Occupancy Rate

- **Retail**: 94.2%
- **Offices**: 65.5%
- **Logistics**: 100.0%
- **TOTAL LAR ESPAÑA OCC. RATE**: 93.8%

---

1. Total GAV = Asset valuation as of 31 December 2016 + new acquisitions in Q1 2017
2. EPRA annualized rent as of 31 March 2017
3. Marcelo Spinola’s EPRA Topped Up NIY and 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 Spinola.
Retail

Operating assets backed by development projects

Rent Generating Assets

- +12% Rents growth from renewals/relocations
- 13.3 Mn Visits in Q1 2017
- NOI +3.4% LfL YoY

22 Operations in Q1 2017

2 Ongoing Developments

- €18 Mn Expected annual rental income in developments
- 60% GLA signed
- 20% under negotiation
- 1st construction phase completed

- Retail: 21%
- Offices: 5%
- Development: 74%
- Capex by asset

- €6.5 Mn

Plot already urbanized and ready for construction

1 Plot already urbanized and ready for construction

Q1 2017 Results - Lar España Real Estate
Rent increase per sqm in leasing activity: ↑12% LfL

FY 2016

**New shops**
ATTRACTION NEW AND INNOVATIVE TENANTS

- 4 Reletting
- 10 New Lettings

**Anchors**
CREATE A WELL-BALANCED TENANT MIX

- 7 Renewals
- 1 Relocation

Top 5 rent generating core dominant shopping center

- **Megapark** 20%
- **Gran Vía de Vigo** 16%
- **El Rosal** 12%
- **Portal de la Marina** 11%
- **Anec Blau** 10%

Sqm GLA rotated per year / 19% since acquisition

53,774 sqm GLA Leased since acquisition
New Acquisition: Parque Abadía

Prime retail park in Toledo with a 100% occupancy and Net Initial Yield of 6.0%

*With this acquisition Lar España becomes #1 player in retail parks in Spain*

<table>
<thead>
<tr>
<th>Feature</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition Price</td>
<td>€63.1 Mn</td>
</tr>
<tr>
<td>Occupancy</td>
<td>100%</td>
</tr>
<tr>
<td>Net Initial Yield</td>
<td>6.0%</td>
</tr>
<tr>
<td>GLA</td>
<td>54,100 sqm (inc. gallery)</td>
</tr>
<tr>
<td>Vendor’s GLA</td>
<td>37,114 sqm (69%)</td>
</tr>
<tr>
<td>No. Tenants</td>
<td>24</td>
</tr>
</tbody>
</table>

**Excellent Tenant Line-up**

- MediaMarkt
- Decathlon
- Alcampo

**Other strong brands present in the Park**

- KIABI
- Leroy Merlin

Q1 2017 Results - Lar España Real Estate
New Acquisition: 22 Retail Units

100% occupied by Eroski supermarkets, in the north of Spain and Balearic Islands

- **Cantabria**: 11% total sales, 5.2% Effort rate
- **Basque Country**: 53% total sales, 4.2% Effort rate
- **La Rioja**: 4% total sales, 5.9% Effort rate
- **Navarre**: 11% total sales, 3.8% Effort rate
- **Balearic Islands**: 20% total sales, 4.6% Effort rate

- **Euros**: €47.6 Mn Acquisition Price
- **%**: 7.61% Net Initial Yield
- **%**: 100% Occupancy
- **sqm**: 28,822 GLA

**<5% Effort Rate**
in more than 80% supermarkets

**Selling > 3,000 €/sqm**
in more than 70% supermarkets
Non-retail assets - Offices

**Stabilised Assets**

- **Joan Miró**
  4.7% EPRA Topped Up Yield

- **Arturo Soria**
  5.5% EPRA Topped Up Yield

- **Egeo**
  Rent will increase in €1.3 Mn when lease incentive expires in September

**Non-Stabilised assets**

- **Eloy Gonzalo**
  43% GLA under refurbishment to generate >rents per sqm

- **Marcelo Spínola**
  Under commercialization – initial offers received
Non-retail assets - Logistics

161,841
Logistics GLA

€1.4 Mn
GRI Q1 2017

€5.9 Mn
Annualized GRI

+7%
YoY

9.23%
Initial yield on Cost

7.3%
EPRA Topped-up Net Initial Yield

100%
Occupancy

100%
New Acquisition: Logistic plot of land in Cheste

Prime and strategic location along the main logistics axis of Valencia, a key location for international trade within the Mediterranean Corridor

Excellent opportunity in an attractive logistic market

Valencia
3rd largest logistics city in Spain
5th busiest seaport in Europe
Largest seaport in Spain and the Mediterranean Sea

Valencia’s logistic market
Vacancy rate at record lows (6.1%)
Scarcity of new products with large GLA (>30,000 sqm) and new standards

Opportunistic price: 30% lower than market
€2.3 Mn cost of land + urbanization costs
Non-retail assets – Lagasca 99

Construction works on schedule
100% structure completed
(8 floors, 10 levels)

High interest from national and international investors
Price c.11,000 €/sqm

Financing of 100% of construction costs agreed

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2015</td>
<td>30%</td>
</tr>
<tr>
<td>FY 2016</td>
<td>44%</td>
</tr>
<tr>
<td>Q1 2017</td>
<td>49%</td>
</tr>
<tr>
<td>May 2017</td>
<td>58%</td>
</tr>
</tbody>
</table>
AGM

Dividend: €30 Mn\(^1\)

€0.332 ps\(^1\) – May 31
d, 2017

Two New Directors

PIMCO’s representative
Head of the European Commercial Real Estate team

Independent Director
Currently in selection process

1 Dividend to be approved in AGM on May 29, 2017
Closing Remarks

Lagasca 99 Residential Development, Madrid
Closing Remarks

Positive assets evolution during 1st Quarter of 2017
Active Management is stabilizing assets and starting to see reversionary potential in Retail and Office portfolio

Attractive portfolio of €1.4 Bn, out of which €1.23 Bn are rents generating assets that produce €72.1 Mn

€103.9 Mn of new debt from Gran Vía de Vigo & Vistahermosa
Acquisitions of two excellent assets in Q1 2017 for €110.7 Mn

Lar España has the option to increase its logistic portfolio with more than 100k sqm GLA in an outstanding location

Lar España reinforces its Board according to the highest Corporate Governance standards, maintaining 5 independents out of a total of 7