lar España
Real Estate

Corporate Presentation

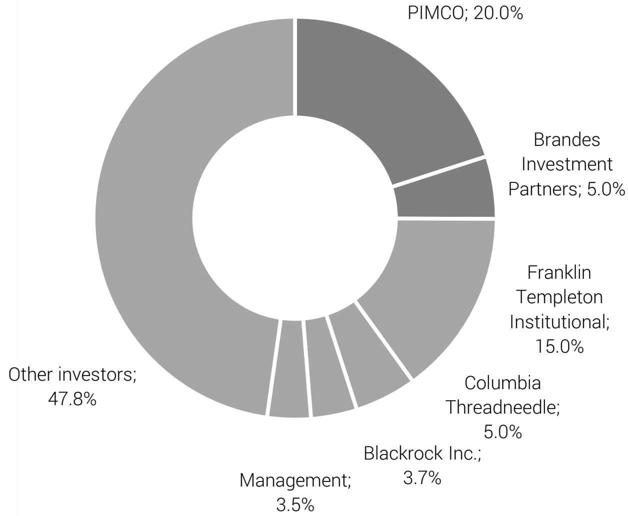
www.larespana.com

June 2017

Snapshot

- First IPO of a Spanish REIT listed on the Spanish Stock Exchange
- Focused on creating both sustainable income and strong capital returns for shareholders
- Lar España is managed by Grupo Lar, private Real Estate Asset Manager, Investor and Developer with a 40 year track record of international experience
- Lar España is a leader in retail, due to the size of the portfolio and the quality of the assets as well as the capacity and quality of its management
- A clear investment opportunity in a unique shopping experience platform

Shareholder Structure



Source: CNMV

Governance Structure

Independent and experienced Board: 5 independent directors (5 out of 7)

José Luis del Valle
Chairman and Independent Director

Roger Cooke
Independent Director

Pedro Luis Uriarte
Independent Director

Alec Emmott
Independent Director

Isabel Aguilera
Independent director

Laurent Luccioni
PIMCO

Miguel Pereda
Grupo Lar

Juan Gomez-Acebo
Secretary
Non Member

Susana Guerrero
Vice-secretary
Non Member

Critical Activities internalized

Sergio Criado
CFO

Jon Armentia
Corporate Manager

Susana Guerrero
Legal Manager

Hernán San Pedro
Head of Investor Relations

José Díaz Morales
Interim
Internal Audit

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

77% GAV

Offices

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

Recurrent activity with selective rotation

12% 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

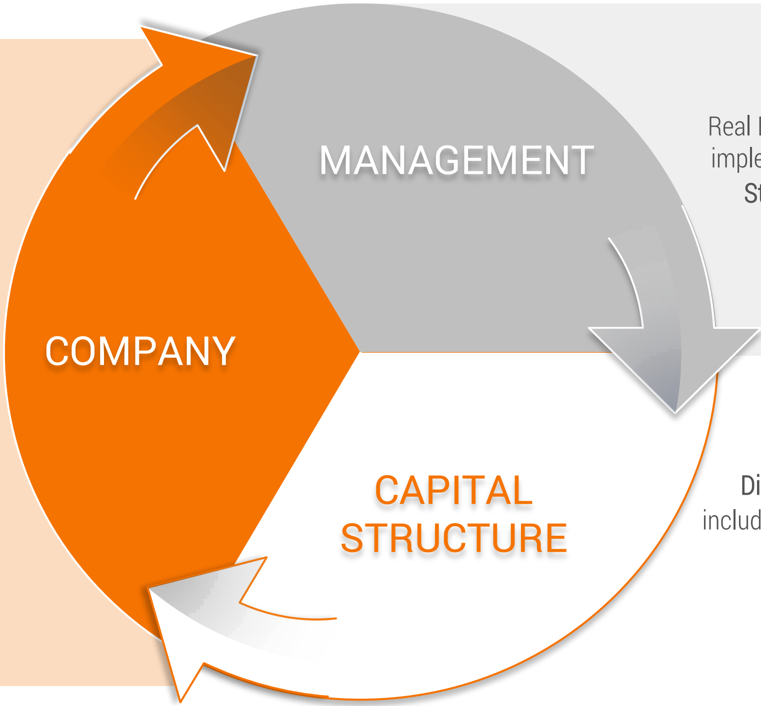
5% GAV

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

38%[1] Net LTV

Diversification of sources of funding including bank and debt capital markets

Highly compelling **2.2% cost of debt**

Back loaded debt amortization profile

1. Net LTV calculated as at March 2017 taking into account new acquisitions in Q1 2017

Retail Assets

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:

- #1 Controlling Stake
- #2 Investment Volumes
- #2 GLA Acquired

Non-Retail Assets

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

Development

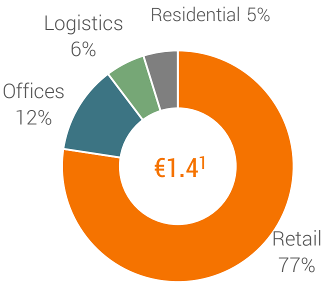
Using experience and capacity of development as a differentiating element to achieve better returns with moderate risk

Asset Rotation

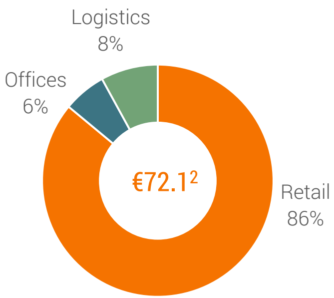
Rotation of assets held for at least three years based on value generation and returns

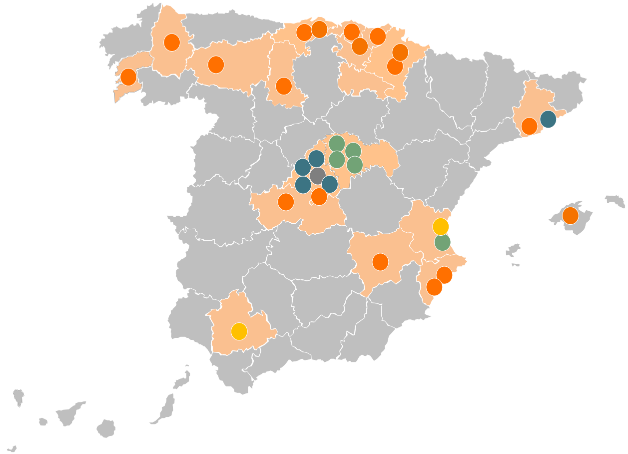
Main Figures

GAV (€Bn)

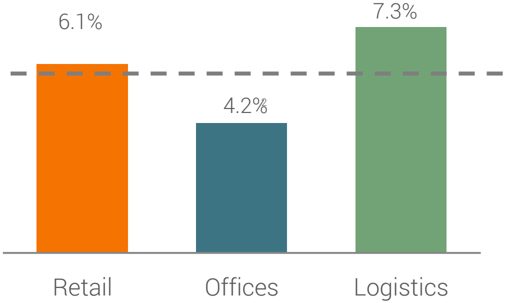


EPRA Annualized Net Rent (€Mn)



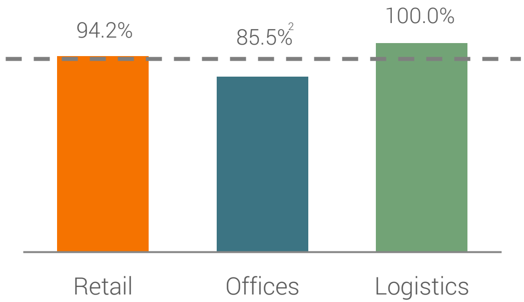


EPRA Topped-up NIY



5.9%[3] TOTAL LAR ESPAÑA EPRA Topped-up NIY

Occupancy Rate

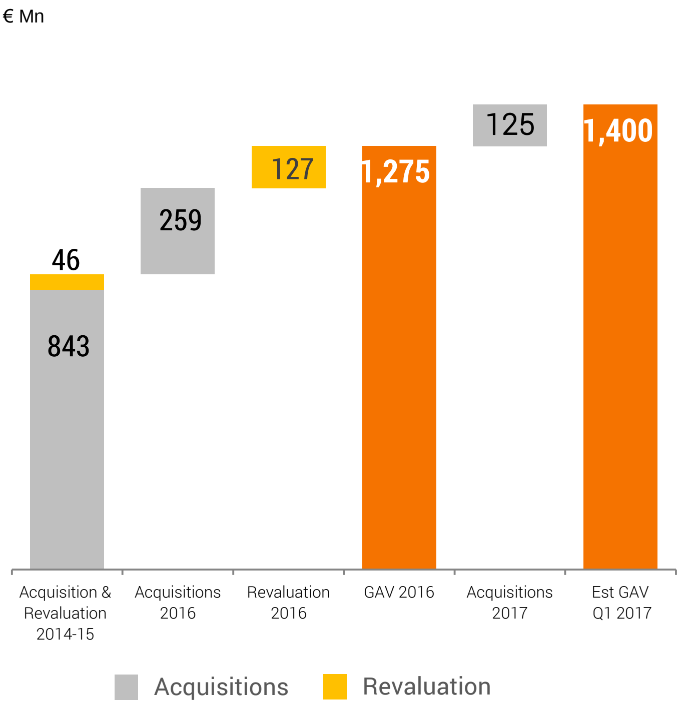


93.8%[3] TOTAL LAR ESPAÑA OCC. RATE

1. Total GAV = Asset valuation as of 31 December 2016 + new acquisitions in Q1 2017 + capex Q1 2017
2. EPRA net annualized rent as of 31 March 2017
3. Marcelo Spínola'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 Spínola.

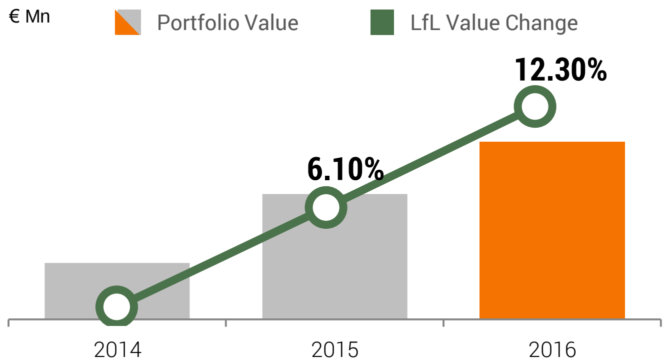
Valuation

Valuation Bridge Since Acquisition

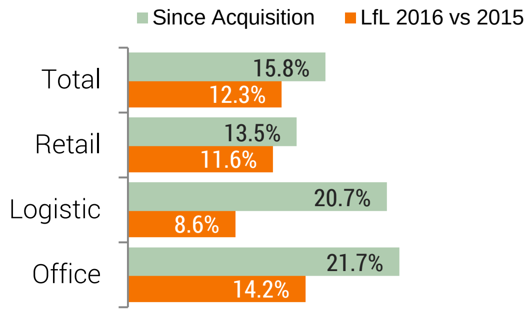


[1] Market Value determined by JLL and C&W as of 31 December 2016.

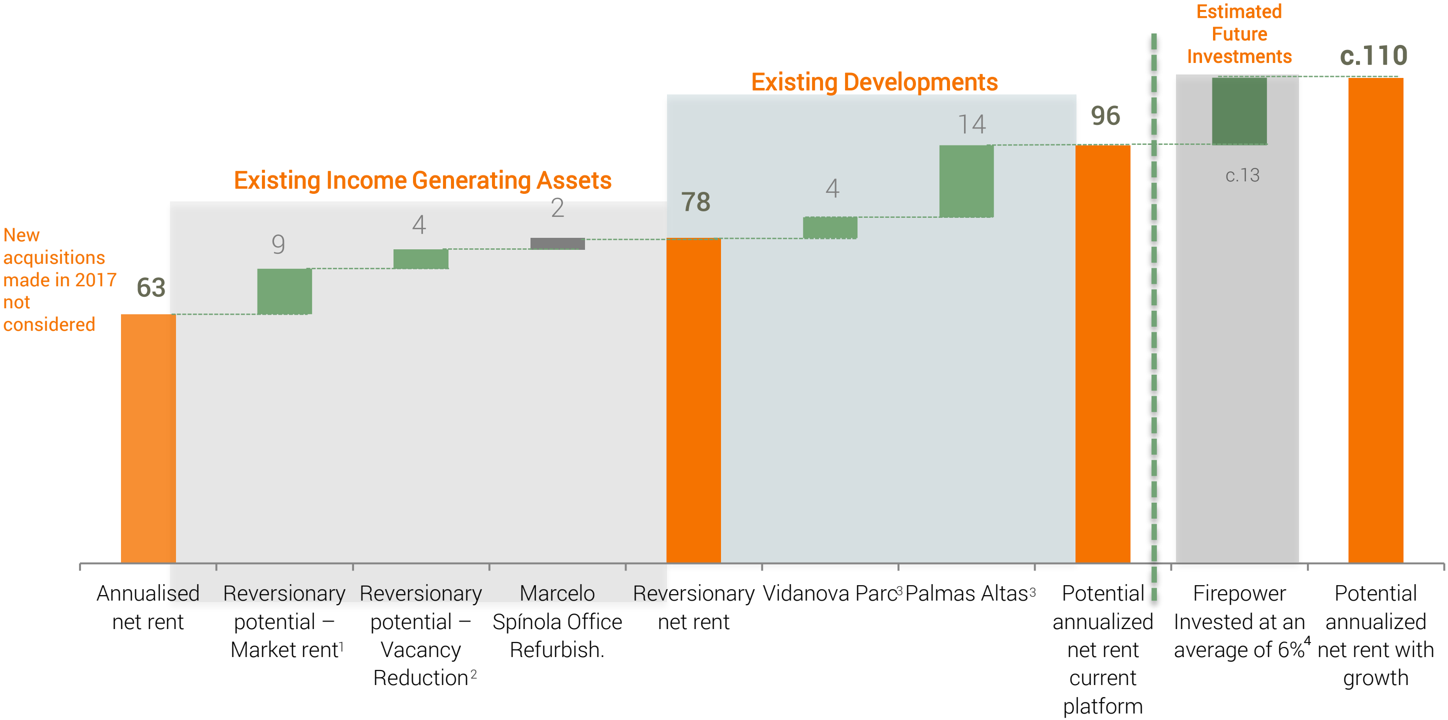
Portfolio Value evolution and LfL Change



Value Change by Asset Class



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 (Vidanova Parc 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%

The value of a retail platform

501,505 sqm, 850 shops, c.53 Mn visitors, 16 cities

Retail Leaders in Spain	**#1 Controlling Stake**
	#2 Investment Volumes
	#2 GLA Acquired
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

Top 10 players own 159 shopping centres which represent c.25% of the total Spanish market

	Total Assets		GLA per Asset (sqm)
	Owned GLA Estimate	No. Assets	
Peer 1		14	37,785
Lar España + Dev[1]	501,505	15	33,434
Peer 2		15	29,501
Peer 3		69	4,857
Peer 4		14	23,138
Peer 5		6	46,617
Peer 6		9	28,395
Peer 7		3	83,293
Peer 8		7	30,668
Peer 9		7	30,429
Total	3,344,913	**159**	**21,037**

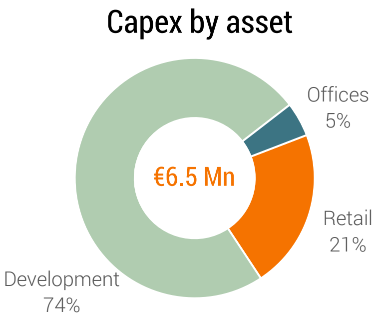
Source : AECC 2014, CBRE 2016 & Grupo Lar as of March 2017 (all reported figures are estimates)

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

Operating assets backed by development projects

Rent Generating Assets

2 Ongoing Developments



+12%
Rents growth from renewals/ relocations

22
Operations in Q1 2017

13.3 Mn
Visits in Q1 2017

NOI +3.4% LfL YoY
Stable Sales in Q1 2017
10.9% Portfolio Effort rate

€18 Mn
Expected annual rental income in developments

MERCADONA YELMO CINES

New tenants signed in Palmas Altas: 7.173 sqm

60% GLA signed
20% under negotiation
in VidaNova Parc

1st construction phase completed[1]
in VidaNova Parc

[1] Plot already urbanized and ready for construction

Lar España Digital Transformation

Market trends forecasted that individuals will shop increasingly by a combination of online and offline, versus a significant reduction of only online or only offline shopping

Customers

- New buying channel
- Better Brand experience
- Access to personalized promotions and new services
- Click & Collect Service and multiple delivery options

Retailers

- Better Customer Service and better CRO (Conversion Rate Optimization)
- Additional sales, cross-selling and opportunities through click & collect
- Improves stocks and operations control
- Access to more products and infinite aisle

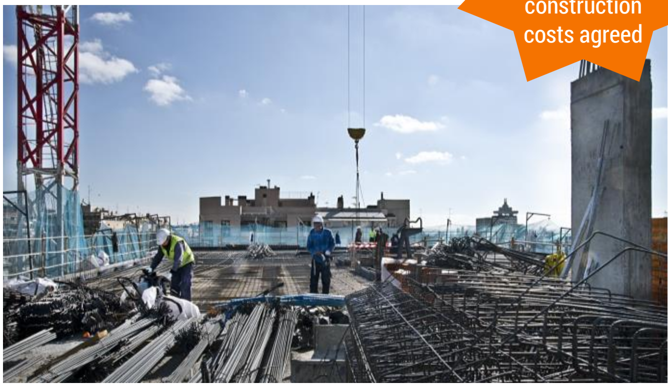
Lar España

- Differentiation among its competitors
- Modern and updated perception. Digital transformation
- New income from the new channel
- Adds value to Lar España's properties

Progresses according to schedule

PHASE 1 MAY'16-SEP'16 ✓	PHASE 2 OCT'16 ✓	PHASE 3 OCT'16-DEC'16 ✓	PHASE 4 2017
Concept creation	Public communication	Contracts signature	Implementation test period; Implementation shopping centres

New sources of value: Residential



Financing of 100% of construction costs agreed

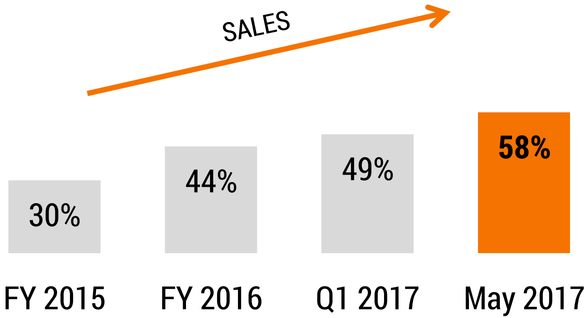
Q2 2018
Estimated delivery date

Construction works on schedule

100% structure completed (8 floors, 10 levels)

BREEAM: In process

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



Financial Results – Q1 2017

Lagasca 99 Residential Development, Madrid

Successful & Strong Key Facts delivered in Q1 2017

€1.4 Bn	GAV [1]	+47% vs Q1 2016
€10.5Mn	EBT (Net Profit)	+20.3% vs Q1 2016
€18.0Mn	Rental Income	+39% vs Q1 2016
€30Mn	Dividend[2] 2016	€0.33 dividend[2] per share
38%	Net LTV[3]	2.2% Cost of Debt

EPRA

EPRA BPR GOLD FINANCIAL REPORTING

€9.27	EPRA NAV per share	€838.1	EPRA NAV (€ '000s)
5.9%	EPRA "topped-up" NIY	5.7%	EPRA Net Initial Yield
93.8%	Occupancy Rate	€72.1Mn	EPRA Annualised Net Rent[4]

12.5%	ROE[5]	7.3%	ROA[5]	1.0	Solvency ratio

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

lar España Real Estate

Q1 2017 P&L

Consolidated Income Statement (€ Millions)

	Q1 2017			Recurrent 1Q17/1Q16	Q1 2016		
	Recurring	Non-Recurring	Total		Recurring	Non-Recurring[1]	Total
Rental Income	18.0	-	18.0		13.0	-	13,0
Other income	0.6	-	0.6		0,3	7,0	7,3
Property Operating Expenses	(4.1)	-	(4.1)		(2.7)	-	(2.7)
Base Fee	(2.3)	-	(2.3)		(1.5)	-	(1.5)
Property Operating Results	**12.2**	**-**	12.2	**+34.1%**	**9.1**	**7,0**	**16,0**
Corporate Expenses	(0.7)	(0.4)	(1.1)		(0.7)	(0.3)	(1.0)
Other results	-	0.9	0.9		-	-	-
EBITDA	**11.6**	**0.5**	**12.1**	**+39.8%**	**8.3**	**6.7**	**15.0**
Changes in the Fair Value	-	-	-		-	-	-
EBIT	**11.6**	**0.5**	**12.1**	**+39.8%**	**8.3**	**6.7**	**15.0**
Financial Result	(1.3)	-	(1.3)		(1.5)	(4.1)	(5.6)
Share in profit (loss) for the period of equity-accounted companies	(0.3)	-	(0.3)		0.6	-	0.6
EBT	**10.0**	**0.5**	**10.5**		**6.2**	**2.6**	**8.8**
Income Tax	-	-	-		-	-	-
Profit for the Period	**10.0**	**0.5**	**10.5**	**+61.3%**	**6.2**	**2.6**	**8.8**
FFO *(EBITDA – Financial Result)*	10.3	0.5	10.8		6.8	2.6	9.4
% FFO Annualized Yield /NAV	4.9%	0.2%	5.1%		4.7%	1.8%	6.5%

1. Q1 2016 Non-Recurring P&L mainly affected by remaining stake acquisition in Portal de la Marina

Solid Company performance in Q1 2017

01 Solid Q1 2017 Results and Balance Sheet	€18.0 Mn Revenues	**+39% vs Q1 2016**
	€10.5 Mn EBT (Net Profit)	**+20% vs Q1 2016**
	€8.8 Mn EPRA Earnings	**+50% vs Q1 2016**
	€838.1 Mn EPRA NAV	**+44% vs Q1 2016**
	38% net LTV; €531 Mn Net Debt (€556 Mn Gross Debt)	**2.2% cost of debt**
02 Lar España Value Add performance	Epra Ann.Net Rent vs previous Quarter	**€72.1Mn; +2.1%LfL**
	Re-leasing potential in Office portfolio – ERV	**€8 Mn**
	Excellent logistic platform w/ outstanding performance – EPRA. Ann. Net Rent	**€5.6Mn; +7% LfL**
03 Asset Growth & Return enhancement	Two excellent group of assets acquired for €111Mn in the quarter	**@ 6.7% yield on cost**

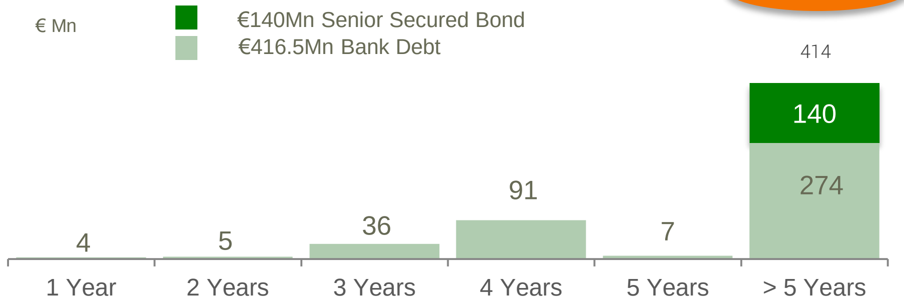
Lar España's Debt Profile

Key Figures of the financing [1]

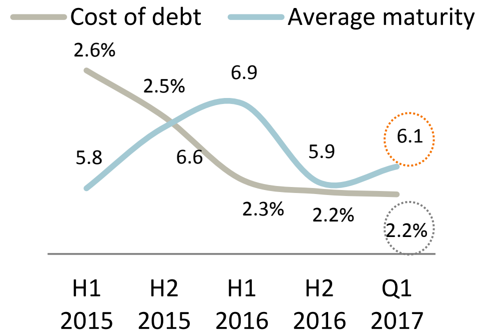
- **€531Mn** Net Debt
- **38%** Net Loan to Value (LTV[2])
- **2.2%** Average Cost of Debt[3]
- **81%** Hedge/ Fixed

Back-loaded Amortization Profile

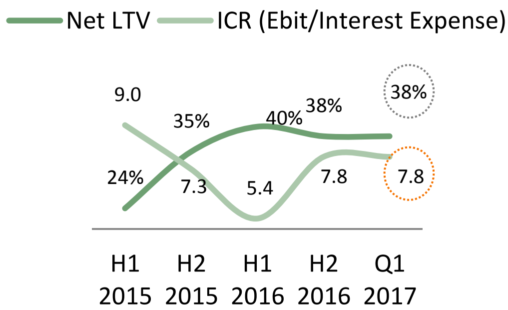
€556.5Mn



Long Term debt maturity and competitive cost of debt



Stronger Financial solvency while optimizing Balance Sheet Structure



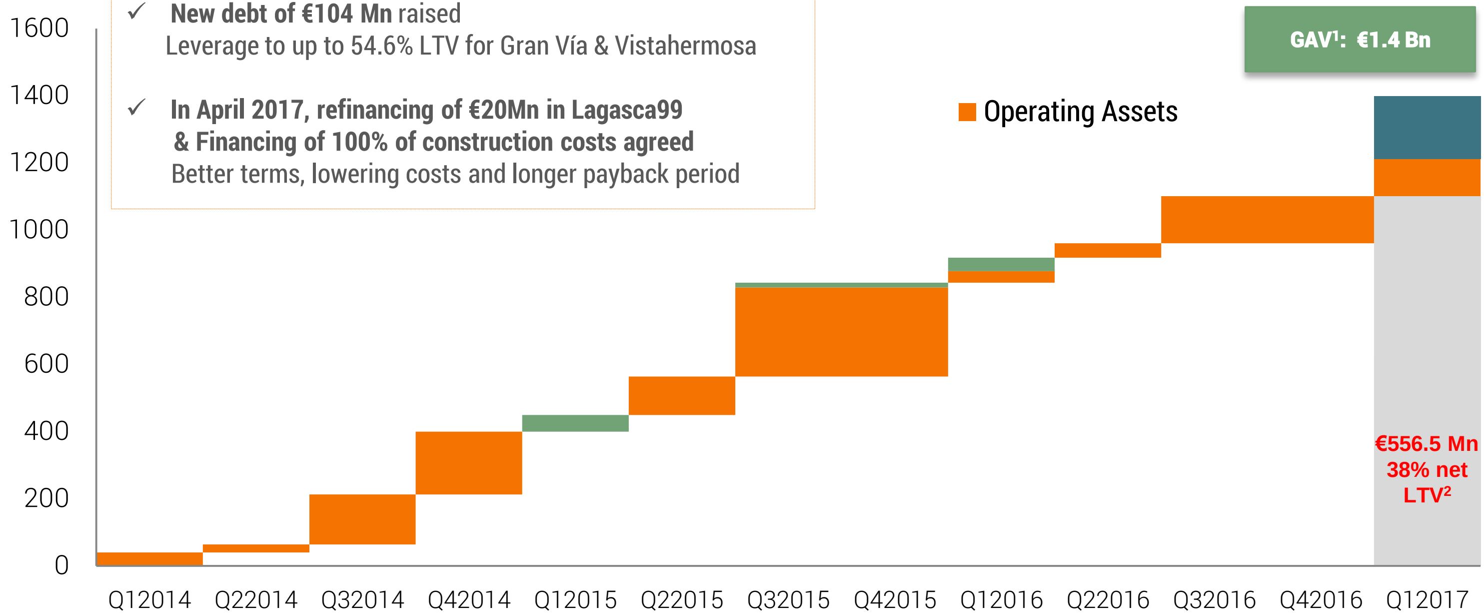
1. All figures according to Last Reported Results on Q1 2017
2. Net LTV as of December 2016; Net LTV= Total Loans & Borrowings & Notes net of Cash
3. Excluding any impact from negative interest rate

Creating value through wise debt management

Portfolio and Debt evolution since IPO

Q1 2017

- ✓ **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

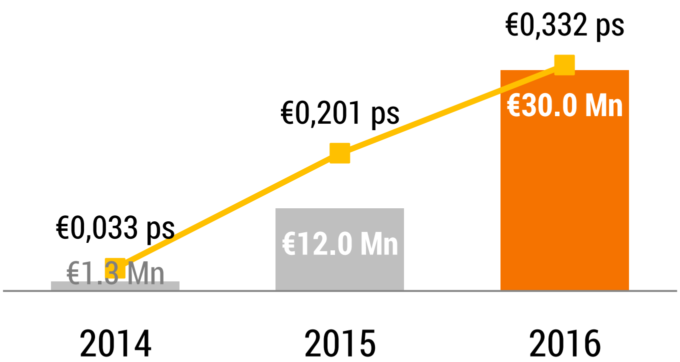


1. Total GAV = Valuation of assets as of 31th December + Valuation of of Parque Abadía and 22 retail units acquired in Q1 2017 + net capex in Q12017
2. Net LTV calculated as at March 2017

AGM

Dividend: €30 Mn

€0.332 ps – May 31st, 2017



Two New Directors

PIMCO's representative

Head of the European Commercial Real Estate team

+

Independent Director

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 c.€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
- ✓ Excellent progress in the development of Lagasca 99 and the Retail developments
- ✓ Digital 360º transformation project aimed at linking and enhancing off line and on line retail platform
- ✓ Lar España reinforces its Board according to the highest Corporate Governance standards, maintaining 5 independents out of a total of 7

Investment Opportunity | Value is our DNA

Contact us

Corporate Presentation

www.larespana.com

Lar España Real Estate SOCIMI