



CORPORATE PRESENTATION



The Spanish Retail Specialist

www.larespana.com

April 2018

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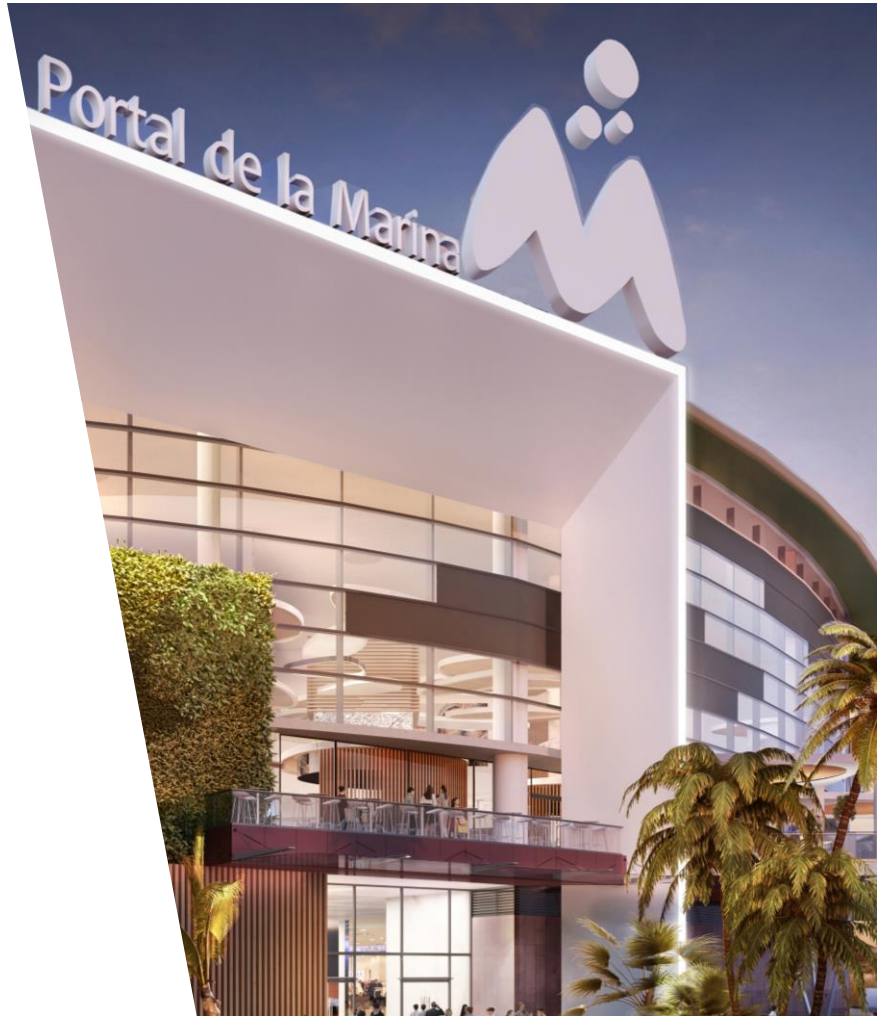
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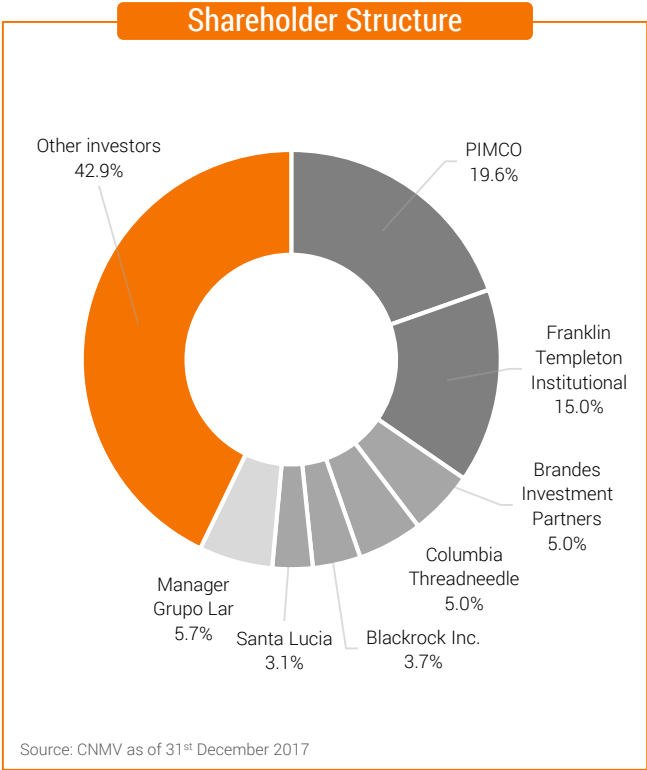
01

Company Description



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

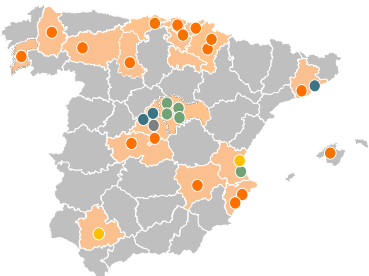


Portfolio at a glance

GAV¹ €1.50 Bn



EPRA Annualized Net Rent² €73.1 Mn



Unique exposure to real estate retail assets and the Spanish consumer and tourism recovery

Resilient prime dominant shopping centers in attractive catchment areas

Recurrent cash flow generation from a 6.6% Net Initial Yield on cost

Upside potential from acquisitions done at attractive capital values with **potential for revaluation**

Value added approach: repositioning and development to create **unique shopping experience destinations**

A complementary opportunistic approach on **logistics and offices investments**

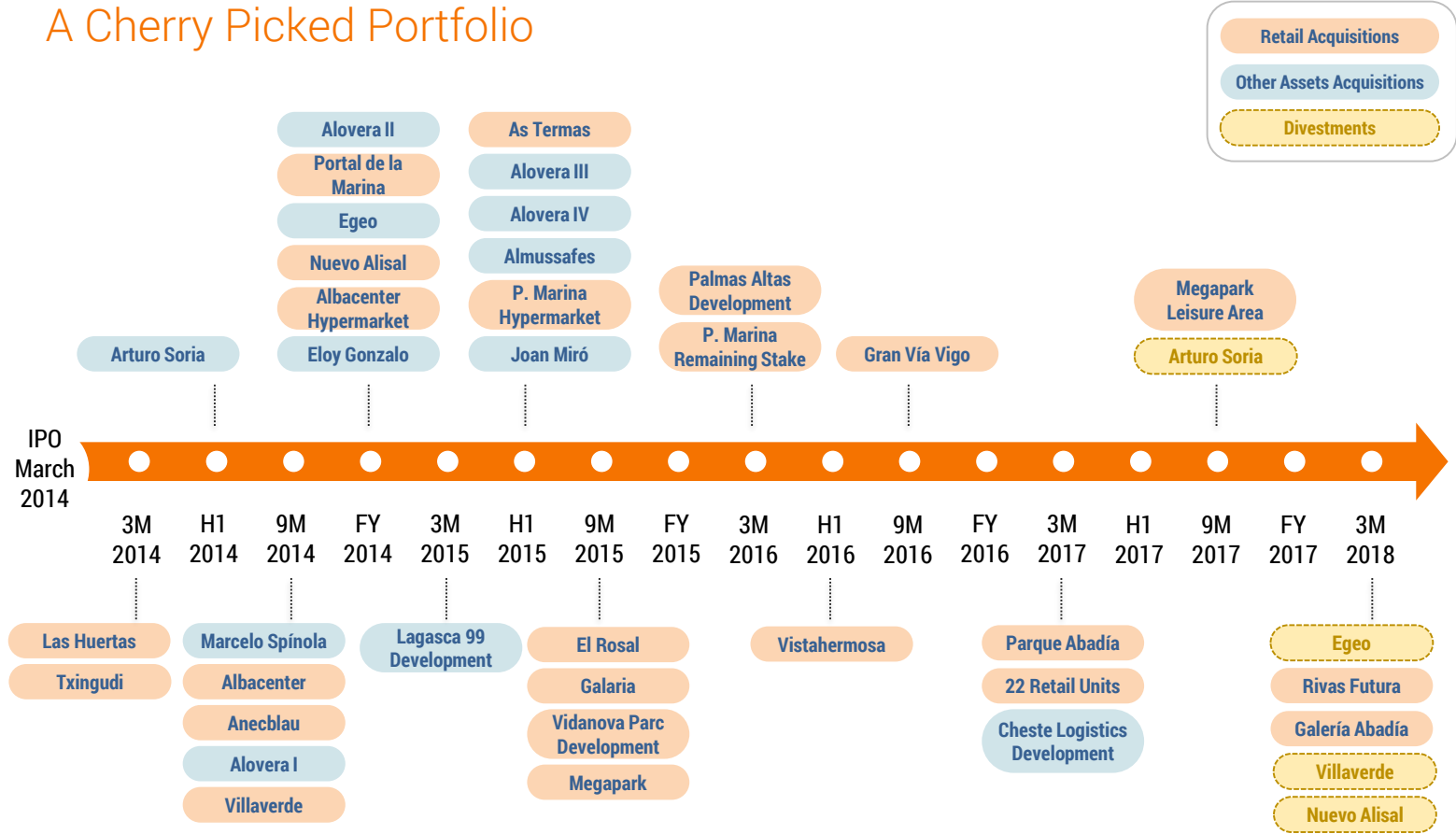
Proven recurrent access to **off-market transactions**

Top management team with strong track record and delivering results

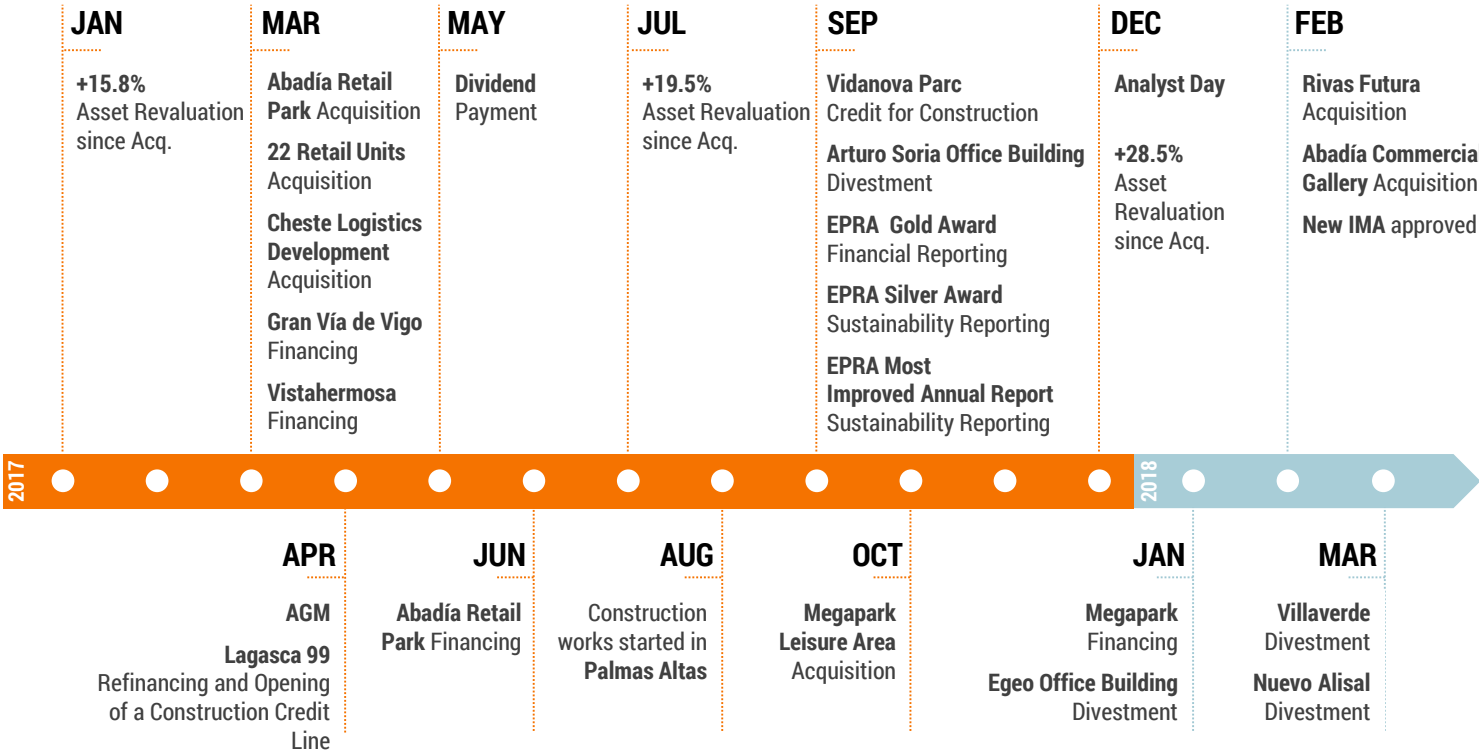
Lagasca 99: A unique residential project launched at the right moment

1. Total GAV = Asset Valuation as of 31st December 2017 + 2018 acquisitions – 2018 divestments
2. EPRA Annualized Net Rent as of 31st December 2017 and adjusted by 2018 acquisitions and divestments

A Cherry Picked Portfolio



Major corporate milestones from 2017 & Q1 2018



Board of Directors & Critical Activities

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
Director

Miguel Pereda

Grupo Lar
Director

Juan Gómez-Acebo

Secretary
Non Member

Susana Guerrero

Deputy 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

Internal Audit

External Manager: A Real Estate Reference



Grupo LAR Key Facts



Retail
39 Shopping centres invested, developed or managed



Offices
9 Office buildings developed and managed



Logistics
10 Industrial Parks developed since 2003



Residential
10,000 Residential units sold in the last 10 years
15,000 Units managed

- 1 Family owned Company +40Y of experience
- 2 Strong Management Team
- 3 International Experience with Tiers 1
- 4 Geographical Diversification
- 5 Product Diversification
- 6 Strong Balance Sheet



A vertical list of logos for various institutional investors and clients, including Whitehall, Grosvenor, Fortress, Rockspring, The Baupost Group, Henderson, GreenOak, Ivanhoe Cambridge, Real Estate, GE Capital, MSREF, Sonae, and la Caixa.

Investment Strategy Focused in Retail

Investment Criteria

Value-Creation Potential

Dominant

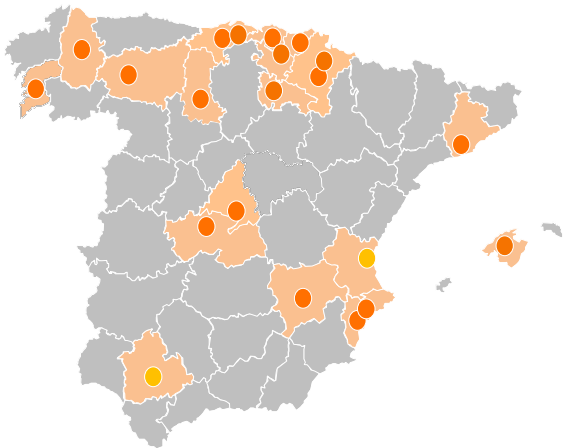
Core+

Soundness

Protected

100% ownership

Target levered IRR>12%



Creation of unique shopping experiences

Customer journey analysis

Optimum size for area of influence

Optimal and fine-tuned tenant line-up

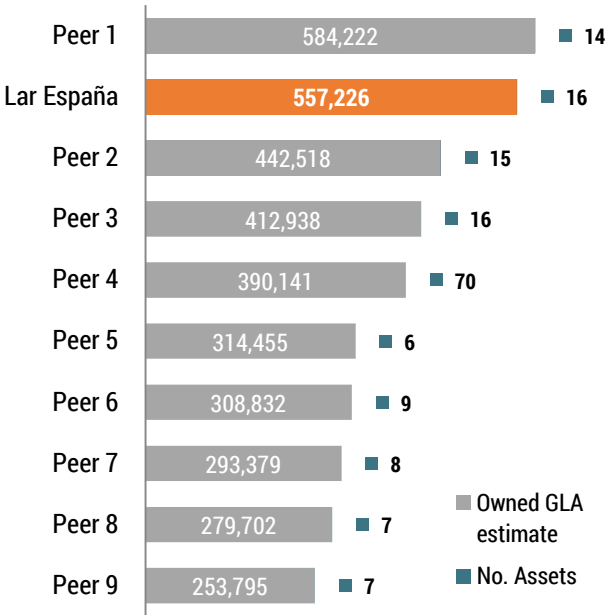
Enhancement of entertainment areas

Repositioning through targeted capex

Leverage on technology to know and influence clients

The value of a retail platform

Main market players by owned GLA, including GLA under development¹



Total of main competitors 3,837,207 sqm 168 assets

Lar España has a clear objective to **consolidate among the top 3 retail operators** in Spain: target to selectively increasing GLA to **generate revenue synergies**

Retail Leaders in Spain

#1 Controlling Stake

#1 Retail Parks

#2 Investment Volumes

Portfolio **Size** gives us benefits in:

Global **Negotiations** with tenants

Synergies in procurement of services

Present in most regions of the Spanish territory

Millions of physical and digital customer contacts

Attraction for the development of new commercial formulas

Source: AECC 2016. Very Large: (>79,999 sqm) / Large: (40,000-79,999 sqm) / Medium: (20,000-39,999 sqm) / Small: (5,000-19,999 sqm) / Others: Hypermarkets and Leisure Centers

1. Considering opening date of assets under development until 2020. Source: CBRE & Grupo Lar Figures at November 15th, 2017. Main competitor's assets fitting Lar España are in portfolios with active rotation. Excluding 22 retail units owned by Lar España.

Strong Transformation + Innovation



Transformation Strategy



Rotation Rate since Acquisition



Leased since Acquisition



Relettings + New Lettings + Renewals in FY 2017

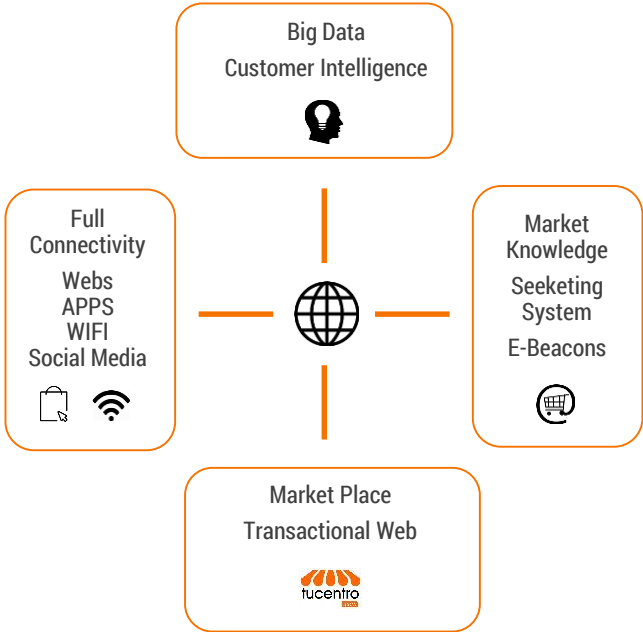


ATTRACT NEW AND INNOVATIVE TENANTS

CREATE A WELL- BALANCED TENANT MIX



Digital Innovation



Business Plan Guidance 2018-2021

Target Returns	<ul style="list-style-type: none">▪ 12% Target Annual Return on investments
Divestments	<ul style="list-style-type: none">▪ €380m of divestments over the next 24 months From Office, residential and non-core retail assets▪ >€90 Mn of divestments From all logistics assets
Capex Investment	<ul style="list-style-type: none">▪ Finance all existing capex commitments<ul style="list-style-type: none">▪ Refurbishment of existing assets: €49 Mn▪ Developments: €247 Mn
New Investments	<ul style="list-style-type: none">▪ €220 Mn of new investments Mainly focused in retail assets
Distributions ¹	<ul style="list-style-type: none">▪ Ordinary dividend 5% of NAV▪ Maximise distributions Extraordinary dividend Lagasca 99 and other distributions linked to divestments
ESG	<ul style="list-style-type: none">▪ Responsible asset management Consumptions and emissions, accessibility and society-based initiatives▪ Risk control and management system▪ Ethics and Compliance



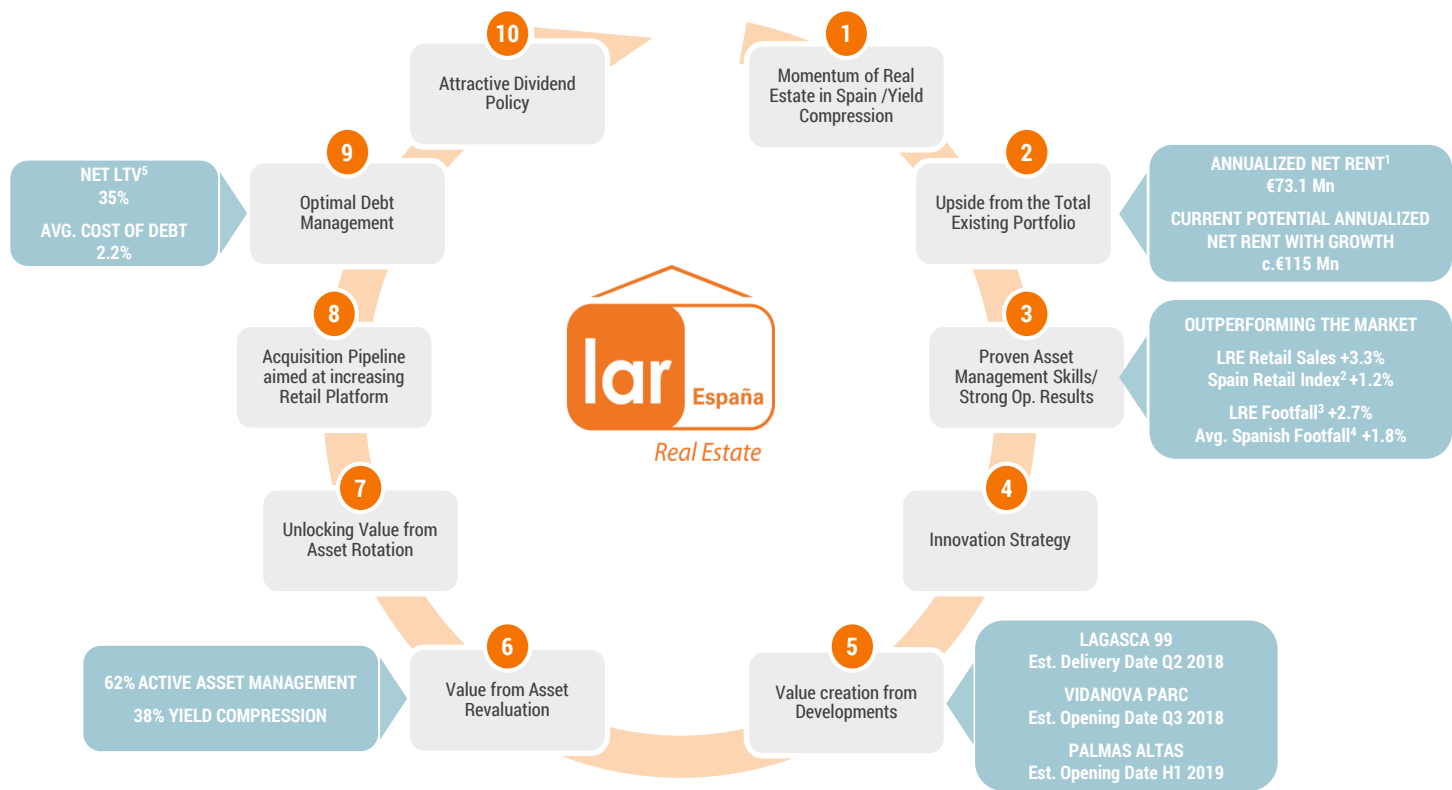
1. To be submitted to shareholders for approval

02

Investment Highlights



Top 10 Value Drivers



1. EPRA Annualized Net Rent as of 31st December 2017 and adjusted by 2018 acquisitions and divestments
2. INE. Spanish Retail Index.
3. Megapark has been excluded from the footfall calculation for a fairer comparability. Megapark is undergoing a large tenant transition.
4. Shopper Track Index.
5. As of 31st December 2017

Value Driver 1: Momentum of RE in Spain / Yield Compression

- 1

Spanish economy has been surprising on the upside during the last years with >3% GDP growth
- 2

It is expected to continue outperforming the Eurozone
- 3

Consumer's Confidence keeps growing in line with income and stable earnings driven by strong employment creation
- 4

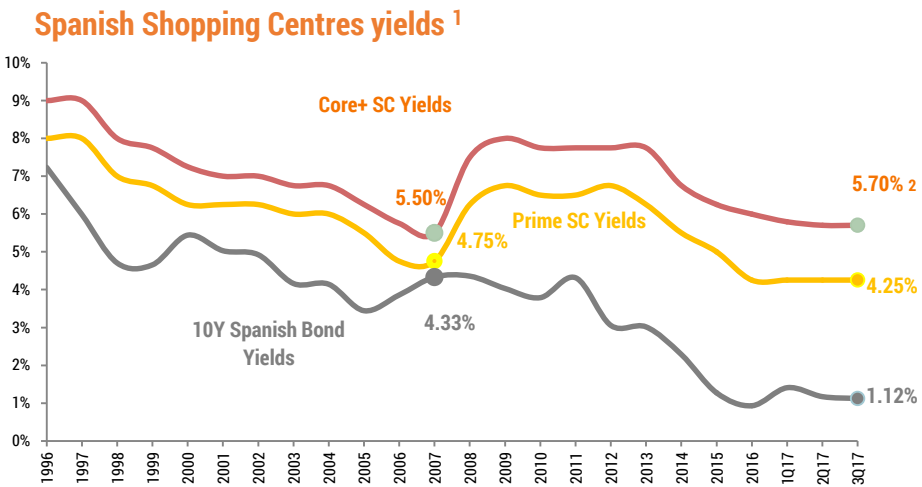
Unemployment Rate supporting further decreases
- 5

Future Investment supported by **largest yield Gap** in recent history
- 6

Spanish Real Estate benefits from **tourism boom**

Ultra-low interest rates have reduced headline yields in Spain and Europe in general, and **shifted investors' appetite towards high-yielding assets**...

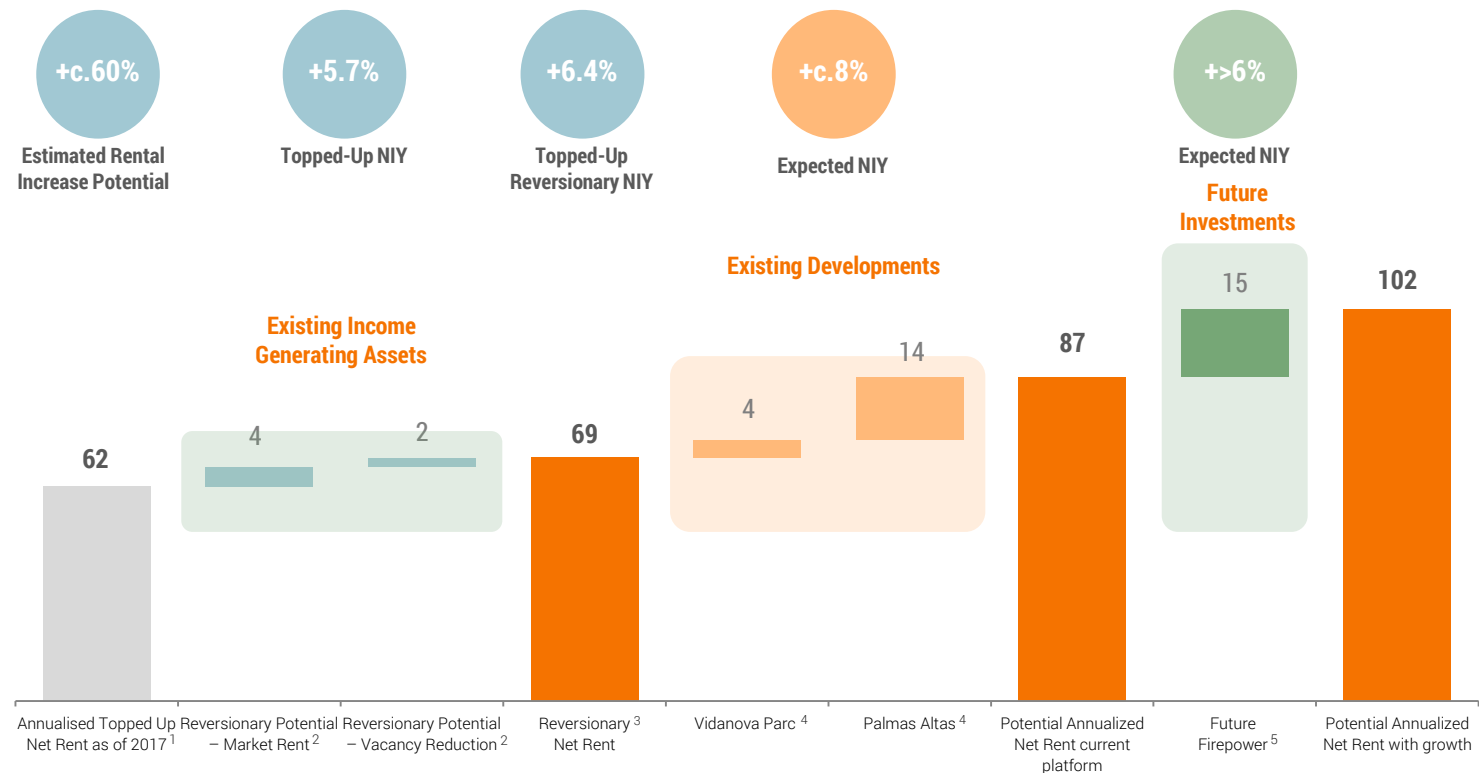
...mainly Core+ assets within recovering Spanish economy (**such as the Shopping Centre Market**)



We estimate there is **room for compression** in the core plus segment

1. Source: JLL & Savills (Historical) & Grupo Lar (Forecast) / Bank of Spain (Actuals) & Bloomberg (Forecasts)
2. Data estimated considering last market transactions in 2017

Value Driver 2: Potential from the Existing Retail Portfolio



1. Retail Annualised Topped Up Net Rent as of FY 2017 adjusted by retail divestments completed in Q1 2018

2. Illustrative potential additional rent 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 2017. Difference applied only to the current EPRA occupancy rate, considering the occupancy rate of the Company's properties as of 31 December 2017.

3. Illustrative potential additional rent in 2017 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

4. 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

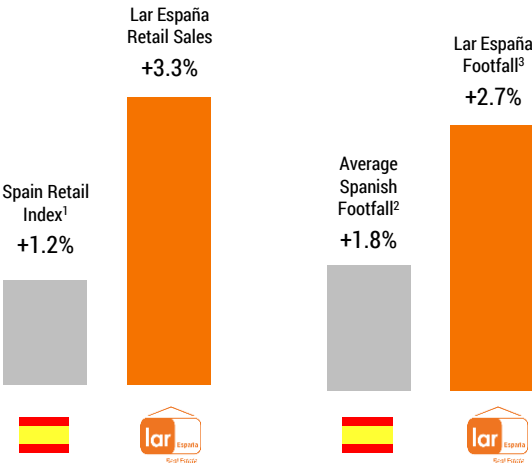
5. According to BP

Value Driver 3: Strong Operating Results

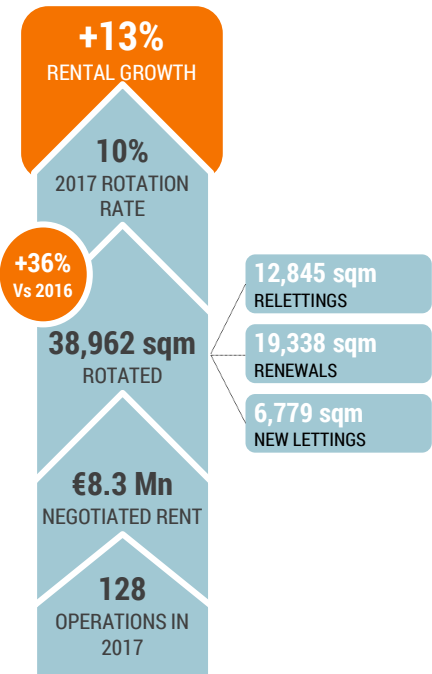
Lar España is outperforming the market

Sales 2017
€636.2 Mn

Visits 2017
56.9 Mn



Letting activity at the core of the strategy

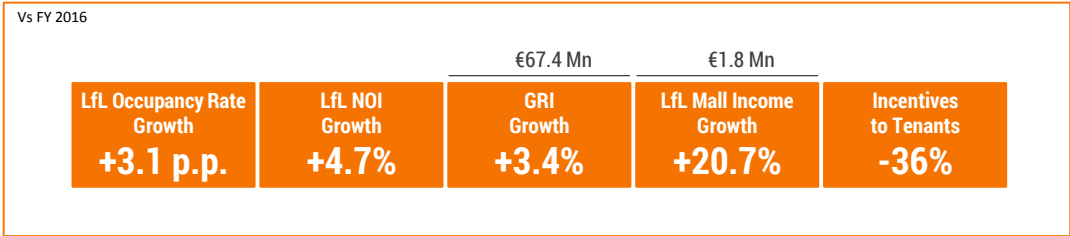


1. INE. Spanish Retail Index.
2. Shopper Track Index.
3. Megapark has been excluded from the footfall calculation for a fairer comparability. Megapark is undergoing a large tenant transition.

Value Driver 3: Strong Operating Results

Active Asset & Tenant Management
+
Smart Capex in Operating Assets

All figures refer to FY 2017 period

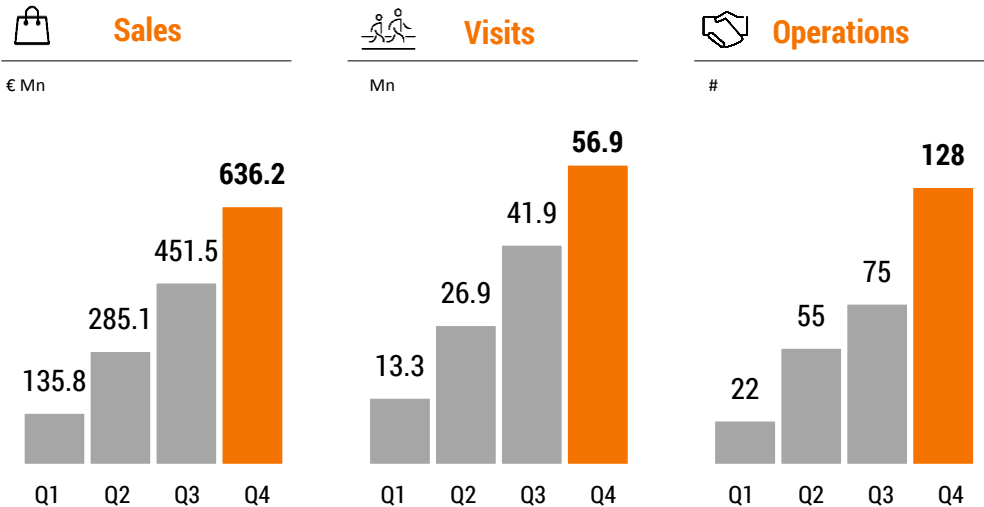


28%

Rotation Rate since acquisition to improve shopping experience

€21.6 Mn

Retail Invested Capex till FY 2017



Value Driver 4: Innovation Strategy

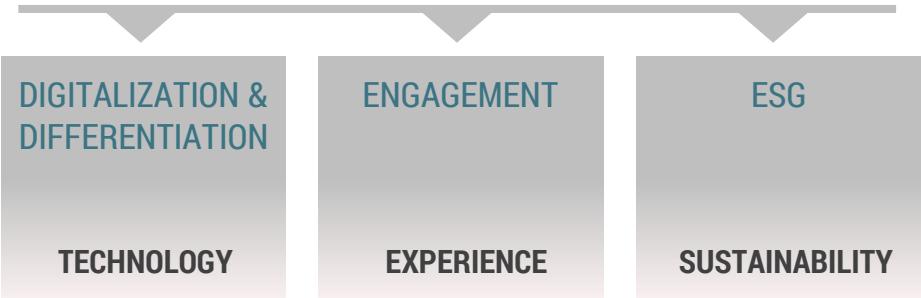
Disruptive projects differentiating among our competitors

To position Lar España as the **leader in digital transformation** in the retail sector

To change relations with customers and retailers, making them more efficient and “digital” and our way to interact between departments in the Company, creating a work environment much more efficient and modern





To create shared value to **lead economic and social progress**, and also generate financial returns for our shareholders

Lar España recognises its ability to have an impact on the world we live in and has therefore set itself the objective of improving people’s living standards, bolstering socio-economic progress in Spain and generating a financial return for investors.



Value Driver 4: Innovation Strategy

Disruptive projects differentiating among our competitors

<div>DIGITALIZATION & DIFFERENTIATION</div> <div>TECHNOLOGY</div>	<div>Big Data</div> <div>CUSTOMER INTELLIGENCE</div> <div></div>	<div>Full Connectivity</div> <div>WEBS APPS WIFI SOCIAL MEDIA</div> <div></div>	<div>Market Knowledge</div> <div>SEEKETING SYSTEM E-BEACONS</div> <div></div>	<div>Market Place</div> <div>TRANSACTIONAL WEB</div> <div></div>
<div>ENGAGEMENT</div> <div>EXPERIENCE</div>	<div>Geoblink</div> <div>geo-social analysis tool that allows us to know the main social and economic characteristics of our clients</div>	<div>Territorio Lar</div> <div>Asset differentiation through different initiatives:<ul style="list-style-type: none">- First drone tournament- "The Cube"</div>	<div>Customer Journey</div> <div>Implementation of a research program, in two of Lar España's main shopping centres, aimed at knowing and defining a client's behaviour when visiting our SCs.</div>	<div>APP</div> <div>New App for analysts and investors launched in September. Working on launching a new App for shopping centres.</div>
<div>ESG</div> <div>SUSTAINABILITY</div>	<div>Accessibility</div> <div>Working to achieve and maintain high accessibility standards via a design that is conceived by and for people</div> <div></div>	<div>Emissions</div> <div>Fighting and reducing the effect of Climate Change</div> <div>Reducing emissions and increasing the use of renewables</div>	<div>Social Action</div> <div>Assets have a major social impact, transforming and creating a positive effect on the community</div> <div></div>	<div>CSR Annual Report</div> <div>Continuously improving CSR information</div> <div></div>

Value Driver 5: Developments – Lagasca 99

GLA Sqm
26,203

Location
Madrid

Purchase Date
30 January 2015

Acquisition Price¹
€50.1 Mn

Market Value (Dec 2017)¹
€83.3 Mn

¹Corresponds to the 50% of the JV with Pimco

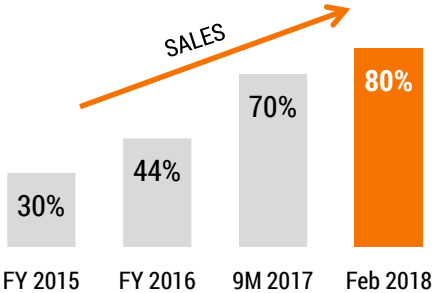
Q2 2018
Estimated
Delivery Date

Extraordinary dividend
announced

Financing of
100% of
construction
costs agreed

New record
set for a flat
in Madrid
Golden Mile

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



VALUATION
+20.1%
Over acq. Price
(Including Capex)



Value Driver 5: Developments – Vidanova Parc



GLA	Opening Expected Date	Pre Letting % of GLA	Expected Rent € Mn	All-in Costs € Mn	Building Permit Edification Works
Owned	OPEN				
44,252	Q3 2018	95%	4.0	45.7	09/2017

Plot acquired in 2015



Tenants already signed



Project Key Points

- Excellent location
Valencia – Sagunto – Castellón - Teruel axis
- First Retail Warehouse in the catchment area
+250k inhabitants, Market Gap
Triples during Summer months
- CaixaBank Financing: €24 Mn

Value Driver 5: Developments – Palmas Altas



AREA ¹	Opening <i>Expected Date</i>	Pre Letting <i>% of GLA</i>	Expected Rent <i>€ Mn</i>	All-in Costs <i>€ Mn</i>	Building Permit <i>Edification Works</i>
Owned	OPEN				
100,000	Q2 2019	59%	14.0	191.1	07/2017

Plot acquired in 2016



Tenants already signed

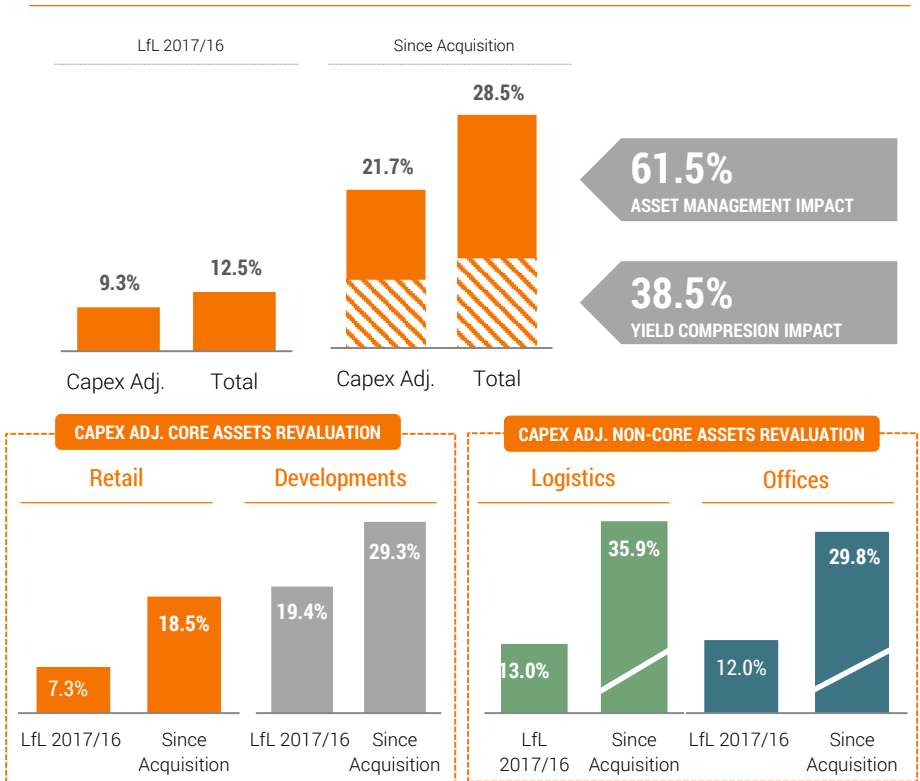


Project Key Points

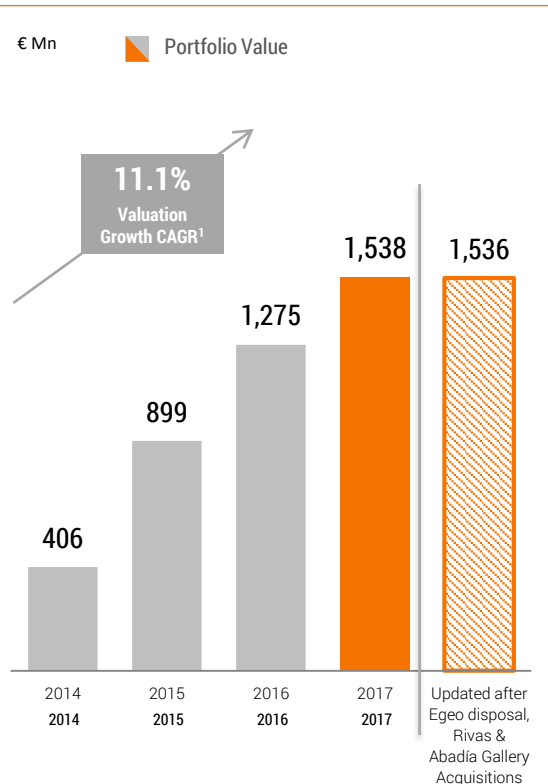
- One of the most important projects in Spain
- Optimal mix of family leisure and fashion
- It is expected to receive 14 Mn visits/year
- Sustainability (BREEAM Certificate and CO emissions)
- Catchment Area: +1,5 Mn inhabitants

Value Driver 6: Attractive valuation of the Existing Portfolio

Total Portfolio

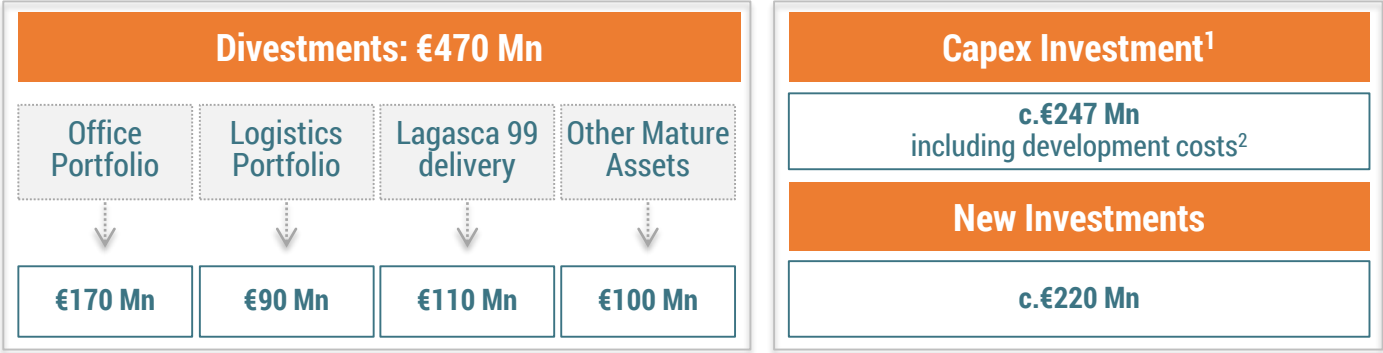


Portfolio Value evolution

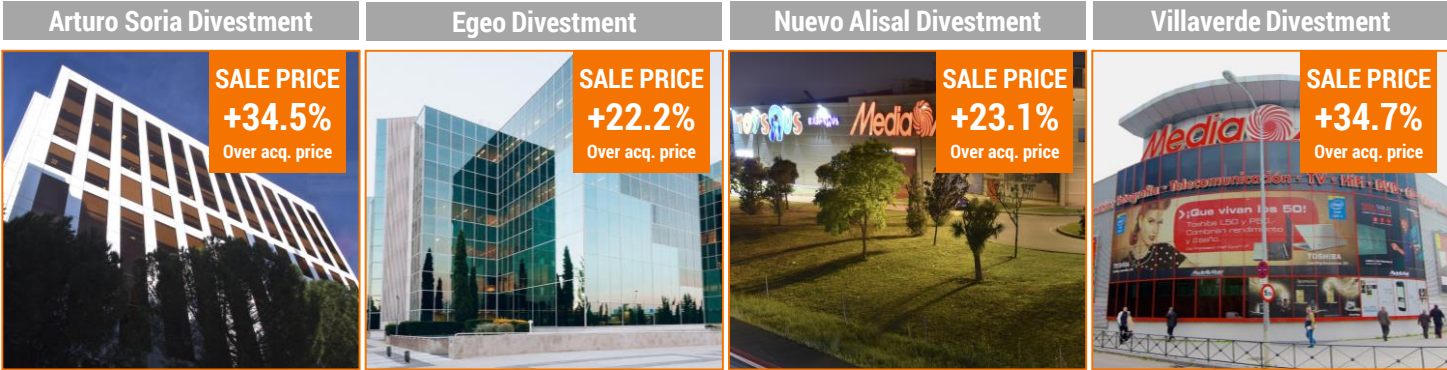


1. Compounded Annual Growth Rate: Market Value Compared to Acquisition Price at an average holding period of 2.39 years

Value Driver 7: Asset Rotation Policy Aimed at Maximizing Returns



Asset rotation strategy of non-core assets through core assets



1. In existing investment properties and development projects
2. Development cost financed and to be financed

Value Driver 8: Acquisition Pipeline Aimed at Increasing Retail Platform

Current Opportunities

110k+

GLA

✓ Large and visible pipeline including actionable off-market acquisitions with yields in the 6% area

100%

Retail

✓ High quality assets in prime locations focused on retail assets

e6.0%

Expected Minimum Yield

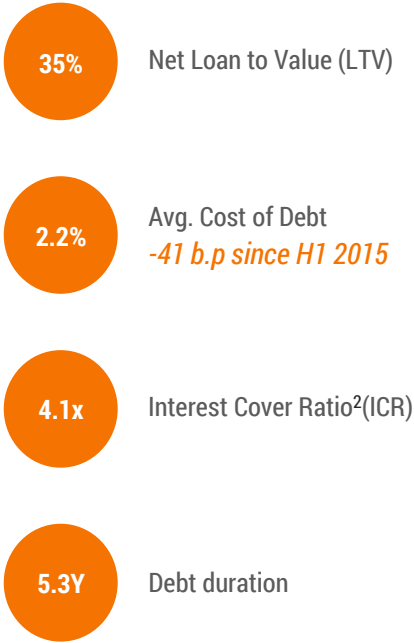
✓ Substantial upside potential through active asset management in line with previous acquisitions

+€220 Mn of Investment Pipeline

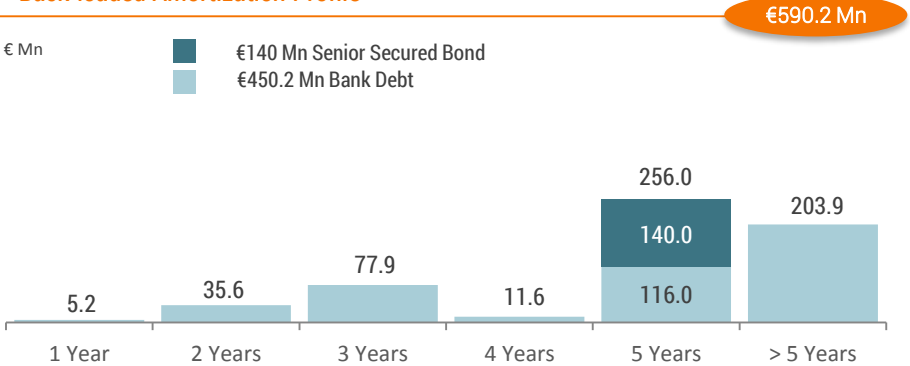
Short Term Pipeline			
	Asset Class	Aprox. GLA	Location
✓ Asset 1	Retail	6,200	Centre Spain
✓ Asset 2	Retail	37,000	Centre Spain
Asset 3	Retail	60,000	Prime Touristic Area
Asset 4	Retail	11,500	North Spain
...
...

Value Driver 9: Debt Management as a Means of Value Creation

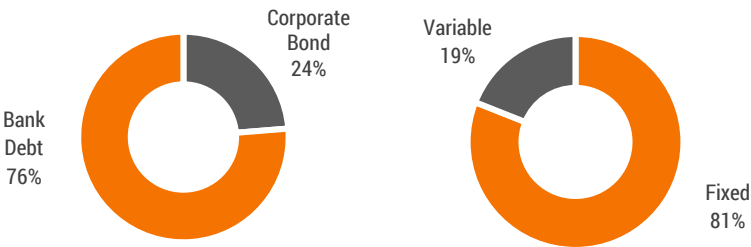
Key Figures¹ of the financing



Back-loaded Amortization Profile



Diversification of sources

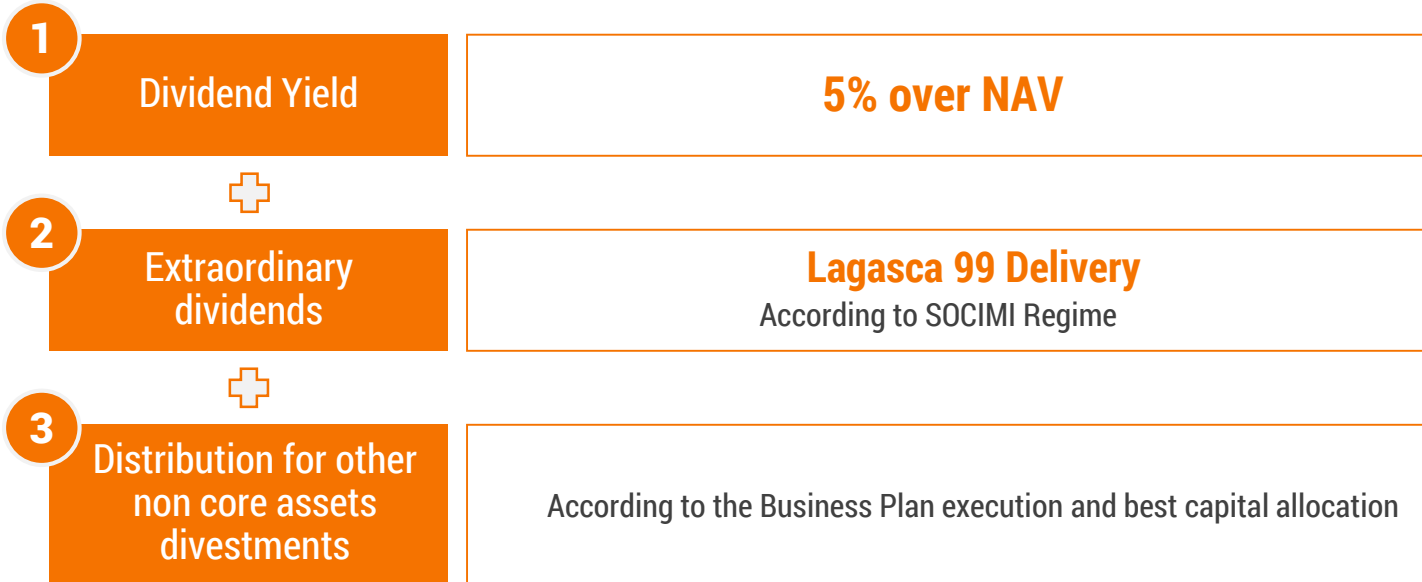


1. As of 31st December 2017
2. EBITDA (pre-revaluation) / Interest expenses as at FY 2017

Value Driver 10: Predictable and Sustainable Dividend Distribution Policy

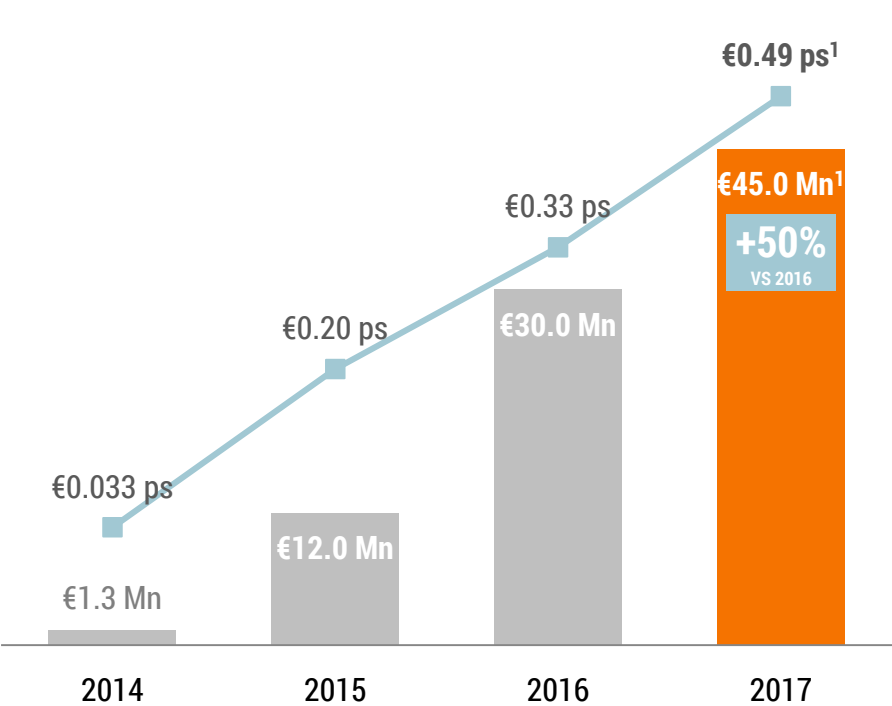
Dividend policy objectives

- ✓ Predictable and sustainable dividend and distribution schedule
- ✓ Competitive in the International Real Estate market
- ✓ Attractive vs Spanish equity market
- ✓ As a result of a solid cash flow generation



✓ One payment per year upon approval of the General Shareholders Meeting

Value Driver 10: Consistent dividend growth per share



€45.0 Mn
2017 Dividend¹

5.1%
Dividend Yield on NAV²

4th
Dividend in 4 years

Lagasca 99
Extraordinary dividend announced

IBEX TOP DIVIDENDO

Member since 5th February 2018

1. Dividend to be approved in AGM
2. 2017's average quarterly EPRA NAV

03

Financial Results FY 2017



Successful & Strong Key Facts delivered in FY 2017

€1,538 Mn **GAV¹** **+21% vs FY 2016**

€145.6 Mn **EBT** **+24% vs FY 2016**
pre-performance fee

€77.6 Mn **Rental Income** **+29% vs FY 2016**

€32.5 Mn **2017 Divestments** **+13% over Last Appraisal**

35% **Net LTV²** **2.2% Cost of Debt**



€10.27 **EPRA NAV per share**

€951.5 Mn **EPRA NAV**

5.6% **EPRA "topped-up" NIY**

5.5% **EPRA Net Initial Yield**

95.1% **Occupancy Rate**

€73.6 Mn **EPRA Annualised Net Rent**

15.8% **ROE**

9.2% **ROA**

1.1 **Solvency ratio**

1. Total GAV = Asset valuation as of 31st December 2017
2. Net LTV as of 31st December 2017

Solid Company performance in FY 2017

01 Solid FY 2017 Results and Balance Sheet

€77.6 Mn Revenues	+29% vs FY 2016
€36.6 Mn Adjusted EPRA Earnings	+41% vs FY 2016
€951.5 Mn EPRA NAV	€10.27 p.s. +12%
35% Net LTV; €590.2 Mn Gross Debt	2.2% cost of debt

02 Healthy Performance of the Business

Retail NOI LfL improvement	+4.7% LfL
Mall Income	+20.7% YoY
Exceptional Leasing Activity	+36% YoY
Retailer Sales outperforming the market	3.3% vs 1.2%

03 Value Drivers in Action: Asset Rotation & Retail Developments & Lagasca 99¹

Asset Rotation already unlocking value	€112 Mn in disposals & €197 Mn in acquisitions
Palmas Altas & Vidanova on track to deliver in time with high presale figures	
Lagasca 99 progresses above expectations	80% already sold

1. Including until February 2018

Consolidated Income Statement (€ Millions)

	FY 2017			Chg (%) FY17/FY16	FY 2016		
	Recurring	Non-Recurring	Total ²		Recurring	Non-Recurring	Total ²
Rental Income	77.6	-	77.6		60.2	-	60.2
Other Income	2.2	-	2.2		1.8	-	1.8
Property Operating Expenses	(11.3)	-	(11.3)		(10.0)	-	(10.0)
Base Fee	(9.0)	-	(9.0)		(6.4)	-	(6.4)
Gain/(Loss) on Disposal of Investment Properties	2.8	-	2.8		-	-	-
Amortisation Expenses	(0.02)	-	(0.02)		-	-	-
Property Operating Results	62.3	-	62.3	+36.3%	45.7	-	45.7
Corporate Expenses	(3.4)	(2.6)	(6.0)		(3.6)	(1.3)	(4.9)
Other Results	-	0.7	0.7		-	2.9	2.9
EBITDA¹	58.9	(2.0)	56.9	+30.2%	42.0	1.6	43.7
Changes in the Fair Value	101.6	-	101.6		87.8	-	87.8
EBIT¹	160.4	(2.0)	158.4	+20.5%	129.9	1.6	131.5
Financial Result	(10.7)	-	(10.7)		(9.6)	(4.1)	(13.7)
Share in Profit/ (Loss) for the Period of Equity-Accounted Companies	(2.1)	-	(2.1)		(0.8)	-	(0.8)
EBT¹	147.6	(1.0)	145.6		119.5	(2.5)	117.0
Profit for the Period (pre performance fee)	147.6	(1.0)	145.6	+24.4%	119.5	(2.5)	117.0
FFO (EBITDA – Financial Result) ¹			46.2				29.9
% FFO Annualized Yield /NAV			4.9%				3.6%
Performance fee			(10.0)				(25.6)
Profit for the Period (post performance fee)			135.6	+48.4%			91.4

1. Pre performance fee

2. May not foot due to rounding

04

ESG

Results



ESG - Asset Management & Environment

1 Responsible asset management focused on consumptions and emissions

Promoting **sustainability certification measures**, encouraging the use of new technology to **improve our assets' environmental quality and management**

CSR Master Plan to meet the most demanding sustainability standards

Lar España is improving the environmental performance of its shopping centres and offices and increasing the environmental awareness of its tenants. Implementing measures in its assets in:

Water	Electricity	Gas/Diesel	Additional environmental measures
-------	-------------	------------	-----------------------------------

2 Accessibility

Working to achieve and maintain high accessibility standards that will allow everyone to be able to access its properties correctly and comfortably, taking into account existing problems.



87% retail assets & 80% offices audited

Lagasca 99: Excellent accessibility *Technical Building Code (TBC)*

commitment to promoting social integration

3 Society-based initiatives

- >1,100 social and environment awareness days held in our shopping centres
- >65 NGOs and foundations
- >16,000kg of food has been collected
- >EUR300,000 invested in social initiatives and collaboration projects
- >35,500kg of clothing has been donated



ESG - Corporate Governance



Risk Control & Management System

Integrated enterprise risk management (**ERM**) system designed to mitigate the risks exposure

1

ERM system involves all Lar España's staff and supervising of third parties responsible for outsourced services

Risk management performed by specialist service providers

- ✓ Investment and asset management
- ✓ Preparation of the organisation's finance-tax information
- ✓ Half-yearly asset appraisals

2

Risk Map: the ERM system categorises risk into *high, medium and low* . Risk tolerance determination system reviewed at least annually

Response and monitoring plans

- ✓ Less critical risks. **Rationalisation and optimisation**
- ✓ Risks assessed to be of medium importance. **Assessment and surveillance**
- ✓ Risks deemed highly critical. **Exhaustive analysis**



Ethics and Compliance

To guarantee ethical conduct and enforce regulatory compliance

1

Code of Conduct and Whistle-blowing Channel

2

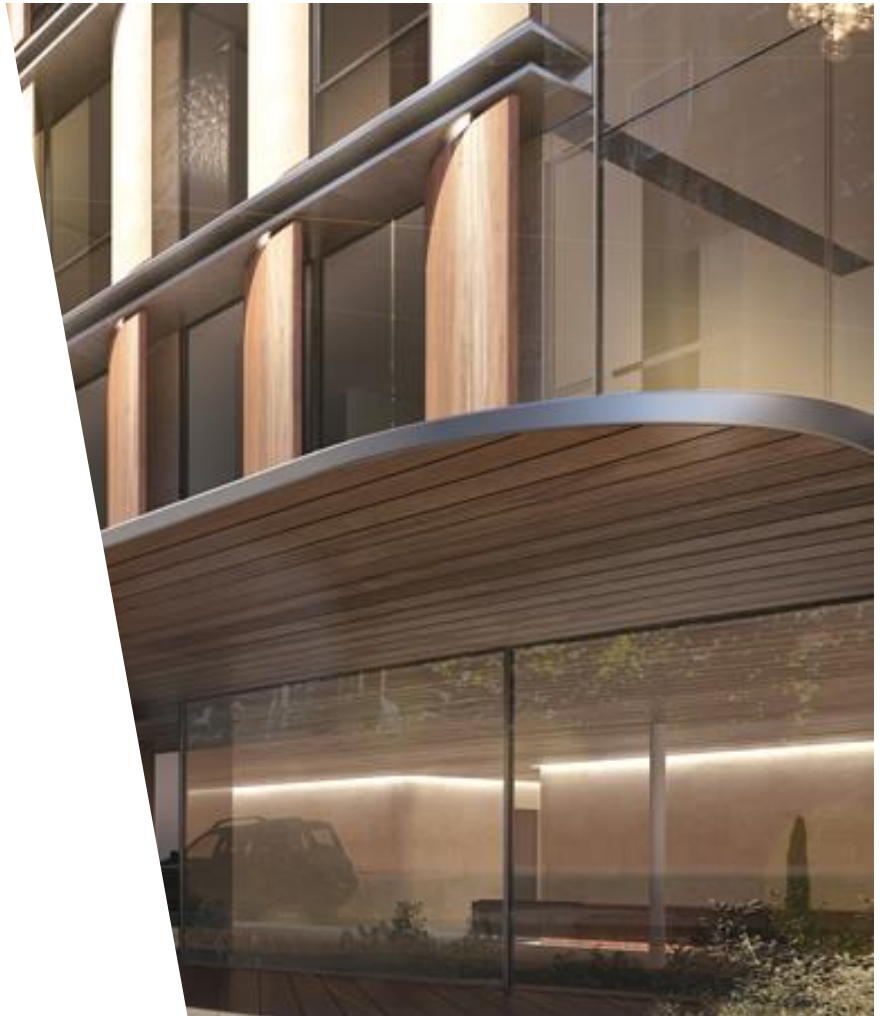
Crime prevention model

3

Anti-Money Laundering Manual

05

Appendix 1



Retail Assets

	Megapark Bilbao	Gran Vía Vigo	P. Marina Alicante	El Rosal Ponferrada	Anec Blau Barcelona	As Termas Lugo	P. Altas Seville <i>Development</i>	P. Abadía³ Toledo
								
Market Value (Dec 2017)	€214.0 Mn	€163.0 Mn	€119.8 Mn	€109.0 Mn	€95.4 Mn	€84.2 Mn	€71.5 Mn	€65.0 Mn
GLA (Sqm)	83,380	41,426	40,158	51,022	28,609	35,127	100,000 ²	37,009
Acquisition Date	19 Oct '15 27 Oct '17	15 Sep '16	30 Oct '14 9 Jun '15 30 Mar '16	7 Jul '15	31 Jul '14	15 Apr '15 28 Jul '15	1 Mar '16	27 Mar '17
Acquisition Price	€178.7 Mn	€141.0 Mn	€89.2 Mn	€87.5 Mn	€80.0 Mn	€68.8 Mn	€40.5 Mn	€63.1 Mn
EPRA NIY¹	5.4%	5.6%	4.9%	5.6%	4.5%	6.1%	>8% ⁴	6.4%
Occupancy Rate¹	92.6%	98.6%	96.8%	91.1%	93.4%	95.2%	-	100%

1. As of December 2017 and based in EPRA standards

2. Retail and family leisure space

3. Abadía's commercial Galley acquired in February 2018 not included

4. Expected Yield on Cost based on company's estimates

Retail Assets

Rivas
Madrid



Albacenter
Albacete



22 R. Units
North Spain +
Balearic Islands



Vistahermosa
Alicante



Vidanova Parc
Valencia
Development



Other Assets³

Market Value (Dec 2017)	€61.6 Mn	€56.3 Mn	€52.5 Mn	€50.4 Mn	€24.8 Mn	€62.3 Mn
GLA (Sqm)	36,724	27,890	28,822	33,550	44,252	21,087
Acquisition Date	6 Feb '18	30 Jul '14 19 Dec '14	27 Mar '17	16 Jun '16	3 Aug '15	NA
Acquisition Price	€61.6 Mn	€39.9 Mn	€47.6 Mn	€42.5 Mn	€14.0 Mn	€47.8 Mn
EPRA NIY ¹	5.9%	5.9%	7.0%	5.8%	>9% ²	6.2%
Occupancy Rate ¹	94.0%	91.5%	100%	93.9%	-	94.7%

1. As of December 2017 and based in EPRA standards

2. Expected Yield on Cost based on company's estimates

3. Includes Txingudi, Las Huertas and Galaria

Offices, Logistics and Residential

Office



Logistics



Residencial

Lagasca 99



Market Value (Dec 2017)	€85.5 Mn	€91.9 Mn	Market Value (Dec 2017)	€83.3 Mn ²
GLA (Sqm)	23,713	280,000	GLA (Sqm)	26,203
Acquisition Date	NA	NA	Acquisition Date	30 Jan '15
Acquisition Price	€51.4 Mn	€65.6 Mn	Acquisition Price	€50.1 Mn ^{2,3}
EPRA NIY ¹	3.6%	6.7%	Construction Period	2016-2018
Occupancy Rate ¹	91.1%	100%	Commercialization rate	80%

1. As of December 2017 and based in EPRA standards

2. 1Corresponds to the 50% of the JV with Pimco

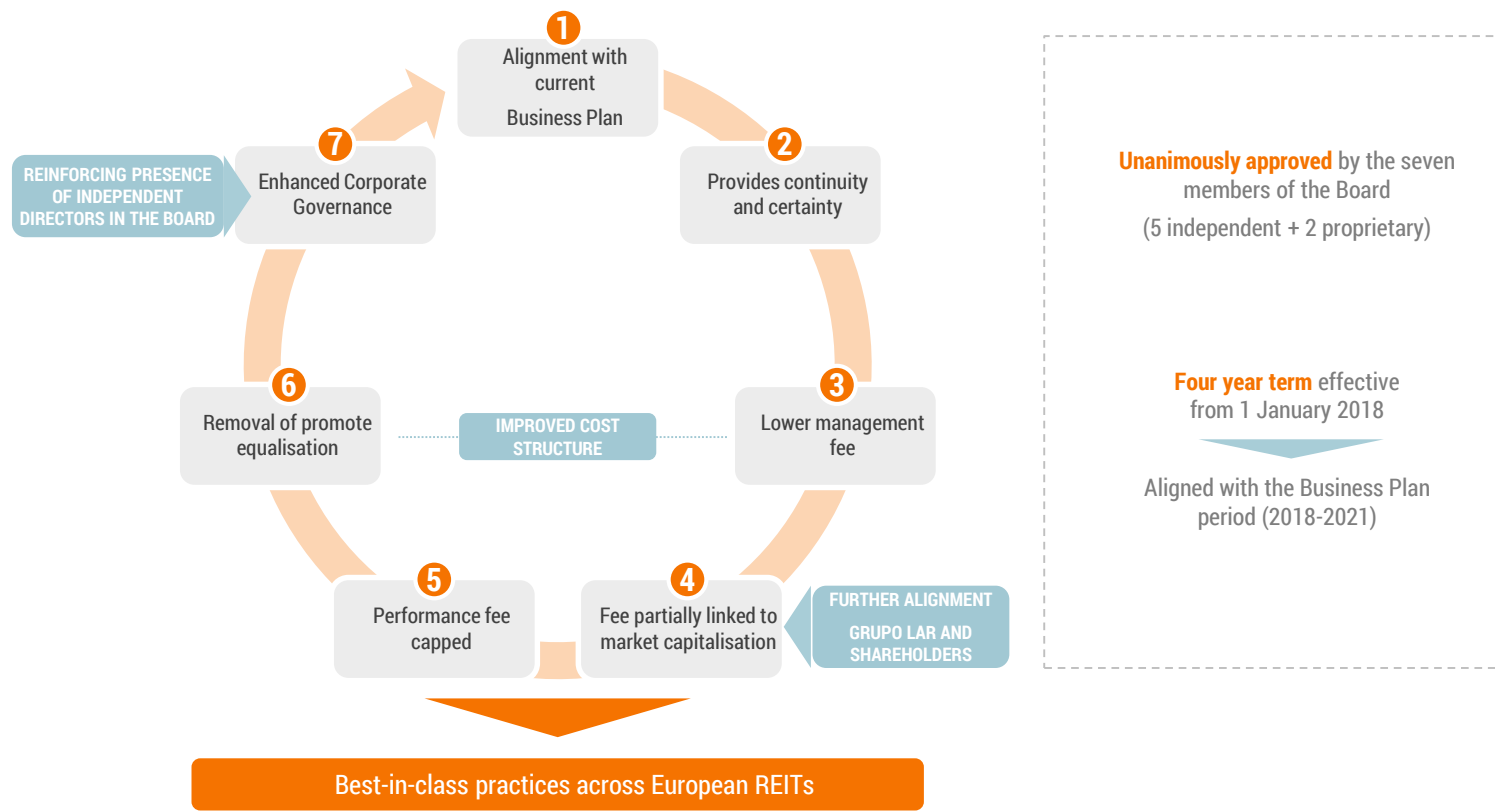
3. Cost of land + urbanization costs

05

Appendix 2



Highlights of the new Investment Management Agreement

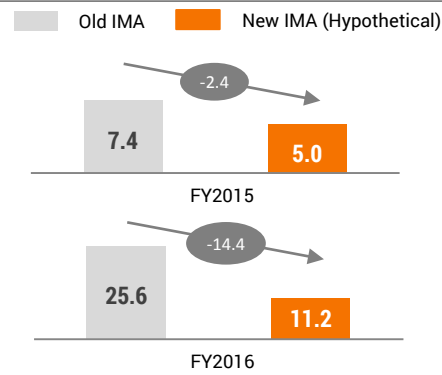


Lower and capped performance fee

Four key changes to the performance fee mechanism creating stronger alignment between shareholders and the Manager:

- Removal of the promote equalisation feature
- 20% of promote based on change in market capitalisation
- Capped at 3.0% of EPRA NAV at the end of the previous financial year
- Manager shares to be subscribed based on share price or NAV per share whichever will result in fewer shares

Old vs New IMA Performance Fees Paid (€m)



Worked Example - Scenario

Illustrative benchmarks at end of previous financial year:

- EPRA NAV: €900m
- Market Capitalisation: €900m

If both NAV and MC shareholder return equaled 20%, the performance fee would be €14m lower under the new IMA compared to the old IMA (€18m vs. €32m)

Performance Fee (€m) – New IMA

		MC Shareholder Return ²				
		10%	15%	20%	25%	30%
		90	135	180	225	270
NAV Shareholder Return ¹	10%	90	-	2	4	5
	15%	135	7	9	11	13
	20%	180	14	16	18	20
	25%	225	22	23	25	27
	30%	270	27	27	27	27

Diagram showing a decrease of €14m from the 20% MC Shareholder Return value (18) to the 20% NAV Shareholder Return value (20).

Performance Fee (€m) – Old IMA

		Promote	Equalisation	Total
NAV Shareholder Return ¹	10%	-	-	-
	15%	9	5	14
	20%	18	14	32
	25%	27	18	45
	30%	36	18	54

Diagram showing a decrease of €14m from the 20% Total value (32) to the 20% NAV Shareholder Return value (18).

1. The amount by which EPRA NAV at the end of the year exceeds EPRA NAV at the end of the previous year, adjusted for the net proceeds of any share issuance, plus distributions over the year.
2. The amount by which Market Cap at the end of the year exceeds Market Cap adjusted for the net proceeds of any share issuance, plus distributions over the year.

External management by Grupo Lar continues to be the optimal strategy for Lar España

Retail property requires skilled, hands-on management...

Operationally
Intensive

- **Granular unit configuration** and **diverse tenant base**
- **Requires greater time and skill** than other asset classes (e.g. offices, logistics)

Active
Management

- **60% of value uplift¹** to date has resulted from active asset management
- Active asset management will continue to be **key to delivering returns** in the coming years

Responding to
Change

- **Retail** sector facing **new market demands**
- **Essential to innovate and adapt** to ensure **enduring appeal** to retailers and consumers

...which Grupo Lar is uniquely qualified to provide

Scale

- Lar España can draw upon the expertise of Grupo Lar's **investment professionals**
- External management provides **scalability and cost-efficiency**

Expertise

- Grupo Lar has over **45 years of experience** in the Spanish property market
- Full range of expertise through **sourcing, investing, developing and managing** across sectors and retail in particular

Profitability

- Access to **extensive platform** allowing Lar España to pursue **accretive opportunities**
- **Relevant savings** for Lar España since the agreement will take effect **15 months before** the previous agreement **ends**

1. In accordance with last independent appraisal as of December 2017.

Recognitions



Recognitions

2017 EPRA BPR & sBPR Awards



First SOCIMI to be awarded with the **"EPRA GOLD AWARD"** in Financial Reporting for the **3rd consecutive year**



Recognition of the **CSR work and progress** made this year



Since June 2015:
Member of **FTSE EPRA/Nareit Global Estate Index**

Sustainability Certification



ISO 9001 – certified quality management systems

Health and safety management system endorsed by the OHSAS 18000 regulation

The certificate guaranteeing the renewable origin of the power used (issued by the CNMC, Spain's anti-trust authority and energy sector watchdog)



BREEAM® Certification

8 BREEAM "Very Good" In-Use certification

El Rosal
Vistahermosa
Gran vía
Anec Blau
Megapark
As Termas
Albacenter
Portal de la Marina

Accessibility Certification



Eloy Gonzalo office building:
Refurbishment project certified with the **AENOR Universal Accessibility certification¹**



Lar España received recognition from **ILUNION Technology and Accessibility** in October 2017 for its **initiatives and projects aimed at improving universal accessibility**

1. Provisional until completion of the building works

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Corporate Presentation

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