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

**Shareholder Structure**

Source: CNMV as of 31st December 2017
Portfolio at a glance

GAV\(^1\) €1.50 Bn

- Retail: 82%
- Offices: 5%
- Residential: 6%
- Logistics: 6%

EPRA Annualized Net Rent\(^2\) €73.1 Mn

- Retail: 87%
- Logistics: 8%
- Offices: 5%

**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**

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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

**JAN**
- +15.8% Asset Revaluation since Acq.
- Abadía Retail Park Acquisition
- 22 Retail Units Acquisition
- Cheste Logistics Development Acquisition
- Gran Vía de Vigo Financing
- Vistahermosa Financing

**MAR**
- Dividend Payment

**MAY**
- +19.5% Asset Revaluation since Acq.

**JUL**
- Vidanova Parc Credit for Construction
- Arturo Soria Office Building Divestment
- EPRA Gold Award Financial Reporting
- EPRA Silver Award Sustainability Reporting
- EPRA Most Improved Annual Report Sustainability Reporting

**SEP**
- Analyst Day
- +28.5% Asset Revaluation since Acq.

**DEC**
- Rivas Futura Acquisition
- Abadía Commercial Gallery Acquisition
- New IMA approved

**FEB**

**2017**
- AGM Lagasca 99 Refinancing and Opening of a Construction Credit Line

**APR**
- Abadía Retail Park Financing

**JUN**
- Construction works started in Palmas Altas

**AUG**
- Megapark Leisure Area Acquisition

**OCT**
- Megapark Financing
- Egeo Office Building Divestment

**JAN**
- Villaverde Divestment
- Nuevo Alisal Divestment

**MAR**

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

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

- **Juan Gómez-Acebo**: Secretary Non Member
- **Susana Guerrero**: Deputy Secretary Non Member
Grupo Lar now owns a 5.7% stake in Lar España, subject to a lock-up period.

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**
Investment Strategy Focused in Retail

**Investment Criteria**

- **Value-creation Potential**
  - Dominant
  - Core
  - Soundness
  - Protected

- **Creation of unique shopping experiences**
  - 100% ownership
  - Target levered IRR > 12%

- **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 development

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

<table>
<thead>
<tr>
<th>Peer</th>
<th>Owned GLA estimate</th>
<th>No. Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer 1</td>
<td>584,222</td>
<td>14</td>
</tr>
<tr>
<td>Lar España</td>
<td>557,226</td>
<td>16</td>
</tr>
<tr>
<td>Peer 2</td>
<td>442,518</td>
<td>15</td>
</tr>
<tr>
<td>Peer 3</td>
<td>412,938</td>
<td>16</td>
</tr>
<tr>
<td>Peer 4</td>
<td>390,141</td>
<td>70</td>
</tr>
<tr>
<td>Peer 5</td>
<td>314,455</td>
<td>6</td>
</tr>
<tr>
<td>Peer 6</td>
<td>308,832</td>
<td>9</td>
</tr>
<tr>
<td>Peer 7</td>
<td>293,379</td>
<td>8</td>
</tr>
<tr>
<td>Peer 8</td>
<td>279,702</td>
<td>7</td>
</tr>
<tr>
<td>Peer 9</td>
<td>253,795</td>
<td>7</td>
</tr>
</tbody>
</table>

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

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

01 Company Description

**Strong Transformation + Innovation**

**Transformation Strategy**

- Customer Journey Analysis
- Tenant Mix Enhancing
- Capex and Improvement Projects
- On-Site Shopping Centre Intensive Management

**Digital Innovation**

- Big Data
- Customer Intelligence

- Full Connectivity
- Webs
- APPS
- WIFI
- Social Media

- Market Knowledge
- Seeketing System
- E-Beacons

- Market Place
- Transactional Web

**Key Metrics**

- Rotation Rate since Acquisition: 28%
- Leased since Acquisition: c.90k sqm
- Relettings + New Lettings + Renewals in FY 2017: 128

**Objectives**

- Attract New and Innovative Tenants
- Create a Well-Balanced Tenant Mix
Business Plan Guidance 2018-2021

Target Returns
- 12% Target Annual Return on investments

Divestments
- €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
- Finance all existing capex commitments
  - Refurbishment of existing assets: €49 Mn
  - Developments: €247 Mn

New Investments
- €220 Mn of new investments
  Mainly focused in retail assets

Distributions¹
- Ordinary dividend
  5% of NAV
- Maximise distributions
  Extraordinary dividend Lagasca 99 and other distributions
  linked to divestments

ESG
- 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
Investment Highlights
Top 10 Value Drivers

1. Momentum of Real Estate in Spain / Yield Compression
2. Upside from the Total Existing Portfolio
3. Proven Asset Management Skills / Strong Op. Results
4. Innovation Strategy
5. Value creation from Developments
6. Value from Asset Revaluation
7. Unlocking Value from Asset Rotation
8. Acquisition Pipeline aimed at increasing Retail Platform
9. Optimal Debt Management
10. Attractive Dividend Policy

ANNUALIZED NET RENT: €73.1 Mn
CURRENT POTENTIAL ANNUALIZED NET RENT WITH GROWTH c. €115 Mn
OUTPERFORMING THE MARKET
LRE Retail Sales +3.3%
Spain Retail Index +1.2%
LRE Footfall +2.7%
Avg. Spanish Footfall +1.8%

LAGASCA 99
Est. Delivery Date Q2 2018
VIDANOVA PARC
Est. Opening Date Q3 2018
PALMAS ALTAS
Est. Opening Date H1 2019

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**

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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

- **Estimated Rental Increase Potential**: +c.60%
- **Topped-Up NIY**: +5.7%
- **Topped-Up Reversionary NIY**: +6.4%
- **Expected NIY**: +c.8%
- **Expected NIY Future Investments**: +>6%

**Existing Income Generating Assets**

- **Existing Developments**
  - Vidanova Parc: 4
  - Palmas Altas: 14

**Potential Annualized Net Rent**

- **Annualised Topped Up Reversionary Potential Net Rent as of 2017**: 62
- **Reversionary Net Rent**: 69
- **Vidanova Parc**: 4
- **Palmas Altas**: 14
- **Potential Annualized Net Rent current platform**: 87
- **Future Firepower**: 15
- **Potential Annualized Net Rent with growth**: 102

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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

<table>
<thead>
<tr>
<th>Sales 2017</th>
<th>€636.2 Mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visits 2017</td>
<td>56.9 Mn</td>
</tr>
</tbody>
</table>

Letting activity at the core of the strategy

13% RENTAL GROWTH

10% 2017 ROTATION RATE

38,962 sqm ROTATED

8.3 Mn NEGOTIATED RENT

128 OPERATIONS IN 2017

12,845 sqm RELETTINGS

19,338 sqm RENEWALS

6,779 sqm NEW LETTINGS

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

Rotation Rate since acquisition to improve shopping experience

Retail Invested Capex till FY 2017

All figures refer to FY 2017 period
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**

<table>
<thead>
<tr>
<th>Digitalization &amp; Differentiation</th>
<th>Full Connectivity</th>
<th>Market Knowledge</th>
<th>Market Place</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Big Data</strong></td>
<td><strong>WEBS</strong></td>
<td><strong>SEEKETING SYSTEM</strong></td>
<td><strong>TRANSACTIONAL WEB</strong></td>
</tr>
<tr>
<td>Customer Intelligence</td>
<td>APPS</td>
<td><strong>E-BEACONS</strong></td>
<td></td>
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<tr>
<td></td>
<td>WIFI</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>SOCIAL MEDIA</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Engagement</th>
<th>Experience</th>
<th>ESG</th>
<th>Sustainability</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Geoblink</strong></td>
<td><strong>Territorio Lar</strong></td>
<td><strong>Customer Journey</strong></td>
<td><strong>APP</strong></td>
</tr>
</tbody>
</table>
| Geo-social analysis tool that allows us to know the main social and economic characteristics of our clients | Asset differentiation through different initiatives:  
- First drone tournament  
- "The Cube" | 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. | New App for analysts and investors launched in September.  
Working on launching a new App for shopping centres. |

<table>
<thead>
<tr>
<th>Accessibility</th>
<th>Emissions</th>
<th>Social Action</th>
<th>CSR Annual Report</th>
</tr>
</thead>
</table>
| Working to achieve and maintain high accessibility standards via a design that is conceived by and for people | Fighting and reducing the effect of Climate Change  
Reducing emissions and increasing the use of renewables | Assets have a major social impact, transforming and creating a positive effect on the community | Continuously improving CSR information |
Value Driver 5: Developments – Lagasca 99

GLA Sqm | Location | Purchase Date | Acquisition Price | Market Value (Dec 2017) |
--- | --- | --- | --- | --- |
26,203 | Madrid | 30 January 2015 | €50.1 Mn | €83.3 Mn |

\(^1\)Corresponds to the 50% of the JV with Pimco

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

- Financing of 100% of construction costs agreed
- New record set for a flat in Madrid Golden Mile
- Extraordinary dividend announced
- Q2 2018 Estimated Delivery Date
- In process

Value: VALUATION +20.1% Over acq. Price (Including Capex)
Value Driver 5: Developments – Vidanova Parc

<table>
<thead>
<tr>
<th>GLA Owned</th>
<th>Opening Expected Date</th>
<th>Pre Letting % of GLA</th>
<th>Expected Rent € Mn</th>
<th>All-in Costs € Mn</th>
<th>Building Permit Edification Works</th>
</tr>
</thead>
<tbody>
<tr>
<td>44,252</td>
<td>Q3 2018</td>
<td>95%</td>
<td>4.0</td>
<td>45.7</td>
<td>09/2017</td>
</tr>
</tbody>
</table>

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 GapTriples during Summer months

CaixaBank Financing: €24 Mn
**Value Driver 5: Developments – Palmas Altas**

- **Area**: 100,000
- **Opening**: Q2 2019
- **Pre Letting**: 59%
- **Expected Rent**: €14.0
- **All-in Costs**: €191.1
- **Building Permit**: 07/2017

**Plot acquired in 2016**

- **Tenants already signed**
  - **PRIMARK**
  - **MERCADONA**
  - **Foot Locker**
  - **YELMO CINES**
  - **Media Markt**

**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**

- **61.5%** Asset Management Impact
- **38.5%** Yield Compression Impact

**2014**  
- Retail: 18.5% LfL 2017/16, 7.3% since acquisition  
- Developments: 19.4% LfL 2017/16, 13.0% since acquisition
  
- Logistics: 35.9% LfL 2017/16, 12.0% since acquisition  
- Offices: 29.8% LfL 2017/16, 12.0% since acquisition

**Updated after Egeo disposal, Rivas & Abadia Gallery Acquisitions**

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

**Divestments: €470 Mn**
- Office Portfolio: €170 Mn
- Logistics Portfolio: €90 Mn
- Lagasca 99 delivery: €110 Mn
- Other Mature Assets: €100 Mn

**Capex Investment**
- c.€247 Mn including development costs

**New Investments**
- c.€220 Mn

**Asset rotation strategy of non-core assets through core assets**

<table>
<thead>
<tr>
<th>Arturo Soria Divestment</th>
<th>Egeo Divestment</th>
<th>Nuevo Alisal Divestment</th>
<th>Villaverde Divestment</th>
</tr>
</thead>
<tbody>
<tr>
<td>SALE PRICE +34.5% Over acq. price</td>
<td>SALE PRICE +22.2% Over acq. price</td>
<td>SALE PRICE +23.1% Over acq. price</td>
<td>SALE PRICE +34.7% Over acq. price</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Asset</th>
<th>Asset Class</th>
<th>Aprox. GLA</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset 1</td>
<td>Retail</td>
<td>6,200</td>
<td>Centre Spain</td>
</tr>
<tr>
<td>Asset 2</td>
<td>Retail</td>
<td>37,000</td>
<td>Centre Spain</td>
</tr>
<tr>
<td>Asset 3</td>
<td>Retail</td>
<td>60,000</td>
<td>Prime Touristic Area</td>
</tr>
<tr>
<td>Asset 4</td>
<td>Retail</td>
<td>11,500</td>
<td>North Spain</td>
</tr>
<tr>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
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<tr>
<td>...</td>
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<td>...</td>
</tr>
</tbody>
</table>
Value Driver 9: Debt Management as a Means of Value Creation

Key Figures\(^1\) of the financing

- **35%**: Net Loan to Value (LTV)
- **2.2%**: Avg. Cost of Debt
- **4.1x**: Interest Cover Ratio\(^2\) (ICR)
- **5.3Y**: Debt duration

Back-loaded Amortization Profile

<table>
<thead>
<tr>
<th>Year</th>
<th>€ Mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Year</td>
<td>5.2</td>
</tr>
<tr>
<td>2 Years</td>
<td>35.6</td>
</tr>
<tr>
<td>3 Years</td>
<td>77.9</td>
</tr>
<tr>
<td>4 Years</td>
<td>11.6</td>
</tr>
<tr>
<td>5 Years</td>
<td>140.0</td>
</tr>
<tr>
<td>&gt; 5 Years</td>
<td>203.9</td>
</tr>
</tbody>
</table>

Diversification of sources

- **€140 Mn Senior Secured Bond**
- **€450.2 Mn Bank Debt**

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

1. **Dividend Yield**
   - 5% over NAV

2. **Extraordinary dividends**
   - Lagasca 99 Delivery
     - According to SOCIMI Regime

3. **Distribution for other non core assets divestments**
   - According to the Business Plan execution and best capital allocation

- **One payment per year** upon approval of the General Shareholders Meeting
Value Driver 10: Consistent dividend growth per share

- 2014: €1.3 Mn, €0.033 ps
- 2015: €12.0 Mn, €0.20 ps
- 2016: €30.0 Mn, €0.33 ps
- 2017: €45.0 Mn, €0.49 ps

- 2017 Dividend vs 2016: +50%
- Dividend Yield on NAV: 5.1%
- Lagasca 99: Extraordinary dividend announced
- Member since 5th February 2018

1. Dividend to be approved in AGM
2. 2017’s average quarterly EPRA NAV
Financial Results
FY 2017
03 Financial Results

Successful & Strong Key Facts delivered in FY 2017

- **€1,538 Mn** GAV\(^1\), +21% vs FY 2016
- **€145.6 Mn** EBT, pre-performance fee, +24% vs FY 2016
- **€77.6 Mn** Rental Income, +29% vs FY 2016
- **€32.5 Mn** Divestments, +13% over Last Appraisal
- **35%** Net LTV\(^2\), 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
## 03 Financial Results

### Solid Company performance in FY 2017

#### 01 Solid FY 2017 Results and Balance Sheet

- **Revenues**: €77.6 Mn, +29% vs FY 2016
- **Adjusted EPRA Earnings**: €36.6 Mn, +41% vs FY 2016
- **EPRA NAV**: €951.5 Mn
- **Net LTV**: 35%, €590.2 Mn
- **Gross Debt**: $10.27 p.s., +12%
- **Cost of Debt**: 2.2%

#### 02 Healthy Performance of the Business

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

#### 03 Value Drivers in Action: Asset Rotation & Retail Developments & Lagasca 99

- **Asset Rotation already unlocking value**
- **Palmas Altas & Vidanova** on track to deliver in time with high presale figures
- **Lagasca 99** progresses above expectations

1. Including until February 2018
## Consolidated Income Statement (€ Millions)

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

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.

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)
- CSR Master Plan to meet the most demanding sustainability standards

3. Society-based initiatives

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

commitment to promoting social integration
**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

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

**Risk management performed by specialist service providers**

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

**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
## Retail Assets

<table>
<thead>
<tr>
<th></th>
<th>Megapark Bilbao</th>
<th>Gran Vía Vigo</th>
<th>P. Marina Alicante</th>
<th>El Rosal Ponferrada</th>
<th>Anec Blau Barcelona</th>
<th>As Termas Lugo</th>
<th>P. Altas Seville Development</th>
<th>P. Abadía Toledo</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market Value</strong> (Dec 2017)</td>
<td>€214.0 Mn</td>
<td>€163.0 Mn</td>
<td>€119.8 Mn</td>
<td>€109.0 Mn</td>
<td>€95.4 Mn</td>
<td>€84.2 Mn</td>
<td>€71.5 Mn</td>
<td>€65.0 Mn</td>
</tr>
<tr>
<td><strong>GLA (Sqm)</strong></td>
<td>83,380</td>
<td>41,426</td>
<td>40,158</td>
<td>51,022</td>
<td>28,609</td>
<td>35,127</td>
<td>100,000</td>
<td>37,009</td>
</tr>
<tr>
<td><strong>Acquisition Price</strong></td>
<td>€178.7 Mn</td>
<td>€141.0 Mn</td>
<td>€89.2 Mn</td>
<td>€87.5 Mn</td>
<td>€80.0 Mn</td>
<td>€68.8 Mn</td>
<td>€40.5 Mn</td>
<td>€63.1 Mn</td>
</tr>
<tr>
<td><strong>EPRA NIY</strong></td>
<td>5.4%</td>
<td>5.6%</td>
<td>4.9%</td>
<td>5.6%</td>
<td>4.5%</td>
<td>6.1%</td>
<td>&gt;8%</td>
<td>6.4%</td>
</tr>
<tr>
<td><strong>Occupancy Rate</strong></td>
<td>92.6%</td>
<td>98.6%</td>
<td>96.8%</td>
<td>91.1%</td>
<td>93.4%</td>
<td>95.2%</td>
<td>-</td>
<td>100%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Rivas Madrid</th>
<th>Albacenter Albacete</th>
<th>22 R. Units North Spain + Balearic Islands</th>
<th>Vistahermosa Alicante</th>
<th>Vidanova Parc Valencia Development</th>
<th>Other Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market Value</strong> (Dec 2017)</td>
<td>€61.6 Mn</td>
<td>€56.3 Mn</td>
<td>€52.5 Mn</td>
<td>€50.4 Mn</td>
<td>€24.8 Mn</td>
<td>€62.3 Mn</td>
</tr>
<tr>
<td><strong>GLA (Sqm)</strong></td>
<td>36,724</td>
<td>27,890</td>
<td>28,822</td>
<td>33,550</td>
<td>44,252</td>
<td>21,087</td>
</tr>
<tr>
<td><strong>Acquisition Date</strong></td>
<td>6 Feb ’18</td>
<td>30 Jul ’14</td>
<td>27 Mar ’17</td>
<td>16 Jun ’16</td>
<td>3 Aug ’15</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Acquisition Price</strong></td>
<td>€61.6 Mn</td>
<td>€39.9 Mn</td>
<td>€47.6 Mn</td>
<td>€42.5 Mn</td>
<td>€14.0 Mn</td>
<td>€47.8 Mn</td>
</tr>
<tr>
<td><strong>EPRA NIY¹</strong></td>
<td>5.9%</td>
<td>5.9%</td>
<td>7.0%</td>
<td>5.8%</td>
<td>&gt;9%²</td>
<td>6.2%</td>
</tr>
<tr>
<td><strong>Occupancy Rate¹</strong></td>
<td>94.0%</td>
<td>91.5%</td>
<td>100%</td>
<td>93.9%</td>
<td>-</td>
<td>94.7%</td>
</tr>
</tbody>
</table>

1. As of December 2017 and based on EPRA standards
2. Expected Yield on Cost based on company’s estimates
3. Includes Txingudi, Las Huertas and Galaria
## Offices, Logistics and Residential

<table>
<thead>
<tr>
<th></th>
<th>Office</th>
<th>Logistics</th>
<th>Residencial</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market Value</strong>&lt;br&gt; (Dec 2017)</td>
<td>€85.5 Mn</td>
<td>€91.9 Mn</td>
<td>€83.3 Mn²</td>
</tr>
<tr>
<td><strong>GLA (Sqm)</strong></td>
<td>23,713</td>
<td>280,000</td>
<td>26,203</td>
</tr>
<tr>
<td><strong>Acquisition Date</strong></td>
<td>NA</td>
<td>NA</td>
<td>30 Jan ´15</td>
</tr>
<tr>
<td><strong>Acquisition Price</strong></td>
<td>€51.4 Mn</td>
<td>€65.6 Mn</td>
<td>€50.1 Mn²³</td>
</tr>
<tr>
<td><strong>EPRA NIY¹</strong></td>
<td>3.6%</td>
<td>6.7%</td>
<td></td>
</tr>
<tr>
<td><strong>Occupancy Rate¹</strong></td>
<td>91.1%</td>
<td>100%</td>
<td>80%</td>
</tr>
<tr>
<td><strong>Construction Period</strong></td>
<td></td>
<td></td>
<td>2016-2018</td>
</tr>
<tr>
<td><strong>Commercialization rate</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

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
Appendix 2
Highlights of the new Investment Management Agreement

Alignment with current Business Plan

Provides continuity and certainty

Lower management fee

Fee partially linked to market capitalisation

Performance fee capped

Removal of promote equalisation

Enhanced Corporate Governance

REINFORCING PRESENCE OF INDEPENDENT DIRECTORS IN THE BOARD

UNANIMOUSLY APPROVED by the seven members of the Board
(5 independent + 2 proprietary)

FOUR YEAR TERM effective from 1 January 2018

Aligned with the Business Plan period (2018-2021)

IMPROVED COST STRUCTURE

FURTHER ALIGNMENT GRUPO LAR AND SHAREHOLDERS

Best-in-class practices across European REITs
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)

<table>
<thead>
<tr>
<th>Year</th>
<th>Old IMA</th>
<th>New IMA (Hypothetical)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2015</td>
<td>7.4</td>
<td>-2.4</td>
</tr>
<tr>
<td>FY2016</td>
<td>25.6</td>
<td>-14.4</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>MC Shareholder Return²</th>
<th>10%</th>
<th>15%</th>
<th>20%</th>
<th>25%</th>
<th>30%</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>90</td>
<td>135</td>
<td>180</td>
<td>225</td>
<td>270</td>
</tr>
<tr>
<td>15%</td>
<td>7</td>
<td>9</td>
<td>11</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>20%</td>
<td>14</td>
<td>16</td>
<td>18</td>
<td>20</td>
<td>22</td>
</tr>
<tr>
<td>25%</td>
<td>22</td>
<td>23</td>
<td>25</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>30%</td>
<td>27</td>
<td>27</td>
<td>27</td>
<td>27</td>
<td>27</td>
</tr>
</tbody>
</table>

Performance Fee (€m) – Old IMA

<table>
<thead>
<tr>
<th>NAV Shareholder Return¹</th>
<th>10%</th>
<th>15%</th>
<th>20%</th>
<th>25%</th>
<th>30%</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>90</td>
<td>135</td>
<td>180</td>
<td>225</td>
<td>270</td>
</tr>
<tr>
<td>15%</td>
<td>9</td>
<td>5</td>
<td>14</td>
<td>18</td>
<td>32</td>
</tr>
</tbody>
</table>

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...

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

Operationally Intensive

- 60% of value uplift\(^1\) to date has resulted from active asset management
- Active asset management will continue to be key to delivering returns in the coming years

Active Management

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

Responding to Change

...which Grupo Lar is uniquely qualified to provide

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

Scale

- 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

Expertise

- 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

Profitability

---

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

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)

Accessibility Certification

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

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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