



# CORPORATE PRESENTATION



**The Spanish Retail Specialist**

[www.larespana.com](http://www.larespana.com)

**November 2018**

# Index

01

Company  
Description

02

Investment  
Highlights

03

Financial  
Results

04

ESG  
Results

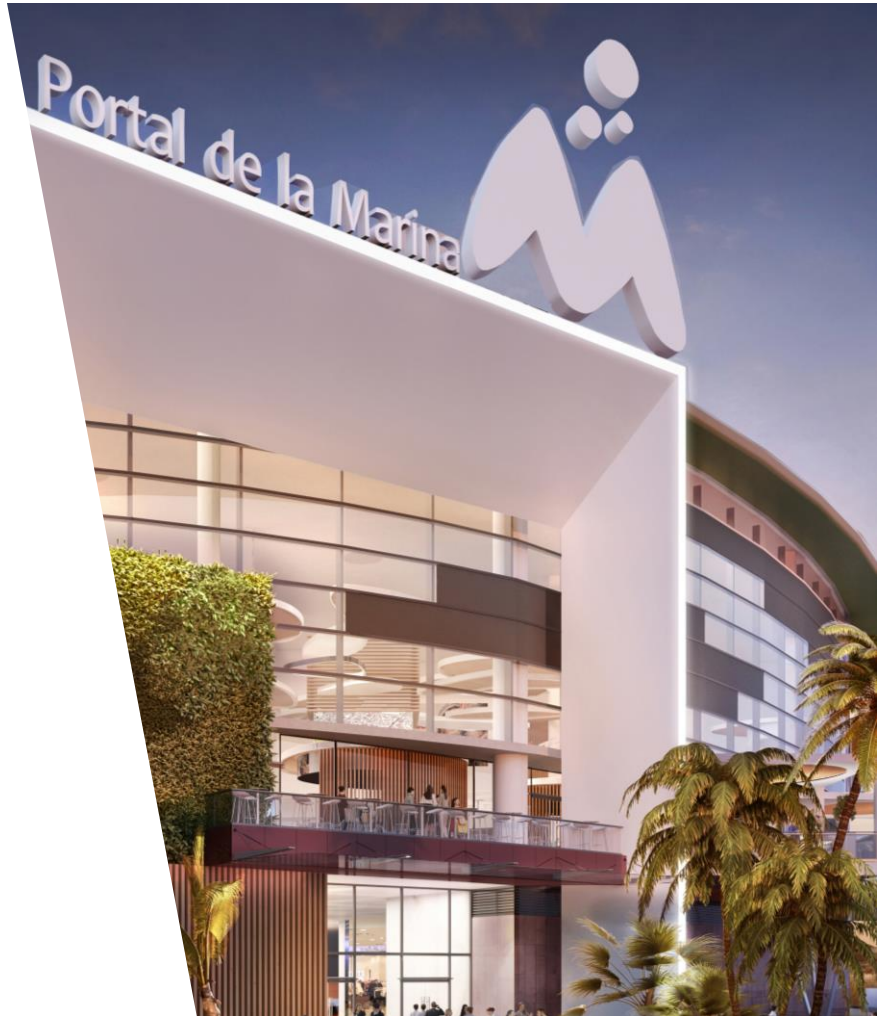
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Appendix 1  
Appendix 2



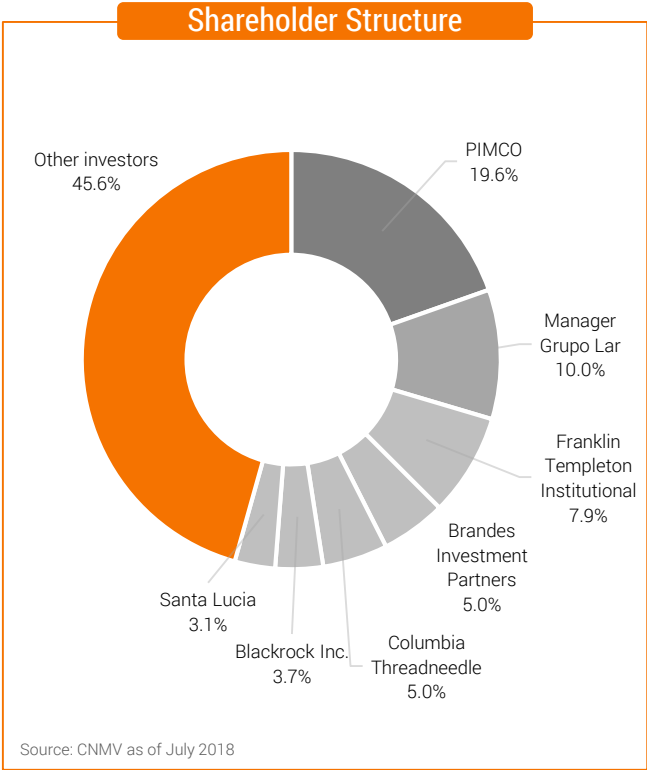
# 01

## 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



# 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

**Leticia Iglesias**

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

**Jon Armentia**

Corporate  
Manager

**Susana Guerrero**

Legal  
Manager

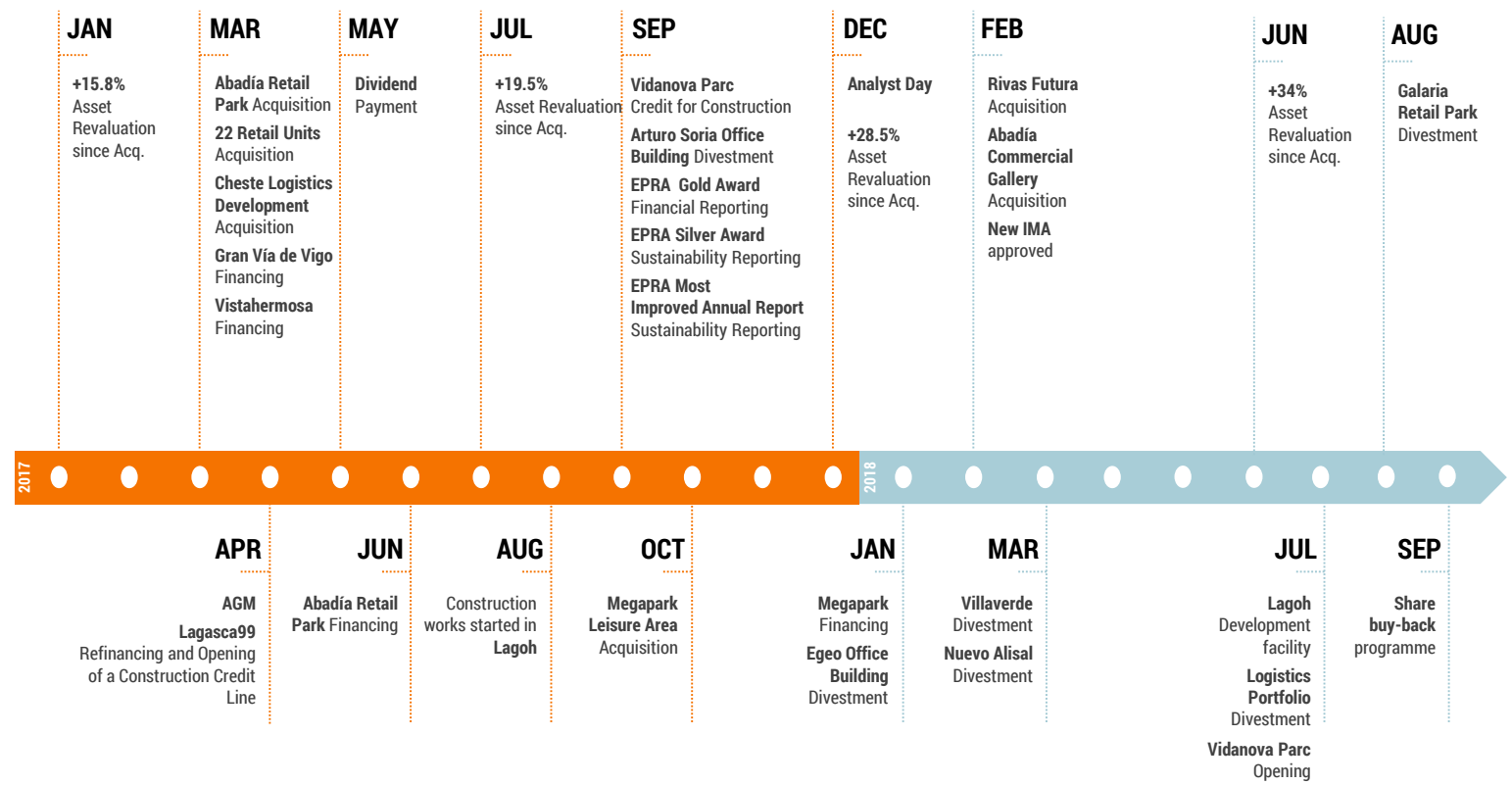
**Hernán San Pedro**

Head of Investor  
Relations

**José Díaz Morales**

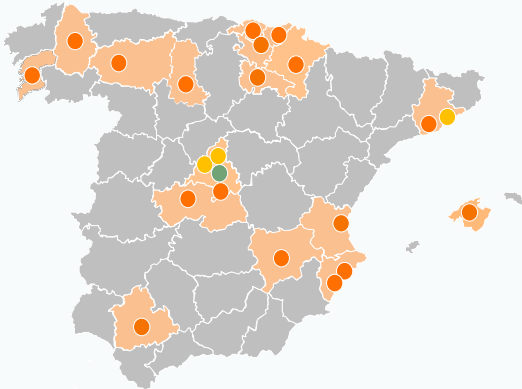
Internal Audit

# Major corporate milestones from 2017 & 2018 YTD



# Portfolio at a glance

87% of GAV concentrated in retail assets



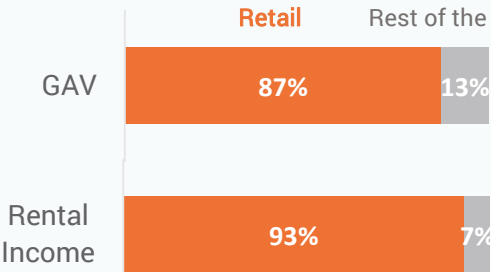
- Retail
- Offices
- Residential

Assets  
**23**  
2 acquisitions in 2018

GLA  
**631,448**  
sqm

**€1,526 Mn**  
Gross Asset  
Value

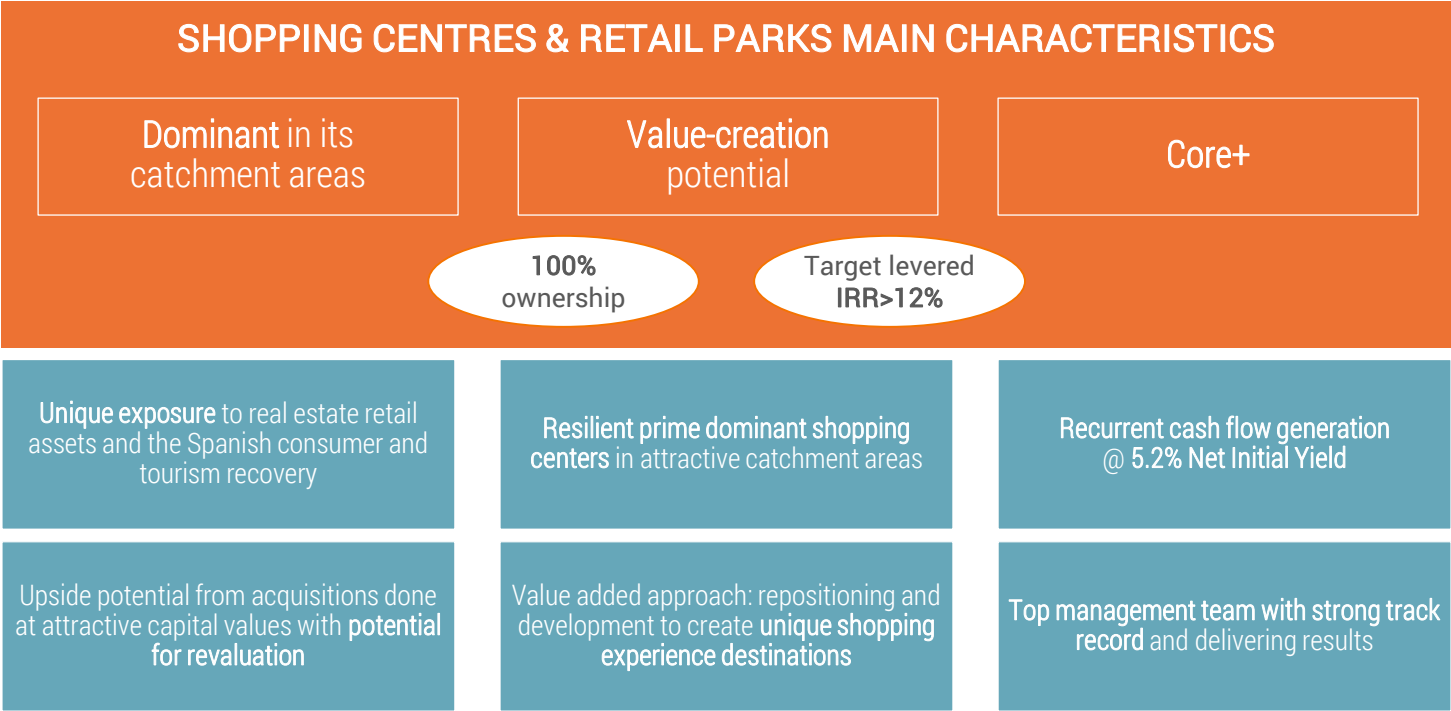
**€70 Mn**  
EPRA Annualised  
Net Rent



*Remaining offices  
portfolio and  
unique residential  
project in process  
of divestment*

# Investment Strategy focused on retail

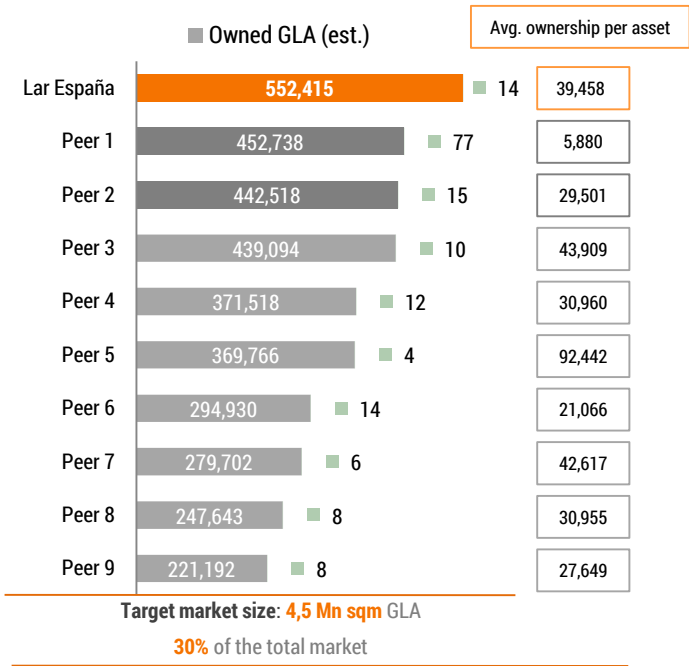
## Unique shopping centres & retail parks





# The value of a retail platform

## Main market players by owned GLA, including GLA under development<sup>1</sup>



Total of main competitors 3,671,515m sqm 168 assets

Lar España has consolidated among the top retail operators in Spain. Now, the target is to selectively increasing GLA to generate revenue synergies

RETAIL LEADERS IN SPAIN

#1 IN SPAIN  
sqm GLA<sup>1</sup>

#1 IN SPAIN  
Asset stake owned

#1 OWNER IN SPAIN  
retail parks

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

1. Considering opening date of assets under development until 2020. Source: CBRE & Lar figures at September 9th, 2018.  
Source: AECC 2017. 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

# Strong Transformation + Innovation



## Transformation Strategy



7%

Annualised tenant rotation rate

ATTRACT NEW AND INNOVATIVE TENANTS

>25k sqm

Rotated area 9M 2018

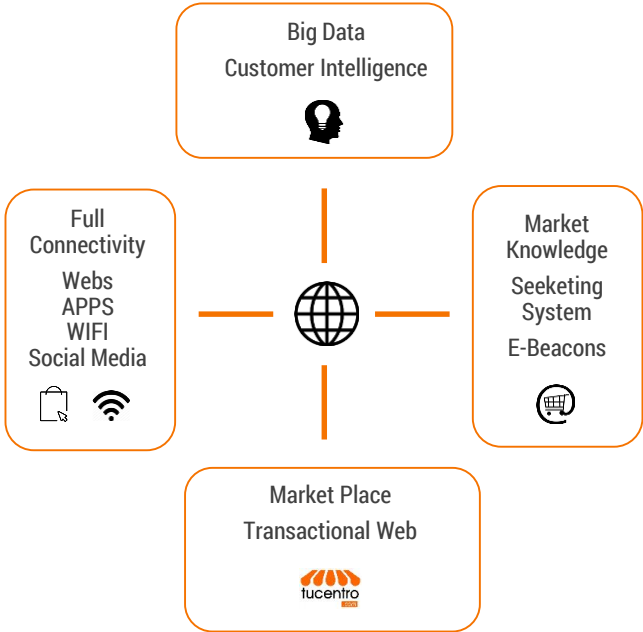
CREATE A WELL- BALANCED TENANT MIX

105

Relettings + New Lettings + Renewals in 9M 2018



## Digital Innovation



# 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



Whitehall  
GROSVENOR  
FORTRESS  
ROCKSPRING  
THE BAUPOST GROUP®  
Henderson  
GREENOAK  
Ivanhoe Cambridge  
Real Estate  
GE Capital  
MSREF  
SONAE  
la Caixa  
lar España Real Estate

# Business Plan Guidance 2018-2021

Target Returns	<ul style="list-style-type: none"><li>▪ <b>12% Target Annual Return</b> on investments</li></ul>	
Divestments	<ul style="list-style-type: none"><li>▪ <b>€403 Mn of divestments</b> From Office, residential and non-core retail assets</li></ul>	<div><div></div></div> 31% realized
	<ul style="list-style-type: none"><li>▪ <b>&gt;€119 Mn of divestments</b> From all logistics portfolio (100% realized)</li></ul>	<div><div></div></div> 100% realized
Capex Investment	<ul style="list-style-type: none"><li>▪ <b>Finance all existing capex commitments</b><ul style="list-style-type: none"><li>▪ Refurbishment of existing <b>assets: €66 Mn</b></li><li>▪ Developments: <b>€199 Mn</b></li></ul></li></ul>	
New Investments	<ul style="list-style-type: none"><li>▪ <b>€250 Mn of new investments</b> Mainly focused in retail assets</li></ul>	<div><div></div></div> 30% realized
Distributions <sup>1</sup>	<ul style="list-style-type: none"><li>▪ Ordinary dividend <b>5% of NAV</b></li><li>▪ <b>Maximise distributions</b> Extraordinary dividend Lagasca99 and other distributions linked to divestments</li></ul>	



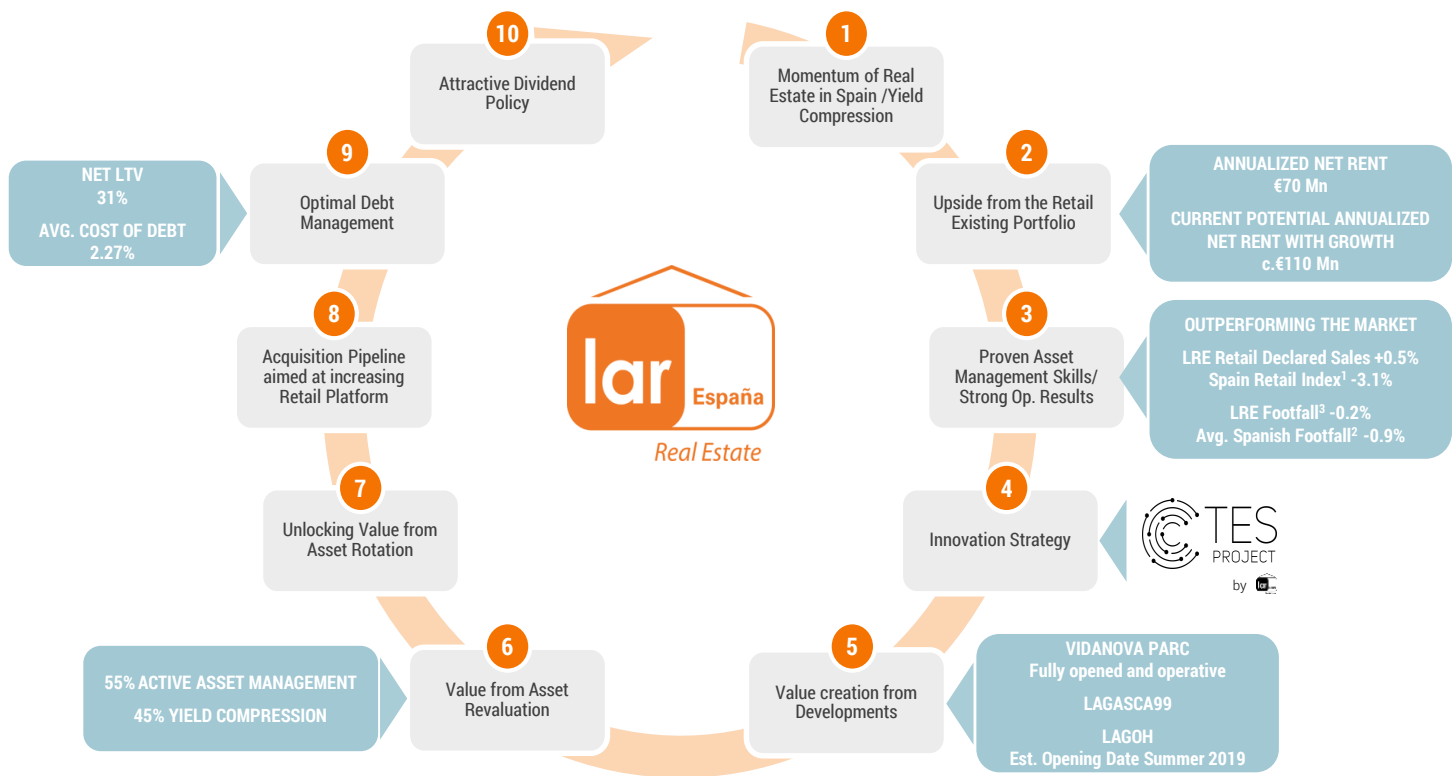
1. To be submitted to shareholders for approval

# 02

## Investment Highlights



# Top 10 Value Drivers



1. INE (National Statistics Institute). Spanish Retail Index.  
2. Shopper Trak Index.

# 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

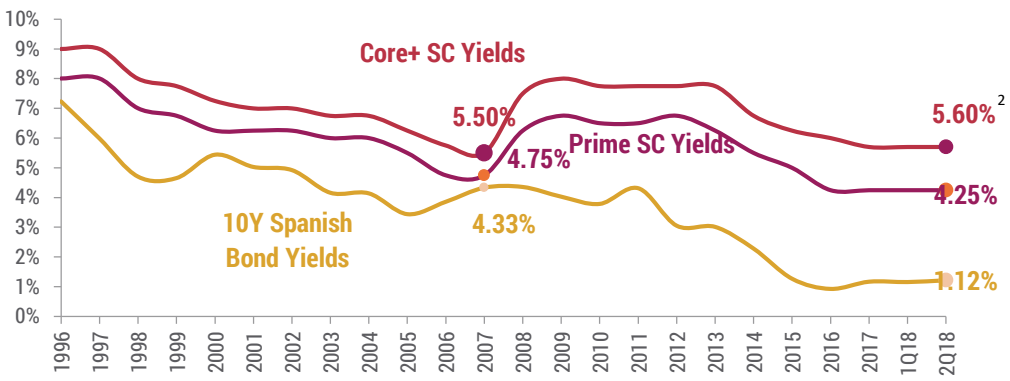
Future Investment supported by **largest yield Gap** in recent history
- 6

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**)

Spanish Shopping Centres yields <sup>1</sup>

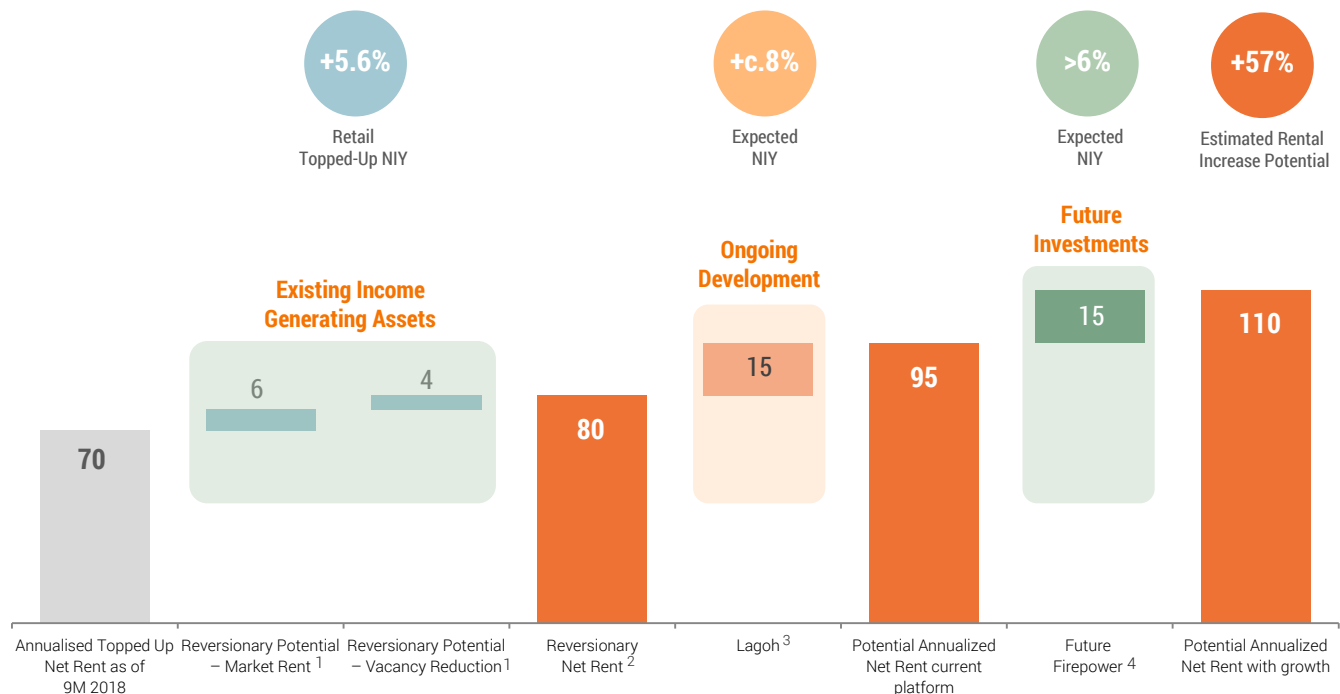


We estimate there is **room for compression** in the core plus segment

1. Source: JLL & Savills (Historical) & Grupo Lar (Forecast) / Bank of Spain (Actuals) & Bloomberg (Forecasts)  
2. Data estimated considering last market transactions in 2018



# Value Driver 2: Potential from the Existing Retail Portfolio



1. Illustrative potential additional rent calculated as the difference between the market net rent estimated by the Company's appraisal done by Cushman & JLL (ERV), as part of their valuation exercise and the annualized net rent obtained by the Company. Difference applied only to the current EPRA occupancy rate, considering the occupancy rate of the Company's properties as of 30 September 2018.

2. Illustrative potential additional rent in 2018 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.

3. Potential rent that may be derived from certain of the Company's assets under development (Lagoh) based on the announced yield at the moment of its acquisition as applied to the acquisition price and building capex

4. According to BP



# Value Driver 2: Capex, a tool to create value

Ongoing Refurbishments	Est. Capex	% Execution
Megapark	€6.5 Mn	90% executed Phase I
Portal de la Marina	€3.2 Mn	50% executed
As Termas	€1.4 Mn	35% executed
Gran Vía de Vigo	€0.9Mn	50% executed

## Albacer Shopping Centre (refurbished)

Renovation of its entrances and create dynamic, feel-good and urban spaces, by **remodeling the retail and dining areas.**

The refurbishment, which began in November 2017, took 7 months to complete.

## Eloy Gonzalo Office Building (refurbished)

**Full-scale interior refurbishment**, including all the facilities, the property has maintained its classical essence, while enhancing its overall appeal.

**It was fully leased prior to completion of the refurbishment works.** Its anchor tenant, **WeWork**, occupies floors 1 to 6 of the building.

	Pre-refurbishment	Post-refurbishment	Growth
EPRA topped-up net rent	€3.2 Mn	€3.5 Mn	+8.3%
Market Value	€52.1 Mn	€57.9 Mn	+11.3%

	Pre-refurbishment	Post-refurbishment	Growth
EPRA topped-up net rent	€0.3 Mn	€1.6 Mn	+411.2%
Market Value	€15.0 Mn	€39.4 Mn	+162.7%

Performance since re-opening

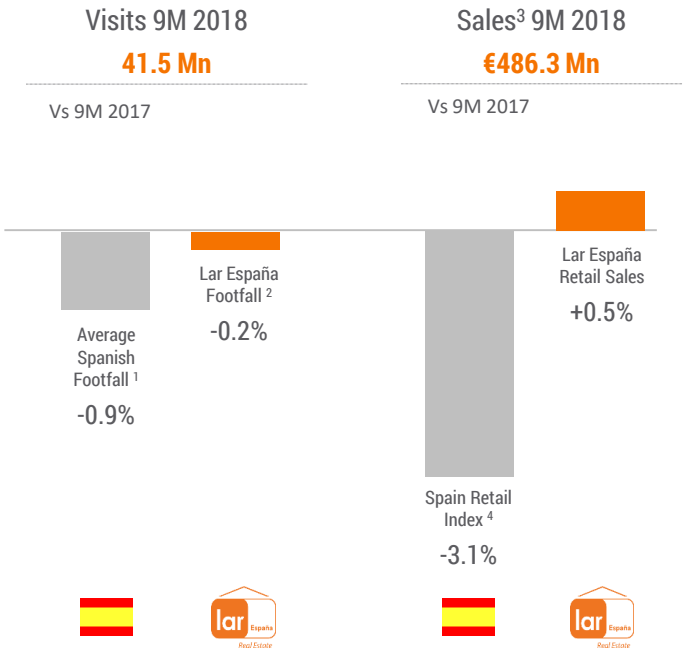
+3%  
Footfall

+11%  
Total Sales

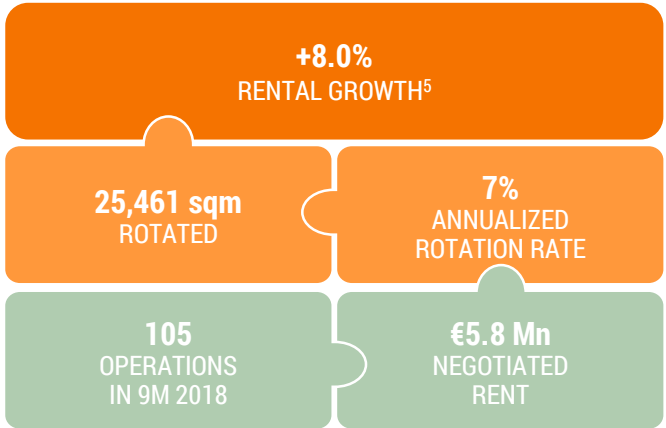


# Value Driver 3: Strong operating results

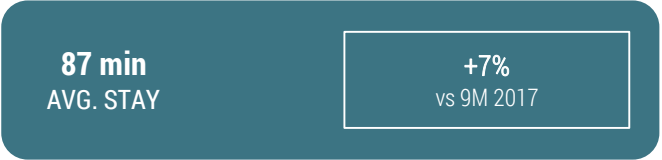
Lar España continues outperforming the market, despite 4 shopping centres under refurbishment



Letting activity at the core of the strategy



New generation retail: New metric



1. Shopper Trak Index  
2. Affected by refurbishments during the year  
3. Declared sales  
4. INE (National Statistics Institute). Spanish Retail Index.  
5. Excluding the following renewals: ECI in MGP, H&M in ROS and H&M in AST

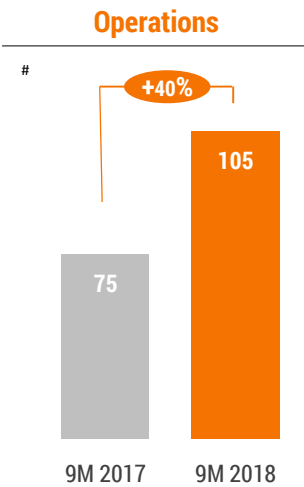
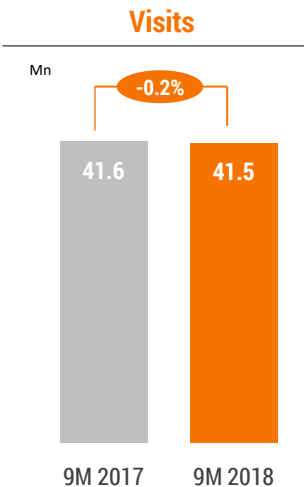
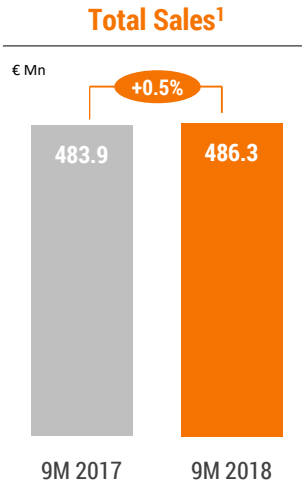
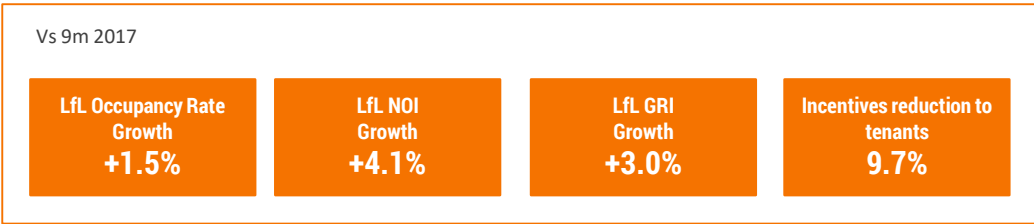
# Value Driver 3: Strong operating results

All figures refer to 9M 2018 period

Active Asset & Tenant Management  
+  
Smart Capex in Operating Assets



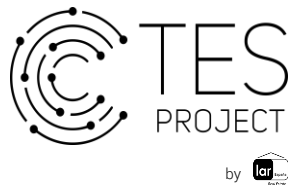
Retail Invested Capex  
9M 2018



1. Declared sales

# Value Driver 4: Innovation Strategy

## Disruptive projects differentiating among our competitors

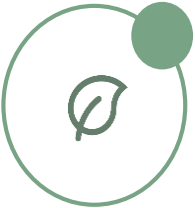


Lar España is leading the digital transformation in the Spanish retail sector

DIGITALISATION

EXPERIENCE

ESG



TECHNOLOGY

ENGAGEMENT

SUSTAINABILITY (ESG)







### Successful shopping centres performance

Winning assets in a moment of change and opportunity



Value Driver 4: Innovation Strategy

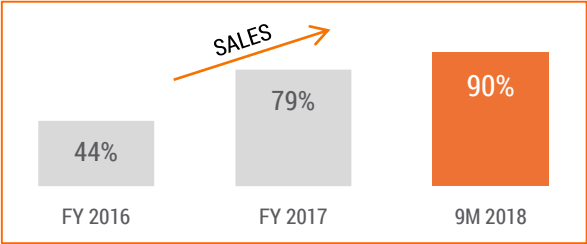
Disruptive projects differentiating among our competitors

<div>DIGITALIZATION &amp; 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"><li>- First drone tournament</li><li>- "The Cube"</li></ul></div>	<div>Customer Journey</div> <div>Implementation of a research program, in 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 – Lagasca99

New residential concept  
in the centre of Madrid

€203 Mn  
Valuation<sup>1</sup>



Most units' deliveries expected  
before 2018 Year-End

Special dividend  
announced

Avg. Price  
c.11,300 €/sqm

Plot with 4 façades that features  
**44 apartments**  
with an average floor area of 400-450 sqm

1. Valuation as of 30<sup>th</sup> September 2018 for 100% of the development. 50% owned by Lar España.

# Value Driver 5: Developments – VidaNova Parc

VidaNova Parc fully opened in September  
Tenants impressed by initial sales figures

Tenants  
sales  
above estimates

100%  
GLA leased

>170,000  
visitors  
1<sup>st</sup> week

DECATHLON

worten

Conforama

LEROY MERLIN

CASA

C&A

FIFTY FACTORY  
(GRUPO CORTÉZ)

Norauto

YELMO  
CINES

Urban Planet

BURGER  
KING

KFC

parisse play

VIPS

VOLAPIÉ

LIZARRAN

GINOS



45,773 Sqm  
GLA

€49.0 Mn  
Total Investment

€61.6 Mn  
Valuation<sup>1</sup>

+40  
leader brands

€5 Mn  
Exp. Annual Rent<sup>2</sup>

6 Mn  
Exp. Visitors 1<sup>st</sup> year

1. Valuation as of 30<sup>th</sup> September 2018.  
2. Stabilized gross rent.

# Value Driver 5: Developments – Lagoh

Excellent location,  
4 km from Seville's city centre

Summer  
2019  
Opening

76%  
GLA signed and committed

  
**FIVE GUYS**

  
Massimo Dutti

  
MediaMarkt

  
McDonald's



8 Inditex  
Brands signed





14 Mn/year  
Exp. Visits

c.200  
Tenants

€106.2 Mn  
Valuation<sup>1</sup>

1.5 Mn inhabitants  
Great catchment area

c.15 Mn  
Exp. Annual Rent<sup>2</sup>

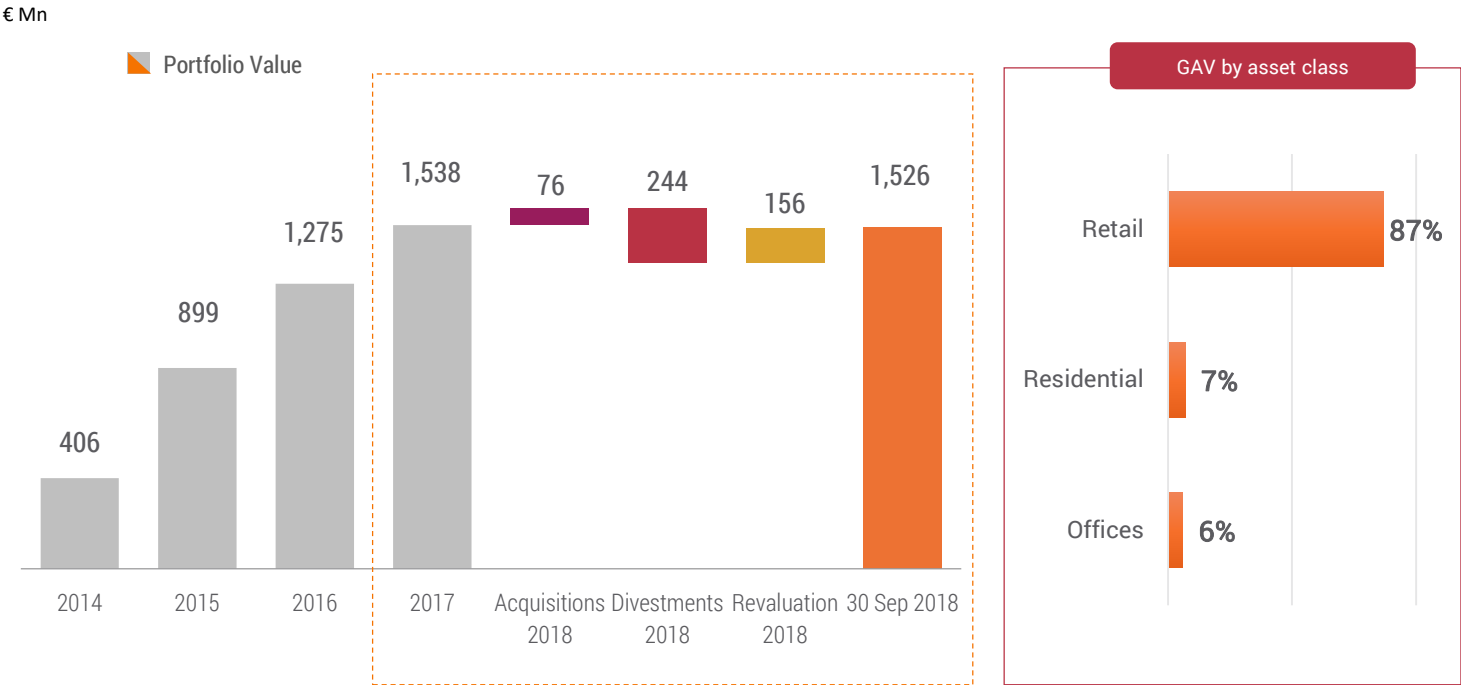
€151.6 Mn  
Estimated  
construction cost

1. Valuation as of 30<sup>th</sup> September 2018.  
2. Stabilized gross rent.

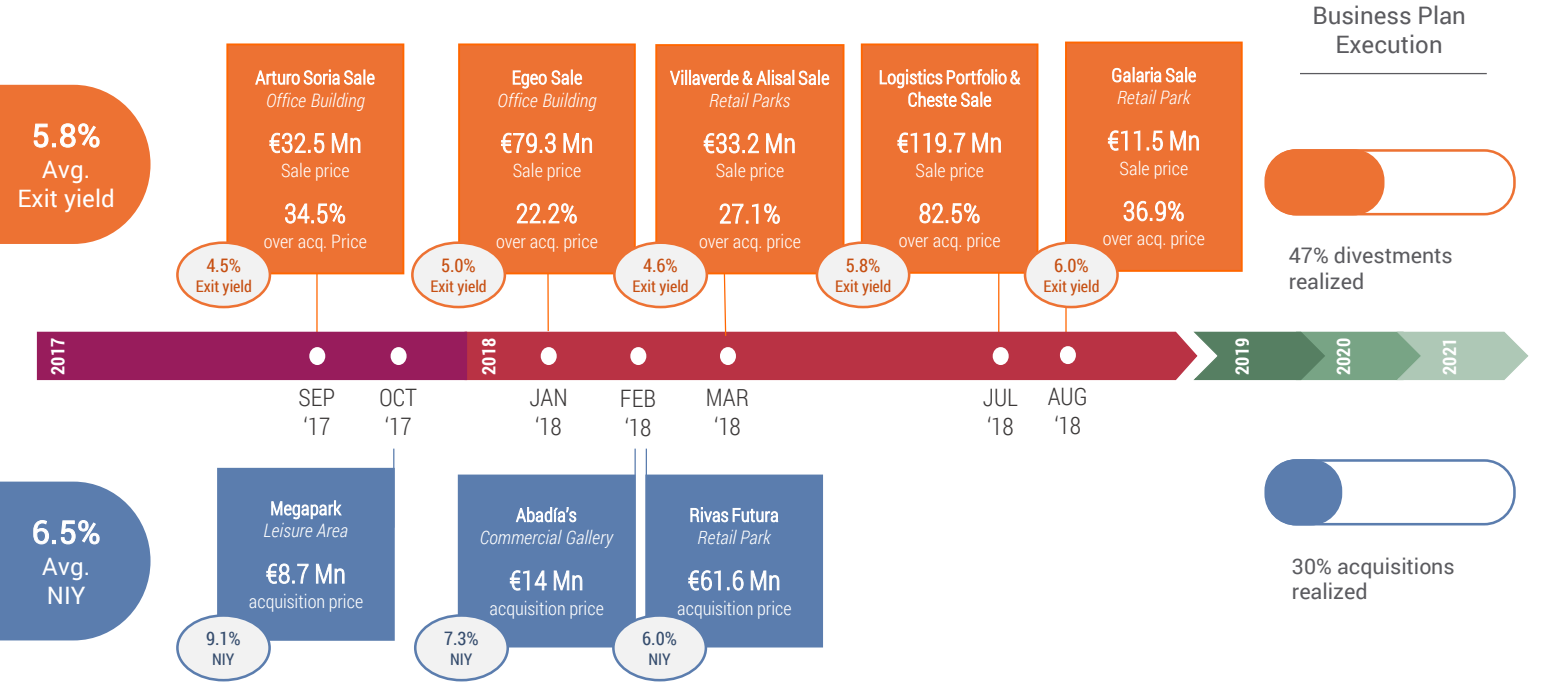




# Value Driver 6: Attractive valuation of the existing portfolio 9M 2018



# Value Driver 7: Asset rotation policy aimed at maximizing returns




# Value Driver 7: Asset rotation policy aimed at maximizing returns

Remaining non-core assets will add value in the coming months



OFFICES

VALUATION<sup>1</sup>  
€97.5 Mn





MARCELO SPÍNOLA

VALUATION<sup>1</sup>  
€38.5 Mn



ELOY GONZALO


VALUATION<sup>2</sup>  
€39.4 Mn



100%  
Occupancy



JOAN MIRÓ


VALUATION<sup>1</sup>  
€21.5 Mn




LAGASCA99

VALUATION<sup>3</sup>  
€203 Mn





1. Valuation as of 30<sup>th</sup> June 2018  
2. Valuation as of 30<sup>th</sup> September 2018  
3. Valuation as of 30<sup>th</sup> September 2018 for 100% of the development. 50% owned by Lar España.



# 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

## €250 Mn of new investments

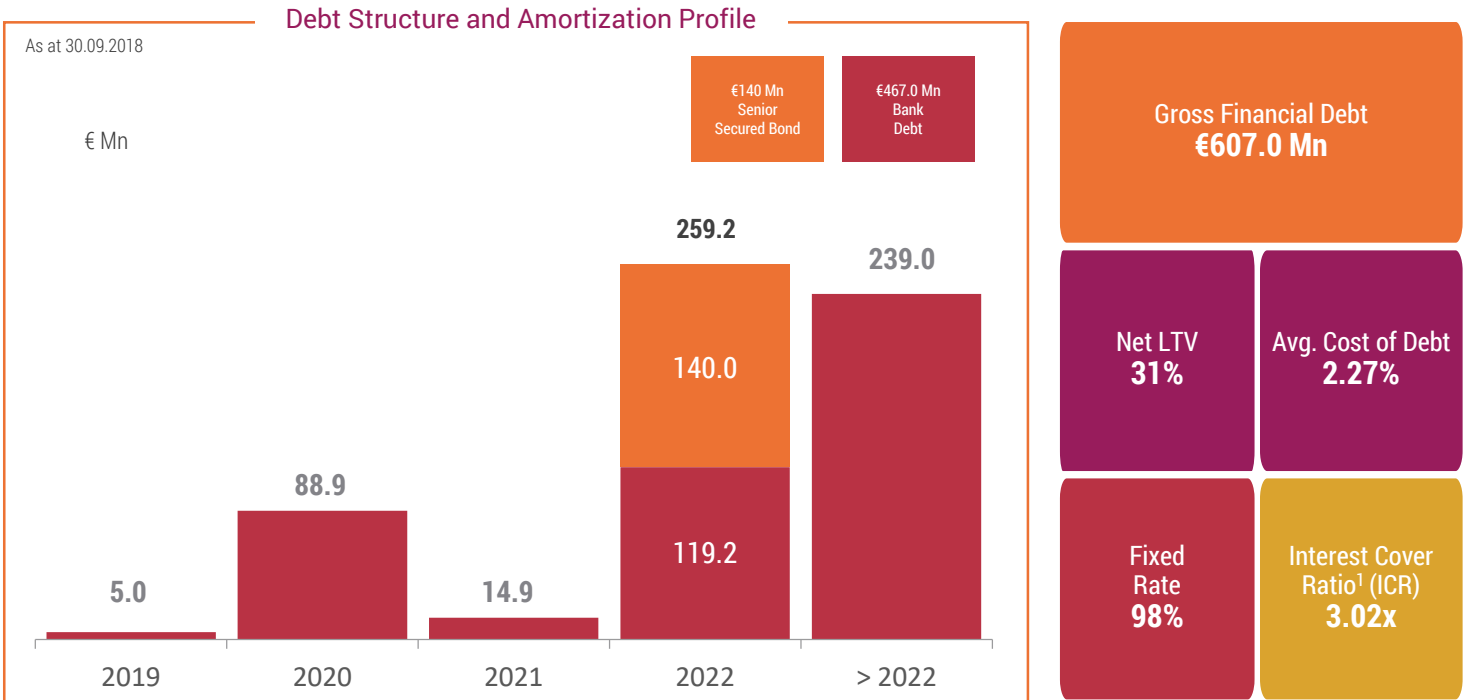
Last Acquisitions			
	Asset Class	Aprox. GLA	Location
Megapark Leisure Area	Retail	6,200	Baracaldo (Bilbao)
Abadía's Commercial Gallery	Retail	37,000	Toledo
Rivas Futura	Retail	36,447	Madrid

### BUSINESS PLAN



30% acquisitions realized

# Value Driver 9: Debt management as a means of value creation

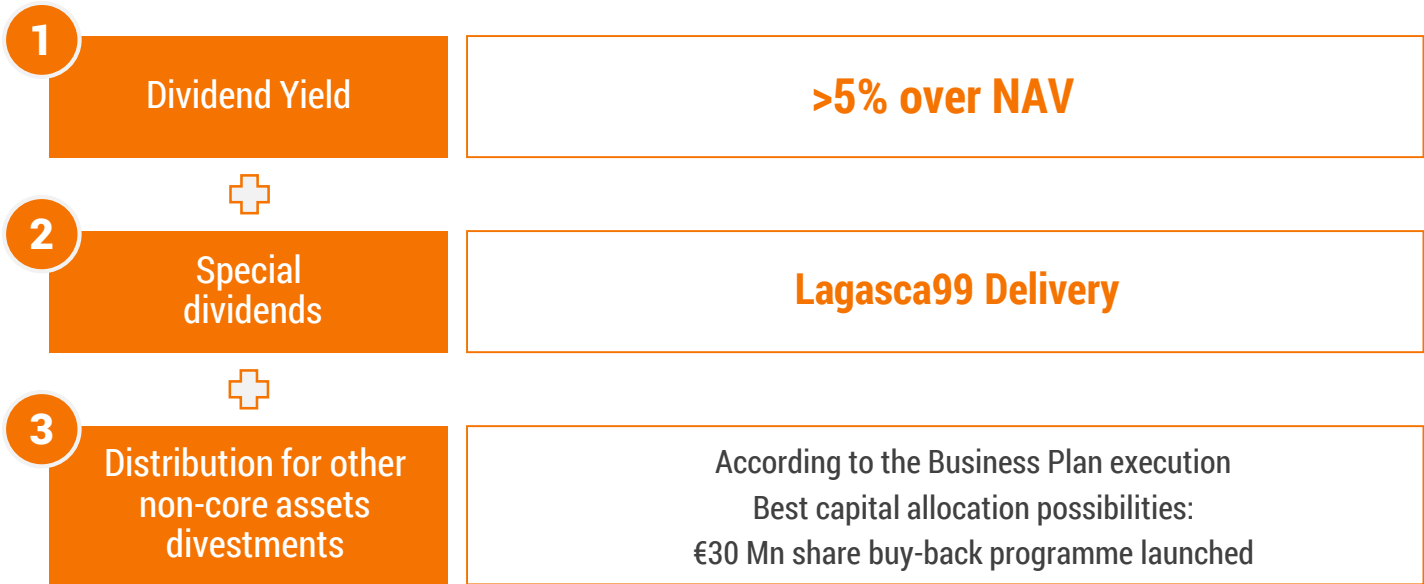


1. EBITDA (pre-revaluation) / Interest expenses as at 9M 2018

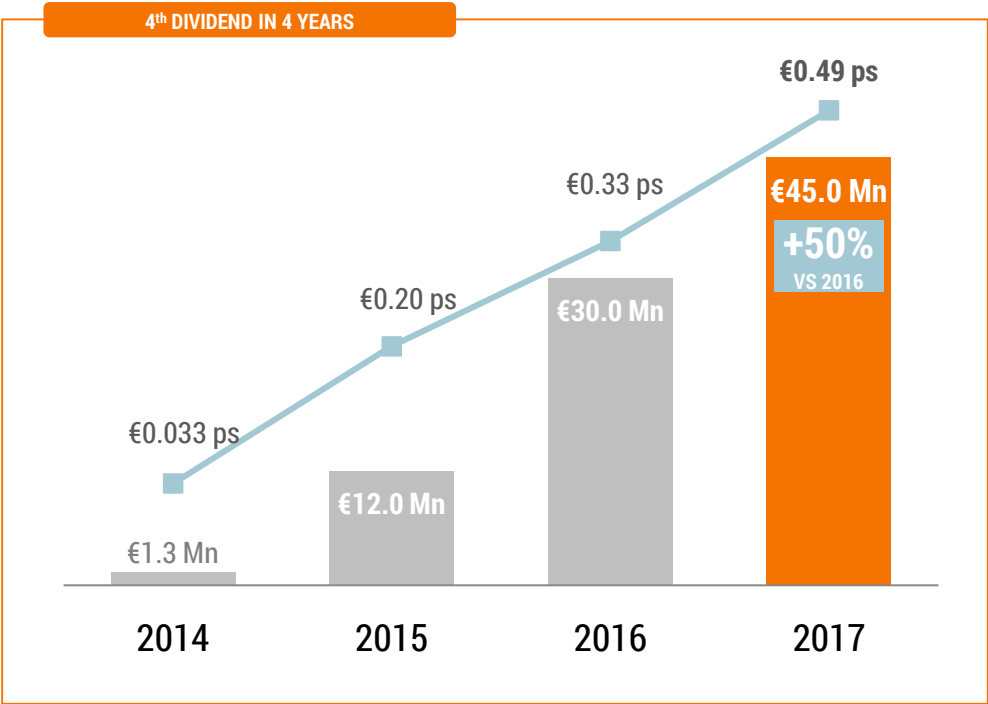
# Value Driver 10: Predictable and sustainable dividend distribution policy

## 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



# Value Driver 10: Consistent dividend growth per share



€45.0 Mn  
2017 DIVIDEND

5.1%  
DIVIDEND YIELD  
ON NAV<sup>1</sup>

Dividend approved by the AGM  
and to be paid on  
**18<sup>th</sup> MAY**

IBEX TOP DIVIDENDO

Member since 5<sup>th</sup> February 2018

**LAGASCA 99**  
SPECIAL DIVIDEND  
2018 RESULTS

1. 2017's average quarterly EPRA NAV






# 03

## Financial Results 9M 2018



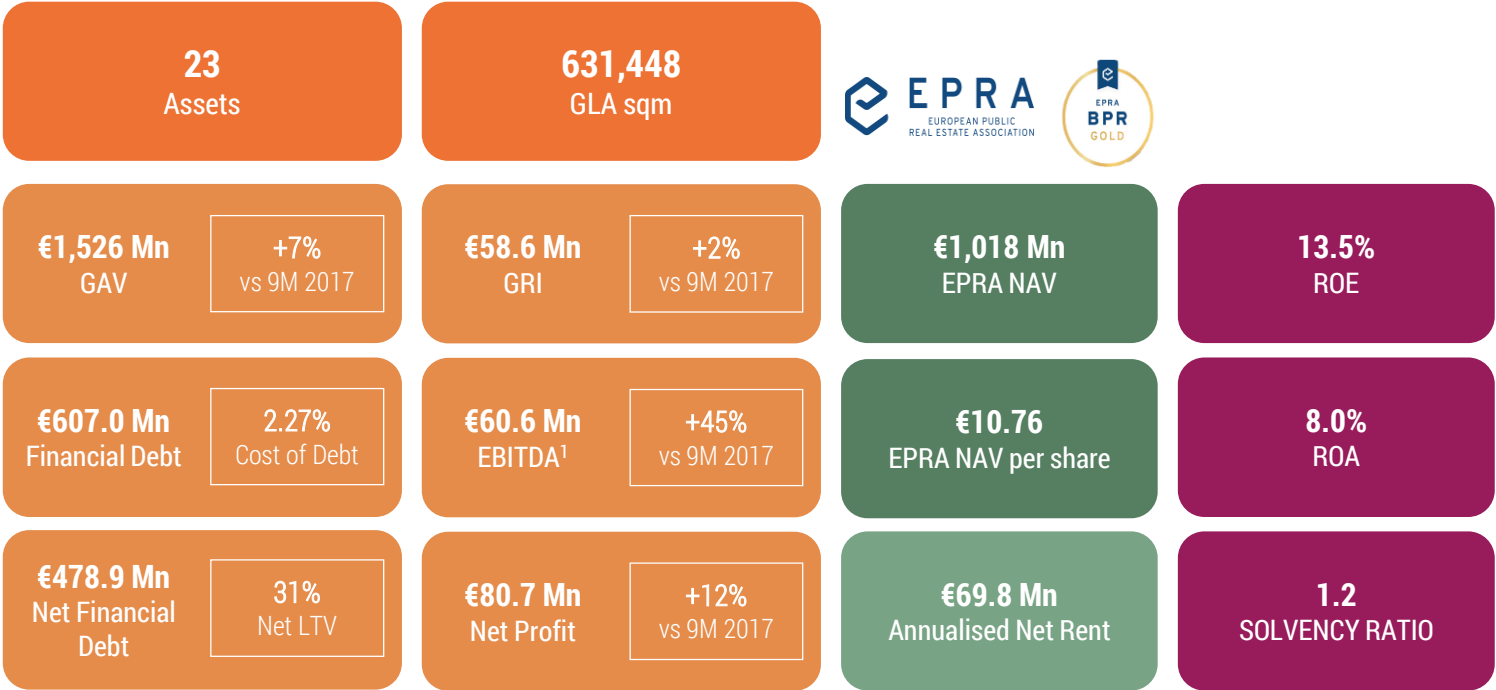


## Solid company performance in 9M 2018

 <p><b>OPERATING RESULTS</b></p>	<p><b>+12%</b> in Net Profit</p> <p><b>+44%</b> in Property Operating Result<sup>1</sup></p>	<p><b>21%</b> Developments &amp; refurbishment revaluation since June 2018</p>	<p><b>€10.76 NAV p.s.</b> <b>+13% vs 9M 2017</b></p>	<p><b>11 quarters</b> outperforming the Spanish market in sales &amp; footfall</p>
 <p><b>DEVELOPMENTS &amp; REFURBISHMENTS</b></p>	<p><b>VidaNova Parc</b> <b>fully opened &amp; operative</b> 100% GLA signed</p>	<p><b>Lagoh</b> <b>76%</b> of GLA signed &amp; committed</p>	<p><b>Lagasca99</b> <b>90%</b> already sold</p>	<p><b>Eloy Gonzalo</b> <b>100%</b> occupancy reached</p>
 <p><b>ASSET ROTATION</b></p>	<p><b>€243.7 Mn</b> 2018 divestments <b>47% of Business Plan</b></p>	<p><b>€75.6 Mn</b> 2018 acquisitions <b>30% of Business Plan</b></p>	<p><b>€119.7 Mn</b> in logistics portfolio disposal <b>83% over acq. price</b></p>	<p><b>€11.5 Mn</b> Galaria divestment <b>37% over acq. price</b></p>
 <p><b>2018 FINANCINGS</b></p>	<p>Lagoh Financing <b>c.€100 Mn</b> development facility</p>	<p>Rivas Futura Financing <b>€27.5 Mn</b> Mortgage Loan</p>	<p>Abadía Com. Gallery Financing <b>€8.7 Mn</b> Mortgage Loan</p>	<p>EIB New Credit Line <b>€70 Mn</b> October 2018</p>
 <p><b>CORPORATE</b></p>	<p><b>&gt;5% Dividend yield over avg. NAV</b> Special dividend Lagasca99 <b>€30 Mn Share Buy-Back Programme</b></p>	<p><b>Grupo Lar</b> reinforces its stake in Lar España up to <b>10%</b></p>	<p><b>BREEAM®</b> 8 In-Use "Very Good" Certificated 2 In-Use "Good" Certificated 3 New-Build, "Very Good" rating</p>	

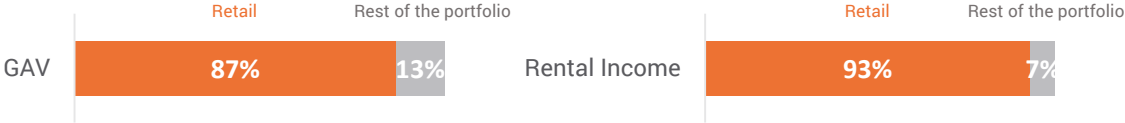
1. Pro-forma pre-divestment and pre-performance fee

# Successful & strong financial key figures delivered in 9M 2018

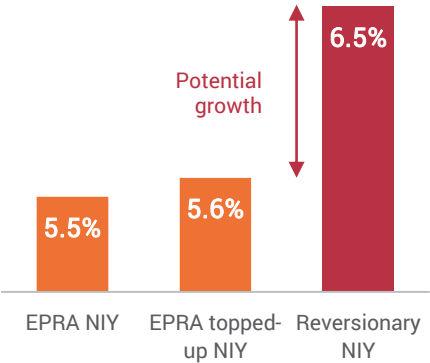


1. Pro-forma pre-divestment and pre-performance fee

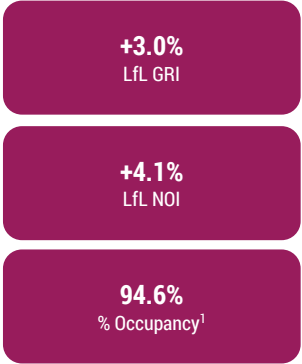
# Solid retail performance & robust operating results in 9M 2018



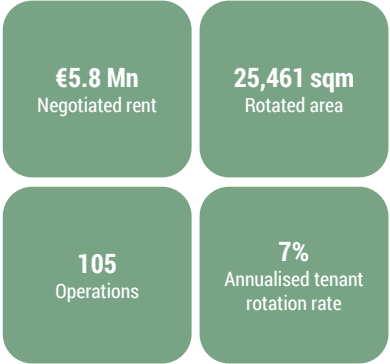
Retail yields



Operating results



Commercial activity



1. Ratio calculated under EPRA recommendations

## Consolidated Income Statement (€ Millions)

	P&L		Chg% 9M 2018/17	RECURRING		NON-RECURRING	
	9M 2018	9M 2017		9M 2018	9M 2017	9M 2018	9M 2017
Rental Income	58.6	57.2		58.6	57.2	-	-
Other Income	3.1	1.6		3.1	1.6	-	-
Property Operating Expenses	(10.3)	(9.6)		(10.3)	(9.6)	-	-
Base Fee	(6.5)	(6.8)		(6.5)	(6.8)	-	-
Gain/(Loss) on Disposal of Investment Properties	20.6	2.8		-	-	20.6	2.8
<b>Property Operating Result<sup>1</sup></b>	<b>65.5</b>	<b>45.4</b>		<b>44.9</b>	<b>42.5</b>	<b>20.6</b>	<b>2.8</b>
Corporate Expenses	(4.9)	(4.2)		(2.5)	(2.5)	(2.4)	(1.6)
Other Results	-	0.7		-	-	-	0.7
<b>EBITDA<sup>1</sup></b>	<b>60.6</b>	<b>41.9</b>		<b>42.3</b>	<b>40.0</b>	<b>18.2</b>	<b>1.9</b>
Changes in the Fair Value of investment properties	59.6	46.9		-	-	59.6	46.9
Amortisation Expenses	(0.2)	-		(0.2)	-	-	-
<b>EBIT<sup>1</sup></b>	<b>120.0</b>	<b>88.8</b>		<b>42.1</b>	<b>40.0</b>	<b>77.8</b>	<b>48.8</b>
Financial Result	(10.6)	(7.9)		(10.3)	(7.9)	(0.3)	-
Share in Profit/ (Loss) for the Period of Equity-Accounted Companies	(0.8)	(1.1)		(0.8)	(1.1)	-	-
<b>EBT<sup>1</sup></b>	<b>108.5</b>	<b>79.7</b>		<b>30.9</b>	<b>31.0</b>	<b>77.5</b>	<b>48.8</b>
Income Tax	(2.0)	-		-	-	(2.0)	-
<b>Profit for the Period (Pre Divestment/Performance Fee)</b>	<b>106.5</b>	<b>79.7</b>		<b>30.9</b>	<b>31.0</b>	<b>75.5</b>	<b>48.8</b>
FFO (EBITDA – Financial Result) <sup>1</sup>	50.0	34.0		32.0	32.1	17.9	1.9
Performance Fee (Non-cash accrued provision)	(7.9)	(7.6)		-	-	(7.9)	(7.6)
Divestment Fee (One-off due to Assets sold during 2018)	(17.9)	-		-	-	(17.9)	-
<b>Profit for the Period (Post Divestment/Performance Fee)</b>	<b>80.7</b>	<b>72.2</b>		<b>30.9</b>	<b>31.0</b>	<b>49.7</b>	<b>41.2</b>

1. Pro-forma pre-divestment and pre-performance fee

Note: 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
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## 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

**Lagasca99:** 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

	<b>Megapark</b> Bilbao	<b>Gran Vía</b> Vigo	<b>P. Marina</b> Alicante	<b>El Rosal</b> Ponferrada	<b>Lagoh</b> Seville <i>Development</i>	<b>Anec Blau</b> Barcelona	<b>As Termas</b> Lugo	<b>Abadía</b> Toledo
								
<b>Market Value</b> (Jun 2018)	€217.9 Mn	€165.0 Mn	€122.5 Mn	€109.0 Mn	€106.2 Mn <sup>1</sup>	€95.9 Mn	€85.6 Mn	€80.9 Mn
<b>GLA (Sqm)</b>	83,366	41,446	40,158	51,155	100,000 <sup>3</sup>	28,632	35,127	43,154
<b>Acquisition Date</b>	19 Oct '15 27 Oct '17	15 Sep '16	30 Oct '14 9 Jun '15 30 Mar '16	7 Jul '15	1 Mar 16	31 Jul '14	15 Apr '15 28 Jul '15	27 Mar '17 20 Feb '18
<b>Acquisition Price</b>	€178.7 Mn	€141.0 Mn	€89.2 Mn	€87.5 Mn	€40.5 Mn	€80.0 Mn	€68.8 Mn	€77.1 Mn
<b>EPRA NIY<sup>2</sup></b>	5.1%	5.6%	5.7%	5.6%	>8% <sup>4</sup>	4.8%	5.7%	5.8%
<b>Occupancy Rate<sup>2</sup></b>	91.9%	99.1%	93.5% <sup>5</sup>	94.9%	-	90.1% <sup>5</sup>	95.1%	99.0%

1. As of September 2018

2. Based in EPRA standards

3. Retail and family leisure space

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

5. The property is undergoing significant refurbishments meaning that some units are being vacated temporarily

# Retail Assets

**Rivas**  
Madrid



**Vidanova Parc**  
Valencia



**Albacenter**  
Albacete



**Vistahermosa**  
Alicante



**Other Assets<sup>3</sup>**

Market Value (Jun 2018)	€65.4 Mn	€61.6 Mn <sup>1</sup>	€57.9 Mn	€49.7 Mn	€103.0 Mn
GLA (Sqm)	36,447	45,773	27,890	33,363	44,888
Acquisition Date	6 Feb '18	3 Aug '15	30 Jul '14 19 Dec '14	16 Jun '16	NA
Acquisition Price	€61.6 Mn	€14.0 Mn	€39.9 Mn	€42.5 Mn	€87.0 Mn
EPRA NIY <sup>2</sup>	5.4%	6.0%	4.8%	5.7%	6.9%
Occupancy Rate <sup>2</sup>	90.1%	100%	94.0%	92.2%	97.2%

1. As of September 2018

2. Based in EPRA standards

3. Includes 22 retail units, Txingudi and Las Huertas

# Offices and Residential

## Offices



## Residential

### Lagasca99



Market Value (Jun 2018)	€99.4 Mn <sup>1</sup>	Market Value (Sep 2018)	€203.0 Mn <sup>3</sup>
GLA (Sqm)	23,816	GLA (Sqm)	26,203
Acquisition Date	NA	Acquisition Date	30 Jan '15
Acquisition Price	€51.4 Mn	Acquisition Price	€50.1 Mn <sup>4</sup>
EPRA NIY <sup>2</sup>	0.1%	Construction Period	2016-2018
Occupancy Rate <sup>2</sup>	40.6%	Commercialization rate	90%

1. Market value as of June 2018, except for Eloy Gonzalo as of September 2018.

2. Based in EPRA standards

3. Valuation for 100% of the development (50% owned by Lar España)

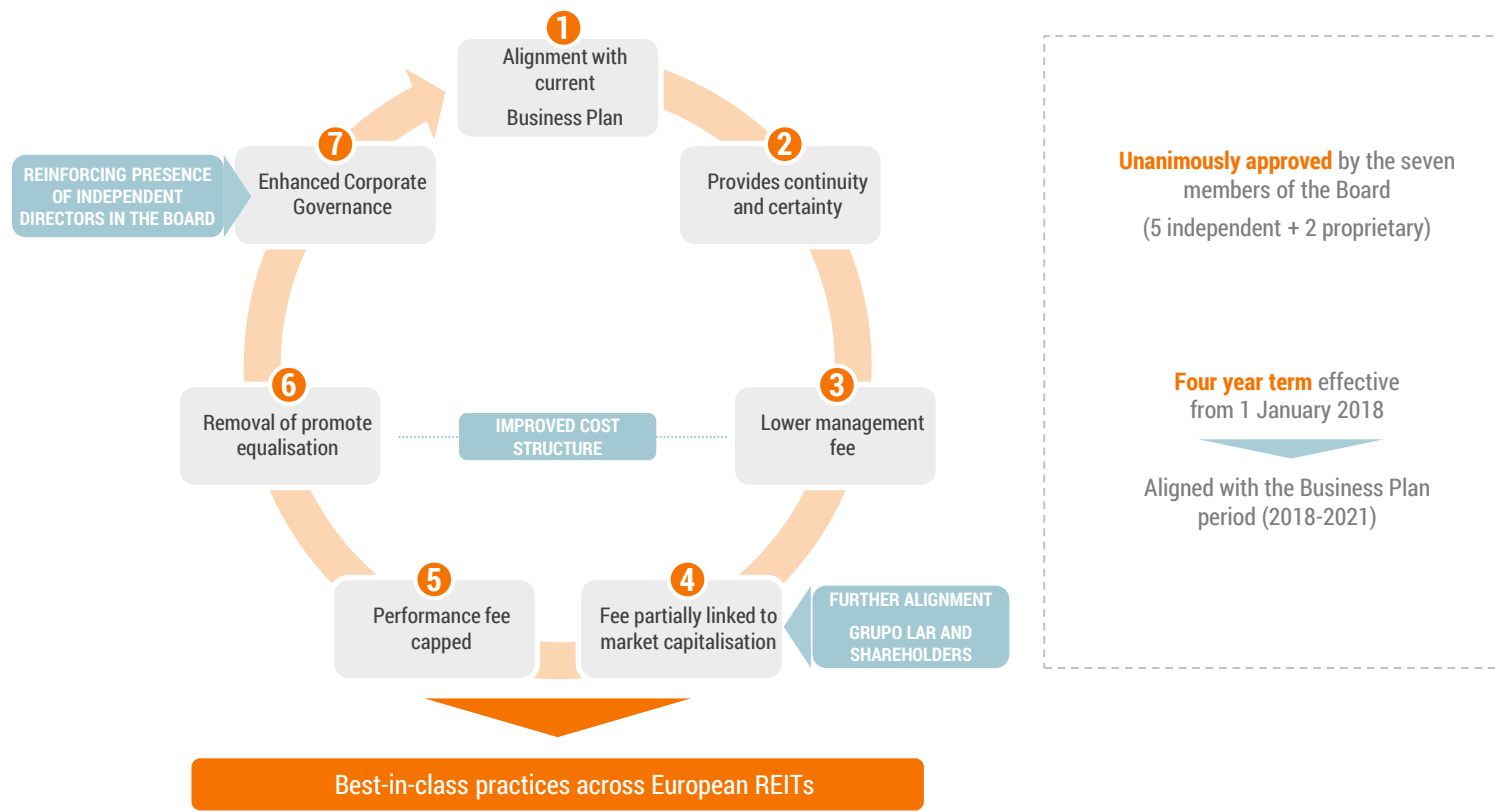
4. Cost of land + urbanization costs. Corresponds to the 50% of the JV with Pimco

# 05

## Appendix 2



# Highlights of the Investment Management Agreement



# 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 uplift<sup>1</sup>** 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

## 2018 EPRA BPR & sBPR Awards



First SOCIMI to be awarded with the **"EPRA GOLD AWARD"** in Financial Reporting for the **4<sup>th</sup> consecutive year**



Recognized with the **"EPRA Gold Award"** in Sustainability Best Practices

## 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



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

## Accessibility Certification



**Eloy Gonzalo office building:**  
Refurbishment project certified with the **AENOR Universal Accessibility certification<sup>1</sup>**



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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