



CORPORATE PRESENTATION



The Spanish Retail Specialist

www.larespana.com

October 2018

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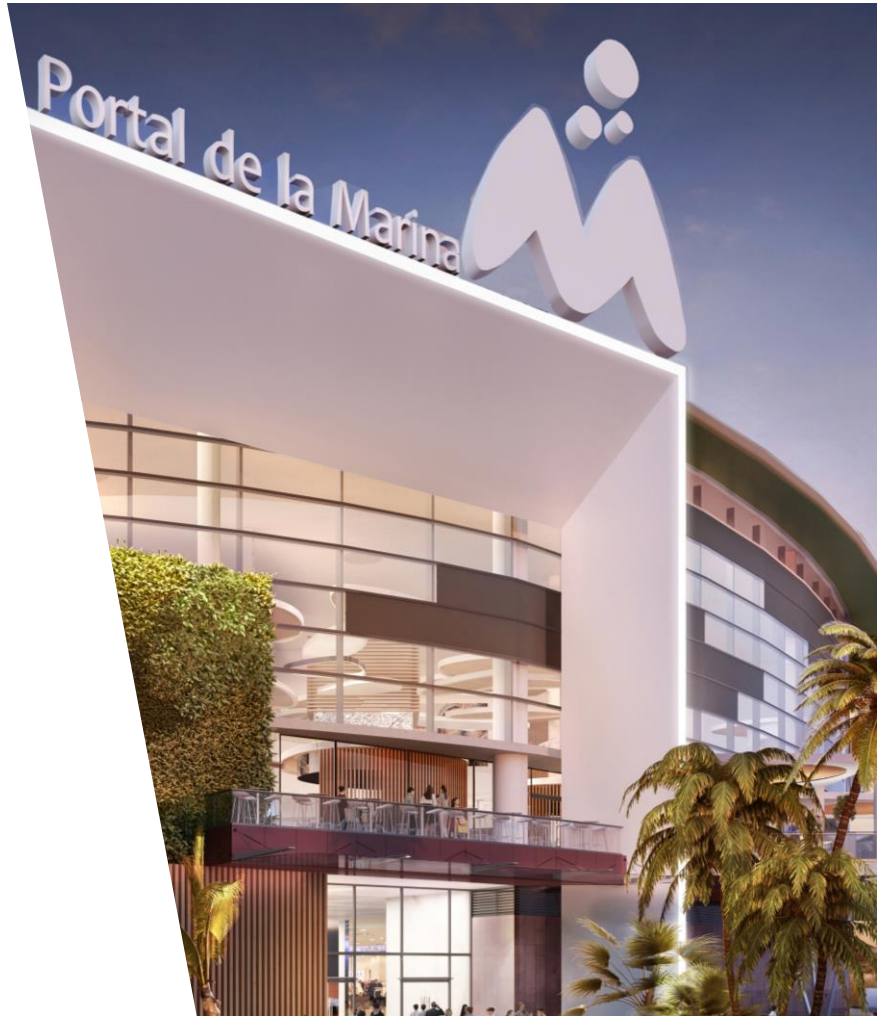
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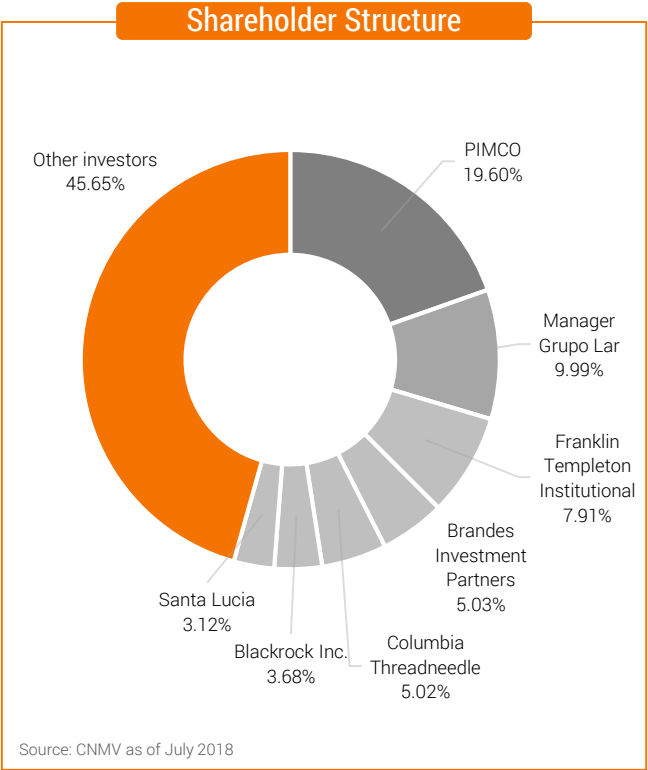
01

Company Description



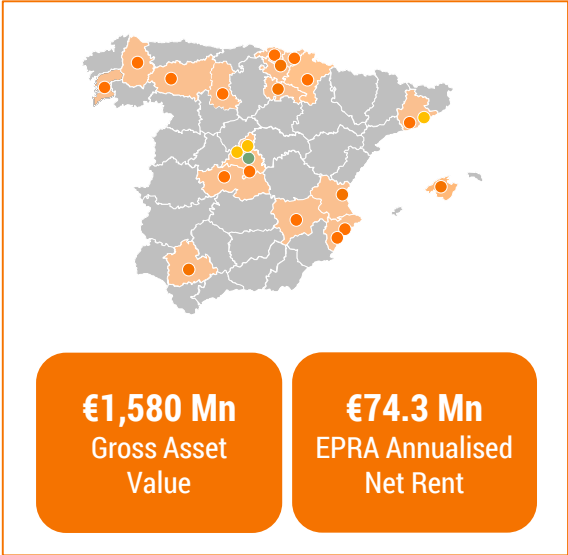
Snapshot

- ▶ 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

Unique shopping centres & retail parks



SHOPPING CENTRES & RETAIL PARKS MAIN CHARACTERISTICS

Dominant in their catchment areas	Value-creation potential	Core+
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 @ 5.4% Net Initial Yield
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	Top management team with strong track record and delivering results
Remaining offices portfolio and unique residential project in process of divestment		

A Cherry Picked Portfolio

ACQUISITIONS

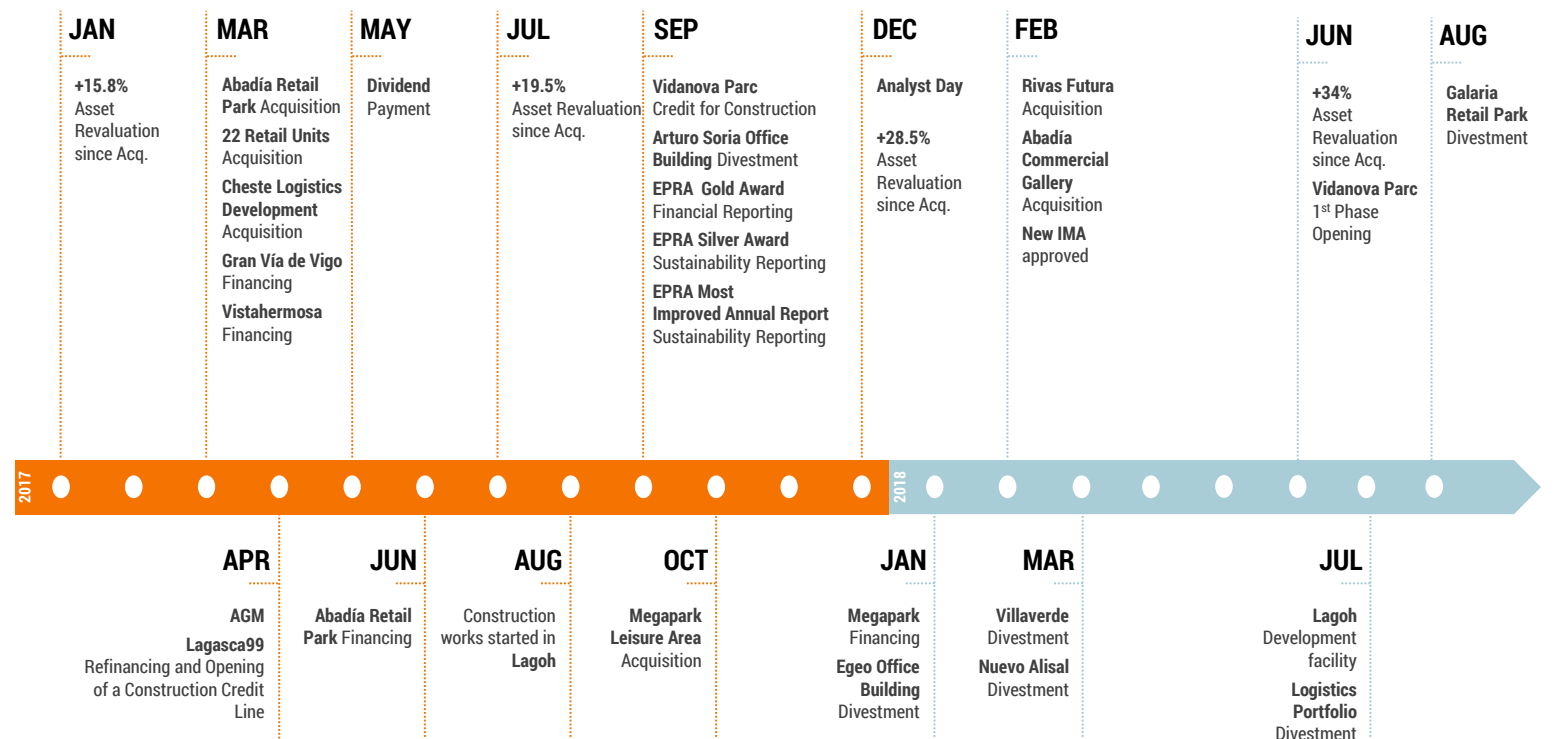
 Albacenter	 Marcelo Spínola	 As Termas	 El Rosal	 Parque Abadía
 Aneclau	 Alovera II	 Alovera III	 Galaria	 22 Retail Units
 Alovera I	 Portal de la Marina	 Alovera IV	 Vidanova Parc Dev.	 Cheste Dev.
 Villaverde	 Egeo	 Almussafes	 Megapark	 Megapark Leisure
 Arturo Soria	 Nuevo Alisal	 P. Marina Hyper	 Gran Vía de Vigo	 Rivas Futura
 Las Huertas	 Albacenter Hyper	 Joan Miró	 Vistahermosa	 Galería Abadía
 Txingudi	 Eloy Gonzalo	 Lagasca99 Dev.	 Lagoh Dev.	

2014	2015	2016	2017	2018	2019	2020	2021
------	------	------	------	------	------	------	------

DIVESTMENTS

 Arturo Soria	 Alovera IV
 Egeo	 Almussafes
 Villaverde	 Cheste Dev.
 Nuevo Alisal	 Galaria
 Alovera I	
 Alovera II	
 Alovera III	

Major corporate milestones from 2017 & 2018 YTD



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

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



Investment Strategy Focused in Retail

Investment Criteria

Value-Creation Potential

Dominant

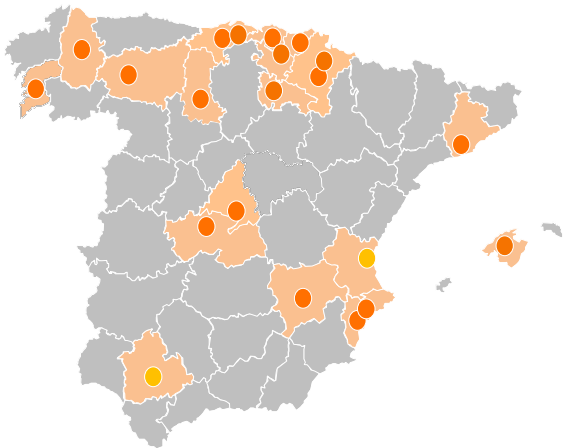
Core+

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

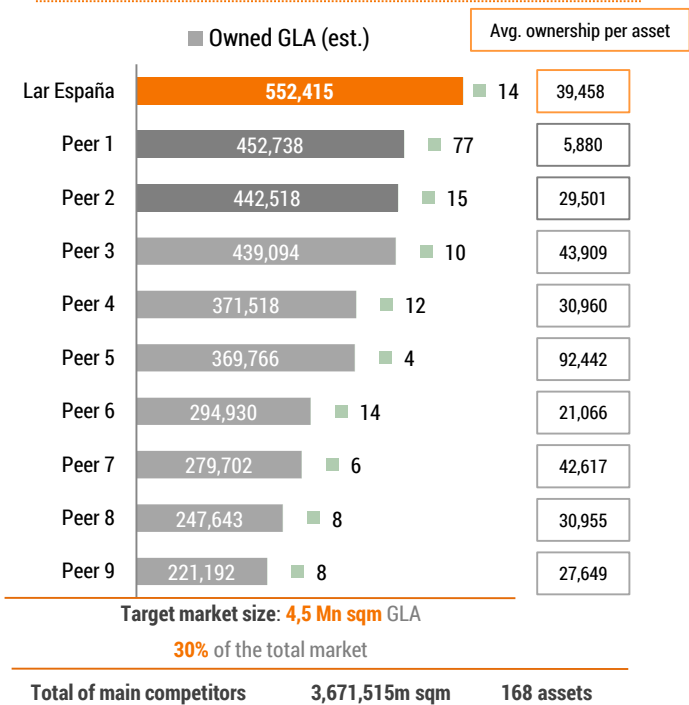
Enhancement of entertainment areas

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



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 GLA¹

#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



Rotation Rate since Acquisition



Leased since Acquisition



Relettings + New Lettings + Renewals in H1 2018

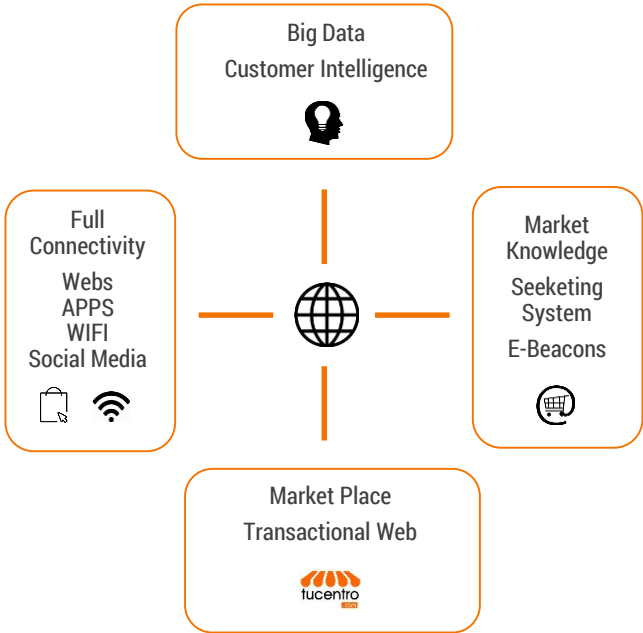


ATTRACT NEW AND INNOVATIVE TENANTS

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">€403 Mn of divestments From Office, residential and non-core retail assets>€119 Mn of divestments From all logistics portfolio (100% realized)	<div><div></div>31% realized</div> <div><div></div>100% realized</div>
Capex Investment	<ul style="list-style-type: none">Finance all existing capex commitments<ul style="list-style-type: none">Refurbishment of existing assets: €66 MnDevelopments: €199 Mn	
New Investments	<ul style="list-style-type: none">€250 Mn of new investments Mainly focused in retail assets	<div><div></div>30% realized</div>
Distributions ¹	<ul style="list-style-type: none">Ordinary dividend 5% of NAVMaximise distributions Extraordinary dividend Lagasca99 and other distributions linked to divestments	



1. To be submitted to shareholders for approval

02

Investment Highlights



Top 10 Value Drivers



1. INE. Spanish Retail Index.
2. Shopper Track 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

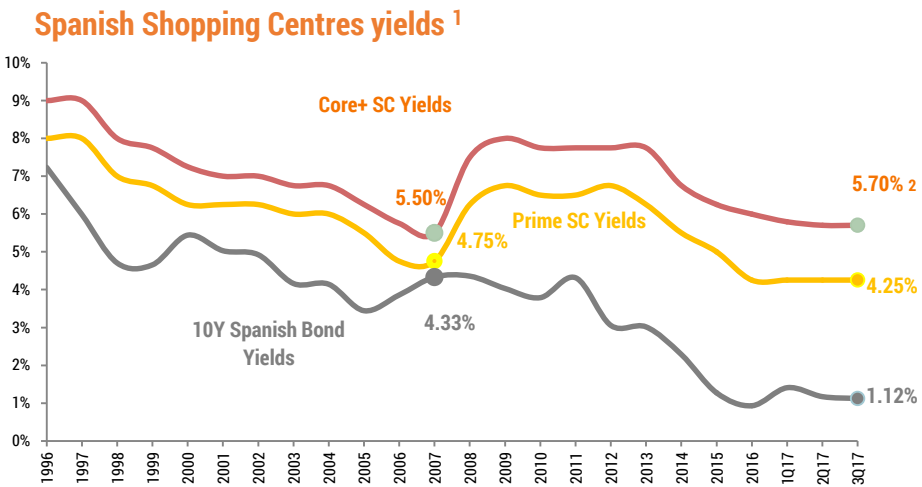
Unemployment Rate supporting further decreases
- 5

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**)

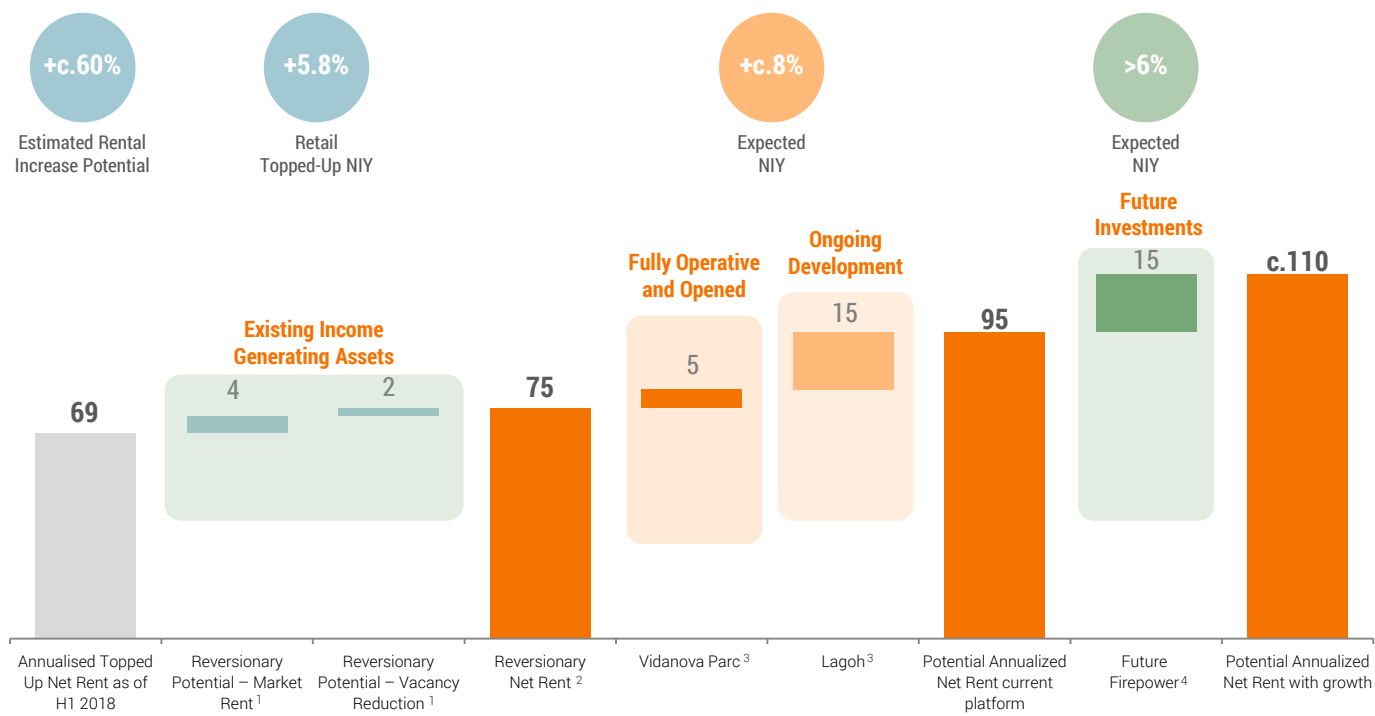


We estimate there is **room for compression** in the core plus segment

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. 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.

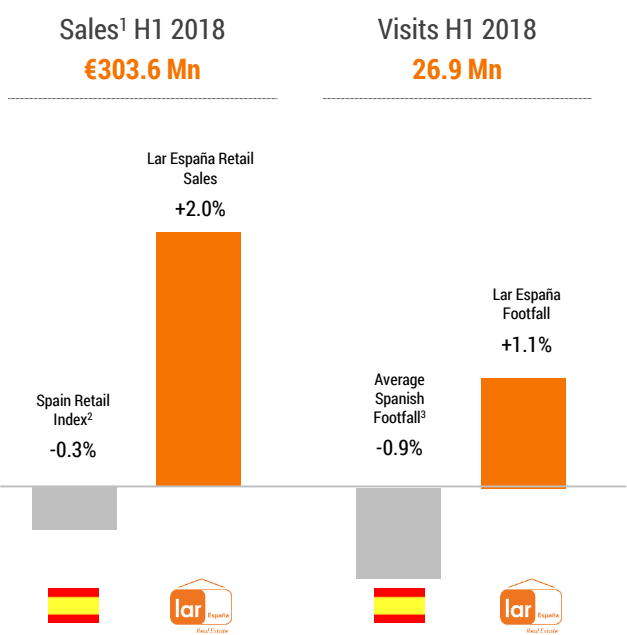
2. Illustrative potential additional rent in 2017 calculated, assuming the full occupancy of the Company's properties, as the application of the market net rent estimated by the Company's appraisers as part of their valuation exercise with respect to the vacant spaces in each of the Company's properties. Full occupancy has been estimated at 97% for Shopping Centres given structural vacancy and 100% for the remaining portfolio

3. Potential rent that may be derived from certain of the Company's assets under development (Vidanova Parc and Lagoh) based on the announced yield at the moment of their respective acquisition (9.2% and 8.0% respectively) as applied to the acquisition price and building capex for each asset

4. According to BP

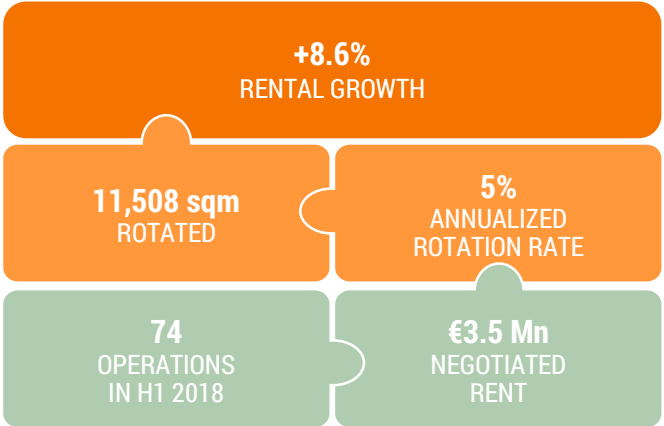
Value Driver 3: Strong Operating Results

Lar España continues outperforming the market



1. Declared sales.
2. INE (National Statistics Institute). Spanish Retail Index.
3. Shopper Track Index.

Letting activity at the core of the strategy



New generation retail: New metric



Value Driver 3: Strong Operating Results

All figures refer to H1 2018 period

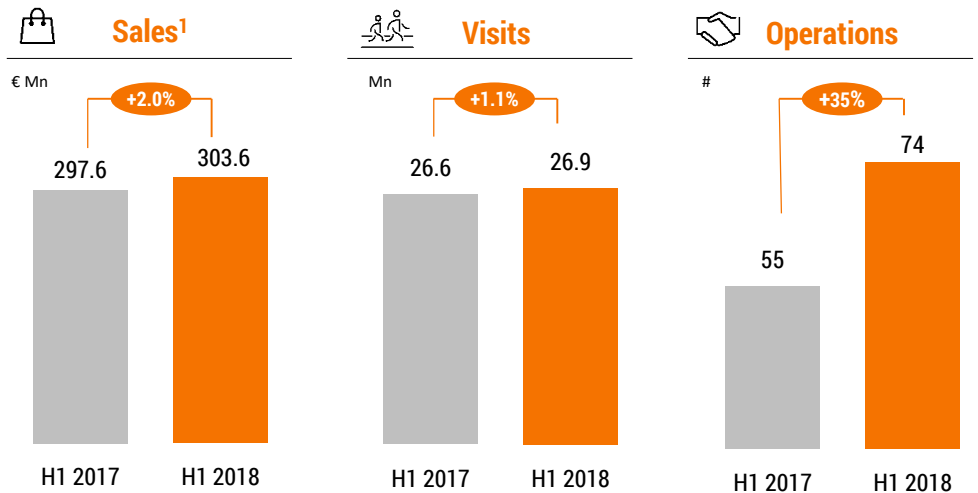
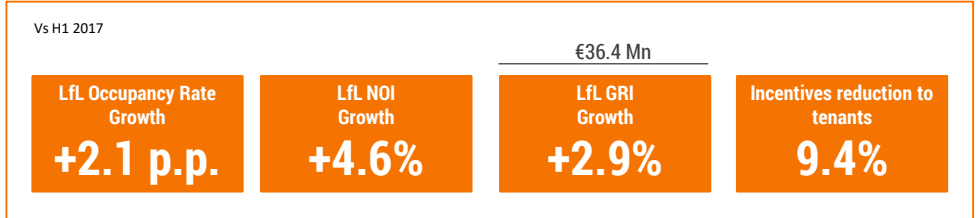
Active Asset & Tenant Management
+
Smart Capex in Operating Assets

33%

Rotation Rate since acquisition to improve shopping experience

€2.7 Mn

Retail Invested Capex
H1 2018



LfL data excludes Megapark Ocio, and Rivas
1. Declared sales

Value Driver 4: Innovation Strategy

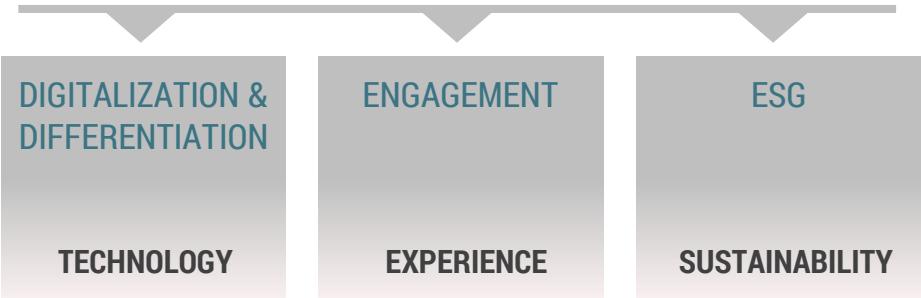
Disruptive projects differentiating among our competitors

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 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

€188 Mn
Valuation¹

Period	Sales Progress
FY 2015	30%
FY 2016	44%
9M 2017	70%
Q1 2018	80%
July 2018	86%

Last construction phase,
focused on interior works
500,000 tons of travertine marble
placed on the facade

Avg. Price
c.11,300 €/sqm

Extraordinary dividend
announced

€45 Mn
Est. development cost

1. Valuation as of 30th June 2018 for 100% of the development. 50% owned by Lar España.

Value Driver 5: Developments – Vidanova Parc

Fully operative & opened
27th September 2018

100%
GLA signed

Smart and balanced mix of
attractive retailers, leisure activity and F&B offering

DECATHLON

worten

Conforama

LEROY MERLIN

casa

C&A

FIFTY FACTORY
(GRUPO CORTEFIEL)

Norauto

YELMO CINES

Urban Planet

BURGER KING

KFC

païsse play

VIPS

LIZARRAN

VOLAPIÉ

GINOS



45,137 Sqm GLA	€14.0 Mn Acquisition Price	€35.8 Mn Valuation ¹
39 Tenants	c.5 Mn Exp. Annual Rent	€45.7 Mn All-in cost

1. Valuation as of 30th June 2018.

Value Driver 5: Developments – Lagoh

Excellent location,
4 km from Seville's city centre

Q2 2019
Opening

73%
GLA signed and committed


FIVE GUYS


Massimo Dutti


MediaMarkt




8 Inditex
Brands signed





14 Mn/year
Exp. Visits

1.5 hours
Exp. Avg. Stay

200
Tenants

c.15 Mn
Exp. Annual Rent

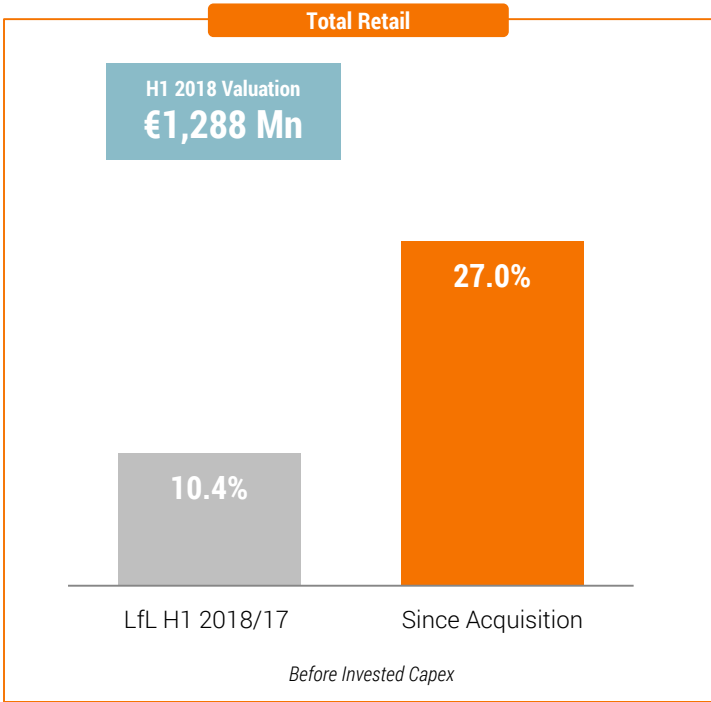
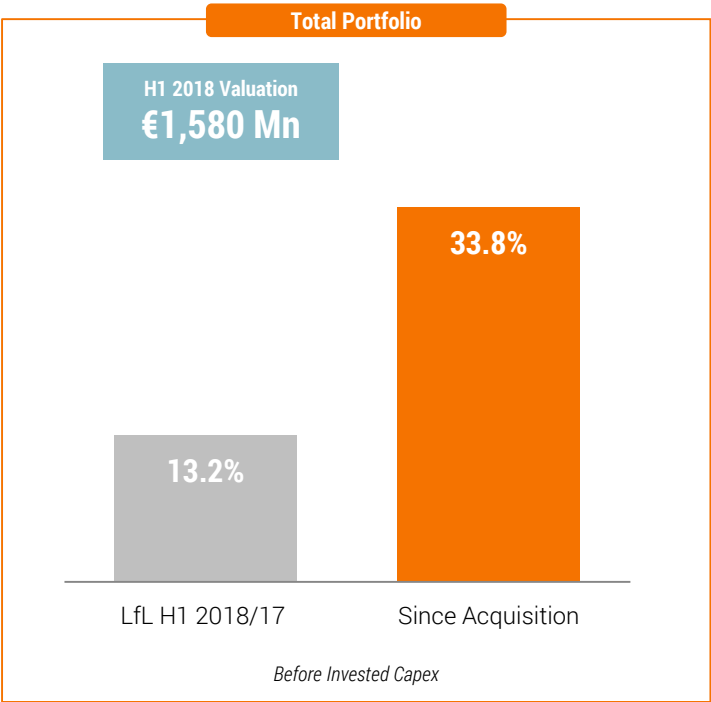
€88.5 Mn
Valuation¹

€151.6 Mn
Est. construction
cost to completion

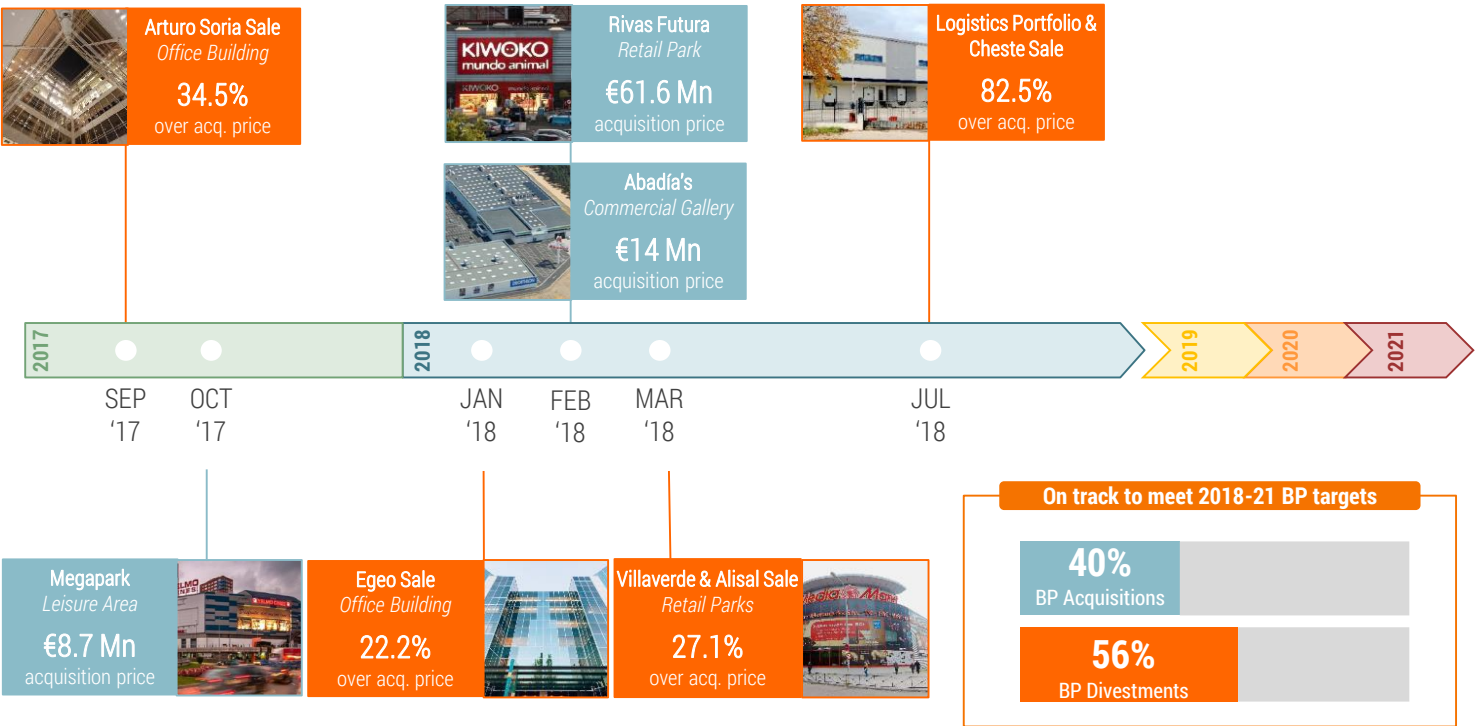
1. Valuation as of 30th June 2018.



Value Driver 6: Attractive valuation of the existing portfolio H1 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

VALUATION¹
€97.5 Mn





MARCELO SPÍNOLA

VALUATION¹
€38.5 Mn



ELOY GONZALO


VALUATION¹
€37.5 Mn



100%
Occupancy




JOAN MIRÓ

VALUATION¹
€21.5 Mn




LAGASCA99

VALUATION²
€188 Mn



1. Valuation as of 30th June 2018
2. Valuation as of 30th June 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%

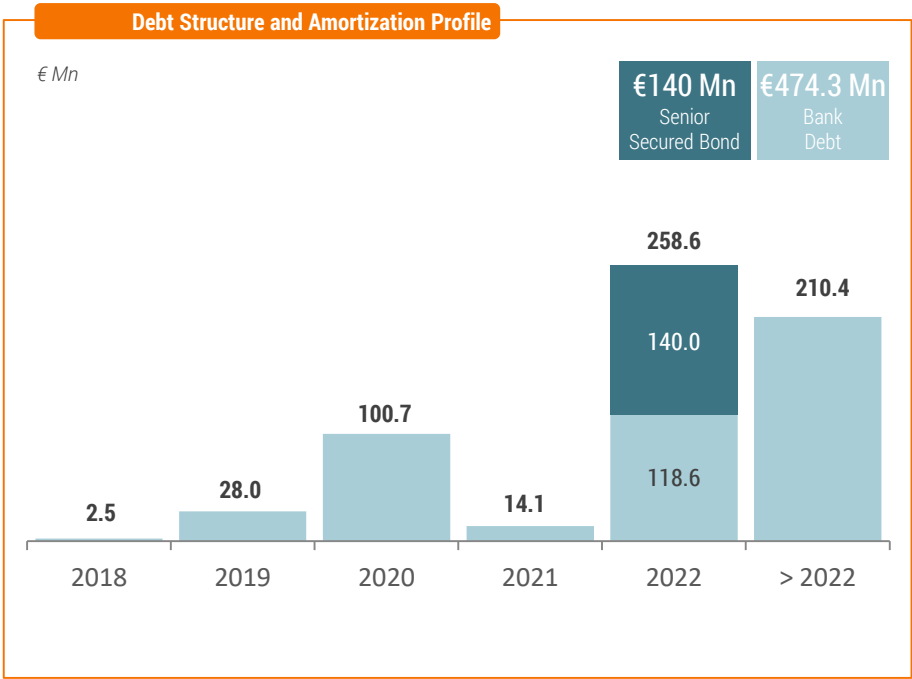
Expected Minimum Yield

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

+€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



Gross Financial Debt
€614.3 Mn

Net LTV
36%

Avg. Cost of Debt
2.19%

Interest Cover Ratio¹ (ICR)
4.5x

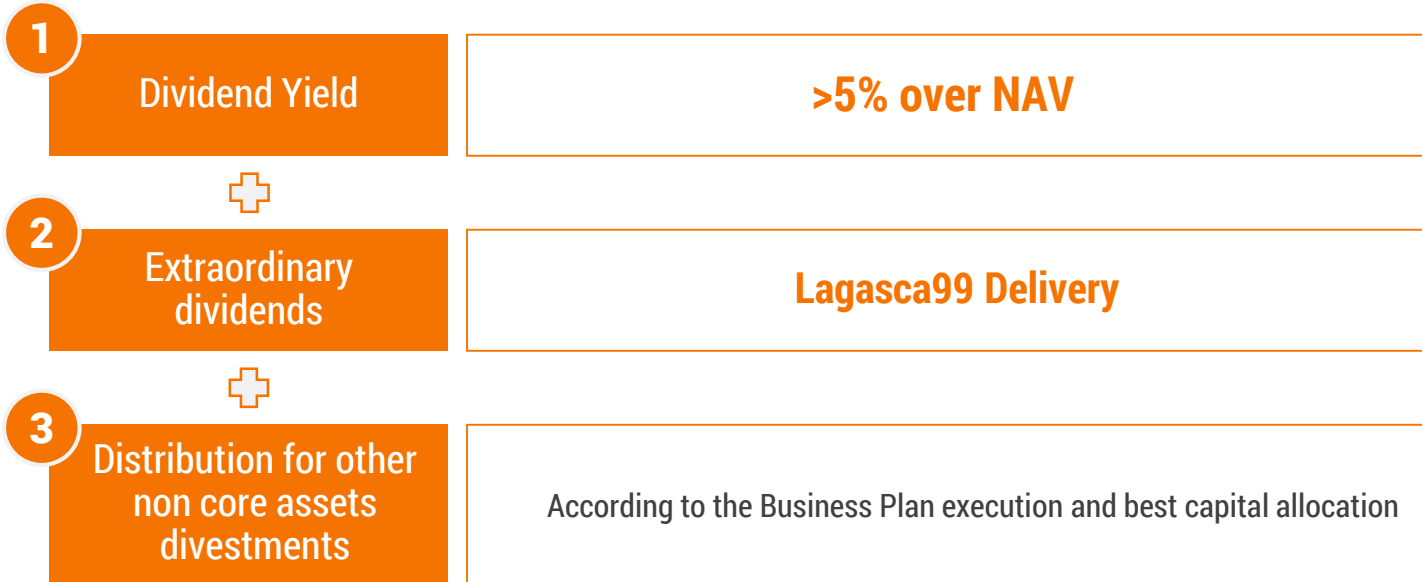
Fixed Rate
87%

1. EBITDA (pre-revaluation) / Interest expenses as at H1 2018

Value Driver 10: Predictable and Sustainable Dividend Distribution Policy

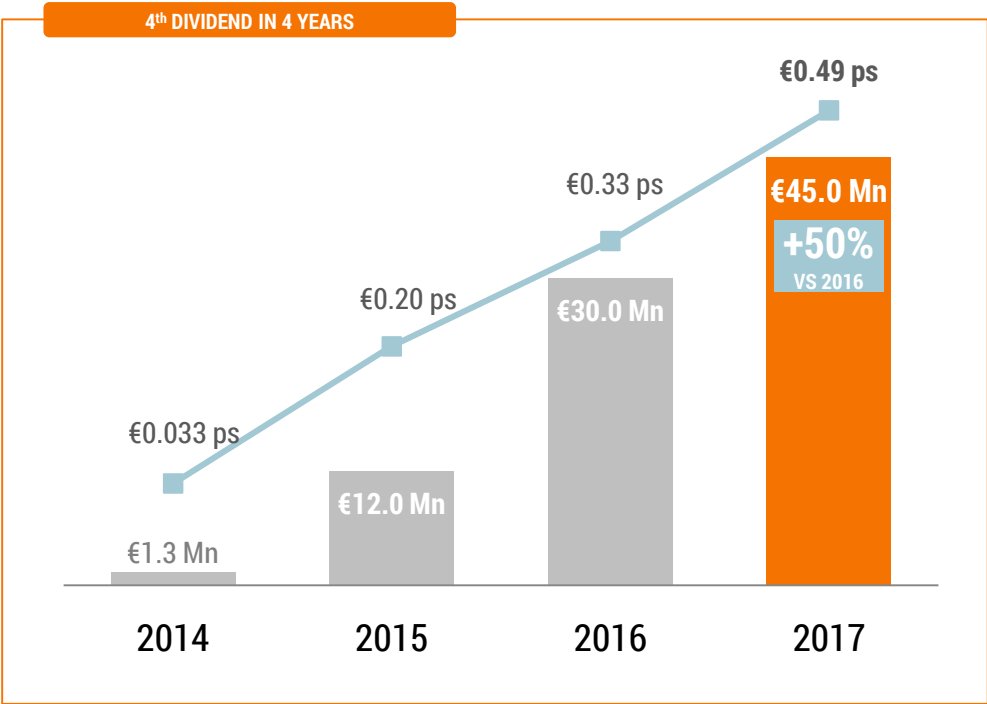
Dividend policy objectives

- ✓ 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



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

Value Driver 10: Consistent dividend growth per share



€45.0 Mn
2017 DIVIDEND

5.1%
DIVIDEND YIELD
ON NAV¹

Dividend approved by the AGM
and to be paid on
18th MAY

IBEX TOP DIVIDENDO

Member since 5th February 2018

LAGASCA 99
EXTRAORDINARY DIVIDEND
2018 RESULTS






1. 2017's average quarterly EPRA NAV

03

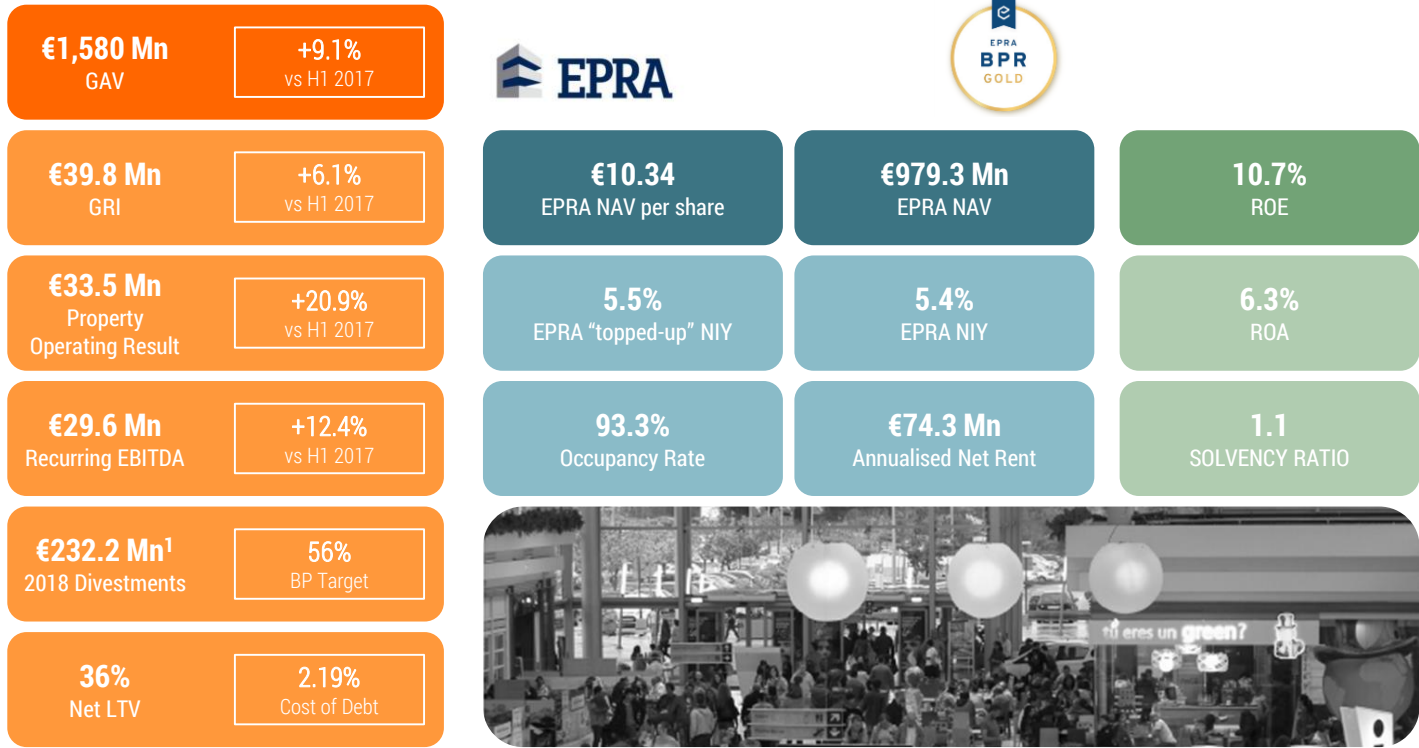
Financial Results H1 2018



Solid Company performance in H1 2018

 Operating Results	+20.9% in Property operating result +12.4% Recurring EBITDA	33.8% Portfolio revaluation since acquisition <i>(before invested capex)</i>	10 quarters outperforming the market in retailers declared sales (+2.0%) & footfall (+1.1%)
 Developments & Refurbishments	Vidanova Parc already opened 100% GLA signed	Lagoh 73% of GLA signed & committed	Lagasca99 86% already sold
 Asset Rotation	€119.7 Mn in logistics portfolio disposal 82.5% over acq. price	€112.5 in rest of 2018 divestments 24% over acq. price	€75.6 in 2018 acquisitions @ avg. NIY of 6.2%
 2018 Financings	Lagoh Financing c.€100 Mn development facility	Rivas Futura Financing c.€27.5 Mn Mortgage Loan	Abadía Com. Gallery Financing c.€8.7 Mn Mortgage Loan
 Corporate	€45 Mn Dividend €0.49 per share 5.1% Div. Yield over EPRA NAV	Grupo Lar reinforces its stake in Lar España up to 9.99%	BREEAM® 8 In-Use “Very Good” Certificated 2 In-Use “Good” Certificated 2 New-Build, “Very Good” rating

Successful & Strong Key Facts delivered in H1 2018



1. Logistics Portfolio divestment of €119.7 Mn is included, although it occurred in Q3 2018.

Consolidated Income Statement (€ Millions)

	RECURRING ³		Chg% H1 2018/17	NON-RECURRING ³		TOTAL ³		Chg% H1 2018/17
	H1 2018	H1 2017		H1 2018	H1 2017	H1 2018	H1 2017	
Rental Income	39.8	37.5		-	-	39.8	37.5	
Other Income	2.5	1.0		-	-	2.5	1.0	
Property Operating Expenses	(7.7)	(6.3)		-	-	(7.7)	(6.3)	
Base Fee	(4.3)	(4.5)		-	-	(4.3)	(4.5)	
Gain/(Loss) on Disposal of Investment Properties	-	-		3.3	-	3.3	-	
Property Operating Result¹	30.2	27.7		3.3	-	33.5	27.7	+20.9%
Corporate Expenses	(0.6)	(1.4)		(1.0)	(1.2)	(1.6)	(2.6)	
Other Results	-	-		-	0.7	-	0.7	
EBITDA²	29.6	26.3	+12.4%	2.3	(0.5)	31.8	25.8	
Changes in the Fair Value	-	-		42.7	46.9	42.7	46.9	
Amortisation Expenses	(0.1)	-		-	-	(0.1)	-	
EBIT²	29.5	26.3	+12.1%	45.0	46.4	74.5	72.7	
Financial Result	(7.0)	(4.5)		-	-	(7.0)	(4.5)	
Share in Profit/ (Loss) for the Period of Equity-Accounted Companies	(0.5)	(0.7)		-	-	(0.5)	(0.7)	
EBT²	22.0	21.1		45.0	-	67.0	67.5	
Profit for the Period (Pre Divestment/Performance Fee)	22.0	21.1		45.0	46.4	67.0	67.5	
FFO (EBITDA – Financial Result) ¹	22.6	21.8		2.3	(0.5)	24.8	21.3	+16.4%
% FFO Annualized Yield /NAV	4.6%	5.1%				5.1%	5.0%	
Performance Fee (Non-cash accrued provision)	-	-		(5.3)	(2.6)	(5.3)	(2.6)	
Divestment Fee (One-off due to Assets sold during 2018)	-	-		(17.9)		(17.9)		
Profit for the Period (Post Divestment/Performance Fee)	22.0	21.1		21.8	43.8	43.9	64.9	

1. On 18 July the logistics portfolio was sold for circa €119.7 Mn. This divestment will have a positive impact of approximately €17 Mn on the Group's operating profit.

2. Pre divestment fee

3. 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

>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



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	Lagoh Seville <i>Development</i>	Abadía Toledo
								
Market Value (Jun 2018)	€217.9 Mn	€165.0 Mn	€122.5 Mn	€109.0 Mn	€95.9 Mn	€85.6 Mn	€88.5 Mn	€80.9 Mn
GLA (Sqm)	83,379	41,446	40,158	51,155	28,617	35,127	100,000 ³	43,154
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 20 Feb '18
Acquisition Price	€178.7 Mn	€141.0 Mn	€89.2 Mn	€87.5 Mn	€80.0 Mn	€68.8 Mn	€40.5 Mn	€77.1 Mn
EPRA NIY¹	5.4%	5.6%	5.8%	5.8%	4.8%	5.7%	>8% ⁴	5.8%
Occupancy Rate¹	91.9%	98.6%	95.3%	95.3%	89.0% ²	95.1%	-	98.9%

1. As of March 2018 and based in EPRA standards

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

3. Retail and family leisure space

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

Retail Assets

Rivas
Madrid



Albacenter
Albacete



Vistahermosa
Alicante



Vidanova Parc
Valencia
Development



Other Assets³

Market Value (Jun 2018)	€65.4 Mn	€57.9 Mn	€49.7 Mn	€35.8 Mn	€103.0 Mn
GLA (Sqm)	36,726	27,890	33,550	44,137	44,888
Acquisition Date	6 Feb '18	30 Jul '14 19 Dec '14	16 Jun '16	3 Aug '15	NA
Acquisition Price	€61.6 Mn	€39.9 Mn	€42.5 Mn	€14.0 Mn	€87.0 Mn
EPRA NIY ¹	5.7%	5.9%	5.6%	>9% ²	6.9%
Occupancy Rate ¹	97.4%	94.0%	92.2%	-	97.2%

1. As of June 2018 and based in EPRA standards

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

3. Includes 22 retail units, Txingudi and Las Huertas

Offices and Residential

Offices



Residential

Lagasca99



Market Value (Jun 2018)	€97.5 Mn ¹	Market Value (Jun 2018)	€188.0 Mn ²
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 ³
EPRA NIY ¹	0.2%	Construction Period	2016-2018
Occupancy Rate ¹	63.3%	Commercialization rate	86%

1. As of June 2018 and based in EPRA standards

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

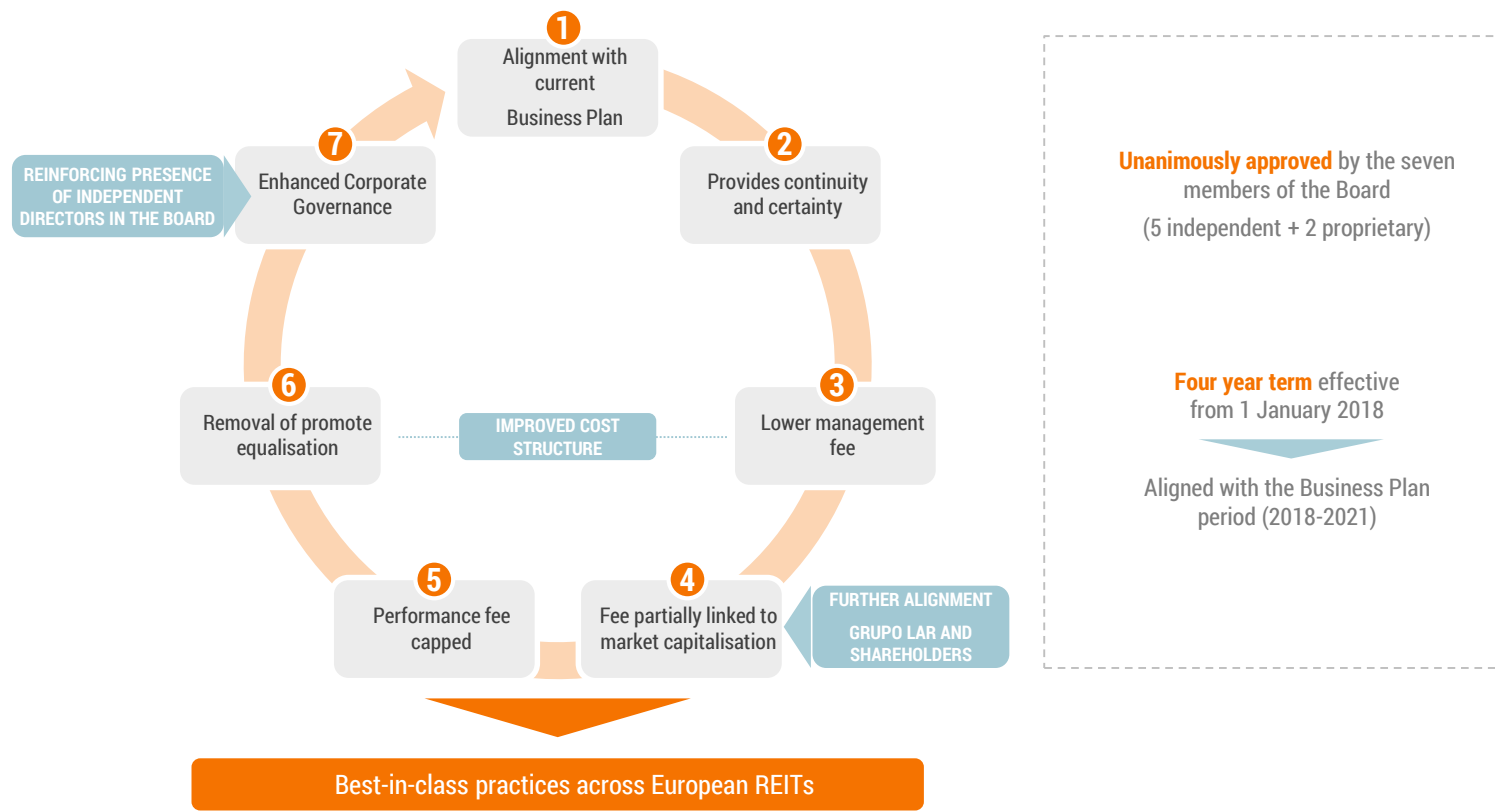
3. Cost of land + urbanization costs. Corresponds to the 50% of the JV with Pimco

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 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

2018 EPRA BPR & sBPR Awards



First SOCIMI to be awarded with the **"EPRA GOLD AWARD"** in Financial Reporting for the **4th 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 certification¹**



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

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