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

Source: CNMV as of July 2018
Portfolio at a glance

- **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.
- Logistics and offices portfolio in process of divestment.
- Proven recurrent access to off-market transactions.
- Top management team with strong track record and delivering results.
- Lagasca99: A unique residential project launched at the right moment.

**€1,580 Mn**
Gross Asset Value

**€74.3 Mn**
EPRA Annualised Net Rent
A Cherry Picked Portfolio

ACQUISITIONS

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

DIVESTMENTS

- Arturo Soria
- Egeo
- Villaverde
- Nuevo Alisal
- Alovera I
- Alovera IV
- Alovera III
- Galaria
- Megapark
- Megapark Leisure
- Rivas Futura
- Galería Abadía
Major corporate milestones from 2017 & 2018 YTD

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

**MAR**
- Abadia Retail Park Acquisition
- 22 Retail Units Acquisition
- Cheste Logistics Development Acquisition
- Gran Vía de Vigo Financing
- Vistahermosa Financing

**MAY**
- Dividend Payment
- +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
- Abadia Commercial Gallery Acquisition
- New IMA approved

**FEB**
- +34% Asset Revaluation since Acq.
- Vidanova Parc 1st Phase Opening

**JUN**
- Galaria Retail Park Divestment

**AUG**
- AGM Lagasca99 Refinancing and Opening of a Construction Credit Line
- Abadia Retail Park Financing
- Construction works started in Palmas Altas
- Megapark Leisure Area Acquisition
- Megapark Financing
- Egeo Office Building Divestment
- Villaverde Divestment
- Palmas Altas Development facility
- Logistics Portfolio Divestment

**2017**
- 2018
Board of Directors & Critical Activities

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

José Luis del Valle
Chairman and Independent Director

Roger Cooke
Independent Director

Pedro Luis Uriarte
Independent Director

Alec Emmott
Independent Director

Isabel Aguilera
Independent Director

Laurent Luccioni
PIMCO Director

Miguel Pereda
Grupo Lar Director

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 9.99% stake in Lar España, subject to a lock-up period.

Grupo LAR Key Facts

**Retail**
- 39 Shopping centres invested, developed or managed

**Logistics**
- 10 Industrial Parks developed since 2003

**Offices**
- 9 Office buildings developed and managed

**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 development

<table>
<thead>
<tr>
<th>Peer</th>
<th>Owned GLA (sqm)</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

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

Retail Leaders in Spain
- #1 Controlling Stake
- #1 Retail Parks
- #2 Investment Volumes

Portfolio Size gives us benefits in:
- Global Negotiations with tenants
- Synergies in procurement of services
- Present in most regions of the Spanish territory
- Millions of physical and digital customer contacts
- Attraction for the development of new commercial formulas

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

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
- Market Knowledge
- Seeketing System
- E-Beacons
- Full Connectivity
  - Webs
  - APPS
  - WIFI
  - Social Media
- Market Place
  - Transactional Web

Rotation Rate since Acquisition: 33%
Leased since Acquisition: c.107k sqm
Relettings + New Lettings + Renewals in H1 2018: 74

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

### Distributions
- **Ordinary dividend**
  - 5% of NAV
- **Maximise distributions**
  - Extraordinary dividend Lagasca99 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
02
Investment Highlights
Top 10 Value Drivers

1. Momentum of Real Estate in Spain / Yield Compression
2. Upside from the Retail 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: €74.3 Mn
- CURRENT POTENTIAL ANNUALIZED NET RENT WITH GROWTH: c. €110 Mn
- OUTPERFORMING THE MARKET:
  - LRE Retail Declared Sales: +2.0%
  - Spain Retail Index: -0.3%
  - LRE Footfall: +1.1%
  - Avg. Spanish Footfall: -0.9%

- LAGASCA99
- VIDANOVA PARC
- PALMAS ALTAS
- Est. Opening Date: H1 2019

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**

- **Estimated Rental Increase Potential**: +c.60%
- **Retail Topped-Up NIY**: +5.8%
- **Expected NIY**: +c.8%
- **Expected NIY**: >6%

**Existing Income Generating Assets**

<table>
<thead>
<tr>
<th>Asset</th>
<th>Opened 1st Phase</th>
<th>Ongoing Development</th>
<th>Potential Annualized Net Rent</th>
<th>Future Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vidanova Parc³</td>
<td>5</td>
<td>15</td>
<td>95</td>
<td>15</td>
</tr>
<tr>
<td>Palmas Altas³</td>
<td>75</td>
<td>15</td>
<td>95</td>
<td>-</td>
</tr>
</tbody>
</table>

**Estimated Rental Increase Potential**

- Annualised Topped-Up Net Rent as of H1 2018: 69
- Reversionary Potential – Market Rent¹: 4
- Reversionary Potential – Vacancy Reduction¹: 2
- Reversionary Net Rent²: 75
- Expected NIY: >6%

**Future Investments**

- Future Firepower⁴: 15
- Potential Annualized Net Rent with growth: c.110

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1. Illustrative potential additional rent calculated as the difference between the market net rent estimated by the Company's appraiser 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 difference between the market net rent estimated by the Company's appraisers and the vacant spaces in each of the Company's properties. Full occupancy has been estimated at 97% for Shopping Centres given structural vacancy and 100% for the remaining portfolio.
3. Potential rent that may be derived from certain of the Company's assets under development (Vidanova Parc and Palmas Altas) based on the announced yield at the moment of their respective acquisition (9.2% and 8.0% respectively) as applied to the acquisition price and building capex for each asset.
4. According to BP.
Value Driver 3: Strong Operating Results

<table>
<thead>
<tr>
<th>Lar España continues outperforming the market</th>
<th>Letting activity at the core of the strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales H1 2018</td>
<td>€303.6 Mn</td>
</tr>
<tr>
<td>Visits H1 2018</td>
<td>26.9 Mn</td>
</tr>
<tr>
<td>Lar España Retail Sales</td>
<td></td>
</tr>
<tr>
<td>+2.0%</td>
<td></td>
</tr>
<tr>
<td>Lar España Footfall</td>
<td></td>
</tr>
<tr>
<td>+1.1%</td>
<td></td>
</tr>
<tr>
<td>Spain Retail Index</td>
<td></td>
</tr>
<tr>
<td>-0.3%</td>
<td></td>
</tr>
<tr>
<td>Average Spanish Footfall</td>
<td></td>
</tr>
<tr>
<td>-0.9%</td>
<td></td>
</tr>
</tbody>
</table>

1. Declared sales.
2. INE (National Statistics Institute). Spanish Retail Index.
3. Shopper Track Index.
### Value Driver 3: Strong Operating Results

**Active Asset & Tenant Management**

- **Smart Capex in Operating Assets**

- **Rotation Rate** since acquisition to improve shopping experience

- **€2.7 Mn Retail Invested Capex** H1 2018

**Vs H1 2017**

<table>
<thead>
<tr>
<th>Metric</th>
<th>H1 2017</th>
<th>H1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>LfL Occupancy Rate Growth</td>
<td>+2.1 p.p.</td>
<td></td>
</tr>
<tr>
<td>LfL NOI Growth</td>
<td>+4.6%</td>
<td></td>
</tr>
<tr>
<td>LfL GRI Growth</td>
<td>+2.9%</td>
<td></td>
</tr>
<tr>
<td>Incentives reduction to tenants</td>
<td>9.4%</td>
<td></td>
</tr>
</tbody>
</table>

**Sales**

- **€ Mn**
  - H1 2017: €297.6
  - H1 2018: €303.6

**Visits**

- **Mn**
  - H1 2017: 26.6
  - H1 2018: 26.9

**Operations**

- **#**
  - H1 2017: 55
  - H1 2018: 74

**All figures refer to H1 2018 period**

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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

<table>
<thead>
<tr>
<th></th>
<th>Big Data</th>
<th>Full Connectivity</th>
<th>Market Knowledge</th>
<th>Market Place</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CUSTOMER INTELLIGENCE</td>
<td>WEBs</td>
<td>SEEKETING SYSTEM</td>
<td>TRANSACTIONAL WEB</td>
</tr>
<tr>
<td></td>
<td></td>
<td>APPs</td>
<td>E-BEACONS</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>WIFI</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>SOCIAL MEDIA</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Geoblink
- **geo-social analysis tool** that allows us to know the main social and economic characteristics of our clients

### Territorio Lar
- **Asset differentiation** through different initiatives:
  - First drone tournament
  - "The Cube"

### Customer Journey
- 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.

### APP
- New App for analysts and investors launched in September.
  - Working on launching a new App for shopping centres.

### Accessibility
- Working to achieve and maintain high accessibility standards via a design that is conceived by and for people

### Emissions
- **Fighting and reducing the effect of Climate Change**
  - Reducing emissions and increasing the use of renewables

### Social Action
- Assets have a major social impact, transforming and creating a positive effect on the community

### CSR Annual Report
- Continuously improving CSR information
Value Driver 5: Developments – Lagasca99

New residential concept in the centre of Madrid

- €188 Mn Valuation

SALLES

30% 44% 70% 80% 86%

FY 2015 FY 2016 9M 2017 Q1 2018 July 2018

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

Leroy Merlin & Norauto already opened

September 27th complete inauguration

100% GLA signed

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

45,137 Sqm GLA

€14.0 Mn Acquisition Price

€35.8 Mn Valuation

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 – Palmas Altas

Excellent location, 4 km from Seville’s city centre

Q2 2019 Opening

73% GLA signed and committed

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 Valuation\(^1\)

€151.6 Mn Est. construction cost to completion

---

1. Valuation as of 30\(^\text{th}\) June 2018.
Value Driver 6: Attractive valuation of the existing portfolio H1 2018

**Total Portfolio**
- H1 2018 Valuation: €1,580 Mn
- LfL H1 2018/17: 13.2%
- Since Acquisition: 33.8%

**Total Retail**
- H1 2018 Valuation: €1,288 Mn
- LfL H1 2018/17: 10.4%
- Since Acquisition: 27.0%

*Before Invested Capex*
Value Driver 7: Asset Rotation Policy Aimed at Maximizing Returns

- **Arturo Soria Sale**
  - Office Building
  - 34.5% over acquisition price

- **Egeo Sale**
  - Office Building
  - 22.2% over acquisition price

- **Villaverde & Alisal Sale**
  - Retail Parks
  - 27.1% over acquisition price

- **Rivas Futura**
  - Retail Park
  - €61.6 Mn acquisition price

- **Abadía’s Commercial Gallery**
  - €14 Mn acquisition price

- **Logistics Portfolio & Cheste Sale**
  - 82.5% over acquisition price

- **Megapark Leisure Area**
  - €8.7 Mn acquisition price

- **Rivas Futura**
  - Office Building
  - €61.6 Mn acquisition price

- **On track to meet 2018-21 BP targets**
  - 40% BP Acquisitions
  - 56% BP Divestments
Value Driver 7: Asset Rotation Policy Aimed at Maximizing Returns

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

**OFFICES**

- **MARCELO SPÍNOLA**
  - VALUATION¹: €38.5 Mn

- **ELOY GONZALO**
  - VALUATION¹: €37.5 Mn

- **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

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

✓ High quality assets in prime locations focused on retail assets

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

+€220 Mn of Investment Pipeline

<table>
<thead>
<tr>
<th>Short Term Pipeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Class</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>Asset 1</td>
</tr>
<tr>
<td>Asset 2</td>
</tr>
<tr>
<td>Asset 3</td>
</tr>
<tr>
<td>Asset 4</td>
</tr>
<tr>
<td>...</td>
</tr>
<tr>
<td>...</td>
</tr>
</tbody>
</table>
Value Driver 9: Debt Management as a Means of Value Creation

**Debt Structure and Amortization Profile**

- **Senior Secured Bond**: €140 Mn
- **Bank Debt**: €474.3 Mn

**Gross Financial Debt**: €614.3 Mn

- **Net LTV**: 36%
- **Avg. Cost of Debt**: 2.19%
- **Interest Cover Ratio (ICR)**: 4.5x

- **Fixed Rate**: 87%
- **Debt duration**: 6.3 years

---

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

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Dividend Yield</td>
<td>5% over NAV</td>
</tr>
<tr>
<td>2</td>
<td>Extraordinary dividends</td>
<td>Lagasca99 Delivery&lt;br&gt;According to SOCIMI Regime</td>
</tr>
<tr>
<td>3</td>
<td>Distribution for other non core assets divestments</td>
<td>According to the Business Plan execution and best capital allocation</td>
</tr>
</tbody>
</table>

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

- **4th DIVIDEND IN 4 YEARS**
  - 2014: €1.3 Mn
  - 2015: €12.0 Mn
  - 2016: €30.0 Mn
  - 2017: €45.0 Mn (+50% VS 2016)

- **€45.0 Mn 2017 DIVIDEND**
- **5.1% DIVIDEND YIELD ON NAV**
- Dividend approved by the AGM and to be paid on 18th MAY
- Member since 5th February 2018

**LAGASCA 99 EXTRAORDINARY DIVIDEND 2018 RESULTS**

1. 2017’s average quarterly EPRA NAV
# Solid Company performance in H1 2018

## Operating Results
- **+20.9%** in Property operating result
- **+12.4%** Recurring EBITDA
- **33.8%** Portfolio revaluation since acquisition (before invested capex)
- **10 quarters** outperforming the market in retailers declared sales (+2.0%) & footfall (+1.1%)

## Developments & Refurbishments
- **VidaNova Parc** already opened
- **100% GLA signed**
- **Palmas Altas** 73% of GLA signed & committed
- **Lagasca99** 86% already sold
- **Eloy Gonzalo** 100% occupancy reached

## Asset Rotation
- **€119.7 Mn** in logistics portfolio disposal 82.5% over acq. price
- **€112.5 Mn** in rest of 2018 divestments 24% over acq. price
- **€75.6 Mn** in 2018 acquisitions @ avg. NIY of 6.2%

## 2018 Financings
- **Palmas Altas 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

€1,580 Mn
GAV
+9.1%
vs H1 2017

€39.8 Mn
GRI
+6.1%
vs H1 2017

€33.5 Mn
Property Operating Result
+20.9%
vs H1 2017

€29.6 Mn
Recurring EBITDA
+12.4%
vs H1 2017

€232.2 Mn¹
2018 Divestments
56%
BP Target

36%
Net LTV
2.19%
Cost of Debt

€10.34
EPRA NAV per share

€979.3 Mn
EPRA NAV

5.5%
EPRA “topped-up” NIY

5.4%
EPRA NIY

93.3%
Occupancy Rate

€74.3 Mn
Annualised Net Rent

10.7%
ROE

6.3%
ROA

1.1
SOLVENCY RATIO

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1. Logistics Portfolio divestment of €119.7 Mn is included, although it occurred in Q3 2018.
## Consolidated Income Statement (€ Millions)

<table>
<thead>
<tr>
<th></th>
<th>RECURRING³</th>
<th></th>
<th>NON-RECURRING³</th>
<th></th>
<th>TOTAL³</th>
<th></th>
<th>Chg% H1 2018/17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>H1 2018</td>
<td>H1 2017</td>
<td>H1 2018</td>
<td>H1 2017</td>
<td>H1 2018</td>
<td>H1 2017</td>
<td></td>
</tr>
<tr>
<td>Rental Income</td>
<td>39.8</td>
<td>37.5</td>
<td>-</td>
<td>-</td>
<td>39.8</td>
<td>37.5</td>
<td></td>
</tr>
<tr>
<td>Other Income</td>
<td>2.5</td>
<td>1.0</td>
<td>-</td>
<td>-</td>
<td>2.5</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>Property Operating Expenses</td>
<td>(7.7)</td>
<td>(6.3)</td>
<td>-</td>
<td>-</td>
<td>(7.7)</td>
<td>(6.3)</td>
<td></td>
</tr>
<tr>
<td>Base Fee</td>
<td>(4.3)</td>
<td>(4.5)</td>
<td>-</td>
<td>-</td>
<td>(4.3)</td>
<td>(4.5)</td>
<td></td>
</tr>
<tr>
<td>Gain/(Loss) on Disposal of Investment Properties</td>
<td>-</td>
<td>-</td>
<td>3.3</td>
<td>-</td>
<td>3.3</td>
<td>-</td>
<td>+20.9%</td>
</tr>
<tr>
<td>Property Operating Result¹</td>
<td>30.2</td>
<td>27.7</td>
<td>3.3</td>
<td>-</td>
<td>33.5</td>
<td>27.7</td>
<td>+20.9%</td>
</tr>
<tr>
<td>Corporate Expenses</td>
<td>(0.6)</td>
<td>(1.4)</td>
<td>(1.0)</td>
<td>(1.2)</td>
<td>(1.6)</td>
<td>(2.6)</td>
<td></td>
</tr>
<tr>
<td>Other Results</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.7</td>
<td>-</td>
<td>0.7</td>
<td></td>
</tr>
<tr>
<td>EBITDA²</td>
<td>29.6</td>
<td>26.3</td>
<td>2.3</td>
<td>(0.5)</td>
<td>31.8</td>
<td>25.8</td>
<td>+12.4%</td>
</tr>
<tr>
<td>Changes in the Fair Value</td>
<td>-</td>
<td>-</td>
<td>42.7</td>
<td>46.9</td>
<td>42.7</td>
<td>46.9</td>
<td></td>
</tr>
<tr>
<td>Amortisation Expenses</td>
<td>(0.1)</td>
<td>-</td>
<td>-</td>
<td>(0.1)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>EBIT²</td>
<td>29.5</td>
<td>26.3</td>
<td>45.0</td>
<td>46.4</td>
<td>74.5</td>
<td>72.7</td>
<td>+12.1%</td>
</tr>
<tr>
<td>Financial Result</td>
<td>(7.0)</td>
<td>(4.5)</td>
<td>-</td>
<td>(7.0)</td>
<td>(4.5)</td>
<td>(4.5)</td>
<td></td>
</tr>
<tr>
<td>Share in Profit/ (Loss) for the Period of Equity-Accounted Companies</td>
<td>(0.5)</td>
<td>(0.7)</td>
<td>-</td>
<td>-</td>
<td>(0.5)</td>
<td>(0.7)</td>
<td></td>
</tr>
<tr>
<td>EBT²</td>
<td>22.0</td>
<td>21.1</td>
<td>45.0</td>
<td>-</td>
<td>67.0</td>
<td>67.5</td>
<td>+16.4%</td>
</tr>
</tbody>
</table>

### Profit for the Period (Pre Divestment/Performance Fee)

<table>
<thead>
<tr>
<th></th>
<th>H1 2018</th>
<th>H1 2017</th>
<th>Chg% H1 2018/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>FFO (EBITDA – Financial Result)¹</td>
<td>22.0</td>
<td>21.1</td>
<td></td>
</tr>
<tr>
<td>% FFO Annualized Yield /NAV</td>
<td>4.6%</td>
<td>5.1%</td>
<td></td>
</tr>
<tr>
<td>Performance Fee (Non-cash accrued provision)</td>
<td>-</td>
<td>-</td>
<td>(5.3)</td>
</tr>
<tr>
<td>Divestment Fee (One-off due to Assets sold during 2018)</td>
<td>-</td>
<td>-</td>
<td>(17.9)</td>
</tr>
<tr>
<td>Profit for the Period (Post Divestment/Performance Fee)</td>
<td>22.0</td>
<td>21.1</td>
<td>21.8</td>
</tr>
</tbody>
</table>

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.

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

Lagasca99: Excellent accessibility Technical Building Code (TBC)

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

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
Appendix 1
# Retail Assets

<table>
<thead>
<tr>
<th>Location</th>
<th>Market Value (Jun 2018)</th>
<th>GLA (Sqm)</th>
<th>Acquisition Date</th>
<th>Acquisition Price</th>
<th>EPRA NIY</th>
<th>Occupancy Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Megapark Bilbao</td>
<td>€217.9 Mn</td>
<td>83,379</td>
<td>19 Oct ’15</td>
<td>€178.7 Mn</td>
<td>5.4%</td>
<td>91.9%</td>
</tr>
<tr>
<td>Gran Vía Vigo</td>
<td>€165.0 Mn</td>
<td>41,446</td>
<td>27 Oct ‘17</td>
<td>€141.0 Mn</td>
<td>5.6%</td>
<td>98.6%</td>
</tr>
<tr>
<td>P. Marina Alicante</td>
<td>€122.5 Mn</td>
<td>40,158</td>
<td>15 Sep ‘16</td>
<td>€89.2 Mn</td>
<td>5.8%</td>
<td>95.3%</td>
</tr>
<tr>
<td>El Rosal Ponferrada</td>
<td>€109.0 Mn</td>
<td>51,155</td>
<td>9 Jun ’15</td>
<td>€87.5 Mn</td>
<td>5.8%</td>
<td>95.3%</td>
</tr>
<tr>
<td>Anec Blau Barcelona</td>
<td>€95.9 Mn</td>
<td>28,617</td>
<td>30 Mar ‘16</td>
<td>€80.0 Mn</td>
<td>4.8%</td>
<td>89.0%</td>
</tr>
<tr>
<td>As Termas Lugo</td>
<td>€85.6 Mn</td>
<td>35,127</td>
<td>28 Jul ’15</td>
<td>€68.8 Mn</td>
<td>5.7%</td>
<td>95.1%</td>
</tr>
<tr>
<td>P. Altas Seville Development</td>
<td>€88.5 Mn</td>
<td>100,000³</td>
<td>1 Mar ’16</td>
<td>€40.5 Mn</td>
<td>&gt;8%⁴</td>
<td>-</td>
</tr>
<tr>
<td>Abadía Toledo</td>
<td>€80.9 Mn</td>
<td>43,154</td>
<td>20 Feb ‘18</td>
<td>€77.1 Mn</td>
<td>5.8%</td>
<td>98.9%</td>
</tr>
</tbody>
</table>

1. As of March 2018 and based on 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 | 22 R. Units North Spain + Balearic Islands | Vistahermosa Alicante | Vidanova Parc Valencia Development | Other Assets
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market Value</strong></td>
<td>€65.4 Mn</td>
<td>€57.9 Mn</td>
<td>€52.9 Mn</td>
<td>€49.7 Mn</td>
<td>€35.8 Mn</td>
<td>€50.1 Mn</td>
</tr>
<tr>
<td><strong>GLA (Sqm)</strong></td>
<td>36,726</td>
<td>27,890</td>
<td>27,909</td>
<td>33,550</td>
<td>44,137</td>
<td>16,979</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>€39.4 Mn</td>
</tr>
<tr>
<td><strong>EPRA NIY</strong></td>
<td>5.7%</td>
<td>5.9%</td>
<td>7.1%</td>
<td>5.6%</td>
<td>&gt;9%²</td>
<td>6.5%</td>
</tr>
<tr>
<td><strong>Occupancy Rate</strong></td>
<td>97.4%</td>
<td>94.0%</td>
<td>100%</td>
<td>92.2%</td>
<td>-</td>
<td>92.6%</td>
</tr>
</tbody>
</table>

1. As of June 2018 and based in EPRA standards
2. Expected Yield on Cost based on company’s estimates
3. Includes Txingudi and Las Huertas

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### Offices

<table>
<thead>
<tr>
<th></th>
<th>Office Lagasca99</th>
<th>Residential Lagasca99</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Value (Jun 2018)</td>
<td>€97.5 Mn¹</td>
<td>€188.0 Mn²</td>
</tr>
<tr>
<td>GLA (Sqm)</td>
<td>23,816</td>
<td>26,203</td>
</tr>
<tr>
<td>Acquisition Date</td>
<td>NA</td>
<td>30 Jan ’15</td>
</tr>
<tr>
<td>Acquisition Price</td>
<td>€51.4 Mn</td>
<td>€50.1 Mn³</td>
</tr>
<tr>
<td>EPRA NIY¹</td>
<td>0.2%</td>
<td></td>
</tr>
<tr>
<td>Occupancy Rate¹</td>
<td>63.3%</td>
<td>86%</td>
</tr>
</tbody>
</table>

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
Appendix 2
Highlights of the Investment Management Agreement

1. Alignment with current Business Plan
2. Provides continuity and certainty
3. Lower management fee
4. Fee partially linked to market capitalisation
5. Performance fee capped
6. Removal of promote equalisation
7. Enhanced Corporate Governance

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)

Best-in-class practices across European REITs
External management by Grupo Lar continues to be the optimal strategy for Lar España

<table>
<thead>
<tr>
<th>Operationally Intensive</th>
<th>...which Grupo Lar is uniquely qualified to provide</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>▪ Granular unit configuration and diverse tenant base</td>
</tr>
<tr>
<td></td>
<td>▪ Requires greater time and skill than other asset classes (e.g. offices, logistics)</td>
</tr>
<tr>
<td>Active Management</td>
<td>▪ Lar España can draw upon the expertise of Grupo Lar’s investment professionals</td>
</tr>
<tr>
<td></td>
<td>▪ External management provides scalability and cost-efficiency</td>
</tr>
<tr>
<td>Responding to Change</td>
<td>▪ Grupo Lar has over 45 years of experience in the Spanish property market</td>
</tr>
<tr>
<td></td>
<td>▪ Full range of expertise through sourcing, investing, developing and managing across sectors and retail in particular</td>
</tr>
</tbody>
</table>

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

**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

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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

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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