



# CORPORATE PRESENTATION



**The Spanish Retail Specialist**

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

**September 2018**

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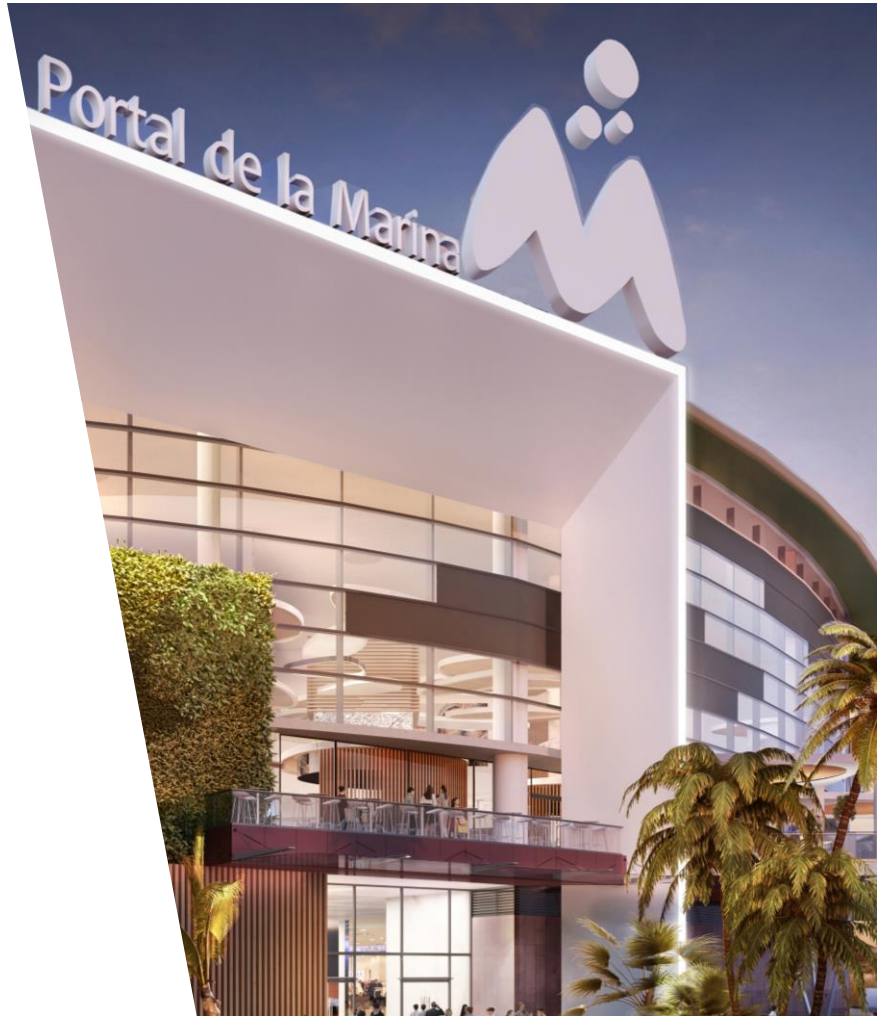
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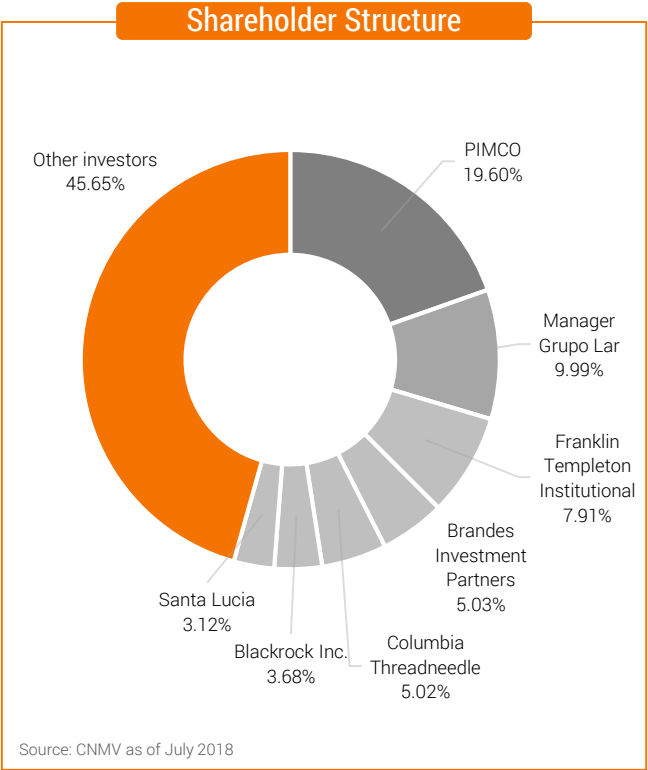
# 01

## Company Description

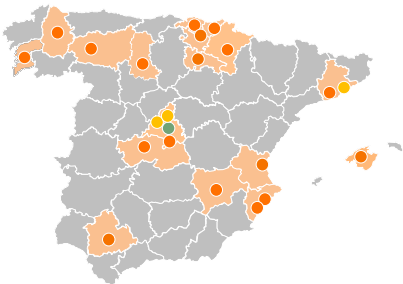


# Snapshot

- ▶ 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



**€1,580 Mn**  
Gross Asset  
Value

**€74.3 Mn**  
EPRA Annualised  
Net Rent

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

# A Cherry Picked Portfolio

## ACQUISITIONS

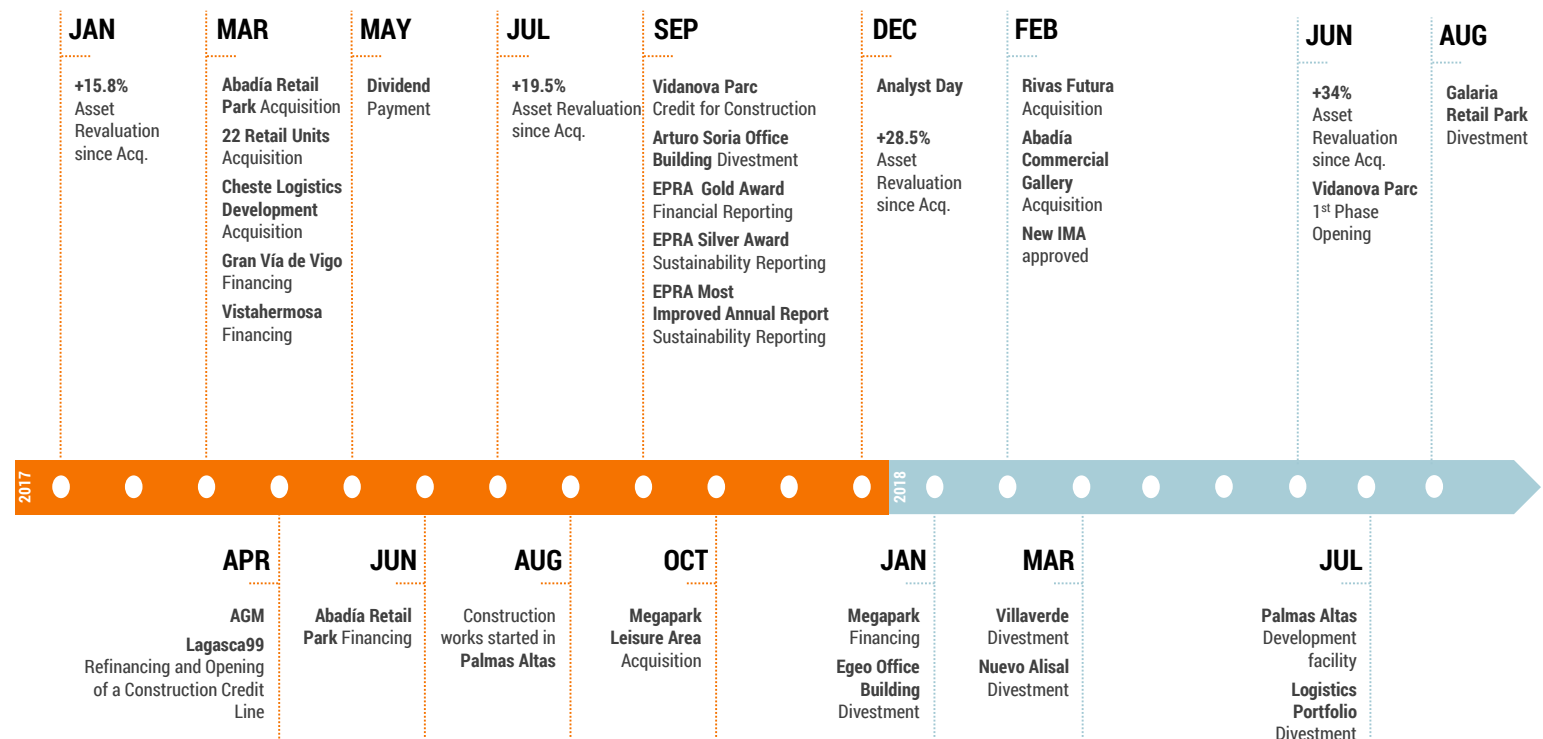
 Albacenter	 Marcelo Spínola	 As Termas	 El Rosal	 Parque Abadía
 Aneclau	 Alovera II	 Alovera III	 Galaria	 22 Retail Units
 Alovera I	 Portal de la Marina	 Alovera IV	 Vidanova Parc Dev.	 Cheste Dev.
 Villaverde	 Egeo	 Almussafes	 Megapark	 Megapark Leisure
 Arturo Soria	 Nuevo Alisal	 P. Marina Hyper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

**Pedro Luis Uriarte**

Independent  
Director

**Alec Emmott**

Independent  
Director

**Isabel Aguilera**

Independent  
Director

**Laurent Luccioni**

PIMCO  
Director

**Miguel Pereda**

Grupo Lar  
Director

**Juan Gómez-Acebo**

Secretary  
Non Member

**Susana Guerrero**

Deputy Secretary  
Non Member

Critical Activities internalized

**Sergio Criado**

CFO

**Jon Armentia**

Corporate  
Manager

**Susana Guerrero**

Legal  
Manager

**Hernán San Pedro**

Head of Investor  
Relations

**José Díaz Morales**

Internal Audit



# External Manager: A Real Estate Reference



## Grupo LAR Key Facts

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

**Offices**  
9 Office buildings developed and managed

**Logistics**  
10 Industrial Parks developed since 2003

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

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



# Investment Strategy Focused in Retail

## Investment Criteria

Value-Creation Potential

Dominant

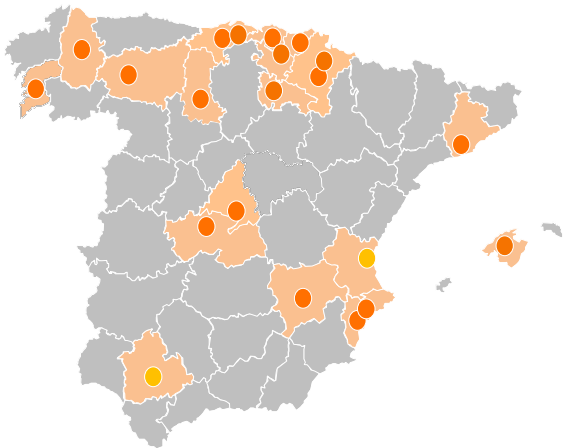
Core+

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

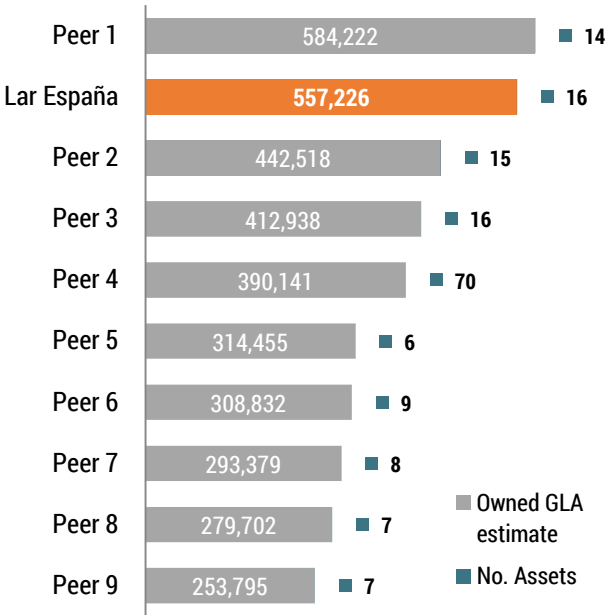
Enhancement of entertainment areas

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<sup>1</sup>



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

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



# Strong Transformation + Innovation



## Transformation Strategy



33%

Rotation Rate since Acquisition

c.107k sqm

Leased since Acquisition

74

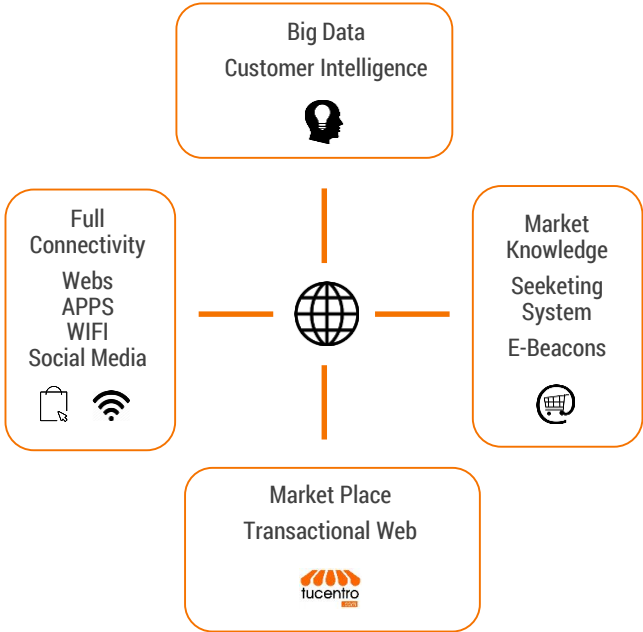
Relettings + New Lettings + Renewals in H1 2018

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"><li>▪ <b>12% Target Annual Return</b> on investments</li></ul>
Divestments	<ul style="list-style-type: none"><li>▪ <b>€380m of divestments over the next 24 months</b> From Office, residential and non-core retail assets</li><li>▪ <b>&gt;€90 Mn of divestments</b> From all logistics assets</li></ul>
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: €49 Mn</b></li><li>▪ Developments: <b>€247 Mn</b></li></ul></li></ul>
New Investments	<ul style="list-style-type: none"><li>▪ <b>€220 Mn of new investments</b> Mainly focused in retail assets</li></ul>
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>
ESG	<ul style="list-style-type: none"><li>▪ <b>Responsible asset management</b> Consumptions and emissions, accessibility and society-based initiatives</li><li>▪ <b>Risk control and management system</b></li><li>▪ <b>Ethics and Compliance</b></li></ul>



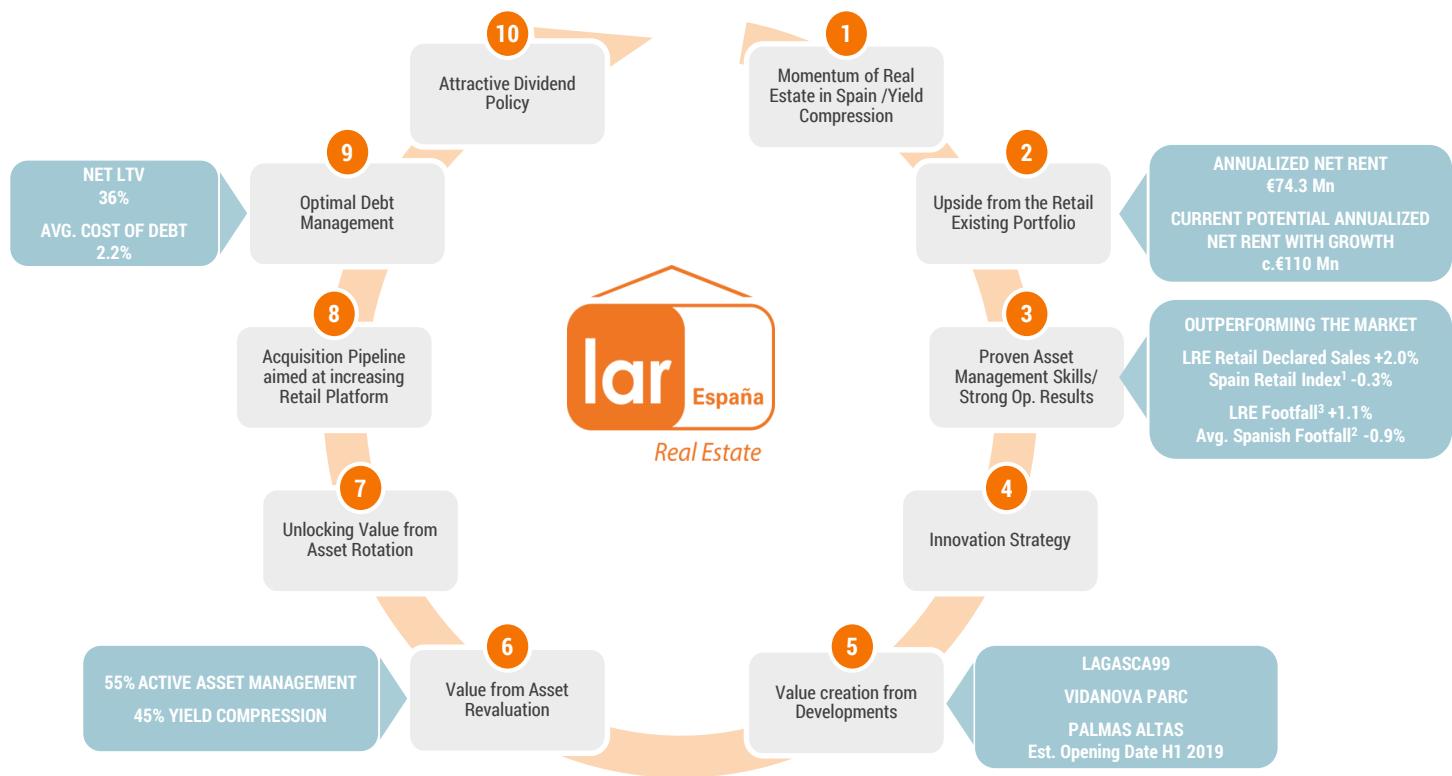
1. To be submitted to shareholders for approval

# 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

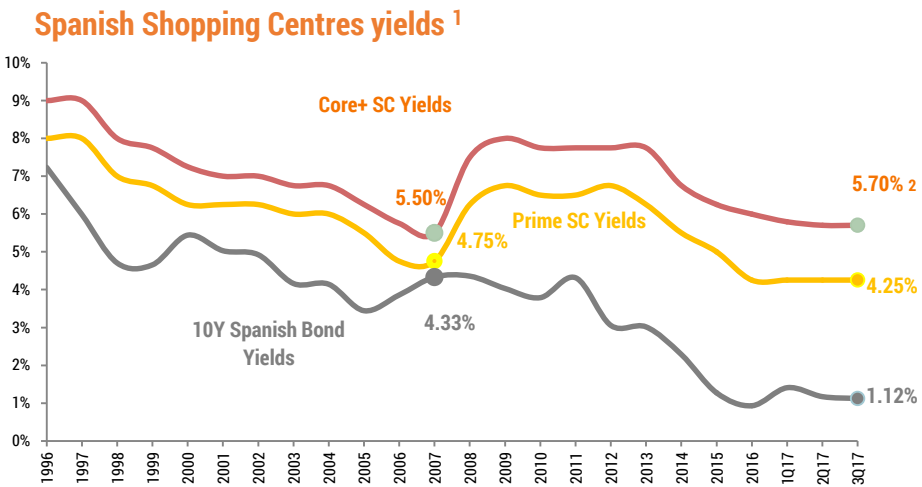
Unemployment Rate supporting further decreases
- 5

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**)

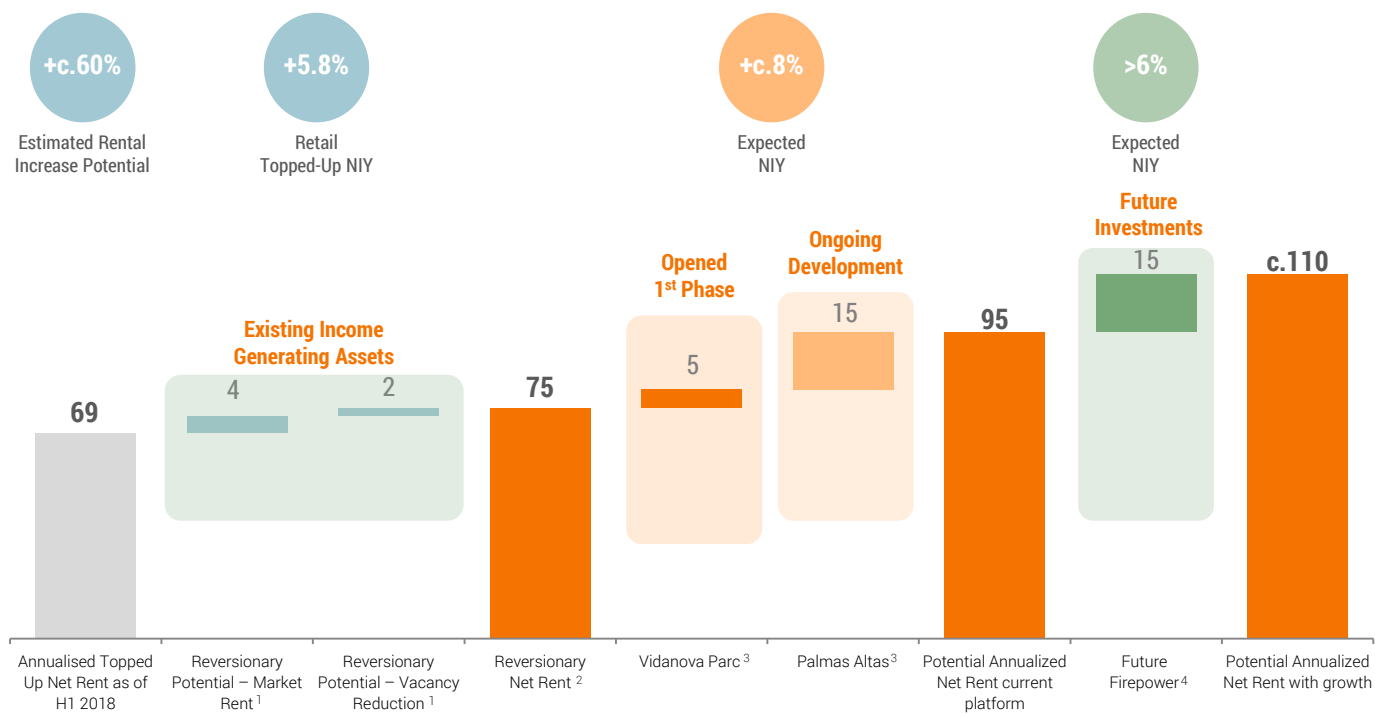


We estimate there is **room for compression** in the core plus segment

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.

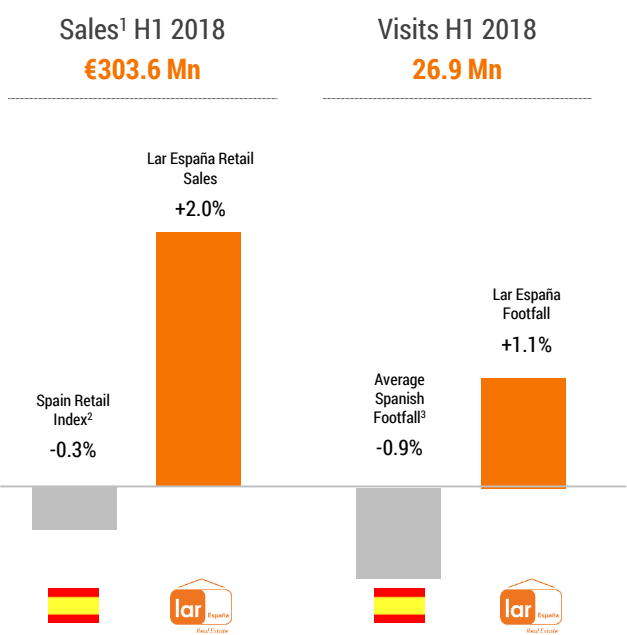
2. Illustrative potential additional rent in 2017 calculated, assuming the full occupancy of the Company's properties, as the application of the market net rent estimated by the Company's appraisers as part of their valuation exercise with respect to the vacant spaces in each of the Company's properties. 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 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

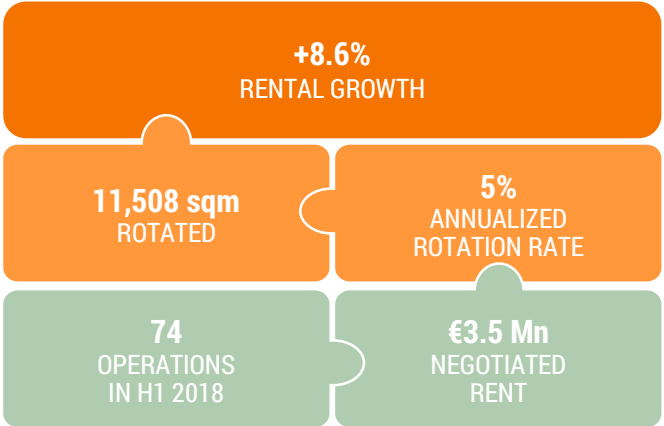
# Value Driver 3: Strong Operating Results

## 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

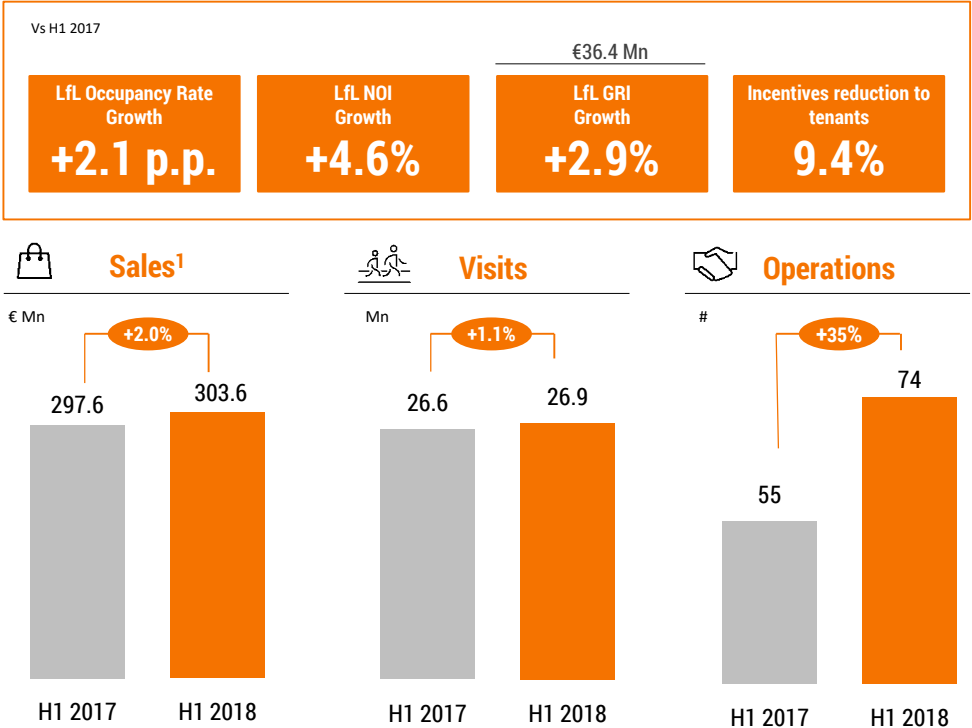
Active Asset & Tenant Management  
+  
Smart Capex in Operating Assets



Rotation Rate since acquisition to improve shopping experience



Retail Invested Capex H1 2018



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

# Value Driver 4: Innovation Strategy

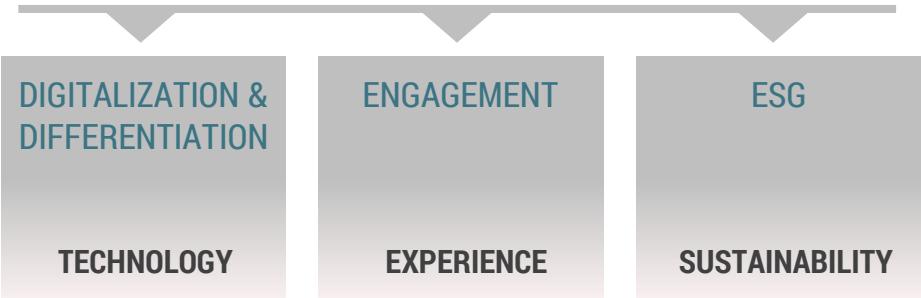
## Disruptive projects differentiating among our competitors

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 &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

€188 Mn  
Valuation<sup>1</sup>

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 30<sup>th</sup> June 2018 for 100% of the development. 50% owned by Lar España.

# Value Driver 5: Developments – Vidanova Parc

Leroy Merlin  
& Norauto  
already opened

September 27<sup>th</sup>  
complete inauguration

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

VOLAPIÉ

LIZARRAN

GINOS

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

1. Valuation as of 30<sup>th</sup> 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

  
**FIVE GUYS**

  
Massimo Dutti

  
**MediaMarkt**


8 Inditex  
Brands signed





**14 Mn/year**  
Exp. Visits

**200**  
Tenants

**€88.5 Mn**  
Valuation<sup>1</sup>

**1.5 hours**  
Exp. Avg. Stay

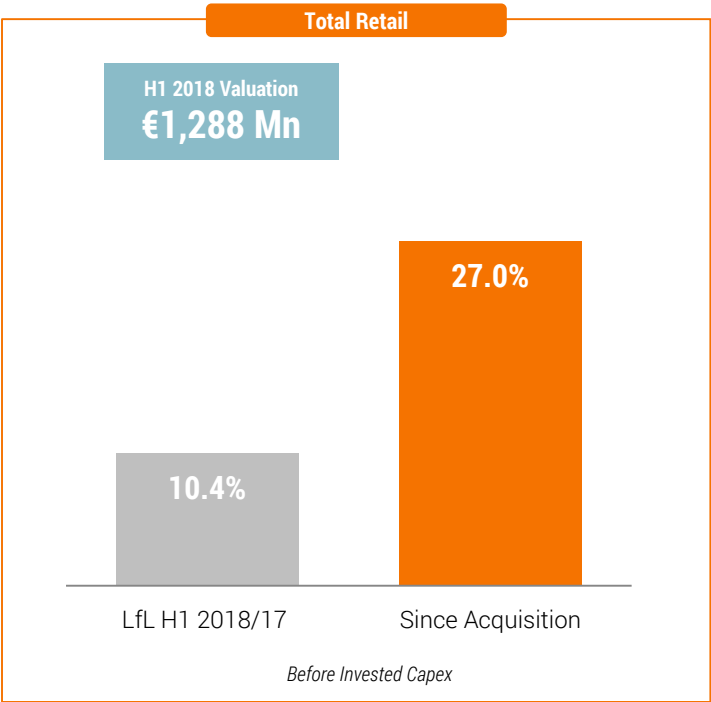
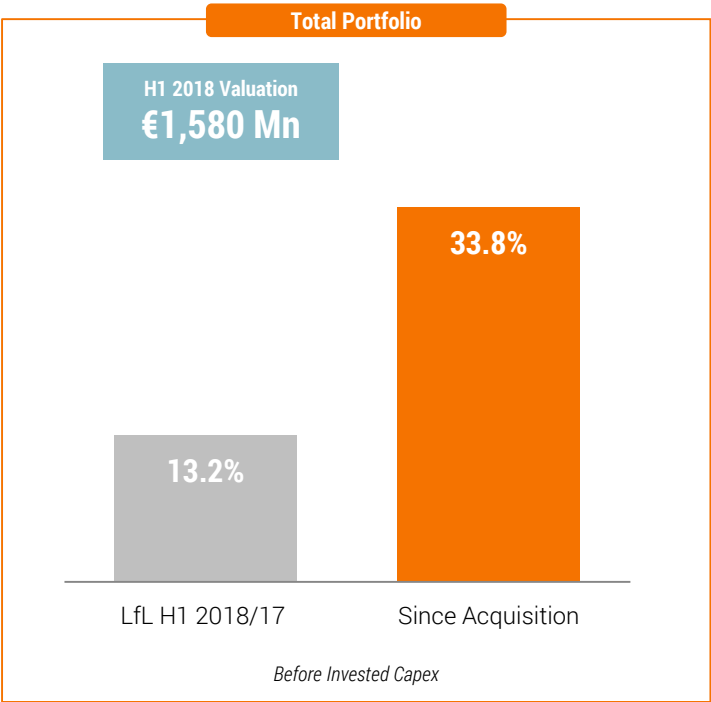
**c.15 Mn**  
Exp. Annual Rent

**€151.6 Mn**  
Est. construction  
cost to completion

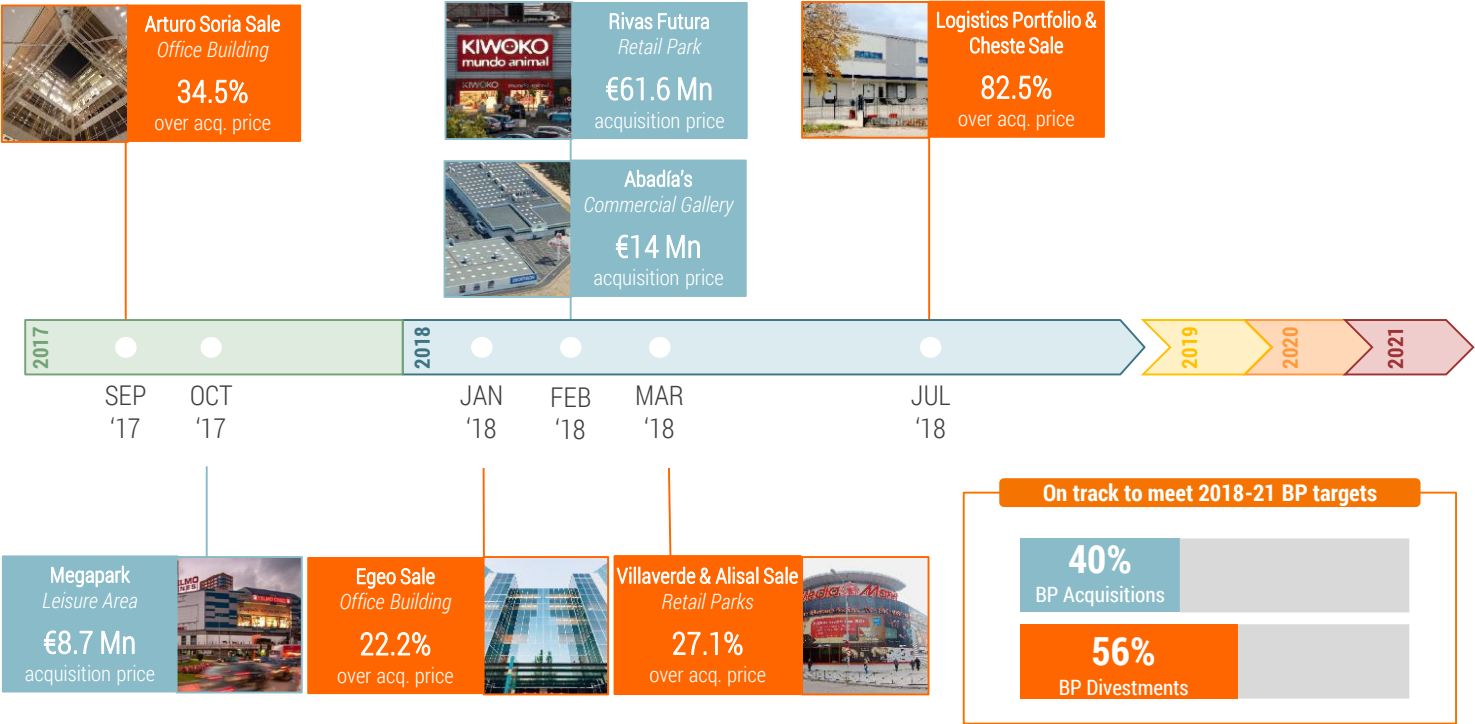
1. Valuation as of 30<sup>th</sup> June 2018.



# 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

VALUATION<sup>1</sup>  
€97.5 Mn





MARCELO SPÍNOLA

VALUATION<sup>1</sup>  
€38.5 Mn



ELOY GONZALO


VALUATION<sup>1</sup>  
€37.5 Mn



100%  
Occupancy



JOAN MIRÓ


VALUATION<sup>1</sup>  
€21.5 Mn




LAGASCA99

VALUATION<sup>2</sup>  
€188 Mn





1. Valuation as of 30<sup>th</sup> June 2018  
2. Valuation as of 30<sup>th</sup> 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%

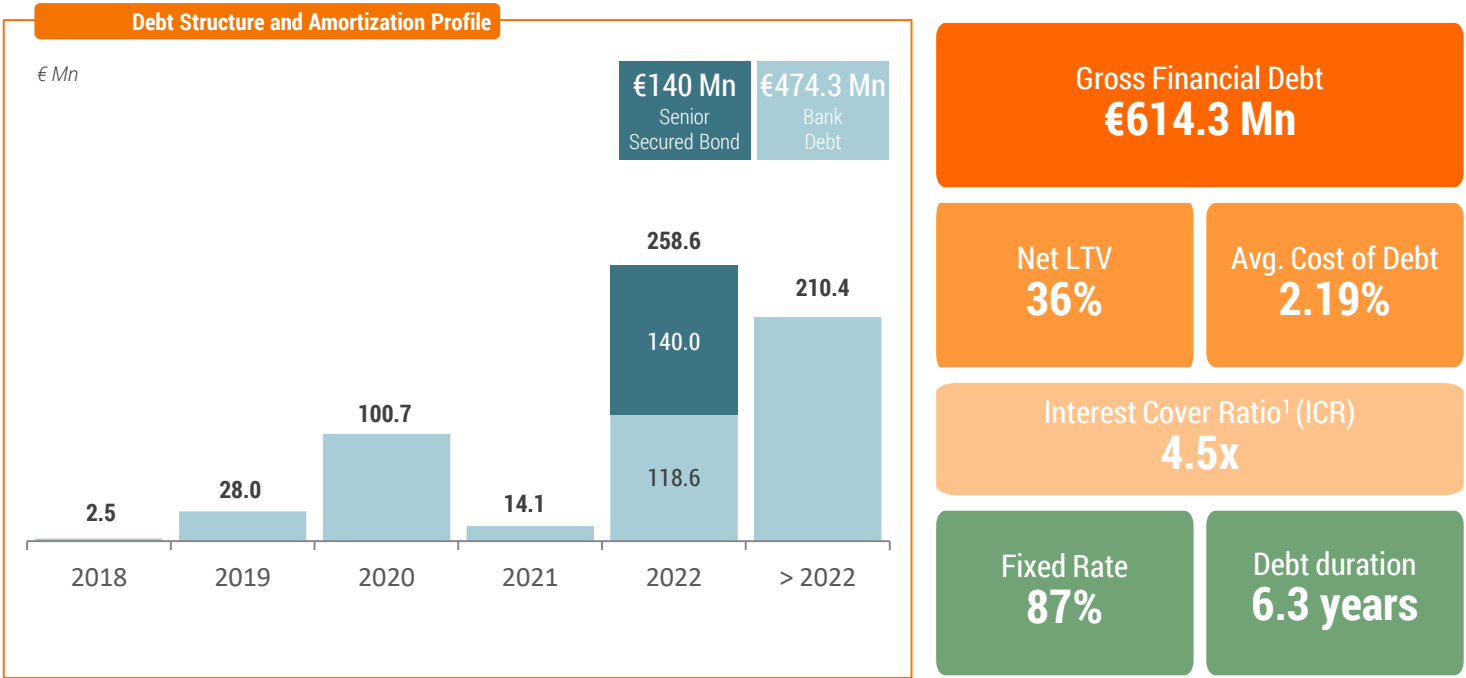
Expected Minimum Yield

✓ 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

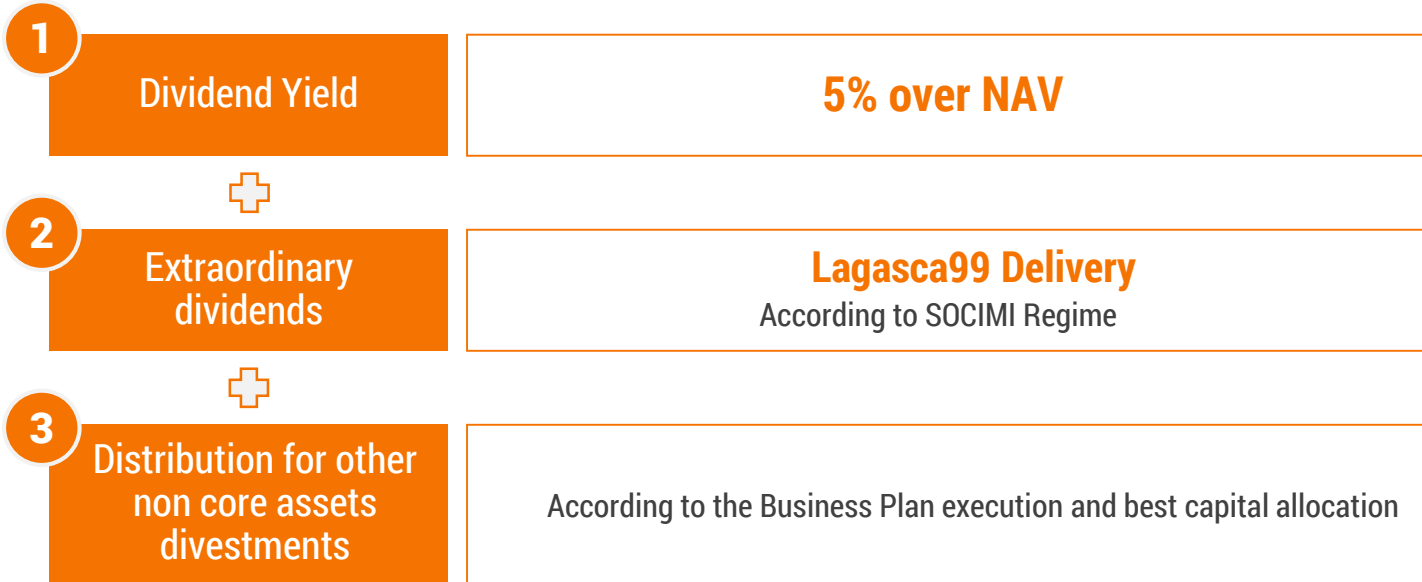


1. EBITDA (pre-revaluation) / Interest expenses as at H1 2018

# Value Driver 10: Predictable and Sustainable Dividend Distribution Policy

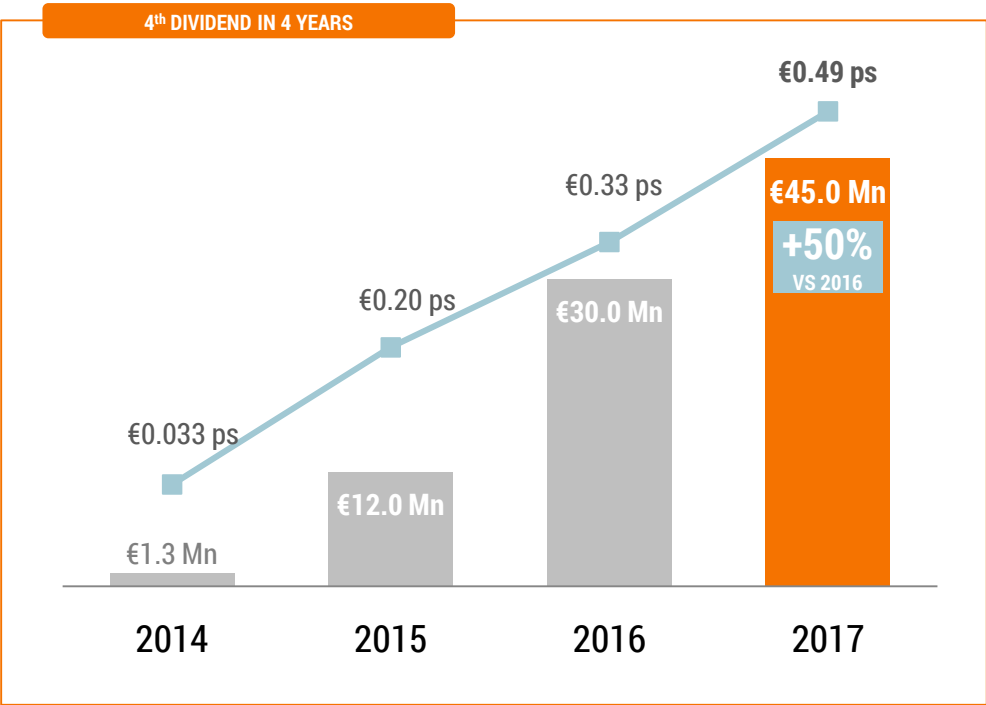
## Dividend policy objectives

- ✓ 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 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**  
EXTRAORDINARY DIVIDEND  
2018 RESULTS

1. 2017's average quarterly EPRA NAV






# 03

## Financial Results H1 2018

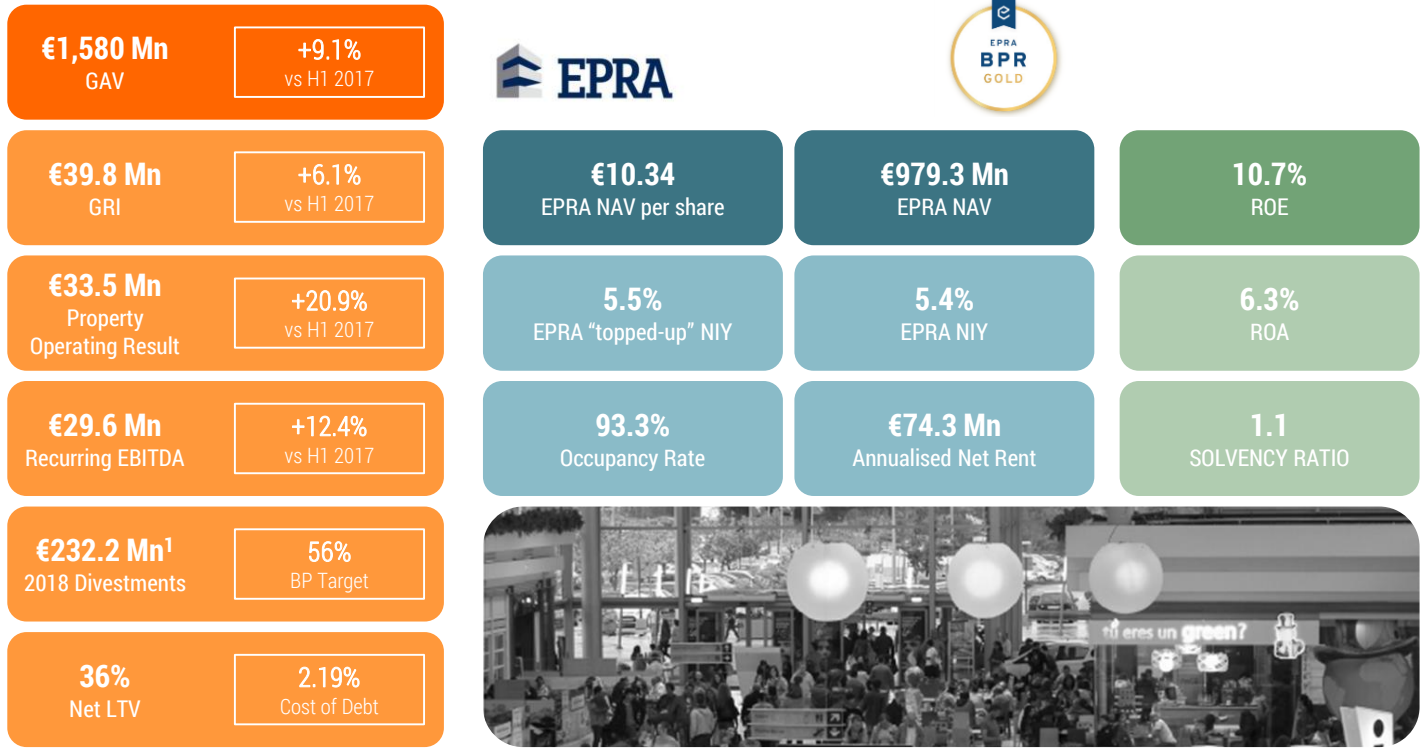




# Solid Company performance in H1 2018

 Operating Results	<b>+20.9%</b> in Property operating result <b>+12.4%</b> Recurring EBITDA	<b>33.8%</b> Portfolio revaluation since acquisition <i>(before invested capex)</i>	<b>10 quarters</b> <b>outperforming the market</b> in retailers declared sales (+2.0%) & footfall (+1.1%)	
 Developments & Refurbishments	<b>VidaNova Parc</b> already opened 100% GLA signed	<b>Palmas Altas</b> <b>73%</b> of GLA signed & committed	<b>Lagasca99</b> <b>86%</b> already sold	<b>Eloy Gonzalo</b> <b>100%</b> occupancy reached
 Asset Rotation	<b>€119.7 Mn</b> in logistics portfolio disposal <b>82.5% over acq. price</b>	<b>€112.5</b> in rest of 2018 divestments <b>24% over acq. price</b>	<b>€75.6</b> in 2018 acquisitions <b>@ avg. NIY of 6.2%</b>	
 2018 Financings	<b>Palmas Altas Financing</b> <b>c.€100 Mn</b> development facility	<b>Rivas Futura Financing</b> <b>c.€27.5 Mn</b> Mortgage Loan	<b>Abadía Com. Gallery Financing</b> <b>c.€8.7 Mn</b> Mortgage Loan	
 Corporate	<b>€45 Mn Dividend</b> €0.49 per share <b>5.1% Div. Yield over EPRA NAV</b>	<b>Grupo Lar</b> reinforces its stake in Lar España up to <b>9.99%</b>	<b>BREEAM®</b> 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 <sup>3</sup>		Chg% H1 2018/17	NON-RECURRING <sup>3</sup>		TOTAL <sup>3</sup>		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	-	
<b>Property Operating Result<sup>1</sup></b>	<b>30.2</b>	<b>27.7</b>		<b>3.3</b>	<b>-</b>	<b>33.5</b>	<b>27.7</b>	<b>+20.9%</b>
Corporate Expenses	(0.6)	(1.4)		(1.0)	(1.2)	(1.6)	(2.6)	
Other Results	-	-		-	0.7	-	0.7	
<b>EBITDA<sup>2</sup></b>	<b>29.6</b>	<b>26.3</b>	<b>+12.4%</b>	<b>2.3</b>	<b>(0.5)</b>	<b>31.8</b>	<b>25.8</b>	
Changes in the Fair Value	-	-		42.7	46.9	42.7	46.9	
Amortisation Expenses	(0.1)	-		-	-	(0.1)	-	
<b>EBIT<sup>2</sup></b>	<b>29.5</b>	<b>26.3</b>	<b>+12.1%</b>	<b>45.0</b>	<b>46.4</b>	<b>74.5</b>	<b>72.7</b>	
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)	
<b>EBT<sup>2</sup></b>	<b>22.0</b>	<b>21.1</b>		<b>45.0</b>	<b>-</b>	<b>67.0</b>	<b>67.5</b>	
<b>Profit for the Period (Pre Divestment/Performance Fee)</b>	<b>22.0</b>	<b>21.1</b>		<b>45.0</b>	<b>46.4</b>	<b>67.0</b>	<b>67.5</b>	
FFO (EBITDA – Financial Result) <sup>1</sup>	22.6	21.8		2.3	(0.5)	24.8	21.3	<b>+16.4%</b>
% 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)		
<b>Profit for the Period (Post Divestment/Performance Fee)</b>	<b>22.0</b>	<b>21.1</b>		<b>21.8</b>	<b>43.8</b>	<b>43.9</b>	<b>64.9</b>	

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
-------	-------------	------------	-----------------------------------

## 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>Anec Blau</b> Barcelona	<b>As Termas</b> Lugo	<b>P. Altas</b> Seville <i>Development</i>	<b>Abadía</b> Toledo
								
<b>Market Value</b> (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
<b>GLA (Sqm)</b>	83,379	41,446	40,158	51,155	28,617	35,127	100,000 <sup>3</sup>	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	31 Jul '14	15 Apr '15 28 Jul '15	1 Mar '16	27 Mar '17 20 Feb '18
<b>Acquisition Price</b>	€178.7 Mn	€141.0 Mn	€89.2 Mn	€87.5 Mn	€80.0 Mn	€68.8 Mn	€40.5 Mn	€77.1 Mn
<b>EPRA NIY<sup>1</sup></b>	5.4%	5.6%	5.8%	5.8%	4.8%	5.7%	>8% <sup>4</sup>	5.8%
<b>Occupancy Rate<sup>1</sup></b>	91.9%	98.6%	95.3%	95.3%	89.0% <sup>2</sup>	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



**22 R. Units**  
North Spain +  
Balearic Islands



**Vistahermosa**  
Alicante



**Vidanova Parc**  
Valencia  
*Development*



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

Market Value (Jun 2018)	€65.4 Mn	€57.9 Mn	€52.9 Mn	€49.7 Mn	€35.8 Mn	€50.1 Mn
GLA (Sqm)	36,726	27,890	27,909	33,550	44,137	16,979
Acquisition Date	6 Feb '18	30 Jul '14 19 Dec '14	27 Mar '17	16 Jun '16	3 Aug '15	NA
Acquisition Price	€61.6 Mn	€39.9 Mn	€47.6 Mn	€42.5 Mn	€14.0 Mn	€39.4 Mn
EPRA NIY <sup>1</sup>	5.7%	5.9%	7.1%	5.6%	>9% <sup>2</sup>	6.5%
Occupancy Rate <sup>1</sup>	97.4%	94.0%	100%	92.2%	-	92.6%

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

# Offices and Residential

## Offices



## Residential

### Lagasca99



Market Value (Jun 2018)	€97.5 Mn <sup>1</sup>	Market Value (Jun 2018)	€188.0 Mn <sup>2</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>3</sup>
EPRA NIY <sup>1</sup>	0.2%	Construction Period	2016-2018
Occupancy Rate <sup>1</sup>	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)

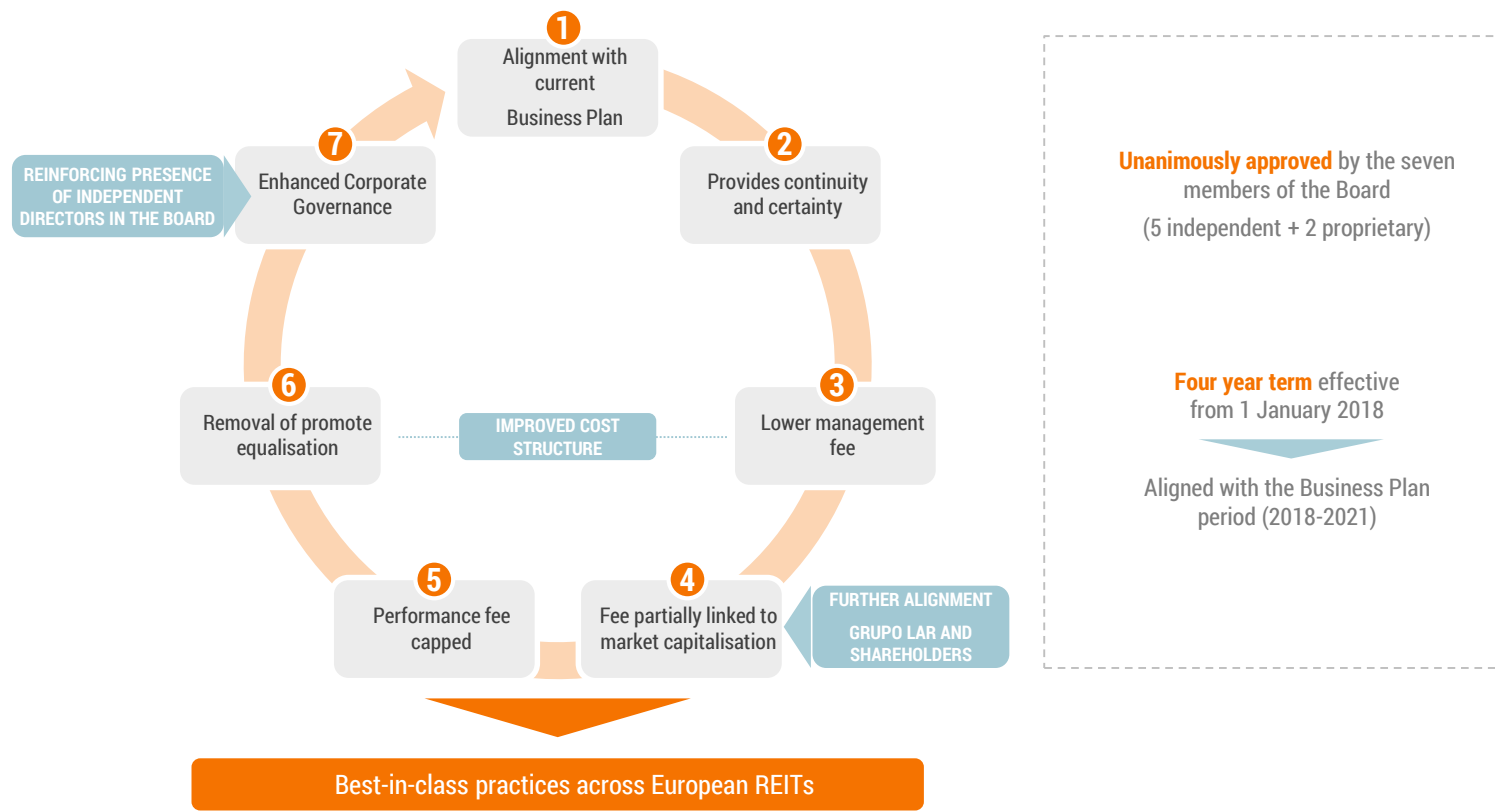
3. Cost of land + urbanization costs. Corresponds to the 50% of the JV with Pimco

# 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 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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