The Time is Now:

Customer-Centric & Next Generation Retail

MADRID
October 9th, 2018

LONDON
October 10th, 2018
WELCOME

Hernán San Pedro
Head of Investor Relations
<table>
<thead>
<tr>
<th>Time</th>
<th>Topic</th>
<th>Presenter</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>LAR ESPAÑA NOW</td>
<td>José Luis del Valle / Chairman Lar España</td>
</tr>
<tr>
<td>02</td>
<td>LAR ESPAÑA &amp; GRUPO LAR</td>
<td>Luis Pereda / Chairman Grupo Lar</td>
</tr>
<tr>
<td>03</td>
<td>WHERE THE WORLD, CUSTOMERS &amp; RETAIL GO</td>
<td>Jorge Herrero / Head of Innovation and Business development Southern Europe eBay</td>
</tr>
<tr>
<td>04</td>
<td>MOVING FORWARD – TES PROJECT</td>
<td>Miguel Pereda / Board Member Lar España &amp; CEO Grupo Lar</td>
</tr>
<tr>
<td>05</td>
<td>TECHNOLOGY</td>
<td>Pablo Rozadillas / Senior Asset Manager Grupo Lar</td>
</tr>
<tr>
<td>06</td>
<td>ENGAGEMENT</td>
<td>Sergio García / Asset Management Director Grupo Lar</td>
</tr>
<tr>
<td>07</td>
<td>SUSTAINABILITY (ESG)</td>
<td>Jon Armentia / Corporate Director Lar España</td>
</tr>
<tr>
<td>08</td>
<td>SHOPPING CENTRES PERFORMANCE</td>
<td>José Manuel Llovet / Commercial RE Managing Director Grupo Lar</td>
</tr>
<tr>
<td>09</td>
<td>MACRO MOMENTUM</td>
<td>Ignacio de la Torre / Partner and Head Economist Arcano</td>
</tr>
<tr>
<td>10</td>
<td>FINANCIALS - BUSINESS PLAN</td>
<td>Miguel Pereda / Board Member Lar España &amp; CEO Grupo Lar</td>
</tr>
<tr>
<td>11</td>
<td>CLOSING REMARKS &amp; Q&amp;A</td>
<td>José Luis del Valle / Chairman Lar España</td>
</tr>
</tbody>
</table>

08:30 RECEPTION  | 09:00 BEGINNING  | 11:00 COFFE BREAK  | 14:00 END  | 14:15 COCKTAIL
Presenting Team

José Luis del Valle
Chairman
Lar España

Luis Pereda
Chairman
Grupo Lar

Miguel Pereda
Board Member Lar España
CEO Grupo Lar

Jose Manuel Llovet
Commercial RE Managing Director
Grupo Lar

Jon Armentia
Corporate Director
Lar España

Sergio García
Asset Management Director
Grupo Lar

Pablo Rozadillas
Senior Asset Manager
Grupo Lar

Hernán San Pedro
Head of Investor Relations
Lar España
Management Team
with us today

Roger Cooke
Independent
Board Member
Lar España

Sergio Criado
CFO
Lar España

Susana Guerrero
Legal Manager & Vice-secretary
Non Member of the Board
Lar España
Special Guests

Jorge Herrero
Head of Innovation and Business development
Southern Europe EBAY

Carlos Tercero Calderón
Founder & CEO
STIGA CX

Jose Luis Blasco
Global Head of Sustainability
KPMG

Ignacio de la Torre
Partner and Head Economist
Arcano
Some news...
LAR ESPAÑA NOW

José Luis del Valle
Chairman Lar España
A journey to become leaders in retail

INVESTMENT INITIAL PHASE

CONSOLIDATION

SPECIALIZATION

VALUE CREATION

2014 2015 2016 2017 2018

“To build the Spanish REIT leader in retail”
What have we built?

- Albacenter
- Anecblau
- Alovera I
- Villaverde
- Arturo Soria
- Las Huertas
- Txingudi
- Marcelo Spinola
- Alovera II
- P. de la Marina
- Egeo
- Nuevo Alisal
- Albacenter Hyper
- Eloy Gonzalo
- Gran Vía de Vigo
- Vistahermosa
- Palmas Altas
- P. Marina (rest)

2014
- As Termas
- Alovera III
- Alovera IV
- Almussafes
- P. Marina Hyper
- Joan Miró
- Lagasca99

2015
- El Rosal
- Galaria
- VidaNova Parc
- Megapark

2016
- Parque Abadía
- 22 Retail Units
- Chest
- Megapark Leisure

2017
- Rivas Futura
- Galería Abadía

2018
- Investor Day 2018

2019
Non-core divestments to focus on retail

Remaining office portfolio divestment and residential project delivery
PURE RETAIL PLAYER

Present in most regions of Spain
Lar España
one of the large retail players in Europe

2017 Investment (€ Mn)

Peer 1
Peer 2
Peer 3
Peer 4
Lar España
Peer 5

Source: CBRE. Excluding High Street investments.
Our way to add value

Undeniable Value Now

- Cherry picked asset portfolio of dominant assets
- Solid **results** outperforming expectations
- 55% of **revaluation** due to strong active management
- **Prudent leverage** at attractive cost
- Attractive **dividend policy**
- Ready to face the **tech challenge**
- Additional **rent increase potential** from new developments coming
- **Rent increase potential** from the existing retail portfolio
- **55% of revaluation** due to strong active management
- **Solid results** outperforming expectations
- **Cherry picked asset portfolio of dominant assets**

Future Value
A retail focused strategy

**Investment Criteria**

<table>
<thead>
<tr>
<th>Value-Creation Potential</th>
<th>Dominant</th>
<th>Core+ tenants</th>
<th>Soundness</th>
<th>Protected</th>
</tr>
</thead>
<tbody>
<tr>
<td>100% ownership</td>
<td>Target levered IRR&gt;12%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**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
- Technology to know and influence clients

**Using technological solutions** that differentiate us from the competition

Creation of unique shopping experiences

Using technological solutions that differentiate us from the competition
Outperforming the retail market benchmark\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>% TOTAL RETURN PERFORMANCE</th>
<th>% CAPITAL GROWTH</th>
<th>% INCOME GROWTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shopping Centres</td>
<td>13.4%</td>
<td>7.3%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Retail Parks</td>
<td>15.0%</td>
<td>7.8%</td>
<td>6.7%</td>
</tr>
<tr>
<td>Lar España</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benchmark</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: 2017 MSCI – IPD Spain Annual Property Index results

1. The 2017 IPD index for Spain analyses 44 portfolios, including a total of 508 assets valued at almost €18 Bn in the real estate market
Looking ahead to the new retail world

**SOCIO DEMOGRAPHICS**

The conversion of shopping centres into communities that engage millennials

**ENGAGING LIFESTYLE EXPERIENCES**

Retail at the heart of the consumer’s leisure activities

**OMNICHANNEL**

Shoppers move seamlessly between the physical and digital retail worlds

**TECHNOLOGY**

Emerging technologies that have the potential to disrupt the retail sector, offering new opportunities
Value is our demonstrated DNA

- Experienced manager
- Strong Corporate Governance
- Retail focused portfolio
- Sustainable investment Strategy & Dividends
- Continuous innovation and digitalisation

RIGHT TIMING
- Cycle Opportunity

RIGHT RESOURCES
- Operational Financial Know-how

RIGHT PLATFORM
- Size
- Synergies
- Developments
- Rotation
A new retail company, for a new retail world

VISION
To create unique shopping experiences through the combination of retail and entertainment, linking the physical and digital worlds

MISION
To offer unique shopping experiences through the profitable management of our new-generation retail assets, with an intensive use of the technology and being the best partner for our retailers and customers. Always with ultimate goal of maximizing our shareholder’s return

VALUES
- Corporate Focus
- Customer Focus
- Market Focus
- Investor Focus

RESPONSIBILITY
- Quality
- Innovation
- Alignment
A new retail company, focused on all that matters to our clients & investors

- **14 ASSETS CERTIFIED**
  - 8 In-Use “Very Good”
  - 2 In-Use “Good”
  - 2 New-Build, “Very Good”
  - + developments expected

- **EPRA Gold Award in Financial Reporting (BPR) for 4th year running**
- **EPRA Gold Award in Sustainability Reporting (sBPR)**

In October 2017, ILUNION formally acknowledged Lar España’s efforts to enhance universal accessibility at its properties and to accommodate persons with disabilities.

Eloy Gonzalo office building: AENOR universal accessibility certification for the refurbishment work.
AN ATTRACTIVE RETAIL COMPANY

1. Momentum of real estate in Spain yield compression
2. Proven asset management skills/ strong op. Results
3. Innovation strategy
4. Value creation from developments
5. Value from asset revaluation
6. Unlocking value from asset rotation
7. Upside from existing retail portfolio
8. Acquisition pipeline aimed at increasing retail platform
9. Optimal debt management
10. Attractive dividend policy
Grupo Lar as the best possible external manager

- Stability in ownership and corporate governance
  - Pereda family 100% ownership
  - Corporate governance measures (4/9 independent directors)

- Solid management team
  - 321 people in 7 countries
  - 50 years of experience

- Geographical diversification
  - Presence in Europe and Latin America

- Product diversification
  - Developers, investors & managers of shopping centres, offices, residential, industrial & logistics

- Trusted manager and partner
  - Co-investor & industrial partner of institutional investors and Hedge-funds
  - Manager Lar España
Partnerships and joint ventures with top-tier investors and corporate clients

Joint Ventures with long and successful track record

Partnerships and Joint Ventures to invest in different assets and geographies

- Grosvenor
- Fortress
- Morgan Stanley
- The Baupost Group®
- "la Caixa"
- Sonae
- GE Capital
- Ivanhoe Cambridge
- COSAPI
External management by Grupo Lar
the optimal strategy for Lar España

Retail property requires skilled, hands-on management...

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

...which Grupo Lar is uniquely qualified to provide

- Operationally Intensive
- Scale
- Active Management
- Expertise
- Responding to Change
- Profitability

- Lar España can draw upon the expertise of Grupo Lar's investment professionals
- External management provides scalability and cost-efficiency
- 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
- Access to extensive platform allowing LRE to pursue accretive opportunities
- Relevant savings for LRE since the agreement will take effect 15 months before the previous agreement ends

1. In accordance with last independent appraisal as of December 2017.
A new Investment Management Agreement with best-in-class practices across European REITs

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

Provides continuity and certainty
Lower management fee
Fee partially linked to market capitalisation
Performance fee capped
Removal of promote equalisation
Enhanced Corporate Governance
Alignment with current Business Plan
Grupo Lar
fully committed to the company

9.99% Stake

2nd largest shareholder

Largest stake of an external manager

COMMITMENT

ALIGNMENT
Intensive active management in the biggest retail portfolio in Spain

<table>
<thead>
<tr>
<th></th>
<th>Owned GLA (est.)</th>
<th>Nbr. Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lar España</td>
<td>552,415</td>
<td>14</td>
</tr>
<tr>
<td>Peer 1</td>
<td>452,738</td>
<td>77</td>
</tr>
<tr>
<td>Peer 2</td>
<td>442,518</td>
<td>15</td>
</tr>
<tr>
<td>Peer 3</td>
<td>439,094</td>
<td>10</td>
</tr>
<tr>
<td>Peer 4</td>
<td>371,518</td>
<td>12</td>
</tr>
<tr>
<td>Peer 5</td>
<td>369,766</td>
<td>4</td>
</tr>
<tr>
<td>Peer 6</td>
<td>294,930</td>
<td>14</td>
</tr>
<tr>
<td>Peer 7</td>
<td>279,702</td>
<td>6</td>
</tr>
<tr>
<td>Peer 8</td>
<td>247,643</td>
<td>8</td>
</tr>
<tr>
<td>Peer 9</td>
<td>221,192</td>
<td>8</td>
</tr>
</tbody>
</table>

The retail density of shopping centre GLA in Spain is below the average of Western Europe.

340 sqm / 1,000 inhabitants

Source: JLL, Q4 2017 Note: Only includes current Retail and/or Leisure Complexes offering in excess of 5,000 sqm of GLA (GLA/1,000 inhabitants).

(*) There are no Retail Complexes in the province of Teruel.
Developments are gradually reactivating after a long period of inactivity

EUROPEAN DEVELOPMENTS COMPARISON
Sq m weight of planned openings in 2018-2019 over the existing stock

Source: CBRE, Does not include leisure centres or centres based on hypermarkets
Using Grupo Lar’s experience and capacity of development

VidaNova Parc
SAGUNTO

In operation
45,136 sqm GLA

Q2 2019
Estimated Opening

100,000 sqm
Retail and family leisure area

SEVILLE
Solid H1 2018 performance

Operating Results

- +20.9% in Property operating result
- +12.4% Recurring EBITDA

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 in rest of 2018 divestments
  24% over acq. price
- €75.6 in 2018 acquisitions
  @ avg. NIY of 6.2%

Portfolio revaluation since acquisition (before invested capex)

10 quarters outperforming the market in retailers declared sales (+2.0%) & footfall (+1.1%)
Lar España - Grupo Lar
a successful future together

alignment
commitment
expertise
MOVING FORWARD

Miguel Pereda
Board Member Lar España
CEO Grupo Lar
E-commerce has an important role to play in the new retail world

E-COMMERCE EVOLUTION IN SPAIN

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume</th>
<th>Annual Chg%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
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<tr>
<td>2016</td>
<td></td>
<td></td>
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<tr>
<td>2017</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: CNMC

WEIGHT OF E-COMMERCE IN TOTAL RETAIL SALES

<table>
<thead>
<tr>
<th>Category</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOOD</td>
<td>0.9%</td>
</tr>
<tr>
<td>FASHION</td>
<td>10.5%</td>
</tr>
<tr>
<td>SHOES &amp; LEATHER</td>
<td>12%</td>
</tr>
</tbody>
</table>

% of retail sales in Spain

Source: CBRE, CNMC, INE
The need for coexisting in our times

A new hybrid form of commerce is emerging.

Customers will soon shop seamlessly online and offline.

<table>
<thead>
<tr>
<th>PHYSICAL</th>
<th>RESEARCH PRODUCTS</th>
<th>MAKE PURCHASES</th>
</tr>
</thead>
<tbody>
<tr>
<td>“WEBROOMING”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>“SHOWROOMING”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ONLINE</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**NEED**

**ONLINE**

**PHYSICAL**

**SHOPPING CENTRES**
Investing in digital interfaces with customers

**RETAILERS**
Investments in online e-commerce and in-store pickup

**E-COMMERCE RETAILERS**
Opening physical stores to solidify their brands
The first time in history, the consumer market includes 6 generations

- Silent Gen (1928-1945)
- Baby Boomers (1946-1964)
- Gen X (1965-1980)
- Gen Z (1998-2016)
- Alpha Gen (2017-?)

Source: INE, Spanish population
The opportunity of living in our times

The use of technology and big data

CUSTOMER KNOWLEDGE
know more about our visitors and their behaviour

DIGITALISATION
Next generation technology to enhance customers’ experience

Customer-oriented innovation

OMNICHANNEL
Omnichannel shopping platform, enhancing customers’ shopping experience

EXPERIENCE
Shopping centres become destinations, that are central to the communities
Understanding customers’ journeys

Why customers visit shopping centres?

VALUE
Looking for “value for money”

CONVENIENCE
Immediateness
Click & Collect

EXPERIENCE
Shopping as a leisure activity
In-store brand connection

SOCIALIZATION
Meeting point

SERVICE CENTRE
Product support
Product returns
Experiences become the new anchors

Shopping centres increasingly need to be destinations

<table>
<thead>
<tr>
<th>New tech personalises the experience</th>
<th>F&amp;B experience</th>
<th>Leisure &amp; entertainment experiences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personalised promotions and new services</td>
<td>Places of social interaction</td>
<td>Become part of our lifestyle</td>
</tr>
<tr>
<td>Smart fitting rooms (augmented reality) &amp; customization</td>
<td>Environments are as important as the food</td>
<td>Leisure offerings boost footfall and dwell time</td>
</tr>
</tbody>
</table>
Leading the transformation
TES Project

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

DIGITALISATION

EXPERIENCE

TECHNOLOGY

ENGAGEMENT

ESG

SUSTAINABILITY (ESG)
Shopping centre managed by data analytics

TECHNOLOGY

SEEKETING

BIG DATA

Selective marketing campaign manager
Shopping centres become consumer engagement spaces

ENGAGEMENT

Shopping centres are evolving to shopping, dining and entertainment centres that provide customers with unique experiences.

OPTIMAL COMMERCIAL MIX
- Addition of new and more attractive brands and tenants
- Image improvement

CREATING SHOPPING EXPERIENCE DESTINATIONS
- Where customers can enjoy their time both shopping and being entertained

CUSTOMER CENTRIC
- Personalised customer experience
- Quality services offer (parking, toilets, pick-up points...)

Dynamic, comfortable and urban spaces
Foodcourt areas appealing destinations
Enhancing the in-store experience
Strong commitment towards sustainability

**SUSTAINABILITY**

- **Incorporation of environmental criteria in new acquisitions & developments**
  - BREEAM® ES
  - ISO 14001
  - CNMC
  - OHSAS 18001

- **Continuous improvement in the management, awareness and minimization of environmental impacts**

- **The promotion of the construction and building of sustainable buildings**

- **The positioning of the customer as the centre of the business model**

**Key Areas**

- **ENERGY EFFICIENCY**
- **WATER MANAGEMENT**
- **AIR QUALITY**
- **SOLAR POWER**
- **SUSTAINABILITY CERTIFICATIONS**
- **DIGITALISATION**
- **CUSTOMER JOURNEY**
- **IMPROVEMENT SALES**
The necessity of the three

**DIGITALISATION**
Evaluate the visitor experience at our shopping centres

**EXPERIENCE**
offer a unique and standout value proposal and transform the centres into destinations

**ESG**
Strategic positioning of each one of our properties

**TECHNOLOGY**

**ENGAGEMENT**

**SUSTAINABILITY (ESG)**
Greater knowledge to increase customer overall satisfaction

UNDERSTAND CUSTOMER TRENDS

- Map out the route they take
- Identify customer profiles
- How they spend their time & money during their visit

CREATE A UNIQUE AND STAND-OUT OFFERING

INCREASE CUSTOMER OVERALL SATISFACTION

Avg. dwell time
+7.7% prev. year

Avg. sales\(^1\)
per visitor
+24.9% prev. year

\(^1\) Declared sales
From quality to customer-centric

The Time is Now: Customer Centric & Next Generation Retail

TECHNOLOGY

SUSTAINABILITY (ESG)

ENGAGEMENT
TECHNOLOGY

Pablo Rozadillas
Senior Asset Manager Grupo Lar
TECHNOLOGY
What for?
Technology under the scope of TES project
Some facts*...

By the end of 2017, more than **60% of companies consider “digital transformation”** as a core process of their corporative strategy.

1/3 of top management of multinational companies consider digital transformation essential for their company survival.

Legacy IT systems are considered the biggest obstacle for the viability of the digital transformation.

87% of the Global 2000 index companies think that digital transformation will help them **strengthen their business performance**.

55% of companies without an existing digital transformation programme say the timeframe to adopt one is **a year or less**.

52% of executives cite “a lack of familiarity with technology” as a **barrier to digital transformation**.

*Sources: Progress, Capgemini, Accenture, Sloan review, Santoku, Compilated by James Purvis.
How can technology help us?

**Internal Organization and human resources**
- Gather more information
- Analyse information more efficiently
- Increase our productivity
- Decision making process
- Easy to use

**Business and clients**
- Deliver a better service in our SCs
- Improve customer experience
- Increase traffic and sales
- Improve sustainability in our SCs
- Add value to our customers and clients
- Increase client satisfaction.
Our focus

WHERE TO APPLY TECHNOLOGY?

**PROCESSES**
- Project management
- Accessibility
- Internal communication
- Mobility

**ANALYSIS CAPACITY**
- Environmental
- Customer
- Facilities
- Digital footprint

**CLIENTS’ EXPERIENCE**
- Shopping channels
- Amenities
- Convenience
- Entertainment
What initiatives have LAR ESPAÑA already implemented?
# How technology helps us to improve our processes: 4 examples

<table>
<thead>
<tr>
<th>What is it?</th>
<th>What for?</th>
<th>Benefits</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project management</strong></td>
<td>Project management tool</td>
<td>▪ New dev. and ref. works project management</td>
<td>Implemented Jan 2018-</td>
</tr>
<tr>
<td><strong>Accessibility</strong></td>
<td>Data cloud storage and file sharing tool</td>
<td>▪ Relevant data storage ▪ File sharing</td>
<td>Implemented July 2018-</td>
</tr>
<tr>
<td><strong>Internal Communication</strong></td>
<td>Instant messenger and social business platforms</td>
<td>▪ Teamwork ▪ Reduce email workload</td>
<td>Implemented June 2018-</td>
</tr>
<tr>
<td><strong>Mobility</strong></td>
<td>Mobility platforms corporate accounts</td>
<td>▪ Business travel</td>
<td>Implemented June 2018-</td>
</tr>
</tbody>
</table>
"Asana is the perfect tool to organize tasks, resources and workload among all the teams involved in every project, it has saved us vast numbers of non efficient phone calls and emails, allowing us to focus on the important topics, knowing at anytime who is in charge of what, and what is the status of each assignment"
How technology helps us improve our analysis capacity: 4 examples

<table>
<thead>
<tr>
<th>Environment</th>
<th>What is it?</th>
<th>What for?</th>
<th>Benefits</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Location intelligence tool to get Social and economic data</td>
<td>Analysis of new investments, Customer profile analysis</td>
<td>More accurate strategies, Help on decision making</td>
<td>Implemented - March 2017-</td>
</tr>
<tr>
<td>Geoblink</td>
<td>Tool to analyze performance of our SCs through visitor analysis Beacons</td>
<td>Analysis of visitors’ behaviour in our SCs</td>
<td>Deep understanding of our SCs performance, Linked to marketing tools</td>
<td>Implemented - June 2016-</td>
</tr>
<tr>
<td>Customer</td>
<td>Daily Drone flights over our development projects</td>
<td>Development works control, analysis, and troubleshooting</td>
<td>Live view, Multi perspective, No need to be on site, Close to details</td>
<td>Implemented - Jan 2017-</td>
</tr>
<tr>
<td>Behaviour</td>
<td>Owned dashboard to visualize Social network &amp; web performance in our SCs and competence</td>
<td>Analysis of online community behaviour, marketing performance, trends and benchmarking</td>
<td>Clear visualization of our SN initiatives, Live, Aggregated or stand alone analysis</td>
<td>Implemented - July 2018-</td>
</tr>
<tr>
<td>Digital</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>footprint</td>
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</tbody>
</table>
"Thanks to Geoblink we have access to the most accurate socio-demographic and economic data that we ever dreamed of. Now we have deeper knowledge of our areas of influence, and our marketing campaigns are perfectly focused, based on facts and not just on insights."

Ana Redondo Moreno
Marketing analyst
CASE STUDY

ANALYSIS CAPACITY

Visibility analysis on search engines

SC webpage traffic analysis and evolution

Social Media analysis by platform

Portfolio analysis, aggregated results and situation against competition
LAR DIGITAL REPORTING
Gran Vía de Vigo dashboards

Web traffic analysis dashboard

Visibility index by source vs main competitor (keywords and search)

Social media evolution by platform vs main competition
LAR DIGITAL REPORTING
Portfolio dashboards

Total traffic portfolio evolution

Engagement Rate analysis

Visibility index vs Top Spanish centres

Social Networks qualitative analysis
How technology help us improve our clients experience: 4 examples

<table>
<thead>
<tr>
<th>Shopping channels</th>
<th>What is it?</th>
<th>What for?</th>
<th>Benefits</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>E-commerce platform for our SC and e commerce shop on Ebay</td>
<td>Sell our retailers’ products online</td>
<td>Additional sale channel for both retailers &amp; customers</td>
<td>Implemented - June 2017-</td>
</tr>
</tbody>
</table>

| Amenities | Free EV charging stations located in our SC car parks | An additional service to our customers | Improve tenant satisfaction | Implemented - September 2017- |

| Convenience | Pick up and drop off stations Online shopping pick up service | An additional service to our customers | Differentiation among other Scs. Increase frequency of visit Improve tenant satisfaction | Implemented - May 2018- |

| Entertainment | Virtual reality tools Gaming areas | To offer our clients value added experiences in our assets | Trigger for sales Differentiation Improve client experience | Implemented - February 2017- |
CASE STUDY

CLIENTS’ EXPERIENCE

TUCENTRO.COM

ebay Rating

TUCENTRO.COM

CLIENTS’ EXPERIENCE

TUCENTRO.COM

CLIENTS’ EXPERIENCE
How technology help us improve our clients’ experience

Virtual reality experience in El Rosal Shopping Centre
Hype station in partnership with Sony Playstation
Tesla EV charges in Gran Vía de Vigo
Amazon Locker in Parque Abadía
Other initiatives related to technology:
Executive education & summits
All in all, keep in mind that technology should be a tool, a business accelerator, and a facilitator. It should be at people’s service to stakeholders, clients, and employees.
ENGAGEMENT

Sergio García
Asset Management Director Grupo Lar
The retail sector is emerging from crisis and facing deep changes that occur very quickly.

Changes in the retail sector

From product to service

- Introduction of new services through which the customer perceives greater value.
- The value proposal becomes the most relevant issue, rather than the product itself.

Upswing of the e-commerce

- Online sale is unstoppable and increasingly takes more weight.
- It is knocking down the walled gardens and removing the entry barriers.

Reinventing of brick & mortar

- More and more physical stores open up and take on a key experiential role, many of them becoming flagships.
- The stores offshoring movement is being inverted, returning to the proximity model.

New customer profile

- Users have great technology adoption.
- The great disparity among customers’ profiles makes the archetypes go to a second level and the generations are only taken as macro trends.

The smartphone as mean of interaction

- The smartphone is a key means that connects a company with the final customer.
- Capturing data and connecting through the smartphone will be essential for the growth of retailers.

- 89% of marketing leaders think that the CX will make the greatest competitive difference.
- Annual growth 20.8%
- 24,185M € turnover
- 44% of online sales were made with a smartphone
- For each physical store that closes, 2.7 new stores open up.
- 1 out of 3 Spaniards spends one day a week using apps
The 4 big challenges of the retail sector

1. Omnichannel retailing
   - Different communication channels, all of them connected, so that they interrelate with each other. This communication arises from the new consumer profile, which uses multiple supports and its customer journey is no longer linear.

2. Optimization of CX
   - Experience that a consumer obtains throughout the entire process of purchasing a product. The CX consists of the following phases: satisfaction, recurrence, increased willingness to pay and prescription.

3. Improving GTM
   - Strategic plan that reflects the actions to be executed by the company during the product journey, from the start of its distribution until the customer buys it. The formats of stores where the product is sold receive special emphasis.

4. Relation Model
   - The manner in which a company interacts with its customers. The objective of this strategy is that the consumer has a perception about the brand and that it generates memories and boosts their loyalty.

Source: Investigation in specialized press, retail magazines, reports, ... more than 1,500 articles | Google | Sales 2.0 Conference
Some examples of the disruption in the retail sector
CUSTOMERS AT THE CENTRE
INTEGRATED MODEL OF STORES & ONLINE
INNOVATION FOR AN IMPROVED SHOPPING EXPERIENCE
INMEDIATE MULTI-CHANNEL RESPONSE

Source: Inditex Annual Report 2017. Our Customers
“Customer are at the centre of our business”

“Inditex has developed an integrated model of stores and online that seeks to maintain a continuous dialogue with customers”

“To understand the demands of our customers and offer the products they want in a fast and comfortable way”

“Improve the customer experience both in stores and online”

“Offering a multichannel customer service”

>€1 Bn
Technological and logistics investments last 4 years

- New store concepts
- Radio Frequency Identification
- Payment through mobile devices

Source: Inditex Annual Report 2017: Our Customers
“New shopping concept with a novel shopping experience in Stratford (London, UK)”

“Placing and collecting online orders”

“Was operating until the opening of the new Zara flagship store in the city’s Westfield Stratford”

“Another milestone in our strategy of integrating our stores with the online world, which defines our identity as a business”

“Improve the shopping experience, the team in this new store format is equipped with tablets and other mobile devices, as well as an innovative Bluetooth POS terminal”
“A shopping experience that meets the highest standards”

“Better service while advancing to integrate our stores and online”

“Radio frequency identification (RFID) programme for garments is a basic pillar”

“In addition, stock management can be conducted 80% faster, which allows us to allocate more time to offering the customer better service”
New ways of payment

“Eliminate unnecessary waiting during the entire purchasing process”

- Self-checkout
- Mobile payment
- New app for the Group (InWallet)

Source: Inditex Annual Report 2017. Our Customers
Collecting online orders in seconds

“We launched our first Automated Collection Point for Zara.com orders”

Marineda shopping centre Zara store in A Coruña (Spain)

“Easily collect online purchase, scanning the QR or entering the PIN code included on the electronic receipt”
What do we do to get to know our customers?
Customer Experience
Extraction of qualitative conclusions

UNDERSTAND
- Documentation analysis
- Preliminary Investigation
- Centre challenge
- Study model
- Interview with the management

OBSERVE
- Online questionnaire
- In-depth interviews
- Focus groups
- Experience mapping interviews
- Shadowing and Safari

DEFINE
- Defined archetypes
- Analysis
- Archetypes prioritization
- Discussion

CO-DESIGN
- Roadmap for dealing with the pains
- Voting
- Customer Journeys
- Top pains

DEFINE
- 105 Solutions
Understanding Phase

**STUDY MODEL**
- SPACE
- BRAND AND VALUES OF THE CENTRE
- PRODUCTS AND SERVICES OFFER
- CUSTOMER RELATIONS
- LEISURE AND ENTERTAINMENT OFFER

**CUSTOMER SEGMENTS**
- FAMILY
- FRIENDS
- INDIVIDUAL
- COUPLES
Observation phase
Hypothesis validation

STUDY MODEL

CUSTOMER'S SEGMENT
WITH FAMILY
WITH FRIENDS
WITH A PARTNER
ALONE

REASON OF THE VISIT
NEED
PLEASURE

8 HYPOTHESIS OF VISIT
ARCHETYPES

CUSTOMER SEGMENTS

DEMOGRAPHIC VARIABLES

QUALITATIVE INSIGHTS

PERSON ARCHETYPE HYPOTHESIS

FIRST-TIME MOTHER
HARD-WORKING GIRL
SPORTSMAN
MODERN GIRL
SELFLESS FATHER
TEENAGER
PASTIME PENSIONER

GENERAL BEHAVIOUR

BEHAVIOUR IN THE SHOPPING CENTRE
Observation phase
Activities

- **IN-DEPTH INTERVIEWS**: 100 CUSTOMERS
- **MAPPING INTERVIEWS**: 600 CUSTOMERS
- **20 FOCUS GROUPS**: 120 CUSTOMERS
- **ONLINE QUESTIONNAIRES**: ~12000 ANSWERS

- Extract knowledge of each moment of the visit and validate specific characteristics of each hypothetical archetype.
- Map the full experience of each type of customer.
- Identify the differences among defined archetypes.
- Determine strengths and weaknesses of the general experience in the Shopping Centre.
- Determine strengths and weaknesses of the experience of each type of identified customer.
- Validate the hypotheses by means of quantitative data.
Lucía is 42 years old and lives in a residential area near Ondara with her husband and her two children, who are 5 and 12 years old. Her family is her top priority, and she always wants to give them the best and spend her time with them. She loves to hike and go to the beach, and likes to spend time with her friends, who she sees very little because they are all very busy, but she chats with them via Whatsapp to keep in touch on a daily basis.

Lucía is an Office manager with a Medium-High digital competency. She visits the mall whenever she is not working, and her visits are predominantly for groceries. Her communication with Portal de la Marina is mainly through Facebook as she follows PDLM but does not pay attention to publications or news, but is interested in learning about promotions and special offers.
Lucía at Portal de la Marina | VALUES → PRACTICALITY

MOTIVATIONS (reasons why she goes to the mall):
PDLM is one of her children’s favourite places; they love to go, although they always get tired pretty fast. The time she spends with her family in PDLM is very pleasant, there are shops and activities for everyone and she can run errands, combining the stores that interest her (mainly fashion) with toys and areas designed for children.

GOALS (what she goes to the mall for):
To ensure her children have a good time without spending more money than necessary. Saving money is fundamental, which is why she looks for promotions and special offers. She wants to find what she wants quickly so her children do not get tired and force her to leave without having done everything she wanted to accomplish at the mall.

NEEDS (what is required for the visit to be satisfactory)
Lucía needs a place to leave her youngest son when she needs to run errands alone. She also needs competitively priced stores, a supermarket with a wide variety of products, leisure areas for her children and public transportation options which allow her to be more independent.

AREAS OF OPPORTUNITY:
- Kids’ club with greater capacity
- Entertainment services for the children
- Alternative transport options

Group dynamic

<table>
<thead>
<tr>
<th>WHO DOES SHE GO WITH:</th>
<th>SEPARATION OF THE GROUP DURING THE VISIT:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Couple</td>
<td>When they do not have a place to leave the children and they have to run errands quickly, Lucía and her husband split up: one entertains and takes care of the children (usually her husband) while the other runs errands.</td>
</tr>
<tr>
<td>Family</td>
<td></td>
</tr>
<tr>
<td>Friends</td>
<td></td>
</tr>
<tr>
<td>Alone</td>
<td></td>
</tr>
</tbody>
</table>
Gran Vía’s People…

Laura 22% customers
Carmen 8% customers
Carlos 7% customers
Julian 4% customers
Estela 27% customers
Definition Phase
Selection of priority archetypes

CUSTOMER’S LIFE
what he/she does and what he/she expects before, during and after the visit.

CUSTOMER’S EMOTIONS
Caused by the difference between expectations and the real experience at each moment.

We show what the client thinks and expresses at each moment, revealing various pains and gains.
SUSTAINABILITY (ESG)

Jon Armentia
Corporate Director Lar España
What does CSR mean at Lar España?

Value creation via Corporate Social Responsibility is one of Lar España’s defining attributes, through the responsible management of its assets, the creation of wealth in the communities it operates in and the active listening to its Stakeholders.
Lar España’s approach to CSR

Lar España’s CSR principles to build Shared Value:

- **Environment**
- **Corporate Governance**
- **Social Capital**
- **Assets properties**

Creating shared value for our shareholders and investors as well as the environment we operate in.

Lar España is currently in the process of implementing its CSR Master Plan.
Innovation to create shared value

E

Lar España promotes sustainability certification measures and adopts new technologies to improve the quality and management of its assets. In parallel, the Company safeguards the economic viability and financial returns on its investments, while striving to boost aspects that benefit society.

S

Lar España’s portfolio assets generate social impacts that transform and build shared value in the communities in which they are located. Taking into account existing problems, the Company implements measures designed to enhance building accessibility.

G

Lar España continues to make great strides forward in terms of transparency, ethics and regulatory compliance, thereby guaranteeing good governance both in terms of the company and its governing bodies.

INNOVATION

- Responsible management
- Active listening
- Accessibility
- Governance
- Wealth creation in the communities
Lar España is taking action to preserve the environment by setting strategic targets and issuing corporate policies. Educating society about its values involves searching tirelessly for smarter and more efficient ways to develop and operate its real estate assets in order to:
- Reduce their environmental impact
- Promote the construction and certification of sustainable buildings

Environmental initiatives include sustainability certifications measures and new technologies to improve quality and management.
## Environmental Innovation

<table>
<thead>
<tr>
<th>Energy efficiency</th>
<th>Water management</th>
<th>Air quality</th>
<th>Solar power</th>
<th>Other lines of initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lighting</td>
<td>Presence detector</td>
<td>Complex control systems for ventilation</td>
<td>Alternative energy sources</td>
<td>Tri-generation</td>
</tr>
<tr>
<td>Climate control</td>
<td>Watering systems</td>
<td>Air purifier systems</td>
<td></td>
<td>Guided parking</td>
</tr>
<tr>
<td>Building systems</td>
<td>Cooling towers</td>
<td></td>
<td>Solar power</td>
<td>Eco-friendly transportation</td>
</tr>
</tbody>
</table>

### Reduce Expenditures

- Become more environmentally friendly in its business communities

### Impact on the natural surroundings

### Economic viability

- Solar power
  - Alternative energy sources
- Other lines of initiative
  - Tri-generation
  - Guided parking
  - Eco-friendly transportation
Environmental performance

### Energy Consumption

<table>
<thead>
<tr>
<th>Metric</th>
<th>2016</th>
<th>2017</th>
<th>Percentage vs 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variation in energy consumption in kWh/sqm</td>
<td>-3.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity consumption in kWh</td>
<td>-1.5%</td>
<td>+22,412,371</td>
<td>VS 2016</td>
</tr>
<tr>
<td>Gas consumption in kWh</td>
<td>-18%</td>
<td>+2,653,300</td>
<td>VS 2016</td>
</tr>
</tbody>
</table>

### Waste Management

<table>
<thead>
<tr>
<th>Metric</th>
<th>Percentage vs 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity consumption generated from renewable sources</td>
<td>+40%</td>
</tr>
<tr>
<td>Recycled waste</td>
<td>53%</td>
</tr>
</tbody>
</table>

### GHG Emissions

<table>
<thead>
<tr>
<th>Metric</th>
<th>2016</th>
<th>2017</th>
<th>Percentage vs 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>GHG emissions in kg CO₂ eq</td>
<td>-41%</td>
<td></td>
<td>VS 2016</td>
</tr>
<tr>
<td>GHG emissions in kg CO₂/sqm</td>
<td>-41%</td>
<td></td>
<td>VS 2016</td>
</tr>
</tbody>
</table>

### Water Consumption

<table>
<thead>
<tr>
<th>Metric</th>
<th>2016</th>
<th>2017</th>
<th>Percentage vs 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water consumption in m³</td>
<td></td>
<td>+2.3%</td>
<td>VS 2016</td>
</tr>
<tr>
<td>Variation of water consumption in litres/person</td>
<td>0%</td>
<td></td>
<td>VS 2016</td>
</tr>
</tbody>
</table>
Our retail developments are designed and developed in line with the specifications required to obtain the prestigious BREEAM® quality and sustainability certification.

Shopping Centres

100% are certified under BREEAM®.

Retail assets
- BREEAM® In-Use “Very Good” Certificated (8)
- BREEAM® In-Use “Good” Certificated (2)

Our retail developments are designed and developed in line with the specifications required to obtain the prestigious BREEAM® quality and sustainability certification.

Other assets
- ELOY GONZALO REFURBISHMENT PROJECT
  Certified with BREEAM® New-Construction, “Very Good” rating
- MARCELO SPÍNOLA OFFICE BUILDING
  Certified with BREEAM® New-Construction, “Very Good” rating
- LAGASCA 99 RESIDENTIAL DEVELOPMENT
  Certified with BREEAM® New-Construction, “Very Good” rating
Social

**CUSTOMER RELATIONS**
- Improving communication channels and active listening
- Adding value by means of product and process innovation
- Building health and safety
- Adapting to the diversity of customer needs

**SUPPLIER RELATIONS**
- Review of policies and guidelines
- Evaluation and monitoring
- Tender terms and conditions
- Regular briefing meetings

Ex: Audit of services and customer support
- Technical audits
- Mobile app
- Customer satisfaction surveys
- Provision of information about energy consumption and efficiency
- Provision of sustainability guides and manuals to tenants

- 640 suppliers
- >€120 Mn products and services acquired to suppliers

1. In 2017
Social Society-based initiatives

Business opportunities
+ 225 days of environmental initiatives at our shopping centres

Citizen participation
+ 28 NGOs and charities collaborated with

Social climate & values
+ €212,000 earmarked to community collaborations and initiatives

Health and well-being
+ 25,500 Kg of clothing donated
+ 25,000 Kg of food collected in several campaigns

Lar España’s properties in operation and under construction create more than 25,000 jobs

Activities/Partnerships implemented by the Company
Social Accessibility

Commitment to promoting social integration

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

A diagnosis is being undertaken in collaboration with ILUNION, ONCE and AENOR (the Spanish Association for Standardization and Certification).

The audits highlight the level of compliance with prevailing regulations and make recommendations as to how to obtain universal accessibility certifications.

Main achievements:

87% ACCESSIBILITY AUDITS performed on 87% of our retail assets

100% RENOVATIONS in Lar España’s assets are taking into account accessibility requirements from the new building code

Eloy Gonzalo office building: AENOR universal accessibility certification for the refurbishment work

In October 2017, ILUNION formally acknowledged Lar España’s efforts to enhance universal accessibility at its properties and to accommodate persons with disabilities

More profitable, healthy, safe and efficient buildings
Governance

- Experienced and mostly independent Board of Directors (5 of 7 members): 19 meetings in 2017
- Action Plan main objectives:
  - Strong governance: Transparency, business ethics, corporate social responsibility and regulatory compliance
  - More advanced management and enhanced transparency: Director activities selection, remuneration and training
  - Furthering the process of evaluating and improving the Board’s performance

Complying with the best practices in the corporate governance field
ESG
International recognitions and initiatives

Financial and non-financial information included in the Annual Report follow GRI standards and EPRA recommendations.

ESG information has been reviewed by an external third party (EY).

Lar España collaborates with the main associations that are the frame of reference for the evaluation of environmental, social and governance (ESG) issues in the real estate sector.

EPRA Award for Sustainability (Gold)
EPRA Award for Financial Reporting (Gold)
Closing Remarks

Environmental
- Responsible management
- Sustainability certifications
- Environmental awareness
- Innovation

Social
- Active listening
- Social initiatives
- Accessibility
- Wealth creation

Governance
- Ethics and Integrity
- Independent Board
- Risk Management
- Transparency

100% shopping centres

Energy efficiency
Solar power
Air quality
Water management
New lines of initiative

87% retail assets audited

CSR
Master Plan
SHOPPING CENTRES PERFORMANCE

Jose Manuel Llovet
Commercial RE Managing Director Grupo Lar
Vision and Results

Outstanding results
Beating the market and the main companies in the sector in all quarters

Consolidation of the platform
First owner of shopping centres & retail parks in Spain in terms of area

Enhancement of the portfolio
Dominant prime shopping centres in their catchment area in relevant locations

Transformation
Selective high return capex strategy. Repositioning assets, new experience formulas that result in an increase of market share

High performance team
We work closely with main retailers, technology and services providers, financial institutions and the investors community

Market understanding
Off-market acquisitions and competitive sales, optimizing asset value and increasing return for our shareholders

Dominant, large shopping centres in lower retail density areas, with the best retailers, focused on high performance. Well managed.

Winning assets in a moment of change and opportunity
Market size

- **Very Large**: 15% (≥79,999 sqm / 19 centres)
- **Large**: 26% (40,000 - 79,999 sqm / 70 centres)
- **Medium**: 22% (20,000 - 39,999 sqm)
- **Small**: 10% (5,000 - 19,999 sqm)
- **Others**: Hypermarkets and Leisure centres

**Total Market**
15.8 M sqm / 555 centres & parks

SC’s fitting LRE’s Strategy by size

**Top 20 Investors**
own 207 shopping centres

Source: AECC 2017. Very Large: (>79,999 sqm / 19 centres) / Large: (40,000-79,999 sqm / 70 centres) / Medium: (20,000-39,999 sqm) / Small: (5,000-19,999 sqm) / Others: Hypermarkets and Leisure centres
Market stock

+500,000 sqm of new GLA is expected to be opened by the end of 2018, with the opening of 15 new shopping centres

<table>
<thead>
<tr>
<th>Stock</th>
<th>GLA (sqm)</th>
<th>Density (sqm per 1,000 inhab.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>570</td>
<td>16.3 Mn</td>
<td>364</td>
</tr>
</tbody>
</table>

Evolution of Shopping Centre Stock

*New Commercial Stock includes Shopping Centres, Warehousing Parks, Factory outlets & Leisure centres


Market size
Lar España

Main market players by owned GLA, including GLA under development

<table>
<thead>
<tr>
<th></th>
<th>Owned GLA (est.)</th>
<th>Nbr. Assets</th>
<th>Avg ownership per asset</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lar España</td>
<td>552,415</td>
<td>14</td>
<td>39,458</td>
</tr>
<tr>
<td>Peer 1</td>
<td>452,738</td>
<td>77</td>
<td>5,880</td>
</tr>
<tr>
<td>Peer 2</td>
<td>442,518</td>
<td>15</td>
<td>29,501</td>
</tr>
<tr>
<td>Peer 3</td>
<td>439,094</td>
<td>10</td>
<td>43,909</td>
</tr>
<tr>
<td>Peer 4</td>
<td>371,518</td>
<td>12</td>
<td>30,960</td>
</tr>
<tr>
<td>Peer 5</td>
<td>369,766</td>
<td>4</td>
<td>92,442</td>
</tr>
<tr>
<td>Peer 6</td>
<td>294,930</td>
<td>14</td>
<td>21,066</td>
</tr>
<tr>
<td>Peer 7</td>
<td>279,702</td>
<td>6</td>
<td>42,617</td>
</tr>
<tr>
<td>Peer 8</td>
<td>247,643</td>
<td>8</td>
<td>30,955</td>
</tr>
<tr>
<td>Peer 9</td>
<td>221,192</td>
<td>8</td>
<td>27,649</td>
</tr>
</tbody>
</table>

Total TOP 10 3,671,515 sqm 168 assets

Target market size
4,5 Mn sqm GLA
30% of the total market

Market size
Investment

Investment Market remains strong. Retail leads

EUR Mn Investment Volumes (ex-Corporate & Tenant Transactions)


Retail 9.9 bn
Offices 8.1 bn
Bank Branches 5.3 bn
Industrial 2.2 bn
Hotel 10.8 bn

Hotel 17%
Retail 53%
Industrial 11%
Offices 19%
Market size
Lar España criteria

Lar España has built a high quality Core+ portfolio, acquiring asset by asset.

Investment Criteria: Dominant in its area, Size, Footfall and Quality Tenants and all with Value Creation potential.

+250,000 Catchment area leader

+5 Mn Footfall

BIG S.C.

40k to 100k sqm

Best retailers

+250,000 Catchment area leader
Performance
Market sales

Retail Sales Index % YoY Growth

Analysts’ consensus is 2.4% sales growth in 2018. Affluence to shopping centres is stable after 2 years of growth.

1. Source: INE
KPI's
Consumer confidence & footfall

Consumer Confidence Index

<table>
<thead>
<tr>
<th>Month</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep-16</td>
<td>6.2</td>
<td>5.8</td>
<td>6</td>
<td>5.3</td>
</tr>
<tr>
<td>Oct-16</td>
<td>4.2</td>
<td>3.6</td>
<td>3.2</td>
<td>2</td>
</tr>
<tr>
<td>Nov-16</td>
<td>0.4</td>
<td>-0.9</td>
<td>-1.3</td>
<td>-1.6</td>
</tr>
</tbody>
</table>

Footfall AECC

- Source: CIS
## KPI’s Lar España

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Footfall</td>
<td>+7.6%</td>
</tr>
<tr>
<td>Time per visit</td>
<td>88 min, +7.7% prev. year</td>
</tr>
<tr>
<td>Sales</td>
<td>+16.5%</td>
</tr>
<tr>
<td>Social network Fans &amp; Engagement</td>
<td>280,000, +7%</td>
</tr>
<tr>
<td>GLA Leased (sqm)</td>
<td>94,030, 20% total sqm</td>
</tr>
<tr>
<td>Operations signed</td>
<td>238</td>
</tr>
<tr>
<td>Occupancy Growth</td>
<td>+2.8%, 94.8% Ret.</td>
</tr>
<tr>
<td>Rent Uplift excl. new lettings</td>
<td>+5%</td>
</tr>
<tr>
<td>NOI Growth</td>
<td>+10%</td>
</tr>
<tr>
<td>Discounts Reduction</td>
<td>41%</td>
</tr>
<tr>
<td>Bad debt Improvement</td>
<td>95%</td>
</tr>
<tr>
<td>Occupancy Growth</td>
<td>+2.8%</td>
</tr>
</tbody>
</table>

**June 2018 vs Acquisition**

**PORTFOLIO HOLDING PERIOD 2.4 YEARS**
According to **ECB Monetary Policy**, it is not expected to maintain the ultra-low interest rates for a long period of time...

We estimate a stabilization of Yields in Core and Core Plus assets...

...RETAIL is an attractive investment for the foreign players due to the interesting level of returns and the rent increase potential.

---

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

1. In accordance with EPRA BPR. Reversionary NIY = (ERV / GMV)
2. In accordance with valuations results. The valuations have been made by external independent valuers: JLL or C&W.

Market yields are stable now. The challenge is increasing NOI to increase yield on cost. Lar España has room to increase returns and value. Asset Management and Asset Quality is key to continuing growth.
Our Value Proposal
Lar España

There is still a long way for **Value-creation** through Asset Management, our main pillar.

**Transformation**

- Improving layout, carrying out extensions or transformations
- Creating shopping experience destinations
- Strong omnichannel strategy

**Operation**

- **Increasing Footfall**
  Beating the market quarter by quarter.
- **Increase of sales** thanks to:
  Increase in visits, better quality tenants, experience, services and marketing.
- **Capturing the increase in spending power** of the catchment Area.

**Income**

- **Letting**
  Occupancy of c.95%. There is a +5% additional of rents. Higher occupancy means higher service charge recovery.
- **Rotation**
  GLA leased since acquisition is 20% of the total
  **Avg. Rent Uplift since acquisition** is 5%.
  Very controlled Occupancy/Cost Ratio (OCR) of 10.9%, below market standard. Any increase of sales will be reflected in an increase of rents.
- **Increasing control** over the SC by complementing acquisitions of other ownership stakes.
  Service charges optimized thanks to the size of the portfolio (synergies and global contracts).
PROJECTS. Assets in motion
Super Big retail area. Fifth biggest retail area in Europe.

Dominant scheme market reference in Great Bilbao (one of the most populated and wealthiest areas in Spain).

Recent acquisition of the leisure and cinema area at low price in a creditor’s arrangement, increases value potential.

Megapark is being transformed into an alluring urban space with comfortable areas to enjoy a relaxing break and a pleasant promenade so our customers can enjoy their shopping experience.

€6.5 Mn
Total Capex
Megapark

Variation Since Acquisition (Oct 2015 & Leisure Area Oct 2017)

- Revaluation: 22%
- Footfall: +7.7%
- Sales\(^1\): +27.1%
- NOI: +2.8%
- Occupancy: 95.5%
- Tenants: 11,500 sqm
- Main Achievement:
  Acquisition of Leisure area. Global Refurbishment. Tenant’s image renovation

\(^1\) Sales exclude RP per non comparable data.
Portal de la Marina opens to the outside with a new portico that offers customers a warm welcome and improves the food court to create a more hospitable atmosphere.

Dominant scheme, market reference on Alicante Coast, one of the main tourist destinations in Spain.

The new opening of Carrefour and the ongoing refurbishment are the catalysts of value creation. More visitors, more sales.

€3.0 Mn Total Capex
Portal de la Marina

Variation Since Acquisition (Oct 2014, Jun 2015 & Mar 2016)

- **Revaluation:** 37.36%
- **Footfall:** +12.2%
- **Sales:** +29%
- **NOI:** +21.3%
- **Occupancy:** 97.5%
- **Tenants:** 15,600 sqm
  - 39% total GLA
  - 39 leases

**Main Achievement**
- Opening of Carrefour Hypermarket, Expansion of Lefties, Global renovation project.
As Termas exudes local spirit and is adapting by improving the centre’s interior and the services offered to meet the public’s needs.

As Termas is the market reference in the province of Lugo. Main retailers: Mediamarkt, Inditex group (image updated).

Growing potential once the only competitor closed this year.

Refurbishment and new dining area will produce a quality improvement of the asset.

€1.4 Mn
Total Capex
As Termas

Variation Since Acquisition (April 2015)

<table>
<thead>
<tr>
<th>Metric</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revaluation</td>
<td>24.4%</td>
</tr>
<tr>
<td>Footfall</td>
<td>+3.5%</td>
</tr>
<tr>
<td>Sales</td>
<td>+13%</td>
</tr>
<tr>
<td>NOI</td>
<td>+19%</td>
</tr>
<tr>
<td>Occupancy</td>
<td>95.8%</td>
</tr>
<tr>
<td>Tenants</td>
<td>11,000 sqm</td>
</tr>
<tr>
<td></td>
<td>31% total GLA</td>
</tr>
<tr>
<td></td>
<td>43 leases</td>
</tr>
</tbody>
</table>

**Main Achievement**

Planning
Starting Q4 2018 – Ending Q4 2019
Preletting strategy already launched

Objectives
- Exploite commercial value in leisure and dining areas.
- Create an innovative ambience in outdoor areas.
- Lifestyle SC and commercial reference in Baix Llobregat.

Ànecblau is an exclusive life style shopping destination in one of the wealthier areas of Great Barcelona.

Repositioning, Quality and ambitious transformation into a trophy asset.
Ànecblau

Variation Since Acquisition (Jul 2014)

- **Revaluation**: 19.9%
- **Footfall**: +27.5%
- **Sales**: +24.3%
- **NOI**: +2.8%
- **Occupancy**: 82.8% (92% exc. New lay out project)

**Main Achievement**
Zara & Mercadona Extension. Repositioning and massive transformation into Trophy Asset
Gran Vía is the leading shopping centre in Vigo, the economic capital of Galicia.

Best brands in town make it a shopping destination.

Full renewal project

- Completely image uplift
- Improving commercial mix, dining area and parking
- Meeting point between the sea and the urban centre

€5.2 Mn Refur. Project
+ 0.5 Mn Elevators
Total Capex
Gran Vía de Vigo

Variation Since Acquisition (Sep 2016)

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revaluation</td>
<td>17.04%</td>
</tr>
<tr>
<td>Footfall</td>
<td>+1.6%</td>
</tr>
<tr>
<td>Sales</td>
<td>+5%</td>
</tr>
<tr>
<td>NOI</td>
<td>+13.6%</td>
</tr>
<tr>
<td>Occupancy</td>
<td>96.8%</td>
</tr>
<tr>
<td>Tenants</td>
<td>8,700 sqm</td>
</tr>
<tr>
<td>GLA</td>
<td>20.72%</td>
</tr>
<tr>
<td>Leases</td>
<td>31</td>
</tr>
</tbody>
</table>

Main Achievement
- New vertical transportation. Renovation project.
- Leasing plan

- Tenants: 8,700 sqm, 20.72% total GLA, 31 leases
FINANCIALS
BUSINESS PLAN

Miguel Pereda
Board Member Lar España
CEO Grupo Lar
Where will growth come from?

**ORGANIC GROWTH**
- Active Management
- Re-tenanting, Relettings, New Lettings, Renewals
- Rental Reversion
- Vacancy Reduction

**CAPITAL ALLOCATION**
- Non-Core Assets
- Developments
- Acquisitions

**POSITIVE MACRO**
- GDP Growth
- Consumer Spending Improvement
- Unemployment Reduction
WHERE WILL RETAIL GROWTH COME FROM?

1. Illustrative potential additional rent calculated as the difference between the market net rent estimated by the Company’s appraisers 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

---

1.60% Estimated Retail Increase Potential

5.8% Retail Topped-Up NIY

0.8% Expected NIY

>6% Expected NIY

**Existing Income Generating Assets**

- Annualised Topped Up Reversionary Potential
- Reversionary Potential
- Vacancy Reduction

**Fully Operative and opened**

- Vidanova Parc
- Lagoh

**Ongoing Development**

- Potential Annualized Net Rent current platform

**Future Investments**

- Future Firepower

**Potential Annualized Net Rent with growth**

- c.110
€276.2 Mn in asset disposals since IPO

- **Arturo Soria Sale**
  - Office Building
  - 34.5% over acq. price
  - **JAN 2018**

- **Villaverde & Alisal Sale**
  - Retail Parks
  - 27.1% over acq. price
  - **MAR 2018**

- **Galaria Sale**
  - Retail Park
  - 36.9% over acq. price
  - **AUG 2018**

- **Egeo Sale**
  - Office Building
  - 22.2% over acq. price
  - **SEP 2017**

- **Logistics Portfolio & Cheste Sale**
  - 82.5% over acq. price
  - **JUL 2018**
Developments, an important source of value

<table>
<thead>
<tr>
<th>VIDANOVA PARC</th>
<th>LAGOH</th>
<th>LAGASCA99</th>
<th>Extraordinary dividend announced</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 Mn Exp. Annual Rent</td>
<td>c.15 Mn Exp. Annual Rent</td>
<td>c.11,300 €/sqm Avg. Price</td>
<td>announced</td>
</tr>
<tr>
<td>Fully opened and operative in Sep 2018</td>
<td>Q2 2019 Opening</td>
<td></td>
<td></td>
</tr>
<tr>
<td>100% GLA signed</td>
<td>73%³ GLA signed/ committed</td>
<td>86% Sales</td>
<td></td>
</tr>
<tr>
<td>€35.8 Mn¹ Valuation</td>
<td>€88.5 Mn¹ Valuation</td>
<td>€188 Mn² Valuation</td>
<td></td>
</tr>
</tbody>
</table>

1. Valuation as of 30th June 2018
2. Valuation as of 30th June 2018 for 100% of the development.
3. As at H1 2018
### Solid financial pillars

#### Debt Structure and Amortization Profile

<table>
<thead>
<tr>
<th>Year</th>
<th>€ Mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2.5</td>
</tr>
<tr>
<td>2019</td>
<td>28.0</td>
</tr>
<tr>
<td>2020</td>
<td>100.7</td>
</tr>
<tr>
<td>2021</td>
<td>14.1</td>
</tr>
<tr>
<td>2022</td>
<td>118.6</td>
</tr>
<tr>
<td>&gt; 2022</td>
<td>210.4</td>
</tr>
</tbody>
</table>

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

### Gross Financial Debt

- **€614.3 Mn**
- **Net LTV 36%**
- **Avg. Cost of Debt 2.19%**
- **Fixed Rate 87%**
- **Interest Cover Ratio1 (ICR) 4.5x**
New flexible debt structure for capex, developments and acquisitions

<table>
<thead>
<tr>
<th>DEBT AS OF 30 JUN 2018</th>
<th>€614.3 Mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH &amp; CASH EQUIVALENTS</td>
<td>€48.2 Mn</td>
</tr>
<tr>
<td>30 Jun 2018</td>
<td></td>
</tr>
<tr>
<td>NET DEBT AS OF 30 JUN 2018</td>
<td>€566.1 Mn</td>
</tr>
<tr>
<td>LOGISTICS PORTFOLIO DISPOSAL</td>
<td>Net LTV 36%</td>
</tr>
<tr>
<td>NET DEBT PRO-FORMA</td>
<td>€131.2 Mn</td>
</tr>
<tr>
<td>UNDRAWN AVAILABLE FUNDS</td>
<td>€434.9 Mn</td>
</tr>
<tr>
<td></td>
<td>€130.1 Mn</td>
</tr>
</tbody>
</table>
Main BP Assumptions

Period 2018-2021

Capex + development Investment 1
€265 Mn

Divestments
€522 Mn
47% realized

New Investments
€250 Mn
30% realized

Capital Increase
No capital increases considered

1. In existing investment properties and development projects
Main
BP Assumptions

DIVESTMENTS

Office Portfolio
€191 Mn
41% realized

Legasca 99 delivery
€115 Mn
To be realized before YE

Other Mature Assets
€216 Mn
76% realized

90% SOLD
Drivers of share price accretion

- **Expected Yield on Development Capex**: c.8%
- **Expected Yield on Renovation Capex**: 7.5%
- **Retail Topped-Up NIY as of H1 2018**: 5.8%

- **Development Capex**: €265 Mn
  - 75% Development Capex
  - 25% Extension/Renovation Capex

1. In existing investment properties and development projects
Business Plan targets

- **12% Target Annual Return** on investments

- **€403 Mn of divestments**
  - From Office, residential and non-core retail assets (31% realized)
  - >€119 Mn of divestments
  - From all logistics portfolio (100% realized)

- **Capex Investment**
  - **Finance all existing capex commitments**
    - Refurbishment of existing assets: €66 Mn
    - Developments: €199 Mn

- **New Investments**
  - **€250 Mn of new investments**
    - Mainly focused in retail assets (30% realized)

- **Distributions**
  - **Ordinary dividend**
    - 5% of NAV
  - **Maximise distributions**
    - Extraordinary dividend Lagasca99 and other distributions linked to divestments

1. To be submitted to shareholders for approval
<table>
<thead>
<tr>
<th>KPI’s</th>
<th>Expected End 2018</th>
<th>Expected Average Growth per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GAV</strong></td>
<td>c.€1,462 Mn</td>
<td>↑ c.8%</td>
</tr>
<tr>
<td><strong>Annualized GRI¹</strong></td>
<td>€91 Mn</td>
<td>↑ 8%</td>
</tr>
<tr>
<td><strong>Annualized NOI¹</strong></td>
<td>€84 Mn</td>
<td>↑ c.9%</td>
</tr>
<tr>
<td><strong>Non recoverable/ GRI expenses</strong></td>
<td>9%</td>
<td>↓ c.-8% (till 7% target)</td>
</tr>
<tr>
<td><strong>Occupancy¹</strong></td>
<td>97%</td>
<td>↑ till 99% target</td>
</tr>
<tr>
<td><strong>Net LTV</strong></td>
<td>27%</td>
<td></td>
</tr>
</tbody>
</table>
KPI’s
2018 - 2021

<table>
<thead>
<tr>
<th>Metric</th>
<th>Expected End 2018</th>
<th>Expected Average Growth per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Annual Return</td>
<td>&gt;12%</td>
<td>&gt;12%</td>
</tr>
<tr>
<td>NAV</td>
<td>c.€1,072 Mn</td>
<td>c.6%(^1)</td>
</tr>
<tr>
<td>Dividend Yield on NAV</td>
<td>&gt; 5% over NAV(^2)</td>
<td>≥ 5% over NAV</td>
</tr>
</tbody>
</table>

6.3% Dividend Yield considering current Market Cap\(^3\)

---

1. In accordance with EPRA BPR
2. This percentage does not include extraordinary distributions linked to divestments
3. Calculated at 01.10.18
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