



2015 1Q Financial Results

14th May, 2015

www.larespana.com



Lar España delivers on its promises

Q1 2015 **Net Income of €3.8m** on the back of strong business evolution

6.7% of Avg. Net Yield on Cost: **c. €31m of expected** Net Rents from current portfolio

Investments of **€526m: 17%** ahead of plan, in a value added portfolio

Debt of **€232m: Flexible** leverage of **37%** LTV

+6% in Comparable sales vs 1Q14: Active Management showing first signs in Shopping Centres

+1.5 p.p. increase in total Occupancy since end of 2014

Lar España was listed on 5th march 2014

Consolidated P&L (IFRS)

Consolidated Income Statement

	1Q 2015	1Q 2014 ^{(1) (2)}
Revenues	6,471	-
Other income	130	-
Personnel costs	-93	-
Other expenses	-2,541	-494
Results from operating activities (Ebitda)	3,967	-494
Financial Income	198	267
Financial Expenses	-824	-
Share in profit (loss) of equity-accounted companies	477	-
Profit from continuing operations	3,818	-228
Income Tax	-	-
Net Profit	3,818	-228

(*) All figures expressed in Thousands of EUR

(1) Non comparable data since the Company was incorporated in 2014 and held no control over any society, not forming a Group.

(2) Data presented in accordance with the generally accepted accounting principles in Spain (PCGAE).

(3) Revenues from Portal de la Marina amounts to €0.9m. This amount is included in the line "Share in profit (loss) of equity accounted companies" because this shopping center is accounted for using the equity method.

- **Revenues:** Includes the rents accrued from January 2015 to March 2015 from 13 rental assets in our portfolio (everything except Portal de la Marina Shopping Centre³).
- **Other Expenses:** €2.54m mainly for:
 - ✓ Management fees for services rendered to LRE by Grupo Lar Inversiones Inmobiliarias (€1.01m)
 - ✓ Professional services, which are accounting and legal advisory, audit and property valuations (€0.9m)
- **Financial Expenses:**
 - ✓ This figure reflects interests borne on mortgage loans extended to LRE by financial institutions, as well as interest accrued on the bonds issued in February 2015.

Consolidated Balance Sheet: Assets (IFRS)

Consolidated Balance Sheet

Assets	31/03/2015	31/12/2014
Investment properties	358,250	357,994
Equity-accounted investees	20,214	18,087
Non-current financial assets	53,641	3,841
Total Non-Current Assets	432,105	379,922
Inventories	2,843	2,843
Trade and other receivables	1,694	1,970
Other current financial assets	6,995	32,032
Other current assets	6,441	136
Cash & cash equivalents	157,474	20,252
Total Current Assets	175,447	57,233
Total Assets	607,552	437,155

(*) All figures expressed in Thousands of EUR

• Non-Current Assets:

- ✓ Investment properties: Are classified under non-current assets at a fair value of €358.3m. They comprise five shopping centres, two retail warehouses, four office buildings and two logistics warehouses.
- ✓ Equity-accounted investees: Reflects investments in the Group companies that are accounted for using the equity method, (Inmobiliaria Juan Bravo 3, Lavernia Investments S.L. and Puerta Marítima Ondara S.L. which includes the Shopping Centre Portal de la Marina).
- ✓ Non-current financial assets: mainly includes loans extended to jointly controlled entities by €50m.

• Current:

- ✓ Inventories: stand at €2.8m and reflect parking spaces linked to the residential development of Juan Bravo.
- ✓ Cash & Cash Equivalents / Other current financial assets: These two items primarily reflect LRE's cash reserves at 31 March 2015.

Consolidated Balance Sheet: Equity and Liabilities (IFRS)

Consolidated Balance Sheet

Liabilities and Equity	31/03/2015	31/12/2014
Share capital	80,060	80,060
Share premium	320,000	320,000
Other reserves	-5,642	-9,185
Retained earnings	3,818	3,456
Treasury shares	-3,615	-4,838
Total Equity	394,621	389,493
Bonds and other marketable securities	138,098	-
Loans and borrowings	57,514	37,666
Other non-current liabilities	5,454	5,143
Total Non-Current Liabilities	201,066	42,809
Bonds and other marketable securities	445	-
Loans and borrowings	5,155	156
Trade and other payables	4,600	4,679
Other current liabilities	1,665	18
Total Current Liabilities	11,865	4,853
Total Equity and Liabilities	607,552	437,155

(*) All figures expressed in Thousands of EUR

Equity

- ✓ **Treasury Shares:** At March 31, 2015, the Company held 398,829 treasury shares (531,367 treasury shares at December 31, 2014). The sale of treasury shares has generated a gain of €0.14m

Non-Current and Current Liabilities

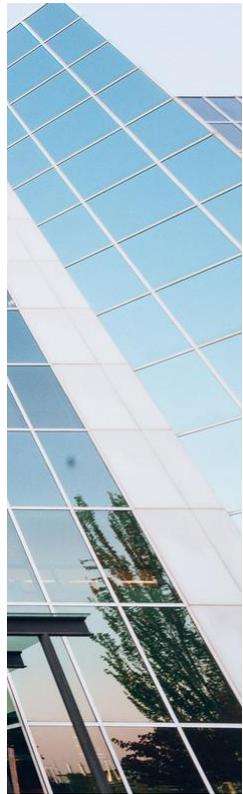
- ✓ **Loans and Borrowings:** The Company acquired in 1q 2015 the plot of land Juan Bravo and the residential building Claudio Coello assuming part of the price in the form of debt (€25m). The bank debt signed in 2014 of Nuevo Alisal (€7.8m) and Egeo (€30m) is also included in the total amount.
- ✓ **Bonds and other marketable securities:** This item reflects mainly the Group's €140m bond issue.

Financial Indicators as of March 31 2015



Financial Indicators	March 31 2015	December 31 2014
Working Capital (€'000)	163,582	52,380
Liquidity Ratio	14.8	11.8
Solvency Ratio	1.4	1.1
EPRA Earnings (€'000)	3,727	2,516
EPRA Earnings per share (€)	0.09	0.07
EPRA NAV (€'000)	394,956	389,962
EPRA NAV per share (€)	9.97	9.87
Leverage	37.05% ¹	16.60%

(1) [Bank Debt (Nuevo Alisal + Egeo + Portal de la Marina + Juan Bravo) + Senior Bond] / (Total Investment + Cash Available)



2014 Results

First Dividend to be paid on May 28th which sets the target of a minimum 5% of dividend yield from 2016

Highlights

- **First Dividend of 0.033€** per share will be paid on May 28th.
- Lar España will distribute a minimum payout of 80% of Net Profit every year.
- **+5.8% annualised revaluation of assets**, taking into account the **Average Holding Period weighted** by capital invested of **3.7 months**.

As of 31 December	Purchase Price	Net Market Value/ Fair Value	Dif. Net Market Value/ Purchase Price	% Net Market Value/ Purchase Price
Shopping Centres	€206.9m	€210.7m	€3.8m	+1.8%
Offices	€120.8m	€122.9m	€2.1m	+1.7%
Logistics	€44.8m	€46.1m	€1.3m	+2.9%
Retail Warehouses	€26.1m	€26.3m	€0.2m	+0.8%
Total	€398.7m	€406.0m	€7.3m	+1.8%

+5.8% Annualised EPRA NAV revaluation **€421.8m**

Consolidated Income Statement

	2014
Revenues	8,606
Other income	217
Personnel costs	-108
Other expenses	-7,231
Changes in fair value of investment property	442
Results from operating activities (Ebitda)	1,926
Financial Income	2,391
Financial Expenses	-519
Share in profit (loss) for the period of equity-accounted companies	-342
Profit before tax before continuing operations	3,456
Profit from continuing operations	3,456
Income Tax	-
Profit for the year	3,456
Basic earnings per share (€)	0.09
Diluted earnings per share (€)	0.09

(*) All figures expressed in Thousands of EUR

Summary

Committed to deliver value to shareholders through an active asset management strategy of a carefully selected portfolio

Targeting a minimum 12%¹ shareholder return per annum

12%

- **The company's has already** created a portfolio consisting primarily of a stable cash-flow generating **commercial property** (mainly retail and office) with room for improvement though active asset management strategy.
- **Carefully selected off-market acquisitions.** 16 assets/15 acquisitions.
- Lar España's IPO raised €390m⁽²⁾ in March 2014.

40 years

Grupo Lar: 40 Years of Experience of a unique Real Estate Manager

- **Grupo Lar has successfully partnered** with Real Estate funds from the **most highly regarded international institutions.**
- > 100 Real Estate Experts working for Lar España's value delivery.
- Pure Real Estate Manager up to Implement an Active Management Strategy in order to deliver "Alpha".

**6.7% Avg. Net Initial Yield & 7.5% Avg. Gross Yield
96.3% - Already High Occupancy Ratio**

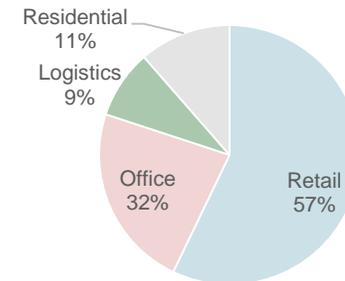
6.7%

Asset Class	Avg. Initial Occupancy	Avg. Initial Yield On Cost
Retail	92.3%	6.5%
Office	94.7%	5.8%
Logistics	100.0%	10.0%
Total	94.1%	6.7%

70% of total investment target already committed

70%

Asset Type Distribution by Acq. Price



- €390m⁽²⁾ Raised in march 2014 IPO.
- €526m Invested to date with target of €750m-€790m
- LTV c.50% target.

¹This is a target only and not a profit forecast. There can be no assurance that this target can or will be met.

² Initial Net Proceeds

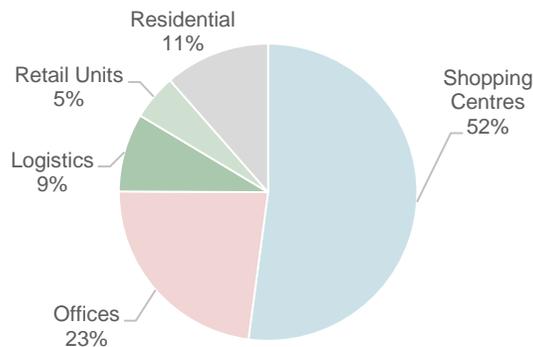
Portfolio

Lar España has consolidated a stable rent generating and value-added portfolio

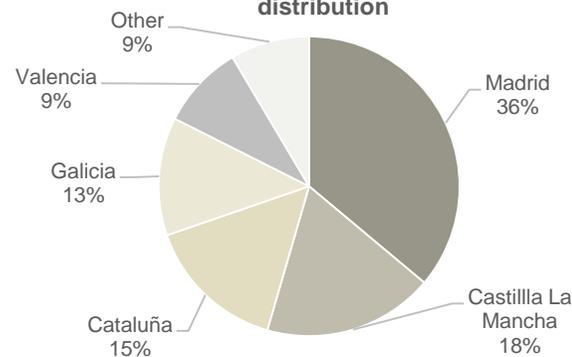
All figures stated at the acquisition date

Asset Class	Units	Price	Gross Lettable Area	W.A.U.L.T	Avg. Rent/sqm	Avg. Initial Occupancy	Avg. Gross Initial Yield	Avg. Net Initial Yield	Annualized Net Rent Generation
Retail	9	€300.0m	135,693 sqm	2.7	14.2€	92%	7.6%	6.5%	c.€20.0m
Offices	4	€120.8m	41,732 sqm	2.6	14.2€	⁽¹⁾ 94.7%	6.5%	5.8%	c.€7.0m
Logistics	2	€44.9m	119,147 sqm	1.7	3.4€	100%	10.8%	10.0%	c.€4.5m
Residential	1	€60m	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total	16	€525.7m	296,572 sqm	2.5	13.2€	94.1%	7.6%⁽²⁾	6.7%⁽³⁾	c.€31.5m

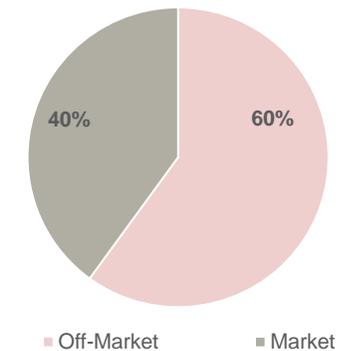
Asset distribution by purchase price



Balanced investment Geographical distribution



Mostly off-market acquisitions



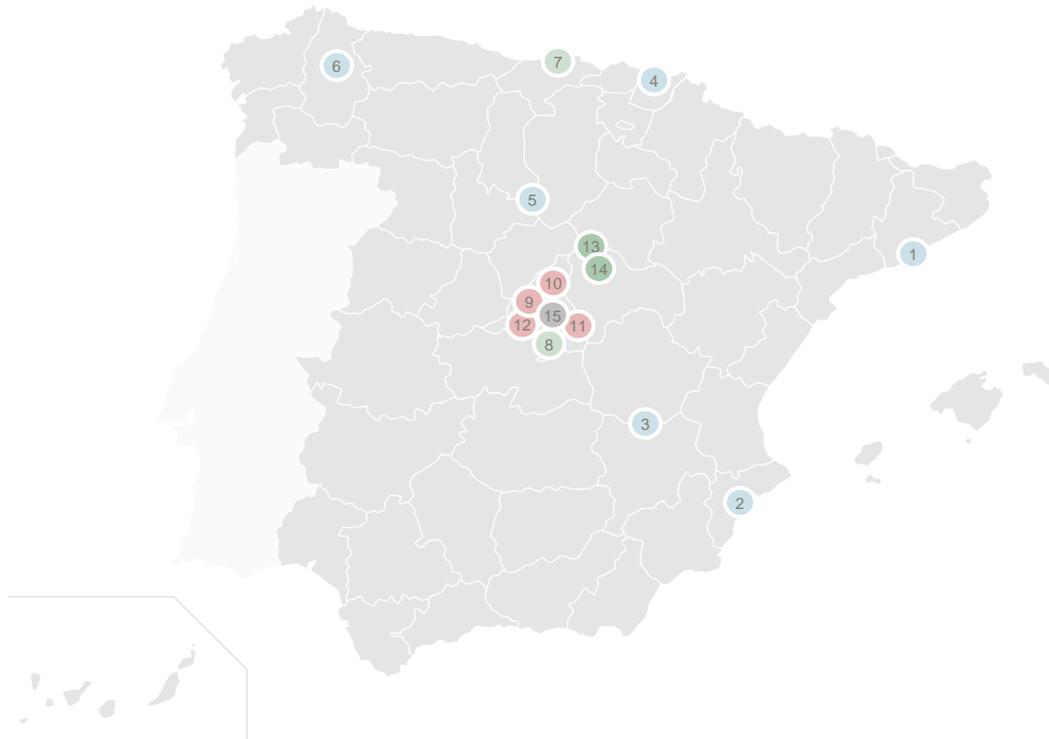
¹ Marcelo Espinola has been excluded from calculation due to total refurbishment.

² 7.6% is the NIY on cost of rent generating assets. Thus, €60m investment for a residential development is not included in its calculation.

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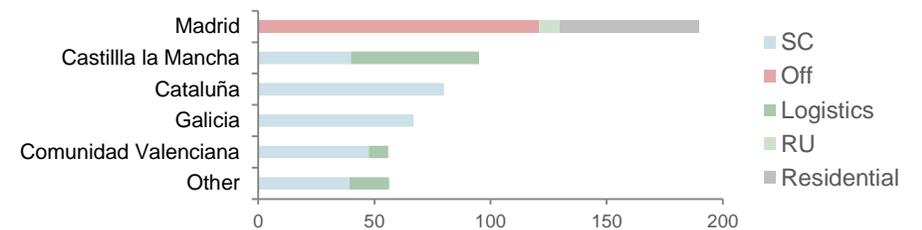
Location by asset class

Portfolio Overview



Asset Class	Asset ID	Asset Name (Location)
Shopping Centre	1	L'Anec Blau (Barcelona)
	2	Portal de la Marina (Alicante)
	3	Albacenter – SC+ Hypermarket + Retail Units (Albacete)
	4	Txingudi (Guipúzcoa)
	5	Las Huertas (Palencia)
	6	As Termas (Lugo)
Office	9	Egeo (Madrid)
	10	Arturo Soria (Madrid)
	11	Cardenal Marcelo Spinola (Madrid)
	12	Eloy Gonzalo (Madrid)
	15	Juan Bravo / Claudio Coello
Retail Unit	7	Alisal (Santander)
	8	Villaverde (Madrid)
	13	Alovera I (Guadalajara)
	14	Alovera II (Guadalajara)
Logistics	13	Alovera I (Guadalajara)
	14	Alovera II (Guadalajara)
Residential	15	Juan Bravo / Claudio Coello

Breakdown of assets by Geography, €m



Retail Portfolio

A diversified, high generating retail portfolio actively managed to unlock its value potential

Acquisition Rationale

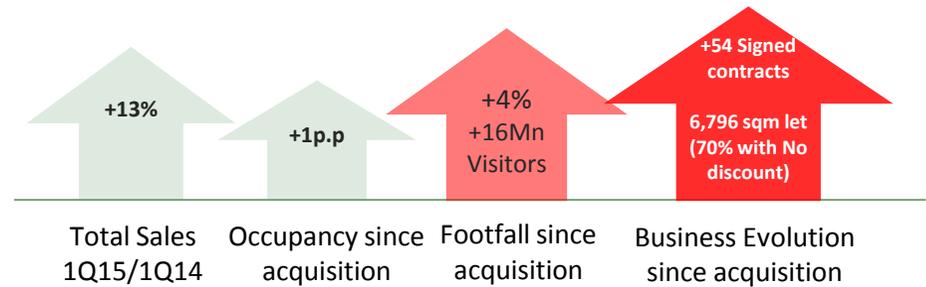
- **7.6% Average Gross Initial Yield.**
- **6.5% of Net Initial Yield** & more than **€20m of Net Rental Income** per year.
- **Resistant** to the Business Cycle / Sustainable income stream based on a strong tenant lineup. Maintainable Occupancy Cost Ratio.
- **Consolidated** and **Dominant** Shopping Center in a wide Influential area
- **Limited expected supply** / **Solid Macro** Regional Fundamentals.

+1 p.p. in Occupancy vs. acquisition



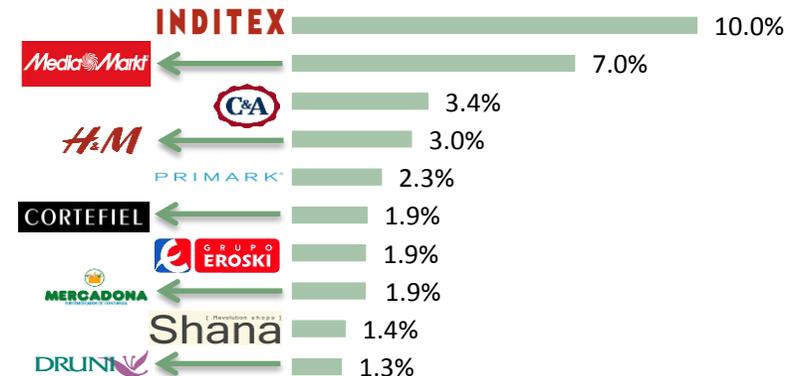
	NIY	Initial Occ	Current Occ
L'Anec Blau	6.1%	90.4%	96.4%
Portal de la Marina	6.6%	90.0%	92.0%
Albacenter	7.0%	95.4%	85.7%
Txingudi	6.7%	90.3%	93.0%
Las Huertas	6.9%	86.0%	79.5%
As Termas	6.2%	91.5%	91.5%
Alisal	6.8%	100.0%	100.0%
Villaverde	7.5%	100.0%	100.0%

Strong Business Evolution



✓ €5.5m Capex expected – Added Value Strategy

✓ 5 most important tenants make up for >25% of Retail Sales



Four consolidated Office Buildings in Madrid positioned to benefit from market and active management strategy

Acquisition Rationale

Office: 6.5% of Gross Initial Yield / 5.8% of Net Initial Yield

C.€7m of Net rental income

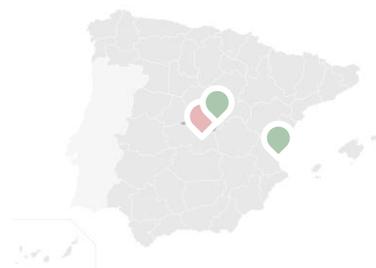
- Attractive buildings in its influence area.
- Consolidated locations with high occupancy ratios.
- Potential to improve rents in medium term (2-3 years).

Logistic Warehouse: 10.8% of Gross Initial Yield / 10.0% of Net Initial Yield

C.€4.5m of Net Rental Income

- Adaptive warehouses with a combination of attractive price and rent/sqm.
- Main logistic areas with good connection to main distribution motorways.

+0.5 p.p Occupancy - 1Q 2015 vs. acquisition



	NIY	Initial Occ	Current Occ
Egeo (Office)	5.6%	100.0%	100.0%
Arturo Soria (Office)	5.4%	82.7%	84.9%
Marcelo Espinola (Office)	7.7%	38.0%*	38.0%*
Eloy Gonzalo (Office)	5.2%	95.9%	96.9%
Alovera I & II (Logistic warehouse)	10.0%	100.0%	100.0%

(*) Occupancy affected by total refurbishment of the building.

Asset Profile/ Management Plan

✓ Diversified and quality Tenants

Office



Warehouse



✓ €19m Capex – Added Value Strategy

✓ Active Management Strategy in Office Assets:

- ✓ Energy audit / Reform project.
- ✓ Enhancement of common areas and facilities and selective commercial repositioning.

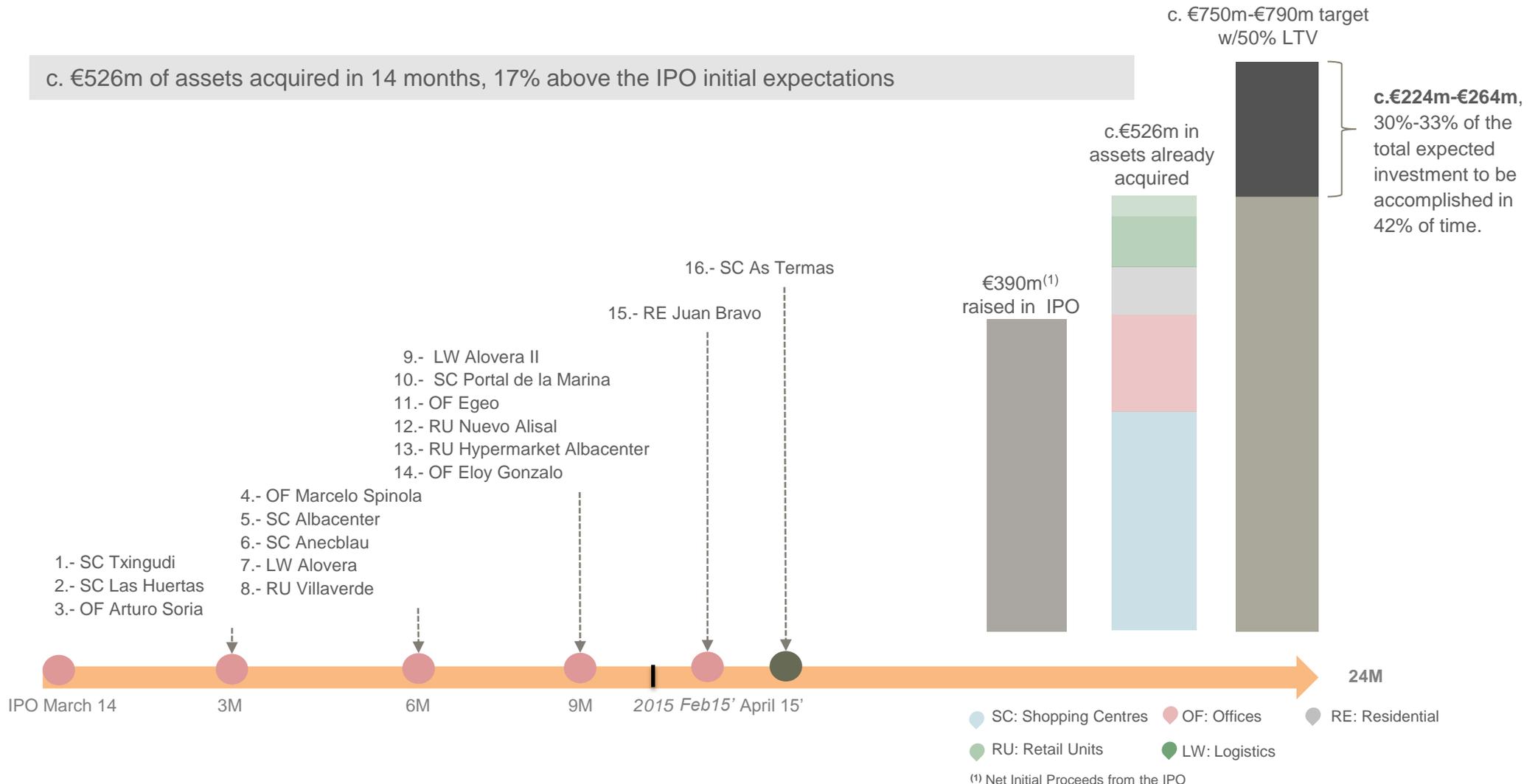
✓ Repositioning / Full Refurbishment of Marcelo Espinola

- ✓ €9.44m of Capex: It will enable to increase rents / Currently below market.
- ✓ Starting building project
- ✓ Awarding building contract

Progress

Investment Plan 17% ahead of expectations & >70% completed

c. €526m of assets acquired in 14 months, 17% above the IPO initial expectations

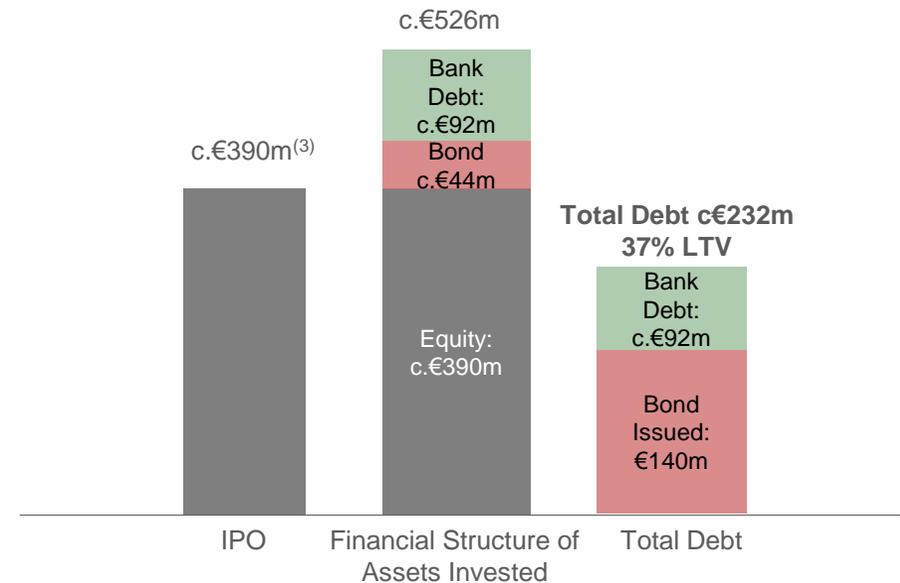
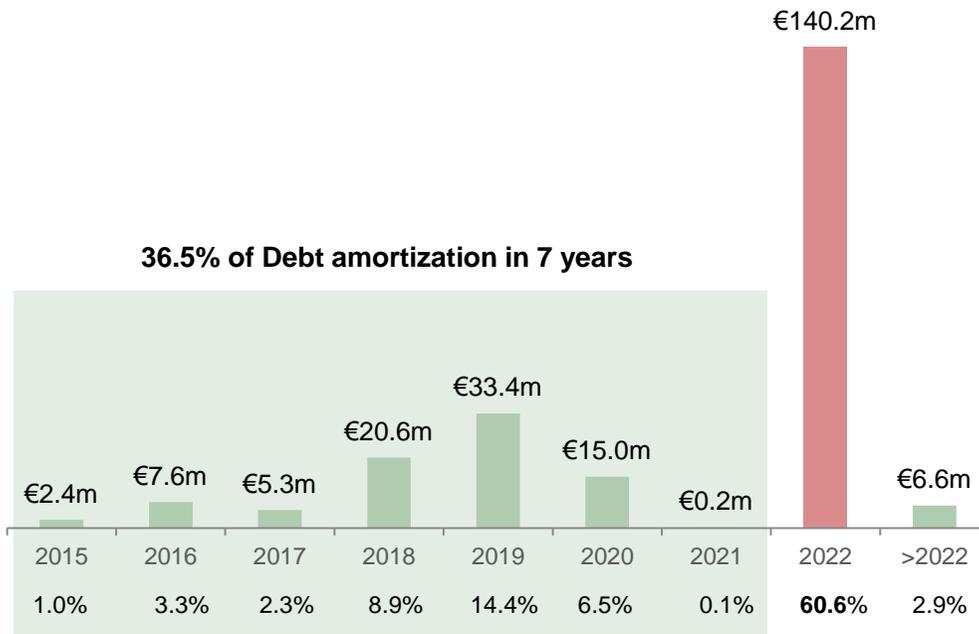


Balance Sheet

Flexible Balance sheet structure provides visibility and stability to the valued added-strategy / Cost of Debt < Euribor + 2.6%

Complete alignment of Debt Profile with the value-added strategy

c.37% LTV⁽¹⁾ and c.€100m⁽²⁾ of available liquidity as of April 2015



(1) (Bank Debt (Nuevo Alisal + Egeo + Portal de la Marina + Juan Bravo) + Senior Bond] / (Total Investment + Cash Accumulated

(2) Cash Flow from Operations not Included

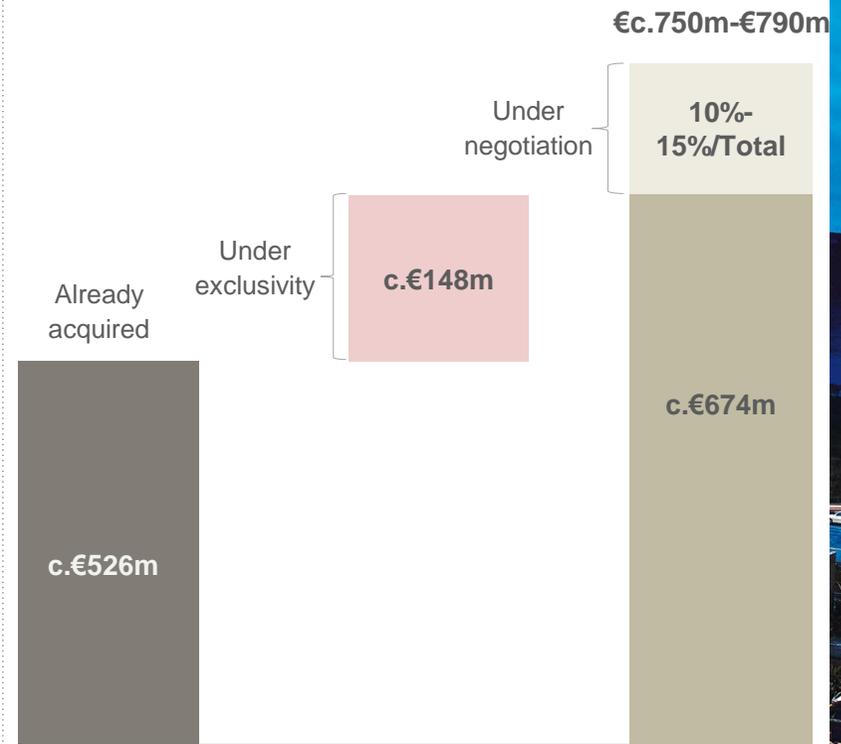
(3) Net Initial Proceeds from the IPO

Robust acquisition pipeline to meet portfolio targets



c.€148m of assets under exclusivity.

- It implies **c.20% of total c.€750m target** is being negotiated under exclusivity, and should this be materialised, 10%-15% pending would be almost **covered via projects already under negotiation.**
- **Recent Bond issuance will fuel next acquisitions: c.100m⁽¹⁾** of current cash facilities to fund next deals



⁽¹⁾ Cash Flow from Operations not Included

Priorities 2015

Retail

- Asset Management:

Target of +5-7% Increase of Sales and 96% Occupancy rate for the end of 2015.
Aggressive letting plan for **50 new leases**.

Full control of the shopping centres through acquisition of co-owners premises

Increase of effective rents due to **property outgoings reduction strategy**.

- Capex.

Refurbishment of Las Huertas Shopping Centre during 2015.

- Acquisitions

Target of **€200 M / Strong pipeline**. Proven access to off-market situations.

Office & Logistics

- Asset Management:

Tenant policies: Unifying and simplifying contracts.

Occupancies: Raising occupancy rates in Arturo Soria

Rents: increasing rents according to market conditions

- Capex



€6.7m Full Refurbishment in Marcelo Espinola and selective Capex for Eloy Gonzalo, Arturo Soria and Egeo.



€0.81m in Logistic Warehouses.

- Repositioning



Marcelo Espinola, Eloy Gonzalo: expecting incremental rents

Residential

- ✓ Done

➤ Demand Test and Waiting List

➤ **Appointment of the Sales coordinator**

- Capex



Estimated **2015-2017: €11m-€14m**.



Delivery of first houses from 2H 2017

- Action Plan

➤ Main sales agent agreement/Marketing Plan

➤ Presales launching / Definitive project design.



Start construction **4Q 2015**.

What to expect from 2015

c.750m-790m in assets acquisition will be completed sooner than expected

c.50% LTV over portfolio leverage in line with current competitive conditions

Possibility to execute a **capital increase*** to acquire new attractive assets

Active Management Strategy fully in place on every asset acquired

Consolidated portfolio with a substantial rental income

Attractive Dividend Yield from 5% since 2016

*under the general shareholders meeting's authorisations

Annexes



Annexes-Portfolio Description



Portfolio descriptions

Shopping Centre

Aneclubau, Barcelona

Asset Characteristics

Asset Name:	Aneclubau
Asset Type:	Shopping Centre
Date of Opening:	2006
Location:	Barcelona
GLA:	28,863 sqm
Acquisition price:	EUR 80.0 m
Price per sqm:	2,772 €/sqm
No. Tenants:	Multi-tenant

Building Capex

Capex committed:	€0.6m
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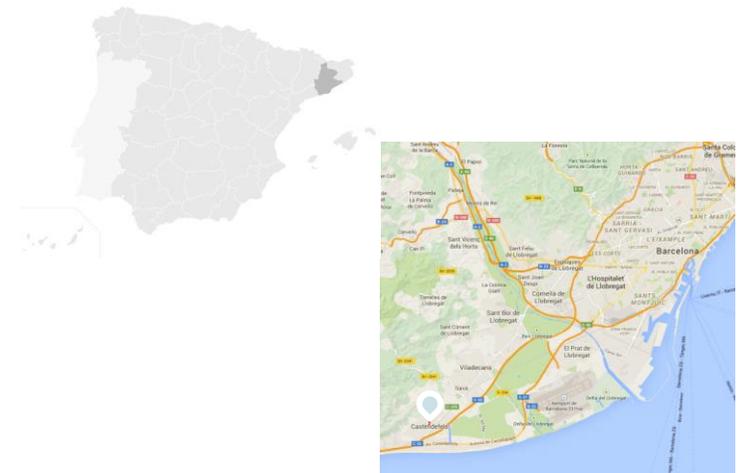
KPI's (Initial)

Occupancy (%):	90.4%
Net yield on cost (%):	6.1%
Monthly Rent (€/sqm)	16.9€



Location & Profile

- Located in Castelldefells, in the South-West of Greater Barcelona, next to the busiest highway in the area.
- 18 km to the South-West of Barcelona and 9 km from El Prat International Airport.
- Strong draw combination of fixed residential population and tourism.
- Primary Catchment area: 140,000 within 0-10 minutes.



Investment Rationale

- Medium size dominant shopping centre in its catchment area.
- Excellent tenants such as Mango, Zara Group, H&M and Mercadona Supermarket (Leading distribution company in Spain).
- Requires intense asset management to improve the retail offering, reconversion of external no-let areas and to take advantage of the special Sunday trading authorisation.
- Footfall 2013: 4.7 Mn visitors.

Portfolio descriptions

Shopping Centre

As Termas, Lugo

Asset Characteristics

Asset Name:	As Termas
Asset Type:	Shopping Centre
Date of Opening:	2005
Location:	Lugo
GLA:	33,151 sqm
Acquisition price:	EUR 67.0 m
Price per sqm:	2,021 €/sqm
No. Tenants:	Multi-tenant

Building Capex

Capex Committed:	€1.0m
KPI's (Initial)	
Occupancy (%):	91.5%
Net yield on cost (%):	6.2%
Monthly Rent (€/sqm)	12.4€



Location & Profile

- As Termas is at the northern outskirts of Lugo, a secondary city in a province of 350,000 inhabitants in the North West of Spain. It is the dominant centre in the area, with extensive primary catchment (over 200,000 people).
- As Termas is highly visible and easily accessible from the N-VI, N-640 and A-6 motorways.
- Average annual footfall of 3.45 million visitors between 2007 and 2013.
- 2,200 parking spaces.



Investment Rationale

- Large size dominant shopping centre in its catchment area with top tier mass market operators, such as H&M, Media Markt, C&A, Sfera or Cortefiel, all of them are the only stores of their kind in the entire province.
- Catchment area's average retail spending is 13% above the Spanish average. Unemployment is the lowest of the four Galician provinces.
- Potential to increase occupancy via improvement of the retail offer.

Portfolio descriptions

Shopping Centre

Portal de la Marina, Alicante

Asset Characteristics

Asset Name:	P. De la Marina
Asset Type:	Shopping Centre
Date of Opening:	2008
Location:	Alicante
GLA:	30,007 (*) sqm
Acquisition price:	EUR 47.6 m
Price per sqm:	2,699 €/sqm
No. Tenants:	Multi-tenant

Building Capex

Capex committed:	€0.0m
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KPI's (Initial)

Occupancy (%):	89.9%
Net yield on cost (%):	6.6%
Monthly Rent (€/sqm)	17.6€

(*) LRE has acquired 58.78% of the Company.



Location & Profile

- 100 Km South of Valencia beside the AP-7 Motorway.
- Catchment area: 216,000 Inhabitants.
- Main Tenants: Kiabi, Mango.
- Footfall 2013: c. 3.5m shoppers.



Investment Rationale

- Already managed by Grupo Lar, this is a dominant shopping centre in its catchment area - high population and tourist area.
- Attractive opportunity to improve cash-flow by generating an alternative marketing mix with the anchor tenants.
- Excellent tenant line-up and upside potential through active asset management.

Portfolio descriptions

Shopping Centre

Albacenter, Albacete

Asset Characteristics

Asset Name:	Albacenter
Asset Type:	Shopping Centre
Date of Opening:	1996
Location:	Albacete
GLA:	27,974 sqm
Acquisition price:	EUR 39.9 m
Price per sqm:	1,426.3 €/sqm
No. Tenants:	Multi-tenant

Building Capex

Capex committed:	€2.2m
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KPI's (Initial)

Occupancy (%):	95.4%
Yield on cost (%):	7.0%
Monthly Rent (€/sqm)	9.63€



Location & Profile

- Located in Albacete, the largest city in Castilla La Mancha, with a provincial population of 402,837 inhabitants and municipal population of 172,472.
- Urban shopping centre with outstanding access from the city and regional main roads.
- Albacete's dominant shopping centre, providing main mass market fashion operators and anchored by an Eroski hypermarket.
- Parking: 75 spaces over two levels.
- Main Tenants: Eroski, Primark, Orchestra.
- Footfall: 4m visitors.



Investment Rationale

- **Asset management:** Improve commercial attractiveness.
- Acquired in two phases: first the Shopping Center and second, the hipermarket plus two retail units. Strategic acquisition for the full control of Albacenter shopping centre.
- Medium size dominant shopping centre in its catchment area with top tier mass market fashion operators. Anchored by Eroski Hypermarket and a +4,000 sqm Primark unit (European leading fashion specialist) together with a good number of relevant tenants such as H&M and Inditex brands.
- Eroski and Primark provide security to the income stream, in terms of size, quality and lease term.
- Focus on the leisure floor and fashion brands, reinforcing its privileged urban location and improving occupancy.

Portfolio descriptions

Shopping Centre

Txingudi, Guipuzcoa

Asset Characteristics

Asset Name:	Txingudi
Asset Type:	Shopping Centre
Date of Opening:	1997
Location:	Guipúzcoa
GLA:	9,920 sqm
Acquisition price:	EUR 27.7 m
Price per sqm:	2,789 €/sqm
No. Tenants:	Multi-tenant

Building Capex

Capex committed:	€0.6m
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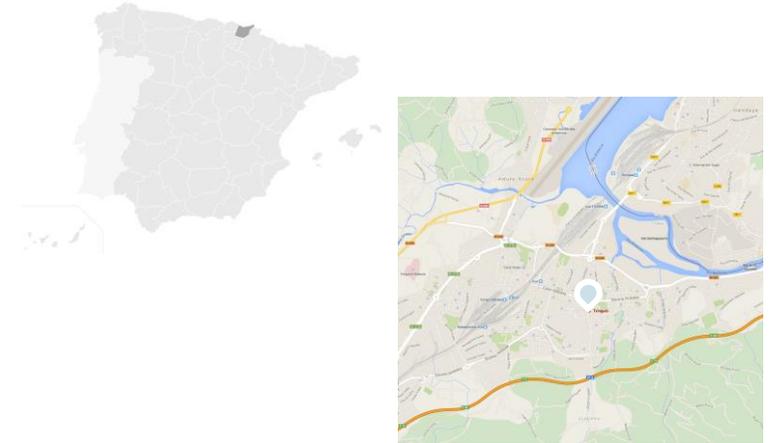
KPI's (Initial)

Occupancy (%):	90.3%
Net yield on cost (%):	6.7%
Monthly Rent (€/sqm)	18.8€



Location & Profile

- Irún (61,193 inhab.) within Guipuzcoa (Basque Country) on the North Coast of Spain, adjacent to the French border.
- Catchment (20 min drive): 91,351 inhabitants.
- Consolidated industrial and commercial area with excellent access to the national motorway and the city.
- Footfall 2012: 4 m shoppers.



Investment Rationale

- Located in the Basque Country near the French border. One of the areas with the highest GDP and income per capita in Spain.
- Anchored by Alcampo, Decathlon, Norauto, (owner-occupiers) Kiabi and Mango.
- Strong asset management opportunities based on reduction in non-recoverable costs improving vacancy and tenant mix. Reduction in leisure and improvement in fashion brands to improve the balance between Spanish and French customers.

Portfolio descriptions

Shopping Centre

Las Huertas, Palencia

Asset Characteristics

Asset Name:	Las Huertas
Asset Type:	Shopping Center
Date of Opening:	1989
Location:	Palencia
GLA:	6,108 sqm
Price of acquisition:	EUR 11.7 m
Price per s.q.m.:	1,916 €/sqm
No. Tenants:	Multi-tenant

Building Capex

Capex committed:	€1.0m
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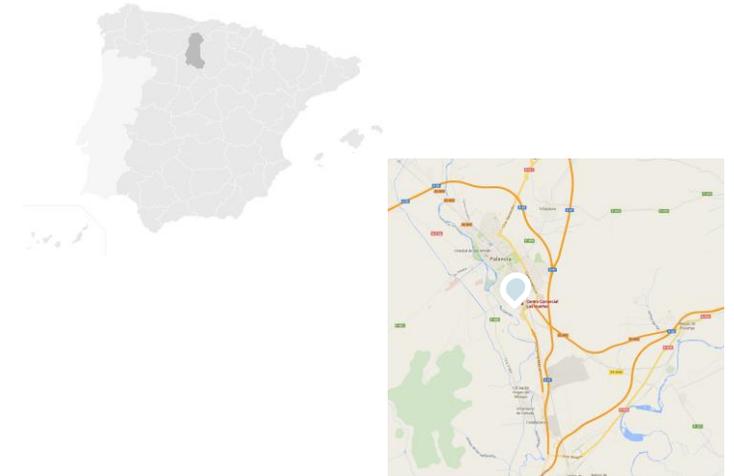
KPI's (Initial)

Occupancy (%):	85.9%
Net yield on cost (%):	6.9%
Monthly Rent (€/sqm)	15.8€



Location & Profile

- Palencia, within the Castilla y León Region in North West Spain. Catchment (20 min drive): 99,310 inhabitants.
- Immediate area comprises a mixed residential and retail area, therefore 50% are pedestrians. Well located, connecting the city centre with the A-67 highway (main connection between Palencia and Valladolid).



Investment Rationale

- Only shopping centre in the city of Palencia
- Main tenants: Sprinter, MerKaI, P&B.
- Footfall 2013: 2.3 m visitors.
- Renovation project under consideration aimed at attracting a diversified retail offer to change the positioning from a convenience centre to a fashion based centre, by remodeling and incorporating local specialists and international brands.

Portfolio descriptions

Retail Unit

Nuevo Alisal, Santander

Asset Characteristics

Asset Name:	Nuevo Alisal
Asset Type:	Retail Unit
Date of Opening:	2010
Location:	Santander
GLA:	7,648 sqm
Acquisition price:	EUR 17.0 m
Price per sqm:	2,223 €/ sqm
No. Tenants:	Multi-tenant

Building Capex

Capex committed:	€0.0m
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KPI's (Initial)

Occupancy (%):	100%
Net yield on cost (%):	6.8%
Monthly Rent (€/sqm)	13.6€



Location & Profile

- Stand alone unit next to the consolidated El Alisal Retail Park, which has been operational since 2004.
- Located in Santander, capital city in the north of Spain with strong and stable economy and growth potential.
- The retail Park features Carrefour, Aki, Worten, Kiabi, Merkal, Galp, Burger King, McDonald's and Mercadona. El Alisal has a GLA of more than 25,000 sqm.
- The Media Markt located in Nuevo Alisal, was in the Spanish Top 10 for sales.



Investment Rationale

- Media Markt and Toys' r' us are two well-renowned international retailers.
- Very well located asset, where rent has recently been renegotiated to generate strong cash flow with mid-term potential for consolidation.
- Recently built and in excellent condition.
- Part of the most successful retail park in the region.

Portfolio descriptions

Retail Unit

Villaverde, Madrid

Asset Characteristics

Asset Name:	Villaverde
Asset Type:	Retail Unit
Date of Opening:	2002
Location:	Madrid
GLA:	4,391 sqm
Acquisition price:	EUR 9.1 m
Price per sqm:	2,072 €/sqm
No. Tenants:	Single-tenant

Building Capex

Capex committed:	€0.1m
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KPI's (Initial)

Occupancy (%):	100%
Net yield on cost (%):	7.5%
Monthly Rent (€/sqm)	14.8€



Location & Profile

- Stand alone unit in a very consolidated residential area. Very well located in a highly populated area.
- Excellent visibility: fronts on to Avenida de Andalucía, the main urban link to the South of Madrid, with connections to the M-30, M-40 and M-45 ring roads.
- Public transport: bus and underground. In front of Villaverde transport interchange.



Investment Rationale

- Media Markt (part of Metro Group) is the leading electronics retailer in Spain and one of the biggest in Europe.
- The retailer has increased market share over the crisis, benefiting from the closing of a number of competitors and strengthening its position in Spain.
- The rent was renegotiated prior to the acquisition, in order to generate strong cash flow with mid-term potential.

Portfolio descriptions

Office building

Egeo, Madrid

Asset Characteristics

Asset Name:	Egeo
Asset Type:	Office Building
Location:	Madrid
GLA:	18,254 sqm
Acquisition price:	EUR 64.9 m
Price per sqm.:	3,555 €/sqm
No. Tenants:	Multi-tenant

Building Capex

Capex committed:	€1.3m
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KPI's (Initial)

Occupancy (%):	100%
Net yield on cost (%):	5.6%
Monthly Rent (€/sqm)	15.9€



Location & Profile

- Located in the North-East of Madrid, outside the M-30 ring road, in Phase I of Campo de las Naciones (5 minutes drive from the airport).
- Freestanding building.
- 6 storey building.
- Parking: 340 spaces (1.86 spaces: 100 sqm)
- Main Tenants: Ineco and Sanofi.



Investment Rationale

- Confirmed location.
- Building has two independent distribution wings with an attractive central lobby topped by a large skylight, providing light to the interior areas.
- Opportunity to improve management of building and invest capex to add value by improving energy efficiency.
- Clear potential rental growth.
- 100% occupied at current market rents.

Portfolio descriptions

Office building

Arturo Soria 336, Madrid

Asset Characteristics

Asset Name:	Arturo Soria
Asset Type:	Office Building
Location:	Madrid
GLA:	8,663 sqm
Acquisition price:	EUR 24.2 m
Price per sqm.:	2,793 €/sqm
No. Tenants:	Multi-tenant

Building Capex

Capex committed:	€1.1m
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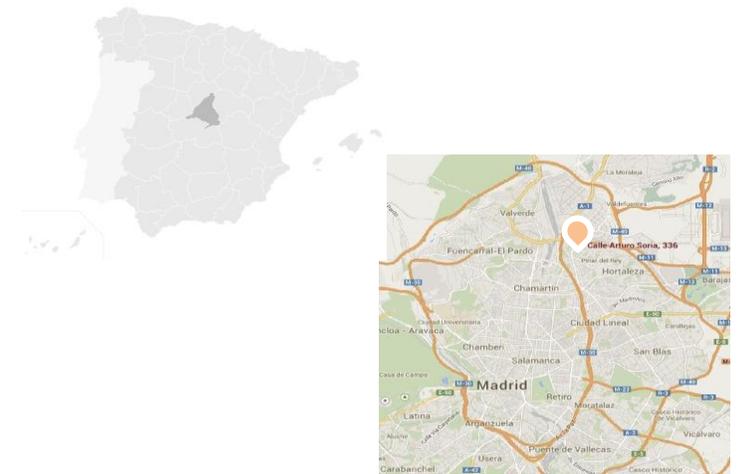
KPI's (Initial)

Occupancy (%):	82.7%
Net yield on cost (%):	5.4%
Monthly Rent (€/sqm)	15.6€



Location & Profile

- Located in the north east of Madrid, very close to the M-30 ring road and Airport. Quick access to the M-11 (Airport) and A-1 motorways and the M-30 & M-40 ring roads.
- Underground station “Pinar de Chamartín” located 150 m. from the building.
- 9 storey freestanding building with plenty of natural light.
- Divisible floor 1,045 sqm in 2/3 units.
- Good average car parking ratio (2.22 spaces: 100 sqm)
- Main Tenants: Banco Santander, Adeslas and Clear Channel.



Investment Rationale

- Urban and consolidated urban area with good identity and communications.
- Offers very competitive average rents, 16 €/sqm/ month with potential growth.
- Programmed capex will improve the distribution of the building, enable lease-up of the current vacant space. and improve its energy efficiency.

Portfolio descriptions

Office building

Card. Marcelo Spínola 42, Madrid

Asset Characteristics

Asset Name:	Marcelo Spinola
Asset Type:	Office Building
Location:	Madrid
GLA:	8,584 sqm
Acquisition price:	EUR 19.0 m
Price per sqm.:	2,213 €/sqm
No. Tenants:	Multi-tenant

Building Capex

Capex committed:	€9.4m
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KPI's (Initial)

Occupancy (%):	38.2%*
Net yield on cost (%):	7.7%**
Monthly Rent (€/sqm)	13.9€

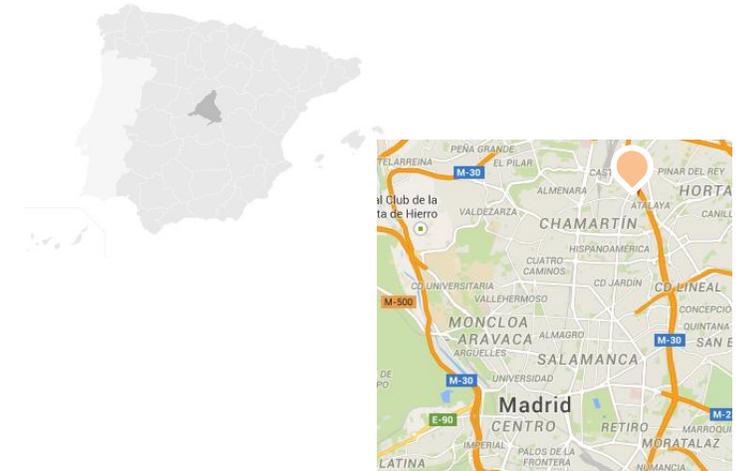
(*) Occupancy affected by Total refurbishment of the building.

(**) With an estimated Occupancy of 95% after total refurbishment in 2015.



Location & Profile

- Located in Madrid (North - East), inside M-30 ring road.
- Underground station is 900 m. away from the building.
- 14 storey building above ground, freestanding tower with 4 facades.
- Main Tenants: Maessa, Acer Computer, Sungard.
- Parking: 150 parking spaces (1.75 spaces: 100 sqm)



Investment Rationale

- Consolidated location with excellent visibility from M30.
- A repositioning, via full refurbishment, of the asset is required due to under management and low occupancy. Capex: €8.5m.
- This will permit very flexible space (single tenant– multi-tenant) at net rents around 20 €/sqm. taking into account the expected market improvement and lack of renovated/new buildings.

Portfolio descriptions

Office building

Eloy Gonzalo, Madrid

Asset Characteristics

Asset Name:	Eloy Gonzalo
Asset Type:	Office Building
Location:	Madrid
GLA:	6,231 sqm
Acquisition price:	EUR 12.8 m
Price per sqm.:	2,043 €/sqm
No. Tenants:	Multi-tenant

Building Capex

Capex committed:	€1.9m
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KPI's (Initial)

Occupancy (%):	95.9%
Net yield on cost (%):	5.2%
Monthly Rent (€/sqm)	7.9€



Location & Profile

- Located in the centre of Madrid, inside M-30 ring road, 1km away from Paseo de la Castellana.
- Underground, 100m away.
- 5 street level retail units (24% of GLA)
- Main Tenants: Spotify, Territorio Creativo.



Investment Rationale

- Under-rented – 20% below market levels
- The flexibility of its layout and natural day-lighting offer versatile accommodation for a wide variety of office users generating a solid cash-flow on the low unit cost.
- A repositioning, via partial refurbishment of the asset is required. Capex: EUR 1.9 m; average rent clearly below market rents. Opportunity for rental increases.
- The seven floors currently used as office space, also allow for conversion to residential space if vacancy can be achieved.

Portfolio descriptions

Logistics Warehouse

Alovera I & Alovera II , Guadalajara

Asset Characteristics

Asset Name:	Alovera I & Alovera II
Asset Type:	Logistics W.
Date of Opening:	1992-2008
Location:	Guadalajara
GLA:	119,147 sqm
Acquisition price:	EUR 44,85 Mn
Price per sqm:	376,42 €/sqm
No. Tenants:	Multi-tenant

Building Capex

Capex committed:	€5.3m
KPI's (Initial)	
Occupancy (%):	100,0%
Yield on cost (%):	10,03%
Monthly Rent (€/sqm)	3.4€



Location & Profile

- Guadalajara (East), 48 km from Madrid. Facing A-2 (national highway).
- Prime Logistics and industrial area.

Investment Rationale

- Tenant: Carrefour, Factor 5 & TechData.
- Very strong logistics location.
- Below replacement cost purchase price avoids risk from new supply.
- Lack of large warehouses in good locations.
- Captive clients and a high-tech warehouse.

Portfolio descriptions

Residential Portfolio

Juan Bravo 3 and Claudio Coello Building, Madrid

Asset Characteristics

Asset Name:	Juan Bravo
Asset Type:	Residential
Date of Construction:	2015-2017
Location:	Madrid
GLA	31,521* sqm
Acquisition price:	EUR 60** m

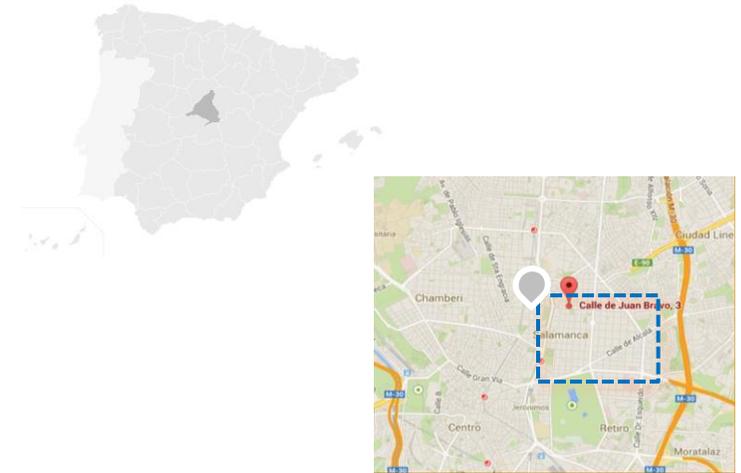
(*) 26,203 sqm for development in Juan Bravo 3 and 5,318 sqm corresponds to the Claudio Coello building.

(**) Corresponds to the 50% of the JV with PIMCO



Location & Profile

- Location in Salamanca district, the most exclusive area in Madrid.
- Total 26,203 sqm to develop residential units for sale. 5,318 sqm belongs to a residential building in Claudio Coello.
- Fully licensed plot of land for a new-build residential building, with no building refurbishment limitations.
- Opportunity to define units with areas that are fully adapted to current demand. □The land allows for the construction of a stand-alone building, providing excellent natural light and ventilation options. □ Possibility of interior designed common areas providing XXI century services.



Investment Rationale

- The property will be the most exclusive residential development in Madrid since 2006
- High demand and a lack of supply of luxury residential apartments in Madrid.
- Construction costs have dropped significantly due to the real estate crisis, while quality has increased.
- Projects with high customisation options are performing very well in the market.

Annexes-Corporate Structure and Manager



Lar España Real Estate SOCIMI S.A.

Lar España's target is to generate high returns for its investors via an active asset management investment strategy which is mainly focused on Commercial Property Assets in Spain.

Strong Corporate Governance

- **Independent Board of Directors** (4 out of 5 members are independent).
- Highly **regarded individuals** with experience in Spain, listed markets, real estate and finance.

Board Structure

Name	Position
Jose Luis Del Valle	Chairman, Independent
Alec Emmott	Director, Independent
Roger Cooke	Director, Independent
Pedro Luis Uriarte	Director, Independent
Miguel Pereda	Director, Non-Independent
Juan Gomez-Acebo	Secretary (Non-Director)

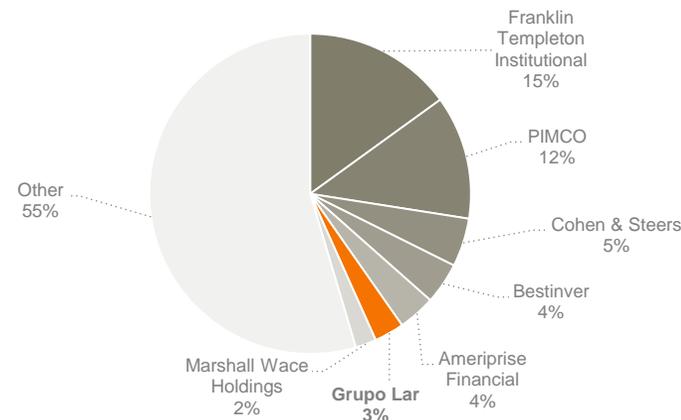
Source: CNMV

(*) This is a target only and not a profit forecast. There can be no assurance that this target can or will be met.

Overview

- **First IPO** of a Spanish REIT listed on the Spanish Stock Exchange.
- Focused on creating both **sustainable income** and **strong capital returns**, targeting total shareholder return in excess of **12%* per annum**.

Shareholder Structure



- **Lar España** went public in March 2014 (IPO net proceeds of **€390m**) and opted for the **SOCIMI tax regime**.
- It is **externally managed by Grupo Lar**.
- **The company's strategy** is to create a portfolio consisting primarily of **commercial property** (primarily retail and office).

A Unique Real Estate Manager

Grupo Lar is a seasoned, **family owner**, Spanish private Real Estate developer, Investor and Asset Manager with a **40-year track record** of **international** experience, **Joint Ventures** with **Tier 1 Investors** and long term relationships with **Financial Institutions**

Expertise in Retail, Office and Residential

- **Retail: extensive track record** developing, investing and managing Retail assets:
 - owns 66% of **Gentalia**, one of the largest Shopping Centre developers and managers in Spain (52 units and 1.3 million sqm GLA).
 - Grupo Lar has made JV with top-tier investors in Retail.
- **Office:** large experience developed and managed 9 unique properties for corporate headquarters in Madrid and Barcelona.
- **Residential:**
 - **+10,000 dwellings** sold during the last ten years.
 - by the end of 2013 Grupo Lar had acquired and **managed 1,700 dwellings from Sareb** in partnership with Fortress.

Long term successful Joint Ventures

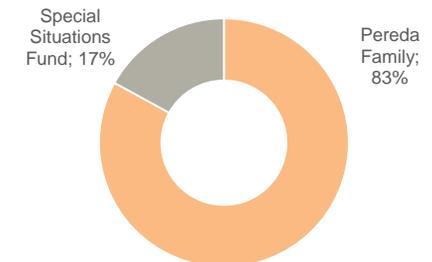
- Grupo Lar has **successfully partnered** with Real Estate funds from the **most highly regarded international institutions**.
- E.g. 50-50% JV With **Grosvenor**, from 2000 to 2008, to develop, invest and manage Office, Shopping and Business Centres in Spain.



THE BAUPOST GROUP®

Reputation & Reliable Manager

- **Off-Market Opportunities:** Externally managed by **Grupo Lar**, whose **consolidated position** in the market enables access to untapped opportunities.
- **Commitment of Grupo Lar:** holds a **3%** stake in Lar España, subject to a 3 year lock-up period.
- **Independent and high quality board** 4 highly regarded independent directors (4 out of 10).



Strong Management Team



Miguel Pereda
Managing Director at Grupo Lar
Board Member of LRE



- Co-CEO of Grupo Lar since 2007.
- CEO of Grupo Lar Grosvenor for six years.
- Over 25 years of experience in real estate sectors.
- Degree in Business Administration at Universidad Complutense. MBA from IE and Master from IMD.

Real Estate Manager
Luis Pereda
Executive Chairman



REAL ESTATE TEAM

LAR ESPAÑA MANAGEMENT TEAM

SERGIO CRIADO
 CFO



- Financial Director of Grupo Lar for Spain and Portugal in 2006, covering office, industrial, residential and second home area. Launched Lar Perú in 2012
- Over 14 years of experience in financial and real estate sectors.
- Degree in Business Administration at UAH.
- MBA from IEB.

JON ARMENTIA
 Corporate Manager



- Financial Director of Grupo Lar in 2006, covering retail properties area.
- Over 12 years of experience in audit, financial at real estate sectors. Worked in Deloitte for 4 years.
- Degree in Business Administration at Universidad de Navarra.

SUSANA GUERRERO
 Legal Manager



- Joined Lar España in Nov. 2014.
- Worked as M&A and Corporate lawyer at Uría Menéndez for 10 years.
- Degree in Law at Universidad Complutense. LLM in business law from I.E.

JORGE PEREZ DE LEZA
 Europe



- Managing Director of Residential Product Europe since 2005.
- Consultant for more than five years at Boston Consulting Group.
- Over nine years of experience in the sector.
- Degree in Engineering at ICAI. MBA from Harvard University.

MIGUEL ÁNGEL GONZÁLEZ
 Residential

11 people



- Development Director at ING Real Estate.
- Project Management Director at Grupo Ríofisa.
- Over 20 years of experience in Real Estate Development sector.
- Degree in Civil Engineering at UPM. MBA from IE.

JOSE MANUEL LLOVET
 Retail

13 people



- Capital Markets Director at JLL.
- Investment Manager Director at Unibail Rodamco in Spain.
- Over 25 years of experience in real estate sector.
- Degree in Economics at CUNEF.

ARTURO PERALES
 Offices

4 people



- Head of the Office Agency of Atis Realas.
- Director of Office Development at Lar Grosvenor.
- Director of Asset Management at two prominent Family Offices.
- Over 19 years of experience in real estate sector, focused on offices.

SONSOLES CANTERO
 Managing Director

101 people



- Over 28 years of experience in real estate sector. 12 of which in Gentalia.
- Specialised in shopping centres. Has worked on over 100 shopping centres and outlets in Spain and Portugal.
- Degree in Mining Engineering and MBA.

Full Alignment of interests



1

Total Exclusivity

- The Manager is committed to **total exclusivity for commercial investment opportunities** in Spain.
- In the Residential sector, Lar España has the right to co-invest with the Manager.
- International standards of Governance and Code of Conduct.

2

Structure and Incentives

- All **Critical** activities are carried out in-house:
 - ✓ CFO.
 - ✓ Corporate Manager.
 - ✓ Legal Manager.
- All **Real Estate related** activities and expertise provided by the Manager.
- **Management fees:**
 - ✓ 1.25% per annum of NAV.
 - ✓ 3 year **lock-up** for the shares to be received as performance fees.

3

Management Commitment

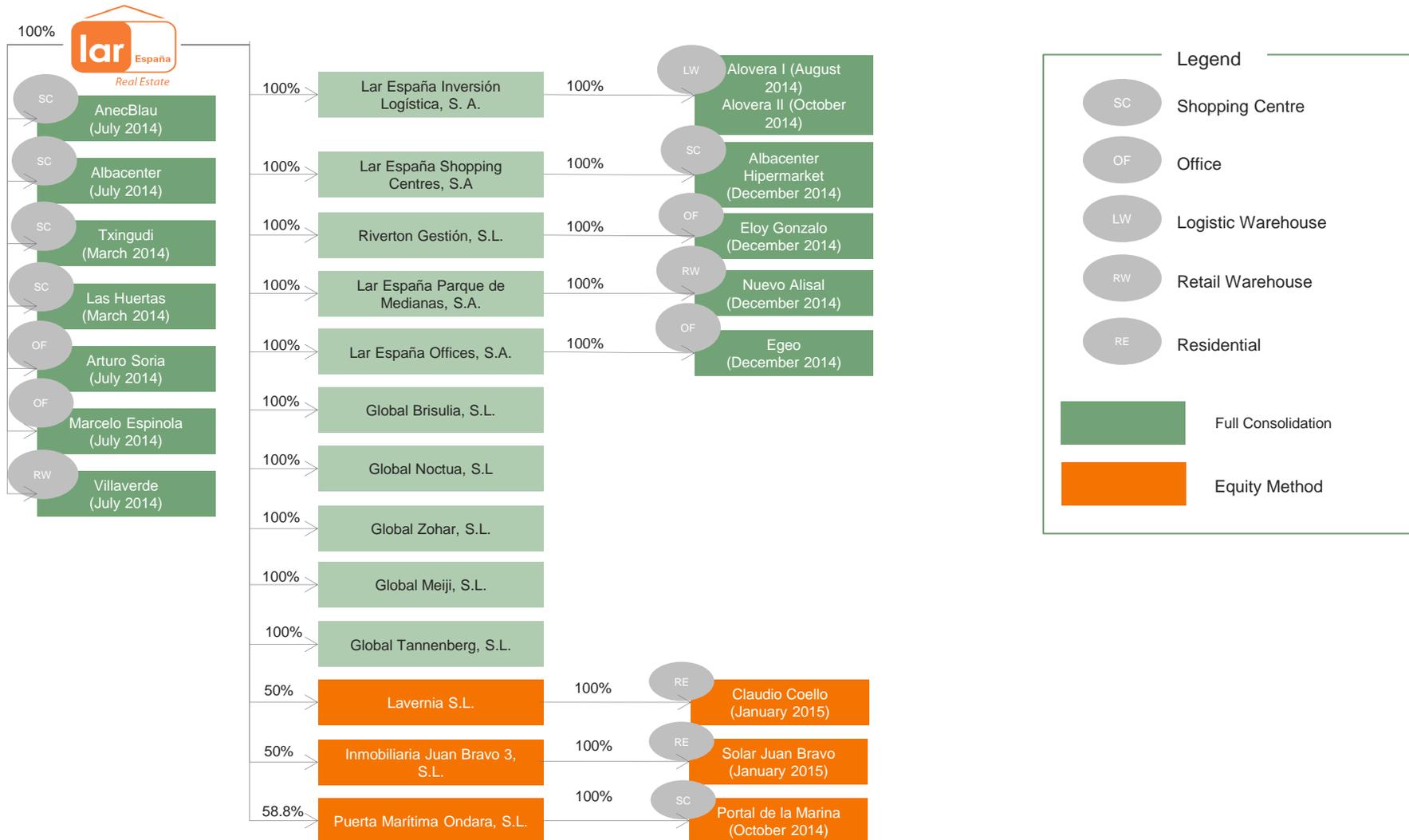
- **Grupo Lar** owns a **2.5%** stake in Lar España, subject to a **3 year lock-up** period.
- **Miguel Pereda**, family owner member and Grupo Lar CEO is the key figurehead from a Real Estate point of view.
- **Grupo Lar** is **contracted to exclusively** provide Management to **LRE**.
- **Initial 5-year** management contract.



Affiliates structure chart



Annexes - Company Structure as of March 31 2015



Disclaimer

- The information included in this presentation has been drafted by Grupo Lar Inversiones Inmobiliarias, S.A. (“Grupo Lar”) for informational use only, to assist investors in deciding whether they wish to proceed with a further investigation of the company named Lar España Real Estate SOCIMI, S.A. (the “Company”) and also to help such recipients decide whether they want to purchase shares in the Company (the “Shares”), which are listed on the Spanish stock exchanges and the Spanish continuous market. The initial subscription offering of the Shares of the Company (the “Offering”) and the admission to listing of the Company in Spain required the approval by the Spanish securities market commission (the “CNMV”) of a Spanish prospectus (“*Folleto Informativo*”). The *Folleto Informativo* is available on the Company and the CNMV’s websites (www.cnmv.es).
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