

ZAMBAL SPAIN

SOCIMI S.A

General Shareholders Meeting

26th June 2017



1. Business Highlights

More than €760m invested since 2013 in Spain

Currently 9 Real Estate assets owned with an acquisition value of €650m*

181,509 sq m of GLA Owned

~100% Portfolio Occupancy

No recourse to bank financing across the entire portfolio

Net Annual Rental Income in 2016:
€31 m **

*Two assets (ABC Serrano and Preciados 9) have been sold for €138.8m, in the first quarter of 2016.

** Net Rental Income from Zambal Spain Socimi, S.A. and Inversiones Iberia Nora, S.L.U.

1. Business Highlights

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~89% of the portfolio's GLA consists of office buildings

Long and medium-term leases

Multidisciplinary management team with a wide experience in the sector

At least 80% profit-sharing as dividends as per SOCIMIs Legislation

€29.6m distributed as dividends since incorporation in 2013

1. Who are we?

- Zambal Spain Socimi S.A. (hereinafter Zambal), is an investment vehicle created in 2013. Zambal's purpose is to invest and subsequently manage prime real estate assets in well-consolidated markets.
- Zambal is focused on a long-term investment policy, principally based on assets that generate stable incomes, due to their quality and location, as well as to the nature of their tenants (blue-chip entities who are market leaders within their sectors). This allows the generation of recurrent cash flows and creation of value for the shareholders.
- Zambal owns a portfolio composed of 9 buildings in Madrid and Barcelona. These buildings have office and retail use, most of them with medium and long-term leases with tenants of proven credit capacity regarding the reduced level of risk taken, as in the case of (among others) the Spanish Ministry of Foreign Affairs; Enagás, S.A.; El Corte Inglés, S.A.; Unidad Editorial, S.A.; Distribuidora Internacional de Alimentación, S.A. (DIA); BMW Ibérica, S.A., Vodafone España, S.A.U. and Gas Natural SDG, S.A.
- All the acquisitions up to date have been made through equity, without turning to external financing.
- The decision structure of Zambal allows the company to rapidly reach decisions regarding new potential acquisitions. This enables the team to close transactions where the time factor may be a crucial element.
- Zambal is a vehicle externally managed by IBA Capital Partners S.L.; an independent private capital management company specialized in real estate investment.

2. 2016 Summary

- 1) Zambal is oriented towards the market segment of productive recurring rents-generating assets, preferably tertiary and located in Madrid and Barcelona:
 - I. In 2015 the sale of the **ABC Serrano** and **Preciados 9** buildings was agreed as they didn't align with the group's strategy. The joint transaction has been closed, generating capital gains over the acquisition price and the last appraisals of the assets, through the first months of 2016.
 - II. The latest transactions Zambal undertook have been the acquisition of the **leisure centre Manoterás**, in May 2016 and the **corporate Headquarters of Gas Natural** in December 2016, both in Madrid. These are assets that match Zambal's strategy: long-term leases, highly solvent tenants, consolidated market and a very competitive price per sq m.
- 2) Asset Management actions in 2016:
 - i. **Green Building Certificates:** Zambal is evaluating the obtention of Green Building Certificates for all their buildings. TRIPARK BUSINESS PARK and Avda. de América 115 (DIA and Vodafone Headquarters) already have Gold and Platinum Leed Certificates. Avda. San Luis 25 and Paseo de los Olmos 19 are currently in the process of getting their Leed certificate.
 - ii. **CAPEX Contributions:** Zambal has contributed to various refurbishment projects for several of their tenants: Enagas has carried out a refurbishment project of €5M in their offices, UNEDISA has renovated their air conditioning installations and BMW has carried out a important Refurbishment Project in the building includes the creation of classrooms for their employees and a new access to the building with the supervision of Zambal. (No monetary contribution in this case).
 - iii. **New Agreements:**

AVDA. DE SAN LUIS 25:

In December 2016 a Complementary Agreement has been reached with the tenant (UNEDISA) to sublet part of the building. The commercialization process is already ongoing.

TRIPARK BUSINESS PARK:

The rent has been renegotiated with the tenant (DIA) at market levels according with the lease agreement.

TORRES AGORA:

Ministry of Foreign Affairs has communicated their intentions of extending their contract lease for one more year. 2017 rent will be higher than 2016 since the one month rent discount this tenant had has expired.

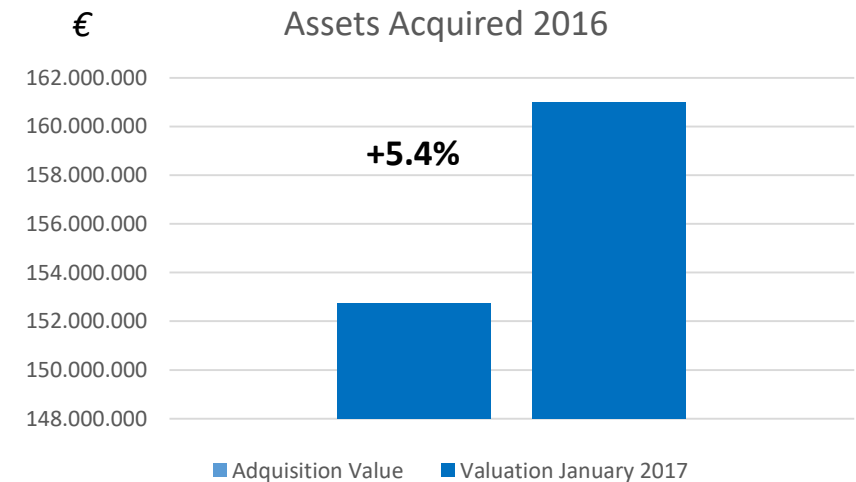
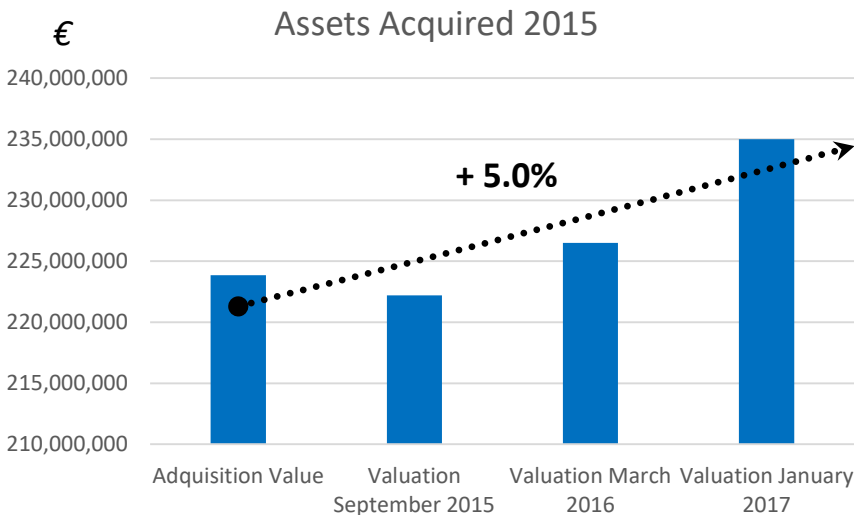
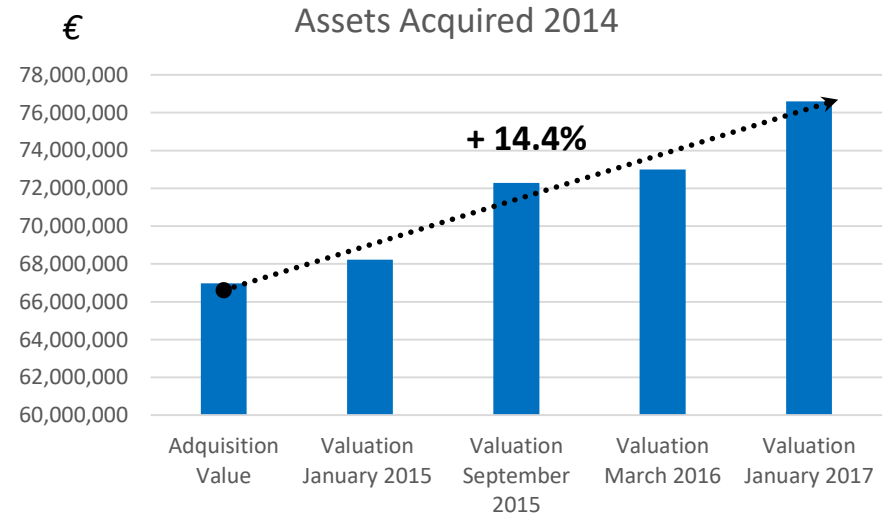
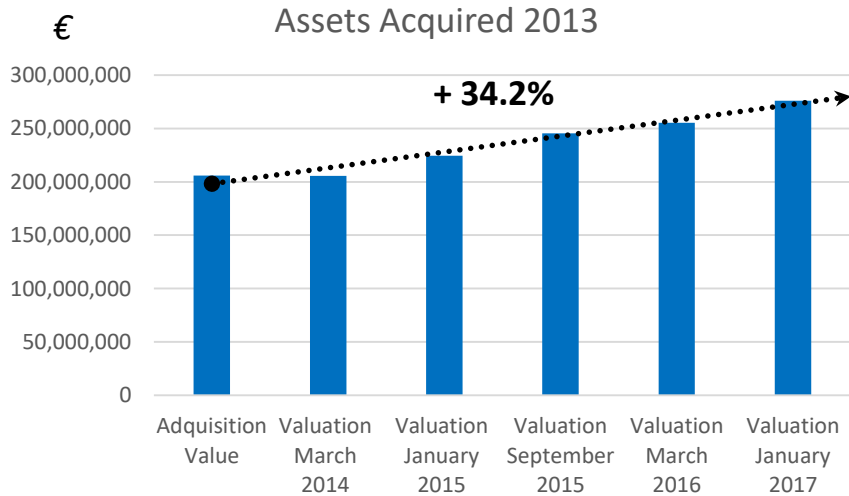
AVDA. DE MANOTERAS 40:

The affluences and sales in the leisure centre have been better than expected. Both the Cinema and the parking have accrued T.O.R. (Turn Over Rent) during 2016.

3.1. Like for Like Portfolio Evolution

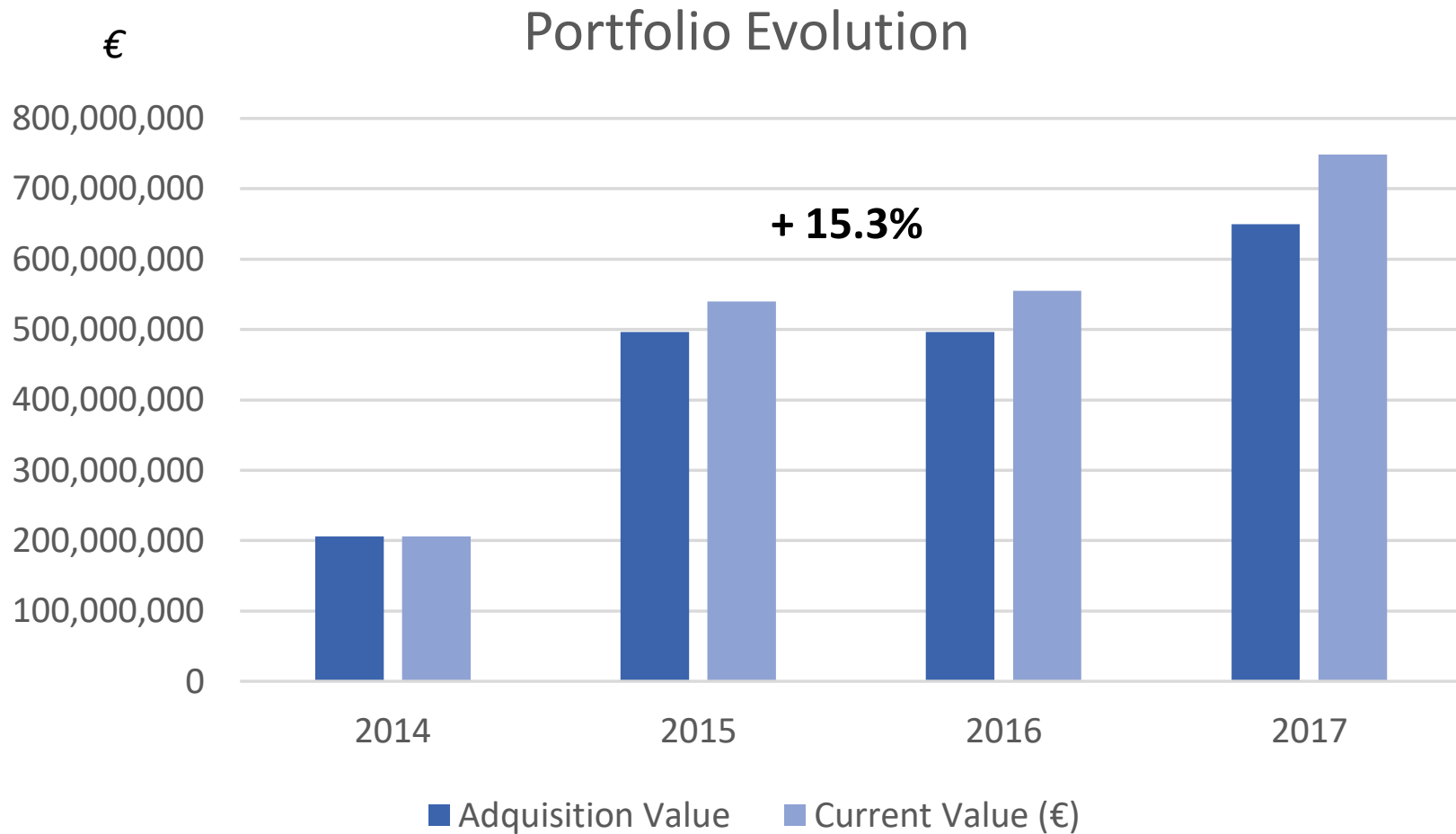
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RICS valuations by an external expert.

3.2. Portfolio Evolution



4. Assets Acquired in 2013

PLAZA DE CATALUÑA 23 (Barcelona) DEPARTMENT STORE



- Acquisition Date: June 2013
- GLA: 7,393 sq m
- Tenant: El Corte Inglés

The property is located on the corner of Plaza de Cataluña and Las Ramblas, one of the most prestigious retail locations in Barcelona. It is one of the two buildings of Plaza de Cataluña with 100% retail use. The building has eight floors dedicated to retail use, housing a multitenant department store operated by El Corte Inglés.

AVDA. DE SAN LUIS 25 (Madrid) OFFICE BUILDING



- Acquisition Date: September 2013
- GLA: 16,889 sq m + 403 parking units
- Tenant: UNEDISA (Rinacimiento Correo de la Serra group)

The building is located in the northern-central part of Madrid city, specifically, in Avenida de San Luis, 25, between M-30 and M-40 ring roads. It has direct access to the airport. The total area of the property is distributed over five floors, three of them being above ground.

ÁGORA TOWERS (Madrid) OFFICE BUILDING



- Acquisition Date: December 2013
- GLA: 30,469 sq m + 496 parking units
- Tenant: Spanish Ministry of Foreign Affairs

Torres Ágora is a landmark building designed by Gabriel Allende and delivered in 2004. It has direct access from M-30 ring road. Best-in-class office building divided in two twin towers, distributed in fifteen floors above ground and three levels below ground.

4. Assets Acquired in 2014

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PRINK BUILDING (Madrid) *OFFICE BUILDING*



- Acquisition Date: June 2014
- GLA: 9,798 sq m + 187 parking units
- Tenant: ENAGAS

Prink Building is strategically located in Embajadores neighborhood, an area enjoying a steady growth due to Madrid Río scheme delivered in 2012 and the Vicente Calderón and Mahou site redevelopment projects. The building is comprised of two blocks with separate entrances and communication cores. It has eight floors above ground and 3 basements. It has been fully refurbished in 2017.

TRIPARK BUSINESS PARK (Las Rozas de Madrid) *OFFICE BUILDING*



- Acquisition Date: June 2014
- GLA: 10,480 sq m + 411 parking units
- Tenant: DIA

This class-A office building is one of the three buildings which belongs to Tripark Business Park. It has four floors above ground and two under ground. It has a LEED Gold Certificate and has been developed by Hines (Architect: Gabriel Allende).

4. Assets Acquired in 2015

AVDA. DE BURGOS 118 (Madrid) OFFICE BUILDING



- Acquisition Date: January 2015
- GLA: 11,237 sq m + 448 parking units
- Tenant: BMW

An emblematic modern business complex overlooking the A-1 motorway with a premier building specification. The building is facing to Castellana northern extension.

AVDA. DE AMÉRICA 115 (Madrid) OFFICE BUILDING



- Acquisition Date: September 2015
- GLA: 50,421 sq m + 1,503 parking units
- Tenant: VODAFONE SPAIN

Located on the North side of the Avenida de América (A2 highway) with access to this strategic route in both directions. This business park, delivered in 2012, constitutes 5 free-standing glazed-facade buildings surrounding a central atrium. Each building has a ground floor plus six above-ground floors and two basement floors for parking.

4. Assets Acquired in 2016

AVDA. DE MANOTERAS 40 (Madrid) LEISURE CENTRE



- Acquisition Date: May 2016
- GLA: 12,923 sq m + 980 parking units
- Tenant: Multi Tenant (Main tenant CINESA-AMC)

The retail building has a gross lettable area of 12,923.55 sqm and 980 parking spaces at basement level. It is currently rented to different groups such as Cinesa (AMC), Vinci Park/Indigo and renowned food and beverage groups like Vips, 100 Montaditos or Tagliatella, amongst them. The occupancy rate is 98.18% of the building's GLA.

AVDA. DE SAN LUIS 77 (Madrid) OFFICE BUILDING



- Acquisition Date: December 2016
- GLA: 31,899 sq m + 979 parking units
- Tenant: Gas Natural SDG, S.A

The asset consists of 14 buildings that form the corporate HQ of Gas Natural in Madrid. The asset is located in Avenida de San Luis, 77, in the northern-central part of Madrid city between M-30 and M-40 ring roads. It has direct access to the airport.

4. Assets Sold in 2016

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ABC SERRANO SHOPPING CENTRE

- Acquisition Date: 2013
- GLA: 13,964 sq m + 255 parking units
- Tenant: Several

Located in the district of Salamanca in the heart of Madrid's golden mile.

ABC Serrano was purchased being a neighbourhood shopping centre. The reconfiguration of the centre, focussed on upgrading its standard, was completed in April 2016.



PRECIADOS, 9 RETAIL BUILDING

- Acquisition Date: 2013
- GLA: 2,240 sq m
- Tenant: El Corte Inglés

Exclusive building located in Calle Preciados, main retail street in Spain.

El Corte Inglés and Danubio Azul were the tenants until 06/2016. An agreement was then reached with Town Hall for changing use to 100% retail use.

Both Assets were sold on the 16th February 2016

5. Financial Information

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(€'000)

Balance sheet	31/12/2016	31/12/2015 (*)	Variance	% Variance
Non-current assets	632,898	487,839	145,059	30%
Property, plant and equipment	0	1	(1)	(100%)
Investment properties	623,122	478,967	144,155	30%
Long-term investments	9,776	8,871	905	10%
Current assets	28,476	139,190	(110,714)	(80%)
Non current assets held for sale	0	121,586	(121,586)	(100%)
Trade and other receivables	6,595	1,998	4,597	230%
Short-term investments	1,348	1,348	0	0%
Prepayments and accrued income	121	106	15	14%
Cash and cash equivalents	20,412	14,152	6,260	44%
Total assets	661,374	627,029	34,345	5%

Source: Audited annual accounts

Non-current assets

- The principal item in non-current assets is investment property. During the period Zambal has made new investments in one Leisure Centre and one office building Complex.
- The €9,776k under long-term investments relates to deposits arranged at Public Housing Institutions of the pertinent Autonomous Regions and straight line rents.

* 9 month period (1st May- 31st December 2015)

5. Financial Information

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(€'000)

Balance Sheet	31/12/2016	31/12/2015 (*)	Variance	% Variance
Equity	529,099	478,361	50,738	10.61%
Share capital	474,806	450,806	24,000	5.32%
Share Premium	23,722	24,194	(472)	(1.95%)
Reserves	5,284	2,869	2,415	84.18%
Treasury shares	(1,574)	(2,140)	566	(26.45%)
Profit/(loss) for the year	26,861	9,939	16,922	170.26%
Non-current liabilities	5,726	146,413	(140,687)	(96.09%)
Long-term payables	5,726	6,009	(283)	(4.71%)
Intercompany Loans		140,404	(140,404)	(100.00%)
Current liabilities	126,549	2,255	124,294	5511.93%
Accruals	2,223	0	2,223	
Short Term Intercompany Loans	114,204	66	114,138	
Trade and other payables	9,731	1,883	7,848	416.78%
Accruals and deferred income	391	306	85	27.78%
Total equity and liabilities	661,374	627,029	34,345	5.48%

Source: Audited annual accounts

Shareholders' Funds

- The Company's equity amounts to €529,099k of which €1,574k relates to treasury shares.

Non-current liabilities

- Non-current liabilities relate to deposits received from the tenants of the rented properties and the intercompany loans for the acquisition of the last investment property.

* 9 month period (1st May- 31st December 2015)

5. Financial Information

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(€'000)

Income Statement	31/12/2016	31/12/2015 (*)	Variance	% Variance
Incomes	35,425	18,732	16,693	89.11%
Total Revenue	35,425	18,732	16,693	89.11%
Staff Costs	(136)	(101)	27	34.65%
Other Operating Expenses	(6,711)	(3,396)	(834)	97.61%
Fixed Asset Depreciation	(9,212)	(4,728)	-971	94.84%
Impairment	(27)	-	-	
Total Operating Results	19,339	10,507	8,832	84.06%
<i>% of Revenue</i>	54.59%	56.09%	(1.50%)	(2.67%)
Financial Income	26	17	9	52.94%
Financial Expense	(1,009)	(1,841)	832	(45.19%)
Fair value Hedging instruments	0	144	(144)	(100.00%)
Financial Income/(Expense)	(983)	(1,680)	697	(41.49%)
<i>% of Revenue</i>	(2.77%)	(8.97%)	6.19%	69.06%
Profit/Loss Before Taxes	18,356	8,827	9,529	107.95%
Corporate Income Tax	-	-	-	-
Profit/(Loss) from ongoing operations	18,356	8,827	9,529	107.95%
Profit/(Loss) from discontinued operations (Including CIT)	8,505	1,112	7,393	664.84%
Net Profit/(Loss)	26,861	9,939	16,922	170.26%

Source: Audited annual accounts

Profit/(Loss) from discontinued operations

- Profit for the disposal of two assets (ABC Serrano and Preciados 9) .

Financial Income/ expenses

- The Company had amortized the intercompany loans on 29th February 2016 and got another one to finance the last acquisition on 1st December 2016.

* 9 month period (1st May- 31st December 2015)

5. Financial Information

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€'000

	31/12/2016	31/12/2015(*)	31/03/2015
Income	35,425	18,732	17,788
EBITDA**	28,551	15,235	15,254
Investment Properties (IP)	623,122	478,967	309,594
% EBITDA / IP	4,58%	3.18%	4.93%

* 9 months exercise (1/4/15 to 31/12/15).

** EBITDA is calculated as Operating Result - Fixed Asset Depreciation - Impairment

6. PwC Audit Opinion

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Opinion

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the consolidated equity and consolidated financial position of Zambal Spain Socimi, S.A. and Subsidiaries at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework, and in particular, with the accounting principles and criteria included therein.

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