



CASTELLANA

PROPERTIES SOCIMI S.A.

SPAIN. REAL ESTATE. REAL GROWTH.

SPANISH
MARKET
QUICK
OVERVIEW

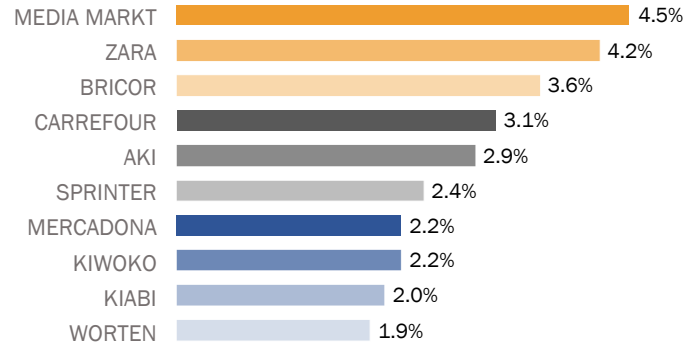
March 2019



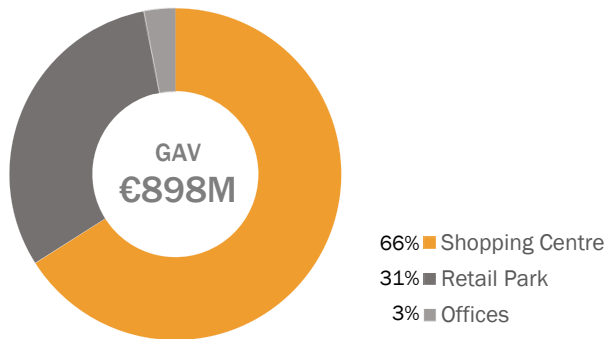
KEY PORTFOLIO METRICS

GAV (€M)	898M
ASSETS	19
GLA (m ²)	318k
AVE. ASSET VALUE (€M)	47M
VACANCY	1.80%
NATIONAL TENANTS	93%
WAULT ⁽¹⁾	14.8 yrs
AVE RENT (m ² /month)	€13.96

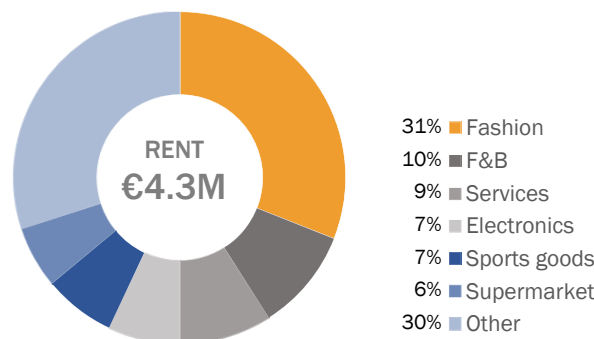
TOP 10 TENANTS BY CONTRACTUAL RENT



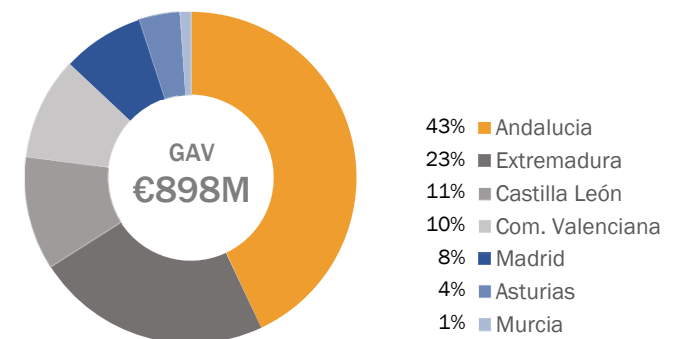
SECTOR SPLIT BY GAV



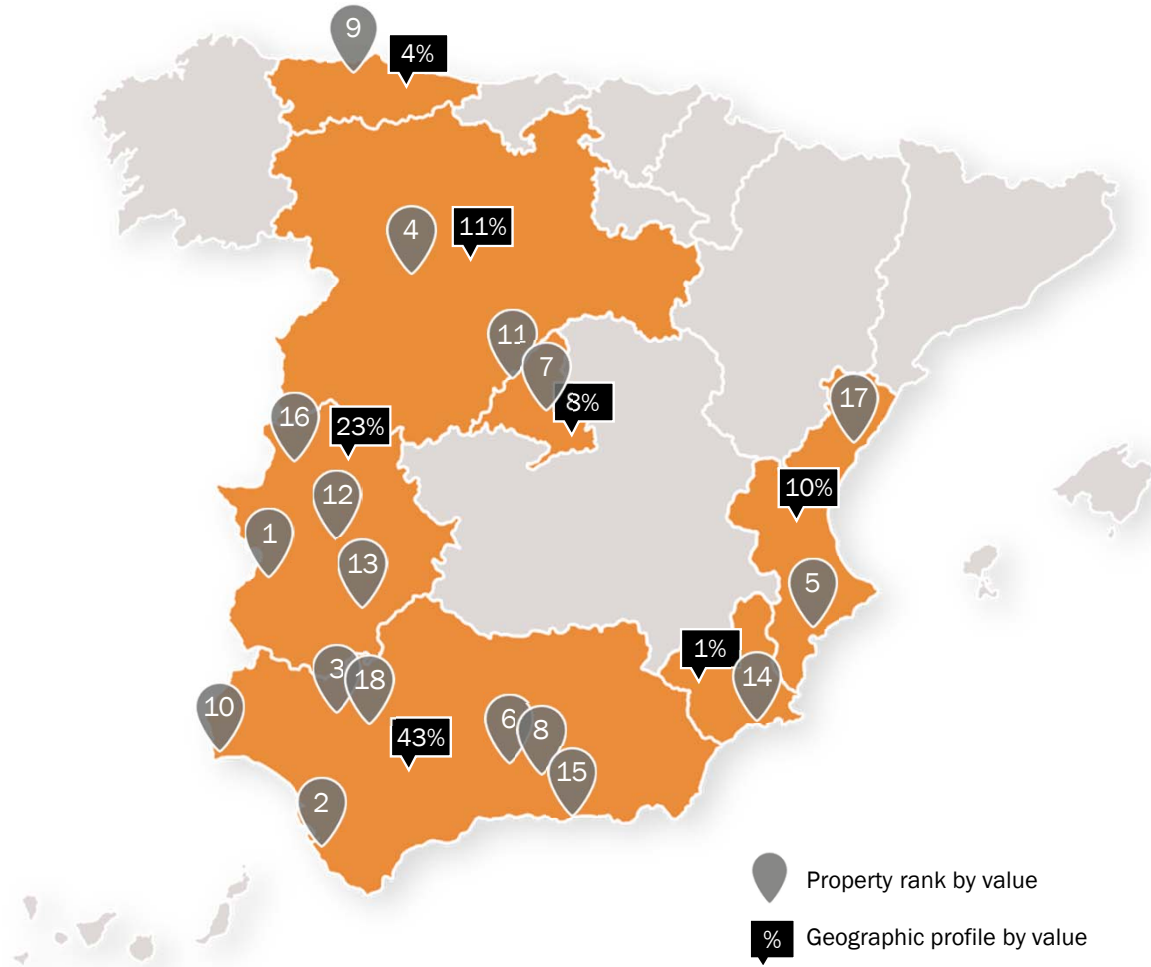
TENANT MIX BY CONTRACTUAL RENT



GEOGRAPHICAL SPLIT BY GAV



(1) To expiry of lease (4.5 years to break)
 Note: All data as at 30 September 2018



- | | |
|----------------------------|--------------------------------------|
| 1 El Faro | 10 Marismas de Polvorín |
| 2 Bahía Sur | 11 Edificio Alcobendas |
| 3 Los Arcos | 12 Mérida |
| 4 Vallsur | 13 Villanueva |
| 5 Habaneras | 14 Pinatar Park |
| 6 Granaita SC | 15 Motril |
| 7 Parque Oeste de Alcorcón | 16 Mejostilla |
| 8 Granaita RP & LC | 17 Ciudad del Transporte |
| 9 Parque Principado | 18 Edificio Bollullos de la Mitación |

(1) Parque Oeste comprises two adjacent properties that were acquired in two separate companies, but has been treated as a single combined property for reporting purposes

(2) La Serena comprises two adjacent properties that were acquired in two separate companies, but has been treated as a single combined property for reporting purposes

Note: All data as at 30 September 2018

EL FARO



BAHÍA SUR



LOS ARCOS



GAV > €161.5M

PROVINCE > Badajoz

GROSS LETTABLE AREA > 43 423m²

MONTHLY RENTAL > €16.70/m²

SECTOR > Shopping Centre

WALE > 3.9 years

VACANCY > 2.4%

ZARA MediaMarkt

BriCor PRIMARK

Bershka HIPERCOR

€119.5M

Cadiz

24 760m²

€24.72/m²

Shopping Centre

1.3 years

1.9%

Stradivarius ZARA

Massimo Dutti H&M

Bershka El Corte Inglés

€114.3M

Seville

17 906m²

€32.28/m²

Shopping Centre

3 years

5.7%

BriCor KIKO MILANO

C&A DEICHMANN

KIABI HIPERCOR



VALLSUR



HABANERAS



GRANAITA SC



GAV >	€85.2M
PROVINCE >	Valladolid
GROSS LETTABLE AREA >	35 211m ²
MONTHLY RENTAL >	€14.71/m ²
SECTOR >	Shopping Centre
WALE >	10.1 years
VACANCY >	2.9%

GAV >	€85.2M
PROVINCE >	Alicante
GROSS LETTABLE AREA >	24 158m ²
MONTHLY RENTAL >	€17.80/m ²
SECTOR >	Shopping Centre
WALE >	4.6 years
VACANCY >	4.2%

GAV >	€59.8M
PROVINCE >	Granada
GROSS LETTABLE AREA >	27 913m ²
MONTHLY RENTAL >	€10.70/m ²
SECTOR >	Retail Park
WALE >	2 years
VACANCY >	2.2%

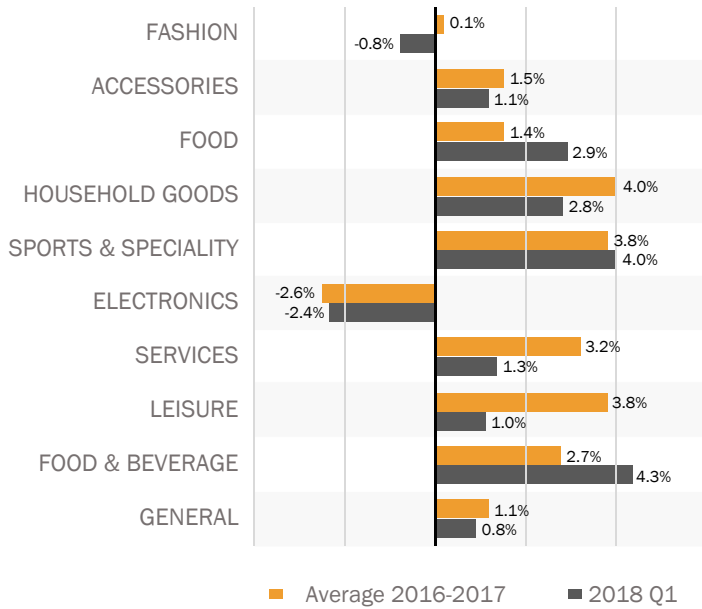


Note: All data as at 30 September 2018

	PARQUE OESTE ALCORCON ⁽¹⁾	GRANAITA RETAIL PARK	PARQUE PRINCIPADO	MARISMAS DEL POLVORIN
				
GAV >	€52.7M	€34.1M	€32.8M	€29.1M
PROVINCE >	Madrid	Granada	Asturias	Huelva
GROSS LETTABLE AREA >	13 604m ²	18 508m ²	16 396m ²	20 000m ²
MONTHLY RENTAL >	€15.69/m ²	€9.24/m ²	€9.52/m ²	€7.37/m ²
SECTOR >	Retail Park	Retail Park	Retail Park	Retail Park
WALE >	4.2 years	7 years	4.9 years	3.3 years
VACANCY >	Fully Let	Fully Let	Fully Let	Fully Let
	     	     	     	     

(1) Parque Oeste comprises two adjacent properties that were acquired in two separate companies, but has been treated as a single combined property for reporting purposes
 Note: All data as at 30 September 2018

***SPANISH SALES PER ACTIVITY IN SCs (1)**

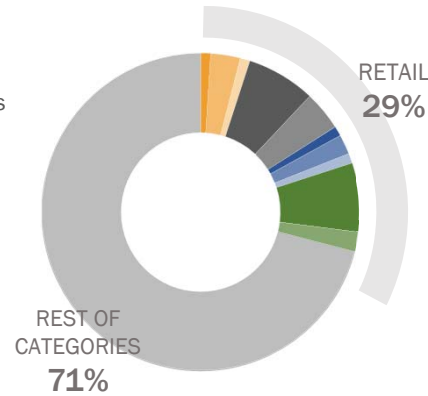


****SPANISH E-COMMERCE / RETAIL CATEGORIES (2)**

Only 4.8% of total sales transactions are done online in Spain (vs 9% average across EU)

Pure retail (excluding event tickets, transport etc) comprises c. 29% of total online sales

- 1% Health & Beauty
- 3% Electronics
- 1% Department Stores
- 7% Entertainment
- 4% Leisure
- 1% Household
- 2% Services
- 1% Restaurants
- 7% Fashion
- 2% Food
- 71% Others



THE SPANISH DIFFERENCE

Spain unlikely to experience similar negative impact as in the UK & US

Spanish culture keenly geared towards socialising, eating out – Spanish consumers spend the highest proportion of their budgets on eating out in Europe

Favourable weather conditions and tourism also encourage increased F&B and Leisure offerings

* Source: “¿Qué le pasa a la moda?” report 2018 CBRE

** Source: Retail Market Presentation Jan'19 Savills Aguirre Newman




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RETAILERS
LANDSCAPE
SPANISH
MARKET

March 2019



RETAIL MARKET OVERVIEW JANUARY 2019
FOOD CATEGORY

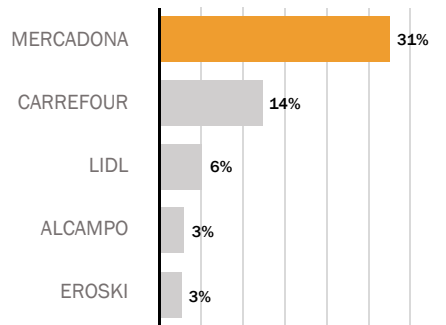
Discount supermarkets (Mercadona, Aldi, Lidl) growing faster than rest of market as consumers are more cost sensitive

Discount retailers save consumers around €900 per annum on average in Spain

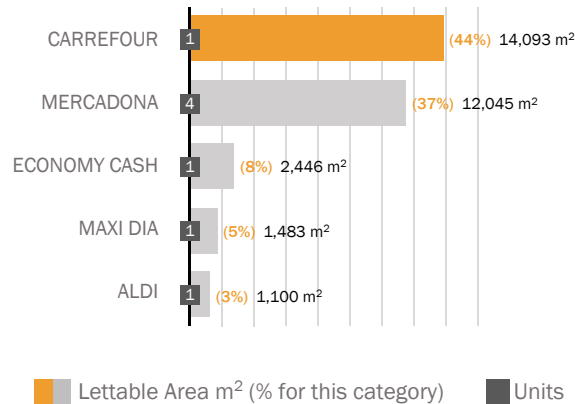
Consumers are visiting supermarkets less frequently but are spending more per visit

Consumers placing most emphasis on health benefits when shopping at supermarkets – key brands offering more “bio” products in store

***MARKET SHARE IN SPAIN**



****TOP RETAILERS BY GLA FOR CPS**



* Source: GFK Consumer Wallet from Jan – Dec 2018 (sample of 70,000 buyers. Purchases done by credit card in the stores)

** Source: Castellana Property Portfolio Sept'2018



MERCADONA HAS UPGRADED THEIR STORES IN HUELVA, VILLANUEVA AND MERIDA – CURRENTLY UPGRADING STORE AT GRANADA

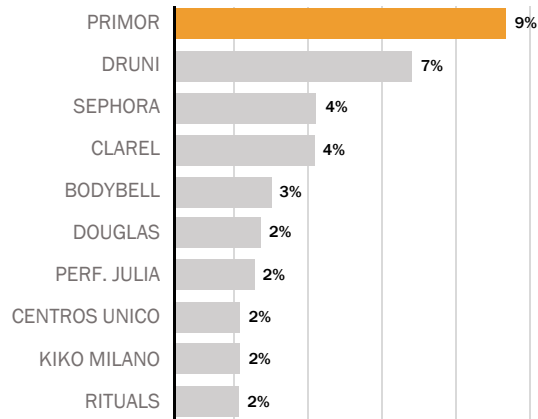
AM TEAM IN DISCUSSIONS WITH KEY RETAILERS TO IMPROVE FLOOR SPACE ACROSS THE PORTFOLIO

ALL MAJOR BRANDS ARE PERFORMING VERY WELL ACROSS CASTELLANA'S PORTFOLIO

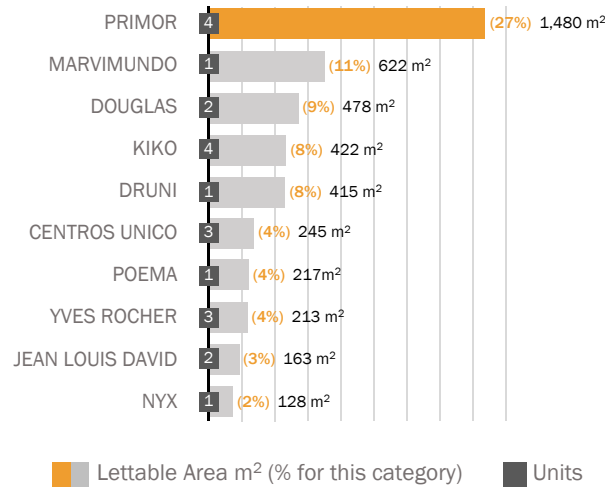
RETAIL MARKET OVERVIEW JANUARY 2019
BEAUTY & HEALTH CATEGORY

Although hard hit by the crisis, health & beauty sector is showing strong signs of recovery
 Rising incomes of female and adult consumers have led to sales growth for H&B retailers
 Many new brands have entered the market with in-shop prices equivalent to online prices
 Health & Beauty retailers are creating in-store customer experiences

***MARKET SHARE IN SPAIN**



****TOP RETAILERS BY GLA FOR CPS**



STRONG RELATIONSHIPS HAVE RESULTED IN TOP BRANDS LETTING LARGER BOXES AND INCREASING IN-STORE PRODUCT OFFERINGS

INCREASING HEALTH & BEAUTY OFFERINGS RESULTS IN INCREASED FOOTFALL IN PREVIOUSLY LOW TRAFFIC AREAS

35 DIFFERENT BRANDS OCCUPY 56 UNITS ACROSS CASTELLANA PORTFOLIO

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** Source: Castellana Property Portfolio Sept'2018

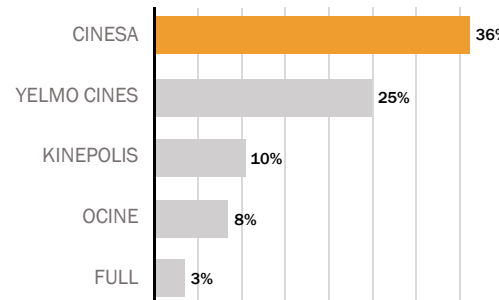
Strong and resilient cinema-going culture in Spain

12.1 million visits to the cinema in December (highest single month figures in 9 years)

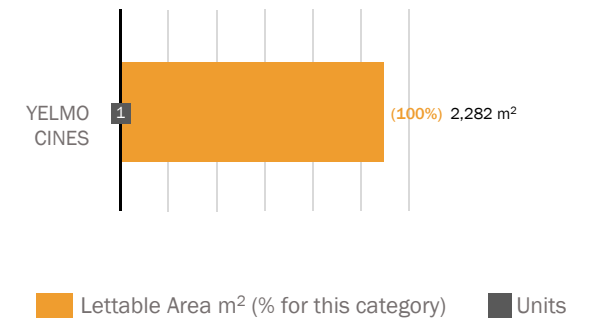
Cinema operators are trending towards opening premium, luxury cinemas with a higher number of screens per cinema complex

High quality cinemas positively impact footfall, dwell time and cross selling in shopping centres

***MARKET SHARE IN SPAIN**



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YELMO CINEMAS HAVE RECENTLY OPENED A LUXURY CINEMA COMPLEX IN VALLSUR WHICH HAS SIGNIFICANTLY INCREASED FOOTFALL TO THE CENTRE

AM TEAM IS PLANNING NEW CINEMA OPENINGS ACROSS THE PORTFOLIO

FASHION & ACCESSORIES CATEGORY

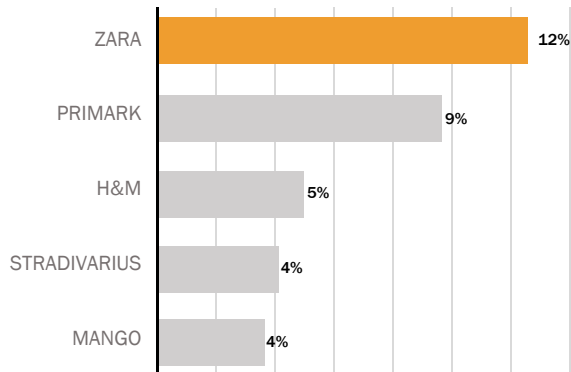
Fast fashion enable consumers to purchase the same amount of clothing at the same or lower price

Climate change is affecting retailers ability to manage inventory levels

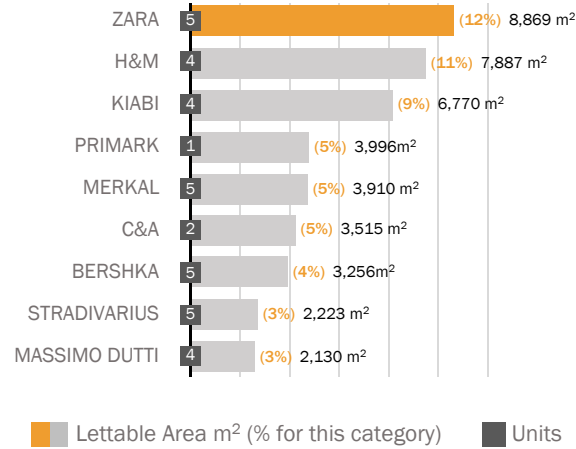
Spanish consumers are following global trends by dressing less formally at work and home

Large flagship stores, click & collect and pure-play retailers are a large focus of retailers in the sector

***MARKET SHARE IN SPAIN**



****TOP RETAILERS BY GLA FOR CPS**



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TOP FASHION BRANDS WISH TO EXPAND THEIR STORES IN LOS ARCOS, BAHIA SUR AND HABANERAS

AM TEAM CONSISTENTLY FOCUSED ON ADDING NEW, UNIQUE FASHION OFFERINGS TO ITS PORTFOLIO

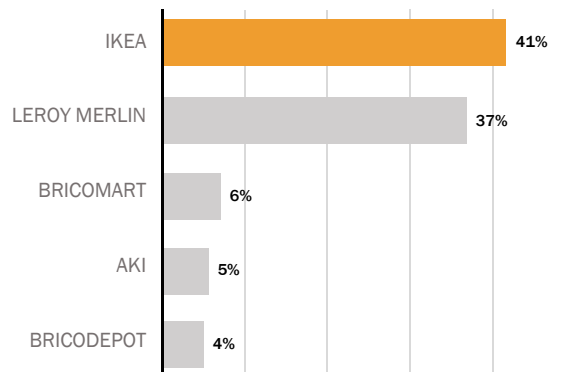


Iberian DIY sector continues to grow apace. Forecasted to reach 4.68 billion in sales in 2018 (+5.8% from 2017)

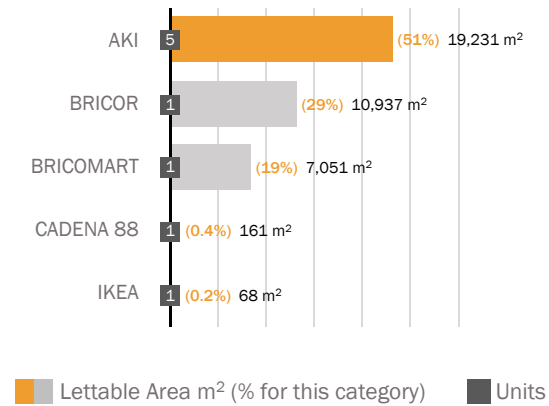
Leroy Merlin/AKI merger will consolidate into a large player

Bricodepot has announced that they are exiting the Spanish market

*MARKET SHARE IN SPAIN



**TOP RETAILERS BY GLA FOR CPS



* Source: GFK Consumer Wallet from Jan - Dec 2018 (sample of 70,000 buyers. Purchases done by credit card in the stores)

** Source: Castellana Property Portfolio Sept'2018



STRONG RELATIONSHIPS WITH ADEO GROUP DUE TO LARGE PRESENCE IN CASTELLANA PORTFOLIO

CURRENTLY IN NEGOTIATIONS TO TRANSFORM ALL AKI UNITS INTO LEROY MERLIN ACROSS THE PORTFOLIO

THE FIRST POP-UP IKEA STORE IN SPAIN HAS OPENED IN HABANERAS - IKEA TRADING WELL SO HAS EXTENDED THEIR LEASE AND LOOKING TO ROLL OUT IN MORE LOCATIONS

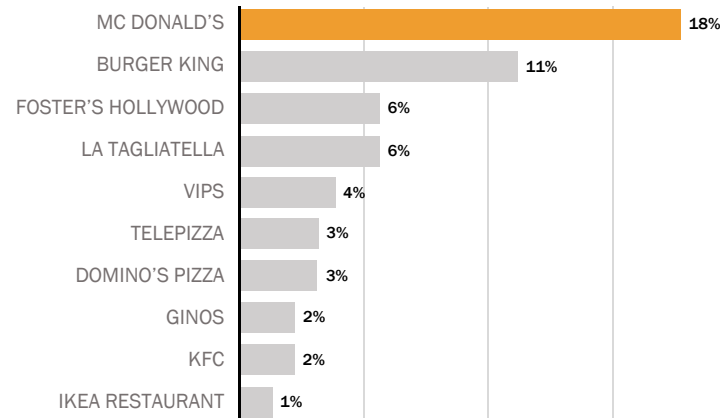
Spaniards spend the highest portion of their budget on eating out in Europe.

Spanish culture, tourism, favourable weather contributes to strong performance of F&B

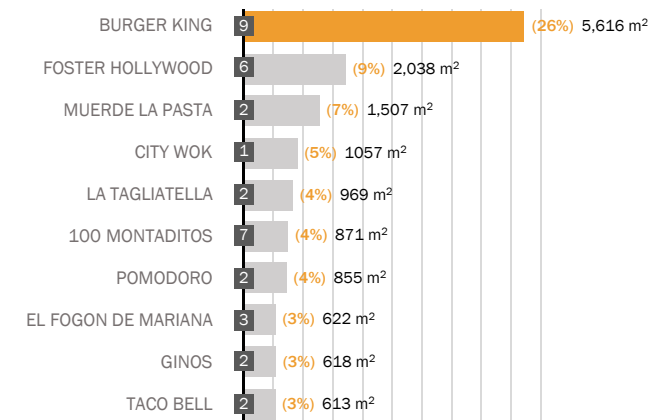
High consumer demand has resulted in attractive rental levels

Fast - casual restaurant concepts have seen the most number of openings in Spain in 2017

***MARKET SHARE IN SPAIN**



****TOP RETAILERS BY GLA FOR CPS**



Lettable Area m² (% for this category) Units

F&B HAS BECOME ARE LARGE FOCUS AREA FOR THE AM TEAM

F&B OFFERING WILL BE EXPANDED AND IMPROVED IN LOS ARCOS, EL FARO, VALLSUR AND BAHIA SUR

F&B OFFERINGS HAVE INCREASED DWELL TIME FOOTFALL AND CROSS-SELLING SYNERGIES ACROSS THE CASTELLANA PORTFOLIO



* Source: GFK Consumer Wallet from Jan – Dec 2018 (sample of 70,000 buyers. Purchases done by credit card in the stores)

** Source: Castellana Property Portfolio Sept'2018

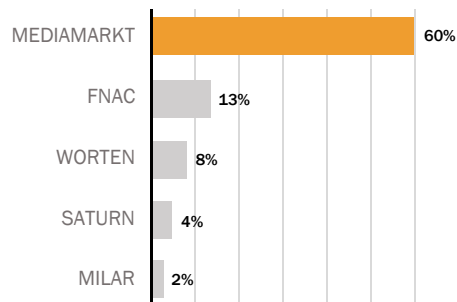
Top electronics retailers highly focused on omnichannel strategies (online & physical stores)

Physical premises act as a point of sale, showroom and click and collect

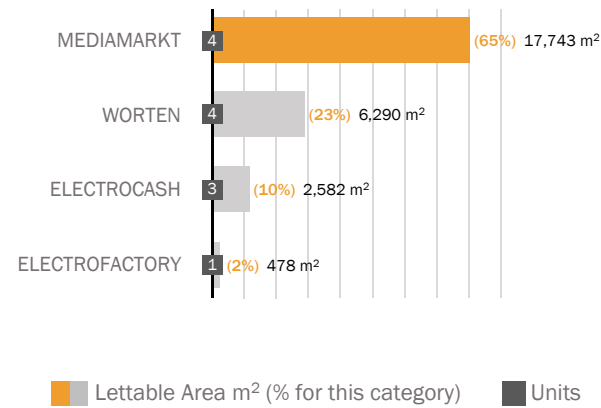
Retailers are reducing GLA per store by 30% on average

Electrodepot looking to increase their store network in Spain

***MARKET SHARE IN SPAIN**



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** Source: Castellana Property Portfolio Sept'2018



AM TEAM HAS SUCCESSFULLY RESIZED ELECTRONICS STORES AND RE-LET TO ADDITIONAL RETAILERS TO IMPROVE TENANT MIX AND INCREASE RENTALS

STRONG RELATIONSHIPS HAVE RESULTED IN PORTFOLIO EXPOSURE TO BEST-OF-BREED IN SECTOR WITH FAVOURABLE LEASE TERMS

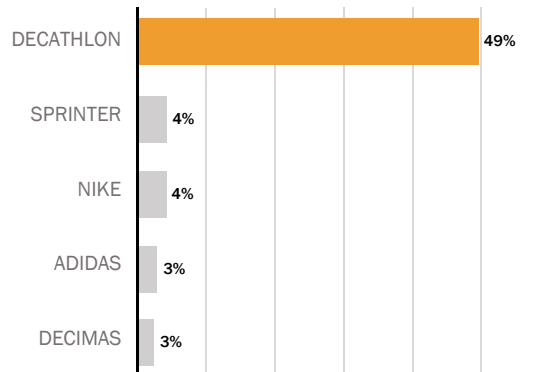
RETAIL MARKET OVERVIEW JANUARY 2019
SPORTING GOODS CATEGORY

Sportswear trend is gaining strength driven by trends towards healthy living and less formal attire.

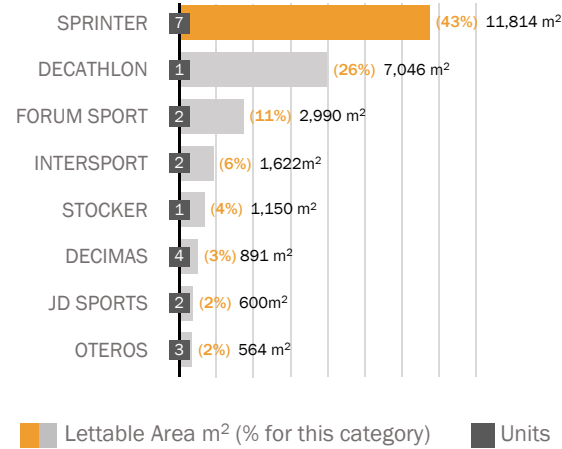
Sports goods grew by 5% in 2018, up to 5.1 billion

Sector has benefitted from changing fashion trends towards more comfortable and casual attire and a desire for a more healthier lifestyle

***MARKET SHARE IN SPAIN**



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RETAILERS ARE REQUESTING INCREASED GLA TO SECURE THEIR MARKET SHARE BECAUSE OF HIGH COMPETITION IN THE SECTOR

SPORTING GOODS OFFERING WILL BE EXPANDED IN BAHIA SUR, LOS ARCOS AND VALLSUR

KEY STRATEGIC OBJECTIVES OF REPOSITIONING PROJECTS AND ASSET MANAGEMENT INITIATIVES



CREATE EXPERIENCES

- Improvement of leisure offering at Granaita Leisure centre
- Enhancing leisure and F&B offering on top floor of Habaneras
- Improving F&B and leisure activities in Bahia Sur, Los Arcos and El Faro by introducing more fast and high-end dining experiences



ONE-STOP SHOPPING NODE

- Creation of single shopping node in Granaita through integration of three adjacent retail centres (Retail park, shopping centre and leisure centre) to offer our customers unparalleled choice to increase dwell time and enhance cross selling synergies



QUALITY ENHANCEMENT

- Each capex project will improve quality of external and internal finishes
- Projects will improve natural light and overall look and feel for the customer
- Should lead to increased rentals and higher valuations



VALUE-ADD PROJECTS

- Asset management team are constantly analysing the portfolio for opportunities to improve the tenant mix and create additional income and value through
 - Splitting low rent boxes to re-tenant at higher rentals
 - Introduction of new and better retailers into the centres
 - Lease up of vacant units



ACCRETIVE ACQUISITIONS

- Investment team are constantly analysing new opportunities to:
 - Increase exposure to key tenants to improve relationships and performance of portfolio
 - Secure high quality assets to enhance income and improve portfolio quality
 - Find opportunities where Castellana asset management can add additional value and income
 - Organic growth through increasing ownership of existing high performance assets





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