



Castellana Portfolio Overview

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Operational Highlights

Growing retail Socimi in Spain

- ▷ Portfolio delivering **solid growth in GAV**
 - Like for like growth of c.9% in GAV relative to acquisition price
- ▷ **Active asset management** is bearing results across the portfolio
 - AM team actively **reducing vacancies across the portfolio** (Kinopolis leisure centre, Alameda & Villanueva)
 - Value add projects have resulted in **increased rentals and values**
 - Kinopolis Leisure Centre redevelopment project **99.5% let** ahead of completion
- ▷ Addition of Project West portfolio has **significantly improved portfolio metrics**
 - Improved tenant mix, category mix, average rentals and average asset size across portfolio
- ▷ Appointed **new CFO** and increased headcount
 - Debora Santamaria – former CFO of Axiare Socimi appointed in October
 - **Increased headcount** to 21 people after acquisition of Unibail-Rodamco Westfield portfolio
- ▷ Castellana **listed on the MAB** alternative exchange at end July 2018
- ▷ All data presented is on a **consolidated Castellana/Morzal** basis
 - Consolidation of Morzal as a 100% held subsidiary of Castellana effective 27 November 2018

Key portfolio metrics

A low-risk defensive portfolio as a platform for future growth

- ▷ Value **€898.0mn (97% Retail)**
- ▷ **19** Properties
- ▷ GLA **318 622m²**
- ▷ Average asset value **€47m**
- ▷ Average discount rate **8.6%**
- ▷ Average exit capitalisation rate **6.0%**
- ▷ **1.8%** Vacant
- ▷ **93%** of retail space let to national tenants
- ▷ **30%** of income from top 10 tenants
- ▷ WALE of **14.8 years ~**
- ▷ Average base rentals **€13.96/m²/month**
- ▷ **99.3%** rent collection rate

~ Excludes lease breaks

Update on Spanish economy and political environment

Spanish economy has stable outlook

Indicator	Forecast 2018	Forecast 2019
Spain GDP Growth	2.70%	2.30%
<i>EU GDP Growth</i>	<i>2.00%</i>	<i>1.90%</i>
Household Consumption	2.30%	1.90%
CPI	1.70%	1.60%
Unemployment	15.30%	13.70%

Source: INE, IMF

Tourism & Politics

- ▷ No decisive majority in Parliament but **stable economic position** due to adhering to previously approved budget
 - Likely to have **election by 2020 at the latest**, but possibly earlier
- ▷ Cataluña – **significantly reduced risk** of independence, issue has passed
- ▷ Spain bond yields have **decoupled from Italy**
- ▷ Spain continues to be a **top tourism destination**:
 - Still among the top 3 tourism destinations in the world with **78 million visitors annually**

Retail Market Overview

- ▷ National retail sales declined -0.9% (YTD Sep 2018)
- ▷ E-Commerce
 - Remains at **5% of total sales in Spain**, still significantly lower than other countries like the UK, Germany and France
- ▷ National footfall increased by 3.4% (YTD Oct 2018)
- ▷ Investment market still showing vibrant activity
 - On the way to another outstanding year (**€2.5 bn in retail park and shopping centre transactions forecasted to close**)

Asset Management interventions

Additional €1.2m added to Net Operating Income

Asset	Project	GLA signed (m ²)	Additional Annualised NOI (€)	% Increase in base rentals
Parque Oeste Alcorcón	Split Worten box and introduce new tenant	843	43 278	6.55%
Huelva	Split C&A box and introduce new tenant	150	15 984	5.86%
Motril	Split Worten box, let vacancy and add new tenant	1 639	23 066	5.21%
Kinépolis LC	Redevelopment	2 678	552 266	60.89%
Kinépolis RP	Split Media Markt box and introduce new tenant	1 230	4 998	0.82%
Villanueva	Split Electrocasa box and introduce new tenant	2 172	151 994	59.45%
Alameda	Let vacancy	1 946	201 322	100.00%
Habaneras	Let vacancy	691	208 924	100.00%
TOTAL		11 350	1 201 832	37.55%

- ▶ Asset management team have systematically reduced vacant space and split/re-let larger boxes at increased rentals to add additional NOI to the portfolio
- ▶ Additional net operating income of €1.2mn will add an approximate €20mn of value to the portfolio
- ▶ Proving the business case for active asset management especially when buying from Funds who generally under manage their assets

Spanish vacancy profile

11 Properties acquired in June 2017 now fully let



**Portfolio
 Vacancy
 1.8% of
 GLA**



Redevelopment project

Kinopolis Leisure Centre

- ▷ Upgrade of interior with improved finishes and increased natural light with new acoustic ceiling installed
- ▷ Customized high-visibility children's playground almost complete which will attract families and increase dwell time
- ▷ Outdoor terraces opened to benefit from good weather in region
- ▷ Improvement of existing green areas and upgrade of external plaza underway



Location	Redeveloped GLA
Granada	7 967m ²
Key Tenants	Total Capex
Burger King, Muerde la Pasta, Kiwoko, Ozone	€5.5mn (including integration)
Commencement Date	Projected Yield on Capex
October 2017	10.0%
Completion Date	Pre-Let
March 2019	97.3%*

*includes leases signed post 30th September 2018

Acquisition

Habaneras Shopping Centre

- ▷ Castellana finalised the acquisition of Habaneras Shopping Centre, located in Torrevieja, Alicante, Spain, in May 2018
- ▷ The centre is a 24,158m² open-air shopping centre comprising of 70 tenants
- ▷ Anchor tenants include Inditex, C&A and AKI
- ▷ Habaneras sits within greater 60,000m² retail node anchored by Carrefour, Lidl and IMF cinemas
- ▷ Castellana has already let a large portion of original vacancy in the centre by bringing new occupiers (Ikea, Marvimundo) into the centre



Location	GLA
Torrevieja	24 158m ²
Annual Footfall	Fair Value
4.0 mn	€85.2mn
Average base monthly rent	WAULT
€17.80/m ² per month	4.60 years to break
National Tenant Component	Occupancy
92%	95.8%

Acquisition

El Faro, Badajoz

- ▷ El Faro Shopping Centre is located in Badajoz, in the east of Spain, less than 5 km from the Portugal border
- ▷ The centre is 66 422m² of which 43 423m² was acquired, comprising 110 tenants
- ▷ Anchor tenants include Inditex, Media Markt, and Primark
- ▷ El Faro is anchored by Hipercor and El Corte Ingles, both of which are owner occupied
- ▷ The centre is dominant in its catchment area and attracts shoppers from both Badajoz and surrounding towns and Portuguese towns across the border



Location	GLA
Badajoz	43 423m ²
Annual Footfall	Fair Value
6.7 mn	€161.5mn
Average base monthly rent	WAULT
€16.63/m ² per month	5.0 years to next break
National Tenant Component	Occupancy
91%	97.6%

Acquisition

Bahia Sur, Bahia de Cadiz

- ▷ Bahia Sur Shopping Centre is located in San Fernando, Bahia de Cadiz, adjacent to San Fernando train station, accessible from Madrid (4hrs)
- ▷ The centre is 56 500m² of which 24 760m² was acquired, comprising 117 tenants
- ▷ Anchor tenants include Inditex, H&M & El Corte Ingles
- ▷ Bahia Sur is anchored by Carrefour & El Corte Ingles
- ▷ The centre is dominant in its catchment area due to its strategic location close to public transport and integrated with other public facilities



Location	GLA
San Fernando, Bahia de Cadiz	24 760m ²
Annual Footfall	Fair Value
6.90 mn	€119.5 mn
Average base monthly rent	WAULT
€25.36/m ² per month	3.8 years to next break
National Tenant Component	Occupancy
88%	98.1%

Acquisition

Los Arcos, Seville

- ▷ Los Arcos Shopping Centre is located in eastern side of Seville, Andalusia.
- ▷ Seville is the 4th largest city in Spain and a major tourist hub (3.5 million visitors annually)
- ▷ The centre is 43 500m² of which 17 906m² was acquired, comprising 97 tenants.
- ▷ Anchor tenants include Inditex, Toys r Us & Kiabi
- ▷ Los Arcos is anchored by Hipercor (tenant owned)
- ▷ Los Arcos benefits from its strategic inner city location in Seville



Location	GLA
Seville	17 906m ²
Annual Footfall	Fair Value
6.70 mn	€114.3 mn
Average base monthly rent	WAULT
€32.28/m ² per month	4.3 years to next break
National Tenant Component	Occupancy
89%	94.3%

Acquisition

Vallsur, Valladolid

- ▷ Vallsur Shopping Centre is located in the centre of Valladolid.
- ▷ Valladolid is the capital of the Castilla Leon region and is accessible by high speed train from Madrid (1 hour)
- ▷ The centre is 35 769m² in total, of which 35 211m² was acquired
- ▷ Anchor tenants include Inditex, Carrefour, Yelmo Cinemas
- ▷ The centre caters to the inner city of Valladolid and presents opportunities to reposition tenant mix with more leisure and food and beverage offerings



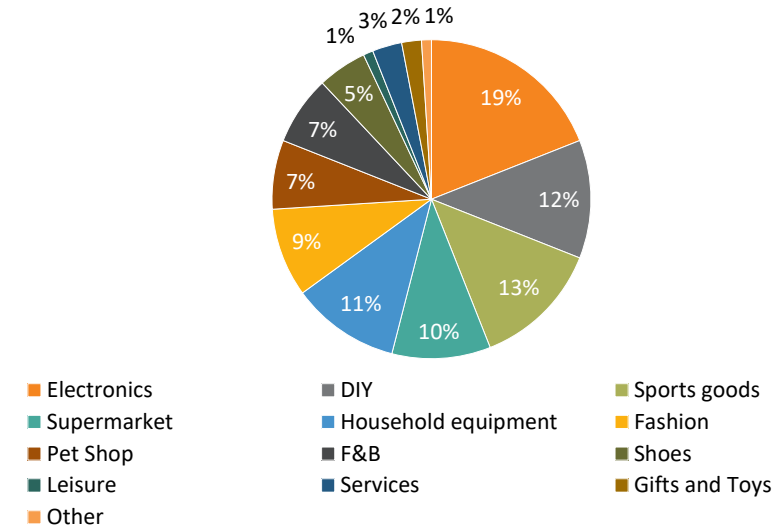
Location	GLA
Valladolid	35 211m ²
Annual Footfall	Fair Value
5.5 mn	€96.4 mn
Average base monthly rent	WAULT
€14.17/m ² per month	4.1 years to next break
National Tenant Component	Occupancy
92%	97.1%

Portfolio Metrics

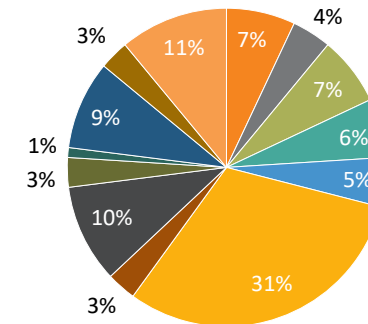
Pre and post Acquisitions

	Portfolio as at 31 Mar 2018	Pro-forma consolidated Portfolio as at 30 Sep 2018
Gross Asset Value	€308m	€898m
Gross Lettable Area	172 974m ²	318 622m ²
Vacancy	2.9%	1.8%
Average Asset Value	€24mn	€47mn
Average Rent/m ² /month	€9.22	€13.96
WAULT Exp/Break (by GLA)	18.6yrs/5.0yrs	14.8yrs/4.9yrs
National Tenant (% rent)	94%	91%
Top 5 Tenants (% rent)	Media Markt (11.0%)	Media Markt (4.3%)
	Konecta (10.0%)	ZARA (4.0%)
	Aki (7.0%)	Konecta (3.6%)
	Sprinter (6.0%)	Bricor (3.5%)
	Mercadona (6.0%)	Carrefour (3.0%)

31 March 2018 tenant mix by rent



30 September 2018 tenant mix by rent



Upcoming Operational Plans

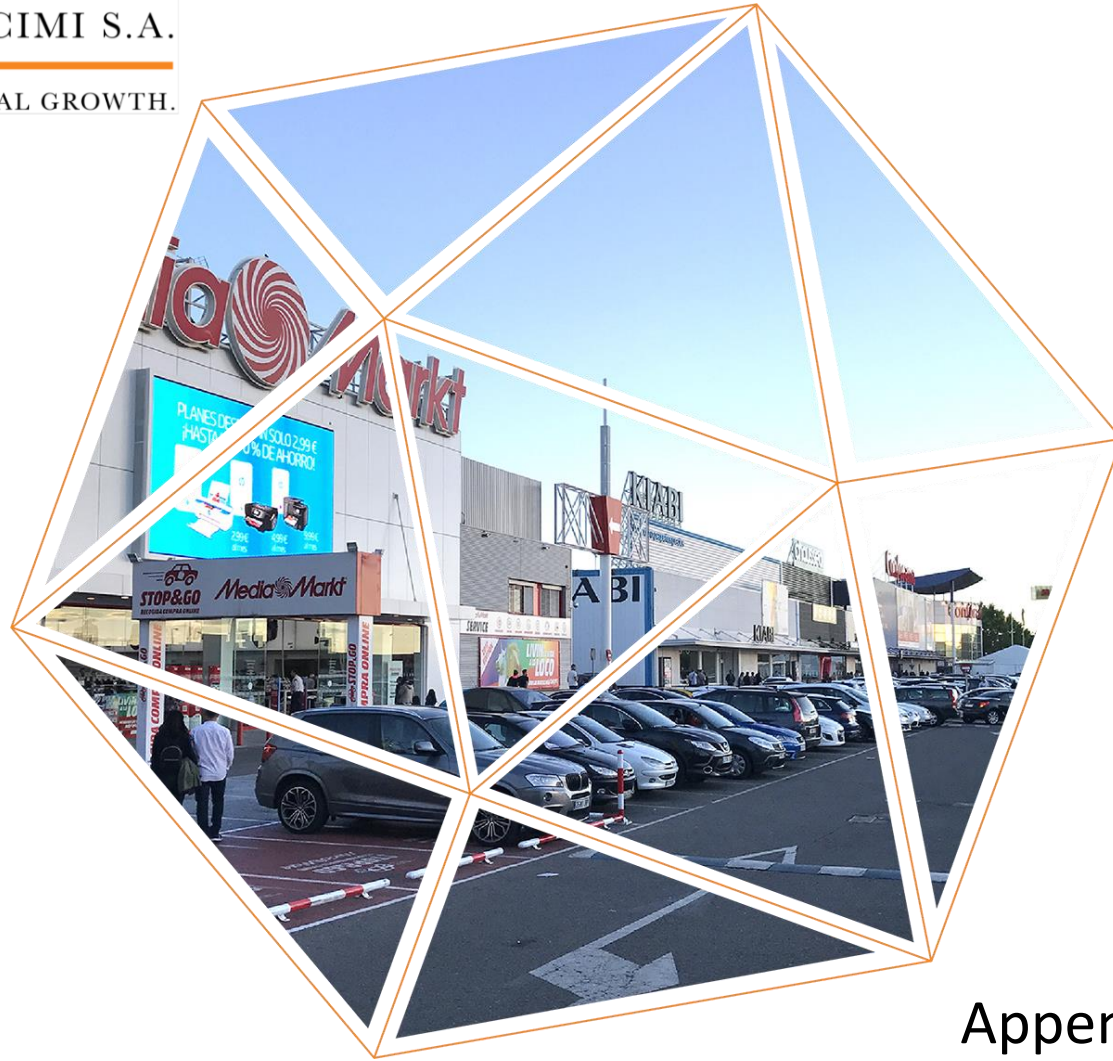
Driving value through hands-on asset management

▷ Asset Management Focus Areas

- *Retail Parks*: Additional **unit split** projects and enhancing **non-GLA income**
- *Granaita*: Completion of integration works and relaunch of **repositioned integrated retail node in March 2019**
- *Habaneras*: Inditex brand resizing project, and 2nd floor repositioning to **increase restaurants and leisure component**
- *URW Portfolio*: Finalising business plans to **add value/reposition assets** including evaluating the purchase of tenant-owned boxes within the centres

▷ Marketing

- New Shopping Centre Apps to enhance the **online and offline customer journey** and experience
- New Shopping Centre **loyalty programs**
- Introduce more **dynamic marketing** plans
- **New** web design and corporate communication plan

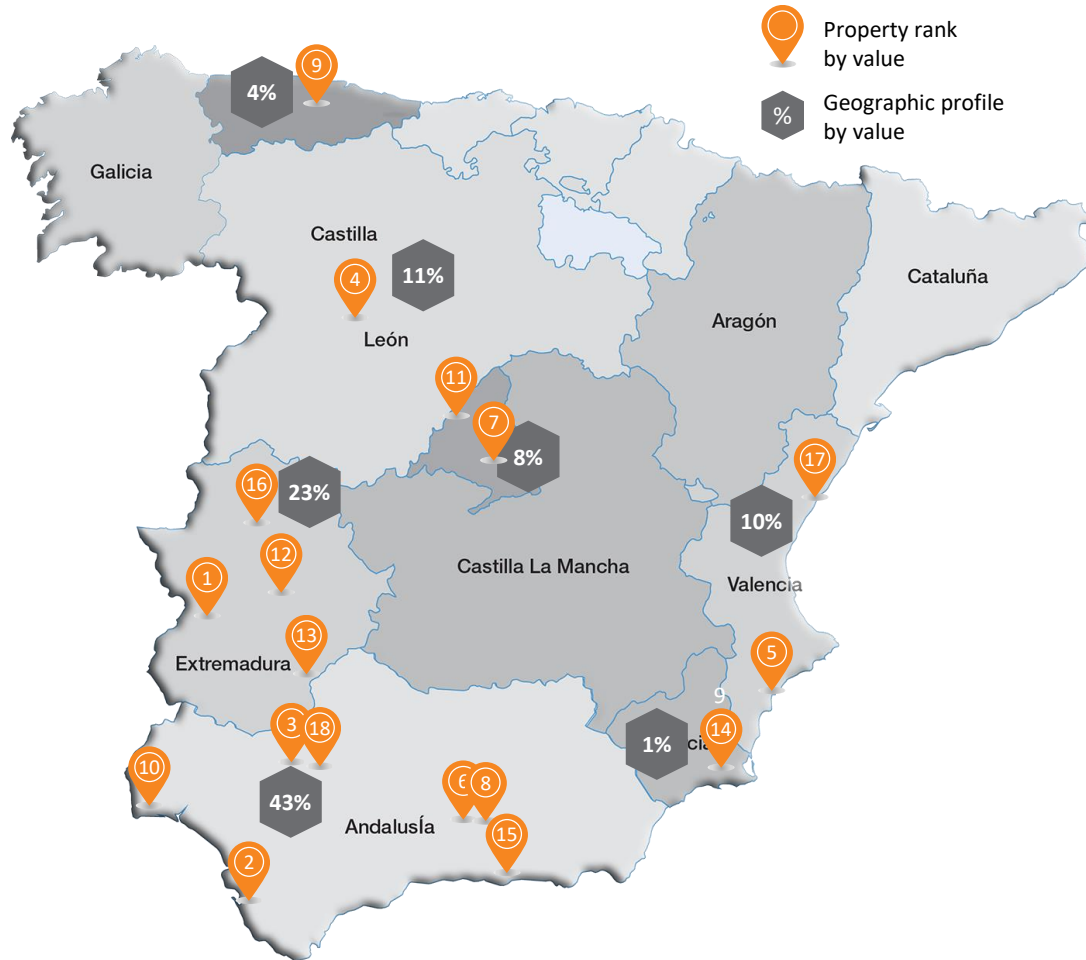


Appendix B

Spanish Portfolio

Spanish portfolio footprint

Spain portfolio profile



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

(i) 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

(ii) 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

Spanish portfolio overview

Top 10 assets

	El Faro	Bahía Sur	Los Arcos	Vallsur	Habaneras
					
GAV	€161.5m	€119.5m	€114.3m	€96.4m	€85.2m
 Province	Badajoz	Cadiz	Seville	Valladolid	Alicante
 Gross Lettable Area	43 423m ²	24 760m ²	17 906m ²	35 211m ²	24 158m ²
 Monthly Rental	€16.70/m ²	€24.72/m ²	€32.28/m ²	€14.71/m ²	€17.8/m ²
 Sector	Shopping Centre	Shopping Centre	Shopping Centre	Shopping Centre	Shopping Centre
 Major Tenants	Bricor, Primark, Zara	Bricor, H&M, Zara	Toys 'R' Us, Zara, Kiabi	Carrefour, Yelmo, H&M	AKI, Zara, Forum
 WALE	3.9 years	1.3 years	3 years	10.1 years	4.6 years
 Vacancy	2.4%	1.9%	5.7%	2.9%	4.2%

Spanish portfolio overview

Top 10 assets



	Centro Comercial Alameda	Parque Oeste de Alcorcón	Kinépolis Retail Park	Parque Principado	Marismas del Polvorín
GAV	€59.8m	€52.7m	€34.1m	€32.8m	€29.1m
Province	Granada	Madrid	Granada	Asturias	Huelva
Gross Lettable Area	27 913m ²	13 604m ²	18 508m ²	16 396m ²	20 000m ²
Monthly Rental	€10.70/m ²	€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	Retail Park
Major Tenants	Decathlon , Mercadona, Juguettos	Kiwoko, Worten, Prenatal	Media Markt, AKI, Sprinter	Bricomart, Conforama, Intersport	Media Markt, Mercadona, Low Fit
WALE	2 years	4.2 years	7 years	4.9 years	3.3 years
Vacancy	2.2%	Fully Let	Fully Let	Fully Let	Fully Let

(i) 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

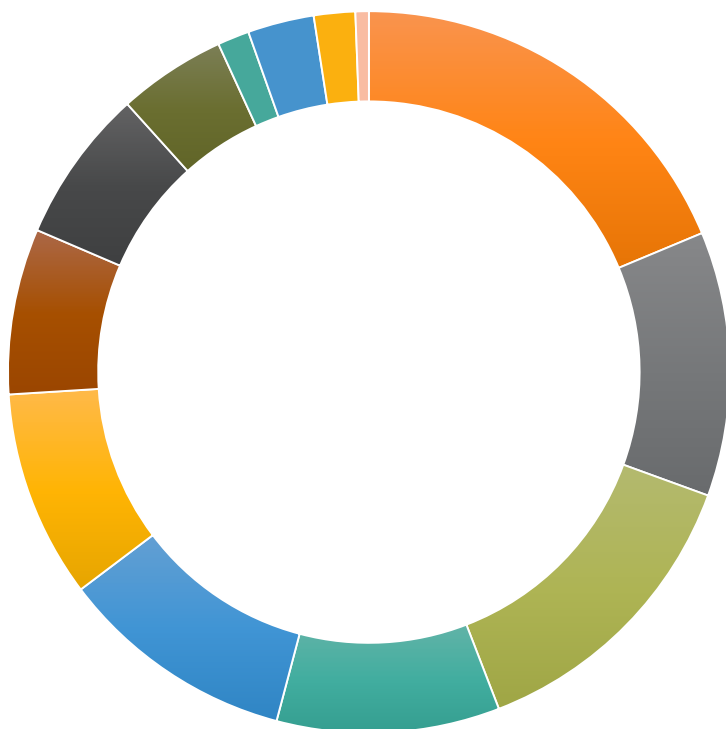
Retail tenant exposure

Well diversified tenant mix

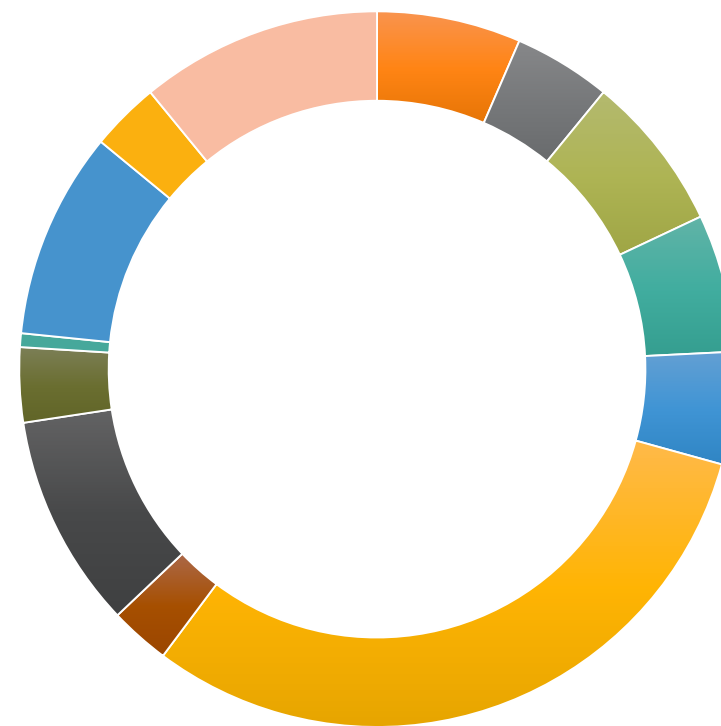
Category profile by Rent

31 March 2018

30 September 2018



19%	■ Electronics	7%
12%	■ DIY	4%
13%	■ Sports goods	7%
10%	■ Supermarkets	6%
11%	■ Household equipment	5%
9%	■ Fashion	31%
7%	■ Pet Shop	3%
7%	■ F&B	10%
5%	■ Shoes	3%
1%	■ Leisure	1%
3%	■ Services	9%
2%	■ Toys, gifts	3%
1%	■ Other	11%

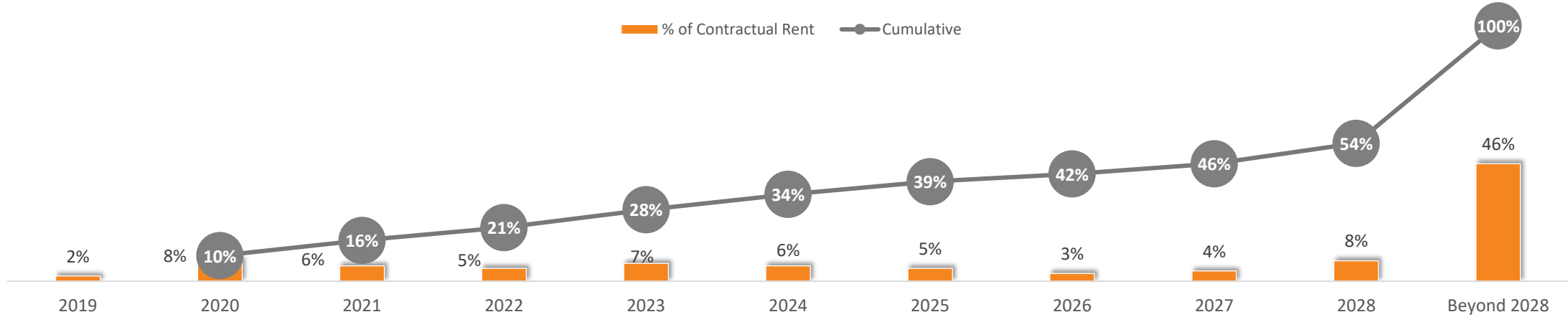


Retail lease expiry profile

46% of contractual rent expiring in 2028 and beyond
(WALE 15 years to expiry and 4.5 years to break)

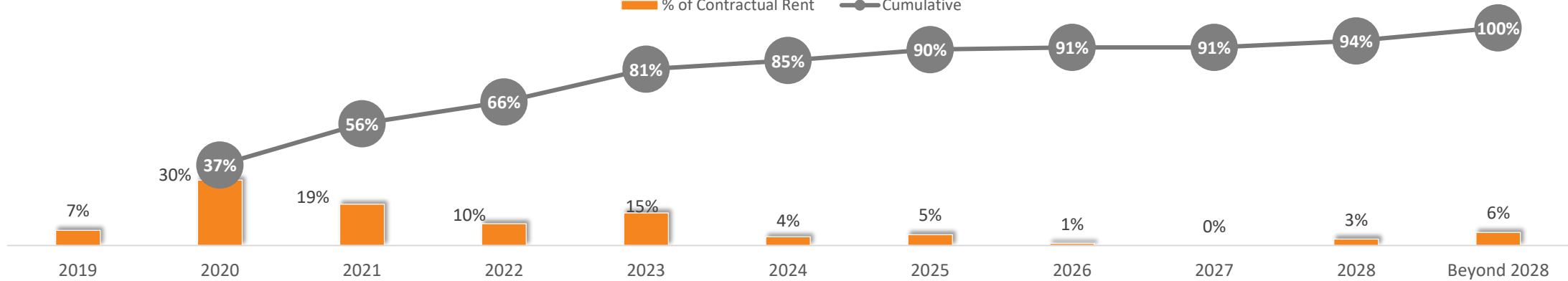
Expiry Profile (% Rent)

■ % of Contractual Rent ● Cumulative



Break Profile (% Rent)

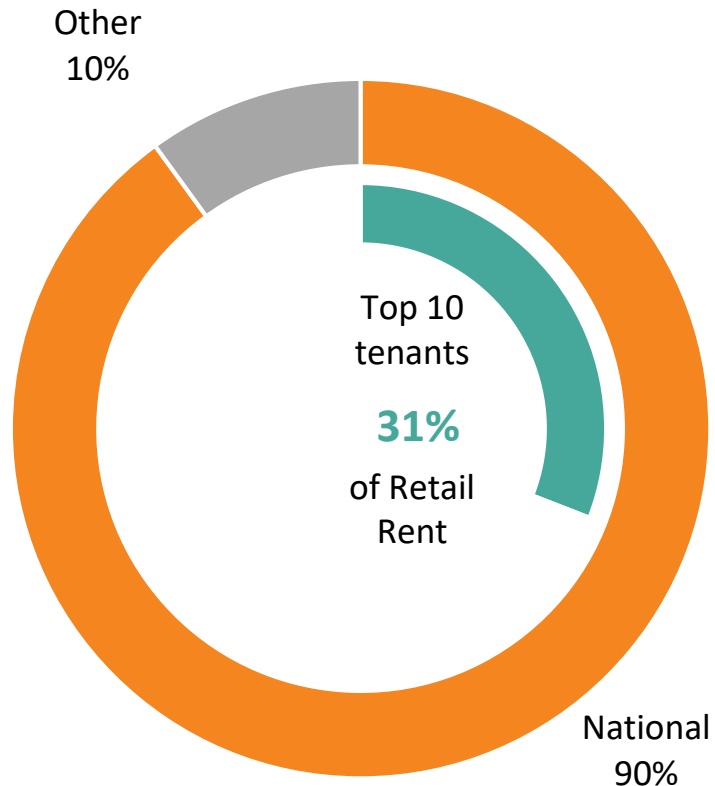
■ % of Contractual Rent ● Cumulative



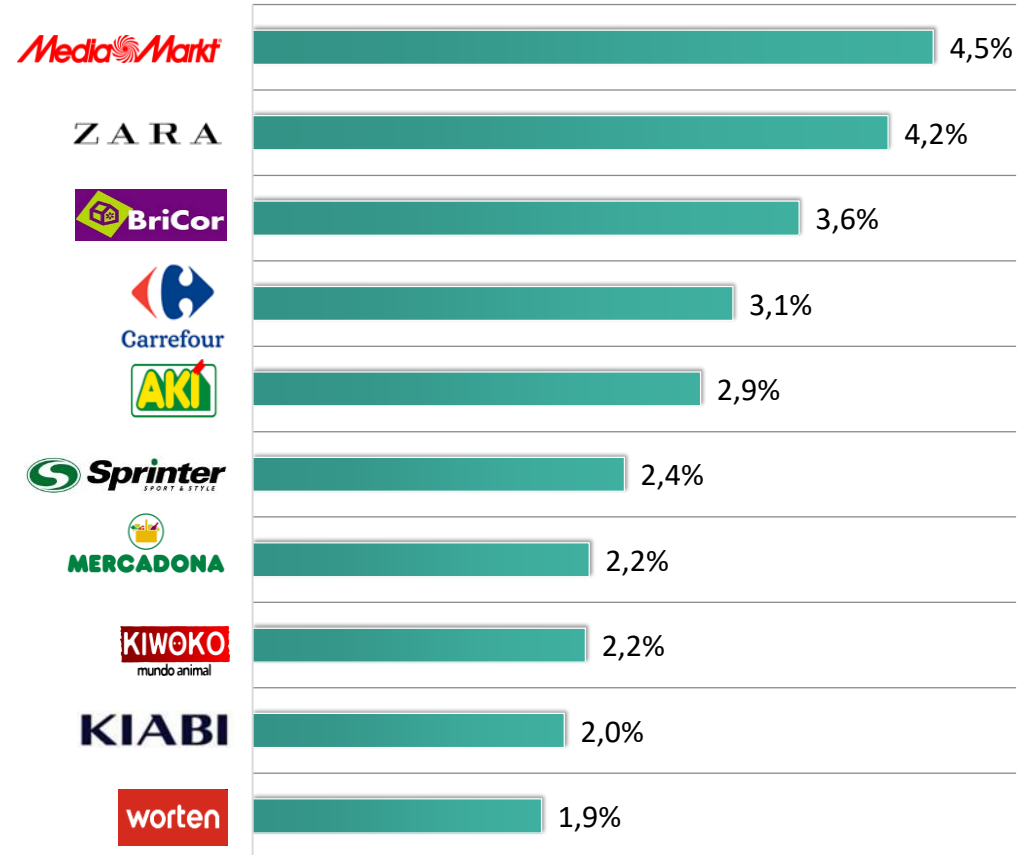
Retail tenant exposure

Low risk with c.90% national and international tenants

Tenant profile - by contractual rent

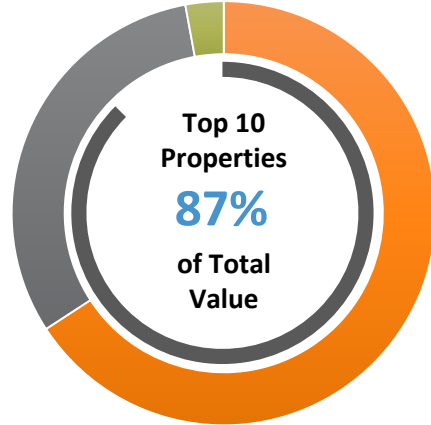


Top 10 tenants by rent



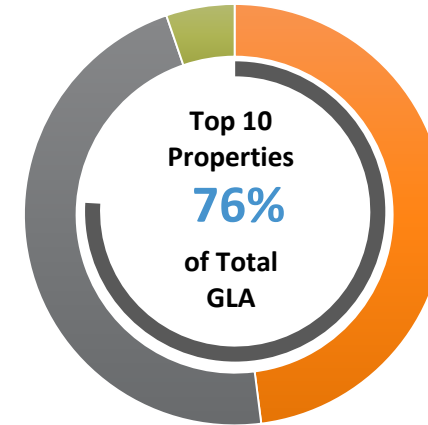
Spanish total portfolio composition

Sectoral Profile - by Value

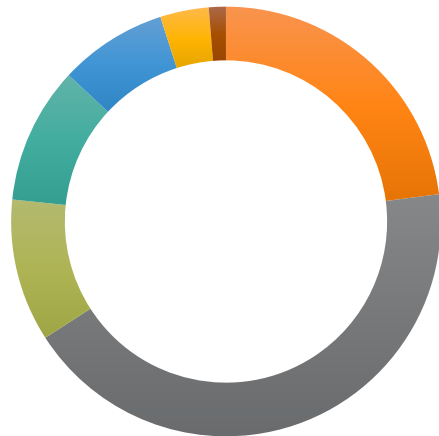


By Value		By GLA	
66%	Shopping Centre	48%	
31%	Retail Park	47%	
3%	Offices	5%	

Sectoral Profile - by GLA



Geographic Profile - by Value



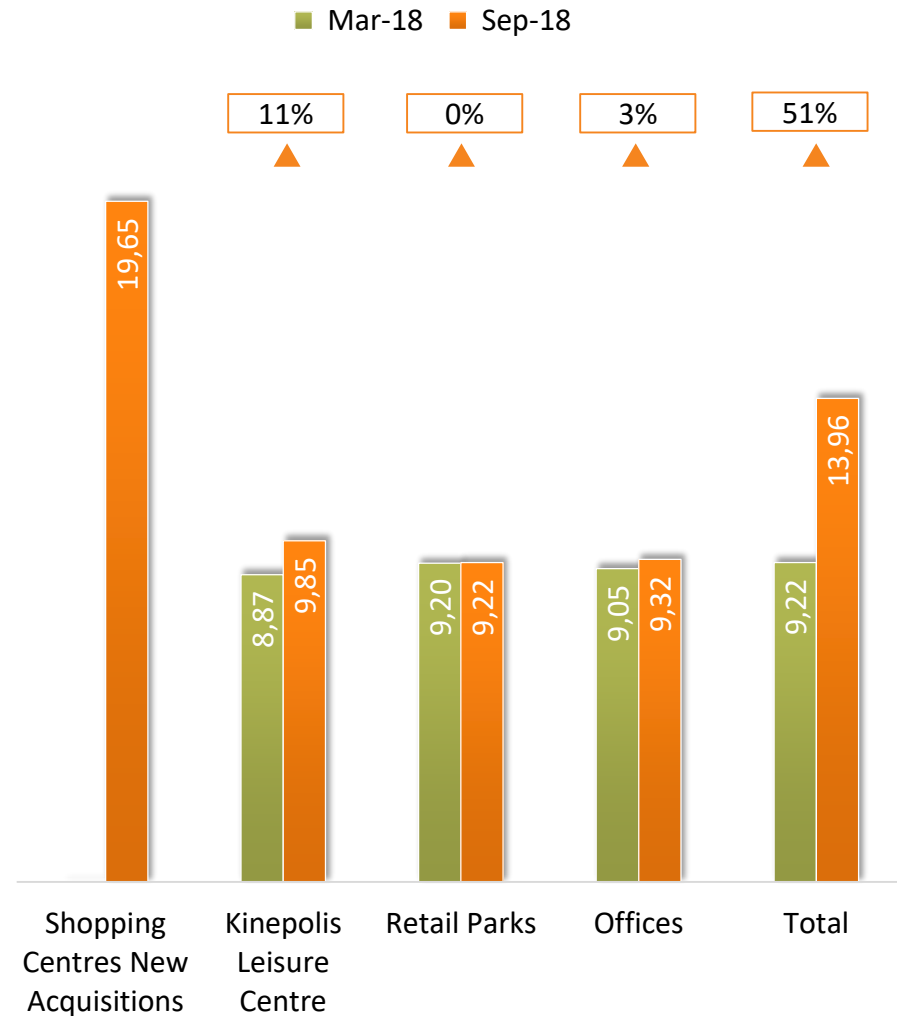
By Value		By GLA	
23%	Extremadura	24%	
43%	Andalucia	40%	
11%	Castilla Leon	11%	
10%	Com. Valenciana	9%	
8%	Madrid	8%	
4%	Asturias	5%	
1%	Murcia	3%	

Geographic Profile - by GLA

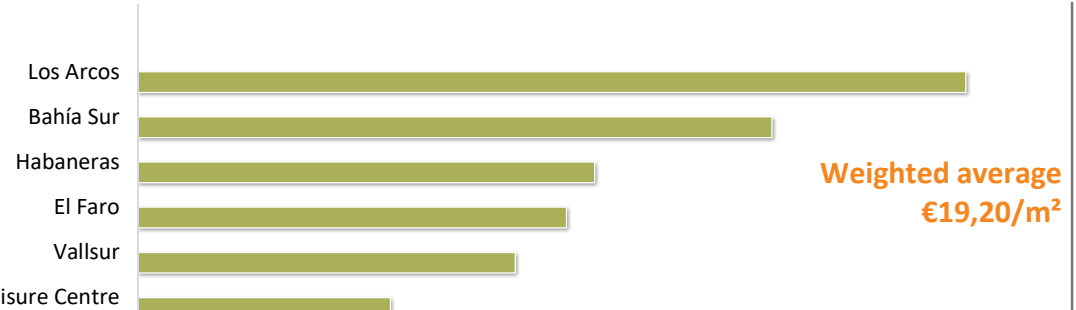


Spanish weighted average base rentals - €/m²

Improved average base rentals post acquisitions

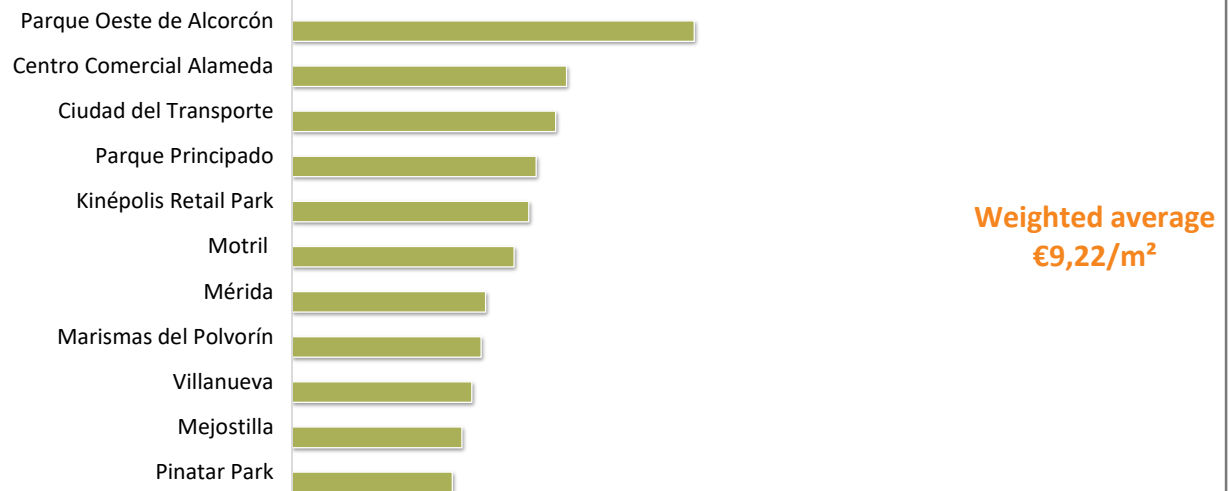


Shopping Centres



Weighted average
 €19,20/m²

Retail Parks



Weighted average
 €9,22/m²

Offices



Weighted average
 €9,32/m²

0 5 10 15 20 25 30 35