HISPANIA
ACTIVOS INMOBILIARIOS

Investors & Analysts Day

June 2016

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PROPOSED AGENDA

1. Hispania at a glance
2. Hotels overview
3. Offices overview
4. Residential rental overview
5. Conclusions

HISPANIA'S TRANSFORMATION WELL ON TRACK

1. **CHANGE IN SCALE OF RESULTS** due to enlarged perimeter and asset stabilization

2. **OPERATIONAL EXCELLENCE PROVEN** across capex deployment, advance in occupancy and rental increases

3. **SIGNIFICANT FURTHER UPSIDE AHEAD** from asset stabilization, major developments, large repositioning projects and reaching more than 90% occupancy rates in offices and residential properties

4. **FURTHER UPSIDE FROM HIGH-YIELDING ACQUISITION PIPELINE**, now executable thanks to the successful completion of the recent €231 million rights issue

HISPANIA AT A GLANCE

OUR OBJECTIVE IS TO CREATE SUPERIOR SHAREHOLDER VALUE BY BUILDING A PORTFOLIO THAT GENERATES HIGH & SUSTAINABLE EXCESS RETURNS

DISCIPLINED GROWTH

1

- Constant re-assessment of risk/return balance
- Exceptional access to unique opportunities
- Low entry prices reduce risk and enhance returns

HIGH QUALITY ASSETS

2

- Asset diversification
- Hidden embedded value
- Not everything cheap is a good investment

ACTIVE MANAGEMENT

3

- Smart repositioning
- Letting management
- Cost management

SUSTAINABLE RETURNS

4

- High cash yield
- Well balanced and diversified income stream
- Prudent financing strategy
- Strong ESG

LONG-TERM & SUSTAINABLE GROWTH

Source: Hispania

OPPORTUNISTIC PRODUCT POSITIONING, WITH INCREASING FOCUS ON HOTELS

	HOTELS	OFFICES	RENTAL RESIDENTIAL
Right acquisition prices	▪ Off-market deals ▪ Large number of complex situations	▪ Corporate deals ▪ 18% discount in BD[1]	▪ Average discount from market levels of 14-25%
Right asset locations	▪ Non-replicable leading resort areas of Canary and Balearic Islands ▪ 4 stars all-inclusive resort hotels, and selectively urban hotels	▪ Madrid and Barcelona ▪ BD and other consolidated business areas	▪ Madrid and Barcelona ▪ Well communicated and consolidated areas ▪ Limited new supply
Letting profile	▪ Fixed lease contracts; or ▪ Fixed lease contracts, with variable component to take part of the momentum	▪ Already 73% triple net contracts ▪ 63% of contracted rents expiring in less than 5 years	▪ 20% or 30% rotation allows for rental level increases ▪ Retail sale to consolidate capital appreciation
Tenants	▪ Diversified top-hotel operators ▪ Strategic partnerships	NCR, ILUNION, AEGON, TNT	▪ In-house property management of 115 employees with a proprietary CRM
Upside from repositioning[2]	▪ €173 million capex expected (San Miguel included)	▪ €45 million capex expected	▪ €6 million capex expected

High quality, well-invested and balanced risk-return profile

Source: Hispania
Notes: (1) Including PV 108 and PV Auditorio buildings; (2) Expected capex as of the date of this presentation

PORTFOLIO OF HIGH QUALITY ASSETS WITH UNIQUE EXPOSURE TO HOTELS BUILT-UP VIA DISCIPLINED AND ACCRETIVE ACQUISITIONS

	(data as of Q1 2016)	Hotels	Offices	Residential	Total
Operational data	GAV (€m)	862	410	191	**1,463**
	Keys, SBA and dwellings	8,234 keys	153,621 sqm	764	**60 assets**
	Occupancy	93%[1]	81%	87%	**81%**
	Fixed rent as % of total rents	57%	100%	100%	**66%**
EPRA ratios[2]	Net passing yield on GAV (%)	9.0%	2.8%	2.2%	**6.2%**
	Net reversion yield on GAV (%)	9.2%	6.1%	3.9%	**7.7%**
	Net reversion yield on cost (%)	10.3%	6.7%	4.4%	**8.5%**

Source: Hispania
Notes:
1 Keys externally managed by hotel operators
2 Please see appendix for further details on the calculation methodology

HISPANIA ACTIVOS INMOBILIARIOS

Q1 2016 RESULTS AT A GLANCE

KEY FINANCIAL & OPERATIONAL DATA

Rental NOI **€24 million[1]** *+6.4x growth vs. Q1 2015*	**Recurring EBITDA** **€20 million** *+12.3x growth vs. Q1 2015*	**Recurring FFO[2]** **€15 million** *+18.6x growth vs. Q1 2015*
BAY portfolio outperformance *+29% in revenues vs. 4M 2015* *+27% room booking revenues[3]*	**Strong lfl office performance** *+15 p.p. occupancy vs. Q1 2015* *+7.9% rental vs. Q1 2015*	**Rental increases in residential** *+8.4% lfl vs. Q1 2015*
Gross LTV **43%**	**EPRA NAV[4]** **€1,195 million**	**EPRA NAV per share** **11.04 €/share[4]**

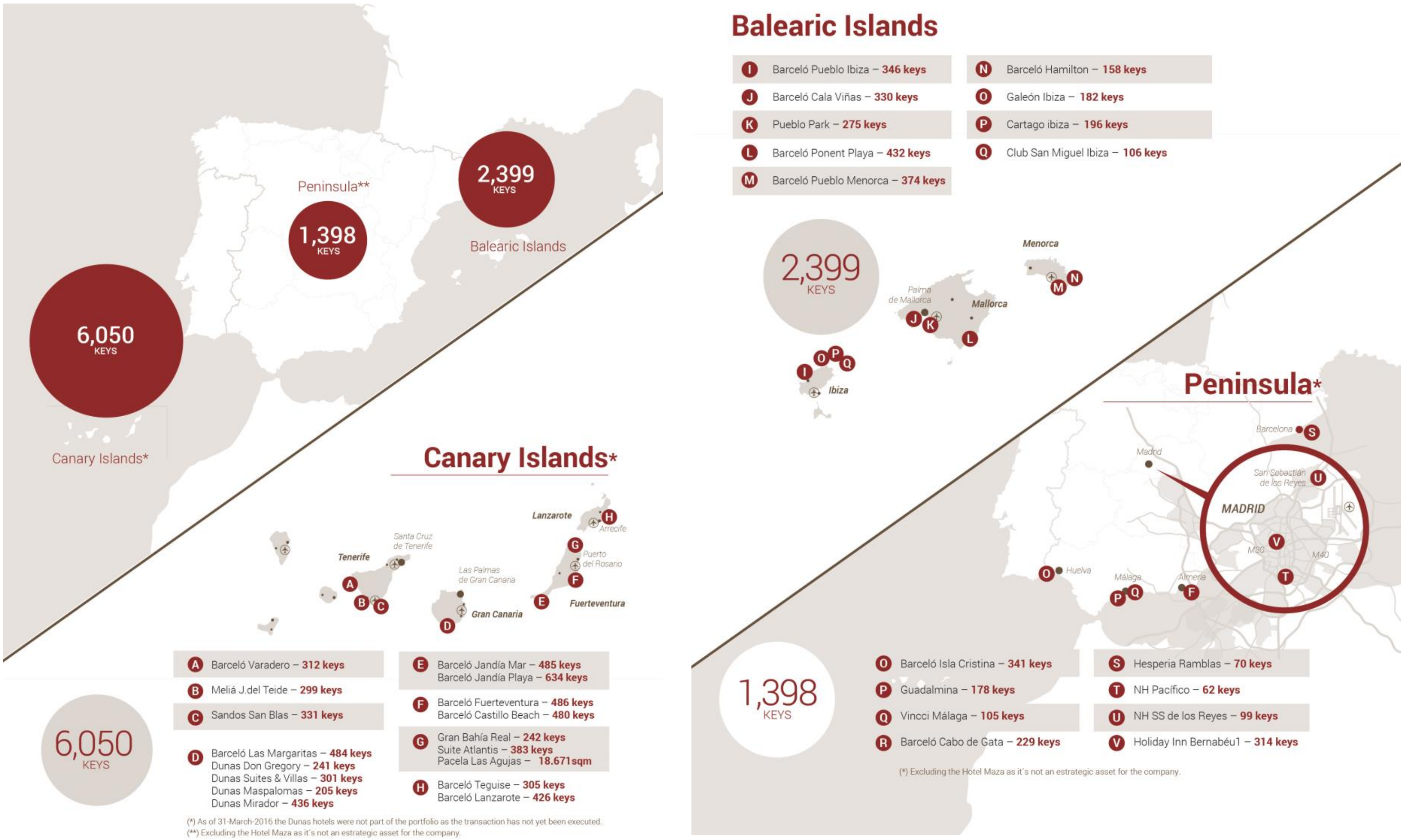
Source: Hispania
Notes:
1 Excluding Guadalmina and Holiday Inn which are currently being internally managed and Las Agujas land plot which is a development project
2 Defined as recurring EBITDA minus financial result
3 Data as of June 6, 2016 for the accumulated period from June May 2016 to August 2016 vs. the period extended from June 2015 to August 2015
4 31 March 2016 EPRA NAV, adjusted by the expected net proceeds from the rights issue launched in May 2016

HOTELS OVERVIEW

Exceptional opportunity: Compelling risk-return

€894 MILLION[1] PORTFOLIO WITH A 9.2% EPRA NRY ON GAV AND 10.2% ON COST[1]

Geographical hotels distribution (including recent acquisition)



Source: Hispania
Note: (1) Including the recent acquisition of San Miguel transaction

INVESTING IN ONE OF THE LEADING GLOBAL TOURIST DESTINATION

1. Global tourism leader

- #3 largest tourist market globally with 68 million visitors in 2015
- #1 in hotels keys among competitive resort destinations, with c.881,000 beds
- Spanish hotels operators are worldwide first class players

2. Unique, safe and highly competitive

- Stable environment with no safety concerns and highly competitive offer
- 12-month long sun destination within Europe
- Loyal customers, based on a large proportion of repeat visitors
- Positive long-term trend with CAGRs between 1% and 3%

3. Driven by European consumption

- Within the medium & short haul radius of nearly all EU markets
- Preferred holiday destination of British and German travellers
- Benefitting from the rebound of Spanish tourism

4. No cranes: no significant new capacity

- Moratorium and environmental regulations

5. Positive market momentum

- Instability in Northern Africa and Turkey

№1

Destination in Travel & Tourism Competitiveness in 2015

+4.9%

Growth in international tourist arrivals vs. 2014

38%

Of share of total room nights captured of the EU's coastal municipalities in 2014

Source: Frontur, Eurostat, E&Y report, 2015 Travel & Tourism Competitiveness report and UNWTO

PROMOTING STABILITY & GROWTH FOR OUR COMPETITIVE HOTEL PORTFOLIO

1. ACQUISITION GROWTH

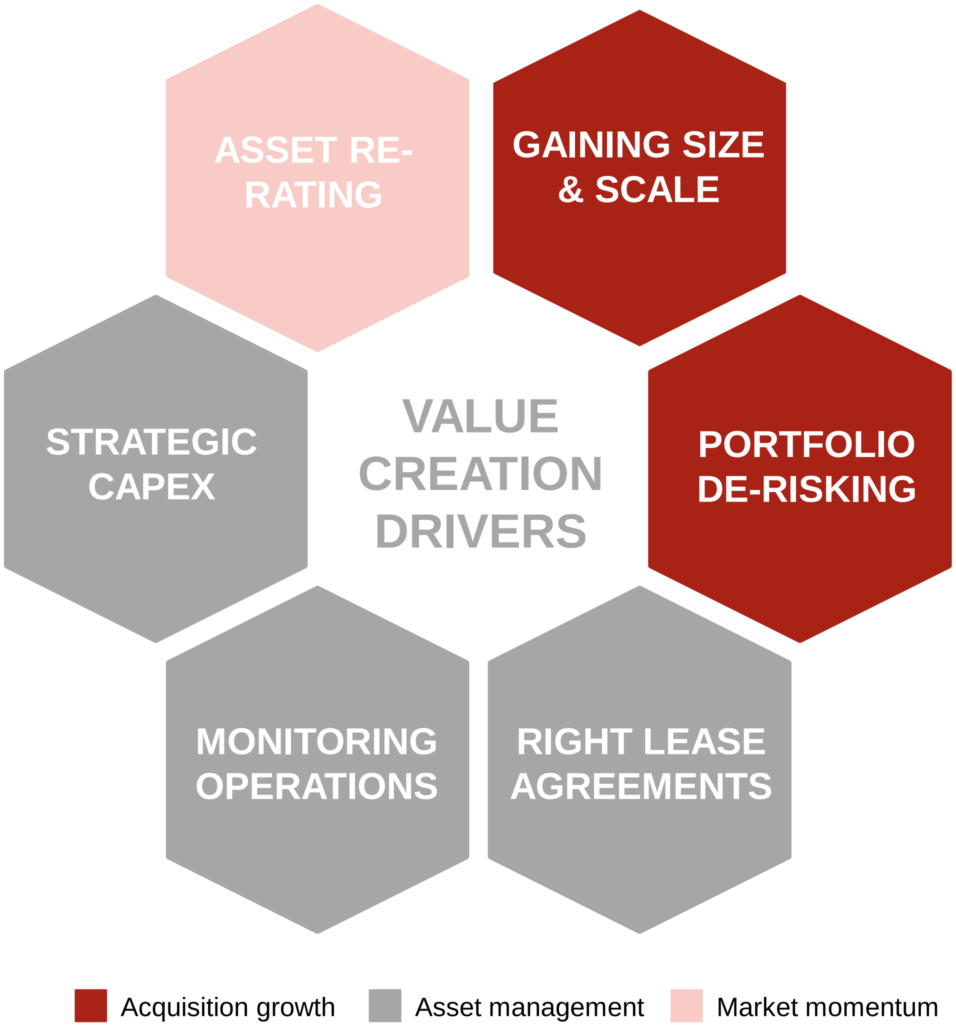
- Acquisitions of high-quality hotels with potential for high returns
- Diversified portfolio in terms of location, operators, type of lease agreements and market segment

2. ASSET MANAGEMENT

- Definition of favourable lease agreements according to the specifications of each hotel
- Selection of the right operator: proven track-record and sufficient creditworthiness
- Hotel performance review promoting and using best-in-class market intelligence tools
- Capex execution: profitability improvement and competitive position reinforcement

3. MARKET MOMENTUM

- Tourism as a growing global segment
- Leisure consumption increasing
- Yield compression



Source: Hispania

€173 MILLION OF VALUE-ADD CAPEX TO CONSOLIDATE THE SUPERIORITY AND THE PROFITABILITY OF THE PORTFOLIO

			Expected[1]
Guadalmina		▪ **Capex detail:** full renovation of all guestrooms and common areas ▪ **Objective:** become one of the leading hotels of Costa del Sol and select the right hotel operator with the appropriate lease scheme ▪ **Expected completion date:** 2018	€18M
Holiday Inn		▪ **Capex detail:** full renovation of all guestrooms and common areas ▪ **Objective:** turn into a leading business hotel of reference in Madrid and select the right hotel operator with the appropriate lease scheme ▪ **Expected completion date:** 2018	€25M
Las Agujas		▪ **Capex detail:** construction of up to 125 premium keys adjacent to Gran Bahía Real Hotel ▪ **Objective:** creating a leading premium offer in the area, resulting in an improvement of our competitive positioning in Fuerteventura and limiting future competition ▪ **Expected completion date:** 2019	€27M
P.Playa		▪ **Capex detail:** full renovation of all guestrooms and common areas ▪ **Objective:** conversion into a 4* star category Plus hotel ▪ **Expected completion date:** 2018	€18M
Atlantis		▪ **Capex detail:** restyling of guestrooms for both hotels and common areas for Suite Hotel ▪ **Objective:** creating leading hotels with superior returns ▪ **Expected completion date:** 2016 for Suite and 2017 for Bahía Real	€14M

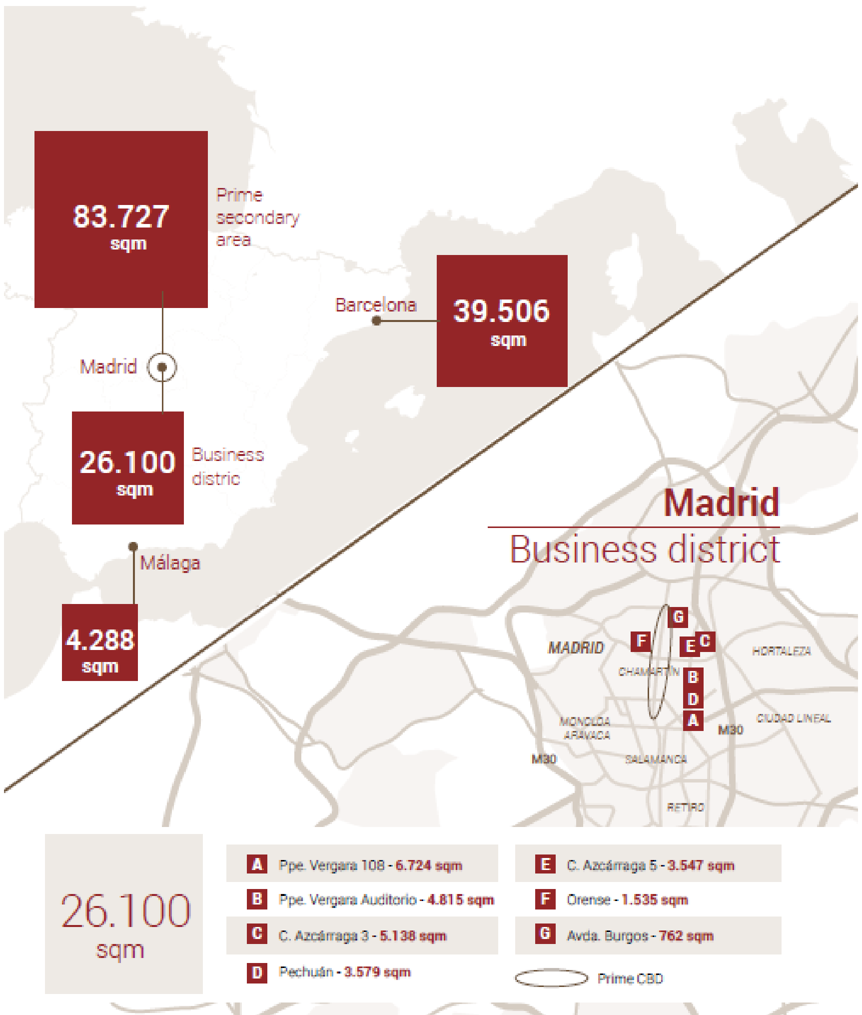
Source: Hispania
Note: (1) As of the date of this presentation

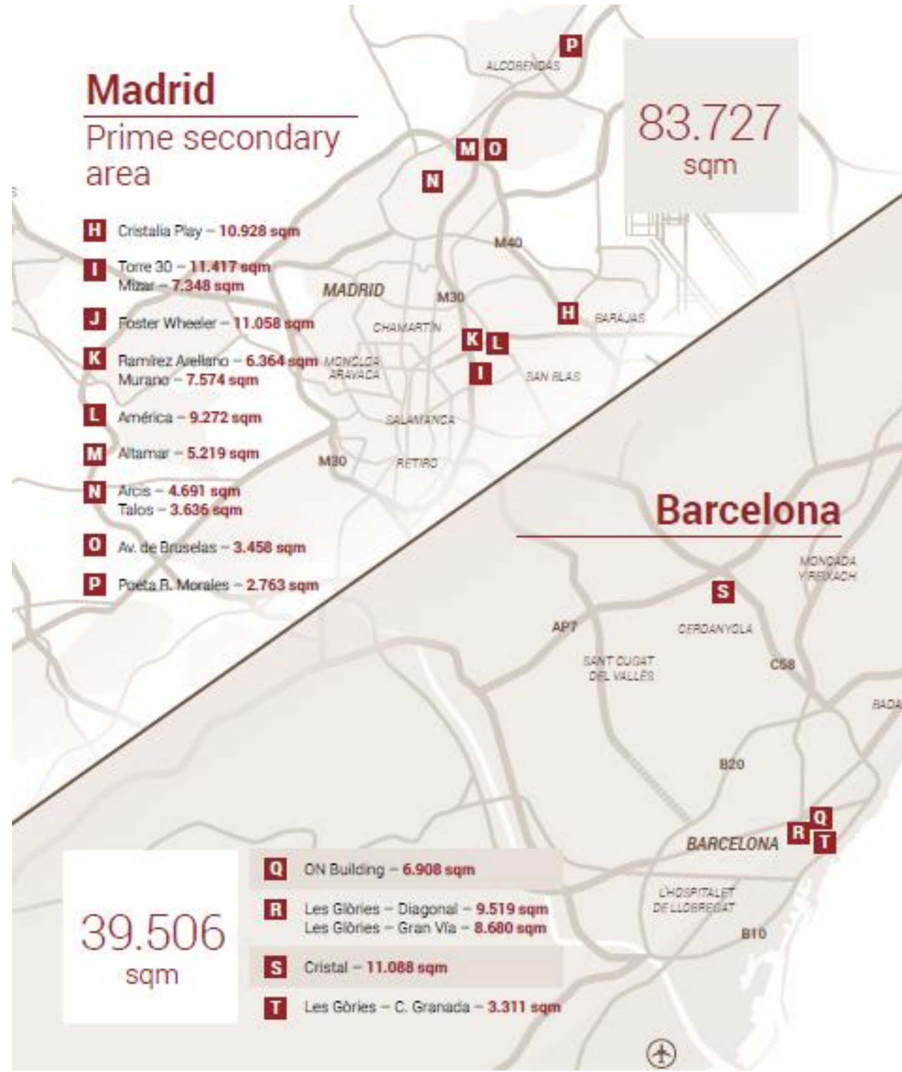
OFFICES OVERVIEW

From opportunistic to a core portfolio

€410 MILLION PORTFOLIO WITH A 6.1% EPRA NRY ON GAV AND A 6.7% ON COST

Geographical offices distribution





Source: Hispania

PROMOTING COMPETITIVENESS IN OUR OFFICE PORTFOLIO

1. ACQUISITION GROWTH

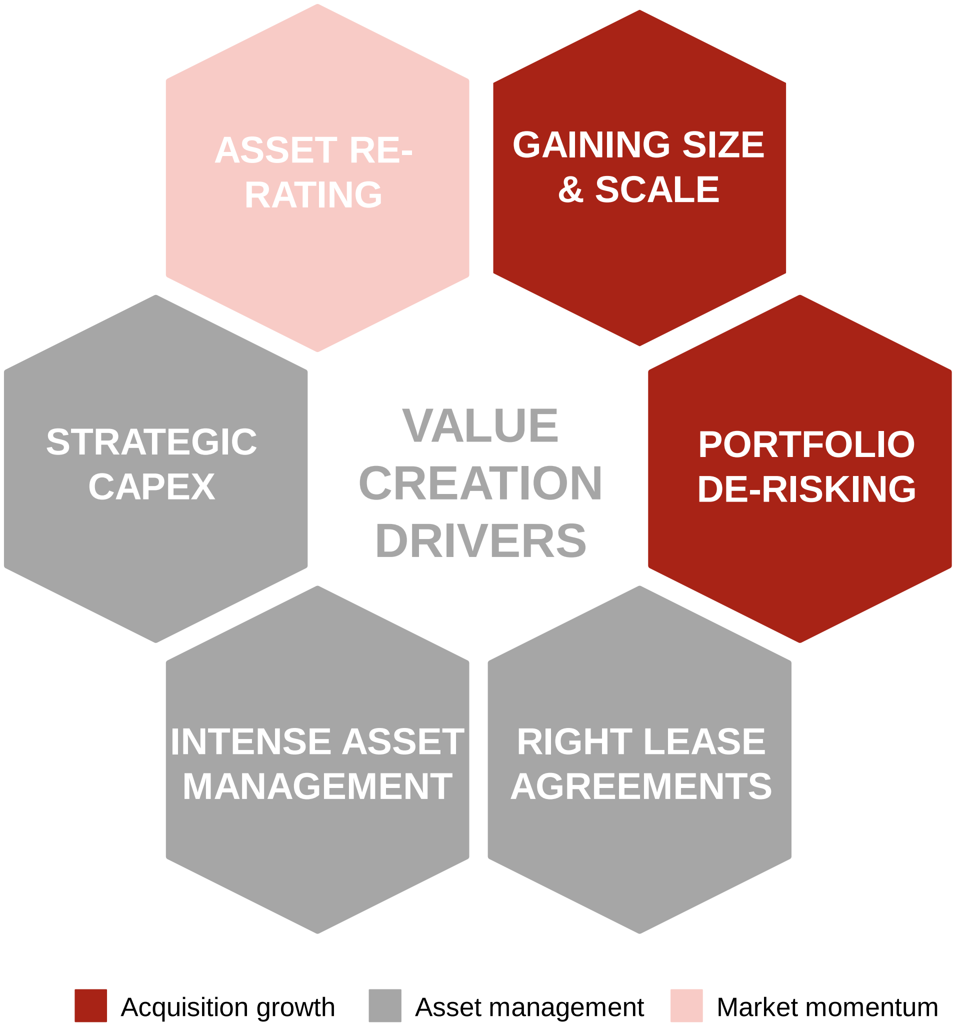
- Acquisitions of well-located assets with significant underlying quality potential
- Selective new opportunities to complement and enhance overall value of the portfolio

2. ASSET MANAGEMENT

- Definition of flexible lease agreement
- Achievement of optimal occupancy rates
- Improvement of the quality of the tenant mix
- Active management of leases
- Cost optimisation
- Capex execution: profitability improvement and maintain competitive advantage

3. MARKET MOMENTUM

- Increasing occupancy
- Benefitting from rental growth
- Further yield compression



Source: Hispania

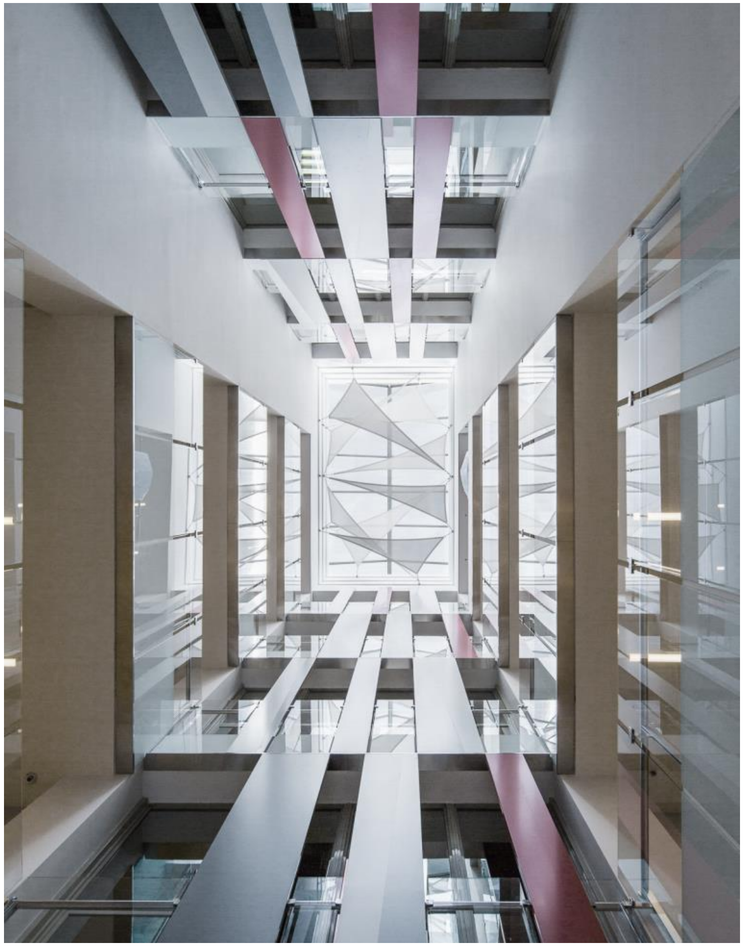
CREATING A HIGH-QUALITY AND LIQUID OFFICE PORTFOLIO

1. COMPLEMENTING PIPELINE

- A large pipeline of new deals, out of €110 million are in advanced negotiations[1]
- Limited number of product developments
  - Only when risk profile can be mitigated *i.e. turnkey project*
- Additional value could be added through contribution or consolidation with another existing portfolio

2. APPEALING LIQUID PORTFOLIO

- Diversified portfolio of 25 office buildings with more than 153,000 sqm distributed in well-consolidated business areas of Madrid and Barcelona
- Structure as low risk profile and high-yielding assets to command interest from investors as a portfolio or as individual assets



Avenida de Bruselas office building

Source: Hispania
Notre: (1) As of the date of this presentation

ASSET MANAGEMENT EXECUTION BACK ON OUR DEEP UNDERSTANDING OF THE ASSETS AND THE DYNAMICS OF THEIR MICRO-LOCATION PLACEMENTS

Key actions	Overview
Market & Asset understanding	▪ Deep know-how of each assets and their locations to identify and anticipate strengths and threats ▪ Prepare a key action list to properly address key threats and, then preserve asset value and improve tenant satisfaction *(i.e. improve the access to the parking of Murano building)* ▪ Single-tenant vs. multi-tenant leasing models according to asset size and typology
Active leasing activity for prospecting new tenants	▪ Identification of potential new demand in the areas ▪ Regular meetings with potential new tenants in order to understand their needs and try to give them tailor-made solutions ▪ Optimisation and maximization of our office space
Close and regular relationship with current accounts	▪ Reading upcoming customers' needs ▪ Provide customized solutions to our tenant base ▪ Promote new office spaces among our accounts
Flexible lease agreements and cost optimisation	▪ Flexible terms according to clients' requirements ▪ WAULT: 5 years + renewal at market rents ▪ Cost base optimization *(i.e. cancel unnecessary services, renegotiate suppliers contracts, etc)*

Active asset management is being translated into higher occupancy rates

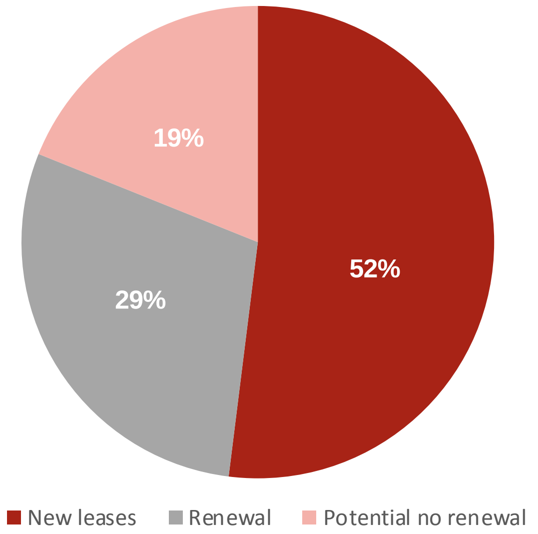
+15 p.p.

Like-for-like occupancy growth vs. Q1 2015

81%

Occupancy rate as of Q1 2016

Update on SBA under negotiations (>27,000 sqm)[1]



Source: Hispania
Note:
1 As of the date of this presentation

€45 MILLION OF NEW SMART CAPEX TO ENHANCE ASSET COMPETITIVENESS AND INCOME GENERATION

Key repositioning projects underway

América building (9,272 sqm)

- Budget: €6.0 million
- Capex detail: (i) upgraded common areas; and (ii) potential façade renovation
- Expected completion by 2017

PV 108 building (6,724 sqm)

- Budget: €5.5 million
- Capex detail: (i) upgraded common areas and current unoccupied spaces; and (ii) potential façade renovation
- Expected completion by 2017

PV Auditorio (4,815 sqm)

- Budget: €5.1 million
- Capex detail: full asset repositioning
- Pre-let commercialization activities in place
- Expected completion by 2017

Torre M-30 for completion by H2 2016 (€10.6 million)

Acquisition

- **Acquisition cost**
  - 2,293 €/sqm
- **Occupancy:** 69%
- **Market rental level**
  - 10.5 €/sqm
- **ERV:** 6.8%[1]
- **Capex:** 931 €/sqm
- **Total investment:**
  - €3,224 €/sqm

Pre-let agreement

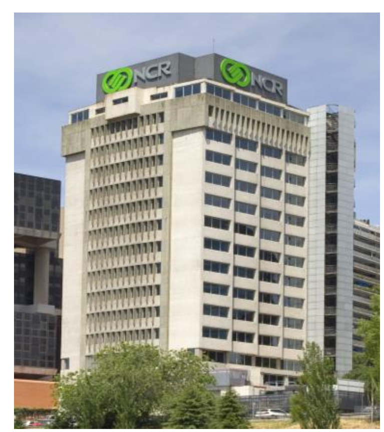
ILUNION

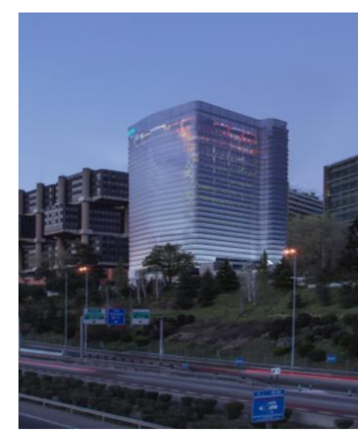
15 *years*

100% *occupancy*

7.0 % *yield on cost*[2]

16.5 €/sqm *Monthly rent*





Source: Hispania

Notes: (1) Assuming 100% occupancy, ERV of €10.5/sqm/month, GLA of 11,417 sqm, 306 parking units (rented at €90/unit/month) and based on acquisition price of €26.2 million (excluding transaction costs); (2) Assuming 100% occupancy, ERV of €16.5/sqm/month, GLA of 11,417 sqm, 306 parking units (rented at €90/unit/month) and based on acquisition price of €36.8 million (excluding transaction costs)

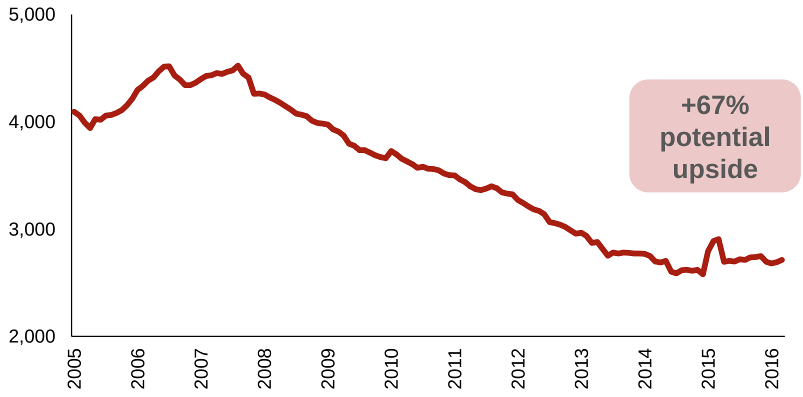
RESIDENTIAL OVERVIEW

Buy wholesale, improve it and sale it retail

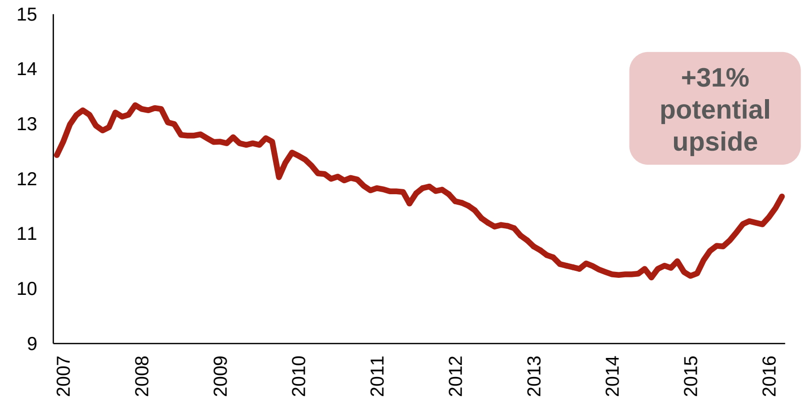
A HIGH QUALITY PRODUCT OFFERING c.50-70%[1] UPSIDE IN CAPITAL VALUES RELATIVE TO PEAK LEVELS

MADRID CITY (63% OF RESI TOTAL GAV[2])

Sale price evolution (€/sqm)

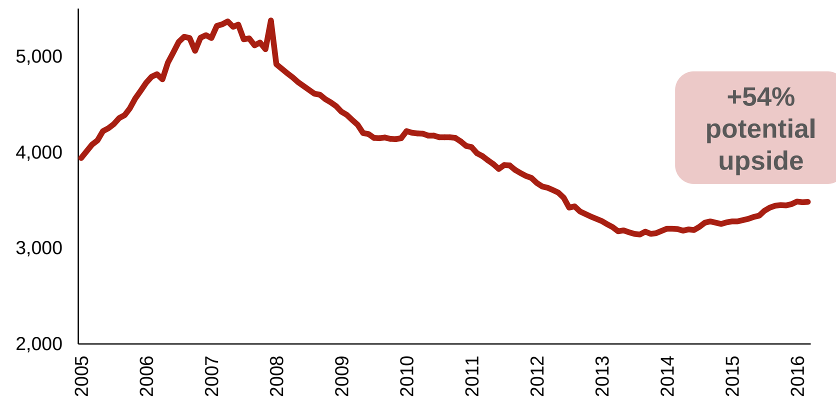


Rental levels evolution (€/sqm/month)

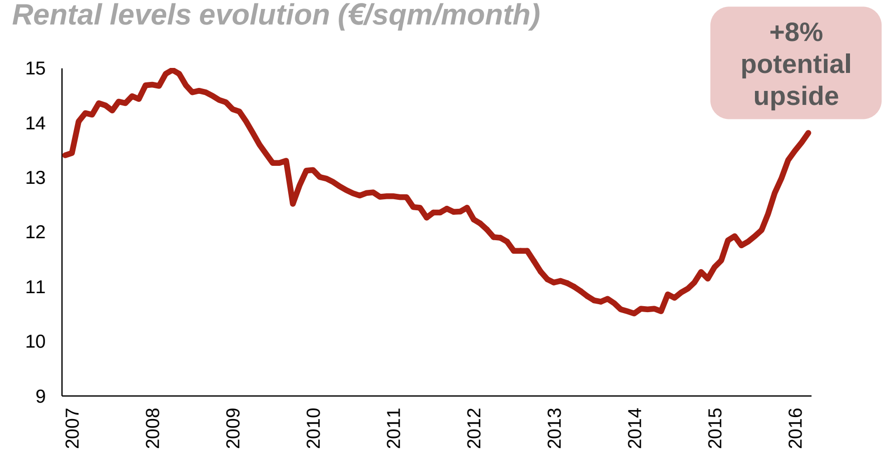


BARCELONA (37% OF RESI TOTAL GAV[2])

Capital value evolution (€/sqm)



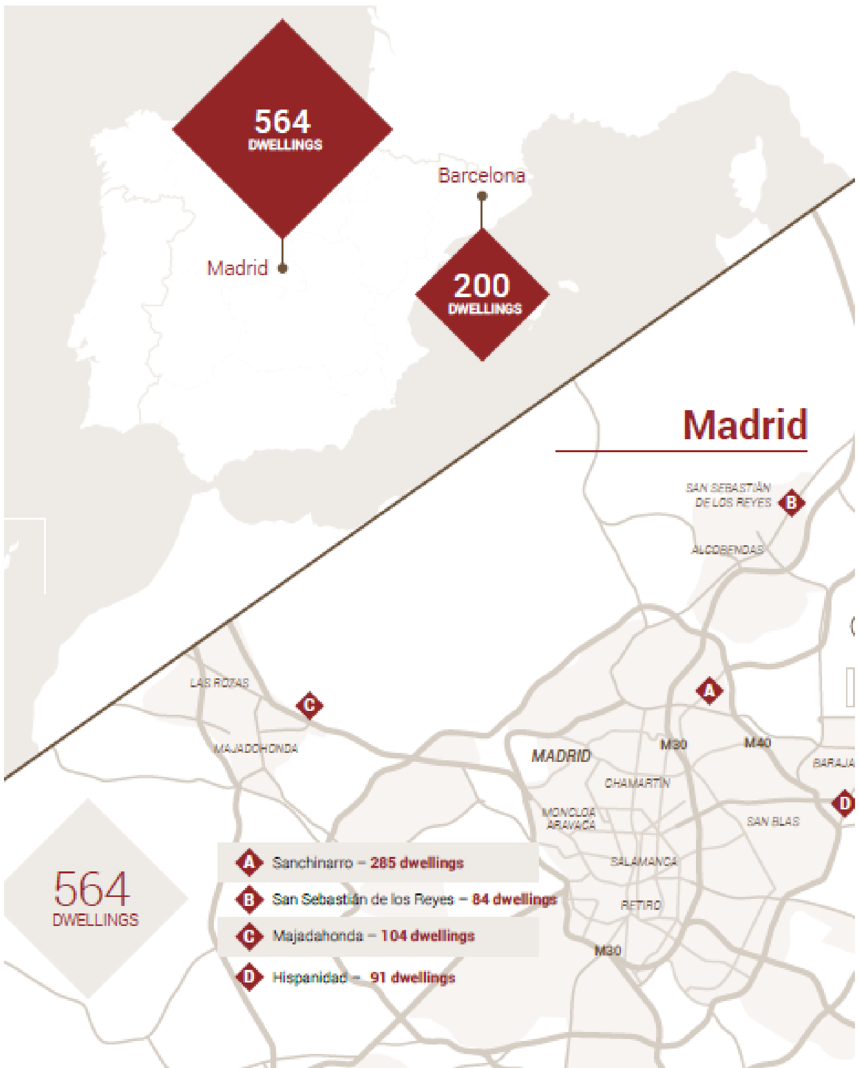
Rental levels evolution (€/sqm/month)



Source: Hispania, CBRE valuation report as of 31 December 2015 and Fotocasa 2005-2016
Notes:
1 Including Hispanidad acquisition closed in March 2016
2 Based on GAV as of 31 March 2016

€191 MILLION PORTFOLIO LOCATED IN CONSOLIDATED AREAS

Geographical residential buildings distribution



Source: Hispania

THE STRATEGY IS WORKING AND SHOULD DELIVER DOUBLE DIGIT IRRs

1. IRREPLICABLE HIGH QUALITY PORTFOLIO

- Assets acquired at attractive entry prices
- Located in key urban consolidated neighbourhoods of Madrid and Barcelona

2. EXCELLENCE IN PROPERTY MANAGEMENT

- In-house property manager with 115 professionals and cutting-edge technology platform
- Commercialisation activity ongoing to achieve optimal occupancy rates by year-end
- Optimisation of rental yields

3. SMART CAPEX

- Isla del Cielo and Sanchinarro buildings well on-track: common areas and a number of dwellings upgraded to premium
- Analysing added-value strategies to implement in the rest of the portfolio

4. CAPITAL VALUE APPRECIATION

- Start the commercialisation of a certain number of premium dwellings in Isla del Cielo to confirm the value creation from our repositioning program

Isla del Cielo residential building

Source: Hispania

OUR LARGEST INVESTMENTS ILLUSTRATE OUR STRATEGY IN RESIDENTIAL

ISLA DEL CIELO - €71 MILLION GAV

Improvement in rents and profitability

	Investment	Rent today	Gross yield
Pre-capex	2,694 €/sqm	c.9 €/sqm	c.4%
Capex	393+78 €/sqm	-	-
Post capex	3,166 €/sqm	c.16-18 €sqm	Range from 6% to 7%

25% equity IRR | *14% project IRR* | *74% capital gain expected*

SANCHINARRO - €69 MILLION GAV

Improvement in rents and profitability

	Investment	Rent today	Gross yield
Pre-capex	2,271 €/sqm	<9 €/sqm	c.4.6%
Capex	333+58 €/sqm	-	-
Post capex	2,662 €/sqm	c.12-14 €sqm	Range from 5.4% to 6.3%

16% equity IRR | *10% project IRR* | *45% capital gain expected*

Significant upside from asset repositioning

Source: Hispania

CONCLUSIONS

THE CONSOLIDATION OF HISPANIA AS A SIZEABLE AND UNIQUE SOCIMI…

- **CRITICAL MASS – €1.5bn GAV** SOCIMI on a clear path to exceed €2.0bn shortly
- **UNIQUE EXPOSURE –** best-in-class resort hotel asset base providing a unique risk-return proposition
- **SIGNIFICANT GROWTH** purely from recurrent earnings and management actions with yield compression on top
- **POTENTIAL FOR VERY ATTRACTIVE DIVIDEND YIELD –** based on high yielding nature of the hotel assets

Source: Hispania

…WITH SIGNIFICANT FURTHER UPSIDE POTENTIAL

FROM MAJOR REFURBISHMENT PROJECTS IN OUR HOTEL PORTFOLIO

FROM STABILIZATION OF OUR OFFICE ASSETS

FROM REALIZATION OF THE HIGH EMBEDDED CAPITAL GROWTH IN OUR RESIDENTIAL INVESTMENTS

FROM FURTHER ACQUSITIONS WITH OUR PIPELINE OF MORE THAN €390 MILLION INVESTMENT CAPACITY[1]

Source: Hispania
Note: (1) Adjusted by San Miguel transaction

ANNEX

EPRA YIELDS DEFINITION

- **EPRA net passing yield on cost:** refers to annual income from the net cash flows of non-recoverable operational costs derived from the rental of the Portfolio, with respect to the investment amount in the Portfolio. Net cash flows have been calculated by annualising the net income obtained in the first quarter of 2016, following methods recommended by EPRA (excluding non-recurrent first quarter costs and income). In the hotel segment, the assets under management and in development (Holiday Inn Bernabéu, Guadalmina, Hotel Maza and Las Agujas) are excluded.
- **EPRA net passing yield on GAV:** refers to annual income from the net cash flows of non-recoverable operational costs derived from the rental of the Portfolio, with respect to the market value of the Portfolio increased by estimated transaction costs. Net cash flows have been calculated by annualising the net income obtained in the first quarter of 2016, following methods recommended by EPRA (excluding non-recurrent first quarter costs and income). In the hotel segment, the assets under management and in development (Holiday Inn Bernabéu, Guadalmina, Hotel Maza and Las Agujas) are excluded.
- **EPRA reversion yield on cost:** refers to the estimated annual net cash flow income of non-recoverable operational costs derived from the rental of the Portfolio, using the market value of the net income of the Portfolio on the date of the calculation, in relation to the investment amount of the Portfolio. With regard to the office and residential portfolios, net income is estimated for each asset considering in nature and its location. The triple net contract hypothesis is used, meaning that it is assumed the operational costs will be reassigned to the tenants. With regard to the hotel portfolio, the Group considers that the EPRA net reversion yield on cost is equivalent to the EPRA net initial yield on cost for those hotels that are currently leased out to an operator which does not form part of the Group because there are not comparable market references for the hotel assets of the Group. EPRA net reversion yield on cost includes the best estimate of annual net cash flow income of the assets in development or currently managed internally by the Group, calculated over the gross estimated investment of such assets once the development is finalised and the planned repositioning work completed.
- **EPRA reversion yield on GAV:** refers to the estimated annual net cash flow income of non-recoverable operational costs derived from the rental of the Portfolio, using the market value of the net income of the Portfolio on the date of the calculation, in relation to the market value of the Portfolio increased by estimated transaction costs. With regard to the office and residential portfolios, net income is estimated for each asset considering in nature and its location. The triple net contract hypothesis is used, meaning that it is assumed the operational costs will be reassigned to the tenants. With regard to the hotel portfolio, the Group considers that the EPRA net reversion yield on GAV is equivalent to the EPRA net initial yield on GAV for those hotels that are currently leased out to an operator which does not form part of the Group because there are not comparable market references for the hotel assets of the Group. EPRA net reversion yield on GAV includes the best estimate of annual net cash flow income of the assets in development or currently managed internally by the Group, calculated over the gross estimated investment of such assets once the development is finalised and the planned repositioning work completed.