



FY 2015 Financial Results

29th February, 2016

www.larespana.com



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Lar España's presenting team

LAR ESPAÑA TEAM



MIGUEL PEREDA

Board Member of Lar España and Co-CEO of Grupo Lar



SERGIO CRIADO

CFO of Lar España



JON ARMENTIA

Corporate Manager of Lar España



HERNÁN SAN PEDRO

Head of Investor Relations of Lar España



JORGE PEREZ DE LEZA

Head of European Operations of Grupo Lar



JOSE MANUEL LLOVET

Head of Retail Operations of Grupo Lar

MANAGER TEAM

Agenda

1 Highlights

2 Business Performance

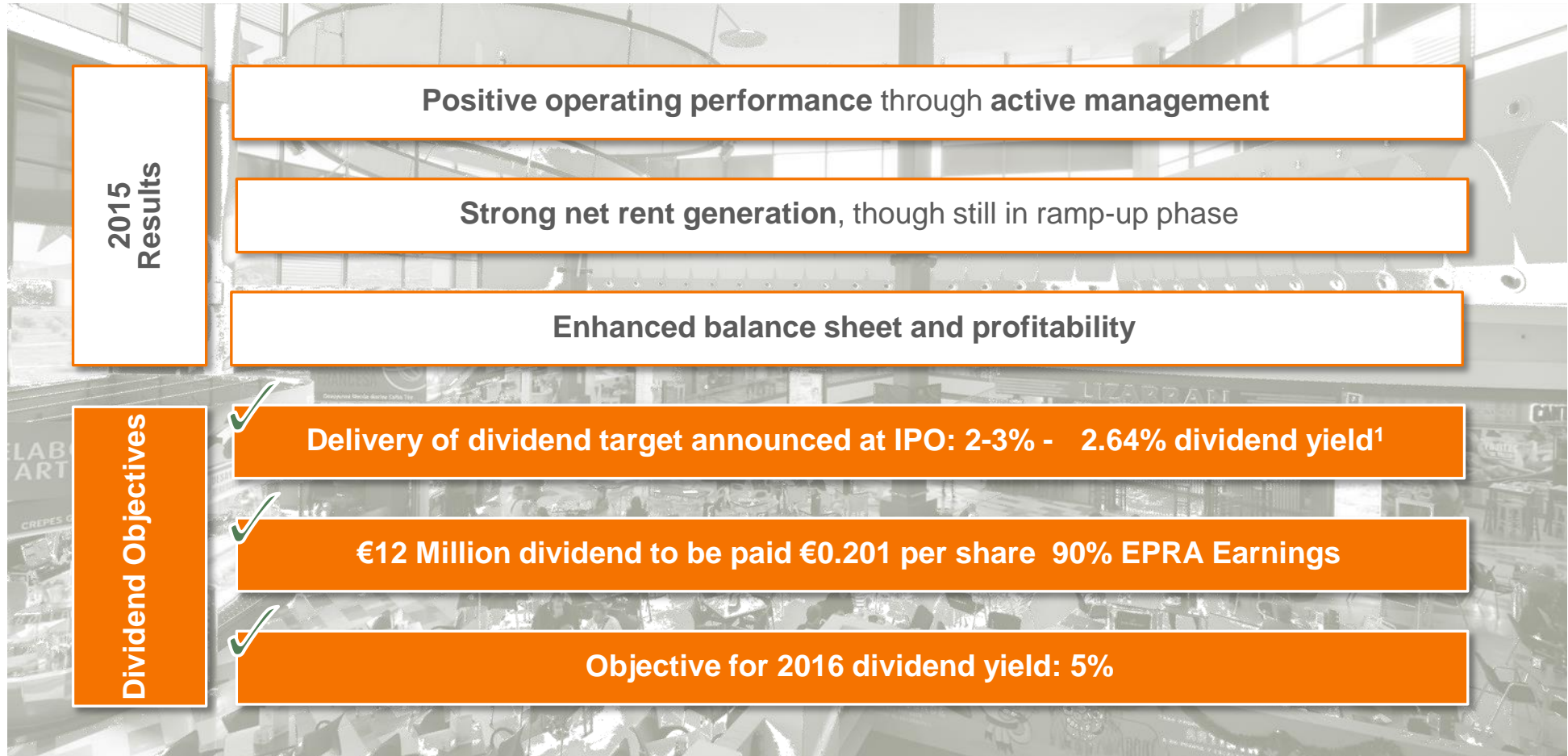
3 Financials

4 Lar España at a glance

5 Future & Vision

6 Conclusions

Lar España has delivered on its key announced objectives



¹ Dividend yield calculated as the average equity during the year

Delivering strong results

€0.201	Dividend per share ¹	2.64% Dividend Yield	€12 Million	Dividends based on 90% EPRA Earnings
40%	Recurrent Net Profit vs Total Net Profit € 43.6m		€35.7	Gross Rental Income
€50.9m	EPRA Annualised Net Rent		€9.65	EPRA NAV per share +5% vs Sep 2015
6.6%	EPRA Net Yield on acquisition		93%	EPRA Occupancy Rate
2.1x	Portfolio growth from Dec 2014 - €853m		49%	LTV 1.81% Cost of Variable Debt <2.4% Total Cost of Debt
+7.5%	Tenants Sales Growth outperforming the market and +5% LfL sales		+2.2%	Footfall outperforming the market

¹ Dividend to be approved by the AGM to be held in April 2016

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Strong performance through active asset management



DELIVERY OF STRONG RESULTS

- **Net Profit of €43.6m** / Dividend¹ of 0.201 per share / 2.64% dividend yield
- **Gross Rental Income of €35.7m**, +315% over last year / EPRA Annualized Net Rent² of €50.9m on strong assets with already high occupancies
- **40% Recurrent Net Profit vs Total Net Profit € 43.6m**



ACCOMPLISHMENT OF KEY IPO OBJECTIVES

- 2015 dividend within the **IPO dividend target range 2-3%**
- **Strong cash flow** / EPRA Annualised net rent ¹ of **€50.9m**
- **Investment of total initial proceeds** levered @ 50% LTV (€780m) **in 14 months** (Target: 18-24m)
- **Value Creation through Active Management:** Lar España's retail sales outperformed Spanish retail index
- Established network to **source off-market deals: 75%** (by value) / High initial yields and occupancies



ENHANCED PROFITABILITY AND BALANCE SHEET

- Growing the portfolio **2.1x times from Dec. 2014 to €852.6m** (Cost of acquisition)
- **6.6% of EPRA Net Yield at acquisition** owing to off market-deals and **Manager expertise**
- **+€444.7m** raised debt since IPO / **<2.4% all in all cost** / LTV 50%
- **€97m** raised in Megapark deal
- **+6.1% LfL value increase** on the existing portfolio / **EPRA NAV 9.65€, +5%** over Sept. 2015

Lar España has delivered on the initiatives announced at IPO

¹ The company has proposed to distribute 90% of its EPRA Earnings figure registered at 31.12.15 to be approved by the AGM to be held in April 2016. Dividends charged (€4.5m) to the individual profit & loss according to Spanish GAAP and (€7.5m) to the share premium ² Marcelo Spínola's EPRA Annualized net rent is not included in the calculations due to the lack of representativeness. During Q4 2014, the office was prepared and evicted in order to refurbish the property. The refurbishment was started during Q2 2015. It also Excludes Sagunto Retail Borrowings development.

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Positive operating performance, but still expecting ramp-up phase

BUSINESS PERFORMANCE

- **STRONG PERFORMANCE THROUGH ACTIVE MANAGEMENT** / REVENUES IN RAMPING UP PHASE / EPRA ANNUALIZED NET RENT OF €50.9m¹

ASSET REVALUATION

- **6.1% REVALUATION** OF ASSETS IN COMPARABLE TERMS

SHAREHOLDER REMUNERATION

- **DIVIDEND OF €12.0m** (0.201€ p/ share) 2.64% of dividend yield

¹ Marcelo Spínola's EPRA Annualized net rent is not included in the calculations due to the lack of representativeness. During Q4 2014, the office was prepared and evicted in order to refurbish the property. The refurbishment was started during Q2 2015. It also Excludes Sagunto Retail Borrowings development.

Consolidated Income Statement (Thousands of Euros)

	2015	2014
Revenues ⁽¹⁾	35,734	8,606
Other income ⁽²⁾	3,374	217
Change in fair value of investment properties	25,978	(442)
Personnel costs	(396)	(108)
Other expenses ⁽³⁾	(20,013)	(7,231)
Results from operations	44,677	1,926
Financial Income	2,444	2,391
Financial Expenses	(6,127)	(519)
Impairment and results of disposals fin. instruments	(29)	-
Share in profit (loss) of equity-accounted companies	2,594	(342)
Profit/loss before Tax	43,559	3,456
Income Tax	-	-
Profit/loss for the period	43,559	3,456

(1) Revenues from Portal de la Marina amounts to €3.6m for the 58.78% stake. This shopping center is accounted for using the equity method.

(2) Other Income: Mainly made up of the difference between the cost of the business combination and the value of the identifiable assets acquired and the liabilities taken on corresponding to the acquisition of the company El Rosal Retail, S.L.U.

(3) Other Expenses: Mainly related to:

- Professional services (accounting and legal advisory services, audit and property valuations) amounting to €3.9m
- Management fees for management services provided to the Company by Grupo Lar Inversiones Inmobiliarias ("Grupo Lar") (€3.9m)
- Incentive fee (€7.3m)

Balance Sheet transformation due to Investment and Financing activity

ASSETS INVESTED

- **+€454m INVESTED IN 2015, GROWING 2.1x THE PORTFOLIO AT THE END OF 2014**

SHARE CAPITAL INCREASE

- **ALL PROCEEDS OF SHARE CAPITAL INCREASE OF €135m INVESTED IN ACCRETIVE DEALS**

FINANCE MANAGEMENT

- **FINANCE COST** (all included) < **2.4%** (1.81% variable debt)
- **BACK LOADED AMORTIZATION ALIGNED WITH OUR BUSINESS PLAN**
- **+€140m BOND RAISED IN 2015**
- **+€240m BANK DEBT RAISED IN 2015**

NEW

- Recent Megapark finance deal of €97m closed at Euribor +170b.p hedged with an IRS of 0.219 b.p.

Consolidated Balance Sheet (Thousands of Euros)

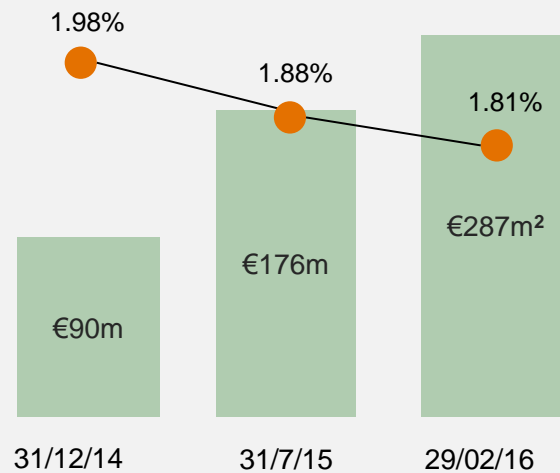
Assets	2015	2014
Investment properties	776,375	357,994
Equity-accounted investees	43,217	18,087
Other non-current assets	25,250	3,841
Total Non-Current Assets	844,842	379,922
Cash & cash equivalents	35,555	20,252
Other current assets	33,641	36,981
Total Current Assets	69,196	57,233
Total Assets	914,038	437,155

Liabilities and Equity	2015	2014
Total Equity	570,566	389,493
Fin. Liabilities from issue bonds	138,233	-
Loans and borrowings	173,354	37,666
Other non-current liabilities	12,334	5,143
Total Non-Current Liabilities	323,921	42,809
Fin. Liabilities from issue bonds	3,504	-
Loans and borrowings	5,593	156
Other current liabilities	10,454	4,697
Total Current Liabilities	19,551	4,853
Total Equity and Liabilities	914,038	437,155

Megapark finance €97m raises leverages the portfolio to a target LTV49%¹

Spread reduction on variable debt

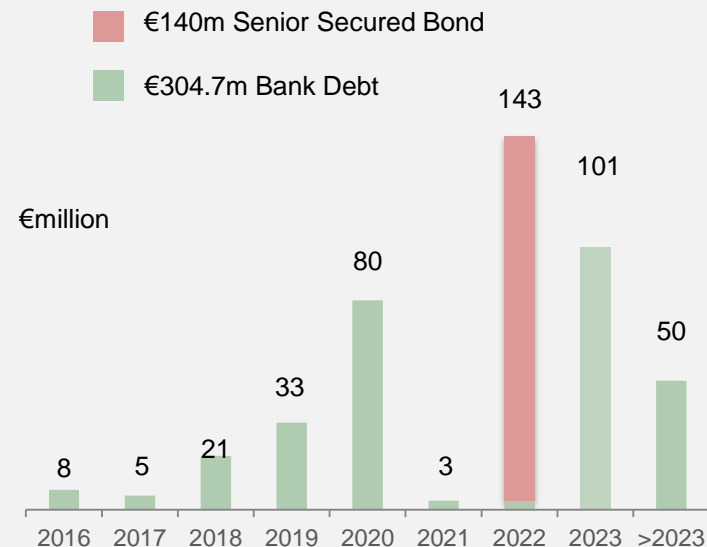
- Variable debt (€m)
- Spread (%)



Backloaded amortization of debt aligned with Lar España's asset strategy

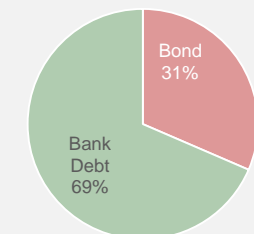
LTC: 52%
LTV: 49%

Current Total Cost <2.4%
Bank Debt (Ex-bond) <2.2%



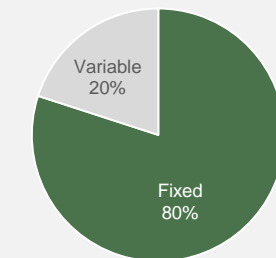
Diversification of funding sources and prudent financial management

Diversification of sources



Total Debt: €444.7m

Exposure to variable / fixed rates



Total Debt: €444.7m

¹ LTV as of February 2016; LTV= Total Loans & Borrowings & Notes / Total GAV

² €199m of which is covered with Interest rate swap

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Lar España at a glance

Key figures as at December 2015

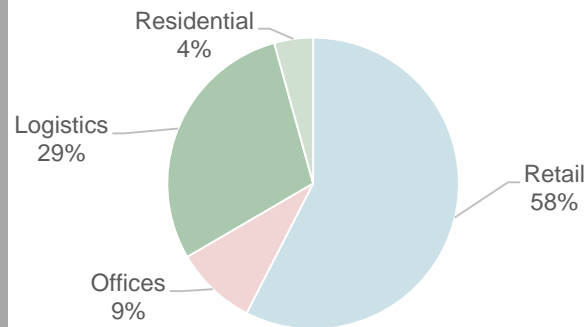
EPRA Annualized Net Rent ^{1,2}	€50.9m	EPRA Occupancy ¹ rate	93.0%	EPRA Net Initial Yield ¹	6.2%	EPRA Net Initial Yield on Acq. Cost	6.6%
EPRA NAV per share	€9.65	GAV	€899m	GLA Owned	556,163 sqm		
Net Profit	€43.6m	Dividends ³	€12.0m	LTV ⁴	39%		



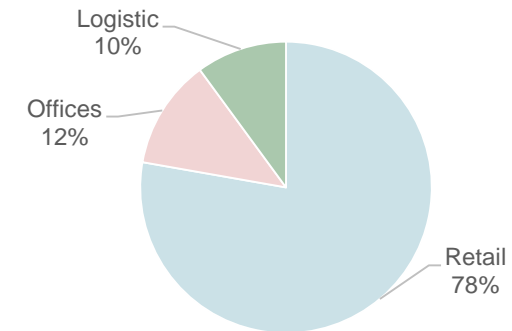
¹ Marcelo Spínola's EPRA Annualized net rent, EPRA NIY and EPRA Occupancy rate are not included in the calculations due to the lack of representativeness. During Q4 2014, the office was prepared and evicted in order to refurbish the property. The refurbishment was started during Q2 2015. ² Excludes Sagunto Retail Borrowings development, with an expected Annual Net Rent generation of €4.4m. ³ The company has proposed to distribute 90% of its EPRA Earnings figure registered at 31.12.15 to be approved by the AGM to be held in April 2016. Dividends charged (€4.5m) to the individual profit&loss according to Spanish GAAP and (€7.5m) to the share premium. ⁴ LTV as at 31 December 2015; LTV= Total Loans & Notes / Total GAV.

Lar España's portfolio at a glance (FY 2015)

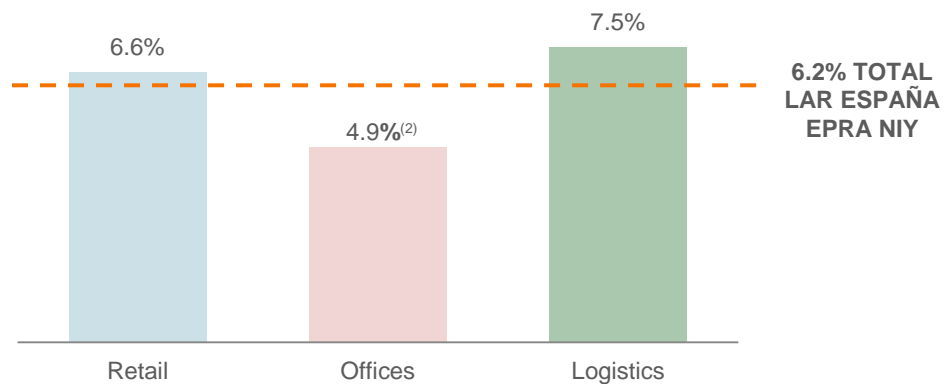
**GLA
breakdown by
asset class**



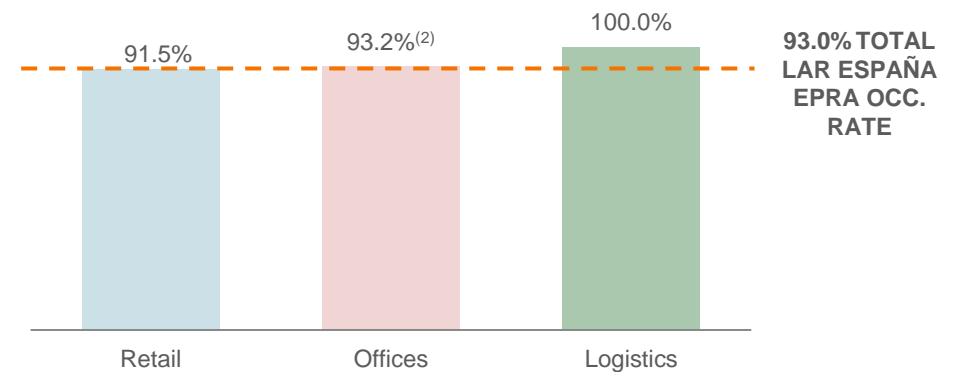
**Rental Income
by asset class**



EPRA Net Initial Yield breakdown by asset class



EPRA Occupancy Rate by asset class

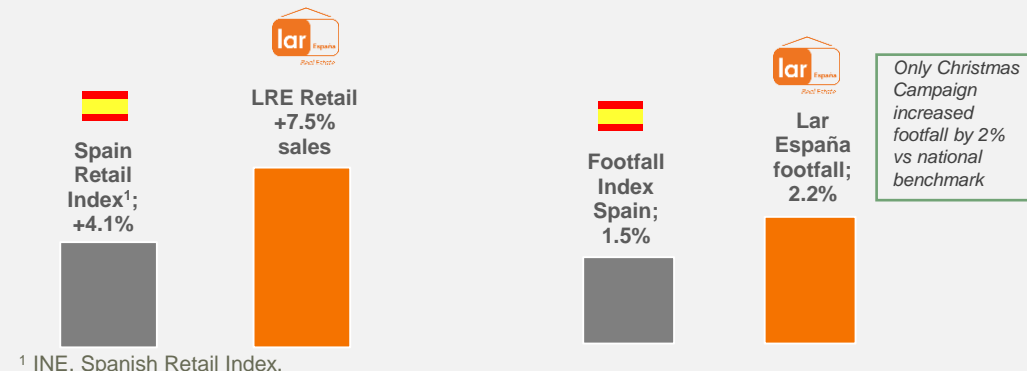


⁽²⁾ Marcelo Spinola's EPRA NIY is not calculated due to the lack of representativeness. During Q4 2014, the office was prepared and evicted to refurbish the property. The refurbishment was started during Q2 2015 and is expected to be finished during Q2 2016. To calculate the NIY for the total portfolio we have excluded the data from Marcelo Spínola.

Lar España has outperformed the market in 2015 backed on an intense letting activity aimed at improving shopping experience

+7.5% of Total Sales and +5% Comparable Sales vs 4.1% of Spanish Retail Index¹

- ✓ **+9%** of total GLA of **letting activity** aimed at improving shopping experience.
- ✓ **+1,449 speciality leasing** and **138 pop-up stores**: Proactive management of common areas of the portfolio.
- ✓ **+960** mall operators.
- ✓ **+38MM visitors** in Shopping Centres.



Excellent top tenant line-up and active management strategy over dominant Assets in their catchment area

Renewal; 60



*Intense letting Activity
9% out of total GLA / 103 New contracts since acquisitions*

Reletting; 18



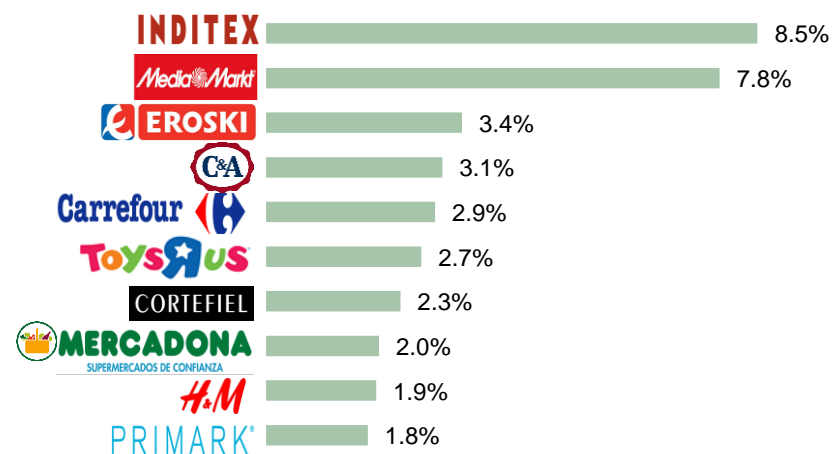
New letting; 21



Relocation; 4



Top 10 tenants represent 36% of retail sales

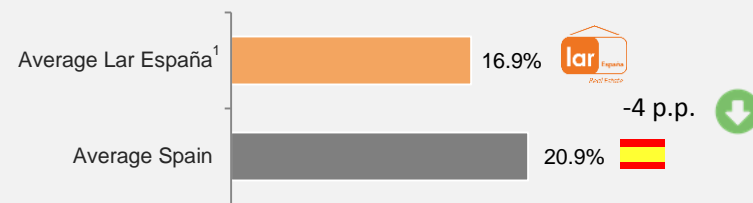


Lar España is present in key geographies with positive macro dynamics

✓ -4 p.p Outperformance in unemployment rate¹ of Lar España's geographical sources of annual net rent.

¹ calculated as the unemployment rate of the Spanish regions weighted by the annual net rent from those geographies.

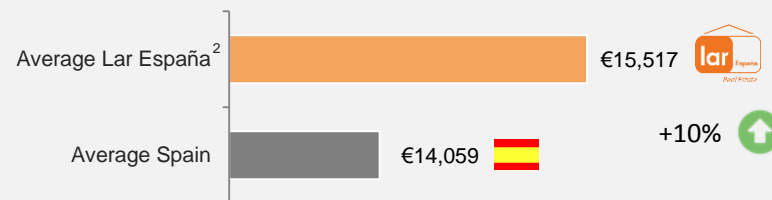
Unemployment: Lar España's outperforms in its regions



✓ +10% of Gross disposable income² in the regions where Lar España is present.

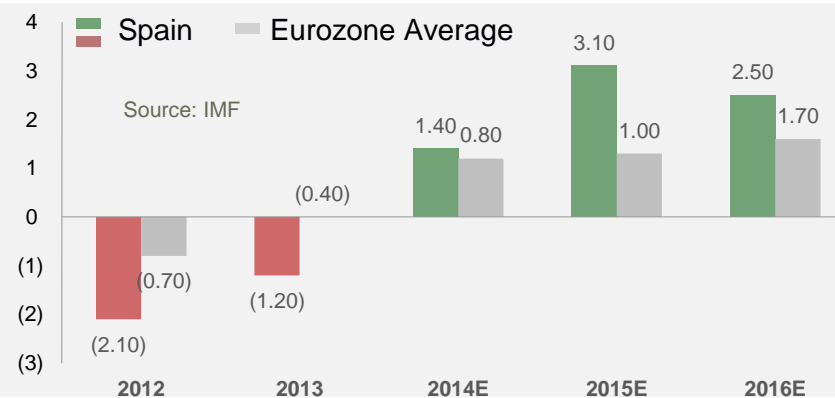
² calculated as the Gross disposable income per capita of the Spanish regions weighted by the annual net rent from those geographies.

Gross income per capita ahead of the Spanish Average



✓ Outperformance of Spanish GDP compared to Eurozone's and expected to remain ahead.

Positive Outlook in GDP Growth



Office and logistics assets actively managed

Full Refurbishment



Marcelo Spínola Building

- ✓ Refurbishment works started on 2Q 2015
- ✓ Full remodeling in progress
- ✓ Estimated end of works by the end in July 2016 with an invested capex of €9.5m

Improvements in the Assets

Egeo Building

- ✓ INECO has extended its contract until 2021
14,065 sqm 77% building occupancy €2.73m annual rent

Eloy Gonzalo Building

- ✓ Managing current occupancy to renovate the asset in a gradual way

Arturo Soria 336 Building

COMPLETED: Improvements works on the 2nd and 8th floors in the office areas

COMPLETED: First energy efficiency measures implemented

Contract Management

Alovera II

- ✓ First steps with Carrefour taken for contract renewal, from 2017 onwards

Alovera C2

- ✓ €1m Budget for the holding period with 2016 capex to be invested in decks

Solid Tenant line up

Office



Logistics



LAGASCA99

starts construction works and confirms high latent demand

Construction contract signed and underground works starting in Q1-2016

Off market commercialization

- >30% reservations
- 12 residential units & 1 commercial unit

Done

- VIP sales office in place, marketing plan launched
- Detailed project design in **Q4-2015**
- **Construction contract signed** in February 2016
- Estimated capex **2015-2017: €15m**

Target Action Plan

- Underground construction starts in **Q1-2016**
- Full commercial launch in **Q1-2016**
- **Conclusion of the preliminary design** of the project and currently working on an amendment to the existing license

Figures

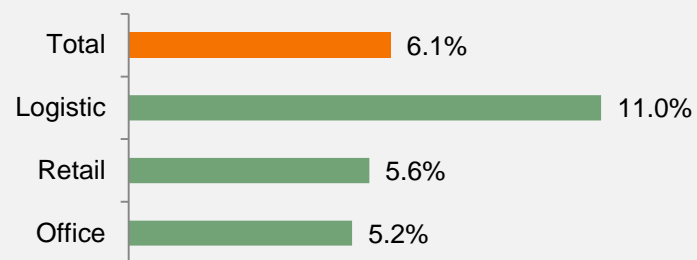
- **>30% pre-sales** (reservations)



Strong Valuation Performance

+€46m of revaluation in a holding period of 10.9 months

Like for like¹ Valuation growth 2015/2014



Valuation Bridge Since Acquisition



EPRA Indicator	31/12/2015	31/12/2014
EPRA Net Initial Yield (NIY)	6.2%	7.0%
EPRA "topped-up" NIY	6.4%	7.1%
EPRA Vacancy Rate	7.0%	7.3%
EPRA Cost Ratio	56.5%	91.3%
EPRA Cost Ratio (excluding costs of direct vacancy)	53.1%	86.0%

¹ Portfolio in comparable terms: comparing with the same properties included in the portfolio at December 2014

² Market Value determined by JLL and C&W as of 31 December 2015.

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Priorities 2016

Retail

Property Management




-  **Target of +5-7% Increase of Sales** and **~96% Occupancy** rate for the end of 2016. 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 & Repositioning



-  **Refurbishment** of Las Huertas Shopping Centre during 2016
-  **Capex** to implement in most assets to attract high quality tenants
-  **Retail technology** (360° Digital Plan) improves shopping experience
-  **Strong pipeline.** Proven access to off-market situations

Office & Logistics

Asset Management

-  **Tenant policies: Unifying and simplifying contracts**
 - Optimize cost pass-through to tenants
-  **Occupancies:** Raising occupancy rates in Arturo Soria
-  **Rents:** increasing rents according to market conditions

Capex

-  **€6.7m Full Refurbishment** in Marcelo Spínola and selective Capex for Eloy Gonzalo, Arturo Soria and Egeo
-  **€0.81m** in Logistic Warehouses

Repositioning

-  Marcelo Spínola, Eloy Gonzalo: expecting incremental rents

Full implemented corporate governance

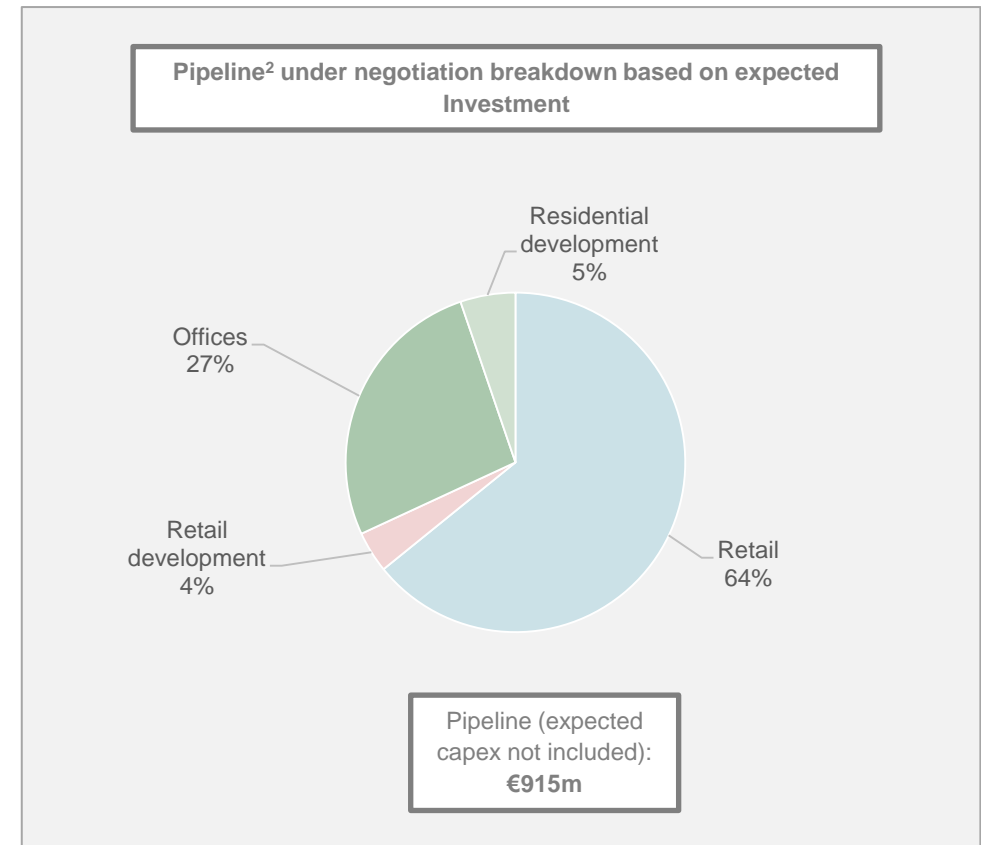
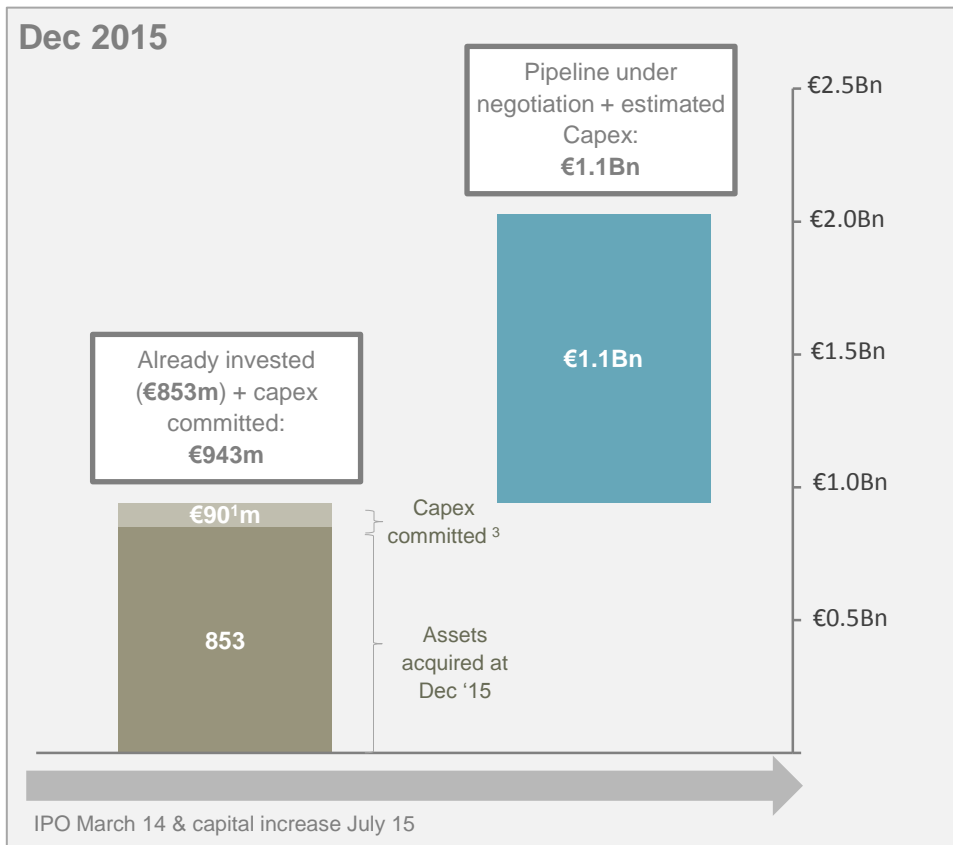
Board & Manager's commitment

- **International standards** of Governance and Code of Conduct.
- **Independent and high quality board;** 4 highly regarded independent directors (4 out of 5)
- **Grupo Lar commitment:** holds a **2.5%** stake in Lar España, subject to a 3 year lock-up period since March 2014

Exclusivity / Structure

- The Manager is committed to **exclusivity for commercial property investment** opportunities in Spain.
- **Critical** activities are carried out in-house
- **Real Estate related** activities and expertise provided by the Manager.

Visible and sizable pipeline with over 80% envisaged off-market transactions



¹ Includes c.€60m of development or building costs related to Lagasca99 and Sagunto

² Cost of development not included

³ Building Capex + Development

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Delivering strong results through active management and new assets

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