



# Corporate Stands



*Real Estate*

## Investor Day

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## October 2016

# Corporate Stands – Presenting Team

## Digital 360° Stand

**Cristina García**  
Head of Marketing at Grupo Lar

More than 10 years of experience in the retail sector  
Cristina has worked for the main retail companies in Spain & Portugal, being her last position Head of Marketing at Unibail-Rodamco  
Professor at EOI university in different programs such as MBA, Customer Experience, Marketing Intelligence, etc.  
Researcher from Universidad Autónoma de Madrid

**Diego de Vicente**  
Founding partner and Managing Director of MODDO

MODDO is a company founded in 2010 and specialized in technology applied to fashion  
PhD in Economics and Business Administration by the Complutense University  
Associate professor in the department of Business Organization for the Complutense University and San Pablo CEU University

## Transformation Stand

**Alvaro Ansorena**  
Senior Asset Manager

Senior asset manager at Grupo Lar since August 2014  
Previously operating manager at Unibail-Rodamco for 3.5 years

**Nataliia Varvarovska**  
Senior Analyst Asset Management

Member of Asset Management Retail since August 2014  
Analyst and Project Management Officer for Altran (a global leader in innovation and consulting) during 2.5 years  
CFA Program Level II Candidate

## Retail Investment Stand

**Susana Cabrera**  
Director Investment & Divestment

Head of Transaction Management Retail from February 2014  
14 years of experience in Real Estate sector  
Portfolio Manager leading the acquisition and asset management of European retail funds for ING REIM & CBRE GI during 11 years

**Javier Muelas**  
Senior Investment Analyst

Member of Transaction Management Retail since March 2015  
2.5 years of experience in Real Estate sector  
Passed Level I of the CFA Program  
Real Estate & FIG Equities Analyst for Alantra (former Nplusone) during 1 year

## Retail Development Stand

**Fernando Sánchez de las Matas**  
Technical Director

Architect specialized in Commercial/Mixed Use projects, with 26 years of experience in Real Estate, leading complex design processes and world-class professional teams.  
Architecture Director in multinational companies: Wanda Group, INTU-Eurofund, Mall Plaza Chile, Riofisa

**Beatriz Moreno-Luque**  
Development Manager in Retail Development Department

7 years of experience in Real Estate Consultancy as valuation and investment analyst  
Previously worked in KPMG FIG & Real Estate Team and Aguirre Newman

## Lagasca99 Stand

**Luis Valdés**  
Sales Manager of Lagasca99

10 years of experience in Real Estate sector  
Previously worked in CBRE & Variant as Senior Consultant and Head of Residential Department respectively

**Nicolás Alcibar**  
Project Manager of Lagasca99

More than 10 years of experience in Real Estate sector  
Previously worked in Cushman & Wakefield, Lico Leasing  
Member of RICS



Digital 360°



**Investor Day**

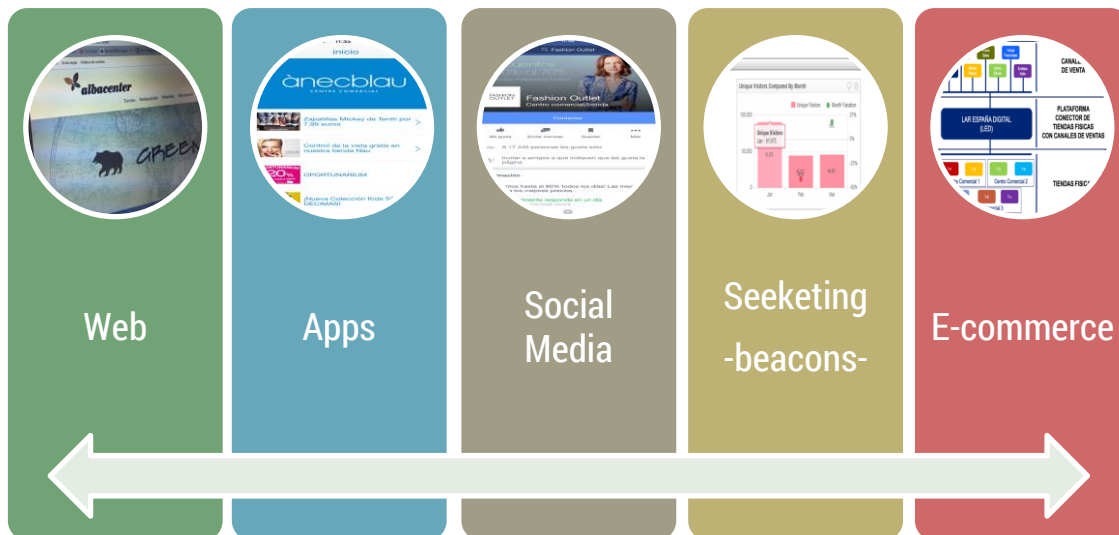
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**October 2016**

# Digital channels to be in

## LAR ESPAÑA EXISTING CHANNELS

- Our first goal is to KNOW our clients and their needs. We go from know or clients to CONNECT them.
- Now, more than ever, many people are connected digitally to their 'love brands'. Our brands need to be also in the digital environment.
- We need to have the proper channels to connect with our customers in they way they want to.



# DESCUBRE!

LAS MEJORES MARCAS CERCA DE TI

TU PARQUE COMERCIAL EN **ALICANTE** CON MÁS DE 35.000M2 DE LAS MEJORES MARCAS



EL BAÑO QUE IMAGINAS



PRÓXIMA APERTURA: MAISONS DU MONDE



BIENVENIDO A CASA  
2015/2016

BIENVENIDO A CASA

## PARQUE COMERCIAL VISTAHERMOSA

Tenemos claro lo que debe ser un parque comercial. Por eso, desde 2.002 nos esforzamos día a día en cumplir un objetivo claro: conseguir que las mejores marcas estén cerca de ti.

# Digital channels to connect

## SEEKETING SYSTEM

- E-beacons installed in our Shopping Centres.
- Thanks to this system, we are able to know more about the behaviour of our customers within the shopping centres.



### SEEKETING ALLOWS US TO:

Count the number of people in each area

Calculate the average visit time per area

Know the number of new people

Observe the flow of people

Connect them trough an app



# Digital channels to buy I

## NEXT STEP: SALES ONLINE

- We want to offer our customers the type of services they are asking for.
- Buying online is now a reality which is continuously increasing.
- Television did not kill radio; sales online wont kill sales offline. We need to be updated.

### consumers

- New channel for buying
- Better experience with the brand
- Access to promotions and new services
- Click & Collect Service

### retailers

- Improve the services directed to clients
- Improve the control of stocks and operations
- Cross-selling opportunities and sales through click & collect
- Access to more products and Infinite corridor

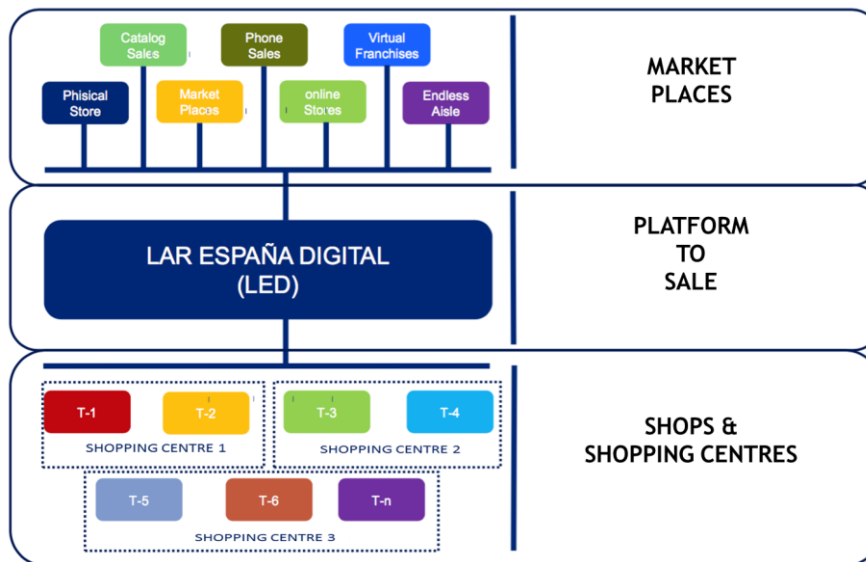
### owners

- Differentiation among its competitors
- Be perceived as modern and updated
- New incomes thanks to the new channel
- Add value to brands

# Digital channels to buy II

## SALES ONLINE: PROCESS

- Shops from each shopping centres will get requests directly from customers or other market places.
- The platform will receive visits from customers within the catchment area but also outsiders: new sales creation.





**CATEGORÍAS**

- Automóvil y Motos
- Electrónica
- Deportes y Exterior**
- Smartphone y Tablets
- Salud y Belleza
- Bolsos, Zapatos y Accesorios
- Juguetes y Hobbies
- Televisores
- Ordenadores y Portátiles
- Joyas y Relojes
- Luces y Lámparas
- Más Categorías

**Inicio**

**Novedades**

**Rebajas**

**Inspírate**

**Centros Comerciales**

**Contáctanos**

**Deportes**

- Running
- Ciclismo
- Fútbol
- Otros deportes

**Exteriores**

- Acampada
- Telescopios
- Sombreros
- Calzado
- Bolsos de dormir

**Baño**

- Baño Mujer
- Baño Hombre
- Baño Niños
- Sombrillas
- Toallas
- Gorras y sombreros
- Neveras portátiles

CONSIGUE UN  
DESCUENTO DEL  
**30%**  
EN TODOS LOS  
**DEPORTES Y EXTERIOR**  
SOLO ESTE FIN DE SEMANA



**REBAJAS**

**GRATIS\***



**GARANTÍA**

TIENES 30 DÍAS DE

**PAGO SEGURO**

EN TODAS TUS COMPRAS

**ELECTRÓNICA**

NOVEDADES

MÁS VENDIDOS

MÁS VISTOS

**NUEVO ONIX SP**

NX1 23.2 MP SMART 4K CAMERA WITH 16-50MM  
POWER ZOOM LENS



OFERTA



OFERTA





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# Transformation



*Real Estate*

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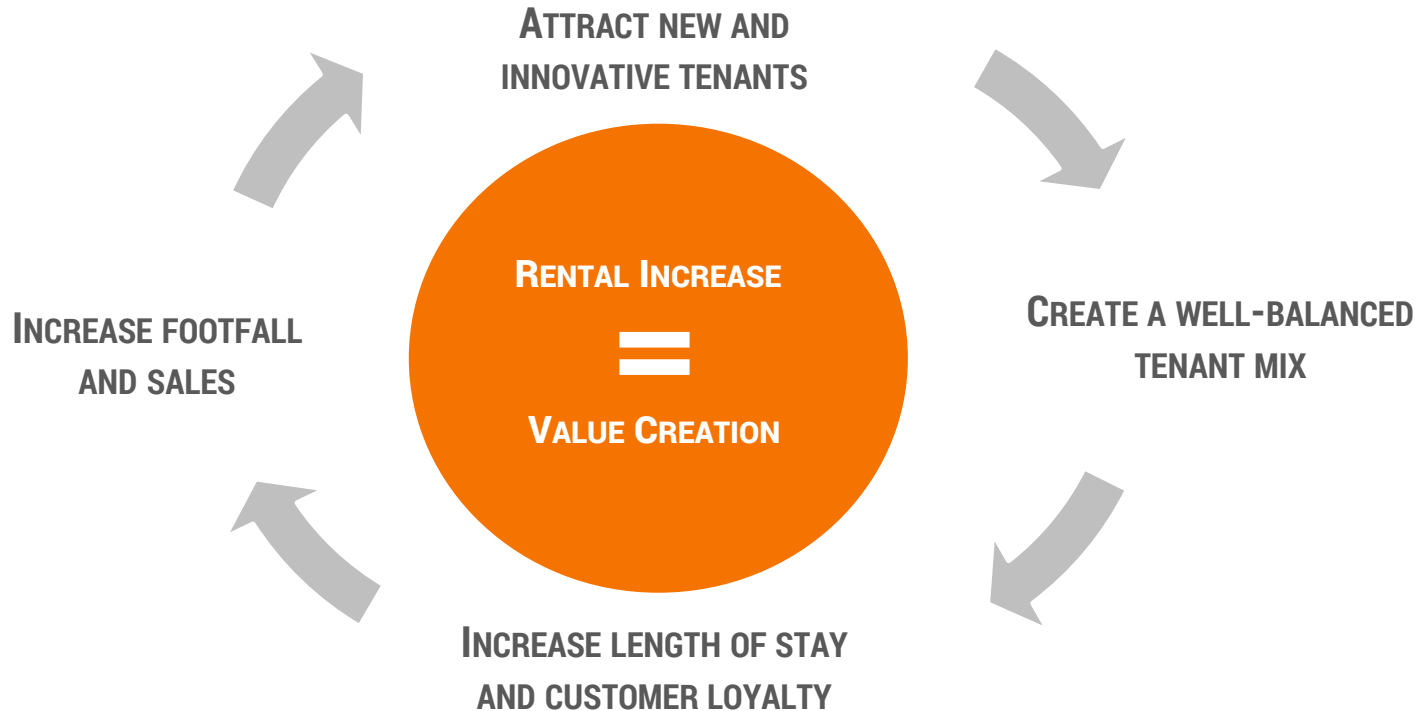
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## October 2016

# Asset Management Strategy Framework



# Fast Value Creation Cycle



# Leasing Strategy: Good Results

**+28%  
MGR Uplift**

**36,000 sqm  
GLA Leased**



## 98 New Lettings

+€1.5 Mn of new rent in vacant units

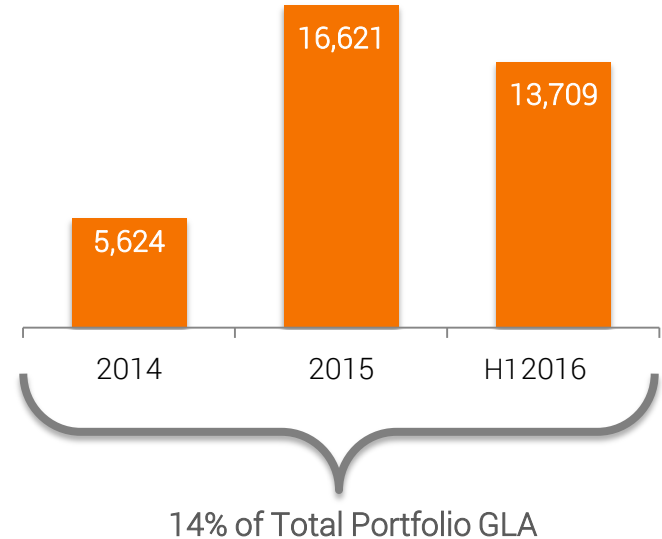


## 95 Renewals

50% of tenants upgraded their image →  
Up-to- date retailers → Higher sales →  
Higher rents.



## 14 Relocations



# Leasing Strategy: Good Results



Txingudi  
Portal de la Marina



As Termas



Albacenter  
Portal de la Marina



Portal de la Marina



DEICHMANN

Las Huertas



EL GANSO

Megapark



**Koröshi.**  
Maniaks Graphic Design TM

El Rosal  
Las Huertas  
Txingudi



Portal de la Marina



El Rosal  
Las Huertas  
As Termas  
Portal de la Marina



Man & Woman

Txingudi



Txingudi



El Rosal  
Megapark  
Albacenter  
Portal de la Marina



# Leasing Strategy: International Retailers

## Portal de la Marina



# Leasing Strategy: International Retailers

As Termas





# Leasing Strategy: International Retailers

## Portal de la Marina



# Leasing Strategy: International Retailers

Albacenter





# Leasing Strategy: International Retailers

## Las Huertas



# Leasing Strategy: International Retailers

Txingudi

Before



Now



# Leasing Strategy: International Retailers

## Portal de la Marina

**Before**



**Now**





# Leasing Strategy: International Retailers

Txingudi

Before



Now



# Strategic Marketing

## The New Marketing

- What do we aspire?
  - We want to become leaders in the minds of our customers
- How do we do it?
  - Locate inexistent markets and expand beyond saturated markets
  - Define new concepts, products and services
  - New pricing models

Partner:



# Shopping center Management

Familiar



Digital  
experience



Memorable  
experiences

Greenery

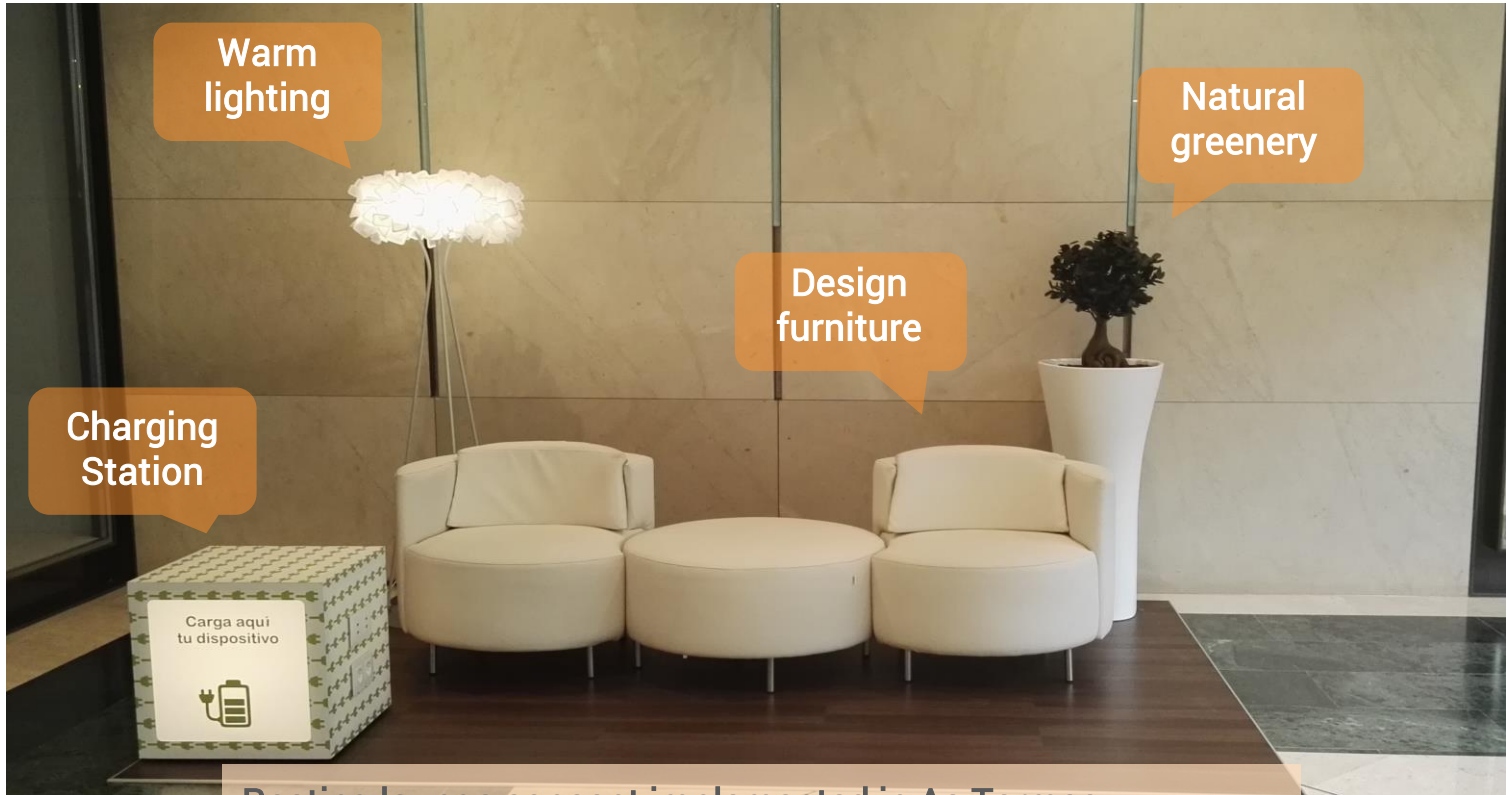


Welcoming

Multisensorial

Services

# Shopping center Management: Focus on unique experiences

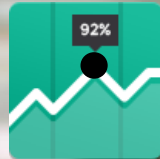
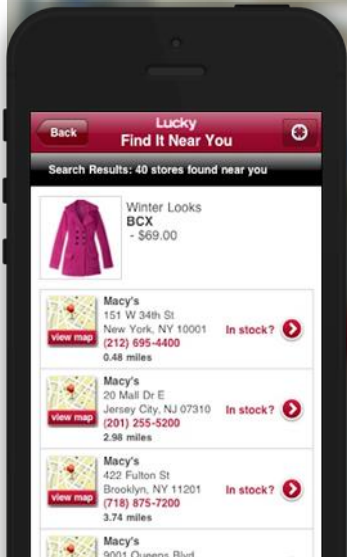


Resting lounge concept implemented in As Termas...  
...soon to be rolled out to whole portfolio



# Shopping center Management

-Business intelligence based on mobile technology-



Invisible detection of  
**Our visitors**



Building our  
**Customers profiles**



Engagement at  
the **sale point**

# Shopping center Management: Events



ALBACENTER

9,000 visitors





# Refurbishment Projects

## Las Huertas

### Before





# Refurbishment Projects

## Albacenter

### Current status



# Refurbishment Projects

Txingudi

## Current status



# Asset Management Strategy Framework





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# Retail Investment



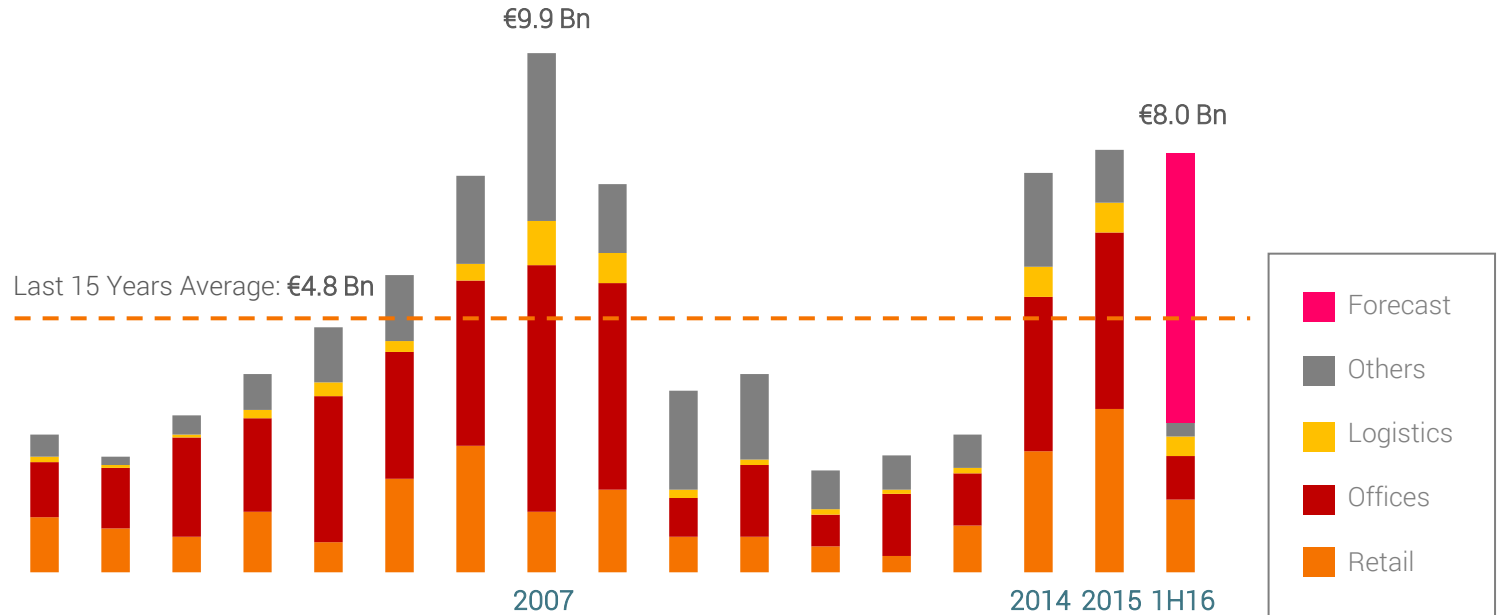
*Real Estate*

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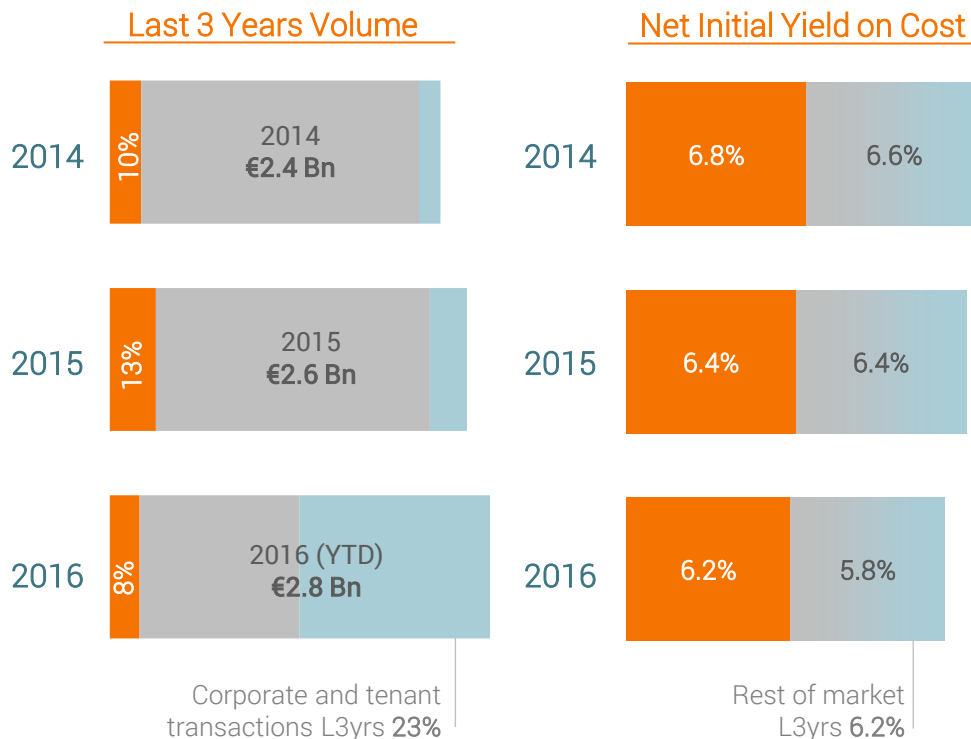
## October 2016

# The CRE Investment Context<sup>1</sup>



(1) Excluding high street, corporate and tenant transactions  
Source: Savills and BNP Paribas

# Lar as one of the main retail players<sup>1</sup>



■ Lar España Transactions

■ Direct Market Transactions

■ Corporate and Tenant Transactions

(1) Excluding high-street transactions  
Source: Grupo Lar



# Lar as one of the main retail players

## Lar España Retail Figures at a Glance (L3yrs)

#1 investor

Controlling stake

#2 investor

Investment volumes

#3 investor

GLA acquired

✓ **Retail investment**  
Lar €793 Mn *10% of market*

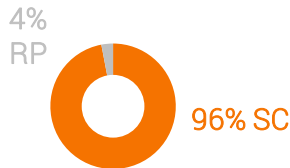
✓ **Entry NIY (oC)**  
Lar 6.5% *vs 6.2% market*

✓ **GLA acquired**  
Lar >350K sqm

# What are we looking for?

## Asset Type

1. Dominant shopping centres
2. Strong retail parks with conservative rents
3. Development on a selective basis



## Asset Quality and Location

1. Dominant assets in their catchment areas
  - a) Low/medium commercial density (barriers of entry)
  - b) Above-average GDP per capita
  - c) Contribution from tourism
  - d) GDP growth potential

## Value-add Strategy

1. Previously under-managed assets
2. Requiring Capex efforts and strong asset management

## Ownership

1. High level of ownership in target schemes to implement value creation strategy



## Target Return

1. Levered return >12%

# An investment example

Gran Vía de Vigo: Why we invested in it?

**Above-average GDP per capita:** 2nd wealthiest city in Galicia

**Excellent Location:** in Vigo's main shopping street

**Low Retail Offer:** >10% below national average

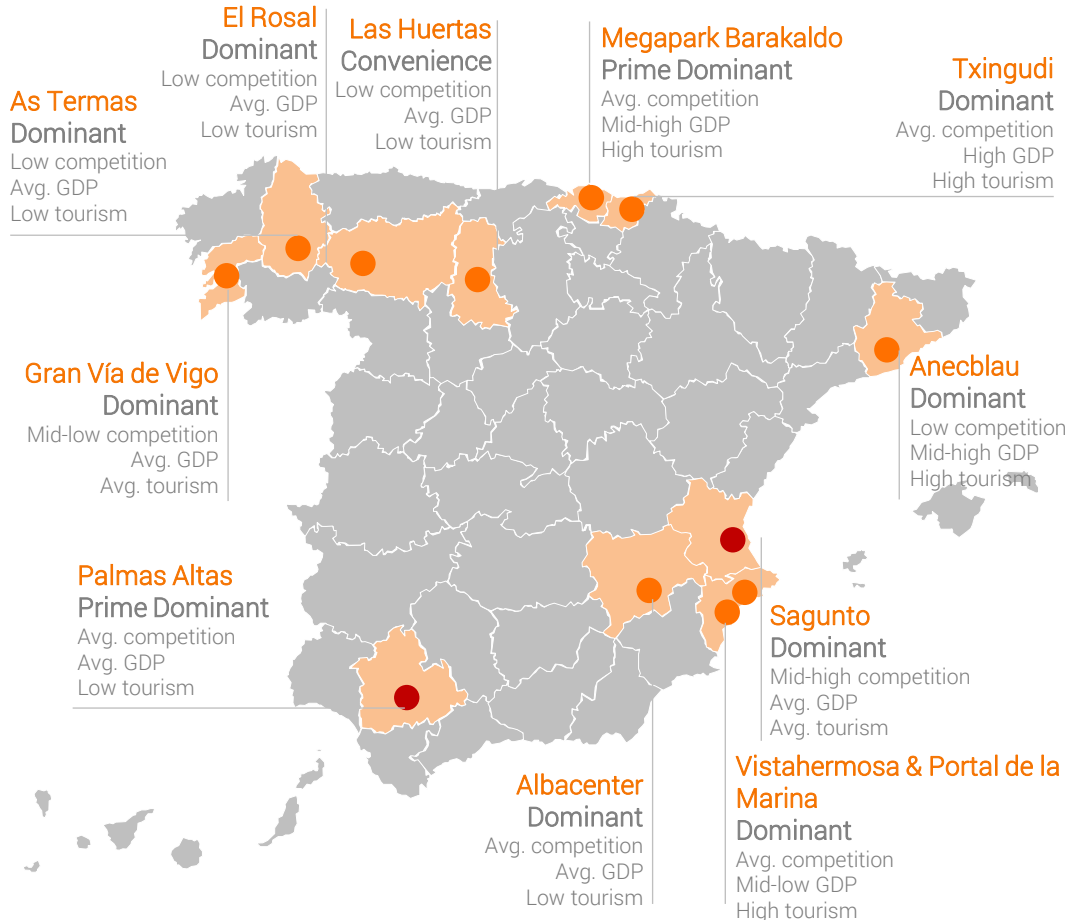
**Add-value Potential:** Capex budgeted for upper-floor refurbishment

**Tenants Quality:** Carrefour, best Cinemas in Galicia, Inditex brands

**Dominant:** 7.2Mn visitors and c.500k potential catchment



# What have we achieved?

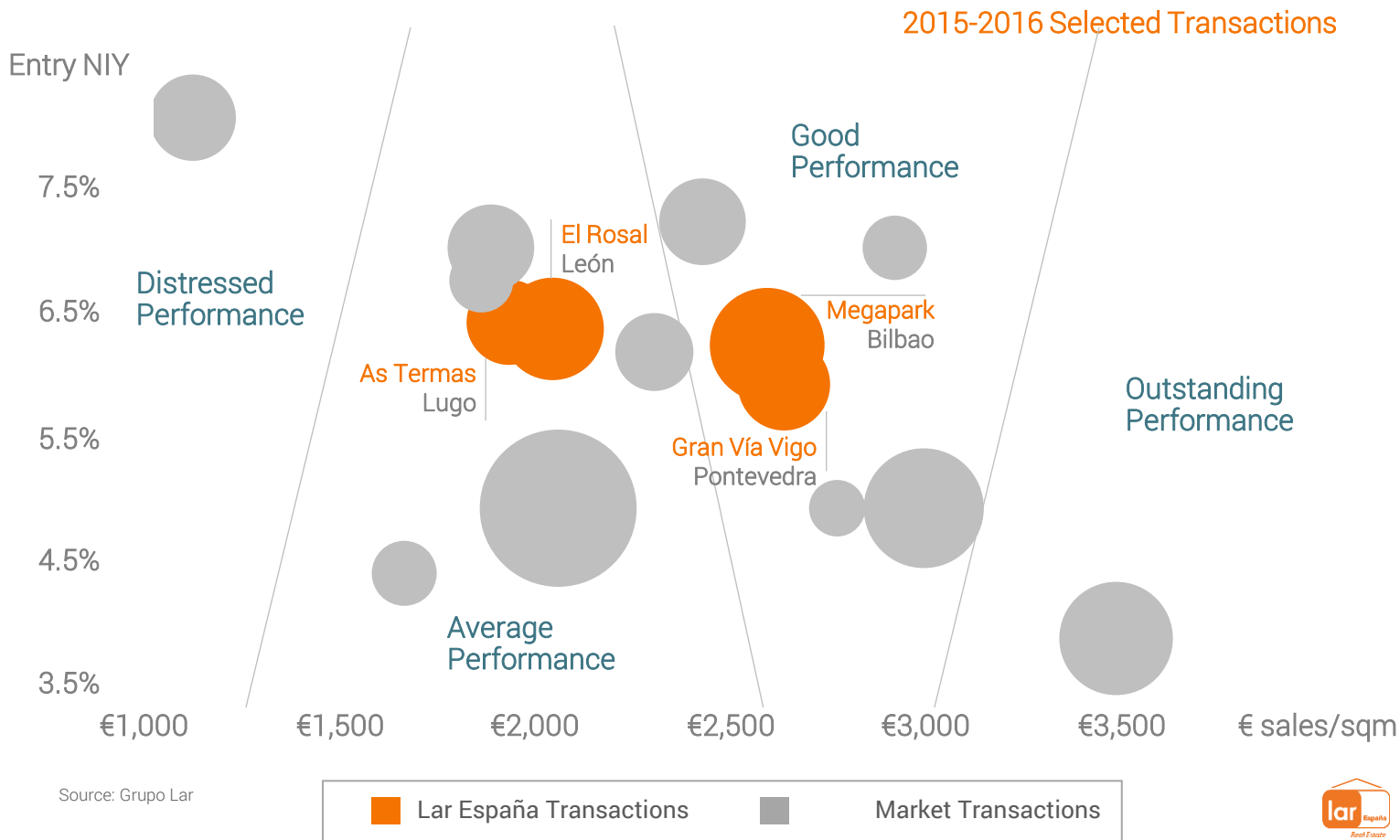


82% of  
transactions  
have been  
off-market

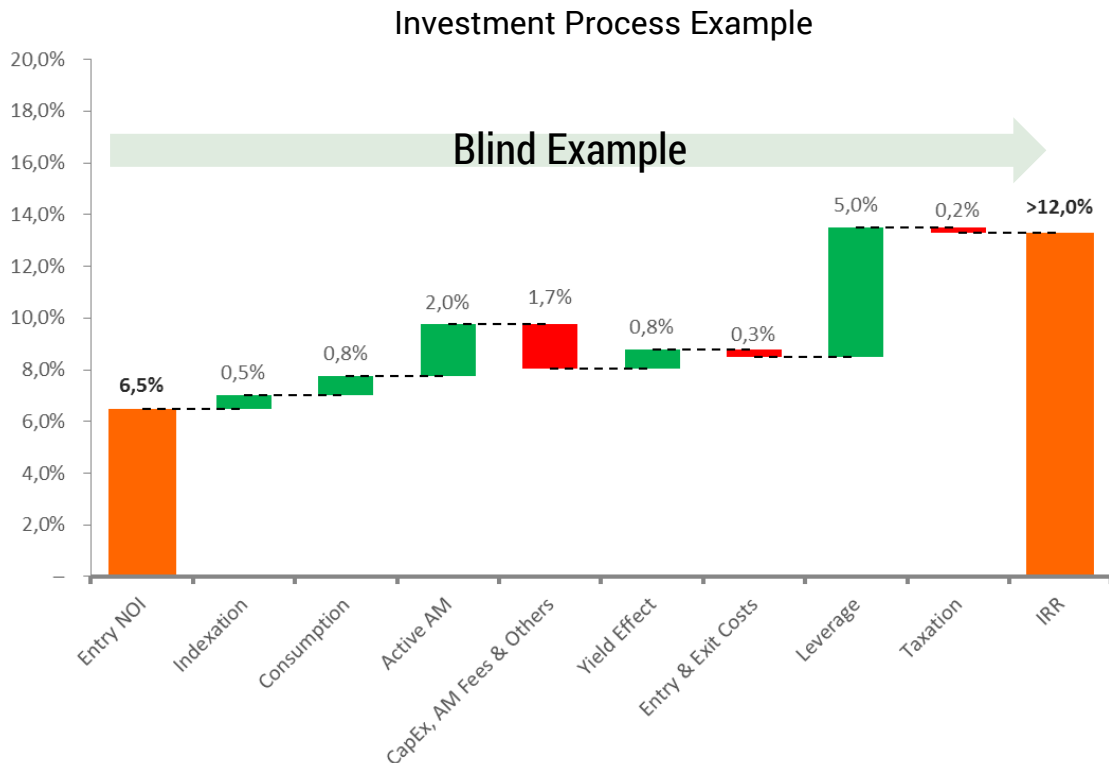
- Under Management
- Under Development



# Our Investment Positioning

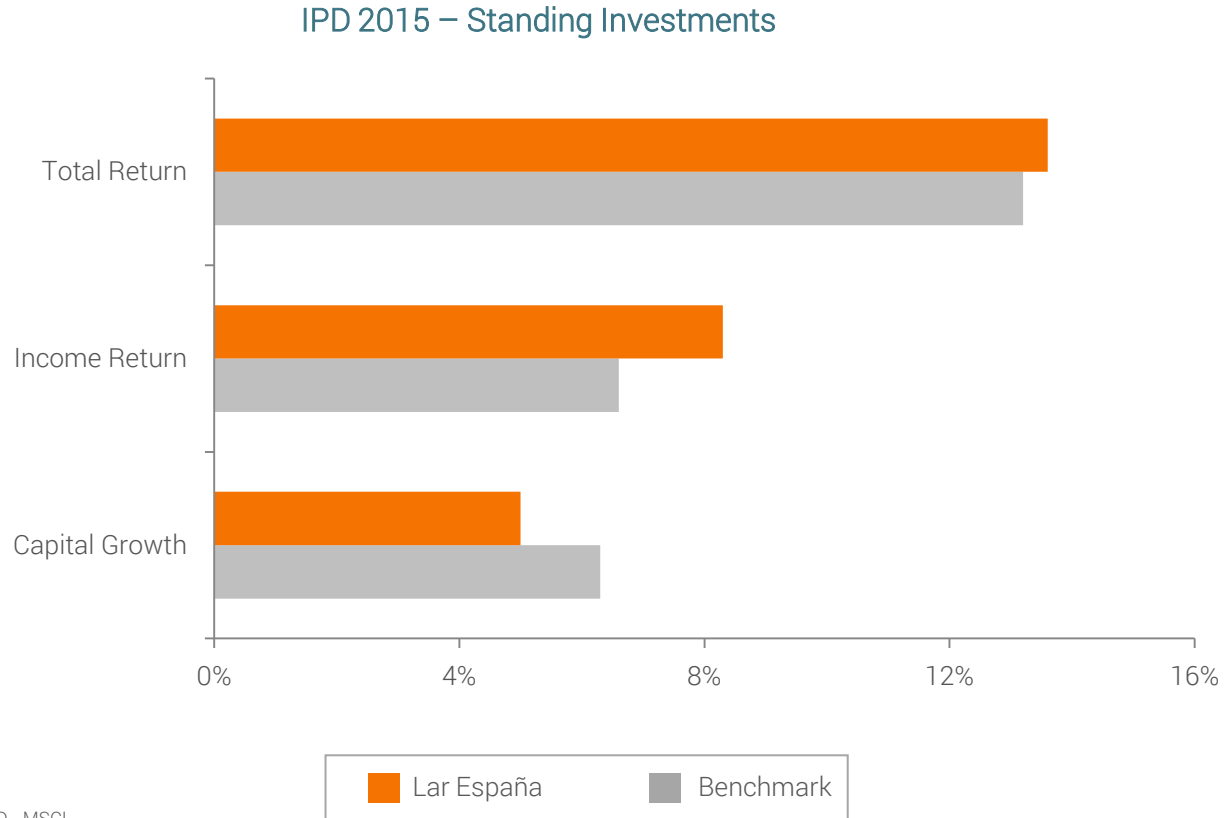


# How do we create value for shareholders?



“The retail strategy of Lar España -strict asset selection and additional value creation through active asset management- results in outstanding returns to its shareholders”

# How do we create value for shareholders?



Source: IPD - MSCI



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# Retail Development



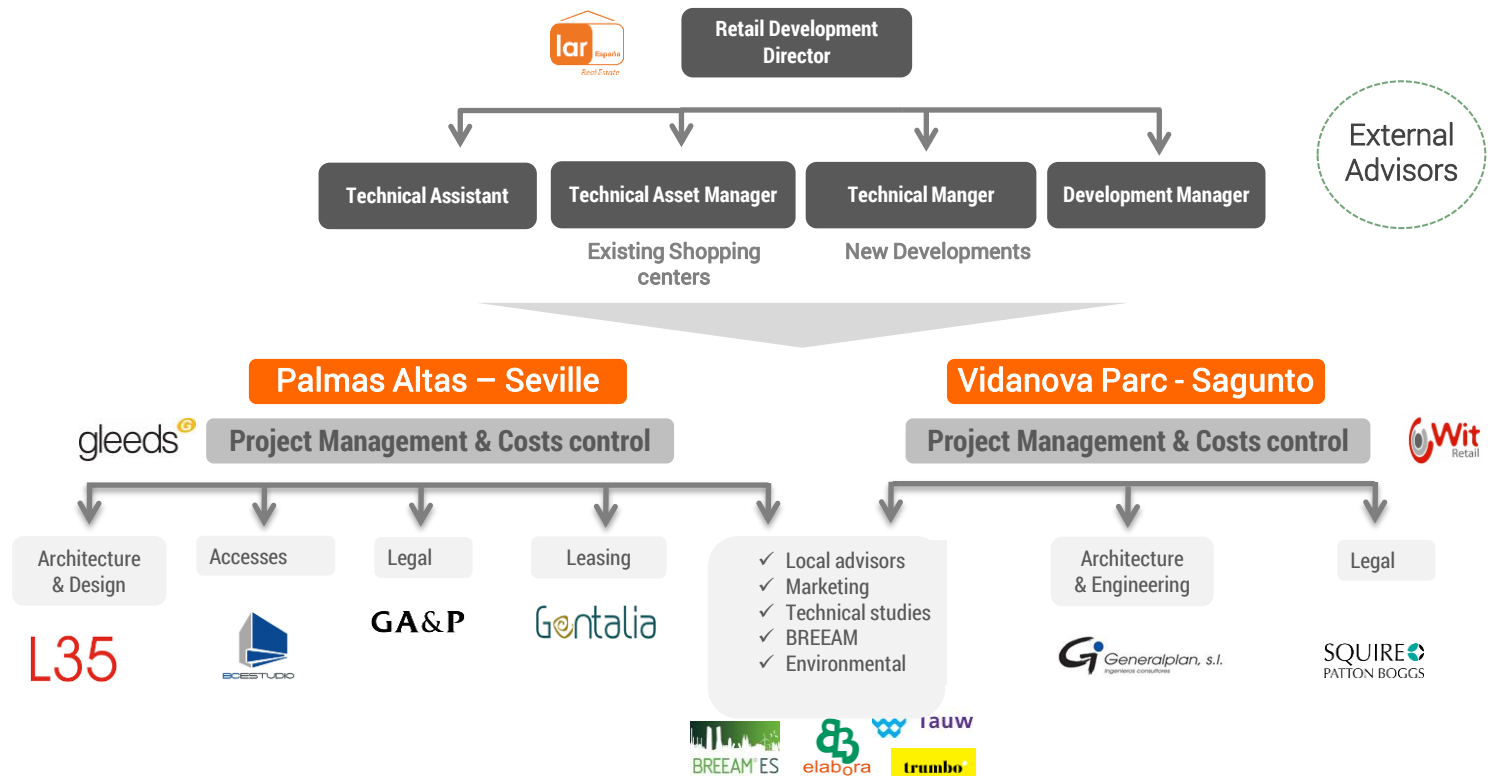
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## October 2016

# Development Team



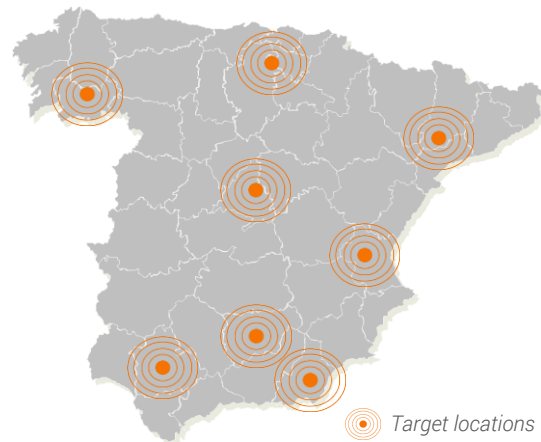
Highly experienced in-house team, supported by qualified external advisors

# Why Development?

Generation of market opportunities for Lar España

## Land Market Opportunities in Target Locations

- ✓ Low competition: Market gap
- ✓ Tourism Attraction
- ✓ Retailers 'target location
- ✓ Minimum development risk



## Dominating Projects: High Quality & New Concept

- ✓ Traditional concepts are obsolete: Innovative concept
- ✓ New Generation Retail Assets: New experiences, green areas..
- ✓ Creating a "place to stay" for customers: entertainment areas



## Opportunity to Create Value

- ✓ Higher profit & project returns
- ✓ Yield on cost > 8-9%



Support to investment and asset management departments

# Ongoing Projects

	PALMAS ALTAS SEVILLE	VIDANOVA PARC SAGUNTO
Excellent location	Best possible location: urban site	Best possible location: urban site
Catchment area	1.5 Million people	250,000 people
Tenants target location	✓	✓
Low competition	Low commercial offer in the immediate area	Nearest similar retail park is 19 km far from Sagunto
Touristic destination	3.5 million visitors in 2015	Triple population in Summer
New concept	Sustainable Family oriented Modern & comfortable	Balanced commercial mix Family oriented Modern & comfortable



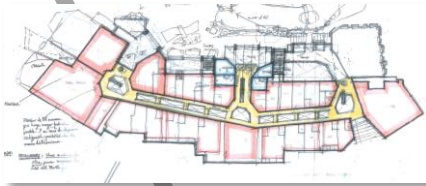
Best locations to get retail assets leaders in their catchment area

# Development Process

## Feasibility Report

Technical and commercial Due Diligences  
Meet LRE investment parameters

## Land Acquisition



## Concept Design

Architectural + Retail Concept  
**Research**  
Financial analysis  
Leed/Breem implementation  
Pre-commercialization support



## Master Planning

Layout alternatives  
**Innovation**  
Commercial Mix & Flows  
GLA confirmation

## Leasing strategy

Leasing Plan compliance  
**Retail/Architect. feedback**  
GLA control  
Commercial info & material

## Retail Innovative Concepts

A place to stay  
Family oriented  
**New experiences**  
Modern & comfortable  
Tenant & customers demand  
Balanced commercial mix



## Opening

Final quality control  
**Retail targets**  
Commissioning  
Start Asset management

## Construction

Architectural quality control  
**Value-Engineering**  
Leed/Breem commissioning  
Private Works Team





# Projects Images

## Palmas Altas - Seville



Palmas Altas has 100,000 sqm of commercial, leisure and green areas, including a 6,000 sqm lake, excellent for water activities, sailing, etc

# Project Images

## Vidanova Parc - Sagunto



VidaNova Parc is a new concept of leisure, shopping, entertainment and life.



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Lagasca 99



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**October 2016**

# Driver of value to Lar España Shareholders

“Nowadays, Lagasca 99 is one of the reference projects in Europe and the most important residential project from the Salamanca’s neighborhood of Madrid”

*Antonio Pan de Soraluce.*

*Partner.*

*Colliers Internacional*

After a major commercial success off market committing more than 42% of the product and with an impact on the sales over the initial estimate (10,000 € / sqm).

Lagasca 99 will launch the marketing to the market in October.

## *Construction works on schedule*

In the first days of October, it will be completed the foundation and structure to the street level. The construction works have been proceeding smoothly and on schedule.

## *Significant Revaluation of assets*

The latest deals in the prime residential city center, as well as the product scarcity due to development problems, suggest a significant revaluation since acquisition of the plot of land.





# A residential project in a unique location

Acquisition  
date:  
30/01/2015

Acquisition  
price:  
€50 Mn <sup>1</sup>

26,203 Sqm

Price per  
sqm:  
3,807/sqm





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