



Real Estate

Corporate Presentation

www.larespana.com

March 2017

Snapshot

✓ First IPO of a Spanish REIT listed on the Spanish Stock Exchange

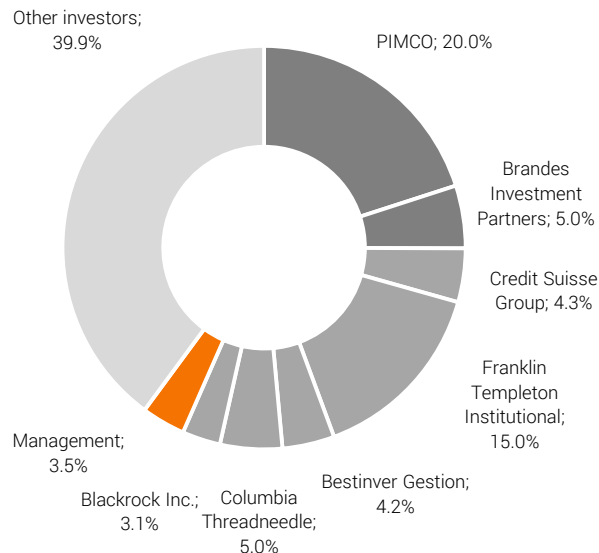
✓ Focused on creating both sustainable income and strong capital returns for shareholders

✓ Lar España is managed by Grupo Lar, private Real Estate Asset Manager, Investor and Developer with a 40 year track record of international experience

✓ Lar España is a leader in retail, due to the size of the portfolio and the quality of the assets as well as the capacity and quality of its management

✓ A clear investment opportunity in a unique shopping experience platform

Shareholder Structure



Source: CNMV

Governance Structure

Independent and experienced Board: 4 independent directors (4 out of 5)

José Luis del Valle

Chairman and
Independent Director

Roger Cooke

Independent
Director

Pedro Luis Uriarte

Independent
Director

Alec Emmott

Independent
Director

Miguel Pereda

Grupo Lar

Juan Gomez-Acebo

Secretary
Non Member

Critical Activities internalized

Sergio Criado

CFO

Jon Armentia

Corporate
Manager

Susana Guerrero

Legal
Manager

Hernán San Pedro

Head of Investor
Relations

José Díaz Morales

Interim Internal Audit

Retail platform + non-retail assets



Retail

Top retail player

Leading Shopping Centres in their catchment area

Retail parks with proven demand and profitability potential

Good quality properties with excellent access and visibility

75%
GAV



Offices

Offices in consolidated locations of Madrid and Barcelona with good connections / public transport

Recurrent activity with selective rotation

14%
GAV



Logistics

Focus on logistic properties on a selective basis with low rents, low capital values and high yields

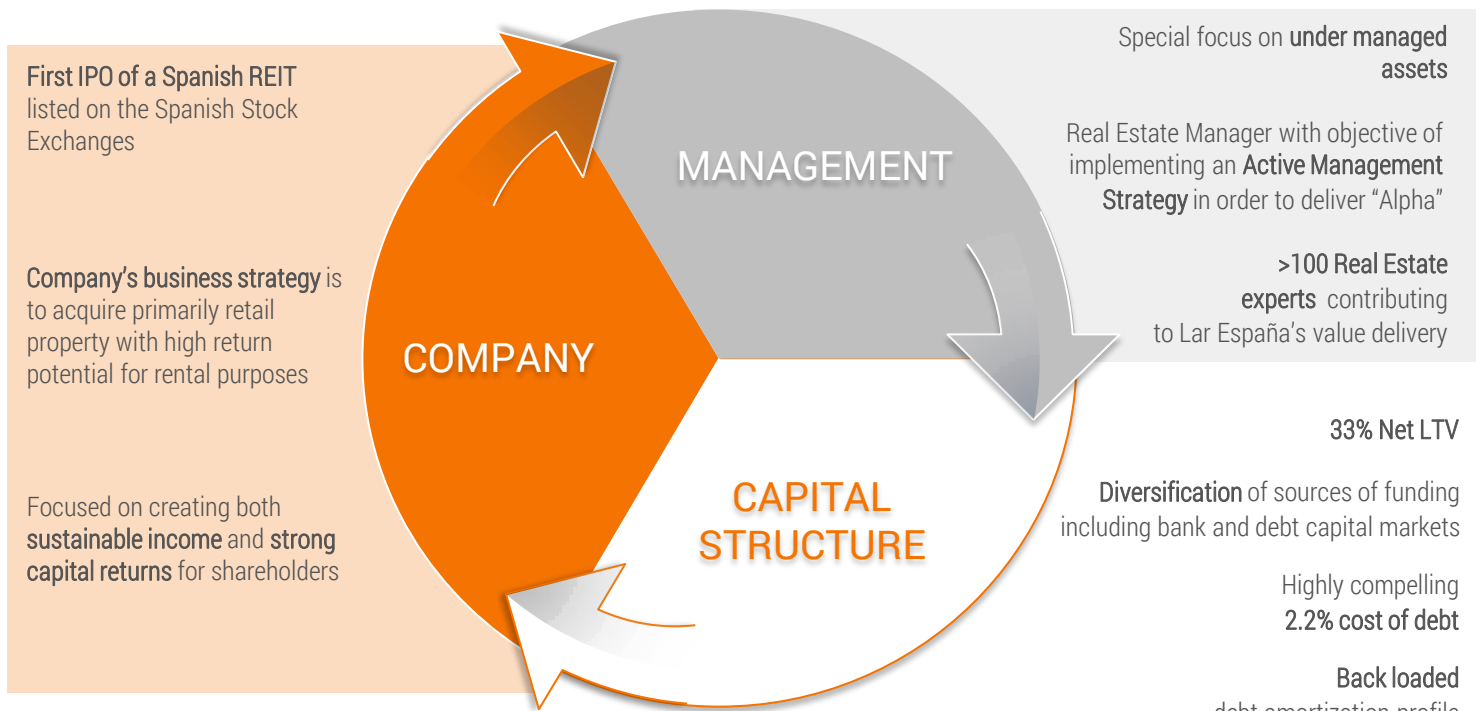
6%
GAV



Residential

Development of first homes in niche markets without zoning risk, limited supply and clear demand

5%
GAV



Focus on shopping centres and retail parks



Key assets in their catchment areas

- Prime assets in their area of influence
- Close to 500,000 sqm GLA



Locations

Locations selected based on:

- Level of competition
- Current GDP per capita and future growth outlook
- Impact of tourism as an additional factor in some assets



Unique platform

A unique platform, which provides an attractive position with retailers and the opportunity to consolidate existing economies of scale



Strength of the portfolio

Strength based on:

- Size of the portfolio (top-3)
- Average size of the centres (2nd in Spain)
- Quality and attractiveness of assets

Non-Retail Assets

Opportunistic approach to other assets



Core locations

- Luxury residential for sale
- Offices in Madrid and Barcelona
- Logistics in main markets as a good complement to retail



Focus on value added assets

Management as a key element to make acquisitions and generate differential value, taking advantage of Grupo Lar's platform in Spain

All assets



Development

Using experience and capacity of development as a differentiating element to achieve better returns with moderate risk

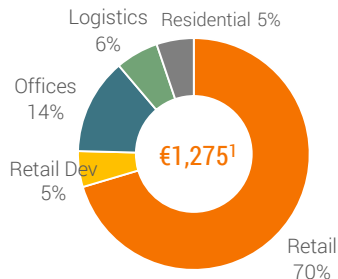


Asset Rotation

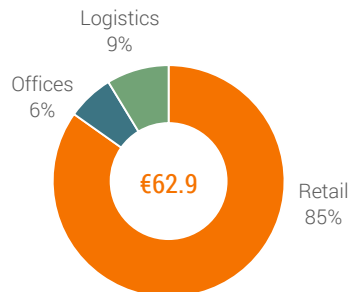
Rotation of assets held for at least three years based on value generation and returns

Main Figures

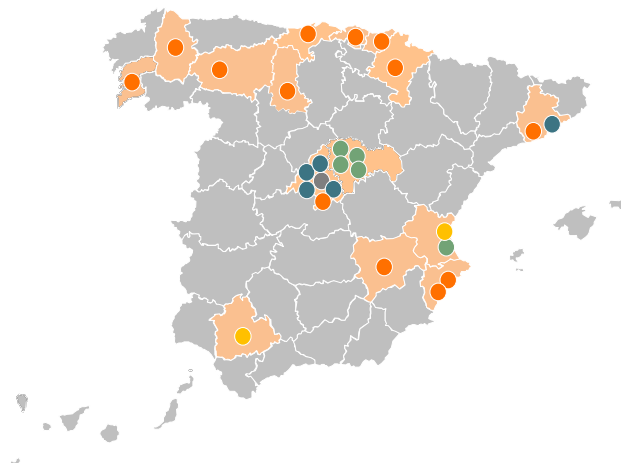
GAV (€Mn)



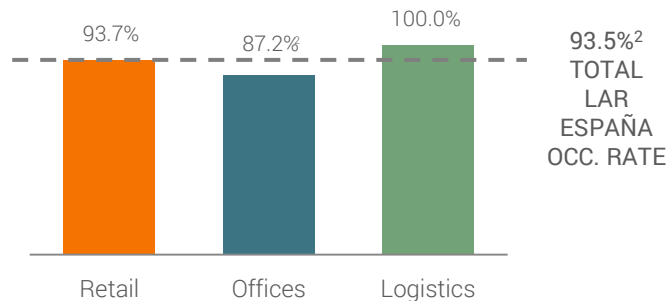
EPRA Annualized Net Rent (€Mn)



EPRA Topped-up NIY



Occupancy Rate



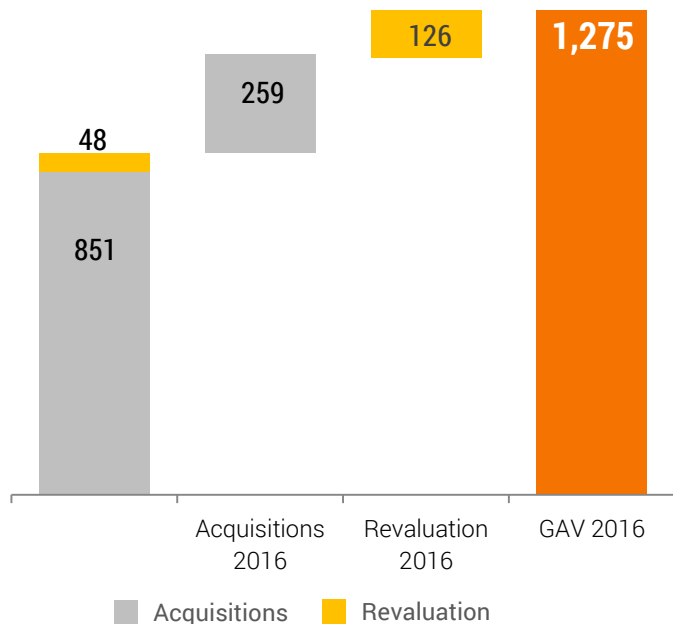
1. Total GAV = Valuation of assets as of 31 December

2. Marcelo Spínola's EPRA Topped-Up NIY and EPRA Occupancy rate is not calculated due to the lack of representativeness. To calculate the Topped-up NIY for the total portfolio we have excluded the data from Marcelo Spínola.

Valuation

Valuation Bridge Since Acquisition

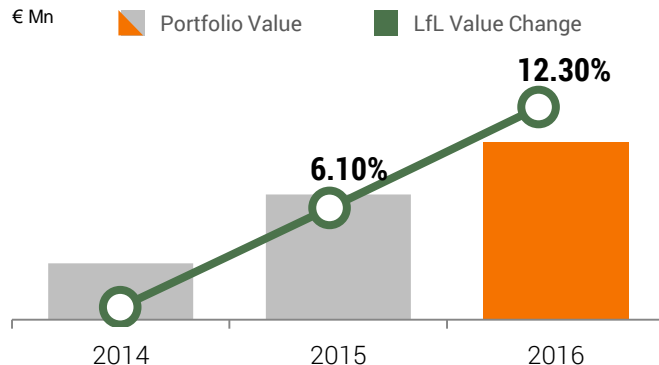
€ Mn



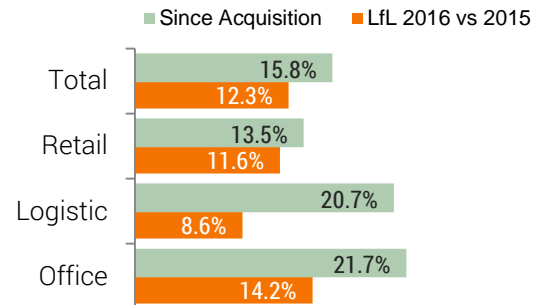
¹ Market Value determined by JLL and C&W as of 31 December 2016.

Portfolio Value evolution and LfL Change

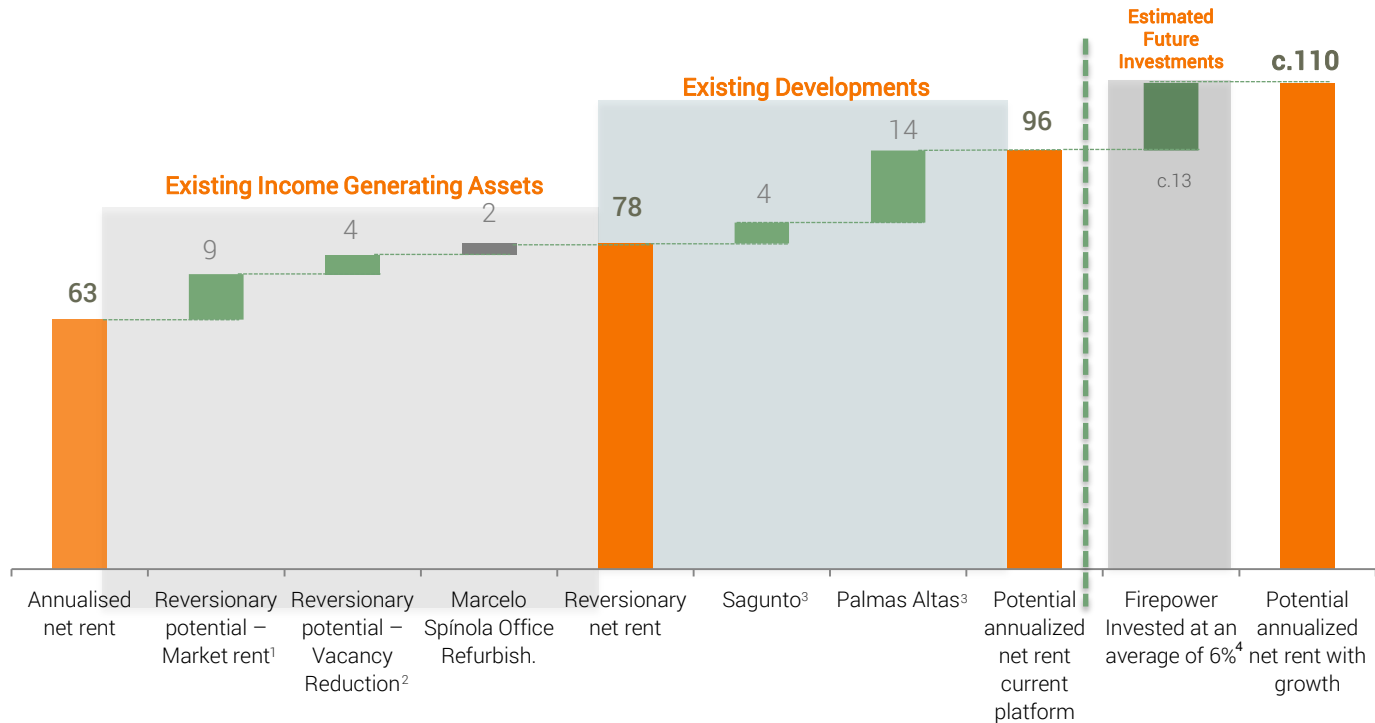
€ Mn



Value Change by Asset Class



Significant potential upside in rents from reversion potential and developments project – *For illustrative purposes* –



1. Illustrative potential additional rent in 2016 calculated as the difference between the market net rent estimated by the Company's appraisal done by Cushman & JLL, as part of their valuation exercise and the annualized net rent obtained by the Company in 2016. Difference applied only to the current EPRA occupancy rate, considering the occupancy rate of the Company's properties as of 31st December 2016.
2. Illustrative potential additional rent in 2016 calculated, assuming the full occupancy of the Company's properties, as the application of the market net rent estimated by the Company's appraisers as part of their valuation exercise with respect to the vacant spaces in each of the Company's properties. Full occupancy has been estimated at 97% for Shopping Centres given structural vacancy and 100% for the remaining portfolio
3. Potential rent that may be derived from certain of the Company's assets under development (Sagunto and Palmas Altas) based on the announced yield at the moment of their respective acquisition (9.2% and 8.0% respectively) as applied to the acquisition price and building capex for each asset
4. Estimated Rental Income assuming an average yield of assets acquired @ 6%

The value of a retail platform

470,000 sqm, 850 shops, c.52 Mn visitors, 13 cities

Retail Leaders in Spain **#1 Controlling Stake**

#2 Investment Volumes

#3 GLA Acquired

Portfolio **Size** gives us benefits in: **Synergies** in procurement of services

Global **Negotiations** with tenants

Present in most regions of the Spanish territory

Millions of physical and digital customer contacts

Attraction for the development of new commercial formulas

Top 10 players own 167 shopping centres which represent c.25% of the total Spanish market

	Total Assets		GLA per Asset (sqm)
	Owned GLA Estimate	No. Assets	
Peer 1		14	38,985
Peer 2		15	30,743
Lar España + Dev ¹	450,451	12	37,538
Peer 3		7	57,100
Peer 4		15	23,848
Peer 5		69	4,857
Peer 6		10	32,742
Peer 7		3	98,960
Peer 8		8	31,710
Peer 9		14	14,499
Total	3,360,899	167	21,742

Source: AECC 2014, CBRE 2015 & Grupo Lar as of July 2016 (all reported figures are estimates)

¹ Lar España Includes development projects (Palmas Altas and Vidanova Paro)

New sources of value – Retail Developments



c.60%
GLA signed and pre-signed

€4 Mn
Expected annual rental
income

44,252 sqm
GLA

c.25%
Pre-agreement

€14 Mn
Expected annual rental
income

100,000 sqm
Retail and family leisure
space



Lar España Digital

Market trends forecasted that individuals will shop increasingly by a combination of online and offline, versus a significant reduction of only online or only offline shopping



Customers

- New buying channel
- Better Brand experience
- Access to personalized promotions and new services
- Click & Collect Service and multiple delivery options



Retailers

- Better Customer Service and better CRO (Conversion Rate Optimization)
- Additional sales, cross-selling and opportunities through click & collect
- Improves stocks and operations control
- Access to more products and infinite aisle



Lar España

- Differentiation among its competitors
- Modern and updated perception. Digital transformation
- New income from the new channel
- Adds value to Lar España's properties

1st year Expectations

↑ 5%

Shopping centre's sales growth

7 Mn

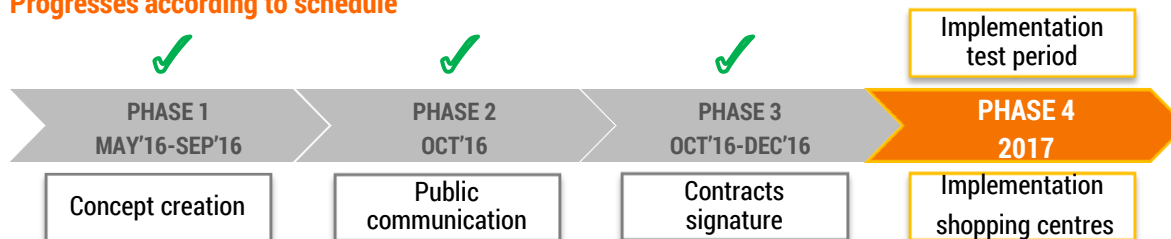
Online platform visitors

€3 Mn

Online platform sales volume



Progresses according to schedule



New sources of value: Residential



2018

Estimated delivery date



Construction works on schedule

The building has reached the 10th floor and the structure will be completed in April



50%
sold

High interest from national and international investors
Price c.11,000€/sqm

+21%
revaluation
vs 2015

Strong revaluation due to scarcity of new prime residential product in Madrid city centre

Existing healthy pipeline of clients in signing process for Q1 2017 onwards



Financial Results – FY 2016



Lagasca 99 Residential Development, Madrid

FY2016 Highlights

1,275 Mn	GAV ¹	+42% vs FY 2015
€117 Mn	EBT ²	+130% vs FY 2015
€60.2 Mn	Rental Income	+69% vs FY 2015
€30Mn	Dividend ³ 2016	€0.33 dividend ⁴ per share
33%	Net LTV ⁴	2.2% Cost of Debt

 			
€9.20	EPRA NAV per share	€830.4	EPRA NAV (€ '000s)
5.8%	EPRA "topped-up" NIY	5.5%	EPRA Net Initial Yield
93.5%	Occupancy Rate	€62.9 Mn	EPRA Annualised Net Rent ⁵

13.4%	ROE	7.7%	ROA	1.1	Solvency ratio
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1. Total GAV = Valuation of assets as of 31st December 2016

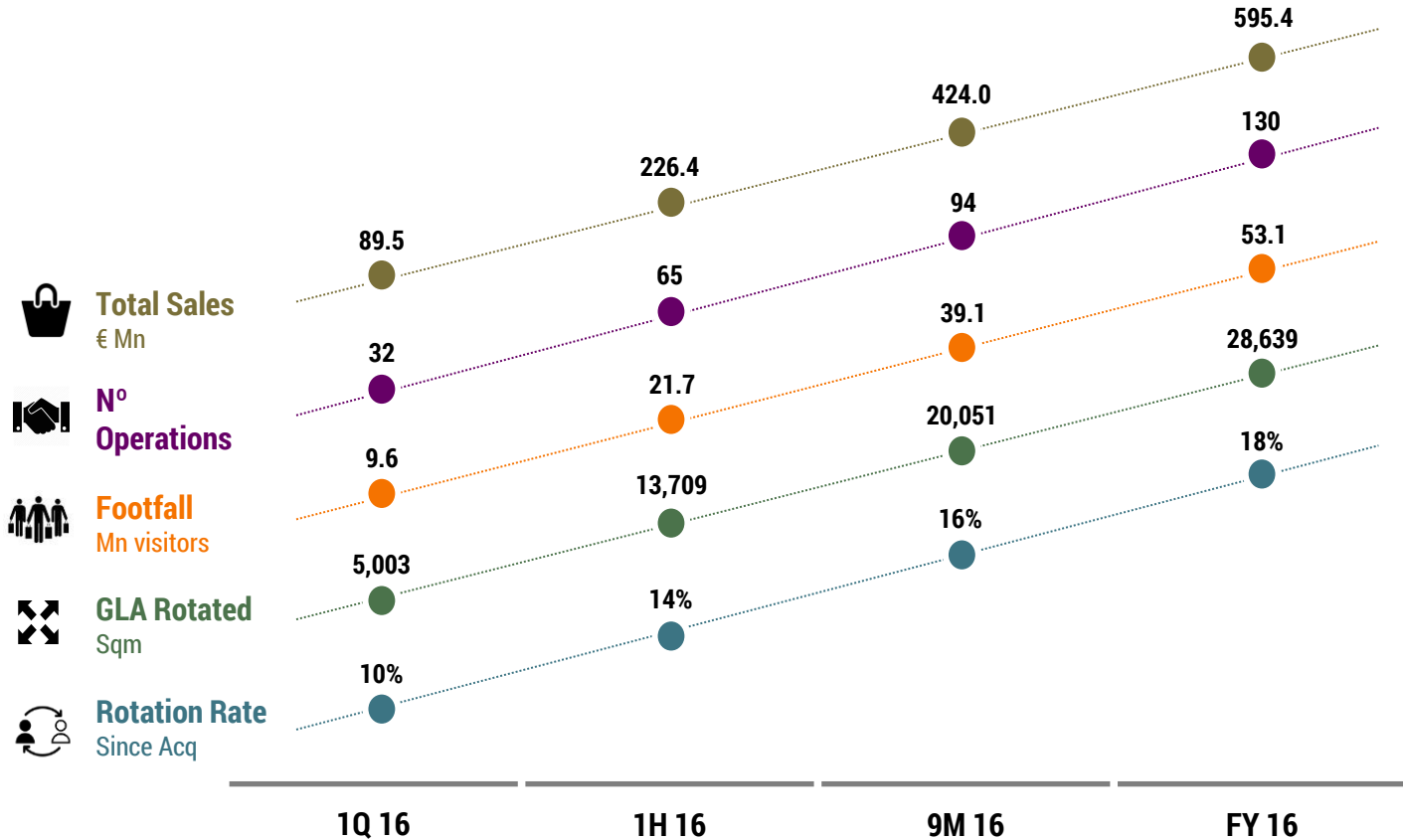
2. EBT pre-performance fee

3. To be approved in the AGM

4. Net LTV as of 31 December 2016

5. Includes only operating assets generating rents at the end of December 2016

Major operative milestones during 2016



FY2016 Operational and Financial Results

01 Solid 2016 Results and Balance Sheet

€60.2 Mn Revenues	+69% vs 2015
€117.0 Mn EBT ¹	+129.8 vs 2015
€25.9 Mn Adjusted EPRA Earnings	+38.6% vs 2015
€830.4 Mn EPRA NAV	+43.7% vs 2015
33% net LTV; €422 Mn Net Debt	2.2% cost of debt

02 Lar España Value Add performance

NOI Increase vs 2015 in Retail	+4.7% LfL
Footfall growth vs 0.9% of Average market	+5.7% LfL
Retail Occupancy vs 2015, up to 93.7%	+1.65 pp
Rotation Rate since Acquisition	18%

03 Stable and attractive shareholder remuneration

€30 Mn Dividend²	€0.331 ps
4.7% dividend yield³	
Above guidance and Business Plan	

1. Pre-performance fee
 2. To be approved in the AGM
 3. Dividend yield based on the market price as at 31st December 2016

Retail Operating Performance

01	#1 in ownership per shopping centre in Spain	#2 in GLA/average per shopping centre #3 in GLA in retail Spanish market
02	+4.7% in NOI Increase vs 2015	Megapark (+7%, TOR:+85%), Albacenter (+16%; TOR: +311%), As Termas (+13%, TOR: +84%)
03	-14% Discounts vs. 2015	Rosal (-56%), Megapark (-50%)
04	Occupancy +0,8p.p vs 2015, up to 91,9%	Vistahermosa occupancy +12 p.p. since acquisition
05	18% Rotation Rate since Acquisition	Rotation Rate since acquisitions: Txingudi: 68%; As Termas: 16%; Vistahermosa: 10%
06	+€53 MM Visitors up to December	Megapark peak in July 16: +13,75%
07	+8.8% Sales Growth vs. 2015	Albacenter (Total sales +11%), Portal de la Marina (Total Sales +5%), AnecBlau (+5% LFL)

Offices and logistics Operating Performance

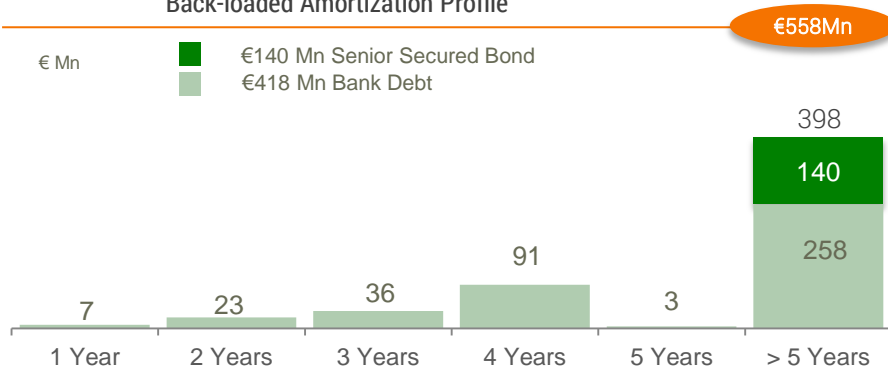
01	94.01% Offices and Logistics portfolio occupancy	<p>Progressive vacancy reduction in office portfolio Ongoing negotiations in Arturo Soria to increase building occupancy to 98% after several floors refurbishment</p> <p>Maintaining 100% occupancy in logistics portfolio. Renovation of Factor5 contract in Alovera</p>
02	Increasing commercial interest in offices portfolio	<p>Increasing visits in Arturo Soria and Eloy Gonzalo</p> <p>Marcelo Spínola Tower works finalized and commercialization in process</p>
03	+12.9% market revaluation vs. 2015	<p>Market value increase driven by capex investment, yield compression and NOI management</p>
04	Intensive capex investment €7.4 Mn in 2016	<p>Marcelo Spínola total refurbishment in 2016</p> <p>Conclusion of the basic refurbishment project in Eloy Gonzalo and works tender</p> <p>Embellishment of offices facades and improvement of hall entrances</p> <p>Improvements in logistics warehouses and study of global maintenance of the covers</p>
05	Office assets focused in achieving Breeam Certification	<p>Marcelo Spínola Breeam pre-calification: "Very Good"</p> <p>Eloy Gonzalo and Egeo in process to obtain Breeam certifications</p>
06	Global NOI reaching €11.7 Mn	<p>Offices and logistics NOI maximization even with refurbishment assets as Marcelo Spínola office building</p>
07	Assets energy consumption optimization	<p>Direct impact in tenant's cost reduction</p>

Debt Profile

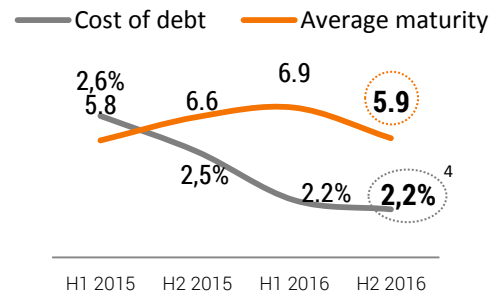
Key Figures of the financing ¹



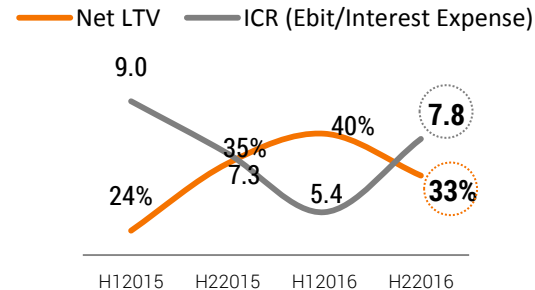
Back-loaded Amortization Profile



Long Term debt maturity and competitive cost of debt



Stronger Financial solvency while optimizing Balance Sheet Structure



1. All figures according to Last Reported Results on FY 2016

2. Net LTV as of December 2016; Net LTV= Total Loans & Borrowings & Notes net of Cash

3. Excluding any impact from negative interest rate

4. Proforma Cost of debt with the incorporation of Gran Via de Vigo and Vistahermosa debt funding occurred in Q12017

FY2016 P&L

Consolidated Income Statement (€ Millions)

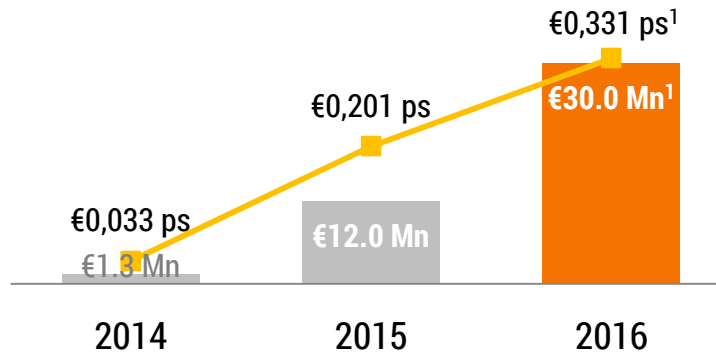
	FY 2016			Chg (%) FY16/FY15	FY 2015		
	Recurring	Non-Recurring	Total		Recurring	Non-Recurring	Total
Rental Income	60.2	-	60.2		35.7	-	35.7
Other income	1.8	-	1.8		1.0	-	1.0
Property Operating Expenses	(10.0)	-	(10.0)		(5.5)	-	(5.5)
Base Fee	(6.4)	-	(6.4)		(3.9)	-	(3.9)
Property Operating Results	45.7	-	45.7	+66.6%	27.4	-	27.4
Corporate Expenses	(3.6)	(1.3)	(4.9)		(2.6)	(1.1)	(3.7)
Other results	-	2.9	2.9		-	2.3	2.3
EBITDA¹	42.0	1.6	43.7	+67.9%	24.8	1.2	26.0
Changes in the Fair Value	87.8	-	87.8		26.0	-	26.0
EBIT¹	129.9	1.6	131.5	+152.9%	50.8	1.2	52.0
Financial Result	(9.6)	(4.1)	(13.7)		(3.7)	-	(3.7)
Share in profit (loss) for the period of equity-accounted companies	(0.8)	-	(0.8)		2.6	-	2.6
EBT¹	119.5	(2.5)	117.0		49.7	1.2	50.9
Income Tax	-	-	-	+140.4%	-	-	-
Profit for the Period (pre performance fee)	119.5	(2.5)	117.0	+129.8%	49.7	1.2	50.9
FFO (EBITDA – Financial Result) ¹	32.4	-	29.9		21.1	-	22.3
% FFO Annualized Yield /NAV	3.9%	-	3.6%		3.7%	-	3.8%
Performance fee			(25.6)				(7.4)
Profit for the Period (post performance fee)			91.4	+109.6%			43.6

1. pre performance fee

Dividends

Dividend: €30 Mn¹
4.7% Dividend Yield²

€0.331 ps¹ – May 26th, 2017³



3rd dividend
in 3 years

Dividend
above
guidance

Highest
dividend
yield in
Spanish RE

¹ Dividend to be approved in AGM

² Dividend yield calculated as at 31/12/2016

³ Dividend payment date subject to tentative date celebration of AGM on April 28th, 2017



Closing Remarks

- ✓ Attractive €30 Mn dividend supported by a Strong set of Results with an €117 Mn EBT
- ✓ Attractive portfolio of €1,275 Mn, out of which €1,145.8 Mn are rents generating assets that produce €62.9 Mn underpinned by the acquisitions of three excellent assets in 2016
- ✓ Upside potential from acquisitions done at attractive capital values with potential for revaluation
- ✓ Upside from our value added approach including repositioning and selectively development to create unique shopping experience destinations
- ✓ A complementary opportunistic approach on logistics and office investments
- ✓ Proven recurrent access to off-market transactions
- ✓ Excellent progress in the development of Lagasca 99 and the Retail developments
- ✓ Digital 360° project aimed at linking and enhancing off line and on line retail platform

Investment Opportunity

Value is our DNA

Contact us



Real Estate

Corporate Presentation

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