



H1 2017 Results

www.larespana.com

July 2017

27th July, 2017



As Termas Shopping Centre Lugo



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Agenda

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H1 2017
Highlights

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H1 2017
Financial
Results &
Business
Performance

03

Closing
Remarks



1 H1 2017 Highlights



Áneclubau Shopping Centre, Barcelona

Successful & Strong Key Facts delivered in H1 2017

1.448 Mn GAV¹ +38% vs H1 2016

65 Mn EBT +50% vs H1 2016

37.5 Mn Rental Income +40% vs H1 2016

30 Mn Dividend 2016 €0.33 dividend per share

39% Net LTV² 2.18% Cost of Debt



€9.28 EPRA NAV per share

859.2 EPRA NAV (€ Mn)

5.8% EPRA "topped-up" NIY

5.6% EPRA Net Initial Yield

94.3% Occupancy Rate

72.3 Mn EPRA Annualised Net Rent

14.03% ROE³

8.29% ROA³

1.0 Solvency ratio

1. Total GAV = Asset valuation as of 30th June 2017.

2. Net LTV as of 30th June 2017.

3. Indicator calculated using figures from the last 12 months.

Solid Company performance in H1 2017

01 Solid H1 2017 Results and Balance Sheet

37.5 Mn Revenues	+40% vs H1 2016
65.0 Mn EBT (Net Profit)	+50% vs H1 2016
17.0 Mn EPRA Earnings	+49% vs H1 2016
859.2 Mn EPRA NAV	€9.28 p.s.¹
39% net LTV; 590.7 Mn Gross Debt	2.18% cost of debt

02 Lar España Value Add performance

Retail NOI lfl improvement	+4.7% LfL
Epra Ann.Net Rent vs H1 Semester	72.3 Mn; +34%
Office enhanced valuation confirms next asset rotation to unlock value	+27.1% since acq.

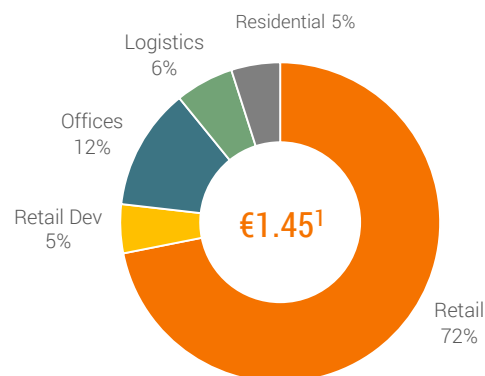
03 Asset Growth & Return enhancement

Two excellent group of assets acquired for €112.9 Mn in the semester	@6.7% yield on cost
Palmas Altas construction works to start immediately following license granted	+41% of GLA signed & committed
Lagasca99 progresses above expectations	65% already sold

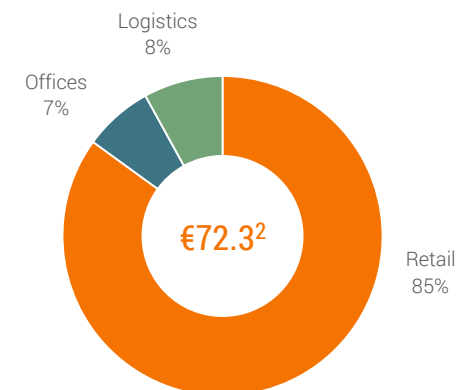
1. Take into account the dividend's shareholders remuneration amounting €30 Mn relating to 2016 financial year.

Portfolio at a glance

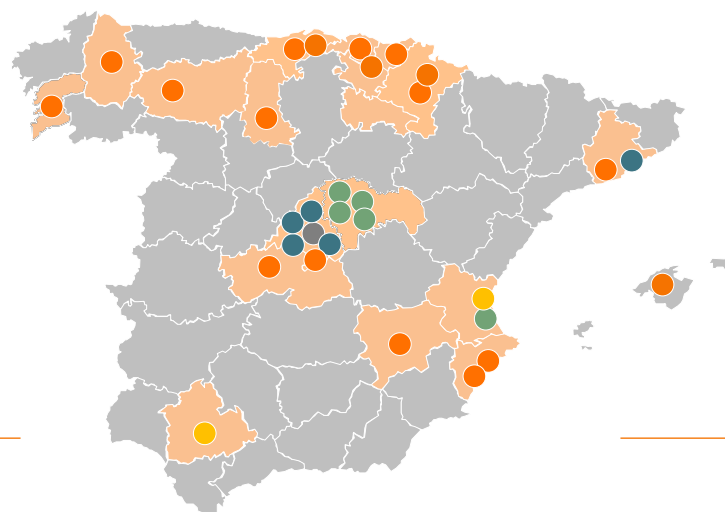
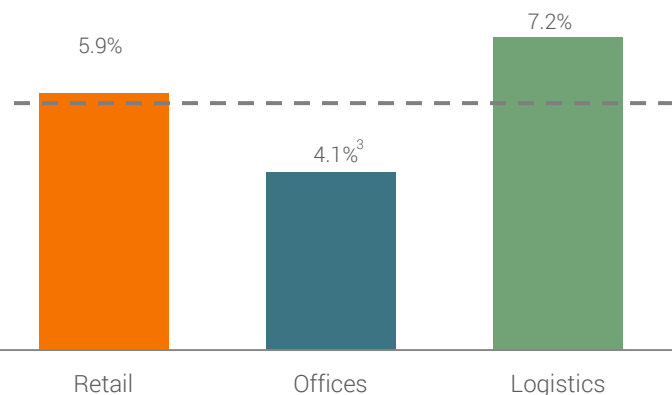
GAV (€Bn)



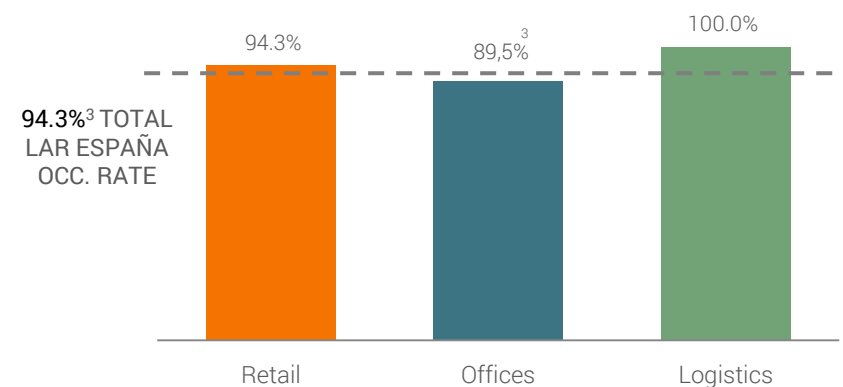
EPRA Annualized Net Rent (€Mn)



EPRA Topped-up NIY



Occupancy Rate



5.8%³ TOTAL
LAR ESPAÑA
EPRA Topped-up
NIY

94.3%³ TOTAL
LAR ESPAÑA
OCC. RATE

1. Total GAV = Asset valuation as of 30th June 2017.

2. EPRA annualized rent as of 30th June 2017.

3. To calculate the Topped-up NIY for the total portfolio we have excluded the data from Marcelo Spínola and Eloy Gonzalo due to the lack of representativeness.

2

H1 Financial Results

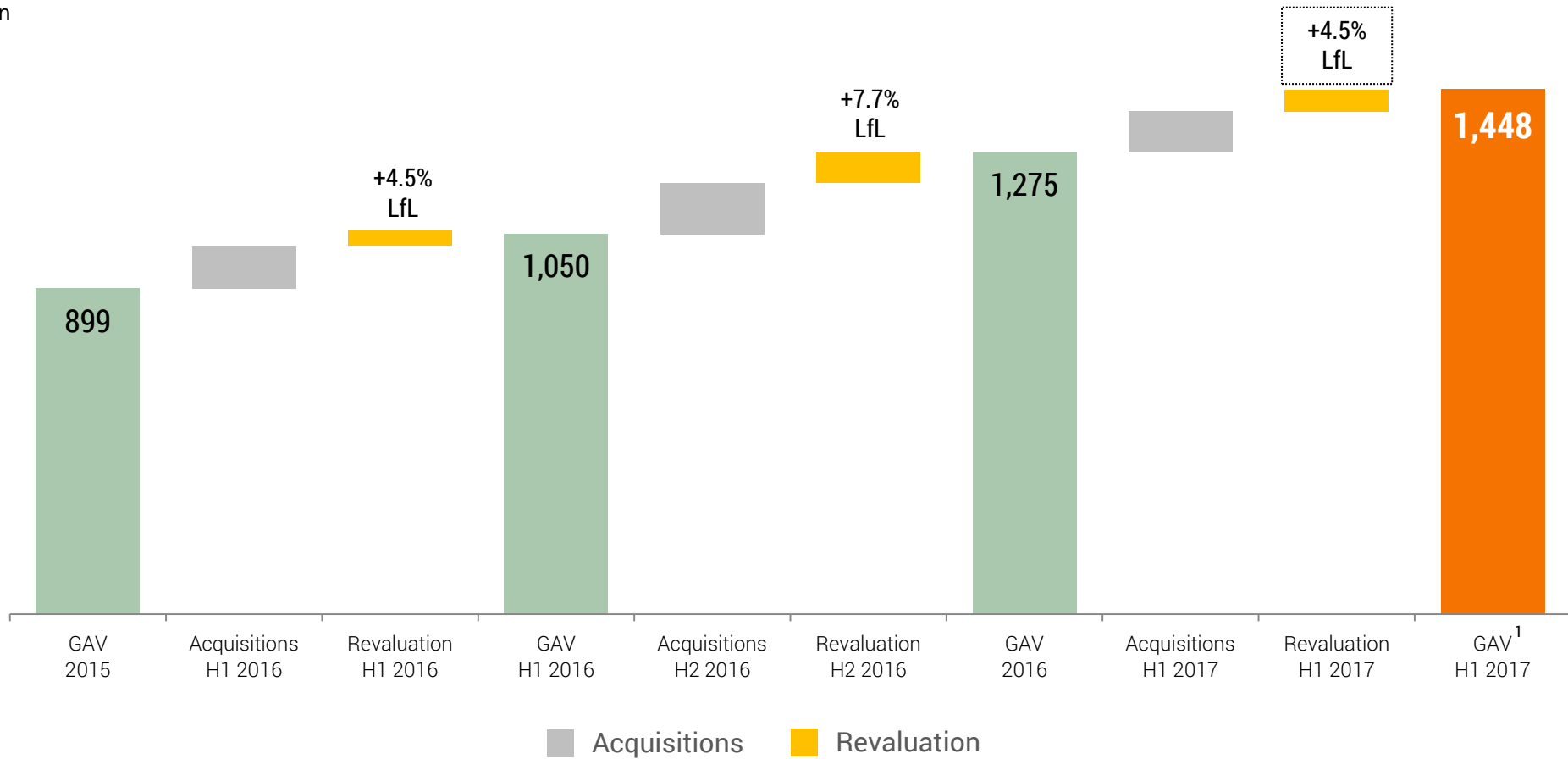


Megapark Retail Complex, Bilbao

Constant LfL revaluation of a sizeable portfolio

Valuation Bridge Since Acquisition

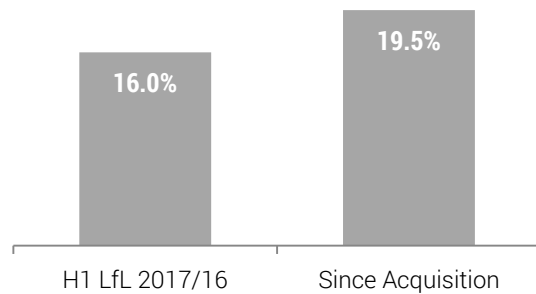
€ Mn



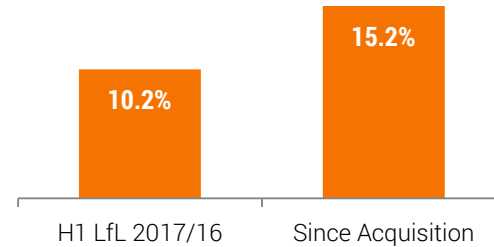
¹ Market Value determined by JLL and C&W as of 30 June 2017.

Strong valuation performance in all asset classes

Total Portfolio



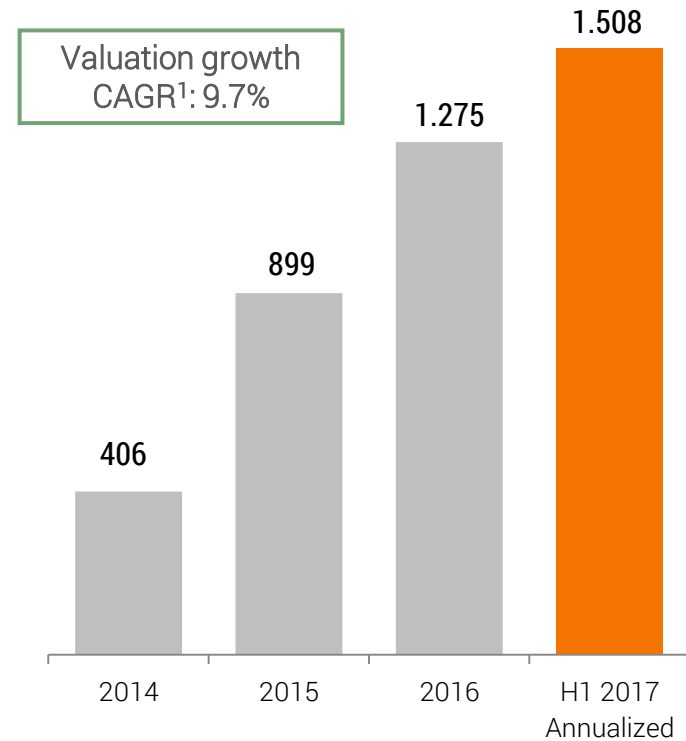
Retail



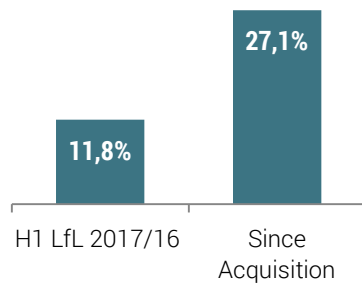
Portfolio Value evolution

€ Mn

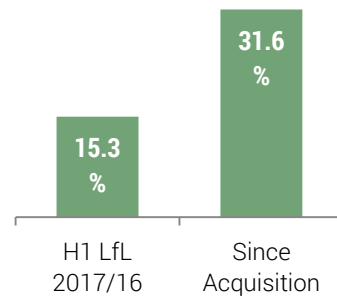
Portfolio Value



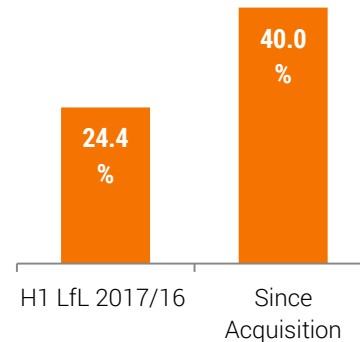
Offices



Logistics



Developments



1. Compounded Annual Growth Rate

Consolidated Income Statement (Thousands of €)

	H1 2017			Recurrent 1H17/1H16	H1 2016		
	Recurring	Non-Recurring	Total		Recurring	Non-Recurring ¹	Total
Rental Income	37,547	-	37,547	+40.0%	26,872	-	26,872
Other income	1,002	-	1,002		794	-	7,772
Property Operating Expenses	(6,303)	-	(6,303)		(4,966)	-	(4,966)
Base Fee	(4,482)	-	(4,482)		(3,113)	-	(3,113)
Property Operating Results	27,763	-	27,763	+41.5%	19,586	-	19,586
Corporate Expenses	(1,451)	(1,154)	(2,605)		(1,733)	(586)	(2,318)
Other Results	-	653	653		-	6,978	-
EBITDA (pre performance fee)	26,313	(501)	25,812	+47.3%	17,853	6,392	24,246
Changes in the Fair Value	46,903	-	46,903		29,066	-	29,066
EBIT (pre performance fee)	73,216	(501)	72,715	+56.1%	46,919	6,392	53,312
Financial Result	(4,456)	-	(4,456)		(3,694)	(4,104)	(7,798)
Share in profit (loss) for the period of equity-acc.companies	(712)	-	(712)		(1,773)	-	(1,773)
Impairment and gains/(losses) on disposal of fin instruments	-	-	-		-	29	29
EBT (pre performance fee)	68,048	(501)	67,547		41,452	2,318	43,770
Income Tax	-	-	-		-	-	-
Profit for the Period (pre performance fee)	68,049	(501)	67,547	+64.2%	41,452	2,318	43,770
FFO (EBITDA – Financial Result)	21,857	(501)	21,356		14,159	2,288	16,448
% FFO Annualized Yield /NAV	5.09%	-	4.97%		4.64%	-	5.39%
Performance fee	(2,550)	-	(2,550)		(443)	-	(443)
% Performance fee/profit for the period	3.89%	-	3.92%		1.07%	-	1.01%
Profit for the Period (post performance fee)	65,498	(501)	64,997	+59.7%	41,009	2,318	43,327

1. H1 2016 Non-Recurring P&L mainly affected by remaining stake acquisition in Portal de la Marina

H1 2017 Results - Lar España Real Estate

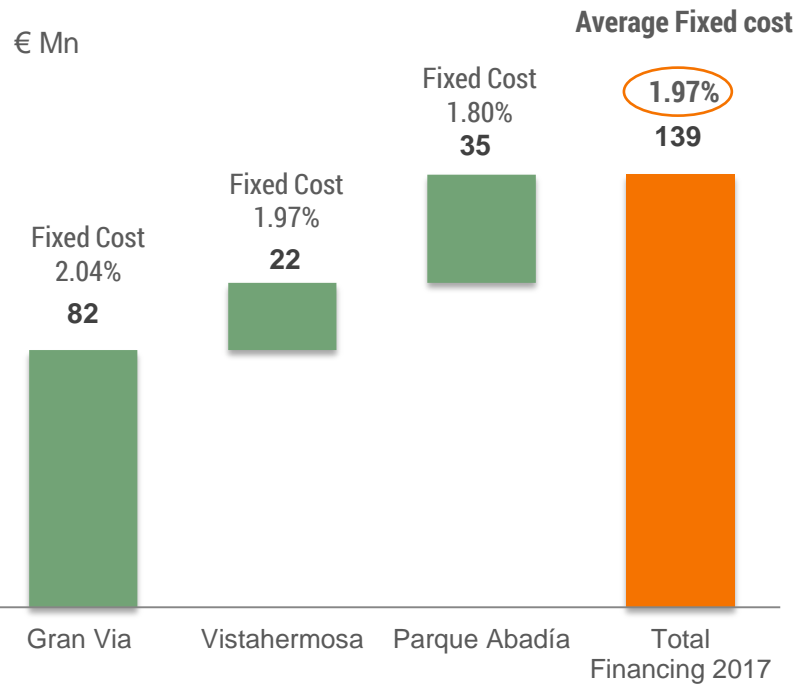


Financing during H1 2017

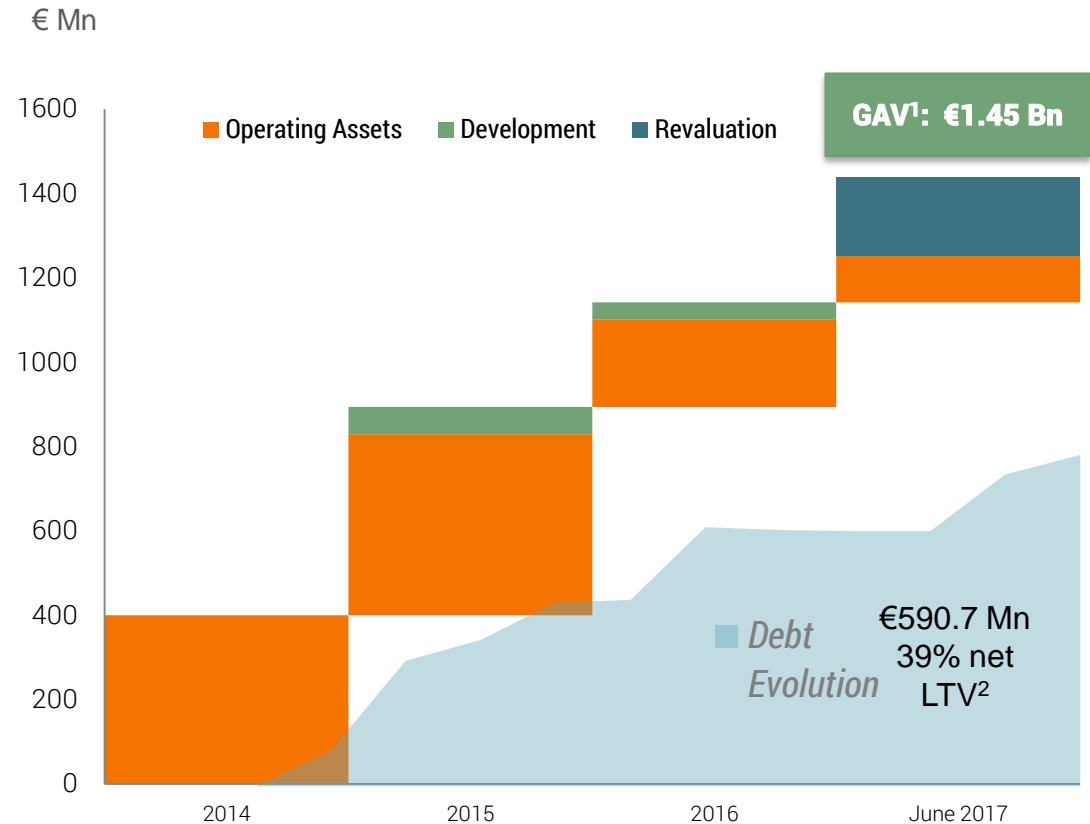
Creating value through wise debt management

€139 Mn of financing @ avge fixed rate < 2%

- ✓ Besides, In April 2017, refinancing of €20Mn in **Lagasca99** & Financing of 100% of construction costs agreed
- ✓ Better terms, lowering costs and longer payback period



Disciplined and prudent financing targeted at creating value



1. Total GAV = Valuation of assets as of 30th June 2017

2. Net LTV calculated as at June 2017

Lar España's Debt Profile

Key Figures of the financing ¹

39%

Net Loan to Value (LTV)

2.18%

Average Cost of Debt²
-42 b.p since H1 2015

5.8x

Interest Cover Ratio³ (ICR)

6.2 Y

Debt duration

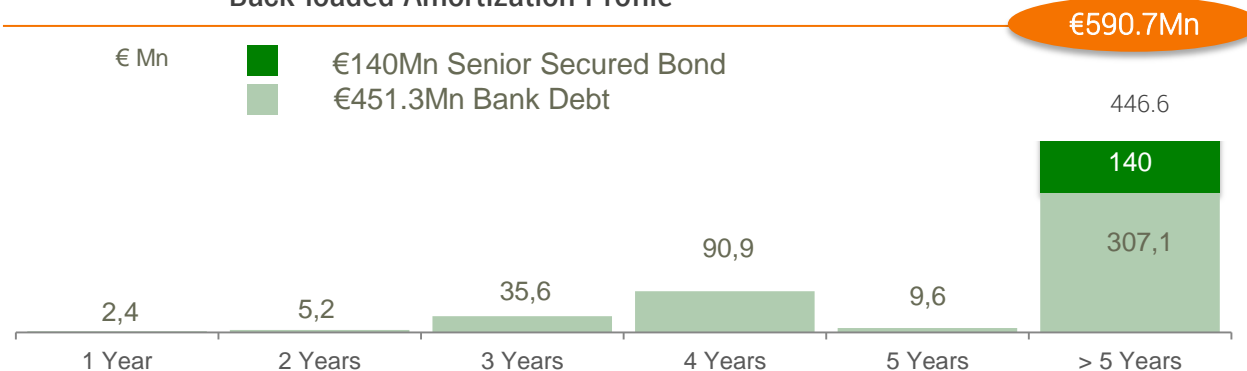
1. All figures according to Last Reported Results on H1 2017

2. Ebitda (excluding revaluation) / Financial result

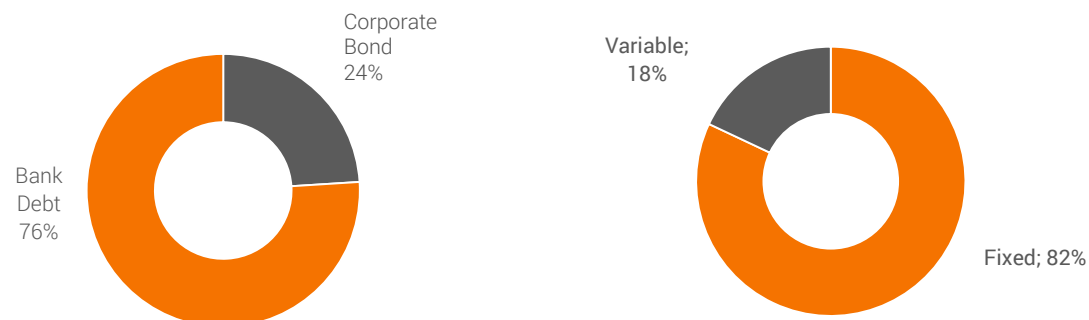
3. Ebitda (pre-revaluation) / Interest Expenses

H1 2017 Results - Lar España Real Estate

Back-loaded Amortization Profile

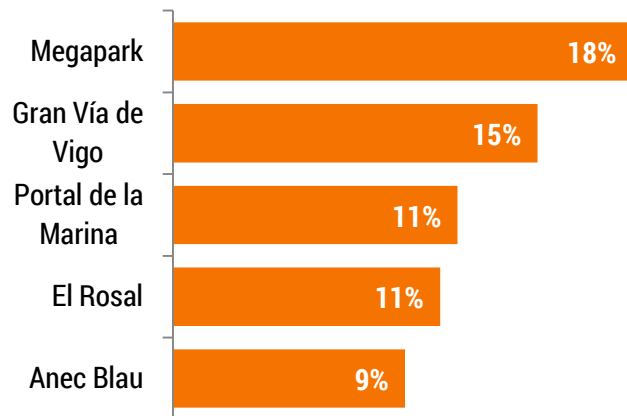


Diversification of sources

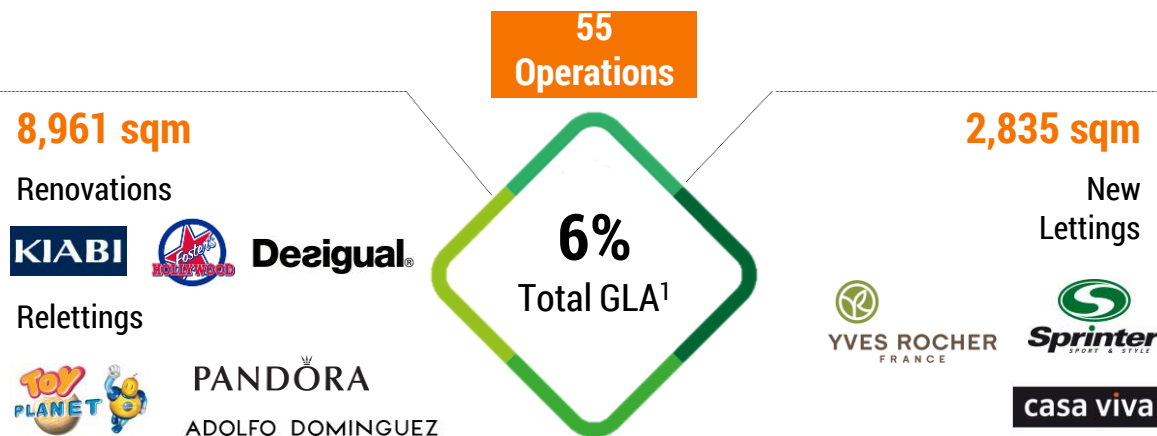


Retail Operating Trends

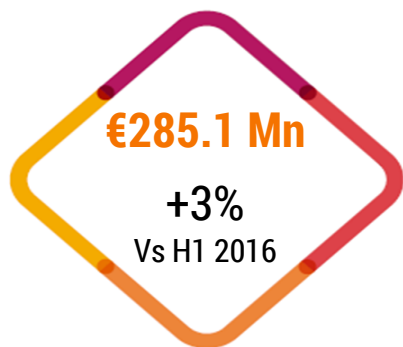
Top 5 rent generating core dominant shopping center



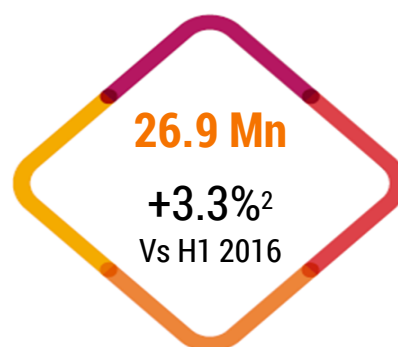
Letting Strategy at the core of the strategy



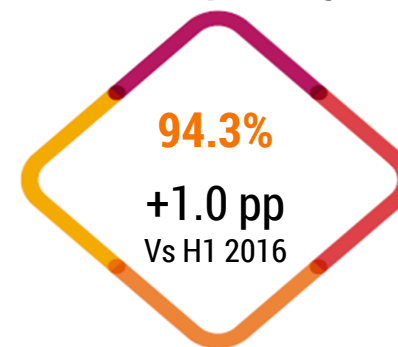
Sales



Footfall



Occupancy



1. Tenants annualized rotation rate.

2. Txingudi and Megapark have been excluded from the footfall calculation for a fairer comparability. Megapark is undergoing a large tenant transition and Txingudi has undergone a refurbishment during 5 months in 2017.

On track in the delivery of our developments

After phase 1 & 2, Construction phase to start on August 2017



11,300
New sqm
leased

Construction licenses approved to start works in Palmas Altas



worten



c.85%

GLA signed & committed ¹

+2

Operations signed in H1 2017

+41%

GLA signed and committed¹

+5

Operations signed in H1 2017



1. As of t July 2017..

H1 2017 Results - Lar España Real Estate



Non-retail assets - Logistics



161,841
Logistics GLA

5
Operating Assets

€2.6 Mn
GRI H1 2017



€6.1 Mn
Epra Annualized
Topped up rent

+11%
YoY LfL

9.23%
Initial yield on Cost

7.2%
EPRA Topped-up Net Initial Yield

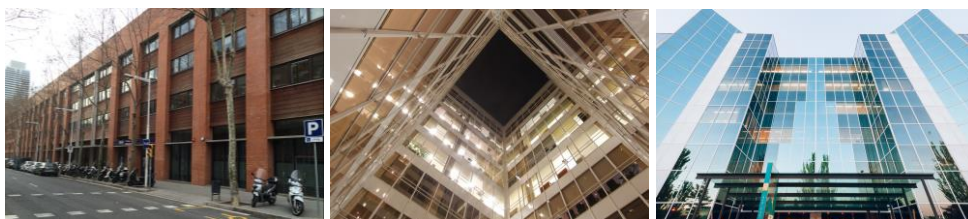


Cheste, Valencia - Prime and strategic location

Lar España has the option to increase its logistic portfolio with more than 100k sqm GLA in an outstanding location in Cheste, Valencia

Non-retail assets - Offices

Stabilised Assets



Joan Miró

4.0% EPRA Topped
Up Yield

Arturo Soria

4.9% EPRA Topped
Up Yield

Egeo

3.8% EPRA
Topped Up Yield

Non-Stabilised assets



Marcelo Spínola

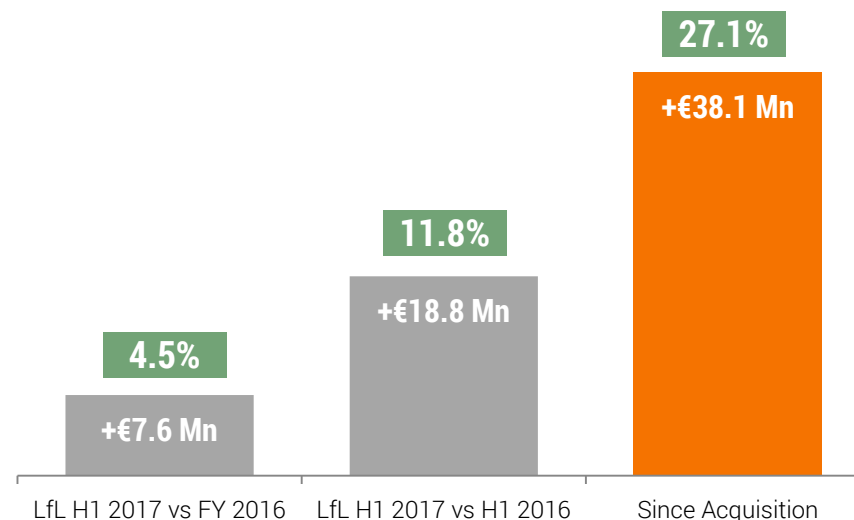
Increase in commercial
activity:
In advanced negotiations with
a potential major tenant.
BREEAM® Certification
"Very Good Level"

Eloy Gonzalo

Development of the first
phase of refurbishment works
BREEAM® Certification
"Very Good Level"

+27% offices revaluation since acquisition

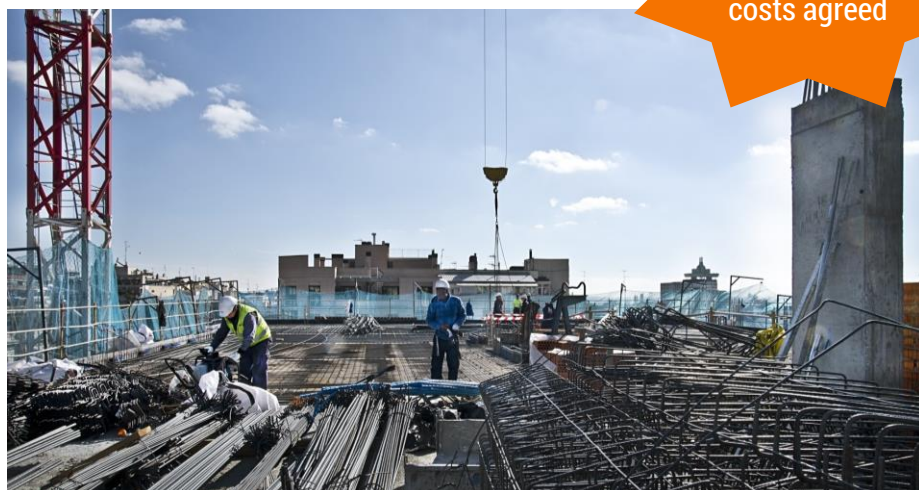
- ✓ Offices assets reaching 3 years in the portfolio
- ✓ Asset rotation will be a source of value for Lar España



Non-retail assets – Lagasca 99



Financing of 100%
of construction
costs agreed



Q2 2018

Estimated delivery date



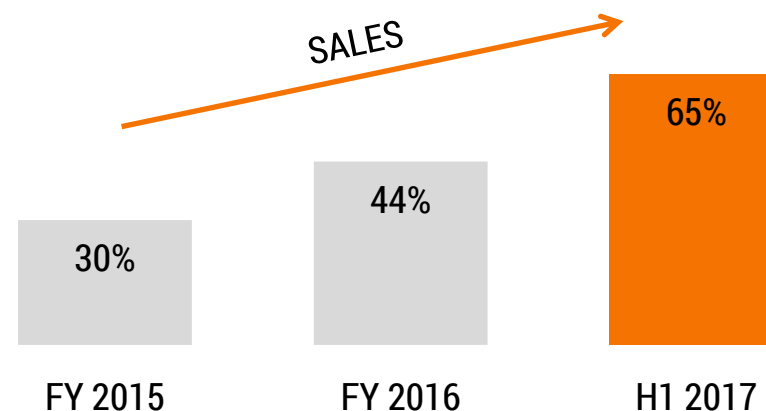
Construction works on schedule

100% structure completed
Façade and rest of the building on
progress on schedule



In process

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



3

Closing Remarks



Lagasca 99 Residential Development, Madrid

Closing Remarks

Active Management keeps supporting NOI increase in Retail assets
Intense letting activity supports increasing rent visibility for the next years

New accretive acquisitions of €112.9 Mn in 1H 2017 pushes annualised net rent by 15%, up to €72.3 Mn
Last Asset valuation appraisal yielded a LfL growth of 4.5%, up to €1.45 Bn

Imminent start of construction of Palmas Altas following license granted by the city council

+30% of new long term debt in H1 2017, €139.4 Mn from three assets at a fixed cost c.1.9%; including financing of
100% of construction works of Lagasca 99

€0.33 p.s of dividend and yield¹ of 4.7% in 2017, paving the way for an increasing remuneration for the next years

1.Dividend yield based on the market price as at 31st December 2016

