



FY 2017 Results

www.larespana.com

Feb 2018

February 26th, 2018



Portal de la Marina Shopping Centre, Alicante

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FY 2017
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towards
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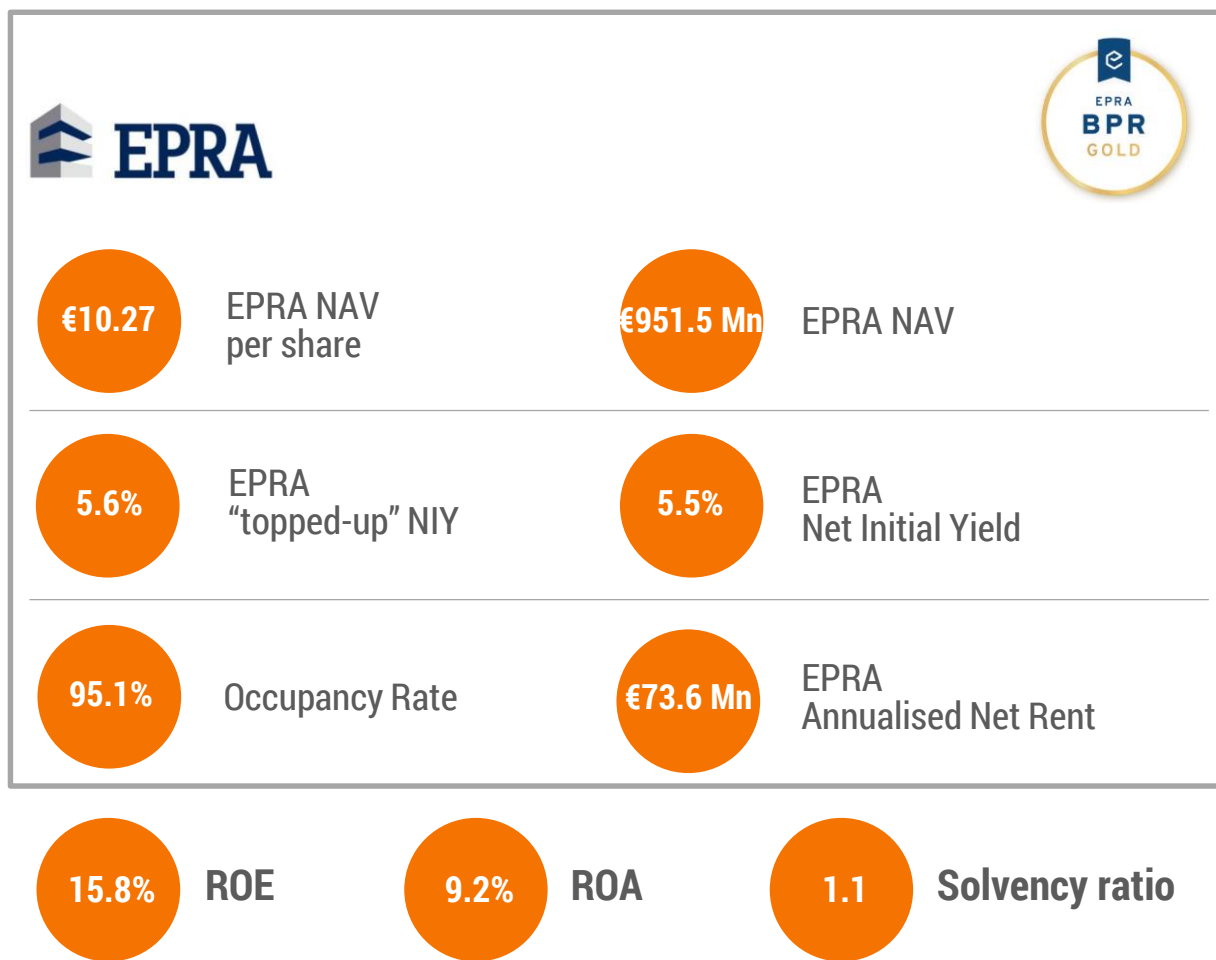
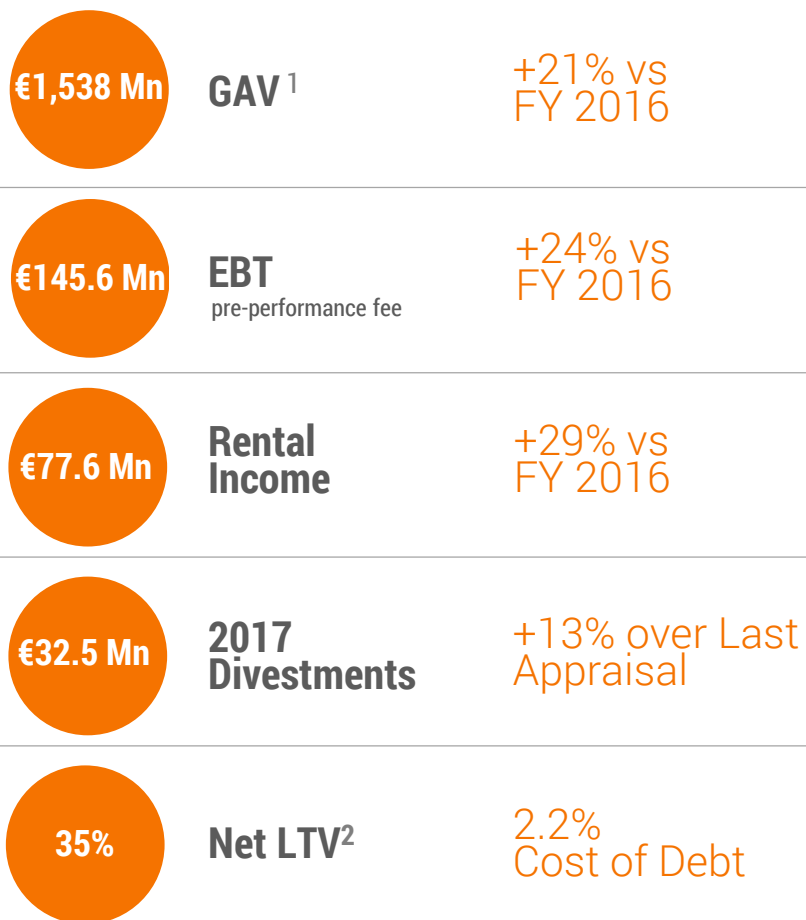
Corporate
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Closing
Remarks

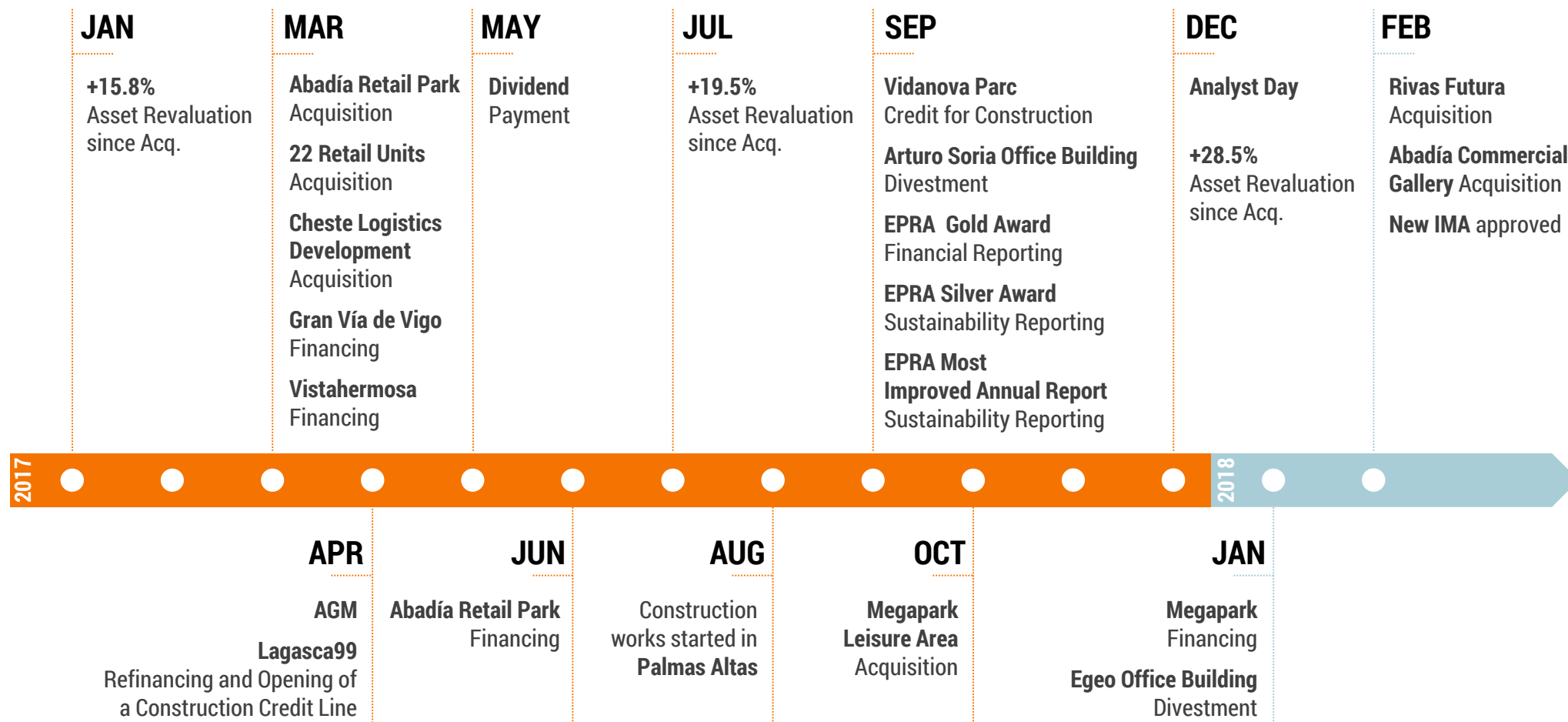


Successful & strong key facts delivered in FY 2017



1. Total GAV = Asset valuation as of 31st December 2017
2. Net LTV as of 31st December 2017

Major corporate milestones from 2017



01

FY 2017 Highlights



Palmas Altas Retail Development, Seville

Solid business performance & successful start of asset rotation process

01 Solid FY 2017 Results and Balance Sheet

€77.6 Mn Revenues	+29% vs FY 2016
€36.6 Mn Adjusted EPRA Earnings	+41% vs FY 2016
€951.5 Mn EPRA NAV	€10.27 p.s. +12%
35% Net LTV; €590.2 Mn Gross Debt	2.2% cost of debt

02 Healthy Performance of the Business

Retail NOI LfL improvement	+4.7% LfL
Mall Income	+20.7% YoY
Exceptional Leasing Activity	+36% YoY
Retailer Sales outperforming the market	3.3% vs 1.2%

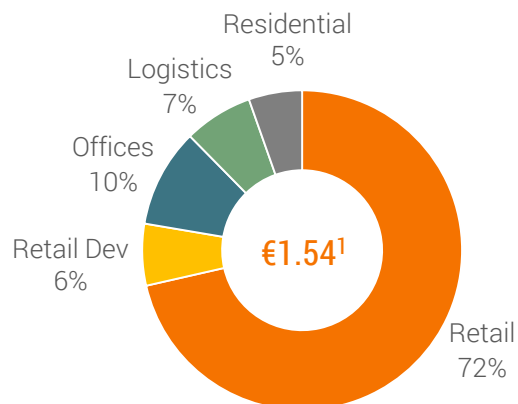
03 Value Drivers in Action: Asset Rotation & Retail Developments & Lagasca99¹

Asset Rotation already unlocking value	€112 Mn in disposals & €197 Mn in acquisitions
Palmas Altas & Vidanova on track to deliver in time with high presale figures	c.59% & 95% of GLA signed & committed
Lagasca99 progresses above expectations	80% already sold

1. Including until February 2018

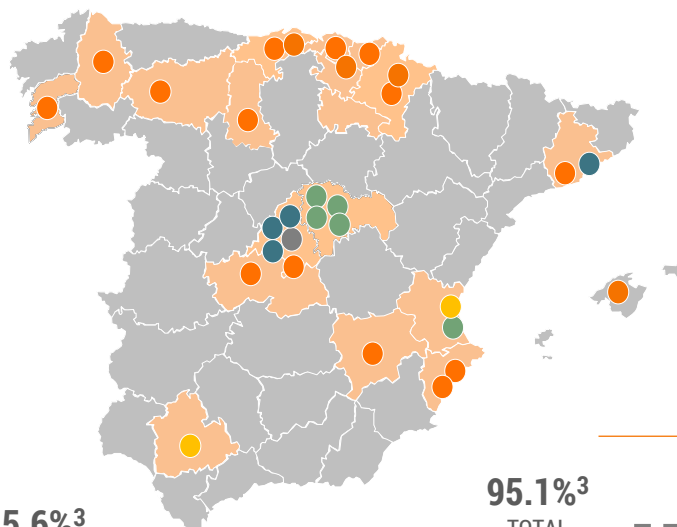
Portfolio at a glance

GAV (€Bn)

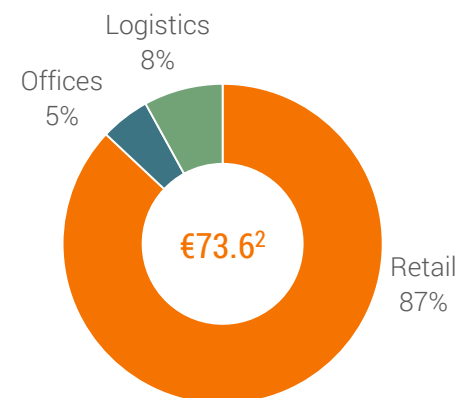


GLA 899,195

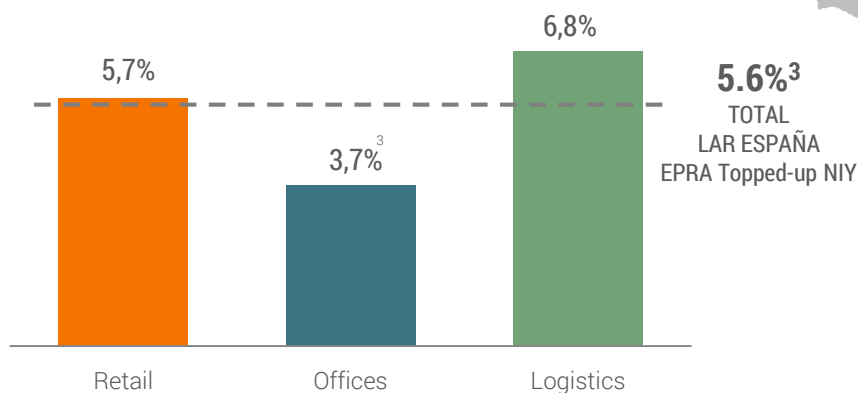
+27% increase vs FY 2016



EPRA Annualized Net Rent (€Mn)



EPRA Topped-up NIY



Occupancy Rate



1. Total GAV = Asset valuation as of 31st December 2017.

2. EPRA annualized rent as of 31st December 2017.

3. To calculate the Topped-up NIY and Occupancy Rate for the total portfolio we have excluded the data from Marcelo Spínola and Eloy Gonzalo. Both assets are involved in commercialization and refurbishment phase.

02

FY 2017

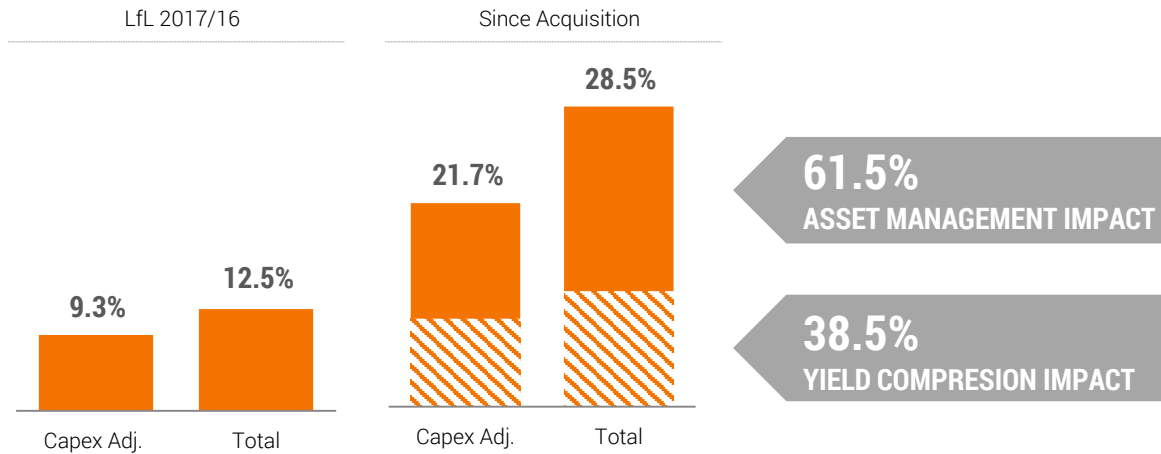
Financial Results & Business Performance



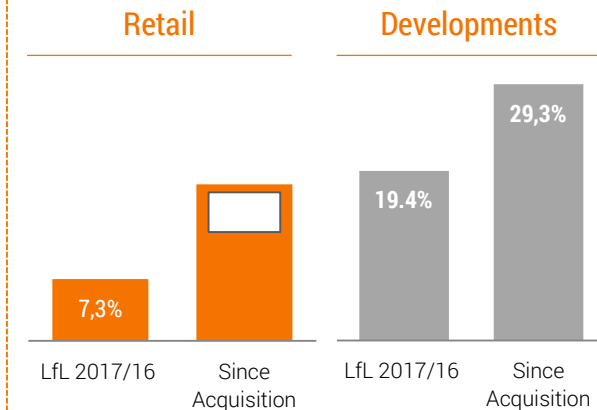
Ànecblau Shopping Centre, Barcelona

Strong valuation performance in all asset classes

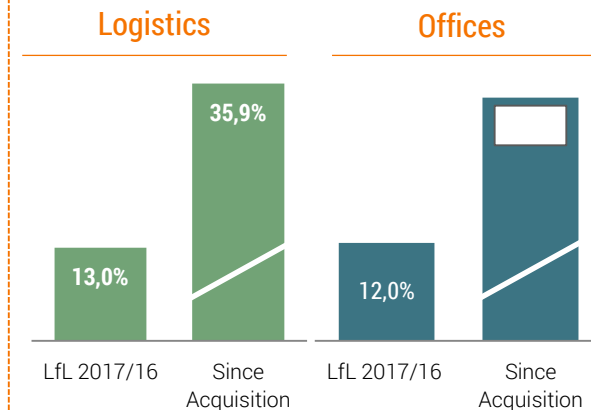
Total Portfolio



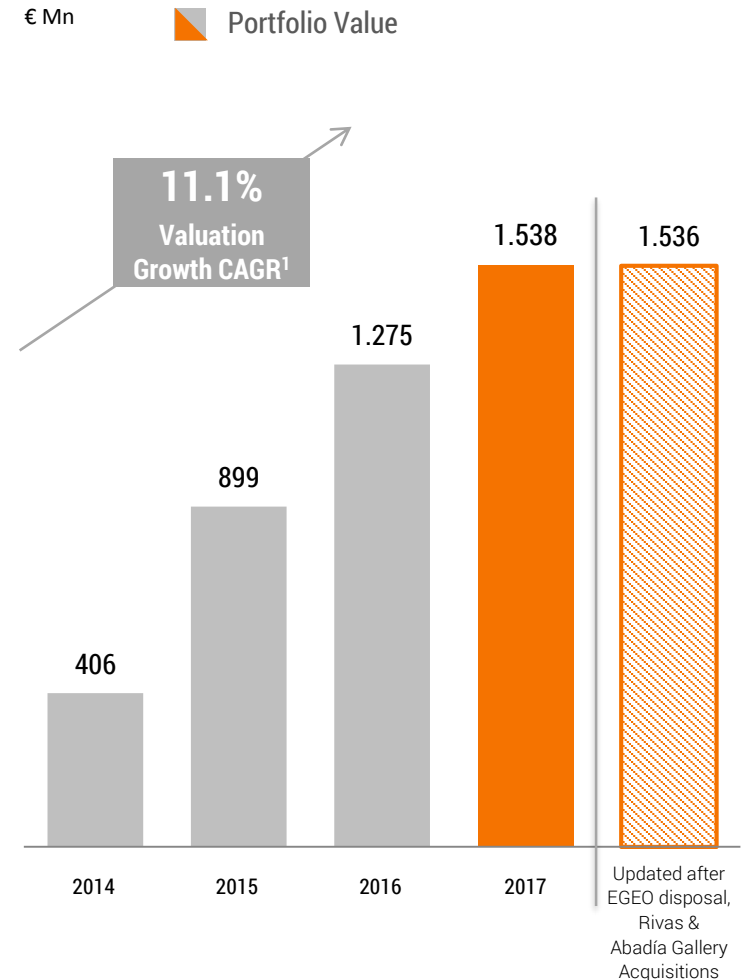
CAPEX ADJ. CORE ASSETS REVALUATION



CAPEX ADJ. NON-CORE ASSETS REVALUATION



Portfolio Value evolution



1. Compounded Annual Growth Rate: Market Value Compared to Acquisition Price at an average holding period of 2.39 years

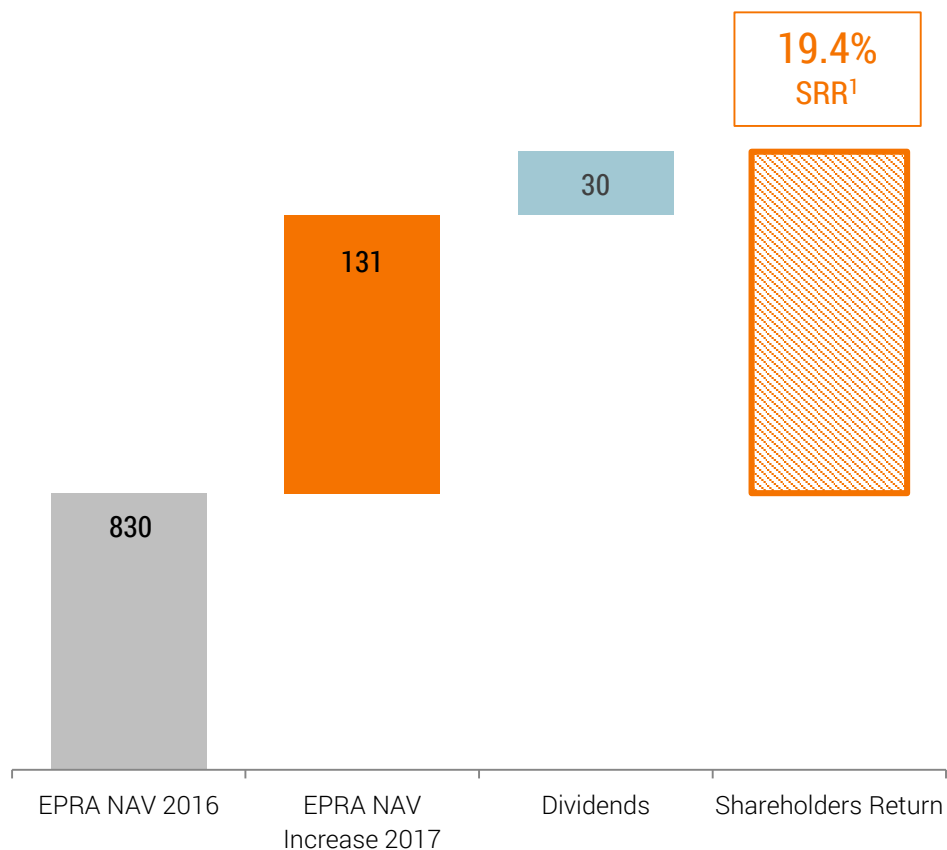
Consolidated Income Statement (€ Millions)

	FY 2017			Chg (%) FY17/FY16	FY 2016		
	Recurring	Non-Recurring	Total ²		Recurring	Non-Recurring	Total ²
Rental Income	77.6	-	77.6		60.2	-	60.2
Other Income	2.2	-	2.2		1.8	-	1.8
Property Operating Expenses	(11.3)	-	(11.3)		(10.0)	-	(10.0)
Base Fee	(9.0)	-	(9.0)		(6.4)	-	(6.4)
Gain/(Loss) on Disposal of Investment Properties	2.8	-	2.8		-	-	-
Amortisation Expenses	(0.02)	-	(0.02)		-	-	-
Property Operating Results	62.3	-	62.3	+36.3%	45.7	-	45.7
Corporate Expenses	(3.4)	(2.6)	(6.0)		(3.6)	(1.3)	(4.9)
Other Results	-	0.7	0.7		-	2.9	2.9
EBITDA¹	58.9	(2.0)	56.9	+30.2%	42.0	1.6	43.7
Changes in the Fair Value	101.6	-	101.6		87.8	-	87.8
EBIT¹	160.4	(2.0)	158.4	+20.5%	129.9	1.6	131.5
Financial Result	(10.7)	-	(10.7)		(9.6)	(4.1)	(13.7)
Share in Profit/ (Loss) for the Period of Equity-Accounted Companies	(2.1)	-	(2.1)		(0.8)	-	(0.8)
EBT¹	147.6	(1.0)	145.6		119.5	(2.5)	117.0
Profit for the Period (pre performance fee)	147.6	(1.0)	145.6	+24.4%	119.5	(2.5)	117.0
FFO (EBITDA – Financial Result) ¹			46.2				29.9
% FFO Annualized Yield /NAV			4.9%				3.6%
Performance fee			(10.0)				(25.6)
Profit for the Period (post performance fee)			135.6	+48.4%			91.4

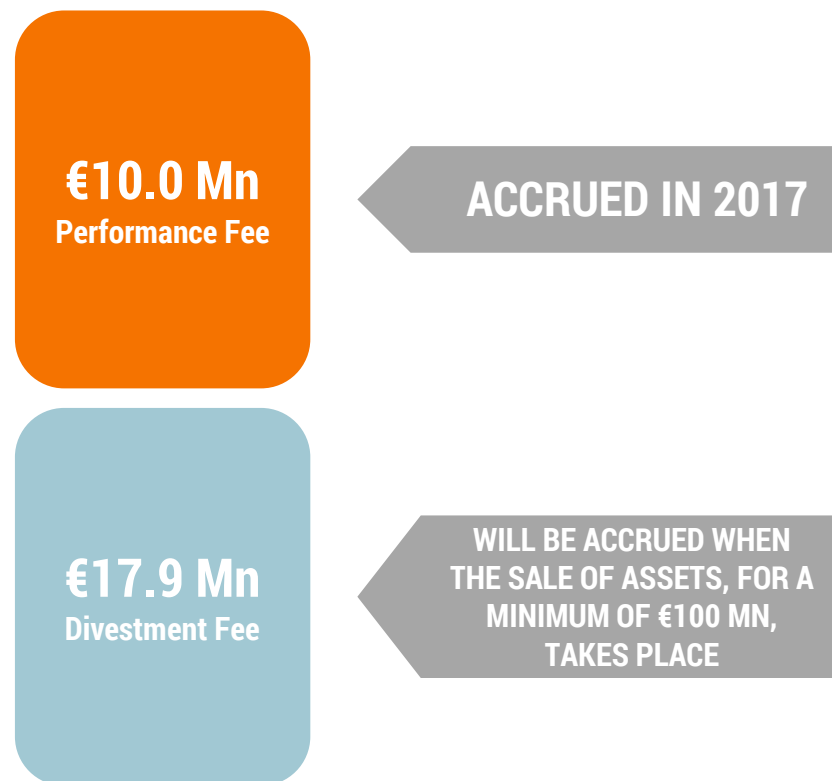
1. Pre performance fee
2. May not foot due to rounding

Performance fee invested in Lar España shares @ NAV ps

Shareholders Return Rate Calculation



Remuneration on Shareholders return rate

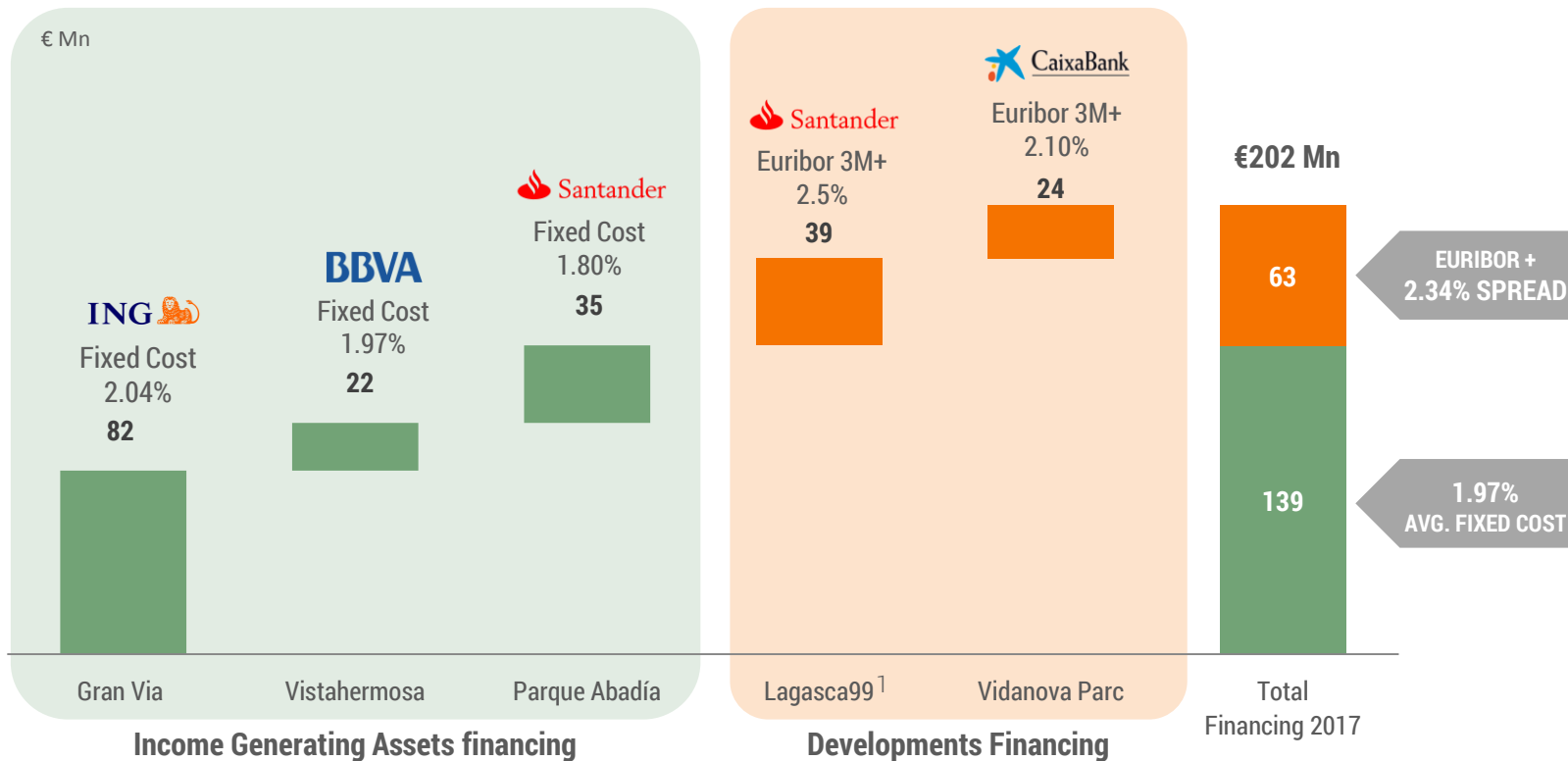


1. Shareholders return rate = Shareholder return / EPRA NAV 2016

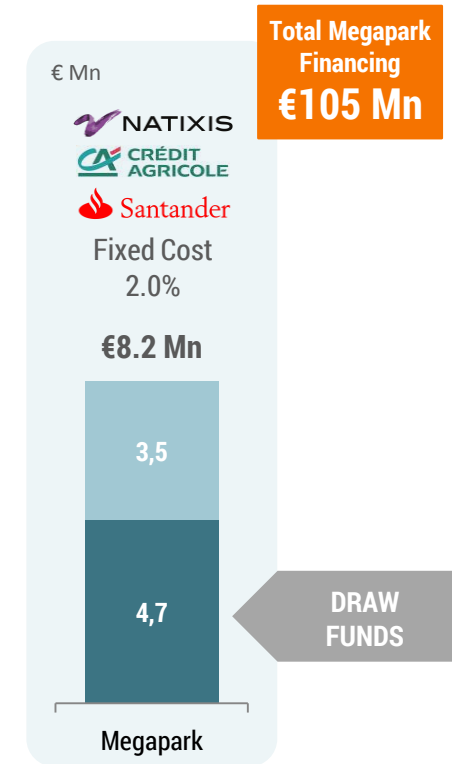
New financings allows for releasing of resources to fund new and existing projects

2017 FINANCINGS

€139 Mn of operating assets financing @ Avg. fixed rate < 2% and €63 Mn of development credit² @ Euribor 3M + 2.34%



2018 FINANCINGS



1. Corresponding to the 50% of the JV owned by Lar España
 2. Credit draw down according to progress of construction works

Debt structure and cost aimed at delivering value on the business plan

Key Figures of the financing

35%

Net Loan to Value (LTV)

2.2%

Avg. Cost of Debt

-41 b.p since H1 2015

4.1x

Interest Cover Ratio¹(ICR)

5.3Y

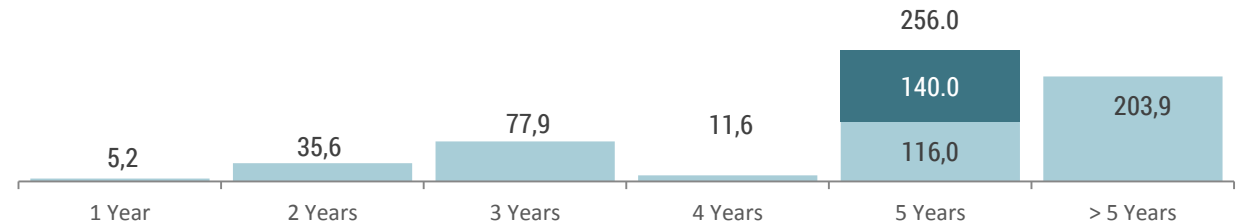
Debt duration

Back-loaded Amortization Profile

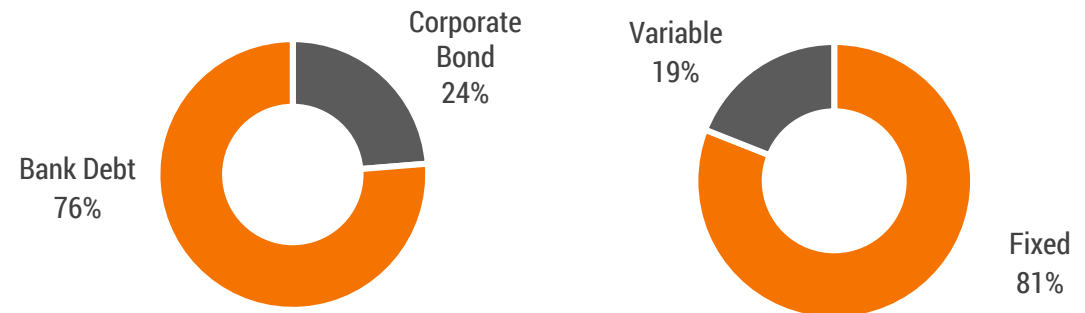
€590.2 Mn

€ Mn

€140 Mn Senior Secured Bond
€450.2 Mn Bank Debt

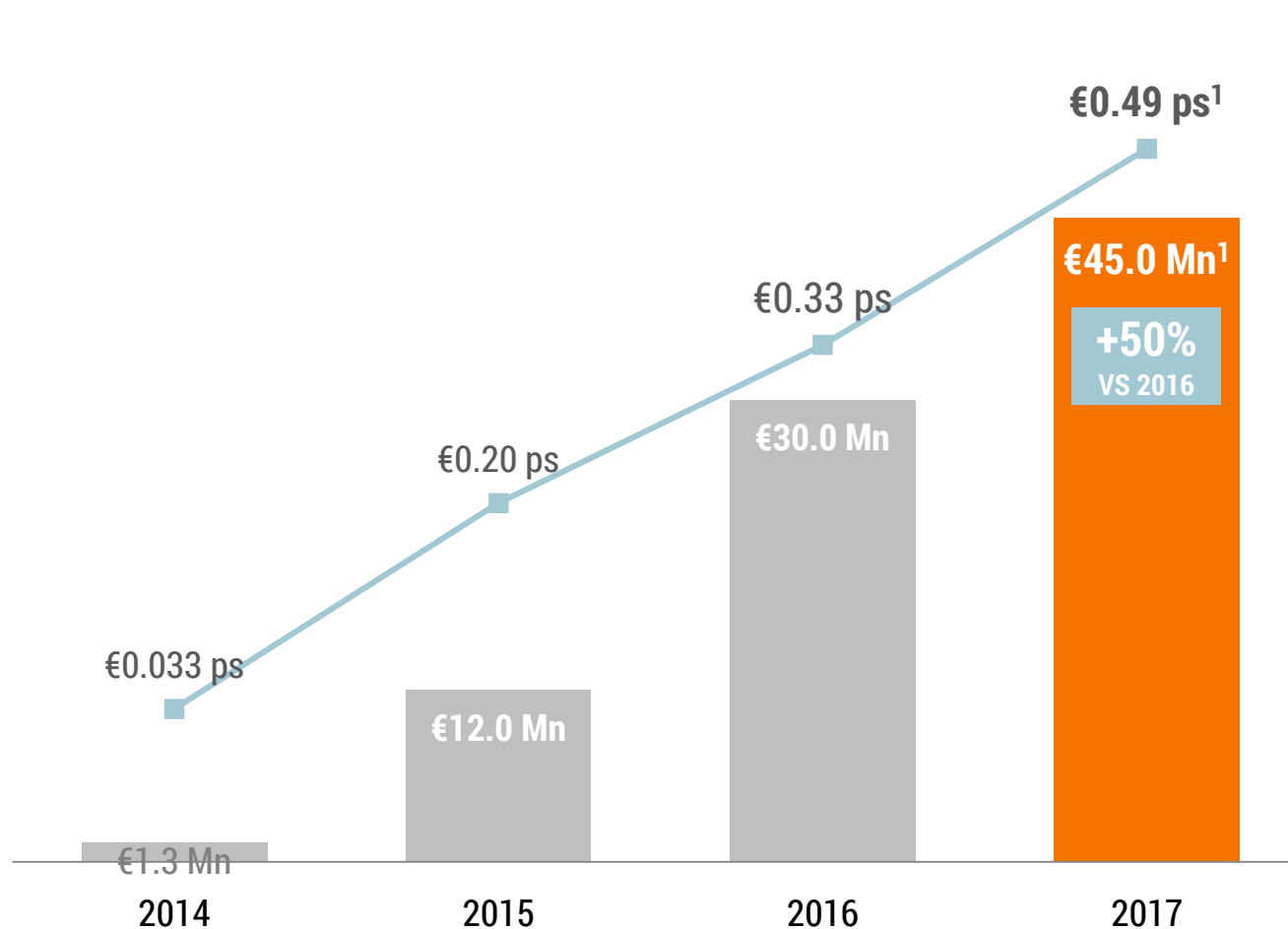


Diversification of sources



1. EBITDA (pre-revaluation) / Interest expenses as at FY 2017

Consistent dividend growth per share



€45.0 Mn
2017
Dividend¹

5.1%
Dividend Yield
on NAV²

4th
Dividend in
4 years

LAGASCA 99
Extraordinary
dividend
announced

IBEX TOP DIVIDENDO

Member since 5 February 2018

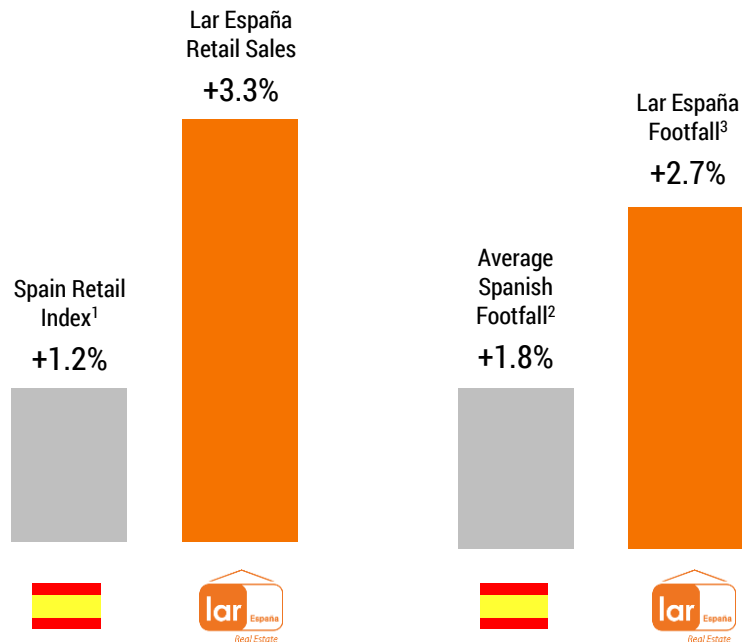
1. Dividend to be approved in AGM
2. 2017's average quarterly EPRA NAV

Sound retail letting activity keep pushing kpi's above market

Lar España is outperforming the market

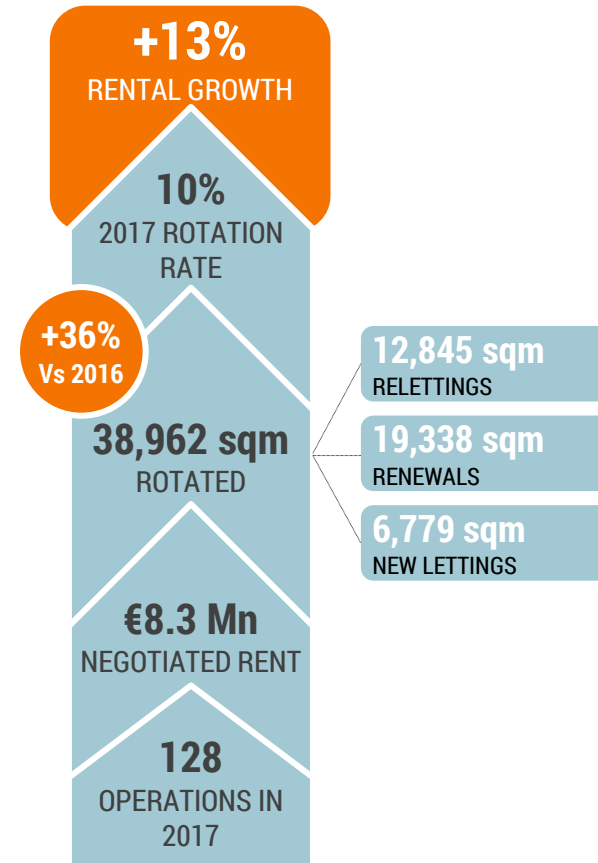
Sales 2017
€636.2 Mn

Visits 2017
56.9 Mn



1. INE, Spanish Retail Index.
2. Shopper Track Index.
3. Megapark has been excluded from the footfall calculation for a fairer comparability. Megapark is undergoing a large tenant transition.
4. Tenants annualized rotation rate.

Letting activity at the core of the strategy



Retail operating trends keep up throughout the year

All figures refer to FY 2017 period

Active Asset & Tenant
Management
+
Smart Capex in Operating
Assets

28%

Rotation Rate since
acquisition to improve
shopping experience

€21.6 Mn

Retail Invested Capex
till FY 2017

Vs FY 2016

LfL Occupancy
Rate Growth
+3.1 p.p.

LfL NOI
Growth
+4.7%

€67.4 Mn
GRI
Growth
+3.4%

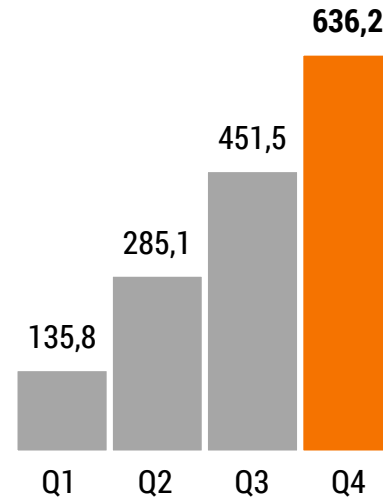
€1.8 Mn
LfL Mall Income
Growth
+20.7%

Incentives to
Tenants
-36%



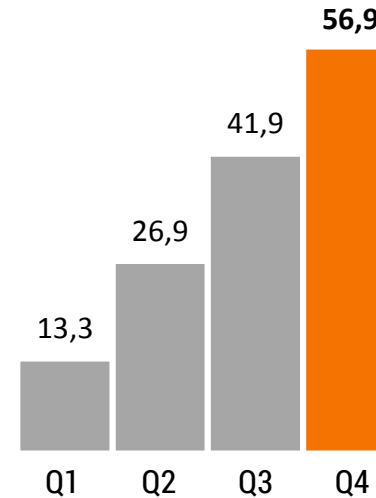
Sales

€ Mn



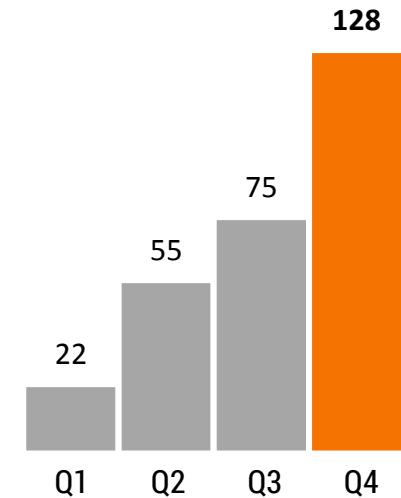
Visits

Mn



Operations

#



1. Megapark has been excluded from the footfall calculation for a fairer comparability. Megapark is undergoing a large tenant transition.

Adding value to office assets & enhancing stability of logistics

Offices



VALUATION¹
+29.8%
 Over acq. Price
 (Capex Adjusted)



New leasings signed
 in Marcelo Spínola at
 good rental level

Refurbishments
 (Eloy Gonzalo & Joan Miró)
 in line with calendar

Logistics

VALUATION¹
+35.9%
 Over acq. Price
 (Capex Adjusted)



100%
 Occupancy maintained in all
 our logistics assets

+26%
 WAULT increase
 in 2017

1. Asset valuation capex adjusted as of 31st December 2017

03

Corporate Activity towards Growth & Value Creation



Lagasca 99 Residential Development, Madrid

Lar España's recent retail acquisitions

2017

MAR

ABADÍA RETAIL PARK

Acquisition Price

€63.1 Mn

Market Value

€65.0 Mn

Revaluation

3.1%**22 RETAIL UNITS**

Acquisition Price

€47.6 Mn

Market Value

€52.5 Mn

Revaluation

10.4%

OCT

MEGAPARK LEISURE AREA

Acquisition Price

€8.7 Mn

Market Value

€11.0 Mn

Revaluation

26.4%

2018

FEB

RIVAS FUTURA

Acquisition Price

€61.6 Mn**ABADÍA GALLERY**

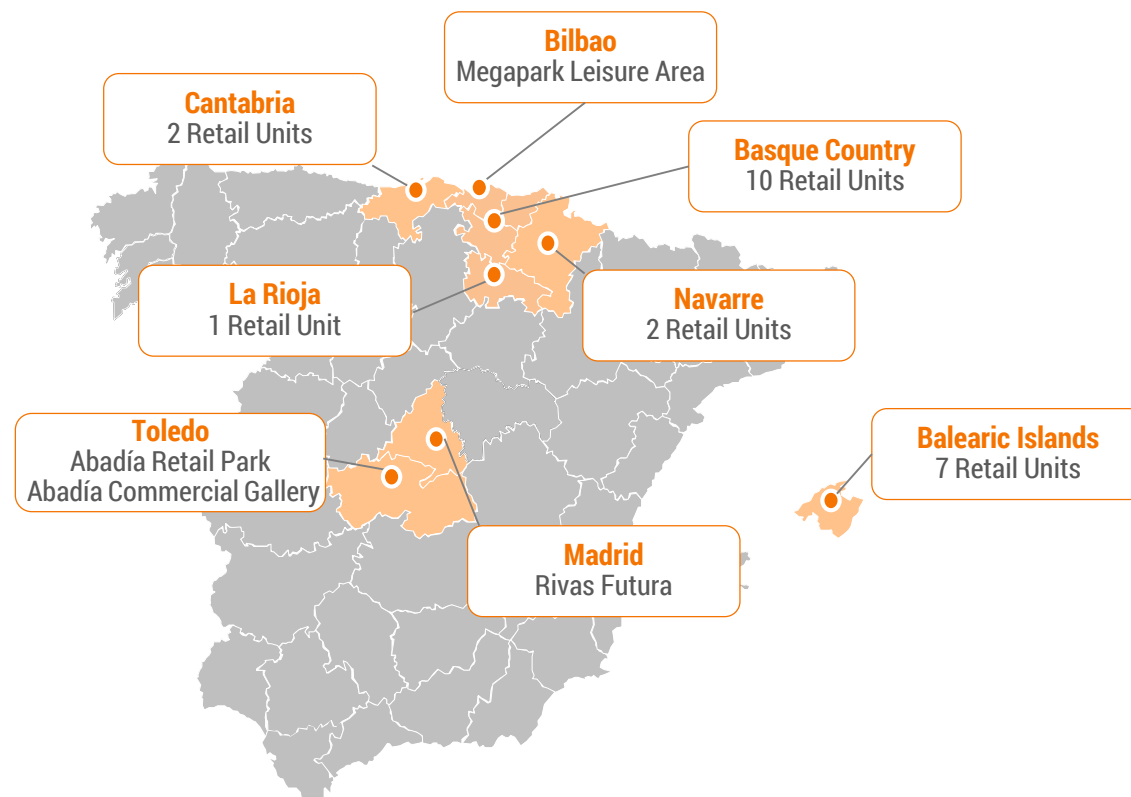
Acquisition Price

€14 Mn

2017 ACQUISITIONS

€119.4 Mn

2018 ACQUISITIONS

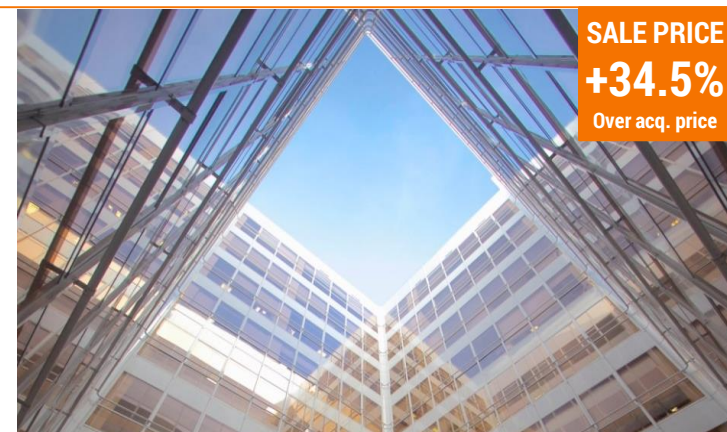
€75.6 Mn

Asset Rotation kicks off with the sale of two office assets

Lar España starts the divestment process of its office portfolio as part of its asset rotation strategy of non-core assets through core assets

ARTURO SORIA OFFICE BUILDING DIVESTMENT

LOCATION Madrid	GLA 8,663 sqm
ACQUISITION PRICE €24.2 Mn	ACQUISITION DATE 29 – July – 2014
SALE PRICE €32.54 Mn	SALE DATE 27 – September – 2017



EGEO OFFICE BUILDING DIVESTMENT

LOCATION Madrid	GLA 18,254 sqm
ACQUISITION PRICE €64.9 Mn	ACQUISITION DATE 16 – December – 2014
SALE PRICE €79.3 Mn	SALE DATE 16 – January – 2018



Both Retail Developments construction works on schedule

VIDANOVA PARC, SAGUNTO (VALENCIA)

Urban retail and leisure park located in an important tourist area, Sagunto (Valencia)

ACQUISITION PRICE	€14 Mn
MARKET VALUE (DEC 17)	€24.8 Mn
ESTIMATED OPENING	Q3 2018
GLA	44,252 Sqm
Nº TENANTS	37
EXPECTED ANNUAL RENT	€4.0 Mn

GLA signed & committed

65%

Jun 17

88%

Oct 17

95%

Feb 18



Q3 2018

Exp. Start of Operations

URBANIZATION WORKS
+79.0%

TOTAL RP WORKS
+41.5%



PALMAS ALTAS, SEVILLE

Excellent location, 4 km from Seville's city centre

ACQUISITION PRICE	€40.5 Mn ¹
MARKET VALUE (DEC 17)	€71.5 Mn
ESTIMATED OPENING	H1 2019
RETAIL AND FAMILY LEISURE AREA	100,000 Sqm
EXPECTED ANNUAL RENT	€14.0 Mn

c.59%

GLA signed & committed



PRIMARK®



FIVE GUYS®



SPRING '19

Exp. Start of Operations

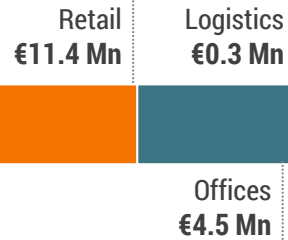
DEV. COSTS INCURRED
+26%



1. Includes a potential extra building rights.

Additional sources of value creation

CAPEX INVESTMENT TO GENERATE MORE VALUE



BREEAM® ES
el certificado de la construcción sostenible

8 BREEAM® In-Use "Very Good" Certified

EL ROSAL	MEGAPARK
VISTAHERMOSA	AS TERMAS
GRAN VÍA DE VIGO	ALBACENTER
ANECBLAU	PORTAL DE LA MARINA

2 BREEAM® New-Build "Very Good" rating

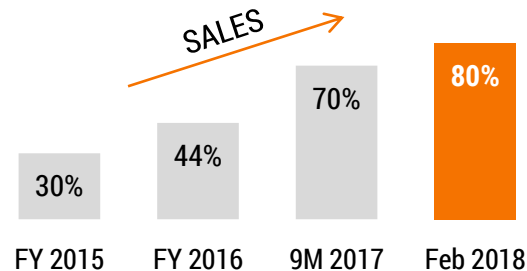
ELOY GONZALO ¹	MARCELO SPÍNOLA
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LAGASCA 99 RESIDENTIAL DEVELOPMENT

Q2 2018 Estimated Delivery Date	Extraordinary dividend announced
New record set for a flat in Madrid Golden Mile	Financing of 100% of construction costs agreed

Price c.11,000 €/sqm



In process



VALUATION
+20.1%
Over acq. Price
(Capex Adjusted)

1. Provisional until completion of the building works

Innovation Strategy

Disruptive projects differentiating among our competitors

To position Lar España
as the **leader in digital transformation**
in the retail sector

To change relations with customers and retailers, making them more efficient and “digital” and our way to interact between departments in the Company, creating a work environment much more efficient and modern

To create shared value to **lead economic and social progress**, and also generate financial returns for our shareholders

Lar España recognises its ability to have an impact on the world we live in and has therefore set itself the objective of improving people’s quality of life, bolstering socio-economic progress in Spain and generating a financial return for investors.

**DIGITALIZATION &
DIFFERENTIATION**

TECHNOLOGY

ENGAGEMENT

EXPERIENCE

ESG

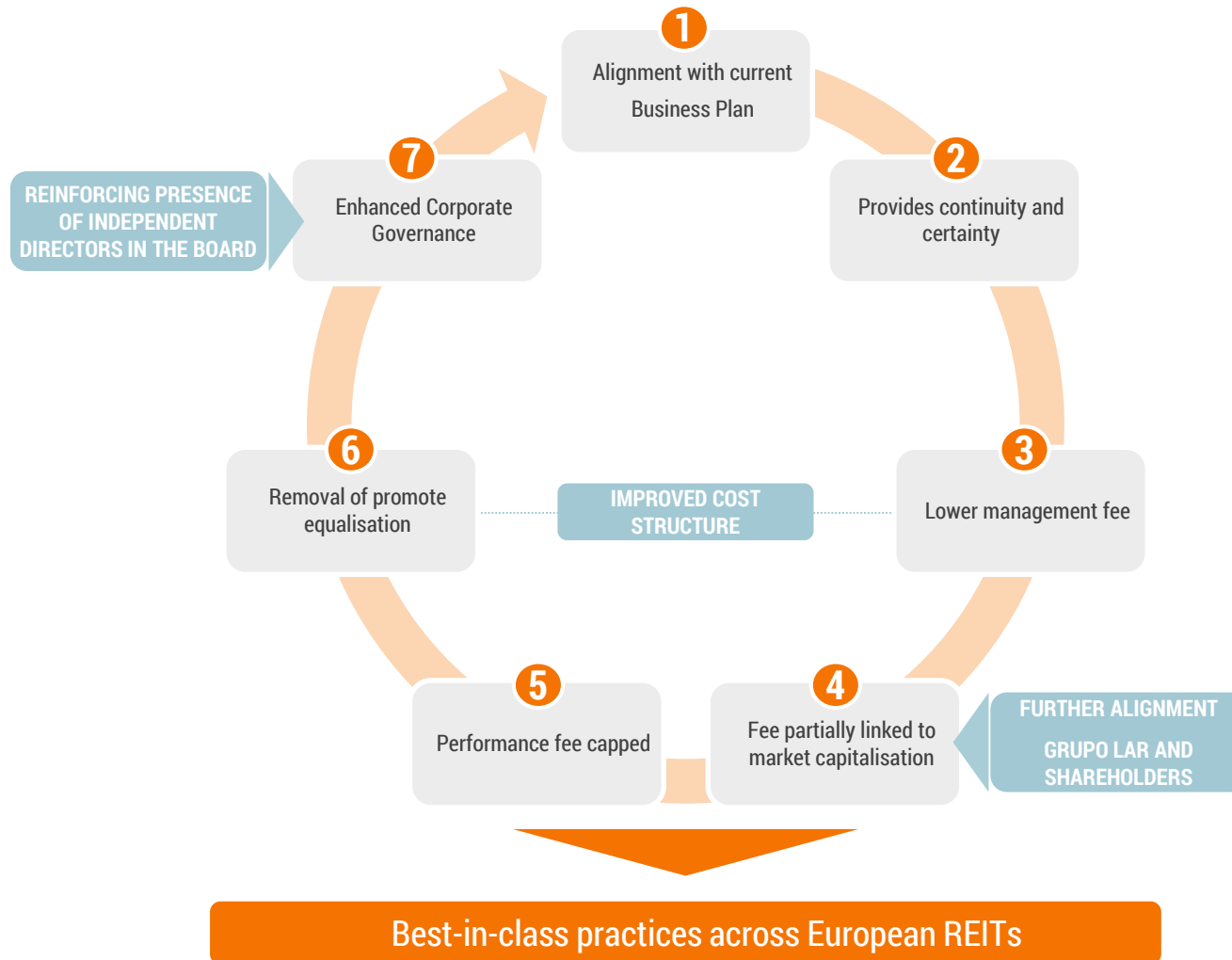
SUSTAINABILITY

04

Corporate Governance for the Future



Highlights of the new Investment Management Agreement



Unanimously approved by the seven members of the Board
(5 independents + 2 proprietary)

Four year term effective from 1 January 2018

Aligned with the Business Plan period (2018-2021)

Strategy in line with December Analyst Day guidance

Target Returns	<ul style="list-style-type: none"> ▪ 12% Target Annual Return on investments
Divestments	<ul style="list-style-type: none"> ▪ €380m of divestments over the next 24 months From Office, residential and non-core retail assets ▪ >€90 Mn of divestments From all logistics assets
Capex Investment	<ul style="list-style-type: none"> ▪ Finance all existing capex commitments <ul style="list-style-type: none"> ▪ Refurbishment of existing assets: €49 Mn ▪ Developments: €247 Mn
New Investments	<ul style="list-style-type: none"> ▪ €220 Mn of new investments Mainly focused in retail assets
Distributions ¹	<ul style="list-style-type: none"> ▪ Ordinary dividend 5% of NAV ▪ Maximise distributions Extraordinary dividend Lagasca 99 and other distributions linked to divestments
ESG	<ul style="list-style-type: none"> ▪ Responsible asset management Consumptions and emissions, accessibility and society-based initiatives ▪ Risk control and management system ▪ Ethics and Compliance



1. To be submitted to shareholders for approval

05

Closing Remarks



Closing Remarks

Corporate focus on realizing value on office assets through asset rotation confirmed with the sale of Arturo Soria & Egeo

€121.6 Mn in 4 Acquisitions in 2017 and already 2 assets for €75.6Mn in 2018

New IMA brought forward to sooner benefit shareholders and the delivery of the Business Plan focused on shareholder's return through asset rotation, highly profitable developments and focus on Retail strategy

Active Management of the assets and current market environment supports **outstanding improvement of all Retail KPI's and LfL valuation¹ growth of 9.3% in 2017**

+41% of EPRA Earnings YoY and shows the contribution of the new assets & the improvement in the existing portfolio

EPRA NAV per share YoY growth of 12% to €10.27

2017 Results and divestments support a 5.1% Dividend over NAV, €45 Mn of dividends², +50% YoY

1. Valuation growth capex adjusted

2. Dividend to be approved in AGM

Lar España APP

Get full information of the company on Lar España App for iPhone, iPad and Android devices

