



albacenter

PRIMAARK
H&M
VERDEKA
TITAN DIVARIDE
PULL&BEAR
LEFFIES
TWINNER
L&SCOT

BIENVENIDOS

albacenter

Horarios del centro
Horarios comerciales:
De lunes a sábado de 10:00h a 20:00h
SUSPENDIENDO EL COMERCIO
De lunes a sábado de 10:00h a 12:00h
REABERTIENDO EL COMERCIO
De lunes a domingo de 10:00h a 20:00h



H1 2018 Results

July 27th, 2018

www.larespana.com

July 2018



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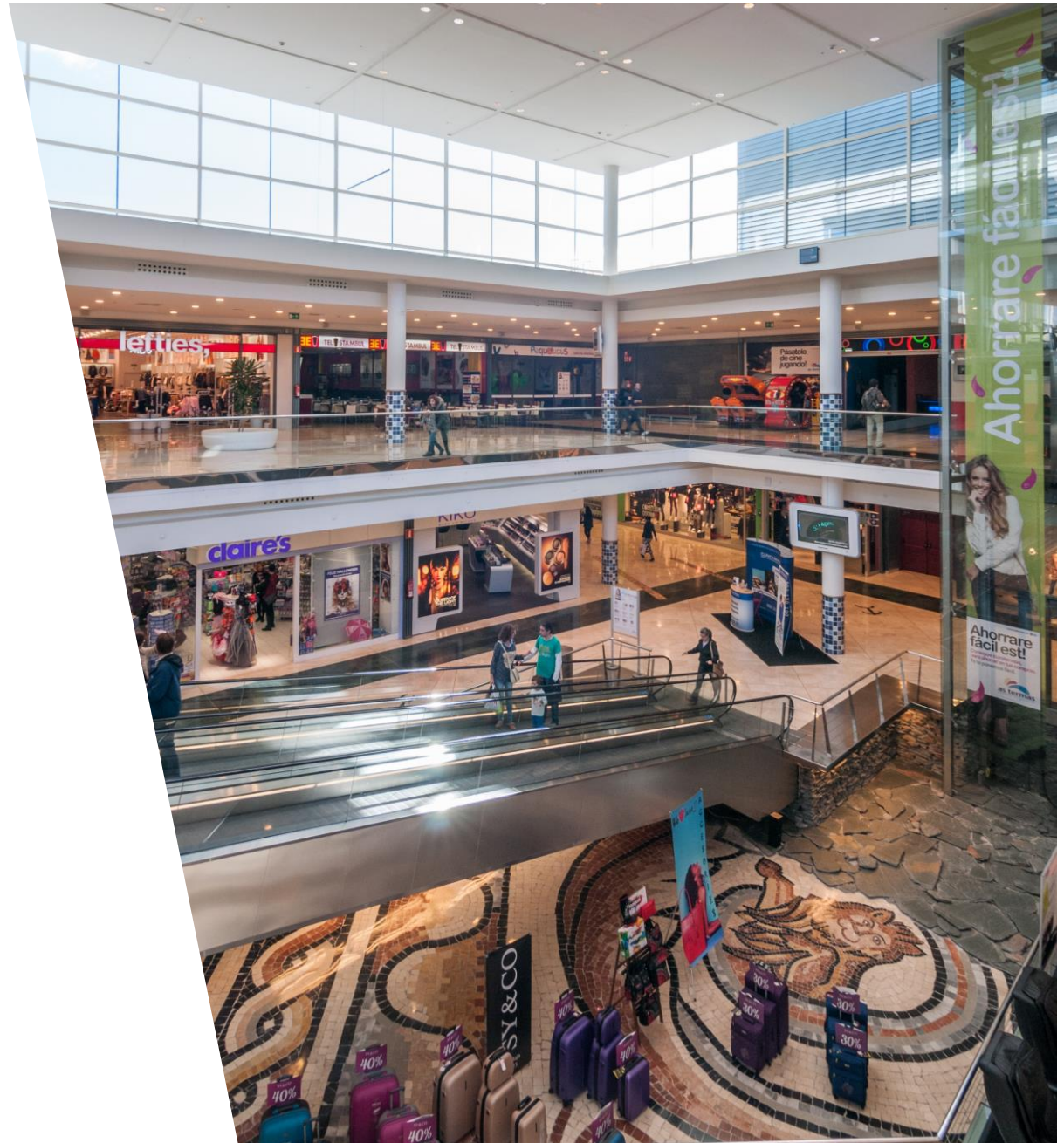
05

Closing
Remarks








01

H1 2018 Highlights



As Termas Shopping Centre, Lugo

Solid performance & successful asset rotation

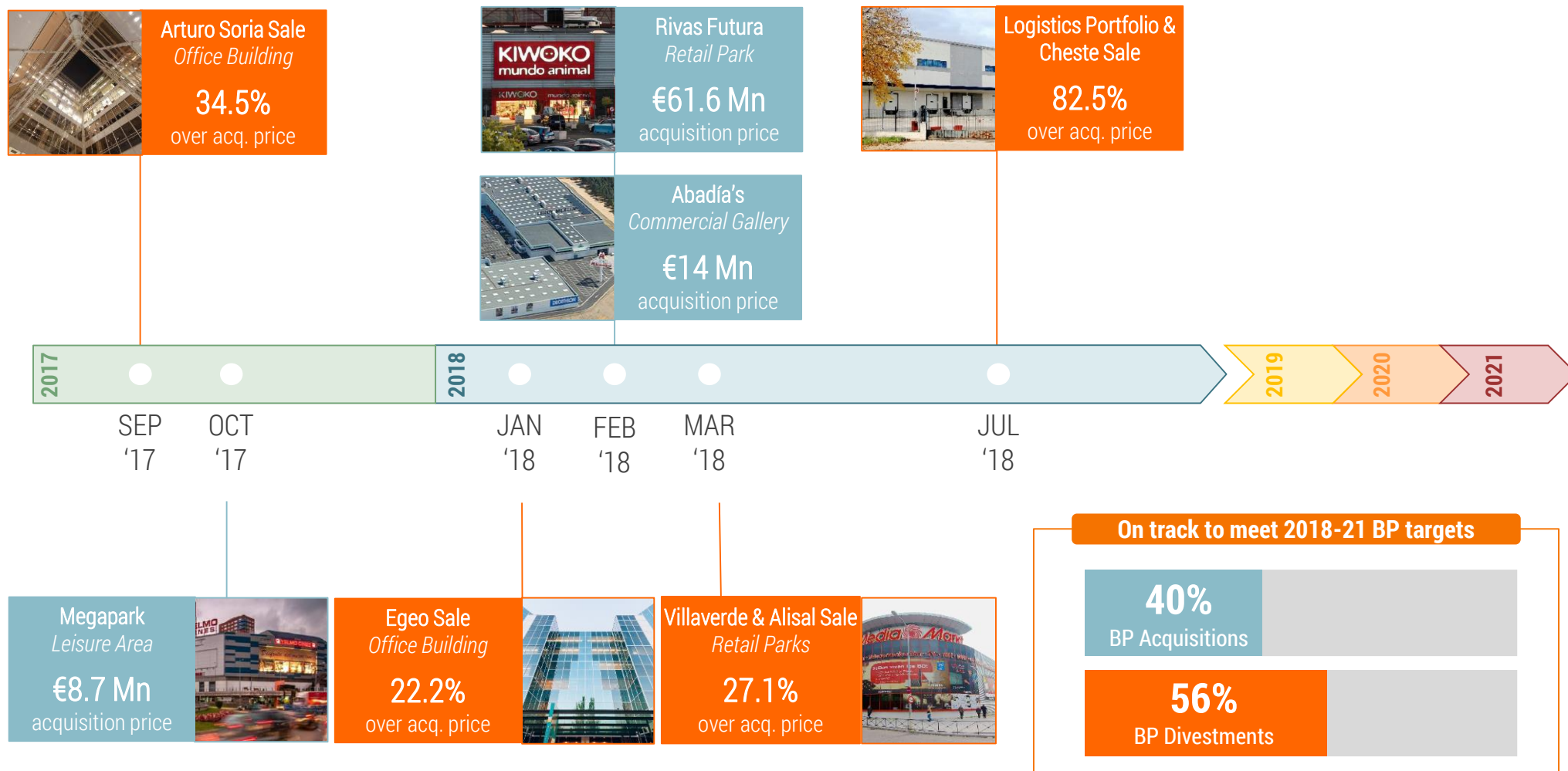
 Operating Results	+20.9% in Property operating result +12.4% Recurring EBITDA	33.8% Portfolio revaluation since acquisition <i>(before invested capex)</i>	10 quarters outperforming the market in retailers declared sales (+2.0%) & footfall (+1.1%)	
 Developments & Refurbishments	Vidanova Parc already opened 100% GLA signed	Palmas Altas 73% of GLA signed & committed	Lagasca99 86% already sold	Eloy Gonzalo 100% occupancy reached
 Asset Rotation	€119.7 Mn in logistics portfolio disposal 82.5% over acq. price	€112.5 in rest of 2018 divestments 24% over acq. price	€75.6 in 2018 acquisitions @ avg. NIY of 6.2%	
 2018 Financings	Palmas Altas Financing c.€100 Mn development facility	Rivas Futura Financing c.€27.5 Mn Mortgage Loan	Abadía Com. Gallery Financing c.€8.7 Mn Mortgage Loan	
 Corporate	€45 Mn Dividend €0.49 per share 5.1% Div. Yield over EPRA NAV	Grupo Lar reinforces its stake in Lar España up to 9.99%	BREEAM® 8 In-Use “Very Good” Certificated 2 In-Use “Good” Certificated 2 New-Build, “Very Good” rating	

02

Corporate Activity: towards Growth & Value Creation



Successful 2018-21 Business Plan execution



Lar España crystallizes value through the logistics portfolio disposal

Lar España shows its ability to
unlock the value created over the last years of market improvement and active asset management of the existing portfolio

The sale of the logistics portfolio best shows that we are diligently fulfilling our Business Plan

Successful active management of our logistics properties showed in the strong revaluation and robust investor appetite

Non-core assets divestments are the main driver to focus on our core strategic business, retail

Total Acquisition Price
€65.6 Mn

Valuation Appraisal
 (Dec 2017)
€91.9 Mn

% Over Acq. Price

82.5%

% Over Valuation Dec 17

30.3 %

Total Sale price
€119.7 Mn

Acquisition NIY
9.4%

Exit Yield
5.8%

Remaining non-core assets will add value in the coming months

OFFICES

VALUATION¹
€97.5 Mn



LAGASCA99

VALUATION²
€188 Mn



MARCELO SPÍNOLA

VALUATION¹
€38.5 Mn



ELOY GONZALO

VALUATION¹
€37.5 Mn



**100%
Occupancy**

JOAN MIRÓ

VALUATION¹
€21.5 Mn



1. Valuation as of 30th June 2018

2. Valuation as of 30th June 2018 for 100% of the development. 50% owned by Lar España.

VidaNova Parc has already opened its 1st phase

Leroy Merlin,
VidaNova's main anchor,
has already started to
welcome customers

Norauto already opened.
The rest of the retailers will
gradually open their locations
in the coming months

100%
GLA signed

Smart and balanced mix of
attractive retailers, leisure activity and F&B offering

DECATHLON

worten

Conforama

LEROY MERLIN

casa

C&A

FIFTY FACTORY
(GRUPO CORTEFIEL)

Norauto

YELMO CINES

Urban Planet

BURGER KING

KFC

VIPS

VOLAPIÉ

païse play

LIZARRAN

GINOS



45,137 Sqm
GLA

€14.0 Mn
Acquisition Price

€35.8 Mn
Valuation¹

39
Tenants

c.5 Mn
Exp. Annual Rent

€45.7 Mn
All-in cost

1. Valuation as of 30th June 2018.

Palmas Altas is going to be an additional source of value creation

Excellent location,
4 km from Seville's city centre

Q2 2019
Opening

73%
GLA signed and committed

8 Inditex
Brands signed



PRIMARK



ZARA

FIVE
GUYS

Massimo Dutti

MediaMarkt



14 Mn/year
Exp. Visits

200
Tenants

€88.5 Mn
Valuation¹

1.5 hours
Exp. Avg. Stay

c.15 Mn
Exp. Annual Rent

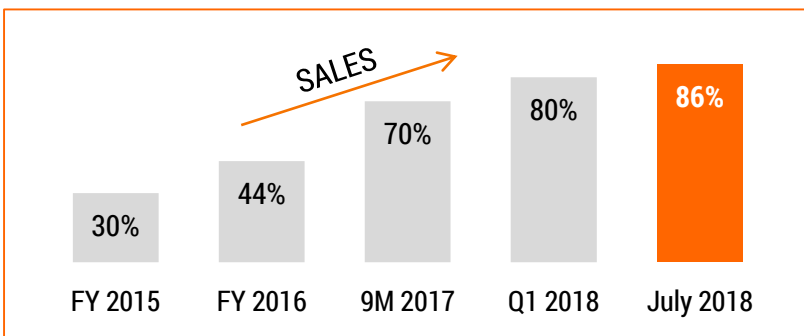
€151.6 Mn
Est. construction
cost to completion

1. Valuation as of 30th June 2018.

Lagasca99 sales reached 86% and increases average price

New residential concept
in the centre of Madrid

€188 Mn
Valuation¹



Last construction phase,
focused on interior works
500,000 tons of travertine marble
placed on the facade

Avg. Price
c.11,300 €/sqm

Extraordinary dividend
announced

€45 Mn
Est. development cost

1. Valuation as of 30th June 2018 for 100% of the development. 50% owned by Lar España.

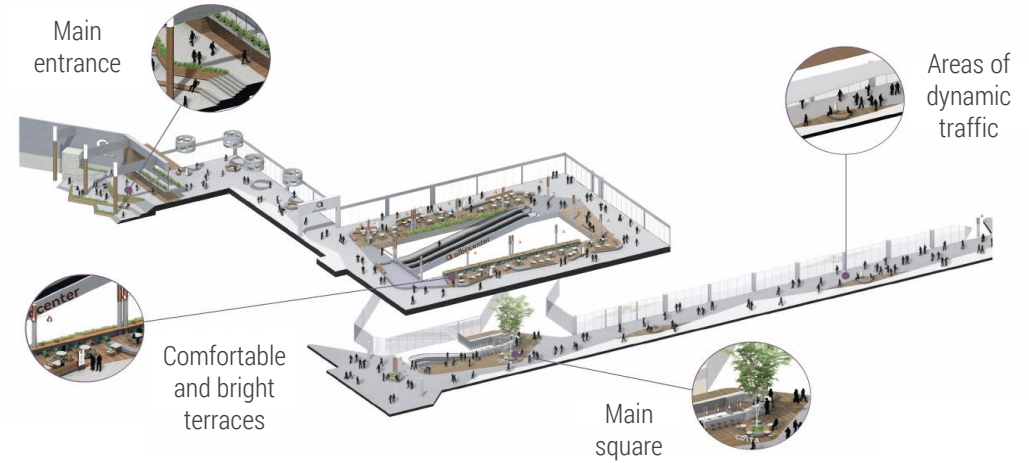
Albacenter successfully refurbished and reopened in June

€3.0 Mn
Invested Capex

+11.3%
Revaluation vs H1 2017

Full Renewal Project

- Reposition the SC as an urban square
- Improve commercial mix
- Modern and complete renovation of the asset



DYNAMIC, COMFORTABLE AND URBAN SPACES



NEW ACCESSES TO THE CENTRE



RENOVATION OF THE COMMERCIAL AND F&B AREAS



03

H1 2018

Financial Results



Successful & strong key facts delivered in H1 2018

€1,580 Mn
GAV

+9.1%
vs H1 2017

€39.8 Mn
GRI

+6.1%
vs H1 2017

€33.5 Mn
Property
Operating Result

+20.9%
vs H1 2017

€29.6 Mn
Recurring EBITDA

+12.4%
vs H1 2017

€232.2 Mn¹
2018 Divestments

56%
BP Target

36%
Net LTV

2.19%
Cost of Debt



€10.34
EPRA NAV per share

€979.3 Mn
EPRA NAV

10.7%
ROE

5.5%
EPRA "topped-up" NIY

5.4%
EPRA NIY

6.3%
ROA

93.3%
Occupancy Rate

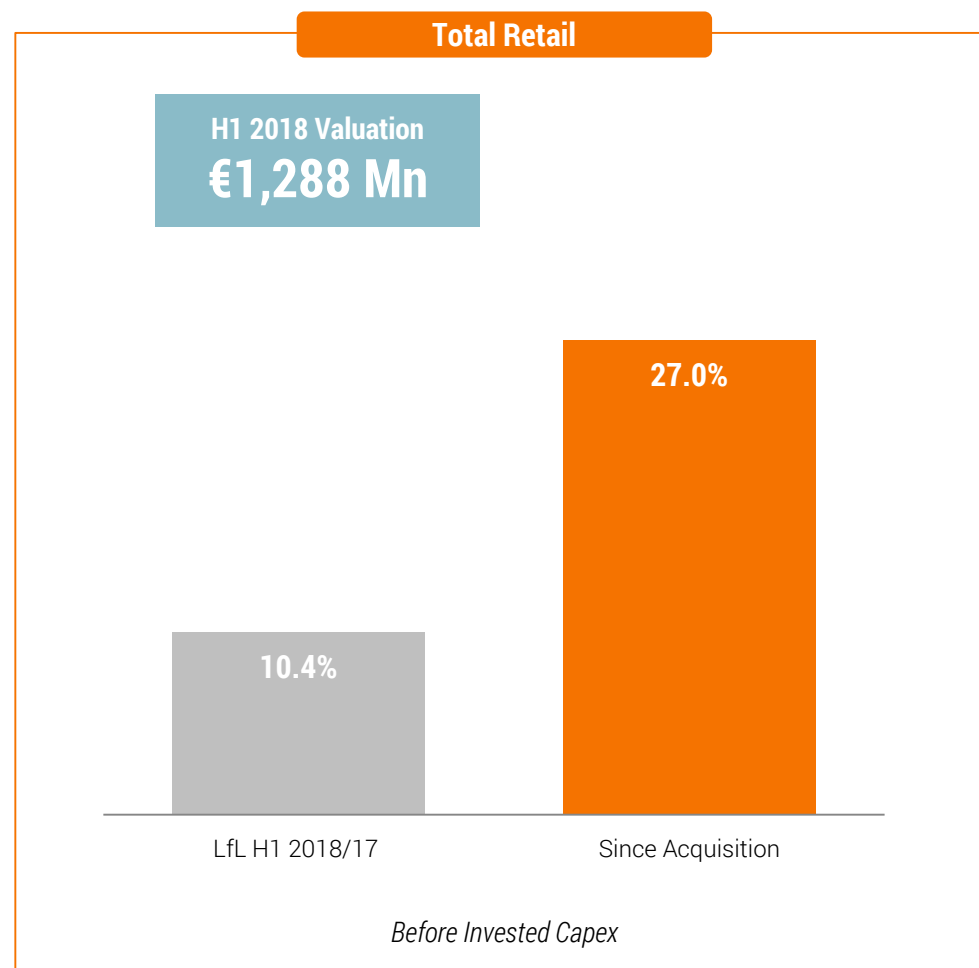
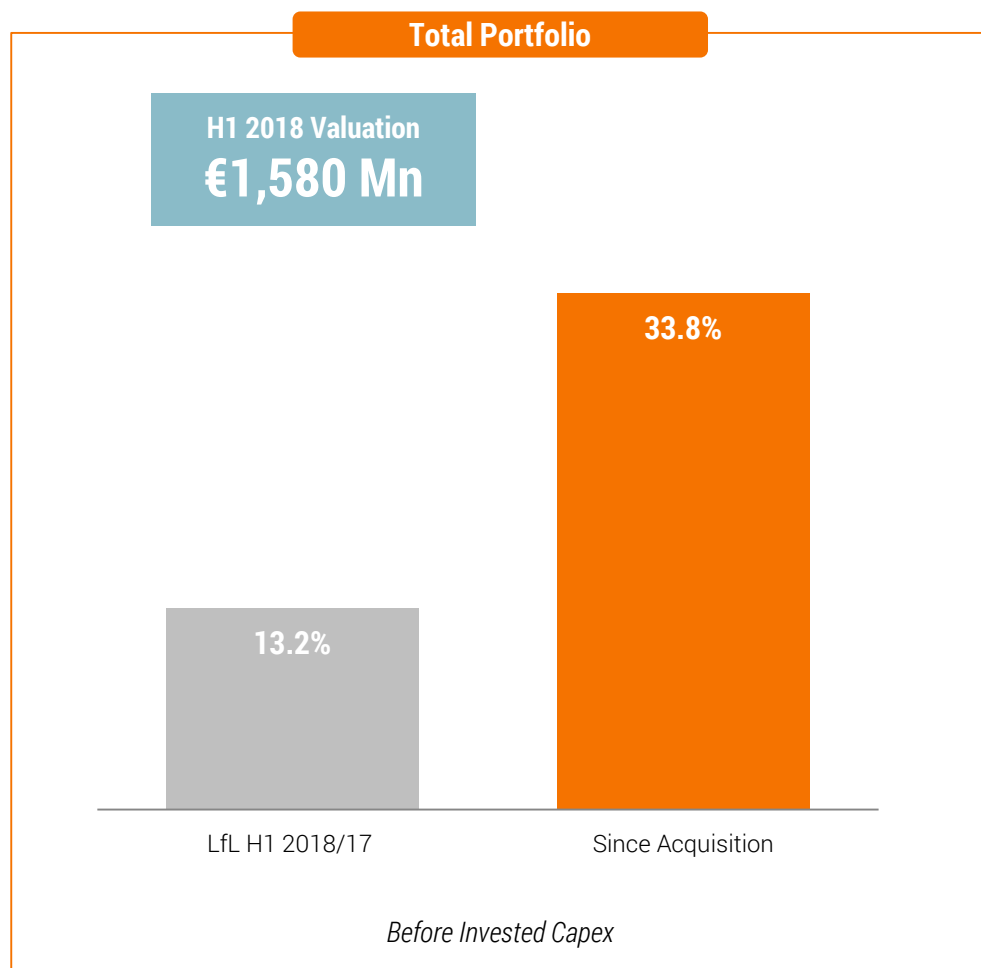
€74.3 Mn
Annualised Net Rent

1.1
SOLVENCY RATIO



1. Logistics Portfolio divestment of €119.7 Mn is included, although it occurred in Q3 2018.

H1 2018 Lar España Asset Appraisal



Consolidated Income Statement (€ Millions)

	RECURRING ³		Chg% H1 2018/17	NON-RECURRING ³		TOTAL ³		Chg% H1 2018/17
	H1 2018	H1 2017		H1 2018	H1 2017	H1 2018	H1 2017	
Rental Income	39.8	37.5		-	-	39.8	37.5	
Other Income	2.5	1.0		-	-	2.5	1.0	
Property Operating Expenses	(7.7)	(6.3)		-	-	(7.7)	(6.3)	
Base Fee	(4.3)	(4.5)		-	-	(4.3)	(4.5)	
Gain/(Loss) on Disposal of Investment Properties	-	-		3.3	-	3.3	-	
Property Operating Result¹	30.2	27.7		3.3	-	33.5	27.7	+20.9%
Corporate Expenses	(0.6)	(1.4)		(1.0)	(1.2)	(1.6)	(2.6)	
Other Results	-	-		-	0.7	-	0.7	
EBITDA²	29.6	26.3	+12.4%	2.3	(0.5)	31.8	25.8	
Changes in the Fair Value	-	-		42.7	46.9	42.7	46.9	
Amortisation Expenses	(0.1)	-		-	-	(0.1)	-	
EBIT²	29.5	26.3	+12.1%	45.0	46.4	74.5	72.7	
Financial Result	(7.0)	(4.5)		-	-	(7.0)	(4.5)	
Share in Profit/ (Loss) for the Period of Equity-Accounted Companies	(0.5)	(0.7)		-	-	(0.5)	(0.7)	
EBT²	22.0	21.1		45.0	-	67.0	67.5	
Profit for the Period (Pre Divestment/Performance Fee)	22.0	21.1		45.0	46.4	67.0	67.5	
FFO (EBITDA – Financial Result) ¹	22.6	21.8		2.3	(0.5)	24.8	21.3	+16.4%
% FFO Annualized Yield /NAV	4.6%	5.1%				5.1%	5.0%	
Performance Fee (Non-cash accrued provision)	-	-		(5.3)	(2.6)	(5.3)	(2.6)	
Divestment Fee (One-off due to Assets sold during 2018)	-	-		(17.9)	-	(17.9)	-	
Profit for the Period (Post Divestment/Performance Fee)	22.0	21.1		21.8	43.8	43.9	64.9	

1. On 18 July the logistics portfolio was sold for circa €119.7 Mn. This divestment will have a positive impact of approximately €17 Mn on the Group's operating profit.

2. Pre divestment fee

3. May not foot due to rounding

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

Debt Structure and Amortization Profile

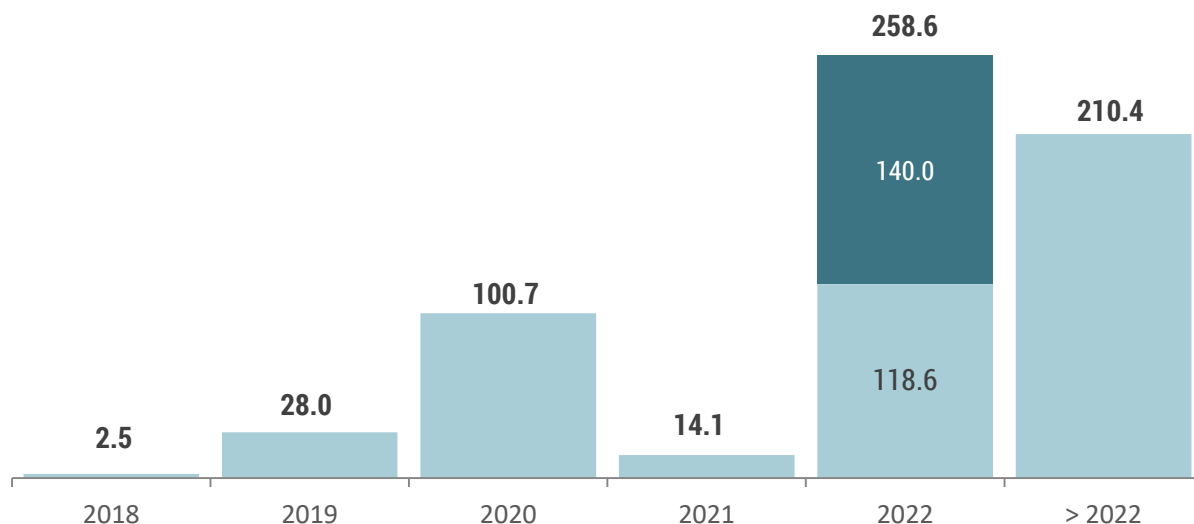
€ Mn

€140 Mn

Senior
Secured Bond

€474.3 Mn

Bank
Debt



Gross Financial Debt

€614.3 Mn

Net LTV

36%

Avg. Cost of Debt

2.19%

Interest Cover Ratio¹ (ICR)

4.5x

Fixed Rate

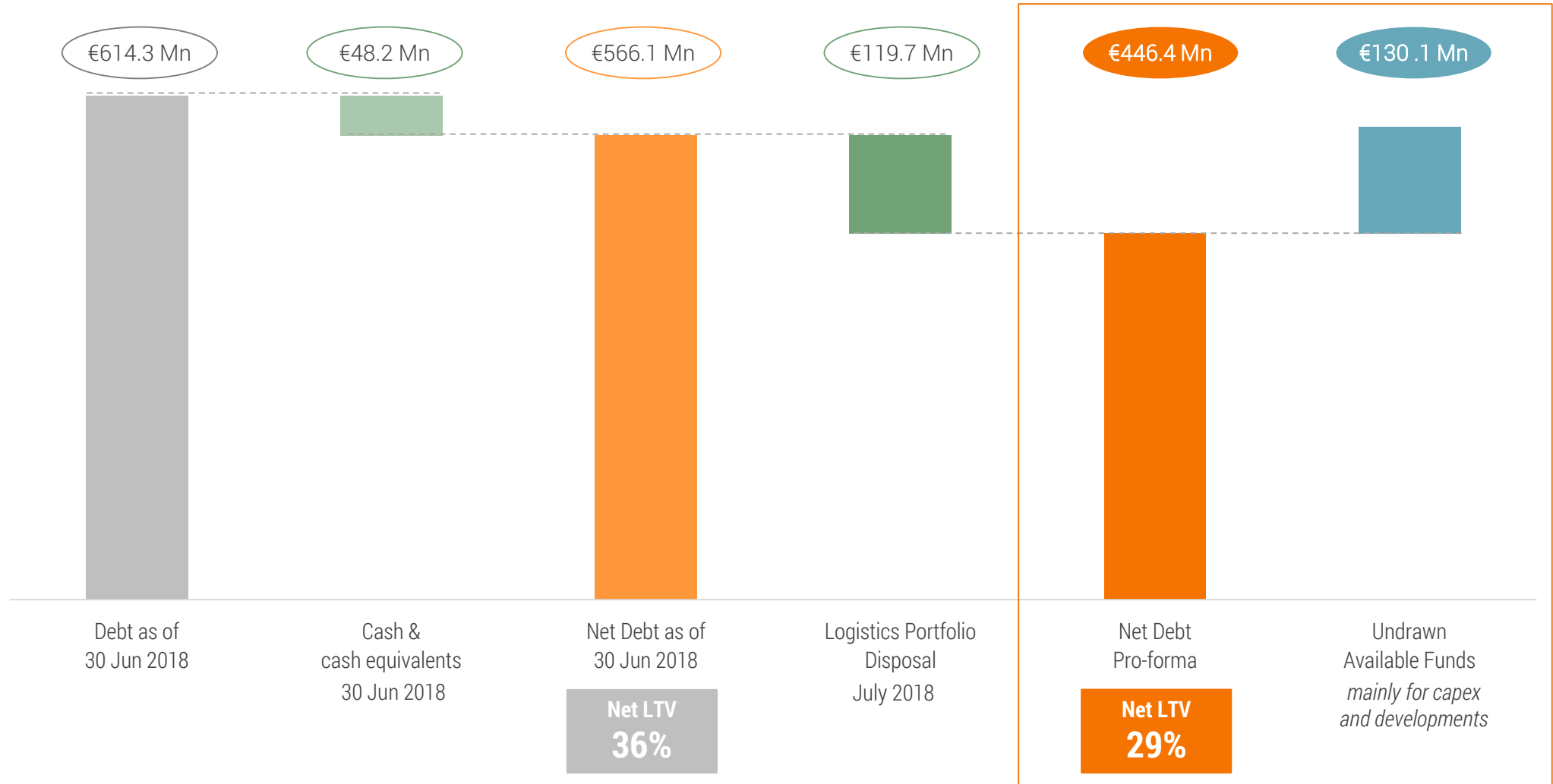
87%

Debt duration

6.3 years

1. EBITDA (pre-revaluation) / Interest expenses as at H1 2018

New flexible debt structure for capex, developments and acquisitions






Lar España raises c.€100 Mn in financing for Palmas Altas

The first financing of this size & the first for a retail greenfield development secured since 2007

Lar España has secured a **c.€100 Mn** development facility to fund the **Palmas Altas'** construction and its operational phase, supporting a landmark project for Seville and the Spanish Retail Sector

Key Figures of Palmas Altas Development Facility

Term	Cost of Debt	Lenders
7 Years Debt Duration	3-Months Euribor Reference Rate Floored at 0.00%	42%  Santander
2 Years Max. Development Phase Expected Opening 2Q 2019	+ Margin: 225 bps Development Phase (Until Q2 2019)	25%  Sabadell
5 Years Operations	200 bps Operations	20% Liberbank
Total Size €98.5 Mn <i>Funds disposal linked to the progress of the construction works</i>		13%  Unicaja



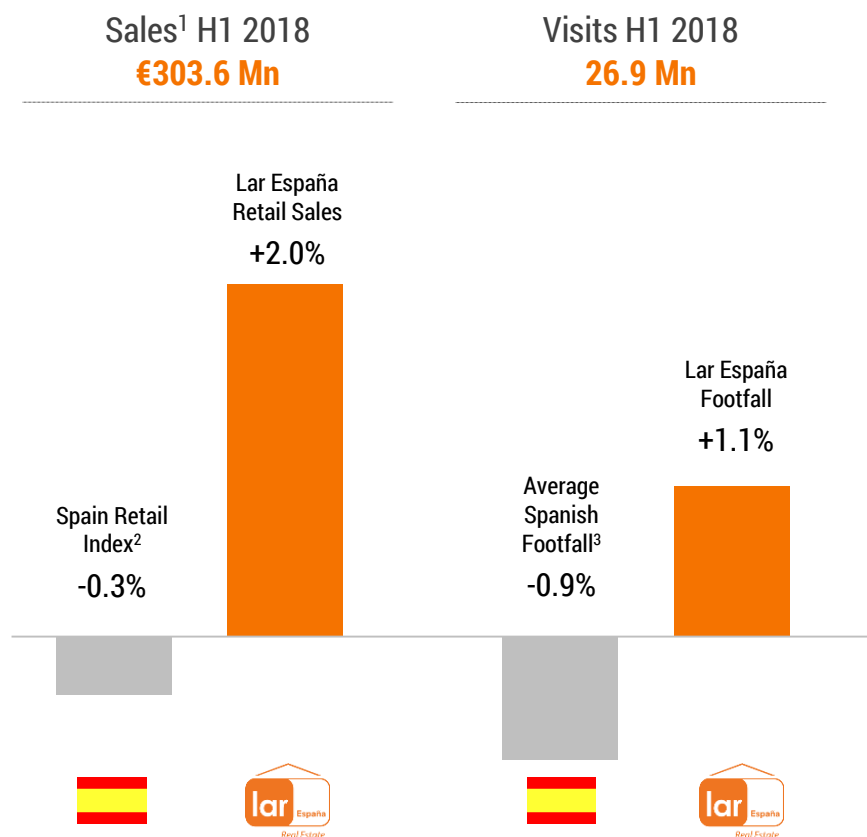
04

Business Performance



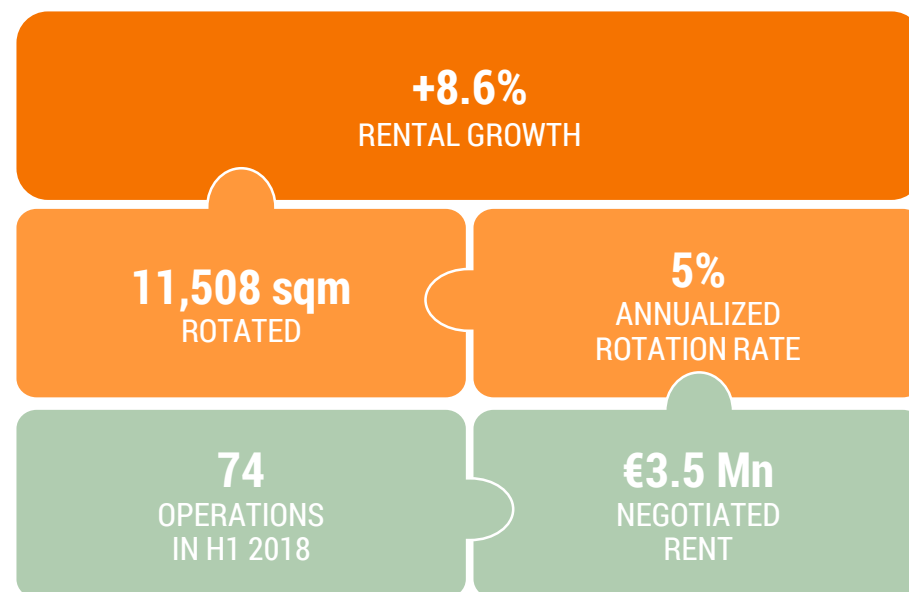
Sound retail letting activity keep pushing KPI's above market

Lar España continues outperforming the market



1. Declared sales.
2. INE (National Statistics Institute). Spanish Retail Index.
3. Shopper Track Index.

Letting activity at the core of the strategy



New generation retail: New metric



Retail operating trends keep up throughout the year

All figures refer to H1 2018 period

Active Asset & Tenant Management
+
Smart Capex in Operating Assets

33%

Rotation Rate since acquisition to improve shopping experience

€2.7 Mn

Retail Invested Capex
H1 2018

Vs H1 2017

LfL Occupancy Rate Growth
+2.1 p.p.

LfL NOI Growth
+4.6%

LfL GRI Growth
+2.9%

€36.4 Mn

Incentives reduction to tenants
9.4%



Sales¹

€ Mn

297.6

+2.0%

303.6

H1 2017

H1 2018



Visits

Mn

26.6

+1.1%

26.9

H1 2017

H1 2018



Operations

#

55

+35%

74

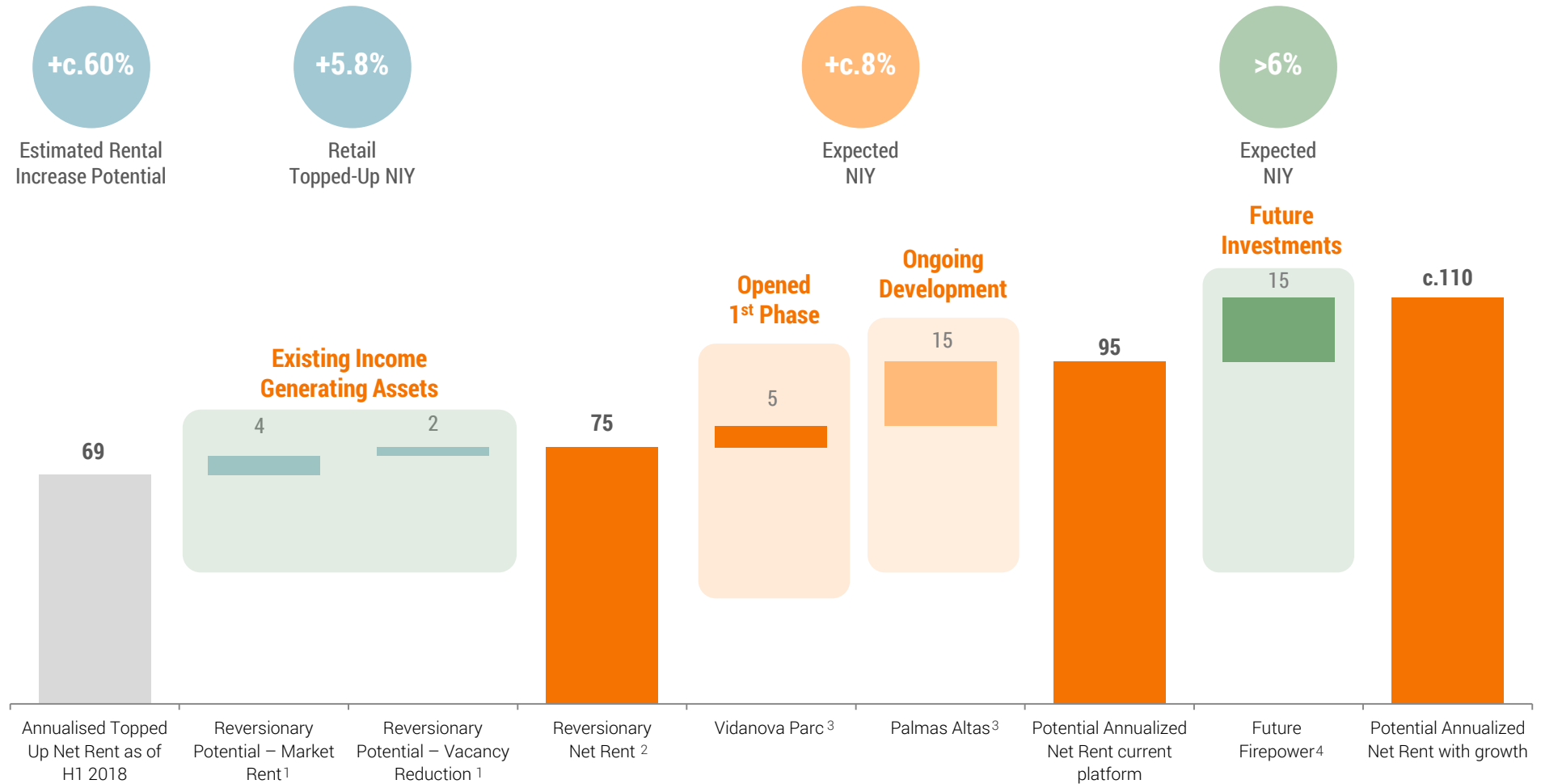
H1 2017

H1 2018

LfL data excludes Megapark Ocio, and Rivas
1. Declared sales



Retail Portfolio's potential







1. Illustrative potential additional rent 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 2017. Difference applied only to the current EPRA occupancy rate, considering the occupancy rate of the Company's properties as of 31 December 2017.
2. Illustrative potential additional rent in 2017 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 (Vidanova Parc 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. According to BP

05

Closing Remarks



Closing Remarks

 Operating Results	<p>+20.9% Property operating result in H1 2018 vs H1 2017</p> <p>+12.4% Recurring EBITDA in H1 2018 vs H1 2017</p> <p>+8.64% Average stay in our shopping centres in H1 2018 vs H1 2017</p>
 Developments	<p>VidaNova Parc already opened with 100% GLA signed</p> <p>Palmas Altas reached 73% of GLA leased and committed</p> <p>Lagasca99 sets a new record for a flat in Madrid and reaches 86% in sales</p>
 Asset Rotation	<p>Logistics assets sold 30% above December 2017 valuation</p> <p>logistics assets sold at an exit yield of 5.8%, while they were acquired at a net initial yield of 9.4%</p>
 2018 Financings	<p>c.€100 Mn new financing for Palmas Altas</p> <p>The first financing of this size & the first for a retail greenfield development secured since 2007</p>
 Corporate	<p>Grupo Lar</p> <p>reinforces its stake in Lar España up to 9.99%</p>



2018
Investor Day

Come & join us in our **2018 Investor Day**
next October 9th in Madrid & London

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H1 2018 Results Presentation

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