



Investor
Day 2018



The Time is Now:

Customer-Centric & Next Generation Retail

MADRID

October 9th, 2018

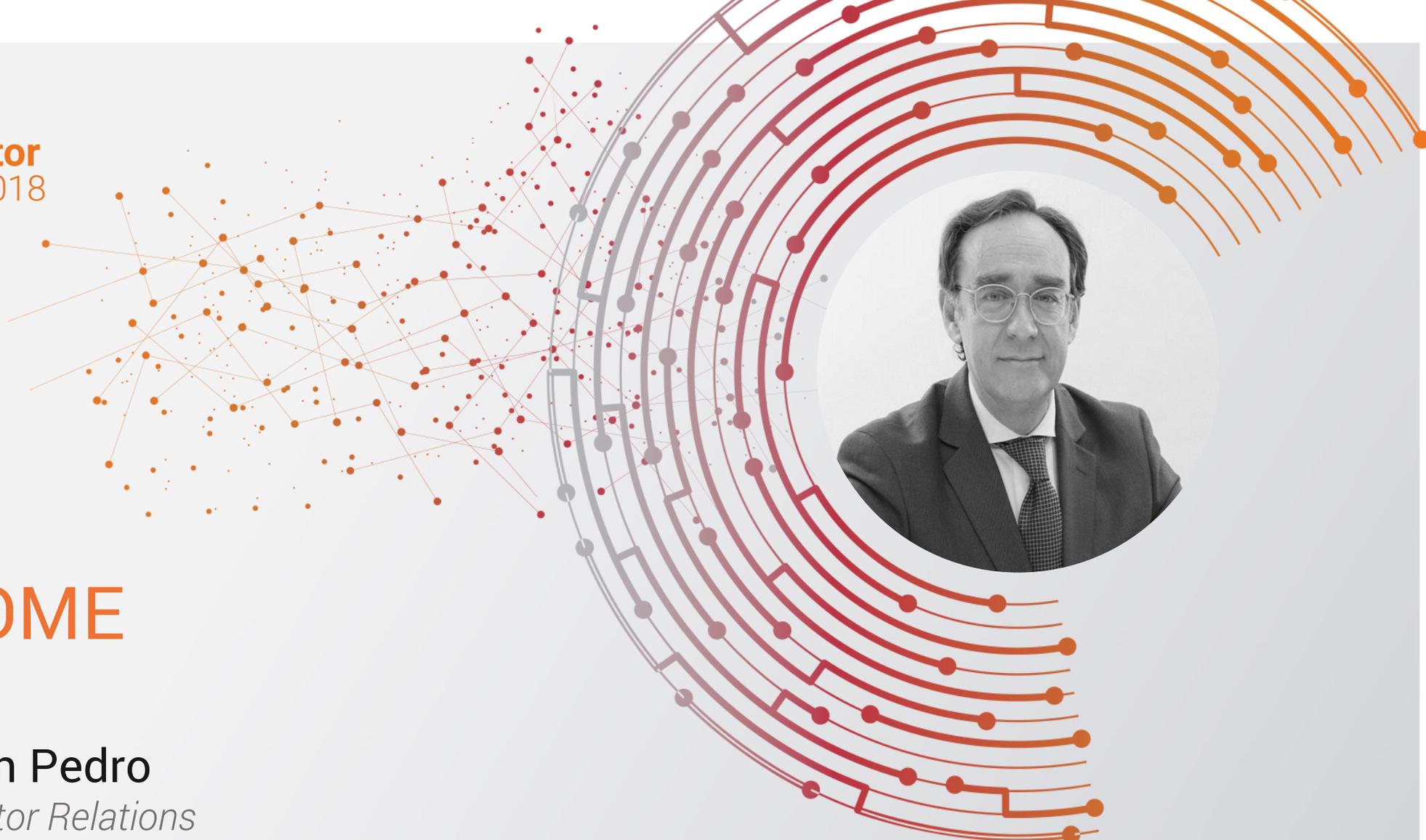
LONDON

October 10th, 2018

RETAIL
in action!



Investor
Day 2018



WELCOME

Hernán San Pedro
Head of Investor Relations

RETAIL
in action!

TODAY'S AGENDA

- | | | | | | |
|----|---|--|----|---|---|
| 01 | — | LAR ESPAÑA NOW
José Luis del Valle / Chairman Lar España | 06 | — | ENGAGEMENT
Sergio García / Asset Management Director Grupo Lar |
| 02 | — | LAR ESPAÑA & GRUPO LAR
Luis Pereda / Chairman Grupo Lar | 07 | — | SUSTAINABILITY (ESG)
Jon Armentia/ Corporate Director Lar España |
| 03 | — | WHERE THE WORLD, CUSTOMERS & RETAIL GO
Jorge Herrero / Head of Innovation and Business development
Southern Europe eBay | 08 | — | SHOPPING CENTRES PERFORMANCE
José Manuel Llovet / Commercial RE Managing Director Grupo Lar |
| 04 | — | MOVING FORWARD – TES PROJECT
Miguel Pereda / Board Member Lar España &
CEO Grupo Lar | 09 | — | MACRO MOMENTUM
Ignacio de la Torre / Partner and Head Economist Arcano |
| 05 | — | TECHNOLOGY
Pablo Rozadillas / Senior Asset Manager Grupo Lar | 10 | — | FINANCIALS - BUSINESS PLAN
Miguel Pereda / Board Member Lar España &
CEO Grupo Lar |
| | | | 11 | — | CLOSING REMARKS & Q&A |

08:30 RECEPTION | 09:00 BEGINNING | 11:00 COFFE BREAK | 14:00 END | 14:15 COCKTAIL

RETAIL
in action!

Presenting Team



José Luis del Valle
*Chairman
Lar España*



Luis Pereda
*Chairman
Grupo Lar*



Miguel Pereda
*Board Member Lar España
CEO Grupo Lar*



Jose Manuel Llovet
*Commercial RE Managing
Director Grupo Lar*



Jon Armentia
*Corporate Director
Lar España*



Sergio García
*Asset Management
Director Grupo Lar*



Pablo Rozadillas
*Senior Asset Manager
Grupo Lar*



Hernán San Pedro
*Head of Investor
Relations Lar España*

Management Team with us today



Roger Cooke
*Independent
Board Member
Lar España*



Sergio Criado
*CFO
Lar España*



Susana Guerrero
*Legal Manager & Vice-secretary
Non Member of the Board
Lar España*

Special Guests



Jorge Herrero
*Head of Innovation and
Business development
Southern Europe EBAY*



Carlos Tercero Calderón
*Founder & CEO
STIGA CX*



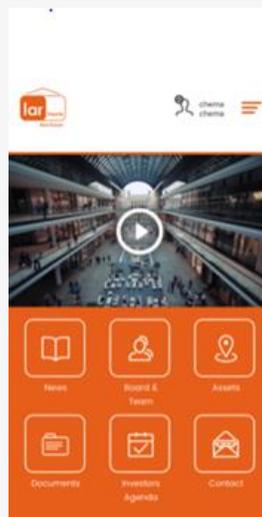
Jose Luis Blasco
*Global Head of
Sustainability KPMG*



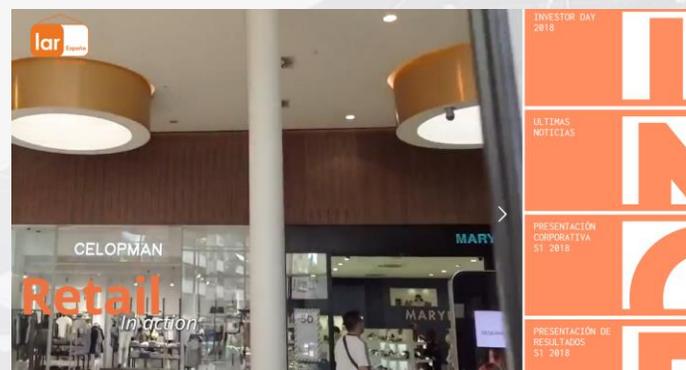
Ignacio de la Torre
*Partner and Head
Economist Arcano*

Some
news...

NEW APP



NEW WEB



RETAIL
in action!



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Day 2018



LAR ESPAÑA NOW

José Luis del Valle
Chairman Lar España

RETAIL
in action!

A journey to become leaders in retail

“To build the Spanish REIT leader in retail”

INVESTMENT
INITIAL PHASE



CONSOLIDATION



SPECIALIZATION



VALUE CREATION

2014

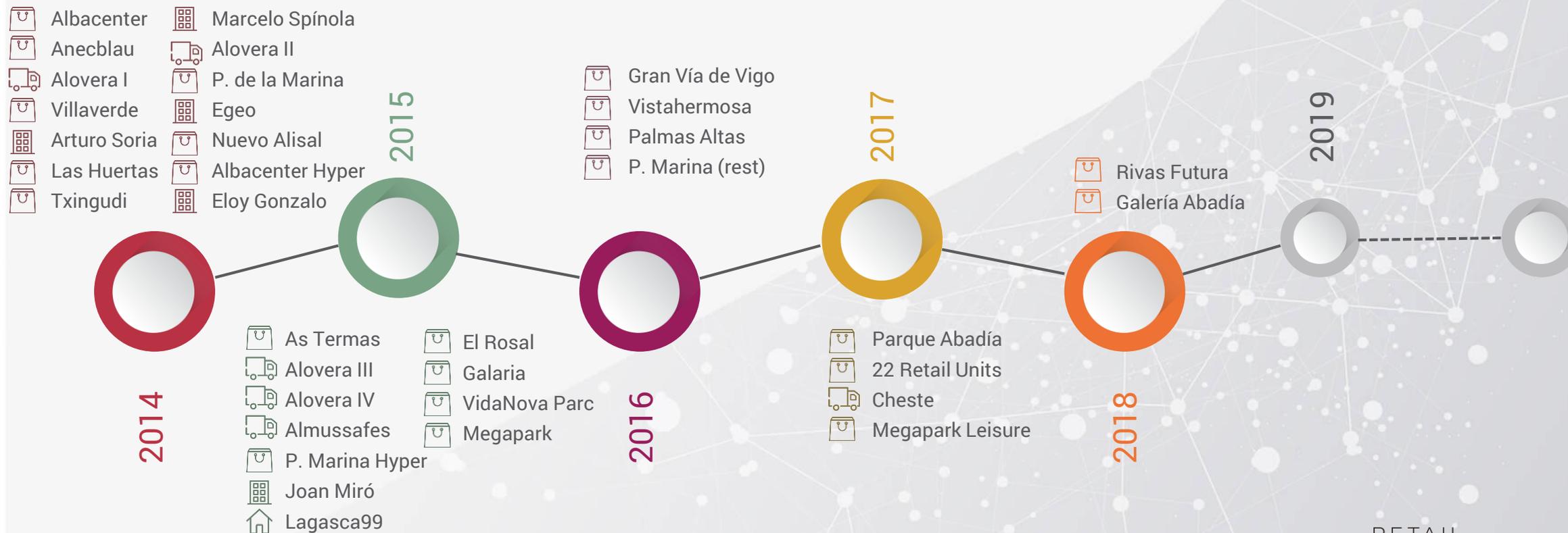
2015

2016

2017

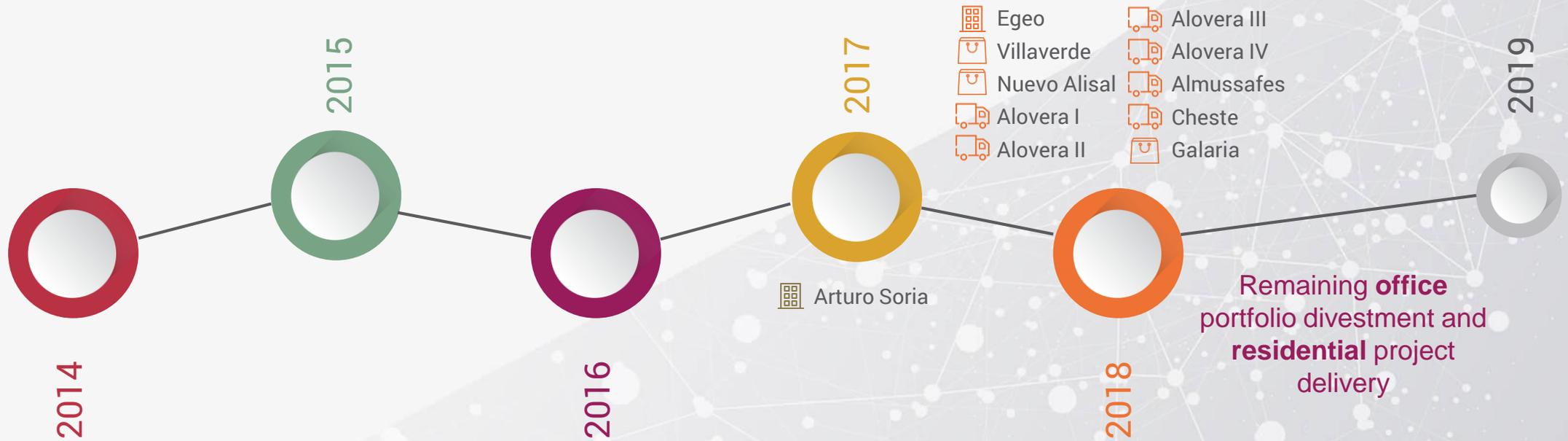
2018

What have we built?



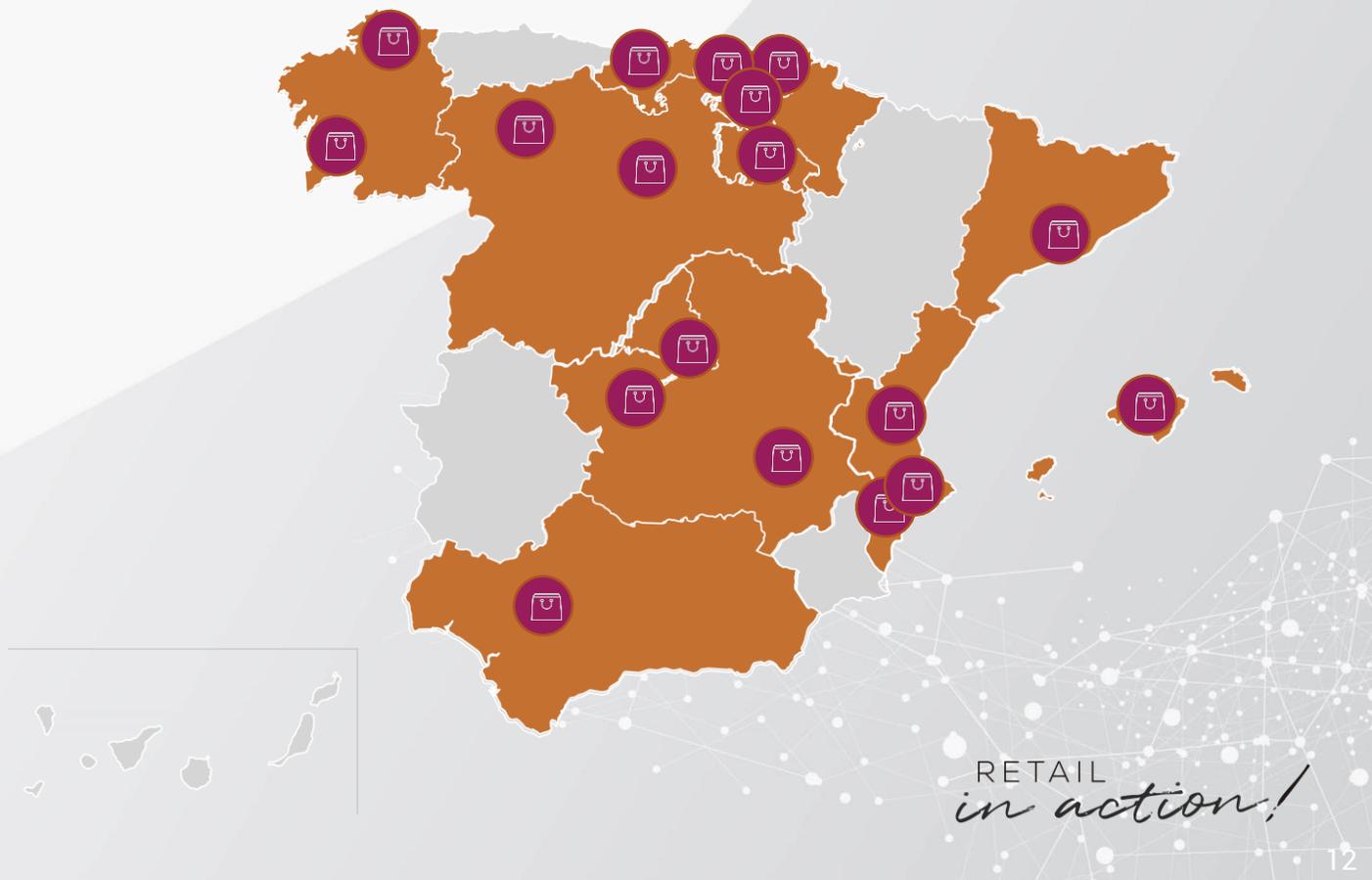
RETAIL
in action!

Non-core divestments to focus on retail



RETAIL *in action!*

PURE RETAIL PLAYER



RETAIL LEADERS IN SPAIN



SQM GLA¹
#1 IN SPAIN



ASSET STAKES OWNED
#1 IN SPAIN



RETAIL PARKS
#1 OWNER IN SPAIN

1. Considering opening date of assets under development until 2020. Source: CBRE & Lar figures at September 9th, 2018.

Lar España

one of the large retail
players in Europe

2017 Investment (€ Mn)



Source: CBRE. Excluding High Street investments.



RETAIL
in action!

Our way to add value

Undeniable Value Now



Cherry picked asset portfolio of **dominant** assets



Solid **results** outperforming expectations



55% of revaluation due to strong active management



Prudent leverage at attractive cost



Attractive **dividend** policy



Ready to face the **tech** challenge



Rent increase potential from the existing retail portfolio



Additional **rent increase potential** from new developments coming

Future Value

A retail focused strategy

Investment Criteria					100% ownership
Value-Creation Potential	Dominant	Core+ tenants	Soundness	Protected	Target levered IRR > 12%

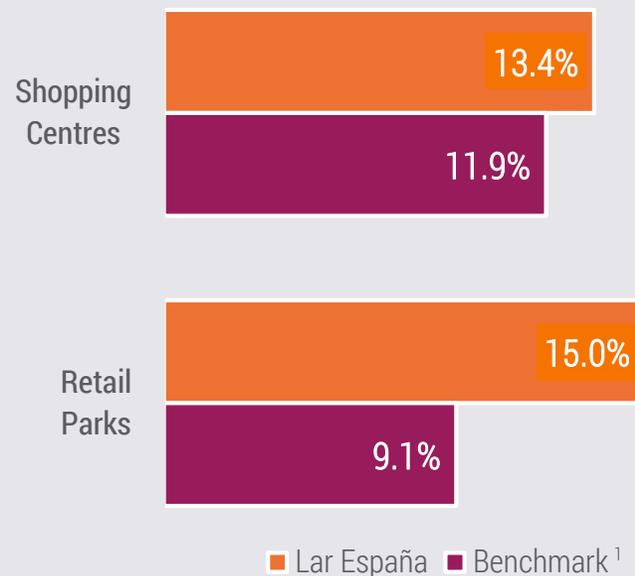
Creation of **unique shopping experiences**

Using **technological solutions** that differentiate us from the competition

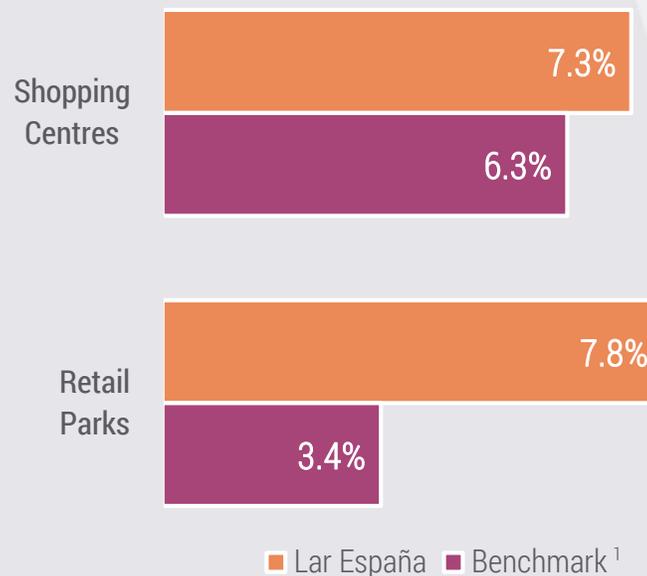


Outperforming the retail market benchmark¹

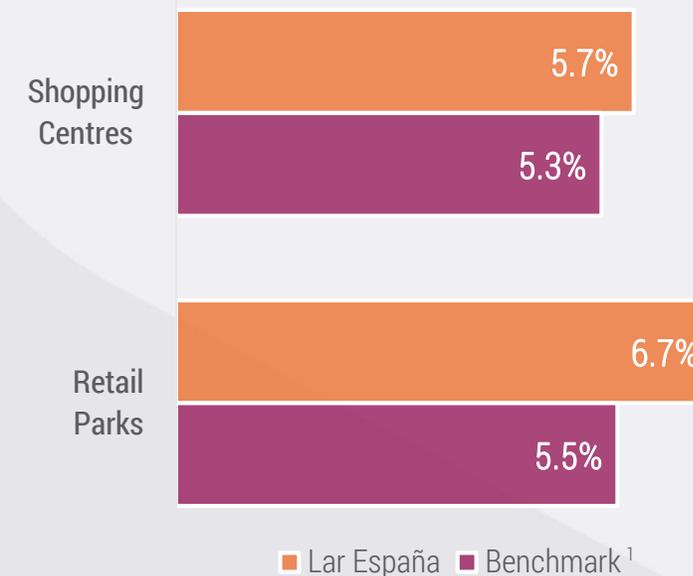
% TOTAL RETURN PERFORMANCE



% CAPITAL GROWTH



% INCOME GROWTH



Source: 2017 MSCI – IPD Spain Annual Property Index results

1. The 2017 IPD index for Spain analyses 44 portfolios, including a total of 508 assets valued at almost €18 Bn in the real estate market

RETAIL
in action!

Looking ahead to the new retail world



SOCIO DEMOGRAPHICS

The conversion of shopping centres into communities that engage millennials



ENGAGING LIFESTYLE EXPERIENCES

Retail at the heart of the consumer's leisure activities



OMNICHANNEL

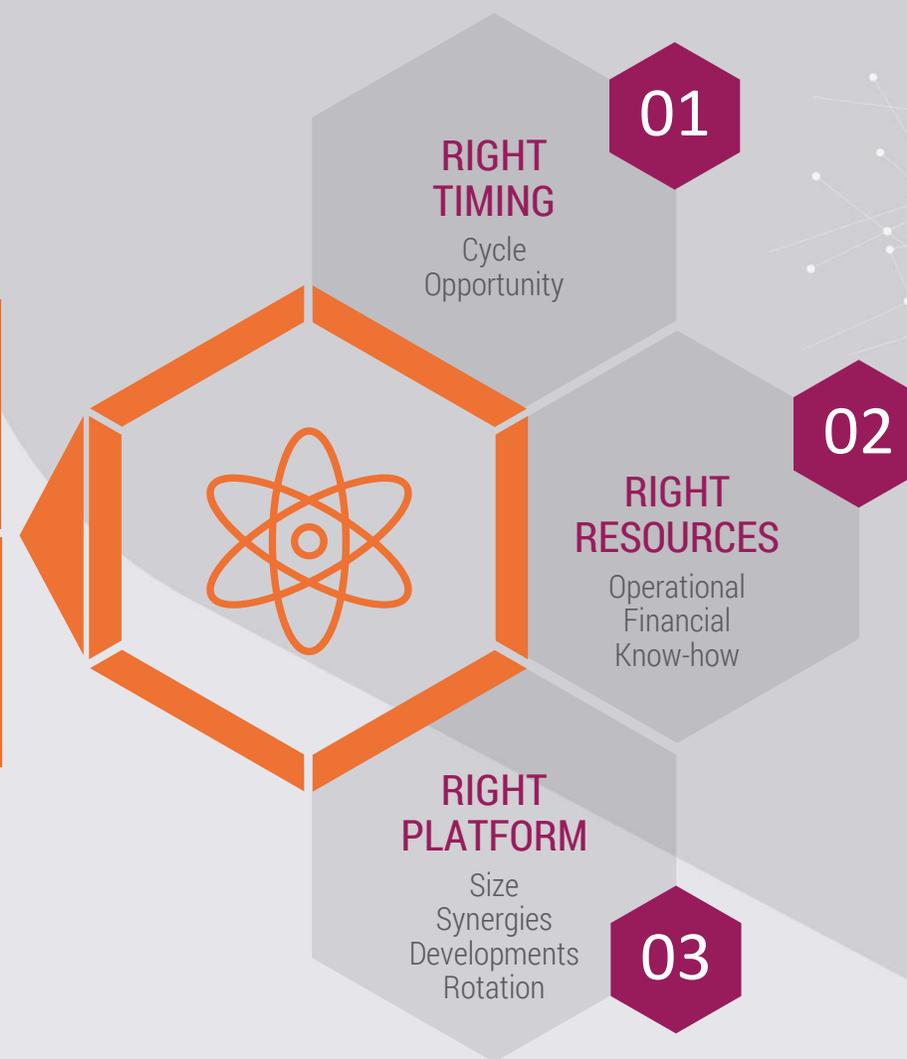
Shoppers move seamlessly between the physical and digital retail worlds



TECHNOLOGY

Emerging technologies that have the potential to disrupt the retail sector, offering new opportunities

Value is our demonstrated DNA



A new retail company, for a new retail world

VISION

To create unique shopping experiences through the combination of retail and entertainment, linking the physical and digital worlds

MISION

To offer unique shopping experiences through the profitable management of our new-generation retail assets, with an intensive use of the technology and being the best partner for our retailers and customers. Always with ultimate goal of maximizing our shareholder's return

VALUES

Corporate Focus

RESPONSIBILITY

Customer Focus

QUALITY

Market Focus

INNOVATION

Investor Focus

ALIGNMENT

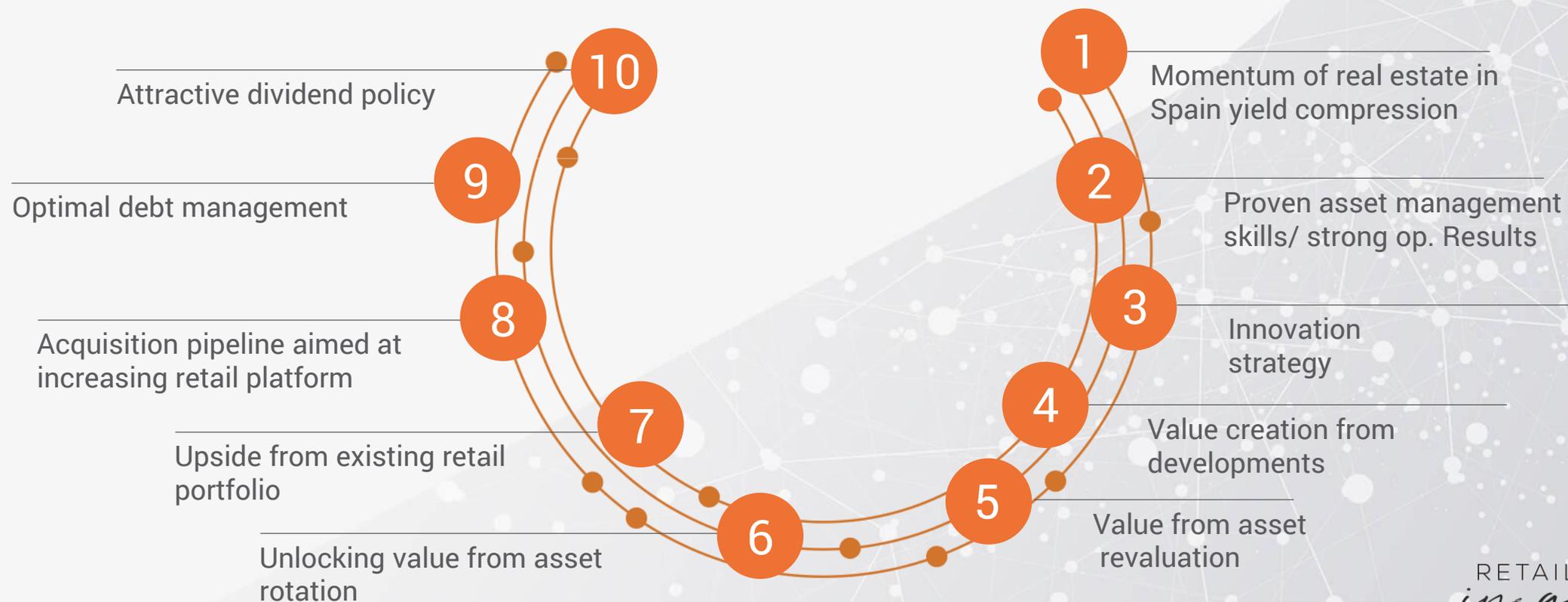
RETAIL
in action!

A new retail company, focused on all that matters to our clients & investors



RETAIL
in action!

AN ATTRACTIVE RETAIL COMPANY



RETAIL
in action!



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LAR ESPAÑA & GRUPO LAR

Luis Pereda
Chairman Grupo Lar

RETAIL
in action!

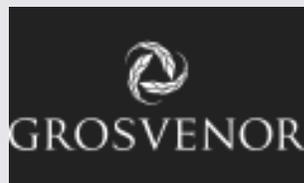
Grupo Lar as the best possible external manager



Partnerships and joint ventures with top-tier investors and corporate clients

Joint Ventures

with long and successful track record



Morgan Stanley



THE BAUPOST GROUP®

Partnerships and Joint Ventures

to invest in different assets and geographies



External management by Grupo Lar the optimal strategy for Lar España

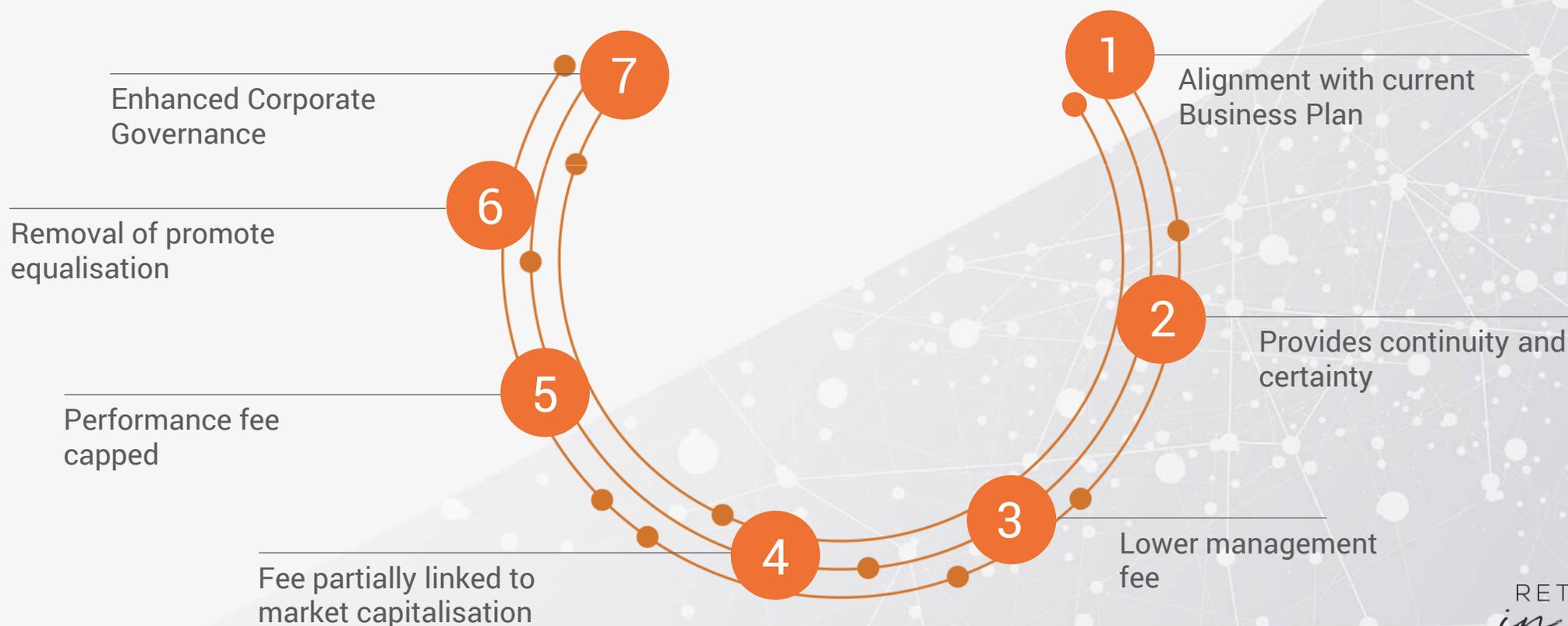
Retail property requires skilled, hands-on management...

...which Grupo Lar is uniquely qualified to provide



1. In accordance with last independent appraisal as of December 2017.

A new Investment Management Agreement with best-in-class practices across European REITs



RETAIL
in action!

Grupo Lar

fully committed to the company



9.99%
Stake



2nd largest
shareholder



Largest
stake of an
external manager

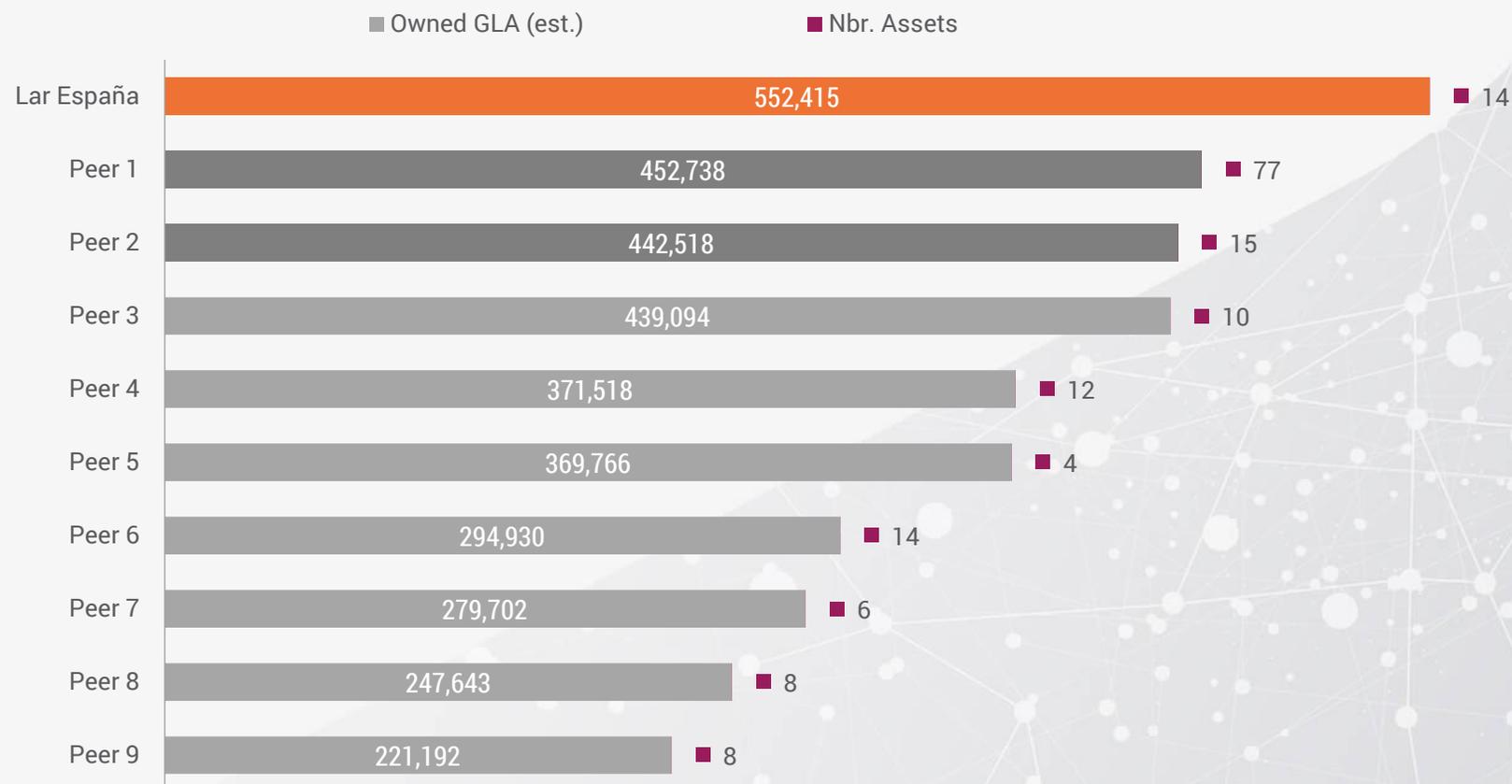


COMMITMENT

ALIGNMENT



Intensive active management in the biggest retail portfolio in Spain



SQM GLA¹
#1 IN SPAIN

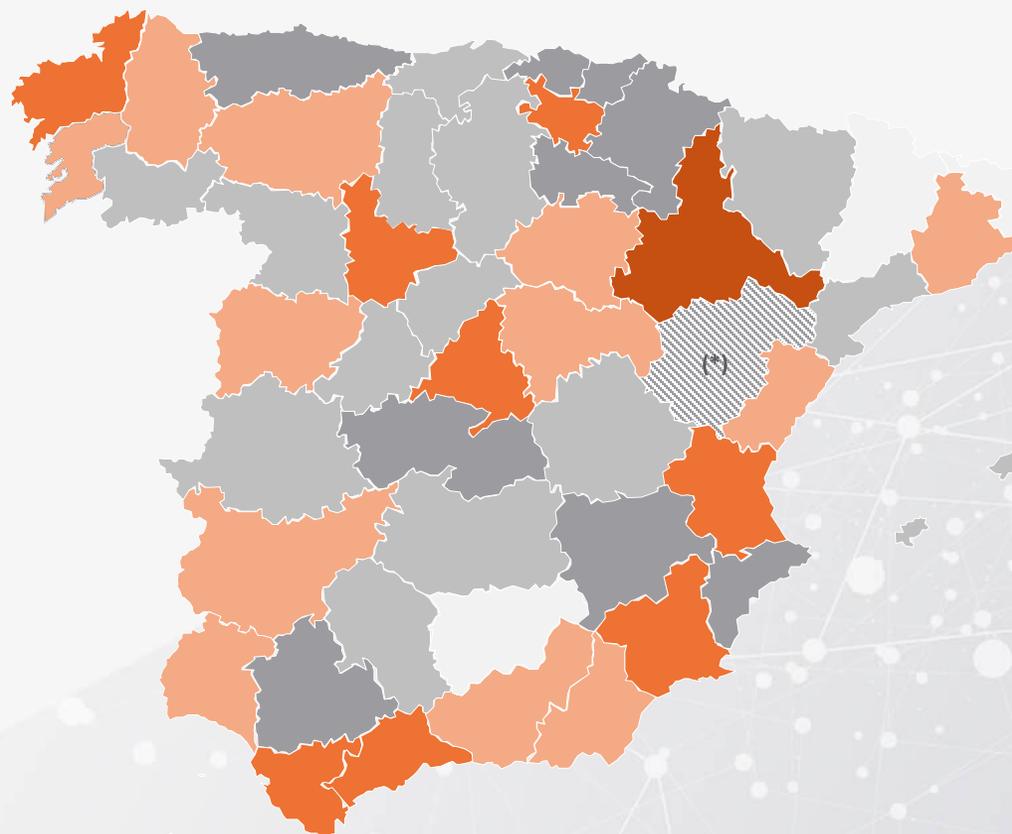
RETAIL PARKS
#1 OWNER IN SPAIN

1. Considering opening date of assets under development until 2020. Source: CBRE & Lar figures at September 9th, 2018.

Retail density in Spain

The **retail density** of shopping centre GLA in Spain is **below the average of Western Europe**

340 sqm / 1,000 inhabitants



GLA/1,000 inhabitants	Density
More than 500	Very high
400 - 499	High
300 - 399	Medium
200 - 299	Low
100 - 199	Very low
Less than 100	Opportunity

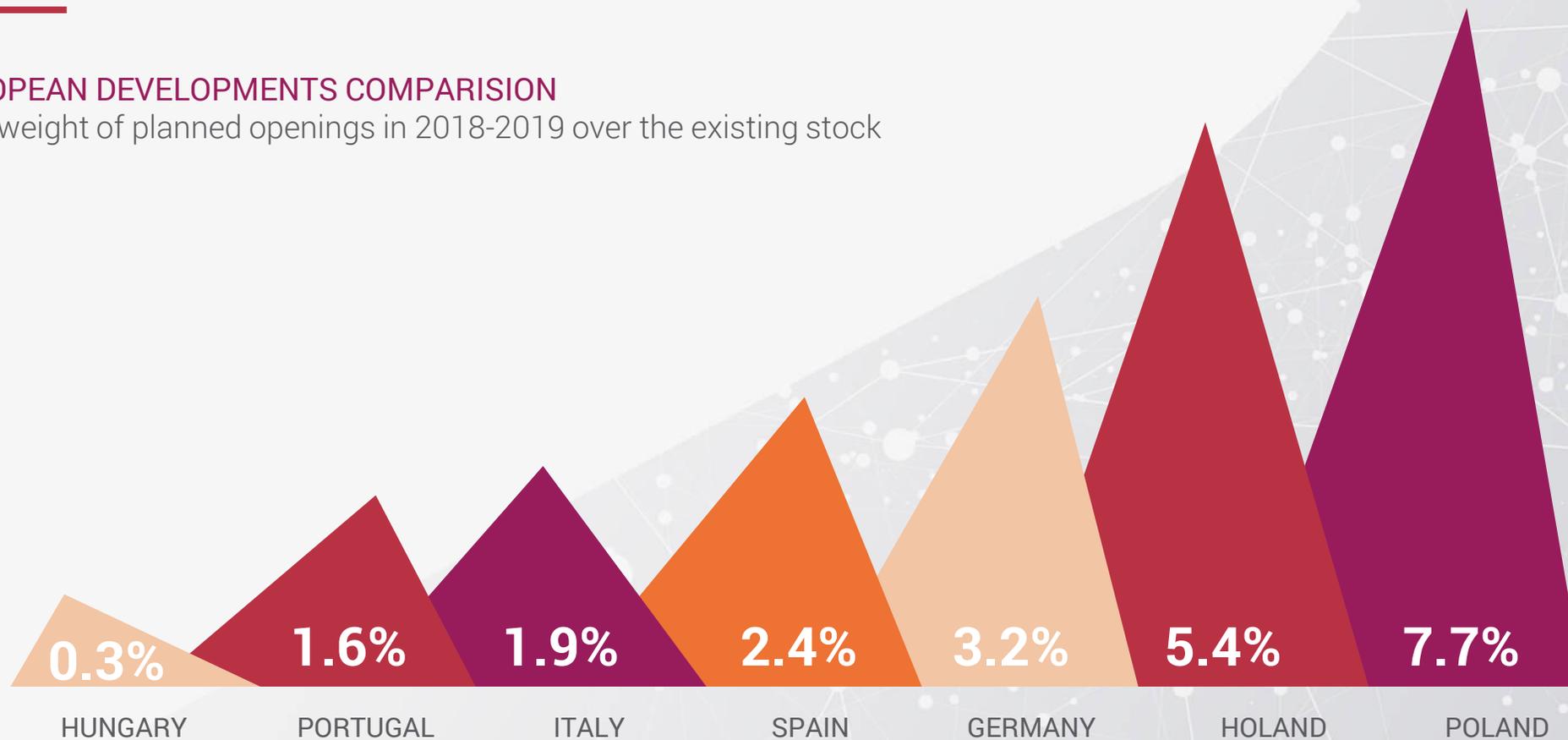
Source: JLL, Q4 2017 Note: Only includes current Retail and/or Leisure Complexes offering in excess of 5,000 sqm of GLA (GLA/1,000 inhabitants).

(*) There are no Retail Complexes in the province of Teruel.

Developments are gradually reactivating after of a long period of inactivity

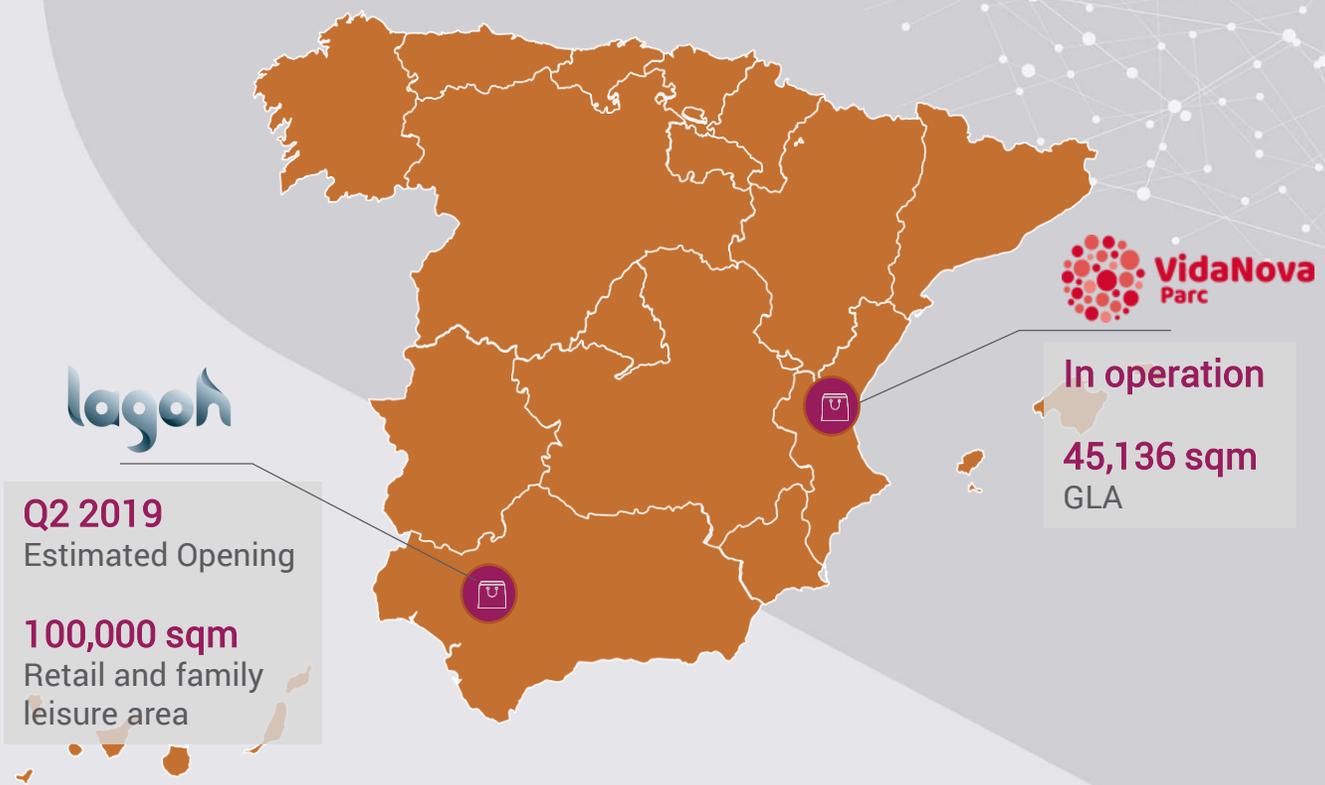
EUROPEAN DEVELOPMENTS COMPARISON

Sqm weight of planned openings in 2018-2019 over the existing stock

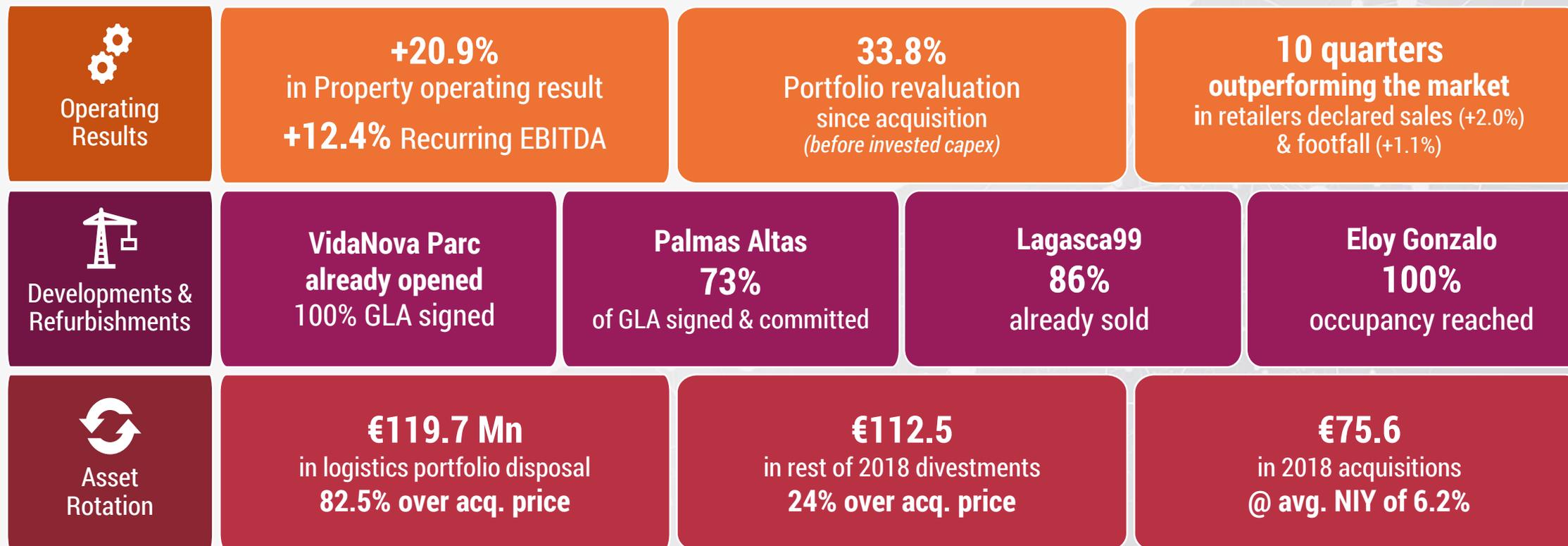


Source: CBRE, Does not include leisure centres or centres based on hypermarkets

Using Grupo Lar's experience and capacity of development



Solid H1 2018 performance



Lar España - Grupo Lar a successful future together



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MOVING FORWARD

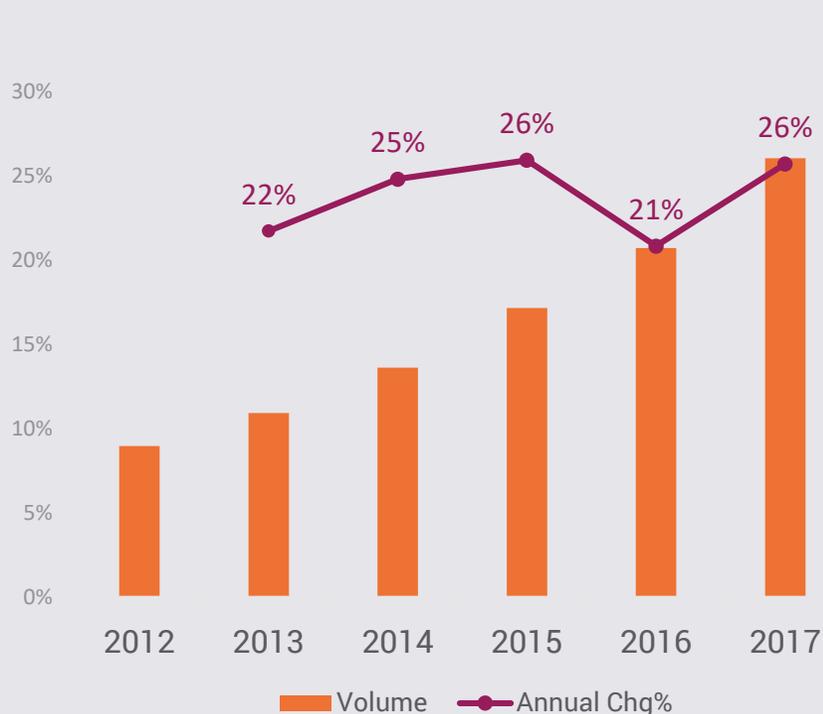
Miguel Pereda

*Board Member Lar España
CEO Grupo Lar*

RETAIL
in action!

E-commerce has an important role to play in the new retail world

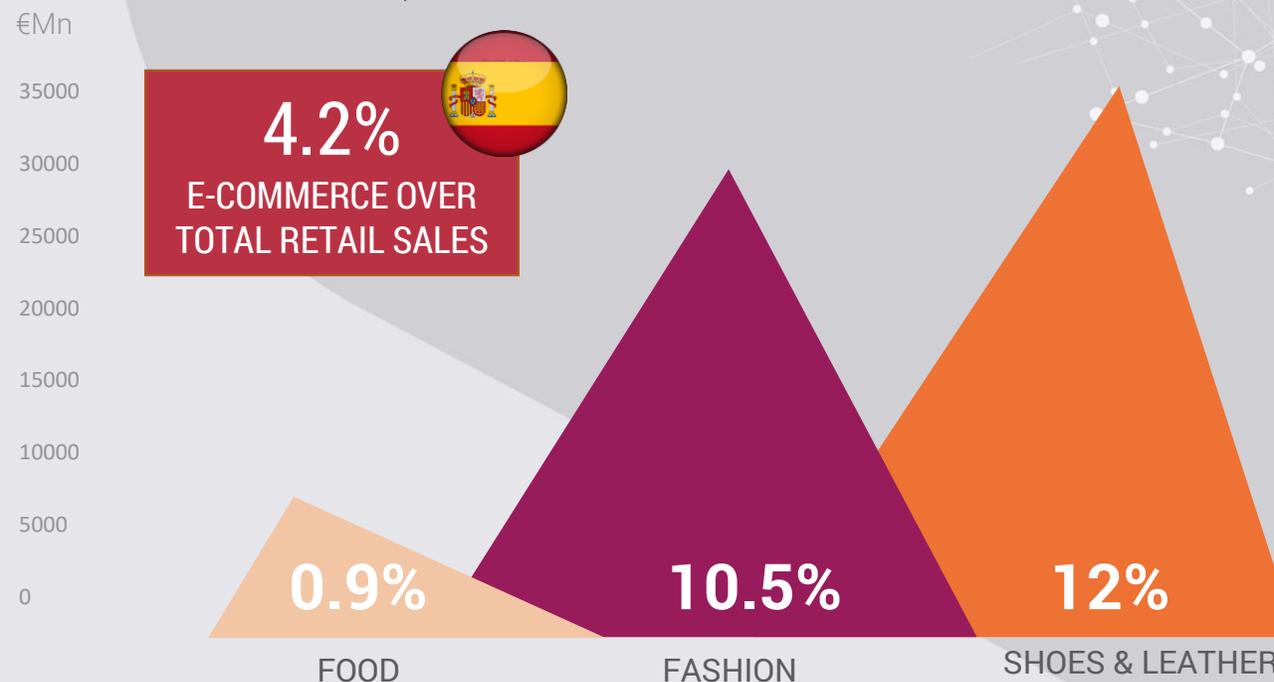
E-COMMERCE EVOLUTION IN SPAIN



Source: CNMC

WEIGHT OF E-COMMERCE IN TOTAL RETAIL SALES

% of retail sales in Spain



Source: CBRE, CNMC, INE

The need for coexisting in our times

A new hybrid form of commerce is emerging

Customers will soon shop seamlessly online and offline



RESEARCH PRODUCTS



MAKE PURCHASES



PHYSICAL

NEED



ONLINE

PHYSICAL		
"WEBROOMING"		
"SHOWROOMING"		
ONLINE		

SHOPPING CENTRES
Investing in digital interfaces with customers

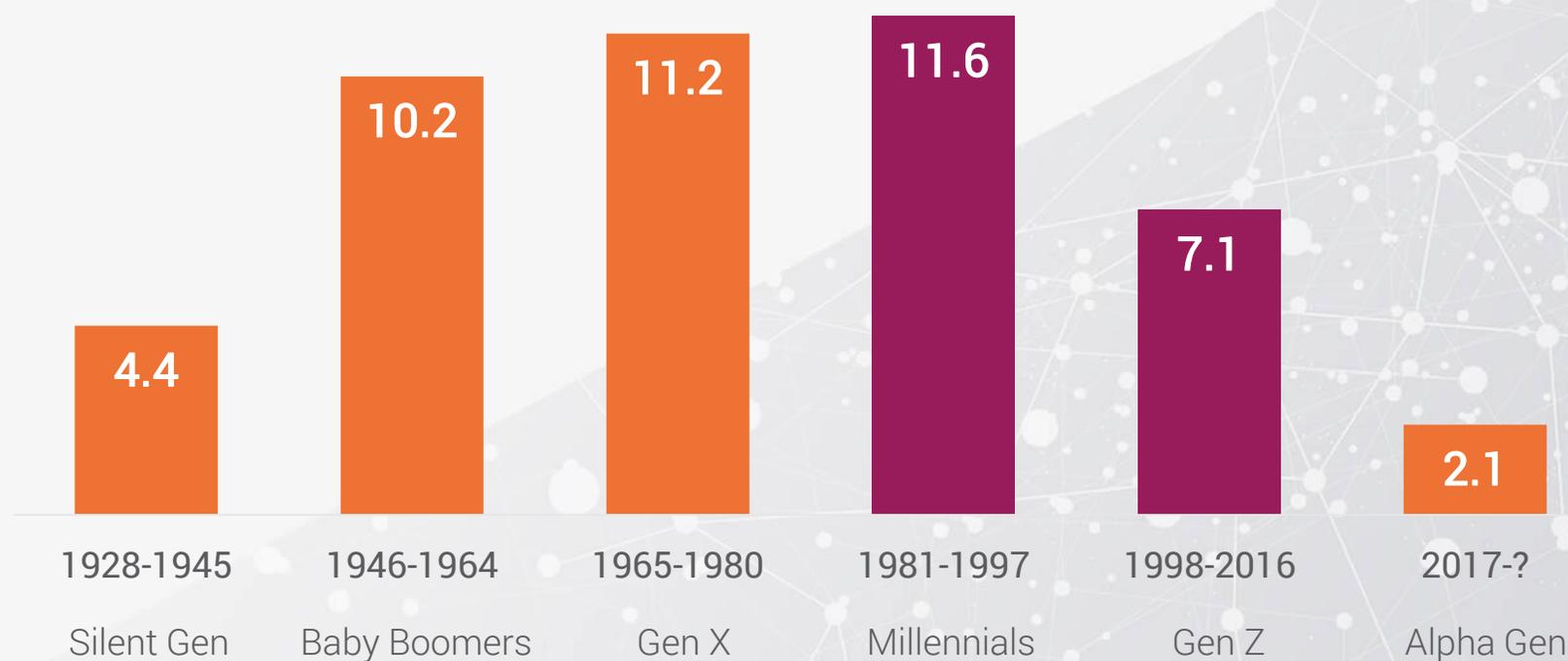
RETAILERS
Investments in online e-commerce and in-store pickup

E-COMMERCE RETAILERS
Opening physical stores to solidify their brands



The first time in history, the consumer market includes 6 generations

Mn



Source: INE, Spanish population

The opportunity of living in our times

The use of technology and big data

CUSTOMER KNOWLEDGE



know more about our visitors and their behaviour

DIGITALISATION



Next generation technology to enhance customers' experience



Customer-oriented innovation



OMNICHANNEL

Omnichannel shopping platform, enhancing customers' shopping experience



EXPERIENCE

Shopping centres become destinations, that are central to the communities



Understanding customers' journeys

Why customers visit shopping centres?

VALUE	CONVENIENCE	EXPERIENCE	SOCIALIZATION	SERVICE CENTRE
Looking for "value for money"	Immediateness	Shopping as a leisure activity	Meeting point	Product support
	Click & Collect	In-store brand connection		Product returns
				

Experiences become the new anchors

Shopping centres increasingly need to be destinations

 <p>New tech personalises the experience</p>	 <p>F&B experience</p>	 <p>Leisure & entertainment experiences</p>
<p>Personalised promotions and new services</p> 	<p>Places of social interaction</p> 	<p>Become part of our lifestyle</p> 
 <p>Smart fitting rooms (augmented reality) & customization</p>	 <p>Environments are as important as the food</p>	 <p>Leisure offerings boost footfall and dwell time</p>



CTES PROJECT



RETAIL
in action!

Leading the transformation TES Project

Lar España is leading the digital transformation
in the Spanish retail sector

DIGITALISATION



TECHNOLOGY

EXPERIENCE

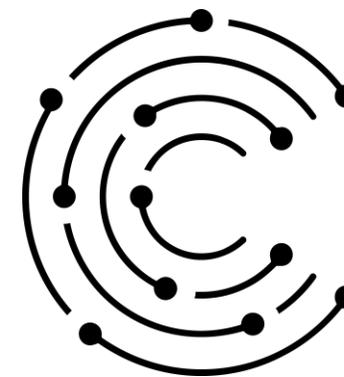


ENGAGEMENT

ESG



SUSTAINABILITY (ESG)



TES PROJECT

by lar España Real Estate

RETAIL
in action!

Shopping centre managed by data analytics

TECHNOLOGY



Shopping centres become consumer engagement spaces

ENGAGEMENT

Shopping centres are evolving to shopping, dining and entertainment centres that provide customers with unique experiences

OPTIMAL COMMERCIAL MIX

Addition of new and more attractive brands and tenants
image improvement



Dynamic, comfortable and urban spaces

CREATING SHOPPING EXPERIENCE DESTINATIONS

Where customers can enjoy their time both shopping and being entertained



Foodcourt areas appealing destinations

CUSTOMER CENTRIC

Personalised customer experience.
Quality services offer (parking, toilets, pick-up points...)



Enhancing the in-store experience

Strong commitment towards sustainability

SUSTAINABILITY

Incorporation of environmental criteria in new acquisitions & developments



BREEAM® ES



CNMC
COMISIÓN NACIONAL DE LOS MERCADOS Y LA COMPETENCIA



Continuous improvement in the management, awareness and minimization of environmental impacts



The promotion of the construction and building of sustainable buildings

The positioning of the customer as the centre of the business model



ENERGY EFFICIENCY



WATER MANAGEMENT



AIR QUALITY



SOLAR POWER



SUSTAINABILITY CERTIFICATIONS



DIGITALISATION



CUSTOMER JOURNEY



IMPROVEMENT SALES

The necessity of the three



TECHNOLOGY



ENGAGEMENT



SUSTAINABILITY (ESG)



RETAIL *in action!*

Greater knowledge to increase customer overall satisfaction

UNDERSTAND CUSTOMER TRENDS



Map out the route they take



Identify customer profiles



How they spend their time & money during their visit

CREATE A UNIQUE AND STAND-OUT OFFERING



Avg. dwell time
+7.7% prev. year

INCREASE CUSTOMER OVERALL SATISFACTION



Avg. sales¹ per visitor
+24.9% prev. year

From quality to customer-centric



The Time is Now:
Customer Centric &
Next Generation Retail



TECHNOLOGY



SUSTAINABILITY (ESG)



ENGAGEMENT





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TECHNOLOGY

Pablo Rozadillas

Senior Asset Manager Grupo Lar

RETAIL
in action!

TECHNOLOGY What for?



RETAIL
in action!

Technology under the scope of TES project

Some facts* ...



By the end of 2017, more than **60% of companies consider "digital transformation"** as a core process of their corporate strategy



1/3 of top management of multinational companies consider **digital transformation essential for their company survival**



Legacy IT systems are considered the biggest obstacle for the viability of the digital transformation



87% of the Global 2000 index companies think that digital transformation will help them **strengthen their business performance**

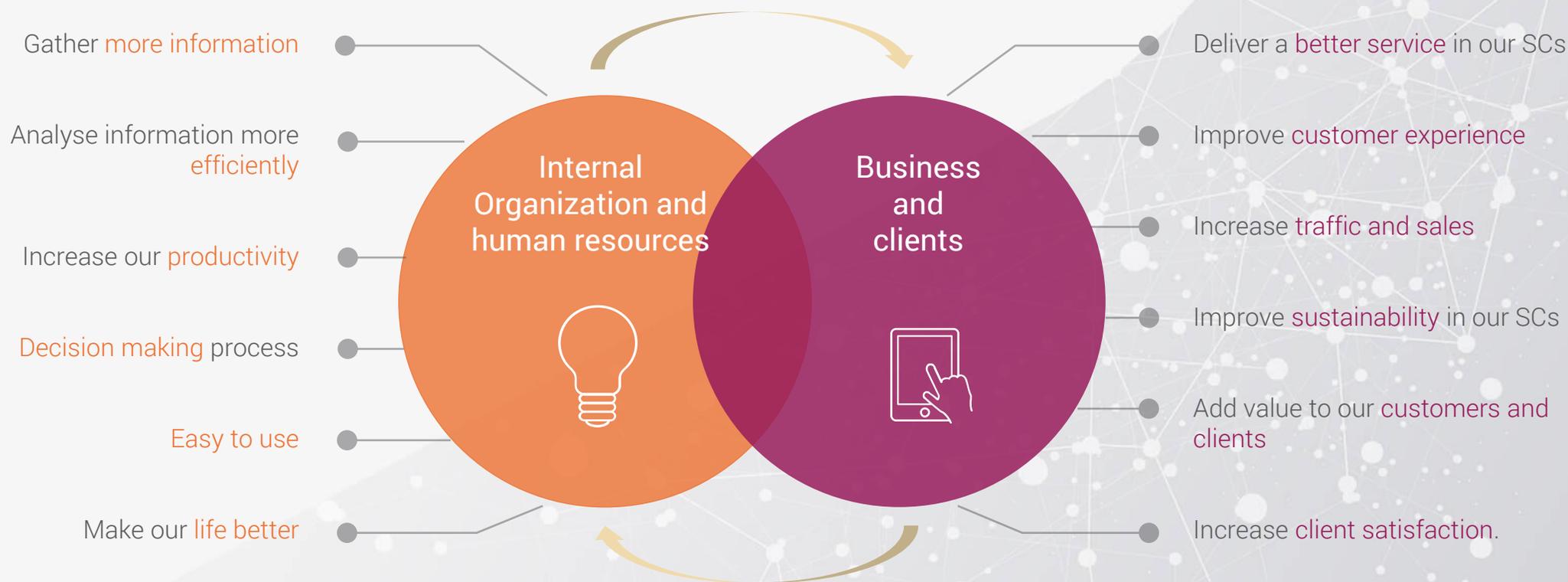


55% of companies without an existing digital transformation programme say the timeframe to adopt one **is a year or less**



52% of executives cite "a lack of familiarity with technology" **as a barrier to digital transformation**

How can technology helps us?



Our focus

WHERE TO APPLY TECHNOLOGY?



PROCESSES

Project management
Accessibility
Internal communication
Mobility



ANALYSIS CAPACITY

Environmental
Customer
Facilities
Digital footprint



CLIENTS' EXPERIENCE

Shopping channels
Amenities
Convenience
Entertainment

What initiatives
have LAR ESPAÑA
already
implemented?



RETAIL
in action!

How technology helps us to improve our processes: 4 examples

		What is it?	What for?	Benefits	Status
Project management		Project management tool	<ul style="list-style-type: none"> New dev. and ref. works project management 	<ul style="list-style-type: none"> Coordination Team management Resource allocation 	Implemented -Jan 2018-
Accessibility		Data cloud storage and file sharing tool	<ul style="list-style-type: none"> Relevant data storage File sharing 	<ul style="list-style-type: none"> Anytime access Any device access Easy sharing 	Implemented -July 2018-
Internal Communication		Instant messenger and social business platforms	<ul style="list-style-type: none"> Teamwork Reduce email workload 	<ul style="list-style-type: none"> Safe communication Real time Video calling Owned servers 	Implemented - June 2018-
Mobility		Mobility platforms corporate accounts	<ul style="list-style-type: none"> Business travel 	<ul style="list-style-type: none"> Fixed price based on the shortest route Eco friendly 	Implemented - June 2018-



PROCESSES

CASE STUDY



Investor Day 2018

Asana for Technical Project Management



“Asana is the perfect tool to organize tasks, resources and workload among all the teams involved in every project, it has saved us vast numbers of non efficient phone calls and emails, allowing us to focus on the important topics, knowing at anytime who is in charge of what, and what is the status of each assignment”

Juan Luis Yuste Fernandez
Senior Technical manager

Organized and listed tasks

Easy to set deadlines due dates and reminders

Task assignment to team members

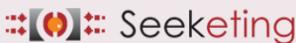
The screenshot shows the Asana interface for the project 'RIVAS FUTURA Madrid'. On the left, a sidebar lists various teams, including 'ATA CENTROS COMER...', 'COMÚN Mejoras Dpto. Técni...', 'COMÚN Mejoras del servicio...', 'RIVAS FUTURA Madrid', 'PARQUE ABADÍA Toledo', 'VISTAHERMOSA Alicante', 'VIDANOVA PARC Sagunto', 'GRAN VÍA DE VIGO', 'ALBACENTER Albacete', 'ANEC BLAU Castelldefels', and 'EL ROSAL Ponferrada'. The main area displays a list of tasks under the 'Capex' section, including 'Reparación de estructura' (due 15 Nov, 180K), 'Hay Plan Plurianual' (63K), 'Impermeabilización del garaje' (2M), 'Reparación de escaleras: peldaños' (43K), 'Ventilación de la escalera' (64K), and 'Hay un plan de renovación del parking de superficie' (800K). The 'Other Opex' section includes 'Chapas voladas por el viento', 'Falta mantenimiento de línea de vida a cubierta', and 'Reparaciones provisionales de agujeros en viales'. A detailed view of the 'Reparación de estructura' task is shown on the right, indicating it is assigned to 'Iago Silva' with a due date of '15 Nov' and a cost of '180K'. The task is marked as urgent and includes a checklist of sub-tasks like 'Actualización de las patologías', 'Plazo tres meses', and 'La licencia de obra está tramitada'.

Keep track of progress in a visual way

Projects display and accessible to selected team members

RETAIL
in action!

How technology helps us improve our analysis capacity: 4 examples

		What is it?	What for?	Benefits	Status
Environment		Location intelligence tool to get Social and economic data	<ul style="list-style-type: none"> Analysis of new investments Customer profile analysis 	<ul style="list-style-type: none"> More accurate strategies Help on decision making 	Implemented -March 2017-
Customer behaviour		Tool to analyze the performance of our Scs through visitor analysis Beacons	<ul style="list-style-type: none"> Analysis of visitors' behaviour in our SCs 	<ul style="list-style-type: none"> Deep understanding of our SCs performance Linked to our marketing tools 	Implemented -June 2016-
Facilities		Daily Drone flights over our development projects	<ul style="list-style-type: none"> Development works control, analysis, and troubleshooting 	<ul style="list-style-type: none"> Live view Multi perspective No need to be on site Close to details 	Implemented - Jan 2017-
Digital footprint		Owned dashboard to visualize Social network & web performance in our SCs and competence	<ul style="list-style-type: none"> Analysis of online community behaviour, marketing performance, trends and benchmarking 	<ul style="list-style-type: none"> Clear visualization of our SN initiatives Live Aggregated or stand alone analysis 	Implemented -July 2018-



CASE STUDY



Investor
Day 2018

ANALYSIS CAPACITY

Geoblink for SC Marketing management



“Thanks to Geoblink we have access to the most accurate socio-demographic and economic data that we ever dreamed of. Now we have deeper knowledge of our areas of influence, and our marketing campaigns are perfectly focused, based on facts and not just on insights”

Ana Redondo Moreno
Marketing analyst



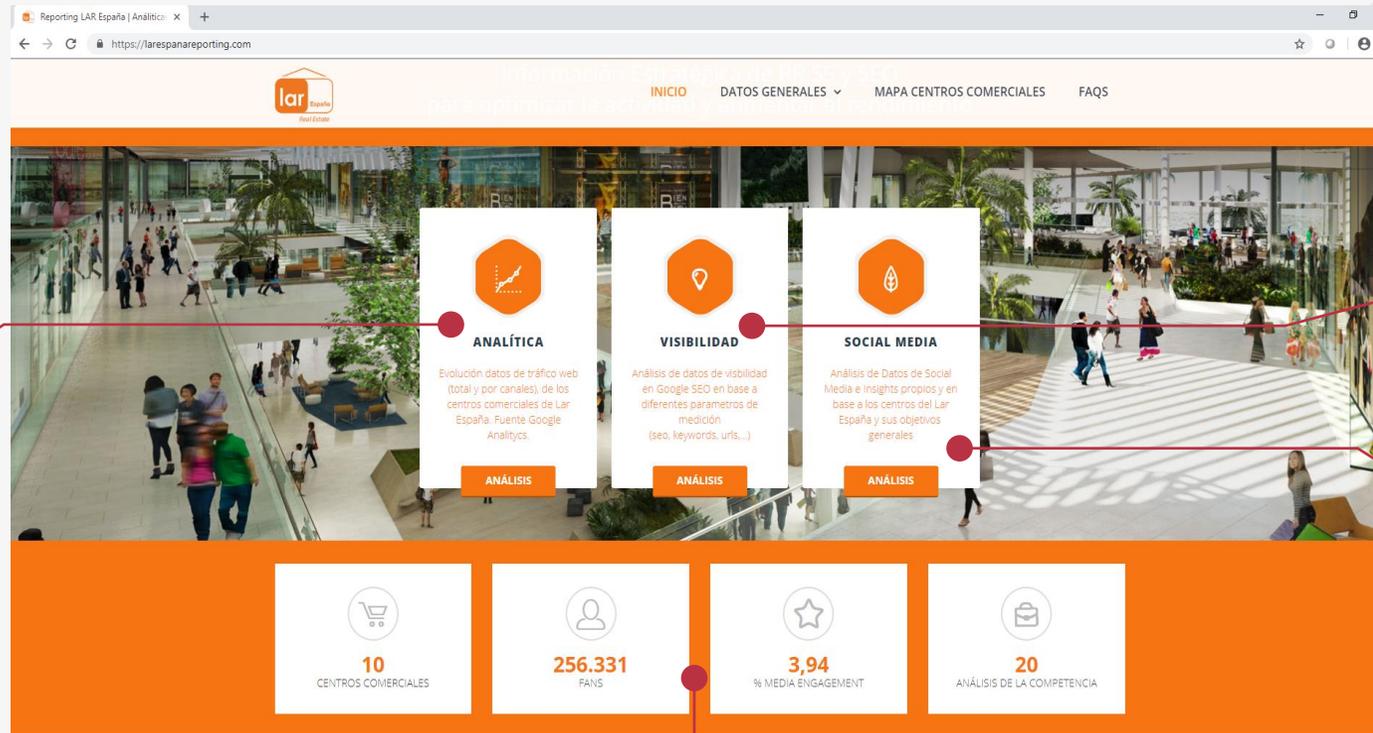
RETAIL
in action!



CASE STUDY



ANALYSIS CAPACITY



SC webpage traffic analysis and evolution

Visibility analysis on search engines

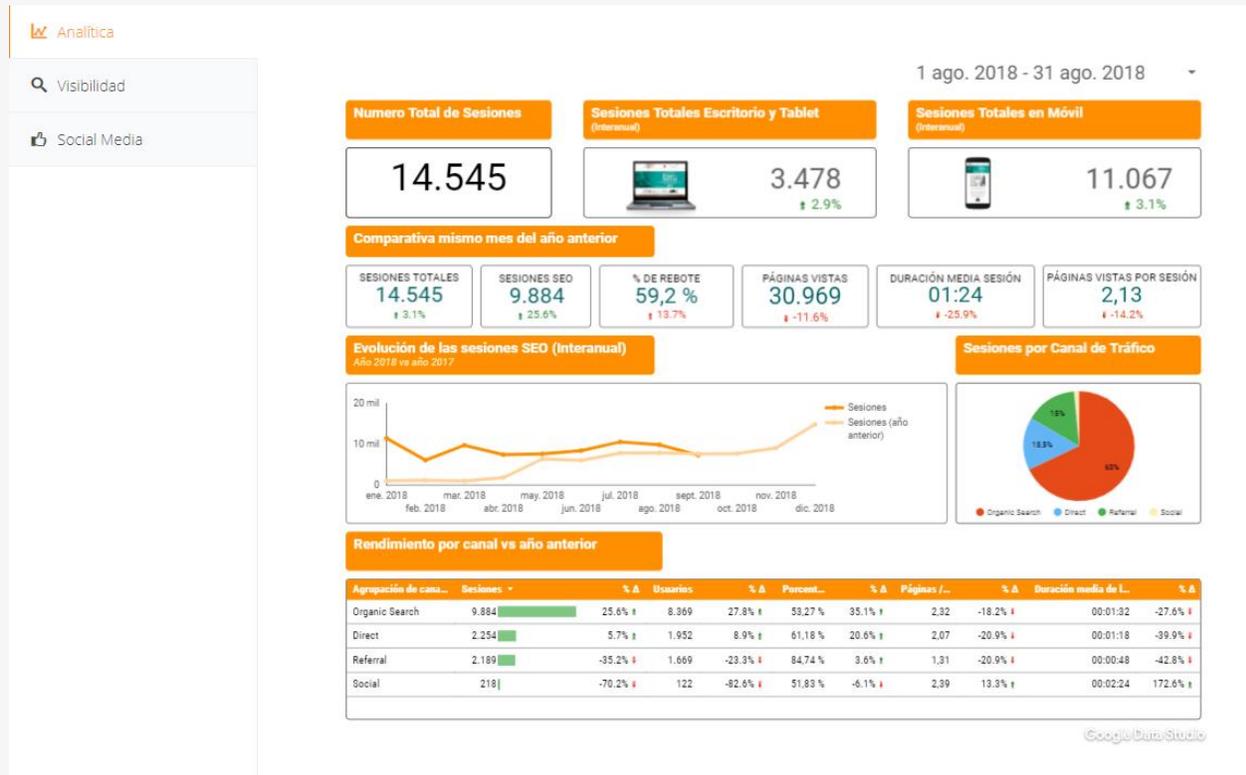
Social Media analysis by platform

Portfolio analysis, aggregated results and situation against competition

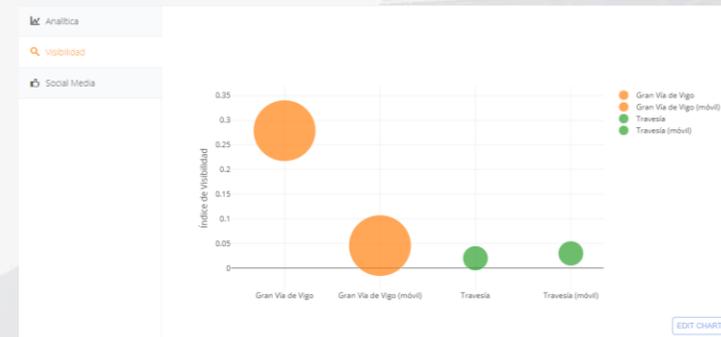
RETAIL *in action!*

LAR DIGITAL REPORTING

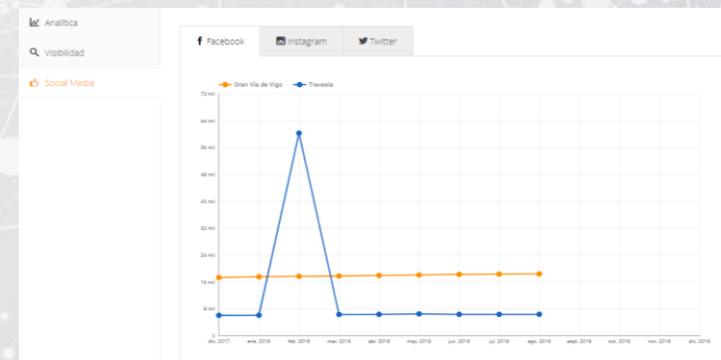
Gran Vía de Vigo dashboards



Web traffic analysis dashboard



Visibility index by source vs main competitor (keywords and search)



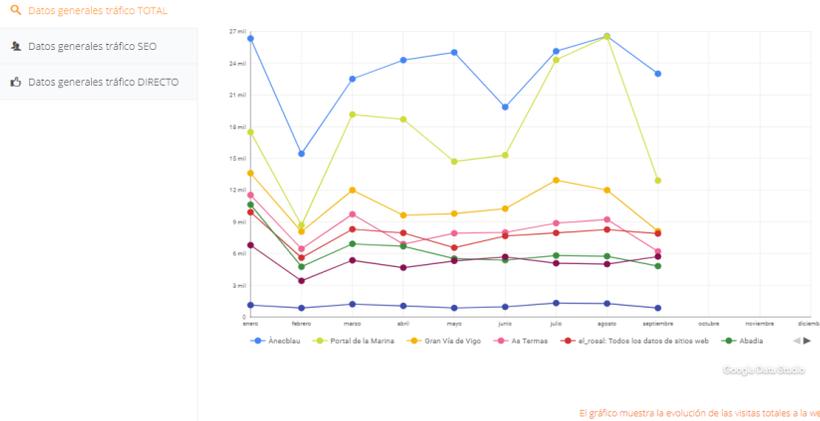
Social media evolution by platform vs main competition

LAR DIGITAL REPORTING

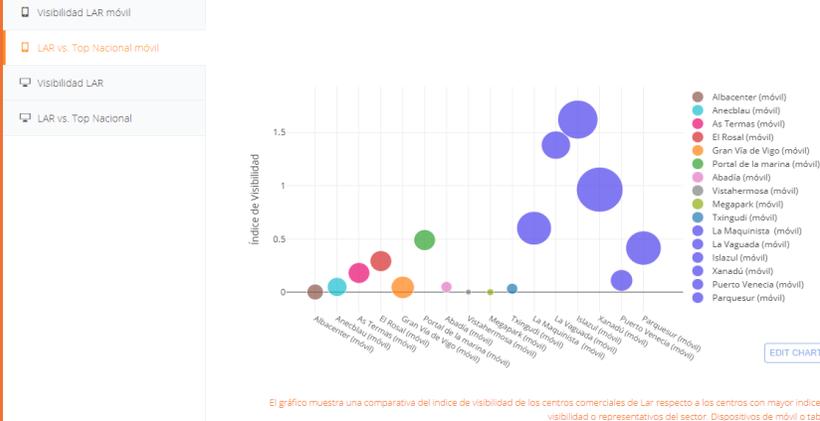
Portfolio dashboards



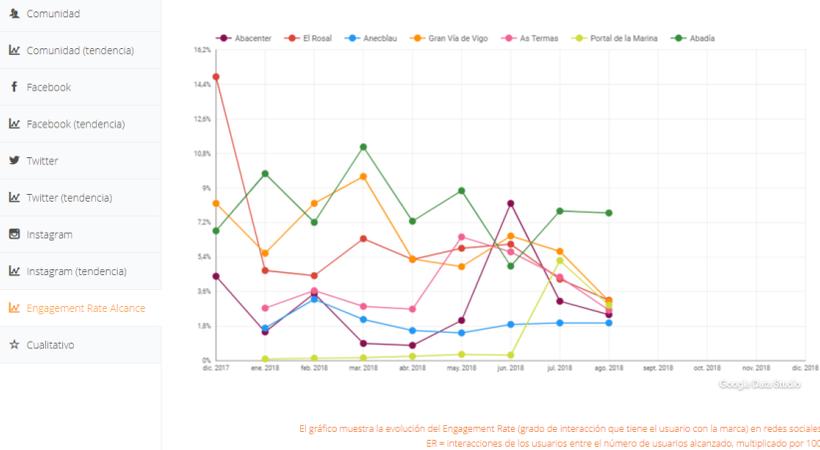
Total traffic portfolio evolution



Visibility index vs Top Spanish centres



Engagement Rate analysis



Social Networks qualitative analysis



How technology help us improve our clients experience: 4 examples

		What is it?	What for?	Benefits	Status
Shopping channels		E-commerce platform for our SC and e commerce shop on Ebay	<ul style="list-style-type: none"> Sell our retailers' products online 	<ul style="list-style-type: none"> Additional sale channel for both retailers & customers Improve tenants' performance 	Implemented -June 2017-
Amenities		Free EV charging stations located in our SC car parks	<ul style="list-style-type: none"> An additional service to our customers 	<ul style="list-style-type: none"> Improve tenant satisfaction Differentiation among other SCs. Promote sustainability 	Implemented -September 2017-
Convenience		Pick up and drop off stations Online shopping pick up service	<ul style="list-style-type: none"> An additional service to our customers 	<ul style="list-style-type: none"> Differentiation among other Scs. Increase frequency of visit Improve tenant satisfaction 	Implemented -May 2018-
Entertainment		Virtual reality tools Gaming areas	<ul style="list-style-type: none"> To offer our clients value added experiences in our assets 	<ul style="list-style-type: none"> Trigger for sales Differentiation Improve client experience 	Implemented -February 2017-



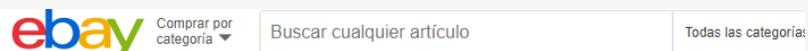
CASE STUDY



Investor Day 2018

CLIENTS' EXPERIENCE

TUCENTRO.COM



Portada > Comunidad > Área de votaciones > Perfil de votos

Perfil de votos



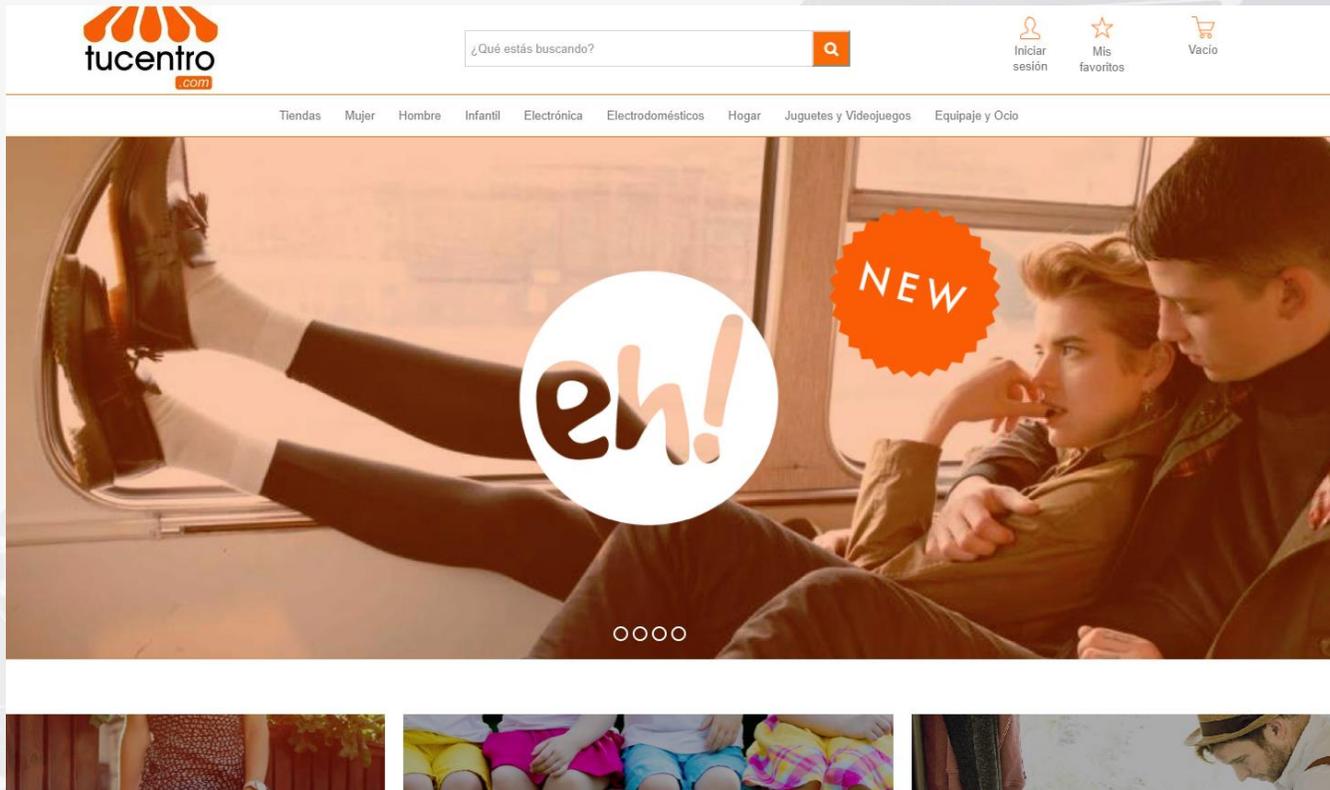
tucentro (187)
 Votos positivos (últimos 12 meses): 98,4%
 [¿Cómo se calcula el porcentaje de votos?]
 Antigüedad del usuario: 27-oct-17 de España
 Registrado como vendedor Profesional

Valoraciones más recientes (últimos 12 meses)

	1 mes	6 meses	12 meses
Positiva	30	158	199
Neutral	1	4	4
Negativa	2	3	3

Valoraciones detalladas como vendedor (últimos 12 meses)

Condiciones	Valoración media	Número de valoraciones
El artículo es como se describía	★★★★★	192
Comunicación	★★★★★	188
Tiempo de envío	★★★★★	192
Gastos de envío y manipulación	★★★★★	194



ebay Rating

RETAIL in action!

How technology help us improve our clients' experience



Virtual reality experience in El Rosal Shopping Centre



Hype station in partnership with Sony Playstation



Tesla EV charges in Gran Vía de Vigo



Amazon Locker in Parque Abadia

Other initiatives related to technology: Executive education & summits



Pablo Foncillas *Inspiring Leaders in Marketing
and Business Innovation*



Programa ejecutivo en
**Transformación
Digital**

All in all, keep in mind that technology should be



A tool



A business accelerator



A facilitator

SHOULD BE AT PEOPLE'S SERVICE

STAKEHOLDERS

CLIENTS

EMPLOYEES



Investor
Day 2018



ENGAGEMENT

Sergio García

Asset Management Director Grupo Lar

RETAIL
in action!

The retail sector is emerging from crisis and facing deep changes that occur very quickly

Changes in the retail sector



From product to service

Introduction of **new services** through which the customer perceives greater value

The **value proposal** becomes the **most relevant** issue, rather than the product itself

 **89%** of marketing leaders think that the **CX** will make the greatest competitive difference



Upswing of the e-commerce

Online sale is unstoppable and increasingly takes more weight

It is **knocking down the walled gardens** and removing the entry barriers

 Annual **growth 20.8%**
 **24,185M €** turnover



Reinventing of brick & mortar

More and more physical stores open up and take on a **key experiential role**, many of them becoming **flagships**

The stores offshoring movement is being inverted, returning to the **proximity model**

 **OPEN**
For each physical store that closes, **2.7 new** stores open up.



New customer profile

Users have **great technology adoption**

The **great disparity among customers' profiles** makes the archetypes go to a second level and the generations are only taken as macro trends

 **1 out of 3** Spaniards spends one day a week using **apps**



The smartphone as mean of interaction

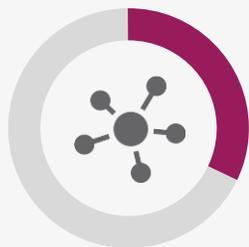
The **smartphone** is a key means that **connects a company with the final customer**

Capturing data and connecting through the smartphone will be essential for the growth of retailers.

 **44%** of online sales were made with a **smartphone**

The 4 big challenges of the retail sector

% of references in web articles



Omnichannel retailing

Different communication channels, all of them connected, so that they **interrelate with each other**. This communication arises from the new consumer profile, which uses multiple supports and its customer journey is no longer linear

78% of local **searches** from a **smartphone** result in a **purchase** in a **physical shop** 24 hours later



Optimization of CX

Experience that a consumer obtains **throughout the entire process of purchasing** a product. The CX consists of the following phases: **satisfaction, recurrence, increased willingness to pay and prescription**

72% of digital buyers considers that the **CX** is the most important aspect



Improving GTM

Strategic plan that reflects the actions to be executed by the company during the **product journey**, from the start of its distribution **until the customer buys it**. The formats of stores where the product is sold receive special emphasis

Only **3%** of salespeople believe that the **approach** is effective



Relation Model

The manner in which a company interacts with its customers. The objective of this strategy is that the consumer has a perception about the brand and that it generates memories and boosts their loyalty

In **99%** of the **calls made by a customer to a retailer** they have a problem and expect to solve it on that same call.

Some examples of the disruption in the retail sector



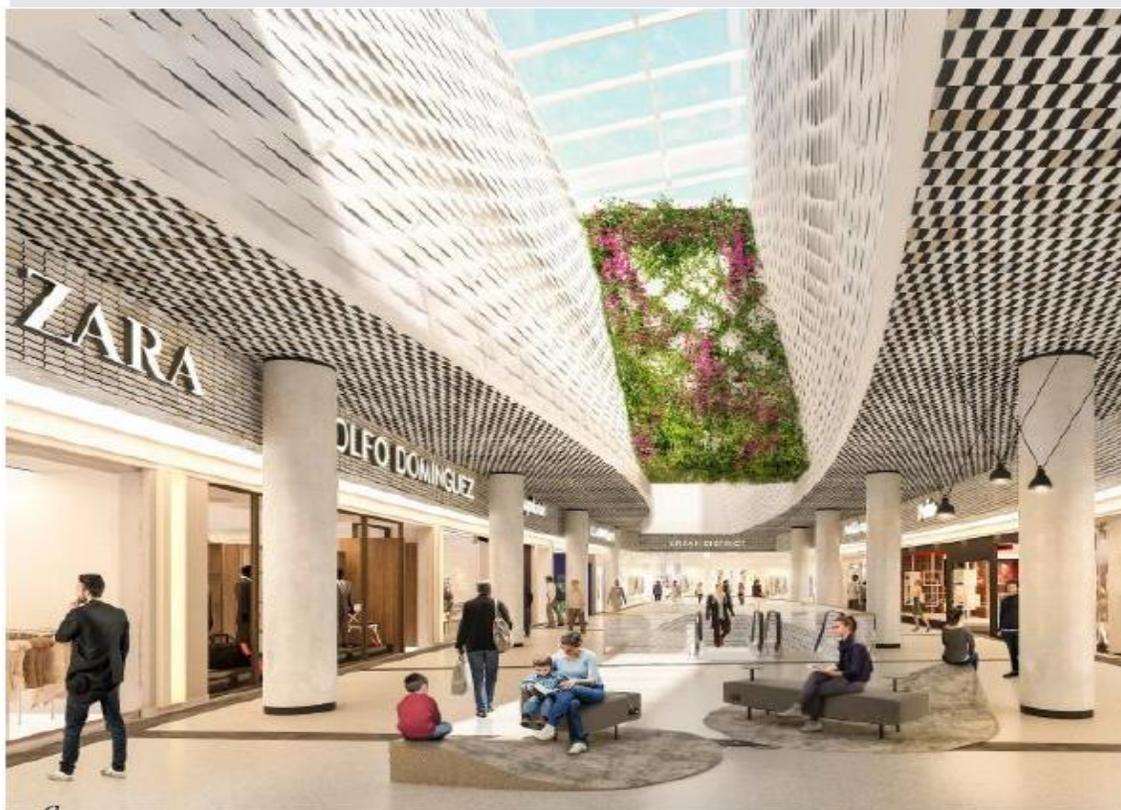
RETAIL
in action!

INDITEX

OUR PRIORITIES OUR CUSTOMERS



“Customer are at the centre of our business”



“Inditex has developed an **integrated model** of stores and online that seeks to maintain a continuous dialogue with customers”

“To understand the demands of our customers and offer the products they want in a fast and comfortable way”

“Improve the **customer experience** both in stores and online”

“Offering a **multichannel** customer service”

>€1 Bn

Technological and logistics investments last 4 years

- New store concepts
- Radio Frequency Identification
- Payment through mobile devices

“A new shopping concept”



“New shopping concept with a novel shopping experience in Stratford (London, UK)”

“Placing and collecting online orders”

“Was operating until the opening of the new Zara flagship store in the city’s Westfield Stratford”

“Another milestone in our strategy of integrating our stores with the online world, which defines our identity as a business”

“Improve the shopping experience, the team in this new store format is equipped with tablets and other mobile devices, as well as an innovative Bluetooth POS terminal”

“A shopping experience that meets the highest standards”



“Better service while advancing to integrate our stores and online”

“Radio frequency identification (RFID) programme for garments is a basic pillar”

“In addition, stock management can be conducted 80% faster, which allows us to allocate more time to offering the customer better service”

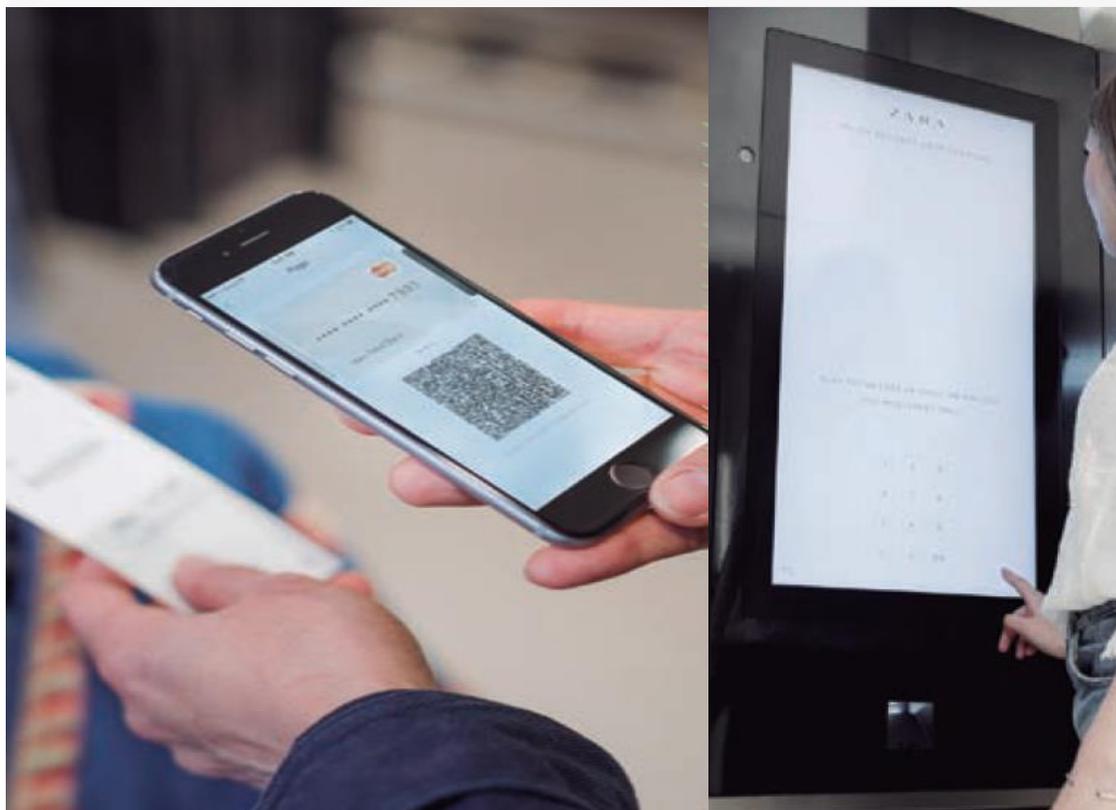
New ways of payment



“Eliminate unnecessary waiting during the entire purchasing process”

- Self-checkout
- Mobile payment
- New app for the Group (InWallet)

Collecting online orders in seconds



“We launched our first Automated Collection Point for Zara.com orders”

Marineda shopping centre Zara store in A Coruña (Spain)

“Easily collect online purchase, scanning the QR or entering the PIN code included on the electronic receipt”

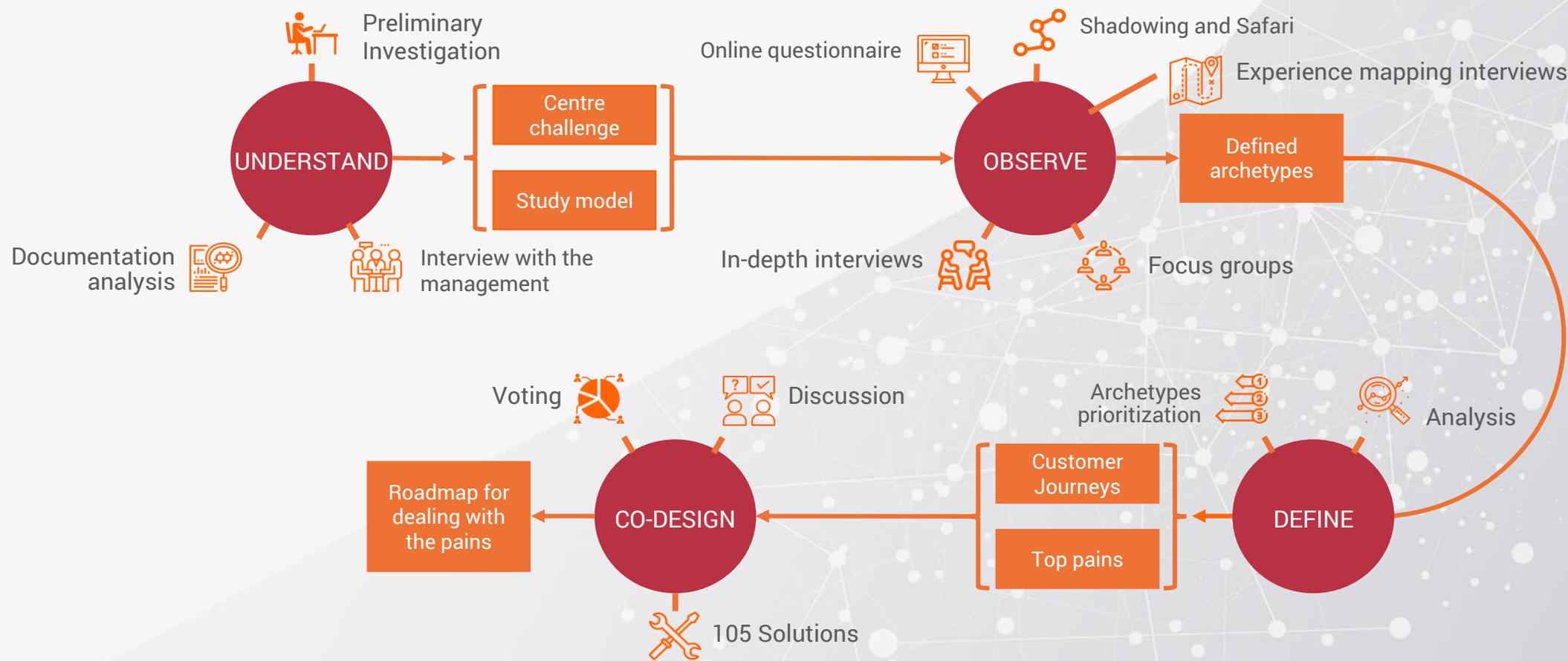
What do we do to
get to know our
customers?



RETAIL
in action!

Customer Experience

Extraction of qualitative conclusions



Understanding Phase

STUDY MODEL



CUSTOMER SEGMENTS



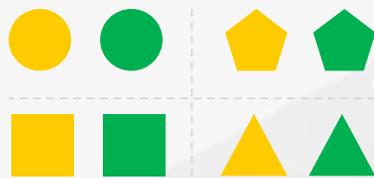
Observation phase

Hypothesis validation

STUDY MODEL



8 HYPOTHESIS OF VISIT ARCHETYPES



BEHAVIOUR IN THE SHOPPING CENTRE

CUSTOMER SEGMENTS



PERSON ARCHETYPE HYPOTHESIS



GENERAL BEHAVIOUR

Observation phase Activities



MAPPING
INTERVIEWS
600 CUSTOMERS

Extract knowledge of each moment of the visit and validate specific characteristics of each hypothetical archetype



IN-DEPTH
INTERVIEWS
100 CUSTOMERS

Map the full experience of each type of customer



20 FOCUS GROUPS
120 CUSTOMERS

Identify the differences among defined archetypes



~25
SAFARIS

Determine strengths and weaknesses of the general experience in the Shopping Centre



~100
SHADOWING

Determine strengths and weaknesses of the experience of each type of identified customer



ONLINE
QUESTIONNAIRES
~12000
ANSWERS

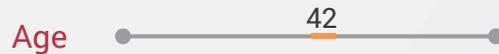
Validate the hypotheses by means of quantitative data

42%
CUSTOMERS



LUCÍA

Lucía is 42 years old and lives in a residential area near Ondara with her husband and her two children, who are 5 and 12 years old. Her family is her top priority, and she always wants to give them the best and spend her time with them. She loves to hike and go to the beach, and likes to spend time with her friends, who she sees very little because they are all very busy, but she chats with them via Whatsapp to keep in touch on a daily basis.



Civil status Married

Children Yes

Occupation Office manager



VISIT DATA

WHEN DOES SHE VISIT:

She goes to the mall whenever she is not working



VISITS PER MONTH

≤1 | 2-3 | ≥4

DURATION OF VISIT:

≤1 | 2-3 | ≥3

AVERAGE SPEND:



GENERAL
65 €



GROCERIES
45 €

AREAS VISITED:



TOP 3 → 1. Fashion | 2. Children | 3. Restaurants

Time

1. Socializing
2. Digital environment
3. Gastronomy

Money

1. Fashion
2. Socializing
3. Travelling

Communication with Portal de la Marina

She follows PDLM on Facebook, she does not pay attention to the publications nor the news, but she is interested in learning about promotions and special offers.



LUCÍA

"I would like to be able to leave my children at the kids' club longer"

"Play Station and childcare operating hours are very short"

"The restaurants are in a high transit area, which is very uncomfortable"

Lucía at Portal de la Marina | VALUES → PRACTICALITY

MOTIVATIONS (reasons why she goes to the mall):

PDLM is one of her children's favourite places; they love to go, although they always get tired pretty fast. The time she spends with her family in PDLM is very pleasant, there are shops and activities for everyone and she can run errands, combining the stores that interest her (mainly fashion) with toys and areas designed for children.

GOALS (what she goes to the mall for):

To ensure her children have a good time without spending more money than necessary. Saving money is fundamental, which is why she looks for promotions and special offers. She wants to find what she wants quickly so her children do not get tired and force her to leave without having done everything she wanted to accomplish at the mall.

NEEDS (what is required for the visit to be satisfactory)

Lucía needs a place to leave her youngest son when she needs to run errands alone. She also needs competitively priced stores, a supermarket with a wide variety of products, leisure areas for her children and public transportation options which allow her to be more independent.

- AREAS OF OPPORTUNITY:**
- Kids' club with greater capacity
 - Entertainment services for the children
 - Alternative transport options



Gran Vía's People...



22% customers



8% customers



7% customers



4% customers



27% customers



Definition Phase

Selection of priority archetypes

Grandes Etapas



Momentos

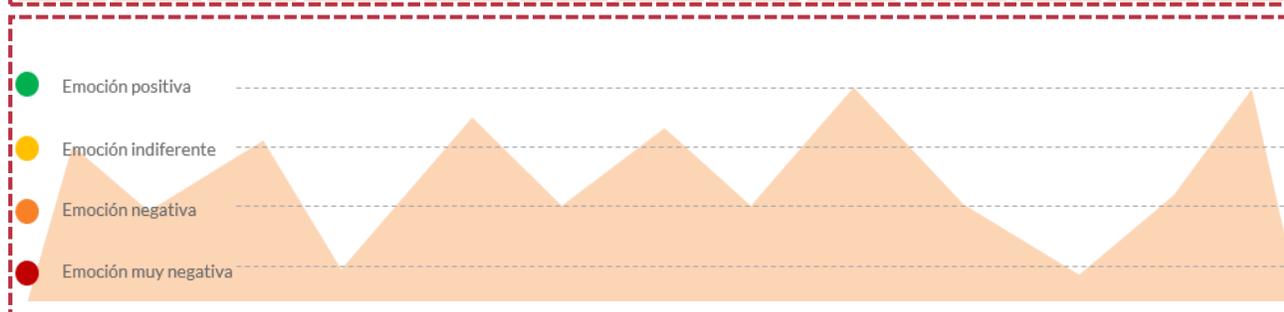
Acciones

Expectativas

Emoción

Qué siente en una escala de 4 emociones.

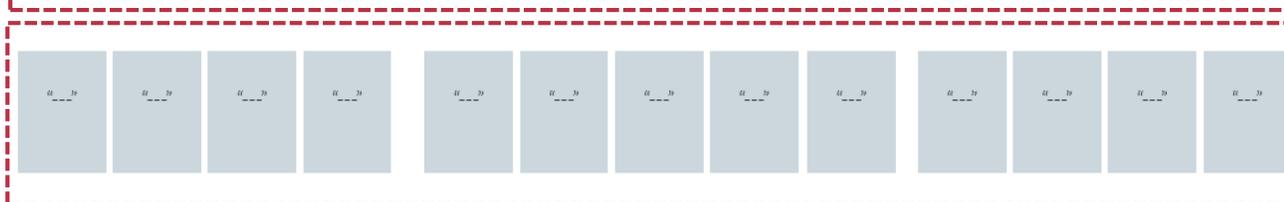
Nos ayuda a representar visualmente la emoción global



Voz del cliente

Qué piensa o expresa.

Nos ayuda a relacionar la emoción con lo identificado en la etapa de observación



CUSTOMER'S LIFE
what he/she does and what he/she expects before, during and after the visit.

CUSTOMER'S EMOTIONS
Caused by the difference between expectations and the real experience at each moment

We show what the client thinks and expresses at each moment, revealing various pains and gains

Definition Phase Customer Journey

Diseño de la Experiencia con Portal de la Marina

FICHA DE ARQUETIPO DE CLIENTE

TOP PAINS

- 1 Falta de capacidad en la oferta de entretenimiento para niños
- 2 Dificultad de acceso desde la autopista al centro
- 3 Ausencia de servicios alternativos para ir en coche a los niños
- 4 Falta de intimidad, comodidad, tranquilidad y sensación de exclusión en las terrazas de los restaurantes
- 5 Letanía al baño del centro comercial respecto a la zona de restauración y la mala señalización para ir a este
- 6 Ausencia de baño en cada restaurante
- 7 Escasez de restaurantes con zona para niños
- 8 Escasez de aparcamiento adaptado para familias
- 9 Ausencia de entradas alternativas al edificio desde fuera
- 10 Falta de calidad y variedad de restaurantes

GRANDES ETAPAS	PREVIO A VISITA										VISITA AL CENTRO COMERCIAL										POST VISITA
	INFORMACIÓN/DETALLE	DEPLAZAMIENTO	LLEGADA	APARCAMIENTO	ENTRADA	PLANIFICACIÓN	ACTIVIDAD CLIENTE INFANTE	DECISIÓN	ACTIVIDAD MODA	TRANSICIÓN ENTRE ACTIVIDADES	ACTIVIDAD RESTAURACIÓN	DECISIÓN	ACTIVIDAD BARRIO	DECISIÓN	ACTIVIDAD ONE	TRANSICIÓN ENTRE ACTIVIDADES	ACTIVIDAD REPTIVICADO	FIN DE LA VISITA	RECOMENDACIÓN		
WOMENTS Momentos que más el cliente recuerda tras su visita	Información sobre PDI y sesión de animación para niños	Tarjetas PDI en mano, tarjetas para niños	Entrada en el centro comercial desde la autopista	Aparcamiento en parking PDI (antes y después de la visita)	Entrada en la parte de PDI (antes y después de la visita)	Primer nivel de la tienda de PDI (antes y después de la visita)	Verificar la oferta de PDI (antes y después de la visita)	Comer en el restaurante de la tienda de PDI (antes y después de la visita)	Verificar la oferta de PDI (antes y después de la visita)	Verificar la oferta de PDI (antes y después de la visita)	Verificar la oferta de PDI (antes y después de la visita)	Verificar la oferta de PDI (antes y después de la visita)	Verificar la oferta de PDI (antes y después de la visita)	Verificar la oferta de PDI (antes y después de la visita)	Verificar la oferta de PDI (antes y después de la visita)	Verificar la oferta de PDI (antes y después de la visita)	Verificar la oferta de PDI (antes y después de la visita)	Verificar la oferta de PDI (antes y después de la visita)	Verificar la oferta de PDI (antes y después de la visita)		
ACCIONES / PENSAMIENTOS Qué hace	Mis amigos me avisan de una promoción en un restaurante que va a tener un día de 12 años	Voy en coche con los niños	Entrada en el centro comercial desde la autopista	Aparcamiento en el parking subterráneo	Verifico la oferta de PDI (antes y después de la visita)	Compro que es mejor ir a la tienda de PDI que a la tienda de moda	Lo intentamos en el club infantil pero hoy una cosa o otra	No vamos, el día se fue a la tienda de moda	Me voy a comprar el día de la tienda de moda	Recibo un WhatsApp de mi marido invitándome a ir a la tienda de moda	Me reúno con todos los amigos para ir a la tienda de moda	No vamos en la tienda de moda, vamos a la tienda de moda	Vamos al baño del restaurante de la tienda de moda	Creo que estaré bien, voy a ir a la tienda de moda	Vamos a la tienda de moda, voy a ir a la tienda de moda	Hubiéramos pensado ir a la tienda de moda, voy a ir a la tienda de moda	Voy a ir a la tienda de moda, voy a ir a la tienda de moda	Tras la visita PDI	Acciones de difusión en redes sociales y a través de correo electrónico		
EXPLICATIVOS Qué ocurre	Número de posibilidades de ir a la tienda de moda	Unger niños en coche	No hay espacio en la autopista	Tráfico de coches en el parking	Entrada en el centro comercial	Que no hay espacio en el parking	Que no hay espacio en el parking	Que no hay espacio en el parking	Que no hay espacio en el parking	Que no hay espacio en el parking	Que no hay espacio en el parking	Que no hay espacio en el parking	Que no hay espacio en el parking	Que no hay espacio en el parking	Que no hay espacio en el parking	Que no hay espacio en el parking	Que no hay espacio en el parking	Que no hay espacio en el parking	Que no hay espacio en el parking		
INDICADORES Qué viene	Atención	Reservación	Reservación	Reservación	Reservación	Reservación	Reservación	Reservación	Reservación	Reservación	Reservación	Reservación	Reservación	Reservación	Reservación	Reservación	Reservación	Reservación	Reservación		
VOZ DEL CLIENTE Qué piensa/ siente	No voy a ir a la tienda de moda, voy a ir a la tienda de moda	Reservación de la tienda de moda	Reservación de la tienda de moda	Reservación de la tienda de moda	Reservación de la tienda de moda	Reservación de la tienda de moda	Reservación de la tienda de moda	Reservación de la tienda de moda	Reservación de la tienda de moda	Reservación de la tienda de moda	Reservación de la tienda de moda	Reservación de la tienda de moda	Reservación de la tienda de moda	Reservación de la tienda de moda	Reservación de la tienda de moda	Reservación de la tienda de moda	Reservación de la tienda de moda	Reservación de la tienda de moda	Reservación de la tienda de moda		
FINES Principales motivos de la situación	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda		
GAUDIO Principales momentos de la situación	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda	Me gusta ir a la tienda de moda		



Investor
Day 2018



SUSTAINABILITY (ESG)

Jon Armentia

Corporate Director Lar España

RETAIL
in action!

What does CSR mean at Lar España?

Value creation via Corporate Social Responsibility is one of Lar España's defining attributes, through the responsible management of its assets, the creation of wealth in the communities it operates in and the active listening to its Stakeholders.

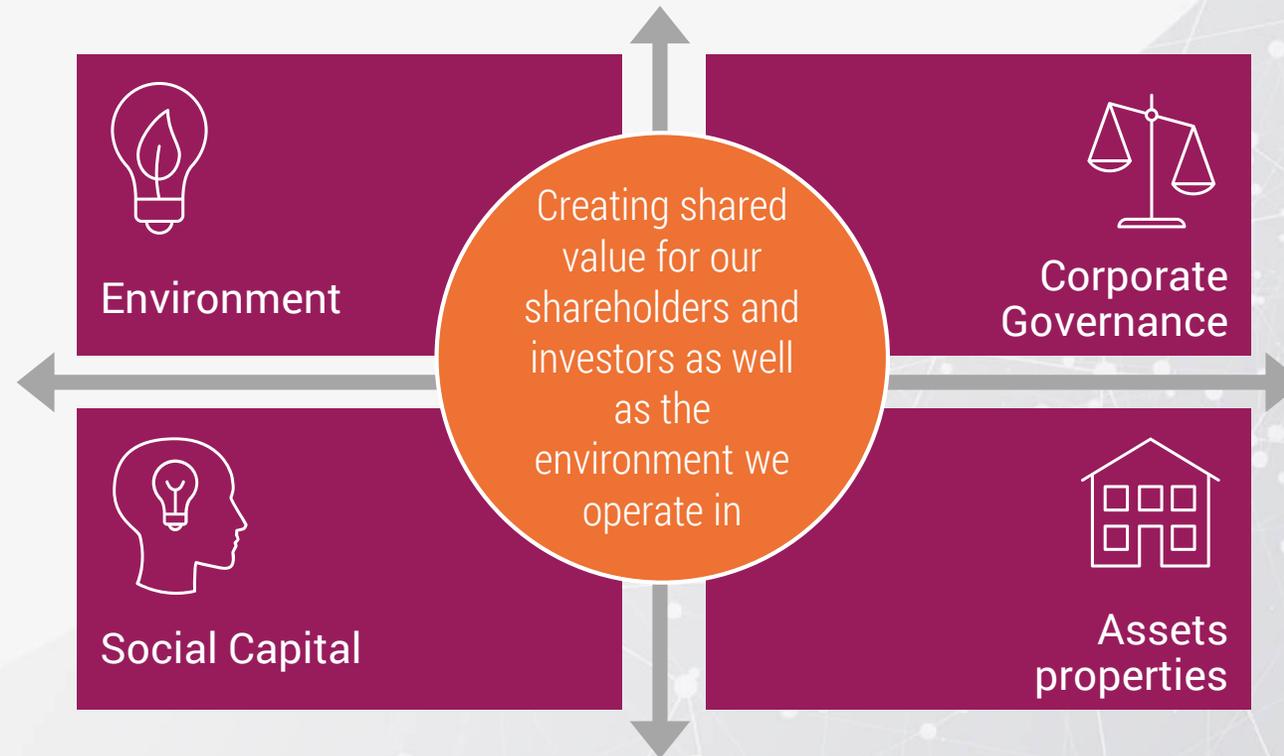


RETAIL
in action!

Lar España's approach to CSR

Lar España's CSR principles to build Shared Value:

Doing business better



Lar España is currently in the process of implementing its **CSR Master Plan**.

Innovation to create shared value

E

Lar España promotes **sustainability certification measures** and adopts new technologies to improve the quality and management of its assets. In parallel, the Company safeguards the economic **viability and financial returns on its investments**, while striving to boost aspects that benefit society

S

Lar España's portfolio assets generate **social impacts** that transform and build **shared value** in the communities in which they are located. Taking into account existing problems, the Company implements measures designed to **enhance building accessibility**

G

Lar España continues to make great strides forward in terms of **transparency, ethics and regulatory compliance**, thereby guaranteeing **good governance** both in terms of the company and its governing bodies



Environmental

Lar España is taking action to preserve the environment



Environmental Innovation



Energy efficiency

Lighting
Climate control
Building systems



Water management

Presence detector
Watering systems
Cooling towers



Air quality

Complex control systems for ventilation
Air purifier systems



Solar power

Alternative energy sources

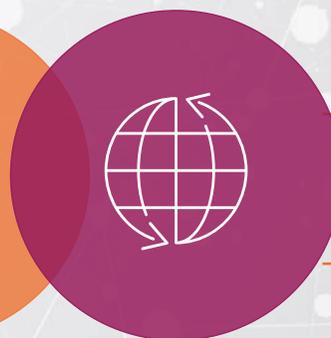
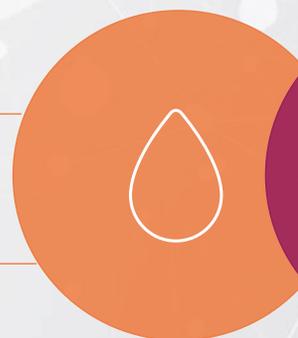


Other lines of initiative

Tri-generation
Guided parking
Eco-friendly transportation

Reduce Expenditures

Become more environmentally friendly in its business communities

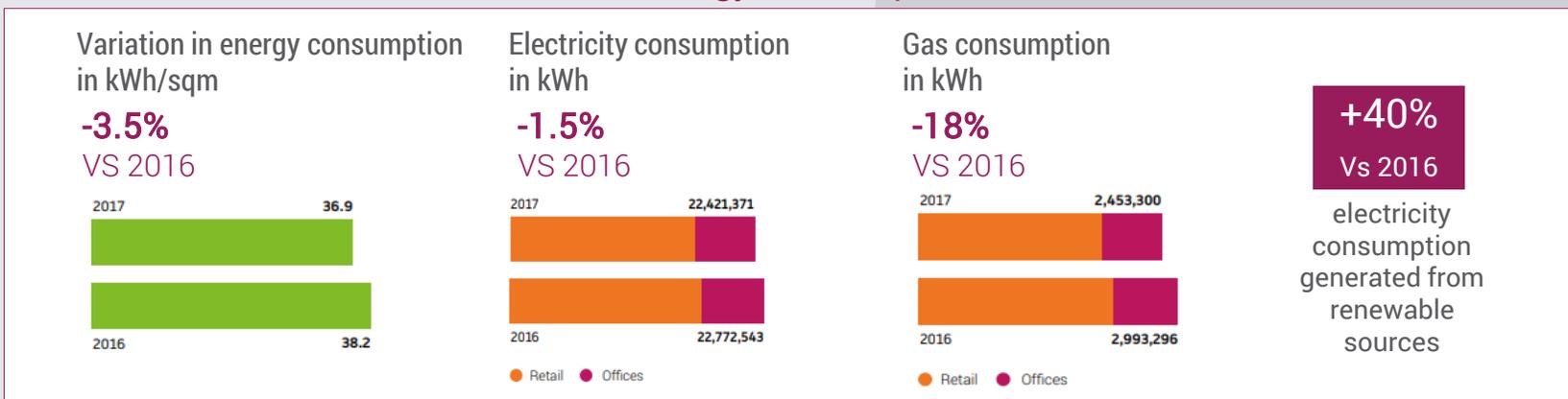


Impact on the natural surroundings

Economic viability

Environmental performance

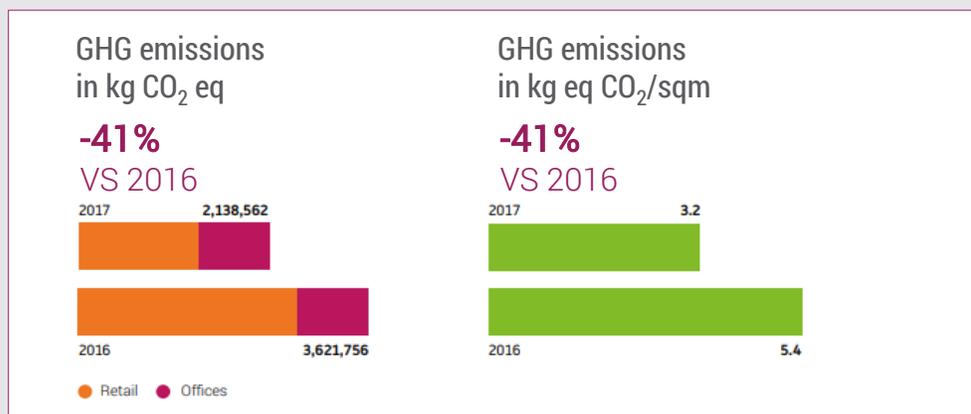
Energy Consumption



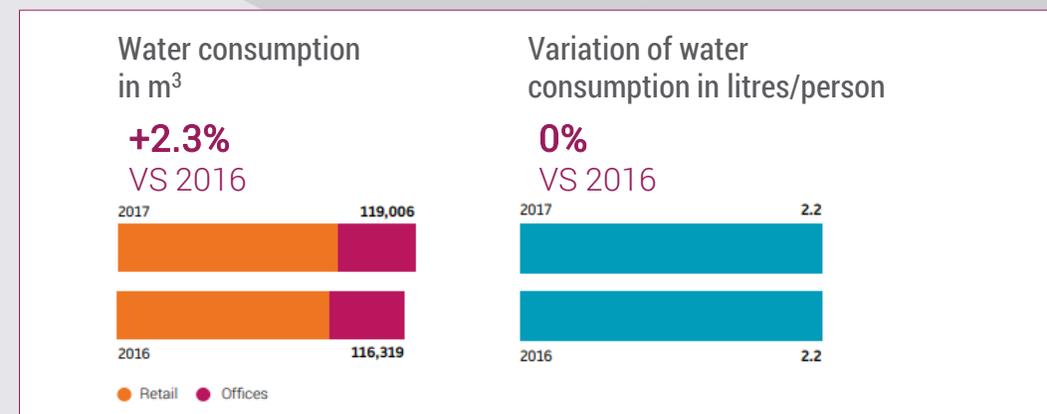
Waste Management



GHG Emissions



Water Consumption



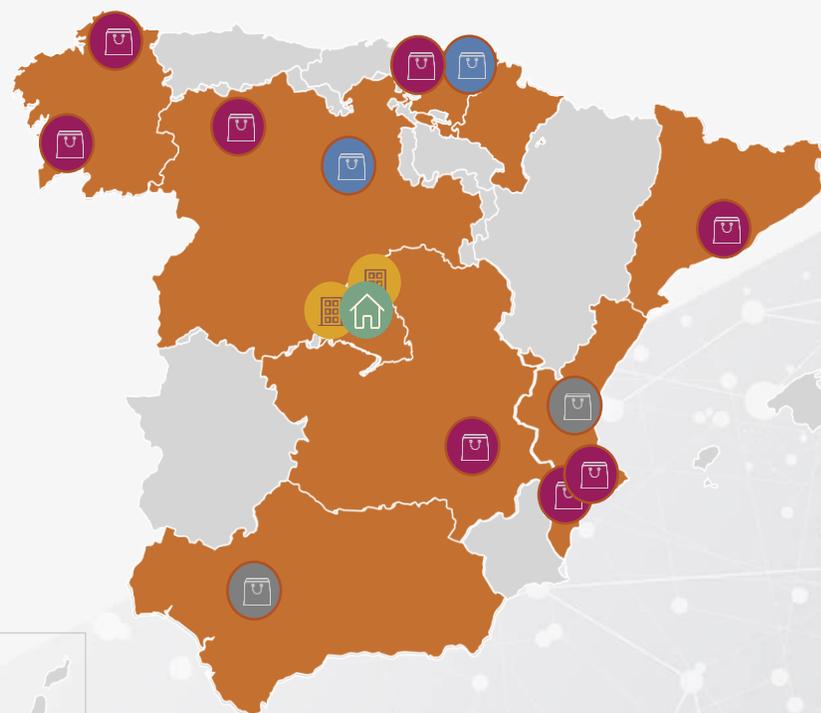
Environmental BREEAM® Certifications

BREEAM® ES
el certificado de la construcción sostenible

**Shopping
Centres**

100%

are certified under
BREEAM®.



Retail assets

BREEAM® In-Use “Very Good” Certificated (8)



BREEAM® In-Use “Good” Certificated (2)



Our retail developments



are designed and developed in line with the specifications required to obtain the prestigious BREEAM® quality and sustainability certification

Other assets

ELOY GONZALO REFURBISHMENT PROJECT

Certified with BREEAM® New-Construction, “Very Good” rating



MARCELO SPÍNOLA OFFICE BUILDING

Certified with BREEAM® New-Construction, “Very Good” rating



LAGASCA 99 RESIDENTIAL DEVELOPMENT

Certified with BREEAM® New-Construction, “Very Good” rating



Social

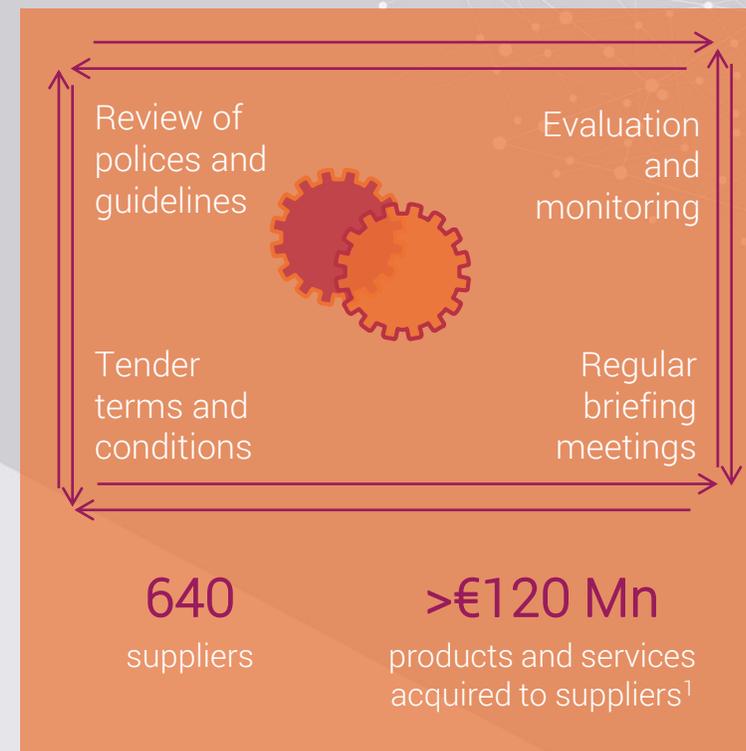
CUSTOMER RELATIONS

- Improving communication channels and active listening
- Adding value by means of product and process innovation
- Building health and safety
- Adapting to the diversity of customer needs

Ex: Audit of services and customer support
 Technical audits
 Mobile app
 Customer satisfaction surveys
 Provision of information about energy consumption and efficiency
 Provision of sustainability guides and manuals to tenants



SUPPLIER RELATIONS



1. In 2017

Social Society-based initiatives



Lar España's properties in operation and under construction create more than **25,000 jobs**

Activities/Partnerships implemented by the Company



Social Accessibility

Commitment to promoting social integration

Working to achieve and maintain high accessibility standards via a design that is conceived by and for people

87%

ACCESSIBILITY AUDITS
performed on 87% of our
retail assets

A diagnosis is being undertaken in collaboration with **ILUNION, ONCE and AENOR** (the Spanish Association for Standardization and Certification).

The audits highlight the level of compliance with prevailing regulations and make recommendations as to how to obtain universal accessibility certifications.

100%

RENOVATIONS in Lar España's
assets are taking into account
accessibility requirements from
the new building code

Main achievements:



Eloy Gonzalo office building:
AENOR universal accessibility certification for the refurbishment work



In October 2017, ILUNION formally acknowledged Lar España's efforts to enhance universal accessibility at its properties and to accommodate persons with disabilities

More profitable, healthy, safe and efficient buildings

Governance

- ✓ Experienced and mostly independent Board of Directors (5 of 7 members): 19 meetings in 2017
- ✓ Action Plan main objectives:



Strong governance

Transparency, business ethics, corporate social responsibility and regulatory compliance



More advanced management and enhanced transparency

Director activities selection, remuneration and training



Furthering the process of evaluating and improving the Board's performance

Complying with the best practices in the corporate governance field



ESG

International recognitions and initiatives

International standards



Financial and non-financial information included in the Annual Report follow **GRI standards and EPRA recommendations**



ESG information has been reviewed by an **external third party (EY)**



Lar España collaborates with the main associations that are the frame of reference for the evaluation of **environmental, social and governance (ESG) issues in the real estate sector**

International recognitions



EPRA Award for Sustainability (Gold)
EPRA Award for Financial Reporting (Gold)

Closing Remarks

Environmental

Responsible management
Sustainability certifications
Environmental awareness
Innovation

100% shopping centres

BREEM® ES
el certificado de la construcción sostenible

Energy efficiency

Solar power

Air quality

Water management

New lines of initiative

Social

Active listening
Social initiatives
Accessibility
Wealth creation



87% retail assets audited

Governance

Ethics and Integrity
Independent Board
Risk Management
Transparency



CSR Master Plan



Investor
Day 2018



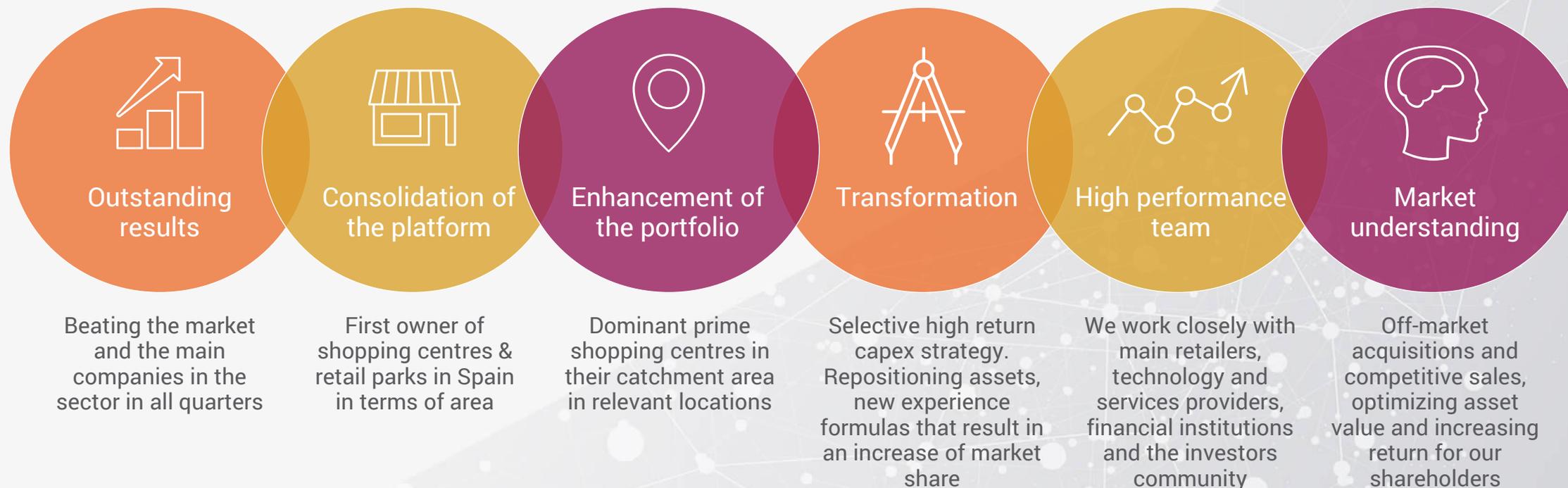
SHOPPING CENTRES PERFORMANCE

Jose Manuel Llovet

Commercial RE Managing Director Grupo Lar

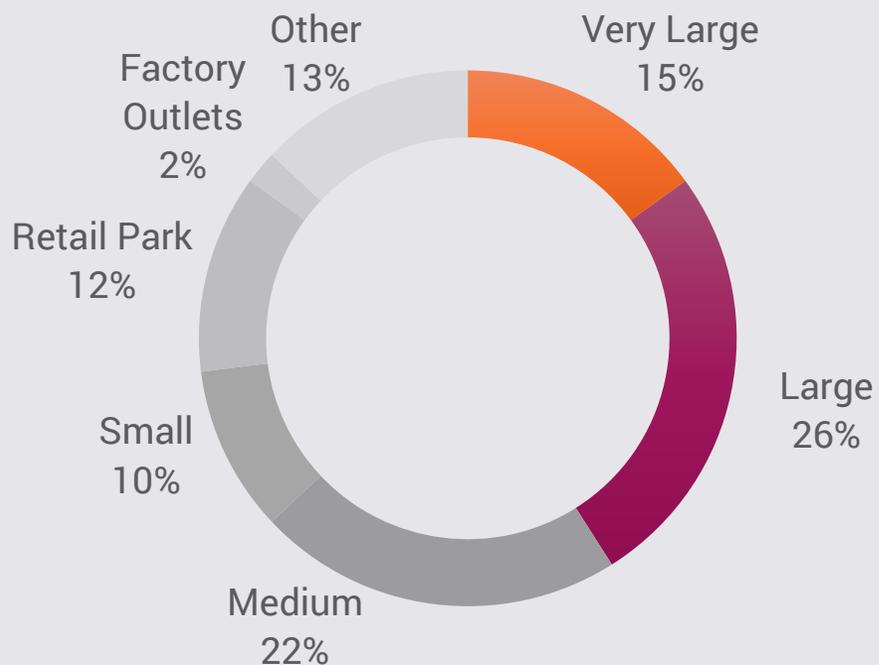
RETAIL
in action!

Vision and Results



Dominant, large shopping centres in lower retail density areas, with the best retailers, focused on high performance. Well managed.
Winning assets in a moment of change and opportunity

Market size



Total Market
15.8 M sqm / 555 centres & parks

SC's fitting LRE's Strategy by size

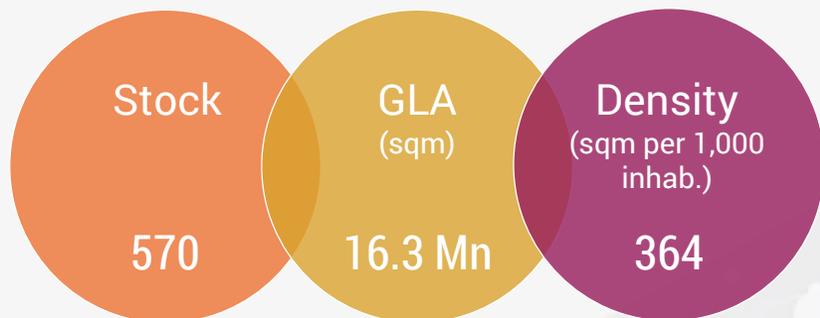
Top 20 Investors
own 207 shopping centres

Source: AECC 2017. Very Large: (>79,999 sqm / 19 centres) / Large: (40,000-79,999 sqm / 70 centres) / Medium: (20,000-39,999 sqm) / Small: (5,000-19,999 sqm) / Others: Hypermarkets and Leisure centres

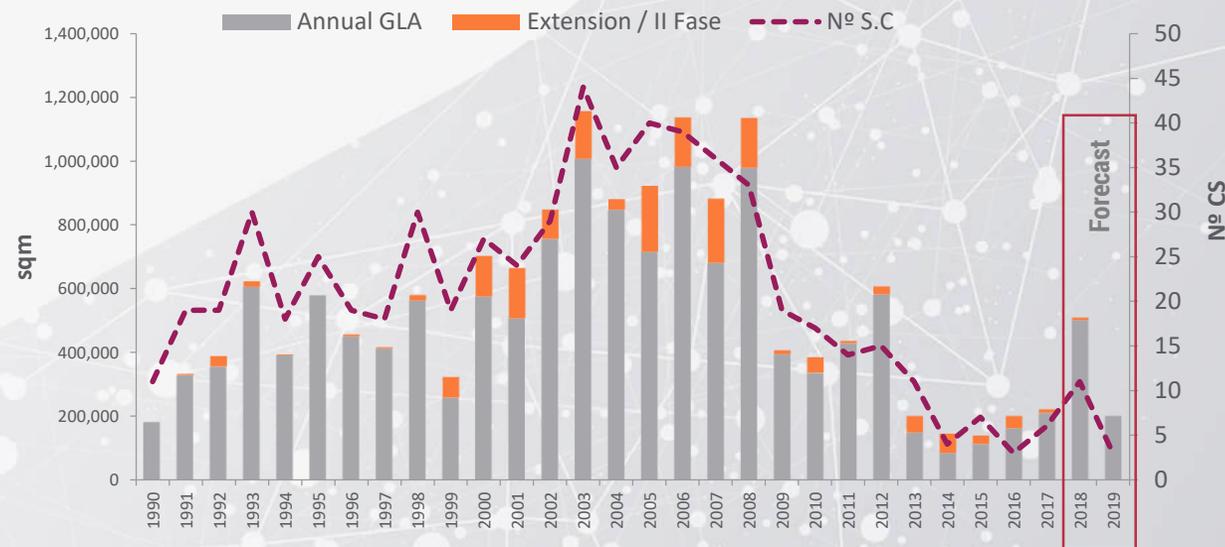
Market stock

+500,000 sqm of new GLA

is expected to be opened by the end of 2018, with the opening of **15 new shopping centres**



Evolution of Shopping Centre Stock

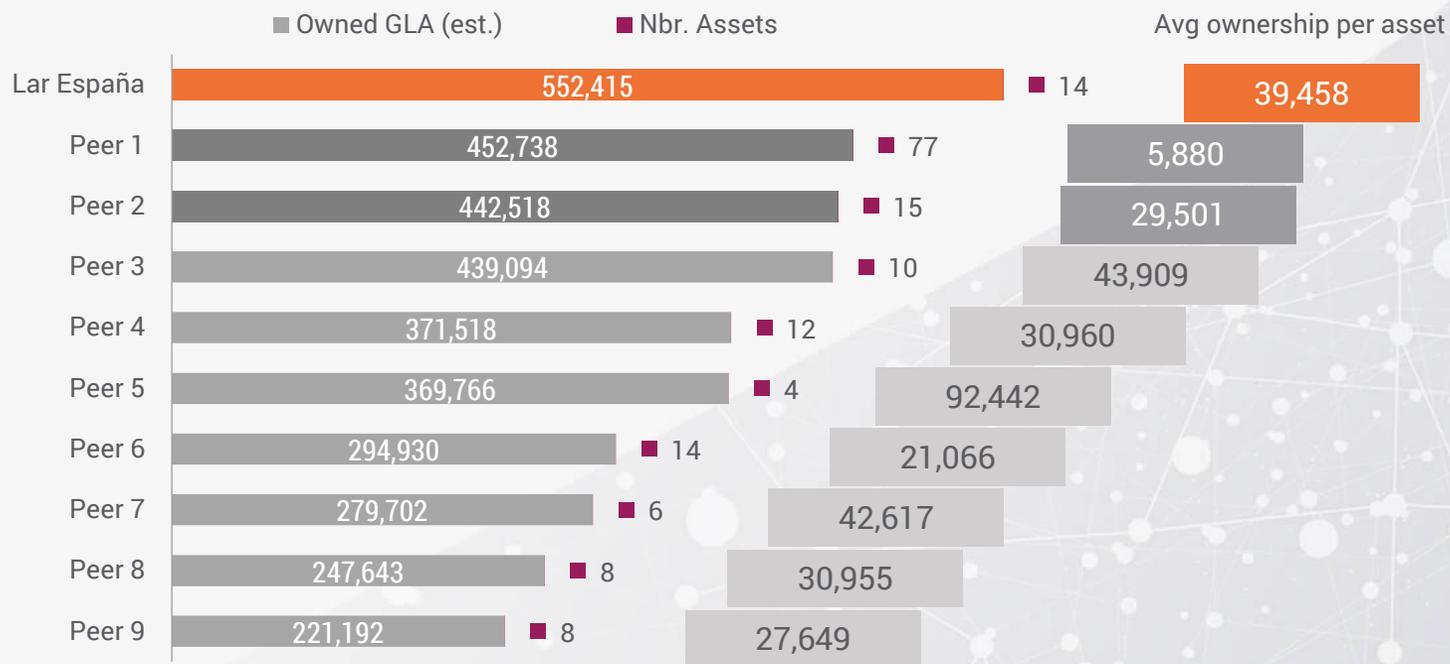


*New Commercial Stock includes Shopping Centres, Warehousing Parks, Factory outlets & Leisure centres
 1. Source: Savills 2018 / 2. Source: JLL 4Q 2017

Stock grows. Big, modern, attractive and sustainable schemes. Higher quality. Suitable for the new retail formulas.
Places that enhance customer experience

Market size Lar España

Main market players by owned GLA, including GLA under development ¹



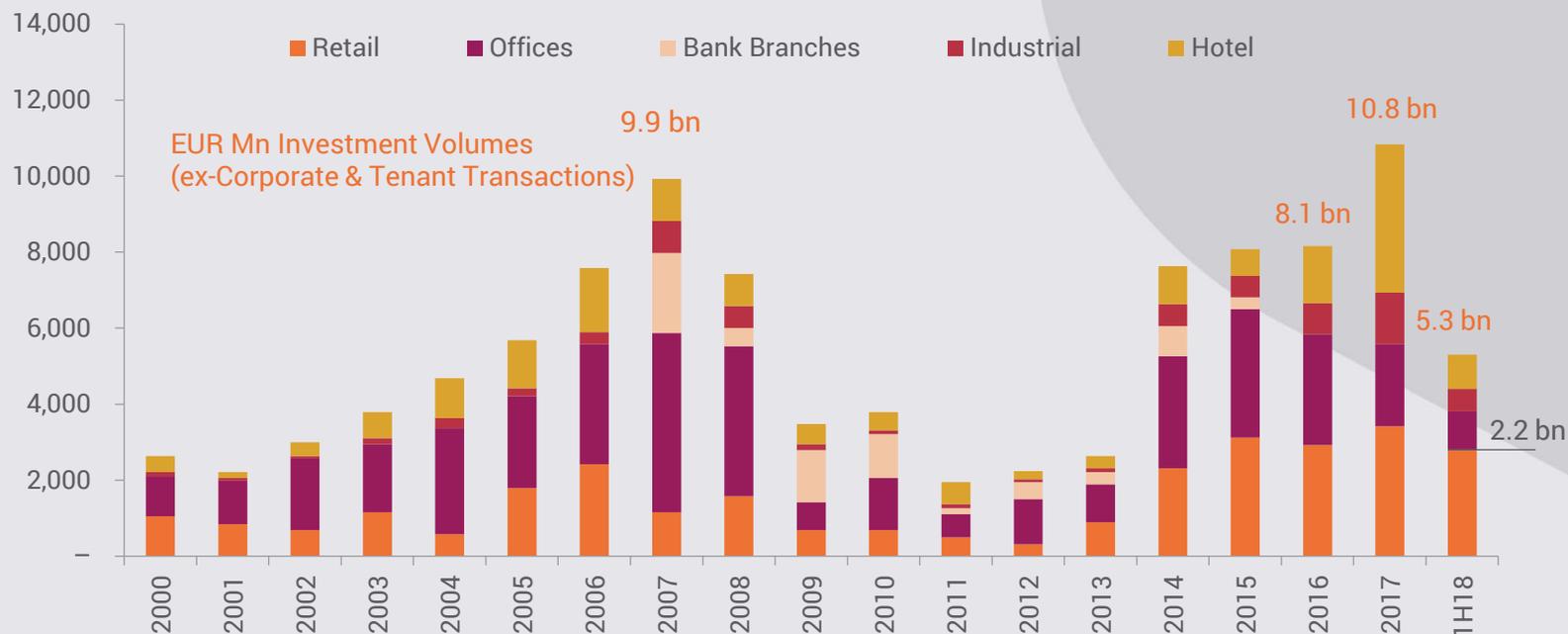
Total TOP 10 3,671,515 sqm 168 assets

Target market size
4,5 Mn sqm GLA
30% of the total market

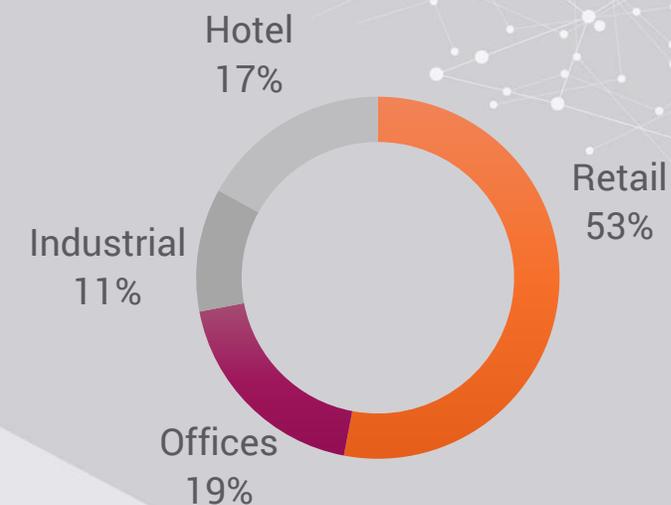
¹ Considering opening date of assets under development until 2020. Source: CBRE & Lar figures at September 9th, 2018.

Market size Investment

Investment Market remains strong. Retail leads



Investment per Sector

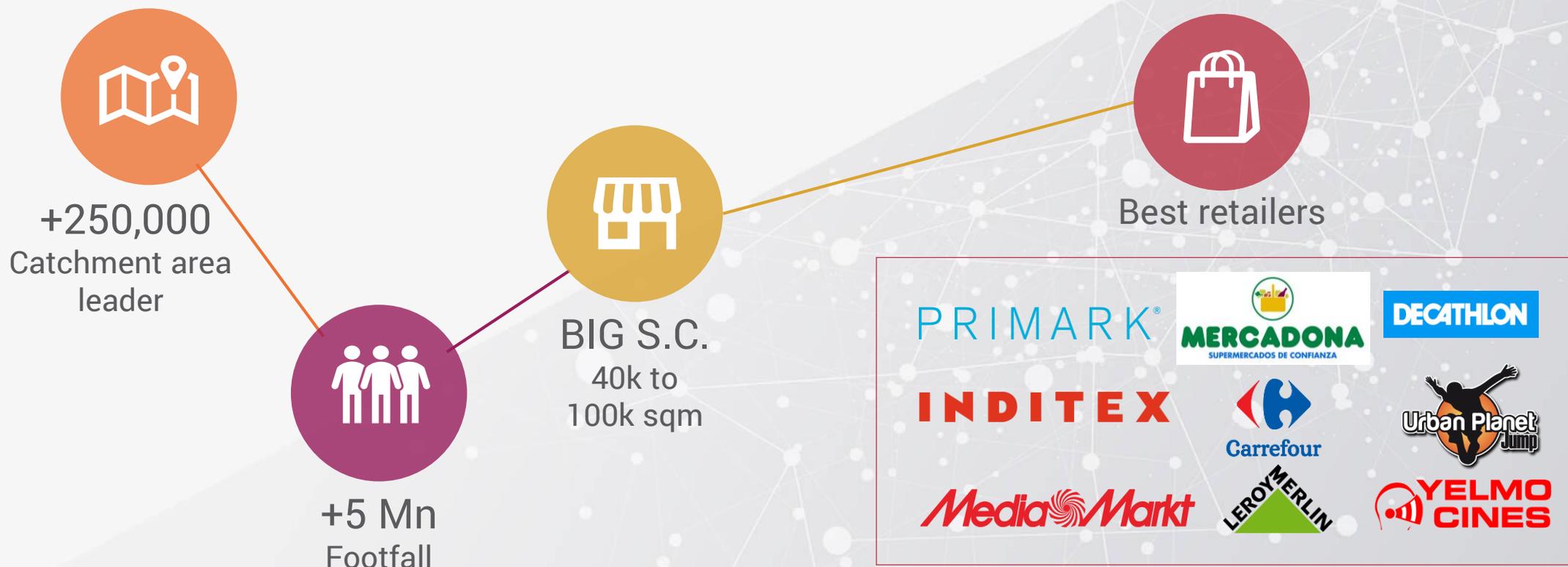


Market size

Lar España criteria

Lar España has built a **high quality Core+ portfolio**, acquiring **asset by asset**

Investment Criteria: **Dominant in its area, Size, Footfall and Quality Tenants** and all with **Value Creation potential**



Performance Market sales

Retail Sales Index % YoY Growth ¹



1. Source: INE

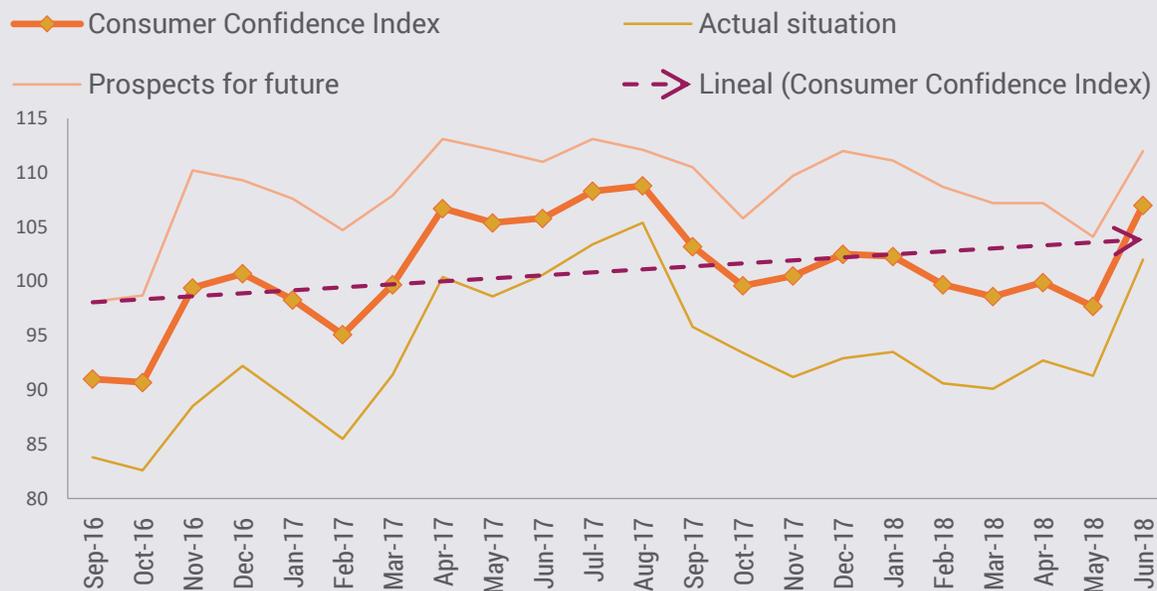
Analysts' consensus is **2.4% sales growth in 2018**
Affluence to shopping centres is stable after 2 years of growth

RETAIL
in action!

KPI's

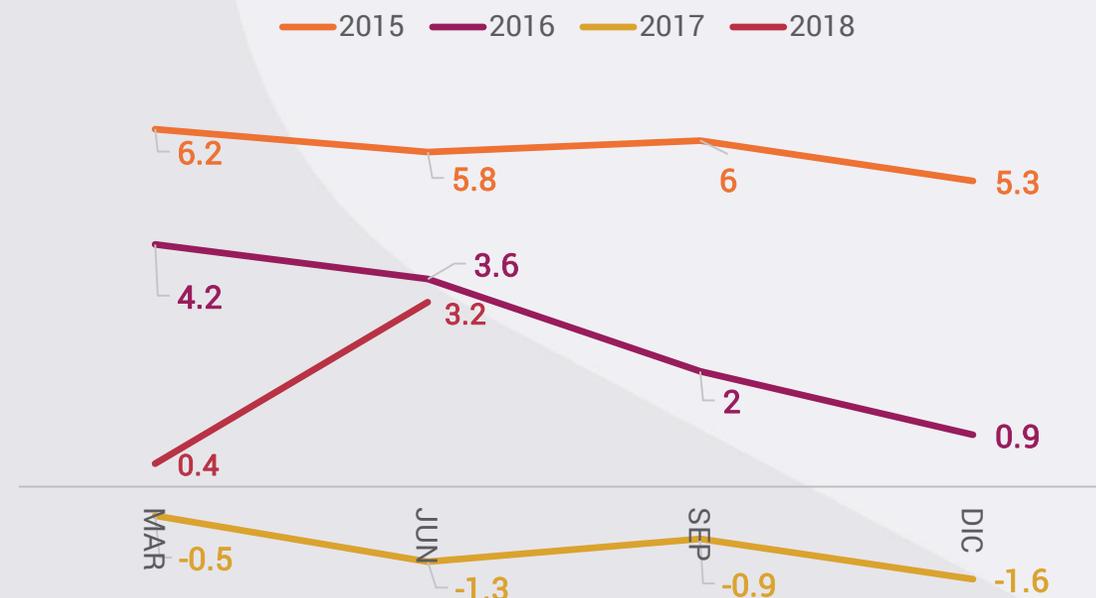
Consumer confidence & footfall

Consumer Confidence Index ²



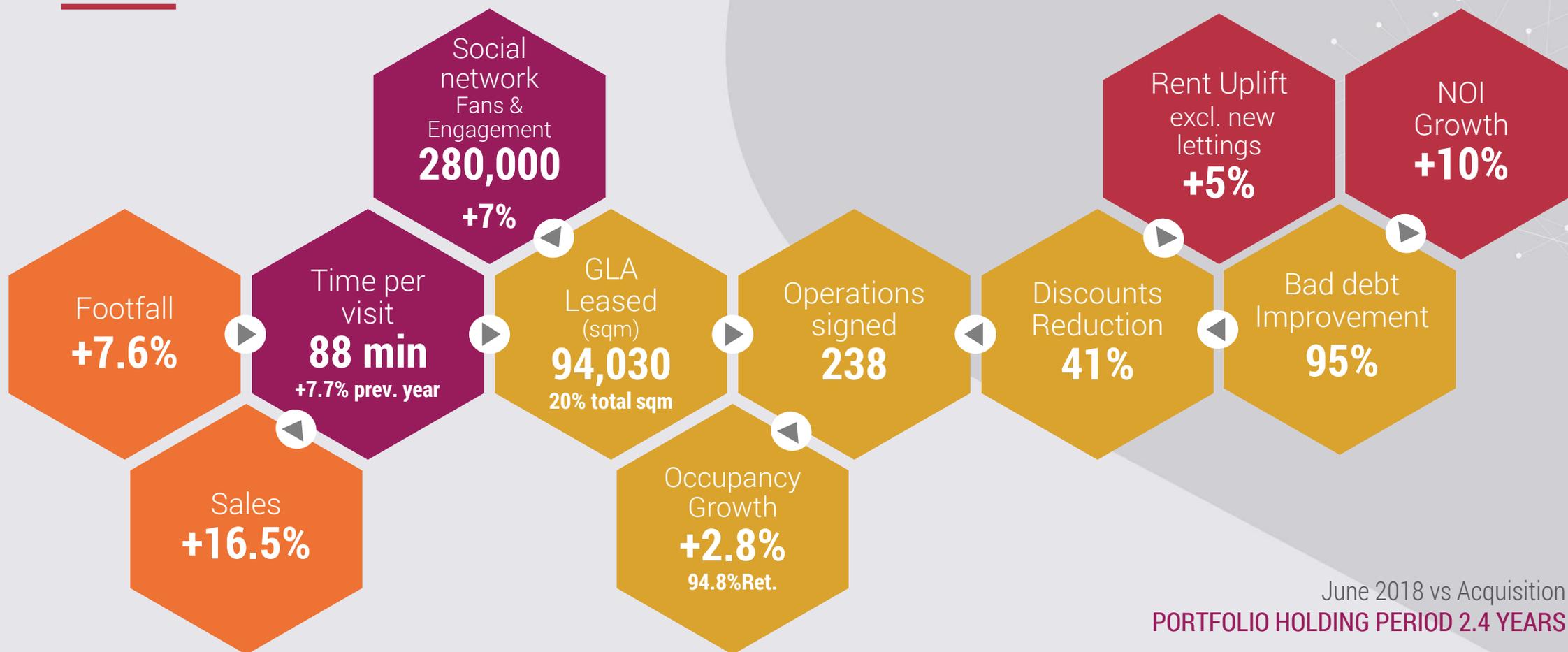
2. Source: CIS

Footfall AECC



RETAIL
in action!

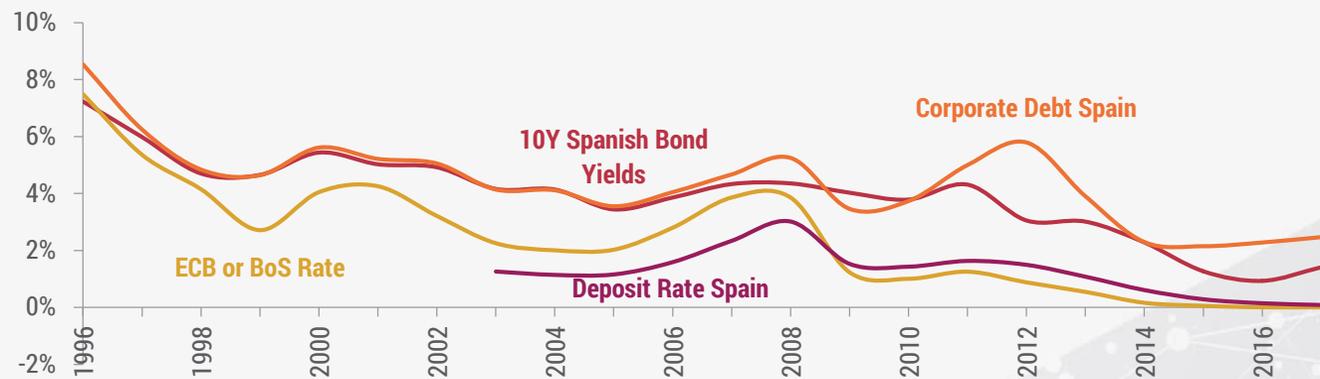
KPI's Lar España



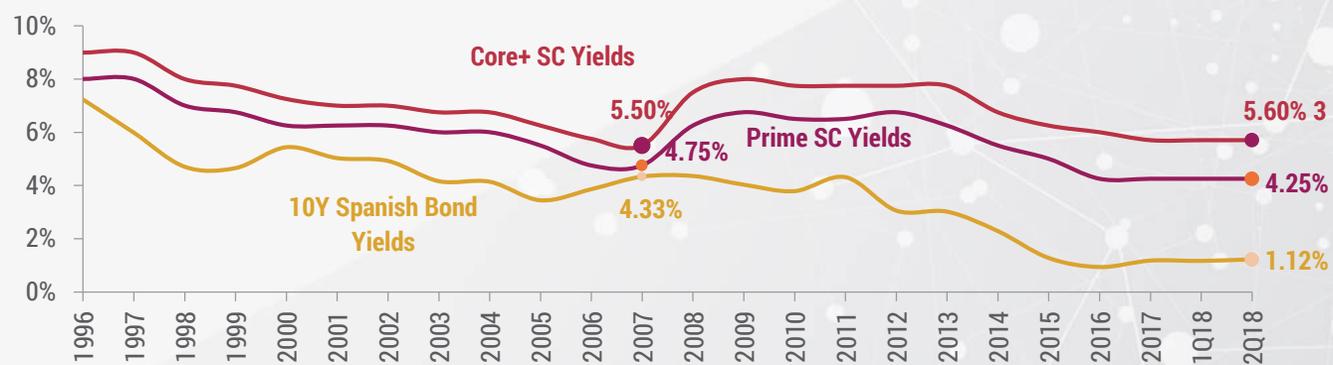
June 2018 vs Acquisition
PORTFOLIO HOLDING PERIOD 2.4 YEARS

Yields Moment

Spanish headline yields ¹



Spanish SC yields ²



According to **ECB Monetary Policy**, it is not expected to maintain the ultra-low interest rates for a long period of time...

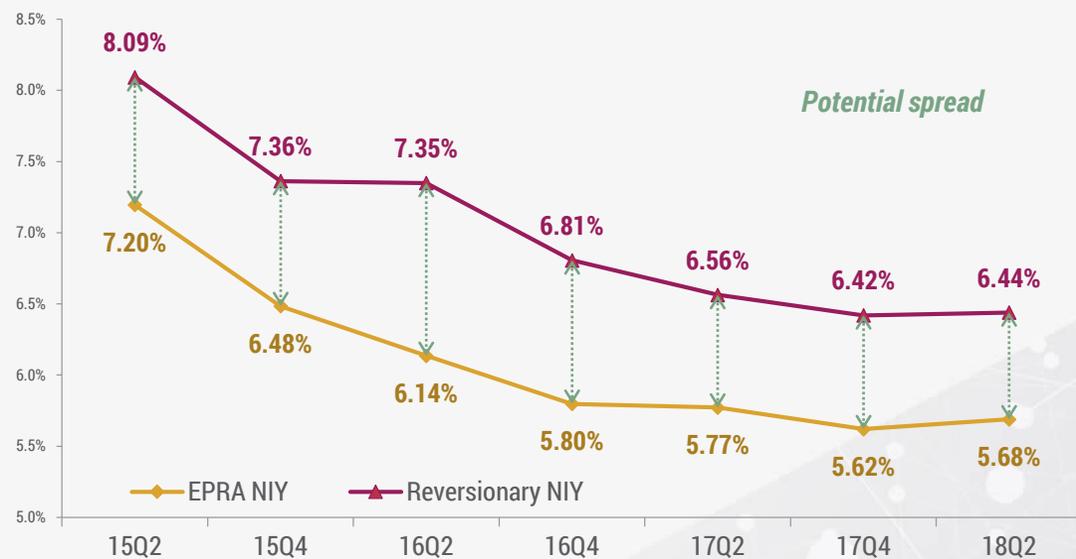
We estimate a **stabilization of Yields** in Core and Core Plus assets

...RETAIL is an **attractive investment** for the foreign players due to the interesting level of returns and the rent increase potential.

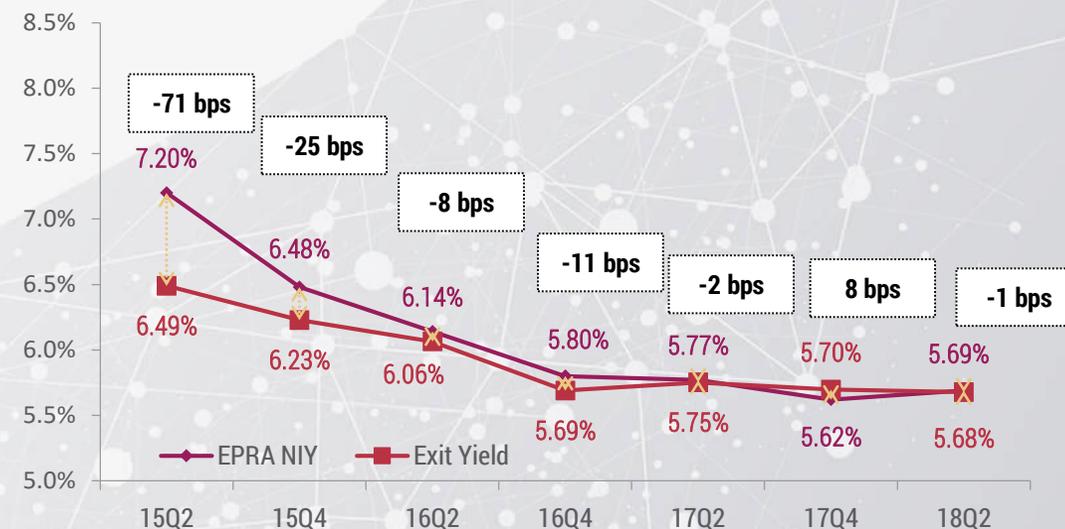
1. Source: Bank of Spain
 2. Source: JLL & Savills (Historical) & Grupo Lar (Forecast) / Bank of Spain (Actuals)
 3. Data estimated considering last market transactions in 2018

Yields Lar España

EPRA NIY vs Reversionary NIY¹



Yield Compression Path²



1. In accordance with EPRA BPR. Reversionary NIY = (ERV / GMV)

2. In accordance with valuations results. The valuations have been made by external independent valuers: JLL or C&W.

Market yields are stable now. The challenge is increasing NOI to increase yield on cost. Lar España has room to increase returns and value. Asset Management and Asset Quality is key to continuing growth

Our Value Proposal

Lar España

There is still a long way for **Value-creation** through Asset Management, our main pillar

TRANSFORMATION

- ✓ Improving layout, carrying out **extensions or transformations**
- ✓ Creating **shopping experience** destinations
- ✓ Strong **omnichannel** strategy

OPERATION

- ✓ **Increasing Footfall**
Beating the market quarter by quarter.
- ✓ **Increase of sales** thanks to:
Increase in visits, better quality tenants, experience, services and marketing.
- ✓ **Capturing the increase in spending power** of the catchment Area.

INCOME

- ✓ **Letting**
Occupancy of c.95%. There is a **+5% additional of rents**. Higher occupancy means higher service charge recovery.
- ✓ **Rotation**
GLA leased since acquisition is 20% of the total
Avg. Rent Uplift since acquisition is 5%.
Very controlled Occupancy/Cost Ratio (OCR) of 10.9%, **bellow market** standard. Any increase of sales will be reflected in an increase of rents.
- ✓ **Increasing control** over the SC by complementing **acquisitions of other ownership** stakes.
Service charges optimized thanks to the size of the portfolio (synergies and global contracts).

PROJECTS. Assets in motion



RETAIL
in action!



MegaPark®
B A R A K A L D O

Megapark is being transformed into an alluring urban space with comfortable areas to enjoy a relaxing break and a pleasant promenade so our customers can enjoy their shopping experience

Super Big retail area. Fifth biggest retail area in Europe.

Dominant scheme, market reference in Great Bilbao (one of the most populated and wealthiest areas in Spain).

Recent acquisition of the **leisure and cinema area** at low price in a creditor's arrangement, increases value potential.



€6.5 Mn
Total Capex



Megapark

Variation Since Acquisition (Oct 2015 & Leisure Area Oct 2017)



1. Sales exclude RP per non comparable data.

A warm welcome

WELCOME



Investor
Day 2018

Portal de la Marina opens to the outside with a new portico that offers customers a warm welcome and improves the food court to create a more hospitable atmosphere



€3.0 Mn
Total Capex

Dominant scheme, market reference on Alicante Coast, one of the main tourist destinations in Spain.

The new **opening of Carrefour** and the **ongoing refurbishment** are the catalysts of value creation. More visitors, more sales.



Portal de la Marina

Variation Since Acquisition (Oct 2014, Jun 2015 & Mar 2016)

Revaluation
37.36%

Footfall
+12.2%

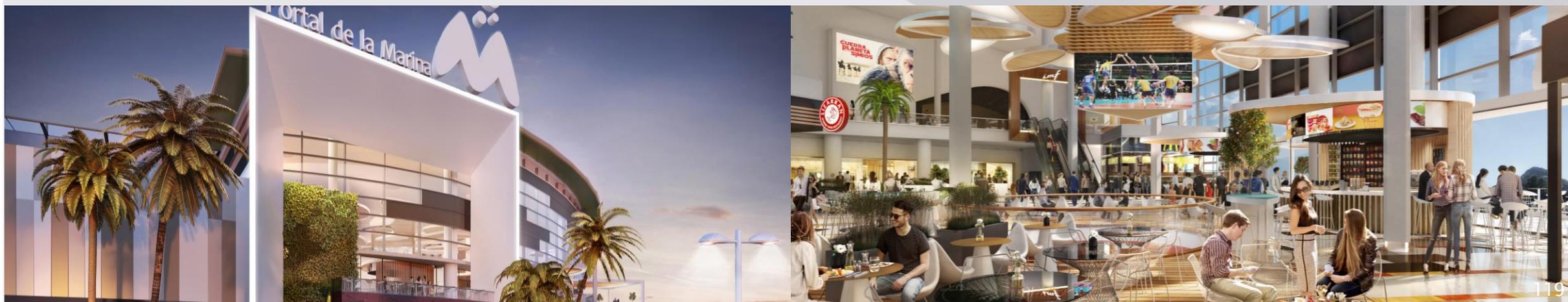
Sales
+29%

NOI
+21.3%

Occupancy
97.5%

Tenants
15,600 sqm
39% total GLA
39 leases

Main Achievement
Opening of Carrefour Hypermarket, Expansion
of Lefties, Global renovation project.





As Termas exudes local spirit and is adapting by improving the centre's interior and the services offered to meet the public's needs

As Termas is the market reference in the province of Lugo. Main retailers: Mediamarkt, Inditex group (image updated).

Growing potential once the only competitor closed this year.

Refurbishment and new dining area will produce a quality improvement of the asset.



€1.4 Mn
Total Capex



As Termas

Variation Since Acquisition (April 2015)

Revaluation
24.4%

Footfall
+3.5%

Sales
+13%

NOI
+19%

Occupancy
95.8%

Tenants
11,000 sqm
31% total GLA
43 leases

Main Achievement
Operational Stretch. Inditex brands new image.
Global refurbishment.





ànecblau
CENTRE COMERCIAL

Planning

Starting Q4 2018 – Ending Q4 2019
Preletting strategy already launched

Objectives

- Exploite commercial value in leisure and dining areas.
- Create an innovative ambience in outdoor areas.
- Lifestyle SC and commercial reference in Baix Llobregat.

Ànecblau is an exclusive life style shopping destination in one of the wealthier areas of Great Barcelona.

Repositioning, Quality and ambitious transformation into a trophy asset.



Ànecblau

Variation Since Acquisition (Jul 2014)

Revaluation
19.9%

Footfall
+27.5%

Sales
+24.3%

NOI
+2.8%

Occupancy
82.8%
(92% exc.
New lay out project)

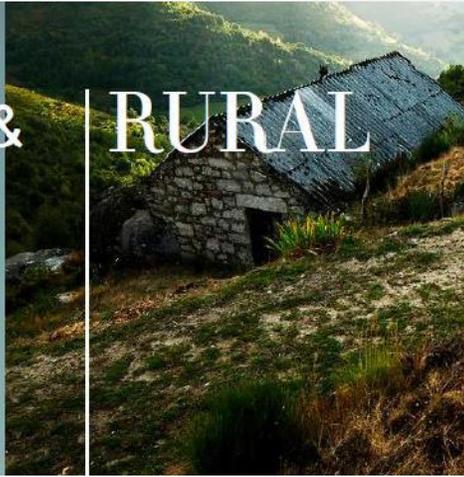
Main Achievement
Zara & Mercadona Extension. Repositioning
and massive transformation into Trophy Asset



URBAN

&

RURAL



Welcome to the New

GranVía
de Vigo



Investor
Day 2018

Full renewal project

- Completely image uplift
- Improving commercial mix, dining area and parking
- Meeting point between the sea and the urban centre



€5.2 Mn Refur. Project
+ 0.5 Mn Elevators
Total Capex

Gran Via is the leading shopping centre in Vigo, the economic capital of Galicia.

Best brands in town make it a shopping destination.



Gran Vía de Vigo

Variation Since Acquisition (Sep 2016)

Revaluation
17.04%

Footfall
+1.6%

Sales
+5%

NOI
+13.6%

Occupancy
96.8%

Tenants
8,700 sqm
20.72% total GLA
31 leases

Main Achievement
New vertical transportation. Renovation project.
Leasing plan





Investor
Day 2018



FINANCIALS BUSINESS PLAN

Miguel Pereda

*Board Member Lar España
CEO Grupo Lar*

RETAIL
in action!

Where will growth come from?

ORGANIC GROWTH

ACTIVE MANAGEMENT

RE-TENANTING, RELETTINGS
NEW LETTINGS, RENEWALS

RENTAL REVERSION

VACANCY REDUCTION

CAPITAL ALLOCATION

NON-CORE ASSETS
DIVESTMENTS

DEVELOPMENTS

ACQUISITIONS

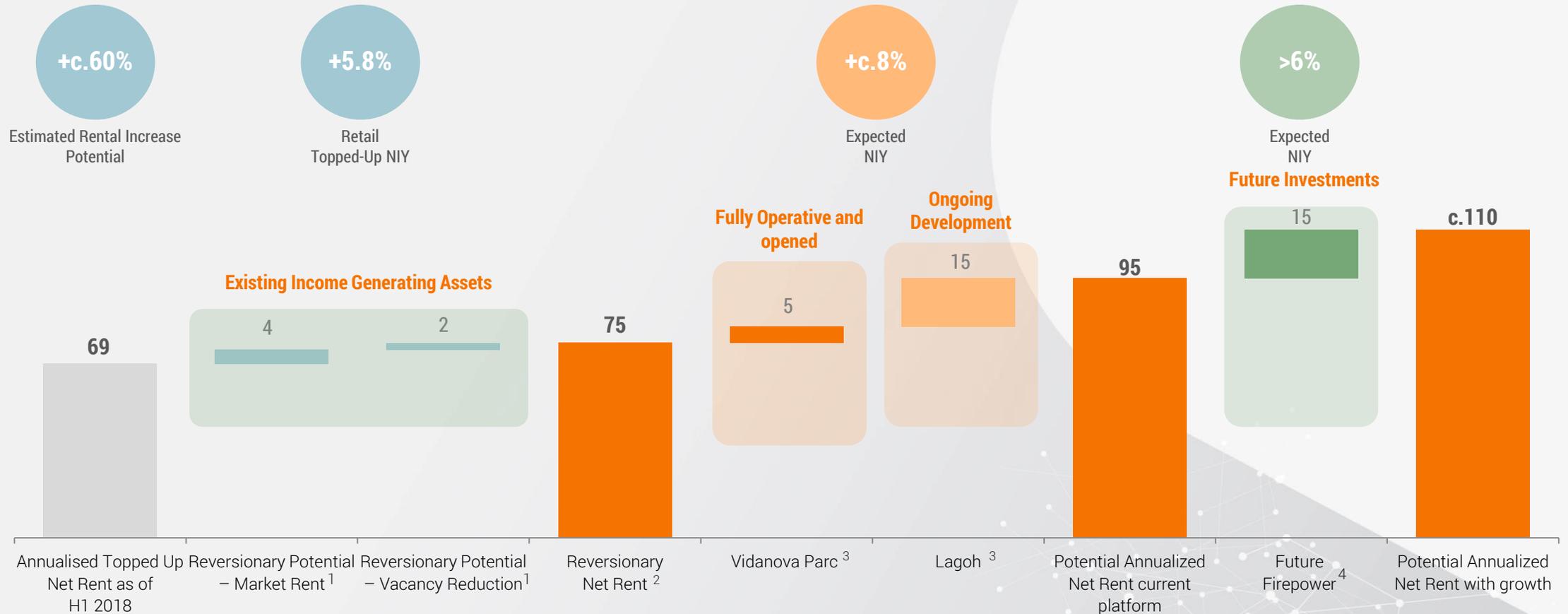
POSITIVE MACRO

GDP GROWTH

CONSUMER SPENDING
IMPROVEMENT

UNEMPLOYMENT REDUCTION

WHERE WILL RETAIL GROWTH COME FROM?



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 Lagoh) 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

RETAIL
in action!

€276.2 Mn in asset disposals since IPO



RETAIL
in action!

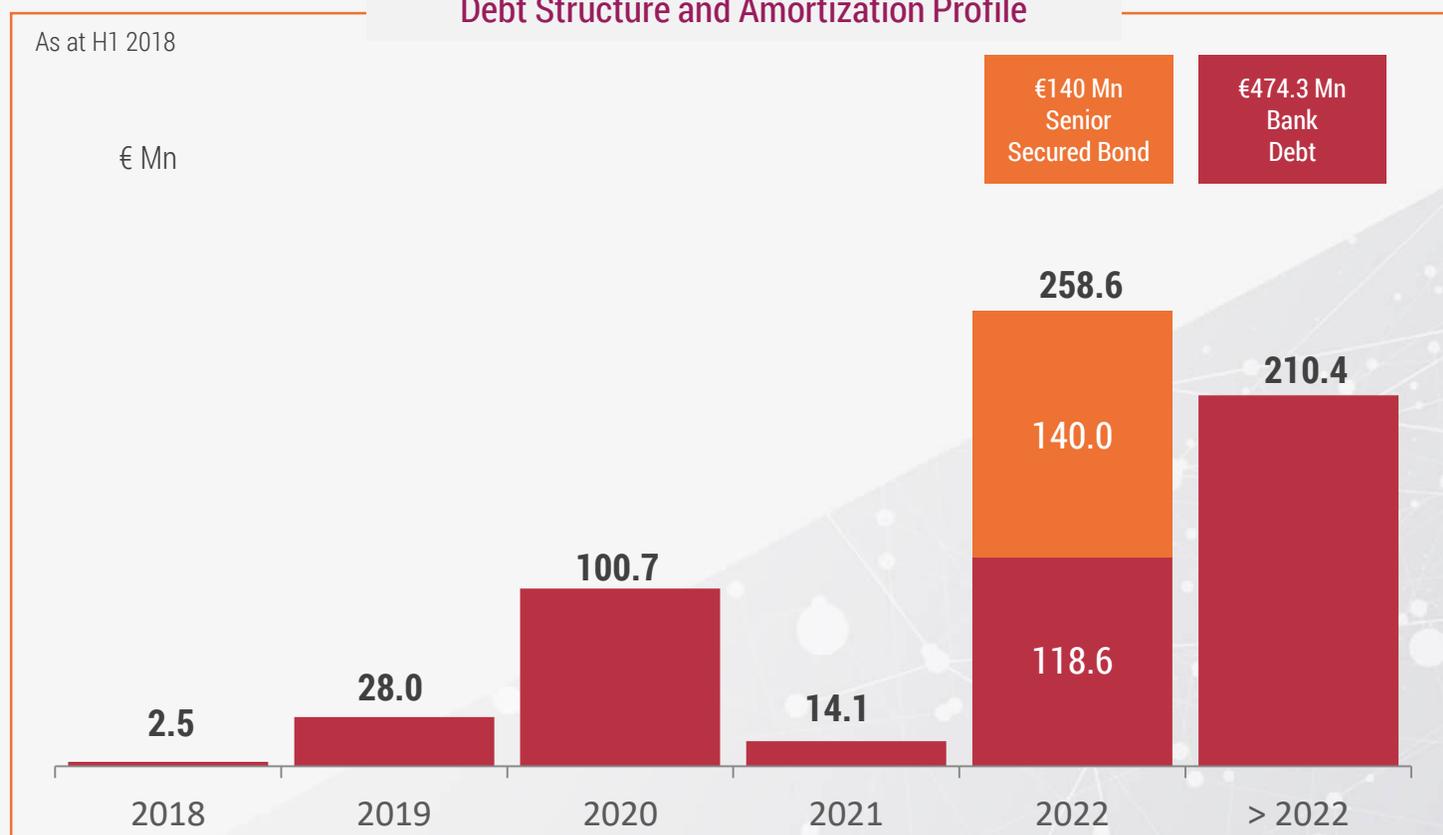
Developments, an important source of value

VIDANOVA PARC	LAGOH	LAGASCA99
5 Mn Exp. Annual Rent	Fully opened and operative in Sep 2018	c.15 Mn Exp. Annual Rent
		Q2 2019 Opening
		c.11,300 €/sqm Avg. Price
		Extraordinary dividend announced
		
100% GLA signed	€35.8 Mn ¹ Valuation	73% ³ GLA signed/ committed
		€88.5 Mn ¹ Valuation
		86% Sales
		€188 Mn ² Valuation

1. Valuation as of 30th June 2018
 2. Valuation as of 30th June 2018 for 100% of the development.
 3. As at H1 2018

Solid financial pillars

Debt Structure and Amortization Profile



Gross Financial Debt
€614.3 Mn

Net LTV
36%

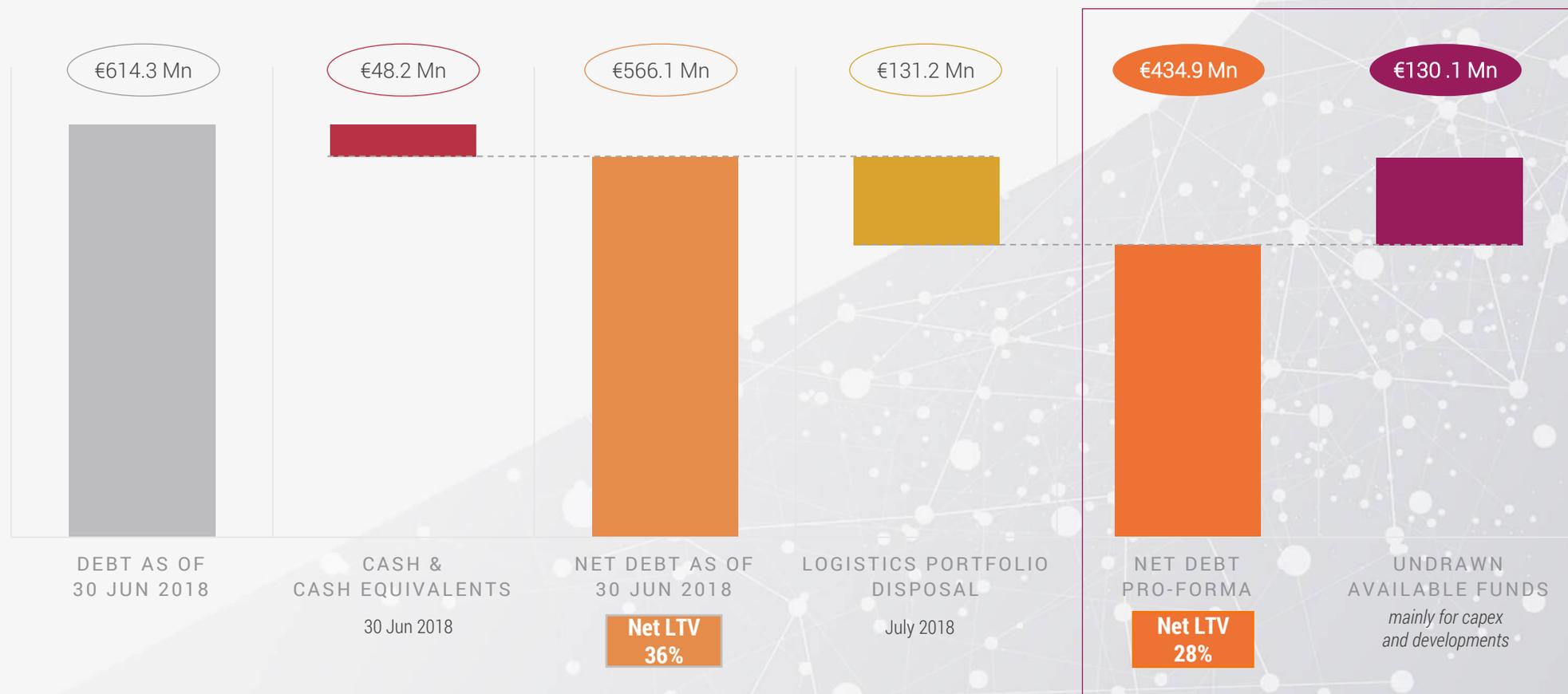
Avg. Cost of Debt
2.19%

Fixed Rate
87%

Interest Cover Ratio¹ (ICR)
4.5x

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

New flexible debt structure for capex, developments and acquisitions



Main BP Assumptions

Period
2018-2021

Divestments
€522 Mn



Capex +
development
Investment ¹
€265 Mn

New
Investments
€250 Mn



Capital
Increase
**No capital
increases
considered**

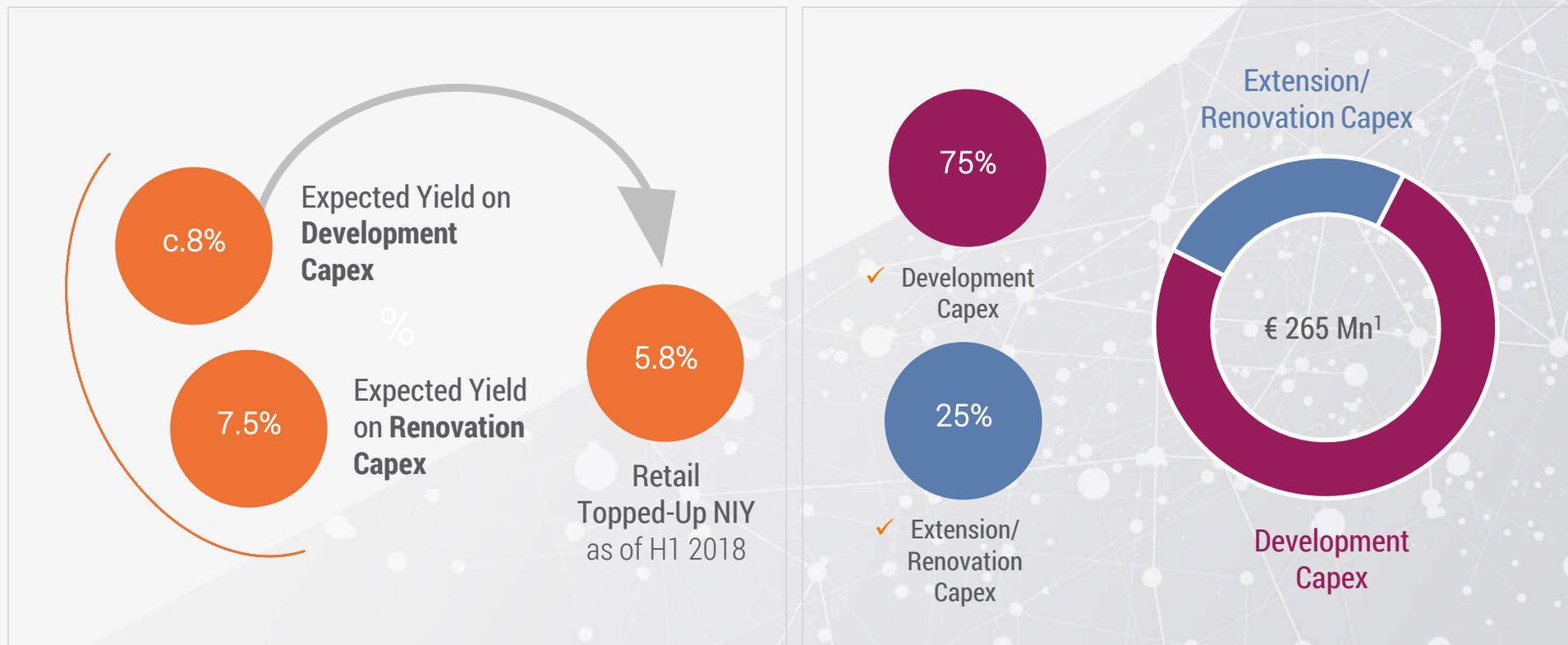
Main BP Assumptions

DIVESTMENTS



Development and Renovation Capex

Drivers of share price accretion



1. In existing investment properties and development projects

Business Plan targets

Target Returns	<ul style="list-style-type: none"> 12% Target Annual Return on investments
Divestments	<ul style="list-style-type: none"> €403 Mn of divestments From Office, residential and non-core retail assets 31% realized >€119 Mn of divestments From all logistics portfolio (100% realized) 100% realized
Capex Investment	<ul style="list-style-type: none"> Finance all existing capex commitments <ul style="list-style-type: none"> Refurbishment of existing assets: €66 Mn Developments: €199 Mn
New Investments	<ul style="list-style-type: none"> €250 Mn of new investments Mainly focused in retail assets 30% realized
Distributions ¹	<ul style="list-style-type: none"> Ordinary dividend 5% of NAV Maximise distributions Extraordinary dividend Lagasca99 and other distributions linked to divestments



KPI's 2018 - 2021

	Expected End 2018	Expected Average Growth per annum
GAV	c.€1,462 Mn	↑ c.8%
Annualized GRI ¹	€91 Mn	↑ 8%
Annualized NOI ¹	€84 Mn	↑ c.9%
Non recoverable/ GRI expenses	9%	↓ c.-8% (till 7% target)
Occupancy ¹	97%	↑ till 99% target
Net LTV	27%	c. 38% ²

1. In accordance with EPRA BPR

2. Estimated as at 31.12.2021

KPI's 2018 - 2021

	Expected End 2018	Expected Average Growth per annum
Total Annual Return	>12%	>12%
NAV	c.€1,072 Mn	↑ c.6% ¹
Dividend Yield on NAV	> 5% over NAV ²	≥ 5% over NAV

6.3% Dividend Yield considering current Market Cap³

1. In accordance with EPRA BPR

2. This percentage does not include extraordinary distributions linked to divestments

3. Calculated at 01.10.18

Q&A



RETAIL
in action!

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