



Investor
Day 2018

The Time is Now:

Customer-Centric & Next Generation Retail

MADRID

October 9th, 2018

LONDON

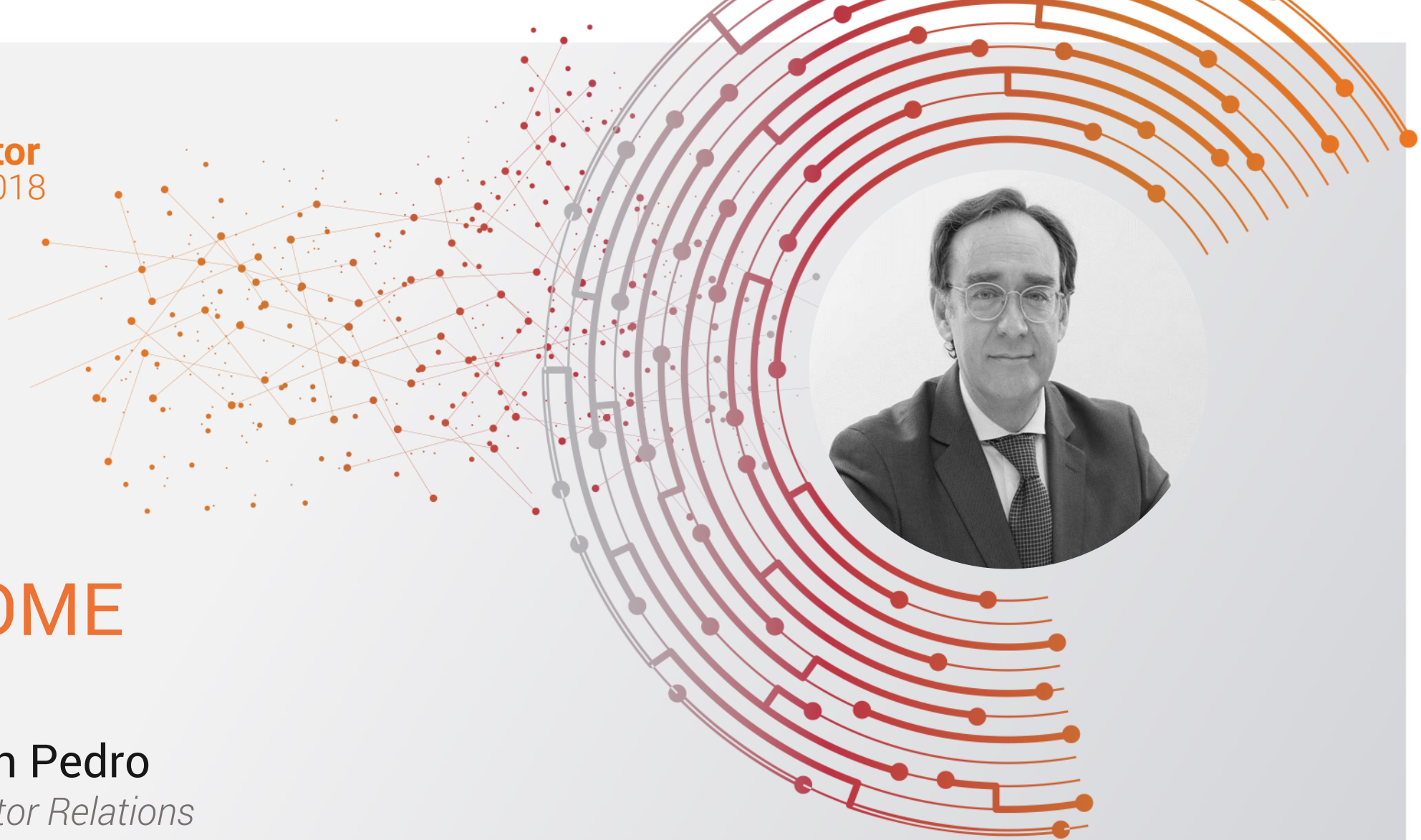
October 10th, 2018



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



**Investor
Day 2018**



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



Carlos Tercero Calderón
*Founder & CEO
STIGA CX*



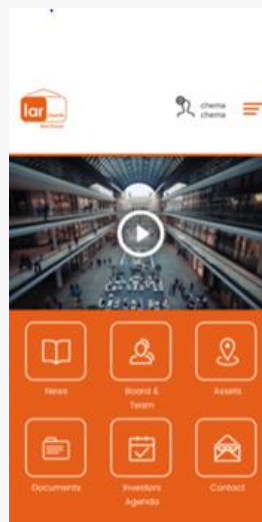
Jose Luis Blasco
*Global Head of
Sustainability KPMG*



Ignacio de la Torre
*Partner and Head
Economist Arcano*

Some news...

NEW APP



NEW WEB



RETAIL
in action!



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LAR ESPAÑA NOW

José Luis del Valle
Chairman Lar España

RETAIL
in action!

A journey to become leaders in retail

INVESTMENT
INITIAL PHASE



CONSOLIDATION



SPECIALIZATION



"To build the
Spanish REIT
leader in retail"

VALUE CREATION

2014

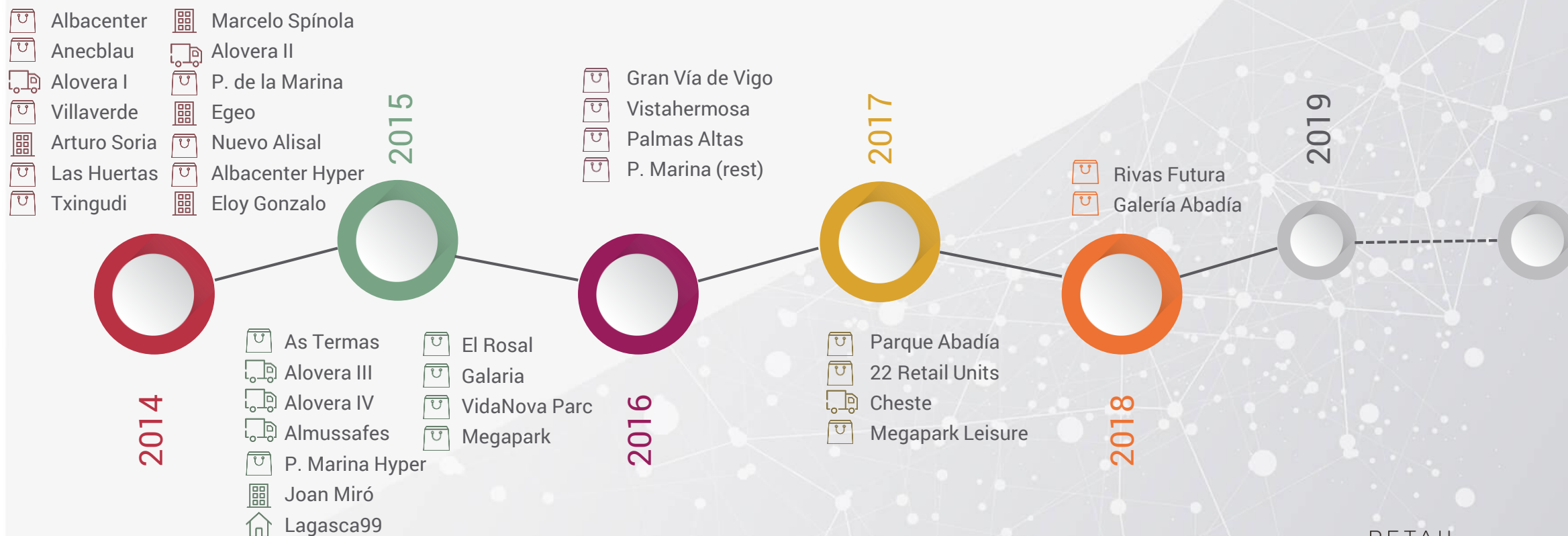
2015

2016

2017

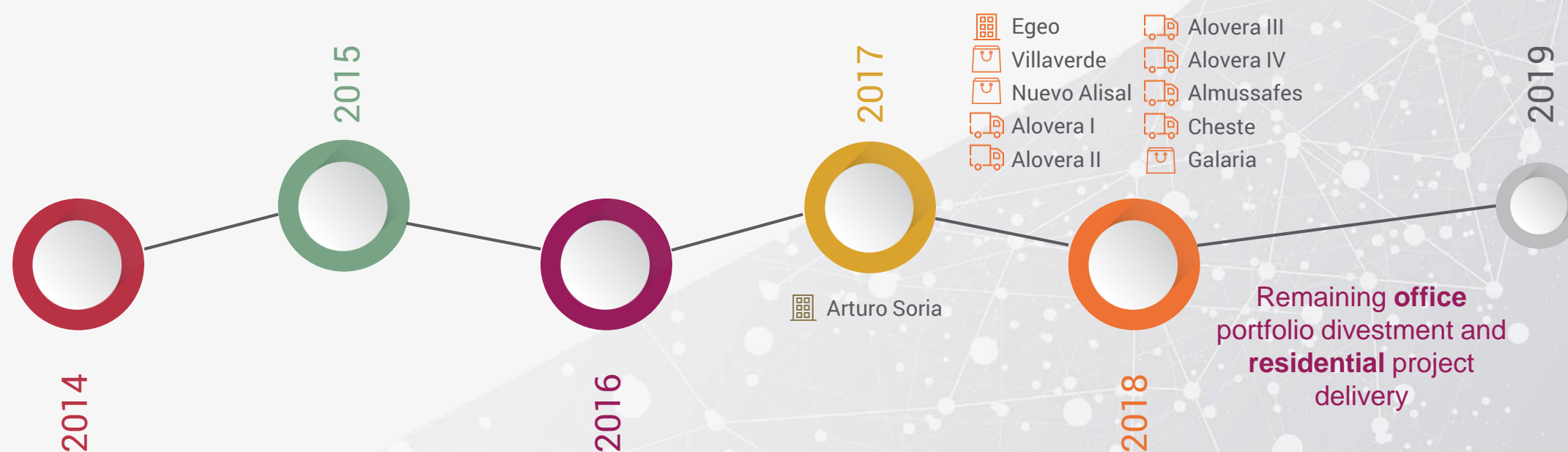
2018

What have we built?



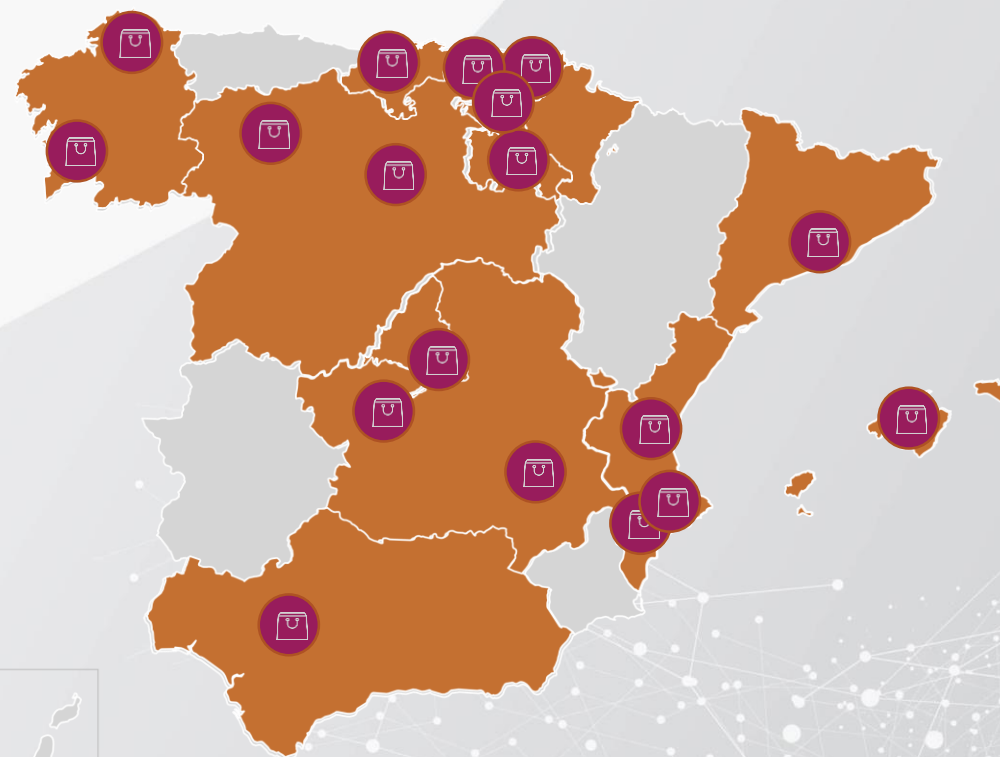
RETAIL
in action!

Non-core divestments to focus on retail



RETAIL
in action!

PURE RETAIL PLAYER



RETAIL
in action!

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)

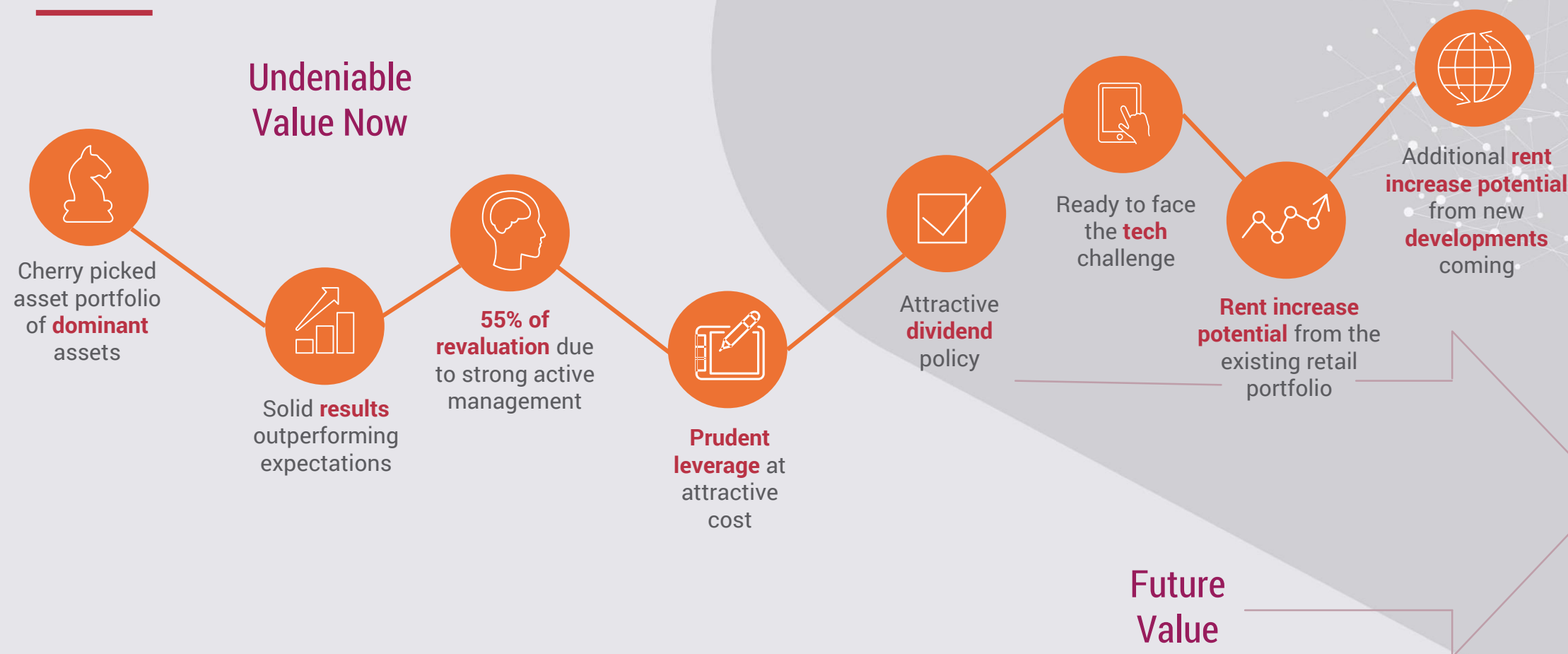


Source: CBRE. Excluding High Street investments.



RETAIL
in action!

Our way to add value



A retail focused strategy

Investment Criteria

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



Customer journey analysis



Optimum size for area of influence



Optimal and fine-tuned tenant line-up



Enhancement of entertainment areas



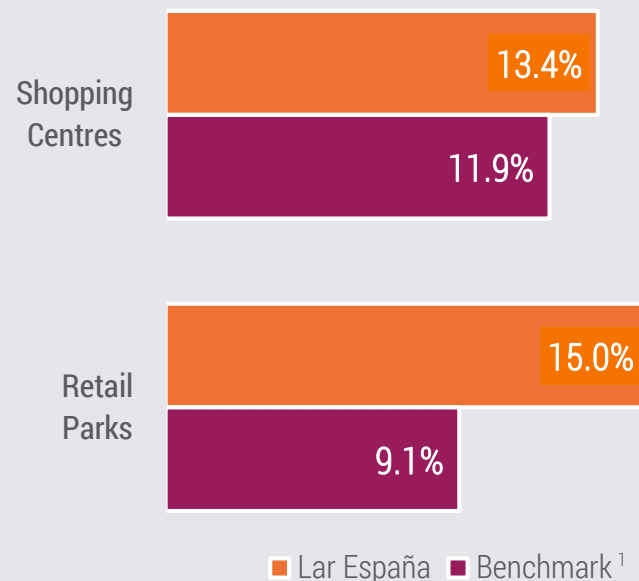
Repositioning through targeted capex



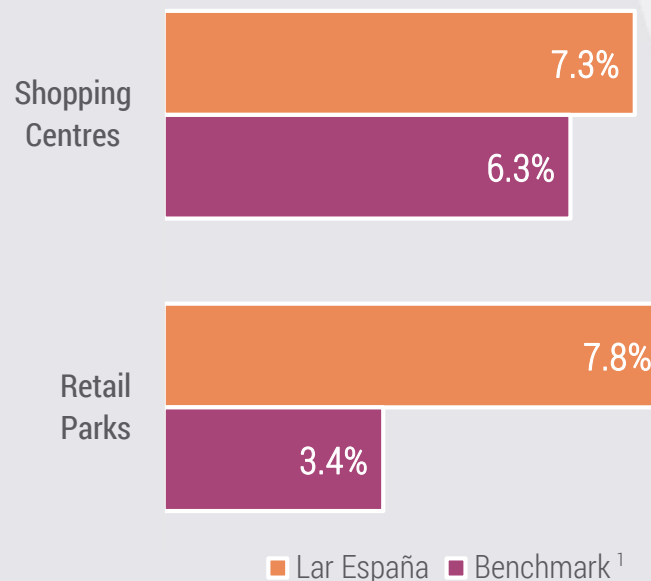
Technology to know and influence clients

Outperforming the retail market benchmark¹

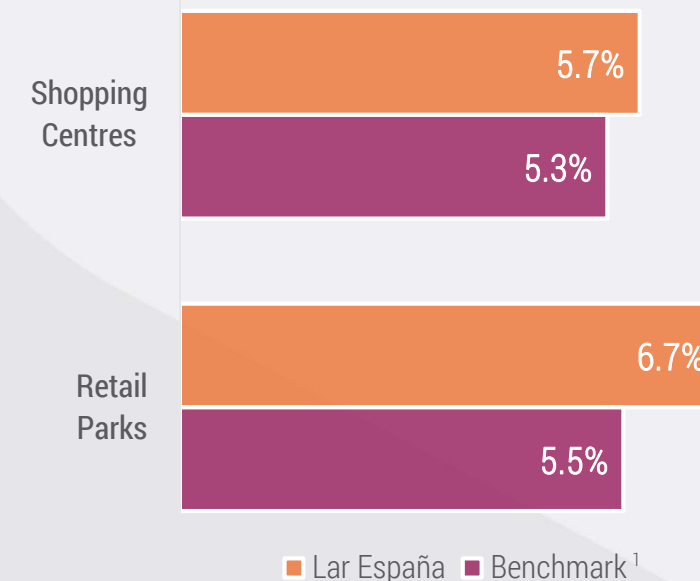
% TOTAL RETURN PERFORMANCE



% 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



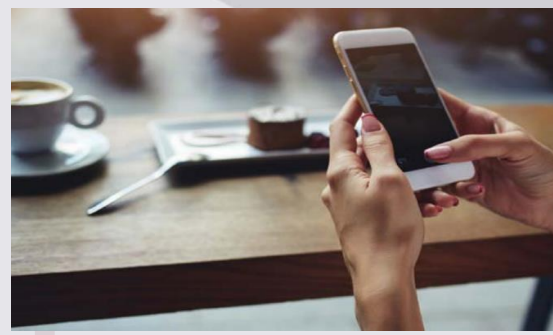
ENGAGING LIFESTYLE EXPERIENCES

Retail at the heart of the **consumer's leisure activities**



OMNICHANNEL

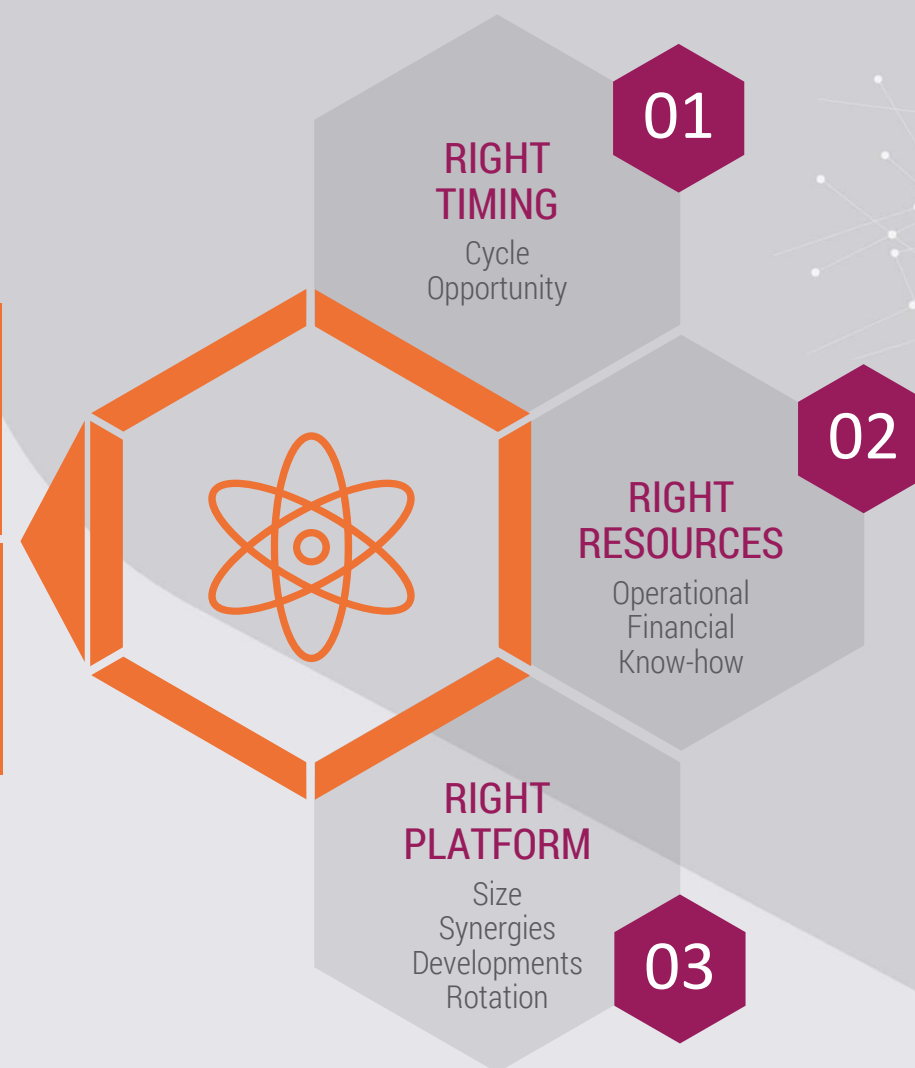
Shoppers move **seamlessly** between the physical and digital retail worlds



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

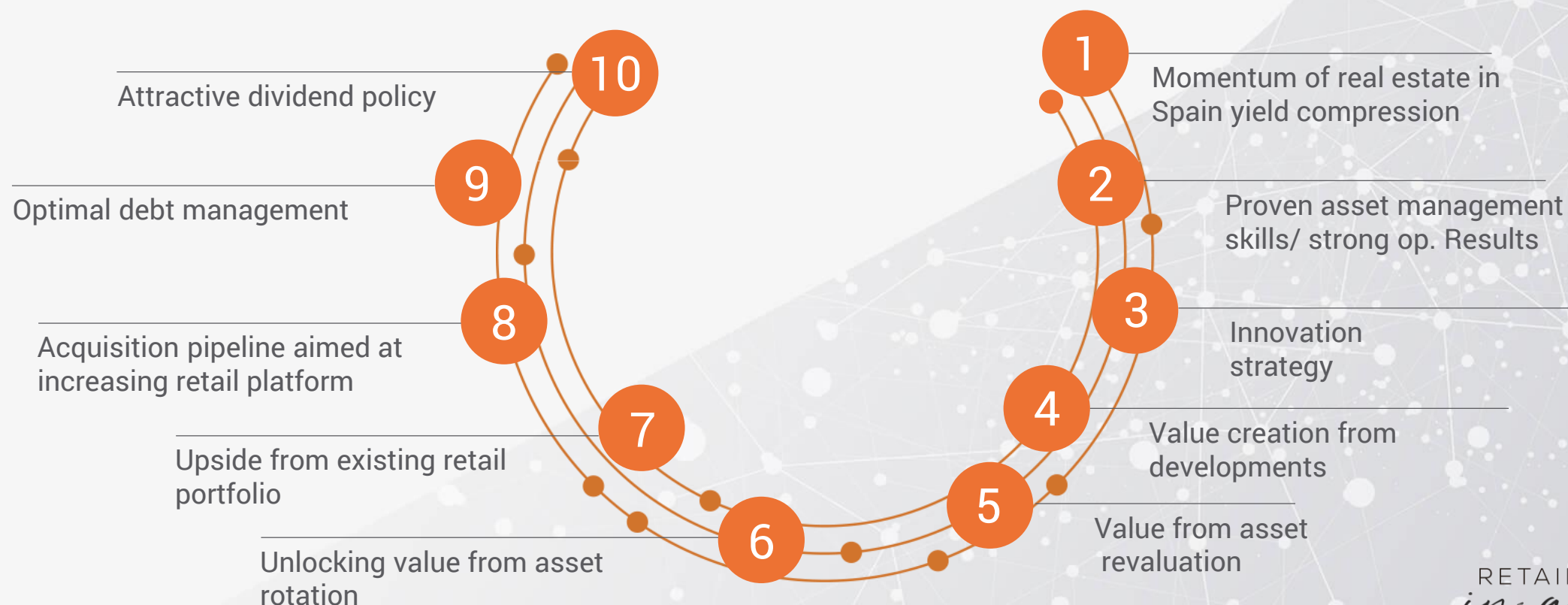
RETAIL
in action!

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!

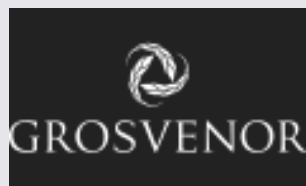
Grupo Lar as the best possible external manager



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

Joint Ventures

with long and successful track record



Morgan Stanley



THE BAUPOST GROUP®

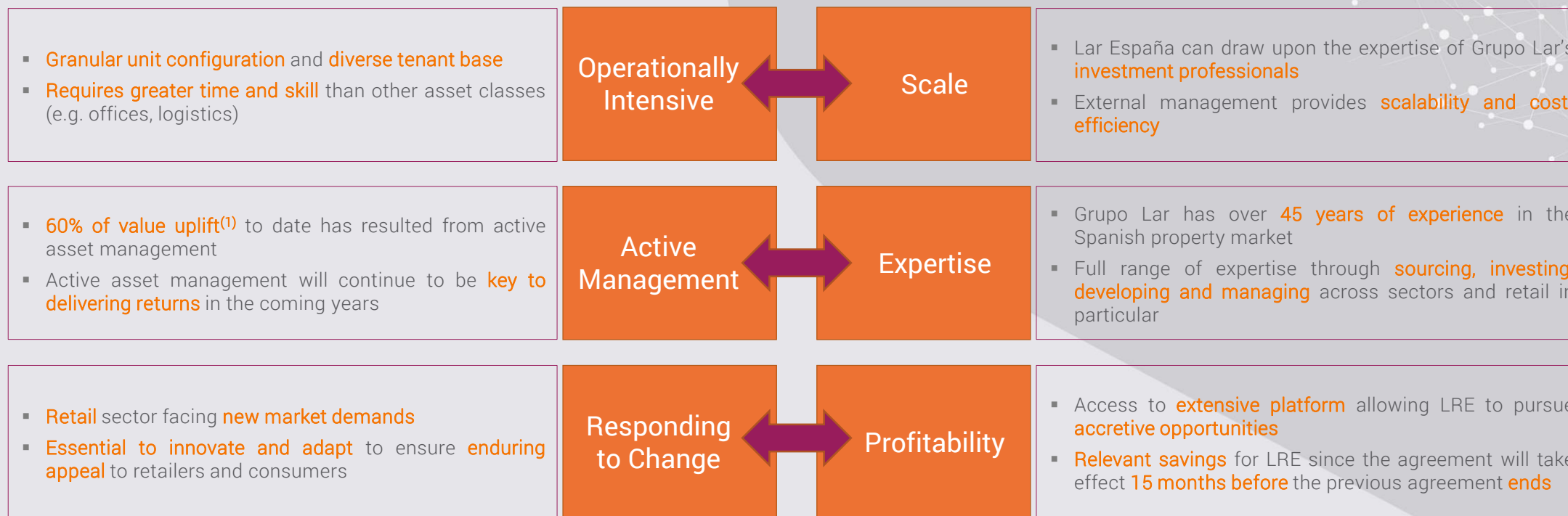
Partnerships and Joint Ventures to invest in different assets and geographies



External management by Grupo Lar the optimal strategy for Lar España

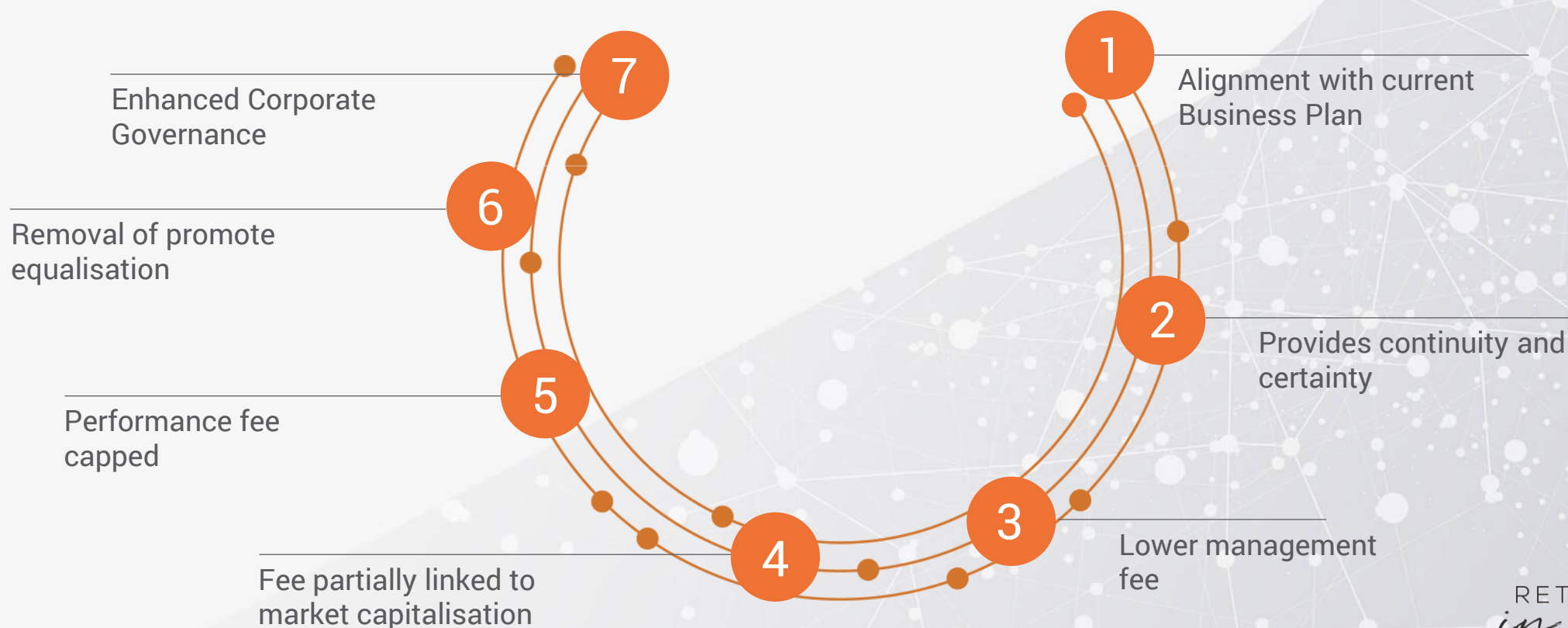
Retail property requires skilled, hands-on management...

...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

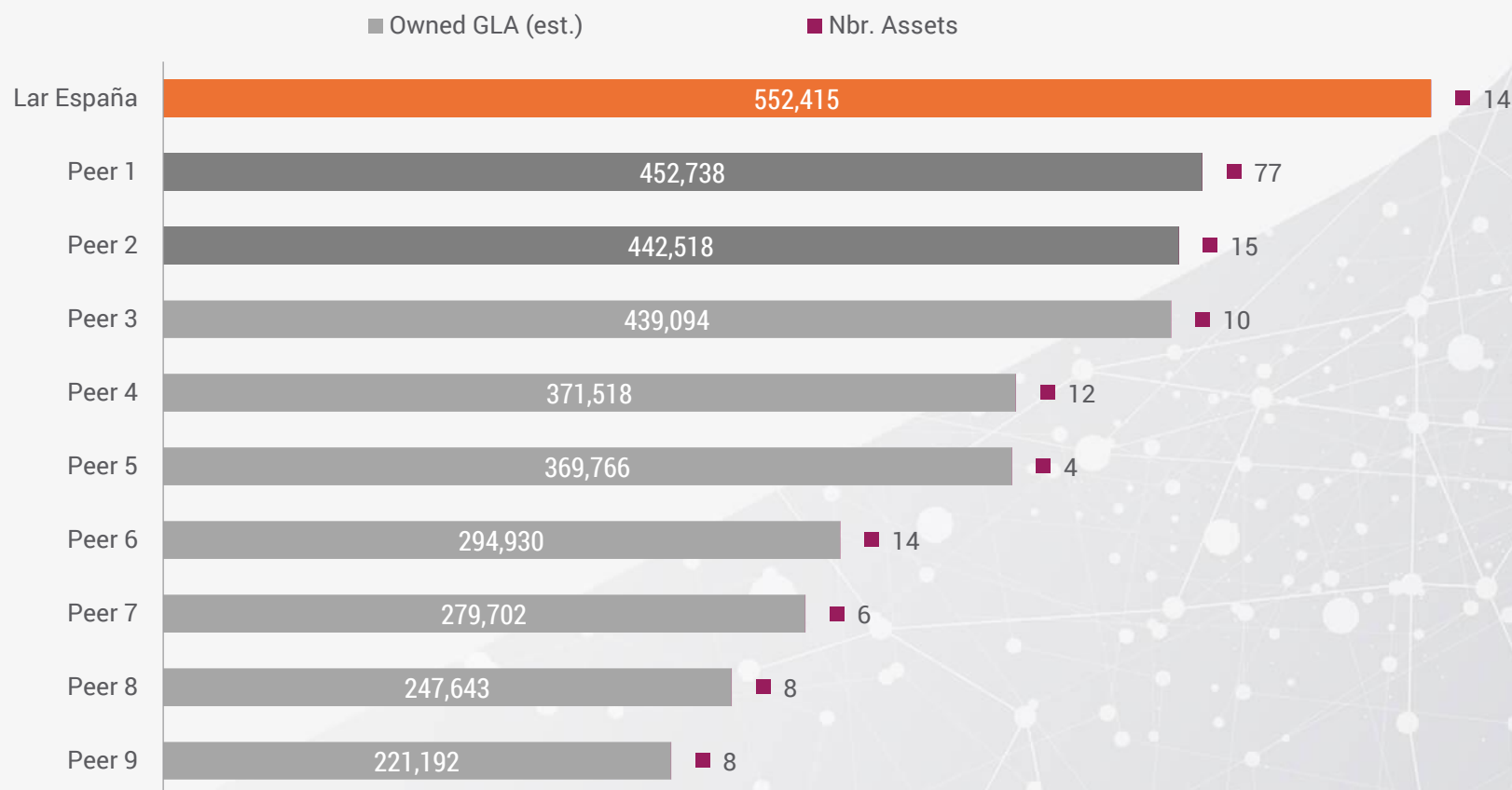


COMMITMENT

ALIGNMENT



Intensive active management in the biggest retail portfolio in Spain



SQM GLA¹
#1 IN SPAIN

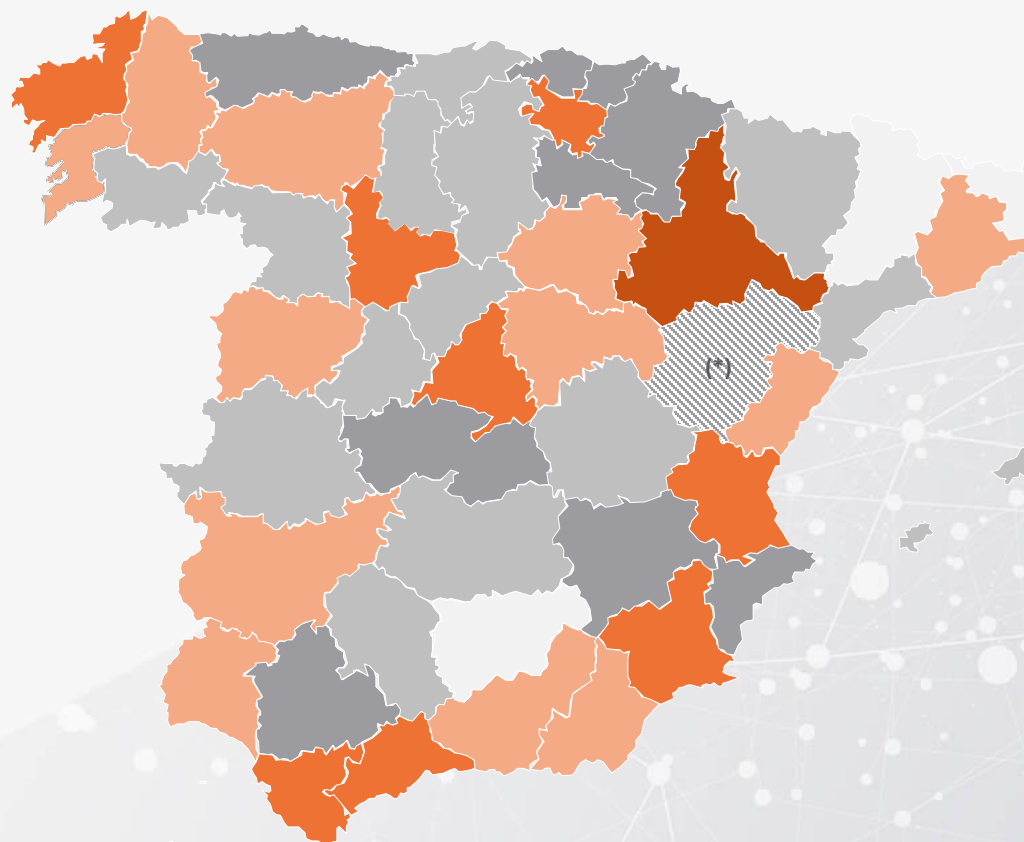
RETAIL PARKS
#1 OWNER IN
SPAIN






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

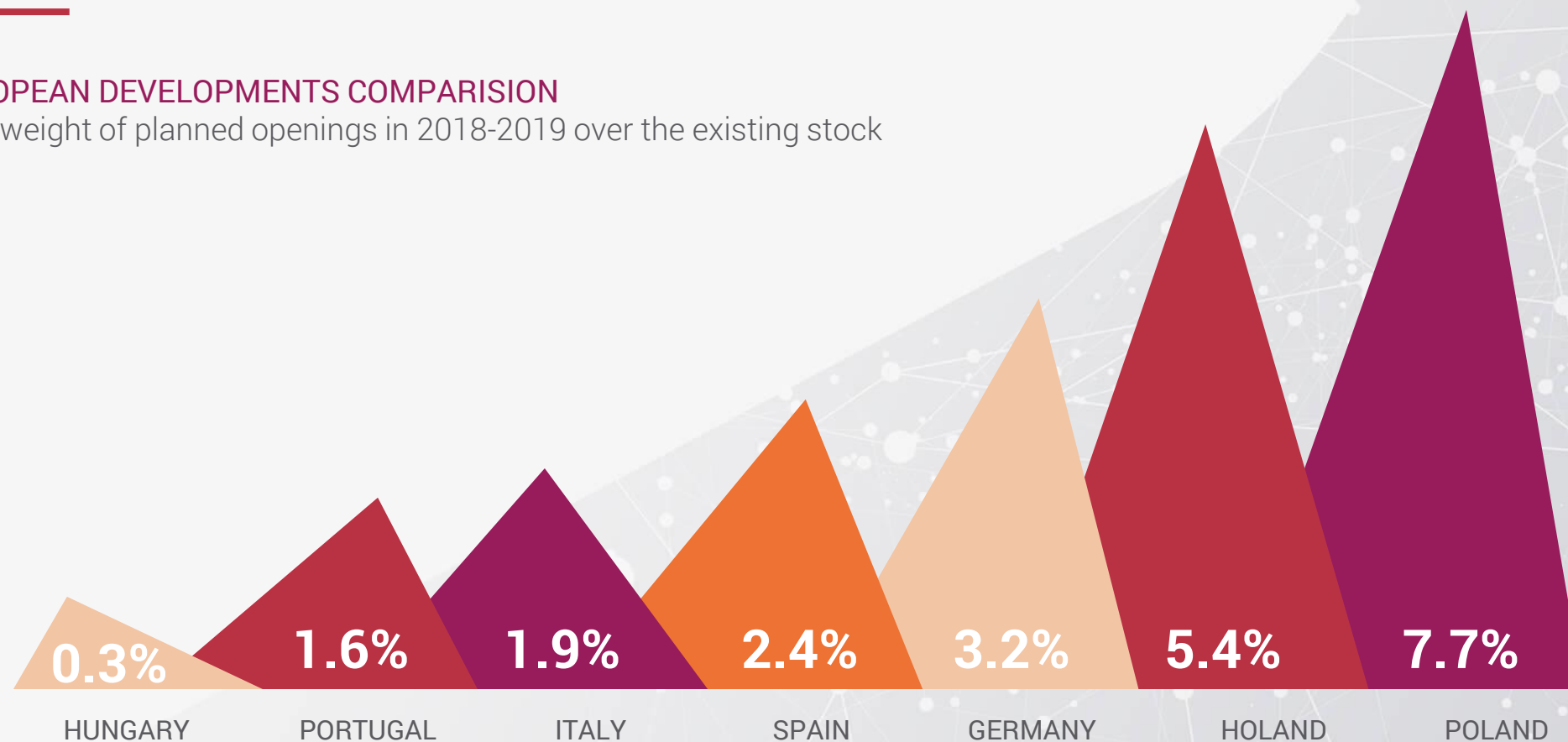
Source: JLL, Q4 2017 Note: Only includes current Retail and/or Leisure Complexes offering in excess of 5,000 sqm of GLA (GLA/1,000 inhabitants).

(*) 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

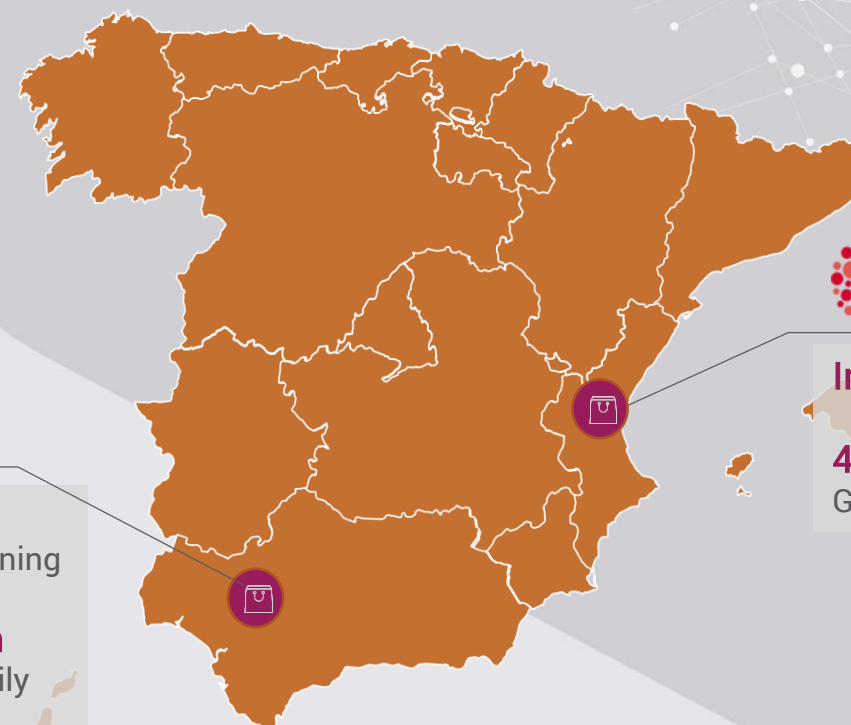
Using Grupo Lar's experience and capacity of development



lagoH

Q2 2019
Estimated Opening

100,000 sqm
Retail and family
leisure area



VidaNova Parc

In operation

45,136 sqm
GLA

Solid H1 2018 performance



Operating
Results

+20.9%
in Property operating result
+12.4% Recurring EBITDA

33.8%
Portfolio revaluation
since acquisition
(before invested capex)

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%

Lar España - Grupo Lar a successful future together



alignment



commitment



expertise



RETAIL
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MOVING FORWARD

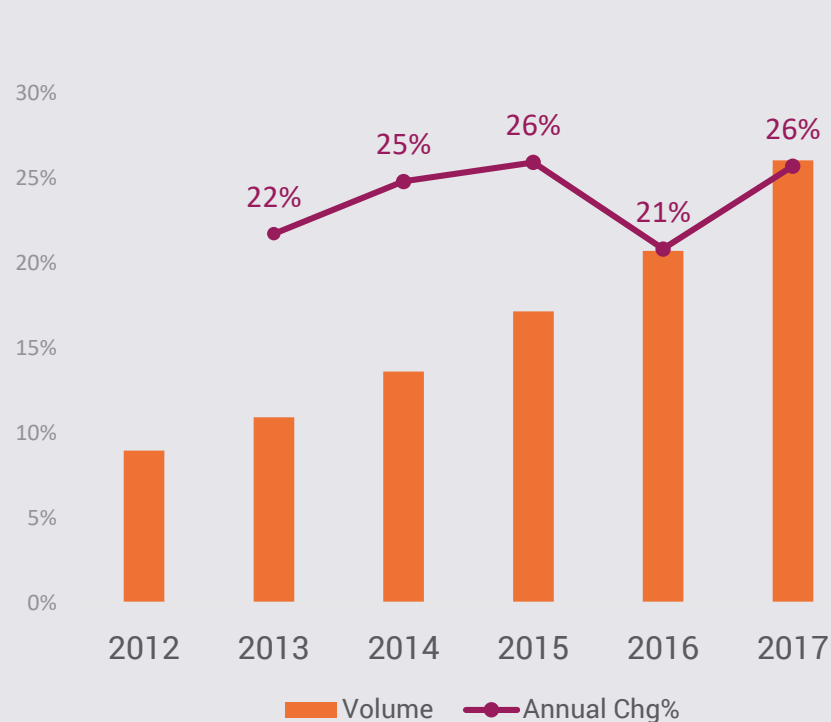
Miguel Pereda

*Board Member Lar España
CEO Grupo Lar*

RETAIL
in action!

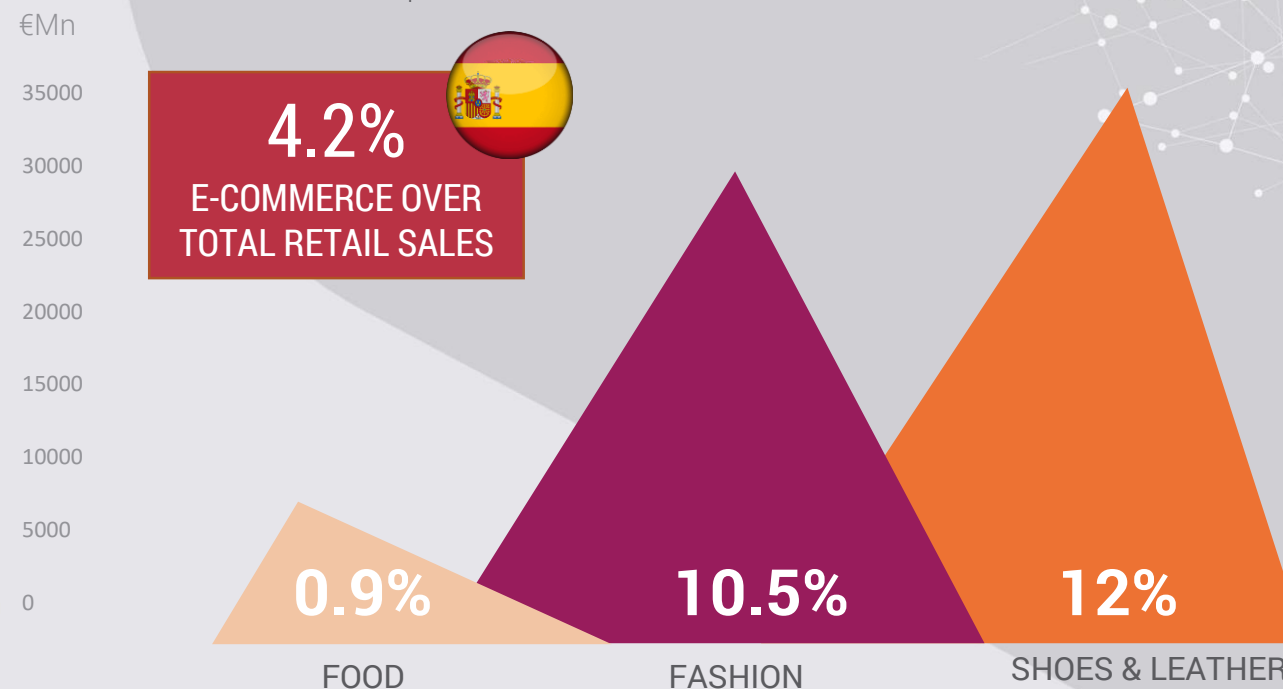
E-commerce has an important role to play in the new retail world

E-COMMERCE EVOLUTION IN SPAIN



WEIGHT OF E-COMMERCE IN TOTAL RETAIL SALES

% of retail sales in Spain



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		
"WEBROOMING"		
"SHOWROOMING"		
ONLINE		



PHYSICAL

NEED



ONLINE

SHOPPING CENTRES

Investing in digital interfaces
with customers

RETAILERS

Investments in online e-
commerce and in-store pickup

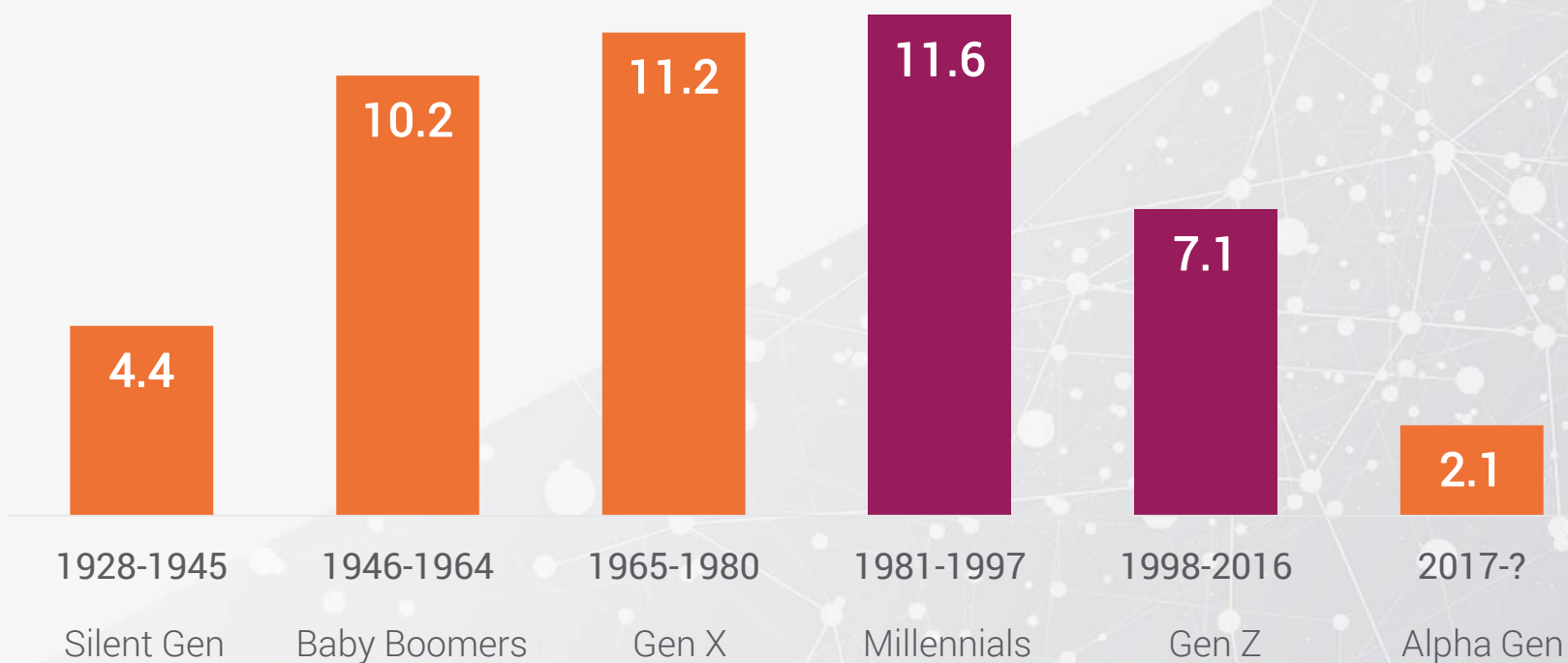
E-COMMERCE RETAILERS

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



New tech
personalises the experience

Personalised
promotions and
new services



F&B
experience

Places of social
interaction



Leisure & entertainment
experiences

Become part of
our
lifestyle



Smart fitting
rooms
(augmented
reality) &
customization



Environments are
as important as
the food



Leisure offerings
boost footfall and
dwell time



CATES PROJECT



RETAIL
in action!

Leading the transformation

TES Project

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

DIGITALISATION



TECHNOLOGY

EXPERIENCE

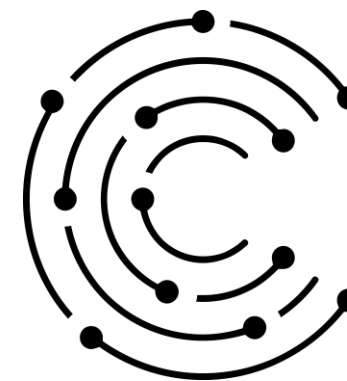


ENGAGEMENT

ESG



SUSTAINABILITY (ESG)



TES
PROJECT

by 

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

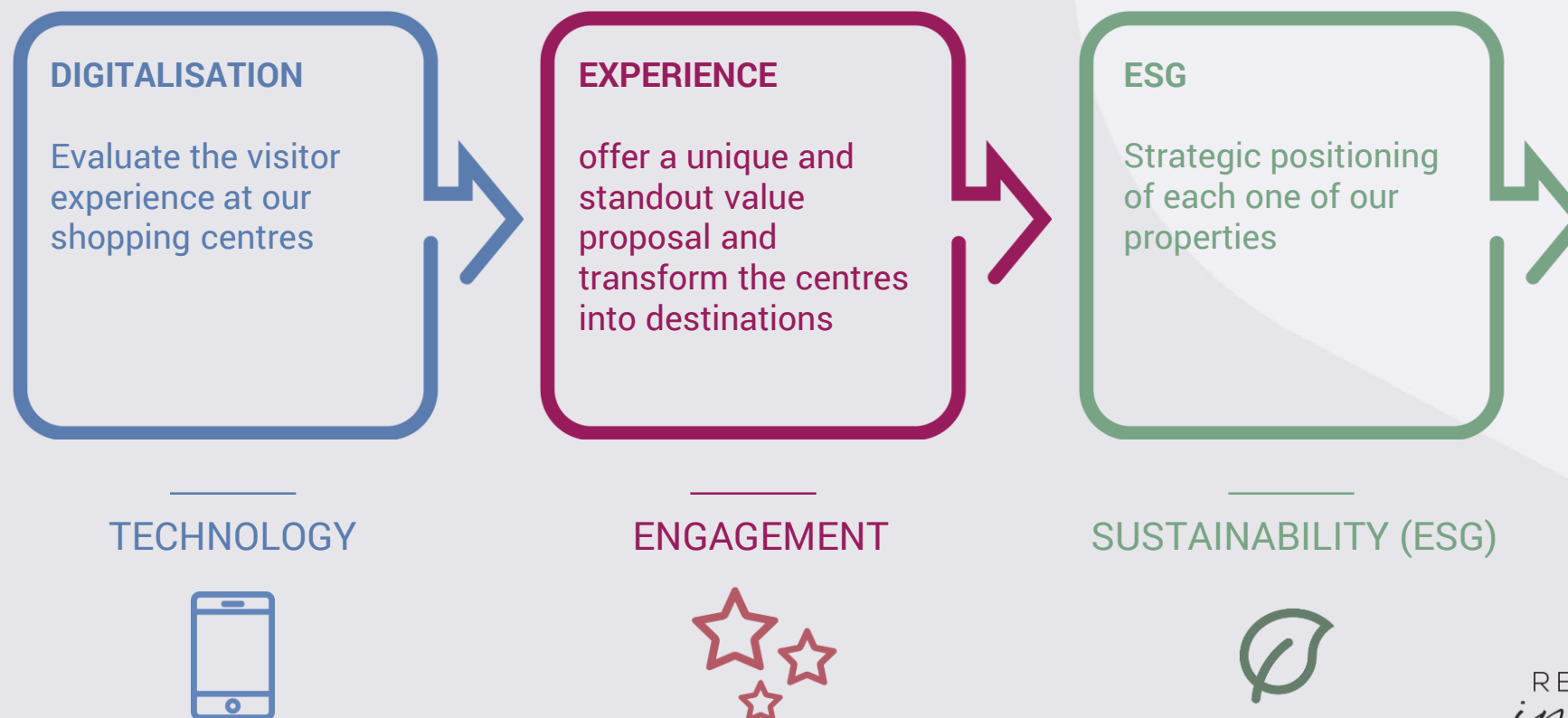


CUSTOMER JOURNEY



IMPROVEMENT
SALES

The necessity of the three



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



INCREASE CUSTOMER OVERALL SATISFACTION



Avg. dwell
time
+7.7% prev. year

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**

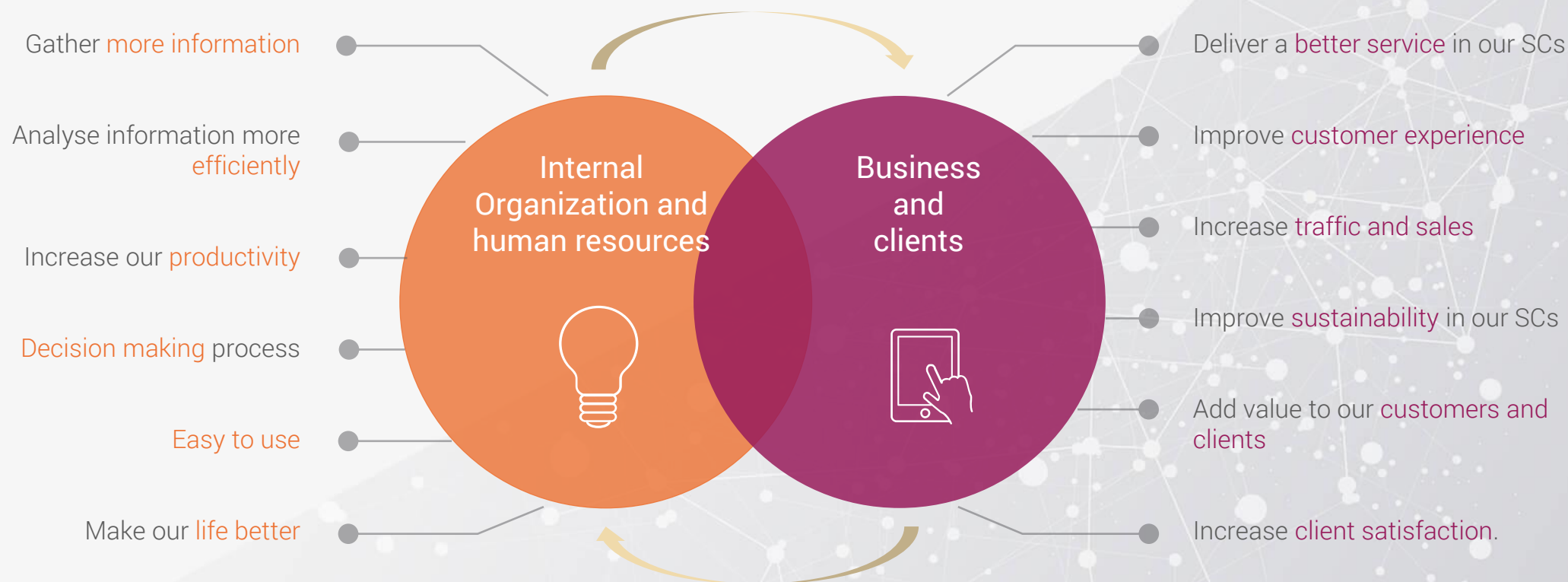


55% of companies without an existing digital transformation programme say the timeframe to adopt one **is a year or less**



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?



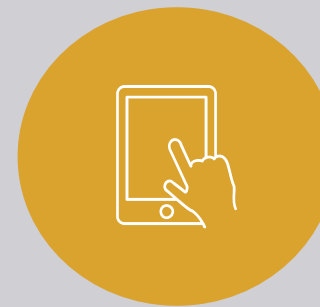
PROCESSES

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 -July2018-
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-



PROCESOS

CASE STUDY



Investor
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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 displays the Asana project management interface for the 'RIVAS FUTURA Madrid' project. The main view shows a list of tasks with checkboxes, due dates, and costs. The tasks are organized into sections: 'Capex' and 'Other Opex'. The 'Capex' section includes tasks like 'Reparación de estructura' (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 tasks like 'Chapas voladas por el viento', 'Falta mantenimiento de línea de vida a cubierta', and 'Reparaciones provisionales de agujeros en viales'. The right-hand panel shows details for the 'Reparación de estructura' task, including assigned team members (Assigned To: Iago Silva), due date (15 Nov), and cost (180K). The panel also includes a description of the task and a list of followers.

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
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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

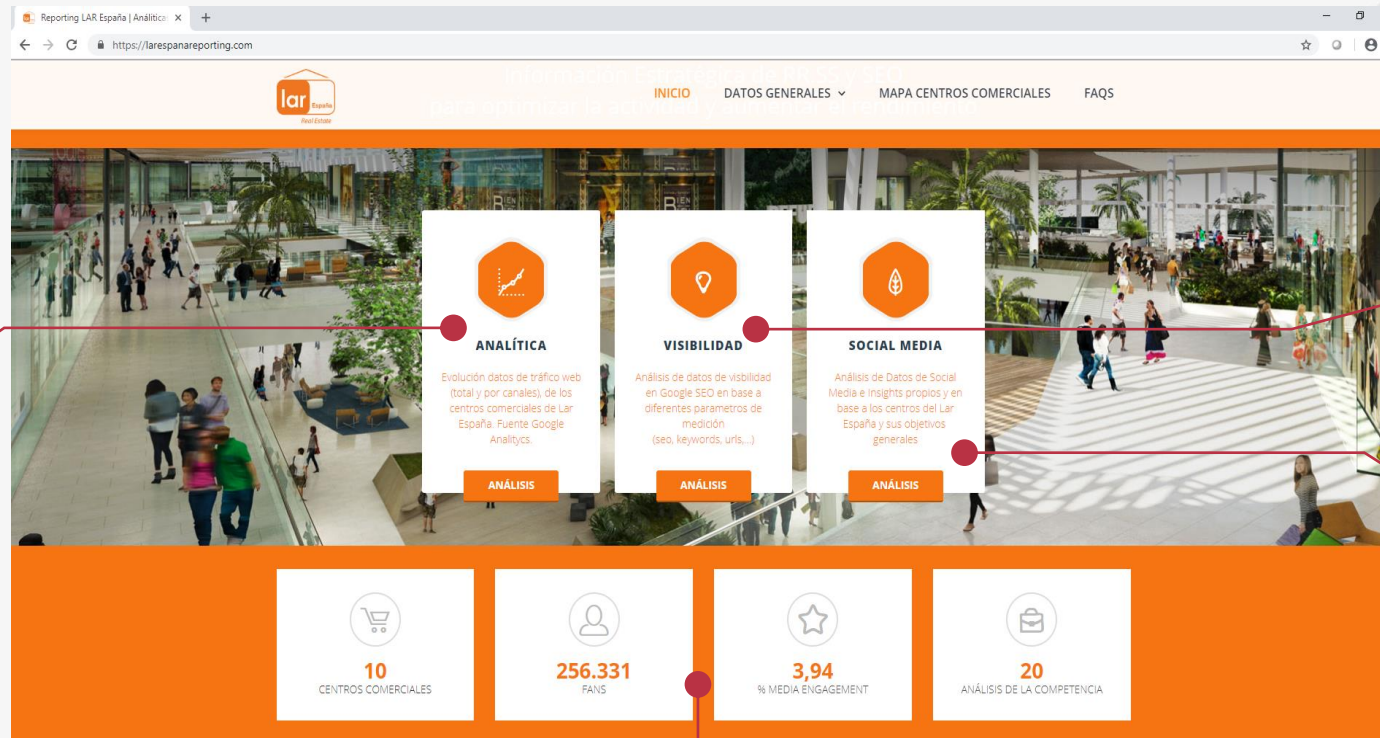


RETAIL
in action!



CASE STUDY

ANALYSIS CAPACITY



SC webpage traffic analysis and evolution

Visibility analysis on search engines

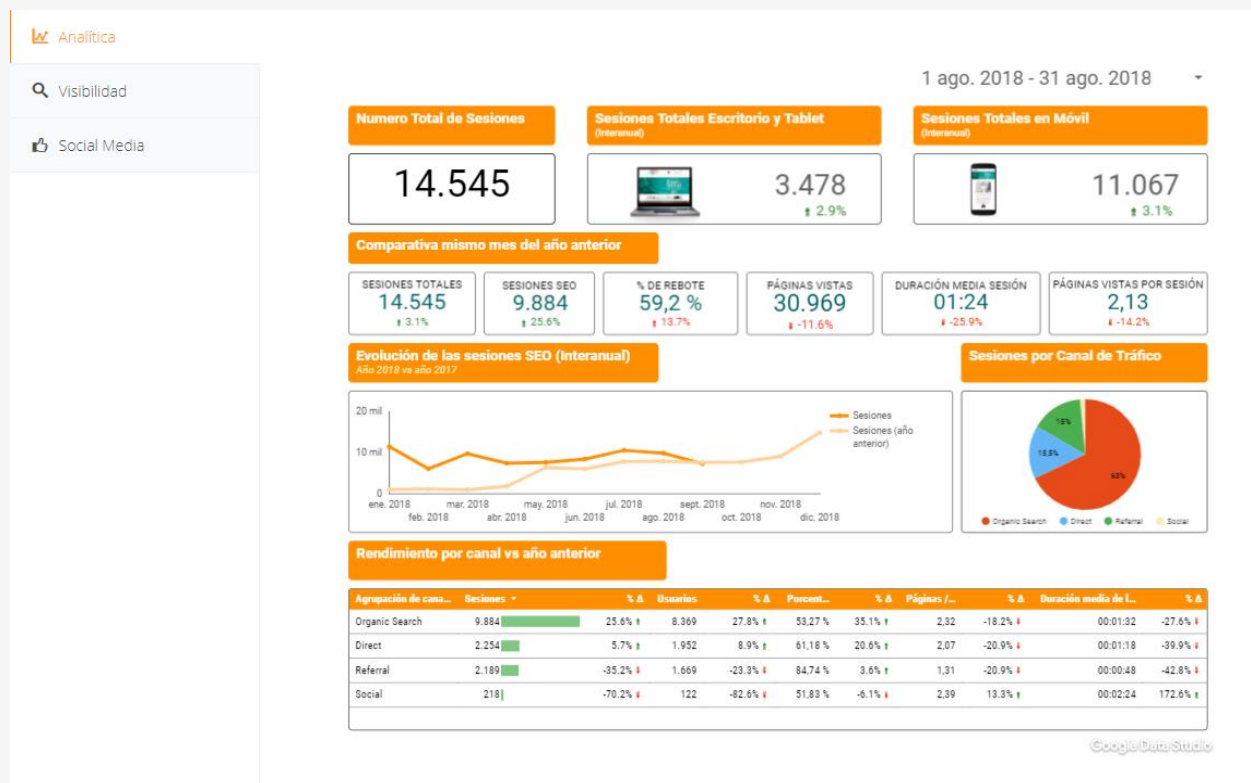
Social Media analysis by platform

Portfolio analysis, aggregated results and situation against competition

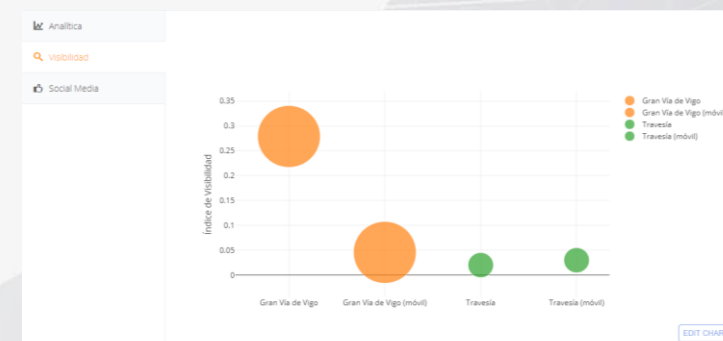
RETAIL
in action!

LAR DIGITAL REPORTING

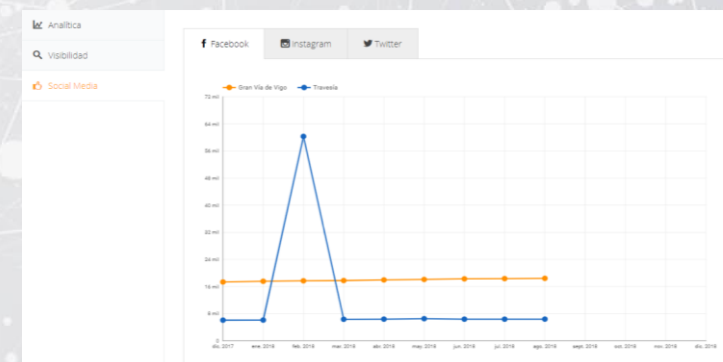
Gran Vía de Vigo dashboards



Web traffic analysis dashboard



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



Social media evolution by platform vs main competition

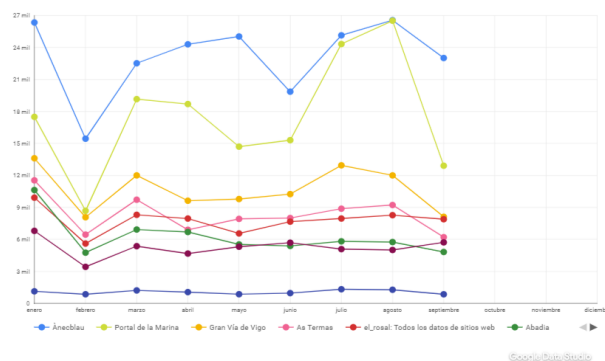
LAR DIGITAL REPORTING

Portfolio dashboards



Total traffic portfolio evolution

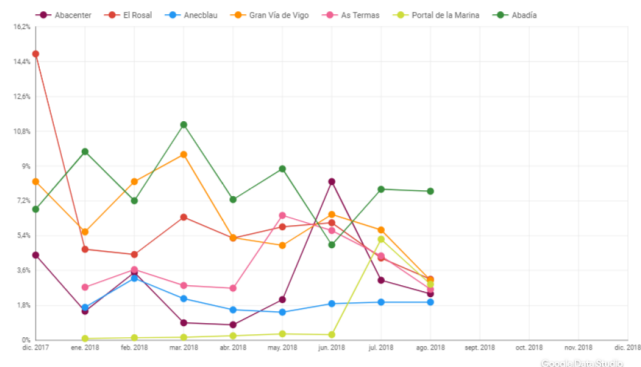
- Datos generales tráfico TOTAL
- Datos generales tráfico SEO
- Datos generales tráfico DIRECTO



El gráfico muestra la evolución de las vistas totales a la web.

Engagement Rate analysis

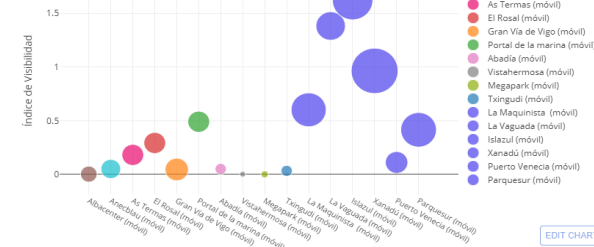
- Comunidad
- Comunidad (tendencia)
- Facebook
- Facebook (tendencia)
- Twitter
- Twitter (tendencia)
- Instagram
- Instagram (tendencia)
- Engagement Rate Alcance
- Cualitativo



El gráfico muestra la evolución del Engagement Rate (grado de interacción que tiene el usuario con la marca) en redes sociales.
ER = interacciones de los usuarios entre el número de usuarios alcanzado, multiplicado por 100.

Visibility index vs Top Spanish centres

- Visibilidad LAR móvil
- LAR vs. Top Nacional móvil
- Visibilidad LAR
- LAR vs. Top Nacional



El gráfico muestra una comparativa del índice de visibilidad de los centros comerciales de Lar respecto a los centros con mayor índice de visibilidad o representativos del sector. Dispositivos de móvil o tablet.

Social Networks qualitative analysis

- Comunidad
- Comunidad (tendencia)
- Facebook
- Facebook (tendencia)
- Twitter
- Twitter (tendencia)
- Instagram
- Instagram (tendencia)
- Engagement Rate Alcance
- Cualitativo

	f	i	t
as termas	●	●	●
GranVía	●	●	●
anecblau	●	●	●
abacenter	●	●	●
el Rosal	●	●	●
Portal de la Marina	●	●	●

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

ebay Comprar por categoría Todas las categorías

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

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


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

tucentro.com 

[Tiendas](#) [Mujer](#) [Hombre](#) [Infantil](#) [Electrónica](#) [Electrodomésticos](#) [Hogar](#) [Juguetes y Videojuegos](#) [Equipaje y Ocio](#)



oooo



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 Abadía

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**



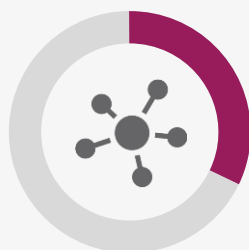
The smartphone as mean of interaction

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



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

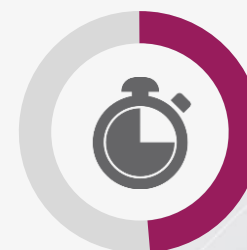
 **78%** of local **searches** from a **smartphone** result in a **purchase** in a **physical shop** 24 hours later



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



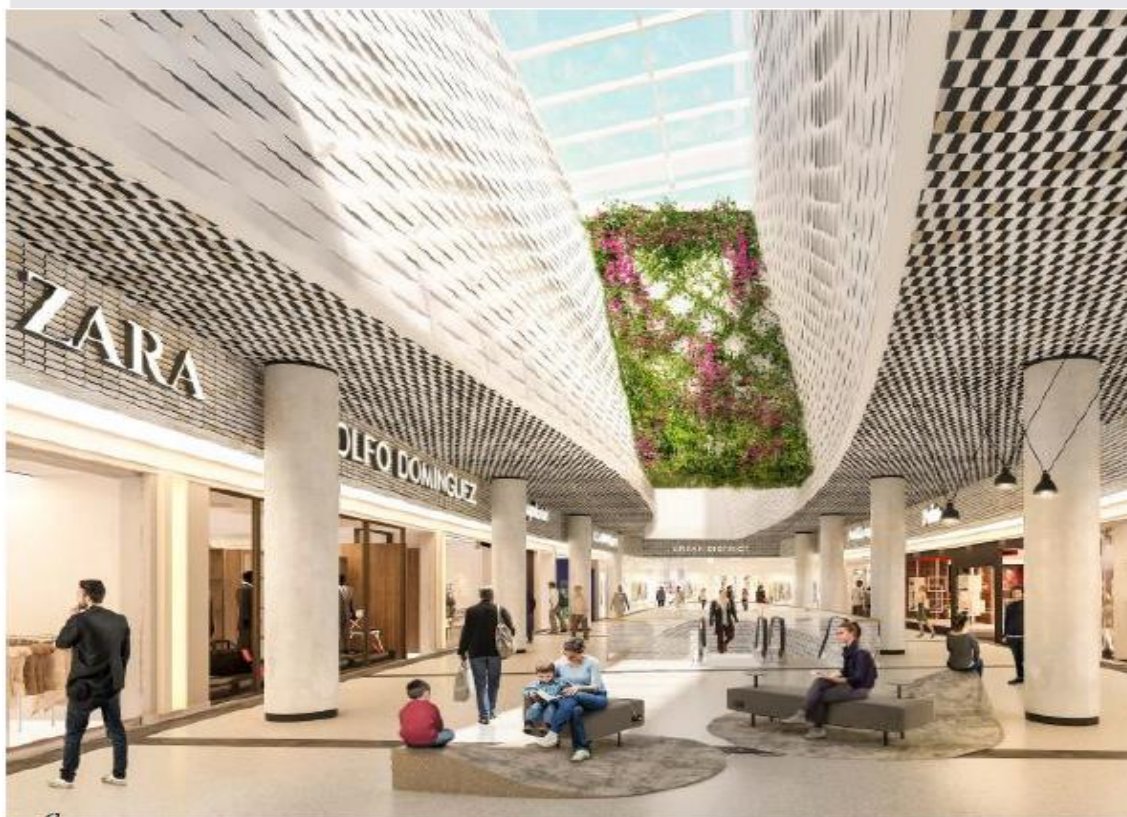
RETAIL
in action!

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”

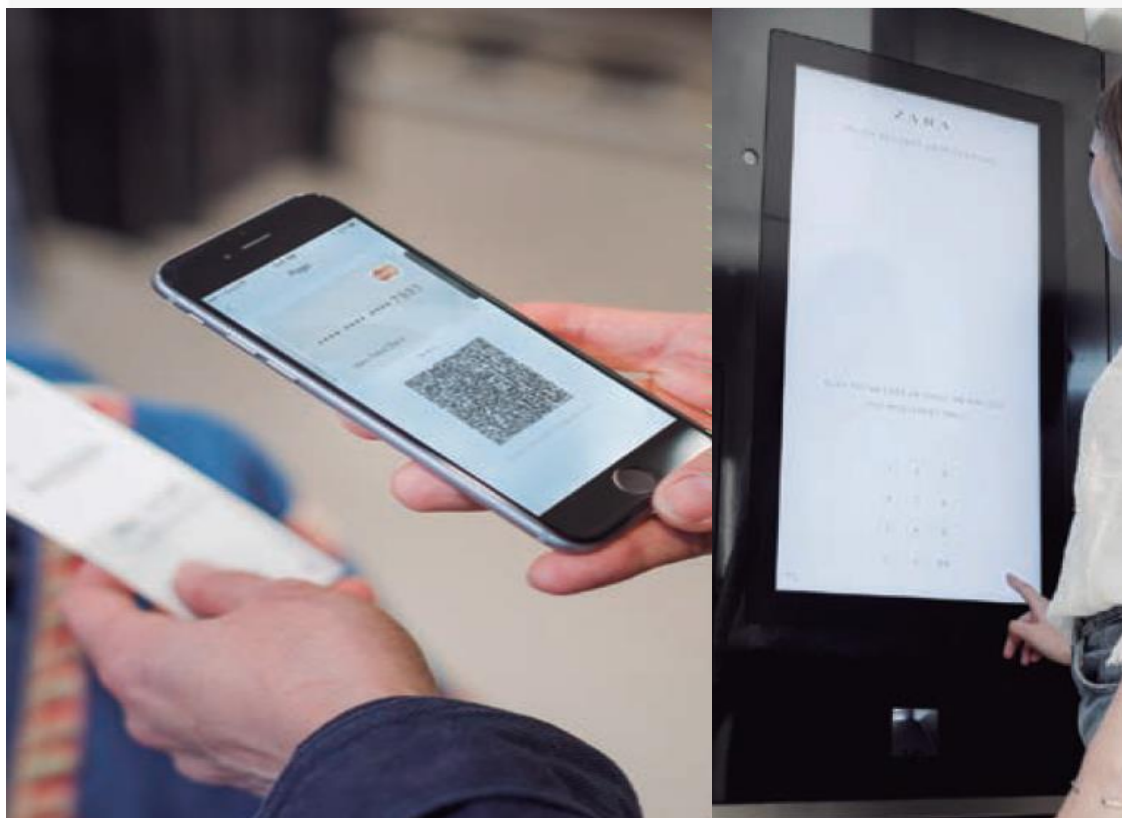
New ways of payment



“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”

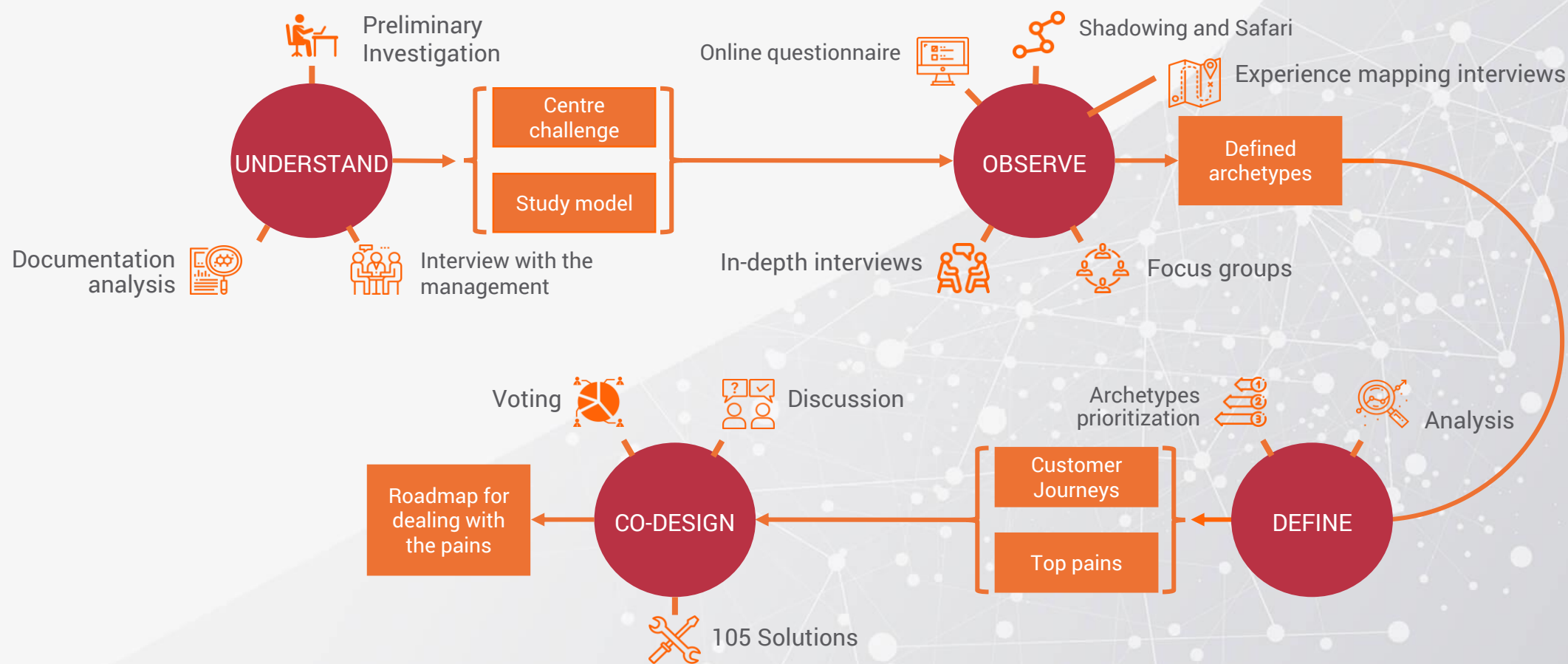
What do we do to get to know our customers?



RETAIL
in action!

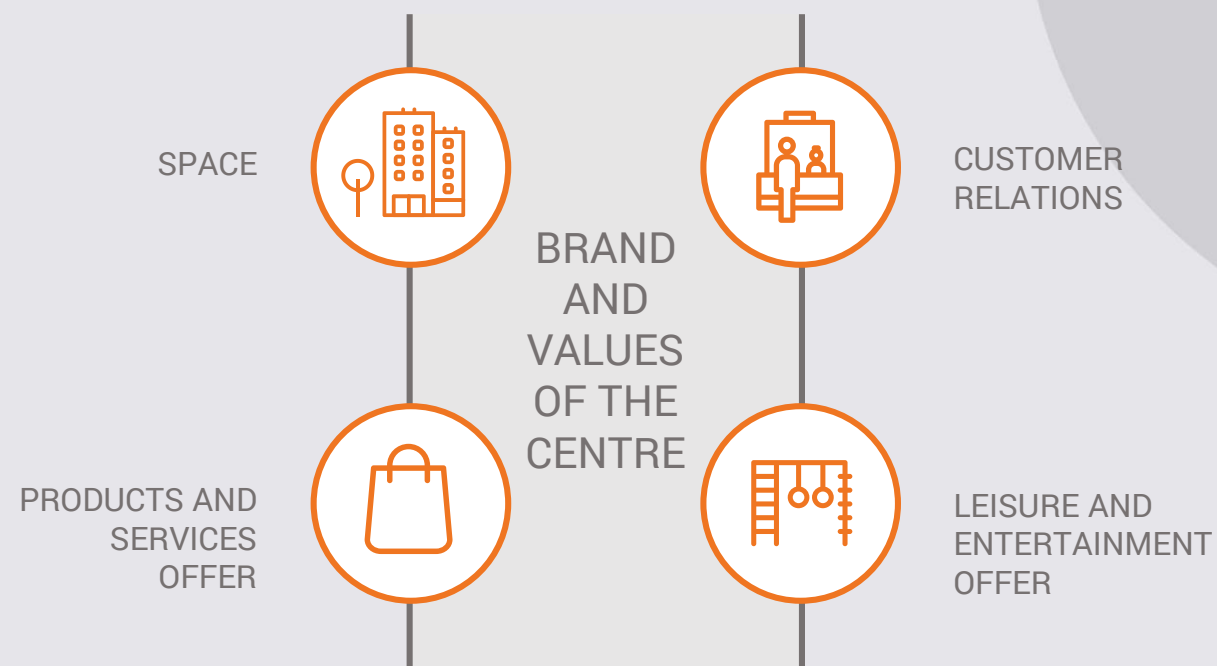
Customer Experience

Extraction of qualitative conclusions

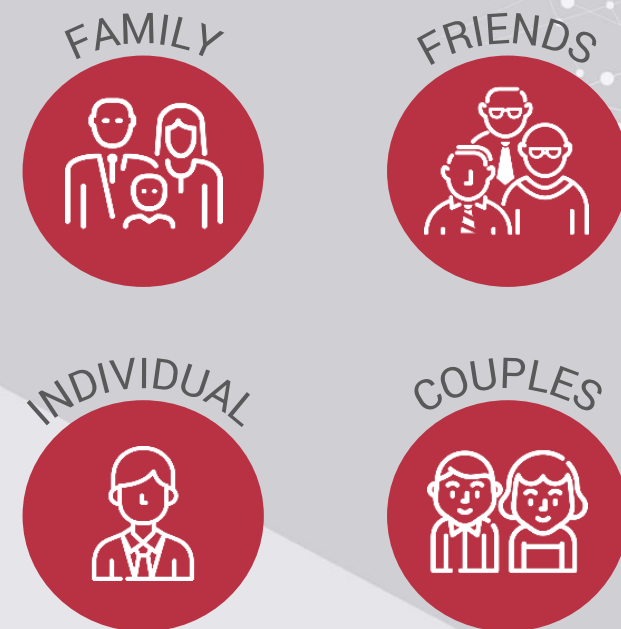


Understanding Phase

STUDY MODEL



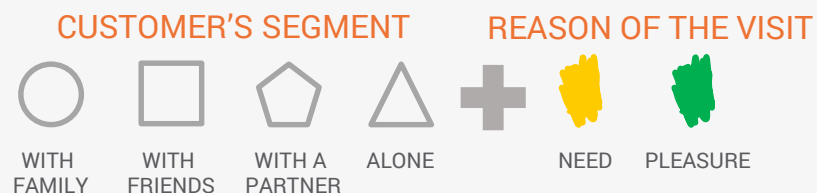
CUSTOMER SEGMENTS



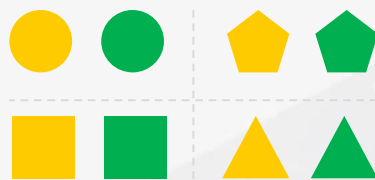
Observation phase

Hypothesis validation

STUDY MODEL



8 HYPOTHESIS OF VISIT
ARCHETYPES



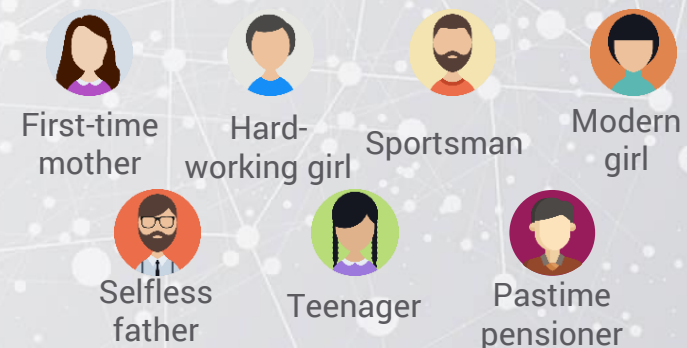
BEHAVIOUR IN THE SHOPPING CENTRE

CUSTOMER SEGMENTS

DEMOGRAPHIC
VARIABLES

QUALITATIVE
INSIGHTS

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.

Age 42

Civil status Married

Children Yes

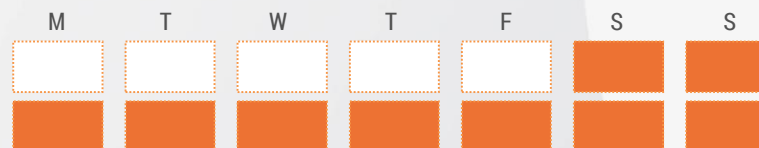
Occupation Office manager

Digital competency Medium-High

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:

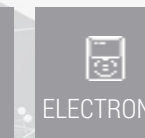
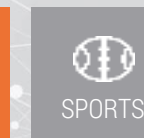
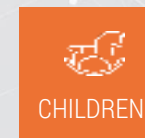
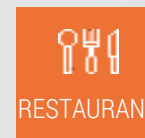
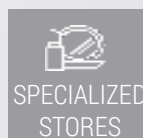
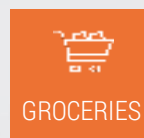
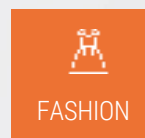


GENERAL
65 €



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

Group dynamic

WHO DOES SHE GO WITH:

Couple |
Family |
Friends |
Alone |

SEPARATION OF THE GROUP DURING THE VISIT:

When they do not have a place to leave the children and they have to run errands quickly, Lucía and her husband split up: one entertains and takes care of the children (usually her husband) while the other runs errands.

Gran Vía's People...



Laura

22% customers



Carmen

8% customers



Carlos

7% customers



Julian

4% customers



Estela

27% customers

Definition Phase

Selection of priority archetypes

Grandes Etapas

Momentos

Acciones

Expectativas

Emoción

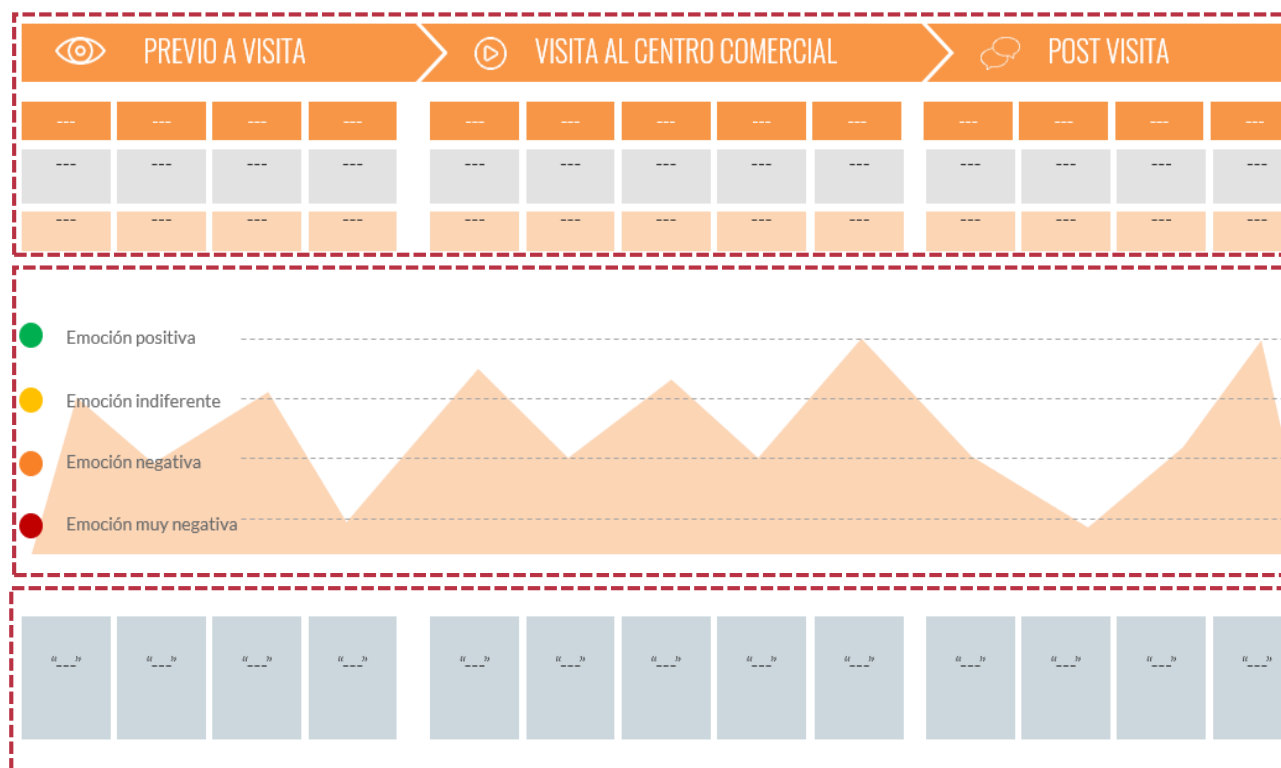
Qué siente en una escala de 4 emociones.

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

[illegible]

GRANDES ETAPAS		VISITA AL CENTRO COMERCIAL												POST VISITA	
PREVIO A VISITA															
MOMENTOS															
ACCIONES / FUNDAMENTOS															
EXPERIENCIAS															
EMOCIONES															
PELLO DEL CLIENTE															
PAIN															
GAINS															



Investor
Day 2018

SUSTAINABILITY (ESG)

Jon Armentia

Corporate Director Lar España



RETAIL
in action!

What does CSR mean at Lar España?

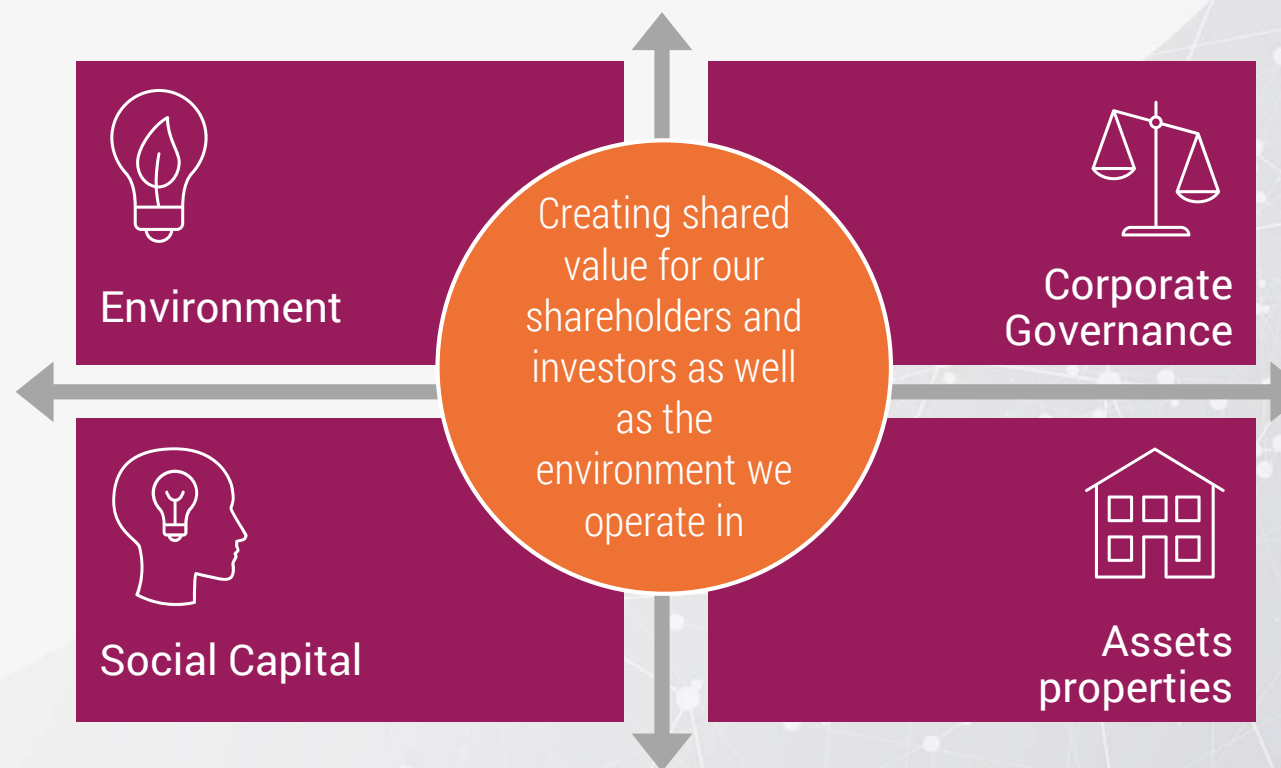
Value creation via Corporate Social Responsibility is one of Lar España's defining attributes, through the responsible management of its assets, the creation of wealth in the communities it operates in and the active listening to its Stakeholders.



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

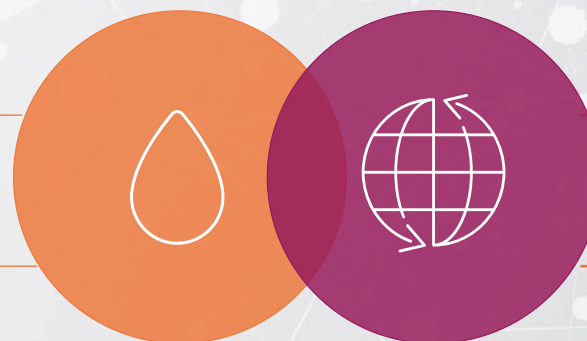
Alternative energy sources



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

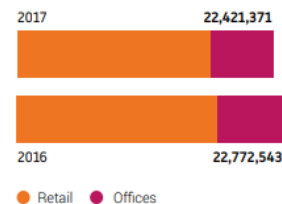
Variation in energy consumption
in kWh/sqm

-3.5%
VS 2016



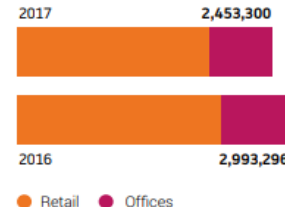
Electricity consumption
in kWh

-1.5%
VS 2016



Gas consumption
in kWh

-18%
VS 2016



+40%
Vs 2016

electricity
consumption
generated from
renewable
sources

Waste Management

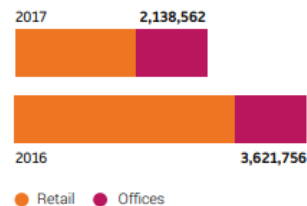
53%

Recycled
waste

GHG Emissions

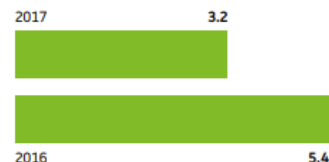
GHG emissions
in kg CO₂ eq

-41%
VS 2016



GHG emissions
in kg eq CO₂/sqm

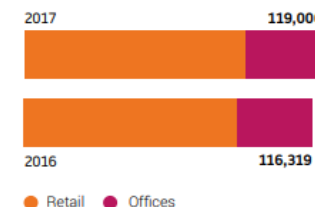
-41%
VS 2016



Water Consumption

Water consumption
in m³

+2.3%
VS 2016



Variation of water
consumption in litres/person

0%
VS 2016



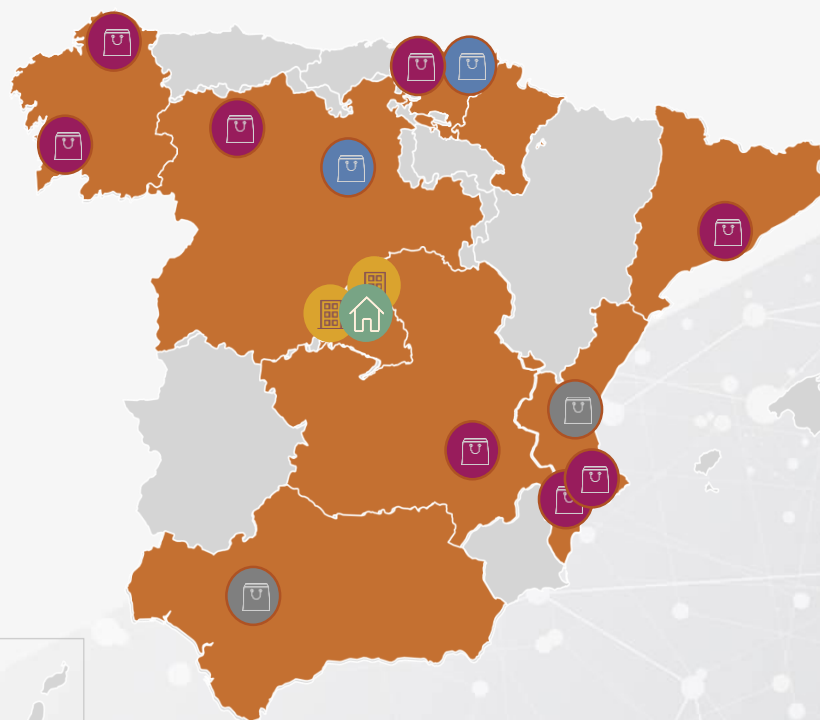
Environmental BREEAM® Certifications



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

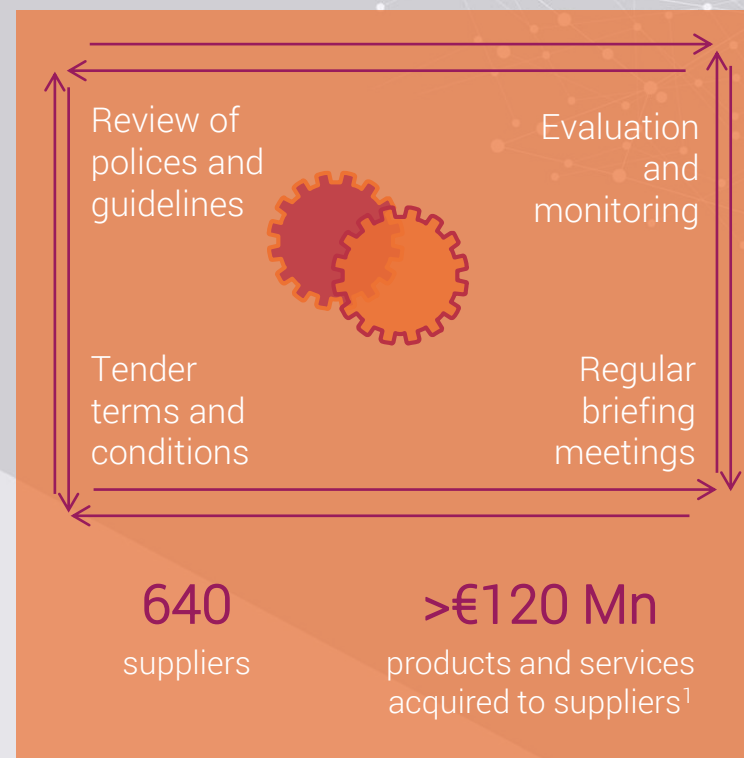
- Improving communication channels and active listening
- Adding value by means of product and process innovation
- Building health and safety
- Adapting to the diversity of customer needs

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



Social Society-based initiatives

Business opportunities



Citizen participation



Social climate & values



Health and well-being



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



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SHOPPING CENTRES PERFORMANCE

Jose Manuel Llovet

Commercial RE Managing Director Grupo Lar



RETAIL
in action!

Vision and Results



Outstanding results

Beating the market and the main companies in the sector in all quarters



Consolidation of the platform

First owner of shopping centres & retail parks in Spain in terms of area



Enhancement of the portfolio

Dominant prime shopping centres in their catchment area in relevant locations



Transformation

Selective high return capex strategy. Repositioning assets, new experience formulas that result in an increase of market share



High performance team

We work closely with main retailers, technology and services providers, financial institutions and the investors community

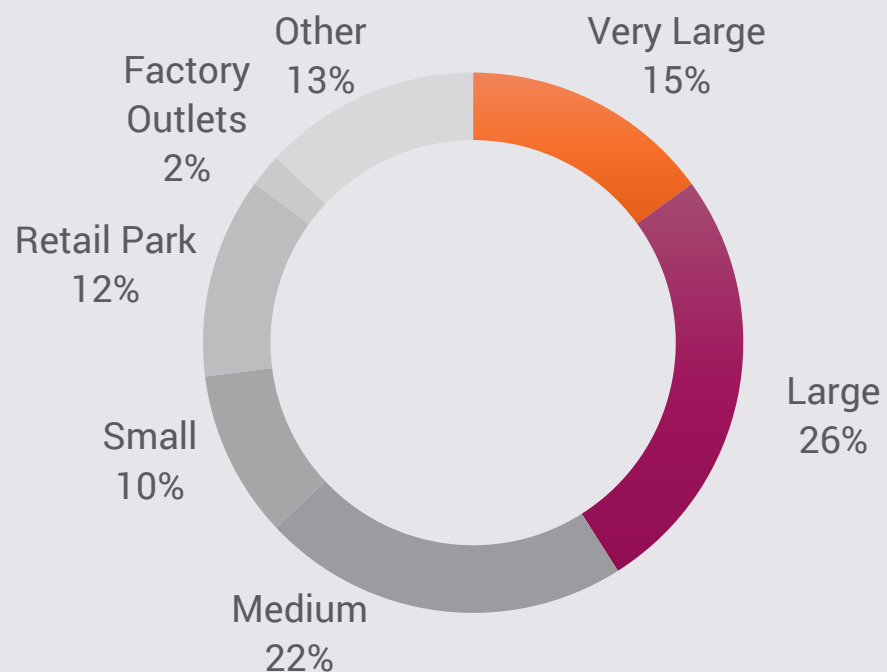


Market understanding

Off-market acquisitions and competitive sales, optimizing asset value and increasing return for our shareholders

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

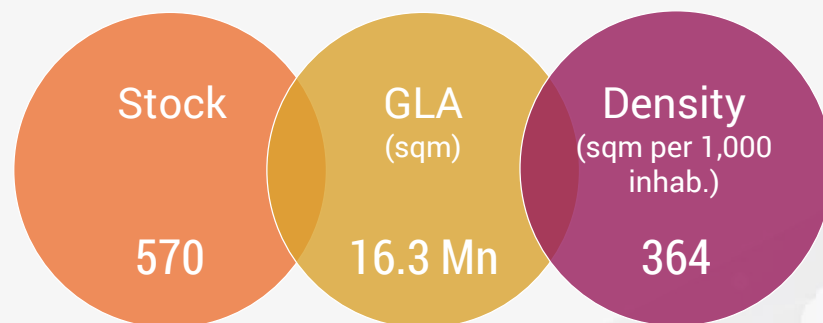
own 207 shopping centres

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

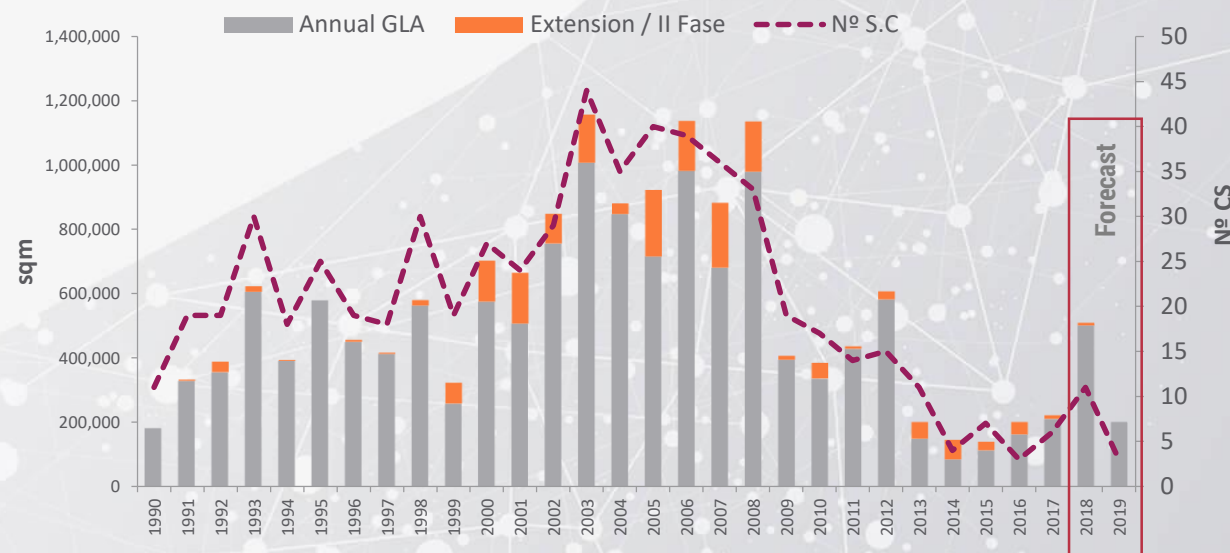
Market stock

+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

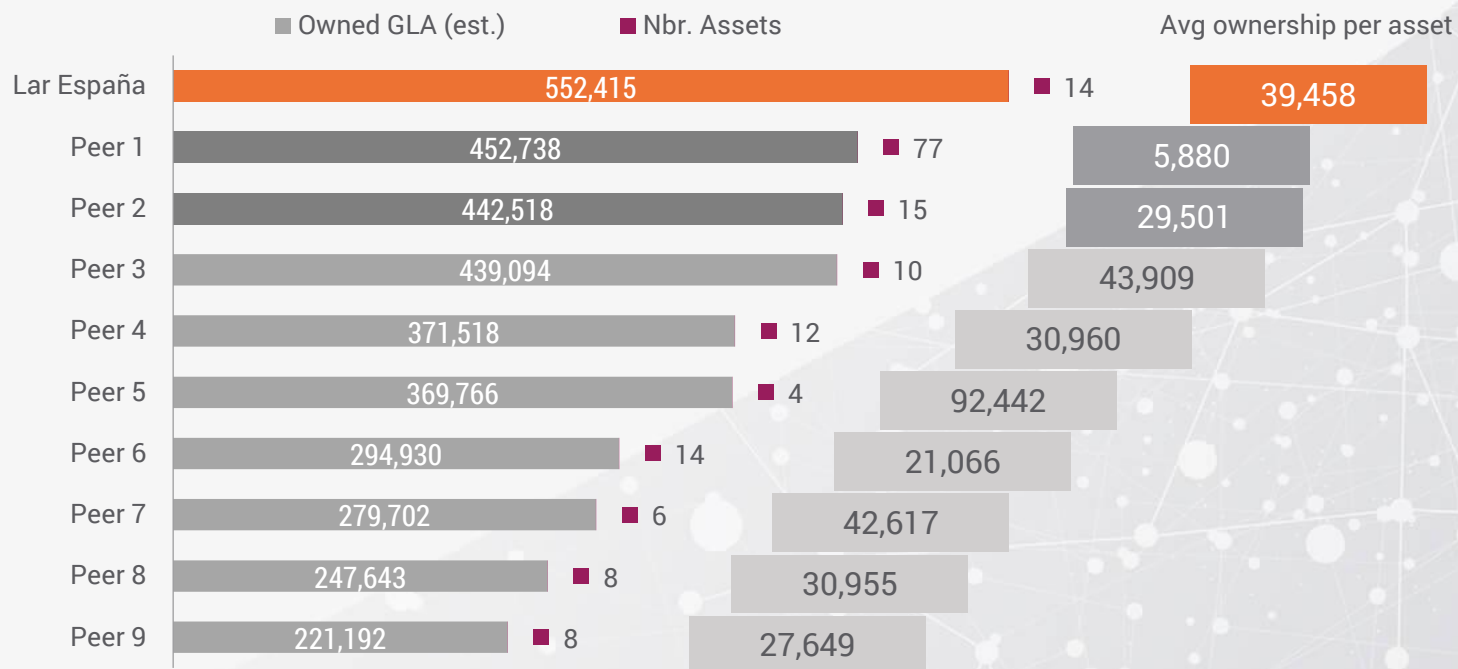


*New Commercial Stock includes Shopping Centres, Warehousing Parks, Factory outlets & Leisure centres
1. Source: Savills 2018 / 2. Source: JLL 4Q 2017

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



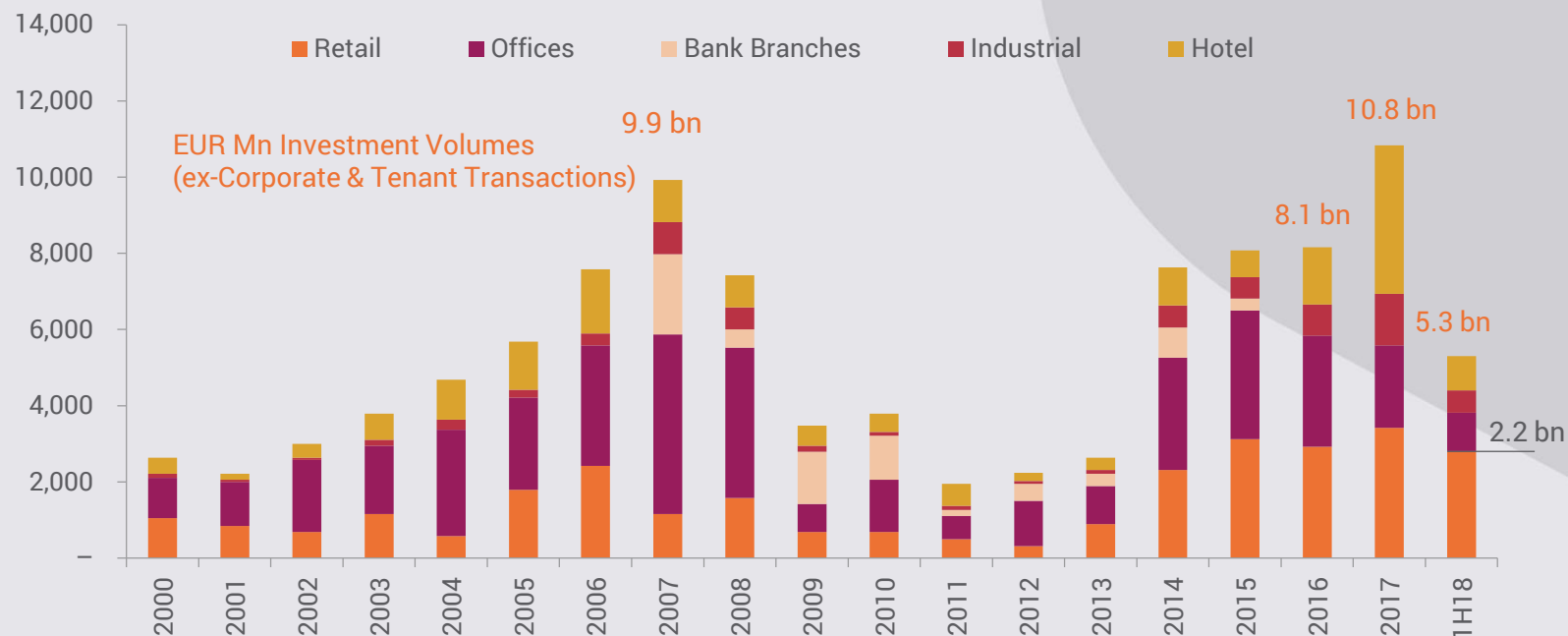
Total TOP 10 **3,671,515 sqm** **168 assets**

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

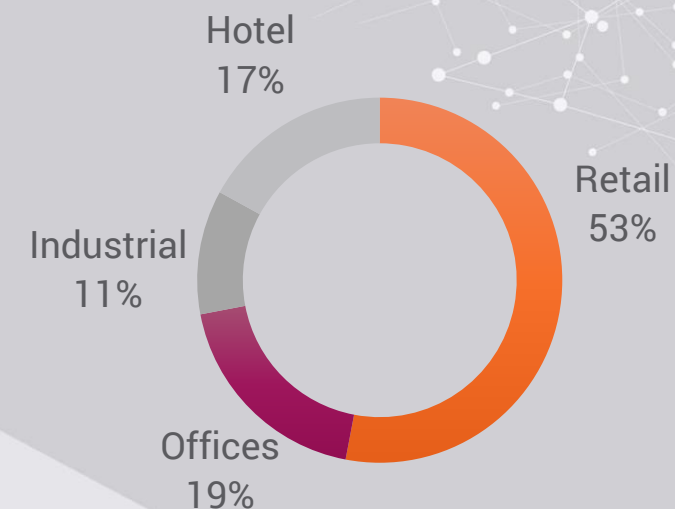
1. Considering opening date of assets under development until 2020. Source: CBRE & Lar figures at September 9th, 2018.

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**



+250,000
Catchment area
leader



+5 Mn
Footfall



BIG S.C.
40k to
100k sqm

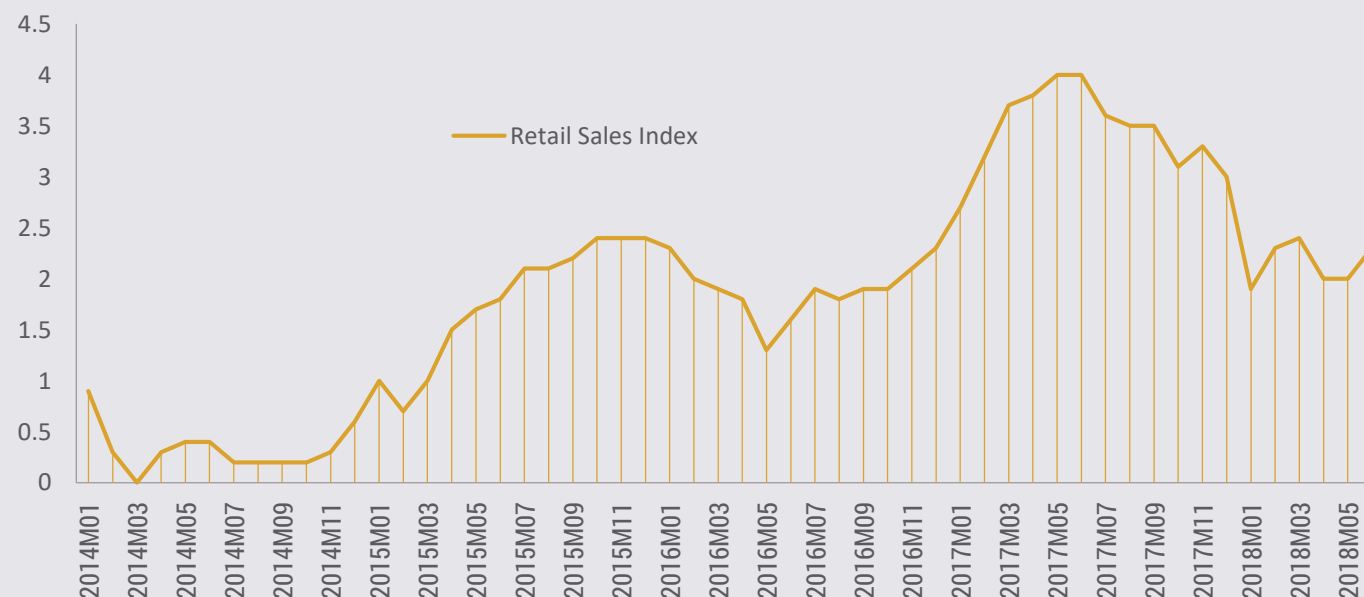


Best retailers



Performance Market sales

Retail Sales Index % YoY Growth ¹



1. Source: INE

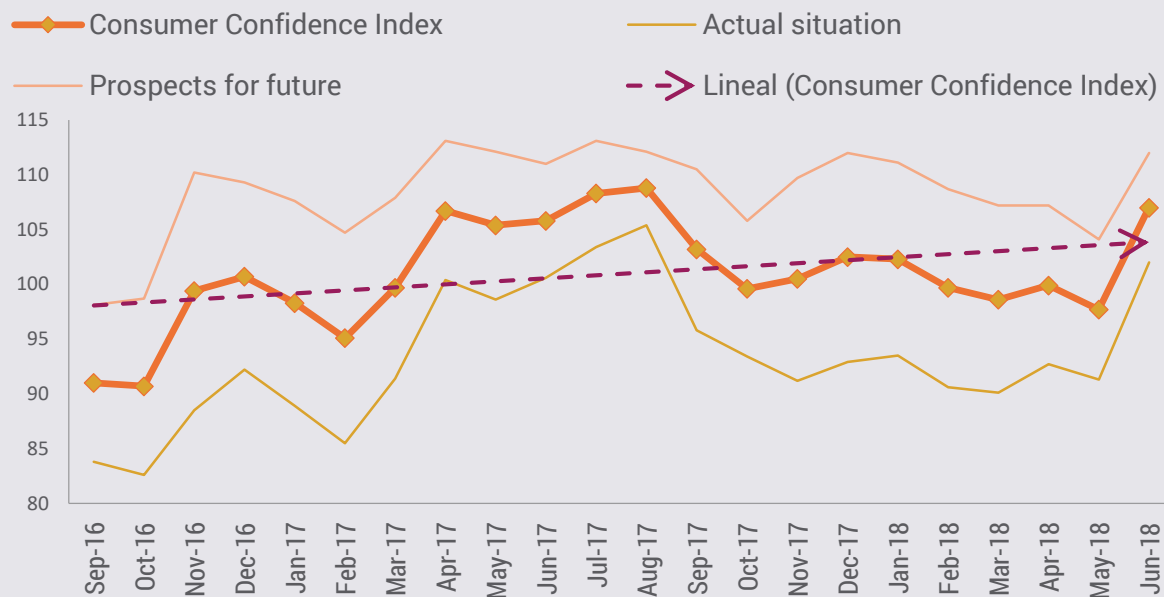
Analysts' consensus is **2.4%**
sales growth in 2018
Affluence to shopping
centres is stable after 2 years
of growth

RETAIL
in action!

KPI's

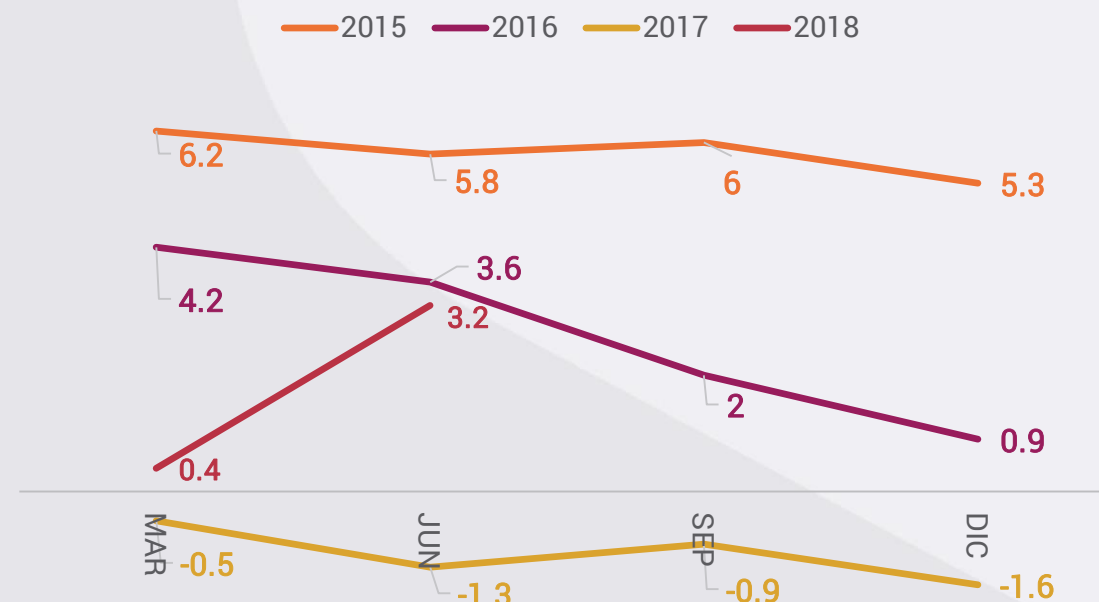
Consumer confidence & footfall

Consumer Confidence Index ²



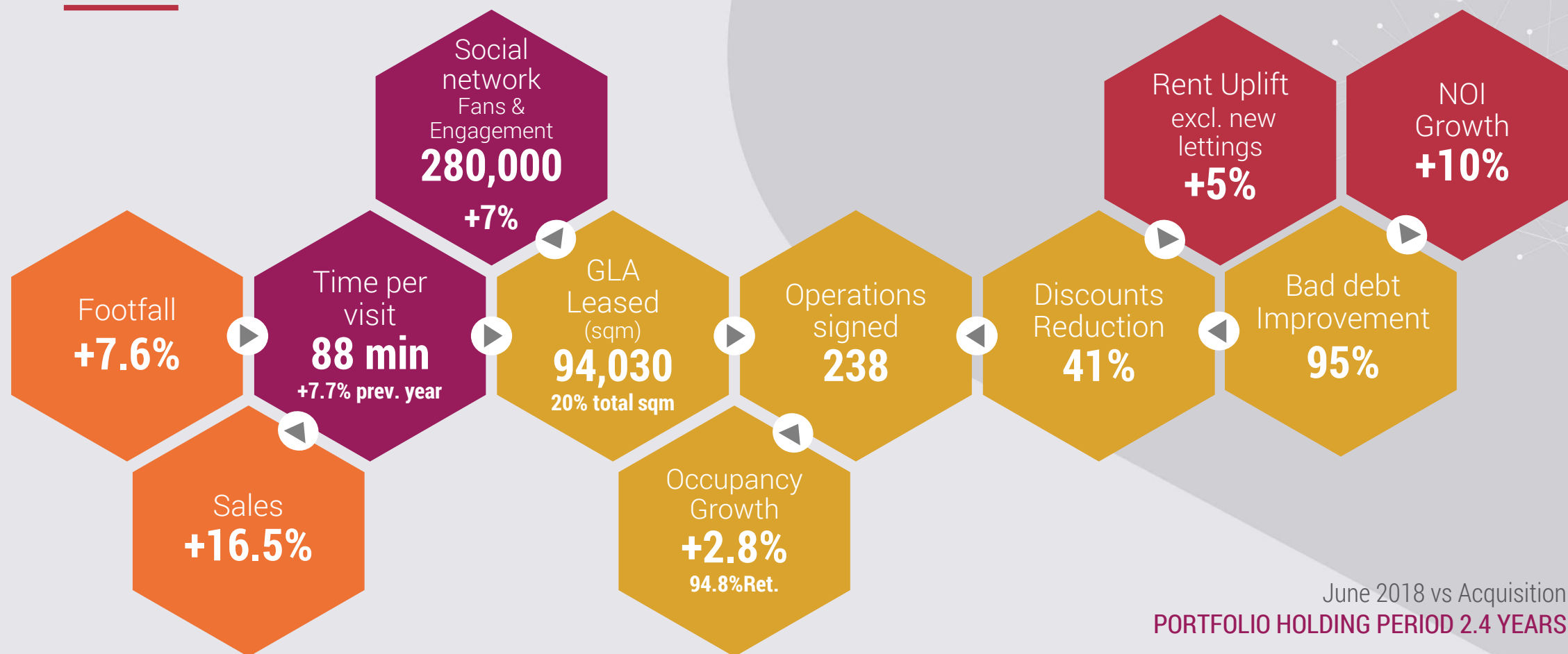
2. Source: CIS

Footfall AECC



RETAIL
in action!

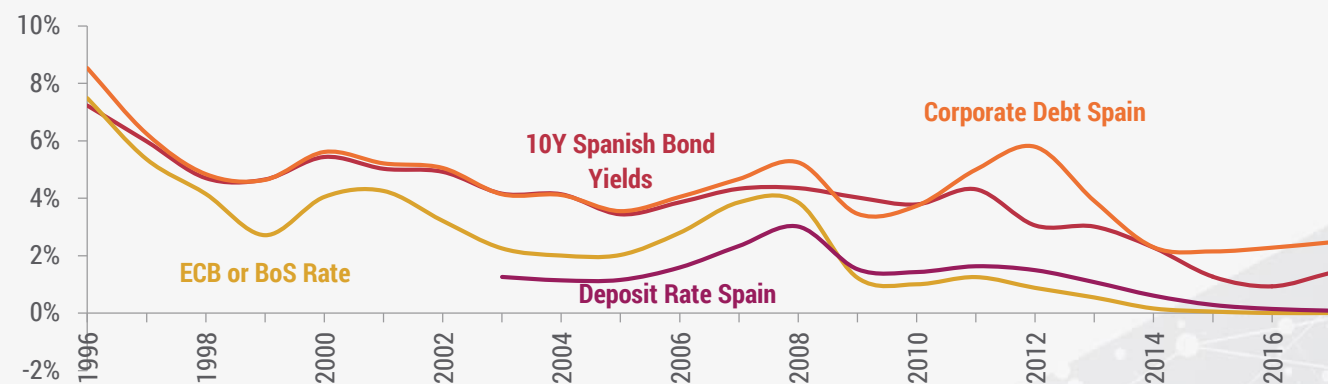
KPI's Lar España



June 2018 vs Acquisition
PORTFOLIO HOLDING PERIOD 2.4 YEARS

Yields Moment

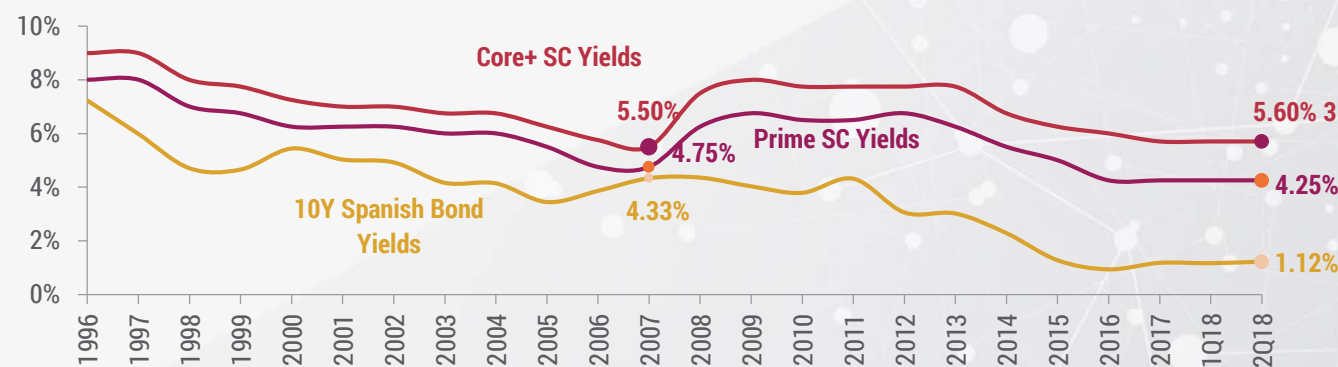
Spanish headline yields ¹



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

Spanish SC yields ²



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

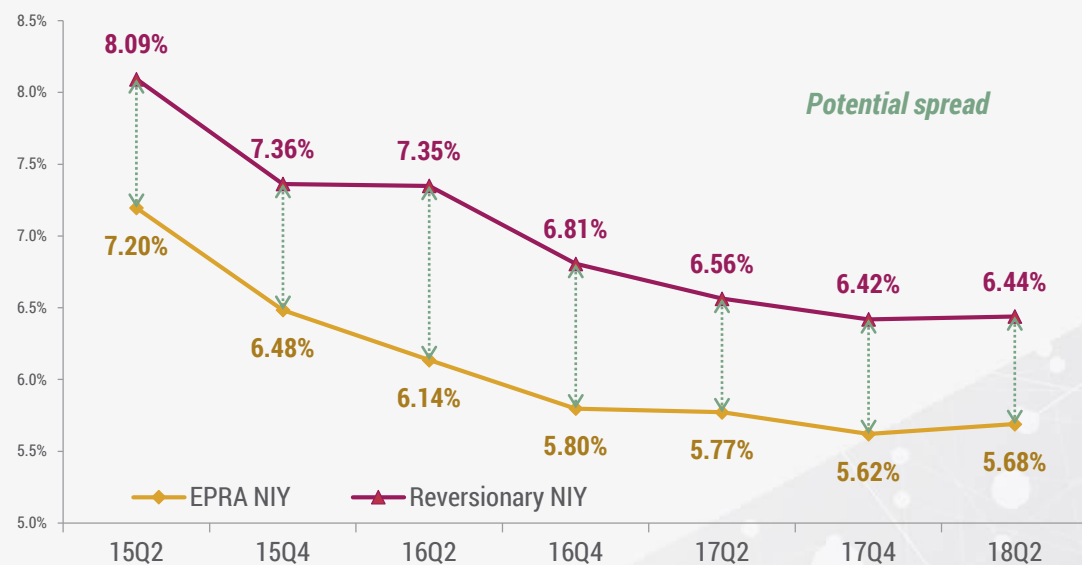
1. Source: Bank of Spain

2. Source: JLL & Savills (Historical) & Grupo Lar (Forecast) / Bank of Spain (Actuals)

3. Data estimated considering last market transactions in 2018

Yields Lar España

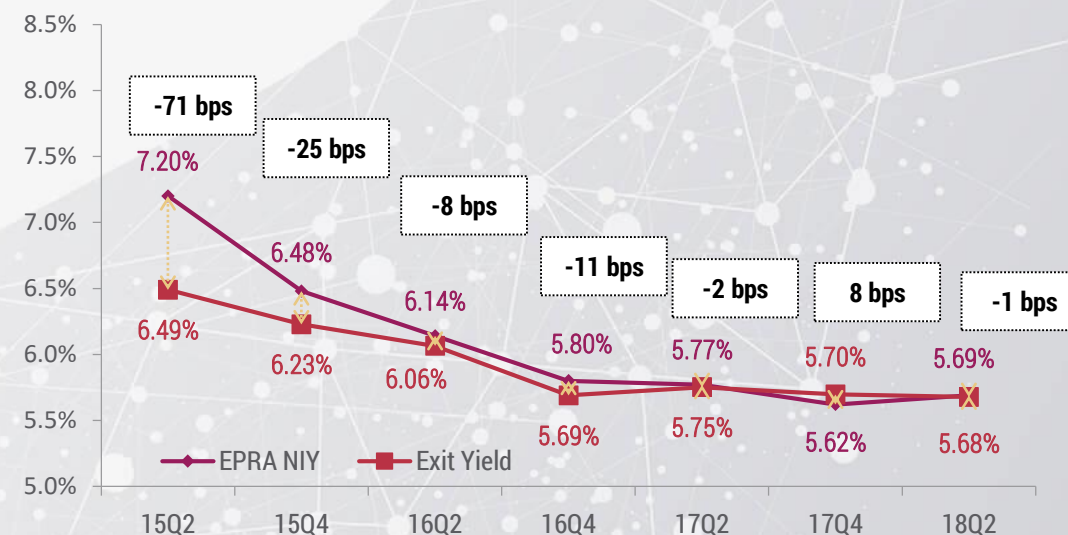
EPRA NIY vs Reversionary NIY¹



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.

Yield Compression Path²



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.

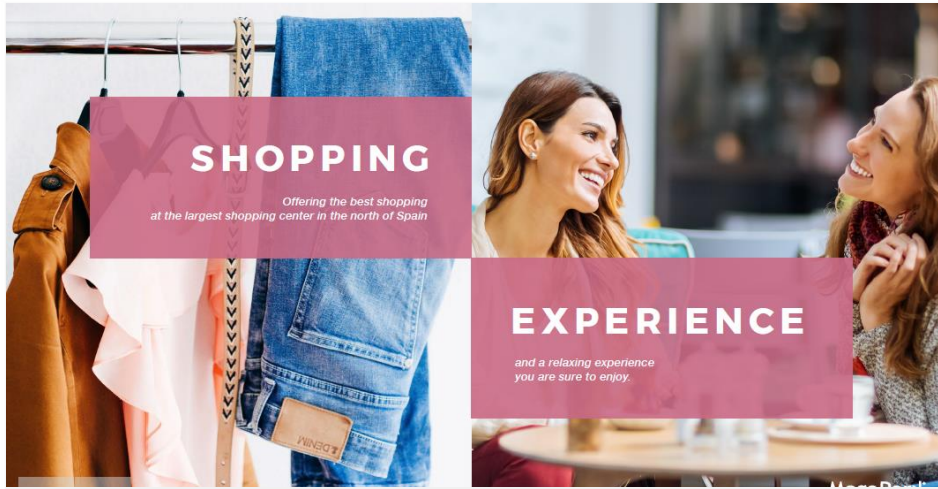
INCOME

- ✓ **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



Investor
Day 2018

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)

Revaluation 22%	Footfall +7.7%	Sales ¹ +27.1%	NOI +2.8%	Occupancy 95.5%	Tenants 11,500 sqm 17.4% total GLA 35 leases	Main Achievement Acquisition of Leisure area. Global Refurbishment. Tenant's image renovation
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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.

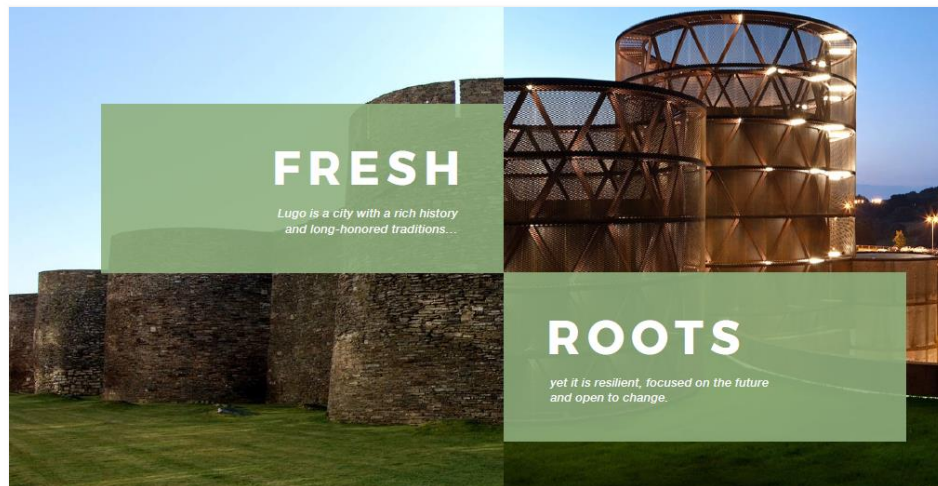


Portal de la Marina

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.
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Investor
Day 2018

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.
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ànecblau
CENTRE COMERCIAL



Investor
Day 2018

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%

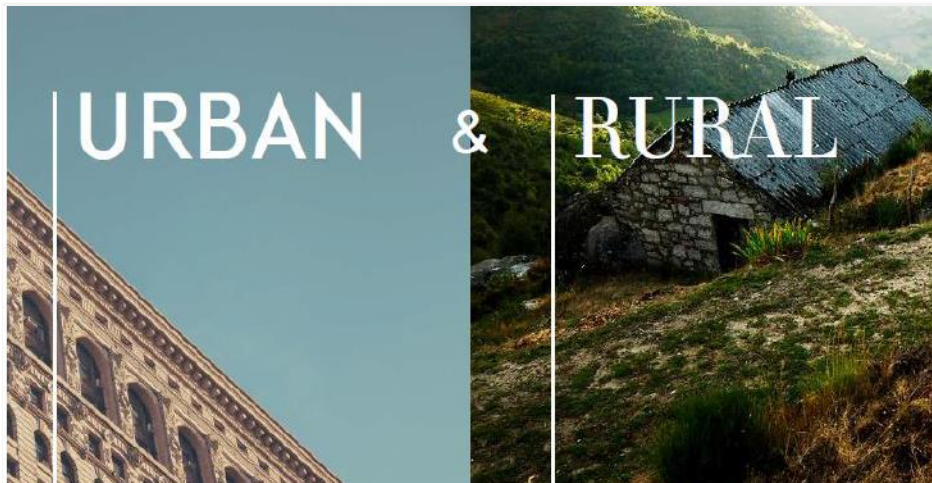
Sales
+24.3%

NOI
+2.8%

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

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





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

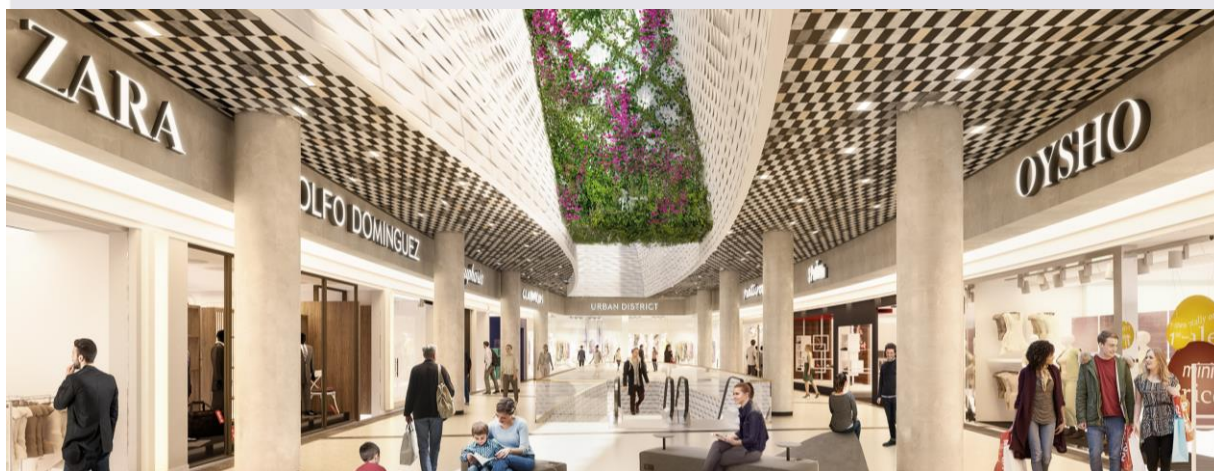
Best brands in town make it a shopping destination.



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
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FINANCIALS BUSINESS PLAN

Miguel Pereda

*Board Member Lar España
CEO Grupo Lar*



RETAIL
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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

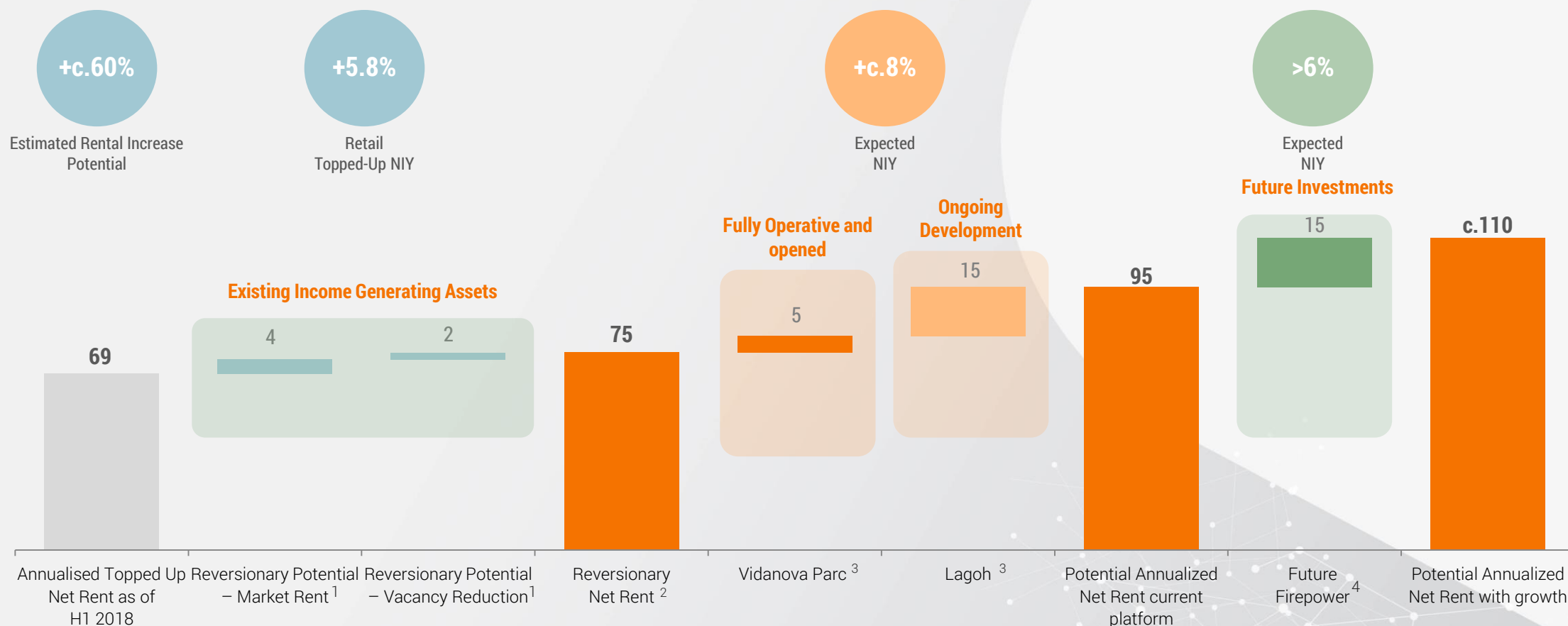
GDP GROWTH

CONSUMER SPENDING
IMPROVEMENT

UNEMPLOYMENT REDUCTION

RETAIL
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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
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€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

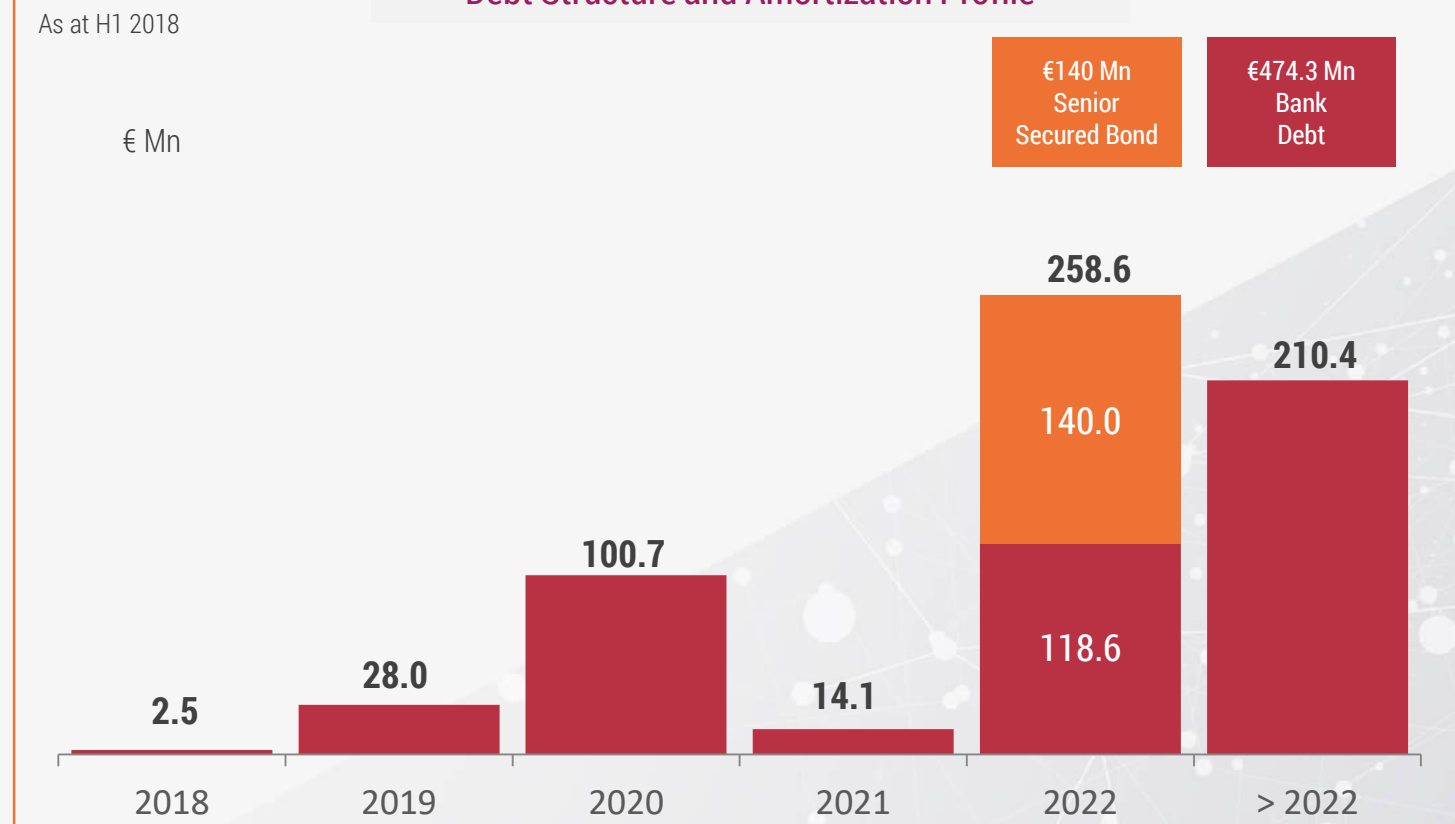
1. Valuation as of 30th June 2018

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%

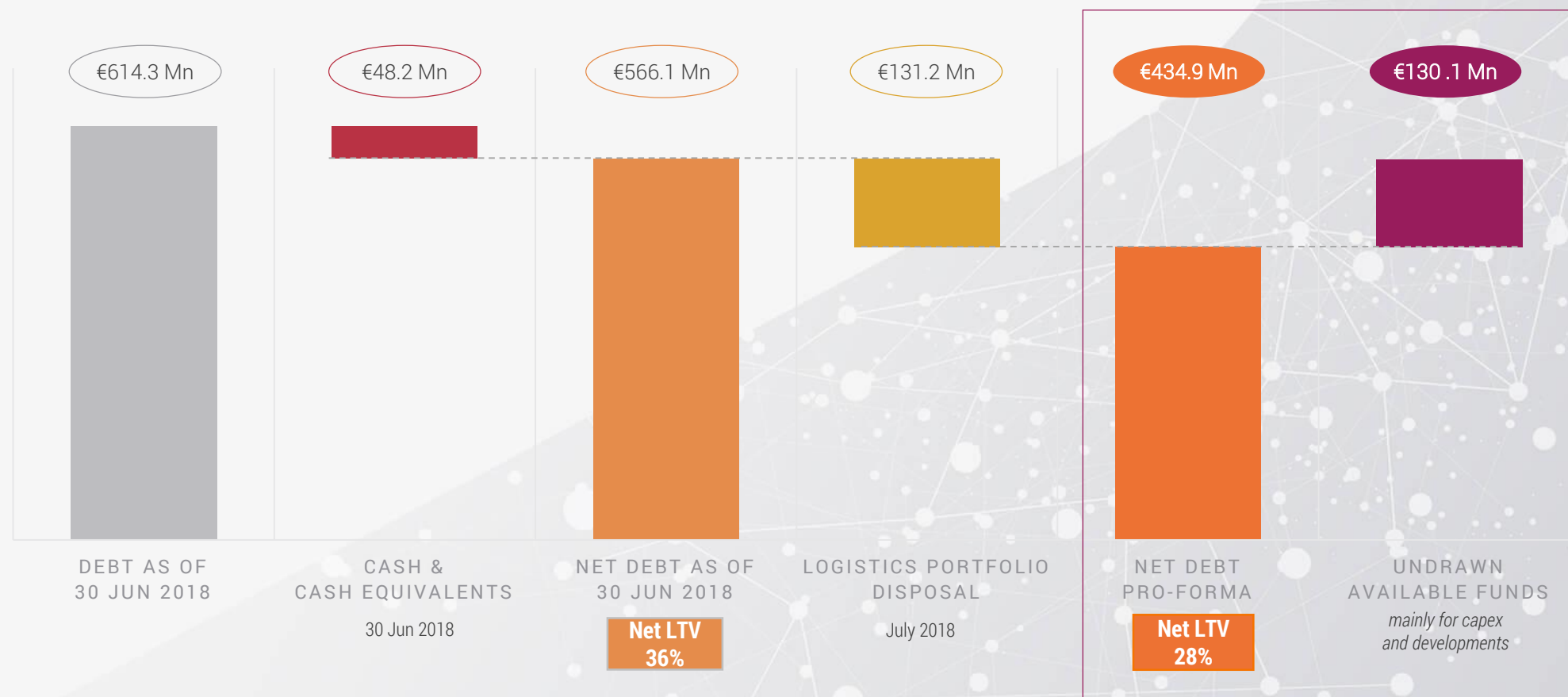
Avg. Cost of Debt
2.19%

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



Office
Portfolio
€191 Mn



41% realized



Lagasca 99
delivery
€115 Mn



To be realized before YE

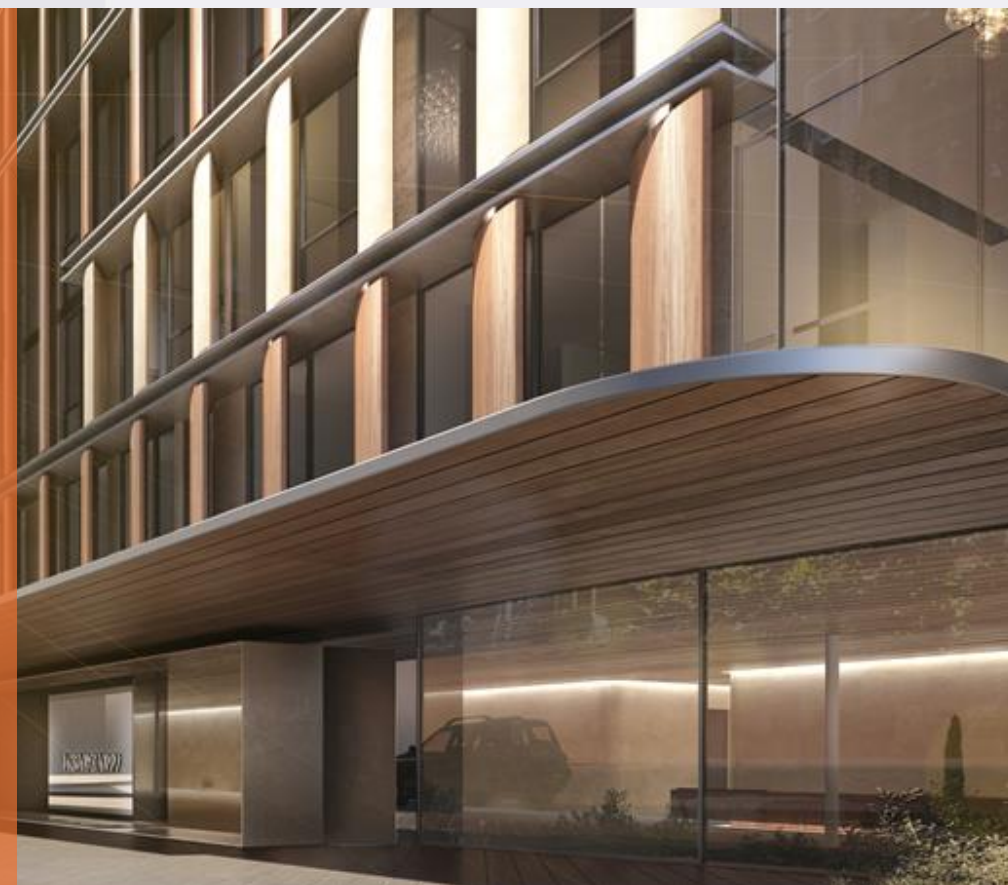
**90%
SOLD**



Other Mature
Assets
€216 Mn

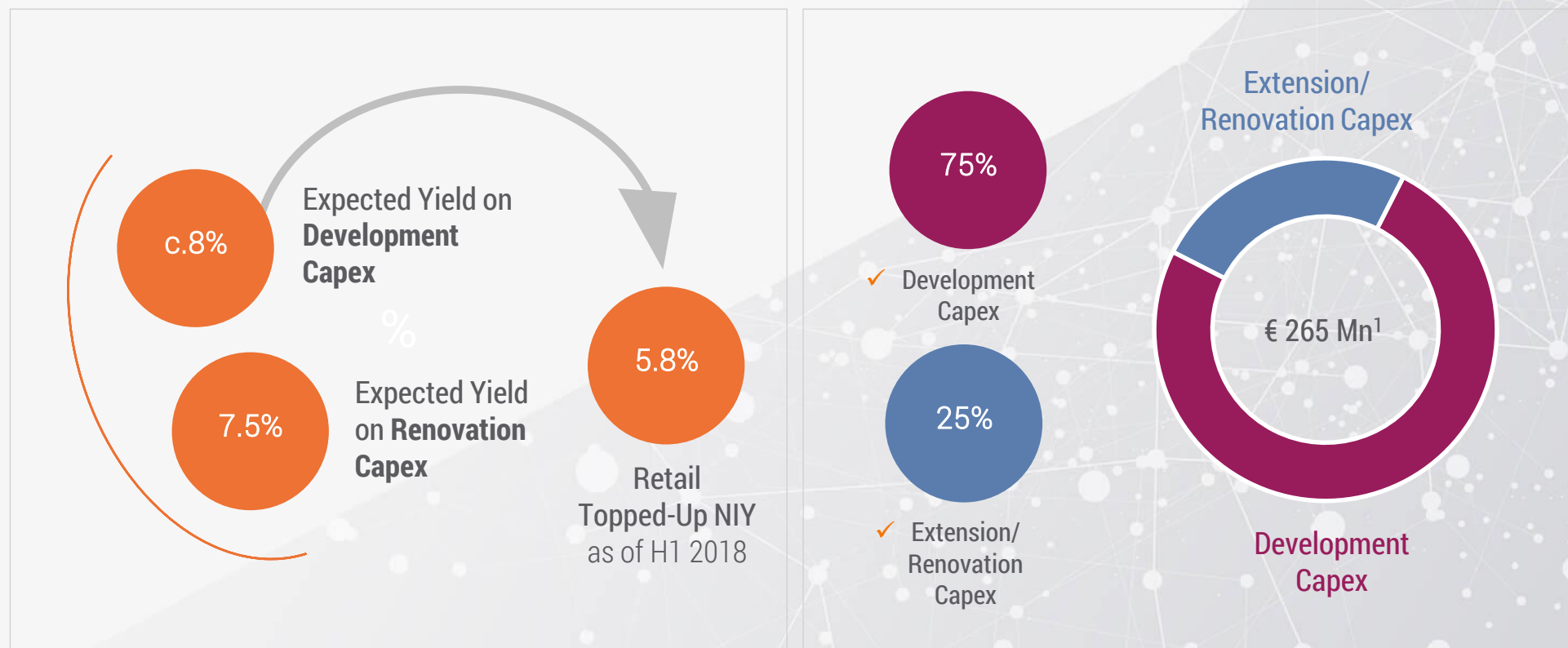


76% realized



Development and Renovation Capex

Drivers of share price accretion



1. In existing investment properties and development projects

Business Plan targets

Target Returns

- **12% Target Annual Return** on investments

Divestments

- **€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

- **Finance all existing capex commitments**
 - Refurbishment of existing **assets: €66 Mn**
 - Developments: **€199 Mn**

New Investments

- **€250 Mn of new investments**
Mainly focused in retail assets 30% realized

Distributions¹

- 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



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DISCLAIMER



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