lar España
Real Estate

RETAIL
in action!

FY 2018
Results

27th February 2019

EPRA
sBPR
GOLD

EPRA
BPR
GOLD

AGENDA

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FY 2018 Highlights

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Closing Remarks

RETAIL
in action!

01

FY 2018 Highlights

EPRA sBPR GOLD

EPRA BPR GOLD

RETAIL *in action!*

Lar España improves its solid operative results in FY 2018

OPERATING RESULTS

+7.0%
in Net Profit[1]
+42.4%
in Property Operating Result[1]

40.0%
revaluation since acquisition
12.1%
revaluation LfL 2018/17

€11.14 NAV p.s.
+8.5% vs FY 2017

12 quarters
outperforming the Spanish market in sales & footfall

DEVELOPMENTS & REFURBISHMENTS

VidaNova Parc
fully open & operative
100% GLA signed

Lagoh
c.90%[2]
of GLA signed & committed

Lagasca99
c.75%[2]
delivered

Eloy Gonzalo
100%
occupancy reached

ASSET ROTATION

€272.5 Mn
2018 divestments
59% of Business Plan

€75.6 Mn
2018 acquisitions
30% of Business Plan

€28.8 Mn
Joan Miró divestment in Q4 2018
27% over acq. price

€37.0 Mn
Marcelo Spínola divestment in Q1 2019
95% over acq. price

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1. Pro-forma pre-divestment and pre-performance fee
2. As of February 2019

Supported by strong financials in FY 2018

2018
FINANCINGS
AND DEBT

Lagoh
Financing
c.€100 Mn
development facility

Rivas Futura & Abadía
Financing
€36.2 Mn
Mortgage Loan

EIB
New Credit Line
€70 Mn
October 2018

Net LTV
28%
December 2018

Average
Cost of debt
2.16%

CORPORATE

€75 Mn[1] dividend
(€25 Mn[1] Special dividend
on Lagasca99)

0.80 €/share[1]

**7.5%[2] Dividend yield
over avg. NAV**

€30 Mn
**Share Buy-Back
Programme executed**

Grupo Lar
reinforces its stake in
Lar España
up to **10.2%**

BREEAM®
8 In-Use "Very Good" Certificated
2 In-Use "Good" Certificated
3 New-Build, "Very Good" rating

1. Dividend estimated and to be approved in AGM
2. 2018´s average quarterly EPRA NAV

Major corporate milestones in 2018

2018

JAN

Megapark Financing

Egeo Office Building Divestment

FEB

Rivas Futura Acquisition

Abadía Commercial Gallery Acquisition

New IMA approved

MAR

Villaverde Divestment

Nuevo Alisal Divestment

APR

Dividend Payment

AGM

JUN

+34% Asset Revaluation since Acq.

JUL

Lagoh Development facility

Logistics Portfolio Divestment

VidaNova Parc Opening

AUG

Galaria Retail Park Divestment

SEP

Share Buy-Back Programme

EPRA Gold Award Financial & Sustainability Reporting

OCT

Investor Day

EIB Financing

DEC

+40% Asset Revaluation since Acq.

Joan Miró Divestment

Share Buy-Back Programme extension

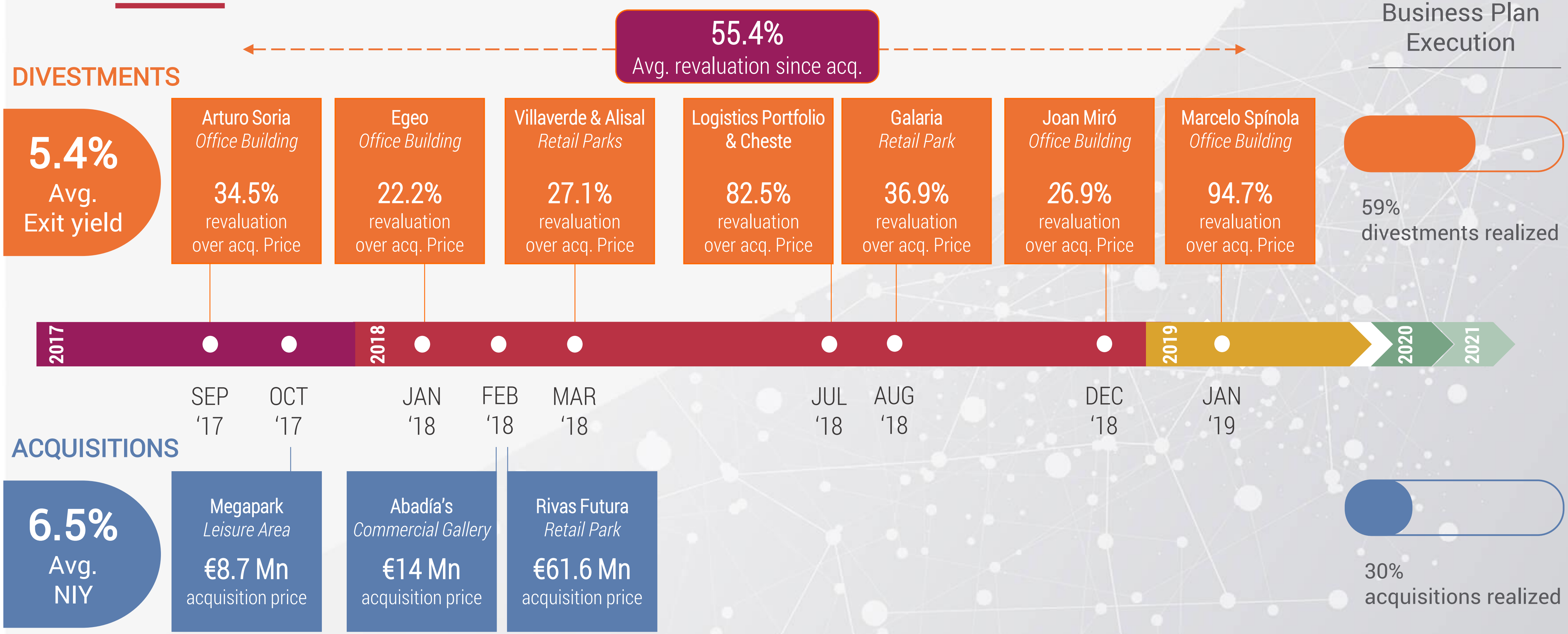
Lagasca99 First units delivery

2019

JAN

Marcelo Spínola Office Building Divestment

Successful Business Plan execution
2018-2021



55.4%
Avg. revaluation since acq.

DIVESTMENTS

5.4%
Avg.
Exit yield

Arturo Soria
Office Building
34.5%
revaluation over acq. Price

Egeo
Office Building
22.2%
revaluation over acq. Price

Villaverde & Alisal
Retail Parks
27.1%
revaluation over acq. Price

Logistics Portfolio & Cheste
82.5%
revaluation over acq. Price

Galaria
Retail Park
36.9%
revaluation over acq. Price

Joan Miró
Office Building
26.9%
revaluation over acq. Price

Marcelo Spínola
Office Building
94.7%
revaluation over acq. Price

ACQUISITIONS

6.5%
Avg.
NIY

Megapark
Leisure Area
€8.7 Mn
acquisition price

Abadía's
Commercial Gallery
€14 Mn
acquisition price

Rivas Futura
Retail Park
€61.6 Mn
acquisition price

Business Plan Execution

59%
divestments realized

30%
acquisitions realized

lar España
Real Estate

Lagoh
to become an additional source of value creation

BREEAM
CODE FOR A SUSTAINABLE BUILT ENVIRONMENT
In process

211 days	19 hours	30 minutes	00 seconds

Yelmo Cines
4,283 sqm
delivered

c.90%[1]
GLA signed and committed

YELMO CINES · PRIMARK · INDITEX · FIVE GUYS · MERCADONA · MediaMarkt · McDonald's

c.15 Mn Exp. Annual Rent[2]	**c.200** Tenants	**€132.0 Mn** Valuation[3]
1.5 Mn inhabitants Great catchment area	**14 Mn/year** Exp. Visits	**€151.6 Mn** Estimated construction cost

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1. As of February 2019
2. Stabilized gross rent.
3. Valuation as of 31st December 2018.

Lagasca99 is already a reality

c.75% of the housing units already delivered

New residential concept
in the centre of Madrid

c.75% already delivered
as of February 2019

€25 Mn special dividend
to be paid during the first months of 2019[1]

Avg. Price
c.11,300 €/sqm

Plot with 4 façades that features
44 apartments
with an average floor area of 400-450 sqm

2 commercial premises

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1. Dividend estimated and to be approved in AGM

Eloy Gonzalo, last office building in our portfolio
+41.5% revaluation in 2018

Refurbishment
completed and building in fully operative

Remaining office building
in the portfolio.

Expected to be sold
in the coming months

100%
Physical Occupancy

WEWORK
70% GLA leased

All commercial premises
leased

AENOR
Empresa Registrada
Universal Accessibility

BREEAM
"Very good"

€39.4 Mn
Valuation[1]

+41.5%
Revaluation in 2018

+209.5%
Revaluation since acquisition

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[1] Valuation as of 31st December 2018.

02

FY 2018 Financial Results

RETAIL *in action!*

Successful & strong financial key figures delivered in FY 2018

18
Assets

2
Acquired in 2018

622,643
GLA sqm

€1,536 Mn
GAV

+12.1% LfL
vs FY 2017

€77.8 Mn
GRI

+0.3%
vs FY 2017

€1,037 Mn
EPRA NAV

13.4%
ROE

€621.7 Mn
Financial Debt

2.16%
Cost of Debt

€80.9 Mn
EBITDA[1]

+42.2%
vs FY 2017

€11.14
EPRA NAV per share

8.0%
ROA

€431.5 Mn
Net Financial Debt

28%
Net LTV

€155.8 Mn
Net Profit[1]

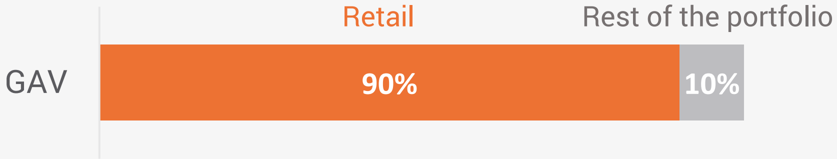
+7.0%
vs FY 2017

€70.3 Mn
Annualised Net Rent

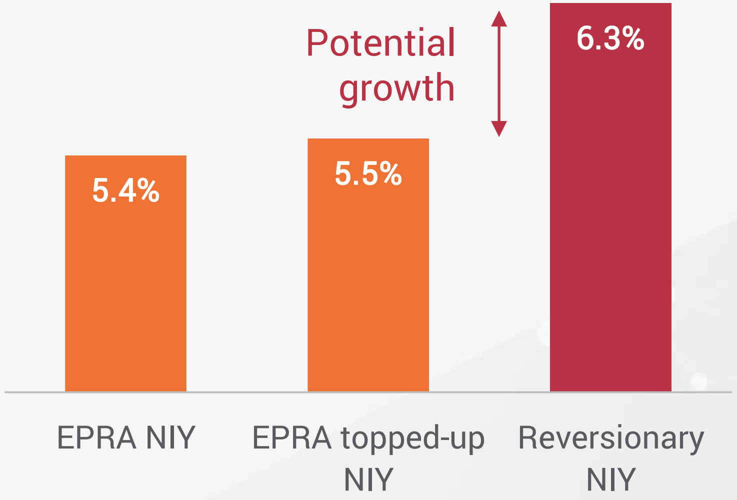
1.2
SOLVENCY RATIO

[1] Pro-forma pre-divestment and pre-performance fee

Solid retail performance
driven by robust operating results in FY 2018



Retail yields



Operating results

+3.2%
LfL GRI

+3.7%
LfL NOI

94.8%
% Occupancy[1]

Commercial activity

€8.3 Mn
Negotiated rent

38,723 sqm
Rotated area

154
Operations

12.4%
Rent uplift[2]

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1. Ratio calculated under EPRA recommendations
2. Excluding the following renewals: El Corte Inglés in Megapark, H&M in El Rosal and As Termas

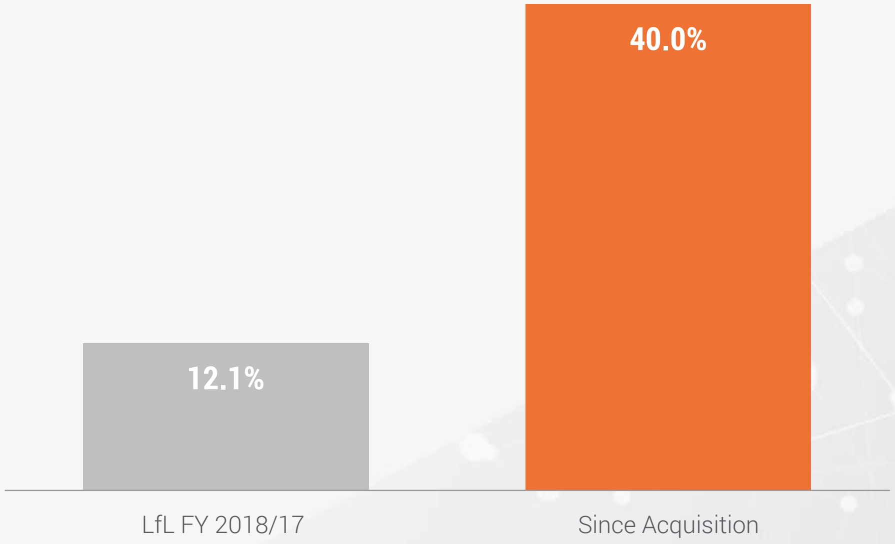
FY 2018 Asset Appraisal

40% asset revaluation since acquisition

Total Portfolio LfL Revaluation

31/12/2018 Valuation

€1,536 Mn

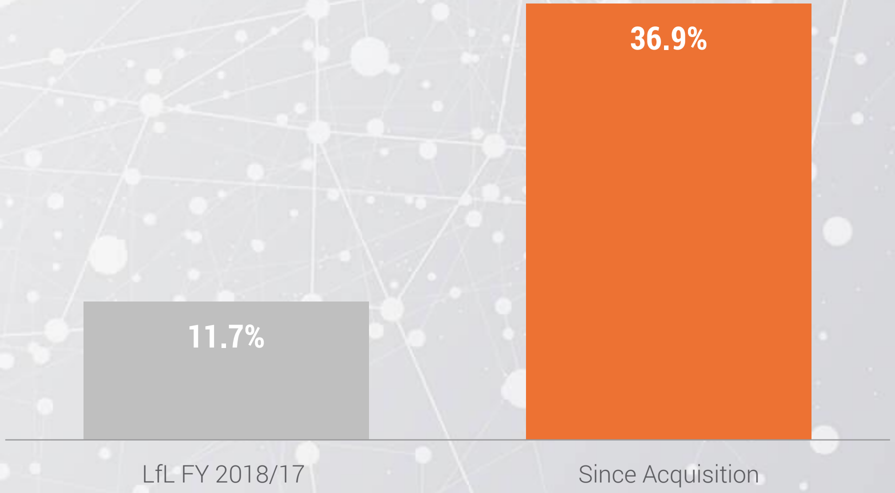


Including capex invested

Total Retail LfL Revaluation

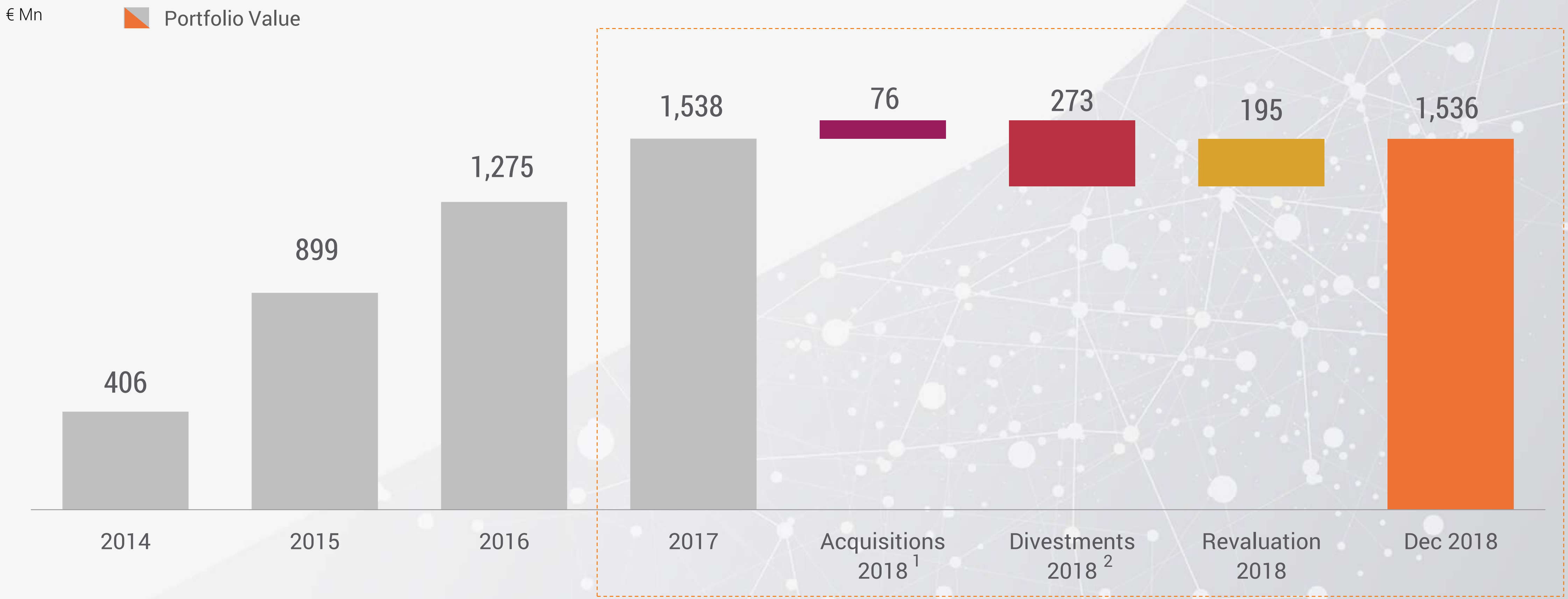
31/12/2018 Valuation

€1,376 Mn



Including capex invested

Strong valuation performance throughout the years



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1. Parque Abadía commercial gallery and Rivas Futura retail park.
2. Egeo and Joan Miró office buildings, logistics portfolio and Nuevo Alisal, Villaverde and Galaria retail warehouses.

Consolidated Income Statement (€ Millions)

	P&L		Chg% FY 2018/17	RECURRING		NON-RECURRING	
	FY 2018	FY 2017		FY 2018	FY 2017	FY 2018	FY 2017
Rental Income	77.8	77.6		77.8	77.6	-	-
Other Income	3.7	2.2		3.7	2.2	-	-
Property Operating Expenses	(12.6)	(11.3)		(12.6)	(11.3)	-	-
Base Fee	(8.7)	(9.0)		(8.7)	(9.0)	-	-
Gain/(Loss) on Disposal of Investment Properties	28.5	2.8		-	-	28.5	2.8
Property Operating Result[1]	**88.7**	**62.3**	**+42.4%**	**60.2**	**59.5**	**28.5**	**2.8**
Corporate Expenses	(7.8)	(6.0)		(4.2)	(3.4)	(3.6)	(2.6)
Other Results	0.0	0.7		0.0	-	0.0	0.7
EBITDA[1]	**80.9**	**56.9**	**+42.2%**	**56.0**	**56.1**	**24.9**	**0.9**
Changes in the Fair Value of investment properties	70.5	101.6		70.5	101.6	-	-
Amortisation Expenses	(0.3)	(0.02)		(0.3)	(0.02)	-	-
EBIT[1]	**151.1**	**158.4**		**126.2**	**157.7**	**24.9**	**0.9**
Financial Result	11.1	(10.7)		11.4	(10.7)	(0.3)	(0.1)
Changes in the fair value of financial instruments	(1.0)	(0.0)		(1.0)	(0.0)	-	-
Share in Profit/ (Loss) for the Period of Equity-Accounted Companies	(0.9)	(2.1)		(0.9)	(2.1)	-	-
EBT[1]	**160.3**	**145.6**		**135.7**	**144.8**	**24.6**	**0.8**
Income Tax	(4.5)	-		-	-	(4.5)	-
Profit for the Period (Pre Divestment/Performance Fee)	**155.8**	**145.6**	**+7.0%**	**135.7**	**144.8**	**20.1**	**0.8**
FFO *(EBITDA – Financial Result)*[1]	92.1	46.2					
Performance Fee *(Non-cash accrued provision)*	(8.6)	(10.0)		(8.6)	(10.0)	-	-
Divestment Fee (*One-off*)	(17.9)	-		-	-	(17.9)	-
Profit for the Period (Post Divestment/Performance Fee)	129.3	135.6		127.1	134.8	2.2	0.8

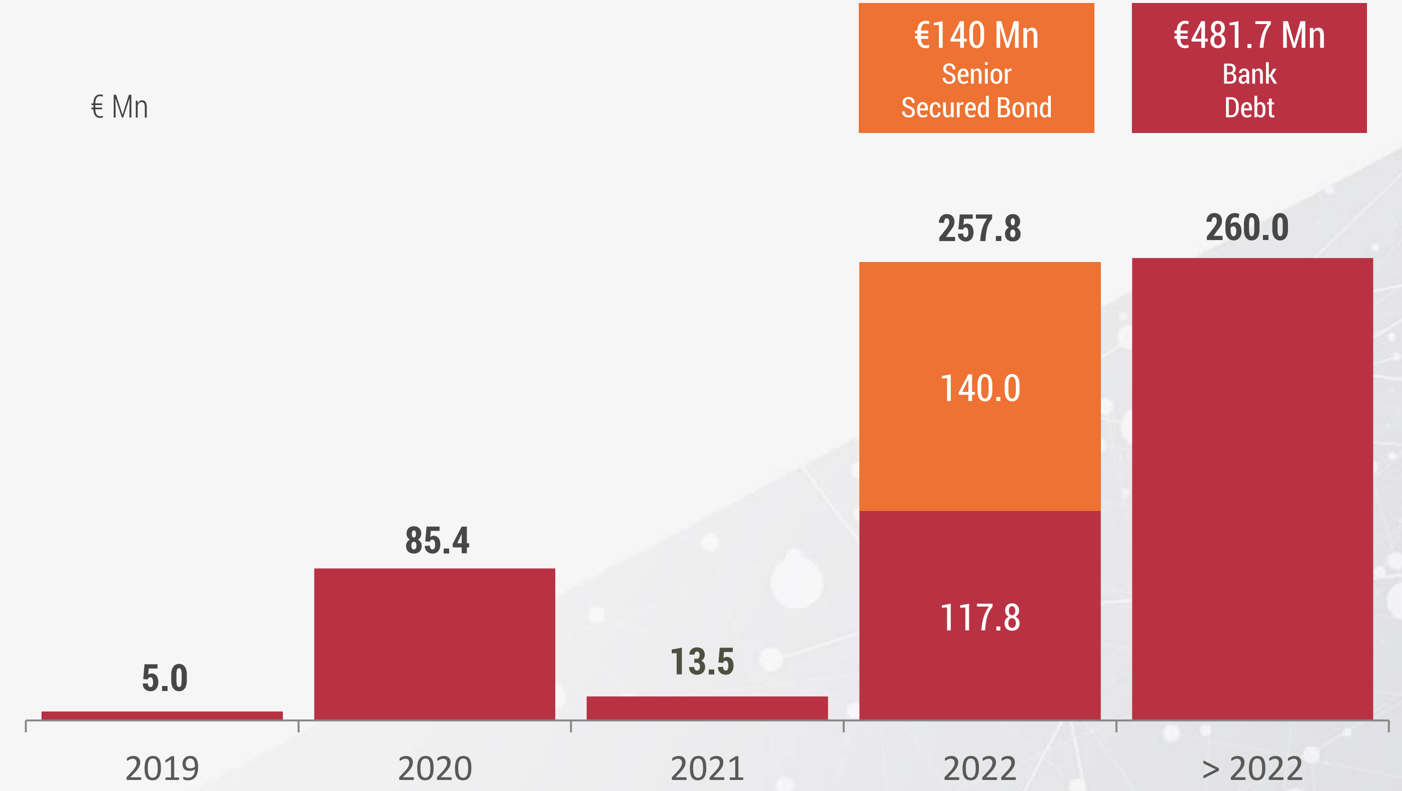
1. Pro-forma pre-divestment and pre-performance fee

Note: May not foot due to rounding

Solid
financial pillars

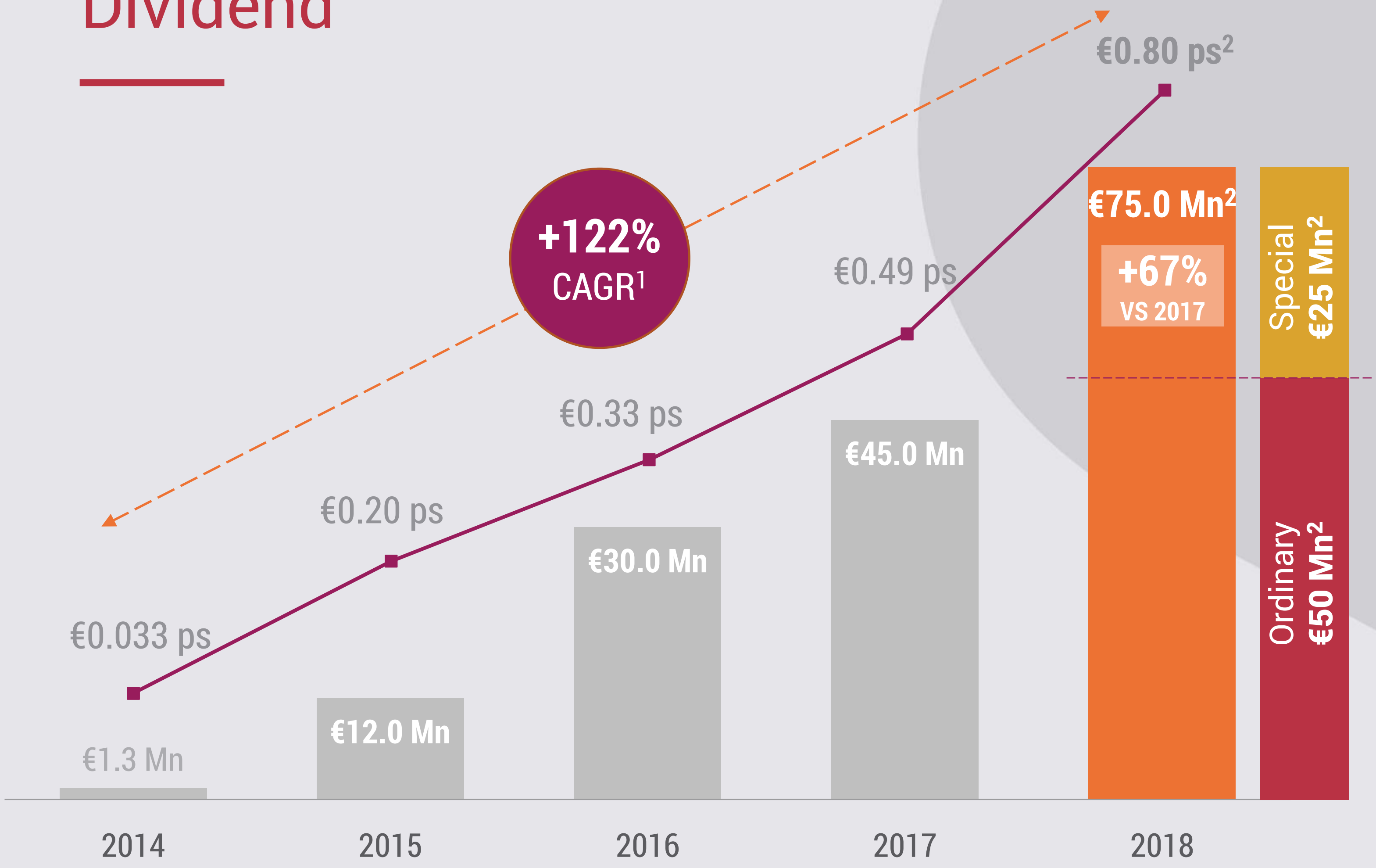
Debt Structure and Amortization Profile

As at 31.12.2018



Gross financial debt **€621.7 Mn**	Net financial debt **€431.5 Mn**
Average debt maturity **5.6y**	Average cost of debt **2.16%**
Fixed rate **98%**	Net LTV **28%**

Dividend



€75.0 Mn
2018 Dividend[2]

€25.0 Mn[2]
LAGASCA99
Special dividend

7.5%
Dividend Yield on NAV[3]

10.7%
Dividend Yield on Market Cap[4]

IBEX TOP DIVIDENDO
Appointed in 2018 & 2019

13.24%
Return to shareholders[5]

1. Compound annual growth rate
2. Dividend estimated and to be approved in AGM
3. 2018´s average quarterly EPRA NAV
4. Market Capitalization as of December 31st, 2018
5. Variation in the Company´s EPRA NAV per share + dividend per share distributed during the financial year

Share Buy-Back programme & Amortisation of shares
Another way to create value for our shareholders

1.5 Mn
Shares
Amortised
as of Dec 28th, 2018

1.63%
of company's
Share Capital

As a result of the Share Buy-Back Programme, we amortized **1,544,490 shares of Lar España's share capital,** 1.63% of total capital

.

As a result of the Share Buy-Back Programme, the total number of shares bought as of February 26th 2019 is **3,032,841**

3.0 Mn
Shares
bought
as of Feb 26th, 2019

The capital reduction should reflect the **strong potential & future value of Lar España's shares** & assure the company's objective of increasing total shareholders' return

96% completed
over total shares included in the programme (3.16 Mn)

03

Business Performance

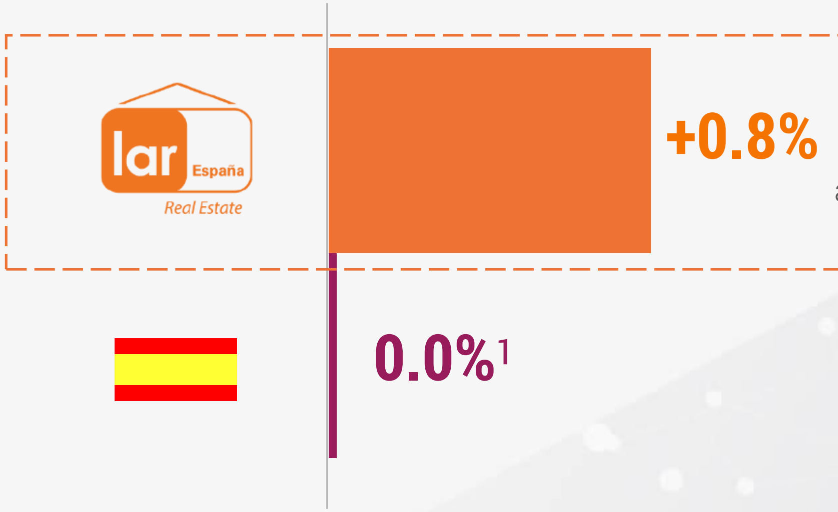
RETAIL *in action!*

Footfall above Spanish market
despite 5 shopping centres under refurbishment

Footfall FY 2018

63,000,000 visits

Vs FY 2017



c.300,000 sqm GLA affected by refurbishments during the year

87 min AVG. STAY

+6% vs FY 2017

“Customer Journey” project implemented in all shopping centres

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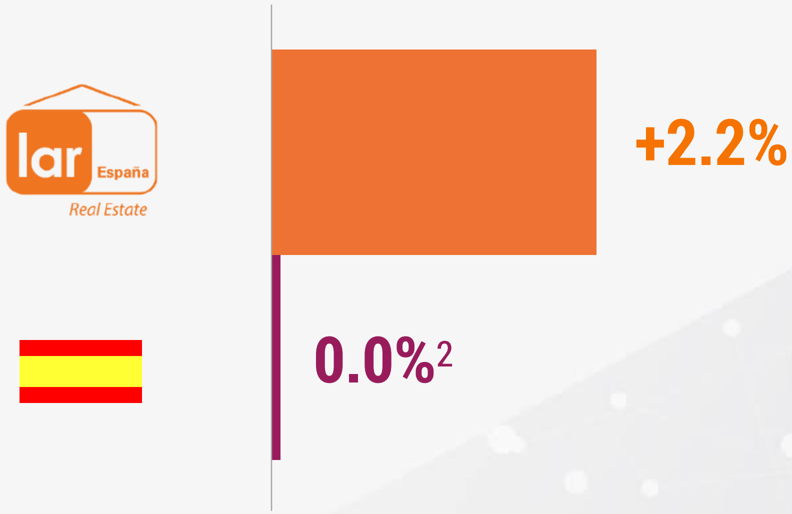
[1] Shopper Trak Index

Sales also beating the Spanish market
driven by a strong letting activity in our shopping centres

Sales[1] FY 2018

€708.4 Mn

Vs FY 2017



Letting activity at the core of the strategy

+12.4%
RENTAL GROWTH[3]

38,723 sqm
ROTATED

8%
ROTATION RATE

154
OPERATIONS IN FY 2018

€8.3 Mn
NEGOTIATED RENT

9.3%
AVERAGE EFFORT RATE

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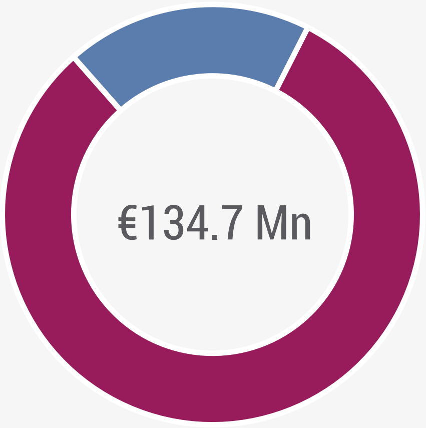
1. Declared sales
2. INE (National Statistics Institute). Spanish Retail Index
3. Excluding the following renewals: El Corte Inglés in Megapark, H&M in El Rosal and As Termas

Capex: A tool to create value

Every investment is decided based on ROI, to generate revenues

Accumulated Capex till Dec 31st, 2018



19%
Extension/
renovation Capex

81%
Development Capex
(Lagoh, VidaNova Parc & Lagasca99)

Refurbishment pipeline	Est. Capex	% Execution
Albacenter	€3.0 Mn	100% executed
Eloy Gonzalo	€4.0 Mn	100% executed
Megapark	€6.5 Mn	Phase 2 in project *100% executed Phase 1*
Portal de la Marina	€3.4 Mn	80% executed
As Termas	€2.1 Mn	100% executed
Gran Vía de Vigo	€0.9 Mn	100% executed
El Rosal	€2.0 Mn	86% executed Phase 1 *Phase 2 in project*
Anec Blau	€14.8 Mn	In project

Obtaining excellent results
from our full refurbishment projects

€3.0 Mn
CAPEX
invested

Albacenter Shopping Centre

Image redesign and entrance improvement

	Pre-refurbishment	Post-refurbishment	Growth
EPRA topped-up net rent	€3.24 Mn	€3.51 Mn	**+8.3%**
Market Value	€52.05 Mn	€57.94 Mn	**+11.3%**

€2.1 Mn
CAPEX
invested

As Termas Shopping Centre

Image redesign and new dining area

	Pre-refurbishment	Post-refurbishment	Growth
EPRA topped-up net rent	€5.11 Mn	€5.55 Mn	**+8.8%**
Market Value	€84.23 Mn	€87.56 Mn	**+4.0%**

€3.4 Mn
CAPEX
invested

P. Marina Shopping centre

Image redesign and new dining area

	Pre-refurbishment	Post-refurbishment	Growth
EPRA topped-up net rent	€7.35 Mn	€7.39 Mn	**+0.5%**
Market Value	€119.80 Mn	€129.18 Mn	**+7.8%**

€4.0 Mn
CAPEX
invested

Eloy Gonzalo Office Building

Full interior and facilities renewal

	Pre-refurbishment	Post-refurbishment	Growth
EPRA topped-up net rent	€0.30 Mn	€1.55 Mn	**+411.2%**
Market Value	€15.00 Mn	€39.40 Mn	**+162.7%**

Retail operating trends keep up throughout the year

All figures refer to FY 2018 period

Active Asset & Tenant Management
+
Smart Capex in Operating Assets

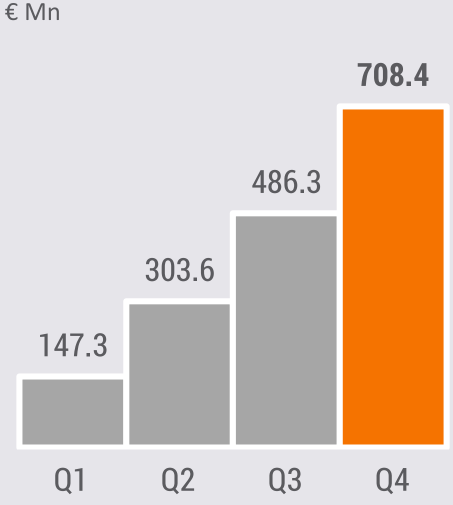
€21.3 Mn

Retail Invested Capex
FY 2018

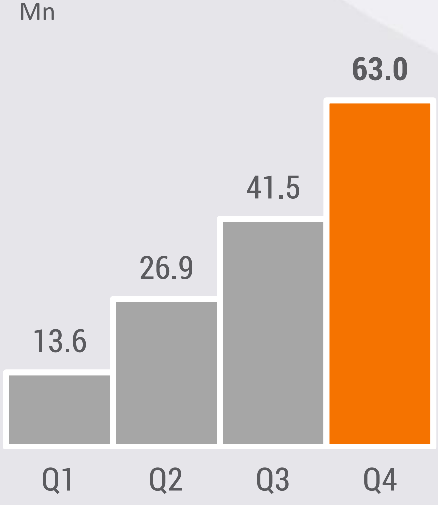
Vs FY 2017

LfL GRI Growth	LfL NOI Growth	LfL incentives reduction to tenants
+3.2%	**+3.7%**	**13.9%**

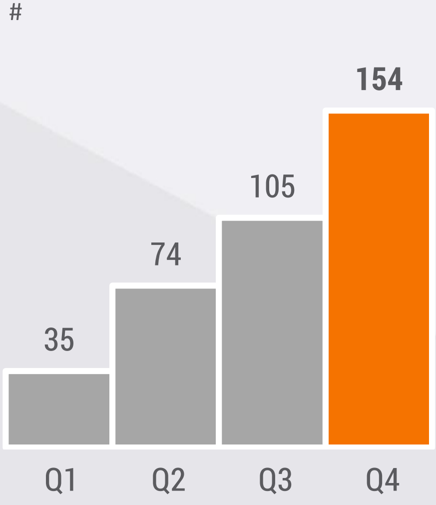
Sales



Visits



Operations



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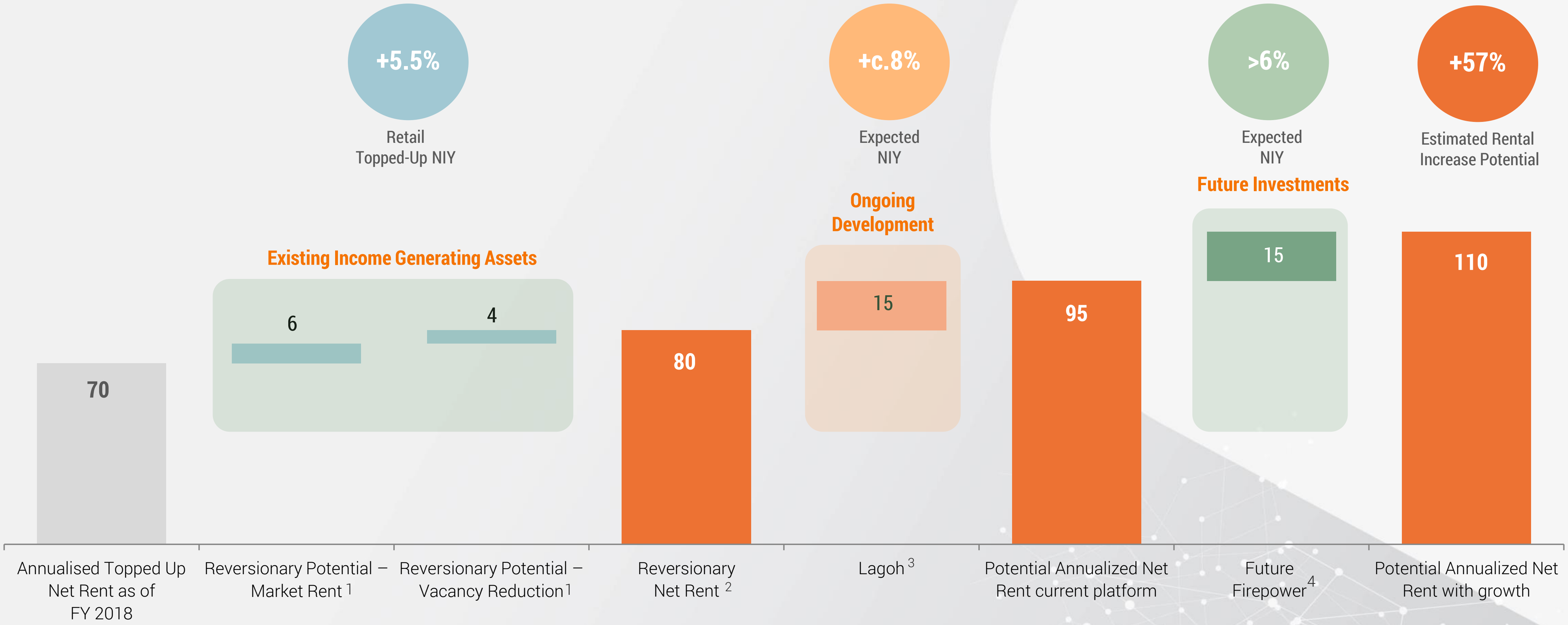
1. Declared sales

Retail Portfolio's potential



1.Illustrative potential additional rent calculated as the difference between the market net rent estimated by the Company's appraisal done by Cushman & Wakefield and JLL (ERV), as part of their valuation exercise and the annualized net rent obtained by the Company. Difference applied only to the current EPRA occupancy rate, considering the occupancy rate of the Company's properties as of 31st December 2018.

2.Illustrative potential additional rent in 2018 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.

3. Potential rent that may be derived from certain of the Company's assets under development (Lagoh) based on the announced yield at the moment of its acquisition as applied to the acquisition price and building capex

4. According to BP

04

Closing Remarks

EPRA sBPR GOLD

EPRA BPR GOLD

RETAIL *in action!*

OPERATING RESULTS

+7.0% Net Profit[1] in FY 2018 vs FY 2017
+42.4% Property Operating Result[1] in FY 2018 vs FY 2017
+12.1% LfL revaluation in the year

DEVELOPMENTS

VidaNova Parc fully opened and operative with **100%** GLA signed
Lagoh reached c.**90%**[2] of GLA leased and committed
Lagasca99 reaches c.**75%** deliveries in February 2019

2018 FINANCINGS & DEBT

During 2018, we have financed more than
€200 Mn
Net LTV
28%

CORPORATE

€75 Mn[3] dividend announced for 2018
(€50 Mn[3] ordinary dividend + €25 Mn[3] Special dividend on Lagasca99)
7.5%[4] Dividend yield over avg. NAV
€30 Mn Share Buy-Back Programme executed

Strong set of valuations, solid operating performance & excellent financial results

12 quarters outperforming the market

Successful programme of asset rotation

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1. Pro-forma pre-divestment and pre-performance fee
2. As of February 2019
3. Dividend estimated and to be approved in AGM
4. 2018´s average quarterly EPRA NAV

lar España
Real Estate

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