



9M 2018 Results

13th November 2018

RETAIL
in action!



AGENDA

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RETAIL
in action!






01

9M 2018 Highlights



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Lar España maintains its path of strong results in 9M 2018

 OPERATING RESULTS	+12% in Net Profit +44% in Property Operating Result ¹	21% Developments & refurbishment revaluation since June 2018	€10.76 NAV p.s. +13% vs 9M 2017	11 quarters outperforming the Spanish market in sales & footfall
 DEVELOPMENTS & REFURBISHMENTS	Vidanova Parc fully opened & operative 100% GLA signed	Lagoh 76% of GLA signed & committed	Lagasca99 90% already sold	Eloy Gonzalo 100% occupancy reached
 ASSET ROTATION	€243.7 Mn 2018 divestments 47% of Business Plan	€75.6 Mn 2018 acquisitions 30% of Business Plan	€119.7 Mn in logistics portfolio disposal 83% over acq. price	€11.5 Mn Galaria divestment 37% over acq. price
 2018 FINANCINGS	Lagoh Financing c.€100 Mn development facility	Rivas Futura Financing €27.5 Mn Mortgage Loan	Abadía Com. Gallery Financing €8.7 Mn Mortgage Loan	EIB New Credit Line €70 Mn October 2018
 CORPORATE	>5% Dividend yield over avg. NAV Special dividend Lagasca99 €30 Mn Share Buy-Back Programme	Grupo Lar reinforces its stake in Lar España up to 10%	BREEAM® 8 In-Use "Very Good" Certificated 2 In-Use "Good" Certificated 3 New-Build, "Very Good" rating	

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

Lar España crystallizes value during Q3 2018 through the logistics portfolio disposal

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

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

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

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

Total Acquisition Price
€65.6 Mn

Valuation Appraisal
(Dec 2017)
€91.9 Mn

% Over Acq. Price

82.5%

% Over Valuation Dec 17

30.3 %

Total Sale price
€119.7 Mn

Acquisition NIY
9.4%

Exit Yield
5.8%

VidaNova Parc

Successful opening with sales above tenants estimates

VidaNova Parc fully opened in September
Tenants impressed by initial sales figures

**Tenants
sales**
above estimates

100%
GLA leased

>170,000
visitors
1st week

DECATHLON

worten

Conforama

LEROY MERLIN

casa

C&A

FIFTY FACTORY
(GRUPO CORTEFIEL)

Norauto

YELMO
CINES

Urban Planet

BURGER KING

KFC

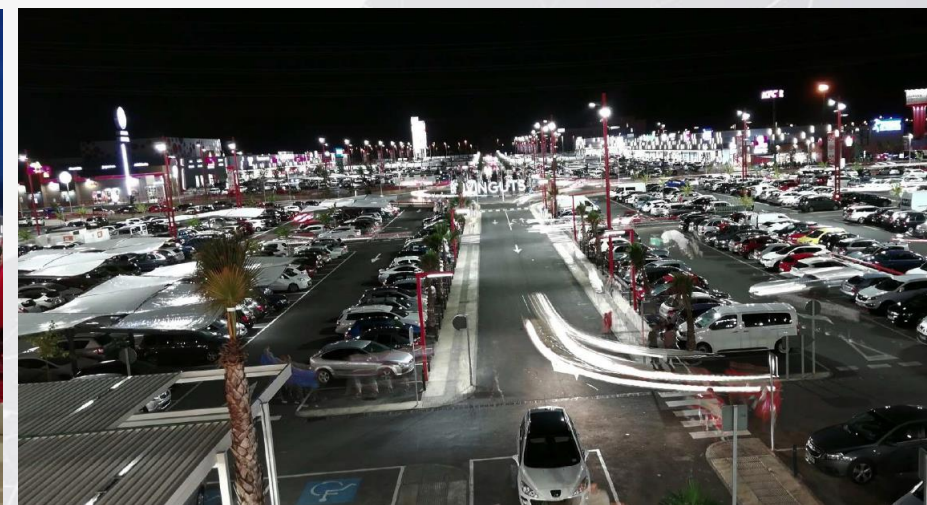
païse play

VIPS

VOLAPIÉ

LIZARRAN

GINOS



45,773 Sqm
GLA

+40
leader brands

€49.0 Mn
Total Investment

€5 Mn
Exp. Annual Rent²

€61.6 Mn
Valuation¹

6 Mn
Exp. Visitors 1st year

1. Valuation as of 30th September 2018.

2. Stabilized gross rent.

Lagoh

to become an additional source of value creation

Excellent location,
4 km from Seville's city centre

Summer 2019
Opening

76%
GLA signed and committed

8 Inditex
Brands signed



14 Mn/year
Exp. Visits

c.200
Tenants

€106.2 Mn
Valuation¹

1.5 Mn inhabitants
Great catchment area

c.15 Mn
Exp. Annual Rent²

€151.6 Mn
Estimated
construction cost

1. Valuation as of 30th September 2018.

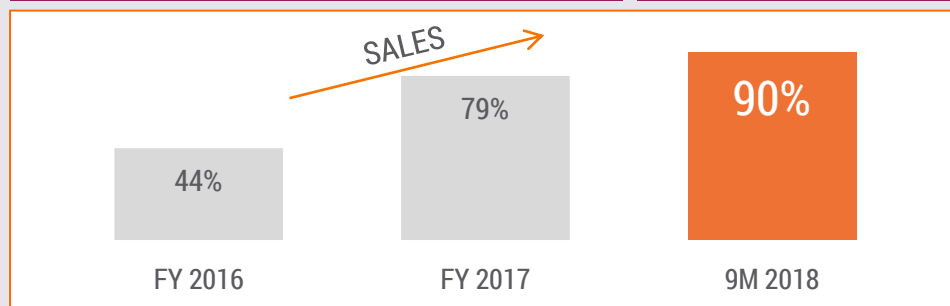
2. Stabilized gross rent.

Lagasca99 sales reached 90%

Most deliveries will occur before year end

New residential concept
in the centre of Madrid

€203 Mn
Valuation¹



First units' delivery
November 2018

Avg. Price
c.11,300 €/sqm

Special dividend
announced

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

Successful Business Plan execution 2018-2021

5.8%
Avg.
Exit yield

Arturo Soria Sale
Office Building

€32.5 Mn
Sale price

34.5%
over acq. Price

4.5%
Exit yield

Egeo Sale
Office Building

€79.3 Mn
Sale price

22.2%
over acq. price

5.0%
Exit yield

Villaverde & Alisal Sale
Retail Parks

€33.2 Mn
Sale price

27.1%
over acq. price

4.6%
Exit yield

Logistics Portfolio &
Cheste Sale

€119.7 Mn
Sale price

82.5%
over acq. price

5.8%
Exit yield

Galaria Sale
Retail Park

€11.5 Mn
Sale price

36.9%
over acq. price

6.0%
Exit yield

Business Plan
Execution



47% divestments realized

2017

SEP
'17

OCT
'17

2018

JAN
'18

FEB
'18

MAR
'18

JUL
'18

AUG
'18

2019

2020

2021

6.5%
Avg.
NIY

Megapark
Leisure Area

€8.7 Mn
acquisition price

9.1%
NIY

Abadía's
Commercial Gallery

€14 Mn
acquisition price

7.3%
NIY

Rivas Futura
Retail Park

€61.6 Mn
acquisition price

6.0%
NIY



30% acquisitions realized

Investor Day 2018: Omnichannel and customer engagement

Drivers of the day-to-day operations in Lar España



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

DIGITALISATION



TECHNOLOGY

EXPERIENCE



ENGAGEMENT

ESG



SUSTAINABILITY (ESG)

Successful shopping centres performance

Winning assets in a moment of change and opportunity



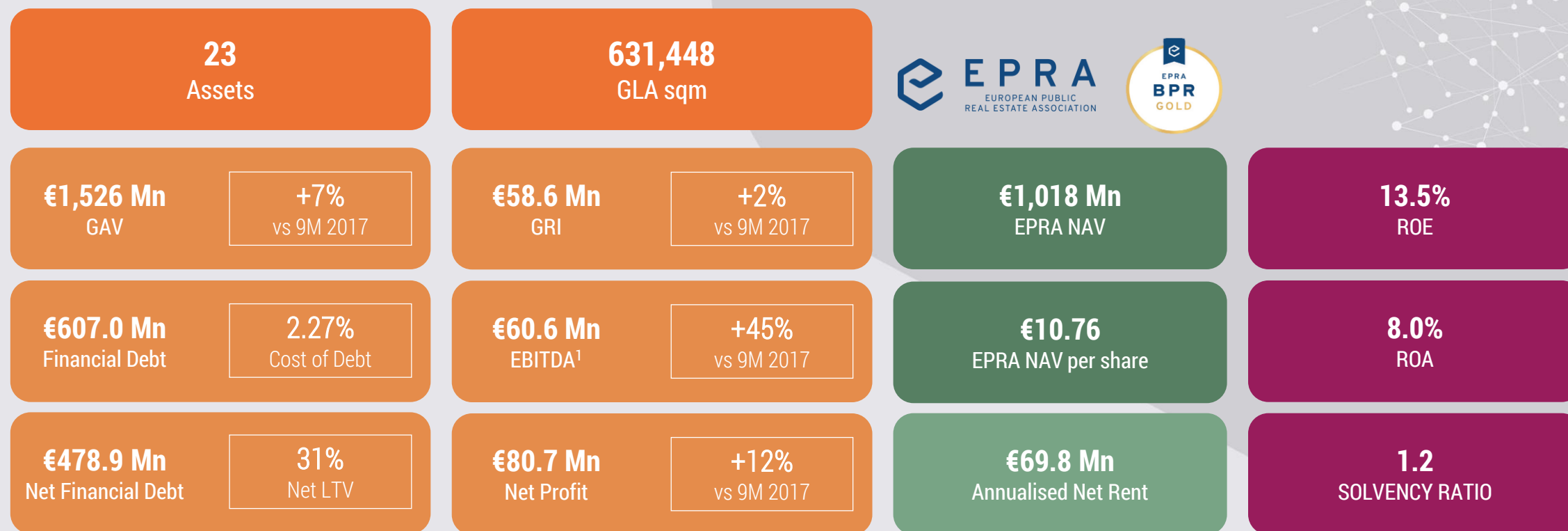
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9M 2018 Financial Results

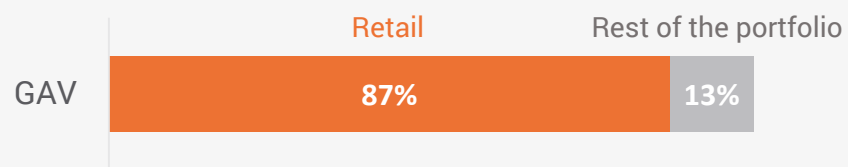


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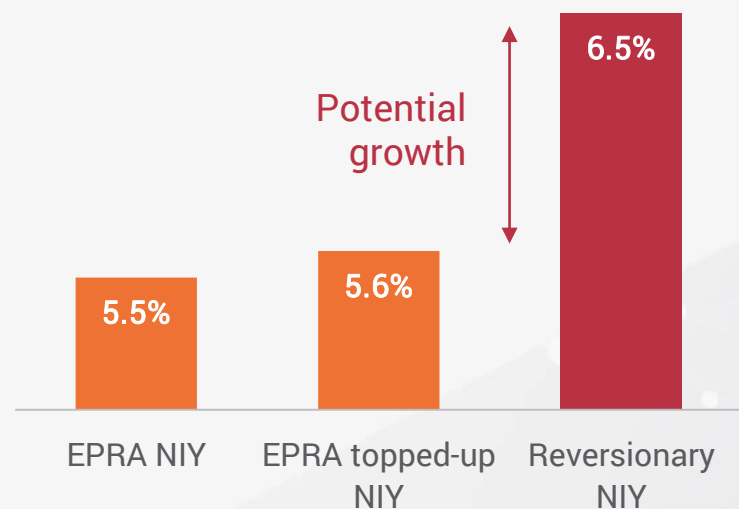
Successful & strong financial key figures delivered in 9M 2018



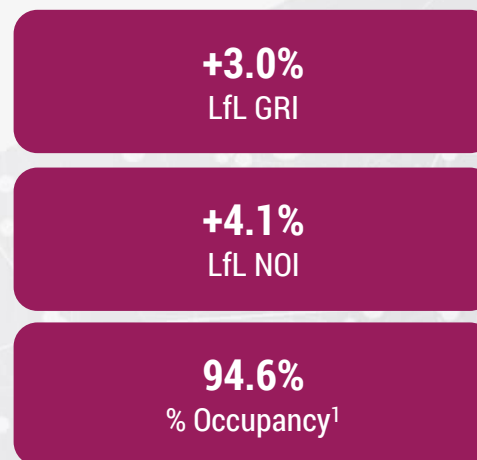
Solid retail performance driven by robust operating results in 9M 2018



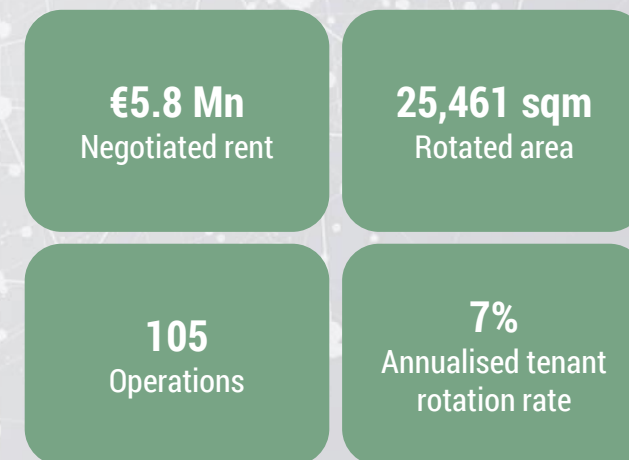
Retail yields



Operating results



Commercial activity



Strong valuation performance in our developments & refurbishments

RETAIL & RESIDENTIAL DEVELOPMENTS

23.3%

Revaluation
since 30 June 2018

163.5%

Revaluation
since Acquisition

VIDANOVA PARC

LAGOH

LAGASCA 99

+71.9%
SINCE
30 JUNE 2018

+431.0%
SINCE
ACQUISITION

+20.0%
SINCE
30 JUNE 2018

+162.2%
SINCE
ACQUISITION

+8.0%
SINCE
30 JUNE 2018

+102.6%
SINCE
ACQUISITION



OFFICES

5.1%

Revaluation
since 30 June 2018

209.5%

Revaluation
since Acquisition

ELOY GONZALO (REFURBISHMENT)

+5.1%
SINCE
30 JUNE 2018

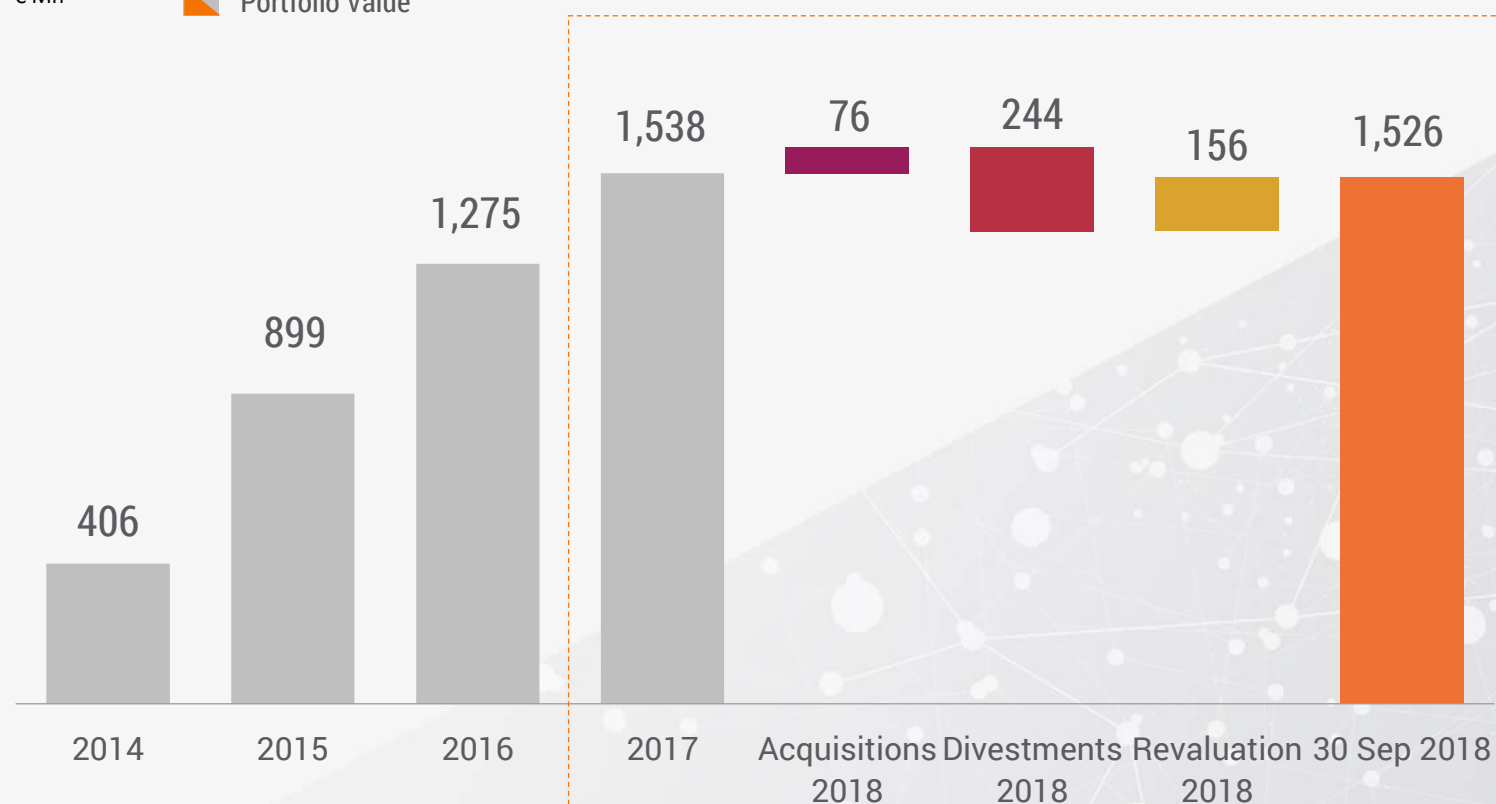
+209.5%
SINCE
ACQUISITION



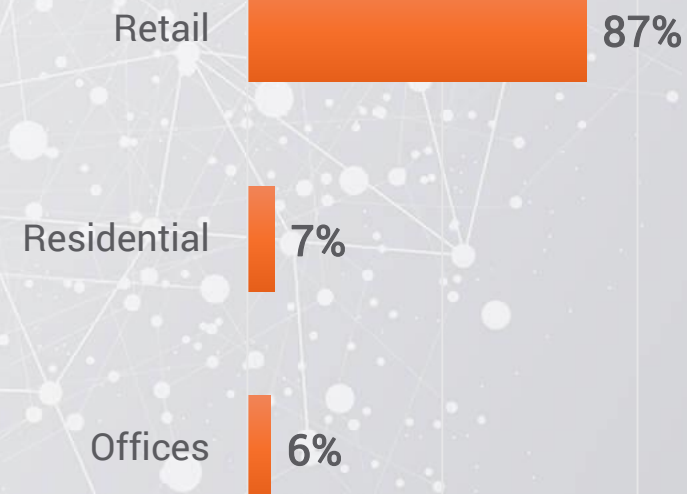
Strong valuation performance in our developments & refurbishments

€ Mn

Portfolio Value



GAV by asset class



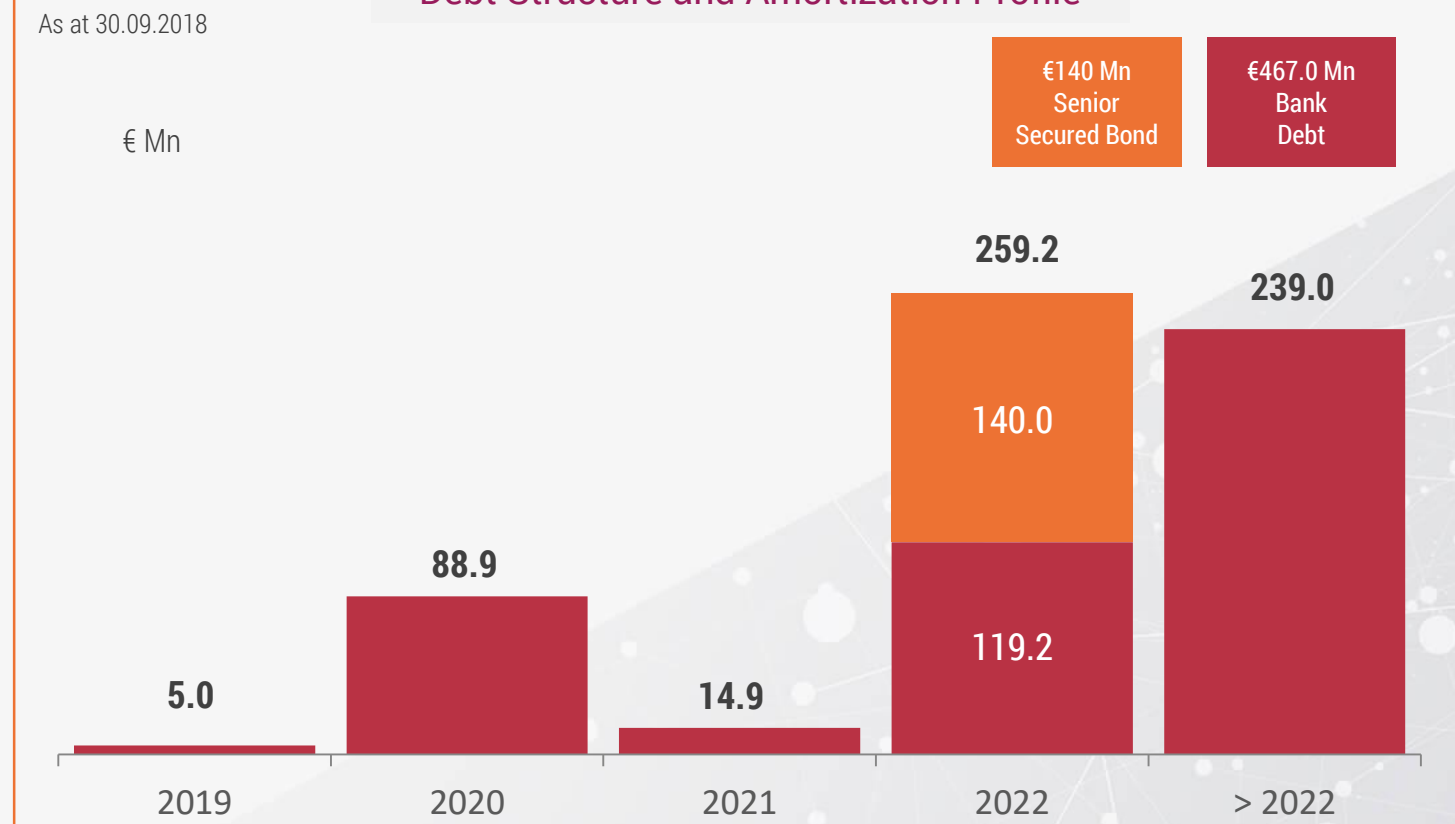
Consolidated Income Statement (€ Millions)

	P&L		Chg% 9M 2018/17	RECURRING		NON-RECURRING	
	9M 2018	9M 2017		9M 2018	9M 2017	9M 2018	9M 2017
Rental Income	58.6	57.2		58.6	57.2	-	-
Other Income	3.1	1.6		3.1	1.6	-	-
Property Operating Expenses	(10.3)	(9.6)		(10.3)	(9.6)	-	-
Base Fee	(6.5)	(6.8)		(6.5)	(6.8)	-	-
Gain/(Loss) on Disposal of Investment Properties	20.6	2.8		-	-	20.6	2.8
Property Operating Result¹	65.5	45.4	+44.3%	44.9	42.5	20.6	2.8
Corporate Expenses	(4.9)	(4.2)		(2.5)	(2.5)	(2.4)	(1.6)
Other Results	-	0.7		-	-	-	0.7
EBITDA¹	60.6	41.9	+44.6%	42.3	40.0	18.2	1.9
Changes in the Fair Value of investment properties	59.6	46.9		-	-	59.6	46.9
Amortisation Expenses	(0.2)	-		(0.2)	-	-	-
EBIT¹	120.0	88.8		42.1	40.0	77.8	48.8
Financial Result	(10.6)	(7.9)		(10.3)	(7.9)	(0.3)	-
Share in Profit/ (Loss) for the Period of Equity-Accounted Companies	(0.8)	(1.1)		(0.8)	(1.1)	-	-
EBT¹	108.5	79.7		30.9	31.0	77.5	48.8
Income Tax	(2.0)	-		-	-	(2.0)	-
Profit for the Period (Pre Divestment/Performance Fee)	106.5	79.7	+33.6%	30.9	31.0	75.5	48.8
FFO (EBITDA – Financial Result) ¹	50.0	34.0		32.0	32.1	17.9	1.9
Performance Fee (Non-cash accrued provision)	(7.9)	(7.6)		-	-	(7.9)	(7.6)
Divestment Fee (One-off due to Assets sold during 2018)	(17.9)	-		-	-	(17.9)	-
Profit for the Period (Post Divestment/Performance Fee)	80.7	72.2	+11.8%	30.9	31.0	49.7	41.2

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

Solid financial pillars

Debt Structure and Amortization Profile



Gross Financial Debt
€607.0 Mn

Net LTV
31%

Avg. Cost of Debt
2.27%

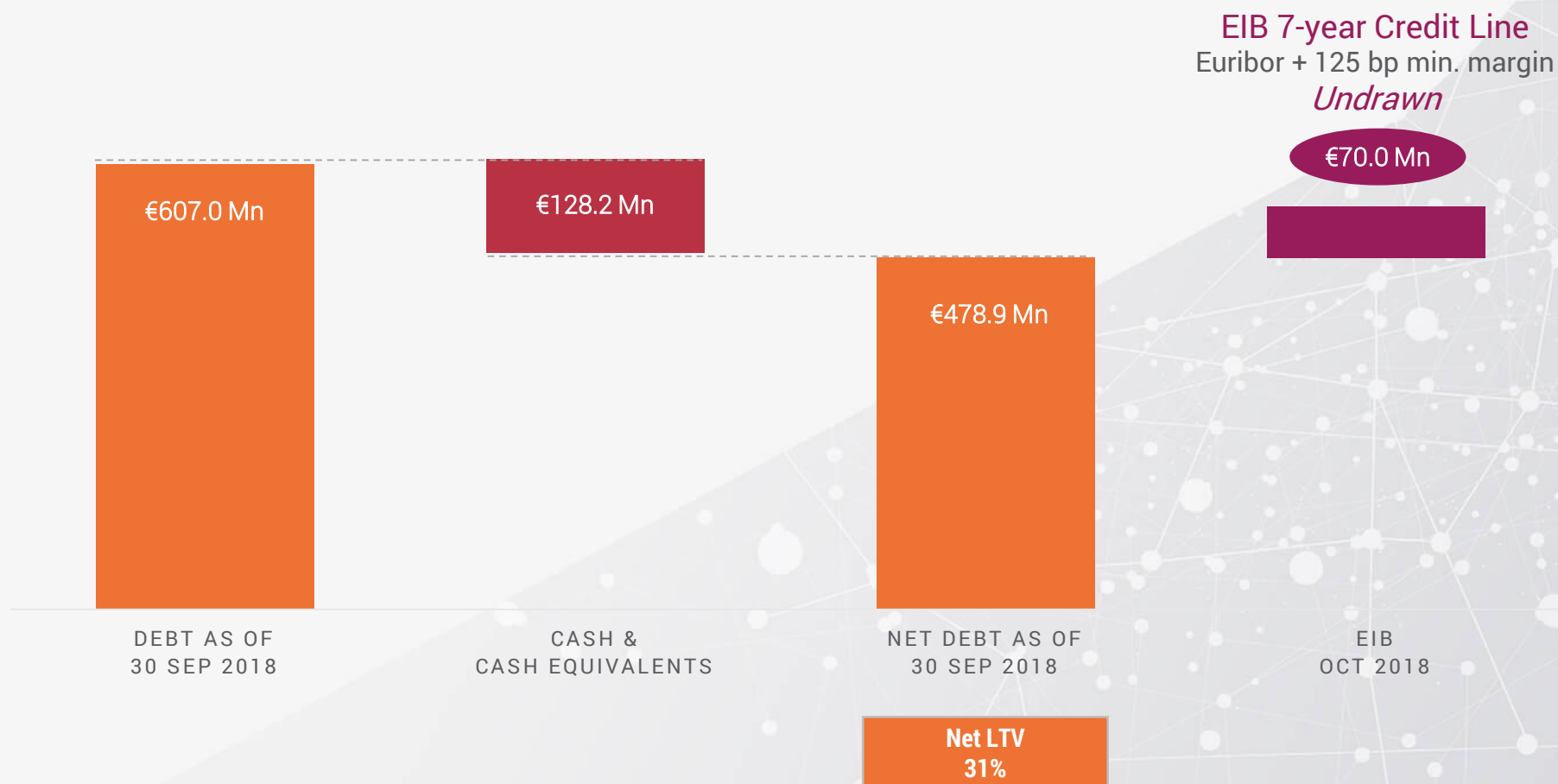
Fixed Rate
98%

Interest Cover Ratio¹ (ICR)
3.02x

1. EBITDA (pre-revaluation) / Interest expenses as at 9M 2018

New €70 Mn credit line granted by the EIB

With the support of the Investment Plan for Europe



October 26th

Lar España is the **first** entity in securing a credit line of this amount and **characteristics**, which, according to its nature, contributes to the fulfilment of the Company's business plan, as it is based on **sustainability** as one of its main pillars.

Share Buy-Back programme

Another way of distribution to maximize value for our shareholders

€30 Mn

Share
Buy-Back

3.33%

of company's
Share Capital

The purpose of the Buy-Back Program is the **reduction of Lar España's share capital**, in line with the company's objective of increasing total shareholders return

Opportunity to show the **strong potential and future value of Lar España's shares**

880,000¹

Shares already
bought



25% completed

End date: December 28th, 2018

03 Business Performance

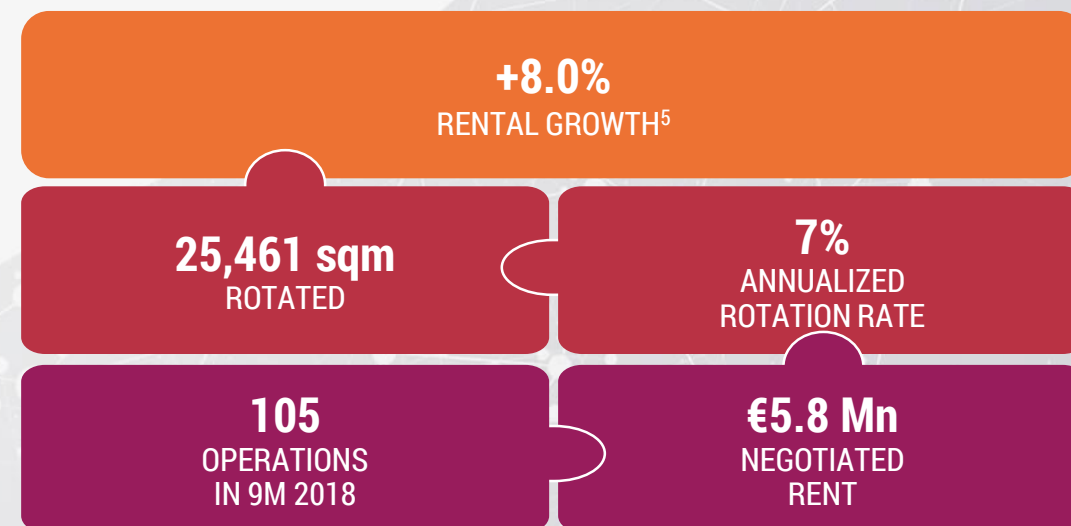
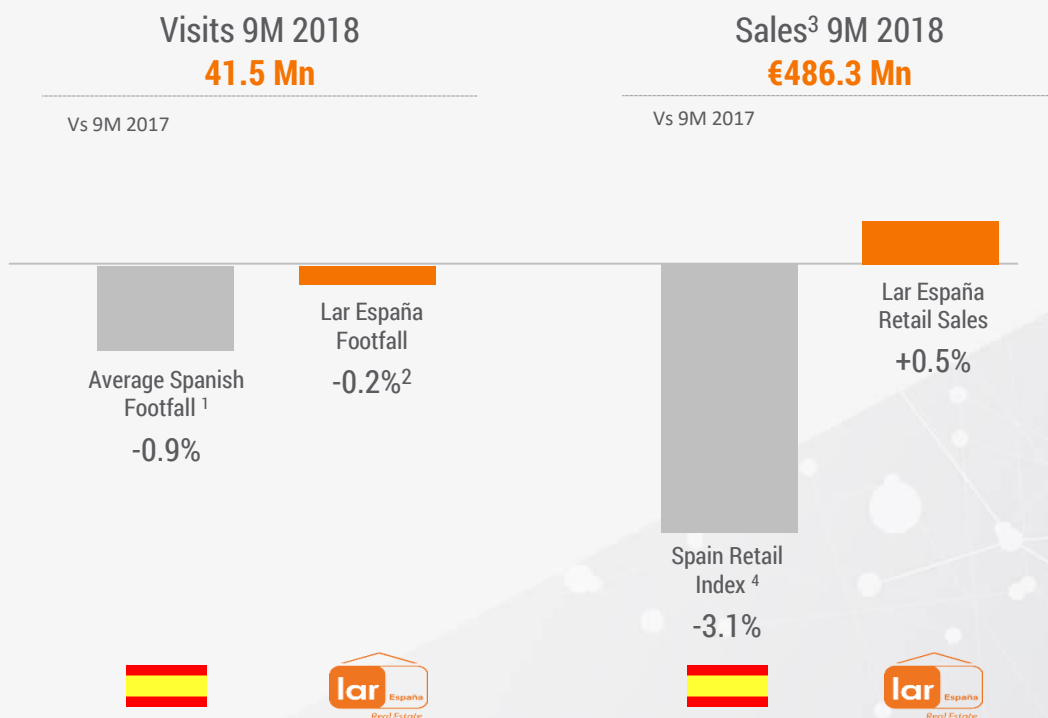


RETAIL
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Sound retail letting activity keep pushing KPI's above market, despite 4 shopping centres under refurbishment

Lar España continues outperforming the market

Letting activity at the core of the strategy



New generation retail: New metric

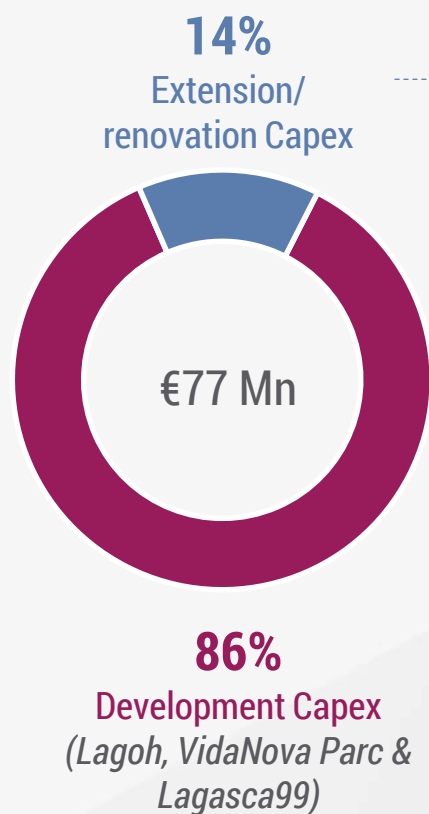


1. Shopper Trak Index
 2. Affected by refurbishments during the year
 3. Declared sales
 4. INE (National Statistics Institute). Spanish Retail Index.
 5. Excluding the following renewals: ECI in MGP, H&M in ROS and H&M in AST

Capex: A tool to create value

Every investment is decided based on ROI, to generate revenues

Accumulated Capex till Sep 30th, 2018



Refurbishment pipeline	Est. Capex	% Execution
Albacenter	€3.0 Mn	100% executed
Eloy Gonzalo	€4.0 Mn	100% executed
Megapark	€6.5 Mn	90% executed Phase I
Portal de la Marina	€3.2 Mn	50% executed
As Termas	€1.4 Mn	35% executed
Gran Vía de Vigo	€0.9Mn	50% executed
El Rosal	€2.0 Mn	In project
Anec Blau	€13.8 Mn	In project

Albacenter & Eloy Gonzalo

Two full refurbishment projects with a strong value creation

Albacenter Shopping Centre

Renovation of its entrances and create dynamic, feel-good and urban spaces, by **remodeling the retail and dining areas**.

The refurbishment, which began in November 2017, took 7 months to complete.

	Pre-refurbishment	Post-refurbishment	Growth
EPRA topped-up net rent	€3.2 Mn	€3.5 Mn	+8.3%
Market Value	€52.1 Mn	€57.9 Mn	+11.3%

Performance since re-opening

+3%
Footfall

+11%
Total Sales

Eloy Gonzalo Office Building

Full-scale interior refurbishment, including all the facilities, the property has maintained its classical essence, while enhancing its overall appeal.

It was fully leased prior to completion of the refurbishment works. Its anchor tenant, **WeWork**, occupies floors 1 to 6 of the building.

	Pre-refurbishment	Post-refurbishment	Growth
EPRA topped-up net rent	€0.3 Mn	€1.6 Mn	+411.2%
Market Value	€15.0 Mn	€39.4 Mn	+162.7%



Retail operating trends keep up throughout the year

All figures refer to 9M 2018 period

Active Asset & Tenant Management
+
Smart Capex in Operating Assets

€7.6 Mn

Retail Invested Capex
9M 2018

Vs 9m 2017

LfL Occupancy Rate Growth
+1.5%

LfL NOI
Growth
+4.1%

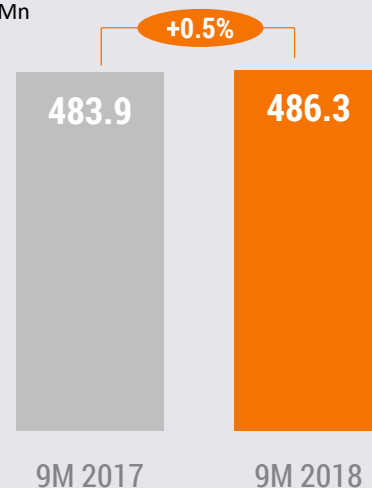
LfL GRI
Growth
+3.0%

Incentives reduction to
tenants
9.7%



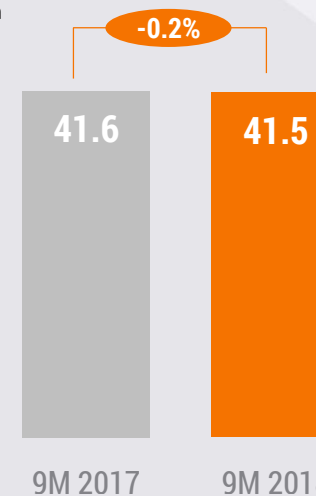
Total Sales¹

€ Mn



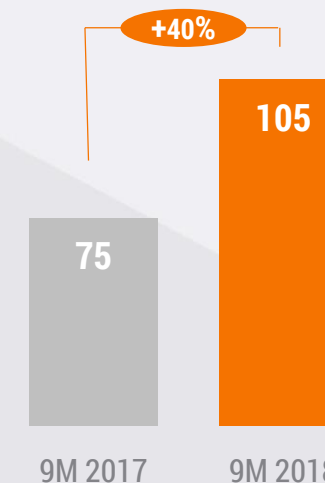
Visits

Mn



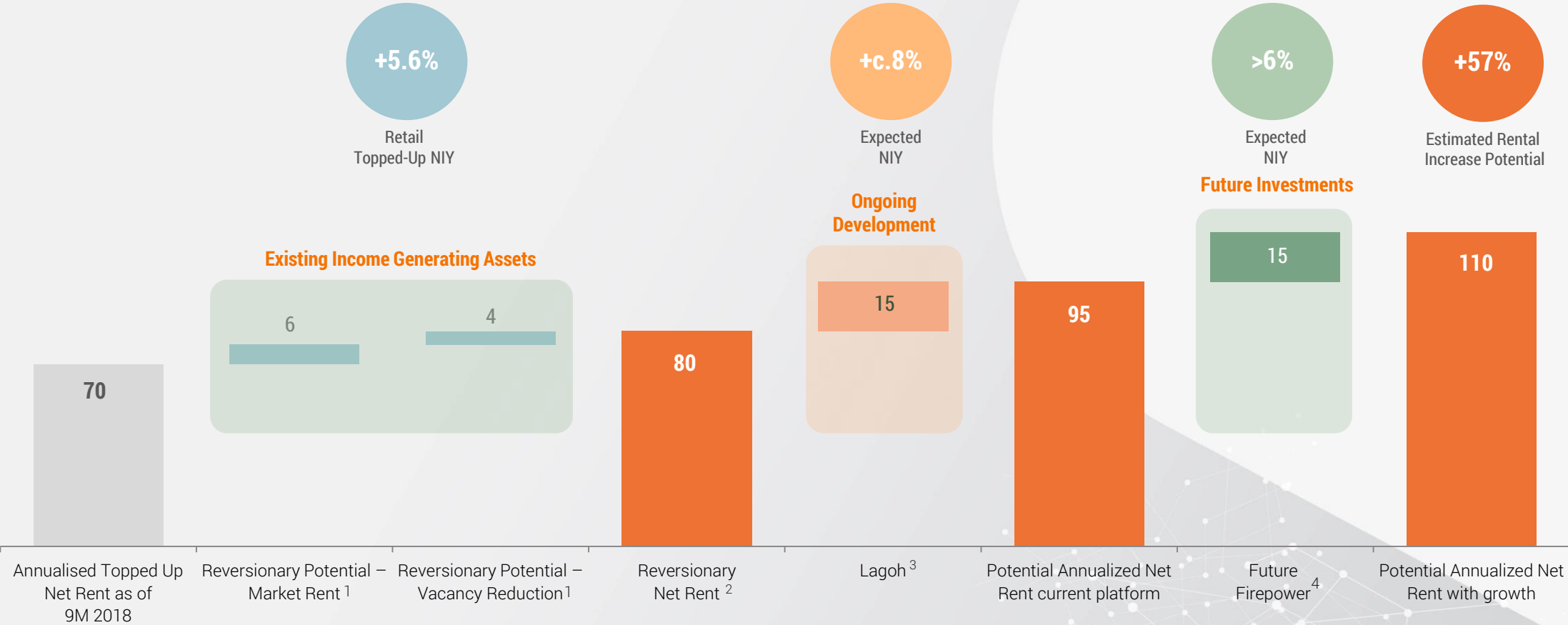
Operations

#



1. Declared sales

Retail Portfolio's potential



1. Illustrative potential additional rent calculated as the difference between the market net rent estimated by the Company's appraisal done by Cushman & JLL (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 30 September 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



RETAIL
in action!



+12% Net Profit in 9M 2018 vs 9M 2017
+44% Property Operating Result in 9M 2018 vs 9M 2017
+21% developments & refurbishment revaluation in just 3 months



VidaNova Parc fully opened and operative with **100%** GLA signed
Lagoh reached **76%** of GLA leased and committed
Lagasca99 reaches **90%** in sales and prepares for first deliveries in 2018



€243.7 Mn 2018 divestments (47% of Business Plan)
€75.6 Mn 2018 acquisitions (30% of Business Plan)



During 2018, we have financed more than
€200 Mn
in several new credit lines and loans to complete our developments and
improve Lar España's balance sheet



>5% Dividend yield over avg. NAV
Special dividend Lagasca99
€30 Mn Share Buy-Back Programme



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