



# 9M 2019 Results

15<sup>th</sup> November 2019

RETAIL  
*in action!*



# AGENDA

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*in action!*

# 01

## 9M 2019 Highlights



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*in action!*

# Strong operational results in 9M 2019



## RESULTS

**+9%**  
EBITDA  
vs 9M 2018

**+19%**  
EPRA Earnings p.s.  
vs 9M 2018

**+12.8%**  
Portfolio revaluation LfL  
since Dec 2018

**+54.6%**  
Portfolio revaluation LfL  
since acquisition

**+131.8%**  
Lagoh revaluation  
since Dec 2018

**+45.7%**  
Lagoh revaluation  
since Jun 2019

**€11.40**  
EPRA NAV p.s.<sup>1</sup>  
**+10%<sup>2</sup>**  
vs 31 Dec 2018



## ASSETS

**15**  
quarters outperforming  
the Spanish market  
in sales and footfall

**+11.1%**  
Rent uplift  
leasing activity

**+23%**  
Annualised  
topped-up net rent  
vs H1 2019

**86 min**  
Avg. stay

**Lagoh**  
Successfully opened  
in September  
fully occupied



## CORPORATE

**€75 Mn dividend**  
**paid on May 24<sup>th</sup>**  
€0.80 p.s.

**Dividend yield**  
**10.7% over market cap<sup>3</sup>**

**100%**  
of shares from 1<sup>st</sup> SBB  
programme amortized  
(3,091,141 shares)

**89%**  
2<sup>nd</sup> SBB programme  
completed

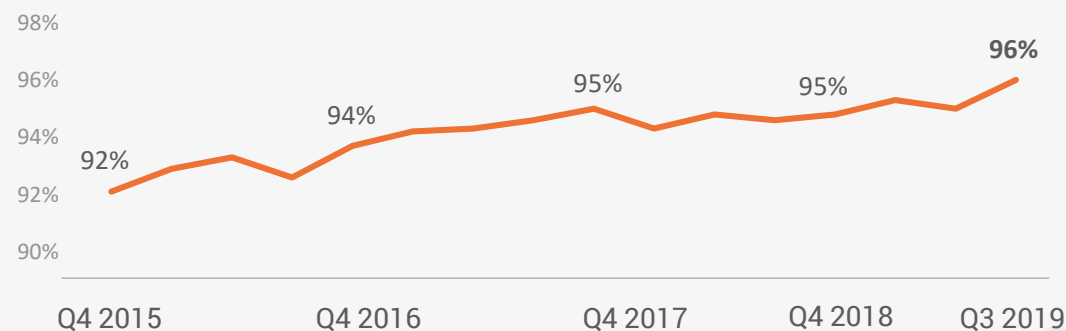
Net LTV  
**33%**  
Avg. cost of debt  
**2.2%**

1. When analyzing this measure it is important to take into account the dividend paid in Q2 2019 (0.80€/share)  
2. Including the dividend paid in Q2 2019.  
3. Market cap at 31 Dec 2018.

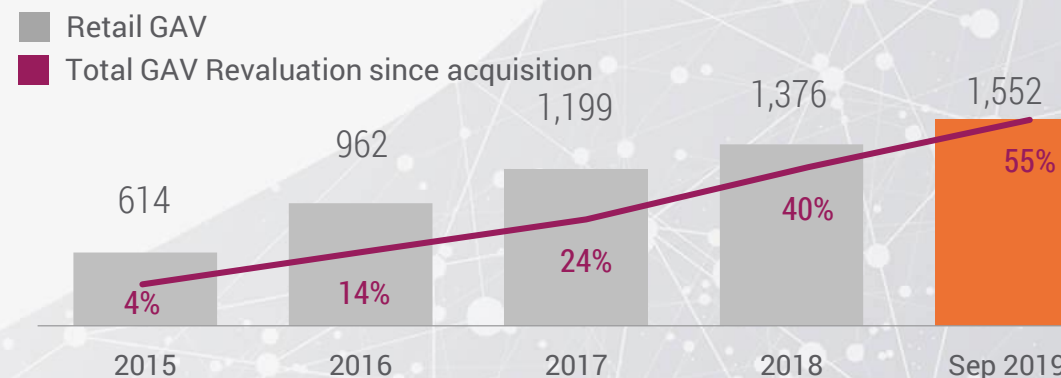
# Lar España performance

## A story of growth

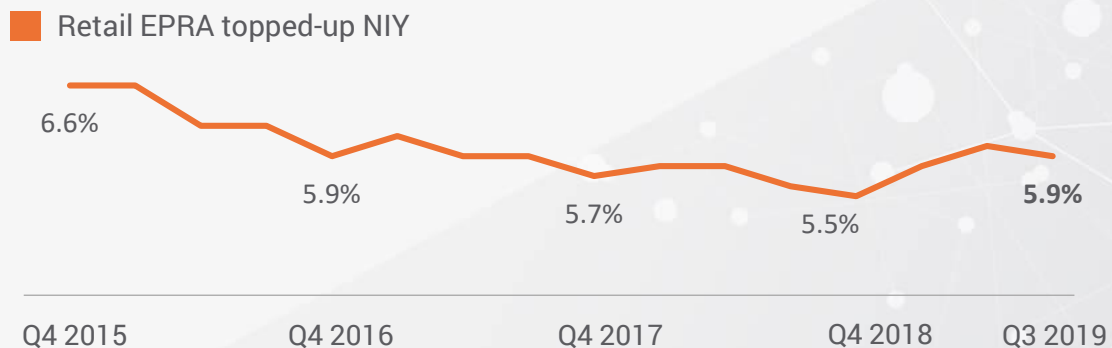
### Retail Occupancy Rate



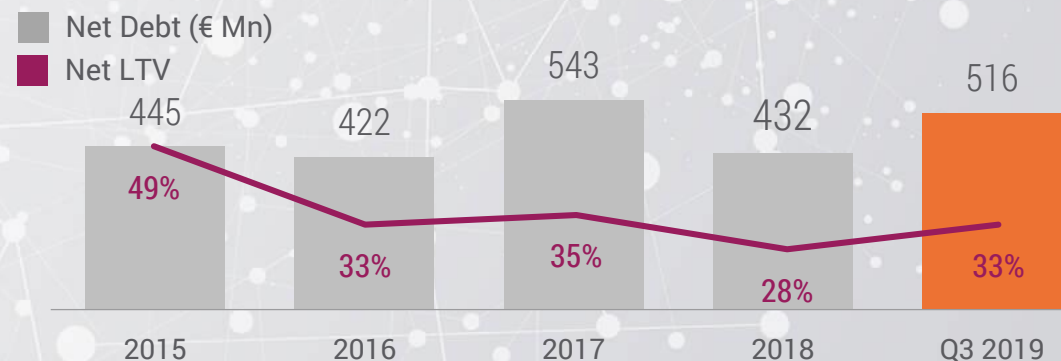
### RETAIL GAV (€ Mn)



### Retail EPRA topped-up NIY



### Net Debt & Net LTV



# Non-core assets divestment plan completed with the lagasca99 fully sold

**5.2%**

Average  
Exit  
Yield

**87.5%**

Avg.  
revaluation  
over acq price

Arturo Soria Sale  
*Office Building*

**34.5%**  
revaluation  
over acq. Price

Egeo Sale  
*Office Building*

**22.2%**  
revaluation  
over acq. Price

Villaverde & Alisal  
Sale  
*Retail Parks*

**27.1%**  
revaluation  
over acq. Price

Logistics Portfolio  
& Cheste Sale

**82.5%**  
revaluation  
over acq. Price

Galaria Sale  
*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

Eloy Gonzalo  
*Office Building*

**214.2%**  
revaluation  
over acq. Price

Lagasca99  
*Residential*

**fully  
sold**

2017

SEP  
'17

OCT  
'17

2018

JAN  
'18

MAR  
'18

JUL  
'18

AUG  
'18

DEC  
'18

2019

JAN  
'19

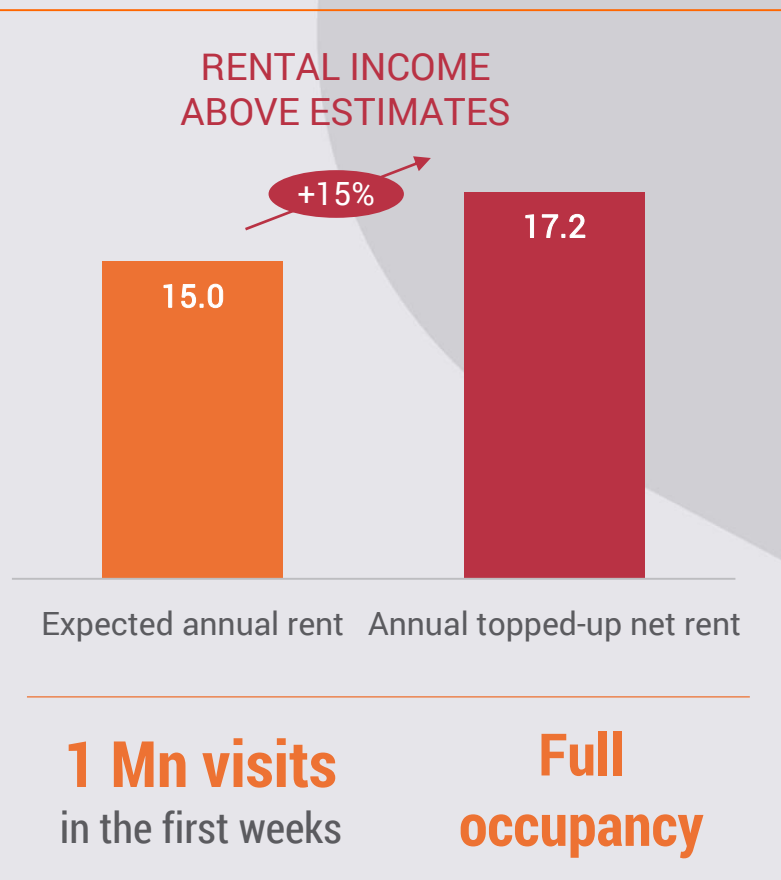
APR  
'19

NOV  
'19



# Lagoh: the future is here

## Successful opening with rental income above estimates



### EXPERIENCE



### F&B

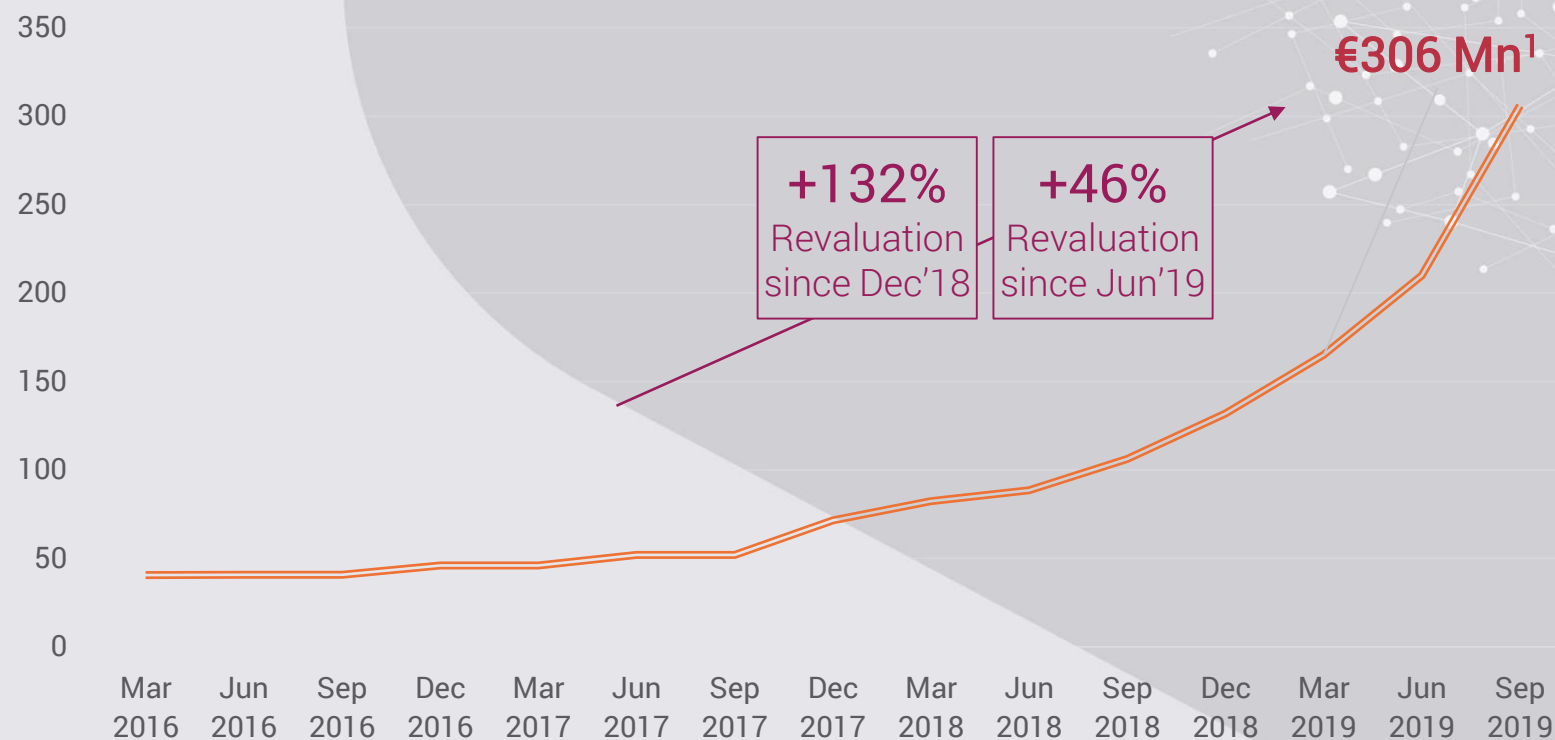


### RETAIL



# Lagoh

+46% revaluation in the last quarter, up to €306 Mn



Acquisition  
+695% revaluation since acquisition





# 02

## 9M 2019 Financial Results



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*in action!*

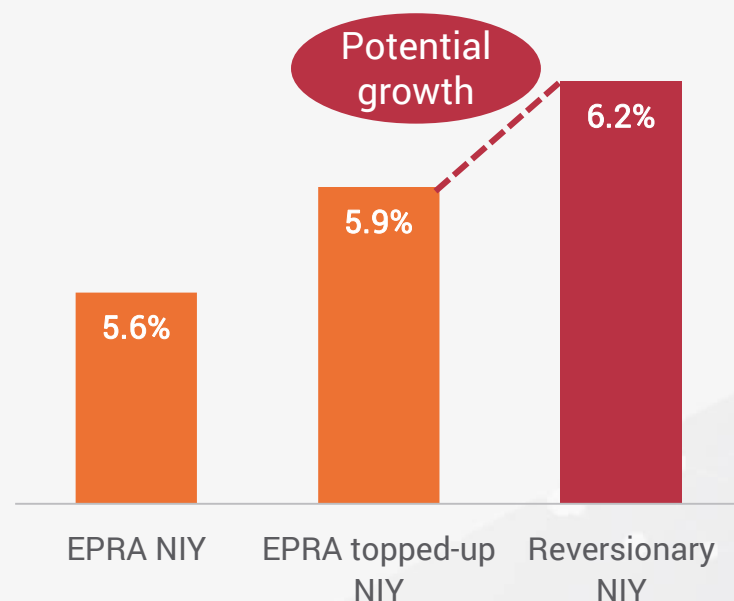
# Successful & strong financial key figures delivered in 9M 2019

16 Assets	€57.8 Mn GRI	+1.8% LfL <sup>1</sup> vs 9M 2018	 	
€1,562 Mn GAV	€37.8 Mn EBITDA	+9% vs 9M 2018	€1,010.6 Mn EPRA NAV	12.9% ROE
579,014 GLA sqm	€671.4 Mn Financial debt	2.2% Cost of Debt	€11.4 <sup>2</sup> EPRA NAV per share	7.5% ROA
€92 Mn Annualised "topped-up" net rent	€516.2 Mn Net financial debt	33% Net LTV	5.9% EPRA "topped-up" NIY	1.0% Solvency ratio

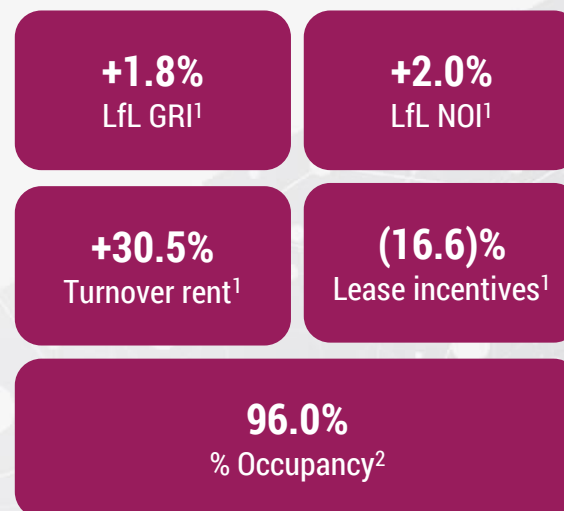
1. Anec Blau's data has not been taken into account because the asset is going through a comprehensive refurbishment project and Albacenter's data due to the division of the hypermarket into four retail units  
2. When analyzing this measure it is important to take into account the dividend paid in Q2 2019 (0.80€/share).

# Solid retail performance driven by robust operating results in 9M 2019

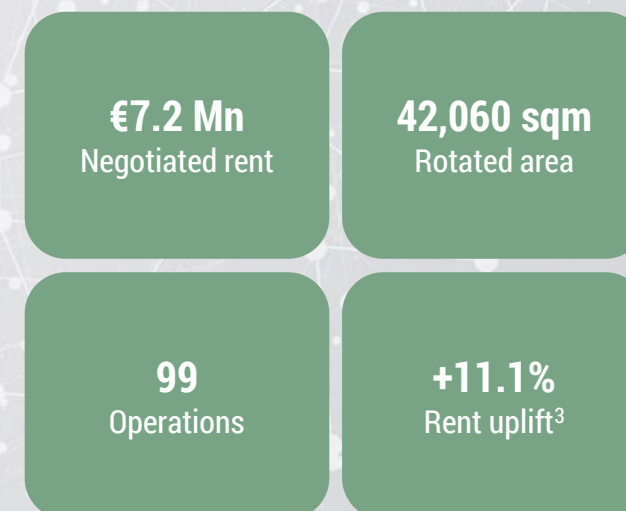
## Retail yields



## Operating results



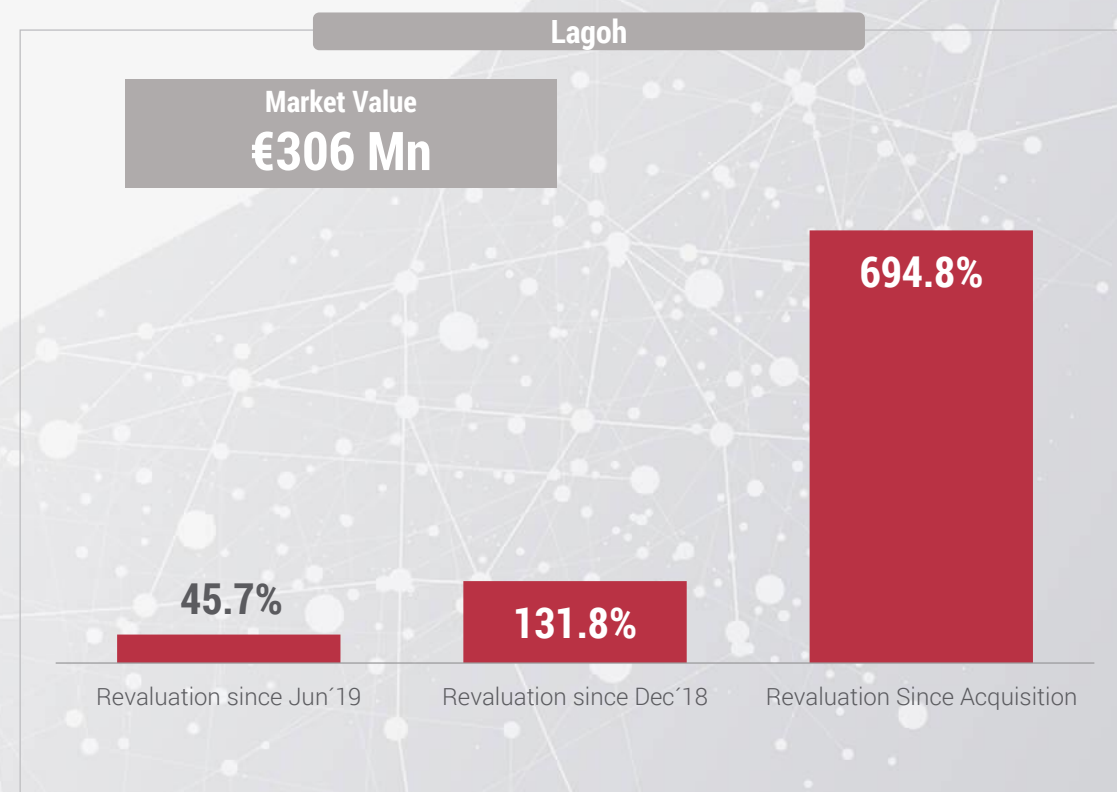
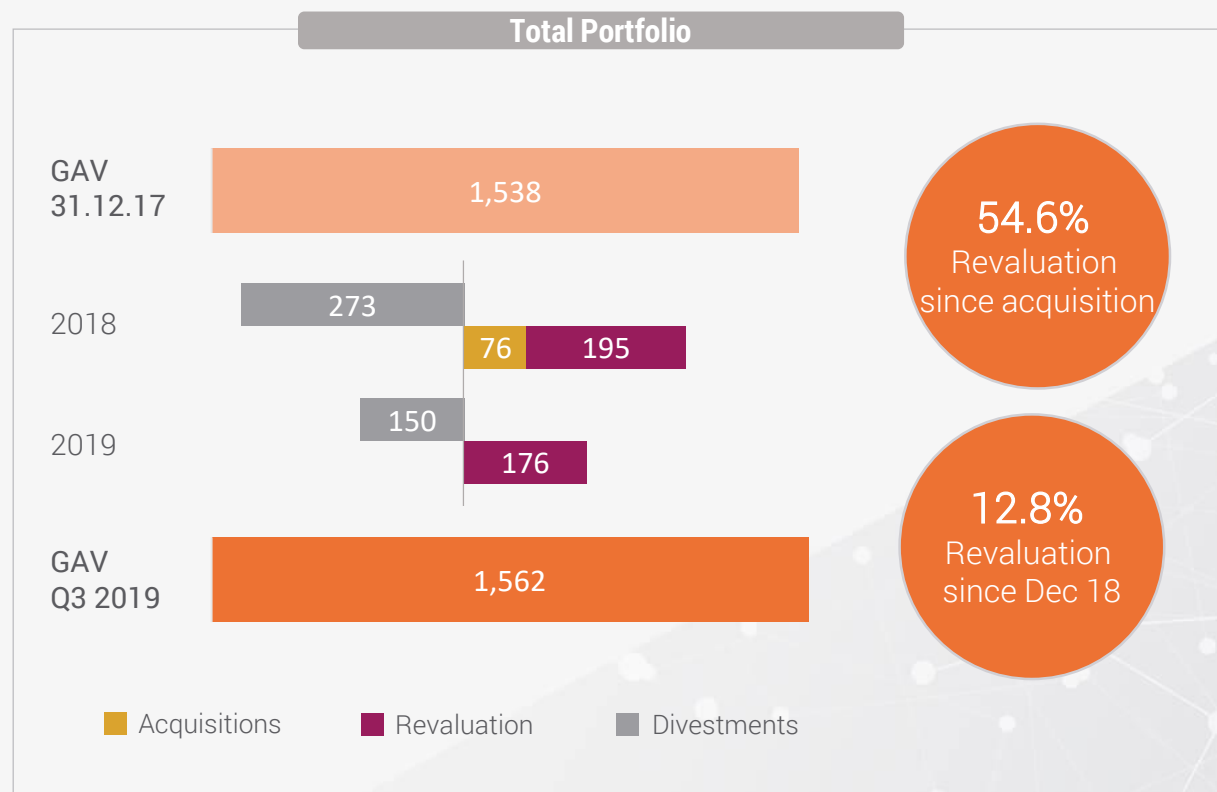
## Commercial activity



1. Anec Blau's data has not been taken into account because the asset is going through a comprehensive refurbishment project and Albacenter's data due to the division of the hypermarket into four retail units  
 2. Ratio calculated under EPRA recommendations  
 3. Excluding certain non-comparable operations

# Lar España Asset Appraisal

## Developments boost valuations despite the advanced RE cycle



Last asset appraisals carried out by independent experts (C&W and JLL) as of 30 June 2019, except Lagoh carried out as of 30 September 2019

## Consolidated Income Statement




(€ Millions)

	P&L	
	9M 2019	9M 2018
Revenues	57.8	58.6
Other income	1.7	3.1
Personnel expenses	(0.3)	(0.4)
Other expenses	(21.5)	(47.1)
Amortization expenses	-	(0.3)
Change in the fair value of investment properties	55.1	59.6
Results of disposals of investment properties	0.0	20.6
<b>RESULTS FROM OPERATIONS</b>	<b>92.8</b>	<b>94.1</b>
Financial result	(14.6)	(10.6)
Share in profit (loss) for the period of equity-accounted companies	1.2	(0.8)
<b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>79.3</b>	<b>82.7</b>
Income Tax	(0.2)	(2.0)
<b>Profit for the Period</b>	<b>79.1</b>	<b>80.7</b>

Despite the change in the perimeter, following the non-core assets divestment plan, P&L 9M 2018 and 9M 2019 results remain at same levels

Asset	Typology	Divestment Date
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Divested in 9M 2019

Lagasca99	 Residential	
Eloy Gonzalo	 Office building	April 2019
Marcelo Spínola	 Office building	January 2019

Divested in 4Q 2018

Joan Miró	 Office building	December 2018
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Divested in 9M 2018

Galaria	 Retail park	August 2018
Logistics portfolio & Cheste	 Logistics	July 2018
Villaverde & Alisal	 Retail Parks	March 2018
Egeo	 Office building	January 2018



## Consolidated Income Statement

(€ Millions)

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Income Tax	(0.2)	(2.0)
<b>Profit for the Period</b>	<b>79.1</b>	<b>80.7</b>

## Pro-forma Retail Portfolio Consolidated Income Statement

(€ Millions)

	Retail portfolio P&L		Chg% 9M 2019/18
	9M 2019	9M 2018	
Revenues	57.5	54.2	<b>+6.1%</b>
Other income	1.7	3.1	
Personnel expenses	-	-	
Amortization expenses	-	(0.3)	
Other expenses	(16.5)	(38.9)	
Change in the fair value of investment properties	54.1	42.2	
Results of disposals of investment properties	-	3.1	
<b>RESULTS FROM OPERATIONS</b>	<b>96.8</b>	<b>63.7</b>	<b>+52.0%</b>
Financial result	(14.5)	(9.4)	
Share in profit (loss) for the period of equity-accounted companies	-	-	
<b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>82.4</b>	<b>54.3</b>	<b>+51.8%</b>
Income Tax	-	-	
<b>Profit for the Period</b>	<b>82.4</b>	<b>54.3</b>	<b>+51.8%</b>

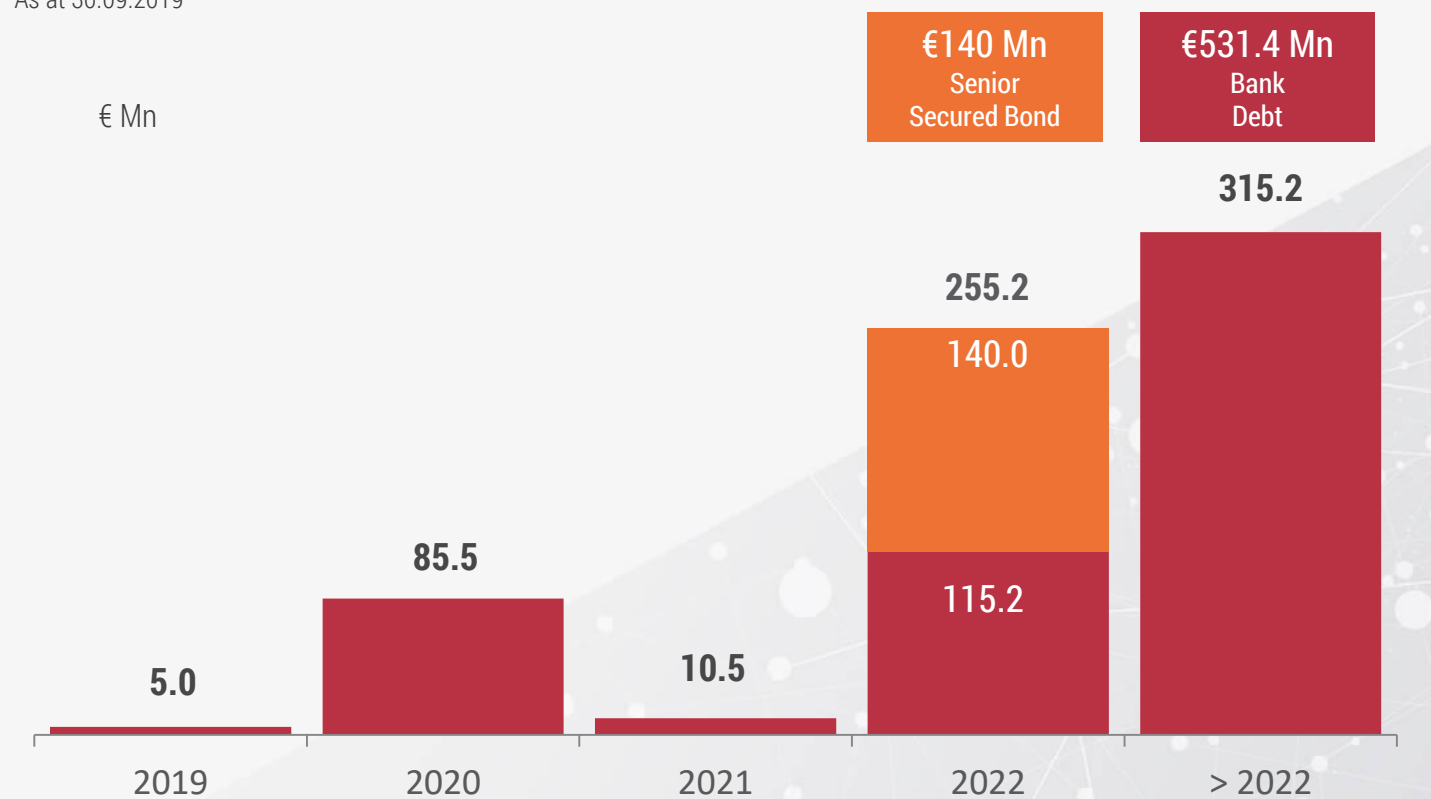
Note: May not foot due to rounding

# Solid financial pillars

## Debt Structure and Amortization Profile

As at 30.09.2019

€ Mn



Gross financial debt  
**€671.4 Mn**

Net financial debt  
**€516.2 Mn**

Average debt maturity  
**4.3y**

Average cost of debt  
**2.2%**

Fixed rate  
**85%**

Net LTV  
**33%**

# New share buy-back programme of up to 5%

## Maximizing additional value for our shareholders

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The purpose of the Buy-Back Program is the further reduction of Lar España's share capital through the **amortization of shares**

**1<sup>st</sup>**

### Share Buy-Back Programme

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**100%**

of SBB shares  
amortized

**3,091,141**

shares  
amortized

**3.1%**

of company's  
Share Capital

**2<sup>nd</sup>**

### Share Buy-Back Programme

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**89%**

SBB programme  
completed

**€42 Mn**

share  
Buy-Back

**5%**

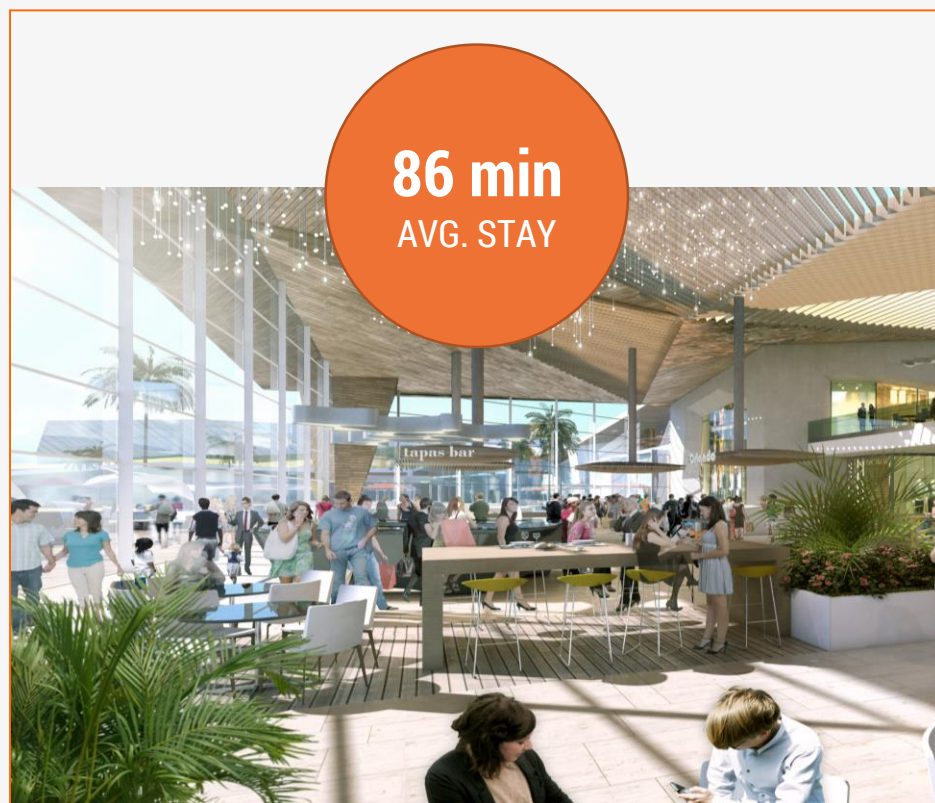
of company's  
Share Capital

# 03 Business Performance



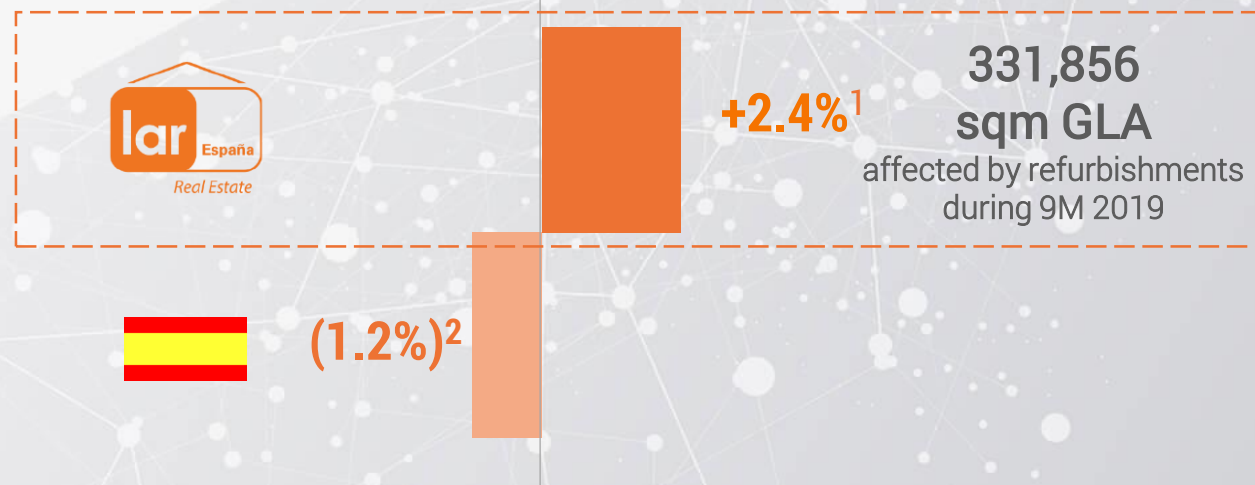
RETAIL  
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# Footfall above Spanish market despite 8 shopping centres under refurbishment



Footfall 9M 2019  
**49.8 Mn visits**

Vs 9M 2018



1. Anec Blau's data has not been taken into account because the asset is going through a comprehensive refurbishment project and Albacenter's data due to the division of the hypermarket into four retail units  
2. Shoppertrak Index

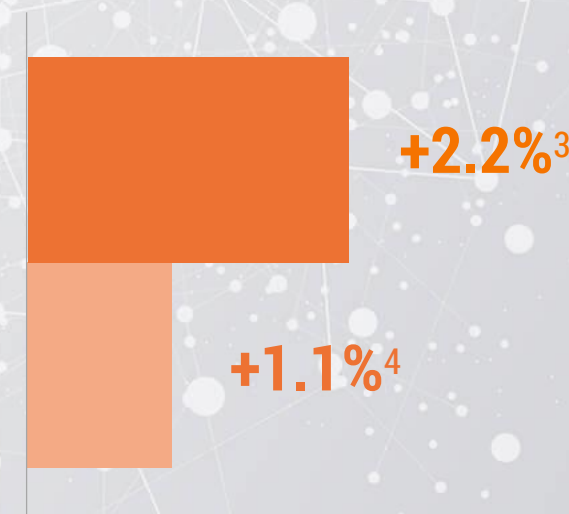
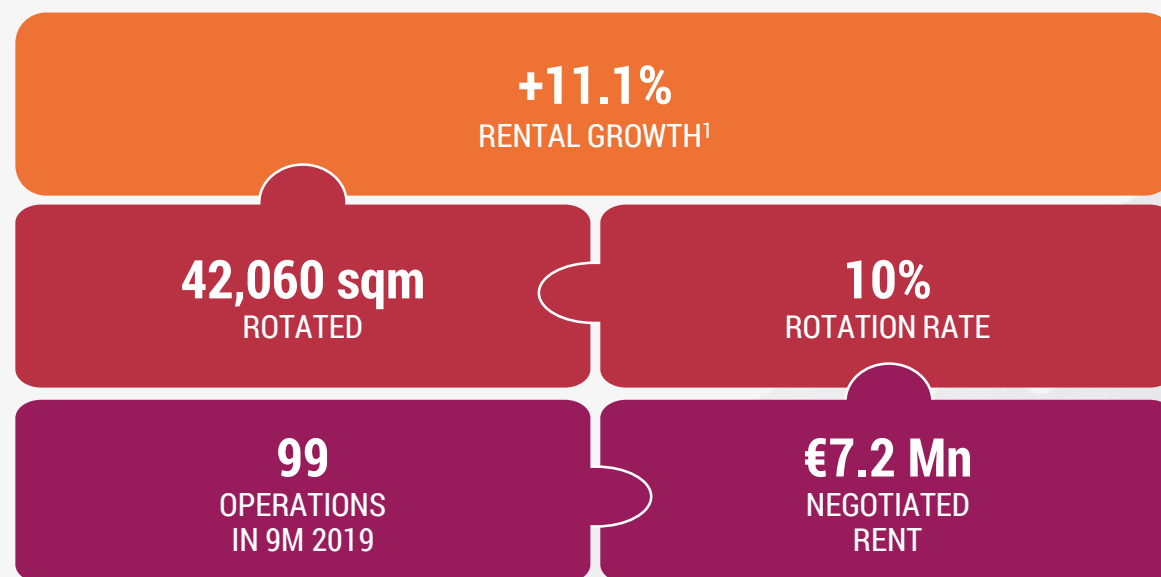


# Sales also beating the Spanish market driven by a strong letting activity in our shopping centres

Letting activity at the core of the strategy

Sales<sup>2</sup> 9M 2019  
**€529.2 Mn**

Vs 9M 2018



1. Excluding certain non-comparable operations

2. Declared sales

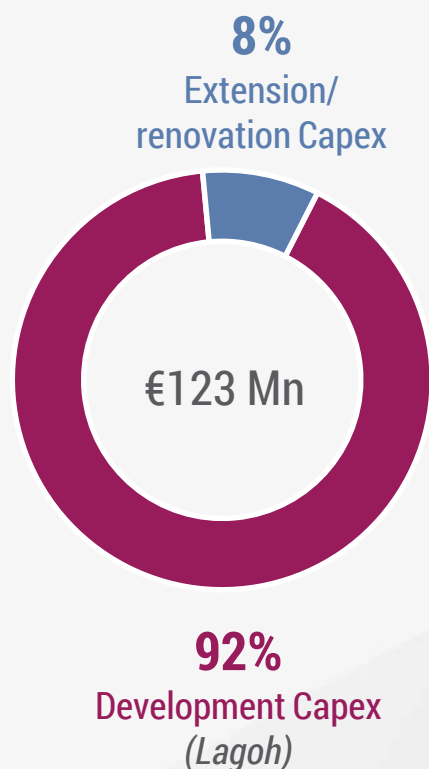
3. Anec Blau's data has not been taken into account because the asset is going through a comprehensive refurbishment project and Albacenter's data due to the division of the hypermarket into four retail units

4. Big Surfaces Spain Retail Sales

# Capex: A tool to create value

Every investment is decided based on ROI, to generate revenues

Accumulated Capex till Sep 30<sup>th</sup>, 2019



Refurbishment pipeline	Est. Capex	% Execution
Megapark	€7.3 Mn	Retail Park + FOC completed Leisure area: 10% executed
Portal de la Marina	€3.8 Mn	Image & access completed F&B area: 30% executed
Gran Vía de Vigo	€1.0 Mn	Parking: in concept
El Rosal	€1.9 Mn	Image, F&B, terraces: Completed
Anec Blau	€15.0 Mn	Image integral renovation: 35% exec.
Rivas Futura	€3.0 Mn	Image & user experience: In concept
Albacenter Hyper	€1.3 Mn	Division in 4 retail units Image: bidding process
Parque Abadía	€0.2 Mn	Sidewalks & terraces: 60% executed

# Value Creation Case 1

## Lagoh, a new concept of retail complex

### Experience

- ✓ Wind tunnel
- ✓ Giant wave
- ✓ Zipline
- ✓ Trampoline park
- ✓ Gaming
- ✓ Yelmo premium cinemas
- ✓ Boat ride in the lake
- ✓ Climbing

### F&B

- ✓ Gourmet market
- ✓ Casual dining
- ✓ Food-court
- ✓ Terraces
- ✓ Family restaurants

### Retail

- ✓ Optimal commercial mix
- ✓ Flagship stores
- ✓ Tier-1 retailers



- ✓ Sustainable & efficient
- ✓ Accessible & communicated





# Value Creation Case 2

## As Termas refurbishment completed

### Renovated image

New materials and furniture, specific and adapted lighting of the space and new elements of vegetation

SUSTAINABLE DESIGN

### 6 new contracts

3,597 sqm



### New dinning area

Redesign of the food court with wood coatings to make the claim of the project "feel at home"

### 8 screen cinema complex

1,265 seats

Highest quality in image and sound



## Value Creation Case 3

### El Rosal refurbishment completed

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#### New and attractive image

- ✓ Renovated F&B area
- ✓ Exterior terrace
- ✓ Hammocks area to enjoy in Summer
- ✓ Interior vegetation:  
Tree over six meters high
- ✓ Children's area

#### Combining tradition and modernity

adapting to the  
tastes and  
demands of a  
public always loyal  
to the centre since  
its opening



# Value Creation Case 4

## Megapark FOC and retail park refurbishment

### Transformation into an urban, modern and attractive space

Competition of the refurbishment of the retail park and the outside of the Fashion Outlet Centre

- ✓ Improved image
- ✓ New exterior garden integrated with its surroundings
- ✓ Vegetation diversity
- ✓ New children's area

#### NEW OPENINGS

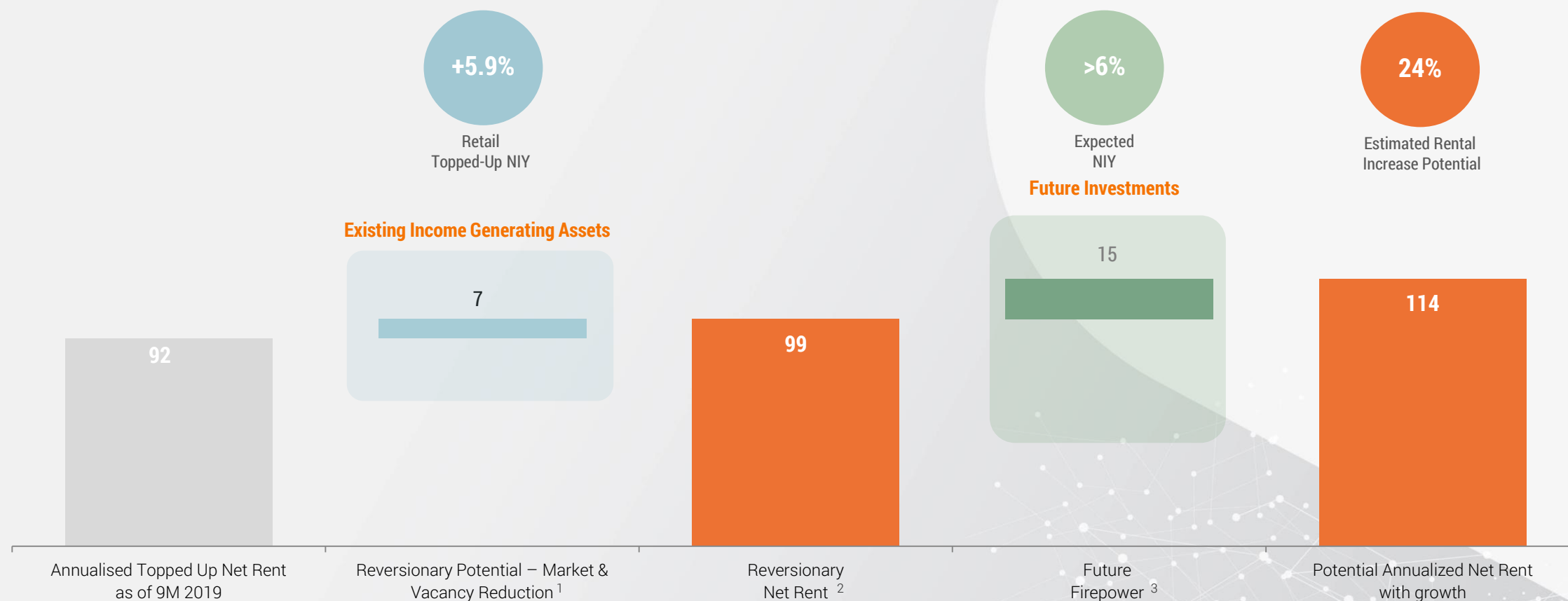


JAVIER  
SIMORRA  
Barcelona

Footfall  
+30.7%  
y-o-y  
1st week of  
Adidas opening



# 23% increase in retail annualised topped up net rent after the opening of Lagoh



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 30<sup>th</sup> September 2019.

2. Illustrative potential additional rent in 2019 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. According to BP

# 04

## Closing Remarks



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# Closing remarks

## Summary of key figures



### RESULTS

**+9%**  
EBITDA in  
9M 2019 vs 9M 2018

**+46%**  
Lagoh revaluation  
since June 2019

**+10%**  
EPRA NAV p.s.<sup>1</sup>  
vs 31 Dec 2018



### ASSETS

**15 quarters**  
outperforming the  
Spanish market  
in sales and footfall

**Lagoh**  
Successfully opened  
in September with  
full occupancy



### CORPORATE

**89% of 2<sup>nd</sup> Share Buy-Back  
Programme completed**

**Comfortable leverage  
@ 33% Net LTV**

**EPRA BPR Award  
(Financial Awards)**

**EPRA sBPR Award  
(ESG Awards)**

On track to achieve €114 Mn in retail rents,  
23% increase in annualised topped up net rent in the last quarter



# Strong and consistent operating results are not by chance

## They are driven by a clear and unique strategy

1

Top dominant retail assets fully owned, optimizing decision making. Strong bargaining power with retailers driven by the presence of top retailers in our assets and our diversified portfolio in Spain.

2

Value-added strategy with strong capacity to generate recurrent income.

3

Developments and capex intelligence as a tool to increase value in an advanced real estate cycle environment.

4

Strong operating results with 15 quarters outperforming the Spanish market driven by the effective management and commercialization implemented.

5

Leading the digital transformation in retail with the latest trends: big data, experience, personalization (e.g. facial recognition), quality, efficiency and omnichannel strategy.





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