



# Q1 2019 Results

13<sup>th</sup> May 2019

RETAIL  
*in action!*



# AGENDA

---

01

Q1 2019  
Highlights

02

Q1 2019  
Financial  
Results

03

Business  
Performance

04

Closing  
Remarks



RETAIL  
*in action!*

# 01

## Q1 2019 Highlights



RETAIL  
*in action!*

# Lar España improves its solid operative results in Q1 2019



## RESULTS

**+15%**  
in net profit

**+18%**  
in results  
from operations

**25%**  
Lagoh revaluation  
since Dec 2018

**€11.38**  
EPRA NAV p.s.<sup>1</sup>



## ASSETS

**Lagoh**  
**c.95%<sup>2</sup>**  
of GLA signed & committed

**Lagasca99**  
**>90%<sup>2</sup>**  
delivered

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

**€40.0 Mn**  
Eloy Gonzalo divestment  
in April 2019  
**214% over acq. price**



## CORPORATE

**€75 Mn dividend**  
€0.80 p.s.  
**Dividend yield**  
7.5% over avg. NAV<sup>3</sup>  
10.8% over market cap<sup>4</sup>

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

**€42 Mn**  
**New Share Buy-Back**  
**Programme launched**

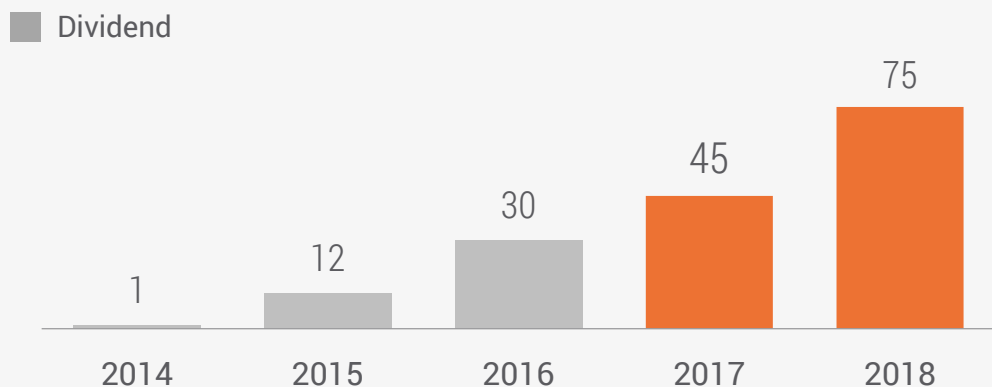
**Net LTV**  
**29%**  
**Average Cost of debt**  
**2.2%**

1. EPRA NAV adjusted by the dividend effect: €10.58 p.s.  
2. As of May 2019  
3. 2018's average quarterly EPRA NAV  
4. Market cap as of March 31<sup>st</sup> 2019

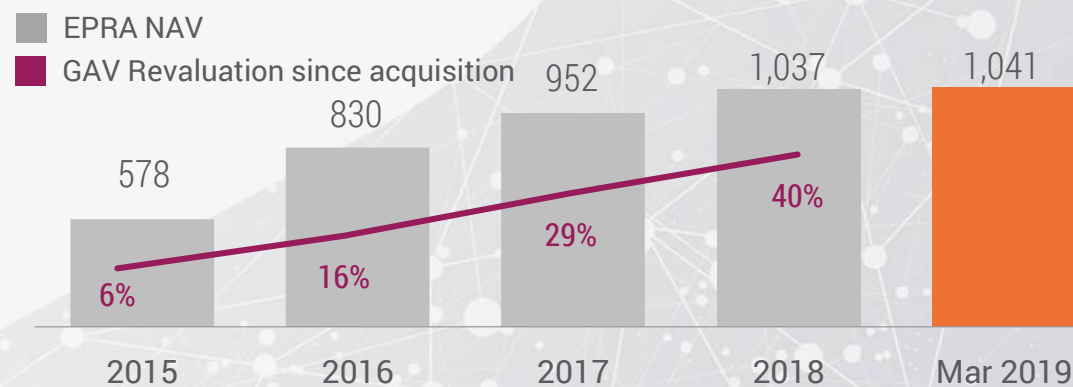
# Lar España performance

## A story of growth

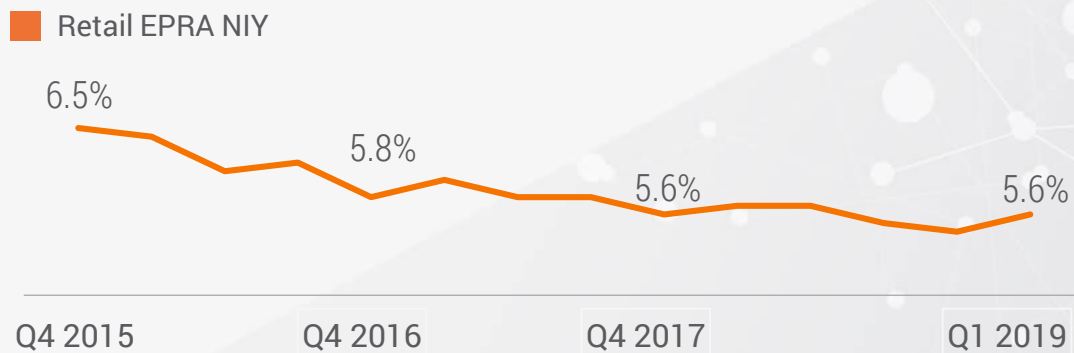
### Dividend (€ Mn)



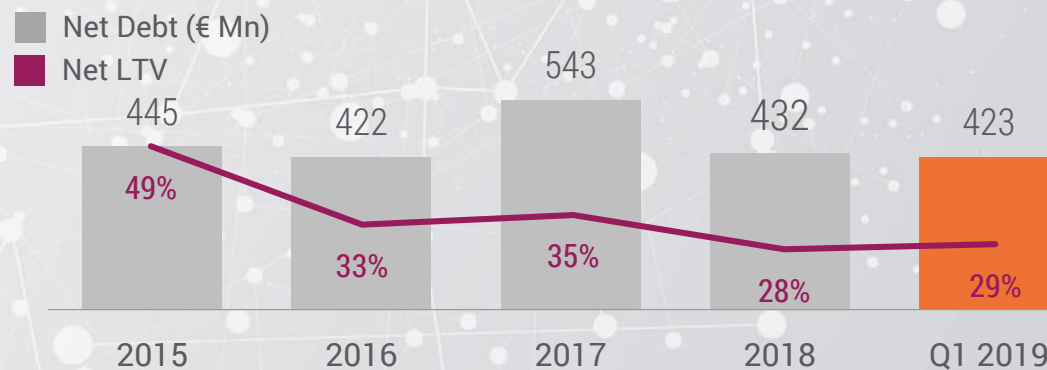
### EPRA NAV (€ Mn)



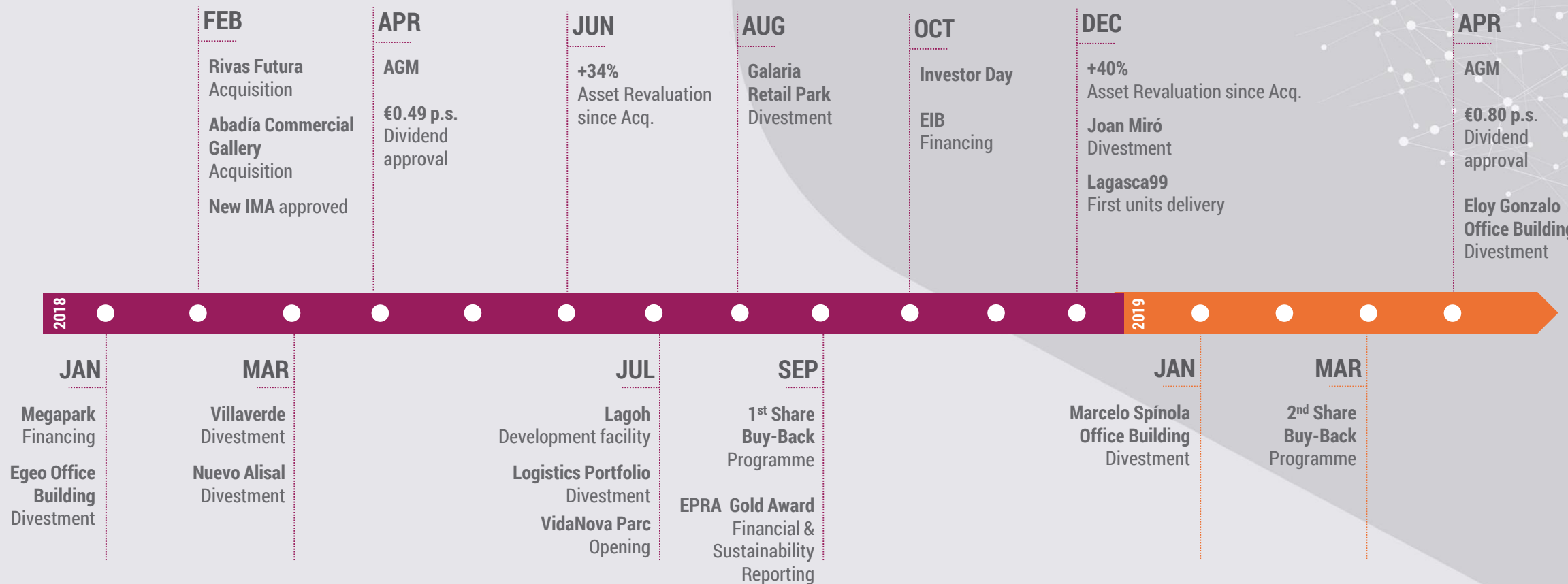
### Retail EPRA NIY



### Net Debt & Net LTV



# Major corporate milestones in 2018 & Q1 2019



# Continuation of the fulfillment of the Business Plan with the sale of Eloy Gonzalo office building

**5.2%**

Avg.  
Exit  
Yield

2018-2021 Business Plan  
Execution



67%<sup>1</sup> divestments realized



1. c.90% of Divestments Plan executed if Lagasca99 deliveries are included



# Divestment of the last office in the portfolio, Eloy Gonzalo

214.2% premium over the acquisition price

## Last office building in the portfolio

Fully  
refurbished

Full  
occupancy

Main tenant  
**Wework**  
70% GLA

Location  
Madrid

GLA  
6,295 sqm

Acquisition Price  
€12.7 Mn

Acquisition Date  
December 2014

Sale Price  
€40.0 Mn

%Over Acq Price  
214.2%



AENOR  
**ER**  
Empresa  
Registrada  
Universal  
Accessibility

CODE FOR A SUSTAINABLE BUILT ENVIRONMENT  
**BREEAM**  
"Very good"

Located at 27 Eloy Gonzalo street in Madrid, in the emblematic Chamberí district, in the very heart of the city



# Lagoh to become an additional source of value creation



**137**  
days

**19**  
hours

**30**  
minutes

**00**  
seconds

**c.95%<sup>1</sup>**  
GLA signed and  
committed

**30%<sup>1</sup>**  
units already  
delivered



PRIMARK®

INDITEX



**c.15 Mn**  
Exp. Annual Rent<sup>2</sup>

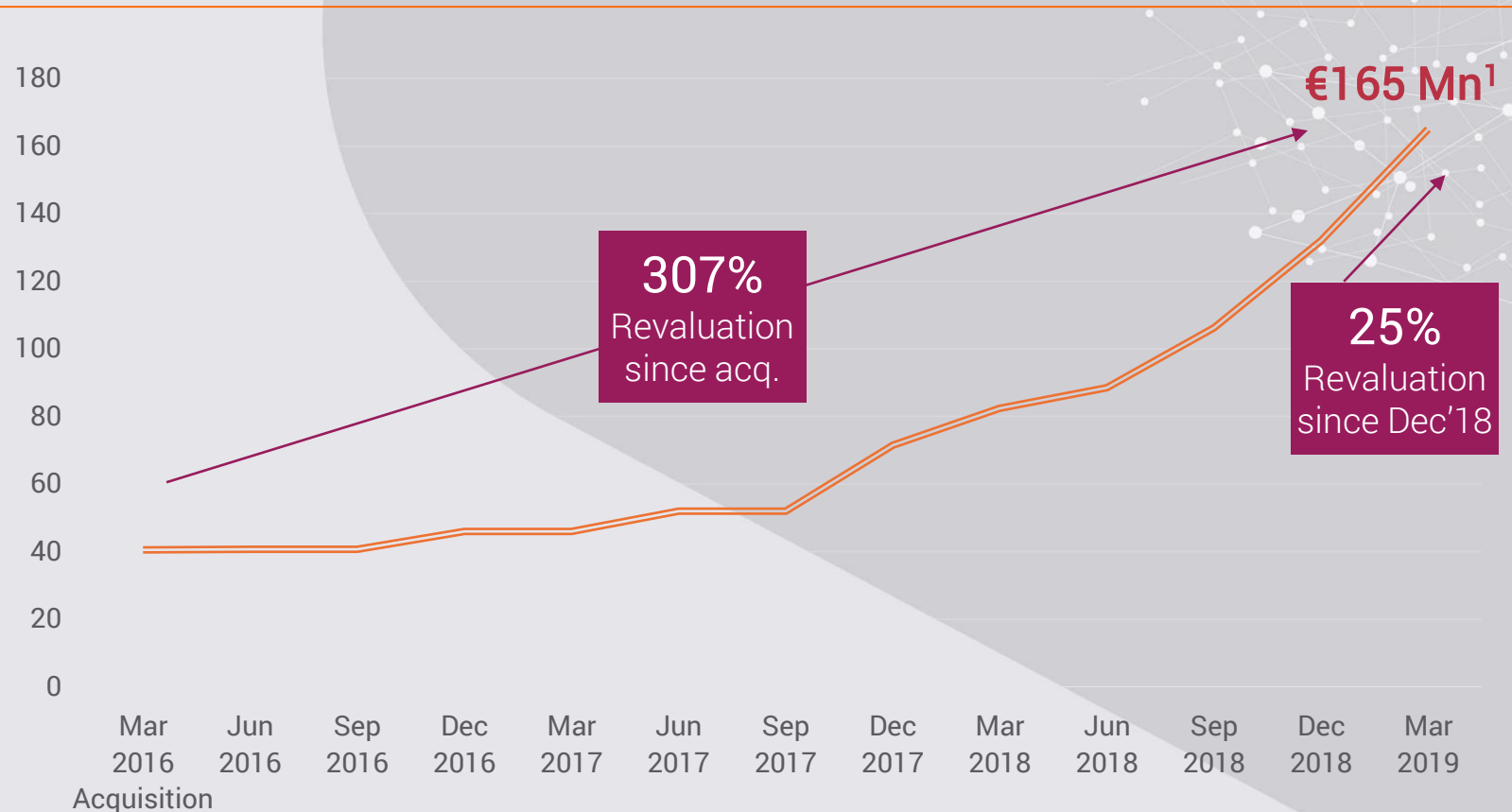
**c.200**  
Tenants

**1.5 Mn inhabitants**  
Great catchment area

**14 Mn/year**  
Exp. Visits

# Lagoh

## Strong revaluation quarter on quarter





# Lagoh

construction works are progressing according to plan



**€151.6 Mn**  
Estimated  
construction cost



# 02

## Q1 2019 Financial Results



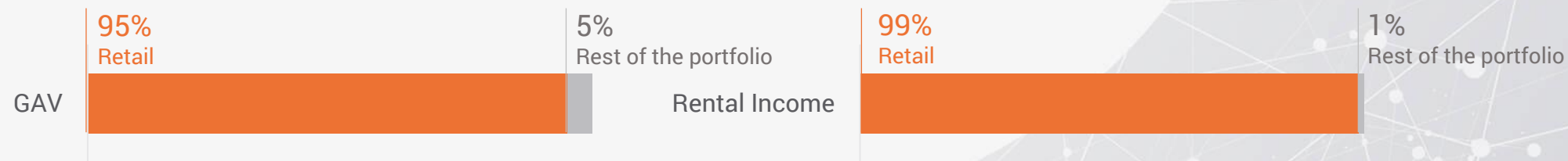
RETAIL  
*in action!*

# Successful & strong financial key figures delivered in Q1 2019

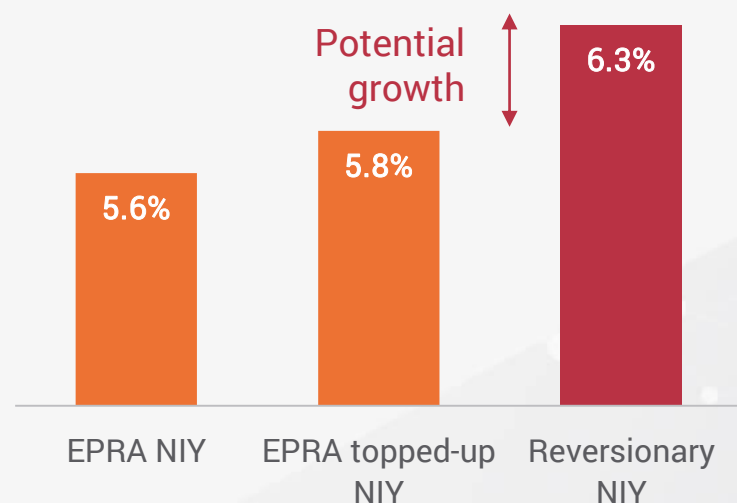
17 Assets	€22.4 Mn Results from Operations	+18% vs Q1 2018	 	
€1,481 Mn GAV	€17.6 Mn Net Profit	+15% vs Q1 2018	€1,041 Mn EPRA NAV	13.4% ROE
587,882 GLA sqm	€624.7 Mn Financial Debt	2.2% Cost of Debt	€11.38 EPRA NAV per share <sup>1</sup>	8.0% ROA
€19.4 Mn GRI	€422.6 Mn Net Financial Debt	29% Net LTV	€72.3 Mn Annualised Net Rent	1.1 Solvency ratio

1. EPRA NAV per share adjusted by the dividend effect: €10.58 p.s.

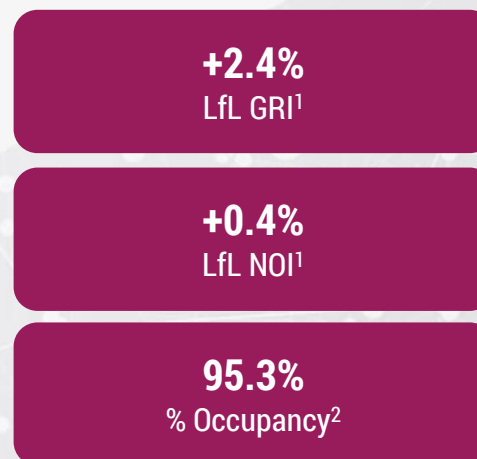
# Solid retail performance driven by robust operating results in Q1 2019



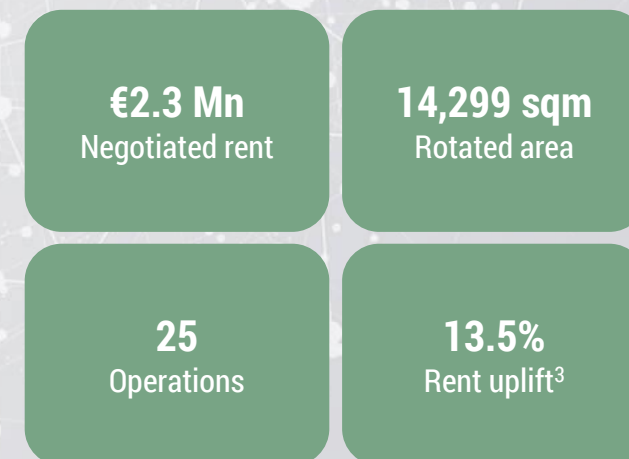
Retail yields



Operating results



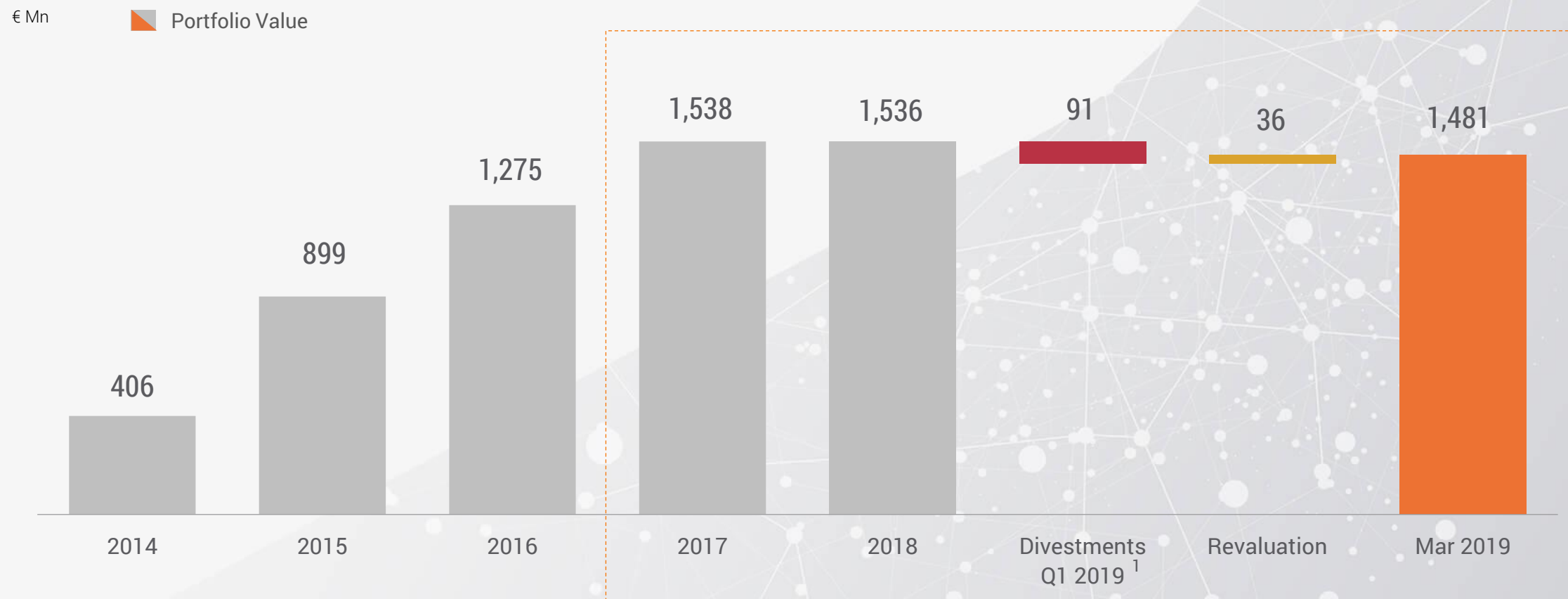
Commercial activity



1. Excluding Anec Blau due to its full refurbishment  
2. Ratio calculated under EPRA recommendations  
3. Excluding the renewable of Zara in Anec Blau



# Strong valuation performance throughout the years



1. Marcelo Spínola office building divestment and Lagasca99 units delivered.

## Consolidated Income Statement (€ Millions)

	P&L		Chg% FY Q1 2019/18
	Q1 2019	Q1 2018	
Revenues	19.4	19.6	
Other income	0.5	0.4	
Personnel expenses	(0.1)	(0.1)	
Other expenses	(7.8)	(25.7)	
Change in the fair value of investment properties	10.4	21.4	
Results of disposals of investment properties	-	3.3	
<b>RESULTS FROM OPERATIONS</b>	<b>22.4</b>	<b>18.9</b>	<b>+18%</b>
Financial income	0.0	0.4	
Financial expenses	(4.8)	(3.9)	
Share in profit (loss) for the period of equity-accounted companies	-	(0.2)	
<b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>17.6</b>	<b>15.3</b>	<b>+15%</b>
Income Tax	-	-	
<b>Profit for the Period</b>	<b>17.6</b>	<b>15.3</b>	<b>+15%</b>

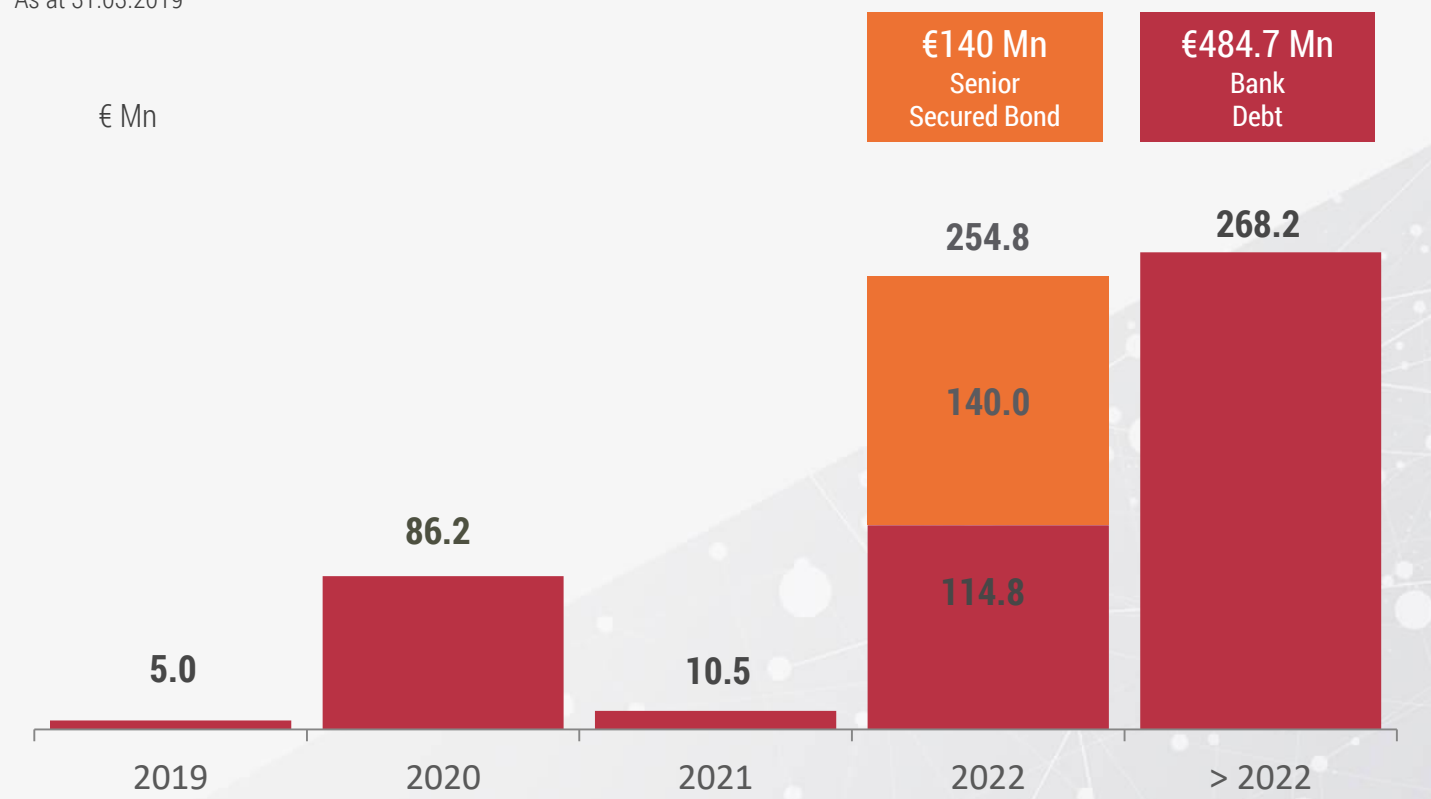
Note: May not foot due to rounding

# Solid financial pillars

## Debt Structure and Amortization Profile

As at 31.03.2019

€ Mn



Gross financial debt  
**€624.7 Mn**

Net financial debt  
**€422.6 Mn**

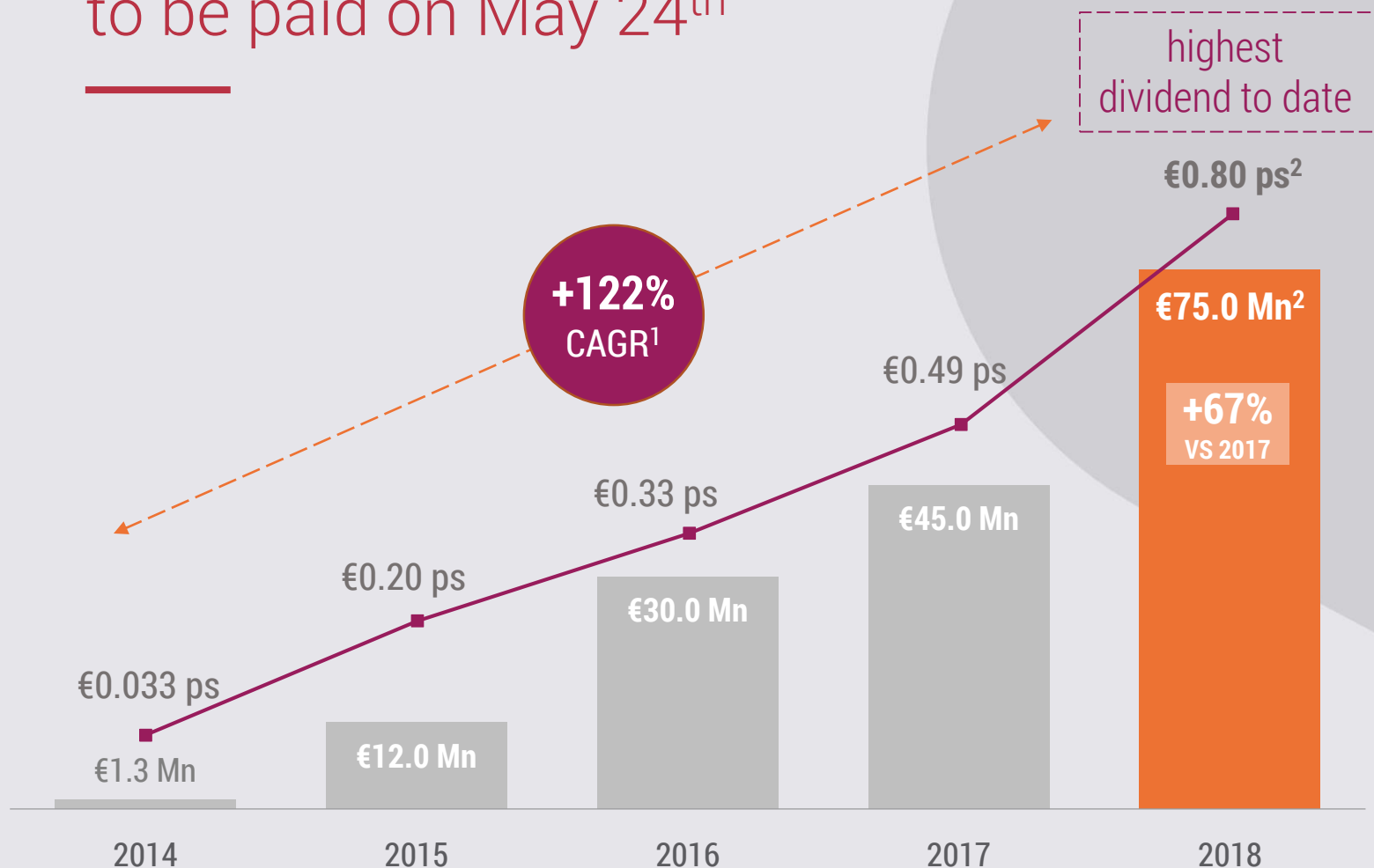
Average debt maturity  
**4.5y**

Average cost of debt  
**2.2%**

Fixed rate  
**93.4%**

Net LTV  
**29%**

# Dividend approved by the AGM to be paid on May 24<sup>th</sup>



**€75 Mn**  
2018 Dividend<sup>2</sup>

**€0.80 p.s.**  
2018 Dividend<sup>2</sup>

**7.5%**  
Dividend Yield  
on NAV<sup>3</sup>

**10.8%**  
Dividend Yield  
on Market Cap<sup>4</sup>

**IBEX  
TOP DIVIDENDO**  
Appointed in  
2018 & 2019

**13.24%**  
Return to  
shareholders<sup>5</sup>

1. Compound annual growth rate  
2. Dividend approved by the AGM and to be paid on May 24<sup>th</sup>, 2019  
3. 2018's average quarterly EPRA NAV  
4. Market Capitalization as of March 31<sup>st</sup>, 2019  
5. Variation in the Company's EPRA NAV per share + dividend per share distributed during the financial year 2018

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

## Maximizing value for our shareholders

The purpose of the Buy-Back Program during the next 9 months is the further reduction of Lar España's share capital through the amortization of shares

### 1<sup>st</sup> Share Buy-Back Programme

**3.1 Mn**

Shares  
bought  
as of 28<sup>th</sup> Feb 2019

**3.31%**  
of company's  
Share Capital

### 2<sup>nd</sup> Share Buy-Back Programme

**€42 Mn**

Share  
Buy-Back

**5%**  
of company's  
Share Capital

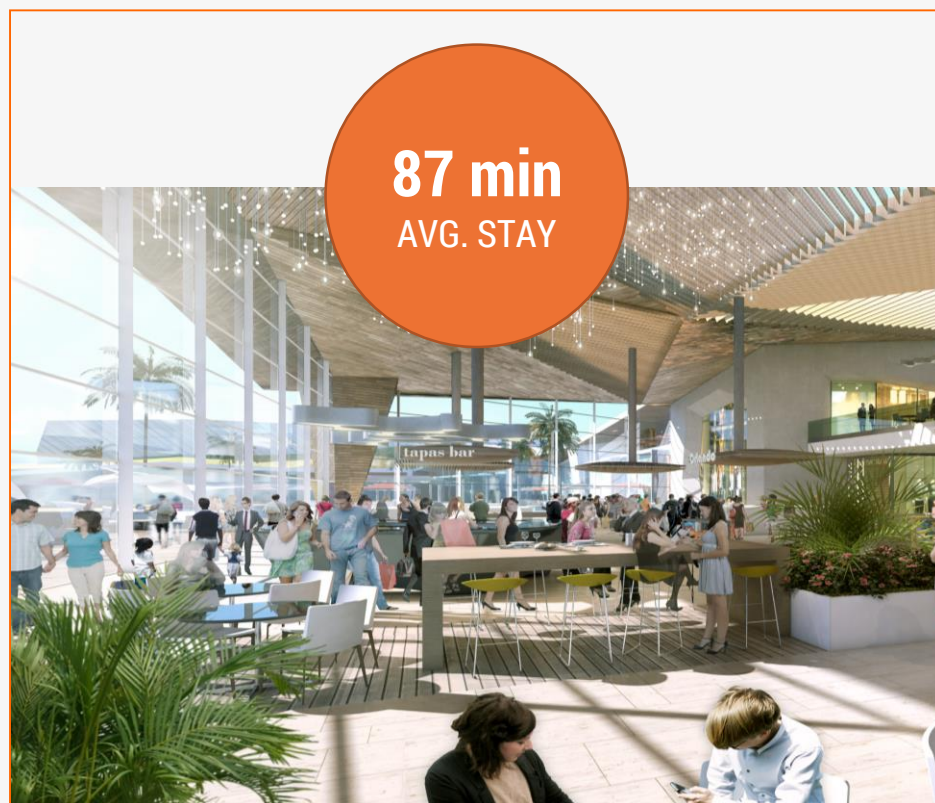
# 03 Business Performance



RETAIL  
*in action!*

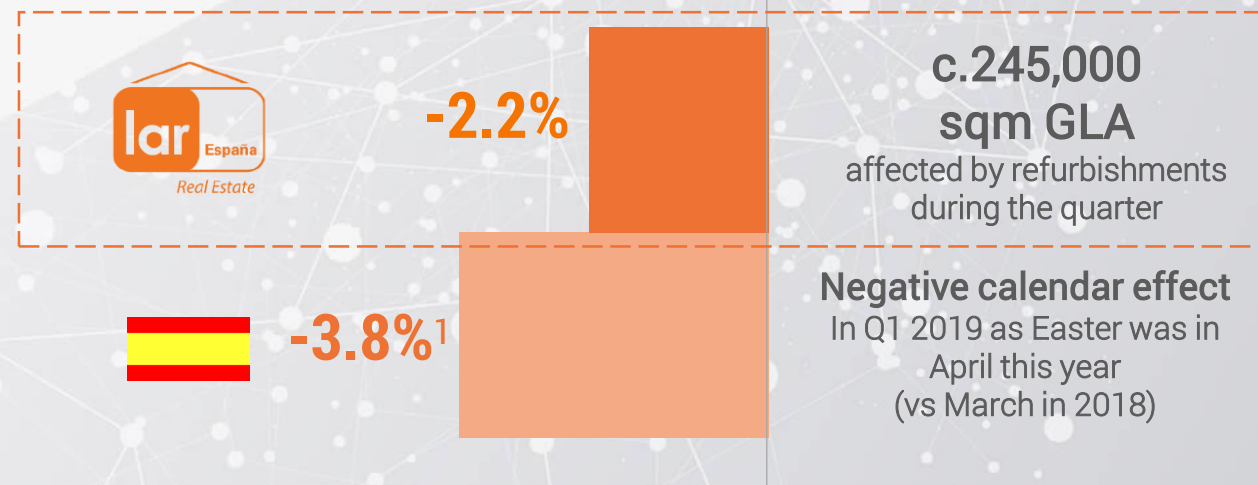


# Footfall above Spanish market despite 5 shopping centres under refurbishment



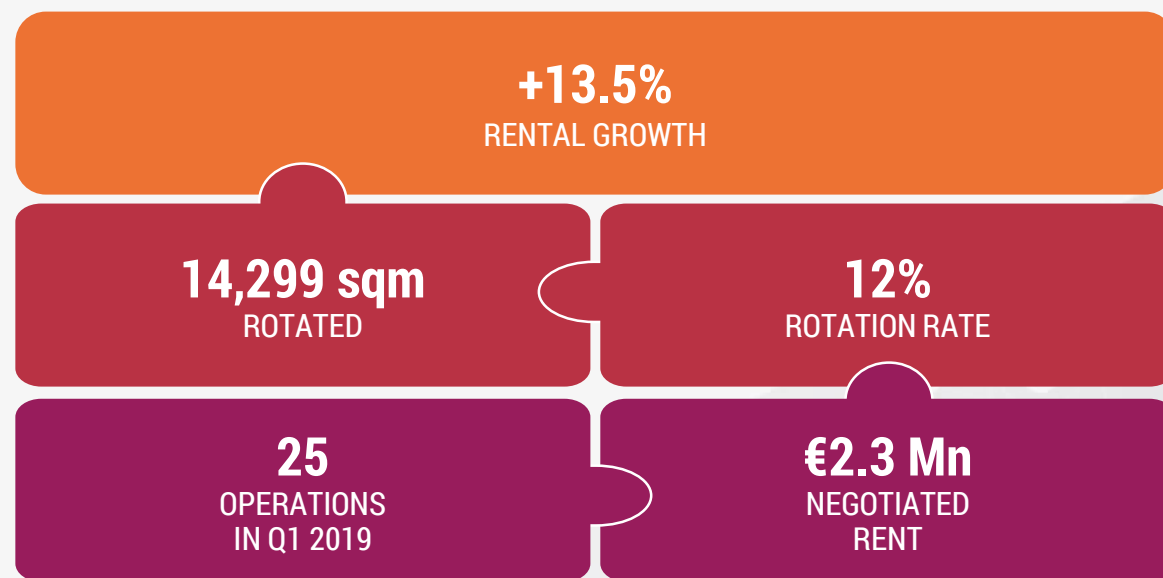
Footfall Q1 2019  
**15.5 Mn visits**

Vs Q1 2018



# 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>1</sup> Q1 2019  
**€160.6 Mn**

Vs Q1 2018



**+0.2%<sup>2</sup>**

**-0.2%<sup>3</sup>**

1. Declared sales
2. Excluding Anec Blau. Data affected by the Easter's calendar effect (March in 2018 and April in 2019)
3. Big Surfaces Spain Retail Sales

# Trends and new concepts increase the value of our platform



The rise of pop-ups



Retailers continue to invest in flagship stores



The value of physical space

Shopping centres  
are becoming  
**omnichannel spaces**  
offering multiple  
experiences



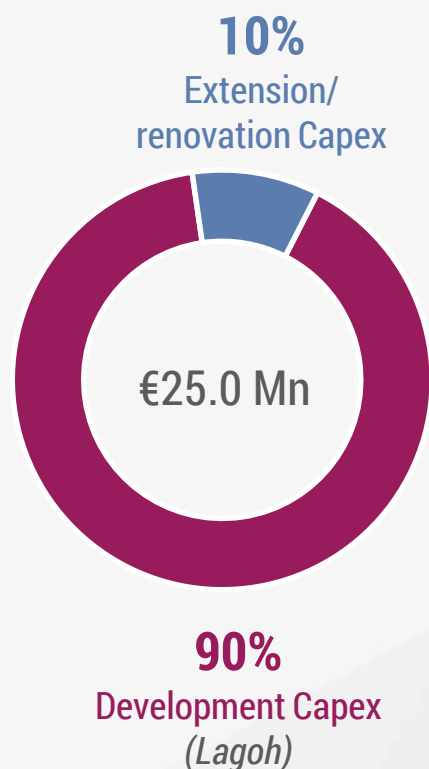
Key sectors: fashion and food & beverage

**40%**  
of visitors choose  
which shopping  
centre to visit based  
on its  
**F&B offering**

# Capex: A tool to create value

Every investment is decided based on ROI, to generate revenues

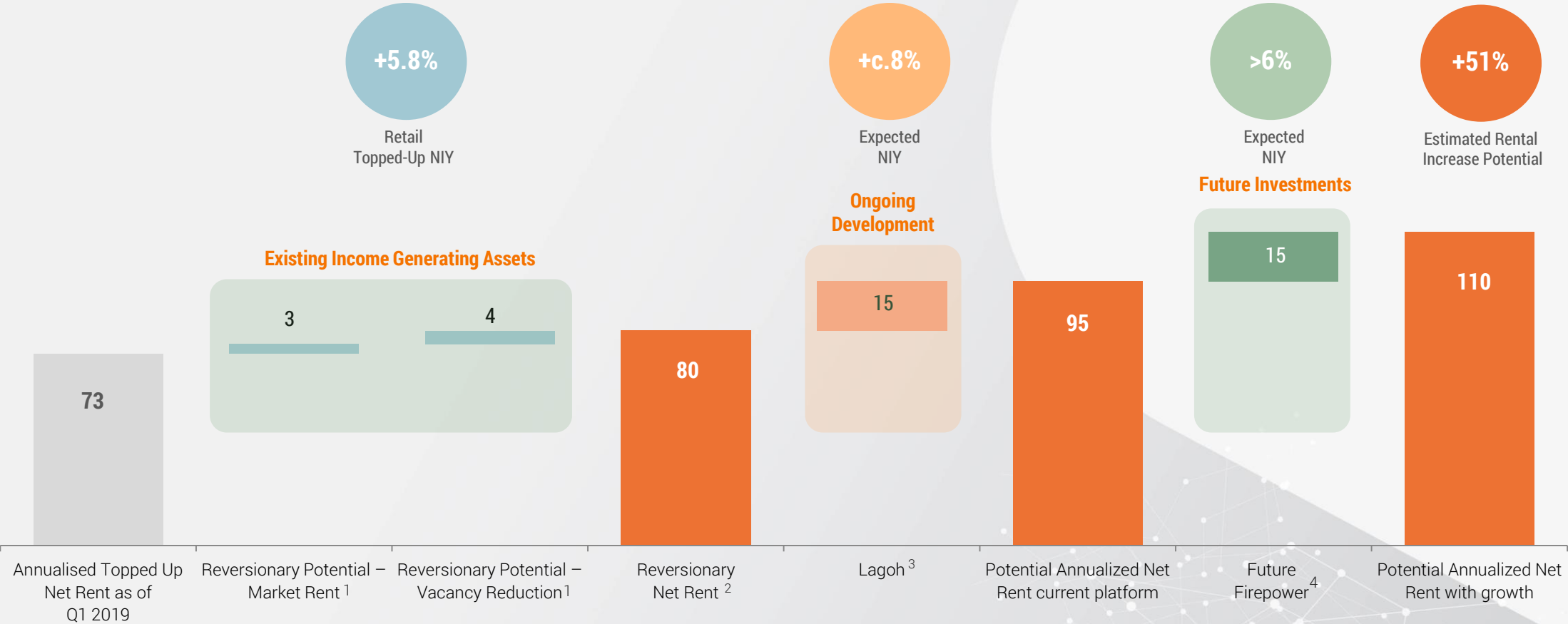
Accumulated Capex till Mar 31<sup>st</sup>, 2019



Refurbishment pipeline	Est. Capex	% Execution
Megapark	€6.5 Mn	Phase 2 in works tender 100% executed Phase 1
Portal de la Marina	€3.8 Mn	Phase 2 in project 100% executed Phase 1
Gran Vía de Vigo	€1.0 Mn	100% executed
El Rosal	€2.0 Mn	Phase 2 contracted works 100% executed Phase 1
Anec Blau	€14.8 Mn	Initiation of works



# 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 31<sup>st</sup> 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



RETAIL  
*in action!*





## RESULTS

**+15% Net Profit in Q1 2019 vs Q1 2018**

**+18% Results from Operations in Q1 2019 vs Q1 2018**

**+25% Lagoh revaluation in Q1 2019 vs FY 2018**



## ASSETS

Lagoh reached c.**95%<sup>1</sup>** of GLA leased and committed and **30%<sup>1</sup>** of the units delivered

Lagasca99 reaches c.**90%<sup>1</sup>** deliveries



## CORPORATE

**€75 Mn 2018 dividend**

**10.8%<sup>2</sup> Dividend yield over market cap**

**New Share Buy-Back Programme**

**Comfortable leverage @ 29% Net LTV**

# DISCLAIMER



This document has been prepared by Lar España Real Estate SOCIMI, S.A. (the "Company") for information purposes only and it is not a regulated information or information which has been subject to prior registration or control by the Spanish Securities Market Commission. This document neither is a prospectus nor implies a bid or recommendation for investment. This document includes summarised audited and non-audited information. The financial and operational information, as well as the data on the acquisitions which have been carried out, included in the presentation, correspond to the internal recordings and accounting of the Company. Such information may in the future be subject to audit, limited review or any other control by an auditor or an independent third party. Therefore, this information may be modified or amended in the future.

The information contained herein has been obtained from sources that the Company considers reliable, but the Company does not represent or warrant that the information is complete or accurate, in particular with respect to data provided by third parties (including certain information relating to the Company's properties such as their catchment areas and performance indicators for periods preceding the time of acquisition by the Company). Neither the Company nor its legal advisors and representatives assure the completeness, impartiality or accuracy of the information or opinions included herein. In addition, they do not assume responsibilities of any kind, whether for misconduct or negligence, with regard to any damages or losses that may derive from the use of this document or its contents. The information contained in this document has not been subject to independent verification. This document includes forward-looking representations or statements on purposes, expectations or forecasts of the Company or its management up to the date of release of this document. Said forward-looking representations and statements or forecasts are mere value judgments of the Company and do not imply undertakings of future performance. Additionally, they are subject to risks, uncertainties and other factors, which were unknown or not taken into account by the time this document was produced and released and which may cause such actual results, performance or achievements, to be materially different from those expressed or implied by these forward-looking statements. Moreover, these forward-looking statements are based on numerous assumptions (which are not stated in the presentation) regarding the Company's present and future business strategies and the environment in which the Company expects to operate in the future. There are many factors, most of them out of the Company's control which may cause the Company's actual operations and results to substantially differ from those forward-looking statements.

The financial information contained herein may include items which are not defined under the International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and which are considered to be "alternative performance measures". Other companies may calculate such financial information differently or may use such measures for different purposes than we do, limiting the usefulness of such measures as comparative measures. Such financial information must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS-EU.

Under no circumstances the Company undertakes to update or release the review of the information included herein or provide additional information. Neither the Company nor any of its legal advisors or representatives assume any kind of responsibility for any possible deviations that may suffer the forward-looking estimates, forecasts or projections used herein.

This information does not constitute or form part of any offer to sell or issue, or invitation to purchase or subscribe for, or any solicitation of any offer to purchase or subscribe for, any securities of the company, nor shall the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision. This presentation should not be considered as a recommendation by the company, Grupo Lar Inversiones Inmobiliarias, S.A. or any other person that any person should subscribe for or purchase any securities of the company. Prospective purchasers of securities of the company are required to make their own independent investigation and appraisal.

The securities of the Company have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or the laws of any state or other jurisdictions of the United States. Such securities may not be offered or sold in the United States except on a limited basis, if at all, to Qualified Institutional Buyers (as defined in Rule 144A under the US Securities Act) in reliance on an exemption from, or transaction not subject to, the registration requirements of the U.S. Securities Act. The securities of the Company have not been and will not be registered under the applicable securities laws of any state or jurisdiction of Australia, Canada, Japan or Switzerland and, subject to certain exceptions, may not be offered or sold within Australia, Canada, Japan or Switzerland or to or for the benefit of any national, resident or citizen of Australia, Canada, Japan or Switzerland.

**The information contained herein does not purpose to be comprehensive or to contain all the information that a prospective purchaser of securities of the Company may desire or require in deciding whether or not to purchase such securities.**

This document discloses neither the risks nor other material issues regarding an investment in the securities of the Company. The information included in this presentation is subject to, and should be read together with, all publicly available information. Any person acquiring securities of the Company shall do so on their own risk and judgment over the merits and suitability of the securities of the Company, after having received professional advice or of any other kind that may be needed or appropriate but not only on the grounds of this presentation. By delivering this presentation, the Company is not providing any advisory, purchase or sale recommendation, or any other instrument of negotiation over the securities or financial instruments of the Company. This document does not constitute an offer, bid or invitation to acquire or subscribe securities, in accordance with the provisions of article 35 of the consolidated text of the Spanish Securities Market Act approved by the Royal Legislative Decree 4/2015, of 23 October, and/or the Royal Decree 1310/2005, of 4 November and their implementing regulations. Furthermore, this document does not imply any purchase or sale bid or offer for the exchange of securities or a request for the vote or authorization in any other jurisdiction. The delivery of this document within other jurisdictions may be forbidden.

Recipients of this document or those persons receiving a copy thereof shall be responsible for being aware of, and complying with, such restrictions.

By accepting this document you are accepting the foregoing restrictions and warnings.

All the foregoing shall be taking into account by those persons or entities which have to take decisions or issue opinions relating to the securities issued by the Company. All such persons or entities are invited to consult all public documents and information of the Company registered within the Spanish Securities Market Commission.

Neither the Company nor any of its advisors or representatives assumes any kind of responsibility for any damages or losses derived from any use of this document or its contents.

RETAIL  
*in action!*



RETAIL  
*in action!*

## Follow us

 [www.larespana.com](http://www.larespana.com)

 [info@laespana.com](mailto:info@laespana.com)

 Lar España Real Estate SOCIMI

Lar España App

