



# Business Plan 2017-2020



*Real Estate*

## Investor Day

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# Investor Day Wrap up



## Track Record

After >2 years operating as SOCIMI, Lar España has built an outstanding retail platform and portfolio of assets



## Tools to Grow

Lar España is set to grow through:

- ✓ Portfolio size increase with its current firepower
- ✓ Retail asset performance improvement by implementation of its value-added approach
- ✓ Unlocking Value by asset rotation policy



## Brilliant Future

Lar España aspires to become the reference value-added REIT in Europe

# Lar España Highlights

GAV  
€ 1,191 m

GLA  
707,184  
sqm

EPRA  
Topped-up  
NIY  
6.1%

EPRA  
Occupancy  
Rate  
93.0%

## EPRA Topped-up NIY

6.1%<sup>1</sup>  
EPRA NIY



Retail

6.3%



Offices<sup>1</sup>

4.4%



Logistics

7.4%

## EPRA Occupancy Rate

93.0%<sup>1</sup>  
EPRA OCCUP.



Retail

93.3%



Offices<sup>1</sup>

87.0%



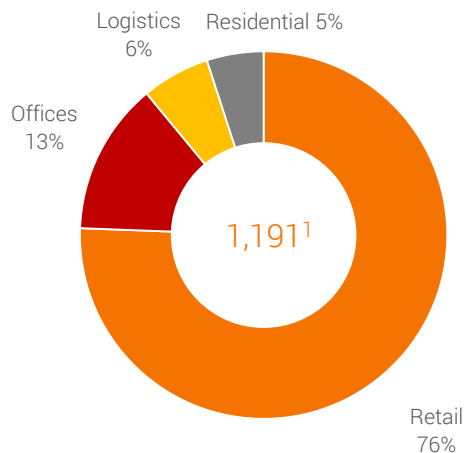
Logistics

100.0%

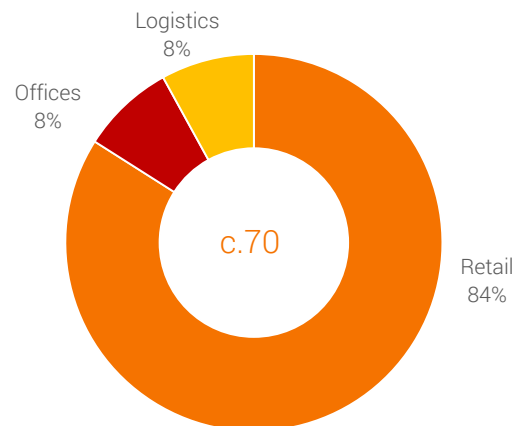
(1) EPRA Topped-up NIY & EPRA Occupancy Rate exclude Marcelo Spinola office building due to its lack of representativeness (full refurbishment)

# Lar España Highlights

## GAV (Mn€)



## Annualized Gross Rental Income (Mn€)



1. Total GAV = Valuation of assets as of 30th June + acquisition price Gran Vía de Vigo

# Summary Key Facts



## Value Creation levers

1. Value added initiatives aimed at increasing asset attractiveness and raising occupancies and rents
2. Development of Retail assets and other assets with available firepower
3. Unlocking Value by asset rotation policy



## Finance through cash flow and leverage

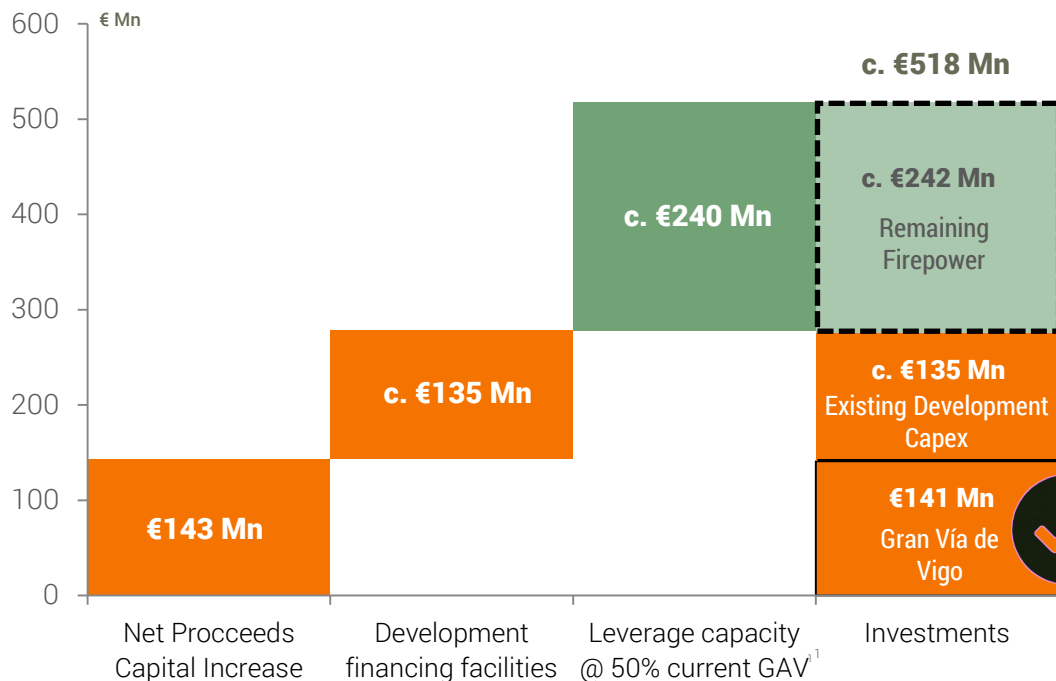
1. Current Firepower c.€240Mn through spare leverage capacity
2. Conservative scenario allows for sustainable cash flow generation to achieve 4-5% recurring dividend yield on NAV per share



## No Capital Increase needed

1. The Company does not need to increase share capital to comply with its ordinary business plan. Additionally, there are no authorizations to do so currently in force.
2. If authority to the Board to increase capital is requested at the next GSM, it will exclude the possibility of use when the share price is placed at a lower level to NAV.

# Capacity to grow



Expiration of 3Y lock-up period under SOCIMI Regime

c. €300 Mn in non-retail assets between 2017-2018



<sup>1</sup> Raising of Development financing facilities according to the progress of the projects @ a LTV of 80%, while respecting the overall Leverage limits stated in the IPO Prospectus. Global LTV will not be affected since growth of GAV of the development projects and the provision of credit facilities will be done simultaneously.

# Business Plan 2017-2020





# Main Assumptions



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## Period

2017-2020

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## New Investments

c. €240 Mn estimated to be invested in 2017

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## Building & Maintenance Capex

c. €30 Mn

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## Delivery

Lagasca 99 residential for sale in 2018

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## New Base Fee

1.25% on NAV up to €600 Mn + 1% on NAV Over > € 600 Mn

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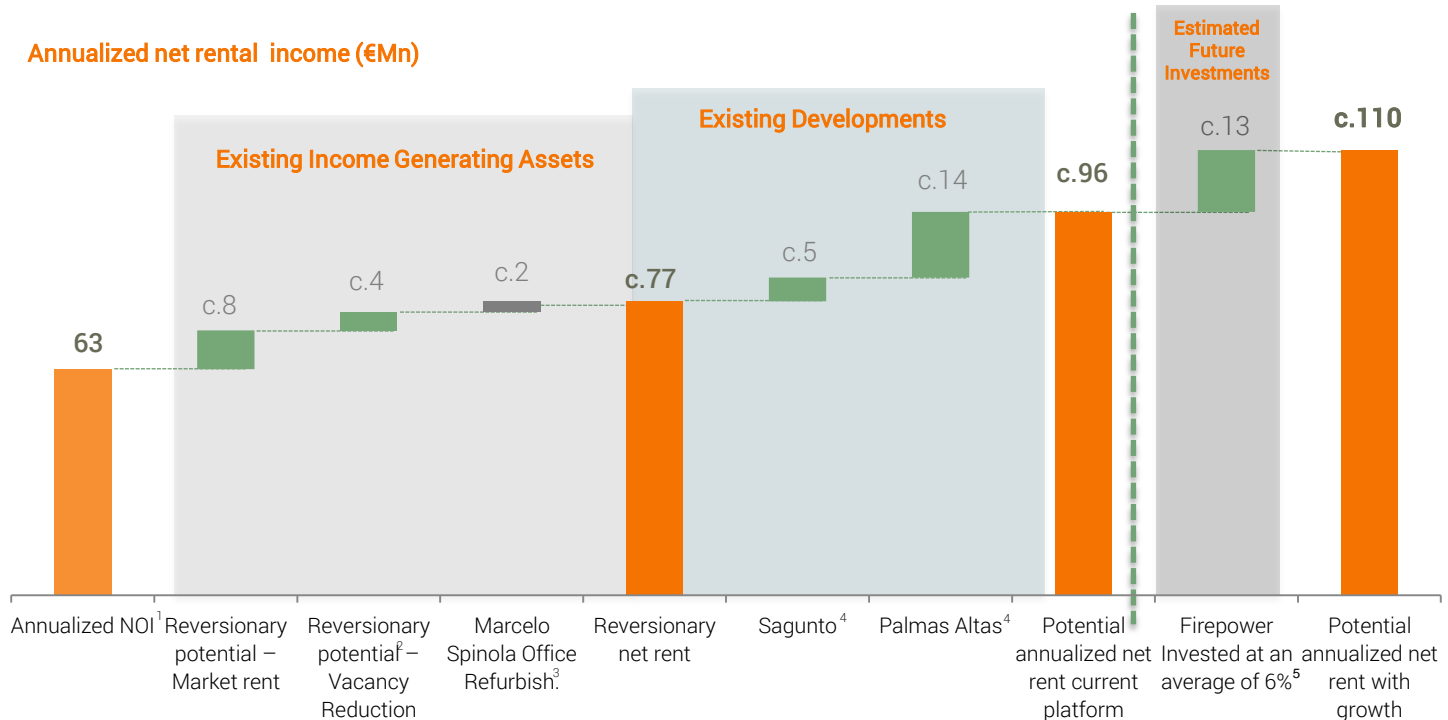
## Capital increase

No further capital increases considered

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# Expected Rental Growth

Annualized net rental income (€Mn)



<sup>1</sup> EPRA Annualized net rent as at H1 2016 + Estimated annualized net rent Gran Via de Vigo

<sup>2</sup> Illustrative potential additional rent in H1 2016 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 H1 2016. Difference applied only to the current occupancy rate, considering the occupancy rate of the Company's properties as of 30 June 2016

<sup>3</sup> Illustrative potential additional rent in H1 2016 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

<sup>4</sup> Potential rent that may be derived from certain of the Company's assets under development (Sagunto and Palmas Altas) 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

<sup>5</sup> Estimated Rental Income assuming an average yield of assets acquired @ 6%

Short and mid term growth potential

# Key targets & assumptions 2017-2020

Return Targets	Expected 2016 End	Expected Average Growth per annum
Total Annual Return	>12%	▲ >12%
NAV	c. €780 Mn	▲ c. 9-10%

Business Plan Assumptions	Expected 2016 End	Expected Average Growth per annum
Annualized GRI	c. €70 Mn	▲ c. 14%
Annualized NOI <sup>1</sup>	c. €63 Mn	▲ c. 15%
Non Recoverable/ GRI Expenses	10%	▼ c. -10% (till 7% target)
Occupancy	93%	▲ c. 1% (till 97% target)

<sup>1</sup> In accordance with EPRA BPR

# Dividends

## Dividend policy objectives

- ✓ Predictable and sustainable dividend and distribution schedule
- ✓ Competitive in the International Real Estate market
- ✓ Attractive vs Spanish equity market
- ✓ As a result of a solid cash flow generation

1

Dividend Yield

2016

More than **4%<sup>1</sup> over NAV** (> 5% on current Market Cap)

2017 - Onwards

**c. 5% over NAV**

2

Extraordinary dividends

Lagasca 99 delivery

Other divestments, according to the Business Plan execution and conditions

3

One payment per year upon approval of the General Shareholders Meeting

1. 4% Dividend yield over Average of 2016 quarterly NAV

# Closing Remarks

## 1 RIGHT TIMING

Cycle  
Opportunity

## 2 RIGHT RESOURCES

Operational  
Financial  
Know-How

## 3 RIGHT PLATFORM

Size  
Synergies  
Developments  
Rotation potential

**Future**

## RESULTS

Operation  
Revaluation  
Dividends



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Investor Day App

