

# NUEVA CONDOMINA ACQUISITION

MAY 22, 2017



KLEPIERRE

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# NC Nueva Condomina

MILENIO

Bienvenidos



# EXECUTIVE SUMMARY





## KEY FIGURES



**110,000 sq.m. GLA**  
73,000 shopping mall / 37,000 retail park



**11 M Footfall**



**178 Mall Shops + 16 Retail park units**



**5,700 Parking slots**

PRIMARK®



H&M

ZARA



MediaMarkt

CINESA



Bershka

Stradivarius



## MAIN FINANCIAL METRICS



**€233 M**  
Asset value



**€12.5 M**  
Current NRI<sup>1</sup>



**5.4%**  
EPRA NIY



**€257 M**  
Retailer sales<sup>2</sup>



**9.3%**  
OCR<sup>3</sup> (vs 13.5%  
for Iberia)



**15%**  
Financial  
vacancy rate<sup>4</sup>

<sup>1</sup> Annualized net rental income as of April 30, 2017 (80% shopping center; 20% retail park).

<sup>2</sup> Including tax and estimates for Apple, Primark, Cinesa and Leroy Merlin sales.

<sup>3</sup> Occupancy cost ratio (OCR), excluding Primark and Apple estimated sales.

<sup>4</sup> As of April 30, 2017.



## 4 REASONS WHY KLÉPIERRE BOUGHT NUEVA CONDOMINA



**Leading fashion & leisure destination of the Murcia region and must-have destination for leading international retailers**



**5.4% EPRA Net initial Yield**

**Value creation clearly identified with an 18% NRI uplift by 2019<sup>1</sup>**



**Modern shopping mall opened 10 years ago: excellent transport links, efficient layout, recently refurbished with Club Store<sup>®</sup>**



**Managed since 2012 by Klépierre Management España, giving good visibility on leasing and reversionary potential**

**An acquisition in line with Klépierre's operational strategy: retail first (right-sizing and food destination), Clubstore<sup>®</sup>, Let's Play<sup>®</sup> and Good Choices<sup>®</sup>**

<sup>1</sup>2019 targeted NRI vs 2017 annualized NRI as of April 30, 2017.





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01

# WHY SPAIN?



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# SPAIN : A SUCCESSFUL M&A AND DEVELOPMENT TRACK RECORD OVER THE LAST 15 YEARS

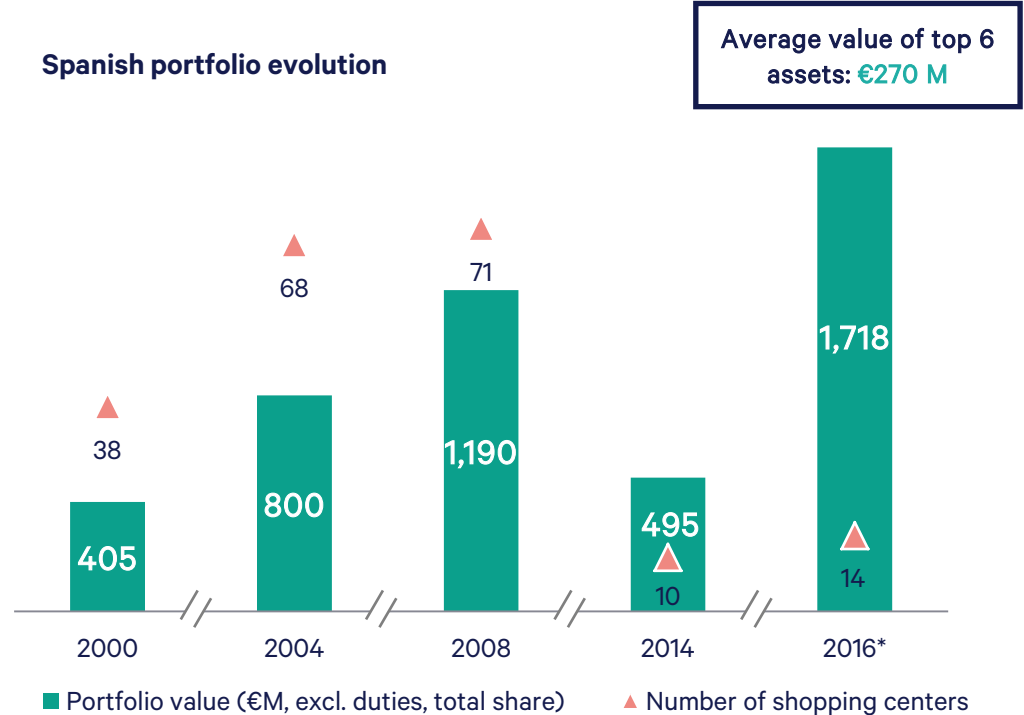
Klépierre has constituted the largest portfolio of leading regional malls

Over the past 15 years, Klépierre has **transformed** its **portfolio** dramatically, while increasing its focus **on large shopping centers:**

- Development of **La Gavia** and **Meridiano**
- **Disposals** of hypermarket galleries to Carmila
- **Corio Spanish** portfolio acquisition
- Acquisition of **Plenilunio** (Madrid) in March 2015 (GAV +13% since acquisition)
- Disposals of 3 non-core assets in 2016

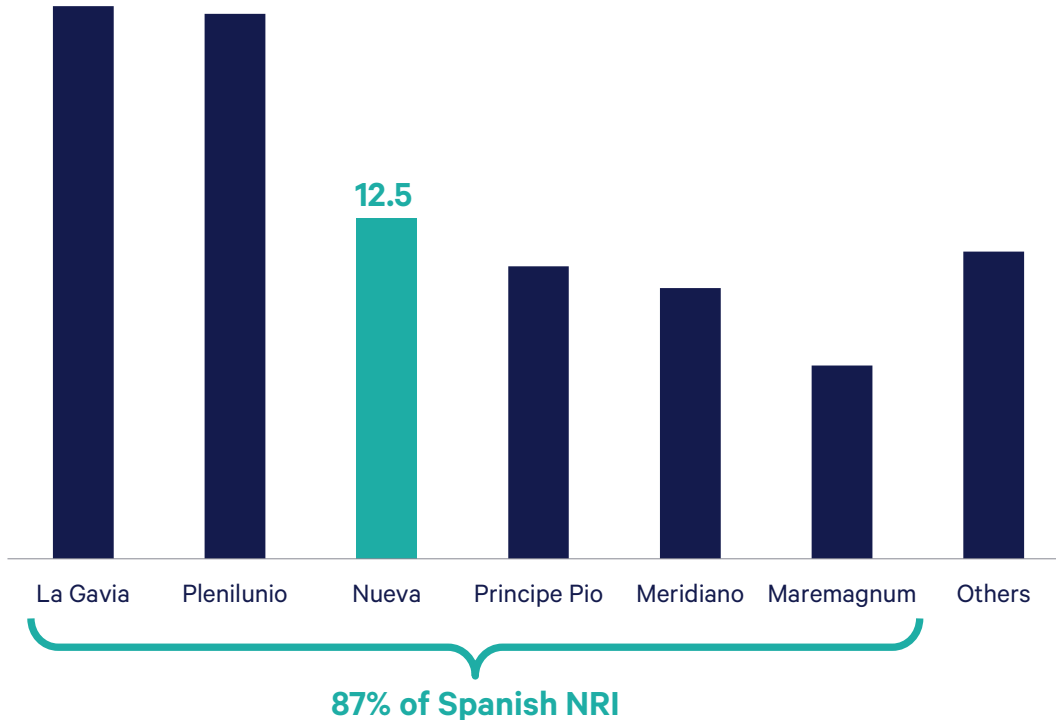
**Current portfolio is best positioned** to take advantage of Spanish recovery and to adapt to the evolving retail and digital environment

\*Based on 31/12/16 external appraisals and Nueva acquisition price



# NUEVA ACQUISITION FITS KLÉPIERRE'S STRATEGY AND STRENGTHENS ITS PLATFORM

Net rental income of Klépierre's Spanish malls (in € M)



**9%**

**Spain's weight**  
in group NRI  
(including Nueva)

**#3**

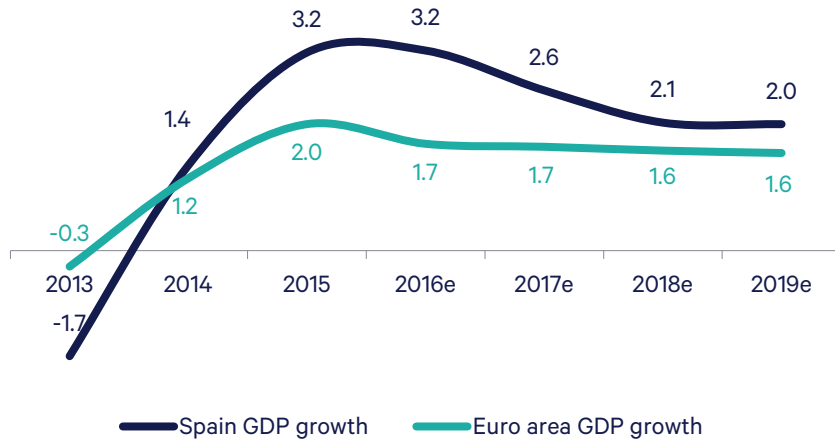
**3<sup>rd</sup> largest asset**  
in Klépierre's Spanish  
portfolio

# A SUPPORTIVE SPANISH ECONOMY

**GDP growth** expected to reach **3.2%** in 2016, and should keep outperforming Western European countries in the coming years (+2.6% in 2017; +2.1% in 2018)

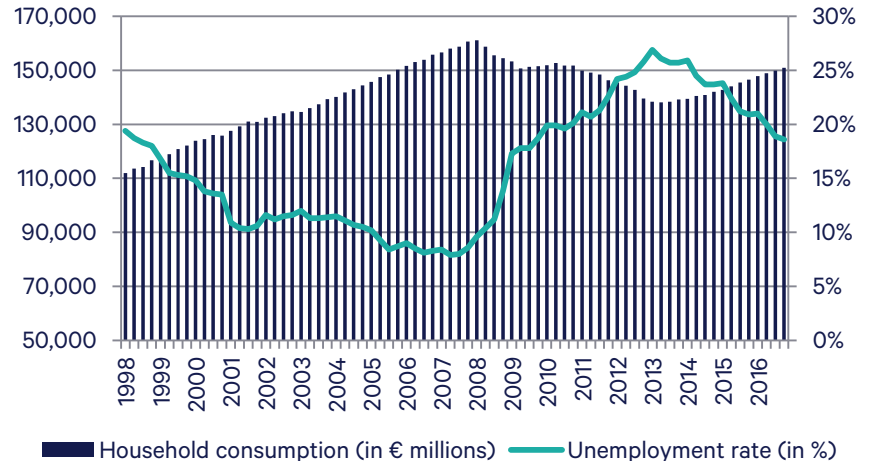
**Household consumption** still below pre-crisis level; further upward potential supported **by declining unemployment** (18.75% in Q1 2017 vs 21% in 2016) **and improving consumer confidence**

**GDP growth: Spain vs Euro area**  
(constant prices)



Source: IMF.

**Household consumption & unemployment rate in Spain**  
(consumption in constant prices, restated for calendar effects)



Source: Eurostat.





02

# WHY MURCIA?



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## MURCIA: A DYNAMIC AND ATTRACTIVE REGION



Murcia **GDP growing at 3.1%** in 2016, in line with the rest of Spain

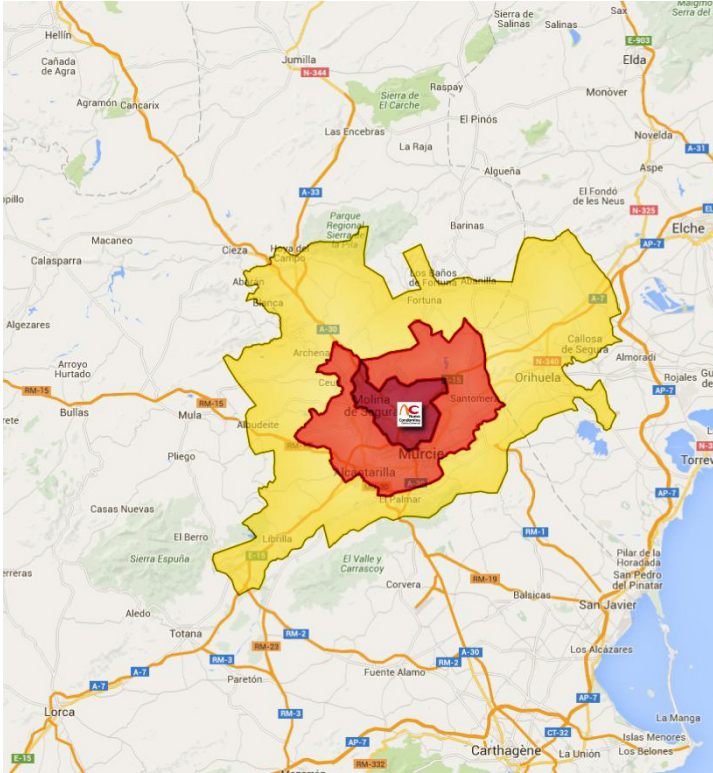
Buoyant **tourism industry**  
(1 million tourists in 2016, +24% vs 2015)

**Unemployment rate sharply decreasing**  
(18.6% in Q1 2017 vs 23.5% in 2015)

Higher **population density**  
(130 per km<sup>2</sup> vs 92 for Spain)

Favorable **demographic trends** with one of the highest birth rates in the country (13‰, vs 9.0‰) and a **young population** (30% less than 25 years old vs 9.6% for the whole country)

# LARGE CATCHMENT AREA WITH EXCELLENT CONNECTIONS



8 km north of **Murcia** city center

**Large catchment area** with close to half a million inhabitants within a 20-minute radius and over 800,000 within the 30-minute radius

**Higher purchasing power** compared to the rest of the region, resulting in a higher basket than the average of Klépierre's Spanish portfolio.

**Excellent road access and visibility:** connected to a busy motorway (A7; linking Valencia and Malaga) and public transportation with bus and tramway lines

- **Less than 10 minutes: 89,000 inhabitants**
- **Less than 20 minutes: 486,000 inhabitants**
- **Less than 30 minutes: 804,000 inhabitants**



# NUEVA: THE LEADING MALL IN ITS COMPETITIVE ENVIRONMENT



In the Murcia area, Nueva Condomina is:

- **The preferred destination for international retailers:** the strategic location for leading brands having 1 store in the region (Apple, Primark, Lefties, FNAC) and to deploy their latest concept (Inditex; see slide 26)
- **The “Destination Food”:** the largest and most differentiated offering (20 restaurants including McDonald’s, Häagen-Dazs, The Good Burger...)
- **The leisure destination:** the best cinema in the region (15 screens, more than 500,000 tickets) and new concept to further enhance the mix (Sports Grada Café).

Nueva’s main competitor, Thader (anchored by Auchan and Decathlon), remains mostly focused on local retailers.



03

# WHY NUEVA CONDOMINA?



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## A RECENTLY DEVELOPED MALL



**2006**  
Opening



**2014**  
Renovated look & feel



Limited **capex** expected





## GOOD CHOICES®



**100%**  
Electricity from renewable  
sources



First Spanish mall to be  
equipped with a **Tesla**  
“**SuperCharger**”



**-10%**  
expected savings in energy  
consumption in the next 2 years



# AN UNRIVALLED RETAIL MIX

Fashion counts for 47% of retailer sales (61 stores)

## PRIMARK®

Recently reallocated on larger unit (5,300 sqm) and new format

## ZARA

2<sup>nd</sup> best Zara shop in Klépierre's Spanish portfolio  
Together with the entire Inditex galaxy



NEWYORKER



MANGO

Bershka



lefties



# A UNIQUE DESTINATION...

... for culture, leisure, food and home equipment

## Culture, Gifts & Leisure: 21%



## Food stores & Restaurants: 19%



## Household Equipment: 5%



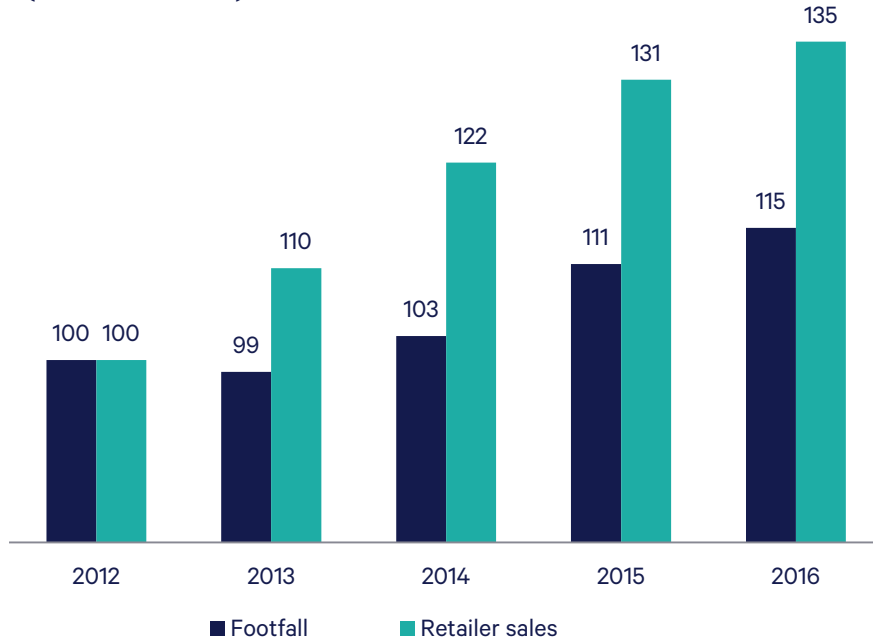
## Health & Beauty: 8%



# A CONSTANT OPERATIONAL IMPROVEMENT SINCE 2012...

## Change in footfall & retailer sales

(Index basis: 2012)



**Since 2012**, when Klépierre was appointed leasing and property manager:

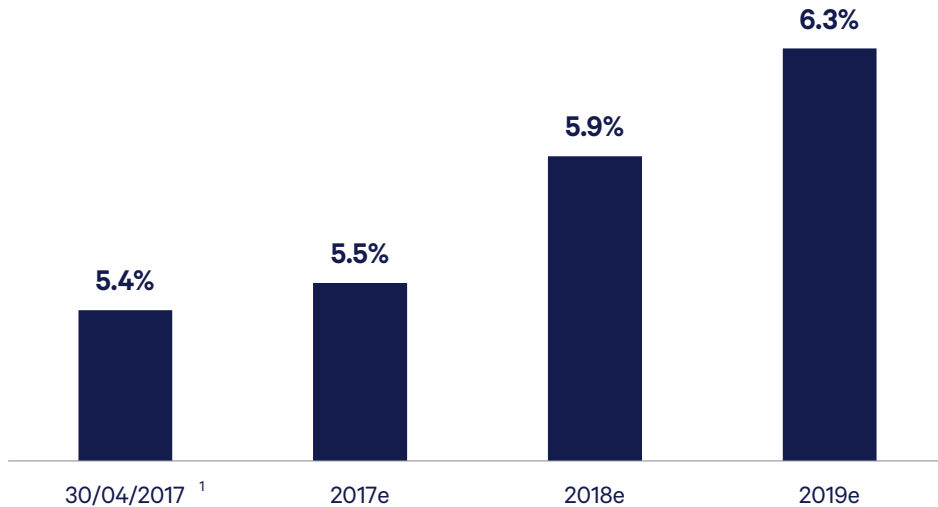
- **Footfall** has increased by **15%**
- **Retailer sales** +**35%**<sup>1</sup>

Good visibility on leasing and reversionary potential going forward

<sup>1</sup> Excluding Primark, Apple, Cinesa and Leroy Merlin sales which do not report sales.

## ... PAVING THE WAY TO STRONG VALUE CREATION IN THE NEXT 3 YEARS<sup>1</sup>

Price of €233 M pointing to a 5.4% net initial yield on annualized rents<sup>1</sup>



<sup>1</sup> Based on an annualized NRI as of April 30, 2017.

<sup>2</sup> 2019 targeted NRI vs 2017 annualized NRI as of April 30, 2017.

<sup>3</sup> Excluding Primark and Apple estimated sales.

**18%** potential uplift on NRI

by 2019,<sup>2</sup> through:

- **Higher occupancy:** proactive right-sizing of large international retailers and introduction of new retailers;
- **Capturing of embedded reversionary potential due to low OCR<sup>3</sup>:** 9.6% at Nueva Condomina while Iberian average stands at 13.5%.



# OCCUPANCY IMPROVEMENT

Financial vacancy reduction:  
500 bps by year-end 2017 vs April 2017

Right-sizing of Inditex galaxy,  
including store enlargement of:

- Zara (3,415 sq.m. store)
- Lefties (2,000 sq.m. store)
- Stradivarius (863 sq.m. store)
- Zara Home (532 sq.m. store)
- Oysho (412 sq.m. store)

Introduction of new retailers:

- Mango (876 sq.m. store)
- Inside (722 sq.m. store)





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FASHION & LUX

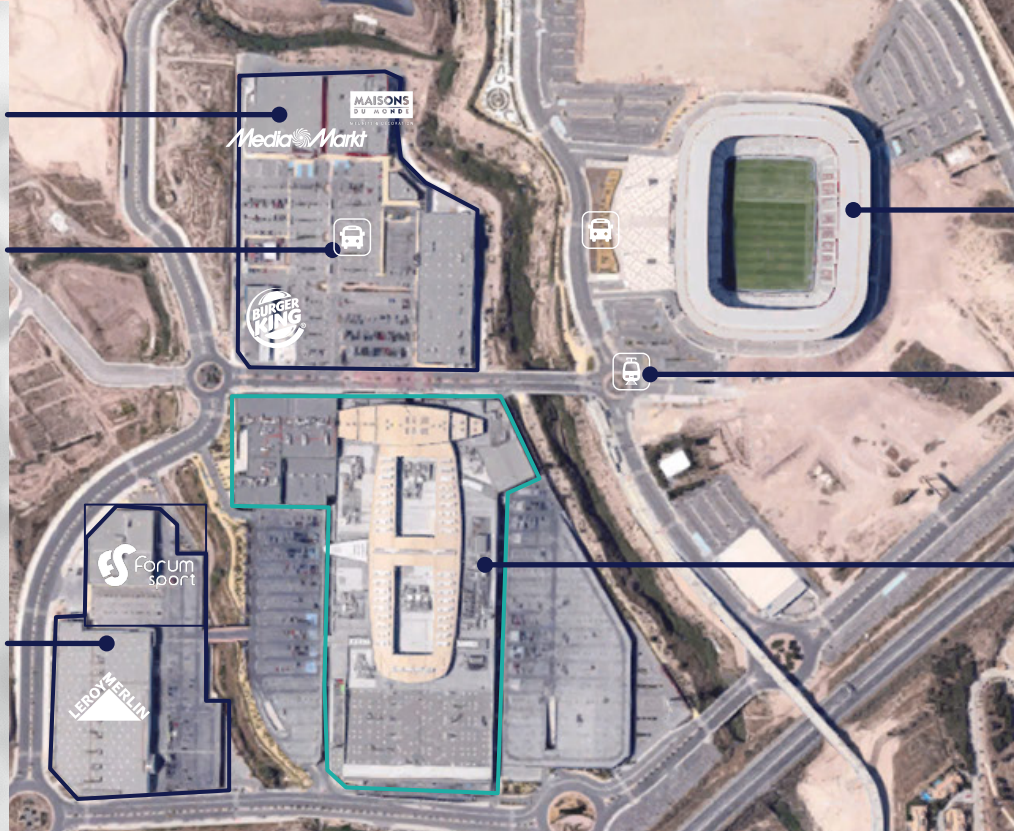


# NUEVA CONDOMINA BIRD'S-EYE VIEW

Retail park

Bus stop

Retail park



Football Stadium

Tramway station

Shopping Center

# AN EFFICIENT LAYOUT

## Ground floor





# AN EFFICIENT LAYOUT

## First floor

