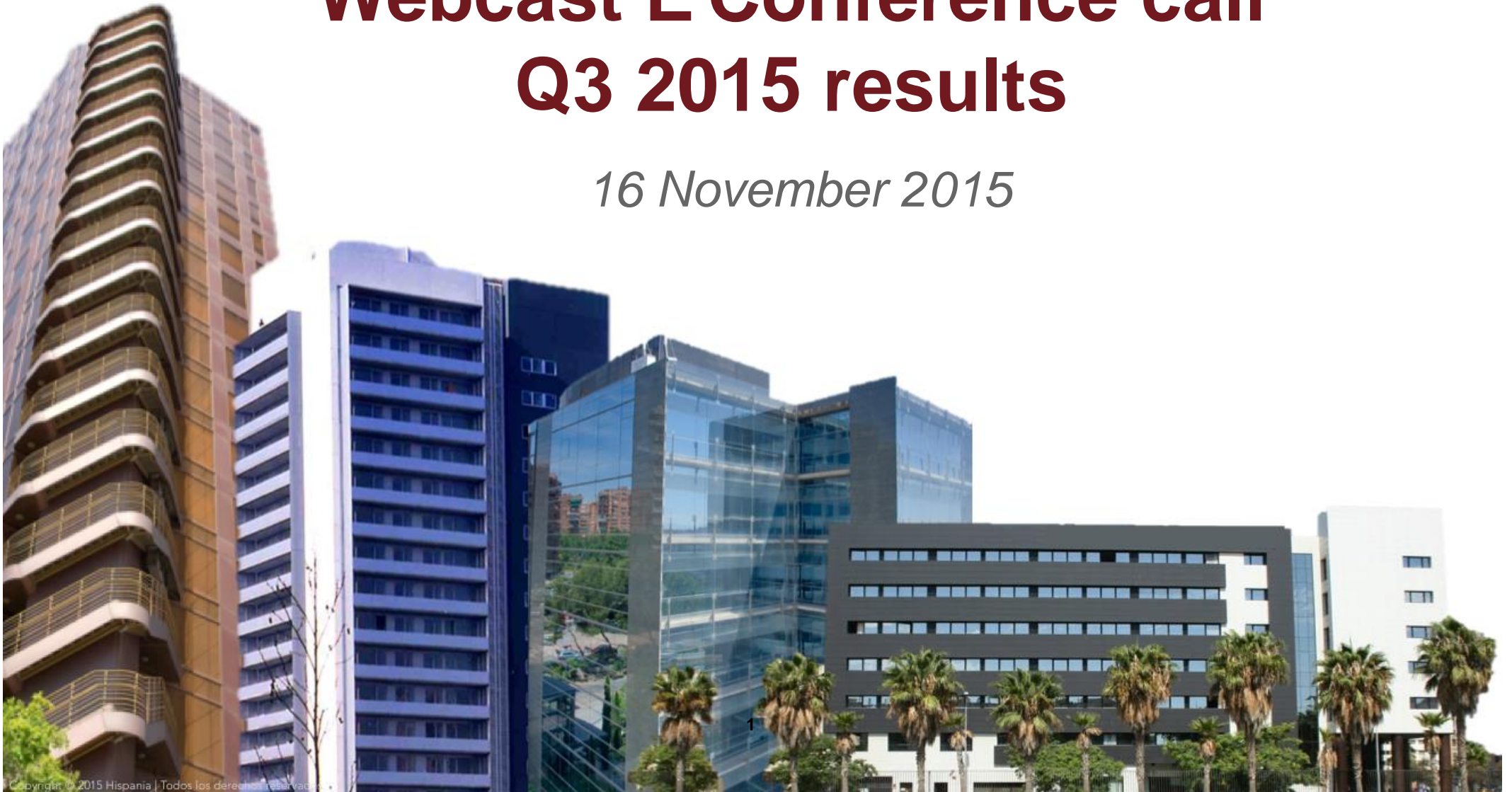




HISPANIA  
ACTIVOS INMOBILIARIOS

# Webcast Æ Conference call Q3 2015 results

*16 November 2015*



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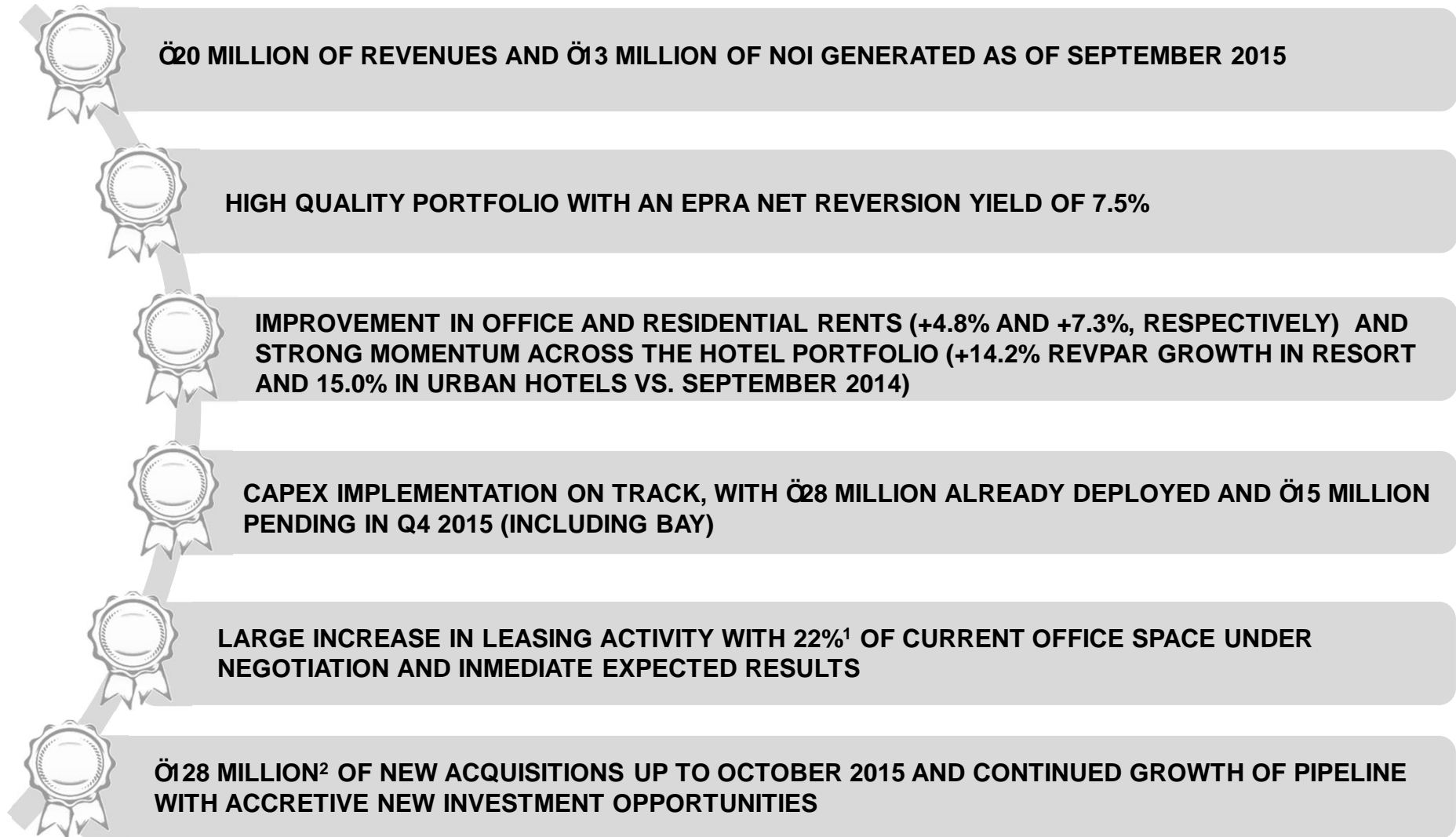
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Source: Hispania

Notes:

<sup>1</sup> As of the date of this presentation

<sup>2</sup> Excluding acquisition costs of the new investments and any expected capex to be implemented

# Highlights



**HISPANIA**

ACTIVOS INMOBILIARIOS

**P&L progressively showing signs of stabilization and impact from asset management**

**Quarterly and 9M 2015 consolidated income statement (Ök)**

<i>(in thousand euros)</i>	H1 2015	Q3 2015	9M 2015
<b>Total net rental income<sup>1</sup></b>	<b>10,645</b>	<b>8,935</b>	<b>19,580</b>
Offices	5,427	3,186	8,613
Residential	1,968	1,307	3,275
Hotels	3,250	4,442	7,692
<b>NOI</b>	<b>7,440</b>	<b>5,173</b>	<b>12,613</b>
Offices	3,966	2,747	6,713
Residential	1,279	1,085	2,364
Hotels	2,195	1,341	3,536
<b>SG&amp;A (including base fee)</b>	<b>(7,823)</b>	<b>(2,967)</b>	<b>(10,790)</b>
Base fee - based on EPRA NAV	(4,593)	(2,737)	(7,330)
General expenses	(3,230)	(230)	(3,460)
<b>Group EBITDA</b>	<b>(0,383)</b>	<b>2,206</b>	<b>1,823</b>
Valuation uplift	14,441	-	14,441
D&A and assets disposal	(4)	48	44
<b>EBIT</b>	<b>14,054</b>	<b>2,254</b>	<b>16,308</b>
Financial result	(1,992)	316	(1,676)
Taxes	(1,096)	(217)	(1,313)
<b>Net income</b>	<b>10,966</b>	<b>2,353</b>	<b>13,319</b>
<i>attributable to Hispania</i>	10,693	2,253	12,946

- ✓ **Revenues** show full contribution of assets acquired at the end of the H1 2015
- ✓ **À but no income** from Príncipe de Vergara Auditorio as it was acquired at the end of the Q3 2015
- ✓ **First signs of cost optimisation** in the office portfolio
- ✓ **õ** although **NOI** impacted by c." 2 million loss related to the acquisition and restructuring of Leading Hospitality (Holiday Inn owner)
- ✓ Reduction of **General Expenses** given the absence of non-recurring items and reversion of previous expenses
- ✓ **Financial result** includes excess provision of " 1.8 million related to the failed tender offer over Realia
- ✓ **No new appraisal of assets in Q3 2015**

Source: Hispania

Note:

<sup>1</sup> H1 2015 total rental income restated: the reimbursed costs are deducted from the gross rental income and they have been reclassified as a minor cost associated to the properties. For further clarification, there is no impact on the NOI

**Solid balance sheet with increasingly attractive financing terms**

**Consolidated balance sheet (Ök)**

<i>(in thousand euros)</i>	<b>H1 2015</b>	<b>9M 2015</b>
<b>ASSETS</b>	<b>1,126,722</b>	<b>1,163,911</b>
Investment properties	709,696	754,944
Long-term financial investments	98,678	99,875
Other non-current assets	13,247	14,134
Short-term financial investments	57,397	29,385
Other current assets	6,489	8,269
Cash & cash equivalents	241,215	257,304
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1,126,722</b>	<b>1,163,911</b>
<b>Total Equity</b>	<b>897,663</b>	<b>898,534</b>
Shareholder's equity <sup>1</sup>	887,253	888,024
Minority interests	10,410	10,510
<b>Total liabilities</b>	<b>229,059</b>	<b>265,377</b>
Long-term financial debt	187,293	210,442
Other long-term liabilities	12,381	17,092
Short-term financial debt	7,476	11,521
Other short-term liabilities	21,909	26,322

Source: Hispania

Notes:

<sup>1</sup> Including treasury stock, paid-in capital and results for the period

<sup>2</sup> Including BAY financing terms

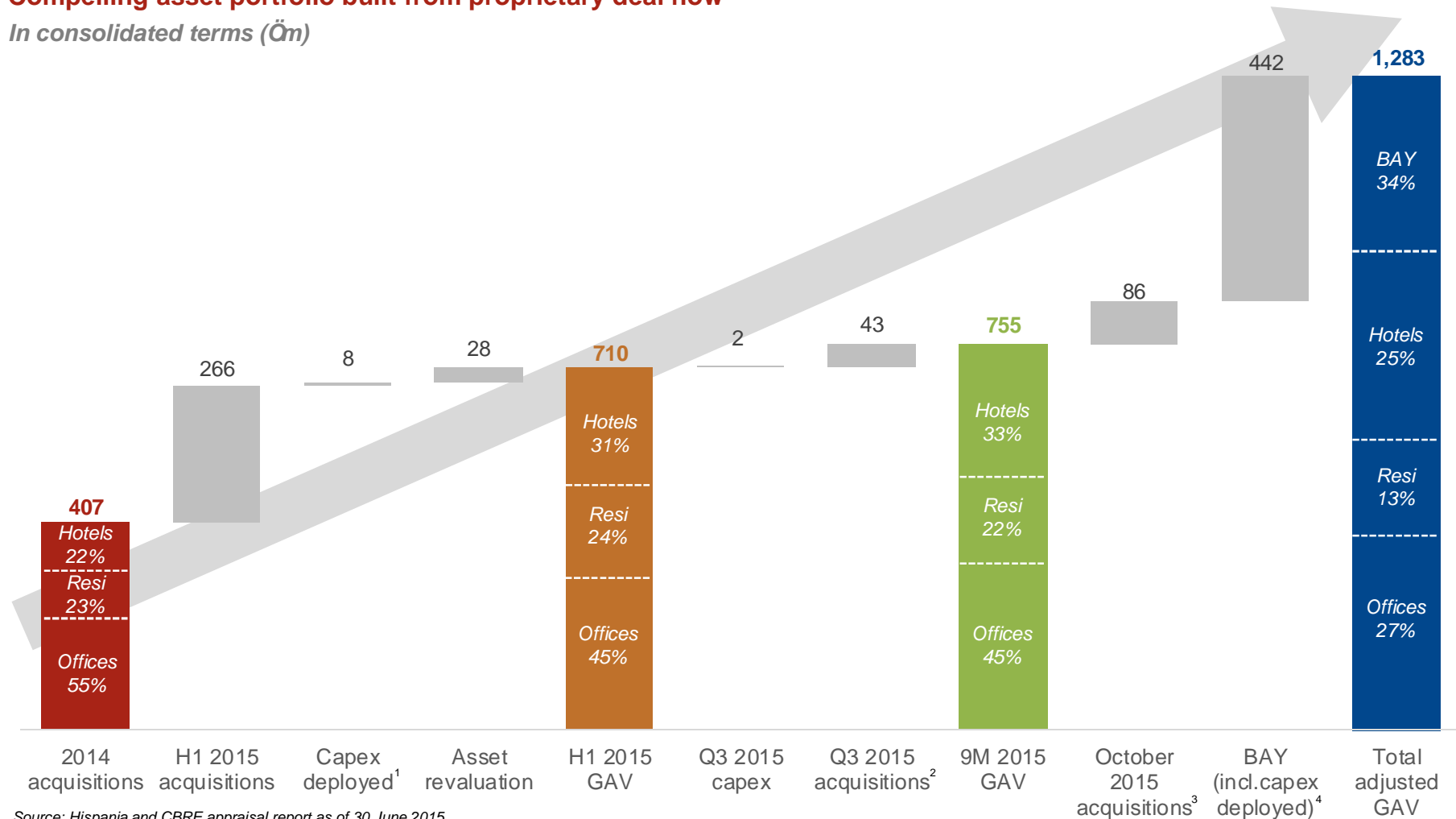
<sup>3</sup> As of the date of this presentation

- ✓ **Investment up** " 45 million due to new investments (Príncipe de Vergara Auditorio, Cahispa, Holiday Inn and some hotel furniture) and " 2 million of capex
- ✓ **Ö27 million of new financing** (Cristalia 4B and Foster Wheeler)
- ✓ **Gross LTV at 38%<sup>2</sup> and 14%<sup>2</sup> net LTV**
- ✓ **8 years of WAL**, with **85%<sup>2</sup>** of the maturing from 2020 onwards
- ✓ **All-in cost of 2.9%<sup>2</sup> and 97%<sup>2</sup>** of the debt with fixed interest
- ✓ " 234 million syndicated loan signed for BAY portfolio (not disbursed until Q4 2015)
- ✓ **c.Ö130 million<sup>3</sup>** of new net debt currently under negotiation

**€755 million of portfolio value as of Q3 growing to c.€1,300 million after transactions announced in October, with a unique exposure to the hotel sector, rental residential and offices**

**Compelling asset portfolio built from proprietary deal flow**

*In consolidated terms (€m)*



Source: Hispania and CBRE appraisal report as of 30 June 2015

Notes:

1 Including " 1.0 million furniture acquisition for Meliá Jardines del Teide in January 2015

2 Including the (i) acquisition of furniture for Vincci Málaga Hotel and for Guadalmina hotel, (ii) the acquisition of Cahispa, Príncipe de Vergara Auditorio and part of Holiday Inn (excluding transaction costs and expected capex), and (iii) additional capitalised transaction costs of previous acquisitions

3 Including the acquisition of the second part of Holiday Inn, Dunas and Plaza Les Glòries (excluding transaction costs and expected capex)

4 Including " 423 million of implied portfolio value of the Original and Optional Asset Portfolio and c." 19 million of capex deployment

**A portfolio being built via compelling acquisitions of high quality potential assets, expected to generate an stabilized net yield of c.7.5%**

**Business KPIs by asset class as of 30 September 2015**

	OFFICES	RESIDENTIAL	HOTELS	BAY <sup>1</sup>	
Descriptive metrics	GLA (sqm) / keys (#)	124,731	66,873 <sup>2</sup>	1,569 <sup>3</sup>	6,097
	Book value (Öm) <sup>4</sup>	328	158	241	442
	GAV (Öm) <sup>5</sup>	339	169	247	442 <sup>6</sup>
Operating yields	EPRA net reversion yield (over GAV)	6.3% <sup>7</sup>	4.0% <sup>8</sup>	7.6% <sup>9</sup>	9.7% <sup>10</sup>
	EPRA net passing yield (over GAV)	3.2%	2.3%	6.4%	-
	Adj. net passing yield (over GAV) <sup>11</sup>	4.5%	2.3%	8.2%	-
Occ.	Occupancy rate	65%	86%	-	-
	WALT (years) <sup>12</sup>	3.5 . 5.3	-	4.4-7.8	14.3-44.3
Rents	Avg. market rent	12.6 "/sqm	11.2 "/sqm	-	-
	Avg. contracted rent	13.1 "/sqm	8.8 "/sqm	-	-

**7.5%**

Source: Hispania  
Note: (see footnotes at the end of the presentation)



Hispania has continued to prove its ability to access unique assets at extraordinary attractive prices

**RECENT ACQUISITIONS FOR A TOTAL VALUE OF c.€118 MILLION<sup>1</sup>**

**DUNAS RESORTS & HOTELS (€75 MILLION)**



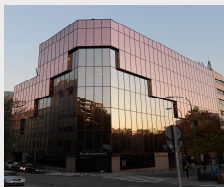
Dunas Suites & Villas 4\*



Dunas Maspalomas 4\*

- ❑ **Portfolio consolidation** through the purchase of three 4\* hotels and a 3\* hotel with 1,183 keys
- ❑ **c.63,400 per key**, significantly below the purchase price of Hispania's existing portfolio in the area<sup>2</sup>
- ❑ **Lease contract:** 10 years + 2 extensions of 15 years each
- ❑ **Average guaranteed yield of 6.1%<sup>3</sup>** and an expected gross yield of **9.2%<sup>4</sup>**

**PRÍNCIPE DE VERGARA AUDITORIO (€18 MILLION)**



**Reinforcement of the quality portfolio with good office location take-up**

- ❑ **Location:** Madrid *business district*
- ❑ **Surface:** 4,815 sqm
- ❑ **Acquisition price:** 3,655 " /sqm
- ❑ **Occupancy:** 82%
- ❑ **Market rent:** c.16.5 " /sqm/month
- ❑ **Net reversion yield:** 6.0%<sup>5</sup>
- ❑ **Expected capex:** " 4.3 million to convert it into a Class-A building

**HOLIDAY INN (€25 MILLION)**



- ❑ **Complex control acquisition** including (i) acquisition of Leading Hospitality (under receivership), (ii) 39 additional keys and (iii) remaining keys owned by individual owners subject to 25 years lease contract
- ❑ **Asset:** 4\* hotel with 313 keys
- ❑ **Location:** Madrid *prime CBD*
- ❑ **Acquisition price:** 1,600 - 1,800 " /sqm<sup>6</sup>, implying an implied acquisition price per key of **c.€70k**
- ❑ **Strategy:** full repositioning with significant capex to be deployed and a new hotel operator to be selected

Source: Hispania

Notes:

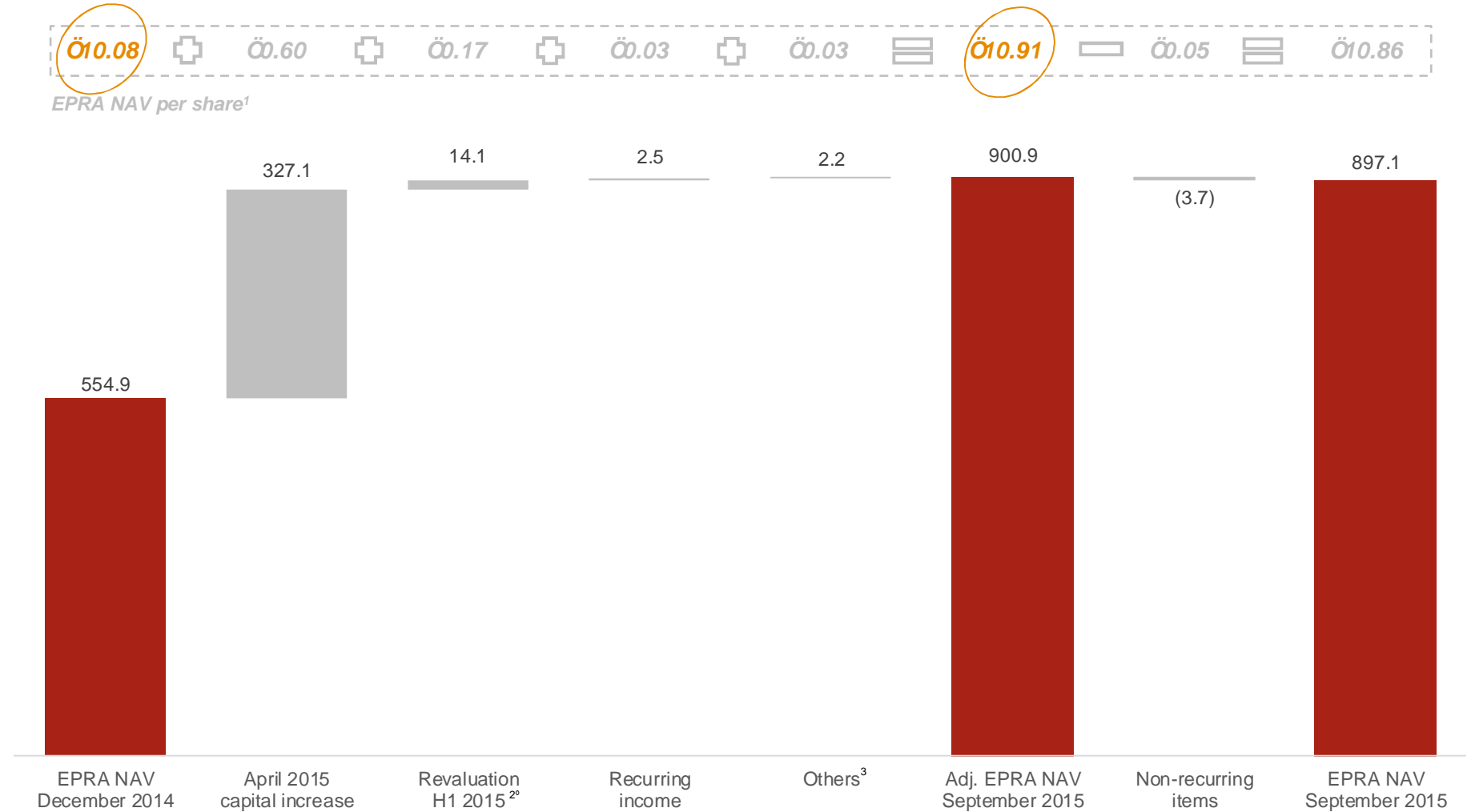
- 1 Excluding acquisition costs and expected capex to be implemented in the new assets acquired and excluding the acquisition of Plaza Les Glòries in October 2015. Dunas is currently under receivership
- 2 Excluding Gran Hotel Bahía Real

Notes:

- 3 Minimum fixed GRY on acquisition price during 2016-2020 (excluding transaction costs), 6.1% GRY taking into account acquisition price and capex expected
- 4 Based on 2014 actual performance
- 5 Estimated NIRY based on current market net rents, 100% occupancy and acquisition price excluding transaction costs and expected capex
- 6 Depending on final transaction closing and excluding Hotel Maza, owned by Leading Hospitality

**+7.7% increase in EPRA NAV which goes up to +8.2% when adjusted for non-recurring items**

**EPRA NAV cascade since December 2014 (Öm)**



Source: Hispania

Notes:

- 1 Based on 55.06 million shares as of December 2014 and 82.59 million shares from the capital increase execution date onwards
- 2 Attributable to Hispania's shareholders
- 3 Including treasury shares and deferred assets/liabilities

**Rental growth across all asset classes based on smart tenant management, asset upgrades and strong momentum in all hotel categories**

	Average rent December 2014	Average rent September 2015	Growth (%)
OFFICE PORTFOLIO LFL	12.6 Ösqm	13.2 Ösqm	4.8%
RESIDENTIAL PORTFOLIO LFL	8.2 Ösqm	8.8 Ösqm	7.3%
RESORT HOTEL PORTFOLIO <sup>1</sup>	84.4 Ökey <sup>3</sup>	96.4 Ökey <sup>3</sup>	14.2%
URBAN HOTEL PORTFOLIO <sup>2</sup>	53.0 Ökey <sup>3</sup>	61.0 Ökey <sup>3</sup>	15.0%

Source: Hispania

Notes:

1 Excluding Jardines del Teide and Guadalupe

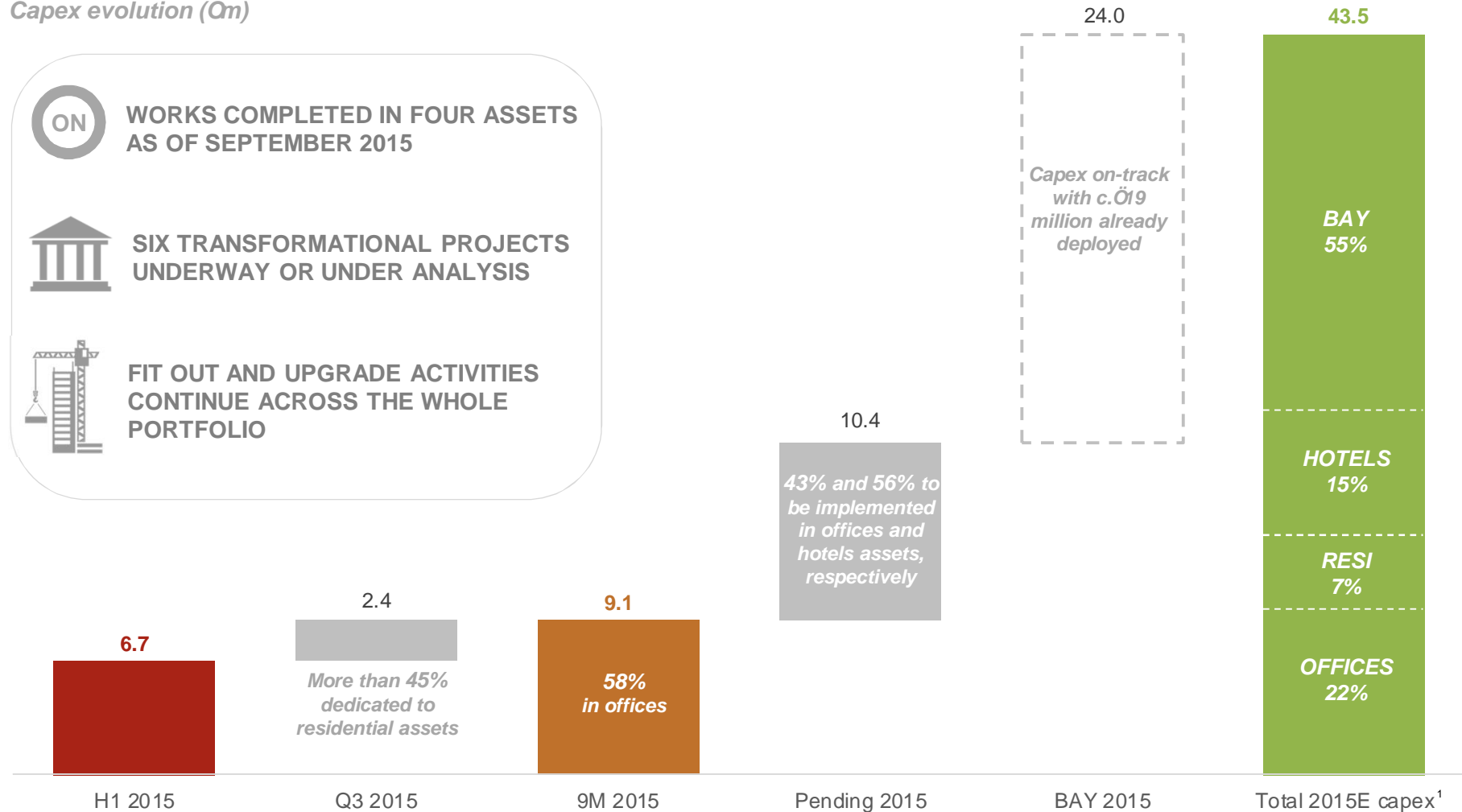
2 Excluding Holiday Inn

3 RevPar (the figure for December 2014 refers to September 2014; this means, the comparison for the hotel portfolio RevPar is September 2014 vs. September 2015)

**€28 million of total capex already implemented and further €15 million expected to be deployed by year end 2015**

**Capex program in progress, expecting an acceleration in the last quarter of 2015**

Capex evolution (€m)



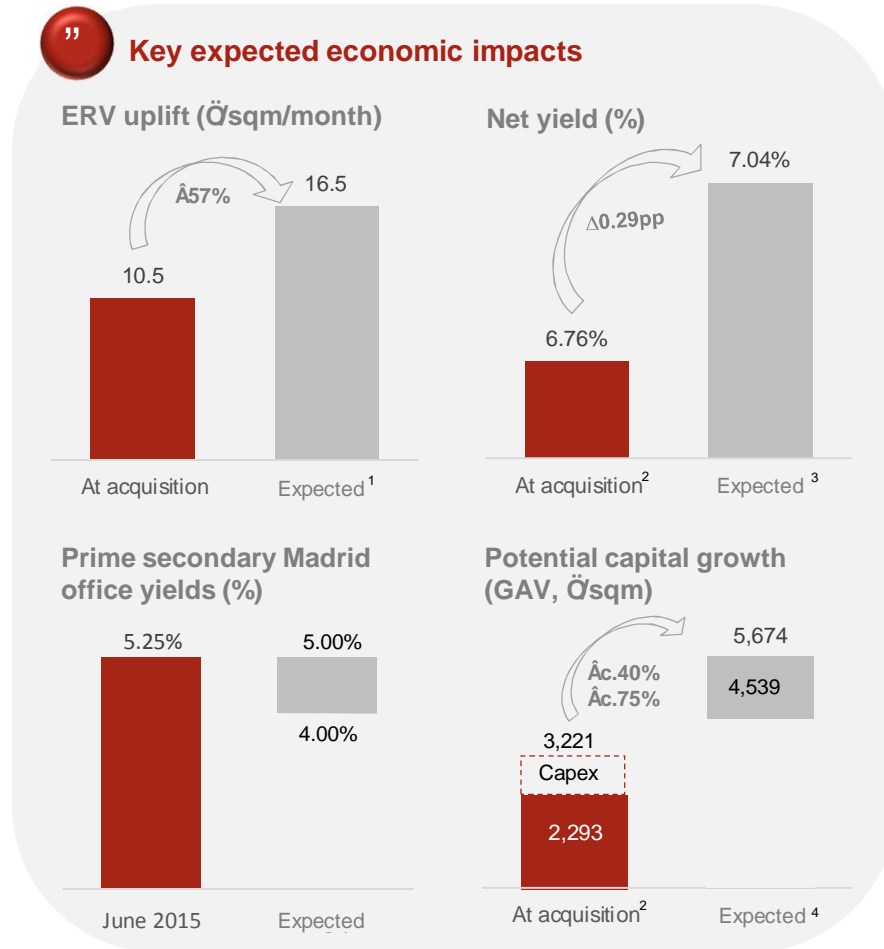
Source: Hispania

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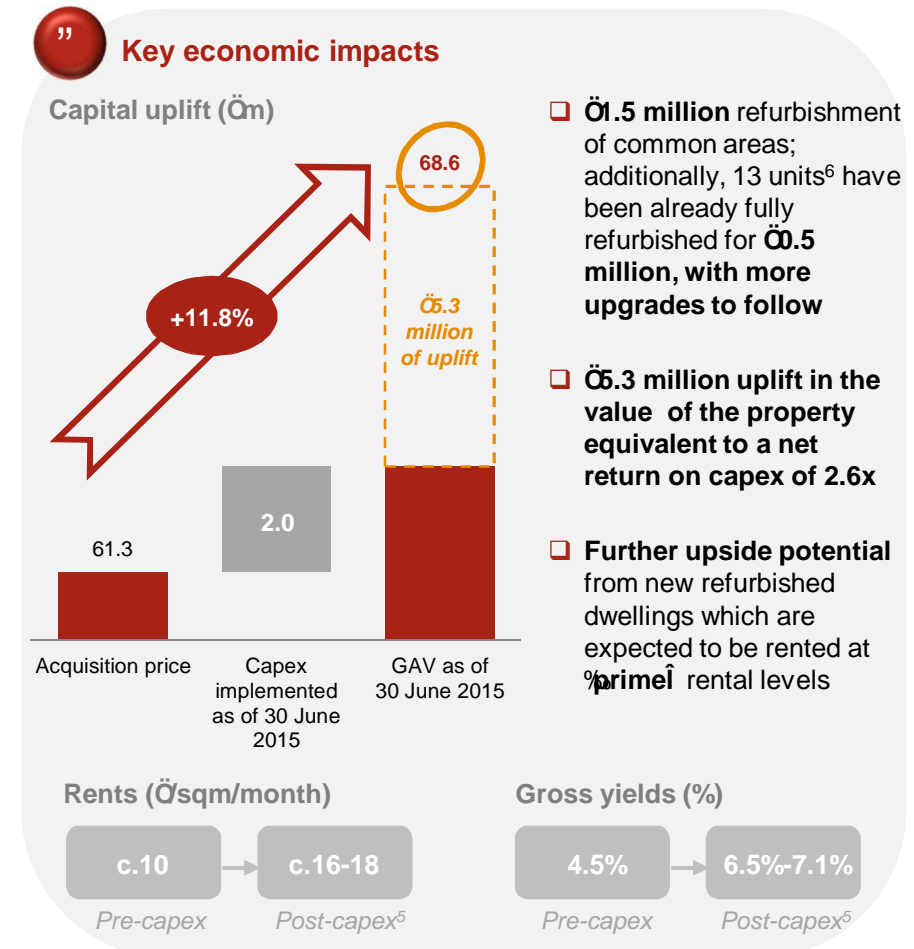
<sup>1</sup> As of the date of this presentation

**Significant uplift potential, both in rental levels and values, driven by Hispania's capex plan**

**NCR: €10.6 million full repositioning for a €26 million asset**



**Isla del Cielo: rental uplift by deploying smart capex**



- €1.5 million refurbishment of common areas; additionally, 13 units<sup>6</sup> have been already fully refurbished for €0.5 million, with more upgrades to follow
- €0.3 million uplift in the value of the property equivalent to a net return on capex of 2.6x
- Further upside potential from new refurbished dwellings which are expected to be rented at prime rental levels

Source: Hispania

Notes:

1 Based on Hispania's estimates

2 Assuming 100% occupancy, ERV of " 10.5/sqm/month, GLA of 11,418 sqm, 306 parking units (rented at "90/unit/month) and based on acquisition price of "26.2 million (excluding transaction costs)

3 Assuming 100% occupancy, ERV of " 16.5/sqm/month, GLA of 11,418 sqm, 306 parking units (rented at "90/unit/month) and based on acquisition price + capex program ("36.8 million, excluding transaction costs)

4 Assuming 100% occupancy, ERV of " 16.5/sqm/month, "90/parking unit/month and GLA of 11,418 sqm

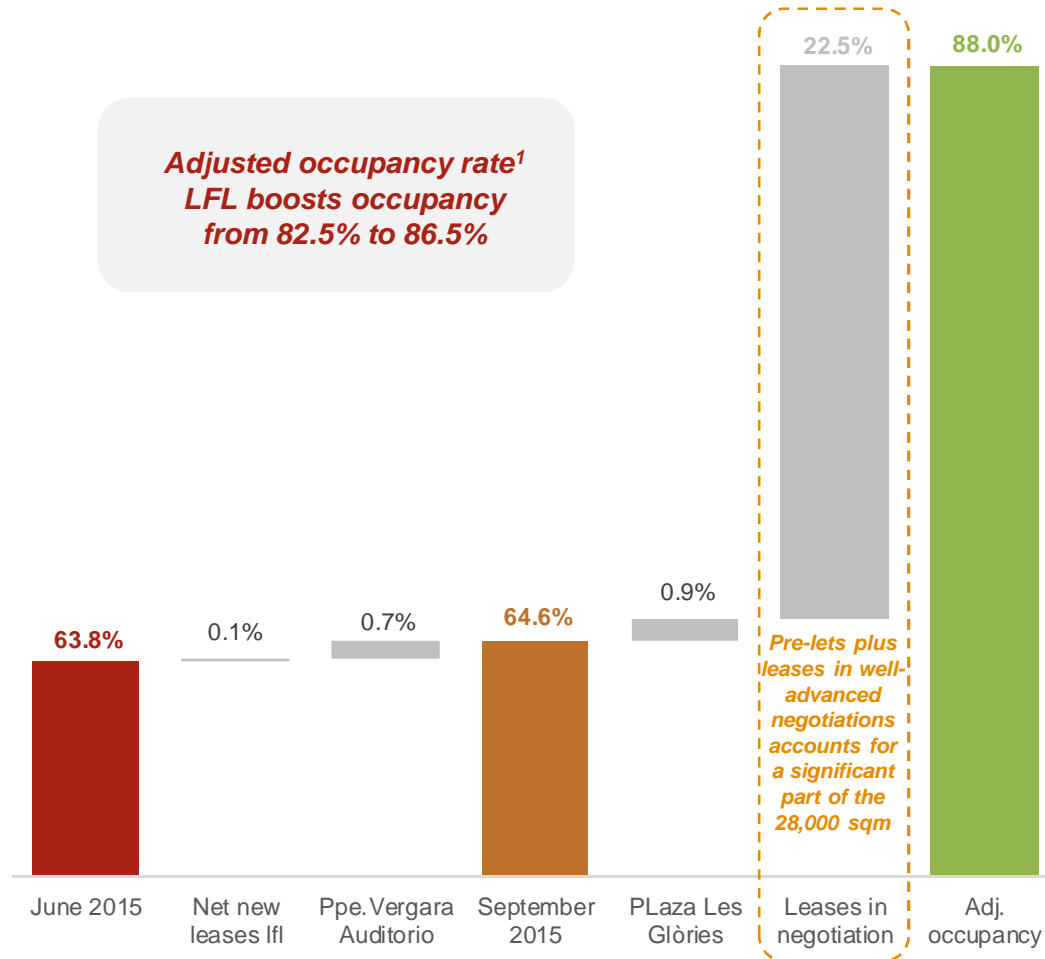
5 Capex of 350 "/sqm

6 As of the date of this presentation, 12 additional dwellings have been refurbished

**Progressive consolidation of occupancy rates, both in offices and residential properties, with significant overall leasing activity**

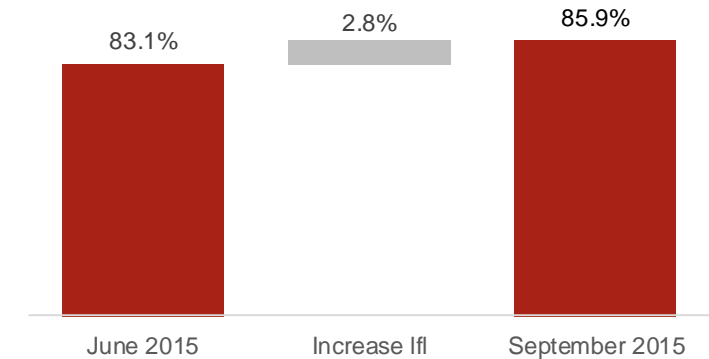
**More than 28,000 sqm under negotiation in offices**

*Total occupancy rates June 2015 vs. September 2015*

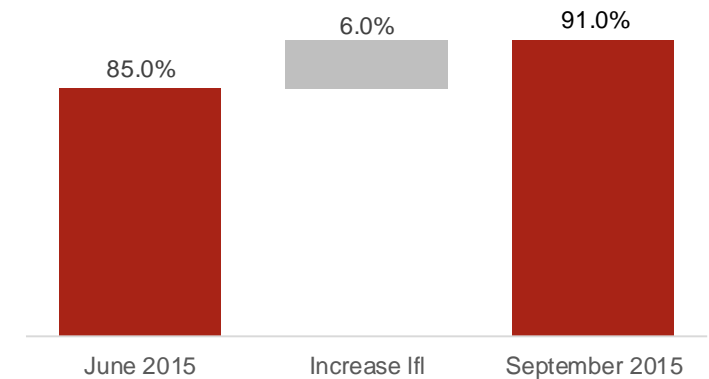


**Increases mainly due to a boost in Isla del Cielo leasing activity after the refurbishment**

*Overall occupancy rates*



*Isla del Cielo occupancy rates*

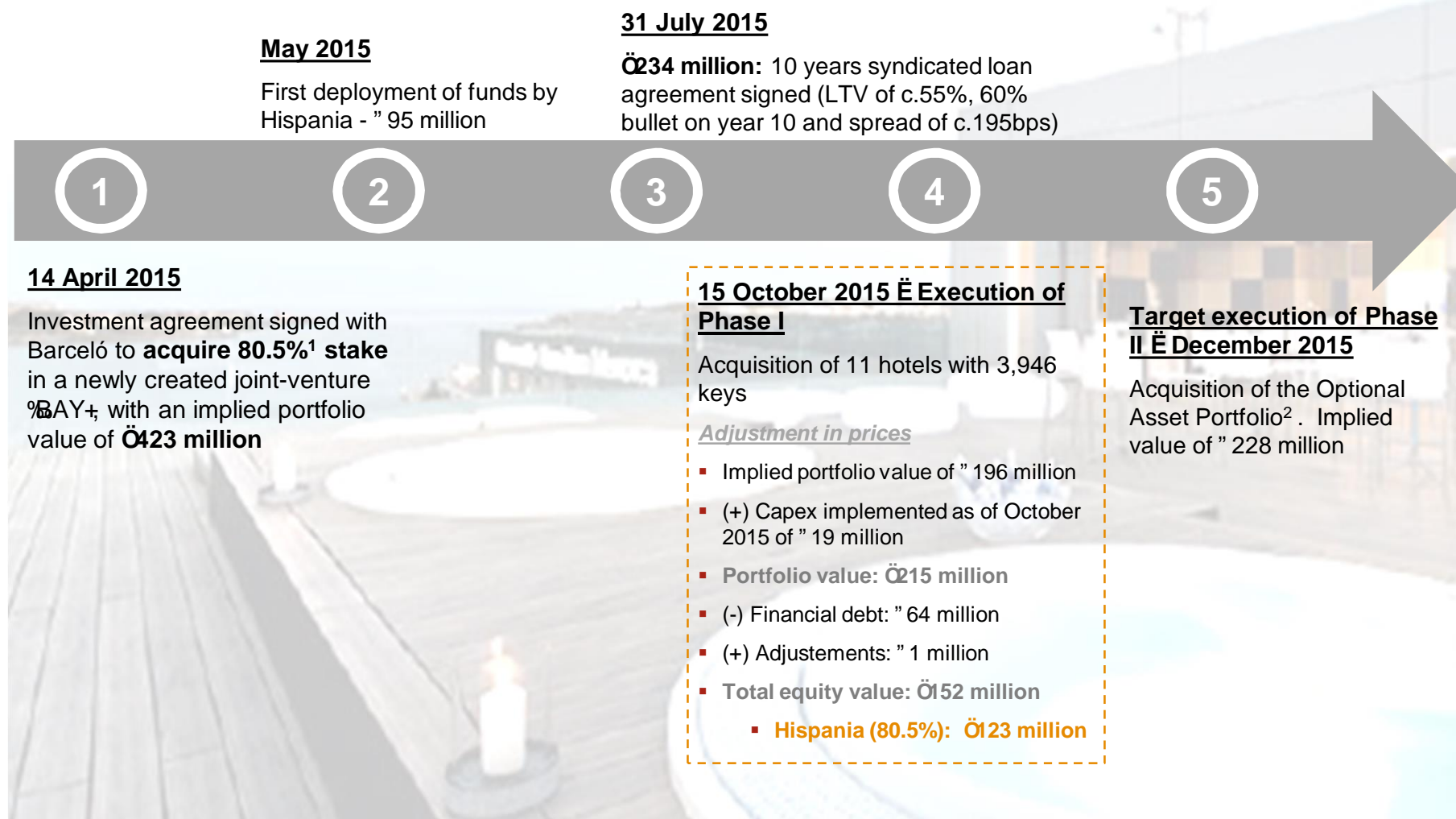


Source: Hispania

Note:

<sup>1</sup> Office buildings under repositioning are: NCR, Murano, Av.Burgos (one single floor), Orense (one single floor) and Cristalia 4B

**Execution of Phase I completed on schedule**



**14 April 2015**

Investment agreement signed with Barceló to **acquire 80.5%<sup>1</sup> stake** in a newly created joint-venture **BAY+**, with an implied portfolio value of **€423 million**

**May 2015**

First deployment of funds by Hispania - " 95 million

**31 July 2015**

**€234 million:** 10 years syndicated loan agreement signed (LTV of c.55%, 60% bullet on year 10 and spread of c.195bps)

**15 October 2015 – Execution of Phase I**

Acquisition of 11 hotels with 3,946 keys

*Adjustment in prices*

- Implied portfolio value of " 196 million
- (+) Capex implemented as of October 2015 of " 19 million
- **Portfolio value: €215 million**
- (-) Financial debt: " 64 million
- (+) Adjustements: " 1 million
- **Total equity value: €152 million**
  - **Hispania (80.5%): €123 million**

**Target execution of Phase II – December 2015**

Acquisition of the Optional Asset Portfolio<sup>2</sup>. Implied value of " 228 million

Source: Hispania

Notes:

<sup>1</sup> Final ownership. Barceló will have the option to increase its stake up to 49% though capital increases. Hispania will always hold at least 51% of the capital

<sup>2</sup> The Optional Asset Portfolio acquisition is structured as a put option granted by BAY to Barceló to sell the additional hotel portfolio and a small shopping centre, if certain conditions are met. Additionally, Barceló will grant a call option to BAY to acquire this portfolio only if the put option is not exercised

**BAY portfolio accumulates a revaluation of €43 million as of 31 May 2015 since HispaniaB acquisition**

**BAY portfolio revaluation € assuming Phase II is executed (€m)**

Metric	Phase I	Phase II	Total
Implied value portfolio	196	227	423
Capex deployed as of May 2015	11	-	11
Adjusted implied value portfolio (including capex)	207	227	434
Valuation May 2015	229	248	478
<b>Revaluation as of May 2015</b>	<b>22</b>	<b>21</b>	<b>43</b>



**FURTHER NAV UPLIFT EXPECTED BY YEAR END DUE TO THE OUTPERFORMING OF THE PORTFOLIO AND THE STRONG CASH GENERATION**

Source: Hispania and CBRE appraisal report as of 31 May 2015



**Superior outperformance proves continued strong momentum of BAY portfolio**

**key operating and financial metrics as of 2015 YTD vs. 2015 budget<sup>1</sup>**

	Revenues	GOP	Occupancy	RevPar	
				Vs. 2015B	Vs. 2014
<b>TOTAL BAY</b>	4.0%	6.9%	1.5 p.p.	6.5%	20.5%
<b>CANARY ISLANDS</b>	+4.2%	9.2%	1.4 p.p.	8.2%	26.8%
<b>REST</b>	3.6%	3.4%	1.8 p.p.	4.4%	13.4%

 **WITNESSING STRONG MOMENTUM WITH AN ACCELERATION OF REVPAR GROWTH**

Source: Hispania as of September 2015

Note:

<sup>1</sup> Excluding financial metrics from the small shopping centres

# Closing remarks

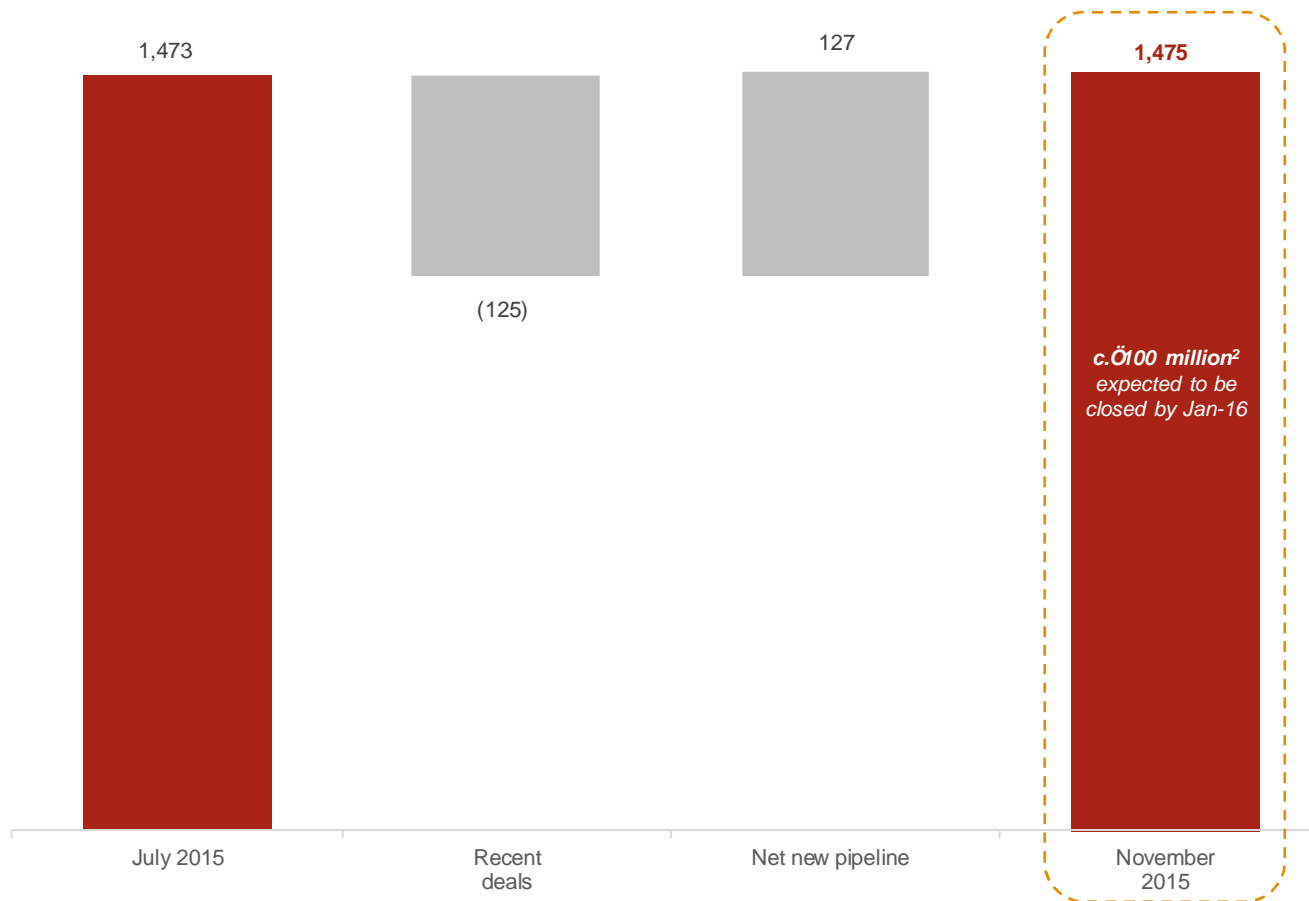


**HISPANIA**

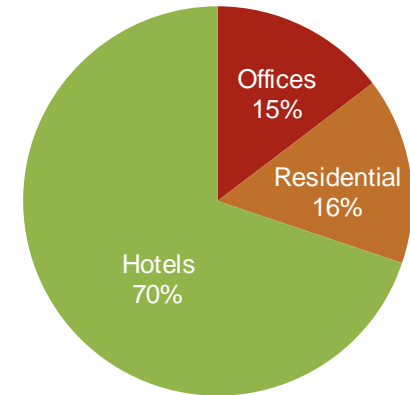
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**Disciplined investment approach does not preclude Hispania from continuing building a robust pipeline across asset classes**

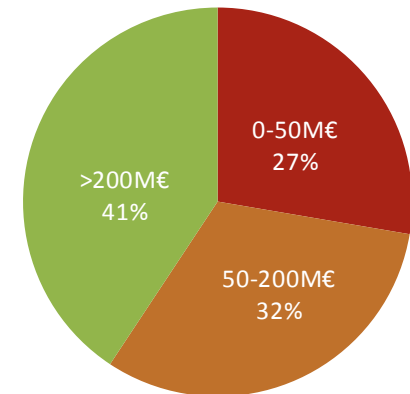
**Pipeline evolution (Öm) - Ö1,475 million<sup>1,2</sup>**



*By asset class<sup>1,2</sup>*



*By deal size<sup>1,2</sup>*



**ACROSS ASSET CLASSES**



**COMPLEXITY**



**VALUE-ADDED**



**OFF-MARKET**

Source: Hispania

Notes:

1 All calculations based on transaction value for Hispania

2 As of the date of this presentation

**Hispania will continue intensively working over the Q4 2015 in order to achieve its business targets**



**CULMINATE 2015 CAPEX PLAN, INCLUDING COMPLETION OF JARDINES DEL TEIDE FULL REPOSITIONING**



**SUCCESSFUL CLOSING OF MOST IMMINENT LEASING NEGOTIATIONS IN THE OFFICE PORTFOLIO**



**EXECUTE ON SCHEDULE THE SECOND PHASE OF BAY TRANSACTION**



**CONTINUE INCREASING GEARING LEVELS TOWARDS 40% Æ 45% LTV**



**SUCCESSFUL CLOSING OF DEALS IN ADVANCED STAGES (c.  $\text{€}100 \text{ million}^1$ ) AND CONTINUE BUILDING A PIPELINE WITHOUT DILUTING QUALITY NOR PROFITABILITY**

Source: Hispania

Note:

<sup>1</sup> Excluding transaction costs and any potential capex requirement (as of the date of this presentation)

# Footnotes



**HISPANIA**

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Notes:

- 1 Assuming the Original and the Optional Asset Portfolio are acquired
- 2 Including 1,083 sqm of retail area attached to Sanchinarro residential complex
- 3 Excluding 144 keys under management and 39 keys acquired in October 2015 related to Holiday Inn
- 4 Acquisition cost, capitalized transaction costs and capex implemented as of 9M 2015
- 5 CBRE appraisal value as of 30 June 2015 plus acquisitions closed over the Q3 2015 and capex implemented over the Q3 2015
- 6 Excluding any revaluation from the CBRE appraisal value report as of 31 May 2015 and including the " 19 million capex already implemented
- 7 Based on current net market rents, triple net and 100% occupancy and GAV as of 30 September 2015
- 8 Based on NOI with 100% occupancy with market rents, excluding all costs related to rotation and eventual delinquency and the retail space attached to Sanchinarro, and over GAV as of 30 September 2015
- 9 Based on existing stabilized contracts signed (after eventual step-up in rents as the case may be) except for Guadalmina and Meliá Jardines del Teide where this amount has been increased by the total pending capital expenditure and contracts expected after the implementation of the capex; and except for the Gran Hotel Bahía Real and Suite Hotel Atlantis Fuerteventura Resort, where this amount is based on the activity of those hotels for the LTM ended 31 March 2015 and the GAV as of September 2015. Additionally, Holiday Inn is not included in this calculation
- 10 Based on NOI and calculated over " 423 million of total implied portfolio value assuming the Original and Optional Asset Portfolio are acquired (the Optional Asset Portfolio acquired through the put option), excluding transaction costs and capex to be implemented
- 11 Excluding assets under repositioning (refurbishment and/or commercialization): Murano, NCR, Orense (single floor), Av. Burgos (single floor) and Cristalía for offices asset class; Guadalmina and Holiday Inn for hotels asset class
- 12 Weighted average lease term of the existing contracts taking into account the break options and end of contracts (and existing extensions in hotels, excluding the WALT of the retail space in Hotel Hesperia Las Ramblas)

Q&A



HISPANIA

ACTIVOS INMOBILIARIOS



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