



The reit for the **new retail world**

# Corporate presentation

June 2023



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IBEX GENDER EQUALITY INDEX

# 1 Company Overview

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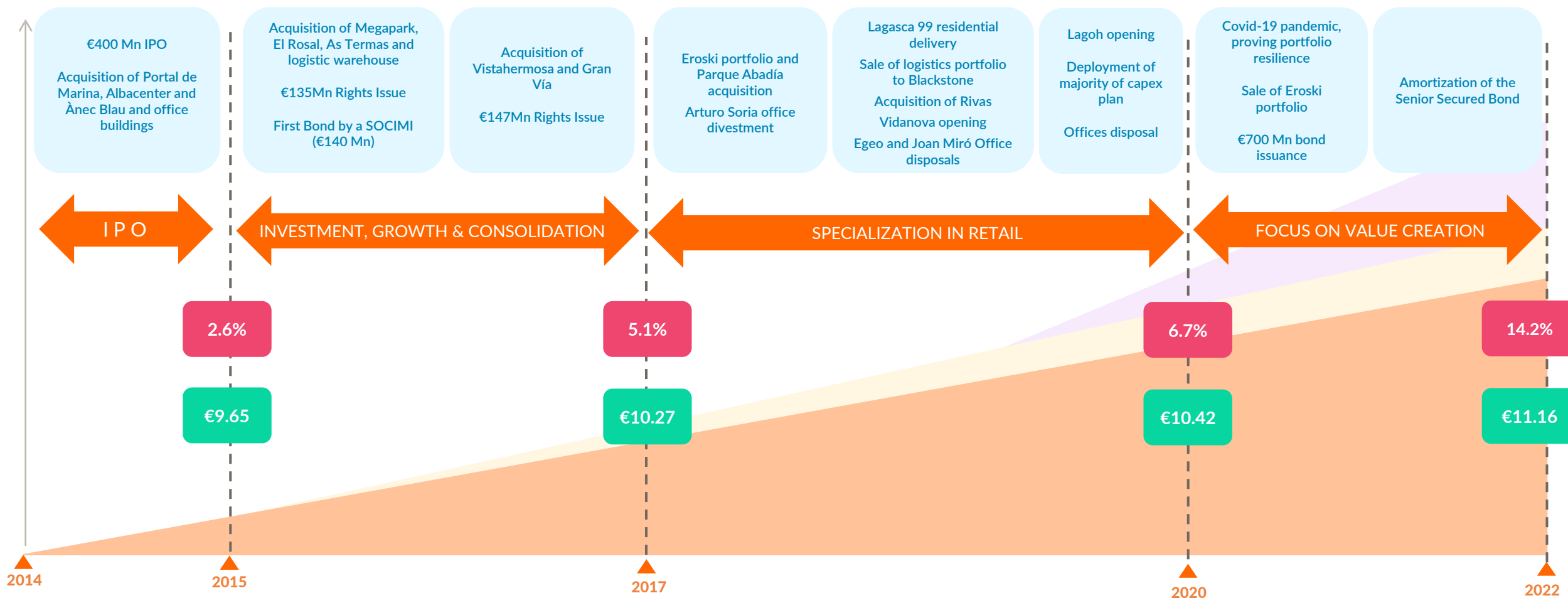


## Leaders in the retail segment

- Lar España's mission is to **lead the retail real estate industry** thanks to the **size of its portfolio, the quality of its assets and the efficiency of its management model**. The constant improvement in these three objectives allows it, in turn, to always **maximise the value provided to shareholders, tenants and end customers**.
- The management of this REIT prioritises the differential offer of unique shopping experiences, carried out in **leading shopping centres and parks in terms of size and quality**. Thanks to this qualitative policy, in recent years it has consolidated a solid relationship of trust with its tenants, who also benefit from one of the lowest effort rates in the sector. All these levers provide its shareholders with a **highly qualified proposal, with recurring profitability and high added value**.



# We have not stopped excelling



## With a differential business model

### → Dominant shopping centres in catchment areas

Our assets are located in relevant but low retail density areas, with limited competition around and high GDP per capita. All in all our shopping centres are winning assets in a moment of change and opportunity.

### → Combination of Assets

Differentiated asset typology that combines two product models that complement the portfolio. On the one hand, prime shopping centers. On the other, retail parks, 31% of the company's GLA in a model that has shown great speed in the recovery of the business.

### → Mix of tenants

Commercialization based in a solvent and diversified with big brands and high exposure to resilient activities. In each shopping centre, we have a large percentage of international leading brands and an optimal mix of shopping, leisure and F&B offering, essential to attract and engage customers.

### Omnichannel strategy

We see e-commerce as an opportunity not a risk. It is a new hybrid form of commerce, where customers shop seamlessly online and offline. They need to coexist. Stores play an essential role as showrooms, enhancing the in-store experience, and as logistics for brands.

### Management strategy

With more than 50 years of experience in retail, the company's management applies its strategy and vision thanks to the full ownership of the acquired assets, which gives way to a complete decision-making capacity. A responsible management that has acted quickly and appropriately to the requirements of the Covid and with the ESG strategy integrated.

### Stakeholders management

Our strategy with key stakeholders includes an attractive, stable and responsible dividend policy . Additionally, we developed Bond Buy Back and Share Buy Back programs to increase the value for our shareholders. Profit and profitability together with the protection of the balance sheet and the responsible use of the company's resources.



## Creating a value-added REIT



### Our Mission

To provide our customers with unique shopping experiences by combining leisure and retail through an omnichannel approach.

### Our Vision

To lead the industry based on the size of our portfolio, the quality of our assets and our management.

### Our Values

- Corporate focus: Responsibility
- Customer focus: Quality and respect
- Market focus: Innovation
- Investor focus: Transparency and honesty

*"We believe in selecting a portfolio of owned premium shopping centers and parks, and around them to build a differential proposition of high added value and recurring profitability".*

Jose Luis del Valle.  
Chairman of the Board of Directors



## A clear idea: dominant & resilient portfolio



**Lagoh** | SC  
69,734 sqm  
Visits: 5.4 Mn  
Sales: €94.7 Mn  
**Dominant**



**Gran Vía de Vigo** | SC  
41,447 sqm  
Visits: 4.8 Mn  
Sales: €81.3 Mn  
**Dominant**



**Portal de la Marina** | SC  
40,334 sqm  
Visits: 2.5 Mn  
Sales: €65.9 Mn  
**Dominant**



**El Rosal** | SC  
50,996 sqm  
Visits: 3.6 Mn  
Sales: 80.2 Mn  
**Dominant**



**Ànecblau** | SC  
29,069 sqm  
Visits: 2.9 Mn  
Sales: €34.4 Mn  
**Dominant**



**As Termas** | SC  
35,127 sqm  
Visits: 2.6 Mn  
Sales: €46.3 Mn  
**Dominant**



**Albacenter** | SC  
26,310 sqm  
Visits: 3.5 Mn  
Sales: €26.3 Mn  
**Dominant**



**Txingudi** | SC  
10,712 sqm  
Visits: 2.7 Mn  
Sales: €14.7 Mn  
**Convenience**



**Las Huertas** | SC  
6,267 sqm  
Visits: 1.6 Mn  
Sales: €6.1 Mn  
**Convenience**



**Megapark** | RP  
81,577 sqm  
Visits: 9.5 Mn  
Sales: €92.7 Mn  
**Dominant**



**Rivas Futura** | RP  
36,447 sqm  
Visits: 5.4 Mn  
Sales: €20.3 Mn  
**Dominant**



**Vidanova Parc** | RP  
45,568 sqm  
Visits: 4.1 Mn  
Sales: € 32.1 Mn  
**Dominant**



**Vistahermosa** | RP  
33,763 sqm  
Visits: 5.9 Mn  
Sales: €70.9 Mn  
**Dominant**



**Parque Abadia** | RP  
43,109 sqm  
Visits: 9.3 Mn  
Sales: €29.9 Mn  
**Dominant**

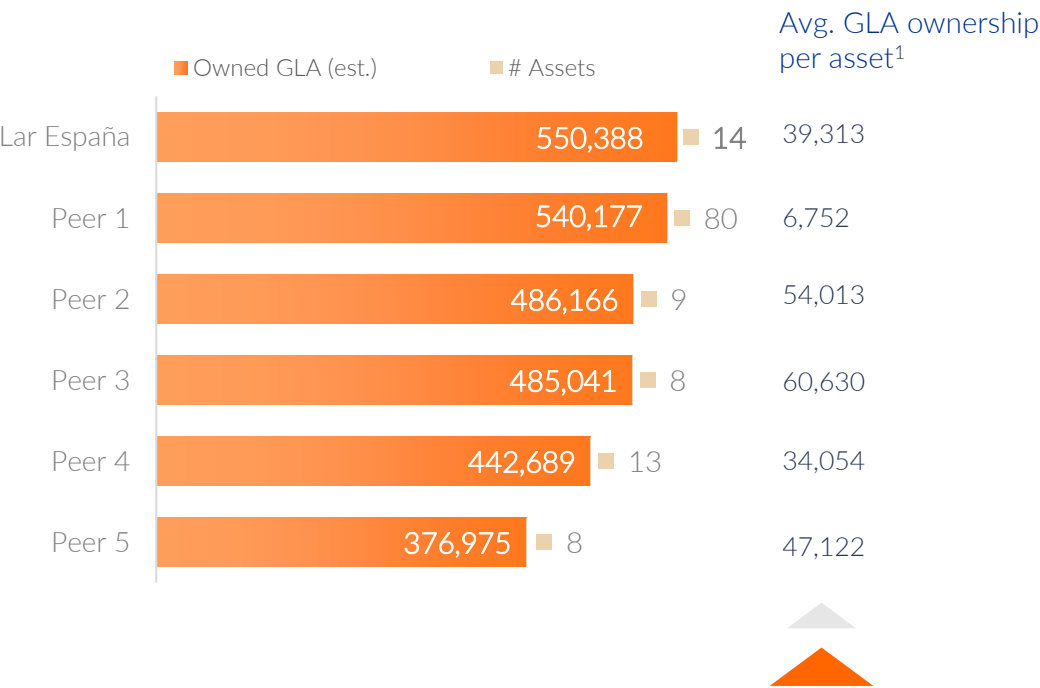
## Meeting the highest standards

Shopping centers	Asset class	GLA >40K sqm	>300K inhabitants catchment area	>4 Million visits	Occupancy >90%	Leader in catchment area	Refurbished/ developed last 5y	> 4 Inditex flags	Food anchored	BREEAM
Lagoh	Dominant	●	●	●	●	●	●	●	●	●
Gran Vía de Vigo	Dominant	●	●	●	●	●	●	●	●	●
Portal de la Marina	Dominant	●	●		●	●	●	●	●	●
El Rosal	Dominant	●		●	●	●	●	●	●	●
Ànec Blau	Dominant		●	●	●	●	●	●	●	●
As Termas	Dominant	●	●		●	●	●	●	●	●
Albacenter	Dominant		●	●	●	●	●	●	●	●
Txingudi	Convenience		●		●		●		●	●
Las Huertas	Convenience						●		●	●

Retail parks	Asset class	GLA >30K sqm	>300K inhabitants catchment area	> 4 Million visits	Occupancy>90%	Leader in catchment area	Refurbished/ developed last 5y	BREEAM
Megapark	Dominant	●	●	●	●	●	●	●
Rivas Futura	Dominant	●	●	●	●	●	●	●
Vidanova Parc	Dominant	●	●	●	●	●	●	●
Vistahermosa	Dominant	●	●	●	●	●	●	●
Parque Abadía	Dominant	●		●	●	●		●

# Becoming the retail leader in Spain

## MAIN SHOPPING CENTERS AND RETAIL PARKS MARKET PLAYERS



## RETAIL LEADERS IN SPAIN

#1  
in Spain

- sqm GLA
- Asset stake owned
- Retail parks owned



Present in all the attractive regions of the Spanish territory



Millions of physical and digital customer contacts



Attraction for the development of new commercial formulas



Portfolio **Size** gives us benefits in:

- Global **Negotiations** with tenants
- **Synergies** in procurement of services

<sup>1</sup> Source: Own elaboration

# Committed with transparency, environment and governance

## EPRA Gold Award Financial Reporting



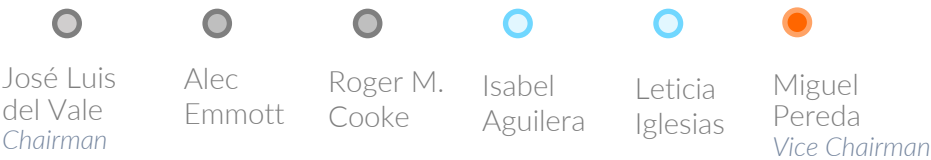
## EPRA Gold Award ESG Reporting



## Certifications



## Board of Directors

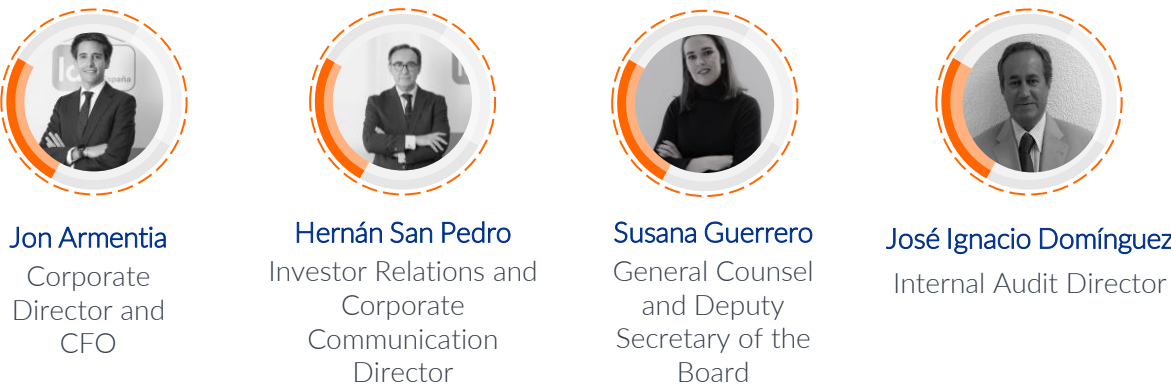


5 Independent Directors

1 Proprietary Director

2 Female Directors

## Lar España Team



## And committed with top experienced management: Grupo Lar



### Key figures

54 years in a row  
as leaders in Real Estate  
business

250  
employees

€3,500 Mn  
managed portfolio

### Top expertise in partnerships with investors



Morgan Stanley



- Grupo Lar owns a **10.12%** in Lar España
- Stability shareholding
- Solid management team
- Reliable manager and partner
- Strong financial structure

### Grupo Lar Top Management

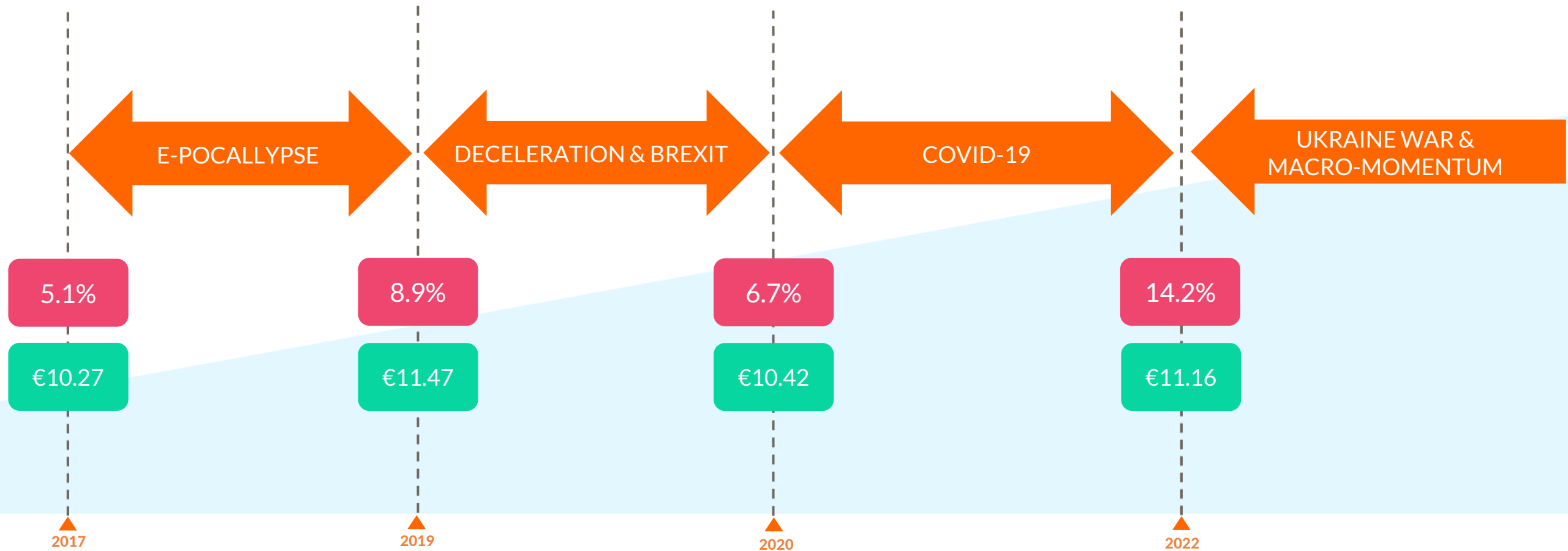


Miguel Pereda  
Executive Chairman



Jose Manuel Llovet  
CEO Commercial Real  
Estate Iberia

## Reality kills the perception of the retail sector





The reit for the **new retail world**

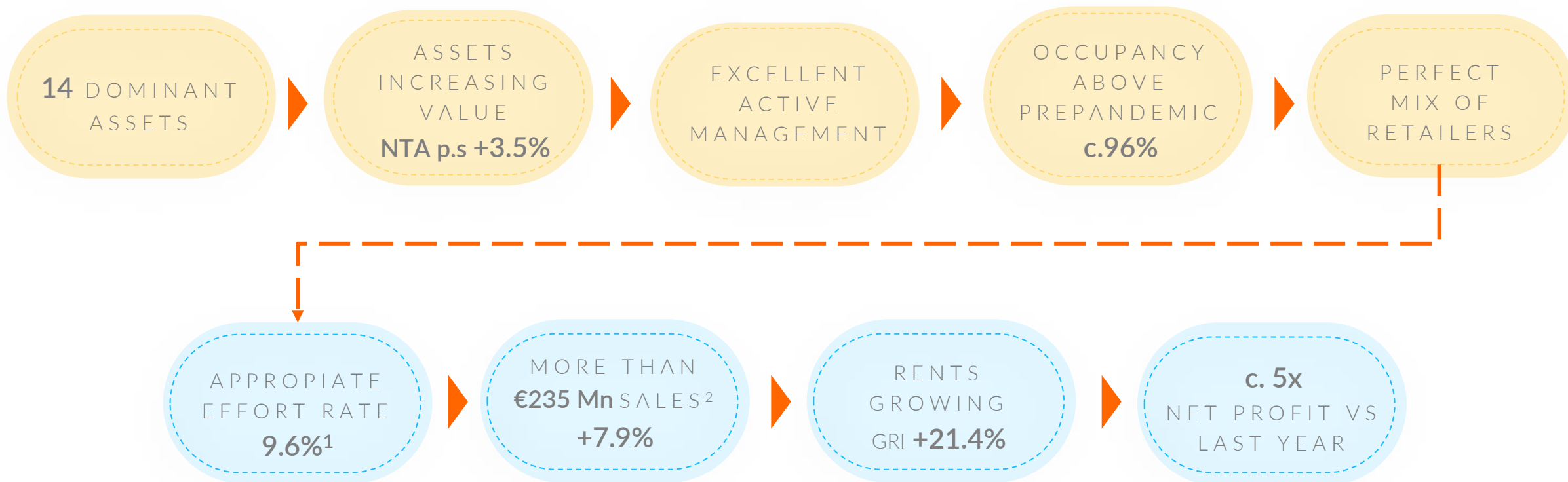
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## Q1 2023 Business Update

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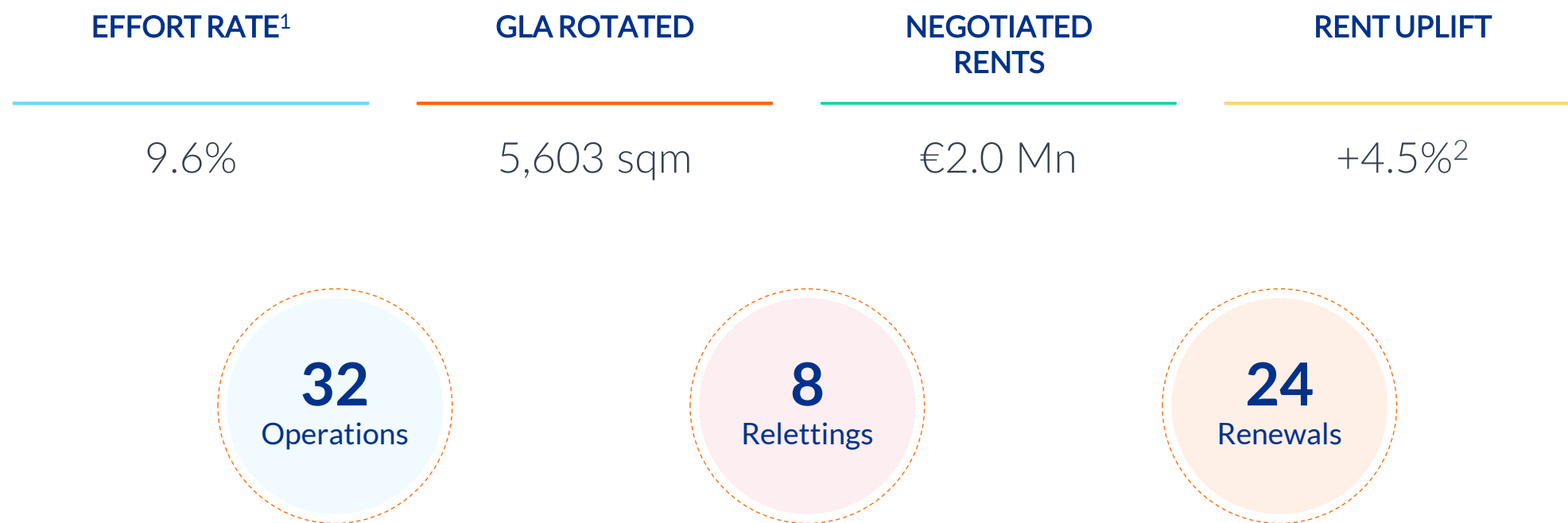


## Our strategy continues delivering good results



1 Including expenses  
2 Declared sales

## Q1 2023 Leasing activity



<sup>1</sup> Including expenses

<sup>2</sup> Not considering CPI rates increase and excluding 1 non comparable operation

## We continue improving our operating results quarter by quarter...

### Results

#### GRI

€25.1 Mn  
+21.4% vs Q1 2022

#### NOI

€20.9Mn  
+25.0% vs Q1 2022

#### EBITDA

€16.6 Mn  
+28.3% vs Q1 2022

#### NET PROFIT

€31.9 Mn  
c. 5x vs Q1 2022

#### EPRANTA PER SHARE

€ 11.31 p.s  
+3.5% vs FY 2022

### Assets

#### GAV

€1,474 Mn

#### EPRA "TOPPED-UP" NIY

6.4%

#### OCCUPANCY

c. 96%

#### WAULT

2.6 years

#### COLLECTION RATE

98%<sup>1</sup>

<sup>1</sup> Percentage of rents and expenses collected from tenants in 2023

## ... thanks to a steady increase in sales

Sales Q1 2023<sup>1</sup>:  
€235.4 Mn +7.9% vs Q1 2022

### FOOD

+8.1% vs Q1 2022

### CULTURE, TECH AND MULTIMEDIA

+7.0% vs Q1 2022

### LEISURE AND ENTERTAINMENT

+12.6% vs Q1 2022

### HOME

-10.0% vs Q1 2022

### FASHION

+13.1% vs Q1 2022

### DINING

+20.1% vs Q1 2022

### HEALTH AND BEAUTY

+20.6% vs Q1 2022

### SERVICES

+7.0% vs Q1 2022

### SPORTS AND ADVENTURE

+22.2% vs Q1 2022

### OTHERS

+27.1% vs Q1 2022

<sup>1</sup> Declared sales

## We have strengthened our financial profile & cash position



BBB  
FitchRatings



1 NET FINANCIAL DEBT

€525.6 Mn

2 NET LTV

35.7%

3 AVERAGE COST OF DEBT

1.8%

4 AVERAGE DEBT MATURITY

4.5 years

5 FIXED RATE AND UNENCUMBERED

100%

6 GREEN DEBT

100%

## P&L Q1 2023

	Q1 2023	Q1 2022	
Consolidated Income Statement Q1 2023 (€ Millions)			
	Total	Total	% Growth
Revenues	24.2	19.9	+21.2%
Other Income	0.9	0.7	
Total Income	25.1	20.6	+21.4%
Personnel expenses	(0.2)	(0.3)	
Other expenses	(8.3)	(7.4)	
Changes in the fair value of investment properties	-	-	
Results from divestment	-	-	
EBIT	16.6	12.9	+28.3%
Financial Result	(3.8)	(4.3)	
Impairment and result of disposals of financial instruments	19.1	(2.0)	
EBT	31.9	6.6	c. 5x
Income Tax	-	-	
Profit/(Loss) for the Period	31.9	6.6	c. 5x

## Best in class practices in ESG

### Emissions

Scope 1 + 2  
**-95.3%** vs 2015  
**-41.0%** vs 2021

Scope 1 + 2 + 3  
**-39.8%** vs 2021

Over 14x% of leases signed by Lar España's portfolio include **Green Leasing Clauses**

### Energy

Energy intensity per visitor  
**-27.5%** vs 2015  
**-15.4%** LfL vs 2021

**-55.0%** Non-renewable energy vs 2021  
 Fuel: **-32.3%** vs 2021

100% properties in Lar España's portfolio feature **electric vehicle points**

### Social contribution

**6 assets** certified in **Universal Accessibility**. 4 in process.

**+2,600 hours** dedicated social initiatives in 2022

**Commitment to local development**  
**+57 €Mn** in purchases from national suppliers.

**+16,000 jobs** generated



Renewal of the Commitment to the **UN Global Compact** and **SDG goals**.  
 Participation in the **SDG Ambition Programme**.



**Carbon Footprint Registration**  
 2018, 2019, 2020 & 2021

**AENOR**

Obtaining the **Reduzco seal** becoming the first real estate company listed in Spain to achieve it.

- **100%** of the company's assets are currently BREEAM certified.
- **c. 100%<sup>1</sup>** of them with an '**Excellent**' or '**Very Good**' rating.
- **100%** of the portfolio under its operational control is ISO 14001 and 45001 certified.



In 2022, Lar España began studying the climate-related risks of its assets under the framework developed by the Task Force on Climate-Related Financial Disclosures (TCFD). The first conclusions drawn from the risk analysis have been included in the Annual Report 2022



MSCI has **ratified and confirmed** their **BBB** ESG Rating for Lar España Real Estate.

**BBB** MSCI ESG Rating

**IBEX GENDER EQUALITY INDEX**

Lar España is one of the 30 companies featured on the **IBEX Gender Equality Index®**, an indisputable sign of the Company's commitment to diversity.

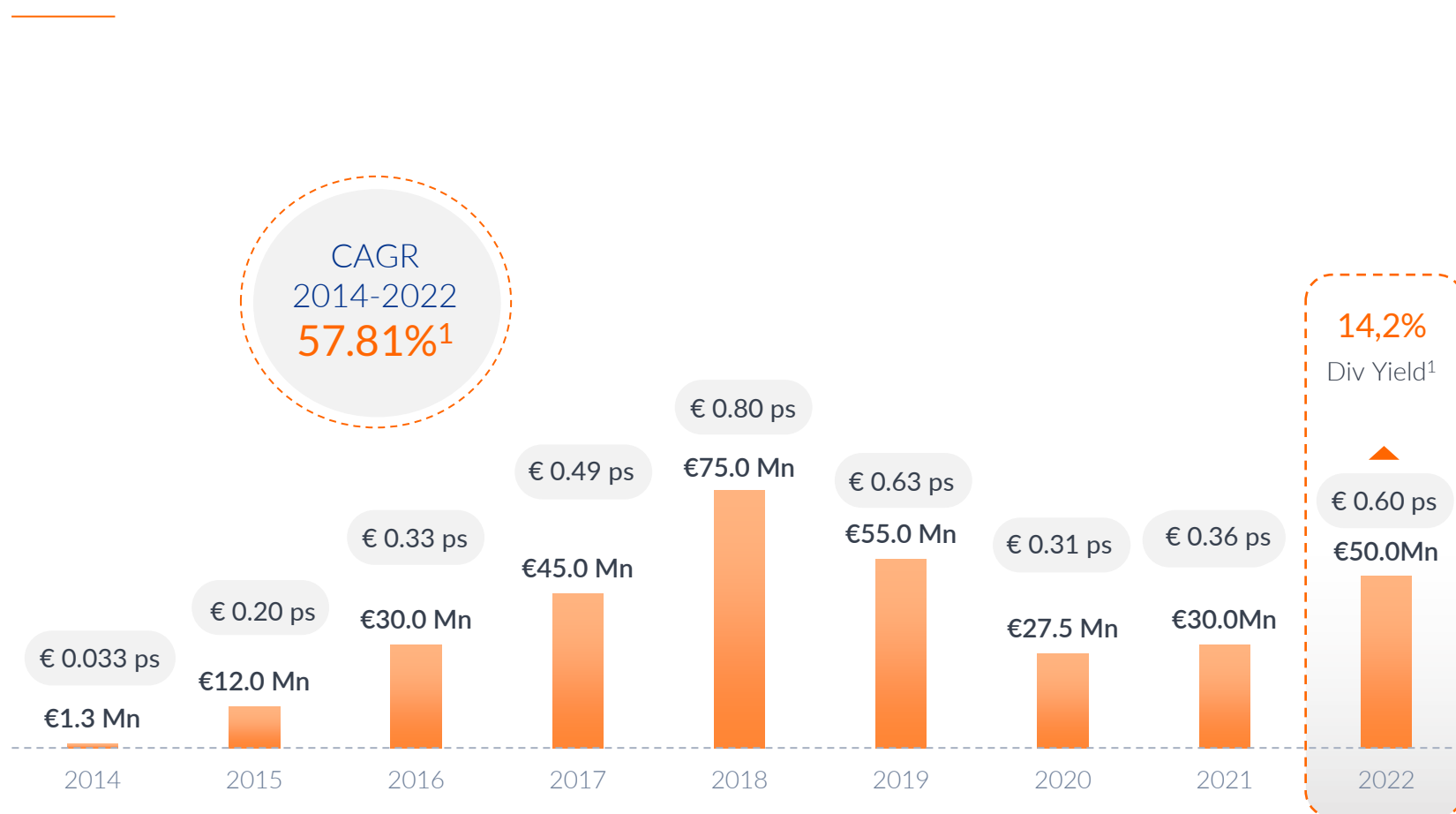


- **8<sup>th</sup>** consecutive year, EPRA Gold Award regarding financial information.
- **5<sup>th</sup>** consecutive year, EPRA Gold Award regarding ESG information.



- Score of **85** → **+8%** vs Peer Average.
- Maximum score for the **Management part**.

## We have paid one of the highest ordinary dividends in our history



<sup>1</sup> Over market cap 31 December  
<sup>2</sup> Including the 2022 dividend paid in April 2023

## One of the most profitable options, not only by dividends, in the Spanish market

One of the most profitable options for investors in the Spanish market

Dividends		
2023	€ 50.0 Mn	14.2% Div yield <sup>1</sup>
2022	€ 30.0 Mn	7.0% Div yield <sup>1</sup>
2021	€ 27.5 Mn	6.7% Div. yield <sup>1</sup>
2020	€ 55.0 Mn	8.9% Div. yield <sup>1</sup>
<b>Total</b>	<b>€162.5 Mn</b>	

One of the largest capital reductions in the Spanish stock market during last years

Share Buy-Back	
2021	4.5% Share Capital <sup>2</sup>
2020	5.4% Share Capital <sup>2</sup>
2019	3.5% Share Capital <sup>2</sup>
<b>Total</b>	<b>13.4% Share Capital</b>

A new way to improve profitability:  
Bond Buy-Back

Bond Buy-Back	
2023	€ 90.5 Mn
<b>Total</b>	<b>€ 90.5 Mn</b>

**+c.€20 Mn**

profit in the income statement for Q1 2023

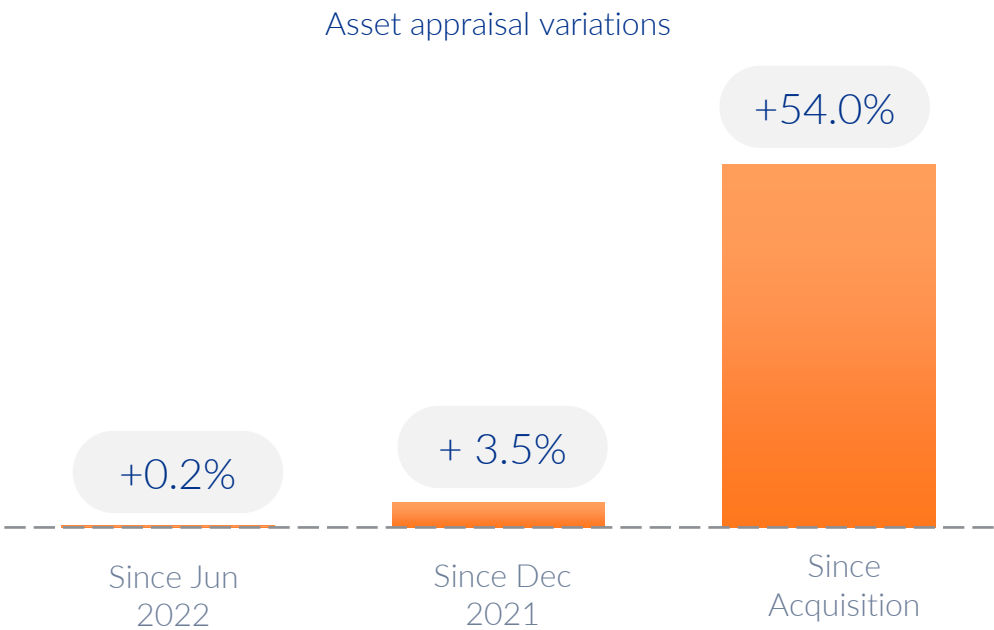


1 Over market cap  
2 % calculated over 87.633.730 share capital

# Sound valuations

31st December 2022 Valuation  
€1,473 Mn

Including Capex Invested



Asset appraisal variations

	Dec 2022 vs Dec 2021	Dec 2022 vs Jun 2022
Lar España	+3.5%	+0.2%
Peer 1	-2.7%	-2.3%
Peer 2	-0.2%	+0.2%
Peer 3	-0.7%	-1.1%
Peer 4	+0.9%	-0.8%
Peer 5	+1.0%	-0.1%

The capital value/sqm is solid and remains fully controlled

## In FY22, we continued to overperform our European peers...

	LAR ESPAÑA	MARKET AVERAGE <sup>1</sup>
GRI vs FY 2021	+6.1%	+5.1%
Net Profit vs FY 2021	+182.8%	+47.2%
Occupancy rate	96.6%	95.4%
Asset Valuation vs Dec21	+3.5%	-0.1%
NTA per share vs Dec 2021	+7.2% <sup>2</sup>	+0.3%
LTV	37.1% <sup>2</sup>	38.8%
Average cost of debt	1.8%	1.9%
Dividend over market cap	14.2% <sup>3</sup>	8.3% <sup>3</sup>
Sell-side potential share revaluation	+68.9%	-1.7%
% of positive sell-side recommendations <sup>4</sup>	90.0%	76.7%

1 According to FY2022 results published by European peers

2 Pro-forma after Bond buy-back (January 2023)

3 Dividend proposed (0.6 €p.s). Market Cap at 31 Dec 2022

4 According to Reuters 23/02/23

## ...and we have a New Business Plan to be developed in the next few years



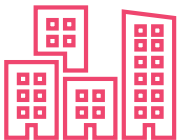
Preserve occupancy levels.



Support tenants in the improvement of their activity levels and sales.



Maintain a strategy of proximity to the most important retailers to implement potential new projects with them in our assets.



Reinvest in the assets that need it most in terms of image and promote profitable operations.



Moving forward thanks to an omni-channel strategy.



Returning to the normalized asset rotation policy.

# 4

## Final Remarks

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## Strong leadership in Spanish Retail makes Lar España an extremely attractive company



**1** SOLID OPERATING RESULTS

**2** MAJOR INCREASE IN PROFIT

**3** SOUND VALUATION

**4** MODERATE DEBT LEVEL

**5** IMPROVEMENT IN EPRA FIGURES

**6** ONE OF THE HIGHEST ORDINARY DIVIDENDS IN OUR HISTORY

by the hand of our strategy

STRONG PORTFOLIO

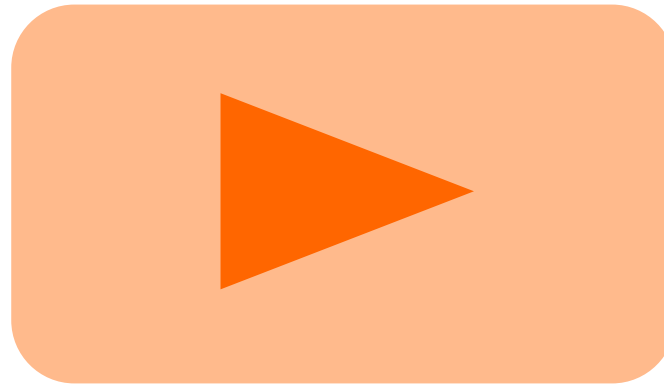
ACTIVE ASSET MANAGEMENT

OMNICHANNEL STRATEGY

OMNICHANNEL STRATEGY

## As you can see in two minutes

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The REIT  
*for the new retail world!*

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