

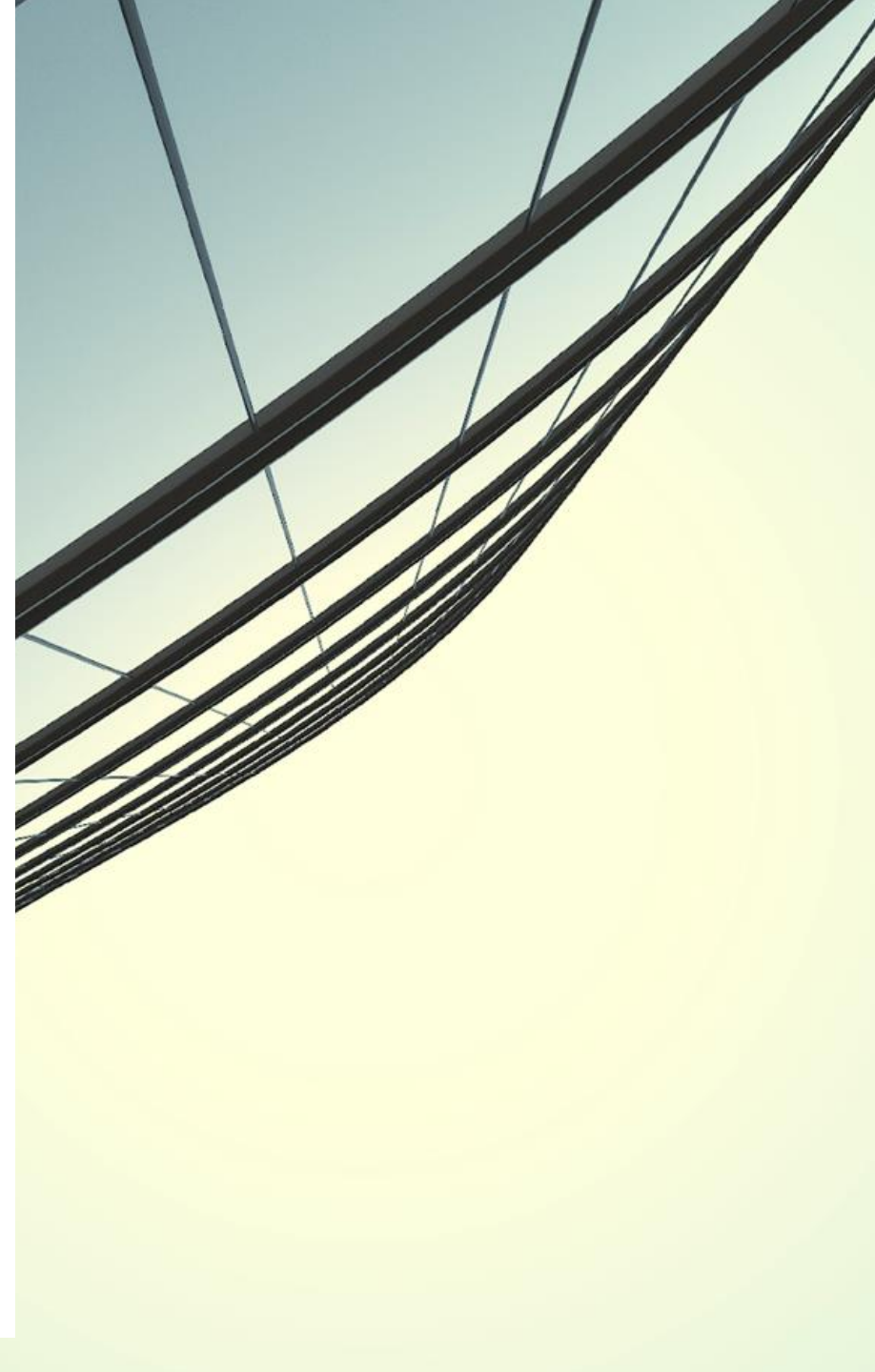


## ANALYST DAY

LAR ESPAÑA,  
THE REIT FOR THE  
NEW RETAIL WORLD

*June 24<sup>th</sup>, 2022*

*Espacio 23, C/ General Oraá 23  
Madrid*



# 1

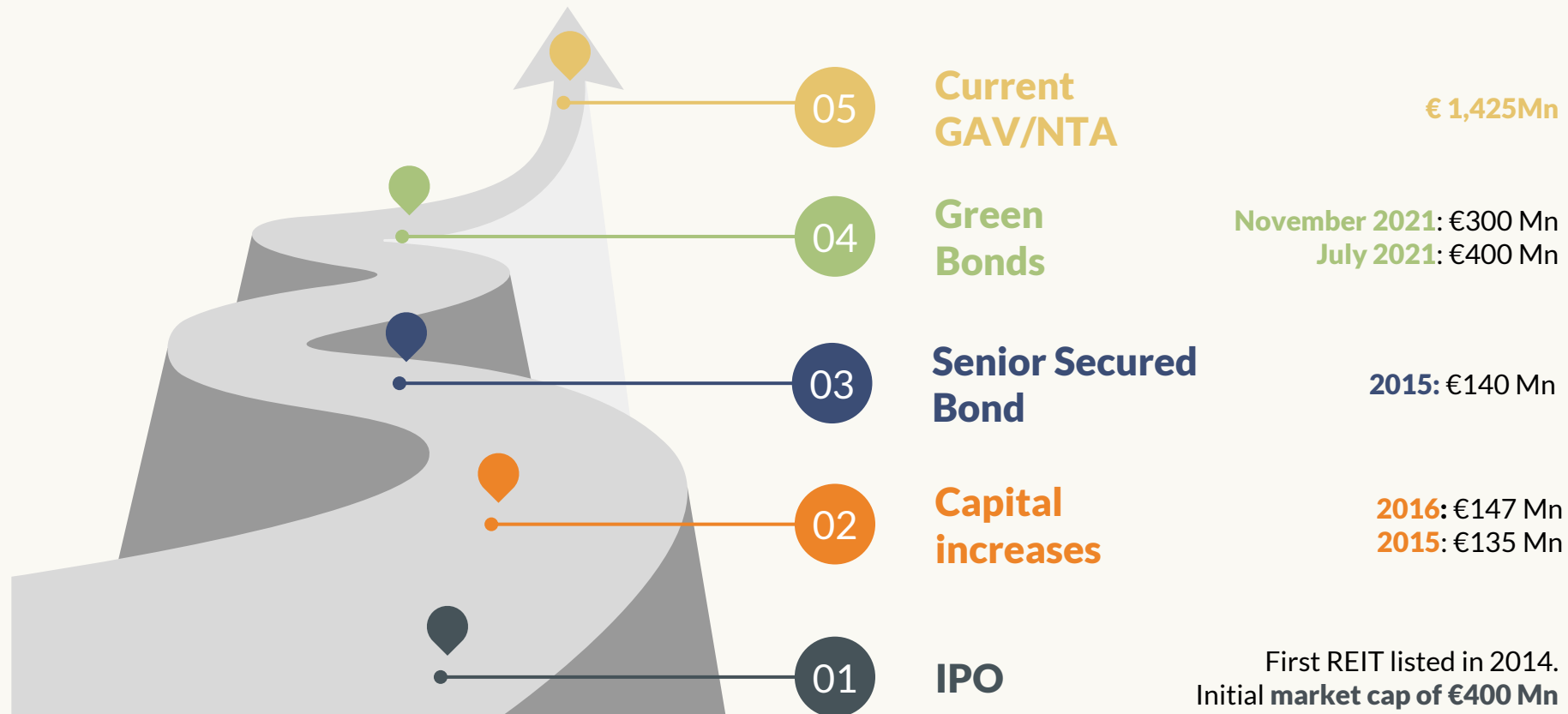
## ACHIEVEMENTS OF THE COMPANY

**José Luis del Valle**

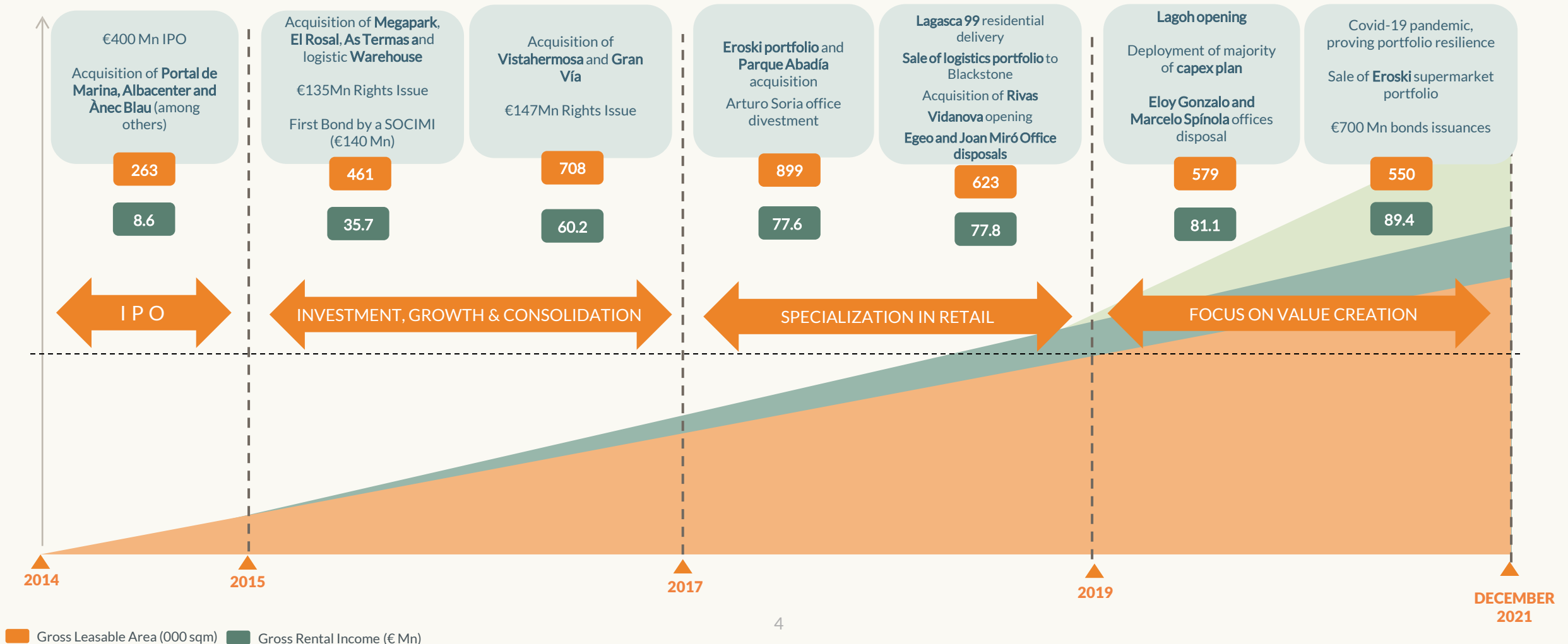
Chairman of  
Lar España Board of Directors



We were born in 2014, becoming the first REIT listed in the Spanish market

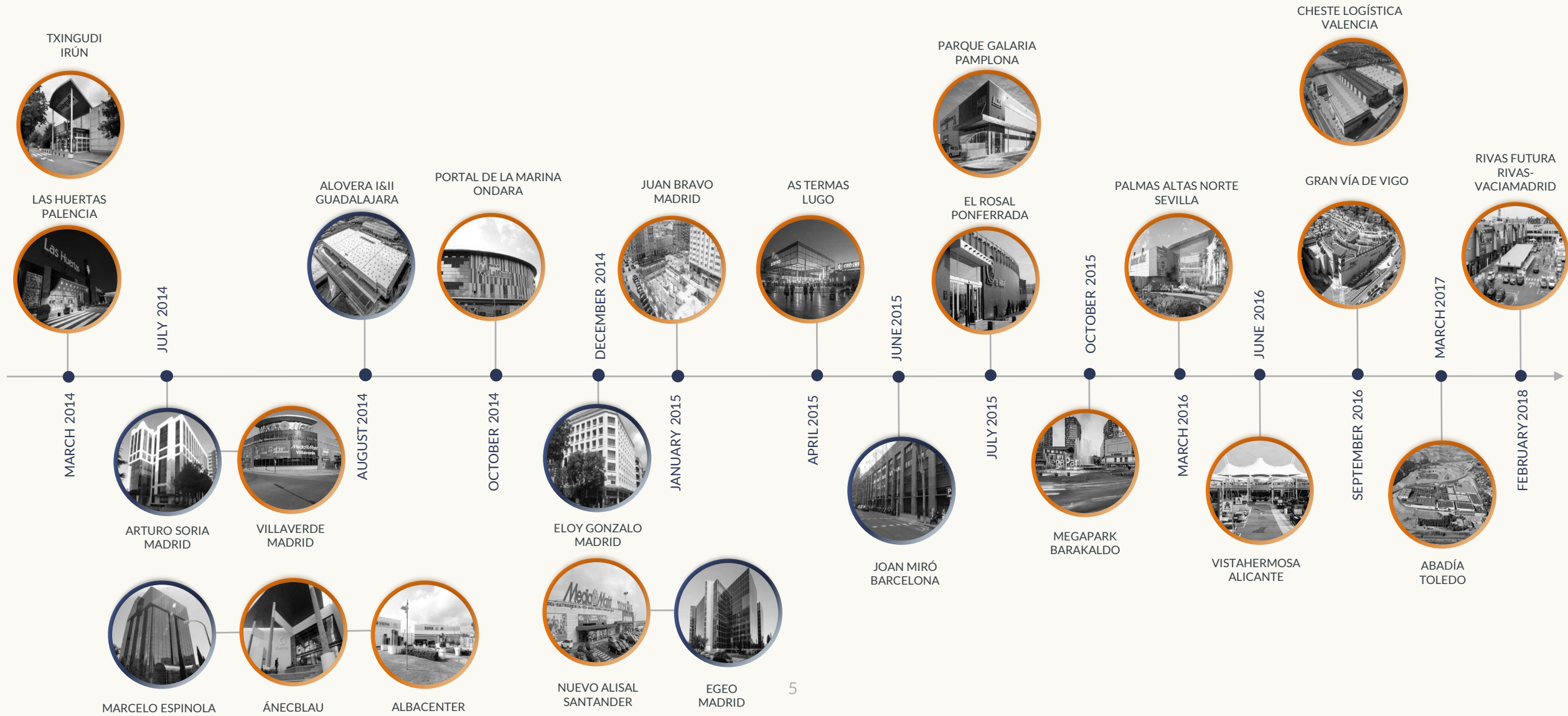


## And since then we have not stopped excelling

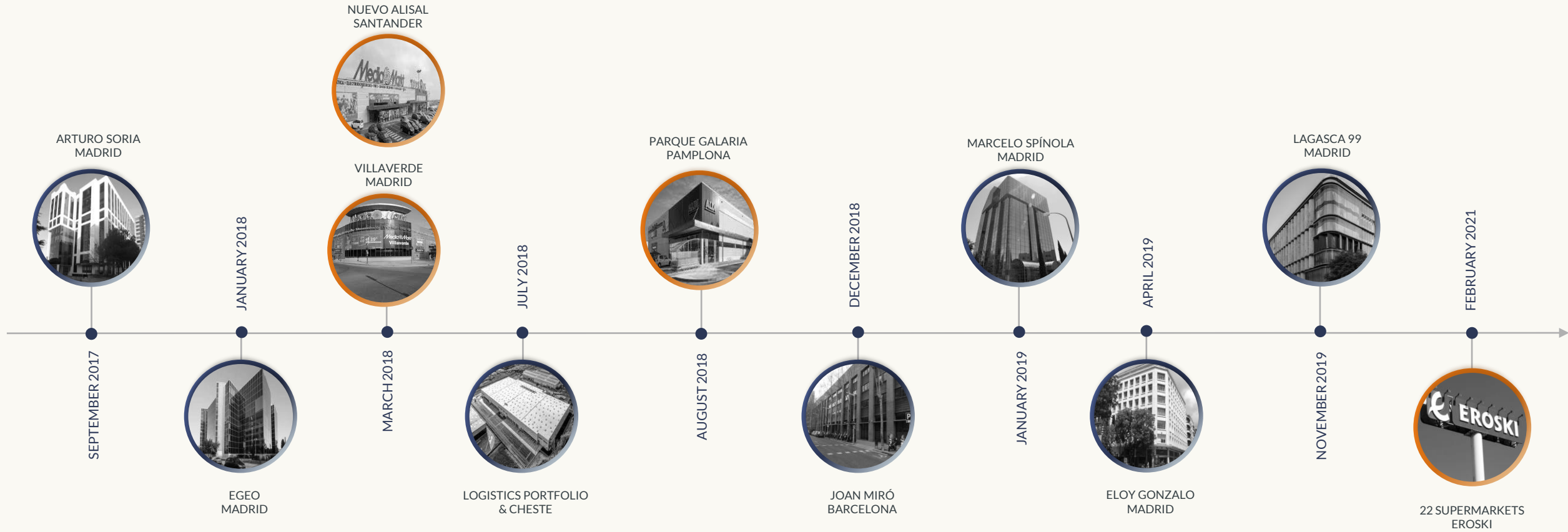




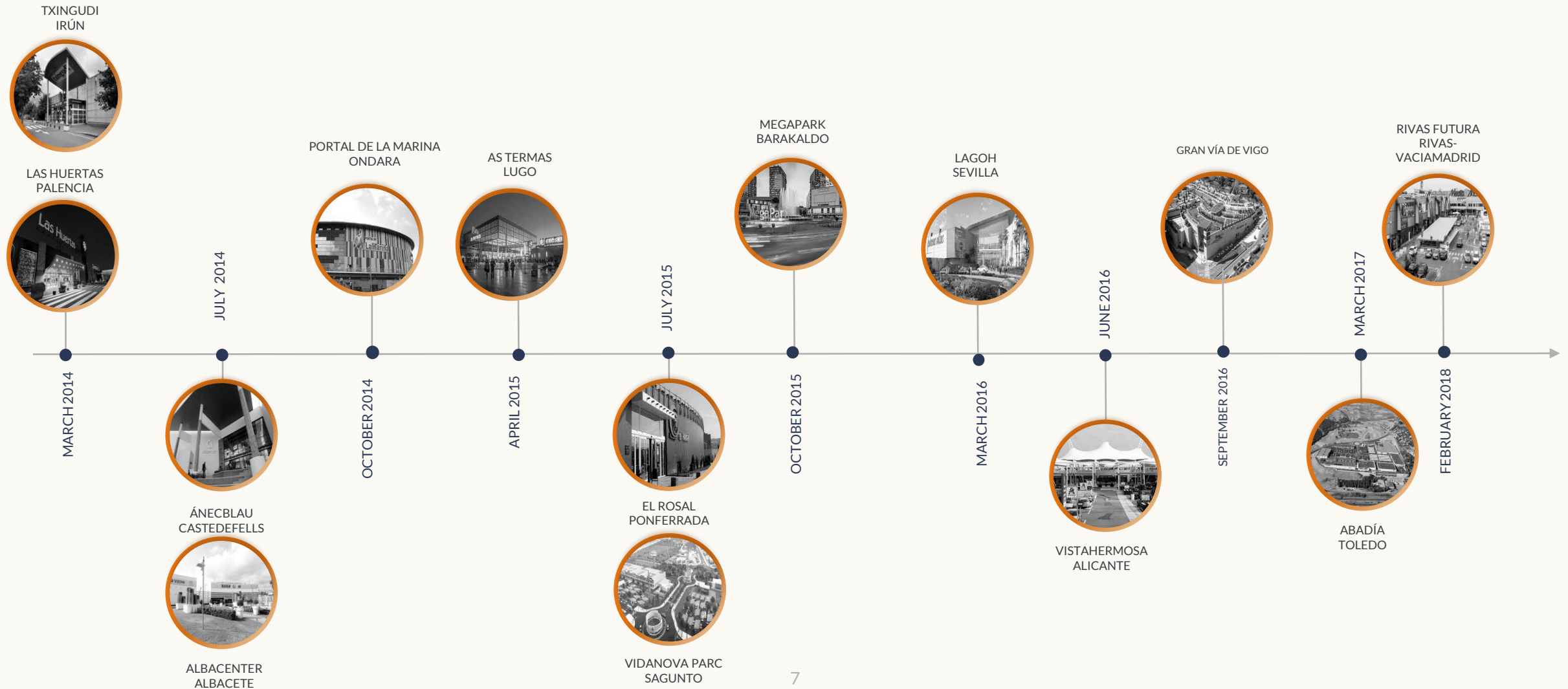
## Over the years, we have assembled a portfolio of the highest quality



## Divesting strategically



## Creating a portfolio 100% focused on retail



## Which is dominant & resilient, making us the leaders in the retail sector in Spain



**66.7%** of the assets have a  
GLA > 30,000 sqm



**86.7%** of the assets are  
located in >300K inhabitants  
catchment areas



**93.3%** of the assets have  
been refurbished or developed  
in the last 5 years



**86.7%** of the assets are  
leaders in their catchment areas



**100%** of the Shopping  
Centers are BREEAM certified

**INDITEX**



**80%** of our assets have more  
than 4 Inditex flags



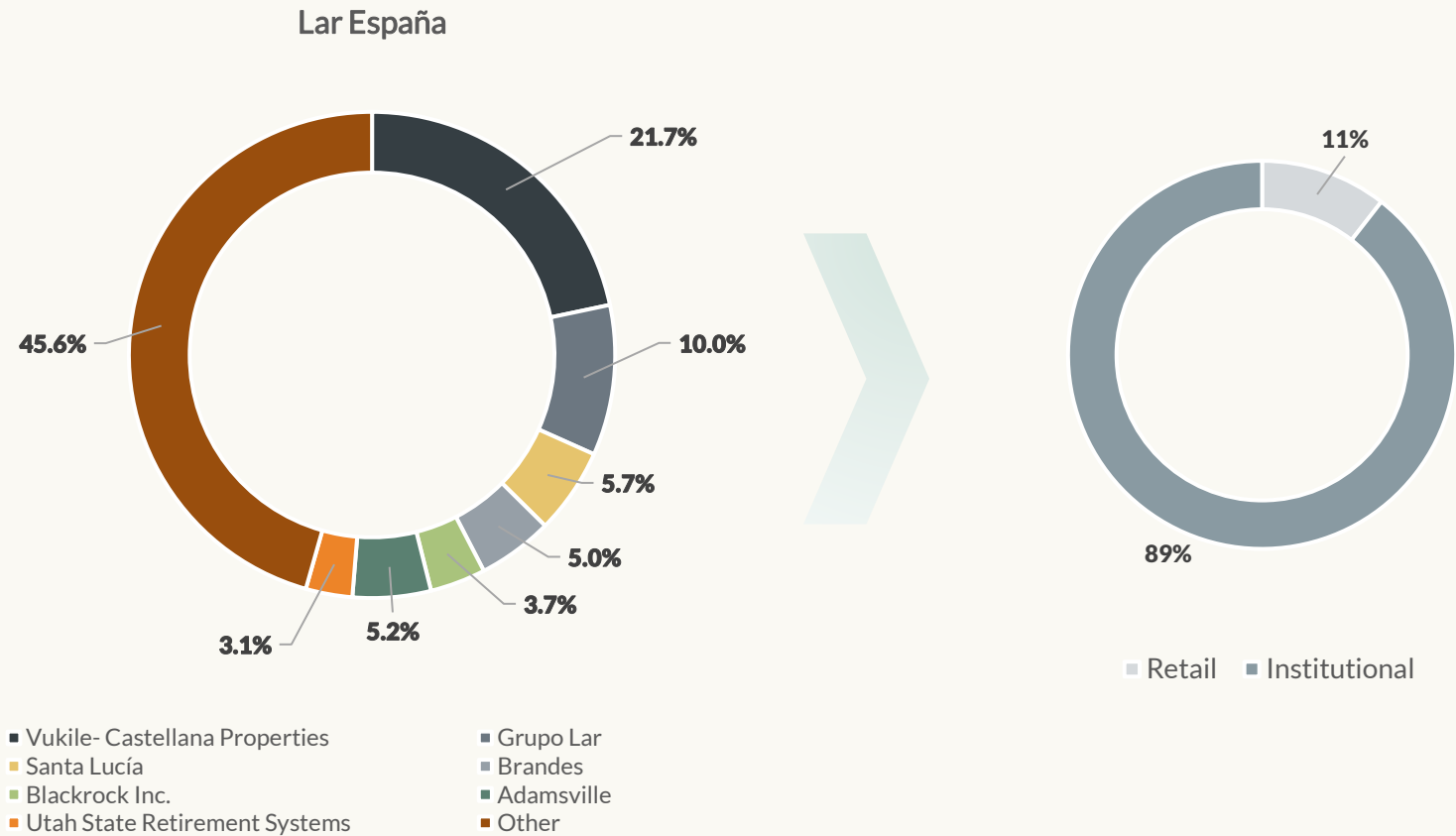
**100%** of the assets are >90%  
occupied



**60%** of the assets had  
more than 4 million yearly  
visits



With a diverse shareholder base formed of a mix of local and international investors





## From different regions and countries

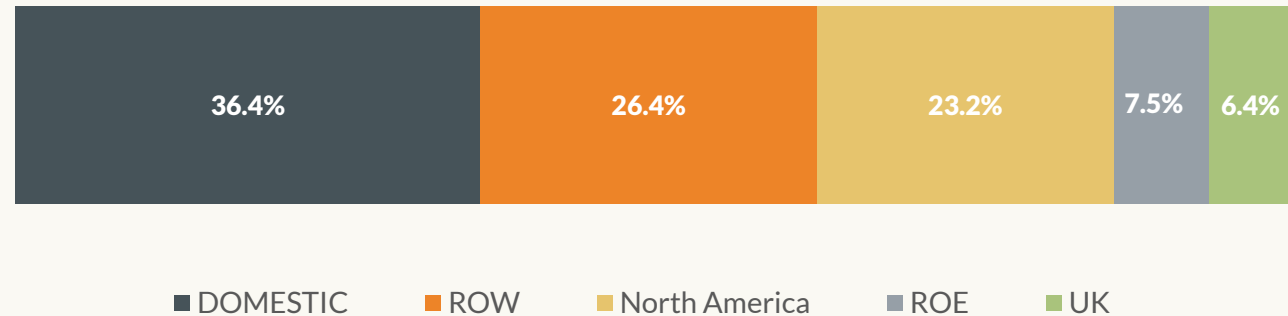
### Institutional investors:

Spanish based Investors represent the largest geographical area for a current 36.4%

The investors based in the **USA** hold 23.2%.

Most of Lar España Institutional investors have a **Long Only** philosophy. Of these, the majority are "Value" investors.

### Lar España institutional shareholders by region:



## With best in class governance practices

### Board of Directors



*Female Directors*

*Proprietary Directors*

*Independent Directors*

Audit & Control  
Committee

*3 members*

Appointments, Remuneration  
& Sustainability  
Committee

*4 members*

### Lar España Team

Since its foundation, critical areas have been internalized



**Jon Armentia**  
Corporate Director and  
CFO of Lar España



**Susana Guerrero**  
Legal Director and Deputy  
Secretary of the Board



**José Ignacio Domínguez**  
Internal Audit Director of  
Lar España



**Hernán San Pedro**  
Head of I.R. and Corporate  
Communication of Lar España

Since the beginning, the Board has a firm commitment to good Governance, complying with the highest national and international standards.

Strong focus on ESG and in full compliance with recommendations of the Good Governance Code.

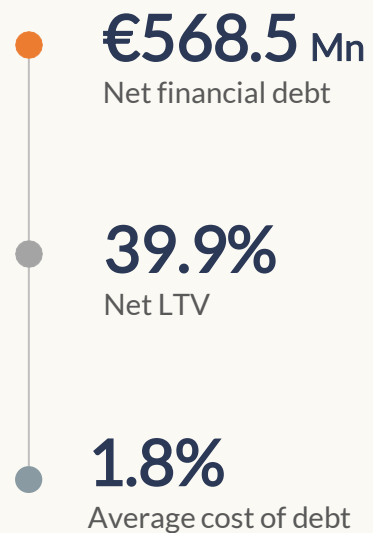
## External management by Grupo Lar confirmed as the best option for the shareholders



◀ **Permanently adjusting cost to the company situation** ▶



## A good financial profile gives comfort and security



**BBB**  
**Fitch**Ratings

**ISS**  

## ESG as another cornerstone of our actions

### Social



6 certified assets



The Company has developed an action plan, identifying relevant issues and their contribution to the SDGs.



Software to monitor indoor air quality. It also optimizes the operational management of the HVAC equipment, thus improving energy efficiency in the buildings.

### Governance



Complying with 100% of the recommendations of the CNMV Good Governance Code



24<sup>th</sup> out of 116; General ranking  
5<sup>th</sup> out of 25; Real Estate ranking



EPRA Gold Award Financial Information 2015-2021

### Environmental

The data automation platform for environmental indicators was put into operation in 2021. The company is currently completing the roll-out of smart meters for sub-metering purposes.



Carbon Footprint Registration 2018-2020



EPRA Gold Award ESG Information 2018-2021

### Scorings



### Certifications



ISO 14001 & ISO 45001



100% portfolio certified:

3 Excellent  
9 Very Good  
2 Good



Thanks to all this, we have demonstrated resilience throughout the pandemic

### We made the right decisions

- **Strong relationship with tenants without litigations.**
- **High collection rate.**
- **Occupancy improved.**
- **Solid valuations.**
- **Unbeatable cash and debt performance.**

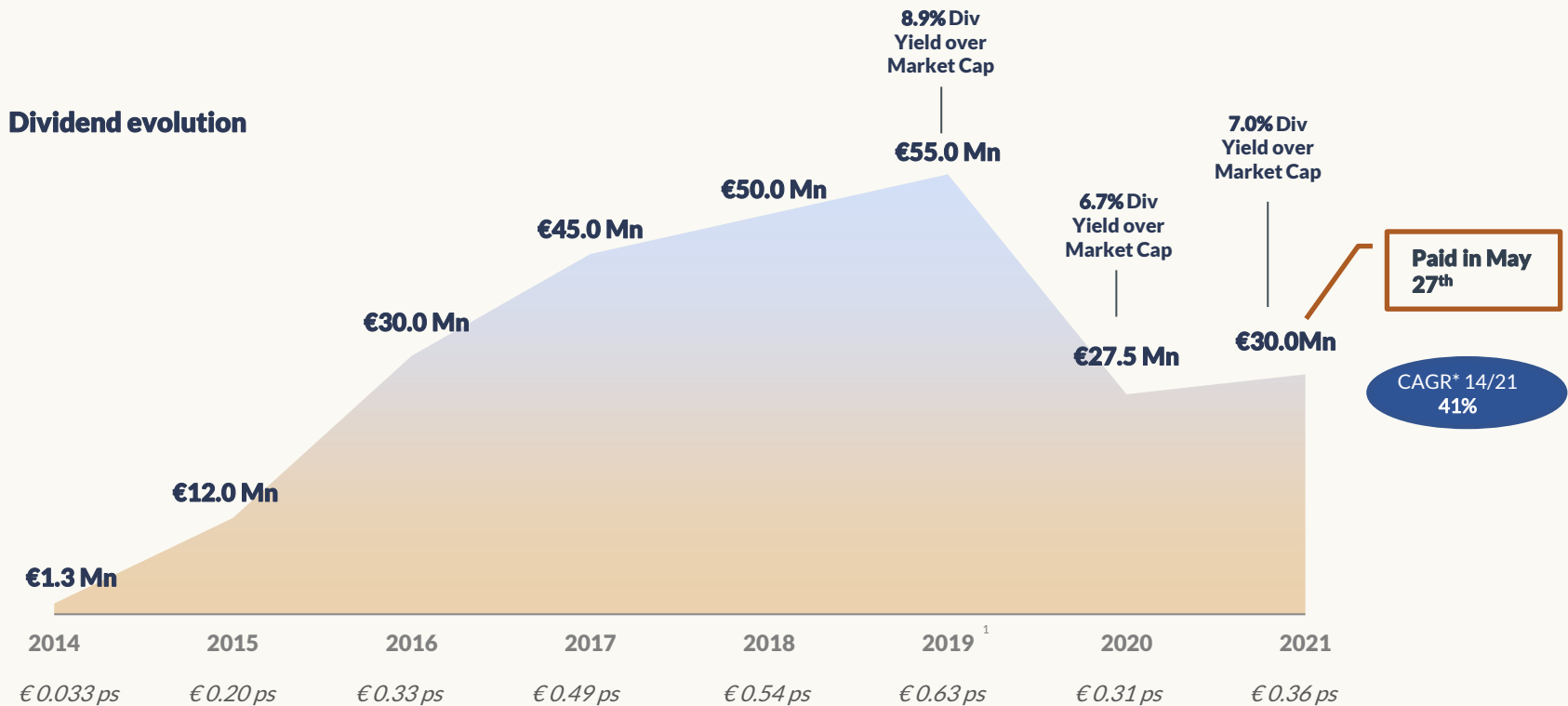
- We have kept the highest health standards.
- We reinforced our strategy, its implementation and communication.
- We strengthened our commitment and relationship with retailers.
- Successful disposal of supermarkets portfolio in February 2021.
- IMA extension as optimal strategy for Lar España.
- Improved capital structure through issuance of 2 green bonds, extending maturity and improving cost of debt.
- We have limited CAPEX benefitting from our fully refurbished portfolio and continuous adaptation to industry trends and innovation tools.
- Increase of occupancy levels with ca. 100% agreements with retailers already signed and no relevant losses in the tenant mix.

And have been able to remunerate shareholders, which is a main objective

### Committed to profitability

- Prudent cash position control with a detailed liquidity analysis.
- 3.4% dividend yield on NTA Dec 2021
- 7.0% dividend yield on market cap Dec 2021
- Among the leading Spanish listed companies in terms of direct shareholder remuneration.
- Dividend already recovering from COVID-19 pandemic impact (+16.1% vs 2020)

### Dividend evolution



<sup>1</sup> Dividend: +€25 Mn in extraordinary dividend  
Market Cap at December 31st

\* CAGR stands for Compound Average Growth Rate



In conclusion, the best portfolio, the best team and the best management have made us the leaders we are today



# 2

## MANAGEMENT AS A DIFFERENTIAL ELEMENT

**Miguel Pereda**

Vice- Chairman of

Lar España Board of Directors & Chairman of Grupo Lar



## The retail sector is currently extremely professionalized



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CHALLENGING  
ENVIRONMENT



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BROAD  
TECHNOLOGICAL  
AND INNOVATION  
REQUIREMENTS



---

OMNI  
CHANNEL



---

COMPLEX  
RELATIONSHIP  
BETWEEN  
INVESTOR,  
RETAILER AND  
FINAL CUSTOMER



---

MUCH MORE  
THAN JUST A  
FINANCIAL  
BUSINESS

## In this environment, external management has proven to be the optimal strategy for Lar España

Retail property requires skilled, hands-on management...



...which Grupo Lar is uniquely qualified to provide



### Operationally Intensive

- Granular unit configuration and diverse tenant base
- Requires greater time and skill than other asset classes (e.g. offices, logistics)



### Active Management

- Active asset management will continue to be **key to deliver returns** in the coming years



### Responding to Change

- Retail sector facing **new market demands**
- **Essential to innovate and adapt** to ensure **enduring appeal** to retailers and consumers



### Scale

- External management provides **scalability and cost-efficiency**



### Expertise

- Grupo Lar has more than **50 years of experience** in the Spanish property market
- Full range of expertise through **sourcing, investing, developing and managing** across sectors and retail in particular





## And Grupo Lar, the best possible manager

**50 years** of experience  
in Real Estate



Local Presence in **six different markets** with  
strong and experienced  
management teams



**Diversification** in type of  
sectors: Residential, Retail,  
Offices, Industrial &  
Logistics



**Skin in the game:**  
ca. 10% stake in Lar  
España and performance  
remuneration with full  
alignment of interests



Exceptional **track record** in **JVs** and **managing third parties' funds**





## A partner with a unique business model...

Grupo Lar is a Spanish company leader in **Real Estate development**, investment & asset management, with an international outlook, and more than **50 years of experience**.

**Real Estate specialists** with the mission to **develop, invest & grow** both in Spain and abroad.

All our efforts are devoted to keep doing things better and even more ethically thanks to sound management practices, focused on **generating value for shareholders, clients and employees at all times**.

Grupo Lar specialises in **property investment & management**. Our strategy is based on **risk diversification**, development of **sustainable competitive** advantages including **strategic alliances** and **technological innovation**.

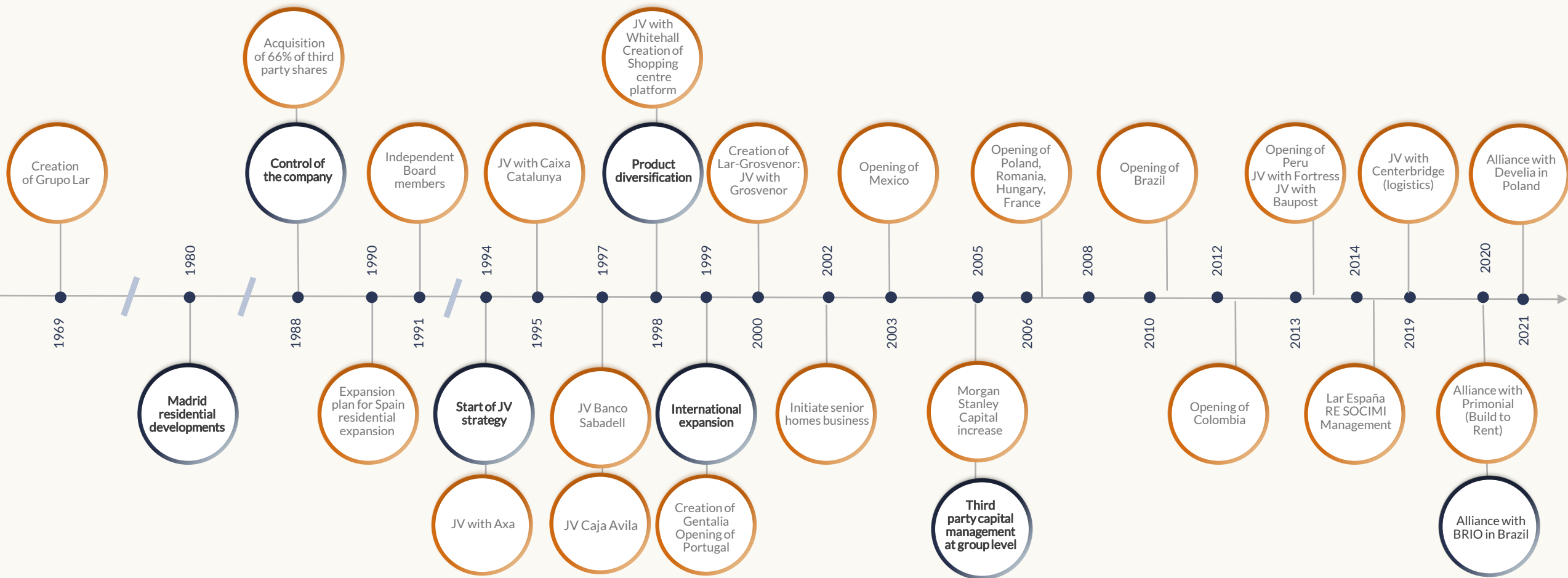
**6** Countries  
Europe & America

**+3.5** € Bn  
Managed Portfolio

**16,700**  
Homes under development  
(for sale & rent)

**1.9** € Bn  
Equity invested in projects  
(own & third parties capital)

## ... and an extensive track record



## With more than 50 years of experience in all kind of assets



### MIGUEL PEREDA

- Chairman
- 30 years experience in Real Estate.
- Board Member of Lar España Real Estate.
- CEO of Grupo Lar Grosvenor for six years.
- Royal Institution of Chartered Surveyors (RICS), Eminent Member (Fellow).
- Business degree from Universidad Complutense, University, MBA from IE and a Postgraduate degree from IMD and Harvard.



**MARIBEL PLAZA**  
CEO Internacional



**JOSÉ MANUEL LLOVET**  
CEO Terciario Iberia



**MIGUEL ÁNGEL PEÑA**  
CEO Residencial Iberia



**JUAN CARLOS URBANO**  
CFO Corporativo



**CRISTINA RODRÍGUEZ**  
Directora corporativa de Capital Humano



**ÁLVARO DEANSORENA**  
Director Logística Iberia



**SERGIO GARCÍA**  
Director Retail Iberia



**JORGE PEREDA**  
Director Residencial en Alquiler



**CARLOS PESTAÑA**  
Director General Gentalia



**MAJDA LABIED**  
CEO Vivia



**ANACECILIA GALVEZ**  
Perú  
Country Manager



**CLAUDIO ZAFIRO**  
Brasil  
Country Manager



**FRANCISCO JAVIER LÓPEZ**  
México  
Country Manager



**JANUSZ KRASZEUSKI**  
Polonia  
Country Manager

## And one of the most talented teams in retail

- 25 years of professional experience in the Spanish real estate sector. He has held key positions in leading commercial real estate companies, specifically in the shopping center sector.
- He is a graduate of CUNEF, a member of the Royal Institution of Chartered Surveyors, President of Association of owners of retail spaces (APRESCO) and Vice President of Spanish Association of Shopping Centers and Retail Parks (AECC). He was a member of the Board of Directors of RICS in Spain and participates, actively, as a speaker at conferences, meetings and international fairs.
- Since January 2015 he has been working for Grupo LAR, exclusive manager of Lar España SOCIMI. He has recently been appointed CEO of Tertiary (Retail, Offices and Logistics). Previously he was Director of Retail Capital Markets Spain at JLL, where he arrived after working at Unibail-Rodamco for 12 years as Investment Director. Previously he worked for other companies such as SCCE, Lease or FCC complementing his extensive resume.



**JOSÉ MANUEL  
LLOVET**  
CEO Terciario Iberia



**SERGIO  
GARCÍA**  
Director Retail Iberia

- Sergio has a degree in Business Management from the University of Oviedo, a Program in Strategic Marketing Management by ESADE and has completed the Advanced Management Program for Senior Directors at IE Business School.
- He started his professional career in Sonae Sierra in 2004 assuming different roles within the Operations area, such as Leasing Manager and Marketing Manager in three shopping centres. During 11 years, he developed his career in Unibail Rodamco, assuming different senior management positions such as Operational Marketing Manager for Spain; Shopping Centre Manager of Parquesur, in Madrid; Head of SC Management for Spain, and Senior Development Manager, handling a large portfolio of top projects.
- Sergio joined Grupo Lar in 2017 as the Asset Management Director for the Spanish retail portfolio, being responsible for implementing the value creation strategy in 14 different assets owned by Lar España with a market value of €1.5 B. After being the Retail Director of the company, Sergio now performs as the Development Director and the General Manager of the Investment Department reporting to the CEO of Grupo Lar.



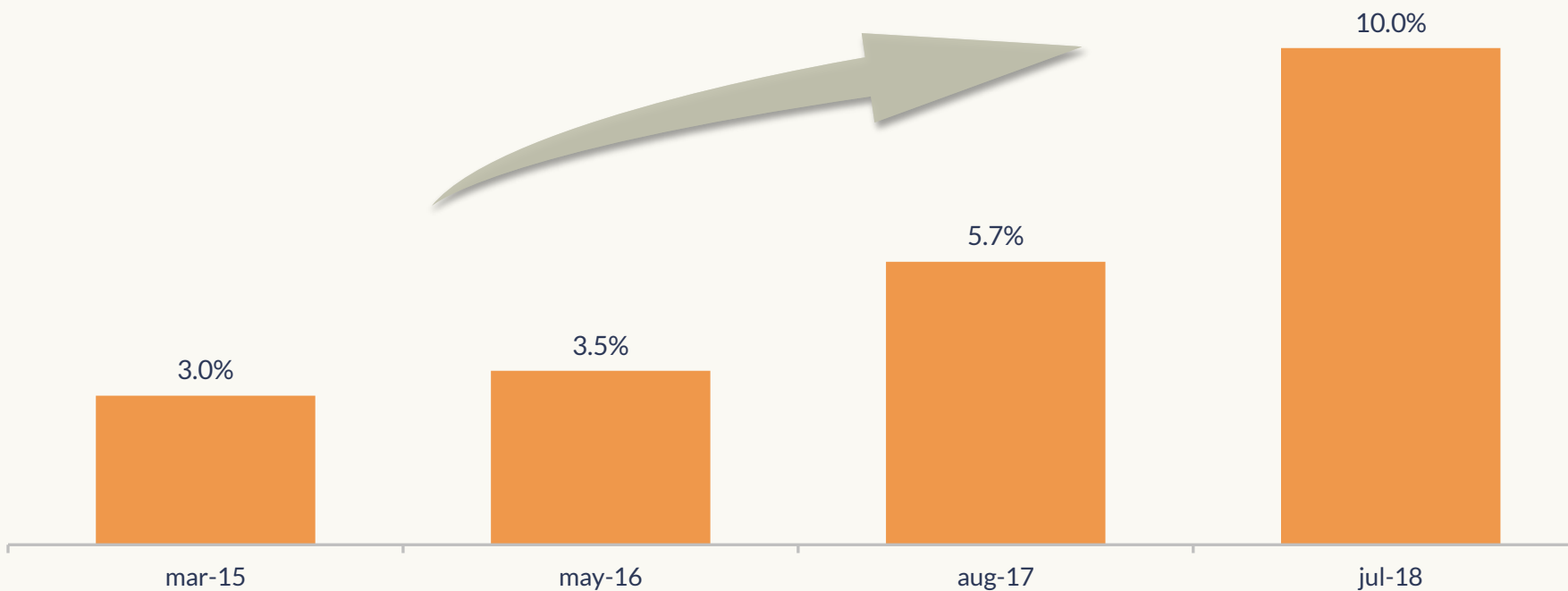
**CARLOS  
PESTAÑA**  
Director General  
Gentalia

- 26 years of industry experience in senior management positions. Throughout his professional career, Carlos has worked for several leading companies in the market (Oaktree Capital, ING RED, Rodamco and Lend Lease Corp.)
- He is a member of the Board of Directors and the Executive Committee of the Spanish Association of Shopping Centers and Parks.



With a clear commitment to Lar España

**Grupo Lar stake in Lar España**



**Second largest  
shareholder in Lar  
España**



Which has resulted in major achievements, both in size of the portfolio and operating milestones

**#1**  
in Spain  
by

- Sqm GLA
- Asset stake owned
- Retail parks owned

**14**

Assets

**551,405**

Sqm GLA

**100%**

Focused on  
Spanish retail

**100%**

Overship of the assets

**€1,425 Mn**

Gross Asset Value

**74.4 Mn**

Footfall in 2021

**Tenant  
mix**

Enhanced

**48%**

Portfolio revaluation  
since IPO

**96%**

Occupancy



# 3

PORTFOLIO AS THE  
CORNERSTONE OF OUR  
STRATEGY

**José Manuel Llovet**

CEO Commercial Real Estate Iberia at Grupo Lar



## Back in 2014, when we were listed, the retail market was quite different

Economic recovery period:  
GDP grew by, 1.4%  
Unemployment rate  
dropped 7.7%.



The 16/2012 Law allowed  
a greater dynamization of  
the Spanish real estate  
sector.



€2,200 Mn were  
invested in the Spanish  
retail sector, on the  
back of REITs regime.



Between 2013 and 2014,  
13 new shopping centers  
and retail parks were  
opened in Spain.



In this context, Lar España was  
listed in 2014, with a value  
proposal mainly focused 100%  
in Spanish retail, with fully  
owned assets, moderate  
leverage and external  
management.



And as you have already seen, since then, we have created the best retail portfolio in Spain with dominant assets in strong catchment areas

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	●	●	●	●	●	●	●	●	●
P. Marina	Dominant	●	●		●	●	●	●	●	●
CC: 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
Parque Abadía	Dominant	●		●	●	●		●
Rivas Futura	Dominant	●	●	●	●	●	●	●
Vidanova Parc	Dominant	●	●	●	●	●	●	In process
Vistahermosa	Dominant	●	●	●	●	●	●	In process
Megapark	Dominant	●	●	●	●	●	●	●



## How do we select the best assets?

### By doing a detailed segmentation

GLA	TENANTS	FOOTFALL	OCCUPANCY
>40,000 sqm or dominant in its Catchment Area	Top tenants must be present	> 4-5 Million	> 90%

### We have built a portfolio with the best mix: size, influence area, commercial offer and sustainability

**78%** of our retail assets are classified as Large or Very Large

**>300k** inhabitants catchment area

**Top tenants** present

**ca. 20%** essential activities

**100%** of the company's shopping centers are BREEAM-certified with an "Excellent" or "Good" rating



And why do top retailers choose Lar España?

### Inditex case study

Everyone is aware of Inditex's plan of **closing redundant stores and expanding the best ones** by incorporating collections and services for customers

We have **55** Inditex stores and only one closed while more expanded and/or updated image.

The area of Inditex has increased by 2,500 sqm since the mentioned store closed in 2018.



**Inditex is the brand that makes the difference. They are in the best locations worldwide and we are one of their main partners in the Spanish Shopping Center industry.**





Most of the times, we acquire the asset



## ÀNEC BLAU

Shopping Center in Castelldefels,  
Barcelona

Built in 2006

Acquisition for €80 Mn

GLA of 28,863 sqm

## And invest in it to revalue it



### ÀNEC BLAU

**€17 Mn**  
Total Budget

**ca. 6.5%**  
Yield on Cost

**7,000**  
SQM Refurbishment

- ✓ **Complete transformation** and **redistribution of spaces** to **maximize natural light** and engage with its surroundings
- ✓ Full refurbishment Project incorporating a **new food court, leisure, area, outdoor garden and new fashion square**, consolidating Ànec Blau's position as a standout destination for fashion, leisure and dining
- ✓ Food court features **20 new restaurants** with a rich gastronomic offering including Mc Donald's, Taco Bell, La Tagliatella and Frankfurt's Original
- ✓ Leisure offering incorporating **new Yelmo Premium cinema**, boasting the latest state-of-the-art technology
- ✓ Completely redeveloped fashion court, home to the **largest Zara store found in any Catalan shopping center** (3,150 sqm). Other stores, including Oysho, Guess and Tous have all double-height façades installed
- ✓ These improvements will help to further strengthen Ànec Blau's status as the **leading fashion, leisure and dining hub in the region**



But other times we develop it



## LAGOH

Shopping and family entertainment center in Sevilla

Opened in 2019

>100,000 sqm

ca. 8% yield on cost

>200 stores

## Creating the perfect asset since the beginning



### LAGOH

- ✓ **Dominant** center in the region
- ✓ **Market leader** since opening
- ✓ **Cinemas with the higher turnover** of Andalusia.
- ✓ **Restaurants at full capacity**
- ✓ **Fashion brands top 5 highest sales** in Spain
- ✓ Presence of **brands** that were never present in Seville before
- ✓ Record of **footfall**
- ✓ Lagoh was skillfully designed and built to be **efficient and sustainable**: 100% of topsoil removed was reused during the construction process
- ✓ Its star features are the huge **central lake**, extending to 6,000 sqm, green roof and interior bursting with plants and vegetation
- ✓ Thanks to Lagoh and its 11,000 sqm green roof, a unique natural **ecosystem has been created**
- ✓ **Geothermal** technology means **energy savings** of 35%
- ✓ The shopping centre also serves as a **local re-cycling point**
- ✓ Lagoh has been awarded the **BREEAM® Very Good** in Construction Sustainable Building Certification
- ✓ The development is a case study in **sensitive architecture** that harmonizes with its surroundings, with extensive landscaped areas
- ✓ The use of fossil energy is kept to a minimum through a **system designed to harness renewable sources**
- ✓ The lake helps keep the building **feeling cool on hot days** and locks in atmospheric CO2
- ✓ Designed and built using **natural materials** (stone, wood, metal, recycled and recyclable components, etc.)



How have they behave?

As of December 2021, Lar España portfolio's value has climbed **49%** versus the acquisition price

Asset type	Market Value 31.12.21 (€ K)	€/sqm 31.12.21	LfL revaluation (21vs20)%	Revaluation 21 vs acquisition Price	EPRA NIY 31.12.21
Shopping centers	951,187	3,060	(0.1%)	628%	5.6%
Retail Parks	472,661	1,966	1.8%	26.9%	5.7%
<b>Total Lar España</b>	<b>1,423,848</b>	<b>2,583</b>	<b>0.5%</b>	<b>48.8%</b>	<b>5.7%</b>



All our assets are unique, but they share a number of characteristics...



**Resilient** portfolio of **dominant** shopping centres in attractive catchment areas.



**Cherry picked assets** carefully selected without acquiring portfolios.



Assets **ca.100% owned**, delivering flexibility, control and full decision capacity.



Solvent and **diversified tenant base** with a WAULT of 2.7 years and close medium-and long-term relationships.

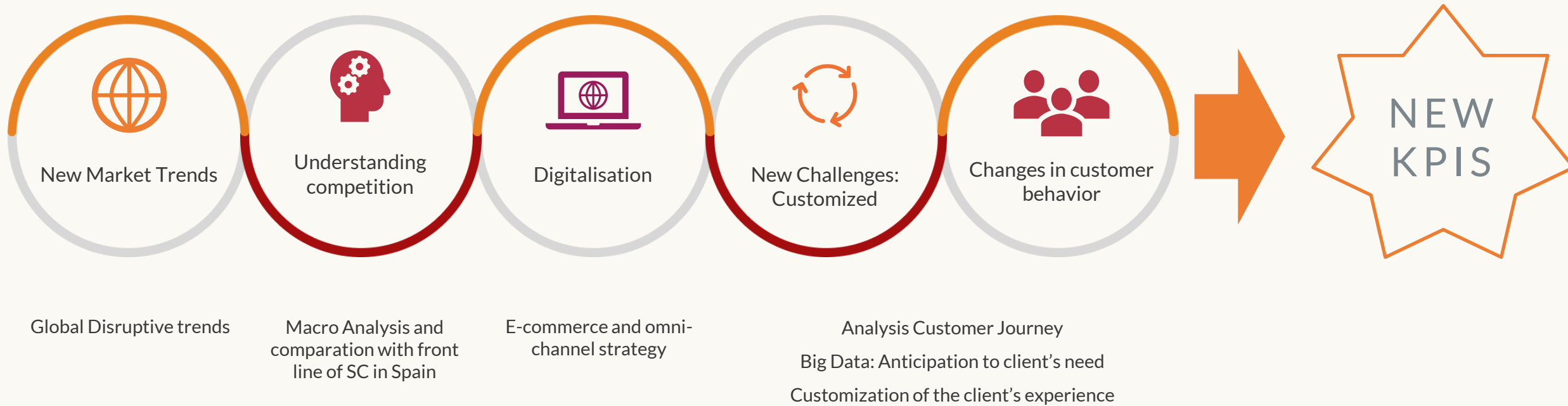


**Active management** with last trends in **technology, omnichannel strategy and customer** knowledge experience.

...that have allowed for great resilience during the pandemic



## But now we face new strategic challenges



## The retail world is getting more complex

- 1** **Inflation** is not **transitory** and **interest rates will raise** in the short term.
- 2** **Real Estate** is one of the **preferred alternative investments** amid market inclination to **transactions**.
- 3** Retail is an opportunity to **meet required returns** since parks have **proven resiliency** during the pandemic and **prime yields** have stabilized.
- 4** Differences between good and bad are highly visible due to the **polarization of the market**.
- 5** Being **large and profesional is key** to be successful and have a good relationship with retailers.
- 6** The **private market is reviving** and will soon reach the equity market.



And there are new trends to be taken into account



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PREFERENCES  
FOR PHYSICAL  
RETAILING



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DIGITALISATION  
OF THE SSCC



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NEW LOGISTIC  
NEEDS



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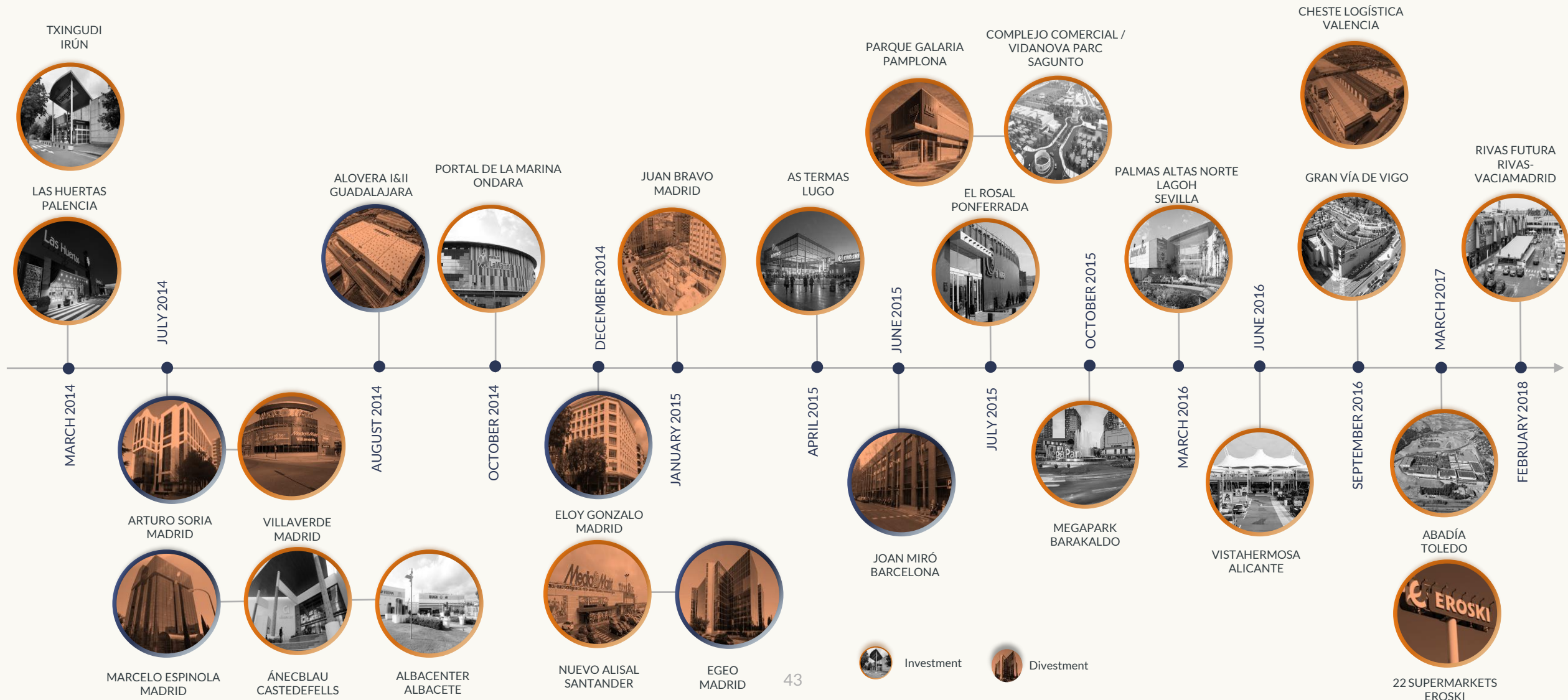
MIXED-USE  
SPACES TO SHOP,  
DINE, EXERCISE  
AND SOCIALIZE



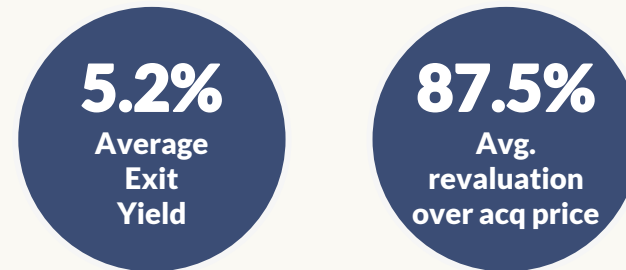
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NEW DEMANDS:  
HEALTHCARE  
AND SELF CARE

At this point we have great experience both in acquisitions and strategic divestments



## With low exit yields



## How do we expect our portfolio to evolve in this scenario?



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**Leaders in  
the Spanish  
retail sector**



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**Average size  
of assets  
increased**



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**Balanced  
mix between  
shopping  
centers and  
retail parks**



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**Potential  
Iberian  
diversification**



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**Focused on all  
retail versions  
and offices in an  
opportunistic  
way**



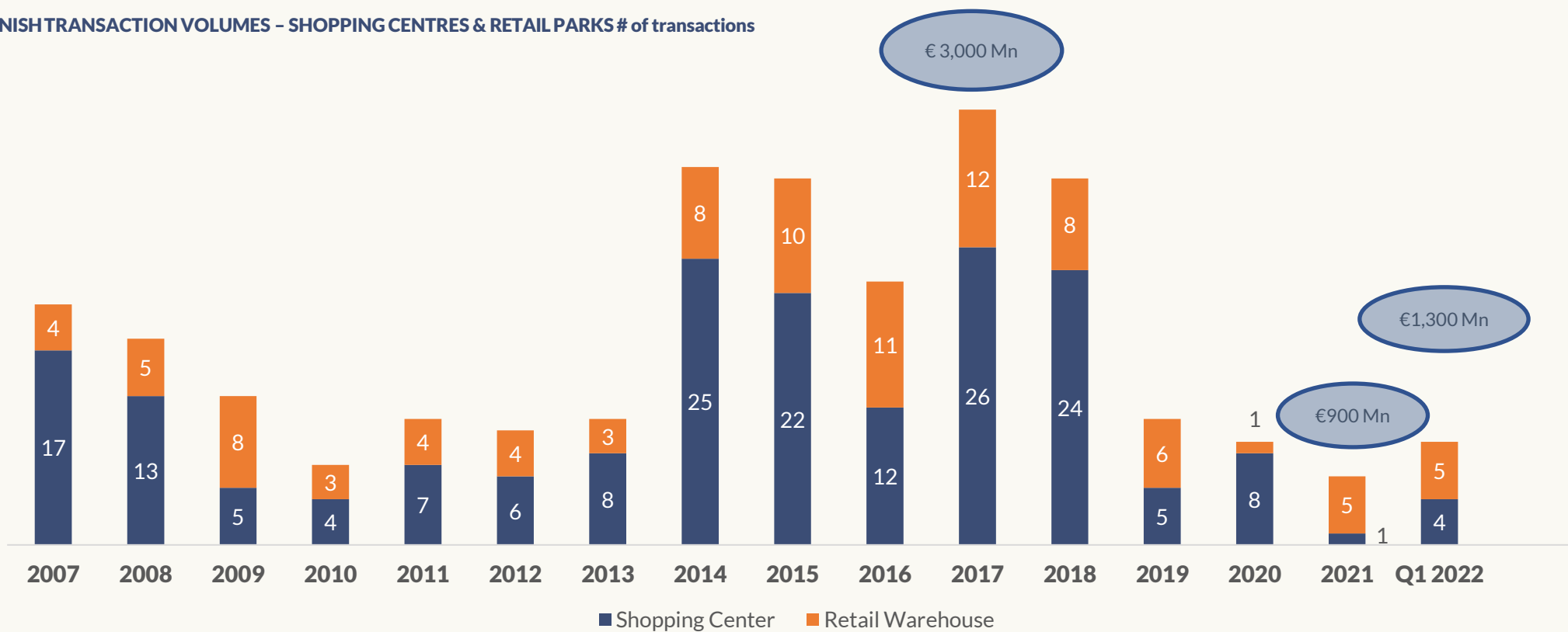
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**Gentalia as  
centralized  
Property  
Manager**

The market has been moving considerably lately

## INVESTMENT MARKET

SPANISH TRANSACTION VOLUMES – SHOPPING CENTRES & RETAIL PARKS # of transactions



## Several factors led to apprehension towards retail but...



### E-COMMERCE

- Penetration increased during COVID, now stabilized.
- Huge challenges in distribution, mainly in returns management and delivery costs (energy). Very few companies actually get profit.



### LACK OF COMPARABLE TRANSACTIONS

- Investment SC Volume: €0.1 Bn since covid started vs ca. €0.6 Bn in 2019, ca. €2.5 Bn in 2018.
- Most of the assets transitioned since Covid were distressed assets.



### RETAIL IN USA AND UK

- Higher commercial density and effort rates than in continental Europe.
- Outdated formulas (Department Stores) and low capex in customer experience.
- Rigid contracts with tenants prevent quick adaptation to change

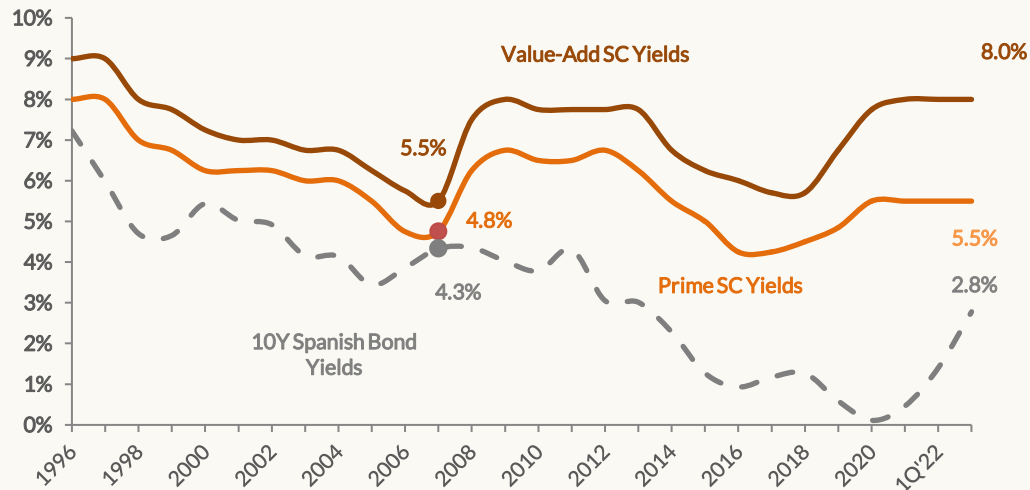


### COVID-19 POST-PANDEMIC

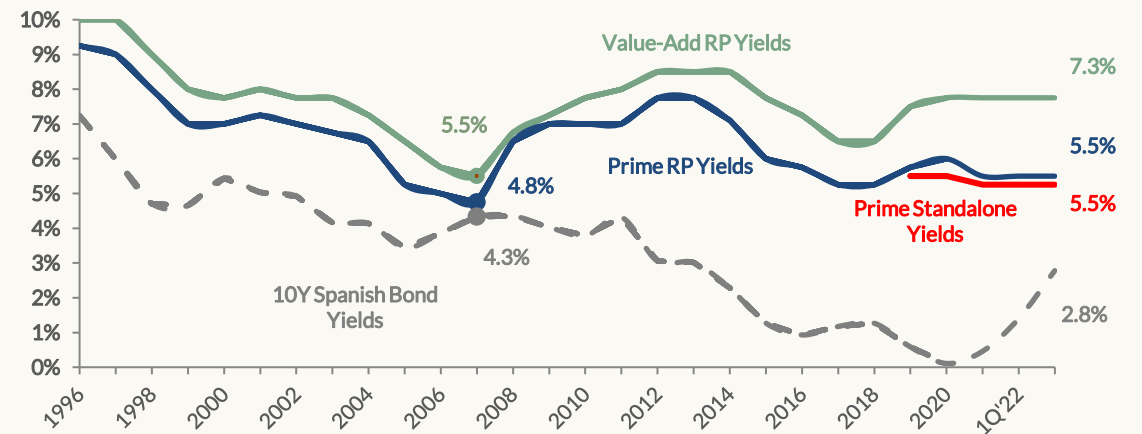
- Dominant Shopping Centers back to 2019 records.
- Prime Retail Parks strong performance. Easier to manage. Less capex intensive. Category Killers, food component.

## Yields confirm the opposite

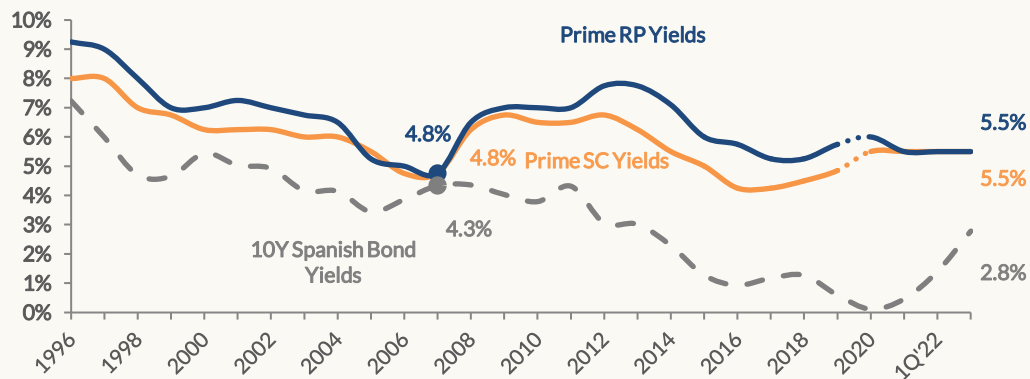
NIY SC Prime vs Value Add / Bond 10yrs



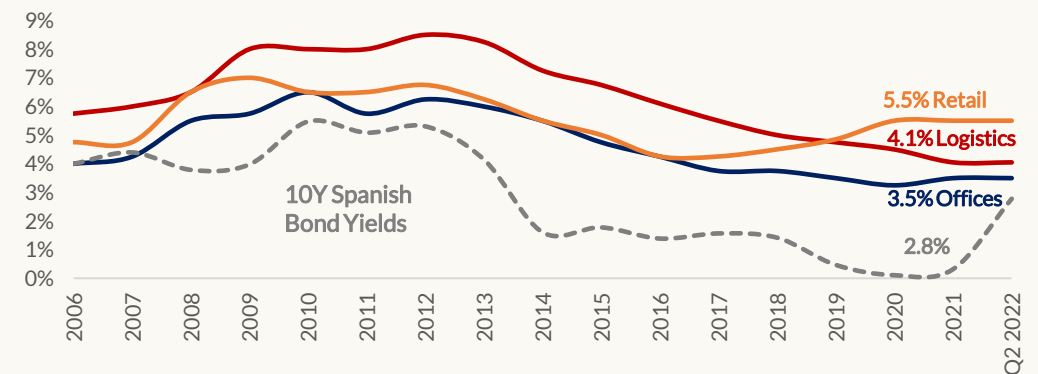
NIY RP Prime, MSU & Value Add / Bond 10yrs



NIY SC Prime vs RP Prime / Bond 10yrs



NIY All Asset Clases Prime / Bond 10yrs





## We are in a special moment to maximize the value for the Shareholders through selective investment strategy and high quality Asset Management

### INVESTMENT TARGETS

- **Asset:** S.C & R.P Trophy Asset
- **NIY:** 5% - 6%
- **Asset:** S.C. & R.P Regional Leader with VA
- **NIY:** 6.5% - 7%



+ €500 Mn  
under  
analysis

### STRATEGY MAIN DRIVERS

- Maintain the **dividend**
- Reduce the perceived risk
- Create value

### ASSET ROTATION STRATEGY

- Seek for a **Balanced Portfolio** composed of:
- **Retail Parks**
- **Dominant Shopping Centers** as portfolio stabilizers
- **Shopping Centers** at good price with value potencial

### DRY POWDER

Current liquidity + potential Asset Disposals

Increase  
NAV

+

Increase  
ROCE

## The retail market shows great opportunities worldwide



### On the road to pre-covid levels.

Positive retail sales growth estimates for 2022 and 2023, at 8% and 6.7%, respectively.



### Return of investor appetite.

Experts expect a growth in investment in supermarkets and retail parks and also a return of interest in shopping centers.



**Solid commitment to physical presence.** Retailers consider their shops as another element in their logistics and customer contact chain.

... and in Spain as well



**Irreplaceable economic engine for Spain.** A sector which relies on consumer confidence, professional management and which focuses on health and safety.



**Recovery trend.** Retail sales in Spain will continue to rebound in 2022, with an expected growth of 8% in 2022 and 6.7% by 2023.



**Online sales: a gradual growth.** The proportion of online sales in total retail sales will grow in Spain but in a gradual manner, prioritizing the phygital approach.



So all things considered: the time is now

**We know the market and key people**

We have experience  
**repositioning assets and anticipating trends**

Our strategy has resulted in  
**more visits, sales and much higher value & return**

Our developments of **Lagoh and Vidanova** have been awarded as the **best new shopping center and retail park in Spain**

**BOTH THE MARKET AND THE COMPANY ARE READY TO SEIZE OPPORTUNITIES**

**We understand Capital Markets.**

**We know the market and the momentum.** This gives us the possibility to keep having the best portfolio with interesting acquisitions, selected sales and accretive capex

**Differentiation, segmentation and selection are the three key new words for success**

**Retail real estate is not back, it never left**

4

OMNICHANNEL STRATEGY  
& DIGITALIZATION

**Sergio García**

Retail Director at Grupo Lar



## What is happening in the world of physical retail?



THE RETAIL  
APOCALYPSE!



E-COMMERCE



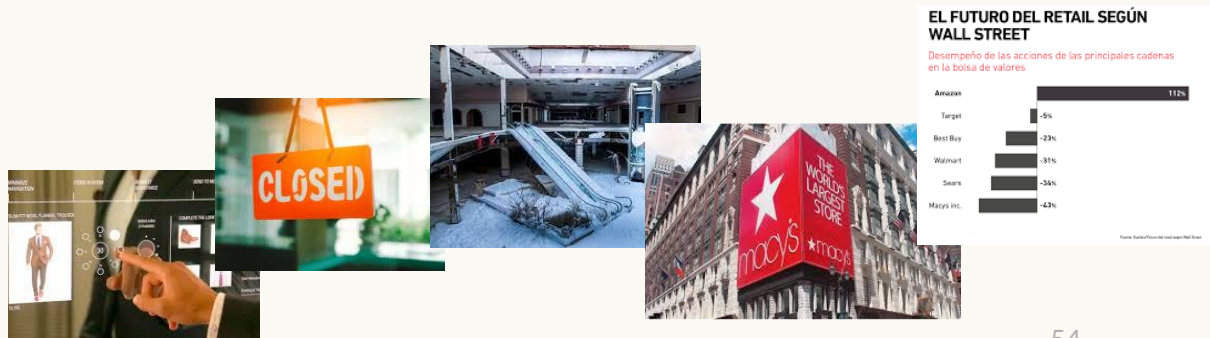
AMAZON



SHOPS CLOSING  
IN BOTH THE  
HIGHT STREET  
AND THE SSCC



AN OUTDATED  
BUSINESS MODEL

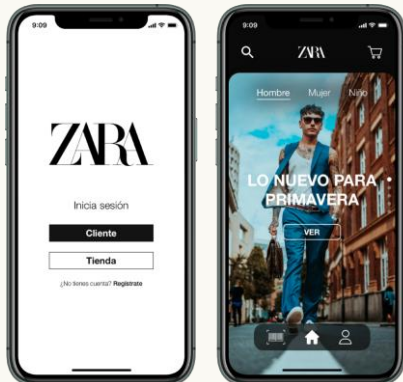




OK, but what does the world leader in the retail sector think?

Significant **online growth**...

**+14%**



...although with a **commitment to physical retail**, opening the world's largest Zara store in Madrid's Plaza España

Global integration of store and online in the purest **omnichannel style**

- ✓ A great advantage of the business model and the commercial proposal.
- ✓ Sector leaders in terms of growth and profitability with low investment.
- ✓ Online sales growth in all chains and markets.



*The Zara, Zara Home and Stradivarius at the Plaza de España store in Madrid.*



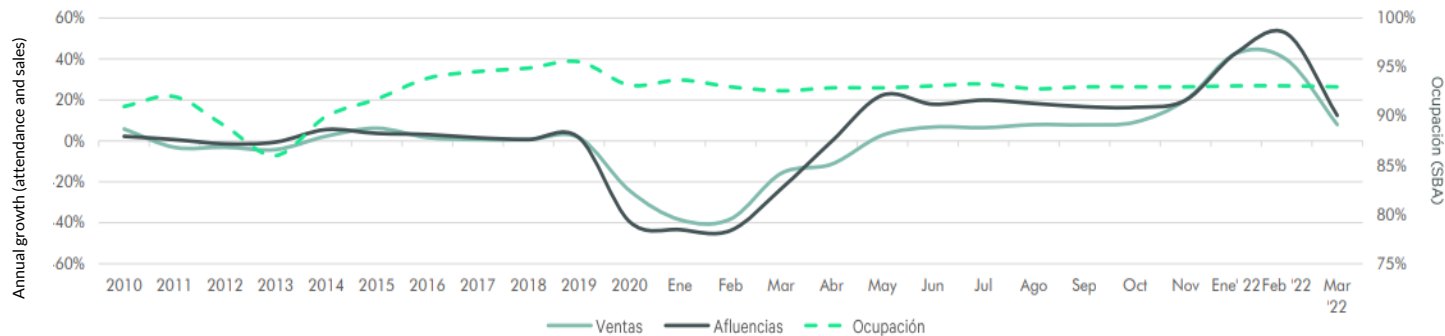
## The reality in Spain is that the key business performance indicators are recovering rapidly

Retail sales are at **recovery levels**, in some cases above those recorded in 2019.

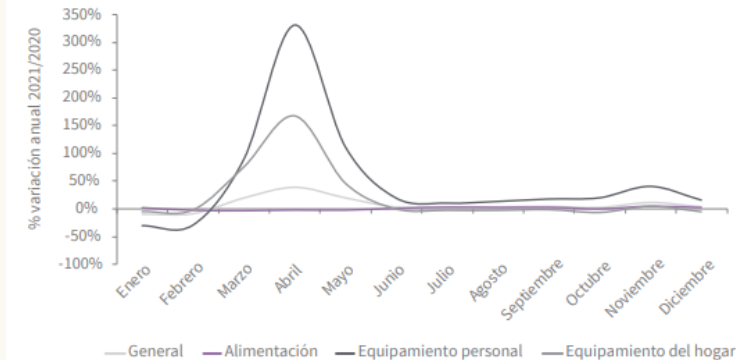
In some cases, shopping centre **attendance levels are higher** than in 2019.

**Occupation remains stable** in prime centres, above 95%.

Main KPIs | Shopping Centres



Source: CBRE Property Management | Portfolio of 50 managed properties / 20 million m<sup>2</sup> GLA



## Omnichannel – the retail mantra in 2022

**Online sales will rise** from 5% of total sales in 2019 to 8% in 2024.



Retailers are stepping up their plans to **optimise portfolios and supply chains** with a view to offering an **omnichannel experience**.



An **optimal integration between online and offline** has become the key to success. To this end, the role played by technology is of fundamental importance.



There are **no longer any barriers between the physical and digital journey** in order to maximize the customer's experience.

# PHYGITAL

## Nevertheless... what awaits us in the new retail environment?

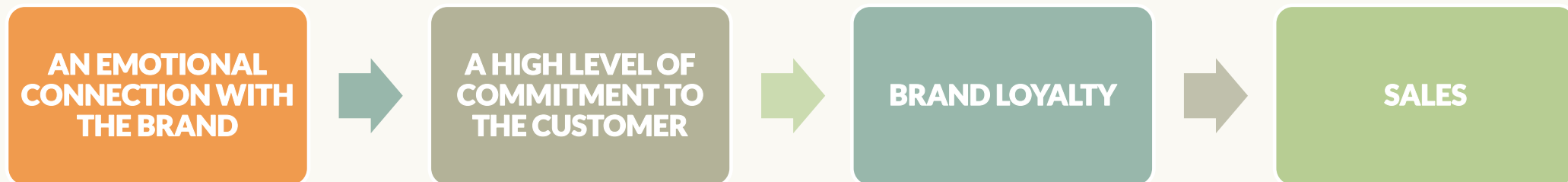
We continue to have a fundamental need to connect, go out and socialise. **Spaces in which we can interact and work together** are essential to human development.

A permanent desire to **ensure that in-store technology facilitates and improves the shopping experience**. Apps and QR on mobile phones to obtain all available product information to assist in purchasing.

**Humanisation of the brand history**  
Maintain human connections in on- and offline interactions.

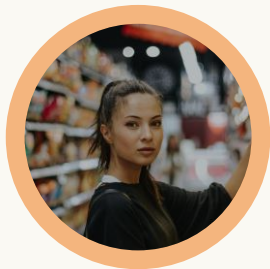
### What is the key challenge?

To use **technological development** to create a more fluid shopping experience, emphasising the human side of the brand more in order to **connect with customers on an emotional level**.



## Where should we be moving?

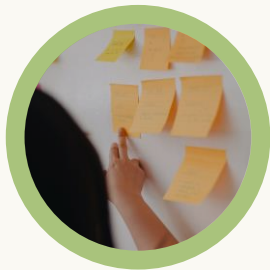
Shopping centres have become a focus for experiences based on a **B2B2C ecosystem** that facilitates the relationship between stakeholders.



**A customer-focused value proposal.**



**Personalisation in the centre.**

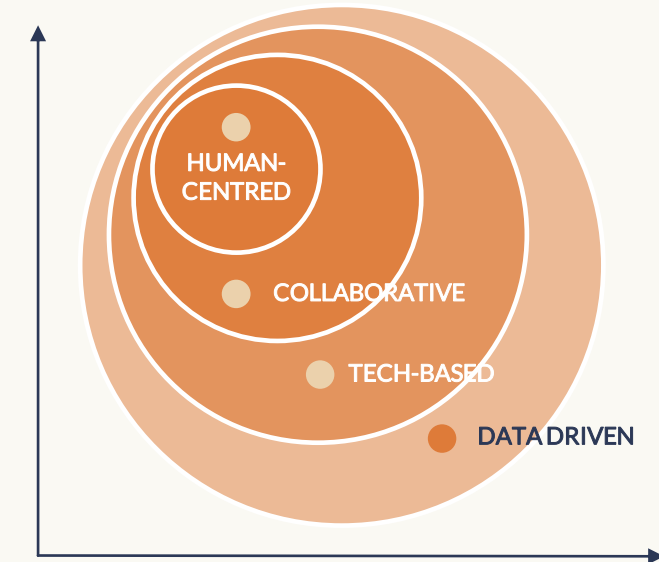


**Online research.  
Offline purchases.**



**Exchange of data.**

**We can base this on four key principles:**



## What is our current strategy and how can we improve it?



**A NEW BUSINESS MODEL**



## How it will be implemented. Action plan

1

Increased and better data on more customers visiting our centres.



Strengthening the CRM customer loyalty programme and extending its coverage.

2

Maximising information on retailers – our main client.



Retailer customer journey.

3

Implementation of the technology that allows us to find out more about the behaviour of customers in our shopping centres.



SMART SSCC project.

4

The omnichannel experience.



Incorporation of the *phygital* concept in our centres, through the sale of product in our digital showroom via the programme app, WhatsApp and social media.

5

Classification and bundling of all the information obtained at our centres and the monetisation thereof



The sale of customer data and information to our retailers.

## Strengthening the CRM customer loyalty programme and extending its coverage

The programme currently has **125,000 members**. **10% growth per month**.



Accelerated through **exclusive promotions** via the app



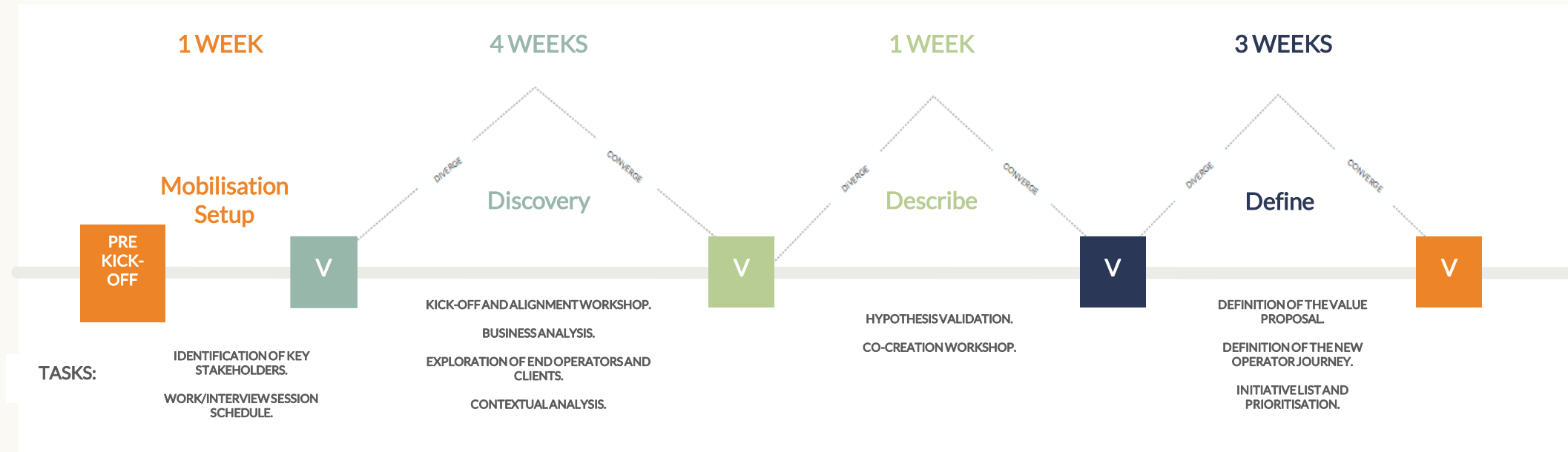
**Target: 400,000 by June 2023.** 10% of our unique customers.



- **PERSONAL DATA REGISTRY:** Name and surname(s); email; telephone; date of birth; postcode, gender.
- **PROGRAMME PERFORMANCE:** Total consumption recorded in the centre; consumer categories and brands; consumption days; total number of coupons downloaded; coupon use categories and brands; prize draw participation categories and brands; redemption of external partner promotions; visit rate; visit days; service booking and appointments at the centre.



## Retailer customer journey



ZARA  
stradivarius  
ZARA HOME  
UTERQUE  
**INDITEX**  
OYSHO  
Massimo Dutti  
PULL&BEAR  
Bershka

**H&M**

**MERCADONA**  
SUPERMERCADOS DE CONFIANZA

**Carrefour**

**McDonald's**

**MediaMarkt**

**Alsea**  
Starbucks  
McDonald's  
Burger King  
Wendy's  
Santitas  
Popeyes  
Chick-fil-A  
Taco Bell  
Sonic Drive-Ins  
Arby's  
Krispy Kreme  
Dunkin'  
Tim Hortons  
Pepperoni John's  
Papa John's  
Domino's  
Little Caesars  
Papa Murphy's  
Blaze Pizza  
Culver's  
Firehouse Subs  
Jersey Mike's  
Subway  
Quiznos  
On the Border Mexican Grill & Cantina  
Moe's Southwest Grill  
Newman's Own  
Papa John's  
Domino's  
Little Caesars  
Papa Murphy's  
Blaze Pizza  
Culver's  
Firehouse Subs  
Jersey Mike's  
Subway  
Quiznos  
On the Border Mexican Grill & Cantina  
Moe's Southwest Grill  
Newman's Own

**LEROY MERLIN**

**DECATHLON**



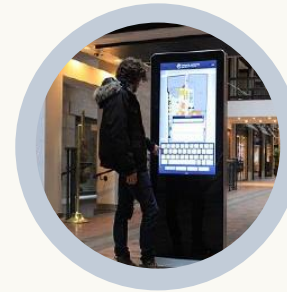
## Smart SSCC project



**SMART  
PARKING**



**SMART  
WAYFINDING**



**SMART KIOSKS**



**BEACON ENABLED  
PERSONALISED  
PROMOTIONS**



**CONSUMER  
ANALYTICS**



**SMART  
SECURITY**



**SMART BUILDING  
MANAGEMENT**



**SMART WASTE  
MANAGEMENT**

## Customer profiling

Gender: Male  
Ethnicity: Caucasian  
Age group: 25-30  
Emotion: Happy

Gender: Male  
Ethnicity: Caucasian  
Age group: 25-30  
Emotion: Happy

Clothing: White crew-neck  
sweatshirt, blue trousers  
- plain colour.

Clothing: White crew-neck  
sweatshirt, blue trousers  
- plain colour.

Customise your sales promotions

## Entry into the shopping centre



## In-shopping customer journey



## In-shopping and post-shopping customer journey



## The omnichannel experience

WHATSAPP  
SALES CHANNEL



At home



Selection of  
the customer's  
favourite shop



Personalised  
attention via  
phone or  
WhatsApp



Shop sends  
payment link to  
the customer



Order  
preparation

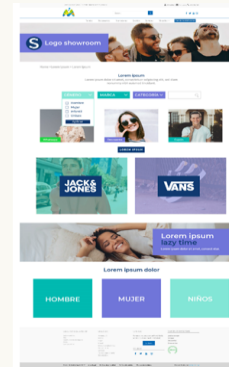


Order  
collection

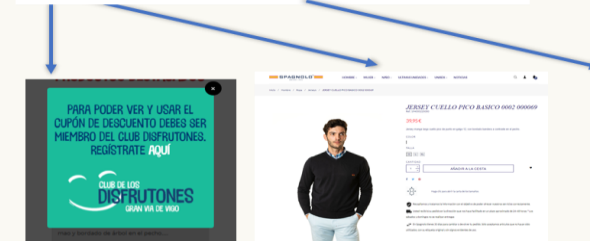
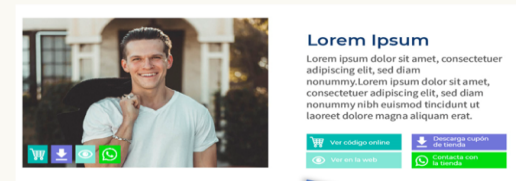
CLICK AND  
SHOP



Segmentation and  
promotion of products  
through the shopping  
centre's channels  
(social media, app,  
email, WhatsApp etc.)



A digital shop window  
showing off the  
operators' products  
with direct sales links





## The sale of customer data and information to our retailers

### WE ARE A DATA-GENERATING ECOSYSTEM!

The **DISFRUTONES**  
customer loyalty  
programme:

**>125,000**  
Members.

Shopping centre  
**website:**

**>1,750,000**  
Visits.

**Social media:**

**>500,000**  
Followers.

Unique shopping  
centre **visitors:**

**>4 million**  
unique customers.

### WHAT DATA DO WE HAVE REGARDING THESE CUSTOMERS? WHAT ARE WE GOING TO FIND OUT?

#### SOCIO DEMOGRAPHIC

- Gender.
- Age.
- Postcode.
- Family unit.

#### CONSUMPTION (MULTI-CATEGORY)

- Shopping centre consumption categories and brands.
- Outside-shopping centre consumption categories and brands.
- Total consumption in the centre.
- Consumption days.

#### VISIT HABITS

- Visit rate.
- Visit days.
- Use of services in the centre.
- Average visit time by category (fashion, food and drink, leisure).
- Exact location of the customer in the shopping centre.

## ESG AT LAR ESPAÑA

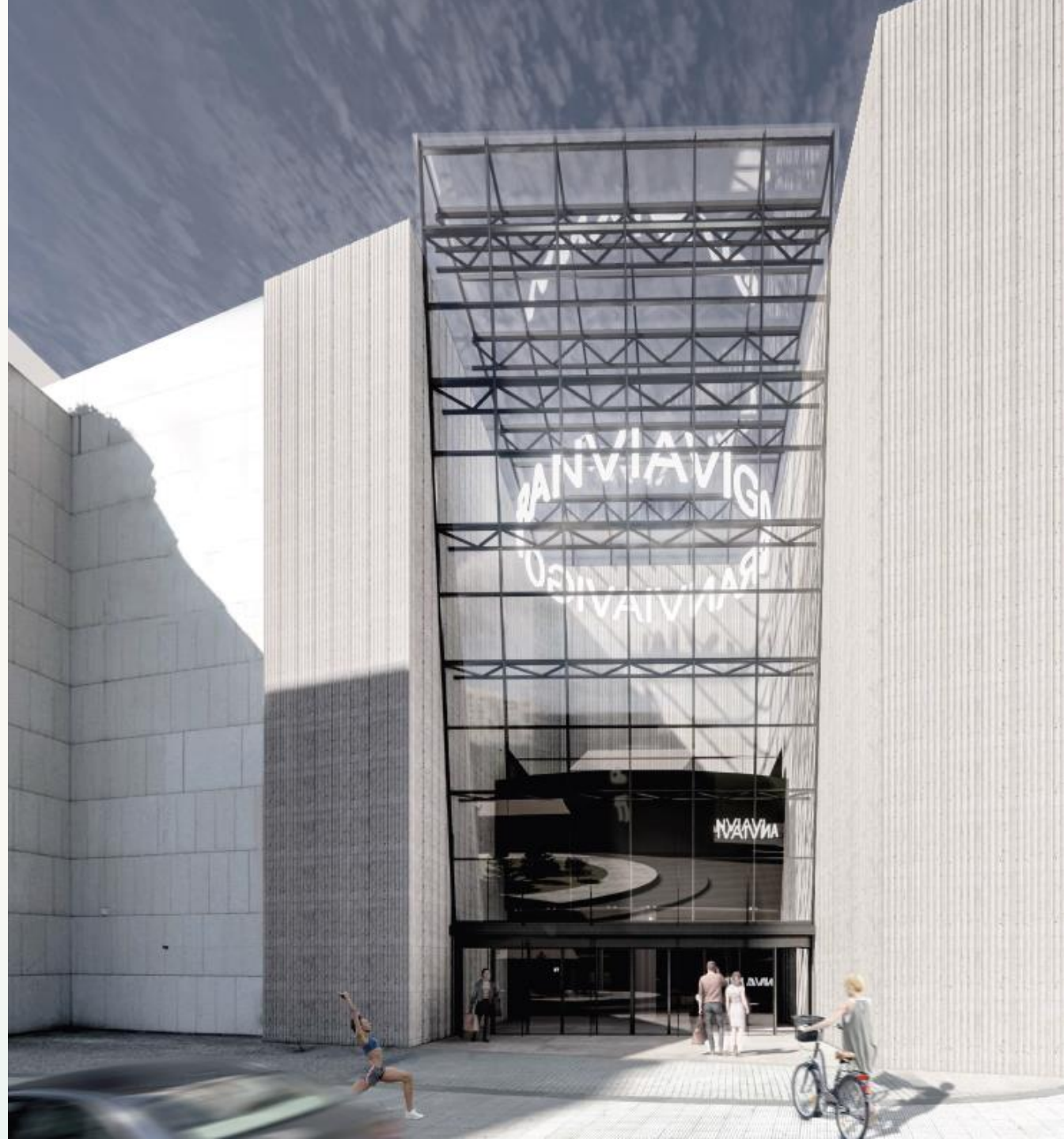
**Susana Guerrero**

Legal Director and Vice-Secretary of the Board of  
Directors at Lar España

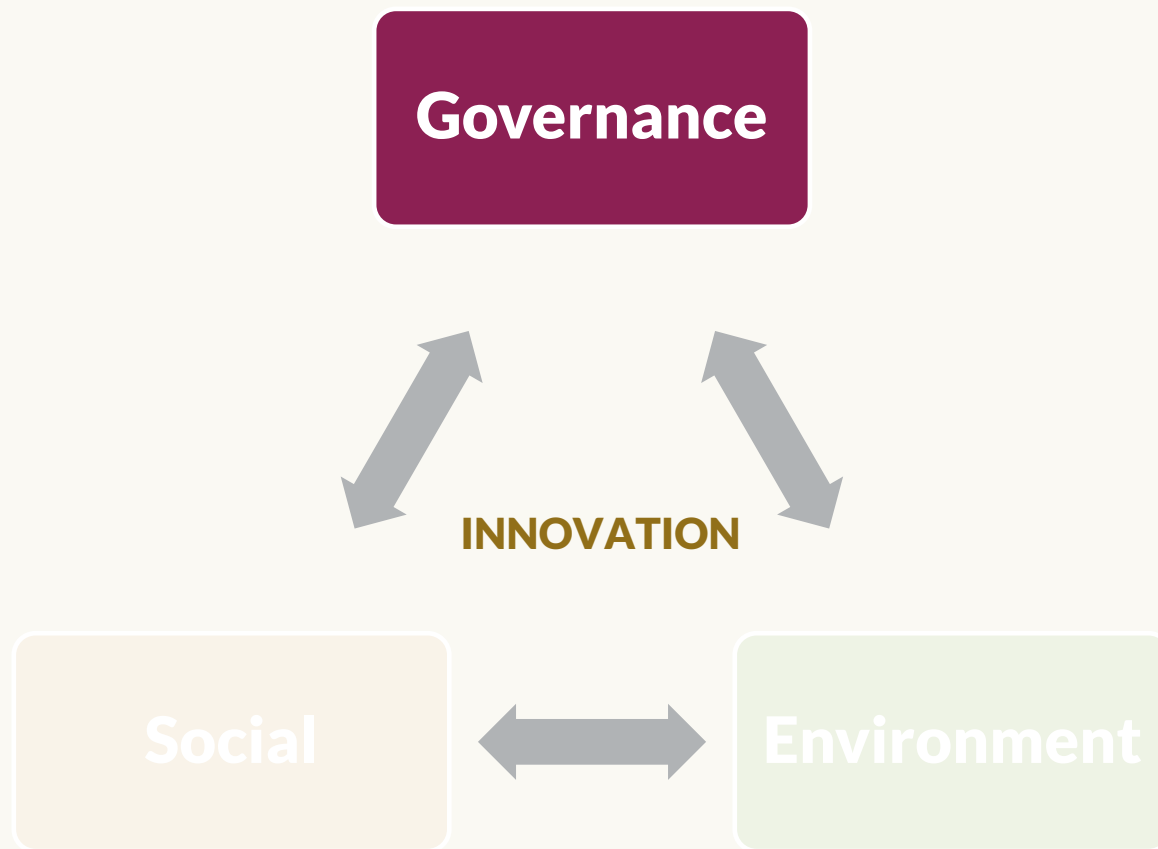
**&**

**Roger Cooke**

Independent Director & Chairman of the  
appointments, remuneration  
& sustainability committee at Lar España



Let's start with governance





## This is our corporate governance structure

### General Shareholders Meeting

15 Meetings in 2021

### Board of Directors

#### Audit and Control Committee

3 Members

12 Meetings in 2021

#### Appointments, Remuneration and Sustainability Committee

4 Members

9 Meetings in 2021

Lar España also features a Management Team that runs Lar España that benefit from extensive experience in the real estate sector, as well as an expert knowledge of the market.

- **Well balanced and strong** Board of Directors, composed of 6 members after the size reduction approved by the 2022 GSM. All of them non executive directors.
- 1 proprietary Director (representing Grupo Lar) and 5 independent Directors - **83.3% independence**.
- **Independent Chairman and there is no CEO**
- **Diverse** in terms of
  - Gender (33.3% female and firm commitment to comply with 40% target)
  - Nationality- 3 nationalities
  - Capacities- competences matrix disclosed and review at least on an annual basis
- **A&CC**- 3 members, all of them independent with independent Chair
- **NR&SC**- 4 members, 3 independent and 1 proprietary: majority of independents and independent Chair
- **Very active** (more than 1 meeting a month aprox) with c. 99% attendance
- **Simple remuneration scheme** based on fixed remuneration for independent directors. No variable components.
- Continuous **engagement** with shareholders, investors, analysts, proxy advisors and other **stakeholders**.
- Strong support from shareholders and proxy advisors to GSM proposals.

Corporate Director  
& CFO

Legal  
Manager

Investor  
Relations

Internal  
Audit

## As you can see, we comply with 100% of the recommendations set down in the Good Governance Code

Lar España is committed to a corporate governance model that promotes **best practices both at national and international level** while offering a stable and consistent oversight framework that addresses the increasing demands of regulators, investors and shareholders.

**Corporate Governance Policy** in line with the recommendations laid down in the Good Governance Code for listed companies approved by the Spanish National Securities Market Commission (CNMV).

### Action Plan

-  Ensuring **strong governance** by means of transparency, business ethics, corporate social responsibility and regulatory compliance.
-  Leveraging director activities, selection, remuneration and training to pursue a more advanced **management and enhance transparency**.
-  **Making progress on evaluating** and improving the performance of the Board of Directors.
-  Continuous review and **update of corporate regulations and policies** to assure adaptation to legal and regulatory novelties and alignment with best governance standards.

The Company complies with **100%** of the applicable recommendations set down in the Good Governance Code, **98.4%** of which are fully complied.



**Complying with the best practices both at national and international level in the corporate governance field**





We have a strict ethical code,

## Ethics & compliance

Ethics and compliance are core values for Lar España and provide a correct guidance for its business activities. To that end, the company has developed a range of **policies and procedures** to ensure ethical job performance and business activities and materialization of the commitments assumed under the principles set down in the company's body of internal rules and regulations. These regulations are reviewed and updated on a continuous basis.

### Code of conduct & Whistleblowing channel

Implementation of the behavior guidelines emanating from the **Code of Conduct** and oversight of the **Whistleblowing Channel** by the Ethics Committee under the supervision of the A&CC. It establishes the rules of conduct to be followed by all those who act in the name of Lar España and its subsidiaries.

### Crime prevention model

Framed by **its commitment to strict compliance with prevailing legislation and the prevention of illicit practices** which could harm the company's reputation, Lar España has defined and adopted an Organizational and Management Model for the Prevention of Crime.

### Anti-Money laundering Model

Lar España has drawn up an **Anti-Money Laundering Manual**, which was formally approved by the Board of Directors in 2018, as required under Spanish Law 10/2010, of 28 April 2010, on anti-money laundering and counter-terrorist financing measures. The company's system for preventing money laundering and the financing of terrorism **was also audited by an independent external expert in April 2021.**

**Ethics and compliance are vitally important to Lar España and the way it conducts its business. The Company has therefore established various policies and procedures, to ensure the utmost integrity in its work and in order to meet its commitments.**



and risks control and management systems implemented,

## Risks Control and Management systems

In 2015 Lar España implemented an integrated risk management system to ensure that risks are identified, evaluated, managed, and controlled correctly and systematically, thereby helping to fulfil the Company's strategies and objectives.

### Enterprise Risk Management (ERM) - System

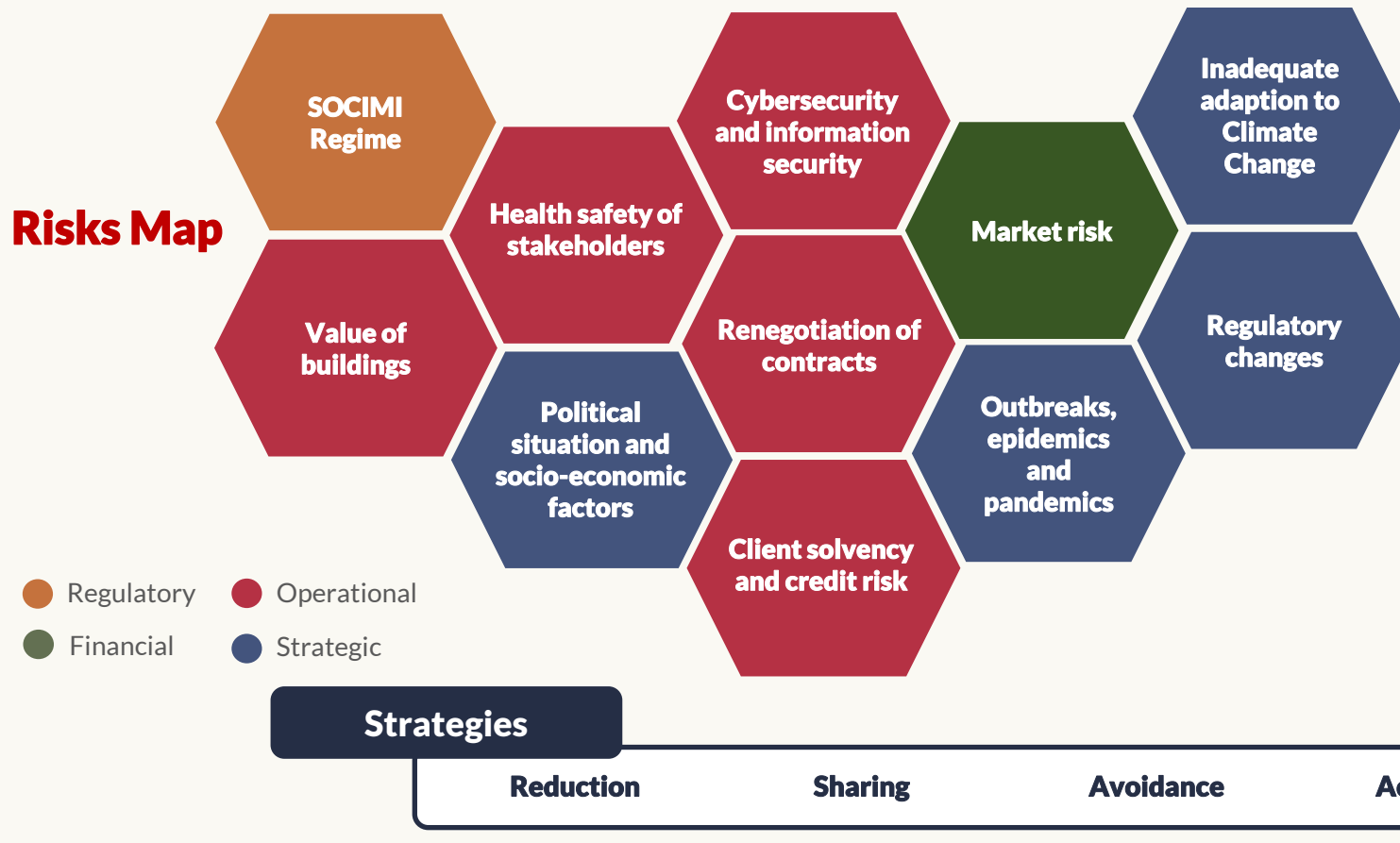
The ERM system's mission is to ensure a reasonable level of assurance regarding the company's ability to achieve its strategic and operating objectives.



**Ongoing evaluation of the suitability and effectiveness of the system in use and benchmarking of best practices and recommendations in risk management.**

with which we monitor potential risks and propose ad-hoc action plans.

Lar España has an **updated Risk Map** illustrating the universe of risks that could affect the Company.



These risks have been defined by Lar España in accordance with **risk tolerance criteria** and depending on how critical the risks are for the business, i.e. impact by probability.

The risk monitoring process consists of continuously **monitoring the internal and external variables** that can help to anticipate or foresee these and other relevant risks for Lar España. The level and frequency of monitoring of the risks identified vary according to how critical they are and the level of effectiveness of the controls implemented.

Similarly, the risks to the Company's assets from **adaptation to climate change and environmental sustainability**, as well as **cybersecurity** and information security risks, have also been included in the 2021 risk map update.

**Continuous supervision by the A&CC and the Board, always in coordination with the NR&SC**



Always with the objective of giving ESG the role it deserves in our company

## ESG

The Board of Directors of Lar España places great importance to ongoing **adaptation and improvement with respect to ESG matters at the Company.**

In 2021, the Board **reviewed the Company's progress with respect to ESG** and has overseen each of the steps taken by Lar España in this connection, as well as its achievements and work in progress.

### Board of Directors



- ✓ Compliance with the ESG policy.
- ✓ Monitoring the ESG strategy and practices.
- ✓ Assessing the level of compliance before reporting to the Board of Directors.

## Sustainability/ESG Committee

Additionally to the committees constituted by Lar España's directors, the Company has had an active internal ESG Committee since 2020 to **promote sustainability** from the key departments.

This Committee comprises a **cross-functional upper management team with the heads of various company departments** involved in sustainability issues for the purpose of laying down a common sustainability strategy.

The Committee is responsible for supporting Lar España's commitment to issues related to:

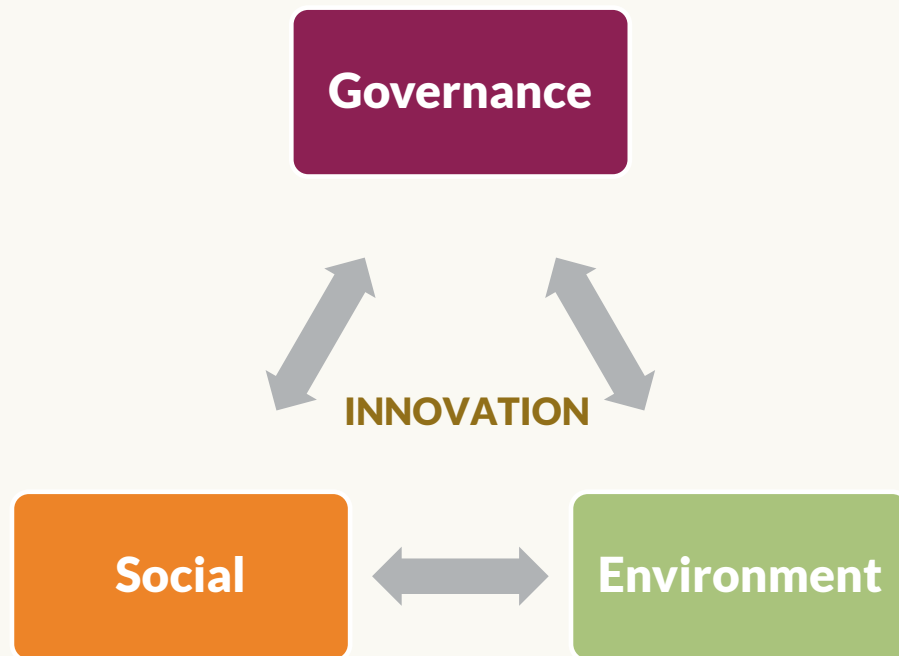
**Environmental initiatives**

**Health and safety at our properties**

**Sustainability measures**

**Technical innovations**

Our entire ESG strategy is based on a common element: innovation



## STRATEGY FOR CONTRIBUTING TO THE SDGs

In 2020, Lar España joined the United Nations Global Compact and signed the letter of commitment, thus showing its clear intention to align its sustainability strategy with the United Nations 2030 Agenda.

In 2021, the Company went a step further by developing an action plan and identifying relevant issues and their contribution to the SDGs. To this end, the value chain and related materiality matrix was mapped, identifying both positive and negative impacts in order to mitigate them. Thereby, the SDGs are Lar España's roadmap for contributing to build a more equitable society.

As a result of this analysis, three strategic priorities and six goals were identified, associated with the corporate and operational functions of the value chain of Lar España and its stakeholders.

Environmental and social policies are both at the cornerstone of our strategy



---

CREATE SHARED  
VALUE



---

MAINTAIN FLUID  
COMMUNICATION  
WITH  
STAKEHOLDERS



---

MAKE  
INVESTMENTS  
THAT PROMOTE  
SUSTAINABILITY



---

IMPROVE ASSET  
PERFORMANCE  
EVERY DAY

and affect four areas mainly.

To create shared value, Lar España has defined four pillars based on the [Sustainability/ESG Policy](#) that structure the action model and shape the company's vision, focusing on:



Lar España considers corporate investment and a commitment to the environment as necessary elements for society, enabling it to harness opportunities such as improvements in energy efficiency, the development of new digital tools and collaboration with suppliers that guarantee the best services.

Lar España is currently in the process of implementing its [ESG Master Plan](#).

Since our foundation, we have been making progress every year, incorporating the best practices,

2015 - 2016

- Approval of the first **ESG Policy**.
- Launch of the **ESG Master Plan**.
- Collaboration with **MSCI Index**.
- **ESG section** in the annual report.
  - Full Corporate Governance section.
  - Identification of stakeholders and reporting of social actions.
  - Consumption and emissions data according to EPRA Standards.



2017

- **80%** of assets certified in BREEAM.
- Portfolio audited in **Universal Accessibility**.
- Energy efficiency measures.



2018

- Participation in **GRESB**.
- **100%** shopping centres BREEAM certified.
- VidaNova Parc certified in AENOR **Universal Accesibility**.



2019

- ESG section in Lar España's website.
- Kick off for the **Data Collection Platform**.
- **Energy Efficiency and Waste Management Plans**.
- Action Plan regarding **Air Quality Treatment**.
- Promotion of sustainable mobility actions.
- **20% increase** in the GRESB rating.
- Inclusion of Lar España in the **FTSE4Good Index**.
- Vistahermosa certified in AENOR **Universal Accesibility**.



2020

- Commitment to the **United Nations Global Compact** showing its clear intention to align its sustainability strategy with the United Nations 2030 Agenda.
- Creation of the **ESG Committee**.
- **Universal Accessibility** certificate for 3 more assets.
- **BBB ESG MSCI** rating.
- Renewal of all **BREEAM certificates**. New certificate in Lagoh.
- The **Company's Carbon Footprint**. Registration.
- Studies to improve **indoor Air Quality**.
- **25% increase** in the GRESB rating.
- **Action protocols** against COVID 19 certified by SGS for a safety reopening.



2021

- Two unsecured senior green bonds issued amounting a total of **€700 Mn**.
- **c.90%** of the portfolio certified in BREEAM.
- Comprehensive study of the portfolio to install **photovoltaic panels**.
- Member of the **IBEX Gender Equality Index**.
- **ISO 14001** and **ISO 45001** certification.
- **25% increase** in the GRESB rating.
- Roll-out of new data software to enhance the monitoring of **indoor air quality**.
- Implementation of the **Sustainable Development Goals (SDGs)** through an action plan.
- Registration of the 2020 **Company's Carbon Footprint**.



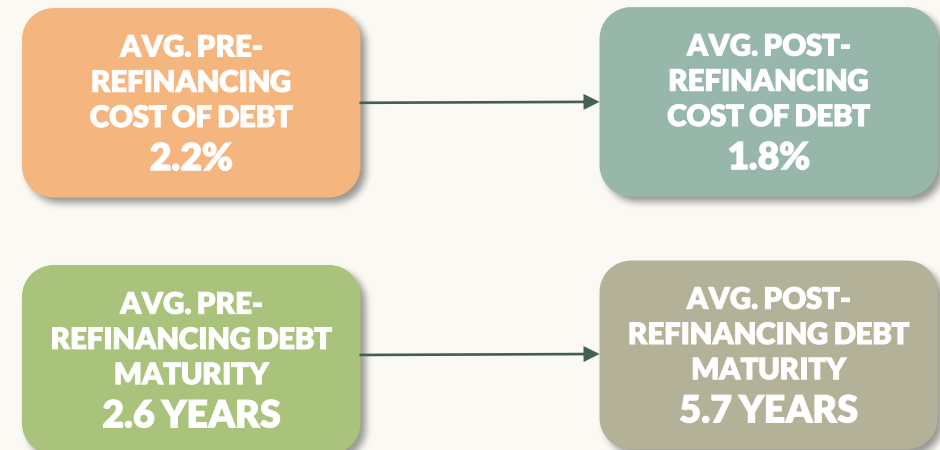
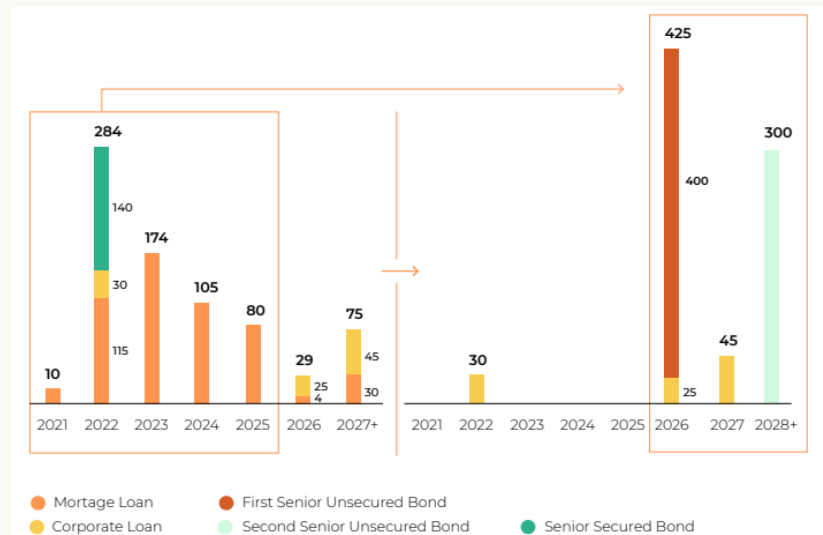


achieving major milestones,

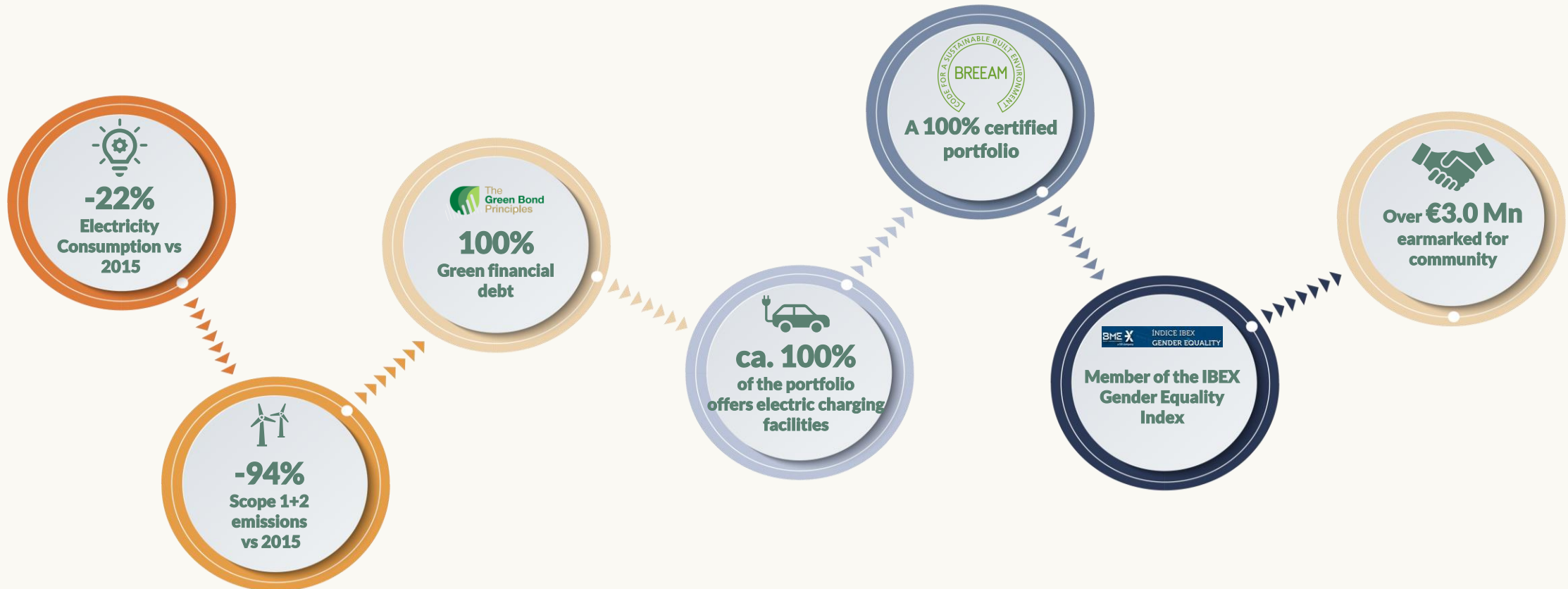


## Successful Green Bond Issuance

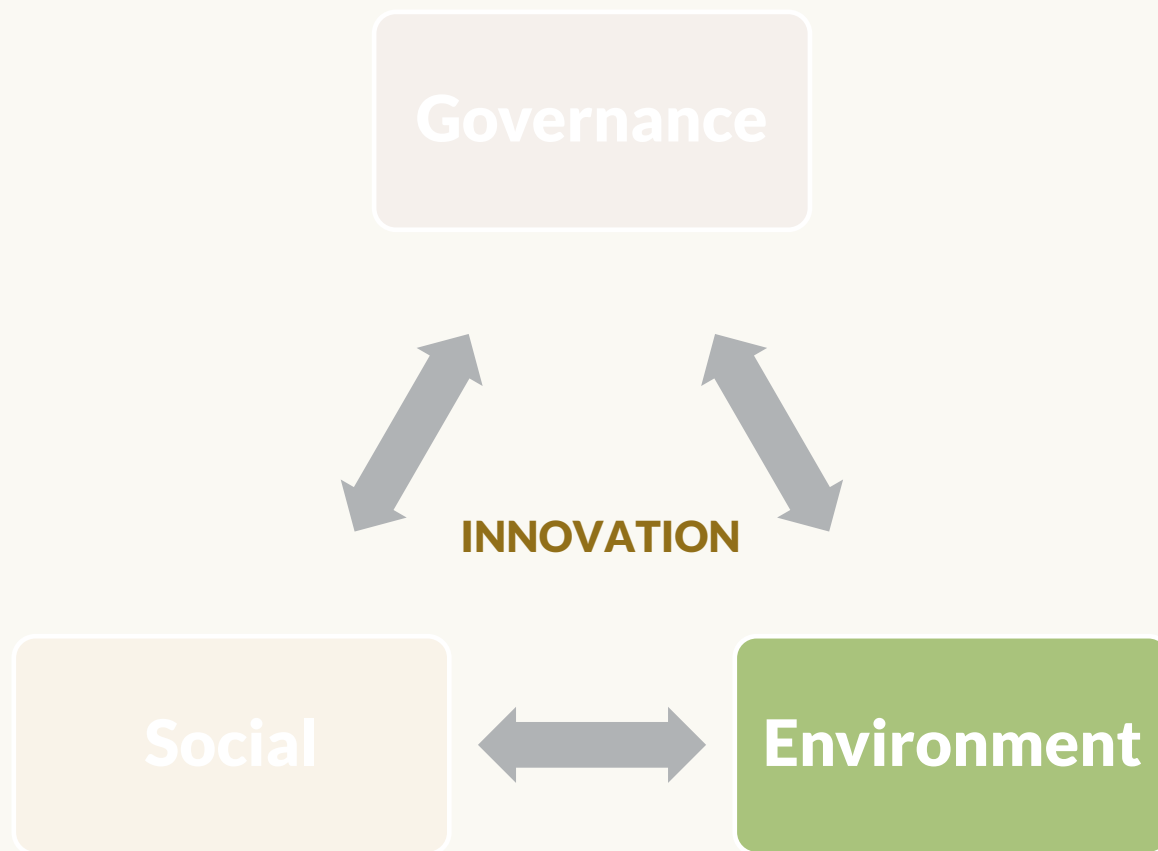
- ✓ Lar España **successfully placed** an issue of two unsecured senior green bonds for **€700 Mn.**
- ✓ ISS-ESG has provided a **Second Party Opinion** on this Framework.
- ✓ For the 1<sup>st</sup> Bond the pre-established maximum amount of **€400 Mn** was more than **four times** oversubscribed, for the 2<sup>nd</sup> the pre-established maximum amount of **€300 Mn**, which was close to **five times** oversubscribed. The annual coupon was set at a fixed rate of **1.75% & 1.84%** respectively, as compared with a 2.9% interest rate on the bond issued in 2015.
- ✓ The rating agency Fitch assigned an investment grade or BBB rating to both Lar España and its green bond issue.
- ✓ The green bond issue was led by Morgan Stanley Europe, acting as the global coordinator and advising on the issue's sustainable structure. JP Morgan also acted as the lead manager for the first issue. Both issuances **were placed with qualified investors** and are quoted on the **Luxembourg Stock Exchange's Euro MTF market.**



in each and every one of the aforementioned areas.



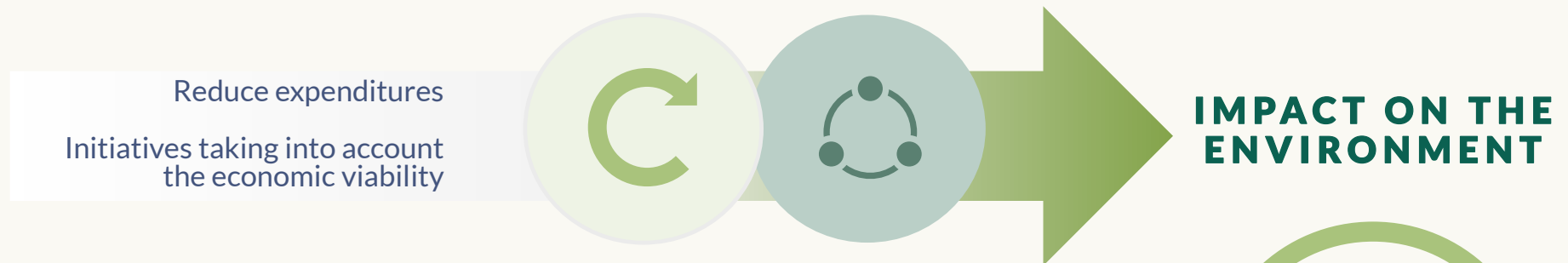
Let us now focus on the environmental issues



Our environmental objective is clear: the fight against climate change,

**Lar España is mindful of the importance of good environmental management to contribute to a common goal, the fight against Climate Change.**

With this all-in mind, and to meet the needs of society at large, Lar España's strategy is focused on improving energy efficiency, reusing water, improving waste management, analysing air quality, promoting photovoltaic energy projects and obtaining sustainability certifications with the aim of making progress in the urban development and the design of sustainable cities.



## Certifications



BREEAM In-Use certification was renewed at **9** Lar España assets in 2021, **8** of which secured a higher rating than that awarded previously.

**New certifications** obtained for:

- ✓ Lagoh
- ✓ Parque Abadía
- ✓ Rivas Futura
- ✓ VidaNova Parc



**50% Completed**

**2 assets already certified**

After securing these certifications at **As Termas and Megapark**, in 2022 Lar España is working to extend this certification to all portfolio assets over which it exercises full management control.

The implementation and certification process is **50% complete**.

to this end, we invest in data systems and promote sustainable mobility...



## Data automation



### INNOVATION

2021 saw further development of sustainable projects and environmental management, **making progress in the implementation and use of the automated data collection platform**. The platform provides regular data via a dynamic dashboard on the use of resources at the shopping centres and retail parks (energy and water), as well as steps to mitigate their environmental impact (waste management and control of emissions).

**+ reliability**    **+ frequency**

**+ homogeneity**

**+ analytical power**



## Sustainable mobility

Of the 14 assets in Lar España's portfolio, 13 have electric vehicle charging stations; i.e. almost 100% of the portfolio offers electric charging facilities. In total, there are **155 electric vehicle charging stations** installed across Lar España's assets, with a further 75 pending installation, which will bring the total to 230.



**of the portfolio offers electric charging facilities**

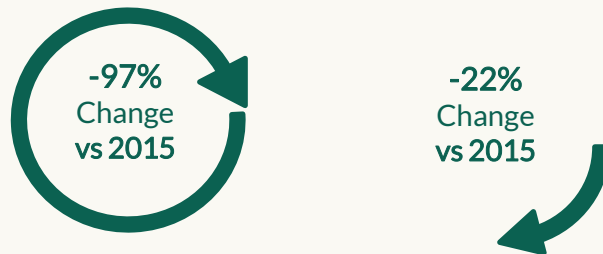
... we monitor energy consumption and our carbon footprint...

## Energy consumption

During 2021, the **Energy Efficiency Plan** has been developed in accordance with the objectives of the global strategy, focusing on boosting efficiency, earning certifications more easily and cutting costs.

**100% of the energy consumed by Lar España is currently guaranteed to be of renewable origin**

### 2021 Non-renewable electricity



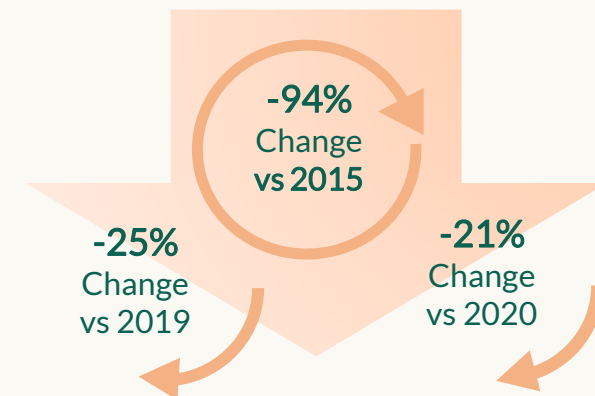
Lar España analyse energy, water consumption and emissions by climate zone, using Köppen-Geiger's climate classification for the Iberian Peninsula. Additionally, the analysis is also made by type of asset, differentiating between shopping centres, with large indoor areas that need to be heated and cooled, and retail parks, with much smaller common areas, which are largely outdoors.

## Carbon footprint

Lar España recorded its carbon footprint **Scope 1 (direct) and Scope 2 (indirect) 2018, 2019 & 2020 carbon emissions** in the emissions databases of the MITERD (Spanish Ministry for the Ecological Transition).



**2021 Scope 1 + 2**



## Next steps

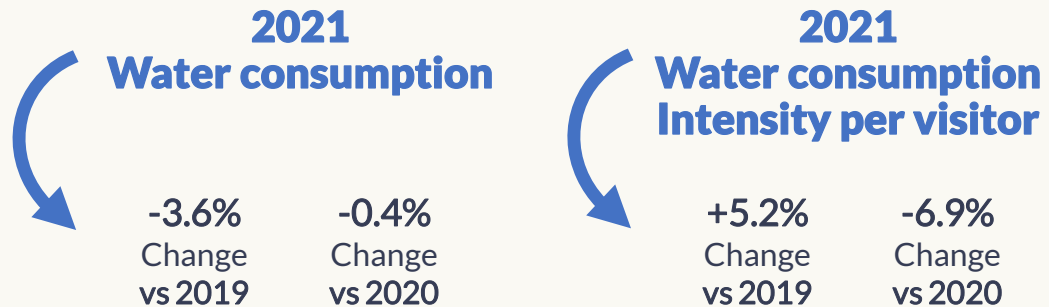
- ✓ Energy consumption control automation.
- ✓ Gradual replacement of equipment by more efficient machines.
- ✓ Planning of carbon offset to compensate for emissions generated.
- ✓ Implementation of predictive maintenance programmes.

...we have created plans for both water consumption and waste management



## Water consumption

Assets' responsible use of water in their day-to-day activity reflected in the fact that the consumption intensity values in 2021 stand at 2.86 litres/visitor, **a drop of 6.9% in this consumption intensity indicator y-o-y.**



### Next steps

In addition, systematic monitoring of effluent discharges to public sewerage networks will be implemented through the analysis of waste water. The final objective of this process would be the calculation of the Water Footprint of the organization and a consequent **Water Management Action Plan**.



## Waste Management

The company's **Waste Management Master Plan** – in force since January 2021 – has brought significant improvements in the collection of data on the quantity and nature of waste produced.

To supplement the Master Plan, over the first half of 2021 we consolidated the procedure for identifying what types of waste are generated and where, the collection points in each shopping centre or retail park and their disposal or recycling routes.

## Proportion of estimated disclosed data



### Next steps

- ✓ **Identification of the disposal routes.**
- ✓ **Inclusion of this data in the company's Scope 3 carbon footprint calculation.**



and we take care of biodiversity wherever we are present.



## Biodiversity

**Lar España is aware of the importance of biodiversity as part of its environmental commitments.**

The **conservation of flora and fauna is increasingly important** in the real estate sector.

Promoting **integrated urban biodiversity in population centres** is a huge step forward for the environment and the well-being of society as a whole.

Respecting biodiversity provides new added value for properties and an economic boost for the real estate sector, **which welcomes ecological players and is sensitive to environmental issues.**

In the context of the certification, an **Ecological Report** on the shopping centre's impact on local biodiversity is also drawn up → to roll out a strategy geared towards minimising the impact and improving the biodiversity of the site.

## Success story



The company signed an agreement with **Universidad de Sevilla's research unit**, consisting of scientific advice in the efficient construction of the centre taking into consideration the SDGs, and monitoring of the central lake and related biodiversity.

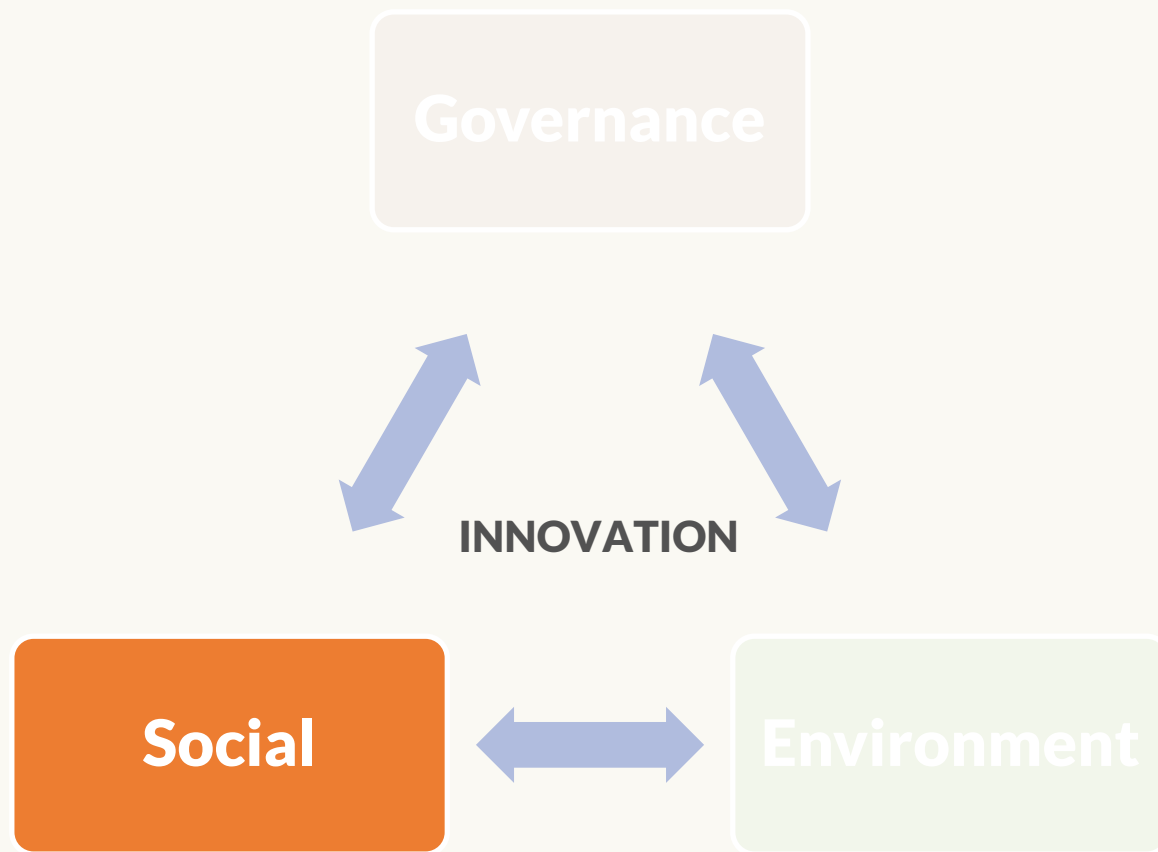
Thanks to the daily care and maintenance, as well as all the resources and parties involved, the company has successfully **installed and preserved a natural lake in the centre of Seville**. The proof is in the proliferation of life and multiple species in Lagoh, making it a point of interest for customers and a different visiting experience for them.

- ✓ **Improve energy efficiency.**
- ✓ **Absorb CO<sub>2</sub>.**
- ✓ **Provide a space for birds to rest.**





In the social area we our aim is to create a better tomorrow,

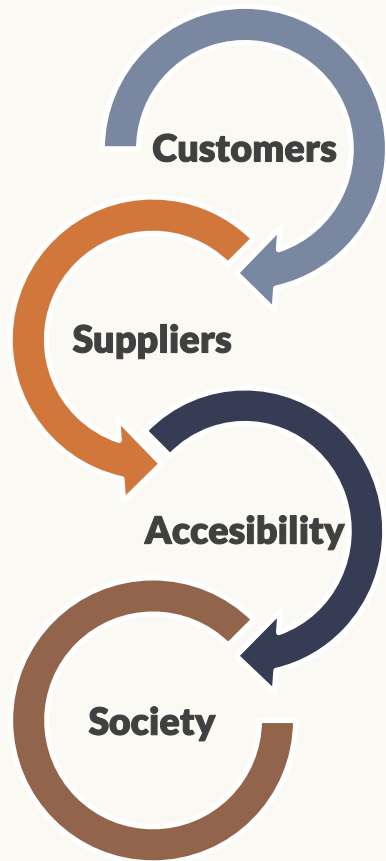




with special focus on our customers 'needs,

## Identification of stakeholders and alignment of internal and external expectations

Lar España works actively to add value to the environments where its assets are located and therefore carries out social initiatives that contribute to **social, economic and environmental development** and at the same time help society to respond to major challenges such as unemployment or the socio-economic crisis.



### Customer orientation

For Lar España, its customers and users constitute the foundations of its business model. Consequently, the Company prioritises and focuses its efforts on:

- ✓ **Active listening and two-way communication.**
- ✓ **Communication protocols.**
- ✓ **Direct relationship.**
- ✓ **Commitment to excellence of the Customer Journey.**



### **SGS certification for protocol to prevent and protect against COVID-19**

In 2021, SGS, the leading certification services company, continued to certify the hygiene and disinfection procedures followed at all of Lar España's properties.

Their verification work was centered around three main areas:

- **Complying with all applicable standards.**
- **Implementing procedures and best practices at all the assets.**
- **Maintaining procedures correctly and continuously.**



but also by working with our suppliers and being dedicated to local employment.



## Suppliers

Lar España's business activities directly generate **economic, business and social benefits for multiple players**, including thousands of direct and indirect jobs.

The portfolio assets generate **social impacts** that transform and build shared value in the communities in which they are located:

Create new business opportunities

Promote health and wellbeing

Transform the social climate

Foster inclusion

Encourage citizen participation

Strengthen society's values

466 suppliers in 2021

€58 Mn in products and services from its suppliers

446 national companies



## Local employment

over 16,000 jobs generated through the business activity

8.6% of indirect jobs are done by persons with disabilities

## Green Clauses

Lar España applies strict standards for associates, working only with **renowned suppliers** that can certify their internal monitoring processes and codes of conduct.

**Environmental, social and good governance commitment clauses** have been included in the lease agreements with reference to work on the individual leased premises.

- ✓ Anti-corruption policy and whistleblowing channel of Lar España.
- ✓ Anti-money laundering.
- ✓ Occupational health and safety.
- ✓ Commitments with employees' rights and conditions.
- ✓ Environmental responsibility.



## Accessibility

Lar España continued to work hard to **improve and adapt all of its shopping centres** in an attempt to enhance how everyone experiences its facilities.

## We are committed to inclusion,

Lar España has been working on obtaining ISO 21542 certification (accessibility and usability of the built environment) and on meeting the UNE-EN 170001 standard (universal accessibility), demonstrating its **commitment to inclusion**.

**Lar España is firmly committed** to ensuring that its assets are understandable, usable and practical environments for everyone, regardless of their ability.

**100%** of the portfolio audited in Universal Accessibility

**ca. 50%** of assets already hold certification



Investment of more than **€1.2 Mn** to improve accessibility

**Working to achieve and maintain high accessibility standards through designs conceived for and by people.**



and social initiatives.

## Social action

### Social initiatives

Lar España promotes activities and initiatives that support social entities in local communities. Furthermore, it promotes actions related to sustainable development and support for local cultures.

In 2021, Lar España undertook more than **160 initiatives** as part of its commitment

**+ € 570,000** earmarked for  
community collaborations,  
sponsorships and initiatives.

**+43,000 kg**  
of clothing  
donated

**+25 NGOs & Foundations**  
Collaborated with

**+4,000 kg**  
of food collected

**+1,400 hours** of initiatives

### Local communities

Lar España's success in generating **local employment** and integrating its projects into the local cultural fabric is based on its solid relationships with stakeholders, from which local communities have special significance.

Lar España uses channels such as **pre-project meetings** with local organisations, opinion surveys and technological tools to ensure the flow of information between the company and the local community.

**Lar España aims to contribute to human, economic and environmental development, towards fostering sustainable and social progress in the communities where it operates.**

## Encouraging environmental and health care

### Social action

#### Environmental awareness campaigns



- Campaign in Albacenter to **raise awareness about used oil recycling**, during which participants learned about the consequences of pouring oil into water systems as well as the locations where used oil bottles could be disposed of.



- Ánec Blau **promotes environmental awareness** by creating a new space for children and adults to enjoy family-orientated eco-friendly activities and workshops.



- Lar España aims to be a sustainable company by **minimising its environmental impact**. One of the most recent actions designed to achieve this goal was the installation of recycling machines, which enable customers to recycle tins and plastic bottles.

#### Health and well-being campaigns



- In order to **donate the funds needed to refurbish and decorate the mental health wing** of the Marina Salud Hospital, the shopping centre used social media to issue a call to all athletes.



- A **COVID-19 vaccination tent** was set up in the Albacenter's outdoor parking lot.



- Our **solidarity spaces are always available** for different NGO's or Associations to use this space inside the mall to promote their solidarity cause. During 2021, Bicos de Papel, UNICEF, Aldeas Infantiles, AECC and FEGEREC were present.



with special care for our users' air quality.

## Air quality

The health and wellbeing of visitors is a cornerstone of the company's business model. The actions carried out to this end in 2020 included **studies of new technologies to improve air quality** in the assets and monitor data.

We continued to make progress in this area in 2021 **rolling out a new data software**.

## Achievements

- ✓ Roll-out of new data software to enhance the monitoring of indoor air quality.
- ✓ Increase the responsiveness of the teams involved in asset management.
- ✓ Integration of the air quality results of Lar España's assets into the data automation platform,

Improvement of filtered air  
quality

Energy savings

This new technology enables the **simultaneous analysis of different data** related to indoor air quality, outdoor weather conditions, HVAC electricity consumption and footfall.

Moreover, all of Lar España's properties **comply with the temperature policy set forth in the building heating regulations** (RITE) and indoor air quality audits.

## Next steps

**To optimize the operational management of the HVAC equipment**, thus improving energy efficiency in the buildings.



## Always implementing ESG international standards,

Lar España collaborates with the main associations that are the frame of reference for the evaluation of environmental, social and governance (ESG) issues in the real estate sector.



In 2021, Lar España has achieved an ESG Rating of **BBB** in MSCI ESG Ranking.



For the fourth year running, Lar España has taken part in the 2021 GRESB assessment. Achieving a score of **86** meaning a **+25%** annual score increase vs 2020 and a **+56%** vs 2019 score.



Public environmental information is prepared following the **international standard for the elaboration of sustainability reports** of the Global Reporting Initiative (GRI) in its Standards version.



Financial and non-financial information included in the Annual Report follow **EPRA recommendations:**



**EPRA Gold Award** for ESG Reporting, **4** years in a row.



**EPRA Gold Award** for Financial Reporting, **7** years in a row.



FTSE4Good



**ESG information has been reviewed by an external third party (EY) since 2017.**

During 2021, the FTSE Russell Global Index kept Lar España as a constituent on its FTSE4Good index, based on the results it obtained in the **independent assessment of its ESG criteria by FTSE Russell.**

Lar España has adopted a **firm stance on the sustainable development goals (SDGs)** and is working to follow the recommendations contained in the UN Global Compact.



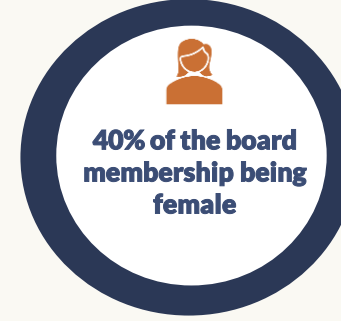
ISS-ESG conducted an **independent review of the Company's sustainability strategy**, based on the 2021 Green Bond Principles issued by the ICMA (International Capital Markets Association).



We are one of the 30 companies that are part of the **IBEX Gender Equality Index.**



With ambition balanced with prudence and flexibility





# LAR ESPAÑA STRATEGY

**Miguel Pereda**

Vice- Chairman of

Lar España Board of Directors & Chairman of Grupo Lar





## Vision, Mission and Values



### VISION

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



### MISSION

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



### VALUES

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

## The strategy is based on the following conviction

Retail is an activity of the future and physical commerce continues to transform; it will always be a **relevant activity**.

The sector is specialising and consolidating. It is necessary to be **large and professional** to be successful.

The sector is **polarising** and the difference between the good and the bad will become larger.

Critical mass is a huge value especially in terms of a **good relationship with retailers** where size is key.

The **private market** is reviving and will eventually reach the equity market.

The market can provide **good opportunities** as many of the specialists have other priorities and it is not clear that opportunists can achieve the returns they are looking for.



## Strategy key points

### POSITIONING

1

Maintain **leadership in Spanish retail sector.**

2

Maintain a **balance between retail parks and shopping centers**



SC

More complex assets but with higher added value.

RP

More stable and longer-term leases with very resilient activities.

3

**Increase the average size** of our assets (dominant assets).

4

It is very relevant to **maintain our strength:**



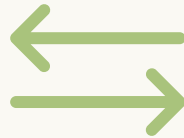
- Own **100%** of the assets
- With enough % of **food and leisure** anchors
- Be able to attract the **best retailers**

## Strategy key points

### ACTIVITY

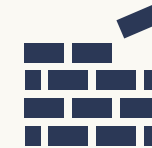
1

Active **asset rotation** policy, selling those assets that are more mature and non-strategic and acquiring others with greater added value.



2

Use **CAPEX investment** wisely as an element to create value



3

More **opportunistic investments** could be undertaken if their returns are consistent with the risk, even when the final objective is to rotate the asset.



4

Moderate approach to **development projects** only in the case of relevant returns (+5 percentage points) and an amount that does not excessively deteriorate the rest of the corporate metrics.



## Strategy key points

### FINANCIAL

1

Search leveraged **returns above 10%** (NAV/NTA growth + Dividend).



2

Maintain the **credit rating (BBB)** and therefore portfolio strength.

Fitch

3

Maintain moderate **leverage: 40%-45%** depending on timing and market situation.



4

Maintain **a generous and clear dividend policy in line with historical practice.**



5

Manage the portfolio taking into account the objective of **narrowing the discount to NAV/NTA.**



## Strategy key points

# OTHER POLICIES

1

Invest in **innovation/digitalisation** with profitability criteria and reinforcing our leadership and benchmark position.



2

Maintain **high ESG standards** in our strategic portfolio, incorporating this criteria in the rotation policy.



MSCI





# 7

## LAR ESPAÑA BUSINESS PLAN

**Jon Armentia**

Corporate Director & CFO at Lar España



## Q1 22 Highlights - Our Portfolio



**14** assets



**€1,425Mn**  
GAV



**>550,600**  
sqm



**96%**  
occupancy<sup>(\*)</sup>



**>1,000**  
existing  
contracts



**2.6 years**  
WAULT



**9.4%**  
effort rate<sup>(\*\*)</sup>



**6.0%**  
EPRA topped-up  
NIY

<sup>(\*)</sup> In sqm

<sup>(\*\*)</sup> Including expenses.

## Q1 22 Highlights - Corporate Figures



**€10.50**  
EPRA  
NTA p.s.<sup>(\*)</sup>



**ca.€200Mn**  
Cash  
available



**€568.5Mn**  
Net financial  
debt



**39.9%**  
Net LTV

**Fitch BBB**



**100%** <sup>(\*\*)</sup> Green,  
Unencumbered  
& Fixed rate



**1.8%** Avg. cost  
of debt



**5.2 years**  
Avg. debt  
maturity

**€30Mn**

Dividend

**7.0%**

Dividend Yield over  
Market  
Cap<sup>(\*\*\*)</sup>

<sup>(\*)</sup> Adjusted figures for dividend effect: EPRA NTA: 10.14 €/share.

<sup>(\*\*)</sup> Excluding Bankinter credit line.

<sup>(\*\*\*)</sup> Market cap as of 31.12.21



## Main Assumptions - Summary

**BP Period: 2022-2025**

**Main Assumptions at Asset Level**

- ✓ Current portfolio
- ✓ Rotation
- ✓ CAPEX

**Main Assumptions at Corporate Level**

- ✓ Leverage
- ✓ Dividends
- ✓ Share capital
- ✓ SBB Programs
- ✓ Management Agreement
- ✓ Returns

## Main assumptions at Asset Level – Current Portfolio



---

**Preserve occupancy levels**



---

**Support tenants** in the recovery of their activity levels and sales



---

**Recover leasing activity levels,** returning to pre-pandemic transaction numbers



---

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



---

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



---

**Return to pre-pandemic valuation levels**

## Main assumptions at Asset Level – Rotation

**Lar España has a tier-one retail portfolio**, with certain assets that will be rotated over the 2022-2025 period as fully optimized.

The disposal strategy of this type of assets would generate CF in order to buy assets that would **increase the return and the profitability of our shareholders.**

After a detailed analysis of all the assets in the portfolio and their growth prospects, **as potential divestments we have included those assets that are more mature in our portfolio.** The execution of these divestments would depend on the market.



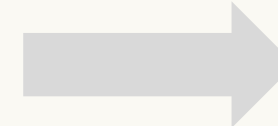
**ca.30%  
Rotation  
included**



**>€400Mn  
Total  
divestments**



**>€500Mn  
Total new  
investments**



- ✓ **Shopping centres and retail parks, with strong growth potential.**
- ✓ **New developments.**

## Main assumptions at Asset Level – CAPEX<sup>(\*)</sup>

- Investment of c.a €35 Mn during the BP period (including new investments) in different projects, many of them linked to important leasing contracts:



Global image improvement in 2022.



Execution of the cinema building project.



Expansion of Inditex units.



Completion of the gym project and other improvements.



Image improvement of the outdoor areas.



Expansion of Inditex units.



**ca. €35 Mn**  
**Including new**  
**investments**



**Investment in ESG**  
**projects**

## Main assumptions at Corporate Level

### 1 LEVERAGE



**40%-45%**  
**Moderate Net LTV levels**

Comfortable cash position and financial debt.

**€400 Mn**

First Green  
Unsecured Bond

**€300 Mn**

Second Green  
Unsecured Bond

**ca. €200 Mn**

Cash

### 2 SHARE CAPITAL



No capital increases considered  
currently



## Main assumptions at Corporate Level

# 3 MANAGEMENT AGREEMENT

Investment Management Agreement with best-in-class practices across European REITs

- **Term of agreement: 5-year** term from 01.01.22 to 31.12.26
- **Base Fee:** a fixed fee of **0.62%** of net asset value (NAV).
- **Performance Fee:**
  - The **hurdle rate** is set at **8.5%** as from 2022 with an **applicable rate of 10%**.
  - 8% of the total 10% corresponds to EPRA NTA variation and the other 2% corresponds to Company's share price performance.
- **Additional variable fee for special actions:**
  - For new asset developments: **4%** of total costs ≤ €40 Mn; **3%** of total costs > €40 Mn.



## Main assumptions at Corporate Level

4

### DIVIDENDS



100% EPRA Earnings

+

50% Divestment Gains

(to be distributed annually)

5

### SHARE BUY-BACK PROGRAMMES



No additional Share Buy-Back Programmes included in the Business Plan at the moment

6

### RETURNS



Back to returns above 10% (\*)

## Business Plan\* 2022-2025 targets

### Initial figures 31 December 2021

**GAV** €1,424 Mn


**NAV/NTA** €870 Mn

**Net LTV** 41%

### Business Plan\*

**ca. 7%** Average growth per annum

**ca. 7%** Average growth per annum




**ca. 41%**<sup>(1)</sup> **BBB** **Fitch** 

(1) Estimated as at 31 December 2025




\* These are targets only and not profit forecasts. There can be no assurance that these targets can or will be met and they should not be seen as an indication of Lar España Real Estate SOCIMI, S.A.'s expected or actual results or returns. Accordingly, investors should not place any reliance on these targets in deciding whether to invest in its shares. In addition, as noted previously, prospective purchasers of securities of the company are required to make their own independent investigation and appraisal.

## Business Plan\* 2022-2025 targets

### Initial figures 31 December 2021

<b>Occupancy</b> <sup>(1)</sup>		<b>95%</b>
<b>Annualized GRI</b> <sup>(1)</sup>		<b>€91 Mn</b>
<b>Annualized NOI</b> <sup>(1)</sup>		<b>€82 Mn</b>

### Business Plan\*

	<b>towards 98%</b>
	<b>ca.7%</b> Average growth per annum
	<b>ca.8%</b> Average growth per annum

(1) In accordance with EPRA BPRs.

*\* These are targets only and not profit forecasts. There can be no assurance that these targets can or will be met and they should not be seen as an indication of Lar España Real Estate SOCIMI, S.A.'s expected or actual results or returns. Accordingly, investors should not place any reliance on these targets in deciding whether to invest in its shares. In addition, as noted previously, prospective purchasers of securities of the company are required to make their own independent investigation and appraisal.*



## Business Plan\* 2022-2025 targets

**Initial figures  
31 December 2021**

**Business Plan\***

**EPRA Earnings** <sup>(1)</sup>

**€ 24 Mn**

**Dividend yield over  
NAV/NTA**

**3.4%**

**Total Annual Return** <sup>(2)</sup>

**2.9%**

**ca.45%** Average growth per annum

**>5%** Starting in 2023

**>10%** <sup>(2)</sup>

### Shareholder distribution

**100% of EPRA Earnings + 50% Divestment Gains**

(1) In accordance with EPRA BPRs.  
(2) EPRA NAV/NTA growth + Dividend.

\* These are targets only and not profit forecasts. There can be no assurance that these targets can or will be met and they should not be seen as an indication of Lar España Real Estate SOCIMI, S.A.'s expected or actual results or returns. Accordingly, investors should not place any reliance on these targets in deciding whether to invest in its shares. In addition, as noted previously, prospective purchasers of securities of the company are required to make their own independent investigation and appraisal.

# CLOSING REMARKS

**José Luis del Valle**  
Chairman of  
Lar España Board of Directors





We are about to begin a new phase of our story

**Grow to continue being the retail leader in Spain**

**Increase the average size of our assets to maintain our strengths**

**Invest in innovation/digitalisation with profitability criteria**

**Implement an active asset rotation policy**

**Maintain the current moderate leverage**

**Maintain the attractive dividend**

**To narrow discount vs NAV/NTA**

**All of this while  
maintaining high ESG  
standards as a  
cornerstone of the  
strategy**



In an environment that confirms our projections

Recovery and **upward outlook** for sales and occupancy in retail

**E-commerce** penetration in Spain **below European average**

Leisure, hospitality and experiential driver: unrivalled in the digital world

Shopping centers in Spain with a much **lower density** than in other markets such as the United States

Retail **investment appetite** in spite of the complex context

**CPI normalization** expected up to 2025 by major international bodies





And to our values

**Responsibility**

**Quality & Respect**

**Innovation**

**Transparency & Honesty**

## Implementing the Lar España “*BEST Program*”





Moving decisively forward to be

# The REIT for the new retail world



THE REIT FOR THE  
NEW RETAIL WORLD



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