

# FY 2021 RESULTS PRESENTATION

28<sup>th</sup> February 2022



## Presenting Team



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



**Miguel Pereda**  
Chairman of Grupo Lar



**José Manuel Llovet**  
Chief Executive Officer of  
Commercial Real Estate of  
Grupo Lar



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



**Hernán San Pedro**  
Investor Relations and  
Corporate Communication  
Director of Lar España

## Index

1

FY 2021  
key  
milestones

2

Framework &  
company  
situation

3

FY 2021  
operating  
performance

4

FY 2021  
financial &  
ESG Results

5

Closing remarks



# FY 2021 Key milestones

José Luis del Valle  
Chairman of Lar España's Board of Directors

# 1



## 2021 A year full of activity



- 1 • Asset rotation: 22 supermarkets **divestment** (February 2021)
- 2 • Revised **IMA** extension (June 2021)
- 3 • End of the 3<sup>rd</sup> **share buyback program**. 5% of share capital amortized (October 2021)
- 4 • 2 **green bonds** issuance: maturity extension and improvement of cost of debt
  - €400Mn Bond (July 2021)
  - €300Mn Bond (October 2021)
- 5 • Maintaining a strong **balance sheet**
- 6 • Keeping a sound **cash** position
- 7 • **Operating results** back to pre-pandemic levels
- 8 • Continuous **portfolio improvement**



# Framework & company situation

Miguel Pereda  
Chairman of Grupo Lar

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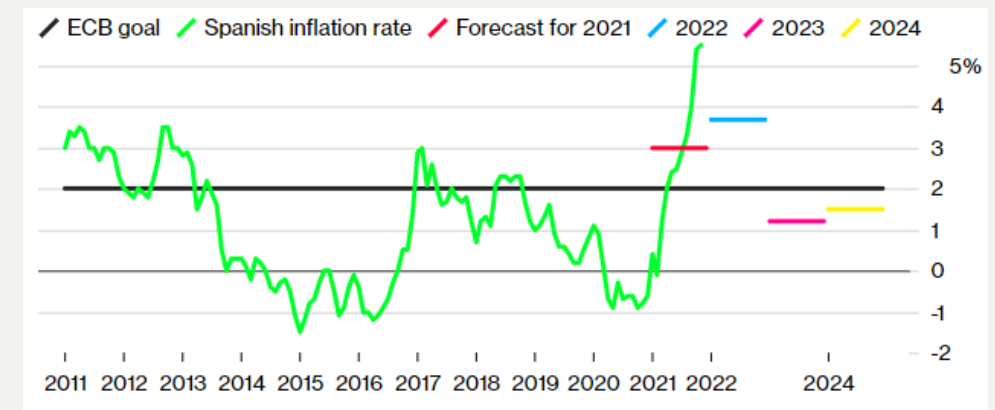
## Consolidation of the recovery, with inflation extending beyond expectations

%GDP growth projections

(real GDP, annual percent change)	ESTIMATE	PROJECTIONS	
	2021	2022	2023
<b>World Output</b>	<b>5.9</b>	<b>4.4</b>	<b>3.8</b>
<b>Advanced Economies</b>	<b>5.0</b>	<b>3.9</b>	<b>2.6</b>
United States	5.6	4.0	2.6
Euro Area	5.2	3.9	2.5
Germany	2.7	3.8	2.5
France	6.7	3.5	1.8
Italy	6.2	3.8	2.2
Spain	4.9	5.8	3.8

Source: WEO Jan 2022 IMF

Spanish inflation outlook



Source: INE, Bank of Spain

Worldwide growth projections remain firm.

GDP growth forecasts for Spain are strong, although inflation remains high.

## Real Estate experts agree on the analysis of the retail sector: recovery phase

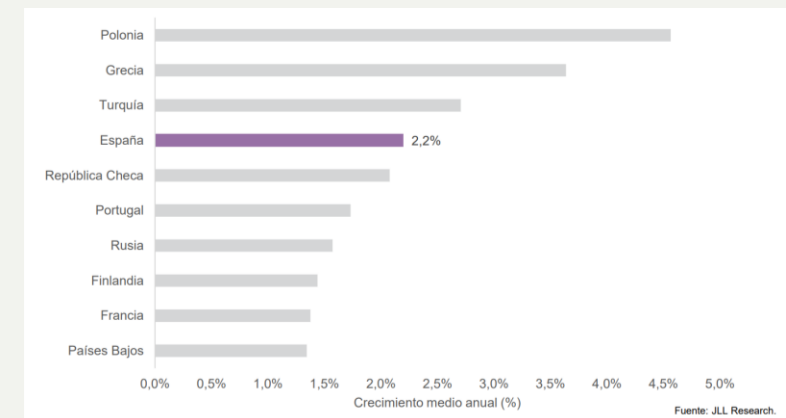
Eurozone vs Spain % Annual change in retail sales



Fuente: CBRE Research y Oxford Economics

Source: CBRE

Average annual growth of rents in shopping centers % 2021-2025 by region



Source: JLL

Retail sales have positive growth prospects for the next years in Spain. Rents in shopping centers are also expected to increase over the next years

## The shopping center sector in Spain: a good market for retail business

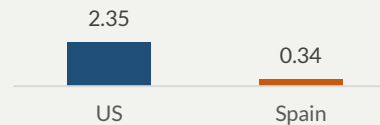
Spanish retailers have **only just entered into a mature phase** and the **country's density of shopping centers** (0.34 sqm per inhabitant) is well- below the one of the United States (2.35 sqm per inhabitant).

Spanish shopping centers are **much more modern** (most of them having being built in the 2000s), and their composition is more in line with new trends and consumer habits: **more space is allocated to leisure and hospitality** in contrast to the Anglo-Saxon model of more space dedicated to department stores and hypermarkets.

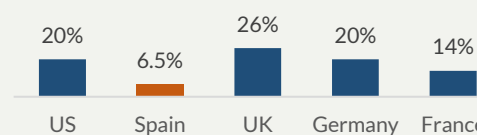
**E-commerce penetration** in Spain (6.5% as of March 2021) is far from the figures in the US (c.20%), in the large European economies (26% in the UK, 20% in Germany and 14% in France) or even the EU average (16% estimated for 2020).

Spanish shopping centers focus on leisure and hospitality, **services and experiences which, to a large extent, cannot be obtained digitally.**

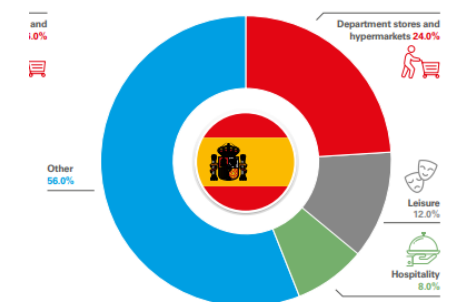
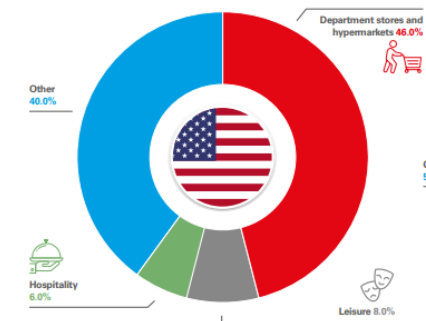
Shopping Center Density  
(sqm/inhabitant)



E-commerce penetration



### US & Spain, two completely different markets



## Lar España's improvement supported by our strategy and positive environment

- *Occupancy does not suffer and improves.*
- *The valuations are solid and already positive.*
- *Unbeatable cash and debt performance.*
- *Strong relationship with tenants without litigations*
- *Very high collection rate*

## Because Lar España has made the right decisions

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

## Best-in-class portfolio: the key to overcome crisis

- Dominant assets with excellent locations.
- Appropriate mix of assets and tenants.
- Digital and omnichannel management.

**€ 25.8 Mn**

Net Profit FY 2021

**€1,424Mn**

GAV

**€10.41<sup>1</sup>**

EPRA NTA p.s.

<sup>1</sup> When analyzing the evolution of this measure it is important to take into account the dividend paid in Q2 2021 (0.31€/share).

### FY 21 Market Comparison

	Lar España	Market Average <sup>1</sup>
Occupancy rate	96.1%	94.5%
Asset Valuation vs Dec20	+0.5%	-1.9%
LTV	40.7%	39.3%
Average cost of debt	1.9% <sup>2</sup>	2.1%
Dividend over market cap	7.0% <sup>3</sup>	5.7%
Sell-side potential price revaluation	+39.3%	1.0%
% of positive sell-side recommendations <sup>4</sup>	90.0%	68.6%

<sup>1</sup> According to FY 21 results published by European peers

<sup>2</sup> As of today the average cost of debt is 1.8%

<sup>3</sup> Dividend proposed (0.36 €/p.s), Market Cap at 31 Dec 21

<sup>4</sup> According to Reuters 18/02/21



# FY 2021

## Operating performance

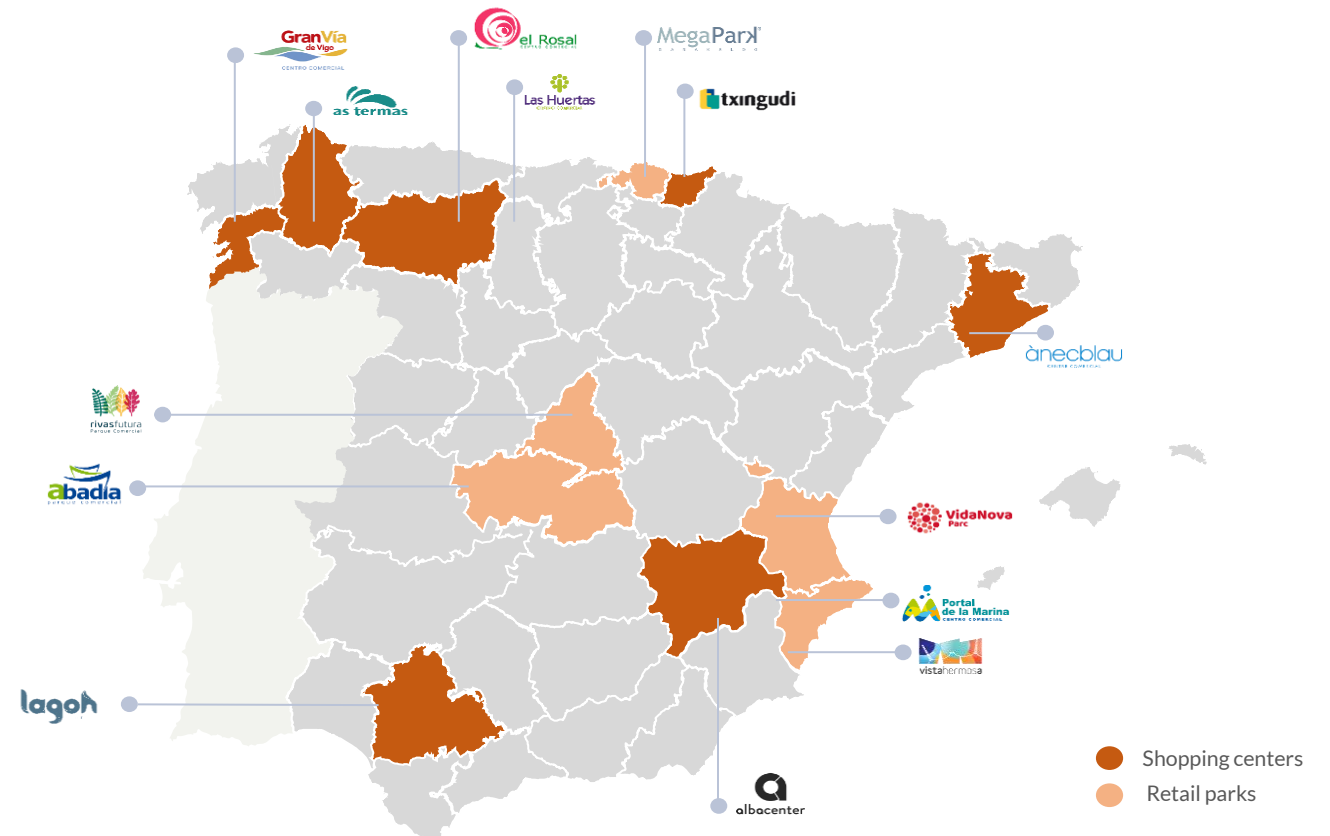
José Manuel Llovet  
Chief Executive Officer of Commercial Real Estate of Grupo Lar

# 3



## The current situation: 100% open portfolio

- Attractive asset mix
- 67% Shopping centers
- 33% Retail parks
- c. 20% essential activities (high % of resilient food and health tenants)
- Strong presence and loyalty of large operators

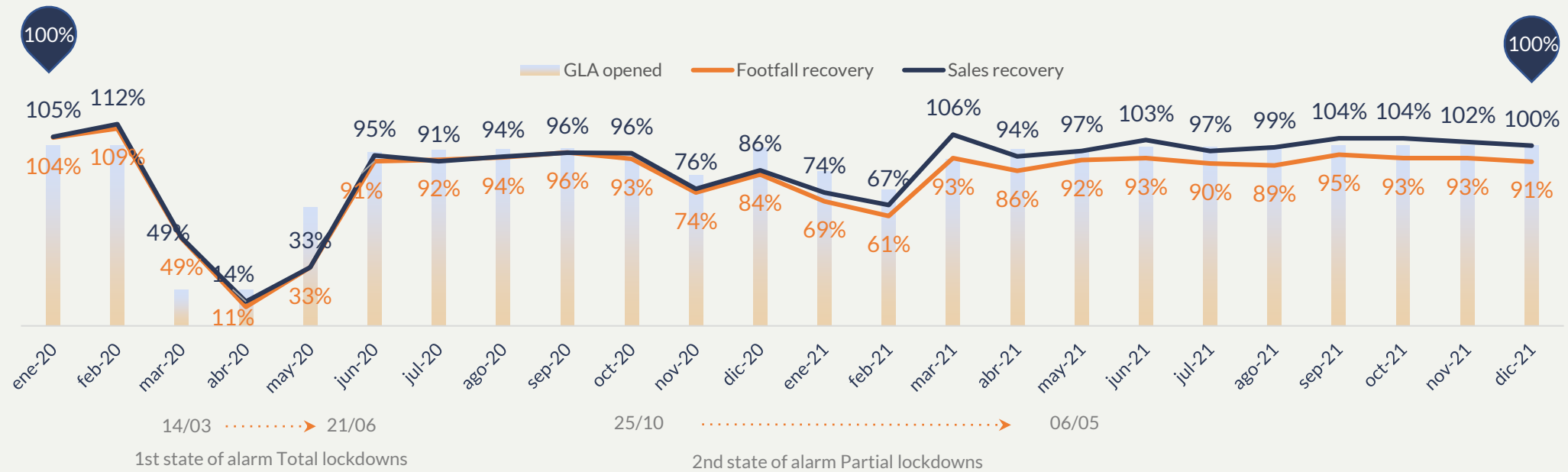


## Portfolio meeting the highest standards

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	●	●	●	●	●	●	●	●	●
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	●	●	●	●	●	●	●

## Current footfall and declared sales recovery vs 2019

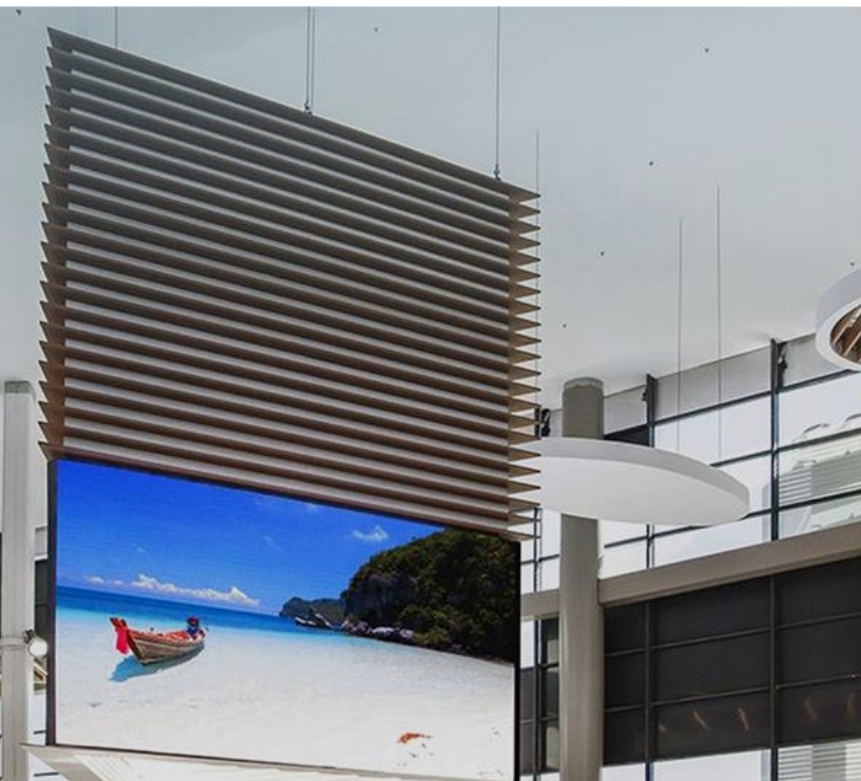


After COVID-19 pandemic negative effect into our operating performance in 2020, we have demonstrated a quick turnaround capability in 2021

Despite starting 2021 with new COVID restrictions, Lar España has returned to pre-pandemic levels and has maintained them during almost all the year



On the way to recover  
pre-COVID levels



One-on-one  
agreements reached  
**c.100% GLA**

Contracts >2024  
**70%**

2021 Collected rents  
**95%**


#### Sales & Footfall



Sales Lar España



Footfall Lar España

FY 2021	Vs 2020	Vs 2019 <sup>1</sup>
892.8 €Mn	+24.1%	-2.1%
74.4 Mn visits	+16.2%	-12.5%
	 +14.5% <sup>2</sup>	

<sup>1</sup> Like for Like (excluding Lagoh)  
<sup>2</sup> ShopperTrak Index

## Leasing activity in 2021

**70%**  
contracts  
>2024

**2.7**  
years  
WAULT

**27,280** sqm  
Rotated

**94**  
Operations in FY 2021

**3.9%**<sup>2</sup>  
Rent uplift

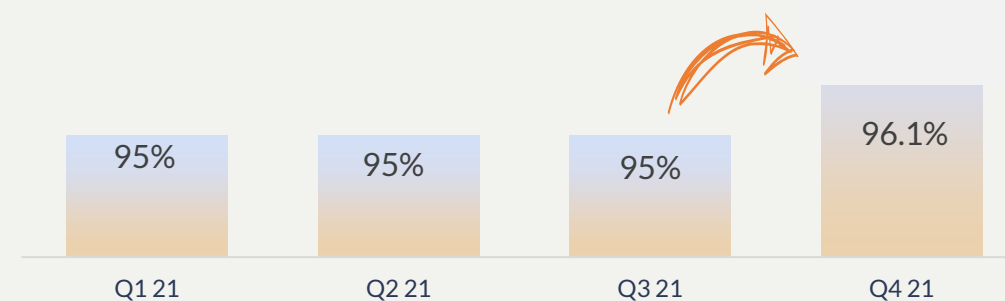
**€5.7** Mn  
Negotiated rent

**8.4%**  
Effort rate<sup>1</sup>

**>1,000**  
Existing  
contracts

Resilience during the pandemic and already back to pre pandemic levels

Occupancy



<sup>1</sup> Expenses included

<sup>2</sup> Excluding 4 non-comparable operations

## Some significant operations in 2021

Ikea Home Service Point El Rosal



Ali Express Lagoh



Food Market Vistahermosa



Food Court Aneclau



Leroy Merlin As Termas



Prima Prix Abadía



## Innovation as a cornerstone of our strategy

**click & shop**



Lar España is the key link between Tier 1 retailers and their final clients offering a best-in-class environment

Innovation makes Lar España's assets increasingly modern, technologically advanced and welcoming, making the relationship between retailers and final client as positive as possible



# FY 2021 Financial & ESG Results

Jon Armentia  
Corporate Director and CFO of Lar España

4



## FY 2021 Financial Results

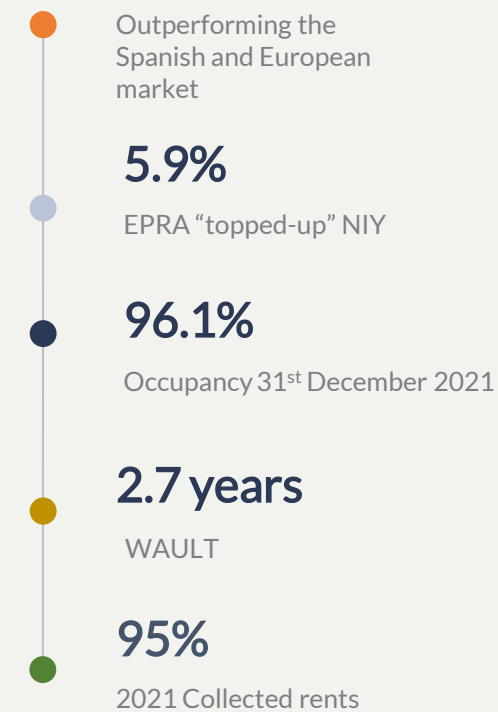


### Results



*1 When analysing the evolution of this measure it is important to take into account the dividend paid in Q2 2021 (0.31€/share).*

### Assets



## FY 2021 Corporate Results

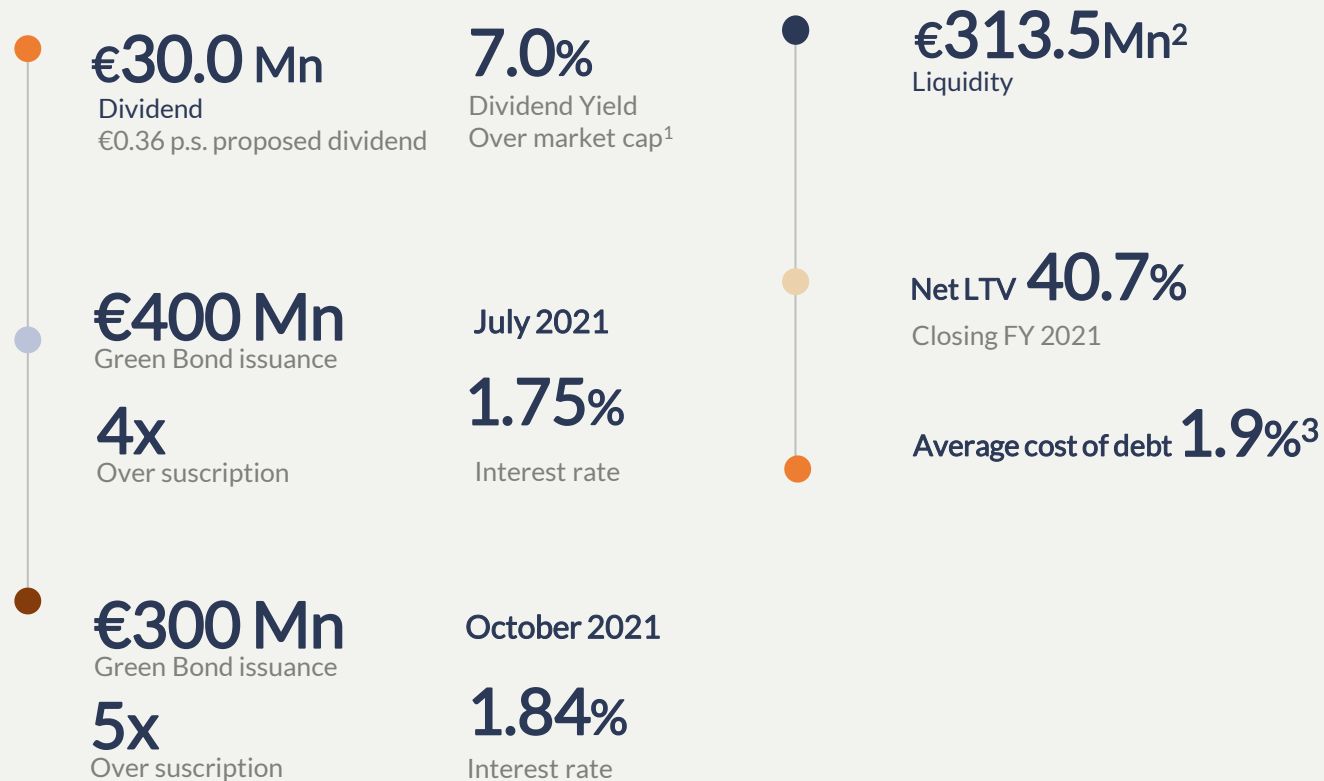
EPRA Gold Award Financial  
Reporting 7<sup>th</sup> year in a row



EPRA Gold Award ESG  
Reporting 4<sup>th</sup> year in a row



### Corporate



<sup>1</sup> Market Cap as of 31 December 2021

<sup>2</sup> Undrawn credit facility not included (€30m)

<sup>3</sup> 1.8% after repayment of the 2015 bond in February 2021

## Best in class practices in ESG

100% Recommendations of the CNMV Good Governance Code complied

**MSCI** **BBB**

MSCI ESG Rating

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

**ISS**

**Successful Green Bond Issuance.**

Lar España successfully issued two unsecured senior green bonds for **€700 Million**. ISS-ESG has provided a Second Party Opinion on this Framework



**Carbon Footprint Registration**

2018, 2019 & 2020. **2021 to be registered: Sello Reduzco will be granted**

The company also submitted its **Emissions Reduction Plan** to the Ministry as another step towards carbon neutrality.



**100% Shopping Centres BREEAM Certified, "Excelent" or "Very Good"**

**3** Excellent  
**7** Very Good  
**2** Good

**12** certified assets:  
• **8** certifications have been renewed during 2021  
• **1** new certificate



For the seventh consecutive year, Lar España has been awarded the **EPRA Gold Award** for the quality of financial information and **EPRA Gold Award** for ESG information, for the fourth consecutive year



FTSE Russell Global Index kept Lar España as a constituent on its **FTSE4Good index**.



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.



Renewal of the Commitment to the **UN Global Compact** and **SDG goals**. Furthermore, the company has an **Action Plan on the go** to bring our entire portfolio in line with our commitment to our priority SDGs in order to align the company's sustainability strategy with UN Agenda 2030.

**ISO 14001 & 45001** Environmental certifications.



Since achieving ISO 14001 status for the As Termas and Megapark in 2020, the company has been working to extend this certification to the rest of the portfolio.

**24<sup>th</sup>** Of 116  
**+11% vs 2020**

General  
Ranking

**5<sup>th</sup>** Of 25  
**+17% vs 2020**

Financial and Real  
Estate sector



## EPRA figures

**€869.5 Mn** vs €853.7 Mn  
EPRA NTA as of 1H 2021

**€23.9 Mn**  
EPRA Earnings

**5.7 %** vs 5.5% in  
EPRA NIY 1H 2021

**€10.41<sup>1</sup>** vs €10.17  
EPRA NTA per share as of 1H 2021

**€0.28**  
EPRA Earnings  
per share

**5.9%** vs 5.8% in  
EPRA "topped-up"  
NIY 1H 2021

Over the last 6 months of 2021, Lar España has achieved significant improvements in all its EPRA figures

<sup>1</sup> When analyzing the evolution of this measure it is important to take into account the dividend paid in Q2 2021 (0.31€/share).



## Debt profile: investment grade and successful bond issuances

**BBB**  
**Fitch**Ratings

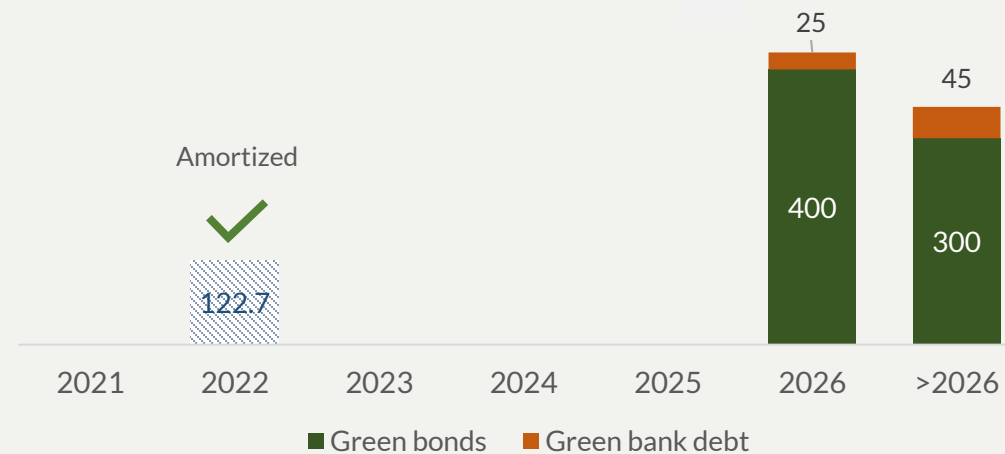
As of 31/12/21

- €892.7 Mn  
Gross Financial debt
- €579.2 Mn  
Net financial debt
- 40.7% Net LTV

As of today

- €770 Mn  
Gross Financial debt
- €579.2 Mn  
Net financial debt
- 1.8% average cost of debt  
(40 bps improvement vs 1H21)
- 6 years  
Avg. Debt Maturity
- 100% Fixed rate and  
Unencumbered
- 100% Green debt

**Maturity Profile – Post issuances**  
Debt (€Mn)



**ISS**   
Second party  
opinion

## P&L FY 2021: clear recovery of the profit during the period

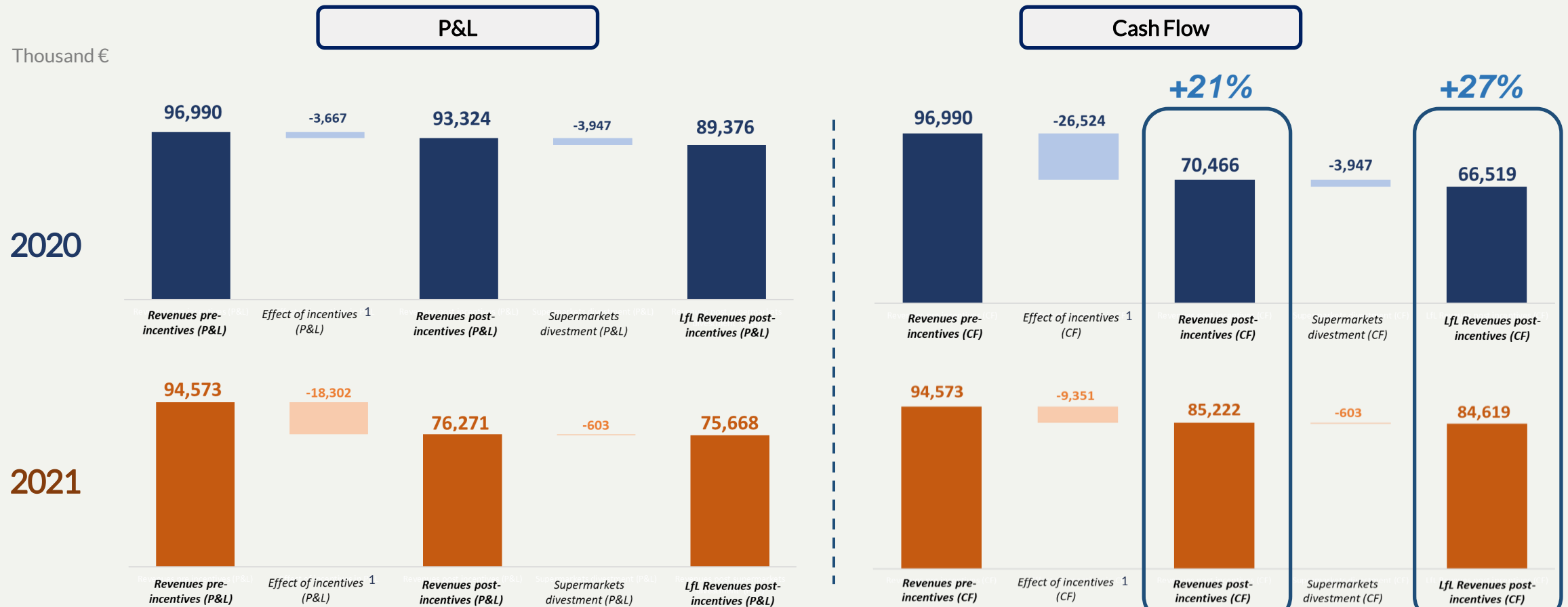
	FY 2021	FY 2020
Consolidated Income Statement FY 2021 (€ Thousands)	Total	Total
Revenues <sup>1</sup>	76,271	93,324
Other Income	2,836	3,566
Personnel expenses	(592)	(474)
Other expenses	(27,888)	(26,715)
Changes in the Fair Value of investment properties	(1,305)	(100,656)
Results from Divestment	64	-
EBIT	49,386	(30,955)
Financial Result	(25,621)	(22,970)
Share in profit (loss) for the period of equity-accounted companies	395	257
EBT	24,160	(53,668)
Income Tax	1,622	-
Profit/(Loss) for the Period	25,782	(53,668)

*1 Revenues main differences correspond to 22 supermarkets divestment (€3.3Mn) and higher impact from the linearization of the bonuses agreed with tenants (€14.6Mn)*

*Notes: May not foot due to rounding.*

## P&L FY 2021: more about revenues

Considering the cash impact of the incentives (instead of the accounting impact) on revenues, cash revenues post-incentives in 2021 amounted to 85,222 thousand Euros, which represents a **21% annual increase** vs last year (and a **27% increase on a like-for-like basis**, if rents from supermarkets portfolio divestment are deducted from both years).



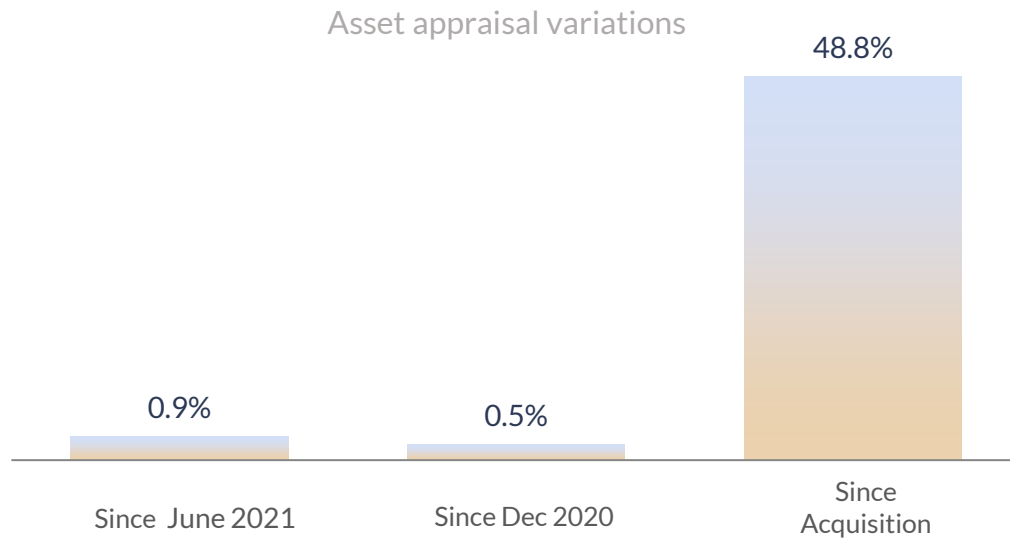
1 Mostly coming from Covid - relief program

## Stable valuations

31<sup>st</sup> December 2021 Valuation

€1,424 Mn

*Including Capex Invested*

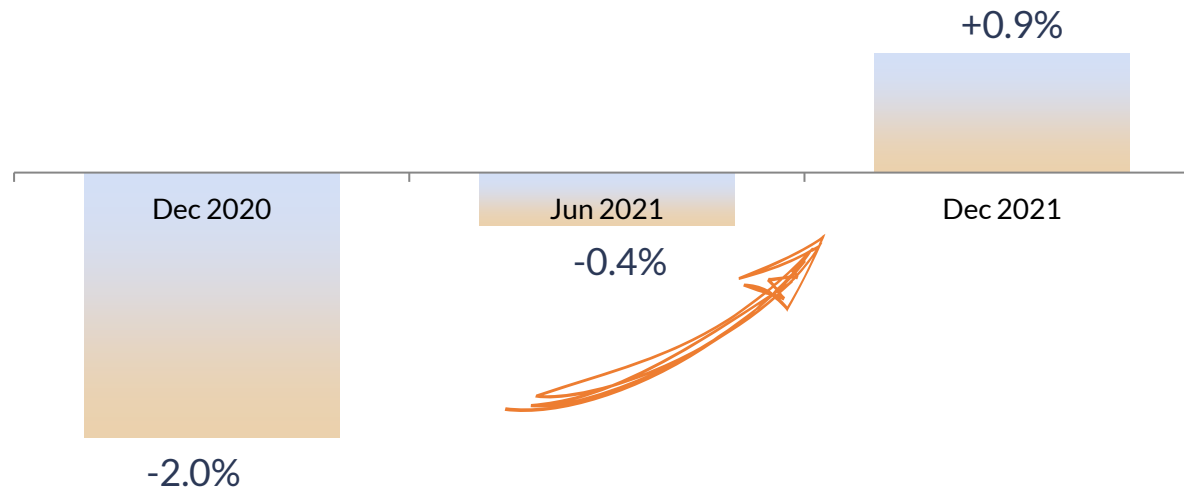


The capital value/sqm is solid and remains fully controlled

- A **resilient** portfolio of **dominant** shopping centres in attractive catchment areas.
- **Cherry picked assets** carefully selected without acquiring portfolios.
- Assets c. **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.

## Continuously improving valuations

### Valuation evolution on half year basis



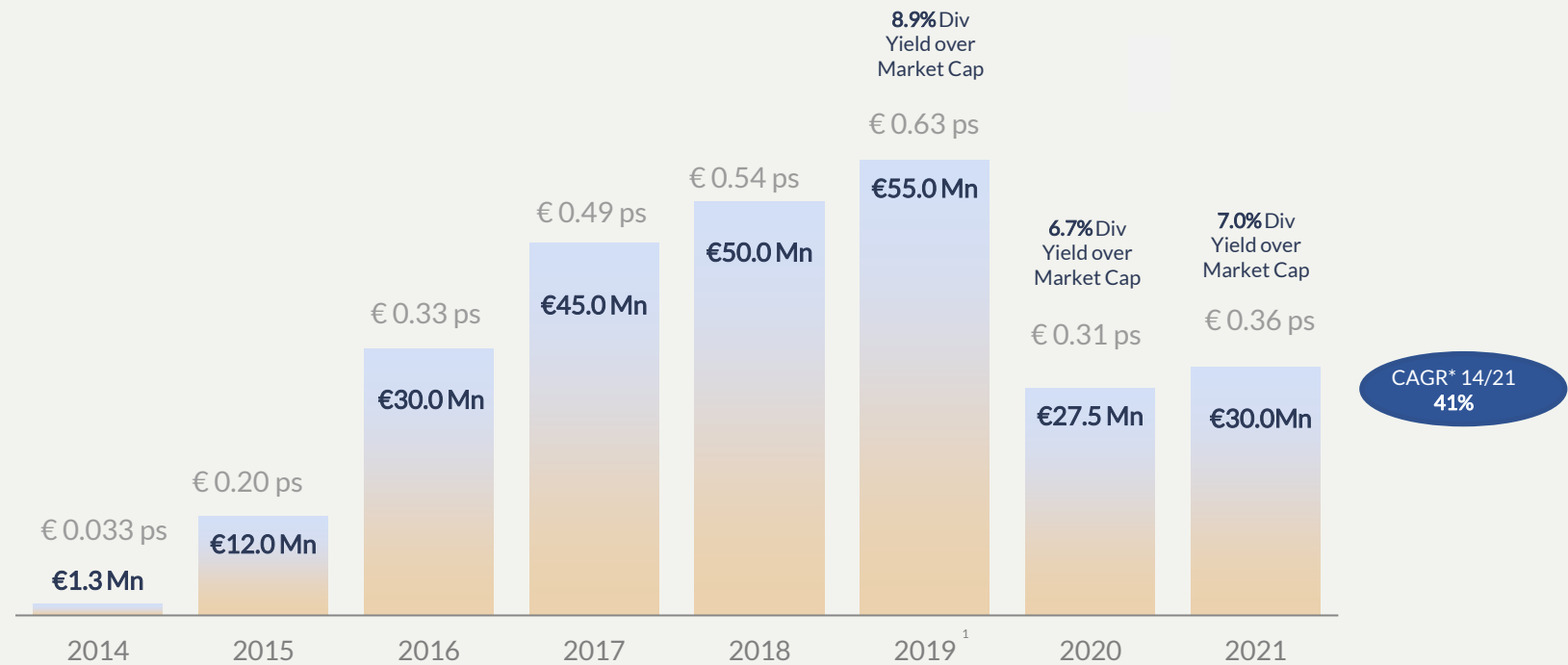
### Reasons of the good performance of our portfolio

- +0.9%: 100% rents, 0% yield effect
- Leaders in their area of influence
- Fully refurbished assets
- All shopping centers are BREEAM certified
- High percentage of core activities c.20%
- Renowned brands

## Attractive dividend: Maintained despite Covid-19

### 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 is slightly recovering from COVID-19 pandemic impact (+16.1% vs 2020)



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

\* CAGR stands for Compound Average Growth Rate

## One of the most profitable options for the shareholder in the Spanish market

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

	Dividends	
2019	€ 55.0 Mn	8.9% Div. Yield <sup>1</sup>
2020	€ 27.5 Mn	6.7% Div. yield <sup>1</sup>
2021	€ 30.0 Mn	7.0% Div yield <sup>1</sup>
<b>Total</b>	<b>€112.5 Mn</b>	

One of the largest capital  
reductions in the Spanish stock  
market

Program	SBB	
March 2019	3.1 Mn shares	3.5% Share Capital <sup>2</sup>
January 2020	4.7 Mn shares	5.4% Share Capital <sup>2</sup>
November 2021	3.9 Mn shares	4.5% Share Capital <sup>2</sup>
<b>Total</b>	<b>11.7 Mn shares</b>	<b>13.4% Share Capital</b>

<sup>1</sup> Over market cap

<sup>2</sup> % calculated over 87.633.730 share capital



## Closing remarks

José Luis del Valle  
Chairman of Lar España's Board of Directors

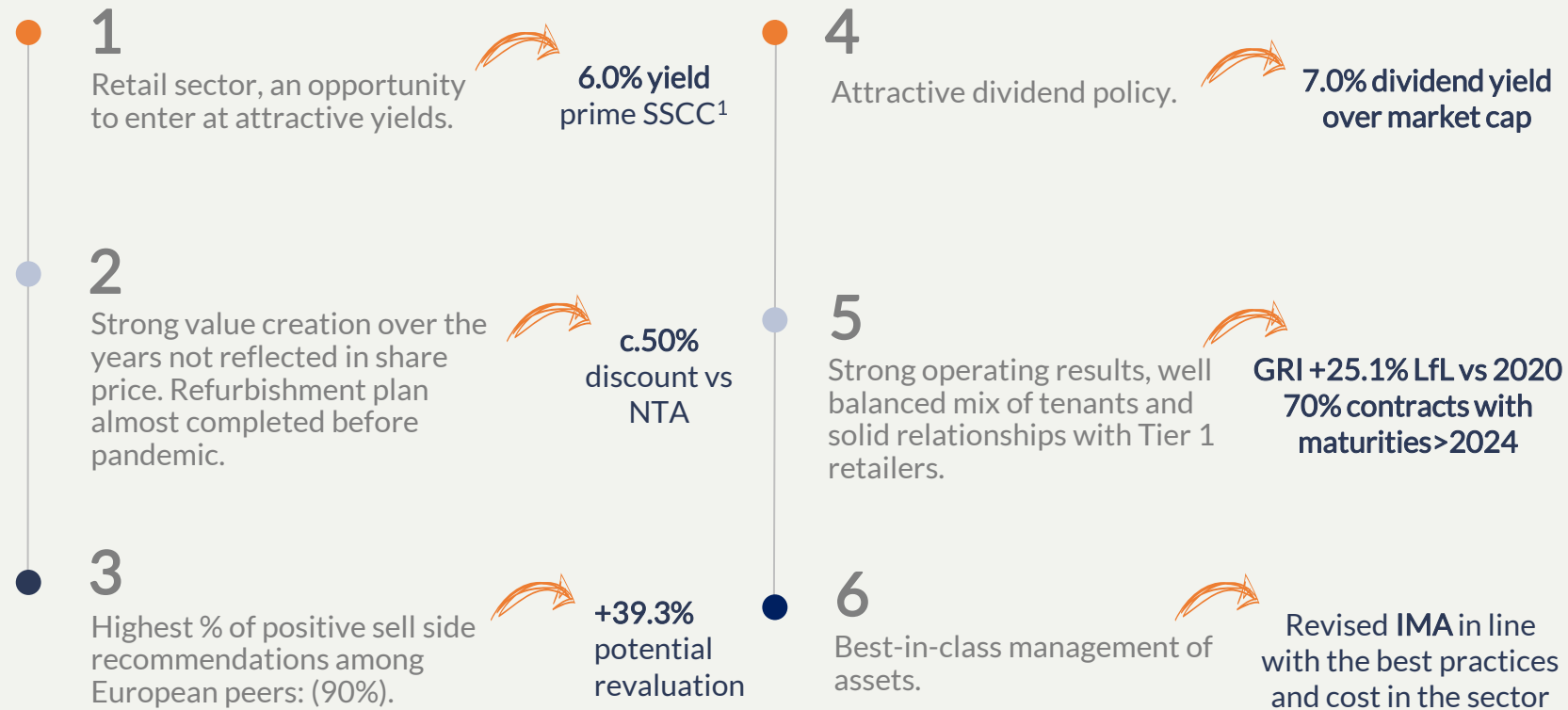
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Strong and resilient leadership  
in Spanish Retail makes Lar  
España an extremely attractive  
company

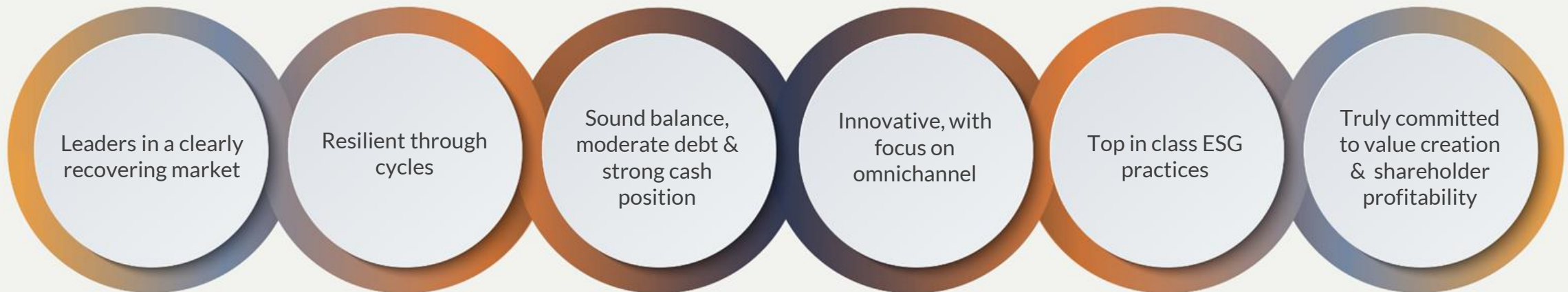


Closing remarks



<sup>1</sup> Cushman & Wakefield Marketbeat 4Q 2021

In summary: with significant upside potential



**Portfolio + Management + Profitability**



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