



Assets  
*in action!*

# CORPORATE PRESENTATION LAR ESPAÑA

June 2021



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España



## Company Overview

1



## Lar España at a glance

**14**

Assets

**100%**Overship of the  
assets**551,405**

Sqm GLA

**100%**Focused on Spanish  
retail**€1,417 Mn**

Gross Asset Value

**64 Mn**

Foot-fall in 2020



### Our Mission

Optimize the profitability of our shareholders through responsible and efficient management of our retail assets, which incorporates technology as a key element in a relationship that generates value for our retailers and customers.

### Our Vision

Provide unique shopping experiences that combine leisure and retail in an omnichannel approach.

### Our Values

- Responsibility
- Quality and respect
- Innovation
- Transparency and honesty

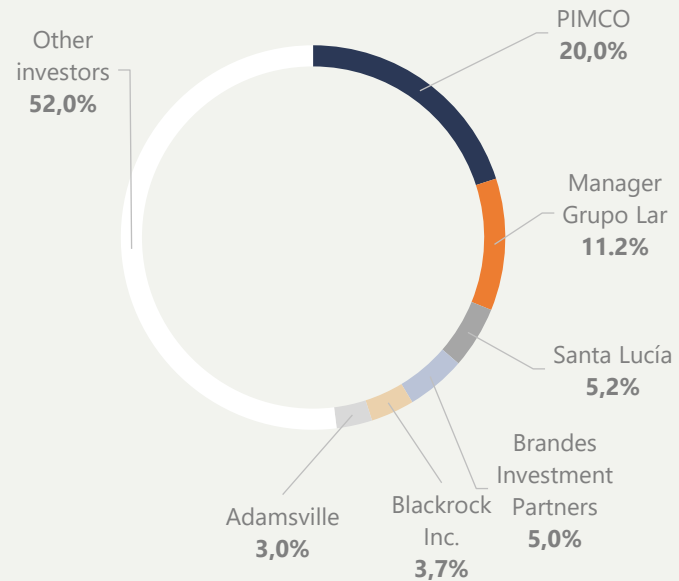
**“We believe in selecting a portfolio of owned premium shopping centers and parks, and around them to build a differential proposition of high added value and recurring profitability”.**

*Jose Luis del Valle.  
Chairman of the Board of Directors*



## Company overview

### Shareholder Overview



### Company Overview

#### Board of directors



*Independent Directors*

*Proprietary Directors*

#### Management



**Miguel Pereda**  
Lar España Board Director  
& 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



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



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



## Company overview. A resilient portfolio.

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

● **Ànec Blau** | SC  
29,069 sqm  
Visits: 2.9 Mn  
Sales: €34.4 Mn  
**Dominant**

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

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

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

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

● **P. Marina** | SC  
40,334 sqm  
Visits: 2.5 Mn  
Sales: €65.9 Mn  
**Dominant**

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

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

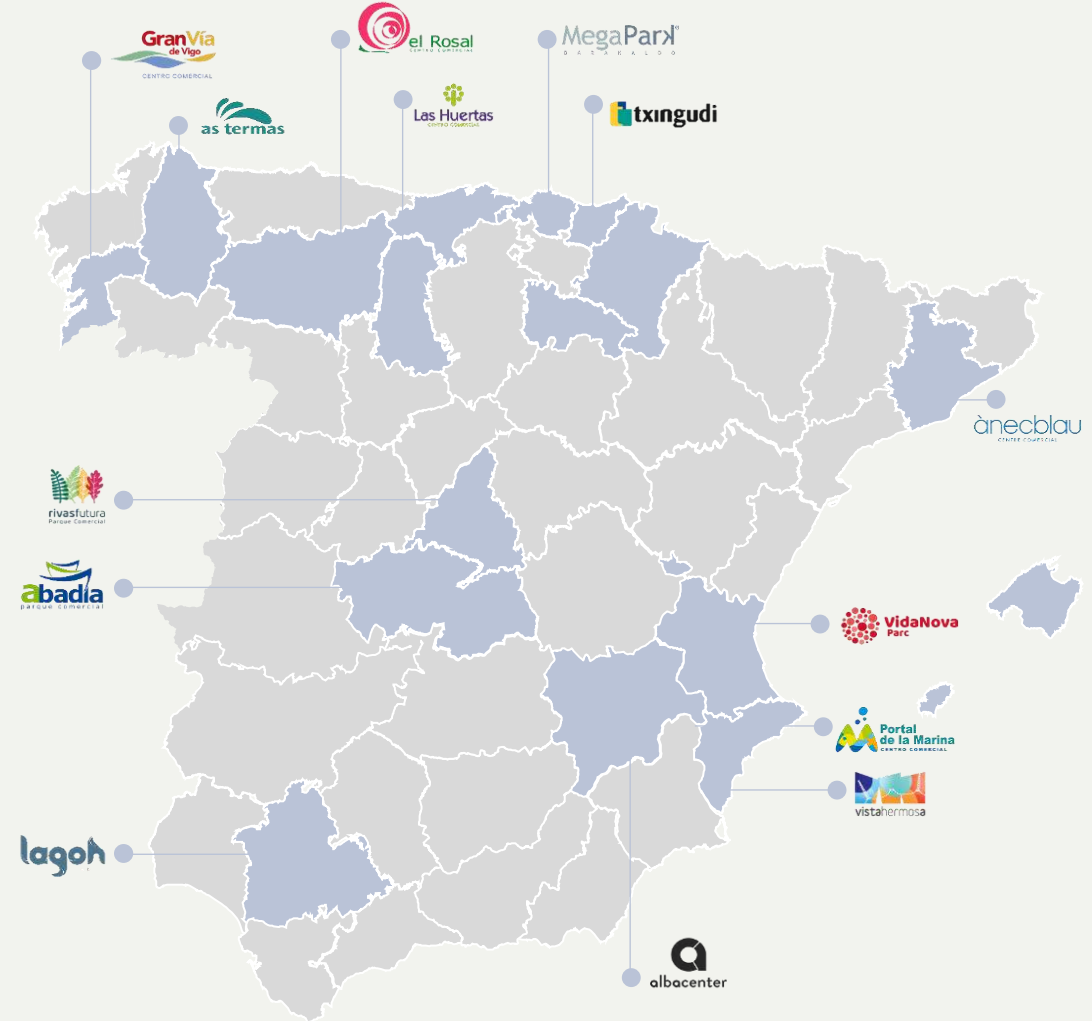
● **Vistahermosa** | RP  
33,763 sqm  
Visits: 5.9 Mn  
Sales: €70.9 Mn  
**Dominant**

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

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

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

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



SC Shopping centre  
RP Retail park

## Financials overview



**€21 Mn**

GRI



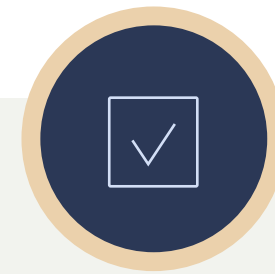
**€11.7 Mn**

EBITDA



**€5.5 Mn**

EPRA Earnings

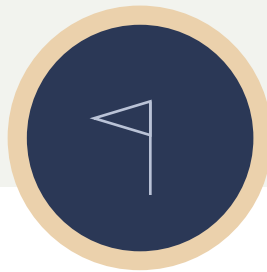


**€15.9 Mn**

NOI

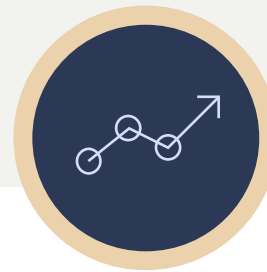


**Outperforming the  
European Market**



**€10.46**

EPRA NTA ps



**€27.5 Mn**

2020 Approved Dividend



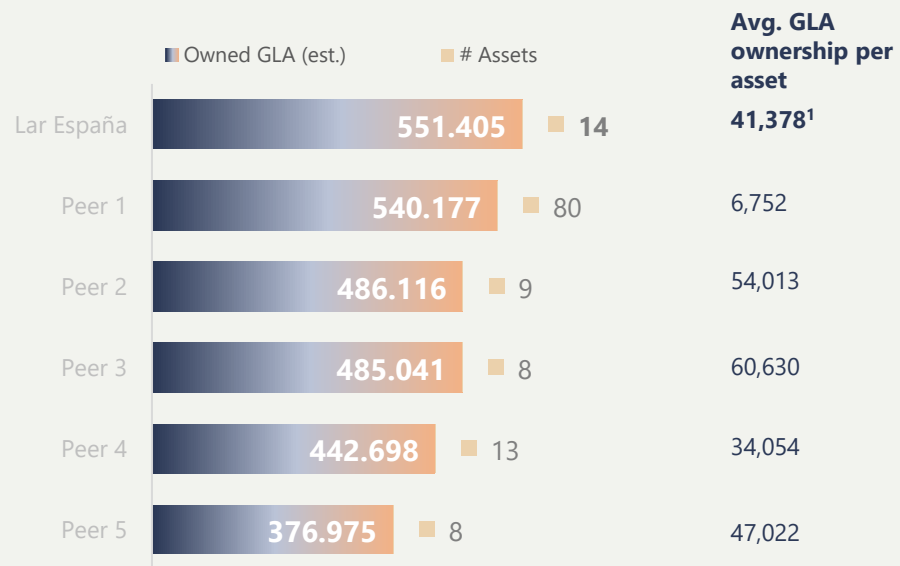
**39.8 %**

Net LTV

**6.7%**  
Over Market Cap

## The retail leader in Spain

### MAIN SHOPPING CENTRES AND RETAIL PARKS MARKET PLAYERS



<sup>1</sup> Source: CBRE & Lar figures. Dec 2020.

### RETAIL LEADERS IN SPAIN

**#1**  
in Spain

- sqm GLA<sup>1</sup>
- Asset stake owned
- Retail parks owned



Portfolio **Size** gives us benefits in:

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



Present in all the attractive regions of the Spanish territory



Millions of physical and digital customer contacts



Attraction for the development of new commercial formulas





## Equity Story

2



## Our business model

Our business model is based on six pillars:



### Dominant shopping centres in catchment areas

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

### Combination of assets

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

### Mix of tenants

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

### Omnichannel strategy

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

### Management strategy

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

### Stakeholders management

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

## The results of our strategy: a different company for a changing market

### ASSETS & MANAGEMENT

- Highly protected and resilient portfolio**

Multiproduct retail offer  
**SSCC** (65%), **RRPP** (35%)
- Refurbished and safe portfolio**

Capex plan almost completed  
Maximum guarantees of safety  
(SGS COVID certification)
- Successful operational management**

**+12.4% NOI FY 2020 vs FY 2019**  
**+0.8% LfL<sup>1</sup> NOI**
- Comfortable levels of liquidity and solid balance sheet**

**c.€200 Mn**  
Strong liquidity covering expenses over the next 4y

### CLIENTS & INNOVATION

- Optimal and comfortable activity mix**

High exposure to resilient activities with **>20%** of GLA from food & health tenants
- Mix of quality and loyal retailers**

**95% occupancy**  
**>64% contracts >2024**
- Proven trust by the final customer**

**94% footfall recovery in Dec 2020**  
**86% sales recovery in Dec 2020**
- Assets fully integrated with the digital world**

Omnichannel spaces that provide added value over e-commerce



## Grupo Lar: strong management capacity



Investment Management  
Agreement

Grupo Lar now owns a  
**11.2% stake**  
in Lar España.

- 1** Family-owned Company +50Y of experience
- 2** Strong Management Team
- 3** International Experience with Tier 1 investors
- 4** Geographical Diversification
- 5** Product Diversification
- 6** Strong Balance Sheet

Whitehall

ROCKSPRING  
Property Investment Managers Ltd

GREENOAK

GE Capital

THE BAUPOST GROUP®

AA Real Estate  
An AXA Investment Managers Company

GROSVENOR

FORTRESS

Ivanhoe  
Cambridge  
Colliers de crédit et placements  
de Québec

Henderson  
GLOBAL INVESTORS

MSREF

SONAE

la Caixa



## ESG integrated throughout the Company

### What does ESG mean at Lar España?

The company ensures it actively listens to its stakeholders, responsibly manages its assets and creates wealth in the communities that it operates in. In parallel, the Company safeguards the economic viability and financial returns on its investments.

### ALIGNED WITH INTERNATIONAL STANDARDS TO IMPROVE ESG TRACEABILITY:



### E

Lar España is fully committed towards a sustainable management of its assets. Considering GHG emissions, water use, waste and pollution in the ESG Masterplan to help mitigate climate change and the effect of its activity on the environment.

### S

Lar España is aware of the importance of shared value across its communities and is committed to generate positive social impact through social and health initiatives, collaborations with NGOs and achieving accessibility in all assets.

### G

Lar España continues to make great strides forward in terms of transparency, ethics and regulatory compliance, thereby guaranteeing good governance both in terms of the company and its governing bodies

## Environmental milestones in 2020



Lar España has completed the development of its automated platform for the analysis and dynamic visualization of data related to the use of all resources in its assets and the mitigation of its environmental impact.



Lar España has registered the Scope 1 & 2 of its carbon footprint, based on 2018 & 2019 GHG emissions data, with MITECO (Ministerio para la Transición Ecológica) alongside a Reduction and Improvement Plan for a long-term strategy to achieve carbon neutrality.



100% of shopping centres are BREEAM certified, and Lar España has continued working on the renewal plan for the upcoming expiry dates and aiming to improve the qualification in the centers already certified. Also, a plan for the certification of all retail parks is underway.



Finalization and approval of the Energy Efficiency Plan to achieve a better energy efficiency of the portfolio, align the company with national and international green objectives, obtention of new certifications, etc. The Waste Management Plan was also finalized and approved to obtain greater control and monitoring of waste collection and mitigate pollution with a sustainable use of resources, among other objectives.



After a thorough benchmark and bidding of different companies that offer photovoltaic panels, POWEN was chosen to lead the project and execute the first two pilot photovoltaic projects in Rivas and Portal de la Marina to continue the implementation a pure SELF CONSUMPTION photovoltaic strategy.



Lar España has renewed the ISO 14001 certification for As Termas shopping centre in 2020 as it is required to due so every three years. This certification ensures an effective environmental management system in the shopping center. Also, the establishment of goals and objectives in this regard with the appropriate documentation of said procedures and protocols.



## Social milestones in 2020

### AENOR

Lagoh, As Termas and El Rosal shopping centres have obtained AENOR's universal accessibility seal according to UNE 170001 standards, adding to those previously obtained in Vistahermosa and Vidanova Parc.

### SGS

In response to the COVID-19 health crisis and to ensure the optimal reopening of the shopping centres and retail parks in a healthy and secure way, Lar España developed action protocols to guarantee visitors and workers safety and well-being. Taking a step further, Lar España opted to audit the action protocols with an independent company, SGS.

### aire limpio

To increase the air quality in the assets, a comparison of services in this regard has been carried out aiming to find new methodologies to improve the filtered air quality and have energy savings, simultaneously. A pilot study with a new type of filters was carried out at the Abadía retail park and Lagoh is currently operating with this type of system.



As Termas shopping centre has migrated from OSHAS 18001 to ISO 45001 certification, which has been recently published and ensures Lar España has an effective occupational health and safety management systems in place. Also, the establishment of goals and objectives in this regard with the appropriate documentation of said procedures and protocols.



Lar España is committed to having a positive social impact in their communities and continues with proactive engagement with local organizations and institutions. Through 2020, many COVID related initiatives and activities took place in the assets to take care of each community additional to the corporate level partnerships with Cáritas and Aladina Foundations.

## Governance milestones in 2020



The creation of the ESG committee, a cross-functional senior management team responsible for supporting Lar España commitment to matters related to; environmental initiatives, health and safety in all assets, ESG actions, sustainability measures and other public policy matter.



Lar España received the GRESB rating, the main standard for evaluating ESG commitment in the real estate sector. The company achieved a 25% increase in the qualification obtained with respect to the previous year, a percentage that rises to 50% if the score is compared with the one obtained in 2018.



During the final quarter of the year, the company's regulations and policies were updated in accordance with the latest recommendations published in the CNMV's Good Governance Code as well as the company's SCIIF Manual revision.



For the sixth consecutive year, Lar España was awarded with the EPRA Gold Award that recognizes the quality of the financial information. Also, for the third consecutive year the company was recognized with the Gold Award regarding the transparency in ESG reporting.



Lar España adhered to the United Nations Global Compact after signing the Letter of Commitment. By means of this partnership Lar España agrees to align strategies and operations with the Ten Universal Principles on human rights, labor, environment and anti-corruption and adopt measures in support of the SDG's.



Lar España ranked 27<sup>th</sup> out of 114 places in the general ranking and 6<sup>th</sup> out of 25 places in the financial and real estate ranking of the "Informe Reporta", a study of the quality of financial and non-financial information that Spanish listed companies publish to their stakeholders annually.



## Q1 21 Business Update

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## Operating Results in Q1 2021



### Results



### Assets

<sup>1</sup> EPRA NTA per share adjusted for dividend effect: 10.15 €/share  
<sup>2</sup> Ratio calculated according to EPRA recommendations

## Corporate Results in Q1 2021



### Corporate



### ESG

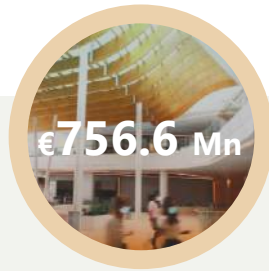


<sup>1</sup> 100% assets fully owned

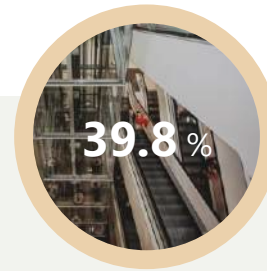
## Financial strength



Net financial debt



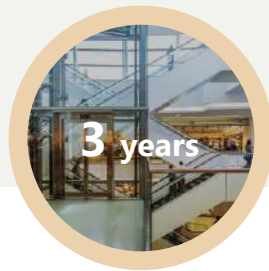
Gross financial debt



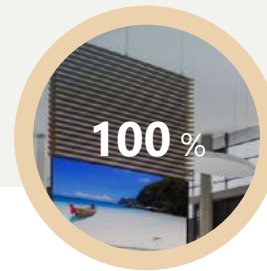
Net LTV



Average cost of debt



Average debt maturity



Of covenants complied

**Refinancing process already started, with more than one year of margin**



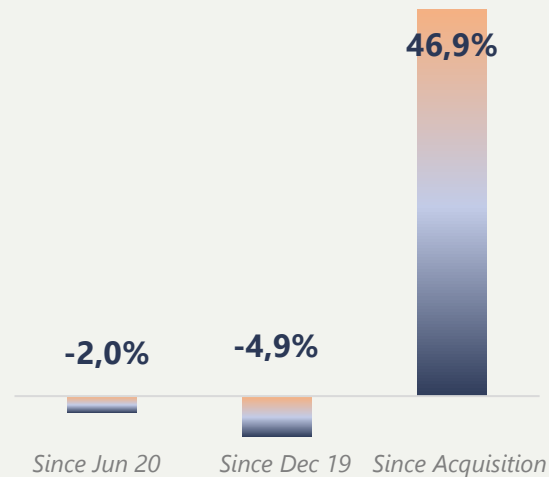
## Asset appraisal December 2020



**€1,475.5 Mn**

31<sup>st</sup> December 2020 Valuation

*Including Capex Invested*



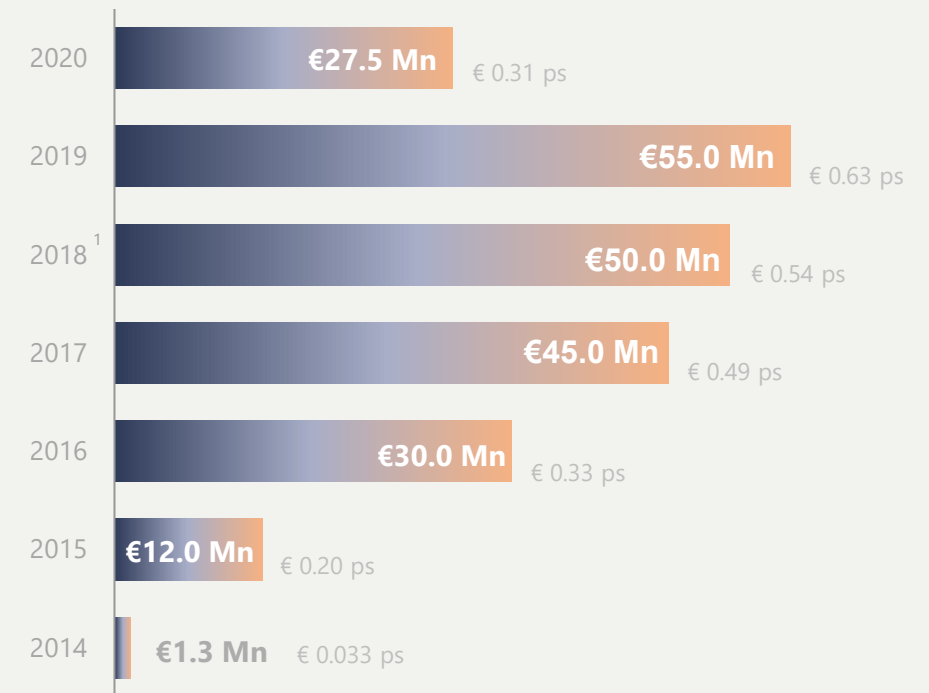
**The capital value/sqm is solid and will remain controlled.**

- A resilient portfolio of dominant shopping centres in attractive catchment areas.
- Cherry-picked portfolio, assets carefully analysed and selected without buying portfolios.
- Assets c.100% owned, delivering flexibility, control and full decision capacity.
- Solvent and diversified tenant base with a WAULT of 3.2 years and close medium- and long-term relationships.
- Active management with last trends in technology, omnichannel strategy and customer knowledge experience...

## Attractive dividend maintained

### Committed to profitability

- Prudent cash position control with a detailed liquidity analysis.
- **>90%** cashflow generated in 2020 .
- **3.1%** dividend yield on NAV.
- **6.7%** dividend yield on market cap.
- Among the leading Spanish listed companies in terms of direct shareholder remuneration.



<sup>1</sup> Dividend: +€25 Mn in extraordinary dividend.

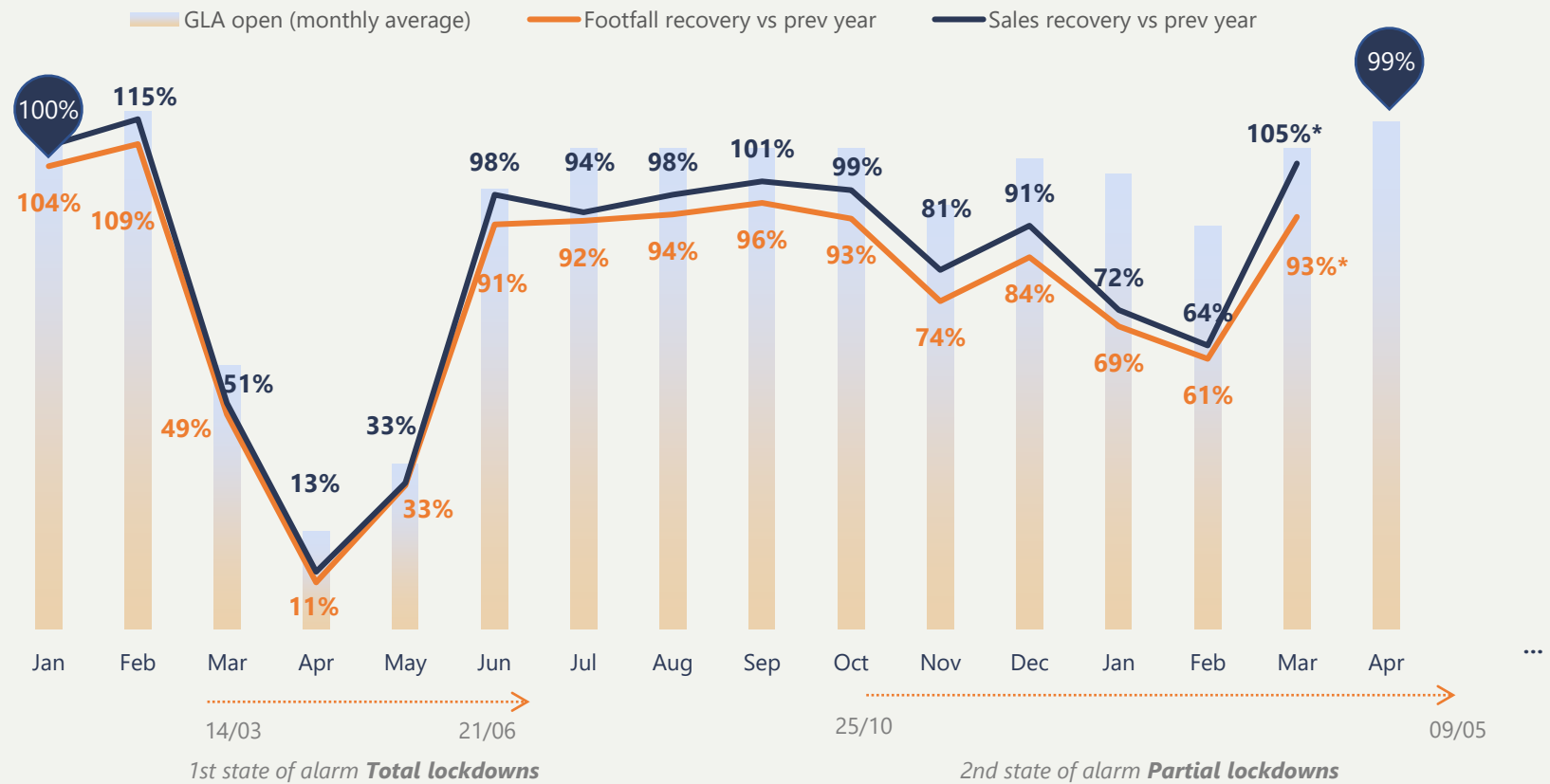


## Covid-19 Update

4



## Footfall and Sales numbers recovery



\* Data vs 2019

## Capability to assume the scenario

### Multiproduct offer

Balanced portfolio that has been key to react better and sooner than others.

**65%**

Shopping centres

(% GAV)

**33%**

Retail parks



>20% Food & Health

High percentage of food & health tenants



Big Brands

Differentiated brands in the portfolio

### Responsible management

Lar España assets guarantee all health-hygiene safety, social distancing and communication measures.

Large spaces to avoid unnecessary crowding, the best environmental and accessibility practices and latest technology.

Assets are far better equipped to meet these new requirements after the refurbishments of recent years.

**100%** Assets<sup>1</sup>

SGS certified to guarantee hygiene safety

### Tenant mix

**30.4%**

Fashion

**19.2%**

Home

**13.4%**

Food & Beverage

**15.6%**

Leisure & Entertainment

**7.3%**

Sports & Adventure

**7.1%**

Dining

**3.8%**

Services

**2.9%**

Health & Beauty

**0.3%**

Culture, Tech & Multimedia

**551,405**

GLA sqm

**14**

Assets

<sup>1</sup> Fully owned assets





**81.3% of rent  
collected over  
invoiced in Q1**



## Collections in Q1 21 (Cash Flow)

Covid-19 Update

### Q1 2021

81.3 %

Collected over  
rents invoiced  
in Q1



**Additionally in Q1, more than 3% of the pending amounts of 2020 have been collected, reaching more than 93% the amount collected over the amount invoiced in 2020**

## Lease incentives in Q1 21 (P&L)

Impact in P&L of lease  
incentives



**€ 3.6 Mn**

## Agreements and conversations with tenants

One-on-one  
agreements reached

**c. 100 % GLA**

Contracts  
>2024

**+65 %**

### Minimum ongoing litigations

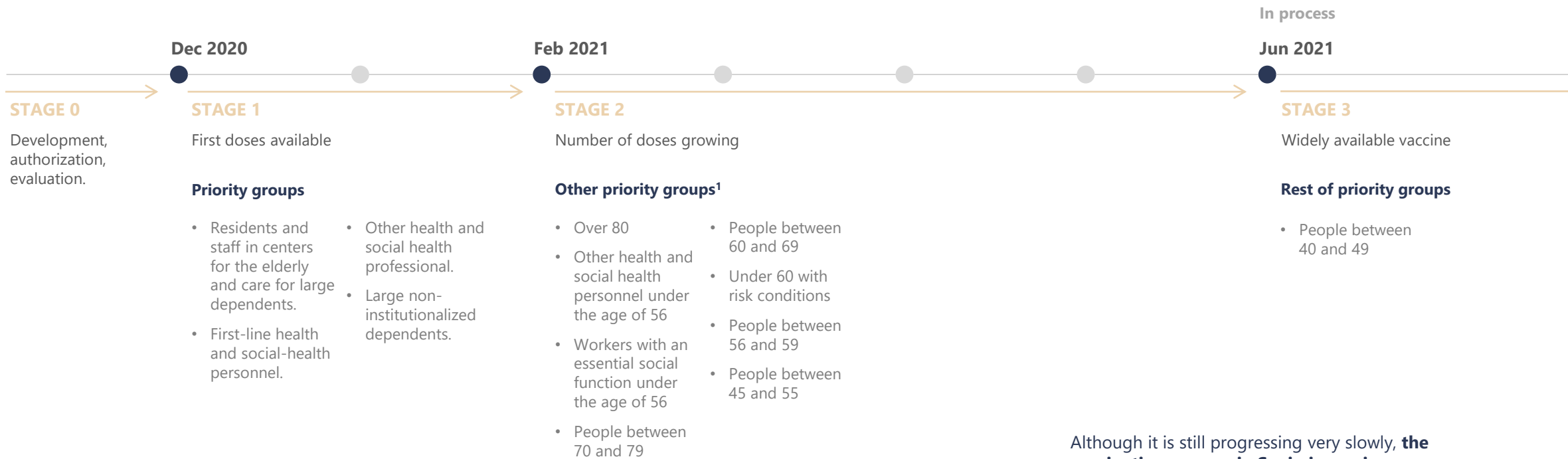
There have been no unfavorable rulings for Lar España

### Commercial strategy

Continuing one on one conversations with tenants



## Pandemic evolution and vaccine program: will improve the situation



Although it is still progressing very slowly, **the vaccination process in Spain is moving forward** and its penetration among different social groups is increasing.

The **strategy from European, Spanish and regional** administrations is focused on **vaccinating more than half of the Spanish population (70%) before the end of the summer.**



Reasons rely on Lar España

5



## 10 reasons to rely on Lar España



Reasons to invest in Lar España

- 1 Retail sector, an opportunity to enter at attractive yields.
- 2 Strong value creation over the years not reflected in share price. Refurbishment plan almost completed before health crisis.
- 3 Lar España owns assets in dominant areas with right mix of shopping centres, retail parks.
- 4 The company has a high exposure to resilient activities with >20% of GLA from food & health tenants.
- 5 Full ownership of the assets with Big data & digital strategy already implemented.
- 6 Strong operating results over the years, outperforming the Spanish market.
- 7 Quick capability to recover footfall and sales after lockdown periods.
- 8 Solid relationships with Tier 1 retailers with >64% contracts with maturities >2024.
- 9 Next disposal strategy of non strategic assets.
- 10 Attractive dividend policy over the years. Last dividend paid € 27.5 Mn.



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