



5 AÑOS
2014 ► 2019

Corporate Presentation

April 2020

www.larespana.com

RETAIL
in action!

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COMPANY OVERVIEW



RETAIL
in action!

Lar España

Real retail value

First Spanish REIT to IPO on the Spanish Stock Exchange with an **outstanding quality, dominant and 100% owned portfolio.**

Focused on creating both **sustainable income and strong capital growth for shareholders.** Solid and recurrent operational results, 8.9% dividend yield over market cap.

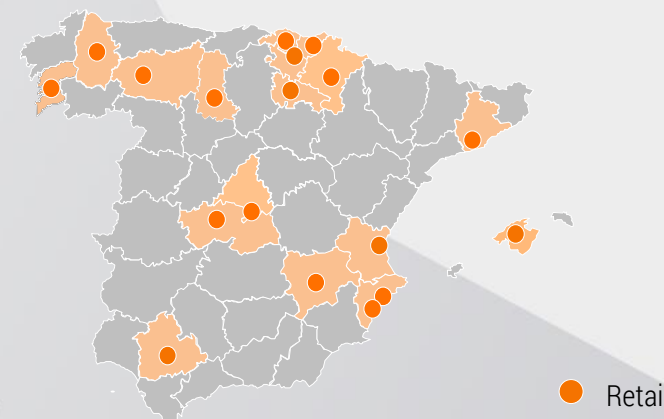
Intensive and professionalized management of the assets with an **omnichannel strategy** already implemented: physical and digital player.

Strong management team. Managed by Grupo Lar, a private Real Estate Asset Manager, Investor and Developer with a 50-year track record of international experience.

15
Assets

€1,552 Mn
Gross Asset Value

579,286
sqm GLA



16 quarters
Outperforming the Spanish market

+12.4%
Results from operations¹
vs 2018

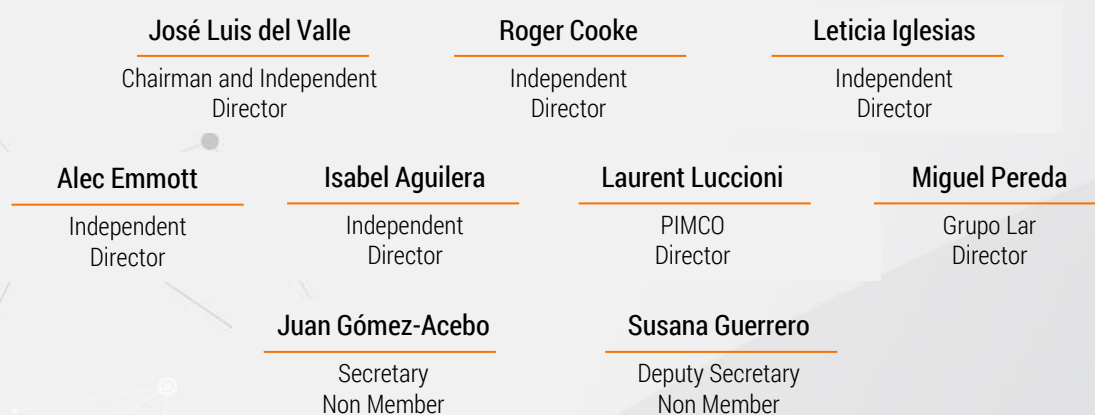
+8.6%
Profit for the Period¹
vs 2018

+31%
Retail annualised topped up net rent
vs 2018

34%
Net LTV

Company structure & shareholder overview

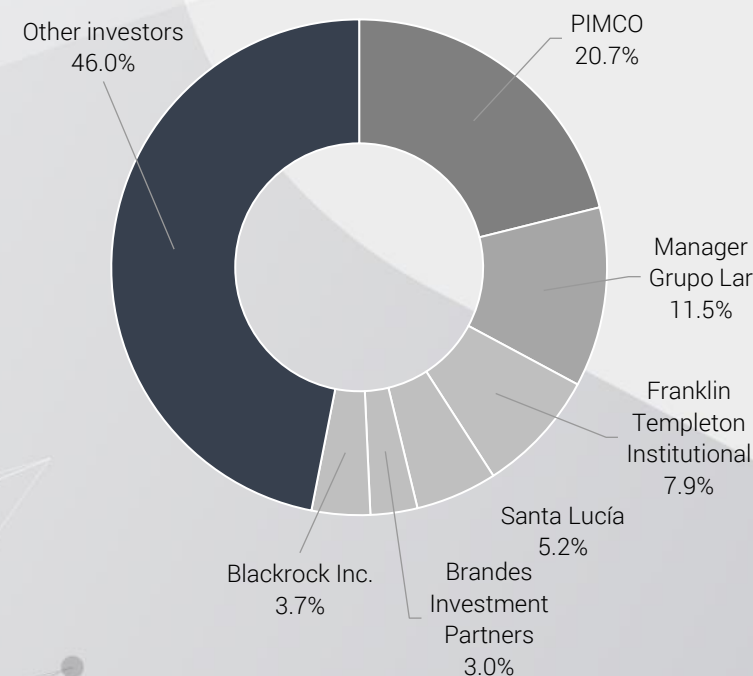
Independent and experienced Board:
5 independent directors (out of 7)



Critical Activities internalized

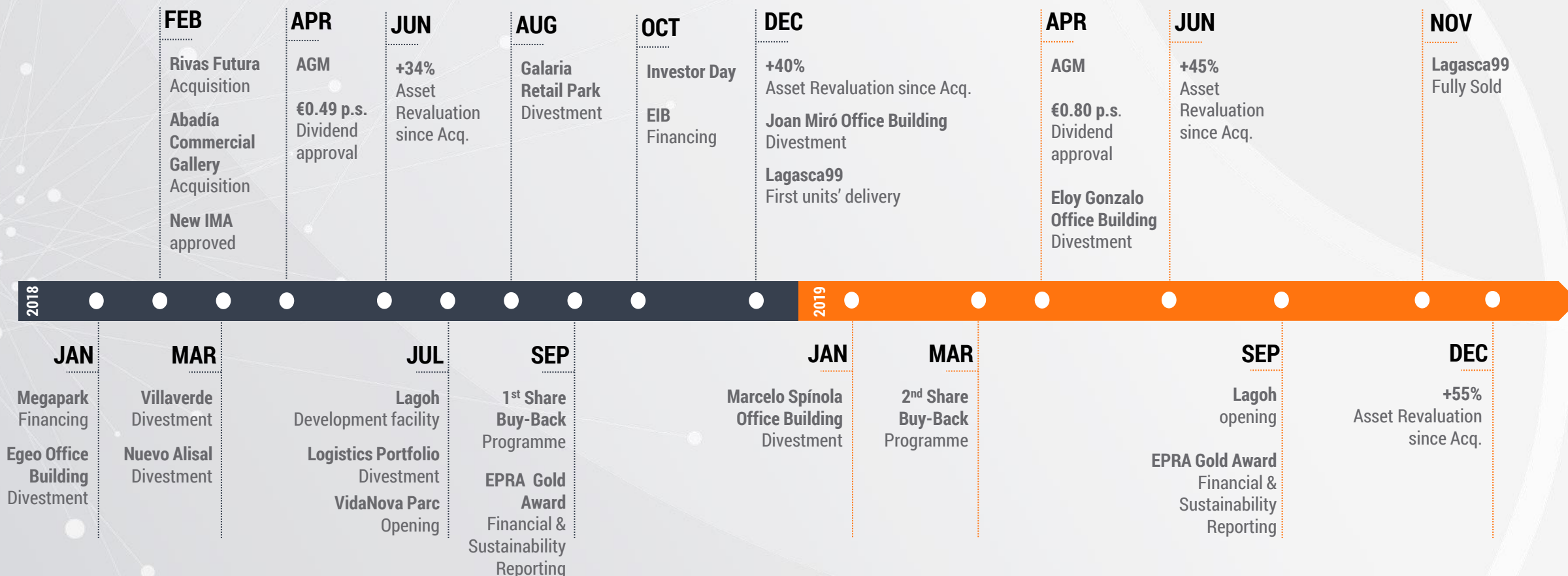


Shareholder Overview



Major corporate milestones in 2018 & 2019

Constantly seeking and executing value creating opportunities



2019

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

STRONG BALANCE SHEET & OPERATING RESULTS



Leaders in Spain with a dominant and diversified portfolio of shopping centres and retail parks

16 quarters outperforming the Spanish market

Top & loyal retailers in all our assets

VALUE CREATION



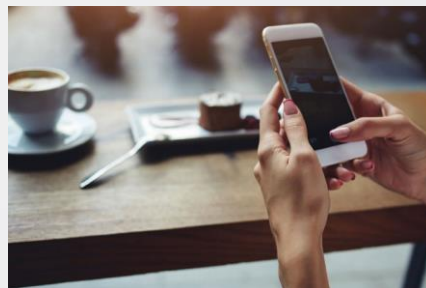
Divestment plan completion:
+87% Avg. revaluation

Growing valuations:
+13% LfL vs Dec 2018

Top dividends + SBB

Selective capex and new developments

TECHNOLOGICAL DEVELOPMENT



TES Project implemented

Big data analytics

Full connectivity in all shopping centres

Physical and online coexistence and convergence

FOCUS ON FINAL CUSTOMER & RETAILERS



"Customer journey" in operation

Assets have its own "experiential plan" creating personalized customer experiences

Optimal mix of commercial, dining and leisure offering

ESG AS ANOTHER ESSENTIAL BUSINESS METRIC



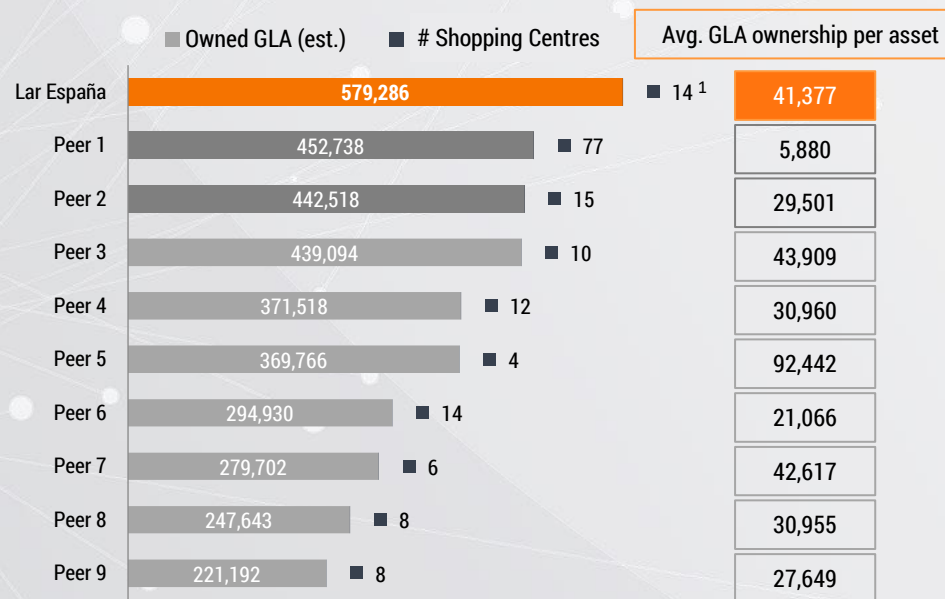
1st in class ESG company

Two EPRA Gold Awards

Responsible management of assets

The value of a retail platform

Main SSCC market players by owned GLA



Target market size: **4,5 Mn sqm** GLA

30% of the total market

Total of main competitors

3,671,515m sqm

168 assets

Lar España has **consolidated its position among the top retail operators in Spain**.
Now, the target is to selectively increase GLA to **generate revenue synergies**

RETAIL LEADERS IN SPAIN

#1 IN SPAIN
sqm GLA¹

#1 IN SPAIN
Asset stake owned

#1 IN SPAIN
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

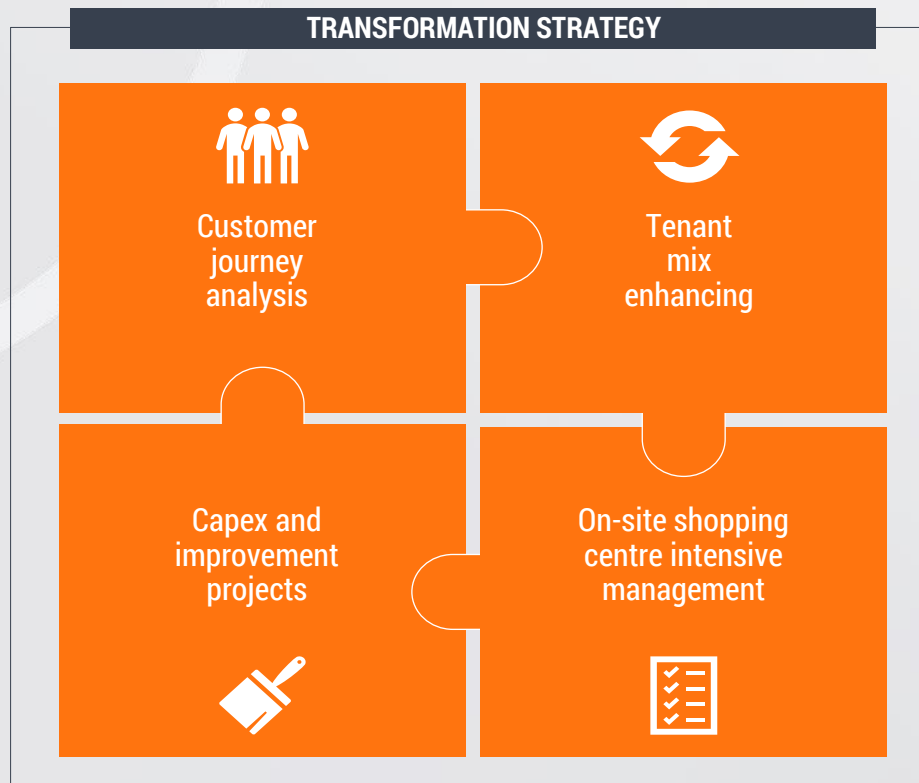
▶ Millions of physical and digital customer contacts

▶ Attraction for the development of new commercial formulas

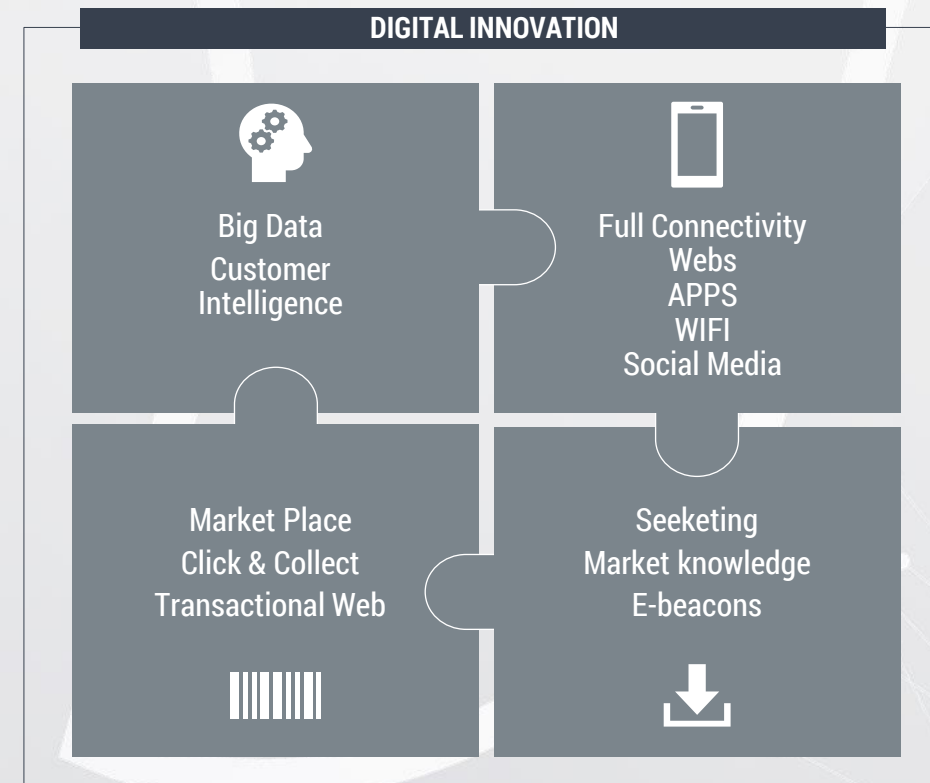
Source: CBRE & Lar figures at September 9th, 2018.

1. Number of shopping centres (supermarkets portfolio not included)

Strong Transformation + Innovation



ATTRACT NEW AND INNOVATIVE TENANTS



CREATE A WELL-BALANCED TENANT MIX

Not all retail is equal

Active management is key to be the reference in each market

Footfall 2019

64.5 Mn visits

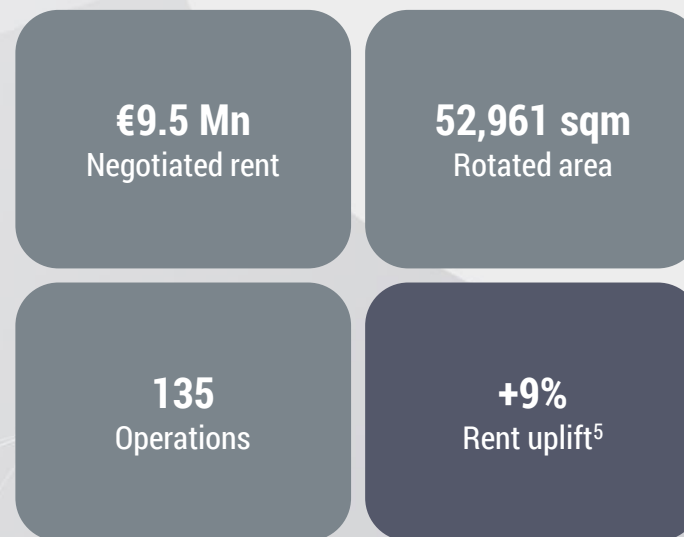
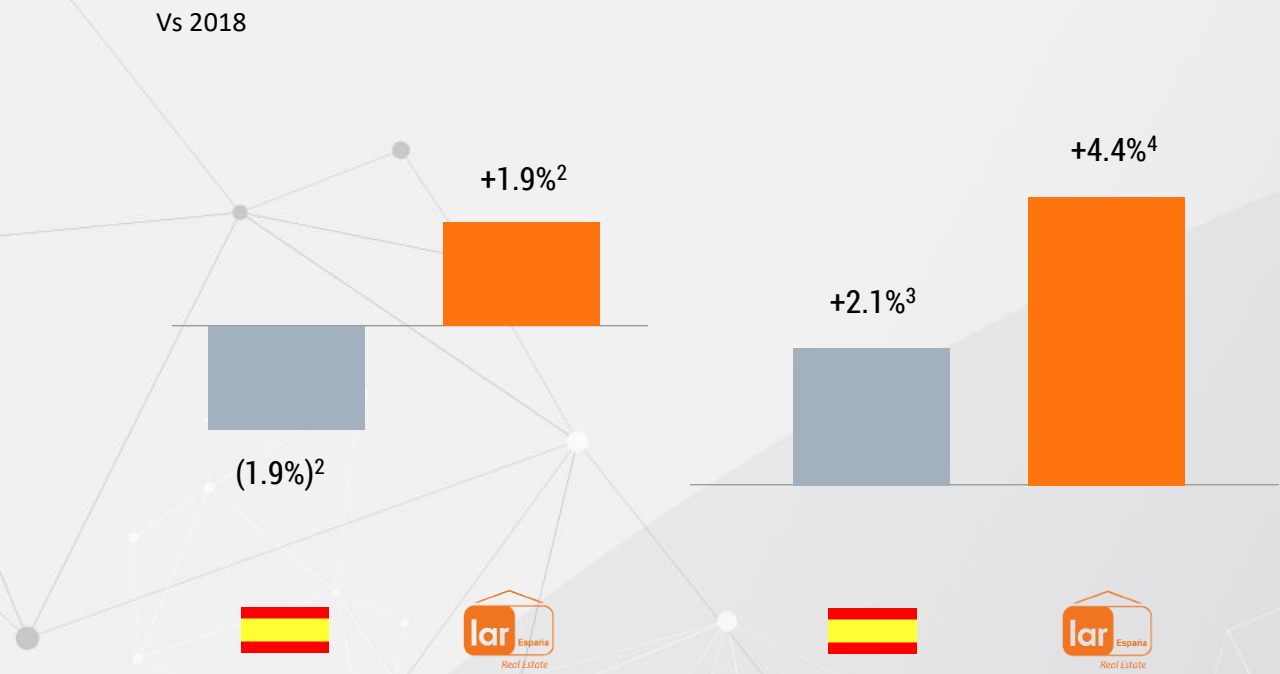
Vs 2018

Sales 2019¹

€815.2 Mn

Rental uplift from reletting activity

Recurrent growth rates in new rents from re-tenanting



1. Declared sales
2. Shoppertrak Index
3. Big Surfaces Spain Sales Index - National Statistics Institute (INE)
4. Anec Blau's data has not been taken into account because the asset is going through a comprehensive refurbishment project and Albacenter's data due to the division of the hypermarket into four retail units
5. Excluding non comparable operations

Adding value to our portfolio with the latest retail trends Through our developments and refurbishments

LAGOH



BEST EXAMPLE OF NEW GENERATION EXPERIENTIAL RETAIL

- ✓ New generation experience and F&B offering such as wind tunnel or a giant wave
- ✓ Optimal retail offering with flagship stores
- ✓ Highest sustainability standards: BREEAM & AENOR

€17 Mn
Annual topped-up
net rent

Full
occupancy

Top tier-1
brands

The sector &
area reference

PORTAL DE LA MARINA



PORTAL DE LA MARINA REFURBISHMENT ENHANCE CUSTOMERS EXPERIENCE

- ✓ Food court terraces & more comfortable spaces
- ✓ More welcoming environment
- ✓ New children's play area
- ✓ New seating areas and information point
- ✓ New vertical transport systems

EL ROSAL



EL ROSAL REFURBISHMENT NEW AND APPEALING LOOK & FEEL

- ✓ Renovated F&B area
- ✓ Outdoor terrace
- ✓ Chill-out zone and new relaxation areas
- ✓ Interior vegetation: Tree over six meters high
- ✓ Children's area

MEGAPARK PHASE I



MEGAPARK PHASE I UPGRADES TO THE RETAIL PARK AND THE OUTSIDE OF THE FASHION OUTLET

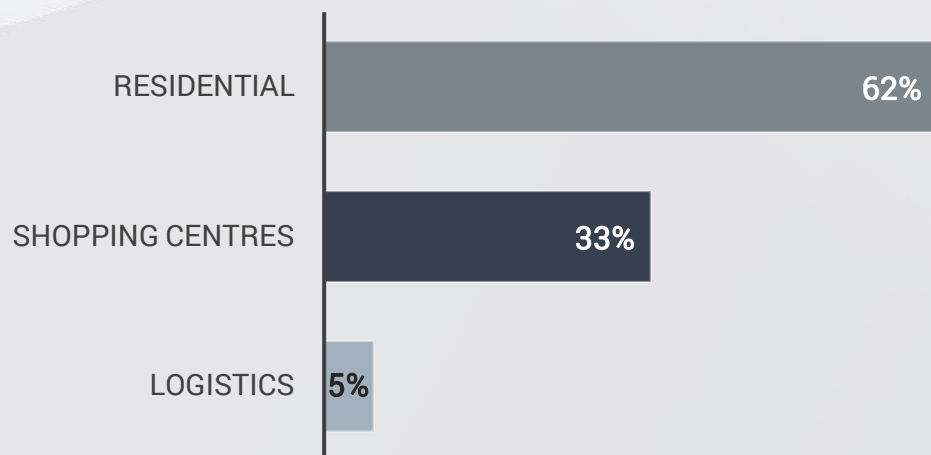
- ✓ Improved image, new landscape area, vegetation diversity
- ✓ New children's play area

PHASE II: new leisure and dining area –first-rate restaurants, terraces and alternative leisure spaces

External manager: A real estate reference



Asset breakdown by GAV (%)



- 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



02

INVESTMENT HIGHLIGHTS



RETAIL
in action!

Investment highlights

Income generation as the main driver

1

Highly attractive
income profile



2

Focused and
unique offering

3

Positive
operational
trends driving
growth



4

Selective capex
& development
deliver enhanced
income growth

5

Best-in class
manager



6

Leading the
digital
transformation
in retail

7

Attractive
dividend policy
+ SBB
programmes



8

ESG through a
responsible
management of
our assets

Lar España

Investment highlights

1 Highly attractive income profile

A resilient portfolio of dominant shopping centres in attractive catchment areas generating annualised topped-up net rent of €92 Mn (€100 Mn reversionary)

€115 Mn rent potential

Delivering an EPRA topped-up NIY of 5.9%, with significant upside (6.2% reversionary yield)

Revaluation through active management

25% of rental growth potential in our retail portfolio from €92 Mn to €115 Mn (reversionary potential of the existing assets + future investments)

+31%
Retail annualised topped up net rent vs 2018

2 Focused and unique offering

The only listed Spanish REIT in the continuous market offering pure-play exposure to an attractive portfolio of Spanish retail assets

First IPO of a Spanish REIT

The largest Spanish retail portfolio with a geographically diverse offering – 15 assets across the country with a GLA of 579k sqm

Retail leaders in Spain

All assets 100% owned, delivering flexibility and control over investment, tenant negotiations and divestment decisions

Full decision capacity over assets

Differentiated business model that generates strong recurrent value to our shareholders

Differentiated retail strategy

Lar España

Investment highlights

3 Positive operational trends driving growth

Strong rental growth with a +1.2% increase in LfL GRI and +1.6% in LfL NOI in 2019

Strong results from active management

Positive leasing momentum with +9% rental uplift achieved on the 53k sqm of rotated area in 2019

Tenant mix enhancing

Healthy growth in footfall and underlying tenant sales (+1.9% and +4.4% respectively over 2019 vs 2018)

16 quarters beating the Spanish market

High occupancy of 96.5% due to attractive sites and catchment areas

Increasing average dwell time

4 Selective capex & development deliver enhanced income growth

Solvent and diversified tenant base with a wault of 3.5 years and effort rate of 9.8%

Smart mix of retailers, leisure and F&B

Lagoh, successfully opened in September with full occupancy, adds €17 Mn of annual topped-up net rent, +15% above expectations

Andalusia's leading retail destination

Discretionary capex plan for next 3 years – to add up to €15 Mn net rental income, delivering c.7.5%-8% YoC on renovation and development capex respectively

Unique shopping experience destinations

Lar España

Investment highlights

5 Best-in class manager

Managed by Grupo Lar, a real estate asset manager, investor and developer with a 50-year track record	European JVs real estate reference
Highly motivated and aligned – Grupo Lar holds 11.5% shareholding in Lar España, which they recently increased	Top & experienced management team

6 Leading the digital transformation: TES Project (technology, engagement and sustainability)

Technology improves customer experience, by combining physical and digital strategies. It also helps to evaluate and quantify visitor experiences, optimizing management and customer relations	Omnichannel strategy implemented
Engagement: Lar España provides visitors with unique and tailored experiences	Unique and differentiated value offer
Sustainability: Clear focus on the environment, accessibility and interaction with society as a whole	Shared value for economic & social progress

Lar España

Investment highlights

7 Attractive dividend policy + SBB programmes

Dividend policy:
Ordinary dividend: >5% overNAV
Maximise distributions with special dividends:
Linked to divestments of assets

2019 Dividend: €0.63 p.s.
5.5% over NAV

8.9%
dividend yield
over
market cap

Maximizing value for our shareholders through SBB
programmes with the purpose of reducing Lar
España's share capital through the amortization of
shares

3rd SBB
programme
launched (5%
Share Capital)

8 ESG through a responsible management of our assets

Environmental: Responsible management,
sustainability certifications, environmental awareness
and innovation

100%
shopping
centres
BREEAM
certified

Social: Active listening, social initiatives, accessibility
and wealth creation

90%
assets
accessibility
audited

Governance: Ethics and integrity, independent Board,
risk management and transparency

CSR
Master Plan

03

FINANCIAL RESULTS FY 2019



RETAIL
in action!

Strong operational results in 2019

RESULTS

+9%
EBITDA
vs 2018

+45%
Adj. EPRA Earnings p.s.
vs 2018

+13%
Portfolio revaluation LfL
since Dec 2018

+55%
Portfolio revaluation LfL
since acquisition

€11.47
EPRA NAV p.s.¹
+10.1%²
vs 31 Dec 2018

ASSETS

16
quarters outperforming
the Spanish market
in sales and footfall

+9%
Rent uplift
leasing activity

+25%
Annualised
topped-up net rent
potential

96.5%
Occupancy
in 2019

64.5 Mn
visits in 2019
87 min
Avg. Stay

1. When analyzing this measure it is important to take into account the dividend paid in Q2 2019 (0.80€/share).
2. Including the dividend paid in Q2 2019.

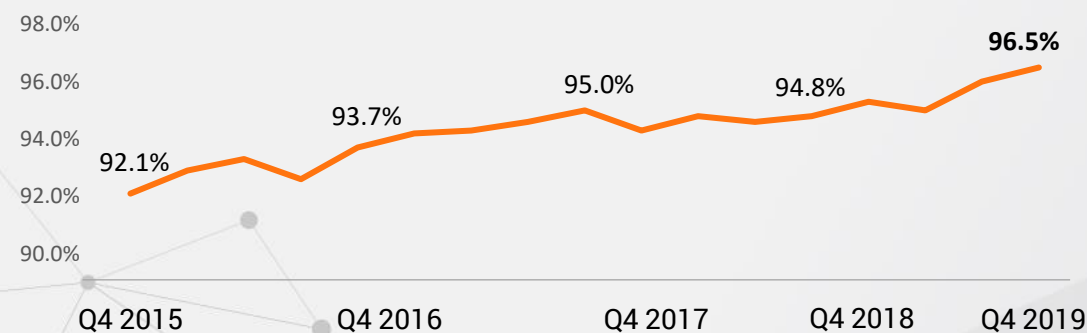
Strong corporate results in 2019



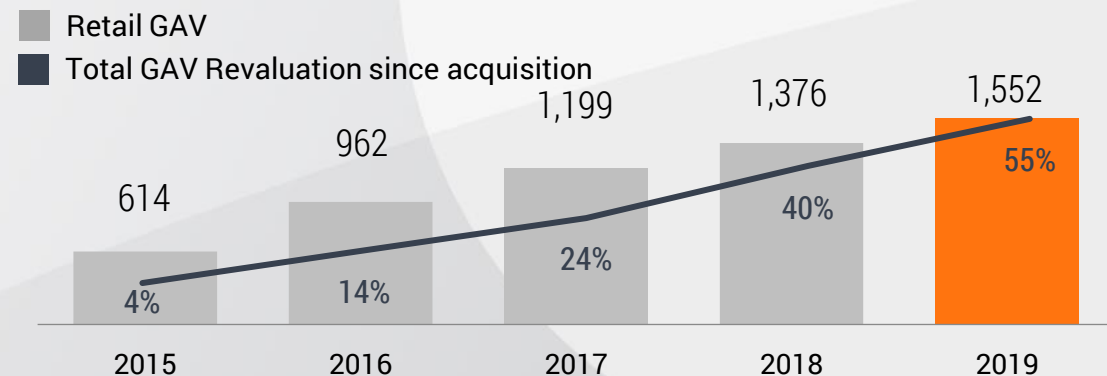
Lar España performance

A story of growth

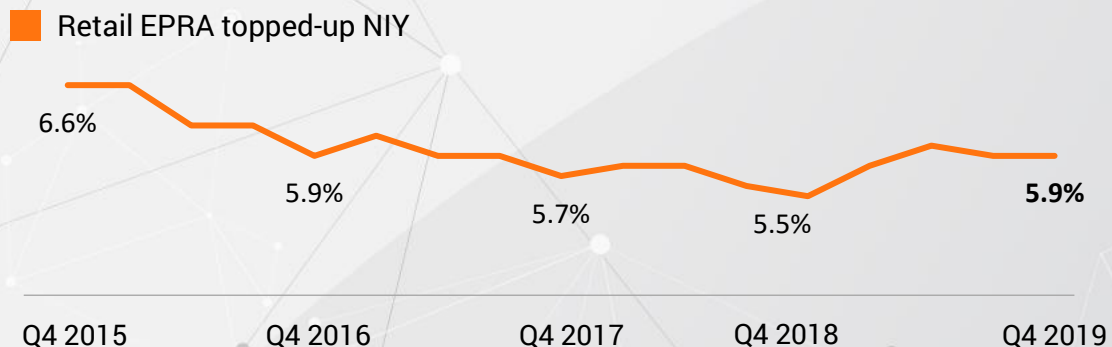
Retail Occupancy Rate¹



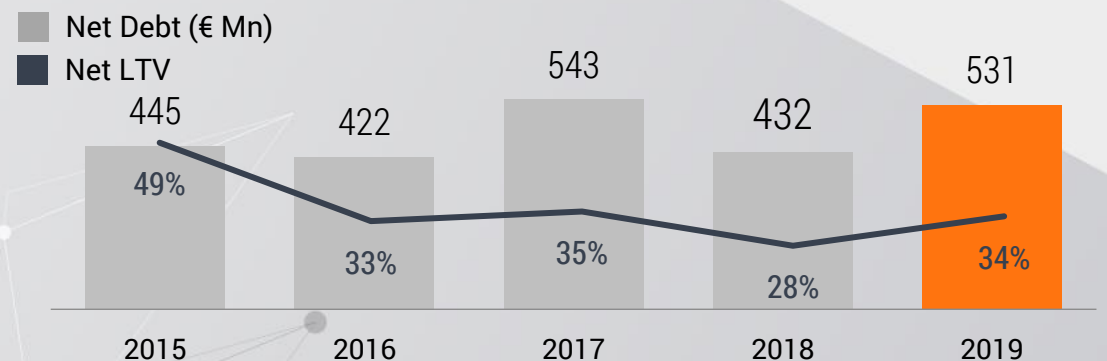
Retail GAV (€ Mn)



Retail EPRA topped-up NIY





Net Debt & Net LTV



1. Ratio calculated under EPRA recommendations

Successful & strong financial key figures delivered in 2019

15 Assets	€81.1 Mn GRI	+4.2% vs 2018	 	
€1,552 Mn GAV	€59.3 Mn EBITDA	+8.8% vs 2018	€1,003.8 Mn EPRA NAV	8.21% ROE
579,286 GLA sqm	€697.9 Mn Financial debt	2.1% Cost of Debt	€11.47 ¹ EPRA NAV per share	0.63 Dividend per share
€91.9 Mn Annualised "topped-up" net rent	€531.2 Mn Net financial debt	34% Net LTV	5.9% ² EPRA "topped-up" NIY	10.14% Shareholder return ³

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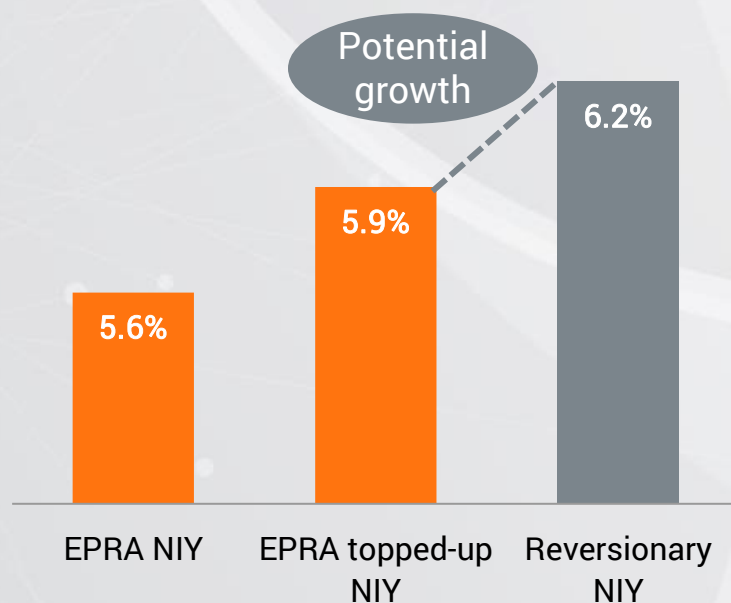
2. Anec Blau's data has not been taken into account because the asset is going through a comprehensive refurbishment project.

3. To calculate the rate of return, we use the growth per share (NAV + Dividend) over the financial year divided by EPRA NAV per share 31.12.2018

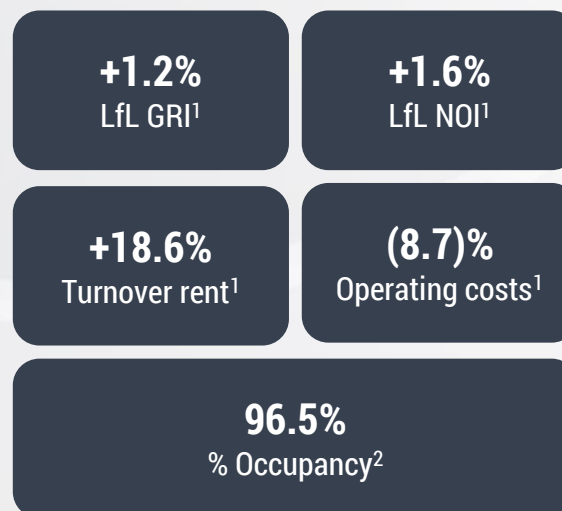
Solid retail performance

driven by robust operating results in 2019

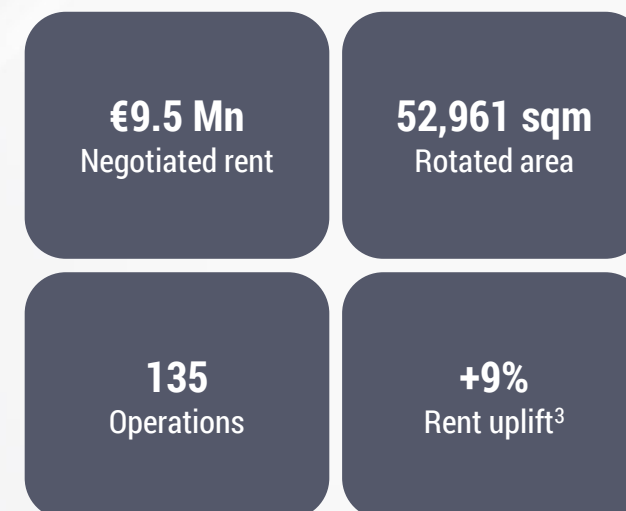
Retail yields



Operating results



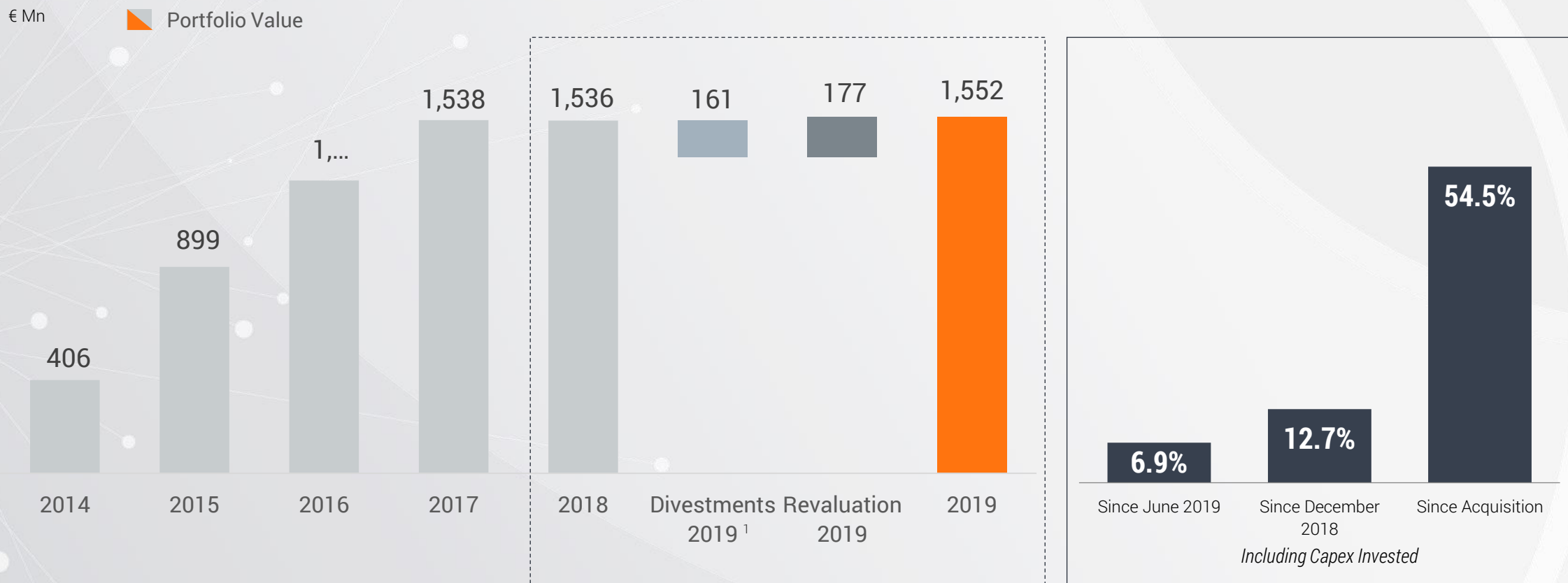
Commercial activity



1. Anec Blau's data has not been taken into account because the asset is going through a comprehensive refurbishment project and Albacenter's data due to the division of the hypermarket into four retail units
 2. Ratio calculated under EPRA recommendations
 3. Excluding non-comparable operations

Strong valuation performance

Increasing portfolio's value despite the execution of the divestment plan in 2018 and 2019



1. During 2019 Lar España sold Marcelo Spínola and Eloy Gonzalo office buildings for a total sum of €77 Mn, which represents an aggregate of 142.9% with respect to the purchase price. Additionally, Lar España has continued delivering residential units in the new Lagasca99 building.









Consolidated Income Statement

(€ Millions)

	P&L	
	FY 2019	FY 2018
Revenues	81.1	77.8
Other income	3.3	3.7
Personnel expenses	(0.4)	(0.5)
Amortization expenses	-	(0.3)
Other expenses	(25.7)	(55.1)
Change in the fair value of investment properties	40.0	70.5
Results of disposals of investment properties	1.0	28.5
RESULTS FROM OPERATIONS	99.3	124.6
Financial result	(20.1)	10.1
Share in profit (loss) for the period of equity-accounted companies	0.5	(0.9)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	79.6	133.8
Income Tax	1.1	(4.5)
PROFIT FOR THE PERIOD	80.7	129.3

Note: May not foot due to rounding

Perimeter's change

		Affecting:	
14 assets		26% GLA	16% rents
Asset	Typology	GLA	Rental income
Divested in 2019			
Lagasca99	 Residential		
Eloy Gonzalo	 Office building	6,401 sqm	€1.7 Mn
Marcelo Spínola	 Office building	1,905 sqm	€0.6 Mn
Divested in 2018			
Joan Miró	 Office building	8,230 sqm	€0.6 Mn
Galaria	 Retail park	4,108 sqm	€0.7 Mn
Logistics portfolio & Cheste	 Logistics	161,841 ¹ sqm	€6.3 Mn ¹
Villaverde & Alisal	 Retail Parks	2,109 sqm	€2.1 Mn
Egeo	 Office building	17,050 sqm	€3.4 Mn

1. Excluding the plot of land in Cheste (182,000 sqm)

Consolidated Income Statement

(€ Millions)

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Note: May not foot due to rounding

Pro-forma Retail Portfolio Consolidated Income Statement

(€ Millions)

	Retail portfolio P&L		Chg% FY 2019/18
	FY 2019	FY 2018	
Revenues	80.9	73.2	+10.5%
Other income	2.5	3.7	
Personnel expenses	-	-	
Amortization expenses	-	(0.3)	
Other expenses	(21.2)	(44.4)	
Change in the fair value of investment properties	40.0	55.6	
Results of disposals of investment properties	-	3.1	
RESULTS FROM OPERATIONS	102.2	90.9	+12.4%
Financial result	(19.9)	(15.0)	
Share in profit (loss) for the period of equity-accounted companies	-	-	
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	82.3	76.0	+8.3%
Income Tax	-	(0.2)	
PROFIT FOR THE PERIOD	82.3	75.8	+8.6%

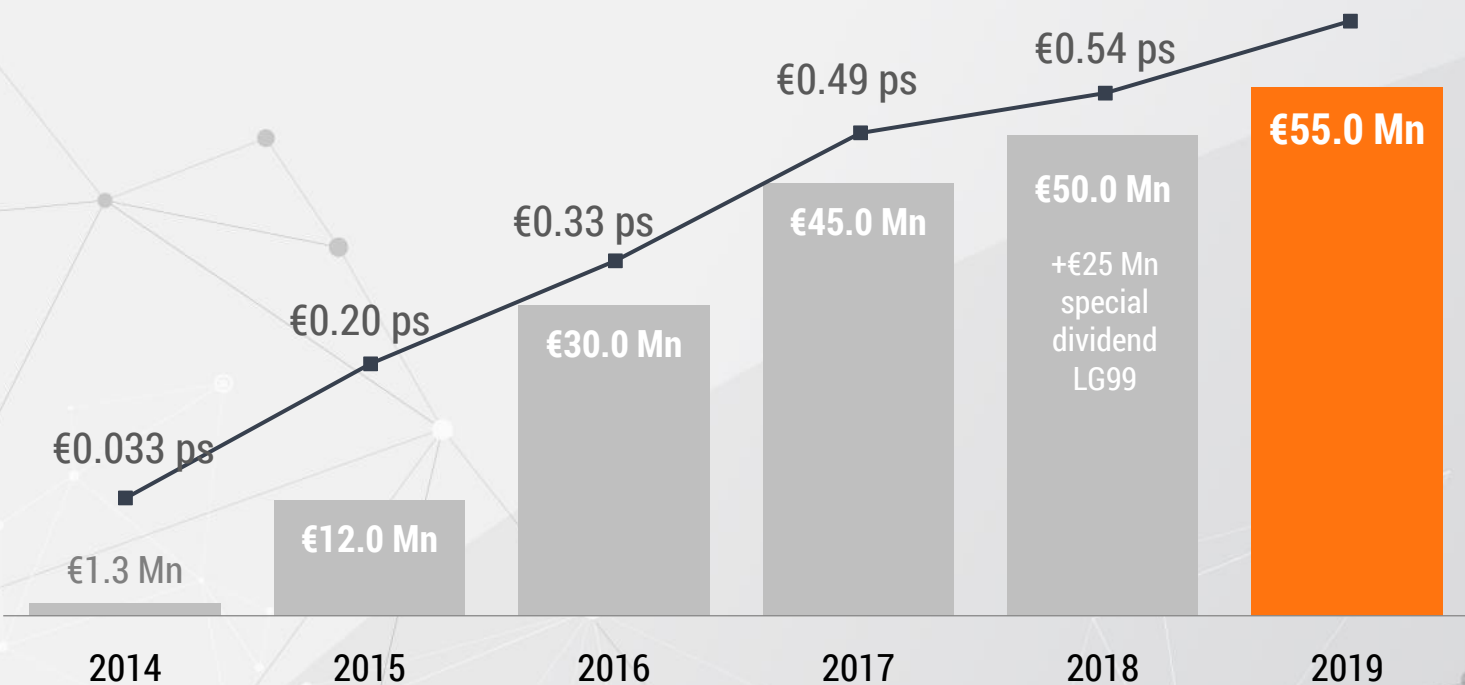
Dividend

At the top of the Spanish Stock Market Exchange

+111%
CAGR¹

+€5 Mn
vs 2018

€0.63 ps
Cash dividend



5.5%
Dividend Yield
on NAV²

8.9%
Dividend Yield
on Market Cap²

IBEX
TOP DIVIDENDO
Appointed in
2018 & 2019

10.14%
Return to
shareholders³

1. Compound annual growth rate
2. EPRA NAV and Market Capitalization as of December 31st, 2019
3. To calculate the rate of return, we use the growth per share (NAV + Dividend) over the financial year divided by EPRA NAV per share 31.12.2018

New share buy-back programme of up to 5%

Maximizing additional value for our shareholders

The purpose of the Buy-Back Programme is the further reduction of Lar España's share capital through the amortization of shares

1st

Share Buy-Back Programme

100%
of SBB shares
amortized

3.1 Mn
shares
amortized

3.1%
of company's
Share Capital

2nd

Share Buy-Back Programme

100%
of SBB shares
amortized

4.7 Mn
shares
amortized

5%
of company's
Share Capital

3rd

Share Buy-Back Programme

€45 Mn
share
Buy-Back

5%
of company's
Share Capital

Next steps

More different, more innovative, more experiential & more profitable

- 1 Constant focus on income generation
- 2 Recurrent and solid rental growth
- 3 Top level, high and sustained dividend for our shareholders
- 4 Maximize value for our shareholders through SBB programmes with full amortization of shares
- 5 Normalized asset rotation policy of non-core assets
- 6 Capacity to grow, but always associated to targeted profitability
- 7 Omnichannel strategy already implemented: physical and digital player
- 8 Continuous 1st in class ESG positioning



04

ESG SUMMARY



RETAIL
in action!

Lar España's approach to ESG



Environmental Responsible management



Sustainable Management

100% of shopping centres are BREEAM® certified, rated “good” or “very good”



New developments

are designed and developed in line with the specifications required to obtain the prestigious **BREEAM® quality and sustainability certification** (Requirement of 2 year in operation to obtain BREEAM® in use certification)

Energy intensity
38.1 kWh/sqm
-5.9%
Vs. 2018

Electricity consumption
18,715,234 kWh
-6.2%
Vs. 2018

Gas consumption
1,742,098 kWh
-3.9%
Vs. 2018

Recycled waste
1,384 Ton
+19.3%
Vs. 2018

GHG emissions
711,330 kg CO₂ eq
-45.9%
Vs. 2018

GHG emissions
1.3 kg eq CO₂/sqm
-45.9%
Vs. 2018

Water consumption
106,420 m³
-0.1%
Vs. 2018

water consumption
2.2 l/person
+8.7%
Vs. 2018



Energy

PV solar panels in retail assets
Home automation systems to maximise energy efficiency in residential properties



Water

Water saving programmes for irrigation systems and WC and common areas in retail properties



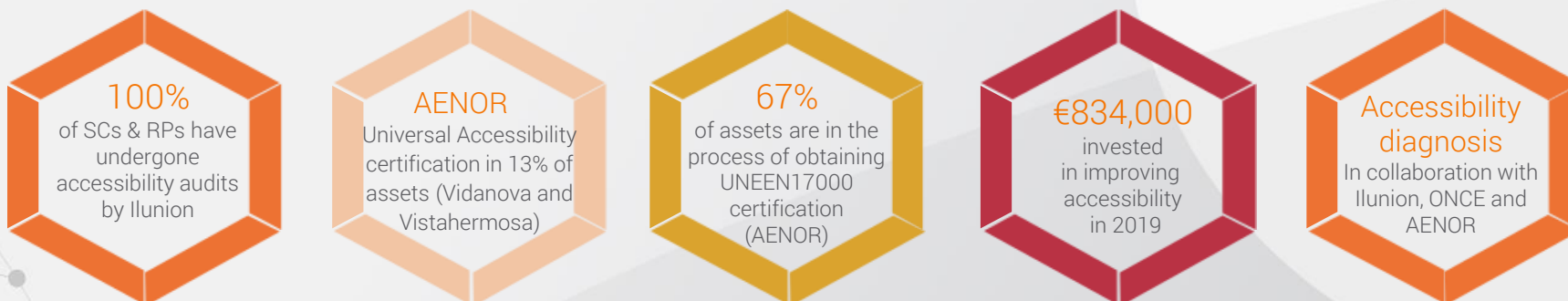
Air quality

Indoor Air Quality measurements in retail and office buildings

Social

Society-based initiatives in our communities

AACESIBILITY



SOCIETY

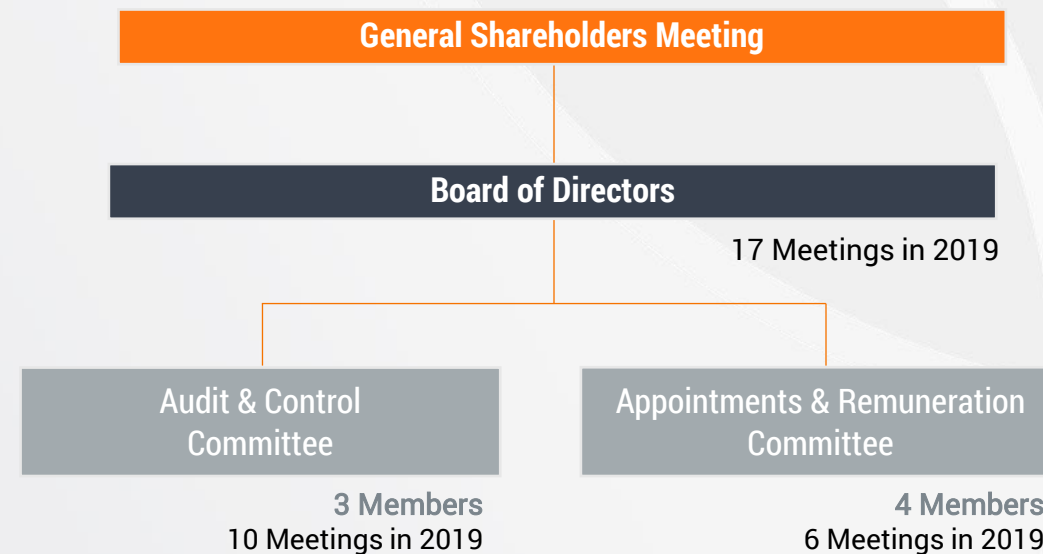


Governance Structure

BoD Composition (7 members, 5 independent)



Board & Committees



Critical Activities internalized



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