



The REIT
for the new retail world!

H1 2022 RESULTS PRESENTATION

29th July 2022



larespana.com

Presenting Team



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España & Chairman of
Grupo Lar



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Framework & company situation

Miguel Pereda

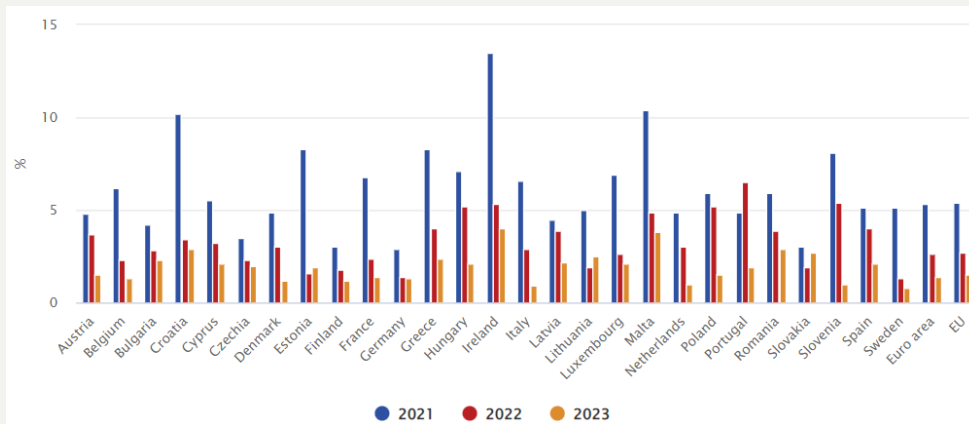
Vice- Chairman of Lar España & Chairman of Grupo Lar

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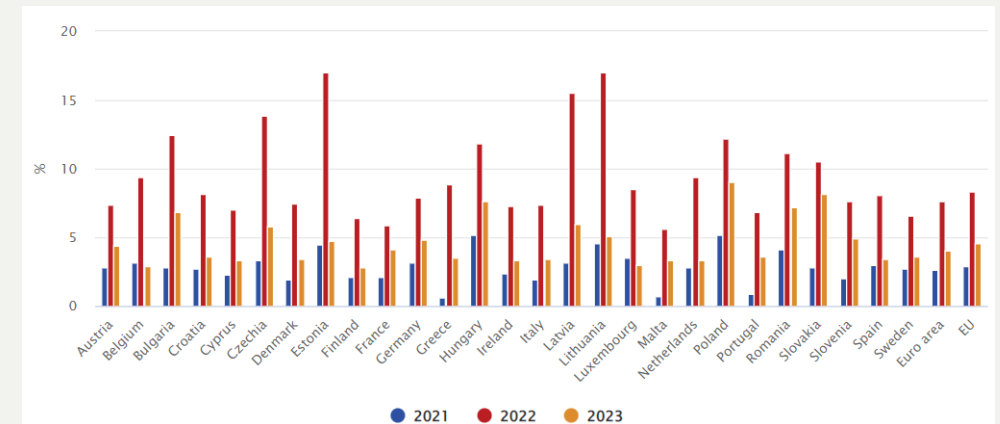
Consolidation of the recovery, with inflation extending beyond expectations

%GDP growth forecast



Source: European Economic Forecast - Summer 2022

Inflation forecast



Source: European Economic Forecast - Summer 2022

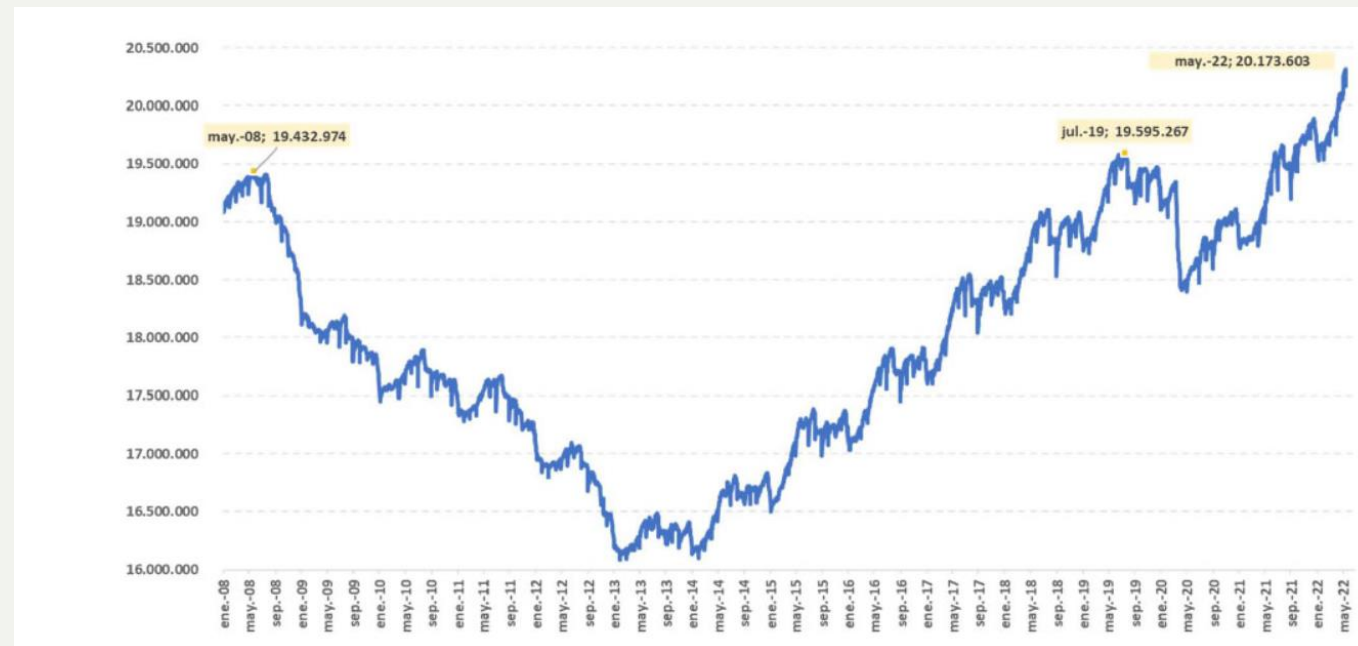
	2021	2022	2023
% GDP Growth Spain	5.1	4.0	2.1

	2021	2022	2023
Inflation Spain	3.0	8.1	3.4

Growth is still relevant and inflation tends to decrease towards the end of the year

Spain is creating employment

The Spanish economy is capable of creating jobs with a growth rate of 2%



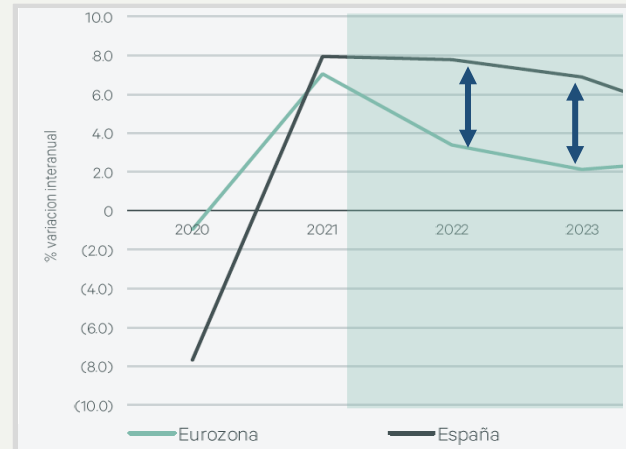
Record number of social security contributors since 2008

Source: Secretary of State for Social Security and Pensions

Spanish retail sector has proven during the past and now its resilience

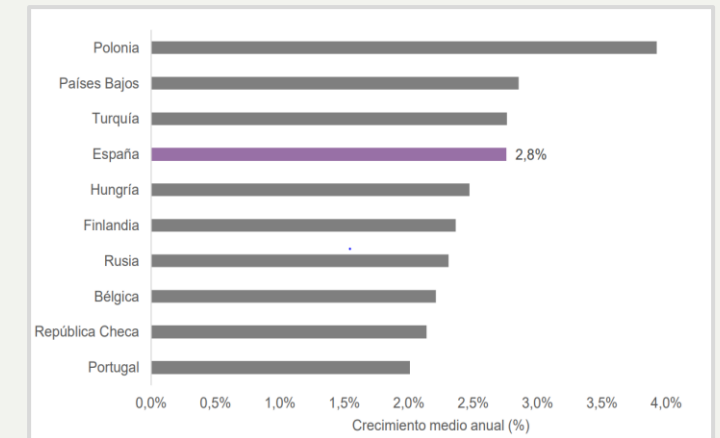
- Rents in Spanish shopping centers have grown above average
- Retail sales growth above the eurozone average

Eurozone vs Spain % Annual change in retail sales



Source: CBRE, CBRE Real Estate Market Outlook 2022 España | EMEA. 23rd January 2022

Average annual growth of rents in shopping centers
% 2022-2026 by country



Source: JLL Snapshot Retail, April 2022

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

Spanish retailers have **entered into a mature phase** and the **country's density** is well- below the US and EU markets.

Spanish shopping centers are **much more modern** and have **more space allocated to leisure and hospitality** in contrast to the Anglo-Saxon model.

E-commerce penetration in Spain (6.5% as of March 2021) is far from the figures in the US (c.20%) and in the large European economies.

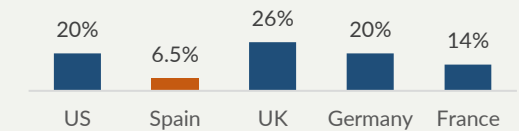
Spanish shopping centers focus on leisure and hospitality, **services and experiences which, to a large extent, cannot be obtained digitally.**

Good performance of the Spanish retail investment market: 23 corporate deals completed in the last 18 months.

Shopping Center Density
(sqm/inhabitant)



E-commerce penetration



Spain. Footfall 2022 vs 2021

+14%

Source: ShopperTrak 2022.
June 2022

Spain. Sales 2022 vs 2021

+3%

Source: INE.
May 2022

Lar España demonstrates again strength over the Spanish sector



€42.1 Mn
GRI H1 2022 **+6.8%** vs H1 21

€54.9Mn
Net Profit **+7X** vs H1 21

€1,470 Mn
GAV **+4.1%** vs June 21

€10.72¹
EPRA NTA p.s. **+5.4%** vs H1 21

€35.5 Mn
NOI **+10.4%** vs H1 21

39.8%
LTV **-120 bps** vs June 21

¹ When analyzing the evolution of this measure it is important to take into account the dividend paid in Q2 2022 (0.36€/share).

It also demonstrates a performance above the European sector

H1 22 Market Comparison

	Lar España	Market Average ¹
Net Profit vs Jun21	7X	2X
GAV vs Dec21	+3.2%	+0.0%
EPRA NTA p.s vs Dec21	+3.0%	-0.7%
Asset Valuation vs Jun21	+4.1%	-0.2%
Occupancy rate	95.3%	95.6%
LTV	39.8%	39.3%
Average cost of debt	1.8%	2.0%
Dividend over market cap	7.0% ²	6.9%
Sell-side potential price revaluation	+50.5%	+13.9% ³
% of positive sell-side recommendations ³	91.0%	60.0%

¹ According to 1H 2022 results published by European peers

² Dividend approved (0.36 €/p.s). Market Cap at 31 Dec 21

³ According to Reuters 21 July 22

Once again Lar España is well prepared for major uncertainties

- We have kept the highest health standards.
- We reinforced our business plan, its implementation and communication.
- We strengthened our commitment and relationship with retailers.
- Improved capital structure through issuance of 2 green bonds, extending maturity and improving cost of debt.
- Increase of occupancy levels with ca. 100% agreements with retailers already signed and no relevant losses in the tenant mix.



Rents

Strong results.
GRI +6.8% vs H1 2021
Effort rate¹: 9.3%



Portfolio

100% refurbished. 100% agreements with retailers. Solid valuation of the assets.



Inflation

100% of tenant contracts are indexed to the CPI.

The average ticket of our centers is medium/low.



Interest rates

All our financial debt is at a fixed rate (1.8%) and with maturities beyond 2026.



Energy

All energy costs are passed on to tenants.
Reduction in consumption in 1H 2022: -12.23%.



Essential activities

Higher exposure to food and other essential activities: about 25%.

We keep achieving significant milestones during 2022



PRESENTATION OF OUR NEW BUSINESS PLAN

We held an Analyst Day and presented our new business plan for the coming years

- More than € 500 Mn investment to consolidate our leadership in retail
- Rotation of up to c.a.30% of current assets to optimize the portfolio
- We expect c.a.7% average growth per annum during the BP Period (2022-2025)

FITCH AFFIRMS LAR ESPAÑA'S RATINGS AT "BBB"

FitchRatings

- Fitch Ratings affirmed Long-Term Issuer Default Rating (IDR) and senior unsecured rating at 'BBB'
- The Outlook on the IDR is Stable
- The only real estate company specialized in retail listed in the Spanish Continuous Market, maintains the highest rating in its segment

DISTRIBUTION OF A 30 MILLION EUROS DIVIDEND

- A dividend of 0.36 euros per share was approved on the Lar España's Shareholders' Meeting, for a total of 30 million euros.
- It represents a yield per share of 7%, 30 bps higher than that paid the previous year.

VALUATIONS REMAIN STABLE

- +53.6% revaluation since the acquisition and +4.1% revaluation since June 2021 & +3.2% revaluation since December 2021



H1 2022

Operating performance

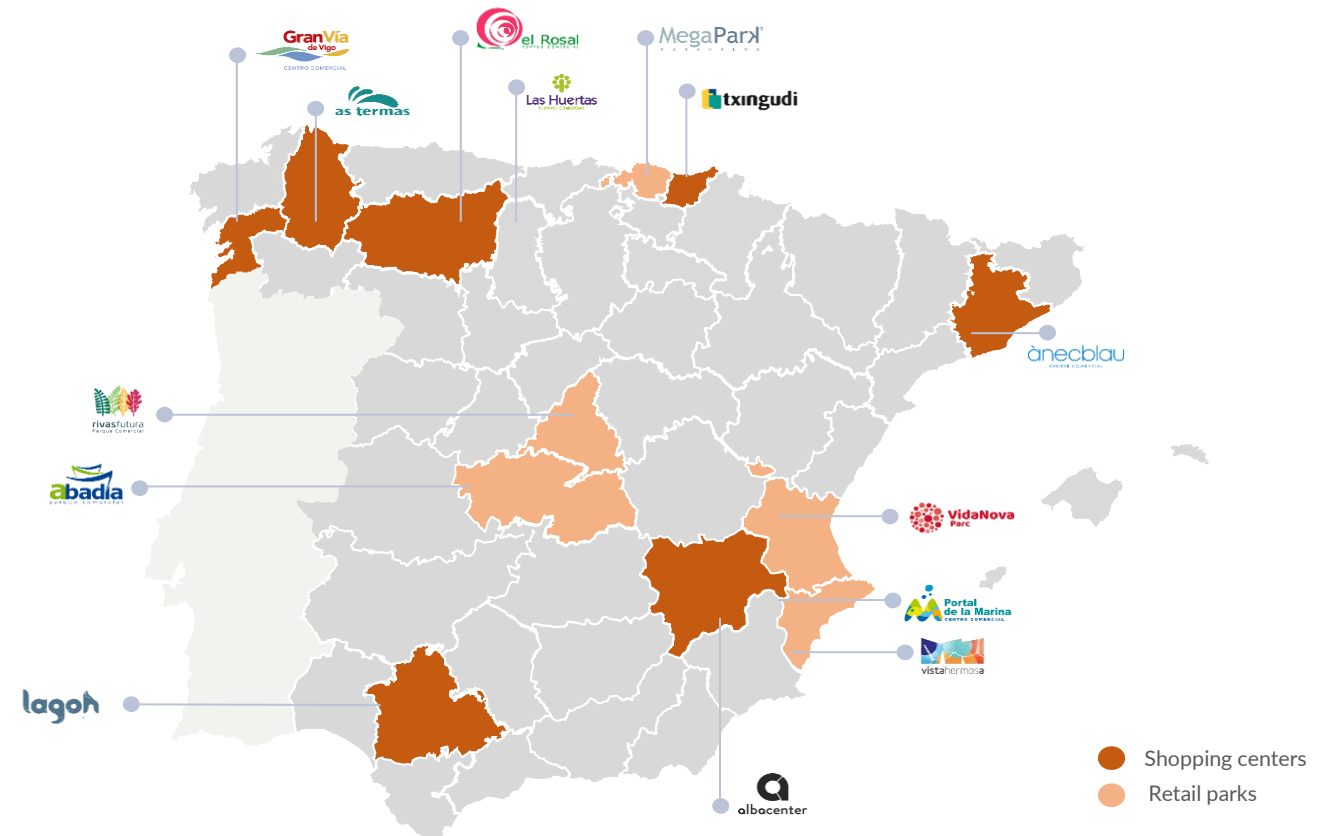
José Manuel Llovet
Chief Executive Officer of Commercial Real Estate of Grupo Lar

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Really dominant and resilient portfolio

- Attractive asset mix
- 66% Shopping centers
- 34% Retail Parks
- +95% Occupancy
- c. 25% 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	●	●	●	●	●	●	●
Vistahermosa	Dominant	●	●	●	●	●	●	●
Megapark	Dominant	●	●	●	●	●	●	●

Last May...



Lagoh awarded as the best shopping center in Spain

- The Asociación Española de Centros y Parques Comerciales (AECC) awarded Lagoh with the 2022 prize for **the best large Spanish shopping centre** at the closing gala of the XVIII Spanish Congress of Shopping Centres and Parks.
- The shopping center, designed and developed by Lar España, meets the highest standards of excellence and sustainability.
- It is the largest shopping and family entertainment centre in Andalusia, with a surface area of **100,000 square metres**.
- The center represents the **retail model** that Lar España has adopted. A **new approach** that is more experiential, customisable and focused on family leisure.

Already at pre-COVID levels



1 Occupancy in sqm.
 2 Like for Like (excluding 7 non comparable operations)
 3 Like for Like excluding Lagoh

Main operations

RENEWALS

45 deals have been signed with
MGR Uplift of +0.6% vs Prior Rent.



RELETTINGS

19 contracts have been signed with
an MGR Uplift of +9.3%*.

PULL&BEAR



MANGO

STRADIVARIUS



NEW LETTINGS

9 contracts have been signed.



(*) Like for Like (excluding 7 non comparable operations)

Innovation as a cornerstone of our strategy

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.



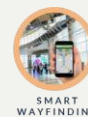
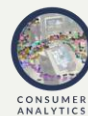
Incorporation of the *phygital* concept in our centres, through the sale of product in our digital showroom via the programme app, WhatsApp and social media.

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.



The **DISFRUTONES** customer loyalty programme:
>125,000 Members.

Shopping centre **website:**
>1,750,000 Visits.



H1 2022 Financial & ESG Results

Jon Armentia
Corporate Director and CFO of Lar España

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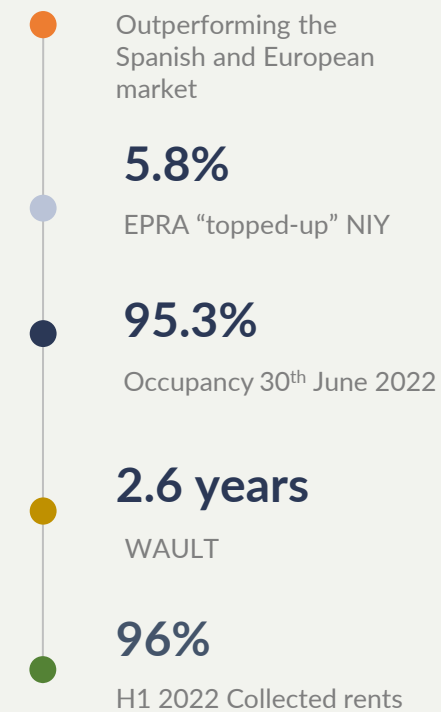
H1 2022 Financial Results



Results



Assets



¹ When analysing the evolution of this measure it is important to take into account the dividend paid in Q2 2022 (0.36€/share).

H1 2022 Corporate Results

EPRA Gold Award Financial
Reporting 7th year in a row



EPRA Gold Award ESG
Reporting 4th year in a row



Corporate



¹ Market Cap as of 31 December 2021

² Undrawn credit facility included (€30m)

With the best in class practices in ESG

Social



6 assets certified



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



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

Governance



100% Recommendations of the CNMV Good Governance Code complied



24th out of 116; General ranking
5th 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. Working on 2021 registration



EPRA Gold Award ESG Information 2018-2021

Scorings



Certifications



ISO 14001 & ISO 45001



100% portfolio certified:

3 Excellent
10 VeryGood
1 Good

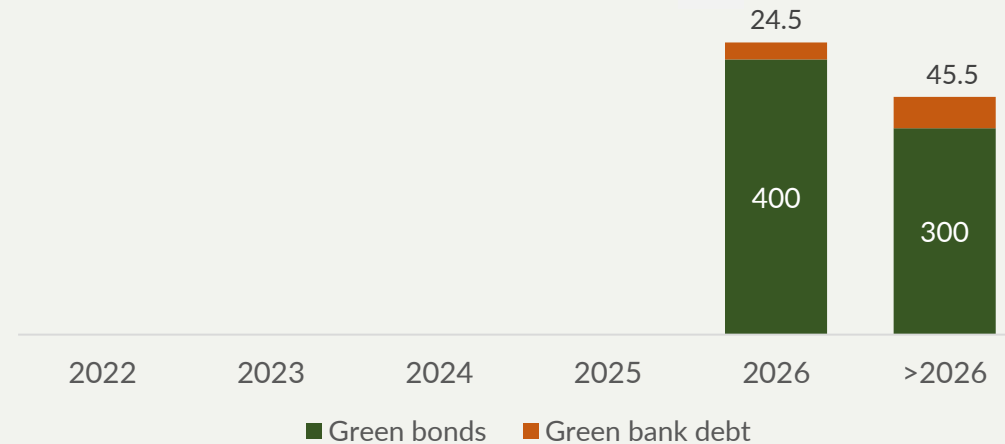
Debt profile: investment grade and successful bond issuances

BBB
FitchRatings

As of
30/06/22

- **€770 Mn**
Gross Financial debt
- **€585 Mn**
Net financial debt
- **1.8%** average cost of debt
(40 bps improvement vs 1H21)
- **5.2 years**
Avg. Debt Maturity
- **100% Fixed rate and Unencumbered**
- **100% Green debt**

Maturity Profile – Post issuances
Debt (€Mn)



ISS
Second party
opinion

BBB stable outlook - Rating affirmed

BBB

FitchRatings

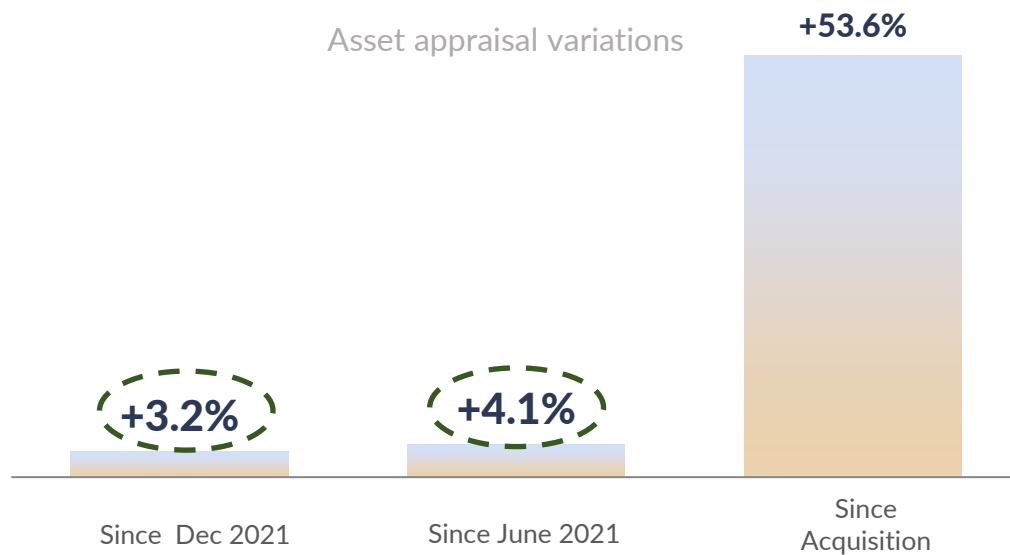
Fitch underlines that:

- Its rating reflects both the **regional dominance** and the high retail space of Lar España's portfolio of 14 shopping centers and retail parks, as well as **its valuation of more than 1.4 billion euros** at the end of 2021.
- The rents set for its portfolio are affordable and assume reasonable occupancy costs.
- The degree of financial leverage is moderate, with normalised debt below eight times EBITDA.
- It valued the **steady improvement in occupancy** rates at Lar España's assets to around 96%, while final sales by its tenants are already 10% above pre-pandemic figures.
- The **high recurrence of income** over the past year, as well as the good pace of **renovations and payments** so far in 2022, corroborate the quality of the locations and the dominance of the firm assets in their respective areas of influence.
- From 2023 onwards, **Lar España's rental income is expected to grow significantly, once tenant incentives are completed and the effects of asset modernisation and capex investments undertaken by the company crystallise.**

Strong valuations demonstrates the quality of the portfolio

30th June 2022 Valuation
€1,470 Mn

Including Capex Invested

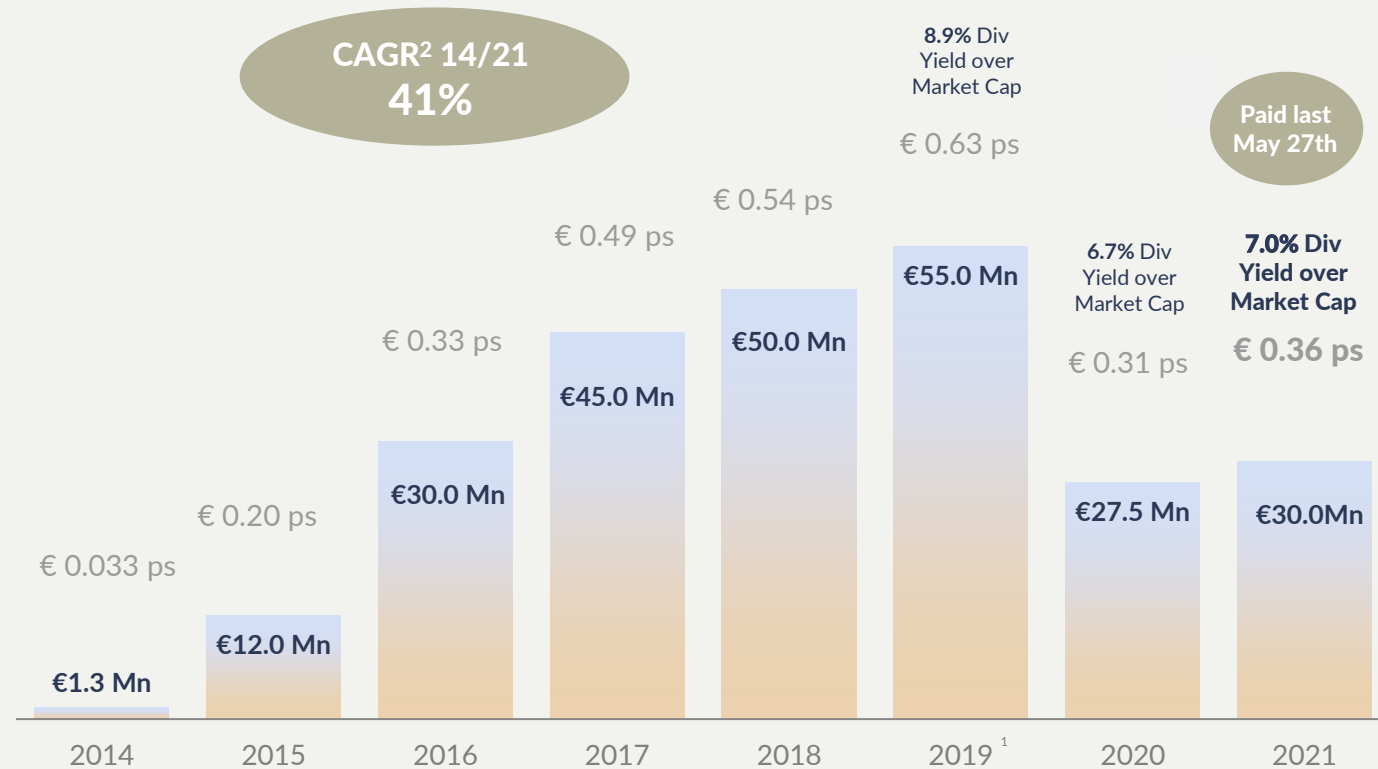


- A **resilient** portfolio of **dominant** shopping centers in attractive catchment areas.
- **Cherry picked assets** carefully selected without acquiring portfolios.
- Assets c.**100% owned**, delivering flexibility, control and full decision capacity.
- Solvent and **diversified tenant base** with a WAULT of 2.6 years and close medium-and long-term relationships.
- **Active management** with last trends in technology, omnichannel strategy and customer knowledge experience.

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



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

² CAGR stands for Compound Average Growth Rate

P&L H1 2022: clear recovery of the profit during the period

	H1 2022	H1 2021	Variation
Consolidated Income Statement 1H 2022 (€ Thousands)	Total	Total	
Revenues	40,493	38,752	
Other Income	1,558	1,226	
Personnel expenses	(519)	(276)	
Other expenses	(14,891)	(17,185)	
Changes in the Fair Value of investment properties	41,055	(7,564)	
Results from Divestment	-	9	
EBIT	67,696	14,962	4.5X
Financial Result	(8,298)	(10,258)	
Changes in the fair value of financial instruments	(4,533)	1,397	
EBT	54,865	6,101	9.0X
Income Tax	-	1,623	
Profit for the Period	54,865	7,724	7.0X

Notes: May not foot due to rounding.

New Business Plan 2022-2025: Strategy



**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**

New Business Plan 2022-2025: Asset 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.



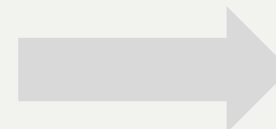
ca.30%
Rotation
included



>€400Mn
Total
divestments



>€500Mn
Total new
investments



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

New Business Plan 2022-2025: Assumptions

1 **LEVERAGE**

40%-45%
Moderate Net LTV levels

2 **SHARE CAPITAL**

No capital increases considered currently

3 **MANAGEMENT AGREEMENT**

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

4 **SHARE BUY-BACK PROGRAMMES**

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

5 **DIVIDENDS**

100% EPRA earnings + 50% Divestment
gains (to be distributed annually)

6 **RETURNS**

Back to returns above 10%

New Business Plan 2022-2025: Targets

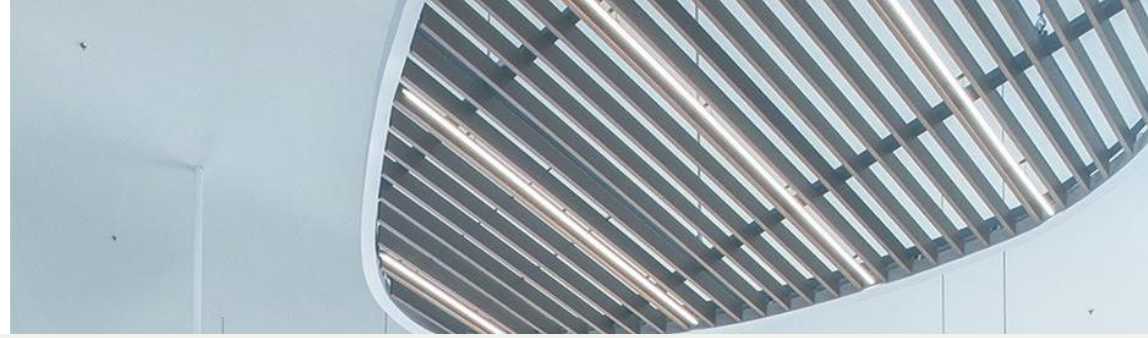
●	GAV	ca. 7%	Average growth per annum	●	Annualized GRI⁽²⁾	ca. 7%	Average growth per annum
●	NAV/NTA	ca. 7%	Average growth per annum	●	Annualized NOI⁽²⁾	ca.8%	Average growth per annum
●	Net LTV⁽¹⁾	ca.41%	BBB  	●	EPRA Earnings⁽²⁾	ca.45%	Average growth per annum
●	Occupancy⁽²⁾	towards 98%		●	Dividend yield over NAV/NTA	>5%	Starting in 2023
				●	Total Annual Return⁽³⁾	>10%	

(1) Estimated as at 31 December 2025

(2) In accordance with EPRA BPRs.

(3) 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

Miguel Pereda

Vice- Chairman of Lar España & Chairman of Grupo Lar

4



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

1

Increase in rental income.

+6.8% GRI vs H1 2021

2

Solid operating results.

+10.4% NOI vs H1 2021

3

Major increase in revenues.

+7X net profit vs H1 2021

4

Moderate debt level.

LTV 39.8%

5

Improvement in EPRA figures.

**€10.72 EPRA NTA p.s.
+5.4% vs H1 21**

6

Strong valuations.

**€1,470 Mn GAV
+3.2% since Dec 2021 and
+4.1% since June 2021**

7

Attractive dividend policy.

**7.0% dividend yield over market cap
(Dec 2021)**

8

Highest % of positive sell side recommendations
among European peers: (91%).

+50.5% potential revaluation

9

Committed to 100% compliance with good
governance practices and the highest
environmental and social standards.

Top class ESG practices

In summary: with significant upside potential

**Leaders in a clearly
recovering market**

**Resilient through
cycles**

**Sound balance,
moderate debt &
strong cash
position**

**Innovative, with
focus on
omnichannel**

**Top in class ESG
practices**

**Truly committed to
value creation &
shareholder
profitability**



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