

# Situation Update & 9M 2020 results

12-November-2020

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*Assets  
in action!*

01

## RETAIL SECTOR & LAR ESPAÑA



# Retail world: appreciation, discounts... and reality

**Spain, a different market**

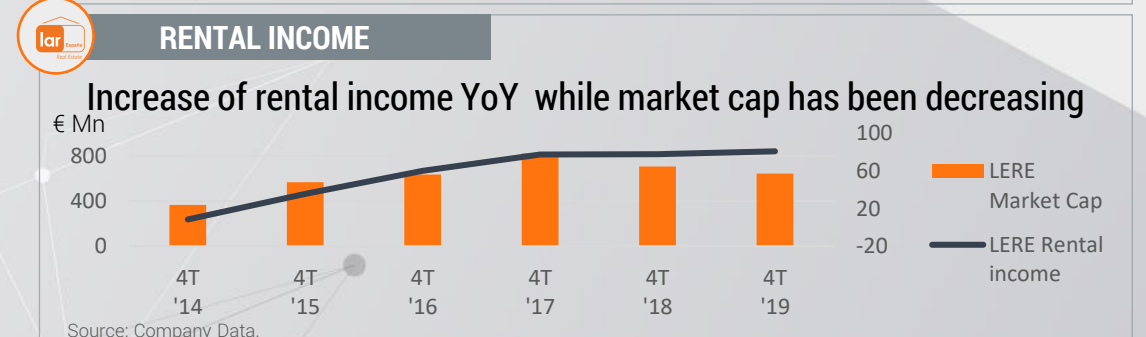
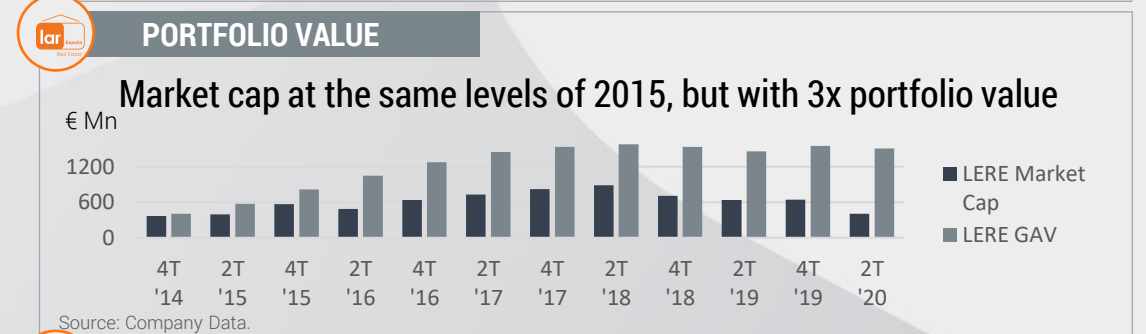
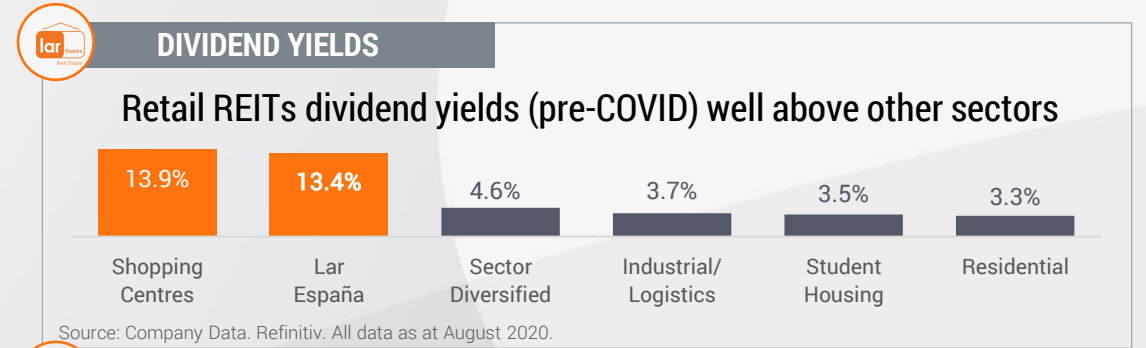
- COMMERCIAL DENSITY → Low
- ASSETS → Modern & adapted
- ONLINE PENETRATION → Low

**The world is going to omnichannel**

- DIGITAL INTEGRATION
- BIG DATA
- LOGISTICS CAPACITY
- NEED FOR SHOP WINDOWS

**Quality companies will overcome COVID-19 impact**

- Clear recovery of sales & footfall
- Moderate levels of LTV
- Modernized assets



# Undeniable facts that make Lar España different



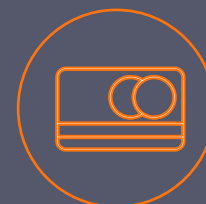
**DIFFERENTIATION**



**DIVERSIFICATION**



**MANAGEMENT**



**INNOVATION**



**RESPONSIBILITY**



## Differentiation



## Diversification

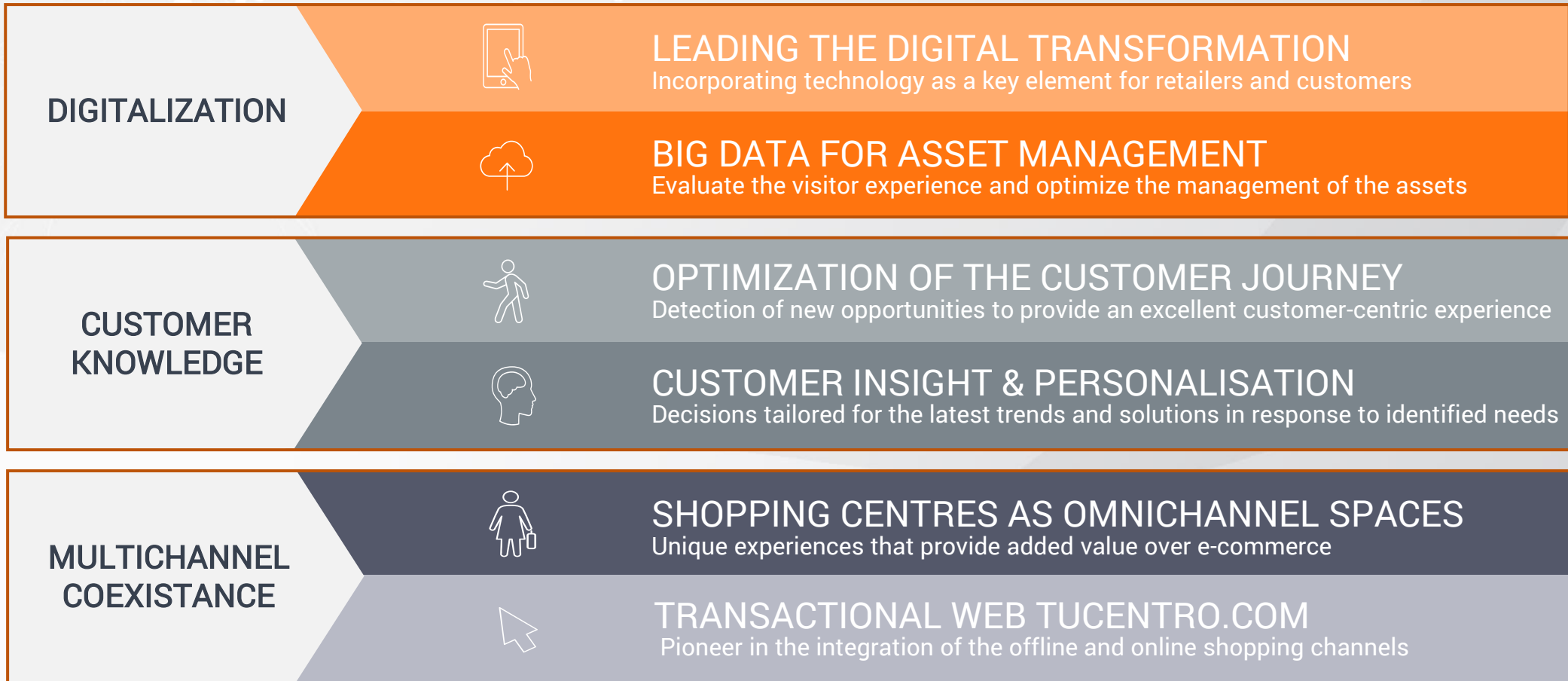




# Management



# Innovation



# Responsibility

<b>FINANCIAL RESPONSIBILITY</b>	 <b>RECURRENT INCOME GENERATION &amp; RESILIENCE</b> NOI +23.6% vs 9M 2019, +2.5% LfL. EBITDA +42% vs 9M 2019.
	 <b>STRONG FINANCIAL STRUCTURE &amp; LIQUIDITY</b> Low LTV, no significant maturities in the next 16 months.
<b>ESG RESPONSIBILITY</b>	 <b>ESG AS ANOTHER KEY BUSINESS DRIVER</b> 100% shopping centres BREEAM certified and audited in Universal Accessibility
	 <b>GOVERNANCE &amp; TRANSPARENCY</b> Most rigorous standards of good governance
<b>COVID RESPONSIBILITY</b>	 <b>SAFE ASSETS</b> Pioneers in COVID certification with SGS
	 <b>SOCIAL DISTANCING GUARANTEED</b> Large spaces to avoid unnecessary crowding to guarantee hygiene safety

# What we have achieved

## ASSETS & MANAGEMENT

Highly protected and resilient portfolio	Multiproduct retail offer SSCC (65%), RRPP (31%) & RRUU (4%) <sup>1</sup>
Refurbished and safe portfolio	Capex plan almost completed Maximum guarantees of safety (SGS COVID certification)
Successful operational management	+23.6% NOI vs 9M 2019 +2.5% LfL <sup>2</sup> NOI
Comfortable levels of liquidity and solid balance sheet	c.€140 Mn Strong liquidity covering expenses in the next 4y

## CLIENTS & INNOVATION

Optimal and comfortable activity mix	43% GLA crisis resilient activities: food (18%) and other <sup>3</sup> (25%)
Mix of quality and loyal retailers	96% occupancy >60 contracts >2024
Proven trust by the final customer	96% footfall recovery in Sep 96% sales recovery in Sep
Assets fully integrated with the digital world	Omnichannel spaces that provide added value over e-commerce

1. Breakdown by rents.  
2. Like for Like (excluding Lagoh shopping centre).  
3. Includes home, sports and electronics activities.



Real Estate

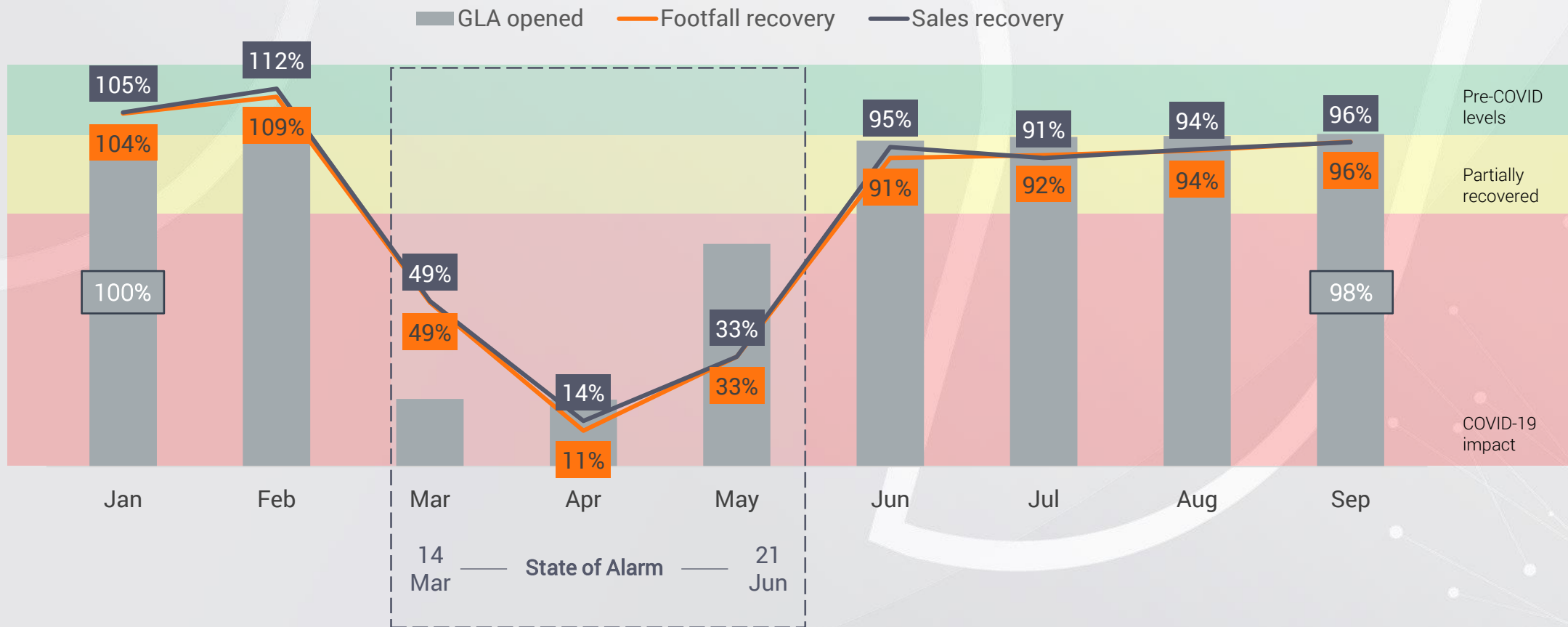
*Assets  
in action!*

02

# COVID-19 UPDATE



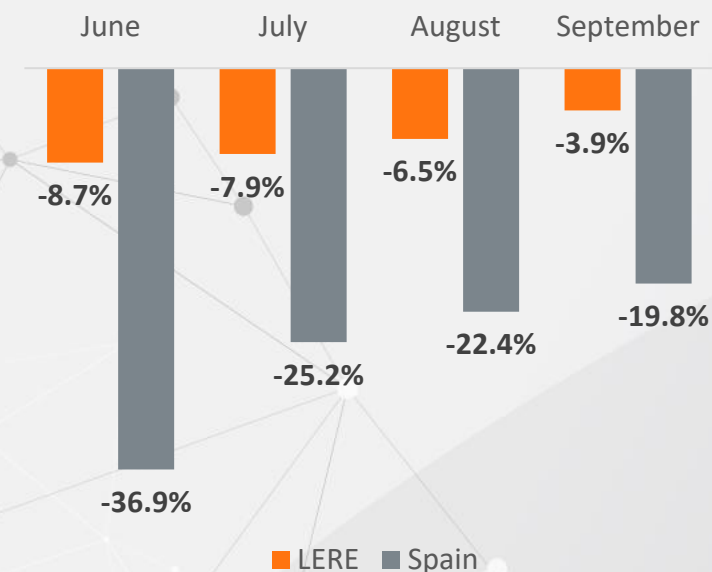
# Footfall and sales numbers recovered



# Outperforming operating performance with a fast recovery

## Footfall<sup>1</sup>

Vs 9M 2019

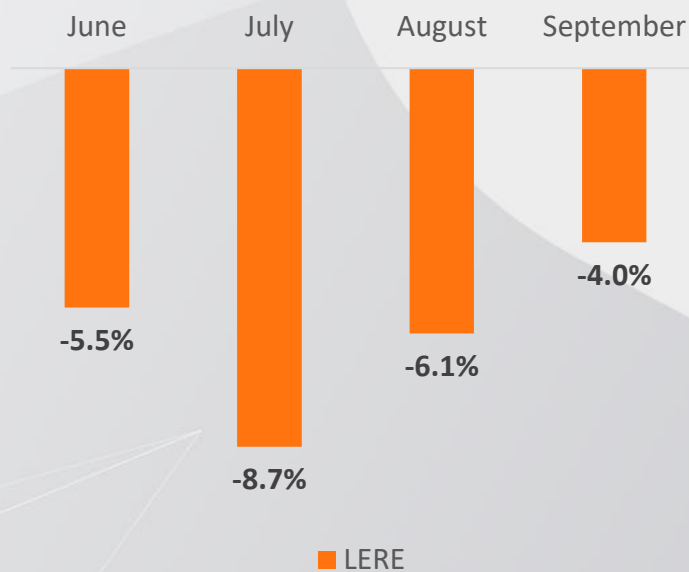


lar España Real Estate  
**(23.8%)<sup>1</sup>**  
 LERE YTD Total

Spain  
**(34.7%)**  
 SPAIN<sup>2</sup> YTD

## Sales<sup>1,3</sup>

Vs 9M 2019



lar España Real Estate  
**(22.5%)<sup>1,3</sup>**  
 LERE YTD Total

1. Like for Like (excluding Lagoh, Anec Blau and Megapark Leisure Area)  
 2. Shoppertrak Index  
 3. Declared sales



## Present situation: 85% GLA opened and in operation.

Asset	GLA Opened	Comments	Asset	GLA Opened	Comments
Lagoh	95.3%	Regional closing: 22:00 to 07:00h and from Nov.10 non-essential activities closed from 18:00h.	Txingudi	85.4%	Regional closing: 23:00 to 06:00h and restaurants closed for 1 month from Nov 7 (Take away allowed).
Megapark	94.1%	Regional closing: 23:00 to 06:00h and restaurants closed for 1 month from Nov 7 (Take away allowed).	Las Huertas	17.3%	Regional closing: 22:00 to 06:00h. SC closed from Nov 6, during 14 days. Essential activities allowed.
Gran Vía de Vigo	88.3%	Regional closing: 23:00 to 06:00h and restaurants closed for 1 month from Nov 7 (Take away allowed).	Abadía	100%	Regional closing: 00:00 to 06:00h.
Portal de la Marina	99.8%	Regional closing: 00:00 to 06:00h.	Rivas Futura	100%	Regional closing: 00:00 to 06:00h.
El Rosal	36.3%	Regional closing: 22:00 to 06:00h. SC closed from Nov 6, during 14 days. Essential activities allowed.	Vidanova Parc	89.6%	Regional closing: 00:00 to 06:00h.
Ànec Blau	18.2%	Regional closing: 22:00 to 06:00h. SC closed from Oct 30 during 14 days. Essential activities allowed.	Vistahermosa	92.7%	Regional closing: 00:00 to 06:00h.
As Termas	96.9%	Regional closing: 23:00 to 06:00h and restaurants closed for 1 month from Nov 7 (Take away allowed).	22 retail units	100%	No restrictions
Albacenter	100%	Regional closing: 00:00 to 06:00h.	<b>Total average</b>	<b>85.4%</b>	

## 85% of rent collected over invoiced up to September

### AGREEMENTS AND CONVERSATIONS WITH TENANTS

One-on-one  
agreements reached  
**>95% GLA**

Contracts  
>2024  
**+60%**

	INVOICED RENTS	COLLECTED RENTS OVER INVOICED
Q1 2020	100%	100%
Q2 2020	49%	66%
Q3 2020	117% <sup>1</sup>	75%
<b>TOTAL 9M</b>		<b>85%</b>

### ESTIMATED IMPACT OF COVID-19 IN P&L<sup>2</sup>

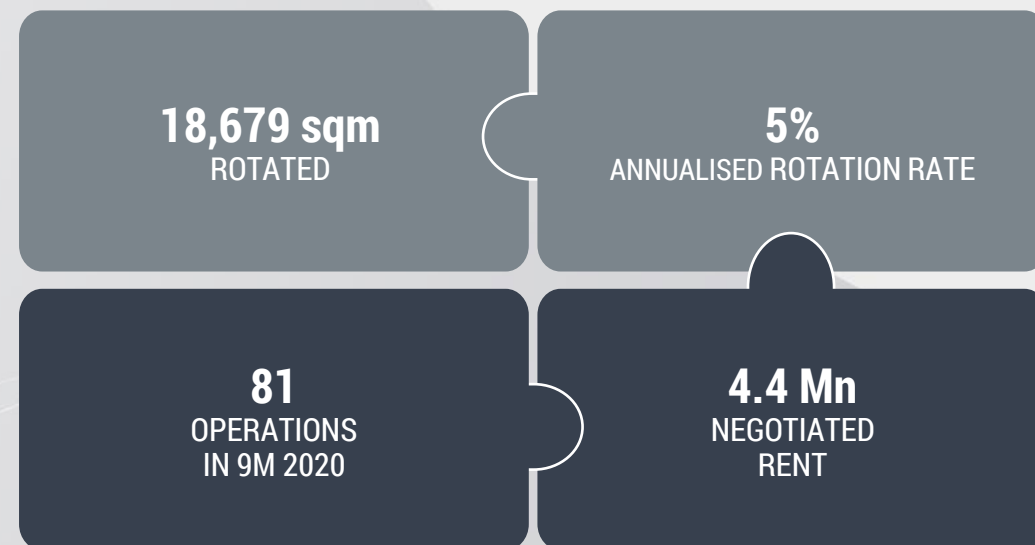
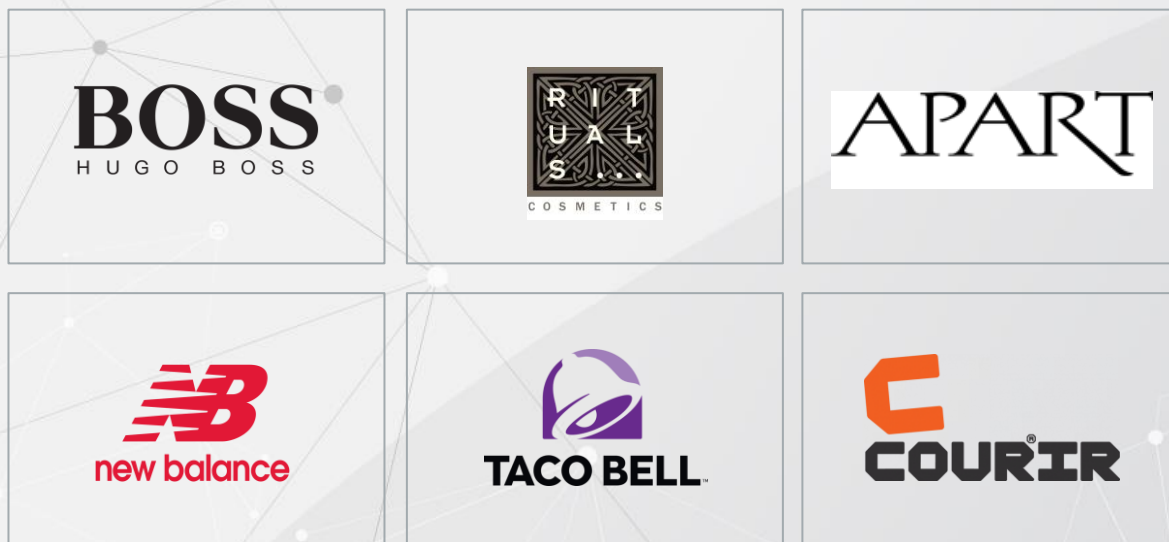
Agreed rent reliefs  
and deferrals  
due to COVID  
**c.€19-20 Mn**

Linear impact in P&L  
during the duration of  
each contract  
(Avg. 6-7 years)

e.Impact in P&L  
FY 2020  
**<€2 Mn**

1. This percentage includes also invoiced rents in Q3 2020 corresponding to Q2 2020 following the agreements reached with retailers.
2. Referent to the impacts of closures until September 30, 2020.

## Leasing activity in 9M 2020



1. Normalized effort rate as of February 2020.  
2. Ratio calculated according to EPRA recommendations.

# Capacity to assume this scenario

## RESILIENT PORTFOLIO

### MULTIPRODUCT OFFER

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

**65%**  
Shopping centres

**31%**  
Retail parks

**4%**  
Retail units

% rents

**c.20% Food**  
High percentage of food tenants

**BIG BRANDS**  
Differentiated brands in the portfolio

## FINANCIAL STRENGTH

NO RELEVANT MATURITIES IN THE NEXT 16 MONTHS

**41%**  
Net LTV

**2.2%**  
Avg. cost of debt

**100%**  
Fixed rate

## LIQUIDITY

STRONG LIQUIDITY POSITION COVERING ALL THE COMPANY'S EXPENSES, INCLUDING FINANCIAL COSTS, IN THE NEXT 4 YEARS

**c.€140 Mn<sup>1</sup>**  
Cash position

**€102 Mn<sup>2</sup>**  
Potential disposals

**LIQUIDITY PRESERVATION**  
capex and operating expenses reduction

## RESPONSIBLE MANAGEMENT

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

**100% assets<sup>3</sup>**  
SGS certified to guarantee hygiene safety

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

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

1. Cash and undrawn credit lines  
2. Market value of assets held for sale deducting liabilities  
3. Fully owned assets.



Real Estate

*Assets  
in action!*

03

**9M 2020  
RESULTS**



## Operational results in 9M 2020



### RESULTS

**+23.6%**  
NOI vs 9M 2019

**+2.5%**  
Lfl<sup>1</sup> NOI vs 9M 2019

**+42%**  
EBITDA  
vs 9M 2019

**+61%**  
Adj. EPRA Earnings  
p.s. vs 9M 2019

**€10.79**  
EPRA NAV  
p.s.<sup>2</sup>



### ASSETS

**Outperforming the  
Spanish market**

**5.9%**  
EPRA 'topped-up'  
NIY

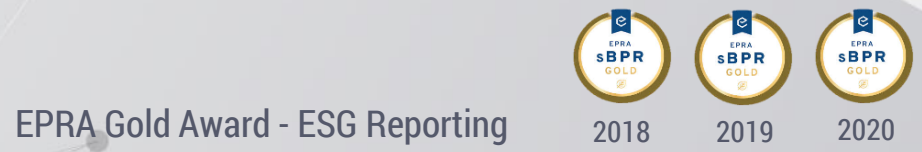
**96%**  
Occupancy<sup>3</sup>  
30 Sep 2020

**3.4 years**  
WAULT

1. Like for Like (excluding Lagoh shopping centre).
2. When analyzing this measure it is important to take into account the dividend paid in Q2 2020 (0.63€/share).
3. Ratio calculated according to EPRA recommendations.

# Corporate results in 9M 2020

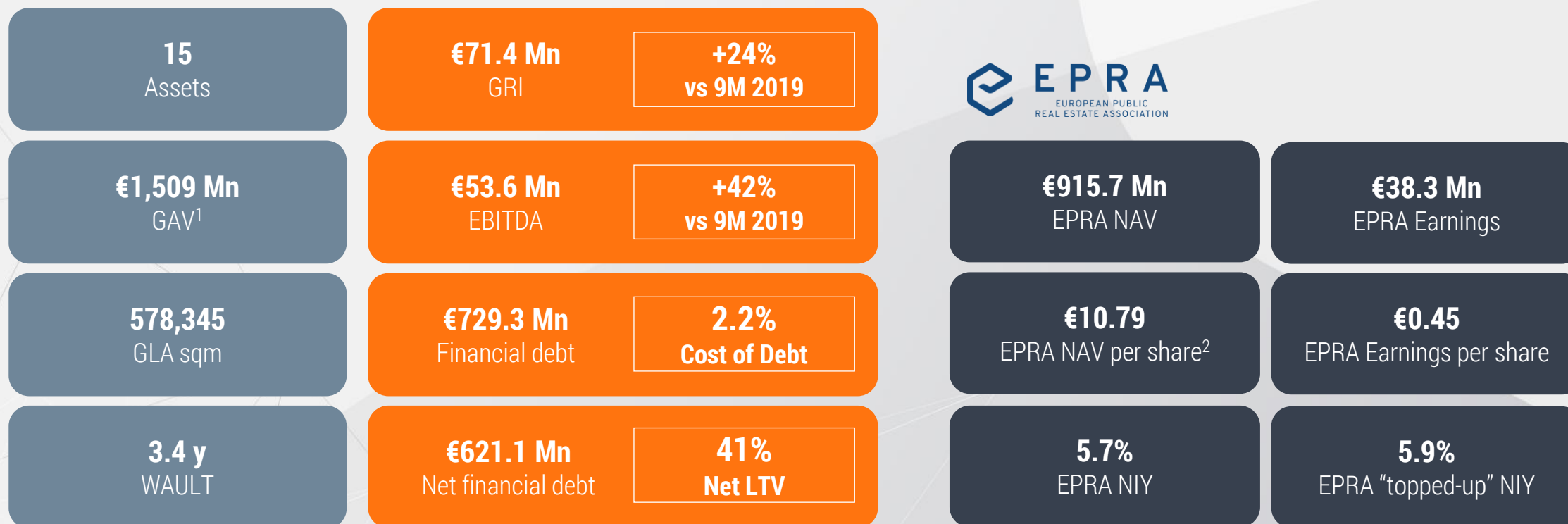
<p><b>CORPORATE</b></p>	<p>€55 Mn dividend<sup>1</sup> €0.63 p.s. <b>Dividend paid</b></p>	<p>3<sup>rd</sup> SBB Programme extended <b>5% share capital</b></p>	<p>c.€140 Mn liquidity<sup>2</sup> Expenses covered over the next 4 years</p>	<p>Net LTV <b>41%</b> Avg. cost of debt <b>2.2%</b></p>
<p><b>ESG</b></p>	<p><b>100%</b> Recommendations of the CNMV Good Governance Code complied</p>	<p><b>AENOR Univesal Accesibility Certification</b> VidaNova Parc &amp; Vistahermosa</p>	<p><b>100%</b> Shopping centres BREEAM certified</p>	<p><b>100%</b> Assets<sup>3</sup> SGS certified against COVID-19</p>



1. Dividend paid on April 16<sup>th</sup>, 2020.  
2. Cash and undrawn credit lines  
3. 100% assets fully owned.



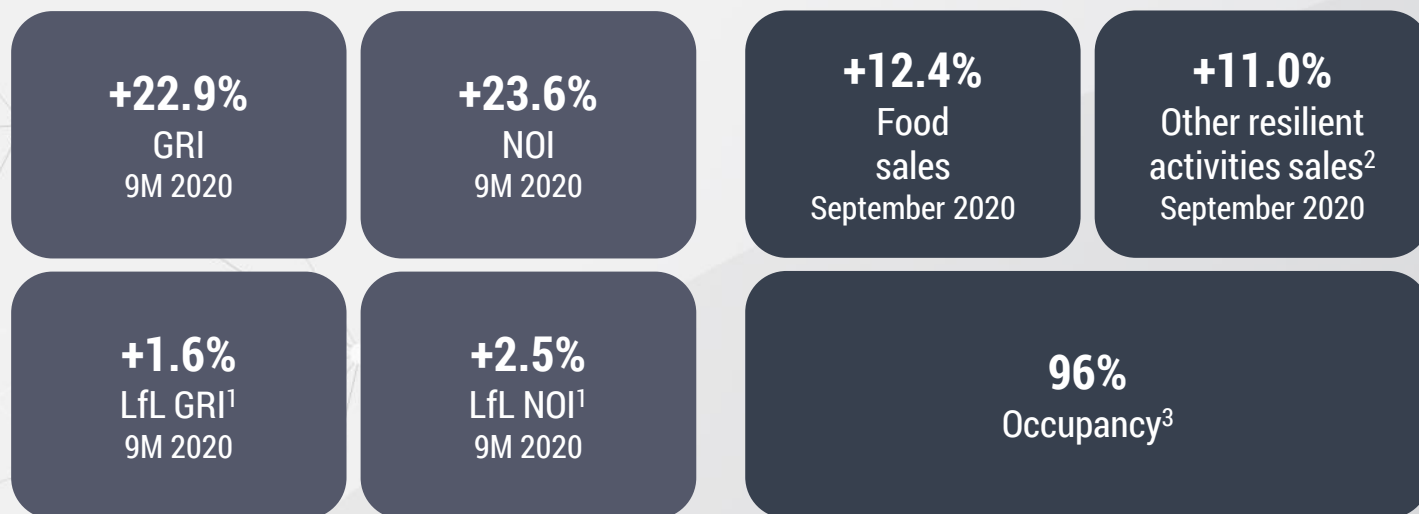
## Financial key figures 9M 2020



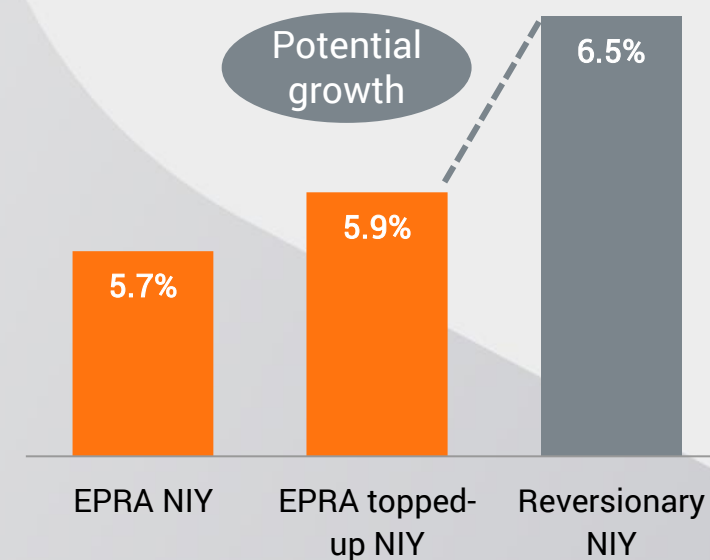
1. Information based on valuations carried out by independent valuers on 30 June 2020, reflecting the impact of the pandemic crisis and the declaration of the State of Alarm.  
 2. When analyzing this measure it is important to take into account the dividend paid in Q2 2020 (0.63€/share).

# Retail performance 9M 2020

## Operating results



## Retail yields



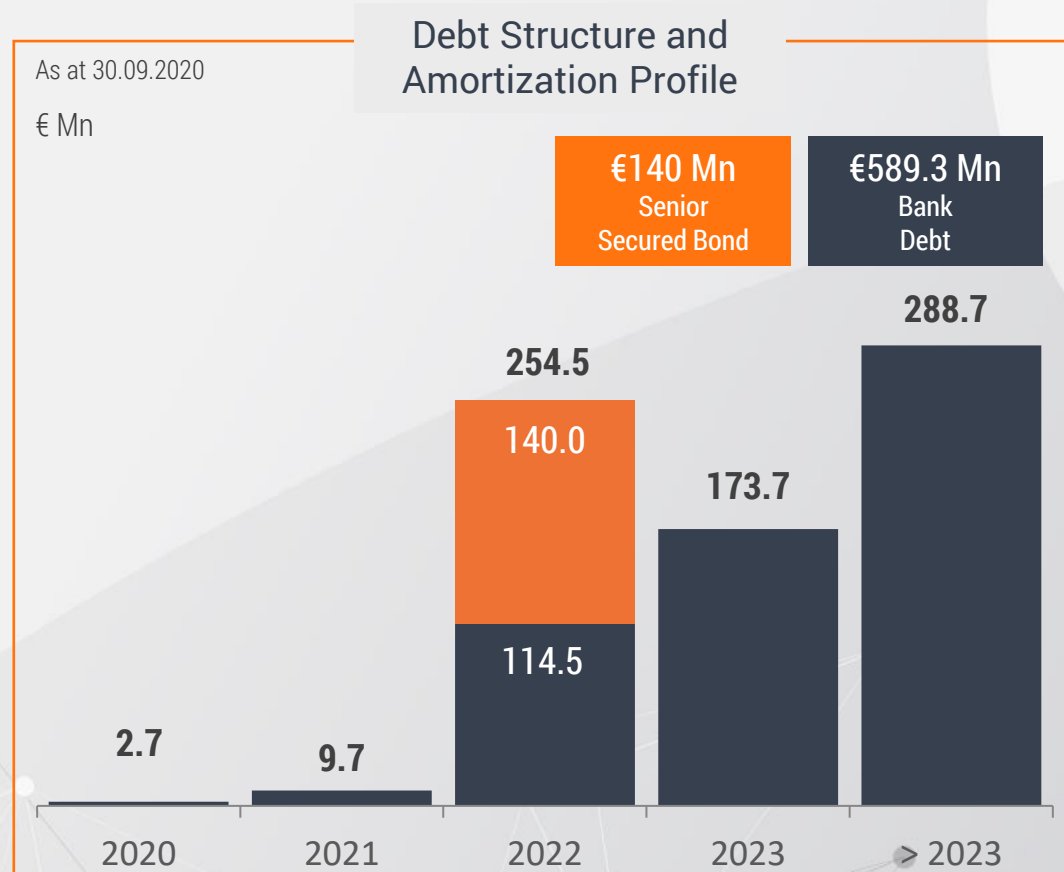
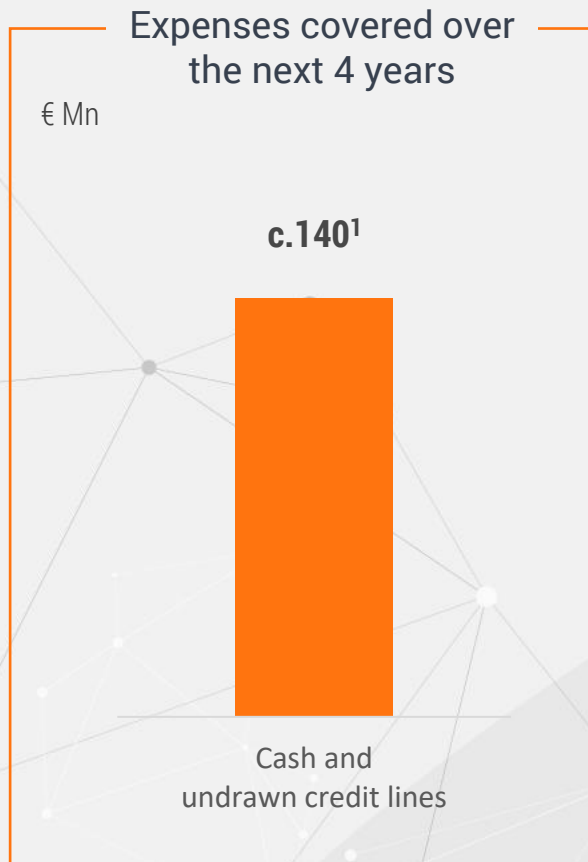
1. Like for Like excluding Lagoh shopping centre.  
 2. Includes home, sports and other retail.  
 3. Ratio calculated according to EPRA recommendations.

## Consolidated Income Statement 9M 2020 (€ Millions)

	9M 2020			9M 2019			Chg% Recurring 9M 20/19
	Recurring	Non-Recurring	Total	Recurring	Non-Recurring	Total	
Rental Income	71.4	-	<b>71.4</b>	57.8	-	57.8	<b>+24%</b>
Other Income	1.7	-	<b>1.7</b>	1.7	-	1.7	
Personnel expenses	(0.4)	-	<b>(0.4)</b>	(0.3)	-	(0.3)	
Other expenses	(17.0)	(2.2)	<b>(19.2)</b>	(16.6)	(4.9)	(21.5)	
<b>Property Operating Result</b>	<b>55.8</b>	<b>(2.2)</b>	<b>53.6</b>	<b>42.6</b>	<b>(4.9)</b>	<b>37.7</b>	<b>+31%</b>
Changes in the Fair Value of investment properties	-	(55.9)	<b>(55.9)</b>	-	55.1	55.1	
<b>EBIT</b>	<b>55.8</b>	<b>(58.1)</b>	<b>(2.3)</b>	<b>42.6</b>	<b>50.2</b>	<b>92.8</b>	<b>+31%</b>
Financial Result	(14.9)	-	<b>(14.9)</b>	(14.7)	-	(14.7)	
Share in profit (loss) for the period of equity-accounted companies	-	(0.2)	<b>(0.2)</b>	-	1.2	1.2	
<b>EBT</b>	<b>40.9</b>	<b>(58.3)</b>	<b>(17.4)</b>	<b>27.9</b>	<b>51.4</b>	<b>79.3</b>	
Income Tax	-	-	-	-	(0.2)	(0.2)	
<b>Profit for the Period</b>	<b>40.9</b>	<b>(58.3)</b>	<b>(17.4)</b>	<b>27.9</b>	<b>51.2</b>	<b>79.1</b>	<b>+47%</b>

Notes:  
May not foot due to rounding.

# Financial pillars and liquidity: No significant maturities in the next 16 months



<b>Gross financial debt</b> <b>€729.3 Mn</b>	<b>Net financial debt</b> <b>€621.1 Mn</b>
<b>Avg. debt maturity</b> <b>3.3y</b>	<b>Fixed rate</b> <b>100%</b>
<b>Net LTV</b> <b>41%</b>	<b>Covenants</b> <b>100% complied</b>
<b>Avg. cost of debt</b> <b>2.2%</b>	

1. Cash and undrawn credit lines

# Exemplary property management and good governance



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



EPRA Gold Award - Sustainability Reporting  
3<sup>rd</sup> year in a row

ENVIRONMENTAL COMMITMENT	SOCIETY COMMITMENT	CORPORATE GOVERNANCE
<p>Data automation in shopping malls Greater periodicity, greater data homogenization and time savings</p> <p>Carbon footprint analysis Lar España to reduce the greenhouse gases</p> <p>Energy Efficiency Plan Reducing our energy consumption and costs</p> <p>Waste Management Plan to optimize the collection, transport and treatment of waste</p>	<p>100% of the portfolio audited in Universal Accessibility (ILUNION)</p> <p>67% of the portfolio in process of certification in UNEEN170001 (AENOR)</p> <p>In process to obtaining the AENOR Universal Accessibility seal in 10 of the 15 assets.</p> <p>All new agreements signed requiring compliance with ESG criteria</p>	<p>United commitment against COVID-19</p> <ul style="list-style-type: none"> <li>▪ Grupo Lar has reduced its base fee.</li> <li>▪ Lar España BoD has reduced its 2020 remuneration.</li> </ul>
 <p>100% of SCs certified rated "Good" or "Very Good"</p>	 <p>COVID-19 protocol verification of control, safety and hygiene</p>	 <p>20% scoring annual improvement Working on GRESB assessment</p>



Real Estate

*Assets  
in action!*

04

## SUMMARY & NEXT DRIVERS



# Reasons to be confident in Lar España

## MARKET OPPORTUNITY

- 1 Spain, a differentiated market
- 2 Retail sector, an opportunity to enter at attractive yields
- 3 Strong value creation through the years not reflected in share price

## UNIQUE PORTFOLIO

- 4 Only prime assets in dominant catchment areas
- 5 Ownership of the assets delivering flexibility on decision-making
- 6 High exposure to resilient activities, c.20% from food tenants
- 7 Multiproduct offer with shopping centres, retail parks and retail units
- 8 Refurbishment plan almost completed before health crisis
- 9 Big data & digital strategy implemented

## STRONG COMPANY

- 10 Fast recovery of footfall in Sep 2020 (96%), outperforming the Spanish market (80%)
- 11 Steady recovery of sales in Sep 2020 of 96% vs Sep 2019
- 12 Rental Income: +24%  
EBITDA: +42%  
Recurring Net Profit: +46%
- 13 Solid relationships with retailers  
>60% contracts with maturities >2024  
96% occupancy
- 14 Solid financial structure with a limited LTV of 41% and no maturities shortly
- 15 Capacity to assume this scenario with a strong liquidity position



## Next drivers

	TARGET	COMMENTS
Dividends	<ul style="list-style-type: none"> <li>To maintain attractive dividend</li> </ul>	Maintaining prudent control of the cash position
Additional cash generation	<ul style="list-style-type: none"> <li>Disposals</li> </ul>	22 supermarkets, Txingudi & Las Huertas held for sale
Capital increase	<ul style="list-style-type: none"> <li>No share capital increase</li> </ul>	Commitment to not increase capital below NAV
Strengthen balance sheet	<ul style="list-style-type: none"> <li>Moderate levels of LTV &amp; no significant maturities &lt;2022</li> <li>Renegotiation of debt underway</li> </ul>	Enough cash to cover all company's expenses in the next 4y
Current SBB	<ul style="list-style-type: none"> <li>3<sup>rd</sup> SBB extended 6 months until 14 April 2021</li> <li>5% company's Share Capital or €45 Mn</li> </ul>	Already executed: 63% share capital (2.9 Mn shares)
Capex & new developments	<ul style="list-style-type: none"> <li>Capex programme almost completed before COVID</li> <li>Remaining capex programme reduced to minimum</li> </ul>	Decisions on new projects will not be taken before this health situation is over
No acquisitions	<ul style="list-style-type: none"> <li>Decision-making on acquisitions on-hold</li> </ul>	In accordance with the prudent cash control policy until the health situation is over



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