lar España

Assets in action!

GREEN BOND ISSUANCE

JULY 2021

www.larespana.com

Today´s presenters

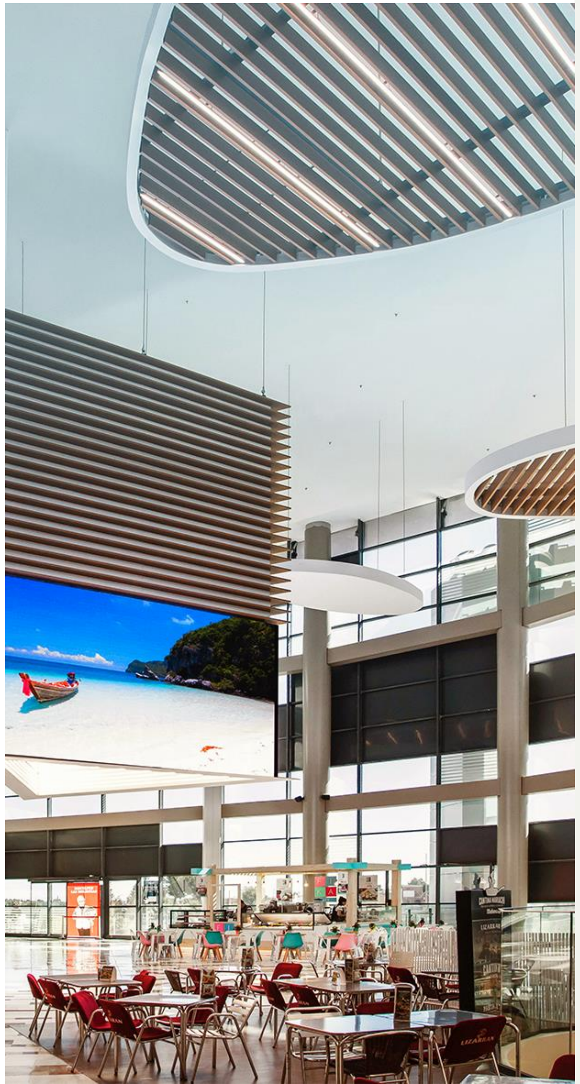
José Luis del Valle
Chairman of the Board of Directors of Lar España

Miguel Pereda
Lar España Board Director & Chairman of Grupo Lar

Jon Armentia
Corporate Director and CFO of Lar España

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

Rationale of the operation



- After the renewal of the IMA last June, the refinancing of the debt was the second step to **give continuity and stability** to our company's strategy
- Although we had a financial debt position with an **LTV of c. 40%** and no maturities until 2022 we have **anticipated the refinancing of the debt, seeking to extend the maturity**, taking advantage of the existing market and company conditions
- We were looking for the operation to **reduce the current average cost of debt** as much as possible
- We also wanted **to strengthen our commitment to ESG**, and to be able to issue a green bond was one of our additional objectives
- We set the **target of obtaining between 300 and 400** million Euros, similar to the amount raised in the 2014 IPO
- We wanted to obtain an **investment grade rating**

Investment grade BBB by

FitchRatings

Based on solid reasons

- **Leading Retail Platform** in Spain: Largest Player by Owned GLA with a
- **Diversified Portfolio** of Multiproduct Retail Offer
- Iconic Collection of **Modern, Flagship Assets Dominant in their Catchment Area**
- **Blue-Chip Tenant Base** with Long Lease Duration Providing Cash Flow Visibility
- **Solid Historical Track Record**, Consistently Outperforming the Spanish Retail
- Market Benchmark and Proving **Resiliency Through the Cycle**
- Industry Leading and **Award-Winning Sustainability Standards**
- High Quality, Specialist and **Experienced Management Team Backed by Leading Institutional Owners**

What have we done? Bond terms

- **Corporate Rating:** BBB
- **Issuer**: Lar España (or the "Company")
- **Ranking**: Unsecured
- **Issue Rating**: BBB
- **Green Bond Certification**: Yes
- **Tenor:** 5 years
- **Amount**: EUR 400 MM (more than 4 times oversubscribed)
- **Use of Proceeds**: Refinance, in whole or in part, a selected pool of existing assets that promote the transition to low-carbon and climate resilient growth and which meet the criteria outlined in the "Green Asset Pool"

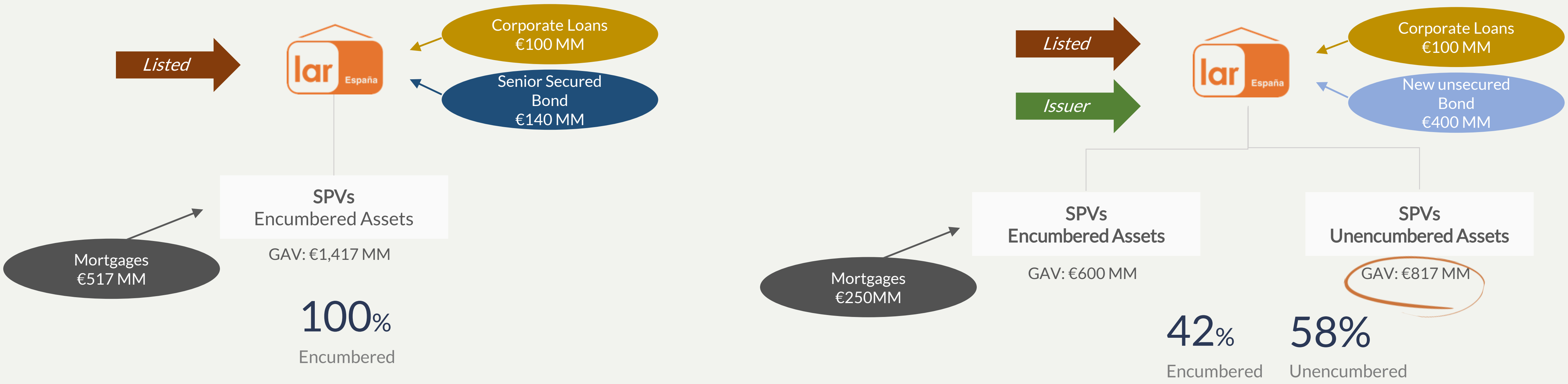
- **Financial Covenants:** LTV < 60%; Limitation on Secured Debt < 40%; ICR 2x; Unencumbered Asset Ratio 125%
- **Negative Pledge:** Yes
- **Coupon / Interest rate:** 1.75% annual
- **Change of Control:** Yes
- **Early Redemption:** CoC (100%), 3mth Par Call, MWC, Clean-up Call (80%), Tax Change Call
- **Governing Law:** English

What have we achieved? Transaction overview

c.60% of Asset Base is Unencumbered Pro-Forma to the Bond Issuance

Old Capital Structure [1]

New Capital Structure



Note:
1. Pro-forma for the 22 Eroski supermarkets portfolio disposal in February 2021

What have we achieved? Maturity profile and cost of debt

Maturity Profile - Pre-Refinancing

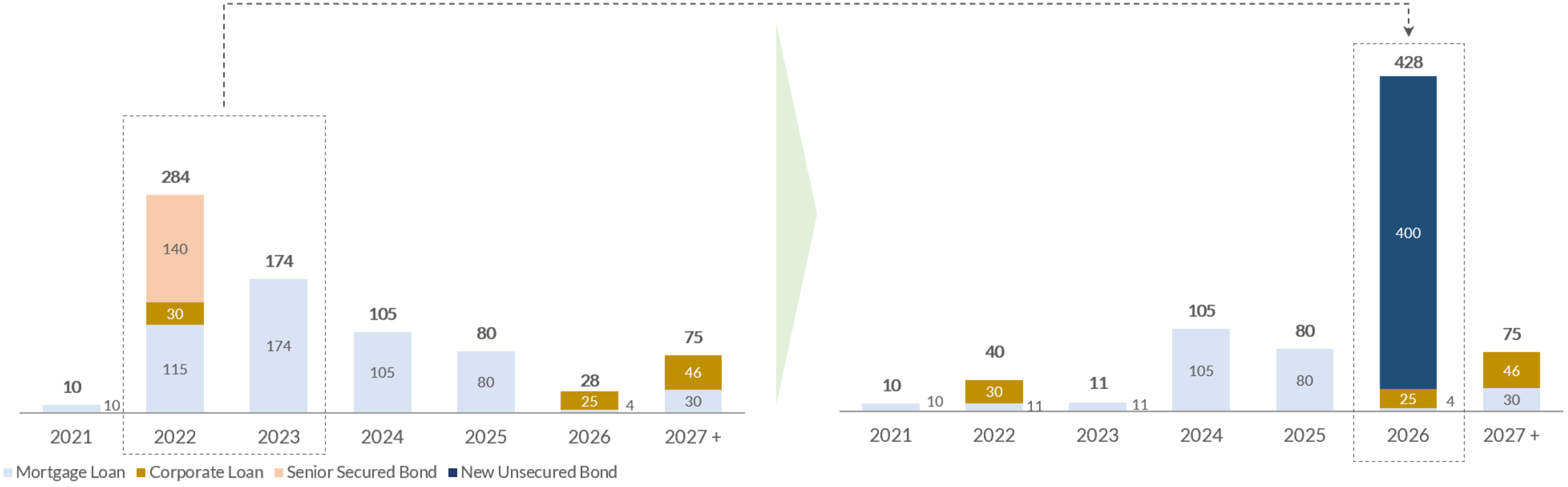
Debt (€MM)

Avg. Debt Maturity:
2.6 years

Maturity Profile - Pro-Forma Transaction

Debt (€MM)

Avg. Debt Maturity:
4.9 years



Average cost of debt- Pre-Refinancing

2.2%

Average cost of debt- Post-Refinancing

1.9%

ISS-ESG has provided a Second Party Opinion on this Framework

✓ **Use of proceeds**
Aligned with those recognized by the Green Bond Principles 2021

✓ **Project Evaluation / Selection**
In line with market practice

✓ **Management of Proceeds**
In line with market practice

✓ **Reporting**
In line with market practice

ISS ESG

LAR ESPAÑA GREEN BOND

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Bond Asset Pool as of 02.07.2021

GREEN BONDS LINK TO LAR ESPAÑA'S SUSTAINABILITY STRATEGY

SUSTAINABILITY PERFORMANCE ASSESSMENT

Lar España is a fully integrated developer, owner and operator of retail assets, that focuses on creating sustainable income and strong capital growth for shareholders through an intensive and professionalized management of its assets following an omnichannel strategy.

The Use of Proceeds financed through this bond are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing green bonds is described by the issuer.

Consistent with issuer's sustainability strategy

ASSET CATEGORIES

ASSET CATEGORIES ALIGNMENT WITH ISS ESG GREEN KPIs

- Green Buildings
- Solar power projects

POSITIVE

PRINCIPLES ALIGNMENT

ALIGNMENT WITH ICMA GREEN BOND PRINCIPLES

1. Use of Proceeds ✓
2. Process for Project Evaluation and Selection ✓
3. Management of Proceeds ✓
4. Reporting ✓

POSITIVE

CONTRIBUTION

CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution

ISS ESG's SPOs provide Sustainability, Green and Social bond issuers with a credible and independent assessment of the sustainability quality of their bonds.

Those that meet ISS ESG's rigorous global standards give sustainability-oriented investors security that the projects they fund are suitably green or social.

ISS ESG's evaluation is valid as long as Lar España's Green Bond Framework (July 2021) remains unchanged. The controversy check on underlying assets was conducted on the 02.07.2021.

ISS ESG

LEADING SPO MARKET EXPERTISE

EXPERIENCE ACROSS ISSUER TYPES AND ASSET CLASSES

SUPPORTED BY WIDER ISS FUNCTIONS

Financial Policy Framework

Leverage policy: Target to keep **net LTV around 40%**

Liquidity:

- **Maintain prudent control of liquidity**: current cash position **covers Company expenses**, including financial costs, **for the next 4 years**
- **Strong balance sheet position** with €165.5 MM(1) cash on balance sheet as of 31 Mar 2021, including the payment of 2020 dividend of €27.5 MM paid in May 2021
- **Acquisition** program to be materially **funded / matched** with **disposals**

Funding mix: Move towards **a balanced secured / unsecured funding mix**, through access to the bond capital markets

Maturity profile:

- Extend and maintain the **long maturity profile**
- Proactively **address approaching maturities** in 2022 and 2023

Interest and FX risk hedging:

- Keep **majority of borrowings at fixed rates**
- **Minimal FX risk**: keep € funding preference to reflect all rents, assets and liabilities are € denominated

Dividend policy:

- Remain focused on **value creation through cash generation**
- Dividend policy **in line with SOCIMI regulations**
- Commitment to pay **90% of EPRA Earnings as dividend**, albeit subject to maintaining headroom under Net LTV target

Note:
1. Adjusted for €27.5 MM dividend paid in May

A real success: what have investors valued?

- A strong **business model and** extraordinary **resilience**
- Strict **financial and cost control, moderate indebtedness** and strong valuations
- High-quality operational **management** and with excellent **track record**
- **Omni-channel** business concept
- Close **relationship** with **retailers** and strong **end-customer knowledge**
- High degree of **transparency** and **corporate governance** and strong **commitment to ESG policies**
- **Control over 100% of assets** and strong decision making capacity
- Continuous **outperformance** in the Spanish and European market
- Clear commitment to **dividend yield and SBB policies**
- Continued **shareholder confidence**

Final remarks: value drivers for Lar España and its shareholders

- € 400 Mn has been obtained (similar amount as the one raised in the IPO of March 2014)
- The company has taken advantage of the good market conditions, anticipating maturity and therefore providing stability until 2026
- The average cost of debt has been reduced from 2.2% to 1.9% thanks to new issuance
- New bond has a coupon of 1.75% whereas the old bond has a coupon of 2.9%
- Reduced number of encumbered assets
- BBB rating obtained
- Reaffirmed commitment to ESG

Disclaimer

This document has been prepared by Lar España Real Estate SOCIMI, S.A. (the "Company") for information purposes only and the information included in this document is not regulated information or information which has been subject to prior registration with, or control by, the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores). The information contained in this document has not been subject to independent verification and includes summarized audited and non-audited information. The financial and operational information included in the document correspond to the internal recordings and accounting of the Company. Such information may in the future be subject to audit, limited review or any other control by an auditor or an independent third party. Therefore, this information may be modified or amended in the future. Part of the information contained herein has been obtained from sources that the Company considers reliable, but the Company does not represent or warrant that such information is complete or accurate, in particular with respect to data provided by third parties (including certain information relating to the Company's properties such as their catchment areas and performance indicators for periods preceding the time of acquisition by the Company). Neither the Company nor its advisors and representatives assure the completeness, impartiality or accuracy of the information or opinions included herein. In addition, they do not assume responsibilities of any kind, whether for misconduct or negligence, with regard to any damages or losses that may derive from the use of this document or its contents.

This document includes forward-looking representations or statements on purposes, expectations or forecasts of the Company or its management up to the date of release of this document. Said forward-looking representations and statements or forecasts are mere value judgments of the Company and do not imply undertakings of future performance. Additionally, they are subject to risks, uncertainties and other factors, which were unknown or not taken into account by the time this document was produced and released and which may cause such actual results, performance or achievements, to be materially different from those expressed or implied by these forward-looking statements. Moreover, these forward-looking statements are based on numerous assumptions (which are not stated in the presentation) regarding the Company's present and future business strategies and the environment in which the Company expects to operate in the future. There are many factors, most of them out of the Company's control, which may cause the Company's actual operations and results to substantially differ from those forward-looking statements. Neither the Company nor any of its advisors or representatives assume any kind of responsibility for any possible deviations that may suffer the forward-looking estimates, forecasts or projections used herein. The financial information contained herein may include items which are not defined under the International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and which are considered to be "alternative performance measures" for the purposes of Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 and as defined in the European Securities and Market Authority Guidelines on Alternative Performance Measures dated 5 October 2015. Other companies may calculate such financial information differently or may use such measures for different purposes than we do, limiting the usefulness of such measures as comparative measures. Such financial information must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS-EU. Under no circumstances the Company undertakes to update or release the review of any of the information included herein or provide additional information.

This document is not a prospectus or part of a prospectus. This document does not constitute an offer to sell or issue, a bid or an invitation to acquire or subscribe securities of the Company, in accordance with the provisions of article 35 of the consolidated text of the Spanish Securities Market Act approved by the Royal Legislative Decree 4/2015, of 23 October, and/or the Royal Decree 1310/2005, of 4 November and their implementing regulations. Furthermore, this document does not imply any purchase or sale bid or offer for the exchange of securities or a request for the vote or authorization in any other jurisdiction. The delivery of this document within other jurisdictions may be forbidden. Recipients of this document or those persons receiving a copy thereof shall be responsible for being aware of, and complying with, such restrictions. By accepting this document you are accepting the foregoing restrictions and warnings. All the foregoing shall be taking into account by those persons or entities which have to take decisions or issue opinions relating to the securities issued by the Company. All such persons or entities are invited to consult all public documents and information of the Company registered within the Spanish National Securities Market Commission. Neither the Company nor any of its advisors or representatives assumes any kind of responsibility for any damages or losses derived from any use of this document or its contents. This presentation should not be considered as a recommendation by the Company, Grupo Lar Inversiones Inmobiliarias, S.A. or any other person to subscribe for or purchase any securities of the Company. Prospective purchasers of securities of the Company must make their own independent investigation and appraisal. The securities of the Company have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or the laws of any state or other jurisdictions of the United States. Such securities may not be offered or sold in the United States except on a limited basis, if at all, to Qualified Institutional Buyers (as defined in Rule 144A under the US Securities Act) in reliance on an exemption from, or transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with the relevant state securities laws. The securities of the Company have not been and will not be registered under the applicable securities laws of any state or jurisdiction of Australia, Canada, Japan, South Africa or Switzerland and, subject to certain exceptions, may not be offered or sold within Australia, Canada, Japan, South Africa or Switzerland or to or for the benefit of any national, resident or citizen of Australia, Canada, Japan, South Africa or Switzerland. The release, distribution or publication of this document in other jurisdictions may also be restricted by law and persons into whose possession this document comes should inform themselves about and observe any such restrictions. The information contained herein does not purpose to be comprehensive or to contain all the information that a prospective purchaser of securities of the Company may desire or require in deciding whether or not to purchase such securities. This document discloses neither the risks nor other material issues regarding an investment in the securities of the Company.

The information included in this presentation is subject to, and should be read together with, all publicly available information. Any person acquiring securities of the Company shall do so on their own risk and judgment over the merits and suitability of the securities of the Company, after having received professional advice or of any other kind that may be needed or appropriate but not only on the grounds of this presentation. By delivering this presentation, the Company is not providing any advisory, purchase or sale recommendation, or any other instrument of negotiation over the securities or financial instruments of the Company.

www.larespana.com