



Assets  
*in action!*

# 7 YEAR GREEN BOND ISSUANCE

OCTOBER 2021



## Today's presenters



**Jon Armentia**  
Corporate Director and  
CFO of Lar España



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



Where we have come to

1





## Lar España, leader in the retail segment

14

Assets

c.95%

Occupancy

2.6 years

Wault

551,405

Sqm GLA

41%

Net LTV

€92.9 Mn

Rental Income<sup>1</sup>

€1,411 Mn

Gross Asset Value

5.8%

Topped-Up NIY

c.€283.1 Mn

Cash Position<sup>2</sup>

1-Reported December 2020 figure, adjusted for the 22 Eroski supermarkets portfolio disposal in February 2021. Includes other income and mall income.  
2.-Pro-forma for unused proceeds of July's bond issuance

### 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

“

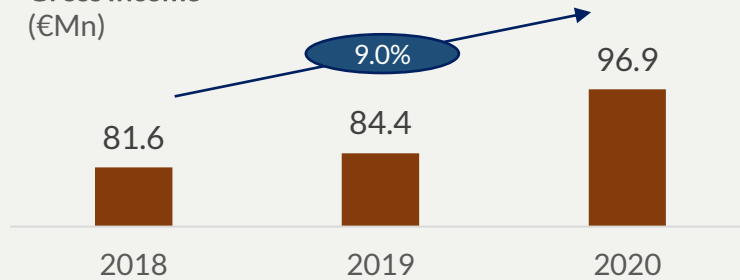
We believe in selecting a portfolio of owned premium shopping centers and retail parks, and around them to build a differential proposition of high added value and recurring profitability”.

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

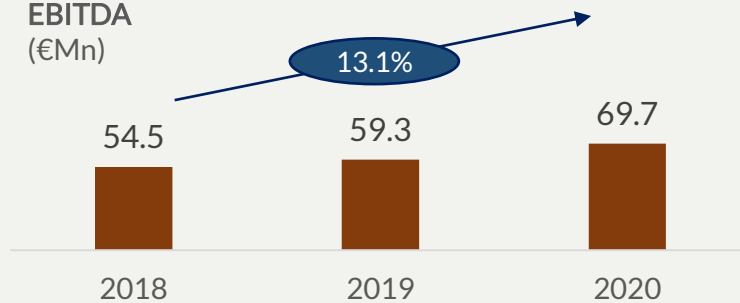
## Excellent track record of delivering solid financial performance

### Key performance highlights<sup>1</sup>

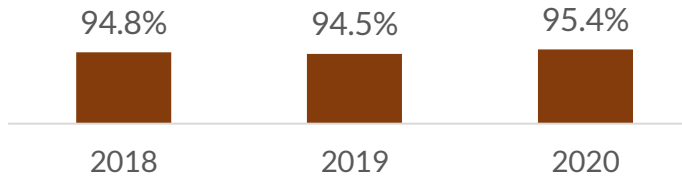
Gross Income<sup>2</sup>  
(€Mn)



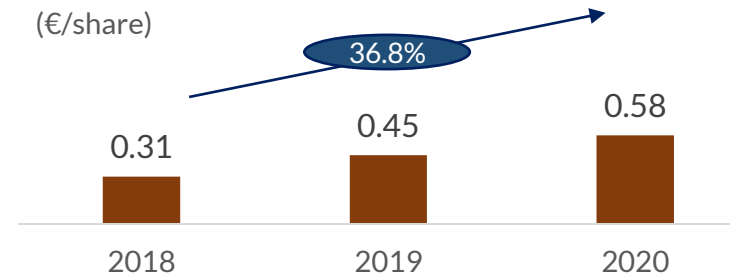
EBITDA  
(€Mn)



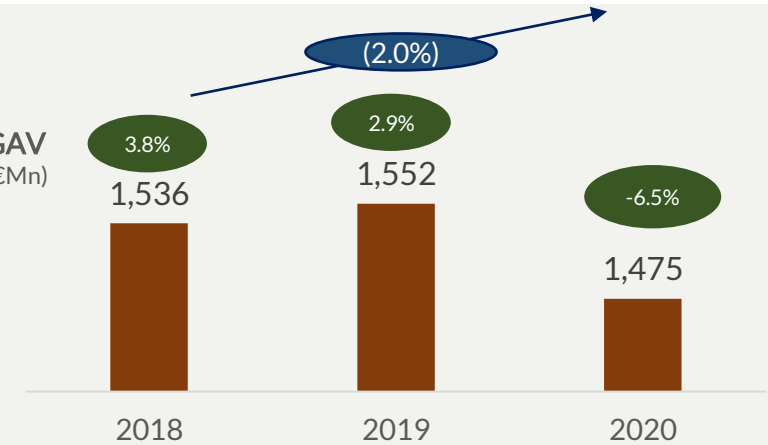
Occupancy  
(%)



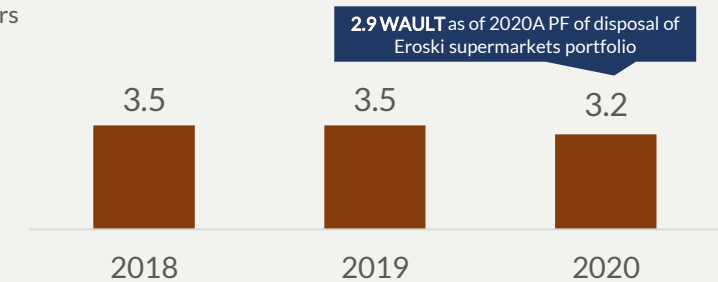
EPRA EPS  
(€/share)



GAV  
(€Mn)



Wault  
Years





## Best in class ESG policy

### ALIGNED WITH INTERNATIONAL STANDARDS TO IMPROVE ESG TRACEABILITY

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.

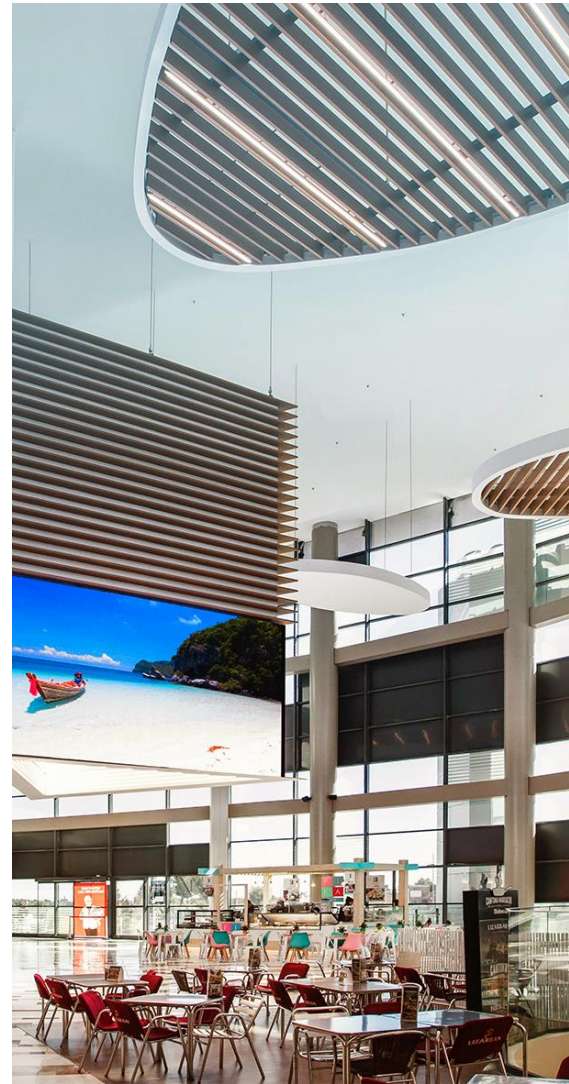
2015-2021

EPRA Gold Award  
Financial Reporting



2018-2021

EPRA Gold Award  
ESG Reporting



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.



## Transaction overview

2



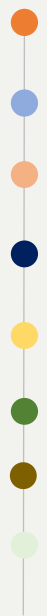
## Rationale of the operation



- After the successful inaugural €400 Mn, **move to an unencumbered asset base**
- Although we had a financial debt position with an **LTV round to 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 300 million Euros**
- We wanted to confirm the **investment grade rating**



## Bond terms



**Corporate Rating:** BBB

**Issuer:** Lar España (or the “Company”)

**Ranking:** Unsecured

**Issue Rating:** BBB

**Green Bond Certification:** Yes

**Tenor:** 7 years

**Amount:** EUR 300 Mn (5 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:** 1.84% annual

**Change of Control:** Yes

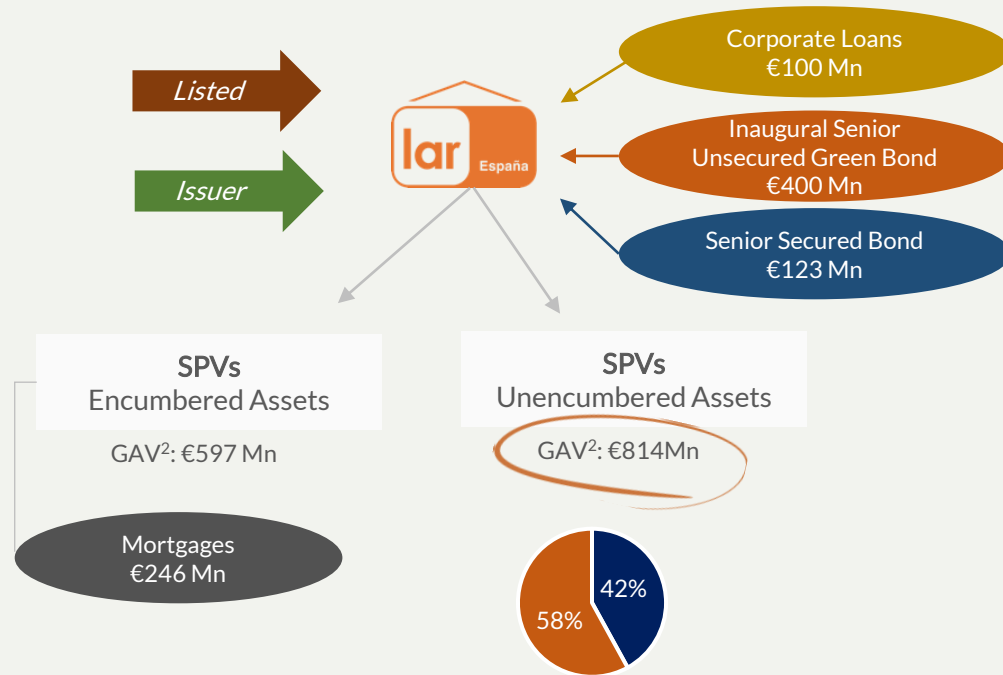
**Early Redemption:** CoC (101%), 3mth Par Call, MWC, Clean-up Call (80%), Tax Change Call

**Governing Law:** English

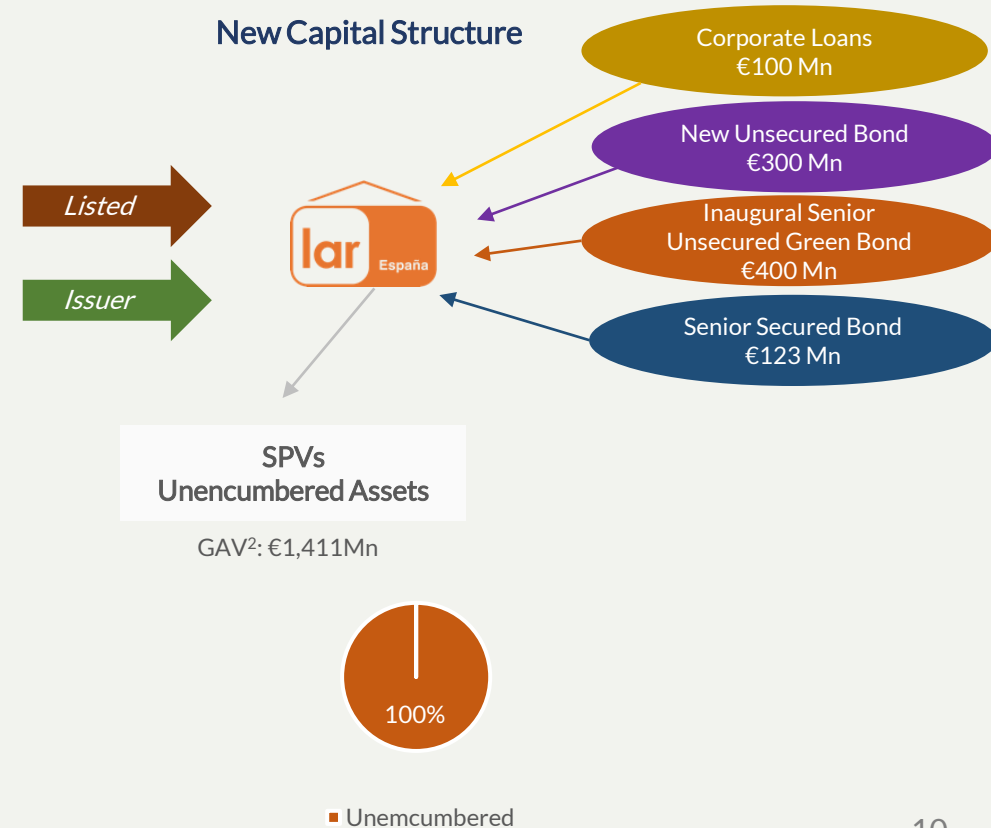
## Transaction overview

100% of Asset Base is Unencumbered Pro-Forma to the New Bond Issuance

### Old Capital Structure <sup>(1)</sup>



### New Capital Structure



**Note:**  
1. Pro-forma for July's Bond issuance  
2. As of 1H21

■ Encumbered ■ Unencumbered

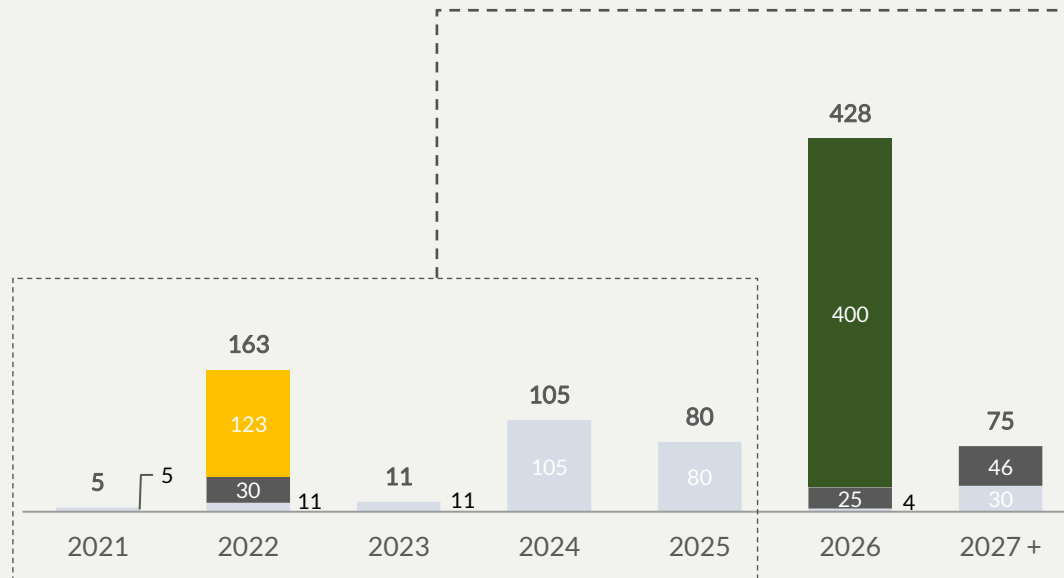
■ Unencumbered

## Maturity profile & cost of debt

### Maturity Profile - Pre-Transaction

Debt (€MM)

Avg. Debt Maturity:  
4.9 years



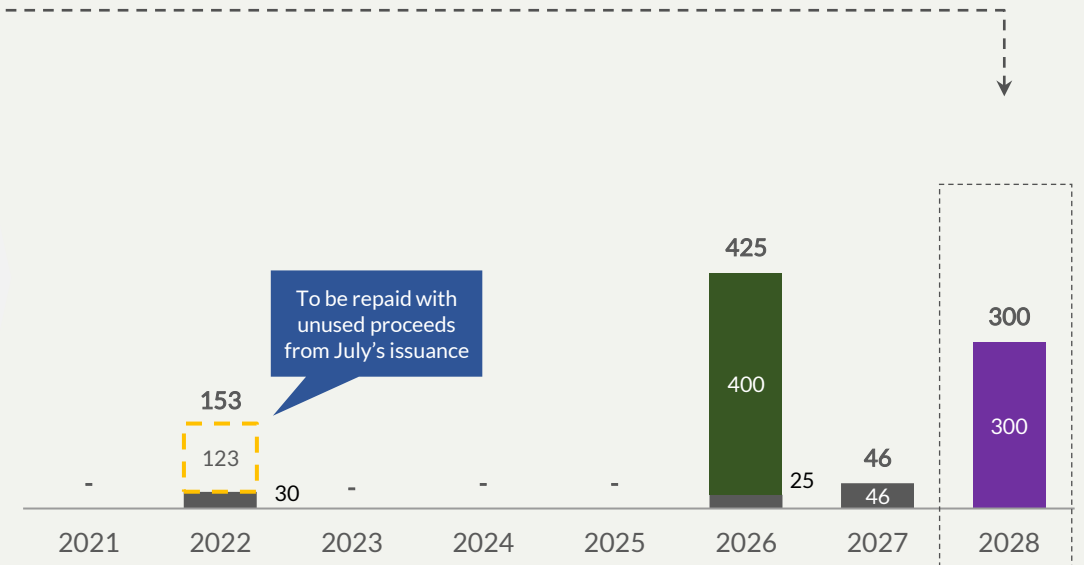
Average Cost of debt Pre-Transaction  
1.9%

■ Mortgage Loan  
■ Secured Debt PP  
■ Inaugural Senior Unsecured Green Bond

### Maturity Profile - Pro-Forma Transaction

Debt (€MM)

Avg. Debt Maturity:  
>6 years



Average Cost of debt Post-Transaction  
1.8%

■ Corporate Loan  
■ New Senior Unsecured Green Bond

Investment grade BBB by

**Fitch**Ratings

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**

## 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



### SECOND PARTY OPINION (SPO)

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

LAR ESPAÑA  
GREEN BOND



### 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 ALIGNMENT WITH ISS ESG GREEN KPIS

- Green Buildings
- Solar power projects

POSITIVE



### 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 TO THE UN SUSTAINABLE DEVELOPMENT GOALS

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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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.



LEADING  
SPO MARKET  
EXPERTISE

EXPERIENCE ACROSS  
ISSUER TYPES AND  
ASSET CLASSES

SUPPORTED  
BY WIDER ISS  
FUNCTIONS



## 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**, **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

- € 300 Mn have been obtained after the successful inaugural €400 Mn Senior Unsecured Green Notes Issued in July (700 Mn in 3 months)
- The company has taken advantage of the good market conditions, anticipating maturity and therefore providing stability until 2028
- The average cost of debt has been reduced from 2.2% to 1.8% thanks to new issuances
- New bond has a coupon of 1.84% and a maturity of 7 years, whereas the old bond has a coupon of 1.75% and a maturity of 5 years
- 100% unencumbered assets
- BBB rating obtained
- Reaffirmed commitment to ESG



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