



GRUPO LAR
RESIDENTIAL
A NEW MUST HAVE?

October 2022



GRUPO LAR AT A GLANCE

Experienced developer, investor and manager of Real Estate with over 50 years' experience



Grupo Lar specializes in the **development, investment and management of real estate assets**, with a strategy based on diversification and the development of competitive advantages through strategic alliances, adapting to the cyclical nature of the business.

Born in 1969 as with residential-only focus, Grupo Lar has been innovative in the way to approach the Real Estate business. In 1988 we became the **first Spanish real estate company to establish a JV with an international investor**.



With a spirit of diversification, Grupo Lar started investing in **other asset classes such as shopping centres and offices in 1998**. With the same diversification ambition, in **2004 Grupo Lar opened its first Latin-American subsidiary** in Mexico City.

GRUPO LAR AT A GLANCE

The Group's footprint in 2022



€ 3.5 Bn
Assets Under Management

12,200 Homes
Delivered in the past 10 years

2,000 BTR Units
under development for Rent

11,600 BTS Units
under development for Sale

570k Sqm of Retail
Operating Shopping Centres

100k Sqm of Logistics
Warehouses under Development



DIVERSIFIED GEOGRAPHICALLY AND BY ASSET CLASS

- Residential for Sale
- Residential for Rent
 - Healthcare
 - Logistics
 - Retail

6 countries

- Spain
- Mexico
- Brazil
- Peru
- Colombia
- Poland



50 YEARS' TRACK RECORD & INSTITUTIONAL ALLIANCES

Agreements with top-tier institutional investors



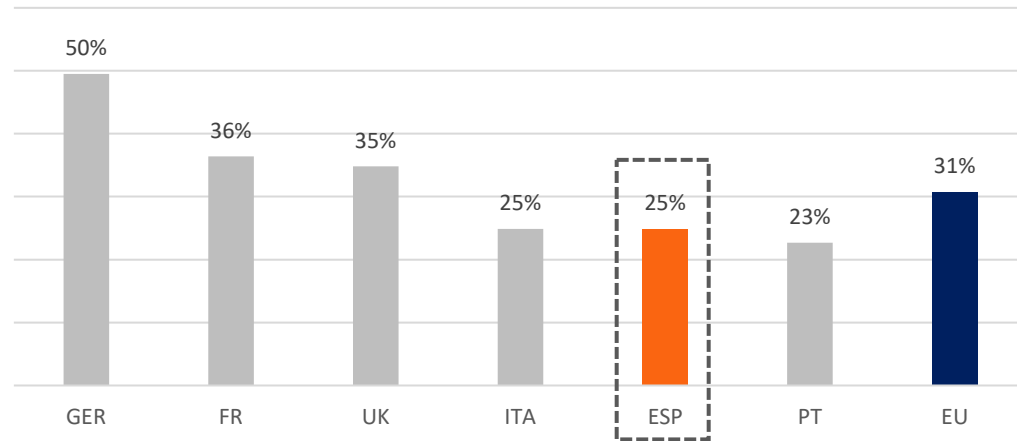
Extensive Retail & Residential
Property Management Experience

MULTIFAMILY AS AN ASSET CLASS

Strong growing demand, still away from European average

Increasing share of rental tenure, but still lagging behind other European peers

Distribution of population in Rental Homes, 2020



Source: Eurostat

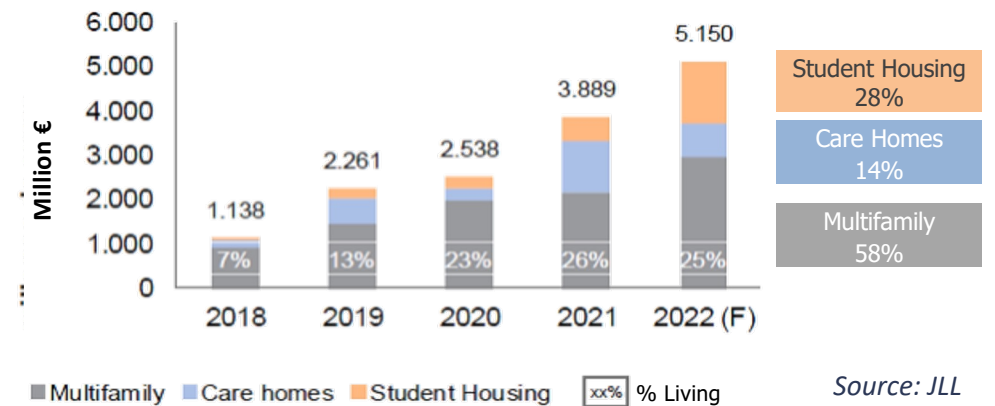
vs. 19% in 2007 (+31%)

And a lack of production capacity to keep up with the demand

- Spain 24 million dwelling market
- c. 4.5M dwellings for Rent (households)
- 1.1M shortage to reach the European average (31% vs. 25%)
- **At current production rates (80k dwellings/year), it would take 13.5 years to reach this level, assuming 100% of the production was dedicated to rental**

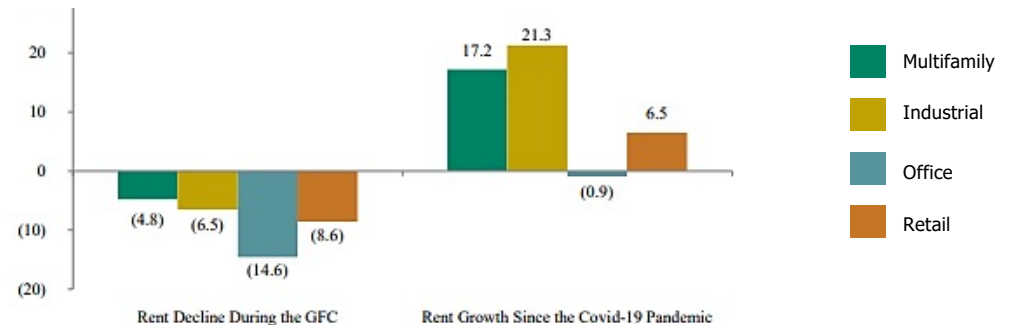
Increasing Appetite for insititutional investment

Evolution of Investment in the Living sector in Spain



Source: JLL

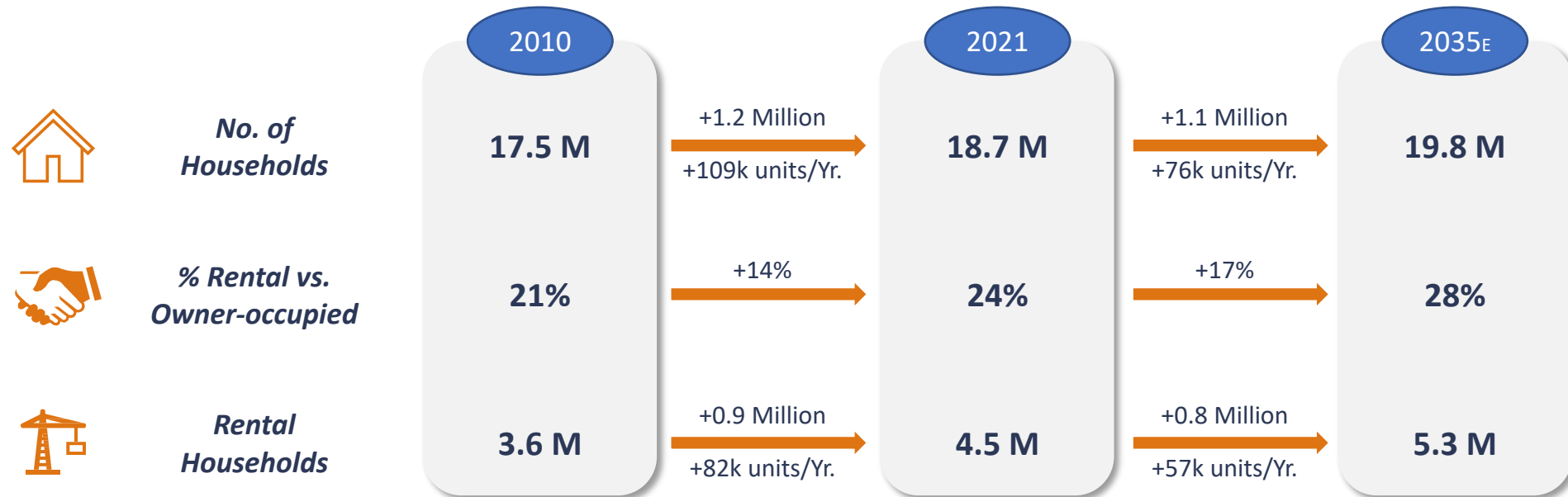
For a proven Resilient Asset Class



Source: Oaktree / CoStar – GFC: 2008-2012; Covid: 1Q20-1Q22

RENTAL RESIDENTIAL MARKET - SPAIN

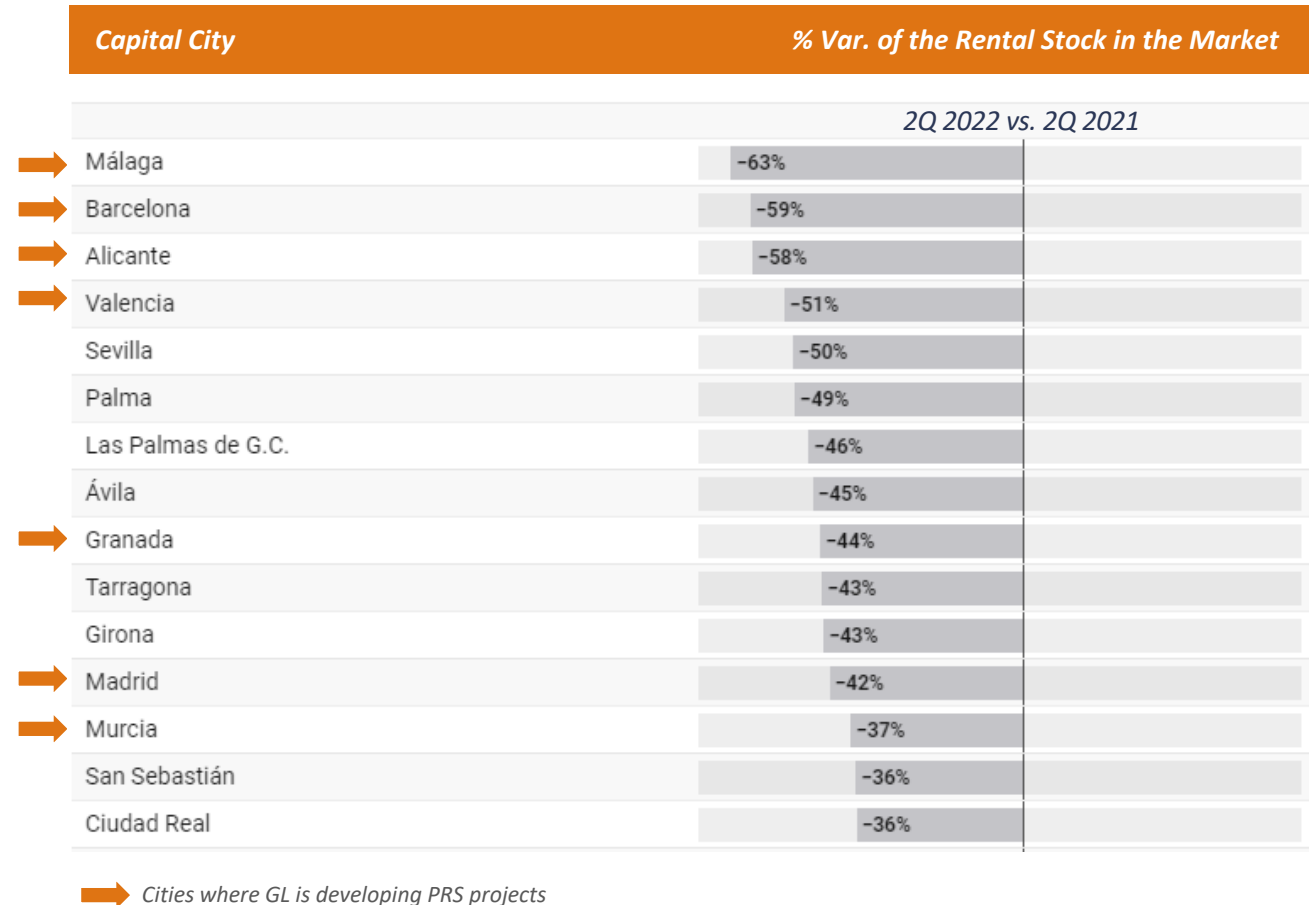
Clear imbalance between supply and demand



The Developer sector in Spain delivers
c. 80k units/year

RENTAL RESIDENTIAL MARKET - SPAIN

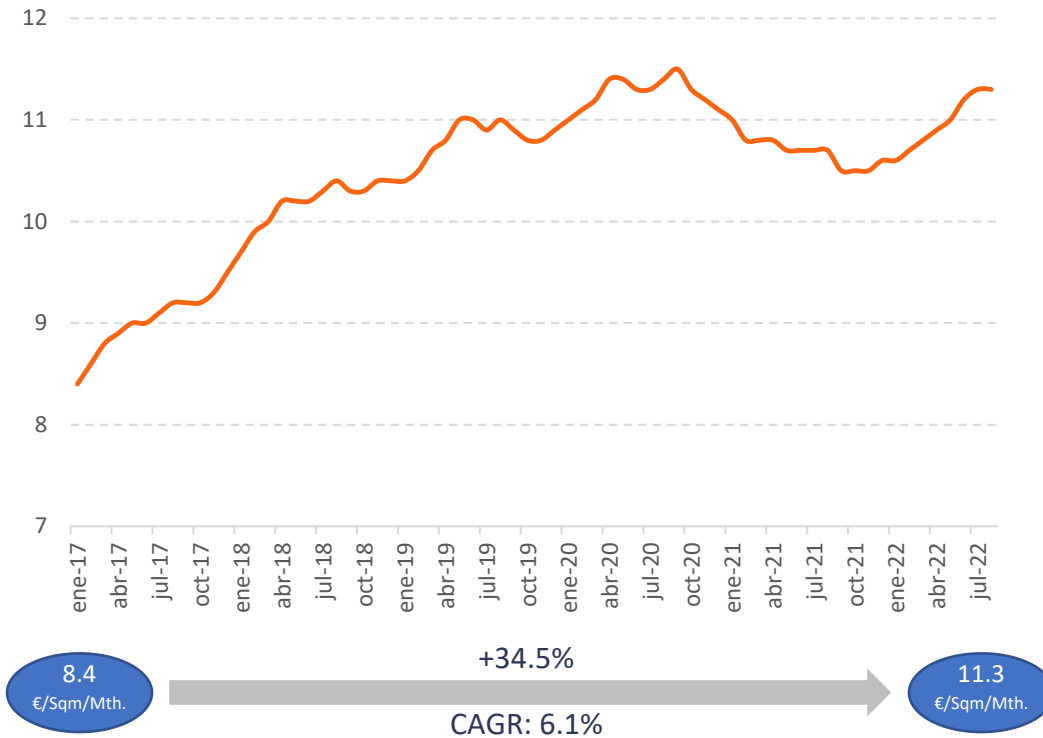
Steep decline of the Rental Stock



RENTAL RESIDENTIAL MARKET - SPAIN

With prices rising at rates never seen before

Average Rental Price Evolution in Spain (2017-2022)



Source: Idealista

Evolution of Rental Prices (Sept. 2022)

Capital City	Rent (€/Sqm/Mth.)	Monthly Var. (%)	Annual Var. (%)
Cuenca	6,9	1,40%	22,80%
➔ Alicante	8,9	2,40%	20,50%
➔ Barcelona	17,6	1,00%	20,20%
➔ Valencia	10,3	3,00%	16,00%
➔ Málaga	10,9	1,50%	14,80%
Palma de Mallorca	12,5	3,30%	13,00%
Girona	10,3	-0,40%	12,20%
Almería	7,4	-0,90%	12,00%
Santa Cruz de Tenerife	9,7	3,00%	11,90%
➔ Madrid	16,1	1,20%	10,30%
Lleida	7,6	-1,80%	9,30%
Tarragona	8,7	1,30%	9,00%
Castellón de la Plana	6,8	0,90%	8,90%
Palencia	6,6	0,60%	8,90%
Cádiz	10,1	0,60%	8,70%
Pontevedra	7,2	-0,30%	8,70%
Santander	9,3	1,60%	8,30%
Huelva	7,2	-4,00%	8,00%
Jaén	6,4	0,80%	8,00%
Las Palmas de Gran Canaria	10,7	0,30%	8,00%
Donostia-San Sebastián	15,7	1,40%	7,60%
Cáceres	5,9	-3,80%	7,50%
Lugo	6,2	-0,50%	7,10%
➔ Murcia	7,7	0,40%	7,10%
Segovia	8,5	-1,50%	6,90%

➔ Cities where GL is developing PRS projects

RENTAL RESIDENTIAL MARKET - SPAIN

What is coming next?

Clouds in the horizon – Macro situation

Interest rates

- Cost of debt
- Increase in mortgage costs

Inflation

- Increase in construction costs
- Increase in rents

Yields

- Repricing of assets

Employment Market

Challenges and Opportunities

Affordability

- Affordable Housing
- Public-Private Initiatives (PPPs)

Competition in PRS

- Still room for the development of more projects
- Upcoming consolidation of the market

Regulation

- Delegated in the Regions - 17 regulations
- Importance of local partner



THANK YOU

