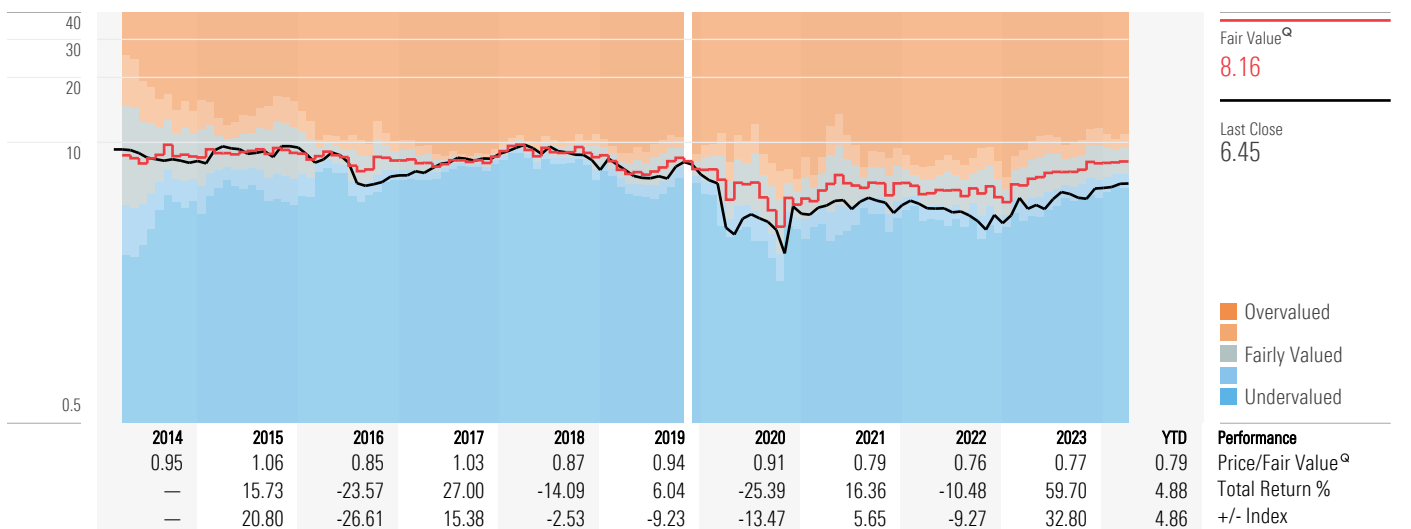


# Lar Espana Real Estate Socimi SA LRE ★★★★★ Q 1 Mar 2024, 23:44 UTC

<b>Economic Moat</b> <sup>Q</sup>	<b>Uncertainty</b> <sup>Q</sup>	<b>Price/Fair Value</b> <sup>Q</sup>	<b>ESG Risk Rating Assessment</b> <sup>1</sup>	<b>Trailing Dividend Yield %</b>	<b>Market Cap</b>	<b>Investment Style</b>	<b>Sector</b>	<b>Industry</b>
None	High	0.8	—	9.26	537.7436 Mil	Small Value	Real Estate	REIT - Diversified



As of 1 Mar 2024 | Index: Morningstar Spain GR EUR. Fair Value data as of 1 Mar 2024, 23:44 UTC.

<sup>1</sup>The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating. Lee Davidson, Chief Analytics Officer for Morningstar, Inc, oversees the methodology that supports Quantitative Fair Value Estimates and Quantitative Star Ratings. Mr. Davidson is guided by the Morningstar, Inc. Code of Ethics in carrying out his responsibilities. For information regarding Conflicts of Interests, visit <http://global.morningstar.com/equitydisclosures>.

## Key Metrics as of 29 Feb 2024

Metrics	Value	Percentile in Sector
Earnings Yield (%)	9.8	81.0
Sales Yield (%)	16.2	37.0
Book Value Yield (%)	164.4	68.0
Return on Assets (%)*	3.2	73.0
Revenue(Mil)*	94.1	44.0
Market Value (Mil)	581.9	58.0
Enterprise Value (Bil)	1.2	56.0
EV/MV Ratio	2.1	63.0
Volatility TTM (%)	18.8	29.0
Drawdown TTM (%)	14.6	26.0
Volume (K)	70.5	41.0

\*30 Jun 2023

## Business Description

Lar Espana Real Estate Socimi SA invests in and manages real estate assets, focusing on retail properties throughout Spain, office properties in Madrid & Barcelona, and the possibility of investing opportunistically on residential assets. Its main activity is the acquisition and management of shopping centres, may invest to a lesser extent in other assets for rent or for direct sale (commercial premises, industrial premises, logistics centres, offices and residential products).

## Valuation <sup>Q</sup> as of 1 Mar 2024

Morningstar maintains a 4-star quantitative star rating for Lar Espana Real Estate, derived from the firm's valuation and uncertainty scores. The company's shares last closed at 6.43, below our quantitative fair value estimate of 8.08. These shares have traded between a 29.69% discount to their fair value estimate over the past year. In Morningstar's equity coverage universe for this methodology, the company's valuation rating lands at the 59th percentile; in the real estate sector, the firm's score lies at the 62nd percentile (meaning the shares are more undervalued than 62% of stocks in the sector).

Furthermore, Lar Espana Real Estate maintains a quantitative valuation uncertainty rating of High. The company has held this star rating since the previous rating of 3, which was last assigned on 02/19/2024. The uncertainty rating for Lar Espana Real Estate has remained High since the previous rating of Very High, which was last assigned on 02/19/2024.

The key factors behind these ratings are the company's earnings yield and volatility. The earnings yield is 9.80%, and its maximum annualized trailing 12-month volatility is 25.75%. The earnings yield falls at the 81st percentile in the real estate sector

while the volatility is at the 29th percentile. Over the past year, the company's earnings yield has been between 9.75% and 18.90%; its volatility has ranged between 18.61% and 25.75%.

## Economic Moat <sup>Q</sup> as of 1 Mar 2024

Quantitatively, we do not believe Lar Espana Real Estate has an economic moat. Its moat score of 0.41 corresponds to the 51st percentile in the real estate sector. Furthermore, this rating has not changed over the past year, while the company's moat score fell from its maximum of 0.55 in this period (score of 1 indicates greatest economic moat).

The company also maintains a quantitative financial health rating of Moderate. Its score sits at the 44th percentile overall and the 55th percentile in the sector.

Examining the company's financials and market statistics, we find these ratings are principally driven by its book value yield and enterprise value-to-market value ratio. The book value yield is 164.36%, sitting at the 68th percentile in the real estate sector. The company's enterprise value-to-market value ratio is 2.05, corresponding to the 87th percentile in the equity coverage universe and the 63rd percentile in the sector.

## Fundamentals as of 1 Mar 2024

Lar Espana Real Estate reports earnings per share of 0.63. Its return on invested capital is 4.18%. The company maintains a dividend yield of 9.29%, paying out 94.83% of earnings. These values are calculated over a trailing 12-month period.

As of last market close, Lar Espana Real Estate has a price-to-earnings ratio of 10.21, falling at the 34th percentile in its sector (where a lower percentile means a lower ratio) and ranging between

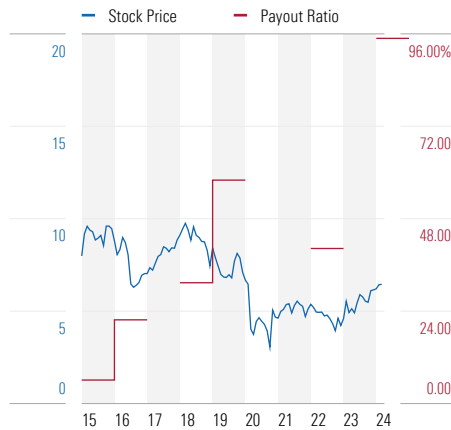
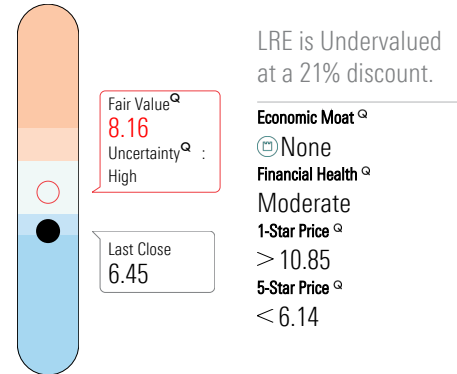
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None	High	0.8	—	9.26	537.7436 Mil	Small Value	Real Estate	REIT - Diversified

**Earnings** as of 29 Feb 2024

Earnings	%	Percentile in Sector
Dividend Yield*	9.3	80.0
Payout Ratio*	94.8	58.0
Price to Earnings	10.2	34.0
Price to Cash Flow	7.4	31.0
ROIC**	4.2	67.0

\*29 Feb 2024  
\*\*30 Jun 2023

**Dividends** as of 1 Mar 2024**Valuation** <sup>Q</sup> as of 1 Mar 2024

**Economic Moat** <sup>Q</sup>  
None  
**Financial Health** <sup>Q</sup>  
Moderate  
**1-Star Price** <sup>Q</sup>  
> 10.85  
**5-Star Price** <sup>Q</sup>  
< 6.14

5.41 and 10.25 over the past year. The company's price-to-free cash flow ratio is 7.39, falling at the 31st percentile in its sector and ranging between 6.03 and 8.67 over the past year.

**Contact**

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**Financials** as of 1 Mar 2024 (Fiscal Year End 31 Dec 2023)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	Fiscal
8.61	35.73	60.23	77.60	77.84	81.13	93.32	76.27	80.23	—	47.23	Revenue (Mil)
1.44	15.42	13.95	41.55	22.25	58.54	73.98	51.07	62.04	—	33.58	Operating Income (Mil)
16.67	43.16	23.16	53.54	28.59	72.15	79.27	66.96	77.33	—	71.1	Operating Margin (%)
3.46	43.56	91.43	135.61	129.31	80.73	-53.67	25.78	72.92	—	35.14	Net Income (Mil)
0.08	0.91	1.26	1.47	1.37	0.90	-0.63	0.31	0.87	—	0.42	Diluted Earnings/Share
2.81	22.67	19.13	48.69	19.10	16.80	8.54	32.07	59.29	—	42.29	Operating Cash Flow (Mil)
—	-1	-1	-8,686	—	—	—	—	—	—	-39	Capital Spending (K)
2.81	22.67	19.13	40.00	19.10	16.80	8.54	32.07	59.29	—	42.29	Free Cash Flow (Mil)
43	48	73	92	93	90	86	84	84	—	84	Avg Shares Outstand(Mil)

**Valuation** as of 1 Mar 2024

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar
0.95	1.06	0.85	1.03	0.87	0.94	0.91	0.79	0.76	0.77	0.79	Price/Fair Value <sup>Q</sup>
—	20.01	9.13	10.89	8.93	8.42	4.26	5.15	4.54	5.91	6.20	Price/Sales
—	19.59	7.64	5.75	4.81	5.15	—	—	4.75	9.76	10.24	Price/Earnings
—	27.37	37.41	19.76	—	18.11	35.85	16.23	6.45	7.07	7.41	Price/Cash Flow
0.93	1.03	0.85	0.96	0.71	0.63	0.44	0.51	0.40	0.58	0.61	Price/Book

**Operating Performance** as of 1 Mar 2024 (Fiscal Year End 31 Dec 2023)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Q3	Fiscal (%)
0.79	6.45	8.21	9.46	7.99	4.7	-3.13	1.48	4.15	—	-2.16	Return on Assets
0.89	9.07	13.22	15.67	13.42	8.11	-5.83	3.01	8.31	—	-4.14	Return on Equity
0.37	7.17	9.76	10.95	7.75	5.81	-2.09	2.71	5.16	—	-1.97	Rtn on Invested Capital

**Dividends** as of 1 Mar 2024

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Current	Calendar (%)
—	0.03	0.20	0.04	0.49	0.80	0.63	0.31	0.36	0.60	0.60	Dividend Per Share
—	0.31	2.84	—	6.52	11.27	13.44	—	8.48	—	9.26	Trailing Dividend Yield
—	—	—	—	—	7.11	5.85	—	0.56	—	0.41	Buyback Yield

# Appendix

**Economic Moat** <sup>®</sup>History as of 1 Mar 2024 (No Moat: 0.00-0.70, Narrow Moat: 0.70-0.99, Wide Moat: 0.99-1.00)

Year	January	February	March	April	May	June	July	August	September	October	November	December
2024	0.42	0.41	0.46	—	—	—	—	—	—	—	—	—
2023	0.20	0.23	0.20	0.36	0.27	0.44	0.42	0.32	0.39	0.27	0.54	0.41
2022	0.16	0.10	0.10	0.20	0.27	0.22	0.28	0.33	0.23	0.31	0.26	0.35
2021	0.04	0.10	0.05	0.07	0.06	0.04	0.04	0.10	0.17	0.12	0.09	0.15
2020	0.16	0.14	0.06	0.10	0.04	0.04	0.04	0.02	0.02	0.01	0.05	0.04
2019	0.21	0.10	0.11	0.18	0.12	0.18	0.18	0.32	0.04	0.10	0.10	0.10

# Quantitative Equity Report Overview

The quantitative report on equities consists of data, statistics and quantitative equity ratings on equity securities. Morningstar, Inc.'s quantitative equity ratings are forward looking and are generated by a statistical model that is based on Morningstar Inc.'s analyst-driven equity ratings and quantitative statistics. Given the nature of the quantitative report and the quantitative ratings, there is no one analyst in which a given report is attributed to; however, Mr. Lee Davidson, Head of Quantitative Research for Morningstar, Inc., is responsible for overseeing the methodology that supports the quantitative equity ratings used in this report. As an employee of Morningstar, Inc., Mr. Davidson is guided by Morningstar, Inc.'s Code of Ethics and Personal Securities Trading Policy in carrying out his responsibilities.

## Quantitative Equity Ratings

Morningstar's quantitative equity ratings consist of: (i) Quantitative Fair Value Estimate, (ii) Quantitative Star Rating, (iii) Quantitative Uncertainty, (iv) Quantitative Economic Moat, and (v) Quantitative Financial Health (collectively the "Quantitative Ratings").

The Quantitative Ratings are calculated daily and derived from the analyst-driven ratings of a company's peers as determined by statistical algorithms. Morningstar, Inc. ("Morningstar", "we", "our") calculates Quantitative Ratings for companies whether or not it already provides analyst ratings and qualitative coverage. In some cases, the Quantitative Ratings may differ from the analyst ratings because a company's analyst-driven ratings can significantly differ from other companies in its peer group.

i. **Quantitative Fair Value Estimate:** Intended to represent Morningstar's estimate of the per share dollar amount that a company's equity is worth today. Morningstar calculates the Quantitative Fair Value Estimate using a statistical model derived from the Fair Value Estimate Morningstar's equity analysts assign to companies. Please go to <http://global.morningstar.com/equitydisclosures> for information about Fair Value Estimate Morningstar's equity analysts assign to companies.

ii. **Quantitative Economic Moat:** Intended to describe the strength of a firm's competitive position. It is calculated using an algorithm designed to predict the Economic Moat rating a Morningstar analyst would assign to the stock. The rating is expressed as Narrow, Wide, or None.

**Narrow** – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 70% but less than 99%.

**Wide** – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 99%.

**None** – assigned when the probability of an analyst receiving a "Wide Moat" rating by an analyst is less than 70%.

iii. **Quantitative Star Rating:** Intended to be the summary rating based on the combination of our Quantitative Fair Value Estimate, current market price, Quantitative Uncertainty Rating, and momentum. The rating is expressed as One-Star, Two-Star, Three-Star, Four-Star, and Five-Star.

★ – the stock is overvalued with a reasonable margin of safety.

*Log (Quant FVE/Price) < -1\*Quantitative Uncertainty*

*Micro-Caps: Log (Quant FVE/Price) < -1.5\*Quantitative Uncertainty*

★★ – the stock is somewhat overvalued.

*Log (Quant FVE/Price) between (-1\*Quantitative Uncertainty, -0.5\*Quantitative Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (-1.5\*Quantitative Uncertainty, -0.75\*Quantitative Uncertainty)*

★★★ – the stock is approximately fairly valued.

*Log (Quant FVE/Price) between (-0.5\*Quantitative Uncertainty, 0.5\*Quantitative Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (-0.75\*Quantitative Uncertainty, 0.75\*Quantitative Uncertainty)*

★★★★ – the stock is somewhat undervalued.

*Log (Quant FVE/Price) between (0.5\*Quantitative Uncertainty, 1\*Quantitative*

*Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (0.75\*Quantitative Uncertainty, 1.5\*Quantitative Uncertainty)*

★★★★★ – the stock is undervalued with a reasonable margin of safety.

*Log (Quant FVE/Price) > 1\*Quantitative Uncertainty*

*Micro-Caps: Log (Quant FVE/Price) > 1.5\*Quantitative Uncertainty*

After the initial calculation for the star rating, there is a final filtering step based on the momentum of the company. We rank the companies based on their 12-1 month momentum, then restrict those below the 30th percentile to a maximum of 3 stars.

iv. **Quantitative Uncertainty:** Intended to represent Morningstar's level of uncertainty about the accuracy of the Quantitative Fair Value Estimate. Generally, the lower the Quantitative Uncertainty, the narrower the potential range of outcomes for that particular company. The rating is expressed as Low, Medium, High, Very High, and Extreme.

**Low** – the interquartile range for possible fair values is less than 10%

**Medium** – the interquartile range for possible fair values is less than 15% but greater than 10%

**High** – the interquartile range for possible fair values is less than 35% but greater than 15%

**Very High** – the interquartile range for possible fair values is less than 80% but greater than 35%

**Extreme** – the interquartile range for possible fair values is greater than 80%

v. **Quantitative Financial Health:** Intended to reflect the probability that a firm will face financial distress in the near future. The calculation uses a predictive model designed to anticipate when a company may default on its financial obligations. The rating is expressed as Weak, Moderate, and Strong.

**Weak** – assigned when Quantitative Financial Health < 0.2

**Moderate** – assigned when Quantitative Financial Health is between 0.2 and 0.7

**Strong** – assigned when Quantitative Financial Health > 0.7

## Other Definitions

i. **Last Close** – Price of the stock as of the close of the market of the last trading day before date of the report.

ii. **Quantitative Valuation** – Using the below terms, intended to denote the relationship between the security's **Last Price** and Morningstar's quantitative fair value estimate for that security.

**Undervalued – Last Price** is below Morningstar's quantitative fair value estimate.

**Fairly Valued – Last Price** is in line with Morningstar's quantitative fair value estimate.

**Fairly Valued – Last Price** is in line with Morningstar's quantitative fair value estimate.

**Overvalued – Last Price** is above Morningstar's quantitative fair value estimate.

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Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree

of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit [sustainalytics.com/esg-ratings/](https://sustainalytics.com/esg-ratings/)

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