

1 Macro Outlook



Spain expected to keep “healthy” but with demand stabilizing

- **GDP expected** growth: + 2.3% forecasted to 2025, according to OCDE, compared to a 3.0% growth in 2024.
- **11.4% unemployment rate** as of Q1 2025 expected to **level off**.
- **Consumer confidence** falling **8 points YoY**, from 85 to 76. **E-commerce sales** grew by 8% in 2024, and the **Purchasing Manager Index (PMI)** fell below 50 (49%) as of May 25, in line with most countries in Central Europe, **which means recession**.
- **Yield evolution is expected to level off progressively in 2025 once compressed in 2023-24**, financing costs decrease and robust NOI and effort rates setting the positive tone.

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Supply & Demand



- **Commercial density** levelled off to 344 sq.m/1,000 inhab with only 6 new openings/enlargements last year.
- 19 out of the 21 new projects in the pipeline (next 3 years) are **Retail Parks** leaving shopping centres in stand-by.
- Consumer spending habits still conditioned by the **COVID tailwinds**. Food and Household categories the winning categories by far.
- **Sales per sq.m** beginning to show **signs of stagnation**. In some instances, **we are even witnessing slight declines**, which seem to be a result of a drop in consumer confidence. This is also impacting on the M&A activity of the underlying retail business, with lower EBITDA multiples considered.
- **E-Commerce hitting its limits**. Key categories remain firmly anchored in physical retail.

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Financing Activity



- **46% of debt granted in 2024 was by traditional banks actively lending yielding assets in dislocated regions**. However, still reluctant to provide financing on speculative developments in good locations of Madrid and Catalonia.
- **Alternative capital providers on the rise, expanding their share up to 31% of total debt granted in 2024**, open to secure 70% LTC/LTV senior loan facilities and Mezz/Pref Equity tranches (15% all-in).
- **International banks reduced their share to 22%**
- **C. €2.3bn debt expected to be requested in 2025**, including new supply and refinancings.

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Retail Investment Market



- **Global Retail investment** growing by 2% YoY to 129bn. Global retail investment is also recovering share vs other asset classes (21% over total RE in 2025 vs 12% in 2021). **Investment in Spain** rocketed (2,7X vs 2023).
- **Yield compressed sharply** thanks to NOI growth, sales jump and interest rates cuts. Value Added investors had profit from an unprecedented opportunistic outlook.
- **European retail REITS** stock price trading at 28% discount to NAV (36% in 2023). Real Estate investors bowing to retail again.
- **No more bargains** - 11% of the Spanish divestment pipeline is ranked as “prime” in 2025, (36% in 2024)

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SC - Key Performing Indicators



	Sales growth vs 2019	Sales growth vs 2023	Sales (€/sq.m)	Effort Rate
Food	4.7%	37.6%	3,700	4.7%
Household and Furniture	4.4%	31.1%	1,247	9.3%
Services	5.4%	20.7%	2,025	10.9%
Electronics	10.1%	-13.8%	3,906	11.3%
Restaurants	3.7%	12.8%	3,988	13.2%
Leisure	4.1%	21.4%	4566	13.6%
Fashion	3.1%	18.2%	2,840	15.8%
Specialty Retail	2.8%	4.6%	591	24.6%