Lar España Real Estate SOCIMI, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements and Interim Directors' Report for the six-month period ended 30 June 2022, together with Report on Limited Review

Translation of a report originally issued in Spanish and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

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Translation of a report originally issued in Spanish and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Lar España Real Estate SOCIMI, S.A., at the request of Board of Directors:

Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of Lar España Real Estate SOCIMI, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the summarised consolidated statement of the financial position as of 30 June 2022, summarised consolidated income statement, summarised consolidated statement of comprehensive income, summarised consolidated statement of changes in equity, summarised consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent's directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of the Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the audit regulations in force in Spain and, consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

As a result of our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing came to our attention that might cause us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2022 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to Article 12 of Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

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Emphasis of Matter

We draw attention to Note 2a to the accompanying interim condensed consolidated financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2021. Our conclusion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2022 contains the explanations which the Parent's directors consider appropriate about the significant events which took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required pursuant to Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2022. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope and did not include a review of any information other than that drawn from the accounting records of Lar España Real Estate SOCIMI, S.A. and Subsidiaries.

Other Matters

This report was prepared at the request of the Board of Directors of Lar España Real Estate SOCIMI, S.A. in relation to the publication of the half-yearly financial report required by Article 119 of Consolidated Spanish Securities Market Law approved by Royal Decree 4/2015, of 23 October, and implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.

Carmen Barrasa Ruiz

28 July 2022

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

Abridged Consolidated Interim Financial Statements for the six-month period ended 30 June 2022

(Prepared under International Financial Reporting Standards as adopted by the European Union)

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Abridged Consolidated Statement of the Financial Position at 30 June 2022
(Expressed in thousands of Euros)

(Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 2). In the event of a discrepancy, the Spanish-language version prevails)

Assets	Note	30 June 2022 (*)	31 December 2021
Intangible assets		2	2
Investment property	5	1,469,650	1,423,848
Equity-accounted investees		1,477	1,477
Non-current financial assets	6	14,574	14,422
Trade and other long-term receivables	6	9,732	11,586
Total non-current assets		**1,495,435**	**1,451,335**
Trade and other short-term receivables	6 and 14	16,344	25,452
Other current financial assets	6	4,127	3,944
Other current assets		3,461	3,752
Cash and cash equivalents	7	184,779	313,199
Total current assets		**208,711**	**346,347**
Total assets		**1,704,146**	**1,797,682**

(*) Unaudited data

Notes 1 to 20, described in the explanatory notes attached, form an integral part of the Abridged Consolidated Interim Statement of Financial Position at 30 June 2022.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Abridged Consolidated Statement of the Financial Position at 30 June 2022
(Expressed in thousands of Euros)

(Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 2). In the event of a discrepancy, the Spanish-language version prevails)

Net Equity and Liabilities	Note	30 June 2022 (*)	31 December 2021
Capital	8a	167,386	167,386
Issue premium	8b	452,924	466,176
Other reserves and other contributions	8c	205,823	196,903
Profit/(loss) for the period		54,865	25,782
Treasury shares	8d	(546)	(860)
Total net equity		**880,452**	**855,387**
Financial liabilities from issue of bonds and other marketable securities	10	693,877	693,647
Bank borrowings	10	69,929	69,921
Deferred tax liabilities	14	15,578	15,578
Other non-current liabilities	10 and 11	20,777	20,716
Total non-current liabilities		**800,161**	**799,862**
Financial liabilities from issue of bonds and other marketable securities	10	10,198	129,702
Bank borrowings	10	185	185
Trade and other payables	10, 12 and 14	13,150	12,546
Total current liabilities		**23,533**	**142,433**
Total net equity and liabilities		**1,704,146**	**1,797,682**

(*) Unaudited data

Notes 1 to 20, described in the explanatory notes attached, form an integral part of the Abridged Consolidated Interim Statement of Financial Position at 30 June 2022.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Abridged Consolidated Interim Statement of the Comprehensive Income for the six-month period ended 30 June 2022
(Expressed in thousands of Euros)

(Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 2). In the event of a discrepancy, the Spanish-language version prevails)

Abridged Consolidated Income Statement	Note	30 June 2022 (*)	30 June 2021 (*)
Revenue	4 and 15	40,493	38,752
Other income		1,558	1,226
Employee benefits expense	18	(519)	(276)
Other expenses	16	(14,891)	(17,185)
Changes in the fair value of investment property	5	41,055	(7,564)
Profit and loss from the disposal of investment property		-	9
Operating profit/(loss)		**67,696**	**14,962**
Financial expenses	10	(8,298)	(10,258)
Changes in the fair value of financial instruments	7	(4,533)	1,397
Profit/(loss) before tax from continuing operations		**54,865**	**6,101**
Income tax		-	1,623
Profit/(loss) for the period		**54,865**	**7,724**
Basic earnings per share (in euros)	9	0.66	0.08
Diluted earnings per share (in Euros)	9	0.66	0.08

Abridged Consolidated Statement of Comprehensive Income	30 June 2022 (*)	30 June 2021 (*)
Profit/(loss) as per the income statement (I)	54,865	7,724
Other comprehensive income recognised directly in equity (II)	-	618
Other Amounts Transferred to the Income Statement (III)	-	-
Total comprehensive income (I+II+III)	54,865	8,342

(*) Unaudited data

Notes 1 to 20, described in the explanatory notes attached, form an integral part of the Abridged Consolidated Interim Statement of Comprehensive Income for the six-month period ended 30 June 2022.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Abridged Consolidated Statement of Changes in Equity for the six-month period ended 30 June 2022
(Expressed in thousands of Euros)

(Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 2). In the event of a discrepancy, the Spanish-language version prevails)

	Capital	Issue premium	Other reserves	Other contributions	Profit/(loss) for the period	Treasury shares	Valuation adjustments	Total net equity
Balance at 31 December 2021	167,386	466,176	196,663	240	25,782	(860)	-	855,387
Total revenue and expenses recognised in the period	-	-	-	-	54,865	-	-	54,865
Transactions with equity holders and owners								
Distribution of profit								
To reserves	-	-	9,069	-	(9,069)	-	-	-
To Dividends (Note 8b and e)	-	(13,252)	-	-	(16,713)	-	-	(29,965)
Treasury shares (Note 8d)	-	-	(149)	-	-	314	-	165
Other changes	-	-	-	-	-	-	-	-
Balance at 30 June 2022 (*)	167,386	452,924	205,583	240	54,865	(546)	-	880,452

(*) Unaudited data

Notes 1 to 20, described in the explanatory notes attached, form an integral part of the Abridged Consolidated Statement of Changes in Equity for the six-month period ended 30 June 2022.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Abridged Consolidated Statement of Changes in Equity for the six-month period ended 30 June 2022
(Expressed in thousands of Euros)

(Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 2). In the event of a discrepancy, the Spanish-language version prevails)

	Capital	Issue premium	Other reserves	Other contributions	Profit/(loss) for the period	Treasury shares	Valuation adjustments	Total net equity
Balance at 31 December 2020	175,267	475,130	280,765	240	(53,668)	(16,474)	(1,610)	859,650
Total revenue and expenses recognised in the period	-	-	-	-	7,724	-	618	8,342
Transactions with equity holders and owners								
Distribution of profit								
To reserves	-	-	(71,171)	-	71,171	-	-	-
To Dividends (Note 8b and e)	-	(8,954)	-	-	(17,503)	-	-	(26,457)
Treasury shares (Note 8d)	-	-	-	-	-	(2,994)	-	(2,994)
Other changes	-	-	-	-	-	-	-	-
Balance at 30 June 2021 (*)	175,267	466,176	209,594	240	7,724	(19,468)	(992)	838,541

(1) Unaudited data

Notes 1 to 20, described in the explanatory notes attached, form an integral part of the Abridged Consolidated Statement of Changes in Equity for the six-month period ended 30 June 2022.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES
Abridged Consolidated Statement of Cash Flows for the six-month period ended 30 June 2022
(Expressed in thousands of Euros)

(Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company (see Note 2). In the event of a discrepancy, the Spanish-language version prevails)

	30 June 2022 (*)	30 June 2021 (*)
A) Cash flows from/(used in) operating activities	**28,827**	**5,942**
Profit/(loss) for the period before tax	*54,865*	*6,101*
Adjustments to profit/(loss)	(26,357)	20,301
Changes in the fair value of investment property (Note 5)	(41,055)	7,564
Valuation adjustments due to impairment (Note 16)	1,867	2,264
Financial expenses	8,298	10,258
Changes in the fair value of financial instruments	4,533	(1,397)
Profit/(loss) from the disposal of investment property (Note 5)	-	(9)
Other income and expenses Note 16)	-	1,621
Changes in working capital	*4,573*	*(9,991)*
Trade and other receivables	9,093	1,741
Other current assets	(4,425)	(4,940)
Creditors and other accounts payable	(4)	(6,602)
Other non-current assets and liabilities	(91)	(190)
Other cash flows from operating activities	*(4,256)*	*(10,469)*
Interest paid (Note 10d)	(4,256)	(10,469)
B) Cash flows from/(used in) investing activities	**(4,747)**	**57,468**
Investment payments	*(4,747)*	*(2,054)*
Investment property (Note 5)	(4,747)	(2,054)
Proceeds from divestitures	-	*59,522*
Disposal of non-current assets held for sale	-	59,522
C) Cash flows from/(used in) financing activities	**(152,500)**	**(34,213)**
Proceeds and payments relating to equity instruments	*165*	*(2,994)*
Acquisition/disposal of equity instruments	165	(2,994)
Proceeds and payments relating to financial liability instruments	*(122,700)*	*(4,762)*
Issue of:		
Bank borrowings (Note 10)	15,000	30,000
Repayment and redemption of:		
Financial liabilities from issue of bonds and other marketable securities	(122,700)	-
Bank borrowings	(15,000)	(34,762)
Payments relating to dividends and remuneration from other equity instruments	*(29,965)*	*(26,457)*
Dividend payments (Note 8e)	(29,965)	(26,457)
E) Net increase/decrease in cash and cash equivalents	**(128,420)**	**31,823**
F) Changes in cash and cash equivalents of non-current assets held for sale	**-**	**2,626**
G) Cash and cash equivalents at beginning of period	313,199	134,028
H) Cash and cash equivalents at end of period	184,779	165,851

(*) Unaudited data

Notes 1 to 20, described in the explanatory notes attached, form an integral part of the Abridged Consolidated Interim Statement of Cash Flows for the six-month period ended 30 June 2022.

(1) NATURE, ACTIVITIES AND COMPOSITION OF THE GROUP

Lar España Real Estate SOCIMI, S.A. (hereinafter the "Parent Company" or "Lar España") was incorporated with limited liability under Spanish law on 17 January 2014 for an indefinite duration as "Lar España Real Estate, S.A.". Its name was changed to the current name on 6 February 2014.

Its registered office is located at Calle María de Molina 39, 28006, Madrid.

According to its articles of association, the Parent Company's statutory activity consists of the following:

- The acquisition and development of urban properties for lease.
- The holding of investments in the capital of other SOCIMIs (listed corporations for investment in the real estate market - Spanish "REITs") or in other entities not resident in Spain that have an identical statutory activity and are subject to a regime similar to that applicable to SOCIMIs, insofar as they have a legal or statutory obligation to distribute profits.
- The holding of investments in the capital of other entities, Spanish or foreign residents, whose main corporate purpose is the acquisition of urban property for the lease thereof that are subject to the same regime applicable to SOCIMIs insofar as they have a legal or statutory obligation to distribute profits and satisfy the investment requirements referenced in Article 3 of the SOCIMIs Law.
- The holding of shares or investments in property collective investment undertakings governed by Law 35/2003 of 4 November on collective investment undertakings, amended by Royal Decree 83/2015 of 13 February on property collective investment undertakings.
- In addition to the economic activity derived from the principal statutory activity, SOCIMIs may carry out complementary activities. These are understood to be activities that do not amount to more than 20% of the total earnings of the Company in each tax period or those which can be considered complementary pursuant to prevailing legislation.

Lar España Real Estate SOCIMI, S.A. and its subsidiaries and associated companies (hereinafter the "Group"), the main activity of which 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, residential products).

Lar España Real Estate SOCIMI, S.A. has been listed on the Spanish Stock Exchanges and Continuous Market since 5 March 2014 (Note 8).

The Parent Company and the subsidiaries thereof (except Inmobiliaria Juan Bravo 3, S.L., LE Offices Marcelo Spínola 42, S.L.U. and Lar España Inversión Logística IV, S.L.U.) are regulated by Law 11/2009, of 26 October, as amended by Law 16/2012, of 27 December, and Law 11/2021, of 9 July, which governs SOCIMIs. Note 1 on the consolidated financial statements for the 2021 financial year described the investment requirements for this type of company.

The composition of the Group at 30 June 2022 (with all owned directly by the parent company of the Group, Lar España Real Estate SOCIMI, S.A.) and their method of consolidation in the abridged interim financial statements is as follows:

Corporate name	Activity	% ownership	Method of consolidation
LE Logistic Alovera I y II, S.A.U.	Leasing of property	100	Full consolidation
LE Retail Hiper Albacenter, S.A.U.	Leasing of property	100	Full consolidation
LE Retail Alisal, S.A.U.	Leasing of property	100	Full consolidation
LE Offices Eloy Gonzalo 27, S.A.U.	Leasing of property	100	Full consolidation
LE Retail As Termas, S.L.U.	Leasing of property	100	Full consolidation
Inmobiliaria Juan Bravo 3, S.L.	Property development	50	Equity accounting
LE Logistic Alovera III y IV, S.L.U.	Leasing of property	100	Full consolidation
LE Offices Joan Miró 21, S.L.U.	Leasing of property	100	Full consolidation
LE Retail Hiper Ondara, S.L.U.	Leasing of property	100	Full consolidation
LE Logistic Almussafes, S.L.U.	Leasing of property	100	Full consolidation
LE Retail VidaNova Parc, S.L.U.	Leasing of property	100	Full consolidation
LE Retail El Rosal, S.L.U.	Leasing of property	100	Full consolidation
LE Retail Galaria, S.L.U.	Leasing of property	100	Full consolidation
LE Retail Lagoh, S.L.U.	Leasing of property	100	Full consolidation
LE Retail Vistahermosa, S.L.U.	Leasing of property	100	Full consolidation
LE Retail Sagunto II, S.L.U.	Leasing of property	100	Full consolidation
Lar España Inversión Logística IV, S.L.U.	Acquisition and development of properties for lease	100	Full consolidation
LE Retail Villaverde, S.L.U.	Leasing of property	100	Full consolidation
LE Retail Anec Blau, S.L.U.	Leasing of property	100	Full consolidation
LE Retail Albacenter, S.L.U.	Leasing of property	100	Full consolidation
LE Retail Txingudi, S.L.U.	Leasing of property	100	Full consolidation
LE Retail Las Huertas, S.L.U.	Leasing of property	100	Full consolidation
LE Offices Marcelo Spínola 42, S.L.U.	Leasing of property	100	Full consolidation
LE Retail Gran Vía de Vigo, S.A.U.	Leasing of property	100	Full consolidation
LE Retail Abadía, S.L.U.	Leasing of property	100	Full consolidation
LE Retail Rivas, S.L.U.	Leasing of property	100	Full consolidation
LE Retail Córdoba Sur, S.L.U.	Leasing of property	100	Full consolidation

All the companies are domiciled at Calle María de Molina 39, 28006, Madrid.

(2) BASIS OF PRESENTATION OF THE ABRIDGED CONSOLIDATED INTERIM FINANCIAL STATEMENTS PREPARED UNDER IFRS AS ADOPTED BY THE EUROPEAN UNION

(a) Regulatory framework

The regulatory financial reporting framework to which the Company is subject is that established in:

- The Spanish Code of Commerce and related mercantile legislation;
- International Financial Reporting Standards as adopted by the European Union (IFRS-EU) through Regulation (EC) No 1606/2002/EC of the European Parliament and Law 62/2003 of 31 December, on tax, administrative and social measures;
- Mandatory standards approved by the Spanish Accounting and Auditing Institute (ICAC) in drafting the Spanish General Chart of Accounts and the supplementary standards thereof;
- Law 11/2009 of 26 October, as amended by Law 16/2012 of 27 December and Law 11/2021, of 9 July, which governs SOCIMIs.
- All other applicable Spanish accounting principles.

The consolidated financial statements for 2021 were drawn up in accordance with the regulatory financial reporting framework listed in the previous paragraph, and thus present a true and fair view of the Group's consolidated equity and consolidated financial position at 31 December 2021 and of the consolidated statements of income from its operating activities, of the changes in consolidated equity and consolidated cash flows for the Group during the financial year that ended on said date.

The Group's consolidated financial statements for the 2021 financial year were approved by the General Shareholders' Meeting of Lar España Real Estate SOCIMI, S.A., which was held on 27 April 2022.

These abridged consolidated interim financial statements are presented in accordance with International Accounting Standard (IAS) 34 on Interim Financial Reporting, and were authorised for issue by the Parent Company's Directors, on 28 July 2022, fully in accordance with that provided in article 12 of Royal Decree 1362/2007 of 19 October, implementing Law 24/1988 of 18 July, on the Spanish Securities Market regarding the transparency requirements for the information on companies whose securities are listed on the official secondary market or another regulated market in the European Union.

In accordance with IAS 34, the interim financial reporting is prepared with the sole intention of updating the content of the most recent consolidated financial statements issued by the Group, emphasising the new activities, events and circumstances that took place during the period and not duplicating the information already published in the consolidated financial statements for 2021. The abridged consolidated interim financial statements and for the six-month period ended 30 June 2022 do not, therefore, include all the information that would be required in complete consolidated financial statements prepared in accordance with the International Financial Reporting Standards. They must therefore be read in conjunction with the Group's consolidated financial statements for the financial year that ended on 31 December 2021.

Consolidated profit or loss and the calculation of consolidated equity are subject to the accounting policies and principles, valuation criteria and estimates used by the Parent Company's Directors in preparing the abridged consolidated interim financial statements. In this respect, the main accounting policies and principles and valuation criteria used are those applied in the 2021 consolidated financial statements, except for any standards or interpretations that came into force during the first six months of 2022.

During the first six months of 2022, the following standards, amendments to standards and interpretations came into force, and where applicable, have been used by the Group in drawing up the abridged consolidated interim financial statements:

Mandatory application in annual periods beginning on or after 01 January 2022

- Amendments to IFRS 3 "Reference to the Conceptual Framework": IFRS 3 is updated to align the definitions of "asset" and "liability" in a business combination with those in the conceptual framework. Furthermore, a number of clarifications are introduced in relation to the recognition of contingent assets and liabilities.

- Amendment to IAS 16 "Proceeds before intended use": The amendment prohibits deducting any proceeds obtained on the sale of articles produced while the company is preparing the asset for its intended use from the cost of property, plant and equipment.

- Amendment to IAS 37 "Onerous contracts – Cost of fulfilling a contract": The Amendment explains that the direct cost of fulfilling a contract includes the incremental costs of fulfilling said contract and the allocation of other costs that are directly related to the compliance with the contract.

- Improvements to IFRS Cycle 2018-2020: Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IFRS 41.

Mandatory application in annual periods beginning on or after 01 January 2023

- Amendment to IAS 1 - "Disclosure of accounting policies": Amendments allowing entities to appropriately identify information on material accounting policies that must be disclosed in financial statements.

- Amendment to IAS 8 - "Definition of accounting estimate": Amendment and clarifications regarding the definition of a change in accounting estimate.

- IFRS 17 "Insurance Contracts and the amendments thereto": Classifications in terms of posting liabilities as current or non-current.

There is no accounting policy or valuation criterion that, having a significant effect on the abridged consolidated interim financial statements, has not been applied.

Similarly, the following published standards, amendments and interpretations were not in force during the first six months of 2022 and were yet to be approved for use in the EU:

- Amendment to IAS 1 Classification of Liabilities as Current or Non-current: Classifications in terms of posting liabilities as current and non-current.

- Amendment to IAS 12 Deferred tax related to assets and liabilities arising from a single transaction: Clarification on how companies must account for deferred tax on transactions such as leases and decommissioning obligations.

- Amendment to IFRS 17 Insurance contracts: Amendment to the transition requirements of IFRS 17 for insurance companies applying IFRS 17 and IFRS 9 simultaneously for the first time.

(b) Functional and presentation currency

The figures disclosed in the consolidated financial statements for the period ended 31 December 2021 are expressed in thousands of Euros, which is the functional and presentation currency of the Parent Company.

(c) Comparison of information

As required by the International Financial Reporting Standards as adopted by the European Union, the information contained in these abridged consolidated interim financial statements for the six-month period ended 30 June 2022 (the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, all of which are abridged and consolidated), together with the information at 30 June 2022 (for the abridged consolidated statement of financial position and the statement of changes in equity) are presented for comparison with the information for the six-month period ended 30 June 2021 (for the statement of comprehensive income, statement of changes in equity and statement of cash flows, all of which are abridged and consolidated) and information at 31 December 2021 (for the abridged consolidated statement of financial position).

The same main accounting criteria were applied in the 2022 and 2021 periods, such that there were no operations or transactions that were recorded using different accounting principles that could lead to discrepancies in the interpretation of the comparative figures for the two periods.

(d) Estimates made

Estimates made by the Parent Company's Directors have occasionally been used in the abridged consolidated interim financial statements to quantify some of the assets, liabilities, revenue, expenses and commitments reflected therein. Basically, these refer to the following:

- Calculations of fair value of investment property by applying valuation models (Note 5).
- Compliance with the requirements that regulate SOCIMIs (Notes 1 and 14).
- Valuation adjustment for customer insolvencies (Note 6).
- Evaluations of provisions and contingencies (Notes 6, 13 and 14).
- Financial risk management (Note 13).

These estimates have been calculated by the Parent Company's directors based on the best information about the events analysed that was available at the time. In any case, future events may require changes to these estimates in subsequent years, which would be made, if applicable, in accordance with the provisions of IAS 8.

(e) Correction of errors

During the first six months of 2022 no errors have been brought to light with respect to the close of the previous financial year that would require correction.

(f) Seasonality of the Group's transactions

Given the activities in which the companies in the Group are involved, their transactions are not markedly cyclical or seasonal in nature. Specific breakdowns in this respect have therefore not been included in these explanatory notes to the abridged consolidated interim financial statements for the six-month period ended 30 June 2022 and 2021.

(g) Relative importance

In determining the information to be broken down in the explanatory notes on the different items in the financial statements and other matters, the Group, in accordance with IAS 34, has taken into account the relative importance in relation to the abridged consolidated financial statements for the six-month period ended 30 June 2022.

(h) Abridged consolidated statement of cash flows

The abridged consolidated statement of cash flows uses the following expressions and definitions:

– Cash flows are the inflows and outflows of cash and cash equivalents.

– Operating activities are the activities that constitute the main source of the Group's ordinary revenue, and any other activities that cannot be classified as investment or financing activities.

– Investing activities are the acquisition, sale or other disposal of non-current assets and other investments not included in cash and cash equivalents.

– Financing activities are the activities that result in changes in the size and composition of equity capital and of the loans taken out by the company.

For the purposes of preparing the abridged consolidated statement of cash flows, the following have been considered to be "cash and cash equivalents": cash on hand and demand bank deposits, and those short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Impact of COVID 19 on the financial statements

The health crisis triggered by COVID-19 described in the consolidated financial statements for the year ended 31 December 2021 has had a very limited impact on the Group's operations during 2022, as there were no further shutdowns imposed by the government. However, the economic impact of the crisis continues to have an impact on the Group's activity and the tenants of its shopping centres, with the directors of the Parent Company continuously assessing them.

In this connection, during 2021, the Group continued with the commercial policies implemented in 2020 to support the tenants of its shopping centres by granting discounts and extensions on the payment of rent, although during 2022 these policies have been very limited. As a result of these circumstances, the Group has recognised under "Operating lease receivables - income linearisation" (Note 6a) the amount pending allocation to income from these discounts granted to tenants, coming to a total at 30 June 2022 of EUR 7,896 thousand. Likewise, the negative impact on profit/(loss) for the six-month period ended 30 June 2022 on account of the linearisation of these discounts associated with COVID-19 comes to EUR 3,768 thousand.

(j) Impact of the invasion of Ukraine on the financial statements

On 24 February 2022, Russia launched an invasion of Ukraine, leading to a war between these countries, the consequences of which remain uncertain at present. The directors of the Company, having assessed the possible impact of this situation, have considered that, a priori, it will not have an impact on its financial statements, as all of its operations are carried out in Spain and it does not depend on raw materials that could be affected by supply chain disruptions.

Notwithstanding, in light of the current geopolitical uncertainty and volatility and the potential impact thereof on the global economy and on the price of energy, transport, products and raw materials, the Company's directors and management have set in place a comprehensive system to monitor, assess and mitigate the related risks. They are also continually monitoring developments in the current conflict and the consequences thereof with a view to successfully addressing any potential future impacts.

(3) CHANGES TO THE COMPOSITION OF THE GROUP

In Note 4e. and Appendix I of the consolidated financial statements for the period ended 31 December 2021, relevant information is provided regarding the Group companies that were consolidated as of that date and those that were consolidated using the equity method.

During the six-month period ended on 30 June 2022, there was no significant change in the Group's composition.

(4) SEGMENT REPORTING

(a) Operating segments

At 30 June 2022, the Group is organised internally into operating segments, with two distinct lines of business: shopping centres (which comprises the rental of shopping centres and single-tenant commercial premises) and residential properties. These are the strategic business units. The breakdown into operating segments is as follows:

- Shopping centres: Txingudi, Las Huertas, Hipermercado Albacenter, Anec Blau, Portal de la Marina, Albacenter, As Termas, Hipermercado Portal de la Marina, El Rosal, Parque Comercial VidaNova Parc, Gasolinera As Termas, Parque Comercial Megapark, Lagoh, Parque Comercial Vistahermosa, Gran Vía de Vigo, Parque Comercial and Galería Comercial Abadía and Parque Comercial Rivas.

– Residential: Stake in the company Inmobiliaria Juan Bravo 3, S.L., the developer of a block of flats on Calle Juan Bravo in Madrid, all of which were delivered.

The profit generated by each segment and by each asset within each segment is used as a measure of its performance because the Group considers this to be the most relevant information with which to assess the profits generated by specific segments as compared with other groups that operate in these businesses.

The details of these activities by segment at 30 June 2022, and their comparison with the previous period (30 June 2021 for income and expenses, and 31 December 2021 for assets and liabilities), are shown below:

	Thousands of Euros			
	30 June 2022			
	Shopping centres	Residential (Stakes in associates)	Head Office and other (*)	Total
Revenue from leases	40,493	-	-	40,493
Total revenue	40,493	-	-	40,493
Other income	1,558	-	-	1,558
Employee benefits expense	-	-	(519)	(519)
Operating expenses (**)	(12,697)	-	(2,250)	(14,891)
Changes in the fair value of investment property	41,055	-	-	41,055
Operating profit	70,409	-	(2,713)	67,696
Net finance cost (**)	(8,012)	-	(4,819)	(12,831)
Profit/(loss) before tax from continuing operations	62,397	-	(7,532)	54,865
Income tax	-	-	-	-
	62,397	-	(7,532)	54,865

(*) The line item “Head Office and other” comprises the corporate revenue and expense that cannot be attributed to any segment.

(**) The fact has been taken into consideration that in the first half of 2022, the Parent Company reinvoiced the subsidiaries the amount corresponding to “Operating expenses”. The amount attributable to shopping centres at 30 June 2022 totalled EUR 3,540 thousand. In addition, the Parent Company rebilled the amount corresponding to financial expenses accrued through the Bonds issued in July and October 2021 to the subsidiaries and for the loan taken out with the EIB. The amount attributable to shopping centres amounts to EUR 8,012 thousand.

	Thousands of Euros			
	30 June 2021			
	Shopping centres	Residential (Stakes in associates)	Head Office and other (*)	Total
Revenue from leases	38,752	-	-	38,752
Total revenue	38,752	-	-	38,752
Other income	1,226	-	-	1,226
Employee benefits expense	-	-	(276)	(276)
Operating expenses (**)	(15,165)	-	(2,020)	(17,185)
Changes in the fair value of investment property	(7,564)	-	-	(7,564)
Profit/(loss) from the disposal of investment property	9	-	-	9
Operating profit	17,258	-	(2,296)	14,962
Net finance cost (**)	(8,861)	-	-	(8,861)
Profit/(loss) before tax from continuing operations	8,397	-	(2,296)	6,101
Income tax	-	-	1,623	1,623
	8,397	-	(673)	7,724

(*) The line item “Head Office and other” comprises the corporate revenue and expense that cannot be attributed to any segment.

(**) The fact has been taken into consideration that in the first half of 2021, the Parent Company reinvoiced the subsidiaries the amount corresponding to “Operating expenses”. The amount attributable to shopping centres at 30 June 2021 totalled EUR 5,011 thousand. In addition, the Parent Company rebilled the amount corresponding to financial expenses accrued through the Bonds to the subsidiaries expiring in February 2022 and the loan taken out with the EIB. The amount attributable to shopping centres amounted to EUR 2,165 thousand.

	Thousands of Euros			
	30 June 2022			
	Shopping centres	Residential (Stakes in associates)	Head Office and other	Total
Intangible assets	2	-	-	2
Investment property	1,469,650	-	-	1,469,650
Equity-accounted investees	-	1,477	-	1,477
Non-current financial assets	14,574	-	-	14,574
Trade and other long-term receivables	9,732	-	-	9,732
Total non-current assets	1,493,958	1,477	-	1,495,435
Trade and other short-term receivables	15,475	-	869	16,344
Other current financial assets	4,127	-	-	4,127
Other current assets	3,405	-	56	3,461
Cash and cash equivalents	21,157	-	163,622	184,779
Total current assets	44,164	-	164,547	208,711
Total assets	1,538,122	1,477	164,547	1,704,146

	Thousands of Euros			
	31 December 2021			
	Shopping centres	Residential (Stakes in associates)	Head Office and other	Total
Intangible assets	2	-	-	2
Investment property	1,423,848	-	-	1,423,848
Equity-accounted investees	-	1,477	-	1,477
Non-current financial assets	14,422	-	-	14,422
Trade and other long-term receivables	11,586	-	-	11,586
Total non-current assets	1,449,858	1,477	-	1,451,335
Trade and other short-term receivables	25,444	-	8	25,452
Other current financial assets	3,942	-	2	3,944
Other current assets	3,587	-	165	3,752
Cash and cash equivalents	63,663	-	249,536	313,199
Total current assets	96,636	-	249,711	346,347
Total assets	1,546,494	1,477	249,711	1,797,682

	Thousands of Euros			
	30 June 2022			
	Shopping centres	Residential (Stakes in associates)	Head Office and other	Total
Financial liabilities from issue of bonds and other current and non-current marketable securities	704,075	-	-	704,075
Current and non-current bank borrowings	70,114	-	-	70,114
Deferred tax liabilities	15,578	-	-	15,578
Other non-current liabilities	20,777	-	-	20,777
Trade and other payables	10,549	-	2,601	13,150
Total current and non-current liabilities	821,093	-	2,601	823,694

	Thousands of Euros			
	31 December 2021			
	Shopping centres	Residential (Stakes in associates)	Head Office and other	Total
Financial liabilities from issue of bonds and other current and non-current marketable securities	823,349	-	-	823,349
Current and non-current bank borrowings	70,106	-	-	70,106
Deferred tax liabilities	15,578	-	-	15,578
Other non-current liabilities	20,716	-	-	20,716
Trade and other payables	9,556	-	2,990	12,546
Total current and non-current liabilities	939,305	-	2,990	942,295

(b) Geographical segments

Revenue per geographical segment is presented on the basis of the location of the assets.

The table below summarises revenue in each geographical region at 30 June 2022 and 30 June 2021:

	Thousands of Euros 30 June 2022		Thousands of Euros 30 June 2021	
	Revenue	%	Revenue	%
Andalusia	7,526	18.58	7,332	18.93
Basque Country	7,005	17.30	6,587	18.40
Galicia	6,263	15.47	7,127	17.00
Community of Valencia	6,817	16.83	6,434	16.60
Castile La Mancha	4,467	11.03	3,845	9.92
Castile and León	3,649	9.01	3,099	8.00
Catalonia	2,820	6.97	2,267	5.85
Community of Madrid	1,946	4.81	1,765	4.55
Balearic Islands	-	-	132	0.34
Cantabria	-	-	75	0.19
Navarre	-	-	58	0.15
La Rioja	-	-	31	0.07
	40,493	100.00	38,752	100.00

The Group carries out its activity entirely in Spain and all of its assets are located in this country.

(c) Main customers

This line item presents details of the tenants that contributed the most rental revenue during the period ended 30 June 2022, as well as their main characteristics:

Position	Trade name	Project	% of total revenue	% accumulated	Maturity *	Sector
1	Inditex	Anec Blau/Albacenter/El Rosal/As Termas/Portal de la Marina/Gran Vía de Vigo	9.70%	9.70%	2025-2035	Textile/Fashion
2	Carrefour	El Rosal/Gran Vía de Vigo/Hiper Portal de la Marina	4.12%	13.82%	2042-2060	Distribution/Hypermarket
3	MediaMarkt	Megapark/Vistahermosa/As Termas/Parque Abadía/Rivas/Lagoh	4.02%	17.84%	2029-2044	Technology
4	Leroy Merlin	Vidanova Parc/Vistahermosa/As Termas/Portal de la Marina	3.16%	21.00%	2041-2058	DIY
5	Decathlon	Megapark/Parque Abadía/Vidanova Parc	2.45%	23.45%	2036-2043	Distribution
6	Conforama	Megapark/ Vidanova Parc/ Rivas	2.20%	25.65%	2035-2038	Textile/Fashion
7	El Corte Inglés	Lagoh/Parque Abadía/ Gran Via de Vigo/ Megapark/ As Termas/ Rivas	2.17%	27.82%	2025-2039	Textile/Fashion
8	Cortefiel/Tendam	Albacenter/AnecBlau/As Termas/Megapark/Galeria Abadía/El Rosal/Gran Vía de Vigo/Huertas/Portal de la Marina/Txingudi/Vidanova Parc/Vistahermosa/Lagoh	2.15%	29.97%	2021-2036	Textile/Fashion
9	Mercadona	Lagoh/ Megapark/Hipermercado Albacenter/Anec Blau	2.04%	32.01%	2040-2049	Distribution/Supermarket
10	Alcampo	Parque Abadia/Vistahermosa	1.77%	33.78%	2055-2061	Textile/Fashion

* The information on contractual maturities refers to the end date of the contract, although there are cases in which there are termination options with an earlier date.

(5) INVESTMENT PROPERTY

At 30 June 2022 and 2021 the investment property owned by the Group comprises 10 shopping centres, 5 business parks, 2 hypermarkets (Portal de la Marina and Albacenter), 2 petrol stations (As Termas and Vidanova), and the land on which these are located, which are held to obtain rental revenue and are therefore not occupied by the Group.

Investment property is presented at fair value. In this connection, the composition and movements that had occurred in the first six months of 2022 in the accounts included under the line item "Investment property" in the abridged consolidated financial statements at 30 June 2022 were as follows:

	Thousands of Euros
	Completed investment property
Fair value at 31 December 2021	1,423,848
Additions for the period	4,747
Changes in the fair value of investment property	41,055
Balance at 30 June 2022	1,469,650
Fair value at 30 June 2022	1,469,650

Additions and changes to the scope

The additions for the six-month period ended 30 June 2022 correspond to the following items:

		Thousands of Euros
Type of asset	Company	Additions
Shopping centre	Gran Vía de Vigo (a)	2,042
Business Park	Megapark (a)	1,147
Business Park	Portal de la Marina (a)	839
-	Improvements to other assets and fit-outs	719
		4,747

(a) Amounts corresponding mainly to the reforms carried out on the real estate assets of Gran Vía de Vigo, the Megapark and Megapark Ocio business park and Portal de la Marina.

On 30 June 2022, the additions of investment property pending payment amounted to EUR 1,183 thousand and were recognised under "Trade and other payables" in the abridged consolidated financial statements at 30 June 2022.

Investment commitments pertaining to investment property totalled EUR 7,032 thousand at 30 June 2022 (EUR 8,150 thousand at 31 December 2021).

Fair value of investment property

At 30 June 2022, the fair value of investment property amounted to EUR 1,469,650 thousand (31 December 2021: EUR 1,423,848 thousand) and is considered to be a level 3 valuation, since there were no transfers between levels in the first half of 2022. All of said property comprises business parks and shopping centres.

At 30 June 2022 the details of the gross leasable area and occupancy rate by business line are as follows:

	Square metres			
	30 June 2022		31 December 2021	
	Gross leasable area	Occupancy rate (%)	Gross leasable area	Occupancy rate (%)
Shopping centres and business parks	550,409	95.3%	551,326	96.1%

All investment properties that are rented or are expected to be rented under effective leases are classified as investment properties. In accordance with IAS 40, the fair value of the investment property has been determined by professionally accredited external independent appraisal companies with recent experience in the locations and categories of the properties being appraised. Independent appraisal companies determine the fair value of the Group’s investment property portfolio every six months (June and December) and on a quarterly basis in the case of assets under construction or comprehensive renovations.

The appraisal is conducted in accordance with the Professional Standards published by The Royal Institution of Chartered Surveyors (“Red Book”), based in the United Kingdom.

The methodology used to calculate the market value of investment assets consists of updating 10 years’ worth of revenue and expense projections for each asset, which will subsequently be updated on the date of the Statement of Financial Position using a market discount rate. The residual value at the end of year 11 is calculated applying a rate of return (“exit yield” or “cap rate”) to the net revenue projections estimated for year 11. The market values thus obtained are analysed by calculating and analysing the yield capitalisation implicit in these values. The projections are aimed at reflecting the Group’s best estimate, reviewed by the appraiser, of the future income and expenses of the real estate assets.

The appraisal companies that performed the valuations of the Group’s investment property at 31 June 2022 and 31 December 2021 were Jones Lang Lasalle España and Cushman & Wakefield.

Fees paid by the Group to the appraisal companies for valuations in the first half of 2022 and 2021 are as follows:

	Thousands of Euros	
	30/06/2022	30/06/2021
Appraisal services	33	24
	33	24

Sensitivity analysis of the assumptions used

In terms of calculating the fair value of investment property, the material unobservable input data used to measure the fair value correspond to rental income, the Exit Yield and the discount cash flow used in projections. Quantitative information on the material unobservable input data used to measure the fair value is shown below:

	30/06/2022		31/12/2021	
	Exit Yield	Discount rate	Exit Yield	Discount rate
Shopping centres and business parks	5.50 – 7.50	7.30–12.34	5.45 – 8.50	7.03–10.30

In terms of rental revenue, the amounts per square meter used in the measurement for the first half of 2022 ranged from EUR 4.97 and EUR 21.46 per month (EUR 4.5 and 21.6 per month in 2021), depending on the type of asset and the location. The revenue growth rates used in the projections are mainly based on the CPI.

Sensitivity analysis of the assumptions used

The effect on consolidated assets and the consolidated statement of comprehensive income of a one-quarter percentage point, one-half percentage point and one percentage point variation in the discount rate and the exit yield; and the effect of two and one-half percentage point, five percentage point and ten percentage point variation in the consolidated assets and consolidated statement of comprehensive income, with respect to investment property, would be as follows:

Change in discount rate

	Thousands of Euros					
	30/06/2022					
	Assets			Consolidated comprehensive income		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Discount rate increase	(24,552)	(50,378)	(98,122)	(24,552)	(50,378)	(98,122)
Discount rate decrease	22,355	50,735	104,661	22,355	50,735	104,661

Change in revenue

	Thousands of Euros					
	30/06/2022					
	Assets			Consolidated comprehensive income		
	2.50%	5%	10%	2.50%	5%	10%
Revenue increase	22,131	45,619	92,301	22,131	45,619	92,301
Revenue decrease	(25,335)	(49,906)	(98,904)	(25,335)	(49,906)	(98,904)

Change in Exit Yield

	Thousands of Euros					
	30/06/2022					
	Assets			Consolidated comprehensive income		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Exit Yield increase	(33,681)	(63,714)	(117,727)	(33,681)	(63,714)	(117,727)
Exit Yield decrease	34,182	73,285	161,954	34,182	73,285	161,954

Other information

At 30 June 2022 all buildings comprising "Investment property" are insured. These policies are considered to provide sufficient cover.

(6) FINANCIAL ASSETS BY CATEGORY

(a) Classification of financial assets by category

The Group's financial assets at 30 June 2022 are security deposits placed with public bodies, trade receivables, fixed-term cash deposits and credits to associated companies. The following table shows a breakdown of these assets at 30 June 2022 and 31 December 2021:

	Thousands of Euros			
	30 June 2022		31 December 2021	
	Non-current	Current	Non-current	Current
Non-current financial assets	14,574	-	14,422	-
Other financial assets	-	4,127	-	3,944
Trade and other receivables (*)				
Operating lease receivables - invoices awaiting formalisation	-	2,031	-	2,026
Operating lease receivables - invoices issued	-	3,697	-	12,417
Operating lease receivables - income linearisation	9,732	3,892	11,586	5,460
Advances to suppliers	-	-	-	12
Total	24,306	13,747	26,008	23,859

(*) Amount excluding the accounts receivable with the taxation authorities (Note 14).

For the financial assets recognised at cost, other than those arising from the linearisation of income which, due to its nature, has a fair value of zero, their amortised cost does not differ significantly from the fair value. Furthermore, it should be noted that the Group classifies certain amounts invested in investment funds that are available immediately under "Cash and cash equivalents", which are recognised at fair value with changes in profit and loss, pursuant to the provisions of Note 7.

At 30 June 2022, and 31 December 2021, "Non-current financial assets" mainly comprise the security deposits and guarantees received from the tenants of the property assets mentioned in Note 5, which the Group has deposited with the corresponding public bodies.

The line item "Operating lease receivables - invoices issued" mainly includes rent accrued and invoiced throughout the year, which is pending collection from tenants.

At 30 June 2022 the line item "Operating lease receivables - pending invoices" in the table above included property tax expenses (IBI) yet to be passed on to tenants.

In addition, at 30 June 2022 the line item "Operating lease receivables - revenue linearisation" includes the amount pending allocation to profits and losses for waivers granted to certain tenants and that pursuant to the financial information framework applicable to the Group are allocated on a straight-line basis to the Consolidated Statement of Comprehensive Income between the date of the agreement and the remaining duration of each lease agreement. Of said amount, EUR 7,896 thousand correspond to waivers granted because of the pandemic (EUR 10,421 thousand at 31 December 2021).

Lastly, the balance under "Other financial assets" in the table above mainly corresponds to the amount of a deposit established in February 2021 by the company LE Retail Vistahermosa, S.L.U. to guarantee a surety in the amount of EUR 3,957 thousand paid to the Valencian tax authority for an ongoing tax proceeding (Note 13).

(b) <u>Classification of financial assets by maturity</u>

The classification of financial assets by maturity at 30 June 2022 and 31 December 2021 is as follows:

	30/06/2022			
	Thousands of Euros			
	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-current financial assets	-	-	14,574	14,574
Other financial assets	4,127	-	-	4,127
Operating lease receivables - pending invoices	2,031	-	-	2,031
Operating lease receivables - invoices issued	3,697	-	-	3,697
Operating lease receivables - income linearisation	3,892	9,732	-	13,624
	13,747	9,732	14,574	38,053

	31/12/2021			
	Thousands of Euros			
	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-current financial assets	-	-	14,422	14,422
Other financial assets	3,944	-	-	3,944
Operating lease receivables - pending invoices	2,026	-	-	2,026
Operating lease receivables - invoices issued	12,417	-	-	12,417
Operating lease receivables - income linearisation	5,460	7,261	4,325	17,046
Advances to suppliers	12	-	-	12
	23,859	7,261	18,747	49,687

(c) Impairment of accounts receivable

Movement in impairment and uncollectibility valuation allowances for amounts payable to the Group by tenants at 30 June 2022 is as follows:

	Thousands of Euros
Balance at 31 December 2021	4,820
Impairment provisions (Note 16)	3,158
Impairment reversals (Note 16)	(2,212)
Balance at 30 June 2022	5,766

The provisions and impairment reversals regarding commercial transactions are recorded under "Other operating expenses" on the adjoined Abridged Consolidated Statement of Comprehensive Income (Note 16).

At 30 June 2022, irrecoverable credits were recognised in the amount of EUR 921 thousand (EUR 90 thousand at 30 June 2021).

(7) CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents at 30 June 2022 and 31 December 2021 are as follows:

	Thousands of Euros	
	30/06/2022	31/12/2021
Banks	184,779	313,199
Total	184,779	313,199

At 31 December 2021, this balance included Euros 209,598 thousand corresponding to amounts invested in immediately available investment funds arranged with and managed by Banco Santander and BBVA, in which the parent invested the remainder of the cash available to the Group to cover its short-term payment commitments. In this connection, a significant amount of such funds has been used during 2022, with just Euros 59,928 remaining to cover short-term payment commitments. It should be noted that these amounts have been recognised at fair value through profit or loss and are classed within level 1 of the fair value hierarchy, with the Company recognising a change in value of Euros 4,533 thousand under "Changes in fair value of financial instruments" in the Abridged Consolidated Interim Statement of Comprehensive Income, as a result of the instability caused by the Ukraine war referred to in Note 2j.

Furthermore, at 30 June 2022 and 31 December 2021, the value of cash and cash equivalent balances held by the Group are freely available, with the exception of EUR 79 thousand that are not available on account of the liquidity agreement for the purchase of treasury shares described in Note 8d.

(8) NET EQUITY

(a) Capital

At 30 June 2022 the share capital of Lar España Real Estate SOCIMI, S.A. amounts to EUR 167,386 thousand (EUR 167,386 thousand at 31 December 2021) represented by 83,692,969 registered shares (83,692,969 registered shares at 31 December 2021), represented through book entries, with a par value of EUR 2 each, subscribed and fully paid, all granting the same rights.

All of the shares of the company Lar España Real Estate SOCIMI, S.A. are quoted on the Madrid, Barcelona, Bilbao and Valencia stock exchanges.

The quoted price at 30 June 2022 is EUR 4.74 per share and the average price of the first six months of 2022 is EUR 5.02 per share.

At 30 June 2022 and 31 December 2021, the Parent Company's main shareholders were as follows:

	30/06/2022	31/12/2021
Castellana Properties SOCIMI, S.A.	21.7%	-
LVS II Lux XII S.a.r.l.	-	21.7%
Grupo Lar Inversiones Inmobiliarias, S.A.	10.0%	11.4%
Santa Lucia S.A. Cía. de Seguros	5.2%	5.2%
Adamsville, S.L.	5.2%	3.7%
Brandes Investment Partners, L.P.	5.0%	5.2%
Blackrock INC.	3.7%	5.0%
Utah State Retirement System	3.1%	-
Other shareholders with an interest of less than 3%	46.1%	47.8%
	100.0%	100.0%

On 28 January 2022, Castellana Properties SOCIMI, S.A. purchased 18,157,459 shares in LVS II Lux XII S.a.rl.

(b) Issue premium

The Revised Spanish Companies Act expressly provides for the use of the issue premium to increase share capital and does not stipulate any specific restrictions as to its use, provided that the Company's equity does not fall below its share capital as a result of any distribution.

On 27 April 2022, the distribution of dividends from the 2021 period against the issue premium was approved for the amount of EUR 13,266 thousand, taking into account the shares issued (Note 8e).

At 30 June 2022, the Group's share premium amounted to EUR 452,924 thousand (EUR 466,176 thousand at 31 December 2020).

(c) Other reserves

The breakdown of this line item as at 30 June 2022 and 31 December 2021 is as follows:

	Thousands of Euros	
	30 June 2022	31 December 2021
Legal reserve	20,871	19,011
Capital redemption reserve	23,384	23,384
Parent Company reserves	(63,863)	(63,735)
Consolidated reserves	225,191	218,003
Other shareholder contributions	240	240
	205,823	196,903

(i) *Legal reserve*

The legal reserve is to be provided for in compliance with Article 274 of the Spanish Companies Act, which requires that companies transfer 10% of profits for the period to a legal reserve until this reserve reaches an amount equal to 20% of the share capital.

The legal reserve is not distributable to shareholders and if it is used to offset loss, in the event that no other reserves are available, the reserve must be replenished with future profits.

At 30 June 2022 the Company’s legal reserve totals EUR 20,871 thousand (EUR 19,011 at 31 December 2021). Therefore, the legal reserve at 30 June 2022 is not fully provided for.

Pursuant to Law 11/2009 which governs SOCIMIs, the legal reserve of companies that have opted to avail themselves of the special tax regime provided for by this law may not exceed 20% of their share capital. The articles of association of these companies may not stipulate any restricted reserve other than the legal reserve.

(ii) *Capital redemption reserve*

This reserve includes the nominal value of the treasury shares redeemed in the capital decreases carried out on 18 November 2021, 20 December 2019, 10 June 2019 and 28 December 2018, totalling EUR 23,384 thousand. The provision and availability of this reserve shall be held to the same requirements demanded for the capital decrease, in line with the provisions of Article 335 c) of the Spanish Companies Act, the revised text of which was approved by Royal Legislative Decree 1/2010 of 2 July (the “Spanish Companies Act”).

(d) Treasury shares

At 30 June 2022 the Parent Company holds treasury shares amounting to EUR 546 thousand. Movement during the six-month period is as follows:

	Number of shares	Thousands of Euros
31 December 2021	130,970	860
Additions	267,326	1,334
Derecognitions	(285,732)	(1,648)
30 June 2022	112,564	546

The average selling price of treasury shares in 2022 has been EUR 5.10 per share. Furthermore, losses in 2022 amounted to EUR 149 thousand and were recognised under "Other reserves" on the Abridged Consolidated Statement of Financial Position.

On 5 February 2014, the Sole Shareholder of the Parent Company authorised the Board of Directors to purchase shares of the Parent Company, up to a maximum of 10% of the share capital. In this regard, the Parent company has a liquidity agreement formalised with a financial intermediary pursuant to the terms of Circular 3/2007, of 19 December by the Spanish Securities Market Commission on liquidity agreements for the purposes of accepting same as a market practice and other applicable regulations.

(e) Dividends paid and issue premiums returned

On 27 April 2022, the General Shareholders' Meeting of the Parent Company approved the distribution of a dividend of EUR 30,000 thousand, at EUR 0.36 per share (taking into account all the shares issued), with EUR 16,734 thousand being charged against profit and loss for the 2021 period and EUR 13,266 thousand against the share premium (Note 8b). Said dividend was paid on 27 May 2022. The amount distributed totalled EUR 29,965 thousand (once the amount corresponding to treasury shares had been deducted, as this is not taken from the Parent Company's net equity), taking into consideration the approved amount per share and the shares in circulation at the time of the approval by the General Shareholders' Meeting.

(9) EARNINGS PER SHARE

(a) Basic

Basic earnings per share are calculated by dividing the profit for the period attributable to the ordinary shareholders of the Parent Company by the weighted average number of ordinary shares in circulation during the period, excluding treasury shares.

The details of the calculation of earnings per share are as follows:

	Thousands of Euros	
	30 June 2022	30 June 2021
Profit/(loss) for the period attributable to equity holders of the Parent Company	54,865	7,724
Weighted average number of ordinary shares in circulation (number of shares)	83,578,821	84,290,285
Basic earnings per share (Euros)	0.66	0.08

The average number of ordinary shares in circulation is determined as follows:

	30 June 2022	30 June 2021
Ordinary shares	83,692,969	87,633,730
Average effect of treasury shares, capital increases and reductions	(114,148)	(3,343,445)
Weighted average number of ordinary shares in circulation at 30 June (shares)	83,578,821	84,290,285

(b) <u>Diluted</u>

Diluted earnings per share are calculated by adjusting profit for the period attributable to equity holders of the Parent Company and the weighted average number of ordinary shares in circulation for the effects of all dilutive potential ordinary shares; that is, as if all potential ordinary shares treated as dilutive had been converted. The Parent Company does not have different classes of ordinary shares that are potentially dilutive.

The details of the calculation of diluted earnings per share are as follows:

	30 June 2022	30 June 2021
Profit after tax	54,865	7,724
Weighted shares in circulation	83,578,821	84,290,285
Potential ordinary shares	-	152,290
Diluted earnings per share	0.66	0.09

At 30 June 2022 there were no potential dilutive shares as the methods of payment envisaged in the new IMA executed on 29 December 2021, referred to in Note 17b, does not provide for this circumstance, unlike in previous years.

(10) FINANCIAL LIABILITIES BY CATEGORY

(a) Classification of financial liabilities by category

The classification of financial liabilities by category and class at 30 June 2022 and 31 December 2021 is as follows:

	30 June 2022	
	Non-current	Current
	Carrying amount	Carrying amount
Carried at amortised cost:		
Financial liabilities from issue of bonds and other marketable securities	693,877	10,198
Bank borrowings	69,929	185
Other financial liabilities	20,777	-
Trade and other payables (*):		
Trade payables	-	10,852
Salaries payable	-	99
Total financial liabilities	784,583	21,334

	31 December 2021	
	Non-current	Current
	Carrying amount	Carrying amount
Carried at amortised cost:		
Financial liabilities from issue of bonds and other marketable securities	693,647	129,702
Bank borrowings	69,921	185
Other financial liabilities	20,716	-
Trade and other payables (*):		
Trade payables	-	8,989
Salaries payable	-	147
Total financial liabilities	784,284	139,023

(*) Amounts excluding the accounts payable with the taxation authorities (Note 14).

At 30 June 2022 and 31 December 2021, the total financial liabilities recognised at amortised cost do not differ significantly from the fair value.

(b) Classification of financial liabilities by maturity

The details by maturity of financial liabilities at 30 June 2022 and 31 December 2021 are as follows:

	30/06/2022			
	Thousands of Euros			
	Less than 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities from issue of bonds (a)	10,198	400,000	300,000	710,198
Bank borrowings (a)	185	70,000	-	70,185
Other financial liabilities	-	-	20.777	20,777
Trade payables (b)	10,951	-	-	10,951
	21,334	470,000	320,777	812,111

(a) The effect of measuring the financial liabilities for bonds and bank borrowings at amortised cost is to reduce the nominal value of these previously represented liabilities by EUR 6,123 thousand and EUR 71 thousand, respectively, at 30 June 2022.
(b) Excluding the accounts payable with the taxation authorities (Note 14).

	31/12/2021			
	Thousands of Euros			
	Less than 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities from issue of bonds (a)	129,738	400,000	300,000	829,738
Bank borrowings (a)	185	70,000	-	70,185
Other financial liabilities	-	-	20,716	20,716
Trade payables (b)	9,136	-	-	9,136
	139,059	470,000	320,716	929,775

(a) The effect of measuring the financial liabilities for bonds and bank borrowings at amortised cost is to reduce the nominal value of these previously represented liabilities by EUR 6,389 thousand and EUR 79 thousand, respectively, at 31 December 2021.
(b) Excluding the accounts payable with the taxation authorities (Note 14).

(c) Main features of the financial liabilities from issue of bonds and with credit institutions

Bank borrowings

The terms and conditions of loans and payables are as follows:

				Thousands of Euros	
Institution	Currency	Effective rate	Maturity	Amount granted	Amortised cost and interest pending payment at 30 June 2022
Bankinter	Euro	EURIBOR 3M + 1.60%	20 June 2023	30,000	-
The European Investment Bank	Euro	1.67%	4 May 2027	70,000	70,114
					70,114

In June 2022 the credit facility the Parent Company held with Bankinter was renewed for one year without any changes to the amount thereof, although it is now pegged to the EURIBOR 3M rather than the EURIBOR 12M.

The financial expenses accrued on loans during the six months ended 30 June 2022 amounted to EUR 706 thousand, and the effect of the amortised cost of these was EUR 7 thousand. The accrued, unpaid interest at 30 June 2022 amounts to EUR 185 thousand.

Covenants associated with the loans subscribed with the EIB

The Parent Company undertakes to maintain, at all times, on the basis of the consolidated financial statements, a Loan to Value Ratio of less than 50% (taking into account the net financial debt), a debt service coverage ratio greater than or equal to 2.5x and a net financial debt/net equity ratio of less than 1.0x. The result of failing to meet said ratios is early maturity. In this sense, the Directors believe said ratios are met as at the date of these abridged consolidated financial statements and expect them to be met in the next twelve months.

Financial liabilities from issue of bonds

During 2021, the Group restructured its debt in the form of two unsecured green bond issuances in the amount of EUR 400 million in June 2021 and EUR 300 million in November 2021, maturing on 22 July 2026 and 3 November 2028, respectively. The interest rate applicable to those issuances is 1.75% and 1.84%, respectively.

Also, in relation to the issuance, in 2015, of secured senior bonds totalling EUR 140 million and maturing on 21 February 2022, the Company redeemed those bonds on 17 February 2022 in full for an amount of EUR 122.7 million. In this connection, all guarantees granted in the framework of the issuance have been lifted and cancelled, including several mortgages, in addition to various pledges on the corresponding stocks and shares.

The financial expenses accrued on the bonds during the six months ended 30 June 2022 amounted to EUR 7,427 thousand, and the effect of the amortised cost thereof was EUR 707 thousand. The accrued, unpaid interest at 30 June 2022 amounts to EUR 10,198 thousand.

Covenants associated with corporate bonds

The two bond issuances made by the Group in 2021 and outstanding at 30 June 2022, feature clauses ensuring compliance with certain financial ratios, calculated based on the Group's consolidated financial statements at each relevant date (six-monthly).

– A financial debt ratio equal to or lesser than 60%, calculated as consolidated financial debt divided by the total consolidated value of the asset.

– A guaranteed financial debt ratio is not greater than 40%, calculated as guaranteed financial debt divided by the consolidated asset value.

– An interest coverage ratio equal to or less than 2.1, calculated as EBITDA divided by the financial expenses for the period.

– The Total Untaxed Asset Ratio is less than 1.25.

The result of failing to meet said ratios is early maturity, where such failure can be corrected within 30 days after notice thereof is given by the fiscal agent or by any of the bondholders. In this sense, the Directors believe said ratios are met as at the date of these abridged consolidated interim financial statements. They also expect them to be met in the next twelve months.

(d) Movements of cash under financial liabilities from borrowings

The movement of cash in the first six months of the 2022 period of the Group's financial debts is as follows:

	Opening balance	New debt	Initial amortised cost	Principal paid	Interest paid	Accrued interest	Closing balance
		Cash flow		Cash flow	Cash flow		
Financial liabilities from issue of bonds	823,349	-	(443)	(122,700)	(3,558)	7,427	704,075
Bank borrowings	70,106	15,000	-	(15,000)	(698)	706	70,114
	893,455	15,000	(443)	(137,700)	(4,256)	8,133	774,189

(11) OTHER NON-CURRENT FINANCIAL LIABILITIES

Other non-current financial liabilities include EUR 20,777 thousand at 30 June 2022 (EUR 20,716 thousand at 31 December 2021) that comprise the security deposits and guarantees delivered to the Group by the various tenants of the commercial premises located in its properties. This amount generally represents two months' rent and will be reimbursed at the end of the contract term.

(12) TRADE AND OTHER PAYABLES

The details of "Trade and other payables" at 30 June 2022 and 31 December 2021 are as follows:

	Thousands of Euros	
	30/06/2022	31/12/2021
Trade payables (a)	7,962	7,798
Trade payables, related companies (Note 17a)	2,890	1,191
Salaries payable	99	147
Public entities, other payables (Note 14)	2,199	3,410
	13,150	12,546

(a) At 30 June 2022, "Trade payables" includes EUR 1,183 thousand (EUR 2,332 thousand at 31 December 2021) corresponding to outstanding amounts from property investments (Note 5).

(13) RISK MANAGEMENT POLICY

(a) Financial risk factors

The Group's activities are exposed to various financial risks: market risk, credit risk, liquidity risk and interest rate risk in cash flows. The Group's global risk management programme focuses on uncertainty in the financial markets and aims to minimise the potential adverse effects on the Group's profit.

The Group's Senior Management manages risks in accordance with policies approved by the Board of Directors. Senior Management identifies, evaluates and mitigates financial risks in close collaboration with the Group's operational units. The Board of Directors issues global risk management policies in writing, as well as policies for specific issues such as market risk, interest rate risk, liquidity risk and investments of cash surpluses.

(i) *Market risk*

In light of current conditions in the property sector, the Group has established specific measures for minimising their impact on its financial position.

The application of these measures is dependent on the outcome of the sensitivity analyses that the Group performs periodically. These analyses take the following factors into consideration:

– The economic environment in which the Group performs its activity: The design of various economic scenarios with different key variables that can affect the Group (interest rates, share price, occupancy rates of investment property, etc.);

– The identification of variables that are interconnected and their degree of connection.

– The time frame within which the assessment is made: The time frame for the analysis and the potential deviations should be taken into account.

(ii) *Credit risk*

Defined as the risk of financial loss for the Group if a customer or counterparty fails to discharge its contractual obligations.

Usually, the Group is not significantly exposed to credit risk and has policies in place to limit customer credit risk and it manages its exposure to credit recovery risk as part of its normal activities. However, due to the impact the COVID-19 crisis described in Note 2i had on operations, there was a significant increase in recorded receivables in 2020, which were renegotiated as a whole and which in some cases, were identified as posing a high non-payment risk. This situation was reflected to a lesser extent in 2021 and during the first half of 2022, with the Group recognising a provision for the impairment of all accounts receivable considered unlikely to be recovered (Note 6). Moreover, the Group has formal procedures in place to detect impairment of trade receivables. By means of these procedures and the individual analysis by business area, delays in payment can be detected and methods for estimating the impairment loss can be established.

(iii) *Liquidity risk*

Defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group applies a prudent policy to cover its liquidity risks based on having sufficient liquidity to meet its obligations when they fall due in both normal and stressed conditions, without incurring unacceptable loss or placing the Group's reputation at risk.

In this context the Parent Company's Directors and Management made the decision in 2021 to carry out two unsecured green bond issuances in the amount of EUR 400 million and EUR 300 million to strengthen the liquidity position and cancel a large portion of the Group's financial debt in advance. These issuances of green bonds were satisfactorily completed during July and October 2021 and allowed the Group to repay most of its financial debt, having fully repaid it in 2022 with the payment of secured simple bonds issued in 2015 for the sum of EUR 122.7 million, at 31 December 2021.

The Group also has securities granted in the amount of EUR 5,083 thousand (EUR 1,997 thousand at 31 December 2021), mostly related to the amount of a security deposited in February 2021 in the amount of EUR 3,957 thousand paid by the company LE Retail Vistahermosa, S.L.U. to the Valencian tax authority for an ongoing tax proceeding, which, in the opinion of the Group's directors and tax advisers, is likely to have a favourable ruling (Note 6). In their best estimate, the Group Directors do not expect any obligation to materialise as a result thereof.

In addition, Lar España Real Estate SOCIMI, S.A. has arranged a guarantee lines amounting to EUR 50 million with Crédit Agricole to cover the amount of the provisional assessment, plus late-payment interest, issued by the Technical Unit of the Regional Inspection Office in Madrid in relation to a VAT inspection in respect of 2015 and 2016 (Note 14b).

(iv) *Cash flow and fair value interest rate risk*

The Group manages interest rate risk by obtaining finance at fixed and variable rates. The Group policy is to maintain the non-current net financing from third parties at fixed rate.

At the reporting date, income and cash flows from the Group's operating activities are for the most part not significantly affected by fluctuations in market interest rates.

(v) *Tax risk*

As mentioned in Note 1 to the consolidated financial statements for 2021, the Parent Company and some of its subsidiaries are subject to the special tax regime for listed real estate investment companies (SOCIMI).

Among the obligations that the Parent Company must comply with are some that are more formalistic in nature, such as the inclusion of the term SOCIMI in the corporate name, the inclusion of certain information in the notes to the individual financial statements, listing on a stock exchange, etc., and others that additionally require the preparation of estimates and the use of judgements by Management (determination of taxable income, income tests, asset tests, etc.) that may be complex, especially considering that the SOCIMI Regime is relatively recent and is being implemented, fundamentally, through responses of the General Directorate of Taxation to queries raised by different companies. In this sense, Group Management, with the support of its tax advisers, evaluated its completion of the requirements of the SOCIMI regime, concluding that at 30 June 2022 and 31 December 2021 all requirements were satisfied. Therefore, the Group shall continue to avail itself of the SOCIMI tax regime, and this has been taken into account when drawing up these abridged consolidated interim financial statements.

(vi) *Environmental information*

Lar España is aware that the integration of sustainability in its business model is essential to creating value both for stakeholders and shareholders, which is why in recent years, it has taken appropriate measures supported by the different internationally recognised standards.

As part of the risk analysis performed each year, a study of the main climate risks that may affect the continuity of the company's business is performed, in addition to the main controls implemented to mitigate them. This analysis is described in the Group's consolidated financial statements for the year ended 31 December 2021, with no significant changes having occurred during the first six months of 2022.

(14) PUBLIC ENTITIES AND TAXATION

(a) Balances with public entities

Details on balances with public entities at 30 June 2022 and 31 December 2021 are as follows:

	Thousands of Euros	
Receivables	30/06/2022	31/12/2021
Taxation authorities, VAT recoverable	4,137	2,955
Taxation authorities, other withholdings	270	265
Other receivables from taxation authorities	2,317	2,317
	6,724	5,537

	Thousands of Euros	
Payables	30/06/2022	31/12/2021
Taxation authorities, VAT payable	2,160	3,329
Taxation authorities, personal income tax withholdings payable	33	74
Social Security payable	6	7
Deferred tax liabilities	15,578	15,578
	17,779	18,988

"Other receivables from taxation authorities" includes mainly the amount paid by LE Logistic Alovera I y II, S.A.U. in regard to a disputed tax assessment, which addresses the Capital Transfer Tax and Stamp Duty for the 2014 purchase of logistics bays that were owned by said company. On 17 April 2019, the Company filed an economic and administrative claim against this settlement agreement. In this regard, on 20 May 2022, the Central Economic Administrative Court ruled in favour of the claim filed, therefore approving the payment of these sums in the near future.

(b) Periods pending verification and inspections

In accordance with current legislation, taxes cannot be considered definitive until they have been inspected and agreed by the taxation authorities or before the inspection period of four years has elapsed. At the 2021 reporting date, the last four fiscal years of the Group were open to inspection.

Aside from the proceedings described above, on 11 December 2019, inspections were started regarding the company Lar España Real Estate SOCIMI, S.A. to partially verify and inspect the following items and periods:

Item	Periods
Corporate Income Tax	2015 to 2018
Value Added Tax	2015 to 2018
Withholdings/direct deposit from work and	09/2015 to 12/2018
Withholdings/direct deposit from movable capital	09/2015 to 12/2018
Withholdings from non-resident tax	09/2015 to 12/2018

According to the initial notification, the inspecting body reported that the scope of the procedure would be confined to the proper verification of the regional taxation authority tax rates for the aforesaid items. Nevertheless, by means of a notification dated 16 July 2021, the inspections were expanded to include the verification of the VAT for the 2015 and 2016 periods on property transfers of any nature that were carried out.

On 7 February 2022, after the verification and inspection concluded, five certificates were signed in witness whereof, the result of which was a payment of zero Euros for all taxes and periods. Nevertheless, a sixth certificate was signed but contested, regarding the verification of VAT for the 2015 and 2016 periods. According to the contents of this last certificate, the proposed settlement comprised a total of EUR 41,683 thousand, EUR 34,313 thousand for the tax plus late-payment interest. In this connection, if the regularisation proposal were confirmed by the tax authorities and the courts, neither the VAT nor the late-payment interest payable would be recoverable.

According to the inspecting body, said regularisation proposal was the result of not having adhered to the terms of Article 110 of Law 37/1992, of 28 December, on Value Added Tax, by regularising the amounts of the tax paid in the 2014 period for the acquisition of various investment assets that the Parent company transferred in 2015 and 2016 to the following subsidiaries:

- Office building located at C/ Arturo Soria nº 366, Madrid, contributed to the company LE Offices Arturo Soria, S.L.U., due to the incorporation thereof on 21 September 2015.
- Commercial building Parque de Medianas de Villaverde, contributed to the company, LE Retail Villaverde, S.L.U., due to the incorporation thereof on 21 September 2015.
- Undivided interest and estate located in the Albacenter shopping centre, located in Albacete, contributed to the company, LE Retail Albacenter, S.L.U., due to the incorporation thereof on 29 April 2016.
- Office building and parking located at Calle Cardenal Marcelo Spínola 42, Madrid, contributed to the company, LE Offices Marcelo Spínola 42, S.L.U., due to the incorporation thereof on 29 April 2016.
- Commercial building called L´Anec Blau Centro Comercial y Ocio located at Castelldefels, Barcelona, contributed to the company, LE Retail Anec Blau, S.L.U., due to the incorporation thereof on 29 April 2016.
- Business premises located in the Huertas shopping centre located at Avenida Madrid, Palencia, contributed to the company LE Retail las Huertas, S.L.U., due to the incorporation thereof on 29 April 2016.
- Business premises located in the Parque Comercial de Txingudi business park, located in Irún, contributed to the company, LE Retail Txingudi, S.L.U, due to the incorporation thereof on 29 April 2016.

The stance taken in the certificate was upheld in the conclusions set forth in a provisional assessment issued by the Technical Unit of the Regional Inspection Office in Madrid, received by the Company on 9 May 2022. The amount arising from the assessment, which the tax authorities are claiming from the Company, totals EUR 42,127 thousand, of which EUR 34,313 thousand relate to the VAT charge and EUR 7,814 thousand to late-payment interest.

Finally, on 19 May 2022, a notice was received from the taxation authority that a sanction of 125% of the amount claimed in the settlement had been proposed, coming to a total amount of EUR 42,891 thousand, which is not payable until the decision is made final. Submissions were filed in response to this sanction proposal, in respect of which a final decision has yet to be issued.

In this context, on 31 May 2022, the Parent Company filed an economic and administrative claim before the Central Economic and Administrative Court (TEAC) against the VAT charge and late-payment interest. On 21 July 2022, the Company was notified that the administrative file was open for examination and of the commencement of a one-month period for filing written submissions, together with the evidence and documents deemed appropriate. Furthermore, on 17 June 2022, the Parent Company requested the suspension of the execution of the amount claimed in the tax assessment by providing a bank guarantee to this end, with the tax authorities having confirmed its suspension. This guarantee covers the amount of the assessment (EUR 42,127 thousand), in addition to the late-payment interest arising as a result of the suspension and any such surcharges as may be appropriate in the event that the guarantee is exercised and has been arranged with Credit Agricole Corporate and Investment Bank, for an indefinite time period and with an annual maintenance fee of 0.75%.

The directors of the Parent Company, with the support of the Group’s tax advisers, believe that said regularisation and sanction proposal are not lawful. Therefore, it is believed that after filing its arguments submitted with the CEAC against settlement of the VAT charge and late-payment interest, and its submissions against the sanction proposal, the Parent Company’s arguments would be upheld, whether via administrative channels or in court, with no amount considered payable. Therefore, no provisions have been set aside in these abridged consolidated interim financial statements to this end.

Furthermore, inspections were started at the Group company LE Retail Gran Vía de Vigo, S.A.U. to verify and inspect the Capital Transfer Tax and Stamp Duty for 2014 in relation to the property owned by said company, where an additional payment of EUR 824 thousand is being claimed. An economic-administrative claim has been filed arguing that such payment is inadmissible. The Directors believe that the claim will be admitted with no further amounts needing to be paid.

The Parent Company’s directors consider that the aforementioned taxes have been adequately settled, and consequently, even if discrepancies were to arise in the interpretation of prevailing standards with respect to the tax treatment of operations, the accompanying financial statements would not be significantly affected by any resulting liabilities.

(15) REVENUE

The details of revenue are presented in Note 4, in conjunction with segment reporting.

(16) OTHER EXPENSES

The breakdown of "other expenses" at 30 June 2022 and 30 June 2021 is as follows:

	Thousands of Euros	
	30/06/2022	30/06/2021
Independent professional services	7,513	7,316
Insurance premiums	195	138
Bank fees and commissions	110	182
Advertising and publicity	531	149
Utilities	33	114
Taxes	2,152	2,498
Change in allowances due to loss and uncollectibility of trade and other receivables (see Note 6)	1,867	2,264
Remuneration of the Board of Directors (*)	296	295
Other expenses	2,194	4,229
	14,891	17,185

(*) Includes the non-executive secretary's remuneration.

The "Independent professional services" line item mainly includes the amount relating to the remuneration of Grupo Lar Inversiones Inmobiliarias, S.A., the Group's asset manager (see Note 17a).

Invoices issued to tenants include EUR 14,998 thousand for communal charges (shared utility costs, services, etc.) passed on to them (EUR 14,015 thousand at 30 June 2021). This amount is presented, according to its nature, net of the corresponding expenses under "Other expenses" in the abridged consolidated statement of comprehensive income for the six-month period ended 30 June 2022.

(17) RELATED PARTY BALANCES AND TRANSACTIONS

(a) Balances with associated companies and related parties

The details of the balances held with associates and related parties as at 30 June 2022 and 31 December 2021 are as follows:

	Thousands of Euros		
	30 June 2022		
	Other related parties		
	Grupo Lar Inversiones Inmobiliarias, S.A.	Gentalia, S.L.	Total
Trade and other payables (Note 12)	2,600	290	2,890

	Thousands of Euros		
	31 December 2021		
	Other related parties		
	Grupo Lar Inversiones Inmobiliarias, S.A.	Gentalia, S.L.	Total
Trade and other payables (Note 12)	849	342	1,191

(b) Transactions with associates and related parties

Management agreement with Grupo Lar

On 29 December 2021, the Parent Company approved a new agreement with its management company, Grupo Lar Inversiones Inmobiliarias, S.A. (the "Management Company"), for the purpose of renewing the terms of the Investment Management Agreement (IMA). According to the aforementioned novation, the IMA will be effective for 5 years from 1 January 2022. In addition, the structure of the fees payable to the Management Company (base fee and performance fee) has been modified.

The base fee or fixed amount payable to the Management Company will be calculated as 0.62% of the value of EPRA net tangible assets (excluding net cash) at 31 December the previous year.

The fixed amount accrued by the manager amounted to EUR 2,695 thousand during the first six months of 2022 (net of expenses discounted on the basis of the management contract entered into by the parties) (EUR 4,285 thousand at 30 June 2021), of which EUR 898 thousand had not yet been paid at 30 June 2022 (EUR 849 thousand at 31 December 2021) (Note 17a).

Likewise, the performance fee to be paid to the Management Company is calculated based on the EPRA NTA and the market capitalisation of the Company and shall be subject to a total limit equal to 1.5 times the annual fixed amount. Pursuant to Clause 7.2.2 of the management agreement, the Parent Company can choose whether to pay the performance fee in cash or in the form of treasury shares.

In terms of the floating amount and based on performance in the first six months of the year, EUR 1,702 thousand were set aside and are outstanding at 30 June 2022.

Other contracts with related parties

The Group has also signed a contract with a related company, Gentalia 2006, S.L., (an investee in which Grupo Lar Inversiones Inmobiliarias, S.A. has a majority shareholding) for the provision of services related to the administration of property assets. At 30 June 2022, the expense incurred in this connection amounted to EUR 1,235 thousand (EUR 1,210 thousand at 30 June 2021), of which EUR 290 thousand had not yet been paid at 30 June 2022 (EUR 342 thousand at 31 December 2021).

(c) Information on the Parent Company's Directors and Senior Management of the Group

The remuneration received at 30 June 2022 and 30 June 2021 by the members of the Board of Directors and Senior Management of the Parent Company, classified by item, is as follows:

	Thousands of Euros			
	30/06/2022			
	Salaries	Other company expenses	Allowances	Insurance premiums
Board of Directors	-	-	296	81*
Senior Management	519	-	-	-

	Thousands of Euros			
	30/06/2021			
	Salaries	Other company expenses	Allowances	Insurance premiums
Board of Directors	-	-	295	26*
Senior Management	272	4	-	-

* The amount of insurance premiums corresponds to the Company's Board of Directors and Senior Management.

Allowances for the Board of Directors include EUR 43 thousand for the non-executive Secretary of the Board of Directors (EUR 43 thousand at 30 June 2021).

At 30 June 2022, the Group has no pension, life insurance, stock options or compensation obligations with former or current members of the Board of Directors or Senior Management personnel of the Parent Company.

At 30 June 2022, the Parent Company had six directors, four men and two women. (at 31 December 2021, the Parent Company had seven directors (five men and two women).

(18) EMPLOYEE INFORMATION

The average headcount of the Group at 30 June 2022 and 31 December 2021, distributed by category, is as follows:

	30/06/2022	31/12/2021
Professional category		
Senior Management	4	3
Total	4	3

Of these, three are male and one is female (as of 31 December 2021, two men and one woman).

At 30 June 2022 and 31 December 2021 the Company does not have any employees with a disability greater than 33%.

(19) EVENTS AFTER THE REPORTING PERIOD

At 1 July 2022, the property management and leasing framework agreement and the shopping centre and retail park on site management framework agreement entered into with the Group company Gentalia 2006, S.L., related party, were renewed for a period of three years, i.e. until 30 June 2025.

At 12 July 2022, the BBB rating awarded by Fitch was renewed for both the consolidated Lar España Group and the issuance of green bonds (Note 10c).

(20) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company (see Note 2.a). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

1 Situation of the Group

1.1 Organisational structure and operations

The Group is a group of companies that was created in 2014 with an externalised management structure. It has designated Grupo Lar Inversiones Inmobiliarias, S.A. as exclusive manager, a company that has more than fifty years of experience in the property market and a long history of generating value through various property cycles in the last decades, and that has alliances with some of the most internationally renowned investors.

Strategic management, allocation of resources, risk management and corporate control, as well as accounting and financial reports are among the main responsibilities of the Group's Board of Directors.

The Group carries out its activity with the following types of assets:

- Shopping centres: the rental of shopping centre and single-tenant commercial premises.

  The Group focuses its strategy on searching for shopping centres with great potential for growth and with opportunities of improvement in asset management, mainly those where there is the possibility to replace or expand.

- Residential.

  The Group made an exception investment in the luxury residential market in Madrid, through the joint development (50%) of the Lagasca99 project with PIMCO. The development, most of which has already been delivered, is not in response to a strategic line in envisaged in the future business plans.

The Group's investment policy focuses mainly on the following:

- On assets the company considers to be strategic assets, mainly commercial parks and shopping centres.

- Investment opportunities in retail assets that are dominant in its area of influence, and that offer great management possibilities, avoiding those segments where competition may be greater.

- Risk diversification, expanding throughout Spain mainly through shopping centre investments.

2 Evolution and result of the businesses

2.1 Introduction

As of 30 June 2022, the Group's ordinary revenue amounted to EUR 40,493 thousand, corresponding to the business in which the Group is engaged, the rental business.

During first half 2022, the Group incurred "Other expenses" amounting to EUR 14,891 thousand, corresponding essentially to Independent Professional Services amounting EUR 4,397 thousand (almost all of them corresponding to the fees for management provided by Grupo Lar Inversiones Inmobiliarias, S.A. to the Group), recurrent services that are directly linked to the everyday management of the assets by the amount of EUR 7,467 thousand.

Earnings before interest, taxes, depreciation and amortisation (EBITDA is calculated as the result of the operations, net of the change in fair value of investment property, net of amortisation expenses) stood at EUR 26,641 thousand.

The valuation in value during 2022 of the assets held by the Group at 30 June 2022, according to the independent valuation conducted by Cushman & Wakefield and JLL at the close of the financial year supposed a negative effect in the consolidated profit and loss of EUR 41,055 thousand.

The financial result was negative amount of EUR 12,831 thousand.

The Group's loss for the period (after taxes) was EUR 54,865 thousand.

By area of activity, we should be emphasised:

- A significant percentage of the Group's revenue is the result of rent from retail centres, representing a 65.14% of total revenue, as opposed to 34.86% from commercial parks.

- Around 54.8% of rental revenue is generated by the Lagoh, El Rosal and Gran Vía de Vigo.

As of 30 June of 2022, the Group occupied across its whole business 95.3% the gross leasable area (GLA), the occupancy rate at retail centres being 95.3% and retail parks occupancy stands at 95.3%.

As of 30 June of 2022, the Group has a portfolio of real estate rental projects covering shopping centres (310,725 sqm) and retail parks (239,684 sqm). The overall total gross leasable area of 551,409 sqm.

2.2 Other financial indicators

As of 30 June of 2022, the Group revealed the following financial indicators:

- Working capital (calculated as the difference between current assets and current liabilities) → EUR 185,178 thousand (EUR 203,914 thousand as of 31 December 2021).
- Liquidity ratio (calculated as the ratio of current assets to current liabilities) →8.9 (2.4 as of 31 December 2021).
- Solvency ratio (calculated as the quotient of the sum of net assets and non-current liabilities in the numerator and denominator, non-current assets) → 1.1 (1.1 as of 31 December 2021).

At 30 June 2022 and 31 December 2021, the Group exhibited ratios that represent particularly high values (working capital and liquidity), indicating that the Group enjoys a sufficient level of liquidity and a high degree of safety margin in order to meet its payments.

The ROE (Return on Equity), which measures the profitability obtained by the Group on its own shares, totals 8.47% (positive amount of 3.03% as of 31 December 2021). This is calculated as the quotient of the profit for the last 12 months and the Company's net equity, averaged over the last four quarters.

The ROA (Return on Assets), which measures the efficiency of the Group's total assets, regardless of the source of funding used, i.e. the capacity of a company's assets to generate profit, is 4.20% (negative amount of 1.51% as of 31 December 2021); This is calculated as the quotient of the profit for the last 12 months and the Company's total assets, averaged over the last four quarters.

In accordance with the recommendations issued by the European Securities and Markets Authority (ESMA) regarding the calculation and determination of Alternative Performance Measures used by the Company's Management in taking financial and operational decisions, sections 4 and 5 of the "Half yearly report 2022", which was published on the same date as the Financial Statements and explanatory notes, state how the EPRA (European Public Real Estate Association) indicators are calculated and defined.

2.3 Environment and staff issues

Environment

The Group undertakes operations the main aim of which is to prevent, reduce or rectify any damage which it could cause to the environment as a result of its activities. However, given its nature, the Group's operations have no significant environmental impact.

For more information about this kind of operations, see "Half yearly report 2022".

Personnel

As of 30 June 2022, the Group has 4 employees (3 men and 1 woman). Said employees are classified as Senior Management. In the 2022 period the Company has had no employees with a 33% or greater disability.

3 Liquidity and capital resources

3.1 Liquidity and capital resources

On 30 June 2022, the Group's financial debt amounted to EUR 774,189 thousand. The level of debt is related basically to the two green bonds issuances, launched in July and November 2021. This also includes a credit line arranged by the Parent Company with European Investment Bank.

As of 30 June of 2022, the Group's short-term financial debt stands at EUR 10,383 thousand.

The Group intends its debt's maturity profile to be in line with its ability to generate cash flow to cover the debt.

In June 2022 the credit facility the Parent Company held with Bankinter was renewed for one year without any changes to the amount thereof, although it is now pegged to the EURIBOR 3M rather than the EURIBOR 12M.

The financial expenses accrued on loans during the six months ended 30 June 2022 amounted to EUR 706 thousand, and the effect of the amortised cost of these was EUR 7 thousand. The accrued, unpaid interest at 30 June 2022 amounts to EUR 185 thousand.

During 2021, the Group restructured its debt in the form of two unsecured green bond issuances in the amount of EUR 400 million in June 2021 and EUR 300 million in November 2021. The conditions of these issuances are broken down in the consolidated financial statements of the Group for the year ending 31 December 2021.

In this regard, the Group had an outstanding amount at 31 December 2021 corresponding to the issuance of bonds in 2021 which, on 17 February 2022, was repaid in total, repaying EUR 122.7 million. Furthermore, all guarantees granted in the framework of the issuance have been lifted and

cancelled, including several mortgages, in addition to various pledges on the corresponding stocks and shares.
The financial expenses accrued on the bonds during the six months ended 30 June 2022 amounted to EUR 7,427 thousand, and the effect of the amortised cost thereof was EUR 707 thousand. The accrued, unpaid interest at 30 June 2022 amounts to EUR 10,198 thousand.

3.2 Analysis of contractual obligations and off-balance-sheet operations

As of 30 June of 2022, the Group presents Investment commitments pertaining to investment property totalled EUR 7,032 thousand, in addition to the indications in section 3.1.

As of 30 June of 2022, the Group does not present off-balance-sheet transactions that have had, or are expected to have, a significant effect on the financial position of the Group, the revenue and expenditure structure, the operating result, liquidity, capital expenses or on own resources.

4 Main risks and uncertainties

The Group is exposed to a variety of risk factors arising from the nature of its business. The Group's Board of Directors is responsible for approving the risk management and control policy, and it assumes responsibility for identifying the Group's main risks and supervising the internal oversight systems; it is informed by the Audit and Oversight Committee. The Group’s Risk Management and Control System identifies, groups, manages and control risks that could potentially affects said Group in the areas that make up the Group's corporate risk map, which is adequately reported in the Annual Corporate Governance Report.

In addition to these risks and impacts, refer to section 5 of this management report in order to see the most important ones.

5 Information on the foreseeable evolution of the Group

After the volume of investments made since March 2014, active property management capacity will be key in upcoming years.

This active management strategy will lead to an increase in current income and in profitability with respect to purchase price. All of this will be reflected in the increased value of the assets in our portfolio.

The Group will, however, continue to analyse any investment opportunities that may be attractive and thus continue to generate value for its shareholders.

With the appropriate reservations given the current situation, we believe that the Group will be in a position to continue making progress in 2021 and in subsequent years.

6 Market context

6.1 Impact of COVID 19

The health crisis triggered by COVID-19 described in the consolidated financial statements for the year ended 31 December 2021 has had a very limited impact on the Group’s operations during 2022, as there were no further shutdowns imposed by the government. However, the economic impact of the crisis continues to have an impact on the Group’s activity and the tenants of its shopping centres, with the directors of the Parent Company continuously assessing them.

In this connection, during 2021, the Group continued with the commercial policies implemented in 2020 to support the tenants of its shopping centres by granting discounts and extensions on the payment of rent, although during 2022 these policies have been very limited. As a result of these circumstances, the Group has recognised under “Operating lease receivables - income linearisation” the amount pending allocation to income from these discounts granted to tenants, coming to a total at 30 June 2022 of EUR 7,896 thousand. Likewise, the negative impact on profit/(loss) for the six-month period ended 30 June 2022 on account of the linearisation of these discounts associated with COVID-19 comes to EUR 3,768 thousand.

6.2 Ukraine War

On 24 February 2022, Russia launched an invasion of Ukraine, leading to a war between these countries, the consequences of which remain uncertain at present. The directors of the Company, having assessed the possible impact of this situation, have considered that, a priori, it will not have an impact on its financial statements, as all of its operations are carried out in Spain and it does not depend on raw materials that could be affected by supply chain disruptions.

Notwithstanding, in light of the current geopolitical uncertainty and volatility and the potential impact thereof on the global economy and on the price of energy, transport, products and raw materials, the Company's directors and management have set in place a comprehensive system to monitor, assess and mitigate the related risks. They are also continually monitoring developments in the current conflict and the consequences thereof with a view to successfully addressing any potential future impacts.

6.3 Management experience

The company benefits from a business model unlike any other on the Spanish property market, pioneering specialist services in the Spanish retail sector.

With more than 50 years of behind it, the group has successfully dealt with past crisis situations and has a highly expert management team recognized at all decision-making and management levels.

Thanks to a wealth of professional experience in retail asset management, Lar España operates teams that specialise in the Spanish retail sector. Since it was first created, the company has made profitable management and continually improving its assets a priority, investing in technology and committed to achieving a robust client portfolio to provide unique added value to its properties.

From the declaration of the state of emergency until 30 June 2022, the SOCIMI (REIT) Lar España Real Estate reached case-by-case rental agreements of virtually all the gross lettable area in its centres. The Company has managed each situation directly, without intermediaries, which has enabled it to reach agreements quickly, which are adapted to the specific needs of each tenant and activity. The agreements have largely been reached in conditions that represent a major compromise by both parties, strengthening relations with retailers and consolidating the term and stability of the agreements, as well as that of all the shopping centres and retail parks.

6.4 Business model and operational structure

In terms of location and standing in their respective catchment areas, the company’s properties are dominant in their catchment areas. A premium collection of properties with high value-add that secures sustainable returns for shareholders.

The company’s shopping centres boast an occupancy rate of 95.3%, operating at close to full capacity.

In the large majority of cases, Lar España also fully owns its properties, affording it complete control over decision-making. This allows it to efficiently promote and implement measures and strategies that meet the requirements of the market and its customers at all times.

Lar España has a solid, diversified and high-quality tenant base, enjoying a healthy and collaborative relationship with them all – now even more so given the present climate.

The top ten tenants account for 33.78% of its rental income, and more than 50% of all the leases signed with retailers have a remaining term of over five years.

The company's properties have a clear competitive edge in their catchment areas, generally offering more than 550,409 sqm of retail space and located in regions with an above average per capita income for Spain.

6.5 Commitment to retailers

The company communicates openly and regularly with all of its tenants, across all its properties. All of its strategies share the clear objective of guaranteeing the safety of its customers and employees, to ensure that all the stores in the company's portfolio can carry on their activity.

6.6 Consolidated financial position

The company's strong liquidity levels and financial autonomy afford it considerable economic resilience. This stands it in excellent stead to face scenarios such as this current one, having carried out stress tests that have produced satisfactory results on its annual business model.

With an average cost of 1.8%, 100% at fixed rate, and as well as no major lease expires in the next 4 years.

Lar España's robust cash position will enable it to meet all the Company's expenses, including finance costs, without problems during the next 4 periods.

6.7 Financial and investment caution

The company has reactivated its CAPEX plan and all decisions will be made on the premise of achieving solid returns via effective management and value uplift across all of its assets and taking into account the exposure to inflationary risk.

7 R&D&I activities

Due to the inherent characteristics of the companies that make up the Group, and their activities and structure, the Group does not usually conduct any research, development and innovation initiatives. However, Lar España remains committed to becoming the leader of the transformation of the retail sector, by creating new, more efficient and digital methods of interacting with external and internal customers *(Customer Journey Experience)*.

8 Acquisition and disposal of treasury stock

On 14 January 2020, a new share buy-back programme was formalised between Lar España and its liquidity provider, aimed at a maximum of 4,500,000 shares, representing 5% of share capital, which may be acquired at a price no greater than (a) the price of the last arm's length transaction or (b) the highest arm's length offer at that time in the business centre where the purchase is made. The maximum deadline for this programme is 14 October 2020 and was subsequently extended to 14 October 2021.

Under the buyback programme, the Company acquired a total of 3,940,761 treasury shares representing 4.50% of Lar España's current share capital. Subsequently, on December 15, 2021, the Company registered with the Madrid Mercantile Registry the public deed relating to the capital reduction of the Company for a nominal amount of 7,881,522 euros, through the redemption of these shares. 167,385,938, represented by 83,692,969 registered shares with a par value of two euros each, thereby modifying article 5 of the Company's bylaws relating to the capital and shares of Lar España.

Following the completion of the aforementioned share buyback program, the company reported the reactivation of the liquidity contract for the management of treasury stock, signed on July 5, 2017, and communicated to the market on July 10, 2017.

The acquisitions were carried out within the framework of a discretionary treasury share management contract, of which the Spanish Securities Market Commission (CNMV) was notified in compliance with the recommendations published by said body on 18 July 2013.

As of 30 June 2022, the share price was EUR 4.74.

As of 30 June 2022, the Company holds a total of 112,564 shares, representing 0.13% of total issued shares.

9 Other relevant information

9.1 Stock exchange information

The initial share price at the start of the year was EUR 5.13 and the nominal value at the reporting date was EUR 4.74. During the period, the average price per share was EUR 5.06.

The rating agency Fitch also assigned an investment grade or BBB rating to both Lar España and its green bond issuances.

9.2 Dividend policy

On 27 April 2022, the Shareholders' General Meeting approved the distribution of a dividend of 16,734 thousand Euros, at EUR 0.199 per share (taking into account all the shares issued) and recognised in profit and loss for the 2021 period, and of 13,266 thousand Euros, at EUR 0.158 per share (taking into account all the shares issued), charged to the share premium.

The total pay-out was 16,713 thousand Euros charged to the Profit for the period 2021 (after deducting the amount corresponding to treasury shares, which does not leave the Parent Company's equity and totals 21 thousand Euros in dividends charged to profit), and 13,252 thousand Euros charged to share premium given the amount per share approved and shares outstanding at the time of approval by the General Shareholders' Meeting on 27 April 2022. The dividend pay-out was settled in full on 27 May 2022.

10 Events after the reporting period

At 1 July 2022, the property management and leasing framework agreement and the shopping centre and retail park on site management framework agreement entered into with the Group company Gentalia 2006, S.L., related party, were renewed for a period of three years, i.e. until 30 June 2025.

At 12 July 2022, the BBB rating awarded by Fitch was renewed for both the consolidated Lar España Group and the issuance of green bonds.

Authorisation for issue of the Abridged Consolidated Interim Financial Statements and Consolidated Interim Management Report for the six-month period ended 30 June 2022.

At their meeting held on 28 July 2022, pursuant to the requirements of Article 253 of the Revised Spanish Companies Act and Article 37 of the Spanish Code of Commerce, the Directors of Lar España Real Estate SOCIMI, S.A. authorised for issue the Abridged Consolidated Interim Financial Statements along with the Consolidated Interim Management Report for the six-month period ended 30 June 2022. The Abridged Consolidated Interim Financial Statements and the Consolidated Interim Management Report comprise the documents that precede this certification.

Signatories:

Mr José Luis del Valle Doblado (Chairman)

Mr José Luis del Valle Doblado (representing Mr Alec Emmott)

Ms Isabel Aguilera Navarro

Mr Miguel Pereda Espeso

Mr Roger Maxwell Cooke

Mr José Luis del Valle Doblado (representing Ms Leticia Iglesias Herraiz)

Madrid, 28 July 2022

*The directors Mr Alec Emmott and Ms Leticia Iglesias Herraiz attended the Board meeting via video conference and, having stated their approval of the financial statements and expressly authorising Mr José Luis del Valle Doblado to sign them on their behalf, these statements were drawn up.

LAR ESPAÑA REAL ESTATE SOCIMI, S.A. AND SUBSIDIARIES

Mr José Luis del Valle and Ms Susana Guerrero, as Chairman and Deputy Secretary of the Board of Directors of the Parent Company, respectively, hereby certify:

(i) That the Abridged Consolidated Interim Financial Statements along with the Consolidated Interim Management Report for the six-month period ended 30 June 2022 have been approved, authorised for issue and signed by all the Directors of the Parent Company at their meeting on 28 July 2022.

(ii) That the attached copy of the Financial Statements and the Consolidated Interim Management Report is identical to that signed and authorised for issue by the Board of Directors.

Mr José Luis del Valle Doblado (Chairperson)	Ms Susana Guerrero Trevijano (Deputy Secretary to the Board)