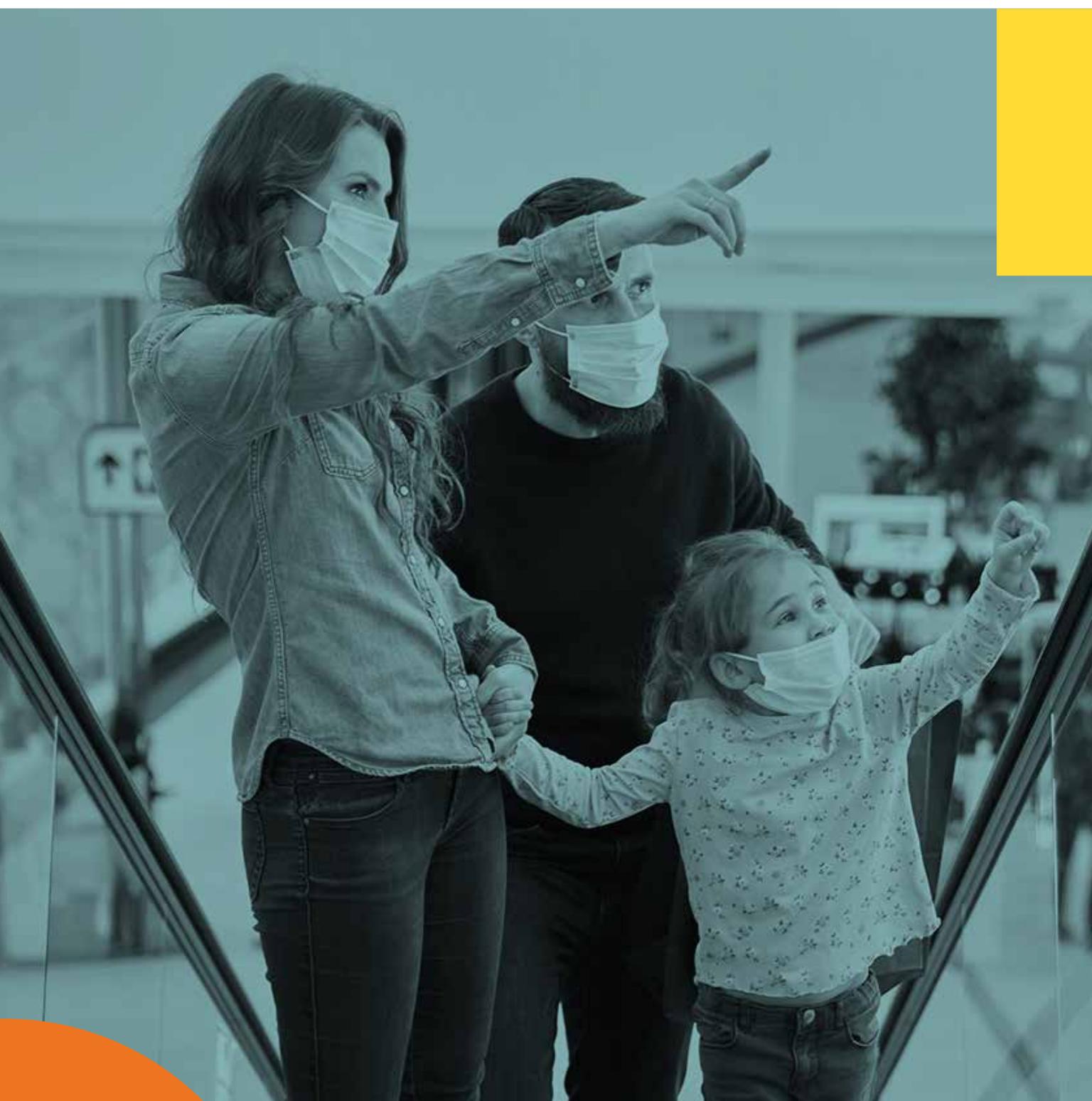


# Full Year Report FY 2021



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# 1

## Lar España in 2021

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## 1.1 Lar España in 2021

2021 saw a return to form in Lar España's business, **with both the Company's operations and several of its key indicators returning** within close reach of pre-pandemic levels. The Company has remained fully committed to upholding its stated mission to **create value for its shareholders**, maintaining an open dialogue with tenants and investing in ensuring an innovative retail offering. The Company is able to successfully secure sustainable returns for its shareholders thanks to its **premium high value-add** property portfolio.

At the end of 2021, all of the Company's shopping centres and retail parks **were open for business**, complying at all times with the necessary health and safety measures. The Company continues to benefit from a **highly consolidated roster of tenants of proven quality**, which partly explains the strong rebound seen in sales and footfall throughout the year. We have maintained close contact with every one of our tenants, **strengthening our bond with retailers and supporting long-term, stable lease agreements** at all of our shopping centres and retail parks.

Lar España remains firmly committed to protecting the environment and creating shared value. Over the course of 2021, the Company renewed **eight BREEAM certifications** – upgrading its rating for seven of them – and earned its first certification for Parque Abadía. Lar España also **renewed its ISO 14001 and ISO 45001 certifications** for two of its properties and intends to have its entire portfolio ISO-certified by the end of 2022.

The Company has also continued to roll out measures to reduce its environmental footprint, working on designing and setting a **decarbonisation strategy** in motion at **portfolio level**.

During 2021 we recorded **74.4 million visits**, representing a **16.2% uplift** in Like for Like footfall compared with last year. This performance puts Lar España ahead of the curve, based on data compiled by the ShopperTrak index, up 14.5% on 2020.

In terms of **sales revenue**, the twelve months of 2021 brought in a total of **€892.8 million**, which is approximately **24.1% higher** than last year's figure in Like for Like terms.

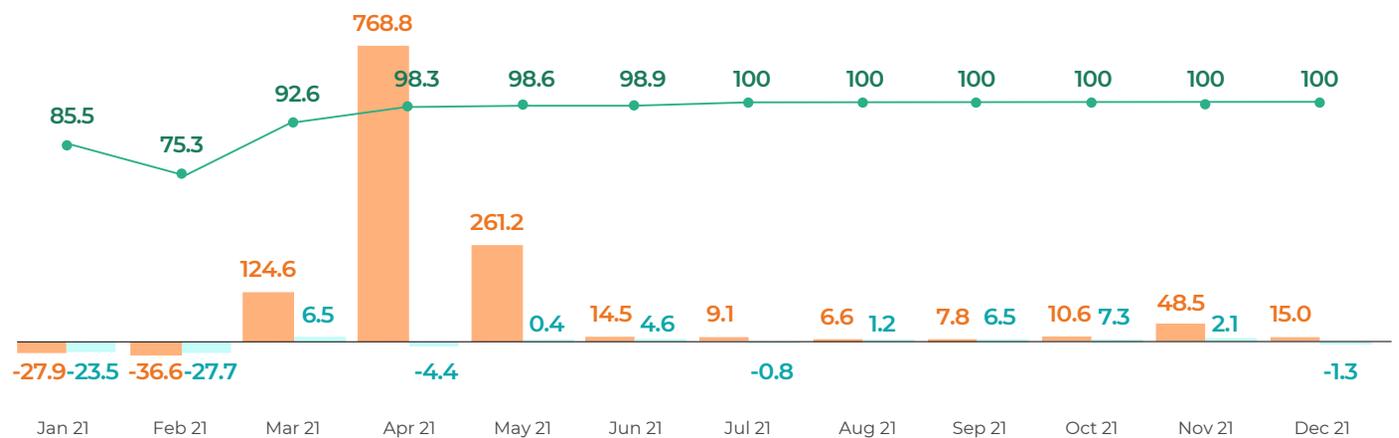
If we **take a closer look at the 2021 sales and footfall** figures for shopping centres and retail parks in our portfolio, we can see that the first two months shows a decline in performance compared with the same period of last year. This is due to the fact that the comparison period immediately preceded the outbreak of the COVID-19 crisis in March 2020, which led to the introduction of travel and capacity restrictions. Until this point, all of our properties had been operating as normal. However, during the rest of the year, **sales have been constantly higher** compared with the previous year's figures, even though various restrictions on retail trading and store capacity remained in place, and therefore preventing our centres from their normal operation.

On the other hand, if the comparison is made with the year 2019, the evolution of the sales and visits figures would be -2.1% and -12.5% respectively in Like for Like<sup>(1)</sup> terms, due to the restrictions that have remained in force throughout 2021.

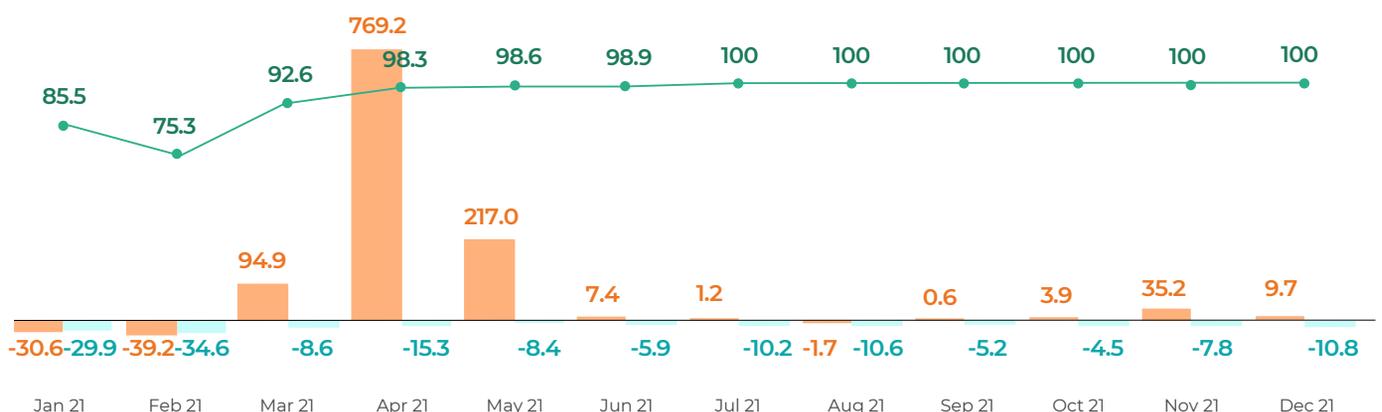
The following charts indicate how sales and footfall have responded to changing retail trading rules across the company's portfolio, expressed in terms of gross lettable area. As we can see, overall performance is down 4.2% compared with 2019, when all sites were open as normal:

### Monthly Evolution of figures for shopping centres and retail parks in our portfolio (%)

#### Sales 2021



#### Footfall 2021



■ 2021 vs 2020 ■ 2021 vs 2019<sup>(1)</sup> — Portfolio's GLA opened

(1) Like for Like (excluding Lagoh shopping centre).

The recovery seen in Lar España's portfolio is largely thanks to its active and efficient asset management and to Grupo Lar, the management firm that brings **over 50 years** of tried and tested experience to the portfolio management. A business model that is unique to the Spanish real estate market and an expert management team, held in great renown by the industry, were also key to the recovery. Likewise, the ten main tenants account for **more than 35% of the company's rental income**, while at 31 December 2021 more than **70% of retailer leases had expiries beyond 2024 and occupancy stood at virtually 96%, close to full occupancy**.

In 2021, Lar España successfully finished a refinancing process after **placing an issue of two unsecured senior green bonds** maturing in July 2026 and November 2028. The pre-established maximum amount of **€400 and €300 million respectively** were both more than four times oversubscribed. The annual coupon was set at a **fixed rate of 1.75% and 1.84% respectively**, as compared with a 2.9% interest rate on the bond issued in 2015. The rating agency **Fitch assigned an investment grade or BBB rating to both Lar España and its green bond issues**.

Lar España planned to use the green bonds funds to fully or partially refinance a selection of real estate assets so as to **reduce carbon emissions by assuring that the assets are environmentally friendly** and meet the 2021 Green Bond Principles of the ICMA (International Capital Markets Association).

Lar España's **sound financial position, expertise in retail and its constant drive for technological innovation** have all played a key role throughout the year. This, combined with a portfolio of prime high-potential properties which have undergone continual improvements, stood the company in excellent stead for regaining any ground lost.

It needs to be mentioned that in the large majority of cases, Lar España also fully owns its properties, affording it complete control over decision-making and giving it the flexibility it needs to be able to **promote and implement measures and strategies that are always fully tailored to its customers' needs and market requirements**.



celio

Koröshi

Koröshi

 Shopping Centre  
Txingudi (Guipúzcoa)

## 1.2 Shopping Centres and Retail Parks openings

Continuing with the proactive management of the portfolio that allows us to have a **solid and diversified tenant base**. During the second half of the year **leading chains opened** at some properties, such as:

### OPENING OF RESTAURANT AREA SC ÀNEC BLAU



Xiringuito

Opening 19/11/2021



Blanquito

Opening 19/11/2021



Black House

Opening 27/11/2021



Food Market  
**RP VISTAHERMOSA**

*Opening 01/12/2021*



Aw Lab  
**SC PORTAL DE LA MARINA**

*Opening 06/08/2021*



Natura  
**SC PORTAL DE LA MARINA**

*Reopening 15/10/2021*



Poké & Sushi  
**SC LAS HUERTAS**

*Opening 25/11/2021*



Media Markt  
**RP ABADÍA**

*Reopening 02/07/2021*



Pepco  
**RP ABADÍA**

*Opening 26/11/2021*



Primaprix  
RP ABADÍA

Opening 14/12/2021



Jack & Jones  
RP MEGAPARK

Opening 22/11/2021



Barbour  
RP MEGAPARK

Opening 10/12/2021



Décimas  
SC AS TERMAS

Opening 03/09/2021



Stradivarius  
SC AS TERMAS

Opening 15/10/2021



Leroy Merlin  
SC AS TERMAS

Opening 16/12/2021



Ikea Home Service Point  
**SC EL ROSAL**

*Opening 30/11/2021*



Toys "R" Us  
**SC ALBACENTER**

*Opening 22/10/2021*



Druni  
**SC GRAN VÍA VIGO**

*Opening 16/12/2021*



Aliexpress  
**SC LAGOH**

*Opening 11/11/2021*



Manolo Bakes  
**SC LAGOH**

*Opening 12/08/2021*

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## 2.1 Highlights 2021

### Portfolio Information

GAV<sup>(1)</sup>

**1,424**  
Million €

Assets

**14**

WAULT

**2.7**  
years

GLA

**551,326**  
sqm

### Financial Information

GRI<sup>(2)</sup>

**79.1**  
Million €

EPRA  
Earnings

**23.9**  
Million €  
(0.28 €/share)

EBITDA

**50.7**  
Million €

Profit

**25.8**  
Million €

EPRA NTA

**869.5**  
Million €  
(10.41 €/share)<sup>(3)</sup>

Financial Debt

**892.7**  
Million €

Net LTV

**40.7%**

Average Cost  
of Debt

**1.9%**<sup>(4)</sup>

(1) Information based on valuations carried out by independent valuers on 31 December 2021. / (2) Revenues and Other income. / (3) When analyzing the evolution of this measure it is important to take into account the dividend paid in Q2 2021 (0.31 €/share). / (4) After the upcoming maturity that have taken place in February 2022 in relation to the issuance of the Company's first bond of €140M, the average pro forma cost of the debt would be reduced to 1.8%.

Operating Results

% Occupancy

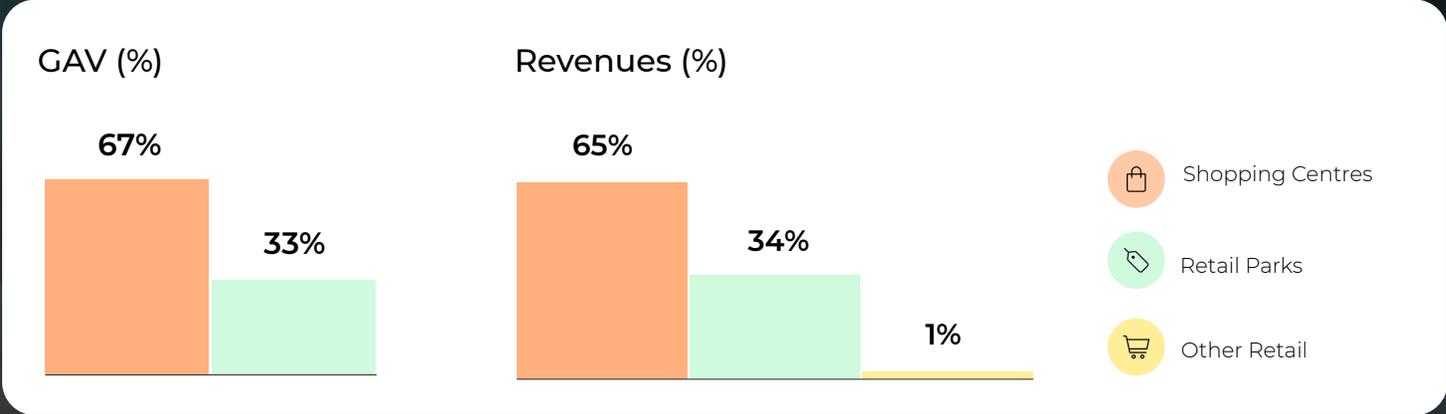
**95.2%<sup>(1)</sup>**

GRI

**+19.3%**  
**+25.1% LfL<sup>(2)</sup>**  
VS 2020

NOI

**+25.9%**  
**+33.4% LfL<sup>(2)</sup>**  
VS 2020



Leasing Activity

Rotated area

**27,280**  
sqm

Negotiated rent

**5.7**  
Million €

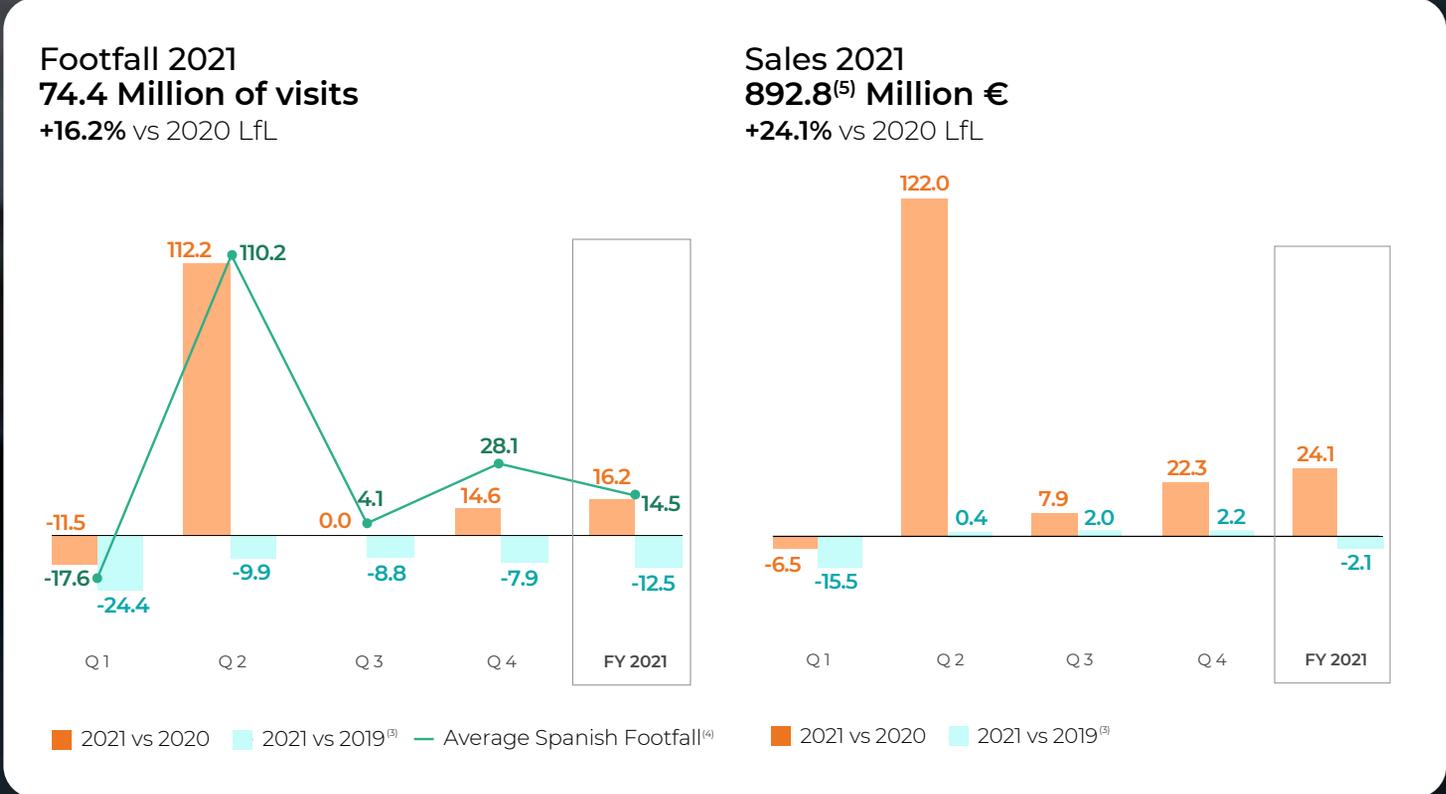
Operations

**94**

Rent uplift

**+3.9%<sup>(\*)</sup>**

(\*) Excluding 4 non-comparable operations



(1) Ratio calculated according to EPRA recommendations. / (2) Like for Like, excluding 22 Supermarkets portfolio divested in Q1 2021. / (3) Like for Like 2021 vs 2019, excluding Lagoh shopping centre. / (4) ShopperTrak Index 2021 vs 2020 accumulated figures at 31/12/2021: **+14.5%**. / (5) Declared sales.

## 2.2 Main Milestones

 2021

### FEBRUARY

23.02.2021

#### Supermarkets portfolio divestment

On 23 February 2021, the Company transferred to European real estate investment fund **Blackbrook Capital** the societies LE Retail Hipermercados I, S.L.U., Hipermercados II, S.L.U. and LE Retail Hipermercados III, S.L.U, corresponding to the **portfolio of 22 Eroski supermarkets**, with a total gross leasable area (GLA) of 27,909 square meters.

The aforementioned sale was formalized in public deed dated 23 February 2021, for a total price of **59 million euros**. The sale price agreed for the transfer of the mentioned property represents (i) a **capital gain of 24%** on the acquisition price paid by the Company for said property in March 2017; and (ii) **an increase of 2.2%** over the last valuation of these assets made in June 2020.

The sale of the premises **will allow Lar España to increase liquidity and cash strength**, a strategic priority for the company.

### APRIL

22.04.2021

#### Annual General Shareholders Meeting

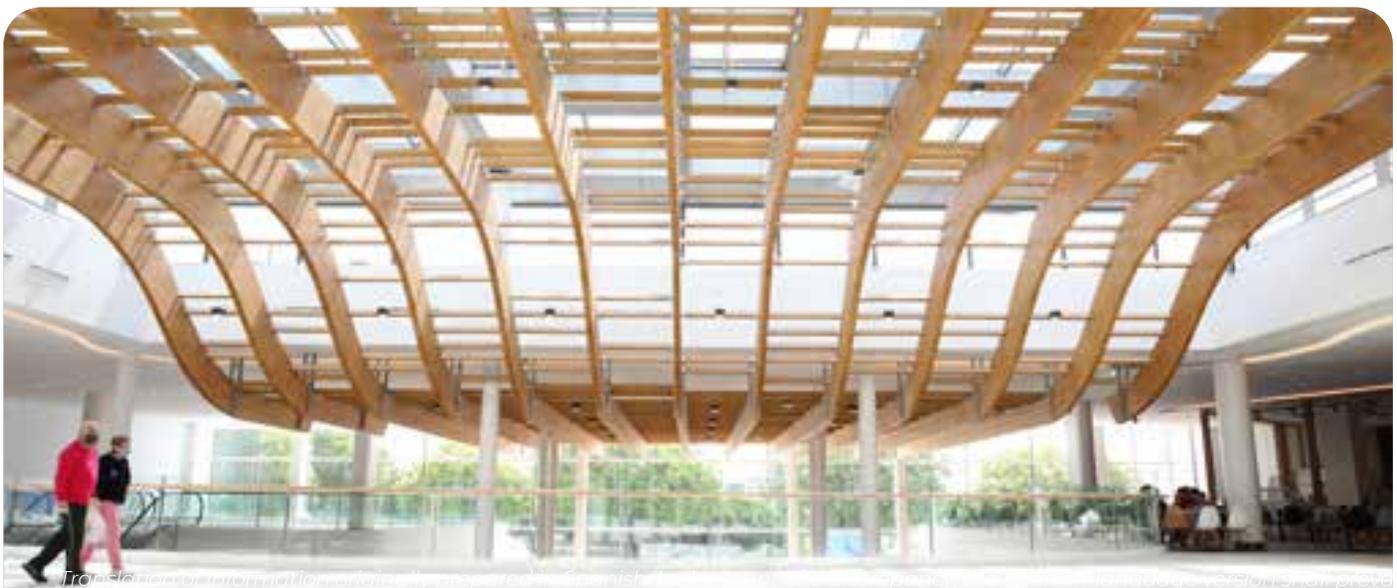
The Lar España **Annual General Shareholders Meeting** was held on 22 April 2021, to approve the agreements submitted for their consideration. It followed the emergency measures and recommendations of the Market Authority during the COVID crisis, and the meeting was streamed live online.

### MAY

21.05.2021

#### Dividend

Following approval at the Annual General Shareholders Meeting, the shareholder **dividend payment** was distributed, amounting to a total of **€0.31 per share**.





 Shopping Centre  
Lagoh (Sevilla)

## JUNE

08.06.2021

### Renewal of the Investment Management Agreement

On 8 June 2021, the Company's Board of Directors approved the main terms and conditions for the **renewal of the management agreement entered into by the Company and Grupo Lar Inversiones Inmobiliarias, S.A.** on 12 February 2014 and novated on 19 February 2018, which was due to expire on 1 January 2022 (the Investment Management Agreement or "IMA").

The terms and conditions for the renewal of the IMA have been agreed taking account of the **experience accumulated to date and the good relationship between the Company and the Manager**, on the understanding that these changes **benefit the Company** and improve the **alignment of interests**.

The most relevant amendments with respect to the current version of the IMA are as follows:

- **Term of agreement:** The new agreement will have a five-year term from 1 January 2022 to 31 December 2026.
- **Base fee:** The base fee will be a fixed fee of **0.62%** of net asset value (NAV).
- **Performance fee:** The performance fee structure under the current IMA will be maintained, with the following modifications: the applicable rate will be cut from **20% to 10%**; it will not include a catch-up clause; the applicable hurdle rate

will be set at **8.5%** as from 2022; 80% of the performance fee will be calculated on the basis of NAV growth per share and the remaining 20% will be calculated on the basis of the Company's share price performance; it will be settled annually; it will be limited to a maximum amount of 1.5 times the annual base fee; and it will be paid, at the Company's choice, in cash or in treasury shares valued at their closing price on a predetermined date.

- **Additional performance fee for special actions:** For cases in which the Company undertakes new asset development or extension work on its current assets, an additional performance fee is added as a percentage of the total cost (CAPEX excluding land). The applicable rate will be 4% of total costs below or up to €40 million; and 3% of total costs above €40 million. Asset refurbishments will not give rise to a performance fee and will be covered by the base fee.
- **Exclusivity commitment:** The exclusivity commitment included in the current IMA will be revised to include a non-compete clause depending on the catchment area of the Company's assets; and a right of first refusal for the Company in relation to possible acquisitions of assets in Spain.

16.06.2021

## Change of registered address

In June 2021, Lar España, along with our single management company, relocated our head office to **fully refurbished premises** on Calle María de Molina. **As a sign of our unwavering commitment to sustainability and tackling climate change**, some of the most standout features of the new headquarters include:

- The use of natural lighting throughout.
- Installation of a closed-loop air-conditioning and filtering system.
- Indoor air quality constantly controlled and treated using photocatalytic filters (SFEG).

Throughout the relocation process we focused on trying to **reuse existing furniture and equipment** wherever possible, in order to reduce waste, cut down on resource use and recycle as much as possible.

## JULY

15.07.2021

## Green Bond issuance

On 15 July 2021, Lar España successfully **placed an issue of unsecured senior green bonds** maturing in July 2026. The pre-established maximum amount of **€400 million** was more than four times oversubscribed.

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

The annual coupon was set at a **fixed rate of 1.75%**, as compared with a 2.9% interest rate on the bond issued in 2015. **The rating agency Fitch assigned an investment grade or BBB rating to both Lar España and its green bond issue.**

The green bond issue was led by Morgan Stanley Europe, acting as the global coordinator and advising on the issue's sustainable structure. JP Morgan also acted as the lead manager for the issue, which was placed with qualified investors and will be **quoted on the Luxembourg Stock Exchange's Euro MTF market.**

	Rating	Outlook
<b>FitchRatings</b>	BBB	Stable

Lar España planned to use the green bond funds to fully or partially refinance a selection of real estate assets so as to **reduce carbon emissions by assuring that the assets are environmentally friendly** and meet the 2021 Green Bond Principles of the ICMA (International Capital Markets Association).

This will also bring liquidity to a very robust level, with long-term debt at around 40% of the asset value, **striking a balance of secured and unsecured debt** while keeping mostly fixed euro interest rates, thus bolstering the company's capacity to pay out recurring dividends.

In parallel, the company launched a public offering to buy back the secured senior simple bonds issued in February 2015 for a total of €140 million, maturing in 2022, which are traded on the Irish Stock Exchange's Euronext Dublin market. The buyback offer was led by Morgan Stanley Europe as the single dealer manager.

For Lar España chairman **José Luis del Valle**, "having significantly brought forward the maturity of the debt with extremely strong demand among top-level public and private institutional investors, we have given clear proof of the **excellent receptivity and international confidence in the differential retail project that Lar España Real Estate** represents. We are proud of the recognition of investors, who have clearly expressed their confidence in the strength of our balance sheet, in our capacity to generate recurring income and in the profitability of our management and dividend distribution policy".

For Del Valle, "the green bond has been managed in an exemplary manner and in record time, with the important endorsement of a **BBB investment grade-stable rating from Fitch and a**

**second party opinion from ISS**. The transaction substantially strengthens our balance sheet structure, significantly reduces our financing cost and enables us to remain consistent with our proactive policy of **maximum quality and transparency, profitability for shareholders** and added value for all our stakeholders and for society in general. It also puts us in a leading position in view of the exciting recovery that the sector has already begun."

## OCTOBER

26.10.2021

### Second Green Bond Issue

In November 2021, Lar España **successfully placed a seven-year senior unsecured green bond issue**. The preset maximum amount was **€300 million** and subscription requests were received for **close to five times the amount offered**. The aggregate nominal amount was in line with the outstanding balance of Lar España's secured debt, which has been fully refinanced, marking the end of the **Company's transition from a secured to an unsecured financing strategy and thus completing the Company's debt refinancing process**.

The transaction was closed at a **fixed annual coupon of 1.843% as from issuance, calculated by reference to the nominal amount**. This issue, together with the issue of July of the same year, **cut the average cost of debt from 2.2% to 1.8%**. The **rating agency Fitch ratified the BBB rating** for both Lar España and this new issue.

This second issue was led by Morgan Stanley Europe, which acted as global coordinator and advisor to the sustainable structure, as in the first issue. On this occasion, Morgan Stanley also acted as the lead manager for the issue, which was placed with qualified investors and **will be quoted on the Luxembourg Stock Exchange's Euro MTF market.**

Thanks to this refinancing, **all of Lar España's debt is unsecured, maintaining the interest benchmark at a fully-fixed rate and extending the average maturity period from 2.6 years to 6 years.**

The company intends to use an amount equivalent to the proceeds of the green bond issue to refinance, in whole or in part, a selection of its real estate assets so as to reduce its **carbon footprint and make the assets environmentally friendly** and compliant with the 2021 Green Bond Principles issued by the International Capital Markets Association (ICMA).

15.10.2021

## Completion of the share buyback programme

Lar España announced that **the buyback programme ended** and was terminated on 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.** The acquisition of treasury shares under the buyback programme was carried out and reported on a regular basis in accordance with Articles 2.2 and 2.3 of Delegated Regulation (EU) 2016/1052.

The buyback programme was implemented by JB Capital Markets, S.V., S.A.U., which acted as the financial intermediary. The company also announced the reactivation of the liquidity agreement for the management of its treasury shares signed on 5 July 2017 and announced to the market on 10 July 2017 by means of price-sensitive information (registration number 254421), which was still suspended due to the extension of the buyback programme, in the terms reflected in the price-sensitive information submitted on 14 April 2021 (registration number 8633).

## DECEMBER

20.12.2021

### Registration of a capital reduction

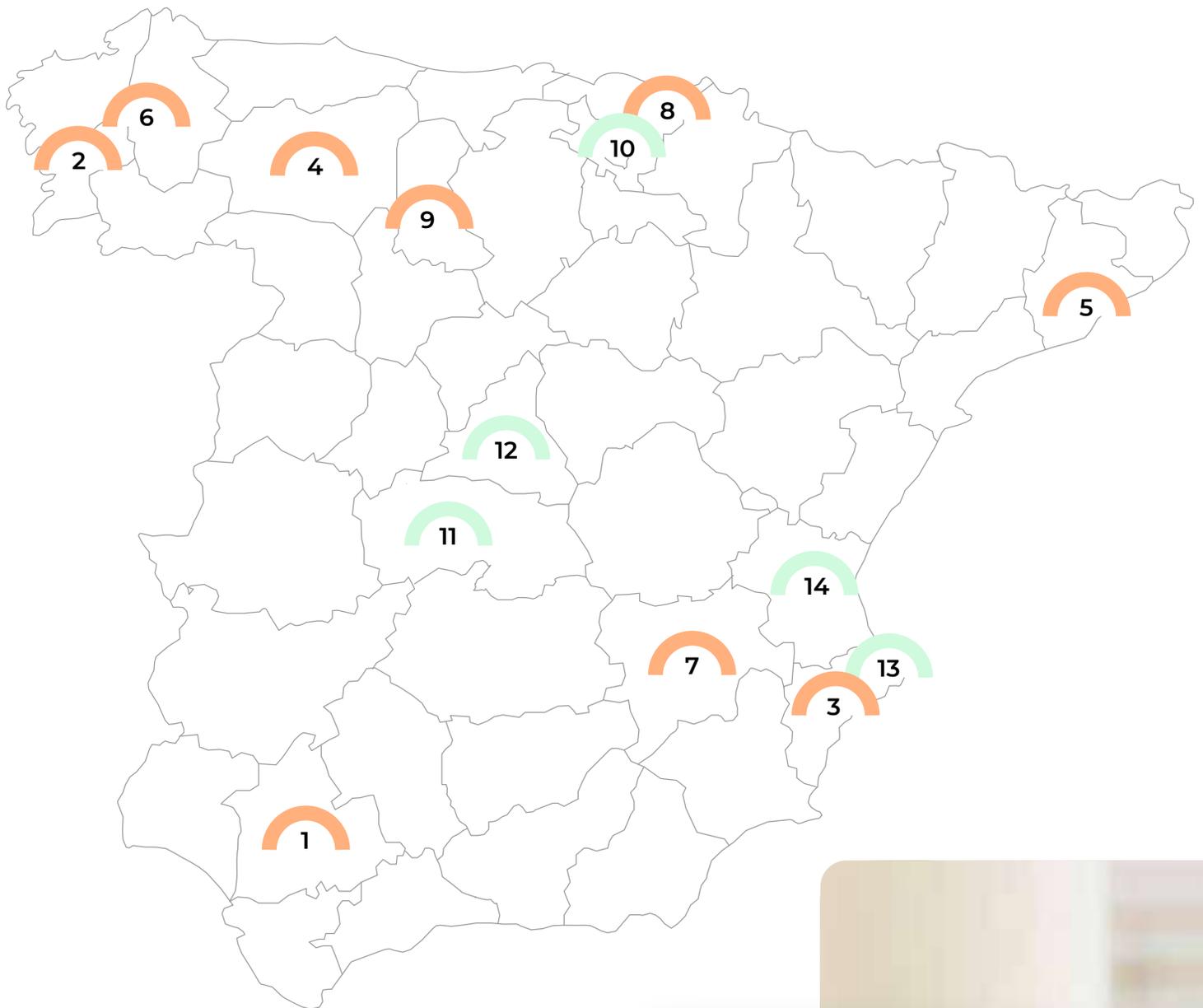
Lar España announced that the public deed recording the **reduction of the company's capital by a par value of €7,881,522 by redeeming 3,940,761 treasury shares with a par value of two euros each acquired under the Company's buy-back program**, was entered in the Madrid Commercial Register on 15 December 2021.

As a result, Lar España's share capital stands at €167,385,938, consisting of **83,692,969 registered shares** with a par value of two euros each. Article 5 of the company's bylaws on capital and shares of Lar España was amended accordingly.

Events after  
the reporting period

 Shopping Centre  
Ànec Blau (Barcelona)

## 2.3 Portfolio at 31 de December de 2021



**GAV**  
**€1.4**  
Billion euros





## Shopping Centres

1. Lagoh (Seville)
2. Gran Vía (Vigo)
3. Portal de la Marina + Hypermarket (Alicante)
4. El Rosal (León)
5. Ànec Blau (Barcelona)
6. As Termas + Petrol Station (Lugo)
7. Albacenter + Hypermarket and Retail Units (Albacete)
8. Txingudi (Guipúzcoa)
9. Las Huertas (Palencia)



## Retail Parks

10. Megapark + Megapark Leisure Area (Vizcaya)
11. Parque Abadía and Commercial Gallery (Toledo)
12. Rivas Futura (Madrid)
13. Vistahermosa (Alicante)
14. VidaNova Parc (Valencia)



**Lagoh** | Shopping Centre



ASSET CHARACTERISTICS 	
Location	Seville
GLA	69,734 sqm
Purchase Date	1 March 2016
Land Acquisition Price	€ 38.5 Million
WAULT	2.8 years

**Gran Vía** | Shopping Centre



ASSET CHARACTERISTICS 	
Location	Vigo
GLA	41,447 sqm
Purchase Date	15 September 2016
Acquisition Price	€ 141.0 Million €
WAULT	2.4 years

**Portal de la Marina + Hypermarket** | Shopping Centre



ASSET CHARACTERISTICS 	
Location	Alicante
GLA	40,309 sqm
Purchase Date	30 October 2014/ 30 March 2016/ 9 June 2015
Acquisition Price	€ 89.2 Million
WAULT	2.2 years

**El Rosal** | Shopping Centre



ASSET CHARACTERISTICS 	
Location	León
GLA	50,996 sqm
Purchase Date	7 July 2015
Acquisition Price	€ 87.5 Million
WAULT	1.6 years

**Ànec Blau** | Shopping Centre



ASSET CHARACTERISTICS	
Location	Barcelona
GLA	29,084 sqm
Purchase Date	31 July 2014
Acquisition Price	€ 80.0 Million
WAULT	3.6 years

**As Termas + Petrol Station** | Shopping Centre



ASSET CHARACTERISTICS	
Location	Lugo
GLA	35,143 sqm
Purchase Date	15 April 2015/ 28 July 2015
Acquisition Price	€ 68.8 Million
WAULT	2.7 years

**Albacenter + Hypermarket + R.U.** | Shopping Centre



ASSET CHARACTERISTICS	
Location	Albacete
GLA	27,169 sqm
Purchase Date	30 July 2014/ 19 December 2014
Acquisition Price	€ 39.9 Million
WAULT	2.7 years

**Txingudi** | Shopping Centre



ASSET CHARACTERISTICS	
Location	Irún (Guipúzcoa)
GLA	10,712 sqm
Purchase Date	24 March 2014
Acquisition Price	€ 27.7 Million
WAULT	2.0 years

**Las Huertas** | Shopping Centre



ASSET CHARACTERISTICS 	
Location	Palencia
GLA	6,267 sqm
Purchase Date	24 March 2014
Acquisition Price	€ 11.7 Million
WAULT	1.9 years

**Megapark + Megapark Leisure area** | Retail Parks



ASSET CHARACTERISTICS 	
Location	Barakaldo (Bilbao)
GLA	81,577 sqm
Purchase Date	19 October 2015/ 27 October 2017
Acquisition Price	€ 178.7 Million
WAULT	3.4 years

**Parque Abadía + Commercial Gallery** | Retail Parks



ASSET CHARACTERISTICS 	
Location	Toledo
GLA	43,109 sqm
Purchase Date	27 March 2017/ 20 February 2018
Acquisition Price	€ 77.1 Million
WAULT	2.0 years

**Rivas Futura** | Retail Parks



ASSET CHARACTERISTICS 	
Location	Madrid
GLA	36,447 sqm
Purchase Date	6 February 2018
Acquisition Price	€ 61.6 Million
WAULT	2.8 years

**Vistahermosa** | Retail Parks



ASSET CHARACTERISTICS 	
Location	Alicante
GLA	33,763 sqm
Purchase Date	16 June 2016
Acquisition Price	€ 42.5 Million
WAULT	3.5 years

**VidaNova Parc** | Retail Parks



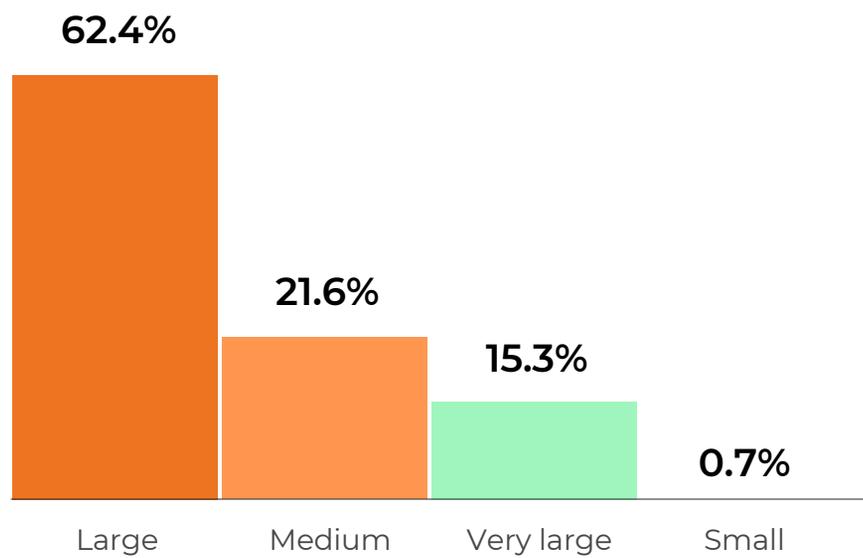
ASSET CHARACTERISTICS 	
Location	Sagunto (Valencia)
GLA	45,568 sqm
Purchase Date	3 August 2015
Land Acquisition Price	€ 12.6 Million
WAULT	2.5 years

## Our retail portfolio at a glance

Dominant prime shopping centres and retail parks in their catchment area in relevant locations:



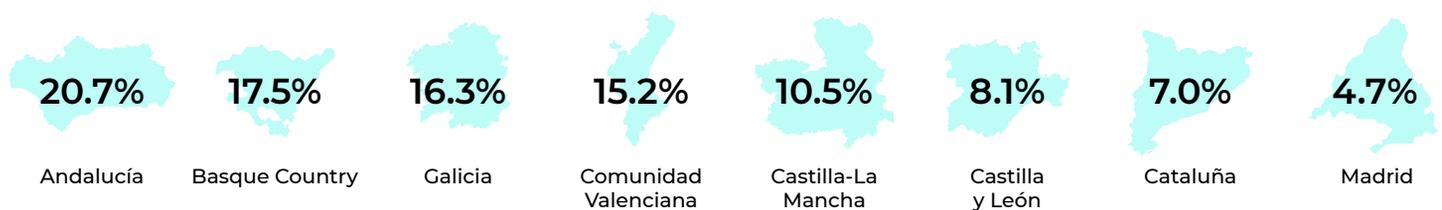
### By size<sup>(\*)</sup> (GAV)



**78%**  
of our retail assets are classified as Large or Very Large.

(\*) According to Spanish Association of Shopping Centres (AECC): Very Large (>79,999 sqm) / Large (40,000-79,999 sqm) / Medium (20,000-39,999 sqm) / Small (5,000-19,999 sqm)

### By geography (GAV)



### By type (GAV)



(1) Ratio calculated according to EPRA recommendations.

Translation of information originally prepared in Spanish. In the event of a discrepancy, the Spanish-language version shall prevail.



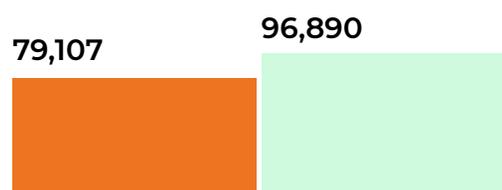
 Shopping Centre  
Ànec Blau (Barcelona)

## 2.4 Key Indicators

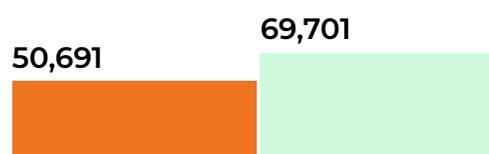
Throughout the year Lar España generated revenues of **79,107 thousand Euros** and a EBITDA of **50,691 thousand Euros**, being the most relevant figures the following:

2021 2020

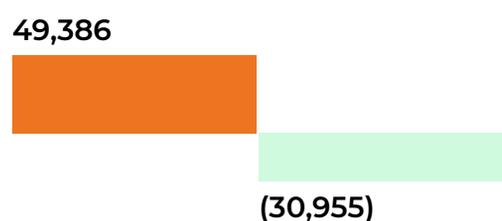
**Revenues (\*)**  
(Thousands of Euros)



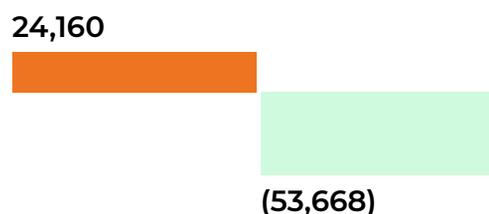
**EBITDA**  
(Thousands of Euros)



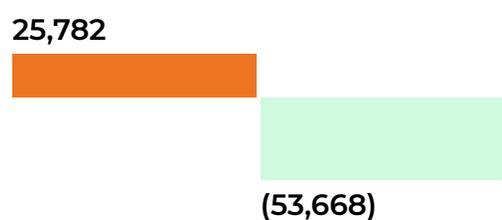
**EBIT**  
(Thousands of Euros)



**EBT**  
(Thousands of Euros)



**Net Profit**  
(Thousands of Euros)



For more clarity as regards these figures, see the "Consolidated Income of Financial Position".

(\*) This amount includes Revenues and Other income.

Translation of information originally prepared in Spanish. In the event of a discrepancy, the Spanish-language version shall prevail.

### Other financial indicators

The Group presents the following financial indicators:

■ 31/12/2021 ■ 31/12/2020

**Working capital**  
(Thousands of Euros)



**Liquidity ratio**  
(%)



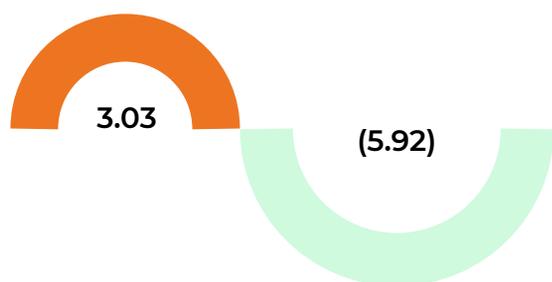
**Solvency ratio**  
(%)



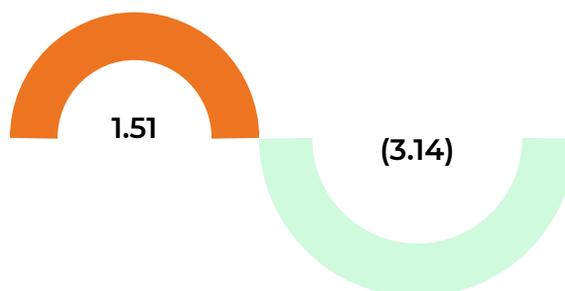
**Net LTV**  
(%)



**ROE**  
(%)



**ROA**  
(%)



At 31 December 2021, the **ROE ("Return on Equity")**, which measures Group's profitability as a percentage of shareholders equity, amounted to **3.03%** (-5.92% at 31 December 2020), whilst the **ROA ("Return on Assets")**,

which measures the efficiency of Group's total assets regardless of the sources of financing used, i.e. the ability of a company's assets to generate income, was **1.51%** (-3.14% at 31 December 2020).

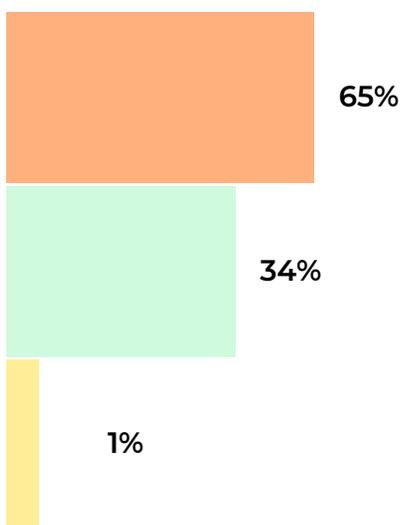
## 2.5 Business Performance

### a. Income Distribution

**Total revenues** reached **76,271 thousand Euros** in 2021 (versus 93,324 thousand Euros in 2020).

The relative weigh of total revenues by asset class at 31 December 2021 is as follows:

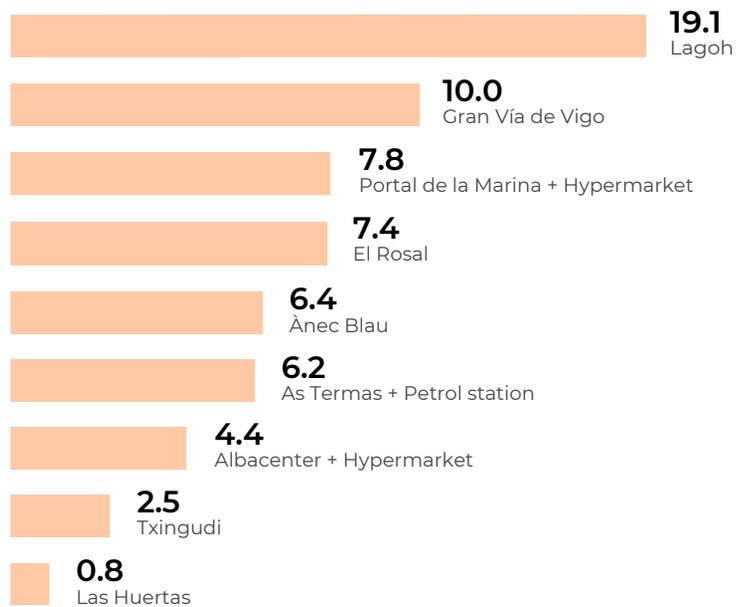
**Total revenues by asset class at 2021 (%)**



-  Shopping Centres
-  Retail Parks
-  Others Retail

The breakdown of **income per asset type** during 2021 is as follows:

#### Income by Shopping Centres (%)



#### Income by Retail Park (%)

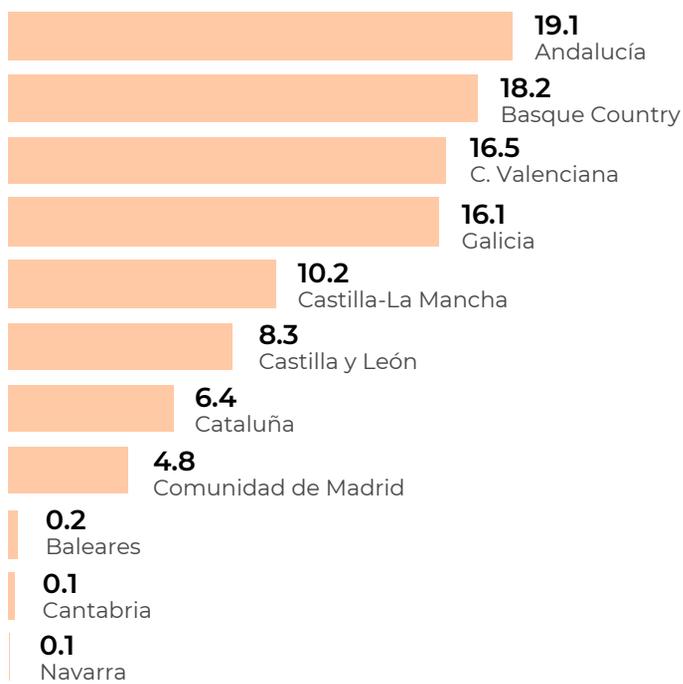


#### Income by Other Retail (%)



This graph details the breakdown of **total revenues per region** for 2021:

**Income by region (%)**



**About 40% of revenues** have been recorded in the Basque Country and Andalucía, being Lagoh the largest shopping centre in 2021.

Below are the **ten tenants that have generated the most revenue** during 2021:

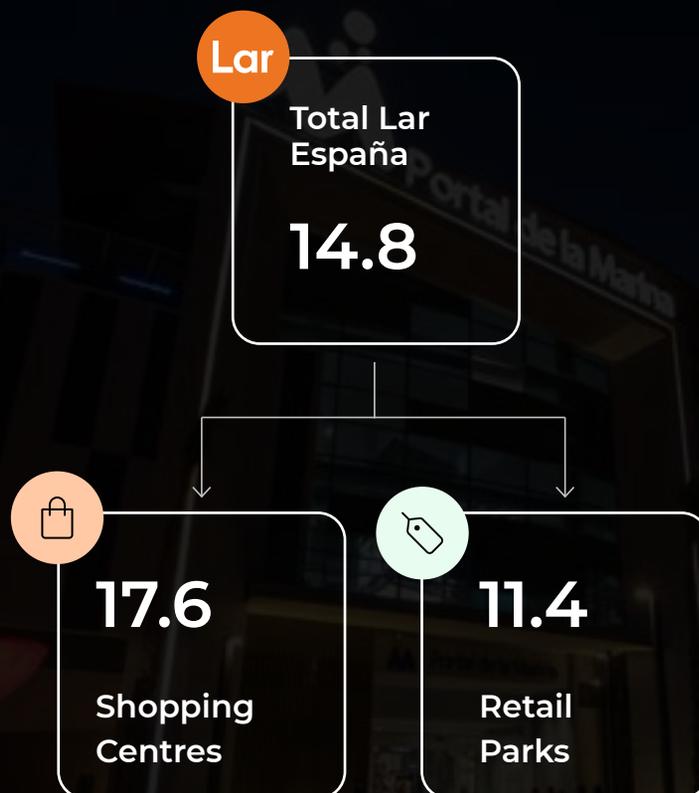
	Total rental income %	Accumulated %
1. <b>INDITEX</b>	9.35%	9.35%
2. <b>Carrefour</b> 	4.58%	13.93%
3. <b>Media Markt</b>	4.21%	18.14%
4. <b>LEROI MERLIN</b>	3.06%	21.20%
5. <b>DECATHLON</b>	2.69%	23.89%
6. <b>CORTEFIEL</b>	2.63%	26.52%
7. <b>Conforama</b>	2.34%	28.86%
8. <b>MERCADONA</b> <small>SUPERMERCADOS DE CONFIANZA</small>	2.25%	31.11%
9. <b>El Corte Inglés</b>	2.14%	33.25%
10. <b>C&amp;A</b>	2.11%	35.36%

**b.**  
**Gross annualised rents**

The annualised **GRI** (\*) of Lar España is detailed below, as well as the annualised GRI per occupied sqm as at 31 December 2021:

	Gross Annualised Rents (Thousands of euros)	GLA occupied (sqm)	Gross Rent (€/sqm/month)
Shopping Centres	62,351	295,959	17.6
Retail Parks	31,930	233,919	11.4
<b>TOTAL LAR ESPAÑA</b>	<b>94,281</b>	<b>529,878</b>	<b>14.8</b>

Gross annualised rent / sqm occupied by asset class  
(€/sqm/month)



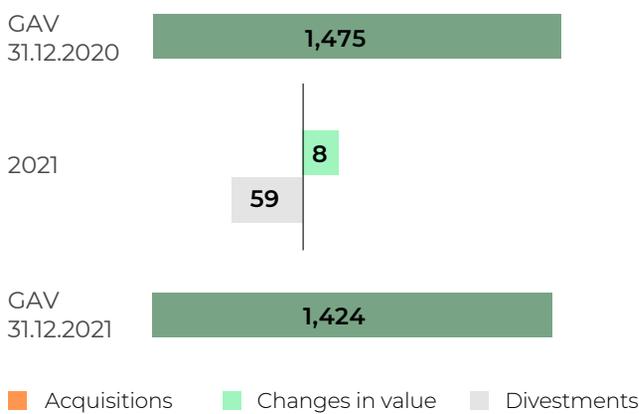
(\*) The annualised GRI is calculated using the EPRA NIY of each asset.  
Annualised GRI = annualised passing rental income from real estate investment + effect of rent-free periods and temporary rental discounts.

**C. Value of Lar España’s portfolio at 31.12.2021**

As at 31 December of 2021 the total value of Lar España’s portfolio amounts to **1,424 million Euros**:

During 2021 Lar España has not carried out new acquisitions, but the portfolio of 22 Eroski supermarkets has been divested.

**GAV reconciliation at 31.12.2021**  
(Million €)



The aforementioned sale was formalized in public deed dated 23 February 2021, for a total price of **59 million euros**. The sale price agreed for the transfer of the mentioned property represents a **capital gain of 24%** on the acquisition price paid by the Company for said property in March 2017; and an **increase of 2.2%** over the last valuation of these assets made in June 2020.

The **change in the fair value** of investment properties for an amount of **8 Million Euros** corresponds to information based on valuations carried out by independent valuers on 31 December 2021.

**Like for Like change in the portfolio value at 31 December 2021 (\*)**



(\*) Excluding CAPEX invested the percentages would be: +16.3%, -0.1% and +0.4% respectively.

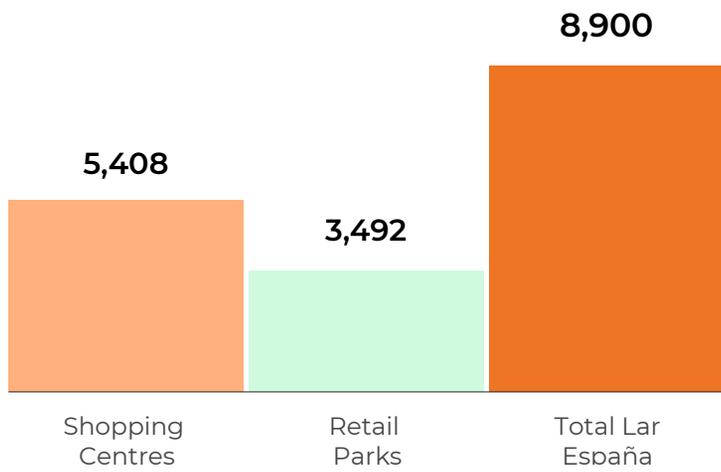
d.  
CAPEX

The Company has continued revamping its portfolio of assets in order to generate more value, investing close to **€9 Million** during 2021.

The breakdown of investment by asset class is as follows:

Shopping Centres Ànec Blau and Rivas Futura with **€2.9 Million** together, lead the investment made during the year, due to the improvements that were implemented.

**CAPEX investment**  
(Thousands of euros)



**e. Lease expiration and WAULT**

The proactive management carried out by Lar España allows us to have a **solvent and diversified tenant base**.

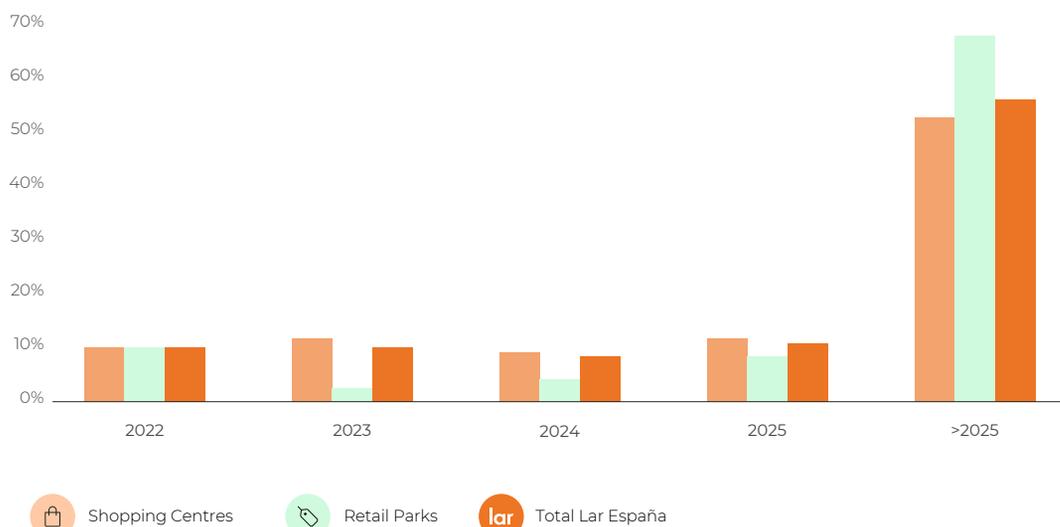
Renewals of contracts have been agreed with our key tenants, thereby prolonging the lease terms, allowing us to have a significant level of guaranteed minimum rents. Throughout 2021

new long-term lease agreements have been signed with new tenants and negotiations have been carried out according to the current situation.

We note that as of 31 December 2021, more than **70% of all Lar España's active lease** agreements have lease expiries beyond 2024.

**Annual lease expiration**

(end of contract) (%)



**More than 1,000 existing contracts**

Thus, the WAULT<sup>(\*)</sup> (weighted average unexpired lease term) at 31 December 2021 of Lar España's portfolio is **2.7 years**. Below you will find the detail by asset class:

Lar España



**2.7**

Shopping Centres



**2.5**

Retail Parks



**3.0**

(\*) Calculated as the number of years from the current date to the first break option, weighted by the gross rent for each lease. The WAULT of each asset is detailed in section 2.3 "Portfolio at 31 December 2021".

f. **Occupancy (in sqm)**

The gross leasable area (GLA) of Lar España's income producing assets at 31 December 2021 stood at **551,326 sqm**, whilst the average occupancy rate stood at **96.1%**.

The occupancy rate by asset class at 31 December 2021 is shown below:

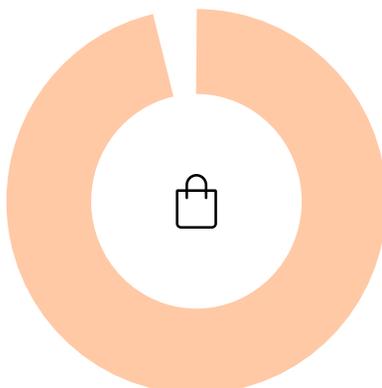
**96.1%**  
Occupancy  
(sqm)

**551,326**  
Total GLA  
(sqm)

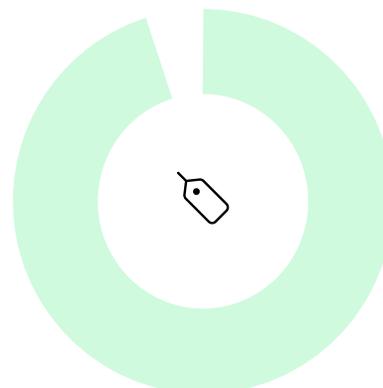
Total Lar España  
**96.1%**



Shopping Centres  
**95.2%**



Retail Parks  
**97.3%**





ànecblau

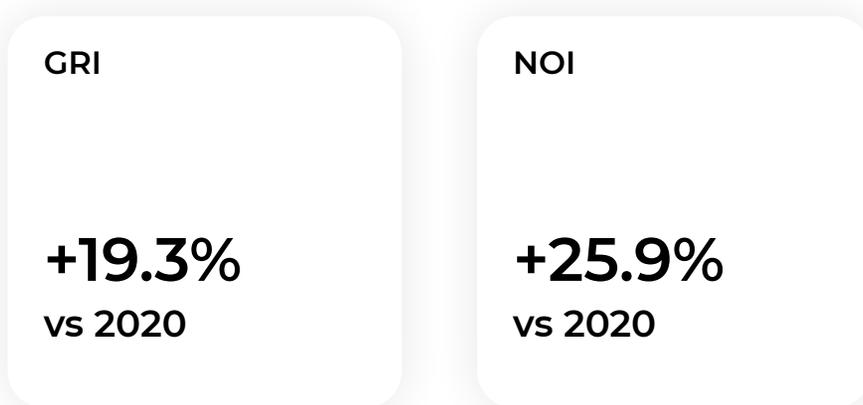


Shopping Centre  
**Ànec Blau (Barcelona)**

**9.**  
**Main Milestones**

During 2021 Lar España has continued its active portfolio management, achieving the following operational results:

**Key indicators evolution**



**Key indicators evolution LfL (\*)**



(\*) Like for Like (excluding 22 Eroski supermarkets divested in February 2021).

### Major operative milestones

During 2021, the total sales declared reach **892.8<sup>(1)</sup> million euros** in the Shopping Centres and Retail Parks, supported by the increase in the number of visits (footfall of **74.4 million**).

Lar España continued to actively manage its retail portfolio. It closed **94 operations** including renewals, relocations, relettings and new lettings, resulting in an annualised tenant rotation rate of **5%** for the portfolio.

<b>Rotated</b>	<b>Negotiated rent</b>	<b>Operations</b>	<b>Rent uplift</b>
<b>27,280 sqm</b>	<b>€5.7 million</b>	<b>94</b>	<b>+3.9%<sup>(2)</sup></b>

	Renewals	Relocations and Relettings	New lettings	Total
Number of operations	51	23	20	<b>94</b>
sqm	11,245	4,731	11,304	<b>27,280</b>

## Footfall 2021

**74.4 Million of visits**  
**+16.2% vs 2020**

Quarterly footfall at Lar España's shopping centres and retail parks %

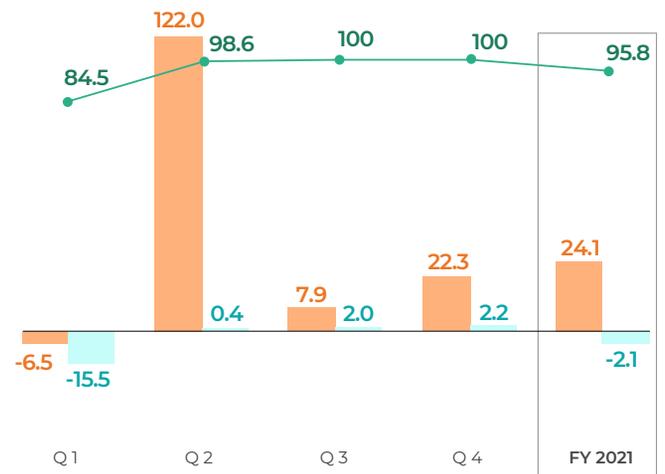


■ 2021 vs 2020 ■ 2021 vs 2019<sup>(3)</sup> — Portfolio's GLA opened

## Sales 2021

**892.8<sup>(1)</sup> Million €**  
**+24.1% vs 2020**

Quarterly sales figures for Lar España's shopping centres and retail parks %



■ 2021 vs 2020 ■ 2021 vs 2019<sup>(3)</sup> — Portfolio's GLA opened

(1) Declared sales. / (2) Excluding 4 non-comparable operations. / (3) Like for Like 2021 vs 2019 (excluding Lagoh shopping centre).

ShopperTrak Index 2021 vs 2020 accumulated figures at 31 December 2021: **+14.5%**.

### Main operations

Some of the main operations during the period between 1 July and 31 December 2021 are detailed below:



**Main operations**

---

**Renewals**



---

Casa (494 sqm)

---

**Relocations/Relettings**



---

Mango (630 sqm)

---

Bimba y Lola (150 sqm)

---

More than <b>€812,000</b> annual negotiated rent	<b>11</b> Operations	<b>2,038 sqm</b>
--	----------------------	------------------



**Main operations**

---

**Renewals**



---

Leroy Merlin (3,803 sqm)

---

**Relocations/Relettings**



---

Stradivarius (597 sqm)

---

Décimas (368 sqm)

---

More than <b>€666,000</b> annual negotiated rent	<b>6</b> Operations	<b>4,897 sqm</b>
--	---------------------	------------------



**Main operations**

---

**New lettings**



---

Fitness Park (2,702 sqm)

---

**Relocations/Relettings**



---

Barbour (158 sqm)

---

**Renewals**



---

Dockers (157 sqm)

---

Puma (556 sqm)

---

More than <b>€632,000</b> annual negotiated rent	<b>8</b> Operations	<b>5,220 sqm</b>
--	---------------------	------------------



**Main operations**

---

**New lettings**



---

Toys R Us (796 sqm) at Albacenter

---

Basic Fit (1,285 sqm) at Vidanova

---

**Relocations/Relettings**



---

Aliexpress (337 sqm) at Lagoh

---

Bimba y Lola (146 sqm) at Portal de la Marina

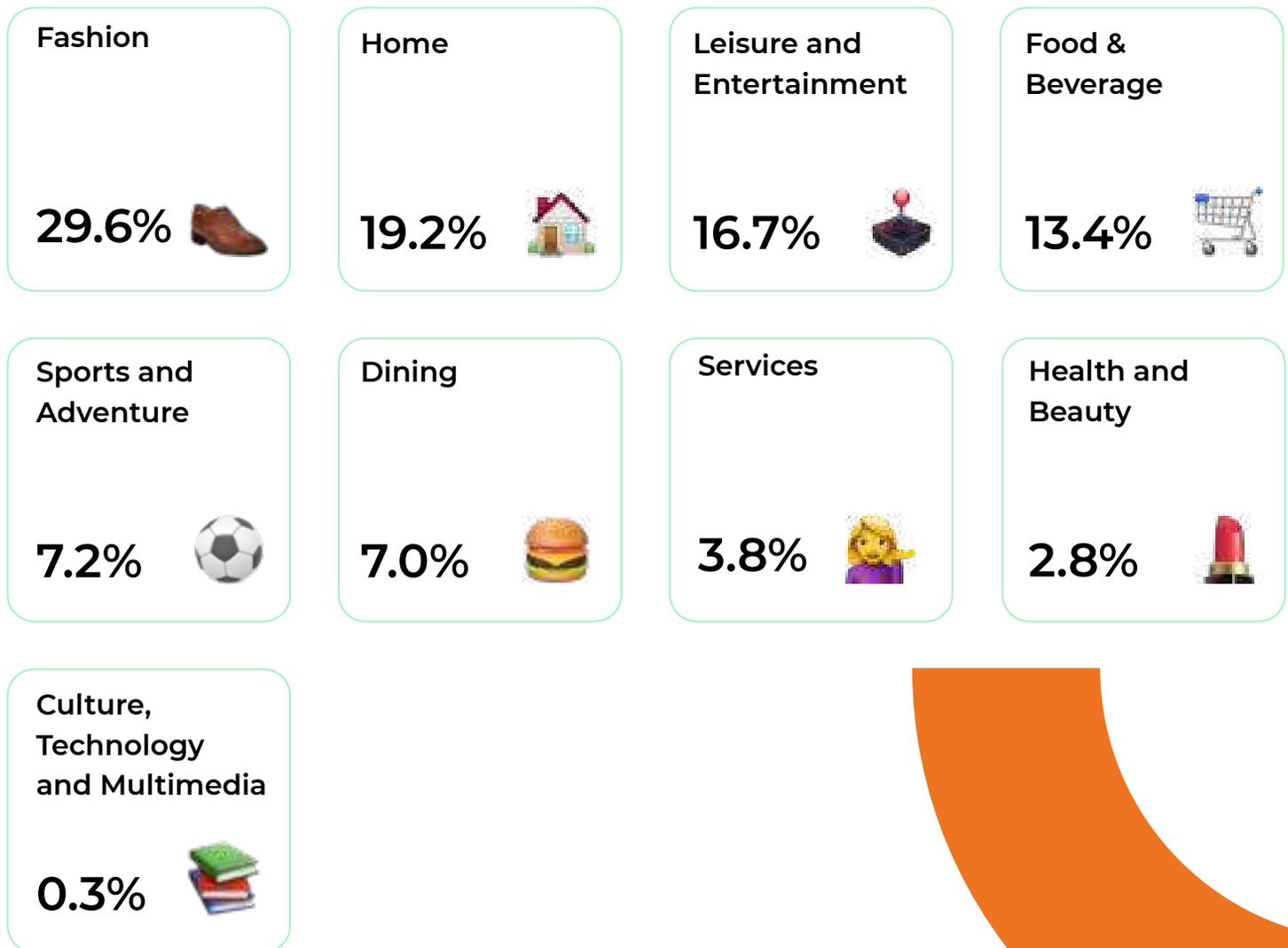
---

More than <b>€1,789,000</b> annual negotiated rent	<b>34</b> Operations	<b>7,425 sqm</b>
--	----------------------	------------------

### Retail Tenant Mix

Below we display the **tenant mix** of Lar España's retail portfolio at 31 December 2021 by space let. The food & beverage and health sectors account **more than 15%** of the retail offering in Lar España's assets:

Effort rate  
**8.4%**



# 3 ESG

## 3.1

Committed to the Environment

p. 52

## 3.2

Contributing to Society

p. 58

## 3.3

Leaders in Governance

p. 72





## ESG (Environmental, Social and Governance)

At Lar España, we understand that our activities affect society. We make it a priority to improve people's lives by championing **socio-economic progress** and ensuring that both our operations and decision making have a positive impact on society and the environment. We do this by working in an **ethical, responsible and sustainable** way, while achieving strong financial returns for our investors.

Our **Sustainability/ESG Policy** is our blueprint for achieving our company objectives and following through on our principles, commitments, goals, strategy and values. In keeping with these principles, Lar España has also introduced an **ESG Masterplan**, which plots the route we intend to follow and the areas we will focus on along the way, always adhering to the most stringent general and sector-specific standards. This is why the company works transparently and proactively to promote active dialogue with a broad range of stakeholders **on economic, social and environmental aspects**.

Lar España remains committed to **creating shared value**, investing in projects that champion sustainability in all its forms and working continuously to take our performance to new heights. To us, sound corporate investment and **environmental engagement are much more than just hoops we need to jump through**; they are vital to our future success. Our approach keeps us alert to new opportunities – like advances in energy efficiency, digital innovation and collaborative relationships with suppliers at the top of their fields.



 Shopping Centre  
Portal de la Marina (Alicante)



### 3.1 Committed to the Environment

Lar España promotes the **responsible management of its properties and continually strives to reduce their impact on the environment**, while also safeguarding the economic viability and performance of its investments, which has led to it obtaining various certificates in recognition of its strong management practices. **100% of the properties in the Lar España portfolio** have therefore implemented environmental and/or social activities.

#### BREEAM

The Company remains committed to participating in assessment and certification schemes to guarantee that the operation of all its properties is as sustainable as possible. Throughout 2021, we forged ahead with our **Renewal Plan** for certifications renewing **8 certificates**, 7 of which have a **higher score than the previous one**.

**100% of the company's shopping centres are BREEAM-certified with an 'Excellent', 'Very Good' or 'Good' rating.**

We also continued to move forward with our plan to achieve certification for our **retail parks**, setting ourselves the ambitious **target of 100% of our portfolio becoming BREEAM-certified within the first few months of 2022**. 2021 saw us get off to a strong start here, with **Parque Abadía being awarded a new certificate, achieving a "Very Good" rating** in both categories.



#### Shopping Centres:

- 3 "Excellent" Certificates
- 4 "Very Good" Certificates
- 2 "Good" Certificates



#### Retail Parks:

- 3 "Very Good" Certificates
- New Certificate** for Parque Abadía.
- Rivas Futura and Vidanova Parc **are in process of certification**.





### BREEAM Certifications

	Asset list	CURRENT CERTIFICATE			PREVIOUS CERTIFICATE		
		Rating <sup>(1)</sup>	Certification Type	Status	Rating <sup>(1)</sup>	Certification Type	Status
 Shopping Centres	Lagoh	Very Good	New Construction (P) <sup>(2)</sup>	Certified			
	Gran Vía	P1: Excellent P2: Excellent	In Use	Certified	P1: Very Good P2: Very Good	In Use	Certified
	Portal de la Marina	P1: Very Good P2: Excellent	In Use	Certified	P1: Very Good P2: Very Good	In Use	Certified
	El Rosal	P1: Excellent P2: Excellent	In Use	Certified	P1: Very Good P2: Very Good	In Use	Certified
	Ànec Blau	P1: Very Good P2: Excellent	In Use	Certified	P1: Very Good P2: Very Good	In Use	Certified
	As Termas	P1: Excellent P2: Exceptional	In Use	Certified	P1: Very Good P2: Very Good	In Use	Certified
	Albacenter	P1: Very Good P2: Excellent	In Use	Certified	P1: Very Good P2: Very Good	In Use	Certified
	Txingudi	P1: Good P2: Good	In Use	In Renovation	P1: Good P2: Good	In Use	Certified
	Las Huertas	P1: Good P2: Good	In Use	In Renovation	P1: Good P2: Good	In Use	Certified

	Asset list	Rating <sup>(1)</sup>	Certification Type	Status	Rating <sup>(1)</sup>	Certification Type	Status
Parque Abadía	P1: Very Good P2: Very Good	In Use	Certified				
Rivas Futura	Being processed		Being processed				
VidaNova Parc	Being processed		Being processed				
Vistahermosa	P1: Very Good P2: Very Good	In Use	Certified	P1: Very Good P2: Very Good	In Use	Certified	

(1) P1: corresponds to the first part of the BREEAM certification relating to the property's design specifications. P2: corresponds to the rating obtained in terms of property management.  
 (2) The BREEAM New Construction certification type is (P = Provisional) until final works and installations have been received, and (D = Definitive) once this process has been completed.  
 (3) Certifications correspond to areas of the property over which Lar España has operational control.

### Shopping centre data automation

The data automation platform designed to dynamically display and track resource use at our properties (water and energy) and offset environmental impact (waste management and GHG emissions) has been up and running since 1 January 2021. As a result, we are now able to **capture and analyse data from our properties and compare performance over time.**

Based on the improved data obtained and by **increasing the frequency and consistency** of information, we have successfully optimised our processes and resources. Departments with access to the system can also now benefit from more powerful data analysis, empowering them to act swiftly and effectively when corrective action is needed.

This means that over the coming months we will be able to develop **action plans** to improve performance at our properties, using the application to monitor their progress.



### Environmental certifications ISO 14001 & 45001

Since achieving **ISO 14001** status for the As Termas and Megapark properties, as well as **ISO 45001** at the latter, the Company is working to extend this **certification to all the properties in our portfolio during 2022.**

ISO 14001 recognises **sound environmental management**, the pursuit of firm objectives and targets reviewed and endorsed by senior management, a set of environmental procedures and protocols appropriate to the Company's activities and proper management of any incidents or non-conformities. It thereby ensures **environmental protection** by managing any environmental risks that could arise as we operate. All of these aspects contribute to our progress towards our strategic objectives.

ISO 45001, meanwhile, is the international standard for **occupational health and safety management** systems, and aims to protect workers and visitors from work-related accidents and illness. This certification demonstrates **Lar España's commitment to employee health and safety.**

We incorporate environmental and social concerns within the Company's management and organisational processes. By applying this approach throughout the value chain, from senior management to employee level, it becomes easier for us to achieve the strategic objectives we set ourselves in these areas.



**Fostering Circular Economy principles according to reduction and reuse standards.**

### Waste management plan rollout

Our **Waste Management Plan**, implemented in 2021, sets out our strategy for enhancing our data management and monitoring systems, preventing pollution and promoting sustainable resource use. Embracing the principles of the **circular economy**, the plan seeks to foster Company-wide **resource reduction and reuse**. We have also developed a more robust procedure for identifying waste types, waste collection and generation points and different disposal routes.

Once the identification process has been completed, Lar España will work on fine-tuning our systems for the collection, transportation and processing of waste produced by our properties through the following measures:

- Determining the Company's scope of control over waste generated in the course of its operations, introducing new contractual clauses and specifying the **responsibilities of roles involved in monitoring and reporting** waste management data.
- **Identifying different types of waste**. Achieving our **key performance indicators (KPIs)**, including more extensive waste management monitoring and reporting.
- Adopting new tools for gathering information (**measurement and data estimation protocols, data collection guidelines**, etc.).
- Providing **education and training for shopping-centre managers** to familiarise them with **new protocols, procedures and mechanisms**.

The Company is in the process of evaluating different proposals for standardising waste management at our properties, and we are aware of how the way we deal with our waste has an impact on our **organisation's carbon footprint**.

### Energy efficiency plan rollout

The Company has developed an Energy Efficiency Plan, **aligned with national and international standards**, which sets out a series of objectives and measures that are constantly monitored now the automated data platform is up and running. The plan's implementation hinges on a series of previously adopted measures that have now been incorporated into and aligned with the corporate strategy across all the portfolio's assets.

Lar España therefore expects to achieve:

- **Improved energy efficiency** of its portfolio.
- Enabling the **certification** of our assets as a guarantee of our commitment to the environment.
- **Cost reductions**.

In parallel, Lar España is rolling out **energy performance audits and a new remote submetering system**. Thanks to these two initiatives, we will be able to access up-to-date information on the status of each of our properties, which will establish action plans and reduction targets for each asset.

Lar España will therefore continue to lead by example and be a benchmark for the sector, as well as for society in general, **by looking beyond the purely economic benefits of better energy management and efficiency**.

## Renewable energy

The Company has also recently completed a **comprehensive study of our entire portfolio** in partnership with KPMG, aimed at helping us analyse and identify the most promising strategies, negotiate contracts and carry out effective monitoring and progress evaluation of the **solar panels installed at the properties in the portfolio**.

Over the next few months, we will analyse the different options for installing panels at each of our properties.

## Carbon Footprint

Lar España was proud to register its carbon footprint for **2018 and 2019** with Spain's **Ministry for the Ecological Transition and the Demographic Challenge (MITERD)**. This scheme is part of Spain's national strategy, aligned with that of the European Union. **We have now also presented our report on our activities in 2020**.

Once the data for 2021 has been registered over the coming months, we will have registered our **carbon footprint with MITERD for four consecutive years**, being eligible to receive the "Reduzco" (I reduce) seal.



As part of this process, the Company submitted its Emissions Reduction Plan to the Ministry as another step towards **carbon neutrality, and a further affirmation of the Company's commitment to responsible and sustainable business operations**.

In addition, over the course of 2021, we put together a **long-term action plan** in order to define the strategy we will follow to successfully reduce our emissions. Our proposed measures include:

1. Continuing our policy of using guaranteed renewable electricity sources at all strategic properties.
2. Expanding the use of renewable energy systems across our portfolio.
3. Applying the findings of technical-economic studies into the potential for investing in solar photovoltaic energy at strategic properties and promoting on-site renewable energy generation.
4. Completing and launching our own automated system for monitoring energy use, based on telematic technology.
5. Implementing predictive maintenance programmes and more proactive inspection protocols for air-conditioning systems to prevent coolant leaks.
6. Ongoing schedule to replace older machinery and equipment with more efficient, sustainable and low-emissions alternatives.



**Lar España advocates for an ongoing commitment to sustainability and the fight against climate change.**

## Sustainable mobility

**Sustainable mobility** is a concept that came about to counteract the environmental and social problems associated with urban transport. At Lar España, we see it as a way of adding value to the properties in our portfolio, and as such it is one of our priority areas of focus. Which explains why we are studying the different ways of implementing sustainable mobility solutions at each of our assets.

The main projects underway are:

- Electric car charging points.
- Car sharing.
- Walkways, improved pedestrian access to shopping centres and their surrounding areas.
- Campaign to promote the use of public transport, bus stops and taxis.
- Parking areas and access routes for bicycles, scooters and motorcycles, along with designated parking spaces for families and emergency vehicles near the main entrances, with a guided parking system.

Out of the 14 properties in Lar España's portfolio, **13 currently feature electrical vehicle charging points**. In other words, **more than 90% of Lar España's portfolio** offered the option to charge electric vehicles as of 31 December 2021. There are currently 155 electrical vehicle charging points installed at Lar España's properties, with a further 75 due to be installed, amounting to a **total of 230 charging points**.

## Green leasing clauses

To uphold Lar España's commitments to Corporate Social Responsibility across its supplier and tenant network, we have included specific clauses that are being annexed **to the new contracts, signing clauses related to social and environmental commitment and their implementation**.

As of 31 December 2021, close to **5% of leases signed across the whole of Lar España's portfolio already included this type of clause**. This figure is expected to keep rising as the various contracts within the portfolio are renewed.

The Company has also uploaded a document to the ESG section of its website, which sets out the main **Best Practices** for its tenants at the shopping centres and retail parks in its portfolio, with the aim of encouraging tenants to operate more efficiently and sustainably.

## 3.2 Contributing to Society

One of Lar España's key priorities is to have a **positive social impact** on the communities in which it does business, encouraging **active dialogue** with the wide range of stakeholders it deals with. Our current priorities are to further improve the indoor air quality in our properties, implement the necessary measures to ensure accessibility for all customers, align our strategy with international organisations such as the United Nations and the 2030 Agenda and interact with local organisations and NGOs to **create shared value**.

### Improving air quality

Building on our efforts in 2020, including an exploratory study of **new technologies for air quality monitoring and improvement at our properties**, during 2021 we continued to make further progress in this area:

- We carried out an **implementation study of new data monitoring software** designed to facilitate more effective management of interior air quality and help property management teams respond swiftly to any issues that may arise. We also took steps to optimise operational management of HVAC systems, **with a view to boosting overall energy performance**.

- We integrated the air quality results for Lar España's properties into our data automation platform, combining all of our ESG-related property information into one single application.

This technology will enable use to cross-reference different data related to **indoor air quality, outdoor weather conditions, HVAC electrical consumption and footfall**.



## Accessibility

Lar España has continued to work towards gaining **Universal Accesibility certifications** and **compliance with the UNE-EN 17001 standard** (universal accessibility), thereby demonstrating its commitment to promoting social inclusion.

The company is firmly committed to promoting social integration and is working to achieve and maintain high levels of accessibility via a **people-centric design**. In fact, the Lar España's primary objective is to obtain the Universal Accessibility seal for each and every one of its assets.

**Every property in our portfolio** has now been audited. The following assets have already been awarded the AENOR Universal Accessibility seal in accordance with the UNE 17001 certification: **Lagoh, El Rosal, Rivas Futura, As Termas, Vistahermosa and VidaNova Parc.**

**Rivas Futura retail park achieved the Universal Accesibility certificate granted by AENOR.**

## Sustainable Development Goals

In 2021, Lar España renewed its commitment to the United Nations Global Compact, as a mark of our resolve to align the **company's sustainability strategy with UN Agenda 2030**, with the aim of:

- Aligning its strategies and operations with the **Universal Principles** on human rights, labour, the environment and anti-corruption.
- Adopting measures to support the United Nations goals currently set out in the **Sustainable Development Goals (SDGs)**.
- Measure the **organisation's impact** on Society.
- Report on **progress in these areas**.

The company, in collaboration with a specialist consultancy team, have developed a corporate **Contribution Plan** to **align with our commitment to our priority SDGs**. We also plan to carry out a monitoring and evaluation exercise to measure the positive impacts of our efforts.

We have since taken decisive action to fulfil this commitment:

**1. Identifying the priority SDGs for Lar España:**

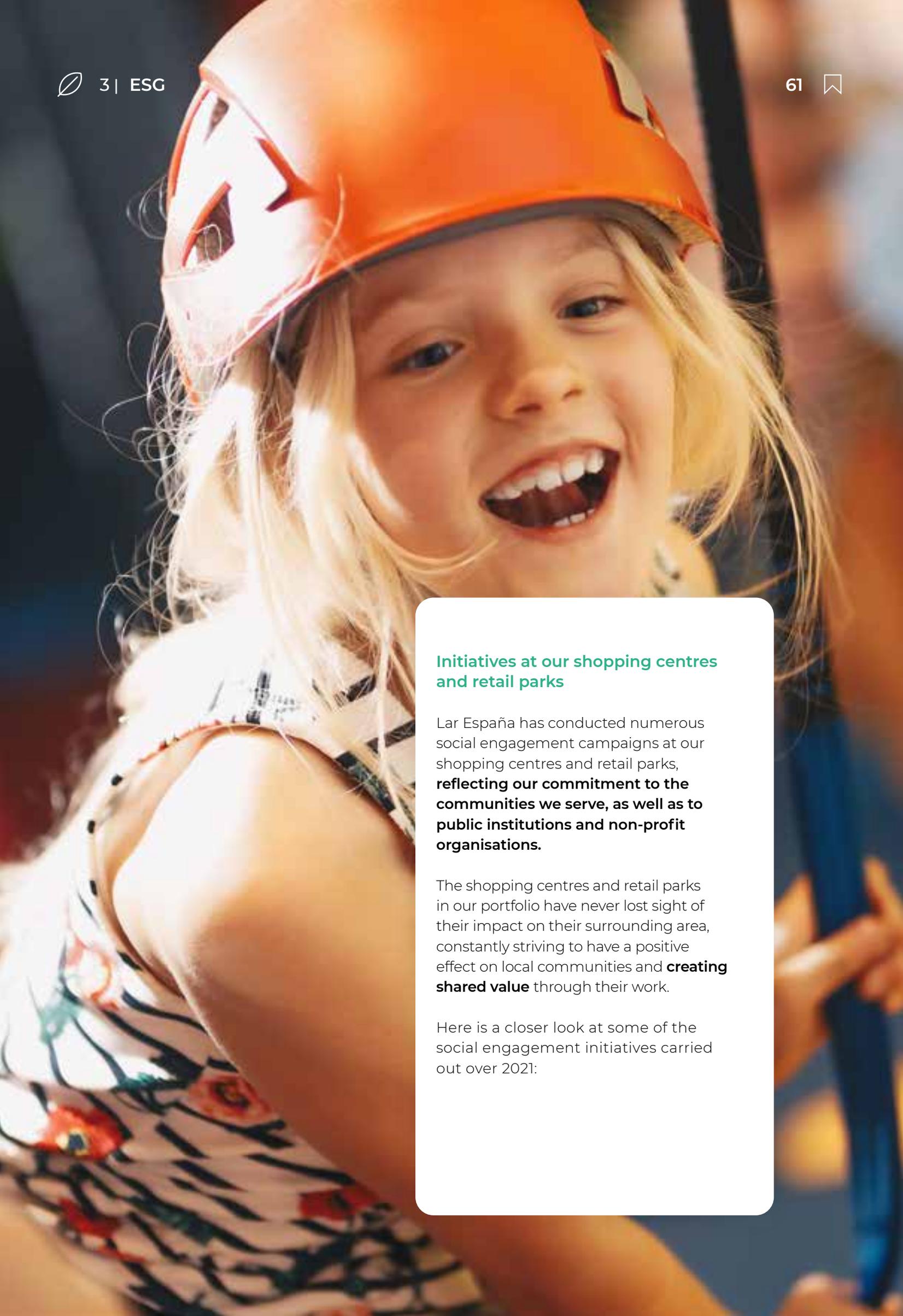
- Promote gender equality (SDG 5).
- Ensure availability and sustainable management of water and sanitation for all (SDG 6).
- Ensure access to affordable, reliable, sustainable and modern energy for all (SDG 7).
- Create a positive impact on jobs by hiring local suppliers (SDG 8).
- Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation (SDG 9).
- Promote responsible production and consumption, helping to foster the circular economy (SDG 12).
- Take action to help combat climate change, significantly reducing the GHG emissions of the organisation (SDG 13).

- Promote just, peaceful and inclusive societies (SDG 16).
- Promote partnerships for joint initiatives in favour of sustainable development (SDG 17).

**2. Circulating information and improving awareness of the adoption of SDGs** in corporate governance and company policies, as well as among the various teams tasked with directly and indirectly implementing them.

**3. Monitoring the actions** carried out as part of the company’s activity to contribute to each of the SDGs identified. As well as **establishing a clear contribution strategy**, the newly developed Action Plan will provide every team with a framework for action and a set of defined KPIs and tools.





### Initiatives at our shopping centres and retail parks

Lar España has conducted numerous social engagement campaigns at our shopping centres and retail parks, **reflecting our commitment to the communities we serve, as well as to public institutions and non-profit organisations.**

The shopping centres and retail parks in our portfolio have never lost sight of their impact on their surrounding area, constantly striving to have a positive effect on local communities and **creating shared value** through their work.

Here is a closer look at some of the social engagement initiatives carried out over 2021:

### Initiatives relating to food bank collections

#### Keeping in touch with local communities - ESG

**Sustainability** plays a **vital role in Lar España's business philosophy**, as demonstrated by the social initiatives held at its shopping centres and retail parks, which set out to raise awareness about sustainable practices.

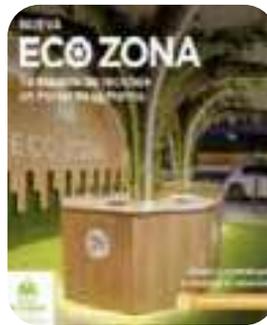
#### The Ànec Blau kitchen garden

We are moving ahead with the Ànec Blau kitchen garden, a new space that redefines the traditional play area, where children and adults alike can enjoy themselves and participate in **green** workshops as a family. This is also a fun way of learning about the **environment, sustainability and recycling**.



#### Ecozone at Portal de la Marina

Here at Lar España, we are aware of the **importance of recycling** to help protect our planet, which is why we have opened a dedicated recycling area at Portal de la Marina shopping centre.



#### Eco-Kids at Gran Vía

This initiative invited young children and their families to take part in a **competition for charity, where recycling played a central role**. Participants were asked to send in a photo of a work of art that they had made themselves, using only recycled materials.



### Galaxia Diversión at Megapark

A major communications campaign entitled “Galaxia Diversión” (Galaxy Fun) was launched to publicise the refurbishment of the food court and leisure area at the shopping centre. This included various strategic initiatives, events and family activities, two of which were directly related to **promoting local art and recycling**.



### Keeping in touch with local communities - Culture

#### Culture at Gran Vía and Parque Abadía

In order to **promote culture**, Gran Vía shopping centre hosted its first ever music concert as part of the **Gran Vía Music Days** festival. Parque Abadía also sponsored a **charity concert to raise money for AFANION**, the Association for Families with Children Suffering from Cancer in Castilla-La Mancha, which was founded on 19 December 1995 with the aim of improving the quality of life of these families.



### Clothing collection initiatives

#### Second-hand clothing bank

In March 2021, Megapark retail park installed a **second-hand clothing bank** for our customers to donate any clothing in good condition, giving a new lease of life to their unwanted clothes.

The clothing bank is managed by **Koopera**, an **NGO** that focuses on bringing vulnerable people into the network of associations linked to Cáritas.





### Keeping in touch with local communities - Sport and healthy lifestyles

One of Lar España’s social engagement objectives is to promote and sponsor **healthy lifestyles**, putting physical activity front and centre, having a **positive effect in the communities it does business**.

#### Talent and sport for a good cause

To mark the **10th anniversary of ASDENT**, the research association trying to find a cure for the rare Dent disease, Ànec Blau decided to team up with them, by hosting two major fundraising events.

The shopping centre also donated **€4,000 to the association**, which will go directly to the research carried out at the **Vall d’Hebron Hospital in Barcelona**.



### Charity kilometres

This ESG initiative was held by Portal de La Marina shopping centre, to raise funds for the **Mental Health unit at Dénia Hospital**.



### Spinning Masterclass

A spinning masterclass was held at Lagoh in collaboration with Mediamarkt, with sporting equipment prize draws after each **session**, **promoting a healthy lifestyle** with an emphasis on sport.



### Toledo night run

Continuing the theme of sport at our shopping centres and retail parks, Parque Abadía organised a **charity run to support the Niemann-Pick foundation**.



### AECC Run

Las Huertas allocated a space for people to sign up to the **Run to Beat Cancer**. A prize draw was also held, with runners able to win gift cards to spend at Décimas, Sprinter and Carrefour.



### Collaborations with NGOs and non-profit organisations

#### Collaboration with Vigo Down Syndrome Association

A very special switching-on the lights event was held at the start of December at the Gran Vía de Vigo shopping centre. Members of **Vigo Down Syndrome Association** were invited to press the button and light up the tree in the central area, along with the other lights.



**Spaces made available for charities**

To raise awareness of their valuable work, all of Lar España’s shopping centres **offered a variety of charities and NGOs** the chance to set up stall in a **free, specially fitted-out space**, strategically positioned in the centres’ **most visible and high-footfall areas**.

**Gran Vía:**

This initiative was previously held in collaboration with **Bicos de Papel and FEGEREC** (Galician Federation of Rare and Chronic Diseases). Video coverage of these events will also be broadcast on the shopping centre’s social media channels, to reach a wider audience.



**Albacenter:**

**1. UNICEF**

The **“We can’t stop now” campaign against infant mortality** focuses on the need to help infants to survive, through schemes to improve nutrition and health, ensure access to clean drinking water and sanitation, and promote healthy lifestyles to prevent and treat the main causes of infant mortality, which include pneumonia, diarrhoea and malaria.

**2. CRUZ ROJA**

**Red Cross Youth** are once again holding their **‘Educational toy’ campaign**, to promote the use of toys and games as an educational tool and to encourage values in schools and families.

These toys and games will be delivered over the coming months to the families of **300 vulnerable children**.



**3. LASSUS**

Lassus is a self-help organisation that **promotes mental health** among people suffering with depression, anxiety and stress. They offer psychological support to patients and families, helping patients with family and social integration, enabling them to integrate in the workplace and preventing depressive disorders through informative events, such as conferences, talks, seminars and workshops.

#### 4. ACEPAIN

**ACEPAIN is a cancer research charity** that aims to identify therapeutic vulnerabilities in breast cancer, identify new therapies in ovarian cancer and new therapeutic targets in colon cancer, among others. These charitable campaigns (donations, calendar and diary sales, etc.) help to raise funds for the Translational Oncology laboratory.

#### 5. WWF Spain

Campaign to **raise awareness of the need to take action on climate change, reduce pollutant emissions, save energy and reduce light pollution.**

#### 6. Child mental health

The **Albacete Child and Adolescent Mental Health Unit**, located at the Perpetuo Socorro Hospital, helps children and adolescents under the age of 18 with mental health issues. The unit aims to provide comprehensive, quality care that takes into account the biological, psychological, social and affective factors of children and adolescents, providing them with a multidisciplinary team (psychiatrists, clinical psychologists, social workers, nurses and clinical assistants).



#### Parque Abadía:

##### 1. AECC

Free use of the retail park's information stand for the **"A Lot to Live For"** campaign with the Spanish Association of Shopping Centres in the **fight against breast cancer.**



##### 2. UNHCR

Free use of the information stand for the **national sponsorship campaign with UNHCR.**



##### 3. OMIC

Free use of the information stand for the **OMIC Consumer Arbitration campaign.**



##### 4. Asociación REDMADRE

Charity collection of **children's items** with the **REDMADRE** Association.



##### 5. Asociación Down Toledo

Charity calendar sale with the **Toledo Down Syndrome Association.**



**Las Huertas:**

**ASPAYM**

In celebration of **Children’s Month**, a children’s activity was organised to raise awareness among children through a workshop, where participants were given a first-hand insight into the barriers that people with disabilities encounter.

**Toy collection initiatives**

Our shopping centres and retail parks were keen to help out families by providing a range of events, with **educational workshops and just-for-fun activities** led by professionals and forming part of the “Hello Family” project.

**Toy Collection - Red Cross:**

We **teamed up with the Red Cross** at the various properties in our portfolio to carry out a **charity toy collection campaign for children** in need during the Christmas period.

As in previous years, **Ànec Blau** held its “**No child without a toy**” charity event, in **collaboration with Red Cross Castelldefels**.

**El Rosal** also organised a collection for **Red Cross Palencia**, who will donate the toys to families in need that receive help from the association’s support programme.



Similar charity campaigns were held to collect toys for people in need at **As Termas and Las Huertas**.

**Toy Collection - Tronquet:**

Portal de la Marina **offered its charity space** to the non-profit **Tronquet**, which organises toy and drawing collections for schools in Morocco.

**Toy Collection - Kampaoh:**

To promote the **charitable nature** of this event, visitors were invited to bring along a toy in good condition to donate to the **Madre Coraje** association.

**Toy Collection – Cruces University Hospital:**

Since 2016, Megapark retail park has been **donating Christmas gifts** to the childrens' ward at the Hospital Universitario de Cruces in Barakaldo.

**This year they also collected toys and school materials for charity**, which could be donated at a drop-off point in the retail park. This initiative was set up in collaboration with the **NGO Kooperera and Cáritas Bizkaia**, who sorted the gifts and delivered them to families in need in Vizcaya.





## Innovation initiatives 2021

### CLICK&SHOP

All of our **shopping centres and retail parks have adapted** to new capacity limitations, social distancing rules, ongoing customer engagement, and hygiene measures in record time. One example of this was the rollout of the new Click&Shop service at El Rosal, Ànec Blau, Portal de la Marina, Lagoh, Gran Vía, Albacenter and As Termas.

**A new section was launched on the websites of each shopping centre**, where customers can buy products directly from each store at the centre with just one click.

This new digital channel forms part of our strategy to support our retailers, by **embracing omnichannel retailing and adapting to the latest market trends**.



### 2. GASTROFAN

Gastrofan is a wide-reaching event held at El Rosal, Ànec Blau, Portal de la Marina, Lagoh, Gran Vía, Albacenter and As Termas shopping centres. The event **aims to support the F&B sector**, which was severely impacted by various measures during the pandemic, by **encouraging people to eat** and boost footfall across the different establishments.

The event consists of a week of initiatives, such as cookery workshops, social media prize draws and promotional events.



### 3. DISFRUTONES CLUB ANNIVERSARY

To celebrate the **first anniversary of the Disfrutones Club**, a special campaign was launched at El Rosal, Ànec Blau, Portal de la Marina, Lagoh, Gran Vía, Albacenter and As Termas.

For the best part of a month, they organised **special discounts, prize draws and a member-get-member scheme** in connection with the food court and leisure venues, offering various gift cards.





 Shopping Centre  
Lagoh (Sevilla)

### 3.3 Leaders in Corporate Governance



Lar España continues to work to uphold the highest of standards when it comes to **transparency, ethics and regulatory compliance**, guaranteeing good governance both of the company and its governing bodies.

Thus, the Company keeps working to improve the composition and functioning of its governing bodies in accordance with the best corporate governance practices at both national and international level. In this regard, **Lar España complies with all the recommendations included in the Good Governance Code** for Spanish listed companies.

In addition, we are deeply determined to continue to make headway in these areas and exemplify effective risk management.

#### ESG Committee

During 2021, Lar España's **ESG Committee**, which was founded in 2020, continued to hold meetings to embed the core theme of sustainability in the work of the company's main governing bodies and encourage involvement from a range of departments. The committee is formed of an interdepartmental senior management team tasked with furthering the company's commitment to:

- Environmental initiatives
- Health and safety in our shopping centres
- Corporate social responsibility
- Sustainability measures
- Other public interest issues

Three meetings were held in 2021, in which members continued to work on defining **clear objectives and engaging in open dialogue**, to keep the company's ESG strategy moving forward.

Having a cross-functional team enables us to **evaluate each different proposal**, taking into account the different points of view of each department, ensuring that the final approved projects are **much more viable** and benefit from the full collaboration of every team. We also carry out **regular monitoring of all projects** by all departments involved in the **design and analysis** process.

#### Corporate regulations and policy update

With regard to Good Governance and in accordance with the commitment to ongoing improvement set out in Lar España's internal policies and regulations, **the Company has revised and amended its Articles of Association and its General Shareholders' Meeting Regulation** in 2021 to bring them in line with the latest changes in legislation and best practices in terms of Good Governance. As such, the Company tabled a **new Board Member Remuneration policy** for approval at the 2021 Annual General Shareholders' Meeting. Shareholders approved the new policy with an ample majority (with over 93% voting in favour).

In the second half of the year, the Company also approved a **new version of the Board Regulations, the Audit and Control Committee Regulations and the Appointments, Remuneration and Sustainability Committee Regulations**, in order to remain at the forefront of best practices in good governance and to adapt its corporate texts to the latest legal reforms, in particular the amendment of the Spanish Capital Companies Act under Act 5/2021. In line with this reform, the Company also drew up and approved **an internal protocol on Related-Party Transactions**.

### EPRA Awards



Lar España aims to comply with the **highest international standards of transparency, comparability and commitment**. Hence, it is a member of EPRA (European Public Real Estate Association), the sector’s leading international association that aims to provide comparable financial information between publicly-listed real estate companies and reports annual financial and non-financial information in line with GRI international standards.



In September 2021, for the **seventh year running**, Lar España received the **EPRA Gold Award** in recognition of the quality of the **financial information** it provided to its main stakeholders. This is a clear example of the international acclaim for the high-quality reports and shareholder communications.

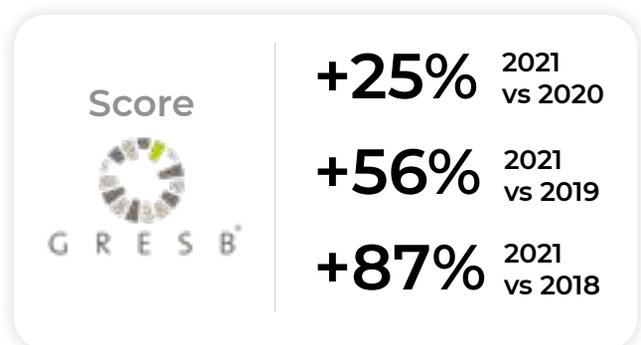
In recognition of its information published on **ESG**, Lar España was awarded the highest distinction by EPRA, winning the **Gold Award** for the **fourth year running**. This recognition is another step towards greater transparency in this respect.

### MSCI

Lar España has collaborated with MSCI-IPD and features on its annual real estate index – *IPD Spain Annual Property Index* – that provides additional information and visibility on the real estate sector.



Thanks to our numerous good governance, sustainability and social engagement initiatives, we were awarded a **BBB rating** in the international index<sup>(\*)</sup>. This recognition is a testament to the company’s many advances in this area and our commitment to aligning our strategy with international ESG standards.



### GRESB

For the **fourth year running**, Lar España has taken part in the **GRESB (Global Sustainability Real Estate Benchmark)** assessment process, which has become the benchmark for assessing commitment to environmental, social and good governance (ESG) issues in the real estate sector.

This equates to a **25% increase** in its rating compared to the previous year, and an **increase of over 50%** compared to its rating in 2019 and **almost +90%** compared to the first year Lar España took part in this index in 2018.

This demonstrates Lar España’s commitment to sustainability, society and good governance best practices as well as the progress it has made in these areas.

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Translation of information originally prepared in Spanish. In the event of a discrepancy, the Spanish-language version shall prevail.

## Green Bond Issuances

Lar España has **successfully issued two unsecured senior green bonds, amounting to a total of EUR 700 million**. As part of this issue, ISS-ESG conducted an **independent review of the company's sustainability strategy**, based on the 2021 Green Bond Principles issued by the ICMA (International Capital Markets Association).

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

The issuances were led by Morgan Stanley Europe, acting as global coordinator and advising on the sustainable structure of the matter. The bonds were ultimately placed with qualified investors and **are listed on the Euro MTF market of the Luxembourg Stock Exchange**.

Lar España has used the funds to refinance all or part of a selection of real estate assets, in order to **reduce carbon emissions by ensuring that these assets are environmentally friendly**.

## Informe Reporta

Further proof of the company's commitment to transparency can be found in the results obtained in the *Informe Reporta* – a study analysing the quality of the information provided to stakeholders by Spanish listed companies. The study looks at four key areas: **relevance, transparency, accesibility and the company's commitment to providing such information**.

Lar España ranked **24<sup>th</sup> out of 116 companies**, 11% higher than it achieved for the information published in 2020 in the general ranking, which then increased to 17% for the financial and real estate sector scoring, where it ranked 5<sup>th</sup> out of 25 companies, thanks to the quality of its financial and non-financial information.

The Company therefore continues to **perform above the average for the IBEX35 companies** in Informe Reporta and is very close to the **Top 10 companies** in this index.

### FTSE4Good Global Index

During 2021, the FTSE Russell Global Index **kept Lar España** in its FTSE4Good index, which is based on the results of FTSE Russell's independent assessment of its ESG criteria. This **demonstrates that Lar España is complying with the requirements** for the index, having proven its sound environmental, social and governance practices.

The FTSE4Good index measures the **performance of companies' ESG practices** by assessing the information provided to their stakeholders. Companies must meet a variety of environmental, social and governance criteria in order to meet the requirements to be included.

**The index is designed to identify Spanish companies with leading ESG corporate responsibility practices**, which are used as a benchmark by a wide range of investors and market participants when evaluating responsible investments.



FTSE4Good

### Risk Map Update

During 2021, Lar España has continued to make progress in terms of identifying and mitigating the main risks related to climate change by carrying out an ongoing risk assessment that is adapted and updated for both the current and the expected future environment, and by also updating the company's general controls matrix.

The company's **Integrated Risk Management System** – which was brought into force in 2015 – is designed to ensure risks are correctly and systematically identified, assessed, managed and controlled in order to help the Company meet its targets and successfully implement its strategies.

### IBEX Gender Equality Index

Lar España has been included as one of the 30 companies that form part of the **IBEX Gender Equality index, as a sign of the company's commitment to diversity issues.**

# 4

## Consolidated Financial Statements

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Company Chart  
31.12.2021

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Grupo Lar fees  
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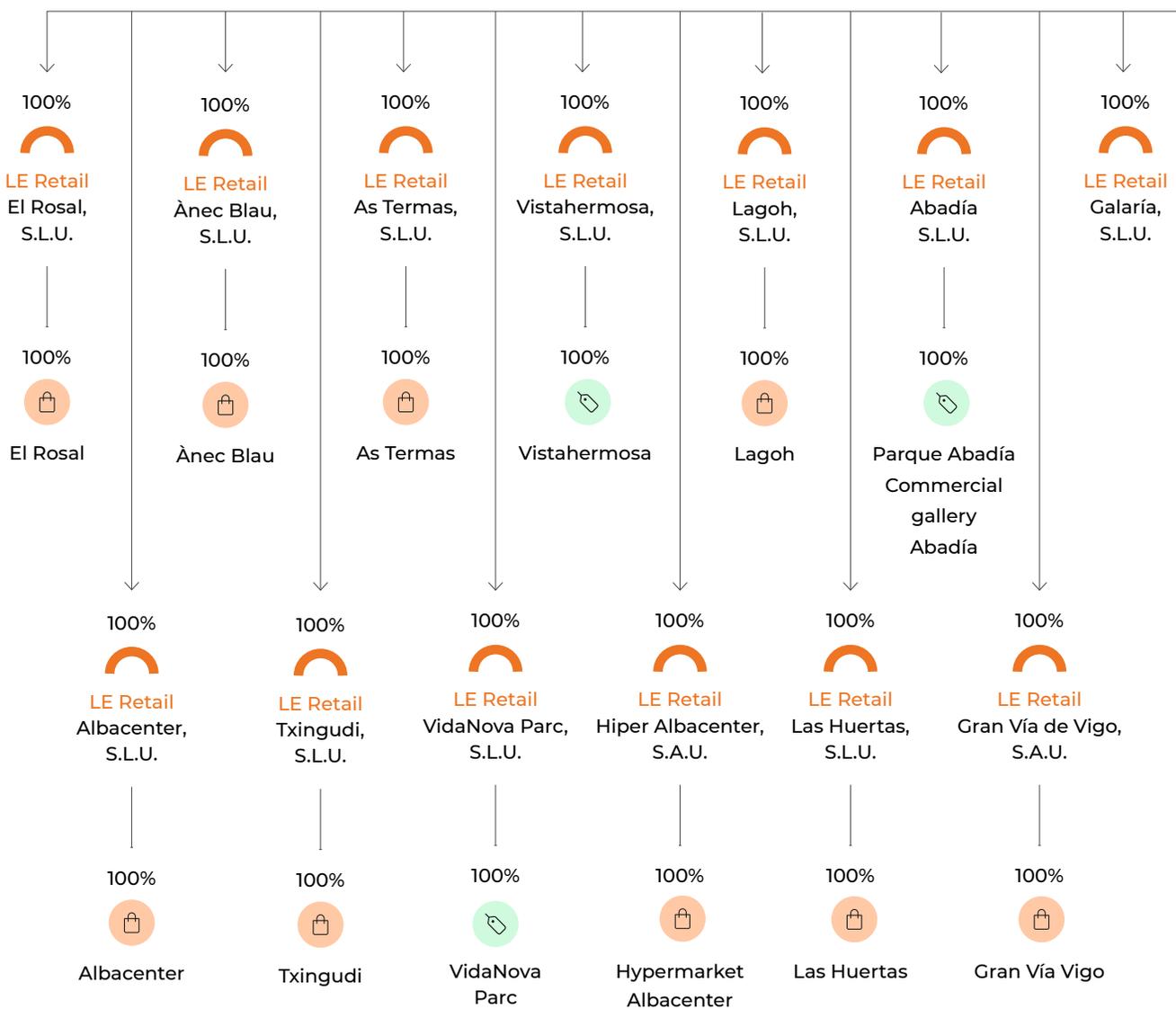




 Shopping Centre  
El Rosal (León)

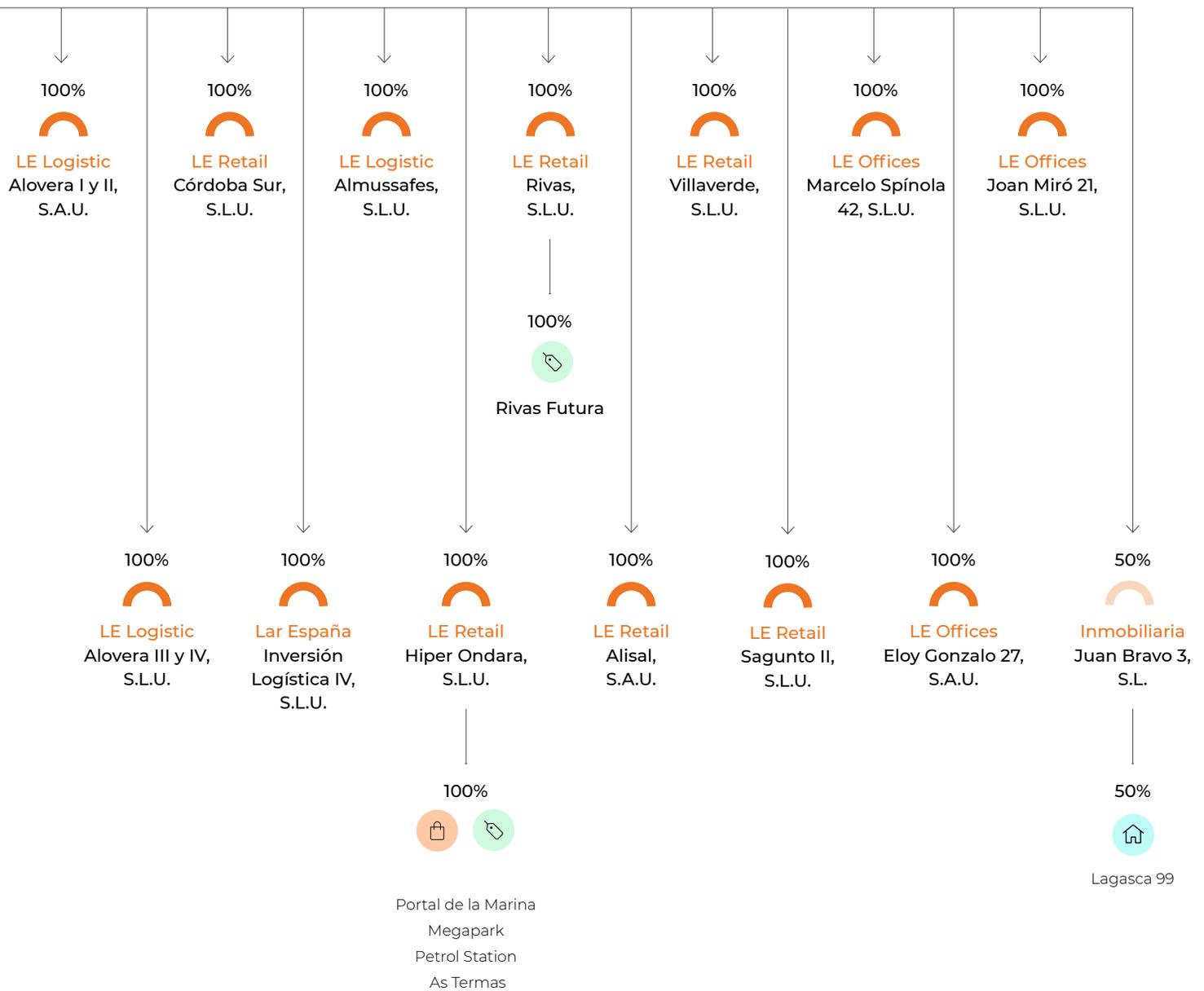
## 4.1 Company Chart 31.12.2021

The **scope of the Group's consolidation** at 31 December 2021 is as follows:



### Company

 Full Consolidation     Equity Method



Asset Class



Shopping Centres



Retail Parks



Residential

## 4.2 Consolidated Statement of Comprehensive Income

**25,782**  
Thousands of Euros

**Profit**  
for the period

TOTAL (Thousands of euros)	2021	2020
Revenues	76,271	93,324
Other income	2,836	3,566
Personnel expenses	(592)	(474)
Other expenses	(27,888)	(26,715)
Changes in the fair value of investment properties	(1,305)	(100,656)
Results of disposals of investments properties	64	-
<b>RESULTS FROM OPERATIONS</b>	<b>49,386</b>	<b>(30,955)</b>
Financial income	7	40
Financial expenses	(25,628)	(23,010)
Share in profit (loss) for the period of equity accounted companies	395	257
<b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>24,160</b>	<b>(53,668)</b>
Income tax	1,622	-
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>25,782</b>	<b>(53,668)</b>

### Result from operating activities

At 31 December 2021, the Group presented a positive **result for its operations amounting to 49,386 thousand Euros**, meanwhile the profit for the period amounts to **25,782 thousand Euros**.

### Revenues

**Gross rental revenue** post-incentives (mainly related to COVID-19 relief program) amounted to **76,271 thousand Euros** during 2021 (gross rental revenue of 93,324 thousand Euros during 2020). The decrease compared to 2020 is explained by the following two impacts:

- Accounting impact from the amortization of rent incentives agreed with tenants (mainly due to COVID-19 relief program): 14,635 thousand Euros.
- Impact of the loss of revenues from the divestment of the supermarkets portfolio (Eroski) undertaken in February 2021: 3,345 thousand Euros.

Considering the cash impact of the incentives (instead of the accounting impact) on gross rental revenue, gross rental revenue post-incentives in 2021 would have amounted to **85,222 thousand Euros**, which represents a **21% annual increase** vs last year (and a **27% increase on a like-for-like basis** -if rents from Eroski portfolio divestment are deducted from both years-).

(Thousands of euros)	P&L		CF		2021 vs 2020
	2020	2021	2020	2021	
Revenues	96,990	94,573	96,990	94,573	
COVID-19 incentives	(1,271)	(14,782)	(21,230)	(6,101)	
Other incentives	(2,396)	(3,520)	(5,294)	(3,250)	
<b>Revenues post-incentives</b>	<b>93,324</b>	<b>76,271</b>	<b>70,466</b>	<b>85,222</b>	<b>20.9%</b>
Supermarkets divestment	(3,947)	(603)	(3,947)	(603)	
<b>LfL Revenues post-incentives</b>	<b>89,376</b>	<b>75,668</b>	<b>66,519</b>	<b>84,619</b>	<b>27.2%</b>

As of 2021 year-end, Lar España still has as assets on its balance-sheet incentives amounting to **17,046 thousand Euros, the amortization of which will minor P&L revenues (with no cash impact) in the following years**. This figure is composed by the difference between the cash

and P&L impacts recorded in 2020 and 2021 (11,278 thousand Euros from COVID-19 incentives and 2,628 thousand Euros from other incentives) plus the amount pending amortization of incentives granted prior to 2020 (3,140 thousand Euros). See table below for details:

(Thousands of euros)	CF	P&L	Balance Sheet
COVID-19 incentives 2020-2021	27,331	(16,053)	11,278
Other incentives 2020-2021	8,544	(5,916)	2,628
Incentives prior to 2020			3,140
<b>Total Balance Sheet incentives 31.12.21</b>			<b>17,046</b>

### Other expenses

At 31 December 2021, the Group incurred other expenses amounting to **27,888 thousand Euros**, mainly related to:

- Recurrent services that are directly linked to the ordinary management of the assets (supplies, IBI -property tax-, etc.) in the amount of 11,513 thousand Euros.
- Management fees (fixed and variable fee included) for management services provided to the Company by Grupo Lar Inversiones Inmobiliarias ("Grupo Lar") totals 8,743 thousand Euros. The fixed amount totals 8,609 thousand Euros, discounting other expenses incurred by Grupo Lar and paid by Lar España (205 thousand Euros). The variable amount, 134 thousand Euros, corresponds to the performance fee provision included in the financial statements as at 31 December 2021.

### Change in the fair value of investment properties

On 31 December 2021, the negative amount in this entry, **1,305 thousand Euros**, is made up of the difference in the fair value of investment properties following the latest valuations conducted by independent experts (C&W and JLL).

### Net Financial Result

The **financial result** was a negative balance of 25,621 thousand Euros at 31 December 2021 (negative balance of 22,970 thousand Euros at 31 December 2020).

**Financial expenses** mainly comprise the interest accrued on loans taken out by the Group with financial institutions and the bonds issued by the Group.

### Income tax

The positive amount of 1,622 thousand Euros under this heading corresponds to the cancellation of the deferred tax liability related to the 22 supermarkets portfolio, after its sale in February 2021.



 Shopping Centre Lagoh (Sevilla)

## 4.3 Consolidated Statement of Financial Position

<b>ASSETS</b> (Thousands of Euros)	<b>31/12/2021</b>	<b>31/12/2020</b>
Intangible assets	2	2
Investment properties	1,423,848	1,373,480
Equity-accounted investees	1,477	1,082
Non-current financial assets	14,422	13,618
Trade and other receivables non-current	11,586	17,996
<b>NON-CURRENT ASSETS</b>	<b>1,451,335</b>	<b>1,406,178</b>
Non-current assets held for sale	-	106,755
Trade and other receivables	25,452	28,463
Other current financial assets	3,944	369
Other current assets	3,752	3,038
Cash and cash equivalents	313,199	134,028
<b>CURRENT ASSETS</b>	<b>346,347</b>	<b>272,653</b>
<b>TOTAL ASSETS</b>	<b>1,797,682</b>	<b>1,678,831</b>
<b>NET EQUITY AND LIABILITIES</b> (Thousands of Euros)	<b>31/12/2021</b>	<b>31/12/2020</b>
Capital	167,386	175,267
Share premium	466,176	475,130
Other reserves	196,903	281,005
Retained earnings	25,782	(53,668)
Treasury shares	(860)	(16,474)
Valuation adjustments	-	(1,610)
<b>EQUITY</b>	<b>855,387</b>	<b>859,650</b>
Financial liabilities from issue of bonds and other marketable securities	693,647	139,685
Loans and borrowings	69,921	570,608
Deferred tax liabilities	15,578	17,201
Derivatives	-	4,685
Other non-current liabilities	20,716	19,993
<b>NON-CURRENT LIABILITIES</b>	<b>799,862</b>	<b>752,172</b>
Liabilities related to assets held for sale	-	1,576
Financial liabilities from issue of bonds and other marketable securities	129,702	3,482
Loans and borrowings	185	40,593
Derivatives	-	3,137
Trade and other payables	12,546	18,221
<b>CURRENT LIABILITIES</b>	<b>142,433</b>	<b>67,009</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,797,682</b>	<b>1,678,831</b>

## Non-current assets

### Investment properties

At 31 December 2021, **investments properties** are classified as non-current assets, at a fair value of **1,423,848 thousand Euros** (1,475,490 thousand Euros at 31 December 2020, including the shopping centres Las Huertas and Txingudi amounting to 102,010 thousand Euros which were

previously classified under “Non-current assets held for sale” at 31 December 2020).

The Group’s investment properties consist of nine shopping centres and five retail parks:

Net Investment (Thousands of Euros)	31/12/2021	31/12/2020 (*)
Shopping Centres	951,187	952,250
Retail Parks	472,111	463,820
Other Retail	-	58,870
Other	550	550
<b>INVESTMENT PROPERTIES</b>	<b>1,423,848</b>	<b>1,475,490</b>

(\*) At 31 December 2020, this amount included Las Huertas, Txingudi and the Eroski’s Hypermarkets investment properties for an amount of 102,010 thousand Euros, which were reclassified to “Non-current assets held for sale”.

### Investment properties by asset class

Shopping Centres

**67%**

Retail Parks

**33%**

### Equity-accounted investees

At 31 December 2021 and 31 December 2020, the amount reflects investment of 50% held by the Group in Inmobiliaria Juan Bravo 3, S.L. that is accounted for using the equity method.

### Non-current financial assets

At 31 December 2021 and 31 December 2020, the Group has recognised as non-current financial assets mainly security deposits received from tenants, which the Group has deposited with the corresponding public bodies.

### Assets and liabilities held for sale

At 31 December 2020, this heading included the assets and liabilities of the companies **LE Retail Las Huertas, S.L.U., LE Retail Txingudi, S.L.U., LE Retail Hipermercados I, S.L.U., Hipermercados II, S.L.U. y LE Retail Hipermercados III, S.L.U.**, which were classified as held for sale as per IFRS 5.\*

During the first quarter of 2021, the company has transferred the subsidiaries LE Retail Hipermercados I, S.L.U., Hipermercados II, S.L.U. y LE Retail Hipermercados III, S.L.U., corresponding to the portfolio of 22 Eroskis supermarkets, at a fair value of 20,050, 20,360 and 18,460 thousand Euros, respectively (please see 2.2 Main Milestones).

During the same period, the assets and liabilities of LE Retail Las Huertas, S.L.U. and LE Retail Txingudi have been reclassified considering that said assets have not been sold during the period of 12 months established by the IFRS 5.

At 31 December 2021, the Group does not present any amount related to assets and liabilities held for sale, considering that the investment properties corresponding to the shopping centres of Las Huertas and Txingudi, amounting to 42,230 thousand Euros (43,140 thousands Euros at 31 December 2020), have been reclassified under the heading investment properties.

### Trade and other receivables

As of 31 December 2021, this heading mainly reflects the outstanding invoiced income corresponding to the period comprised between January and December that are pending collection. Additionally, it reflects the claims with public administration credits in the amount of 5,537 thousand Euros.

As at 31 December 2020, this heading mainly reflected the outstanding invoiced income corresponding to the period comprised between March and December that were pending collection. Additionally, it reflects the claims with public administration credits in the amount of 8,101 thousand Euros.

(\* ) IFRS (International Financial Reporting Standards).

### Net Equity

At 31 December 2021, the Company's share **capital consisted of 83,692,969 registered shares** represented by book entries with a par value of 2 Euros each, fully subscribed and paid up, giving their holders equal rights. In accordance with the above, Lar España's share capital was reduced on November 2021 by a par value of €7,881,522 by redeeming **3,940,761 treasury shares** with a par value of two euros each.

On 22 April 2021, the Shareholders' General Meeting approved the **distribution of a dividend of 18,546 thousand Euros**, at EUR 0.212 per share (taking into account all the shares issued) and recognised in profit and loss for the 2020 period, and of **8,954 thousand Euros**, at EUR 0.102 per share (taking into account all the shares issued), **charged to the share premium**.

**The total pay-out was 17,503 thousand Euros** charged to the Profit for the period 2020 (after deducting the amount corresponding to treasury shares, which does not leave the Parent Company's equity and totals 1,043 thousand Euros in dividends charged to profit), and **8,954 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 22 April 2021. The dividend pay-out was settled in full on 21 May 2021.

During 2021, the Company has carried out its own share sale and purchase transactions, as described below:

	Number of shares	Thousands of euros
<b>31 December 2020</b>	<b>3,074,672</b>	<b>16,474</b>
Additions	1,064,394	5,544
Disposals	(4,008,096)	(21,158)
<b>31 December 2021</b>	<b>130,970</b>	<b>860</b>

The negative balance arising from the sale of own shares during 2021 amounted to 46 thousand Euros, recorded under "Other reserves".

## Financial liabilities

### Loans & Borrowings

The characteristics of the Loans & Borrowings at 31 December 2021 are as follows:

#### Loans and borrowings

Type	Project	Entity	Interest rate <sup>(1)</sup>	Maturity date	Nominal amount (Thousands of Euros)	Current (Thousands of Euros)	Non-Current (Thousands of Euros)
Corporate Loan	LRE		EUR 12M + 1.60%	05/06/2022	30,000	-	-
Corporate Loan	LRE		1.67%	04/05/2027	70,000	185	69,921
<b>LOANS AND BORROWINGS</b>						<b>185</b>	<b>69,921</b>

#### Financial Liabilities from the issue of bonds and other marketable securities

Issuance	Coupon rate	Maturity Date	Nominal amount (Thousands of Euros)	Current (Thousands of Euros)	Non-Current (Thousands of Euros)
July Green Bond	1.75%	22/07/2026	400,000	3,107	395,494
November Green Bond	1.84%	03/11/2028	300,000	879	298,153
Ireland Bond	2.90%	21/02/2022	122,700	125,717	-
<b>FINANCIAL LIABILITIES FROM THE ISSUE OF BONDS AND OTHER MARKETABLE SECURITIES</b>			<b>822,700</b>	<b>129,702</b>	<b>693,647</b>

In 2021, Lar España successfully **placed an issue of two unsecured senior green bonds** maturing in July 2026 and November 2028. The pre-established maximum amount of **€400 and €300 million respectively** were both more than four times oversubscribed. The annual coupon was set at a **fixed rate of 1.75% and 1.84%** respectively, as compared with a 2.9% interest rate on the bond issued in 2015.

On another note, at 31 December 2021 an amount of **€122.7 million related to the first bond issued** by the Company in 2015 was still outstanding. On February **2022 the said amount has been totally repaid.**

Below you will find the net Loan To Value calculation as at 31 December 2021:

(Thousands of Euros)	31/12/2021
<b>GAV</b>	<b>1,423,848</b>
Full Consolidation Gross Debt	892,700
Equity Method Gross Debt	-
<b>Total gross debt</b>	<b>892,700</b>
Cash (Full Consolidation and Equity Method)	313,472 <sup>(1)</sup>
<b>Total net debt</b>	<b>579,228</b>
<b>NET LTV</b>	<b>40.7% <sup>(2)</sup></b>

(1) Only available cash is considered. / (2) Calculated as Net Debt/GAV.

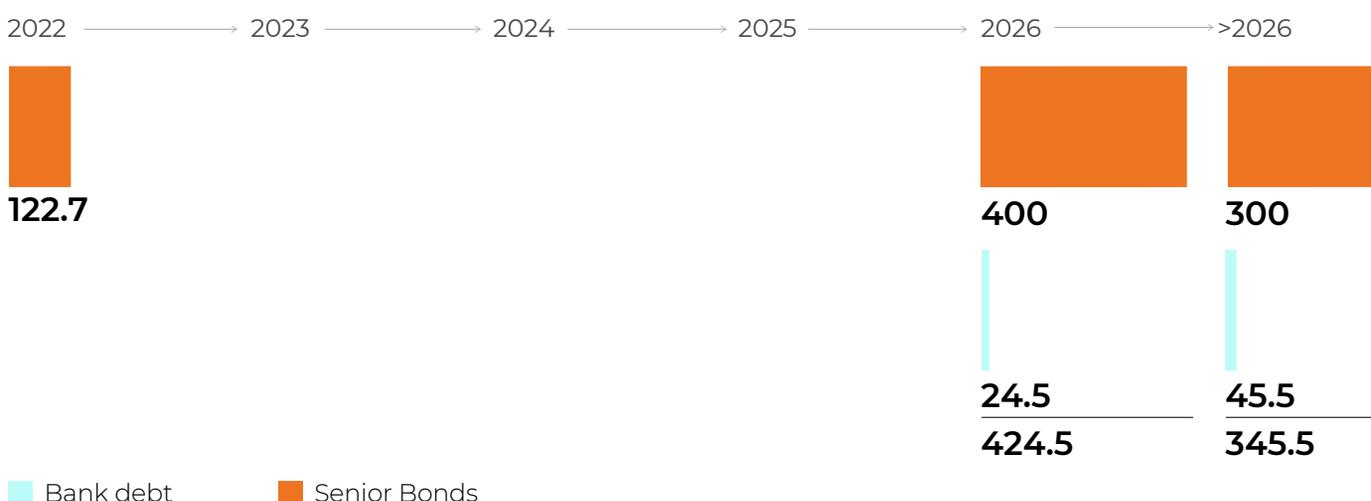
At 31 December 2021, Lar España's debt stood at **892,700 thousand Euros**, with an **average cost of 1.9%** and a net **LTV ratio of 40.7%**. The average debt maturity stood at 5 years.

The amortisation schedule is detailed below:

As of the date of publication of this report, financial debt amounts to **€770 million**, with an **average cost of 1.8%** and an **average maturity of 6 years**.

**Debt maturity profile**

(€ Million)



On February 2022 the Company refunded the outstanding amount of €122.7 million related to the first bond issued by the Company in 2015.

**Thus, as of the the date of publication of of this report, Lar España's financial debt amounts to €770 million, with an average cost of 1.8% and an average maturity period of 6 years.**

**Deferred tax liabilities**

At 31 December 2021, this entry includes deferred tax liabilities deriving from the business combination carried out by the acquisition of the subsidiary LE Retail Rivas, S.L.U. in 2018 as well

as the acquisitions of the subsidiaries LE Retail Abadía, S.A.U. and LE Retail Gran Vía de Vigo, S.A.U. in 2017 and 2016.

These amounts correspond to the tax effect derived from the difference between the fair value and the fiscal value of the acquired real estate investments.

**Other non-current liabilities**

Correspond to security deposits received by way of guarantee from the tenants of the company's assets.

## 4.4 Green Bond Issuance



**On November 2021**, Lar España successfully placed a new issue of **unsecured senior green bonds** maturing in 7 years. The pre-established maximum amount of **€300 million** was again more than **four times** oversubscribed.

On November 2021, Lar España **successfully placed a new issue of unsecured senior green bonds** maturing in 7 years. The pre-established maximum amount of **€300 million** was again more than four times oversubscribed. This new issuance, along with the preceding that took place in July, represent the culmination of the refinancing process of Lar España's debt, with a total of **€700 million** green bonds issued.

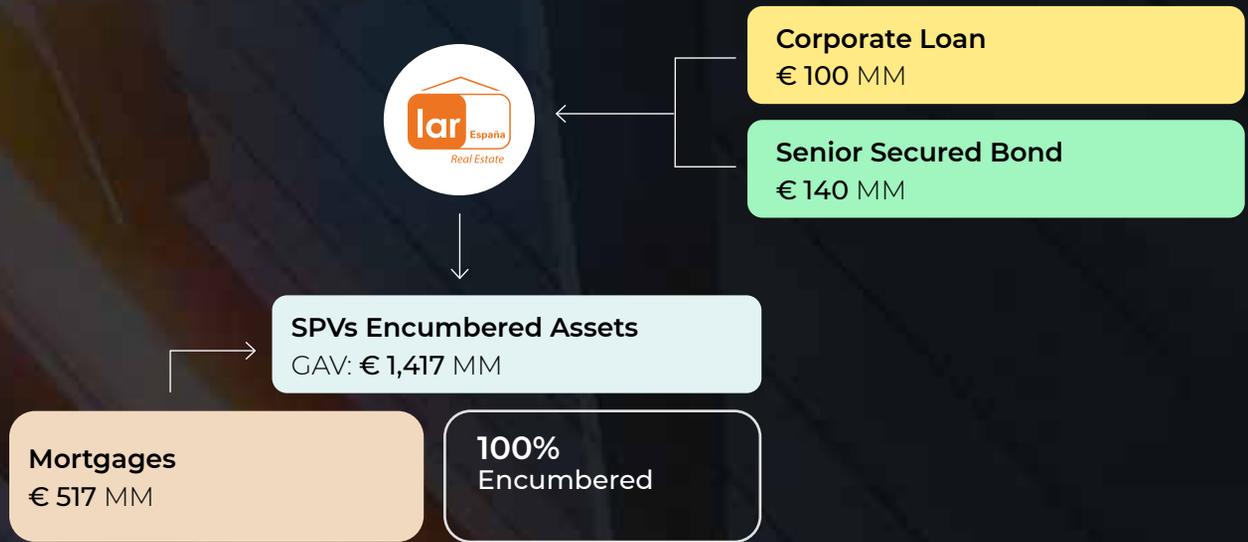
The annual coupon was set at a **fixed rate of 1.843%**, 9 basic points higher than the bond issued in July. However, those rates involve a **significant decrease as compared with a 2.9% interest rate of the bond issued in 2015, and consequently they allow the Company to reduce its average cost of debt from 2.2% to 1.8%**. The rating agency **Fitch assigned an investment grade or BBB rating** to both Lar España and its first green bond issue, and then it confirmed this rating for the second issuance, strengthening the Company's credit position.

This will also **bring liquidity to a very robust level**, with long-term debt at around 41% of the asset value, turning all the Company's debt into unsecured while keeping mostly fixed interest rates. In addition, it has been possible to extend the **average maturity period of debt from 2.6 years to 6 years**.

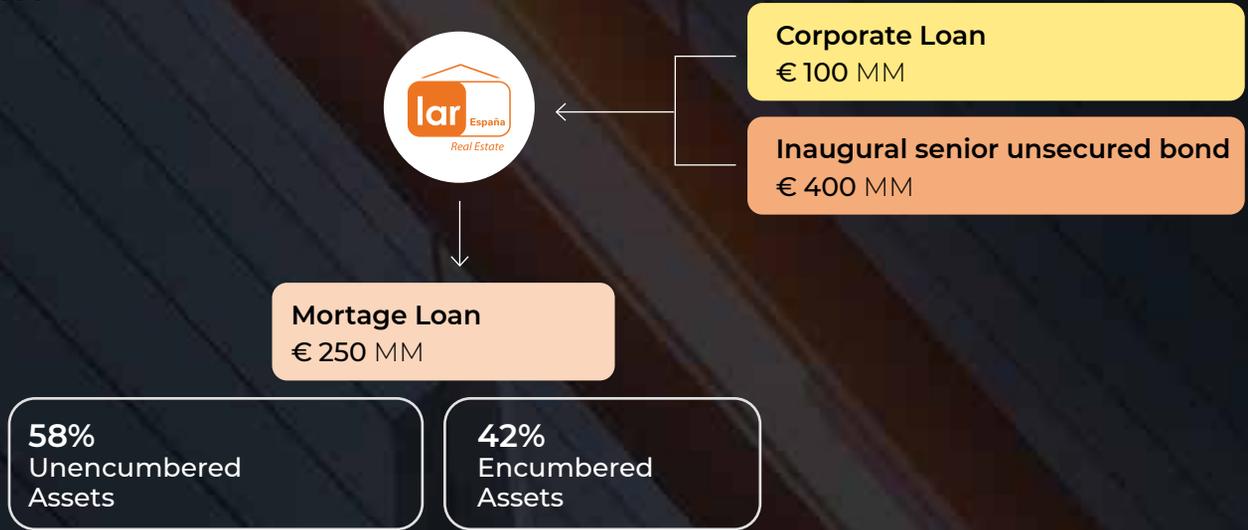
Both issues were led by Morgan Stanley Europe, acting as the global coordinator and advising on the issue's sustainable structure. The issues were placed with qualified investors and are quoted on the Luxembourg Stock Exchange's Euro MTF market. Lar España plans to use the green bonds funds to fully or partially refinance a selection of real estate assets so as **to reduce carbon emissions by assuring that the assets are environmentally friendly and meet the 2021 Green Bond Principles of the ICMA (International Capital Markets Association)**.

	Rating	Outlook
<b>FitchRatings</b>	BBB	Stable

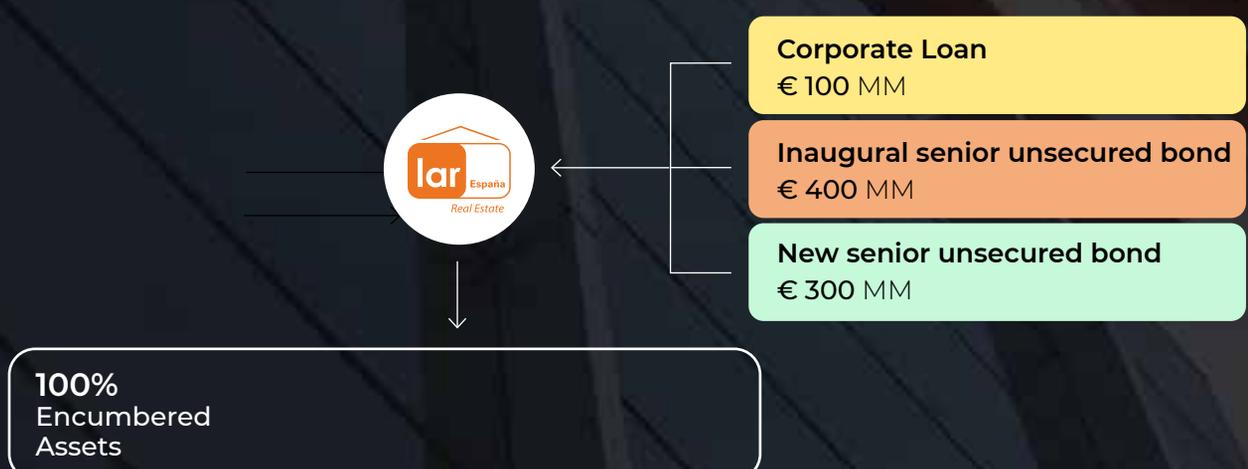
### Old Capital Structure



### Capital Structure after the first issuance



### New Capital Structure



Thanks to its green bond issues, Lar España has refinanced virtually all of its debt. The only **type of financing that the Company now has is unsecured** debt, and it has significantly reduced its average cost of debt, **extending the average maturity from 2.6 to 6 years.**

**Maturity Profile - Pre-Refinancing**

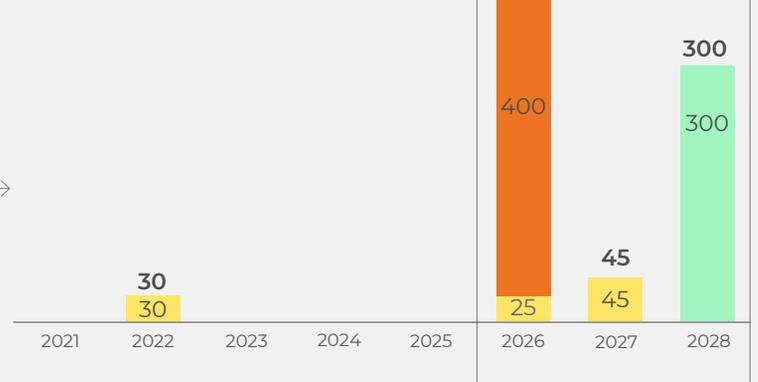
Debt (€MM)

**Average Debt Maturity  
2.6 years**

**Maturity Profile - After-Refinancing**

Debt (€MM)

**Average Debt Maturity  
5.7 years**



- Mortgage Loan
- Inaugural Senior Unsecured Bond
- Senior Secured Bond
- Corporate Loan
- New Senior Unsecured Bond

**Average  
Pre-Refinancing  
cost of debt**

**2.2%**

**Average  
After-Refinancing  
cost of debt**

**1.8%**



albacenter

PRONAM  
FILM  
BERGHA  
STRADIVARIUS  
PULL&BEAR  
LEPTES  
SPRINTER  
ID SPORTS



Shopping Centre  
Albacenter (Albacete)

## 4.5 Consolidated Statement of Cash Flows

	2021	2020
<b>A) CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>	<b>32,069</b>	<b>8,538</b>
<b>1. Profit/(loss) for the period before tax</b>	<b>24,160</b>	<b>(53,668)</b>
<b>2. Adjustments for:</b>	<b>27,909</b>	<b>123,369</b>
Profit / (loss) from adjustments to fair value of investment properties (+/-)	1,305	100,656
Valuation adjustments for impairment of business operations (+/-)	1,442	-
Valuation adjustments for impairment of financial instruments (+/-)	402	-
Financial income (-)	(7)	(40)
Financial expenses (+)	26,691	20,096
Changes in Fair value of financial instruments (+/-)	(1,465)	2,914
Share in profit (loss) for the period of equity-accounted companies (+/-)	(395)	(257)
Results of disposal of investments properties (+/-)	(64)	-
<b>3. Changes in operating assets and liabilities</b>	<b>693</b>	<b>(44,387)</b>
Trade and other receivables (+/-)	8,011	(28,211)
Other current assets and liabilities (-)	(1,523)	(662)
Trade and other payables (-)	(5,795)	(15,514)
<b>4. Other cash flows used in operating activities</b>	<b>(20,693)</b>	<b>(16,776)</b>
Interest paid (-)	(20,693)	(16,776)
<b>B) CASH FLOWS FROM (USED IN) IN INVESTING ACTIVITIES</b>	<b>47,469</b>	<b>(24,582)</b>
<b>1. Payments for investments (-)</b>	<b>(12,108)</b>	<b>(24,582)</b>
Investment property	(8,533)	(24,582)
Other financial assets	(3,575)	-
<b>2. Proceeds from divestments (+)</b>	<b>59,577</b>	<b>-</b>
Investment property	59,577	-
<b>C) CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>	<b>97,007</b>	<b>(7,570)</b>
<b>1. Payments made and received for equity instruments</b>	<b>(5,149)</b>	<b>(15,719)</b>
Acquisition/disposal of treasury shares (+/-)	(5,149)	(15,719)
<b>2. Proceeds from and payments for financial liability instruments</b>	<b>128,613</b>	<b>62,243</b>
a) Issue of:	693,186	102,327
Bonds and other marketable securities	693,186	-
Bank borrowings (+)	-	101,327
Liabilities with associates (+)	-	1,000
b) Redemption and repayment of:	(564,573)	(40,084)
Bonds and other marketable securities (-)	(17,300)	-
Bank borrowings (-)	(547,273)	(40,084)
<b>3. Payments for dividends and remuneration on other equity instruments</b>	<b>(26,457)</b>	<b>(54,094)</b>
Dividends (-)	(26,457)	(54,094)
<b>D) CASH AND CASH EQUIVALENTS IN NON-CURRENT ASSETS HELD FOR SALE</b>	<b>2,626</b>	<b>(2,885)</b>
<b>E) NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>	<b>179,171</b>	<b>(26,499)</b>
<b>F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>134,028</b>	<b>160,527</b>
<b>G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+F)</b>	<b>313,199</b>	<b>134,028</b>



## 4.6 Grupo Lar fees as Lar España's Manager

### Base fee (fixed fees)

In accordance with the **Investment Management Agreement (IMA)** signed on 19 February 2018<sup>(\*)</sup> between Lar España and its manager, Grupo Lar, and renewed at June 2021, the base fee to be paid by Lar España is calculated on the basis of the maximum amount of:

- **€2 million.**
- The sum of (a) **1.00% of the portion of the EPRA NAV** (excluding net cash) as of the prior December 31 which is up to and including **€1,000 million, and (b) 0.75% of the portion of the EPRA NAV** (excluding net cash) as of the prior December 31 which is in **excess of €1,000 million.**

As a result, the fixed fees entered in the Global Consolidated Income Statement for Lar España at 31 December 2021 total **8,609 thousand Euros.**

Base Fee	Thousands of Euros
<b>EPRA NAV 31.12.20</b>	<b>881,376</b>
Gross fee	8,814
Grupo Lar expenses incurred by Lar España	(205)
<b>BASE FEE</b>	<b>8,609</b>

### Performance fee (variable fees)

Likewise, Grupo Lar has the right to a Performance Fee that is paid to the manager **depending on the profitability obtained by Lar España shareholders.**

In this respect, the annual profitability of shareholders is defined in the contract as the sum of the change to EPRA NAV of the Group during the period, less net funds obtained from the issue of shares during the period, plus the dividends distributed during said period.

The performance fee to be drawn by the Investment Manager will be linked to both the **EPRA NAV and the market capitalisation of the Company**, and subject to an overall cap equivalent to 3% of the EPRA NAV of the Company as of 31 December of the preceding year.

The amount of this remuneration will be accrued by the Management Company from the moment that:

- Annual EPRA NAV increase (net of capital increase and shareholders distributions) over **10% → 16%** of the amount beyond the 10% of annual increase.
- Annual increase of the market capitalization (net of capital increase and shareholders distributions) over **10% → 4%** of the amount beyond the 10% of annual increase.

*(\*) On June 2021, the Company's Board of Directors renewed the management agreement with Grupo Lar, whose terms and conditions will be in effect from 1 January 2022 to 31 December 2026 (see section 2.2 Main Milestones).*

The Company's EPRA NAV variation is calculated as follows:

EPRA NAV Evolution	Thousands of Euros
EPRA NAV/NTA 31.12.20	881,376
EPRA NAV/NTA 31.12.21 <sup>(*)</sup>	869,635
<b>Gross difference</b>	<b>(11,741)</b>
2020 Dividend paid in 2021	27,500
Share capital reductions	20,763
<b>Net difference</b>	<b>36,522</b>
<b>INCREASE % 31.12.20 - 31.12.21</b>	<b>4.14%</b>
Return above 10%	<b>0.00%</b>
<b>PERFORMANCE FEE</b>	<b>-</b>

(\*) Pre performance Fee figure.

Therefore, **no performance fee will be paid based on the change in EPRA NAV**

The Company's market capitalization evolution is also displayed in the following table:

Market Capitalization Evolution	Thousands of Euros
Market capitalization 31.12.20 <sup>(*)</sup>	420,949
Market capitalization 31.12.21 <sup>(*)</sup>	418,130
<b>Gross difference</b>	<b>(2,819)</b>
2020 Dividend paid in 2021	27,500
Share capital reductions	20,763
<b>Net difference</b>	<b>45,445</b>
<b>INCREASE % 31.12.20 - 31.12.21</b>	<b>10.80%</b>
Return above 10%	<b>0.80%</b>
<b>PERFORMANCE FEE</b>	<b>134</b>

(\*) Calculated according to the average closing price of the last 20 sessions.

Therefore, 134 thousand Euros has been accrued linked to this concept, in accordance with the annual increase in market capitalization.

To conclude, the sum of **8,743 thousand Euros** that results from adding the base fee to the performance fee is entered in the Global dated Income Statement at 31 December 2021 under the heading "Other Costs". See section 4, "Consolidated Financial Statements".

Fixed and variable fees have been taken into account in the EPRA Cost Ratios calculation (section 5 "EPRA Information").

## 4.7 Proposed Shareholder Remuneration

Lar España was founded with the aim of generating strong returns for its shareholders via a significant dividend payout. In line with recent company notifications, and despite the unprecedented situation experienced in 2020, the Company has confirmed that **it will continue to retain an attractive dividend policy.**

Based on the cash generated in 2021, the dividend pay-out will amount to **€30.0 million.**

Therefore, the pay-out to shareholders for the financial year ended on 31 December 2021 to be presented at the Annual General Meeting would be **€30.0 million**, equating to earnings of **€0.36 per share.**

**Dividend**

**€30.0**  
MM

**€0.36**  
/share

**Dividend Yield  
over NAV<sup>(\*)</sup>  
(31.12.21)**

**3.4%**

**Dividend Yield  
over market  
capitalization  
(31.12.21)**

**7.0%**

(\*) EPRA NTA.

## 4.8 Shareholder Return

The shareholder rate of return in 2021 stood at 2.88%. To calculate the rate of return, we use the growth per share over the financial year, which is the sum of:

- The variation in the Company's EPRA NTA per share.
- Dividend per share distributed during the financial year.

$$\text{Shareholder Rate of Return} = \frac{\text{Growth (NTA + Dividend) per share}}{\text{EPRA NTA per share 31.12.2020}}$$

	€/share
EPRA NTA 31.12.20	10.42
EPRA NTA 31.12.21	10.41
<b>NTA Growth 2021</b>	<b>(0.01)</b>
2020 Dividend paid in 2021	0.31
<b>Growth (NTA + Dividend)</b>	<b>0.30</b>
<b>SHAREHOLDER RETURN 2021</b>	<b>2.88%</b>

**Shareholder Rate of Return**

2.88%

# 5

## EPRA Information

### 5.1

EPRA Earnings

p. 104

### 5.2

EPRA Net Asset  
Value Ratios

p. 105

### 5.3

EPRA NIY and  
EPRA “topped-up”  
NIY

p. 108

### 5.4

EPRA Vacancy  
Rate

p. 109

### 5.5

EPRA Cost Ratios

p. 110





# In September 2021, for the seventh consecutive year, Lar España has been awarded the **EPRA Gold Award** for the quality of **financial information** made available to its main interest groups and for the fourth consecutive year for the quality of the **ESG information**.



## EPRA recognition

In **October** 2019, the Reporting & Accounting Committee of EPRA (European Public Real Estate Association<sup>(1)</sup>) updated its Best Practices Recommendations<sup>(2)</sup> guidelines in order to improve the presentation, transparency, comparability and relevance of the published results of listed real estate companies in Europe.

Lar España fully supports and endorses the principle of standardizing the reporting of performance indicators from the perspective of comparability and improving the quality of information provided to investors and other users of the financial information.

For this purpose, we have included an specific chapter with our main economic indicators following EPRA guidances.

**In September 2021**, for the **seventh consecutive year**, Lar España has been awarded the **EPRA Gold Award** for the quality of financial information made available to its main interest groups. Regarding the information published about **ESG**, Lar España has also obtained the highest distinction by EPRA, achieving for the **fourth consecutive year** the **Gold Award**. This highlights the **international recognition for the information reported by Lar España** and made available to its shareholders.



(1) Not-for-profit association founded in 1999 registered in Belgium which aims to make the financial statements of public real estate companies clearer, more transparent and comparable across Europe./ (2) "Best Practices Recommendations - BPR" available at [www.epra.com](http://www.epra.com)

Key performance indicators described in the Best Practices Recommendations developed by EPRA are shown as follows:



	31/12/2021 (Thousands of Euros)/ (%)	31/12/2021 (Euros per share)
<b>EPRA Earnings</b>	<b>23,936</b>	<b>0.28</b>
<b>EPRA NTA (*)</b>	<b>869,501</b>	<b>10.41</b>
<b>EPRA NRV (*)</b>	<b>895,774</b>	<b>10.72</b>
<b>EPRA NDV (*)</b>	<b>855,387</b>	<b>10.24</b>
<b>EPRA Net Initial Yield (NIY)</b>	<b>5.7%</b>	
<b>EPRA "Topped-up" NIY</b>	<b>5.9%</b>	
<b>EPRA Vacancy Rate</b>	<b>4.8%</b>	
<b>EPRA Cost Ratio</b>	<b>24.3% (**)</b>	
<b>EPRA Cost Ratio (excluding costs of direct vacancy)</b>	<b>21.4% (**)</b>	

(\*) New EPRA ratios calculated according to the latest modifications included in the EPRA "Best Practices and Recommendations" document. For more details see EPRA Net Asset Value Ratios. (\*\*) Ratio calculated considering recurring expenses. See terms definitions in Glossary, section 8.

## 5.1 EPRA Earnings

(Thousands of Euros)	2021	2020
<b>EARNINGS PER IFRS INCOME STATEMENT</b>	<b>25,782</b>	<b>(53,668)</b>
Change in value of investment properties	1,305	100,656
Profits or losses on disposal of investment properties, development properties held for investment and other interests	(64)	-
Tax on profits or losses on disposals	(1,622)	-
Negative goodwill	-	-
Changes in fair value of financial instruments and associated close-out costs	(1,465)	2,914
Acquisition costs on share deals and non-controlling joint venture interests	-	-
Deferred tax in respect of EPRA adjustments	-	-
Adjustments to above in respect of joint ventures	-	-
Non-controlling interests in respect of the above	-	-
<b>EPRA EARNINGS</b>	<b>23,936</b>	<b>49,902</b>
<b>Weighted average number of shares (excluding treasury shares)</b>	<b>84,189,058</b>	<b>85,605,283</b>
<b>EPRA EARNINGS PER SHARE (EUROS)</b>	<b>0.28</b>	<b>0.58</b>

## 5.2

### EPRA Net Asset Value Ratios

In October 2019, EPRA published an update of its “Best Practices and Recommendations” document in which, at 31 December 2020, the calculation of the EPRA NAV and EPRA NNAV ratios is replaced by three new indicators: **EPRA NRV, EPRA NTA and EPRA NDV**<sup>(1)</sup>.

The EPRA Net Asset Value indicator set makes adjustments to the company’s own funds in accordance with the IFRS<sup>(2)</sup> financial statements to provide investors with the most relevant information on the fair value of the assets and liabilities of a property investment firm, in different scenarios.

#### EPRA Net Asset Value new methodology

According to the new recommendations contained in the EPRA “Best Practices and Recommendations”, **the new ratios that replace the previous EPRA NAV and EPRA NNAV indicators calculated with the old methodology** are as follows:

#### EPRA Net Reinstatement Value (NRV):

The objective of the EPRA Net Reinstatement Value measure is to highlight the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value movements

on financial derivatives and deferred taxes on property valuation surpluses are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes should be included.

#### EPRA Net Tangible Assets (NTA):

The underlying assumption behind the EPRA Net Tangible Assets calculation assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability.

#### EPRA Net Disposal Value (NDV):

Shareholders are interested in understanding the full extent of liabilities and resulting shareholder value if company assets are sold and/or if liabilities are not held until maturity. For this purpose, the EPRA Net Disposal Value provides the reader with a scenario where deferred tax, financial instruments, and certain other adjustments are calculated as to the full extent of their liability, including tax exposure not reflected in the Balance Sheet, net of any resulting tax. This measure should not be viewed as a “liquidation NAV” because, in many cases, fair values do not represent liquidation values.

(1) For more information see: [https://www.epra.com/application/files/2315/7321/0568/EPRA\\_FAQ\\_-\\_FINAL\\_version.pdf](https://www.epra.com/application/files/2315/7321/0568/EPRA_FAQ_-_FINAL_version.pdf).

(2) IFRS (International Financial Reporting Standards).

## EPRA Net Asset Value Ratios

	31/12/2021			31/12/2020		
(Thousands of Euros)	NTA Net Tangible Assets	NRV Net Reinstatement Value	NDV Net Disposal Value	NTA Net Tangible Assets	NRV Net Reinstatement Value	NDV Net Disposal Value
<b>Equity attributable to shareholders</b>	<b>855,387</b>	<b>855,387</b>	<b>855,387</b>	<b>859,650</b>	<b>859,650</b>	<b>859,650</b>
(i) Hybrid Instruments	-	-	-	-	-	-
<b>Diluted NAV</b>	<b>855,387</b>	<b>855,387</b>	<b>855,387</b>	<b>859,650</b>	<b>859,650</b>	<b>859,650</b>
<b>Include</b>						
(ii.a) Revaluation of investment properties	-	-	-	-	-	-
(ii.b) Revaluation of investment properties under construction	-	-	-	-	-	-
(ii.c) Revaluation of other non-current investments	-	-	-	-	-	-
(iii) Revaluation of tenant leases held as finance leases	-	-	-	-	-	-
(iv) Revaluation of trading properties	-	-	-	-	-	-
<b>Diluted NAV at Fair Value</b>	<b>855,387</b>	<b>855,387</b>	<b>855,387</b>	<b>859,650</b>	<b>859,650</b>	<b>859,650</b>
<b>Exclude</b>						
v) Deferred Tax in relation to fair value gains of IP	15,578	15,578	n,a	17,201	17,201	n,a
(vi) Fair value of financial instruments	(1,465)	(1,465)	n,a	4,525	4,525	n,a
(vii) Goodwill as a result of deferred tax	-	-	-	-	-	-
(viii.a) Goodwill as per the IFRS balance Sheet	-	n,a	-	-	n,a	-
(viii.b) Intangibles as per the IFRS balance sheet	-	n,a	n,a	-	n,a	n,a
<b>Include</b>						
(ix) Fair value of fixed interest rate debt	n,a	n,a	-	n,a	n,a	-
(x) Revaluation of intangibles to fair value	n,a	-	n,a	n,a	-	n,a
(xi) Real estate transfer tax	-	26,273	n,a	-	-	n,a
<b>NAV</b>	<b>869,501</b>	<b>895,774</b>	<b>855,387</b>	<b>881,376</b>	<b>881,376</b>	<b>859,650</b>
Number of shares (excluding treasury shares)	83,561,999	83,561,999	83,561,999	84,559,058	84,559,058	84,559,058
<b>NAV per share</b>	<b>10.41 (*)</b>	<b>10.72 (*)</b>	<b>10.24 (*)</b>	<b>10.42</b>	<b>10.42</b>	<b>10.17</b>

(\*) When analyzing the evolution of this measure it is important to take into account the dividend paid in Q2 2021 (0.31€/share).

Notes: May not foot due to rounding.

Translation of information originally prepared in Spanish. In the event of a discrepancy, the Spanish-language version shall prevail.

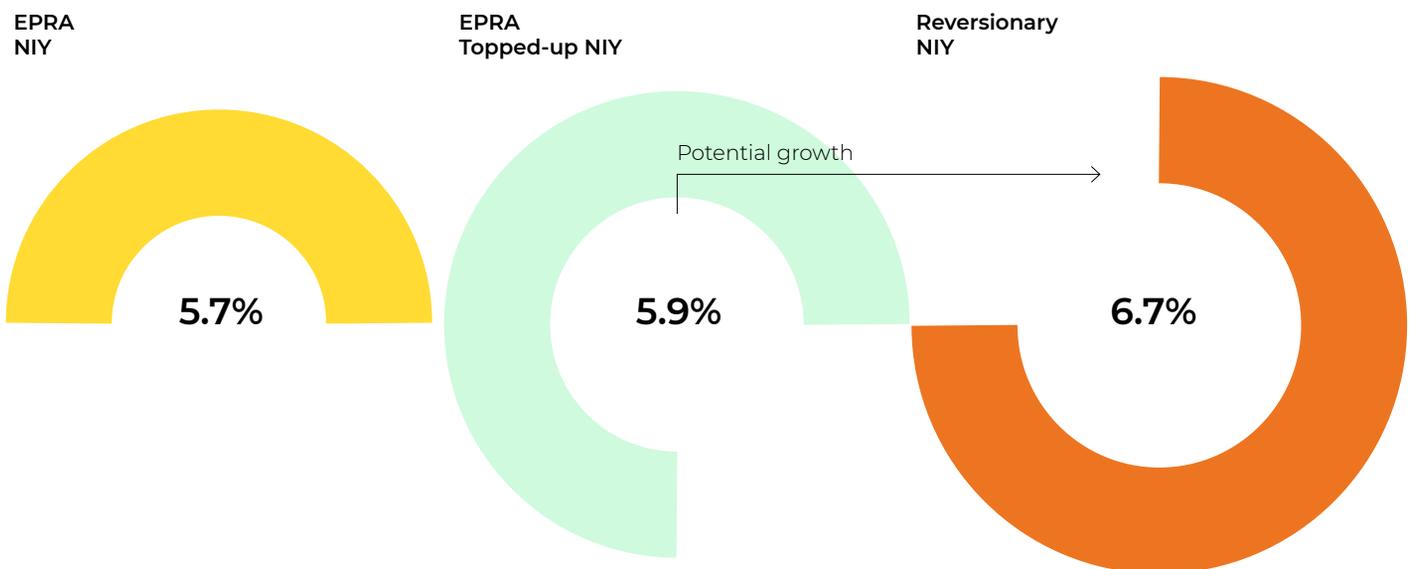


 Shopping Centre  
Lagoh (Sevilla)

### 5.3 EPRA NIY and EPRA “topped-up” NIY

(Thousands of Euros)	Total Shopping Centres	Total Retail Parks	Total Lar España
Completed Property Portfolio	951,187	472,111	1,423,298
Allowance for estimated purchasers costs	20,460	8,240	28,700
<b>Gross up completed property portfolio valuation (A)</b>	<b>971,647</b>	<b>480,351</b>	<b>1,451,998</b>
Annualised cash passing rental income	60,232	30,447	90,679
Property outgoings	(5,545)	(3,089)	(8,633)
<b>Annualised net rents (B)</b>	<b>54,687</b>	<b>27,359</b>	<b>82,046</b>
Notional rent expiration of rent free periods or other lease incentives	2,120	1,483	3,602
<b>Topped-up net annualised rents (C)</b>	<b>56,807</b>	<b>28,841</b>	<b>85,648</b>
<b>EPRA NET INITIAL YIELD (B/A)</b>	<b>5.6%</b>	<b>5.7%</b>	<b>5.7%</b>
<b>EPRA TOPPED-UP NET INITIAL YIELD (C/A)</b>	<b>5.8%</b>	<b>6.0%</b>	<b>5.9%</b>

**Yields (\*)**



(\*) At 31 December 2020, EPRA NIY, EPRA Topped-up NIY and Reversionary Yield amounted to 5.7%, 5.9% and 6.6% respectively.

Notes: May not foot due to rounding.

Translation of information originally prepared in Spanish. In the event of a discrepancy, the Spanish-language version shall prevail.

## 5.4

## EPRA Vacancy Rate

EPRA  
Vacancy  
Rate

**4.8% (\*)**

	ERV (Thousands of Euros)	ERV Vacancy (Thousands of Euros)	EPRA Vacancy Rate (%)
Shopping Centres	63,575	3,509	5.5%
Retail Parks	32,947	1,095	3.3%
<b>TOTAL LAR ESPAÑA</b>	<b>96,522</b>	<b>4,604</b>	<b>4.8%</b>

(\*) EPRA Vacancy at 31/12/2020 was 4.5%.



## 5.5 EPRA Cost Ratios

(Thousands of Euros)	Recurring		TOTAL	
	2021	2020	2021	2020
Administrative expenses	(592)	(474)	(592)	(474)
Operating costs net of recoverable income <sup>(1) (4)</sup>	(16,893) <sup>(2)</sup>	(13,551)	(21,167) <sup>(3)</sup>	(20,520)
Administrative/operating expenses in associates	-	-	-	-
<b>EPRA Cost (including vacancy cost) (A)</b>	<b>(17,485)</b>	<b>(14,025)</b>	<b>(21,579)</b>	<b>(20,994)</b>
Direct vacancy costs	(2,071)	(1,941)	(2,071)	(1,941)
<b>EPRA Cost (excluding vacancy cost) (B)</b>	<b>(15,414)</b>	<b>(12,084)</b>	<b>(19,688)</b>	<b>(19,053)</b>
Gross Rental Income less ground rent costs-per IFRS <sup>(5)</sup>	78,739	95,476	78,739	95,476
Net associated costs (net service charge) <sup>(4)</sup>	(6,721)	(6,195)	(6,721)	(6,195)
<b>Gross Rental Income (C)</b>	<b>72,018</b>	<b>89,281</b>	<b>72,018</b>	<b>89,281</b>
<b>EPRA COST RATIO (including direct vacancy costs) A/C</b>	<b>24.3%</b>	<b>15.7%</b>	<b>30.2%</b>	<b>23.5%</b>
<b>EPRA COST RATIO (excluding direct vacancy costs) B/C</b>	<b>21.4%</b>	<b>13.5%</b>	<b>27.3%</b>	<b>21.3%</b>

(1) Maintenance costs are included.

(2) Fixed management fee included.

(3) Fixed and variable management fees included.

(4) The sum of these two headings corresponds to the item "Other expenses" in point 4.2 Consolidated Statement of Comprehensive Income (page 80).

(5) It includes the item "Revenue" in point 4.2 Consolidated Statement of Comprehensive Income (page 80) and the mall income which is included in the item "Other income" in point 4.2 Consolidated Statement of Comprehensive Income (page 80).



# 6

## Share Price Performance

### 6.1

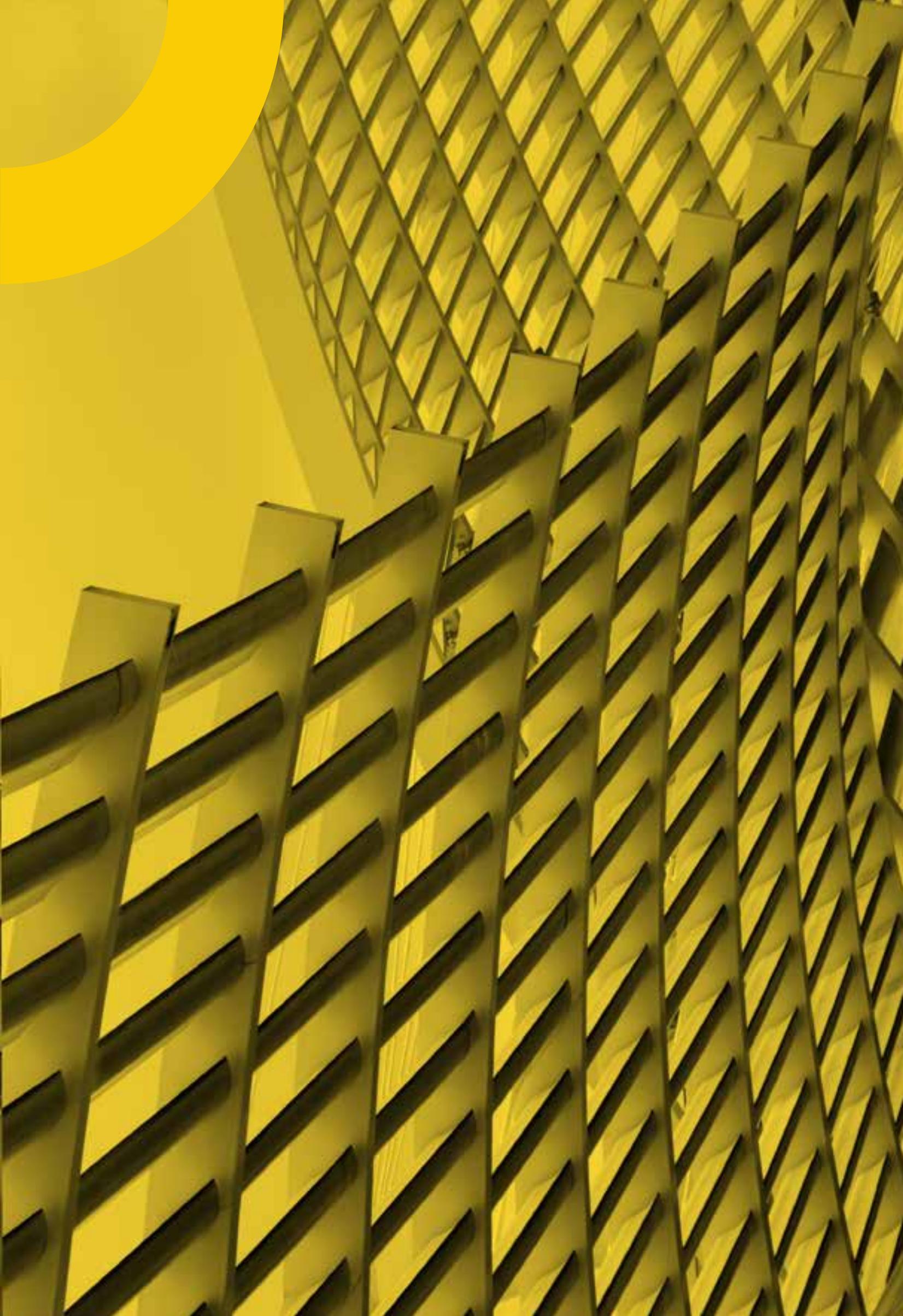
Share price information and performance

**p. 114**

### 6.2

Analyst Recommendations

**p. 115**

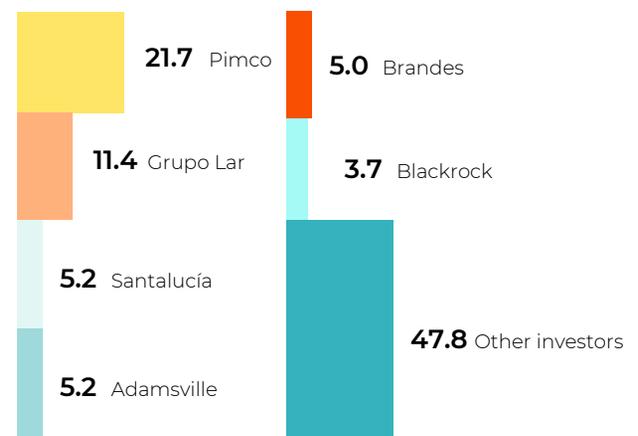


## 6.1 Share price information and performance

### Share Price Performance

Detail of shares (€)	January - December 2021
Price at the beginning of the period	4.67
Price at the end of the period	5.12
<b>PERFORMANCE DURING THE PERIOD</b>	<b>9.6%</b>
Maximum price for the period	5.74
Minimum price for the period	4.43
<b>AVERAGE PRICE FOR THE PERIOD</b>	<b>5.17</b>
ADTV <sup>(*)</sup>	65,128
Market capitalization (Euros) 31/12/2021	428,508,001
Nº of shares 31/12/2021	83,692,969

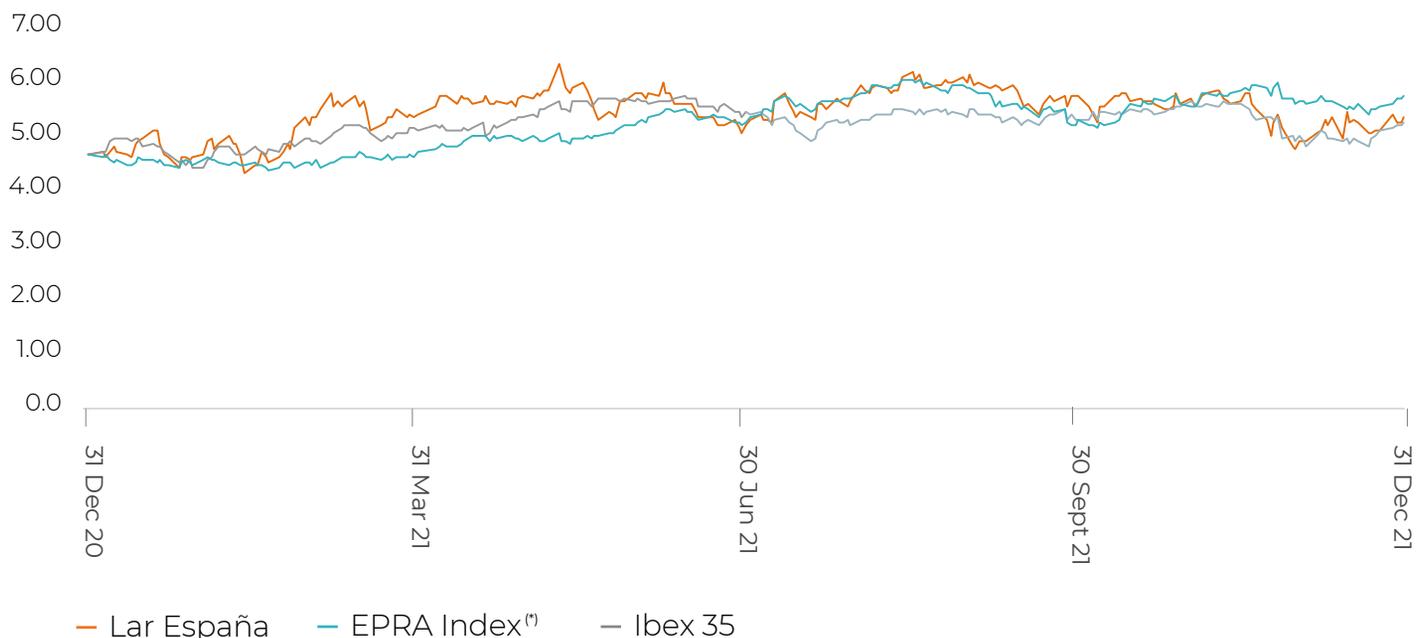
Share distribution at 31 December 2021 (%)



(\*) Average Daily Trading Volumen in number of shares.

The **share price performance** during 2021 compared with the IBEX 35 and EPRA Index performance can be seen in the following graph:

### Lar España share price performance vs Ibex 35 and EPRA Index (January-December 2021)



(\*) Sectoral European reference index.

Translation of information originally prepared in Spanish. In the event of a discrepancy, the Spanish-language version shall prevail.

## 6.2 Analyst Recommendations

Potential  
Return

**39.3% (\*)**

As of the date of this report, Lar España has the coverage of 10 analysts, whose average target price is **€7.13**.

60% | Buy

+

30% | Hold

=

10% | Sell

-

Broker	Recommendation	Analysis Date	Target Price (Euros)
 Kempen	Hold	14/01/2022	5.40
 GVC Gaesco	Buy	21/12/2021	8.29
 BESTINVER	Buy	20/12/2021	7.70
 renta4banca	Buy	20/12/2021	7.30
 Sabadell	Buy	20/12/2021	6.94
 JBCapitalMarkets	Buy	20/12/2021	7.40
 intermoney valores sv	Buy	20/12/2021	8.00
 bankinter	Hold	20/12/2021	5.38
 MIRABAUD	Sell	17/05/2021	6.00
 Santander	Hold	15/05/2020	8.90

Source: Bloomberg

(\*) Taken into account the average target price and the price at the end of the period, at 31 December 2021..

# 7

## Events after the reporting period



## 7. Events after the reporting period

### JANUARY

26.01.2022

#### Change to Lar España's shareholder structure

On 26 January 2022, Lar España received notice from its shareholder PIMCO Bravo II Fund L.P. of the sale of its entire shareholding in Lar España, comprising **18,157,459 shares**, to Castellana Properties SOCIMI, S.A.

The Company has also been informed that Laurent Luccioni, a nominee director of Lar España appointed on behalf of PIMCO, will resign as a member of the **Company's Board of Directors** once the sale is completed.

### FEBRUARY

22.02.2022

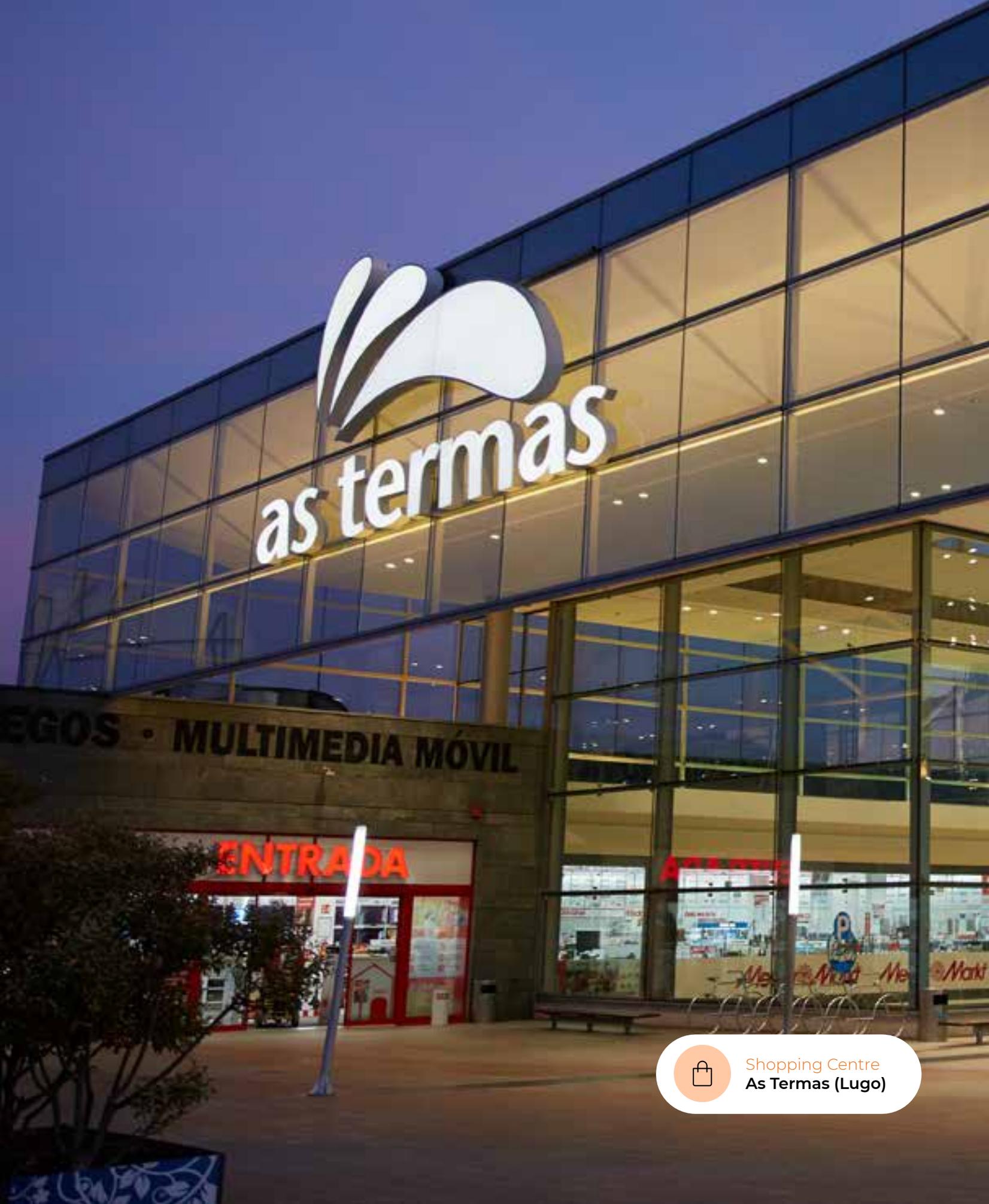
#### Senior Secured Bond Repayment

In relation to the issue by Lar España of **senior secured notes for a total amount of €140 million, due on 21 February 2022** and admitted to trading on the Euronext Dublin regulated market of the Irish Stock Exchange, whose **outstanding balance amounted to €122.7 million** following the partial and early repurchase published through the communications in July 2021, it is hereby communicated that yesterday the Company has performed the **full and ordinary redemption and cancellation of the 2015 Bond**, in accordance with the maturity date.

As a consequence, Lar España has proceeded to **cancel and extinguish all of the guarantees granted in connection with the issuance**, which include various real estate mortgages taken out by the subsidiaries of the Company LE Retail As Termas, S.L.U., LE Retail Albacenter, S.L.U., LE Retail Txingudi, S.L.U., LE Retail Hiper Albacenter, S.A.U., and LE Retail Ànec Blau, S.L.U., on real estate assets owned by them.

In addition, various pledges on shares and quotas (as applicable) over the above referred subsidiaries, which were granted in the context of the 2015 issuance, have been cancelled.





 Shopping Centre  
As Termas (Lugo)

## 8. Glossary

**PBT**

Profit Before Tax.

**EBIT**

Earnings Before Interest and Tax.

**EBITDA**

Earnings Before Interest, Tax, Depreciation and Amortisation.

**Net profit/(loss)**

Profit/(Loss) for the period after tax.

**ROE (Return on Equity)**

Return on equity, calculated by dividing profit for the last 12 months by the company's average equity of the last four quarters.

**ROA (Return on Assets)**

Return on assets, calculated by dividing profit for the last 12 months by the company's average assets of the last four quarters.

**Liquidity ratio**

The Company's capacity to meet its obligations with liquid assets, calculated as the ratio between the Company's current assets and current liabilities.

**Solvency ratio**

The Company's financial capacity to meet its payments obligations with all the assets and resources available. It is calculated by dividing equity plus non-current liabilities by non-current assets.

**EPRA**

European Public Real Estate Association.

**EPRA Earnings**

Earnings from operational activities.

**EPRA Net Disposal Value**

Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

**EPRA Net Initial Yield (NIY)**

Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.

**EPRA Net Reinstatement Value**

Assumes that entities never sell assets and aims to represent the value required to rebuild the entity.

**EPRA Net Tangible Assets**

Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

**EPRA "topped-up" NIY**

This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and stepped rents).

**EPRA Vacancy Rate**

Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.

**EPRA Cost Ratio**

Administrative & operating costs (including direct vacancy costs) divided by gross rental income.

**EPRA Cost Ratio (excluding direct vacancy costs)**

Administrative & operating costs (excluding direct vacancy costs) divided by gross rental income.

**GAV**

Gross Asset Value.

**GLA**

Gross Leasable Area in sqm.

**WAULT**

Weighted average unexpired lease term, calculated as the number of years of unexpired lease term, as from reporting date, until the first break option, weighted by the gross rent of each individual lease contract.

**Net LTV (Loan to Value)**

Ratio that measures the total amount of outstanding principal, discounted available cash, against the value of the assets.

**Gross Annualised Rent**

Gross annual investment return excluding temporary rental discounts or rent-free periods.

**Average maturity period (years)**

Represents the average maturity term of the company's debt.

**Reversionary Yield**

Yield calculated as the ratio between the rental income that would be obtained from leasing the entire area at the market prices estimated by the independent valuers (ERV) and the gross asset value.

**GRI (Gross Rental Income)**

Gross income for the period.

**NOI (Net Operating Income)**

Gross income discounting costs incurred during the period.

**Like for like (Lfl)**

Comparison of one period, with that of the same period the year before, taking into consideration the same number of assets.

