



## ■ 9M 2020 Nine Months Report

## 1 COVID-19 p.4

**1.1** Lar España's response to the COVID-19 crisis  
*p.6*

- SGS Certification  
*p.6*

**1.2** Initiatives at our shopping centres  
and retail parks  
*p.10*

**1.3** Shopping centres and retail parks opening  
*p.18*

## 2 EXECUTIVE SUMMARY p.22

**2.1** Highlights 9M 2020  
*p.24*

**2.2** Main Milestones  
*p.26*

**2.3** Portfolio at 30 September 2020  
*p.28*

**2.4** Key Indicators  
*p.36*

**2.5** Business Performance  
*p.38*

## 3 CONSOLIDATED FINANCIAL STATEMENTS p.54

**3.1** Company Chart 30.09.2020  
*p.56*

**3.2** Consolidated Statement of Comprehensive Income  
*p.58*

**3.3** Consolidated Statement of Financial Position  
*p.60*

**3.4** Consolidated Statement of Cash Flows  
*p.66*

## **4**

### **EPRA INFORMATION**

**p.68**

**4.1** EPRA Earnings  
*p.72*

**4.2** EPRA NAV and EPRA NNNAV  
*p.73*

**4.3** EPRA NIY and EPRA “topped-up” NIY  
*p.76*

**4.4** EPRA Vacancy Rate  
*p.78*

**4.5** EPRA Cost Ratios  
*p.79*

## **5**

### **SHARE PRICE PERFORMANCE**

**p.80**

**5.1** Share price information and performance  
*p.82*

**5.2** Analyst Recommendations  
*p.83*

## **6**

### **EVENTS AFTER THE REPORTING PERIOD**

**p.84**

## **7**

### **GLOSSARY**

**p.88**

# 1

## COVID-19

*p.4*

### 1.1 Lar España's response to the COVID-19 crisis

*p.6*

- SGS Certification

*p.6*

### 1.2 Initiatives at our shopping centres and retail parks

*p.10*

### 1.3 Shopping centres and retail parks opening

*p.18*







Shopping Centre / Ànec Blau (Barcelona)

# 1.1

## Lar España's response to the COVID-19 crisis

### SGS Certification

One of Lar España's key priorities across its shopping centres and retail parks has been easing the minds of its customers, by ensuring that they can shop safely in COVID-free environments. The company has therefore placed **great emphasis on sharing its key measures for shoppers to follow, in order to prevent the spread of the virus**. It has also adapted all of its properties to new capacity limitations, social distancing rules and hygiene measures in record time.

To this end, right from the outbreak of the COVID-19 pandemic, Lar España designed an **Action Plan** certified by the **leading certification company SGS**, which set out to guarantee the successful implementation of all pertinent health-hygiene safety, social distancing and customer communication measures.

The points covered in this Action Plan primarily relate to cleaning, safety, maintenance, car park layout, pedestrian access control, opening hours and the layout of food courts, as well as guaranteeing that the maximum limit of visitors is not exceeded. **Informing visitors about these protocols** is also a crucial step in raising their awareness.



Properties have adopted measures in **three key areas** to protect workers and visitors alike:

### 1.

#### Cleaning

- Routine **cleaning** of common areas, lifts and toilets
- **Ultraviolet disinfection** on travellers and escalators
- Multiple **hand sanitizer** stations
- Disinfectant **foggers**
- Stockpiling surgical **masks**

### 2.

#### Capacity limitations

- Control Real-time **capacity limitation in walkways and stores** using ShopperTrak technology
- **Queue management** to ensure social distancing
- Ongoing communication with the main retailers to coordinate protocols for the **opening and operation of stores**

### 3.

#### Information

- Physical and digital **signage** to remind visitors about safety measures
- **Real-time footfall tracking** and up-to-date information on the websites and social media channels of each centre

Following its **favourable assessment of the protocol design**, SGS has carried out monthly on-site inspections at the shopping centres and retail parks, to certify that all protocols are being implemented correctly.

The inspection covered three key areas:

- ✔ Compliance with all regulations and best practices to be included in the design and drafting of all protocols.
- ✔ The implementation of all procedures and best practices across all shopping centres in the company's portfolio.
- ✔ Continued application of all measures in the months following the health crisis.







Over July, August and September, SGS carried out the its first checks, which were **successfully completed after the initial certification was achieved in June**, thereby reaffirming strict compliance with the latest protocols and regulations, and confirming Lar España's unwavering commitment to safety and prevention.

8

The SGS seal of approval ensures that the shopping centres and retail parks adhere to the highest health and safety standards, both for customers and employees.





We will **continue to implement the health and safety specific protocols across all our properties**, and SGS will verify compliance on a quarterly basis, following the initial monthly verifications already carried out.

The [following video](#) was created for the reopening of all of our properties and demonstrates some of the main health and safety measures adopted at our shopping centres and retail parks.



## 1.2

### Initiatives in our shopping centres and retail parks

Lar España has conducted **numerous social welfare campaigns** at its centres supporting various government agencies and NGOs since the State of Emergency was announced on 14 March. These initiatives include:

- Food banks.
- Providing digital educational resources to children.
- Child food grants.
- Donating bed linen, food and dry-cleaning services to various municipal homeless shelters.
- Delivering breakfasts to A&E and ICU staff.
- Collaboration with UMEs (Military Emergencies Units).

The shopping centres and retail parks in the portfolio have never lost sight of their commitment to having a positive impact on their surrounding area and helping to support local communities. Our shopping centres have **always been committed to supporting local communities**, teaming up with sports and events groups to offer cultural activities, but in the wake of the ongoing crisis, they have gone above and beyond with their charitable initiatives. In these extraordinary times, we are working hard to bring confidence back to our society and appeal to the core values of charity, kindness and empathy.

Here is a closer look at some of the social welfare initiatives carried out at our shopping centres and retail parks:

#### MEGAPARK (Barakaldo)

##### *Collaboration with the NGO “Hay una Esperanza para ti”*

Since May, we have been working closely with the **local NGO “Hay una Esperanza para ti”**, which helps disadvantaged families in Barakaldo by **providing them with food and essentials**. Megapark Fashion Outlet is collaborating with this NGO by financing the van it uses twice a month to do its drop-offs.





## GRAN VÍA DE VIGO (Vigo)

### *“The journey of my life” exhibition, in collaboration with the Vigo Down Syndrome Association*

Gran Vía de Vigo shopping centre decided to host a charitable exhibition of handmade tapestries, sewn by members of the **Vigo Down Syndrome Association**. The exhibition was entitled “The journey of my life” and included a display of handmade tapestries, telling the stories of members of the Vigo Down Syndrome Association.

### *A tribute to healthcare professionals by P.I.C.A Rías Baixas*

A moving tribute of thanks and support to all healthcare professionals was given on the rooftop garden at Gran Vía shopping centre, organised by **P.I.C.A Rías Baixas**, an association of bikers against child abuse. The tribute consisted of a procession of bikers around the city of Vigo, ending at the **Hospital Álvaro Cunqueiro**, where attendees thanked healthcare professionals for their efforts during the pandemic.



## EL ROSAL (León)

### *Healthcare professionals invited to premiere of “Military Wives”*

In its fight against the pandemic, El Rosal shopping centre **invited healthcare professionals** to the Spanish premiere of “Military Wives” as a token of thanks for their efforts during the pandemic.

El Rosal teamed up with Cines La Dehesa to pay tribute to those who have fought so bravely against the pandemic.



## PORTAL DE LA MARINA (Alicante)

### Charities

Portal de la Marina shopping centre has provided a special space intended for charities. It designed and built a **charity counter** for local **associations and NGOs**, providing them with a dedicated space inside the shopping centre free of charge, to be used as an information point and to recruit new members.



## ALBACENTER (Albacete)

### COVID-19 announcement

The shopping centre is encouraging the whole family to visit safely, thanks to the **COVID-19 prevention measures protocol** verified by the leading certification company SGS.

The shopping centre customer service desk **is handing out free face masks** to all customers that request them and in return we ask them to register in the shopping centre database, free of charge.



## ÀNEC BLAU (Barcelona)

### Blood drive

Ànec Blau collaborated with the Red Cross and the Castelldefels Town Council to help increase awareness of their blood donation campaign. Awareness was raised via social media, signage around the shopping centre and by offering the Red Cross a space to recruit blood donors in the centre.

The charity has been running **blood drives** at a time when demand for transfusions remains high, but lockdown and the risk of catching the virus has put off donors. These centres have allowed people living in the close vicinity to come to the centre, whilst guaranteeing capacity limitations, social distancing and hygiene.



## LAGOH (Seville)

### Hope Museum

Lagoh created a virtual Hope Museum, where users could upload works carried out during the lockdown, in order to create a museum for everyone to enjoy. For every work uploaded, Lagoh donated €1 to the **Government of Andalusia Progress and Health Foundation to further its research into fighting COVID-19**. A physical museum was also set up to exhibit the best works and visitors could also donate towards this cause.

At the end of the initiative, **Lagoh donated €5,000 to the foundation to further its research into fighting COVID-19**.





## Contracts agreed based on one-on-one conversations for **95%** of the gross leasable area of the portfolio

### Contact with tenants

The company has kept in constant contact with all of its tenants, dealing with every situation directly or through their managing agents, allowing it to quickly reach agreements tailored to each and every tenant and business case. These agreements were primarily reached under terms and conditions that involved a **significant commitment** from both sides, **helping to strengthen our bond with retailers and building long-term and stable lease agreements at all of the shopping centres and retail parks.**

At the reporting date, Lar España has reached **individualized rental agreements covering 95% of the total gross surface area of its centers. Excluding any further closures of shopping centres/retail parks after 30 September 2020**, it estimates that, once the agreements for 100% of Lar España's gross lettable area have been completed, total cumulative discount due to COVID 19 will amount to between **€19 - 20 million**. In line with applicable accounting legislation, these discounts will be reflected in the Company's income statement from the date the agreements are signed, apportioning the impact on revenue on a straight-line basis over the term of each lease agreement of between 6 and 7 years. The negative impact on 2020 revenues is estimated at under €2 million.

As of 30 September, **76% of all rent payments** had been received, if the effect of the bonuses were taken into account, this percentage would be **85%**. Besides, reductions in over-

heads of 30% to 70% were also made in shopping centres and retail parks for the months that they were partially closed.

Lar España boasts a consolidated roster of extremely diverse, high-quality tenants. Its ten main tenants account for **36% of the company's rental income**, while at 30 September 2020 **more than 60% of retailer leases** had expiries beyond 2024 and **occupancy stood at more than 95%, close to full occupancy.**

As of September 30th 2020, all of Lar España's shopping centres and retail parks **are open and operational, with footfalls recovering to very healthy levels** and all of the necessary safety measures in place and being observed. Lar España benefits from a premium collection of properties with high value-add that secures sustainable returns for shareholders. During September 2020, the Lar Espana portfolio **recovered a footfall of 96%** of comparable levels a year ago, well above the ShopperTrak index figure, which stood at 80% in September.

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







## Keeping in touch with local communities

**Safety and accessibility** are two of consumers' key requirements, meaning that the preparation and design of shopping centres and retail parks to transform them into places that meet the exacting health and reassurance expectations of the consumer are Lar España's top priorities.

Our shopping centres have therefore adopted numerous measures and have designed multiple protocols aimed at **making them safe places to visit**, which has led to even stronger collaboration with local communities being key.

This is why one of the key priorities of our shopping centres is **offering a firm commitment to local communities**, at a time when the COVID-19 pandemic has made it more vital than ever that we help our businesses and the most vulnerable in society. In addition to the numerous charitable initiatives carried out so far over the year, our shopping centres have **long-term plans** to reduce their environmental impact and play a defining role in their respective communities.

### DISFRUTONES CLUB

This digital platform offers discounts, prize draws and exclusive services for members, while helping to drive sales at supporting stores.

The aim of the club is to support retailers and boost in-store purchases at the centre, to build customer loyalty and reward their trust in us. It is also key when it comes to creating a digital community that **helps the shopping centre connect with the local community online**.

The **"Disfrutones" loyalty club** was launched on 21 September at the following shopping centres: Lagoh, As Termas, El Rosal, Gran Vía Vigo, Ànec Blau, Albacenter and Portal de la Marina.





## POST-SHOPPING SURVEY

Towards the end of summer, we surveyed all of our shopping centre social media followers and database contacts to get to know their thoughts following their visits to the centres.

Our goal was to **improve on safety measures** that had proved difficult to understand and follow, as well as uncovering the main obstacles to visiting the centres, to then be able to adapt shopping centre communications accordingly.



## LANDING PROMOTIONS

Creation of a platform at the As Termas, El Rosal and Alba-center shopping centres to submit shopping receipts and then be able to take part in the shopping centre promotions **helping to avoid physical contact** at the customer service desk.



## COVID-19 NOTICES

To remind customers of the **safety measures** adopted in the centre and also thank them for their trust and for collaborating, the company launched the initiative “Are you sure?”. This initiative, which was rolled out via the website and social media was divided into two parts:

- **Thank-you video:** an interview with shopping centre management and other employees at the centre, reminded everyone of the safety measures and helped us to bond with shopping centre visitors.
- **“Qualified User” Pack:** when customers gave the right answers to our safety measures survey, we gave them a Qualified User Diploma, as well as a specially designed UNE 0065 certified designer face mask that complied with all health and safety requirements.





In addition, during the third quarter of 2020, a number of **leading chains opened** stores at some properties, such as:

Hugo Boss and New Balance  
**RP MEGAPARK**



Opening 10/09/2020



Opening 16/07/2020

Apart Jewelry  
**SC LAGOH**



Opening 14/07/2020

## Timesburg, Taco Bell, Frankfurts and Rituals SC ÂNEC BLAU



Opening 02/10/2020



Opening 20/07/2020



Opening 31/07/2020



Opening 09/09/2020



Primaprix  
**RP RIVAS FUTURA**



Opening 17/09/2020

Courir  
**SC GRAN VÍA DE VIGO**



Opening 27/08/2020

# 2

## EXECUTIVE SUMMARY

*p.22*

### 2.1 Highlights 9M 2020

*p.24*

### 2.2 Main Milestones

*p.26*

### 2.3 Portfolio at 30 September 2020

*p.28*

### 2.4 Key Indicators

*p.36*

### 2.5 Business Performance

*p.38*







**Shopping Centre / Portal de la Marina (Alicante)**

## 2.1

### Highlights 9M 2020

#### Portfolio Information

GAV <sup>(1)</sup>

**1,509**

Million €

Assets

**15**

WAULT

**3.4**

years

GLA

**578,345**

sqm



#### Financial Information

EPRA NAV

**915.7**

Million €

(10.79 €/share) <sup>(2)</sup>

Rental Income

**71.4**

Million €

Net LTV

**41%**

EPRA Earnings

**38.3**

Million €

(0.45 €/share)

Financial Debt

**729.3**

Million €

EBITDA

**53.6**

Million €

Average Cost of Debt

**2.2%**

Recurring Profit

**40.9**

Million €



(1) Information based on valuations carried out by independent valuers on **30 June 2020**, reflecting the impact of the pandemic crisis and the declaration of the State of Alarm. /

(2) When analyzing this measure it is important to take into account the dividend paid in Q2 2020 (0.63€/share).

# RETAIL PERFORMANCE

## Operating Results

% Occupancy  
**95.5%**<sup>(1)</sup>

GRI  
**+22.9%**  
**+1.6% LfL**<sup>(2)</sup>  
vs 9M 2019

NOI  
**+23.6%**  
**+2.5% LfL**<sup>(2)</sup>  
vs 9M 2019

GAV (%)



RENTAL INCOME (%)



Shopping Centres. Retail Parks. Other Retail.

## Leasing Activity

Negotiated rent  
**4.4**  
Million €

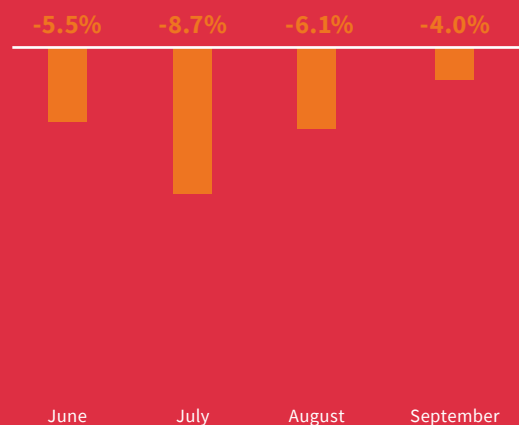
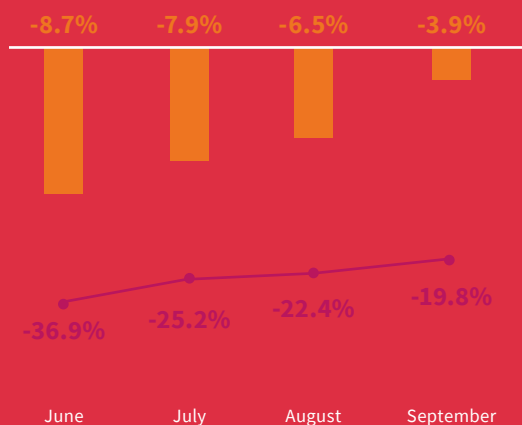
Operations  
**81**

Rotated area  
**18,679**  
sqm

Rent uplift  
**+4%**

Footfall 2020  
45.4 Million of visits

Sales 2020  
481.0<sup>(5)</sup> Million €



Lar España<sup>(3)</sup>

Average Spanish Footfall<sup>(4)</sup>

Lar España<sup>(6)</sup>

(1) Ratio calculated according to EPRA recommendations / (2) Like for Like (excluding Lagoh shopping centre) / (3) Like for Like 2020 vs 2019 (excluding Lagoh, Ànec Blau and Megapark Leisure Area because is going through a comprehensive refurbishment project); accumulated figures at 30 September 2020: **-23.8%** Lar España footfall and **-34.7%** ShopperTrak Index / (4) ShopperTrak Index / (5) Declared sales / (6) Like for Like 2020 vs 2019 (excluding Lagoh, Ànec Blau and Megapark Leisure Area because is going through a comprehensive refurbishment project); accumulated figures at 30 September 2020 of total sales: **-22.5%**.

## 2.2 Main Milestones

### 2020

#### JANUARY.

##### 14.01.2020 New Share Buy-Back Program

A new share **buy-back programme** has been launched, with a maximum buy-back limit of **€45 million**. The maximum number of shares that the Company can buy back is **4,500,000 shares**, equating to 5% of share capital. The buy-back programme has been implemented by JB Capital Markets, S.V., S.A.U., and has a maximum term of **nine months**.

##### 28.01.2020 Registration of share capital reduction in the Company Registry

Lar España reported the registration of a public deed in the Madrid Company Registry, relating to a **share capital reduction via the cancellation of treasury shares** granted on 20 December 2019. The Company reduced its share capital by €5,907,662 via the cancellation of **2,953,831 treasury shares**, with a par value of €2 per share. Following the reduction, **the Company's share capital** stood at **€175,267,460** equivalent to **87,633,730 shares**, with a par value of €2 per share.



#### MARCH.

##### 17.03.2020 Annual General Shareholders Meeting

The Lar España **Annual General Shareholders Meeting** was held on 17 March 2020, 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.



#### APRIL.

##### 16.04.2020 Dividend

Following approval at the Annual General Shareholders Meeting, the shareholder **dividend payment** was distributed, amounting to a total of **€0.63 per share**.

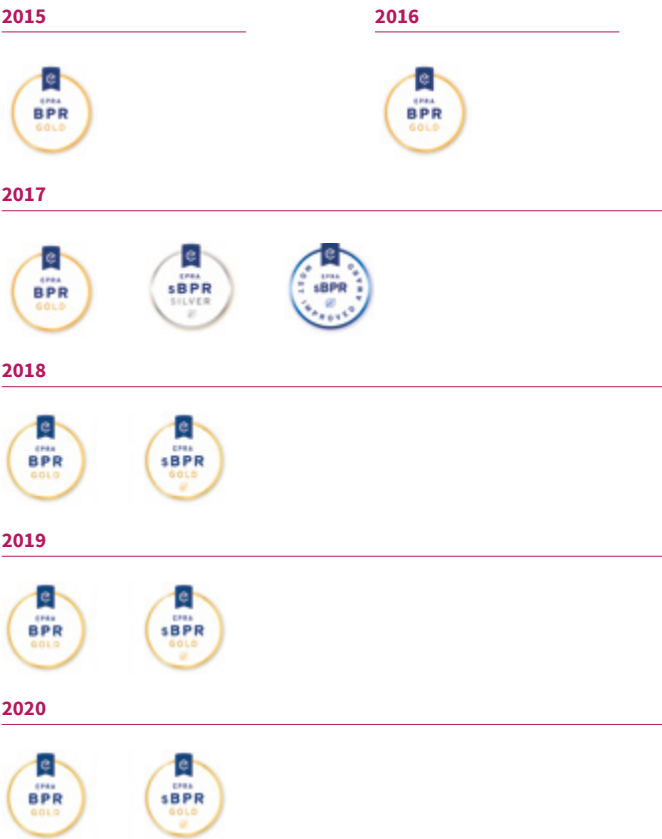


SEPTEMBER.

07.09.2020  
EPRA Gold Award

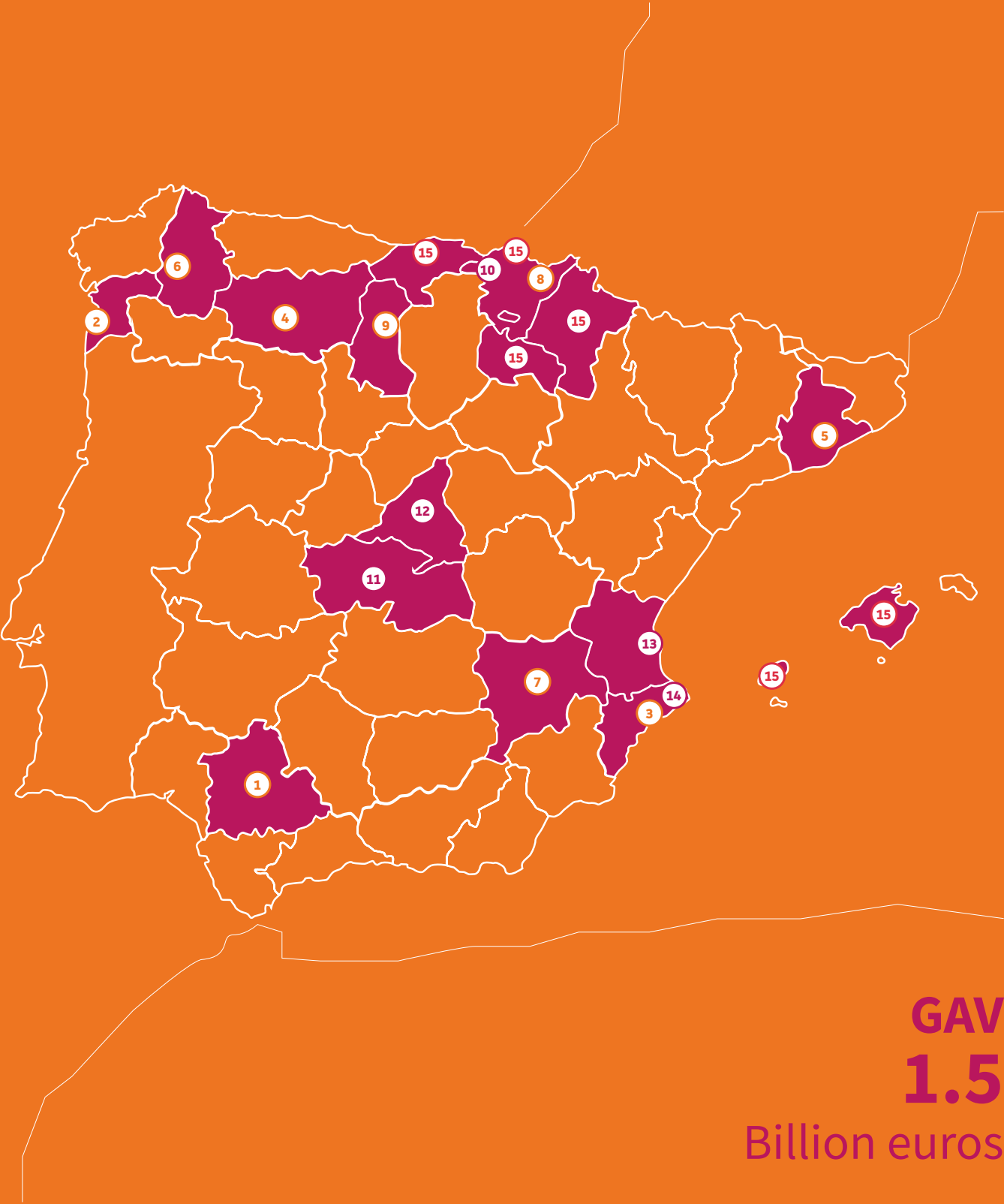
On 7 September 2020, Lar España was awarded for the sixth year running with the **Gold Award** from the **European Public Real Estate Association (EPRA)** in recognition of the quality of the **financial information** provided by the company.

Lar España was also awarded for **the third consecutive year** with the most prestigious recognition from **EPRA, the Gold Award**, related to the information about **ESG**. This highlights the international recognition for the information reported by Lar España and made available to its shareholders.



# 2.3

Portfolio at 30 September 2020







## 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. VidaNova Parc (Valencia)
14. Vistahermosa (Alicante)



## Other Retail

15. Supermarkets Portfolio (22 units) (Cantabria, Basque Country, La Rioja, Navarra and Baleares)



## Lagoh Shopping Centre



### ASSET CHARACTERISTICS

Location	Seville
GLA	69,720 sqm
Purchase Date	1 March 2016
Land Acquisition Price	€38.5 million
WAULT	4.5 years



## Gran Vía Shopping Centre



### ASSET CHARACTERISTICS

Location	Vigo
GLA	41,453 sqm
Purchase Date	15 September 2016
Acquisition Price	€141.0 million
WAULT	2.0 years



## Portal de la Marina and Hypermarket Shopping Centre



### ASSET CHARACTERISTICS

Location	Alicante
GLA	40,334 sqm
Purchase Date	30 October 2014/ 30 March 2016/ 9 June 2015
Acquisition Price	€89.2 million
WAULT	2.7 years



## El Rosal Shopping Centre



### ASSET CHARACTERISTICS

Location	León
GLA	50,996 sqm
Purchase Date	7 July 2015
Acquisition Price	€87.5 million
WAULT	2.5 years



## Ànec Blau Shopping Centre



ASSET CHARACTERISTICS	
Location	Barcelona
GLA	29,069 sqm
Purchase Date	31 July 2014
Acquisition Price	€80.0 million
WAULT	4.1 years



## As Termas + Petrol Station Shopping Centre



ASSET CHARACTERISTICS	
Location	Lugo
GLA	35,127 sqm
Purchase Date	15 April 2015/ 28 July 2015
Acquisition Price	€68.8 million
WAULT	2.7 years



## Albacenter, Hypermarket and Retail Units Shopping Centre



ASSET CHARACTERISTICS	
Location	Albacete
GLA	26,310 sqm
Purchase Date	30 July 2014/ 19 December 2014
Acquisition Price	€39.9 million
WAULT	3.2 years



## Txingudi Shopping Centre



ASSET CHARACTERISTICS	
Location	Irún (Guipúzcoa)
GLA	10,712 sqm
Purchase Date	24 March 2014
Acquisition Price	€27.7 million
WAULT	2.4 years



### Las Huertas Shopping Centre



#### ASSET CHARACTERISTICS

Location	Palencia
GLA	6,267 sqm
Purchase Date	24 March 2014
Acquisition Price	€11.7 million
WAULT	1.7 years



### Megapark + Megapark Leisure Area Retail Park



#### ASSET CHARACTERISTICS

Location	Barakaldo (Vizcaya)
GLA	81,560 sqm
Purchase Date	19 October 2015/ 27 October 2017
Acquisition Price	€178.7 million
WAULT	3.1 years



### Parque Abadía and Commercial Gallery Retail Park



#### ASSET CHARACTERISTICS

Location	Toledo
GLA	43,109 sqm
Purchase Date	27 March 2017/ 20 February 2018
Acquisition Price	€77.1 million
WAULT	1.7 years



### Rivas Futura Retail Park



#### ASSET CHARACTERISTICS

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





## VidaNova Parc Retail Park



ASSET CHARACTERISTICS	
Location	Sagunto (Valencia)
GLA	45,568 sqm
Purchase Date	3 August 2015
Land Acquisition Price	€14.0 million
WAULT	3.1 years



## Vistahermosa Retail Park



ASSET CHARACTERISTICS	
Location	Alicante
GLA	33,763 sqm
Purchase Date	16 June 2016
Acquisition Price	€42.5 million
WAULT	4.1 years



## Supermarkets Portfolio Other Retail

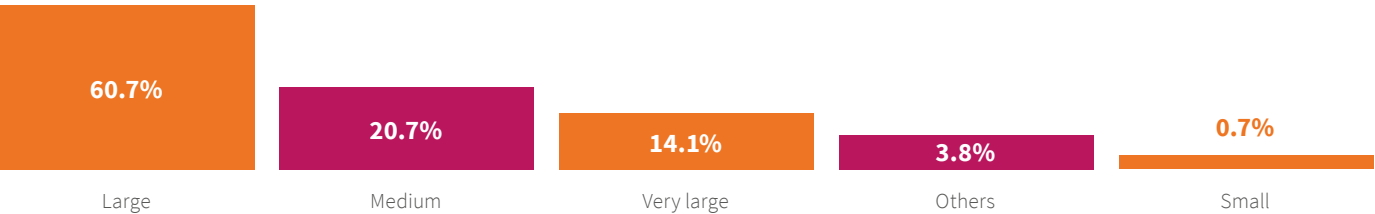
ASSET CHARACTERISTICS	
Location	Cantabria, Basque Country, La Rioja, Navarra and Baleares
GLA	27,909 sqm
Purchase Date	27 March 2017
Acquisition Price	€47.6 million
WAULT	10.5 years

## Our retail portfolio at a glance

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

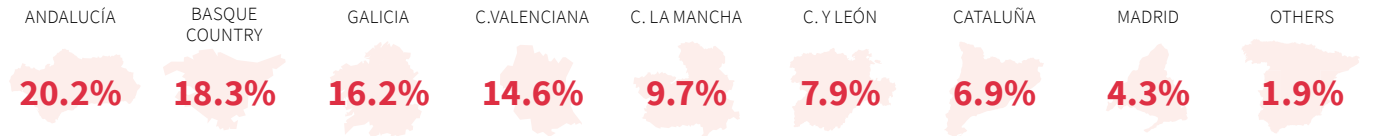


### By size<sup>(\*)</sup> (GAV)



(\*) 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)



OTHERS: Balears 0.8% / Cantabria 0.5% / Navarra 0.4% / La Rioja 0.2%

### By type (GAV)




(1) Ratio calculated according to EPRA recommendations.






## 2.4

### Key Indicators

 **+24%**  
Revenues  
vs 9M 2019

 **+42%**  
EBITDA  
vs 9M 2019

In the first nine months of 2020 Lar España generated revenues of **71,396 thousand Euros** and a EBITDA of **53,578 thousand Euros**, being the most relevant figures the following:

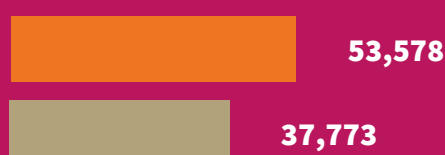
#### Revenues

(Thousands of euros)



#### EBITDA

(Thousands of euros)



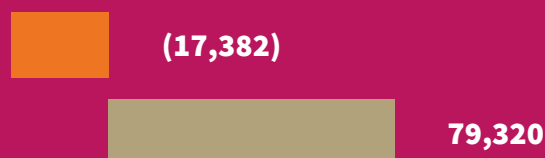
#### EBIT<sup>(\*)</sup>

(Thousands of euros)



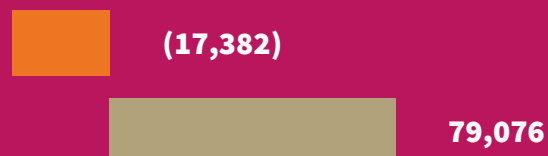
#### EBT<sup>(\*)</sup>

(Thousands of euros)



#### Net Profit<sup>(\*)</sup>

(Thousands of euros)



 9M 2020

 9M 2019

(\*) **Recurring EBIT** as of 30 September 2020 amounts to **55,778 thousands of euros, 31% higher** than that registered the same period of the previous year.

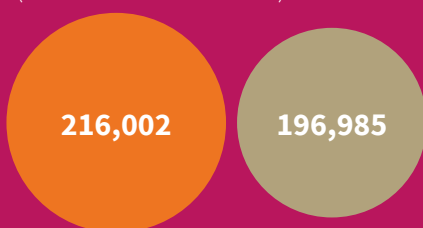
**Recurring EBT and Net Profit** as of 30 September 2020 amounts to **40,870 thousands of euros, 46% higher** than that registered the same period of the previous year.

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



The Group presents the following financial indicators:

### Working capital (Thousands of euros)



### Liquidity ratio (%)



### Solvency ratio (%)



### Net LTV (%)



### ROE (%)



### ROA (%)



● 30/09/2020

● 31/12/2019

At 30 September 2020, and 31 December 2019, the Group exhibited ratios related to liquidity (working capital and liquidity ratio) with very high values, showing that the Group has sufficient liquidity and a high safety margin to meet its payments.

At 30 September 2020, the **ROE (“Return on Equity”)**, which measures Group’s profitability as a percentage of shareholders equity, amounted to **-1.68%** (8.21% at 31 December 2019), 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 **-0.91%** (4.70% at 31 December 2019).

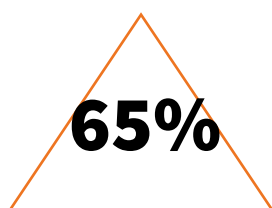
## 2.5 Business Performance

### a. Income Distribution

**Rental income** reached **71,396 thousand Euros** in the first nine months of 2020 (versus 57,776 thousand Euros in the same period of the year before), which means an increase of **24%** versus the same period the previous year.

The relative weigh of rental income by line of business at 30 September 2020 is as follows:

#### *Rental Income by asset class 9M 2020*



SHOPPING CENTRES



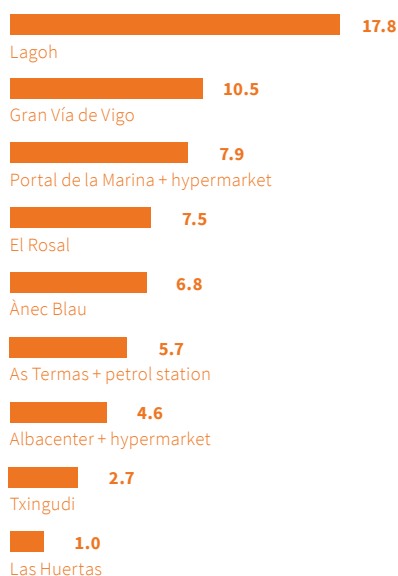
RETAIL PARKS



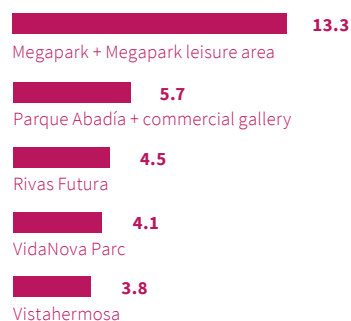
OTHER RETAIL

The breakdown of **income per asset type** during the first nine months of 2020 is as follows:

#### *Income by Shopping Centre (%)*



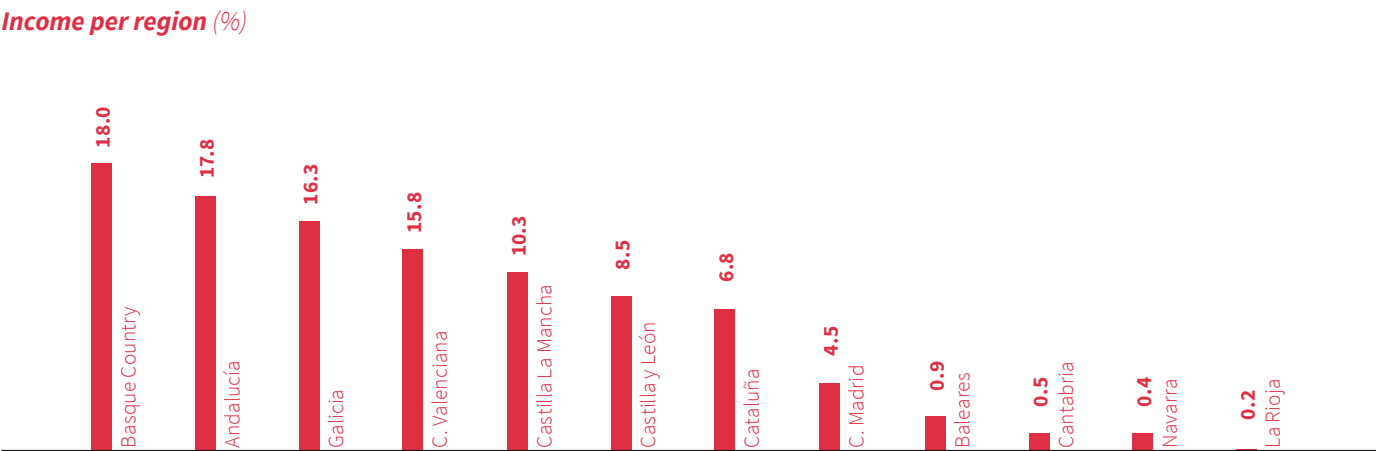
#### *Income by Retail Park (%)*



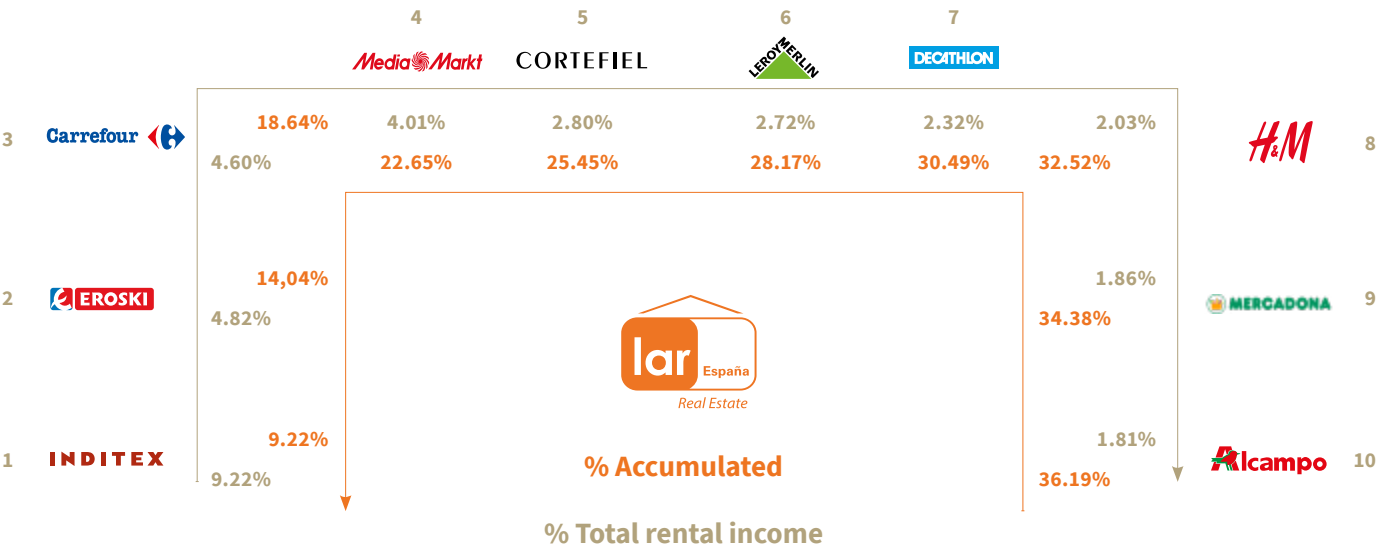
#### *Income by Other Retail (%)*



This graph details the **breakdown of rental income per region** for 9M 2020:



Below are the **ten tenants that have generated the most revenue** during the first nine months of 2020:

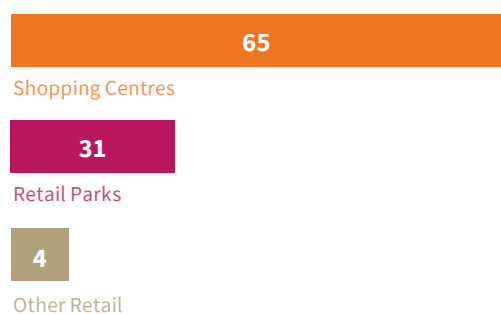


b.

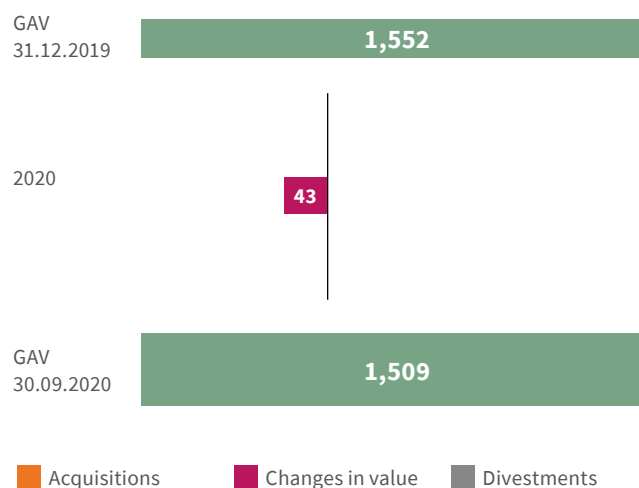
## Value of Lar España's portfolio at 30.09.2020

As at 30 September of 2020, the total value of Lar España's portfolio amounts to **EUR 1,509 million**:

### GAV by asset class (%)



### GAV reconciliation 30.09.2020 (millions of euros)



In the first nine months of 2020 Lar España has not carried out new acquisitions or divestments. The change in the fair value of investment properties for an amount of €43 million corresponds to information based on valuations carried out by independent valuers on 30 June 2020, reflecting the impact of the pandemic crisis and the declaration of the State of Alarm.

### Change in the portfolio value at 30 September 2020 (\*)



**+50.3%**  
vs purchase  
price



**-2.8%**  
vs December  
2019

(\*) Excluding CAPEX invested the percentages would be: +21.3% and -3.6% respectively.



C.  
**CAPEX**

The company has continued revamping its portfolio of assets in order to generate more value, investing close to **€14 million** during the first nine months of 2020.

The breakdown of investment by asset class is as follows:

*CAPEX investment (Thousands of euros)*

		<b>TOTAL</b>
		<b>13,665</b>
<b>Shopping Centres</b>	<b>Retail Parks</b>	
<b>10,346</b>	<b>3,319</b>	

With an amount close to **€8.5million** invested, Ànec Blau and Megapark assets have led the way in terms of retail investment.

*Megapark retail park (Barakaldo) after the completion of part of the refurbishment works.*



d.  
**Lease expiration and WAULT**

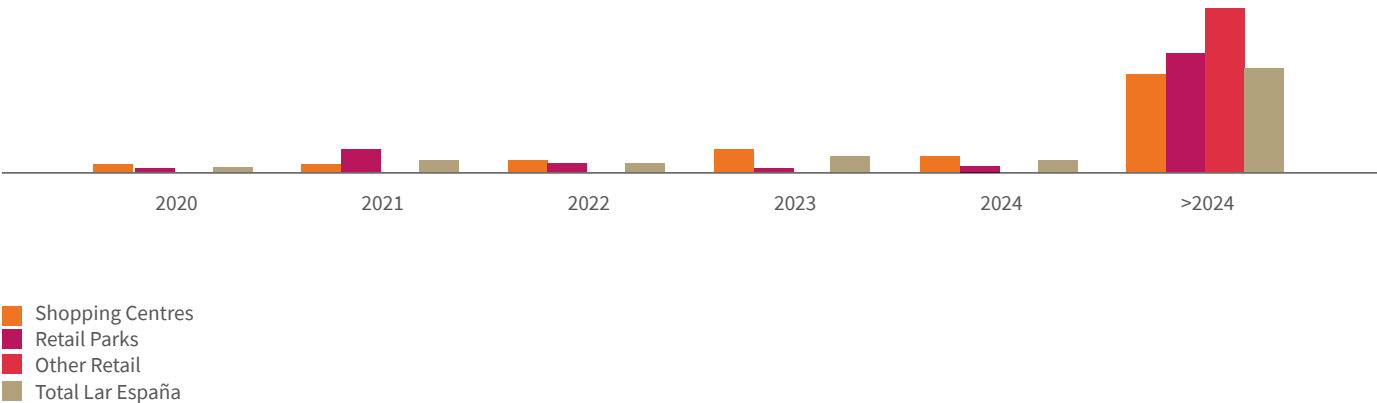
The proactive management carried out by Lar España allows us to have a **solvent and diversified tenant base**.

Renovations have been carried out at the properties occupied by our key tenants, thereby prolonging the lease terms, allowing us to have a significant level of guaranteed minimum rents. During the year new long-term lease agreements have been signed with new tenants and negotiations has been carried out according to the current situation. We note that as of 30 September 2020, **more than 60% of all Lar España’s active lease agreements** have lease expiries beyond 2024.



By September 30th 2020, **over 60% of retailer leases** had expiration dates beyond 2024.

**Annual lease expiration (end of contract)**





**Over 1,000**  
existing contracts

Thus, the **WAULT<sup>(\*)</sup>** (weighted average unexpired lease term) at 30 September 2020 of Lar España's portfolio is **3.4 years**. Below you will find the detail by asset class:

**3.4**

Lar España

**3.1**

Shopping Centres

**2.9**

Retail Parks

**10.5**

Other Retail



(\*) 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 30 September 2020".



**95.2%**  
Occupancy (sqm)

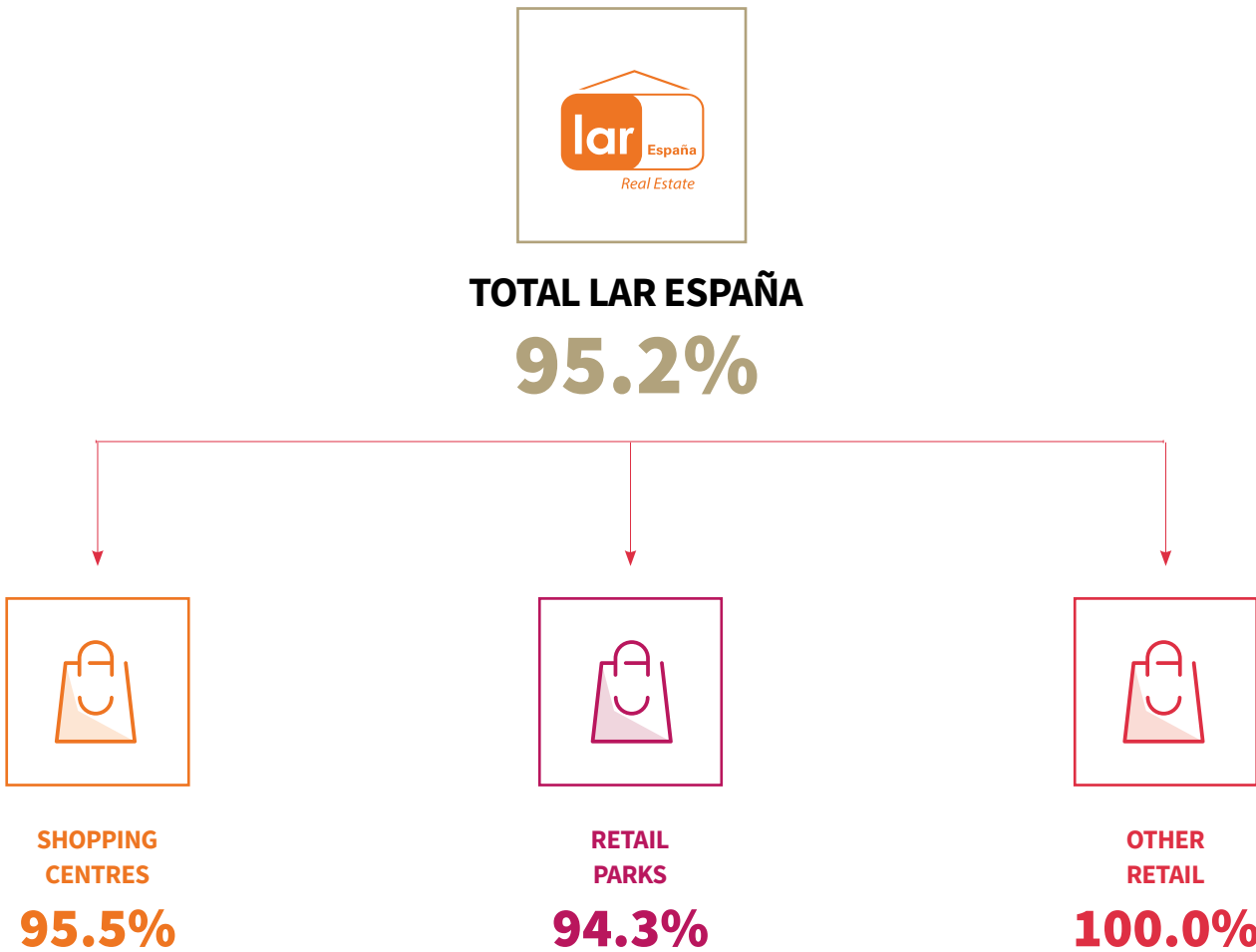


**578,345 sqm**  
Total GLA

e.  
**Occupancy (in sqm)**

The gross leasable area (GLA) of Lar España’s income producing assets at 30 September 2020 stood at **578,345 sqm**, whilst the average occupancy rate stood at **95.2%**.

The occupancy rate by asset class at 30 September 2020 is shown below:





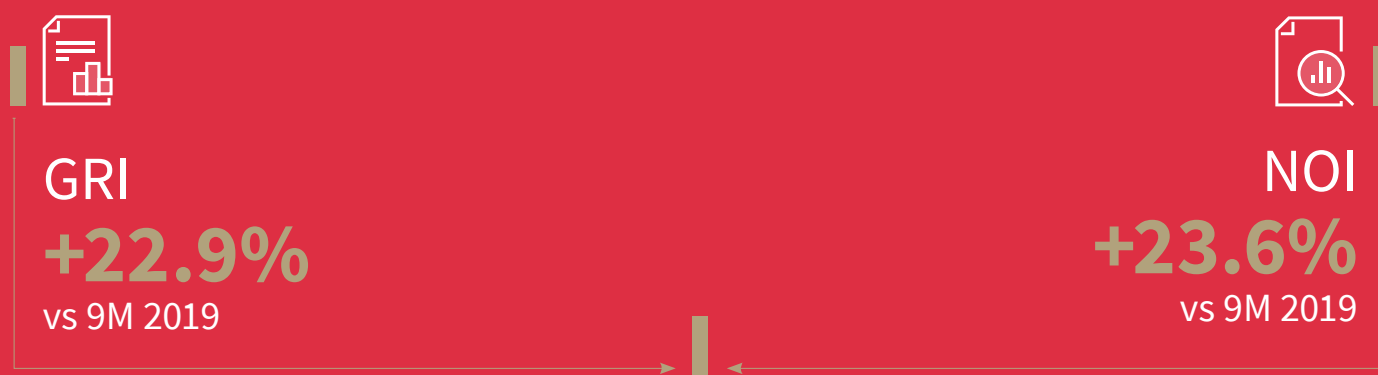
f.

## Main milestones

The performance of the key indicators during the first nine months of 2020 is detailed below:

### RETAIL

#### Key indicators evolution



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




(\*) Like for Like (excluding Lagoh shopping centre).


## Major operative milestones

During the first nine months of 2020 Lar España continued to actively manage its retail portfolio. It closed **81 operations** including renewals, relocations, relettings and new lettings, resulting in an annualized tenant rotation rate of **5%** for the portfolio.

	<i>Renewals</i>	<i>Relocations and Relettings</i>	<i>New Lettings</i>	<i>Total</i>
Number of operations	49	17	15	<b>81</b>
sqm	12,389	3,249	3,041	<b>18,679</b>

 **18,679 sqm**  
Rotated

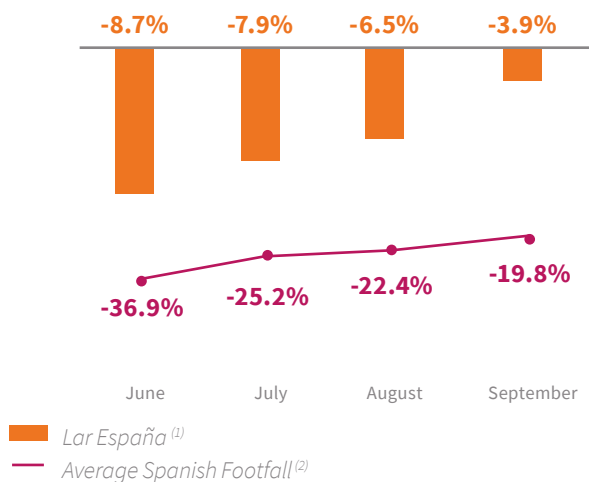
 **+4%**  
Rent uplift

 **€4.4 million**  
negotiated rent

 **81**  
Operations

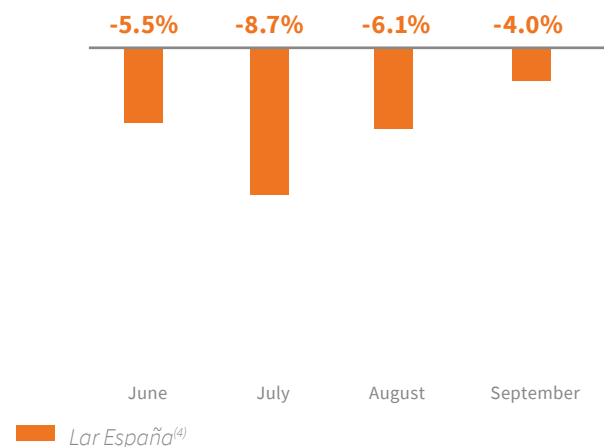
## Footfall 2020 45.4 Million of visits

Footfall indicator in our shopping centres LfL since reopening 2020 vs same period in 2019.



## Sales 2020 481.0<sup>(3)</sup> Million €

Sales performance LfL since reopening 2020 vs same period in 2019.



(1) Like for Like 2020 vs 2019 (excluding Lagoh, Ànec Blau and Megapark Leisure Area because is going through a comprehensive refurbishment project); accumulated figures at 30 September 2020: **-23.8%** Lar España footfall and **-34.7%** ShopperTrak Index / (2) ShopperTrak Index / (3) Declared sales / (4) Like for Like 2020 vs 2019 (excluding Lagoh, Ànec Blau and Megapark Leisure Area because is going through a comprehensive refurbishment project); accumulated figures at 30 September 2020 of total sales: **-22.5%**.



Some of the main operations during the period of 1 July and 30 September 2020 are detailed below:



*Main operations*

---

**Relettings**

---

Mango (500 sqm)

---

**Renewals**

---

Misako (90 sqm)

---

Lotería Post (24 sqm)

---



More than **€276,000** annual negotiated rent  
**5** operations  
**670** sqm



*Main operations*

---

**New lettings**

---

Carls Jr (350 sqm)

---

**Renewals**

---

Electro Hiper Europa (1,000 sqm)

---



More than **€191,500** annual negotiated rent  
**2** operations  
**1,349** sqm



*Main operations*

---

**New lettings**

---

Flex (161 sqm) at Abadía

---

**Renewals**

---

Urban Planet (2,369 sqm) at Vistahermosa

---

Desigual (469 sqm) at Megapark

---

New Yorker (820 sqm) at El Rosal

---



More than **€1,233,900** annual negotiated rent  
**28** operations  
**5,902** sqm



## Retail Tenant Mix

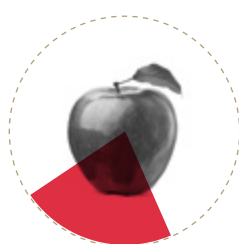
Below we display the **tenant mix** of Lar España's retail portfolio at 30 September 2020 by space let. The food & beverage and health sectors account more than **20%** of the retail offering in Lar España's assets.



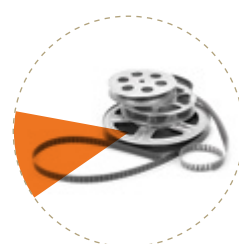
**29.2%**  
Fashion



**18.2%**  
Home



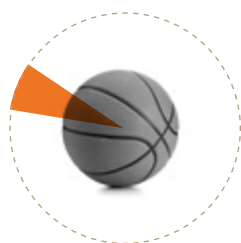
**17.9%**  
Food & Beverage



**14.8%**  
Leisure and  
Entertainment



**6.6%**  
Dining



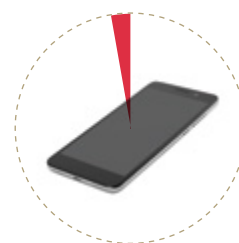
**6.7%**  
Sports and  
Adventure



**3.6%**  
Services



**2.7%**  
Health and Beauty



**0.3%**  
Culture,  
Technology  
and Multimedia



**100,000 sqm**  
dedicated to leisure  
and entertainment



**Retail 4.0**

## Lagoh shopping centre in Seville first anniversary

### The next generation of retail

On the 26th of September, the **shopping and entertainment complex**, Lagoh, celebrated its **first anniversary** since opening the year before. The centre comprises **148 let and operational stores and its occupancy rate currently stands at 99.2%**. Within its over 100,000 sqm, the centre boasts an unbeatable mix of leading brands, many of which have set up shop in Seville for the very first time. It also benefits from a catchment area of **1.5 million people**, making it one of Spain's leading shopping centres.

### Lagoh technology and innovation

Lar España is firmly committed to technology and **believes it drives both innovation and customer experience**. Technology is key when it comes to carrying out an initial in-depth analysis of every customer's habits and preferences. The point when the customer visits a store is the crowning moment of a process that was examined and analysed long before - a point where both digital and physical come together in perfect harmony.

Lagoh is all about sustainability and innovation, both in terms of its architectural design and its construction. This family-oriented shopping and leisure complex is Seville's very first Experience Resort, packed with everything visitors need to ensure a unique day out.



Some of the technology showcased at the centre includes:

- **Mallcom**: a platform that creates a communication channel between retailers and the various levels of shopping centre management and service provision. This system provides a means to manage retailers' sales indicators, potential staff discounts, job offers, events and marketing, security and critical communications, maintenance and cleaning.
- **Advertima**: is another of the initiatives in the centre. A sensor system that monitors how visitors use the space, revealing which retailers get the most traffic, how much time people spend in different areas and the level of interest in events and other marketing strategies.
- Also of note is that the property is controlled via a **BMS** (Building Management System) system that focuses on climate control. It benefits from various sensors that monitor various factors to optimise climate control right from the heart of the property. The climate control system also boasts **photocatalytic** air purifier filters, that help the system recycle air and provide extra peace of mind for everyone's health.
- **Brand new website**: One year on from its official launch and having managed to position itself as a truly unique, ground-breaking and original digital project, the website has now moved on to a more visual format, in which video and photography are front and centre. (<https://www.lagoh.es/>)

The centre embodies and symbolises the **retail 4.0 model** that Lar España has embraced. Excellence in management, omnichannel retailing, the roll-out of new technologies, customer insight and, finally, international experience are all vital growth drivers for twenty-first century retail.



### Sustainable Lagoh

In order to maximise respect for the environment and to become a preeminent sustainable destination, ecological, hydrological, erosion and acoustic studies were carried out with regard to the design and construction of the centre. This has led to the centre being much more efficient, thereby minimising its environmental impact, both when operational and in terms of the construction, making Lagoh a truly **standout sustainable destination**.

The centre features a **system for making use of established renewable energy sources**. A process for collecting rainwater that can be used to irrigate landscaped areas and vegetation is being developed, with the goal of not using public mains water and therefore improving the sustainability of the shopping centre. It also has a network of solar panels providing low-carbon electricity; while **geothermal technology** generates heat by drawing on warmth beneath the ground under visitors' feet.

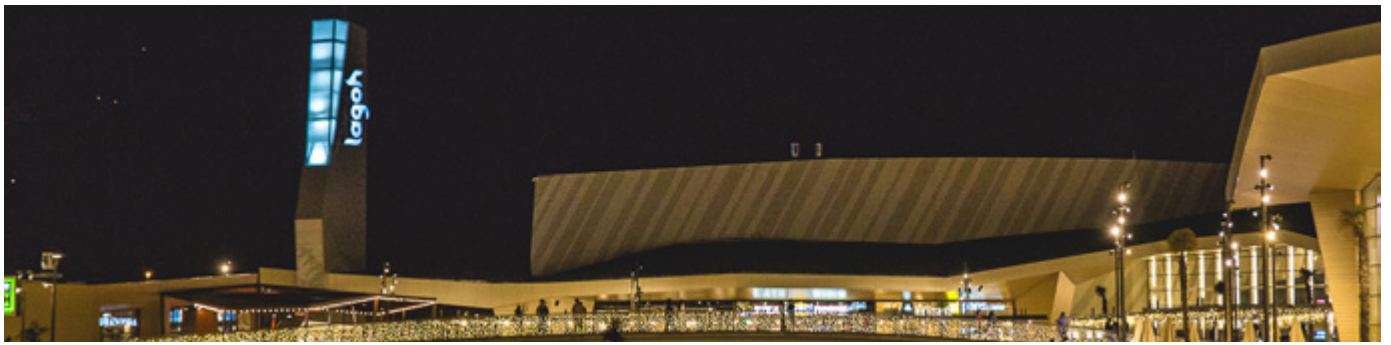
It is important to stress that the energy provided to the whole complex is **100% renewable**, as certified by the **National Commission of Markets and Competition** (Comisión Nacional de los Mercados y la Competencia - CNMC), the only body authorised to do so in Spain.

In keeping with **Lar España's global mission, TES** (Technology, Experience and Sustainability), Lagoh offers a selection of **innovative experiences** while **showcasing the company's commitment to sustainable design**. Right from the project's inception, it was designed to embody environmental and social principles that would help this new destination make a positive impact on city life in Seville.

Lagoh was designed with the latest technology built in, and protecting the environment was paramount at all stages of the project. As a result, the development sets **multiple new standards for sustainability**:



- A green roof and vast (6,000 sqm) central lake that adapt the building to the local climate, to keep visitors cool and comfortable and **minimise energy consumption**.
- A design that ensures **universal accessibility** to both the shopping centre and its immediate surroundings, without any architectural barriers and accessible to everyone.
- **Installation of geothermal renewable energy, to help cut energy** consumption by 35% compared to conventional systems.
- **Promotion of waste recycling** via a waste collection point inside the centre.
- Lar España made a major investment in the construction of access roads and overpasses to **champion the use of bicycles and public transport**, in order to smooth traffic flows in the south of Seville.
- Lagoh has been awarded the **BREEAM Sustainable Building Certification** in the design phase.
- Furthermore, the centre aspires to make a difference to the lives of local people, creating 1,500 direct jobs, 1,800 indirect jobs and 1,500 jobs during the construction phase, for a total of **4,800 new employment opportunities**.



### *LagoH is all about fun*

LagoH is **Seville's very first Experience Resort**, packed with everything you need for a fun-tastic day out. Its prime location to the south of Seville, in an area prized by families, makes it a must-visit destination for **family entertainment**. Among the many leisure activities available, visitors can enjoy:



**Yelmo Premium cinemas**



**Boating on the lake**



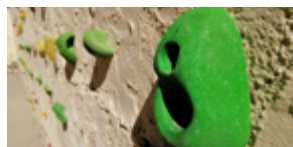
**Trampoline Park**



**Wind Tunnel**



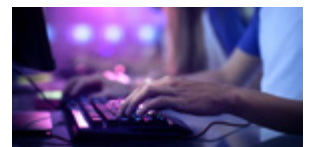
**Surf Pool**



**Climbing Centre**



**Zip Line**



**Gaming**

LagoH always strives to provide its guests with a truly unique and innovative range of activities for all to enjoy. In addition to its leisure offering, LagoH also features a spectacular range of **food options** catering to a variety of palates, with something for everyone.





# 3

## CONSOLIDATED FINANCIAL STATEMENTS

*p.54*

**3.1** Company Chart 30.09.2020  
*p.56*

**3.2** Consolidated Statement  
of Comprehensive Income  
*p.58*

**3.3** Consolidated Statement  
of Financial Position  
*p.60*

**3.4** Consolidated Statement  
of Cash Flows  
*p.66*





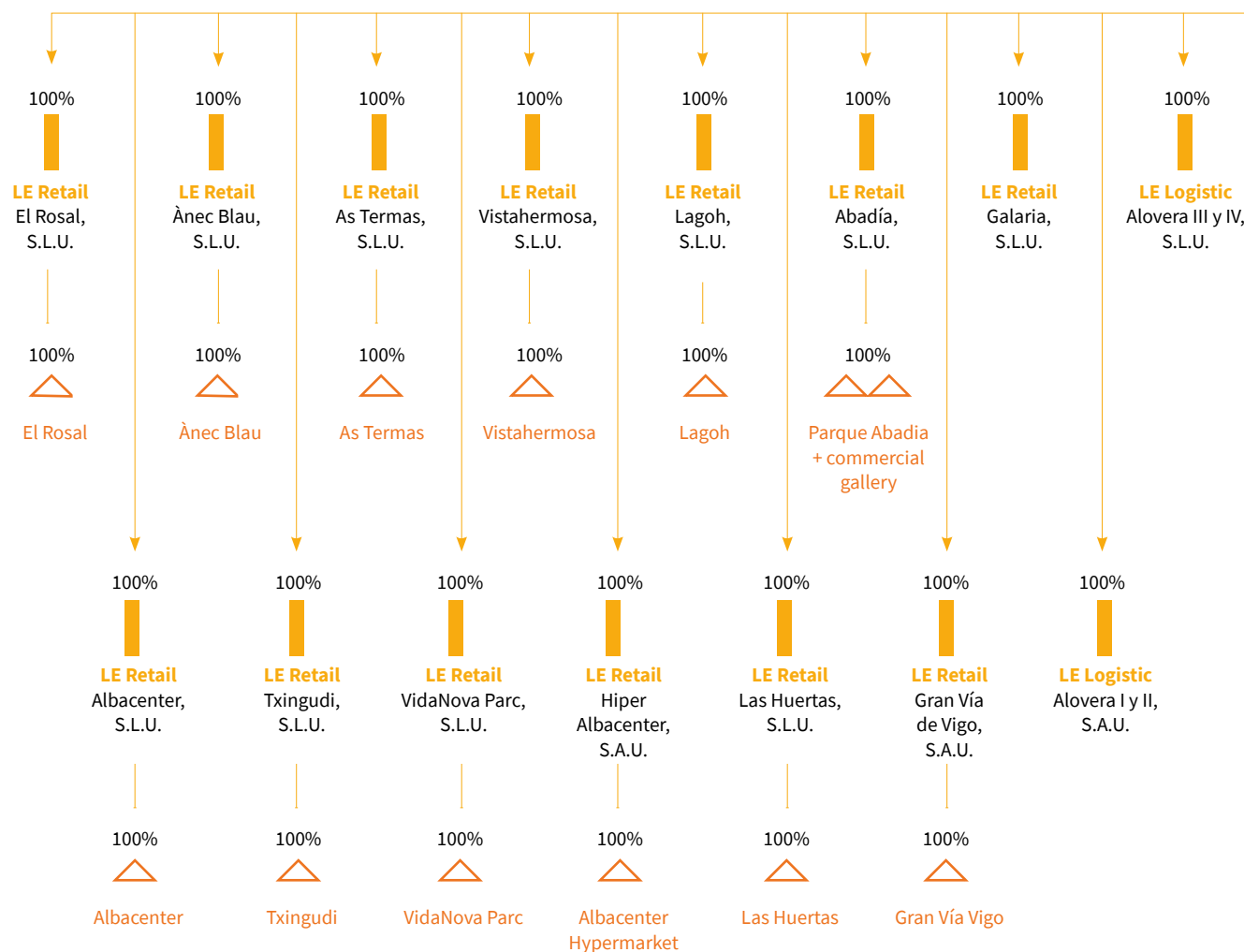


## 3.1

### Company Chart 30.09.2020

At 30 September 2020, the consolidated financial statements of the Group were presented in accordance with the accounting principles established in the International Financial Reporting Standards adopted by the European Parliament (EU-IFRS) up until this date.

The **scope of the Group's consolidation** is as follows:



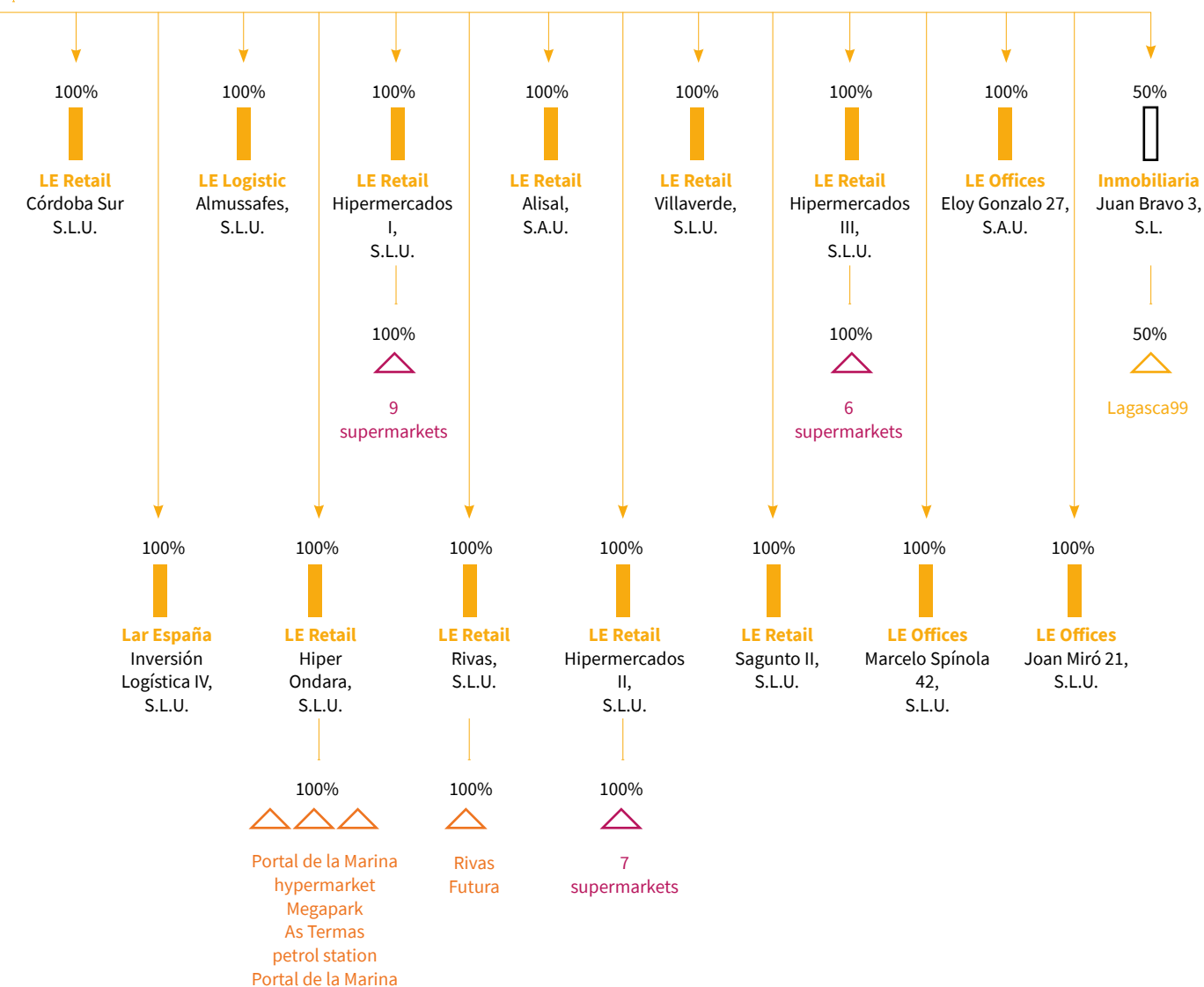
Company.

Full Consolidation

Equity Method



For comparative purposes, the balances of the Consolidated Comprehensive Income Statement are shown together with those for the same period the year before, whilst for the Consolidated Statement of Financial Position they are shown together with those corresponding to 31 December 2019.



#### Asset Class.

Shopping Centres & Retail Parks
 Retail Units
 Residential

## 3.2

### Consolidated Statement of Comprehensive Income

	9M 2020	9M 2019	9M 2020	9M 2019	9M 2020	9M 2019
(Thousands of euros)	Recurring		Non-recurring		TOTAL	
Revenues	71,396	57,776	-	-	71,396	57,776
Other income	1,735	1,738	-	-	1,735	1,738
Personnel expenses	(364)	(311)	-	-	(364)	(311)
Other expenses	(16,989)	(16,589)	(2,200)	(4,872)	(19,189)	(21,461)
Changes in the fair value of investment properties	-	-	(55,877)	55,053	(55,877)	55,053
Results of disposals of investments properties	-	-	-	31	-	31
<b>RESULTS FROM OPERATIONS</b>	<b>55,778</b>	<b>42,614</b>	<b>(58,077)</b>	<b>50,212</b>	<b>(2,299)</b>	<b>92,826</b>
Financial income	39	3	-	-	39	3
Financial expenses	(14,947)	(14,679)	-	-	(14,947)	(14,679)
Share in profit (loss) for the period of equity-accounted companies	-	-	(175)	1,170	(175)	1,170
<b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>40,870</b>	<b>27,938</b>	<b>(58,252)</b>	<b>51,382</b>	<b>(17,382)</b>	<b>79,320</b>
Income tax	-	-	-	(244)	-	(244)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>40,870</b>	<b>27,938</b>	<b>(58,252)</b>	<b>51,138</b>	<b>(17,382)</b>	<b>79,076</b>

Data unaudited at 30 September 2020.



Recurring result  
from operations  
**55,778**  
thousand of euros  
**+31% vs 9M 2019**



Recurring profit for  
the period  
**40,870**  
thousand of euros  
**+46% vs 9M 2019**

## Result from operating activities

As of 30 September 2020, the Group presented a **positive recurring result for its operations amounting to 55,778 thousand Euros** (42,614 thousand Euros at 30 September 2020) which means an increase of **31%** versus the same period the previous year. Meanwhile, the **recurring profit for the period amounts to 40,870 thousand Euros**, which means an increase of **46%** versus the same period the previous year.

## Revenues

**Revenues** during the first nine months of 2020 amounted to **71,396 thousand Euros** (revenue of 57,776 thousand Euros during the first nine months of 2019), which means an increasing of **24%** versus the same period the previous year.

## Other expenses

At 30 September 2020, the Group incurred other expenses amounting to **19,189 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 8,868 thousand Euros
- Management fees (fixed fee included) for management services provided to the Company by Grupo Lar Inversiones Inmobiliarias ("Grupo Lar") totals 6,050 thousand Euros, discounting indirect fees paid in subsidiary companies (1,003 thousand Euros) and other expenses incurred by Grupo Lar and paid by Lar España (134 thousand Euros). In addition, exceptionally, there has been a reduction of 334 thousand euros in the fees charged by the manager Grupo Lar during the second quarter of 2020, due to the crisis caused by the COVID-19 virus pandemic.
- Bad debt provision for an amount of 1,230 thousand Euros (classified as non-recurring expenses).

## Change in the fair value of investment properties

The negative amount in this entry, **55,877 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) at 30 June 2020.

## Net Financial Result

The **financial result** was a negative balance of 14,908 thousand Euros at 30 September 2020 (negative balance of 14,676 thousand Euros at 30 September 2019).

**Financial expenses** mainly comprises the interest accrued on loans taken out by the Group with financial institutions and the bonds issued by the Group in February 2015.



### 3.3

## Consolidated Statement of Financial Position

<i>Assets (Thousands of euros)</i>	<i>30/09/2020</i>	<i>31/12/2019</i>
Intangible assets	2	2
Investment properties	1,406,595	1,449,344
Equity-accounted investees	650	5,100
Non-current financial assets	14,285	13,149
Trade and other receivables non-current	11,942	3,857
<b>NON-CURRENT ASSETS</b>	<b>1,433,474</b>	<b>1,471,452</b>
Non-current assets held for sale	103,747	103,790
Trade and other receivables	36,911	14,644
Other current financial assets	207	189
Other current assets	2,601	2,650
Cash and cash equivalents	106,111	160,527
<b>CURRENT ASSETS</b>	<b>249,577</b>	<b>281,800</b>
<b>TOTAL ASSETS</b>	<b>1,683,051</b>	<b>1,753,252</b>

<i>Equity and liabilities (Thousands of euros)</i>	<i>30/09/2020</i>	<i>31/12/2019</i>
Capital	175,267	175,267
Share premium	475,130	475,130
Other reserves	281,005	254,358
Retained earnings	(17,382)	80,730
Treasury shares	(15,374)	(762)
Valuation adjustments	(5,137)	(1,943)
<b>EQUITY</b>	<b>893,509</b>	<b>982,780</b>
Financial liabilities from issue of bonds and other marketable securities	139,606	139,376
Loans and borrowings	573,491	506,641
Deferred tax liabilities	17,201	17,201
Derivatives	5,617	2,846
Other non-current liabilities	20,052	19,593
<b>NON-CURRENT LIABILITIES</b>	<b>755,967</b>	<b>685,657</b>
Liabilities related to non-current assets held for sale	1,527	1,570
Financial liabilities from issue of bonds and other marketable securities	2,458	3,482
Loans and borrowings	9,670	41,127
Derivatives	2,675	2,393
Other financial liabilities	-	3,199
Trade and other payables	17,245	33,044
<b>CURRENT LIABILITIES</b>	<b>33,575</b>	<b>84,815</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,683,051</b>	<b>1,753,252</b>

Data unaudited at 30 September 2020.

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



## Non-current assets

### Investment properties

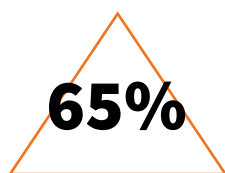
At 30 September 2020, **investments properties** are classified as non-current assets, at a fair value of **1,406,595 thousand Euros** (1,449,344 thousand Euros at 31 December 2019), except for the shopping centres Las Huertas, Txingudi and the Eroski's hypermarkets amounting to 102,220 thousands Euros which is classified under "Non-current assets held for sale".

The Group's investment properties, including the assets classified under "Non-current assets held for sale", consist of nine shopping centres, five retail parks and twenty-two retail units.

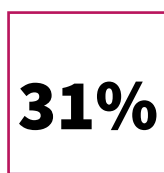
<b>Net Investment</b> (Thousands of euros)	<b>30/09/2020</b>	<b>31/12/2019</b>
Shopping Centres	988,257	1,018,143
Retail Parks	461,838	478,301
Other Retail	57,720	54,120
Others	1,000	1,000
<b>INVESTMENT PROPERTIES (*)</b>	<b>1,508,815</b>	<b>1,551,564</b>

(\*) This amount includes Las Huertas, Txingudi and the Eroski's Hypermarkets investment properties for an amount of 102,220 thousand Euros, which has been reclassified to "Non-current assets held for sale"

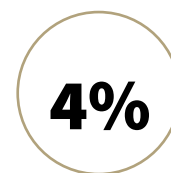
### Investment properties by asset class



**Shopping Centres**



**Retail Parks**



**Other Retail**

## Equity-accounted investees

At 30 September 2020 and 31 December 2019, 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.

In addition, at 30 September 2020 the investee Inmobiliaria Juan Bravo 3, S.L. **has repaid the shareholders contributions from the Group**, amounting to 4,275 thousand euros (corresponding to 50% of the Group's investment), thereby decreasing the value of the equity-accounted investment held by the Group. This repayment of shareholders contributions has not affected the percentage of interest held by the Group held in said company.

## Non-current financial assets

At 30 September 2020 and 31 December 2019, 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.

## Current assets

### Assets and liabilities held for sale

At 30 September 2020 and 31 December 2019, this heading included the assets and liabilities of the company **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. and LE Retail Hipermercados III, S.L.U.**, which were classified as held for sale as per IFRS 5. (\*)

At 30 September 2020 assets and liabilities held for sale are as follows:

#### Non-current assets held for sale

(Thousands of euros)	30/09/2020
Investment properties	102,220
Non-current financial assets	1,102
Cash and cash equivalents	425
<b>TOTAL NON-CURRENT ASSETS HELD FOR SALE</b>	<b>103,747</b>

#### Liabilities related to non-current assets held for sale

(Thousands of euros)	30/09/2020
Other non-current liabilities	1,527
<b>TOTAL LIABILITIES RELATED TO NON-CURRENT ASSETS HELD FOR SALE</b>	<b>1,527</b>

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

## Trade and other receivables

As at 30 September 2020, this heading mainly reflects the outstanding invoiced income corresponding to the period comprised between March and September that are pending collection. Additionally it reflects the claims with public administration credits in the amount of 7,331 thousand Euros.

As of 31 December 2019, this heading mainly reflects claims on public administration credits amounting to 10,639 thousand Euros.



## Net Equity

As of 30 September 2020, the **Company's share capital** consisted of **87,633,730 registered shares** represented by book entries with a par value of 2 Euros each, fully subscribed and paid up, giving their holders equal rights.

On 17 March 2020, the General Shareholders' Meeting approved the **distribution of a maximum dividend** of EUR 55,000 thousand or EUR 0.63 per share (considering all outstanding shares) with a charge to 2019 profit.

The total pay-out was **54,094 thousand euros** (after deducting the amount corresponding to treasury shares, which does not leave the Parent Company's equity and totals EUR 924 thousand in dividends charged to profit), given the amount per share approved and shares outstanding at the time of approval by the General Shareholders' Meeting on 17 March 2020. The dividend pay-out was settled in full on 16 April 2020.

During the first nine of 2020, the Company has carried out its own share sale and purchase transactions, as described below:



















	<i>Number of shares</i>	<i>Thousands of euros</i>
<b>31 December 2019</b>	<b>103,820</b>	<b>762</b>
Additions	2,716,488	14,785
Disposals	(23,668)	(173)
<b>30 September 2020</b>	<b>2,796,640</b>	<b>15,374</b>

The negative balance arising from the sale of own shares during the first nine of 2020 amounted to 6 thousand Euros, recorded under "Other reserves".

## Financial liabilities

### Loans & Borrowings

The characteristics of the Loans & Borrowings at 30 September 2020 are as follows:

Type	Project	Entity	Interest rate <sup>(1)</sup>	Maturity date	Nominal amount (Thousands of euros)	Current (Thousands of euros)	Non-Current (Thousands of euros)
Mortgage Loan	El Rosal	 CaixaBank	EUR 3M + 1.75%	07/07/2030	50,000	3,079	46,344
Mortgage Loan	VidaNova Parc	 BBVA	EUR 3M + 1.85%	31/12/2024	28,000	-	27,371
Mortgage Loan	Megapark + Megapark leisure area	 Santander  NATIXIS  CREDIT AGRICOLE	EUR 3M + 1.70%	24/02/2023	105,250	252	101,739
Mortgage Loan	Portal de la Marina	 Santander  NATIXIS  CREDIT AGRICOLE	EUR 3M + 1.70%	24/02/2023	60,000	156	58,789
Mortgage Loan	Vistahermosa	 BBVA	EUR 3M + 1.85%	02/03/2022	21,550	33	21,373
Mortgage Loan	Parque Abadia + commercial gallery	 Santander	1.80% and 1.93%	23/05/2024	42,060	1,341	40,160
Mortgage Loan	Gran Vía de Vigo	 ING	EUR 3M + 1.75%	14/03/2022	82,400	-	81,553
Mortgage Loan	Rivas Futura	 BBVA	1.90%	19/12/2024	34,500	-	34,322
Developer's Loan	Lagoh	 Santander  Liberbank  Unicaja  Sabadell	EUR 3M + 2.00%	29/06/2025	98,500	4,337	91,940
Corporate Loan	LRE	 bankinter	EUR 12M + 1.60%	16/05/2021	30,000	-	-
Corporate Loan	LRE	 European Investment Bank	1.67%	04/05/2027	70,000	472	69,900
<b>LOANS AND BORROWINGS</b>						<b>9,670</b>	<b>573,491</b>

(1) The 75% of the principal is covered by derivatives.

### Financial liabilities from the issue of bonds and other securities

Corresponds to the bonds issued by the Group amounting to 140,000 thousand Euros in 2015.

Below you will find the net Loan To Value calculation as at 30 September 2020:

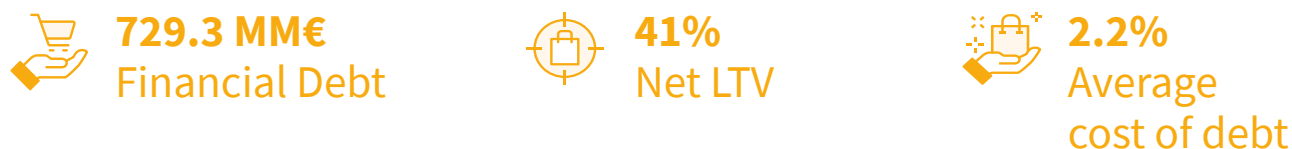
(Thousands of euros)	30/09/2020
<b>GAV</b>	<b>1,508,815</b>
Full Consolidation Gross Debt	729,325
Equity Method Gross Debt	-
<b>Total gross debt</b>	<b>729,325</b>
Cash (Full Consolidation and Equity Method) <sup>(*)</sup>	108,244
<b>Total net debt</b>	<b>621,081</b>
<b>NET LTV <sup>(**)</sup></b>	<b>41%</b>

(\*) Only available cash considered | (\*\*) Result of Total net debt/GAV

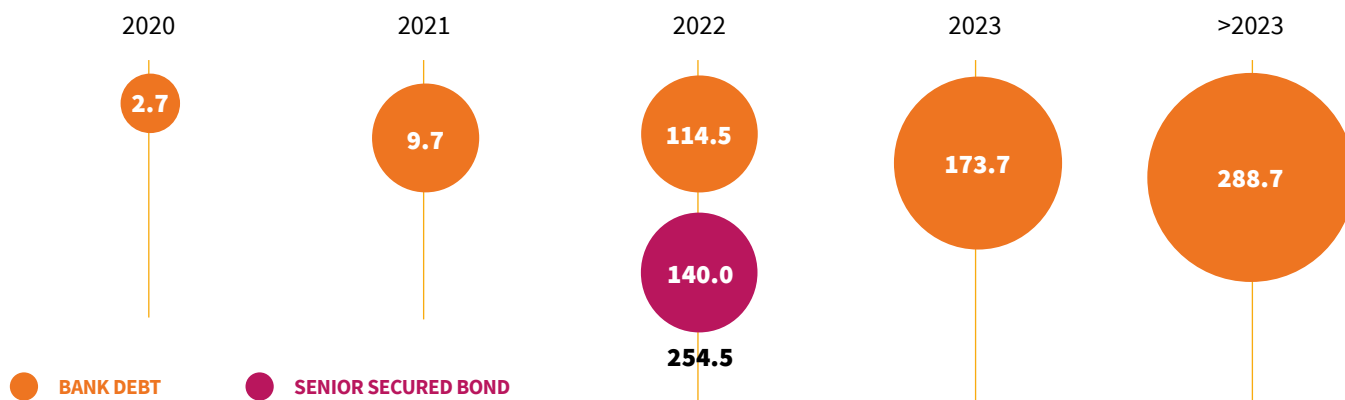


At 30 September 2020, Lar España's debt stood at **729,325 thousand Euros**, with an **average cost of 2.2%** and a **net LTV ratio of 41%**. The average debt maturity stood at 3.3 years.

The main debt indicators and the amortisation schedule is detailed below:



#### Back-Loaded Amortisation Profile (€ Million)



#### Deferred tax liabilities

At 30 September 2020, this entry included 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., LE Retail Hipermercados I, S.A.U., LE Retail Hipermercados II, S.A.U., LE Retail Hipermercados III, 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.

## 3.4

### Consolidated Statement of Cash Flows

	30/09/2020 <sup>(*)</sup>	30/09/2019 <sup>(*)</sup>
<b>A) CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>	<b>(10,123)</b>	<b>(4,575)</b>
1. Profit/(loss) for the period before tax	(17,382)	79,320
2. Adjustments for:	70,283	(41,504)
Profit / (loss) from adjustments to fair value of investment properties (+/-)	55,877	(55,053)
Impairment (+/-)	-	74
Financial income (-)	(39)	(3)
Financial expenses (+)	15,128	13,139
Changes in Fair value of financial instruments (+/-)	(181)	1,540
Share in profit (loss) for the period of equity-accounted companies (+/-)	175	(1,170)
Results of disposal of investments properties (+/-)	(677)	(31)
3. Changes in operating assets and liabilities	(49,080)	(27,735)
Trade and other receivables (+/-)	(30,313)	(597)
Other current assets and liabilities (-)	31	2,527
Trade and other payables (-)	(18,798)	(29,665)
4. Other cash flows used in operating activities	(13,944)	(14,656)
Interest paid (-)	(13,944)	(14,656)
<b>B) CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(8,909)</b>	<b>(16,476)</b>
1. Payments for investments (-)	(8,909)	(89,467)
Investment property	(8,909)	(89,467)
2. Proceeds from divestments (+)	-	72,991
Investment property	-	72,991
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(35,384)</b>	<b>(16,047)</b>
1. Payments made and received for equity instruments	(14,613)	(31,056)
Proceeds from issue of share capital (+)	-	6,425
Acquisition/disposal of treasury shares (- /+)	(14,613)	(37,481)
2. Proceeds from and payments for financial liability instruments	33,305	87,609
a) Issue of:	98,010	87,609
Bank borrowings (+)	97,010	84,448
Liabilities with associates (+)	1,000	3,161
b) Redemption and repayment of:	(64,705)	-
Bank borrowings (-)	(64,705)	-
3. Payments for dividends and remuneration on other equity instruments	(54,076)	(72,600)
Dividends (-)	(54,076)	(72,600)
<b>D) CASH AND CASH EQUIVALENTS IN NON-CURRENT ASSETS HELD FOR SALE</b>	<b>-</b>	<b>(318)</b>
<b>E) NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>	<b>(54,416)</b>	<b>(37,416)</b>
<b>F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>160,527</b>	<b>191,328</b>
<b>G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+F)</b>	<b>106,111</b>	<b>153,912</b>

(\*) Nine months period.

Data unaudited at 30 September 2020.







# 4

## EPRA INFORMATION

*p.68*

### 4.1 EPRA Earnings

*p.72*

### 4.2 EPRA NAV and EPRA NNNAV

*p.73*

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

*p.76*

### 4.4 EPRA Vacancy Rate

*p.78*

### 4.5 EPRA Cost Ratios

*p.79*







## EPRA Awards

- In November 2016, 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 standardising 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 guidelines.

(1) Not-for-profit association founded in 1999 registered in Belgium which aims to make the financial statements of public real state companies clearer, more transparent and comparable across Europe.

(2) "Best Practices Recommendations - BPR" available at [www.epra.com](http://www.epra.com)

- In September 2020, for the sixth consecutive year, Lar España was 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 again obtained the highest distinction by EPRA, achieving for the third consecutive year the **Gold Award**.

This highlights **the international recognition for the information reported by Lar España** and made available to its shareholders

2015



2016



2017



2018



2019



2020



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

<b>Indicator</b>	<b>30/09/2020 (Thousands of euros)/%</b>	<b>30/09/2020 (Euros per share)</b>
<b>EPRA Earnings</b>	<b>38,314</b>	0.45
<b>EPRA NAV</b>	<b>915,666</b>	10.79
<b>EPRA NNNAV</b>	<b>893,509</b>	10.53
<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>4.5%</b>	-
<b>EPRA Cost Ratio</b>	<b>18.3% (*)</b>	-
<b>EPRA Cost Ratio (excluding costs of direct vacancy)</b>	<b>16.2% (*)</b>	-

(\*) Ratio calculated considering recurring expenses. See terms definitions in Glossary, section 7.

## 4.1

### EPRA Earnings

(Thousands of Euros)

	9M 2020	9M 2019
<b>EARNINGS PER IFRS INCOME STATEMENT</b>	<b>(17,382)</b>	<b>79,076</b>
Change in value of investment properties	55,877	(55,053)
Profits or losses on disposal of investment properties, development properties held for investment and other interests	-	(31)
Tax on profits or losses on disposals	-	-
Negative goodwill	-	-
Changes in fair value of financial instruments and associated close-out costs	(181)	1,540
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>38,314</b>	<b>25,532</b>
<b>Weighted average number of shares (excluding treasury shares)</b>	<b>85,881,825</b>	<b>90,570,904</b>
<b>EPRA EARNINGS PER SHARE (EUROS)</b>	<b>0.45</b>	<b>0.28</b>



**Adjusted EPRA Earnings  
per share +61%**  
vs 9M 2019

## 4.2

### EPRA NAV and EPRA NNNAV

#### EPRA NAV

<i>(Thousands of Euros)</i>	<b>30/09/2020</b>	<b>31/12/2019</b>
<b>NET ASSET VALUE PER THE FINANCIAL STATEMENTS</b>	<b>893,509</b>	<b>982,780</b>
Fair value of financial instruments	4,956	3,779
Debt fair value	-	-
Deferred tax liabilities	17,201	17,201
<b>EPRA NAV</b>	<b>915,666</b>	<b>1,003,760</b>
Number of shares (excluding treasury shares)	84,837,090	87,529,910
<b>EPRA NAV PER SHARE (EUROS)</b>	<b>10.79 <sup>(*)</sup></b>	<b>11.47</b>

(\*) When analyzing this measure it is important to take into account the dividend paid in Q2 2020 (0.63€/share).





## EPRA NNAV

<i>(Thousands of Euros)</i>	<b>30/09/2020</b>	<b>31/12/2019</b>
<b>EPRA NAV</b>	<b>915,666</b>	<b>1,003,760</b>
Fair value of financial instruments	(4,956)	(3,779)
Debt fair value	-	-
Deferred tax liabilities	(17,201)	(17,201)
<b>EPRA NNAV</b>	<b>893,509</b>	<b>982,780</b>
Number of shares (excluding treasury shares)	84,837,090	87,529,910
<b>EPRA NNAV PER SHARE (EUROS)</b>	<b>10.53 <sup>(*)</sup></b>	<b>11.23</b>

*(\*) When analyzing this measure it is important to take into account the dividend paid in Q2 2020 (0.63€/share).*





Retail Park | VidaNova Parc (Valencia)

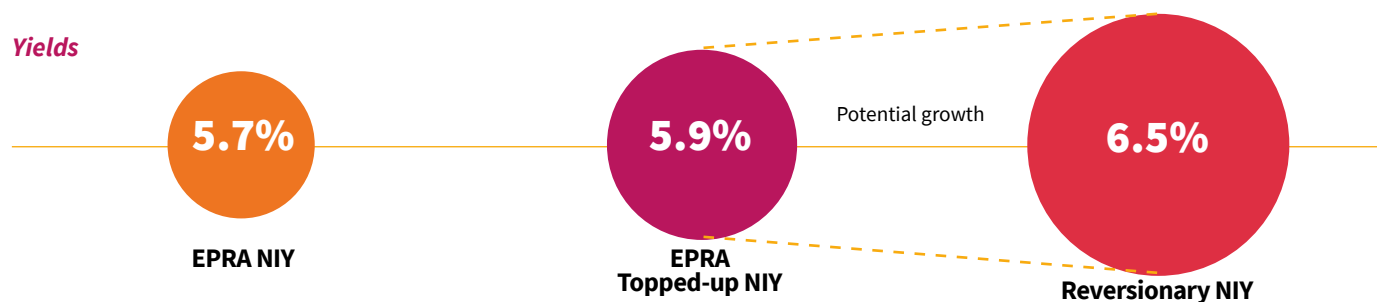


## 4.3

### EPRA NIY and EPRA “topped-up” NIY (30/09/2020)

(Thousands of Euros)	TOTAL SHOPPING CENTRES	TOTAL RETAIL PARKS	TOTAL OTHER RETAIL	TOTAL LAR ESPAÑA
Completed Property Portfolio	988,257	461,838	57,720	1,507,815
Allowance for estimated purchasers costs	20,028	8,058	875	28,961
<b>Gross up completed property portfolio valuation (A)</b>	<b>1,008,285</b>	<b>469,896</b>	<b>58,595</b>	<b>1,536,776</b>
Annualised cash passing rental income	60,898	30,419	3,966	95,283
Property outgoings	(5,215)	(3,061)	(14)	(8,290)
<b>Annualised net rents (B)</b>	<b>55,683</b>	<b>27,358</b>	<b>3,952</b>	<b>86,993</b>
Notional rent expiration of rent free periods or other lease incentives	2,858	1,286	0	4,144
<b>Topped-up net annualised rents (C)</b>	<b>58,541</b>	<b>28,644</b>	<b>3,952</b>	<b>91,137</b>
<b>EPRA NET INITIAL YIELD (B/A)</b>	<b>5.5%</b>	<b>5.8%</b>	<b>6.7%</b>	<b>5.7%</b>
<b>EPRA TOPPED-UP NET INITIAL YIELD (C/A)</b>	<b>5.8%</b>	<b>6.1%</b>	<b>6.7%</b>	<b>5.9%</b>

#### Yields





# 4.4

## EPRA Vacancy Rate

	ERV (Thousands of Euros)	ERV Vacancy (Thousands of Euros)	EPRA VACANCY RATE %
SHOPPING CENTRES	63,820	2,836	4.4%
RETAIL PARKS	33,083	1,704	5.1%
OTHER RETAIL	3,391	0	0.0%
TOTAL LAR ESPAÑA	100,294	4,540	4.5%

 **4.5%**  
EPRA Vacancy Rate





## 4.5

### EPRA Cost Ratios

	Recurring		TOTAL	
	9M 2020	9M 2019	9M 2020	9M 2019
<i>(Thousands of Euros)</i>				
Administrative expenses	(364)	(311)	(364)	(311)
Operating costs net of recoverable income <sup>(1) (2)</sup>	(12,108)	(11,707)	(14,308)	(16,579)
Administrative/operating expenses in associates	-	-	-	-
<b>EPRA Cost (including vacancy Cost) (A)</b>	<b>(12,472)</b>	<b>(12,018)</b>	<b>(14,672)</b>	<b>(16,890)</b>
Direct vacancy costs	(1,465)	(1,607)	(1,465)	(1,607)
<b>EPRA Cost (excluding vacancy Cost) (B)</b>	<b>(11,007)</b>	<b>(10,411)</b>	<b>(13,207)</b>	<b>(15,283)</b>
Gross Rental Income less ground rent costs-per IFRS	72,928	59,219	72,928	59,219
Net associated costs <i>(net service charge)</i>	(4,881)	(4,883)	(4,881)	(4,883)
<b>Gross Rental Income (C)</b>	<b>68,047</b>	<b>54,336</b>	<b>68,047</b>	<b>54,336</b>
<b>EPRA COST RATIO (including direct vacancy costs) A/C</b>	<b>18.3%</b>	<b>22.1%</b>	<b>21.6%</b>	<b>31.1%</b>
<b>EPRA COST RATIO (excluding direct vacancy costs) B/C</b>	<b>16.2%</b>	<b>19.2%</b>	<b>19.4%</b>	<b>28.1%</b>

(1) Maintenance costs totalling 43 thousands of euros are included

(2) Fixed management fee included. No variable fees have been accrued in either period.

# 5

## SHARE PRICE PERFORMANCE

*p.80*

### 5.1 Share price information and performance

*p.82*

### 5.2 Analyst Recommendations

*p.83*





Shopping Centre / Albacenter (Albacete)

# 5.1

## Share price information and performance

### Share Price Performance

#### Detail of shares (€)

Jan-Sep 2020

Price at the beginning of the period	7.10
Price at the end of the period	3.94
<b>PERFORMANCE DURING THE PERIOD</b>	<b>-44.6%</b>
Maximum price for the period	7.43
Minimum price for the period	3.51
<b>AVERAGE PRICE FOR THE PERIOD</b>	<b>4.96</b>
ADTV (*)	172,846
Market Cap (Euros) 30/09/2020	344,838,728
Number of shares 30/09/2020	87,633,730

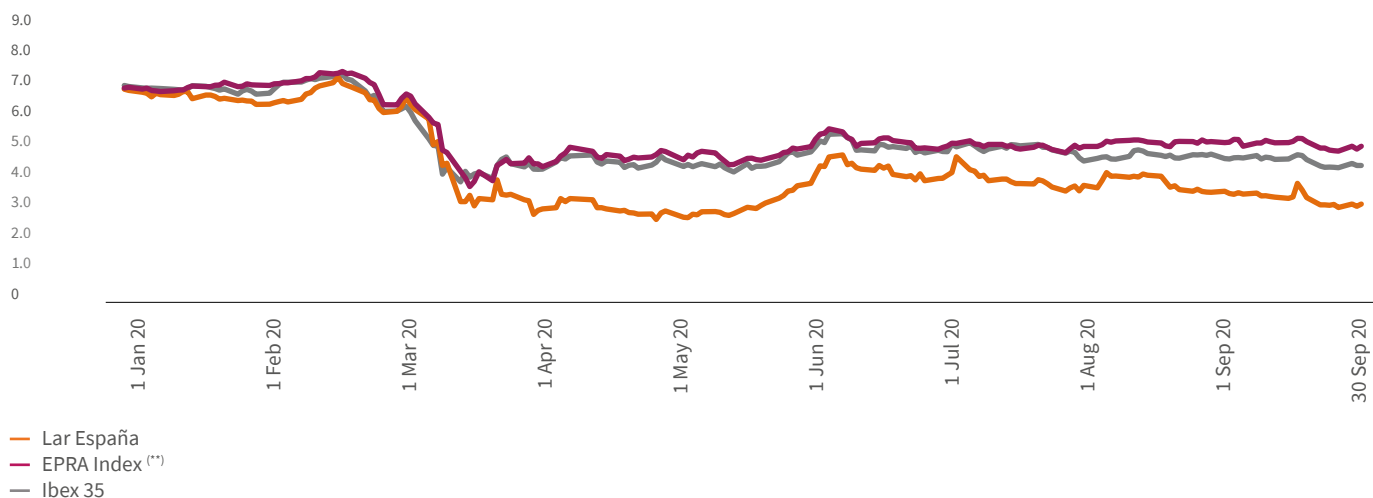
(\*) Average Daily Trading Volumen in number of shares.

#### Share distribution at 30 September 2020



The **share price performance** during the first nine months of 2020 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-September 2020)



(") Sectorial European reference index.



## 5.2

### Analyst Recommendations



**86.6%<sup>(\*)</sup>**  
Potencial Return

As of the date of this report, Lar España has the coverage of 10 analysts, whose average target price is **€7.34**.

Broker	Recommendation	Analysis Date	Target Price (Euros)
Santander	Hold	15/05/2020	8.90
MIRABAUD	Hold	15/05/2020	8.27
bankinter	Hold	26/05/2020	5.18
Sabadell	Buy	09/06/2020	6.08
JBCapitalMarkets	Buy	30/07/2020	8.00
KEMPEN & CO	Hold	30/07/2020	4.50
GVC Gaesco Beka	Buy	31/07/2020	9.39
fidentilis	Buy	31/07/2020	7.60
intermoney valores sv	Buy	22/09/2020	8.00
renta4banco	Buy	28/10/2020	7.50

Source: Bloomberg



**60%**  
Buy



**40%**  
Hold



**0%**  
Sell

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

# 6

## EVENTS AFTER THE REPORTING PERIOD

*p.84*





de información

## 6. Events after the reporting period

2020

OCTOBER.

14.10.2020

### Extended share buyback programme

Lar España has informed the market of its additional **six-month** extension to its third share buyback programme.

The scheme was launched on January 14th and the maximum buyback was set at €45 million and a maximum of 4,500,000 shares, equating to 5% of the share capital.

27.10.2020

### El Economista Investment Awards

On 27 October, Lar España was presented with the **“Highest earning non-Ibex dividend”** award by El Economista newspaper. The award was accepted by Chairman of the Board, José Luis del Valle, at a ceremony where special safety measures were put in place.









# 7

## GLOSSARY

*p.88*





## Glossary

### **PBT**

Profit Before Tax.

### **Net profit/(loss)**

Profit/(Loss) for the period after tax.

### **EBIT**

Earnings Before Interest and Tax.

### **EBITDA**

Earnings Before Interest, Tax, Depreciation and Amortisation.

### **EPRA**

European Public Real Estate Association.

### **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 (including & excluding direct vacancy costs) divided by gross rental income.

### **EPRA Earnings**

Earnings from operational activities.

### **EPRA NAV**

Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.

### **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 NNNAV**

EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.

### **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.

### **GAV**

Gross Asset Value.

### **GRI (Gross Rental Income)**

Gross income for the period.

### **Like for like (LfL)**

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

### **Net LTV (Loan to Value)**

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

Net LTV = Net debt / GAV.

### **IFRS**

International Financial Reporting Standards.

### **NOI (Net Operating Income)**

Gross income discounting costs incurred during the period.

### **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.



**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

**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.

**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.

**GLA**

Gross Leasable Area in sqm.

**WAULT**

Weighted average unexpired lease term, calculated as the number of years of unexpired lease term, as from 30 september 2016, until the first break option, weighted by the gross rent of each individual lease contract.



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