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Shopping Centre
As Termas (Lugo)

3

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EPRA Awards

- In November 2016, the Reporting & Accounting Committee of EPRA (European Public Real Estate Association⁽¹⁾) updated its Best Practices Recommendations⁽²⁾ 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.

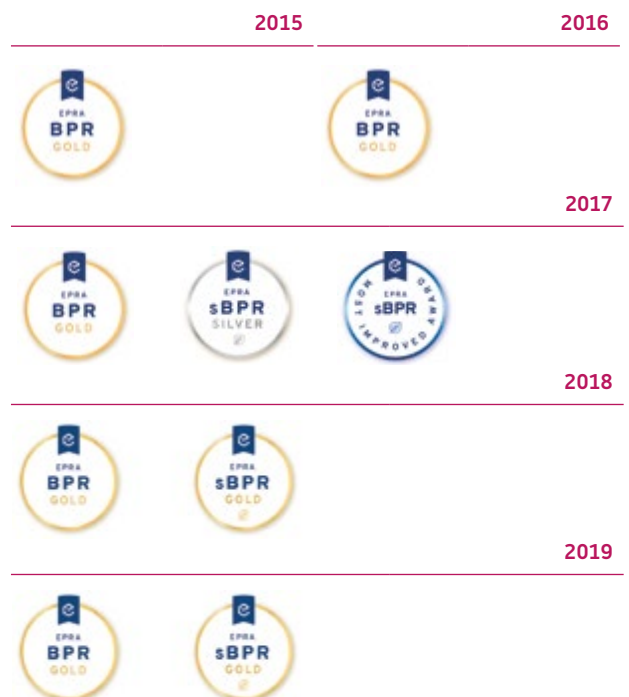
For this purpose, we have included an specific chapter with our main economic indicators following EPRA guidances.

(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

- In **September 2019**, Lar España was awarded for the fifth year running 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 second time with the most prestigious recognition from EPRA, the **Gold Award**, related to the information about **Corporate Social Responsibility**.

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





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

Indicator	31/12/2019 (Thousands of euros)/%	31/12/2019 (Euros per share)
EPRA Earnings	40,419	0.45
EPRA NAV	1,003,760	11.47
EPRA NNNAV	982,780	11.23
EPRA Net Initial Yield (NIY)	5.6%	-
EPRA “topped-up” NIY	5.9%	-
EPRA Vacancy Rate	3.5%	-
EPRA Cost Ratio	21.9% ^(*)	-
EPRA Cost Ratio (excluding costs of direct vacancy)	19.2% ^(*)	-

^(*) Ratio calculated considering recurring expenses
See terms definitions in Glossary, section 5.

3.1 EPRA Earnings

(Thousands of euros)	2019	2018
EARNINGS PER IFRS INCOME STATEMENT	80,730	129,308
Change in value of investment properties	(40,037)	(97,245) ^(*)
Change in fair value of financial instruments	1,836	1,024
Companies divestments effect	(1,008)	(28,541)
Amortisation of intangible assets	-	307
Tax on profit on disposals	(1,102)	4,539
EPRA EARNINGS	40,419	9,392
Weighted average number of shares (excluding treasury shares)	89,879,866	93,404,258
EPRA EARNINGS PER SHARE (EUROS)	0.45	0.10
Company specific adjustment ^(**)	-	19,848
ADJUSTED EPRA EARNINGS	40,419	29,240
ADJUSTED EPRA EARNINGS PER SHARE (EUROS)	0.45	0.31

(*) 26,774 thousand Euros linked to Lagasga99 residential project included

(**) Corresponds to the part of the performance/divestment fee that the Manager would be obliged to reinvest in Lar España, thus avoiding any real cash outflow from the company.



**Adjusted EPRA
Earnings
per share
+45%
vs. 2018**

3.2 EPRA NAV and EPRA NNNAV

 **EPRA NAV
per share (*)
+10.1%
vs. 31/12/2018**

EPRA NAV

(Thousands of euros)	31/12/2019	31/12/2018
NET ASSET VALUE PER THE FINANCIAL STATEMENTS	982,780	1,008,498
Change in fair value of non-current assets	-	5,146
Fair value of financial instruments	3,779	3,634
Deferred tax liabilities	17,201	19,405
EPRA NAV	1,003,760	1,036,683
Number of shares (excluding treasury shares)	87,529,910	93,081,129
EPRA NAV PER SHARE (EUROS)	11.47 (**)	11.14

(**) When analyzing this measure it is important to take into account the dividend paid in Q2 2019 (0.80€/share).

EPRA NNNAV

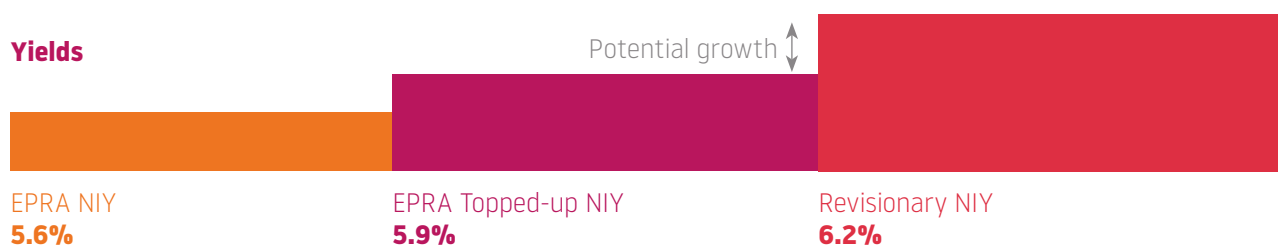
(Thousands of euros)	31/12/2019	31/12/2018
EPRA NAV	1,003,760	1,036,683
Fair value of financial instruments	(3,779)	(3,634)
Deferred tax liabilities	(17,201)	(19,405)
EPRA NNNAV	982,780	1,013,644
Number of shares (excluding treasury shares)	87,529,910	93,081,129
EPRA NNNAV PER SHARE (EUROS)	11.23 (**)	10.89

(**) When analyzing this measure it is important to take into account the dividend paid in Q2 2019 (0.80€/share).

3.3

EPRA NIY and EPRA “topped-up” NIY (31/12/2019)^(*)

Assets (Thousands of euros)	Completed Property Portfolio	Allowance for estimated purchasers costs	Gross up completed property portfolio valuation (A)
Lagoh	312,000	3,354	315,354
Megapark + leisure area	217,336	2,173	219,510
Gran Vía Vigo	166,890	4,170	171,060
Portal de la Marina + hypermarket	126,400	3,163	129,563
El Rosal	110,900	2,689	113,589
Anec Blau	102,063	3,215	105,278
As Termas + petrol station	88,090	2,200	90,290
Albacenter + hypermarket	63,700	2,007	65,707
Txingudi	36,520	363	36,882
Las Huertas	11,580	290	11,870
TOTAL SHOPPING CENTRES	1,235,479	23,624	1,259,103
Parque Abadía + commercial gallery	87,520	2,648	90,168
Rivas Futura	67,500	1,451	68,951
VidaNova Parc	55,445	1,192	56,637
Vistahermosa	50,500	1,338	51,838
TOTAL RETAIL PARKS	260,965	6,629	267,594
Supermarkets portfolio	54,120	838	54,958
TOTAL OTHERS	54,120	838	54,958
TOTAL LAR ESPAÑA	1,550,564	31,091	1,581,655



^(*) Anec Blau's data has not been taken into account because the asset is going through a comprehensive refurbishment project.

Annualised cash passing rental income	Property outgoings	Annualised net rents (B)	Notional rent expiration of rent free periods or other lease incentives	Topped-up net annualised rents (C)	EPRA NET INITIAL YIELD (B/A)	EPRA TOPPED-UP NET INITIAL YIELD (C/A)
17,050	(986)	16,063	981	17,045	5.1%	5.4%
13,091	(1,263)	11,828	906	12,735	5.4%	5.8%
9,999	(700)	9,299	106	9,405	5.4%	5.5%
7,914	(574)	7,340	72	7,412	5.7%	5.7%
7,536	(836)	6,701	207	6,908	5.9%	6.1%
(*)	(*)	(*)	(*)	(*)	(*)	(*)
5,868	(342)	5,525	227	5,752	6.1%	6.4%
4,106	(495)	3,611	246	3,857	5.5%	5.9%
2,723	(161)	2,562	36	2,598	6.9%	7.0%
949	(120)	829	36	865	7.0%	7.3%
69,236	(5,477)	63,759	2,818	66,577	5.5%	5.8%
5,636	(355)	5,281	81	5,363	5.9%	5.9%
4,200	(261)	3,939	203	4,142	5.7%	6.0%
3,823	(460)	3,363	249	3,612	5.9%	6.4%
3,636	(670)	2,967	293	3,259	5.7%	6.3%
17,295	(1,745)	15,550	826	16,376	5.8%	6.1%
3,889	(14)	3,875	0	3,875	7.1%	7.1%
3,889	(14)	3,875	0	3,875	7.1%	7.1%
90,420	(7,236)	83,184	3,644	86,828	5.6%	5.9%



5.6%
EPRA NIY



5.9%
EPRA
Topped-up
NIY

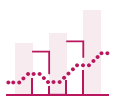


6.2%
Reversionary
Yield

^(*) Anec Blau's data has not been taken into account because the asset is going through a comprehensive refurbishment project.

3.4 EPRA Vacancy Rate ⁽¹⁾

Asset	ERV (Thousands of euros)	ERV Vacancy (Thousands of euros)	EPRA VACANCY RATE %
Lagoh	16,346	208	1.3%
Megapark + leisure area	14,561	1,014	7.0% ⁽²⁾
Gran Vía Vigo	9,715	146	1.5%
Portal de la Marina + hypermarket	7,896	348	4.4%
El Rosal	8,001	346	4.3%
Anec Blau	(1)	(1)	(1)
As Termas + petrol station	5,769	226	3.9%
Albacenter + hypermarket	4,554	277	6.1% ⁽²⁾
Txingudi	2,787	44	1.6%
Las Huertas	1,091	120	11.0%
TOTAL SHOPPING CENTRES	70,720	2,729	3.9%
Parque Abadía + commercial gallery	5,680	133	2.3%
Rivas Futura	4,335	23	0.5%
VidaNova Parc	4,248	156	3.7%
Vistahermosa	3,759	227	6.0%
TOTAL RETAIL PARKS	18,022	539	3.0%
Supermarkets portfolio	3,391	0	0.0%
TOTAL OTHERS	3,391	0	0.0%
TOTAL LAR ESPAÑA	92,133	3,268	3.5%



3.5%
EPRA Vacancy Rate

(1) Anec Blau's data has not been taken into account because the asset is going through a comprehensive refurbishment project. | (2) The property is undergoing significant refurbishments meaning that some units are being vacated temporarily.

3.5 EPRA Cost Ratios

(Thousands of euros)	Recurring		TOTAL	
	2019	2018	2019	2018
Administrative expenses	(424)	(502)	(424)	(502)
Operating costs net of recoverable income ⁽¹⁾	(16,472) ⁽²⁾	(18,388) ⁽²⁾	(19,595) ⁽³⁾	(48,774) ⁽³⁾
Administrative/operating expenses in associates	-	(1,283)	-	(1,283)
EPRA Cost (including vacancy cost) (A)	(16,896)	(20,173)	(20,019)	(50,559)
Direct vacancy costs	(2,060)	(2,547)	(2,060)	(2,547)
EPRA Cost (excluding vacancy cost) (B)	(14,836)	(17,626)	(17,959)	(48,012)
Gross Rental Income less ground rent costs-per IFRS	83,304	79,688	83,304	79,688
Net associated costs (net service charge)	(6,131)	(6,374)	(6,131)	(6,374)
Gross Rental Income (C)	77,173	73,314	77,173	73,314
EPRA COST RATIO (including direct vacancy costs) A/C	21.9% ⁽⁴⁾	27.5%	25.9%	69.0%
EPRA COST RATIO (excluding direct vacancy costs) B/C	19.2% ⁽⁴⁾	24.0%	23.3%	65.5%

(1) Maintenance costs totalling 371 thousands of euros are included

(2) Fixed management fee included.

(3) Fixed and variable fixed included

(4) Excluding costs directly related to development projects, as of 31 December 2019, the ratios would be 19.3% and 16.6% respectively