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Shopping Centre / Portal de la Marina (Alicante)

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 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

- 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

2015



2016



2017



2018



2019



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

Indicator	30/06/2020 (Thousands of euros)/%	30/06/2020 (Euros per share)
EPRA Earnings	26,858	0.31
EPRA NAV	905,347	10.64
EPRA NNNAV	886,656	10.42
EPRA Net Initial Yield (NIY)	5.3%	-
EPRA “topped-up” NIY	6.0%	-
EPRA Vacancy Rate	5.0%	-
EPRA Cost Ratio	16.7% (*)	-
EPRA Cost Ratio (excluyendo gastos asociados a inmuebles vacíos)	14.5% (*)	-

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

5.1

EPRA Earnings

76

<i>(Thousands of Euros)</i>	<i>H1 2020</i>	<i>H1 2019</i>
EARNINGS PER IFRS INCOME STATEMENT	(28,710)	28.620
Change in value of investment properties	55,877	(14,038)
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	(309)	1,108
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	-	-
EPRA EARNINGS	26,858	15,659
Weighted average number of shares (excluding treasury shares)	86,272,687	91,248,755
EPRA EARNINGS PER SHARE (EUROS)	0.31	0.17
Company specific adjustments (*)	-	-
ADJUSTED EPRA EARNINGS	26,858	15,659
ADJUSTED EPRA EARNINGS PER SHARE (EUROS)	0.31	0.17

(*) 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 +82%
vs H1 2019**

5.2

EPRA NAV

(Thousands of Euros)	30/06/2020	31/12/2019
NET ASSET VALUE PER THE FINANCIAL STATEMENTS	886,656	982,780
Fair value of financial instruments	1,490	3,779
Debt fair value	-	-
Deferred tax liabilities	17,201	17,201
EPRA NAV	905,347	1,003,760
Number of shares (excluding treasury shares)	85,099,879	87,529,910
EPRA NAV PER SHARE (EUROS)	10.64 (*)	11.47

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



EPRA NNNAV

<i>(Thousands of Euros)</i>	30/06/2020	31/12/2019
EPRA NAV	905,347	1,003,760
Fair value of financial instruments	(1,490)	(3,779)
Debt fair value	-	-
Deferred tax liabilities	(17,201)	(17,201)
EPRA NNNAV	886,656	982,780
Number of shares (excluding treasury shares)	85,099,879	87,529,910
EPRA NNNAV PER SHARE (EUROS)	10.42 (*)	11.23

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





VIPS
SMART

RESTORANTE
GENOS

pans
& COMPANY

VidaNova
Parc

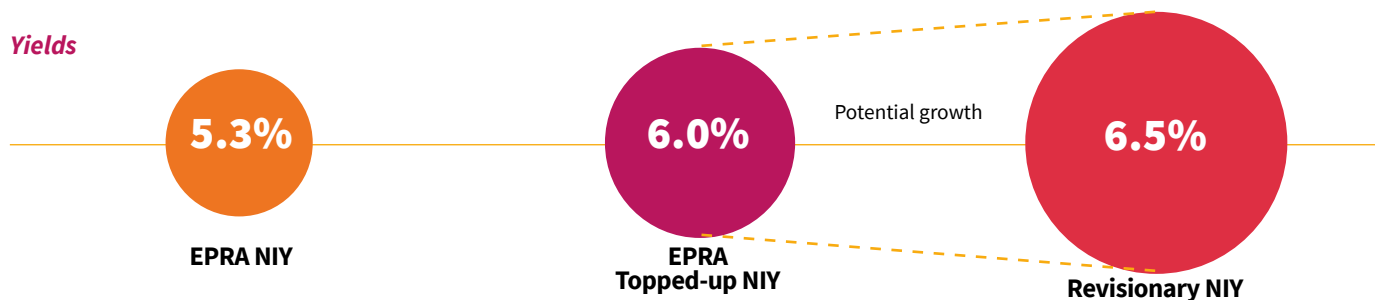
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5.3

EPRA NIY and EPRA “topped-up” NIY (30/06/2020)

(Thousands of Euros)	TOTAL SHOPPING CENTRES	TOTAL RETAIL PARKS	TOTAL OTHER RETAIL	TOTAL LAR ESPAÑA
Completed Property Portfolio	1,197,030	249,715	57,720	1,504,465
Allowance for estimated purchasers costs	21,725	6,362	875	28,961
Gross up completed property portfolio valuation (A)	1,218,755	256,077	58,595	1,533,426
Annualised cash passing rental income	69,779	15,491	3,966	89,236
Property outgoings	(6,460)	(1,673)	(14)	(8,148)
Annualised net rents (B)	63,319	13,817	3,952	81,088
Notional rent expiration of rent free periods or other lease incentives	7,690	2,580	0	10,270
Topped-up net annualised rents (C)	71,009	16,397	3,952	91,359
EPRA NET INITIAL YIELD (B/A)	5.2%	5.4%	6.7%	5.3%
EPRA TOPPED-UP NET INITIAL YIELD (C/A)	5.8%	6.4%	6.7%	6.0%

Yields





5.4

EPRA Vacancy Rate

	ERV (Thousands of Euros)	ERV Vacancy (Thousands of Euros)	EPRA VACANCY RATE %
SHOPPING CENTRES	78,733	4,262	5.4%
RETAIL PARKS	18,170	728	4.0%
OTHER RETAIL	3,391	0	0.0%
TOTAL LAR ESPAÑA	100,294	4,990	5.0%

 **5.0%**
EPRA Vacancy Rate



5.4

EPRA Cost Ratios

	Recurring		TOTAL	
	H1 2020	H1 2019	H1 2020	H1 2019
(Thousands of Euros)				
Administrative expenses	(223)	(194)	(223)	(194)
Operating costs net of recoverable income ^{(1) (2)}	(7,344)	(9,065)	(8,125)	(12,679)
Administrative/operating expenses in associates	-	-	-	-
EPRA Cost (including vacancy Cost) (A)	(7,567)	(9,259)	(8,348)	(12,873)
Direct vacancy costs	(977)	(1,086)	(977)	(1,086)
EPRA Cost (excluding vacancy Cost) (B)	(6,590)	(8,173)	(7,371)	(11,787)
Gross Rental Income less ground rent costs-per IFRS	48,900	39,491	48,900	39,491
Net associated costs (net service charge)	(3,544)	(3,696)	(3,544)	(3,696)
Gross Rental Income (C)	45,356	35,795	45,356	35,795
EPRA COST RATIO (including direct vacancy costs) A/C	16.7%	25.9%	18.4%	36.0%
EPRA COST RATIO (excluding direct vacancy costs) B/C	14.5%	22.8%	16.2%	32.9%

(1) Maintenance costs totalling 132 thousands of euros are included

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