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EPRA INFORMATION

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← Centro Comercial

EPRA Awards

- In October 2019, 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 standardizing the reporting of performance indicators from the perspective of comparability and improving the quality of information provided to investors and other users of the financial information.

For this purpose, we have included an specific chapter with our main economic indicators following EPRA 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 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 Recommendations developed by EPRA are shown as follows:

Indicator	31/12/2020 (Thousands of euros)/%	31/12/2020 (Euros per share)
EPRA Earnings	49,902	0.58
EPRA NAV	881,376	10.42
EPRA NNNNAV	859,650	10.17
EPRA NRV^(*)	881,376	10.42
EPRA NTA^(*)	881,376	10.42
EPRA NDV^(*)	859,650	10.17
EPRA Net Initial Yield (NIY)	5.7%	-
EPRA “topped-up” NIY	5.9%	-
EPRA Vacancy Rate	4.5%	-
EPRA Cost Ratio	15.7% ^(**)	-
EPRA Cost Ratio (excluding costs of direct vacancy)	13.5% ^(**)	-

^(*) New EPRA ratios calculated according to the latest modifications included in the EPRA “Best Practices and Recommendations” document. For more details see section 5.2 EPRA NAV ratios.

^(**) Ratio calculated considering recurring expenses. See terms definitions in Glossary, section 8.



5.1

EPRA Earnings

<i>(Thousands of Euros)</i>	2020	2019
EARNINGS PER IFRS INCOME STATEMENT	(53,668)	80,730
Change in value of investment properties	100,656	(40,037)
Profits or losses on disposal of investment properties, development properties held for investment and other interests	-	(1,008)
Tax on profits or losses on disposals	-	(1,102)
Negative goodwill	-	-
Changes in fair value of financial instruments and associated close-out costs	2,914	1,836
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	49,902	40,419
Weighted average number of shares (excluding treasury shares)	85,605,283	89,879,866
EPRA EARNINGS PER SHARE (EUROS)	0.58	0.45



**EPRA Earnings
per share +29%**
vs 2019

5.2

EPRA Net Asset Value Ratios

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

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

(1) For further information, please consult the official EPRA website: https://www.epra.com/application/files/2315/7321/0568/EPRA_FAQ_-_FINAL_version.pdf

Previous methodology

EPRA NAV

(Thousands of Euros)	31/12/2020	31/12/2019
NET ASSET VALUE PER THE FINANCIAL STATEMENTS	859,650	982,780
Fair value of financial instruments	4,525	3,779
Debt fair value	-	-
Deferred tax liabilities	17,201	17,201
EPRA NAV	881,376	1,003,760
Number of shares (excluding treasury shares)	84,559,058	87,529,910
EPRA NAV PER SHARE (EUROS)	10.42^(*)	11.47

EPRA NNAV

(Thousands of Euros)	31/12/2020	31/12/2019
EPRA NAV	881,376	1,003,760
Fair value of financial instruments	(4,525)	(3,779)
Debt fair value	-	-
Deferred tax liabilities	(17,201)	(17,201)
EPRA NNAV	859,650	982,780
Number of shares (excluding treasury shares)	84,559,058	87,529,910
EPRA NNAV PER SHARE (EUROS)	10.17^(*)	11.23

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

EPRA Net Asset Value new methodology

According to the new recommendations contained in the EPRA “Best Practices and Recommendations”, **the new ratios replacing the to the calculated previous EPRA NAV and EPRA NNNAV** indicators calculated under the old methodology are as follows:

EPRA Net Reinstatement Value (NRV):

The objective of the EPRA Net Reinstatement Value measure is to highlight the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes should be included.

EPRA Net Tangible Assets (NTA):

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

EPRA Net Disposal Value (NDV):

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



New EPRA Net Asset Value metrics

	31/12/2020				
	New methodology			Previous methodology	
(Thousands of Euros)	NRV Net Reinstatement Value	NTA Net Tangible Assets	NDV Net Disposal Value	NAV Previous methodology	NNNAV Previous methodology
Equity attributable to shareholders	859,650	859,650	859,650	859,650	859,650
Hybrid Instruments	-	-	-	-	-
Diluted NAV	859,650	859,650	859,650	859,650	859,650
Include					
Revaluation of investment properties	-	-	-	-	-
Revaluation of investment properties under construction	-	-	-	-	-
Revaluation of other non-current investments	-	-	-	-	-
Revaluation of tenant leases held as finance leases	-	-	-	-	-
Revaluation of trading properties	-	-	-	-	-
Diluted NAV at Fair Value	859,650	859,650	859,650	859,650	859,650
Exclude					
Deferred Tax in relation to fair value gains of IP	17,201	17,201	n.a	17,201	-
Fair value of financial instruments	4,525	4,525	n.a	4,525	-
Goodwill as a result of deferred tax	-	-	-	-	-
Goodwill as per the IFRS balance Sheet	n.a	-	-	n.a	-
Intangibles as per the IFRS balance sheet	n.a	-	n.a	n.a	-
Include					-
Fair value of fixed interest rate debt	n.a	n.a	-	n.a	-
Revaluation of intangibles to fair value	-	n.a	n.a	-	-
Real estate transfer tax	-	-	n.a	-	-
NAV	881,376	881,376	859,650	881,376	859,650
Number of shares (excluding treasury shares)	84,559,058	84,559,058	84,559,058	84,559,058	84,559,058
NAV per share	10.42^(*)	10.42^(*)	10.17^(*)	10.42^(*)	10.17^(*)

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

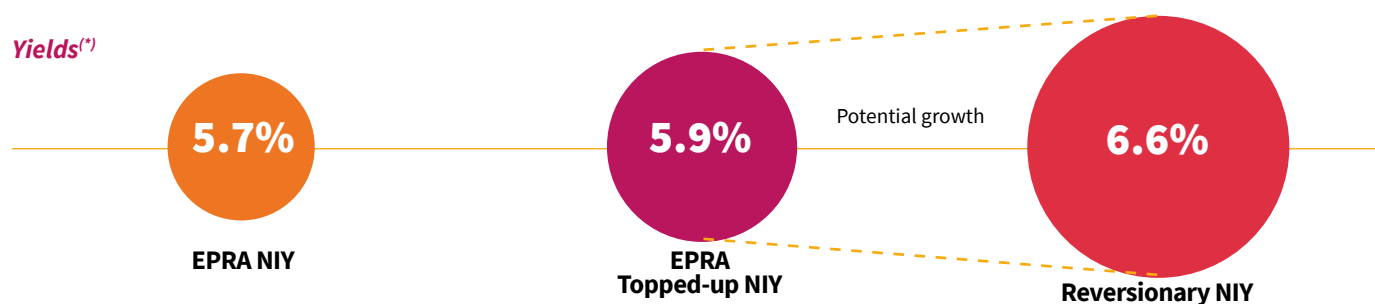
31/12/2019					
	New methodology			Previous methodology	
(Thousands of Euros)	NRV Net Reinstatement Value	NTA Net Tangible Assets	NDV Net Disposal Value	NAV Previous methodology	NNNAV Previous methodology
Equity attributable to shareholders	982,780	982,780	982,780	982,780	982,780
Hybrid Instruments	-	-	-	-	-
Diluted NAV	982,780	982,780	982,780	982,780	982,780
Include					
Revaluation of investment properties	-	-	-	-	-
Revaluation of investment properties under construction	-	-	-	-	-
Revaluation of other non-current investments	-	-	-	-	-
Revaluation of tenant leases held as finance leases	-	-	-	-	-
Revaluation of trading properties	-	-	-	-	-
Diluted NAV at Fair Value	982,780	982,780	982,780	982,780	982,780
Exclude					
Deferred Tax in relation to fair value gains of IP	17,201	17,201	n.a	17,201	-
Fair value of financial instruments	3,779	3,779	n.a	3,779	-
Goodwill as a result of deferred tax	-	-	-	-	-
Goodwill as per the IFRS balance Sheet	n.a	-	-	n.a	-
Intangibles as per the IFRS balance sheet	n.a	-	n.a	n.a	-
Include					-
Fair value of fixed interest rate debt	n.a	n.a	-	n.a	-
Revaluation of intangibles to fair value	-	n.a	n.a	-	-
Real estate transfer tax	-	-	n.a	-	-
NAV	1,003,760	1,003,760	982,780	1,003,760	982,780
Number of shares (excluding treasury shares)	87,529,910	87,529,910	87,529,910	87,529,910	87,529,910
NAV per share	11.47	11.47	11.23	11.47	11.23

5.3

EPRA NIY and EPRA “topped-up” NIY (31/12/2020)

(Thousands of Euros)	TOTAL SHOPPING CENTRES	TOTAL RETAIL PARKS	TOTAL OTHER RETAIL	TOTAL LAR ESPAÑA
Completed Property Portfolio	952,250	463,820	58,870	1,474,940
Allowance for estimated purchasers costs	19,386	8,060	908	28,354
Gross up completed property portfolio valuation (A)	971,636	471,880	59,778	1,503,294
Annualised cash passing rental income	59,933	30,563	3,966	94,462
Property outgoings	-5,315	-3,167	-14	-8,496
Annualised net rents (B)	54,618	27,395	3,952	85,966
Notional rent expiration of rent free periods or other lease incentives	2,259	1,202	0	3,461
Topped-up net annualised rents (C)	56,877	28,598	3,952	89,427
EPRA NET INITIAL YIELD (B/A)	5.6%	5.8%	6.6%	5.7%
EPRA TOPPED-UP NET INITIAL YIELD (C/A)	5.9%	6.1%	6.6%	5.9%

Yields^(*)




(*) The figures of EPRA NIY, EPRA Topped-up NIY and Reversionary Yield at 31/12/2019 (excluding Ànec Blau shopping centre because was through a comprehensive refurbishment project) were: **5.6%, 5.9% and 6.2%**, respectively.



5.4

EPRA Vacancy Rate

	ERV (Thousands of Euros)	ERV Vacancy (Thousands of Euros)	EPRA VACANCY RATE %
SHOPPING CENTRES	63,636	2,957	4.6%
RETAIL PARKS	32,848	1,535	4.7%
OTHER RETAIL	3,391	0	0.0%
TOTAL LAR ESPAÑA	99,875	4,492	4.5%

 **4.5%^(*)**
EPRA Vacancy Rate

(*) EPRA Vacancy at 31/12/2019 (excluding Ànec Blau shopping centre because was through a comprehensive refurbishment project) was: **3.5%**.



5.5

EPRA Cost Ratios

	Recurring		TOTAL	
	2020	2019	2020	2019
<i>(Thousands of Euros)</i>				
Administrative expenses	(474)	(424)	(474)	(424)
Operating costs net of recoverable income ^{(1) (2) (3)}	(13,551)	(16,472)	(20,520)	(19,595)
Administrative/operating expenses in associates	-	-	-	-
EPRA Cost (including vacancy Cost) (A)	(14,025)	(16,896)	(20,994)	(20,019)
Direct vacancy costs	(1,941)	(2,060)	(1,941)	(2,060)
EPRA Cost (excluding vacancy Cost) (B)	(12,083)	(14,836)	(19,053)	(17,959)
Gross Rental Income less ground rent costs-per IFRS ⁽⁴⁾	95,476	83,304	95,476	83,304
Net associated costs <i>(net service charge)</i> ⁽³⁾	(6,195)	(6,131)	(6,195)	(6,131)
Gross Rental Income (C)	89,281	77,173	89,281	77,173
EPRA COST RATIO (including direct vacancy costs) A/C	15.7%	21.9%	23.5%	25.9%
EPRA COST RATIO (excluding direct vacancy costs) B/C	13.5%	19.2%	21.3%	23.3%

(1) Maintenance costs are included.

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

(3) The sum of these two headings corresponds to the item "Other expenses" in point 4.2 Consolidated Statement of Comprehensive Income (page 82).

(4) It includes the item "Revenue" in point 4.2 Consolidated Statement of Comprehensive Income (page 82) and the mall income which is included in the item "Other income" in point 4.2 Consolidated Statement of Comprehensive Income (page 82).