

Half-Yearly Report H1 2021



1

Lar España
in 2021

p. 04

2

Executive
Summary

p. 10

3

ESG

p. 40

1.1	Lar España in 2021 and current situation	<u>p. 06</u>
	Shopping Centres and Retail Parks opening	<u>p. 08</u>

2.1	Highlights H1 2021	<u>p. 12</u>
2.2	Main Milestones	<u>p. 14</u>
2.3	Portfolio at 30 June 2021	<u>p. 18</u>
2.4	Key Indicators	<u>p. 26</u>
2.5	Business Performance	<u>p. 28</u>

3.1	Committed to the Environment	<u>p. 44</u>
3.2	Contributing to Society	<u>p. 60</u>
3.3	Leaders in Governance	<u>p. 72</u>

4 Consolidated Financial Statements

p. 74

4.1

Company Chart 30.06.2021
p. 76

4.2

Consolidated Statement of Comprehensive Income
p. 78

4.3

Consolidated Statement of Financial Position
p. 80

4.4

Green Bond Issuance
p. 86

4.5

Consolidated Statement of Cash Flows
p. 90

5 EPRA Information

p. 92

5.1

EPRA Earnings
p. 96

5.2

EPRA Net Asset Value Ratios
p. 97

5.3

EPRA NIY and EPRA “topped-up” NIY
p. 100

5.4

EPRA Vacancy Rate
p. 101

5.5

EPRA Cost Ratios
p. 102

6 Share Price Performance

p. 104

6.1

Share price information and performance
p. 106

6.2

Analyst Recommendations
p. 107

7 Glossary

p. 108

1

Lar España in 2021

1.1

Lar España in
2021 and current
situation

p. 06

1.2

Shopping
Centres and
Retail Parks
opening

p. 08





1.1 Lar España in 2021 and current situation



Lar España benefits from a premium collection of high value-add properties that secures sustainable returns for shareholders. As of 30 June, all of Lar España's shopping centres and retail parks **are open and operational**, always adhering to the necessary health and safety measures. Earlier in the year, various restrictions and capacity limits remained in place at certain sites owing to continued high infection rates.

Over the first six months of 2021, we have been pleased to note a **encouraging recovery** in both footfall and sales compared with 2020 and even 2019, prior to the onset of the COVID-19 crisis. It is important to emphasise that Lar España has the benefit of a **highly consolidated roster of tenants** of proven quality, which partly explains the strong rebound in sales and footfall across our portfolio. Furthermore, we have maintained close contact with every one of our tenants, **strengthening our bond with retailers and supporting long-term, stable lease agreements at all of our shopping centres and retail parks.**

In the first half of the year we recorded **33.1 million visits**, representing a **28% uplift** in Like for Like footfall ⁽¹⁾ compared with the same period of last year. This performance puts Lar España ahead of the curve, based on data compiled by the ShopperTrak index, up **21%** on 2020.

In terms of **sales revenue**, the first six months of 2021 brought in a total of **€377.5 million**, which is approximately **38% higher** than last year's figure in Like for Like ⁽¹⁾ terms.

If we take **a closer look at the H1 2021 sales and footfall** figures for shopping centres and retail parks in our portfolio, we can see that the first two months shows a decline in performance compared with the same period of last year. This is due to the fact that the comparison period immediately preceded the outbreak of the COVID-19 crisis in March 2020, which led to the introduction of travel and capacity restrictions. Until this point, all of our properties had been operating as normal. For the first few months of 2021, various restrictions on retail trading and store capacity remained in place, making it impossible for our centres to perform at their pre-pandemic level.

On the other hand, if the comparison is made with the first half of 2019, the evolution of the sales and visits figures would be **-8%** and **-16%** respectively in Like for Like ⁽²⁾ terms, due to the restrictions that have remained in force during the first half of 2021.

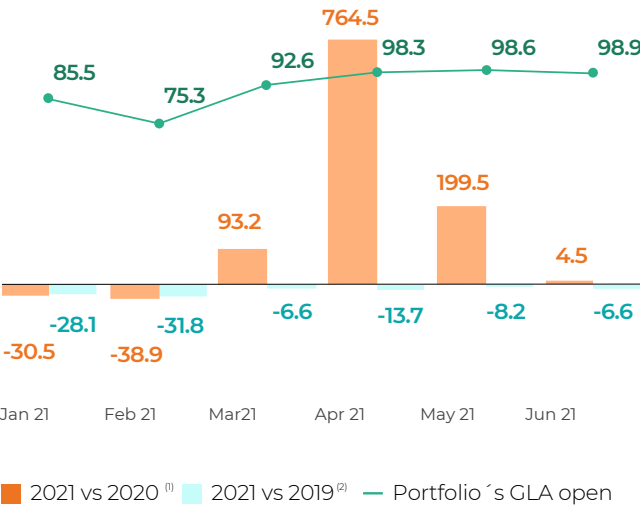
(1) Like for Like (excluding Ànec Blau and Megapark Leisure Area assets, because they were through comprehensive refurbishment projects). / (2) Like for Like (excluding Lagoh, Ànec Blau and Megapark Leisure Area assets).

The following charts indicate how sales and footfall have responded to changing retail trading rules across the company's portfolio,

expressed in terms of gross lettable area. As we can see, overall performance is down 8% compared with 2019, when all sites were open as normal:

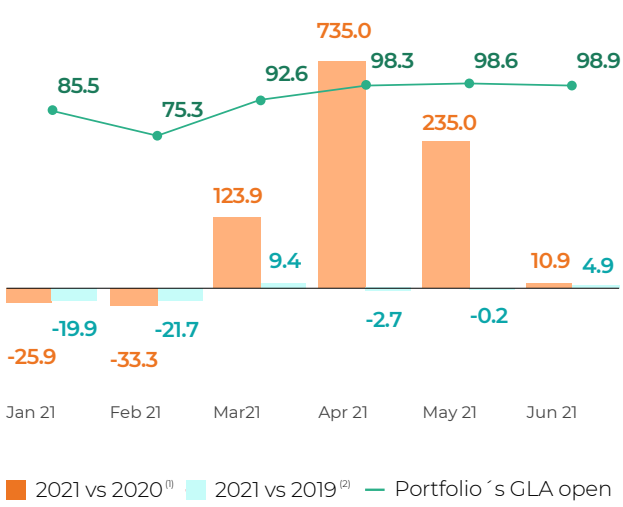
Footfall H1 2021

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



Sales H1 2021

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



Active and efficient portfolio management has been instrumental in the recovery witnessed in Lar España's portfolio; a portfolio in which the ten main tenants account for **more than 35% of the company's rental income**, while at 30 June 2020 **more than 65% of retailer leases had expiries beyond 2024 and occupancy stood at virtually 95%, close to full occupancy.**

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

(1) Like for Like (excluding Ànec Blau and Megapark Leisure Area assets, because they were through comprehensive refurbishment projects). / (2) Like for Like (excluding Lagoh, Ànec Blau and Megapark Leisure Area assets).

1.2 Shopping Centres and Retail Parks opening

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



Sapphira
RP GALERÍA ABADÍA

Opening 15/04/2021



Al Punto
RP RIVAS FUTURA

Opening 01/05/2021



Pomodoro
SC LAGOH

Opening 10/05/2021



Bedland
SC LAGOH

Opening 26/07/2021



Rituals
SC PORTAL DE LA MARINA

Opening 19/05/2021



Juguettos
SC PORTAL DE LA MARINA

Opening 01/06/2021



Pandora
SC PORTAL DE LA MARINA

Opening 12/06/2021



Bedland
SC ALBACENTER

Opening 27/05/2021



Joma
RP VIDANOVA PARC

Opening 27/04/2021



Ozone Bowling
RP VISTAHERMOSA

Opening 16/04/2021

2

Executive Summary

2.1

Highlights H1 2021

p. 12

2.2

Main Milestones

p. 14

2.3

Portfolio at 30 June 2021

p. 18

2.4

Key Indicators

p. 26

2.5

Business Performance

p. 28



2.1
Highlights H1 2021

Portfolio Information

<div>GAV⁽¹⁾</div> <div>1,411</div> <div>Million €</div>	<div>Assets</div> <div>14</div>	<div>WAULT</div> <div>2.6</div> <div>years</div>	<div>GLA</div> <div>551,405</div> <div>sqm</div>
--	---------------------------------	--	--

Financial Information

<div>Rental Income</div> <div>38.8</div> <div>Million €</div>	<div>EPRA Earnings</div> <div>12.3</div> <div>Million € (0.15 €/share)</div>	<div>EBITDA</div> <div>22.5</div> <div>Million €</div>	<div>Profit</div> <div>7.7</div> <div>Million €</div>
<div>EPRA NTA</div> <div>853.7</div> <div>Million € (10.17 €/share)⁽²⁾</div>	<div>Financial Debt</div> <div>752.6</div> <div>Million €</div>	<div>Net LTV</div> <div>41%</div>	<div>Average Cost of Debt</div> <div>2.2%⁽³⁾</div>

(1) Information based on valuations carried out by independent valuers on 30 June 2021. / (2) When analyzing this measure it is important to take into account the dividend paid in Q2 2021 (0.31 €/share). / (3) After the process of refinancing announced in July 2021 in relation to the issuance of the green bond, the average pro forma cost of the debt would be reduced to 1.9%.

Operating Results

% Occupancy

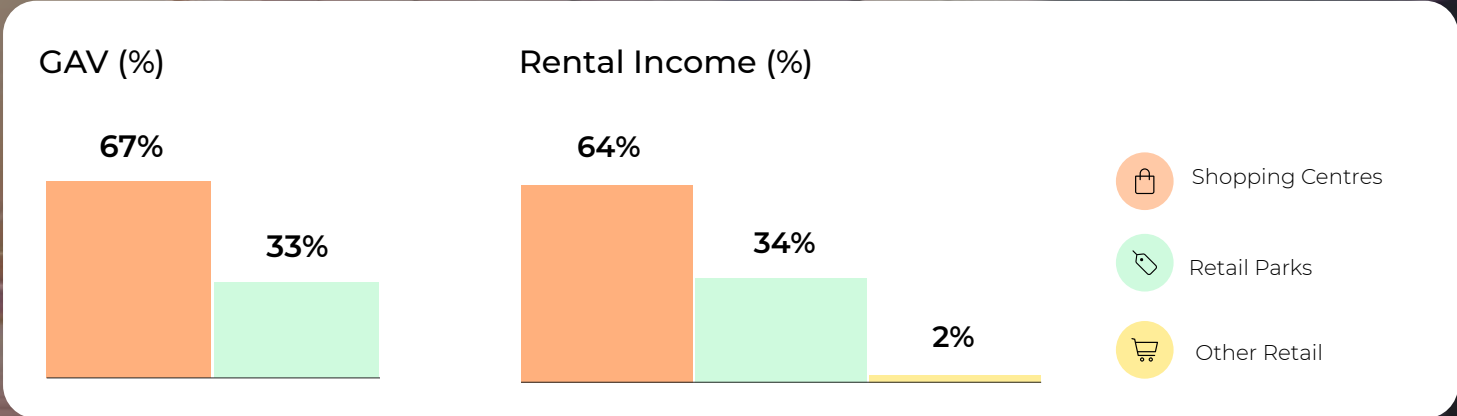
95%⁽¹⁾

GRI

+23.6%
+29.6% LfL⁽²⁾
vs H1 2020

NOI

+18.3%
+25.2% LfL⁽²⁾
vs H1 2020



Leasing Activity

Rotated area

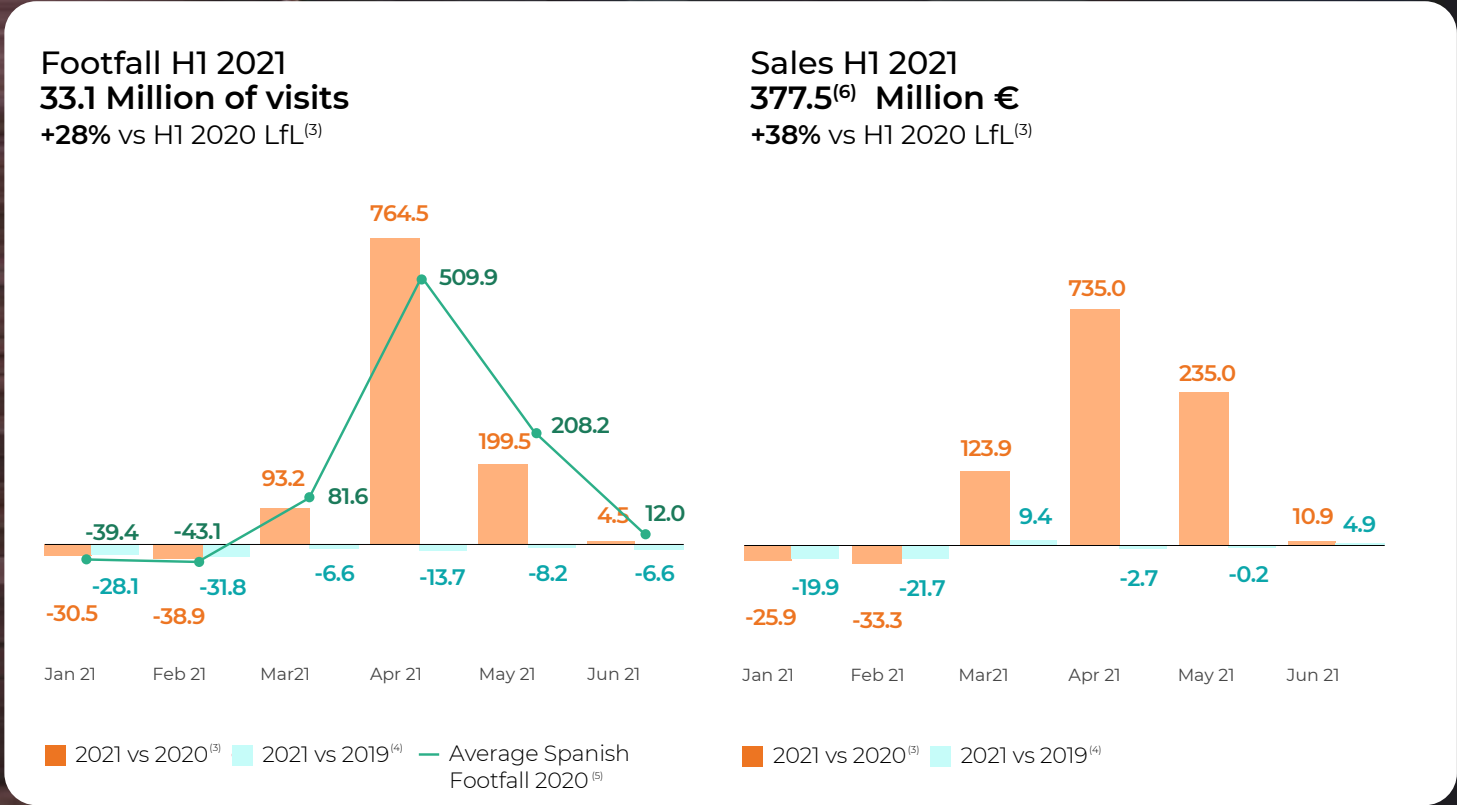
7,700 sqm

Negotiated rent

1.8 Million €

Operations

35



(1) Ratio calculated according to EPRA recommendations. / (2) Like for Like, excluding 22 Supermarkets portfolio divested in Q1 2021. / (3) Like for Like 2021 vs 2020, excluding Ànec Blau and Megapark Leisure Area assets, because they were under comprehensive refurbishment projects. / (4) Like for Like 2021 vs 2019, excluding Lagoh, Ànec Blau and Megapark Leisure Area assets. / (5) ShopperTrak Index accumulated figures at 30 June 2021: +21.2%. / (6) Declared sales.

2.2
Main Milestones

2021

FEBRUARY

23.02.2021

Supermarkets portfolio
divestment

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

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

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

APRIL

22.04.2021

Annual General Shareholders
Meeting

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

MAY

21.05.2021

Dividend

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





Events after
the reporting period

JULY

15.07.2021

Green Bond Issuance

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

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

The green bond issue, at a face value of €100,000 per bond, was led by Morgan Stanley Europe, acting as the global coordinator and advising on the issue's sustainable structure. JP Morgan also acted as the lead manager for the issue, which was placed with qualified investors and **will be quoted on the Luxembourg Stock Exchange's Euro MTF market.**

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

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

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

	Rating	Perspective
FitchRatings	BBB	Stable

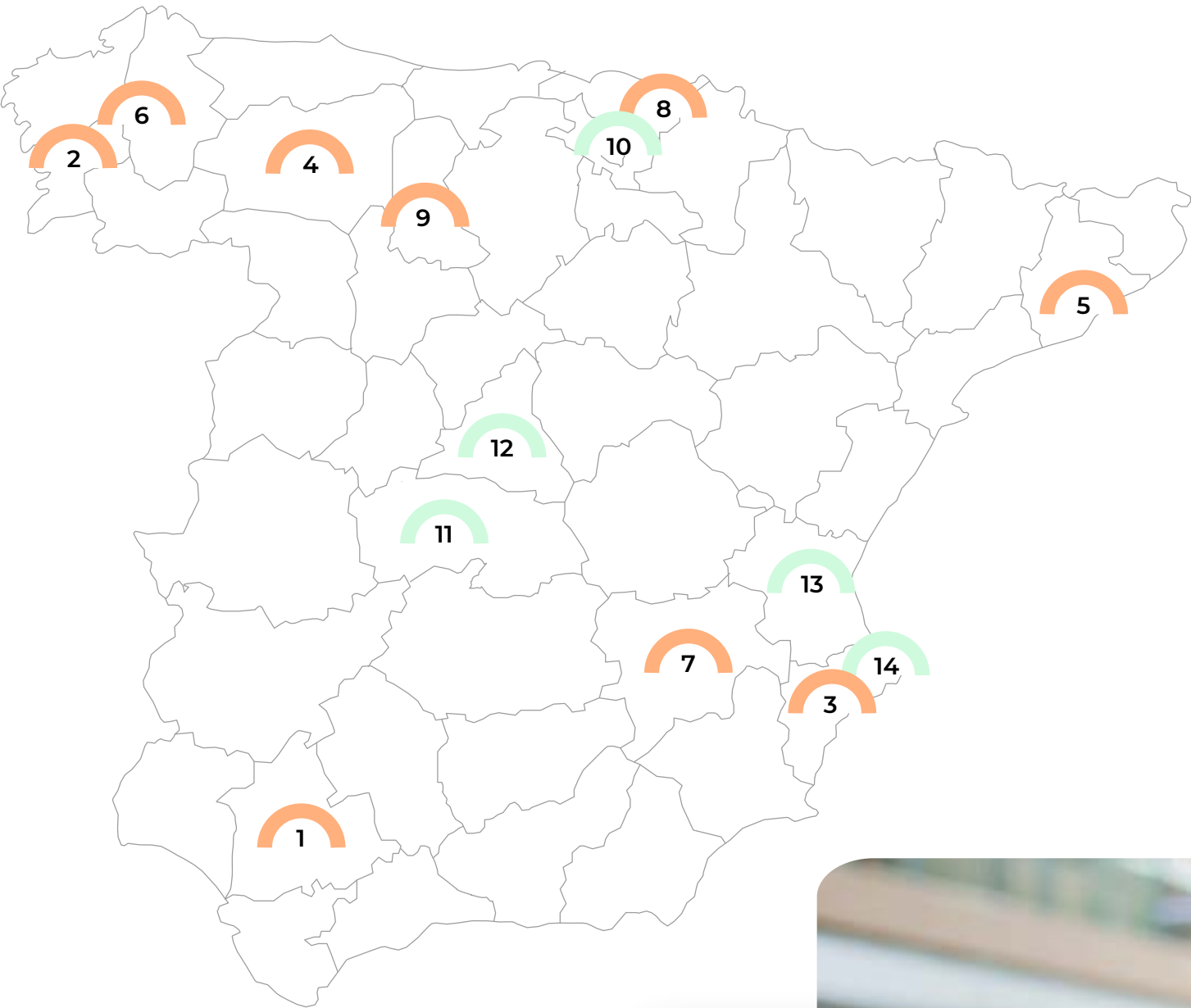
For Lar España chairman **José Luis del Valle**, "having significantly brought forward the maturity of the debt with extremely strong demand among top-level **public and private institutional investors, we have given clear proof of the excellent receptivity and international confidence in the differential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

For Del Valle, "the green bond has been managed in an exemplary manner and in record time, **with the important endorsement of a BBB investment grade-stable rating from Fitch and a second party opinion from ISS**. The transaction substantially strengthens our balance sheet structure, significantly reduces our financing cost and enables us to remain consistent with our proactive policy of **maximum quality and transparency, profitability for shareholders and added value** for all our stakeholders and for society in general. It also puts us in a leading position in view of the exciting recovery that the sector has already begun."

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

The issue also featured **an independent review of the company's sustainability strategy based on the 2021 Green Bond Principles issued by the ICMA (International Capital Markets Association).**

2.3
Portfolio at 30 June 2021



GAV
1.4
Billion euros





Shopping Centres

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



Retail Parks

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



Lagoh | Shopping Centre



Asset Characteristics		
Location	Seville	
GLA	69,734 sqm	
Purchase Date	1 March 2016	
Land Acquisition Price	€38.5 million	
WAULT	3.2 years	


Gran Vía | Shopping Centre



Asset Characteristics		
Location	Vigo	
GLA	41,447 sqm	
Purchase Date	15 September 2016	
Acquisition Price	€141.0 million	
WAULT	1.8 years	

Portal de la Marina + 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	2.3 years	

El Rosal | Shopping Centre



Asset Characteristics		
Location	León	
GLA	50,996 sqm	
Purchase Date	7 July 2015	
Acquisition Price	€87.5 million	
WAULT	1.9 years	

Ànec Blau | Shopping Centre



Asset Characteristics	
Location	Barcelona
GLA	29,073 sqm
Purchase Date	31 July 2014
Acquisition Price	€80.0 million
WAULT	3.7 years

As Termas + Petrol Station | Shopping Centre



Asset Characteristics	
Location	Lugo
GLA	35,132 sqm
Purchase Date	15 April 2015/ 28 July 2015
Acquisition Price	€68.8 million
WAULT	2.4 years

Albacenter, Hypermarket
+ Retail Units | Shopping Centre



Asset Characteristics	
Location	Albacete
GLA	27,247 sqm
Purchase Date	30 July 2014/ 19 December 2014
Acquisition Price	€39.9 million
WAULT	3.0 years

Txingudi | Shopping Centre



Asset Characteristics	
Location	Irún (Guipúzcoa)
GLA	10,712 sqm
Purchase Date	24 March 2014
Acquisition Price	€27.7 million
WAULT	2.0 years

Las Huertas | Shopping Centre



Asset Characteristics	
Location	Palencia
GLA	6,267 sqm
Purchase Date	24 March 2014
Acquisition Price	€11.7 million
WAULT	1.9 years

Megapark + Megapark Leisure Area | Retail Park



Asset Characteristics	
Location	Barakaldo (Bilbao)
GLA	81,577 sqm
Purchase Date	19 October 2015/ 27 October 2017
Acquisition Price	€178.7 million
WAULT	2.5 years

Parque Abadía + 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	1.8 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	€12.6 million
WAULT	3.1 years

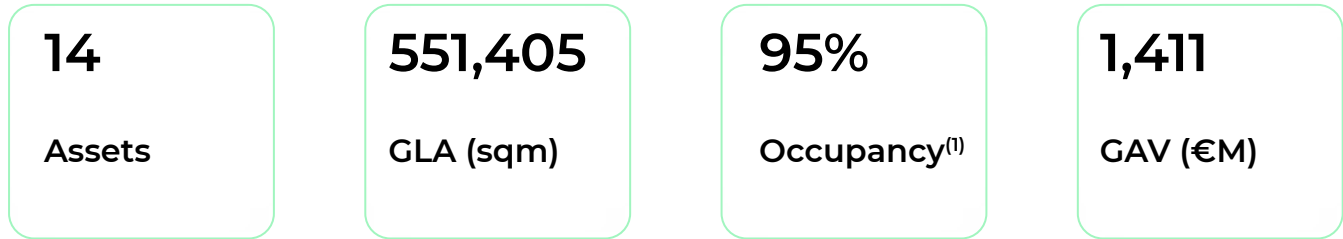
Vistahermosa | Retail Park



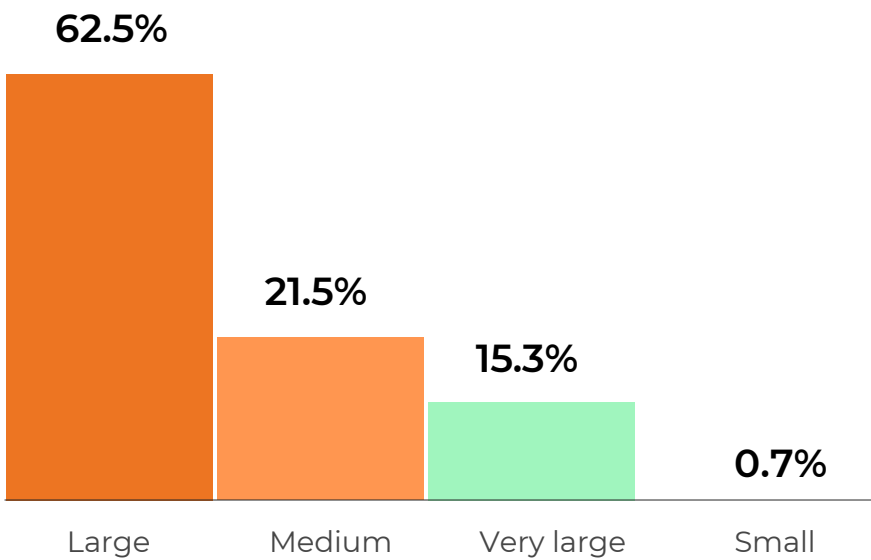
Asset Characteristics	
Location	Alicante
GLA	33,763 sqm
Purchase Date	16 June 2016
Acquisition Price	€42.5 million
WAULT	3.7 years

Our retail portfolio at a glance

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



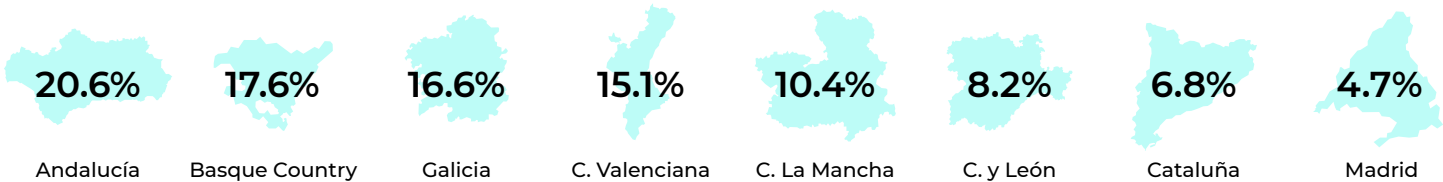
By size^(*) (GAV)



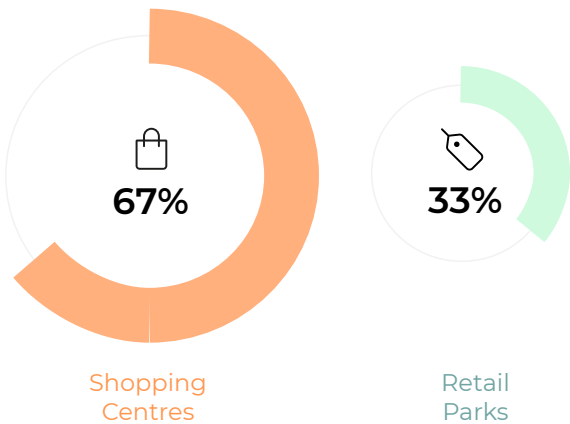
78%
of our retail
assets are
classified as
Large or Very
Large

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

By geography (GAV)



By type (GAV)



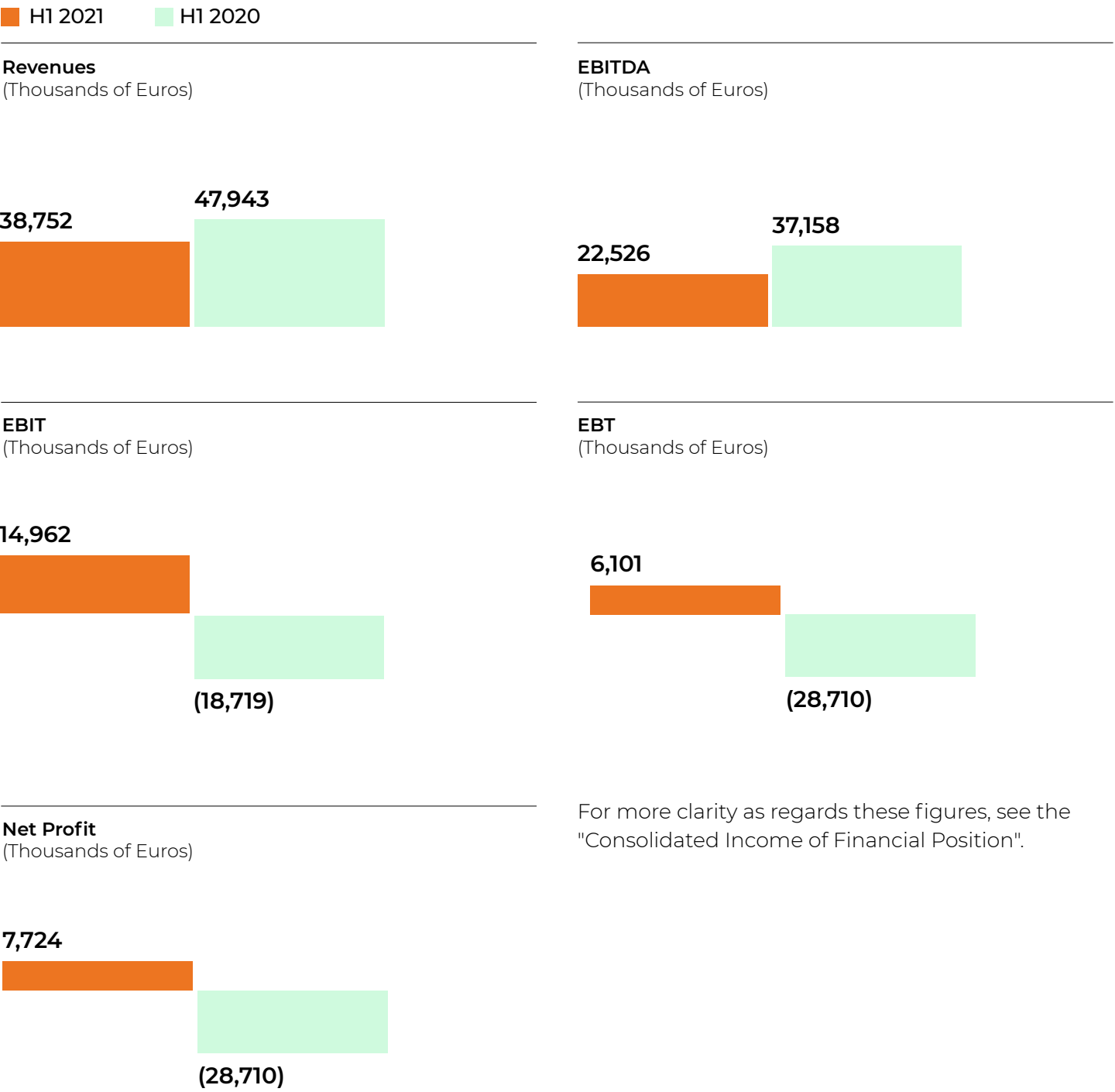
(1) Ratio calculated according to EPRA recommendations.



2.4

Key Indicators

In the first six months of 2021 Lar España generated revenues of **38,752 thousand Euros** and a EBITDA of **22,526 thousand Euros**, being the most relevant figures the following:



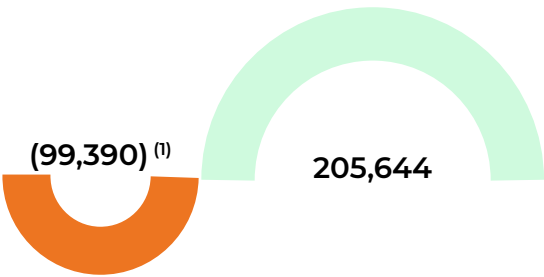


Other financial indicators

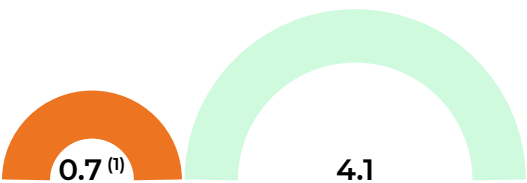
The Group presents the following financial indicators:

30/06/2021 31/12/2020

Working capital
(Thousands of Euros)



Liquidity ratio
(%)



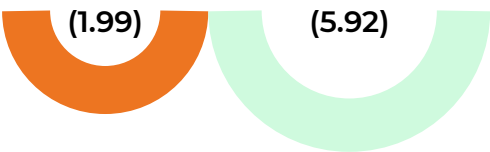
Solvency ratio
(%)



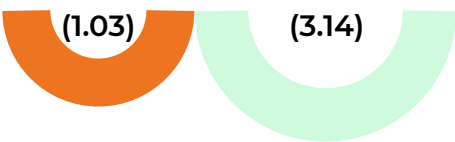
Net LTV
(%)



ROE
(%)



ROA
(%)



(1) On 15 July 2021, Lar España successfully placed an issue of unsecured senior green bonds maturing in July 2026, and a pre-established maximum amount of **€400 million**.

It thus has sufficient liquidity to refinance, in whole or in part, the Company's short-term debt and to meet its payments.

At 30 June 2021, the **ROE ("Return on Equity")**, which measures Group's profitability as a percentage of shareholders equity, amounted to -1.99% (-5.92% at 31 December 2020), whilst the **ROA ("Return on Assets")**, which measures the efficiency of Group's total assets regardless of the sources of financing used, i.e. the ability of a company's assets to generate income, was -1.03% (-3.14% at 31 December 2020).

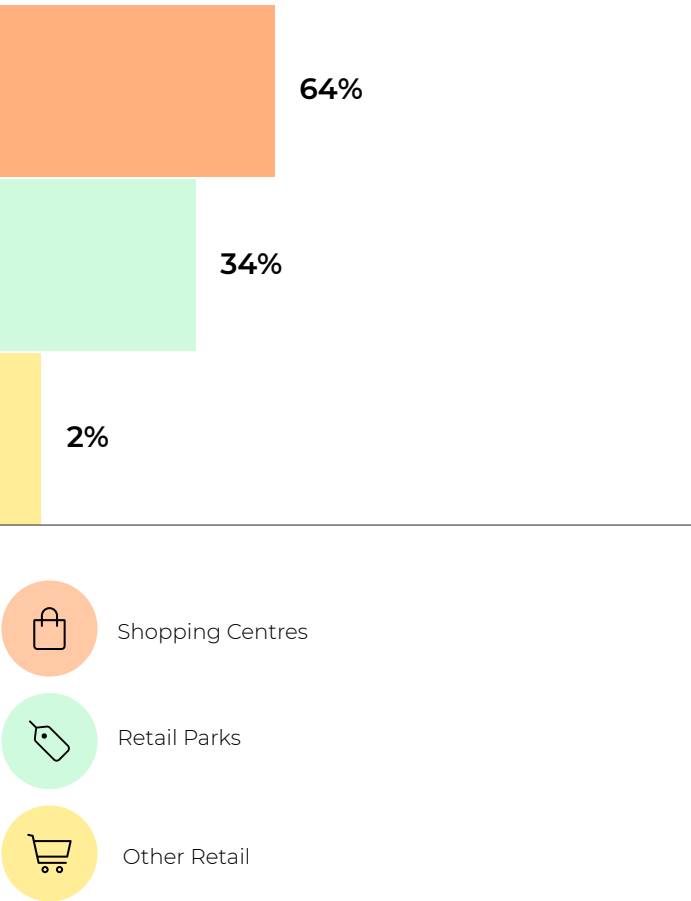
2.5 Business Performance

a. Income Distribution

Rental income reached **38,752 thousand Euros** in the first half of 2021 (versus 47,943 thousand Euros in the same period of the year before).

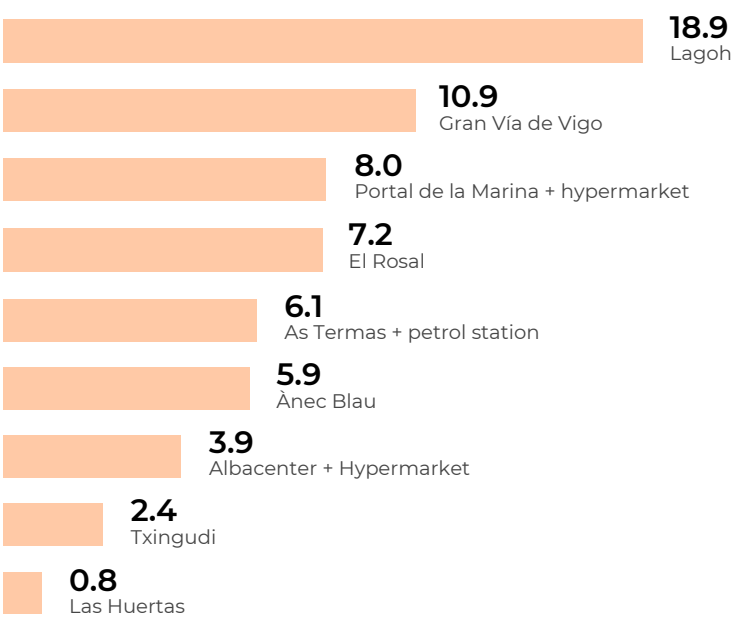
The relative weigh of rental income by line of business at 30 June 2021 is as follows:

Rental Income by asset class H1 2021 (%)

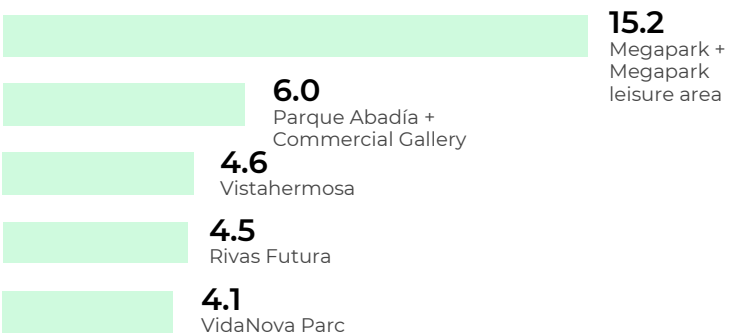


The breakdown of **income per asset type** during the first six months of 2021 is as follows:

Income by Shopping Centre (%)



Income by Retail Park (%)



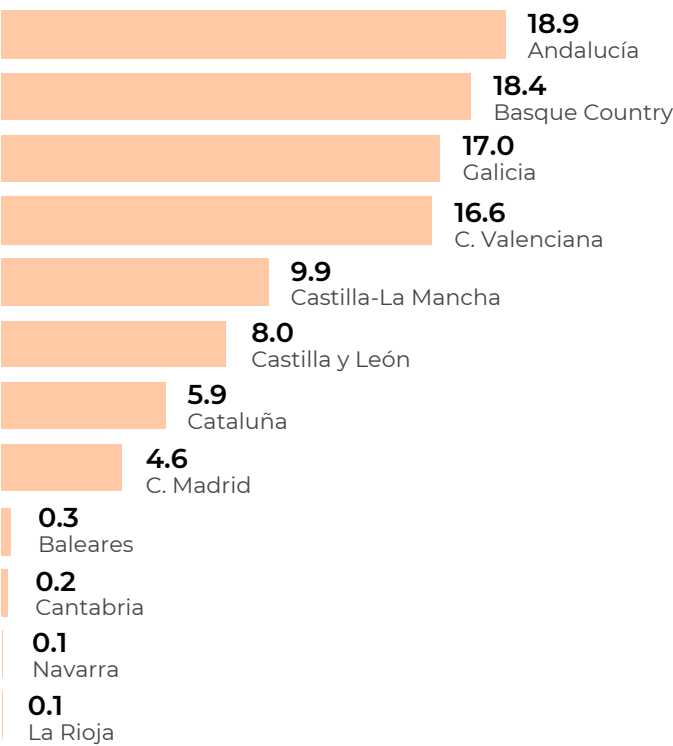
Income by Other Retail (%)





This graph details the breakdown of **rental income per region** for H1 2021:

Income per region (%)



Over 37% of revenues have been recorded in the Basque Country and Andalusia, being Lagoh the largest shopping centre in the first half of 2021.

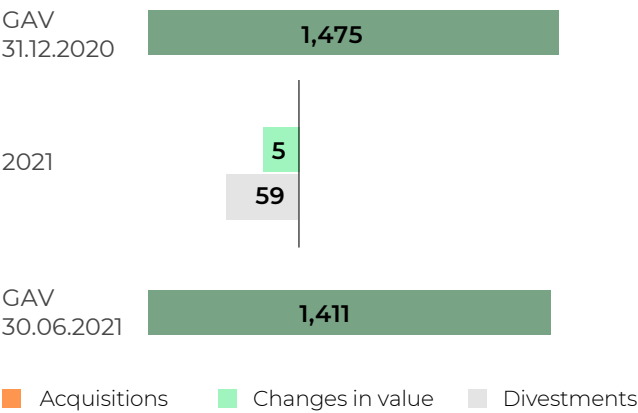
Below are the **ten tenants that have generated the most revenue** during the first six months of 2021:

	Total rental income %	% Accumulated
1. INDITEX	9.62%	9.62%
2. Carrefour	4.66%	14.28%
3. Media Markt	4.00%	18.28%
4. LEROY MERLIN	3.56%	21.84%
5. DECATHLON	2.74%	24.58%
6. CORTEFIEL	2.53%	27.11%
7. Conforama	2.49%	29.60%
8. MERCADONA	2.29%	31.89%
9. El Corte Inglés	2.28%	34.17%
10. C&A	2.09%	36.26%

b.
Value of Lar España´s portfolio at 30.06.2021

As at 30 June of 2021 the total value of Lar España´s portfolio amounts to **1,411 million Euros**:

GAV reconciliation 30.06.2021
(Million €)

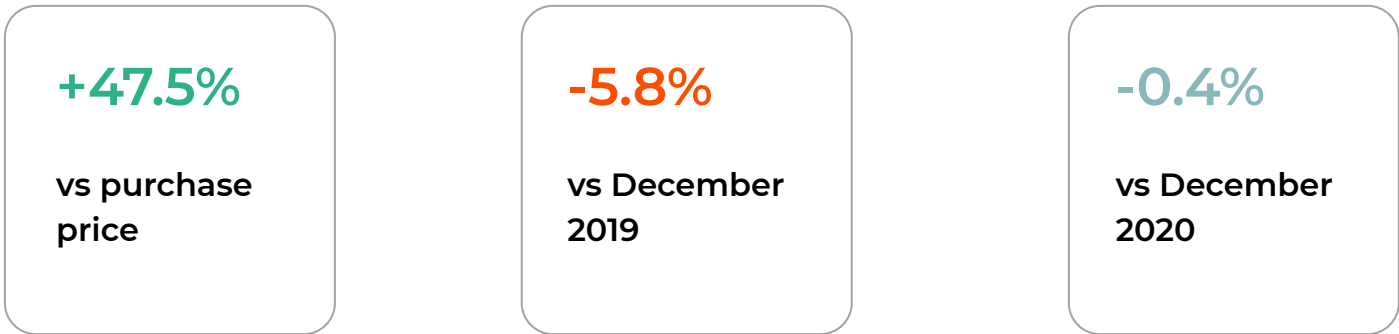


In the first half of 2021 Lar España has not carried out new acquisitions, but there has been the divestment of the portfolio of 22 Eroski supermarkets.

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

The change in the fair value of investment properties for an amount of 5 Million € corresponds to information based on valuations carried out by independent valuers on 30 June 2021.

Change in the portfolio value at 30 June 2021 (*)



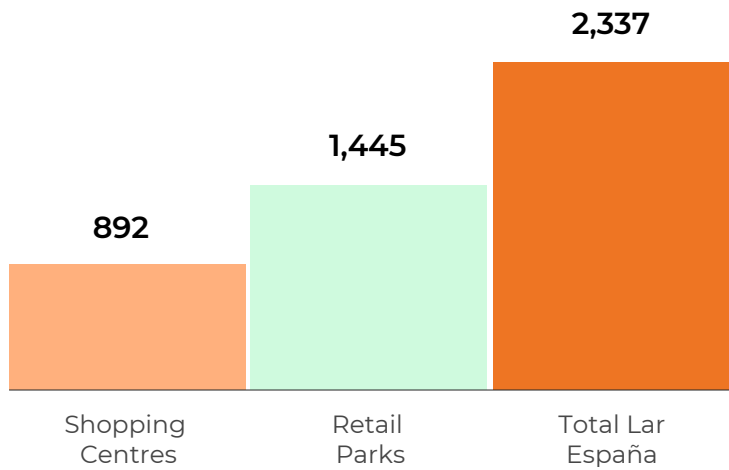
(*) Excluding CAPEX invested the percentages would be: +15.6%, -7.6% and -0.6% respectively.

C. CAPEX

The company has continued revamping its portfolio of assets in order to generate more value, investing close to **€2.3 million** during the first half of 2021.

The breakdown of investment by asset class is as follows:

CAPEX investment
(Million €)



The Retail Parks with **€1.4 million** together, lead the investment made during the year, due to the improvements that are being implemented in Rivas Futura.



d. Lease expiration and WAULT

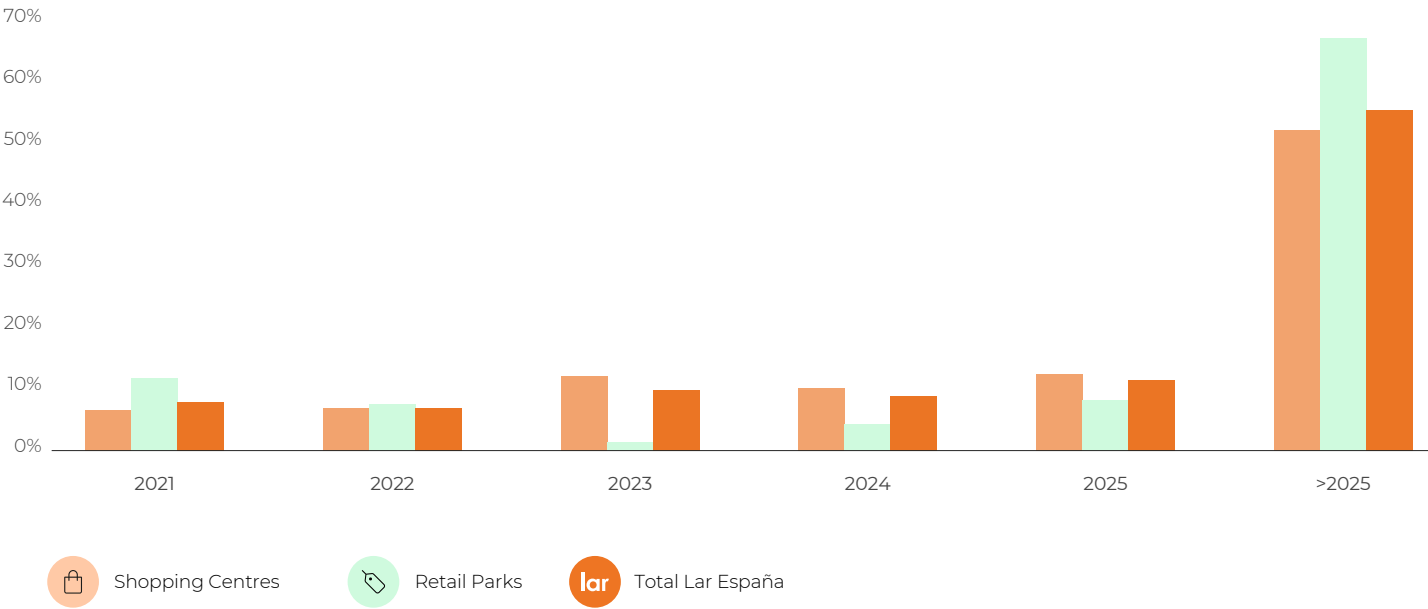
The proactive management carried out by Lar España allows us to have a **solvent and diversified tenant base**.

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 Q2 2021 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 June 2021, **more than 65%** of all Lar España's active lease agreements have lease expiries beyond 2024.

At 30 June 2021, **over 65% of retailer leases** had expiration dates beyond 2024.

Annual lease expiration
(end of contract) (%)



Thus, the WAULT^(*) (weighted average unexpired lease term) at 30 June 2021 of Lar España's portfolio is 2.6 years. Below you will find the detail by asset class:

More than
1,000
existing contracts

Lar España

Lar

2.6

Shopping
Centres



2.6

Retail
Parks



2.6

() 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 June 2021".*

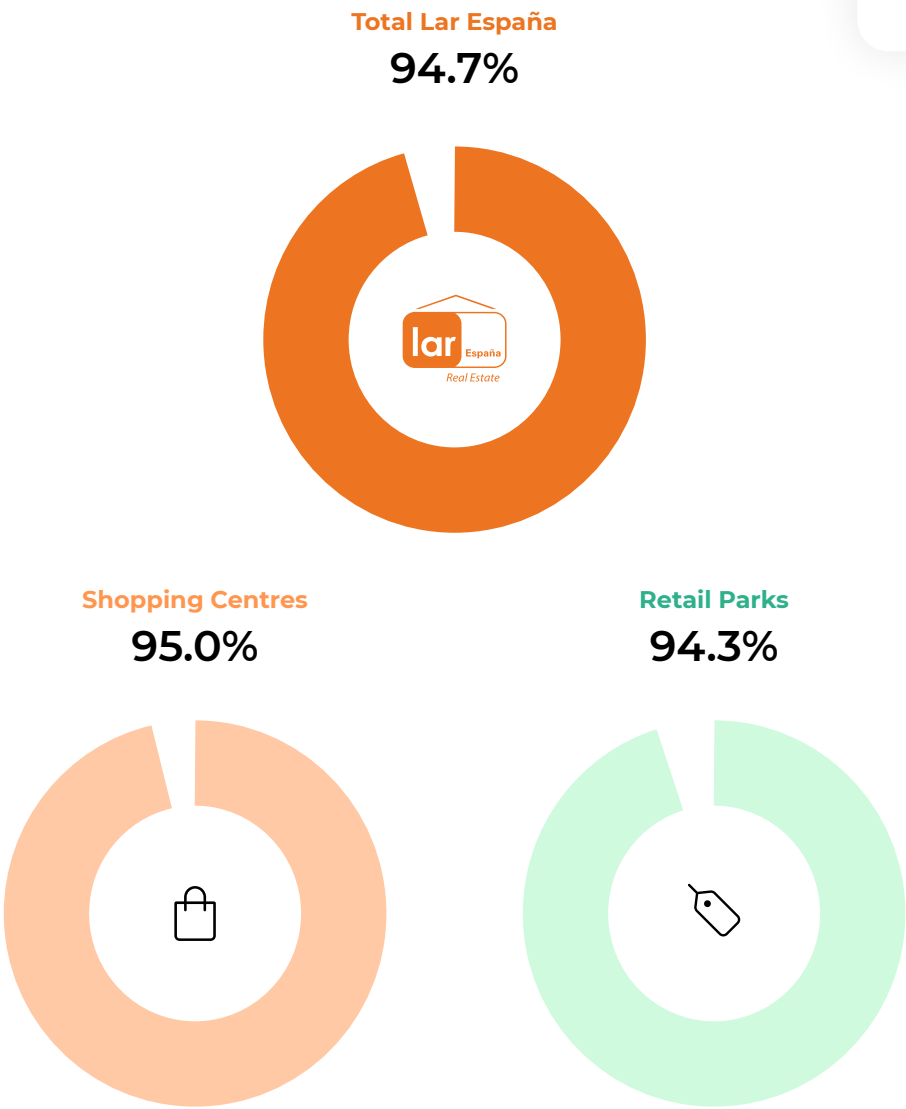
e. Occupancy (in sqm)

The gross leasable area (GLA) of Lar España's income producing assets at 30 June 2021 stood at **551,405 sqm**, whilst the average occupancy rate stood at **94.7%**.

The occupancy rate by asset class at 30 June 2021 is shown below:

94.7%
Occupancy
(sqm)

551,405 sqm
Total GLA

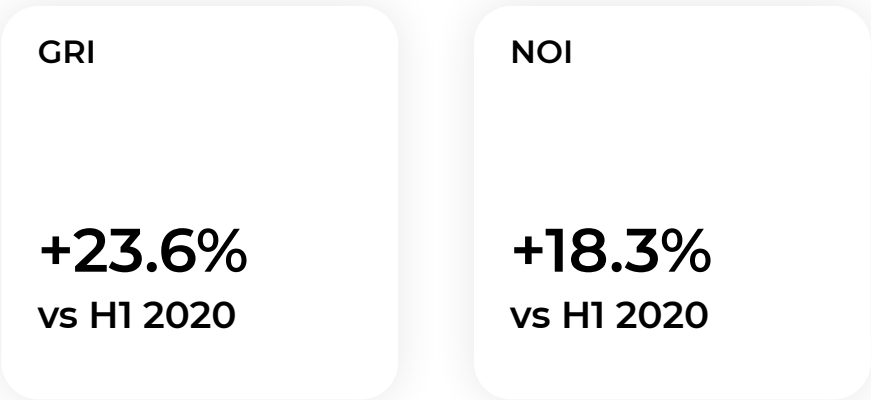




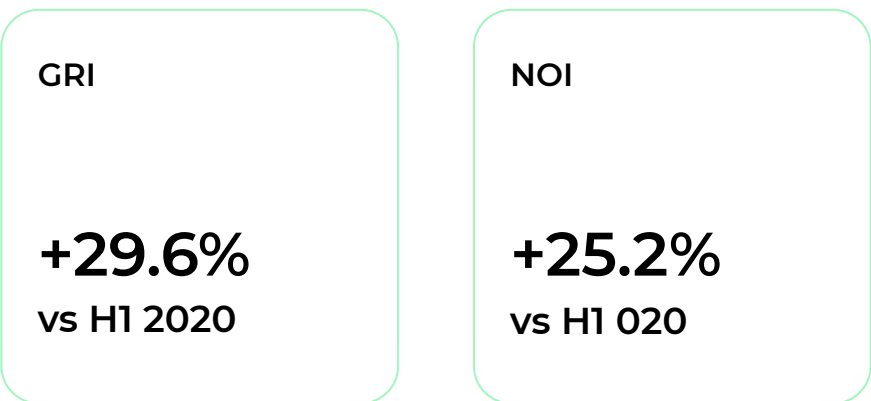
d.
Main milestones

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

Key indicators
evolution



Key indicators
evolution LfL (*)



(*) Like for Like (excluding the portfolio of 22 Eroski supermarkets divested in February 2021).



Major operative milestones

During the first six months of the year 2021, the total sales declared reach **377.5 ⁽¹⁾ Million euros** in the Shopping Centres and Retail Parks, supported by the increase in the number of visits (footfall of **33.1 million**).

Lar España continued to actively manage its retail portfolio. It closed **35 operations** including renewals, relocations, relettings and new lettings, resulting in an annualised tenant rotation rate of **3%** for the portfolio.

Rotated

7,700 sqm

Negotiated rent

€1.8 million

Operations

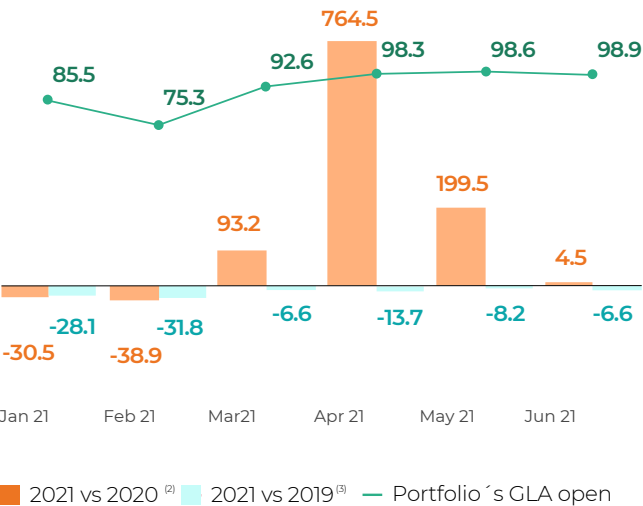
35

	Renewals	Relocations and Relettings	New Lettings	Total
Number of operations	21	5	9	35
sqm	3,534	492	3,674	7,700

Footfall 2021

33.1 Million of visits
+28%⁽²⁾ vs H1 2020

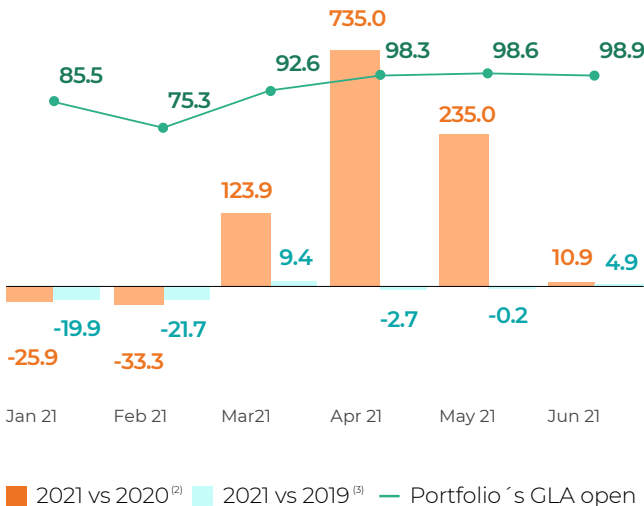
Monthly footfall at Lar España's shopping centres and retail parks %



Sales 2021

377.5 ⁽¹⁾ Million €
+38%⁽²⁾ vs H1 2020


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



(1) Declared sales / (2) Like for Like 2021 vs 2020 (excluding Ànec Blau and Megapark Leisure Area assets, because they were under comprehensive refurbishment projects. ShopperTrak Index accumulated figures at 30 June 2021: +21.2%. / (3) Like for Like 2021 vs 2019 (excluding Lagoh, Ànec Blau and Megapark Leisure Area assets).

Main Operations

Some of the main operations during the period between 1 April and 30 June 2021 are detailed below:



Main operations

New lettings

+

Primarix (500 sqm)

Miscota (1,035 sqm)

More than €273,000 annual negotiated rent

2 Operations

1,535 sqm



Main operations

Renewals

↺

Movistar (50 sqm)

Deichman (494 sqm)


Game (82 sqm)

Luckia (445 sqm)

More than €250,000 annual negotiated rent

4 Operations

1,071 sqm



Main operations

Renewals

↺

Landed (193 sqm)


Desigual Outlet (182 sqm)

London (469 sqm)

More than €214,000 annual negotiated rent

3 Operations

844 sqm



Main operations

New lettings

+

Personal Team Fitness (937 sqm) at Albacenter

Maki Wang (443 sqm) at Vistahermosa

Renewals

↺

Querol Querolets (332 sqm) at Ànec Blau

Loogo (280 sqm) at Las Huertas

More than €1,040,000 annual negotiated rent

26 Operations

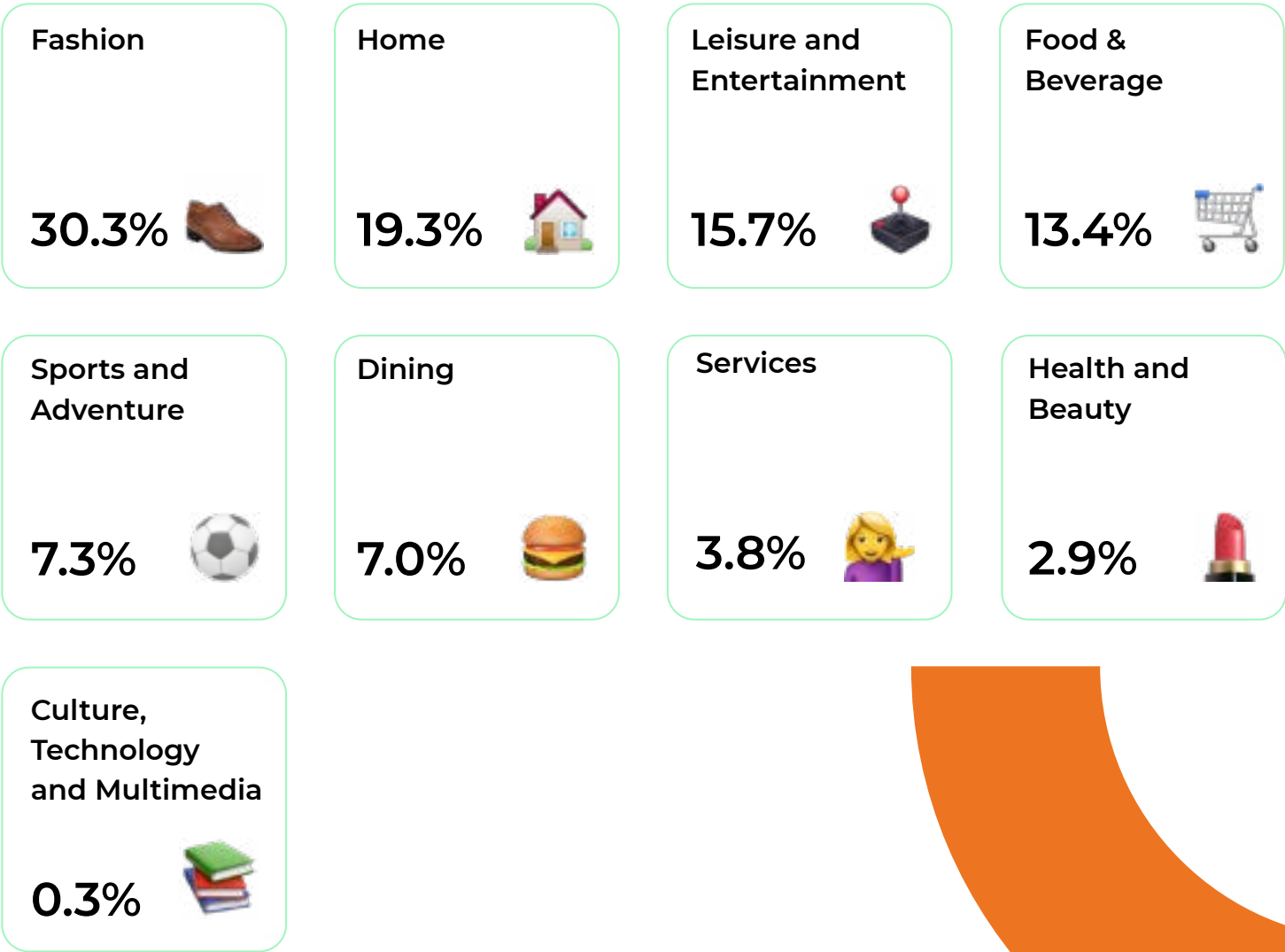
4,250 sqm

Retail Tenant Mix

Below we display the **tenant mix** of Lar España's retail portfolio at 30 June 2021 by space let. The food & beverage and health sectors account **more than 15%** of the retail offering in Lar España's assets.

Effort
Rate

9.9%



3

ESG

3.1

Committed to the Environment

p. 44

3.2

Contributing to Society

p. 60

3.3

Leaders in Governance

p. 72





ESG (Environmental, Social and Governance)

At Lar España, we understand that our activities affect the world around us. We make it a priority to ensure that both our operations and decision making have a positive impact on society and the environment, by working **in an ethical, responsible and sustainable way** while achieving strong financial returns for our investors.

Our **Sustainability/ESG Policy** is our blueprint for achieving our company objectives and following through on our principles, commitments, goals, strategy and values. In keeping with these principles, Lar España has also introduced an **ESG Masterplan**, which plots the route we intend to follow and the areas we will focus on along the way, always adhering to the most stringent general and sector-specific standards.

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





Shopping Centre
Portal de la Marina (Alicante)



3.1 Committed to the Environment

Lar España invests in groundbreaking solutions that help us **manage our properties responsibly and shrink our environmental footprint**. We're expanding our environmental analysis and management capacities, so we have the information we need to plan, take action and grow as a sustainable company. At the same time, this strategy will help us safeguard our economic viability and return on investment for the future.

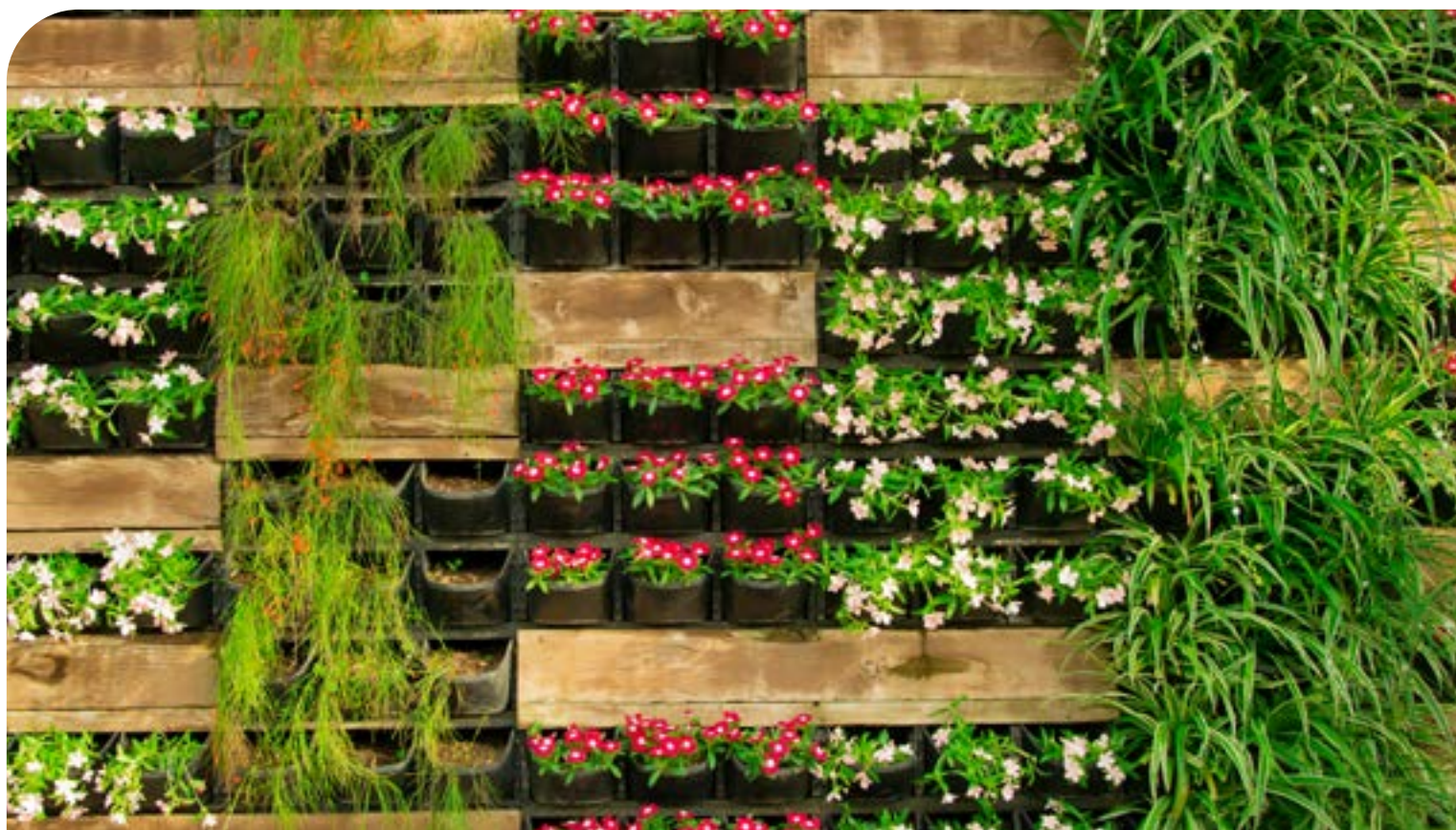
All of the properties that Lar España wholly manages have therefore implemented environmental and/or social activities.

BREEAM Environmental Certification

The company remains committed to participating in assessment and certification schemes to guarantee that the operation of all its properties is as sustainable as possible.


- Throughout the first six months of 2021, we forged ahead with our **Renewal Plan** for certifications that expired in 2020, having renewed **6 certifications** with a higher rating than the previously obtained.
- We have obtained a **new certificate in Parque Abadía** with Very Good qualification in both categories.
- **100%** of the company's shopping centres are currently BREEAM-certified with an 'Excellent', 'Very Good' or 'Good' rating.
- On the advice of our specialist consultants (LKS), we also prepared a certification plan covering **all retail parks** in our portfolio.


Lar España has obtained an improvement in the rating of BREEAM certificates renewed during the first half of 2021.





BREEAM Certifications

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

	Asset list	Rating ⁽¹⁾	Certification Type	Status	Rating ⁽¹⁾	Certification Type	Status
 Retail Parks	Megapark ⁽³⁾	"P1: Very Good P2: Excellent"	In Use	Certified	"P1: Very Good P2: Very Good"	In Use	Certified
	Parque Abadía	"P1: Very Good P2: Very Good"	In Use	Certified			
	Rivas Futura	Being processed		Being processed			
	VidaNova Parc	Being processed		Being processed			
	Vistahermosa	"P1: Very Good P2: Very Good"	In Use	In Renovation	"P1: Very Good P2: Very Good"	In Use	Certified

(1) P1: corresponds to the first part of the BREEAM certification relating to the property's design specifications. P2: corresponds to the rating obtained in terms of property management.

(2) The BREEAM certification for New Construction is P (Provisional) until the final delivery of the works and installations and D (Definitive) once the process is completed.

(3) Certifications relate to asset areas over which Lar España has operational control.

ISO 14001 Environmental certifications

Since achieving **ISO 14001** status for the As Termas shopping centre in 2020, the company has been working to extend this certification to other properties in our portfolio.

ISO 14001 recognises **sound environmental management**, the pursuit of firm objectives and targets reviewed and endorsed by senior management, a set of environmental procedures and protocols appropriate to the company's activities and proper management of any incidents or non-conformities. All of these aspects contribute to our progress towards our strategic objectives.

Shopping centre data automation

Over the course of 2020, we completed work on a new data analysis platform featuring a dynamic display for monitoring resource use and environmental performance. This new tool, which keeps track of water and energy use, waste management and GHG emissions, was launched on 1 January 2021. As a result, we are now able to **capture and analyse data from our properties and compare performance over time.**

By eliminating human error and **improving the frequency and consistency** of information, we have successfully optimised our processes and resources. Departments with access to the system can now benefit from more powerful data analysis, empowering them to act swiftly and effectively when corrective action is needed.



Waste Management Plan

Our Waste Management Plan, finalised in 2020, sets out our strategy for **enhancing our data management and monitoring systems, preventing pollution and promoting sustainable resource use**. Embracing the principles of the circular economy, the plan seeks to foster company-wide resource reduction and reuse.

Lar España is working to fine-tune our systems for the collection and transportation of waste produced by our properties through the following measures:

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

Embracing the principles of the circular economy, the plan seeks to foster company-wide resource reduction and reuse.





Energy Efficiency Plan

Now that we have an automated data collection platform in place, we are able to monitor our objectives and measures more effectively. Consequently, the company has developed a new Energy Performance Plan, **aligned with national and international standards**, as the final cornerstone of our sustainability strategy. The plan's implementation hinges on a series of previously adopted measures that have now been incorporated into and aligned with the corporate strategy across all the portfolio's assets.

In parallel, Lar España is rolling out energy **performance audits and a new remote submetering system**. Thanks to these two initiatives, we will be able to access up-to-date information on the status of each of our properties. Based on this information, we intend to develop a set of action plans for each property in our portfolio.

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

Renewable energy

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

Lar España has an Energy Efficiency Plan aligned with national and international standards.



Carbon Footprint

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

As part of this process, the company submitted its Emissions Reduction Plan to the Ministry as another step towards **carbon neutrality, and a further affirmation of the company's commitment to responsible and sustainable business operations**. To spur us in this direction, our proposed measures include:



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

Environmental performance

Introduction

In assessing energy consumption during H1 2021, we must consider three key factors that have affected the performance of Lar España's properties during this period:

Recovery of footfall at shopping centres and retail parks

Although the first half of 2021 witnessed a **considerable recovery in everyday operations at Lar España's shopping centres** compared to the same period in 2020 (close to 30%), this recovery has not reached what would be considered normal levels.

If we analyse the environmental performance of the first six months of 2021 compared to the same period in 2020, the exceptional circumstances in the first half of 2020 (including lockdowns and severe restrictions on access to shopping centres and retail parks) skew the comparison of the overall data. As a result, we broadened the analysis of the properties' performance **to include comparison not only with the first half of 2020, but also with the first half of 2019**, prior to the impact of COVID-19 on normal operations.

Weather conditions

Another fundamental factor to bear in mind is the **weather during the period analysed**. In the first six months of 2021, the average values were not different to what was expected in terms of temperatures and rainfall: the deviation from the average (daytime and night-time temperatures) was no greater than +0.55°C and rainfall was 99% of what is expected between January and June.

None of this suggests a reprieve from climate change: as well as a quite irregular rainfall pattern, it is worth mentioning the series of extreme events in the months of January and February on mainland Spain. The extremely low temperatures of mid-January (Storm Filomena) were followed by a significant thermal anomaly in the month of February, with average temperatures at +2.5°C higher than expected for that month. May was also warmer, but with relatively slight increases of +0.6°C compared to the average recorded in the reference series from the State Meteorology Agency (AEMET) (1981-2010).

Opening of properties that hold a greater importance from an energy efficiency point of view (Lagoh)

In September 2019 **Lar España opened the Lagoh Shopping Centre** in Seville. During 2020, this centre had to deal not only with the consequences of lockdown and capacity restrictions, but also had to get complex equipment – including renewable energy generation systems – up and running. The low occupancy at the centre allowed for adjustments to be made to the control systems during the first half of 2020 and as a result, its energy performance shows **significant deviations** from the same period in 2021.

This large development is a very significant property in the portfolio and therefore its inclusion in the analysis of data for the first half of 2021 could considerably distort the overall data we are working with. **We will therefore need a full-year full standard operation analysis** in order to have a clear image of the performance of the property and its environmental importance within the portfolio.

A.1. Electricity consumption

In 2021, Lar España has continued its **programme of purchasing guaranteed renewable electricity**, which already accounts for 95.3% of all energy consumed at its properties. Only two properties (Txingudi and Parque Abadía) still use non-renewable electricity. However, once the current supply contracts have ended (through the Company's own policy), their electricity supply contracts will be renewed and brought into line with the rest of the portfolio through the purchase of green energy. This will have a very positive effect on indirect GHG (Greenhouse Gas) of Scope 2 emissions.

Over the first half of 2021, the year-on-year comparison recorded a slight upturn in the electricity consumed in the properties' communal areas (+3.9%), primarily due to the upswing in activity. However, **the consumption recorded was -12.5% down when compared to the normal circumstances in the first half of 2019.**

We must also consider a correlation between the increase in electricity consumption (H1 2021 versus H1 2020) and the **abnormally high temperatures in the month of February**, which required unusual use of HVAC systems in some centres located in the north and centre of the mainland.

A.2. Fuel consumption (Gas and Diesel)

The above average temperatures in February were mainly seen in northern Spain, particularly in the Bay of Basque Country (+4°C compared to the expected average), as well as in Galicia and in inland areas in Castilla y León (+2°C), where shopping centres and retail parks normally have a high demand for fuel for heating at that time of year. This weather anomaly coincides with a **-20.9% drop in fuel consumption (mainly natural gas)** compared to the first half of 2020 and **-17.1%** compared to the first six months of 2019.

The operational measures contained in Lar España's Energy Efficiency Master Plan have also played their part. The rollout of this plan continued during H1 2021 and we estimate that it contributes at least 1% to the continued decreases in energy usage.

Area of Impact	EPRA Sustainability Performance Measures				TOTAL LAR ESPAÑA ASSETS						
	EPRA code	Unit of measurement	Indicator		Absolute Measures	CHANGE (LfL)			CHANGE (LfL)		
					H1 2021 (Abs)	H1 2019	H1 2021	Like for Like change (%)	H1 2020	H1 2021	Like for Like change (%)
Energy	Elec-Abs, Elec-LfL	kWh	Electricity	Consumption of electricity from non-renewable sources (A)	527,093	986,275	527,093	-46.6%	575,915	527,093	-8.5%
				Consumption of electricity from renewable sources (B)	10,777,769	9,092,706	8,309,102	-8.6%	10,184,800	10,777,769	5.8%
				% of common areas electricity consumption from renewable sources	95.3%	90.2%	94.0%	3.8%	94.6%	95.3%	0.7%
				Consumption sub-metered to tenants (C)	345,902	374,456	345,902	-7.6%	209,862	345,902	64.8%
				Electricity generated and dispatched to the grid	151,104	122,867	100,421	-18.3%	179,603	151,104	-15.9%
				Total landlord electricity consumption (D = A+B-C)	10,958,960	9,704,525	8,490,293	-12.5%	10,550,853	10,958,960	3.9%
	EPRA-DH&C-Abs	kWh	Energy	Total district heating & cooling consumption	Not applicable. There is no Lar España asset with district heating and cooling (DH&C-Abs)						
	Fuels-Abs, Fuels-LfL	kWh	Fuel	Total landlord fuel consumption (E)	1,154,944	1,309,009	1,085,200	-17.1%	1,460,244	1,154,944	-20.9%
				Total fuel consumption sub-metered to tenants (F)	47,610	36,763	47,610	29.5%	32,652	47,610	45.8%
				Total fuel consumption (G = E-F)	1,107,334	1,272,246	1,037,590	-18.4%	1,427,592	1,107,334	-22.4%
	Energy-Int	kWh/ sqm / year	Building energy intensity per square metre H = (D+E)/S sqm		18.96	20.50	17.82	-13.1%	18.80	18.96	0.9%
		kWh/ visit / year	Building energy intensity per visitor I = (A+B+E)/S visit.		0.38	0.31	0.33	5.4%	0.48	0.38	-21.4%
	Number of assets within boundary				14 out of 14	13 out of 13	13 out of 14	-	14 out of 14	14 out of 14	-
	Proportion of disclosed data estimated				0.0%	0.0%	0.0%	-	0.0%	0.0%	-





B. GHG emissions

As in 2018 and 2019, **Lar España has recorded its carbon footprint for 2020** and, by the end of 2021, will have registered its carbon footprint for four consecutive years with the Ministry for the Ecological Transition and the Demographic Challenge (MITERD). Hence, at 01/01/2021 Lar España was one of the 10 companies in the sector included on the MITERD list.

The Scope 2 results for the first half of 2021 correspond with the electricity consumption data analysed in point A.1, while the results for Scope 1 are related with the decrease in fuel consumption, due to the unusually high average temperatures in February in the north and center of Spain and exposed in point A.2. Accordingly, a +4.3% upturn is observed in Scope 2 emissions, which is mainly linked to the increase in the activity, but a considerable decrease is observed if the comparison is made with the first half of 2019 (-42.2%).

Since 2020, Lar España has begun to regularly report not only on Scope 1 (direct GHG emissions within the shopping centres) and Scope 2 (indirect emissions resulting from the generation of electricity consumed in the shopping centres), but also on Scope 3 (indirect emissions in the value chain, excluding Scope 2).

More accurate identification and verification of data in line with the Company’s commitment to making continual improvements in its environmental management.

The verifiable information for Scope 3 so far shows an increase in the values when comparing 2019 and 2020. This does not indicate an increase in GHG emissions, but rather **more accurate identification and verification of data in line with the Company’s commitment to making continual improvements in its environmental management.**

Lar España is currently in the process of drafting its **Net Zero Strategic Decarbonisation Plan**. The plan will broaden the objectives laid out for Scope 3, whose voluntary implementation was initiated with the fully verifiable information gathered during 2020 and which is now being completed with the information gathered in the first half of 2021. This is yet **another example of the company’s commitment to the collective struggle against climate change.**

The GHG emissions intensity results, both relating to a static denominator (Scope 1+2 (kg eq CO₂/sqm of communal areas)) and a dynamic one (Scope 1+2+3 (kg eq CO₂/1000 visitors), **are positive and show significant reductions.**

Area of Impact	EPRA Sustainability Performance Measures				TOTAL LAR ESPAÑA ASSETS							
	EPRA code	Unit of measurement	Indicator		ABSOLUTE MEASURES	CHANGE (LfL)			CHANGE (LfL)			
					H1 2021 (Abs)	H1 2019	H1 2021	Like for Like change (%)	H1 2020	H1 2021	Like for Like change (%)	
Greenhouse gas emissions	GHG-Dir-Abs, GHG-Dir-LfL	kg eq CO ₂	Direct emissions (J)	Scope 1 (fuel)	201,757	232,040	189,063	-18.5%	262,014	201,757	-23.0%	
	GHG-Indir-Abs, GHG-Indir-LfL		Indirect emissions (K)	Scope 2 (electricity)	91,092	157,506	91,092	-42.2%	87,348	91,092	4.3%	
			Indirect emissions (L)	Scope 3	8,665	6,691	8,665	29.5%	5,943	8,665	45.8%	
			GHG emissions (J+K)	Scope 1 + 2	292,849	389,546	280,155	-28.1%	349,362	292,849	-16.2%	
			Total GHG emissions (M=J+K+L)	Scope 1 + 2 + 3	301,514	396,237	288,820	-27.1%	355,305	301,514	-15.1%	
	GHG-Int	kg eq CO ₂ / sqm / year	Emissions intensity per square meter (J+K/S sqm common areas)		0.55	0.73	0.52	-28.1%	0.65	0.55	-16.2%	
		kg eq CO ₂ /1000 pers./year	Emissions intensity per visitor (M/ Svisit/1000)		9.12	10.91	9.62	-11.8%	13.94	9.12	-34.6%	
	Number of assets within boundary					14 out of 14	13 out of 13	13 out of 14	-	14 out of 14	14 out of 14	-
	Proportion of estimated GHG data					0.0%	0.0%	0.0%	-	0.0%	0.0%	-

C. Water

In absolute values, **a slight dip in supply (-1.0%) was recorded** for the first half of 2021 compared to the same period in 2020. This is accentuated when we deduct the water re-invoiced to occupiers **(-7.9%)** to ascertain what was actually used in the communal areas.

The drop in water consumption is much greater when compared with the first half of 2019 **(-31.5%** and **-10.0%** respectively).

Additionally, the consumption intensity values are at **2.30 litres/visitor, dipping just below the 2.37 litres/visitor** recorded at the close of 2020.

Area of Impact	EPRA Sustainability Performance Measures			TOTAL LAR ESPAÑA ASSETS						
	EPRA code	Unit of measurement	Indicator	ABSOLUTE MEASURES	CHANGE (LfL)			CHANGE (LfL)		
				H1 2021 (Abs)	H1 2019	H1 2021	Like for Like change (%)	H1 2020	H1 2021	Like for Like change (%)
Water	Water-Abs, Water-LfL	m³	Water consumption in common parts areas (N)	76,208	81,075	55,542	-31.5%	76,983	76,208	-1.0%
			Consumption sub-metered to tenants (O)	28,523	38,931	17,601	-54.8%	25,187	28,523	13.2%
			Water consumption in common and shared areas (P=N-O)	47,685	42,144	37,941	-10.0%	51,796	47,685	-7.9%
	Water-Int	Litres/person/year	Water consumption intensity per visitor (N x 1000/ Svisit)	2.30	2.23	1.85	-17.1%	3.02	2.30	-23.7%
	Number of assets within boundary			14 out of 14	13 out of 13	13 out of 14	-	14 out of 14	14 out of 14	-
	Proportion of estimated water consumption data			0.0%	0.0%	0.0%	-	0.0%	0.0%	-



D. Waste management

The company's **Waste Management Master Plan** – in force since January 2021 – has brought significant **improvements in the collection of data** on the quantity and nature and management of waste produced. Over the first half of 2021, we consolidated the procedure for identifying what types of waste are generated and where, the collection points in each shopping centre or retail park and their disposal routes.

This change in methodology, together with the recovery of footfall, has led to a significant increase in the amount of waste recorded. Nevertheless, we will have to wait for the comparison of the annual consolidated data for 2021 and 2022 to have an exact and comparable image with two full years using the same methodology.





Conclusions

Although **up to this point the results for the company's performance are clearly optimistic**, we will have to wait until the end of the year to get the full picture on water consumption – an area which is very closely linked to the weather– and to waste management. The final data for this cannot be consolidated until the end of the financial year due to the nature of the management system, which also consists of **seasonal collections** (garden waste) and collections that take place **every six months or annually**.

Generally speaking, all of Lar España's environmental performance indicators in the first six months of 2021 are positive, both in the year-on-year comparison and compared to the first half of 2019, thereby **indicating stability in terms of property management**.



Shopping Centre
Ánec Blau (Barcelona)

3.2 Contributing to Society

One of Lar España's key priorities is to have a **positive social impact** on the communities in which it does business. Our current priorities are to further improve the indoor air quality in our properties, implement the necessary measures to ensure accessibility for all customers, interact with local organisations and create shared value.

COVID-19 protocol

SGS certification

Over the course of 2020, the leading verification company SGS **certified the sanitisation and disinfection procedures that were implemented across all assets**. After receiving a favourable assessment for its protocols – with no issues at any properties – and following physical inspections to verify their implementation, there will now continue with **monthly inspections to ensure that these processes remain in place**. This clearly demonstrates the commitment and efforts of Lar España to adapt to the current situation and ensure the safety of both its workers and all those who visit its shopping centres and retail parks.



These protocols include the hygiene recommendations imposed by the national authorities, as well as the health regulations in force in each individual autonomous region. 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.

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



The SGS seal of approval and certification verify that the shopping centres and retail parks adhere to the **highest health and safety standards, both for customers and employees**. These are also dynamic and flexible measures, constantly being adapted to the specific health and social requirements of the autonomous regions where each centre is located. These changes have also been duly certified and audited by SGS, allowing Lar España to offer its customers peace of mind, with a safe space to go shopping.

Employee COVID-19 protocol

Lar España and Grupo Lar have put protocols in place for their teams to minimise the risk of infection as much as possible, allowing their employees to carry out most of their work remotely. These teams have been provided with the right tools, devices and technology to allow them to continue carrying out all their work and daily tasks as usual. Attendance in person across our main offices and shopping centres has been reduced, and **strict safety measures have been implemented**.

To implement this, the company designed safety and hygiene protocols, **approved** by the leading certification company **Applus**. Workspaces are now deep cleaned more regularly, more flexible working hours have been introduced, employees have been given preventative training and workstations have been spread out to ensure correct social distancing in the workplace.



Improved air quality

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

- An invitation to tender was launched for air quality audits, with the aim of generating a database for each asset and creating methodologies that improve the current parameters.
- We carried out an implementation study of new data monitoring software designed to facilitate more effective management of interior air quality and help property management teams respond swiftly to any issues that may arise. We also took steps to optimise operational management of HVAC systems, with a view to boosting overall energy performance.
- Finally, we undertook maintenance work on polarisation filters already installed in some of our shopping centres, including Lagoh.

Accessibility

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

Every property in our portfolio has now been audited. The following sites have been awarded the AENOR Universal Accessibility seal in accordance with UNE 170001 certification: **Lagoh, El Rosal, As Termas, Vistahermosa and VidaNova Parc.**

Another seven properties are currently going through the UNE-170001 certification process.





Sustainable Development Goals

In 2020, Lar España submitted a letter of commitment to the United Nations Global Compact, as a mark of our resolve to **align the company’s sustainability strategy with UN Agenda 2030.**

We have since taken decisive action to fulfil this commitment:

1.
- Identifying the **priority SDGs for Lar España:**
- Promoting gender equality (SDG 5).
 - Creating a positive impact on jobs by hiring local suppliers (SDG 8).
 - Contributing to the creation of sustainable urban settings and communities (SDG 11).
 - Promoting responsible production and consumption, helping to foster the circular economy (SDG 12).
 - Taking action to help combat climate change, significantly reducing the GHG emissions of the organisation (SDG 13).
 - Promoting partnerships for joint initiatives in favour of sustainable development (SDG 17).

2.
- Circulating information and improving awareness of the adoption of SDGs in corporate governance and company policies.
3.
- Monitoring the actions carried out as part of the company’s activity to contribute to each of the SDGs identified.

These Sustainable Development Goals have been chosen because they correspond to the areas in which Lar España’s business operations can be most effective and relevant. Furthermore, the company is currently working to develop an overarching **Action Plan** to bring our entire portfolio in line with our commitment to our priority SDGs. We also plan to carry out a monitoring and evaluation exercise to measure the positive impacts of our efforts.



Initiatives at our shopping centres and retail parks

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

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

Here is a closer look at some of the social engagement initiatives carried out in our shopping centres and retail parks over H1 2021:



Initiatives relating to food bank collections

Food bank collection at As Termas

Since pandemic restrictions put paid to this year's edition of its ever-popular March fun run, the team at As Termas shopping centre poured their energy into a **campaign to support the local food bank**. All those who donated food items were rewarded with an official As Termas t-shirt, previously intended for our runners.



Charity carnival at Gran Vía de Vigo

To celebrate Vigo's annual carnival, the Gran Vía shopping centre hosted its own **family-friendly event, all in the name of charity**: a children's mask competition. The event was open to all members of the Club de los Disfrutones whom were simply asked to collect the materials from the customer service point. The shopping centre donated €10 per participant to the **Vigo Food Bank** and representatives of the association were invited to receive a cheque for **€1,000** raised by our young artists.



Collaborations with NGOs and non-profit organisations

Charity space at Portal de la Marina

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

The aim of the initiative was to lend support to a range of organisations and help them reach the widest possible audience. Video coverage of these events will be broadcast on Portal de la Marina’s social media channels.

As Termas champions NGOs

As Termas opted for a unique competition to highlight the importance of **ESG** with all **NGOs** and **non-profit organisations invited** to pitch their projects. Proposals were shared on a special landing page where the public could vote for their top three, with the overall winner selected by the centre. The winning project was presented with a **donation of €2,000**.



Albacenter celebrates International Women’s Day

In association with Lar España’s loyalty scheme Club de Disfrutones, Albacenter played host to a themed stand, provided free of charge, in celebration of **International Women’s Day** on 8 March.





Supporting the Spanish Association for KBG Syndrome at VidaNova Parc

VidaNova Parc Shopping Centre teamed up with the **Spanish Association for KBG Syndrome** to raise the profile of its work to tackle this rare and little-known disease. The seed for this initiative was sown when one of the centre’s customers shared her son’s struggle with the condition.



Parque Abadía joins AECC in the fight against cancer

On 25 May, the Spanish Association Against Cancer (AECC) was invited to run a stand in Parque Abadía to highlight its work and fundraising efforts.



Blood drives campaigns

A gift from the heart on Valentine’s Day: El Rosal launches "Donar es de cine"

El Rosal spread the word on **giving blood** via posts on social media, signage around the shopping centre and a dedicated space to recruit blood donors.



At a time when demand for transfusions remains high, but the risk of catching the virus has put off donors, the centre **has promoted blood drives to reach a wider audience**. The centre has allowed locals to come in and take part in the drive while observing capacity limitations, social distancing and hygiene measures, encouraging them to donate by offering a free cinema ticket to every donor.

Blood drive-athon at Portal de la Marina

To encourage everyone to do their bit, Portal de la Marina joined forces with the Region of Valencia’s Blood Transfusion Centre to organise a **‘blood drive-athon’**. Dubbed the **Gran Donación**, the goal was to boost participation in an act of generosity that can save lives.



To attract the greatest number of donors, each volunteer was rewarded with a free cinema ticket and a chance to win an assortment of prizes. **These centres have allowed locals to get involved while observing capacity limitations, social distancing and hygiene measures.**



Keeping in touch with local communities

Hola Familia at As Termas

Our shopping centres were keen to help out families by providing a range of interactive online events, with **educational workshops and just-for-fun activities** led by professionals and delivered via Zoom.

Those who tuned in had the chance to enjoy a wide range of workshops for parents and children.



Face Masks for Smiles returns to Gran Vía de Vigo

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 customer service desk is handing out **free**, fully certified **face masks** to all customers that have a receipt to show a purchase of €20 or more at the shopping centre.

Job-search Master Class at Gran Vía de Vigo

In keeping with the company’s commitment to community engagement and support, we organised a series of **live online classes** to help those currently searching for a job or exploring new opportunities stand out in the employment market.



Two expert training and career coaches guided participants through the process of updating their CVs and preparing for interviews, as well as offering plenty of motivation and support to capitalise on their strengths.

Sant Jordi Solidari at Ànec Blau

To mark Catalonia’s Festival of Sant Jordi, Ànec Blau hosted a book giveaway with a twist. In collaboration with **Asociación de Llibre Solidari**, the initiative got visitors hunting for hidden books stashed all around the centre, each accompanied by a rose.

Más Salud, Más Bierzo at El Rosal

Clínica Ponferrada were our special guests at El Rosal Shopping Centre, delivering monthly talks and workshops on **all things health-related**, including a series of cooking demonstrations.



Whatsapp Shopping at Lagoh

Shoppers at Lagoh now have the chance to access **personal shopping and style advice through WhatsApp**. Launched in early 2021, this project aims to offer the best possible customer experience for every shopper, whether they prefer to shop in-store or online.

Now, customers can enjoy a blend of online and in-store services, offering the safest possible shopping experience. It's just one of the ways Lar España is **moving towards omnichannel retailing and a 360° service model**.

This new system will not only enhance the customer experience but will also foster new kinds of relationships between our visitors and the brands they love. Retailers will be able to offer personal styling advice to each and every customer before he or she sets foot in the store, providing precise information on individual products and in-store availability.



Scooter Day at VidaNova Parc

One of Lar España's social engagement objectives is to promote and sponsor **healthy lifestyles**, putting physical activity front and centre.

That's why we turned over the car park at VidaNova Parc free of charge to a special scooter event run by Decathlon, with support from a local team backed by the Diverse Spartans Scooter League.

The shopping centre lent its support by providing coverage of the event and streaming the action on social media.



3.3 Leaders in Governance



Lar España continues to work to uphold the highest of standards when it comes to **transparency, ethics and regulatory compliance**, guaranteeing good governance both of the company and its governing bodies. We are deeply invested in our guiding principles for better business and determined to continue to make headway in these areas and exemplify effective risk management.

Lar España aims to comply with the **highest international standards of transparency, comparability and commitment**. Hence, it is a member of the **European Public Real Estate Association (EPRA)**, the leading international association in the sector, which aims to provide comparable financial information between publicly listed Real Estate companies, and reports annual financial and non-financial information in accordance with international **GRI** standards. In addition, the data reported regarding ESG/ Sustainability in the Company's annual reports according to those standards are **verified by an independent external**.

ESG Committee

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

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

Following a series of meetings held in 2020, in the first six months of 2021 committee members continued to work on defining **clear objectives and engaging in open dialogue**, to keep Lar España's ESG strategy moving forward on paper and in practice.

The different master plans and initiatives analyzed for the Company's portfolio have a **review** (technical and commercial) **of all the expert departments involved** in the implementation of each one of the actions.

Risk Map Update

During H1 2021, Lar España has continued to make progress in terms of identifying and mitigating the main risks related to climate change by carrying out an **ongoing risk assessment that is adapted and updated for both the current and the expected future environment**, and by also updating the company's general controls matrix.

The Company's Integrated **Risk Management System** – which was brought into force in 2015 – is designed to ensure risks are correctly and systematically identified, assessed, managed and controlled in order to help the Company meet its targets and successfully implement its strategies. The Integrated Risk Management System was created as a comprehensive and ongoing management tool that is applied by business area, by subsidiary and by support areas at the corporate level.

Corporate regulations and policies update

With regard to Good Governance and in accordance with the commitment to ongoing improvement set out in **Lar España's internal policies and regulations**, the company revised and amended its **Articles of Association and its General Shareholders' Meeting Regulation** in H1 2021 to bring them in line with the latest changes in legislation and best practices in terms of Good Governance.

As such, the Company tabled a **new Board Member Remuneration policy** for approval at the 2021 Annual General Shareholders' Meeting. Shareholders approved the new policy with an ample majority (with over 93% voting in favour).

EPRA Awards

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

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

GRESB

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

As part of its participation, an internal comparative analysis was made between the company's performance this year and its previous assessment, detailing the **key improvements made in terms of ESG in 2020**. Furthermore, by the end of the reporting period **we were in a position to identify a number of key improvement areas that will guide our actions in the months ahead**.



MSCI

Lar España also collaborates with MSCI-IPD and forms part of its annual real estate index, (IPD Spain Annual Property Index), which provides additional information and visibility of the real estate sector.

As a result of the many efforts made in the areas of good governance, sustainability and the social sphere, the Company has **obtained a BBB rating** in the international index ^(*). The different advances made in this field and the commitment to a strategy in the Company in line with international ESG standards are highlighted.



Informe Reporta

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

Lar España ranked 27th, 17 places higher than it achieved for the information published in 2019. As such, the Company **remains the number one Socimi in terms of the quality of the financial and non-financial information provided for stakeholders**.

(*) The use by Lar España of any MSCI ESG research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Lar España by MSCI. MSCI services and data are the property of MSCI or its information providers and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

4

Consolidated Financial Statements

4.1

Company Chart
30.06.2021

p. 76

4.2

Consolidated
Statement of
Comprehensive
Income

p. 78

4.3

Consolidated
Statement of
Financial Position

p. 80

4.4

Green Bond
Issuance

p. 86

4.5

Consolidated
Statement of
Cash Flows

p. 90

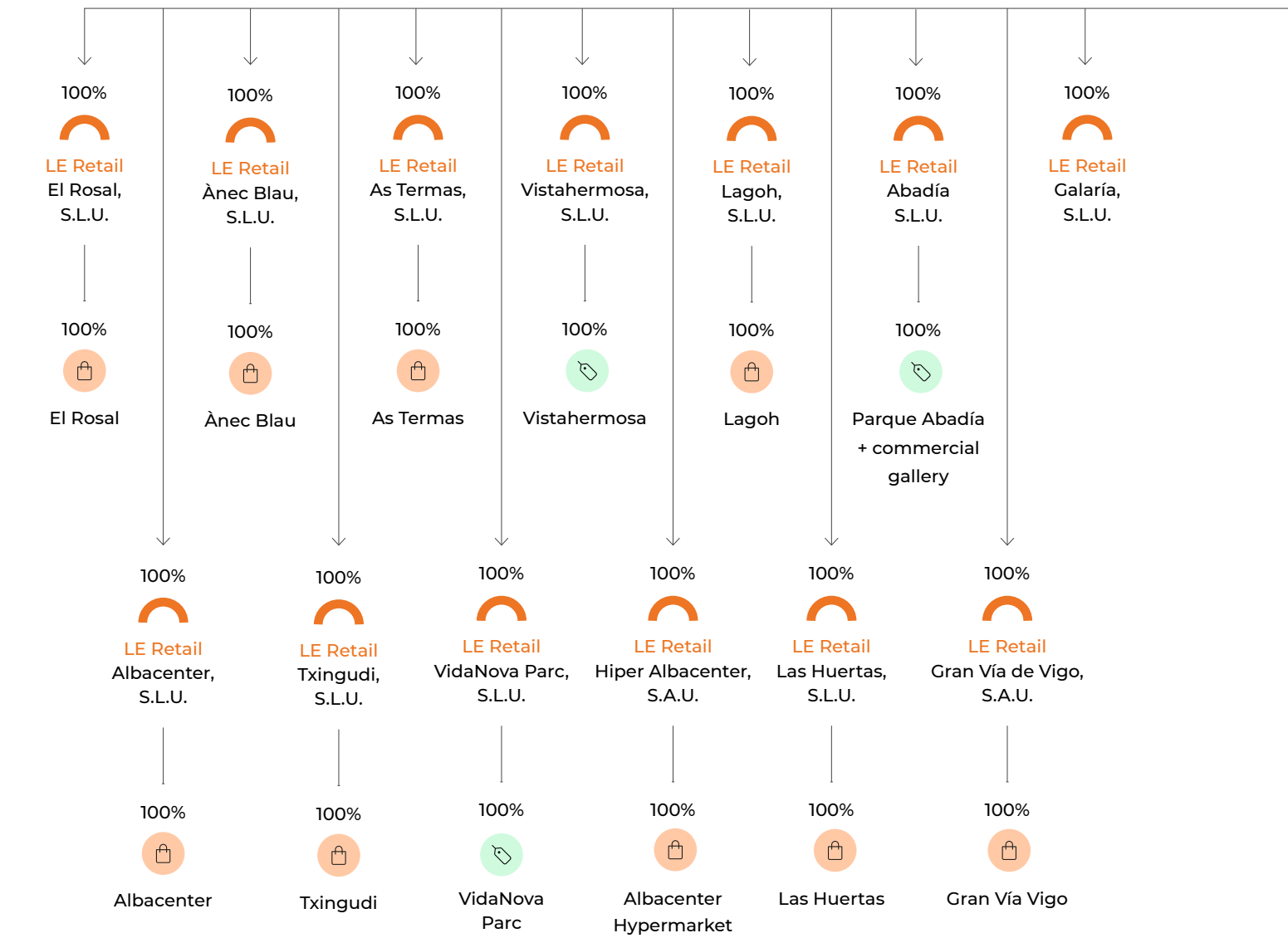




4.1

Company Chart 30.06.2021

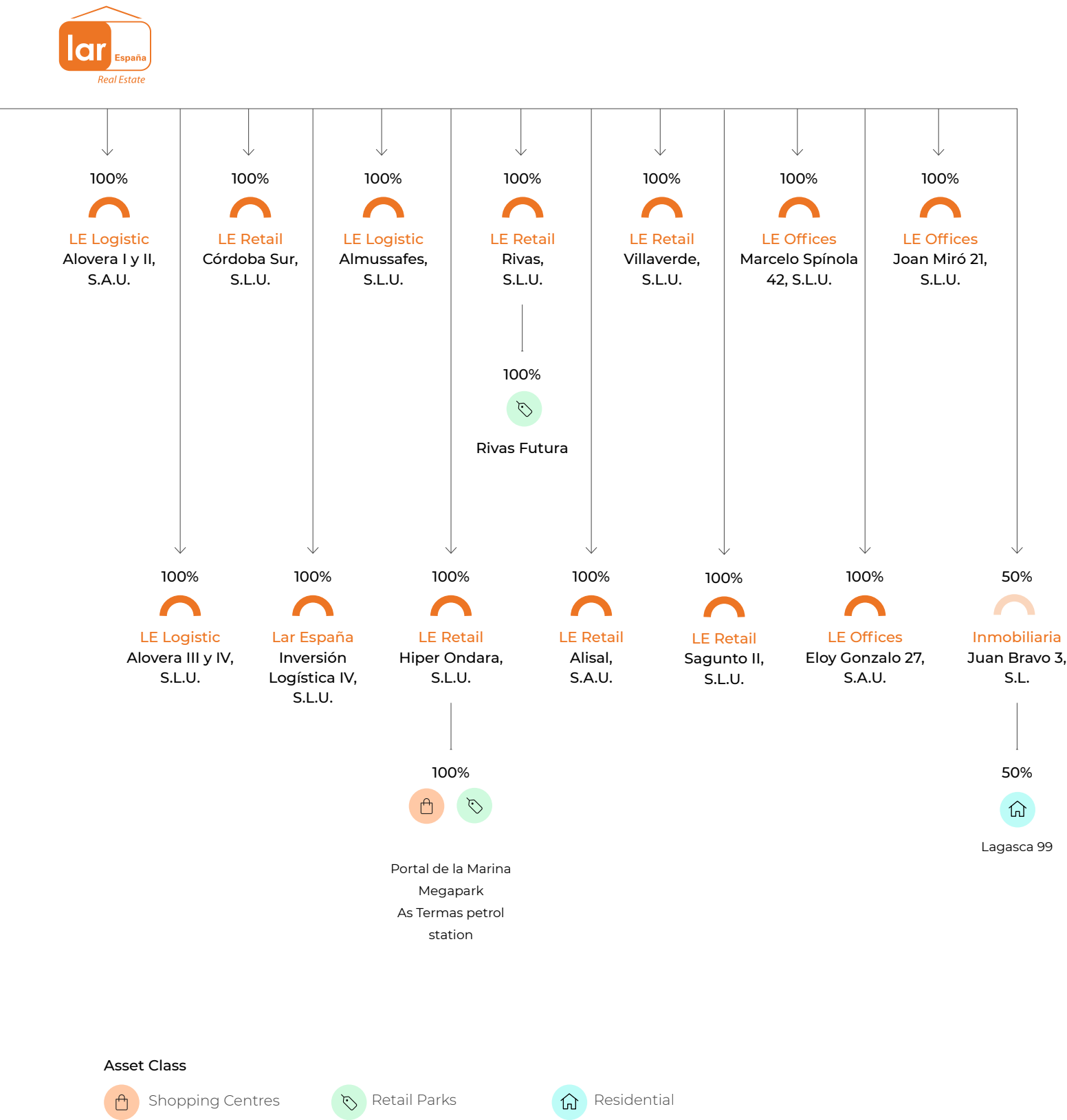
The **scope of the Group's consolidation** at 30 June 2021 is as follows:



Company

 Full Consolidation

 Equity Method



4.2

Consolidated Financial Statements

TOTAL (Thousands of euros)	H1 2021	H1 2020
Revenues	38,752	47,943
Other income	1,226	1,107
Personnel expenses	(276)	(223)
Other expenses	(17,185)	(11,669)
Changes in the fair value of investment properties	(7,564)	(55,877)
Results of disposals of investments properties	9	-
RESULTS FROM OPERATIONS	14,962	(18,719)
Financial income	-	39
Financial expenses	(8,861)	(9,855)
Share in profit (loss) for the period of equity accounted companies	-	(175)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	6,101	(28,710)
Income tax	1,623	-
PROFIT/(LOSS) FOR THE PERIOD	7,724	(28,710)

14,962

Thousands of euros

Results from operations

7,724

Thousands of euros

Profit for the period

Result from operating activities

At 30 June 2021, the Group presented a **positive result for its operations amounting to 14,962 thousand Euros**, meanwhile the profit for the period amounts to **7,724 thousand Euros**.

Revenues

Revenue during the first half of 2021 amounted to **38,752 thousand Euros** (revenue of 47,943 thousand Euros during the first half of 2020).

Other expenses

At 30 June 2021, the Group incurred other expenses amounting to **17,185 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 6,298 thousand Euros.
- Management fees (fixed and variable fee included) for management services provided to the Company by Grupo Lar Inversiones Inmobiliarias ("Grupo Lar") totals 4,683 thousand Euros. The fixed amount totals 4,285 thousand Euros, discounting other expenses incurred by Grupo Lar and paid by Lar España (121 thousand Euros). The variable amount, 398 thousand Euros, corresponds to the performance fee provision included in the financial statements as at 30 June 2021.
- Bad debt provision arising from the situation generated by COVID-19 for an amount of 2,264 thousand Euros.

Change in the fair value of investment properties

On 30 June 2021, the negative amount in this entry, **7,564 thousand Euros**, is made up of the difference in the fair value of investment properties following the latest valuations conducted by independent experts (C&W and JLL).

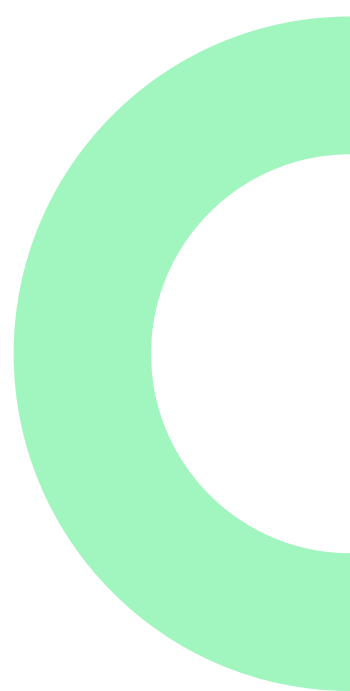
Net Financial Result

The **financial result** was a negative balance of 8,861 thousand Euros at 30 June 2021 (negative balance of 9,816 thousand Euros at 30 June 2020).

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

Income tax

The positive amount of 1,623 thousand Euros under this heading corresponds to the cancellation of the deferred tax liability related to the 22 supermarkets portfolio, after its sale in February 2021.



4.3

Consolidated Statement of Financial Position

ASSETS (Thousands of euros)	30/06/2021	31/12/2020
Intangible assets	2	2
Investment properties	1,411,110	1,373,480
Equity-accounted investees	1,082	1,082
Non-current financial assets	14,344	13,618
Trade and other receivables non-current	14,355	17,996
NON-CURRENT ASSETS	1,440,893	1,406,178
Non-current assets held for sale	-	106,755
Trade and other receivables	26,512	28,463
Other current financial assets	4,054	369
Other current assets	4,293	3,038
Cash and cash equivalents	165,851	134,028
CURRENT ASSETS	200,710	272,653
TOTAL ASSETS	1,641,603	1,678,831

EQUITY AND LIABILITIES (Thousands of euros)	30/06/2021	31/12/2020
Capital	175,267	175,267
Share premium	466,176	475,130
Other reserves	209,834	281,005
Retained earnings	7,724	(53,668)
Treasury shares	(19,468)	(16,474)
Valuation adjustments	(992)	(1,610)
EQUITY	838,541	859,650
Financial liabilities from issue of bonds and other marketable securities	-	139,685
Loans and borrowings	463,524	570,608
Deferred tax liabilities	15,578	17,201
Derivatives	3,004	4,685
Other non-current liabilities	20,856	19,993
NON-CURRENT LIABILITIES	502,962	752,172
Liabilities related to non-current assets held for sale	-	1,576
Financial liabilities from issue of bonds and other marketable securities	141,276	3,482
Loans and borrowings	144,402	40,593
Derivatives	2,802	3,137
Trade and other payables	11,620	18,221
CURRENT LIABILITIES	300,100	67,009
TOTAL EQUITY AND LIABILITIES	1,641,603	1,678,831

Non-current assets

Investment properties

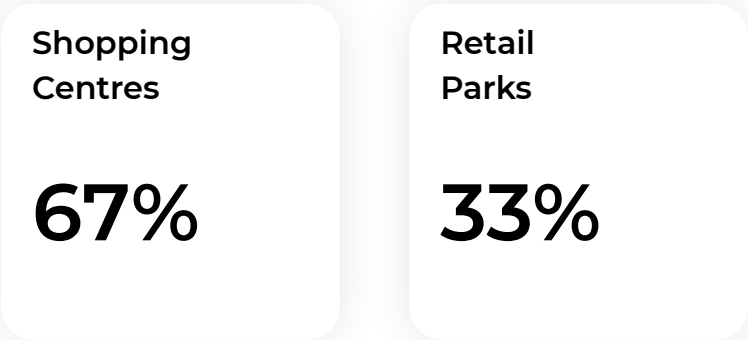
At 30 June 2021, **investments properties** are classified as non-current assets, at a fair value of **1,411,110 thousand Euros** (1,475,490 thousand Euros at 31 December 2020), including the shopping centres Las Huertas and Txingudi amounting to 102,010 thousand Euros which were previously classified under “Non-current assets held for sale” at 31 December 2020.

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

Net Investment (Thousands of Euros)	30/06/2021	31/12/2020 (*)
Shopping Centres	945,690	952,250
Retail Parks	464,870	463,820
Other Retail	-	58,870
Other	550	550
INVESTMENT PROPERTIES	1,411,110	1,475,490

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

Investment properties by asset class



Equity-accounted investees

At 30 June 2021 and 31 December 2020, the amount reflects investment of 50% held by the Group in Inmobiliaria Juan Bravo 3, S.L. that is accounted for using the equity method.

Non-current financial assets

At 30 June 2021 and 31 December 2020, the Group has recognised as non-current financial assets mainly security deposits received from tenants, which the Group has deposited with the corresponding public bodies.

Assets and liabilities held for sale

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

During the first half of 2021, the company has transferred the subsidiaries LE Retail Hipermercados I, S.L.U., Hipermercados II, S.L.U. y LE Retail Hipermercados III, S.L.U., corresponding to the portfolio of 22 Eroskis supermarkets, at a fair value of 20,050, 20,360 and 18,460 thousand Euros, respectively (see “Main Milestones I” page 14). During the same period, the assets and liabilities of LE Retail Las Huertas, S.L.U. and LE Retail Txingudi have been reclassified considering that said assets have not been sold during the period of 12 months established by the IFRS 5.

At 30 June 2021, the Group does not present any amount related to assets and liabilities held for sale, considering that the investment properties corresponding to the shopping centres of Las Huertas and Txingudi, amounting to 42,810 thousand Euros (43,140 thousands Euros at 31 December 2020), have been reclassified under the heading investment properties.

Trade and other receivables

As of 30 June 2021, this heading mainly reflects the outstanding invoiced income corresponding to the period comprised between January and June that are pending collection. Additionally, it reflects the claims with public administration credits in the amount of 7,251 thousand Euros.

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

(*) IFRS (International Financial Reporting Standards).

Net Equity

At 30 June 2021, 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 22 April 2021, the Shareholders' General Meeting **approved the distribution of a dividend of 18,546 thousand Euros**, at EUR 0.212 per share (taking into account all the shares issued) and recognised in profit and loss for the 2020 period, and of **8,954 thousand Euros**, at EUR 0.102 per share (taking into account all the shares issued), **charged to the share premium**.

The total **pay-out was 17,503 thousand Euros** charged to the Profit for the period 2020 (after deducting the amount corresponding to treasury shares, which does not leave the Parent Company's equity and totals 1,043 thousand Euros in dividends charged to profit), **and 8,954 thousand Euros charged to share premium** given the amount per share approved and shares outstanding at the time of approval by the General Shareholders' Meeting on 22 April 2021. The dividend pay-out was settled in full on 21 May 2021.

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














	Number of shares	Thousands of euros
31 December 2020	3,074,672	16,474
Additions	581,080	2,994
Disposals	-	-
30 June 2021	3,655,752	19,468

During the first half of 2021, the Group has not sold any own share, consequently, not contain any amount in the entry "Other Reserves".

Financial liabilities

Loans & Borrowings

The characteristics of the Loans & Borrowings at 30 June 2021 are as follows:

Type	Project	Entity	Interest rate ^(*)	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	3,177	44,173
Mortgage Loan	VidaNova Parc	 BBVA	EUR 3M + 1.85%	31/12/2024	28,000	-	27,657
Mortgage Loan	Megapark + Megapark leisure area	  	EUR 3M + 1.70%	24/02/2023	105,250	226	102,541
Mortgage Loan	Portal de la Marina	  	EUR 3M + 1.70%	24/02/2023	60,000	139	59,322
Mortgage Loan	Vistahermosa	 BBVA	EUR 3M + 1.85%	02/03/2022	21,550	21,491	-
Mortgage Loan	Parque Abadía + commercial gallery	 Santander	EUR 12M + 1.75%	23/05/2024	42,060	2,575	37,772
Mortgage Loan	Gran Vía de Vigo	 ING	EUR 3M + 1.75%	14/03/2022	82,400	82,032	-
Mortgage Loan	Rivas Futura	 BBVA	1.90%	19/12/2024	34,500	6	34,353
Developer's Loan	Lagoh	  	EUR 3M + 2.00%	29/06/2025	98,500	4,572	87,806
Corporate Loan	LRE	 bankinter.	EUR 12M + 1.60%	16/05/2022	30,000	29,999	-
Corporate Loan	LRE		1.67%	04/05/2027	70,000	185	69,900
LOANS AND BORROWINGS						144,402	463,524

(*) The 63% 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 June 2021:

(Thousands of Euros)		30/06/2021
GAV		1,411,110
Full Consolidation Gross Debt		752,612
Equity Method Gross Debt		-
Total gross debt		752,612
Cash (Full Consolidation and Equity Method)		167,358 ⁽¹⁾
Total net debt		585,253
NET LTV		41% ⁽²⁾

(1) Only available cash considered | (2) Result of Total net debt/GAV.

At 30 June 2021, Lar España's debt stood at **752,612 thousand Euros**, with an **average cost of 2.2%** and a **net LTV ratio of 41%**. The average debt maturity stood at 2.5 years.

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

Financial Debt

€752.6 Million

Average debt maturity

2.5 years^(*)

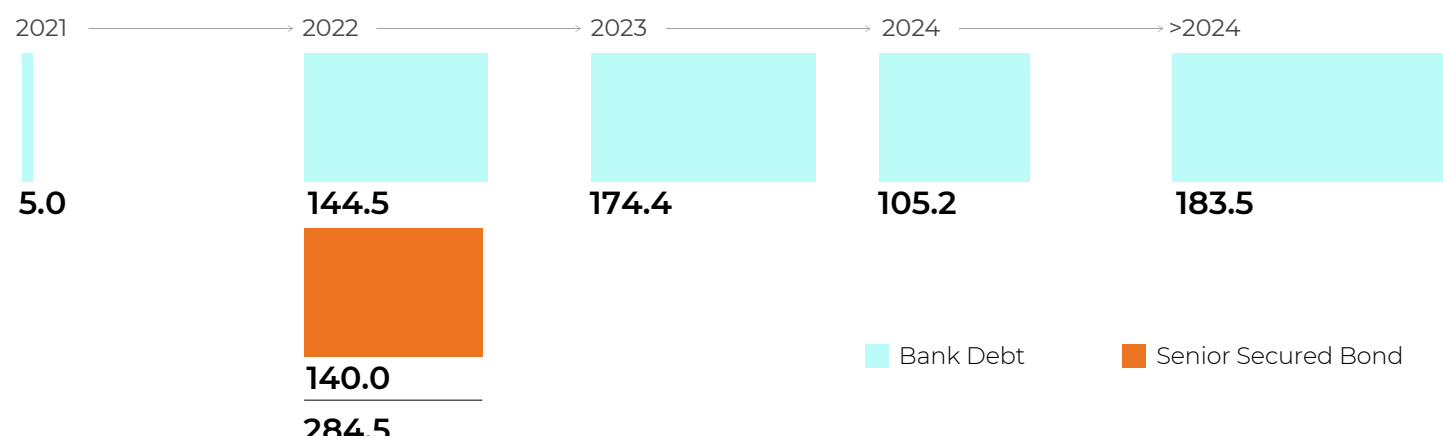
Net LTV

41%

Average cost of debt

2.2%^(*)

Back-Loaded Amortisation Profile
(€ Million)



Deferred tax liabilities

At 30 June 2021, this entry includes deferred tax liabilities deriving from the business combination carried out by the acquisition of the subsidiary LE Retail Rivas, S.L.U. in 2018 as well as the acquisitions of the subsidiaries LE Retail Abadía, S.A.U. and LE Retail Gran Vía de Vigo, S.A.U. in 2017 and 2016.

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

Other non-current liabilities

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

(*) After the process of refinancing announced in July 2021 in relation to the issuance of the green bond, the average debt maturity would be 5 years and the average pro forma cost of the debt would be reduced to 1.9%

4.4

Green Bond Issuance



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

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

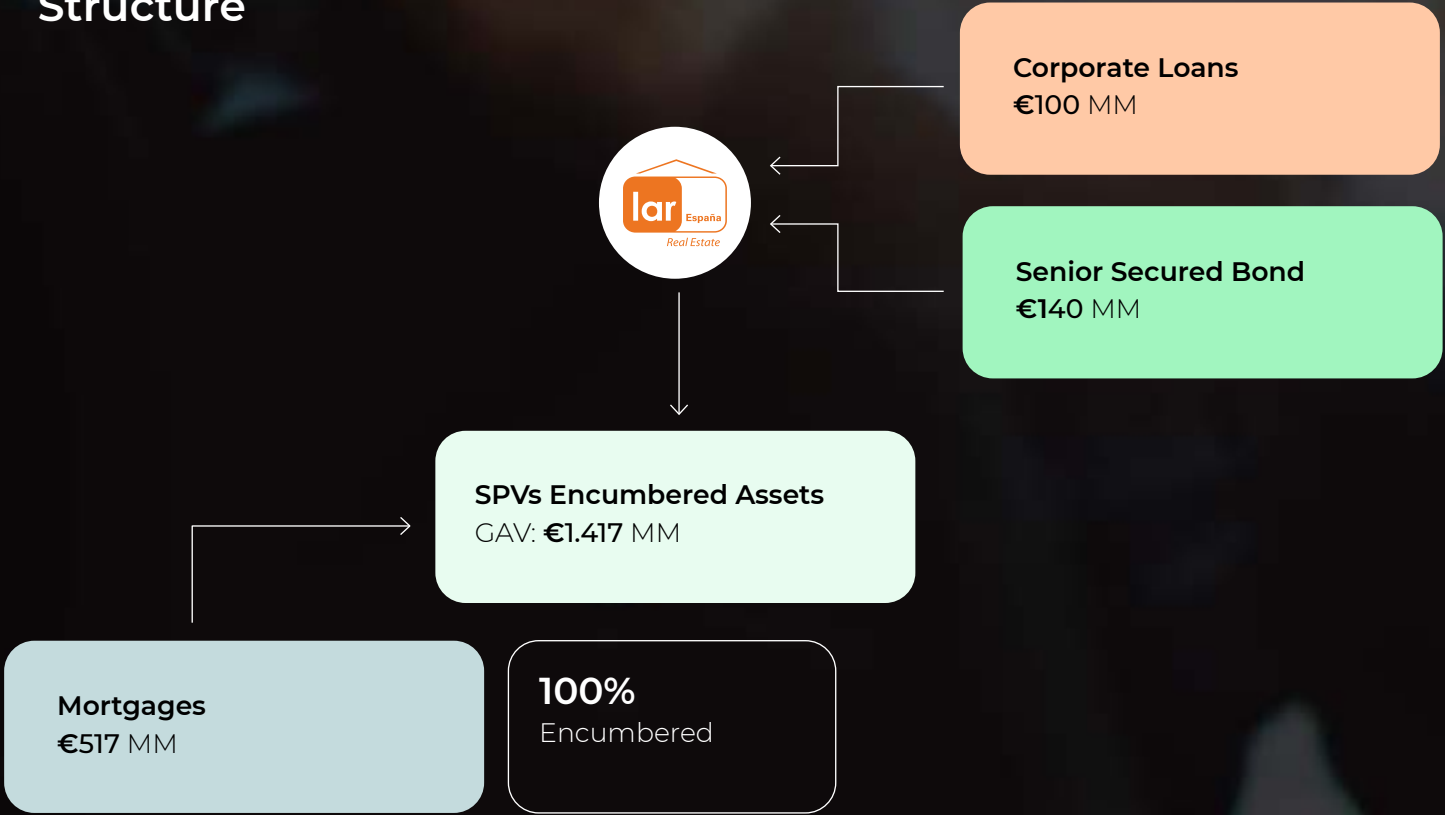
	Rating	Perspectiva
FitchRatings	BBB	Estable

This will also bring liquidity to a very robust level, with long-term debt at around 40% of the asset value, **striking a balance of secured and unsecured debt** while keeping mostly fixed interest rates, reducing the average cost of debt of **2.2%** to an average pro forma cost of **1.9%**. In addition, it has been possible to extend the average maturity period of debt from **2.6 years** to **4.9 years**.

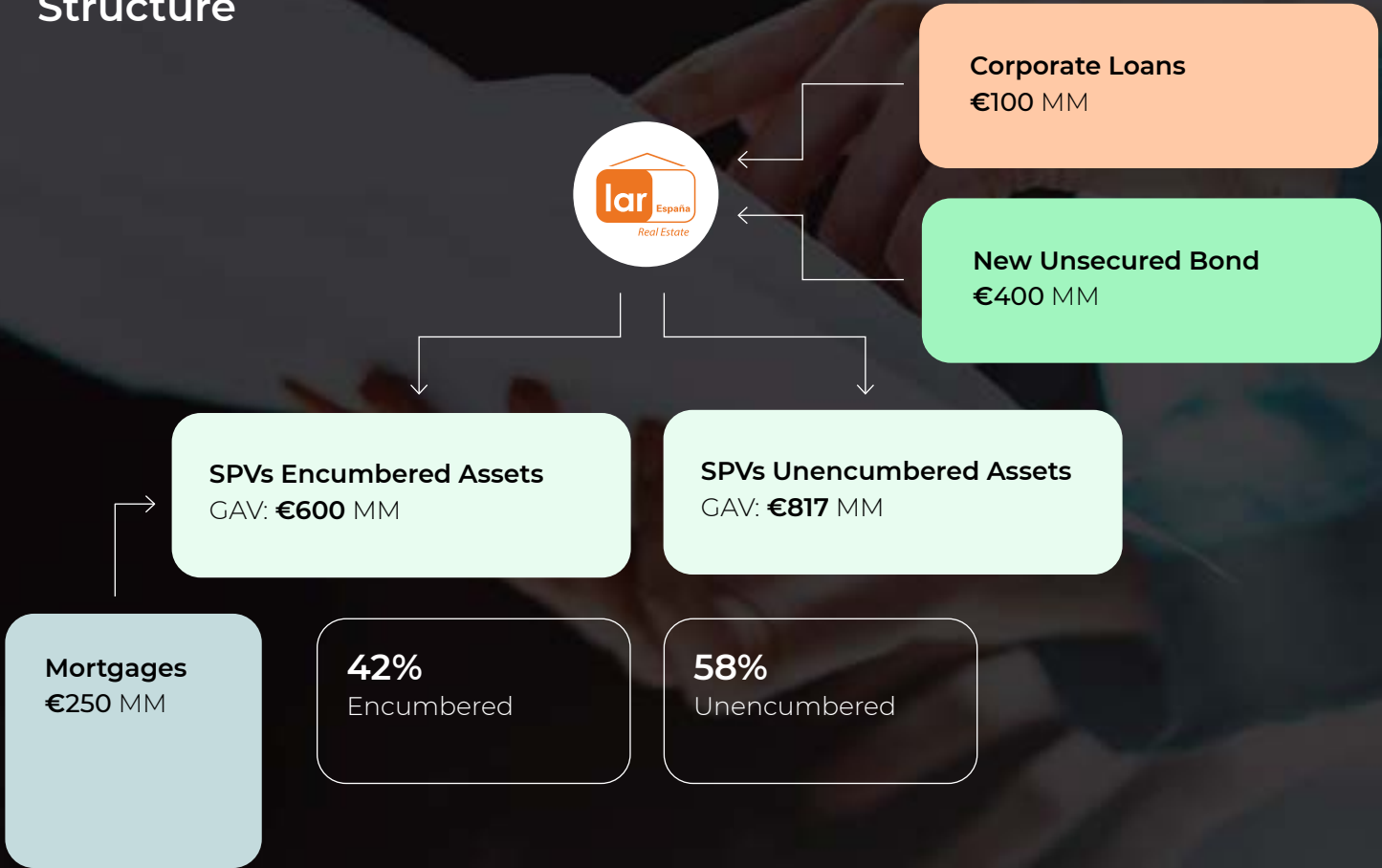
The green bond issue was led by Morgan Stanley Europe, acting as the global coordinator and advising on the issue's sustainable structure. JP Morgan also acted as the lead manager for the issue, which was placed with qualified investors and **is quoted on the Luxembourg Stock Exchange's Euro MTF market.**

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

Old Capital Structure



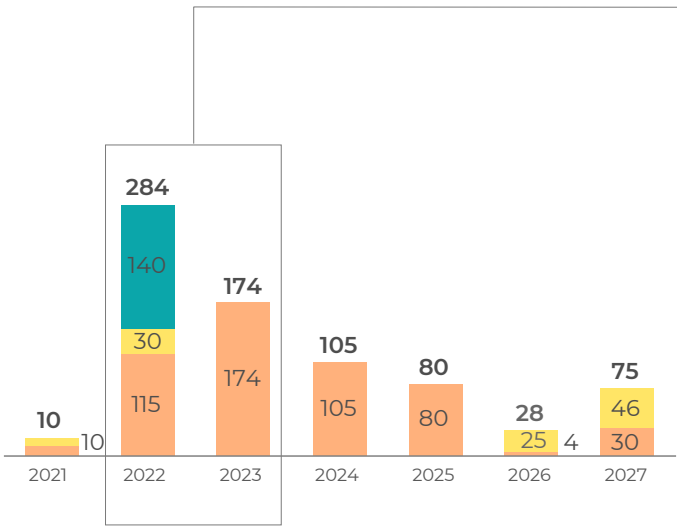
New Capital Structure



Maturity Profile- Pre- Refinancing

Debt (€MM)

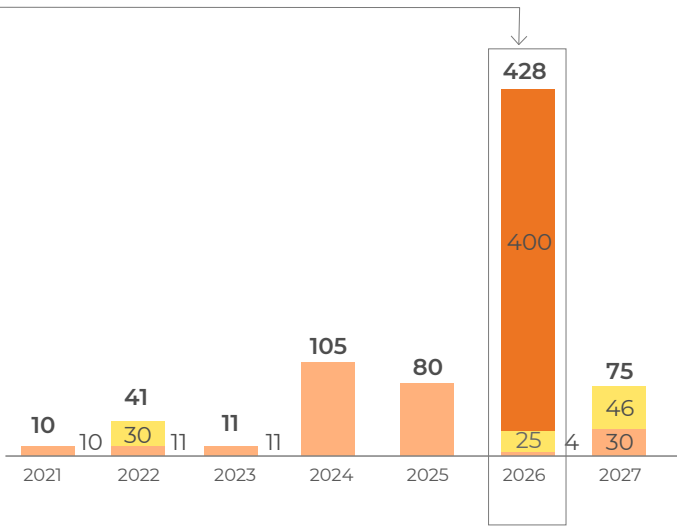
Avg. Debt Maturity
2.6 years



Maturity Profile- Pro- Forma Transaction

Debt (€MM)

Avg. Debt Maturity
4.9 years



Mortgage Loan Corporate Loan Senior Secured Board New Unsecured Board

Average
pre-Refinancing
cost of debt

2.2%

Average
pro forma
cost of debt

1.9%



Shopping Centre
Albacenter (Albacete)

4.5
Consolidated Statement
of Cash Flows

	30/06/2021 ^(*)	30/06/2020 ^(*)
A) CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	5,942	(12,206)
1. Profit/(loss) for the period before tax	6,101	(28,710)
2. Adjustments for:	20,301	65,868
Profit / (loss) from adjustments to fair value of investment properties (+/-)	7,564	55,877
Impairment (+/-)	2,264	-
Financial income (-)	-	(39)
Financial expenses (+)	10,258	10,164
Changes in Fair value of financial instruments (+/-)	(1,397)	(309)
Share in profit (loss) for the period of equity-accounted companies (+/-)	-	175
Results of disposal of investments properties (+/-)	(9)	-
Other income and expenses (+/-)	1,621	-
3. Changes in operating assets and liabilities	(9,991)	(39,023)
Trade and other receivables (+/-)	1,741	(24,991)
Other current assets and liabilities (-)	(4,940)	(101)
Trade and other payables (-)	(6,602)	(13,215)
Other current assets and liabilities (-)	(190)	(716)
4. Other cash flows used in operating activities	(10,469)	(10,341)
Interest paid (-)	(10,469)	(10,341)
B) CASH FLOWS USED IN INVESTING ACTIVITIES	57,468	(8,651)
1. Payments for investments (-)	(2,054)	(8,651)
Investment property	(2,054)	(8,651)
2. Proceeds from divestments (+)	59,522	-
Investment property	59,522	-
C) CASH FLOWS FROM FINANCING ACTIVITIES	(34,213)	(8,828)
1. Payments made and received for equity instruments	(2,994)	(13,482)
Acquisition/disposal of treasury shares (- /+)	(2,994)	(13,482)
2. Proceeds from and payments for financial liability instruments	(4,762)	58,655
a) Issue of:	30,000	96,000
Bank borrowings (+)	30,000	95,000
Liabilities with associates (+)	-	1,000
b) Redemption and repayment of:	(34,762)	(37,345)
Bank borrowings (-)	(34,762)	(37,345)
3. Payments for dividends and remuneration on other equity instruments	(26,457)	(54,001)
Dividends (-)	(26,457)	(54,001)
D) CASH AND CASH EQUIVALENTS IN NON-CURRENT ASSETS HELD FOR SALE	2,626	47
E) NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	31,823	(29,638)
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	134,028	160,527
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+F)	165,851	130,889

(*) Six months period.



5

EPRA

Information

5.1

EPRA Earnings

p. 96

5.2

EPRA Net Asset
Value Ratios

p. 97

5.3

EPRA NIY
and EPRA
“topped-up” NIY

p. 100

5.4

EPRA Vacancy
Rate

p. 101

5.5

EPRA Cost Ratios

p. 102





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



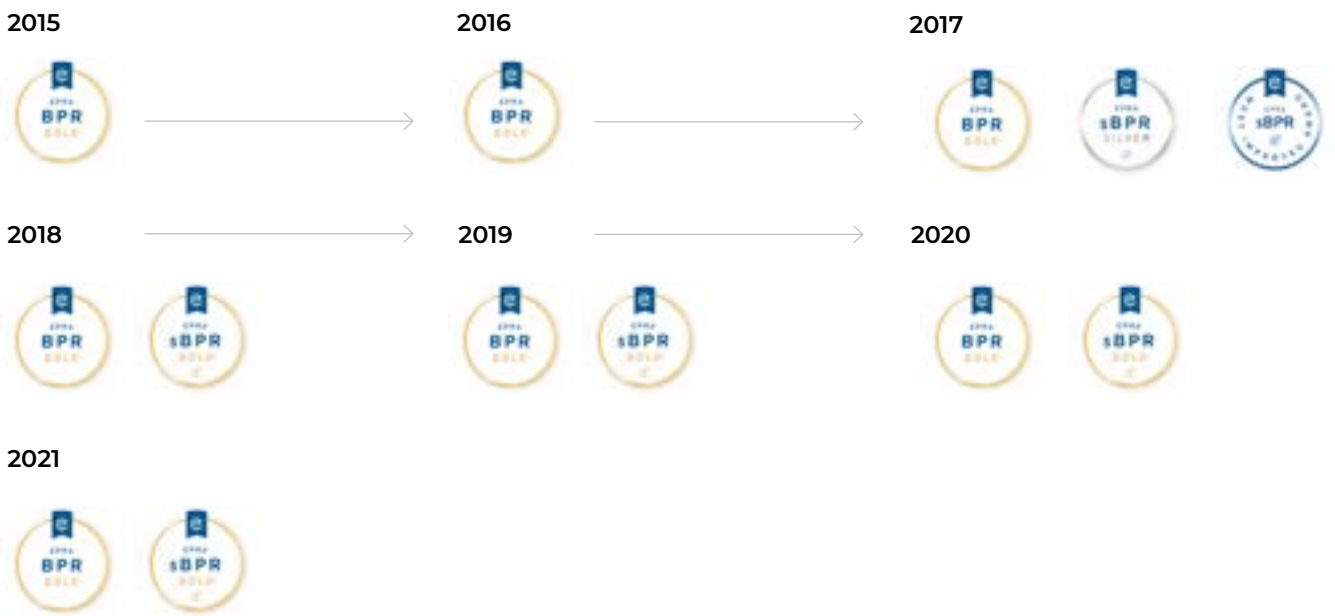
EPRA recognition

In **October** 2019, the Reporting & Accounting Committee of EPRA (European Public Real Estate Association⁽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 guidances.

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



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

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



Indicator	30/06/2021 (Thousands of Euros)/ (%)	30/06/2021 (Euros per share)
EPRA Earnings	12,259	0.15
EPRA NRV ^(*)	881,055	10.49
EPRA NTA ^(*)	853,714	10.17
EPRA NDV ^(*)	838,541	9.99
EPRA Net Initial Yield (NIY)	5.5%	
EPRA “Topped-up” NIY	5.8%	
EPRA Vacancy Rate	5.4%	
EPRA Cost Ratio	22.4% ^(**)	
EPRA Cost Ratio (excluding costs of direct vacancy)	19.5% ^(**)	

() New EPRA ratios calculated according to the latest modifications included in the EPRA “Best Practices and Recommendations” document. For more details see EPRA Net Asset Value Ratios. ^(**) Ratio calculated considering recurring expenses. See terms definitions in Glossary, section 7.*

5.1

EPRA Earnings

(Thousands of Euros)	H1 2021	H1 2020
EARNINGS PER IFRS INCOME STATEMENT	7,724	(28,710)
Change in value of investment properties	7,564	55,877
Profits or losses on disposal of investment properties, development properties held for investment and other interests	(9)	-
Tax on profits or losses on disposals	(1,623)	-
Negative goodwill	-	-
Changes in fair value of financial instruments and associated close-out costs	(1,397)	(309)
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	12,259	26,858
Weighted average number of shares (excluding treasury shares)	84,290,285	86,272,687
EPRA EARNINGS PER SHARE (EUROS)	0.15	0.31



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 NNNAV 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⁽²⁾ financial statements to provide investors with the most relevant information on the fair value of the assets and liabilities of a property investment firm, in different scenarios.

EPRA Net Asset Value new methodology

According to the new recommendations contained in the EPRA “Best Practices and Recommendations”, the **new ratios 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.

(1) For more information see: https://www.epra.com/application/files/2315/7321/0568/EPRA_FAQ_-_FINAL_version.pdf.

(2) IFRS (International Financial Reporting Standards).



EPRA Net Asset Value Ratios

	30/06/2021			31/12/2020		
(Thousands of Euros)	NRV Net Reinstatement Value	NTA Net Tangible Assets	NDV Net Disposal Value	NRV Net Reinstatement Value	NTA Net Tangible Assets	NDV Net Disposal Value
Equity attributable to shareholders	838,541	838,541	838,541	859,650	859,650	859,650
(i) Hybrid Instruments	-	-	-	-	-	-
Diluted NAV	838,541	838,541	838,541	859,650	859,650	859,650
Include						
(ii.a) Revaluation of investment properties	-	-	-	-	-	-
(ii.b) Revaluation of investment properties under construction	-	-	-	-	-	-
(ii.c) Revaluation of other non-current investments	-	-	-	-	-	-
(iii) Revaluation of tenant leases held as finance leases	-	-	-	-	-	-
(iv) Revaluation of trading properties	-	-	-	-	-	-
Diluted NAV at Fair Value	838,541	838,541	838,541	859,650	859,650	859,650
Exclude						
(v) Deferred Tax in realltion to fair value gains of IP	15,578	15,578	n.a	17,201	17,201	n.a
(vi) Fair value of financial instruments	(405)	(405)	n.a	4,525	4,525	n.a
(vii) Goodwill as a result of deferred tax	-	-	-	-	-	-
(viii.a) Goodwill as per the IFRS balance Sheet	n.a	-	-	n.a	-	-
(viii.b) Intangibles as per the IFRS balance sheet	n.a	-	n.a	n.a	-	n.a
Include						
(ix) Fair value of fixed interest rate debt	n.a	n.a	-	n.a	-	-
(x) Revaluation of intangibles to fair value	-	n.a	n.a	-	-	n.a
(xi) Real estate transfer tax	27,341	-	n.a	-	-	n.a
NAV	881,055	853,714	838,541	881,376	881,376	859,650
Number of shares (excluding treasury shares)	83,977,978	83,977,978	83,977,978	84,559,058	84,559,058	84,559,058
NAV per share	10.49 ^(*)	10.17 ^(*)	9.99 ^(*)	10.42	10.42	10.17

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

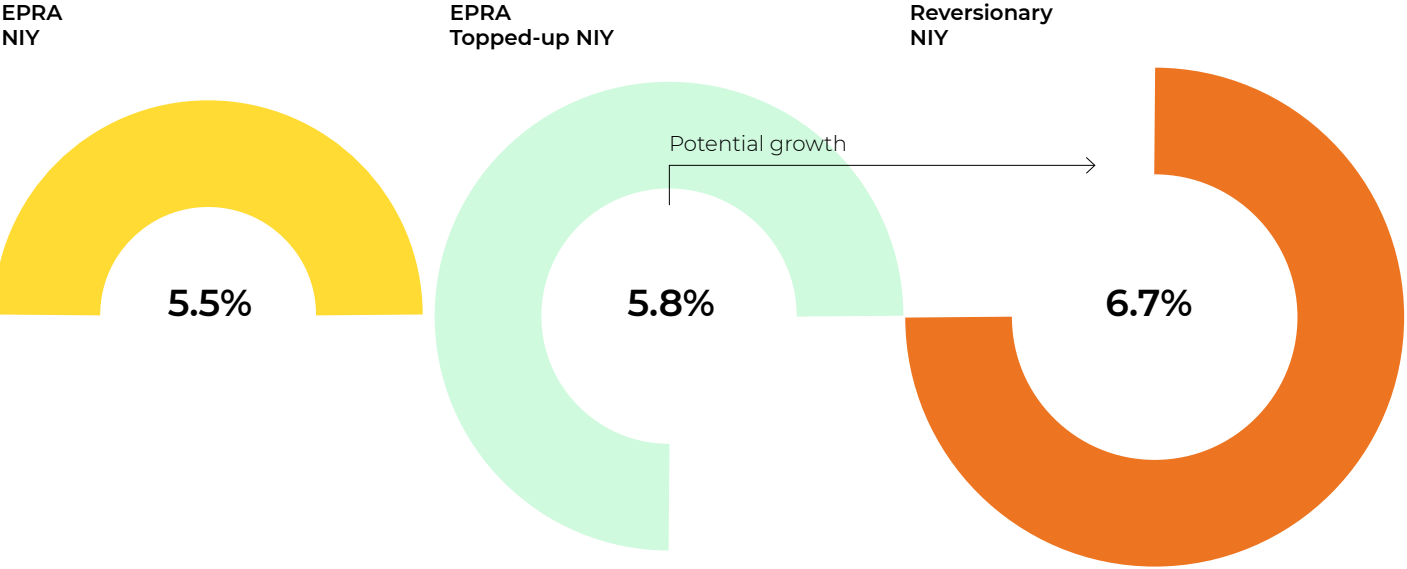


5.3

EPRA NIY and EPRA “topped-up” NIY

(Thousands of Euros)	Total Shopping Centres	Total Retail Parks	Total Lar España
Completed Property Portfolio	945,690	464,870	1,410,560
Allowance for estimated purchasers costs	19,255	8,086	27,341
Gross up completed property portfolio valuation (A)	964,945	472,956	1,437,901
Annualised cash passing rental income	57,928	29,912	87,840
Property outgoings	(5,612)	(3,051)	(8,663)
Annualised net rents (B)	52,315	26,861	79,177
Notional rent expiration of rent free periods or other lease incentives	2,690	1,729	4,418
Topped-up net annualised rents (C)	55,005	28,590	83,595
EPRA NET INITIAL YIELD (B/A)	5.4%	5.7%	5.5%
EPRA TOPPED-UP NET INITIAL YIELD (C/A)	5.7%	6.0%	5.8%

Yields (*)



(*) The figures of EPRA NIY, EPRA Topped-up NIY and Reversionary Yield at 31/12/2020 were: 5.7%, 5.9% and 6.6%, respectively.



5.4
EPRA Vacancy Rate

EPRA
Vacancy
Rate

5.4%^(*)

	ERV (Thousands of Euros)	ERV Vacancy (Thousands of Euros)	EPRA Vacancy Rate (%)
Total Shopping Centres	63,552	3,369	5.3%
Total Retail Parks	32,881	1,810	5.5%
TOTAL LAR ESPAÑA	96,433	5,179	5.4%

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

5.5

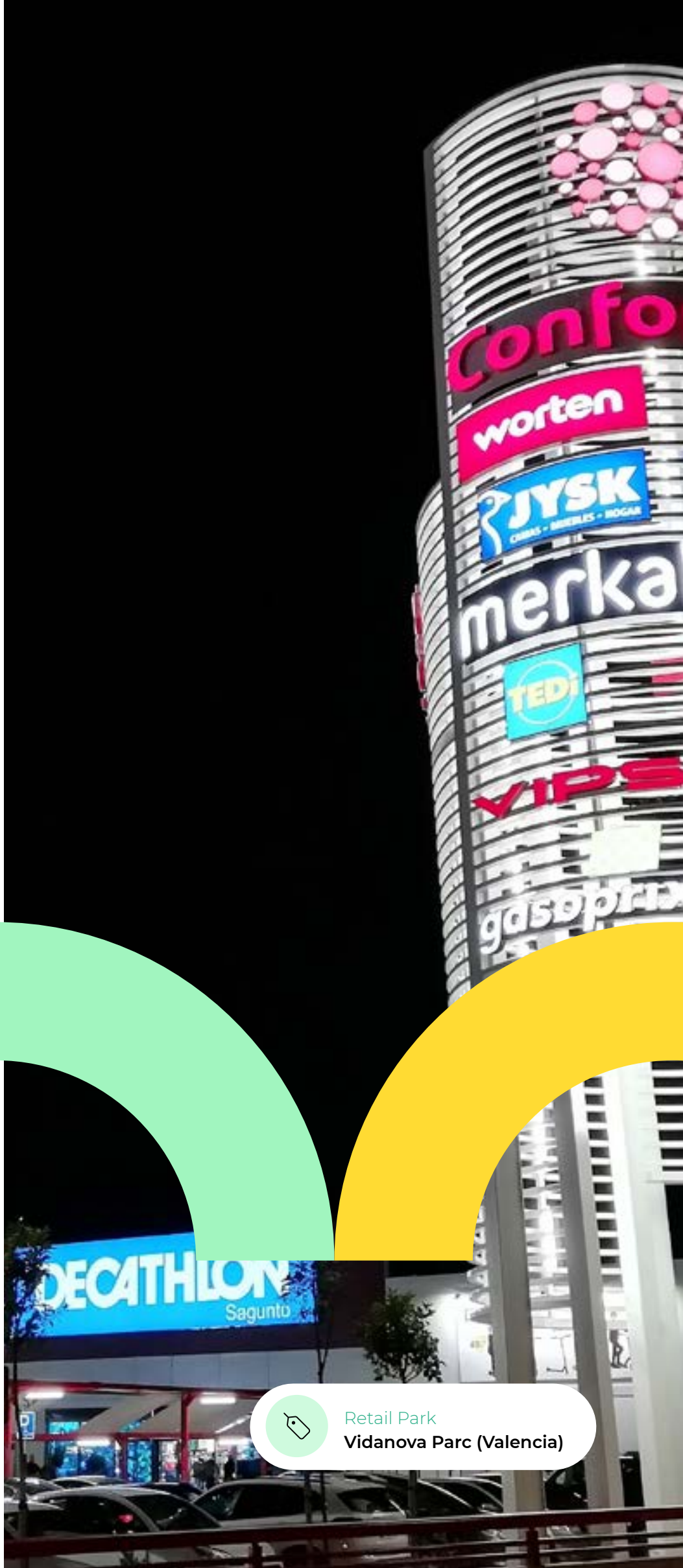
EPRA Cost Ratios

(Thousands of Euros)	Recurring		TOTAL	
	H1 2021	H1 2020	H1 2021	H1 2020
Administrative expenses	(276)	(223)	(276)	(223)
Operating costs net of recoverable income ⁽¹⁾	(7,686) ⁽²⁾	(7,344)	(12,868) ⁽³⁾	(8,125)
Administrative/operating expenses in associates	-	-	-	-
EPRA Cost (including vacancy cost) (A)	(7,962)	(7,567)	(13,144)	(8,348)
Direct vacancy costs	(1,018)	(977)	(1,018)	(977)
EPRA Cost (excluyendo vacancy Cost) (B)	(6,944)	(6,590)	(12,126)	(7,371)
Gross Rental Income less ground rent costs-per IFRS	39,922	48,900	39,922	48,900
Net associated costs (net service charge)	(4,317)	(3,544)	(4,317)	(3,544)
Gross Rental Income (C)	35,605	45,356	35,605	45,356
EPRA COST RATIO (including direct vacancy costs) A/C	22.4%	16.7%	36.9%	18.4%
EPRA COST RATIO (excluding direct vacancy costs) B/C	19.5%	14.5%	34.1%	16.2%

(1) Maintenance costs are included.

(2) Fixed management fee included.

(3) Fixed and variable management fees included.



Retail Park
Vidanova Parc (Valencia)

6

Share Price Performance

6.1

Share price information and performance

p. 106

6.2

Analyst Recommendations

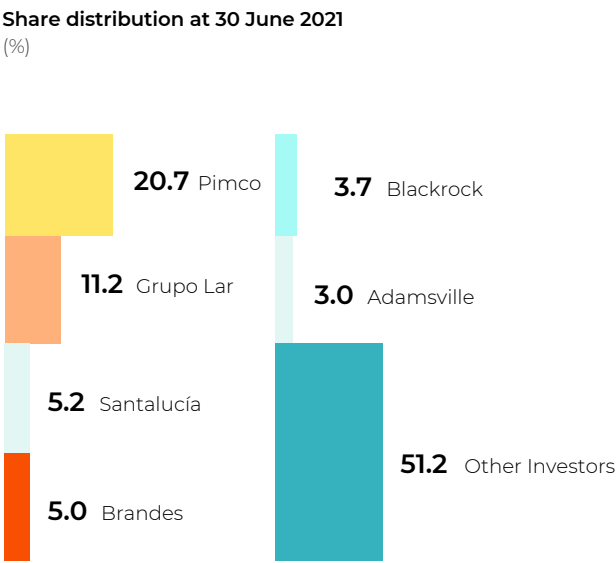
p. 107



6.1
Share price
information and performance

Share Price Performance

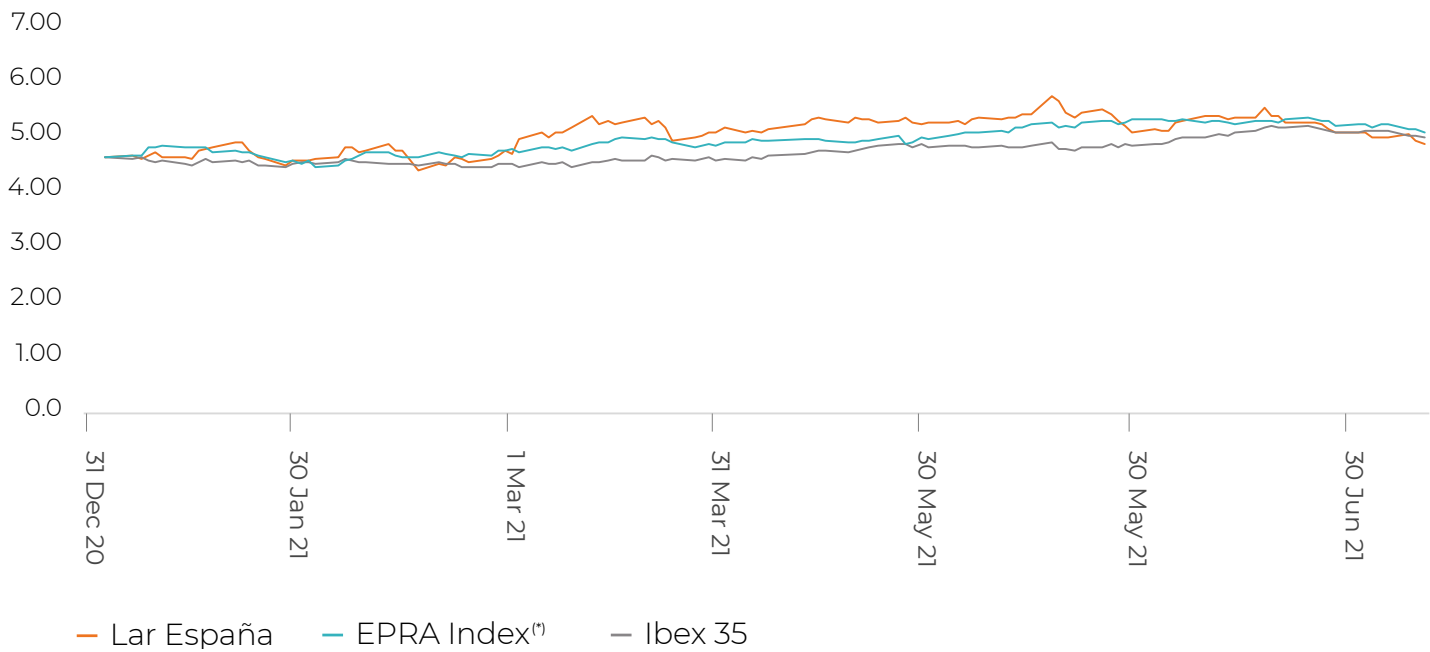
Detail of shares (€)	Jan-June 2021
Price at the beginning of the period	4.67
Price at the end of the period	4.91
PERFORMANCE DURING THE PERIOD	5.0%
Maximum price for the period	5.74
Minimum price for the period	4.43
AVERAGE PRICE FOR THE PERIOD	5.08
ADTV (*)	86,448
Market Cap (Euros) 30/06/2021	429,843,446
Number of shares 30/06/2021	87,633,730



(*) Average Daily Trading Volumen in number of shares

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

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



(*) Sectorial European reference index.

6.2

Analyst
Recommendations

Potencial
Return

41.1% (*)

As of the date of this report, Lar España has the coverage of 10 analysts, whose average target price is **€6.92**.

60% | Buy

+

20% | Hold

=

20% | Sell

-

Broker	Recommendation	Analysis Date	Target Price (Euros)
 BESTINVER	Buy	16/07/2021	7.70
 renta4banco	Buy	16/07/2021	7.30
 Sabadell	Buy	16/07/2021	6.94
 JBCapitalMarkets	Buy	16/07/2021	6.30
 Kempen	Hold	16/07/2021	4.90
 intermoney valores sv	Buy	10/06/2021	8.00
 GYC Gaesco	Buy	10/06/2021	7.93
 MIRABAUD	Sell	17/05/2021	6.00
 bankinter	Sell	17/05/2021	5.24
 Santander	Hold	15/05/2020	8.90

Source: Bloomberg

(*) Taken into account the average target price and the price at the end of the period, at 30 June 2021.

7. Glossary

PBT

Profit Before Tax.

EBIT

Earnings Before Interest and Tax.

EBITDA

Earnings Before Interest, Tax, Depreciation and Amortisation..

Net profit/(loss)

Profit/(Loss) for the period after tax.

ROE (Return on Equity)

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

ROA (Return on Assets)

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

Liquidity ratio

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

Solvency ratio

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

EPRA

European Public Real Estate Association.

EPRA Earnings

Earnings from operational activities.

EPRA 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 NNNAV

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

EPRA Net Disposal Value

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

EPRA Net Initial Yield (NIY)

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

EPRA Net Reinstatement Value

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

EPRA Net Tangible Assets

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

EPRA “topped-up” NIY

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

EPRA Vacancy Rate

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

EPRA Cost Ratio

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

EPRA Cost Ratio (excluding direct vacancy costs)

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

GAV

Gross Asset Value.

GLA

Gross Leasable Area in sqm.

WAULT

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

Net LTV (Loan to Value)

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

Gross Annualised Rent

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

Average maturity period (years)

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

Reversionary Yield

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

GRI (Gross Rental Income)

Gross income for the period.

NOI (Net Operating Income)

Gross income discounting costs incurred during the period.

Like for like (Lfl)

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

DH&C-Abs

Consumo total de calefacción y refrigeración urbana.

Elec – Abs

Total electricity consumption.

Elec – Lfl
Like for like total electricity consumption.

Fuels – Abs
Total fuel consumption.

Fuels – Lfl
Like for like total fuel consumption.

Energy – Int
Building energy intensity.

GHG – Dir – Abs
Total direct greenhouse gas (GHG) emissions.

GHG – Dir – Lfl
Like for like total direct greenhouse gas (GHG) emissions.

GHG – Indir – Abs
Total indirect greenhouse gas (GHG) emissions.

GHG – Indir – Lfl
Like for like total indirect greenhouse gas (GHG) emissions.

GHG – Int
Greenhouse gas (GHG) intensity from building energy consumption.

Waste – Abs
Total weight of waste by disposal route.

Waste – Lfl
Like for like total weight of waste by disposal route.

Water-Abs
Consumo absoluto de agua.

Water-Lfl
Like for like de agua.

Water-Int
Water consumption intensity.

Cert-Tot
Total number of certificates.

Diversity-Emp
Employees diversity.

Emp-Training
Employees training.

Emp-Dev
Employees professional development.

Emp-Turnover
Employees turnover.

H&S-Emp
Employees Health & Safety.

H&S-Asset
Assets assessment of Health & Safety.

Compty-Eng
Holding of social events in assets.

